



# **Business Results**

**for the fiscal year ended December 31, 2011**

**February 1, 2012**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# Summary of Business Results, January – December, 2011

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
<b>Net sales</b>	<b>478,215</b>	<b>98.4%</b>	<b>+3.2%</b>	<b>444,625</b>	<b>97.3%</b>	<b>+2.7%</b>
<b>Operating income</b>	<b>23,095</b>	<b>110.0%</b>	<b>+21.5%</b>	<b>20,925</b>	<b>107.3%</b>	<b>+18.9%</b>
<b>Ordinary income</b>	<b>23,315</b>	<b>108.4%</b>	<b>+19.5%</b>	<b>21,628</b>	<b>107.6%</b>	<b>+18.3%</b>
<b>Net income</b>	<b>12,744</b>	<b>118.9%</b>	<b>+19.9%</b>	<b>12,519</b>	<b>121.0%</b>	<b>+25.0%</b>

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2011 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	235	5,160
	Net plan Co., LTD	Electronic communications construction and interior construction	93	7,761
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	165	1,518
	Net World Corporation	Sales and technology support for network-related equipment	313	46,456
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	312	4,836
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	313	4,654
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	25	483
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	45	867

# External Environment

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**The domestic economy is slowly beginning to pick up.**

The environment was characterized by a mild recovery in the global economy, the European debt crisis and financial uncertainties.

Exports weakened, the yen remained strong, share prices were lower and interest rates remained at the same level.

Production showed signs of a slow recovery and there were concerns over power supply.

The number of corporate bankruptcies remained at the same level.

Investment in facilities and equipment showed signs of recovery.

**IT investments are starting to pick up.**

# OTSUKA Group's Activities - 1

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- **System proposals that lead to cost reductions, improvement of productivity and strengthening of competitiveness**
- **Strengthening of customer contact and frontline**
- **Activities “participated in by all employees”**
- **Strengthening of accumulated business: “tanomail” and “tayoreru”**
- **BCP measures and proposals for reducing power consumption**

# OTSUKA Group's Activities - 2

## The Great East Japan Earthquake — OTSUKA's Responses

- Visit customers to confirm conditions, make utmost efforts to provide support.
- Free-of-charge repairs and maintenance of damaged equipment, free-of-charge provision of groupware service.
- Donations of surgical masks, disinfectant hand gel, and LED light bulbs.
- Relief money (“tanomail” “personal tanomail”, employees and OTSUKA CORPORATION)

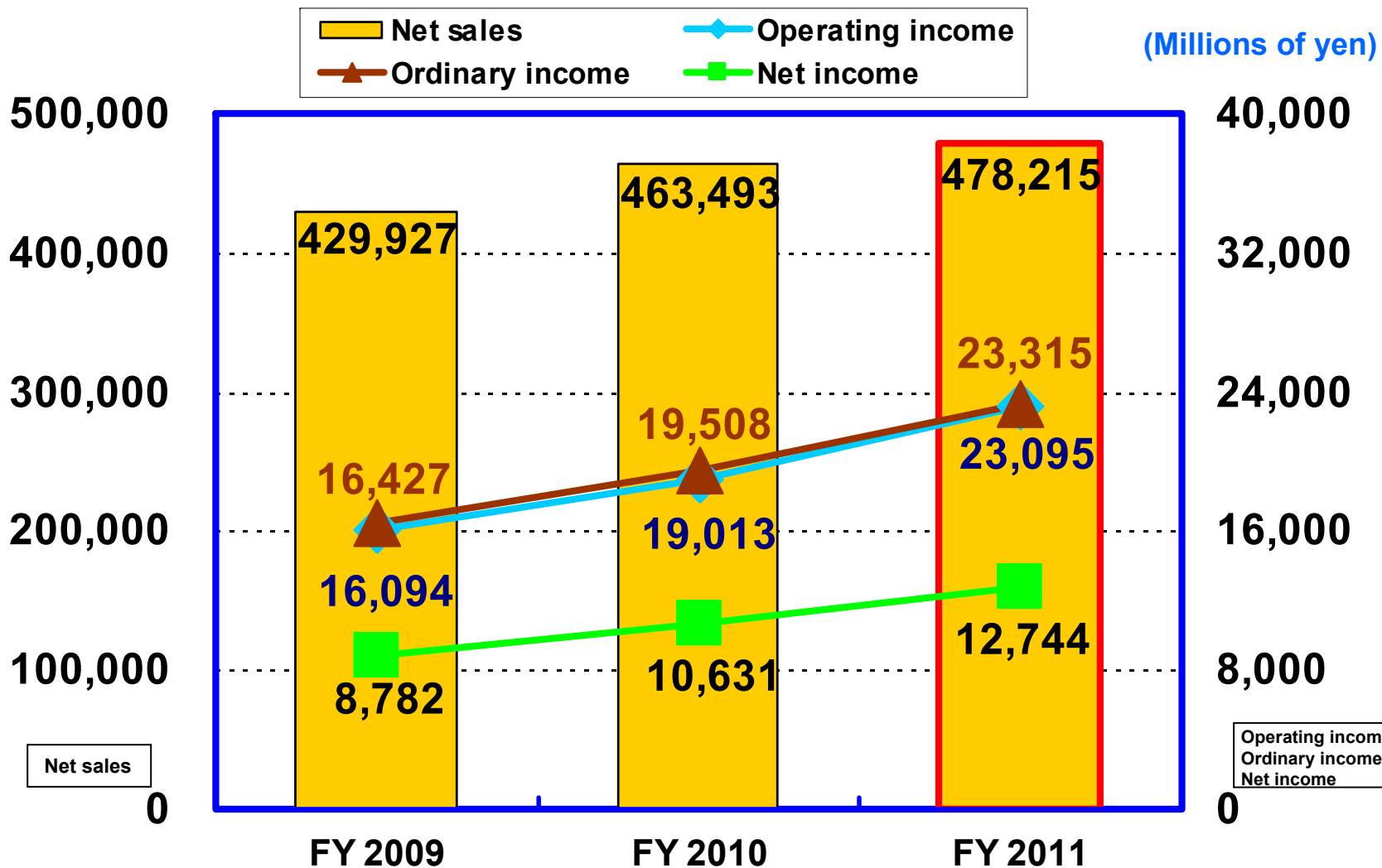


## 50th Anniversary of Foundation

- Donation of LED lighting and tree-planting activities
- Global warming countermeasures  
(Provide carbon offset products, support tree-planting activities overseas)
- OTSUKA environmental measures  
Strengthen 3R (Reduce, Reuse, Recycle) activities,  
promote reduction of CO<sub>2</sub> at the head office building

