



Fiscal year ending December 2013
Six months (January – June)
Business Results

August 1, 2013

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2013

(Millions of yen)

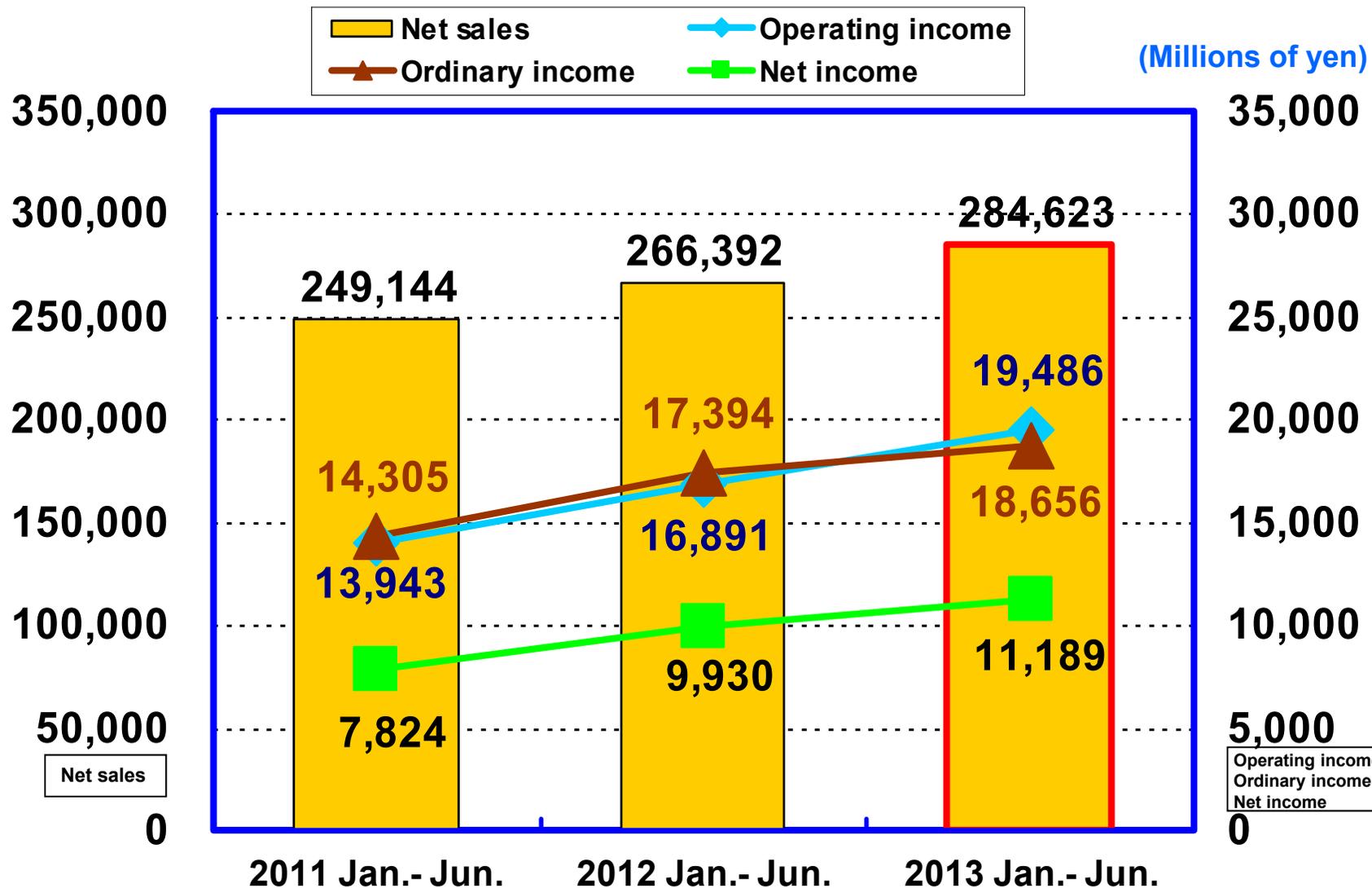
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	284,623	102.8%	+6.8%	264,141	103.2%	+7.5%
Operating income	19,486	107.7%	+15.4%	17,790	107.2%	+16.2%
Ordinary income	18,656	101.6%	+7.3%	18,274	107.7%	+16.3%
Net income	11,189	104.0%	+12.7%	11,456	113.9%	+29.2%

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2013 Jan.- Jun. Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	235	3,486
	Net plan Co., LTD	Electronic communications construction and interior construction	94	4,165
	Alpha System Co., LTD.	Consigned software development and ERP consulting business	166	884
	Net World Corporation	Sales and technology support for network-related equipment	328	29,348
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	325	2,126
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	316	2,451
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	23	260

Consolidated

Net sales and Profits



External Environment

The domestic economy is moving toward a recovery.

Weak recovery in the global economy and weak movement in Europe. The economy in emerging countries slowed down and the U.S. economy remained on a gradual recovery path.

The strong yen is being corrected, stock prices rose, a trade deficit was recorded in imported raw material prices, electricity prices increased and production was up moderately.

Investment in facilities and equipment has bottomed out.

Corporate earnings improved centered on manufacturing.

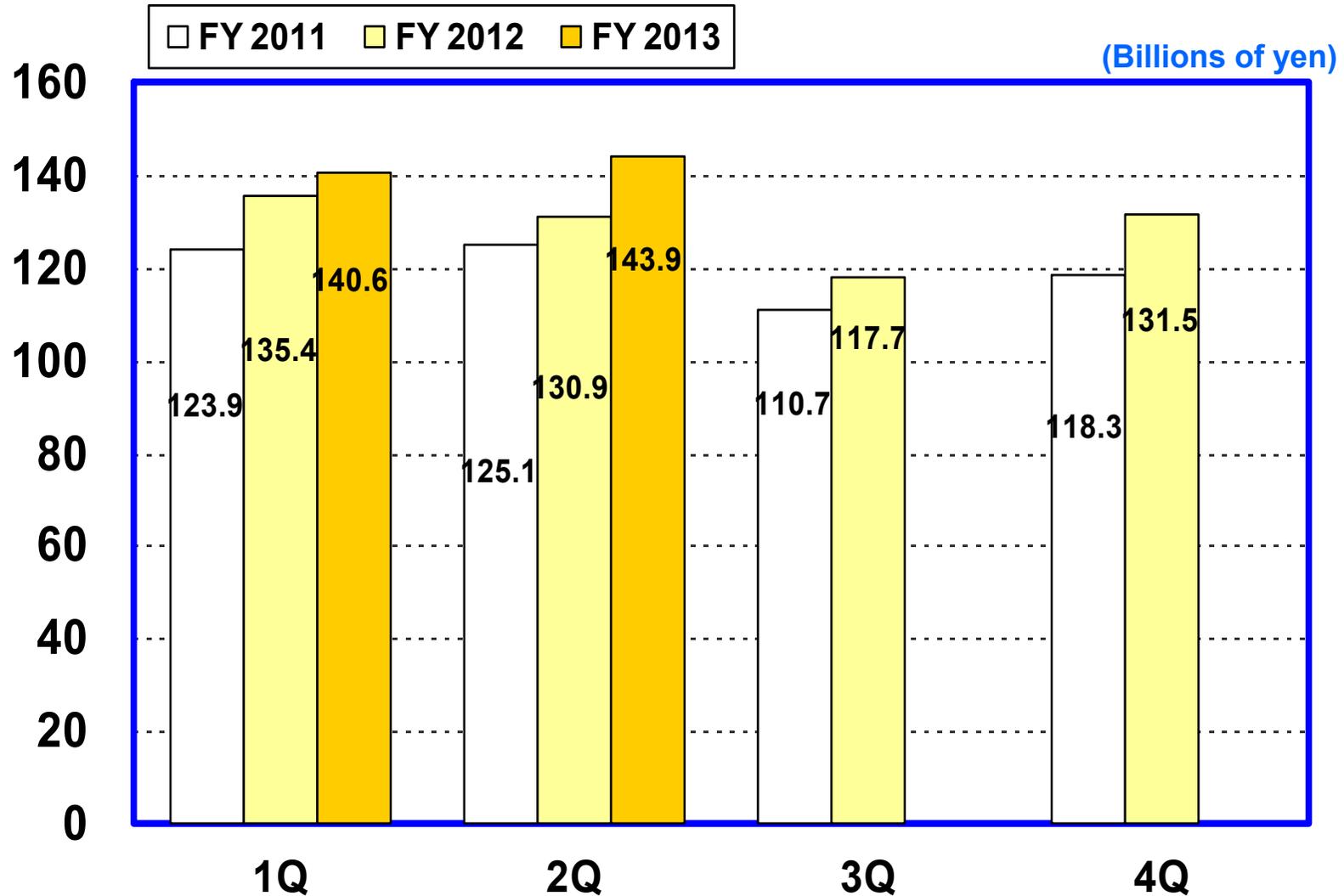
IT investments achieved steady growth.

OTSUKA Group's Activities

- **Corporate budget was increased for the second quarter.**
- **Collective efforts were made throughout the company.**
- **Strengthening of customer contact and frontline**
- **Strengthening of accumulated business: “tanomail” and “tayoreru”**
- **BCP measures and proposals for reducing power consumption**

