

# Canon Marketing Japan Inc.

## FY 2010 Results

December 26, 2011

*Yo Shibasaki*

*Managing Director*

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**Canon**

*1-1. Summary of Results (January 1 ~ December 31)*

billions of yen

Twelve months	FY 2009	FY 2010	Changes	
			%	
Net Sales	686.6	674.2	-12.5	-2%
Gross Margin	233.1	227.5	-5.5	-2%
	(%) (33.9%)	(33.7%)	(Δ0.2%)	
Operating Income	6.3	7.7	1.4	+23%
	(%) (0.9%)	(1.1%)	(+0.2%)	
Ordinary Income	8.2	9.5	1.3	+15%
	(%) (1.2%)	(1.4%)	(+0.2%)	
Income before income taxes	(0.6)	8.6	9.2	-
	(%)			
Net Income	(4.3)	3.7	8.1	-

# 1-2. Consolidated Statements of Income



(January 1 ~ December 31)

Twelve months	FY 2009		FY 2010		billions of yen Changes	
	Net Sales	%	Net Sales	%	Amount	%
Document Business	(284.4)	(41%)	(289.5)	(43%)	(+5.1)	(+2%)
IT Solutions	(154.4)	(22%)	(151.3)	(22%)	(-3.1)	(-2%)
Business Solutions	438.8	64%	440.8	65%	+2.0	(+0%)
Consumer equipment	222.2	32%	219.8	33%	-2.4	-1%
Industrial equipment	25.6	4%	13.6	2%	-12.0	-47%
Total	686.6	100%	674.2	100%	-12.5	-2%

## 1-3. Summary of Results (October 1 ~ December 31)

billions of yen

Three months	4Q 2009	4Q 2010	Changes	
			%	
Net Sales	189.9	182.9	-7.0	-4%
Gross Margin	62.5	62.0	-0.4	-1%
	(%) (32.9%)	(33.9%)	(+1.0%)	
Operating Income	2.2	5.6	+3.4	+154%
	(%) (1.2%)	(3.1%)	(+1.9%)	
Ordinary Income	2.6	5.9	+3.3	+128%
	(%) (1.4%)	(3.2%)	(+1.9%)	
Income before income taxes	1.7	6.0	+4.3	+248%
Net Income	0.2	3.4	+3.2	+1665%
	(%) (0.1%)	(1.9%)	(+1.8%)	

# 1-4. Consolidated Statements of Income

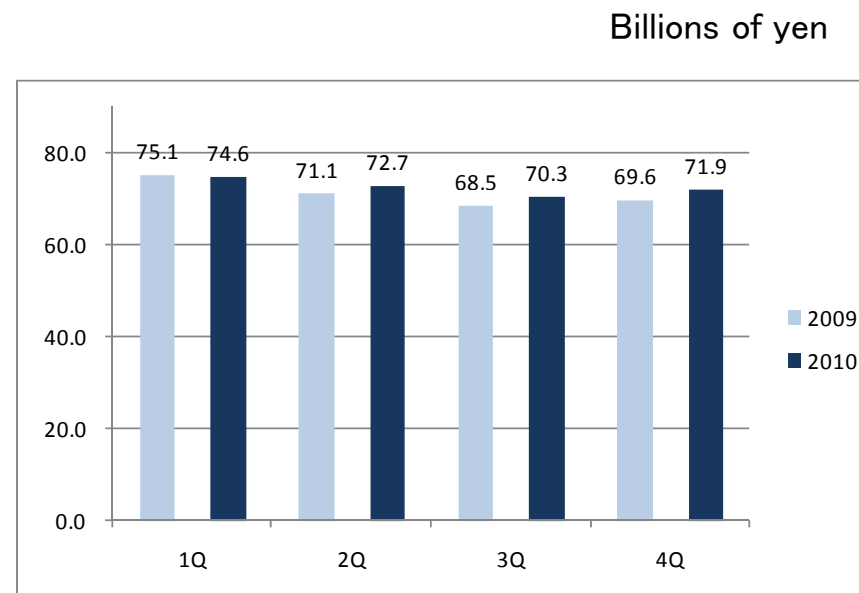


(October 1 ~ December 31)

Three months	4Q 2009		4Q 2010		billions of yen Changes	
	Net Sales	%	Net Sales	%	Amount	%
Document Business	(69.6)	(37%)	(71.9)	(39%)	(+2.3)	(+3%)
IT Solutions	(40.6)	(21%)	(36.1)	(20%)	(-4.4)	(-11%)
Business Solutions	110.2	58%	108.0	59%	-2.1	-2%
Consumer equipment	71.7	38%	70.9	39%	-0.8	-1%
Industrial equipment	8.1	4%	4.0	2%	-4.1	-51%
<b>Total</b>	<b>189.9</b>	<b>100%</b>	<b>182.9</b>	<b>100%</b>	<b>-7.0</b>	<b>-4%</b>