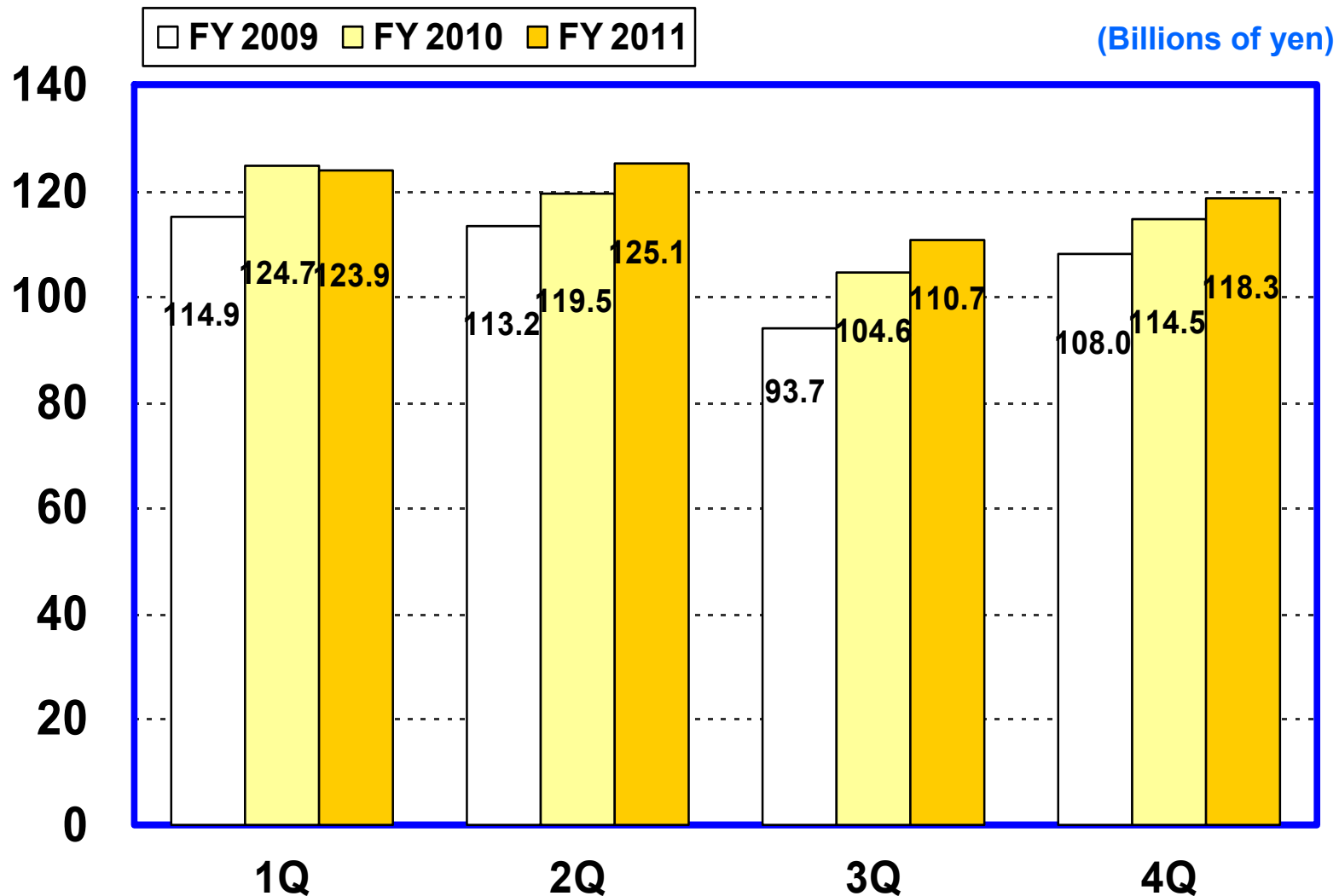
Consolidated

# Net sales and Profits



Consolidated

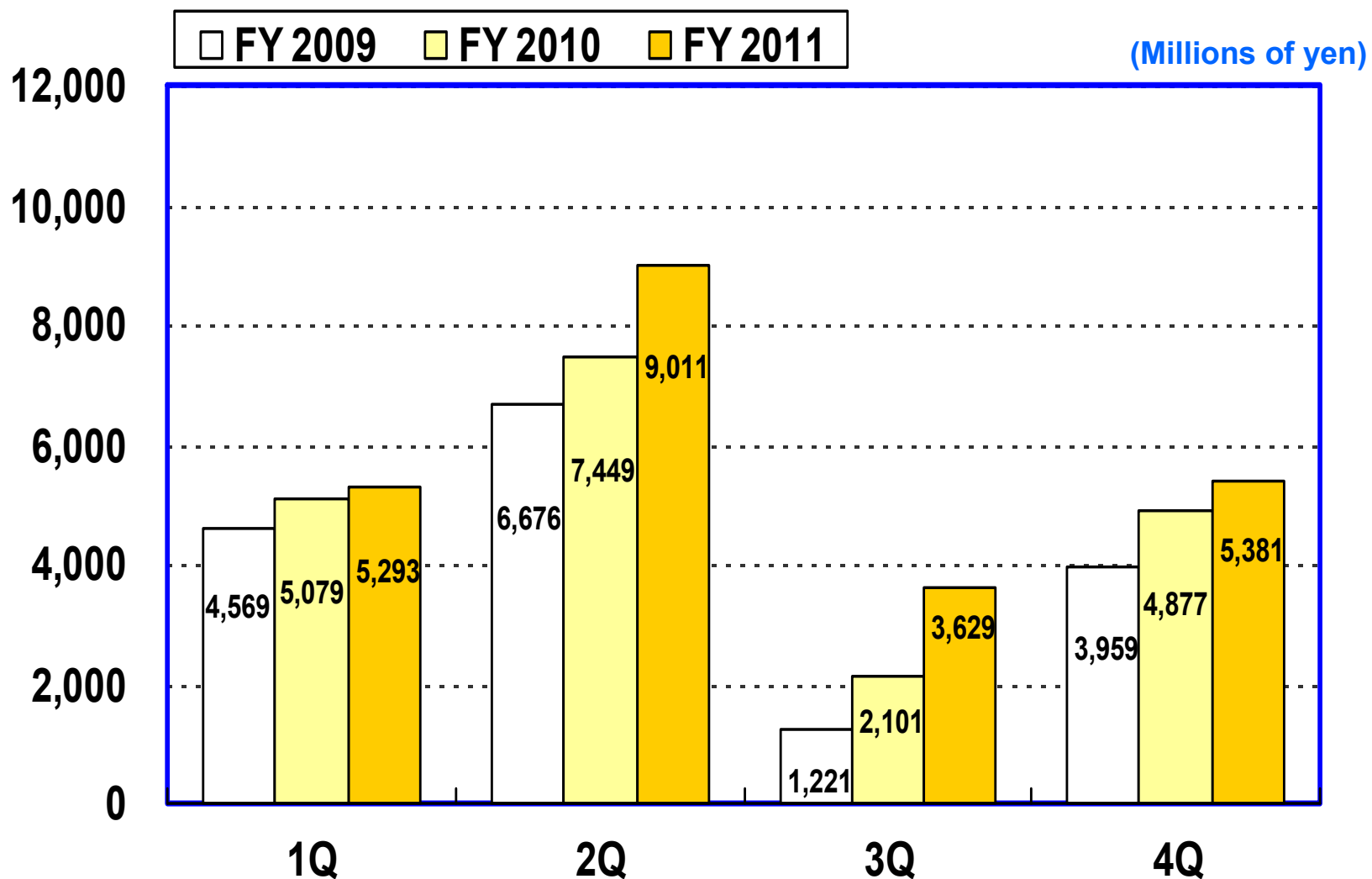
# Quarterly change of Net sales





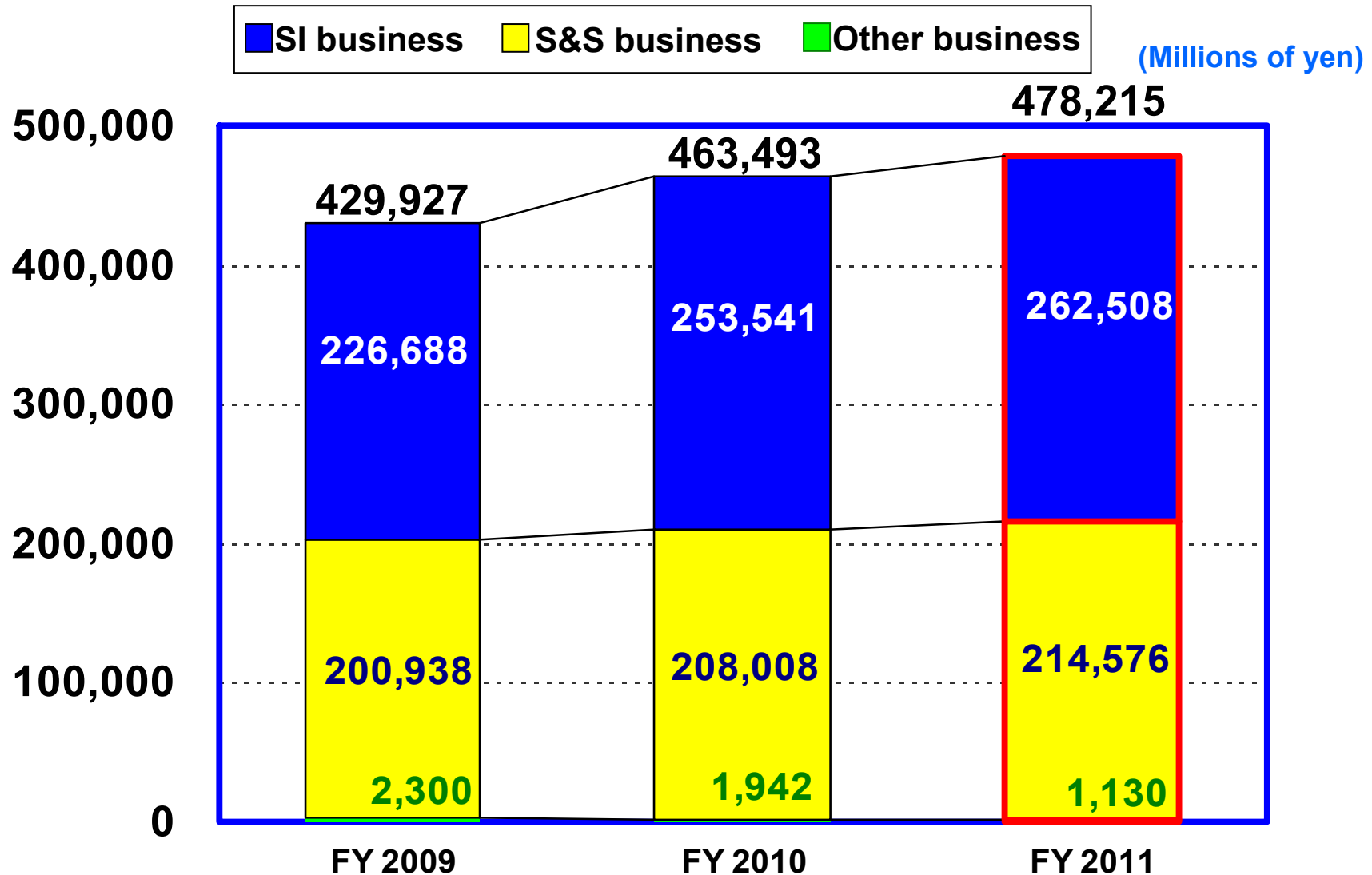
Consolidated

# Quarterly change of Ordinary income

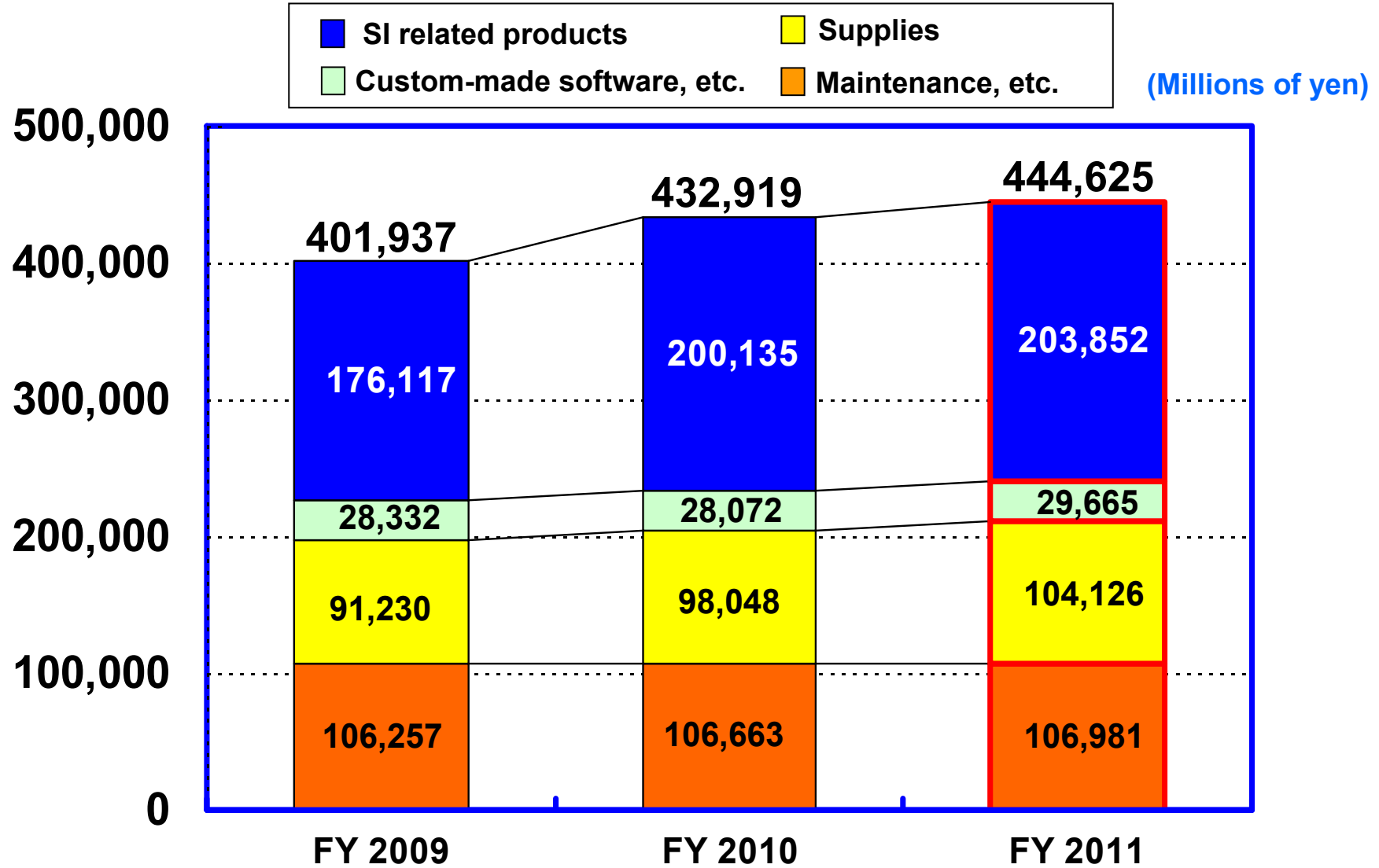


Consolidated

