

The leading wholesaler in Japan which comprehensively merchandises for science and research field through paper-catalog and e-commerce site.

# AS ONE'S Business model



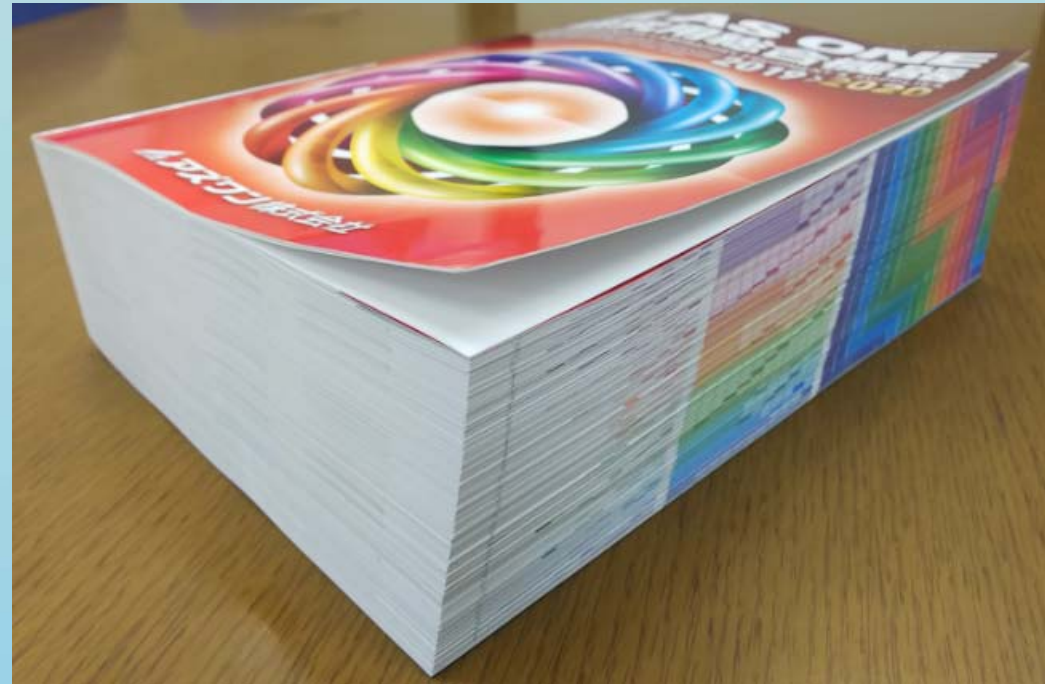
**June 2019**

Securities Code : 7476



**AS ONE**

# 3 key points:



1

Thick catalogs

2

Stable high earnings

3

High return of profits to  
shareholders

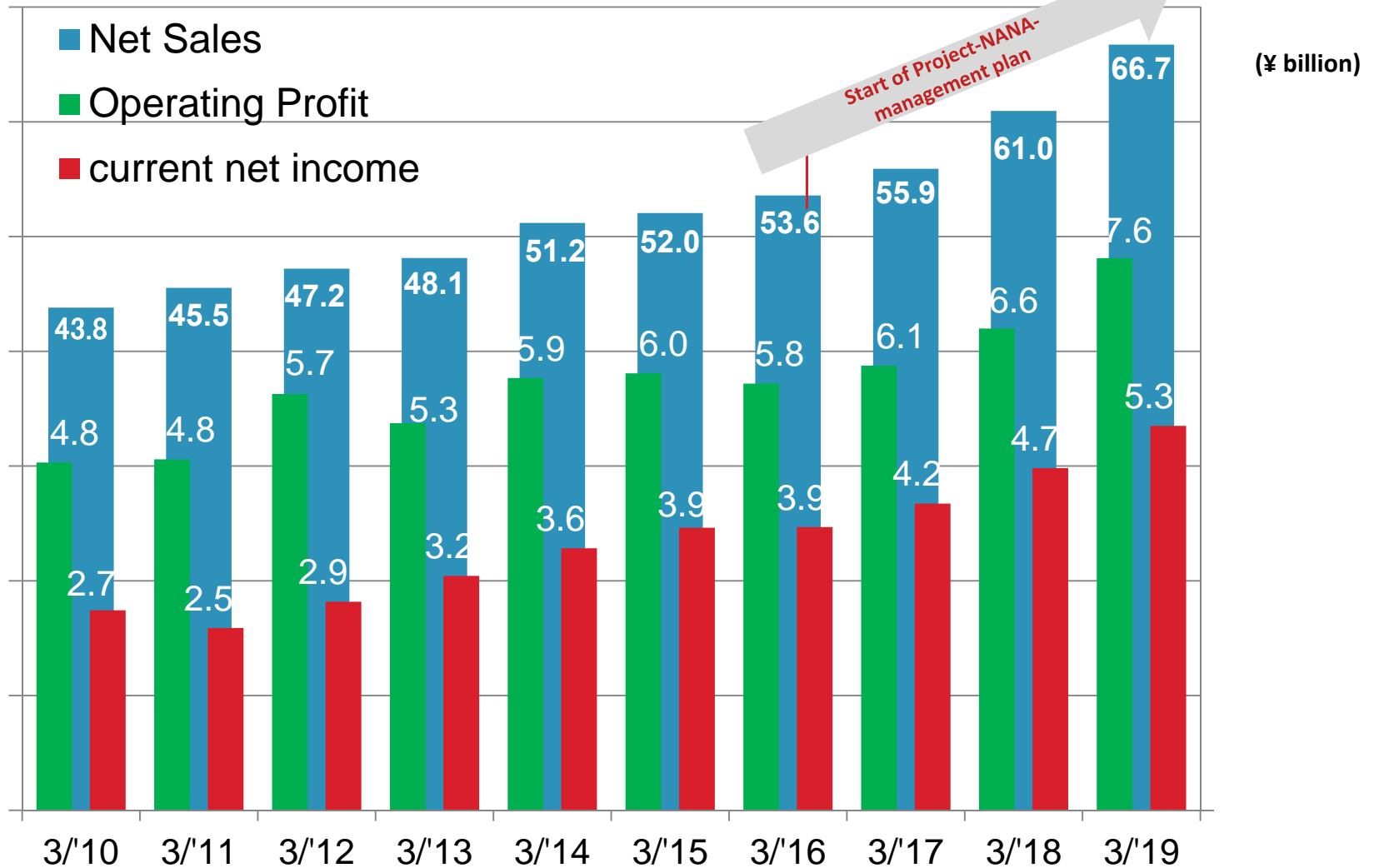
# Stable High Earnings (History)

● AS ONE has been on a steady growth path (Excl. the occasion of the IT bubble bursting and the Lehman Shock.)



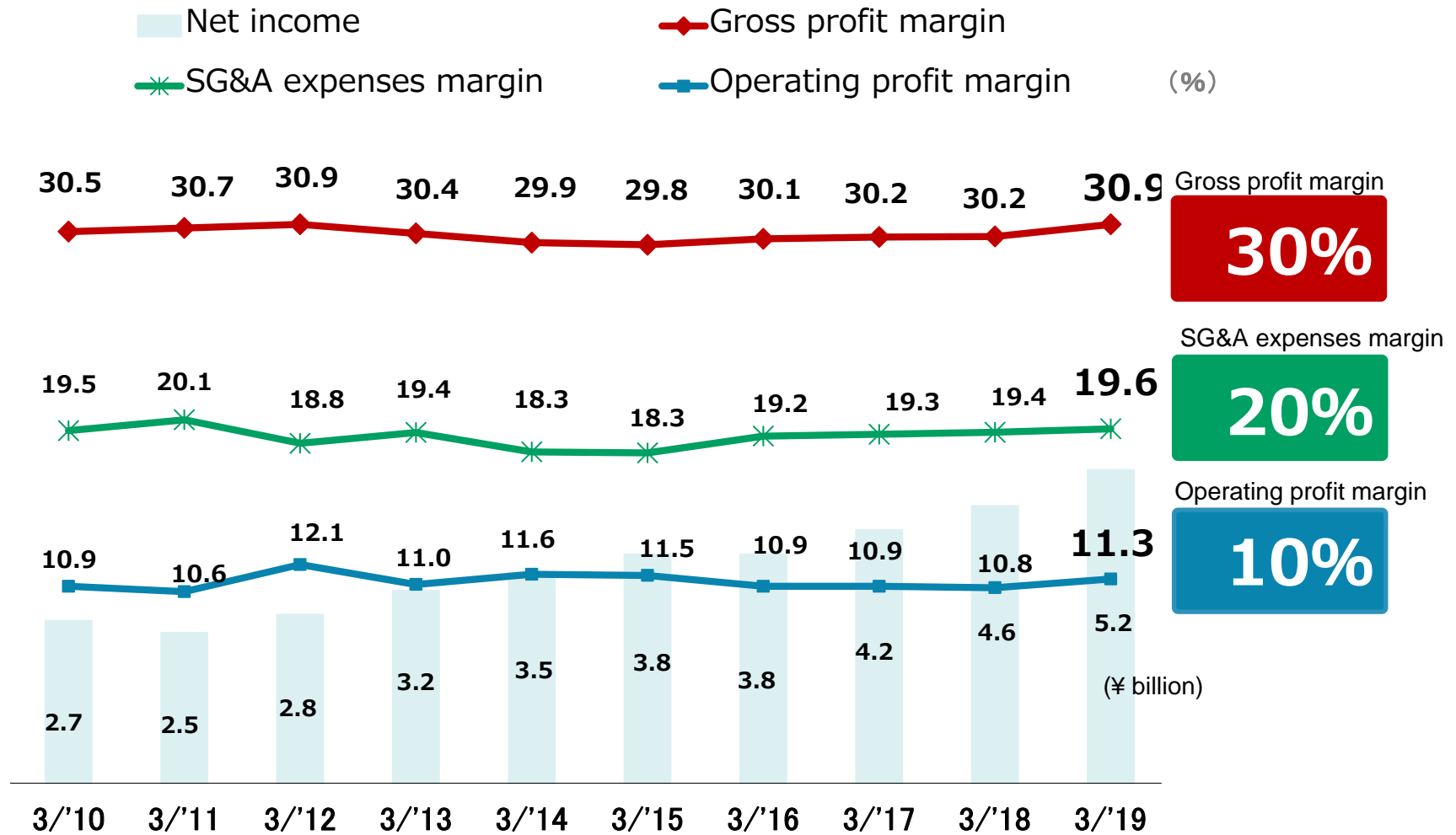
# Operating Performance

➤ AS ONE is characterized by steady profitability and growth.



# Profitability Indicators

➤ Highly profitable operation with minimal variations.

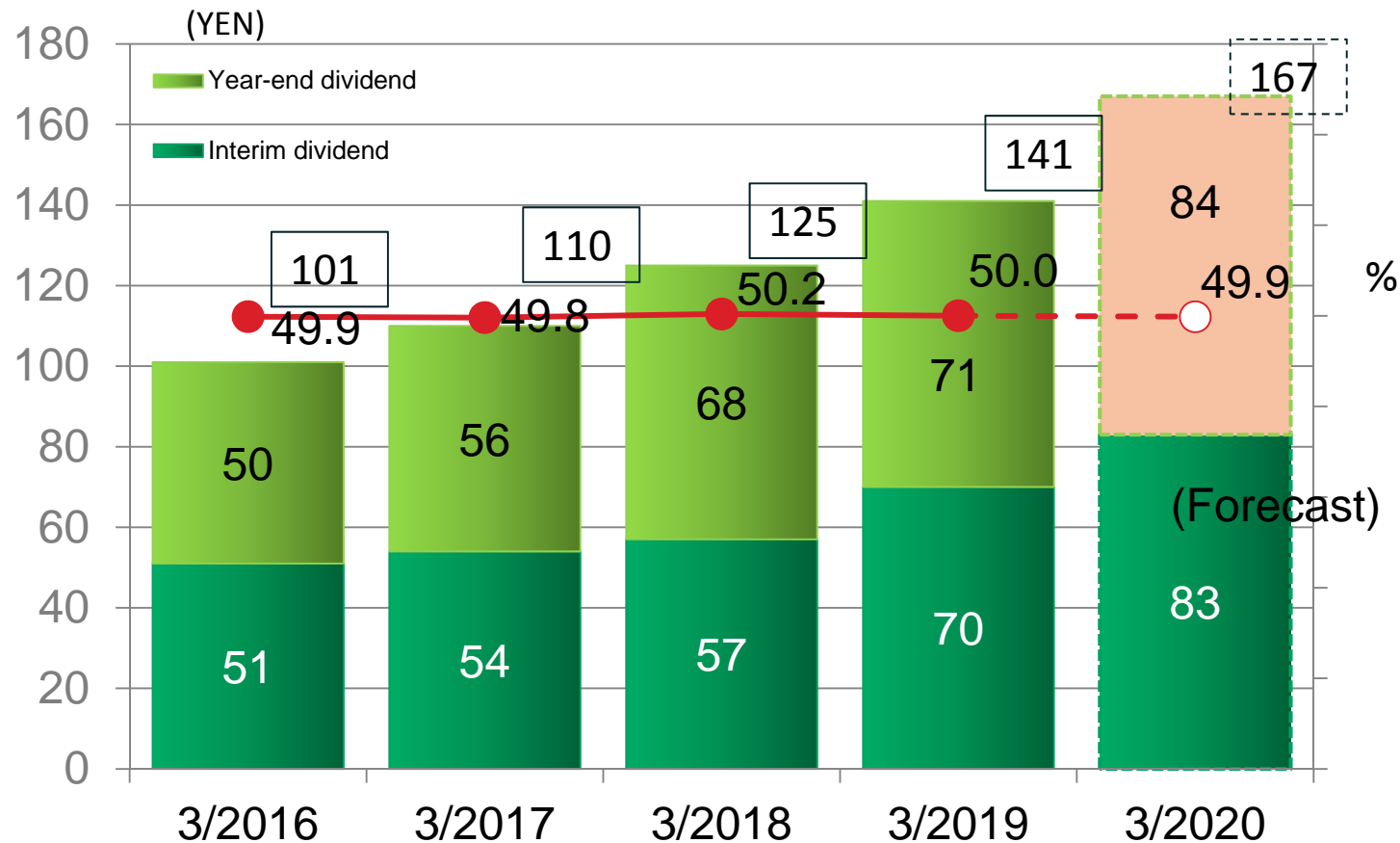


# Dividend Forecast

Forecast

**Per Share**      **¥ 167**      YoY      +¥ 26.0 yen

- Will keep the dividend payout ratio at 50%. Anticipate **an increase in dividends for the 9<sup>th</sup> consecutive fiscal year.**



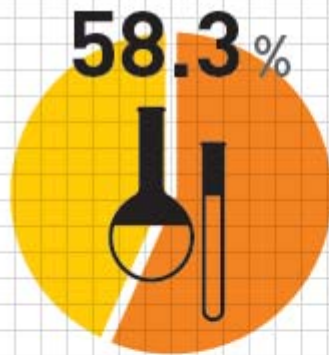
Keep dividend payout ratio at 50%

# Business outlines



# Sales composition

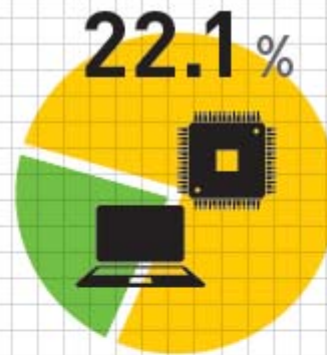
Stable high earnings



Scientific Sector

sales

**389** Billion Yen  
**10.3% UP**



Industrial Sector

sales

**14.7** Billion Yen  
**7.9% UP**



Hospital & Nursing Care Sector

sales

**12.6** Billion Yen  
**5.4% UP**

Other sales are 0.4 billion Yen. These are commission revenue from Triumph21.



