

# **Canon Marketing Japan Inc.**

## **FY 2012 Results**

**January 29, 2013**

***Yo Shibasaki***

***Director***

**Senior Vice President**

# 1-1. 4Q FY2012 Consolidated Results



(October 1 ~ December 31)

billions of yen

Three months	4Q 2011	4Q 2012	Changes	
				%
<b>Net Sales</b>	182.0	189.1	+7.1	+4%
	(35.2%)	(35.6%)	(+0.5%)	
<b>Gross Profit</b>	64.0	67.4	+3.3	+5%
	(3.2%)	(3.7%)	(+0.4%)	
<b>Operating Income</b>	5.9	6.9	+1.0	+18%
	(3.4%)	(3.8%)	(+0.3%)	
<b>Ordinary Income</b>	6.2	7.1	+0.9	+14%
	(2.4%)	(2.5%)	(+0.1%)	
<b>Net Income</b>	4.4	4.8	+0.4	+9%

# 1-2. 4Q FY2012 Results by segment



(October 1 ~ December 31)

billions of yen

Three months	4Q 2011		4Q 2012		Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Business Solutions	84.5	1.6	85.7	-0.0	+1.1	-1.6
IT Solutions	31.5	-0.4	32.8	0.3	+1.3	+0.7
Consumer Imaging	59.7	5.1	70.3	6.8	+10.6	+1.8
Industrial Equipment	12.4	-0.4	6.5	-0.5	-5.9	-0.1
Other	-6.2	0.0	-6.2	0.3	-0.1	+0.3
Total	182.0	5.9	189.1	6.9	+7.1	+1.0

# 1-3. FY 2012 Consolidated Results



(January 1 ~ December 31)

billions of yen

	FY 2011	FY 2012	Changes	
				%
Net Sales	632.4	681.2	+48.8	+8%
	(35.2%)	(35.7%)	(+0.4%)	
Gross Profit	222.9	242.9	+20.0	+9%
	(1.3%)	(2.5%)	(+1.1%)	
Operating Income	8.4	16.8	+8.4	+99%
	(1.7%)	(2.7%)	(+1.0%)	
Ordinary Income	10.7	18.1	+7.4	+70%
	(1.1%)	(1.6%)	(+0.5%)	
Net Income	6.8	10.6	+3.8	+56%

# 1-4. FY 2012 Results by segment



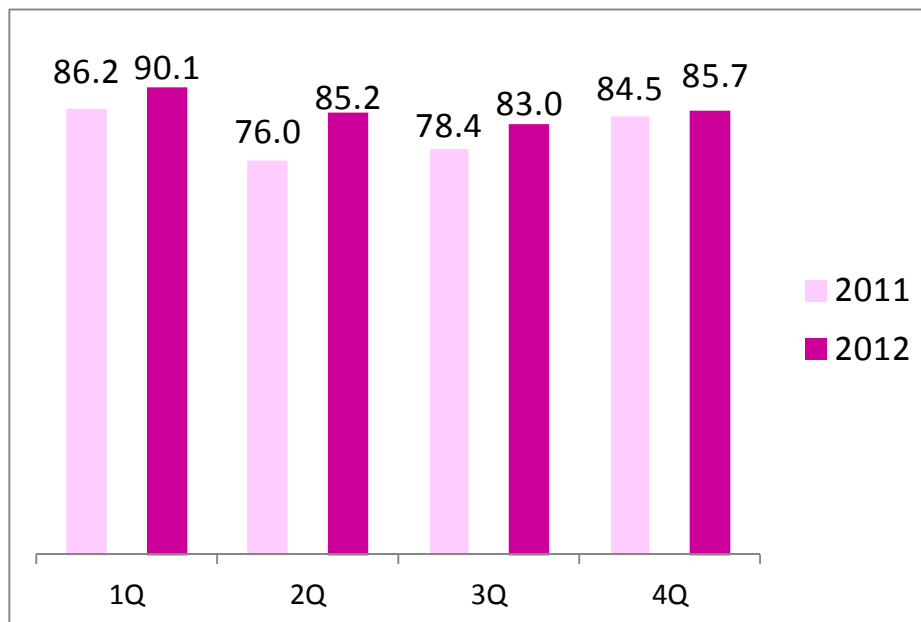
(January 1 ~ December 31)

billions of yen

	FY 2011		FY 2012		Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Business Solutions	325.1	3.5	344.0	6.3	+18.9	+2.8
IT Solutions	124.5	-3.1	131.3	0.2	+6.8	+3.3
Consumer Imaging	182.1	8.5	200.6	10.9	+18.5	+2.5
Industrial Equipment	27.0	-0.3	30.7	-1.2	+3.7	-0.9
Other	-26.3	-0.1	-25.4	0.6	+0.9	+0.7
Total	632.4	8.4	681.2	16.8	+48.8	+8.4

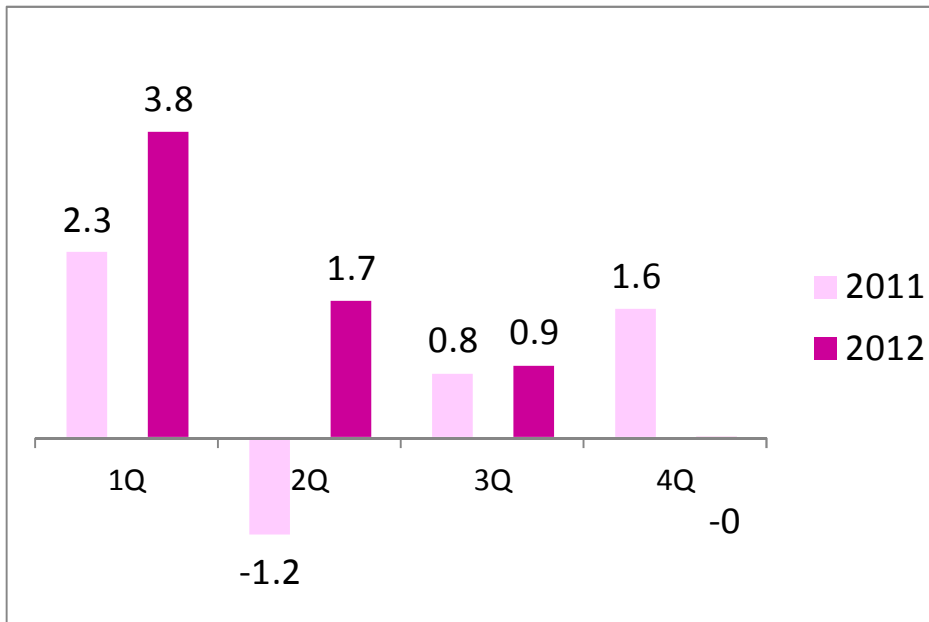
## 2-1. Segment Information : *Business Solutions*

