



Business Results

for the fiscal year ended December 31, 2013

February 3, 2014

OTSUKA CORPORATION

Yuji Otsuka, President

Summary of Business Results, January – December, 2013

(Millions of yen)

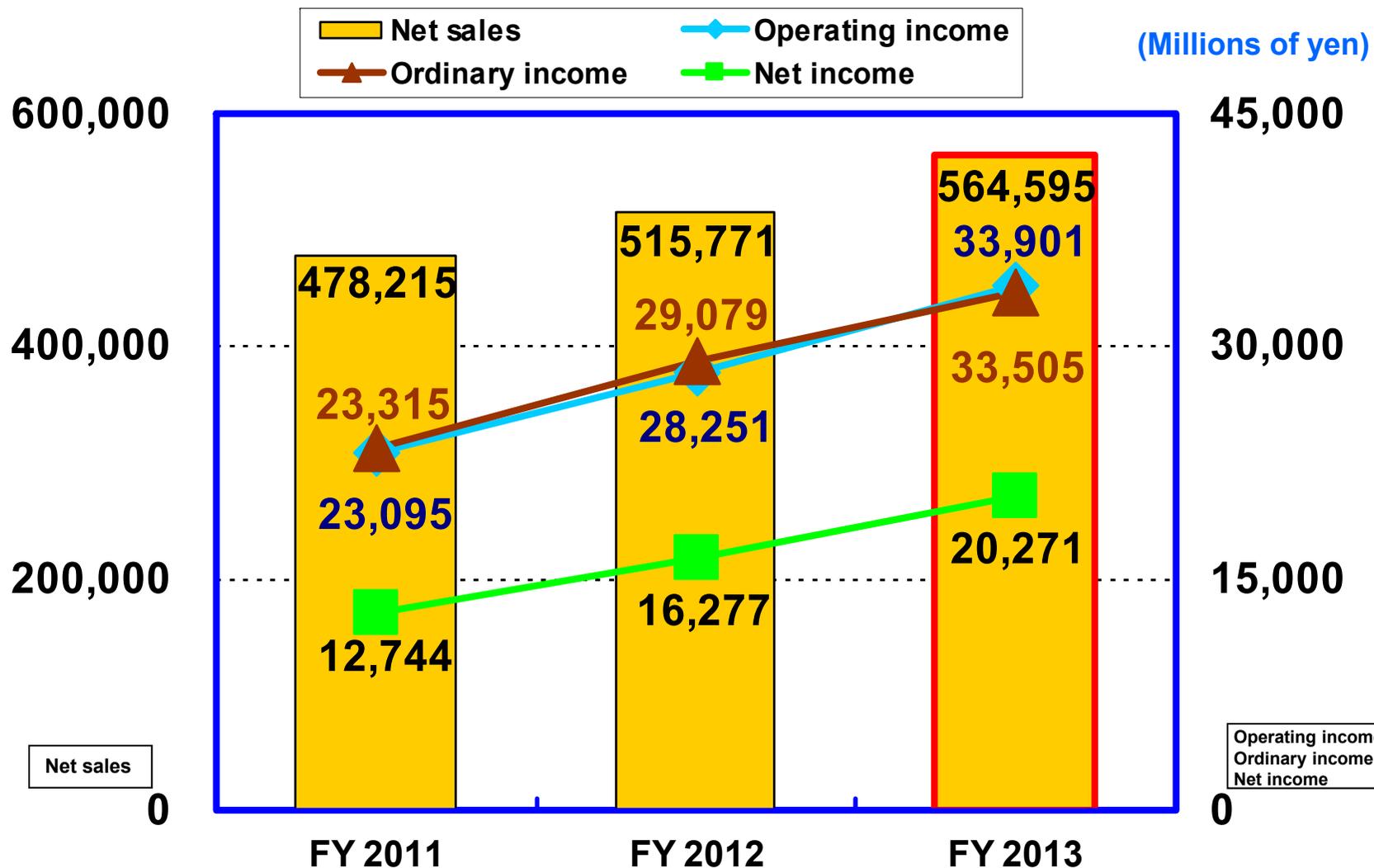
	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	564,595	105.3%	+9.5%	521,623	105.6%	+10.0%
Operating income	33,901	111.2%	+20.0%	30,569	110.8%	+20.8%
Ordinary income	33,505	108.1%	+15.2%	31,530	111.4%	+21.0%
Net income	20,271	112.1%	+24.5%	19,703	117.8%	+35.9%

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2013 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	234	6,601
	Net plan Co., LTD	Electronic communications construction and interior construction	86	7,197
	Alpha System Co., LTD.	Consigned software development and ERP consulting business	168	1,825
	Net World Corporation	Sales and technology support for network-related equipment	326	59,722
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	319	4,439
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	318	5,081
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	23	516

Consolidated

Net sales and Profits



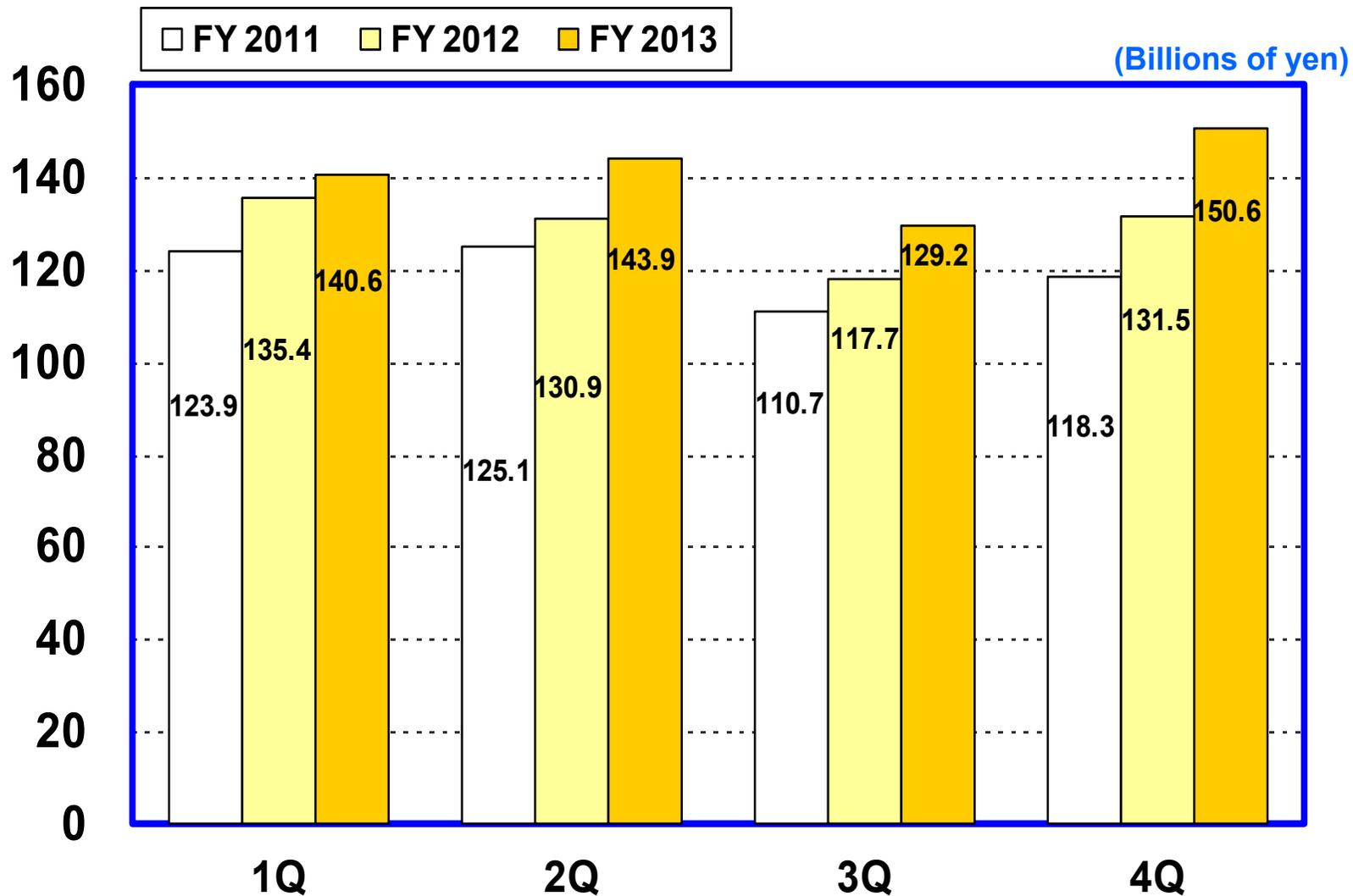
Summary of Business Results, October – December, 2013

(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	150,689	+14.5%	138,782	+15.1%
Operating income	9,381	+29.9%	8,460	+32.4%
Ordinary income	9,627	+31.6%	8,721	+33.7%
Net income	5,879	+52.9%	5,425	+57.0%

