



The 55th Business Year Business Performance Data Analysis

Fiscal Year Ended December 2017

Planet Saitama to be completed in April 2018 and to start operation in
October 2018 (Satte City, Saitama)
Photo taken on January 26, 2018



Trusco Nakayama Corporation

Announced Feb. 8, 2018

Kazuo Nakai	Executive Officer General Manager, Corporate Planning Department
Yoshiki Kimura	Manager, IR Department
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Trusco Fiorito Bldg. 10th floor, 4-28-1 Shinbashi,
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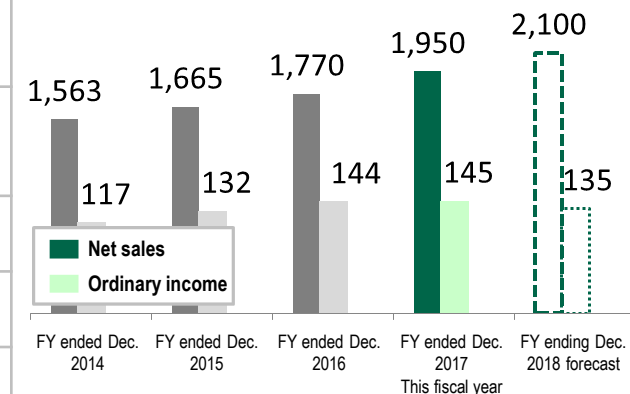
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P.1 ◇Company overview◇

Founding	May 15, 1959
Representative	Tetsuya Nakayama
Head offices	Tokyo Head Office (Minato-ku, Tokyo, registered as official headquarters) Osaka Head Office (Nishi-ku, Osaka City)
Number of offices	96 (2 head offices, 73 branches, 16 distribution centers, 5 stock centers)
Capital stock	5,022,370,000 yen
Listed stock exchange	First section of the Tokyo Stock Exchange (Code number: 9830)
Number of employees	2,563 (1,514 full-time employees, 1,049 part-time employees)
Credit rating	A (Rating and Investment Information, Inc.)
Line of business	Wholesale of machine tools; distribution equipment; maintenance, repair, and operations (MRO) merchandise including environmental safety equipment; and planning and development of Trusco brand products

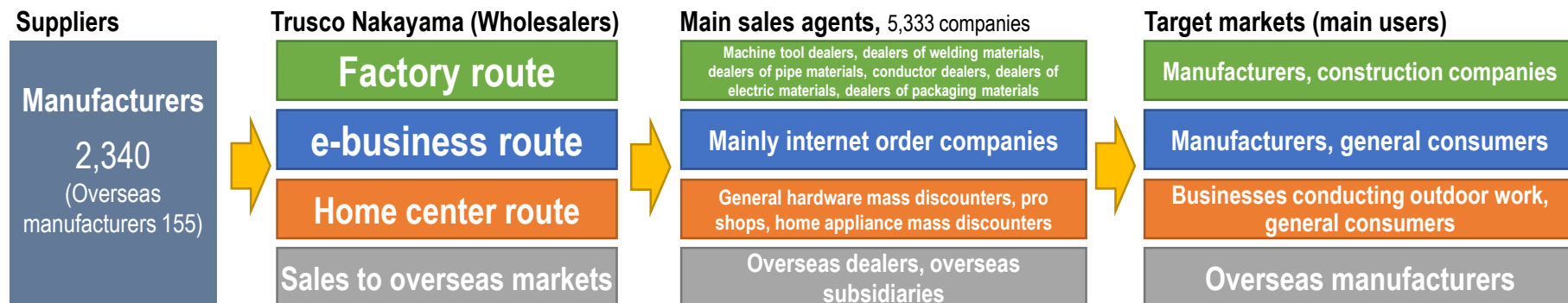
➤ Net sales and ordinary income after converting to those for 12 months ended Dec. 31 (Unit: 100 million yen)



* We changed our financial year-end from March to December in 2014. The figures for 2014 are reference figures that converted our past results to the fiscal year starting in January and ending in December.

As of the end of December 2017

➤ Business flow



* Annual dividend per share is calculated at the conversion rate of one to two shares as of January 1, 2017. Net income per share for the fiscal year ended December 2016 was calculated on the assumption that the above share split was carried out at the beginning of the said period.

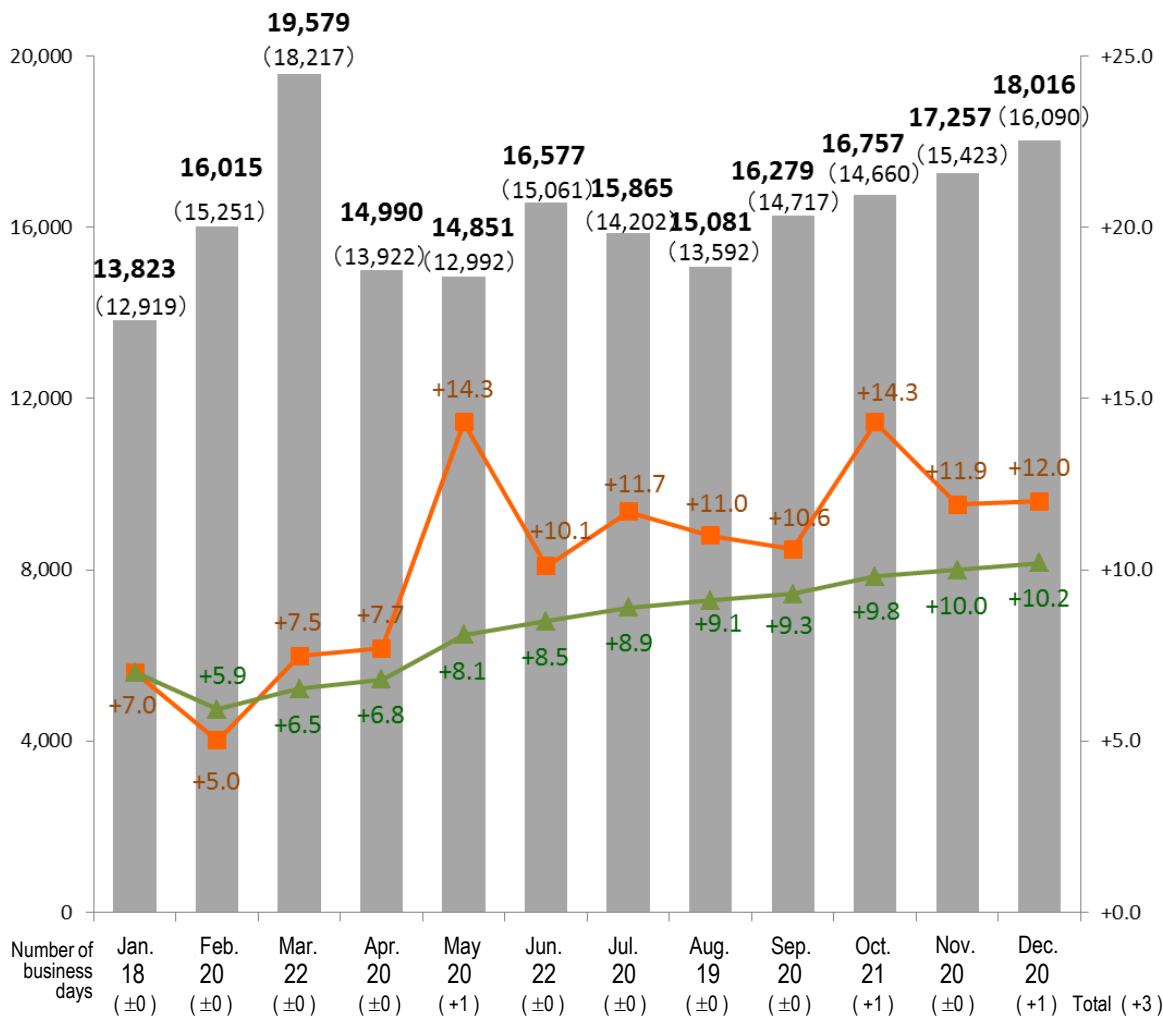
	Jan. to Dec. 2016	Percentage share against net sales	Jan. to Dec. 2017	Percentage share against net sales	YoY change	Budget (million yen) [% to net sales]	Comparison with the budget	
							Change (million yen)	Comparison with the budget
Net sales	177,053 million yen	—	195,096 million yen	—	+10.2%	193,500	+1,596	+0.8%
Gross profit	38,362 million yen	21.7%	41,390 million yen *1	21.2%	+7.9%	40,950 [21.2%]	+440	+1.1%
Selling, general and administrative expenses (SGA)	24,198 million yen	13.7%	27,114 million yen *2	13.9%	+12.0%	26,700 [13.8%]	+414 For details of SGA, please refer to Page 14.	+1.6%
Operating income	14,163 million yen	8.0%	14,276 million yen	7.3%	+0.8%	14,250 [7.4%]	+26	+0.2%
Ordinary income	14,433 million yen	8.2%	14,581 million yen	7.5%	+1.0%	14,450 [7.5%]	+131	+0.9%
Net income	9,963 million yen	5.6%	10,173 million yen	5.2%	+2.1%	10,000 [5.2%]	+173	+1.7%
Sales of PB goods	37,081 million yen	20.9%	40,144 million yen	20.6%	+8.3%	39,700 [20.5%]	+444 For details of sales of PB goods, please refer to Page 10.	+1.1%
Net income per share	151.08 yen	—	154.28 yen	—	+3.20 yen	151.64 yen	+2.64 yen	—
Annual dividend per share	76 yen*	—	39 yen	—	—	38 yen	+1 yen	—

