



Fiscal year ending December 2016
Six months (January – June)
Business Results

August 1, 2016

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2016

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	338,509	100.7%	+6.5%	310,573	100.3%	+6.2%
Operating income	23,944	95.9%	+3.3%	22,222	97.0%	+6.8%
Ordinary income	24,568	97.4%	+3.7%	23,177	98.8%	+7.8%
Net income*	15,959	101.8%	+8.9%	15,256	103.6%	+14.6%

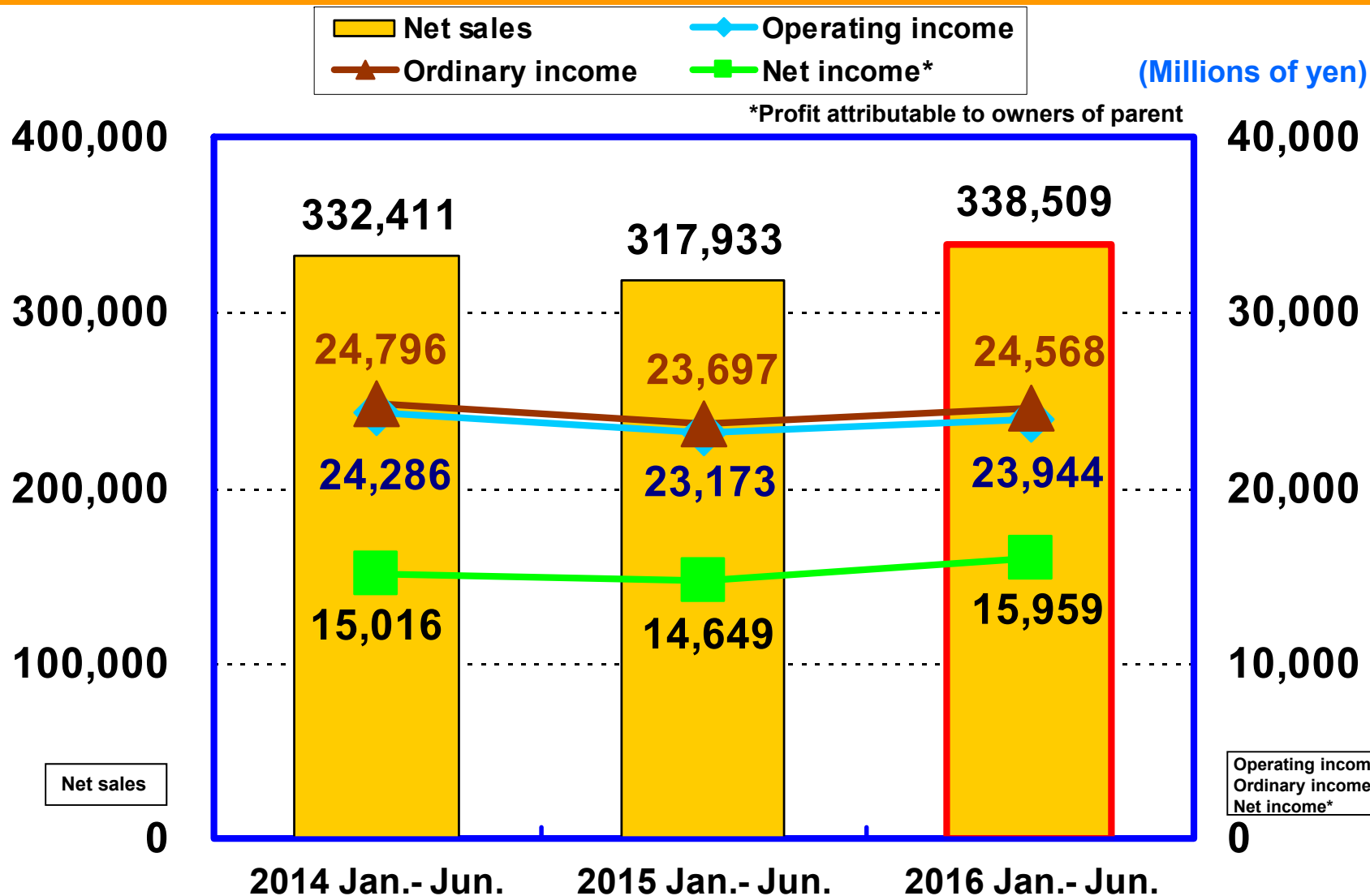
*Profit attributable to owners of parent

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2016 Jan.- Jun. Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	429	4,217
	Net World Corporation	Sales and technology support for network-related equipment	386	37,881
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	323	2,227
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	410	4,028
Others	Otsuka Auto Service Co., Ltd	Maintenance and body work for automobiles, and commissioned sales of insurance	23	271

