

Outlook for Fiscal 2015

■ Corporate IT Investment Is Expected to Remain Stable

The Japanese economy is expected to continue its moderate recovery owing to the anticipated positive effects of the government's economic policies and improvements in the employment and income environments.

Under these economic conditions, domestic companies need to make aggressive IT investments and prepare for the introduction of the Social Security and Tax Number ("My Number") System. Therefore, corporate IT investments are expected to be firm.

■ Strengthening Solution Proposals and Cross-Selling

Given these economic conditions and outlook for company IT investment, under a strengthened community-based sales structure, the Group will further reinforce its contact with customers, strengthen solutions proposals and implement cross-selling drawing on the Group's total strengths and respond to the needs of domestic companies for raising productivity and improving earnings power. 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. Additionally, in terms of both human resources development and structures, we will raise the level of our sales capabilities and support capabilities and strive to further raise productivity.

Market Forecast in 2015

- Moderate growth of the Japanese economy is expected after the impact of the consumption tax increase has bottomed out
- Emergence of labor shortages
- Preparations toward introduction of the Social Security and Tax Number ("My Number") System
- Demand for raising productivity through aggressive IT investment
- End of support for Windows Server 2003
- Market expansion of mobile and tablet devices
- Strong demand by companies for IT utilization and energy-saving

Policies and Measures in 2015

- "Live up to customer trust from a customer viewpoint and vitalize office with solutions"
- Expansion of business items with customers and cross-selling
 - Proposal of solutions to enhance productivity and labor saving
 - Utilization of "Virtual Manager"
 - Proposal of upgrades of Windows Server 2003
 - Strengthening of network solutions

■ Strategies by Segment

In the System Integration business, we will focus closely on company IT investment trends and IT utilization needs, further promote comprehensive proposals and combined system proposals that combine copiers, computers, tablets and other mobile devices, telephones, and communications lines as we strengthen our solutions proposals. Moreover, we will respond proactively to the ending of support for Windows Server 2003 and the introduction of the Social Security and Tax Number (“My Number”) System.

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 2015

In fiscal 2015, the Company forecasts a 2.0% increase in consolidated net sales to ¥618,000 million, a 1.4% increase in operating income to ¥37,600 million, a 0.4% increase in ordinary income to ¥38,300 million and a 0.6% increase in net income to ¥23,600 million.

By segment, we forecast a 0.2% increase in net sales to ¥362,660 million in the System Integration business, a 4.8% increase to ¥255,010 million in the Service and Support business and a 13.5% decrease to ¥330 million in the Other Business.

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

	Fiscal 2014	Fiscal 2015 (Forecast)	
	Amount	Amount	Change to Last Year
Net sales	605,766	618,000	+2.0%
Operating income	37,097	37,600	+1.4%
Ordinary income	38,144	38,300	+0.4%
Net income	23,455	23,600	+0.6%

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

	Fiscal 2014	Fiscal 2015 (Forecast)	
	Amount	Amount	Change to Last Year
System Integration business	362,068	362,660	+0.2%
Service and Support business	243,316	255,010	+4.8%
Other business	381	330	-13.5%