*1 The ratio of gross profit to total net sales fell 0.5 points from the previous year due to an increase in the share of national brand goods in the Company's sales. However, companies increased their active capital investments and production activities and gross profit rose thanks to a noticeable increase in sales via the factory route and the e-business route.

*2 Selling, general and administrative expenses (SGA) grew 12.0% from a year before, reflecting higher carriages against the background of stronger sales, an increase in salaries and bonuses resulting from an increase in regular and part-time workers and higher basic salaries, and greater depreciation costs following an increase in capital expenditure.

■ Total

- Monthly sales (million yen)
- Monthly sales year-on-year change (%)
- ▲— Aggregate sales year-on-year change (%)
- () Sales in the same month previous year



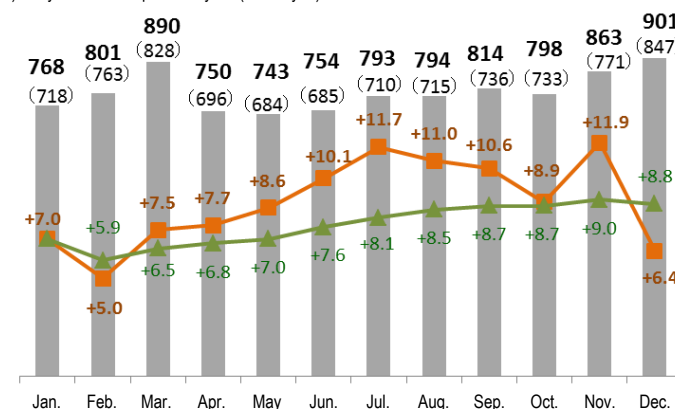
■ Change in average daily sales (all business offices)

Our company's sales are affected by the number of business days in a given month because orders are placed constantly with consumption items used at factories.

Sales were higher in March and December, both of which are busy months, because most Japanese companies have one of these months as the final month of their fiscal year.

The December figure includes approximately 1 billion yen in sales of the Trusco Orange Book.

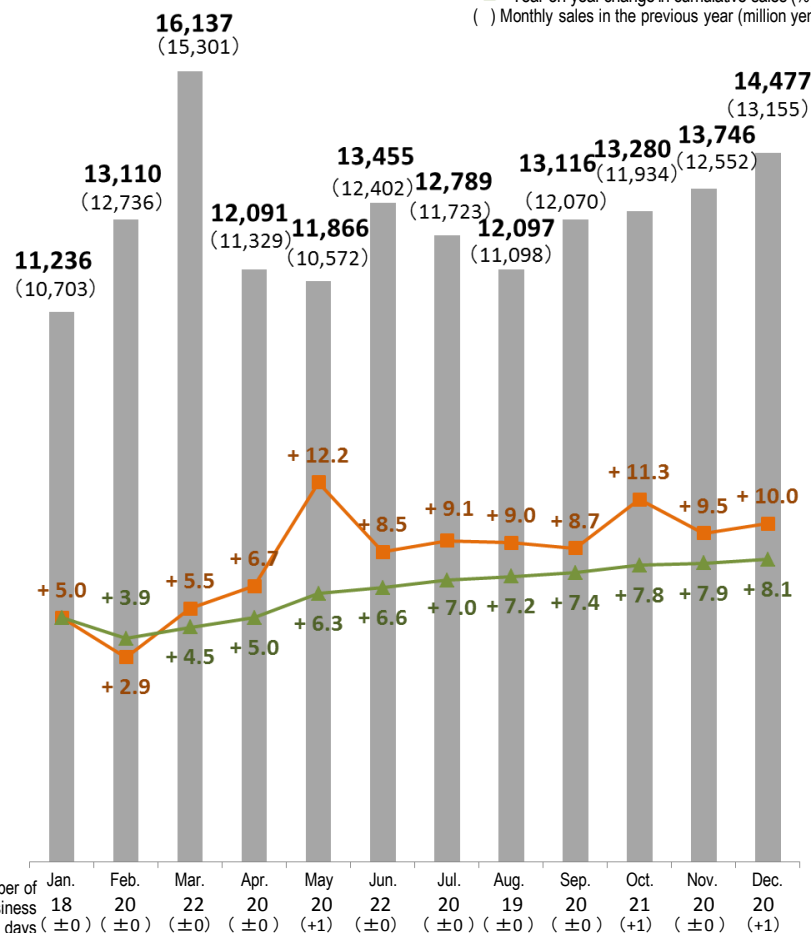
- Average sales per business day (million yen)
- Change from the previous year (%)
- ▲— Change of cumulative total from the previous year (%)
- () Daily sales in the previous year (million yen)



