



# Canon Inc.

## First Quarter 2013 Results

April 24, 2013

**Toshizo Tanaka**

**Executive Vice President & CFO**

---

This presentation contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project" or "should" and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this presentation. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

# Agenda

■ 1Q 2013 Results P3 – 5

---

■ FY 2013 Projections P6 – 9

---

■ Details by Business P10 – 15

---

■ Financial Situation P16 – 18

---

■ Supplementary Information P19 – 24

---

# 1Q 2013 in Summary

## External Environment

- ✓ Last year's global economic weakness continued
  - Growing signs of a slowdown in China and Europe
  - ➔ Greater than expected severity in the markets in which we participate

## Results

- ✓ Sales and profit decline due to challenging external environment
  - Cooling markets
  - Severe price competition

# Summary of Results

1Q 2013 Actual

(Billions of yen)

	1Q 2013 Actual	1Q 2012 Actual	Pct. Change
<b>Net Sales</b>	<b>816.7</b>	<b>829.2</b>	-1.5%
<b>Gross Profit</b>	<b>385.9</b>	<b>390.9</b>	-1.3%
(% Sales)	47.3%	47.1%	
<b>Op. Profit</b>	<b>54.8</b>	<b>82.7</b>	-33.8%
(% Sales)	6.7%	10.0%	
<b>Net Income</b>	<b>40.9</b>	<b>61.5</b>	-33.5%
Attributable to Canon Inc.			
(% Sales)	5.0%	7.4%	
Foreign Exchange Rate			
Yen – 1USD	92.76	79.72	
Yen – 1EURO	122.35	104.57	

# Transition in Sales and Op. Profit

1Q 2013 Actual v. 1Q 2012 Actual

(Billions of yen)

	Sales	Op. Profit
1Q 2012 Actual	829.2	82.7
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+86.3	+40.9
Sales Volume Impact		
Office	-13.8	
Imaging System	-23.7	
Industry and Others	-35.5	
.....		
Total	-73.0	-50.5
Others	-25.8	-18.3
Total Change	-12.5	-27.9
1Q 2013 Actual	816.7	54.8

## Change in Exchange Rate

- 1USD: 79.72 to 92.76 yen
- 1EURO: 104.57 to 122.35 yen

# Assumptions

## 2013 Current Projection

Average Exchange Rate	2Q-4Q13	FY13	FY12
■ Yen-1USD	95.00 yen	94.51 yen	79.96 yen
■ Yen-1EURO	125.00 yen	124.45 yen	102.80 yen

### Impact of Exchange Rate Movement (2Q-4Q Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	15.0 billion yen	5.8 billion yen
■ EURO	6.4 billion yen	3.5 billion yen

# Key Points FY2013

## External Environment

A strengthening tone of global economic recovery from the second half of 2013

## Outlook

- Activate the market through vigorous sales and marketing activities
- Invest in product development in order to strengthen product competitiveness
- Continue cost reduction activities



Fully utilize our product strength and sales & marketing skills to return to a path of growth

# Summary of Projected Results

## FY 2013 Current Projection

(Billions of yen)

	FY 2013 Current Projection	FY 2012 Actual	Pct. Change
<b>Net Sales</b>	<b>3,980.0</b>	<b>3,479.8</b>	+14.4%
<b>Gross Profit</b>	<b>1,974.3</b>	<b>1,650.0</b>	+19.7%
(% Sales)	49.6%	47.4%	
<b>Op. Profit</b>	<b>450.0</b>	<b>323.9</b>	+39.0%
(% Sales)	11.3%	9.3%	
<b>Net Income</b>	<b>290.0</b>	<b>224.6</b>	+29.1%
Attributable to Canon Inc.			
(% Sales)	7.3%	6.5%	
Foreign Exchange Rate			
Yen – 1USD	94.51	79.96	
Yen – 1EURO	124.45	102.80	



# Transition in Sales and Op. Profit

FY 2013 Current Projection v. FY 2013 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jan. 30, 2013)	3,810.0	410.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+264.6	+129.0
Sales Volume Impact		
Office	+9.0	
Imaging System	-44.8	
Industry and Others	-28.8	
.....		
Total	-64.6	-39.0
Others	-30.0	-50.0
Total Change	+170.0	+40.0
Current Projection (Apr. 24, 2013)	3,980.0	450.0

**Change in Exchange Rate**

- 1USD: 85.00 to 94.51 yen
- 1EURO: 115.00 to 124.45 yen

# Office

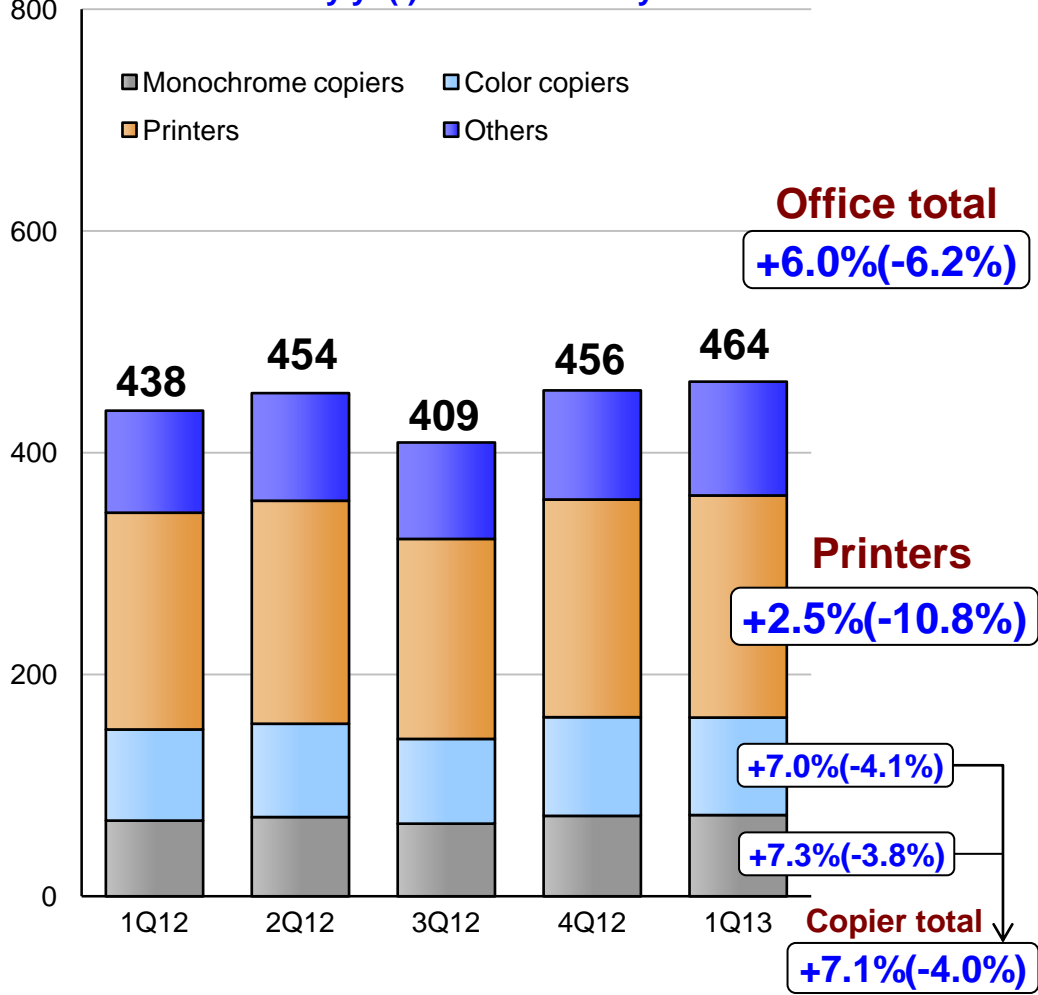
1Q 2013 Actual

1Q13 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	-1%	-14%
Monochrome	-8%	+3%
Total	-6%	+0%