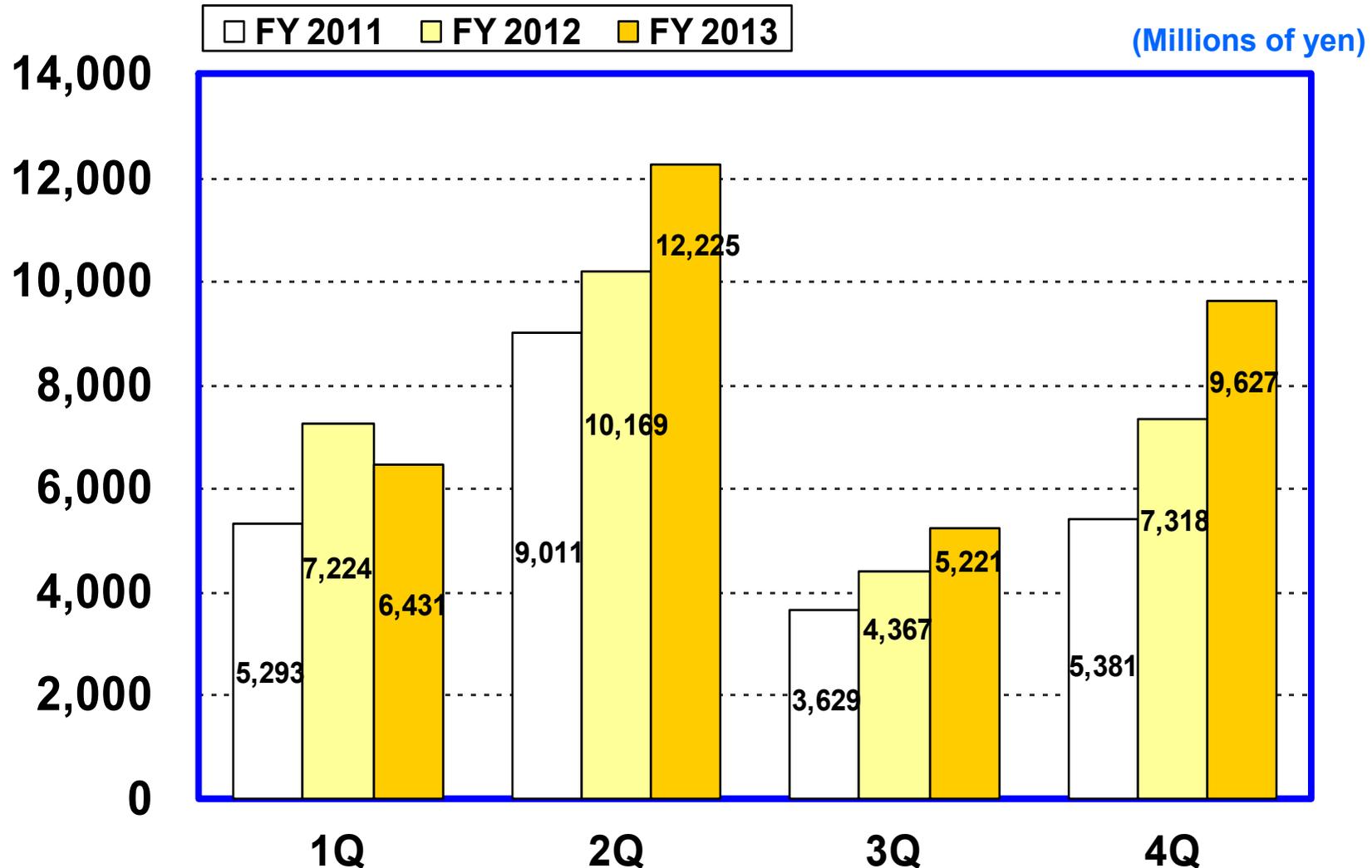
Consolidated

Quarterly change of Net sales



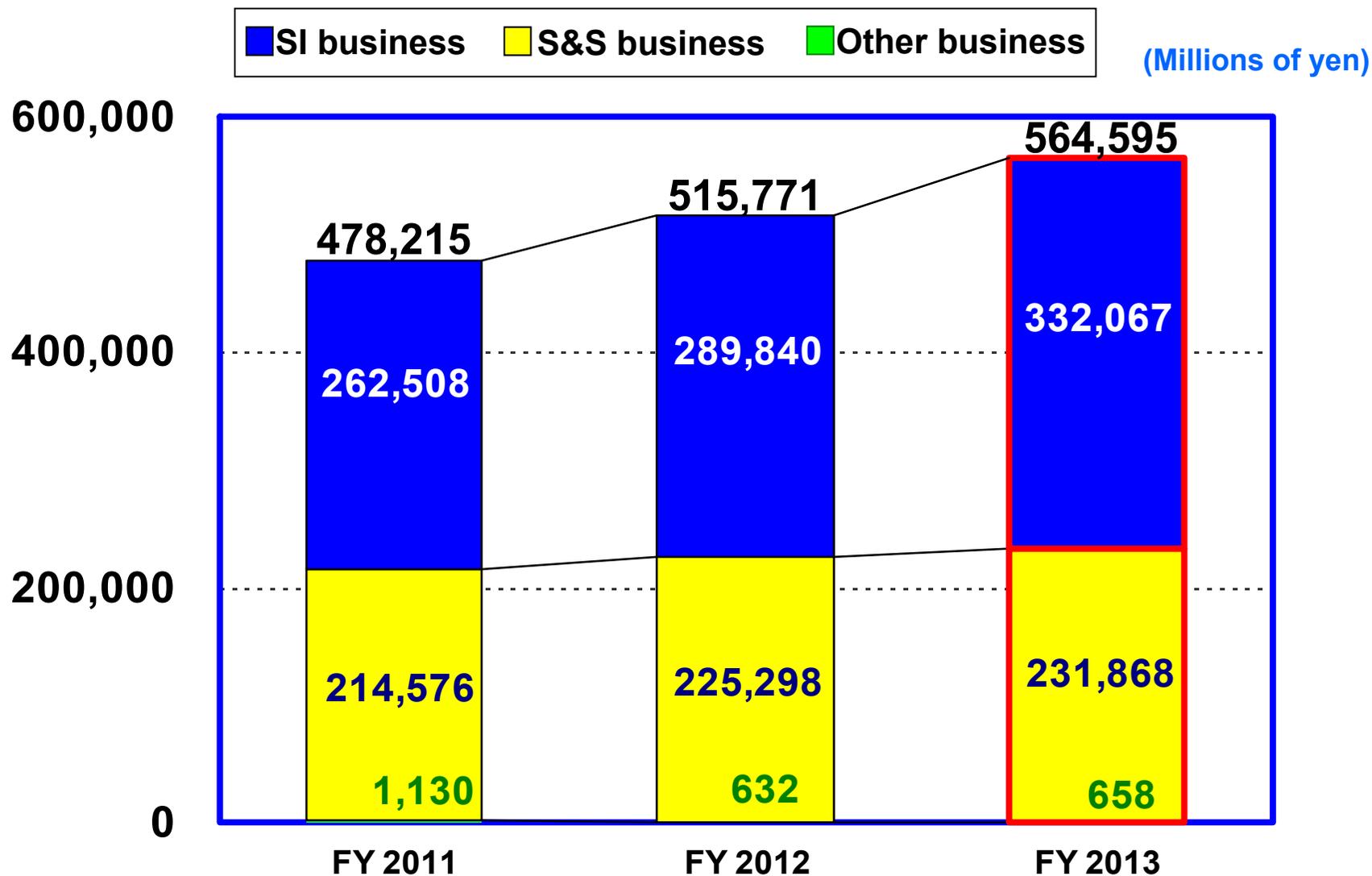
Consolidated

Quarterly change of Ordinary income

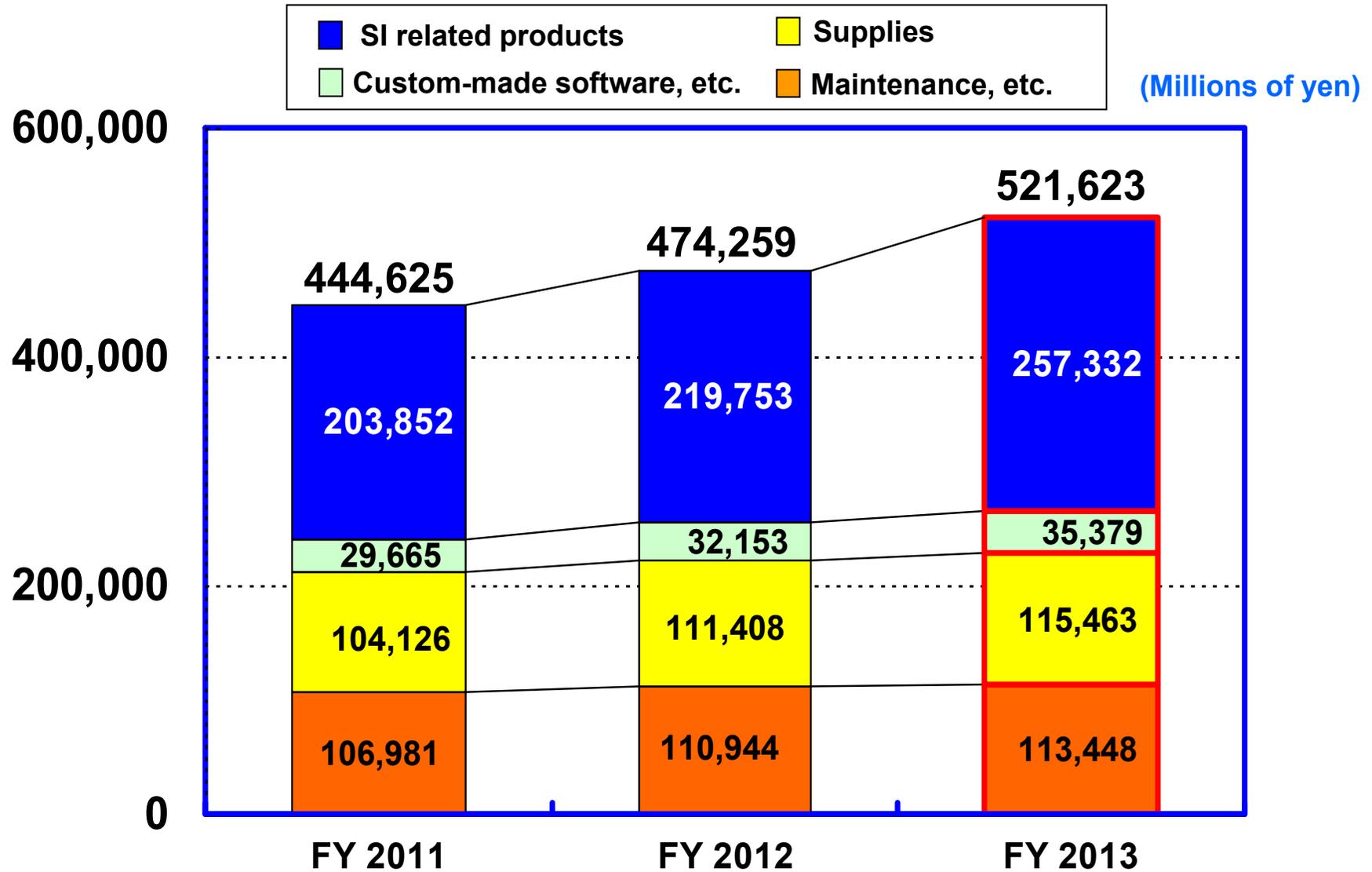


Consolidated

Net sales by segments

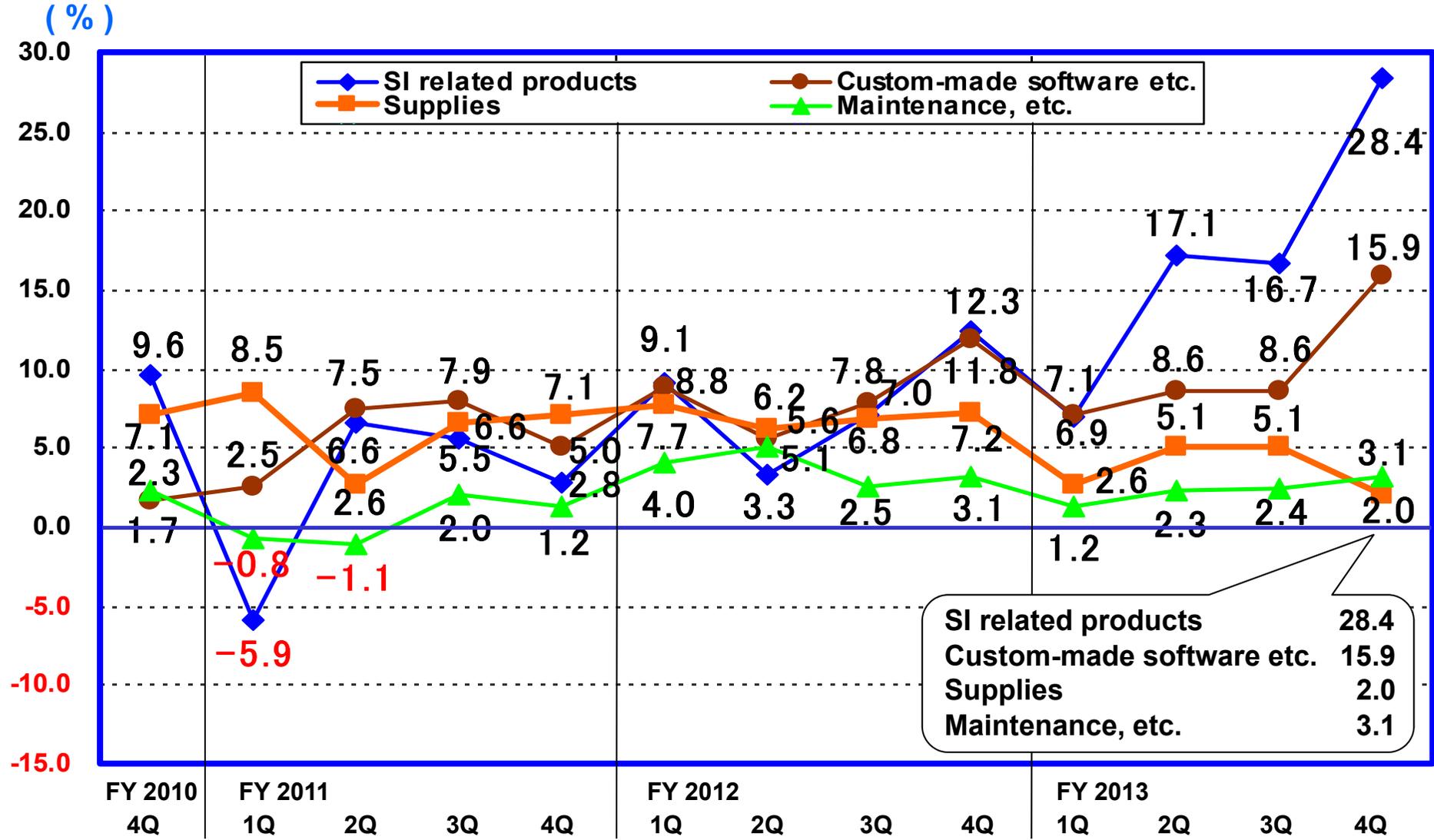


Net sales by 4 segments



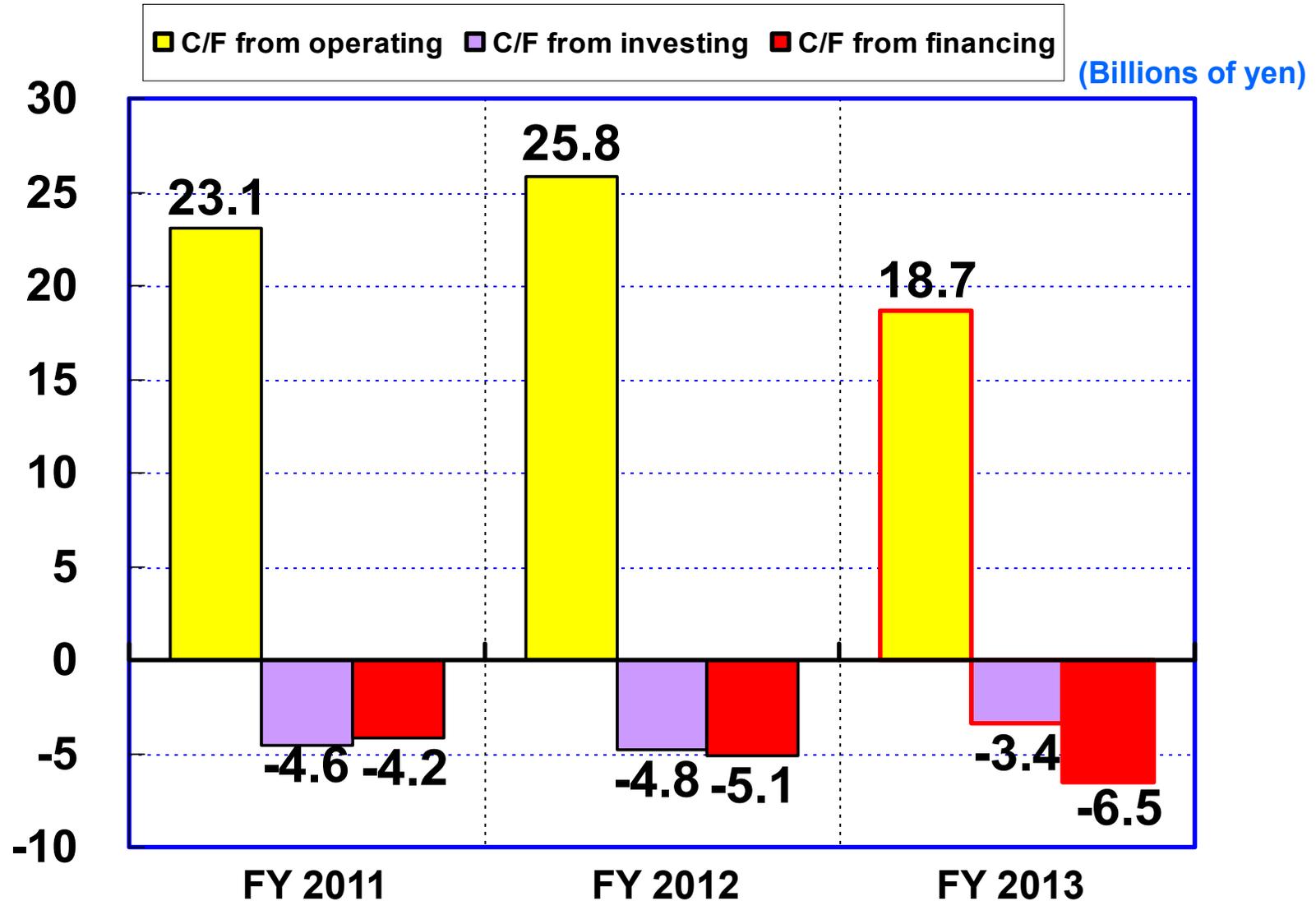
Non-Consolidated

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



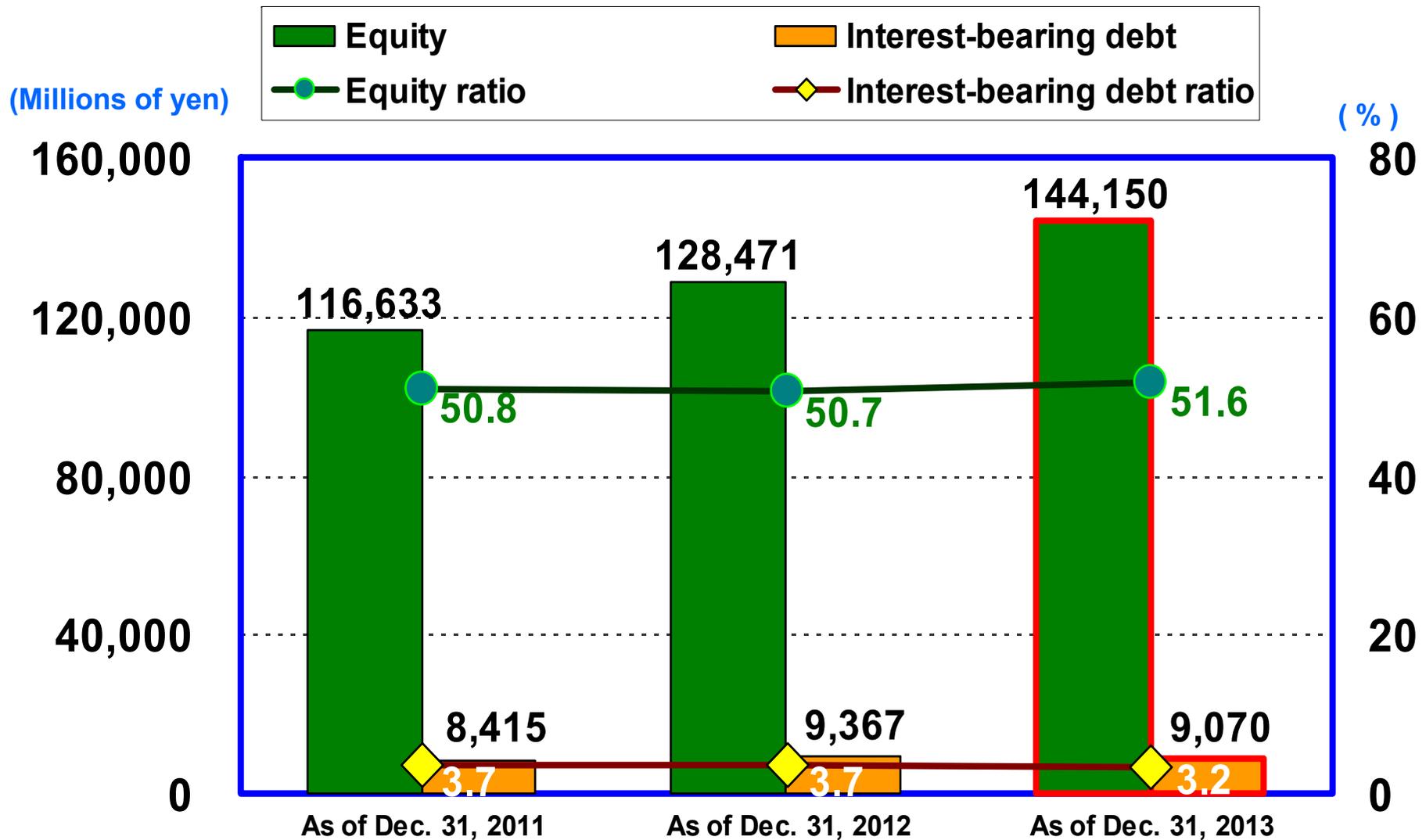