# Target Users

**Stable high earnings**

**Universities**

**Science**  
iPS cell, biology, chemical, etc.



**Laboratories**

**RIKEN**  
and other 1700 institutions

**Private  
companies**

**Pharmaceutical, electronic  
parts, foods, chemicals, etc.**

**Hospitals  
Clinics**

**8,000 Hospitals  
(more than 20 beds)  
100,000 Clinics**

**For nation-wide end users,  
we promote items efficiently  
via our catalogs and dealers.**

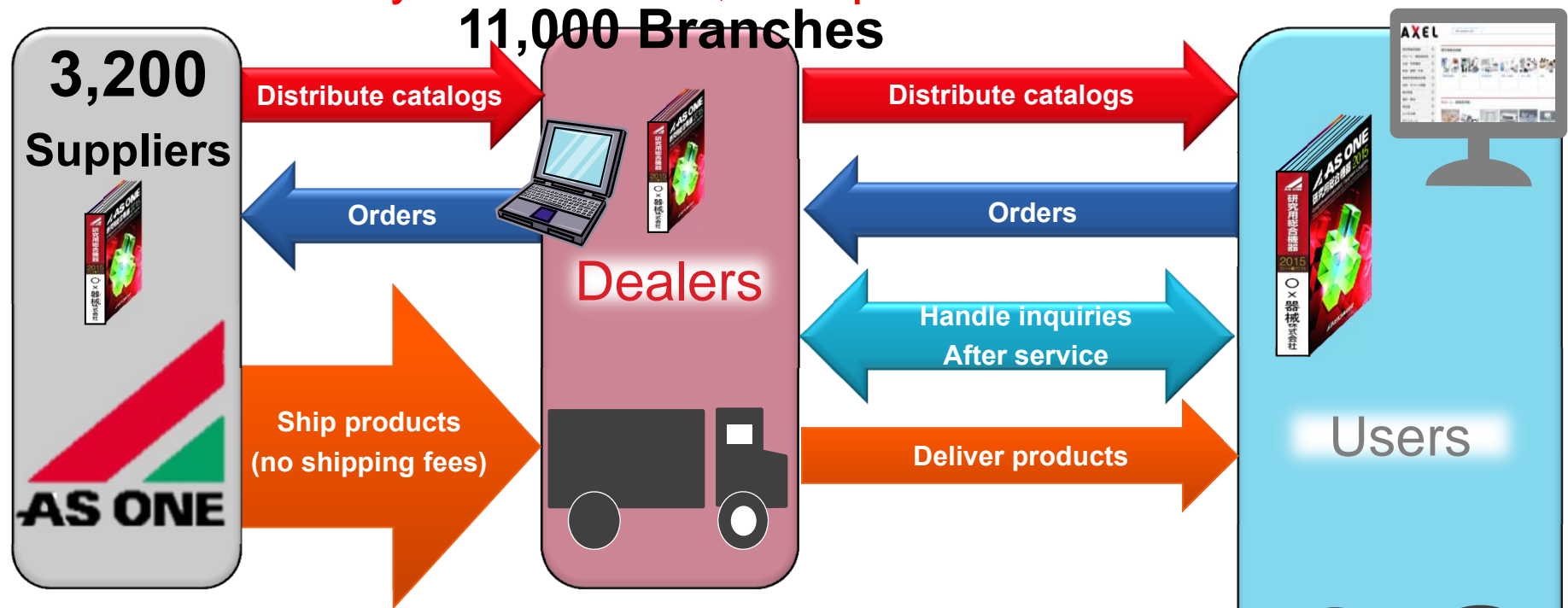


# Efficient Sales Model

Stable high earnings

- Dealer-based catalog sales model

= Effectively conduct PR, and provide service at low cost



The number of employees : approx. 550  
Sales : approx. ¥67 billion (\$0.55 billion )  
Operating income : approx. ¥7.5 billion (\$0.06 billion )  
→ High-efficiency business model

● Various customers and wide-ranged product line-up lead to risk dispersion.

✓ Diverse range of users across a wide-range of sectors

✓ Many business partners

● 3 Pillars

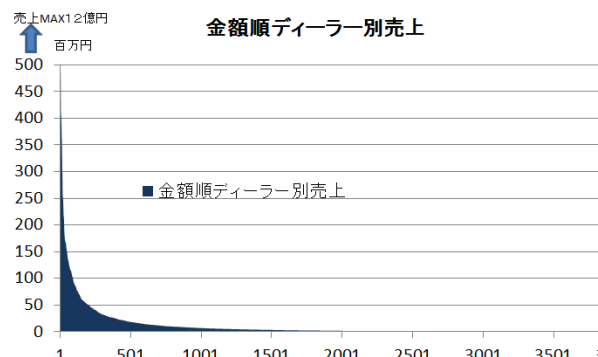
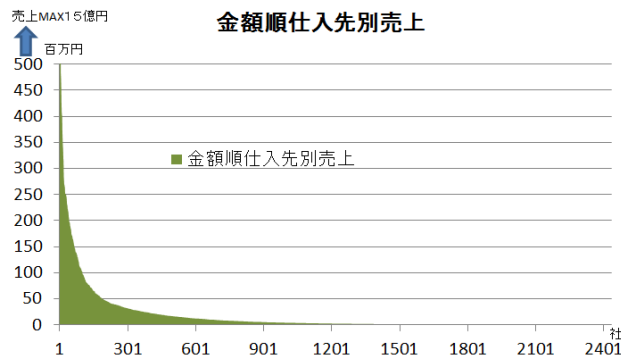
⇒ Science

⇒ Industry

⇒ Healthcare

- approximately 3,200 suppliers and 4,000 dealers

✓ Long-tail business featuring 3,500,000 products

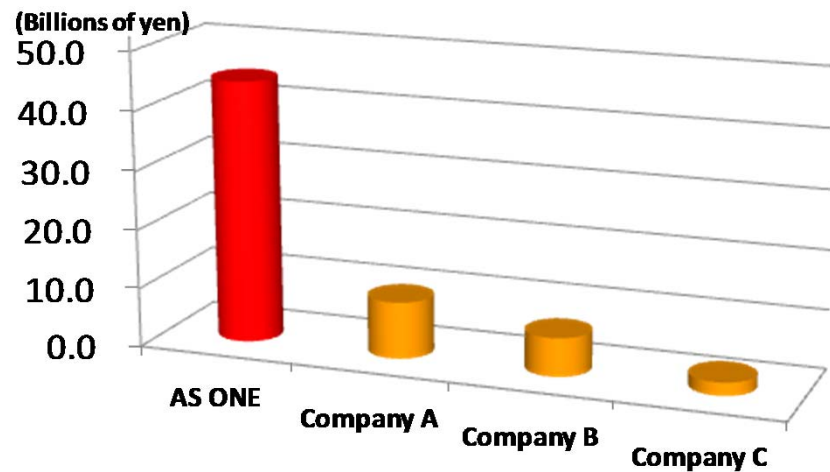


# AS ONE's Strengths ①

Stable high earnings

● AS ONE catalogs have an overwhelming rate of penetration in the market

Industry leaders net sales comparison



AS ONE Catalog is a must-have for researchers!

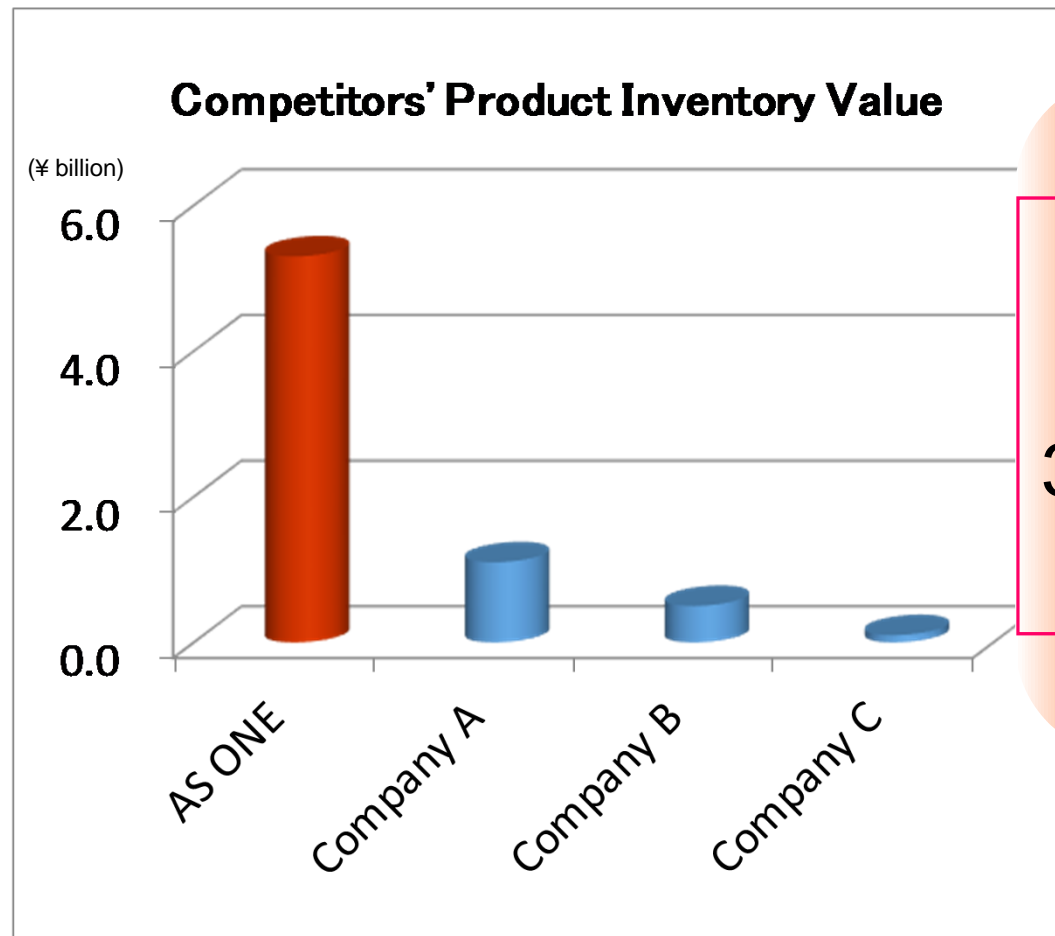
AS ONE General Catalog

Circulation: 220,000

860,000 researchers in Japan

When searching for research instruments, first check the AS ONE catalog

- Immediate delivery system made possible by the industry's greatest distribution capabilities



Same-day shipping  
95%

3,000 high-selling items  
99.8%

**And deliver  
even one unit!**

# AS ONE's Strengths ③

Though it is not a manufacturer,  
We sell many original products.



Original products = Private brands & Direct Imports



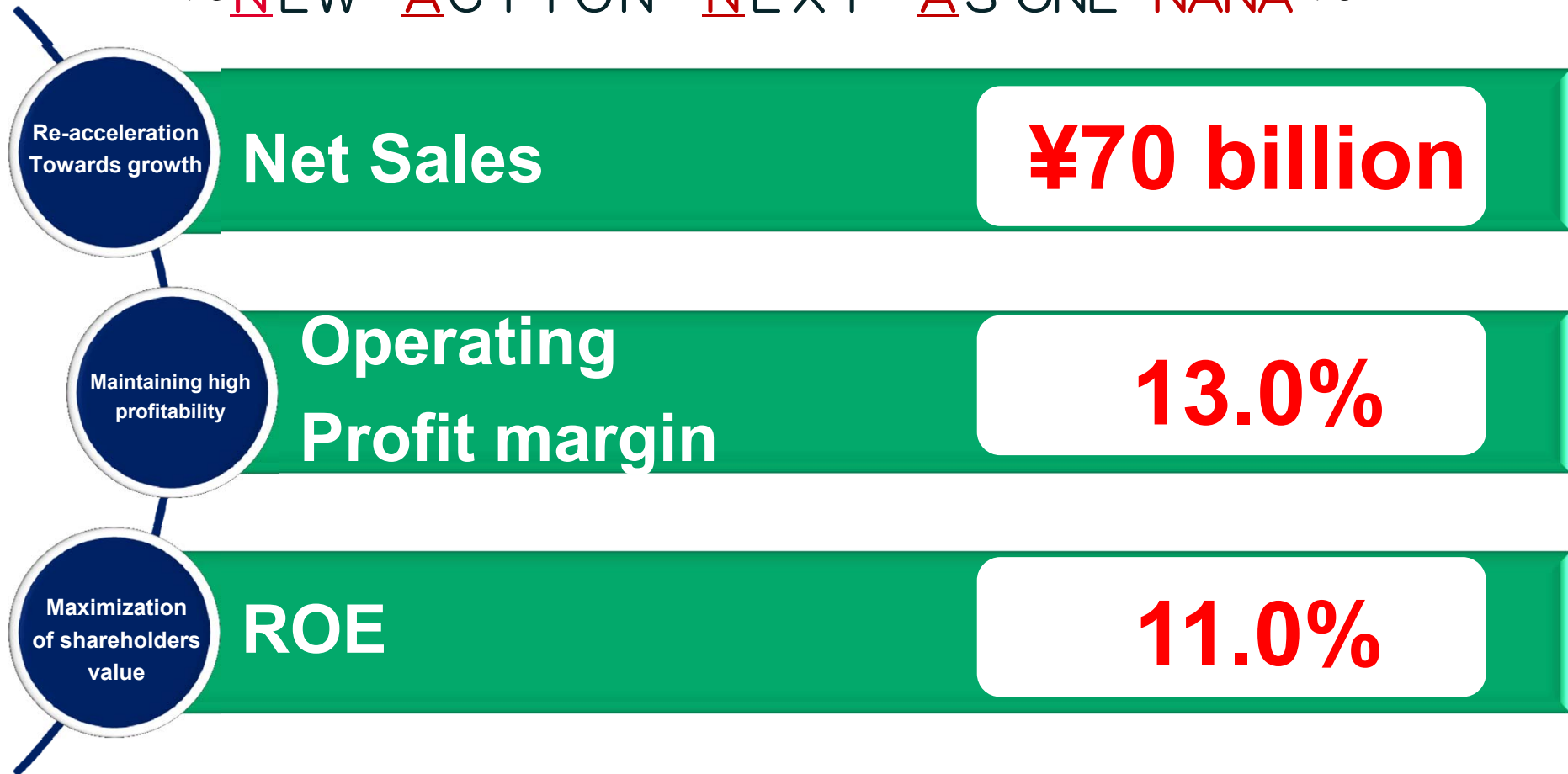
# From 100,000 items in catalog to 3.5 million items on WEB