# Net sales by segments

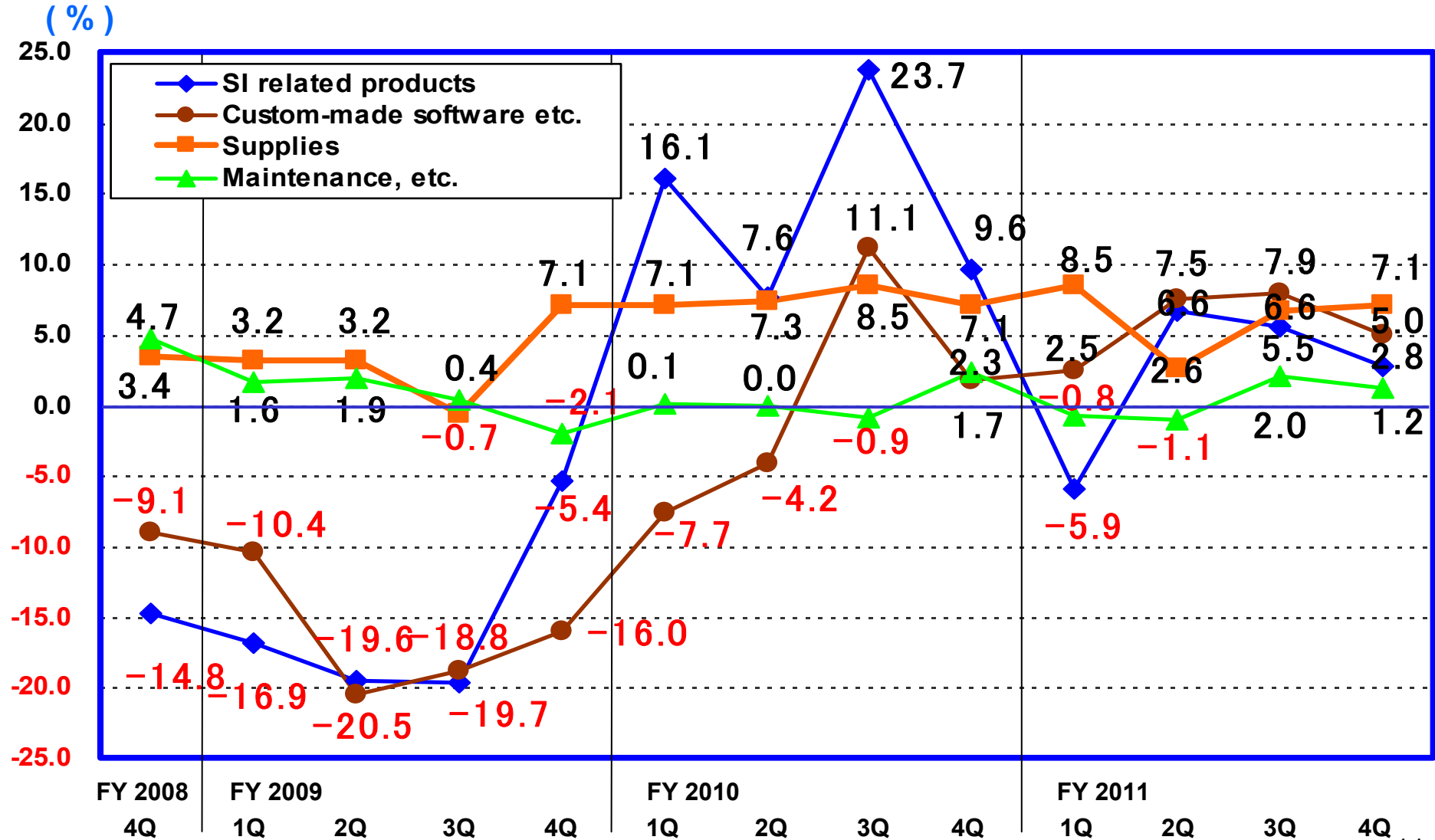


# Net sales by 4 segments



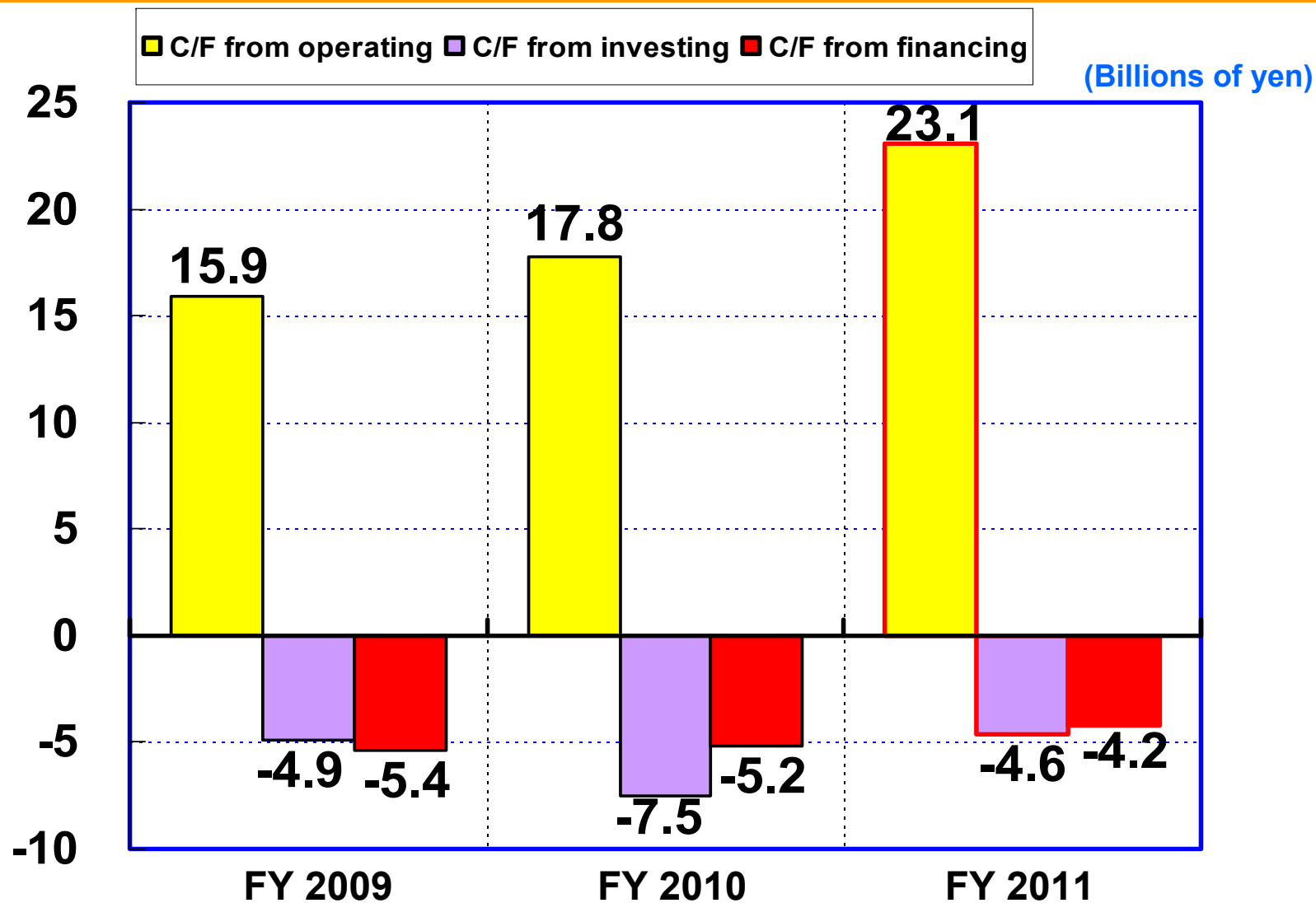
Non-Consolidated

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



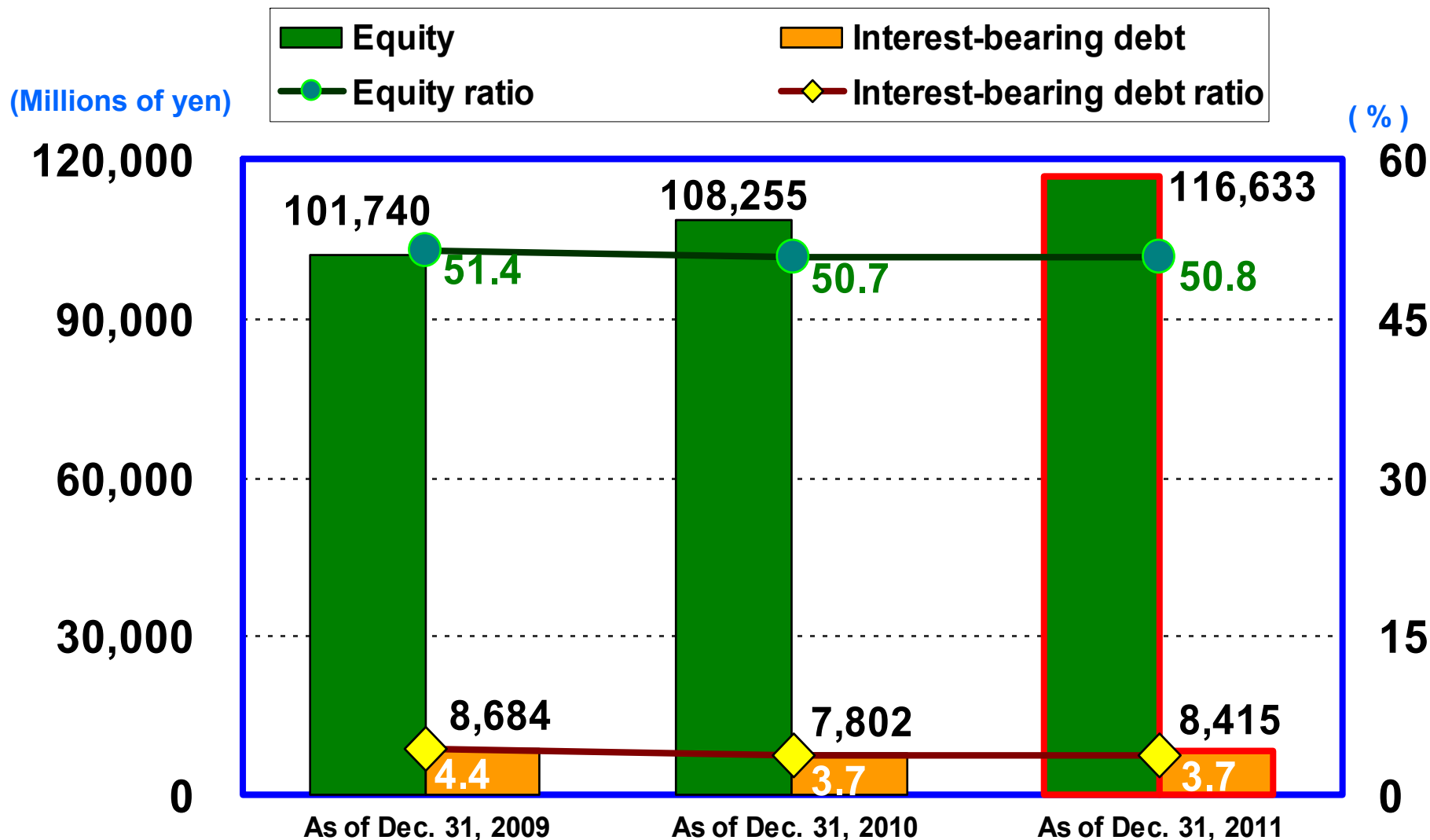
Consolidated

# Cash flows



Consolidated

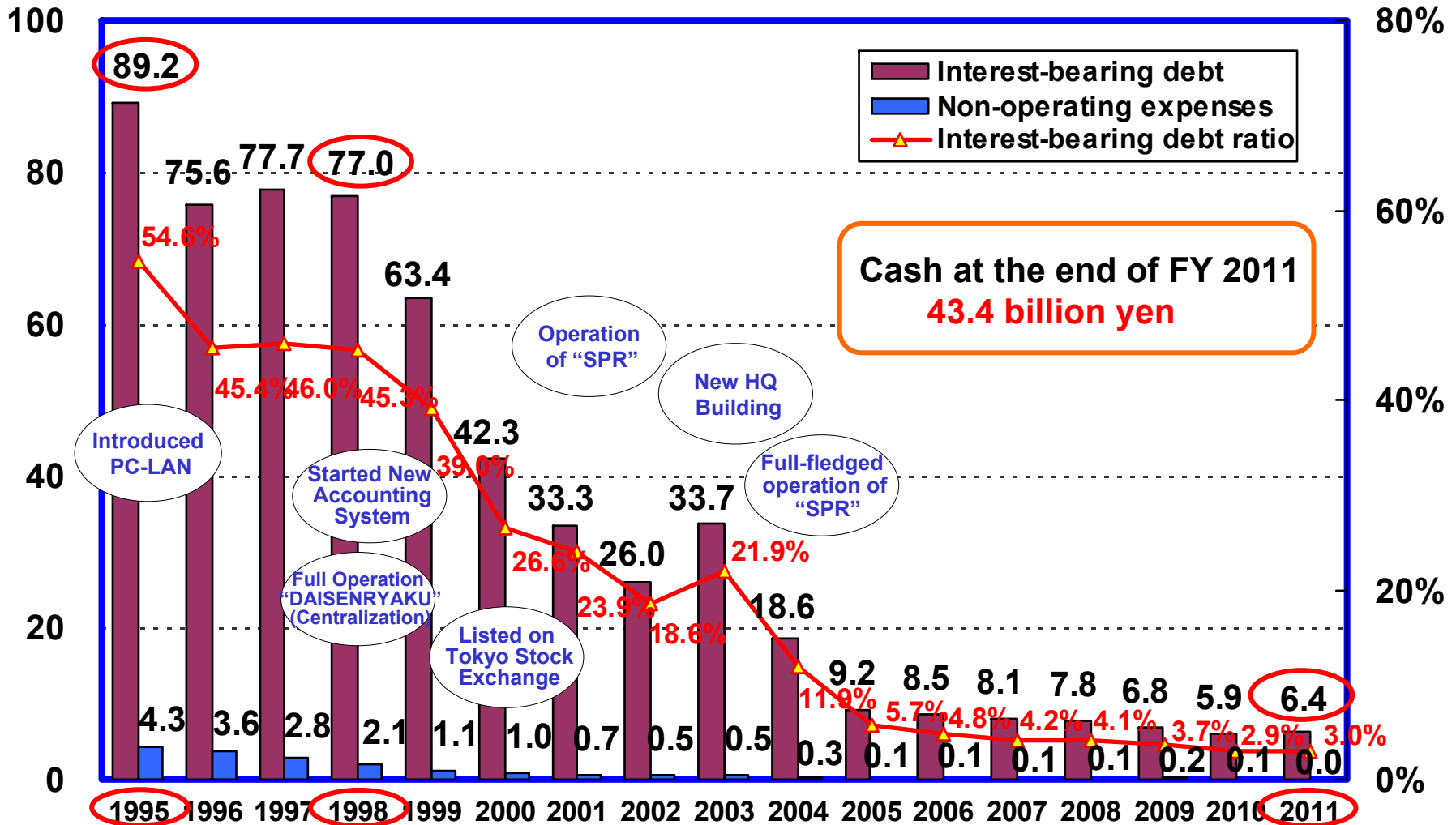