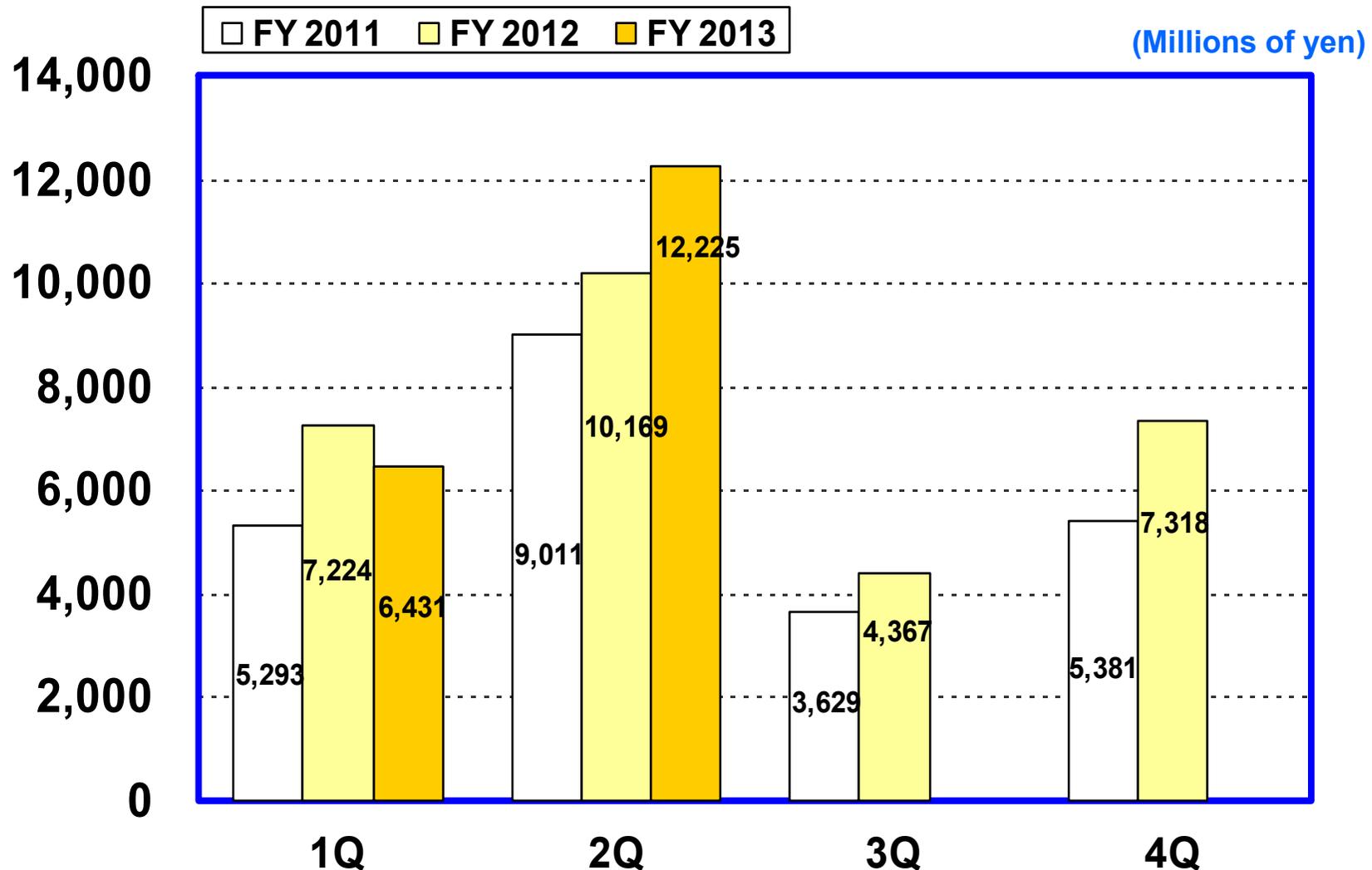
Consolidated

Quarterly change of Net sales



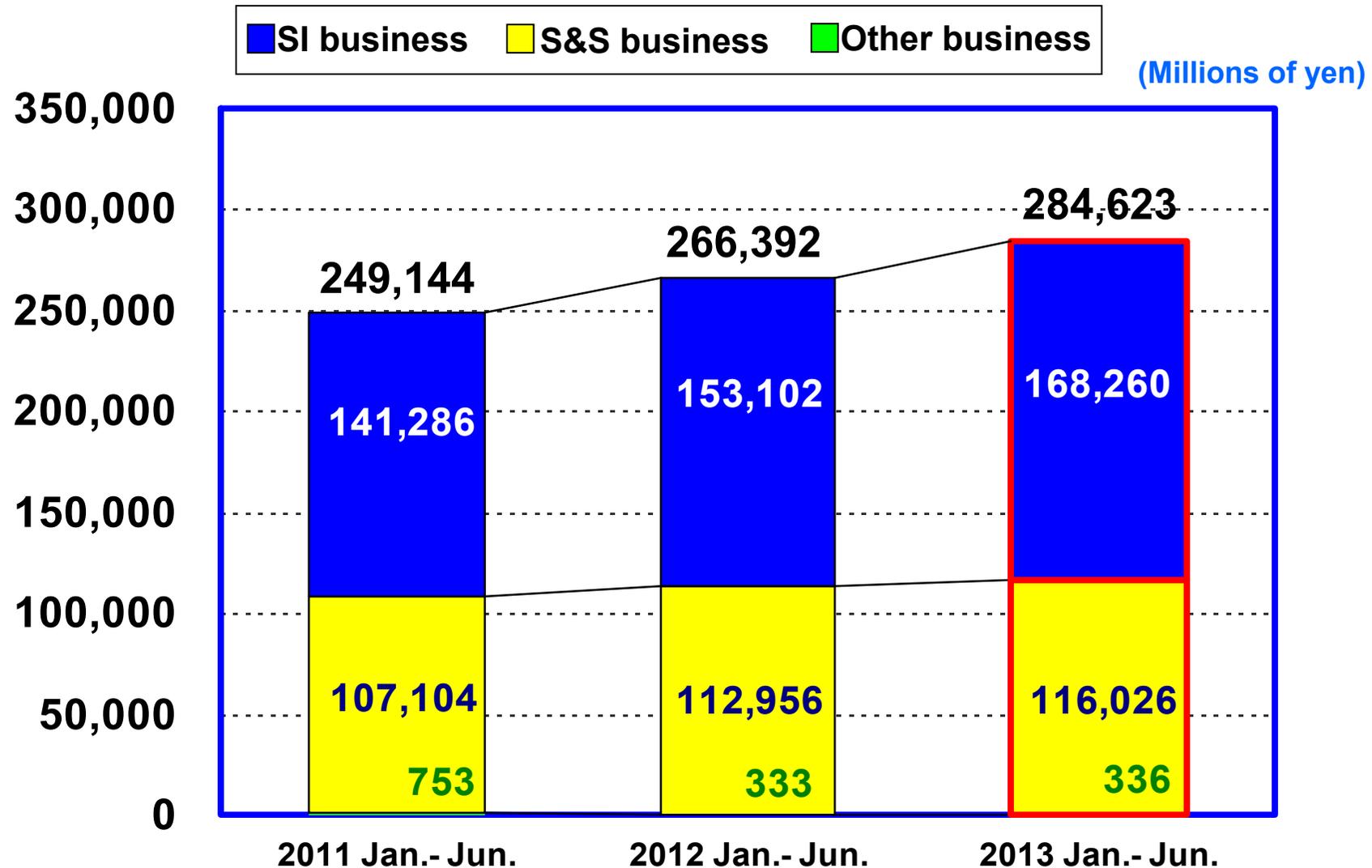
Consolidated

Quarterly change of Ordinary income

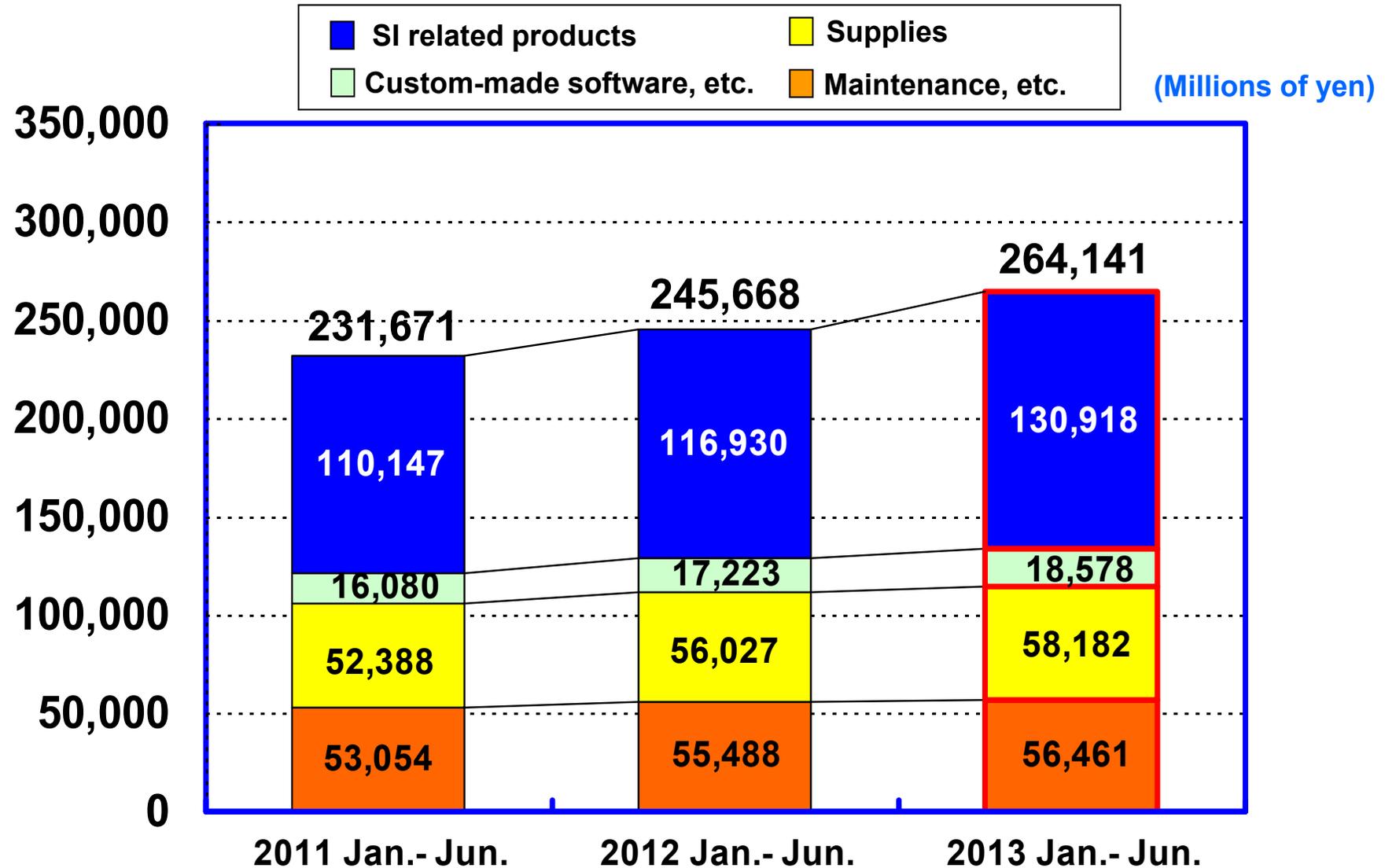


