



# Canon Inc.

## First Quarter 2011 Results

April 26, 2011

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# 1Q 2011 in Summary

## External Environment

- ✓ Global economy continued to gradually recover
- ✓ Canon's markets remained strong
- ✓ Significant yen's appreciation YoY
- ✓ Great East Japan Earthquake (March 11th)

## Results

- ✓ Expanded market share and steadily increased MIF through enhanced sales power
- ✓ Newly consolidated companies such as Océ drive sales growth
- ✓ Made steady progress towards full-year targets, however, profit declined due to earthquake

# Summary of Results

1Q 2011 Actual

(Billions of yen)

(For Reference)

2011

(excluding effects of  
new consolidation)

	1Q 2011 Actual	1Q 2010 Actual	Pct. Change	Actual % Sales	Pct.Change
<b>Net sales</b>	<b>839.2</b>	<b>755.5</b>	+11.1%	<b>766.8</b>	+1.5%
<b>Gross profit</b> [% sales]	<b>406.2</b> 48.4%	<b>368.6</b> 48.8%	+10.2%	<b>361.4</b> 47.1%	
<b>Op. profit</b> [% sales]	<b>82.5</b> 9.8%	<b>86.8</b> 11.5%	-5.0%	<b>86.4</b> 11.3%	
<b>Net income attributable to Canon Inc.</b> [% sales]	<b>55.5</b> 6.6%	<b>56.8</b> 7.5%	-2.4%		
<b>Foreign exchange rate</b>					
Yen – 1USD	82.28	90.63			
Yen – 1EURO	112.86	125.07			

# Summary of Results

1Q 2011 Actual (Excluding earthquake effects)

(Billions of yen)

	1Q2011			1Q2010	Pct. Change A VS B
	Actual	Earthquake effects	Excluding earthquake effects A	Actual B	
<b>Net sales</b>	<b>839.2</b>	<b>-21.4</b>	<b>860.6</b>	<b>755.5</b>	+13.9%
<b>Gross profit</b>	<b>406.2</b>	<b>-20.9</b>	<b>427.1</b>	<b>368.6</b>	+15.9%
[% sales]	48.4%		49.6%	48.8%	
<b>Op. profit</b>	<b>82.5</b>	<b>-21.2</b>	<b>103.7</b>	<b>86.8</b>	+19.4%
[% sales]	9.8%		12.0%	11.5%	
Foreign exchange rate					
Yen – 1USD	82.28			90.63	
Yen – 1EURO	112.86			125.07	

# Transition in Sales and Op. Profit

1Q 2011 Actual v. 1Q 2010 Actual

(Billions of yen)

	Sales	Op. Profit
1Q 2010 Actual	755.5	86.8
Foreign exchange impact [net sales, cost of sales, expenses]	-50.0	-29.4
Sales volume impact		
Office	+37.0	
Consumer	+51.6	
Industry and Others	+16.0	
Total	+104.6	+53.1
Effects of new consolidation	+72.4	-3.9
Others	-21.9	-2.9
Total Change (Excluding earthquake effects)	+105.1	+16.9
Earthquake effects total	-21.4	-21.2
Total Change	+83.7	-4.3
1Q 2011 Actual	839.2	82.5

## Change in Exchange Rate

- 1USD: 90.63 to 82.28 yen
- 1EURO: 125.07 to 112.86 yen

# Assumptions

## 2011 Current Projection

Average Exchange Rate	2Q-4Q11	FY11	FY10
■ Yen-1USD	85.00 yen	84.36 yen	87.40 yen
■ Yen-1EURO	120.00 yen	118.28 yen	114.97 yen

### Impact of Exchange Rate Movement (2-4Q impact given a one yen change)

	Net sales	Operating profit
■ USD	13.3 billion yen	6.3 billion yen
■ EURO	7.3 billion yen	3.9 billion yen

# Key Points FY 2011

## Assumptions

- ✓ Global economy after earthquake – continued path of gradual recovery
- ✓ Canon markets – continued strong global demand

## Projections

- ✓ Rebuild a stable product-supply structure through an early recovery in production
- ✓ Achieve accelerated recovery from the second half to minimize the earthquake's impact and secure sales growth
- ✓ Return to “Sound Growth” from next year



# Summary of Projected Results

## FY 2011 Current Projection

(Billions of yen)

	FY 2011 Current projection	FY 2010 Actual	Pct. Change
Net sales	<b>3,730.0</b>	<b>3,706.9</b>	+0.6%
Gross profit	<b>1,794.0</b>	<b>1,783.1</b>	+0.6%
[% sales]	48.1%	48.1%	
Op. profit	<b>335.0</b>	<b>387.6</b>	-13.6%
[% sales]	9.0%	10.5%	
Net income attributable to Canon Inc.	<b>220.0</b>	<b>246.6</b>	-10.8%
[% sales]	5.9%	6.7%	
Foreign exchange rate			
Yen – 1USD	84.36	87.40	
Yen – 1EURO	118.28	114.97	

# Summary of Results

FY 2011 Actual (Excluding earthquake effects)

(Billions of yen)

	FY2011			FY2010	Pct. Change A VS B
	Current projection	Earthquake effects	Excluding earthquake effects A	Actual B	
<b>Net sales</b>	<b>3,730.0</b>	<b>-314.4</b>	<b>4,044.4</b>	<b>3,706.9</b>	+9.1%
<b>Gross profit</b> [% sales]	<b>1,794.0</b> 48.1%	<b>-193.3</b>	<b>1,987.3</b> 49.1%	<b>1,783.1</b> 48.1%	+11.5%
<b>Op. profit</b> [% sales]	<b>335.0</b> 9.0%	<b>-197.7</b>	<b>532.7</b> 13.2%	<b>387.6</b> 10.5%	+37.5%
Foreign exchange rate					
Yen – 1USD	84.36			87.40	
Yen – 1EURO	118.28			114.97	

# Transition in Sales and Op. Profit

FY 2011 Current Projection v. FY 2011 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jan. 27, 2011)	4,100.0	470.0
Foreign exchange impact [net sales, cost of sales, expenses]	+70.9	+46.8
Sales volume impact		
Office	-35.4	
Consumer	-38.9	
Industry and Others	-72.2	
Total	-146.5	-63.2
Others	+20.0	+79.1
Total change (Excluding earthquake effects)	-55.6	+62.7
Earthquake effects total	-314.4	-197.7
Total change	-370.0	-135.0
Current Projection (Apr. 26, 2011)	3,730.0	335.0

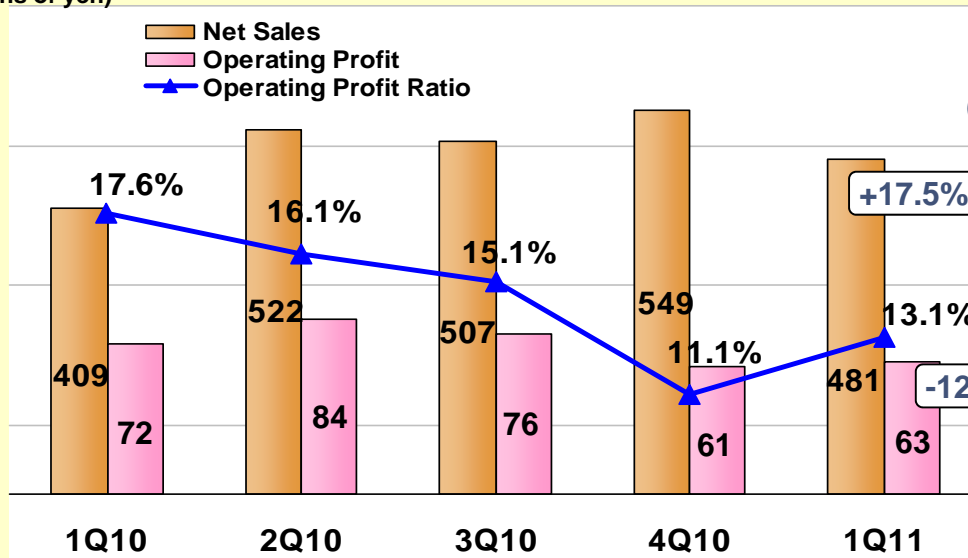
**Change in Exchange Rate**

- 1USD: 85.00 to 84.36 yen
- 1EURO: 110.00 to 118.28 yen

# Office

## Sales/Op.Profit

(Billions of yen)