# Medium-term Management Plan – NANA2.0-

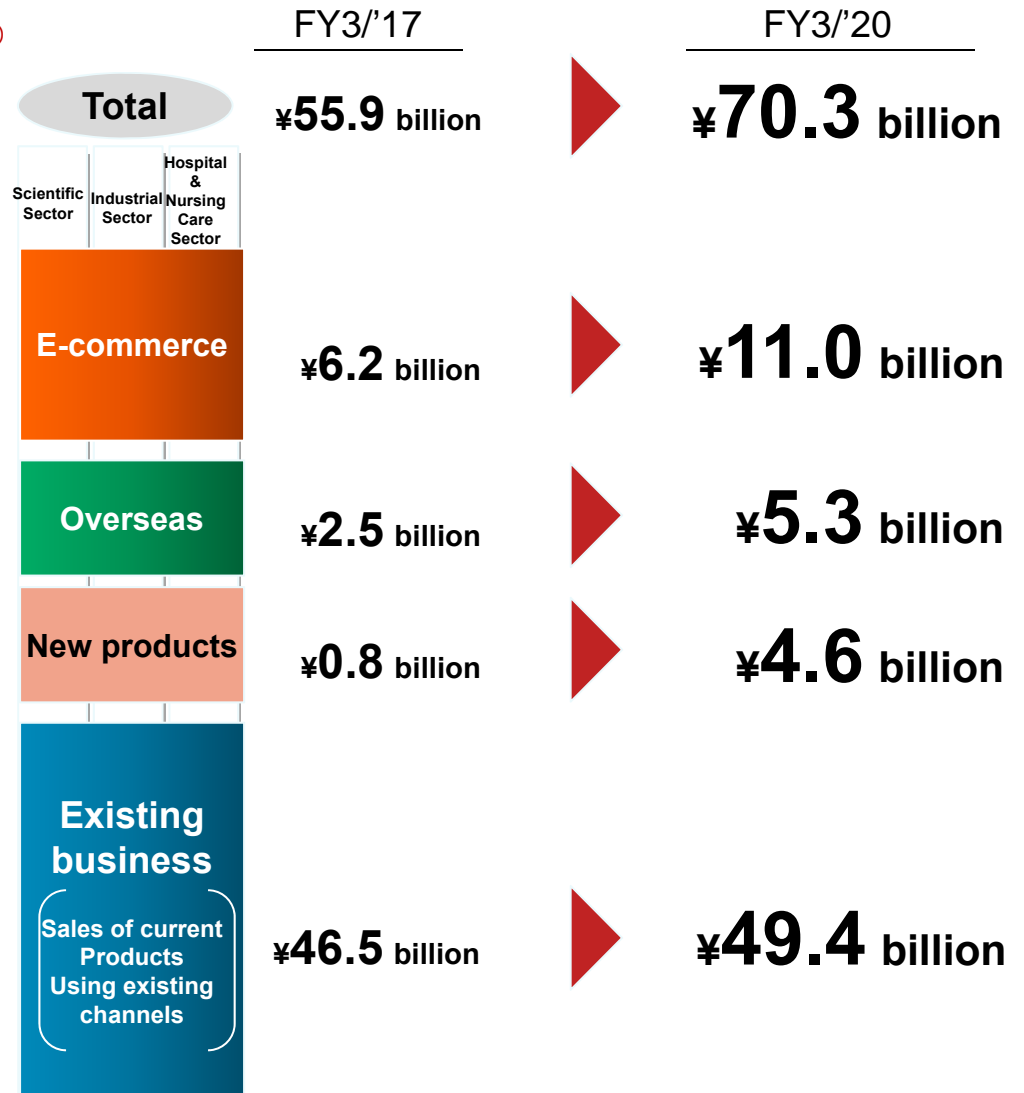
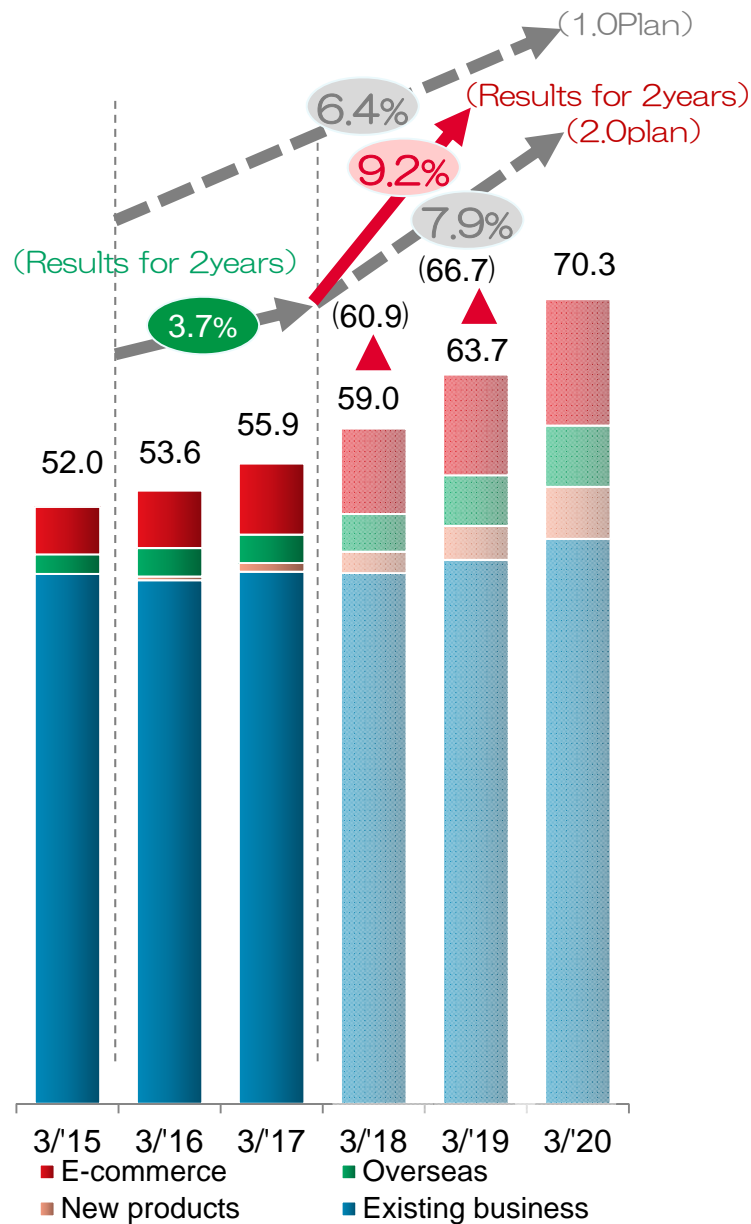
# Target for the Year 2020

~NEW ACTION NEXT AS ONE -NANA-~



# Medium-term Management Plan – NANA2.0-

Progress on  
Medium-term  
Management Plan



# E-commerce : achieved medium-term targets

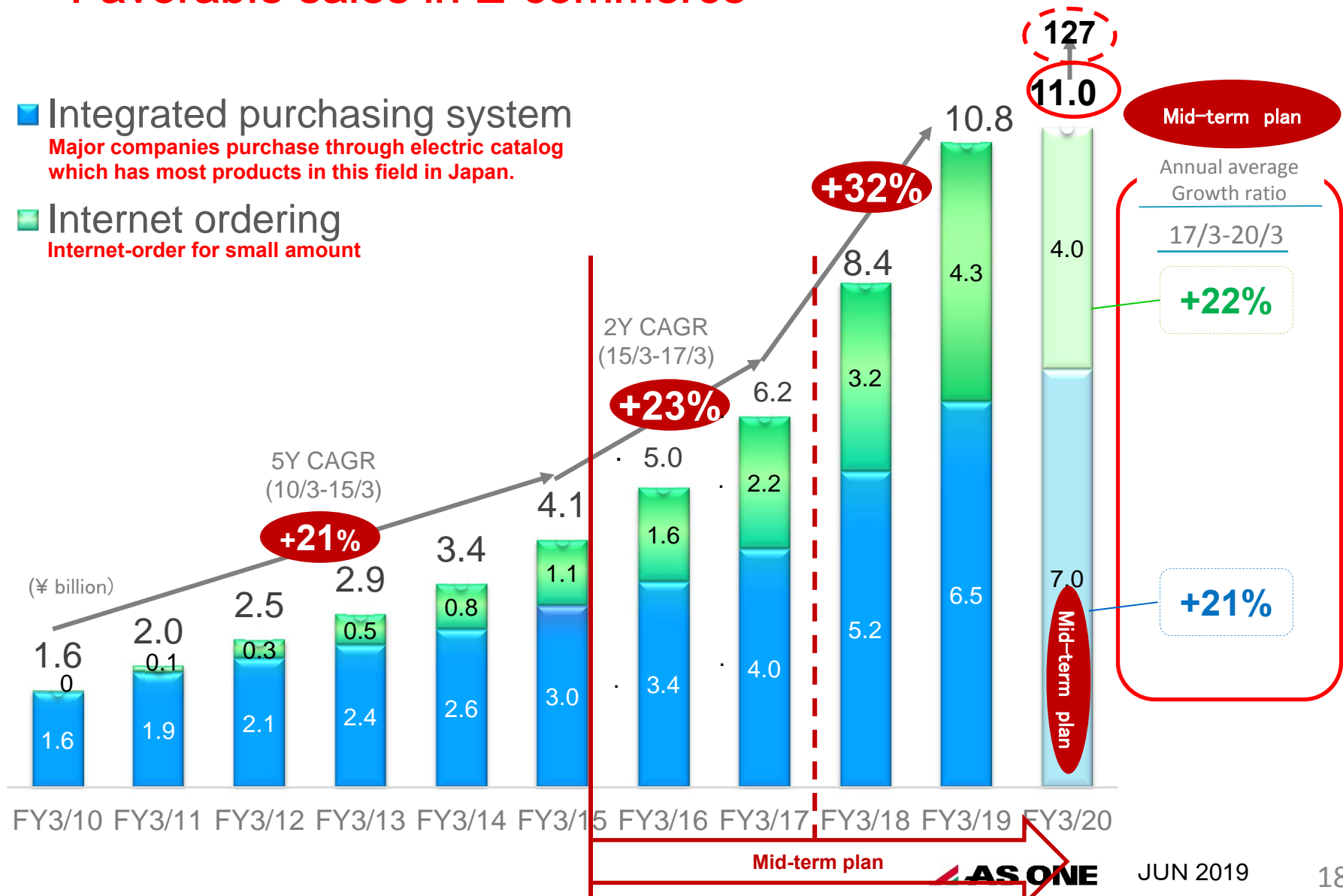
## • Favorable sales in E-commerce

### ■ Integrated purchasing system

Major companies purchase through electric catalog which has most products in this field in Japan.

### ■ Internet ordering

Internet-order for small amount



# Purchasing Management For Large Users

(AS ONE catalogue-integrated purchasing system)

- For Public research institutions and Universities

The major research institute and university which represent Japan

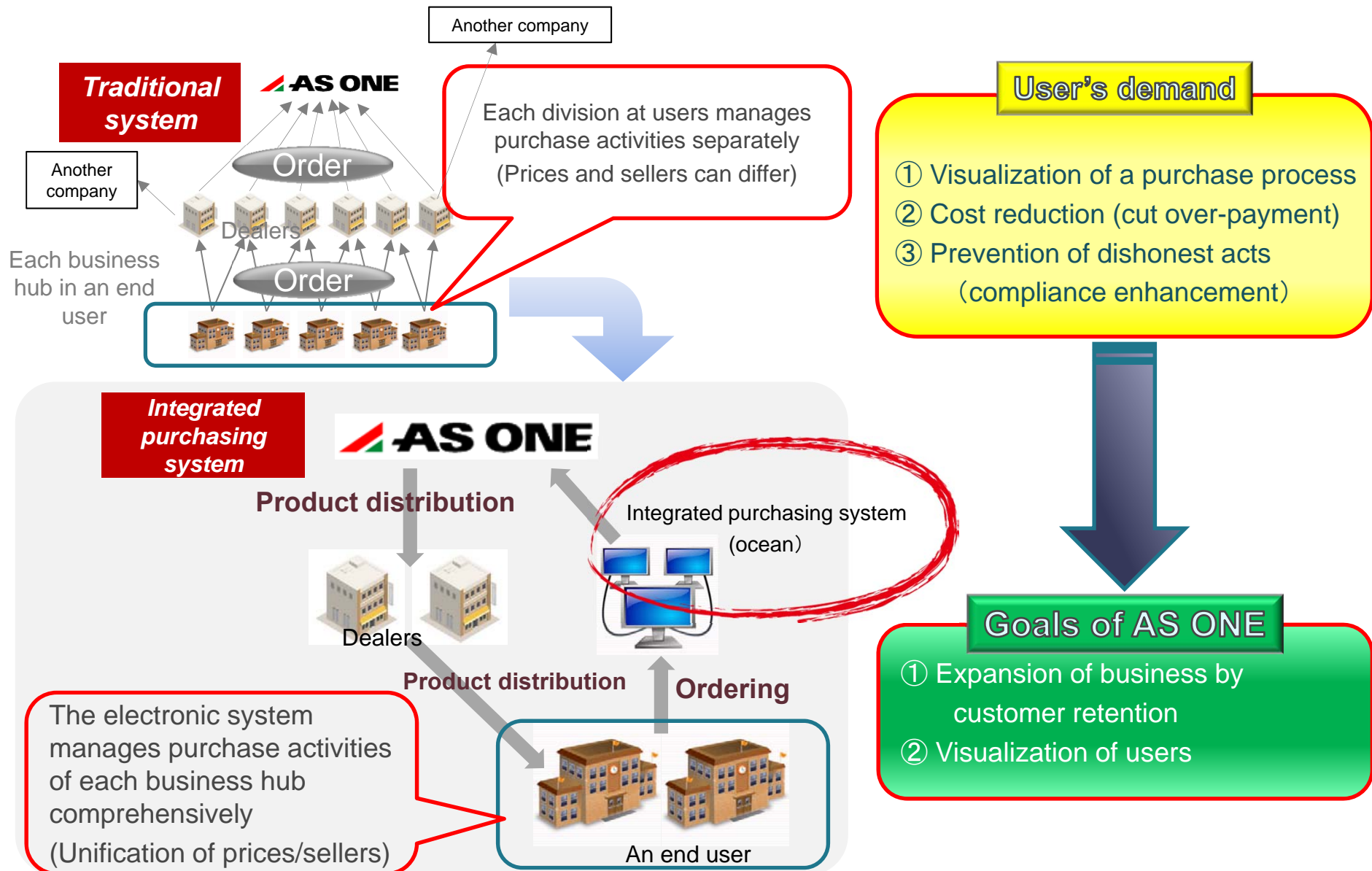
- Major Company

The major manufacturer who represents Japan

(Medicine manufacture, Electronics, material, food, Chemical productst ...)



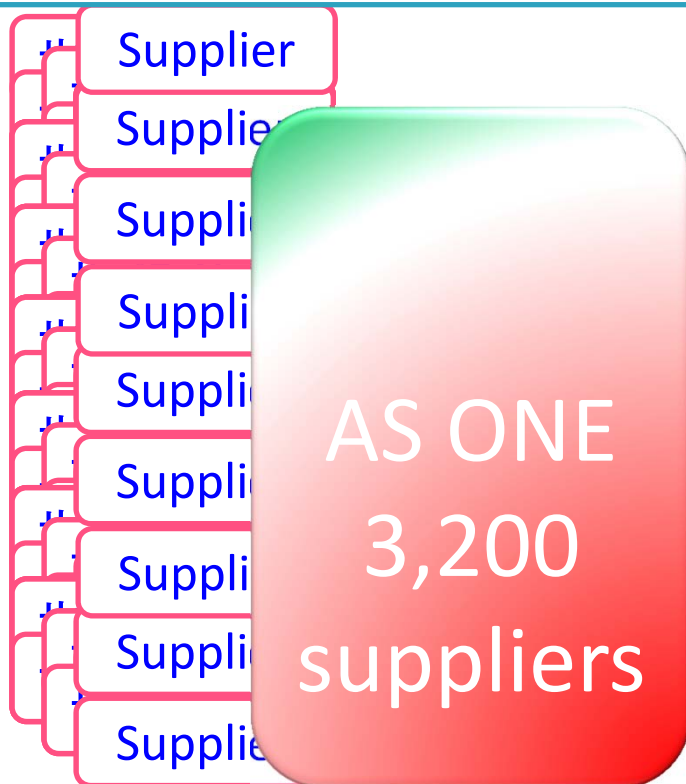
# Addressing major users' needs for electronic & integrated purchase activities



## Collaborations with online service companies bring new business opportunity in the untapped market

- For AS ONE, our online purchase service is a proposal for winning new customers, especially small and medium enterprises, which our existing dealers can't easily reach.
- For major online service companies, they can expand the lineup of products through our online purchase service.

