



# Canon Inc.

## Second Quarter 2013 Results

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# Agenda

■ 2Q 2013 Results P3 – 5

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■ FY 2013 Projections P6 – 9

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■ Details by Business P10 – 15

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■ Financial Situation P16 – 18

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■ Supplementary Information P19 – 24

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# 2Q 2013 in Summary

## External Environment

- ✓ Global economy – Stuck in slow-growth mode since last year
  - U.S. and Japan - Recovering
  - Europe - Continued weakness
  - Emerging markets - Slowing growth
- China – Sharper focus on economic structure reform
- ✓ Yen remains at depreciated level

## Results

- ✓ Sales and profit growth
  - Stimulated market demand through active launch of new products and other measures
  - Camera business – impacted by delayed recovery in China and Europe

# Summary of Results

2Q 2013 Actual

(Billions of yen)

	2Q 2013 Actual	2Q 2012 Actual	Pct. Change
<b>Net Sales</b>	<b>966.9</b>	<b>899.2</b>	+7.5%
<b>Gross Profit</b>	<b>477.4</b>	<b>439.9</b>	+8.5%
(% Sales)	49.4%	48.9%	
<b>Op. Profit</b>	<b>98.4</b>	<b>92.6</b>	+6.2%
(% Sales)	10.2%	10.3%	
<b>Net Income</b>	<b>66.5</b>	<b>51.7</b>	+28.6%
Attributable to Canon Inc.			
(% Sales)	6.9%	5.8%	
Foreign Exchange Rate			
Yen – 1USD	98.80	80.09	
Yen – 1EURO	129.02	102.34	

# Transition in Sales and Op. Profit

2Q 2013 Actual v. 2Q 2012 Actual

(Billions of yen)

	Sales	Op. Profit
2Q 2012 Actual	899.2	92.6
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+139.3	+63.3
Sales Volume Impact		
Office	+6.9	
Imaging System	-21.7	
Industry and Others	-17.9	
.....		
Total	-32.7	-34.0
Others	-38.9	-23.5
Total Change	+67.7	+5.8
2Q 2013 Actual	966.9	98.4

## Change in Exchange Rate

- 1USD: 80.09 to 98.80 yen
- 1EURO: 102.34 to 129.02 yen

# Assumptions

## 2013 Current Projection

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Average Exchange Rate	2H13	FY13	FY12
■ Yen-1USD	95.00 yen	95.46 yen	79.96 yen
■ Yen-1EURO	125.00 yen	125.42 yen	102.80 yen

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### Impact of Exchange Rate Movement (2H Impact Given a One Yen Change)

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	Net Sales	Operating Profit
■ USD	9.6 billion yen	3.5 billion yen
■ EURO	4.2 billion yen	2.3 billion yen

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# Key Points FY2013

## External Environment

- ✓ Trend of global economic recovery – Below expectations
  - Prolonged economic weakness in Europe and economic slowdown in emerging markets

## Outlook

- ✓ Impact on our markets
  - Office business – Basically stable
  - Camera business – Sense of slowdown in China and Europe
- ✓ Priority on profitability



Sales and profit growth, return to path of expansion

# 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>3,850.0</b>	<b>3,479.8</b>	+10.6%
<b>Gross Profit</b>	<b>1,873.9</b>	<b>1,650.0</b>	+13.6%
(% Sales)	48.7%	47.4%	
<b>Op. Profit</b>	<b>380.0</b>	<b>323.9</b>	+17.3%
(% Sales)	9.9%	9.3%	
<b>Net Income</b>	<b>260.0</b>	<b>224.6</b>	+15.8%
Attributable to Canon Inc.			
(% Sales)	6.8%	6.5%	
Foreign Exchange Rate			
Yen – 1USD	95.46	79.96	
Yen – 1EURO	125.42	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 (Apr. 24, 2013)	3,980.0	450.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+9.9	-2.9
Sales Volume Impact		
Office	-16.4	
Imaging System	-59.4	
Industry and Others	-24.1	
Total	-99.9	-33.4
Others	-40.0	-33.7
Total Change	-130.0	-70.0
Current Projection (Jul. 24, 2013)	3,850.0	380.0

**Change in Exchange Rate**

- 1USD: 94.51 to 95.46 yen
- 1EURO: 124.45 to 125.42 yen

# Office

2Q 2013 Actual

2Q13 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+12%	+17%
Monochrome	-11%	+8%
Total	-3%	+9%

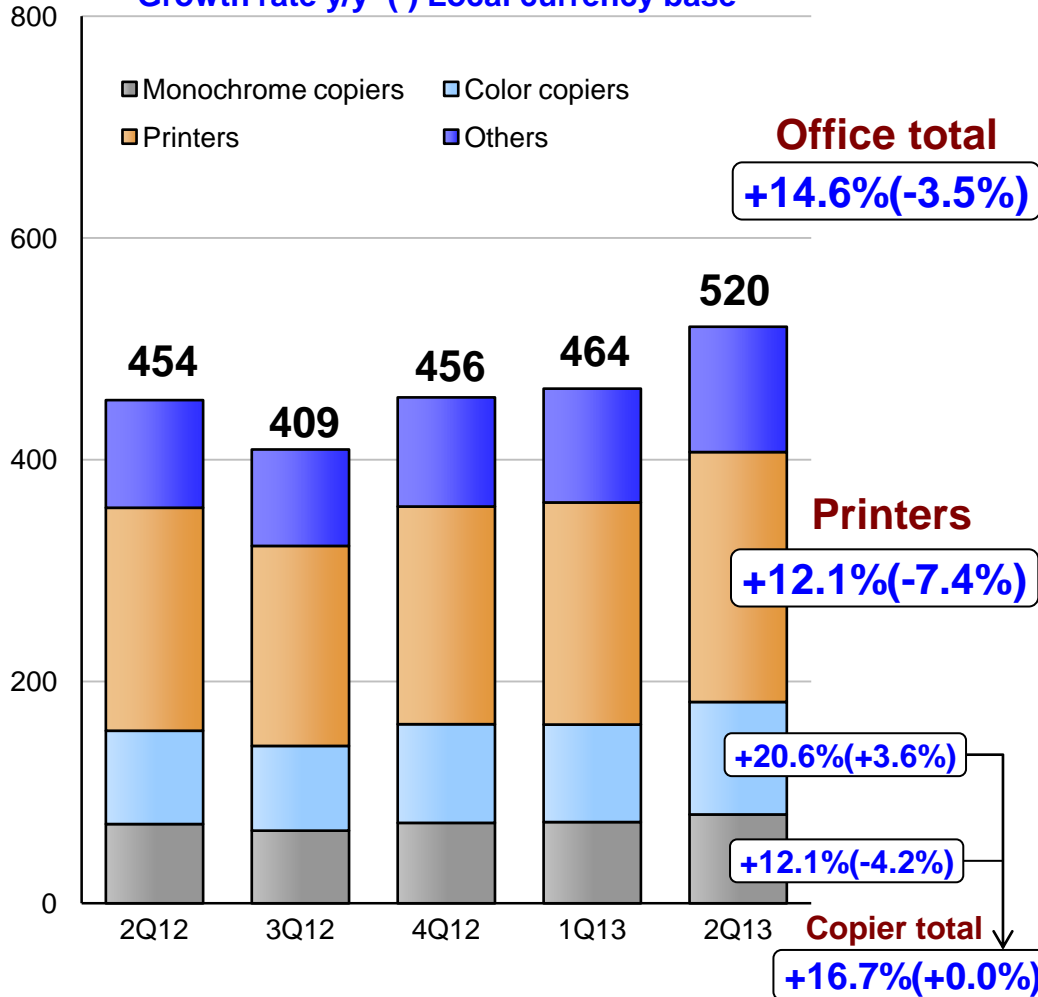
2Q13 Color Ratio		
	Copiers	Printers
Value Base*	56%	47%
Unit Base	38%	14%

