



# Canon Inc.

## Third Quarter 2011 Results

October 25, 2011  
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# 3Q 2011 in Summary

## External Environment

- ✓ Started to see growing financial instability in Europe and the U.S., but global economy continued its gradual recovery
- ✓ Canon's markets also remained strong
- ✓ Rapidly deteriorating exchange rate environment

## Results

- ✓ Normalized product delivery system and made progress in expanding sales
- ✓ Realized first quarter of net sales and profits growth in four quarters, despite the yen's rapid appreciation.

# Summary of Results

3Q 2011 Actual

(Billions of yen)

	3Q 2011 Actual	3Q 2010 Actual	Pct. Change
<b>Net sales</b>	<b>916.9</b>	<b>913.2</b>	+0.4%
<b>Gross profit</b>	<b>452.5</b>	<b>446.9</b>	+1.3%
[% sales]	49.4%	48.9%	
<b>Op. profit</b>	<b>122.5</b>	<b>104.4</b>	+17.4%
[% sales]	13.4%	11.4%	
<b>Net income attributable to Canon Inc.</b>	<b>77.9</b>	<b>68.2</b>	14.2%
[% sales]	8.5%	7.5%	
<b>Foreign exchange rate</b>			
Yen – 1USD	77.75	85.79	
Yen – 1EURO	109.98	110.61	

# Transition in Sales and Op. Profit

3Q 2011 Actual v. 3Q 2010 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2010 Actual	913.2	104.4
Foreign exchange impact [net sales, cost of sales, expenses]	-33.5	-15.6
Sales volume impact		
Office	+8.7	
Consumer	+52.4	
Industry and Others	+16.0	
Total	+77.1	+33.5
Others	-20.3	+15.8
Total Change (Excluding below effects)	+23.3	+33.7
Earthquake effects	-19.6	-15.6
Total Change	+3.7	+18.1
3Q 2011 Actual	916.9	122.5

## Change in Exchange Rate

- 1USD: 85.79 to 77.75 yen
- 1EURO: 110.61 to 109.98 yen

(Billions of yen)

	Sales	Op. Profit
Office	-19.6	-15.6
Consumer	-0	
Industry and Others	-0	

# Assumptions

## 2011 Current Projection

Average Exchange Rate	4Q11	FY11	FY10
■ Yen-1USD	77.00 yen	79.41 yen	87.40 yen
■ Yen-1EURO	105.00 yen	110.83 yen	114.97 yen

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

	Net sales	Operating profit
■ USD	5.2 billion yen	2.4 billion yen
■ EURO	2.9 billion yen	1.7 billion yen

# Key Points FY 2011

## External Environment

- ✓ Global economy maintains its gradual recovery, despite slower growth in developed countries
- ✓ Global demand in Canon's markets remains strong
- ✓ The yen stays at high levels
- ✓ Flooding in Thailand

## Outlook

- ✓ Promote sales expansion, employing tailored strategies by product and by region
- ✓ Achieve further cost reduction and expense streamlining to overcome impact of yen's appreciation
- ✓ Post lower net sales and profits due to impact of flooding

# Summary of Projected Results

## FY 2011 Current Projection

(Billions of yen)

	FY 2011 Current projection	FY 2010 Actual	Pct. Change
Net sales	<b>3,650.0</b>	<b>3,706.9</b>	-1.5%
Gross profit	<b>1,756.0</b>	<b>1,783.1</b>	-1.5%
[% sales]	48.1%	48.1%	
Op. profit	<b>360.0</b>	<b>387.6</b>	-7.1%
[% sales]	9.9%	10.5%	
Net income attributable to Canon Inc.	<b>230.0</b>	<b>246.6</b>	-6.7%
[% sales]	6.3%	6.7%	
Foreign exchange rate			
Yen – 1USD	79.41	87.40	
Yen – 1EURO	110.83	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 (Jul. 25, 2011)	3,780.0	380.0
Foreign exchange impact [net sales, cost of sales, expenses]	-70.9	-38.3
Sales volume impact		
Office	-31.5	
Consumer	+15.7	
Industry and Others	+6.2	
.....		
Total	-9.6	-7.0
Others	-10.0	+30.7
Total change (Excluding below effects)	-90.5	-14.6
Earthquake effects	+10.5	+14.6
Thailand flood effects *	-50.0	-20.0
Total change	-130.0	-20.0
Current Projection (Oct. 25, 2011)	3,650.0	360.0

## Change in Exchange Rate

- 1USD: 80.86 to 79.41 yen
- 1EURO: 114.97 to 110.83 yen

(Billions of yen)

	Sales	Op. Profit
Office	+8.6	+14.6
Consumer	+0.0	
Industry and Others	+1.9	

\* Consumer segments only

# Office

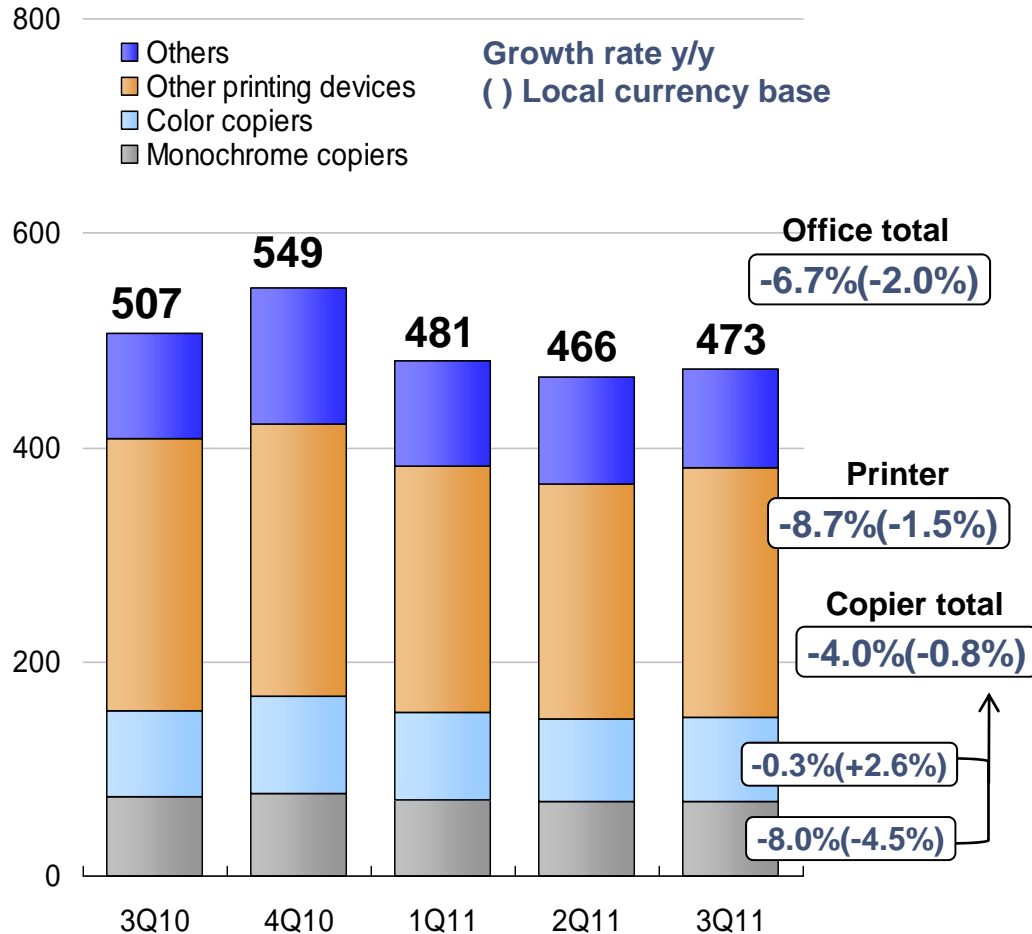
3Q 2011 Actual

3Q11 Growth rate y/y (Unit base)		
	Copiers	Printers
Color	+16%	+3%
Monochrome	-4%	+10%
Total	+2%	+9%

