



# **Business Results**

**for the fiscal year ended December 31, 2012**

**February 1, 2013**

**OTSUKA CORPORATION**

**Yuji Otsuka, President**

# Summary of Business Results, January – December, 2012

(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>515,771</b>	<b>102.6%</b>	<b>+7.9%</b>	<b>474,259</b>	<b>101.8%</b>	<b>+6.7%</b>
<b>Operating income</b>	<b>28,251</b>	<b>106.2%</b>	<b>+22.3%</b>	<b>25,300</b>	<b>105.0%</b>	<b>+20.9%</b>
<b>Ordinary income</b>	<b>29,079</b>	<b>106.5%</b>	<b>+24.7%</b>	<b>26,053</b>	<b>105.0%</b>	<b>+20.5%</b>
<b>Net income</b>	<b>16,277</b>	<b>106.6%</b>	<b>+27.7%</b>	<b>14,500</b>	<b>104.8%</b>	<b>+15.8%</b>

\* Plan amended on August 1, 2012

# Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2012 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	233	5,806
	Net plan Co., LTD	Electronic communications construction and interior construction	93	10,357
	Alpha System Co., LTD.	Consigned software development and ERP consulting business	163	1,822
	Net World Corporation	Sales and technology support for network-related equipment	325	53,071
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	318	4,503
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	310	4,793
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	23	510

# External Environment

**The domestic economy is weak, but has showed signs of bottoming out in some areas.**

The environment was characterized by a slowdown in the global economy and mild recession in Europe.

The economy in emerging countries showed signs of picking up while the U.S. economy remained on a gradual recovery path.

Exports declined and production showed signs of bottoming out.

Strong yen is being corrected, stock prices rose and power supply constraints continued.

Reconstruction-related demand continued and the number of corporate bankruptcies remained at the same level.

Investment in facilities and equipment was sluggish.

**IT investments achieved steady growth.**

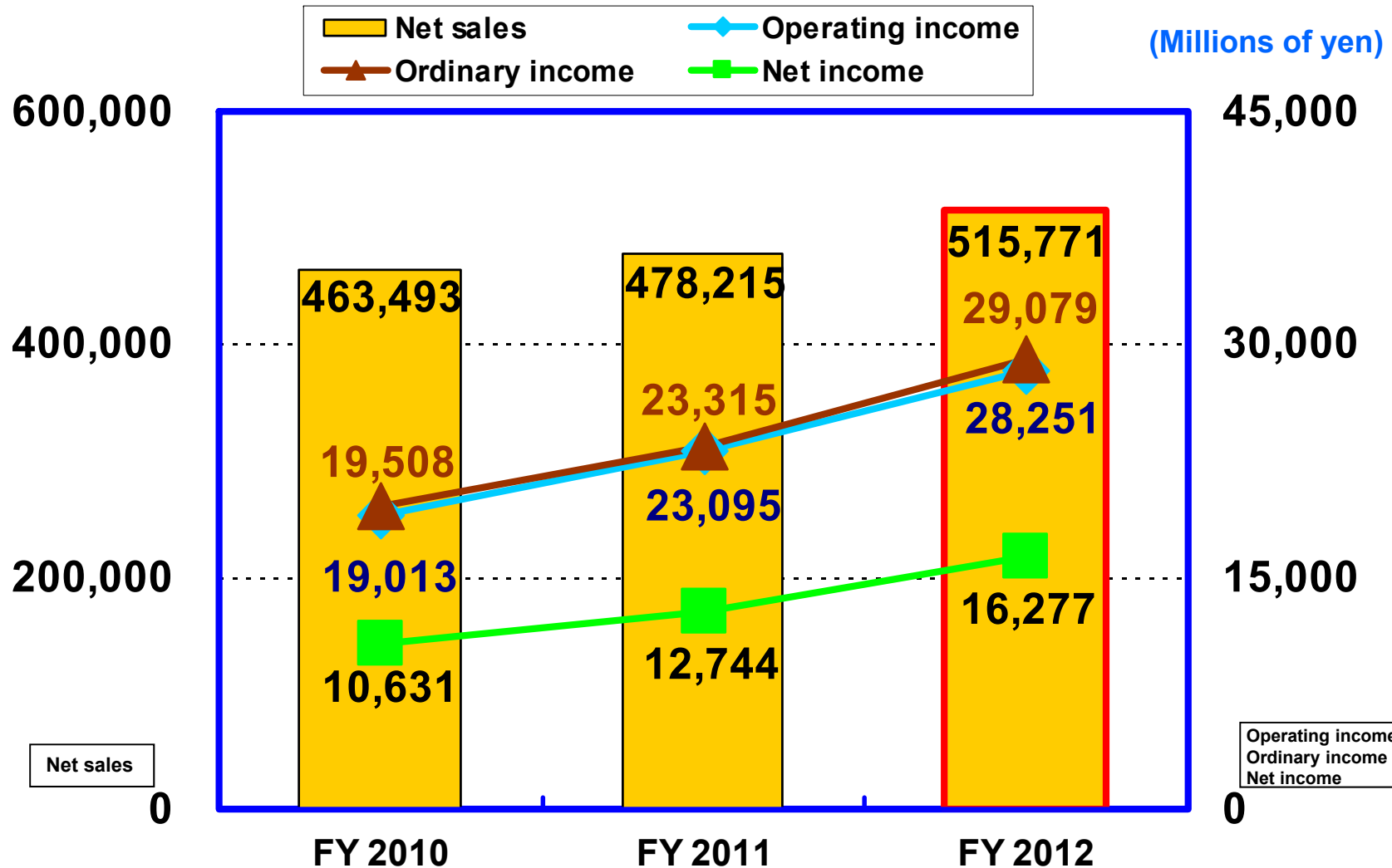
# OTSUKA Group's Activities

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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**