\*Includes Consumables

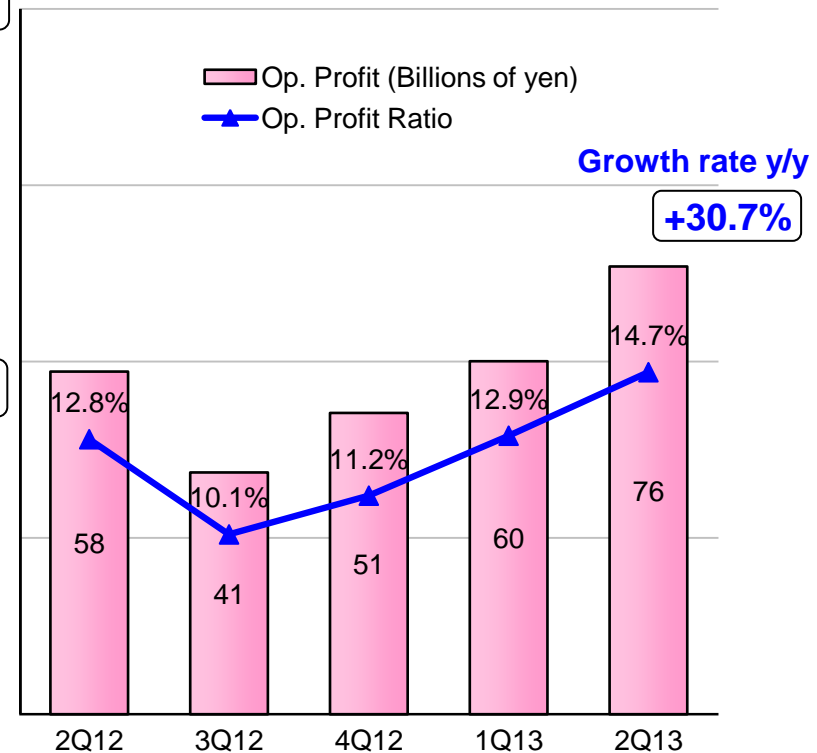
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op.Profit



# Office

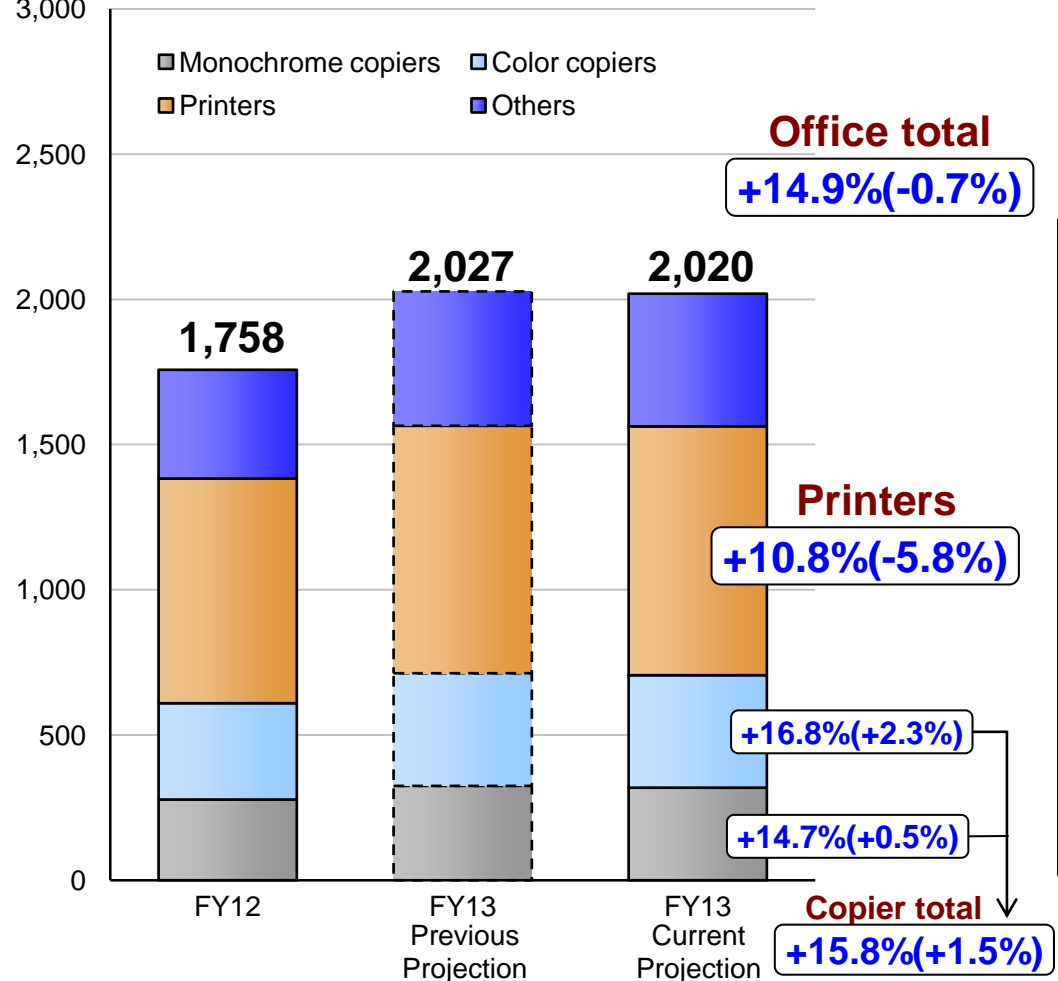
## FY 2013 Projection

FY13 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+13%	+20%
Monochrome	+1%	+12%
Total	+5%	+13%