Consolidated

Net sales by segments

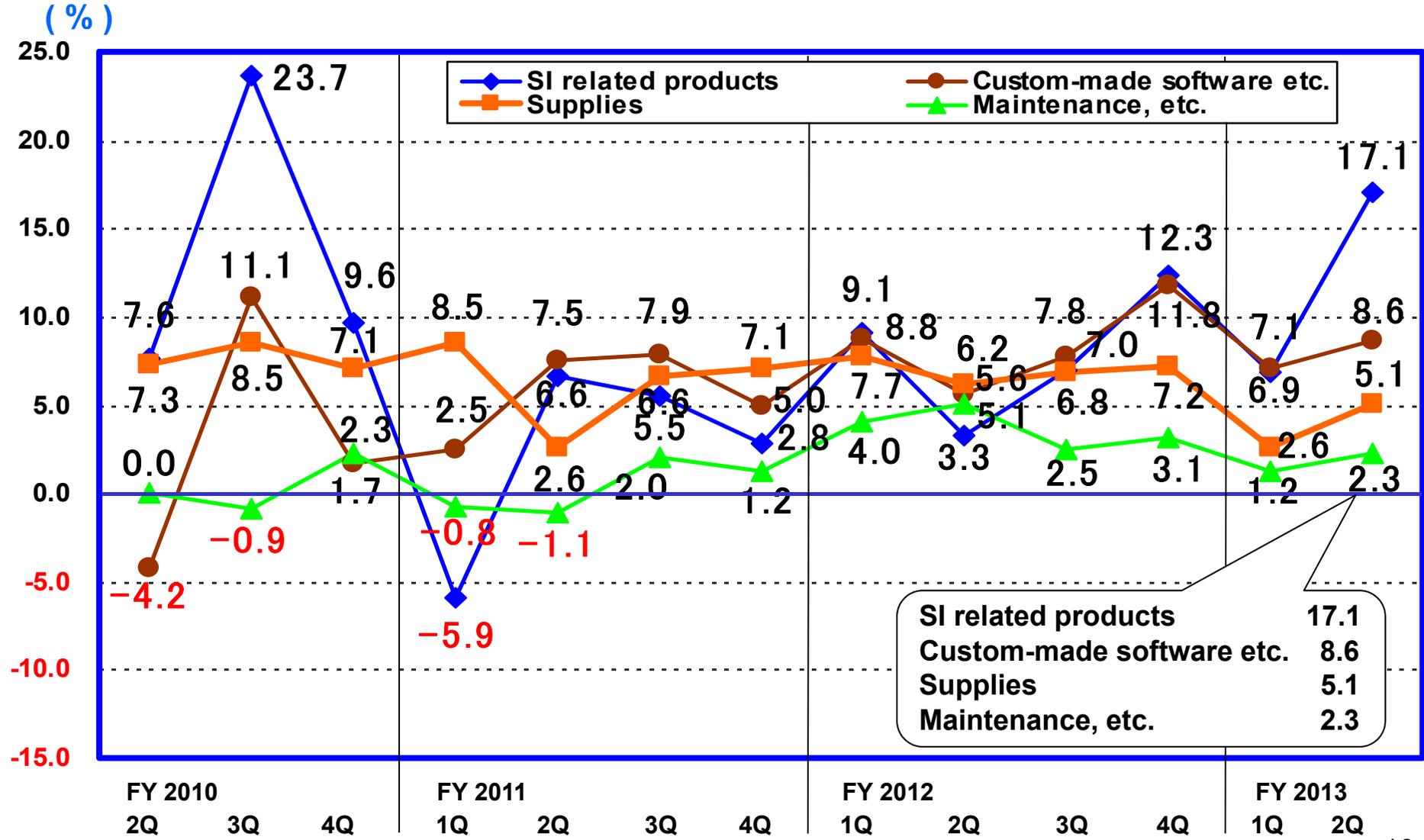


Net sales by 4 segments



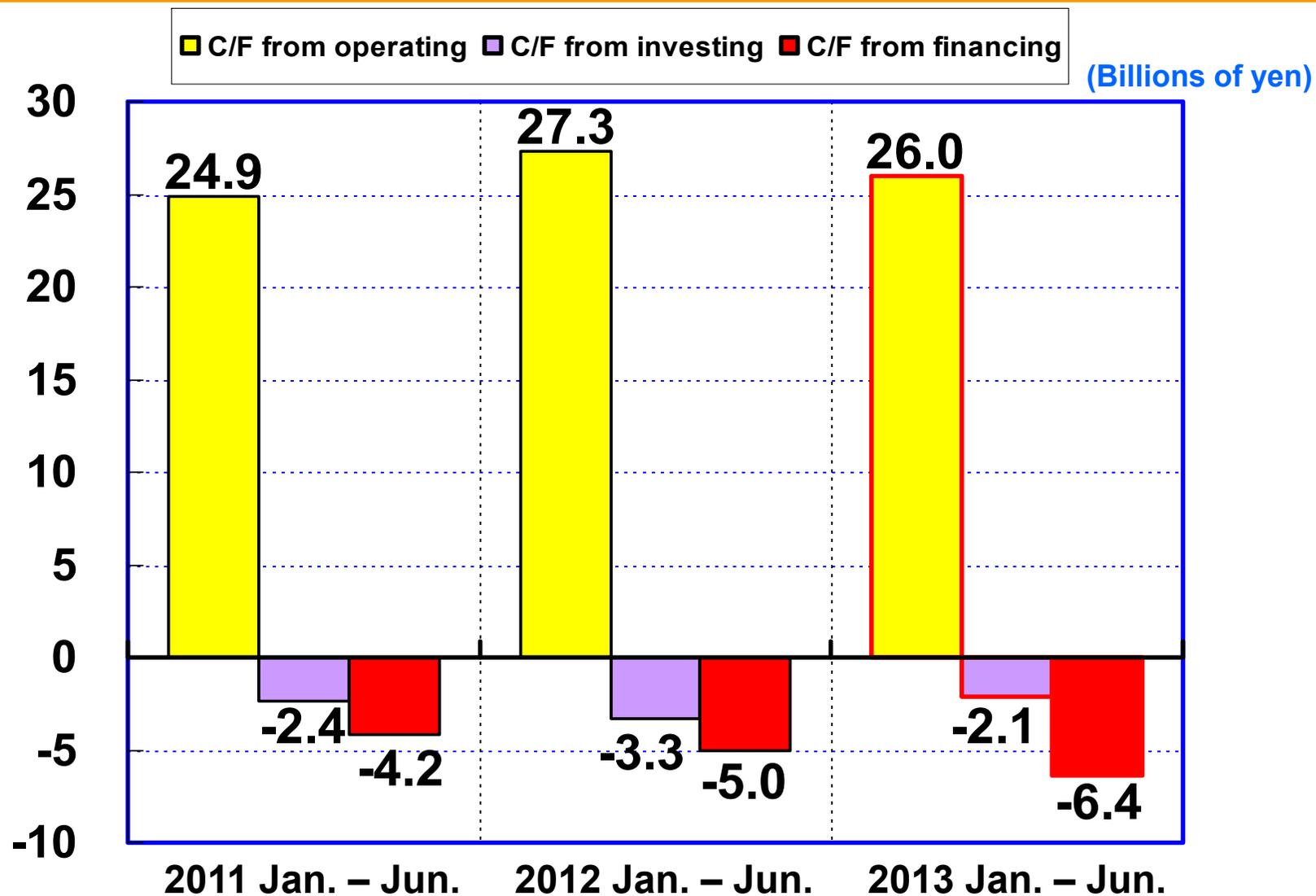
Non-Consolidated

Quarterly Net Sales by 4 segments (% change year-on-year)