### Sales



### Operating Income

billions of yen



#### ■ Results 2012 v. 2011

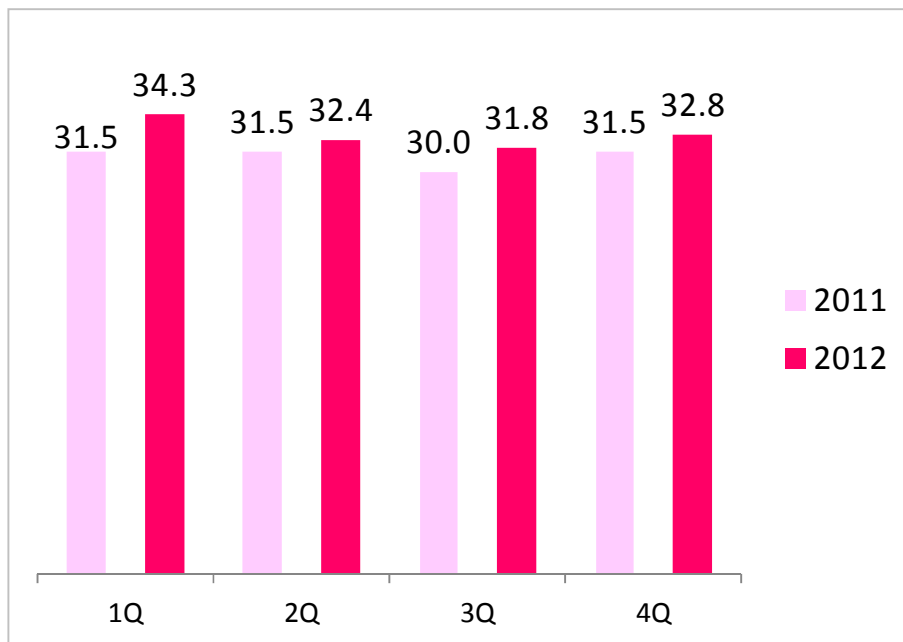
	2011	2012	Change
Net Sales	325.1	344.0	+ 18.9
Operating Income	3.5	6.3	+2.8

#### ■ Sales year-on-year rate of change table

	1Q	2Q	3Q	4Q	FY
FY 2011	-4%	-10%	-6%	-0%	-5%
FY 2012	+5%	+12%	+6%	+1%	+6%

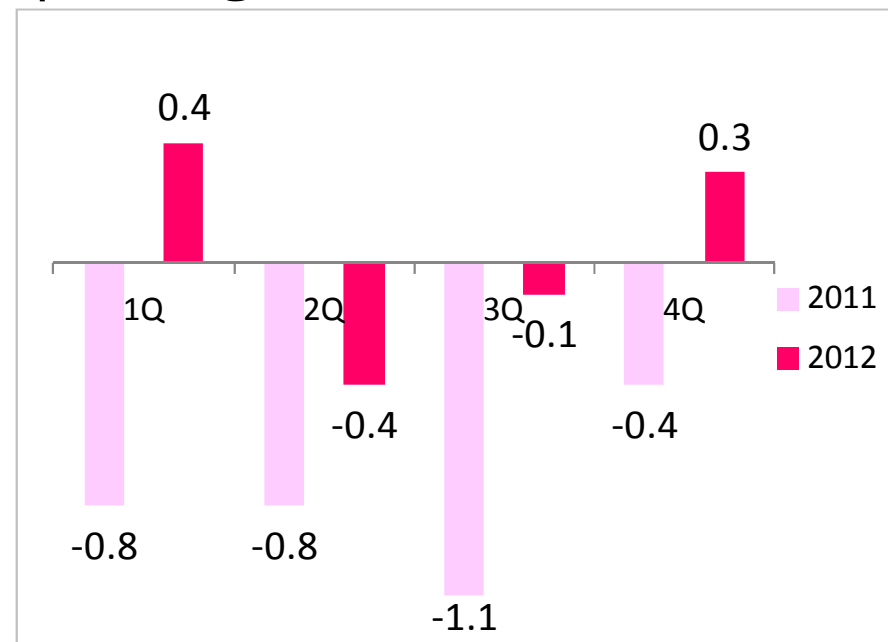
## 2-2. Segment Information : *IT Solutions*

### Sales



### Operating Income

billions of yen



#### ■ Results 2012 v. 2011

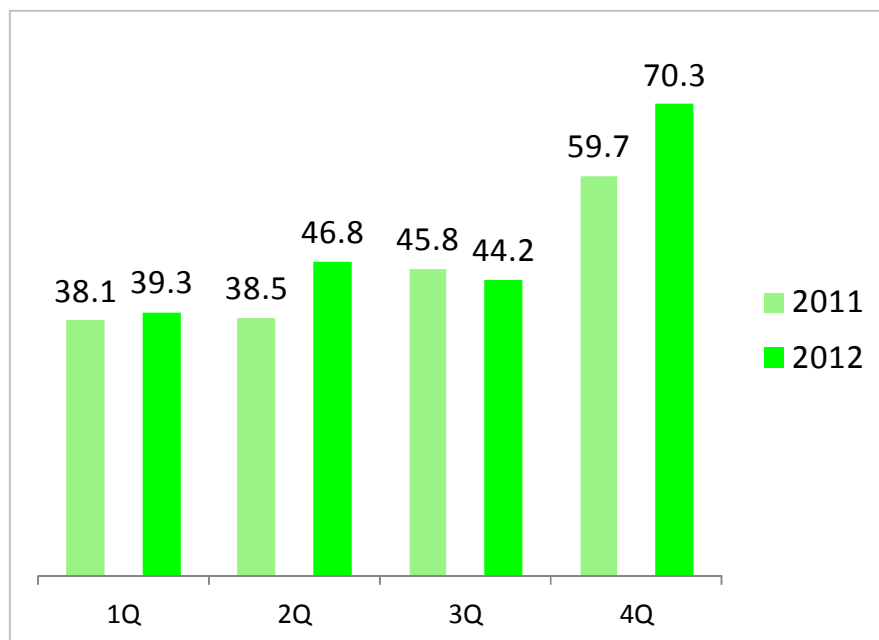
	2011	2012	Change
Net Sales	124.5	131.3	+6.8
Operating Income	-3.1	0.2	+3.3