Growth rate y/y  
( ) Local currency base

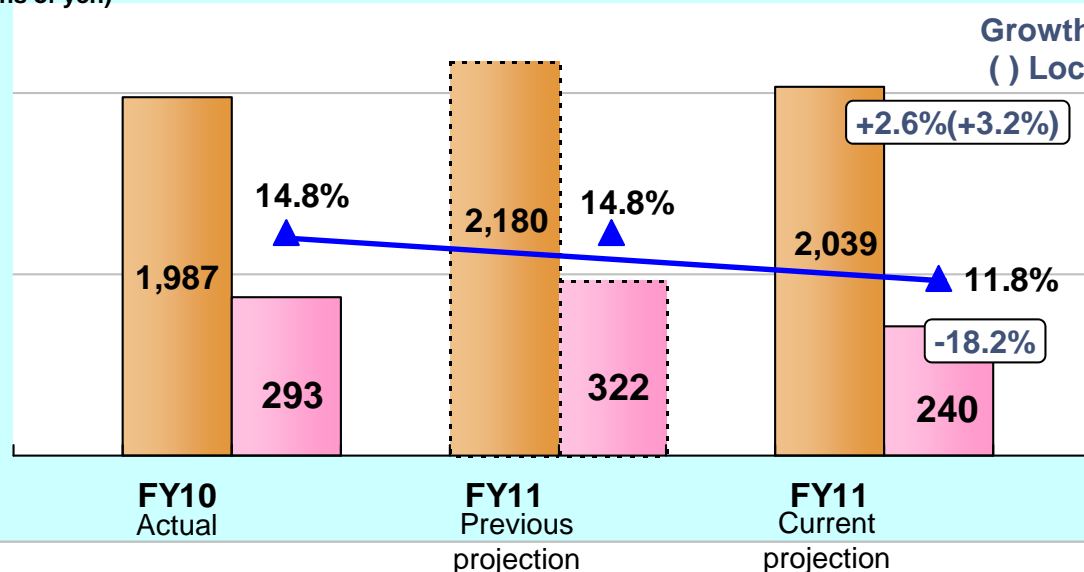
+17.5%(+25.4%)

-12.5%

Excluding new consolidation effects

	1Q
2011	
Net Sales	409
Op. Profit Ratio	16.6%

(Billions of yen)



Growth rate y/y  
( ) Local currency base

+2.6%(+3.2%)

-18.2%

QTR

FY

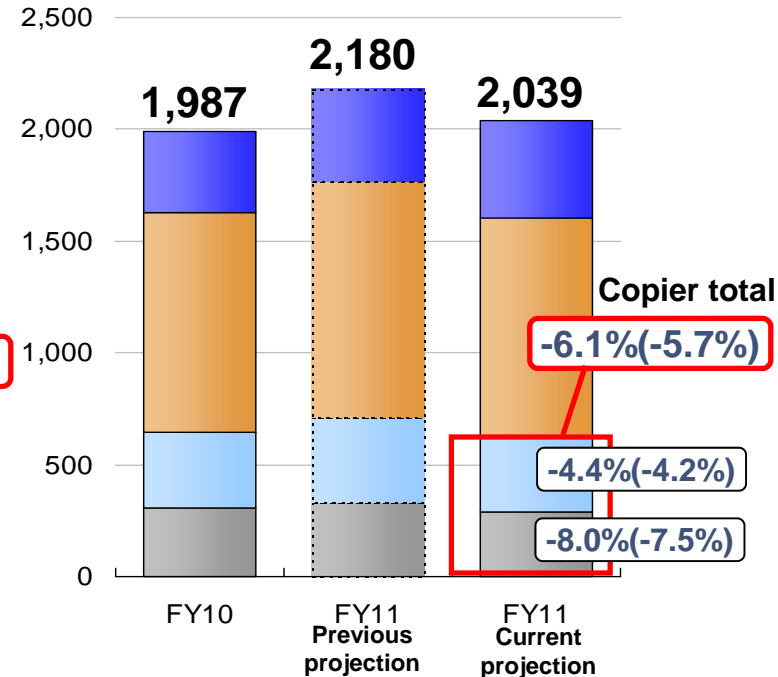
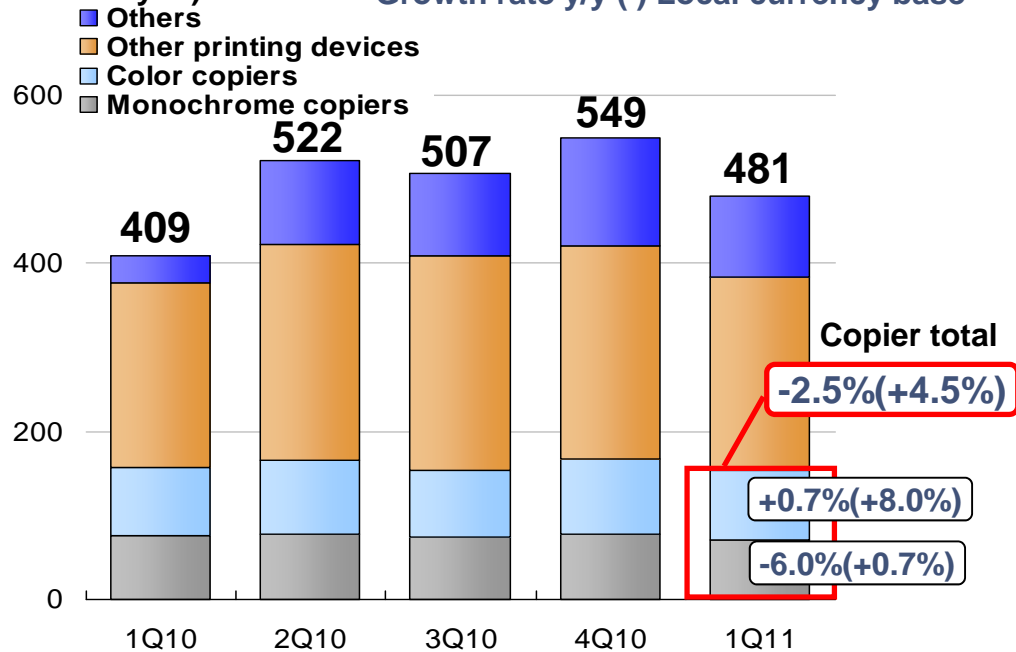
# Office (Copiers)

1Q 2011 Actual / FY 2011 Projection

## Sales

(Billions of yen)

Growth rate y/y ( ) Local currency base



### Growth rate y/y (Unit base)

Copiers	1Q10	1Q11	FY11 Projection
Color	+36%	+32%	+7%
Mono-Chrome	+10%	+16%	-6%
Total	+17%	+21%	-2%

### Color ratio (Copiers)

	1Q10	1Q11	FY11 Projection
Value base*	52%	54%	53%
Unit base	30%	33%	33%

\*Includes consumables

Note: Effects of new consolidation are included in "Others." from 2Q10.

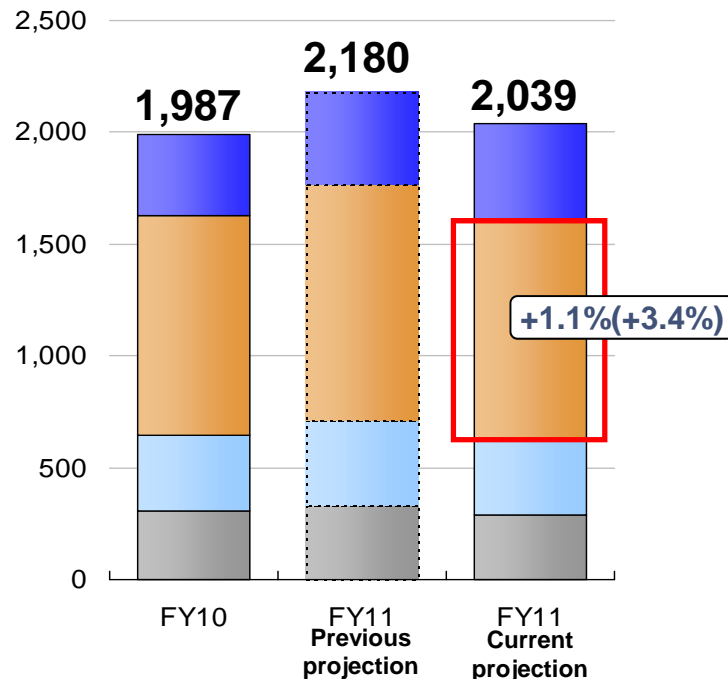
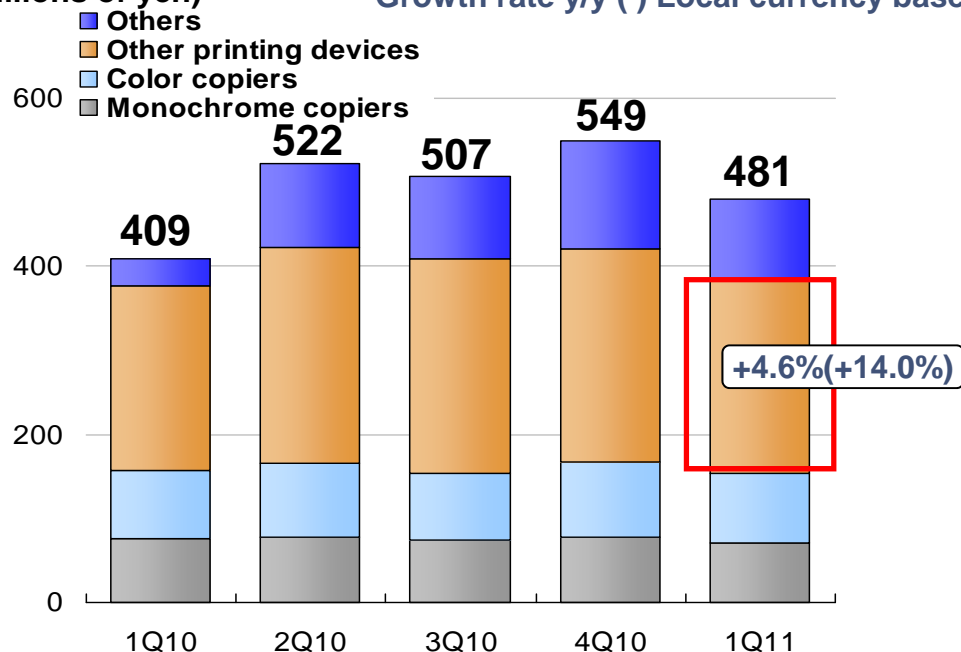
# Office (Other Printing Devices)

