

# **Canon Marketing Japan Inc.**

## **FY 2011 Results**

**January 27, 2012**

***Yo Shibasaki***

***Director***

**Senior Vice President**

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**Canon**

Canon Marketing Japan Inc.

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

billions of yen

Twelve months	FY 2010	FY 2011	Changes	
				%
<b>Net Sales</b>	<b>674.2</b>	<b>632.4</b>	<b>-41.7</b>	<b>-6%</b>
	(33.8%)	(35.2%)	(+1.5%)	
<b>Gross Profit</b>	<b>227.5</b>	<b>222.9</b>	<b>-4.7</b>	<b>-2%</b>
	(1.1%)	(1.3%)	(+0.2%)	
<b>Operating Income</b>	<b>7.7</b>	<b>8.4</b>	<b>+0.7</b>	<b>+9%</b>
	(1.4%)	(1.7%)	(+0.3%)	
<b>Ordinary Income</b>	<b>9.5</b>	<b>10.7</b>	<b>+1.2</b>	<b>+13%</b>
	(0.6%)	(1.1%)	(+0.5%)	
<b>Net Income</b>	<b>3.7</b>	<b>6.8</b>	<b>+3.0</b>	<b>+82%</b>

\*We estimate the sale amount of damage by Earthquake and Thailand flood 43.5 billions of yen.

# 1-2. Consolidated Statements of Income

(January 1 ~ December 31)

Twelve months	FY 2010		FY 2011		billions of yen Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Business Solutions	342.5	2.3	325.1	3.5	-17.3
IT Solutions	133.3	-3.7	124.5	-3.1	-8.8	+0.6
Consumer imaging	213.8	9.8	179.5	8.4	-34.3	-1.4
Industrial equipment	13.4	-0.2	29.6	-0.2	+16.3	-0
Other	-28.7	-0.4	-26.3	-0.1	+2.4	+0.3
<b>Total</b>	<b>674.2</b>	<b>7.7</b>	<b>632.4</b>	<b>8.4</b>	<b>-41.7</b>	<b>+0.7</b>

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

billions of yen

Three months	4Q 2010	4Q 2011	Changes	
			%	
<b>Net Sales</b>	<b>182.9</b>	<b>182.0</b>	<b>-0.9</b>	<b>-1%</b>
	(33.9%)	(35.2%)	(+1.3%)	
<b>Gross Profit</b>	<b>62.0</b>	<b>64.0</b>	<b>+2.0</b>	<b>+3%</b>
	(3.1%)	(3.2%)	(+0.2%)	
<b>Operating Income</b>	<b>5.6</b>	<b>5.9</b>	<b>+0.2</b>	<b>+4%</b>
	(3.2%)	(3.4%)	(+0.2%)	
<b>Ordinary Income</b>	<b>5.9</b>	<b>6.2</b>	<b>+0.3</b>	<b>+6%</b>
	(1.9%)	(2.4%)	(+0.5%)	
<b>Net Income</b>	<b>3.4</b>	<b>4.4</b>	<b>+0.9</b>	<b>+27%</b>

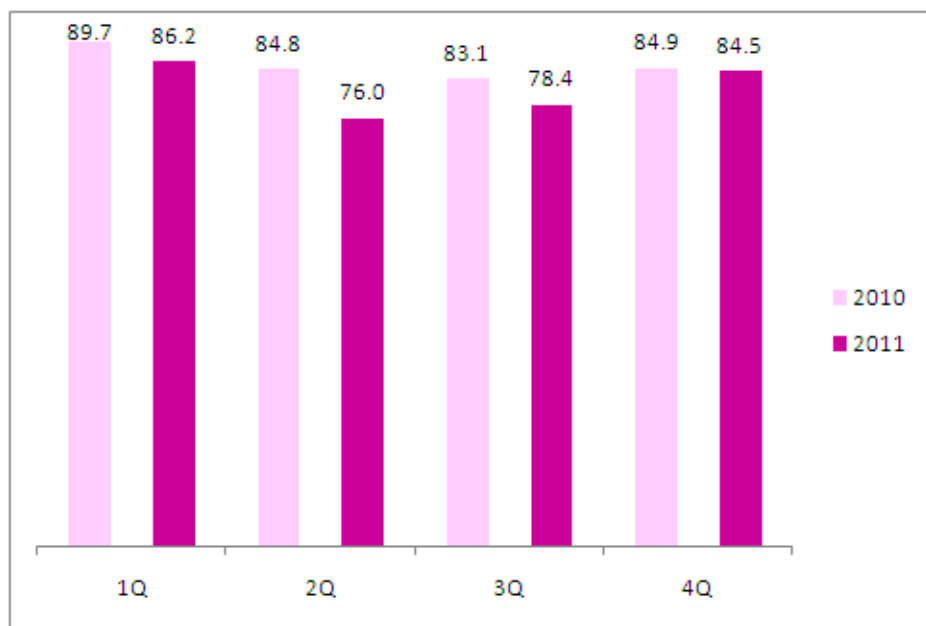
# 1-4. Consolidated Statements of Income

(October 1 ~ December 31)

Three months	4Q 2010		4Q 2011		billions of yen Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Business Solutions	84.9	0.5	84.5	1.6	-0.4
IT Solutions	31.2	-0.5	31.5	-0.4	+0.3	+0
Consumer imaging	69.4	5.6	58.7	5.0	-10.7	-0.7
Industrial equipment	3.9	-0.2	13.4	-0.3	+9.5	-0.1
Other	-6.5	0.1	-6.2	0	+0.4	-0.1
<b>Total</b>	<b>182.9</b>	<b>5.6</b>	<b>182.0</b>	<b>5.9</b>	<b>-0.9</b>	<b>+0.2</b>