#### ■ Sales year-on-year rate of change table

	1Q	2Q	3Q	4Q	FY
FY 2011	-18%	-4%	-3%	+1%	-7%
FY 2012	+9%	+3%	+6%	+4%	+5%

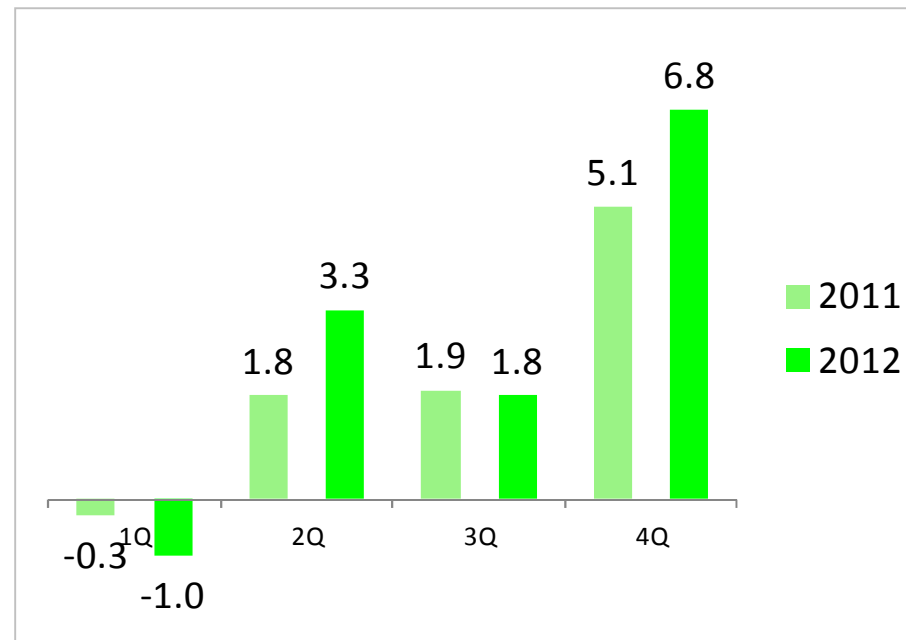
## 2-3. Segment Information: *Consumer Imaging*

### Sales



### Operating Income

billions of yen



#### ■ Results 2012 v. 2011

	2011	2012	Change
Net Sales	182.1	200.6	+18.5
Operating Income	8.5	10.9	+2.5

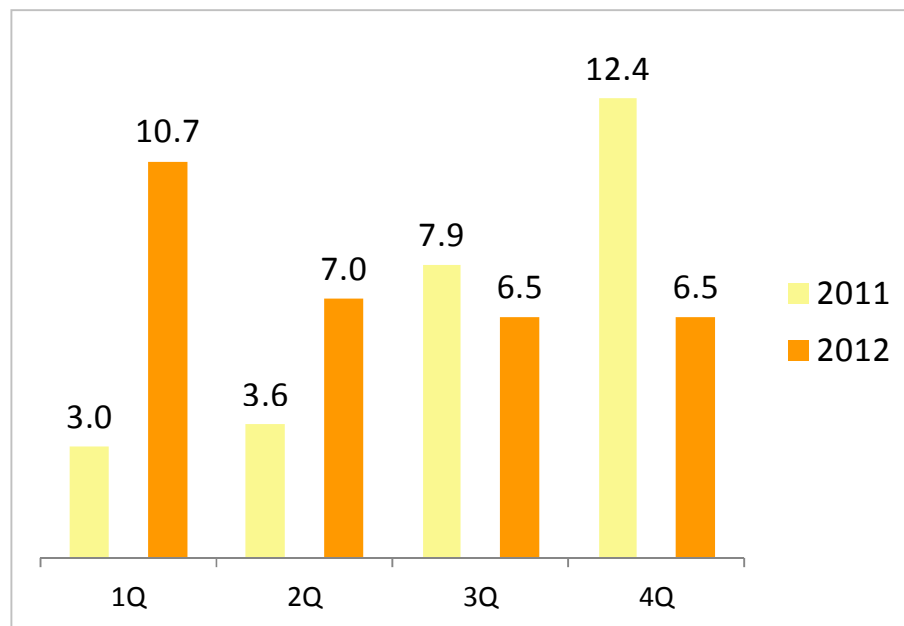
#### ■ Sales year-on-year rate of change table

	1Q	2Q	3Q	4Q	FY
FY 2011	-18%	-24%	-3%	-14%	-15%
FY 2012	+3%	+22%	-4%	+18%	+10%



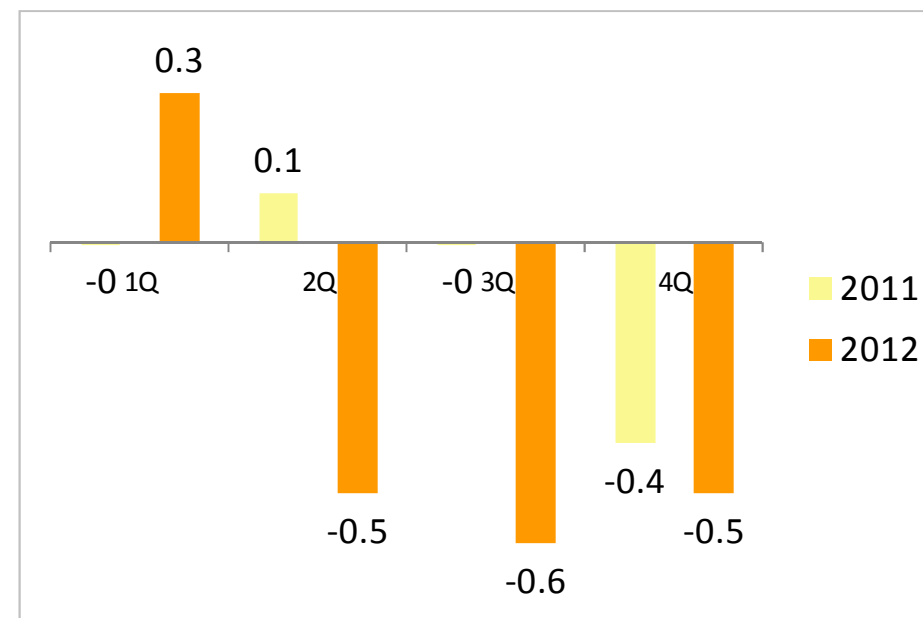
## 2-4. Segment Information : *Industrial equipment*