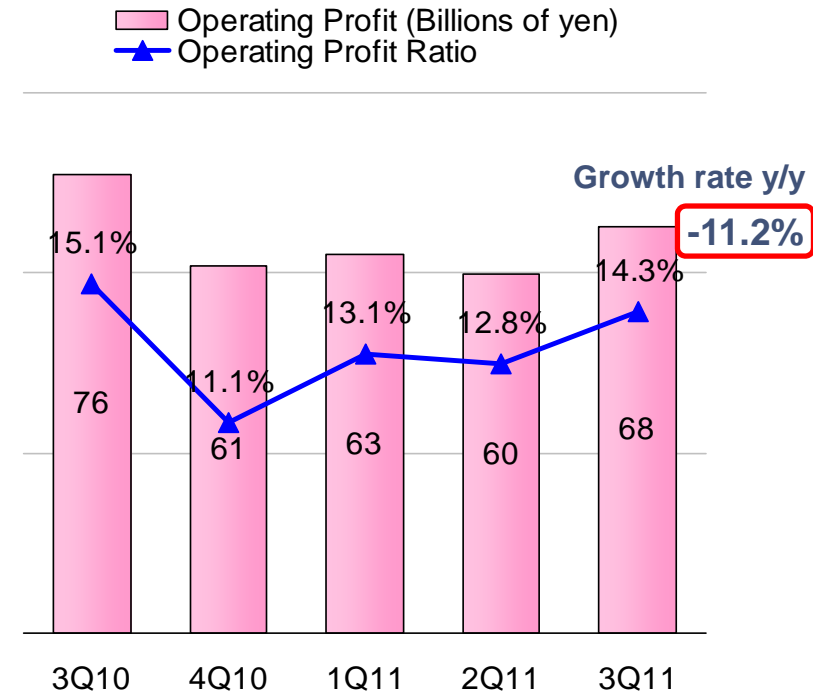
3Q11 Color ratio		
	Copiers	Printers
Value base*	54%	44%
Unit base	33%	13%

\*Includes consumables

(Billions of yen) **Sales**



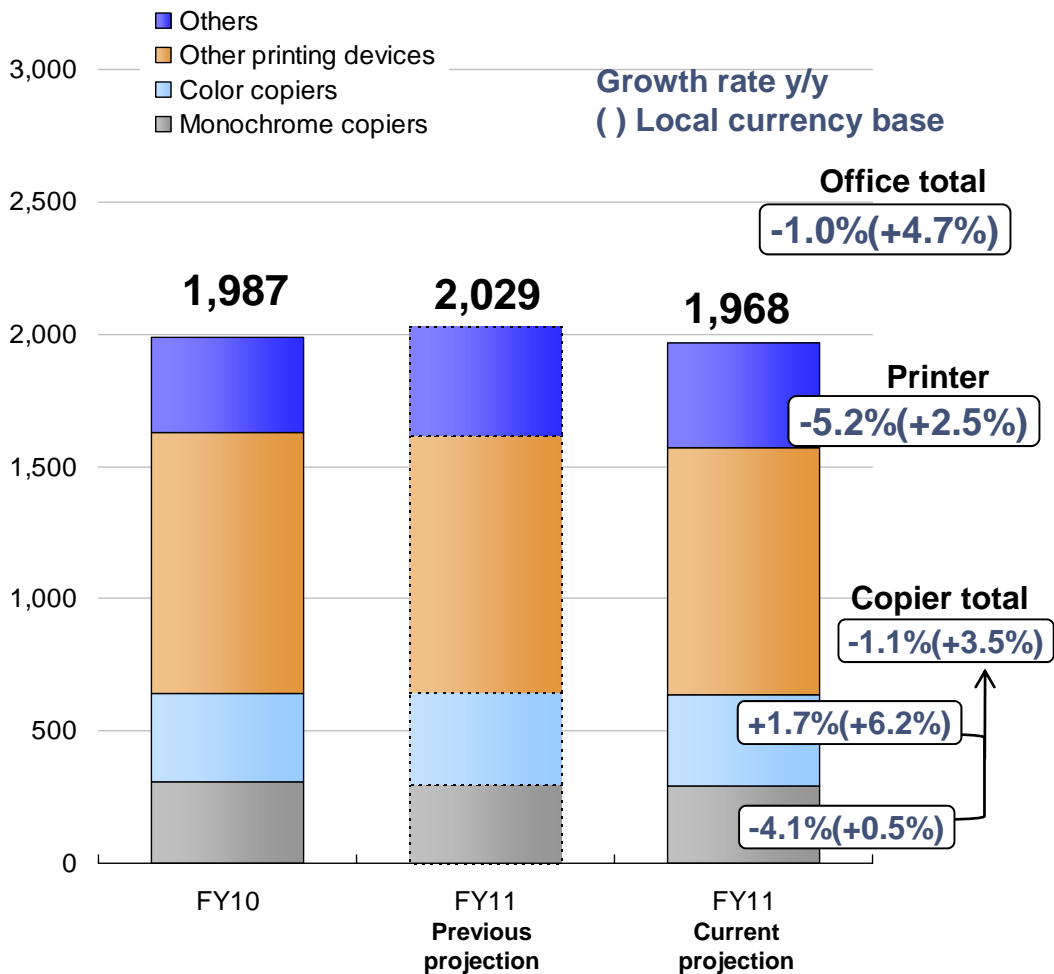
## Op.Profit



# Office

## FY 2011 Projection

(Billions of yen) **Sales**

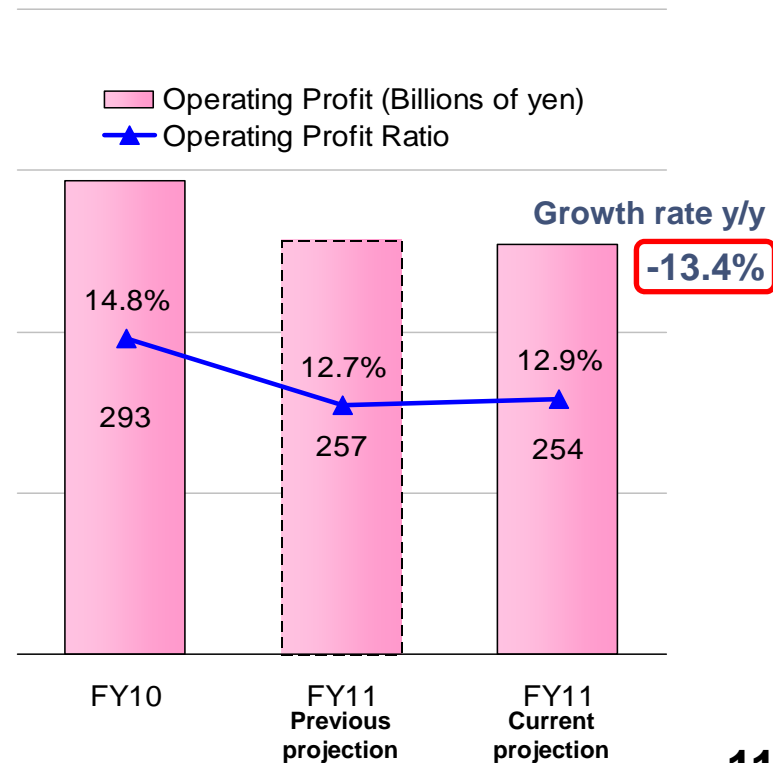


FY11 Growth rate y/y (Unit base)		
	Copiers	Printers
Color	+24%	-1%
Monochrome	+4%	+9%
Total	+10%	+7%