# Equity and Interest-bearing debt



Non-Consolidated

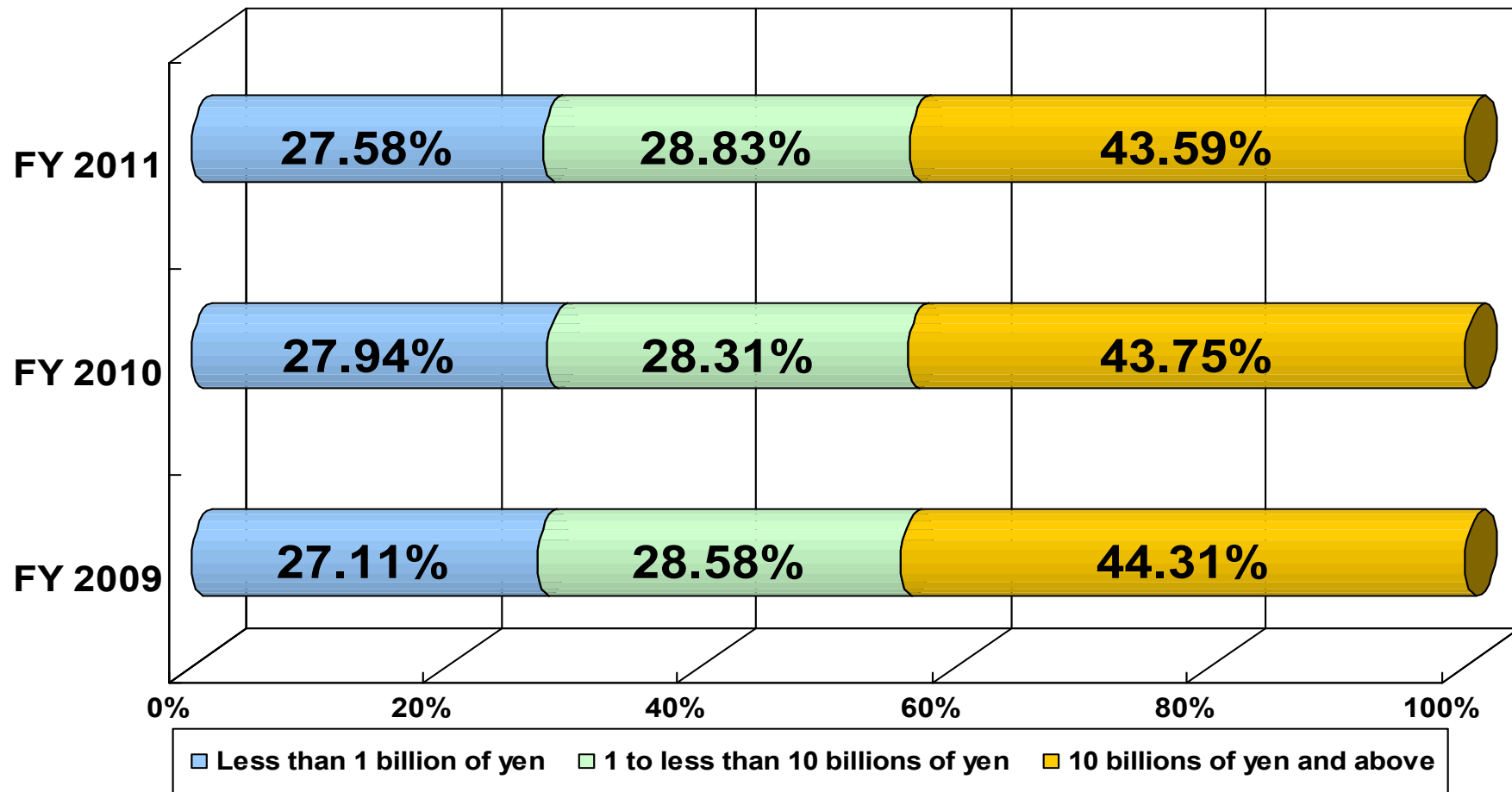
# Change of Interest-bearing debt and Non-operating expenses

(Billions of yen)



Non-Consolidated

# Net sales structure on customers' total annual business scale

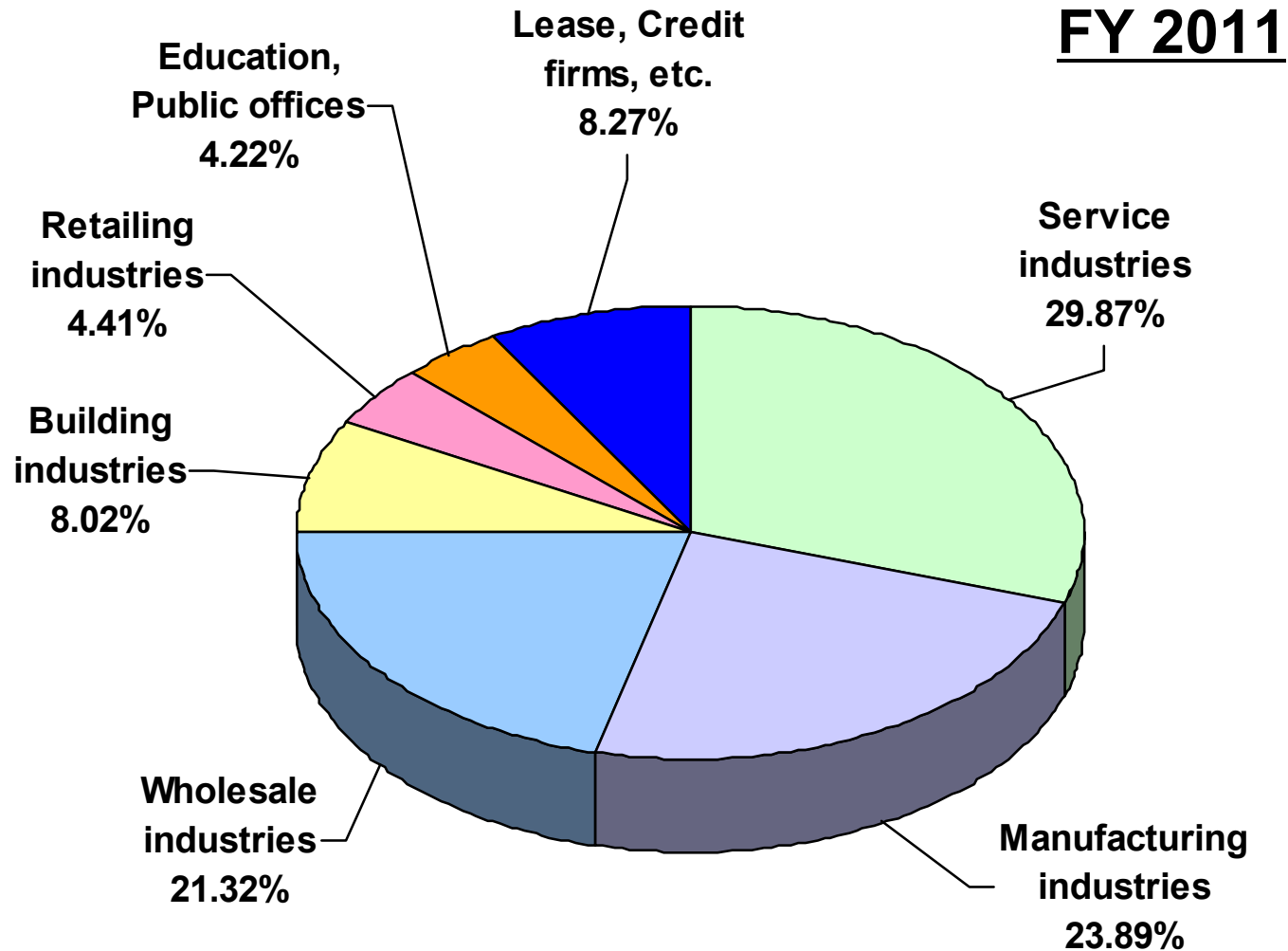


\* "Less than 1 billion yen" includes public offices.