### Sales



### Operating Income

billions of yen



#### ■ Results 2012 v. 2011

	2011	2012	Change
Net Sales	27.0	30.7	+3.7
Operating Income	-0.3	-1.2	-0.9

#### ■ Sales year-on-year rate of change table

	1Q	2Q	3Q	4Q	FY
FY 2011	-21%	+26%	+190%	+217%	+102%
FY 2012	+254%	+91%	-18%	-47%	+14%

# FY 2013 Projections

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**Canon**

Canon Marketing Japan Inc.

# 1-1. FY2013 Current Projection



	billions of yen			
	FY 2012 Result	FY 2013 Projection	Changes	
<b>Net Sales</b>	659.2	684.8	+25.6	+4%
	(2.5%)	(2.6%)	(+0.1%)	
<b>Operating Income</b>	16.8	18.0	+1.2	+7%
	(2.7%)	(2.8%)	(+0.2%)	
<b>Ordinary Income</b>	18.1	19.0	+0.9	+5%
	(1.6%)	(1.5%)	(-0.1%)	
<b>Net Income</b>	10.6	10.6	+0.0	+0%

\*Due to the change in accounting policy since 2013, the 2012 actual net sales was reclassified by deducting certain deductible items. The reclassified net sales represent the result of tentative calculation as of the date of this release. The accounting change does not have a material impact on the Company's operating income.

# 1-2. FY2013 Current Projection by segment

	FY 2012 Result		FY 2013 Projection		billions of yen Changes		
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales		Operating Income
Business Solutions	330.9	6.3	336.7	7.0	+5.8	+2%	+0.7
IT Solutions	131.0	0.2	139.4	0.7	+8.4	+6%	+0.5
Imaging System	192.0	10.9	199.2	9.7	+7.2	+4%	-1.2
Industrial Equipment	30.7	-1.2	35.6	0.1	+4.9	+16%	+1.3
Other	-25.4	0.6	-26.1	0.5	-0.7	+3%	-0.1
<b>Total</b>	<b>659.2</b>	<b>16.8</b>	<b>684.8</b>	<b>18.0</b>	<b>25.6</b>	<b>+4%</b>	<b>+1.2</b>

\*Due to the change in accounting policy since 2013, the 2012 actual net sales was reclassified by deducting certain deductible items. The reclassified net sales represent the result of tentative calculation as of the date of this release. The accounting change does not have a material impact on the Company's operating income.

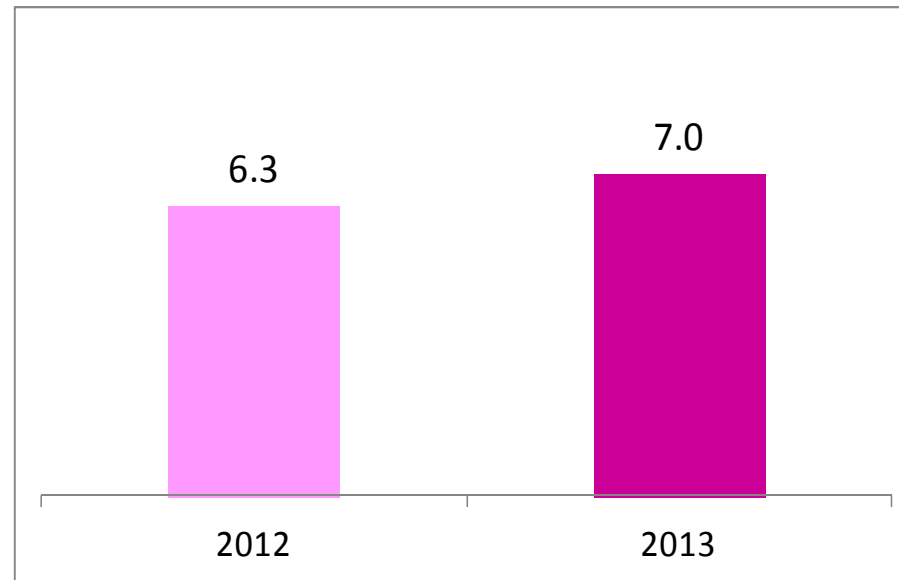
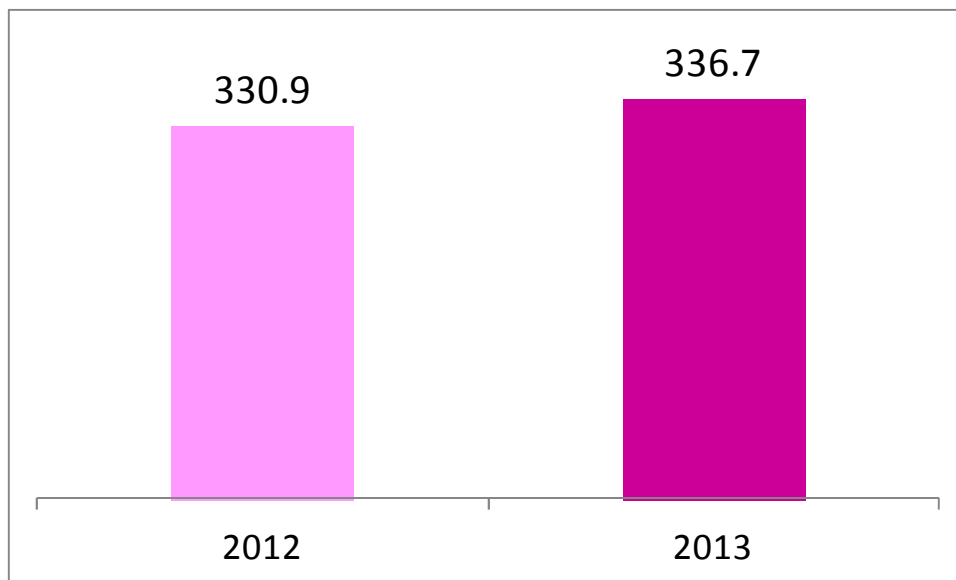
\*The "Consumer" segment has been renamed the "Imaging System".