FY11 Color ratio		
	Copiers	Printers
Value base*	54%	43%
Unit base	34%	13%

\*Includes consumables

## Op.Profit

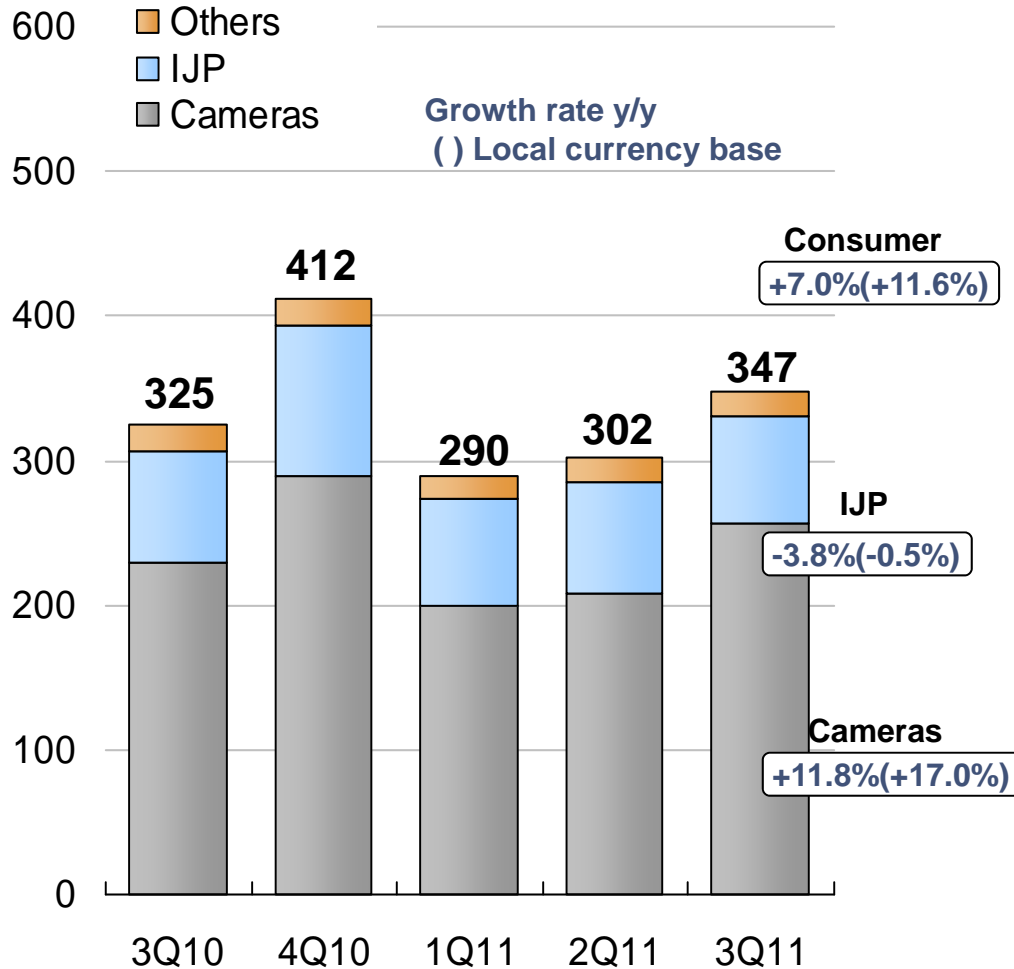


# Consumer

3Q 2011 Actual

## Sales

(Billions of yen)



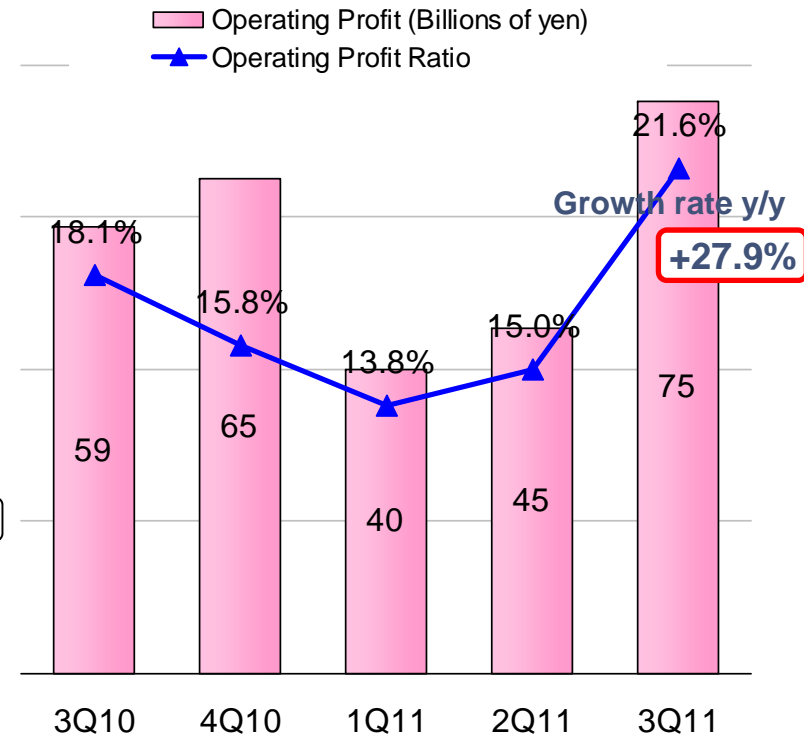
Growth rate y/y (Unit base)	
	3Q11
Digital cameras	+15%
IJP	+4%

D SLR ratio\*

	3Q11
Value base	72%
Unit base	29%

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

## Op.Profit



# Consumer

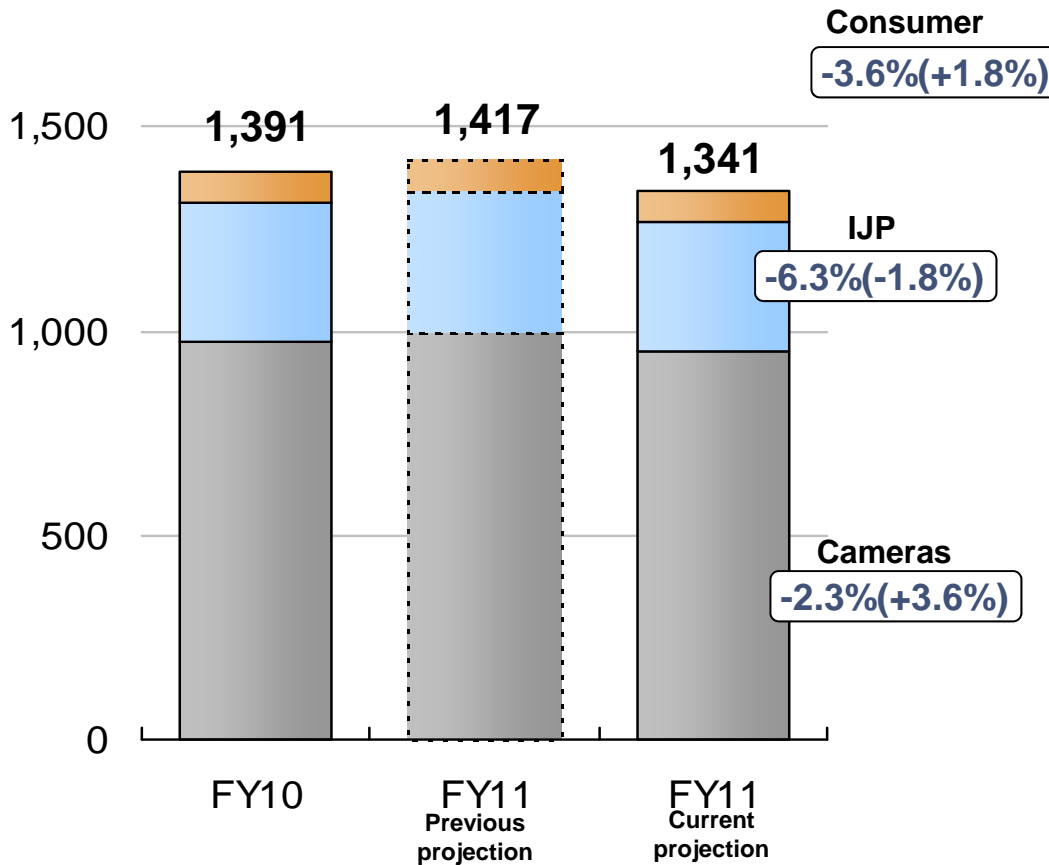
FY 2011 Projection

## Sales

(Billions of yen)