As a leading specialist supplier, AS ONE has extensive product lineups in science and research field, niche field.



WIN-WIN



Major online service companies has approach to small and medium enterprises.

amazon.co.jp

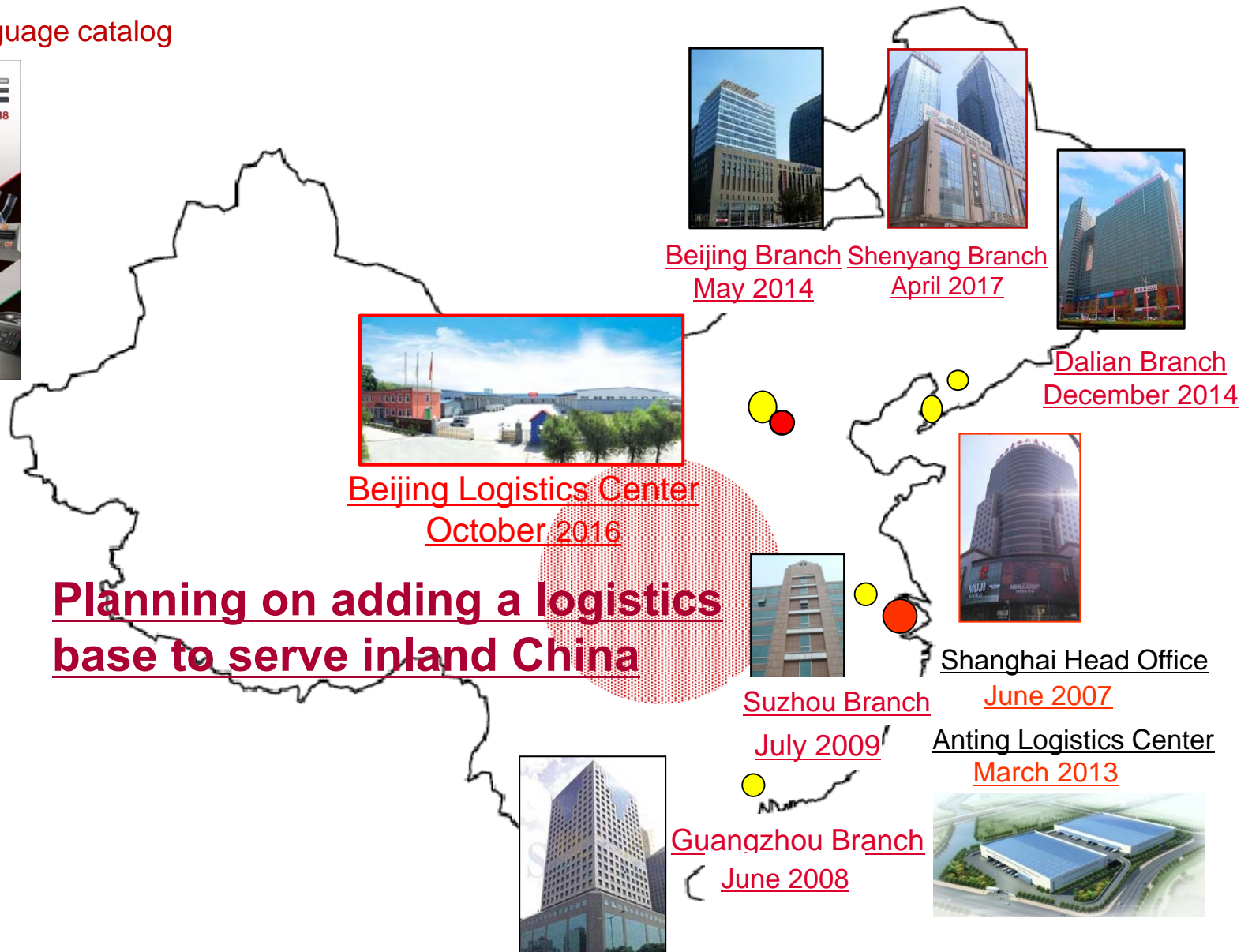
MonotaRo  
(T3064)

MISUMI-  
(T9962) VONA

ASKUL  
(T2678)

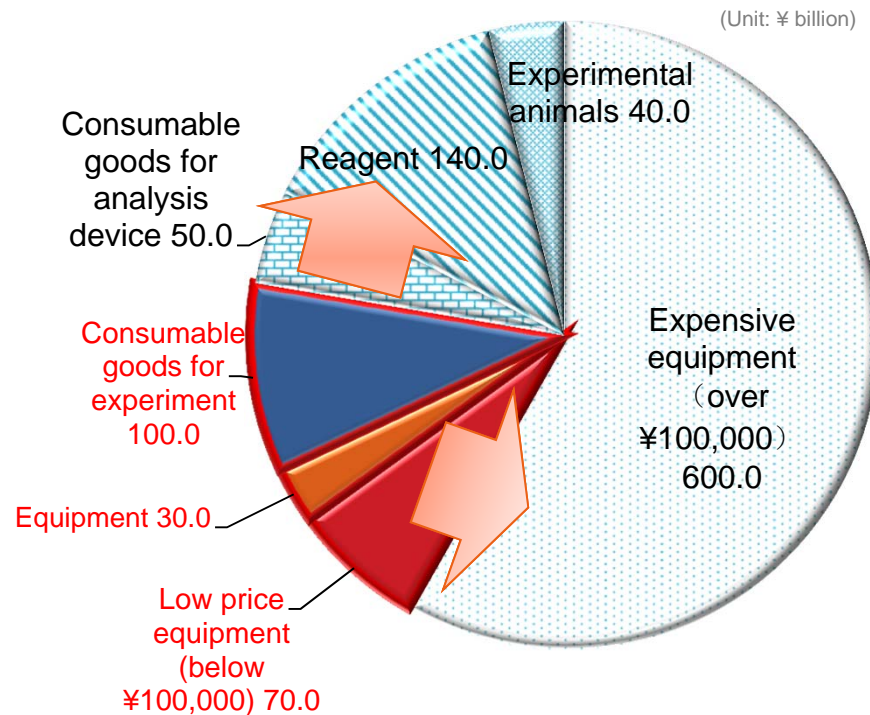
# The AS ONE Business Sites in China

Sixth Chinese-language catalog



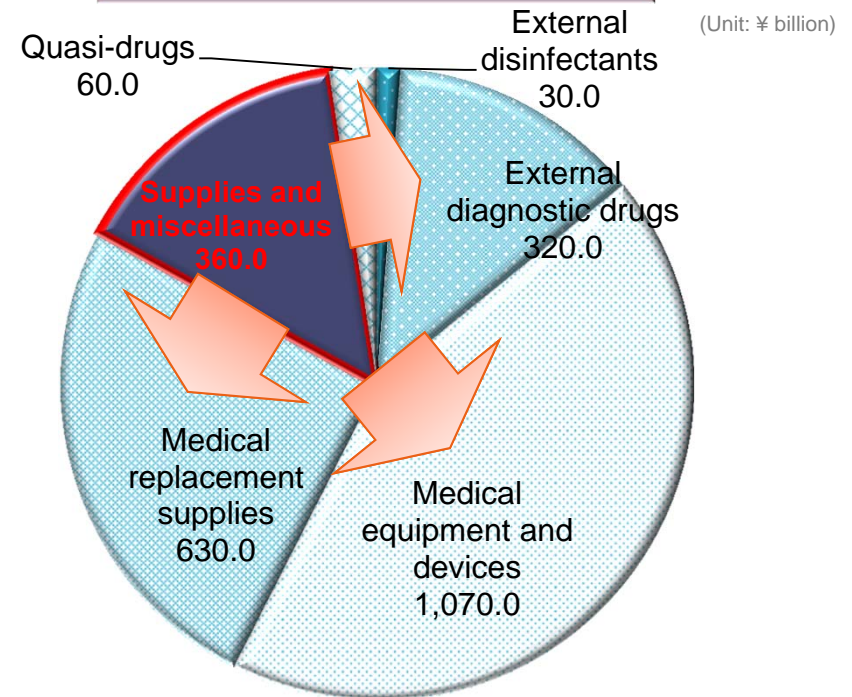
# New products: Development of niche markets using our specialty!

**Scientific instrument market  
(total ¥1 trillion)**



**Current business area highlighted in red**

**Medical instrument market  
(total ¥2.5 trillion)**



- Increase share in our currently served markets
- Accelerate development into surrounding related products' market

R&D Co., Ltd. – “Science Instrument Yearbook 2014, MIC-” Report on the Survey of Res. and Development”, METI – “Census of Manufactures”, Questionnaires to end users, interviews to experts (estimated)

MHLW – “Statistics of Production by Pharmaceutical Industry (medical goods and medical instruments), Fuji Keizai Co., Ltd “Quasi Drug Marketing List 2014”, “Survey on Economic Conditions in Health Care”, “Medical Facility Condition Survey” Calculations by the results of questionnaires to end users

# FY 03/2019 results

## 3 growth targets: Results

YoY





1-①

# E-commerce (Consolidated Purchasing)

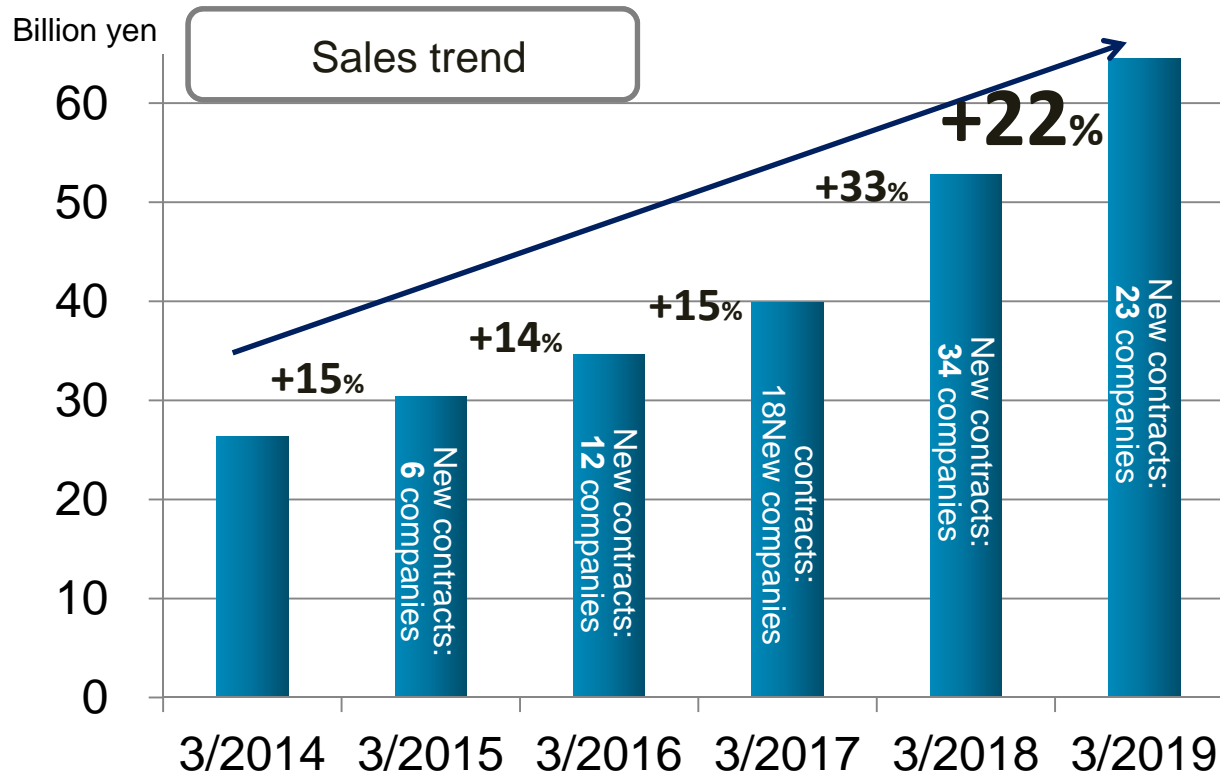
FYE Mar.2019

Previous year's results

**Sales: ¥ 6.4 billion**

YoY **+22.1%** (+ ¥1.1 billion)  
vs. plan **-0.07 billion**

- Increase in listed products and expansion for existing companies as well. Also acceleration in the pace of growth in new contracted companies.



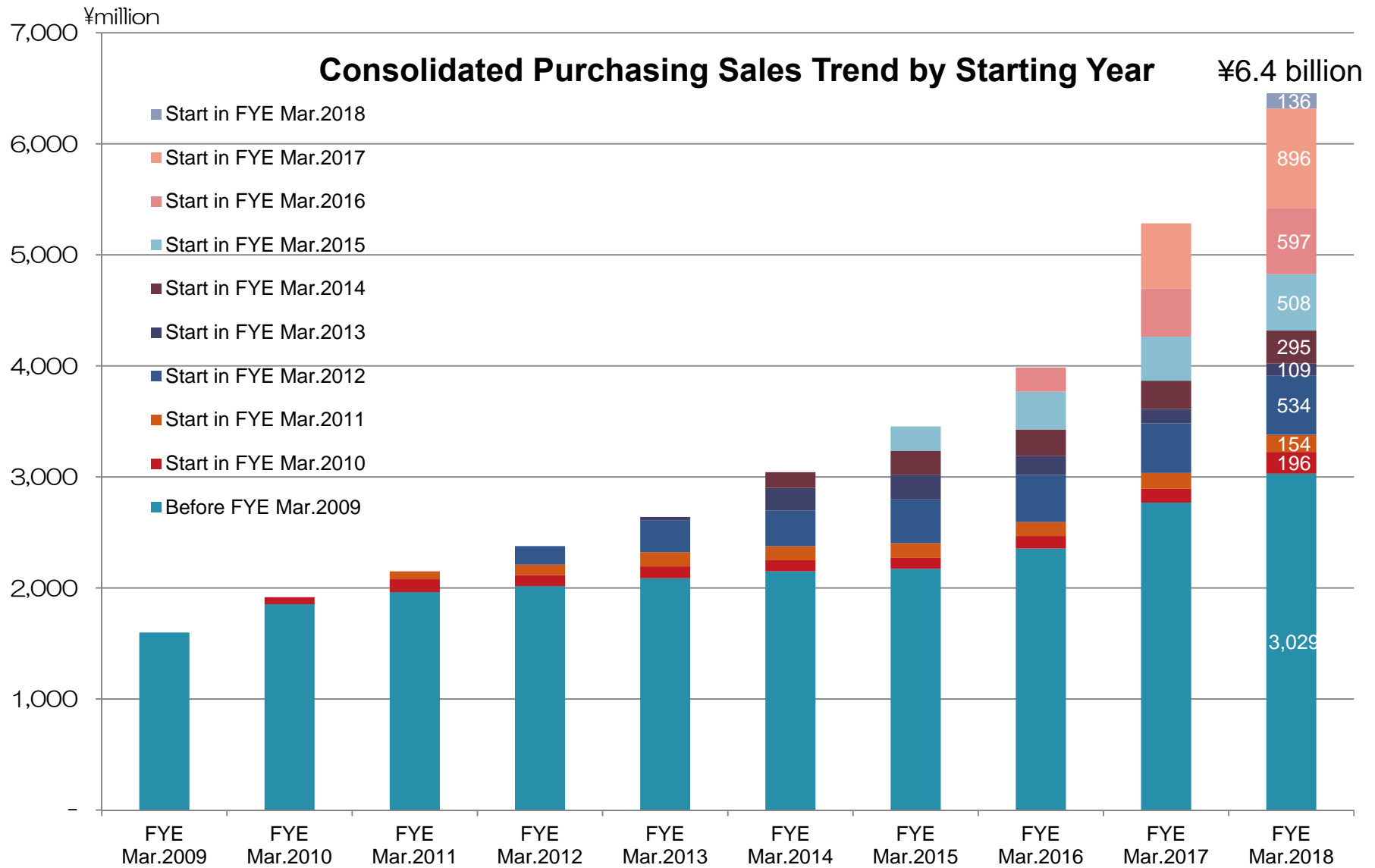
Introduced to  
158  
companies  
as of  
March 2019