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

Sales

Operating Income

billions of yen



	FY 2012 Results	FY 2013 Current Projection	Changes
Net Sales	330.9	336.7	+5.8
Operating Income	6.3	7.0	+0.7

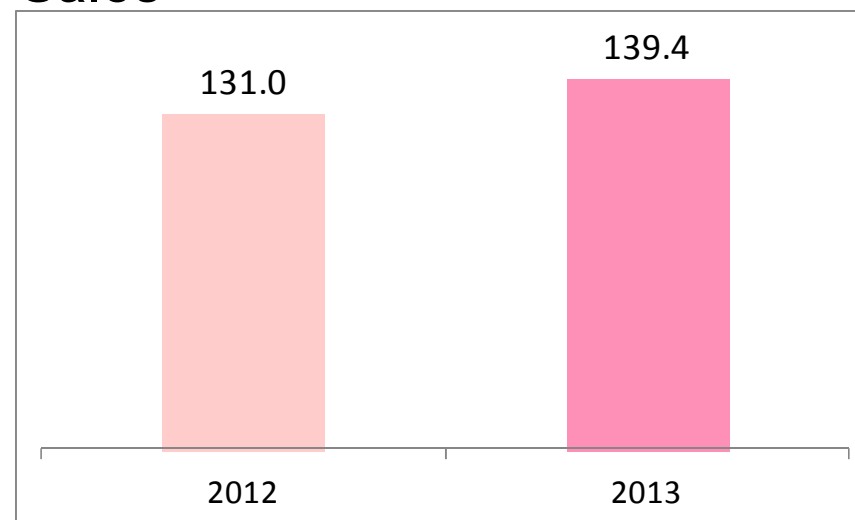
## 2-2. Segment Information : *IT Solutions*

billions of yen

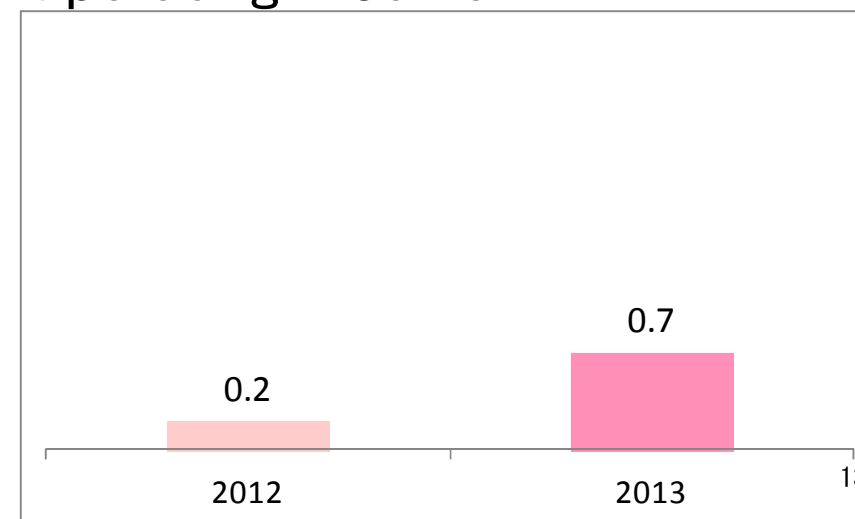
	FY2012 Results	FY2013 Current Projection	Changes
Net Sales	131.0	139.4	+8.4
Operating Income	0.2	0.7	+0.5

Growth rate YoY		
System Integration Business	2012	+7%
	2013	+11%
IT Infrastructure & Service Business	2012	-1%
	2013	+8%
Embedded System Business	2012	+2%
	2013	+4%
Products Business	2012	+10%
	2013	+1%