Growth rate y/y ( ) Local currency base

■ Cameras ■ IJP ■ Others



Growth rate y/y (Unit base)	
	FY11
Digital cameras	-3%
IJP	+6%

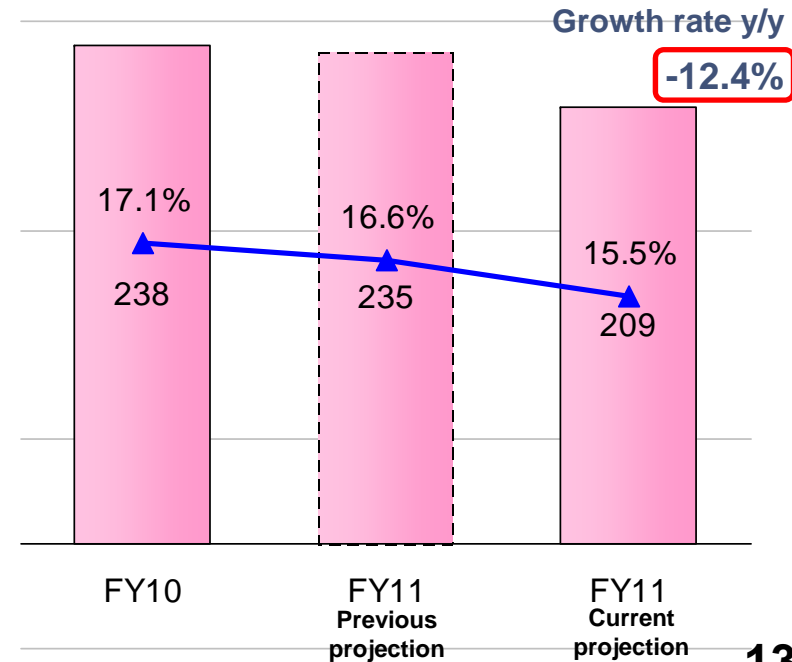
D SLR ratio\*

	FY11
Value base	71%
Unit base	27%

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

## Op.Profit

■ Operating Profit (Billions of yen)  
▲ Operating Profit Ratio



# Industry and Others (Litho.Equip.)

3Q 2011 Actual

Lithography Equipment (Unit sales)

	3Q10	3Q11
IC	10	11
LCD	16	7
TTL	26	18

IC Stepper Unit Breakdown by Light Source

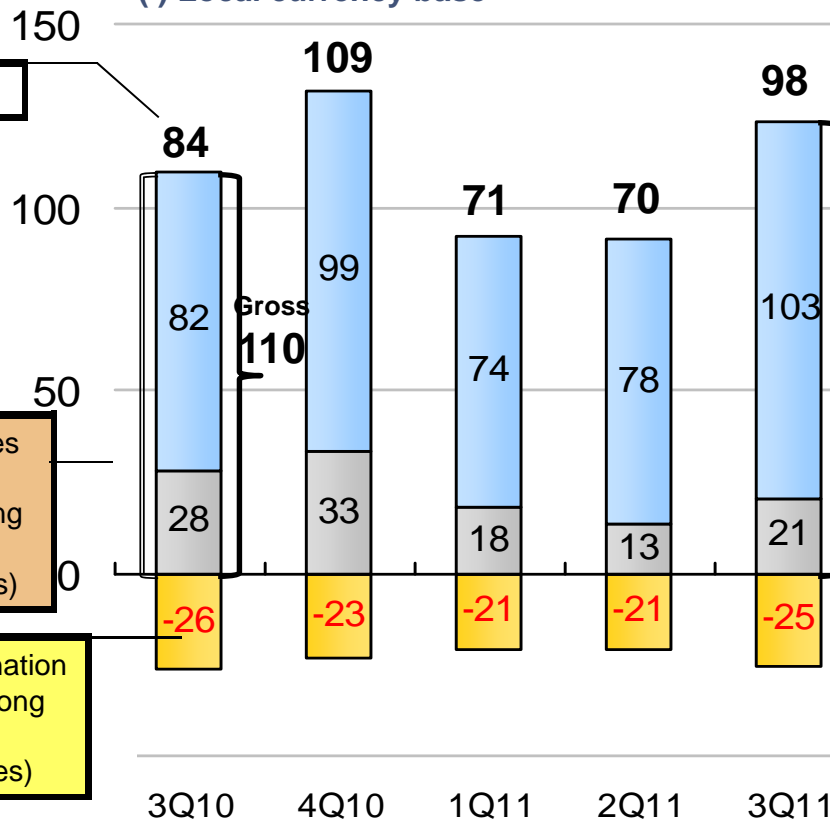
	3Q10	3Q11
ArF dry	0	0
ArF Immersion	0	0
KrF	2	2
i-line	8	9

(Billions of yen)

## Sales



Growth rate y/y  
 ( ) Local currency base



Industry and Others  
 Total  
 Net Sales

+17.7%(+18.8%)

Gross Sales

+12.8%(+13.6%)

Gross

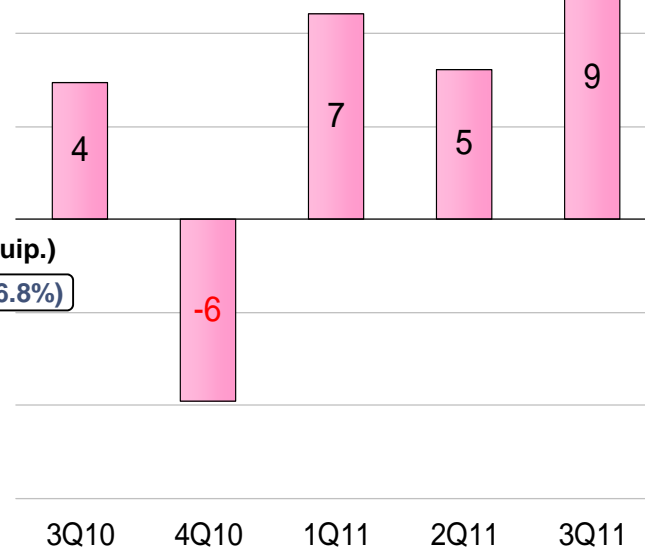
124

(Litho.Equip.)

-27.1%(-26.8%)

## Op.Profit

Operating Profit (Billions of yen)



# Industry and Others (Litho.Equip.)

## FY 2011 Projection

(Billions of yen)

### Sales

Lithography Equipment (Unit sales)

	FY10	FY11 Previous projection	FY11 Current projection
IC	29	46	50
LCD	56	31	28
TTL	85	77	78

IC Stepper Unit Breakdown by Light Source

	FY10	FY11 Previous projection	FY11 Current Projection
ArF dry	0	0	0
ArF Immersion	0	0	0
KrF	6	7	7
i-line	23	39	43