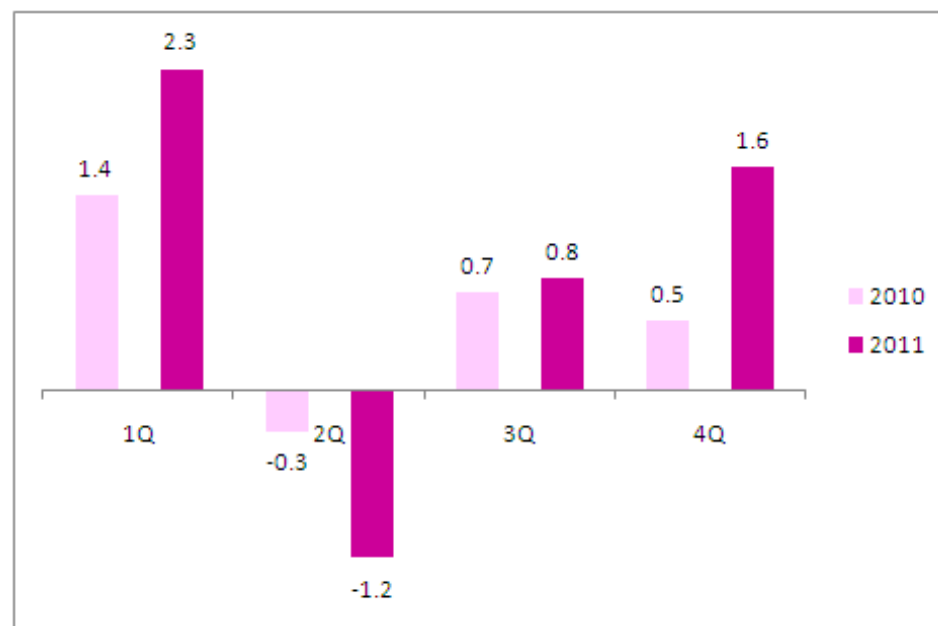
## 2-1. Segment Information : *Business Solutions*

### Sales



### Op. Income

billions of yen

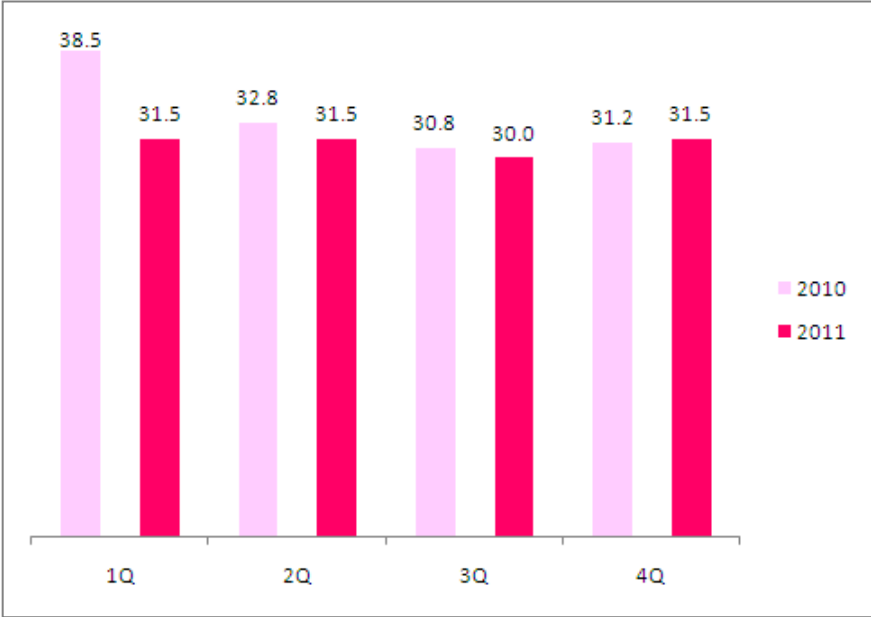


Net Sales	FY 2010	FY 2011	Change
Total	342.5	325.1	-17.3

Operating Income	FY 2010	FY 2011	Change
Total	2.3	3.5	+1.2

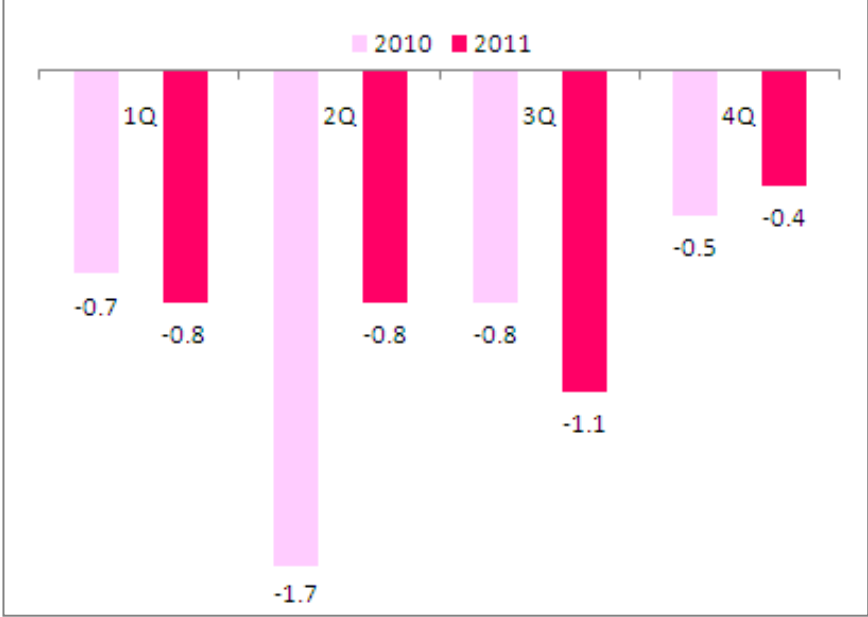
# 2-2. Segment Information : IT Solutions