**ocean**  
On-demand Consumer Easy Network



Benefits for customers  
through price transparency

# Steady Growth in Consolidated Purchasing Sales to Existing Contracted Companies



1-2

# E-commerce Companies

FYE Mar.2019

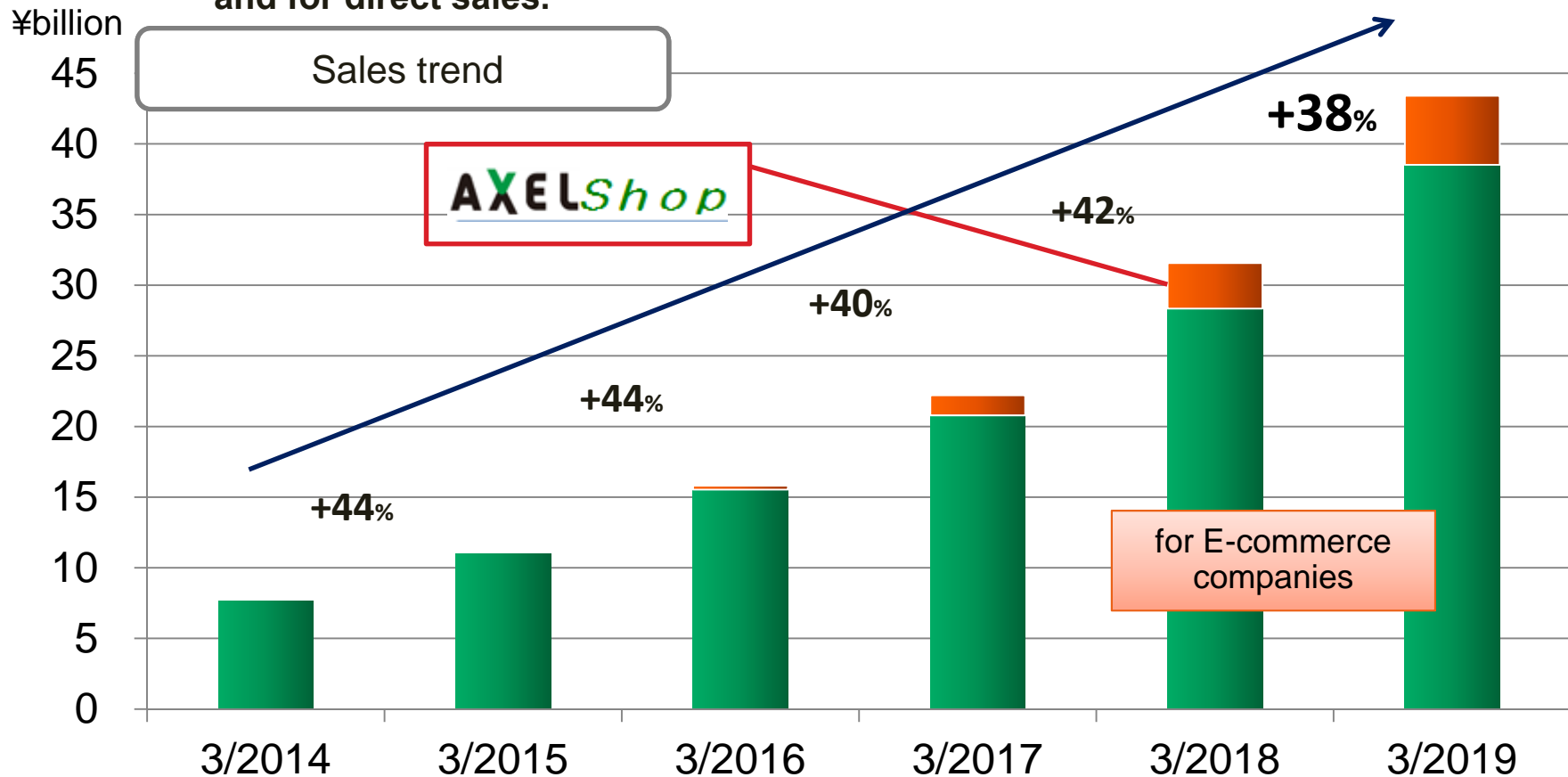
Progress on  
Medium-term  
Management Plan

Previous year's results

**Sales: ¥4.3 billion**

YoY **+37.5%** (+¥1.1 billion)  
vs. plan **+0.2 billion**

➤ Continued strong sales. Expansion of listed products for e-commerce companies and for direct sales.



# 2 Overseas Results (China)

FYE Mar.2019

Progress on Medium-term Management Plan

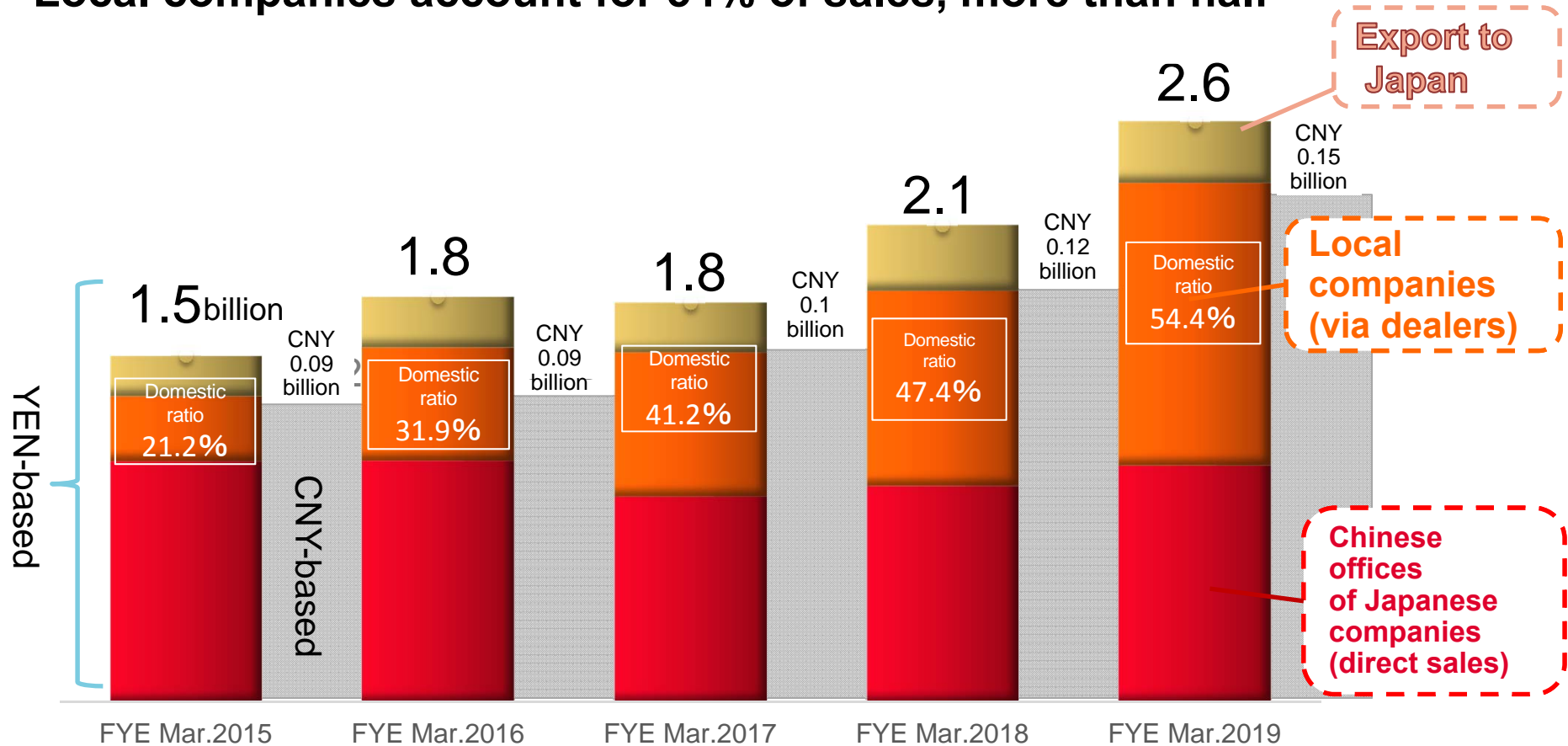
Previous year's results

**Sales: ¥ 2.6 billion**

(a 21.2% increase over the former level).

YoY **+21.8%** (+ ¥0.4billion)  
vs. plan **+0.04 billion**

➤ **Local companies account for 54% of sales, more than half**



2

# Overseas Results (Others)

FYE Mar.2019

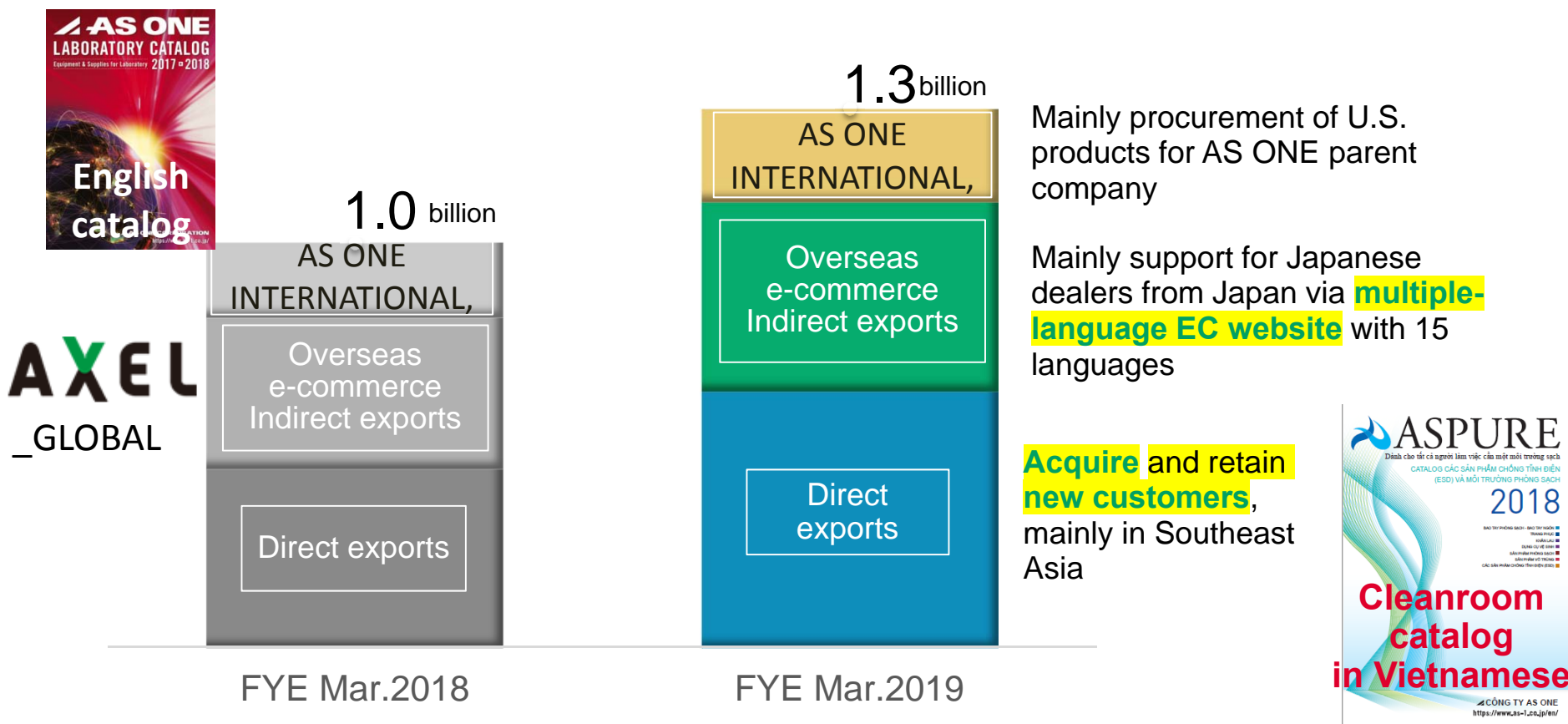
Progress on Medium-term Management Plan

Previous year's results

**Sales: ¥ 1.3 billion**

YoY vs. plan **+33.2%** (+¥0.3 billion)  
**-0.01 billion**

➤ Gained and retained new customers, mainly in Southeast Asia

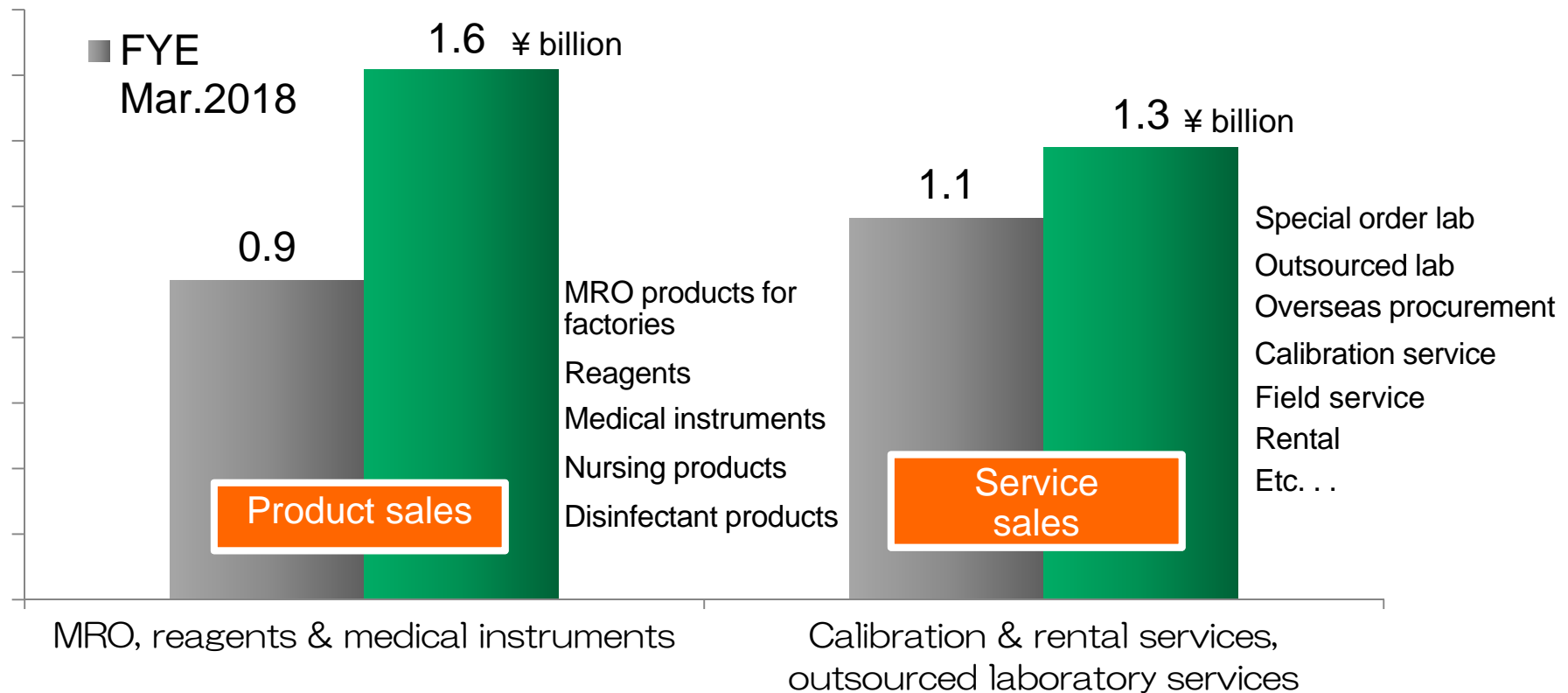


Previous year's results

**Sales: ¥ 3.0 billion**

YoY **+40.2%** (+¥0.8 billion)  
vs. plan **-0.1 billion**

- Growth in MRO products for factories, nursing care, reagents, and field services.