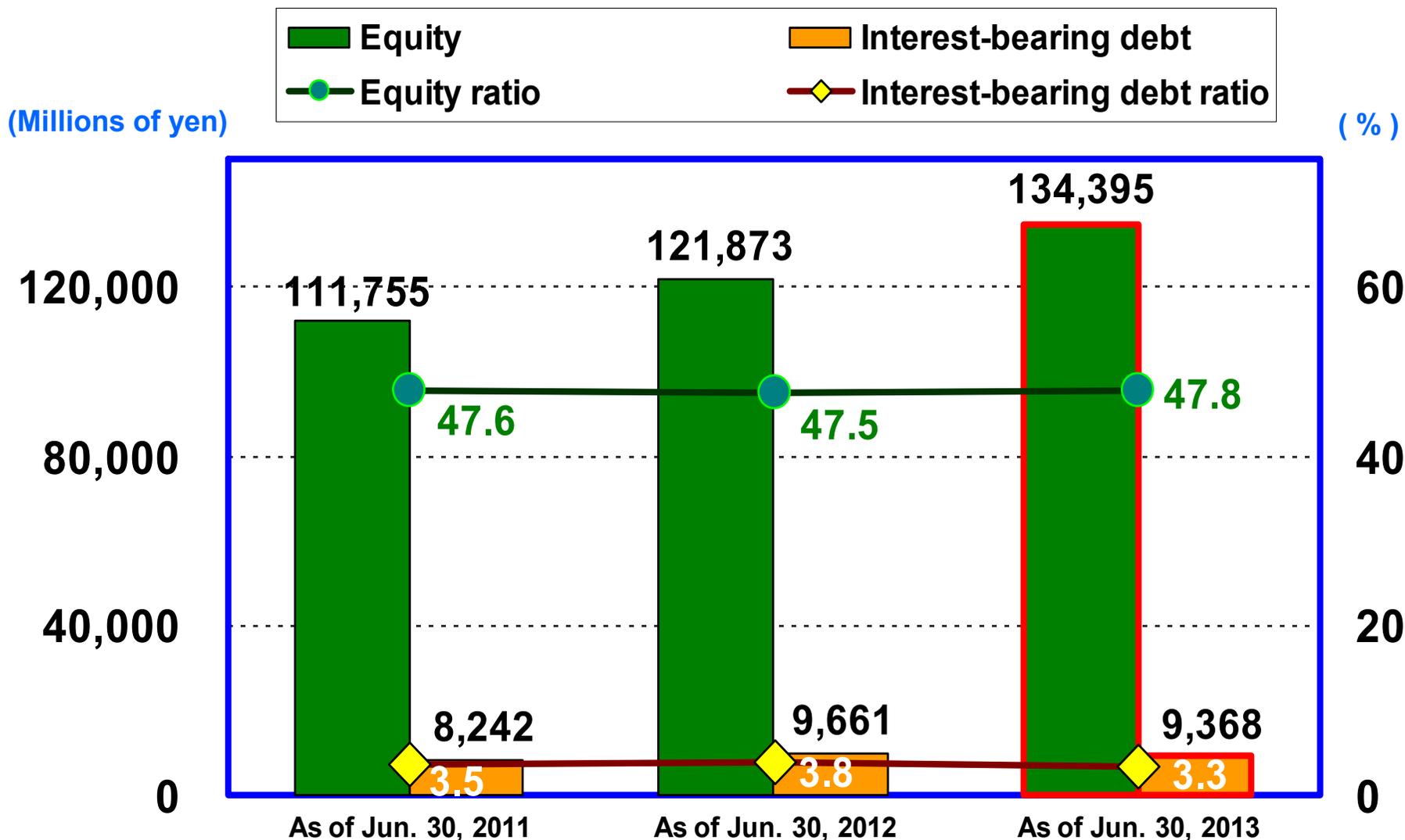
Consolidated

Cash flows



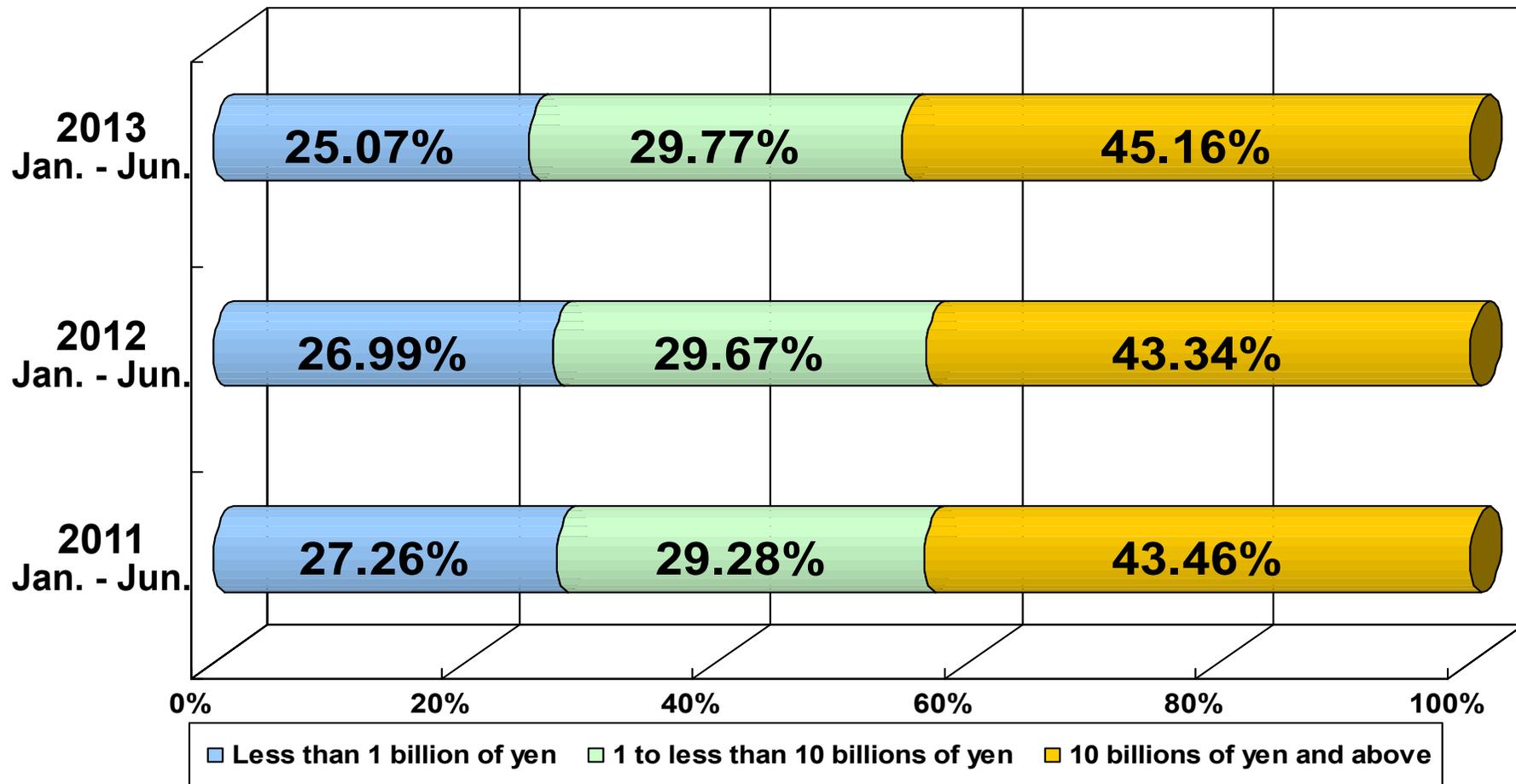
Consolidated

Equity and Interest-bearing debt



Non-Consolidated

Net sales structure on customers' total annual business scale

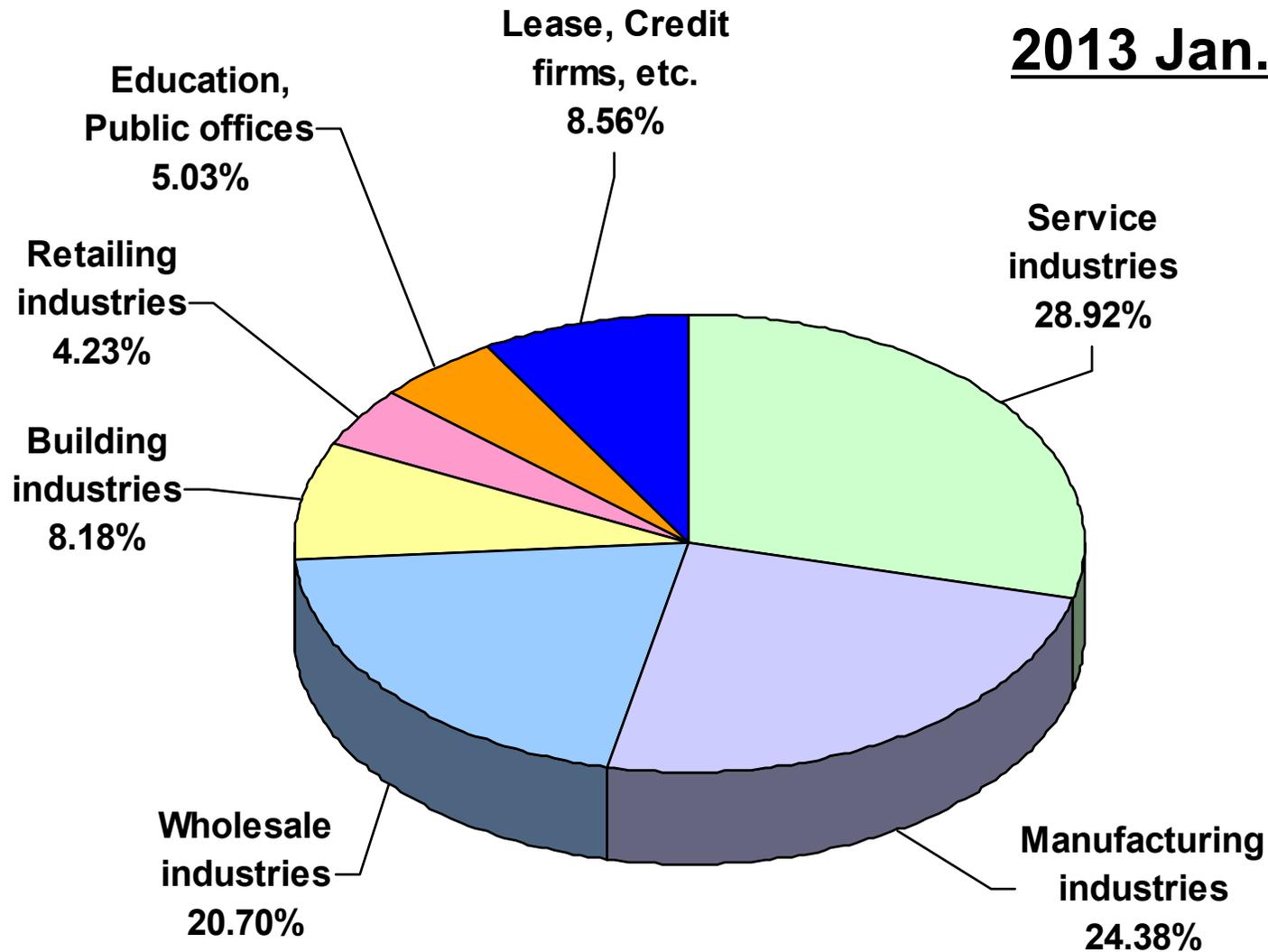


* "Less than 1 billion yen" includes public offices.

Non-Consolidated

Sales breakdown by customers' type of industry

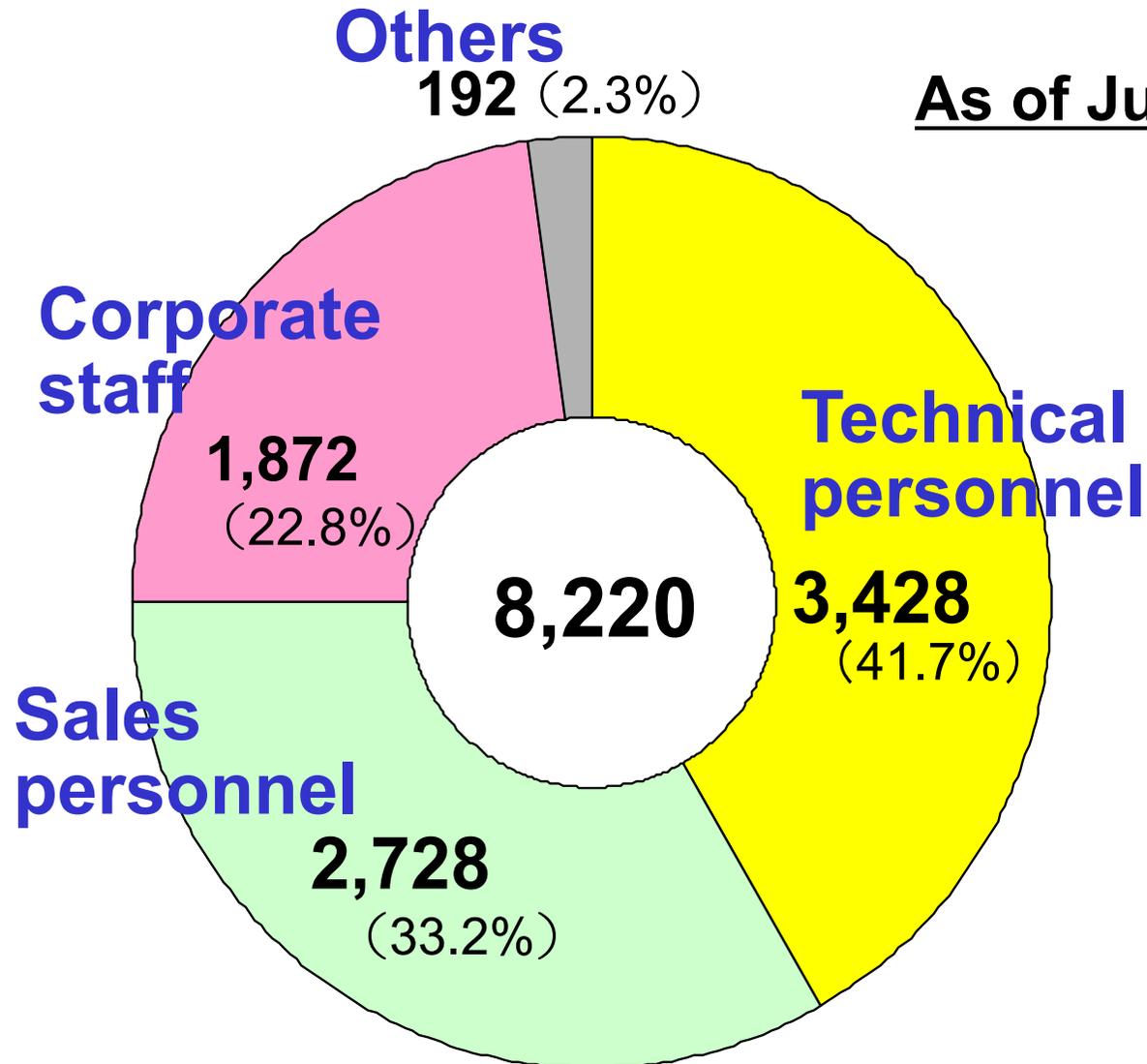
2013 Jan. – Jun.