P.4 B-① Change in monthly sales by sales route

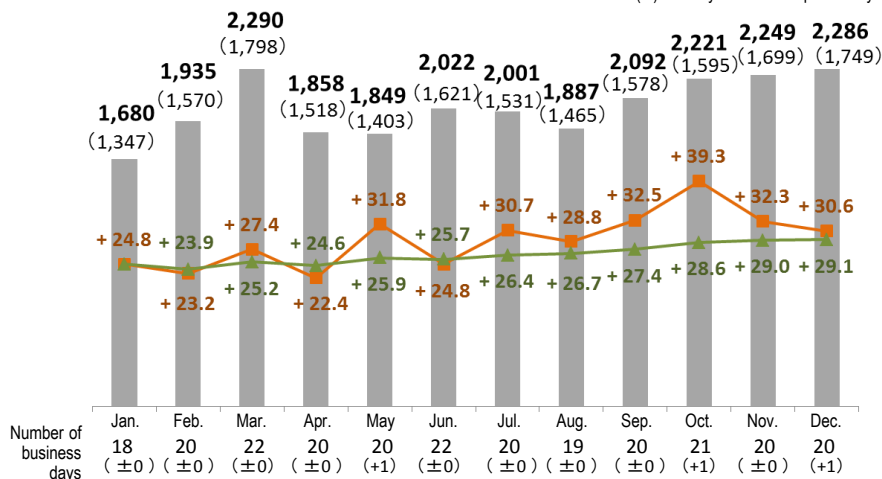
Change in monthly sales earned via factory route

■ Net sales (million yen)
 ■ Year-on-year change (%)
 ▲ Year-on-year change in cumulative sales (%)
 () Monthly sales in the previous year (million yen)



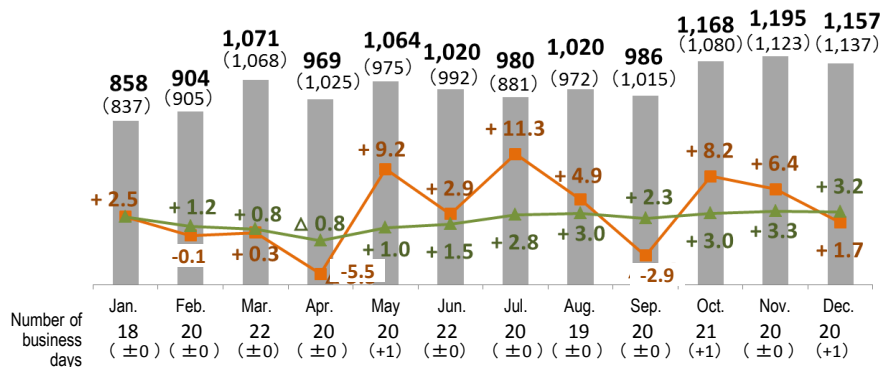
Change in monthly sales earned via e-business route

■ Net sales (million yen)
 ■ Year-on-year change (%)
 ▲ Year-on-year change in cumulative sales (%)
 () Monthly sales in the previous year (million yen)



Change in monthly sales earned via home centers

■ Net sales (million yen)
 ■ Year-on-year change (%)
 ▲ Year-on-year change in cumulative sales (%)
 () Monthly sales in the previous year (million yen)



Sales by sales route

	2016		2017					
Sales route	Net sales	Gross profit margin	Net sales		Gross profit margin		Sales (million yen)	
			Actual results	YoY change	Actual results	YoY change	Budget	Comparison with the budget
Factory route	145,582 million yen	21.4%	157,405 million yen	+8.1%	20.9%	- 0.5	156,500	+0.6%
e-business route	18,880 million yen	26.2%	24,377 million yen	+29.1%	25.3%	- 0.9 *2	24,000	+1.6%
Home center route	12,015 million yen	17.5%	12,398 million yen	+3.2%	17.5%	+ 0	12,200	+1.6%
Other (Overseas, etc.)	573 million yen	19.0%	915 million yen	+59.5%	19.4%	+ 0.4	800	+14.4%
Total	177,053 million yen	21.7%	195,096 million yen	+10.2%	21.2%	- 0.5 *1	193,500	+0.8%

*1 Of the 0.5-point year-on-year drop the gross profit margin, 0.24 points are attributable to an increase in the Orange Book purchase support cost from 109 million yen to 469 million yen.

*2 The profit margin slid because the national brand products we obtained included lower-profitability products, although sales increased following an increase in requests to switch the purchase route.

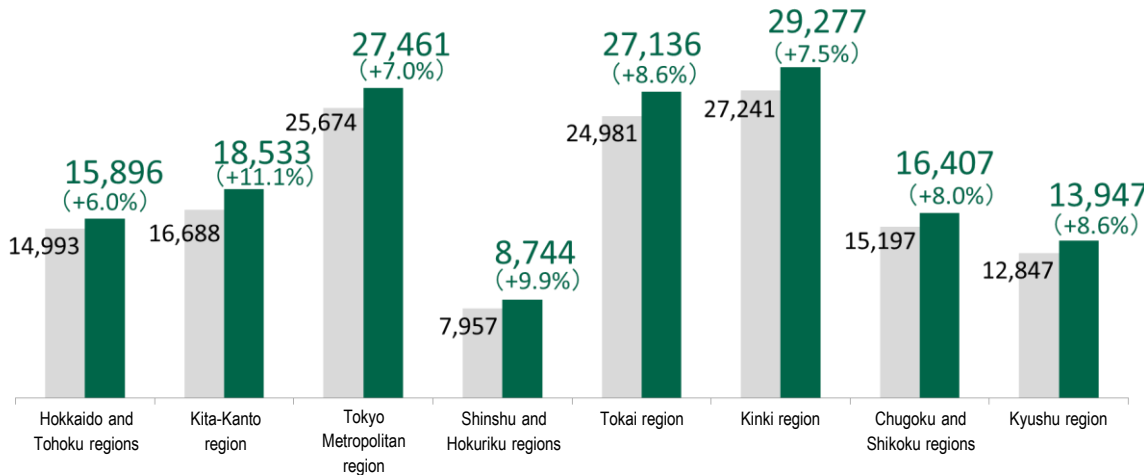
(Past results have changed due to the transfer of some customers from the factory route to the e-business route.)

B-③ Factory route: Sales by region, sales constituent ratio by region, and sales by industry

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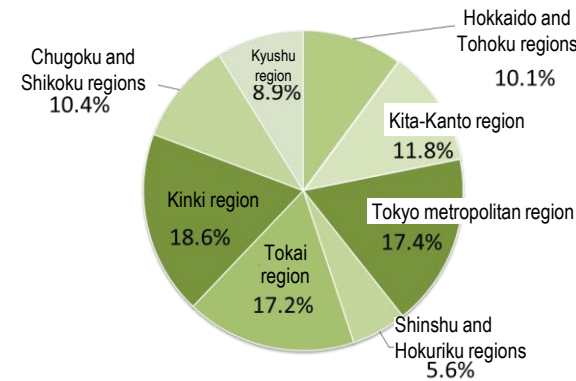
■ Factory route: Sales by region

■ Sales via factory route (2016) (in million yen)
■ Sales via factory route (2017) (in million yen)
() YoY change (%)



[Kashima Branch: Up 23.4% year on year]
Strong sales to iron and steel companies
[Yokkaichi Branch: Up 14.2% year on year]
Capital investments by plant/semiconductor businesses increased.
[Kokura Branch: Up 12.5% year on year]
Production of automobile-related products increased.