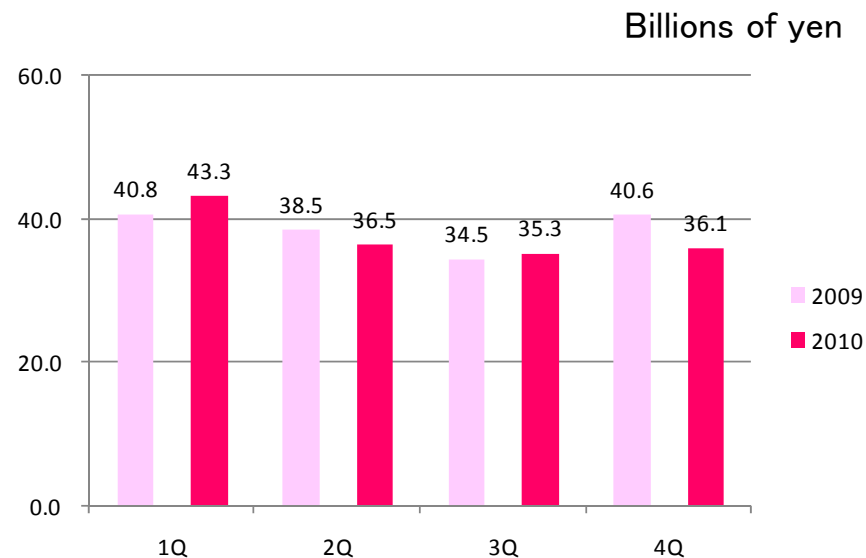
## 2-1. Segment Information : Document Business

Net Sales	1Q	2Q	3Q	4Q	FY
2009	75.1	71.1	68.5	69.6	284.4
2010	74.6	72.7	70.3	71.9	289.5
Change	-0.5	+1.5	+1.8	+2.3	+5.1

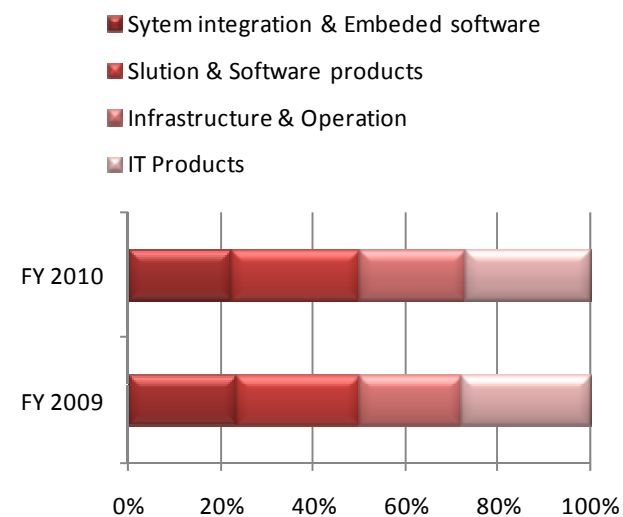


## 2-2. Segment Information : *IT Solutions*

Net Sales	1Q	2Q	3Q	4Q	FY
2009	40.8	38.5	34.5	40.6	154.4
2010	43.3	36.5	35.3	36.1	151.3
Change	+2.5	-2.0	+0.8	-4.4	-3.1



Growth rate YonY		1Q	2Q	3Q	4Q	FY
TOTAL	2009	-13%	-18%	-16%	-16%	-16%
	2010	+6%	-5%	+2%	-11%	-2%

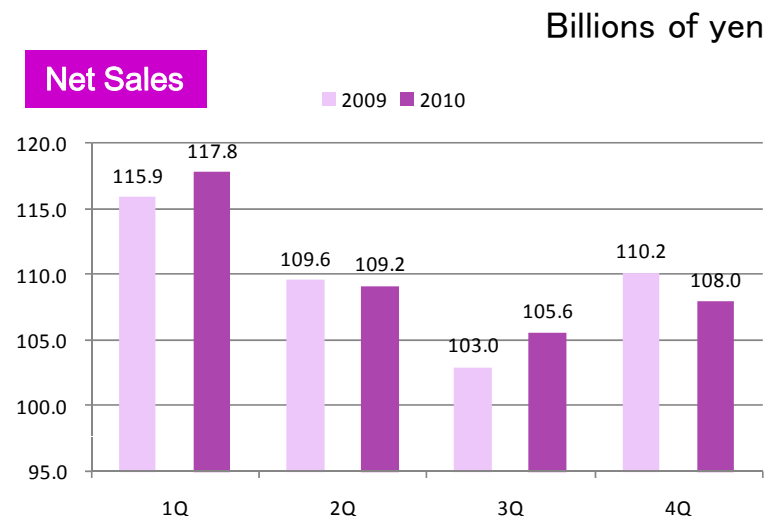


## 2-3. Segment Information : Business Solutions

Net Sales	FY 2009	FY 2010	Change
Document	284.4	289.5	+5.1
IT Solution	154.4	151.3	-3.1
Total	438.7	440.7	+2.0