Consolidated

Cash flows



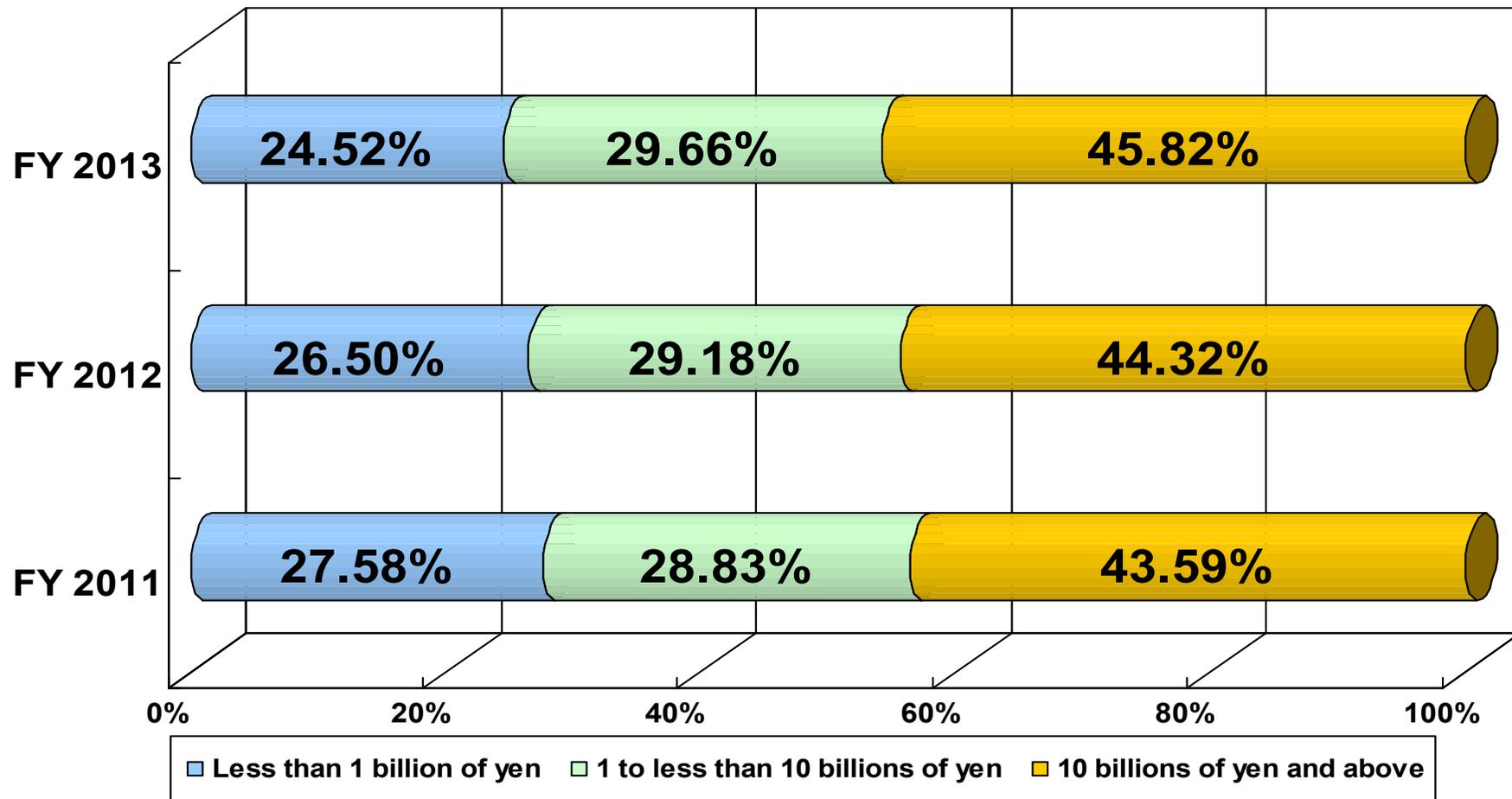
Consolidated

Equity and Interest-bearing debt



Non-Consolidated

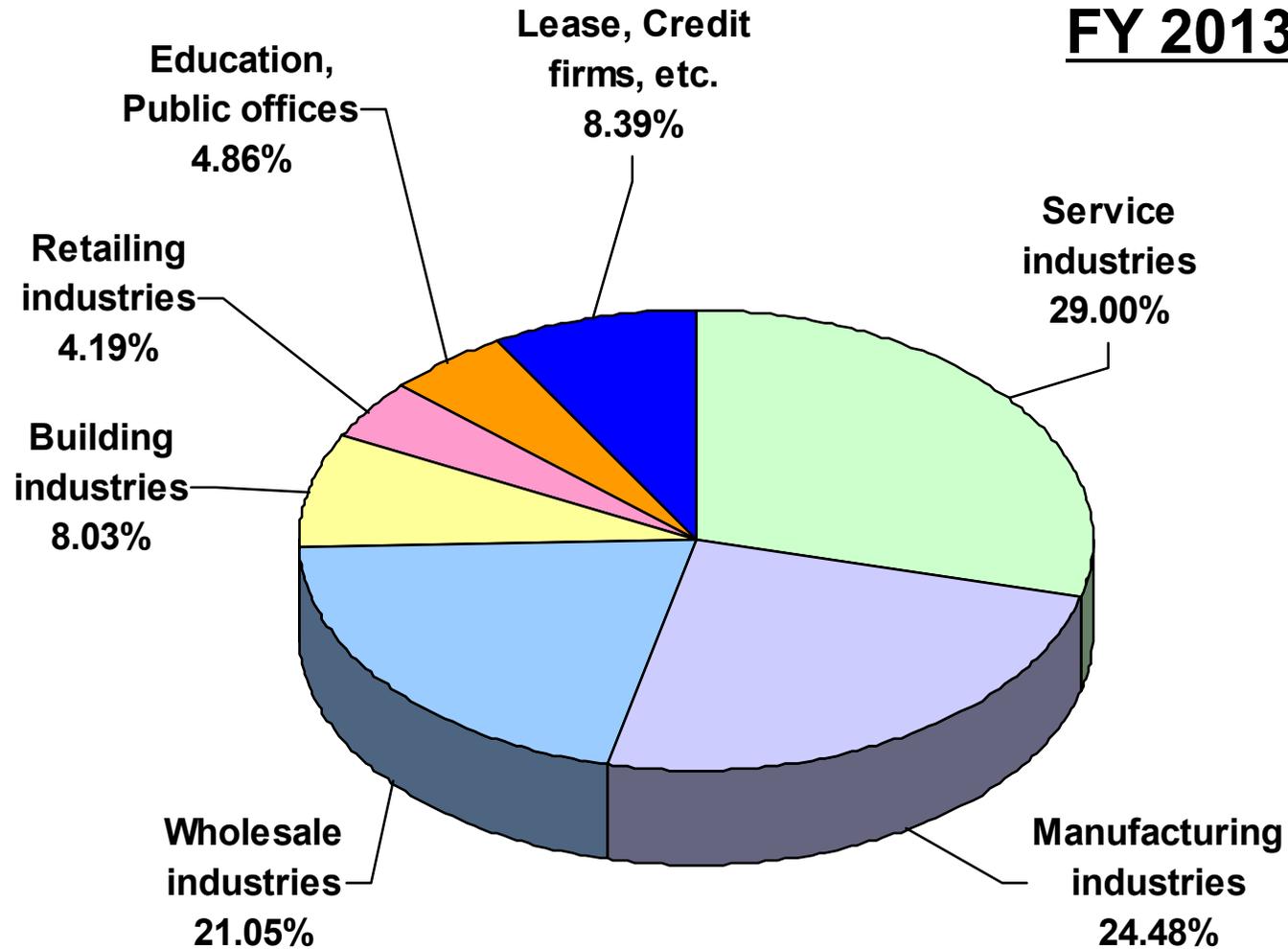
Net sales structure on customers' total annual business scale



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

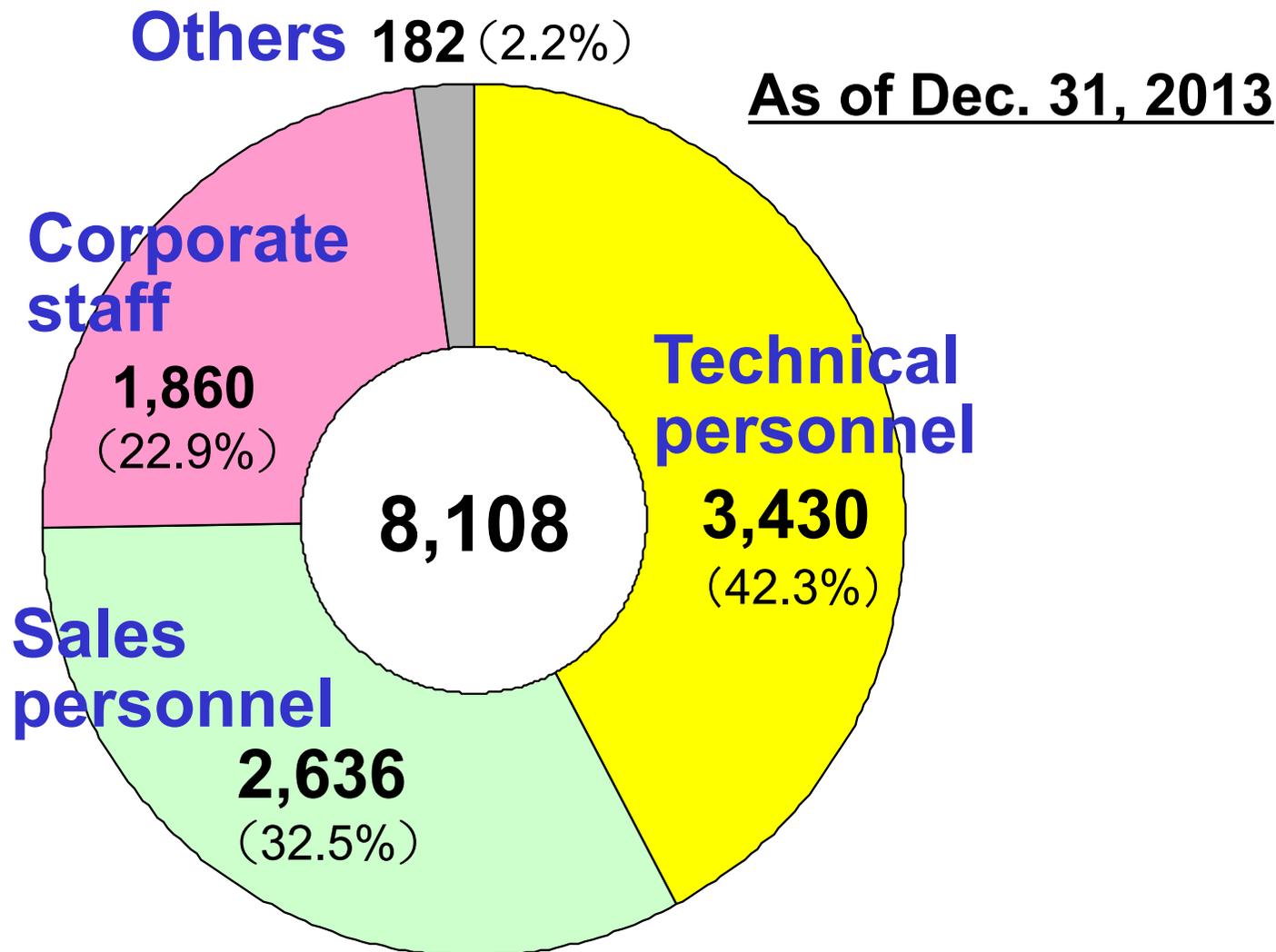
Sales breakdown by customers' type of industry

FY 2013



Consolidated

Personnel organization (regular employees)