Consolidated

Personnel organization (regular employees)

As of Jun. 30, 2013





Key strategic business

<Amount of Sales>

(Millions of yen)

	2011 Jan. – Jun.	2012 Jan. – Jun.		2013 Jan. – Jun.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	54,240	58,749	+8.3%	61,373	+2,624	+4.5%
SMILE	4,252	4,847	+14.0%	5,941	+1,093	+22.6%
ODS21	22,340	23,410	+4.8%	24,538	+1,128	+4.8%
OSM	24,509	25,323	+3.3%	25,777	+454	+1.8%

(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

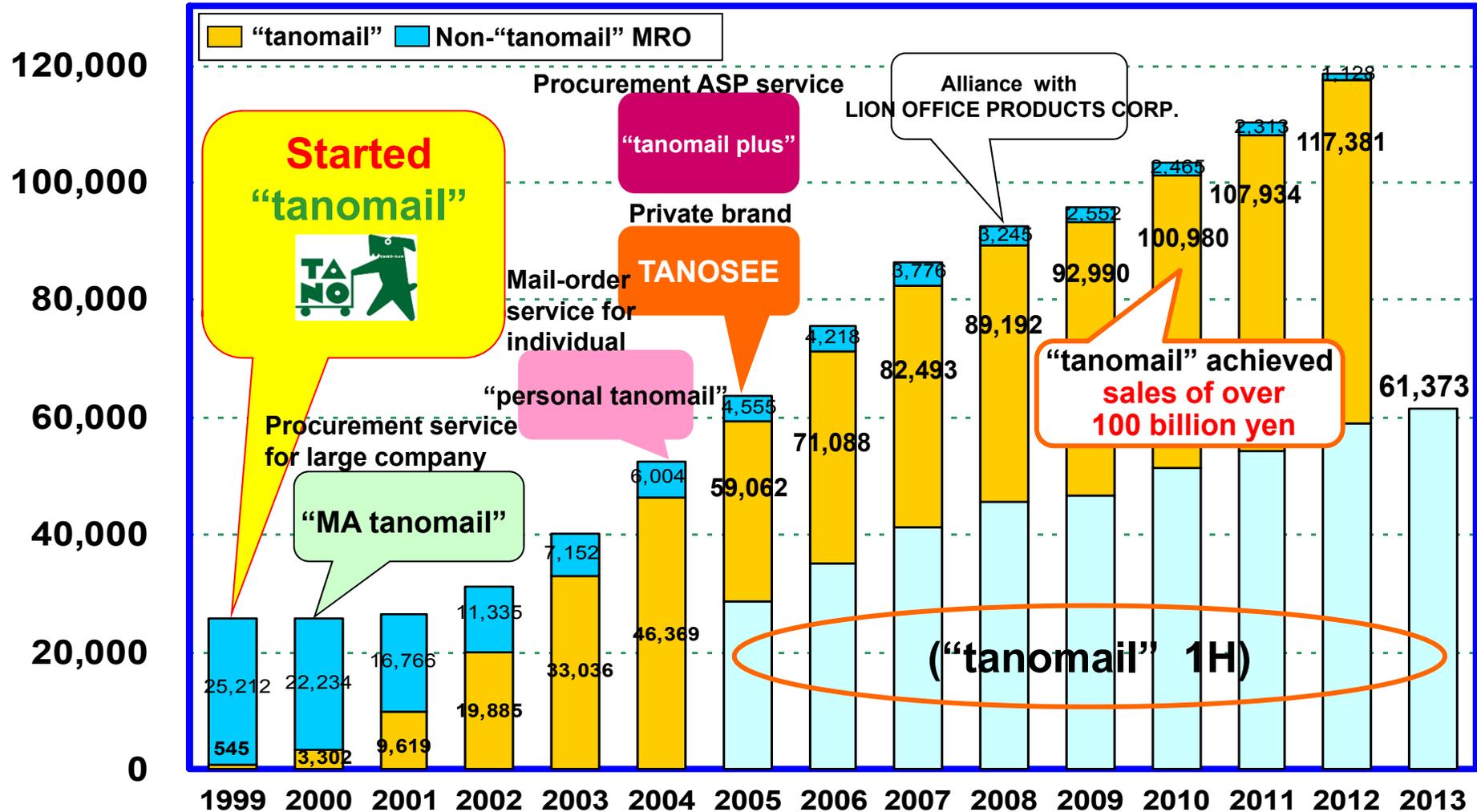
<As reference: Number of Sales>

(Units)

Copier	16,196	17,733	+9.5%	19,430	+1,697	+9.6%
(of which Color copier)	13,324	15,008	+12.6%	17,044	+2,036	+13.6%
Server	19,537	19,794	+1.3%	18,385	-1,409	-7.1%
PC	352,385	361,177	+2.5%	435,312	+74,135	+20.5%

Annual sales transition of "tanomail"

(Millions of yen)



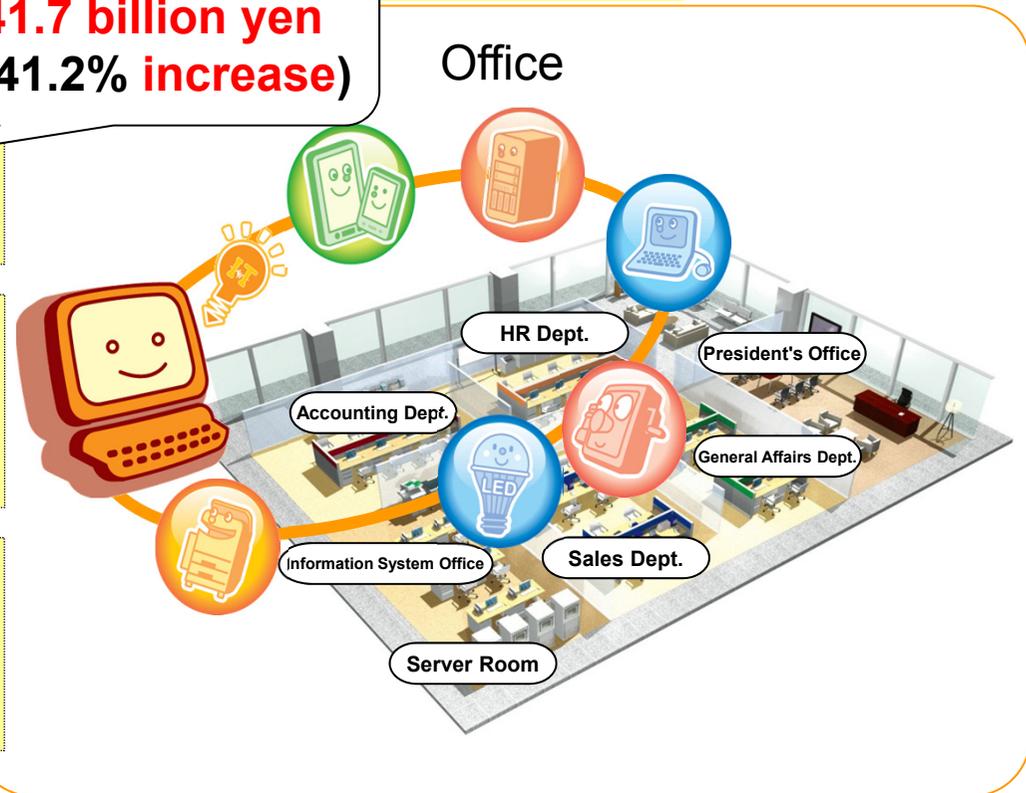
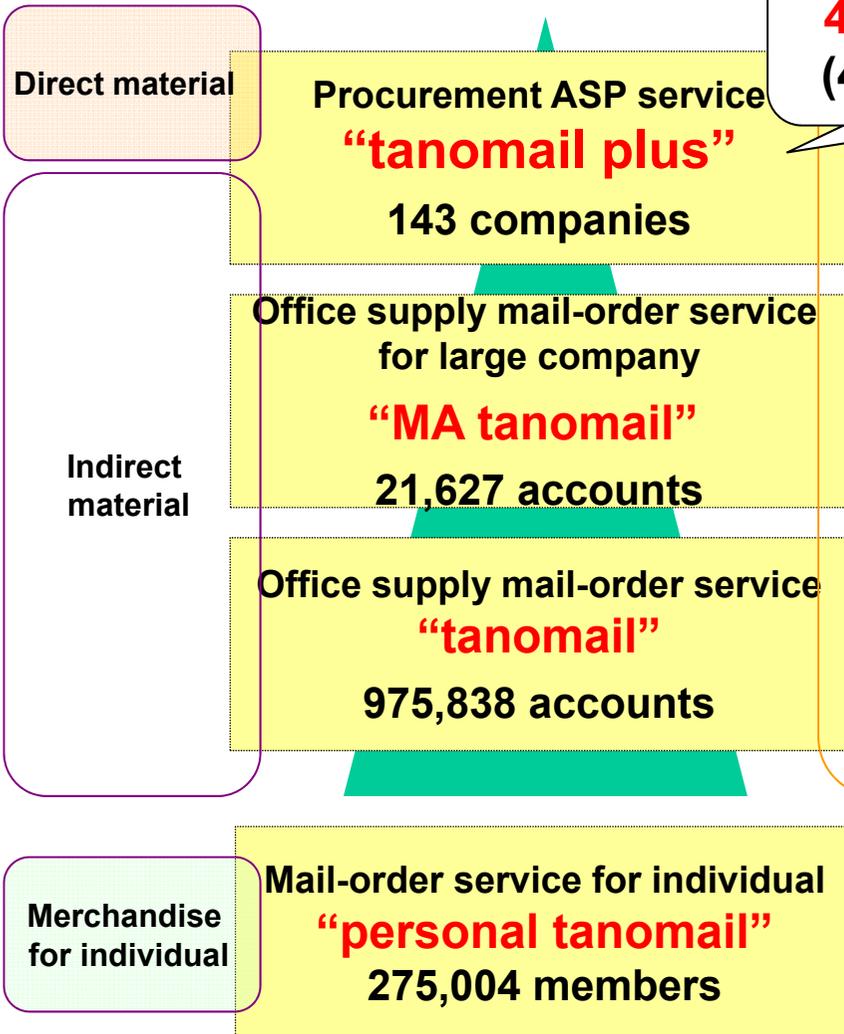
Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2013)

1H Pass-through amount <customer>

41.7 billion yen
(41.2% **increase**)