Operating Income	FY 2009	FY 2010	Change
Total	-3.0	-0.9	+2.2

Growth rate YonY		1Q	2Q	3Q	4Q	FY
Net Sales	2009	-15%	-16%	-16%	-14%	-15%
	2010	+2%	-0%	+3%	-2%	+0%

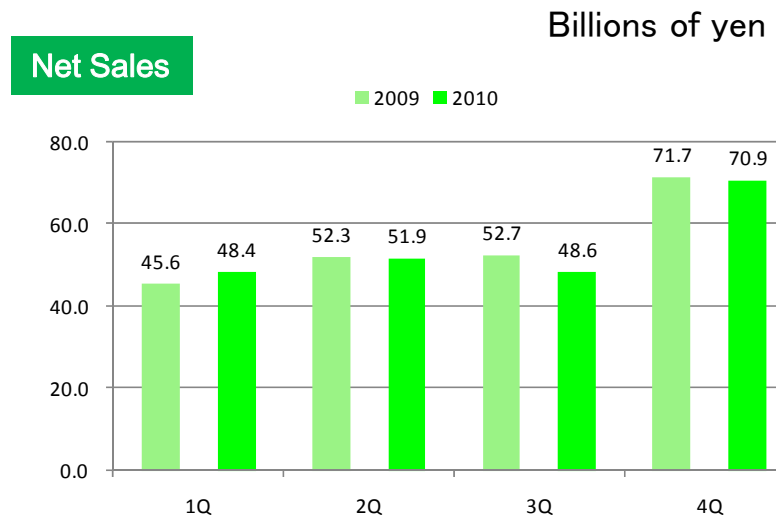




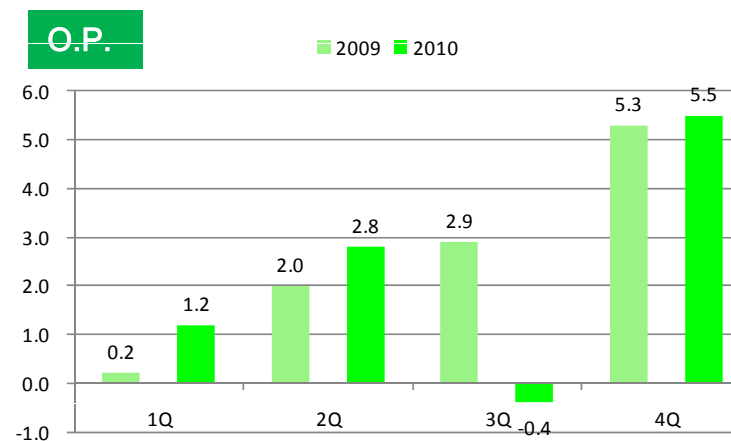
## 2-4. Segment Information: *Consumer equipment*

Net Sales	FY 2009	FY 2010	Change
Total	222.2	219.8	-2.4

Operating Income	FY 2009	FY 2010	Change
Total	10.4	9.2	-1.2



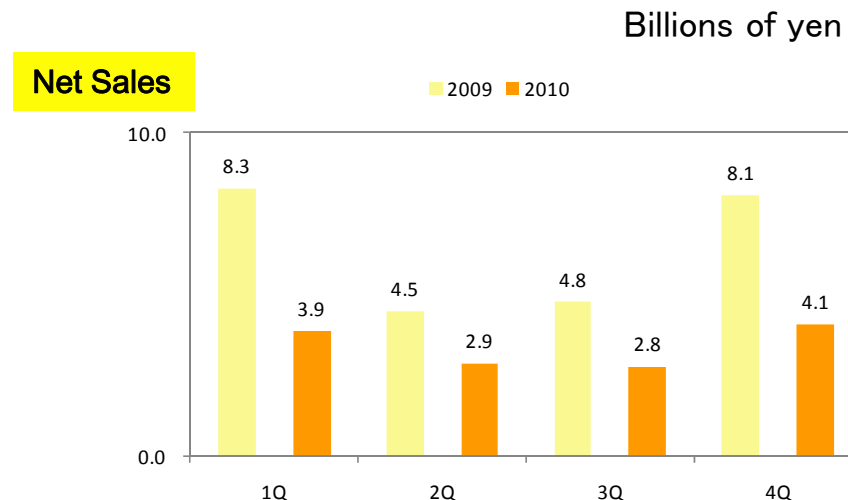
Growth rate YonY		1Q	2Q	3Q	4Q	FY
Net Sales	2009	-17%	-10%	-5%	-5%	-9%
	2010	+6%	-1%	-8%	-1%	-1%



