



**2Q (3-month) operating income restored to the same level as a year before  
Faster profit growth backed by operational strength and evolution of  
technologies.**

Steady improvement in reduction of logistics costs

LOHACO in-house delivery ratio will reach over 35% at the end of FY5/2019

LOHACO will shift its strategy; the business will enter a stage of profit improvement by moving toward  
unique-value E-commerce

BtoB sees a clear sign of increasing returns, backed mainly by accelerated execution of web-focused  
growth strategy and expansion of long-tail goods.

December 14, 2018  
ASKUL Corporation

## Note:

This material contains the ASKUL Group's current plans and performance outlook. These plans, forecasts, and other forward-looking statements represent ASKUL's plans and forecasts based on information that is currently available. Actual performance may differ from these plans and forecasts due to a variety of conditions and factors that could occur in the future. This material does not represent promises or guarantees regarding the achievement of these plans.

This material has not been audited by certified public accountants or auditing firms.

For the purposes of this material, LOHACO refers to the online mail-order business for general consumers, launched in October 2012 in alliance with Yahoo Japan Corporation.

B-to-B refers to business-to-business transactions.

MRO refers to Maintenance, Repair and Operation, and in this material primarily refers to indirect materials consumed at work sites by companies.

Since the presentation of an overview of consolidated financial statements for the fiscal year ended May 31, 2016, ASKUL has been reporting its operating performances by dividing its organization into the segments of the E-commerce business, Logistics business, and Other. The E-commerce business deals with sales of OA and PC supplies, stationery, office living supplies, office furniture, foods, alcoholic beverages, pharmaceuticals, cosmetics, etc. The logistics business refers to logistics and package transport services that target corporations.

As abbreviations of ASKUL Logi Park, ASKUL Value Center and Open Platform by ASKUL, the acronyms "ALP," "AVC," "OPA" are used, respectively, in this material.

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## **Introduction: Overview**

- I Consolidated Performance for 2Q FY5/2019**
- II Logistics Steady Improvement in Reduction of Logistics Costs**
- III BtoC Will Enter Stage of Profit Improvement**
- IV BtoB Sees Clear Sign of Increasing Returns**

# Introduction: Overview

## Important Points from Second Half of FY5/2019 through FY5/2020

Steady improvement in reduction of logistics costs, backed by the implementation of in-house delivery, advanced automation, and enhancement of OPA

LOHACO will shift to unique-value E-commerce business.  
Product differentiation has been enhanced with the revision of free shipping charge.  
Will restore marginal profit in the second half of FY2019

BtoB: No change in current strategy. Clear sign of increasing returns backed by the execution of web-focused growth strategy and expansion of long-tail goods



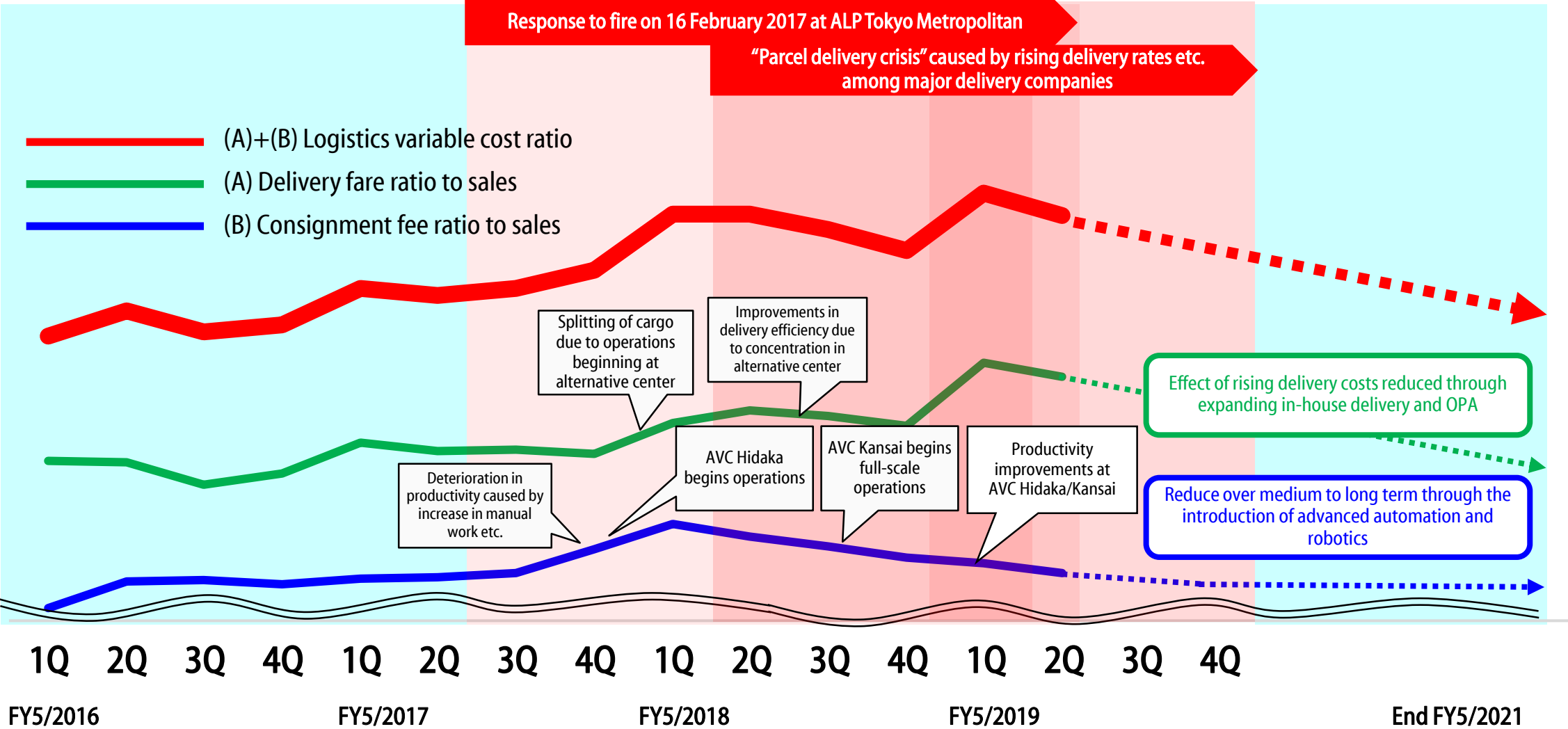
Profit growth will be accelerated in the second half of FY5/2019.

Aiming to boost earnings further in FY5/2020.

# Steady Improvement in Logistics Cost Reduction

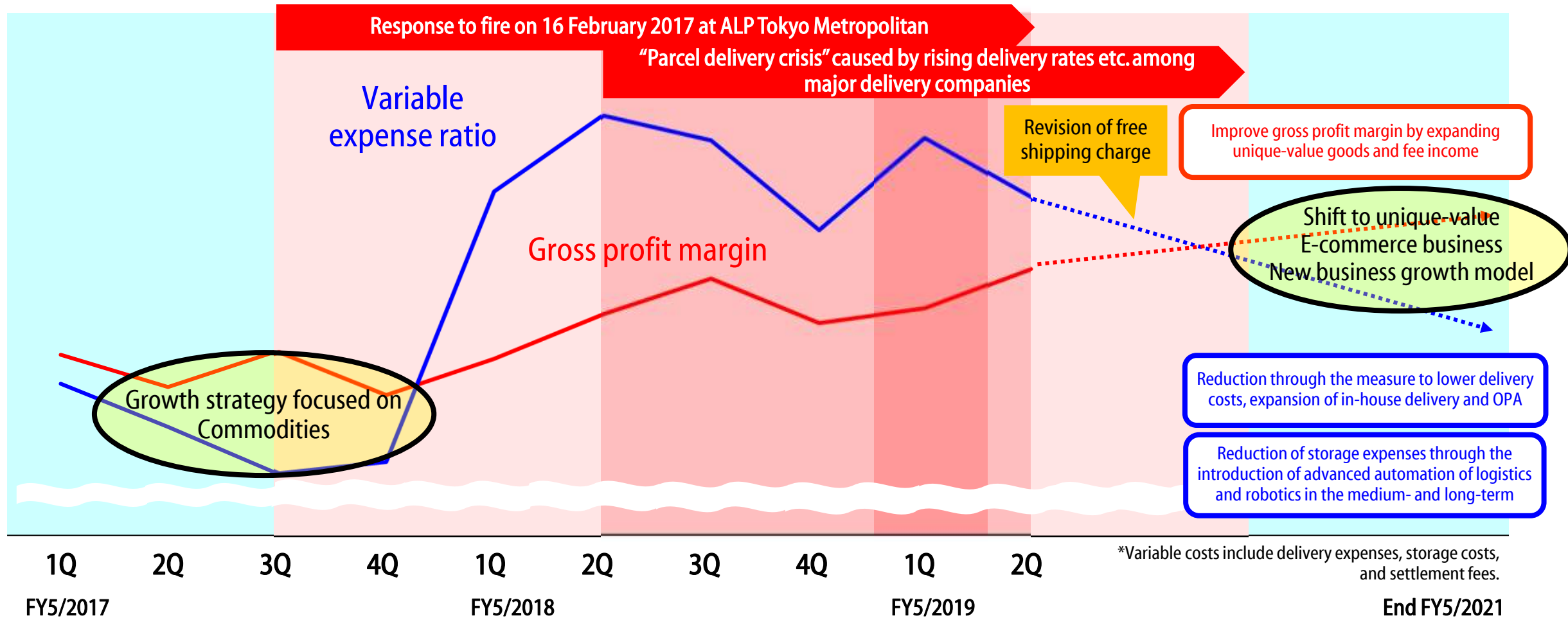
Consolidated

(%)

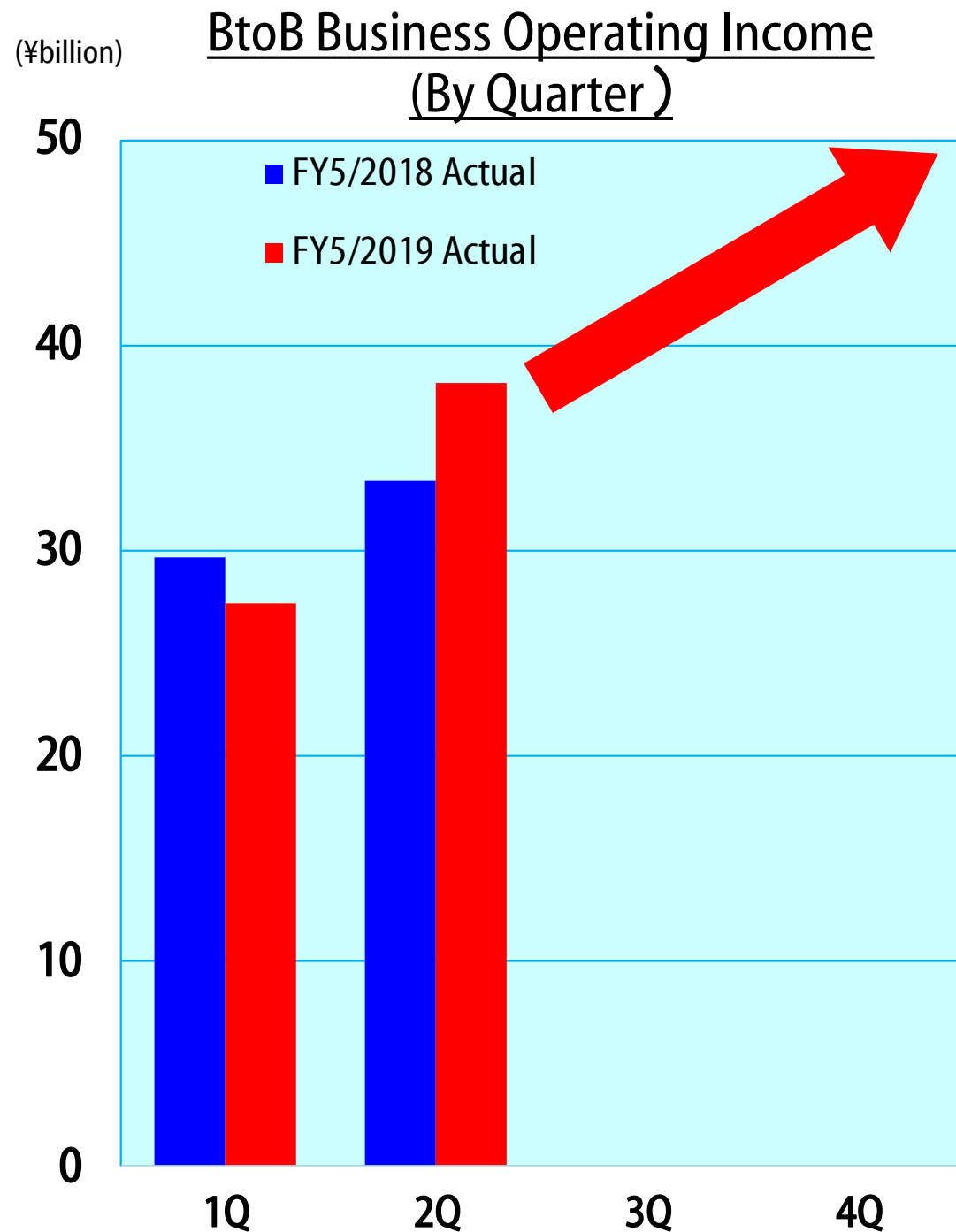


# LOHACO Will Restore Marginal Profit in the Second Half to Enter a Stage of Profit Improvement

(%)



**Strategy will shift from focus on commodity products to unique-value E-commerce**  
**Change from priority on size to growth with profit improvement**

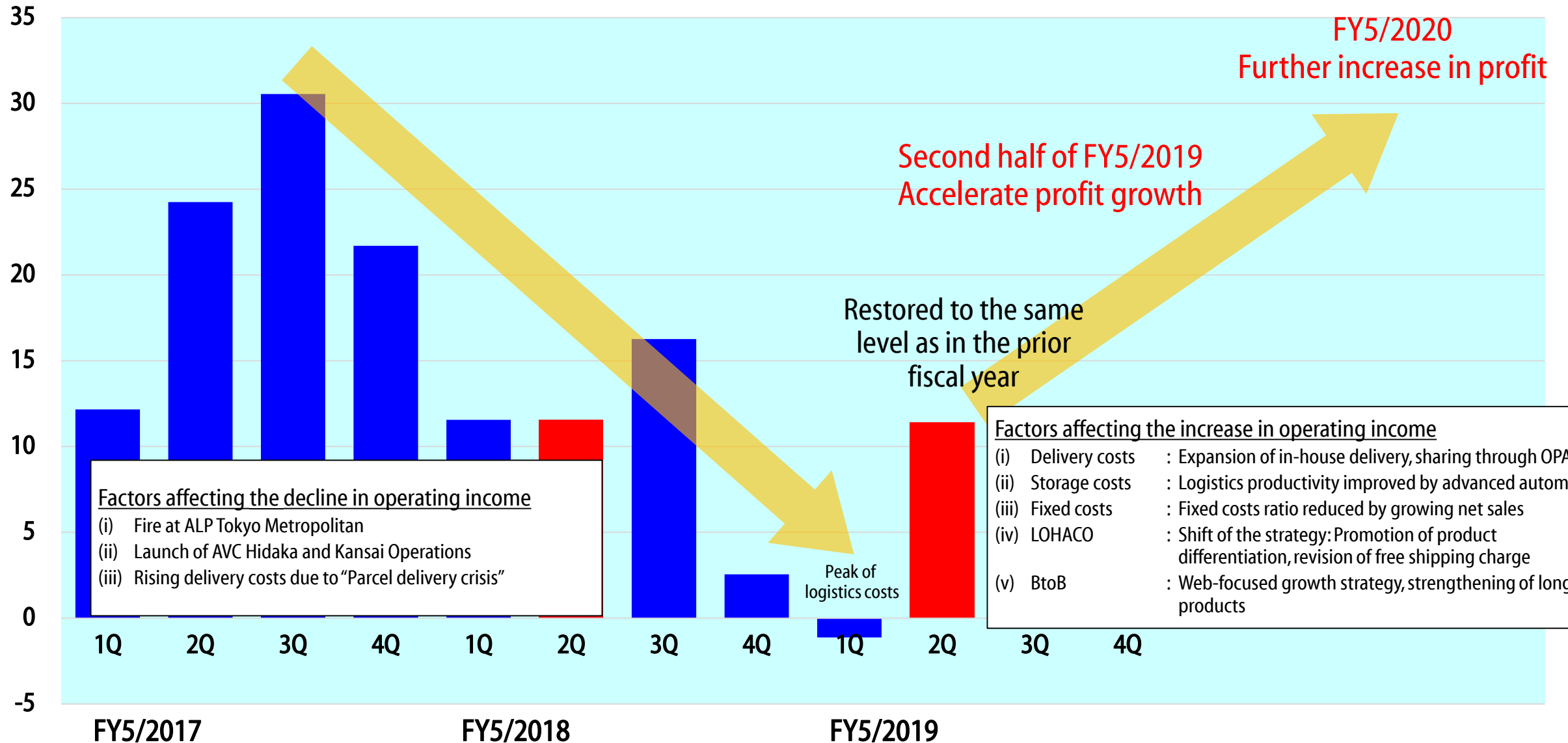


BtoB posted YoY increase  
in 2Q.

Clear sign of increasing  
returns

# Diagram of Consolidated Operating Income by Quarter

(¥billion)





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# 2Q FY5/2019 Consolidated Performance

	Cumulative results for 2Q FY5/2018		Cumulative results for 2Q FY5/2019		
	¥million	% of net sales %	¥million	% of net sales %	YoY change %
Net Sales	171,693	100.0	191,437	100.0	+11.5
Gross Profit	40,738	23.7	45,267	23.6	+11.1
Selling, General and Administrative Expenses	38,428	22.4	44,238	23.1	+15.1
Operating Income	2,309	1.3	1,029	0.5	-55.4
Ordinary Income	2,104	1.2	958	0.5	-54.5
Net Income Attributable to Owners of the Parent	3,393	2.0	315	0.2	-90.7

- **Net sales Double digit growth +11.5%**
- **Gross profit margin Down 0.1 points YoY**
- **SG&A expenses ratio Up 0.7 points YoY**
  - ✓ AVC Kansai/Hidaka fixed costs Up ¥1.1 billion
  - ✓ Impact of deterioration in delivery costs ratio ¥1.0 billion
  - ✓ Logistics reform costs, etc. ¥0.8 billion  
Stepping up investments, as planned.
- **Operating income ¥1.0 billion**
- **Profit**  
Including one-time income due to favorable off-balance impact in the first half.