■ Factory route: Sales constituent ratio by region



■ Factory route sales by industry

Sales route	2016		2017					
	Net sales	Gross profit margin	Net sales		Gross profit margin		Sales (million yen)	
			Actual results	YoY change	Actual results	YoY change	Budget	Comparison with the budget
Machine tool dealers	77,105 million yen	21.5%	83,352 million yen	+8.1%	20.8%	-0.7	82,887	+0.6%
Welding material dealers	20,919 million yen	21.7%	22,632 million yen	+8.2%	21.2%	-0.5	22,488	+0.6%
Other manufacturing related (incl. physical and chemical material, transmission machinery, packing material dealers)	23,261 million yen	20.7%	25,348 million yen	+9.0%	20.2%	-0.5	25,005	+1.4%
Construction related	24,296 million yen	21.7%	26,071 million yen	+7.3%	21.4%	-0.3	26,118	-0.2%
Total net sales via factory route	145,582 million yen	21.4%	157,405 million yen	+8.1%	20.9%	-0.5	156,500	+0.6%

B-④ Change in sales via the e-business route and the number of companies participating in Orange Commerce

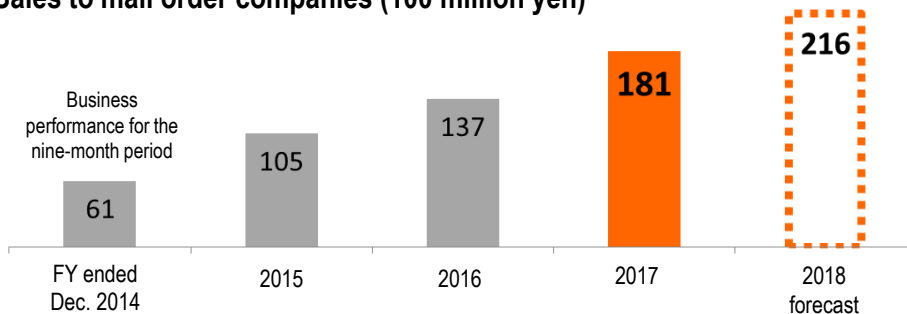
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■ Sales via e-business route

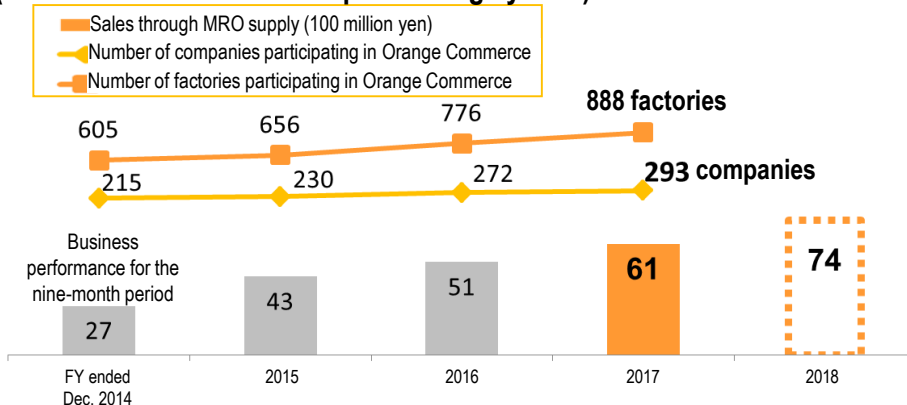
* Past results have changed due to the transfer of some customers from the factory route to the e-business route.

Sales route	2017			
	Net sales		Percentage share of gross profit against net sales	
	Result	YoY change	Result	YoY change
Mail order companies	18,185 million yen	+32.6%	24.4%	-1.0
Companies participating in Orange Commerce (Trusco's electronic central purchasing system)	6,192 million yen	+19.8%	28.0%	-0.4
Total net sales via e-business route	24,377 million yen	+29.1%	25.3%	-0.9

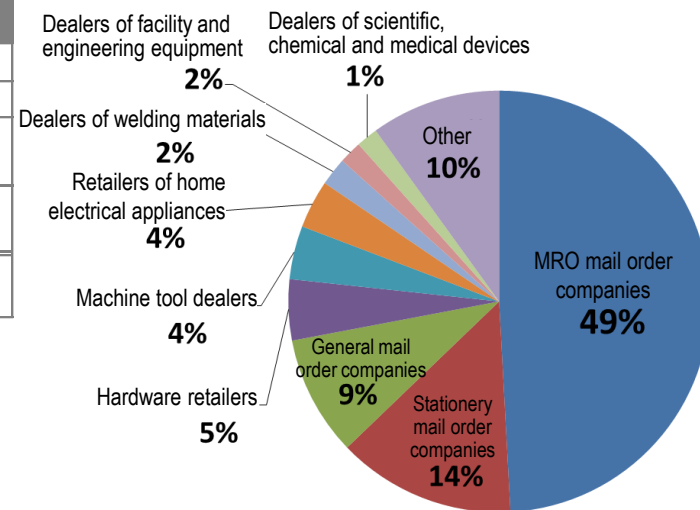
■ Sales to mail order companies (100 million yen)



■ Change in the number of companies participating in Orange Commerce (Trusco's electronic central purchasing system)



■ Sales by industry through mail order companies



* Trusco's electronic central purchasing system:

This purchasing system, mainly adopted by large-lot users (manufacturers), is designed to curtail their material and equipment procurement costs and increase their business operational efficiency through the Internet-based management of material and equipment purchases.



Conducting business among customers, distributors and Trusco Nakayama by connecting customer's purchasing system with Trusco's central purchasing system

B-⑤ Sales to top 10 clients in the home center route

As a professional-tool wholesaler, Trusco Nakayama has focused on dealing in pro tools and actively proposed to general hardware mass discounters that allot part of their floor spaces to pro-tool shops. Trusco Nakayama will work on enhancing its comprehensive marketing power by stepping up sales of its products via the home center route where pro-tool shops and material shops are housed.

■ Ranking of sales to general hardware mass discounters (Units: million yen; %; without honorific titles)

Ranking	Name of client	2016	2017	YoY change
1	Nafco	1,566	1,477	- 5.6
2	DCM Homac ※	1,514	1,428	- 5.7
3	Royal Home Center	1,340	1,319	- 1.6
4	DCM Kahma ※	1,228	1,290	+ 5.1
5	DCM Hodaka (Pro Shop) ※	1,069	1,179	+ 10.3
6	Kohnan Shoji	842	1,018	+ 20.9
7	Shimachu	709	685	- 3.4
8	DCM Daiki ※	674	650	- 3.5
9	Komeri	453	441	- 2.7
10	Valor	321	316	- 1.6
Combined sales to top 10 companies		9,720	9,808	+ 0.9
Combined sales via general hardware mass discounter route		12,015	12,398	+ 3.2
Percentage share of sales to top 10 companies		80.9	79.1	

[Efforts being made by our company since 2007 to normalize sales practices]

- 1) Refrain from making unprofitable business transactions
- 2) Refrain from staging excessive sales campaigns on such occasions as store opening day and anniversary day
- 3) Refrain from dispatching sales clerk to general hardware shops for products not handled by our company

Our efforts to normalize sales practices as explained above resulted in a plunge from 21.9 billion yen in 2006, the 43rd business year, to about 10 billion yen in recent years in sales to general hardware mass discounters. The result reflected our policy of giving higher priority to making business transactions in line with appropriate business rules than seeking profits.

* Total sales to general hardware mass discounters operated by DCM Japan Holdings: 4,847 million yen (up 7.9% from previous year)
(DCM Homac, DCM Kahma, DCM Hodaka, DCM Daiki, Kuroganeya, Homac Nicot, Keiyo Co., Ltd.)

* The figure above was compiled by the IR Department as a reference.