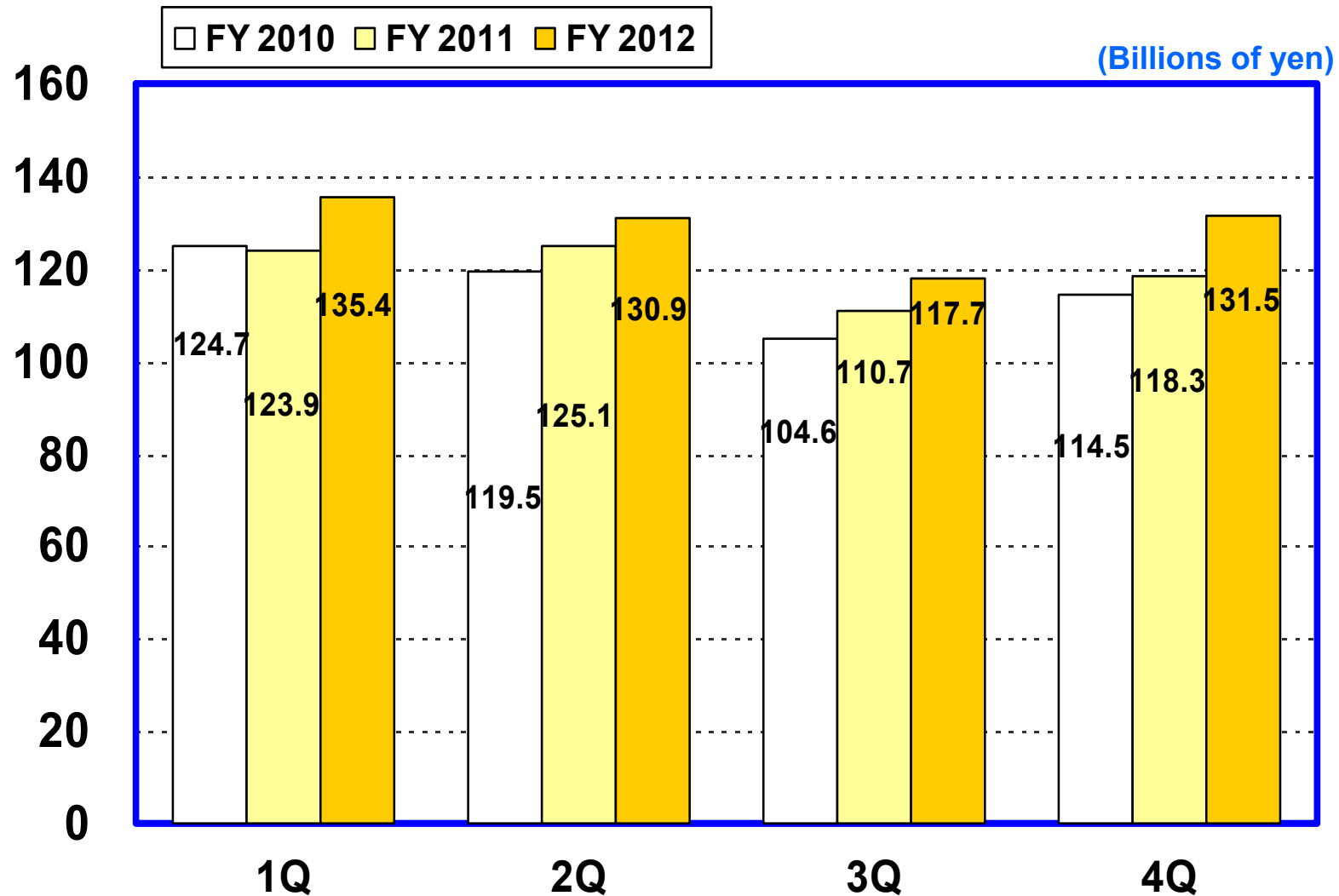
Consolidated

# Net sales and Profits



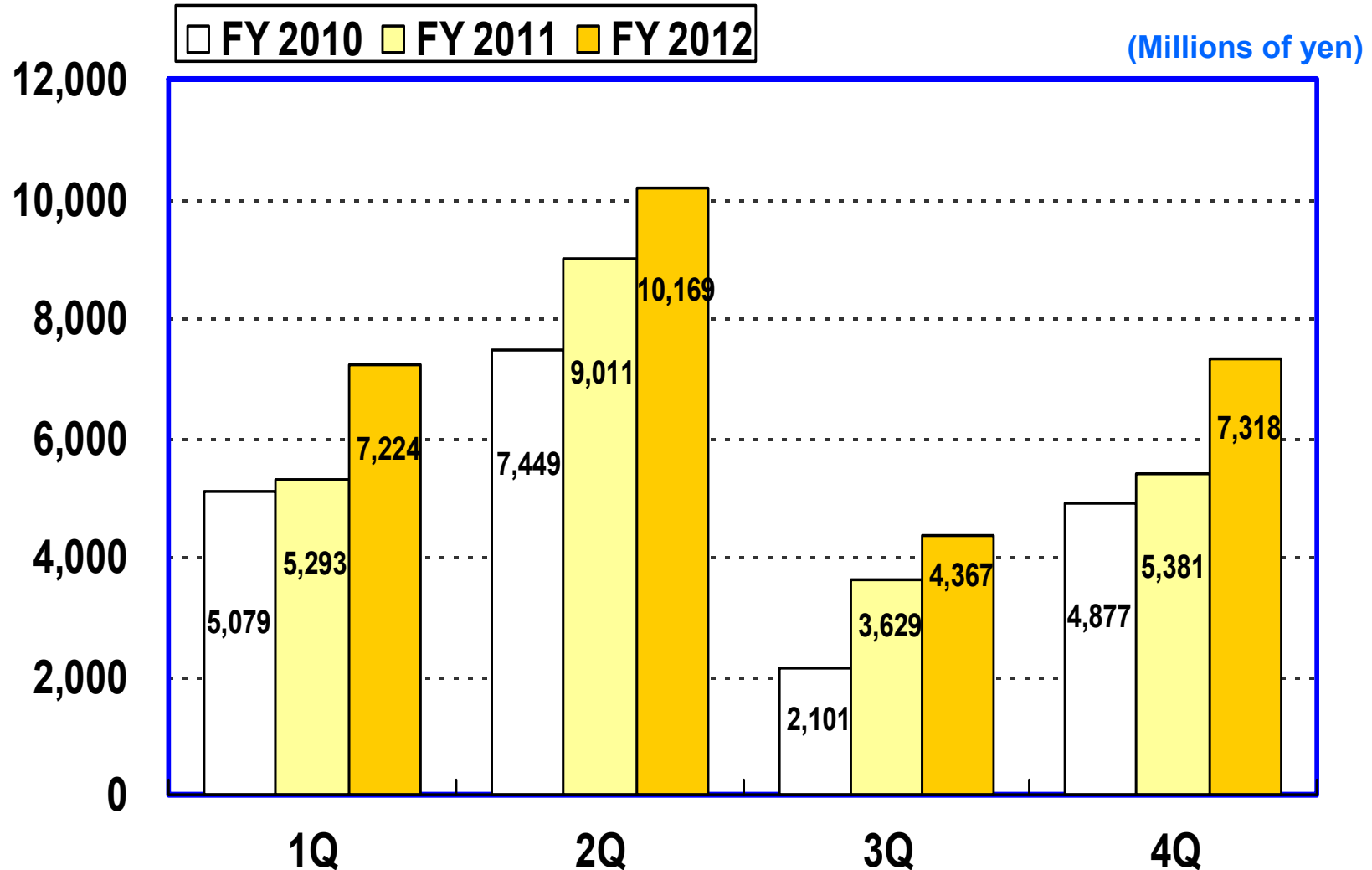
Consolidated

# Quarterly change of Net sales



Consolidated

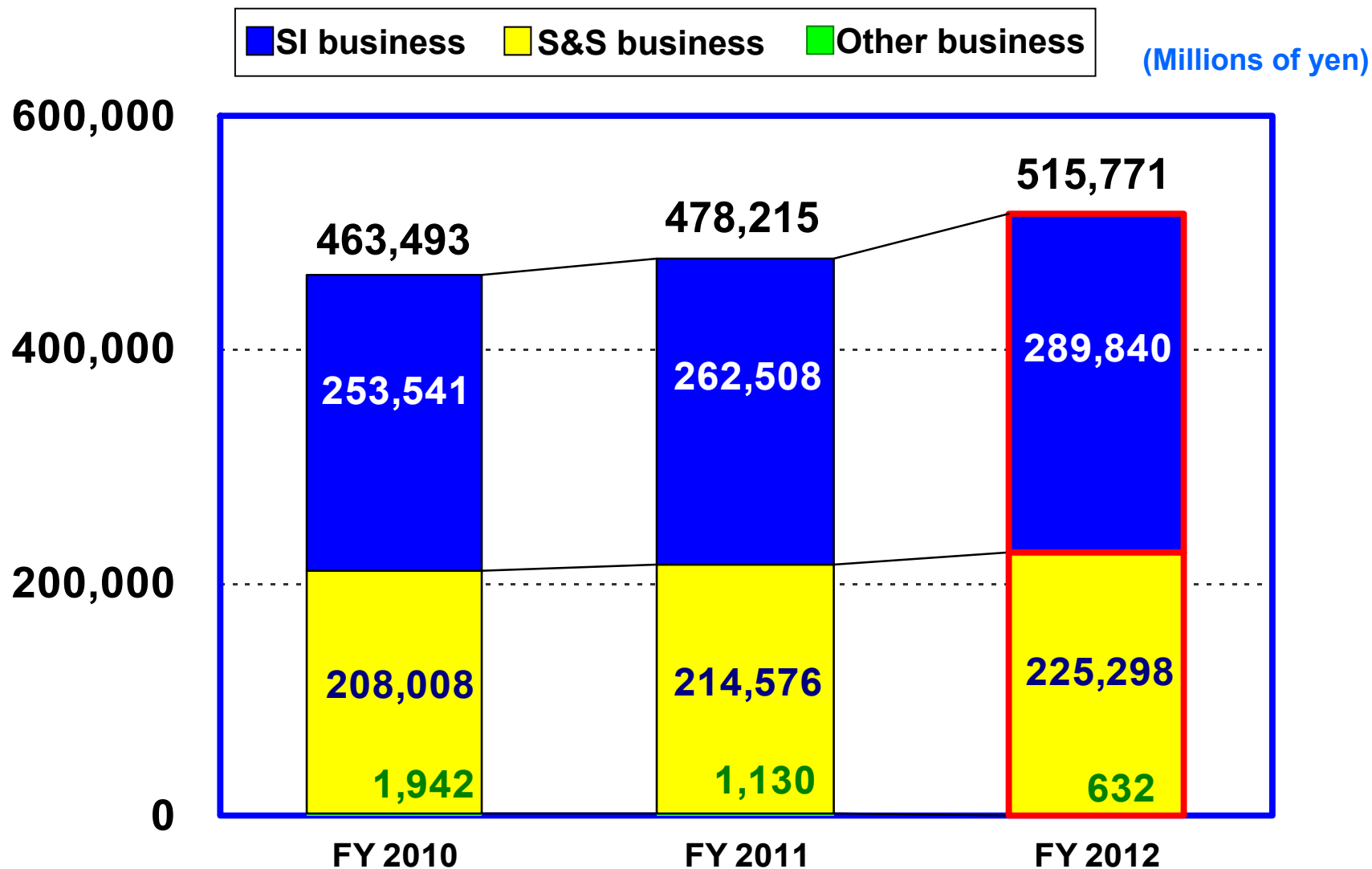
# Quarterly change of Ordinary income



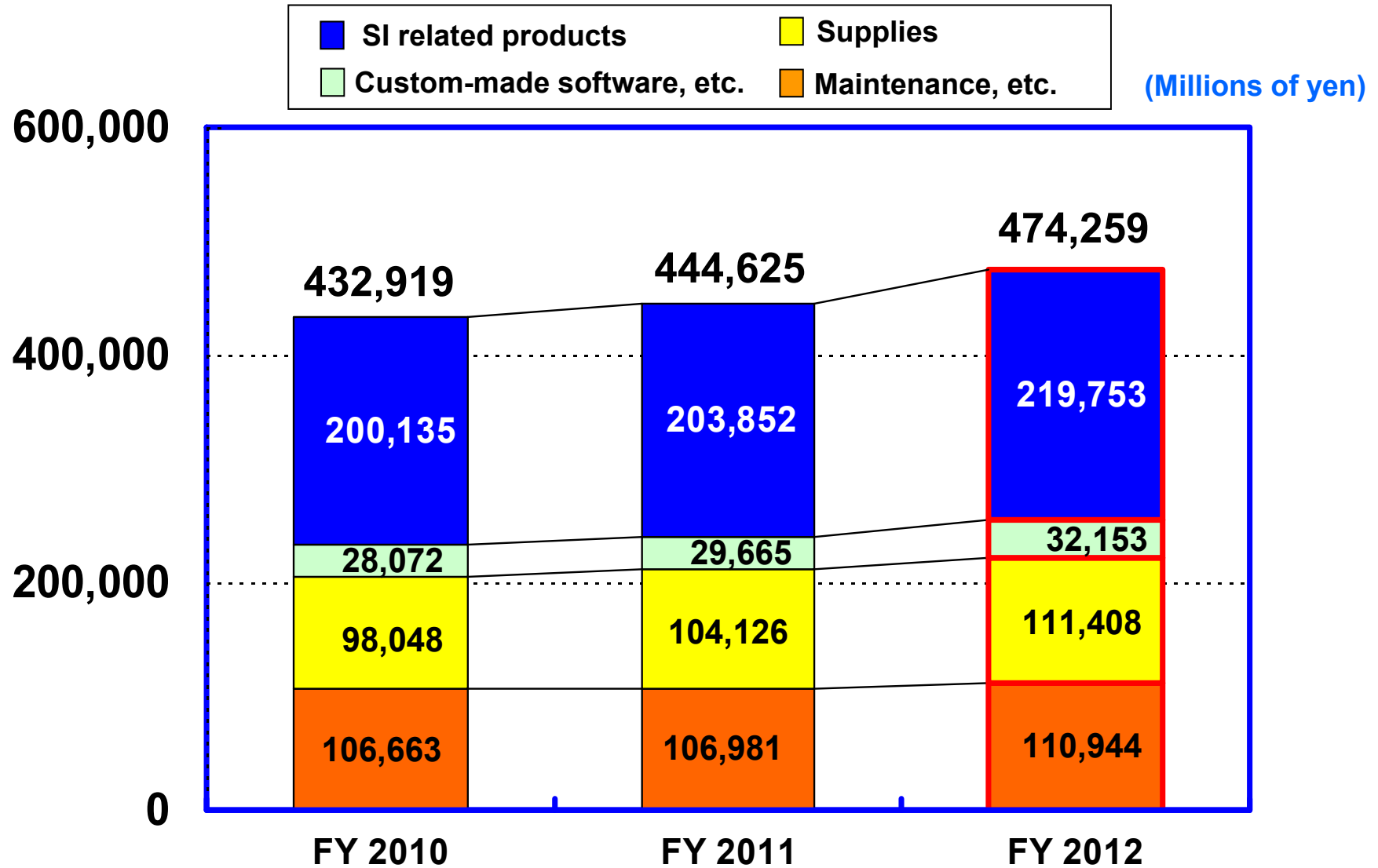


Consolidated