# Comparison of Consolidated Performance between 1Q and 2Q FY5/2019

	1Q of FY5/2019		2Q of FY5/2019		
	¥million	% of net sales %	¥million	% of net sales %	YoY change %
Net Sales	93,972	100.0	97,465	100.0	+3.7
Gross Profit	21,892	23.3	23,375	24.0	+6.8
Selling, General and Administrative Expenses	22,003	23.4	22,234	22.8	+1.0
Operating Income	(111)	-	1,140	1.2	-
Ordinary Income	(146)	-	1,105	1.1	-
Net Income Attributable to Owners of the Parent	(234)	-	550	0.6	-

**Gross profit margin increased, SG&A expenses ratio improved**

➤ **Net sales Up 3.7%**

➤ **Gross profit margin Up 0.7 points**

Both BtoB and LOHACO businesses improved due mainly to expansion of original product ratio.

➤ **SG&A expenses ratio Down 0.6 points**

✓ Decline in logistics and delivery costs ratio

✓ Decline in fixed costs ratio due to growing net sales

➤ **Operating income ¥1.1 billion**

**2Q income restored to the same level as in the previous fiscal year**

# 2Q FY5/2019 Consolidated Performance [By Business]

		Cumulative results for 2Q FY5/2018	Cumulative results for 2Q FY5/2019	
		¥billion	¥billion	YoY change %
Net Sales	B-to-B business	147.8	155.5	+5.2
	LOHACO	17.8	25.7	+43.9
	B-to-C business (including Charm)	20.9	32.6	+56.1
	E-commerce business	168.7	188.2	+11.5
	Logistics business and other	2.9	3.2	+9.5
	Consolidated total	171.6	191.4	+11.5
Operating income	B-to-B business	6.3	6.5	+4.0
	LOHACO	(3.8)	(4.4)	—
	B-to-C business (including Charm)	(3.8)	(4.4)	—
	Intermediate total	2.4	2.0	-15.3
	Strategic costst	—	(0.8)	—
	E-commerce business	2.4	1.2	-49.8
	Logistics business and other	(0.1)	(0.2)	—
	Consolidated total	2.3	1.0	-55.4

## ➤ Net sales

BtoB business **growth accelerates, up 5.2%**

BtoC business **also benefits from consolidation of Charm, with growth of 56.1%**

## ➤ Operating income

BtoB Business **Up 4.0%**

Fixed costs of AVC Kansai and Hidaka Operations, etc.

**(BtoB up ¥0.6 billion, BtoC up ¥0.5 billion)**

Deterioration in delivery costs (mainly rising delivery costs-Improvement of splitting cargo)

**(BtoB up ¥0.5 billion, BtoC up ¥0.4 billion)**

Logistics reform costs etc.

**down ¥0.8 billion (mainly sales promotion expenses)**

✓ **Expanded use of in-house delivery/advanced logistics automation**

✓ **Strengthen sales promotions (both BtoB, BtoC)**

✓ **Strengthen system platform for E-commerce**

\* The AVC Hidaka/Kansai fixed costs that were categorized by business in the FY5/2018 income statement, and the temporary deterioration in logistics productivity, have been allocated to operating income for the B-to-B business and LOHACO respectively.

# Comparison of Consolidated Performance between 1Q and 2Q FY5/2019 [by Business]

		1Q FY5/2019	2Q FY5/2019	
		Actual ¥billion	Actual ¥billion	YoY change %
Net Sales	B-to-B business	76.3	79.2	+3.8
	LOHACO	12.5	13.1	+4.3
	B-to-C business (including Charm)	15.9	16.6	+4.6
	E-commerce business	92.3	95.9	+3.9
	Logistics business and other	1.6	1.5	-7.5
	Consolidated total	93.9	97.4	+3.7
Operating income	B-to-B business	2.7	3.8	+39.3
	LOHACO	(2.3)	(2.1)	-
	B-to-C business (including Charm)	(2.3)	(2.1)	-
	Intermediate total	0.4	1.6	+309.6
	Strategic costst	(0.4)	(0.4)	-
	E-commerce business	(0.0)	1.2	-
	Logistics business and other	(0.0)	(0.1)	-
	Consolidated total	(0.1)	0.1	-

## ➤ Operating income

BtoB Business

Operating income growth, **up 39.3%** against the Net Sales growth, **up 3.8%**

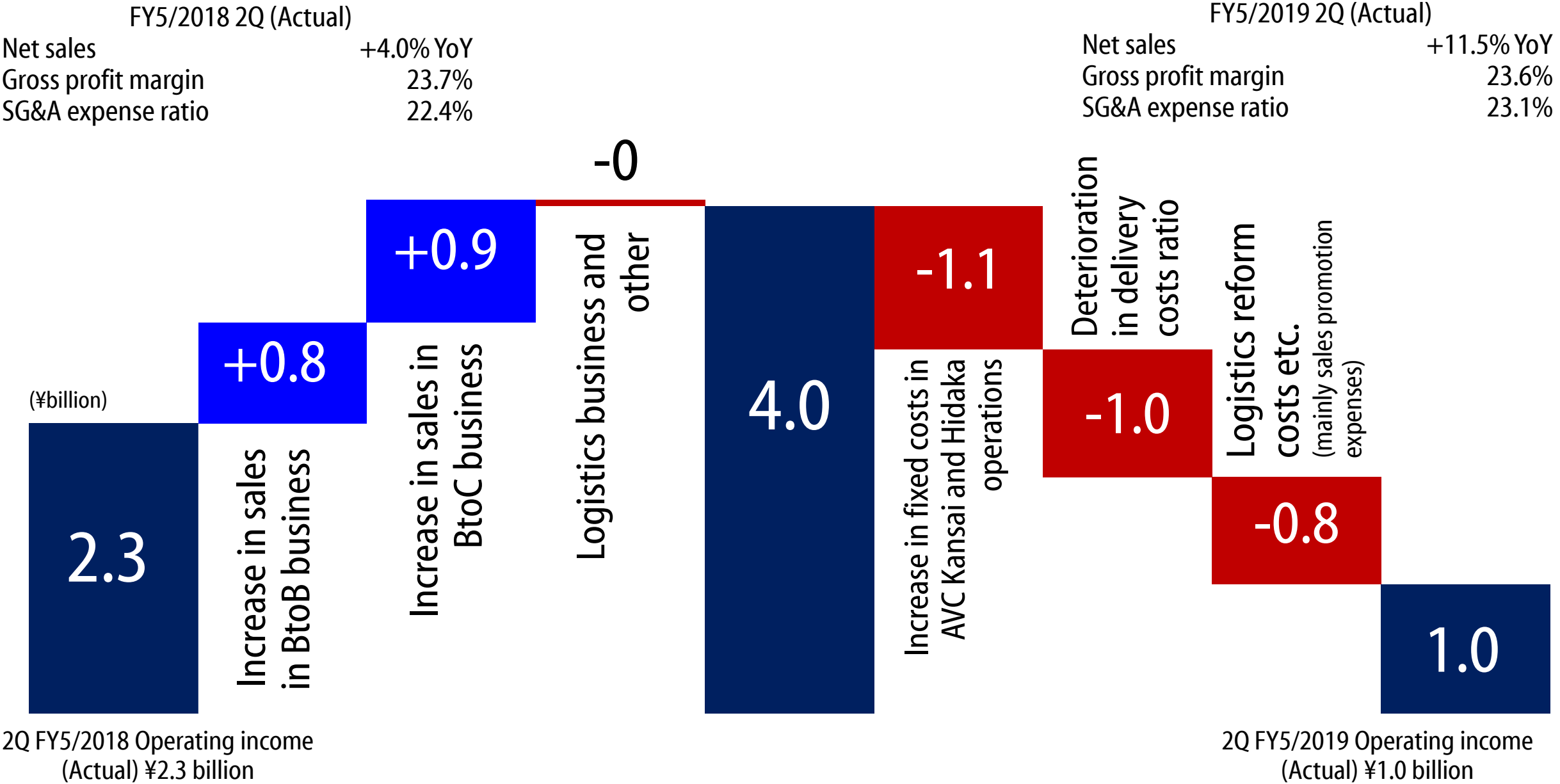
⇒ **Clear sign of increasing returns**

BtoC Business

**Improvement in operating income**

⇒ **Will achieve a stage of profit improvement** in the second half, thanks to the revision of free shipping charge

# Factors Affecting 2Q FY5/2019 Consolidated Operating Income



# FY5/2019 Consolidated Financial Forecasts

	FY5/2018		FY5/2019		
	Actual ¥billion	% of net sales %	Plam ¥billion	% of net sales %	YoY change %
Net Sales	<b>360.4</b>	100.0	<b>390.0</b>	100.0	+8.2
Gross Profit	<b>85.5</b>	23.7	<b>92.7</b>	23.8	+8.5
Selling, General and Administrative Expenses	<b>81.3</b>	22.6	<b>86.7</b>	22.2	+6.7
Operating Income	<b>4.1</b>	1.2	<b>6.0</b>	1.5	+43.1
Ordinary Income	<b>3.9</b>	1.1	<b>5.8</b>	1.5	+47.2
Net Income Attributable to Owners of the Parent	<b>4.6</b>	1.3	<b>3.5</b>	0.9	-25.4

**No Changes  
to Full-Year  
Forecasts**

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- II **Logistics Steady Improvement in Reduction of Logistics Costs**
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In September 2018, **ASKUL Technology Center**,  
New Office, Opened to Accelerate Logistics Innovation through  
Information Technology

FUTURE PLATFORM ARCHITECTURE

**Accelerate E-commerce Evolution**

Use Big Data, AI, and Other Leading-Edge Technologies

# Measures taken to reduce delivery costs

## Short term

- ✓ Optimizing packaging sizes
- ✓ Taking goods in to major delivery company locations
- ✓ Introducing transportation between delivery centers etc.

## Medium term

Accelerating shift to in-house delivery

## Long term

Sharing logistics using OPA

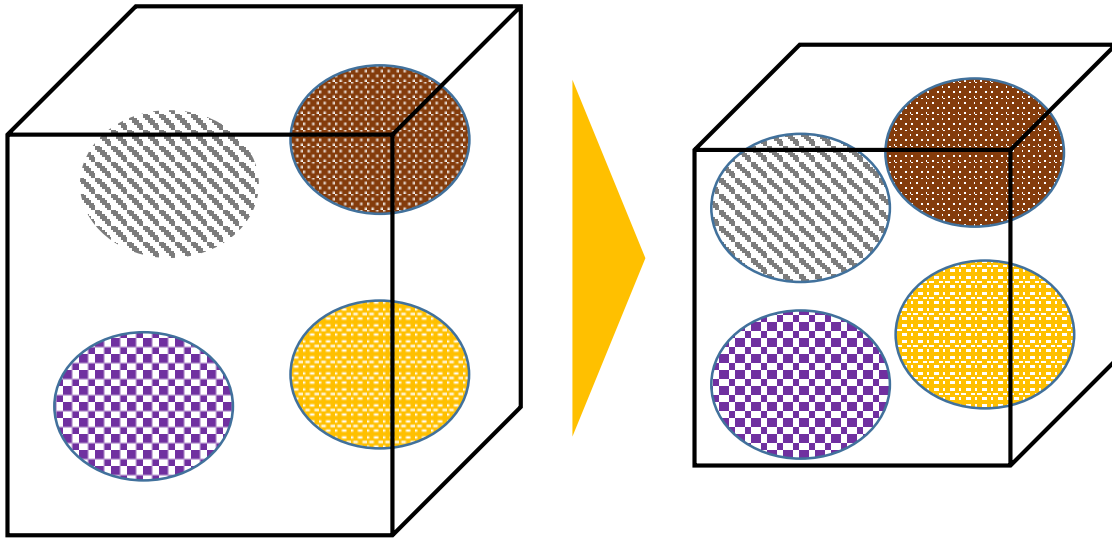
# Optimization of Packaging Sizes

Short term

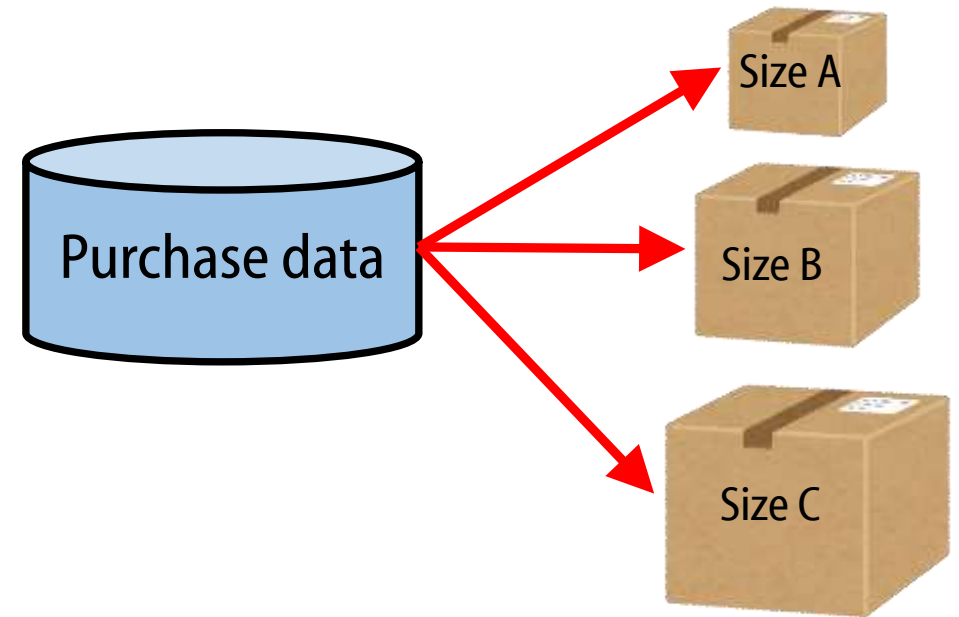
(i) Review of packaging materials suitable for product volume (numbers, quantity)