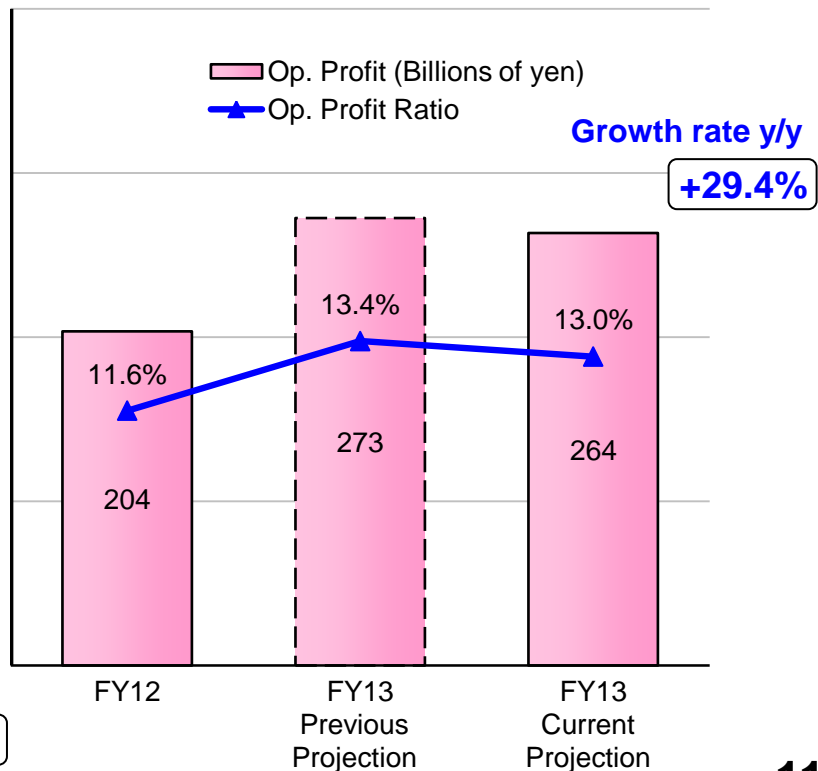
FY13 Color Ratio		
	Copiers	Printers
Value Base*	55%	47%
Unit Base	36%	15%

\*Includes Consumables

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



## Op.Profit



# Imaging System

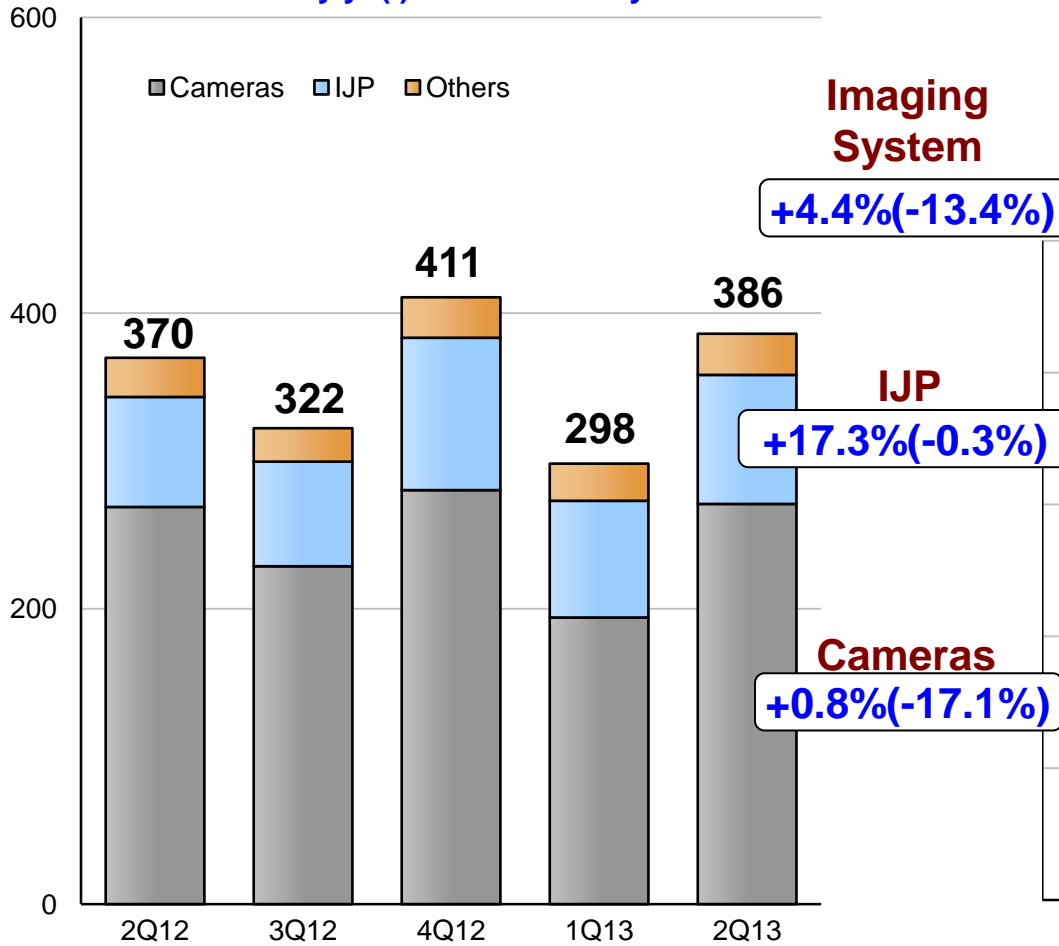
2Q 2013 Actual

Growth Rate y/y (Unit Base)	
	2Q13
Interchangeable Lens Digital Cameras	-4%
Compact Digital Cameras	-26%
Total Digital Cameras	-19%
IJP	-3%

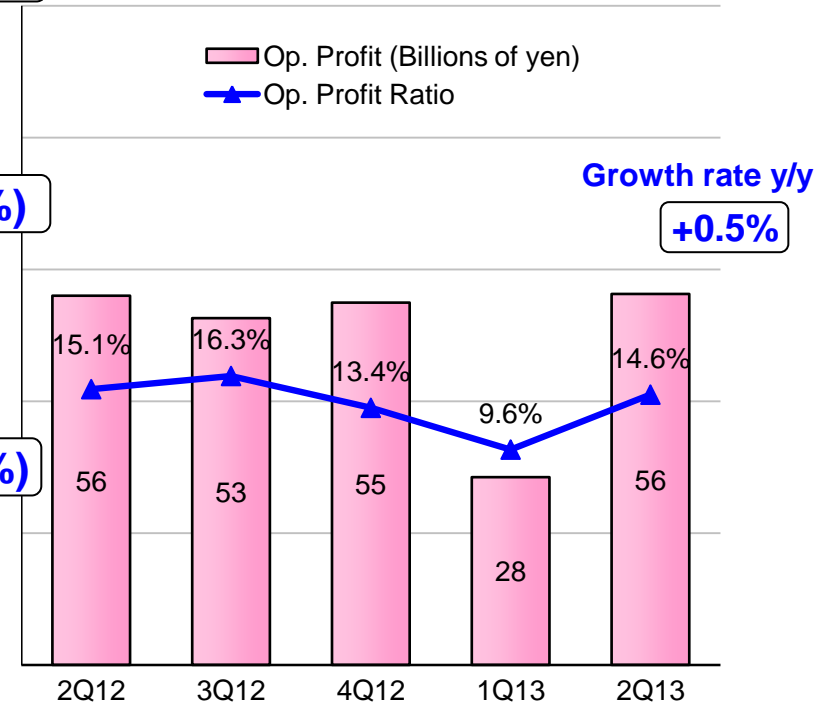
Interchangeable Lens Digital Camera Ratio *	
	2Q13
Value Base	80%
Unit Base	36%