# Net sales by segments

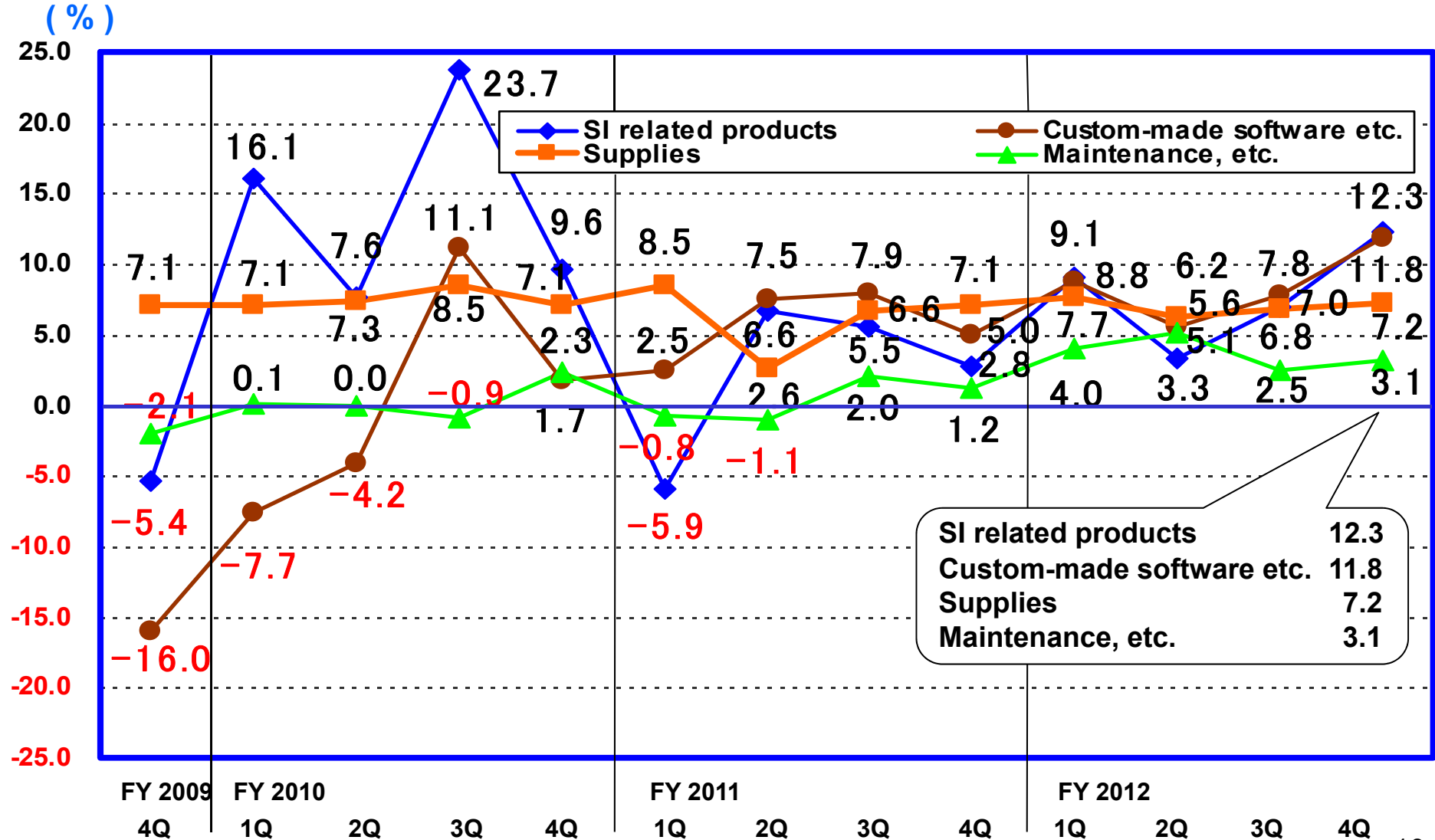


# Net sales by 4 segments



Non-Consolidated

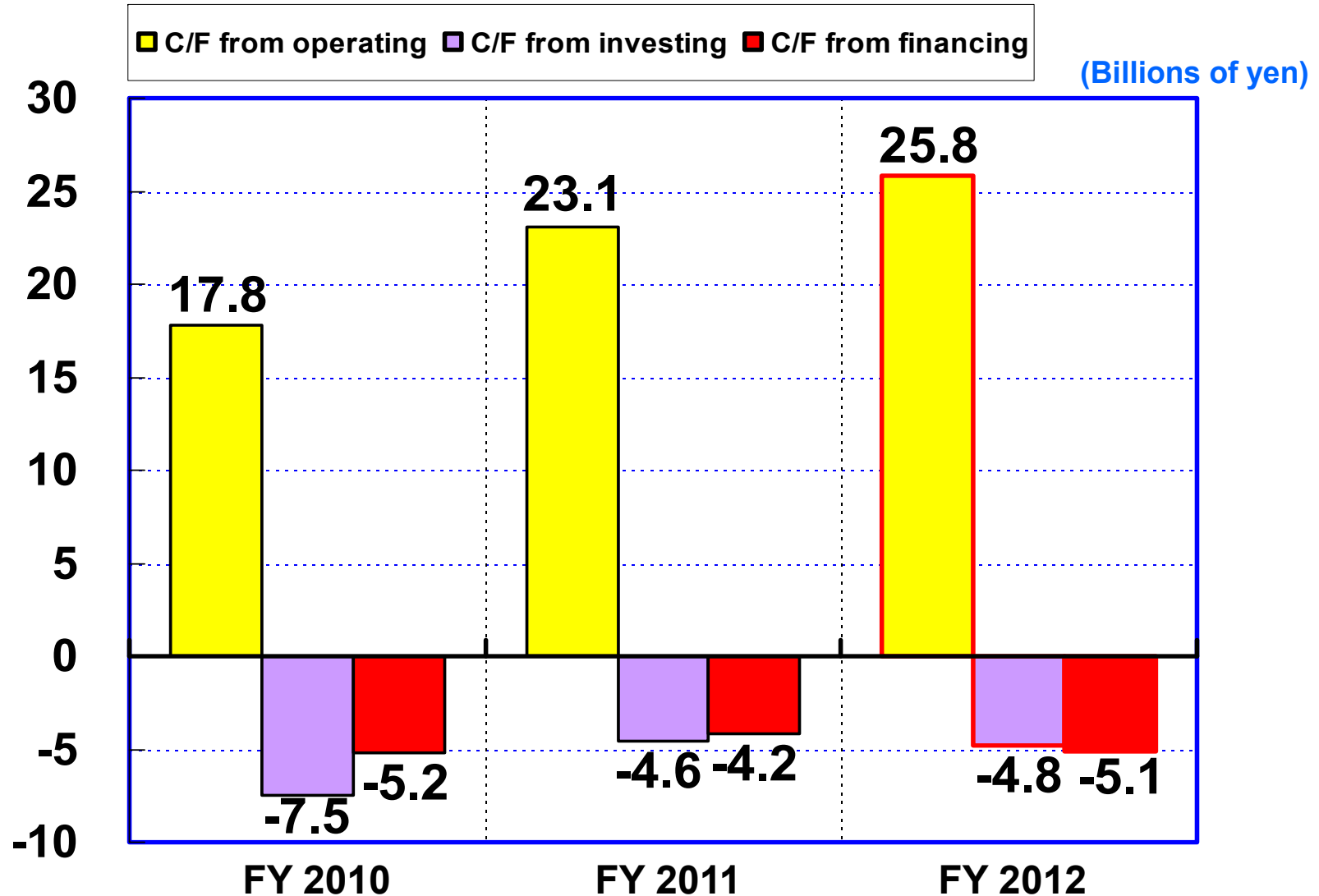
# Quarterly Net Sales by 4 segments ( % change year-on-year )



SI related products	12.3
Custom-made software etc.	11.8
Supplies	7.2
Maintenance, etc.	3.1