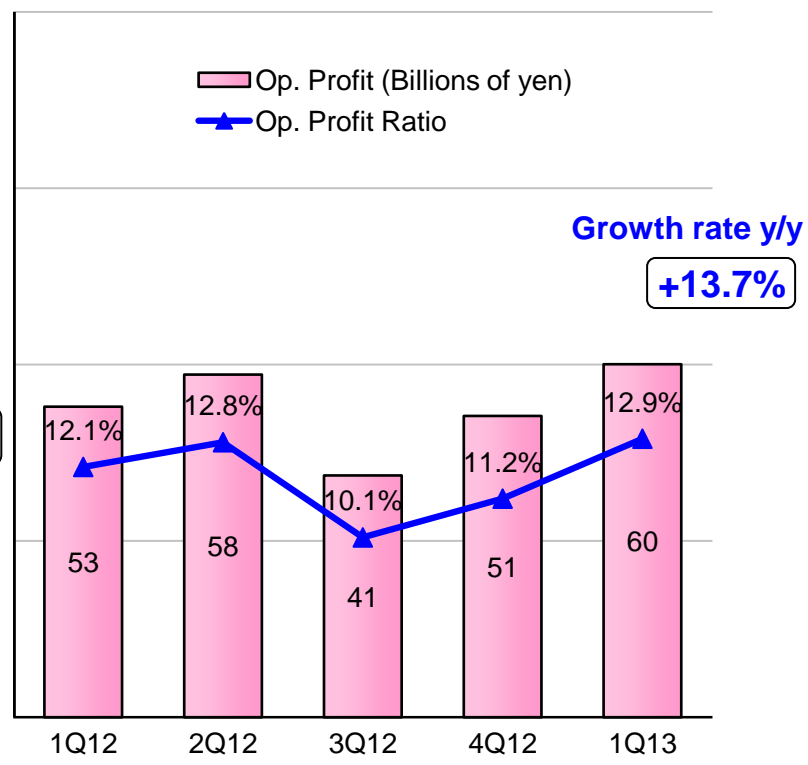
1Q13 Color Ratio		
	Copiers	Printers
Value Base*	55%	45%
Unit Base	36%	13%

\*Includes Consumables

(Billions of yen) **Sales**  
Growth rate y/y ( ) Local currency base



## Op.Profit



# Office

## FY 2013 Projection

FY13 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+19%	+16%
Monochrome	+5%	+11%
Total	+10%	+11%

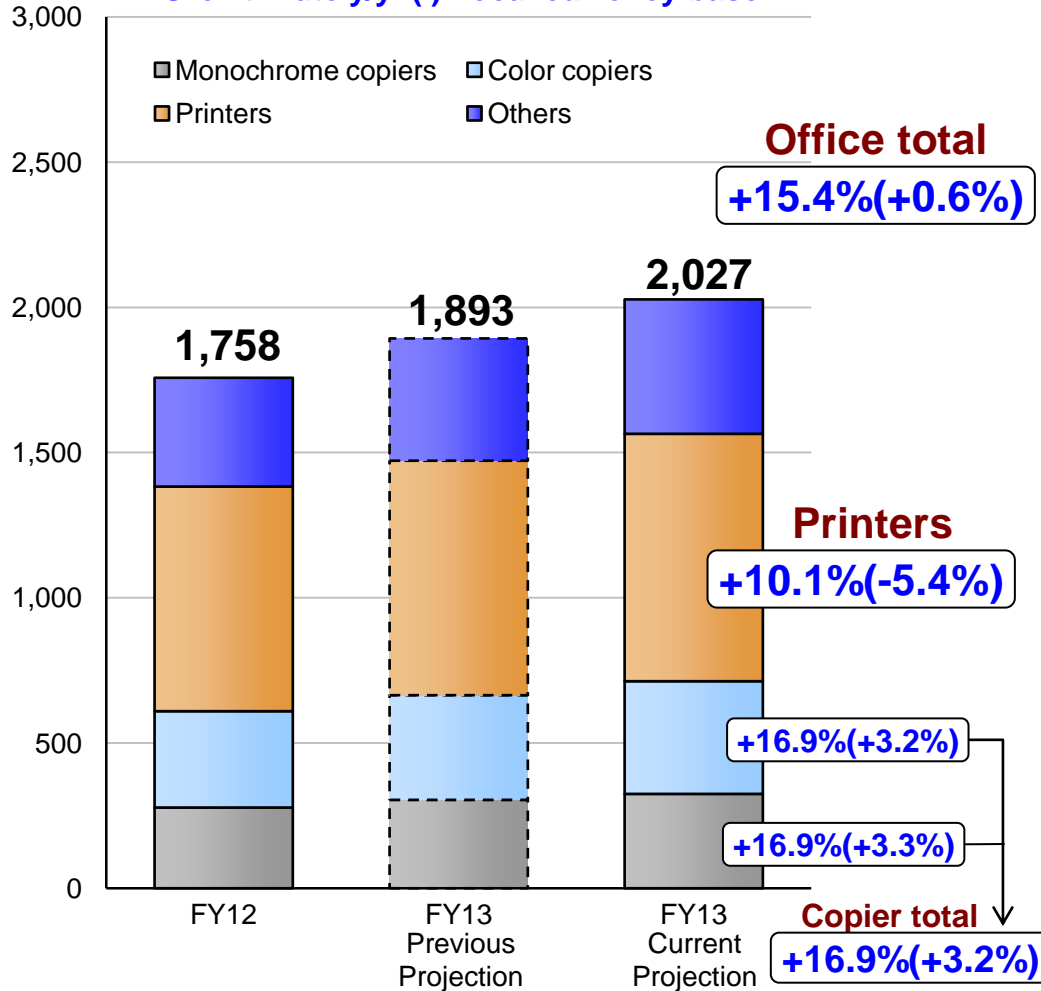
FY13 Color Ratio		
	Copiers	Printers
Value Base*	54%	47%
Unit Base	36%	14%

\*Includes Consumables

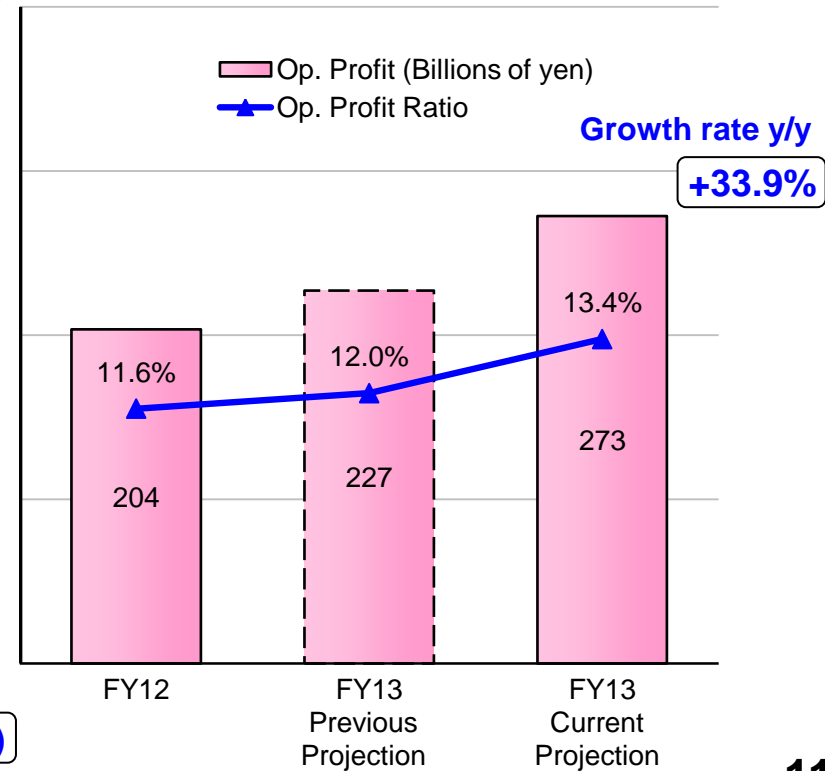
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op.Profit