1Q 2011 Actual / FY 2011 Projection

## Sales

(Billions of yen)

Growth rate y/y ( ) Local currency base



Growth rate y/y (Unit base)			
LP	1Q10	1Q11	FY11 Projection
Color	+115%	+14%	+15%
Mono-Chrome	+135%	+49%	+16%
Total	+131%	+44%	+16%

### Color ratio (LP)

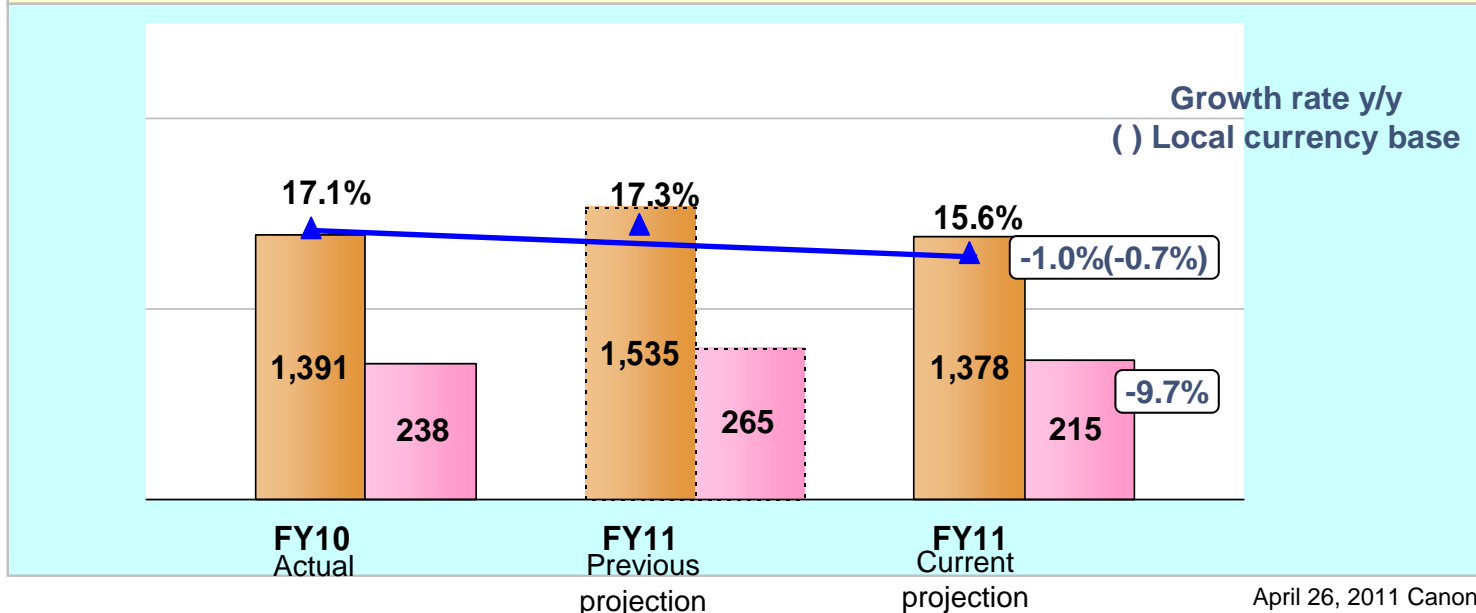
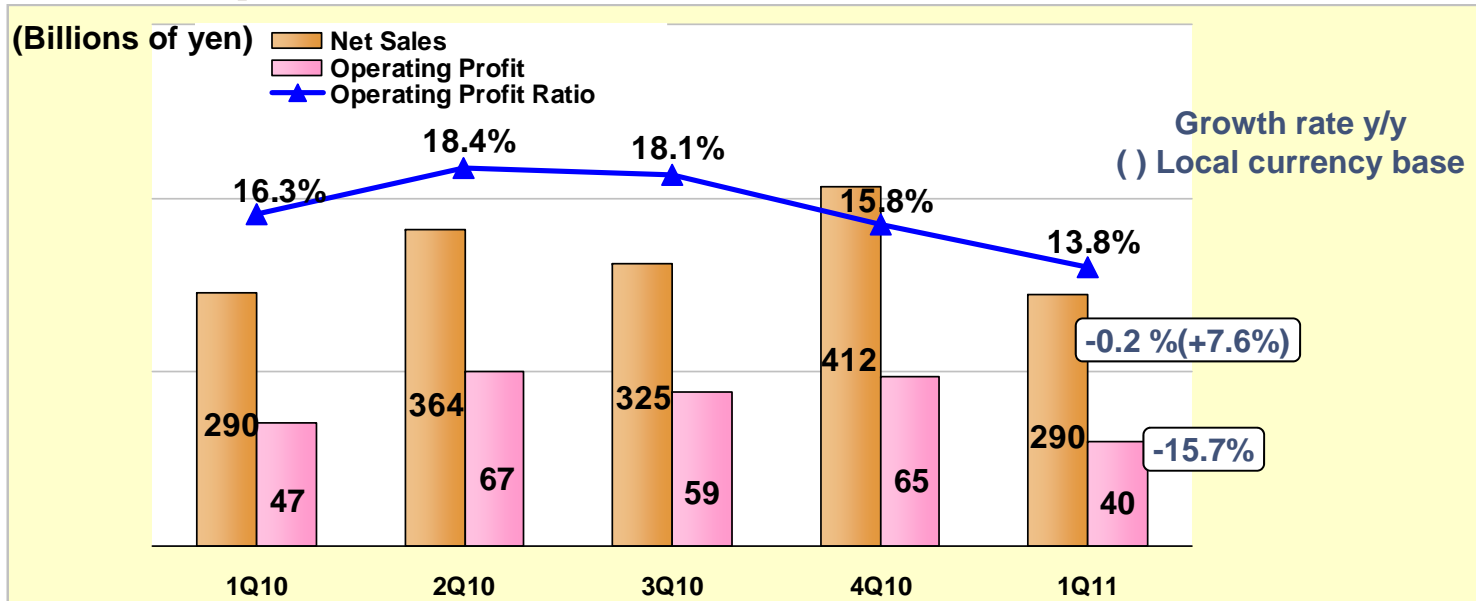
	1Q10	1Q11	FY11 Projection
Value base*	41%	44%	42%
Unit base	16%	12%	14%

\*Includes consumables

Note: Effects of new consolidation are included in "Others." from 2Q10.

# Consumer

## Sales/Op.Profit



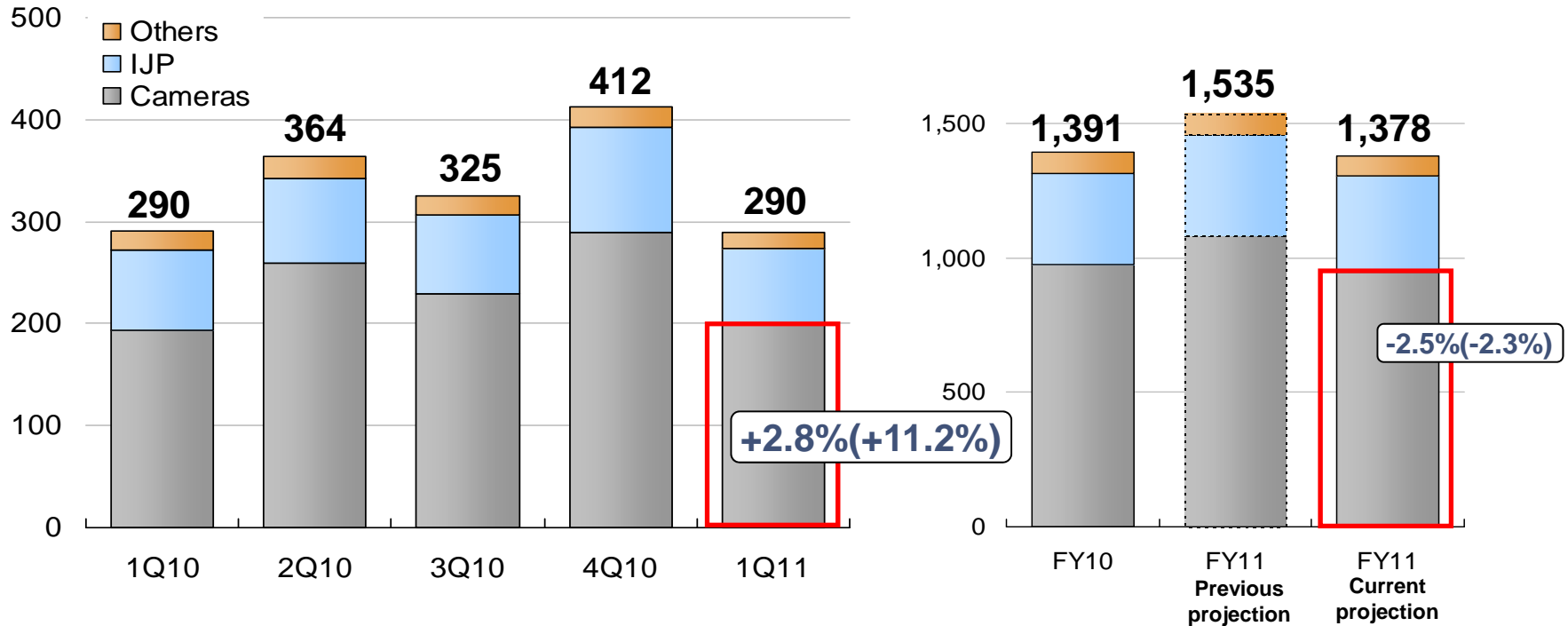
# Consumer (Cameras)

