



Fiscal year ending December 2018
Six months (January – June)
Business Results

August 1, 2018

OTSUKA CORPORATION
Yuji Otsuka, President

Summary of Business Results, January - June, 2018

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan	Change to Last Year	Amount	Ratio to Plan	Change to Last Year
Net sales	389,863	104.7%	+9.0%	353,172	104.2%	+8.7%
Operating income	27,178	96.7%	+1.3%	24,054	93.9%	-1.4%
Ordinary income	27,868	97.9%	+1.8%	25,386	94.7%	+0.1%
Net income*	18,791	99.7%	+1.3%	17,543	96.2%	+0.4%

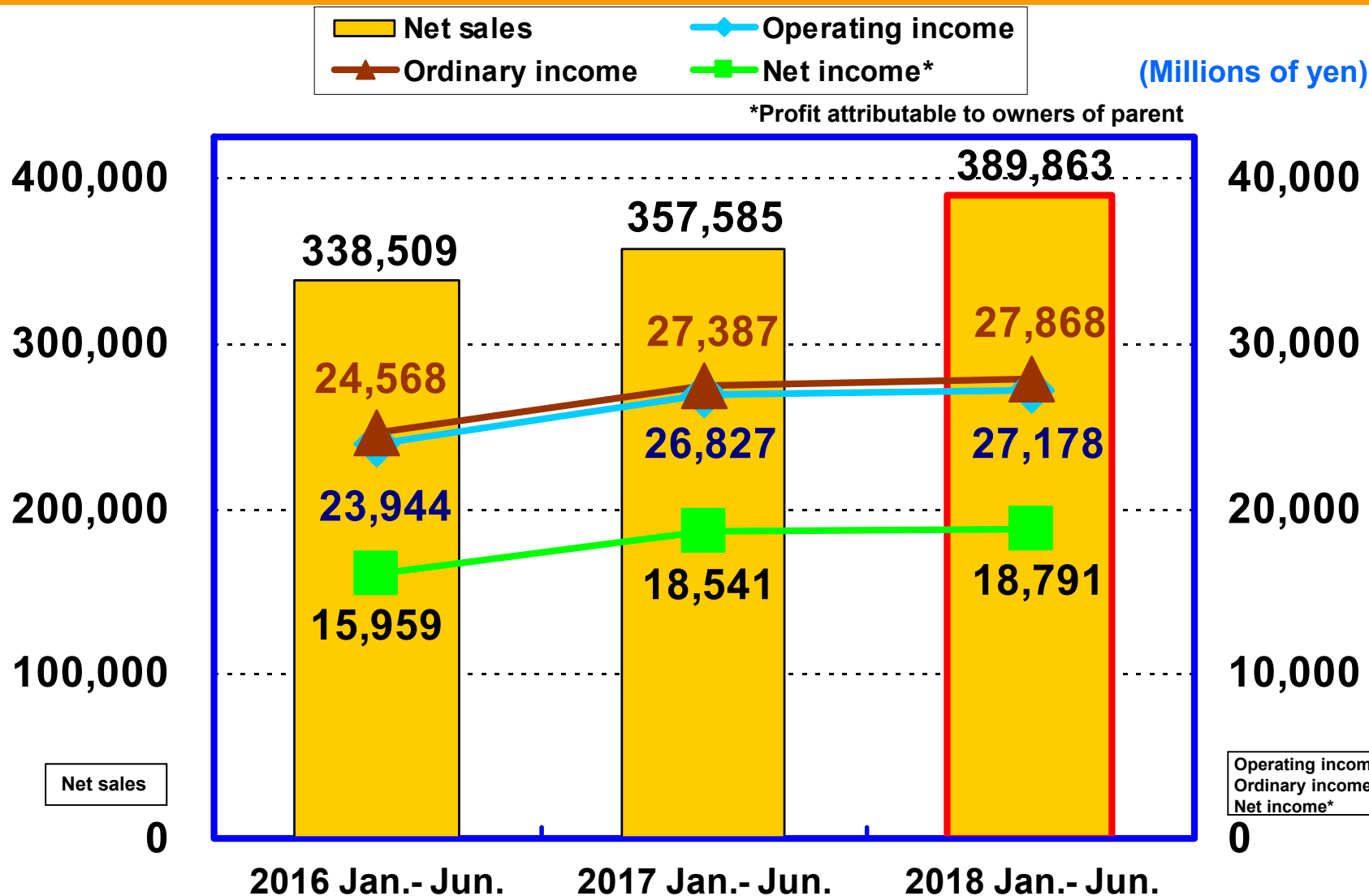
*Profit attributable to owners of parent

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	2018 Jan.- Jun. Net sales (Millions of yen)
I S	OSK Co., LTD.	Development and sale of packaged software, IT consulting, and Consigned software development	430	4,980
	Net World Corporation	Sales and technology support for network-related equipment	399	52,053
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	335	2,283
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	425	4,279