## Sales



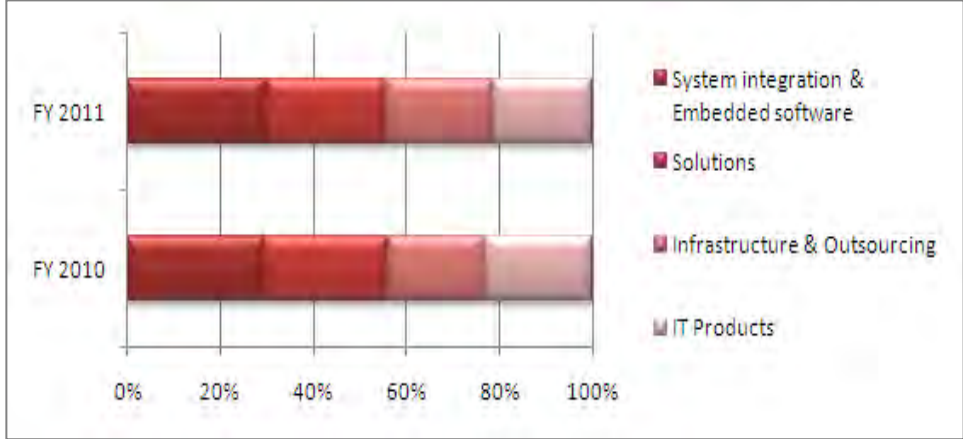
## Op. Income

billions of yen



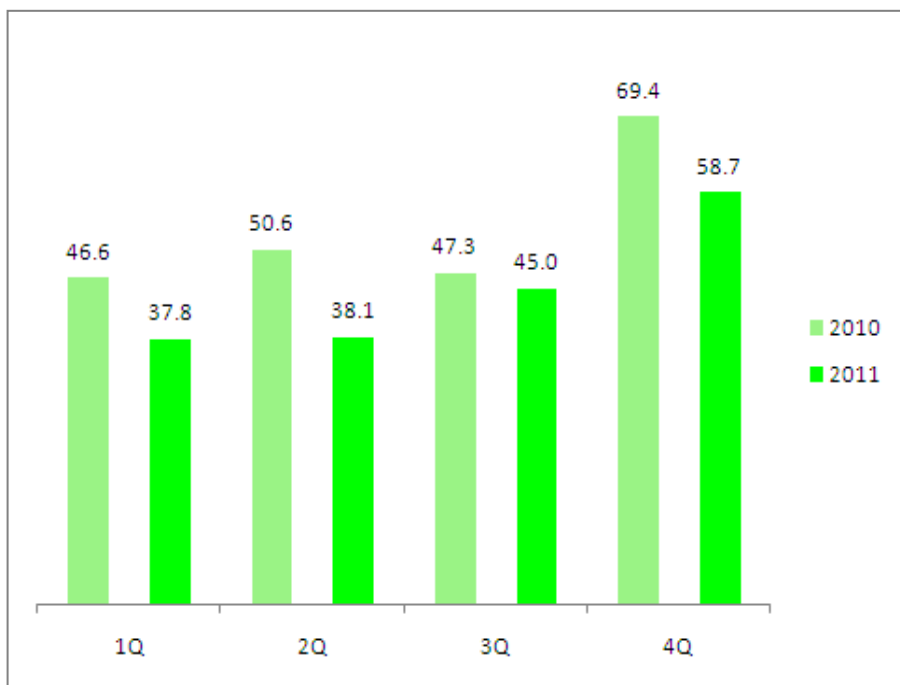
Net Sales	FY 2010	FY 2011	Change
Total	133.3	124.5	-8.8

Operating Income	FY 2010	FY 2011	Change
Total	-3.7	-3.1	+0.6



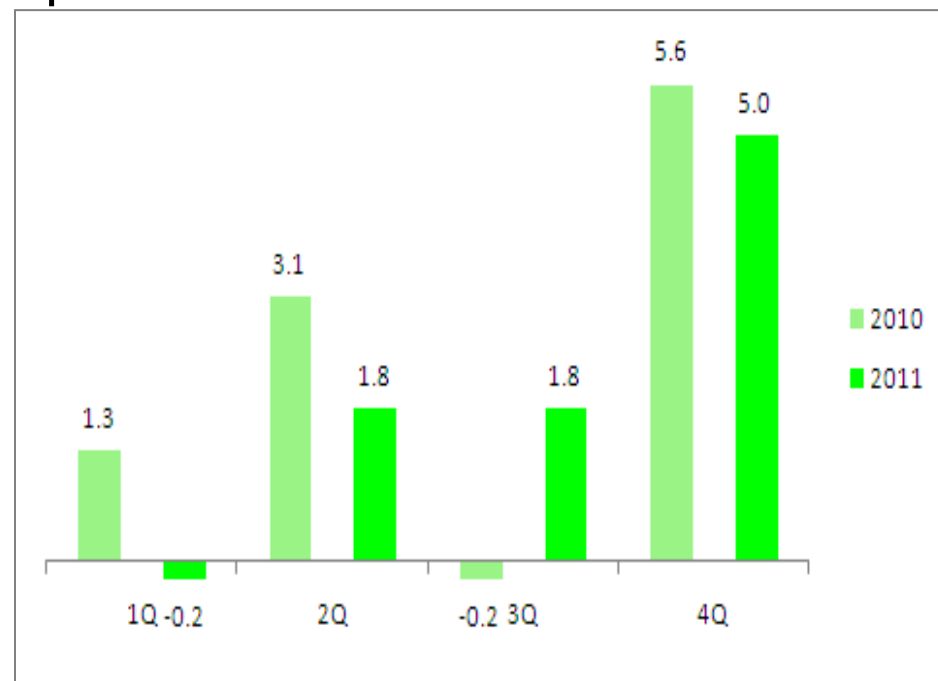
## 2-3. Segment Information: *Consumer Imaging*