1Q 2011 Actual / FY 2011 Projection

## Sales

(Billions of yen)

Growth rate y/y ( ) Local currency base



Growth rate y/y (Unit base)			
	1Q10	1Q11	FY11 Projection
Digital cameras	+11%	+9%	+0%

D SLR ratio\*

	1Q10	1Q11	FY11 Projection
Value base	62%	68%	71%
Unit base	19%	23%	26%

\* Percentage of cameras sales attributable to SLRs, interchangeable lenses and related accessories



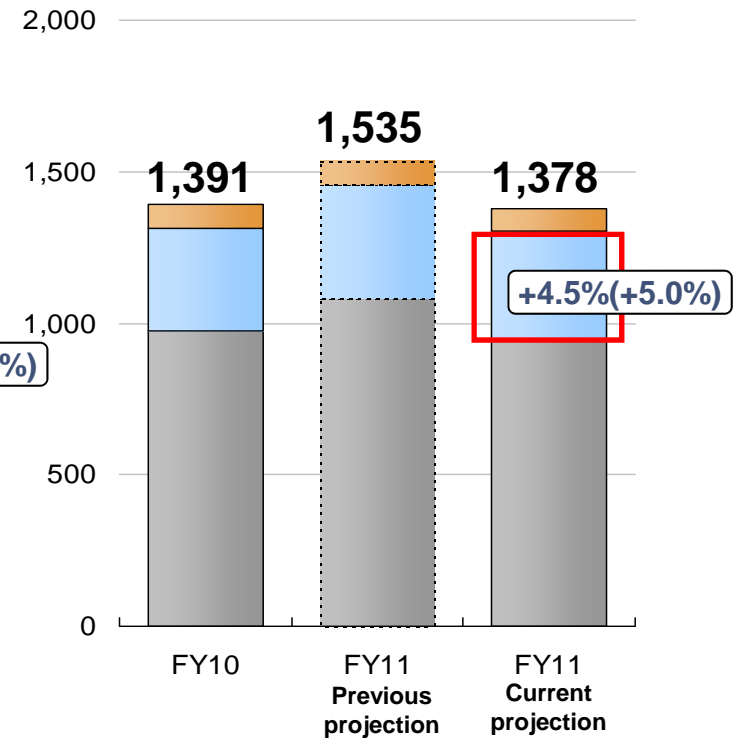
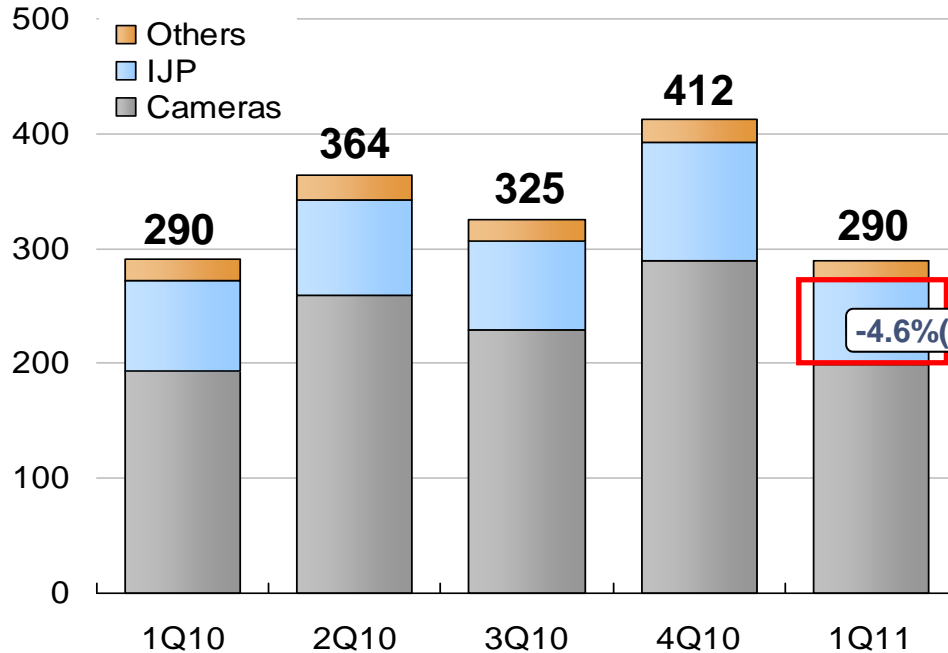
# Consumer (IJP)

1Q 2011 Actual / FY 2011 Projection

## Sales

(Billions of yen)

Growth rate y/y ( ) Local currency base



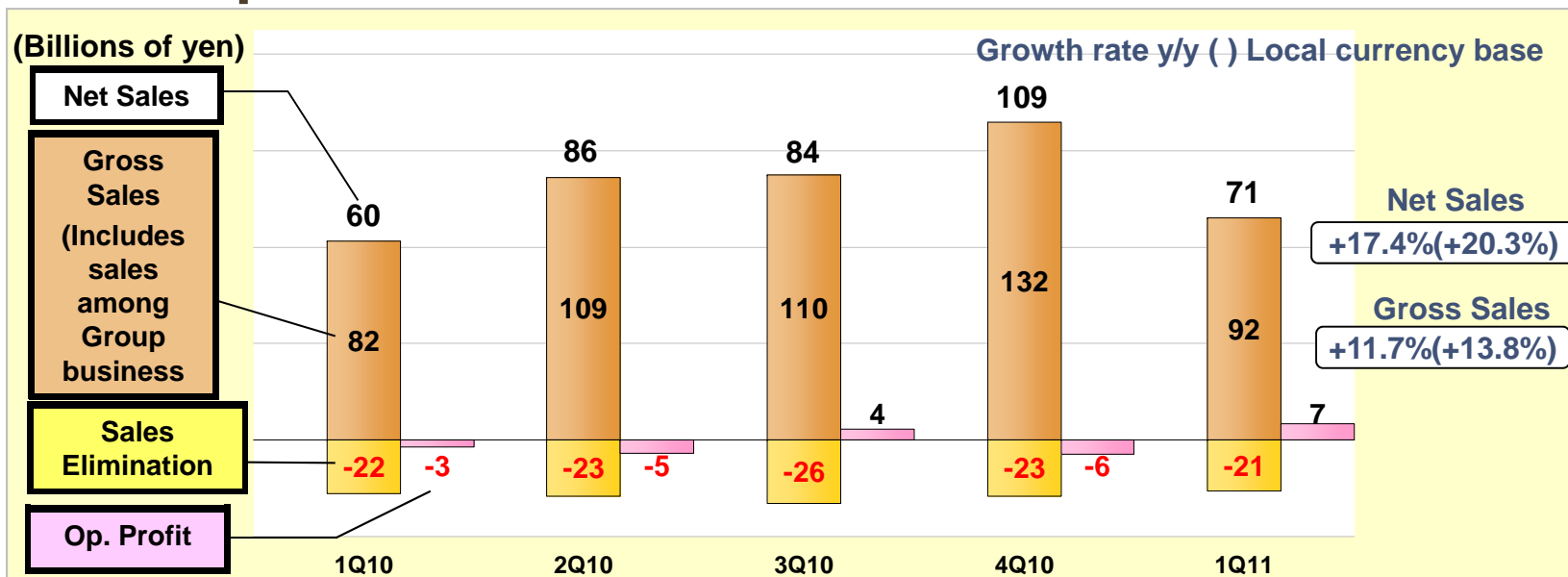
Growth rate y/y (Unit base)