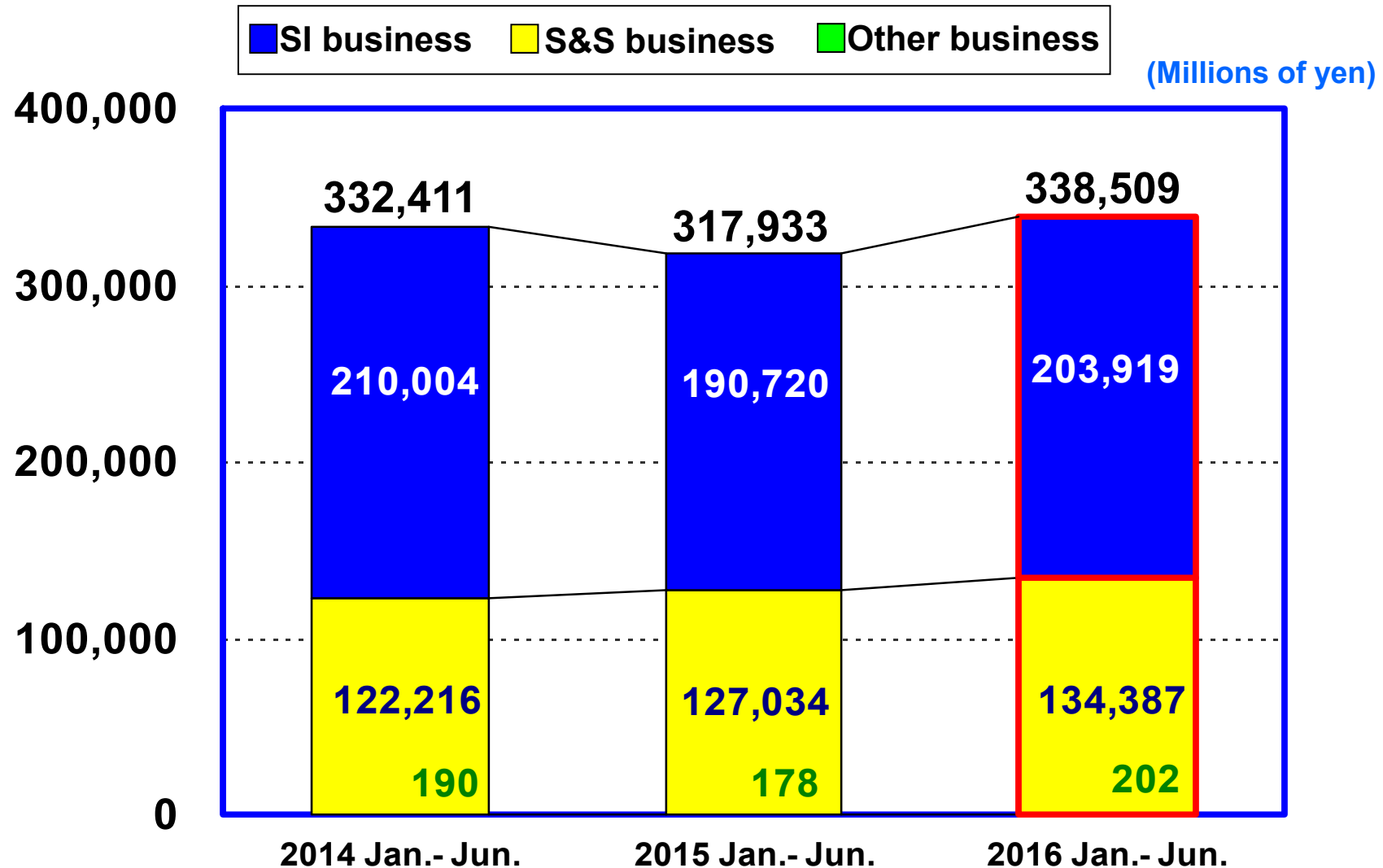
Consolidated

Net sales and Profits

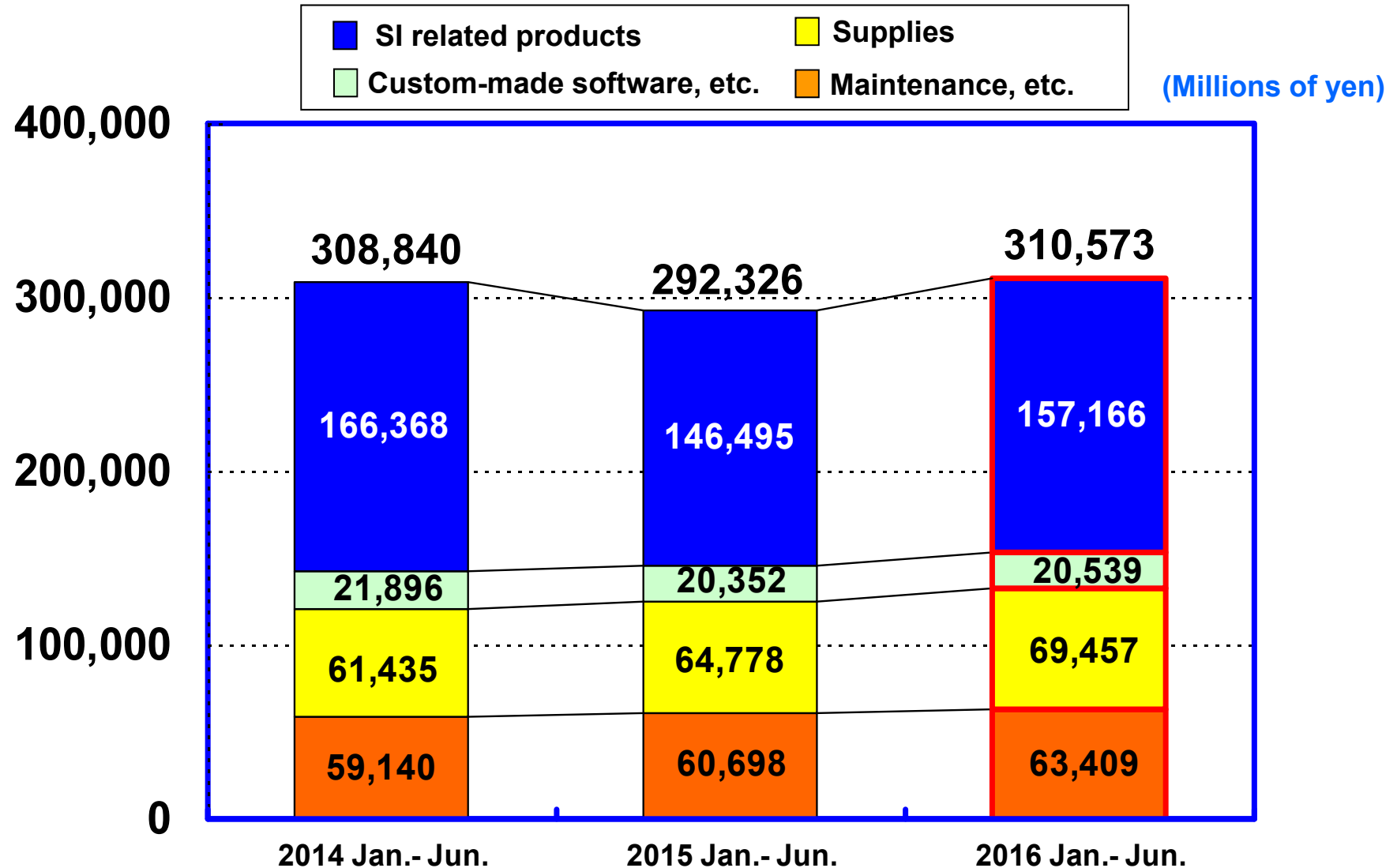


Consolidated

Net sales by segments

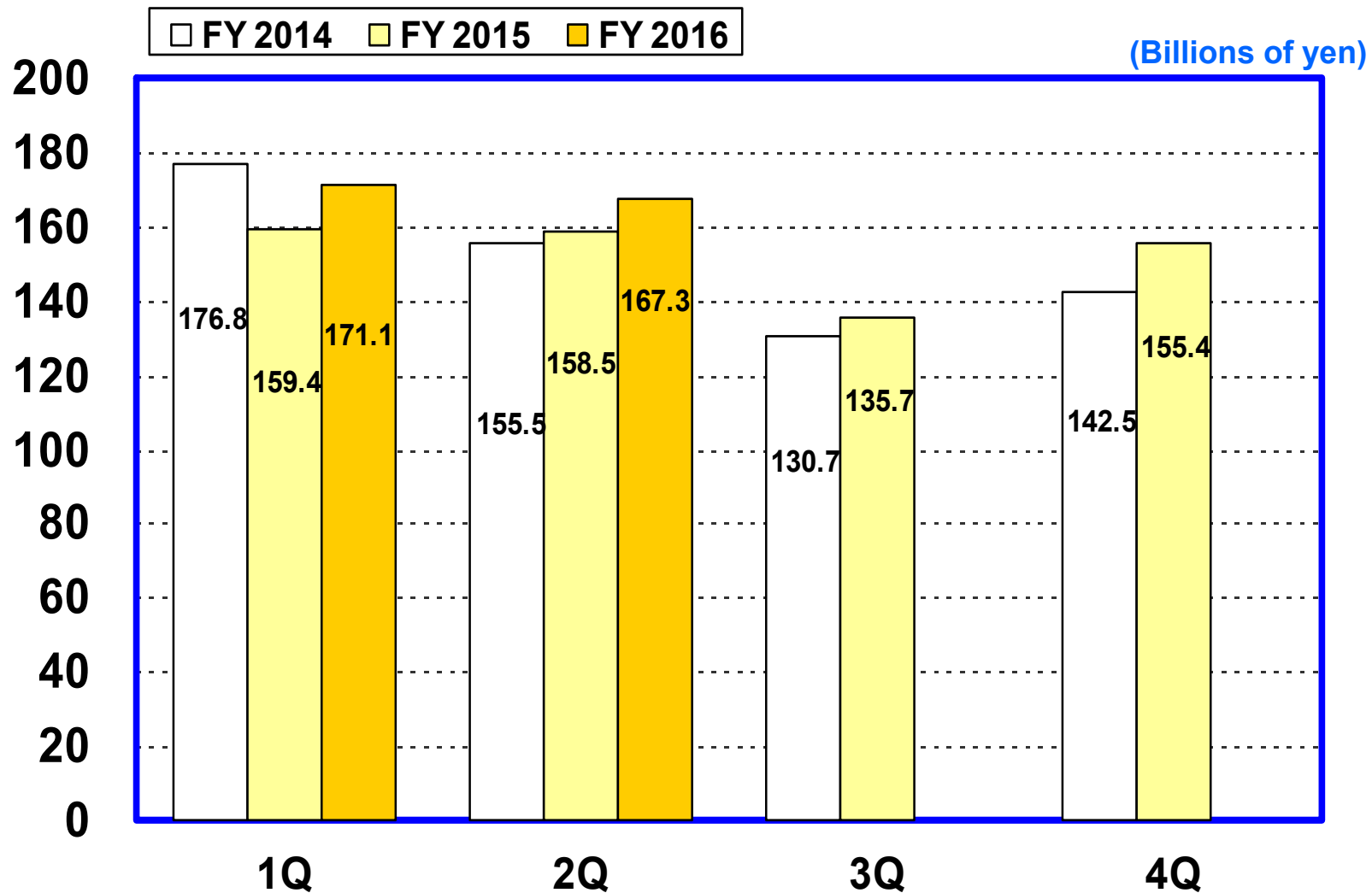


Net sales by 4 segments



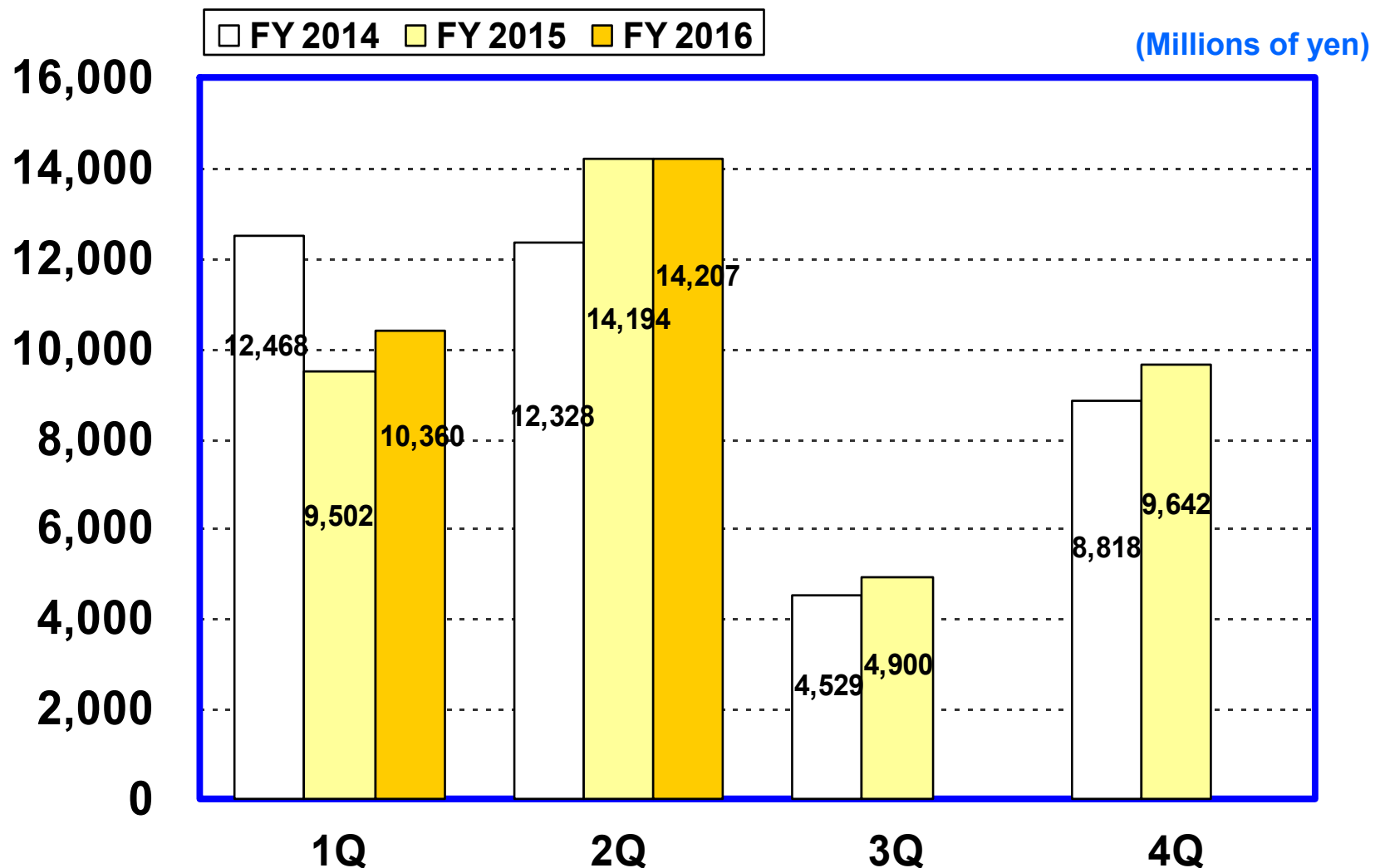
Consolidated

Quarterly change of Net sales



Consolidated

Quarterly change of Ordinary income



Summary of Business Results, April – June, 2016

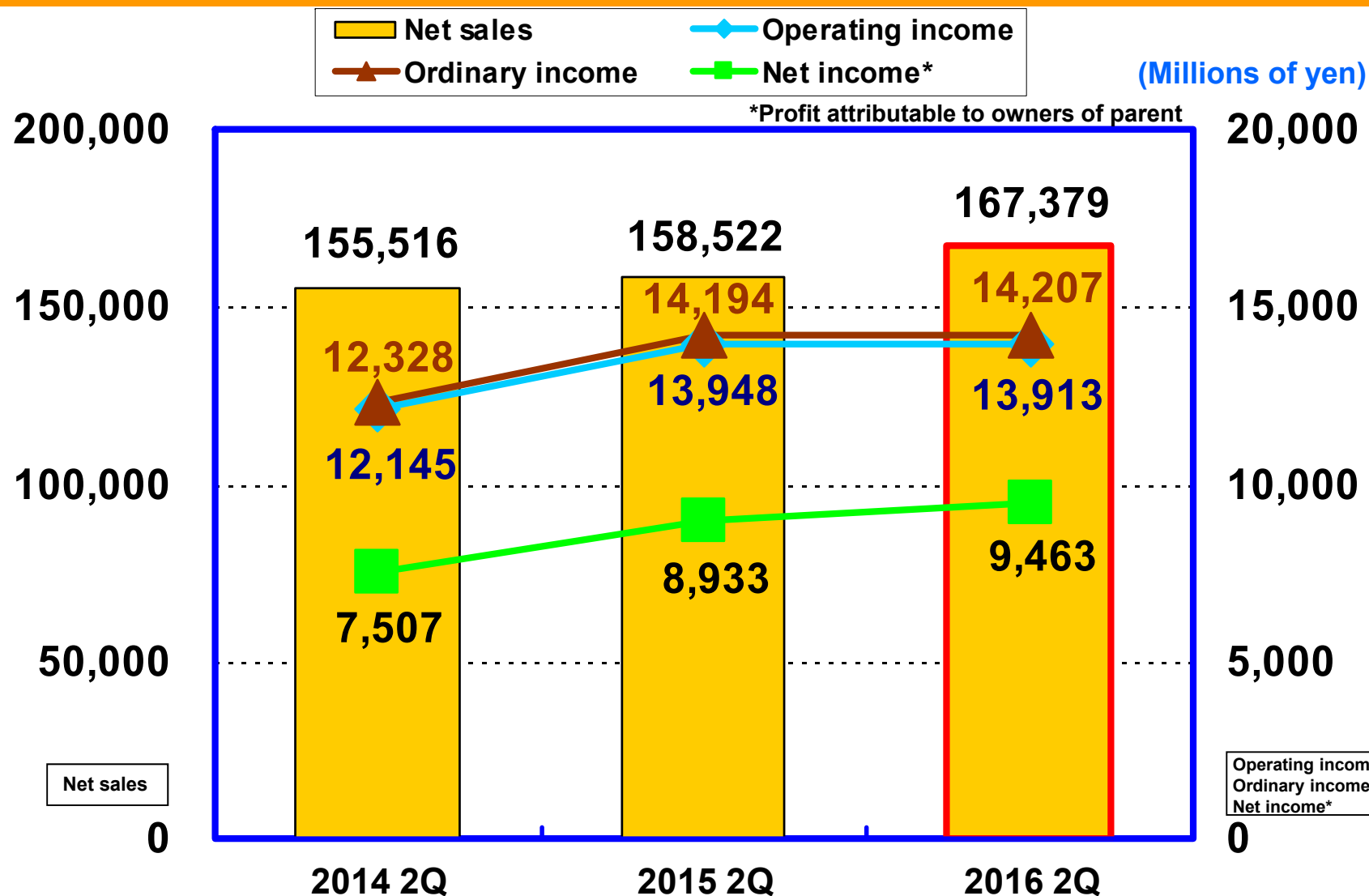
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	167,379	+5.6%	154,982	+4.9%
Operating income	13,913	-0.3%	13,147	+1.4%
Ordinary income	14,207	+0.1%	13,363	+1.0%
Net income*	9,463	+5.9%	8,920	+9.0%