Before change

After change



(ii) Optimization of packaging based on data

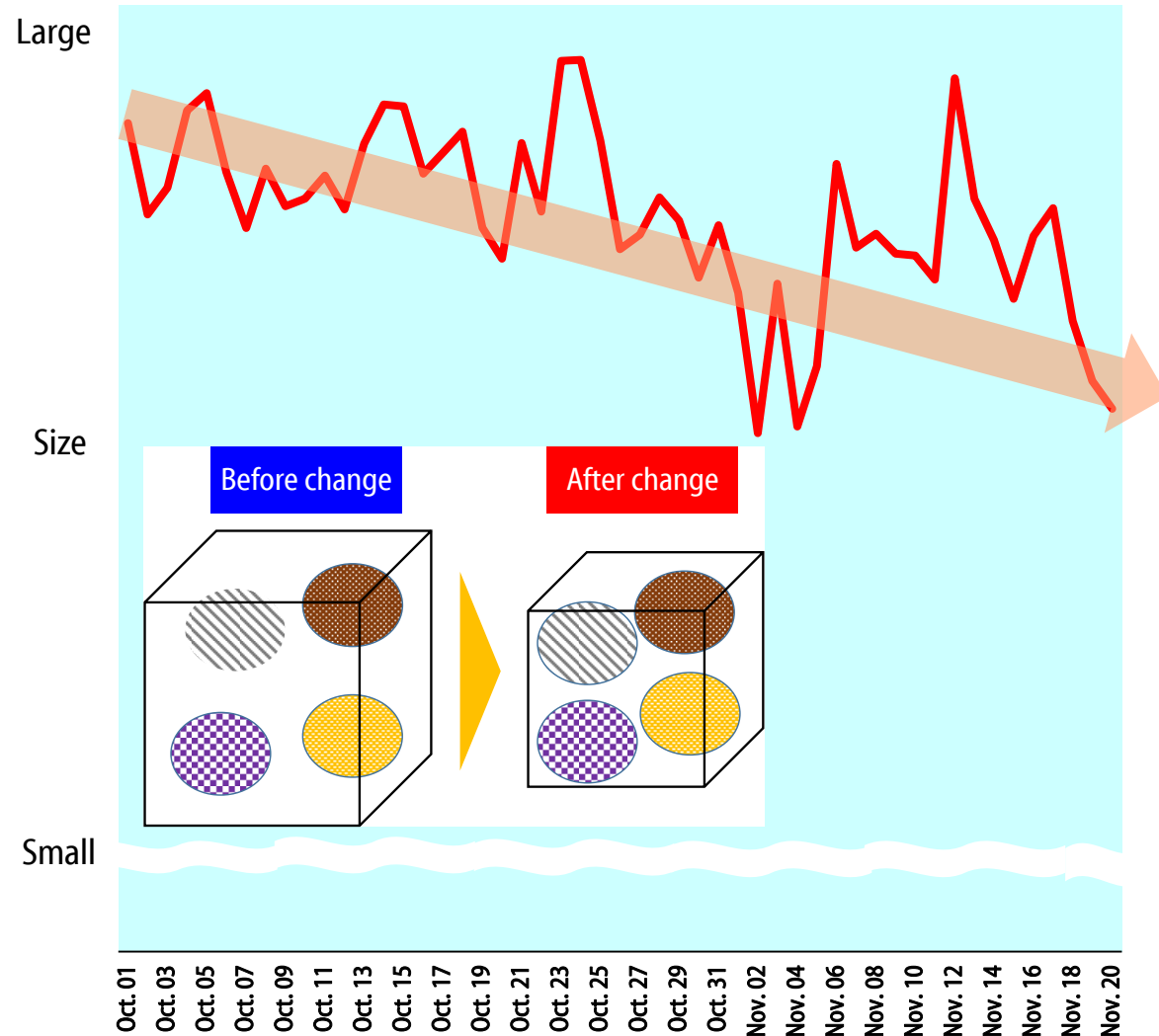




# Optimization of Packaging Sizes

Short term

Trend of the average value \* of cardboard sizes



Review of packaging materials and others

**Reduction in delivery costs and improvement in delivery efficiency**

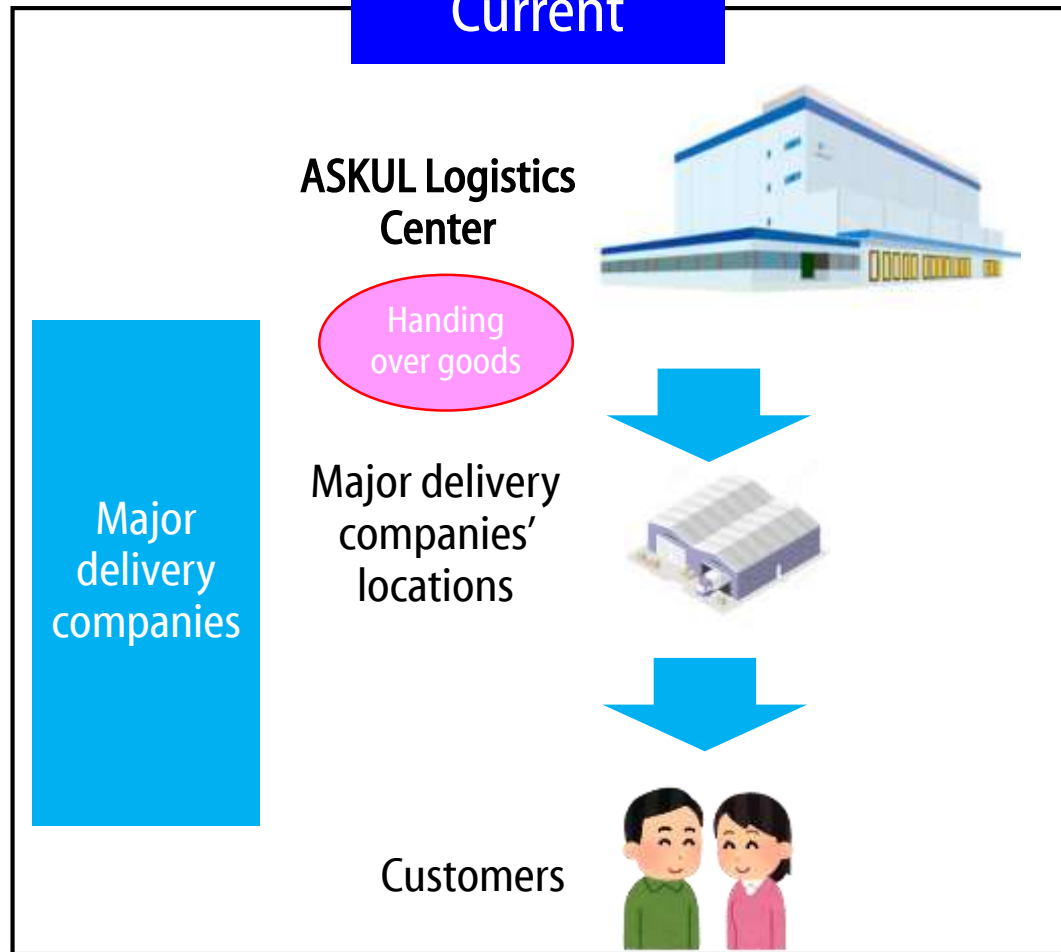
\*Average value of the weighted average of cardboard sizes at AVC Kansai and Hidaka Centers

# BtoC Business

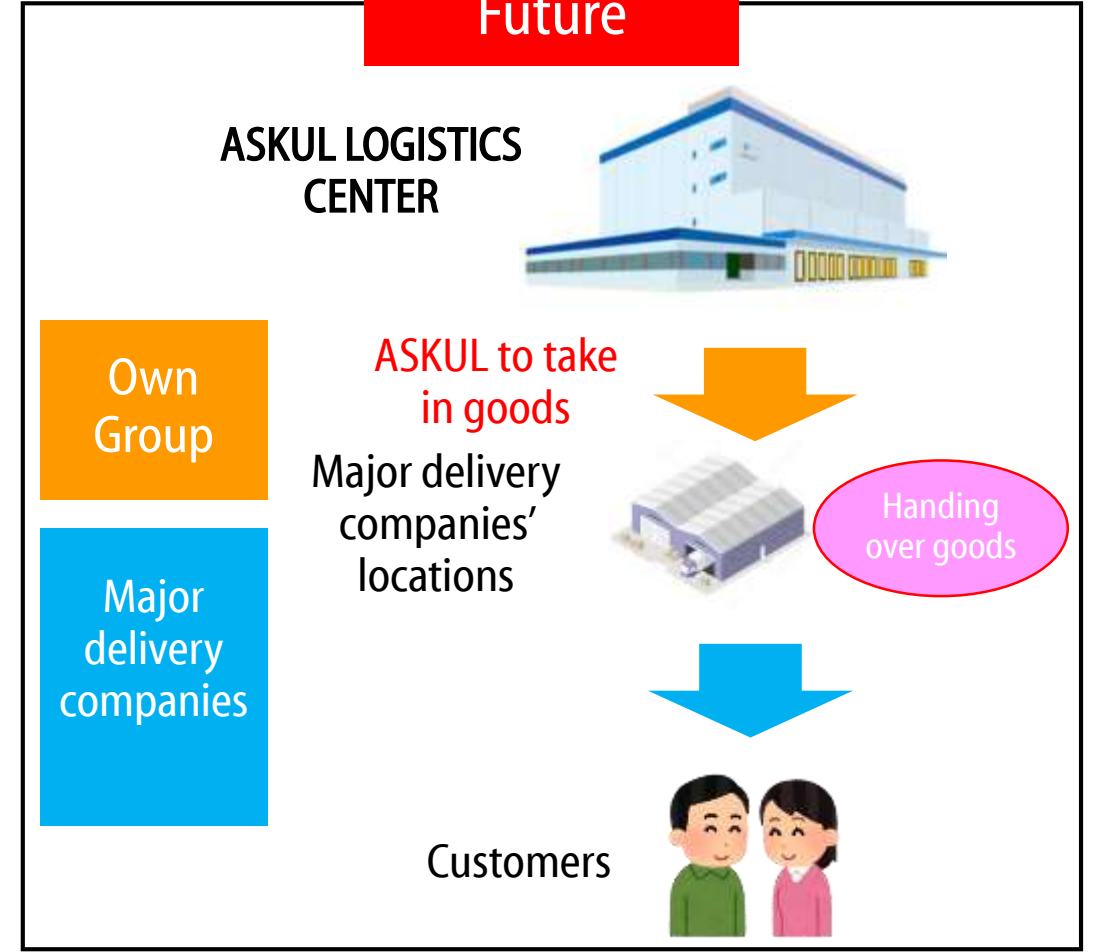
## Taking Goods in to Major Delivery Companies' Locations

Short term

Current



Future

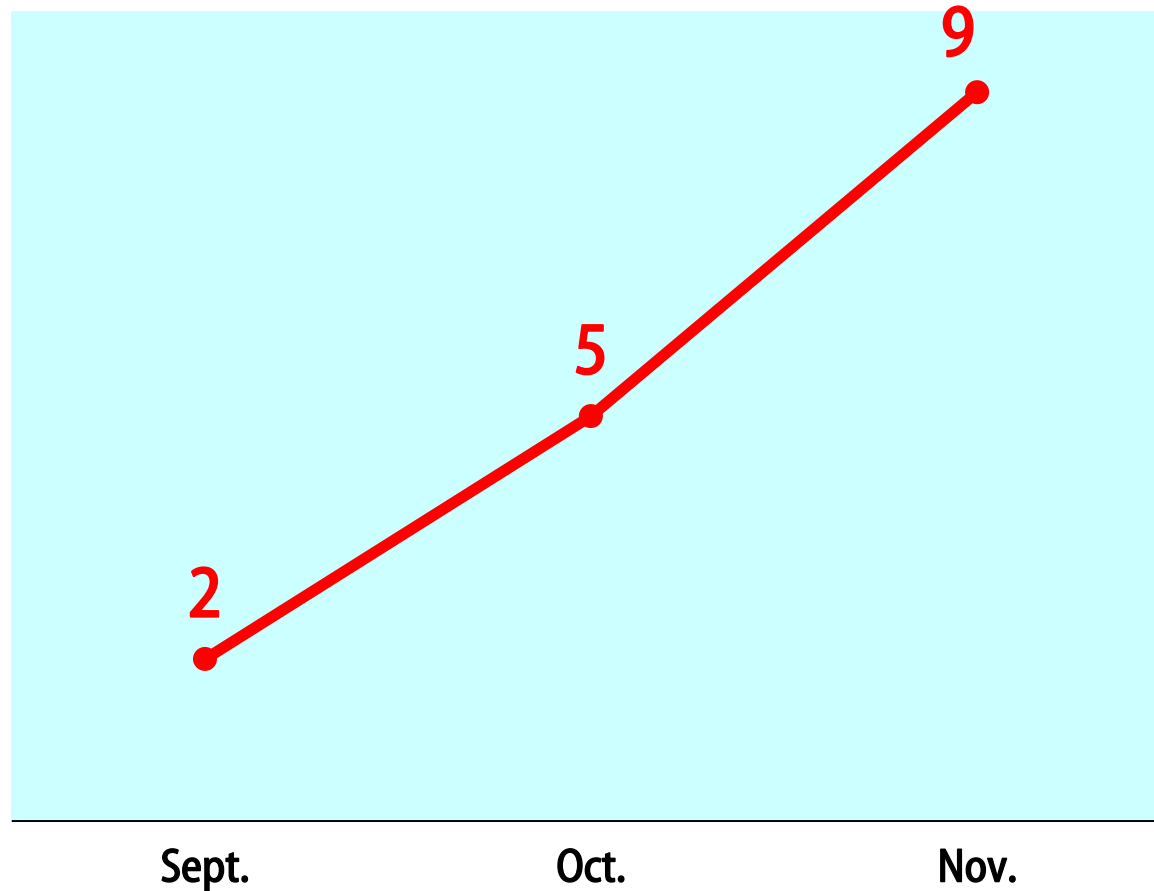


# BtoC Business

## Taking Goods in to Major Delivery Companies' Locations

Short term

Number of locations where goods are handed over



Launched in Tokyo and Kanagawa prefectures in Sept.  
Started in the Kansai area in Oct.  
Implementation has been completed mostly in locations with high effects of cost reduction.

Reduction in  
delivery costs

# BtoC Business

## Development of Medium- and Long-Distance Networks

Short term

Current

Future

Networks

(Among logistics  
centers)

Home  
delivery

(Last one mile)

Major delivery  
companies

Own Group

Own Group

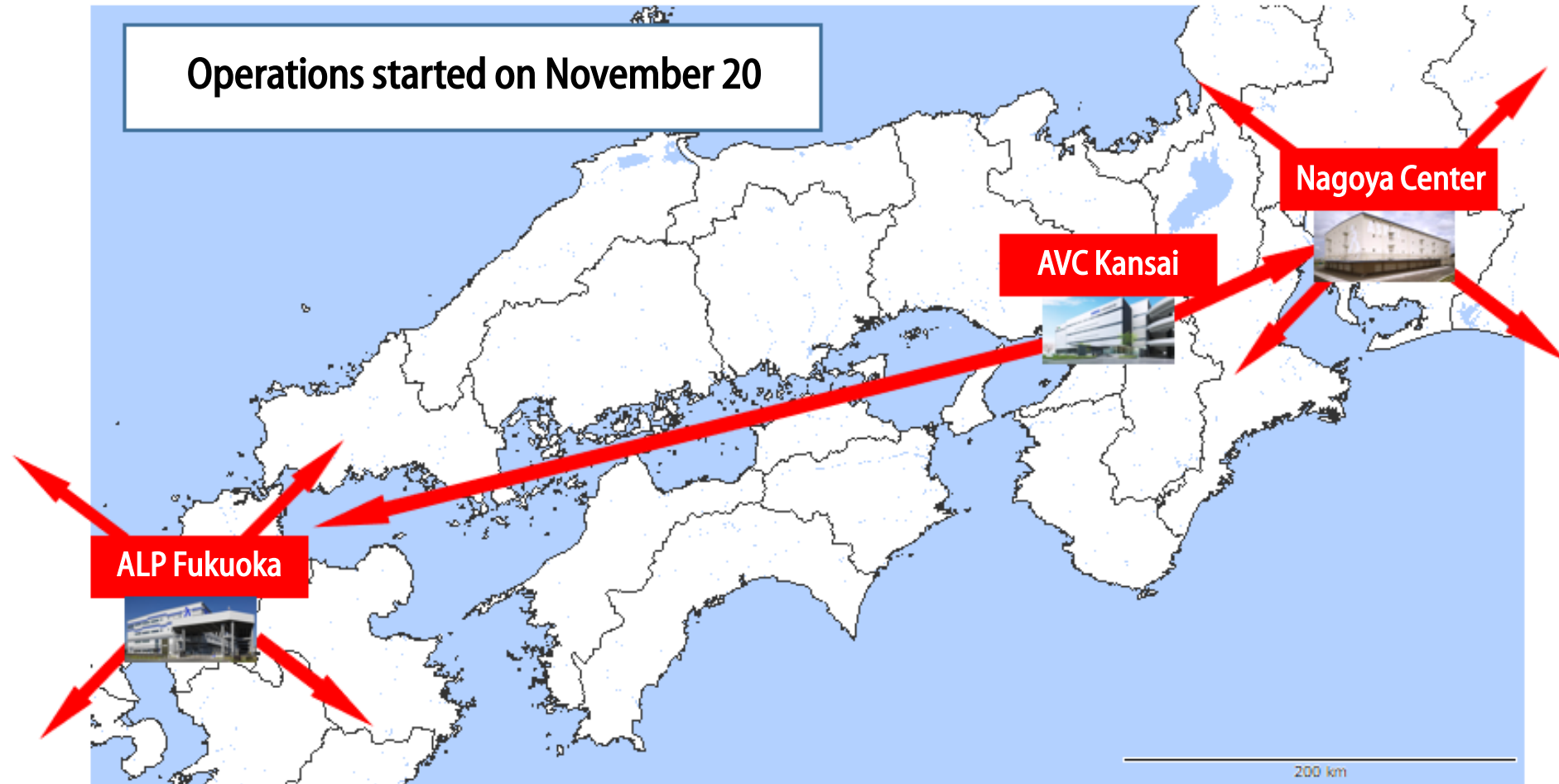
Use networks with local delivery partners gained through BtoB business  
to reduce reliance on major delivery companies

# BtoC Business

## Development of Medium- and Long-Distance Networks

Short term

Formation of in-house Group networks between logistics centers  
Delivery to customers via routes from AVC Kansai to Nagoya and Fukuoka logistics centers



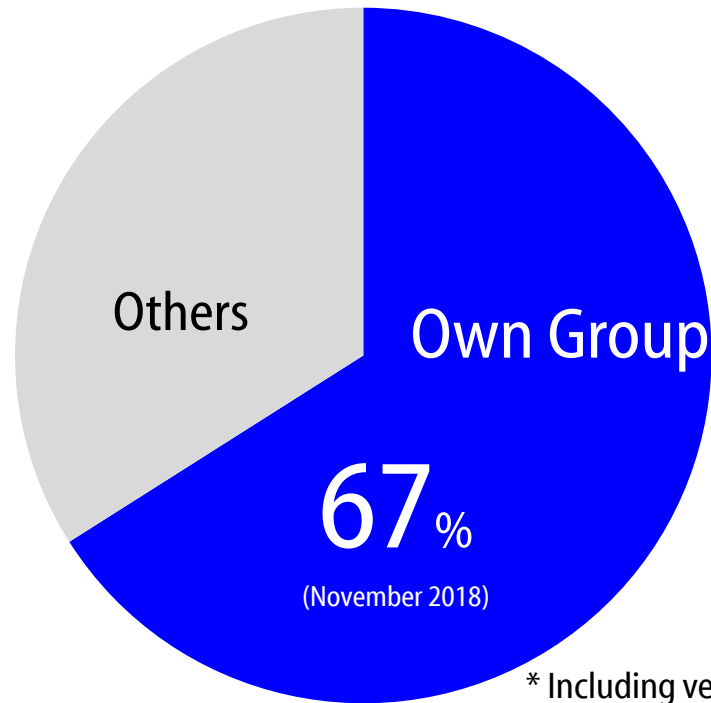


# Acceleration of Shift to In-house Delivery

Medium term

## Share of BtoB business delivery

## Share of LOHACO delivery

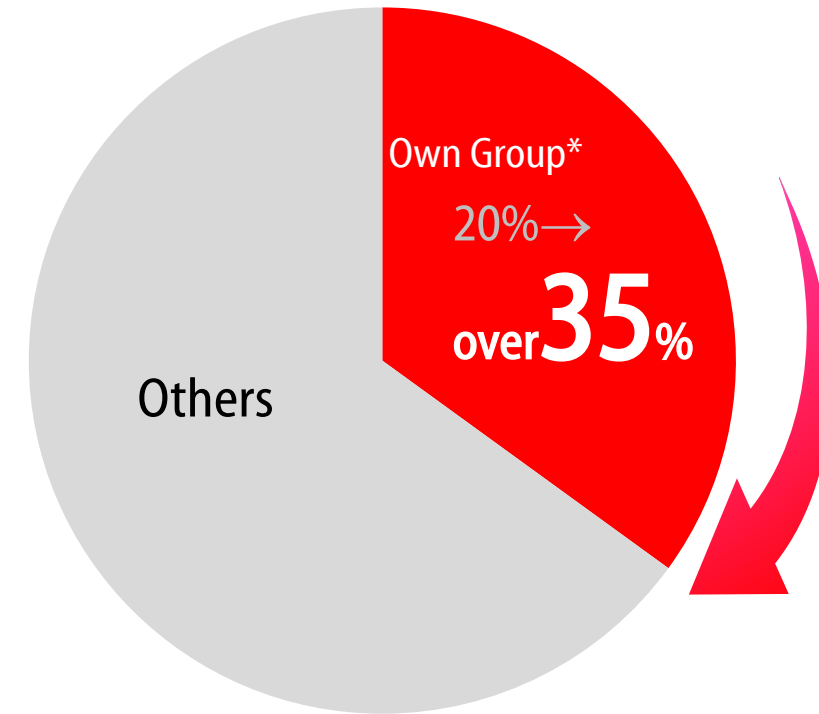
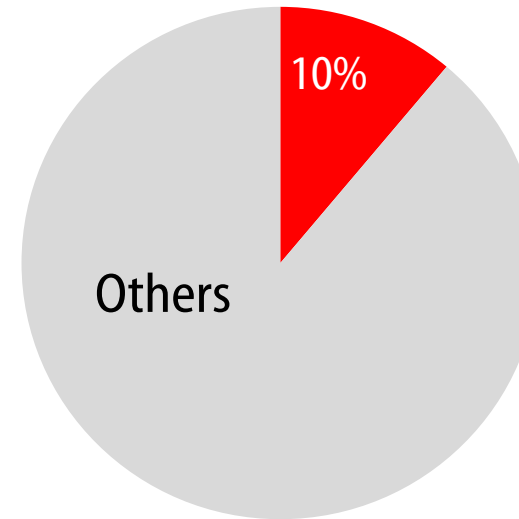