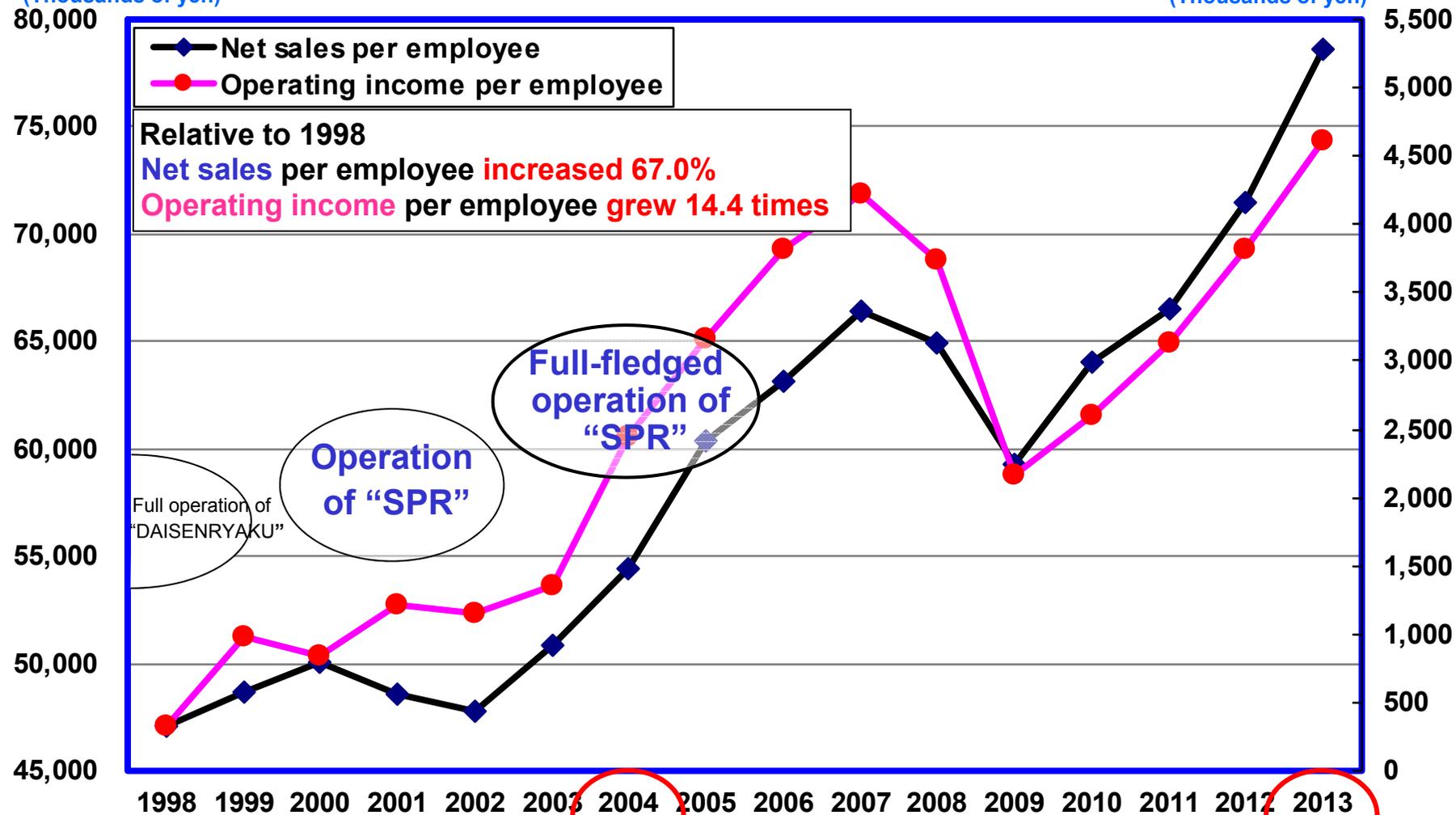


Non-Consolidated

Change of Net sales per employee and Operating income per employee

Net sales per employee
(Thousands of yen)

Operating income per employee
(Thousands of yen)



Number of employees 6,621 6,316 6,272 6,251 6,236 6,222 6,294 6,297 6,379 6,585 6,736 6,778 6,760 6,684 6,638 6,634

(Difference to last year, -)

Support Innovation through “S-SPR”

Aims of “S-SPR”

Increase
productivity

Enhance
technological
capability

One-stop
support

Enhance
customer
satisfaction

Efforts toward resolving issues

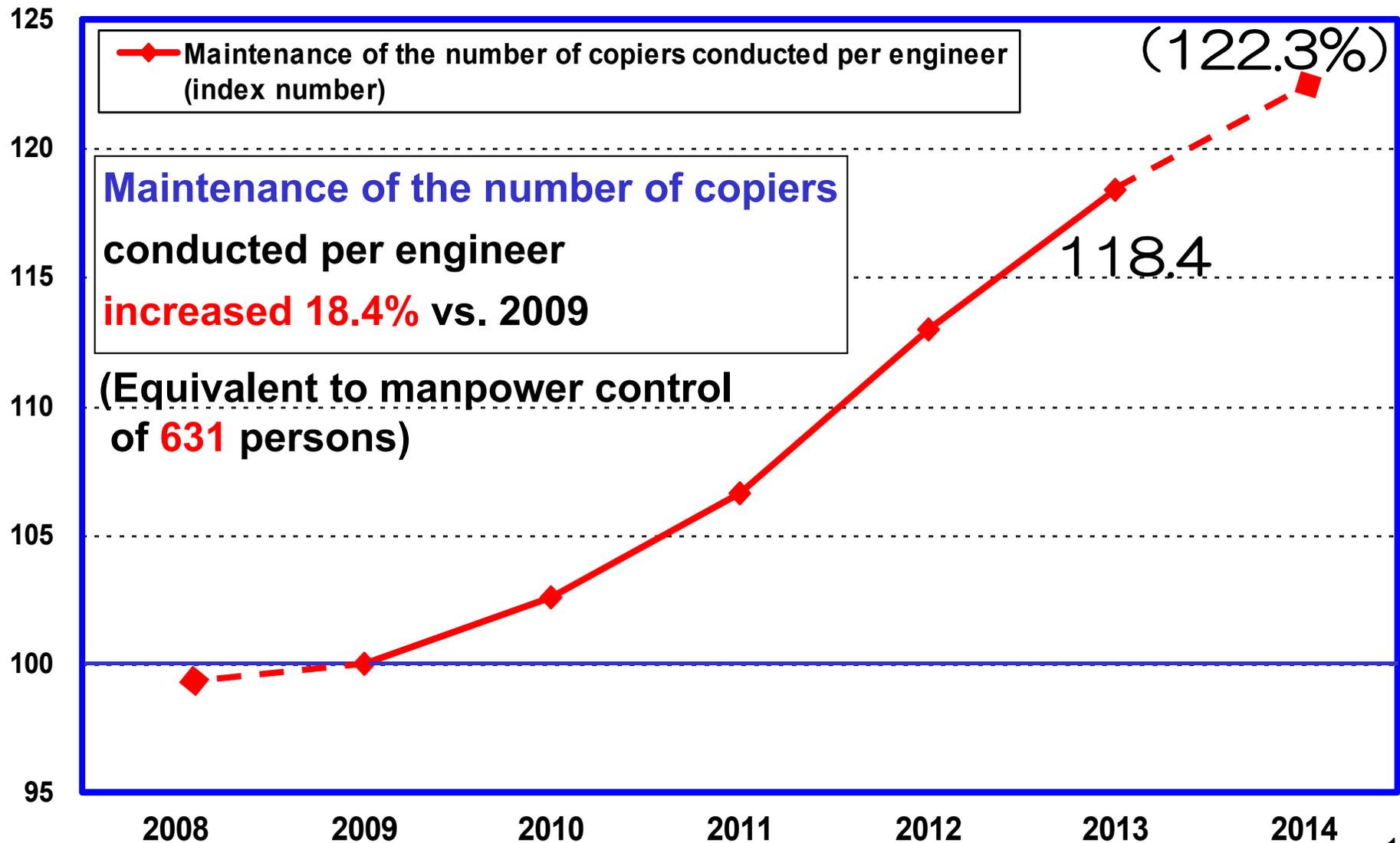
Develop multi-skilled engineers and promote
centralization

Reform of support operation processes (promote
automatic assignment, etc.)

Behavior management of engineers and management
reform

Realize expansion of support business and sufficient support without increasing
manpower

Raising Productivity through “S-SPR”



Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2011	FY 2012		FY 2013		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	107,934	117,381	+8.8%	122,367	+4,986	+4.2%
SMILE	7,774	9,006	+15.8%	11,061	+2,055	+22.8%
ODS21	40,680	42,226	+3.8%	43,525	+1,298	+3.1%
OSM	47,113	48,069	+2.0%	50,453	+2,384	+5.0%

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

<As reference: Number of Sales>

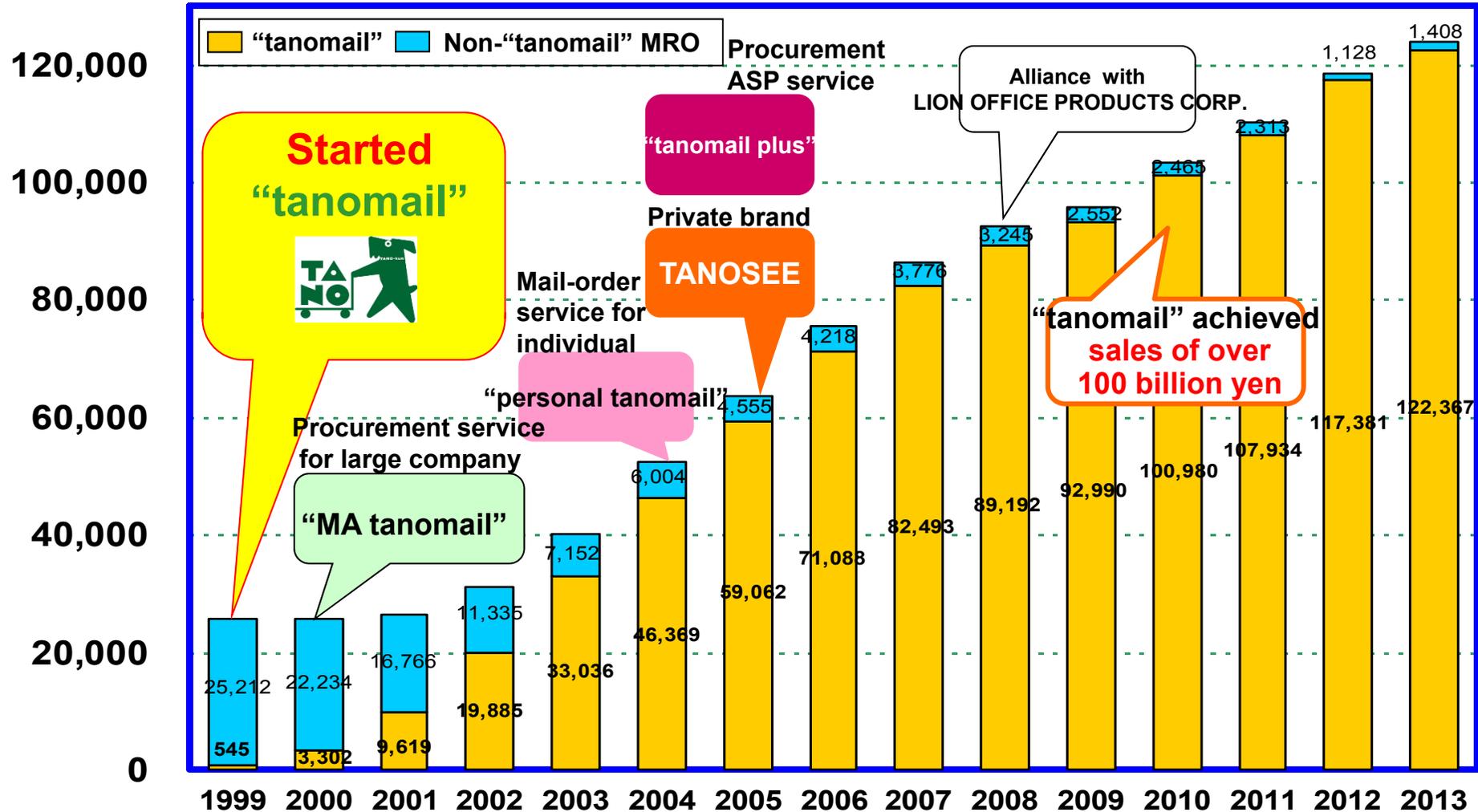
(Units)

Copier	29,153	32,104	+10.1%	34,432	+2,328	+7.3%
(of which Color copier)	24,296	27,332	+12.5%	30,449	+3,117	+11.4%
Server	37,582	39,205	+4.3%	37,989	-1,216	-3.1%
PC	697,057	714,616	+2.5%	932,607	+217,991	+30.5%

Non-Consolidated

Annual sales transition of "tanomail"

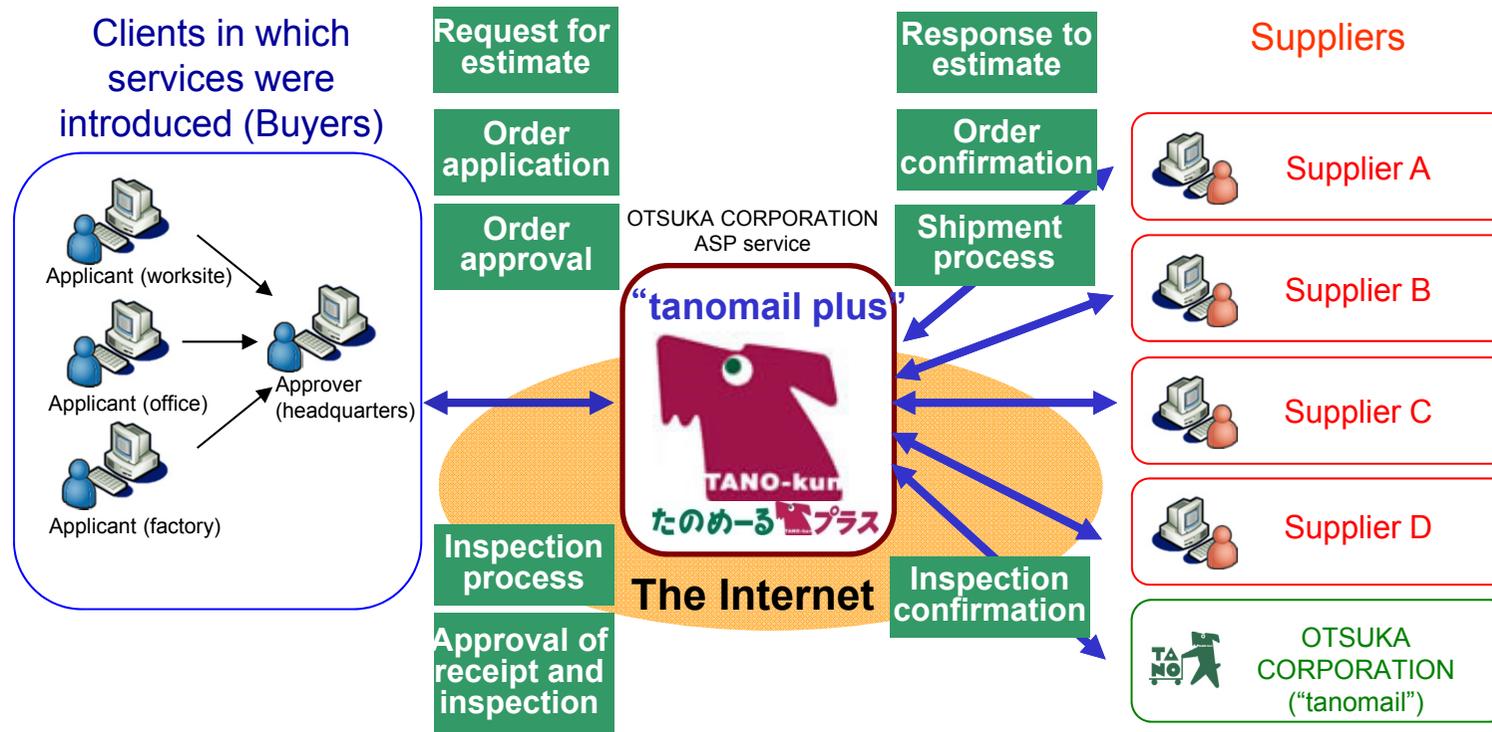
(Millions of yen)



Accounts of "tanomail" 506 133,105 153,609 169,148 322,720 385,895 448,812 506,263 564,489 626,932 698,999 773,882 849,567 932,547 1,018,939

Support Services for Procurement and Purchase Operations

“tanomail plus”