### Sales

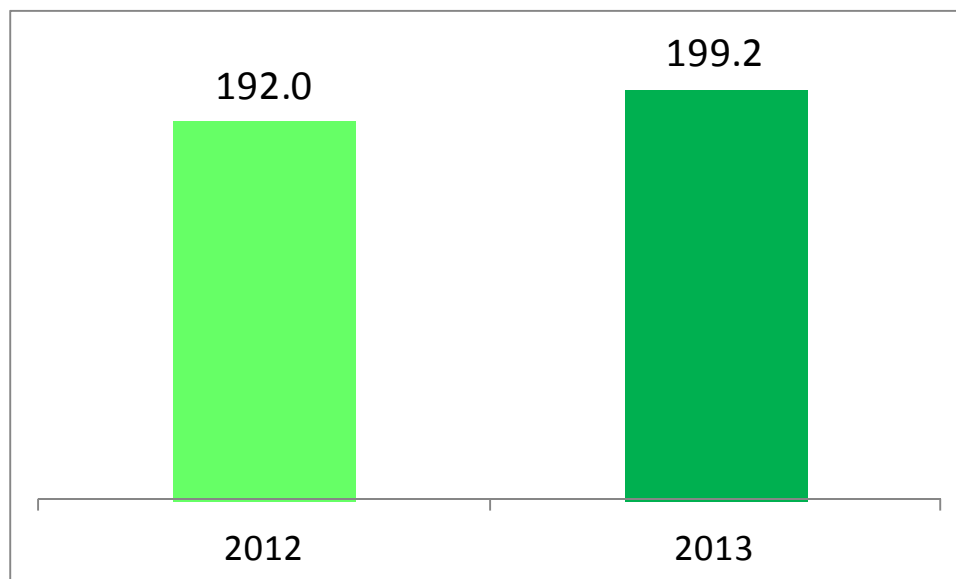


### Operating Income



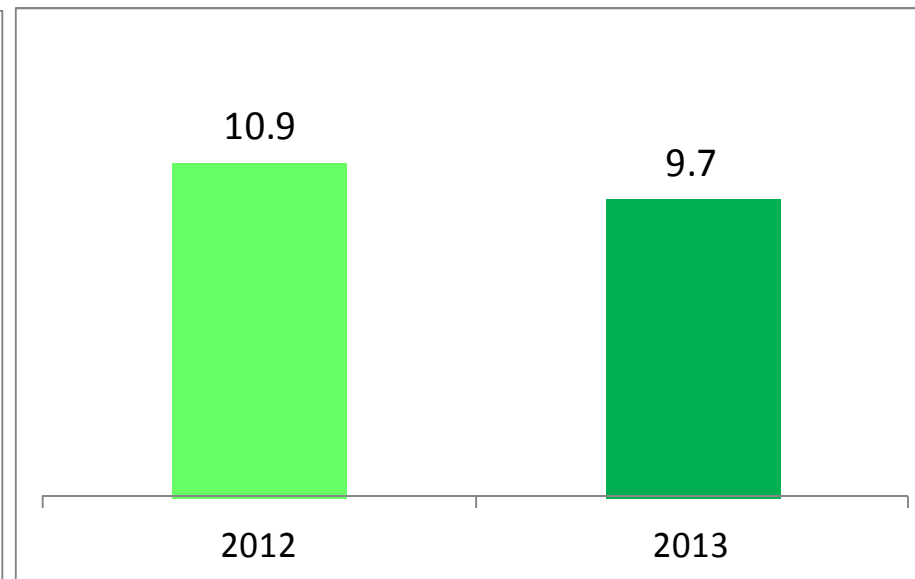
## 2-3. Segment Information: *Imaging System*

Sales



Operating Income

billions of yen

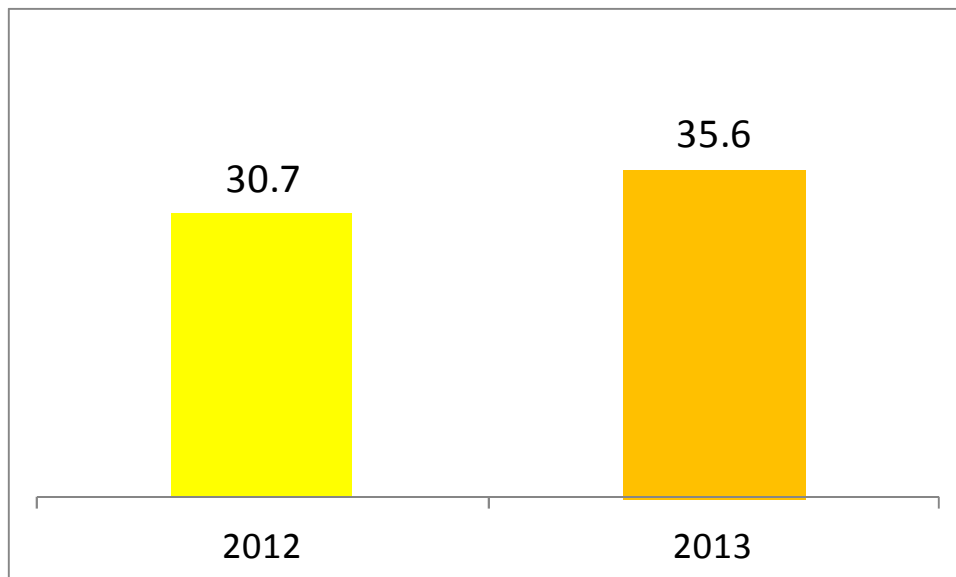


	FY 2012 Results	FY 2013 Current Projection	Changes
Net Sales	192.0	199.2	+7.2
Operating Income	10.9	9.7	-1.2

\*The "Consumer" segment has been renamed the "Imaging System".

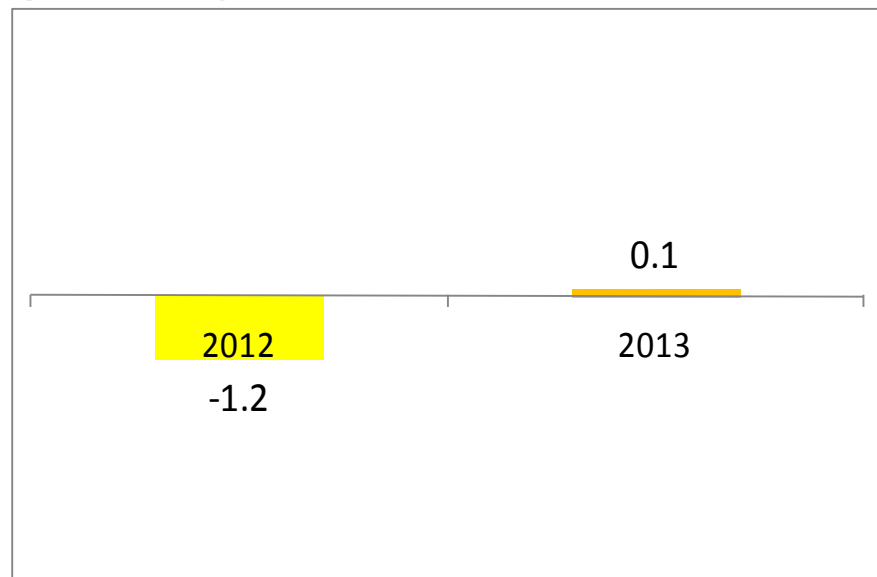
## 2-4. Segment Information : *Industrial equipment*

Sales



Operating Income

billions of yen



	FY 2012 Results	FY 2013 Current Projection	Changes
Net Sales	30.7	35.6	+4.9
Operating Income	-1.2	0.1	+1.3



## Notice Regarding of Dividend for the Fiscal Year Ended December 31, 2012

	Ratified Amount	Current Dividend Forecast (Announced on October 23, 2012)	Dividend Paid for the Fiscal Year Ended December 31, 2011
Base Period	December 31, 2012	Same as left	December 31, 2011
Dividend per Share	¥14.00	¥10.00	¥10.00
Dividend Amount	¥1,863 million	-	¥1,371 million
Effective Date	March 28, 2013	-	March 29, 2012
Payment Source	Retained earnings	-	Retained earnings

Canon Marketing Japan has positioned the return of profit to its shareholders as an important part of the management policy, and emphasizes the stable payment of dividends, with the consolidated dividend payout ratio taken into consideration.

Taking into overall account the Company's performance and other factors in the current term as well as its policy of stable dividend payments, the Company has decided to pay a year-end dividend for the current fiscal year of 14 yen per share, an increase from 10 yen per share the Company had announced on October 23, 2012.

# Supplementary information

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**Canon**

Canon Marketing Japan Inc.