*Profit attributable to owners of parent

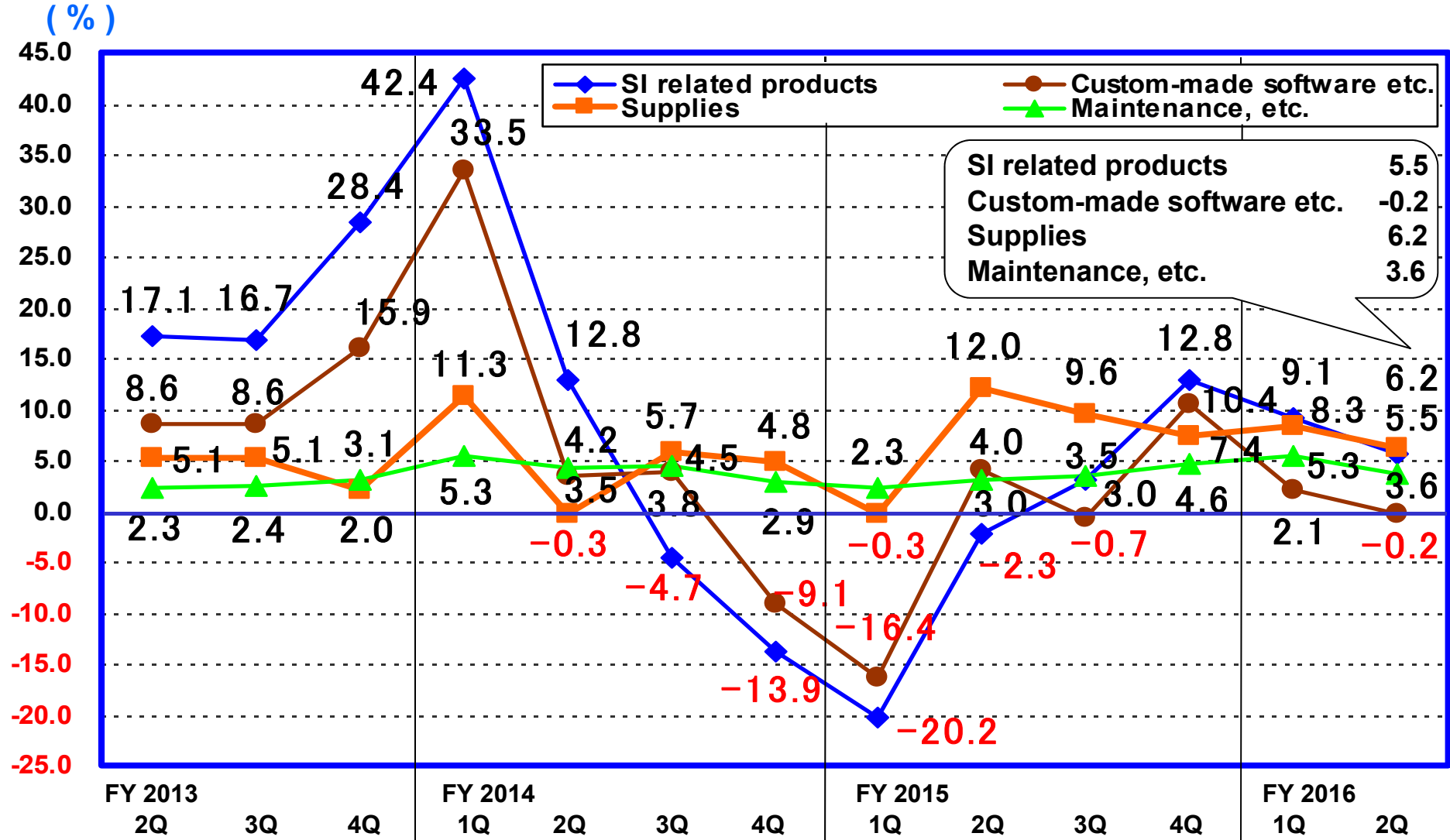
Consolidated

Net sales and Profits, April – June



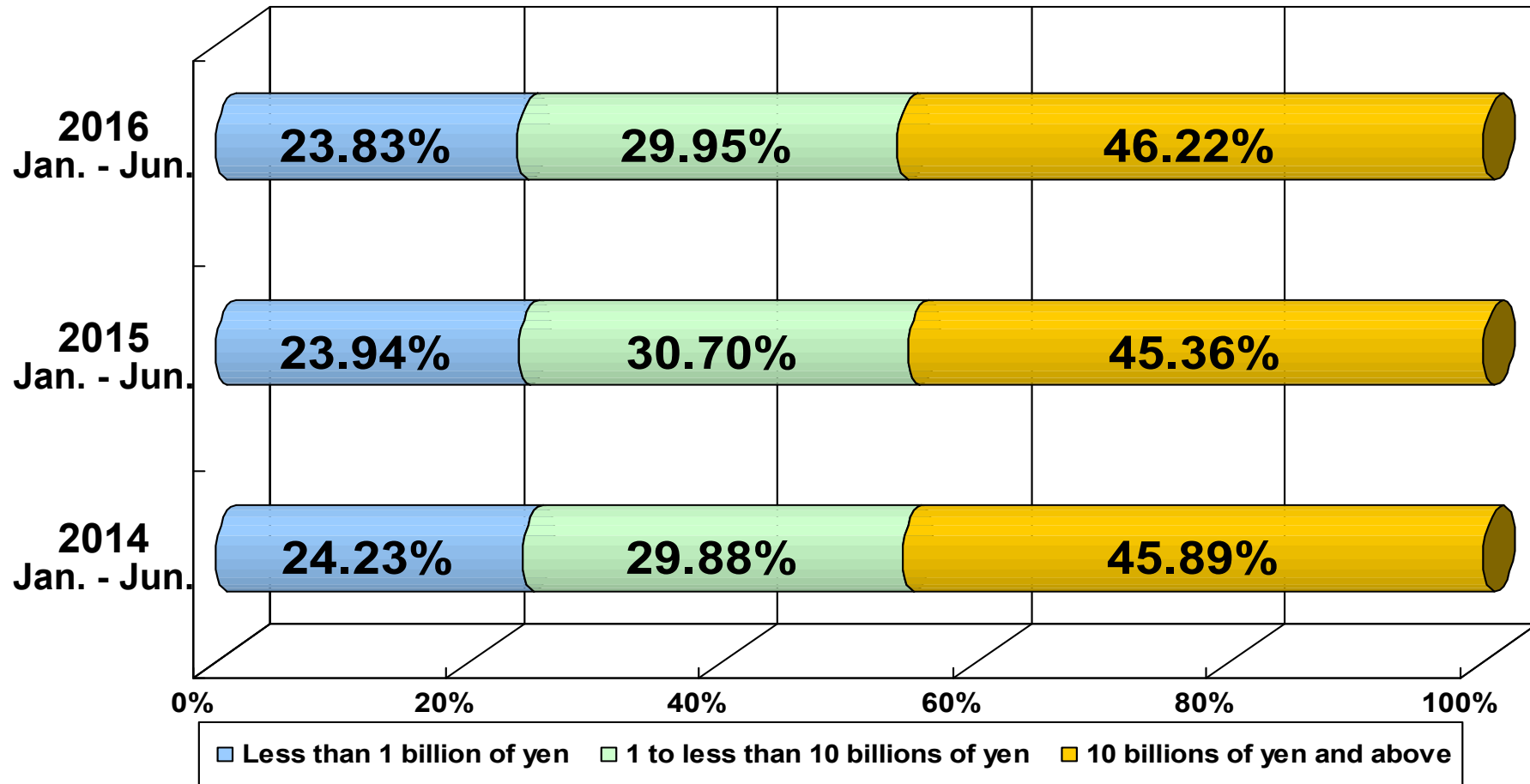
Non-Consolidated

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



Non-Consolidated

Net sales structure on customers' total annual business scale

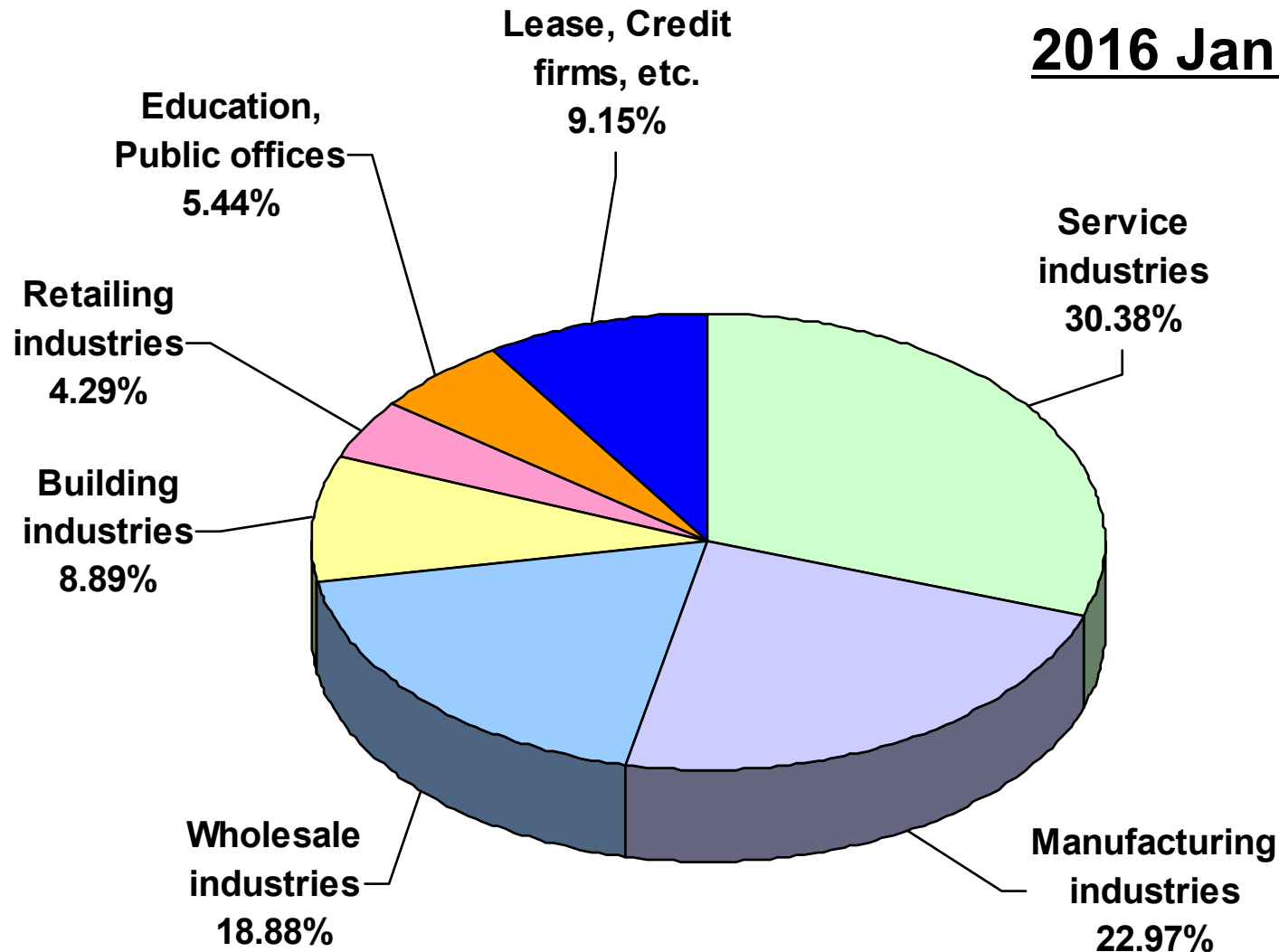


* "Less than 1 billion yen" includes public offices.