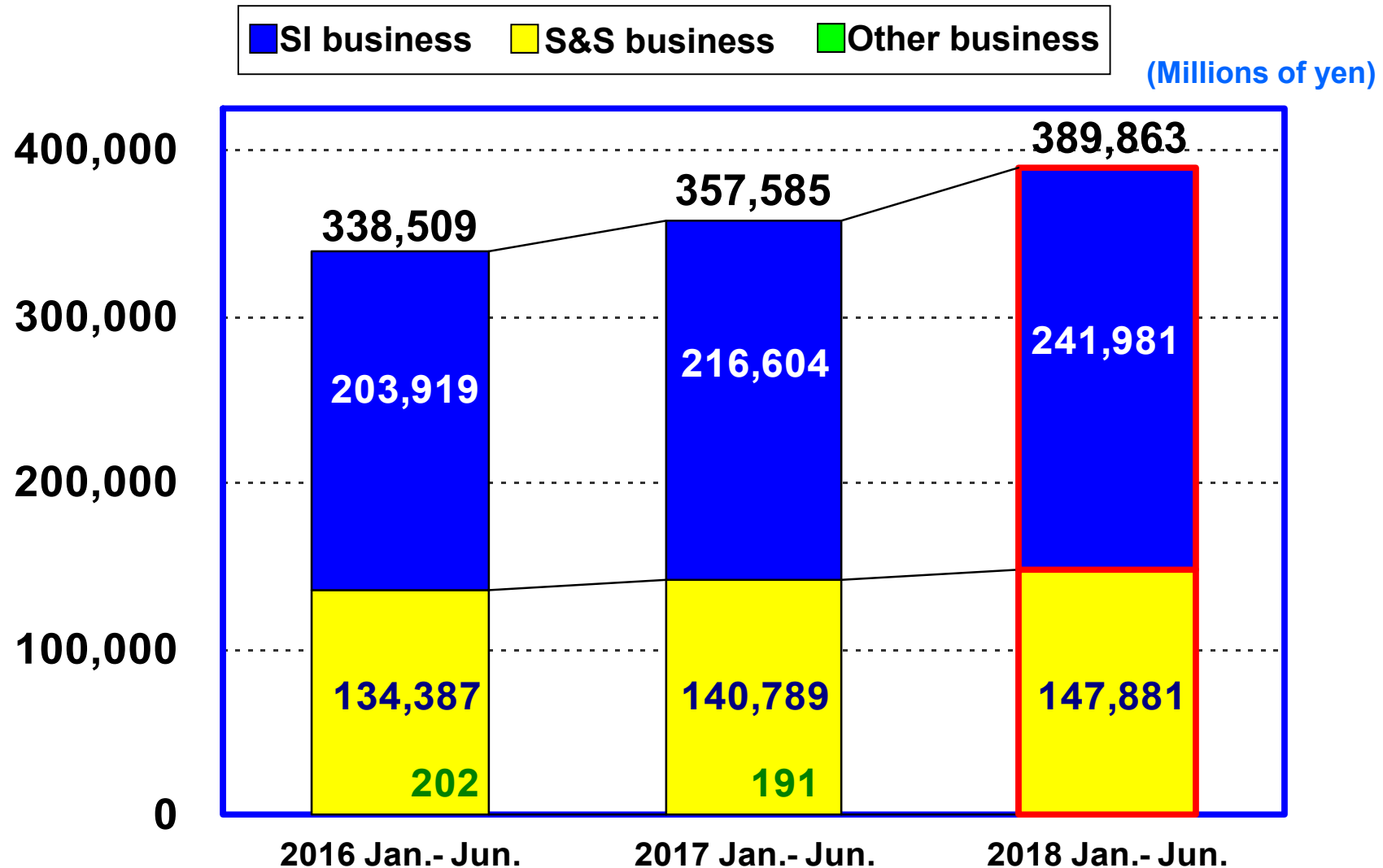
Consolidated

Net sales and Profits

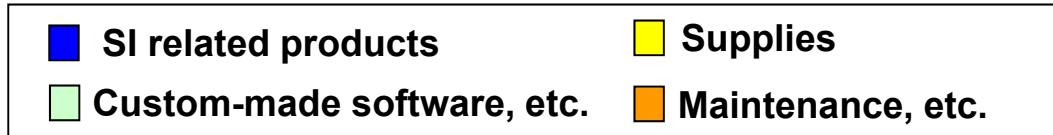


Consolidated

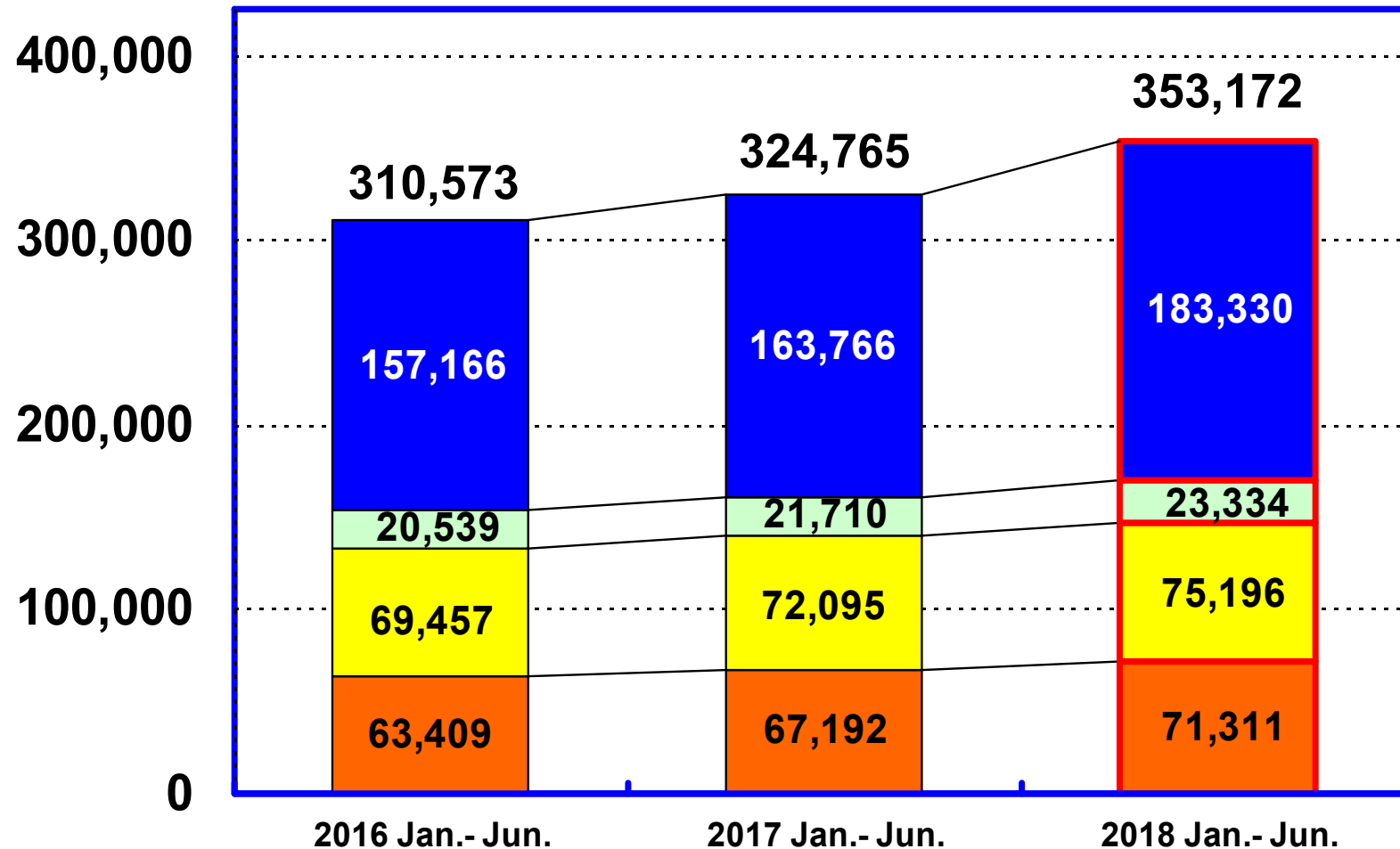
Net sales by segments



Net sales by 4 segments

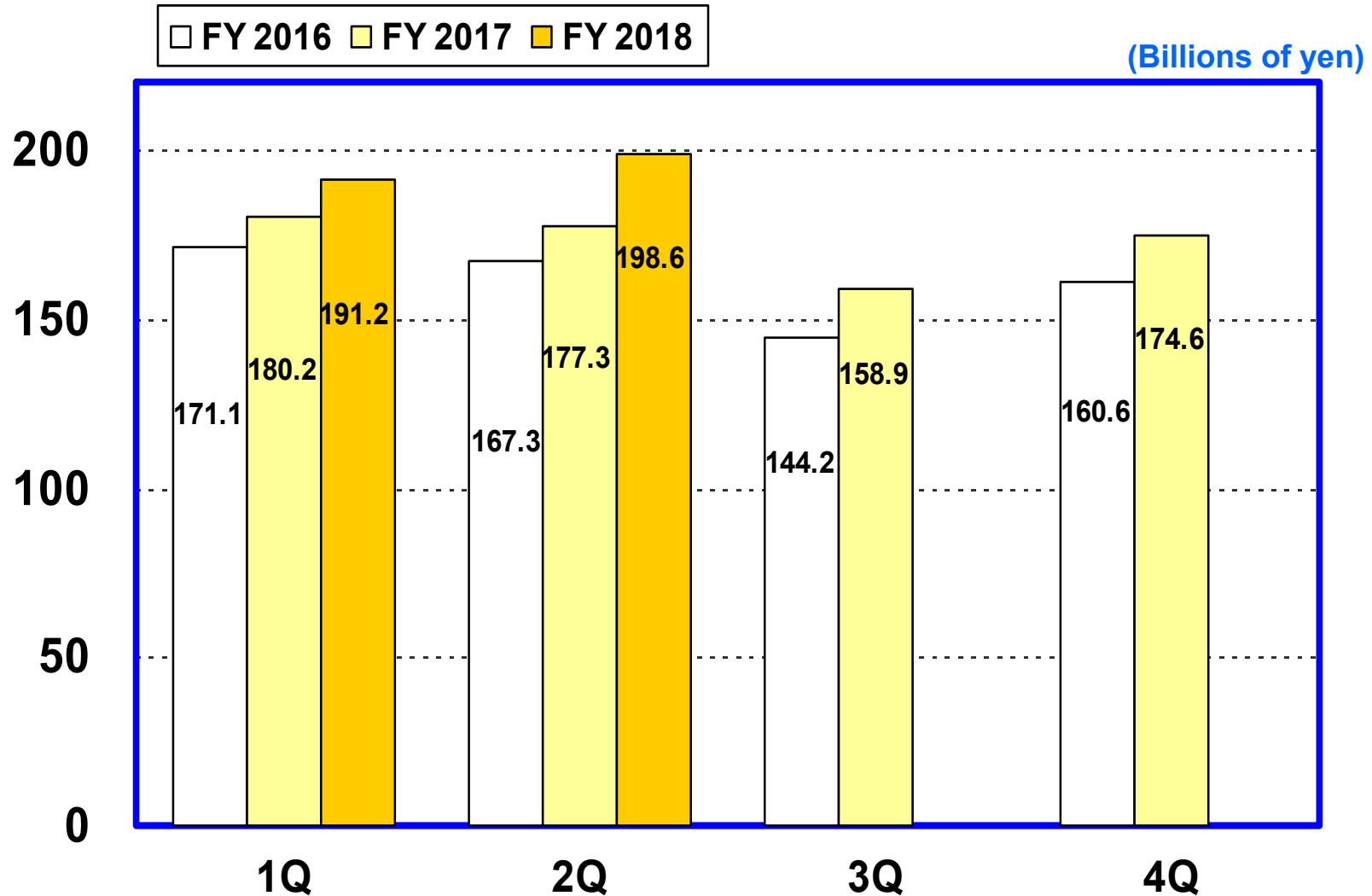


(Millions of yen)