# Forecast for FYE March 2020

# Medium-term Management Plan (FY3/'18-FY3/'20) Target Value

Medium-term Management Plan  
Forecast

	FY3/'18		FY3/'19		FY3/'20	
	NANA2.0 Initial plan	Results	NANA2.0 Initial plan	Results	NANA2.0 Initial plan	Full Year Plan
(¥ billion)						
<b>Net sales</b>	59.0	60.9	63.7	66.7	70.3	<b>71.5</b>
<b>Research/ Industrial equipment</b>	47.1	48.9	51.2	53.6 <small>※without fees for system use</small>	57.1 <small>※without fees for system use</small>	<b>57.8</b>
<b>Hospital/ Nursing care</b>	11.9	12.0	12.5	12.7	13.2	<b>13.2</b>
<b>Operating profit</b>	6.3	6.5	7.5	7.5	9.1	<b>8.8</b>
<b>Operating margin</b>	10.7%	10.8%	11.8%	11.3%	13.0%	<b>12.4%</b>
<b>ROE</b>	8.7%	9.2%	9.8%	10.0%	11.0%	<b>11.4%</b>
<b>EPS(Yen)</b>	230.3	249.1	276.0	282.0	334.6	<b>334.8YEN</b>

## 3 growth targets:

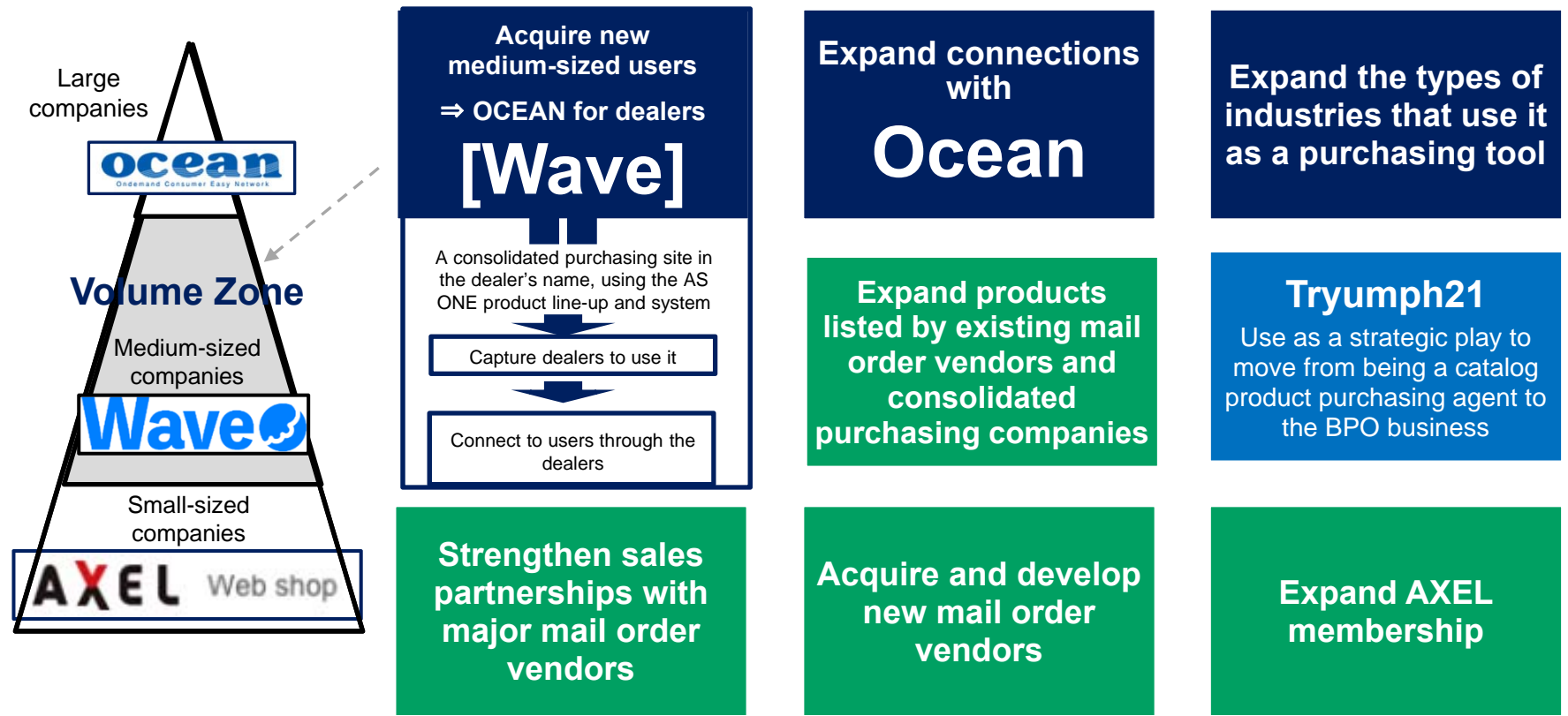
		YoY
<b>1</b> commerce:	¥ <b>12.7</b> billion	<b>+17.9%</b>
	vs. plan +1.7 billion	+ ¥1.9 billion
<b>2</b> Overseas:	¥ <b>4.9</b> billion	<b>+23.3%</b>
	vs. plan -0.4 billion	+ ¥0.9 billion
<b>3</b> New products:	¥ <b>4.2</b> billion	<b>+41.4%</b>
	vs. plan -0.4 billion	+ ¥1.2 billion
<b>Total:</b>	¥ <b>21.8</b> billion	<b>+23.1%</b>
	vs. plan +0.9 billion	+ ¥4.1 billion

# 1 Full-year Forecast for e-Commerce

Medium-term Management Plan  
Forecast

Full-year Goal  
**Sales: ¥12.7 billion** YoY **+17.9%**  
**+¥1.9 billion**

➤ Expand range of e-commerce for purchasing.



**2** Full-year Forecast for Overseas (China & Others)

Full-year Goal

**Sales: ¥4.9 billion**

YoY **+23.3%**

**+¥0.9 billion**

**China:**  
Publish Catalog #7.  
Also strengthen local products.

**China:**  
Approach domestic and foreign manufacturers

**China:**  
Strengthen business transactions with leading distributors

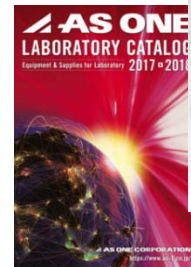
**Global:**  
Develop sales tools for distributors

**Organizational strengthening:**  
Establish a China business headquarters.  
Establish an overseas sales division.

**Europe:**  
Use Lab Logistics Group (LLG)

**Southeast Asia:**  
Focus on Vietnam, the Philippines, Thailand, and Singapore

**AXEL**  
\_GLOBAL



**U.S.:**  
Use local U.S. subsidiary

# 3 Full-year Forecast for New Products

Full-year Goal  
**Sales: ¥4.2 billion** YoY **+41.4%**  
**+¥1.2 billion**

## Product sales

Medical instruments, factory MRO, reagents, nursing care, and disinfectants and deodorizers

Launch new products  
Permeate the market

## Service

Special order lab, outsourced lab, calibration, rental, maintenance, etc.

Expand items handled  
Permeate the market

## Provide a sharing service to researchers

### Rental Service

URL <https://axel.as-1.co.jp/contents/rental>

こちらで検索!  
AXEL レンタル 検索

1,500 types of equipment available for rent  
Over 20,000 units of owned rental equipment!  
Easy to order on the AXEL site!

**5-day minimum rental OK!**

#### Main instruments

- Desiccators
- サーモグラフィ
- 放射線測定器
- 環境測定器
- パーティクルカウンター
- Cooling water circulation systems
- 水分計
- 風速計
- 色彩・照度計
- 超音波洗浄機
- Thermometers
- pH計
- 水質計
- 天秤



レンタル期間毎の  
価格は、P.3279~  
の価格リストを  
参照ください



### AS ONE Measuring Instrument Calibration Service

We issue documentation such as a calibration certificate, record of testing results, and a traceability diagram, and will advise on sale and recalibration of calibrated instruments!!

POINT 1	POINT 2	POINT 3
<b>Price</b> Easy-to-understand rate system 本カタログに校正付きの価格を掲載しています	<b>Delivery</b> Minimum of 7 days for new calibration 再校正の場合は別途お問い合わせください	<b>Management</b> Management of data on calibration history 校正時期がきましたら定期的にご案内することも可能です

Examples of instruments that we can calibrate		
<b>Thermometers</b>	<b>Voltage &amp; current measuring instruments</b>	<b>Electronic scales<sup>(1), (2)</sup></b>
温度・湿度測定器	抵抗・電力測定器	周波数・時間測定器
電源関連機器	発振器	回路素子・磁性体測定器
記録装置	環境測定器	光通信測定器
圧力計	質量・トルク	デジタル通信機器

<sup>1</sup> We may not be able to carry some instruments, depending on the manufacturer. Please feel free to inquire.  
<sup>2</sup> We only provide onsite calibration for electronic scales (You can select from two options: JCSS calibration and general calibration).  
<sup>3</sup> We will calibrate electronic scales onsite, regardless of the manufacturer! You can reduce the work of submitting a request to each manufacturer.

A calibration center will be established by year-end.



# Initiatives to Improve Profitability

**1.1 percentage point increase  
in operating margin**

11.3% ⇒ Full-year goal: 12.4%

## Reduction in COGS

- Revision in pricing structure for imported or private brand products
- Optimization of procurement routes
- Partnerships with suppliers

## Added value

- Provision of added value such as pre-shipment inspection
- Service enhancement
- Strengthening sales skills
- Use of digital technology

## Reduction in other expenses

- Optimization of delivery and inventory allocation
- Diligent use of AI and RPA (to reduce operations by half)
- Concerted cost-reduction efforts

## Gross margin YoY

up **0.7** pt. 

## SG&A expenses YoY

down **0.4** pt. 

## Reference Data

# Building a New Location Aimed at ¥100 Billion in Net Sales

**Will begin operations in May 2020  
(scheduled date)**



First and second floor for lease  
Total floor space: Approx. 52,893 m<sup>2</sup>

Existing Osaka Logistics center: 25,300 m<sup>2</sup>  
Existing Tokyo Logistics center: 23,700 m<sup>2</sup>

- ◆ Tokyo Logistics center (Saitama) will continue to be used mainly for storage
- ◆ Relocation project team formed

- ◆ Planned investment in material handling equipment:

**Approx. ¥5 billion**

Fixed-rate depreciation

- ◆ Approximate total floor space on the first and second floors: **52,893 m<sup>2</sup> for lease**
- ◆ Operation scheduled to begin in May 2020
- ◆ Will double shipping capacity (compared to existing Tokyo BC)



**Achieve maximum efficiency**



Inage-ku, Chiba City, Chiba Prefecture

# Receiving & Shipping Process 70% Automated

Existing center  
30%

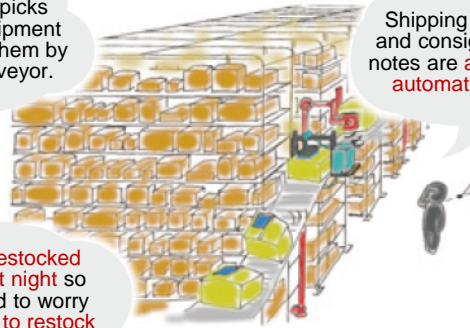
1

Manual labor reduced and safety increased by fully automating case shipment and fully automated operation at night as well

The system automatically picks products for shipment and transports them by automatic conveyor.

Shipping labels and consignment notes are attached automatically.

Products are restocked automatically at night so there is no need to worry about forgetting to restock during the day.



2

Fixed-point picking = An increase in operating efficiency by maximizing the latest in GTP\*

※Goods to person

There is no backlog, and adding people will increase the processing rate even more.

Fixed-point picking is expanded.

Fixed-point picking means that the worker does not need to walk over to pick an item; the items are automatically passed in front on the worker.

No walking reduces fatigue.

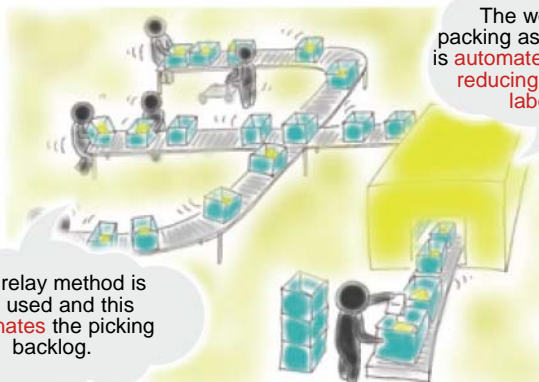


3

Automation of assortment packing reduces the backlog and saves space.

The work of packing assortments is automated, thereby reducing manual labor.

The relay method is not used and this eliminates the picking backlog.

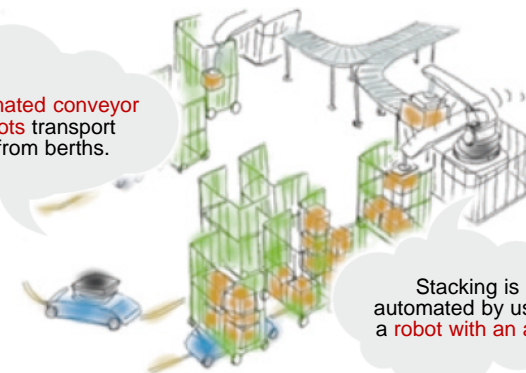


4

The process is fully automated by using robots for automatic conveyance and automatic picking.

Automated conveyor robots transport to/from berths.