	1Q10	1Q11	FY11 Projection
IJP	+8%	+8%	+8%

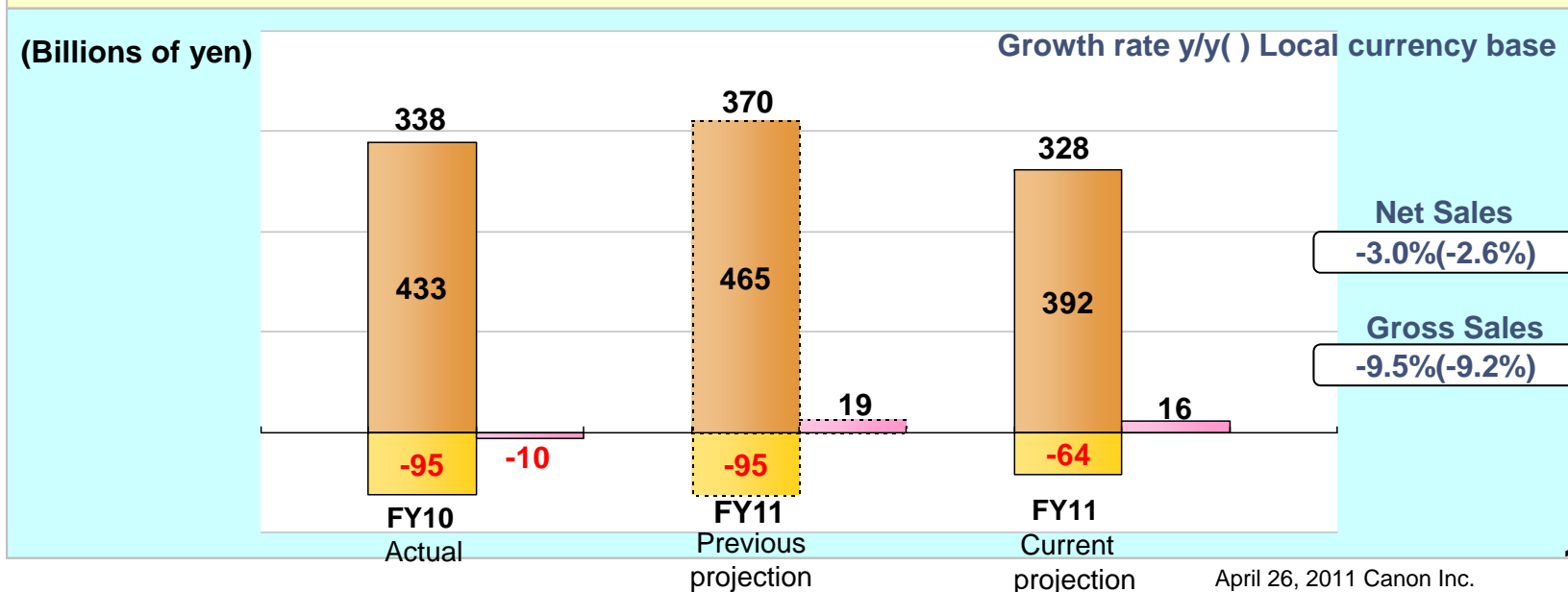
# Industry and Others

## Sales/Op.Profit

QTR



FY

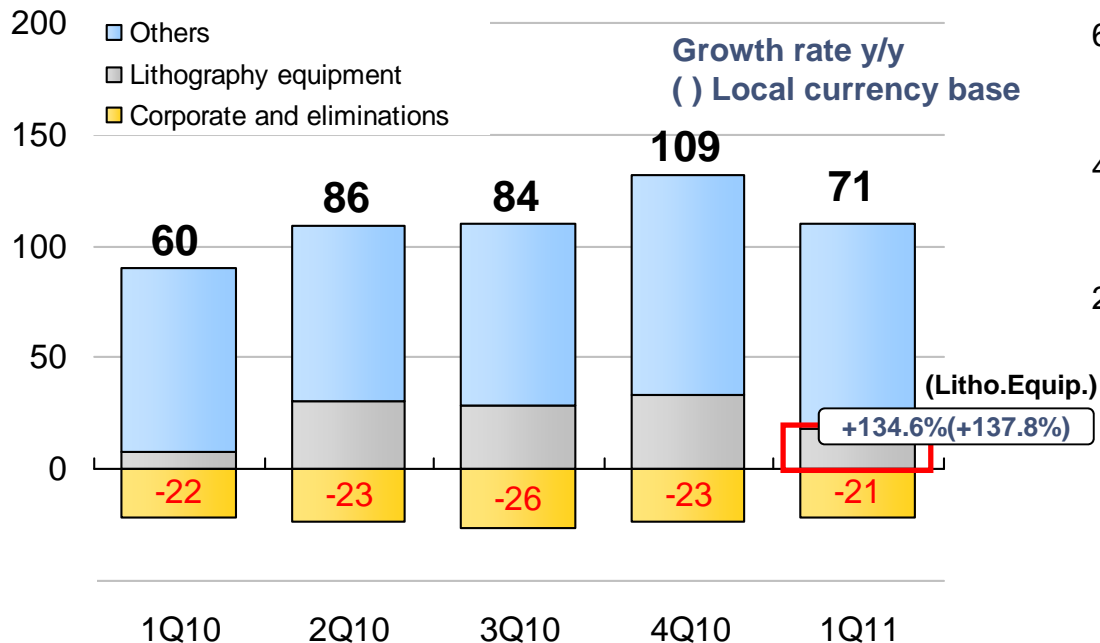


# Industry and Others (Litho.Equip.)

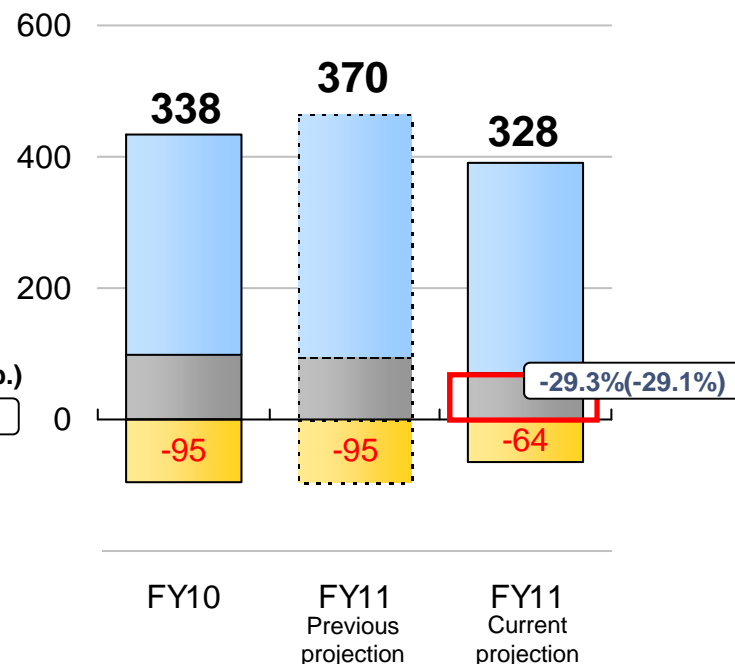
1Q 2011 Actual / FY 2011 Projection

(Billions of yen)

## Sales



(Billions of yen)



### Lithography Equipment (Unit sales)

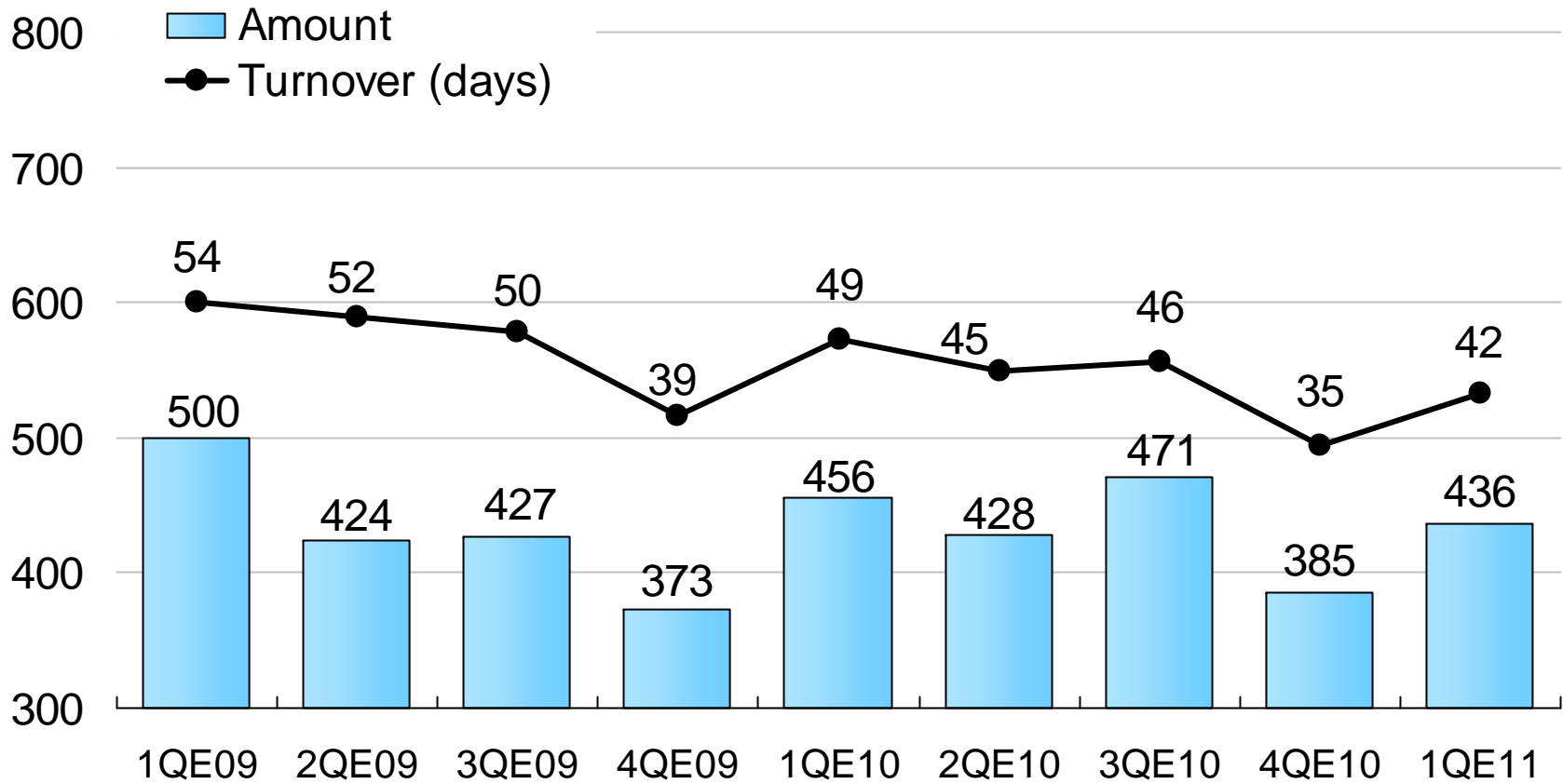
	1Q10	FY10	1Q11	FY11 Previous projection	FY11 Current projection
IC	4	29	11	47	41
LCD	5	56	5	38	27
TTL	9	85	16	85	68