Corporate employees, general individuals

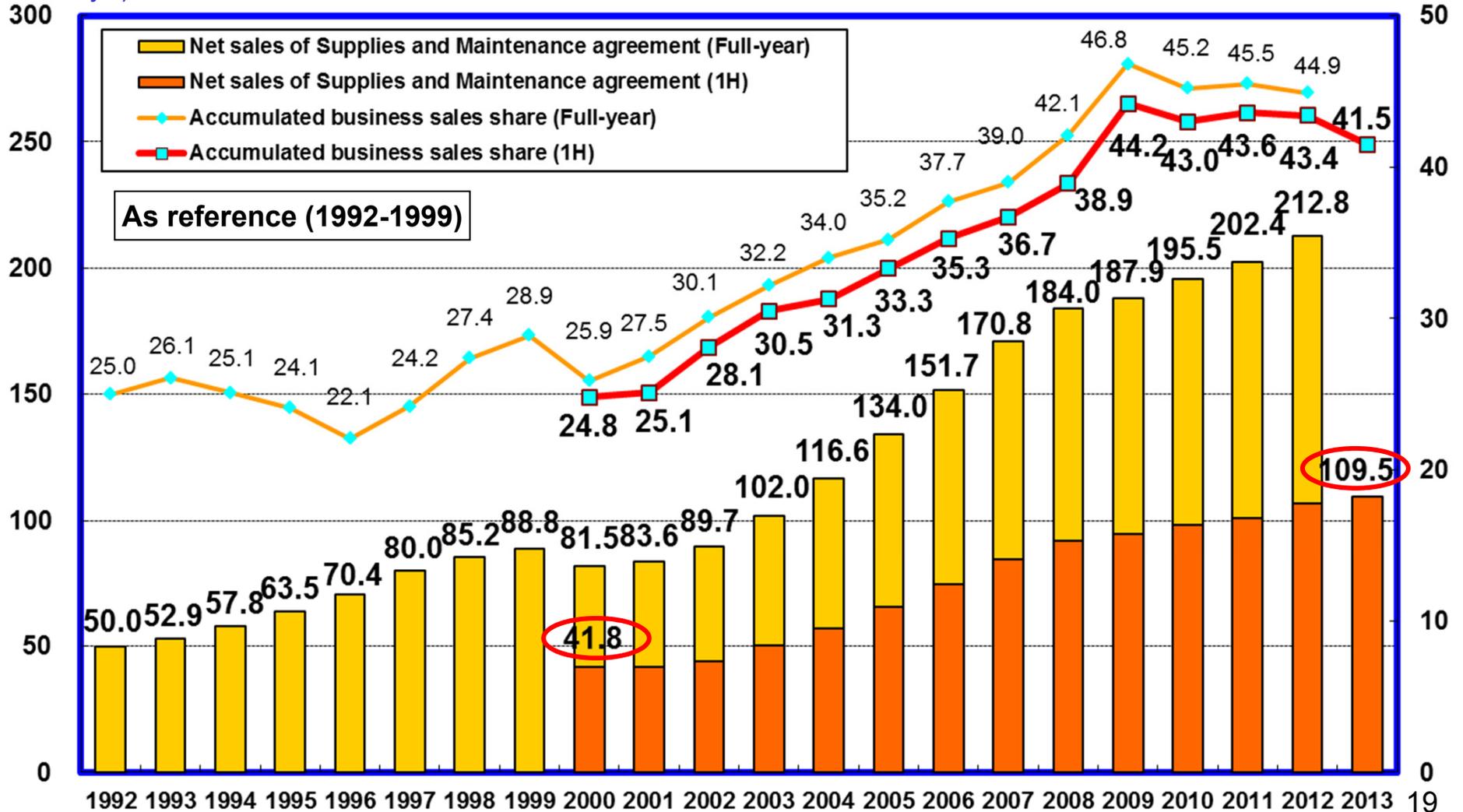
Growth of accumulated business

Net sales of Supplies and Maintenance agreement

Net sales of Supplies and Maintenance agreement (Billions of yen)

Accumulated business sales share

Accumulated business sales share (%)



Future Plans

The Basic Principle and Mid-Term Plans

< Basic principle >

- **Grow with customers by realizing the Mission Statement**

< Mid-term plans >

- **Workforce basically remains flat**
- **Strive to expand business by increasing revenues and profits**

Aim to achieve 7% in operating income to net sales ratio and ordinary income to net sales ratio

- **Cultivate new demand by utilizing customer information**
- **Effective use of people/materials/money to improve per head productivity**

IT Market in 2013

- **Strong demand by companies for IT utilization**
- **Replacement by purchase and upgrade demand**
- **Expansion of mobile and tablet device market**
- **Power supply constraints, price increases and energy-saving needs**

Policies and Measures in 2013

< Slogan >

“Live up to customers’ trust from a customer viewpoint and vitalize office with IT”

- **Strengthen customer contact by placing greater emphasis on one-stop solutions and one-stop support**
- **Identify IT needs and needs for saving energy**
- **Deepen ties with existing customers while cultivating new customers**
- **Promote comprehensive proposals and combined system proposals**
- **Strengthen accumulated business**

Business Activities That Give Considerations to the Environment

Responsibility as a “company that understands offices the most”

- **“TANO-kun” Forest**
- **Eco-friendly Yokohama Building**
- **Use of eco-friendly items such as hybrid cars**
- **Various solutions to reduce electricity consumption**



“TANO-kun” Forest



- The Macapá **savanna district**, OTSUKA’s reforestation area, is situated right on the equator and is located 2,650 kilometers to the north of São Paulo in Brazil.
- Planted **170,000** Tasmanian blue gum trees encompassing a **150-hectare** land area (equivalent to area of 32 Tokyo Domes)
- Tasmanian blue gum trees will grow in six years
- **Scheduled to expand area to 500 hectares by 2017 (roughly equivalent to half the area of Chuo Ward in Tokyo)**

Yokohama Building That is Friendly to the Environment

< Basic Policy >

- Office building that contributes to creating a city and is admired by the local community
- Comfortable office building that is easy to use
- Environmentally friendly office building



LED lighting used across the building:
Installed 6,201 units



Incorporated charging equipment
for electric vehicles (EVs) at
automated parking lot



Created a greenery wall surrounding the
rooftop periphery using tall trees.
LED lighting is also used for floodlights.

Introduction of LED Lights at OTSUKA CORPORATION

• Head office building	3,319 units
• Yokohama building (LED lights throughout the building)	6,201 units
• Other buildings	15,077 units
• Hotels (4 locations)	2,940 units
• Shinjuku LED billboards	
Total fluorescent-type LEDs:	1,524 units (@22W)
Total LED modules:	19,380 units (@1.4W)
• Takashimadaira Logistics Center	2,563 units
<hr/>	
Total	51,004 units

* **CO₂ reductions through the introduction of LEDs: Approx. 1,500 tons/year**

LED Lights Proposed by OTSUKA CORPORATION

【Straight-tube LED lamps for office-use】

LumiDas-Tube series



LED 22W (General fluorescent responding to type-40)

Planned release of energy-saving type (17W)

LED 12.3W (General fluorescent responding to type-20)

LED 53W (General fluorescent responding to type-110)

[Three types of type-40, type-20 and type-10 are available according to customer needs.](#)

【Surface-emitting type LumiSheetLamp】

New Products

Ceiling-embedded type / Directly attached to ceiling type



LED 45W

【Floodlight-type LEDs for warehouses and plants】 LumiDas-Flood series

Fixed type



Pendant type



LED 80W/120W/150W/200W (equivalent to 700W mercury lamps)

【LED Fluorescent as a replacement for FPL/FHP type】

New Products



LED 18W/23W

Actively proposing to customers (introduced at 17,000 business sites)

OTSUKA CORPORATION Exhibited at Interop Tokyo 2013

Introduced power-saving solutions using Smart Plug, BEMS and LED lighting



Introduced Smart Plug and Demand Controller



Extensive lineup of LED lighting



Display based on the images of plant and stores

Overview of Green University of Tokyo Project

Special Interview

Interview about the Green University of Tokyo's verification experiments that realize university's smart grid

Hiroshi Esaki (Ph.D. Professor, Graduate School, University of Tokyo)



Industry-academia cooperative consortium [Sectional meetings and working groups (WG)]

67 members (46 companies, 21 NPOs)
(As of July 23, 2013)

- Concept WG
- Control verification WG
- Visualization WG
- Specification design WG
- Protocol standardization WG
- Commercialization WG

A shift toward practical business application phase based on the verification experiments conducted at the Building No. 2 of Faculty of Engineering since 2008.

“Mini-Green University of Tokyo” Verification Experiment

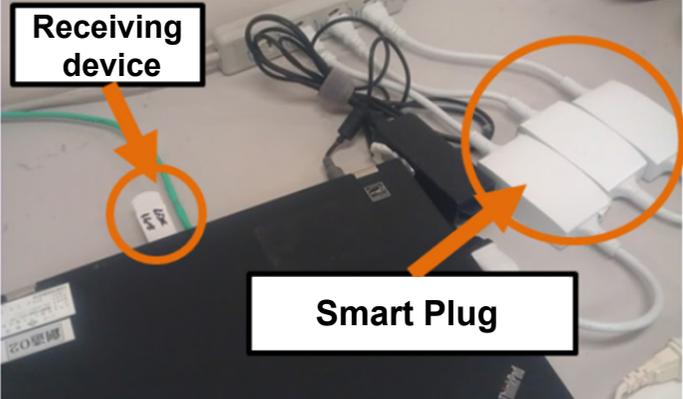
- Introduction Test at the OTSUKA's Head Office Building -