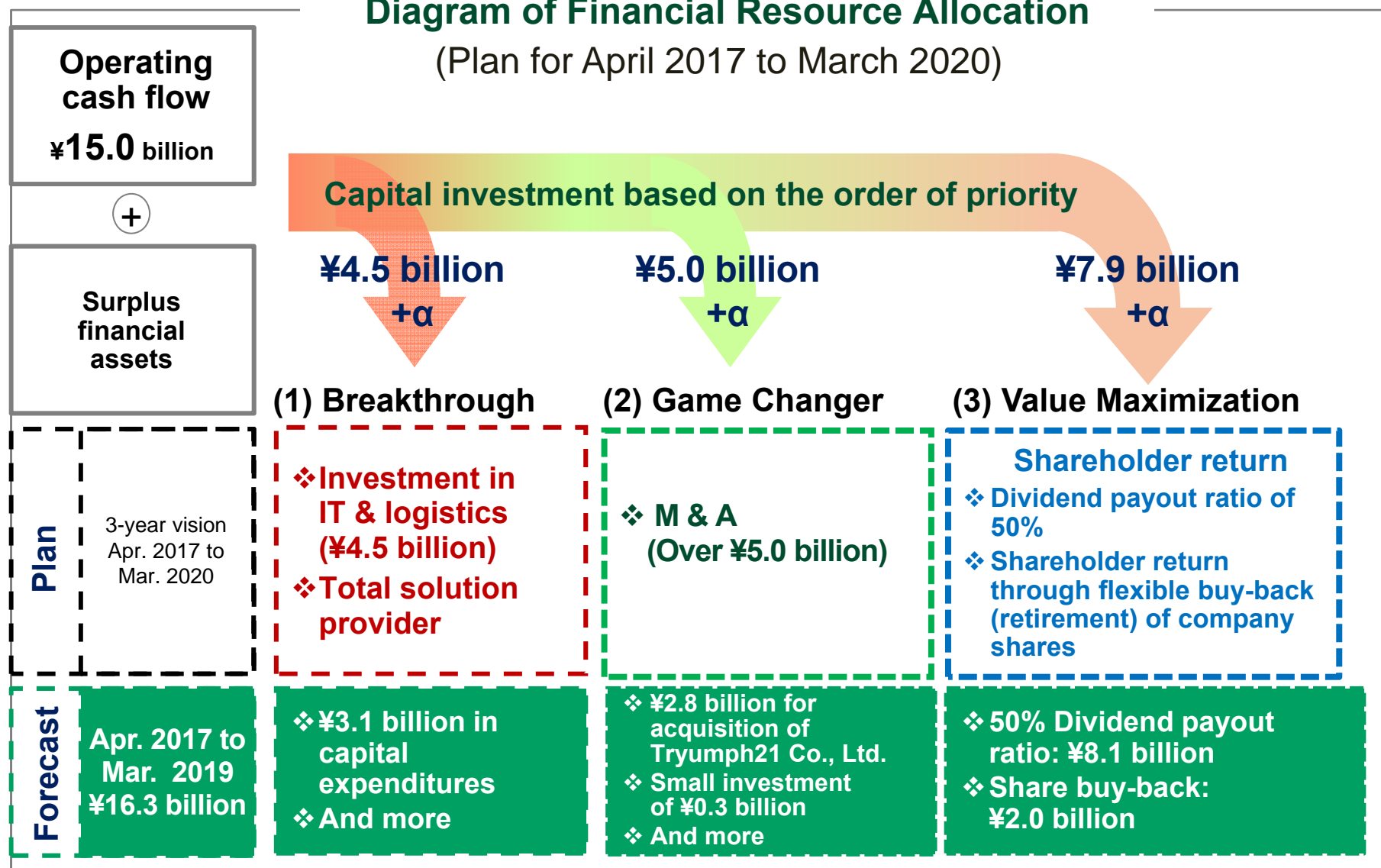
Stacking is automated by using a robot with an arm



# Financial Resources

## Diagram of Financial Resource Allocation

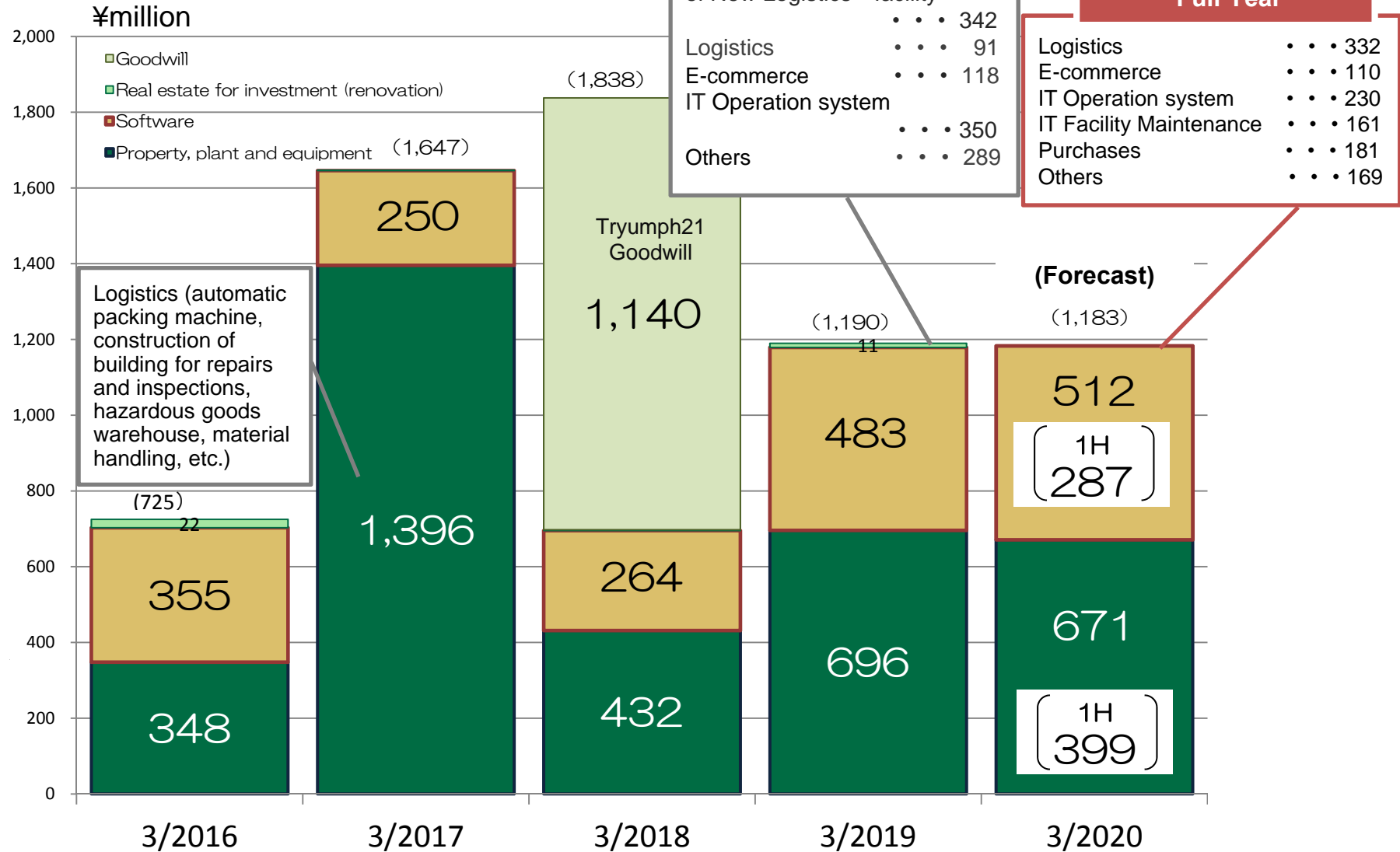
(Plan for April 2017 to March 2020)



# Investment Activities

Forecast

- Strengthen IT infrastructure for logistics. Make operational improvements.

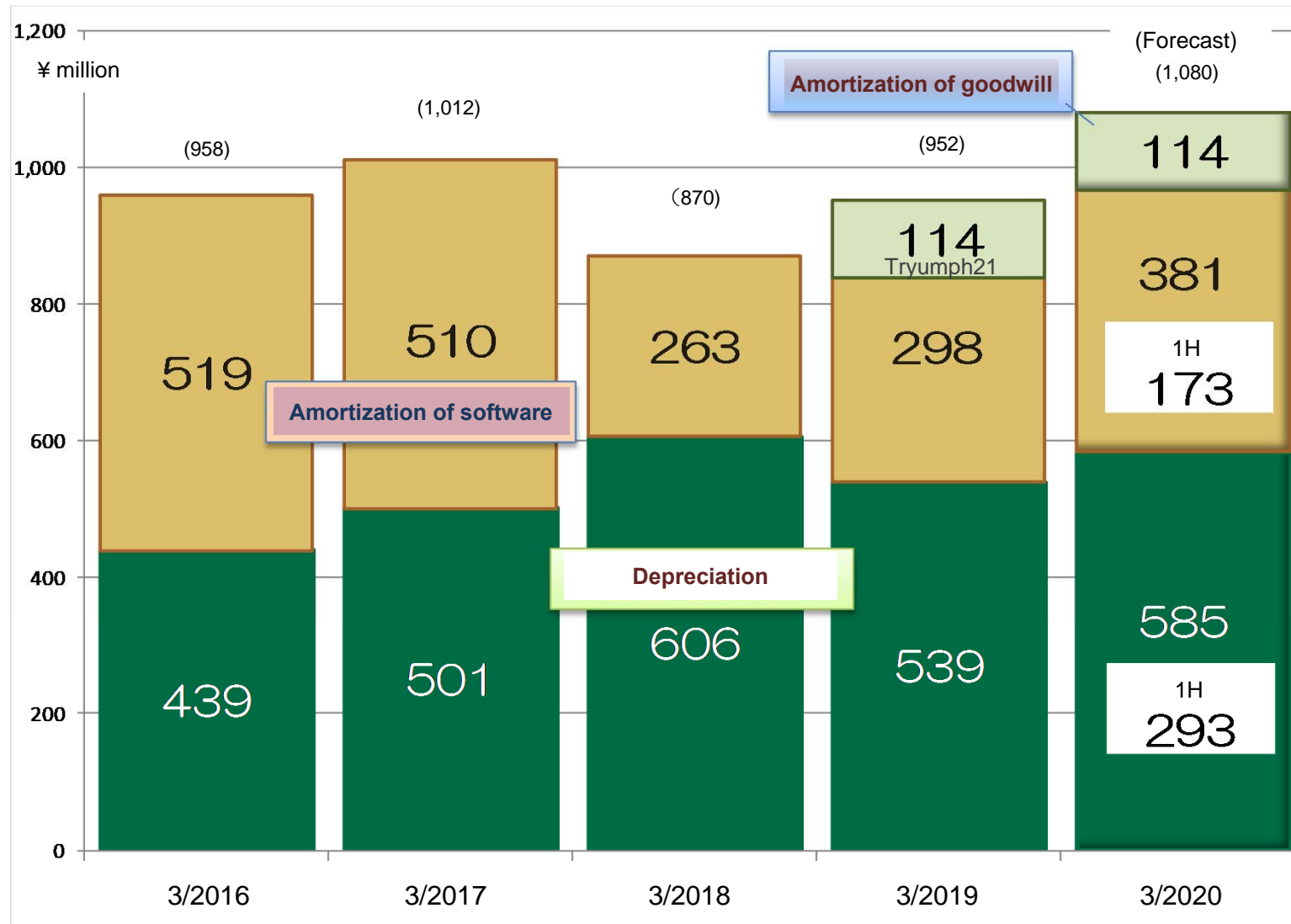




# Amortization & Depreciation Costs

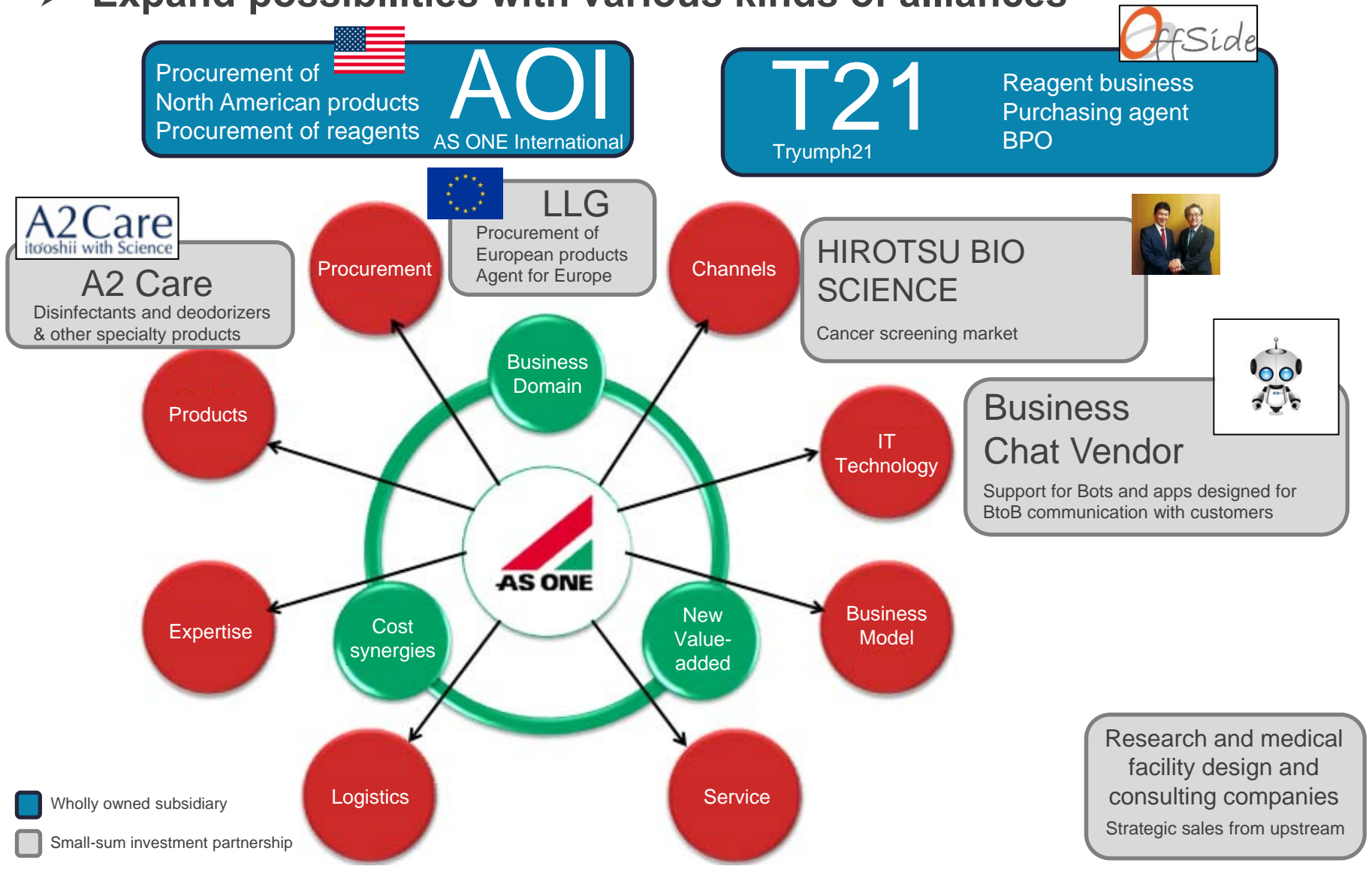
Forecast

- Stable at around ¥1 billion. We project an increase in depreciation from fiscal year ending March 31, 2021 accompanying the ¥5 billion investment in the distribution facility, which will be depreciated at a fixed rate.