Services commenced in 2005

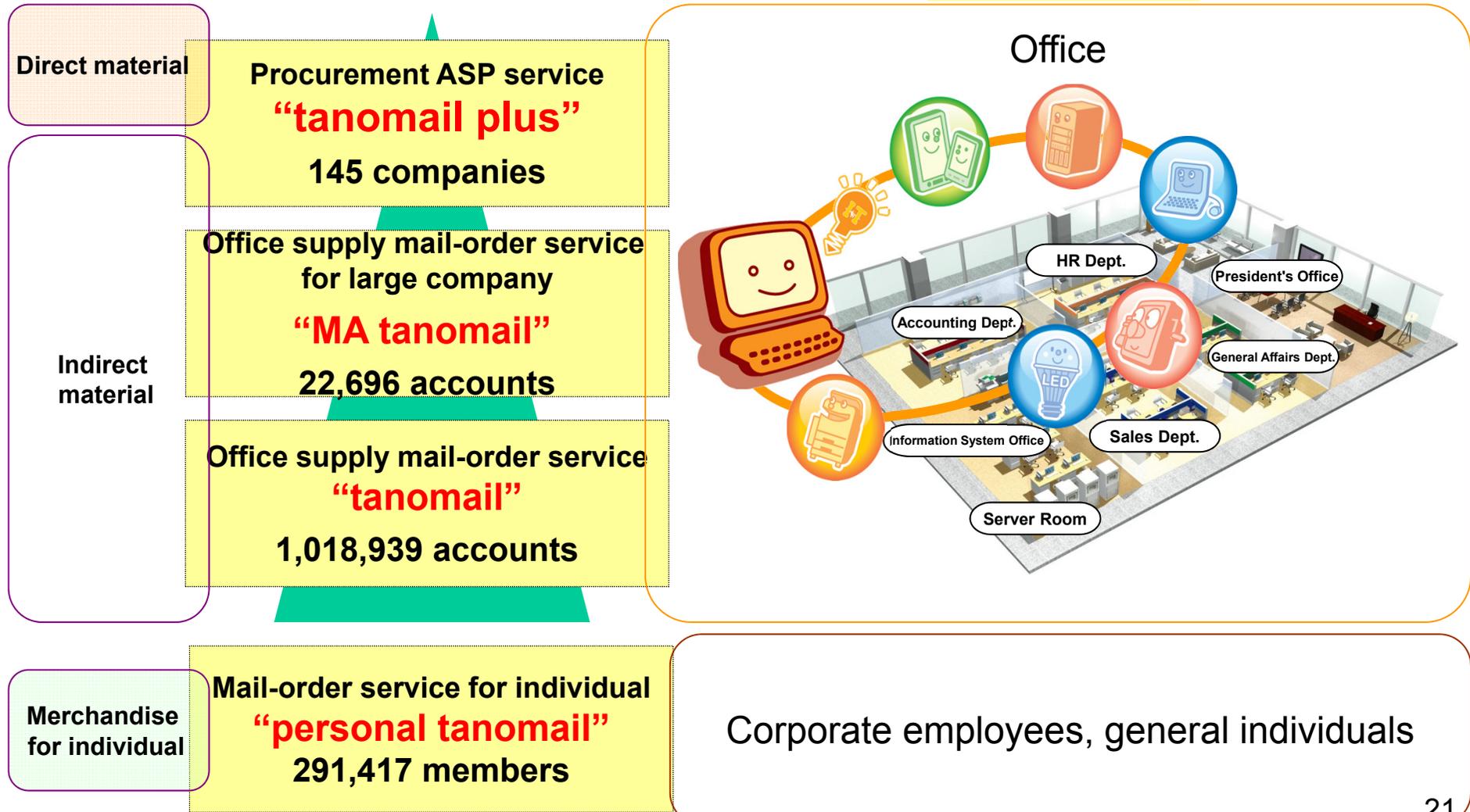
Number companies in operation: 145 companies

Pass-through amount: 81.0 billion yen (24.0% increase)

Total support by OTSUKA CORPORATION

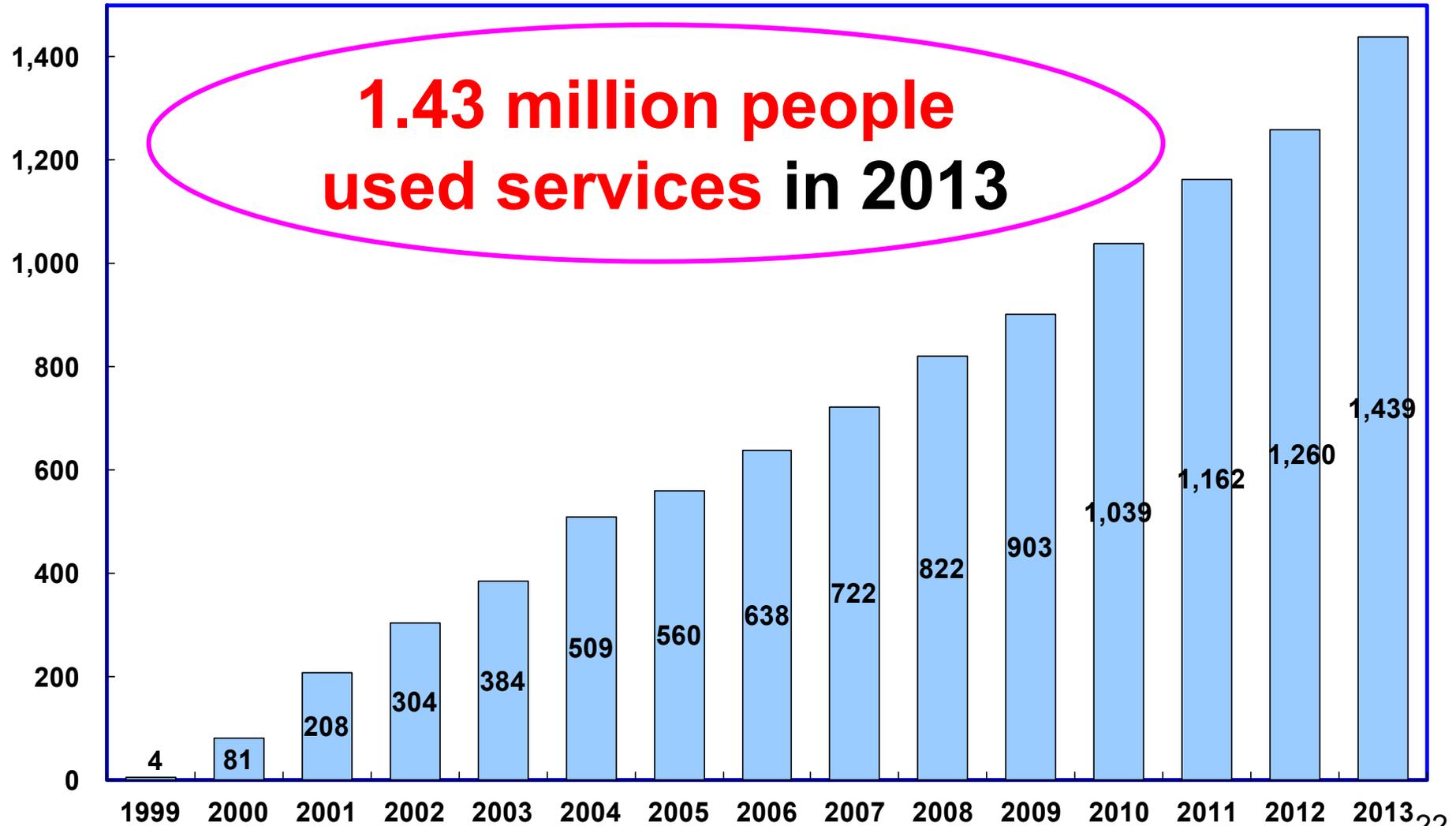
OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Dec. 31, 2013)

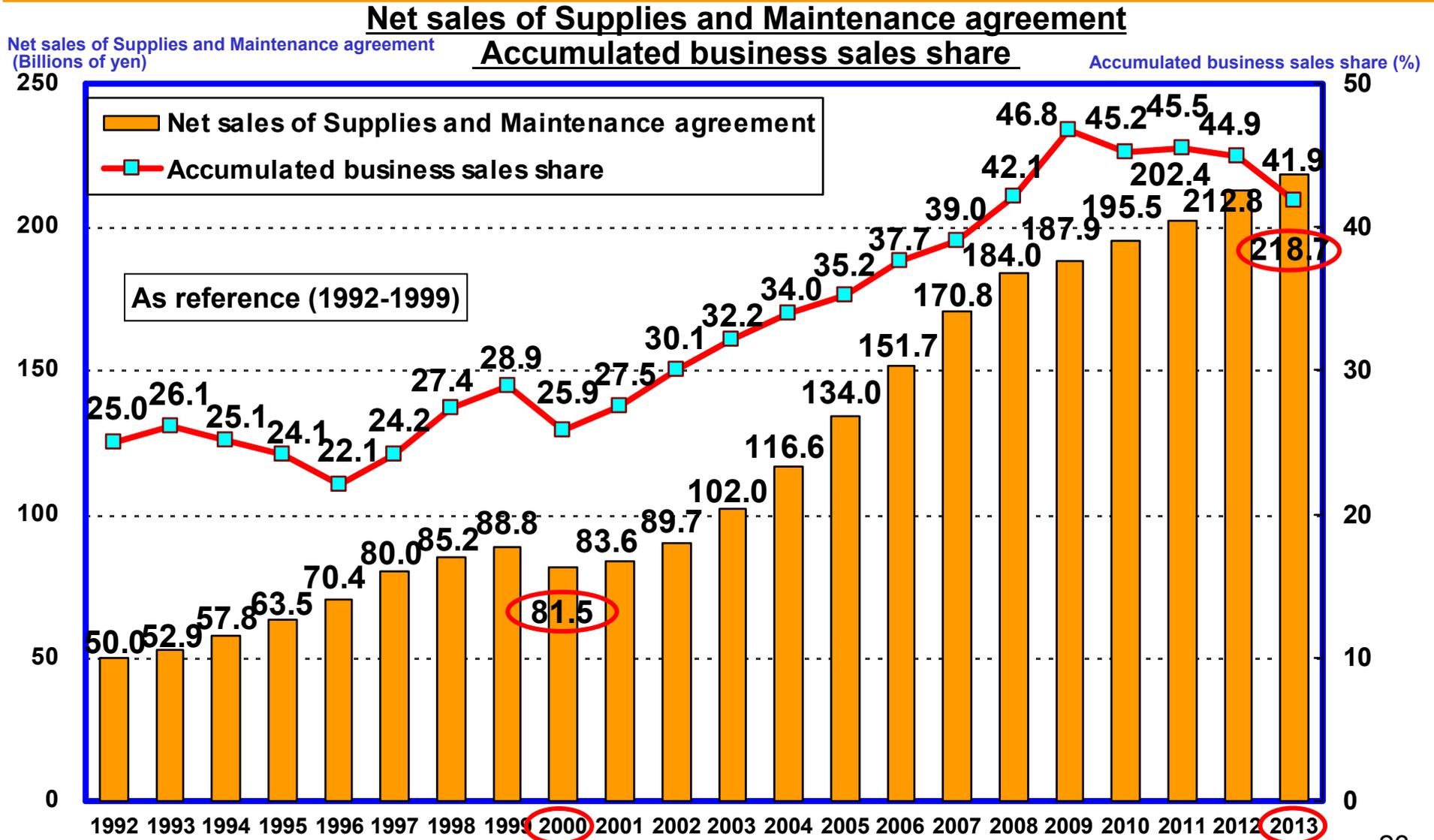


Number of Users of Main Web Services (ASP)

(Thousand people)



Growth of accumulated business



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**

Market Forecast in 2014

- Improvement in corporate sentiment toward investment due to economic recovery
- Strong demand by companies for IT utilization and energy-saving
- Demand for raising productivity as a result of customers' business expansion
- Continuous replacement by purchase and upgrade demand
 - Demand for replacing Windows XP during the first half of the term and end of support for Windows Server 2003 thereafter
- Expansion of mobile and tablet device market
- Last-minute demand toward the consumption tax hike
- **While high demand is anticipated for the first quarter, demand will remain strong regardless of a slight slowdown thereafter**

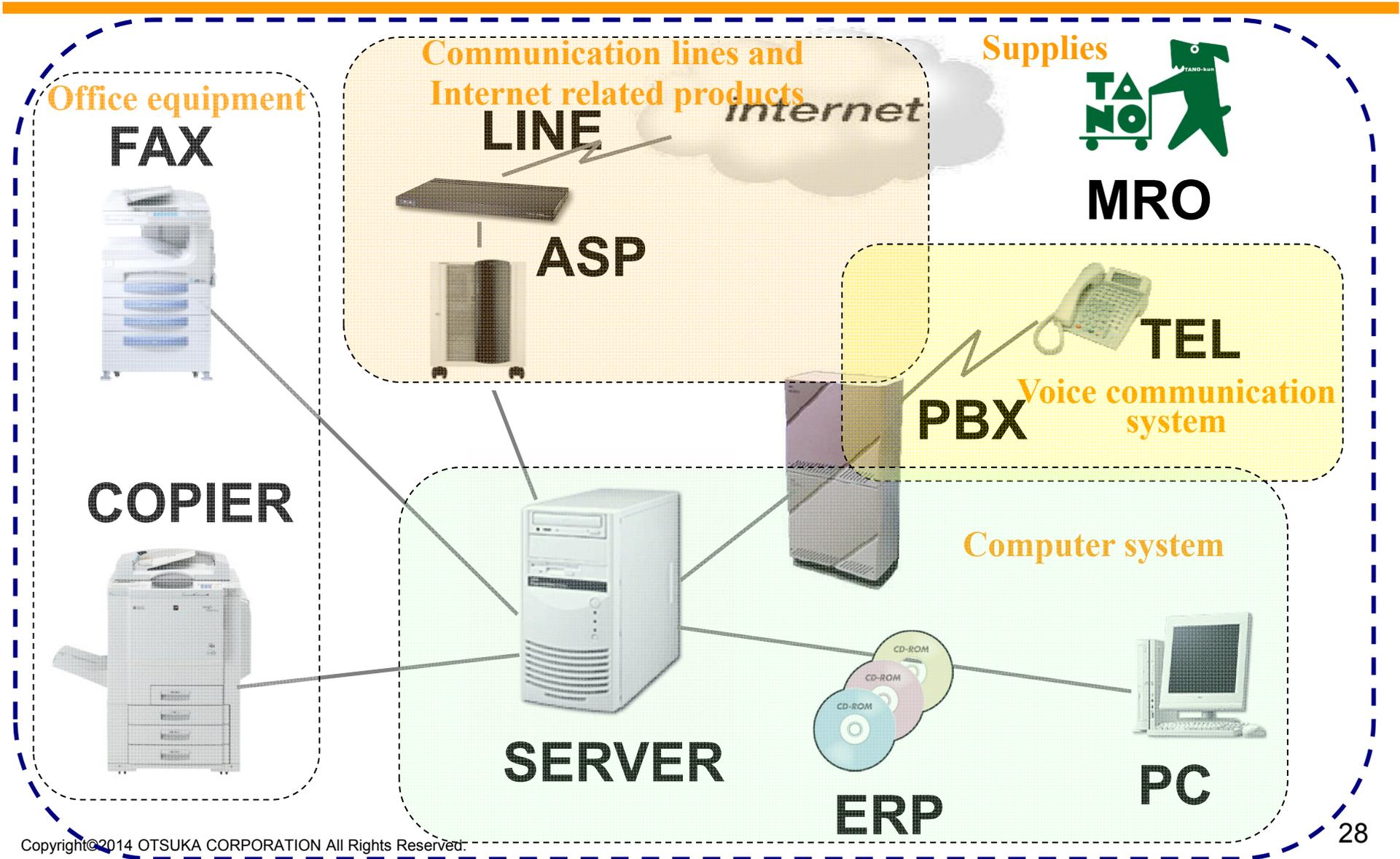
Policies and Measures in 2014

“Live up to customer trust from a customer viewpoint and vitalize office with comprehensive strengths”

- **Steady response to special demand from January to March, including goods and services related to accumulated business**
- **Expansion of business items with customers**
- **Proposals to increase productivity by comprehending busy time of customers**
- **Proposal of upgrades toward the end of support for Windows Server 2003**

As a “company that understands offices the most,” make proposals from a customer viewpoint by utilizing our diversified range of products, thereby further augmenting our relationship with customers.