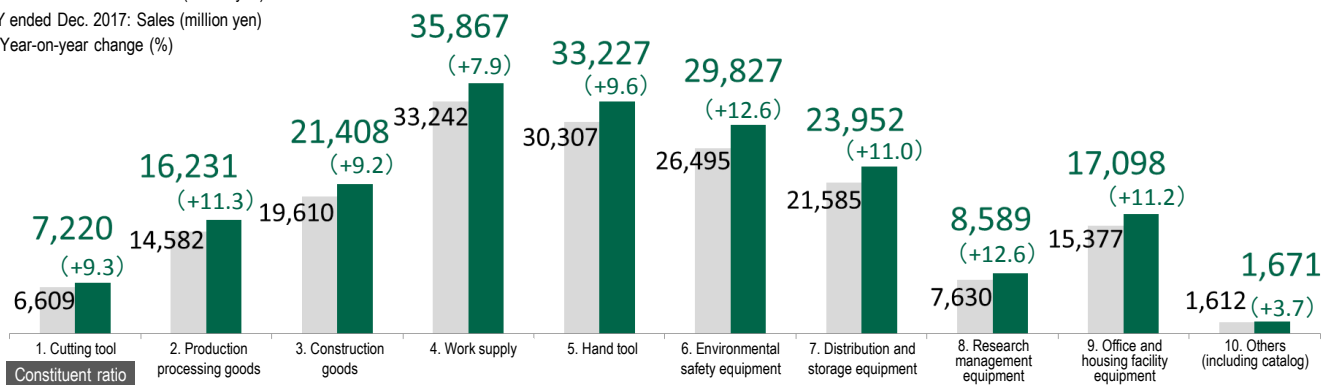
B-⑥ Sales by product category

Sales graph by large category and details of medium category

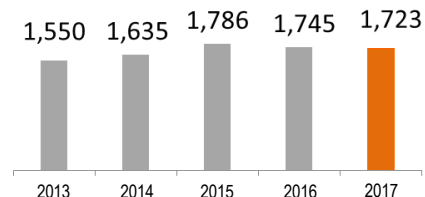
■ FY ended Dec. 2016: Sales (million yen)

■ FY ended Dec. 2017: Sales (million yen)

() Year-on-year change (%)



Sales of goods used for repair (million yen)



Repair service offered under contract with repair workshop Naajiro

Category of goods (large category)	Medium category	Trusco's sales	Constituent ratio	YoY change	Gross profit margin
1. Cutting tool 3.7	Cutting tools	3,512	1.8	+10.3	9.8
	Drilling and thread cutting tools	3,708	1.9	+8.2	22.4
2. Production processing goods 8.3	Measurement equipment	8,006	4.1	+12.0	16.8
	Mechatronics	3,275	1.7	+8.4	15.4
	Tools for machine tools	2,303	1.2	+13.7	20.8
	Electric machinery	2,646	1.4	+10.7	10.2
3. Construction goods 11.0	Hydraulic tools	1,739	0.9	+12.7	12.0
	Pumps	3,147	1.6	+12.6	16.1
	Welding equipment	1,859	1.0	+8.6	18.5
	Painting and interior goods	2,060	1.1	+6.2	24.7
	Civil engineering and building goods	1,414	0.7	-2.6	12.8
	Ladders and stepladders	2,751	1.4	+8.1	22.7
	Piping and materials of electric equipment	2,858	1.5	+13.5	23.8
	Component, hardware, and building materials	5,577	2.9	+9.4	28.7
4. Work supply 18.4	Cutting goods	1,202	0.6	-4.5	23.3
	Grinding and polishing goods	6,688	3.4	+7.6	24.1
	Chemical products	17,217	8.8	+8.3	23.1
	Factory miscellaneous goods	3,307	1.7	+8.5	15.8
	Packing and binding goods	4,578	2.3	+12.0	30.7
	Casters	2,872	1.5	+4.9	18.3
	5. Hand tool 17.0	Electric power tools and accessories	9,097	4.7	+8.5
Pneumatic tools and accessories		6,192	3.2	+11.2	18.6
Tools for manual work		16,379	8.4	+9.7	21.9
Tool boxes		1,558	0.8	+9.7	29.9
(Million yen, %)					
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(Million yen, %)

* Sales of chemical products and manual tools, which account for large shares of total sales, were solid.

* Protective equipment: Sales through the factory route grew steadily thanks to expanded product lineups, including the lineup of gloves. Sales through the e-business route and the home center route climbed supported by aggressive sales promotion.

* Air conditioning goods: Sales of seasonal products including factory-use folding fans and spot air conditioners were strong in every route for both winter and summer.

* Office goods: Sales through the factory route increased steadily due to an expansion in their product lineup. Sales through the e-route also rose strongly.

Sales of PB goods by category of goods

* Excluding sales through other routes

Unit: million yen

	Entire company		Factory route		e-business route		Home center route	
	Constituent ratio	20.6%	Constituent ratio	20.7%	Constituent ratio	26.2%	Constituent ratio	7.1%
	Gross profit margin	35.9%	Gross profit margin	36.0%	Gross profit margin	36.7%	Gross profit margin	29.9%
	Net sales	YoY change	Net sales	YoY change	Net sales	YoY change	Net sales	YoY change
Total	40,144	+8.3%	32,616	+6.2%	6,379	+21.5%	881	-6.1%
Cutting tool	627	+8.7%	477	+7.5%	79	+29.2%	62	-7.8%
Production processing goods	1,416	+8.1%	1,129	+4.5%	240	+24.0%	20	+0.6%
Construction goods	3,307	+9.2%	2,633	+6.5%	596	+21.7%	58	-0.9%
Work supply	7,137	+7.1%	6,045	+4.9%	972	+22.4%	71	-6.0%
Hand tool	4,288	+7.6%	3,390	+5.0%	713	+23.3%	137	-1.3%
Environmental safety equipment	6,261	+8.2%	5,168	+6.3%	979	+19.1%	92	+3.5%
Distribution and storage equipment	10,033	+7.5%	7,978	+6.4%	1,579	+19.2%	422	-10.6%
Research management equipment	3,392	+9.6%	2,876	+6.8%	480	+28.6%	2	-26.2%
Office and housing facility equipment	3,676	+11.3%	2,918	+6.7%	735	+32.7%	8	+35.6%
Other	3	-	0	-	0	-	3	-