\* 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	+10%
Compact Digital Cameras	-24%
Total Digital Cameras	-13%
IJP	+2%

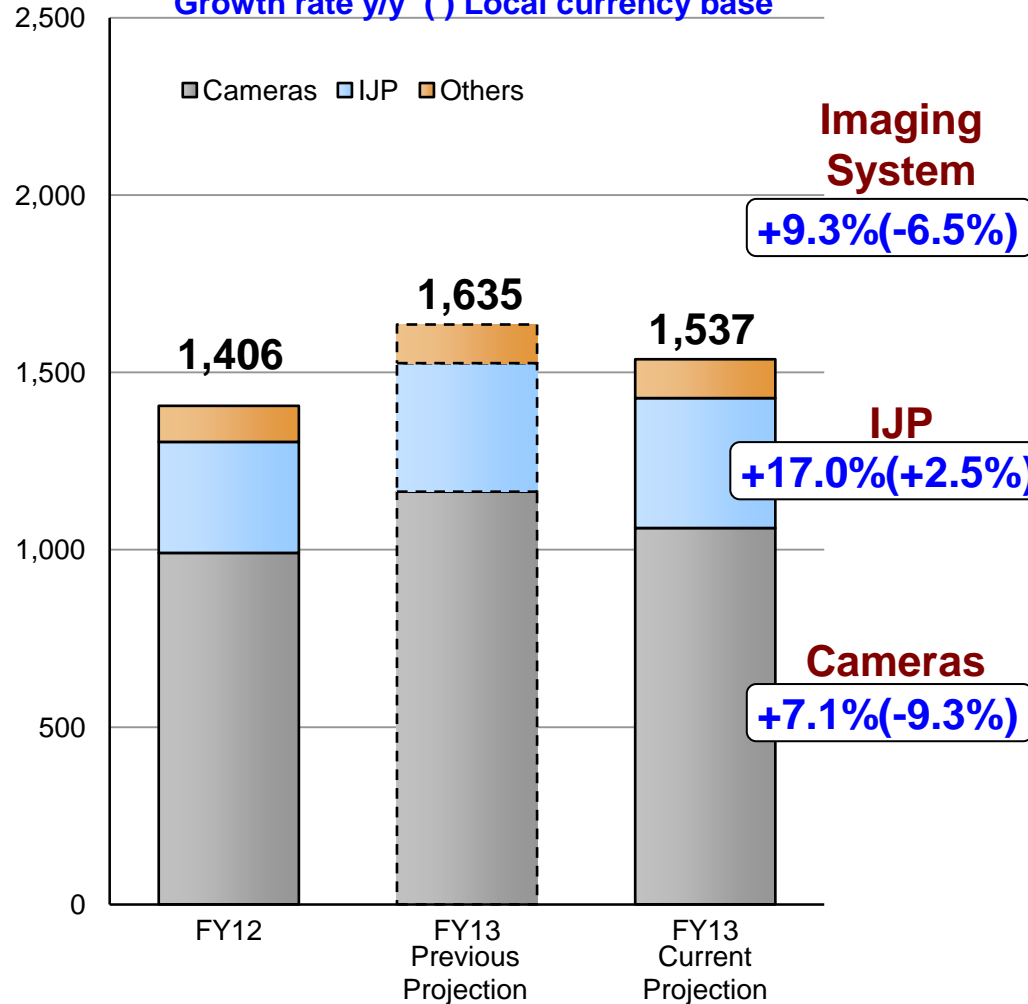
Interchangeable Lens Digital Camera Ratio *	
	FY13
Value Base	84%
Unit Base	39%

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

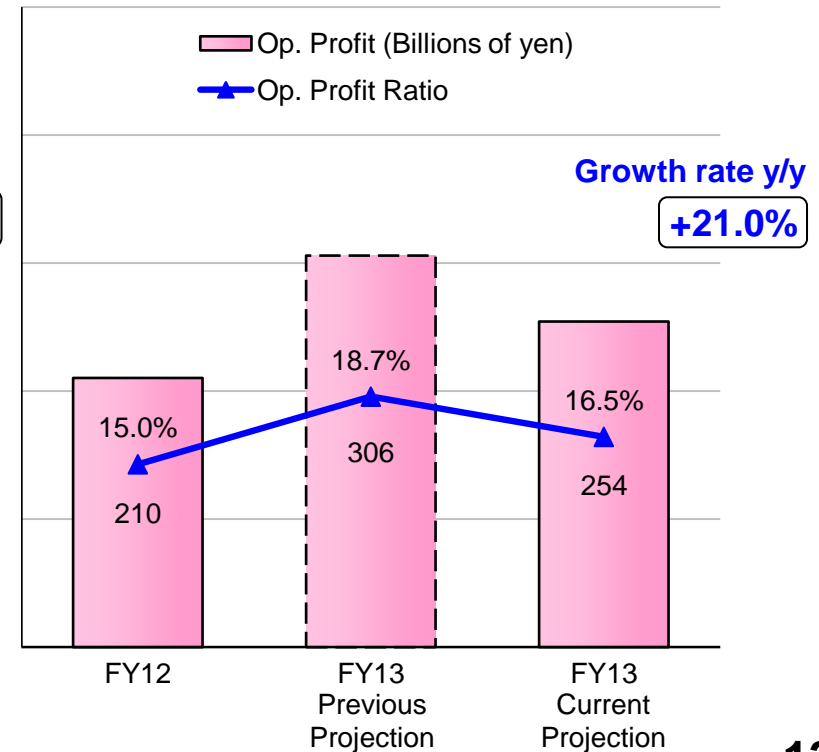
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op.Profit