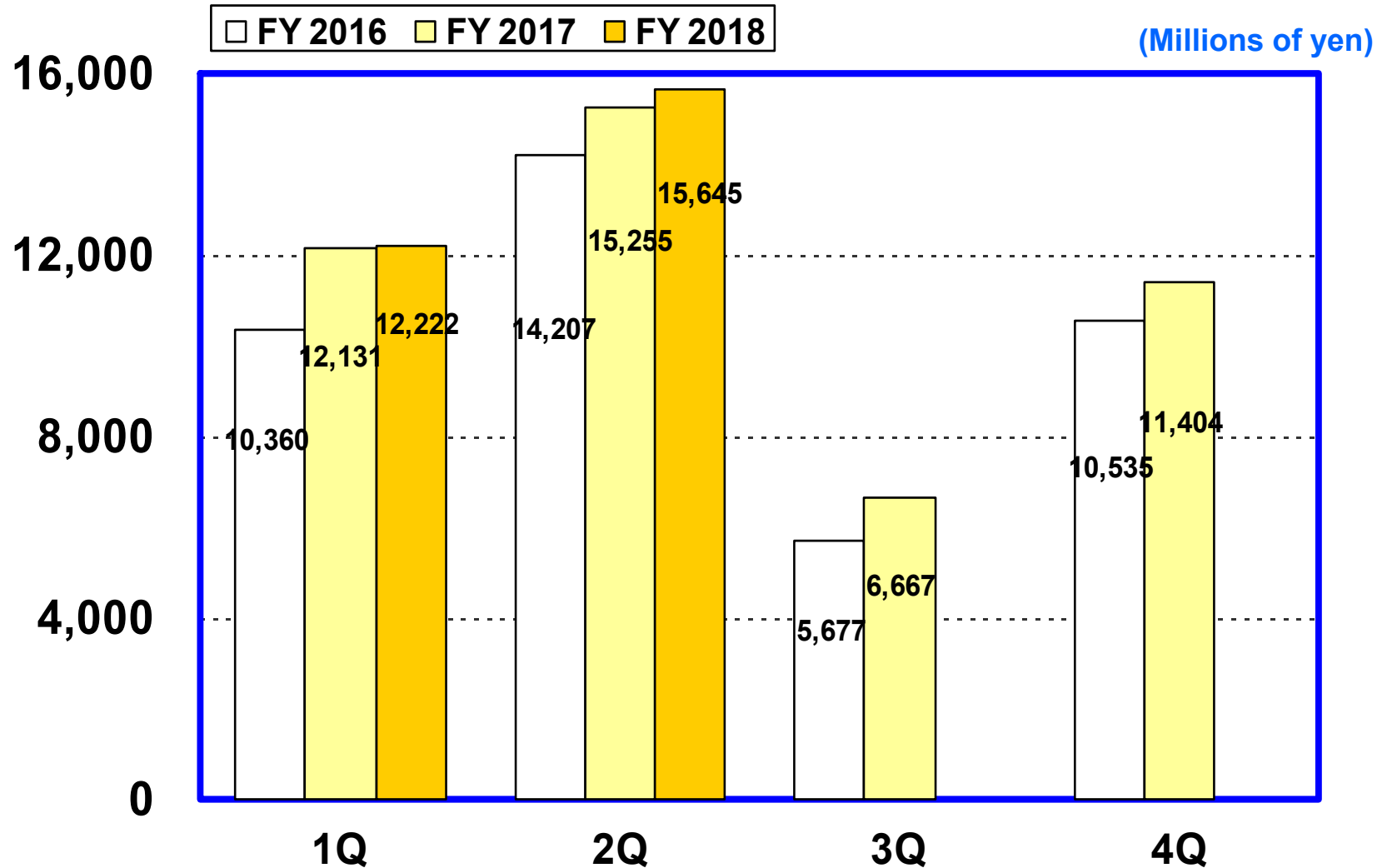
Consolidated

Quarterly change of Net sales



Consolidated

Quarterly change of Ordinary income



Summary of Business Results, April – June, 2018

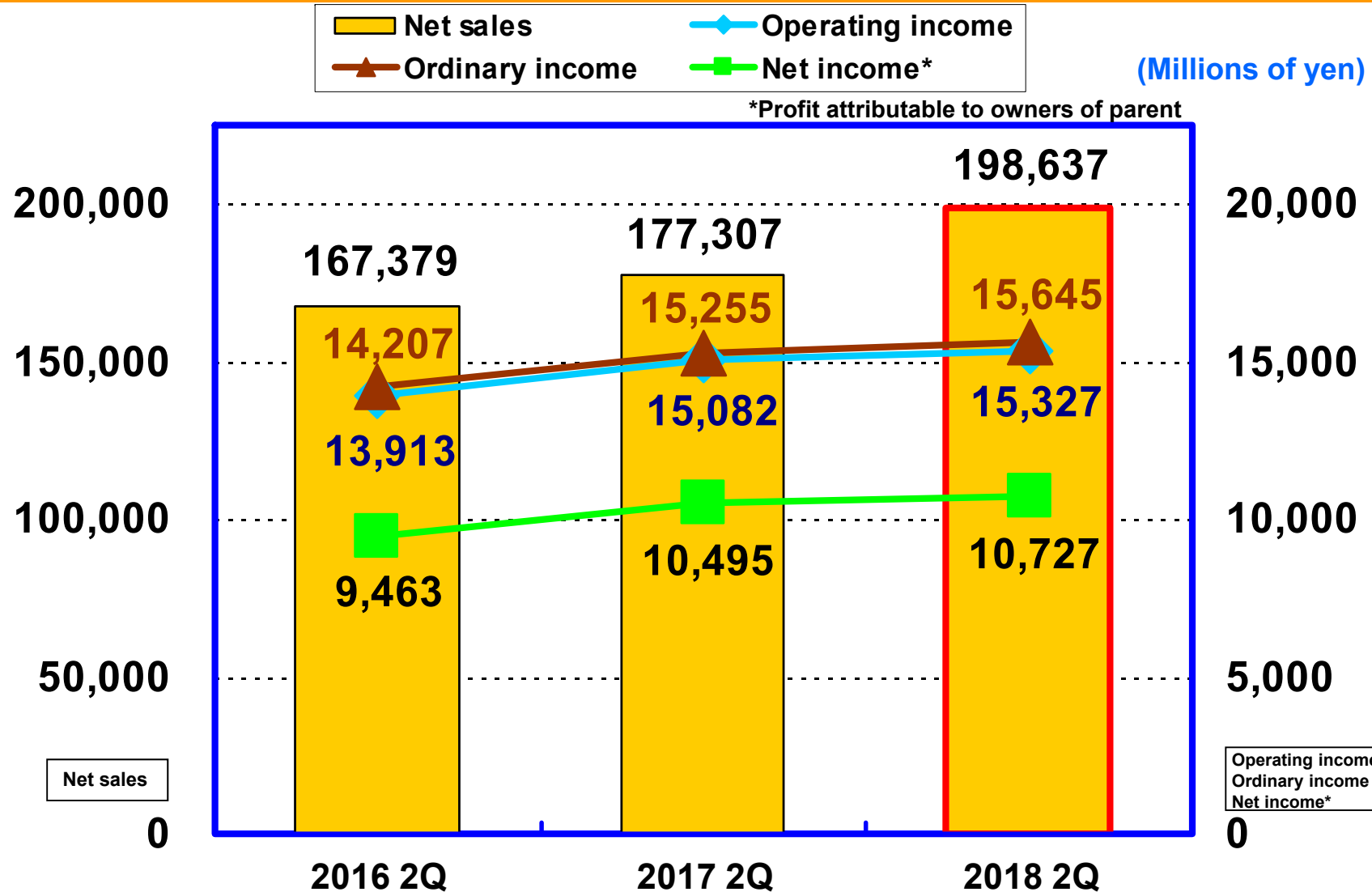
(Millions of yen)

	Consolidated		Non-Consolidated	
	Amount	Change to Last year	Amount	Change to Last year
Net sales	198,637	+12.0%	181,325	+11.1%
Operating income	15,327	+1.6%	13,959	-1.6%
Ordinary income	15,645	+2.6%	14,180	-1.2%
Net income*	10,727	+2.2%	9,798	-1.2%