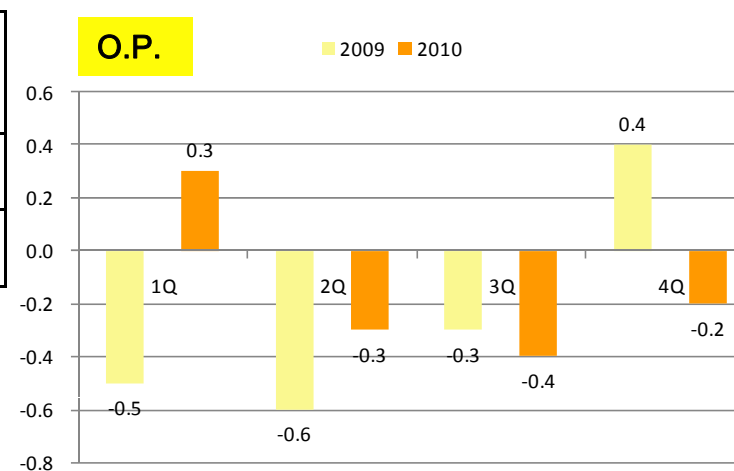
## 2-5. Segment Information : *Industrial equipment*

Net Sales	FY 2009	FY 2010	Change
Total	25.6	13.6	-12

Operating Income	FY 2009	FY 2010	Change
Total	-1.1	-0.6	+0.5



Growth rate YonY		1Q	2Q	3Q	4Q	FY
Net Sales	2009	-59%	-74%	-70%	-34%	-61%
	2010	-53%	-34%	-41%	-51%	-47%



\*For the business that we transferred in Canon in January, 2010

2009 FY Net sales: 14.6billions of yen

Operating income 2.0billions of yen

# **FY 2011 Projections**

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**Canon**

# 1. FY2011 Current Projection

billions of yen

	FY2010 Actual	FY 2011 Projection	Changes
<b>Net Sales</b>	674.2	685.0	+10.8
	(1.1%)	(1.3%)	(+0.2%)
<b>Operating Income</b>	7.7	9.0	+1.3
	(1.4%)	(1.5%)	(+0.1%)
<b>Ordinary Income</b>	9.5	10.0	+0.5
<b>Income before income taxes</b>	8.6	8.7	+0.1
	(0.5%)	(0.6%)	(+0.1%)
<b>Net Income</b>	3.7	4.0	+0.3

# Change in Disclosure Segments



to FY 2010 Segment

## Business Solutions

### Document Business

- Business-use multifunctional products
- Laser printers
- Large format ink-jet printers
- Service and support

### IT Solutions

- System integration
- Solution&software products
- Infrastructure&operation
- Computer devices

## Consumer Equipment

- Digital SLR cameras
- Compact digital cameras
- Digital video cameras
- Ink-jet printers

## Industrial Equipment

- Semiconductor manufacturing equipment
- Medical equipment
- Broadcasting equipment



from FY 2010 Segment

## Business Solutions

- Canon Marketing Japan Inc.
- Business Solutions Company
- Canon System & Support Inc.
- Car Large format ink-jet printers

## IT Solutions

- Canon Marketing Japan Inc.
- IT Products Promotion Headquarters
- Canon MJ IT Group Holdings
- Consolidated Canon IT Solutions
- Consolidated Canon Software
- Edifist Learning Inc.

## Consumer Imaging

- Canon Marketing Japan Inc.
- Consumer Imaging Company
- Canon Field Assist Inc.
- Canon Customer Support Inc.

## Industrial Equipment

- Canon Marketing Japan Inc.
- Industrial Equipment Sales Headquarters

## Corporate and eliminations

- Consolidated Canon Business Support
- Intersegment transactions

\*Intersegment transactions will be eliminate in 'Corporate and eliminations'.

## 2. FY2011 Current Projection by segment

billions of yen

	FY2010 Actual		FY 2011 Projection		Changes	
	Net Sales	OP	Net Sales	OP	Net Sales	OP
<b>Business Solutions</b>	342.5	2.3	347.5	2.4	(+5.)	(+0.1)
<b>IT Solutions</b>	133.3	-3.7	132.1	-1.9	(-1.2)	(+1.8)
<b>Consumer equipment</b>	213.8	9.8	214.1	8.4	+0.3	-1.4
<b>Industrial equipment</b>	13.4	-0.2	17.8	0.1	+4.4	+0.3
<b>Corporate and eliminations</b>	-28.7	-0.4	-26.5	-	+2.2	+0.4
<b>Total</b>	674.2	7.7	685.0	9.0	+10.8	+1.3