One-Stop Solution & Support



Special Issue of “tanomail” Catalogue



Special issue of “tanomail” Vol. 30

- For shopping before consumption tax hike
- Quickly delivers essential items for office
- Free shipping with a purchase of more than 300 yen
- Addition of new products
- Discounts for more than 350 items

Contributes to office cost reductions

“Care tanomail” Catalogue



“Care tanomail” Vol. 10

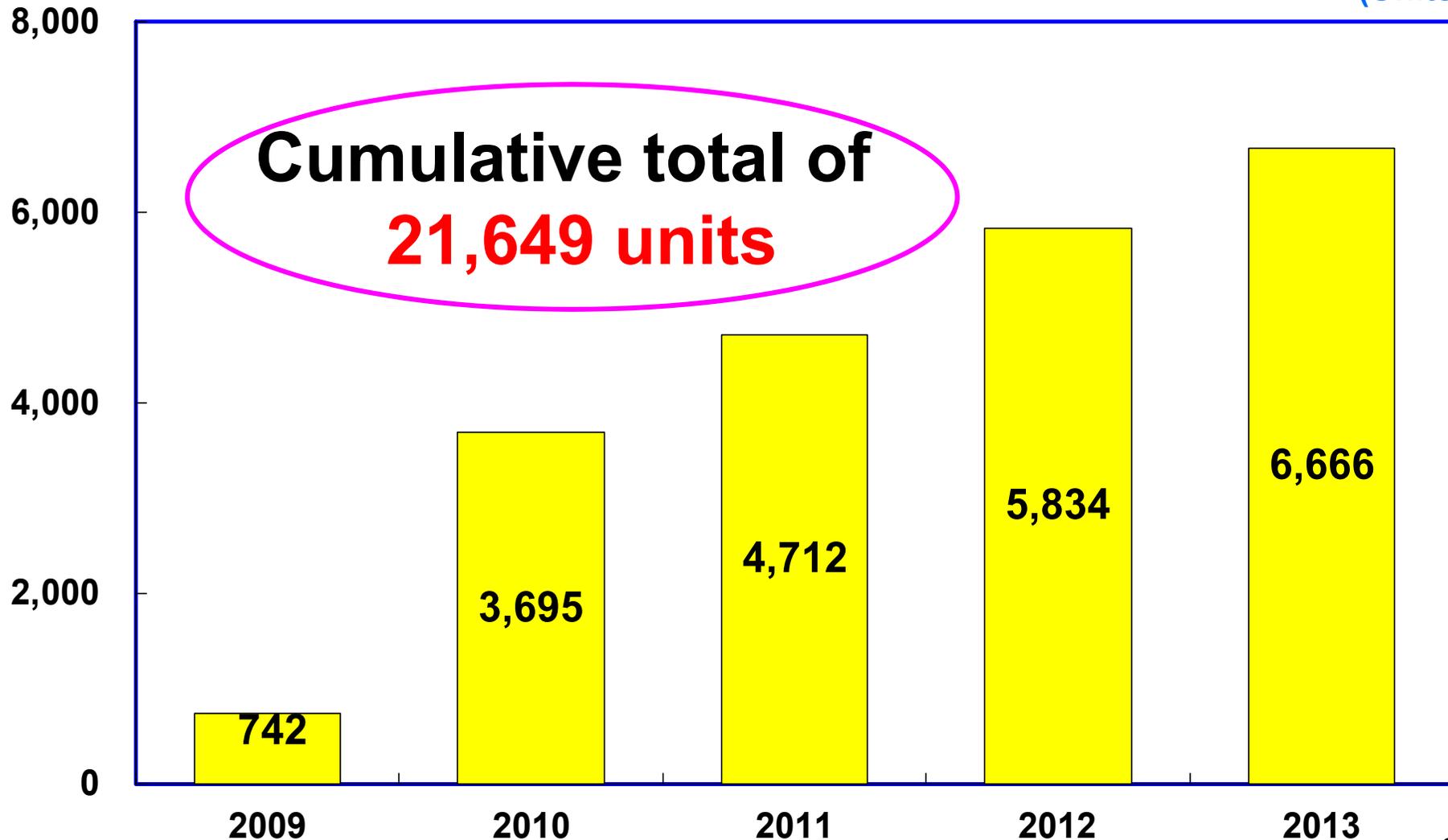
- Items for nursing care
- Organized for easy reading
- Listing more than 6,900 items
- Discounts for more than 970 items
- Major discounts of up to 37.5%

Supports all persons engaged in nursing care

Example of Achievement of All Fronts System - 1

Number of Copiers Sold – System Sales

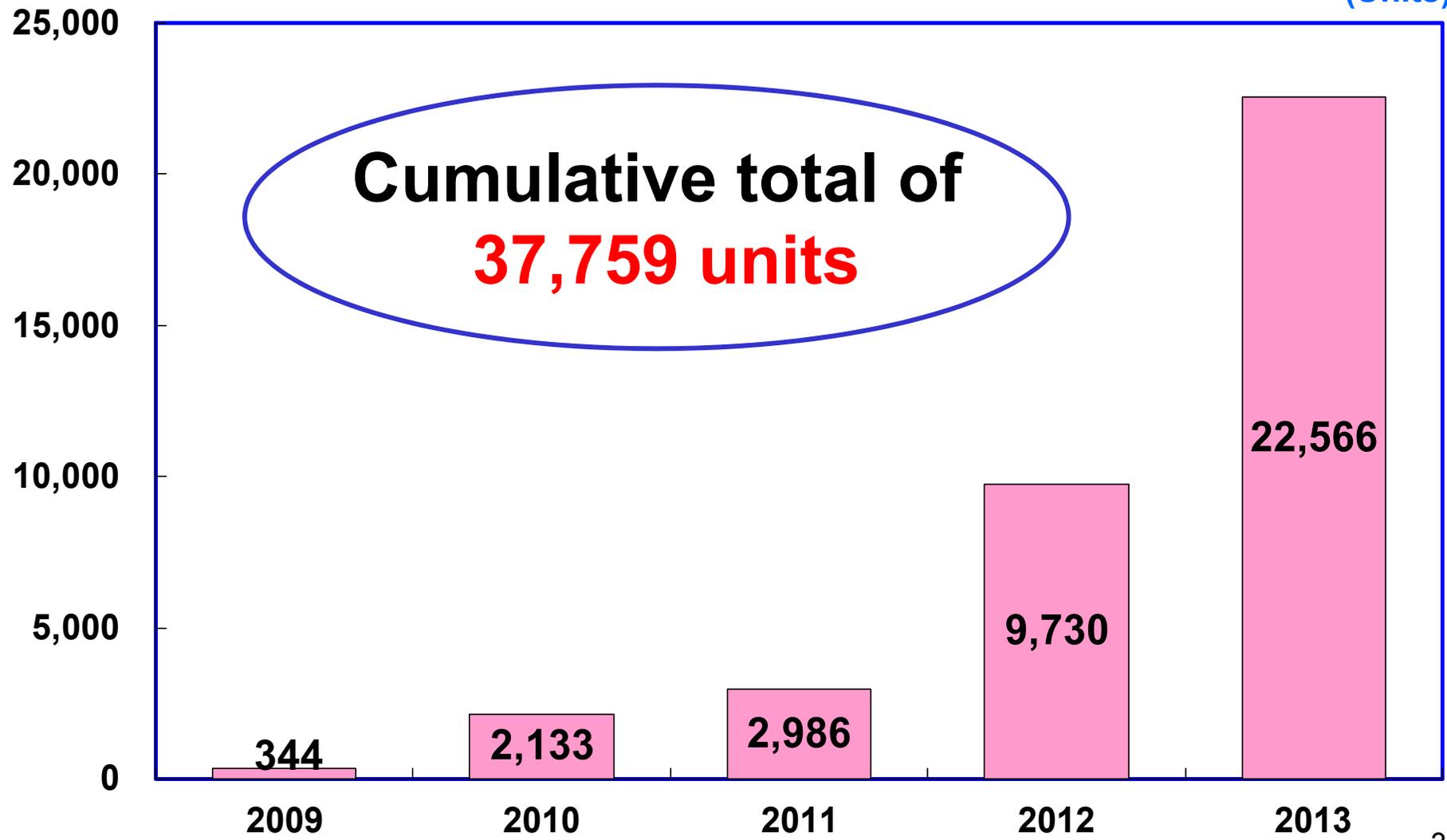
(Units)



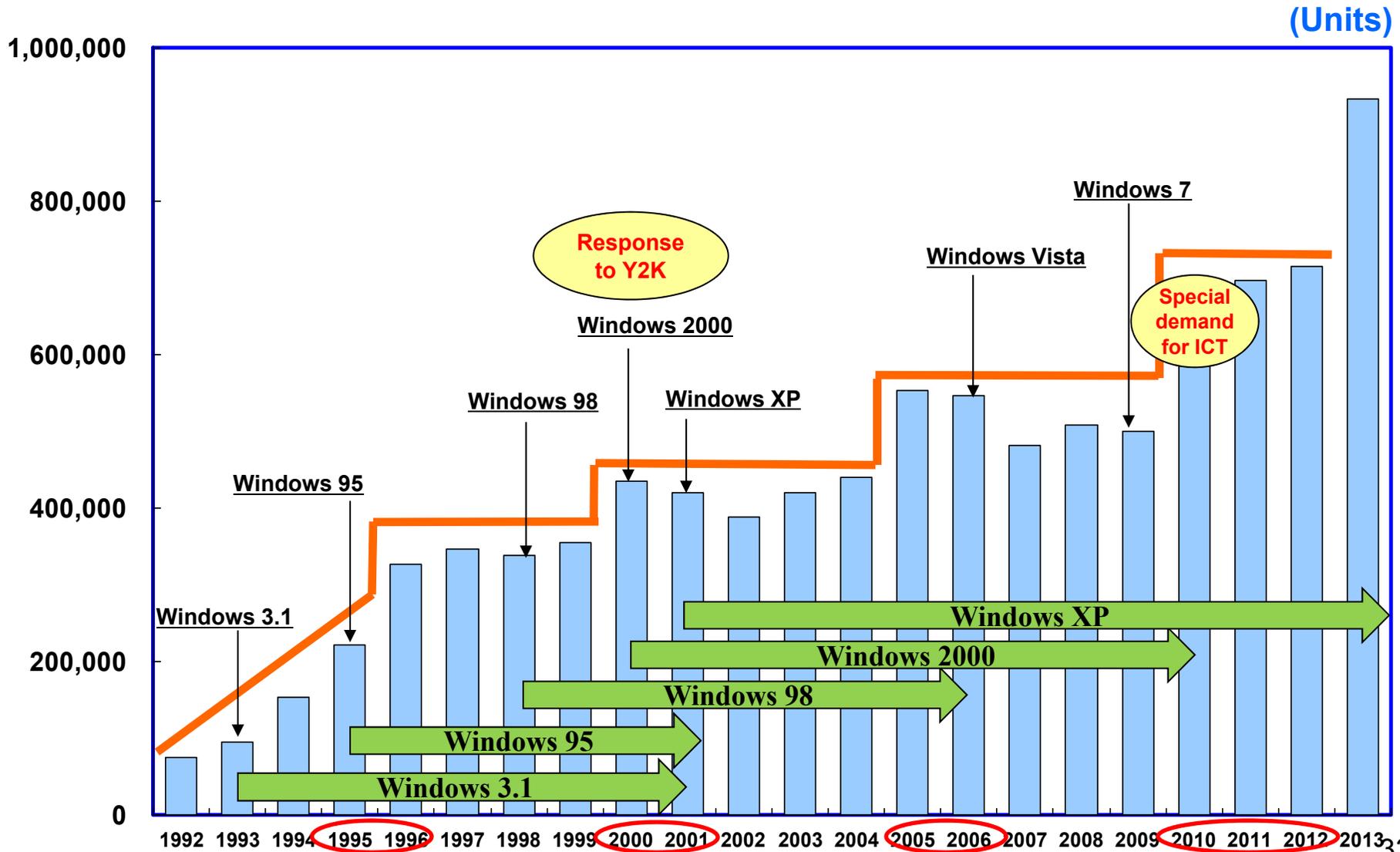
Example of Achievement of All Fronts System - 2