# Industry and Others

2Q 2013 Actual

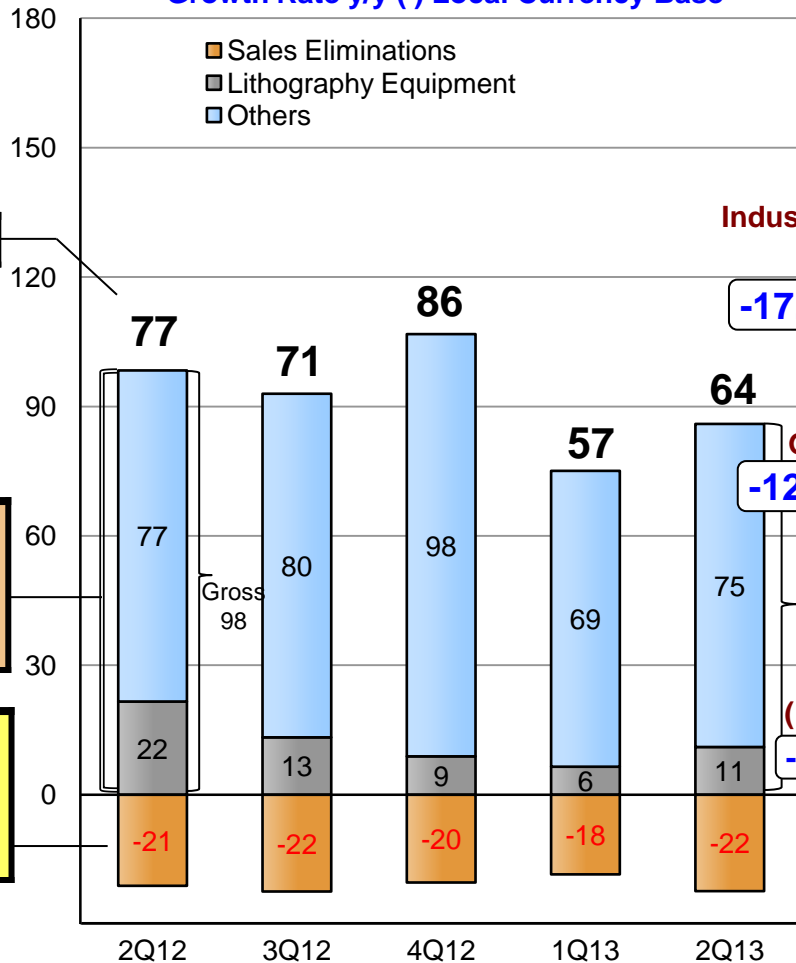
	2Q12	2Q13
IC	19	12
FPD	7	0

	2Q12	2Q13
ArF	0	0
KrF	1	2
i-line	18	10

(Billions of yen)

