

Canon profit drops, cuts forecasts due to tsunami

April 26 2011, By JACOB ADELMAN , Associated Press

(AP) -- Canon said its first quarter profit dropped slightly on costs from an acquisition and Tuesday warned that full year earnings would take a hit from disrupted production due to Japan's earthquake and tsunami.

Canon's [net profit](#) for the January-March quarter slipped 2.4 percent to 55.5 billion yen (\$676 million) from 56.8 billion yen a year earlier.

Costs related to Canon's March 2010 acquisition of Dutch printer and scanner company Océ NV increased operating expenses by 42 billion yen (\$512 million), which took a bite out of profits.

Sales increased 11.1 percent to 839.2 billion yen (\$10.2 billion), with the [economic recovery](#) in the United States and parts of Europe sustaining demand for laser printers and other office equipment.

Demand was also brisk for point-and-shoot digital cameras in emerging markets such as India and China, the company said.

However, with last month's disasters dimming the company's outlook, Canon lowered its forecasts for the full fiscal year through Dec. 31.

Canon suffered damage to buildings and inventory and experienced production holdups due to electricity restrictions and other factors.

"Shortages in the supply capacity for certain products are expected to continue," it said.

Canon now expects to book a net profit of 220 billion yen (\$2.7 billion) on sales of 3.75 trillion yen (\$45.7 billion). Back in January it estimated net profit of 310 billion yen and 4.1 trillion yen in sales.

The company's net profit for 2010 was 246.6 billion yen on 3.7 trillion in sales.

Unlike many Japanese companies, Canon's fiscal year matches the calendar year. Canon bases its earnings on U.S. accounting standards.

Ahead of its first quarter results, [Canon](#) shares declined 0.9 percent to 3,495 yen, close to the Nikkei 225 index's 1.2 percent fall.

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