### Sales



### Op. Income

billions of yen



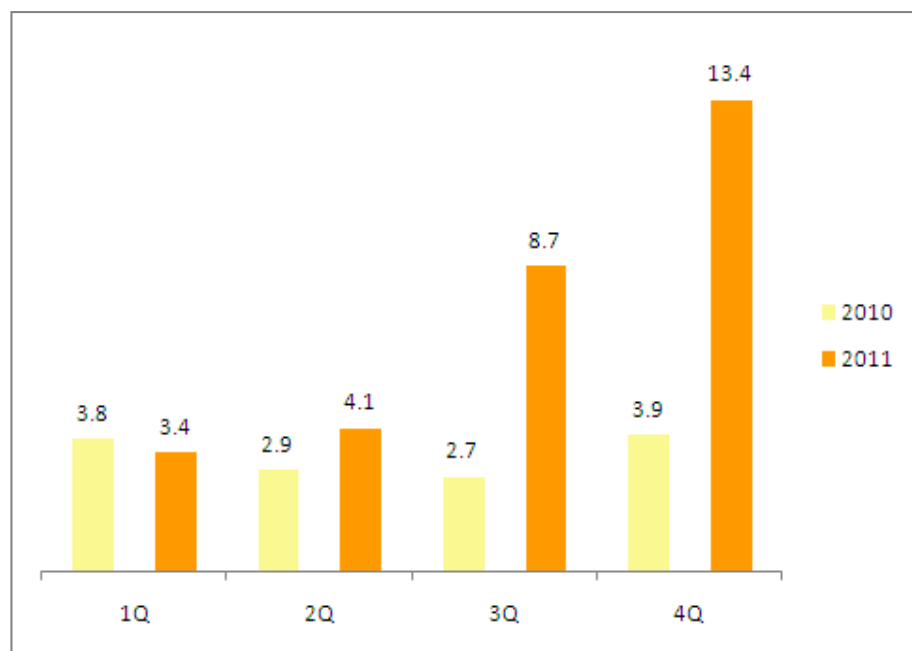
Net Sales	FY 2010	FY 2011	Change
Total	213.8	179.5	-34.3

Operating Income	FY 2010	FY 2011	Change
Total	9.8	8.4	-1.4



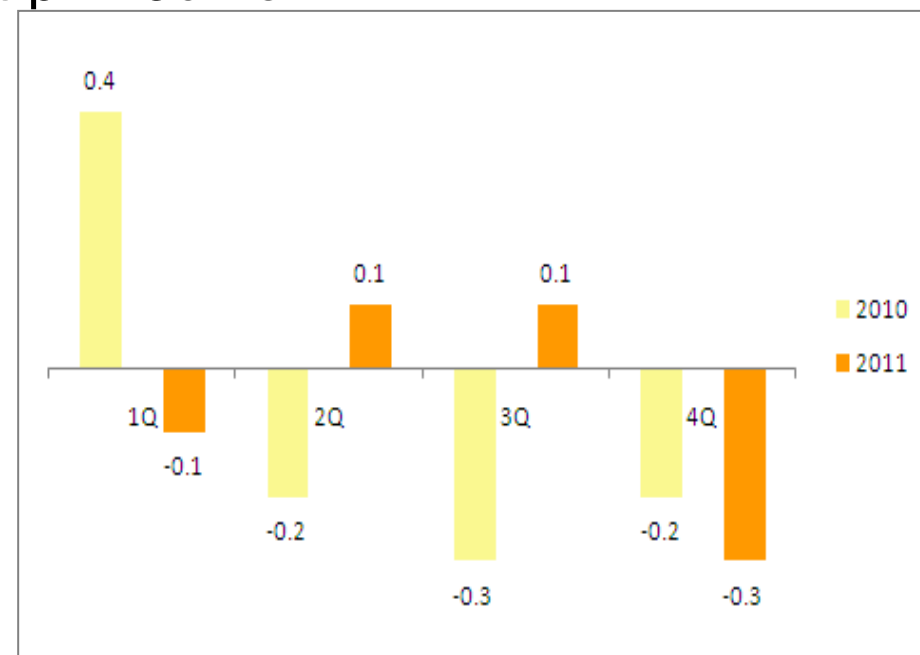
## 2-4. Segment Information : *Industrial equipment*

### Sales



### Op. Income

billions of yen



Net Sales	FY 2010	FY 2011	Change
Total	13.4	29.6	+16.3

Operating Income	FY 2010	FY 2011	Change
Total	-0.2	-0.2	-0

# FY 2012 Projections

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# 1. FY2012 Current Projection