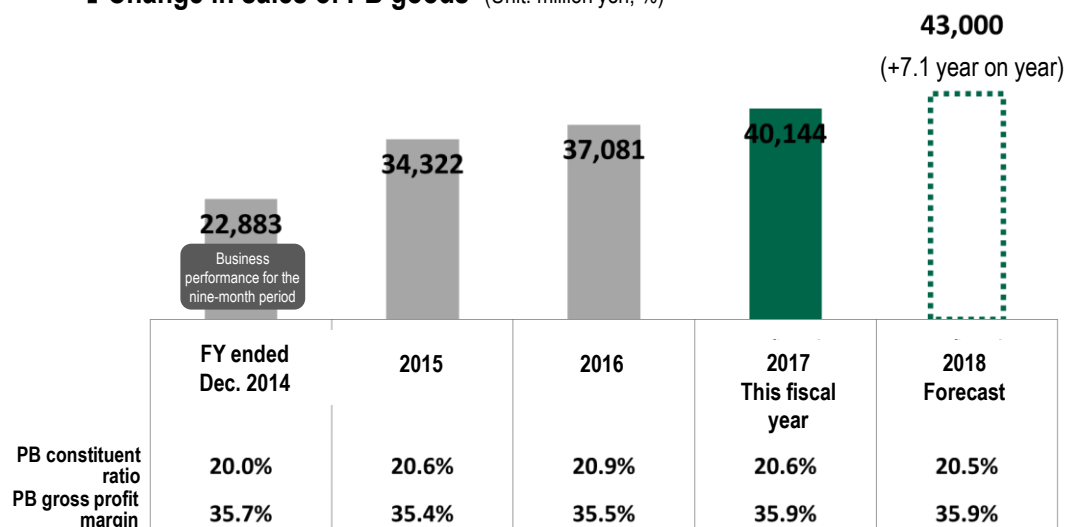


Private brand (PB) goods

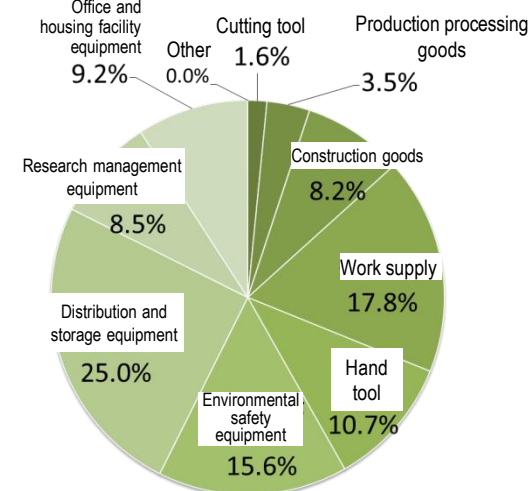
Products designed and developed by Trusco.
Approximately 3,000 new products are launched a year.
Their profit margin is greater than that of national brand goods. PB goods account for 20.6% of Trusco's sales.



Change in sales of PB goods (Unit: million yen, %)



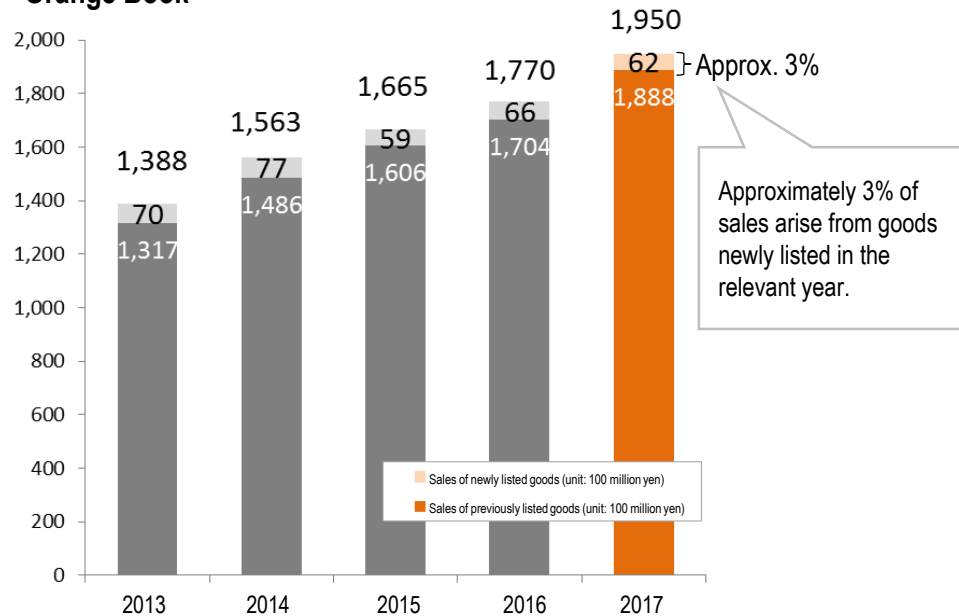
PB sales ratio by category of goods



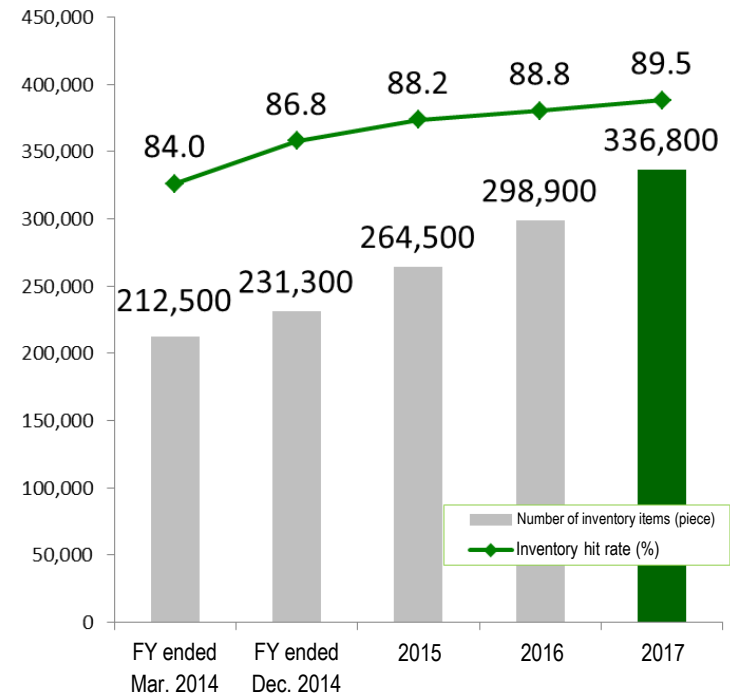
C-① Changes in sales of goods newly listed, number of items in inventory and inventory hit rate, and number of sales accounts

P.11

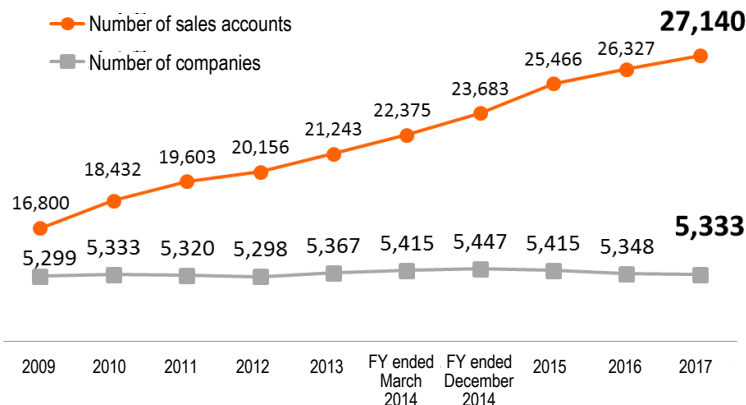
1. Change in sales of goods newly listed in the TRUSCO Orange Book



2. Change in the number of inventory items and the inventory hit rate



3. Changes in the number of sales accounts



1. We changed our financial year-end from March to December in 2014. The figures for 2014 are reference figures that converted our past results to the fiscal year starting in January and ending in December.
2. Inventory hit rate: Number of rows shipped from inventory divided by the number of rows ordered
We nearly achieved the initial target of 90%.
3. Although the number of corporate customers is declining, the number of accounts, which is the key for sales growth, is increasing steadily. [Reference] The number of corporations that were deregistered stood at about 100 per year.