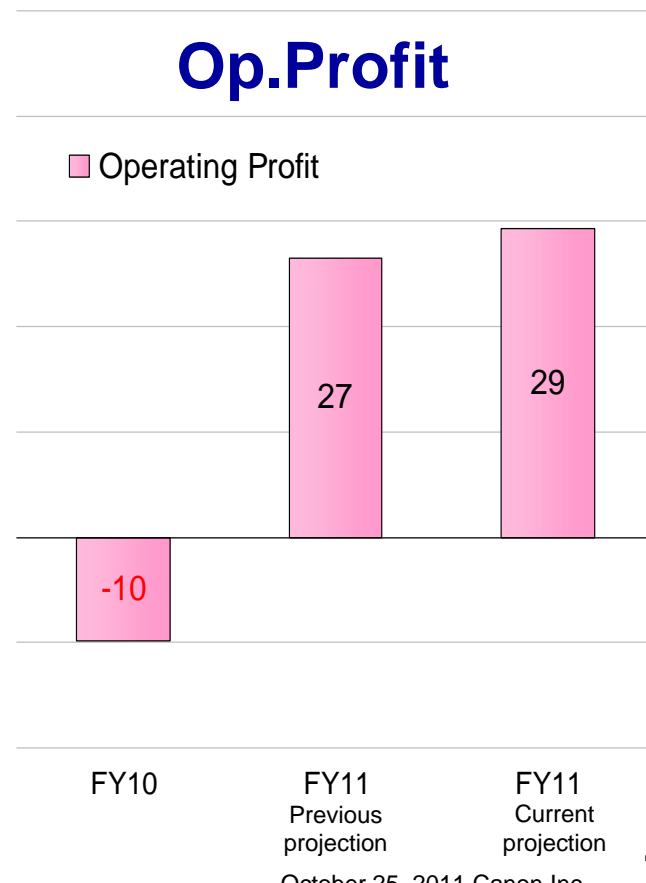
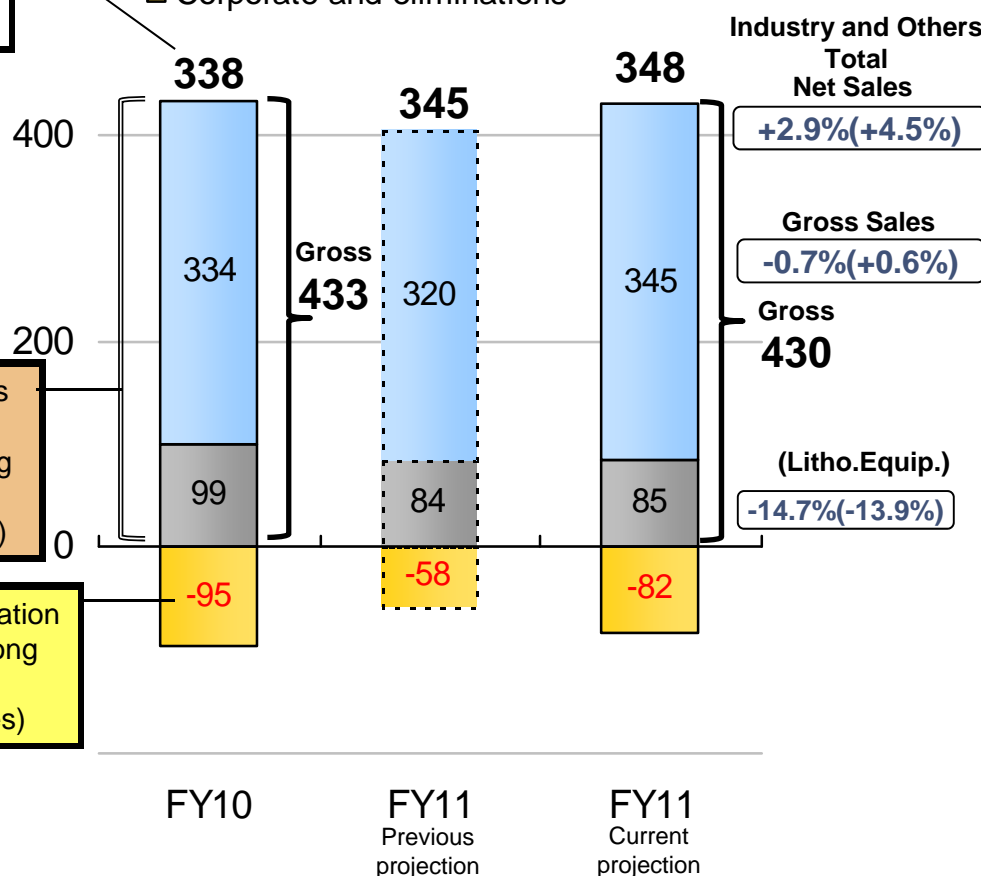
600 —  
 ■ Others  
 ■ Lithography Equipment  
 ■ Corporate and eliminations

Growth rate y/y  
 ( ) Local currency base

Industry and Others  
 Total  
 Net Sales

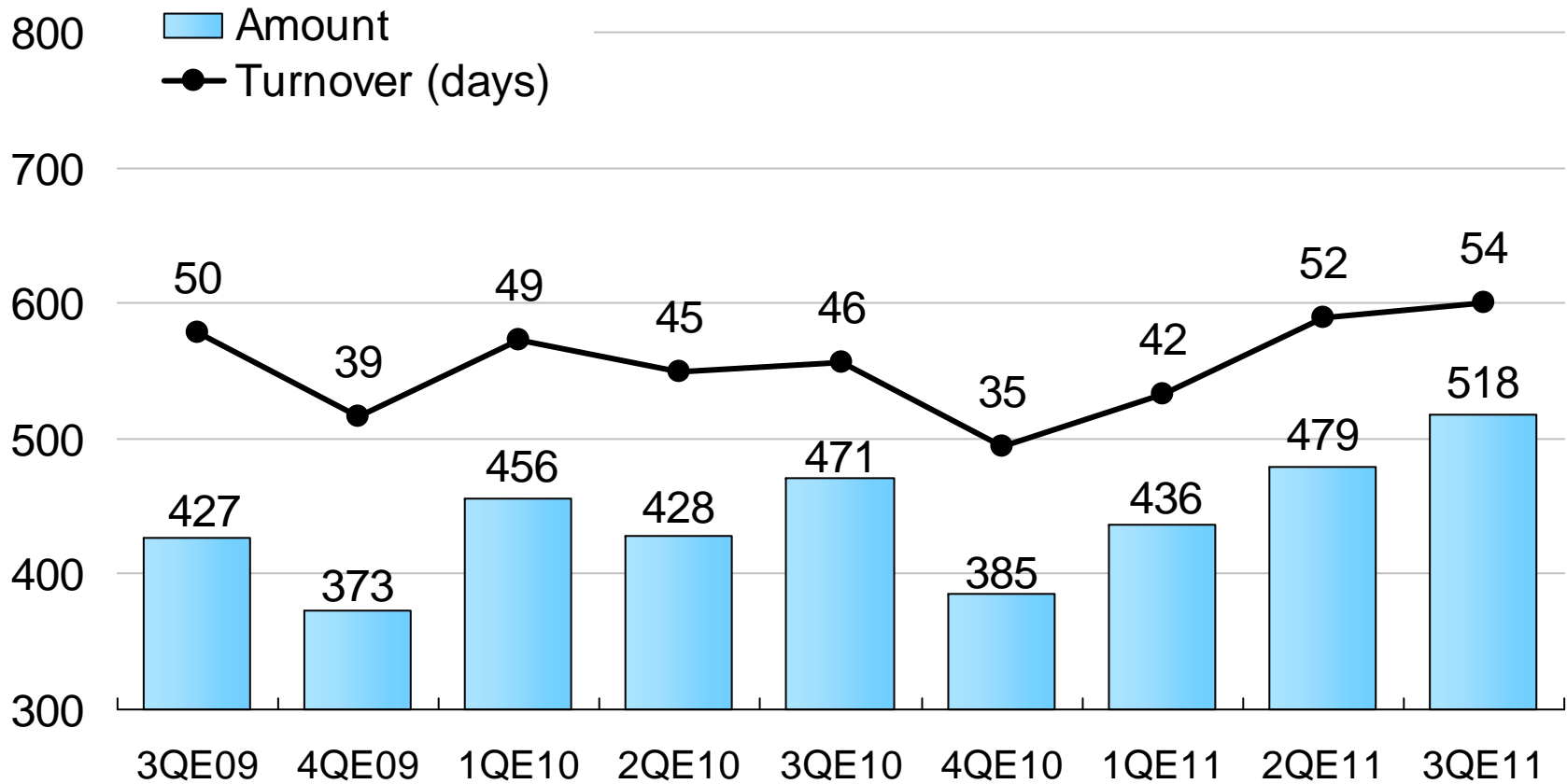
### Op.Profit

■ Operating Profit



# Inventories

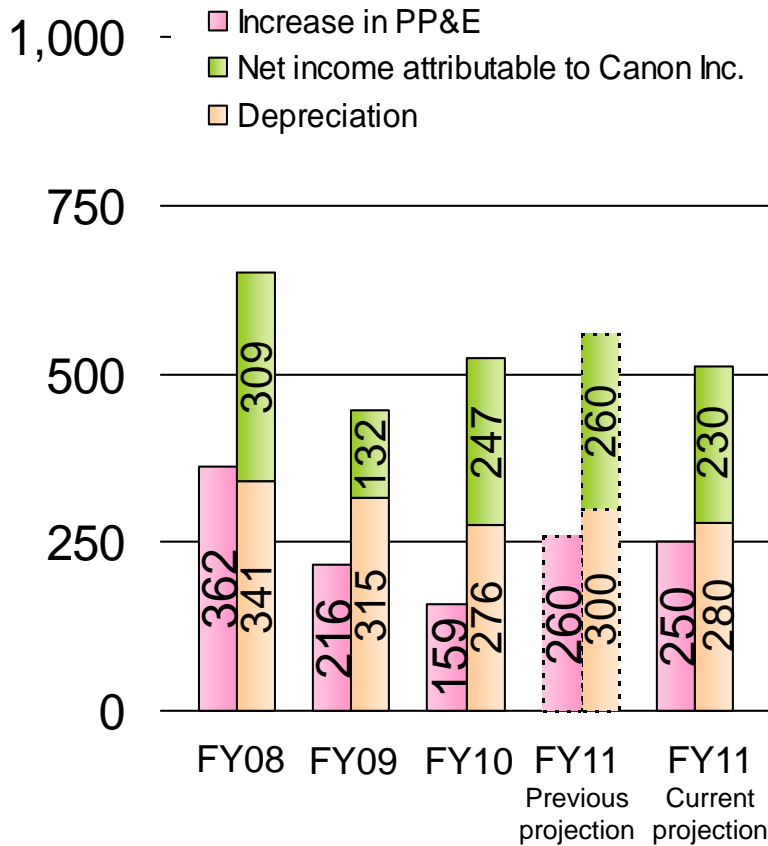
(Billions of yen)