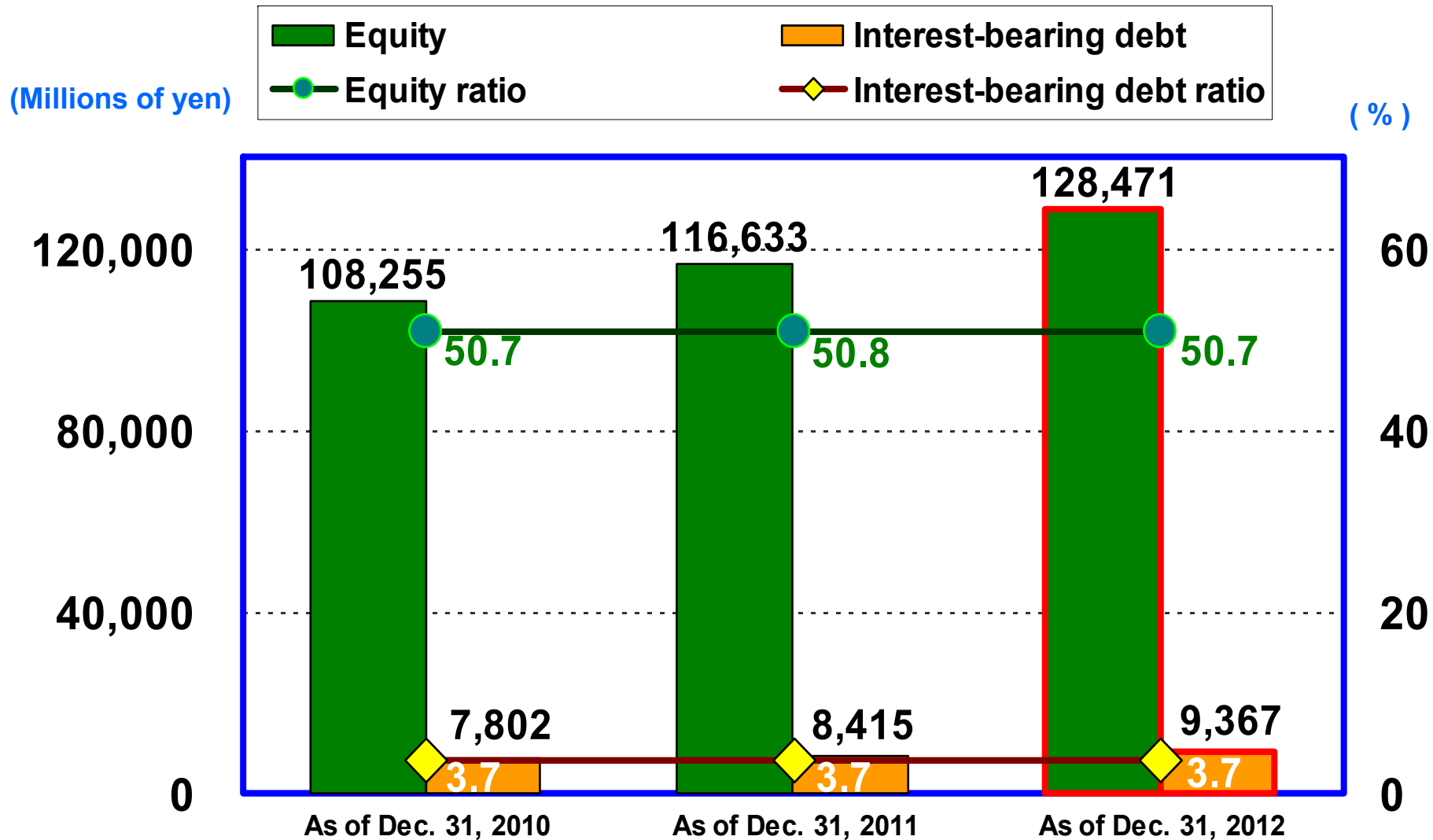
Consolidated

# Cash flows



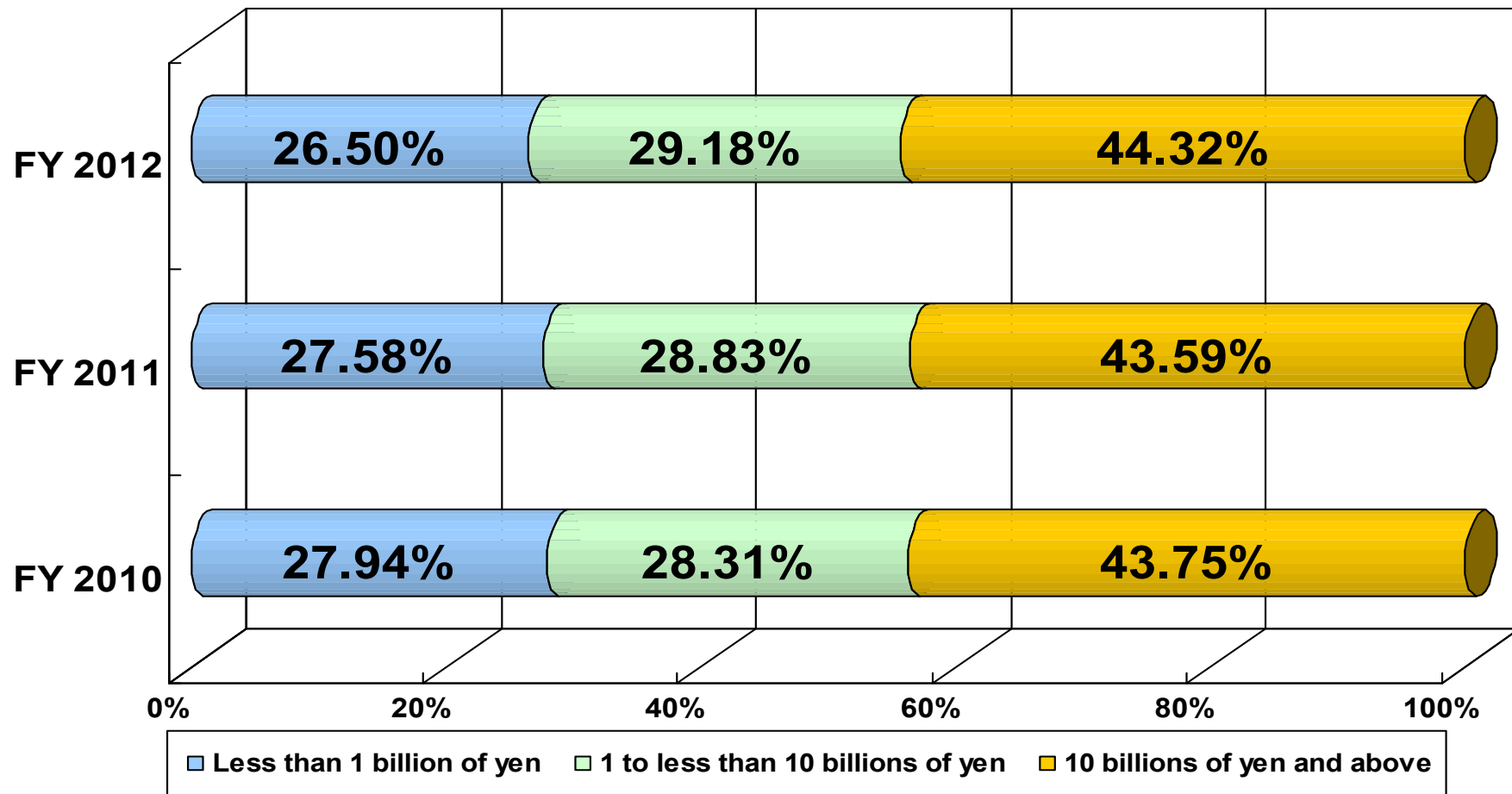
Consolidated

# Equity and Interest-bearing debt



Non-Consolidated

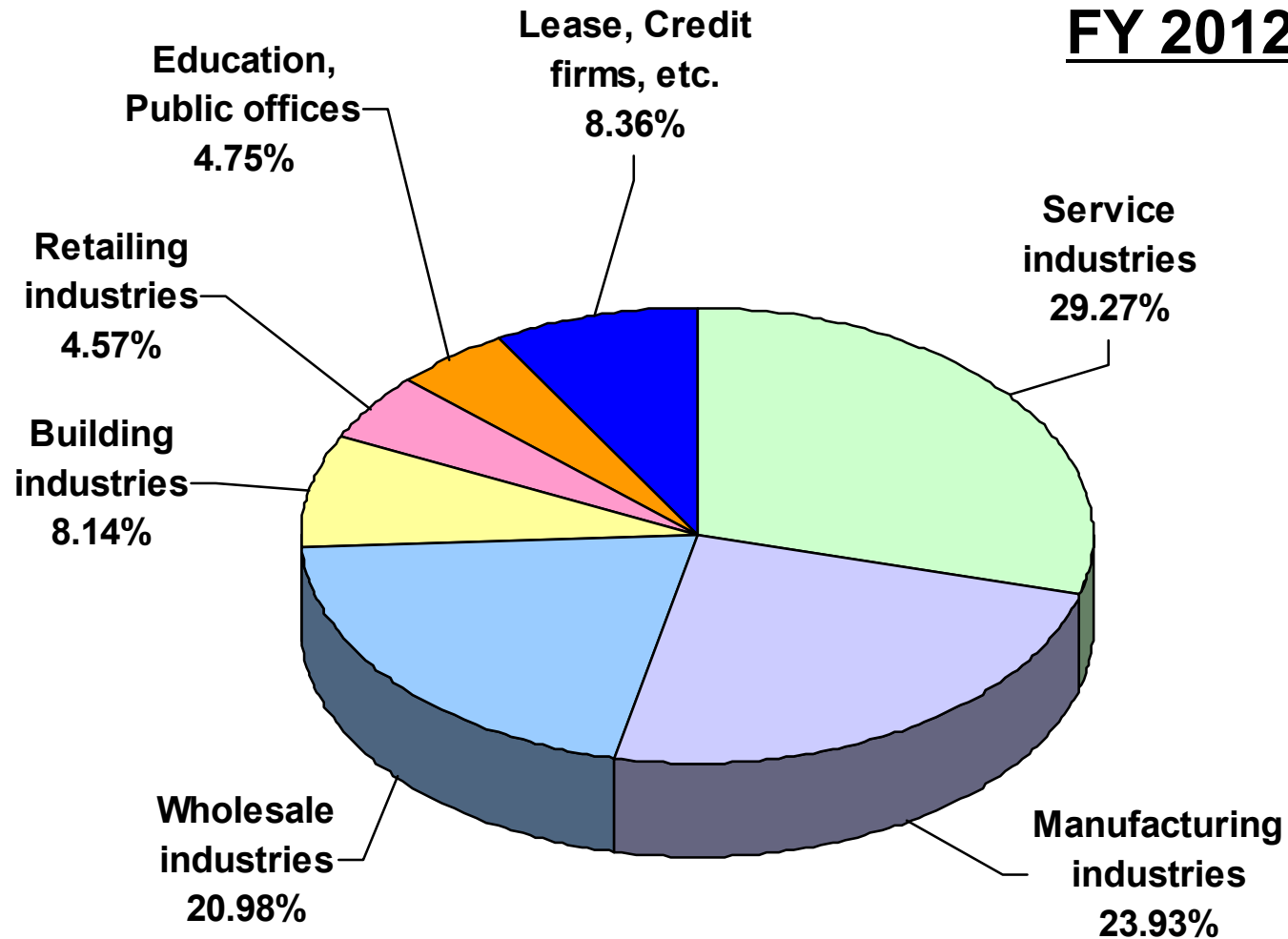
# Net sales structure on customers' total annual business scale



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

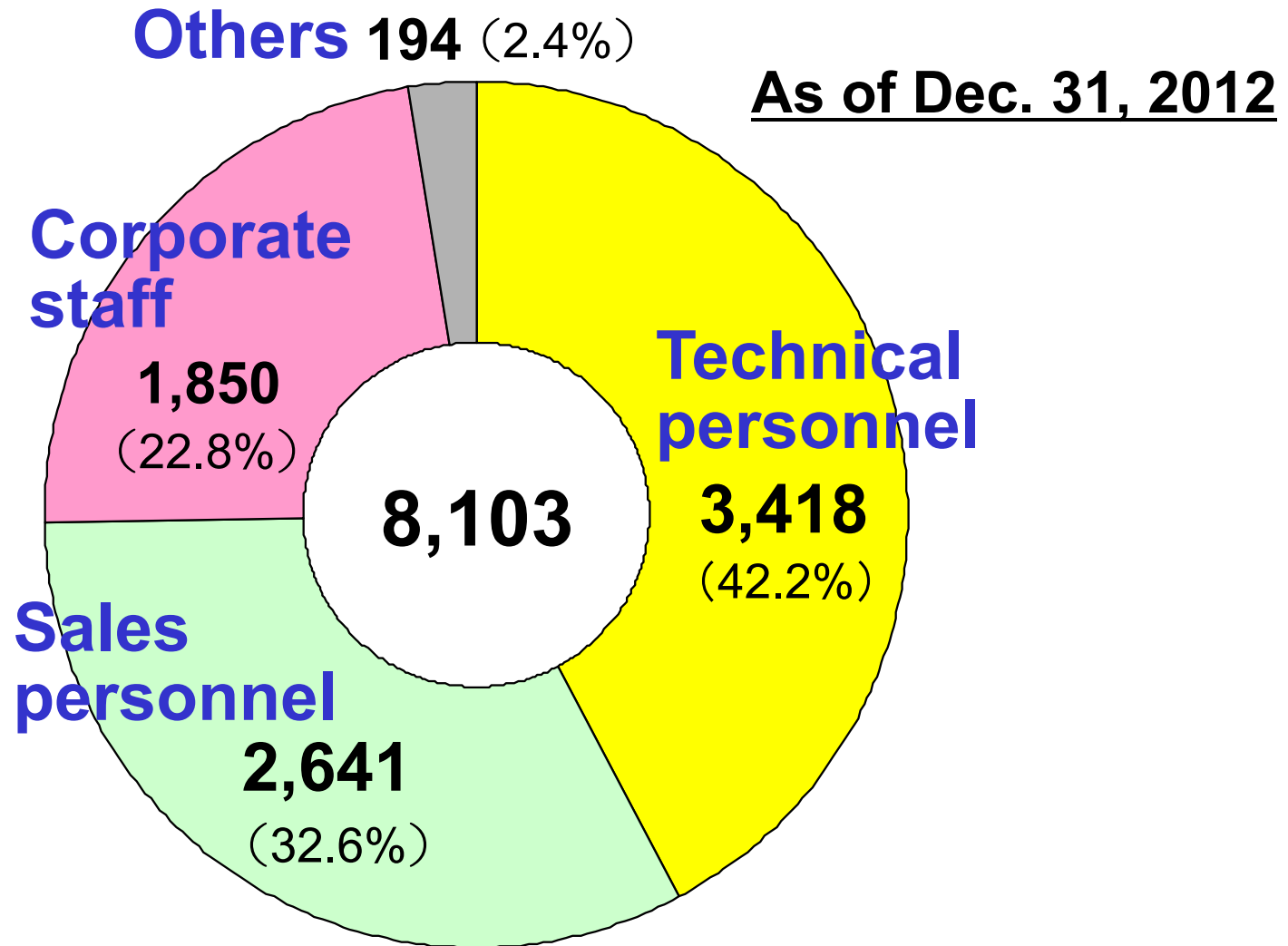
# Sales breakdown by customers' type of industry