billions of yen

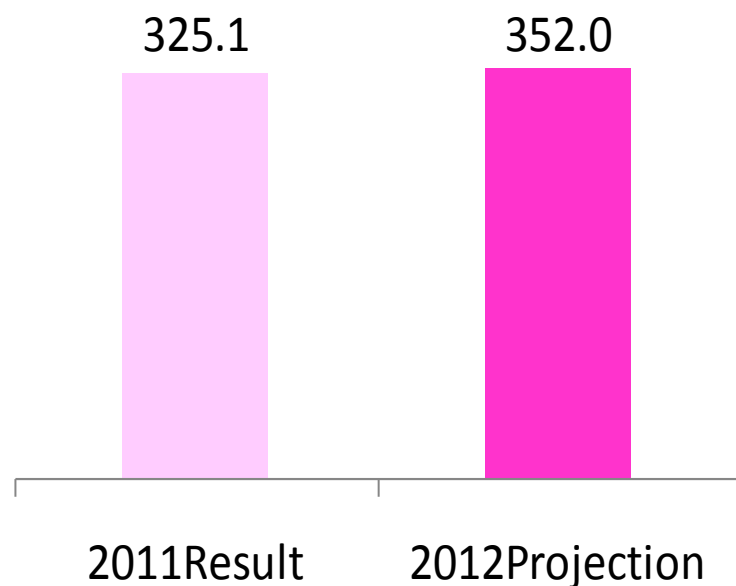
	FY2011 Result	FY 2012 Projection	Changes
			Amount
<b>Net Sales</b>	<b>632.4</b>	<b>717.0</b>	<b>+84.6</b>
	(1.3%)	(1.7%)	(+0.3%)
<b>Operating Income</b>	<b>8.4</b>	<b>12.0</b>	<b>+3.6</b>
	(1.7%)	(1.8%)	(+0.1%)
<b>Ordinary Income</b>	<b>10.7</b>	<b>13.1</b>	<b>+2.4</b>
	(1.1%)	(1.0%)	<b>(-0.1%)</b>
<b>Net Income</b>	<b>6.8</b>	<b>7.0</b>	<b>+0.2</b>

## 2. FY2012 Current Projection by segment

	FY2011 Result		FY 2012 Projection		billions of yen Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Business Solutions	325.1	3.5	352.0	3.5	+8%
IT Solutions	124.5	-3.1	134.9	-1.3	+8%	+1.8
Consumer imaging	182.1	8.5	212.5	9.3	+17%	+0.8
Industrial equipment	27.0	-0.3	39.1	0.1	+45%	+0.4
Other	-26.3	-0.1	-21.5	0.4	-18%	+0.5
<b>Total</b>	<b>632.4</b>	<b>8.4</b>	<b>717.0</b>	<b>12.0</b>	<b>+13%</b>	<b>+3.6</b>

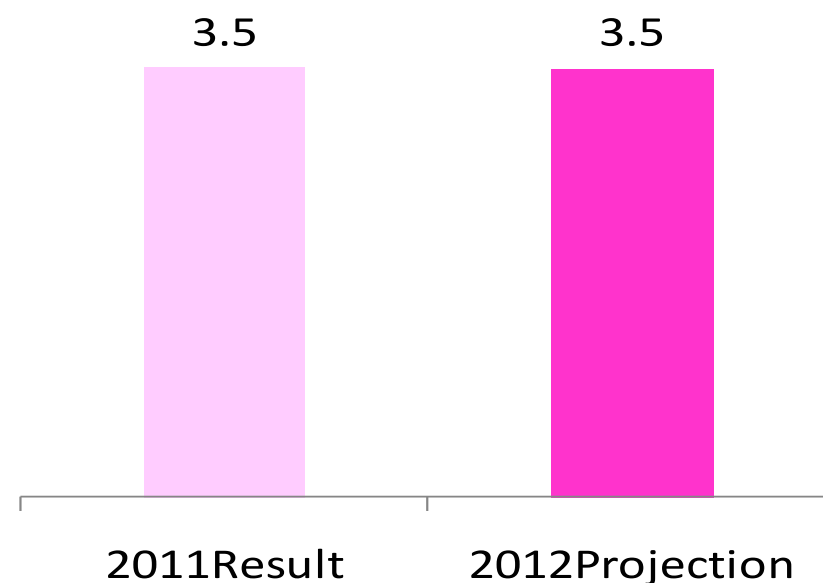
## 3-1. Segment Information : *Business Solutions*