*Profit attributable to owners of parent

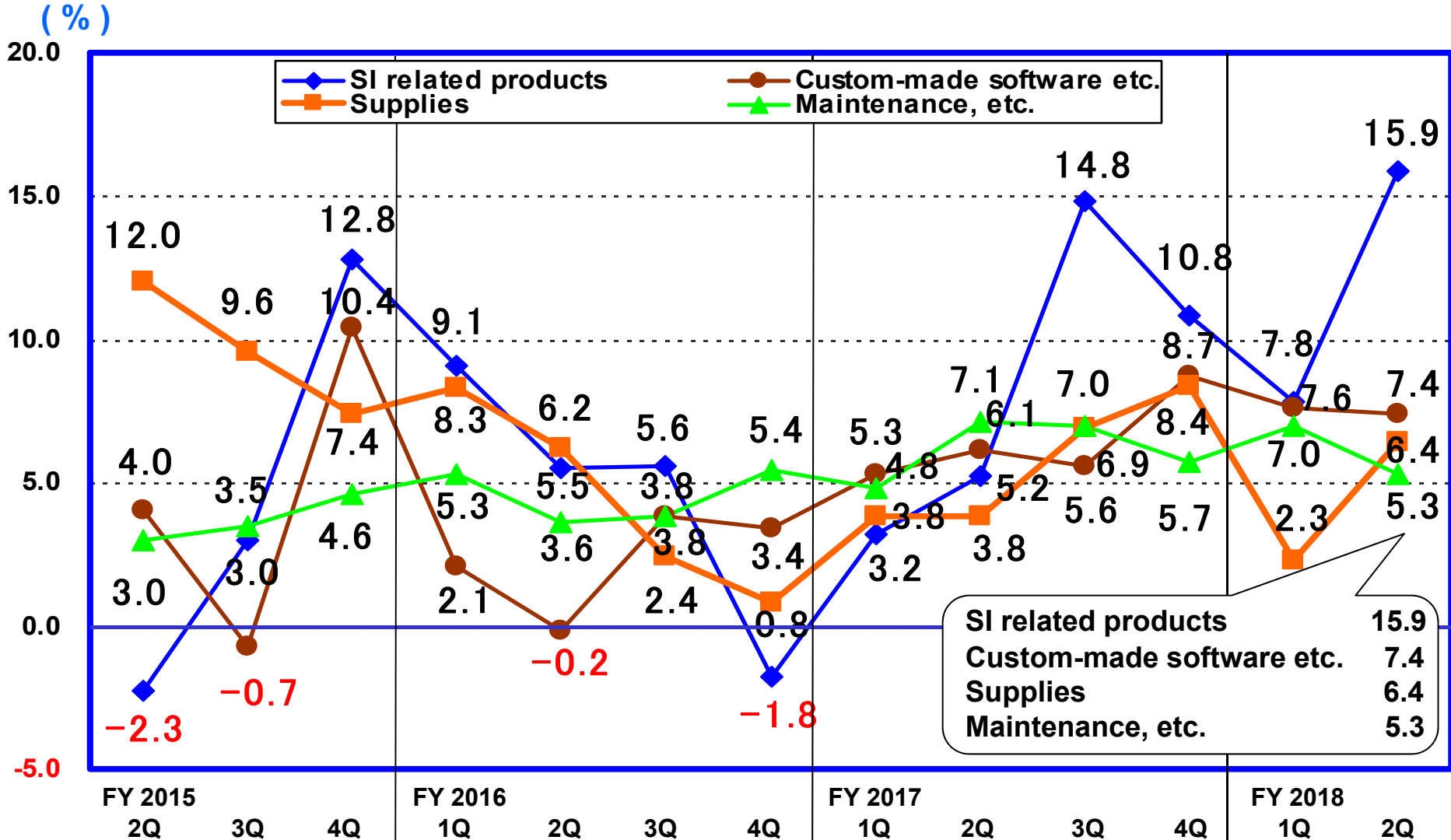
Consolidated

Net sales and Profits, April – June



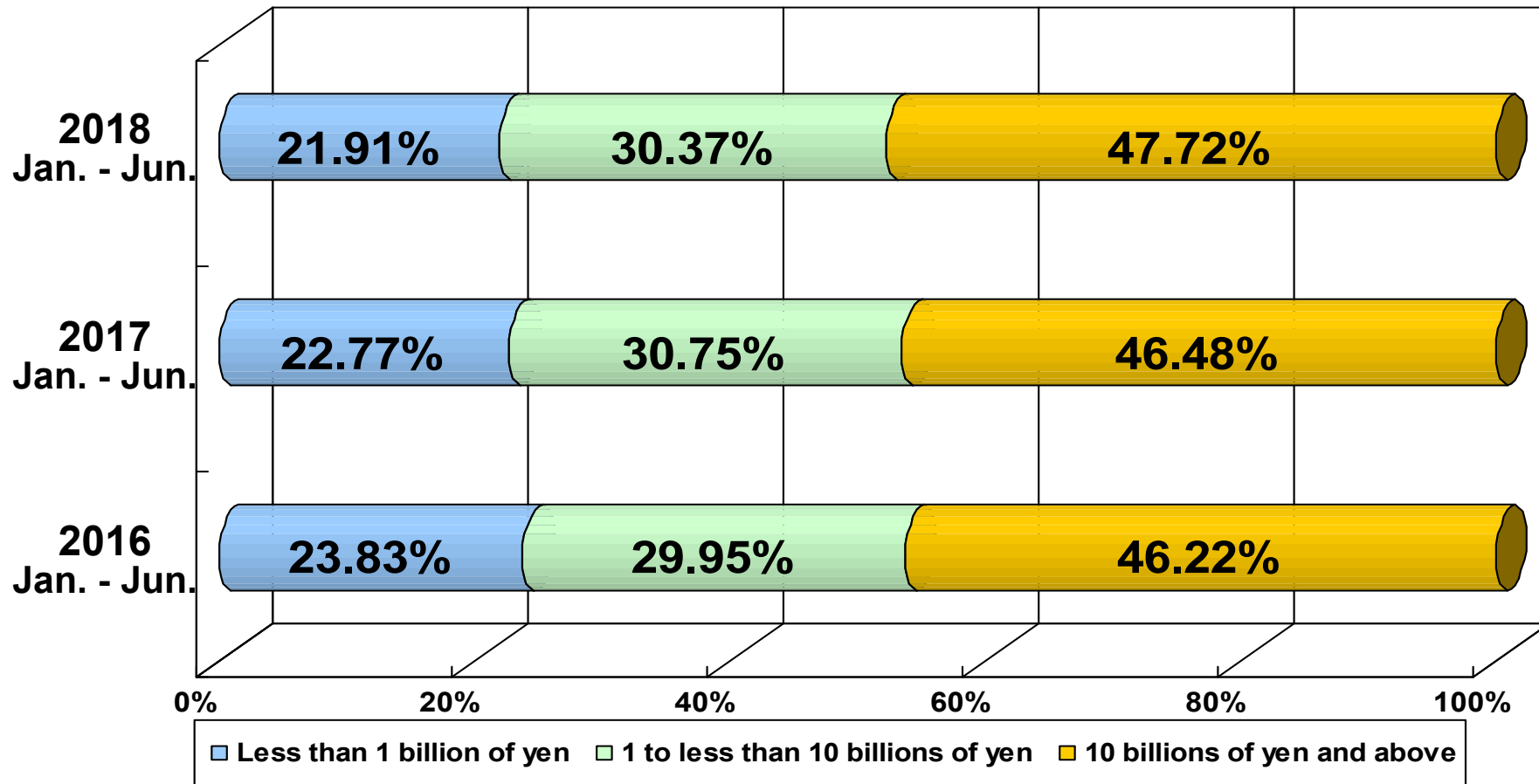
Non-Consolidated

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



Non-Consolidated

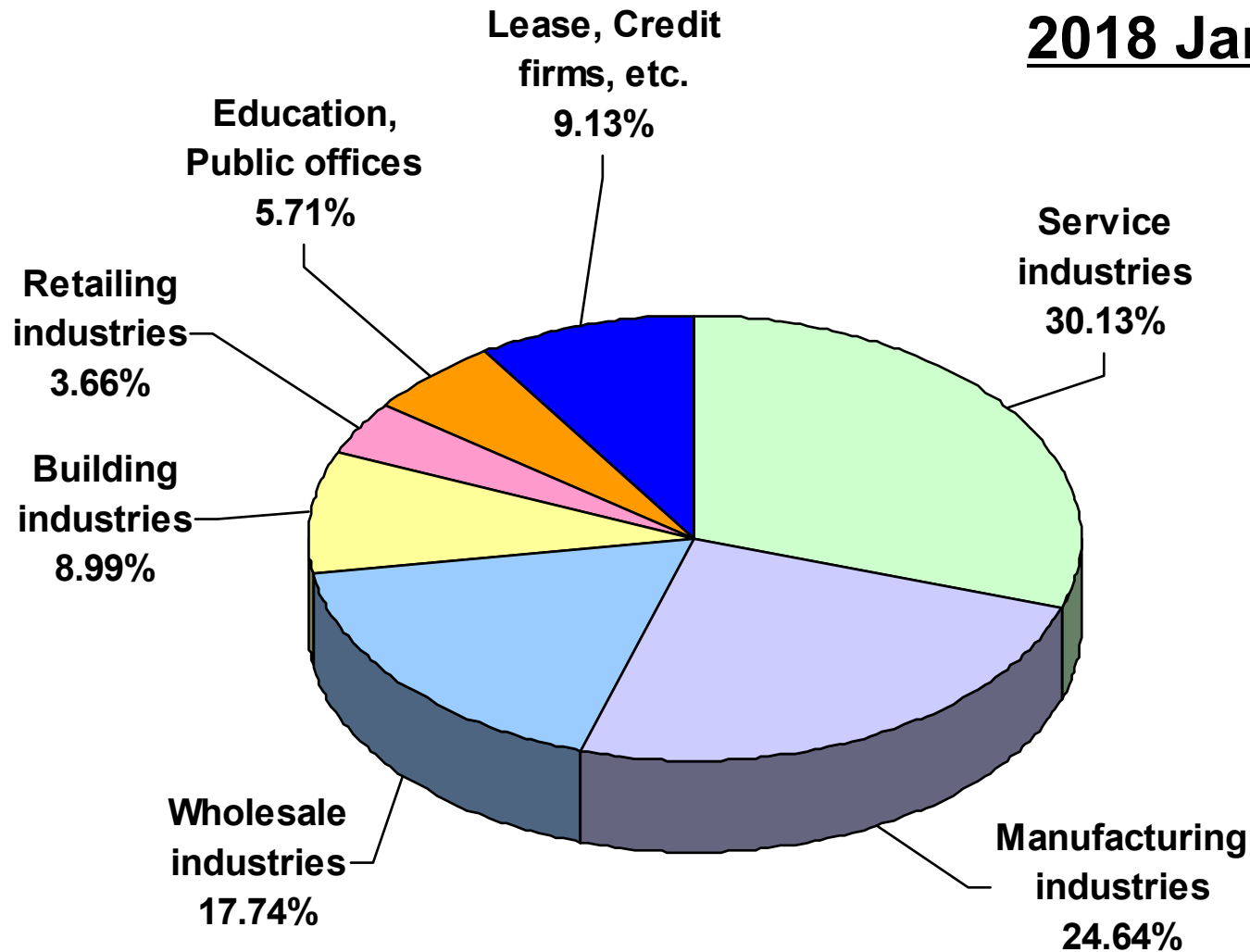
Net sales structure on customers' total annual business scale



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

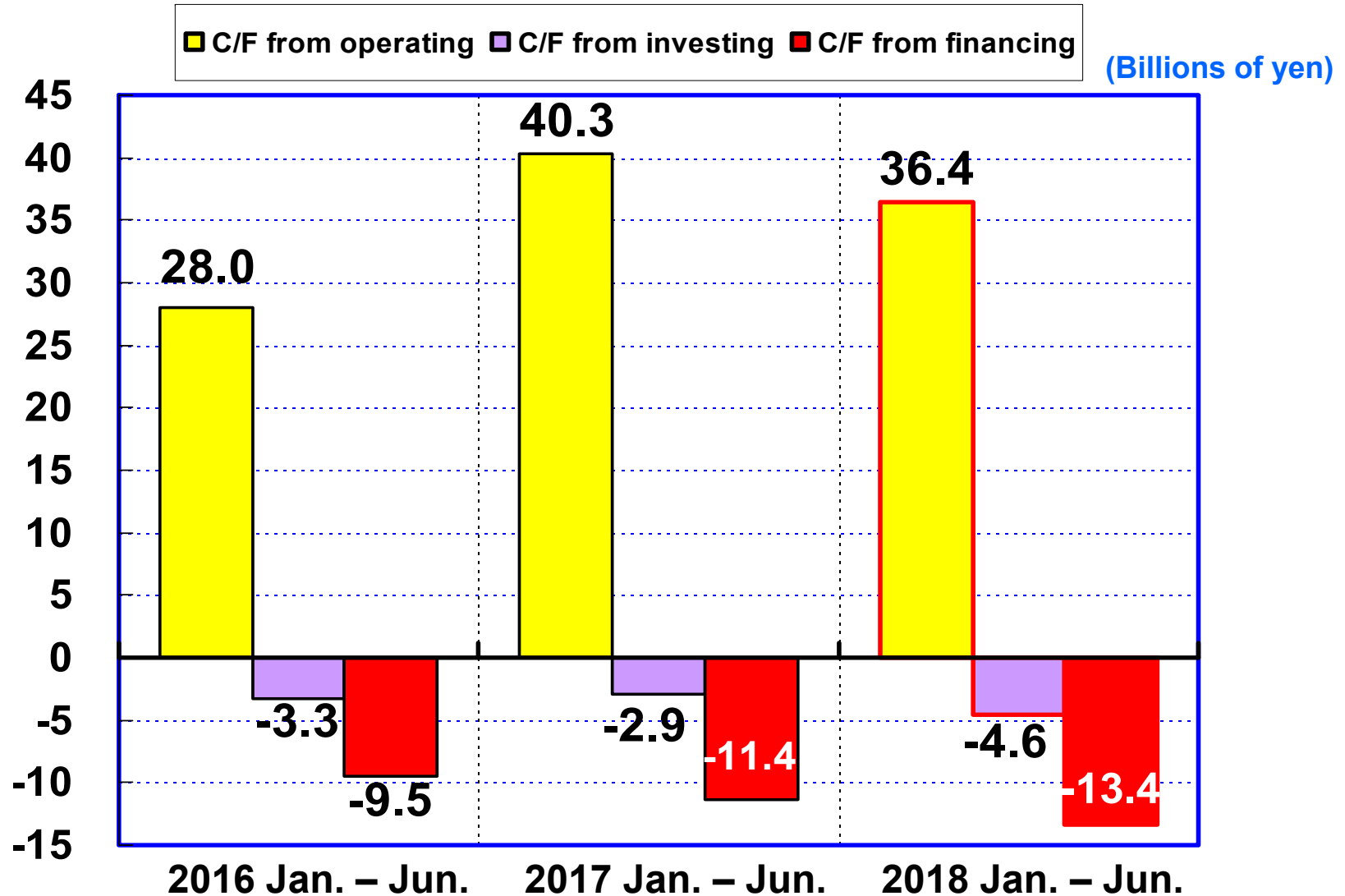
Sales breakdown by customers' type of industry