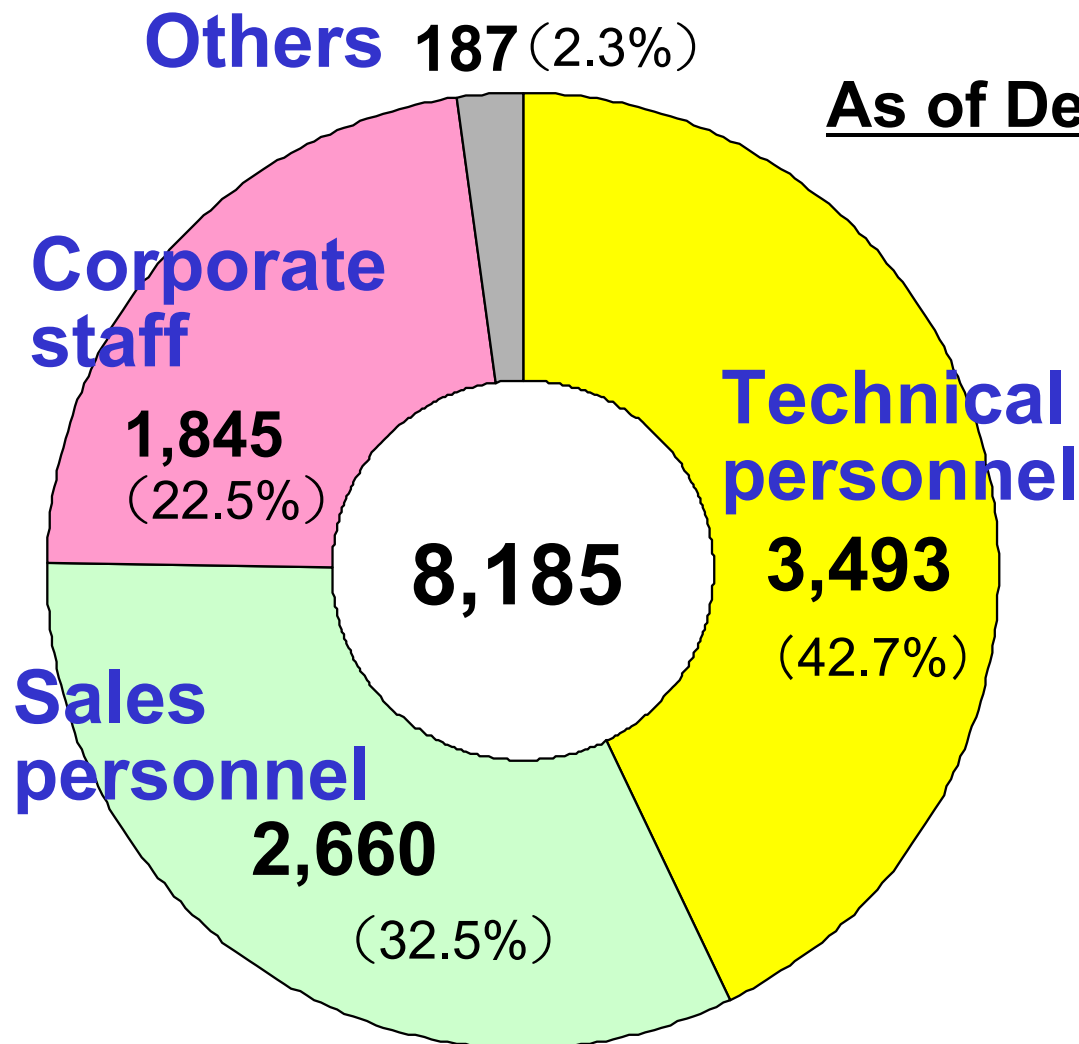
Non-Consolidated

# Sales breakdown by customers' type of industry



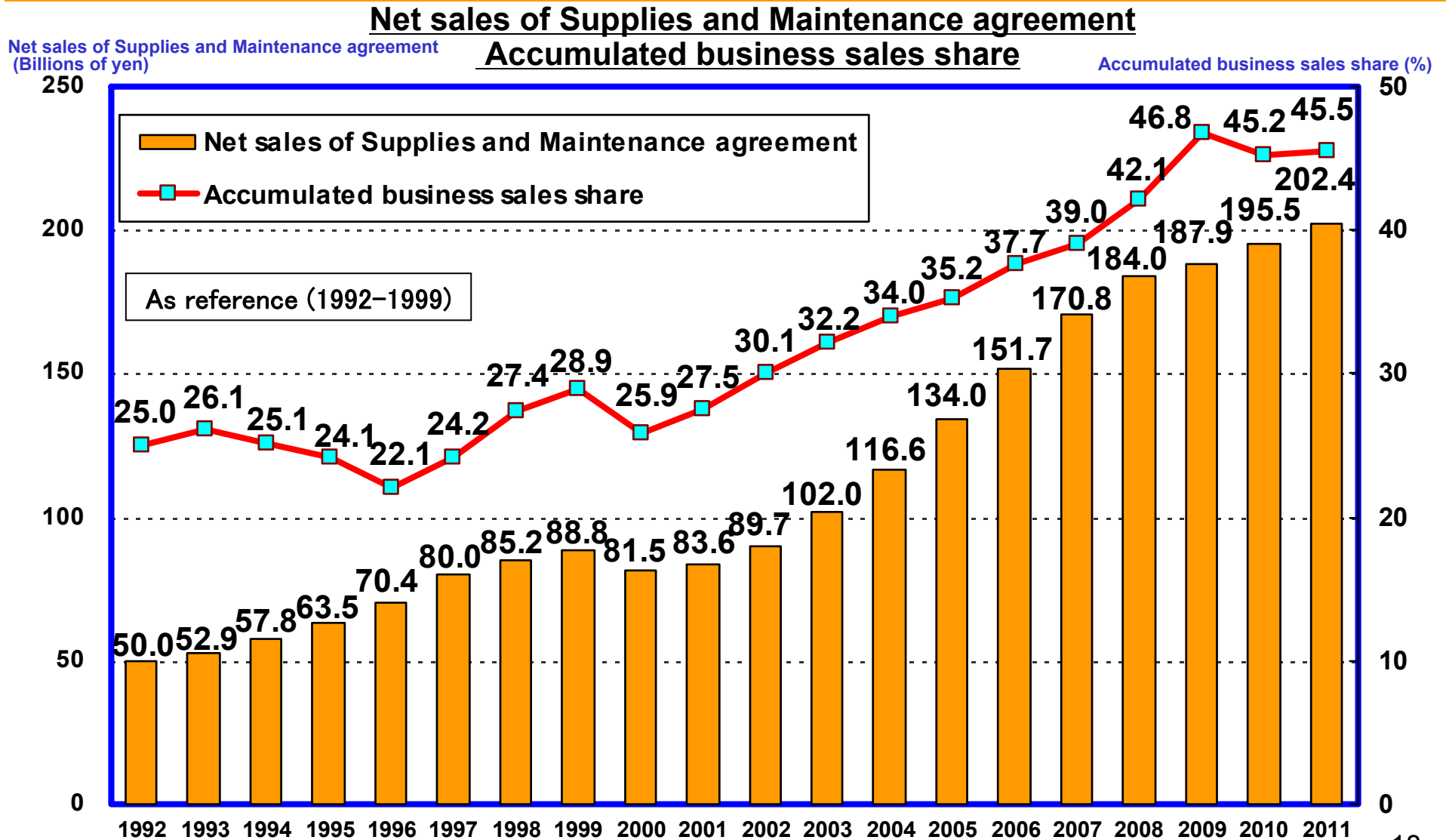
Consolidated

# Personnel organization (regular employees)



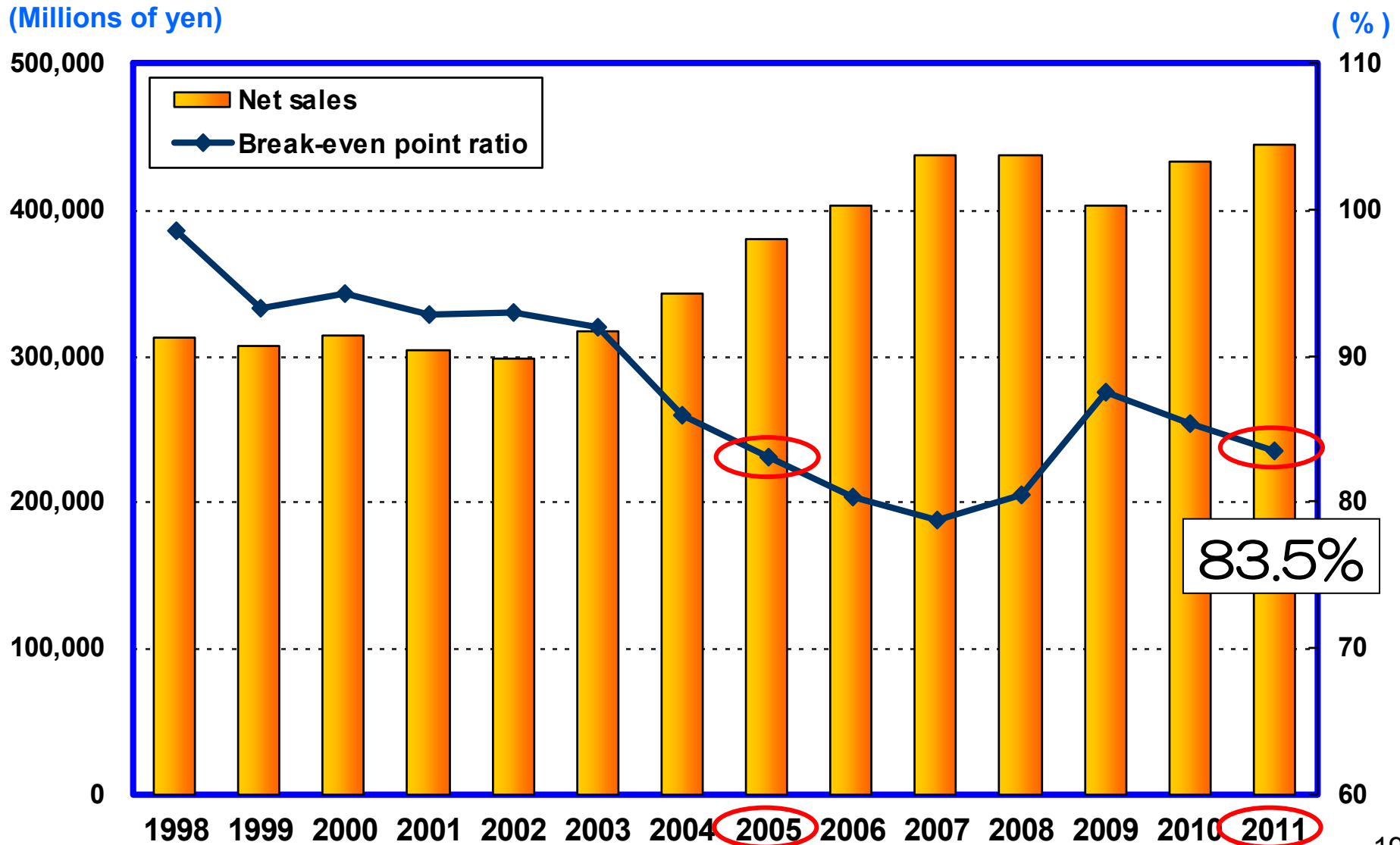
As of Dec. 31, 2011

# Growth of accumulated business



Non-Consolidated

# Change of Net sales and Break-even point ratio

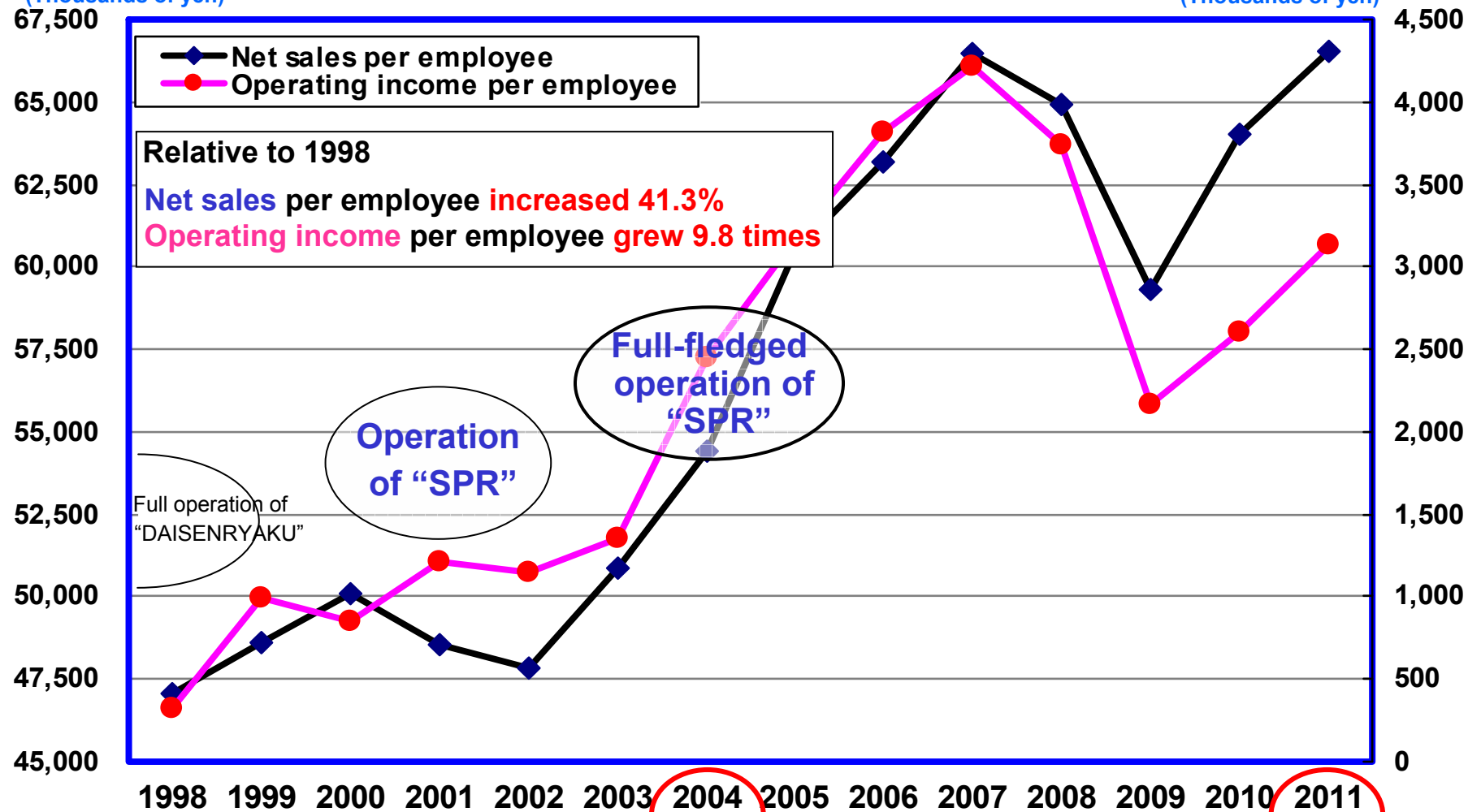


Non-Consolidated

# 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

(Difference to last year, -76)

# Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2009	FY 2010		FY 2011		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	92,990	100,980	+8.6%	<b>107,934</b>	<b>+6,953</b>	<b>+6.9%</b>
SMILE	6,327	6,708	+6.0%	<b>7,774</b>	<b>+1,066</b>	<b>+15.9%</b>
ODS21	33,073	38,778	+17.2%	<b>40,680</b>	<b>+1,901</b>	<b>+4.9%</b>
OSM	40,826	43,887	+7.5%	<b>47,113</b>	<b>+3,226</b>	<b>+7.4%</b>

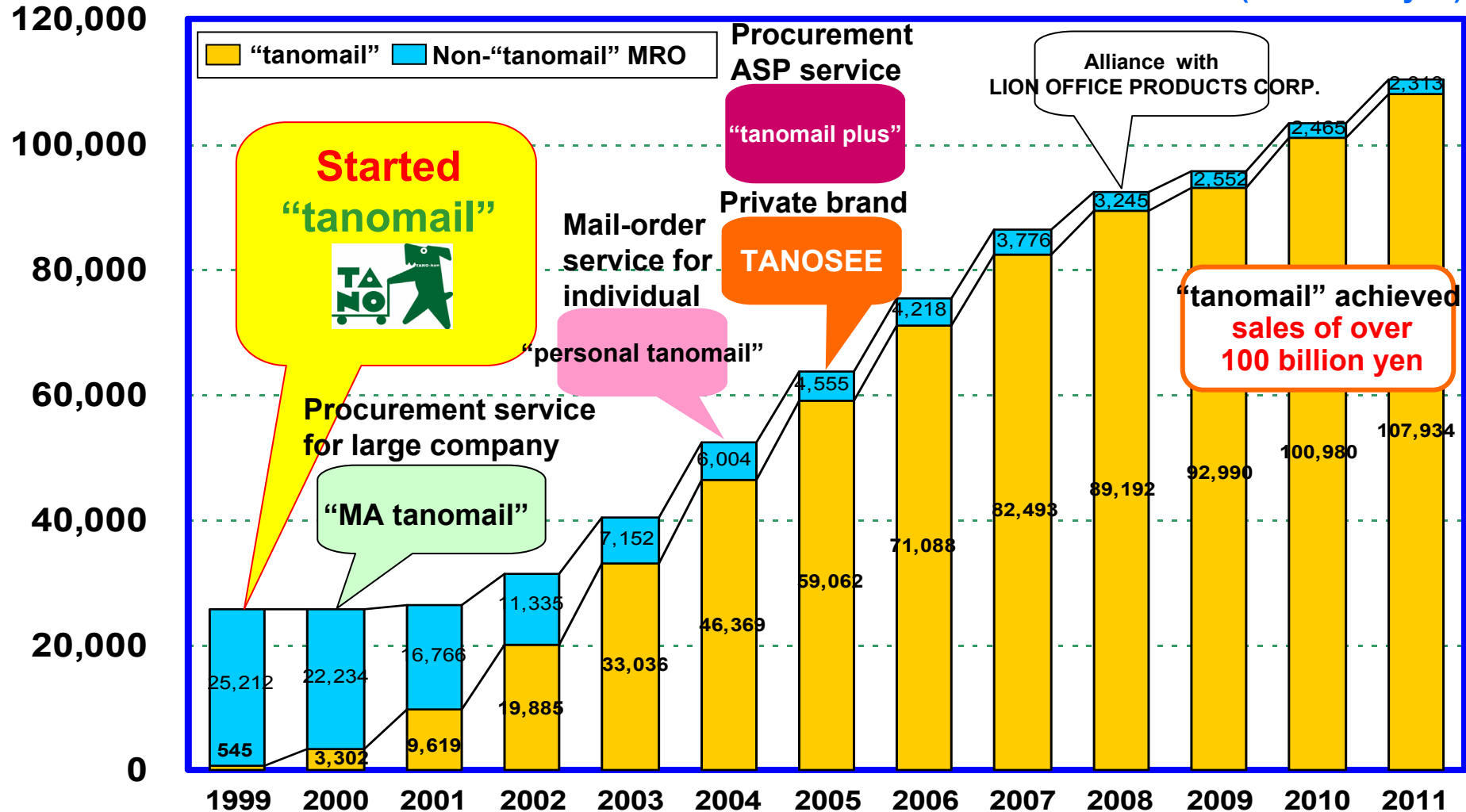
<As reference: Number of Sales>

(Units)

Copier	24,240	27,003	+11.4%	<b>29,153</b>	<b>+2,150</b>	<b>+8.0%</b>
(of which Color copier)	18,144	21,703	+19.6%	<b>24,296</b>	<b>+2,593</b>	<b>+11.9%</b>
Server	32,389	36,405	+12.4%	<b>37,582</b>	<b>+1,177</b>	<b>+3.2%</b>
PC	500,276	666,332	+33.2%	<b>697,057</b>	<b>+30,725</b>	<b>+4.6%</b>

# Annual sales transition of "tanomail"

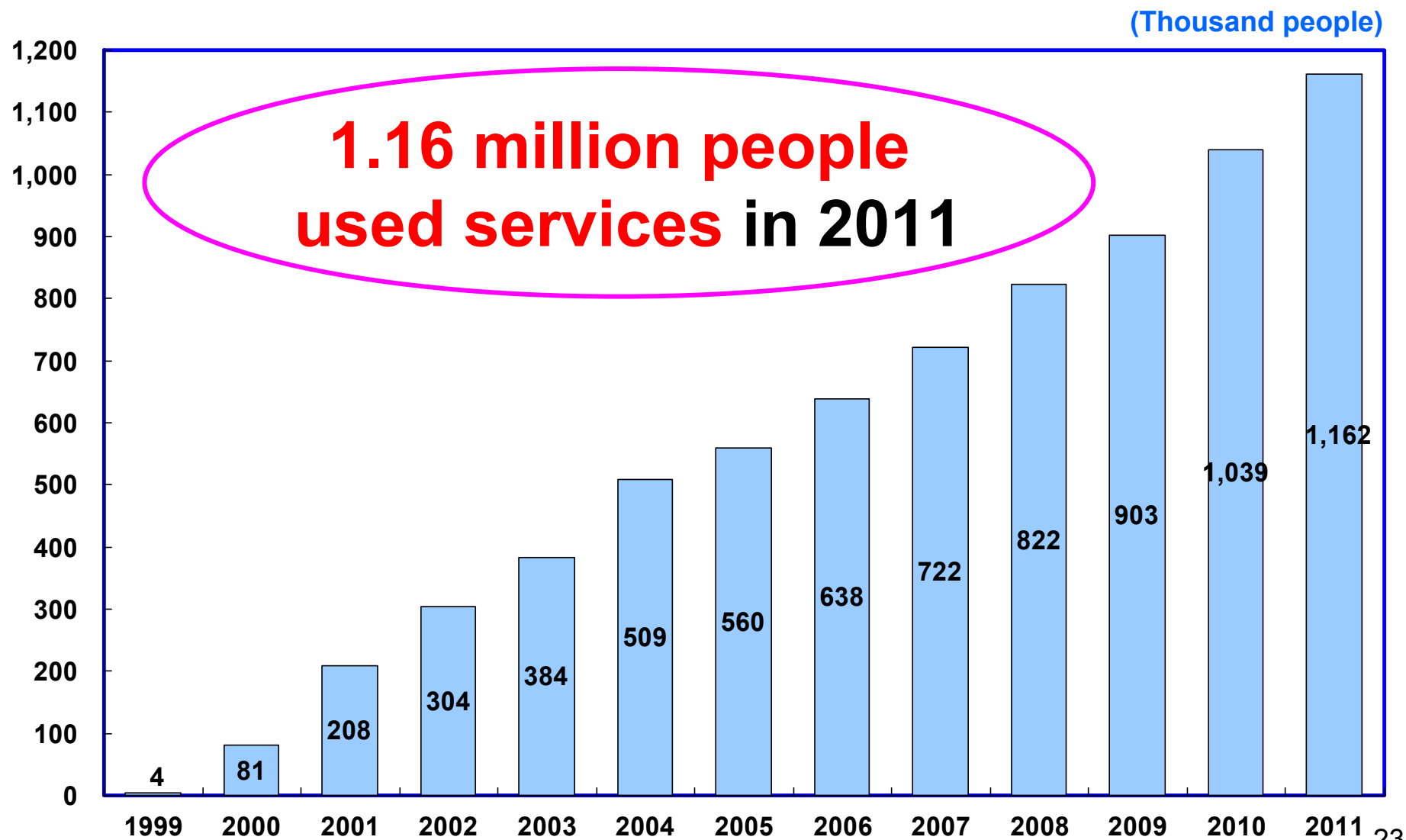
(Millions of yen)



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

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# Number of Users of Main Web Services (ASP)