**FY 2012**



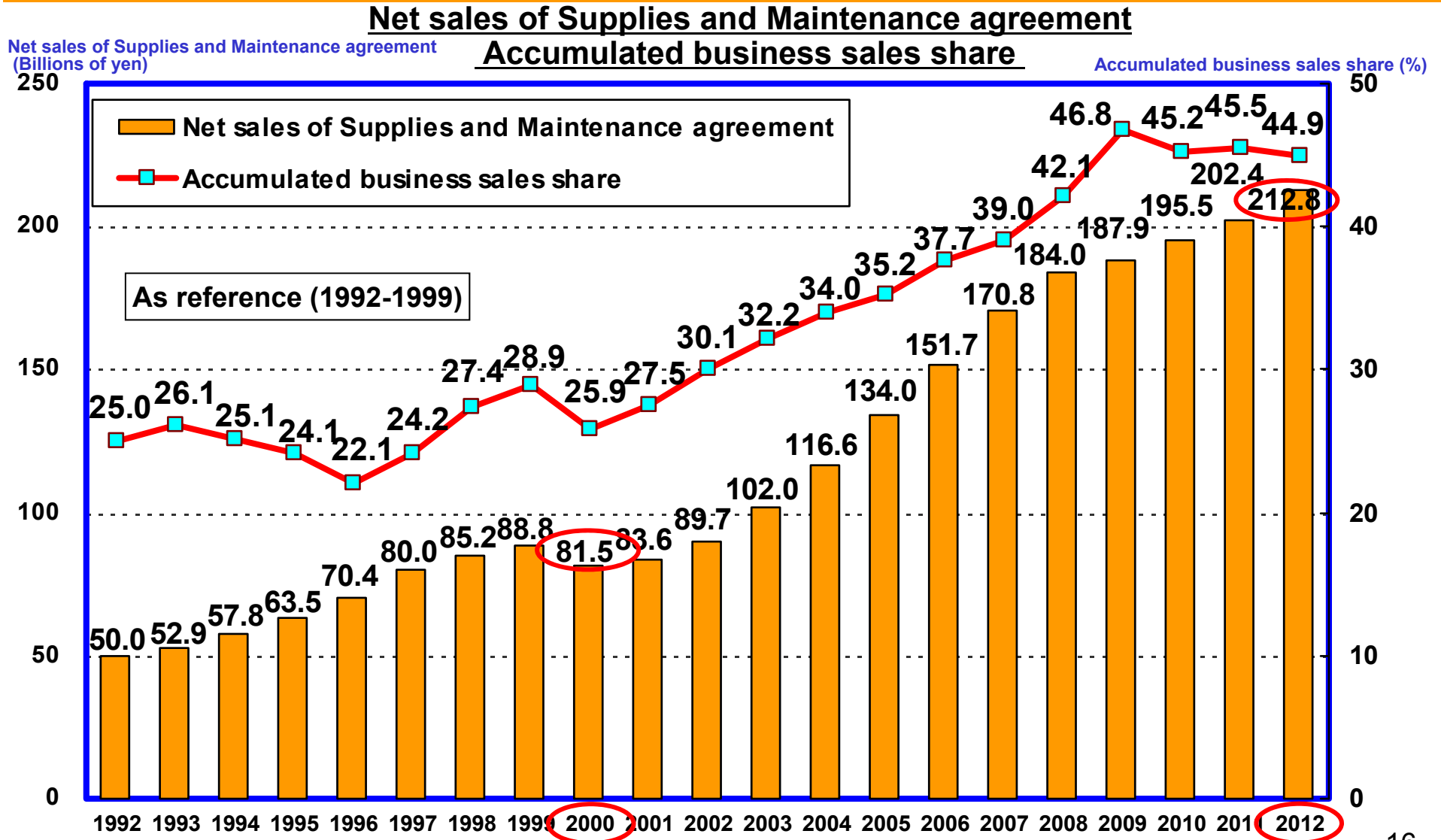
Consolidated

# Personnel organization (regular employees)



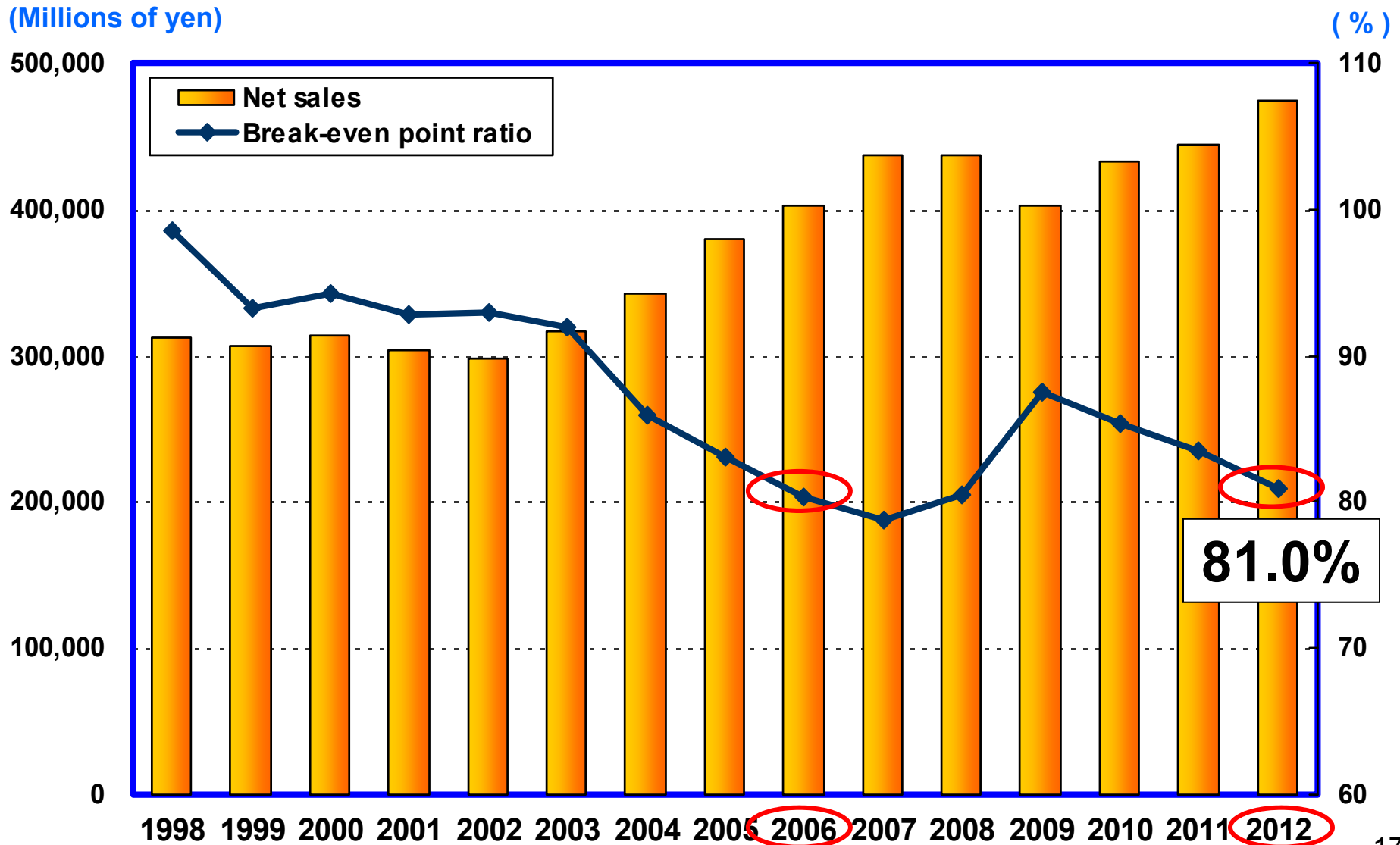


# Growth of accumulated business



Non-Consolidated

# Change of Net sales and Break-even point ratio

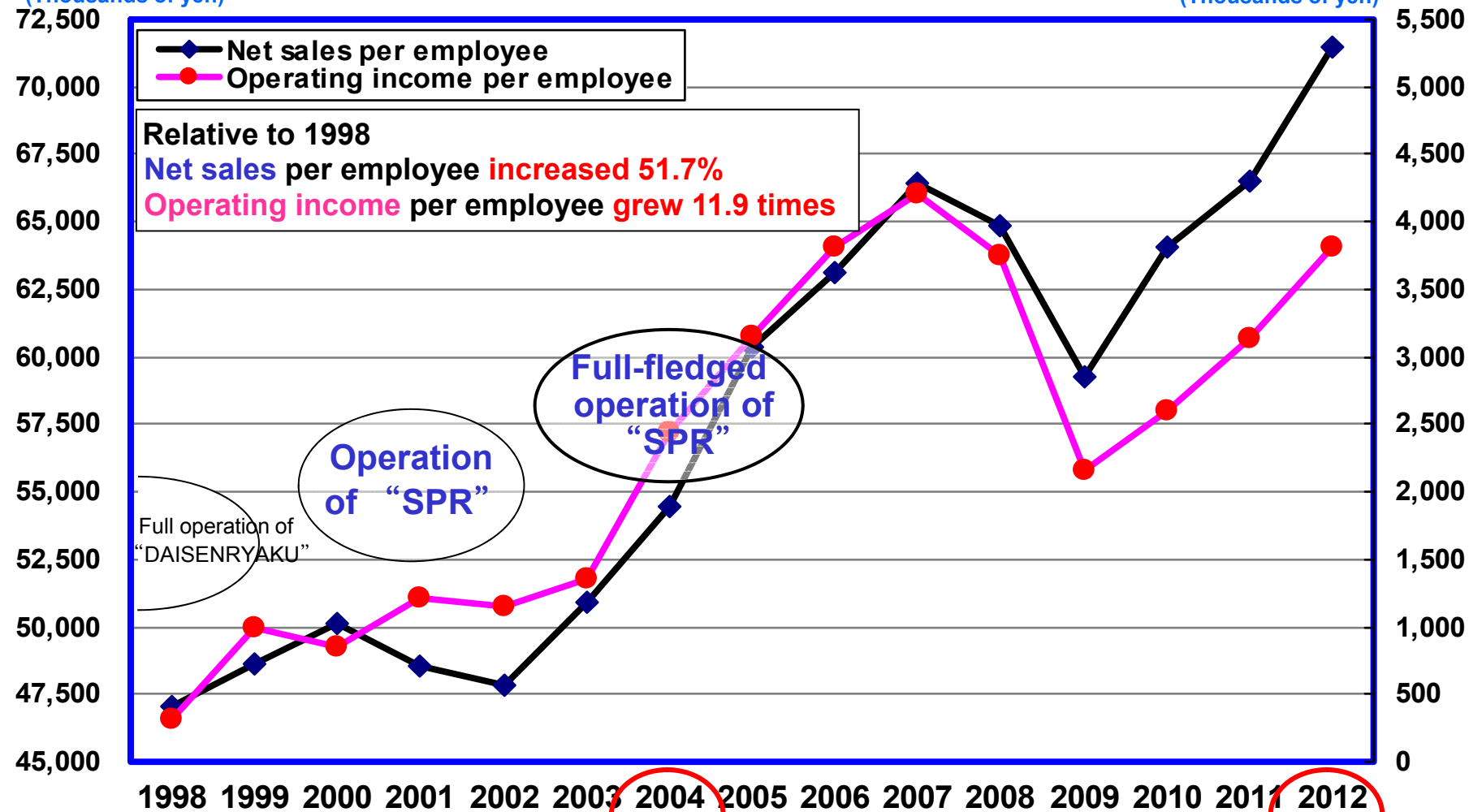


Non-Consolidated

# 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 6,638

(Difference to last year, -46)

# Support Innovation through “S-SPR”

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- “**SPR**” for Support Engineer.
- Realize **one-stop support** to enhance customer satisfaction and increase productivity.
- Develop **multi-skilled** engineers and promote **automatic assignment of suitable engineers**.

# Overview of “S-SPR”

## Aims of “S-SPR”

One-stop support

Enhance customer satisfaction

Increase productivity

Enhance technological capability

## Efforts toward resolving issues

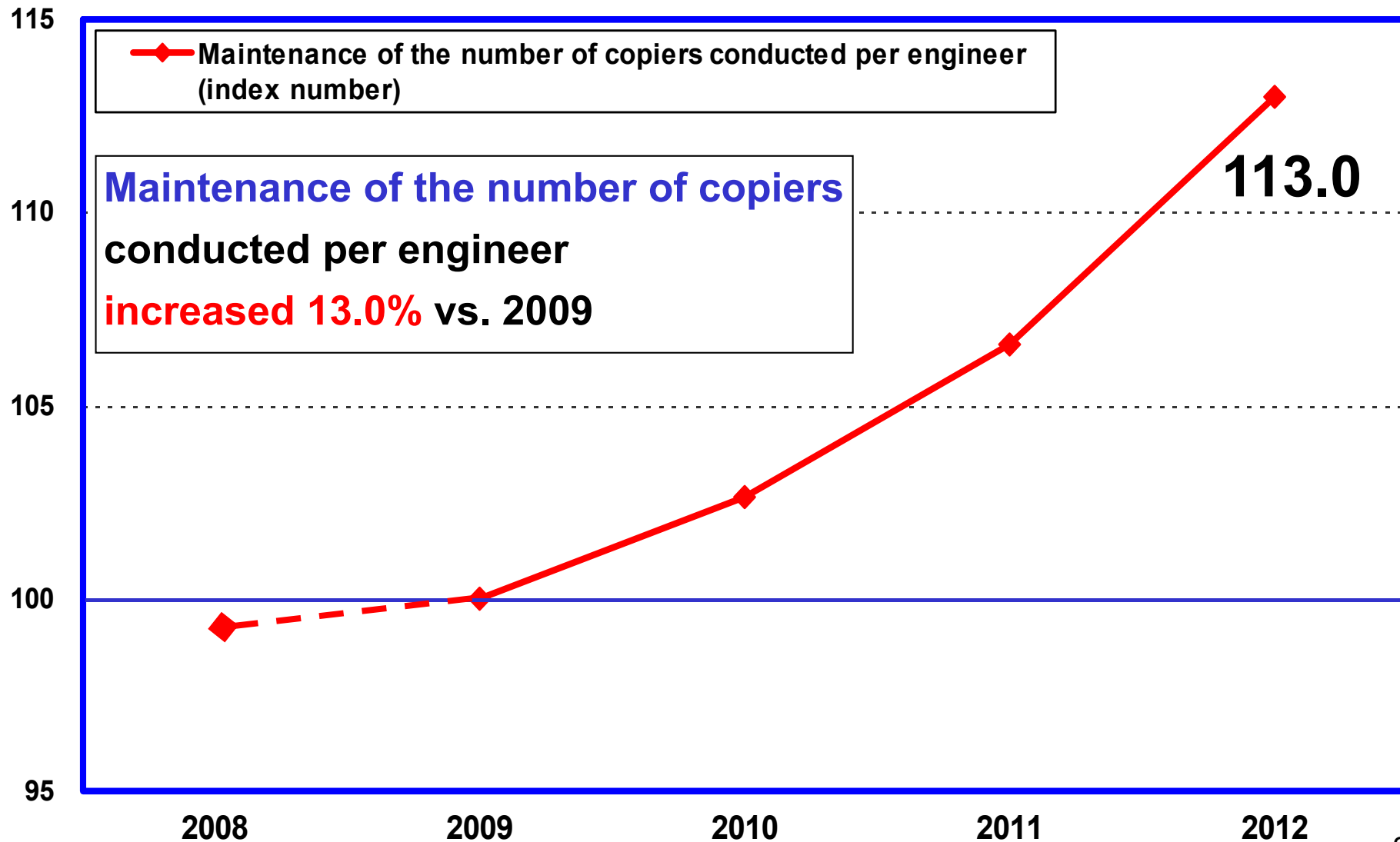
Develop multi-skilled engineers and promote centralization

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

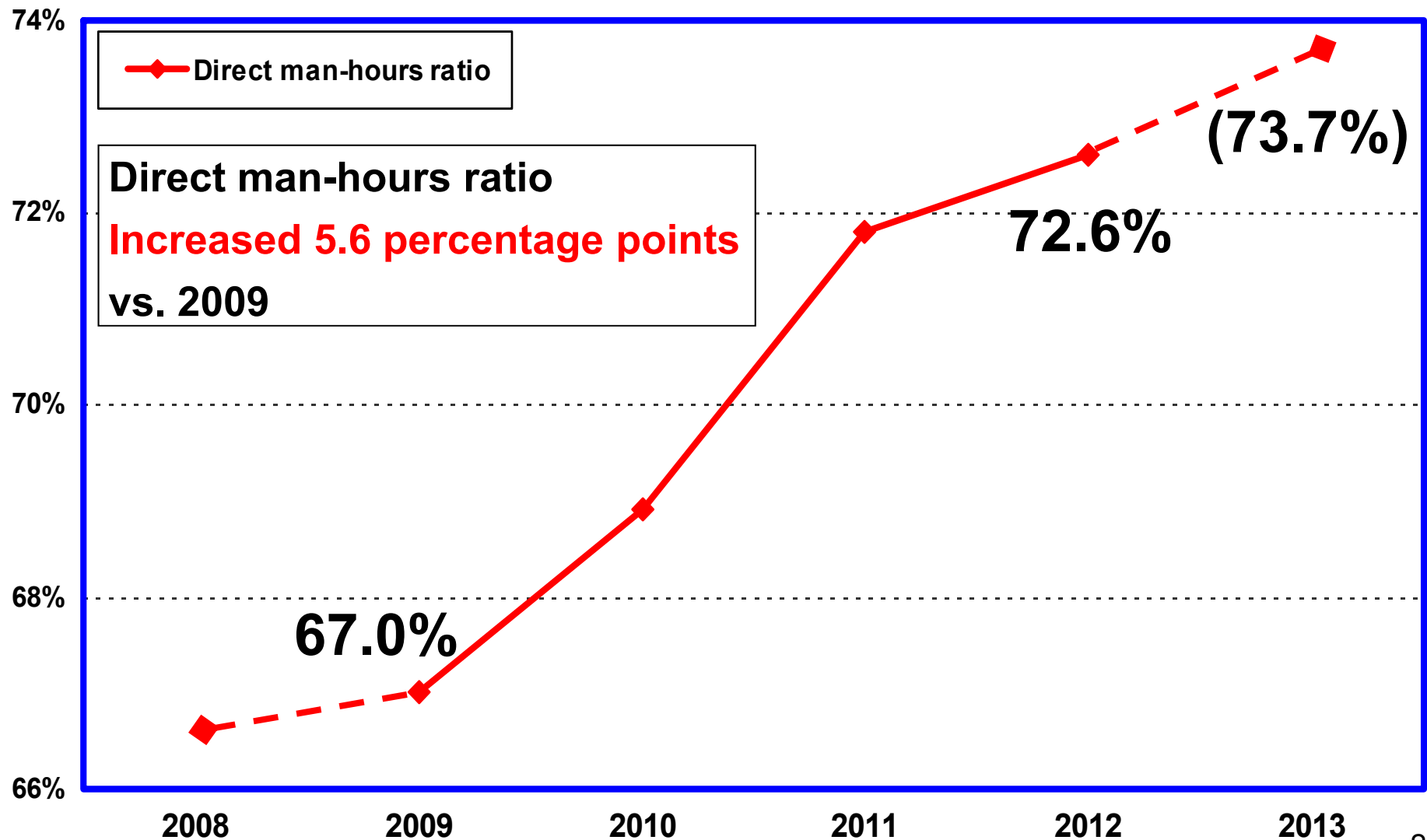
Behavior management of engineers and management reform