\* Including vehicles of partners

Nationwide in-house delivery networks to complete 70% as of the end of FY5/2019

Beginning of FY5/2019

End of FY5/2019



**Acceleration of in-house delivery**  
Step up target share to 35% from 20% as of the end of FY5/2019

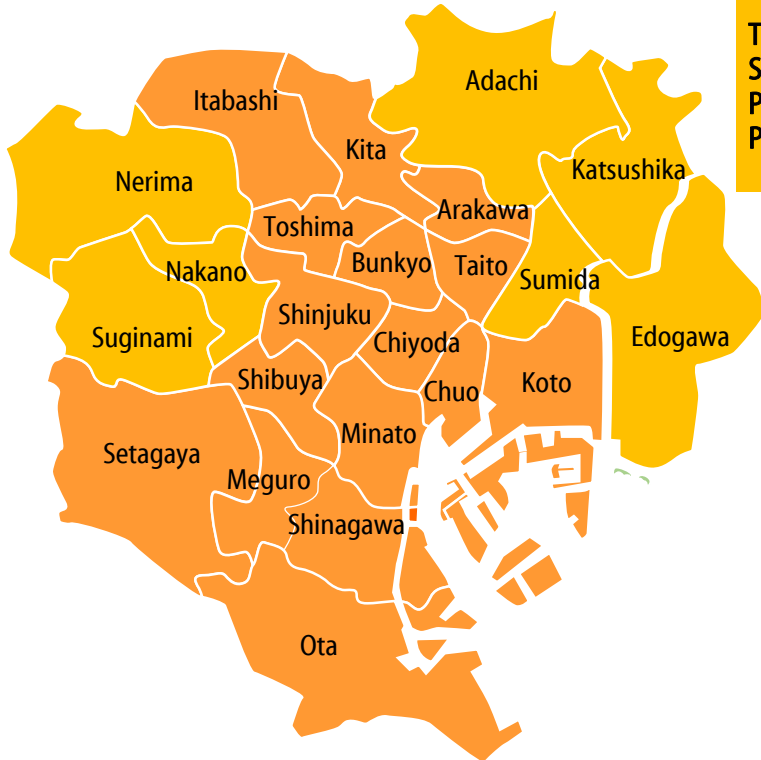
# Acceleration of Shift to In-House Delivery (Happy On Time)

Medium term

Target areas expanded to 16 wards in Tokyo, and  
12 in Osaka

Happy On Time

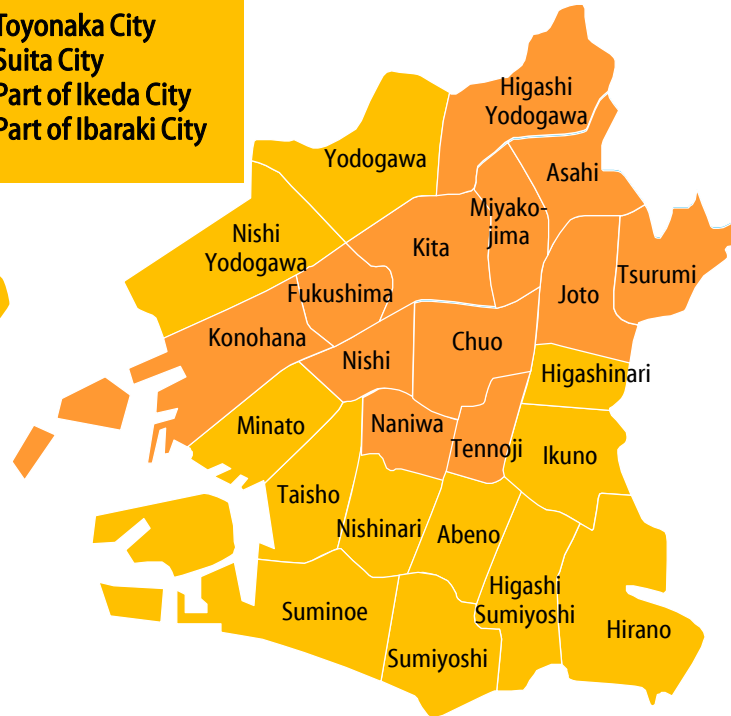
## Tokyo 23 wards



## Osaka City

+ 4 neighboring cities

Toyonaka City  
Suita City  
Part of Ikeda City  
Part of Ibaraki City



Expansion of differentiated  
delivery service &  
Reduction in delivery costs



Target area

Already expanded

Scheduled expansion for  
FY5/2019

New uniform of delivery drivers (Tokyo, Osaka)

# Acceleration of shift to in-house delivery (BtoC Business)

Medium term

Hokkaido



Kanto



Aichi





Kansai



Fukuoka



-  Already expanded
  -  Expansion scheduled
- Including areas not covered by Happy On Time

Expand in-house delivery areas

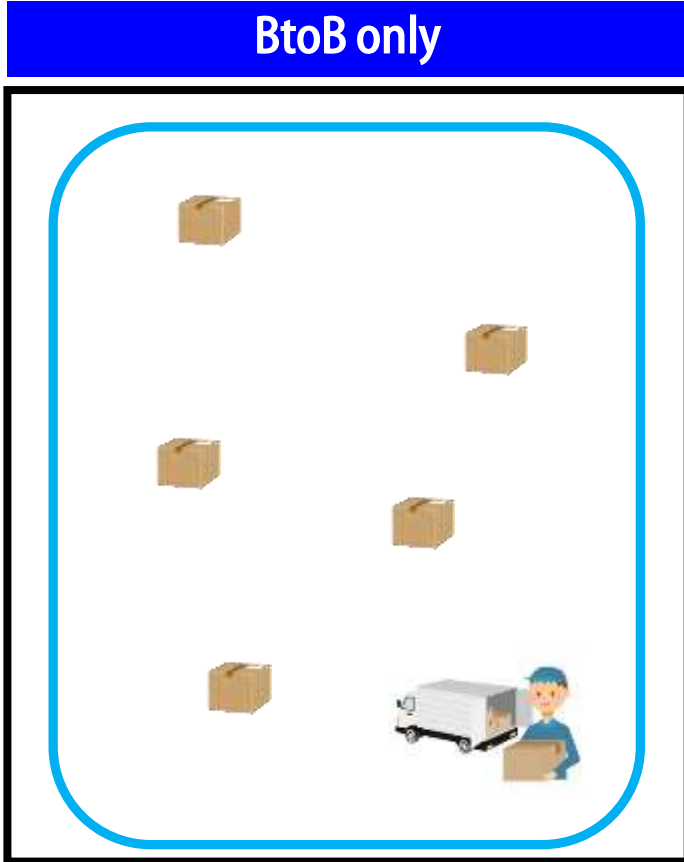
Achieve over 35% in FY5/2019, and over 40% in FY5/2020

# Initiative Ahead of OPA Development

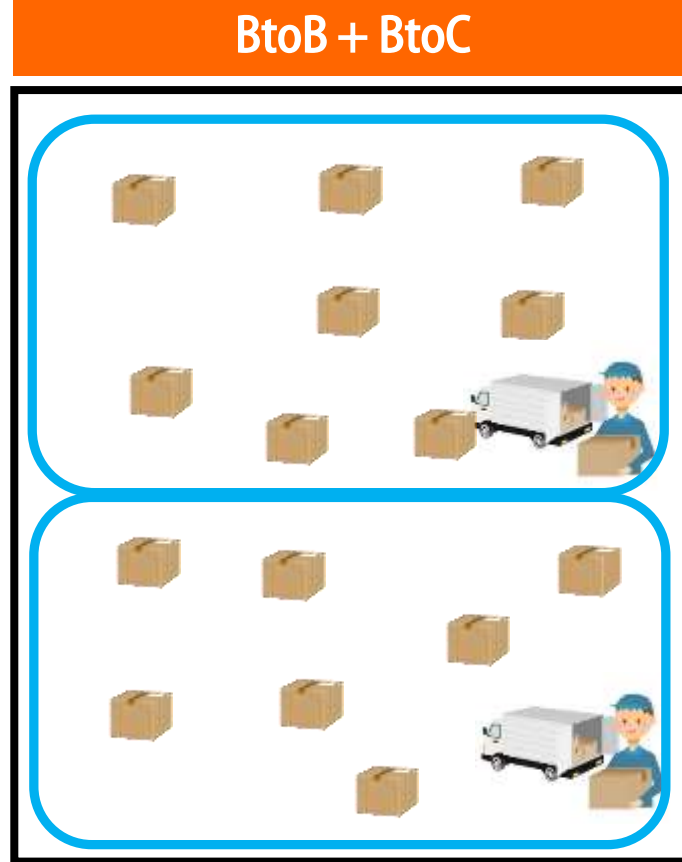
Long term

Supply of delivery services by ASKUL LOGIST, the Group's subsidiary to external companies

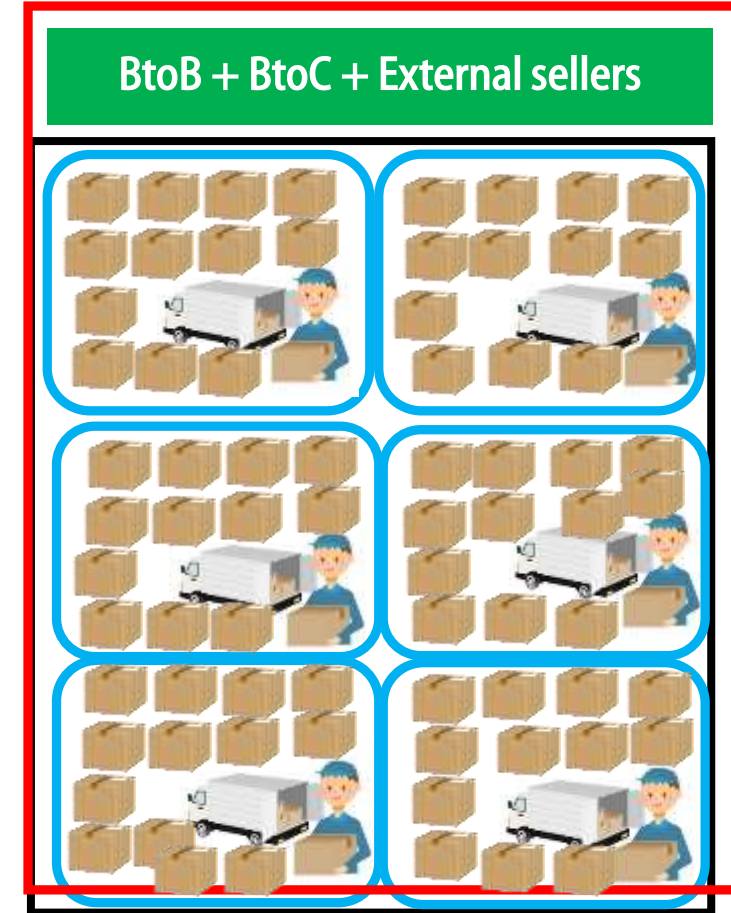
BtoB only



BtoB + BtoC



BtoB + BtoC + External sellers



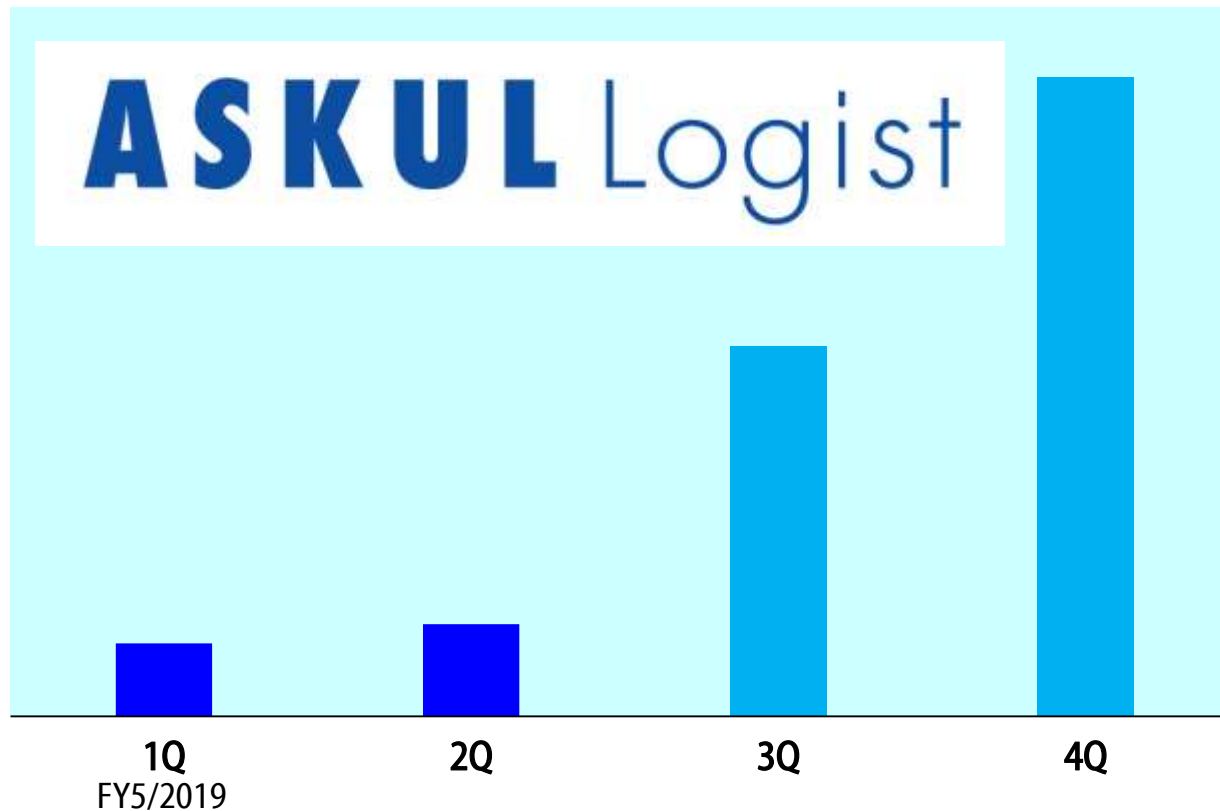
Raise delivery density by increasing delivery volume to reduce delivery costs

# Initiative Ahead of OPA Development

Long term

ASKUL LOGIST: Number of goods delivered to external sellers (Quarterly)

External Sellers



Internet service for printing	Company A
Internet sales of fashion items	Company B
Cosmetics manufacturer	Company C
Internet sales of health appliances	Company D
Food and beverage manufacturer	Company E
Beverage manufacturer	Company F
Internet sales	Company G

**Increase revenue and profit in logistics business, in addition to reducing cost through higher delivery density**

A background image showing a bright sun setting or rising behind a range of dark, silhouetted mountains. The sky is filled with warm, orange and yellow light from the sun, creating a dramatic and inspiring atmosphere.

Steady improvement in logistics cost reduction  
LOHACO will enter a stage to shift to Unique Value  
E-commerce  
BtoB will speed up execution of web-based growth  
strategy and expand long-tail products

**Profit growth will be accelerated**



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# BtoC

# Targeting consumers





# LOHACO Will Shift to Its Unique Value E-commerce to Enter Stage of Profit Improvement

**Expansion of goods  
focused on commodity  
items**

**Priority on size**



**Expand unique-value  
items**

**Shift management  
resources**

**Achieve growth with  
profit improvement**

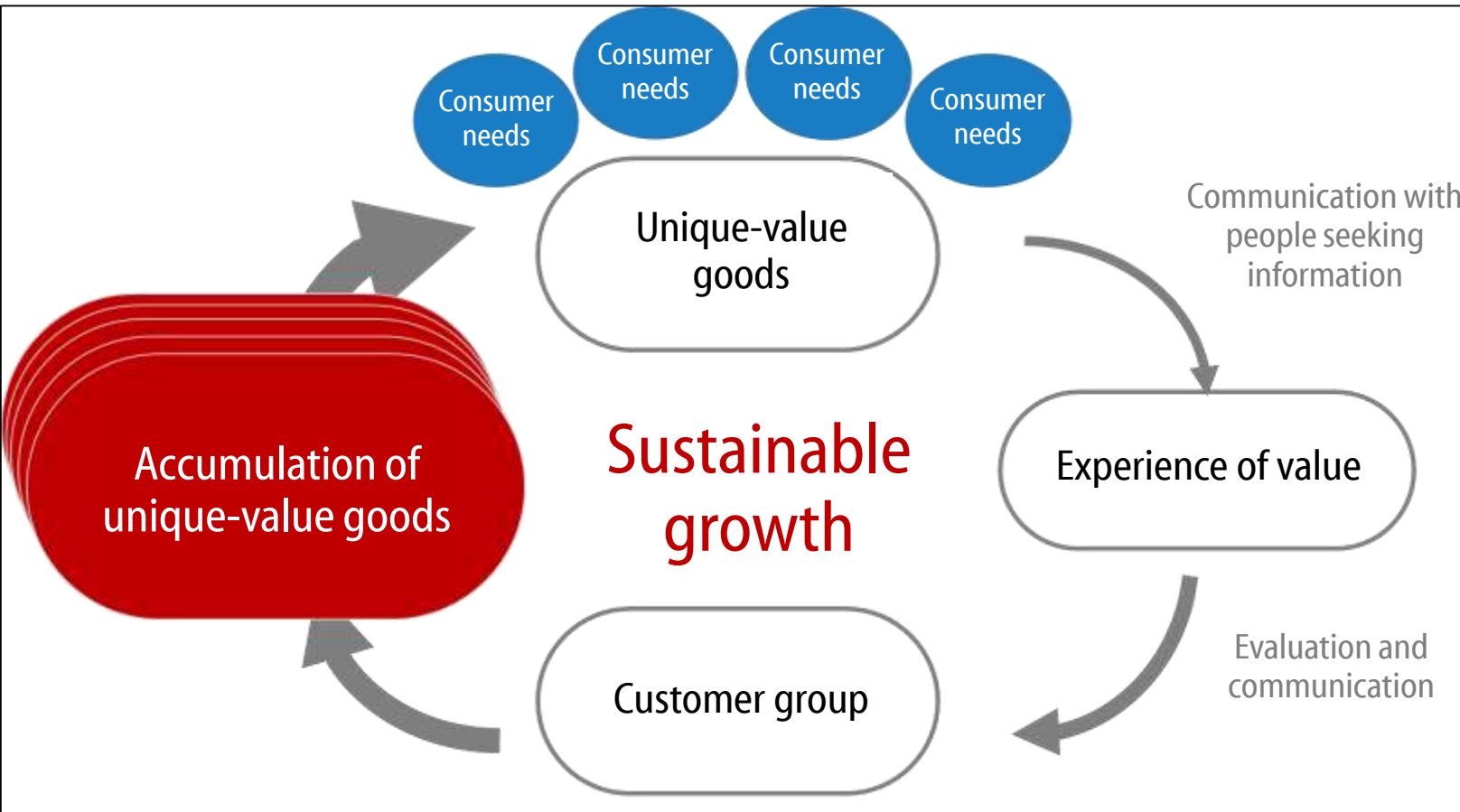


# LOHACO

LOHACO Digital Marketing Consortium 2018 was held on November 19, 2018.  
A total of 210 manufacturers, the largest-ever, and 548 people participated.