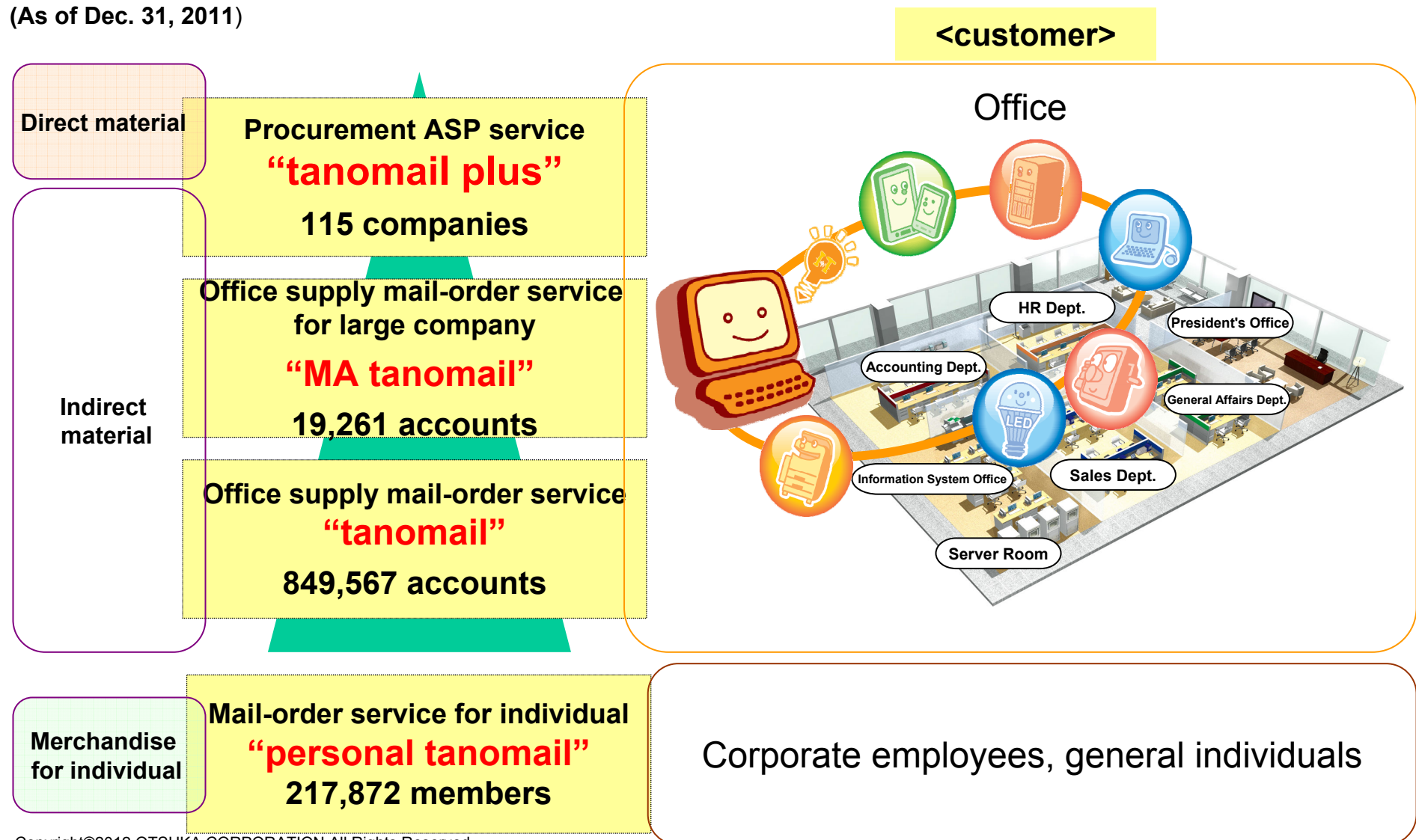




# Total support by OTSUKA CORPORATION

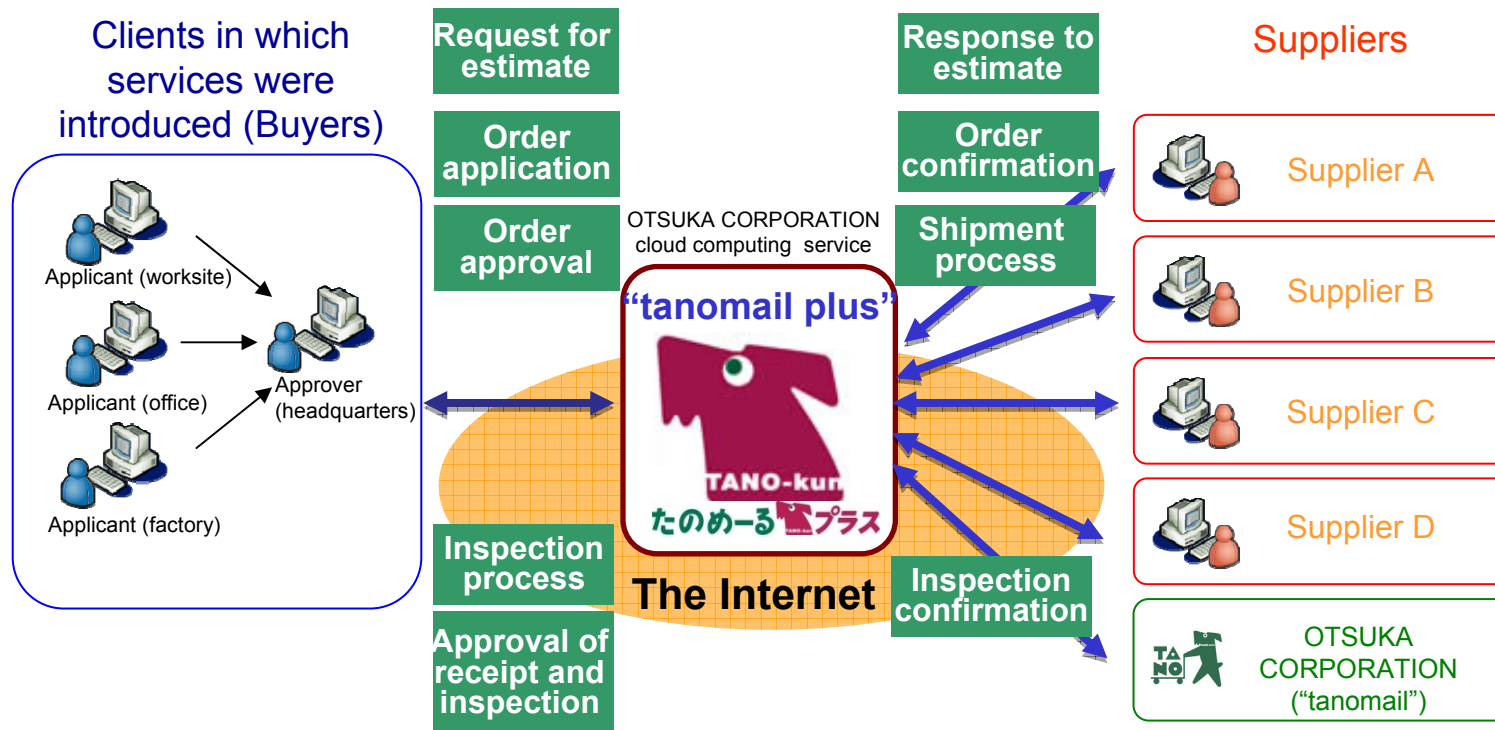
OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Dec. 31, 2011)



# Support Services for Procurement and Purchase Operations

## “tanomail plus”



**Services commenced in 2005**  
**Number companies in operation: 115 companies**  
**Pass-through amount: 47.1 billion yen (64.5% increase)**

# 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 Forecast in 2012

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- **The domestic economy may get back on a recovery track from autumn onwards.**
- **Companies' capital investment is starting to pick up gradually.**
- **Company needs for IT utilization, replacement and upgrades are brisk.**
- **Concerns over power supply and energy saving response is even more crucial.**

# Policies and Measures in 2012

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## < Slogan >

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

- **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**



# Informing about Corporate Activities

The screenshot displays the homepage of the Otsuka Chamber of Commerce (株式会社 大塚商会). The navigation bar includes links for 'お客様アンケート' (Customer Survey), 'お問い合わせ' (Contact Us), 'ニュース お知らせ' (News/Notice), 'English', and 'サイトマップ' (Site Map). A search bar is located on the right. The main content area is divided into several sections:

- 製品・ソリューション・サービス** (Products/Solutions/Services): Includes links for software systems, communication/internet, security strategies, document management, maintenance/management/business support, human resource support services, multi-function/copiers, and IT cloud management.
- イベント・セミナー** (Events/Seminars): Lists regional events (Kanto, Kansai, Chubu, etc.) and the '実践ソリューションフェア2012'.
- サプライ** (Supply): Features office supply distribution, a 50th anniversary promotion (500 yen off), office design services, and personal supply services.
- サポート** (Support): Offers maintenance support and technical support via QQ-Web.
- 企業情報** (Company Information): Provides details about the chamber, business locations, news releases, IR information, CSR activities, and employment info.
- 電力使用状況** (Electricity Usage Status): A highlighted section showing a maximum power consumption of 876 kW and a 51% reduction rate compared to the previous year.
- ニュース・お知らせ** (News/Notice): Contains a notice from January 25, 2012, regarding EMC storage products.

A red box highlights the '電力使用状況' (Electricity Usage Status) section, which displays the following data:

本社ビルの電力使用状況	
15:00~15:59の最大電力	
876	kw
削減率	51%
大塚商会本社ビルの電力使用状況を「見える化」し、 <b>1年前最大使用電力(1800kw)</b> に対する削減率を表示しています。	



# Wide Range of LED Lighting

## Strip lights



## Floodlights



## Halogen lights



## General light bulbs



Fluorescent light 40W → LED 22W  
45% reduction

Mercury lamp 400W → LED 80W  
80% reduction

Incandescent bulb 60W → LED 5.8W  
90% reduction

## Explosion-proof Lamp

**Certified by IEC and TIIS**



## Tunnel light



## Street light



IEC: International Electrotechnical Commission  
TIIS: Technology Institution of Industrial Safety