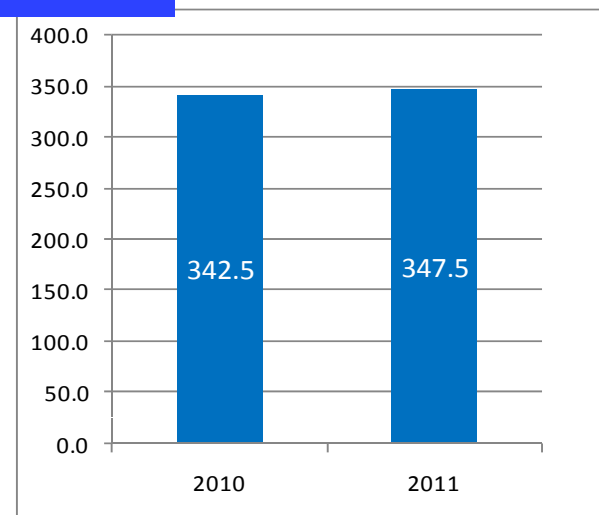
## 3-1. Segment Information : *Business Solutions*

Net Sales	FY2010	FY2011	Change
Total	342.5	347.5	+5.0

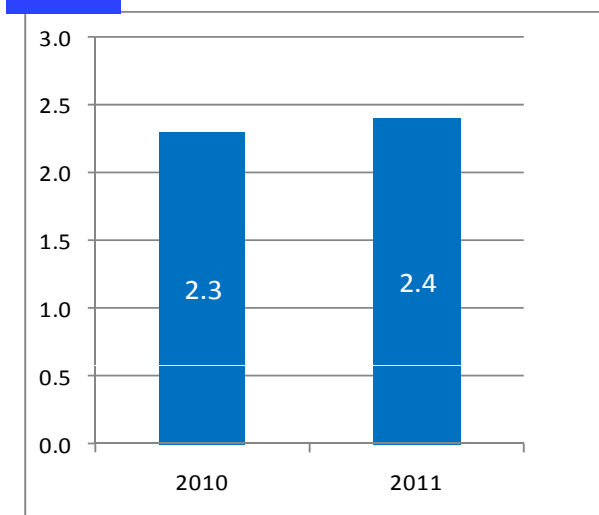
Operating Income	FY2010	FY2011	Change
Total	2.3	2.4	+0.1

Net Sales

Billions of yen



O.P.

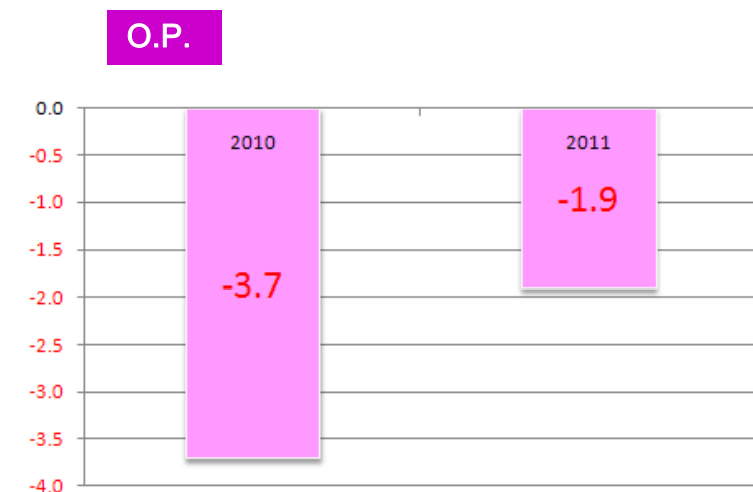
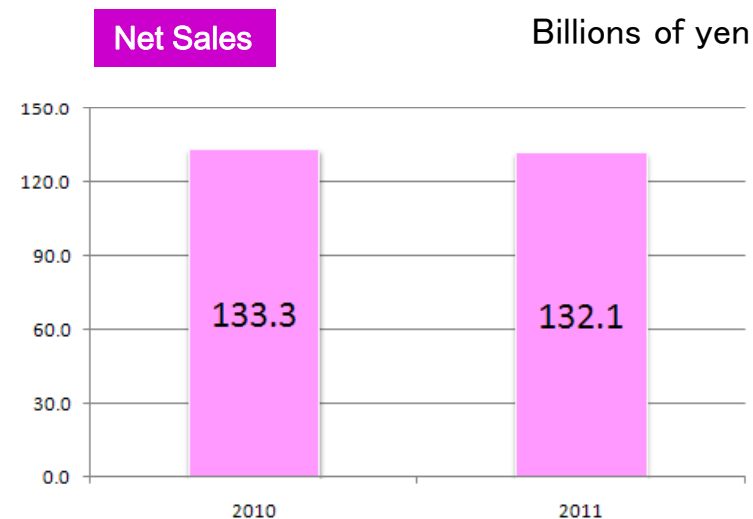