Realize expansion of support business and sufficient support without increasing manpower

# Results of “S-SPR” (1)



## Results of “S-SPR” (2)



# Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2010	FY 2011		FY 2012		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	100,980	107,934	+6.9%	<b>117,381</b>	<b>+9,447</b>	<b>+8.8%</b>
SMILE	6,708	7,774	+15.9%	<b>9,006</b>	<b>+1,231</b>	<b>+15.8%</b>
ODS21	38,778	40,680	+4.9%	<b>42,226</b>	<b>+1,546</b>	<b>+3.8%</b>
OSM	43,887	47,113	+7.4%	<b>48,069</b>	<b>+955</b>	<b>+2.0%</b>

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

<As reference: Number of Sales>

(Units)

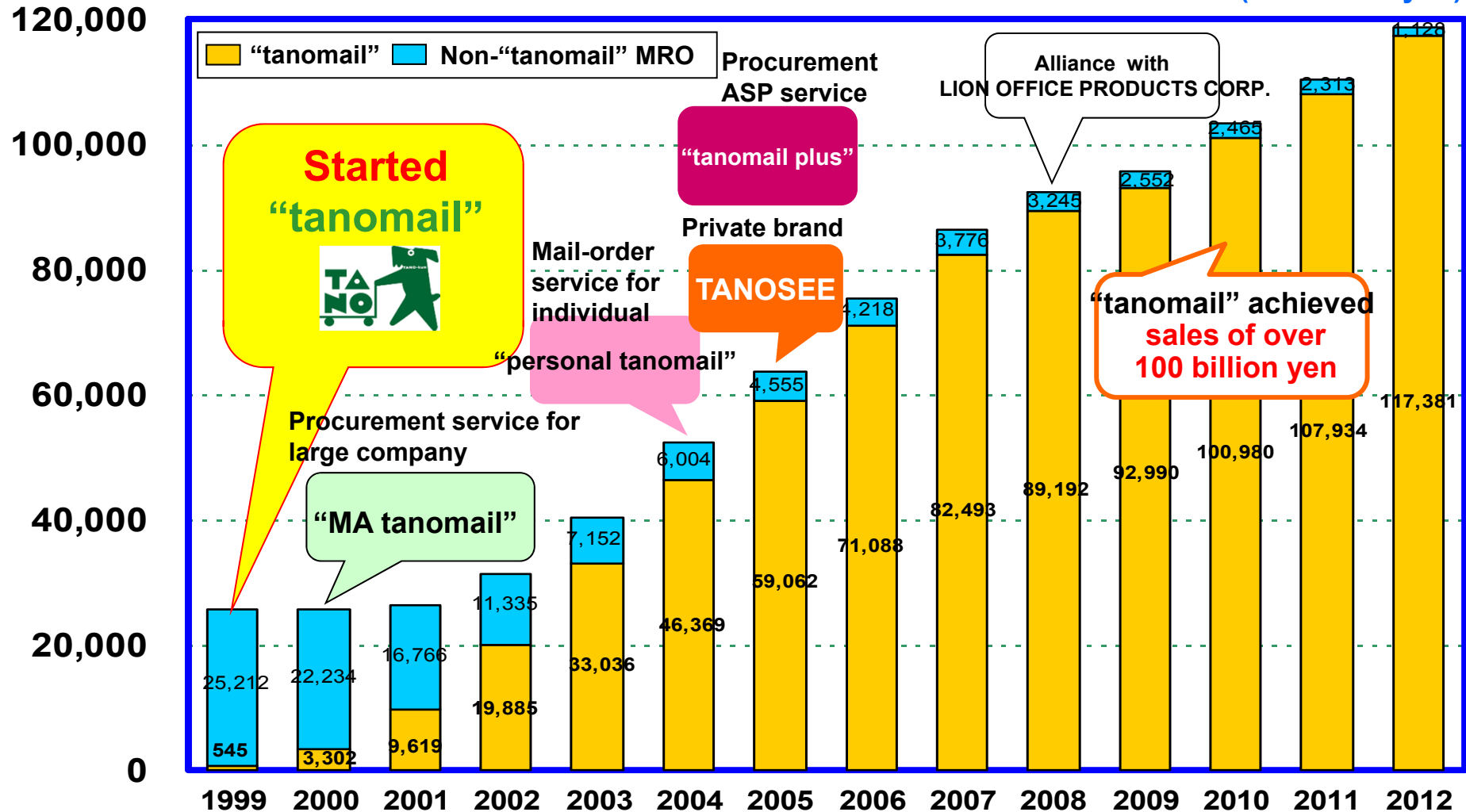
Copier	27,003	29,153	+8.0%	<b>32,104</b>	<b>+2,951</b>	<b>+10.1%</b>
(of which Color copier)	21,703	24,296	+11.9%	<b>27,332</b>	<b>+3,036</b>	<b>+12.5%</b>
Server	36,405	37,582	+3.2%	<b>39,205</b>	<b>+1,623</b>	<b>+4.3%</b>
PC	666,332	697,057	+4.6%	<b>714,616</b>	<b>+17,559</b>	<b>+2.5%</b>



Non-Consolidated

# Annual sales transition of "tanomail"

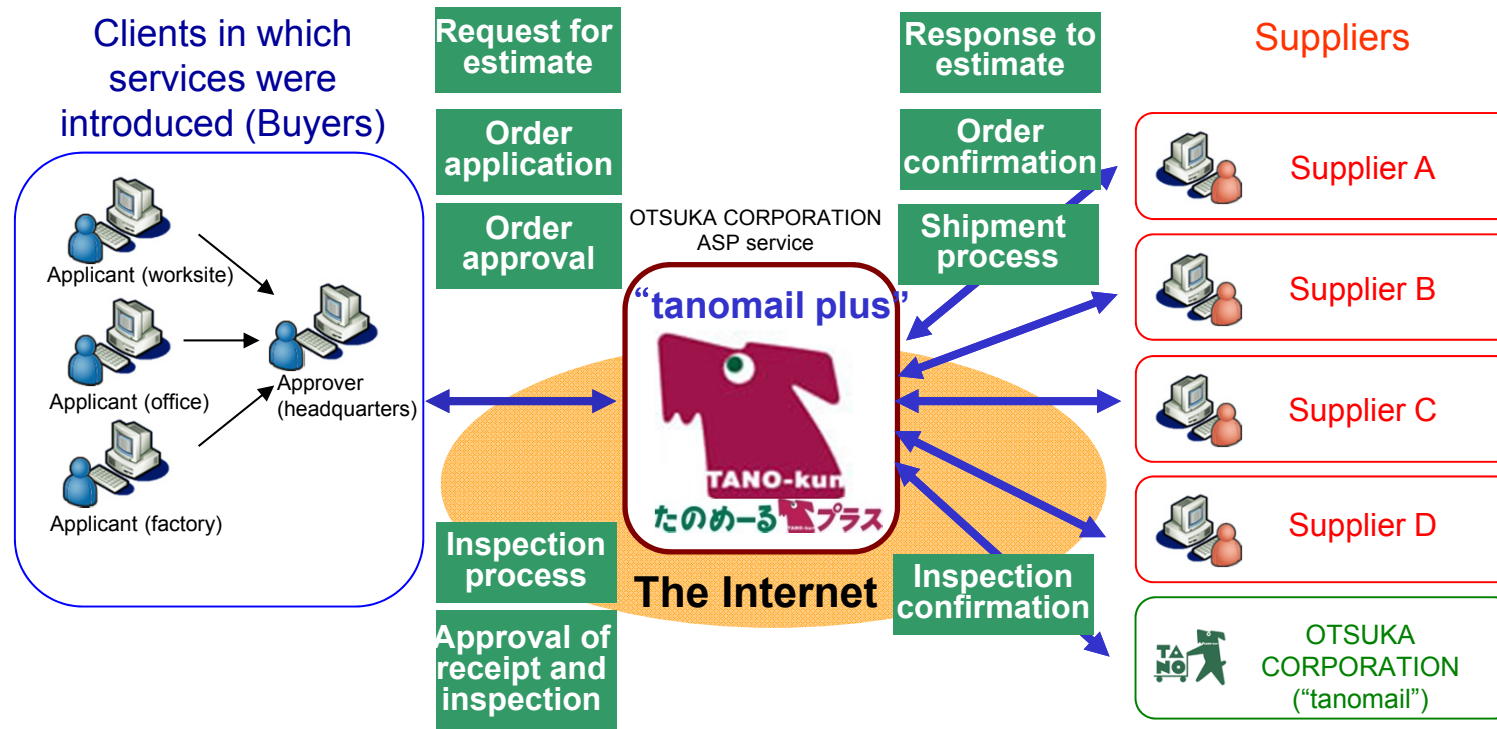
(Millions of yen)



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  
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# Support Services for Procurement and Purchase Operations