Number of PCs Sold – Area Sales

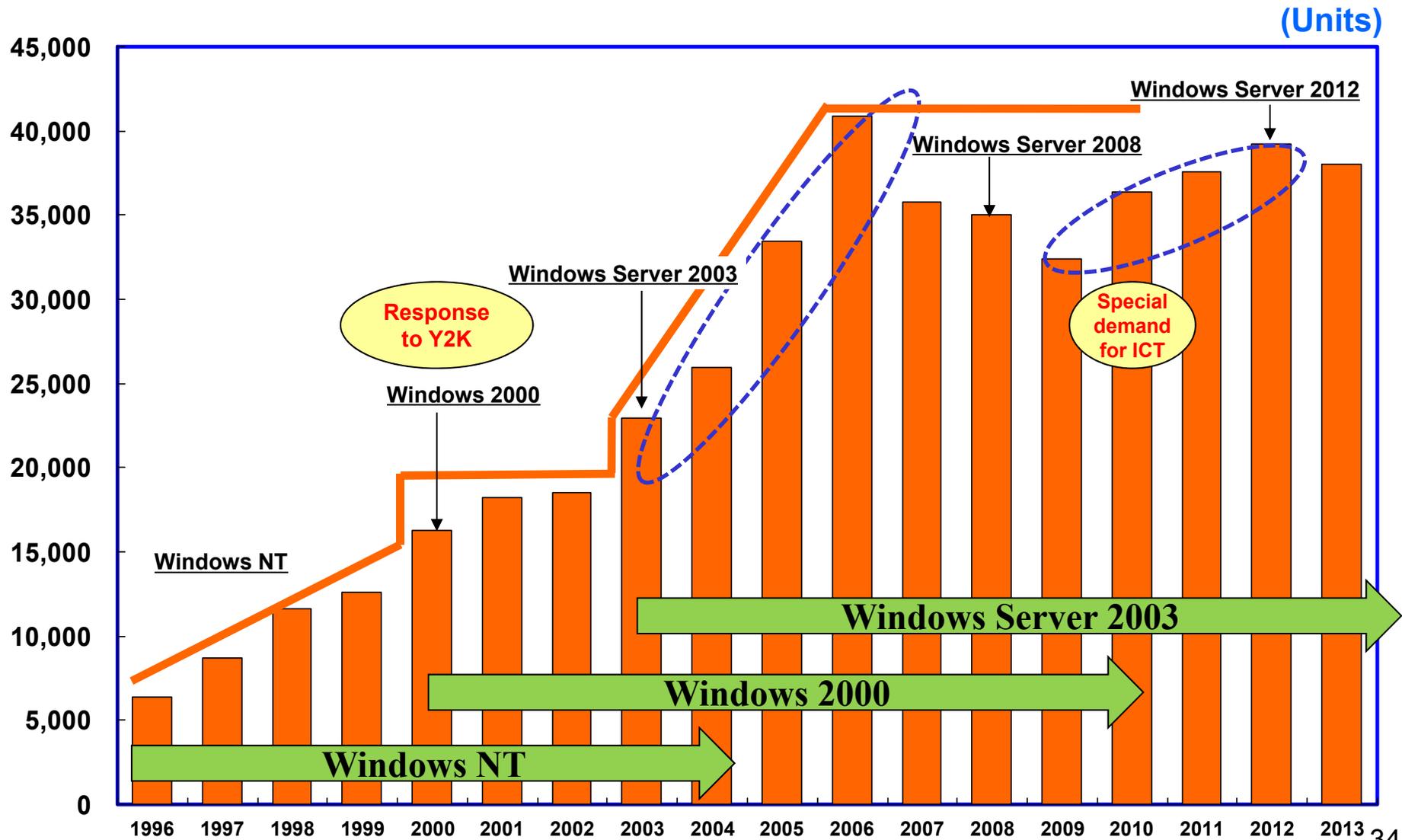
(Units)



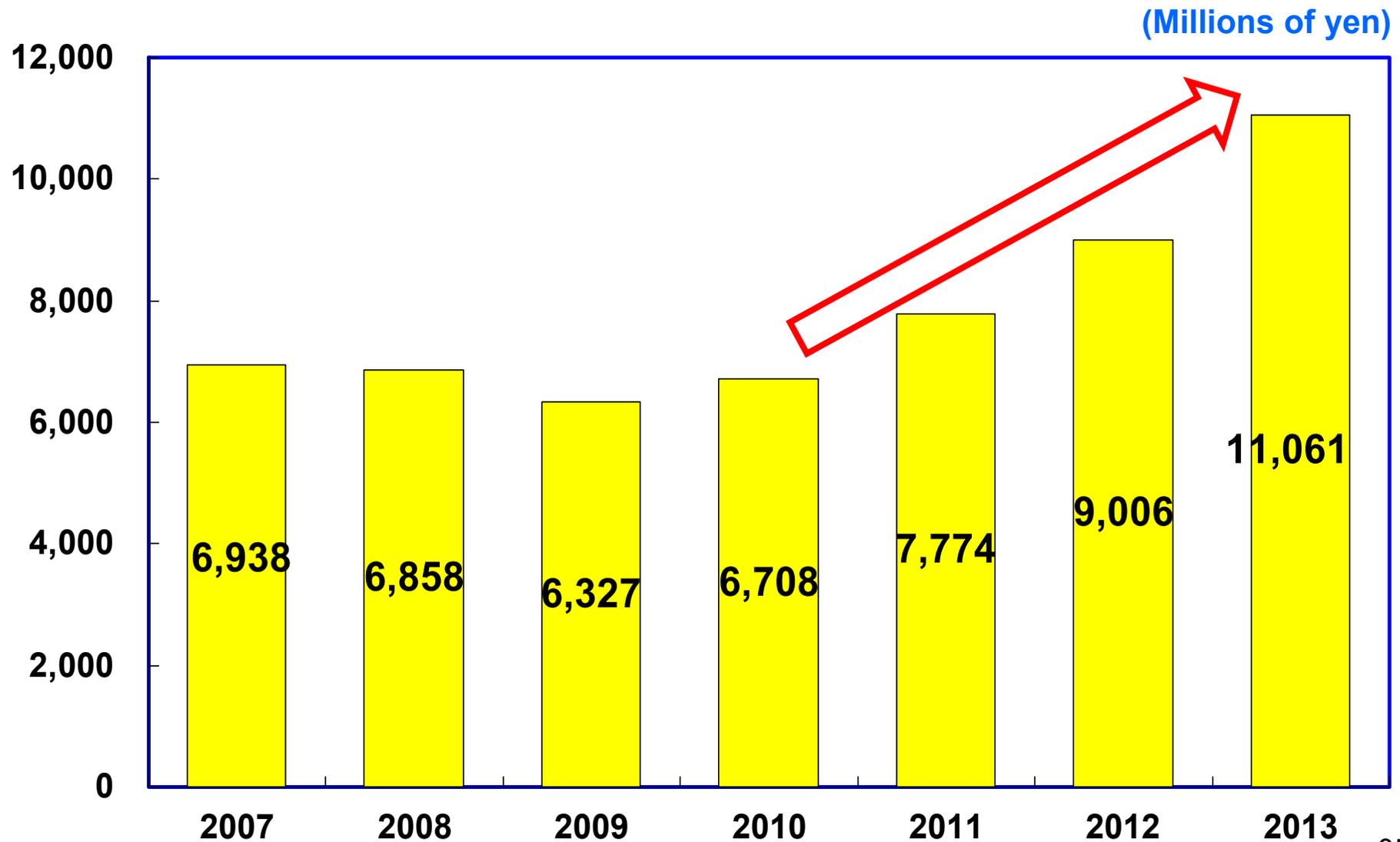
Number of PCs Sold



Number of Servers Sold

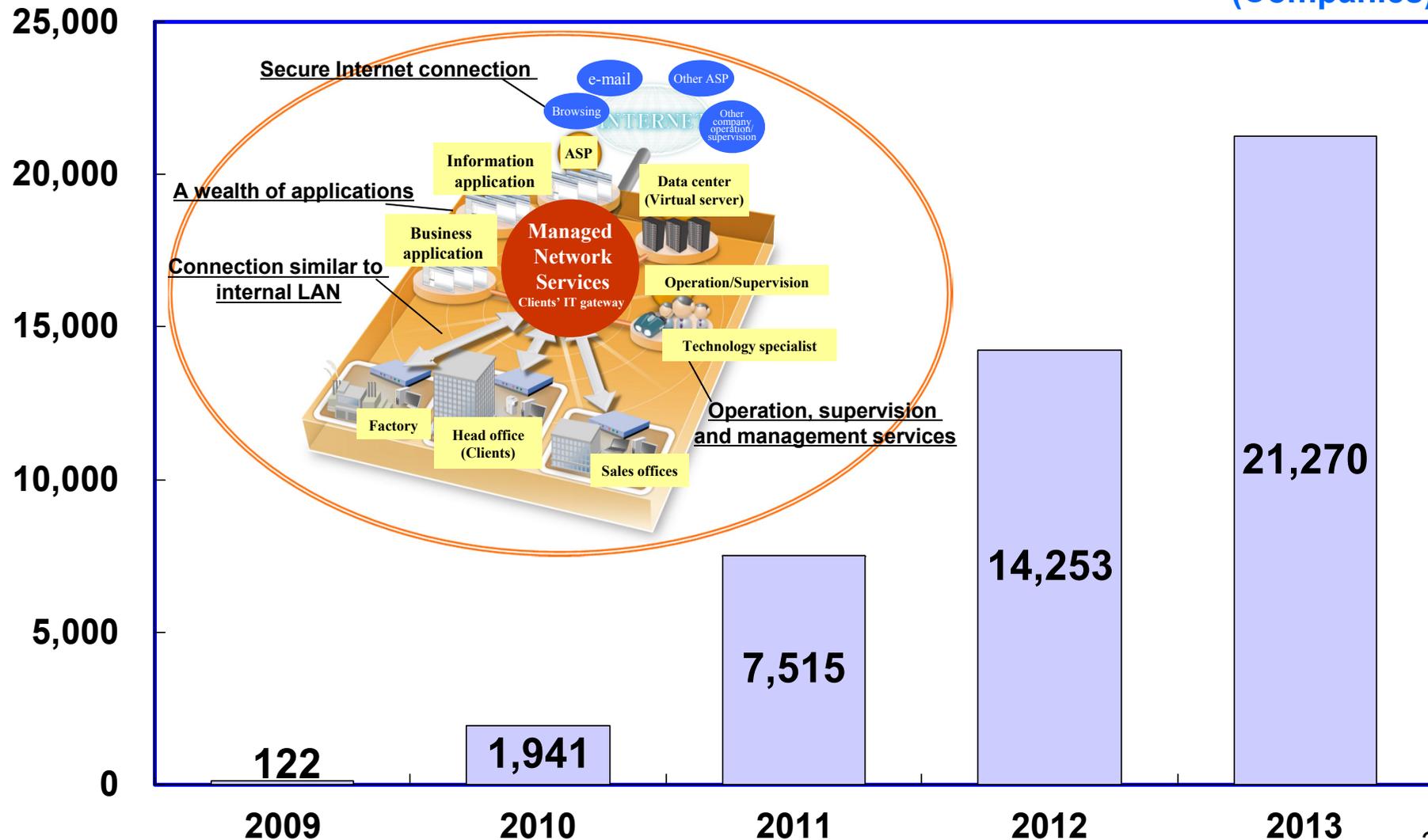


Net Sales of SMILE

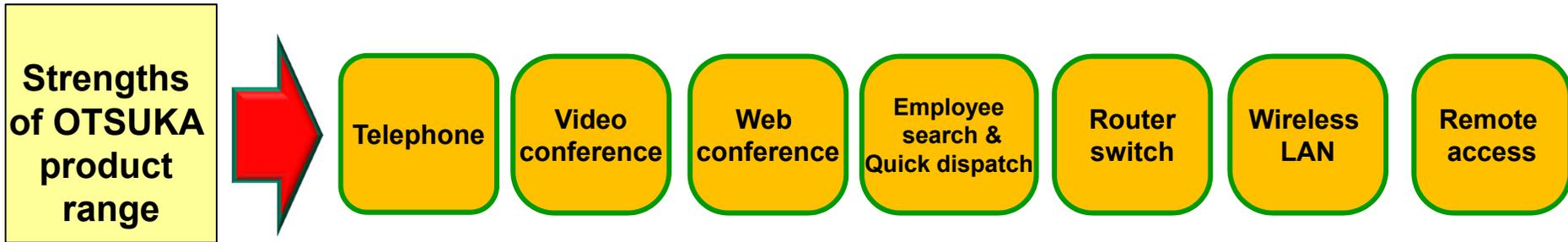


Number of Companies to Which Managed Network Services (MNS) Were Sold

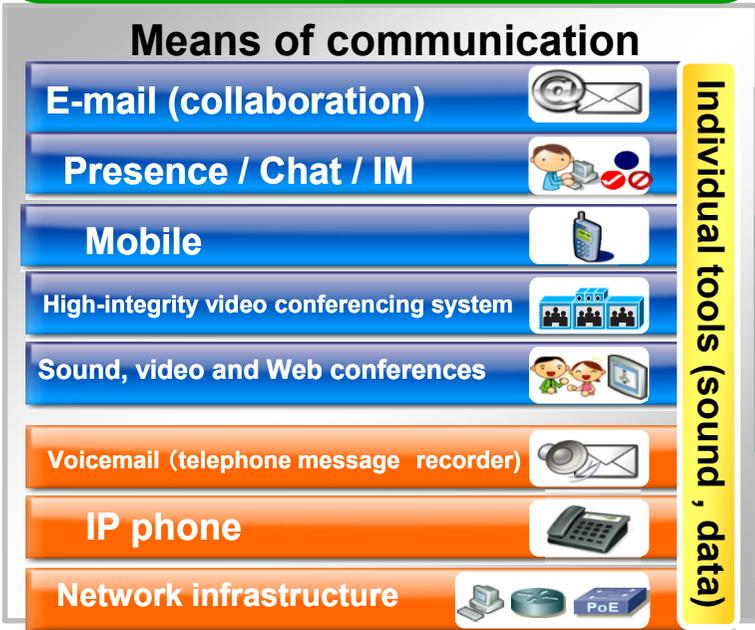
(Companies)