2018 Jan. – Jun.



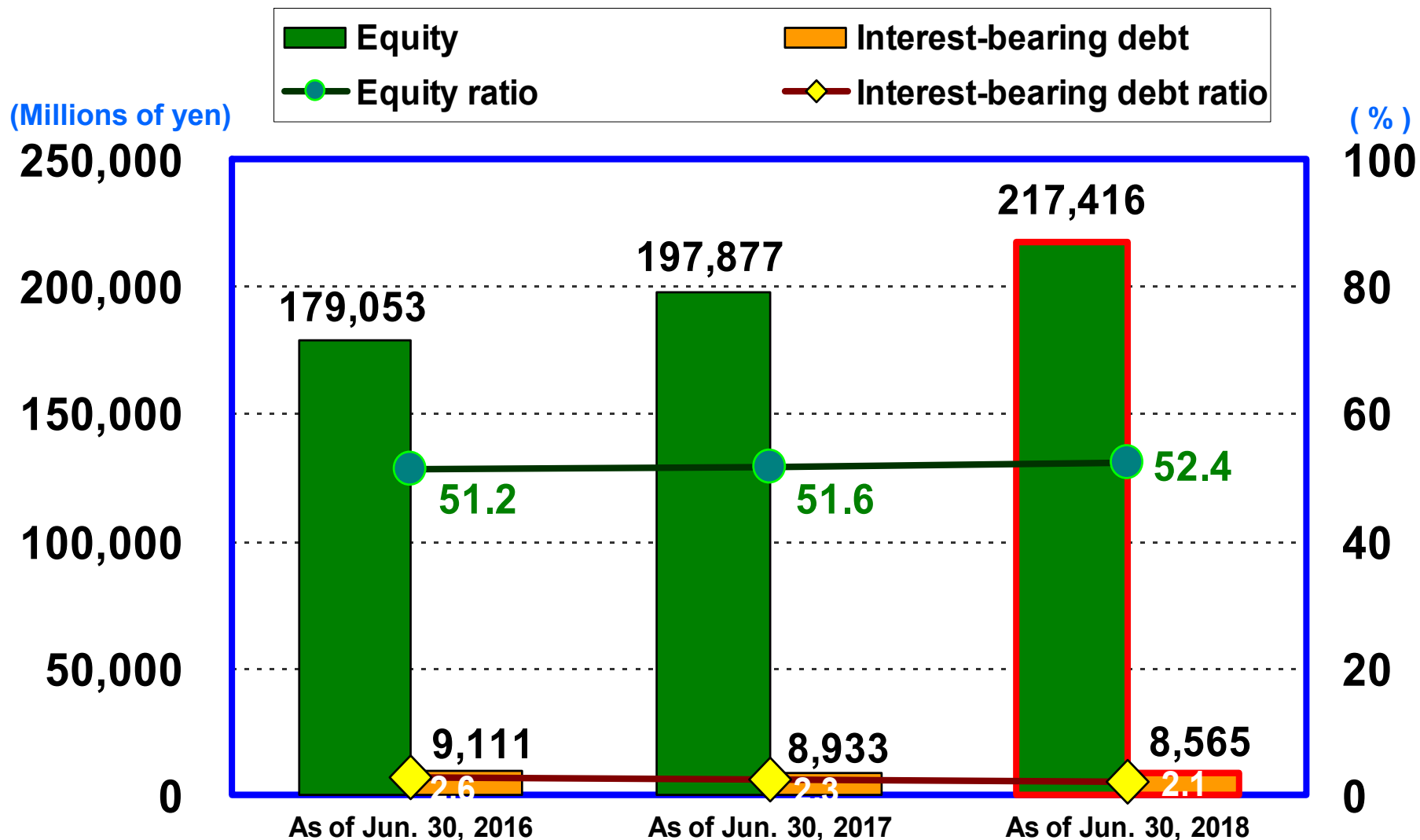
Consolidated

Cash flows



Consolidated

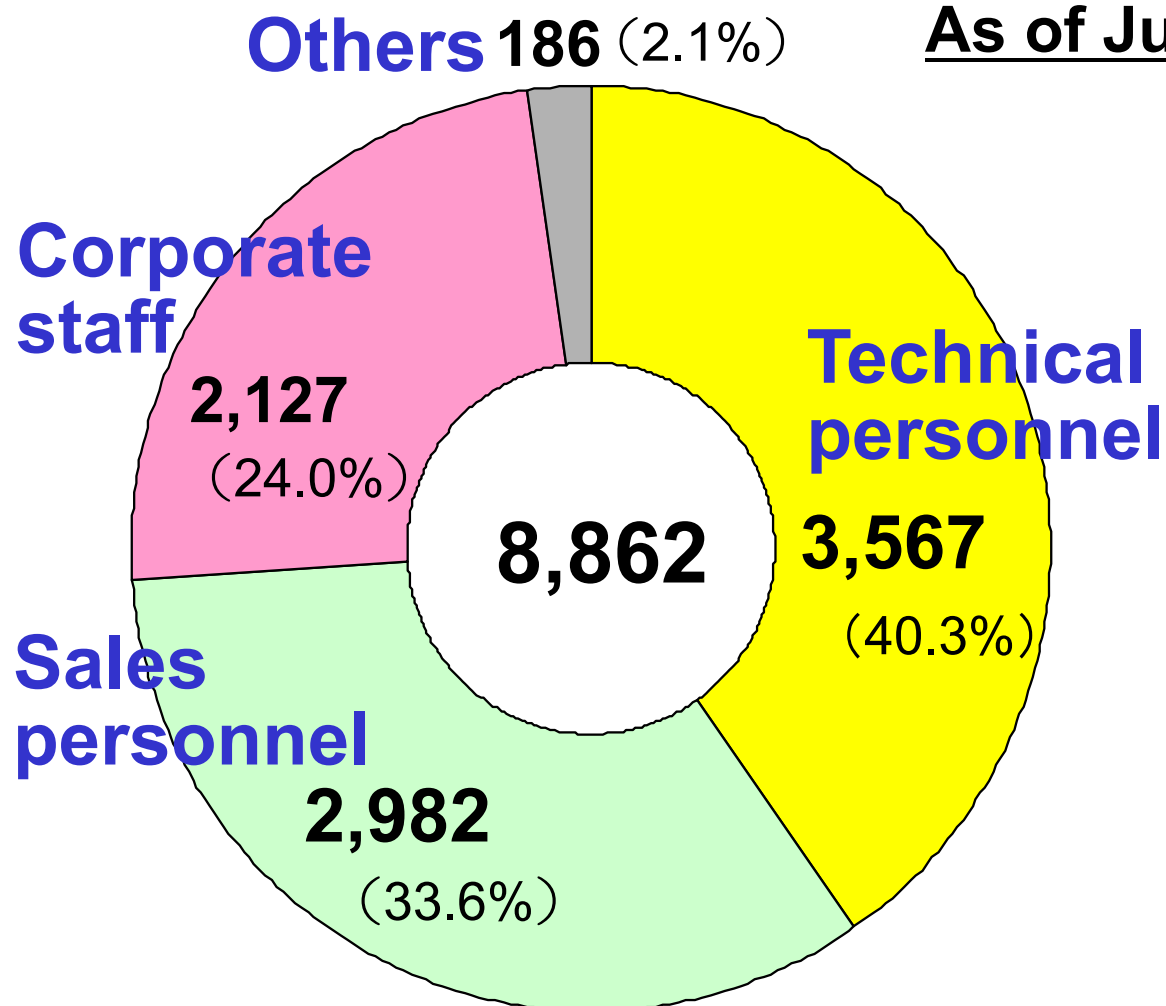
Equity and Interest-bearing debt



Consolidated

Personnel organization (regular employees)

As of Jun. 30, 2018





Key strategic business

<Amount of Sales>

(Millions of yen)

	2016 Jan. – Jun.	2017 Jan. – Jun.		2018 Jan. – Jun.			2018 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”	74,913	77,480	+3.4%	80,298	+2,818	+3.6%	39,947	+1,953	+5.1%
SMILE	5,295	5,950	+12.4%	6,458	+507	+8.5%	3,794	+386	+11.3%
ODS	28,620	32,083	+12.1%	31,479	-604	-1.9%	17,032	-531	-3.0%
OSM	36,222	34,748	-4.1%	36,842	+2,094	+6.0%	18,982	+2,158	+12.8%

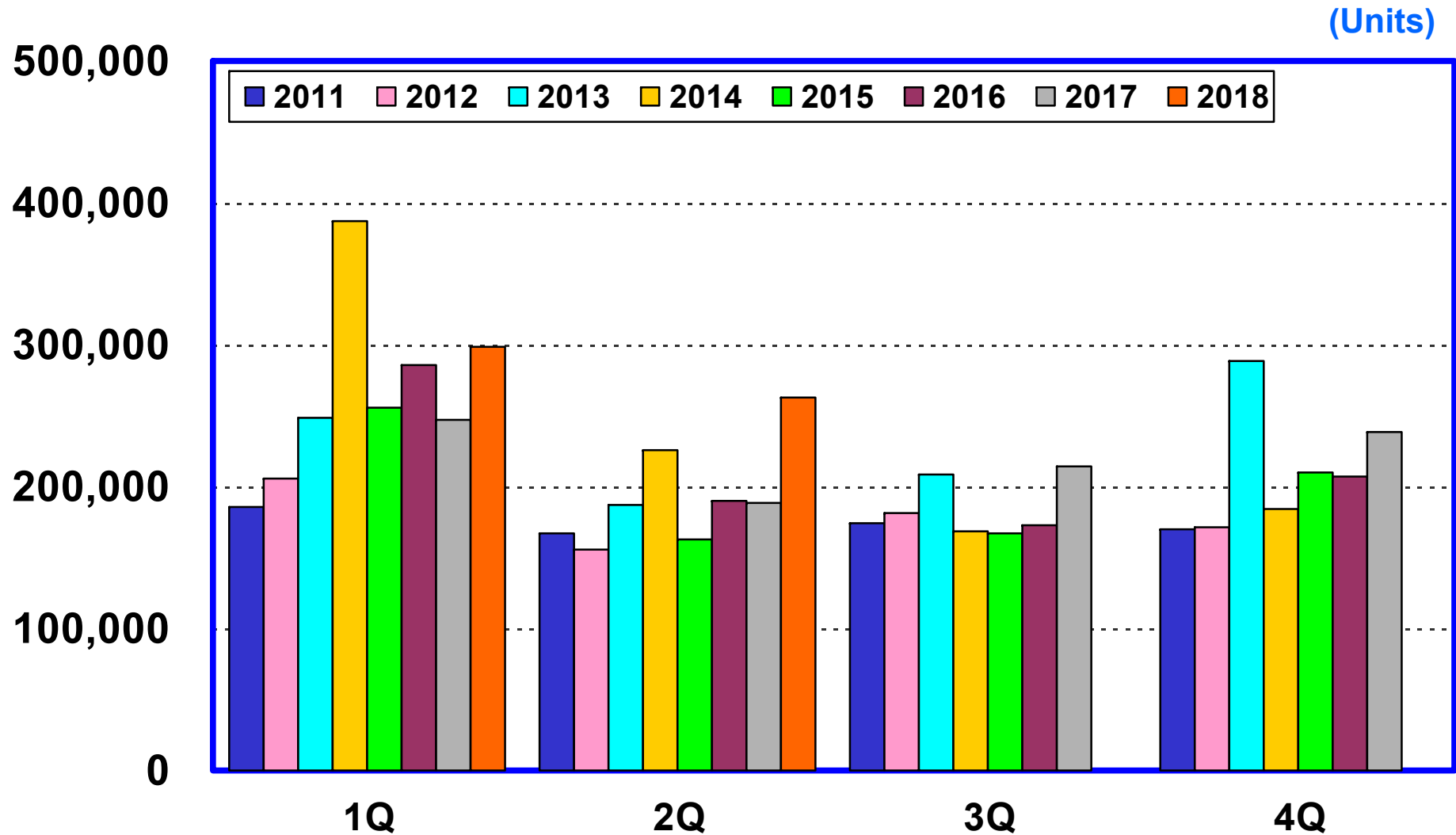
(ODS: Otsuka Document Solutions OSM: Otsuka Security Management)

<As reference: Number of Sales>

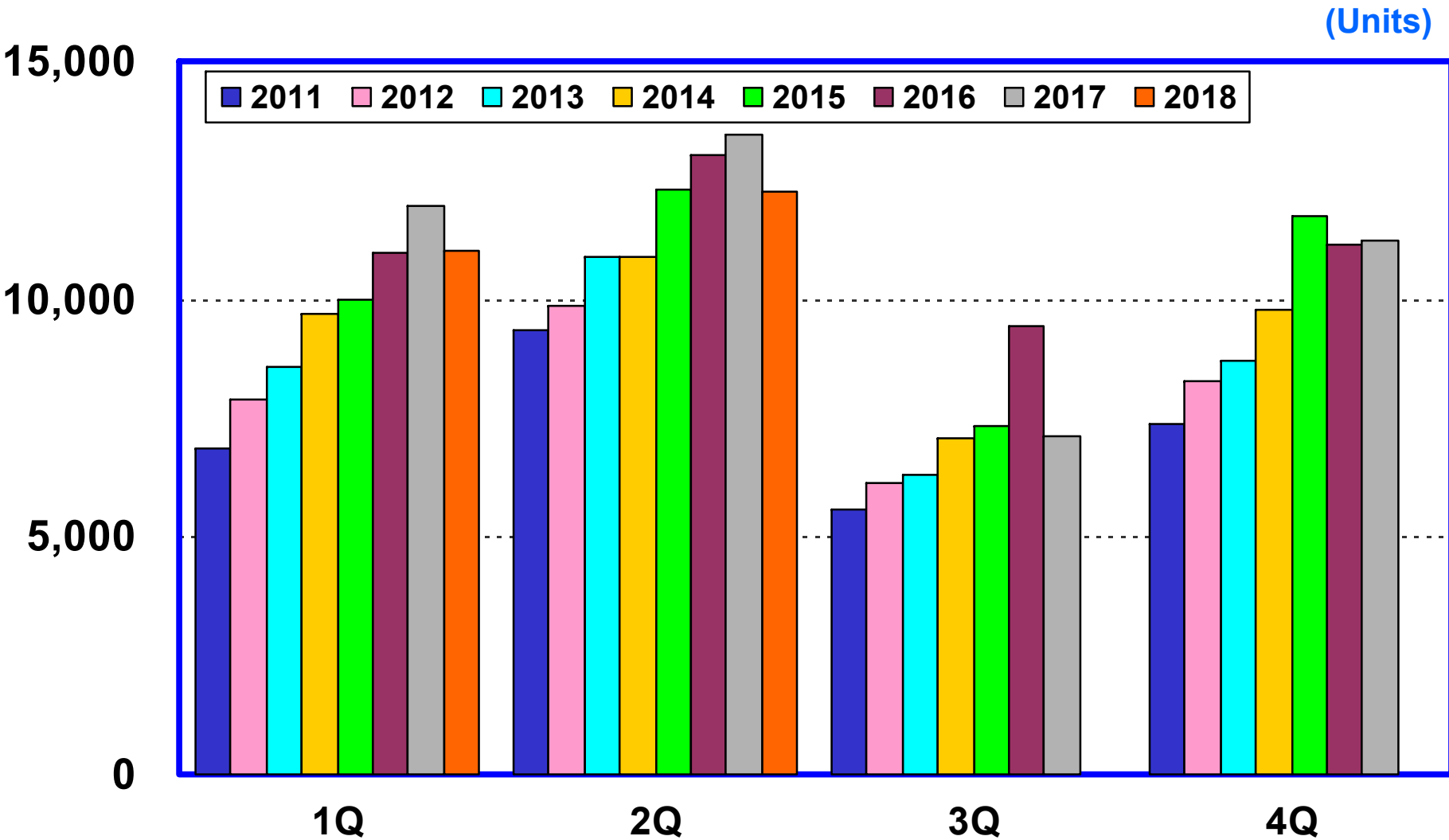
(Units)