# 1-1. The main consolidated company results



## 4Q FY2012 (October 1 ~ December 31)

billions of yen

Three months	4Q 2011		4Q 2012		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
<b>Business Solutions</b>						
Canon System & Support	25.1	0.7 (2.7%)	25.1	-0.3 (-)	-0.1 (-0%)	-0.9 (-)
SHOWA INFORMATION SYSTEMS	2.8	0.1 (3.5%)	3.0	0.2 (7.3%)	+0.3 (+9%)	+0.1 (+3.8%)
<b>IT Solutions</b>						
Canon IT Solutions (Consolidated)	18.9	0.0 (0.2%)	19.6	0.2 (1.0%)	+0.7 (+4%)	+0.2 (+0.9%)
Canon Software (Consolidated)	6.6	0.6 (9.1%)	5.6	0.6 (11.4%)	-0.9 (-14%)	+0.0 (+2.3%)
<b>IT Solutions TOTAL</b>	<b>25.5</b>	<b>0.6 (2.5%)</b>	<b>25.2</b>	<b>0.9 (3.4%)</b>	<b>-0.3 (-1%)</b>	<b>+0.2 (+0.9%)</b>
<b>Industrial Equipment</b>						
Canon Lifecare Solutions (Consolidated)	4.8	-0.3 (-)	4.2	-0.1 (-)	-0.6 (-12%)	0.2 (-)

# 1-2. The main consolidated company results



FY2012 (January 1 ~ December 31)

billions of yen

	2011 FY		2012 FY		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
<b>Business Solutions</b>						
Canon System & Support	98.7	(-) -0.1	103.5	(1.2%) 1.2	+5% +4.8	(-) +1.3
SHOWA INFORMATION SYSTEMS	10.4	(0.2%) 0.0	11.1	(1.6%) 0.2	+6% +0.7	(+1.4%) +0.2
<b>IT Solutions</b>						
Canon IT Solutions (Consolidated)	73.8	(-) -0.6	80.4	(1.4%) 1.1	+9% +6.6	(-) +1.7
Canon Software (Consolidated)	24.5	(5.3%) 1.3	21.5	(9.2%) 2.0	-12% -3.0	(+3.7%) +0.7
<b>IT Solutions TOTAL</b>	<b>98.3</b>	(0.7%) <b>0.7</b>	<b>101.9</b>	(3.0%) <b>3.1</b>	+4% <b>+3.6</b>	(+2.3%) <b>+2.4</b>
<b>Industrial Equipment</b>						
Canon Lifecare Solutions (Consolidated)	20.7	(-) -0.4	20.4	(-) -0.3	-2% -0.3	(-) +0.0

## 2. Selling, general and administrative expenses

billions of yen

	2011		2012		Changes	
	4Q	FY	4Q	FY	4Q	FY
Advertising expenses	2.8	9.5	3.6	11.5	+0.9	+2.1
Promotion expenses	7.0	21.1	8.7	25.7	+1.6	+4.6
Warranty expenses	2.7	9.8	2.3	9.0	-0.3	-0.7
Other direct expenses	3.9	14.2	3.7	14.0	-0.2	-0.2
Personnel expenses	31.7	122.8	32.4	128.0	+0.7	+5.2
Depreciation and amortization	0.8	2.8	0.7	2.5	-0.1	-0.3
Rent expenses	1.8	7.4	1.8	7.3	-0.0	-0.1
IT expenses	2.2	8.2	2.3	8.8	+0.1	+0.5
Other selling expenses	5.3	18.7	5.0	19.3	-0.3	+0.6
<b>TOTAL</b>	<b>58.2</b>	<b>214.5</b>	<b>60.5</b>	<b>226.1</b>	<b>+2.3</b>	<b>+11.6</b>

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

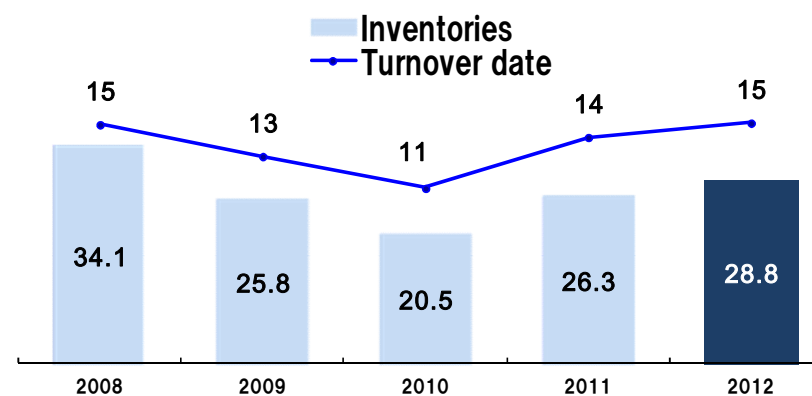
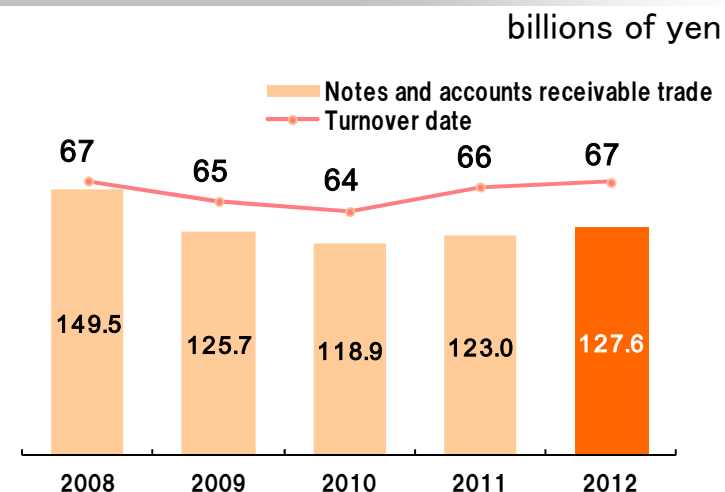
Canon