### 3-1. Segment Information : *IT Solutions*

Net Sales	FY2010	FY2011	Change
Total	133.3	132.1	-1.2

Operating Income	FY2010	FY2011	Change
Total	-3.7	-1.9	+1.8

Growth rate YonY		FY
System Integration	2010	-7%
	2011	-3%
Solution & Software	2010	+7%
	2011	+9%
Infrastructure & Operation	2010	+3%
	2011	+6%
Computer Devices	2010	-9%
	2011	-15%

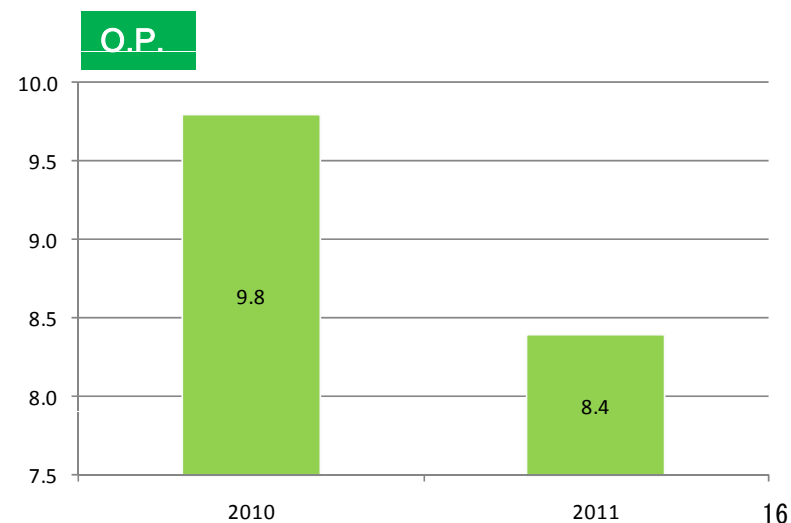
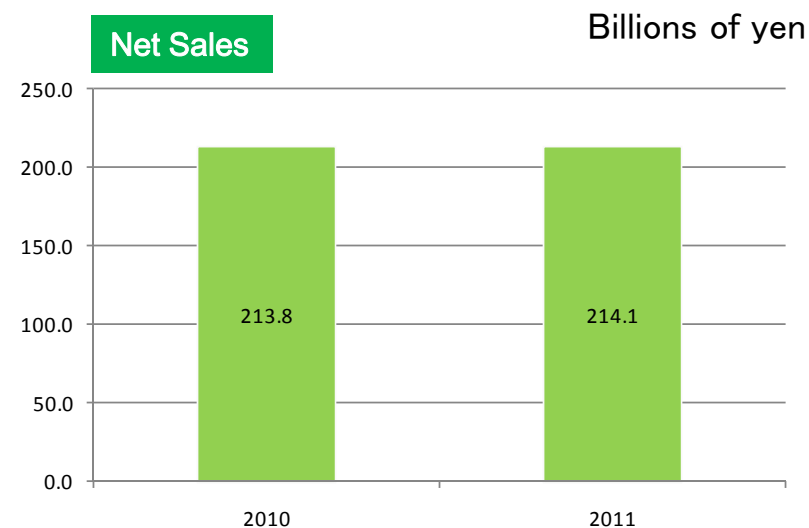