## “tanomail plus”

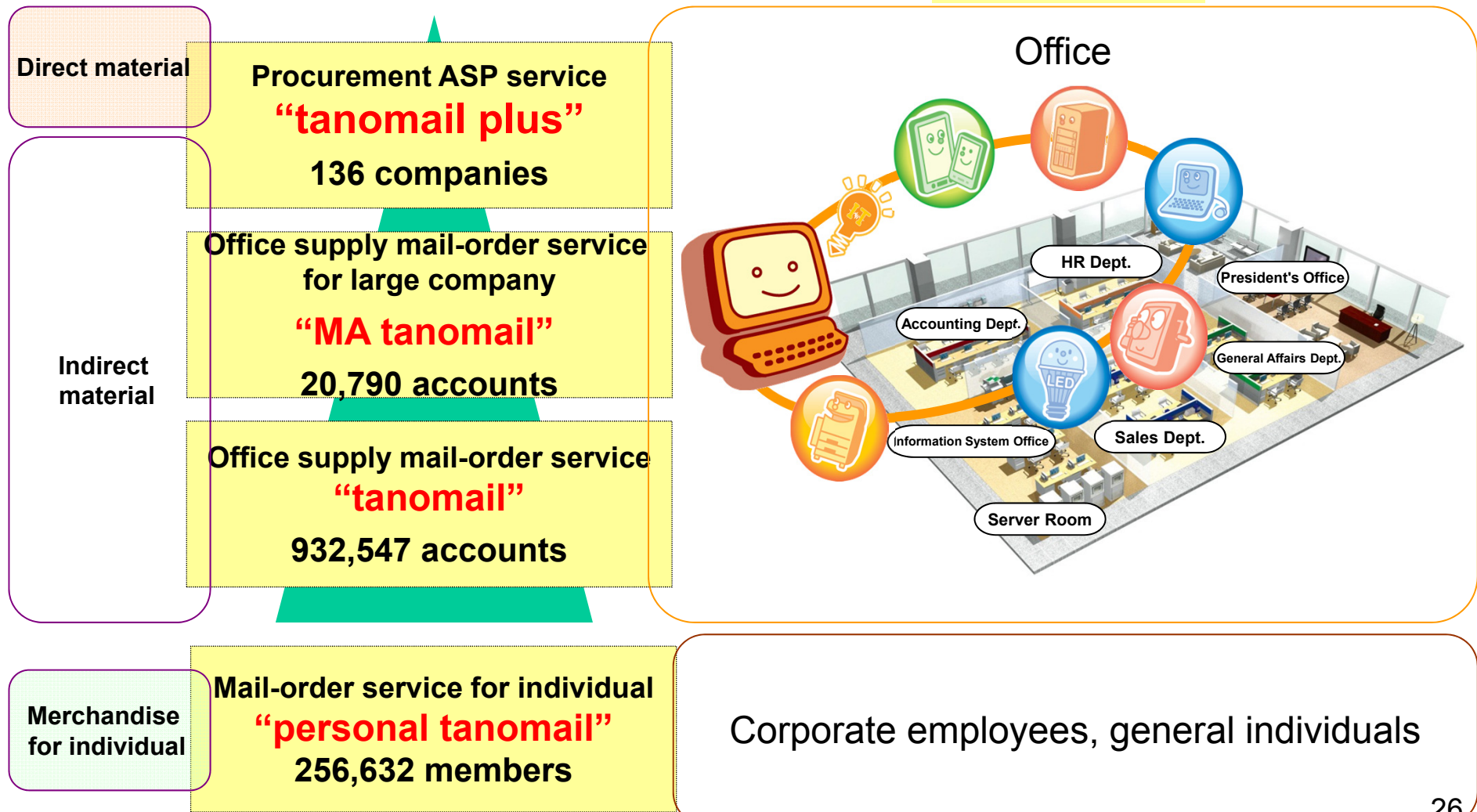


**Services commenced in 2005**  
**Number companies in operation: 136 companies**  
**Pass-through amount: 65.4 billion yen (38.4% increase)**

# Total support by OTSUKA CORPORATION

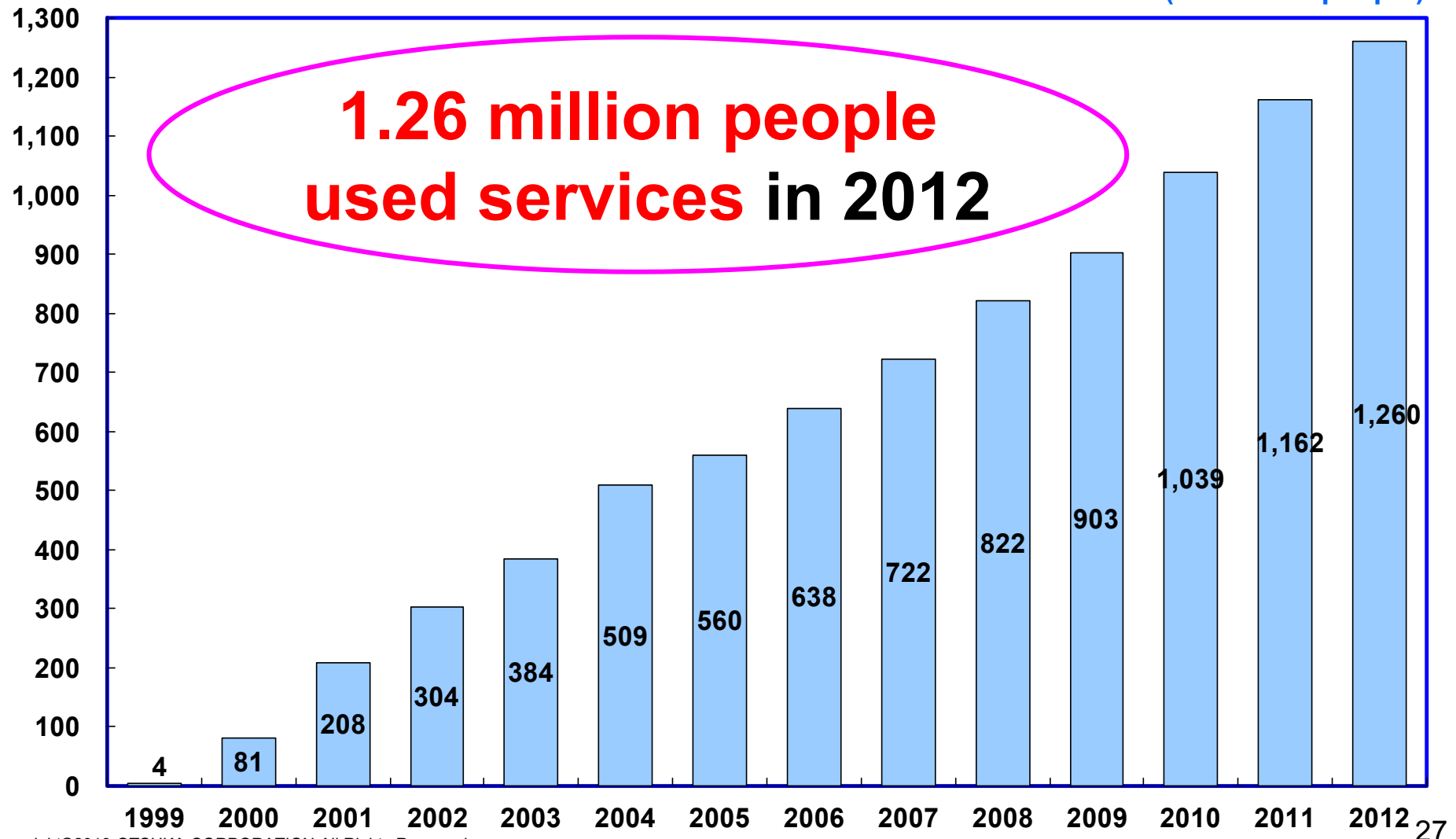
OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Dec. 31, 2012)



# Number of Users of Main Web Services (ASP)

(Thousand people)



# 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 2013

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- **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**

# 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)]**


**66 members (45 companies, 21 NPOs)** (As of January 28, 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

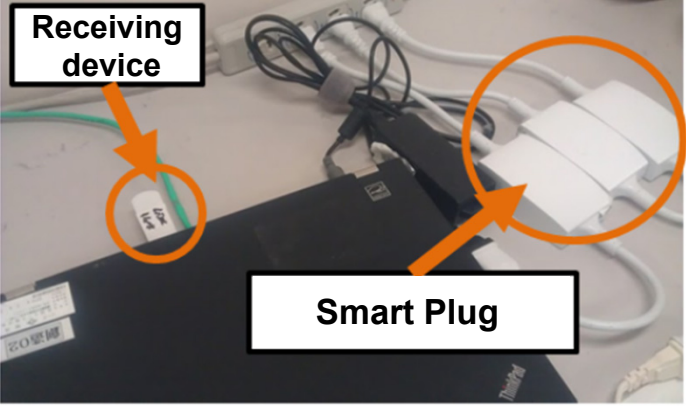
- Introduction Test at the OTSUKA's Head Office Building -



**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**

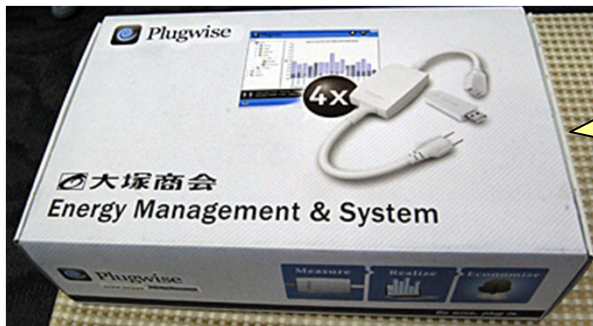
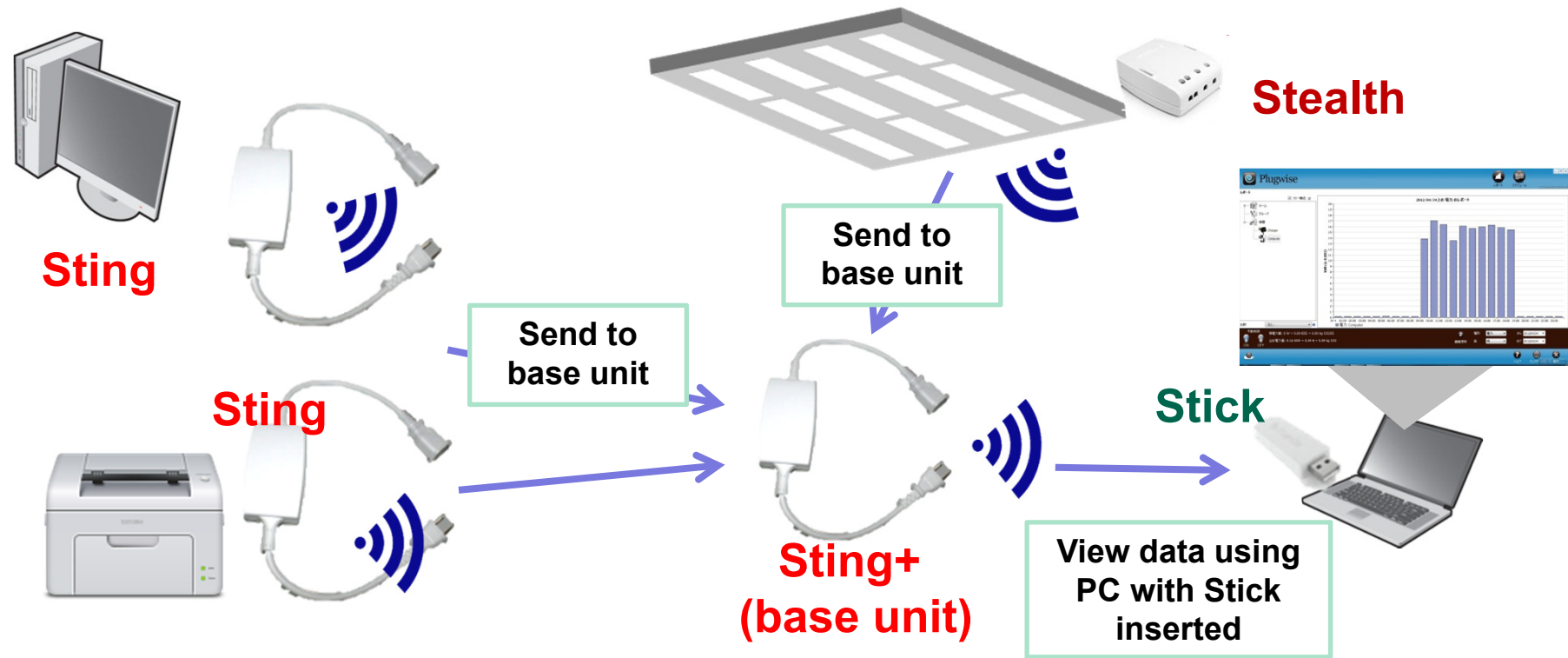


Smart Plug

**Verified interconnect technology in a multi-vendor environment**



# Smart Plug (Measuring power consumption)



**Power visualization starter pack**  
The pack comprises 1 **Stick**, 1 **Sting+** and 3 **Stings**. Possible to measure 4 devices.  
**Set price: 120,000 yen (excl. tax)**  
**Sales commenced in June 2012**

# LED Lights Proposed by OTSUKA CORPORATION

## 【Straight-tube LED lamps for office-use】

### LumiDas-FL series



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

Length: 1,198mm



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

Length: 580mm

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

Length: 2,367mm

Type-40, type-20 and type-110 LED lights are available according to customer needs.