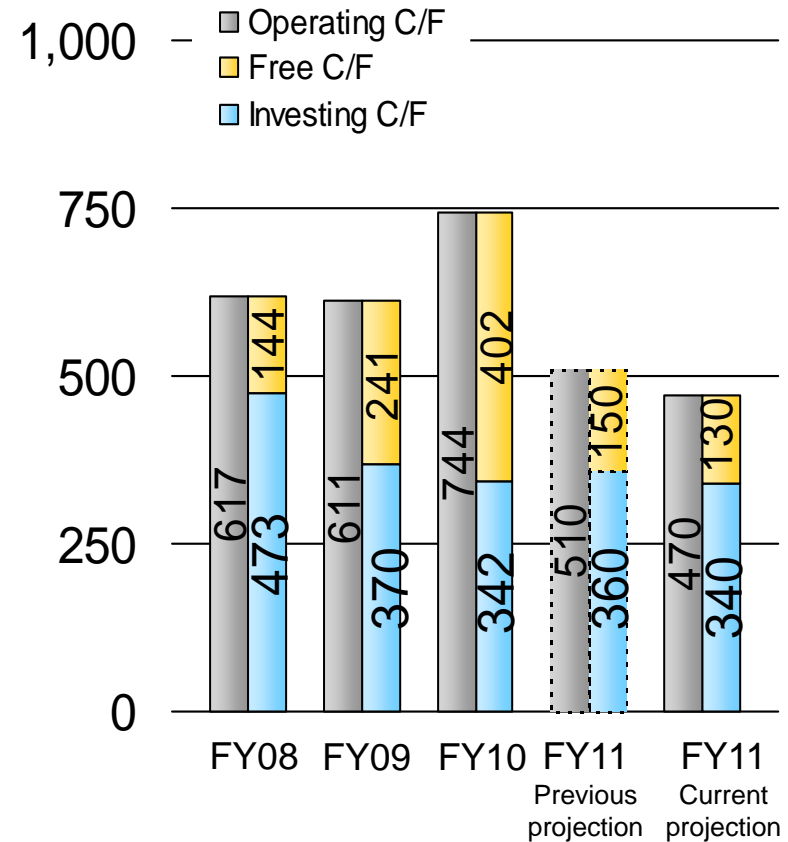
# Capital Expenditure

(Billions of yen)



# Free Cash Flow

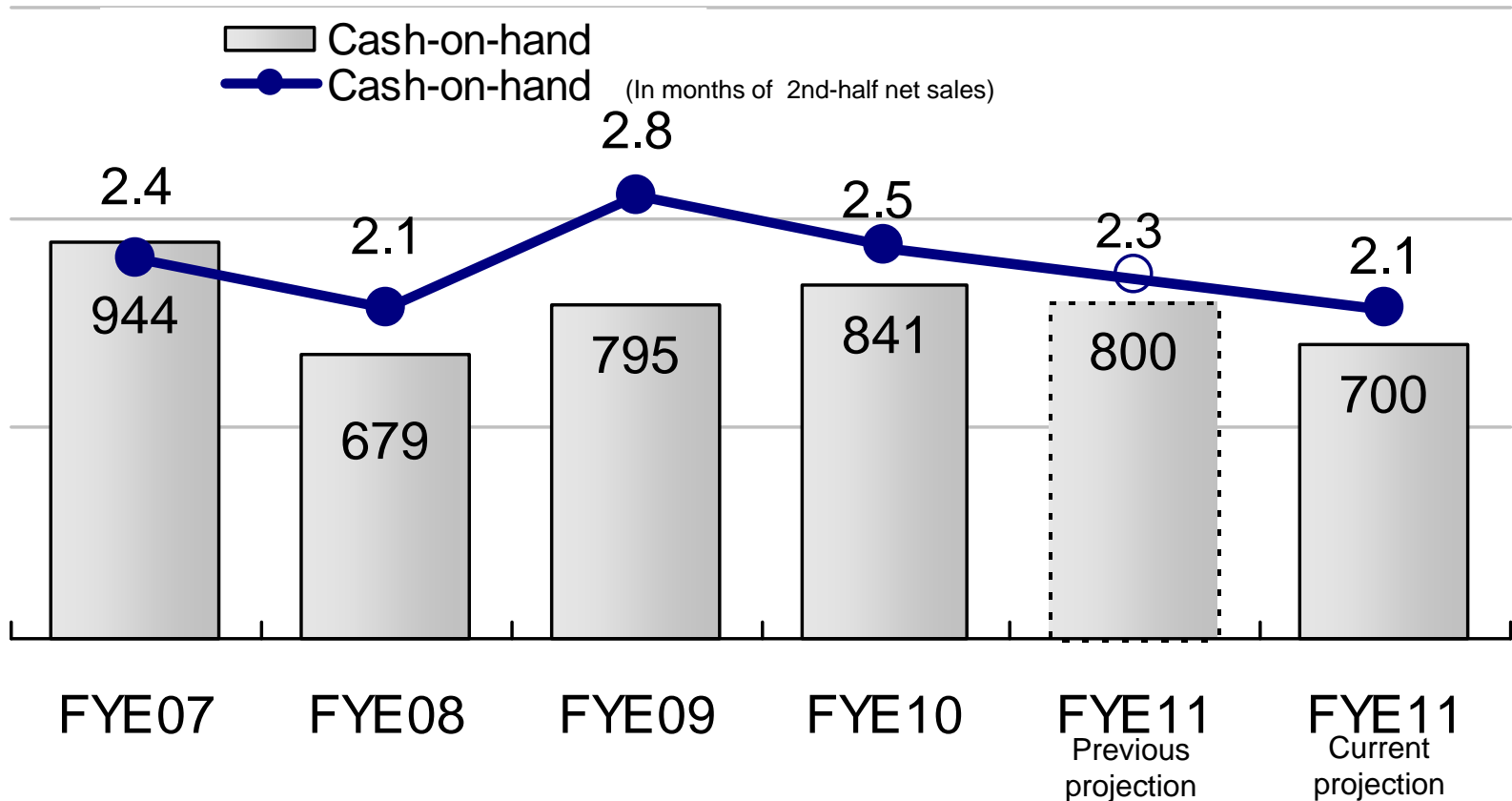
(Billions of yen)



# 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.  
In 2011, 100 billion yen.

# Summary of Results

FY 2011 Actual (Excluding earthquake & Thailand flood effects)

(Billions of yen)

	FY2011			FY2010	Pct. Change A VS B
	Current projection	Earthquake & Thailand flood effects	Excluding earthquake & Thailand flood effects A	Actual B	
<b>Net sales</b>	<b>3,650.0</b>	<b>-236.9</b>	<b>3,866.9</b>	<b>3,706.9</b>	+4.9%
<b>Gross profit</b>	<b>1,756.0</b>	<b>-131.3</b>	<b>1,887.3</b>	<b>1,783.1</b>	+5.8%
[% sales]	48.1%		48.6%	48.1%	
<b>Op. profit</b>	<b>360.0</b>	<b>-128.0</b>	<b>488.0</b>	<b>387.6</b>	+25.9%
[% sales]	9.9%		12.6%	10.5%	
Foreign exchange rate					
Yen – 1USD	79.41			87.40	
Yen – 1EURO	110.83			114.97	