Copier	24,007	25,440	+6.0%	23,274	-2,166	-8.5%	12,254	-1,211	-9.0%
(of which Color copier)	22,446	24,270	+8.1%	22,553	-1,717	-7.1%	11,894	-1,033	-8.0%
Server	18,425	16,021	-13.0%	16,428	+407	+2.5%	7,747	-378	-4.7%
PC	475,781	435,431	-8.5%	561,599	+126,168	+29.0%	263,190	+74,494	+39.5%
Client Total	507,800	453,087	-10.8%	584,637	+131,550	+29.0%	273,187	+74,953	+37.8%

Quarterly Number of PCs Sold

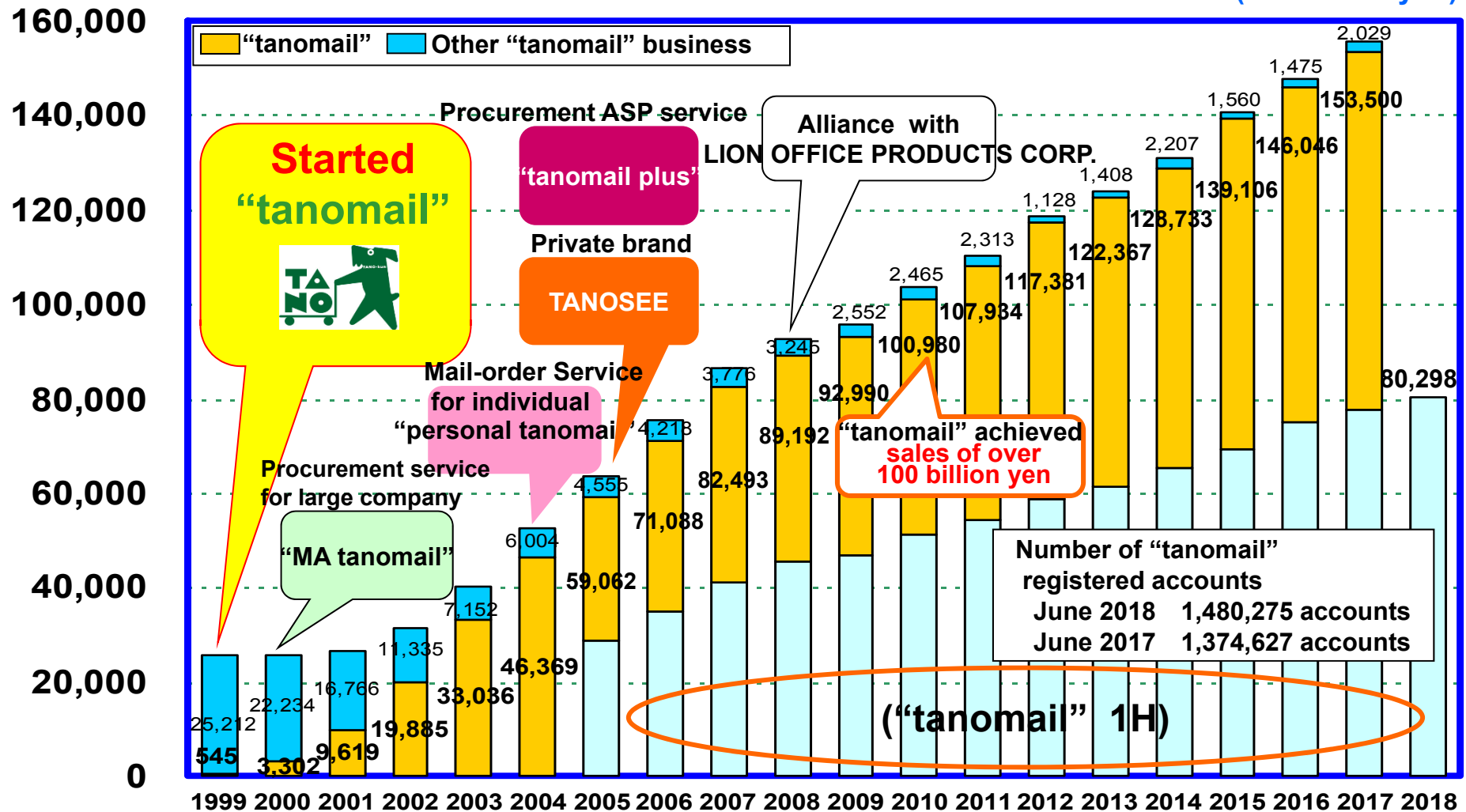


Quarterly Number of Copiers Sold

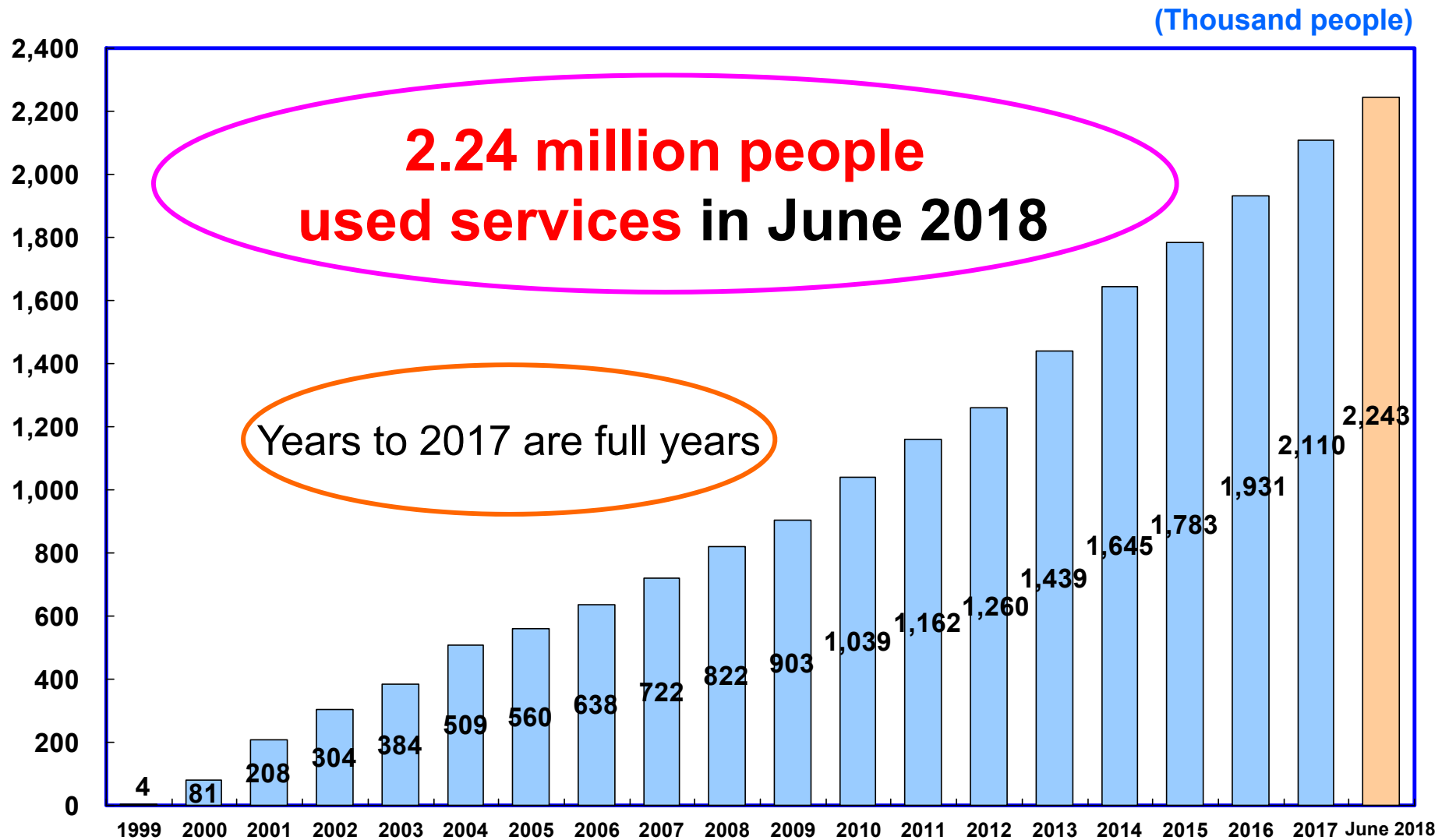


Annual sales transition of "tanomail"

(Millions of yen)



Number of Users of Main Web Services (ASP)