## 3-2. Segment Information: *Consumer equipment*

Net Sales	FY2010 Actual	FY2011 Projection	Change
Total	213.8	214.1	+0.3

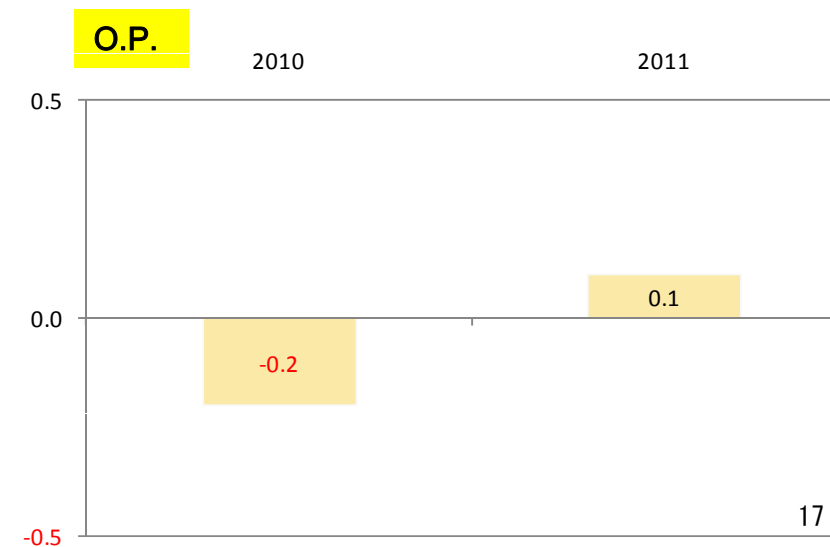
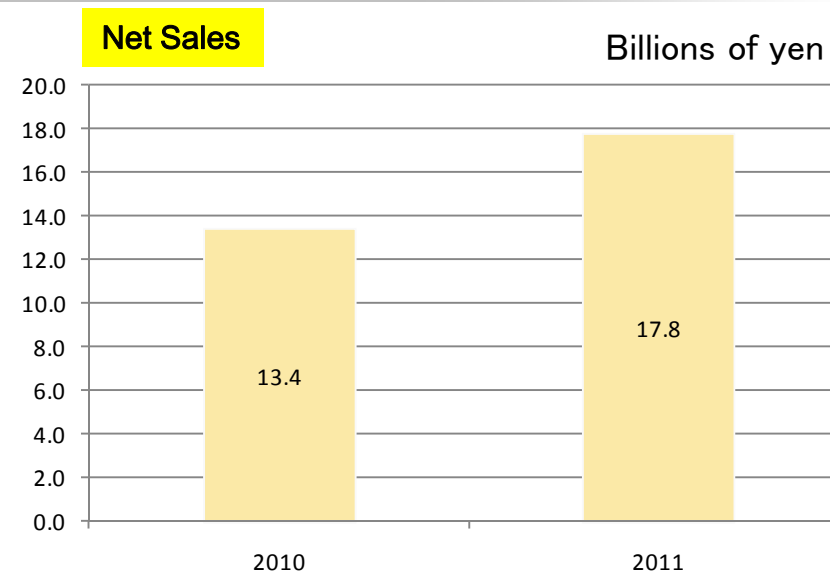
Operating Income	FY2010 Actual	FY2011 Projection	Change
Total	9.8	8.4	-1.4



### 3-3. Segment Information : *Industrial equipment*

Net Sales	FY2010 Actual	FY2011 Projection	Change
Total	13.4	17.8	+4.4

Operating Income	FY2010 Actual	FY2011 Projection	Change
Total	-0.2	0.1	+0.3



# Supplementary information

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**Canon**

# 1-1. The main consolidated company results 1

	4Q 2009		4Q 2010		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
	billions of yen					
<b>Document Business</b>						
Canon System & Support	23.7	-1.5	25.3	-0.1	+1.6	+1.4
<b>IT Solutions</b>						
		(9.6%)		(8.2%)		(-1.4%)
Canon Software (Consolidated)	6.6	0.6	6.3	0.5	-0.3	-0.1
		(1.2%)		(0.8%)		(-0.4%)
Canon IT Solutions (Consolidated)	20.3	0.2	18.9	0.1	-1.4	-0.1
		(3.2%)		(2.6%)		(-0.6%)
<b>IT Solutions TOTAL</b>	26.9	0.9	25.2	0.7	-1.7	-0.2

# 1-2. The main consolidated company results 2

	FY 2009		FY2010		billions of yen Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
<b>Document Business</b>						
Canon System & Support	99.1	-3.6	103.6	0.1	+4.5	+3.7
<b>IT Solutions</b>						
Canon Software (Consolidated)	23.7	1.3 (5.5%)	25.2	1.1 (4.4%)	+1.5	-0.2 (-1.1%)
Canon IT Solutions (Consolidated)	78.0	1.1 (1.4%)	77.3	-0.4 (0.7%)	-0.6	-1.5 (-1.6%)
<b>IT Solutions TOTAL</b>	101.7	2.4 (2.3%)	102.5	0.7 (0.7%)	+0.8	-1.7 (-1.6%)

## 2. Selling, general and administrative expenses

Billions of yen

	FY 2009		FY2010		Changes	
	4Q	FY	4Q	FY	4Q	FY
Advertising expenses	3.4	12.6	3.6	12.4	+0.2	-0.2
Promotion expenses	8.6	25.9	8.5	28.4	-0.1	+2.5
Waranty expenses	3.5	12.3	2.3	9.6	-1.1	-2.7
Other direct expenses	4.0	15.2	3.6	14.4	-0.4	-0.9
Personal expenses	30.4	121.2	29.4	118.0	-1.0	-3.2
Depreciation and amortization	1.1	4.4	1.0	3.7	-0.2	-0.6
Rent expenses	2.0	8.0	1.8	7.3	-0.2	-0.8
IT expenses	2.5	7.2	1.6	7.9	-0.8	+0.7
Other selling expenses	4.8	20.0	4.6	18.2	-0.2	-1.8
<b>TOTAL</b>	<b>60.2</b>	<b>226.8</b>	<b>56.4</b>	<b>219.9</b>	<b>-3.8</b>	<b>-7.0</b>