Non-Consolidated

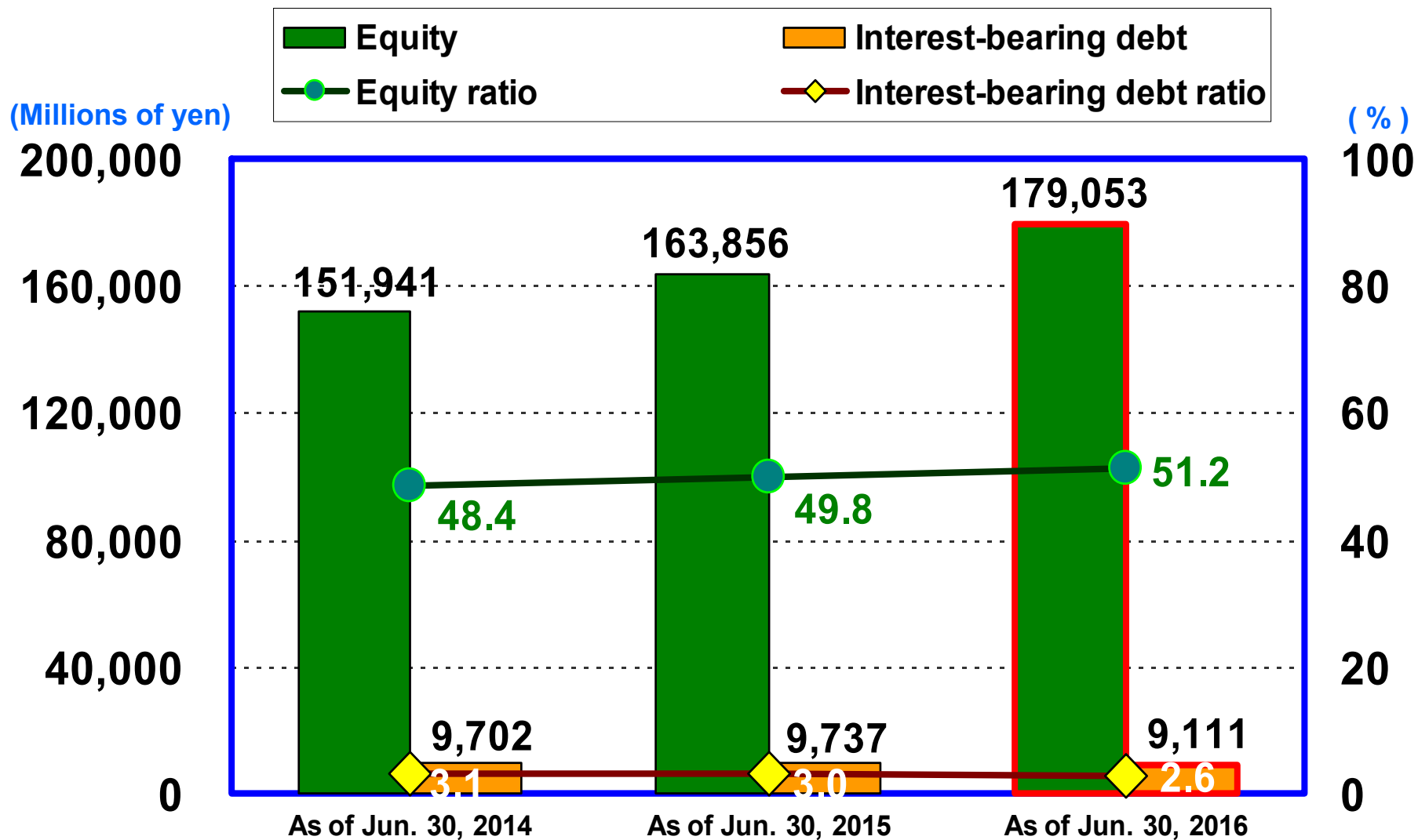
Sales breakdown by customers' type of industry

2016 Jan. – Jun.



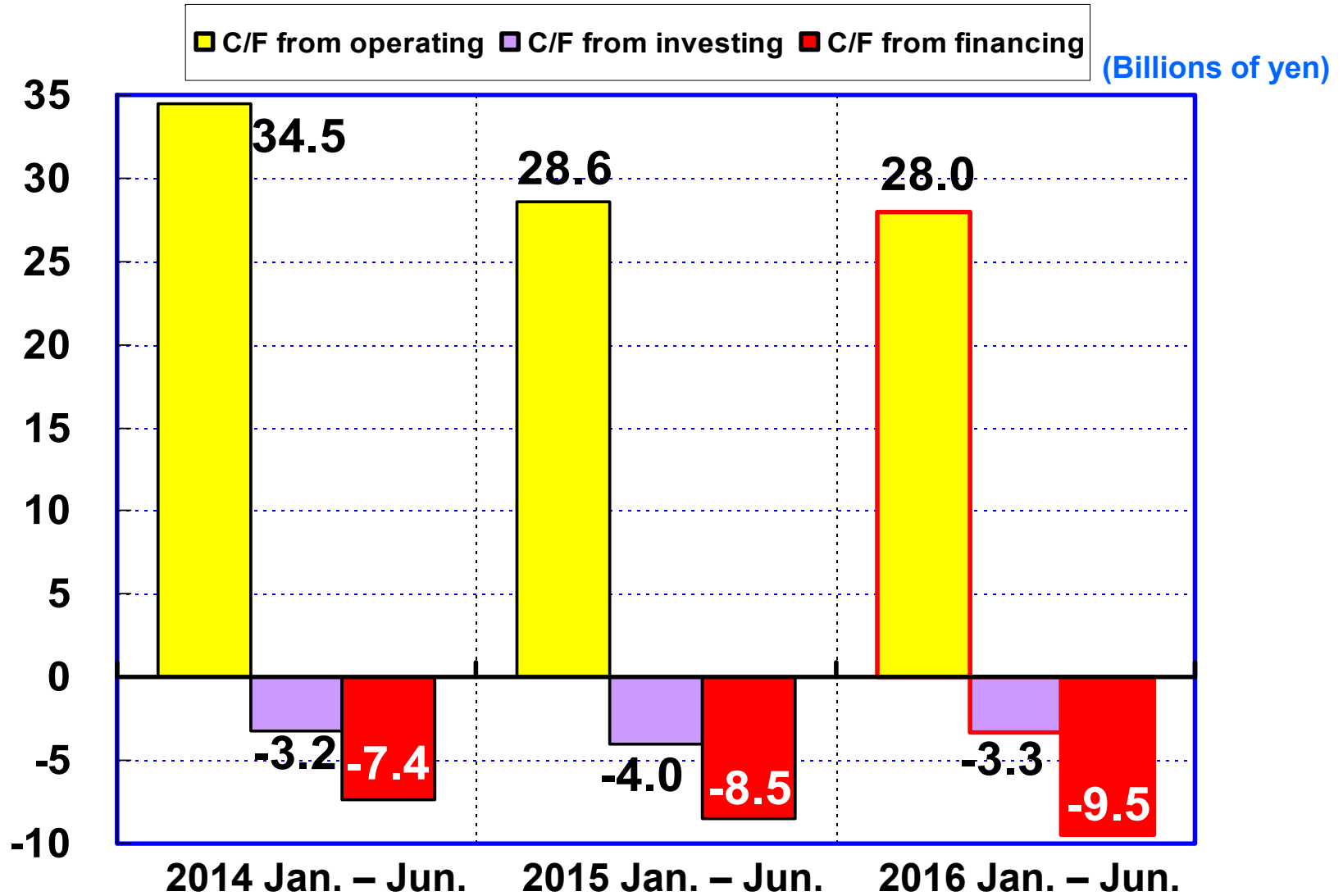
Consolidated

Equity and Interest-bearing debt



Consolidated

Cash flows

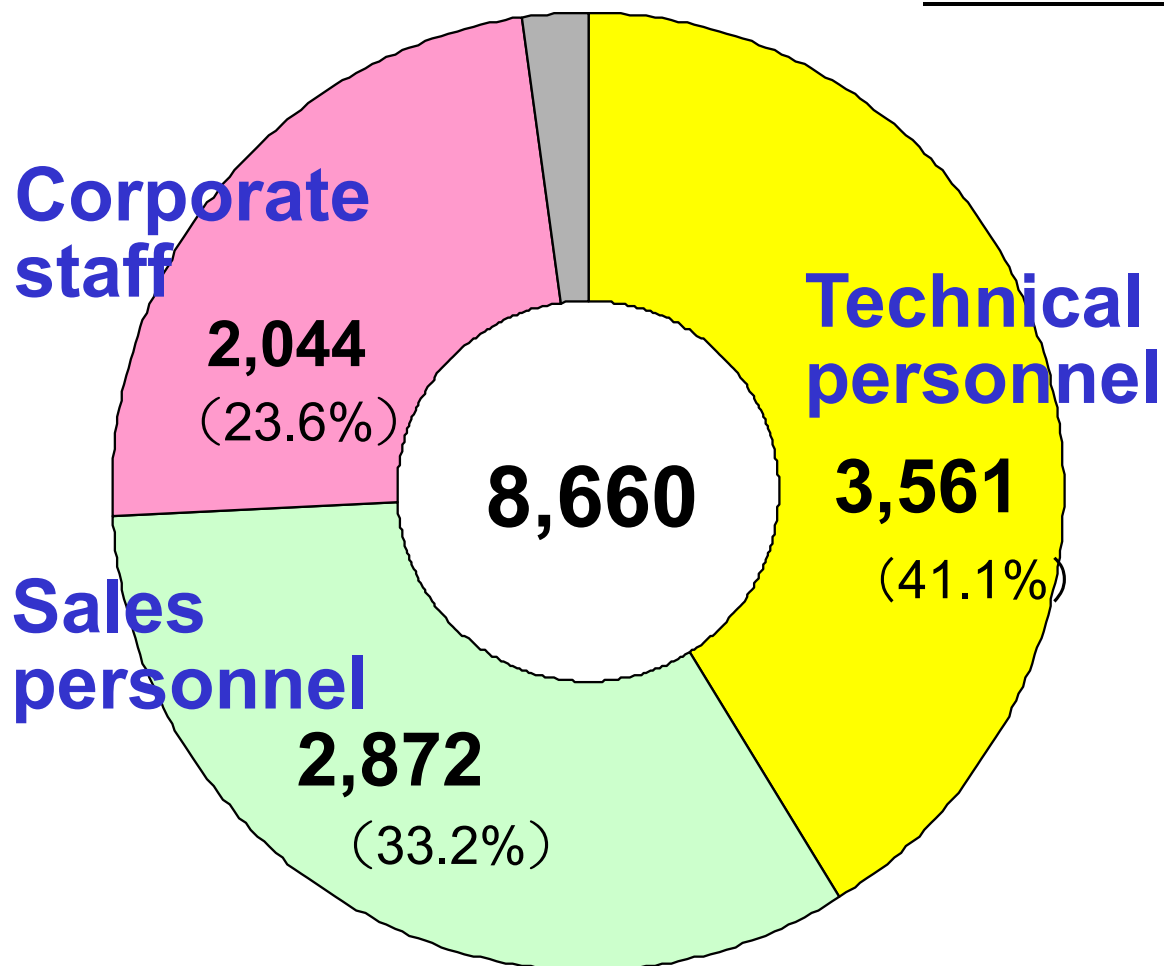


Consolidated

Personnel organization (regular employees)

Others 183 (2.1%)

As of Jun. 30, 2016





Key strategic business

<Amount of Sales>

(Millions of yen)

	2014 Jan. – Jun.	2015 Jan. – Jun.		2016 Jan. – Jun.			2016 Apr. – Jun.		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	65,193	69,383	+6.4%	74,913	+5,529	+8.0%	36,546	+2,255	+6.6%
SMILE	6,898	5,988	-13.2%	5,295	-692	-11.6%	3,097	-259	-7.7%
ODS21	25,361	26,167	+3.2%	28,620	+2,453	+9.4%	16,588	+2,324	+16.3%
OSM	27,057	30,149	+11.4%	36,222	+6,073	+20.1%	18,238	+2,529	+16.1%

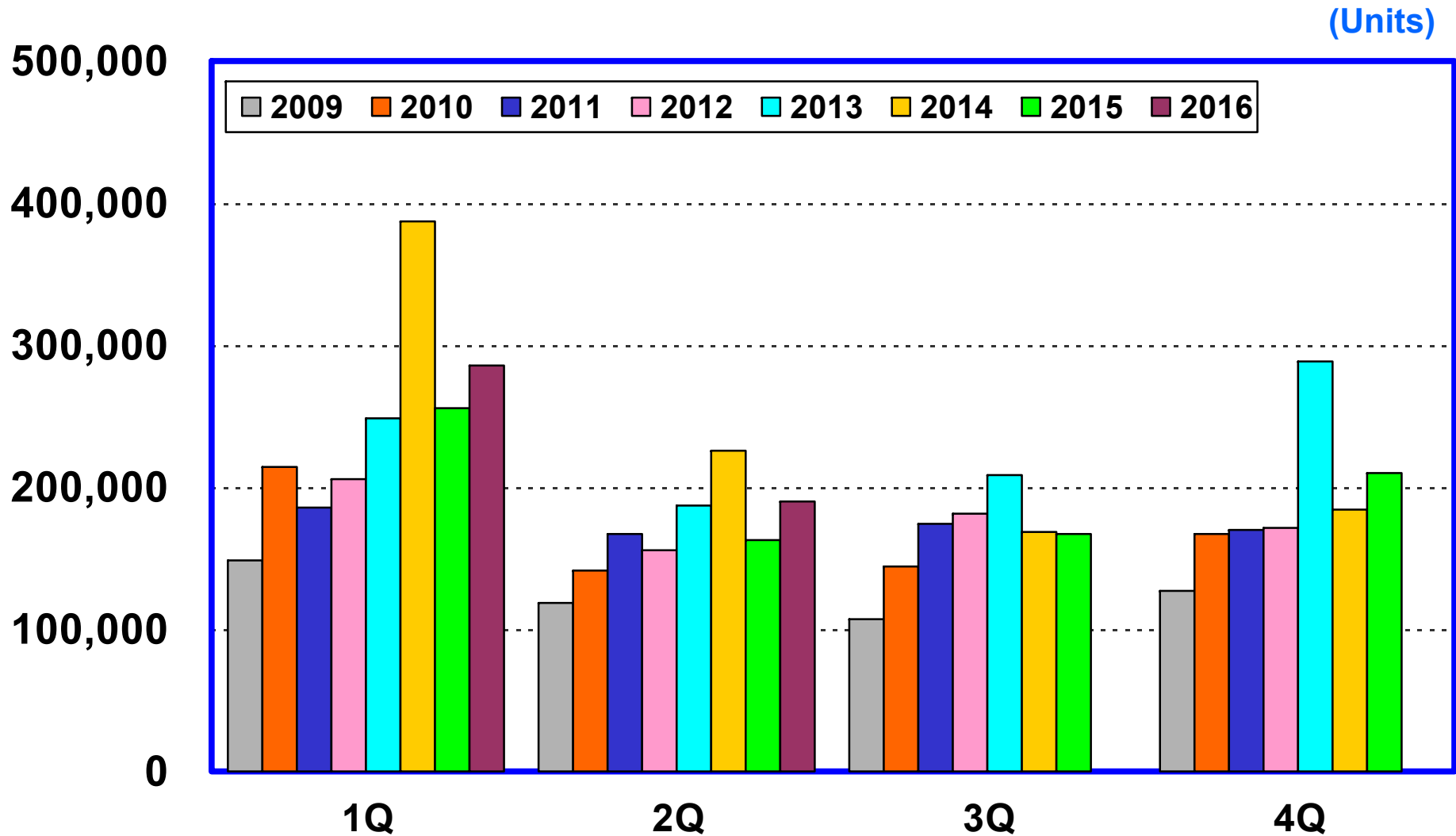
(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