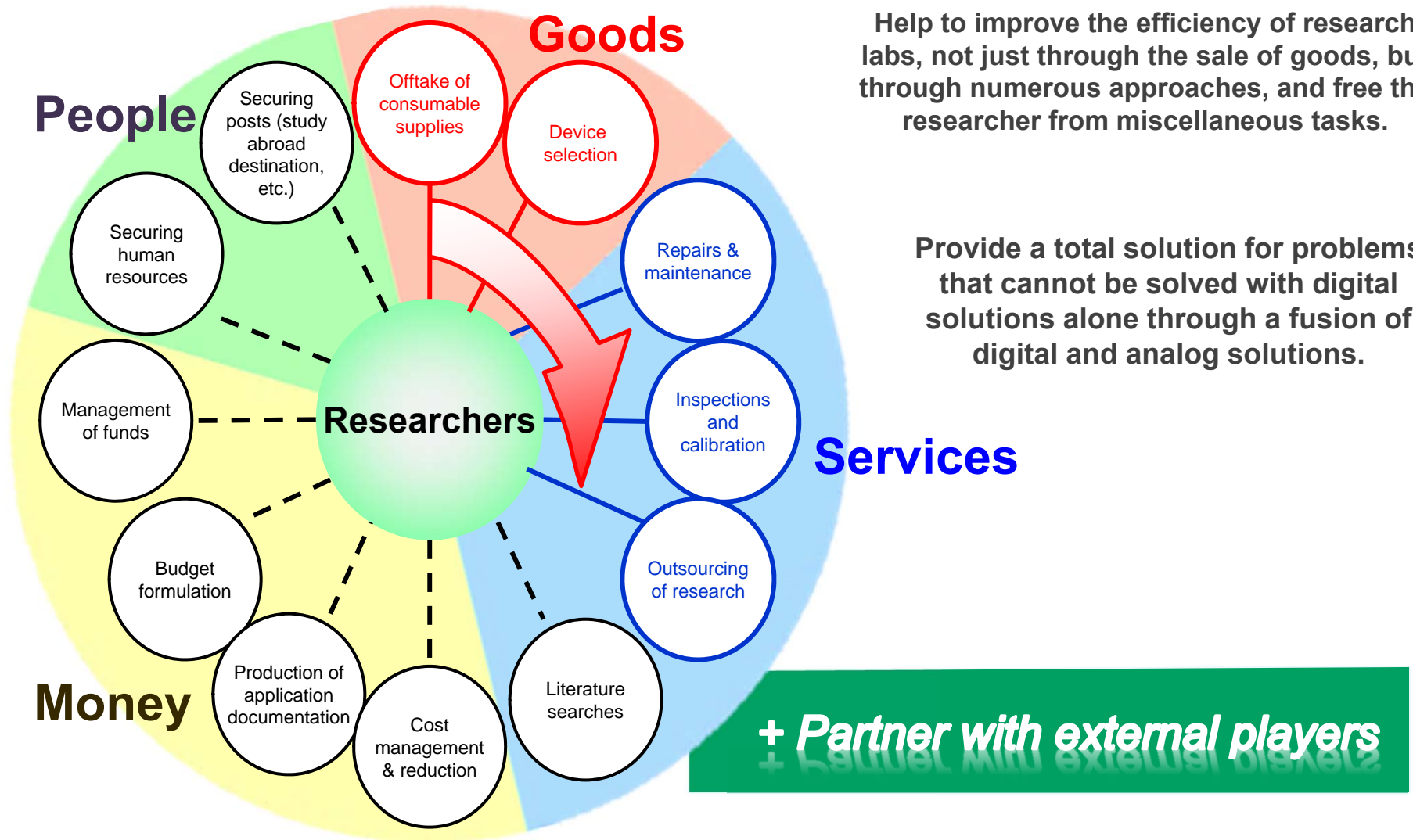
# New Leaps Forward through M&A and Alliances

➤ Expand possibilities with various kinds of alliances



# Becoming a Total Solution Provider for Research Centers

- **Contribute to all of the environments surrounding the researcher**



Help to improve the efficiency of research labs, not just through the sale of goods, but through numerous approaches, and free the researcher from miscellaneous tasks.

Provide a total solution for problems that cannot be solved with digital solutions alone through a fusion of digital and analog solutions.

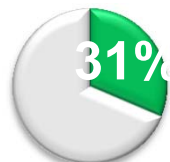
# Market Environment ~ A big chance in a huge market ~

The whole science instrument market

The whole medical instrument market



AS ONE's share in the wholesale market



(Market value: ¥128.8 billion)

Clear dominant share in our main field



AS ONE's share in the wholesale market

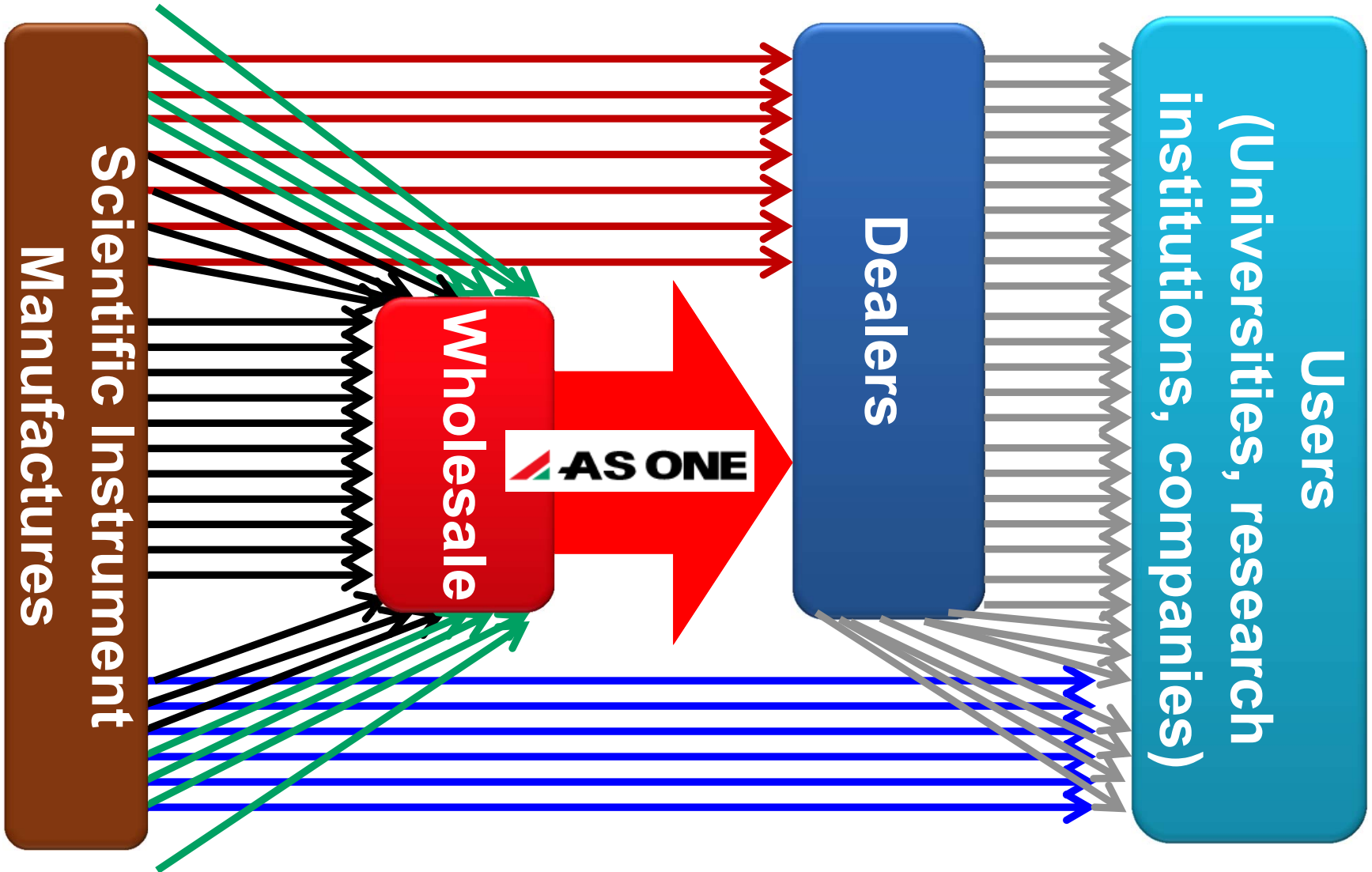


(Market share: ¥183.3 billion)

(Investigation of 2014)

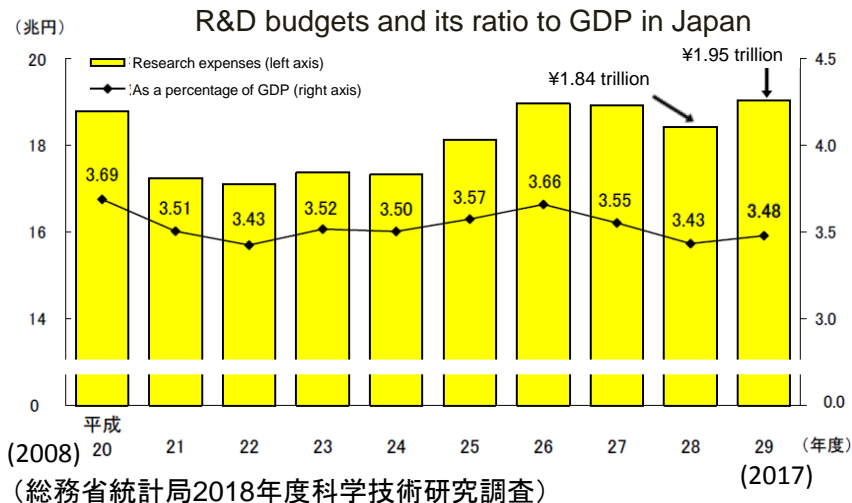
**The “AS ONE” brand has been established firmly in specialist fields.  
There is plenty more room for us to grow.**

# AS ONE's Position in Japan's Scientific Instrument Wholesale Market

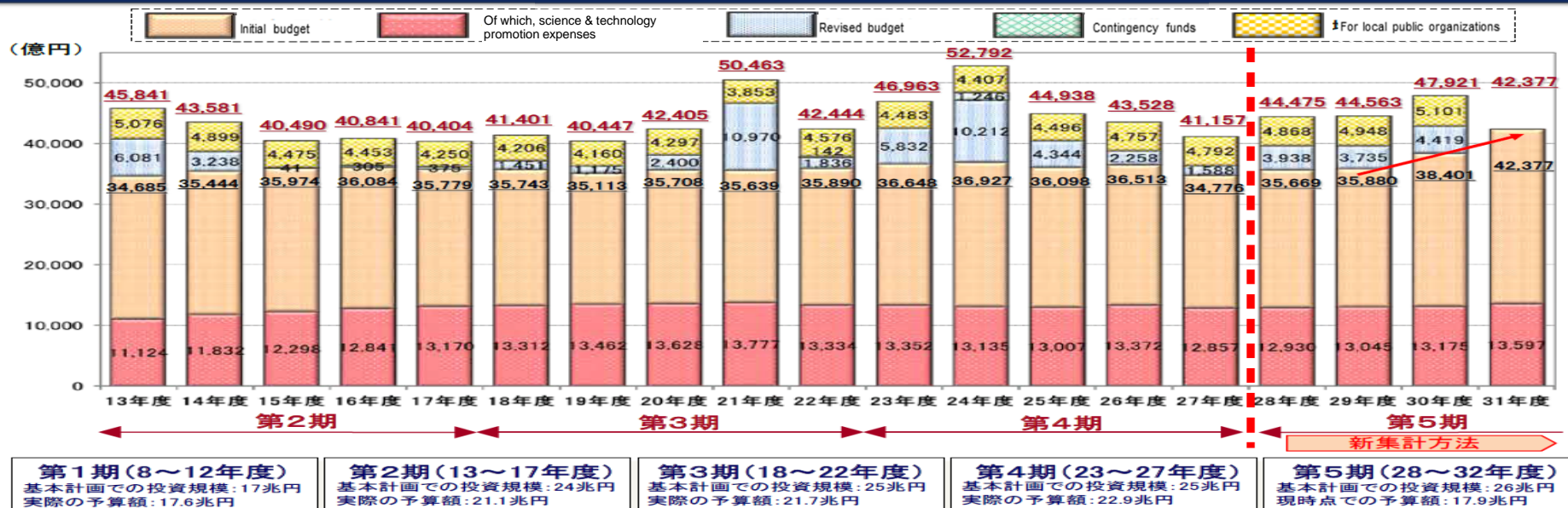




# (Reference) Japan's Research Costs and Budget



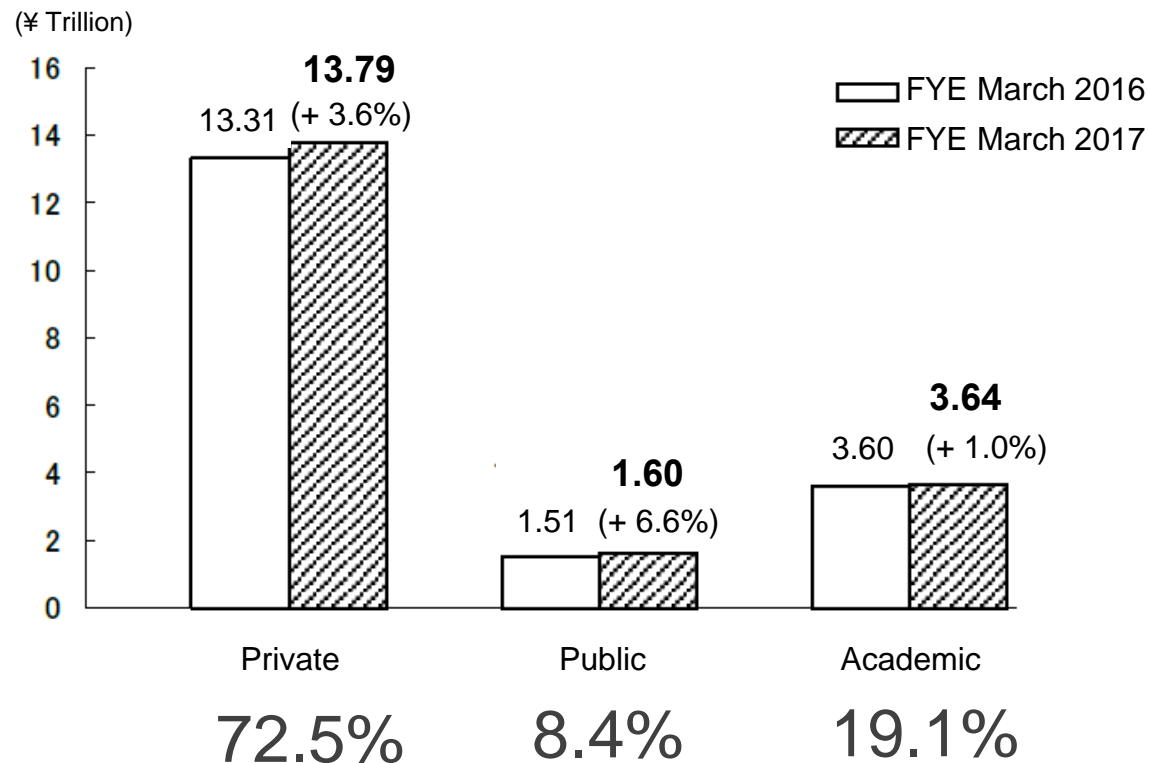
## Government budgets for R&D



内閣府: 科学技術政策 2019年度当初予算案及び2018年度補正予算について(2019年1月)より <https://www8.cao.go.jp/cstp/budget/h31yosan.pdf>

# (Reference) R&D Expenses in Japan (Including Labor Cost)

## R&D expenses per sector (vs. FY/'16)



## G7's, China's, S Korea's and Russia's R&D expenses and GDP ratio

Country	R&D expenses (\$100M)	Vs. GDP	Year
JAPAN	1 913	3.48	2017
CANADA	262	1.53	2017
FRANCE	622	2.25	2016
GERMANY	1 182	2.93	2016
ITALY	299	1.29	2016
UK	472	1.69	2016
USA	5 111	2.74	2016
CHINA	4 512	2.11	2016
S KOREA	794	4.23	2016
RUSSIA	399	1.10	2016

(Report on the Survey of Research and Development 2018, Statistics Bureau, Ministry of Internal Affairs and Communications  
<https://www.stat.go.jp/data/kagaku/kekka/yoyaku/pdf/30yoyak.pdf> )