### IC Stepper Unit Breakdown by Light Source

	1Q10	FY10	1Q11	FY11 Previous projection	FY11 Current projection
ArF dry	0	0	0	0	0
ArF Immersion	0	0	0	0	0
KrF	0	6	0	6	6
i-line	4	23	11	41	35

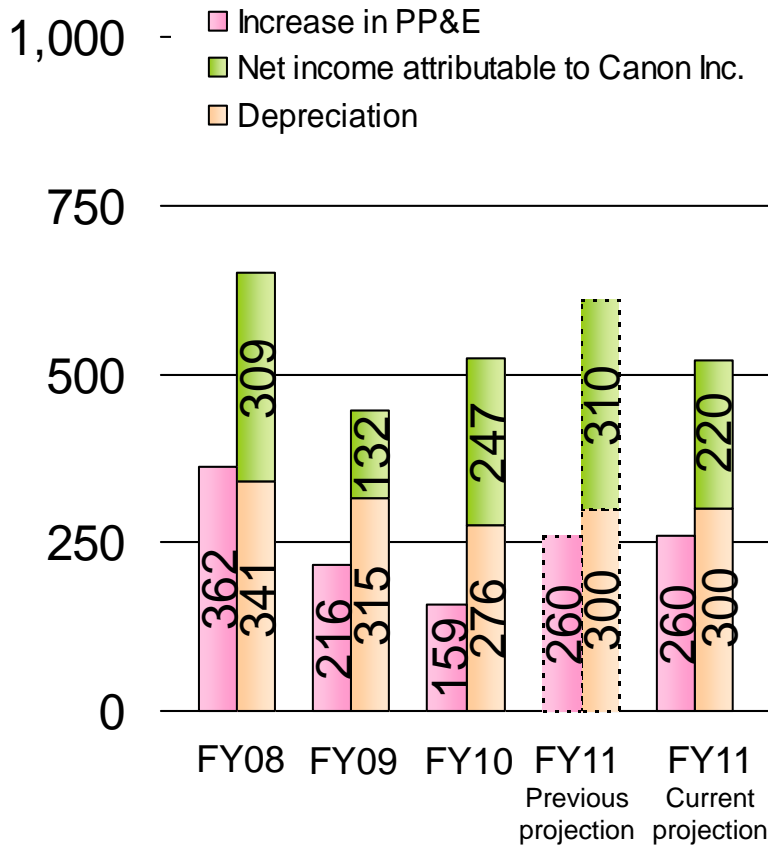
# Inventories

(Billions of yen)



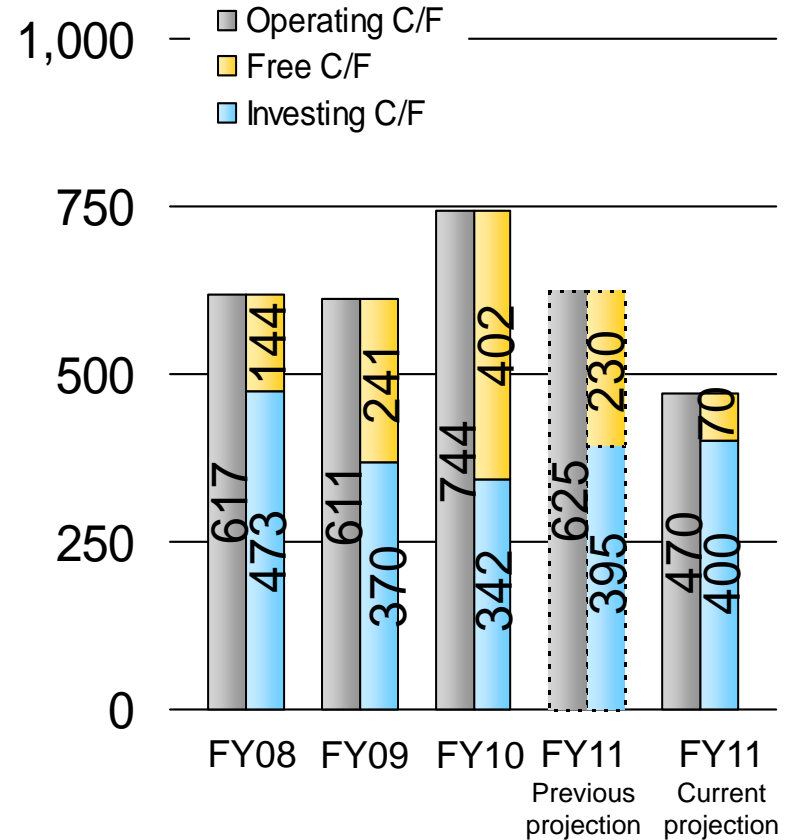
# Capital Expenditure

(Billions of yen)



# Free Cash Flow

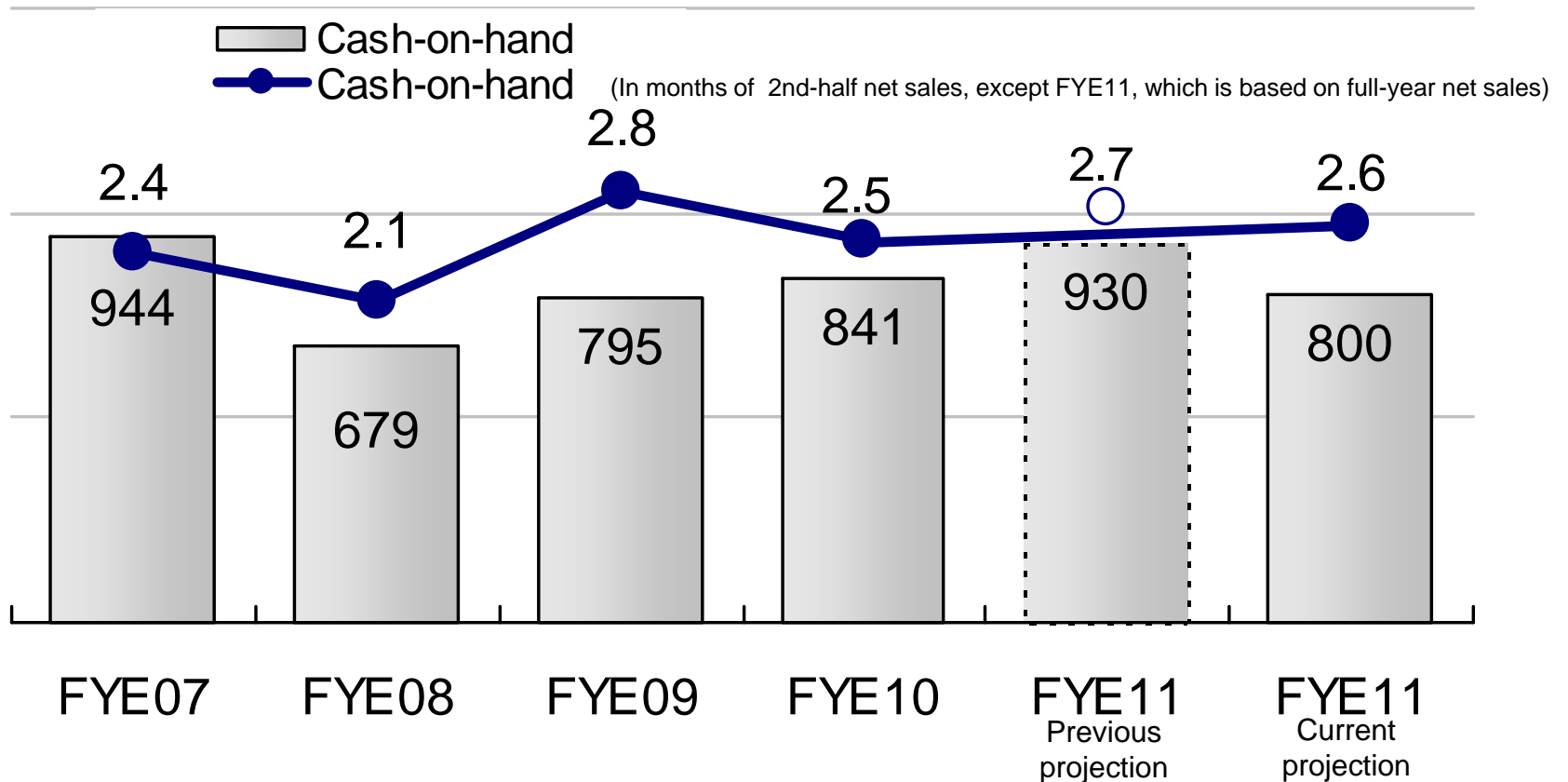
(Billions of yen)