<As reference: Number of Sales>

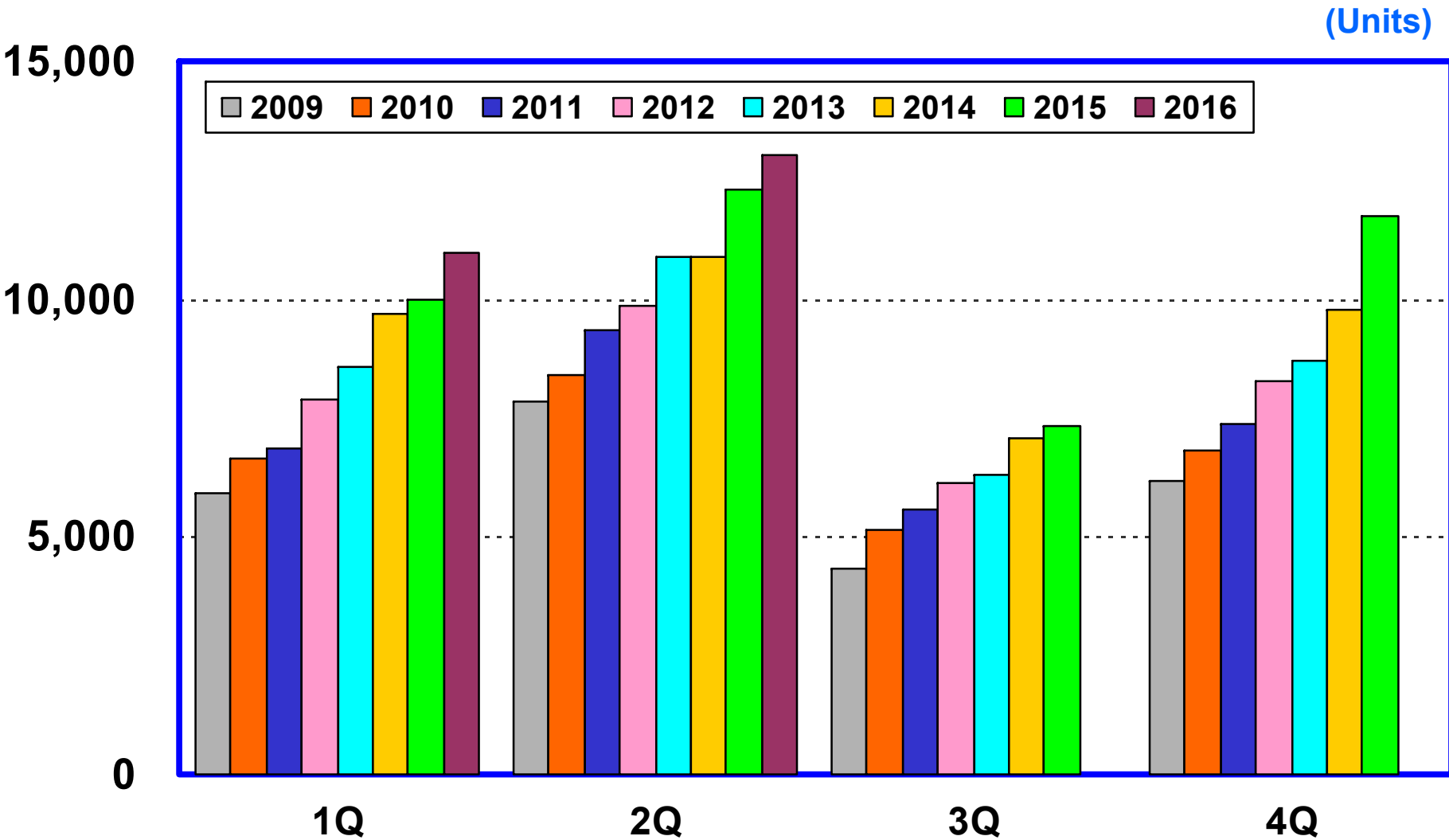
(Units)

Copier	20,583	22,294	+8.3%	24,007	+1,713	+7.7%	13,017	+709	+5.8%
(of which Color copier)	18,372	20,604	+12.1%	22,446	+1,842	+8.9%	12,307	+861	+7.5%
Server	20,959	21,943	+4.7%	18,425	-3,518	-16.0%	8,130	-2,167	-21.0%
PC	612,596	418,547	-31.7%	475,781	+57,234	+13.7%	189,861	+26,324	+16.1%
Client Total				507,800	+64,527	+14.6%	203,053	+25,391	+14.3%

Quarterly Number of PCs Sold

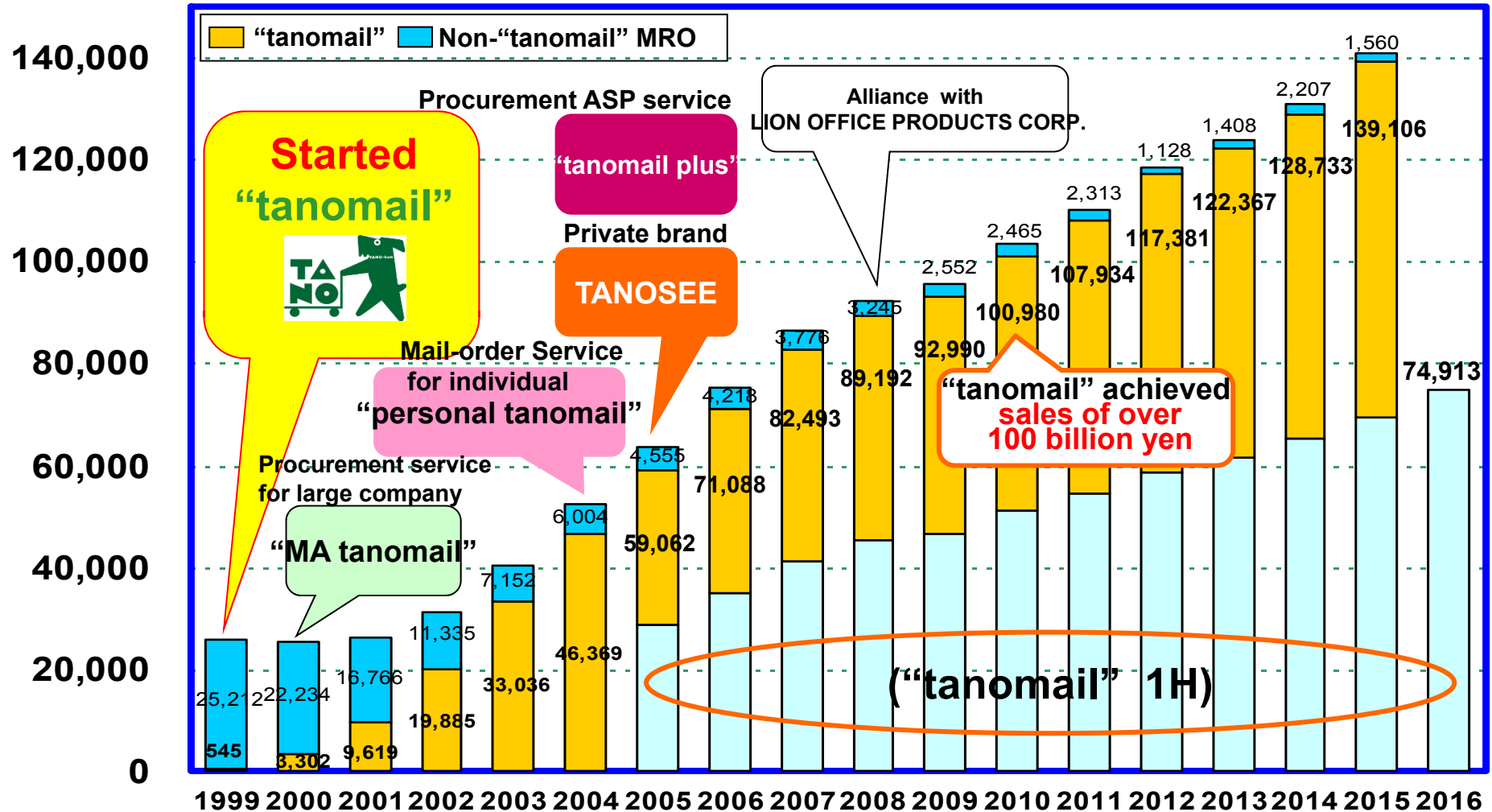


Quarterly Number of Copiers Sold



Annual sales transition of "tanomail"

(Millions of yen)



Latest Logistics Center

“West Japan Logistics Center” (scheduled to start operation in the late of August)

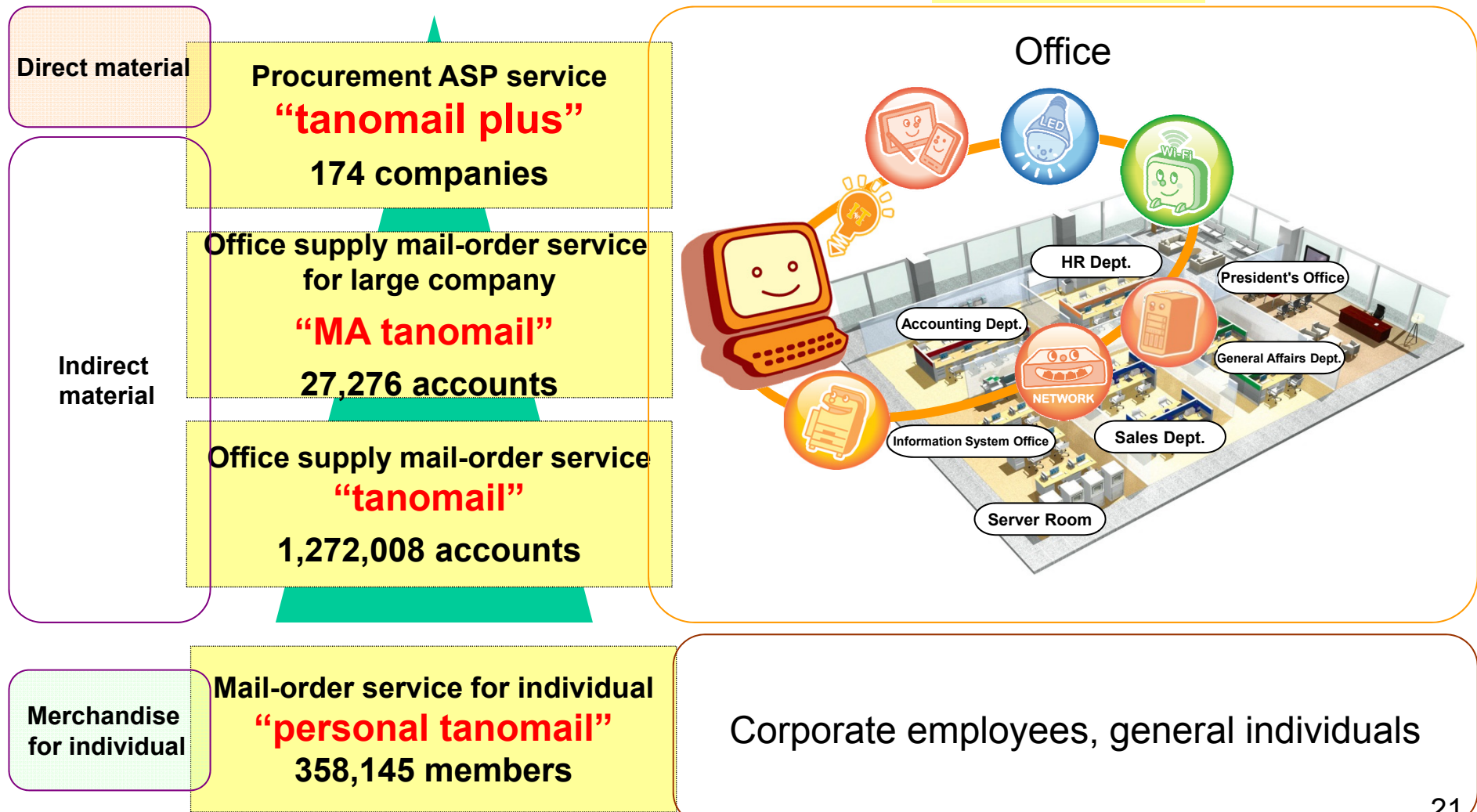
- Strengthening its function as West Japan logistics hub for IT-related products and expanding “tanomail” logistics
- Significantly improving shipment capacity by installing the latest logistics system in the building with a total floor space of approximately **46,000 m²**
- Enabling a power savings of **450,000 kWh** per year, which is equivalent to a reduction of **230 tons** in CO₂ emissions, by using approximately **4,200 LEDs**



Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Jun. 30, 2016)



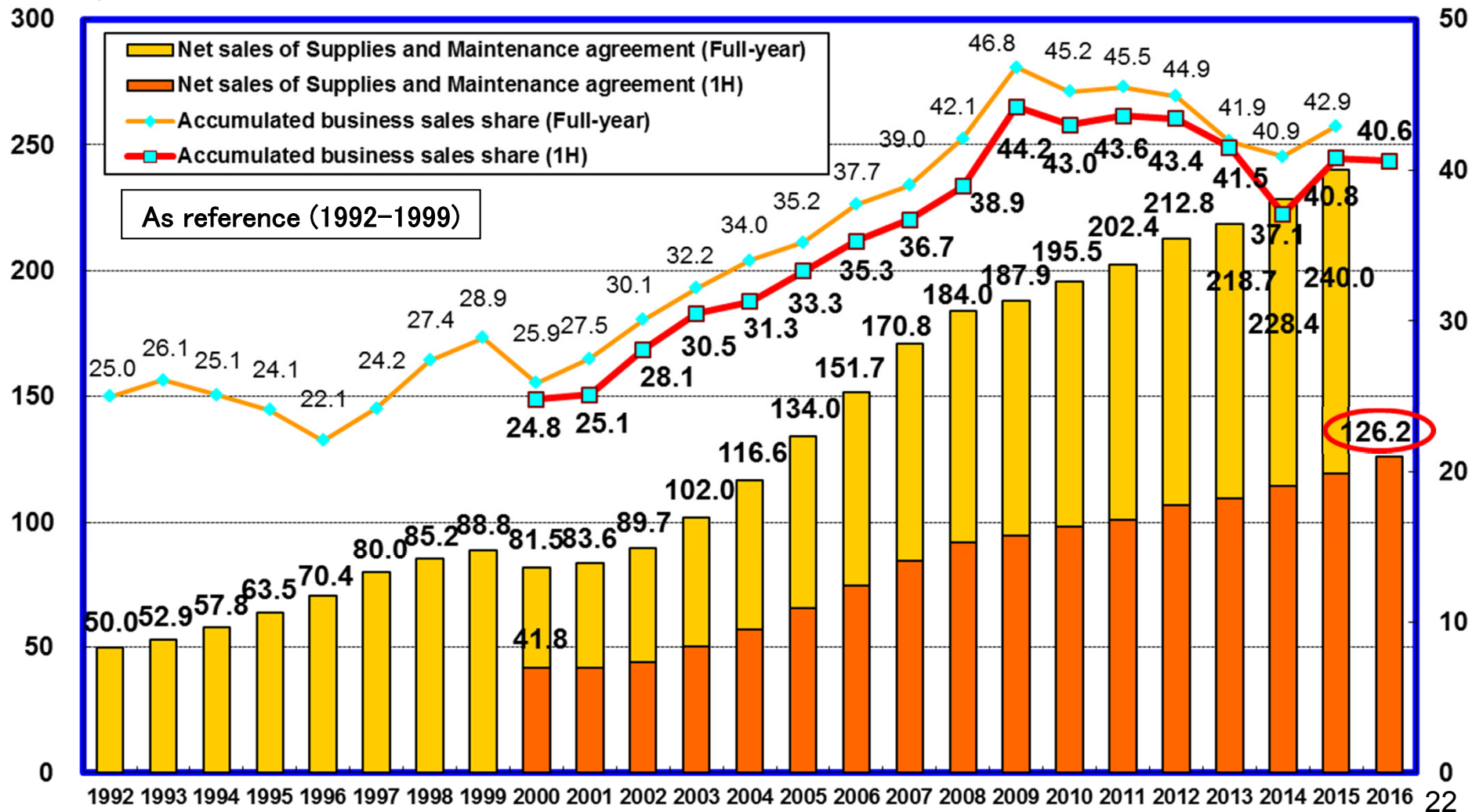
Growth of accumulated business

Net sales of Supplies and Maintenance agreement

Net sales of Supplies and Maintenance agreement (Billions of yen)

Accumulated business sales share

Accumulated business sales share (%)



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 or will increase slightly**
- **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 the Second Half of 2016

- **Uncertainty in both the global economy and the Japanese economy**
- **Demand for aggressive IT investment, raising productivity and cost reductions**
- **Market expansion of tablet devices**
- **End of sales of PCs with pre-installed Windows 7**
- **Full-scale operation of the Social Security and Tax Number (“My Number”) System**
- **Strong demand by companies for IT utilization and energy-saving**

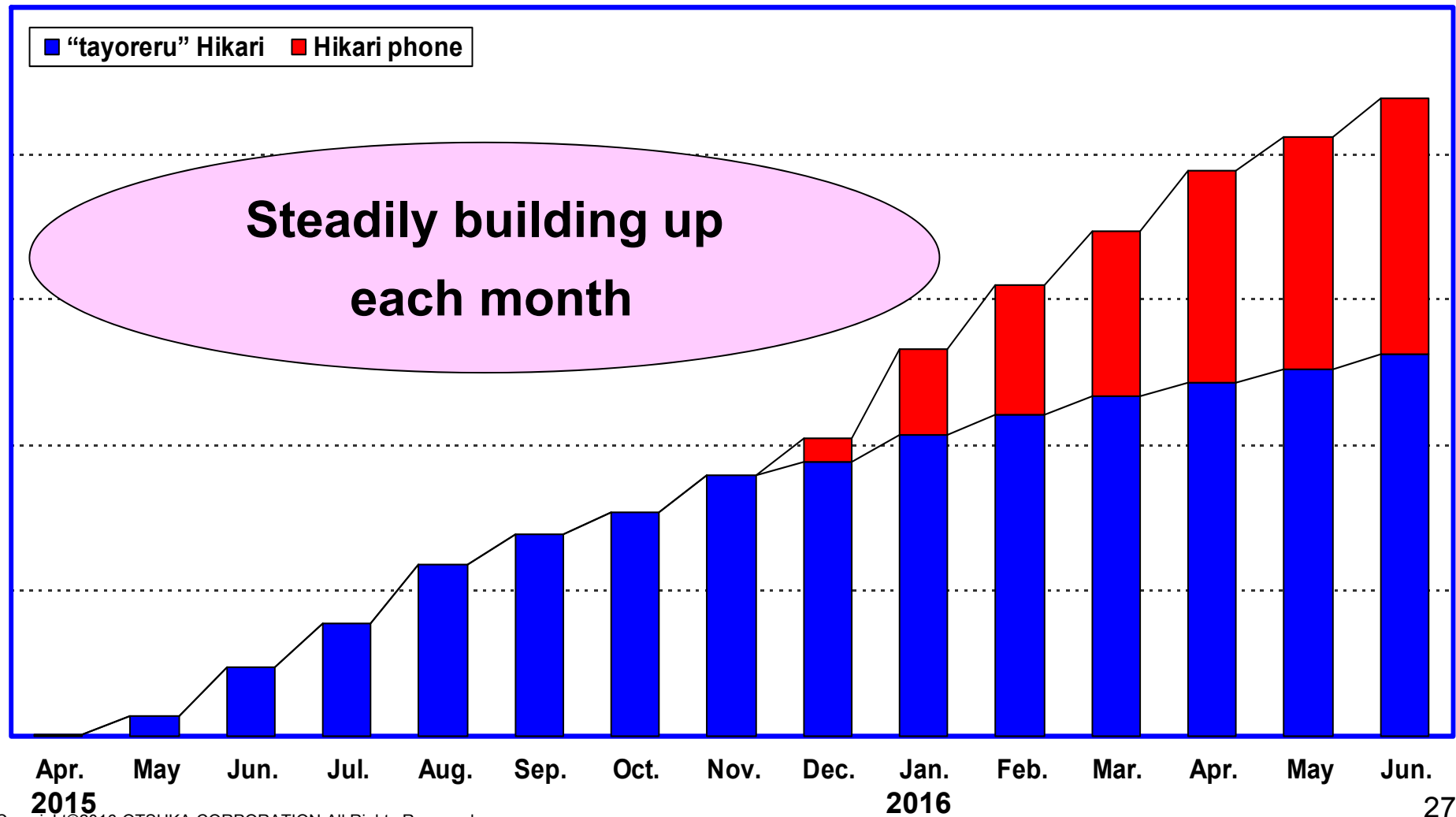
Policies and Measures in the Second Half of 2016

“Vitalize office with solutions and live up to customer trust”

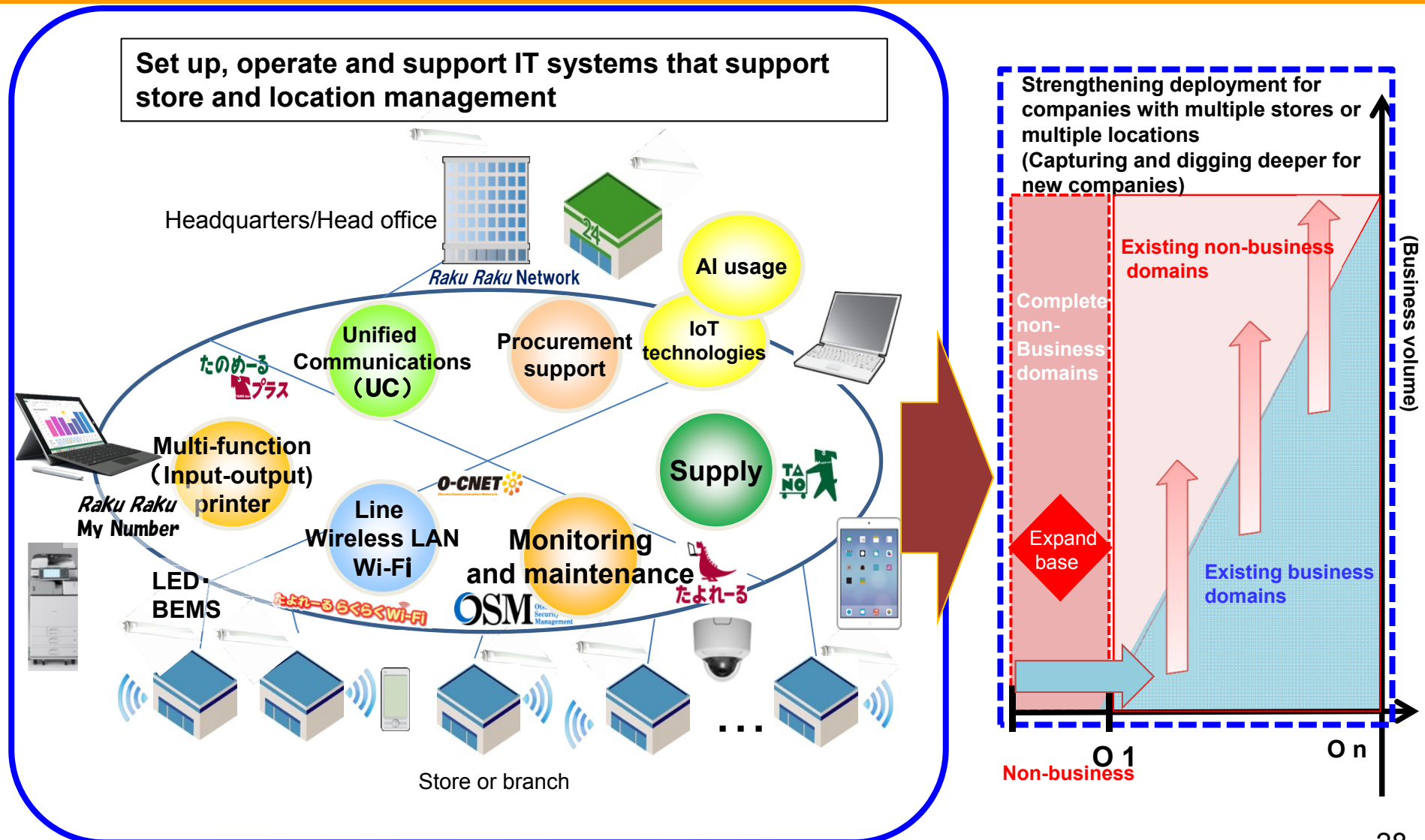
- **Proposal of solutions to enhance productivity and labor saving**
- **Proposal of cost-reduction solutions that consider weakening business sentiment**
- **Expansion of business items with customers and cross-selling**
- **Proposal of client utilization focusing on tablet devices**
- **Strengthening of optical communication lines and proposal of network solutions**
- **Help customers respond to “My Number”**