Sales



Op. Income

billions of yen



Net Sales	FY 2011	FY 2012	Change
Total	325.1	352.0	+26.9

Operating Income	FY 2011	FY 2012	Change
Total	3.5	3.5	+0

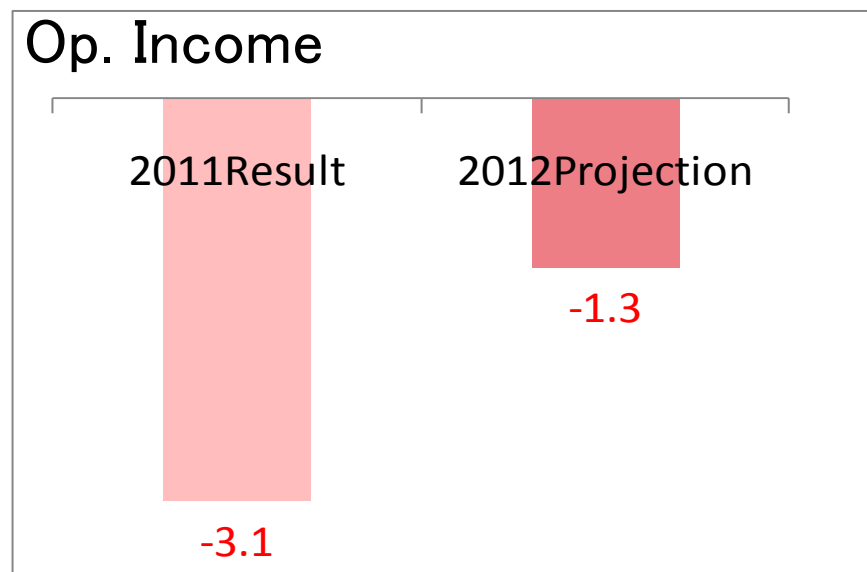
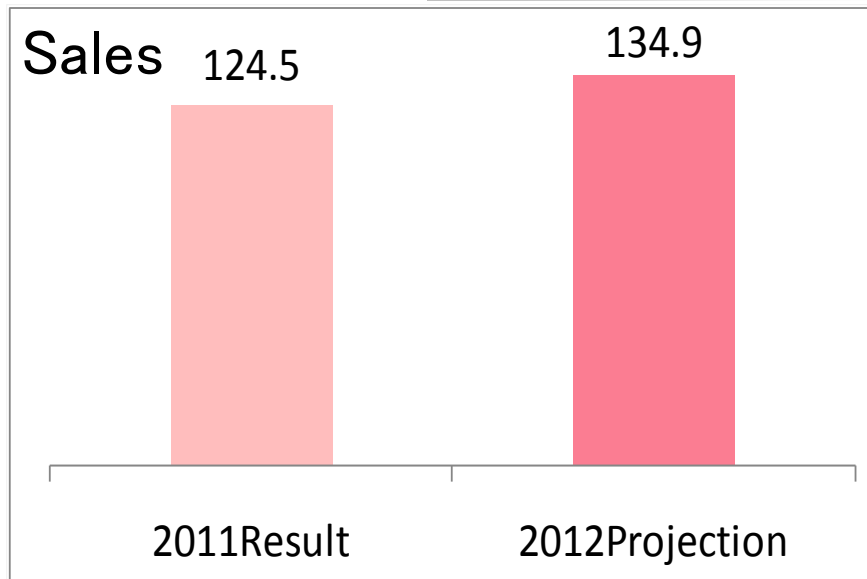
## 3-2. Segment Information : *IT Solutions*

billions of yen

Net Sales	FY 2011	FY 2012	Change
Total	124.5	134.9	+ 10.4

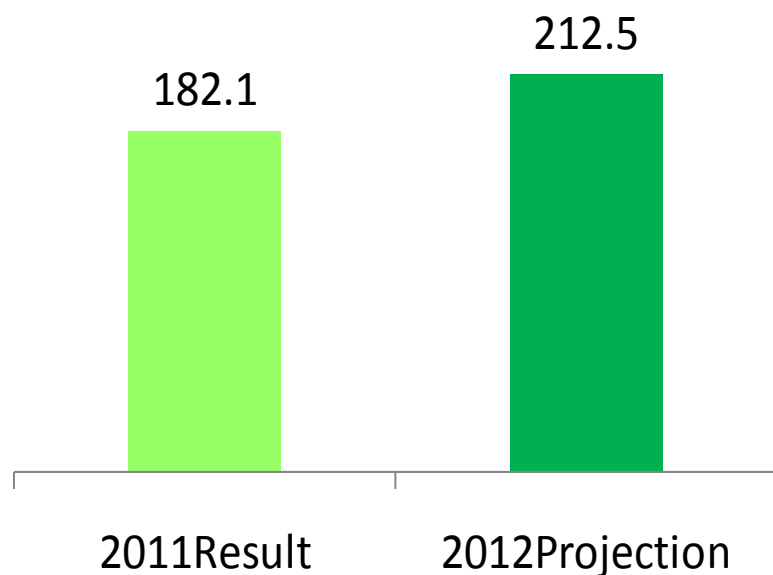
Operating Income	FY 2011	FY 2012	Change
Total	-3.1	-1.3	+1.8

Growth rate YoY		FY
System Integration & Embedded software	2011	-5%
	2012	+5%
Solutions	2011	-9%
	2012	+11%
Infrastructure & Outsourcing	2011	+4%
	2012	+7%
IT Products	2011	-14%
	2012	+8%



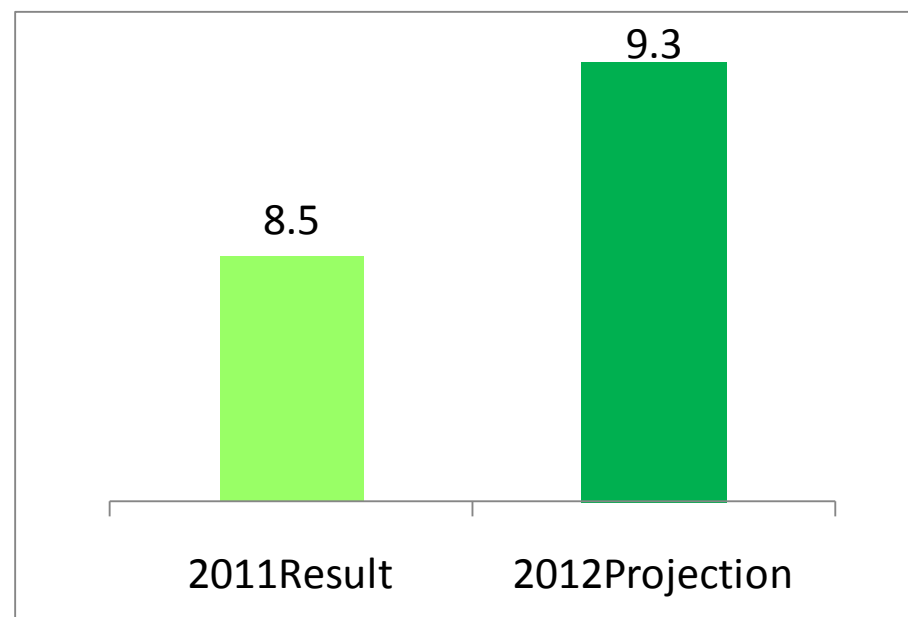
### 3-3. Segment Information: *Consumer Imaging*