Visualization by light, air conditioning and socket

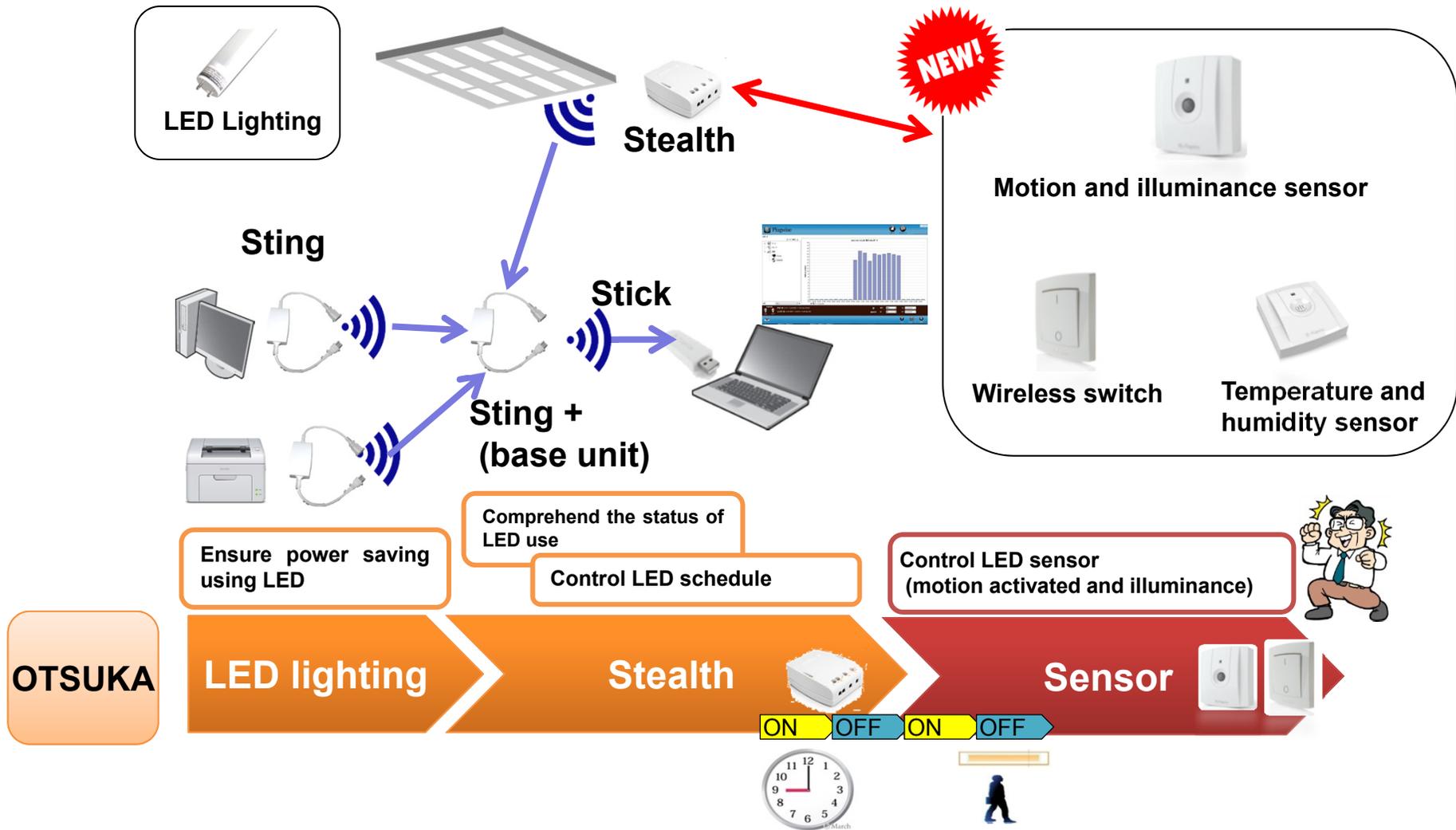
ロケーション/管理担当者	本日合計	前日比
10階 照明	96.0 <small>100%</small>	2.5%
10階 空調	12.0 <small>100%</small>	-7.7%
10階 コンセント	83.8 <small>100%</small>	5.5%
10階 PC-サーバ	9.6 <small>100%</small>	0.0%

BEMS verification test conducted at The University of Tokyo using IEEE1888-supported **Smart Plug**

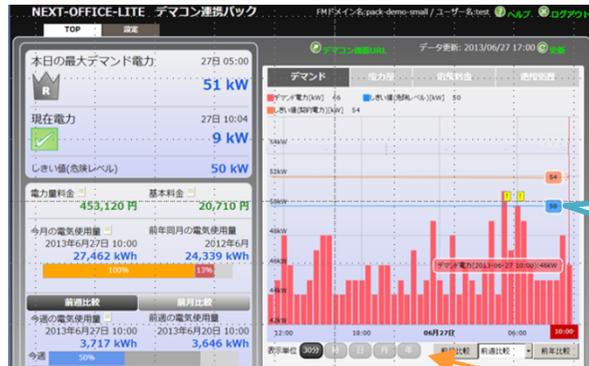


Verified interconnect technology in a multi-vendor environment

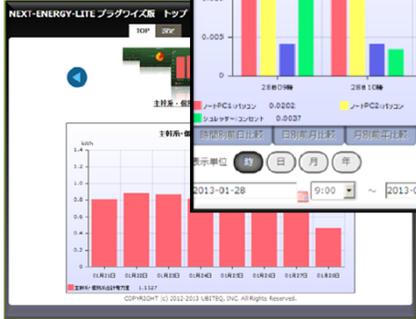
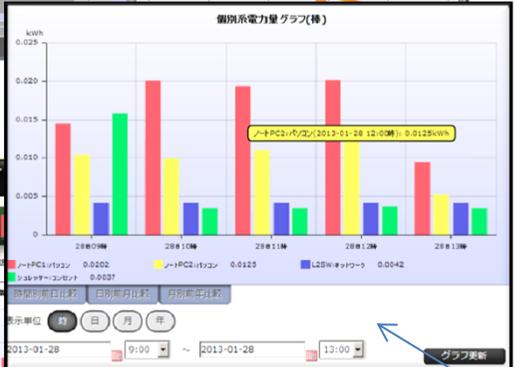
Proposing LED Lighting and Light Control as a Set



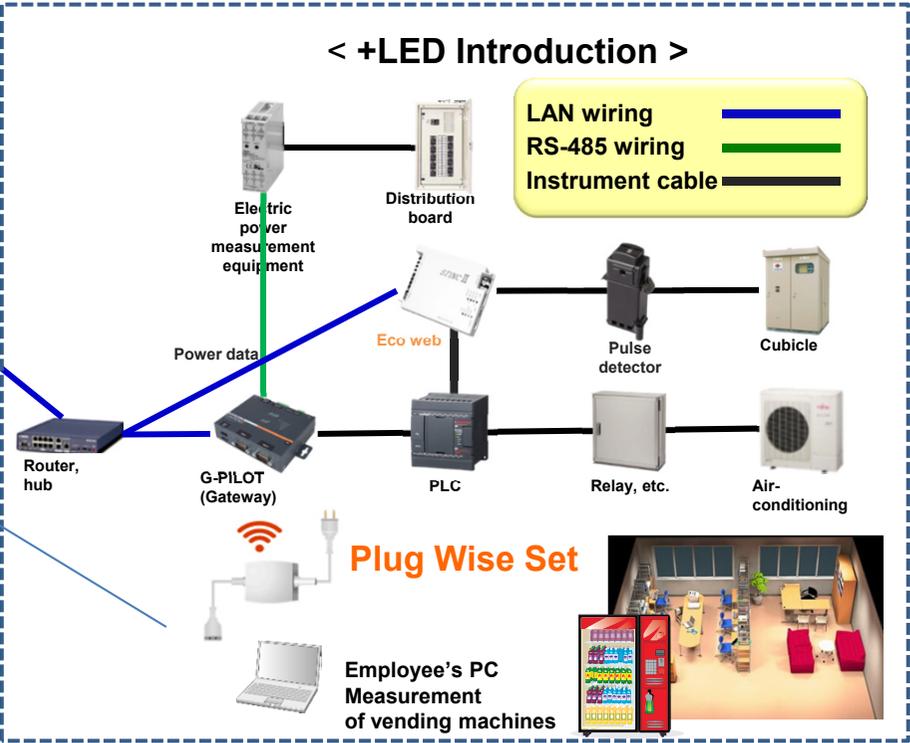
Example of Uniform Management through Open BEMS System



- Controls air conditioning equipment in a timely manner
- **Reduces power during peak hours** by automatically switching to gas cogeneration



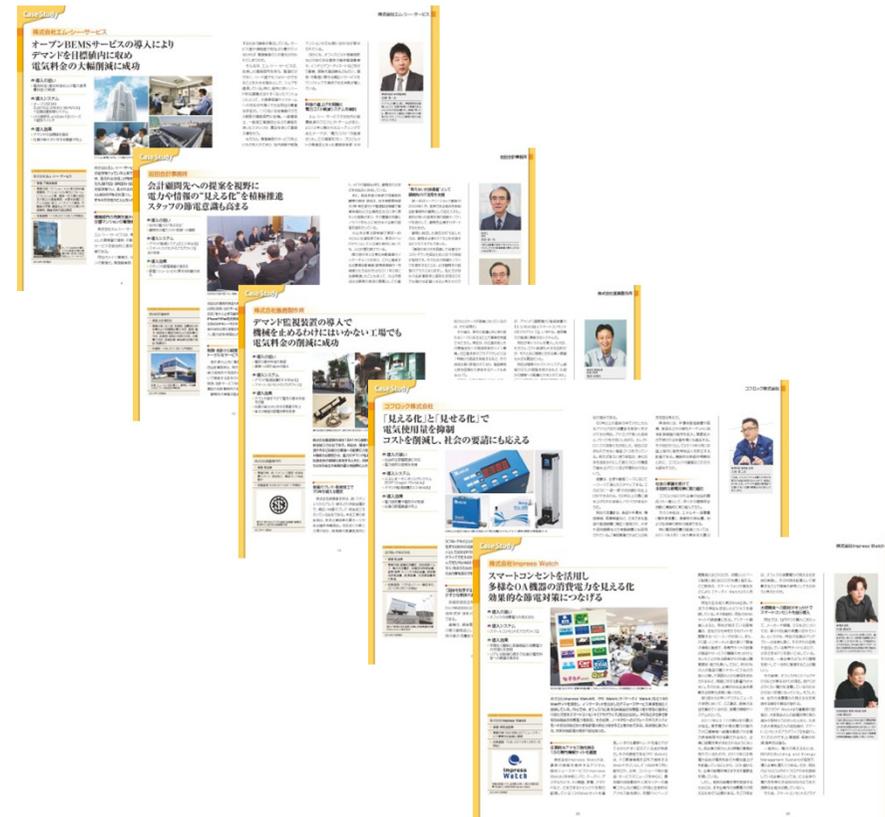
Maintains comfort and reduces power contract
(180kwh → 120kwh)