# Imaging System

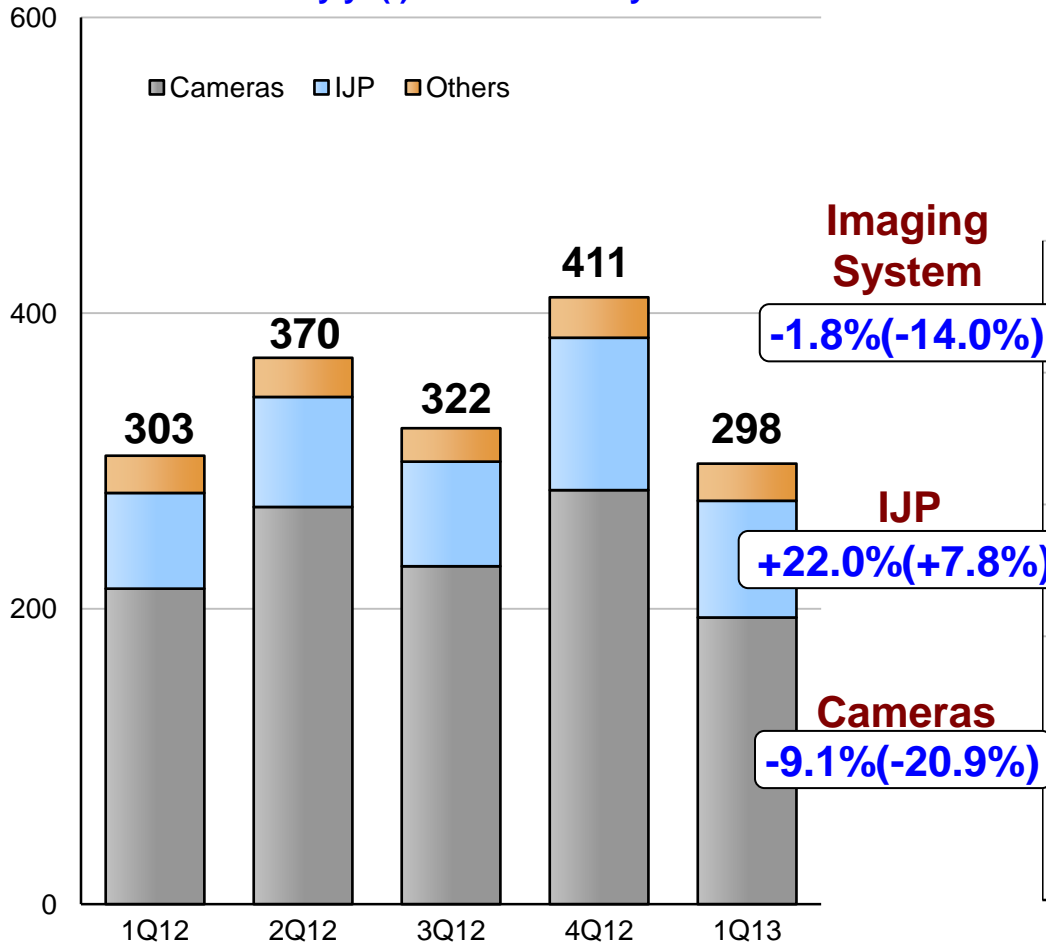
1Q 2013 Actual

Growth Rate y/y (Unit Base)	
	1Q13
Interchangeable Lens Digital Cameras	-15%
Compact Digital Cameras	-37%
Total Digital Cameras	-31%
IJP	+14%

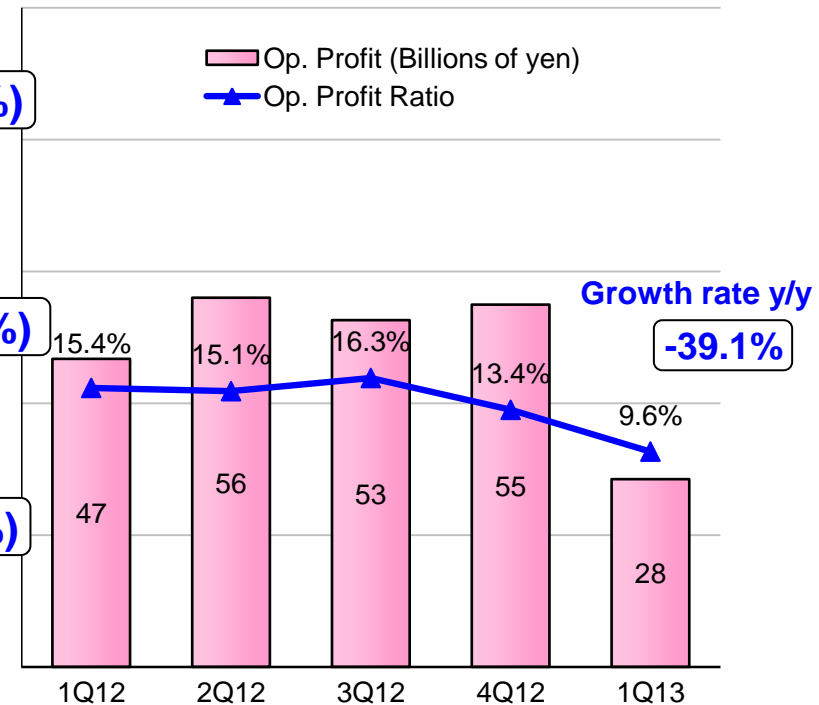
Interchangeable Lens Digital Camera Ratio *	
	1Q13
Value Base	81%
Unit Base	35%

\* Proportion of Total Digital Cameras  
\* Value Base Includes Interchangeable Lenses

(Billions of yen) **Sales**  
Growth rate y/y ( ) Local currency base



## Op.Profit



# Imaging System

## FY 2013 Projection

Growth Rate y/y (Unit Base)	
	FY13
Interchangeable Lens Digital Cameras	+12%
Compact Digital Cameras	-21%
Total Digital Cameras	-11%
IJP	+2%

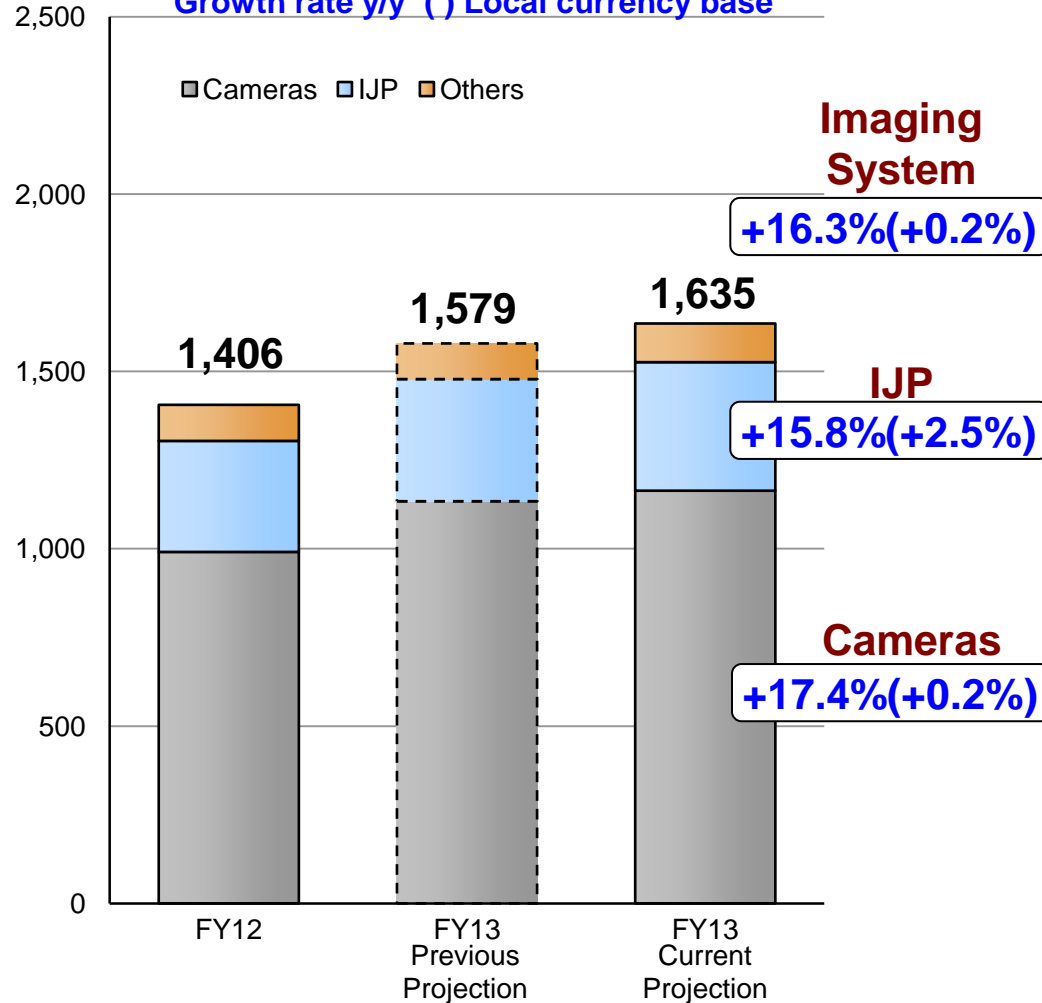
Interchangeable Lens Digital Camera Ratio *	
	FY13
Value Base	83%
Unit Base	39%

\* Proportion of Total Digital Cameras  
\* Value Base Includes Interchangeable Lenses