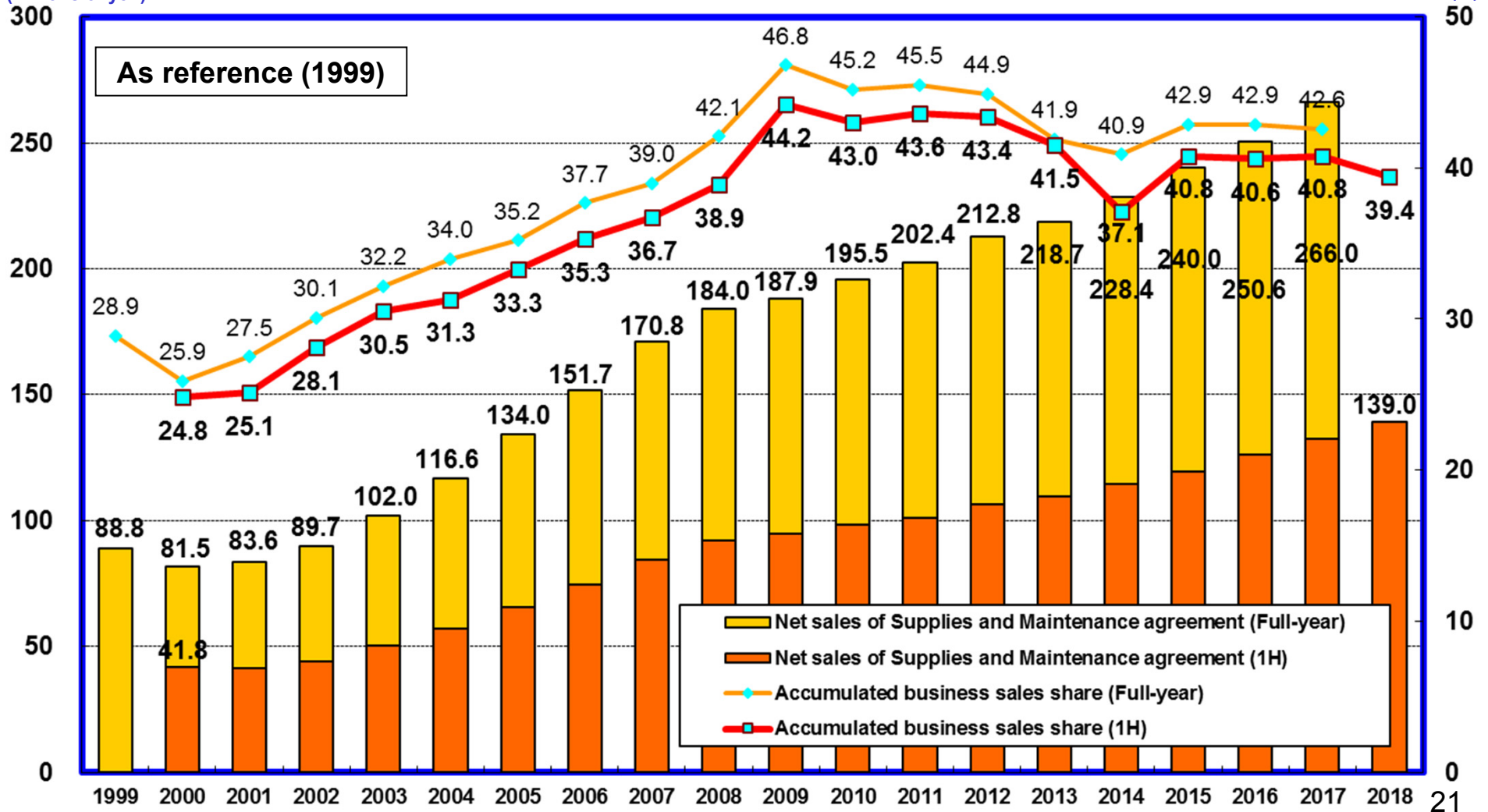
Growth of accumulated business

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 2018

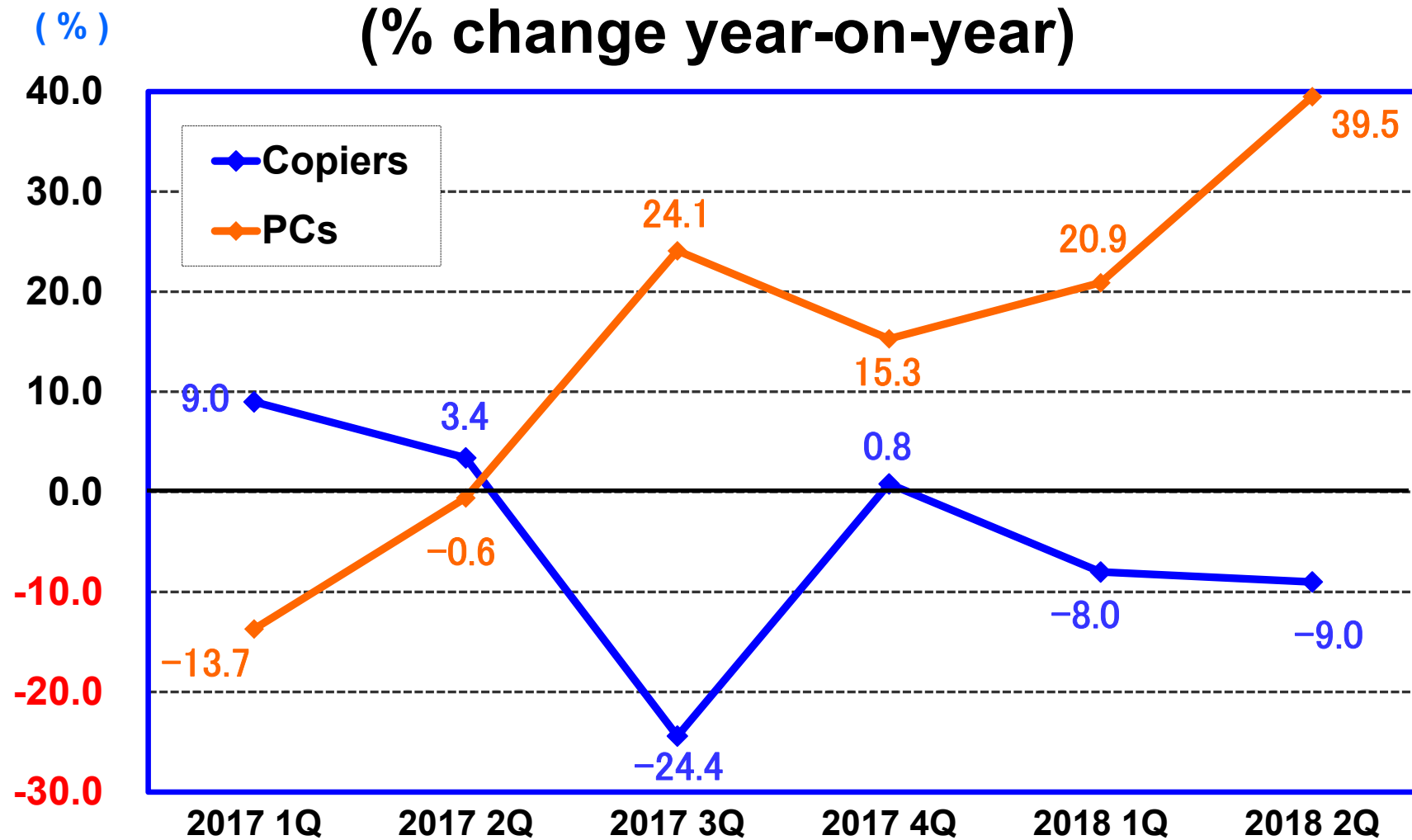
- **Continued moderate growth in Japan and overseas**
- **Demand for aggressive IT investment, raising productivity and cost reductions**
- **Demand for responding to labor shortages and for labor-savings**
- **Rising interest in new IT such as AI and IoT**
- **Further progression of work style reform**
- **Strong demand by companies for IT utilization and energy-saving**

Policies and Measures in the Second Half of 2018

“Leverage solutions on all fronts and live up to customer trust”

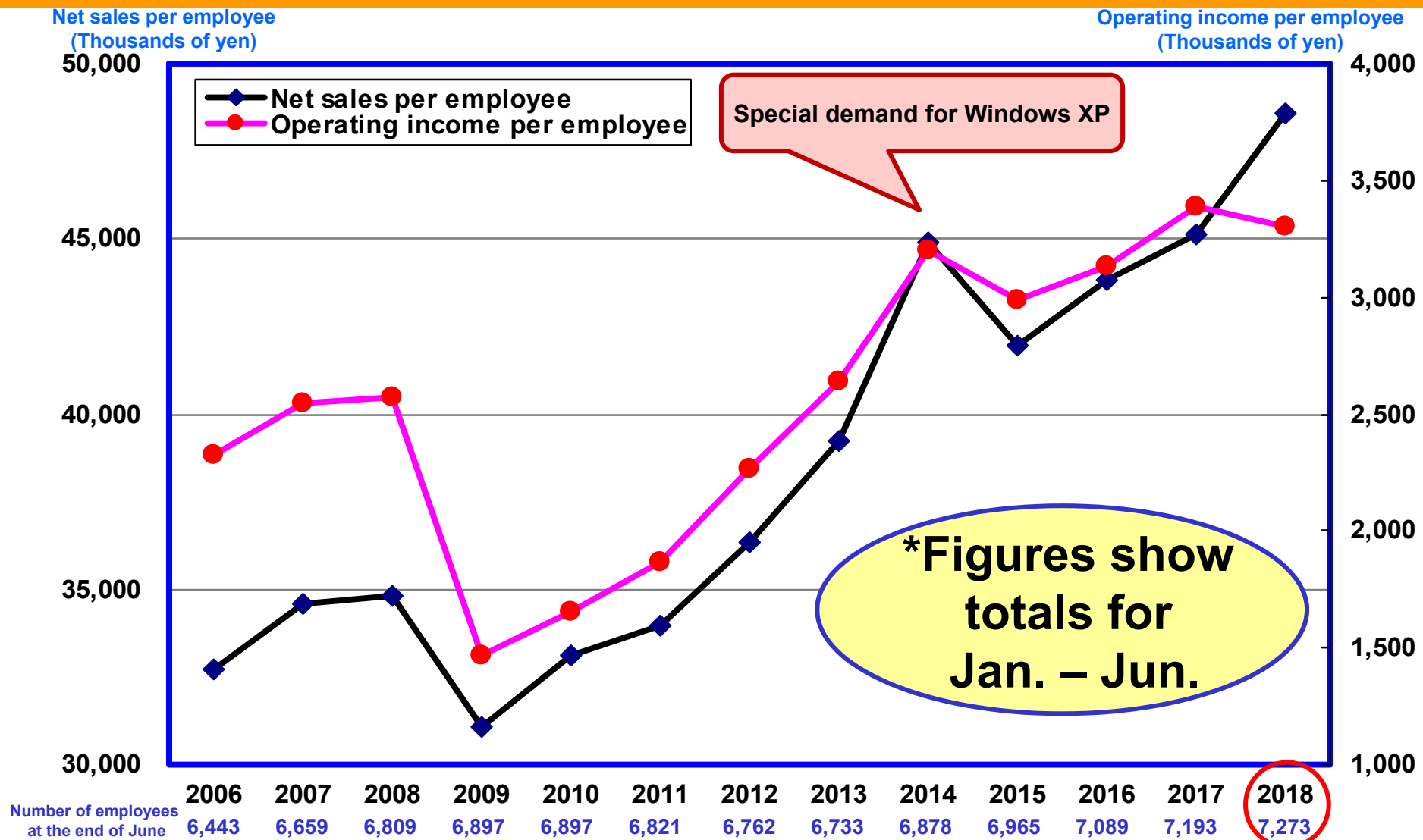
- **Strengthen on-site capabilities and customer contact points through business management led by local area sales groups**
- **Expansion of business items with customers and cross-selling**
- **Promote and support work style reform**
- **Strengthen initiatives such as for AI and IoT**
- **Further strengthening of solution proposals**
- **Strengthening of logistics structure**

Number of Copiers and PCs Sold



Non-Consolidated

Change of Net sales per employee and Operating income per employee



Work Style Reform

State of Otsuka's work style reform initiatives

Sales side

Commenced telework for part of the Computer Department

Actually utilize Otsuka's abundant solutions
Many benefits created, including a reduction in overtime hours and an increase in the number of business discussions



Support side

Introduce **RPA (Robotic Process Automation)*** internally

*Automation tool for routine work

Introduce **Chatbot** internally

Respond to inquiries from inside and outside the company using AI

Quickly introduce in the Support Center Department, where enhancing the efficiency of support operations for an enormous amount of inquiries is an issue



Support customers' work style reforms
utilizing the experiences from
Otsuka's own case examples

Providing Seasonal Work Style Reform Services

「Labor saving」 Chatbot service

「Automation」 RPA service

大塚商会オリジナルAIソリューション！

たよれーる AIチャットボットサービス！

定期的な問い合わせ対応で時間を取られていませんか？

「パソコンが動かなくなりました。」
「全体の数の方は？」
「仕事の進まない！」

よくあるお問い合わせは、チャットボットに回答をお任せ！

「本業に集中できる！」

ご利用イメージ

「こんにちは！ご利用者です。」
「出張申請について教えてください。」
「出張関連のお問い合わせですね。こちらをご覧ください！
<https://syattyou-xxx.com>」
「人事担当に電話したい。」
「人事課の電話番号はこちら！
TEL：1234-5678」

ポイント

IBM Watsonを利用し「自然言語」の処理が可能！

自然言語とは？・・・日常で使う話し言葉の事です。例えば...
「パソコンが壊れてしまいました。」
「PCが動かないのですが...」
→同じ目的(パソコン故障時の対処法)と認識

質問者が異なる問い合わせも同一の目的と理解して回答

流れに沿って進めるだけでチャットボットが作成可能！

管理画面とマニュアルがセットになったわかりやすいインターフェイス

精度の測定や、利用ログの収集もワンパッケージでお手軽！

たとえば...
① どれくらい正確に回答できるか知りたい
② チャットボットの利用状況をログ収集したい
③ チャットボットへの意見や変更を聞きたい

搭載された機能でかんたんに実現可能

チャットボット管理の流れ

チャットボットを定期的に改善していく事で、回答率の向上、回答範囲の拡大！

- チャットボットに入れるトレーニングデータを作成
- トレーニングデータをアップロード
- チャットボットを公開
- 利用ログで利用状況や精度を確認
- 利用ログをもとに、トレーニングデータを改善



BizRobo!
Basic Robo!