## 【Flood light-type and Mercury lamp-type LEDs for warehouses and plants】

**New products**  
Sales commenced  
in January 2013

### LumiDas-SL series

(Fixed type)



**Newly developed top model**

(Pendant type)



LED 80W/120W/150W

LED 200W (equivalent to 700W mercury lamps)

### LumiDas-C series



LED 55W (equivalent to 200~300W mercury lamp)

LED 80W (equivalent to 300~400W mercury lamp)

**Actively proposing to customers (Introduced at 14,000 business sites)**

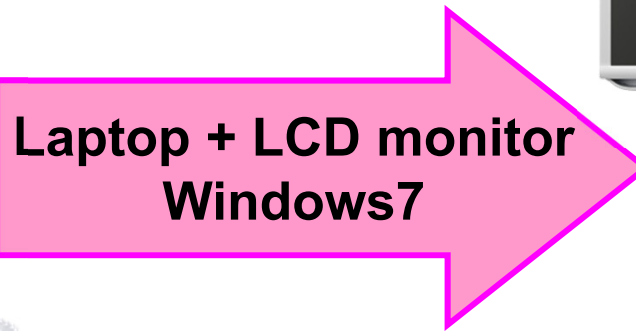
# Power Reduction through PC Replacements

In the case of OTSUKA CORPORATION



 Windows<sup>XP</sup>

**Approx. 111W**

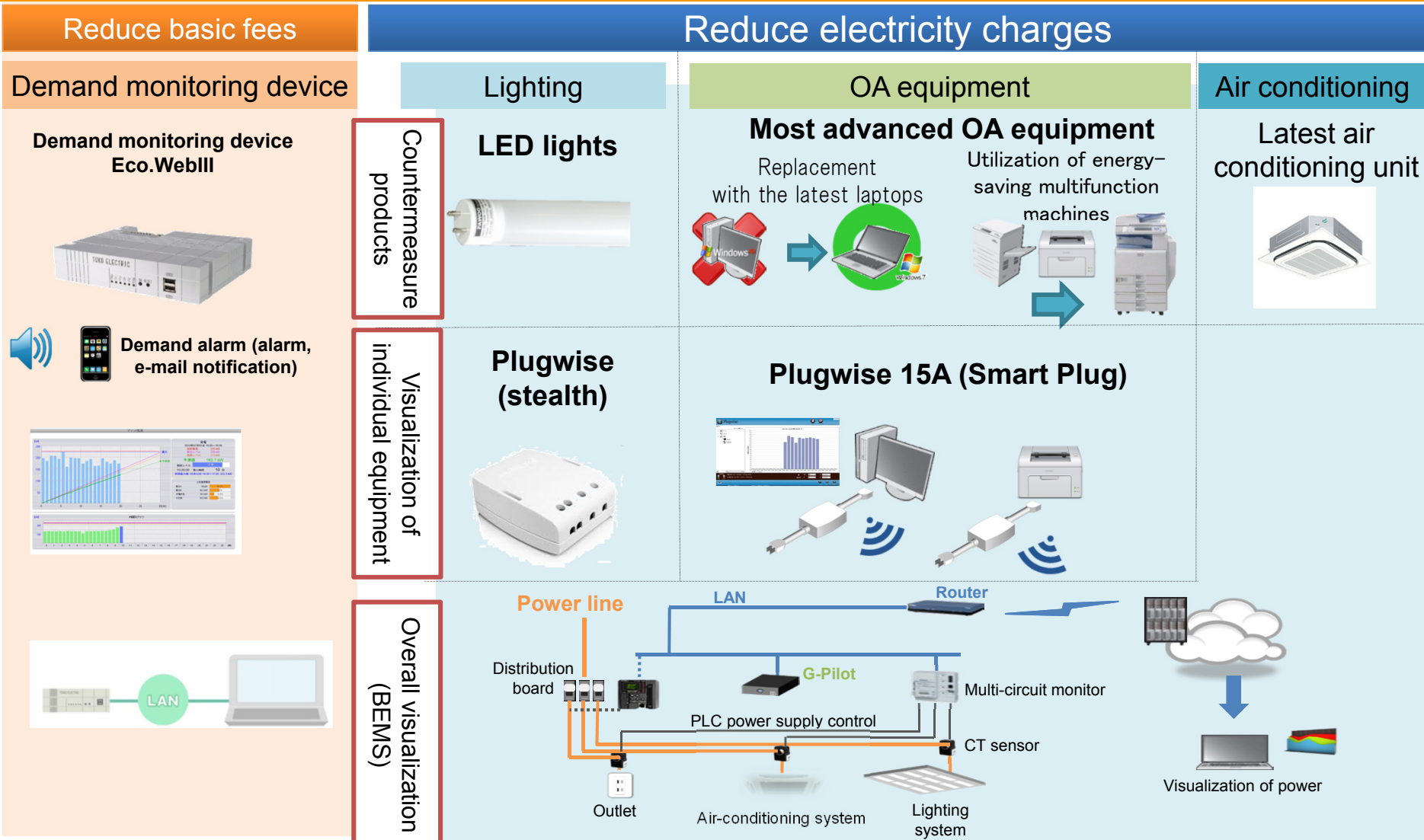


 Windows<sup>7</sup>

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

**Approx. 60%  
reduction**

# OTSUKA's Electricity-Saving Countermeasure Domains



# Policies and Measures in 2013

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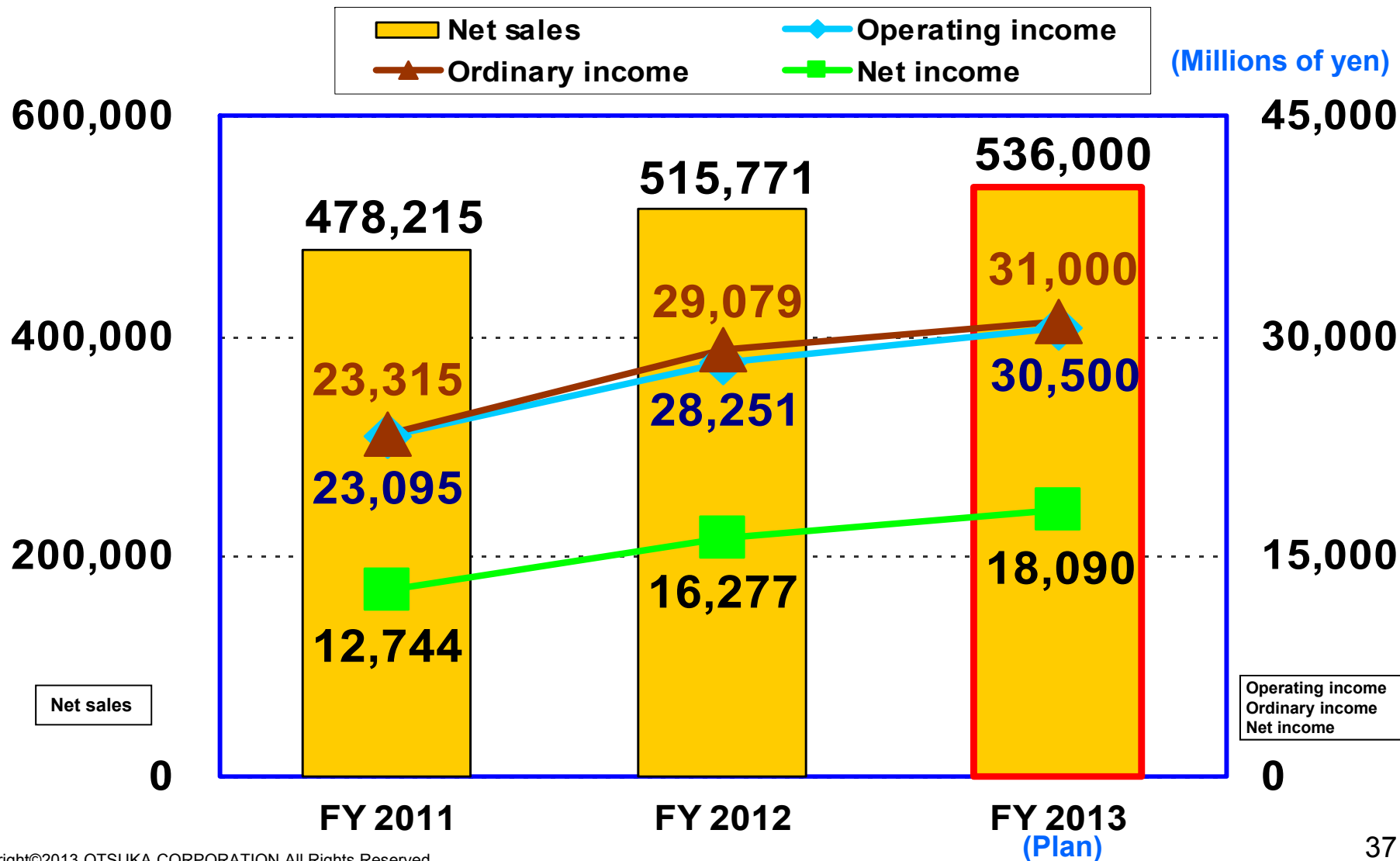
## < Slogan >

**“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**

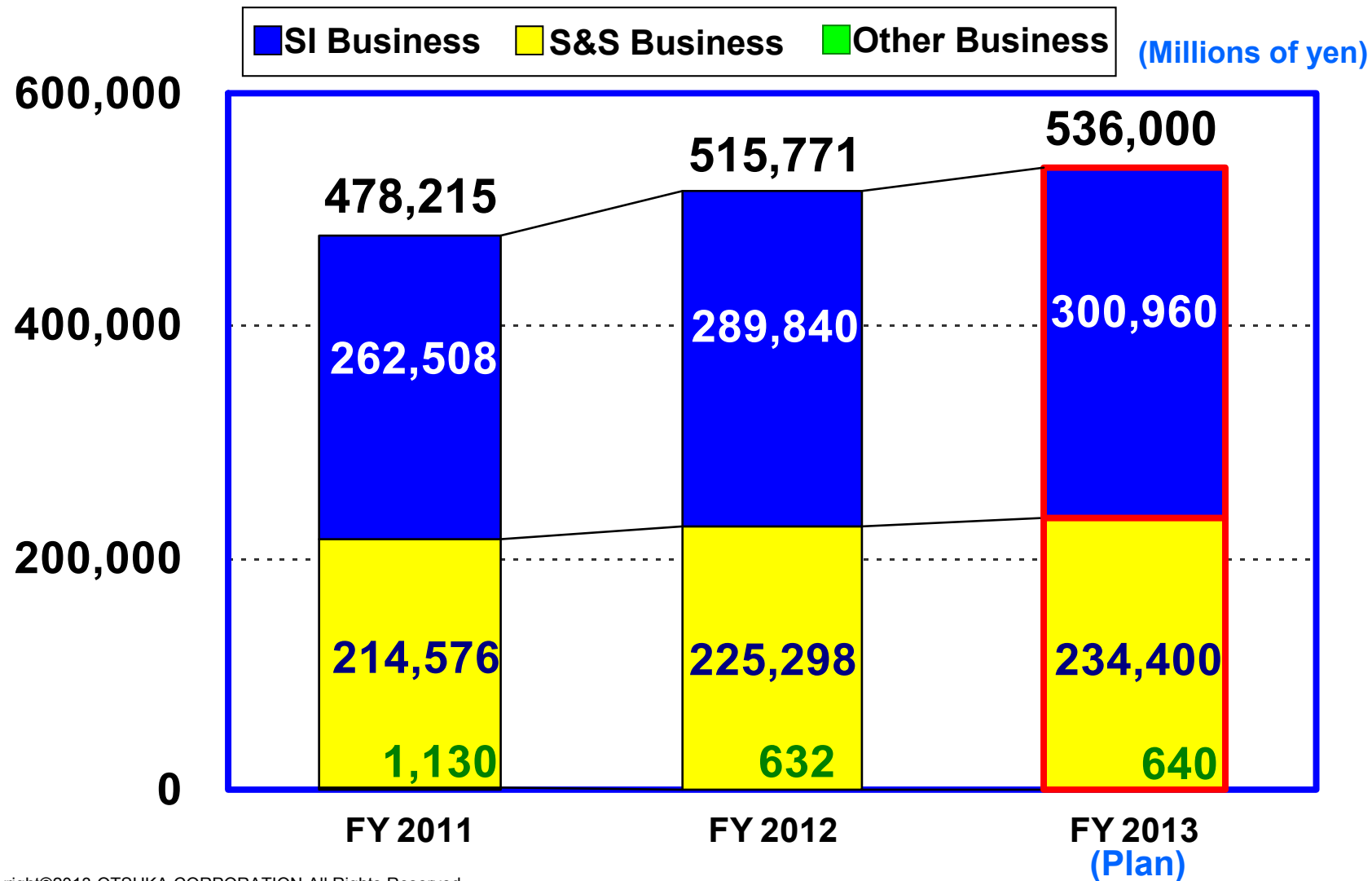
Consolidated

# Plans of Net sales and profit



Consolidated

# Plans of Net sales by segments





# Jissen (Practical) Solution Fair 2013



**Dates : February 6 (Wed) – February 8 (Fri)  
Venue: The Prince Park Tower Tokyo**





# Cautionary statement

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