# Cash on Hand

## Cash on Hand (Year-end)

(Billions of yen)



Note 1: In 2007, 450 billion yen was used to acquire own shares.  
In 2008, 100 billion yen.  
In 2010, 50 billion yen.

# Supplementary Information

# Transition in Sales and Operating Profit

## FY 2011 Current Projection v. FY 2010 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2010 Actual	3,706.9	387.6
Foreign exchange impact [net sales, cost of sales, expenses]	-9.3	-6.2
Sales volume impact		
Office	+223.7	
Consumer	+204.4	
Industry and Others	-1.3	
.....		
Total	+426.8	+197.0
Others	-80.0	-45.7
Total change (Excluding earthquake effects)	+337.5	+145.1
Earthquake effects total	-314.4	-197.7
Total change	+23.1	-52.6
FY 2011 Current projection	3,730.0	335.0

### Change in Exchange Rate (FY)

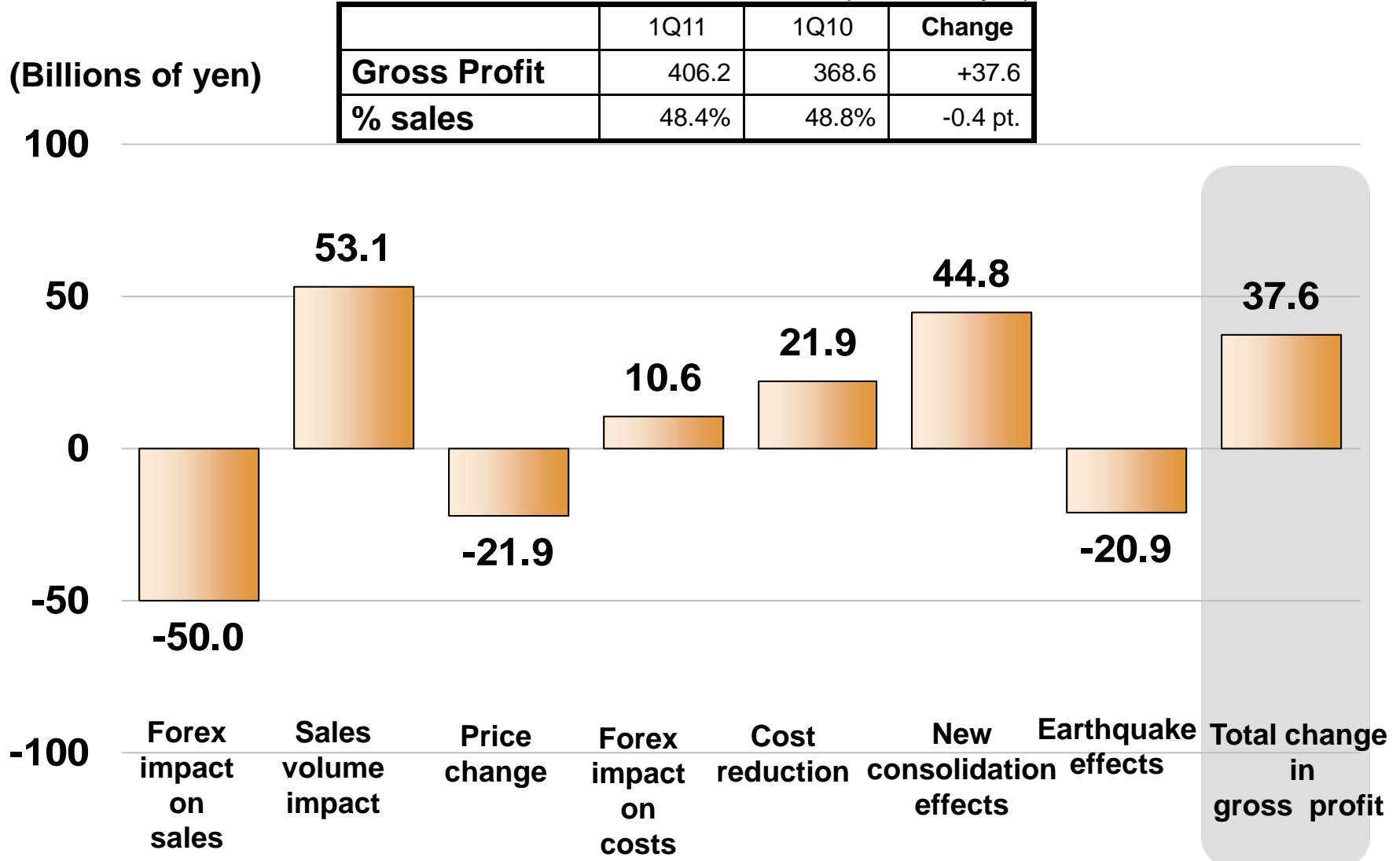
- 1USD: 87.40 to 84.36 yen
- 1EURO: 114.97 to 118.28 yen



# Gross Profit Variance Analysis

1Q 2011 Actual v. 1Q 2010 Actual

(Billions of yen)