WinActor

NEC
Software Robot
Solution

情報収集

導入の計画

ロボット化検証

ロボット作成

運用サービス

RPAってどんなツールがあって、どんなことが出来るの...？
どこにも質問できないし、情報収集大変だなあ...

RPAハンズオントレーニング

導入検討している製品のハンズオントレーニング(入門研修)に参加いただき、実際にRPAツールに触ることで疑問や不安を解消します。

参考価格：各コース¥20,000/人

どんなものはわかったけど実際にどうやって導入すればいいの...？

業務改善診断 ~ HIT.s ~

業務の可視化を行い、業務改善のAs-Is&To-Be管理を一括で行えるツールを提供。また、検査や管理機能なども完備しRPA導入前の業務一元管理をご支援致します。

- 業務可視化
 - 各月の業務の可視化
 - 1日1分間の作業プロセスを詳細に、本業にロボット化する業務を把握
- 改善提案
 - ストリーチャートから改善ポイント(非効率化業務)を提案
 - 改善提案に即座に実行可能な改善案を提示
 - 過去の運用方法もいつでも確認可能
- 運用サポート
 - 多様な検査・管理機能で、RPA運用業務を確認
 - トラブルシューティング機能で、最新機能の特定を行うことが可能

参考価格：107円/分 ¥20,000/～

導入の流れはわかったけどRPAってうちの会社に導入して効果あるのかな？

トライアル支援サービス

大塚商会のエンジニアが訪問し、トライアルセッションのインストールから要件ヒアリング、トライアル期間中に作成可能な数のサンプルロボットの作成を行います。

参考価格：
¥400,000～ (Autoブラウザ名入)
¥450,000～ (WinActor)

RPAって便利そうだけど、でも、ロボット作成大変...

導入支援サービス

大塚商会のエンジニアが訪問し、ロボット化の検討結果を基に、ロボットを随時作成、稼働までをご支援致します。また、作成したロボットについてお客様管理者へスキルトランスファーを行います。

参考価格：
¥600,000～ (正規版)

ロボット化はほぼ完了！でも社員がロボット作成の質問がいっぱいきちゃ...

定着化・習慣化

基礎研修や応用研修、開発セミナーといった利用者向けのトレーニングを複数ご用意。RPA初心者でも大丈夫！全てレスポンスなので拡大やすく、実際に導入した時のイメージが湧きます。

参考価格：¥150,000～

繰り返しのサポート

お客様の手作業を主とした定型業務をヒアリングし、RPA/RDAで自動化する業務システム化すべきかを判断する簡単コンサルメニューです。

参考価格：¥100,000～

検証支援 PoCサービス

2ヶ月間の試用ライセンス費と導入支援をセットでご提供。日常作業がロボット化出来るのか、設計・選定から動作検証、開発、トレーニングまで一括提供でお客様の検証を支援致します。

参考価格：¥1,200,000/2ヶ月

ロボットの育成

準備中

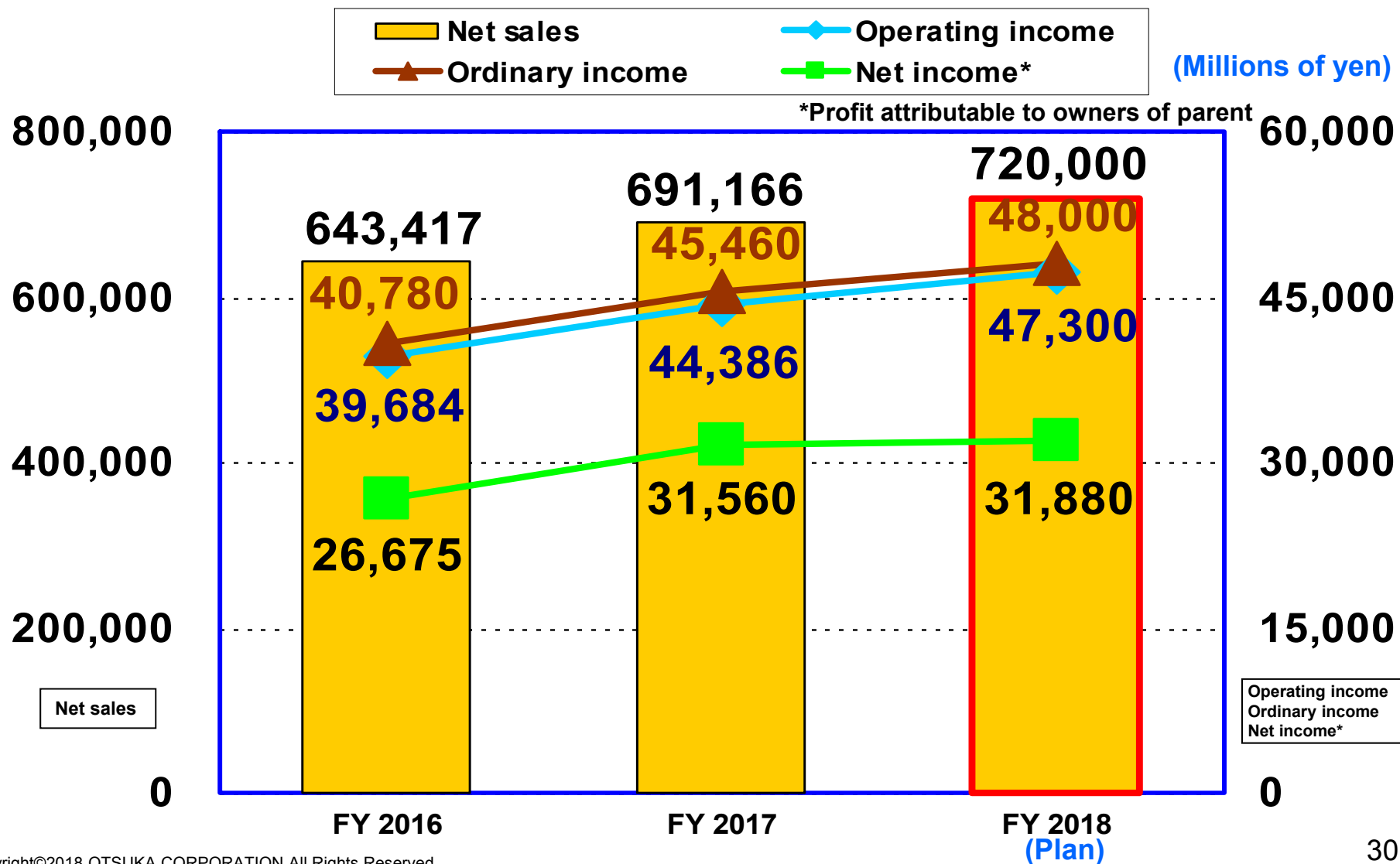
追加ロボット支援

お客様先のロボットに対し、お客様のニーズに合わせて訪問による追加のロボット作成をご支援致します。

参考価格：1回 (4時間) ¥150,000～

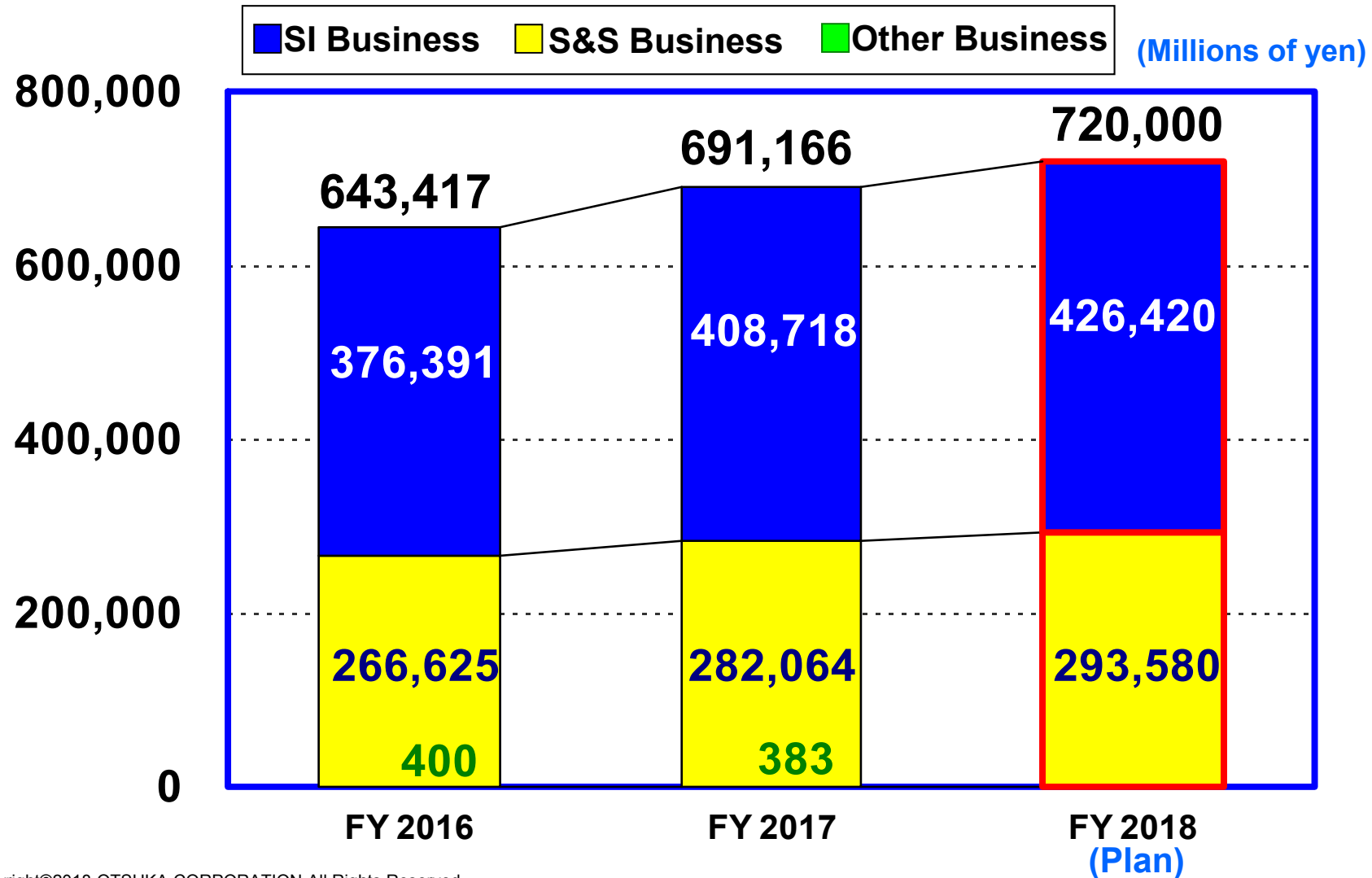
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments



Stock Split Implemented

A stock split implemented with an effective date of April 1

Split Ratio 1 : 2

- **Listening to the voices of individual investors:
“Too costly to buy”**
- **Enhancing the liquidity of stocks and expanding shareholder base**



Cautionary statement

1. This material is intended to provide information about the business performance of the 2nd quarter of fiscal year 2018 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.
3. Statements in this document are based on the current beliefs, estimates and expectations of management. OTSUKA CORPORATION undertakes no obligation to update any forward-looking statements.
4. OTSUKA CORPORATION shall in no event be liable for any damages arising out of the use or interpretation of this material.