“tayoreru Hikari” (Optical communication lines)

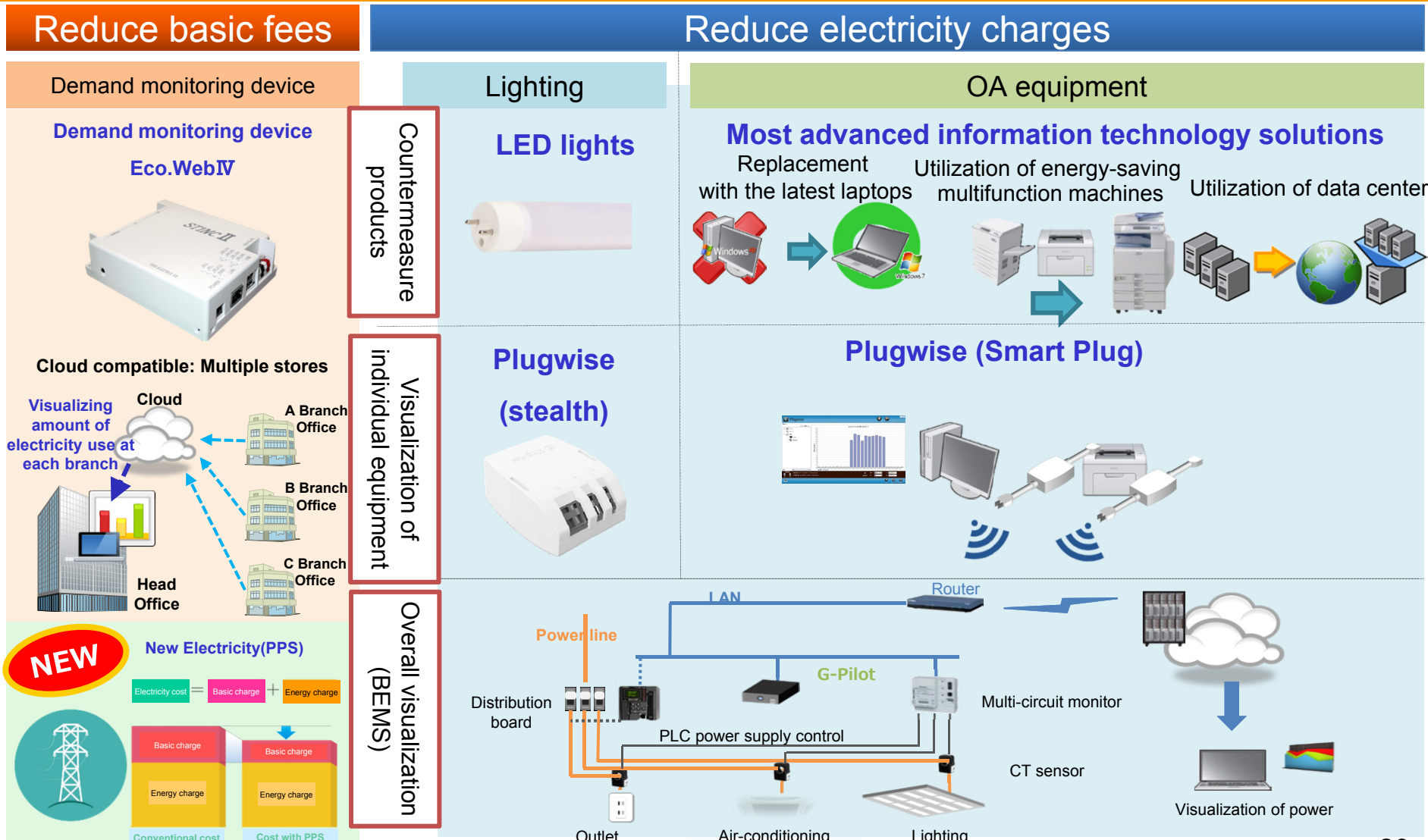
Monthly Sales



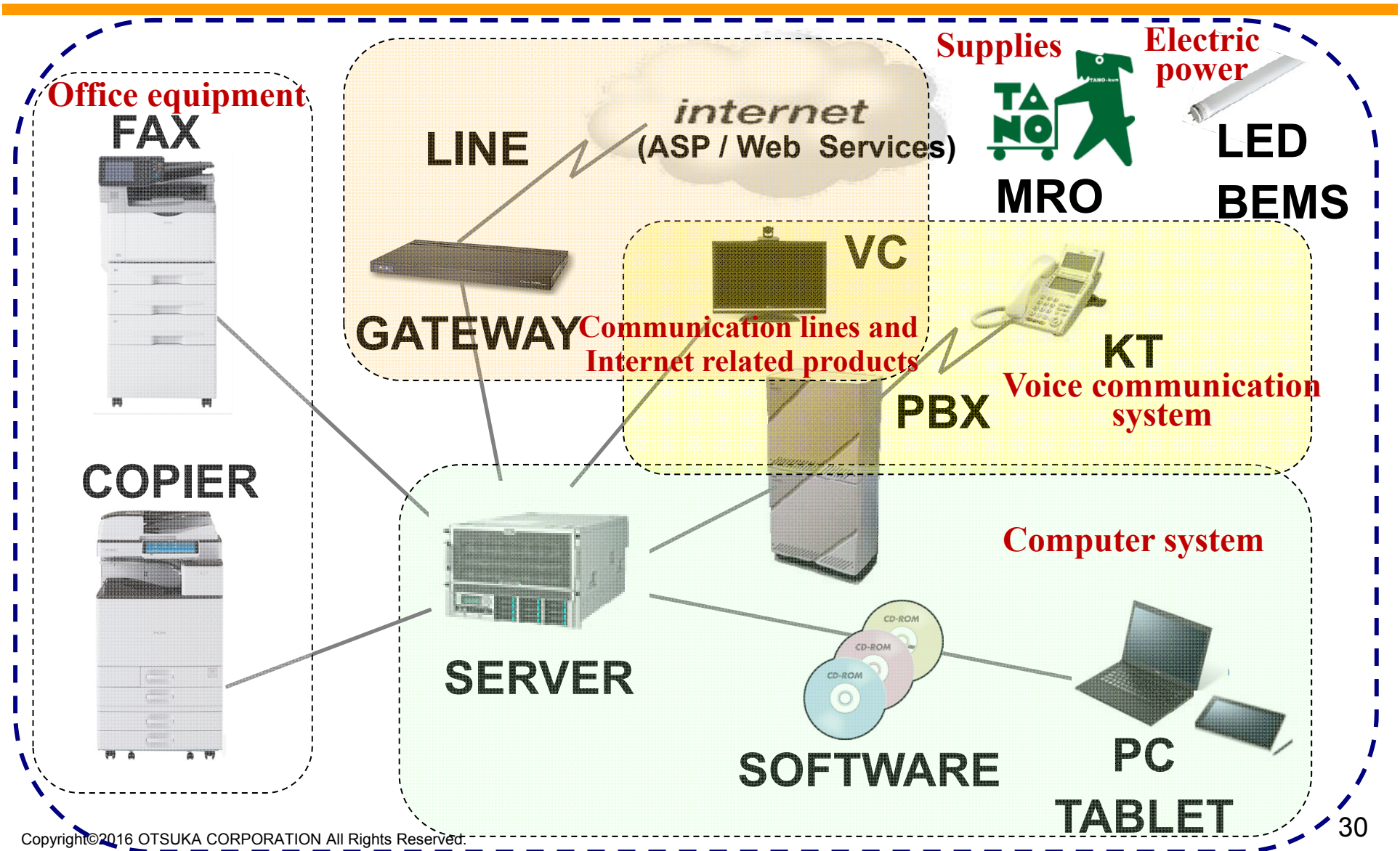
Strengthening Deployment for Companies with Multiple Stores or Multiple Locations