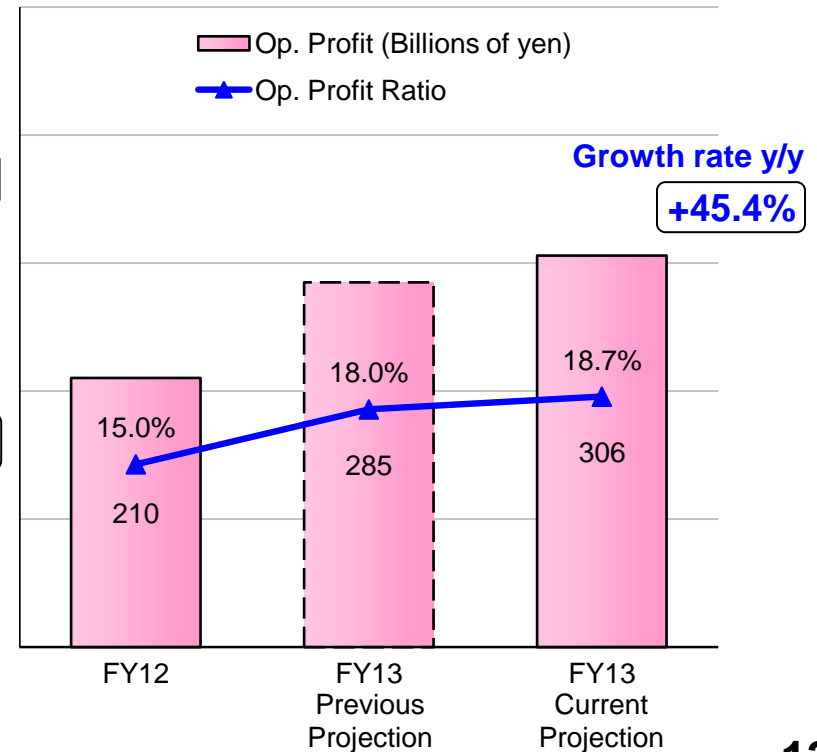
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op.Profit



# Industry and Others

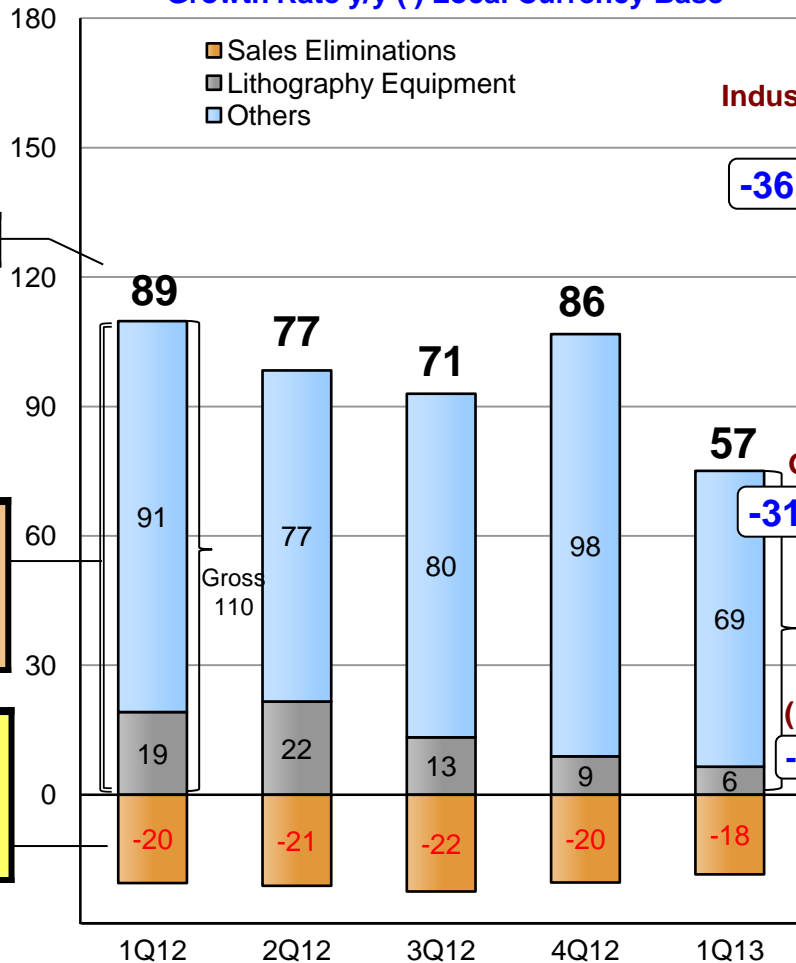
1Q 2013 Actual

Lithography Equipment (Unit Sales)			IC Stepper Unit Breakdown by Light Source		
	1Q12	1Q13		1Q12	1Q13
IC	13	5	ArF	0	0
FPD	5	0	KrF	2	0
			i-line	11	5

(Billions of yen)

## Sales

Growth Rate y/y ( ) Local Currency Base



Industry and Others  
Net Sales

-36.6%(-39.2%)

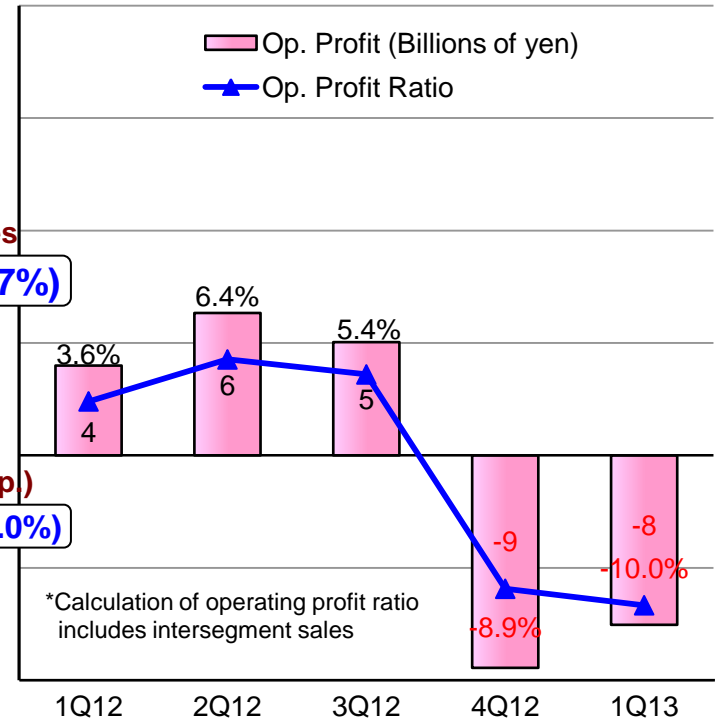
Gross Sales

-31.6%(-33.7%)

(Litho. Equip)

-66.1%(-68.0%)