# 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]	-169.6	-86.6
Sales volume impact		
Office	+189.6	
Consumer	+232.3	
Industry and Others	+27.7	
.....	.....	.....
Total	+449.6	+209.0
Others	-100.0	-22.0
Total change (Excluding below effects)	+180.0	+100.4
Earthquake effects	-186.9	-108.0
Thailand flood effects*	-50.0	-20.0
Total change	-56.9	-27.6
FY 2011 Current projection	3,650.0	360.0

### Change in Exchange Rate (FY)

- 1USD: 87.40 to 79.41 yen
- 1EURO: 114.97 to 110.83 yen

(Billions of yen)

	Sales	Op. Profit
Office	-90.7	-108.0
Consumer	-86.0	
Industry and Others	-10.2	

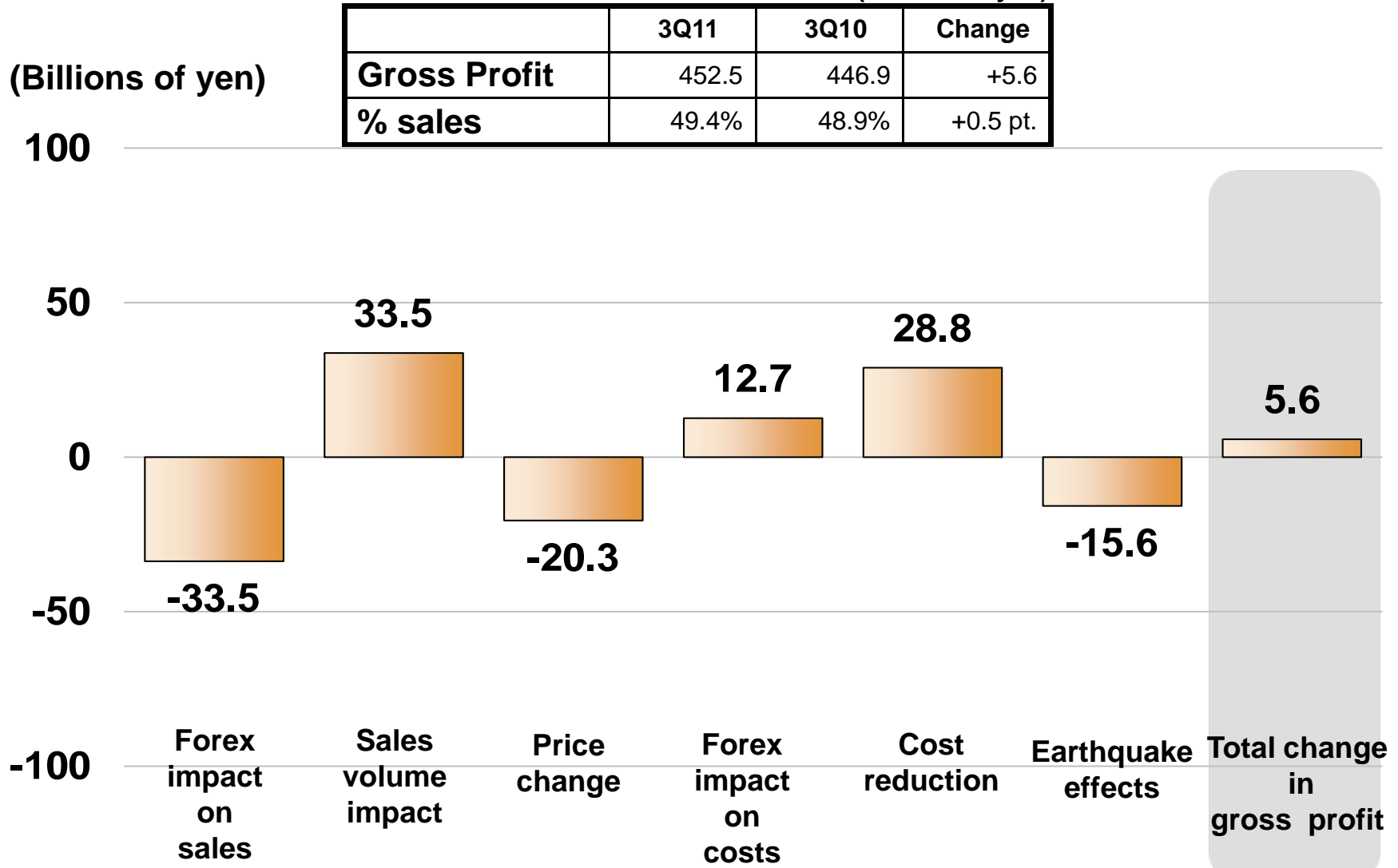
\* Consumer segments only

**Supplementary Information**

# Gross Profit Variance Analysis

3Q 2011 Actual v. 3Q 2010 Actual

(Billions of yen)