### 3. Non-operating income & expenses, Extra ordinary income and loss



Billions of yen

	FY 2009		FY2010		Changes	
	4Q	FY	4Q	FY	4Q	FY
Interest & Dividends income	0.1	0.7	0.1	0.5	-0.0	-0.2
Other	0.3	1.7	0.3	1.7	-0.1	-0.0
<b>Total non-operating income</b>	<b>0.5</b>	<b>2.4</b>	<b>0.4</b>	<b>2.1</b>	<b>-0.1</b>	<b>-0.3</b>
Loss on disposal and devaluation of inventories	0.0	0.1	0.0	0.0	-0.0	-0.1
Other	0.1	0.4	0.1	0.4	-0.0	-0.0
<b>Total non-operating expenses</b>	<b>0.1</b>	<b>0.5</b>	<b>0.1</b>	<b>0.4</b>	<b>+0.0</b>	<b>-0.1</b>
Gain on transfer of business	-	-	-	0.4	-	+0.4
Gain on sales of investment securities	-	0.0	-	0.2	-	+0.2
Gain on sales of noncurrent assets	0.0	5.6	0.0	0.0	+0.0	-5.6
Other	0.0	0.2	-	-	-	-0.2
<b>Total extraordinary income</b>	<b>0.0</b>	<b>5.8</b>	<b>0.0</b>	<b>0.6</b>	<b>+0.0</b>	<b>-5.1</b>
Impairment loss	0.1	10.8	0.0	0.5	-0.0	-10.3
Loss on sales and retirement of noncurrent assets	0.3	0.6	0.1	0.5	-0.2	-0.1
Loss on cancellation of lease contracts	-	-	-	0.2	-	+0.2
Loss on valuation of investment securities	0.1	1.1	-0.3	0.0	-0.4	-1.1
Loss on adjustment for changes of accounting standard for measurement of inventories	-	1.3	-	-	-	+1.3
Other	0.4	0.8	0.1	0.3	-0.3	-0.5
<b>Total extraordinary losses</b>	<b>0.9</b>	<b>14.6</b>	<b>0.9</b>	<b>14.6</b>	<b>-0.9</b>	<b>-13.1</b>

## 4. Balance sheets

	Dec. 31, 2009	Dec. 31, 2010	changes
billions of yer			
<b>Current assets</b>	<b>301.8</b>	<b>301.7</b>	<b>-0.1</b>
Cash and cash deposit	95.8	110.6	+14.8
Notes and accounts receivable	125.7	118.9	-6.9
Inventories	25.8	20.5	-5.3
Other	54.5	51.7	-2.8
<b>Fixed assets</b>	<b>147.8</b>	<b>146.9</b>	<b>-0.9</b>
Property and equipment	84.2	86.1	+1.9
Intangible assets	24.4	23.7	-0.7
Other	39.2	37.0	-2.2
<b>Total assets</b>	<b>449.6</b>	<b>448.6</b>	<b>-1.0</b>
<b>Current liabilities</b>	<b>153.7</b>	<b>157.2</b>	<b>+3.5</b>
Notes and accounts payable	106.4	102.9	-3.5
Other	47.3	54.4	+7.1
<b>Long-term liabilities</b>	<b>45.0</b>	<b>44.5</b>	<b>-0.5</b>
Stockholders' equity	247.0	246.8	-0.2
treasury stock	-24.8	-22.2	+2.6
Valuation and translation adjustments	-0.2	-0.2	+0.0
Minority interests	4.0	0.2	-3.9
<b>Total net assets</b>	<b>250.9</b>	<b>246.8</b>	<b>-4.0</b>
<b>Total liabilities and net</b>	<b>449.6</b>	<b>448.6</b>	<b>-1.0</b>
<b>Stockholders' equity ratio</b>	<b>55.0%</b>	<b>55.0%</b>	<b>+0.0%</b>

<i>Turnover Date</i>	Inventories	Notes and accounts receivable
FY2006	21	78
FY2007	14	72
FY2008	15	67
FY2009	13	65
FY2010	11	64



## 5. Cash flows & Capital Investment

### *Capital Investment and Depreciation and amortization*

billions of yen

	FY 2009	FY 2010	Changes
Investment	17.0	18.0	+1.0
Depreciation and amortization	12.4	13.7	+1.3

### *Cash flow*

billions of yen

	FY 2009	FY 2009
Net cash provided by (used in) operating activities	18.1	35.2
Net cash provided by (used in) investment activities	-25.8	-13.0

Disclaimer:

Projections made in this report are based on information available at the time of publication.

Owing to various factors, actual results may differ from these projections.