Unified Communications Business Initiatives



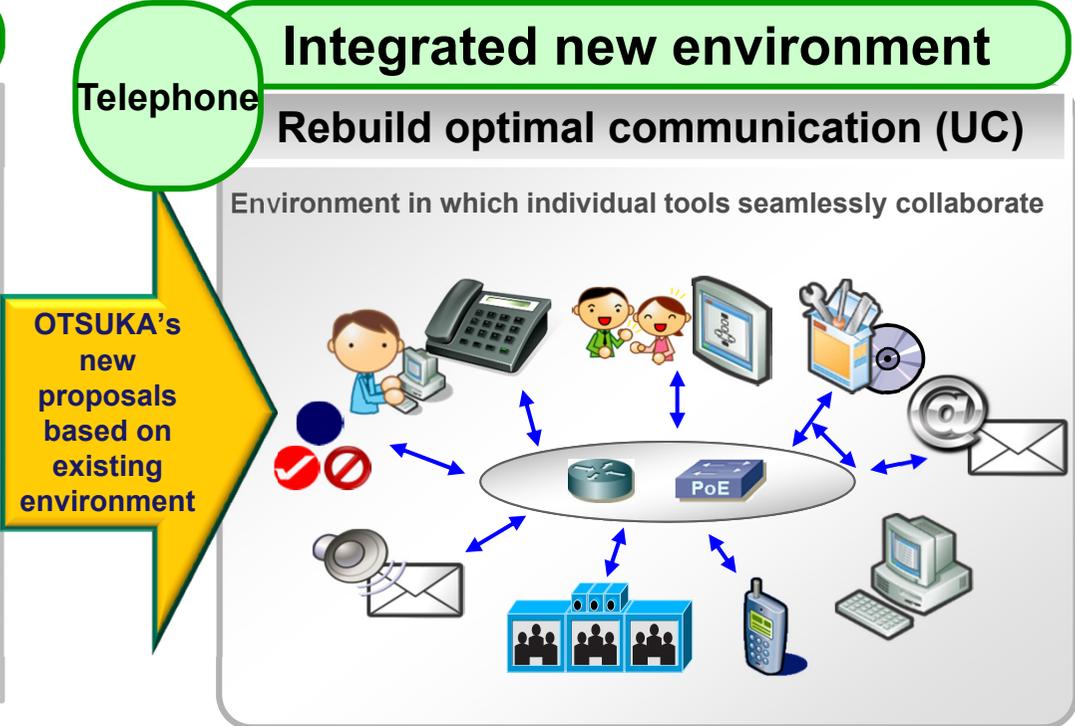
Various customer environments



Integrated new environment

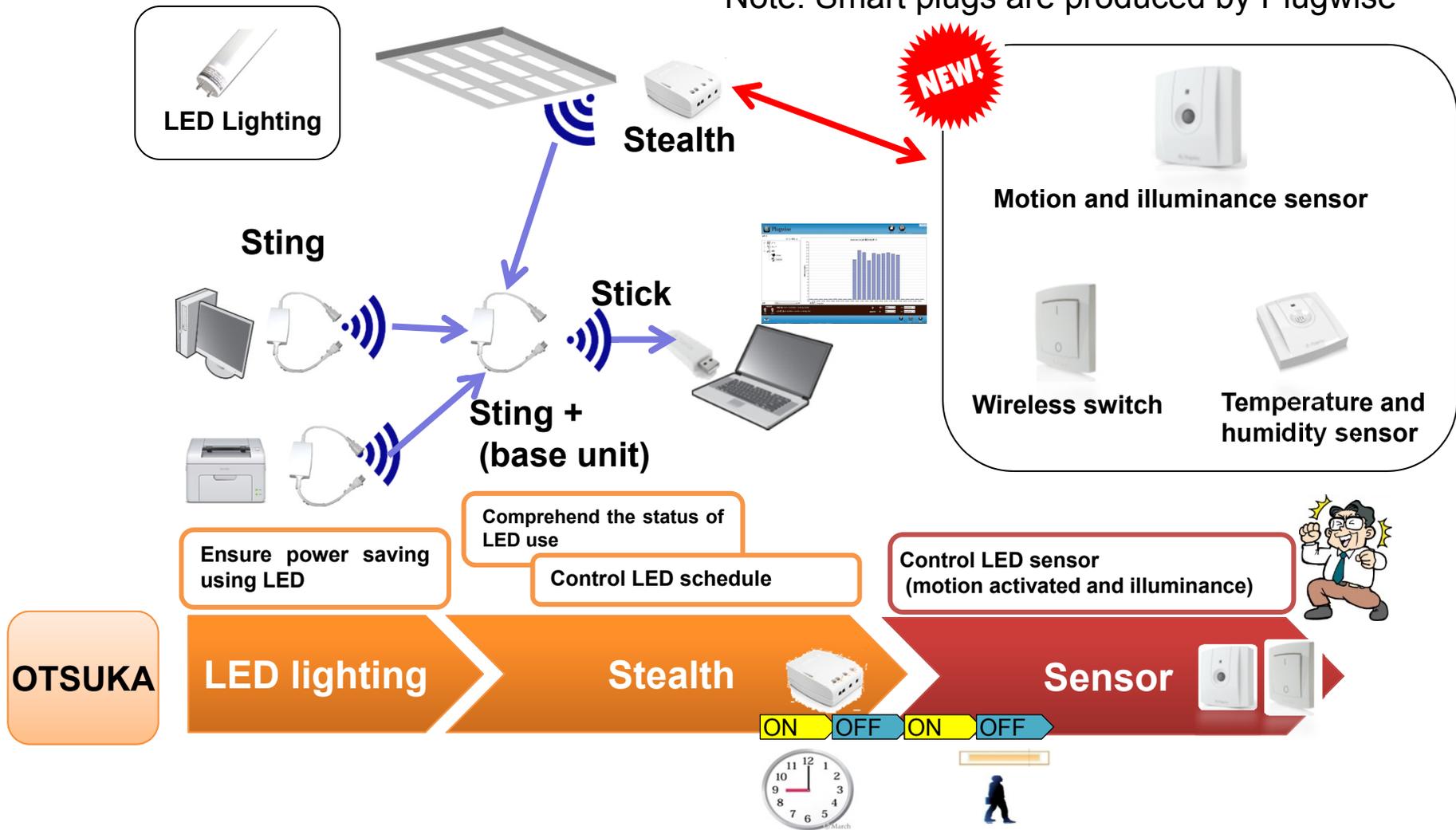
Rebuild optimal communication (UC)

Environment in which individual tools seamlessly collaborate



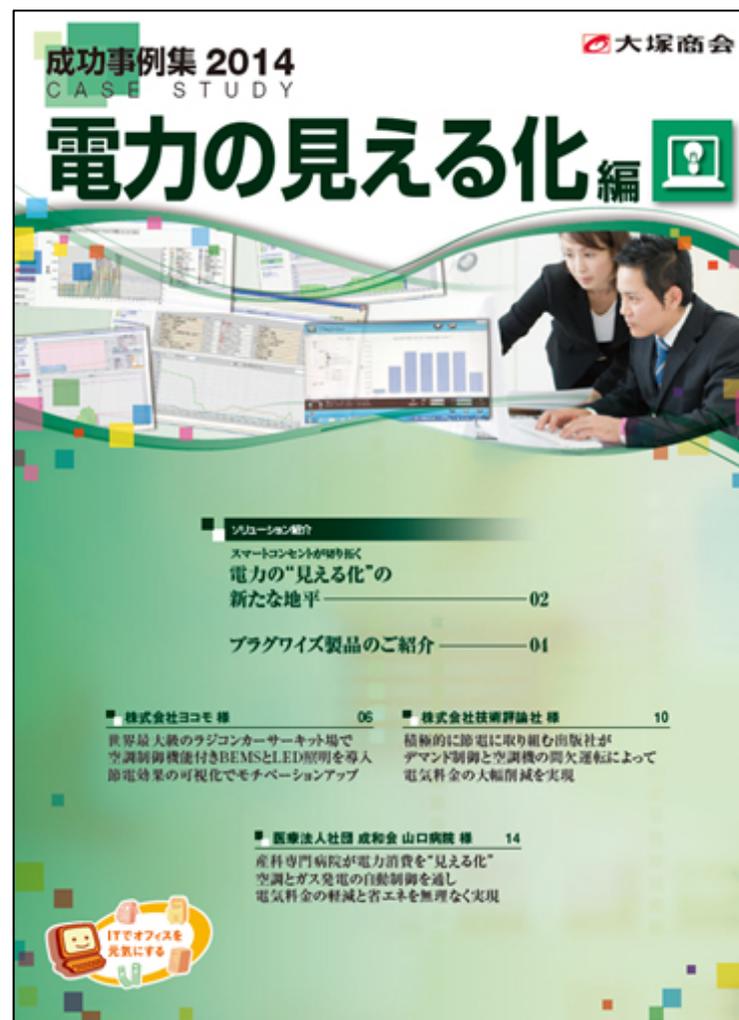
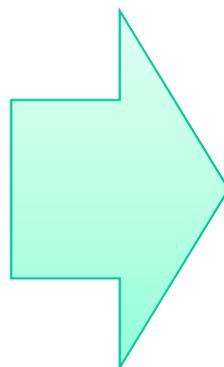
Proposing LED Lighting and Light Control as a Set

Note: Smart plugs are produced by Plugwise



Successful Examples of Visualization of Electric Power

Further enhancement of successful examples (2014 issue)



Business Activities That Give Considerations to the Environment

LED lighting and Plugwise products were delivered and installed at the I-REF Building of The University of Tokyo as part of the Green University of Tokyo Project.

- Received letter of appreciation from The University of Tokyo at the completion ceremony on September 25, 2013



Planted trees in Macapá, which 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)
- **Scheduled to expand area to 500 hectares by 2017** (roughly equivalent to half the area of Chuo Ward in Tokyo)



Immediately after planting: Dec. 28, 2011



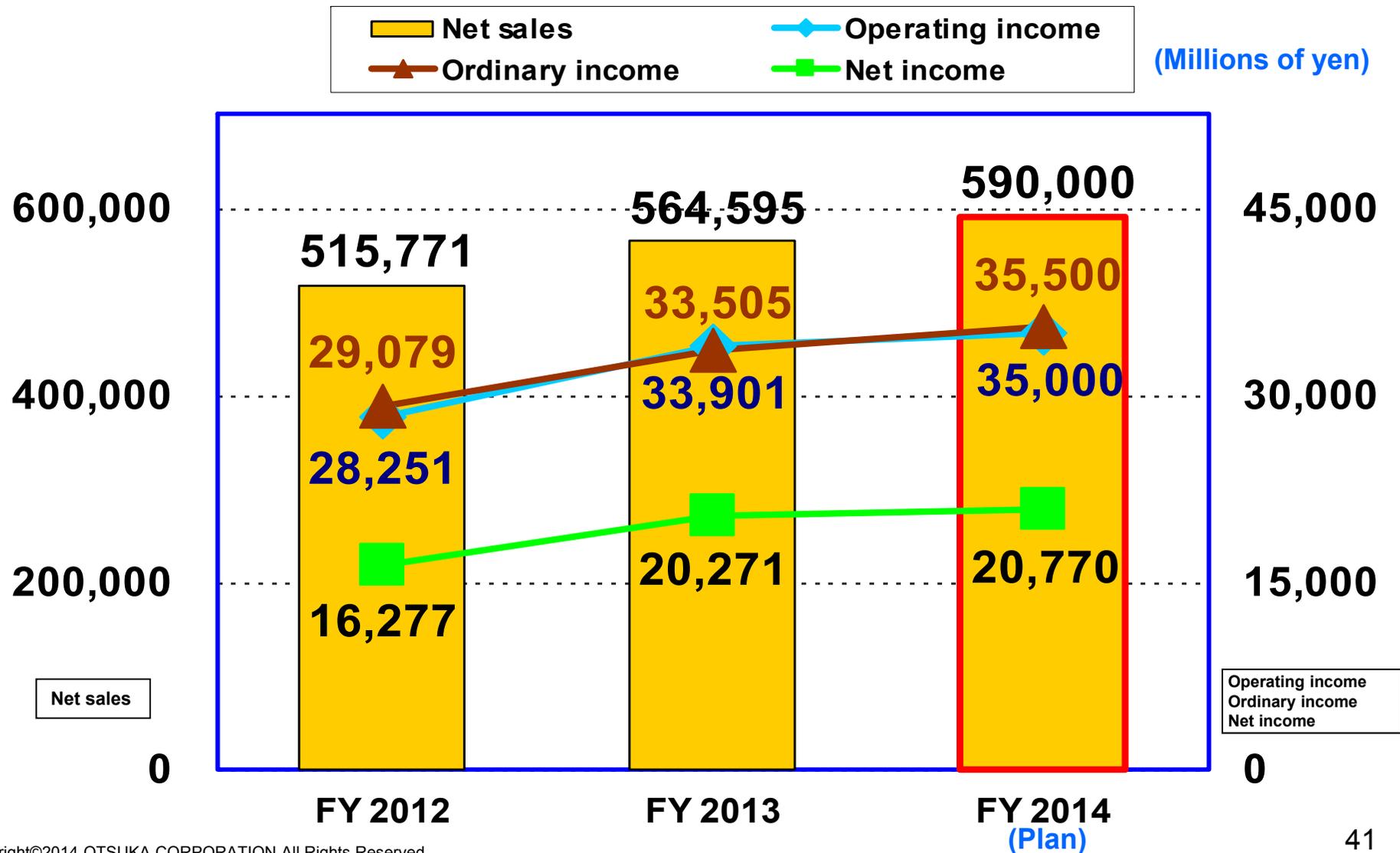
One year later: Dec. 27, 2012



Two years later: Dec. 29, 2013

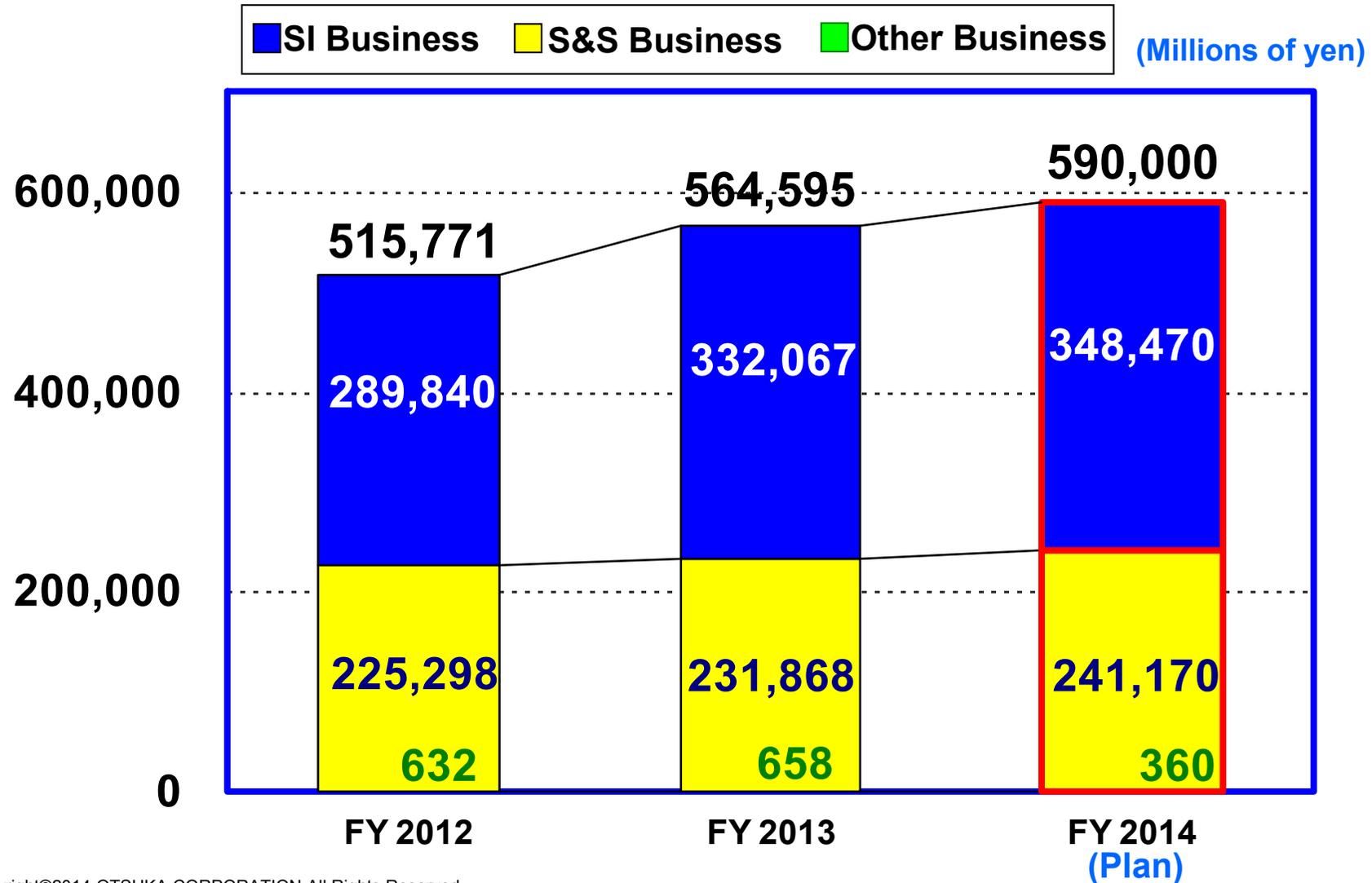
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments



Jissen (Practical) Solution Fair 2014



Dates : February 5 (Wed) – February 7 (Fri)
Venue: The Prince Park Tower Tokyo



Cautionary statement

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