Sales



Op. Income

billions of yen

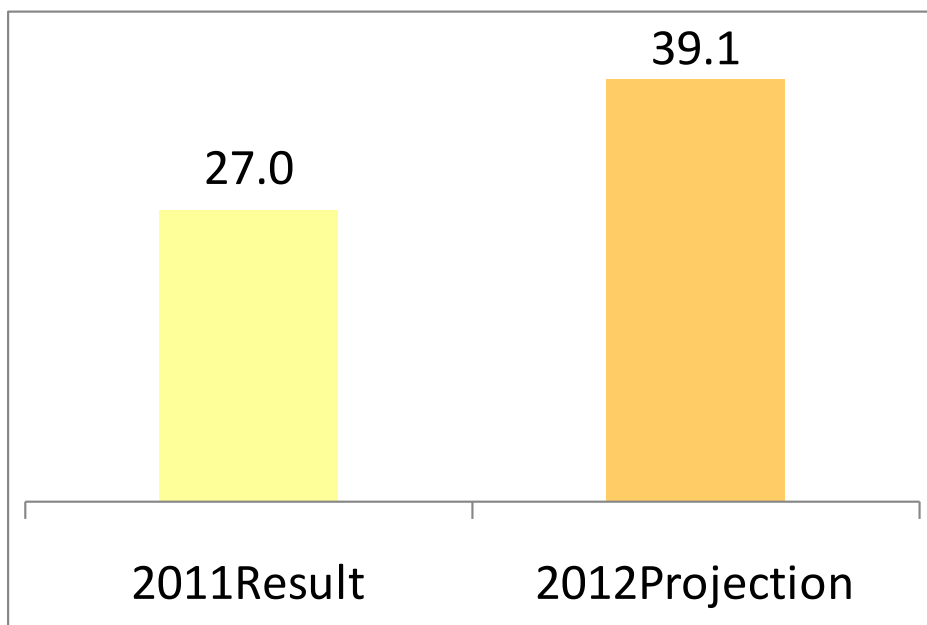


Net Sales	FY 2011	FY 2012	Change
Total	182.1	212.5	+30.4

Operating Income	FY 2011	FY 2012	Change
Total	8.5	9.3	+0.8

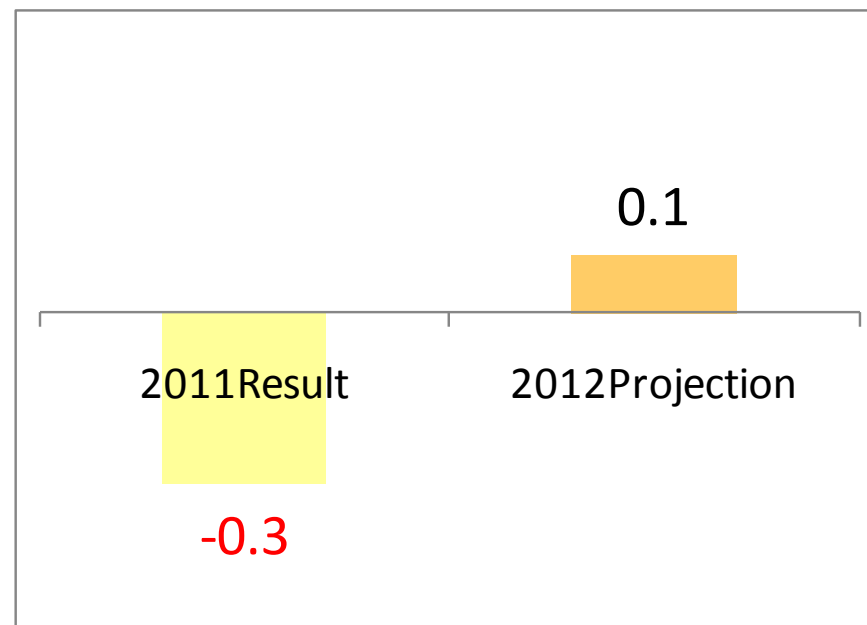
## 3-4. Segment Information : *Industrial equipment*

### Sales



### Op. Income

billions of yen



Net Sales	FY 2011	FY 2012	Change
Total	27.0	39.1	+12.1

Operating Income	FY 2011	FY 2012	Change
Total	-0.3	0.1	+0.4



# Supplementary information

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# 1-1. The main consolidated company results 1

billions of yen

	FY 2010		FY 2011		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
<b>Business Solutions</b>		(0.1%)		(-)		(-)
Canon System & Support	103.6	+0.1	98.7	-0.1	-4.9	-0.2
<b>IT Solutions</b>		(-)		(-)		(-)
Canon IT Solutions (Consolidated)	77.3	-0.4	73.8	-0.6	-3.6	-0.2
		(4.4%)		(5.3%)		(+0.9%)
Canon Software (Consolidated)	25.2	1.1	24.5	1.3	-0.7	+0.2
		(0.7%)		(0.7%)		(0.0%)
<b>IT Solutions TOTAL</b>	102.6	0.7	98.3	0.7	-4.3	+0.0

# 1-2. The main consolidated company results 2

billions of yen

## Changes

	4Q 2010		4Q 2011		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
<b>Business Solutions</b>		(-)		(2.7%)		(-)
Canon System & Support	25.3	-0.1	25.1	0.7	-0.2	+0.8
<b>IT Solutions</b>		(0.8%)		(0.2%)		(-0.6%)
Canon IT Solutions (Consolidated)	18.9	0.1	18.9	0.0	-0.0	-0.1
Canon Software (Consolidated)	6.3	0.5	6.6	0.6	+0.3	+0.1
<b>IT Solutions TOTAL</b>	25.2	0.7	25.5	0.6	+0.2	-0.0