① Orders received via computer systems (including FAX-OCR)

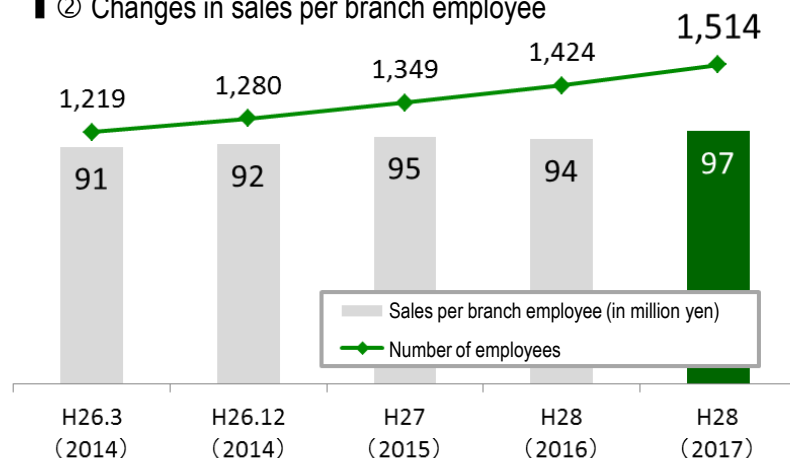
[Reference] Cumulative results as of the end of December
Number of accesses to the website: Approx. 69,500 a day

Number of inquiries made: (DOTKUL) Approx. 760 a day

Orders received	Number of orders received (items)	Share of the total number of orders received	YoY change in share in the total number of orders received*	Value of orders received (in million yen)	Share in the total value of orders received	YoY change in share in the total value of orders received*
Trusco Orange Book.com (For retailers and users) Orders received/placed via the Internet	13,801,583	45.5%	+7.4	85,420	43.8%	+7.6
Trusco EDI Data linkage with the order placement system for retailers	4,201,955	13.9%	+56.5	16,478	8.4%	+50.5
DOTKUL FAX-OCR	595,428	2.0%	- 14.9	2,805	1.4%	※ - 15.3
Orange Commerce Linked to the purchase system of users	509,448	1.7%	※ - 52.5	2,901	1.5%	- 36.1
EOS Home center electronic order placement system	5,769,257	19.0%	+11.9	11,084	5.7%	+4.1
Total	24,877,671	82.0%	+10.7	118,690	60.8%	+9.0

② Changes in sales per branch employee

* This is attributable to the transfer to Trusco EDI.



* The figures are sales per branch employee which factor in selling, general and administrative expenses (e.g., logistics and head office personnel expenses).

Improvement to operational efficiency following the introduction of computerized order systems

- ① Share of orders received via computer systems in the entire company: 82.0%
In terms of sales, more than 80% of the orders received via all routes are received automatically through computer systems.
- ② Sales per branch employee: approx. 97 million yen
The average daily overtime work is about one hour.

■ Segment information, etc.

Units: million yen, %, () year-on-year change

		Jan. to Dec. 2017	
		Net sales	Ordinary income
Reportable segments	Factory route	157,405 (+8.1)	11,792 (-1.7)
	e-business route	24,377 (+29.1)	2,544 (+16.0)
	Home center route	12,398 (+3.2)	10 (-88.8)
	Total	194,181 (+10.0)	14,348 (+0.5)
Other (Overseas sales section)		915 (+59.5)	-31 (Previous year: Down 126 million yen)
Total		195,096 (+10.2)	14,317 (+1.1)
Adjustments		—	264
Amounts on financial statements		195,096 (+10.2)	14,581 (+1.0)

1. The *Other* segment includes overseas sales, etc., that are not included in reportable segments.
 2. Adjustments of 264 million yen in ordinary income include ordinary income that is not attributable to each reportable segment.
- * Adjustments: Gains on the rental income from rental properties, etc.

* We took out a 10-billion-yen bank loan in August 2017 to invest in physical distribution and IT. As a result, our shareholders' equity ratio declined to 77.1% (from 82.7% in the previous period).

■ Balance sheet

As of December 31, 2017

Unit: million yen, %, () YoY change

Assets	Liabilities and shareholders' equity
Current assets 69,785 (+8.0)	Current liabilities 21,430 (+7.3)
	Non-current liabilities 12,252 (+446.3) ※
Non-current assets 77,578 (+22.3)	Net assets 113,680 (+7.4)
Of which property, plant, and equipment 67,842 (+18.2)	Shareholders' equity ratio 77.1%
Total assets	147,363(+15.1)

■ Statement of cash flows

Unit: million yen

	Jan. to Dec. 2017
Cash flows from operating activities	8,932
Cash flows from investing activities	-16,628
Cash flows from financing activities	7,424 ※
Effect of exchange rate change on cash and cash equivalents	1
Net increase (decrease) in cash and cash equivalents	-269
Cash and cash equivalents at beginning of period	10,682
Cash and cash equivalents at end of period	10,412

P.14 D-② Selling, general and administrative expenses (SGA)

■ Breakdown of selling, general and administrative expenses

Unit: million yen, %

	Jan. to Dec. 2016	Jan. to Dec. 2017	Changes	Change from previous year
1 Freightage and packing expenses	4,044	4,687	643	+15.9
2 Advertising expenses	260	350	90	+34.8
3 Promotion expenses	268	3	-264	-98.7
4 Vehicle expenses	177	203	25	+14.6
5 Remuneration paid to directors	393	371	-22	-5.8
6 Salary and bonus	10,007	11,418	1,411	+14.1
7 Provision for bonuses	597	399	-198	-33.2
8 Welfare expenses	1,930	2,043	112	+5.8
9 Entertainment expenses	105	81	-23	-22.7
10 Traveling expenses and transportation expenses	493	547	54	+11.1
11 Communication expenses	295	310	14	+5.1
12 Commission fee	1,079	1,315	236	+21.9
13 Supplies expenses	483	526	43	+8.9
14 Utilities expenses	239	272	33	+13.8
15 Taxes and dues	774	936	161	+20.9
16 Depreciation	2,410	2,749	338	+14.1
17 Leasehold and office rents	308	501	193	+62.8
18 Other	327	393	65	+20.1
Total	24,198	27,114	2,915	+12.0

~ Key fluctuation factors~

Impact of greater sales to online sales companies and the increased use of transport companies

Increase due to the start of a sponsorship for the TV show, "TRUSCO Shirarezaru Gulliver" on TV Tokyo

Change in charges for product promotion through catalogs and the Website (-339 million yen)

- Increase of 90 regular employees (Breakdown: 20 in career-track positions, 60 in logistics positions, and others) and 189 part-timers
- Revisions to basic salaries/performance-based salaries and rise of part-time employee hourly wage

- Relocation expenses for the rebuilding of Planet Minami-Kanto (approx. 57 million yen)
- Maintenance and inspection costs for computer systems and so on (up 121 million yen)

- Change in the tax rate of pro-forma-based business tax (up 114 million yen)

- Additional depreciation costs following the shortening of the depreciation period for Planet Minami-Kanto (147 million yen)
- Growth due to an increase in capital expenditure

- Increase in warehouse hiring costs during the rebuilding of Planet Minami-Kanto (112 million yen)

2018

Planet Saitama
(New)

(Scheduled to be completed in April)
 Address: Satte City, Saitama Prefecture
 Area: 10,654 *tsubo*
 Total floor area: 12,904 *tsubo*
 Operation scheduled to start in: October 2018
 Scheduled total investment amount:
 15,240 million yen (land + building + facilities)
 Number of items to be stocked: 500,000 items



- * Quake-absorbing structure which factored in the business continuity plan (BCP)
- * The Company's largest logistics center, accounting for over 12,000 *tsubo* of the total floor area
- * The building will have a child care center and a canteen for employees. Trusco will directly hire child care workers and cooks.

Planet Kita-Kanto
Introduce "Auto Store"

(Scheduled to start operation in March)
 Address: Isezaki City, Gunma Prefecture
 Scheduled total investment amount:
 520 million yen
 Storage capacity: Approx. 77,000 items



- * The first Auto Store for Trusco
- * Automatic warehouse-type picking system
- * The facility has high-density storage capacity that is approximately 2.6 times greater than that of normal shelves.

