

Outlook for Fiscal 2014

■ Corporate IT Investment Is Expected to Remain Stable

Going forward, there is a risk that the increase in the consumption tax or a slowdown in overseas economies could exert downward pressure on the Japanese economy.

Nevertheless, it is anticipated that the Japanese economy will continue moving toward a recovery owing to expectations of reconstruction demand, the positive effects of government economic countermeasures, a pickup in exports and an increase in investments.

Amid this economic environment, it will be necessary for domestic companies to introduce systems to raise productivity in gearing up for an economic recovery, introduce power savings measures and power saving equipment in response to increased electric power costs and make replacement purchases of PCs in the run-up to the ending of support for Windows XP in April 2014. Due to these factors, company IT investments are expected to remain stable.

■ Strengthening Customer Contact

Given these economic conditions and outlook for company IT investment, under a strengthened community-based sales structure, the Group will reinforce customer contact by actively proposing solutions that combine multiple products and services drawing on the Group's total strengths and respond to the needs of domestic companies for raising productivity and reducing electric power usage. We will also bolster our lineup of appealing office supplies and develop a lineup of maintenance services that support improvements in productivity of corporate activities and reduce burdens. At the same time, we will strengthen our accumulated business; build stable and long-term business relationships with customers; and strengthen our earnings foundation.

Policies and Measures in 2014

"Live up to customers 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.

■ Strategies by Segment

In the System Integration business, we will focus closely on company IT investment trends and IT utilization needs, while further promoting comprehensive proposals and combined system proposals that combine copiers, computers, telephones, facsimile machines and communication lines as we strengthen our one-stop solutions. We will also strive to take advantage of demand for replacement purchases toward the ending of support for Windows XP.

In the Service and Support business, the OTSUKA Group will strive to upgrade and expand our line of products and enhance our lineup of “TANOSEE” private-brand products in our “tanomail” office supply mail-order service business. In our “tayoreru” support service business, we will work to utilize our achievement in the System Integration business to generate an increase in maintenance and other service contracts, and in conjunction with these efforts, we will increase our services that are not reliant on hardware.

■ Forecast for Fiscal 2014

In fiscal 2014, the Company forecasts a 4.5% increase in consolidated net sales to ¥590,000 million, a 3.2% increase in operating income to ¥35,000 million, a 6.0% increase in ordinary income to ¥35,500 million and a 2.5% increase in net income to ¥20,770 million.

By segment, we forecast a 4.9% increase in net sales to ¥348,470 million in the System Integration business, a 4.0% increase to ¥241,170 million in the Service and Support business and a 45.3% decrease to ¥360 million in the Other Business.

Forecast for Consolidated Net Sales and Income (Millions of yen)

	Fiscal 2013	Fiscal 2014 (Forecast)	
	Amount	Amount	Change to Last Year
Net sales	564,595	590,000	+4.5%
Operating income	33,901	35,000	+3.2%
Ordinary income	33,505	35,500	+6.0%
Net income	20,271	20,770	+2.5%

Forecast for Consolidated Net Sales by Segment (Millions of yen)

	Fiscal 2013	Fiscal 2014 (Forecast)	
	Amount	Amount	Change to Last Year
System Integration business	332,067	348,470	+4.9%
Service and Support business	231,868	241,170	+4.0%
Other business	658	360	-45.3%