OTSUKA's Electricity-Saving Countermeasure Domains

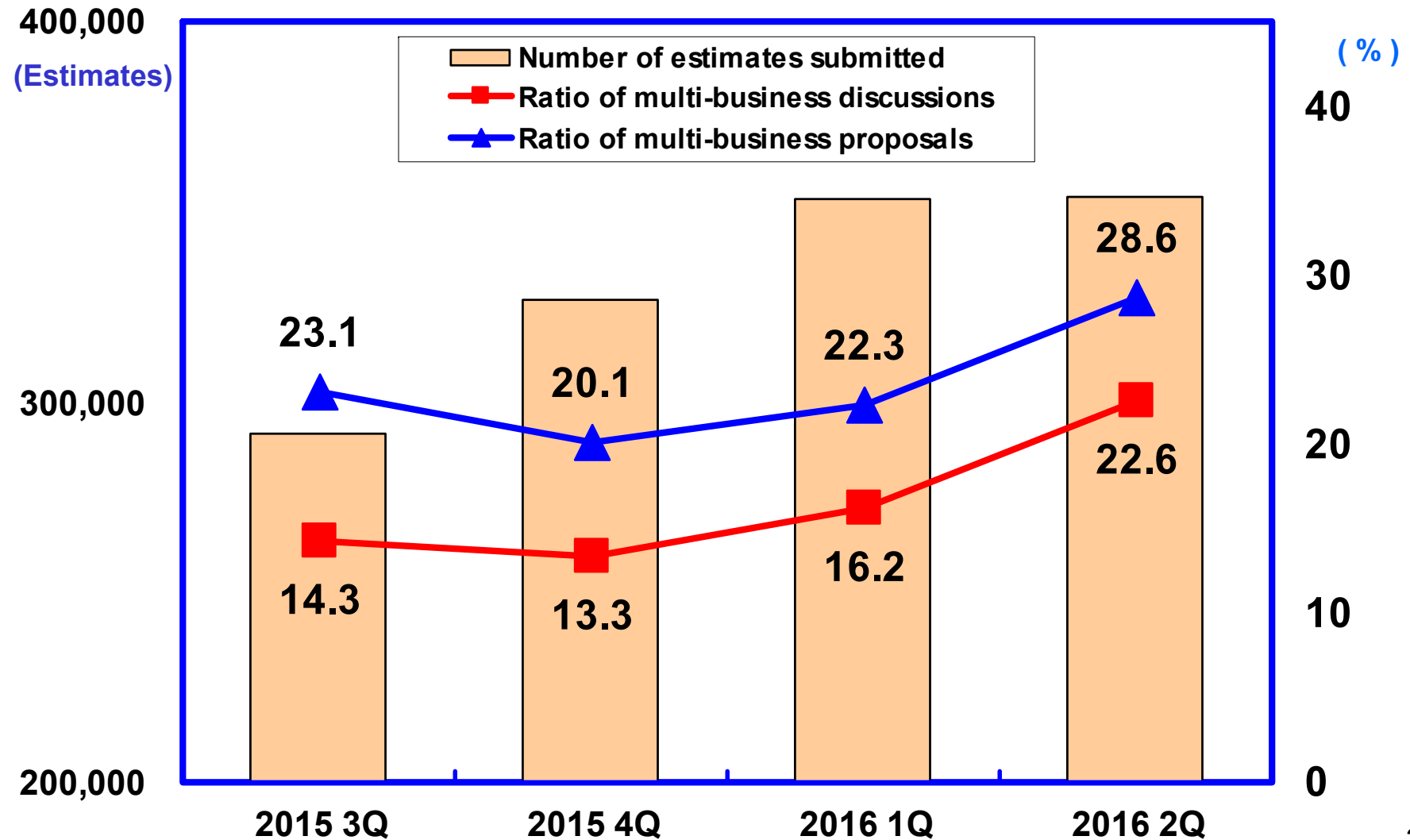


One-Stop Solution & Support

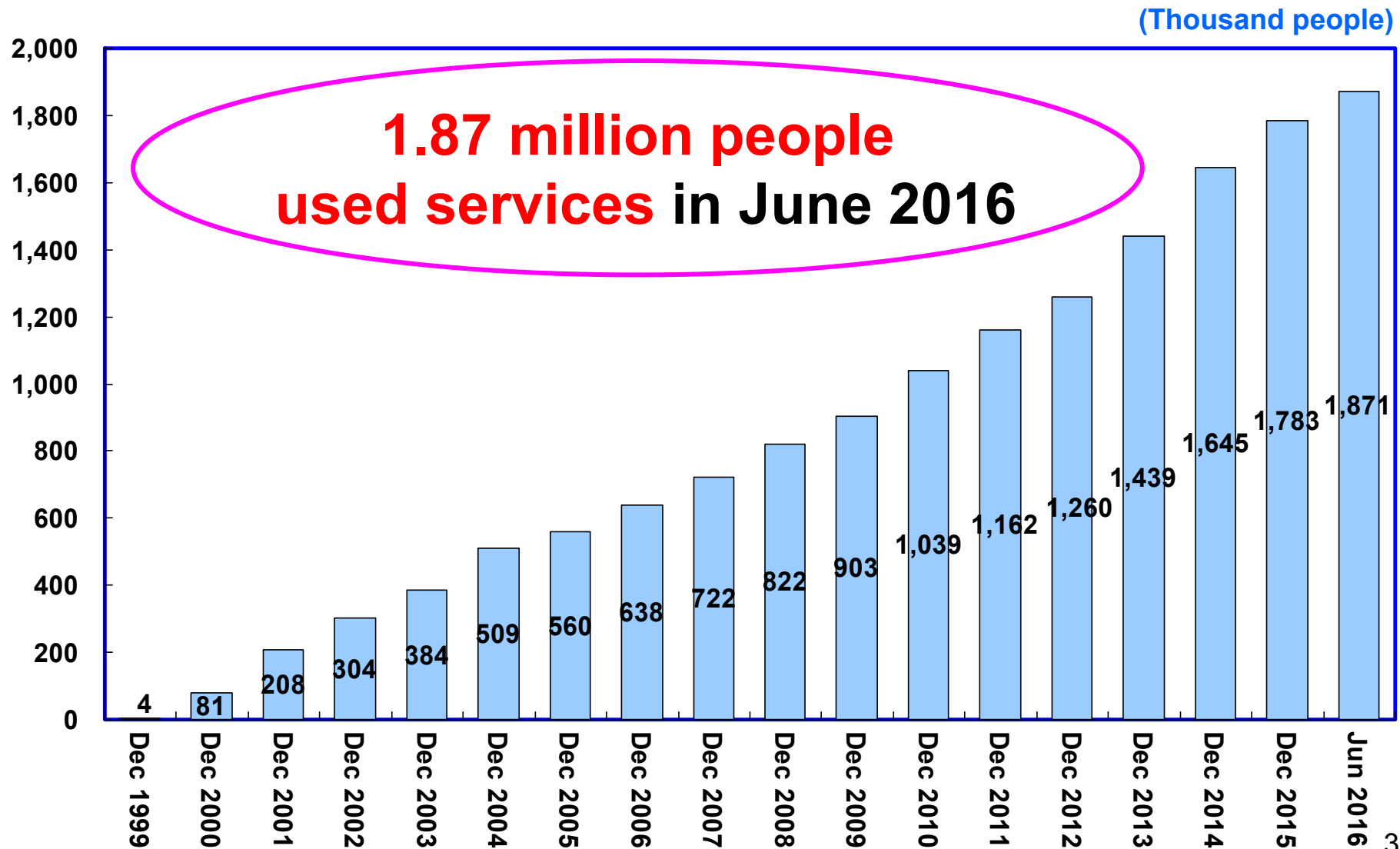


Cross-selling Activities

Number of estimates submitted, Ratio of multi-business discussions, Ratio of multi-business proposals

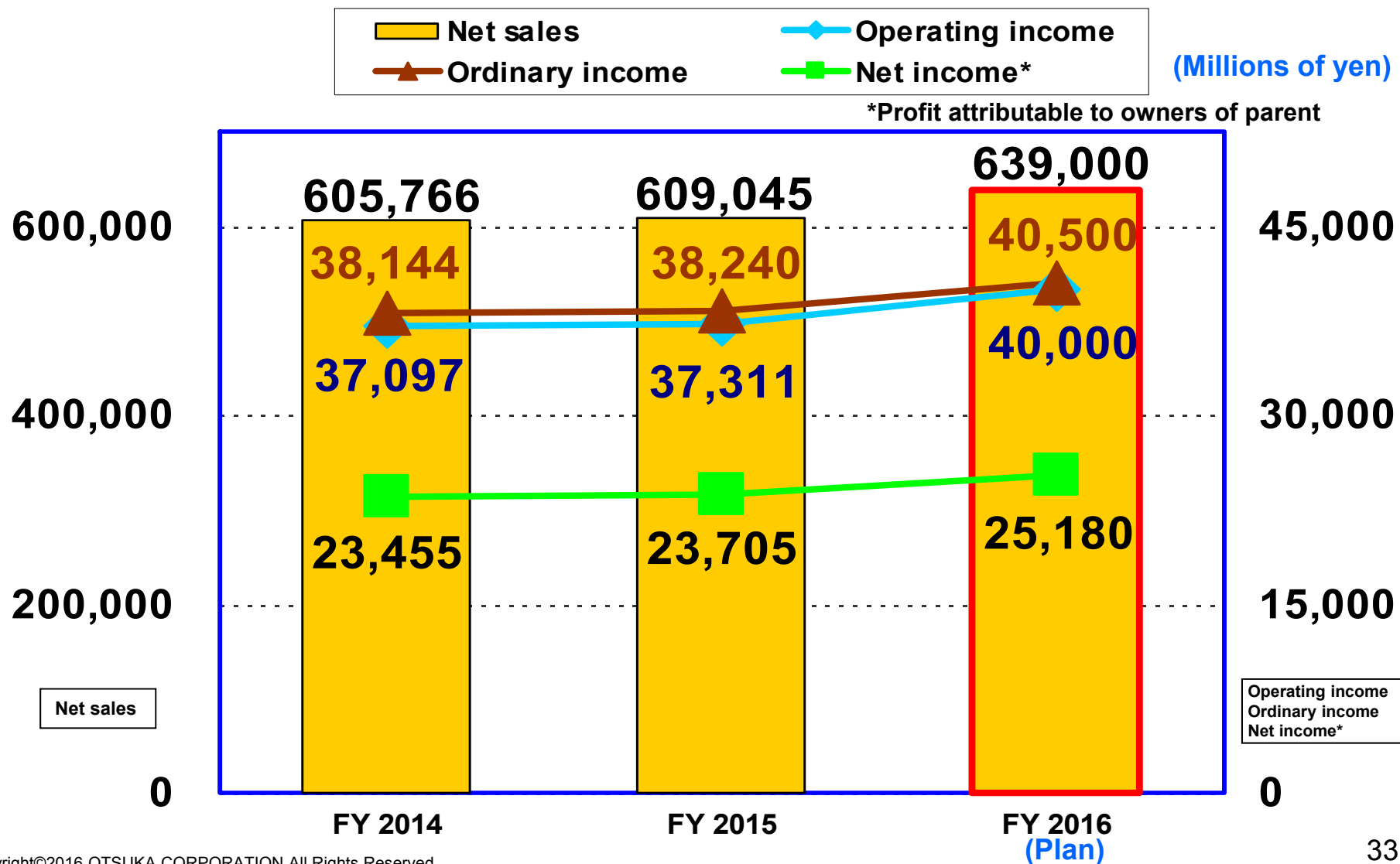


Number of Users of Main Web Services (ASP)



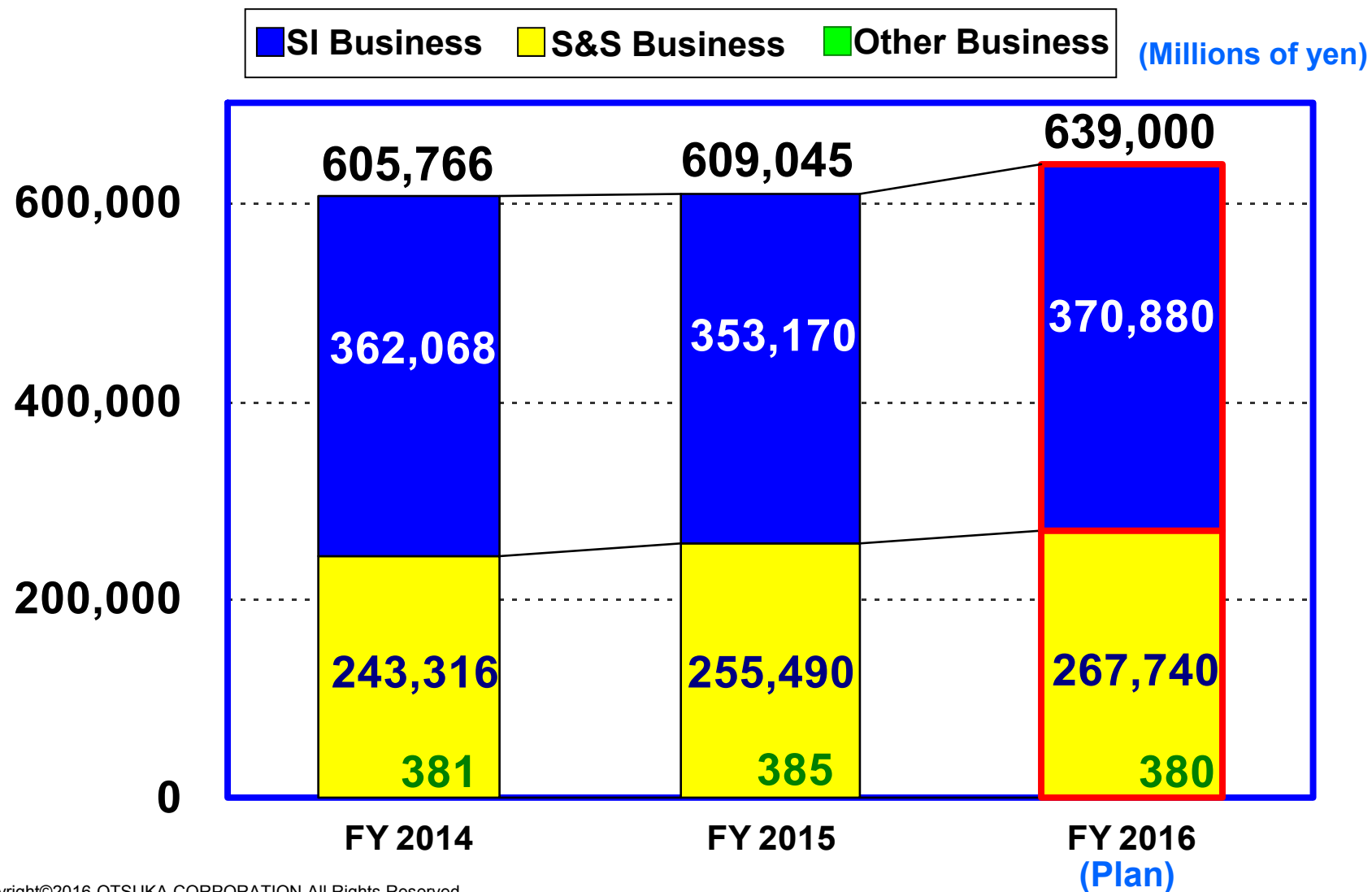
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments





Cautionary statement

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