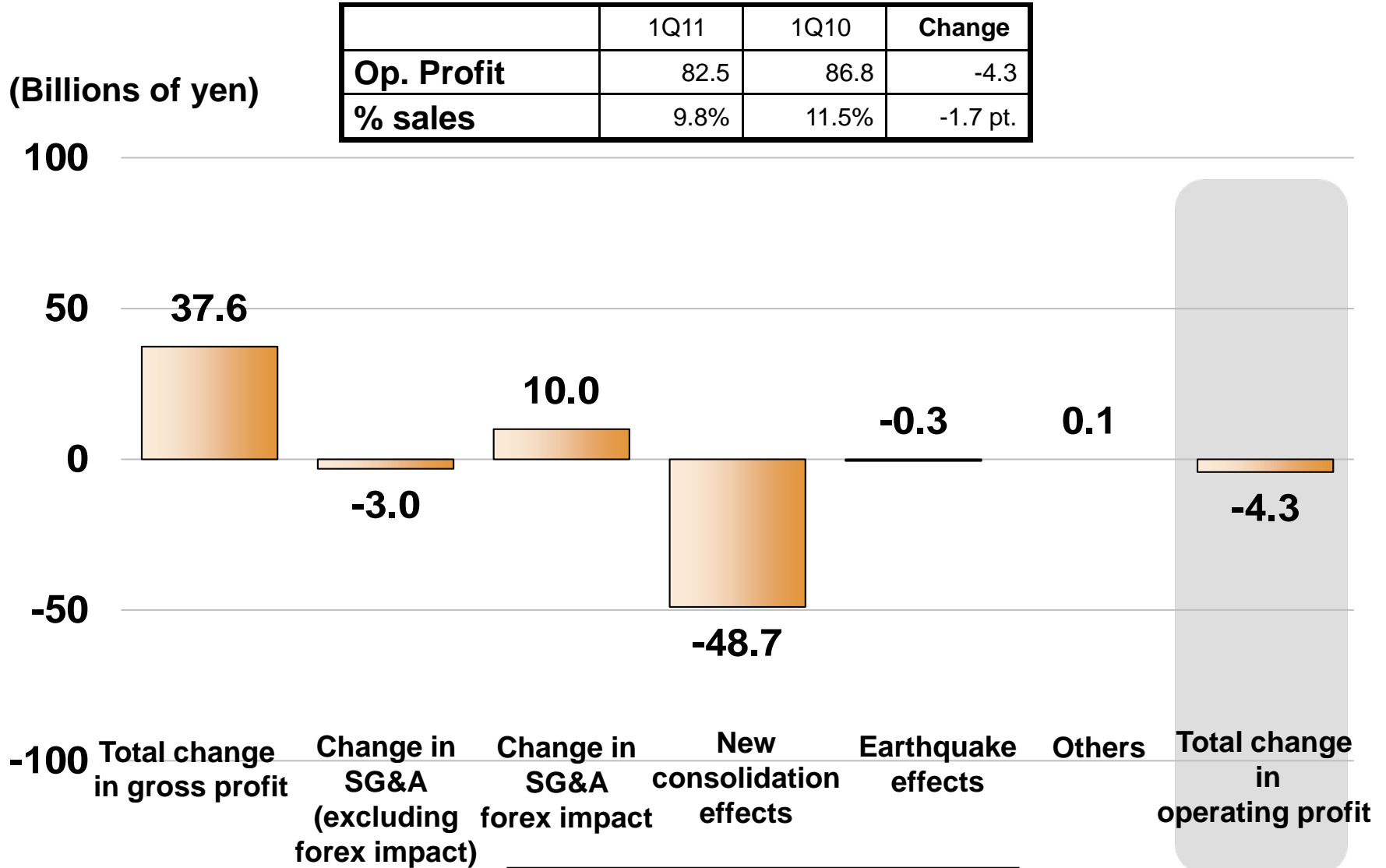


**Supplementary Information**

# Operating Profit Variance Analysis

1Q 2011 Actual v. 1Q 2010 Actual

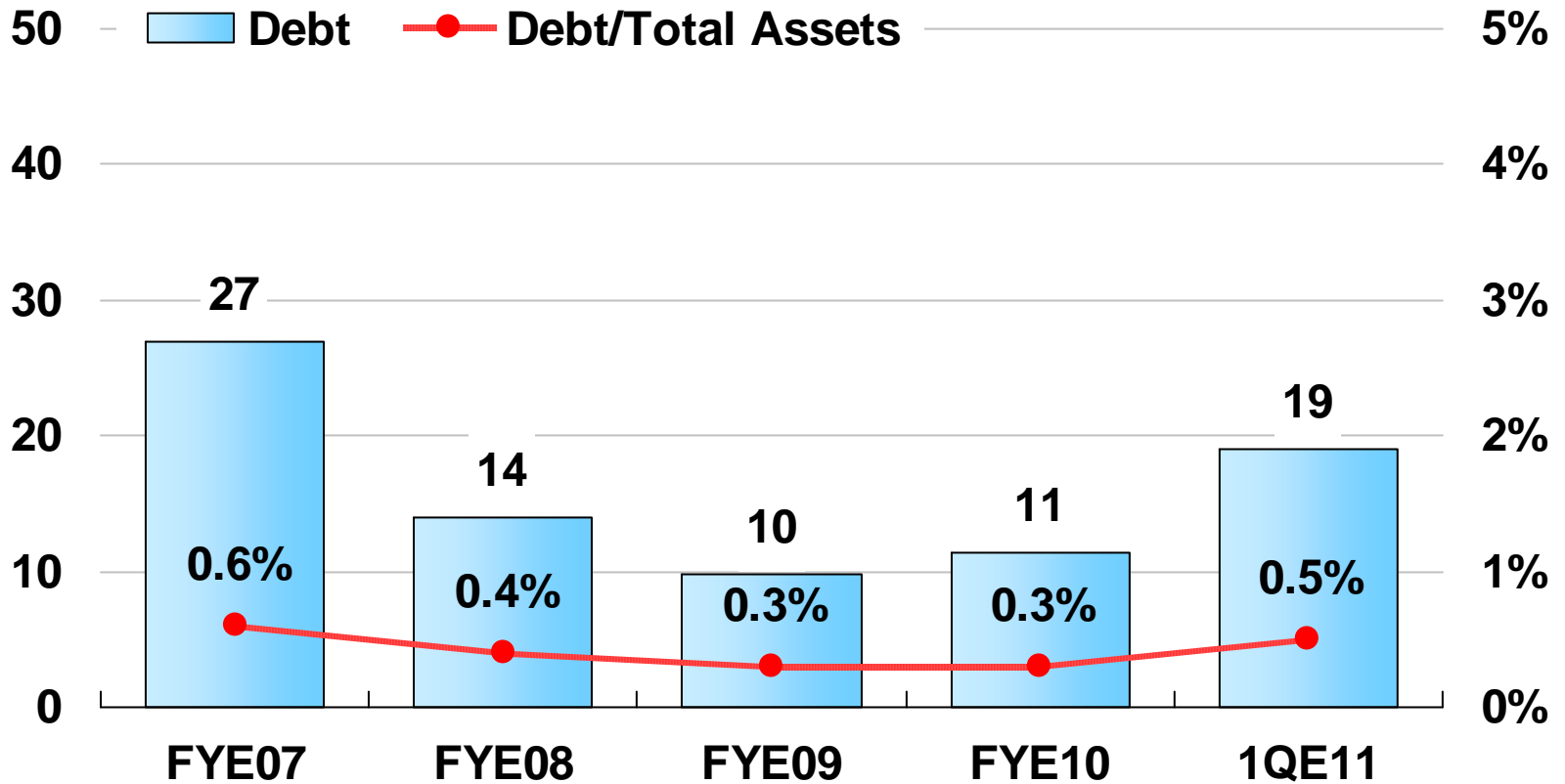
(Billions of yen)



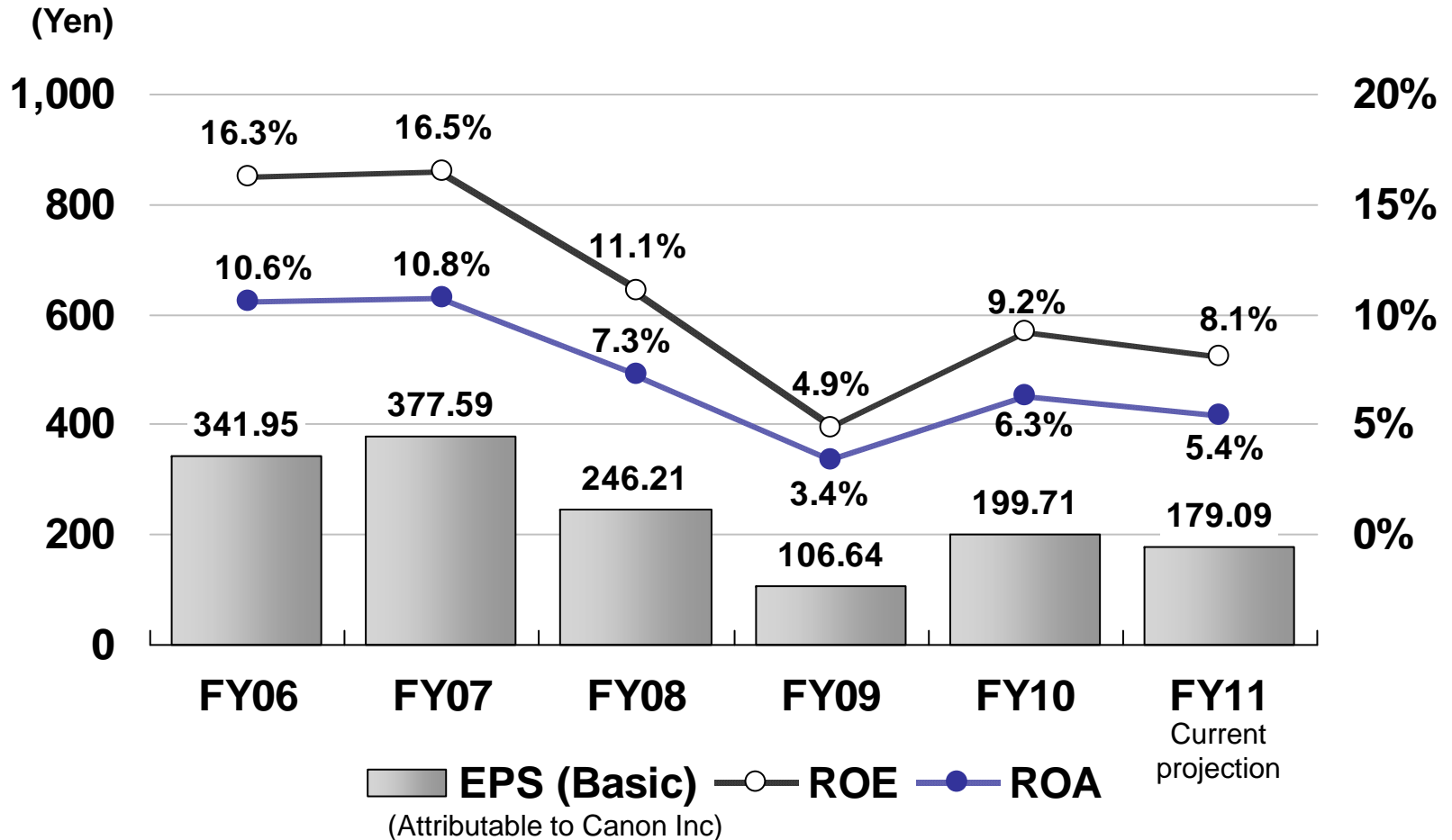
Supplementary Information

# Interest Bearing Debt

(Billions of yen)



# Financial Ratios



Note 1: EPS (Basic) has been adjusted to reflect a 3-for-2 forward stock split (effective date July 1, 2006)