# Speed Up Development of Unique-Value Goods

\* Extract from the presentation material



**Maximum use  
of relationship  
with makers**



# Design products exclusive to LOHACO E-commerce

409SKU (As of Nov.30,2018)





# LOHACO Original Products



LOHACO Water 2L  
Released in May 2016



LOHACO Water 410ML  
Released in July 2018



LOHACO Rice Yumepirika  
Released in Sept. 2015



LOHACO Rice  
Akitakomachi  
Released in Dec. 2018



Yamagata no Umami Shikkari  
Gohan (packed rice)  
Released in Sept. 2018



Softpack Tissue  
Released in June 2018



Pet Sheets  
Released in Oct. 2018



Toilet Rolls Recycle100  
Released in Sept. 2018



Oral Care  
Released in July 2018



Lifestyle Towels  
Released in April 2018

# **LOHACO Will Enter Stage of Profit Improvement**

- (i) Expansion of unique-value goods**
- (ii) Increase in fee income**
- (iii) Revision of free shipping charge**

## **(i) Expansion of Unique-Value Goods**

# Step Up Unique-Value Product Lineup (Promote shift to private brands)

## LOHACO Original Products



Tissue paper



LOHACO Water  
(410 ml)



Oral Care products



## Examples of newly added items

Released in Sept.-Oct.



Toilet paper



Pet sheets



Packed rice

Released in Nov.



Chinese medicine  
(packaged series)

# Expand sales of Original goods\*



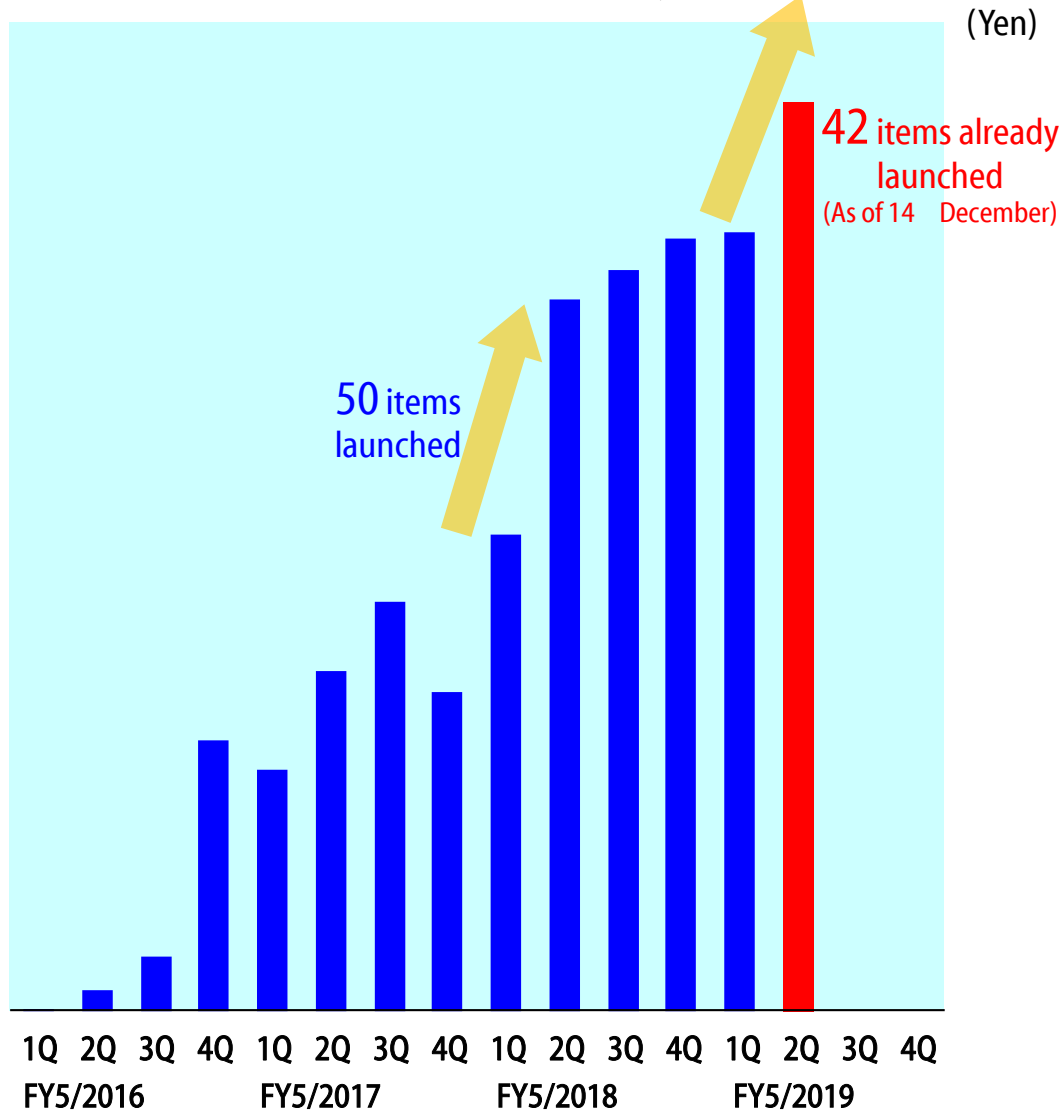
## Improvement in Gross Profit Margin

\* Original goods includes those with sales limited to ASKUL (LOHACO)



# Step Up Unique-Value Product Lineup (Design products exclusive to E-commerce)

"Fitting Our Lifestyles" LOHACO Exhibition  
Trend of Sales Growth \* by Quarter



## "Fitting Our Lifestyles" LOHACO 2018 Exhibition

October 5–10, 2018

Held at Daikanyama T-SITE GARDEN GALLERY

48 companies participated, 58 products exhibited



Improvement in gross  
profit margin

\* Net sales includes products for which the advance sales period at LOHACO has ended

# Expansion of Outlet Product Lineup and UX Evolution



**NEW!**

Launched on December 5  
Emphasizing value of goods by showing a special page design, video contents, etc.

Value-added products,  
High unit-price items

**Boost Net Sales**



**Improvement in gross  
profit margin**

**&**

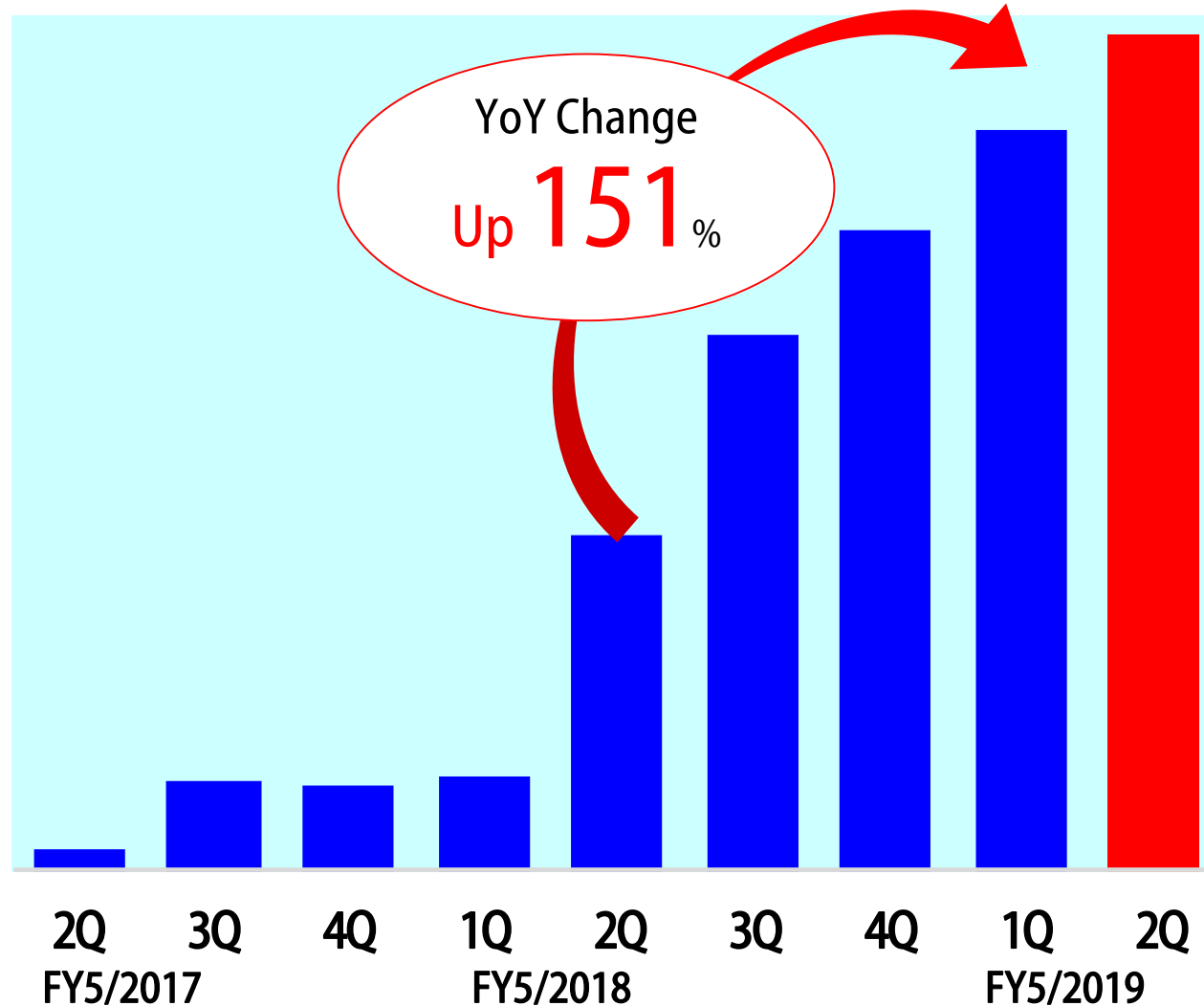
**Increase in sales price per  
unit/per box**

## **(ii) Increase in Fee Income**

# Expand marketplace

LOHACO marketplace total value distributed  
(By quarter)

(Yen)



Total value  
distributed has  
grown dramatically

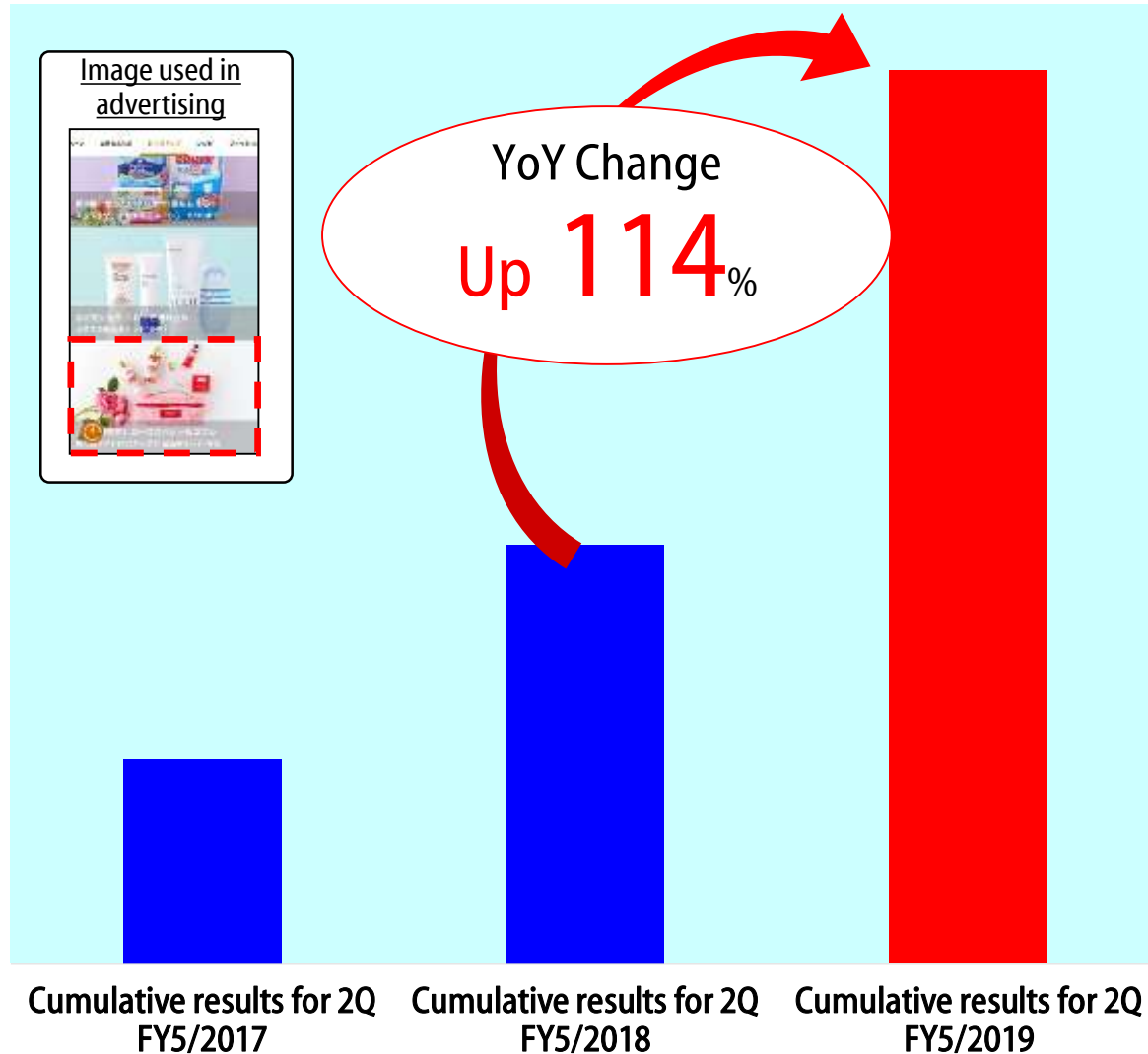


Growth  
in fee income

# Growth in advertising fee income

(Yen)

## Advertising fee income



Implementation of advertisement  
with strong sales effects by using big  
data



**Growth**  
in fee income

**(iii) Revision of free shipping charge**

# Revision of free shipping charge

## [Current]

No basic delivery fees for a purchase order of **¥1,900 or above** (incl. tax)

Increase in sales price per unit/per box

[Starting from 6 p.m., Jan. 10]  
No basic delivery fees for a purchase order of goods of **¥3,240 or above** (incl. tax)

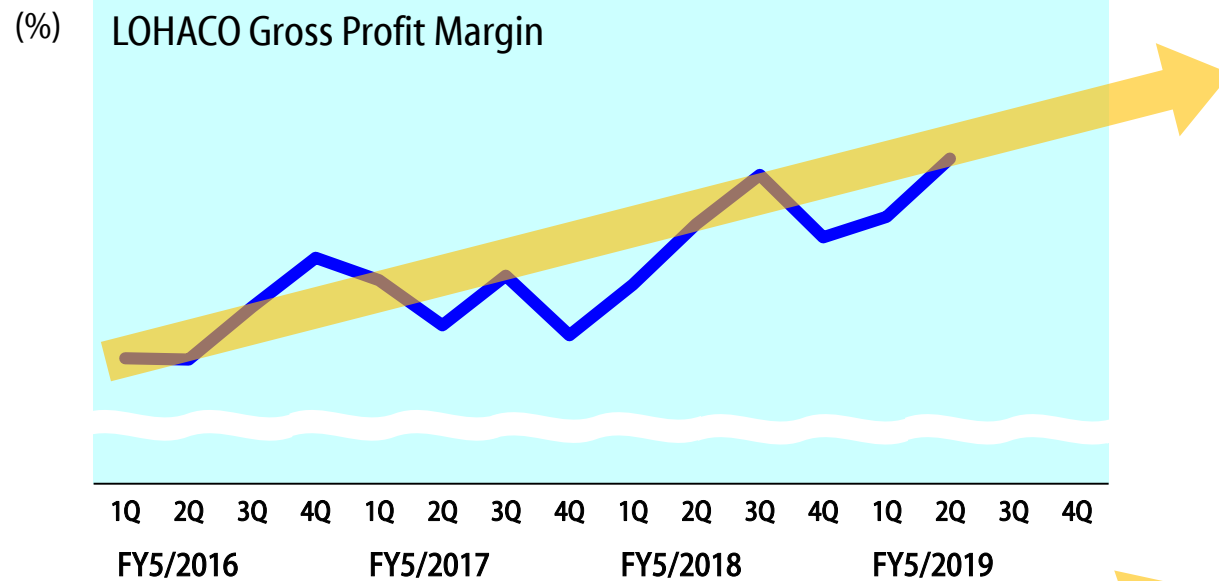
Basic delivery fees  
**¥350** (incl. tax)