2019

Planet Tohoku (Extension)



Address: Sendai City, Miyagi Prefecture
 Area: 3,905 *tsubo*
 Total floor area: Increase from 3,251 *tsubo* to 7,810 *tsubo*
 Scheduled to start operation in: 2019
 Scheduled total investment amount:
 5.9 billion yen (building + facilities)
 Number of items to be stocked: 500,000 items

2020

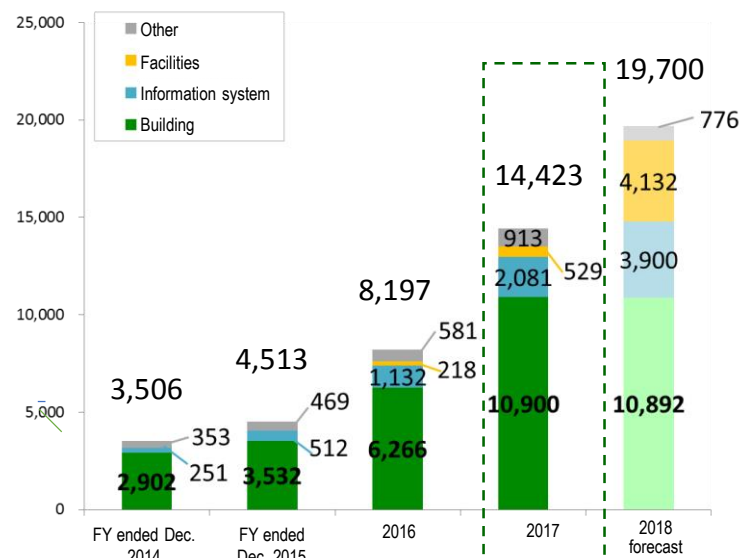
Planet Minami-Kanto (Rebuilding)



Address: Isehara City, Kanagawa Prefecture
 Area: 3,660 *tsubo*
 Total floor area: 7,886 *tsubo*
 Scheduled to start operation in: May 2020
 Total investment amount: 11.9 billion yen (building + facilities)
 Number of items to be stocked: 500,000 items

- * Quake-absorbing structure

Change in capital expenditures Unit: million yen



E-① Mid-term management plan

We use as the entire company's budget the total of the "annual budget of each branch prepared by the branch manager throughout Japan." The branch managers, who are familiar with their market, formulate their respective branch's budget as they are in charge of developing their branch strategy including staffing and are ultimately accountable for their branch. Because we will keep using the total of the budget prepared by branch managers as the entire company's budget, their plans are subject to a review every business year.

* In January of the 55th business year, the company transferred some customers from the factory route to the e-business route. Therefore, the results of the 54th business year were revised based on the current segment.

		Results for the 55th business year (FY ended Dec. 2017)			Revised budget for the 56th business year (FY ending Dec. 2018)			Budget for the 57th business year (FY ending Dec. 2019)			Budget for the 58th business year (FY ending Dec. 2020)		
		Results (million yen)	Constituent ratio (%)	Change from the previous year (%)	Budget (million yen)	Constituent ratio (%)	Change from the previous year (%)	Budget (million yen)	Constituent ratio (%)	Change from the previous year (%)	Budget (million yen)	Constituent ratio (%)	Change from the previous year (%)
Net sales		195,096	100.0	110.2	210,000	100.0	107.6	226,000	100.0	107.6	243,000	100.0	107.5
	Factory route	157,405	80.7	108.1	167,400	79.7	106.3	177,000	78.3	105.7	186,500	76.7	105.4
	e-business route	24,377	12.5	129.1	29,000	13.8	119.0	35,000	15.5	120.7	42,000	17.3	120.0
	Home center route	12,398	6.3	103.2	12,600	6.0	101.6	12,800	5.7	101.6	13,000	5.3	101.6
	Other (overseas)	915	0.5	159.5	1,000	0.6	109.3	1,200	0.7	120.0	1,500	0.8	125.0
Gross profit		41,390	21.2	107.9	44,300	21.1	107.0	47,700	21.1	107.7	51,300	21.1	107.5
	Factory route	32,860	20.9	105.3	34,600	20.7	105.3	36,410	20.6	105.2	38,200	20.5	104.9
	e-business route	6,176	25.3	124.8	7,300	25.2	118.2	8,800	25.1	120.5	10,500	25.0	119.3
	Home center route	2,175	17.5	103.3	2,200	17.5	101.1	2,250	17.6	102.3	2,300	17.7	102.2
	Other (overseas)	177	19.4	162.9	200	20.0	113.0	240	20.0	120.0	300	20.0	125.0
Selling, general and administrative expenses		27,114	13.9	112.0	31,000	14.8	114.3	33,500	14.8	108.1	35,900	14.8	107.2
Operating income		14,276	7.3	100.8	13,300	6.3	93.2	14,200	6.3	106.8	15,400	6.3	108.5
Ordinary income		14,581	7.5	101.0	13,550	6.5	92.9	14,450	6.4	106.6	15,650	6.4	108.3
Net income		10,173	5.2	102.1	9,050	4.3	89.0	9,800	4.3	108.3	10,600	4.4	108.2
Net income per share*		154.28 yen	—	—	137.23 yen	—	—	148.61 yen	—	—	160.74 yen	—	—
Dividend per share*		39 yen	—	—	34.50 yen	—	—	37.50 yen	—	—	40.50 yen	—	—
Number of outstanding shares*		66,008,744	—	—	66,008,744	—	—	66,008,744	—	—	66,008,744	—	—
Sales of private brand goods		40,144	20.6	108.3	43,000	20.5	107.1	46,000	20.4	107.0	49,500	20.4	107.6
	Factory route	32,613	20.7	106.2	34,220	20.4	104.9	35,590	20.1	104.0	37,150	19.9	104.4
	e-business route	6,381	26.2	121.5	7,550	26.0	118.3	9,050	25.9	119.9	10,850	25.8	119.9
	Home center route	881	7.1	93.9	930	7.4	105.5	1,000	7.8	107.5	1,050	8.1	105.0
	Other (overseas)	267	29.2	154.0	300	30.0	112.1	360	30.0	120.0	450	30.0	125.0
Gross profit margin of private brand goods		35.9	—	—	35.9	—	—	35.9	—	—	35.9	—	—
Number of private brand inventory goods		43,500	—	110.2	48,000	—	110.3	53,000	—	110.4	58,000	—	109.4
Number of private brand goods listed in the Orange Book		50,200	—	110.1	55,000	—	109.6	59,500	—	108.2	64,000	—	107.6
Capital expenditures		14,423	—	176.0	19,700	—	136.6	25,200	—	127.9	14,600	—	57.9
	Investment in systems	1,919	—	168.2	3,900	—	203.2	2,500	—	64.1	2,300	—	92.0
Depreciation		2,773	—	113.5	3,700	—	133.4	4,600	—	124.3	5,150	—	112.0
	Investment in systems	744	—	109.9	1,010	—	135.8	1,450	—	143.6	1,720	—	118.6
Inventory value		31,841	—	109.6	36,000	—	113.1	39,000	—	108.3	42,000	—	107.7
Number of employees		1,514	—	106.3	1,630	—	107.7	1,730	—	106.1	1,830	—	105.8
Number of part-timers		1,049	—	122.0	1,180	—	112.5	1,280	—	108.5	1,380	—	107.8

Since the mid-term management plan is based on the Company's judgment when preparing the materials, the Company does not guarantee the accuracy of the information. Please note that actual business performance and results may differ from the forecast due to various factors.