**Acquired PSE certification (for the stabilizer)**

PSE: Product Safety of Electrical appliance and material

# Power Reduction through PC Replacements

In the case of OTSUKA CORPORATION



 Windows<sup>XP</sup>

**Approx. 111W**



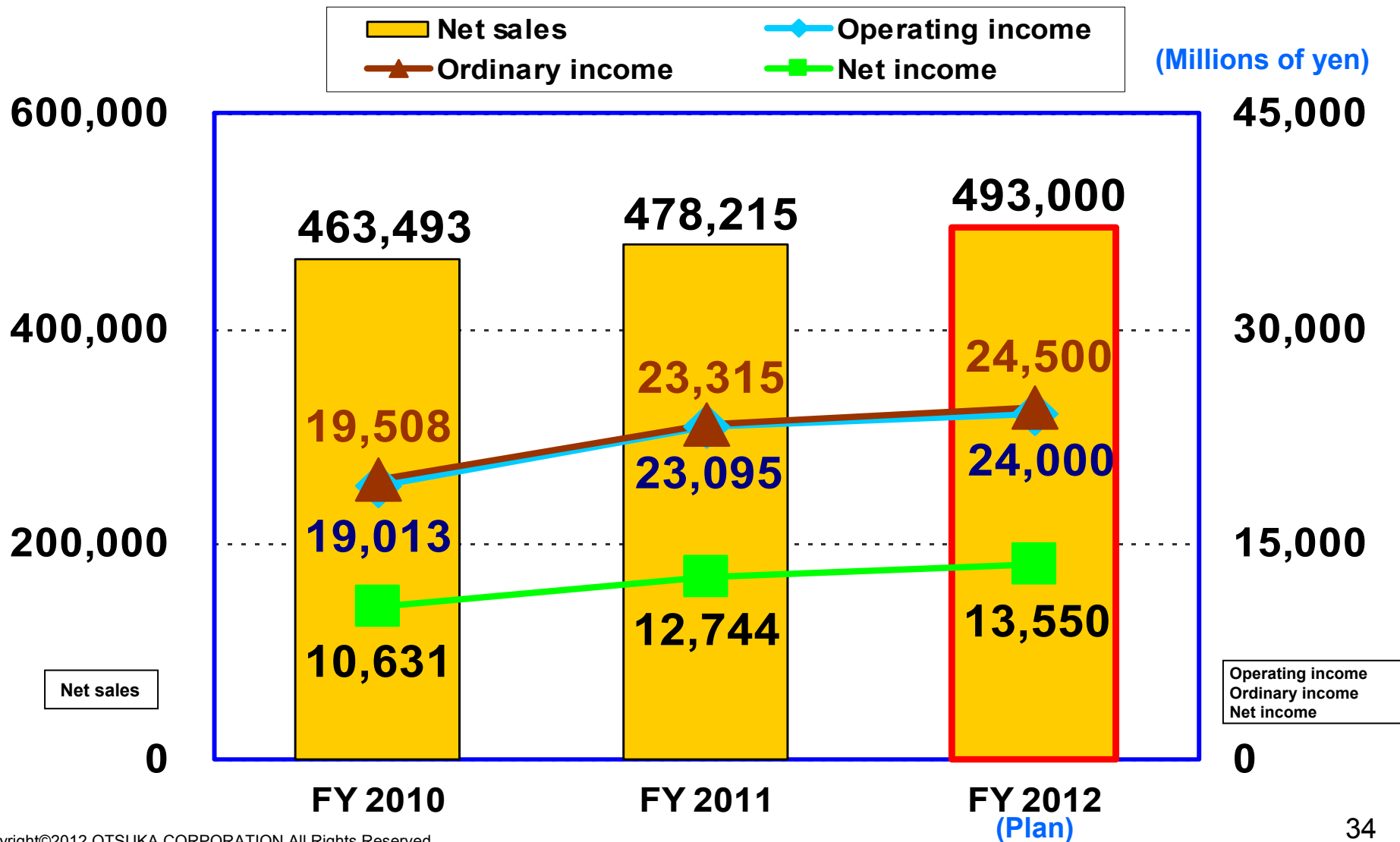
 Windows<sup>7</sup>

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

Approx. 60%  
reduction

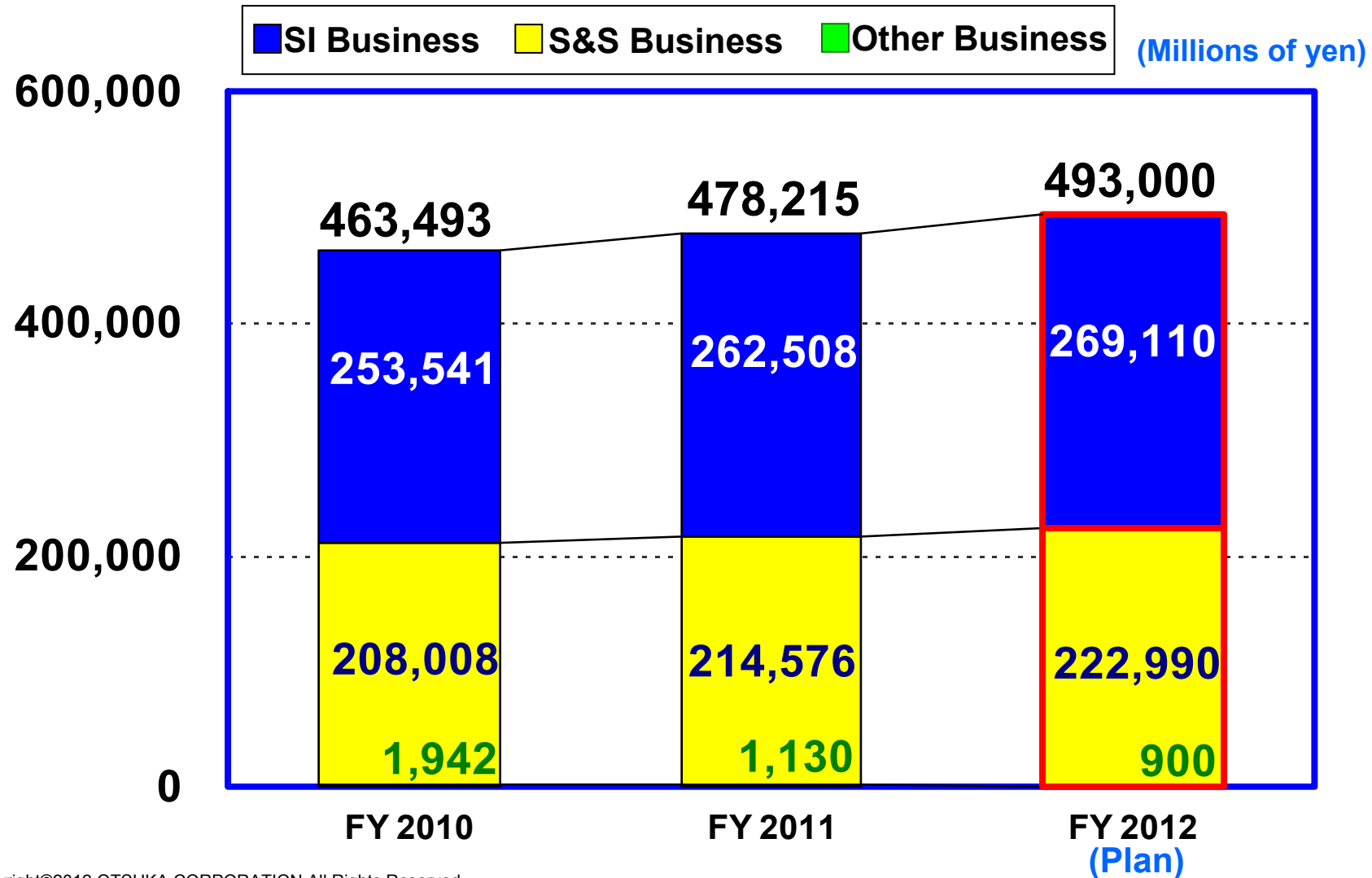
Consolidated

# Plans of Net sales and profit

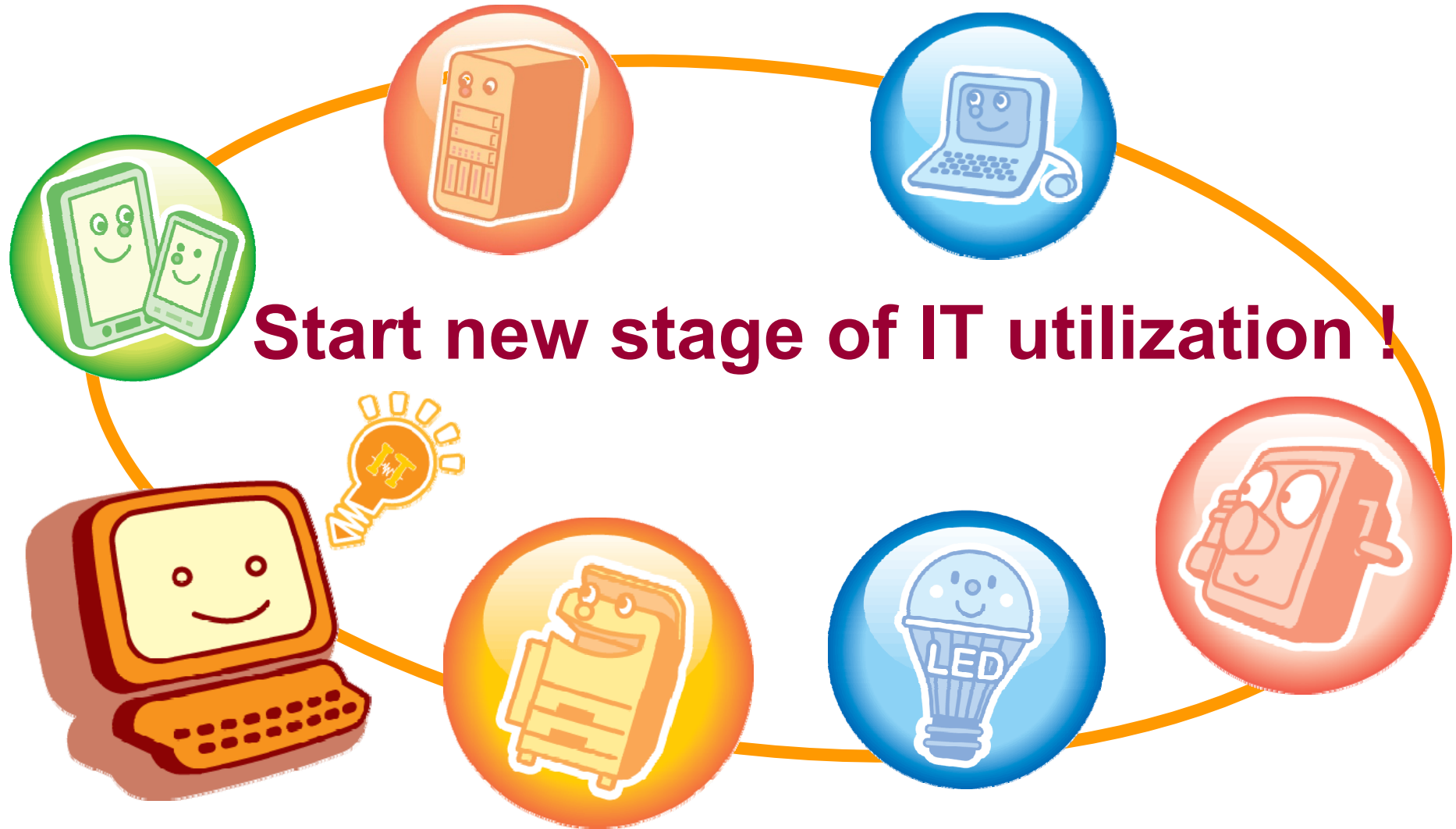


Consolidated

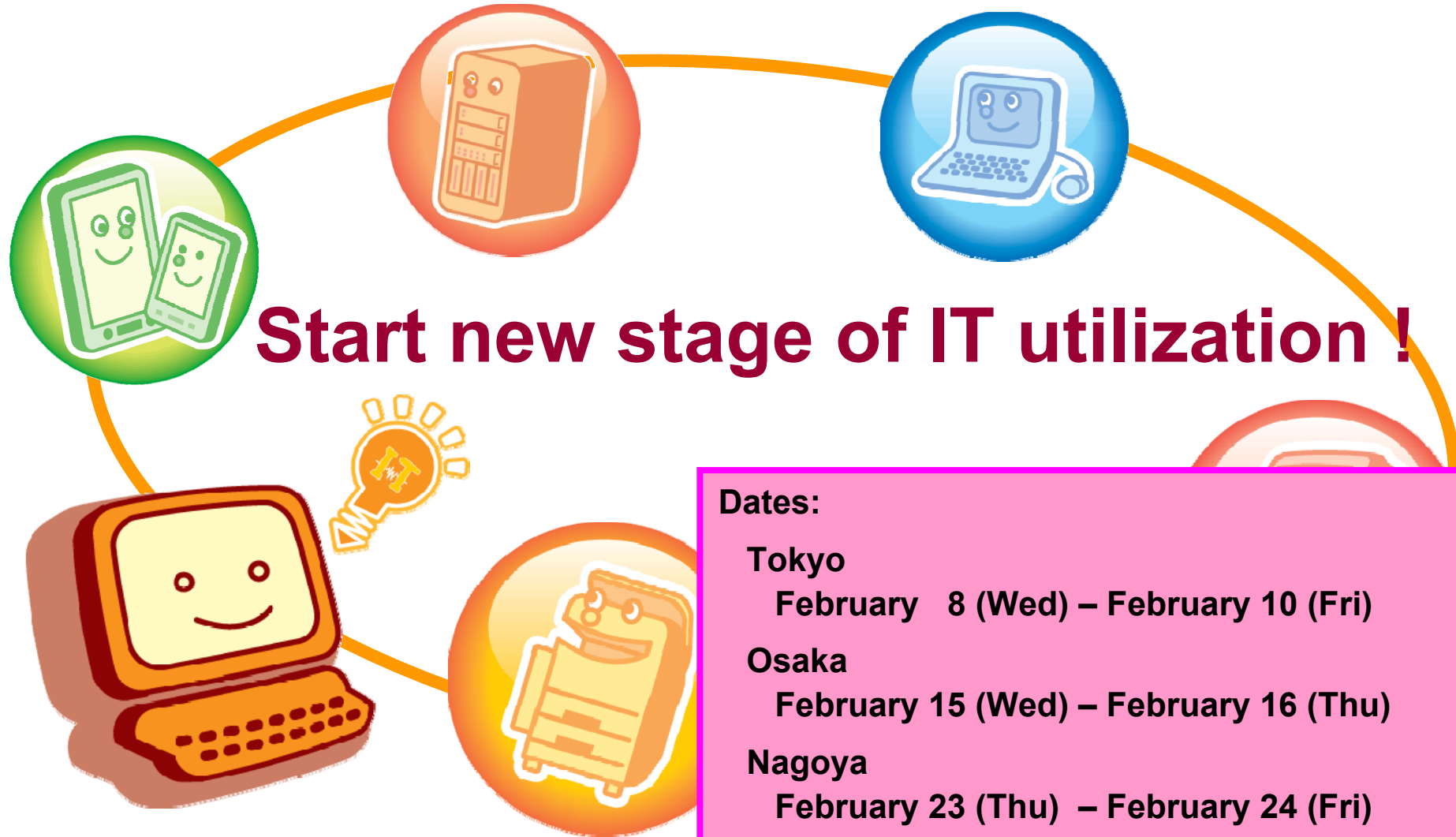
# Plans of Net sales by segments



# Jissen (Practical) Solution Fair 2012



# Jissen (Practical) Solution Fair 2012



## Dates:

### Tokyo

February 8 (Wed) – February 10 (Fri)

### Osaka

February 15 (Wed) – February 16 (Thu)

### Nagoya

February 23 (Thu) – February 24 (Fri)



# Cautionary statement

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1. This material is intended to provide information about the business performance of fiscal year 2011 and strategy of the OTSUKA CORPORATION and Group companies. It is not intended and should not be construed as an inducement to purchase or sell stocks of OTSUKA CORPORATION.
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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