Minimize adverse impacts on sales growth

Basic delivery fees  
**¥216** (incl. tax)

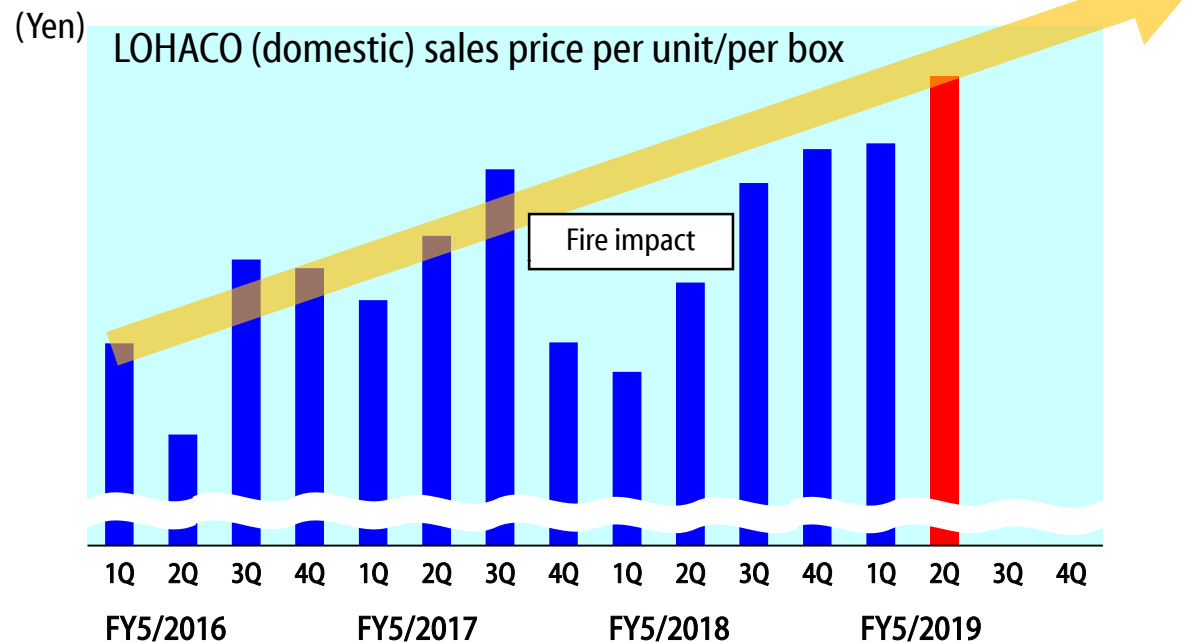
**We will achieve marginal profit in the second half.**

# LOHACO has overcome issues to move toward profit improvement.



- (i) Expansion of unique-value goods
- (ii) Increase in fee income

**Improvement in gross profit margin**



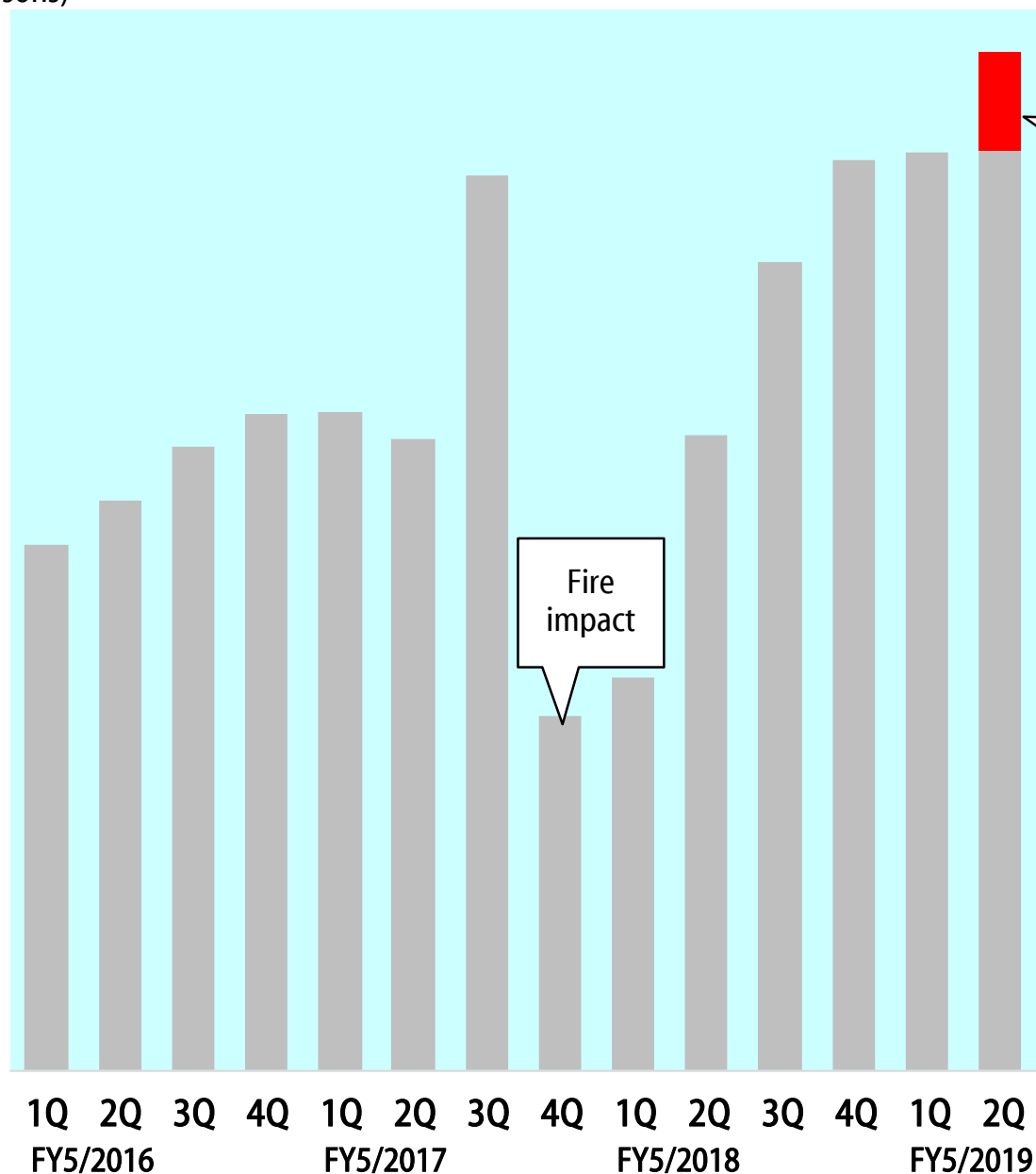
- (i) Expansion of unique-value goods
- (iii) Revision of free shipping charge

**Increase in sales price per unit/per box to reduce delivery cost ratio to sales**



## LOHACO: Number of New Customers (By Quarter)

(Persons)



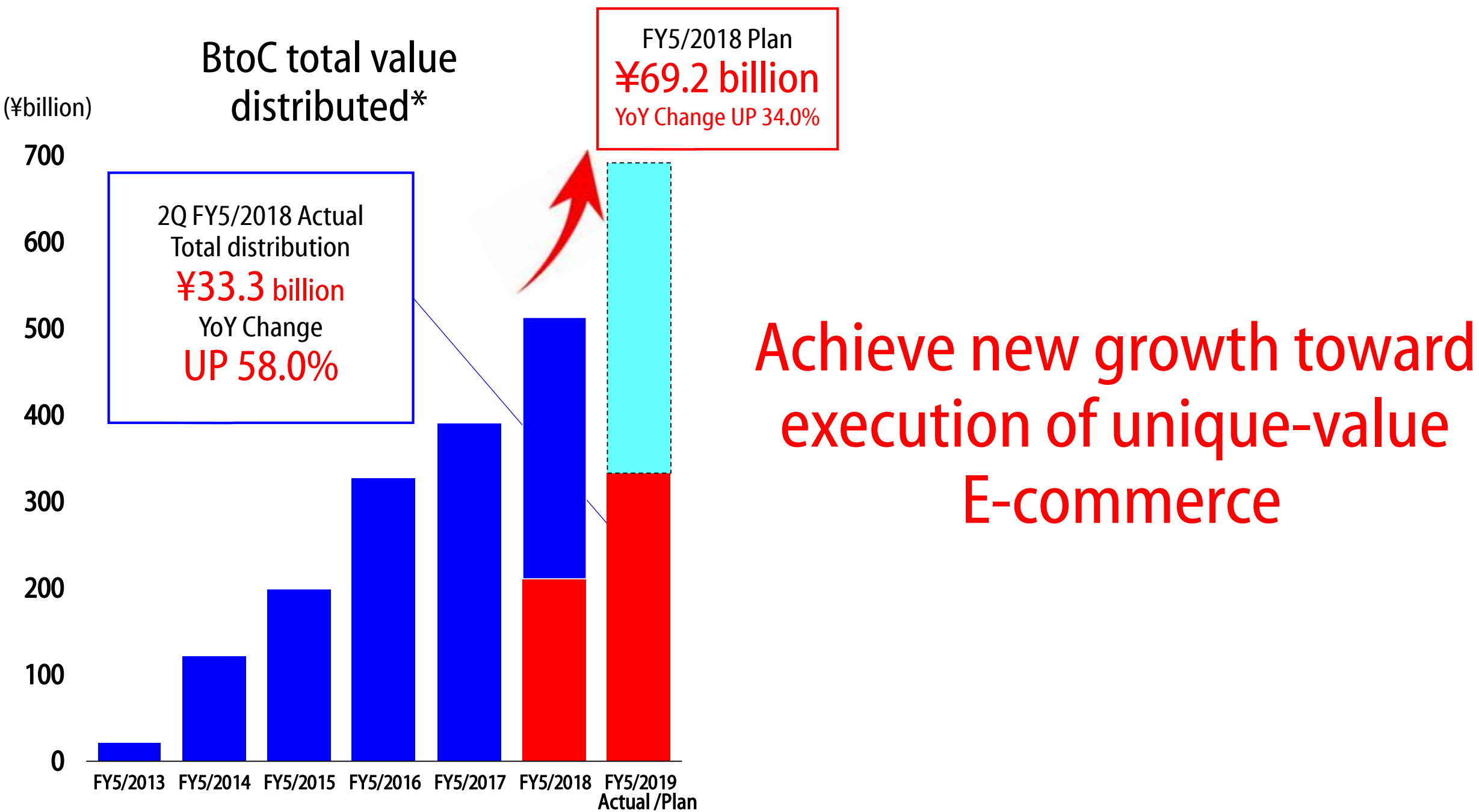
CYBER SUNDAY Customers using coupons  
(Nov. 4, 11, and 18)

日曜日がおトクに!  
CYBER SUNDAY はじまる。



今回はLOHACO Yahoo!ショッピング店で  
使える500円OFFクーポン※!

**Favorable sales promotion effects  
to boost the number of new  
customers.**



\* Total logistics amount in B-to-C business is the sum of LOHACO net sales, sales of products via LOHACO marketplace, and sales at Charm. On page 29 of the "Notice on Overview of the 1Q Consolidated Business Results" released on Sept. 14, the amount of BtoC total value distributed for FY5/2019 was mistakenly overstated by ¥45 million on a cumulative basis. The figure has been corrected.



LOHACO will change its strategy.  
The business will enter a stage of profit improvement  
by shifting to unique-value  
E-commerce.

# **Introduction: Overview**

- I Consolidated Performance for 2Q FY5/2019**
- II Logistics Steady Improvement in Reduction of Logistics Costs**
- III BtoC Will Enter Stage of Profit Improvement**
- IV BtoB Sees Clear Sign of Increasing Returns**

# For Offices Involved in BtoB Business

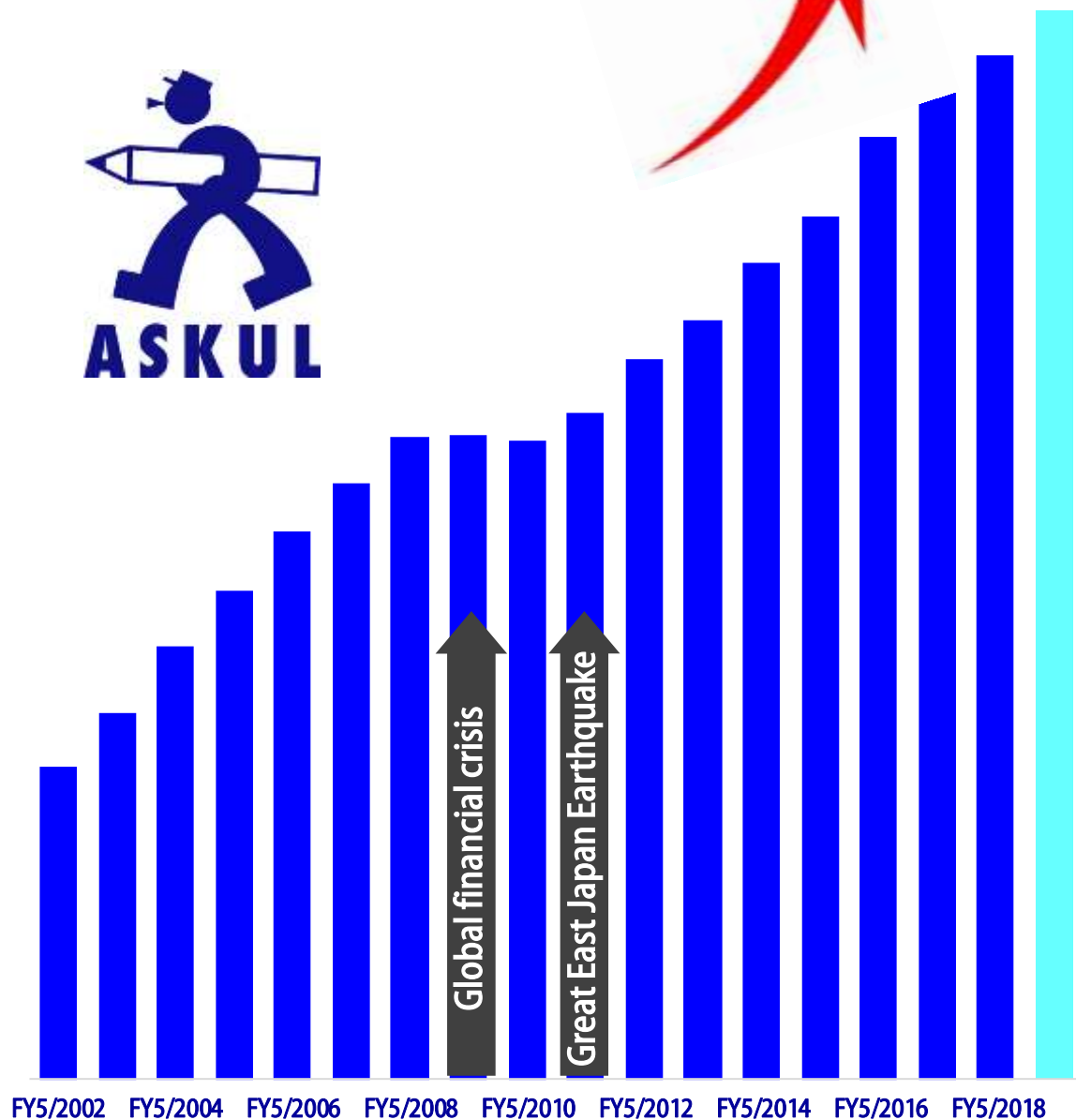


**ASKUL**

Net sales in B-to-B



FY5/2019 Plan  
¥316 billion



Rock-solid  
growth  
continues

# Conceptual drawing of BtoB strategy



Maximize opportunities on both axes  
to win customers and ensure purchases

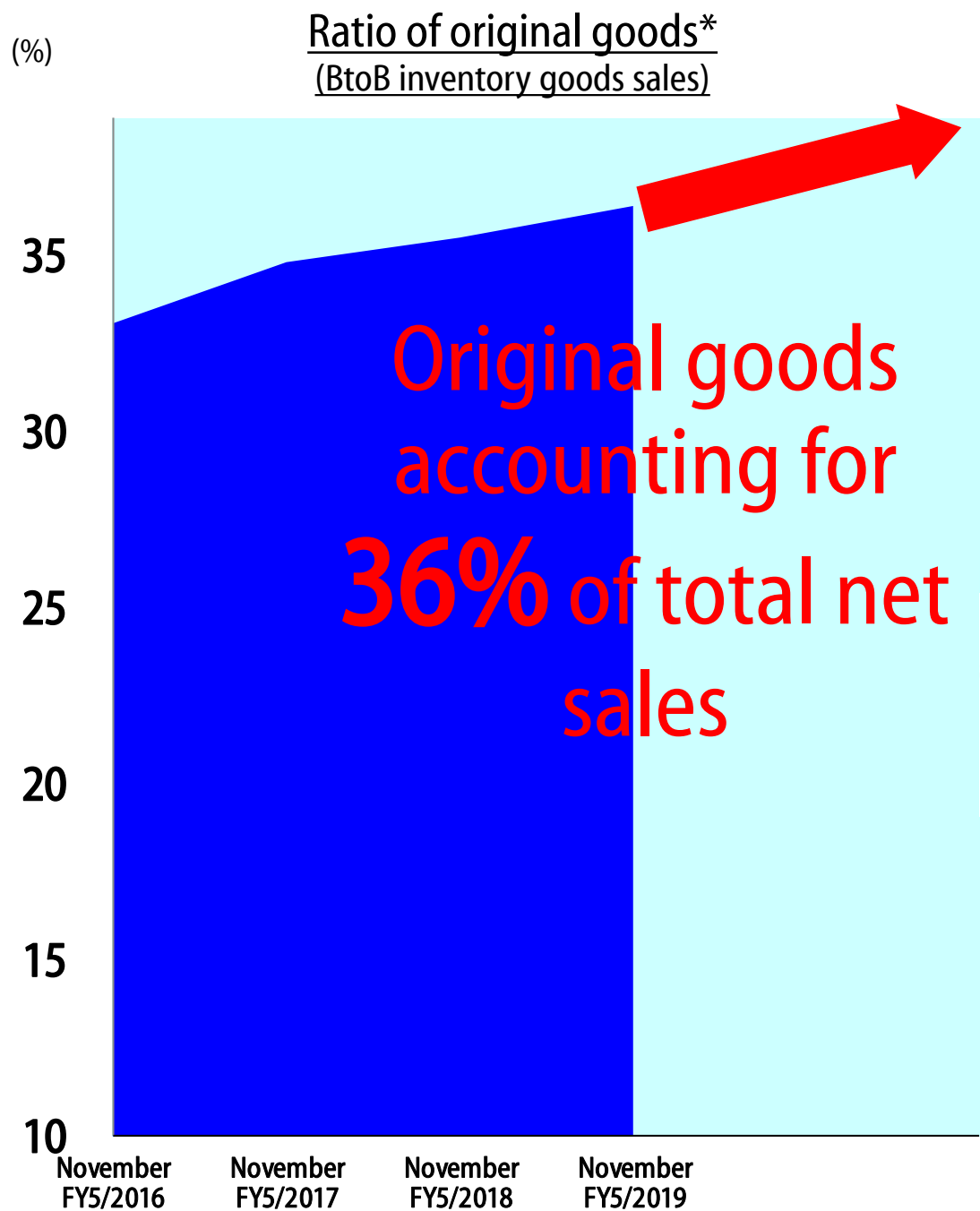


# **BtoB Business Sees a Clear Sign of Increasing Returns**

- (i) Further increase in the ratio of original goods**
- (ii) Increase in the number of customers and boost in net sales backed by significant growth of long-tail items**
- (iii) Increase in net sales backed by continued website evolution**