## Sales

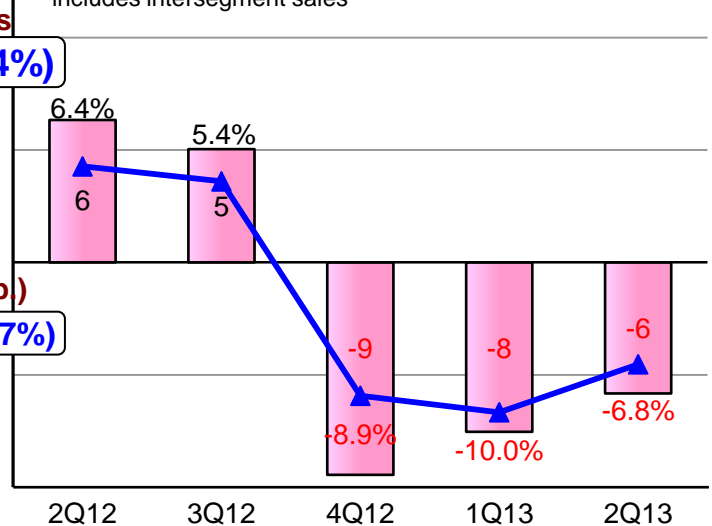
Growth Rate y/y ( ) Local Currency Base



## Op.Profit

Op. Profit (Billions of yen)  
Op. Profit Ratio

\*Calculation of operating profit ratio includes intersegment sales



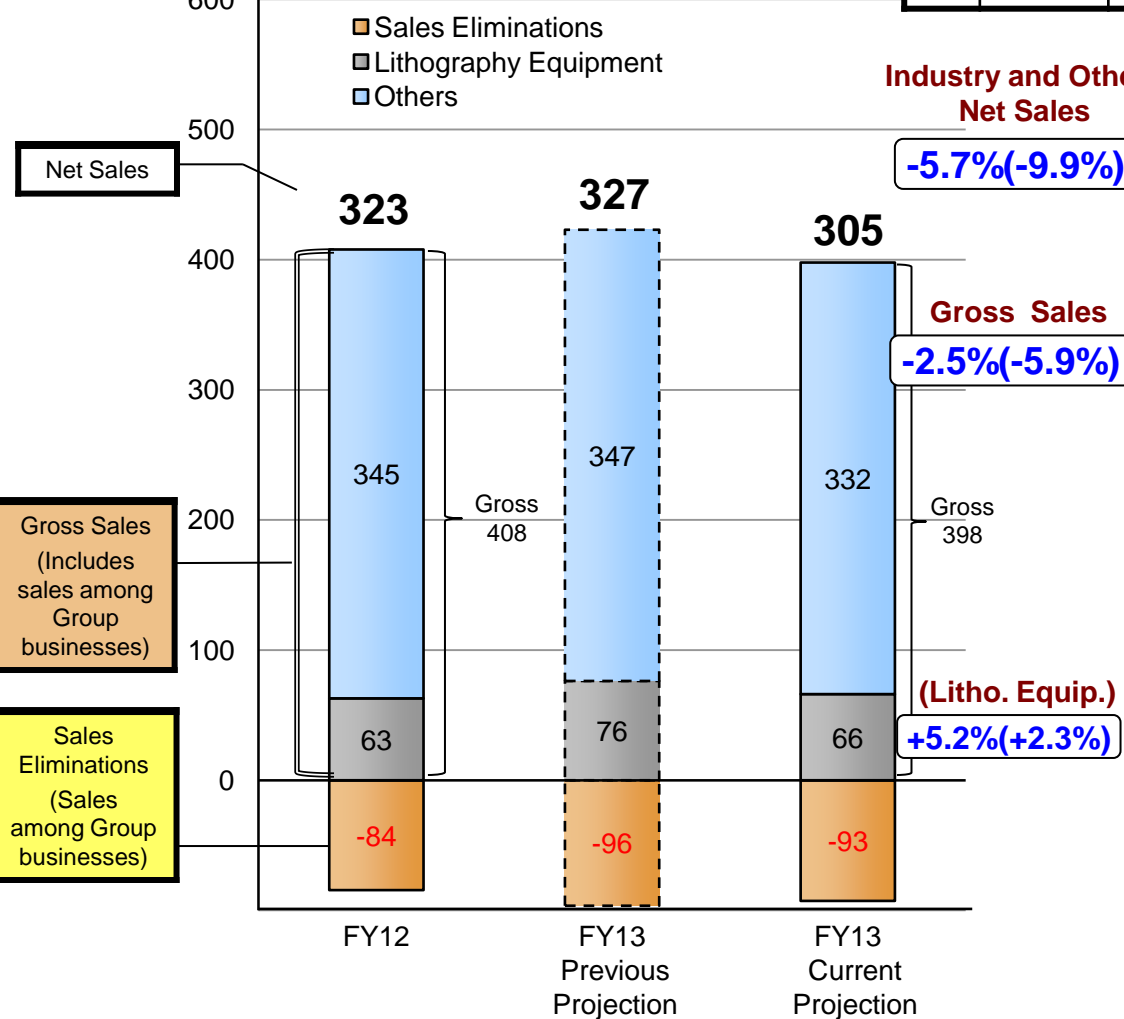
# Industry and Others

## FY 2013 Projection

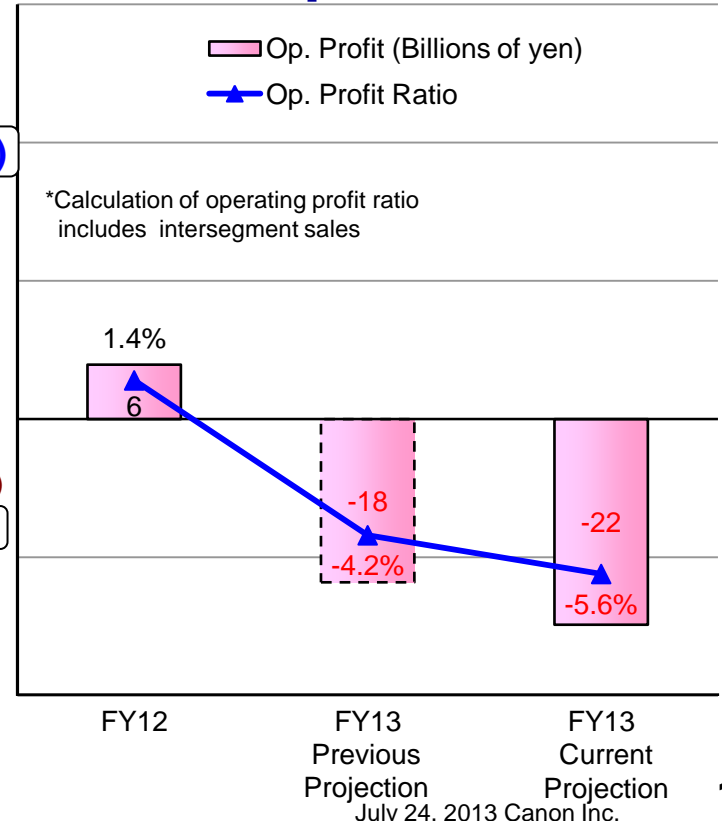
Lithography Equipment (Unit Sales)			
	FY12	FY13 Previous Projection	FY13 Current Projection
IC	46	44	44
FPD	16	23	17

IC Stepper Unit Breakdown by Light Source			
	FY12	FY13 Previous Projection	FY13 Current Projection
ArF	0	0	0
KrF	3	7	5
i-line	43	37	39

(Billions of yen) **Sales**  
Growth Rate y/y ( ) Local Currency Base

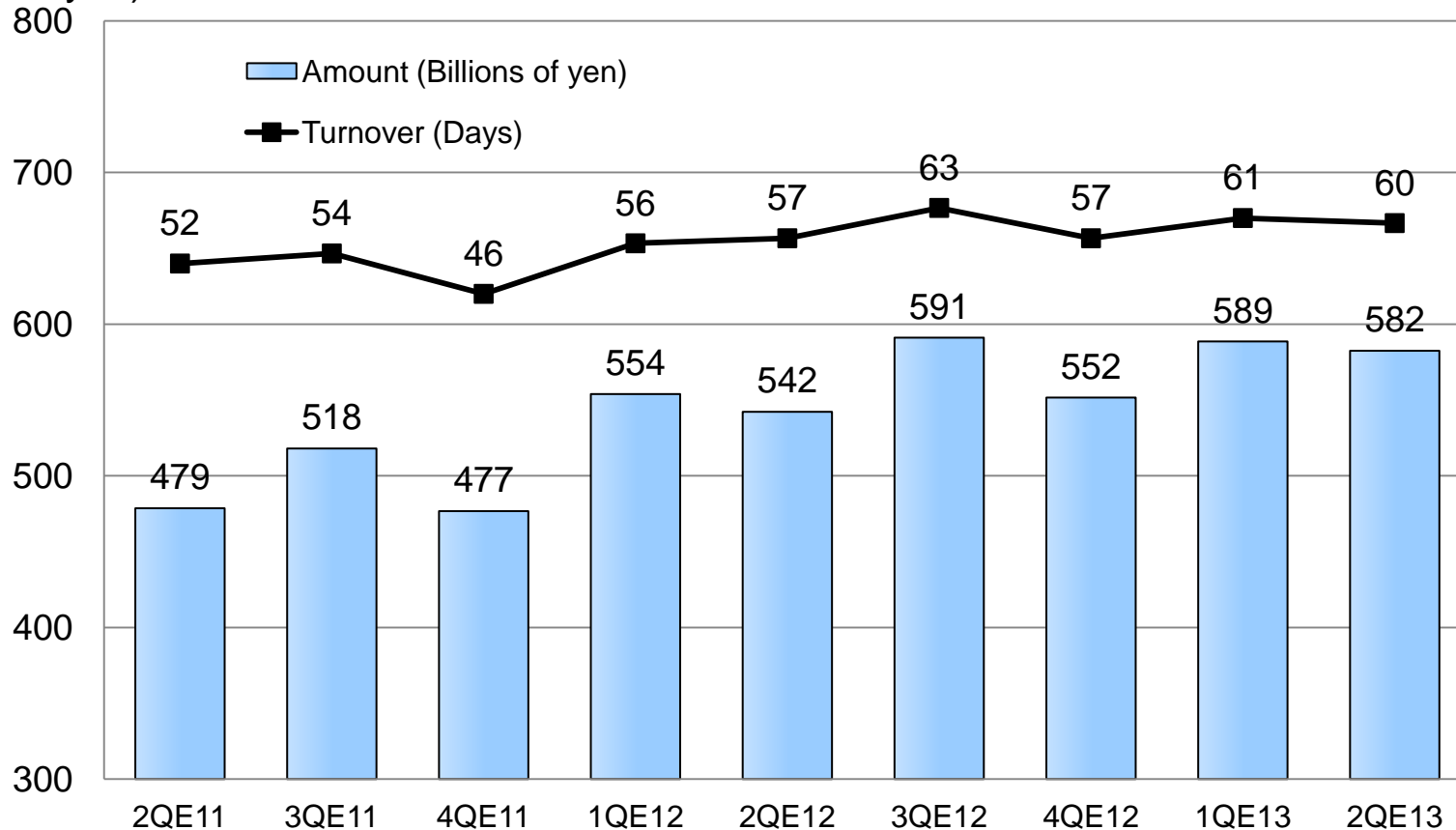


## Op.Profit



# Inventories

(Billions of yen)

