

Outlook for Fiscal 2012

■ Despite a Cautious Stance, Corporate IT Investment Is Expected to Be Brisk

Looking at the outlook for the Japanese economy, following ongoing weaknesses in exports and production due to the impact of the economic slowdown in Europe and the strong yen, corporate capital investment is expected to recover moderately in the latter half of the year due to earthquake recovery and reconstruction demand. The outlook for the global economy is unclear. Although there are hopes for recoveries in emerging country economies, there are also concerns over financial problems in Europe.

Under these economic conditions, despite a cautious investment stance, IT investment by companies is expected to become brisk. There is expected to be demand for replacing and upgrading IT, including a second round of demand for updating systems introduced in response to the Y2K problem and for responding to the implementation of the IPv6, as well as expectations that the IT market will be stimulated by the use of tablet terminals and that new markets will be created.

As in the previous year, there are continuing needs for reducing the volume of power consumption by introducing power-saving PCs and servers, integrating servers and introducing BEMS (building energy management systems) that utilize power-saving devices and LED lighting as well as a need for BCP countermeasures through the use of data centers, including ASPs and data backup services.

■ Strengthening Customer Contact

Given these economic conditions and outlook for company IT investment, in keeping with its fiscal 2012 slogan of “Live up to customers’ trust from a customer viewpoint and vitalize office,” under a strengthened community-based sales structure, the Group will strengthen customer contact by improving one-stop solutions and one-stop support, actively propose systems that raise productivity and that are highly effective in terms of cost effectiveness and reducing power consumption, and deploy the Group’s overall strengths more than ever before.

At the same time, we will strengthen our product lineup by upgrading and expanding packaged products that combine multiple products and services; fortify our accumulated business, including developing appealing maintenance services; build stable and long-term business relationships with customers; and strengthen our earnings foundation.

Policies and Measures in 2012

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.**

■ Strategies by Segment

In the System Integration business, we will focus closely on company IT investment trends and IT utilization needs, while further promoting comprehensive proposals and combined system proposals that combine copiers, computers, telephones, facsimile machines and communication lines.

In the Service and Support business, the OTSUKA Group will strive to upgrade and expand our line of new 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 take advantage of the recovery in the System Integration business to achieve 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 2012

In fiscal 2012, the Company forecasts a 3.1% increase in consolidated net sales to ¥493,000 million, a 3.9% increase in operating income to ¥24,000 million, a 5.1% increase in ordinary income to ¥24,500 million and a 6.3% increase in net income to ¥13,550 million.

By segment, we forecast a 2.5% increase in net sales to ¥269,110 million in the System Integration business, a 3.9% increase to ¥222,990 million in the Service and Support business and a 20.4% decrease to ¥900 million in the Other Business.

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

	Fiscal 2011	Fiscal 2012 (Forecast)	
	Amount	Amount	Change to Last Year
Net sales	478,215	493,000	+3.1%
Operating income	23,095	24,000	+3.9%
Ordinary income	23,315	24,500	+5.1%
Net income	12,744	13,550	+6.3%

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

	Fiscal 2011	Fiscal 2012 (Forecast)	
	Amount	Amount	Change to Last Year
System Integration business	262,508	269,110	+2.5%
Service and Support business	214,576	222,990	+3.9%
Other business	1,130	900	-20.4%