**(i) Further increase in the ratio of original goods**

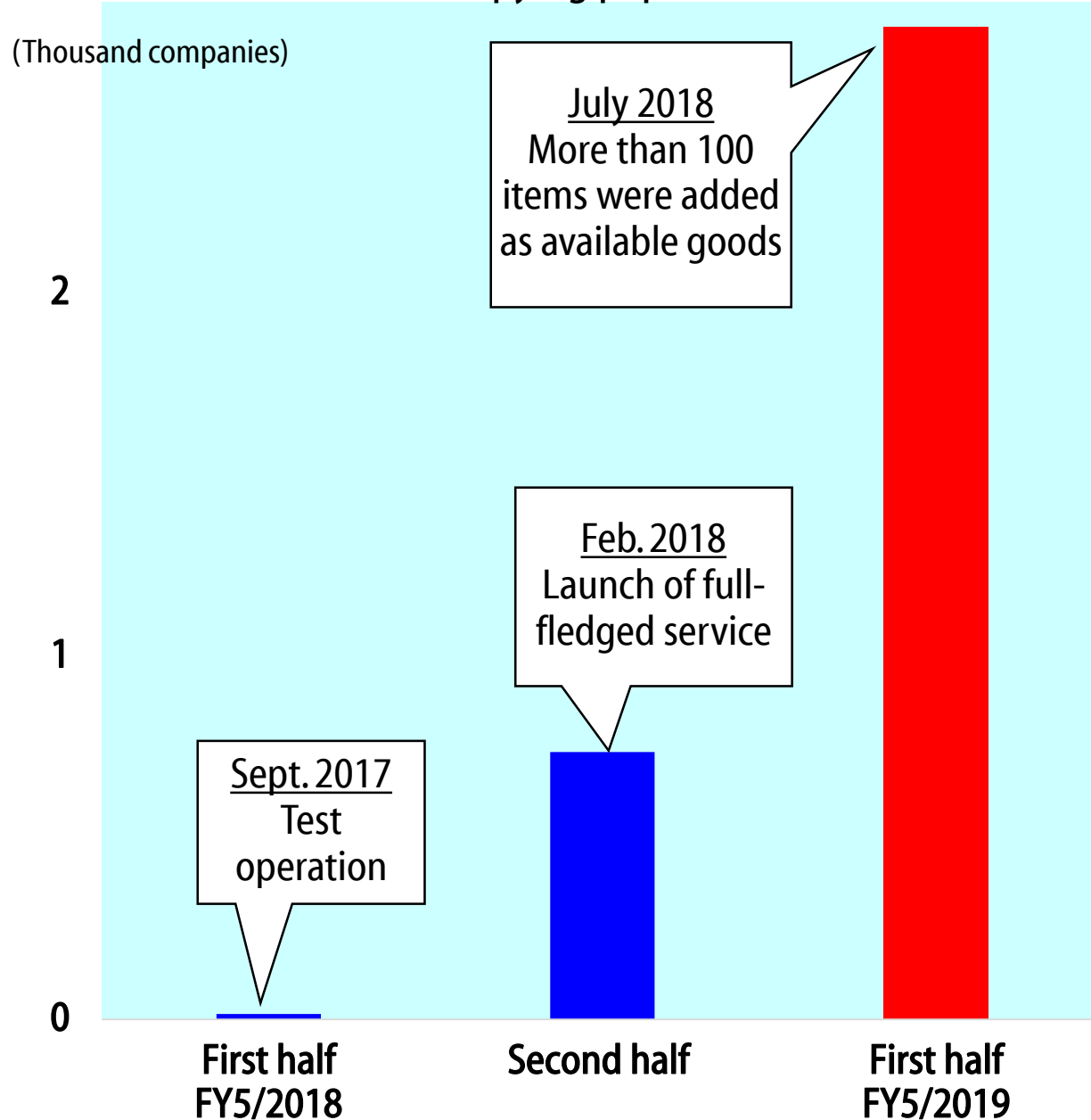


## Expansion of original goods



\* Original products includes products exclusive to Askul

## Number of companies using regular delivery service for copying paper



## Regular delivery service



## Service evolution of head products

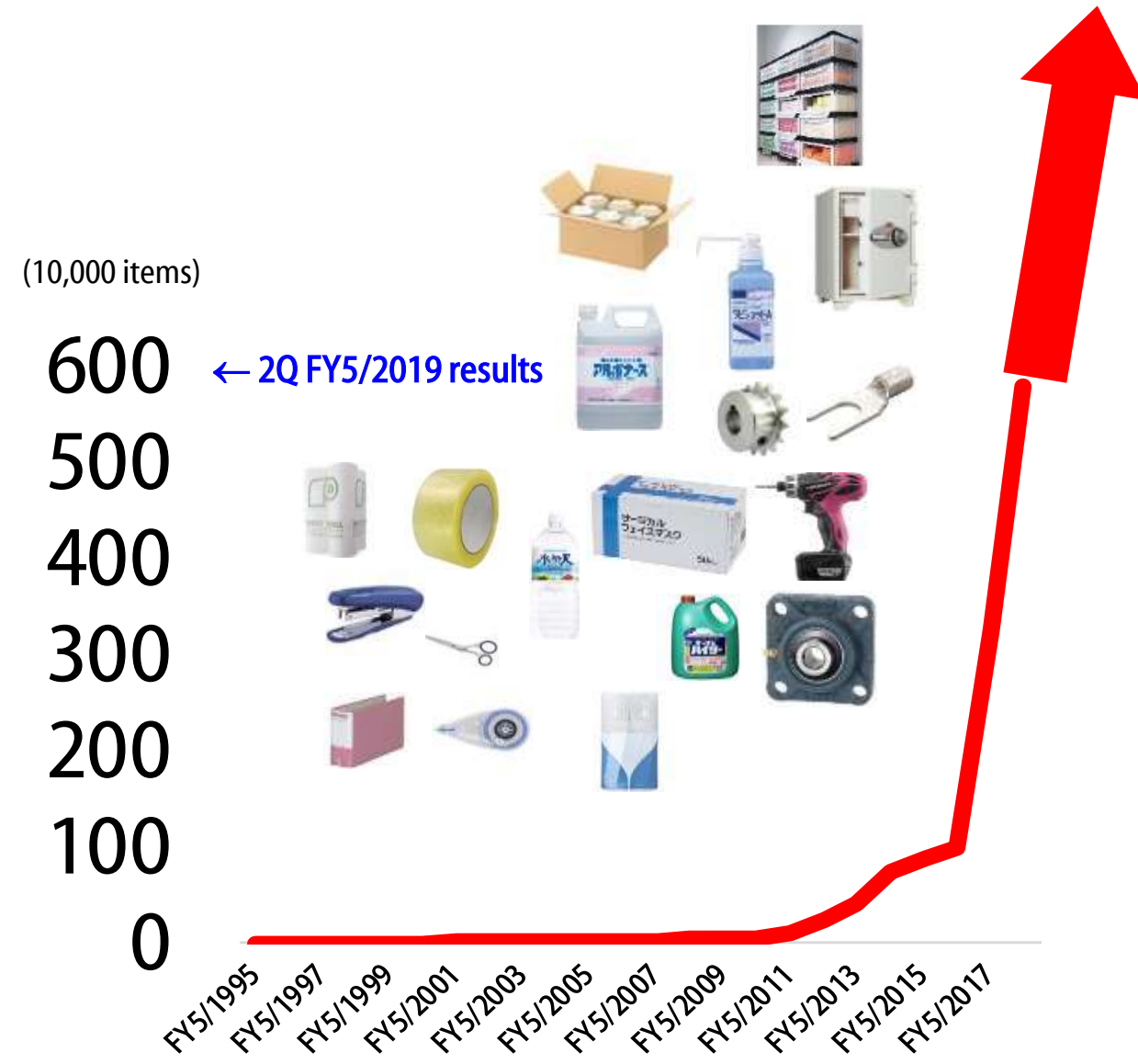
Strengthening of customer base

**(ii) Increase in the number of customers and boost in net sales backed by significant growth of long-tail products**

Going forward, will  
strengthen product  
lineup  
in all categories

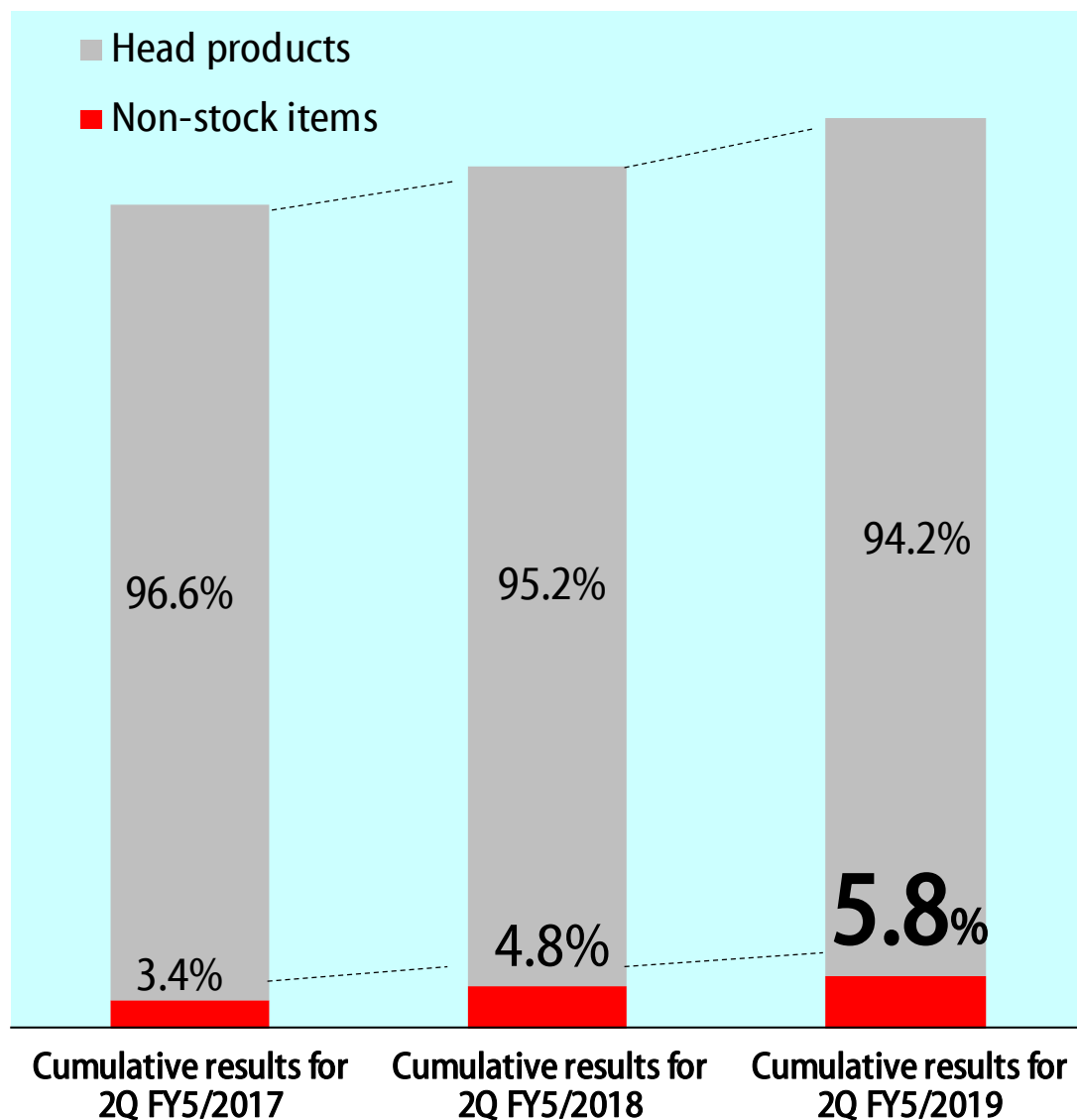


**Growth  
in net sales**



## BtoB sales as a percentage of net sales

(Yen)



Sales of non-stock items  
Actual in Second Half of  
FY5/2019  
(YoY change)

127%

# Collaboration with Suppliers on Inventory Information

Website page



**Differentiated service of long-tail goods**

## System-based automatic coordination on inventory information

- Expansion of available goods with high demand fluctuation and frequent renewal/termination
- Shortening a delivery period for goods in stable supply

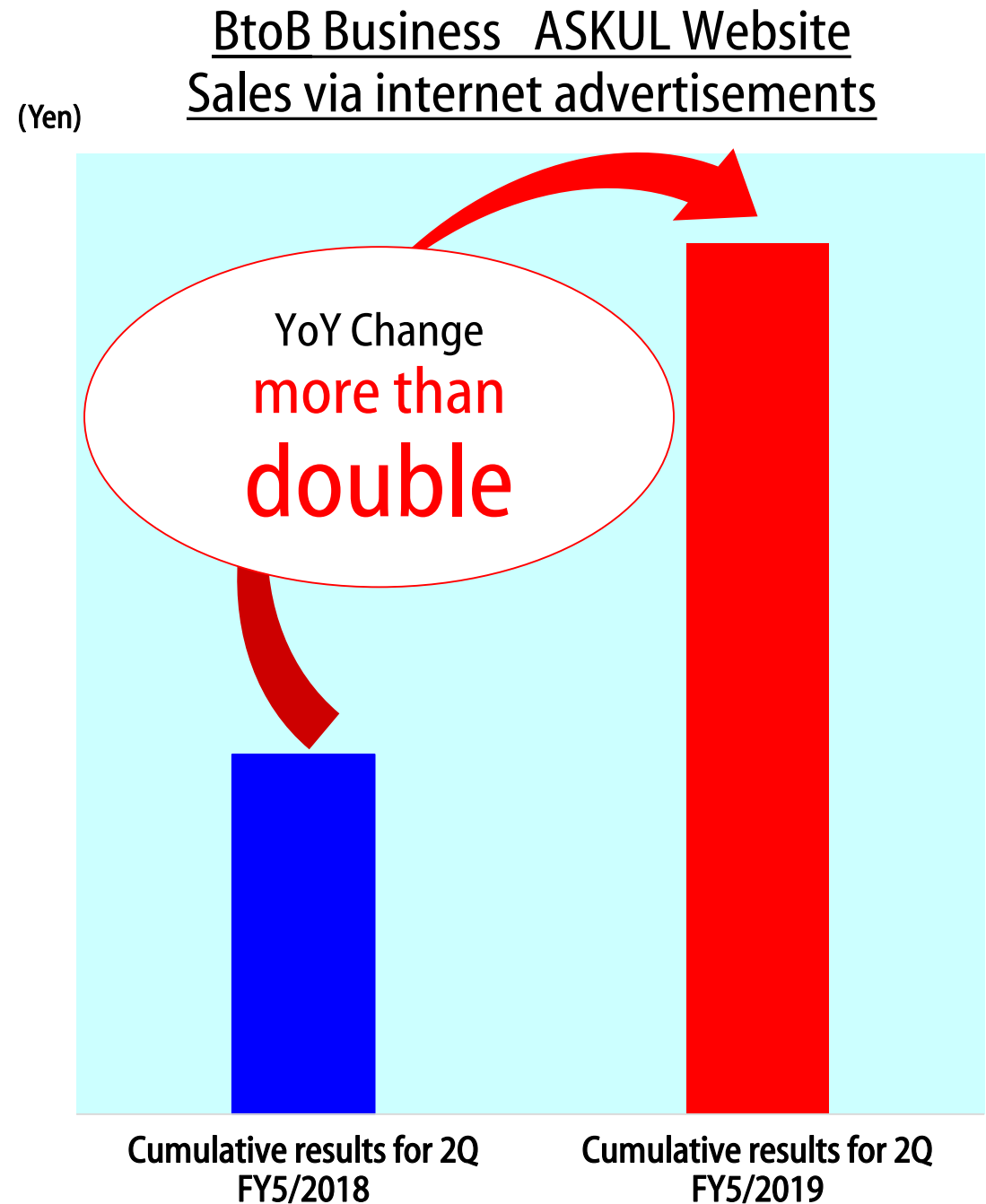
Future

**Expansion of collaborating suppliers**

**Growth  
in net sales**

**(iii) Increase in net sales backed by continued website evolution**





# By strengthening Internet advertising

Increase number of customers and expand purchase goods territories

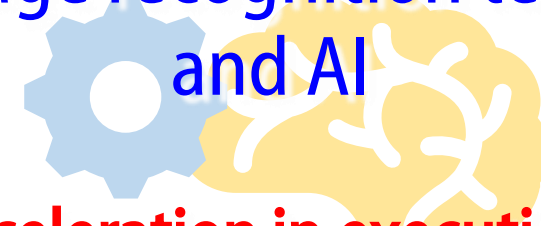


Contributing to sales growth

September: Function to display goods with similar screen images (PC site)