## Op.Profit



\*Calculation of operating profit ratio includes intersegment sales

# Industry and Others

## FY 2013 Projection

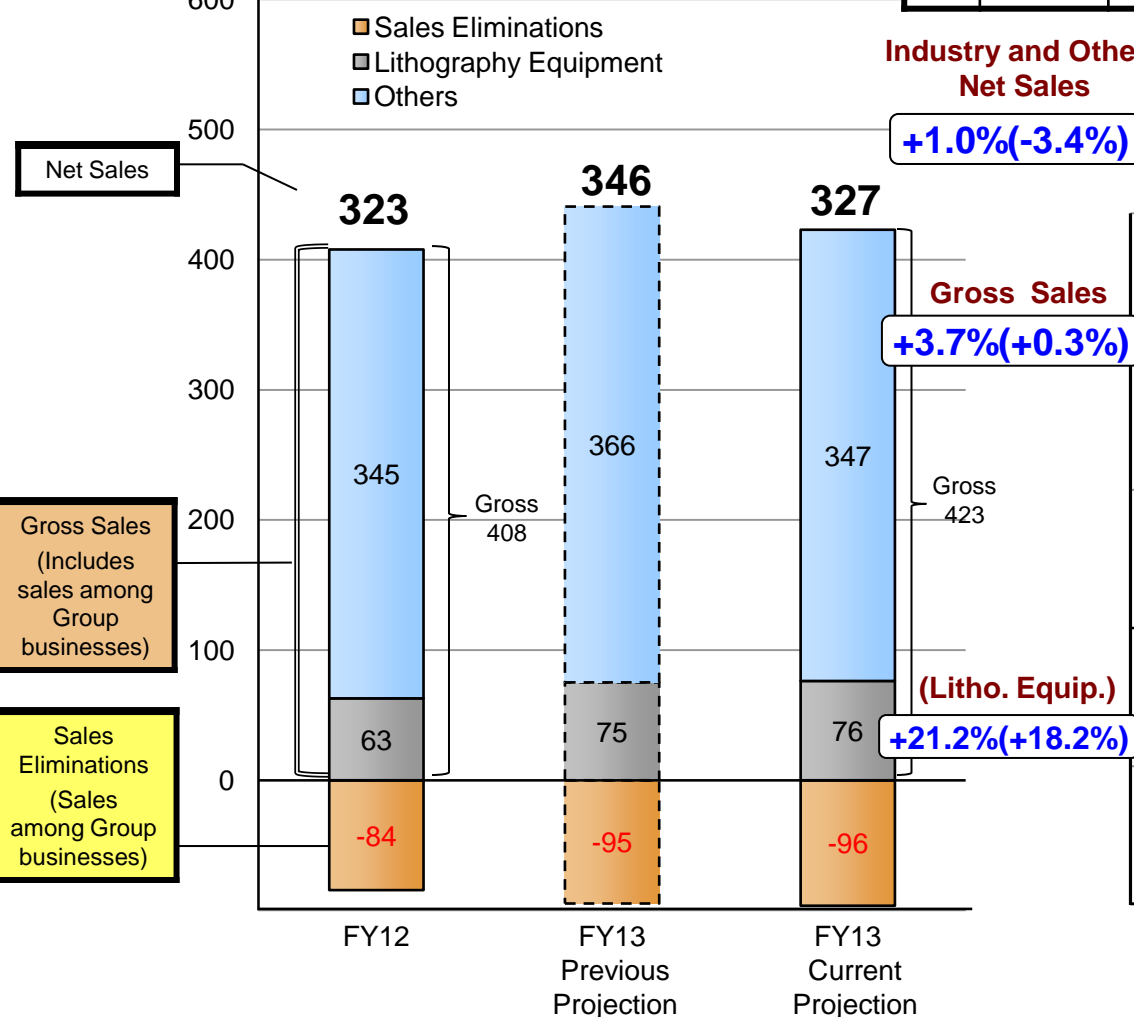
Lithography Equipment (Unit Sales)			
	FY12	FY13 Previous Projection	FY13 Current Projection
IC	46	41	44
FPD	16	24	23

IC Stepper Unit Breakdown by Light Source			
	FY12	FY13 Previous Projection	FY13 Current Projection
ArF	0	0	0
KrF	3	9	7
i-line	43	32	37

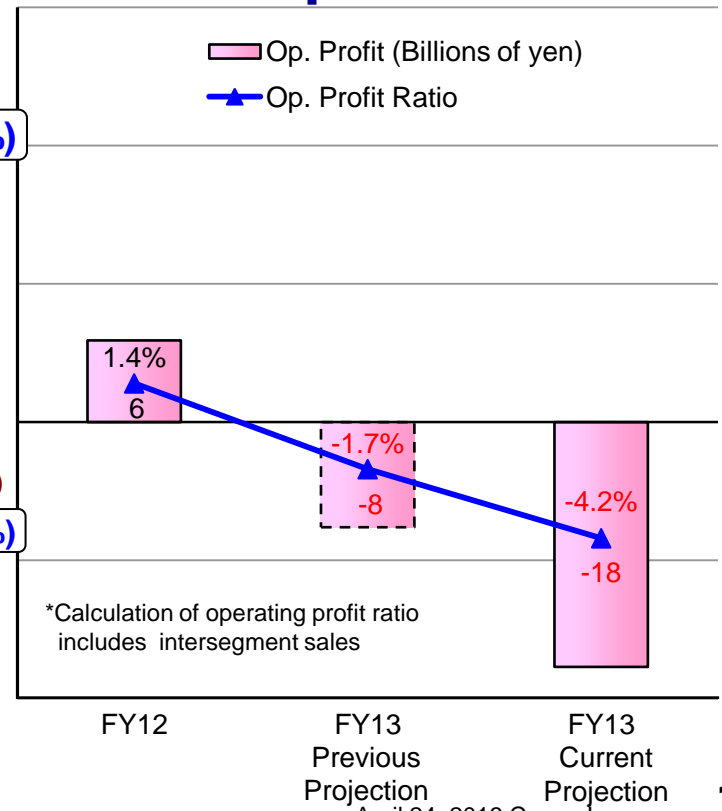
## Sales

(Billions of yen)

Growth Rate y/y ( ) Local Currency Base

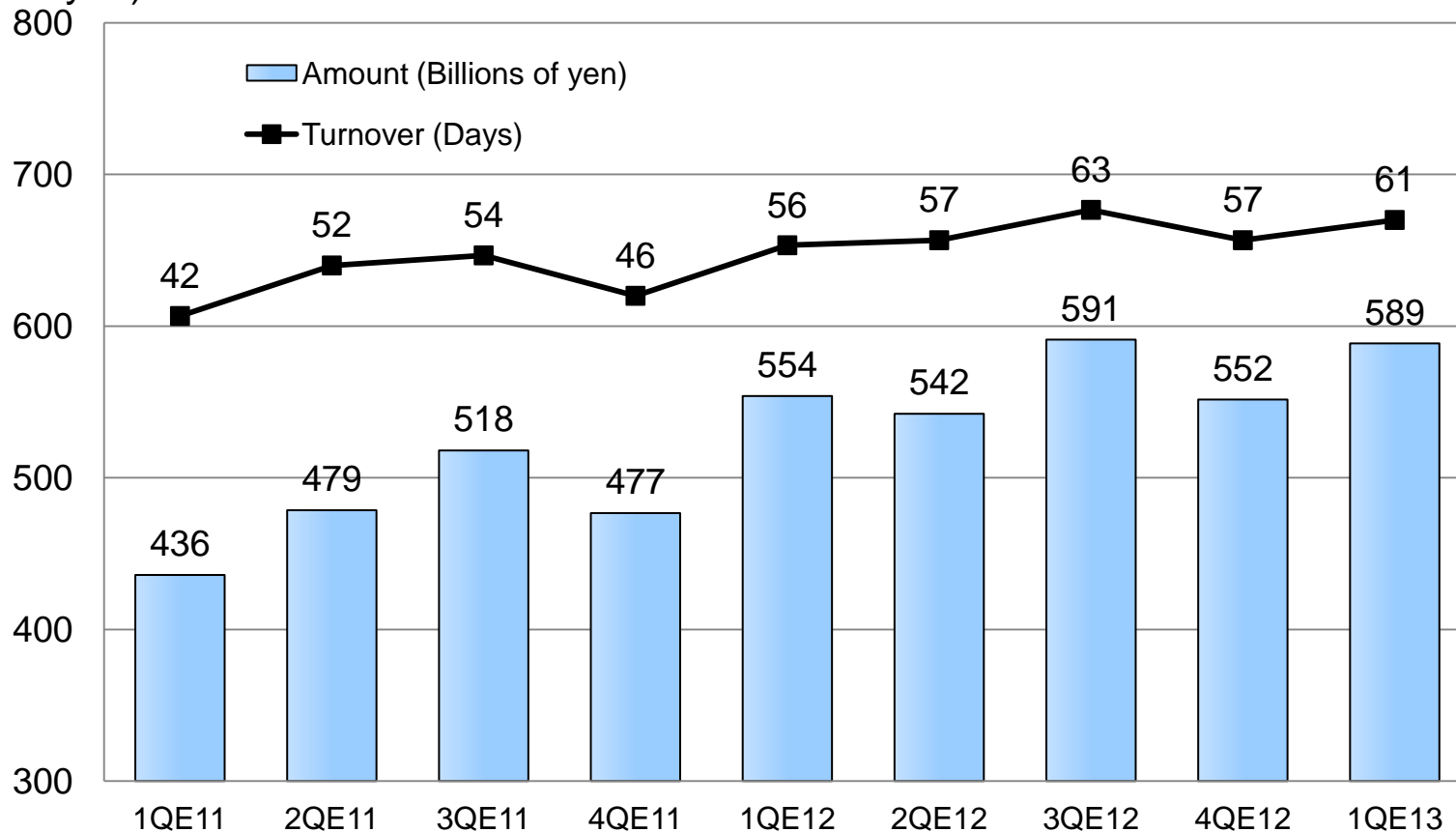


## Op.Profit



# Inventories

(Billions of yen)