Successful Examples of Visualization of Electric Power



Numerous Introductions of Examples



Power Reduction through PC Replacements

In the case of OTSUKA CORPORATION



 Windows^{XP}

Approx. 111W

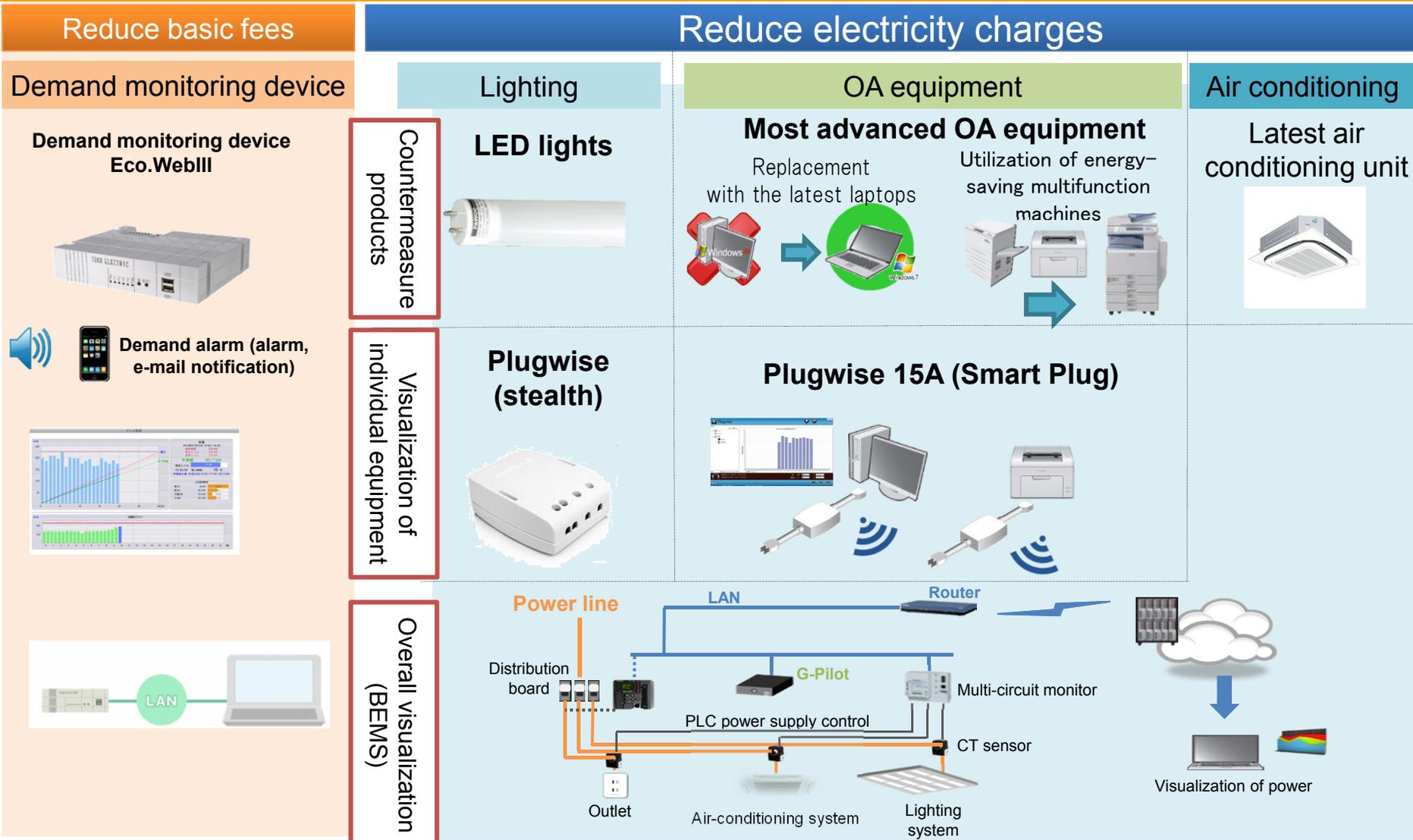


 Windows⁷

Approx. 45W
(Approx. 25W for
Laptop only)

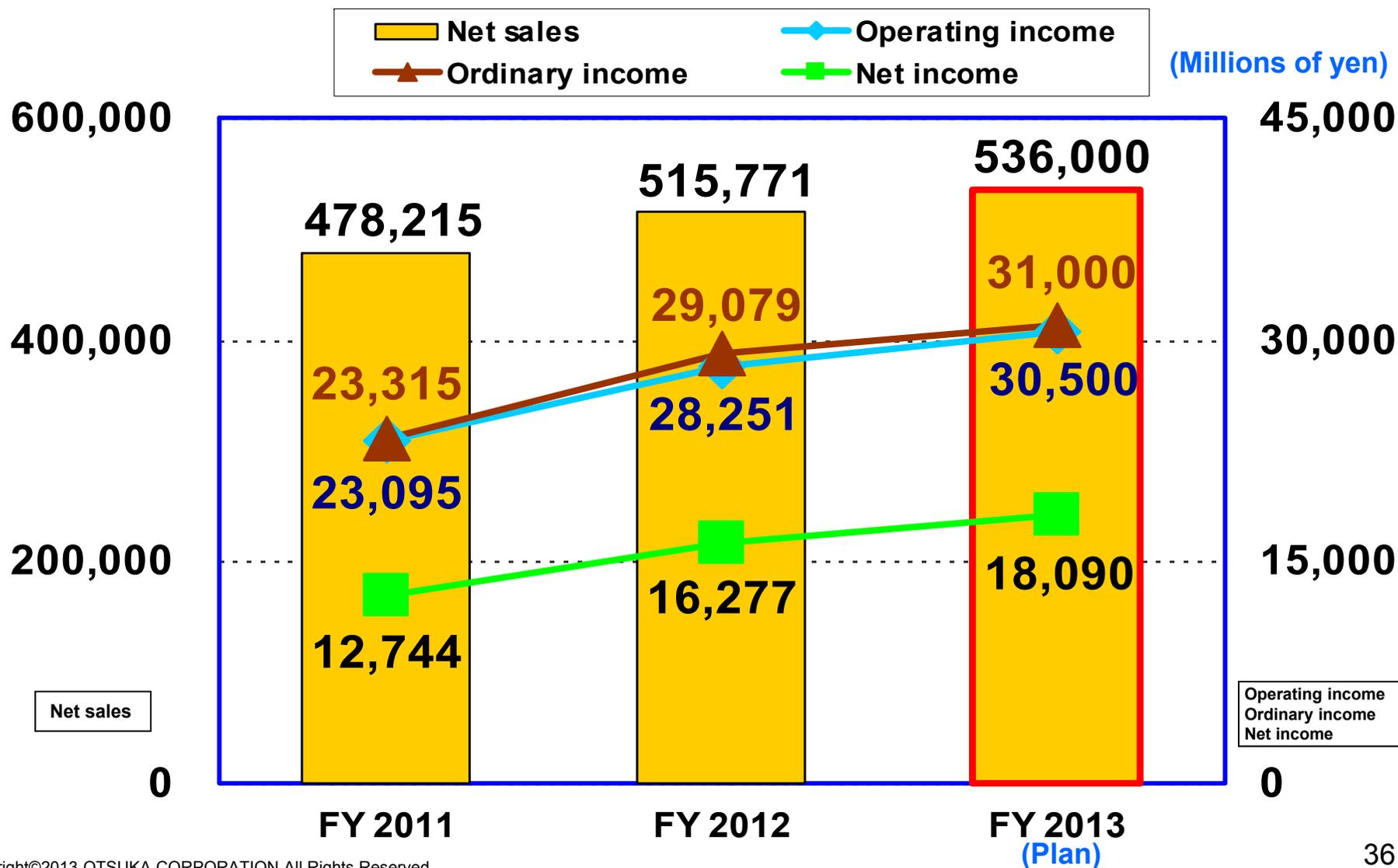
**Approx. 60%
reduction**

OTSUKA's Electricity-Saving Countermeasure Domains



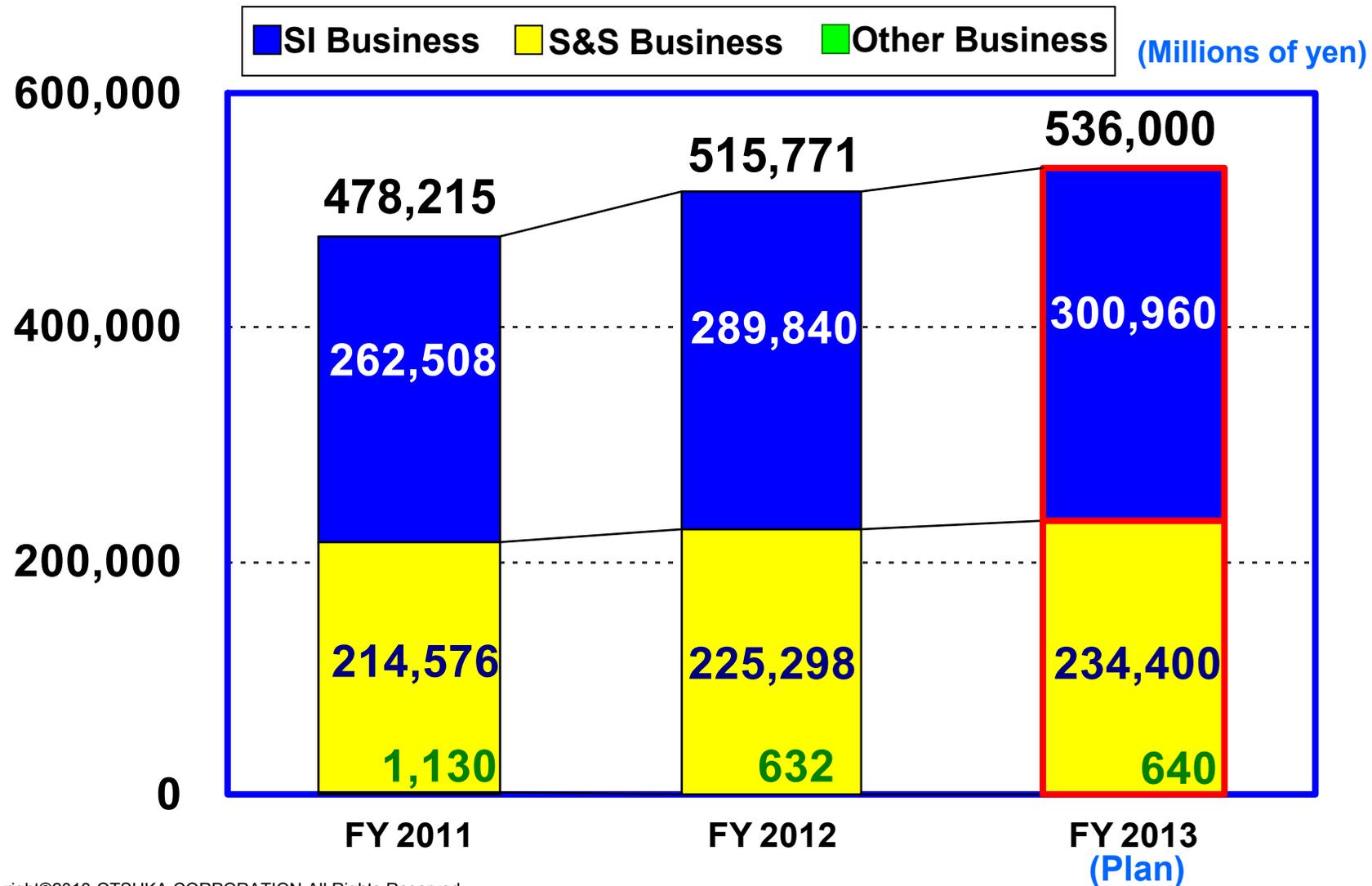
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments





Cautionary statement

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2. Forward-looking statements in this material with respect to OTSUKA CORPORATION's strategies, plans, beliefs, and other statements related to future trends and performance are not historical facts, and as such involve risks and uncertainties. Such statements are not guarantees of future performance. Actual results may differ considerably from projections due to unpredictable changes to the economic situation, and a number of factors. Key factors that could affect actual results are general economic conditions, social trends, change of relative competitiveness in demand action for products and services provided by OTSUKA CORPORATION. Key factors that may affect business performance are not limited to these items described here.
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