## 2. Selling, general and administrative expenses

billions of yen

	2010		2011		Changes	
	4Q	FY	4Q	FY	4Q	FY
Advertising expenses	3.6	12.4	2.8	9.5	-0.9	-2.9
Promotion expenses	8.5	28.4	7.0	21.1	-1.4	-7.2
Warranty expenses	2.3	9.6	2.7	9.8	+0.3	+0.2
Other direct expenses	3.6	14.4	3.9	14.2	+0.4	-0.2
Personal expenses	29.4	118.0	31.7	122.8	+2.3	+4.7
Depreciation and amortization	1.0	3.7	0.8	2.8	-0.2	-0.9
Rent expenses	1.8	7.3	1.8	7.4	+0.1	+0.1
IT expenses	1.6	7.9	2.2	8.2	+0.5	+0.3
Other selling expenses	4.6	18.2	5.3	18.7	+0.7	+0.5
<b>TOTAL</b>	<b>56.4</b>	<b>219.8</b>	<b>58.2</b>	<b>214.5</b>	<b>+1.7</b>	<b>-5.4</b>

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

Billions of yen

	2010		2011		Changes	
	4Q	FY	4Q	FY	4Q	FY
Interest & Dividends income	0.1	0.5	0.0	0.4	-0.1	-0.0
Other	0.3	1.7	0.4	2.3	+0.2	+0.6
<b>Total non-operating income</b>	<b>0.4</b>	<b>2.1</b>	<b>0.5</b>	<b>2.7</b>	<b>+0.1</b>	<b>+0.6</b>
Interest expenses	0.0	0.0	-0.0	0.1	-0.0	+0.1
Other	0.1	0.4	0.1	0.4	+0.0	+0.1
<b>Total non-operating expenses</b>	<b>0.1</b>	<b>0.4</b>	<b>0.1</b>	<b>0.5</b>	<b>+0.0</b>	<b>+0.1</b>
Gain on negative goodwill	-	-	2.1	4.5	+2.1	+4.5
Gain on sales of noncurrent assets	0.0	0.0	-0.0	0.0	-0.0	-0.0
Gain on sales of investment securities	-	0.2	0.0	0.0	+0.0	-0.2
Gain on transfer of business	-	0.4	-	-	-	-0.4
<b>Total extraordinary income</b>	<b>0.0</b>	<b>0.6</b>	<b>2.1</b>	<b>4.5</b>	<b>+2.1</b>	<b>+3.9</b>
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	1.2	-	+1.2
Loss on disaster	-	-	0.0	1.0	+0.0	+1.0
Loss on valuation of investment securities	-0.3	0.0	-0.0	0.3	+0.3	+0.2
Loss on sales of investment securities	-	-	0.0	0.2	+0.0	+0.2
Loss on sales and retirement of noncurrent assets	0.1	0.5	0.1	0.4	-0.0	-0.0
Impairment loss	0.0	0.5	0.3	0.5	+0.2	-0.0
Office transfer expenses	-	0.0	0.3	0.5	+0.3	+0.5
Other	0.1	0.5	0.1	0.2	-0.0	-0.4
<b>Total extraordinary losses</b>	<b>-0.1</b>	<b>1.5</b>	<b>0.8</b>	<b>4.2</b>	<b>+0.9</b>	<b>+2.7</b>

## 4. Balance sheets

billions of yen

	Dec. 31, 2010	Dec. 31, 2011	changes
<b>Assets</b>			
<b>Current assets</b>	<b>301.7</b>	<b>301.9</b>	<b>+0.2</b>
Cash and deposits	110.6	102.5	-8.1
Notes and accounts receivable-	118.9	123.0	+4.1
Inventories	20.5	26.3	+5.8
Other	51.7	50.0	-1.7
<b>Noncurrent assets</b>	<b>146.9</b>	<b>145.9</b>	<b>-1.0</b>
Property, plant and equipment	86.1	91.9	+5.8
Intangible assets	23.7	20.4	-3.3
Investments and other	37.0	33.5	-3.5
<b>Total assets</b>	<b>448.6</b>	<b>447.8</b>	<b>-0.8</b>
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>157.2</b>	<b>151.1</b>	<b>-6.2</b>
Notes and accounts payable-trade	102.9	100.0	-2.8
Other	54.4	51.0	-3.4
<b>Noncurrent liabilities</b>	<b>44.5</b>	<b>45.4</b>	<b>+0.9</b>
<b>Net Assets</b>			
Shareholders' equity	246.8	250.9	+4.0
Treasury stock	-22.2	-22.2	+0.0
Valuation and translation adjustments	-0.2	-0.2	-0.0
Minority interests	0.2	0.6	+0.5
<b>Total net assets</b>	<b>246.8</b>	<b>251.3</b>	<b>+4.5</b>
<b>Total liabilities and net assets</b>	<b>448.6</b>	<b>447.8</b>	<b>-0.8</b>
<b>Equity ratio</b>	<b>55%</b>	<b>56%</b>	<b>1%</b>

<i>Turnover Date</i>	Inventories	Notes and accounts receivable
FY2007	14	72
FY2008	15	67
FY2009	13	65
FY2010	11	64
FY2011	14	66

# 5. Cash flows & Capital Investment

## Capital Investment and Depreciation and amortization

billions of yen

### ■ Investment

FY

	FY
2010	18.0
2011	16.2

### ■ Depreciation and amortization

FY

	FY
2010	13.7
2011	15.3

## Cash flow

billions of yen

	FY 2010	FY 2011
Net cash provided by (used in) operating activities	35.2	8.8
Net cash provided by (used in) investing activities	-13.0	-12.2

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.