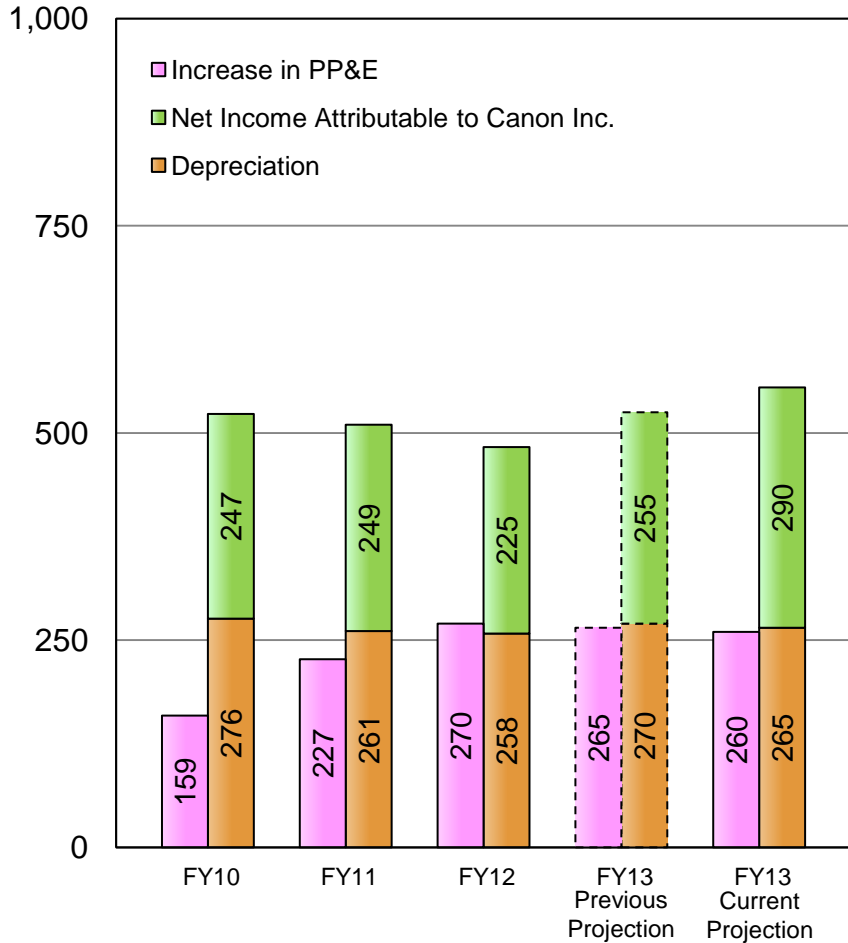




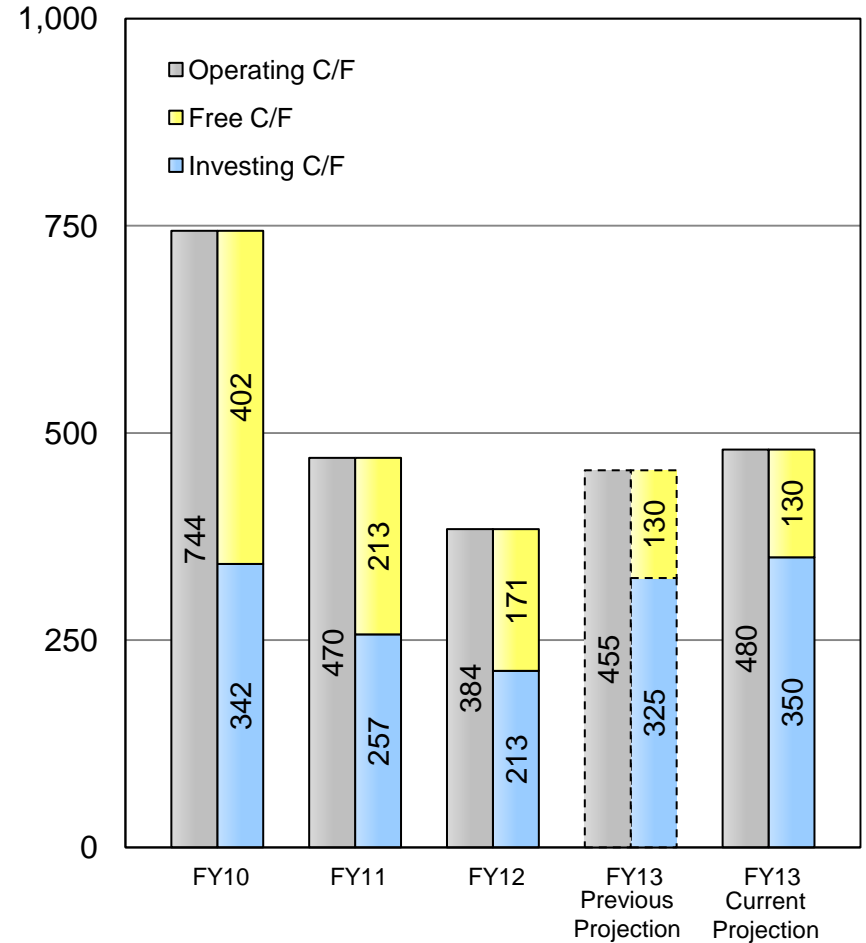
# Capital Expenditure

# Free Cash Flow

(Billions of yen)

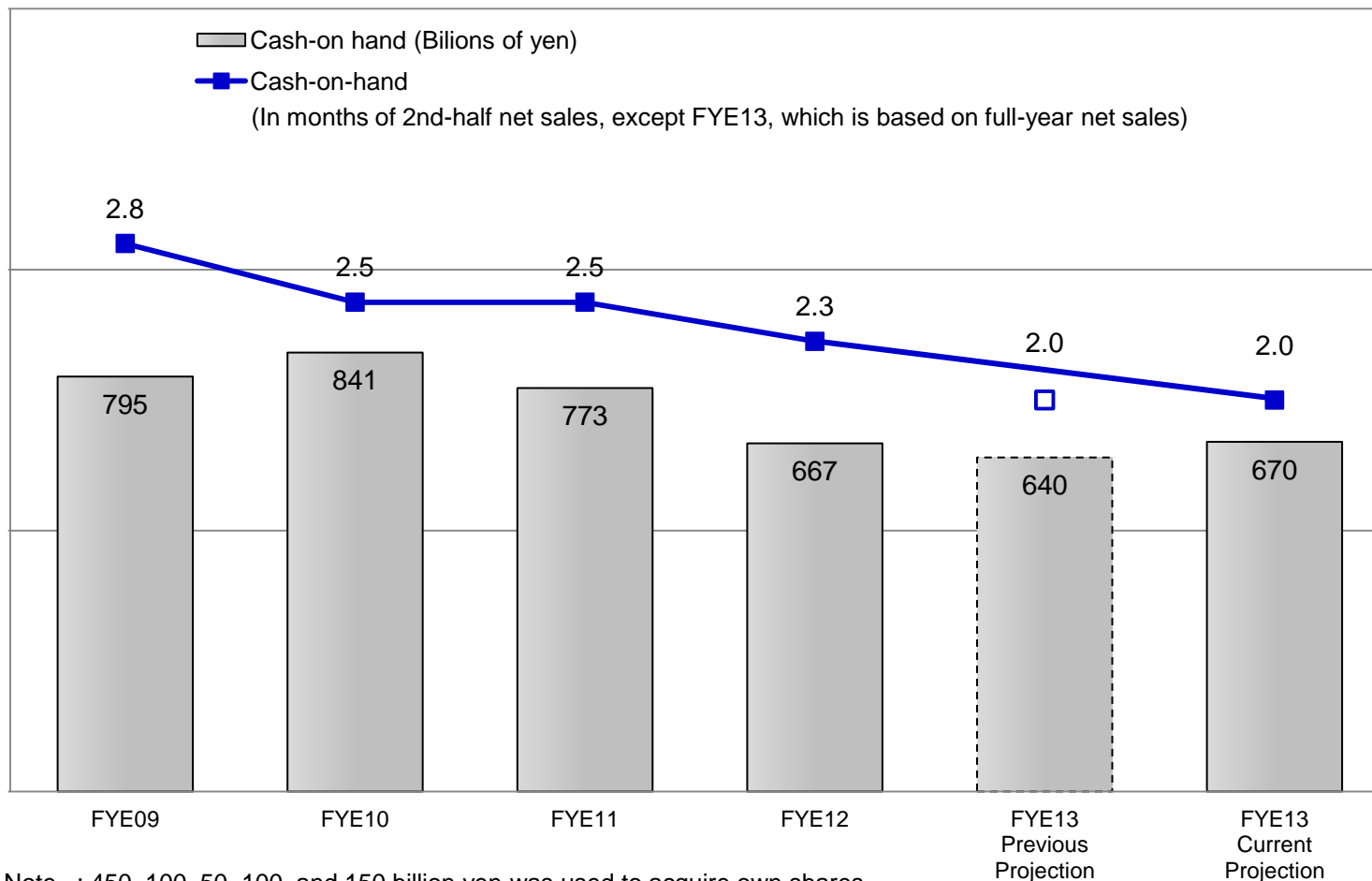


(Billions of yen)



# Cash on Hand

## Cash on Hand (Year-end)



Note : 450, 100, 50, 100, and 150 billion yen was used to acquire own shares in 2007, 2008, 2010, 2011, and 2012, respectively.