billions of yen

	2011		2012		Changes	
	4Q	FY	4Q	FY	4Q	FY
Interest & Dividends income	0.0	0.4	0.1	0.4	0.1	-0.0
Other	0.4	2.3	0.3	1.4	-0.2	-0.9
<b>Total non-operating income</b>	<b>0.5</b>	<b>2.7</b>	<b>0.4</b>	<b>1.8</b>	<b>-0.1</b>	<b>-1.0</b>
Interest expenses	-0.0	0.1	0.0	0.1	0.0	-0.0
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>0.5</b>	<b>0.0</b>	<b>-0.0</b>
Gain on negative goodwill	2.1	4.5	-0.0	0.1	-2.1	-4.4
Gain on sales of noncurrent assets	-0.0	0.0	0.1	0.1	0.1	0.1
Gain on sales of investment securities	0.0	0.0	0.1	0.1	0.0	0.1
Other	0.0	0.0	-0.0	0.0	-0.0	-0.0
<b>Total extraordinary income</b>	<b>2.1</b>	<b>4.5</b>	<b>0.1</b>	<b>0.4</b>	<b>-2.0</b>	<b>-4.1</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	-0.0	0.3	-0.0	0.0	0.0	-0.2
Expenses related to changing in business name	-	-	0.1	0.1	0.1	0.1
Loss on sales and retirement of noncurrent assets	0.1	0.4	0.1	0.5	0.0	0.1
Impairment loss	0.3	0.5	-	0.0	-0.3	-0.5
Office transfer expenses	0.3	0.5	0.0	0.1	-0.3	-0.4
Other	0.1	0.3	0.1	0.1	-0.0	-0.2
<b>Total extraordinary losses</b>	<b>0.8</b>	<b>4.2</b>	<b>0.4</b>	<b>0.9</b>	<b>-0.5</b>	<b>-3.3</b>

## 4. Balance sheets

	Dec. 31, 2011	Dec. 31, 2012	changes
<b>Assets</b>			
<b>Current assets</b>	301.9	316.6	14.7
Cash and deposits	102.5	108.4	5.9
Notes and accounts receivable trade	123.0	127.6	4.6
Inventories	26.3	28.8	2.5
Other	50.0	51.7	1.7
<b>Noncurrent assets</b>	145.9	146.0	0.1
Property, plant and equipment	91.9	99.6	7.6
Intangible assets	20.4	16.0	-4.4
Investments and other assets	33.5	30.4	-3.1
<b>Total assets</b>	<b>447.8</b>	<b>462.6</b>	<b>14.8</b>
<b>Liabilities</b>			
<b>Current liabilities</b>	151.1	163.4	12.3
Notes and accounts payable-trade	100.0	104.2	4.1
Other	51.0	59.2	8.2
<b>Noncurrent liabilities</b>	45.4	45.1	-0.3
<b>Net Assets</b>			
Shareholders' equity	250.9	253.9	3.0
Treasury stock	-22.2	-26.9	-4.7
Accumulated other comprehensive income	-0.2	0.0	0.2
Minority interests	0.6	0.2	-0.4
<b>Total net assets</b>	<b>251.3</b>	<b>254.1</b>	<b>2.8</b>
<b>Total liabilities and net assets</b>	<b>447.8</b>	<b>462.6</b>	<b>14.8</b>
<b>Equity ratio</b>	<b>56%</b>	<b>55%</b>	<b>-1%</b>



# 5. Cash flows & Capital Investment

## Capital Investment and Depreciation and amortization

billions of yen

### Investment

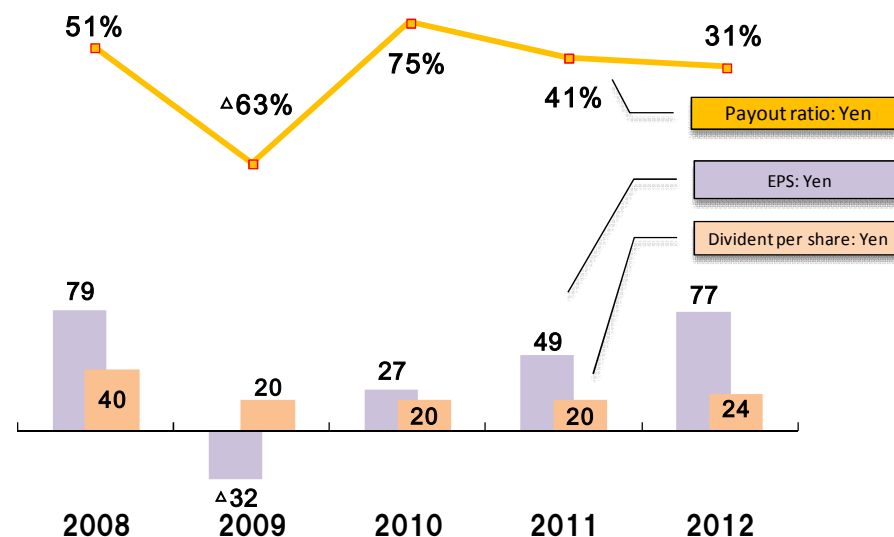
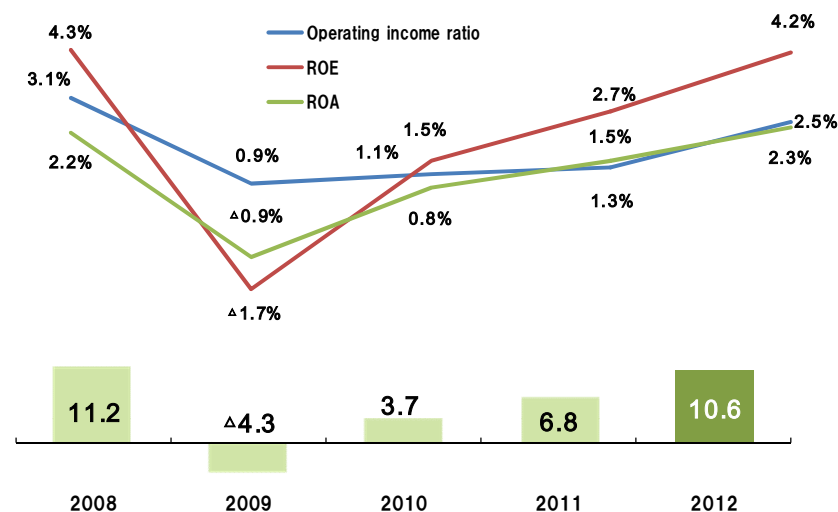
	FY	Projection
2012		22.0
2013		15.6

### Depreciation and amortization

	FY	Projection
2012		16.3
2013		17.1

## Cash flow

	billions of yen	
	2011	2012
Net cash provided by (used in) operating activities	8.7	33.8
Net cash provided by (used in) investing activities	-3.4	-16.1





**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.