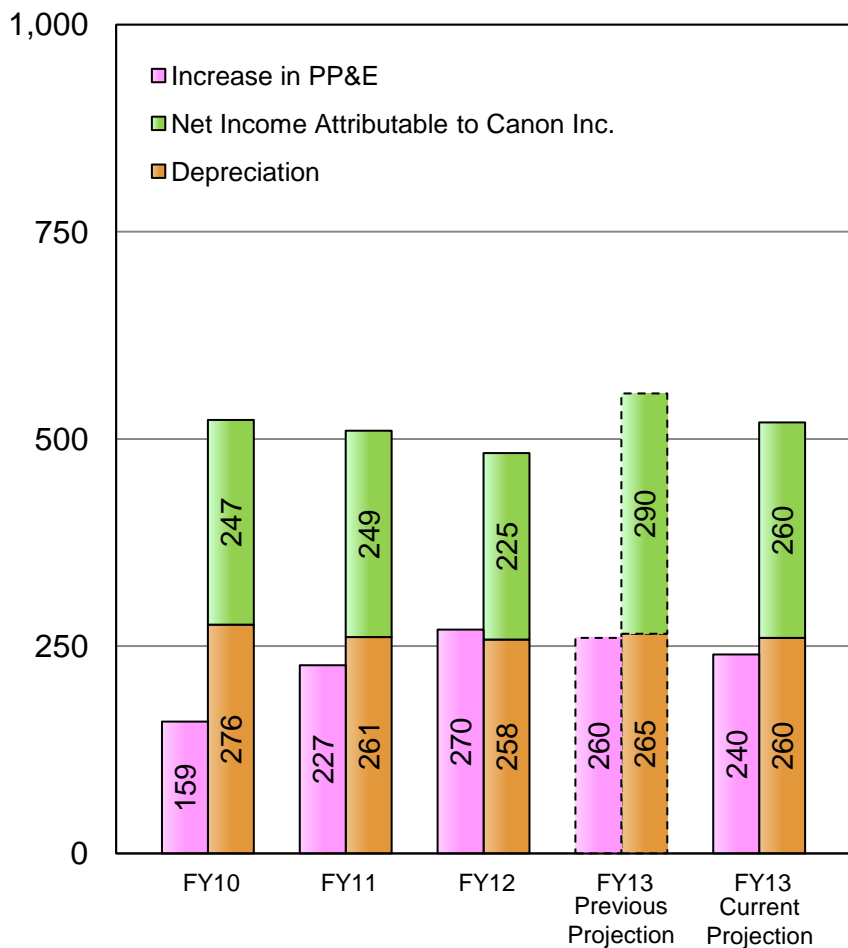




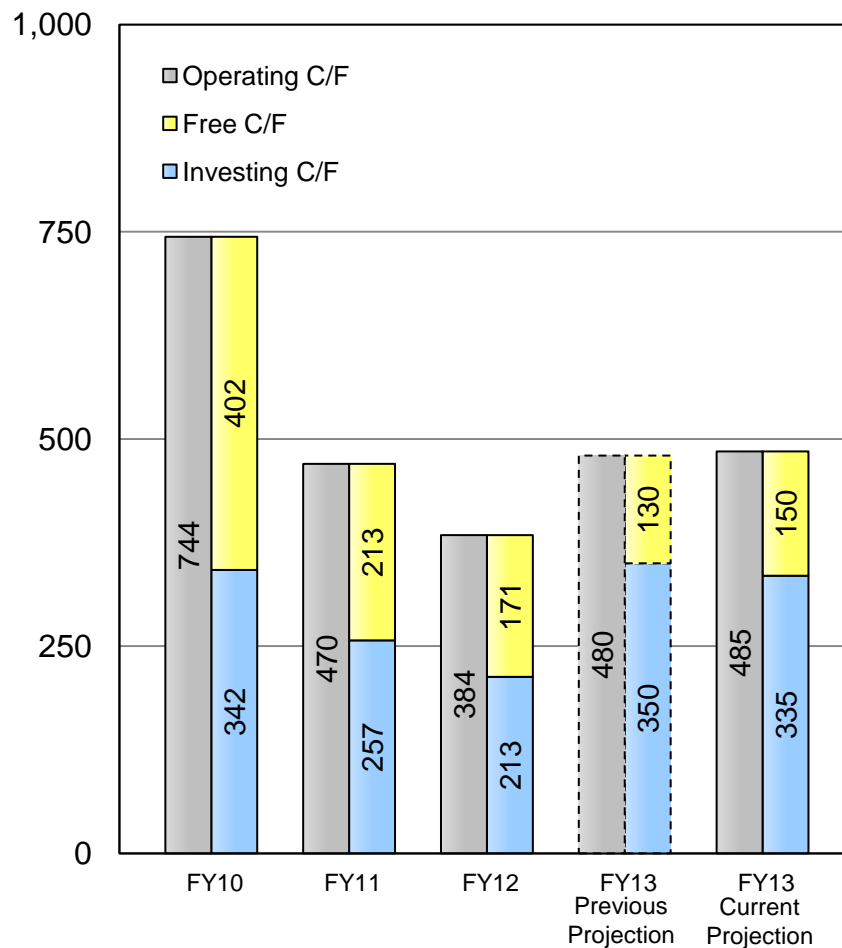
# Capital Expenditure

# Free Cash Flow

(Billions of yen)