# Supplementary Information

# Transition in Sales and Operating Profit

## FY 2013 Current Projection v. FY 2012 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2012 Actual	3,479.8	323.9
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+467.5	+238.1
Sales Volume Impact		
Office	+79.7	
Imaging System	+76.0	
Industry and Others	-13.0	
Total	+142.7	-6.0
Others	-110.0	-106.0
Total Change	+500.2	+126.1
FY 2013 Current Projection	3,980.0	450.0

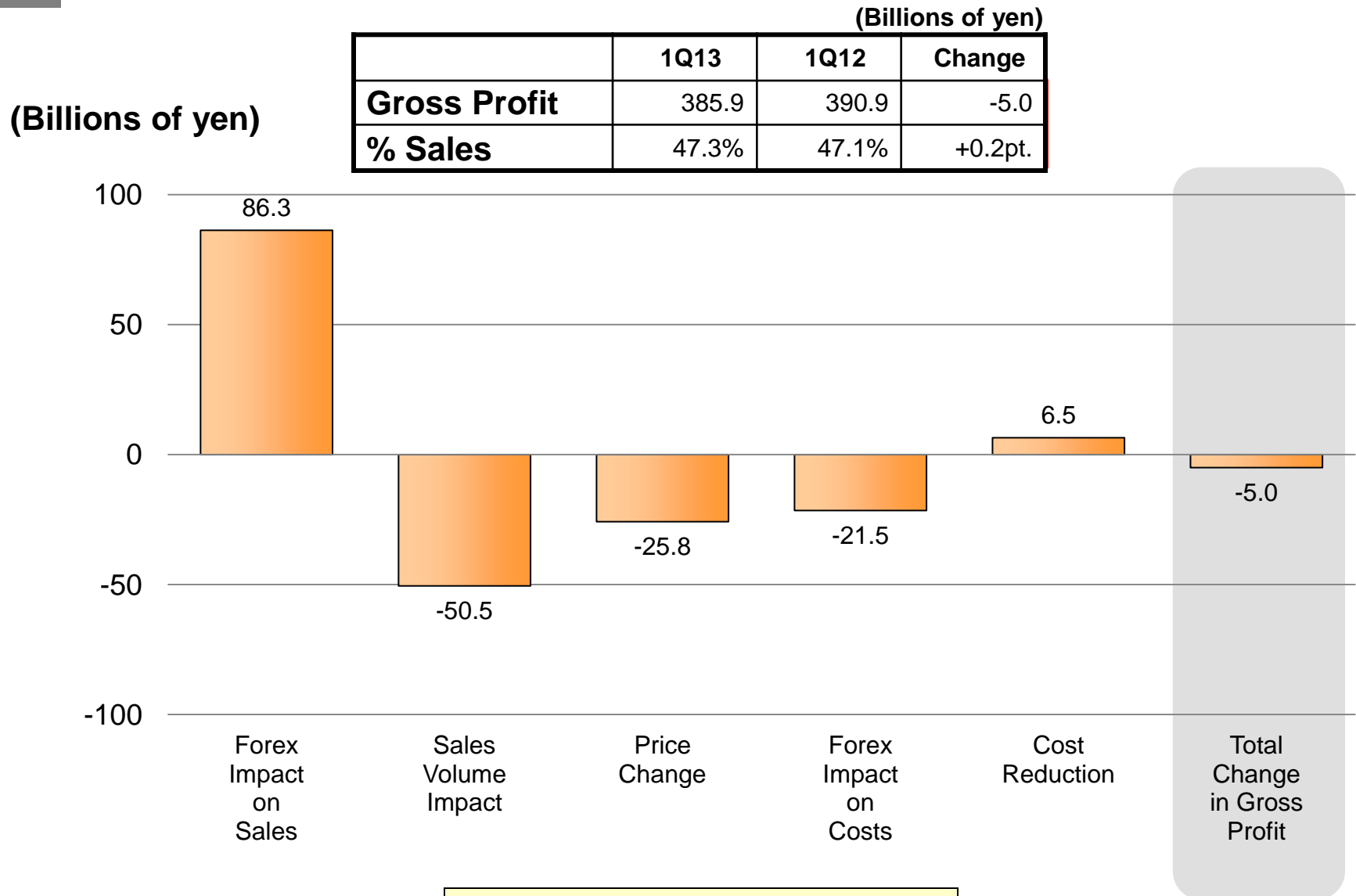
### Change in Exchange Rate

- 1USD: 79.96 to 94.51 yen
- 1EURO: 102.80 to 124.45 yen

Note: This table was updated on April 25, 2013, to correct for a presentation error.

# Gross Profit Variance Analysis

1Q 2013 Actual v. 1Q 2012 Actual



Supplementary Information

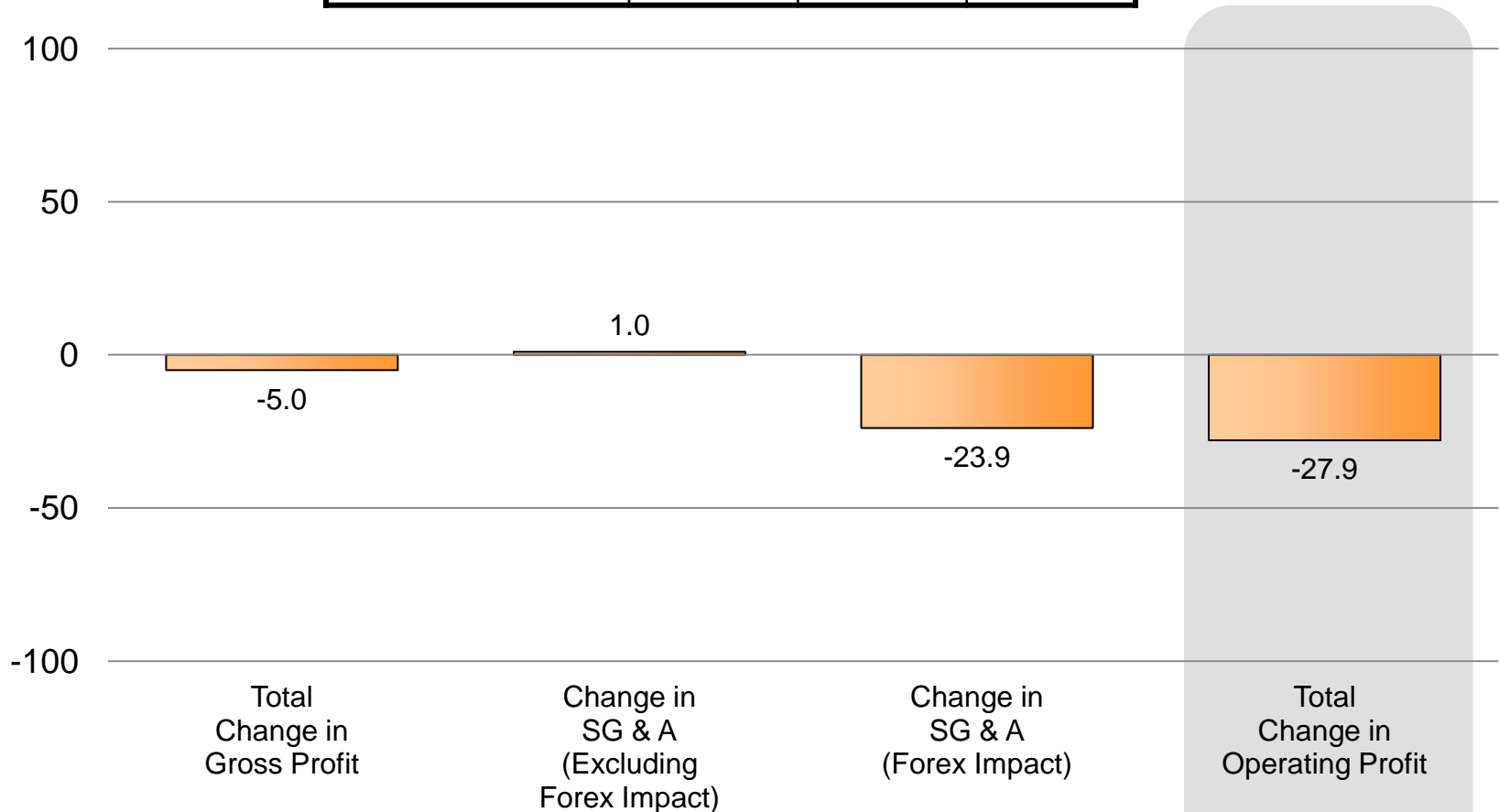
# Operating Profit Variance Analysis

1Q 2013 Actual v. 1Q 2012 Actual

(Billions of yen)