Search ability advanced further by using image recognition technology and AI



Further acceleration in execution of web-focused growth strategy

October: Function to search goods by using screen images of goods and catalogues (Smartphone site)



December: Function to display comparison of product specifications like a catalogue (PC site)



類似商品と比較				
商品名	本商品:サンワサプライ ステンレスエアー (スタンパーカートタイプ) オフィスチェア 800 グリーン SVC-NET14AG 1台	類似商品1:サンワサプライ ステンレスエアー (スタンパーカートタイプ) オフィスチェア 800 グリーン SVC-NET14AG 1台	類似商品2:サンワサプライ ステンレスエアー (スタンパーカートタイプ) オフィスチェア 800 グリーン SVC-NET14AG 1台	類似商品3:サンワサプライ ステンレスエアー (スタンパーカートタイプ) オフィスチェア 800 グリーン SVC-NET14AG 1台
価格 (税別)	¥6,490	¥49,900	¥56,420	¥36,010
お申込番号	307661	8926606	3356600	1075012
レビュー	4.0	4.0	4.0	4.0
メーカー名	サンワサプライ	サンワサプライ	サンワサプライ	サンワサプライ
カラーグループ	グリーン系	グリーン系	グリーン系	グリーン系
カラー	グリーン系	グリーン系	グリーン系	グリーン系
脚 (アームレスト)	付	付	付	付



**BtoB will accelerate execution of website growth strategy.  
The business sees a clear sign of increasing returns mainly  
attributed to expansion of long-tail products.**

# Appendix

# 2Q FY5/2019 net sales by item

Non-consolidated

	Cumulative results for 2Q FY5/2018		Cumulative results for 2Q FY5/2019	
	(¥billion)	YoY change %	(¥billion)	YoY change %
OA & PC	46.2	+0.3	48.0	+3.7
Stationery	21.0	+2.6	21.6	+2.5
Living supplies	50.2	+0.4	59.6	+18.7
Furniture	10.3	+2.5	10.6	+2.9
MRO	14.8	+7.4	16.3	+10.2
Others (Medical, etc.)	10.7	+9.1	12.7	+18.8
Total	153.6	+2.0	169.1	+10.1

**Double-digit  
growth in  
mainstay  
products**

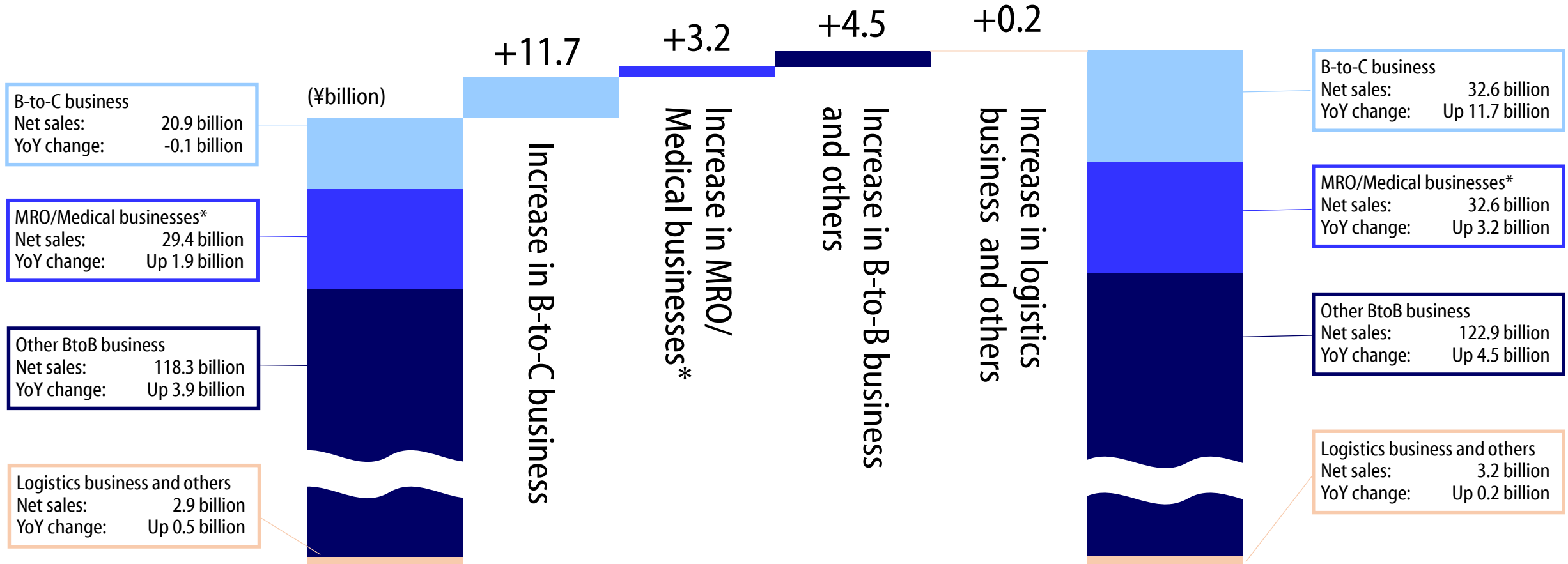
# Factors Affecting 2Q FY5/2019 Consolidated Net Sales

2Q FY5/2018 (Actual)

Net sales: ¥171.6 billion  
 YoY change: Up ¥6.6 billion  
 YoY change: Up 4.0%

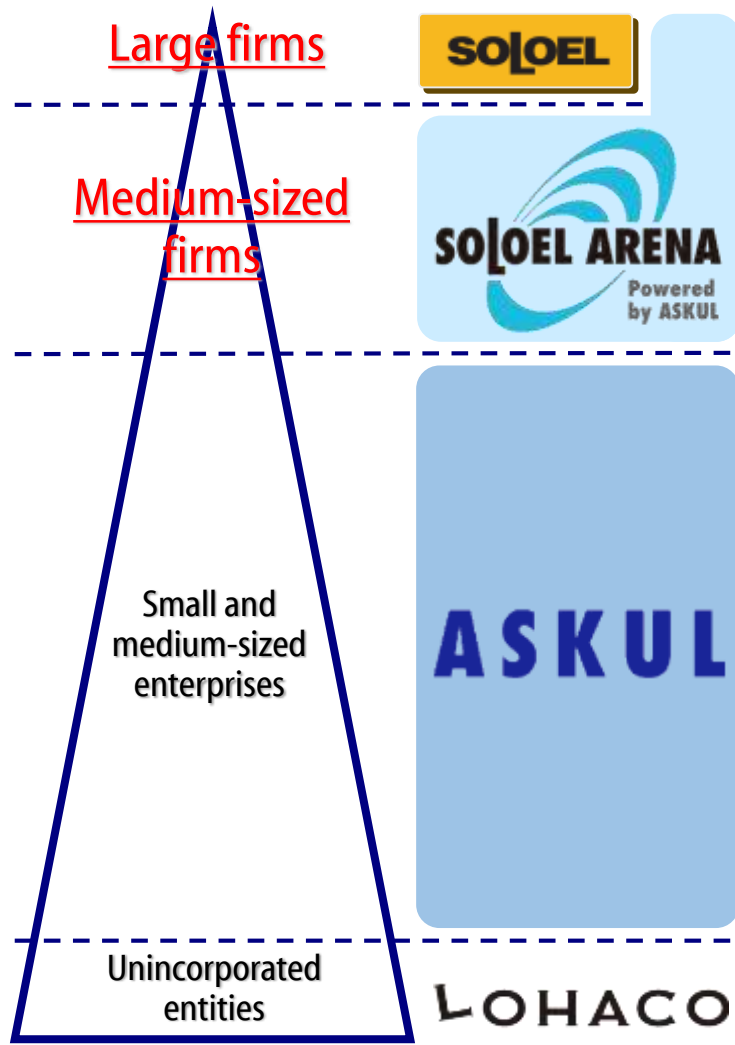
2Q FY5/2019 (Actual)

Net sales: ¥191.4 billion  
 YoY change: Up ¥19.7 billion  
 YoY change: Up 11.5%



\* MRO/Medical businesses do not include LOHACO portion.

# Steady Growth in SOLOEL ARENA



(¥100 million)

1,200

1,000

800

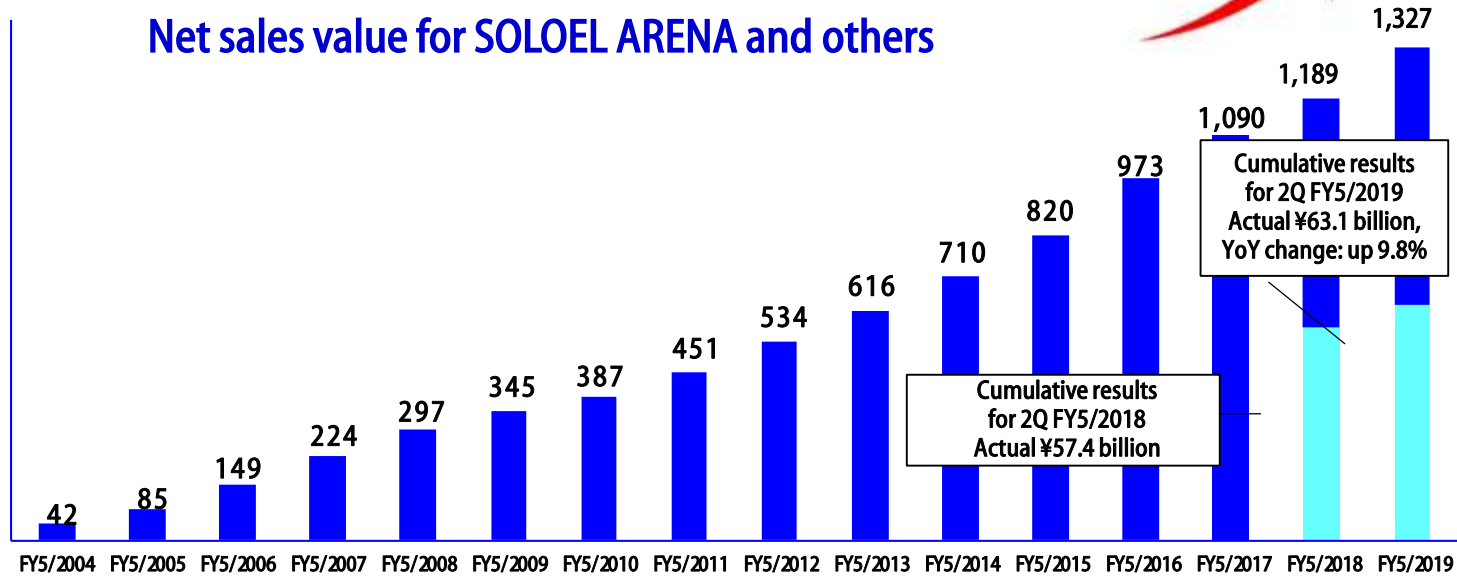
600

400

200

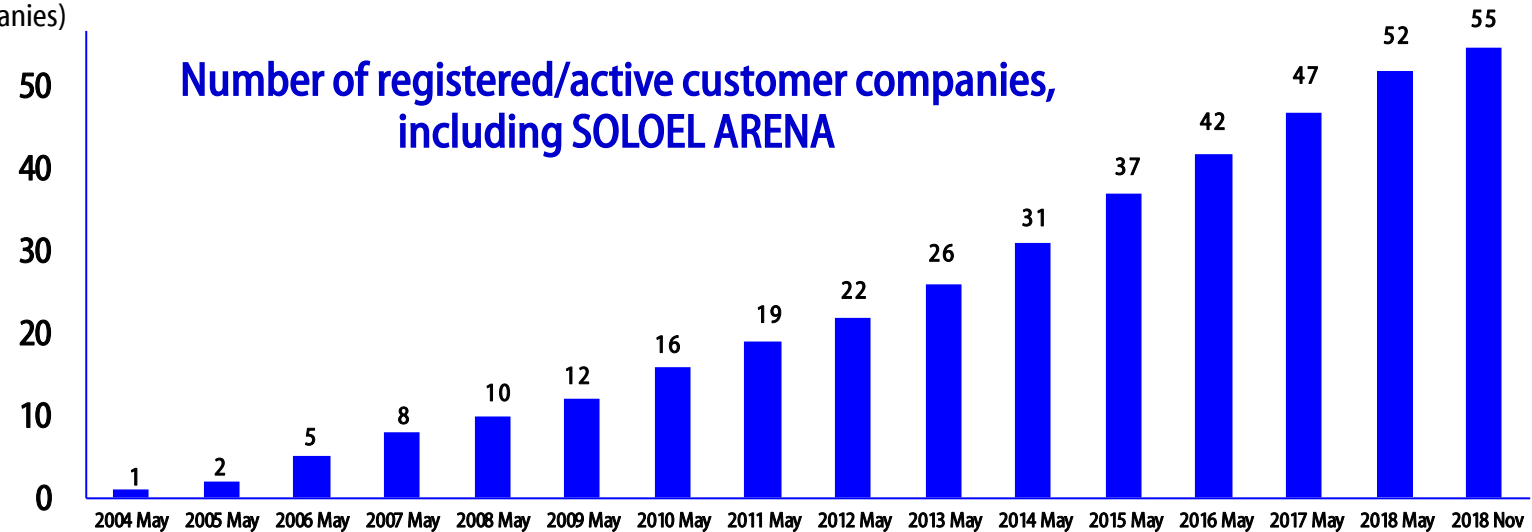
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Net sales value for SOLOEL ARENA and others



(1,000 companies)

Number of registered/active customer companies, including SOLOEL ARENA



**Cumulative results for 2Q FY5/2019 achieved a 9.8% year-on-year increase, driving growth of BtoB business.**



# 2Q FY5/2019 1Q Consolidated Gross profit, SG&A expenses

**Gross profit: ¥45.2 billion** YoY change: +¥4.5 billion

Gross profit margin: 23.6%, YoY change: -0.1 p.p.

➤ Factors leading to unfavorable foreign exchange positions were absorbed, and solid performance continued

Growth profit margin by quarter

1Q: 23.3%, 2Q: 24.0%

**SG&A expenses: ¥44.2 billion** YoY change: +¥5.8 billion

Ratio of SG&A expense to net sales: 23.1% YoY change: +0.7 p.p.

Breakdown of major YoY change factors in SG&A expenses

- |   |               |
|---|---------------|
| • Delivery costs (including the increase resulting from higher revenues)                                    | +¥2.7 billion |
| • Personnel costs (mainly due to AVC Kansai operation and conversion of Charm as a consolidated subsidiary) | +¥1.1 billion |
| • Depreciation and amortization of software (mainly due to AVC Kansai operation)                            | +¥0.7 billion |
| • Ground rent (mainly due to AVC Kansai operation)  | +¥0.5 billion |
| • Outsourcing costs   | +¥0.2 billion |

# 1Q FY5/2019 Consolidated Capital Expenditures

**Capital expenditures ¥3.4 billion** (Annual plan: ¥11.2 billion)

AVC Kansai logistics equipment, etc. ¥0.5 billion

Data base for new products, etc. ¥0.5 billion

(Ref.) Depreciation and amortization of software: ¥2.7 billion

(Annual plan: ¥6.1 billion)

## Investment details

(¥ million)

Item	2Q FY5/2018	2Q FY5/2019	
	Amount	Amount	YoY Change
[Capital expenditures]	10,952	3,416	-68.8%
Property, plant and equipment	9,470	1,722	-81.8%
Intangible assets	1,481	1,693	+14.3%

Construction in progress (Note 2)	5,342	854	-84.0%
Software in progress (Note 2)	950	2,440	+156.7%

(Note 1) Capital expenditure is stated on an accrual basis.

(Note 2) Construction in progress and software in progress above present balances at the end of the quarter under review, and partially include consumption and other taxes.

## 2Q FY5/2019 Share of Orders Placed on the Internet of Net Sales and Original Goods

### Share of orders placed on the Internet of net sales

	2Q FY5/2018	2Q FY5/2019	YoY Change
Orders via the Internet	80.6%	83.4%	+2.8 p.p.
Other	19.4%	16.6%	-2.8 p.p.

(Note 1) Percentages are based on orders placed.

### ASKUL original products

(Items)

	November of FY5/2018	November of FY5/2019	YoY Change
Number of original goods	8,173	8,935	+762
Share of non-consolidated net sales (of which, share of B-to-B business)	29.3% (35.6%)	29.0% (36.5%)	-0.4 p.p. (+1.0 p.p.)

Note 1: Each figure includes the products listed in Health & Nursing Care Catalogs and Medical Pro Catalogs.

Note 2: The number of original goods includes those with sales limited to Askul. Also, the calculation includes not only those items sold via catalogs but also items sold only via the Internet.

Note 3: The calculation of original goods as a percentage of net sales includes original copy paper.

Note 4: from 4Q FY5/2018 onward, the calculation of BtoB original goods as a percentage of net sales uses BtoB business inventory sales as the denominator.

**“ASKUL Environment Forum 2018” was held on October 12, 2018.**  
**Participated by corporate customers, manufacturers, and others, making for a total attendance of 177 companies and 311 people.**

## **Advancing the initiative to make use of collaboration among corporations to realize the goal of zero CO<sub>2</sub> emissions in 2030**

First Forum 2016

“Seeking  
collaboration  
among  
corporations”

Second Forum 2017

“Developing  
collaboration  
among  
corporations”

### **Logistics platform that ASKUL aims to achieve**

Initiative to reduce CO<sub>2</sub> emissions in the entire supply chain ranging from procurement of raw materials to delivery to customers



**Eco Platform**  
(Most efficient and environmental-friendly platform)