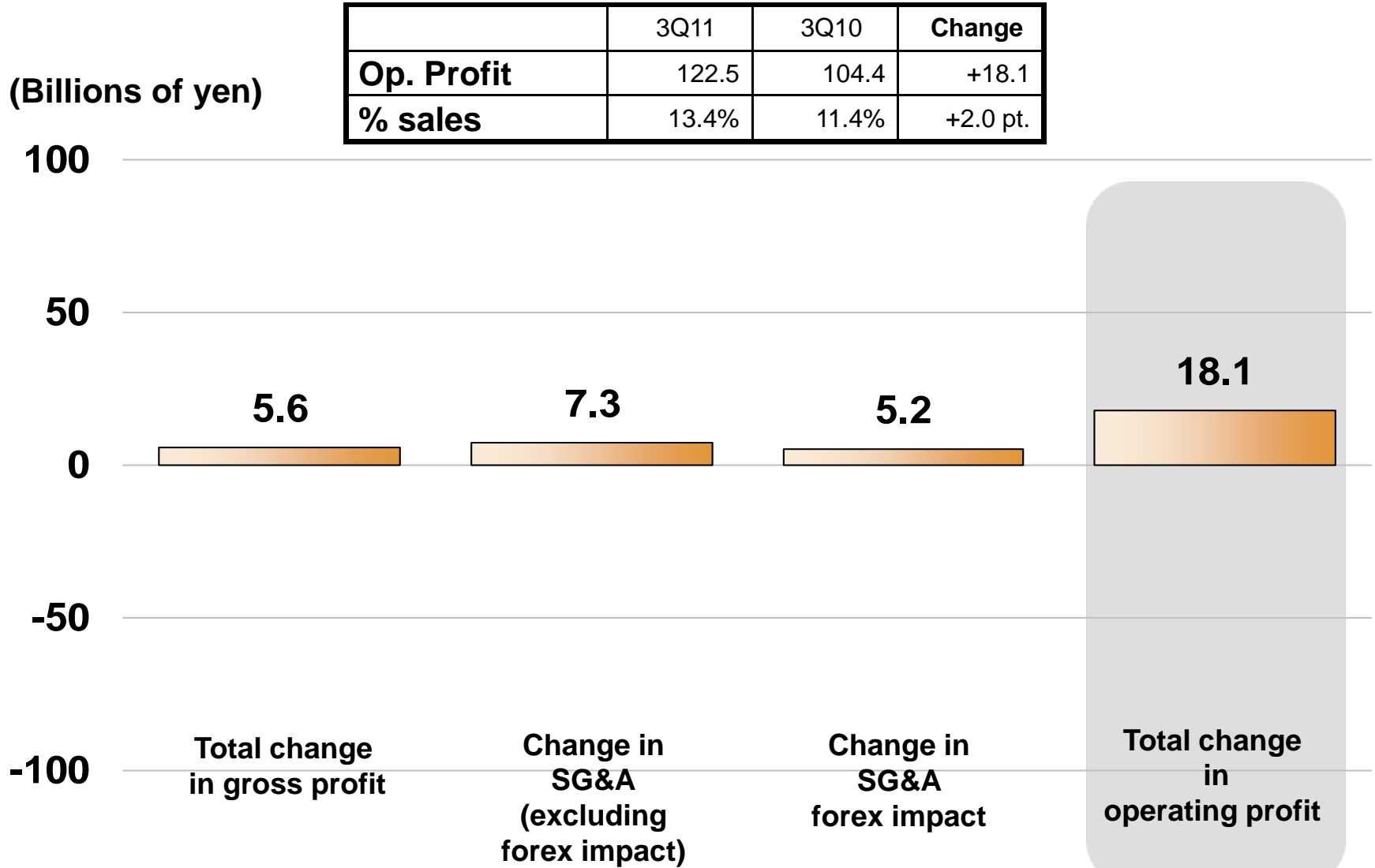


Supplementary Information

# Operating Profit Variance Analysis

3Q 2011 Actual v. 3Q 2010 Actual

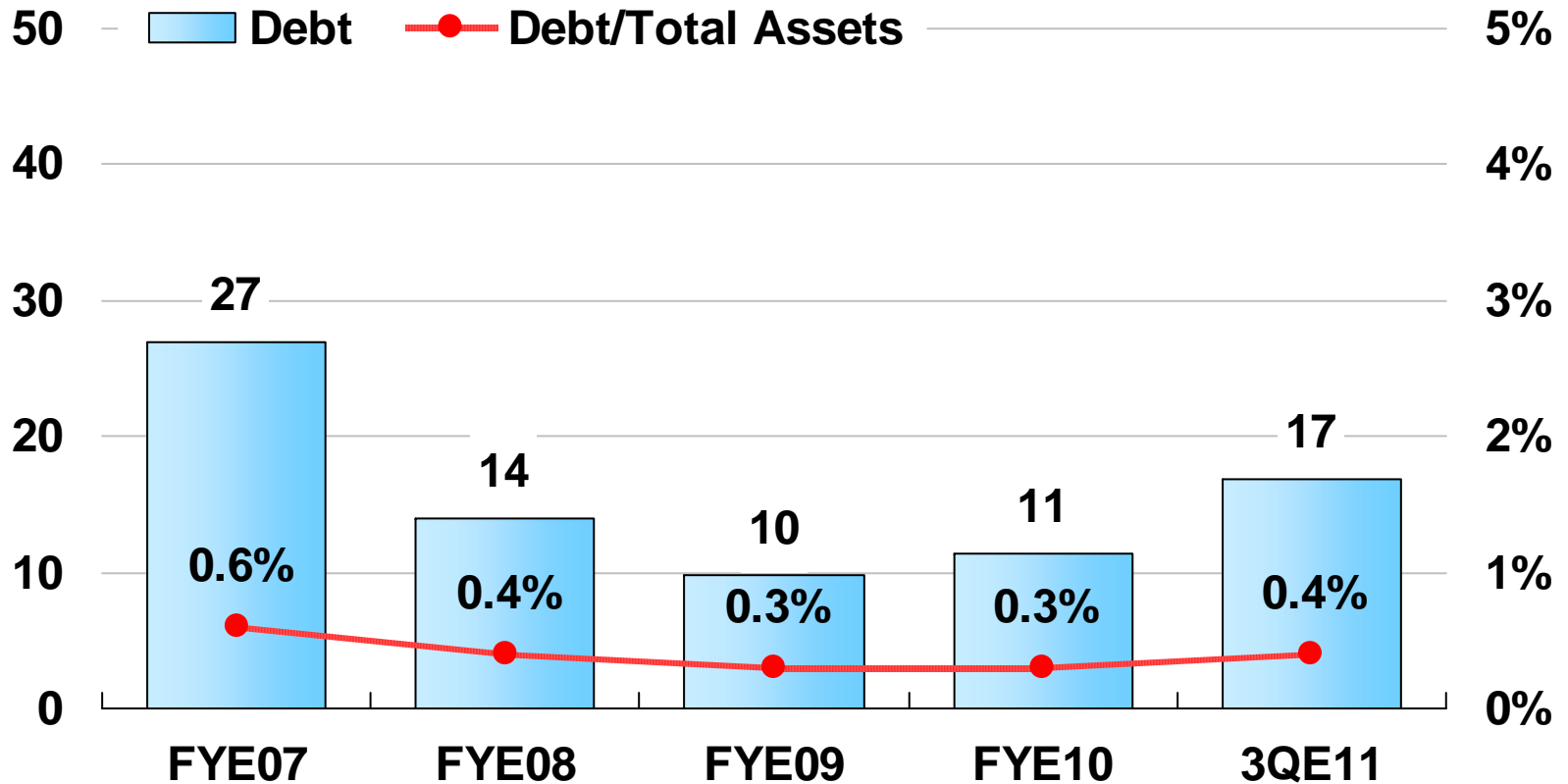
(Billions of yen)



Supplementary Information

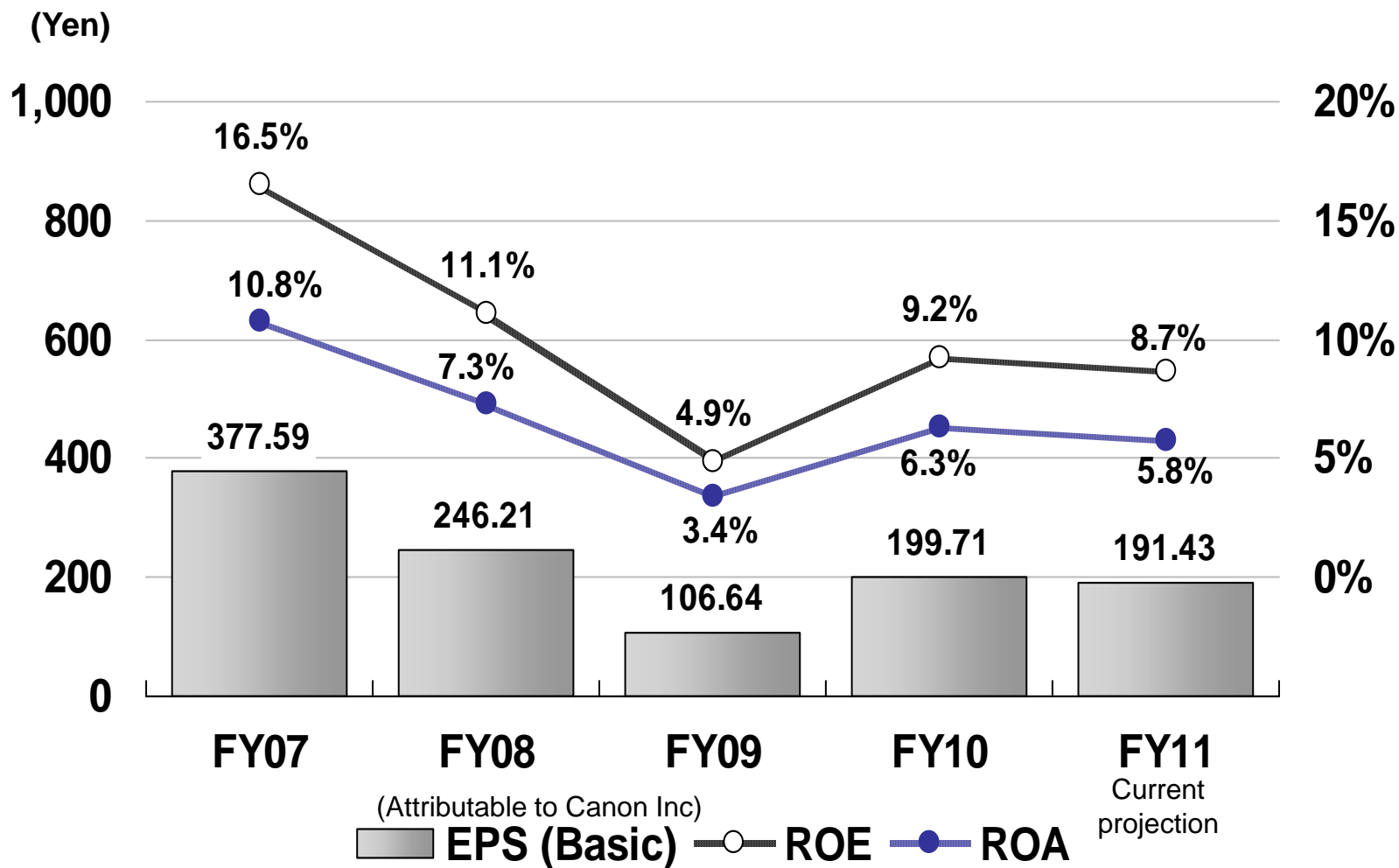
# Interest Bearing Debt

(Billions of yen)





# Financial Ratios



**Supplementary Information**

# Trends in Gross Profit Ratio & Exchange Rates