(Billions of yen)

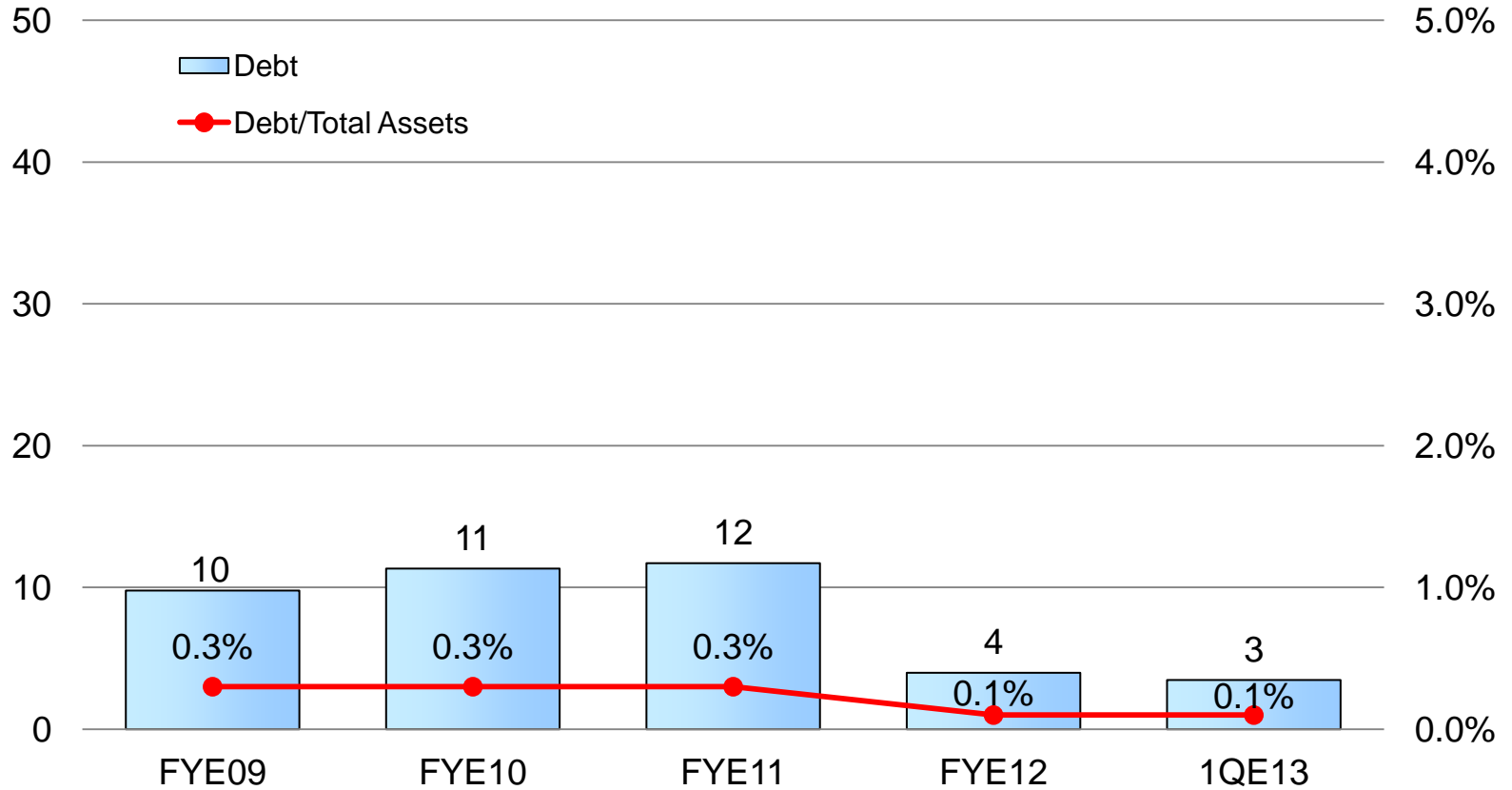
	1Q13	1Q12	Change
<b>Op. Profit</b>	54.8	82.7	-27.9
<b>% Sales</b>	6.7%	10.0%	-3.3pt.



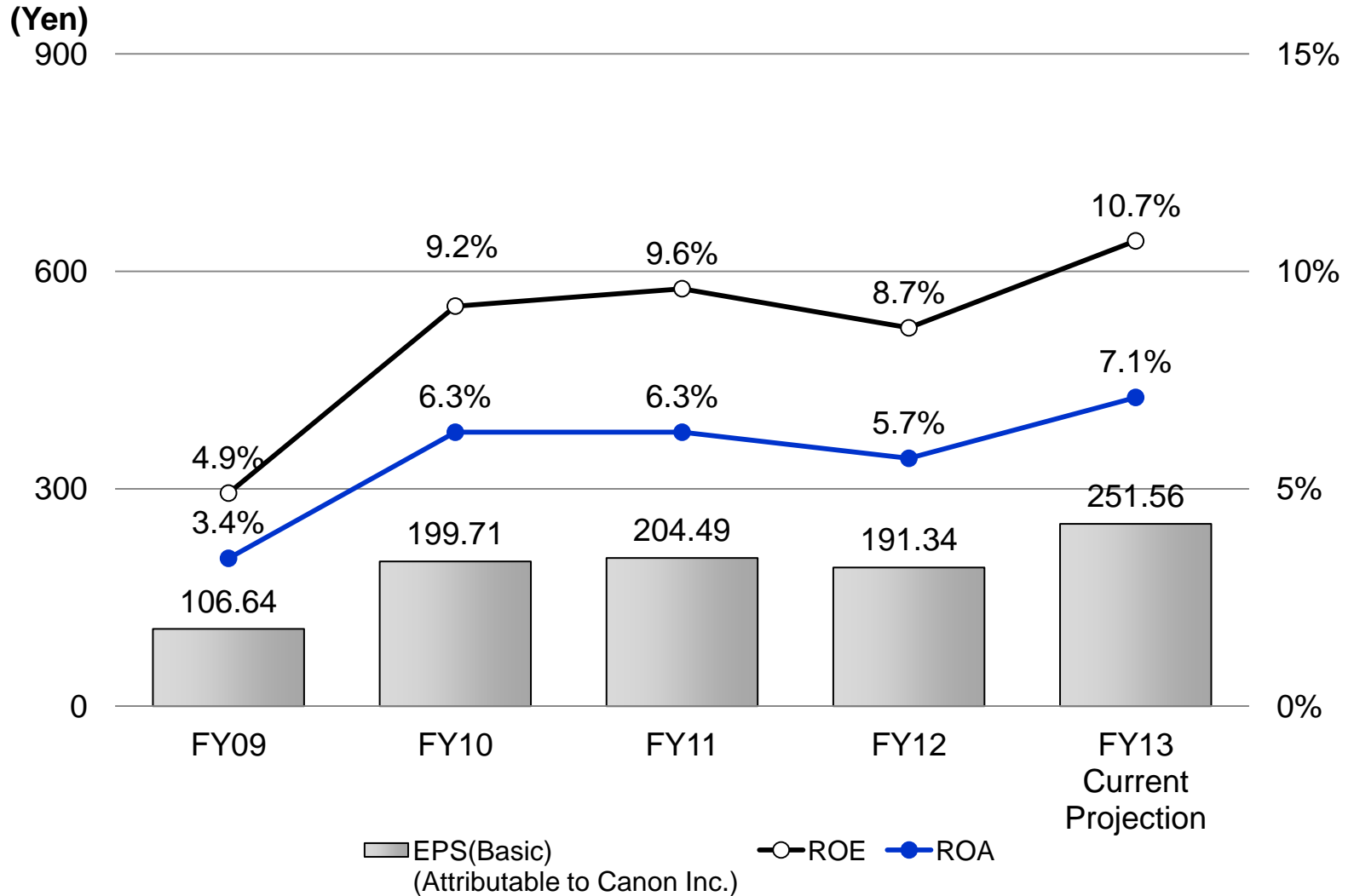
Supplementary Information

# Interest Bearing Debt

(Billions of yen)



# Financial Ratios



**Supplementary Information**