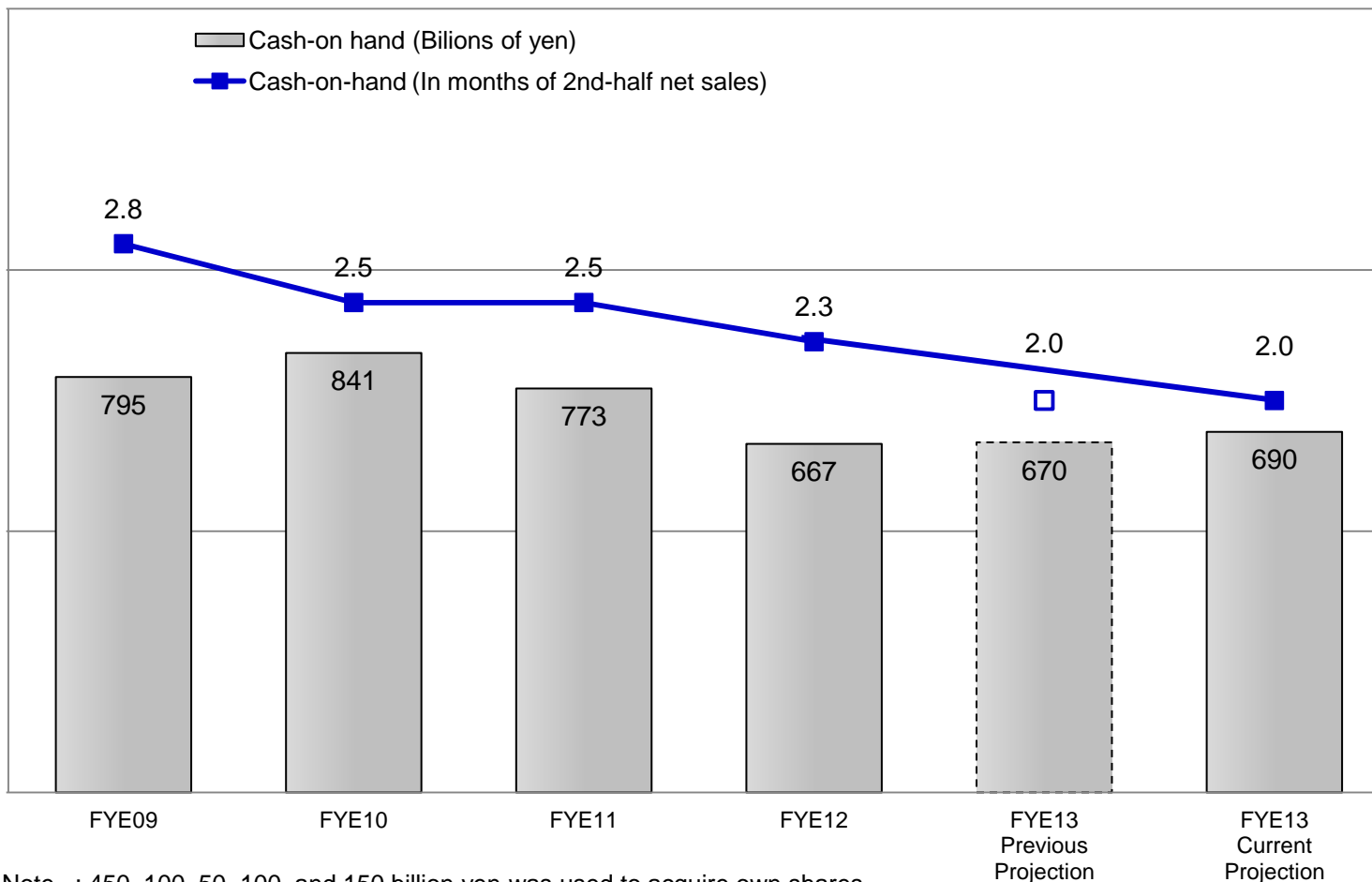


(Billions of yen)



# 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)

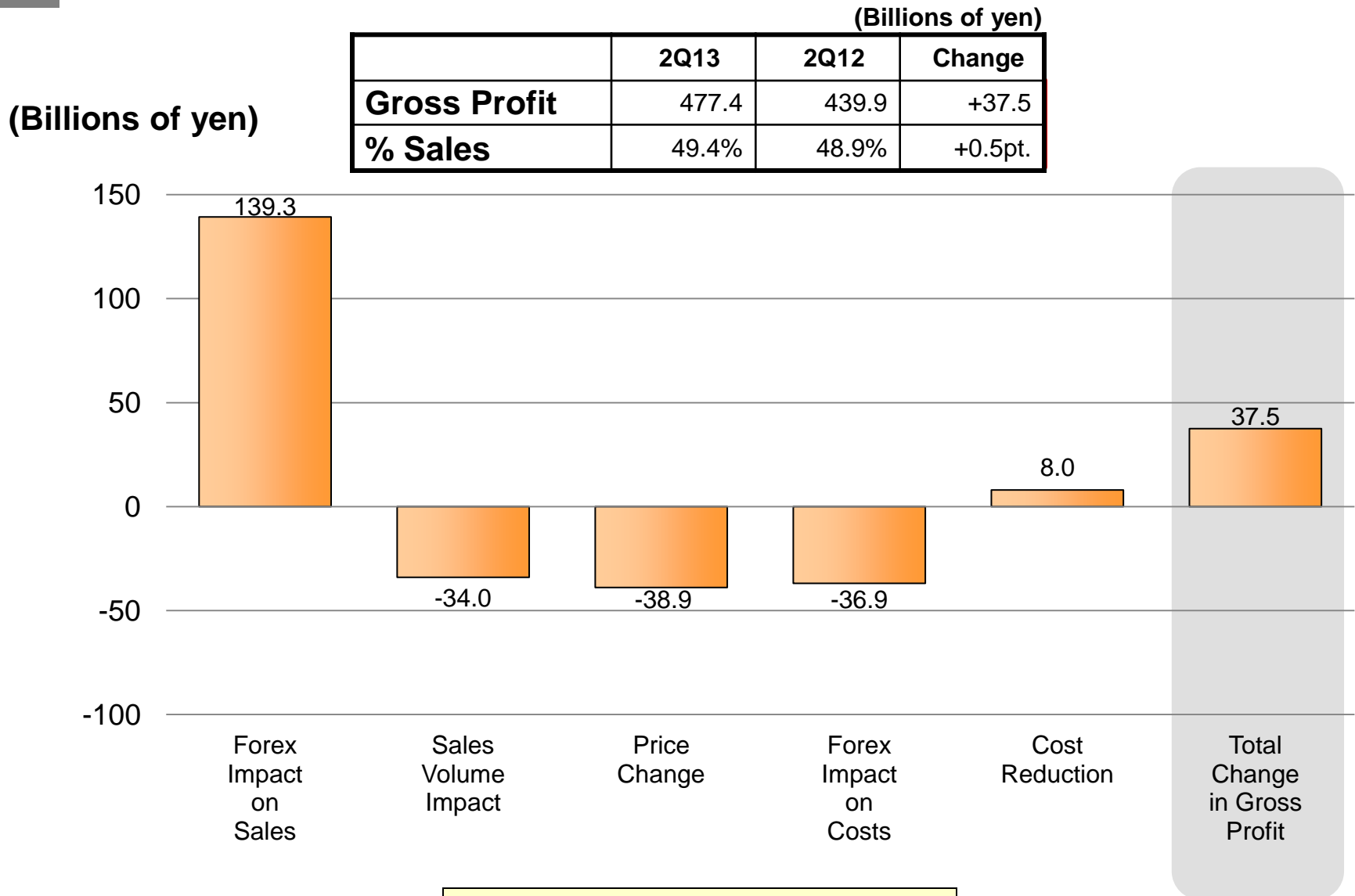
	Sales	Op. Profit
FY 2012 Actual	3,479.8	323.9
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+466.8	+215.4
Sales Volume Impact		
Office	+63.9	
Imaging System	+25.7	
Industry and Others	-36.2	
Total	+53.4	-21.5
Others	-150.0	-137.8
Total Change	+370.2	+56.1
FY 2013 Current Projection	3,850.0	380.0

### Change in Exchange Rate

- 1USD: 79.96 to 95.46 yen
- 1EURO: 102.80 to 125.42 yen

# Gross Profit Variance Analysis

2Q 2013 Actual v. 2Q 2012 Actual



Supplementary Information

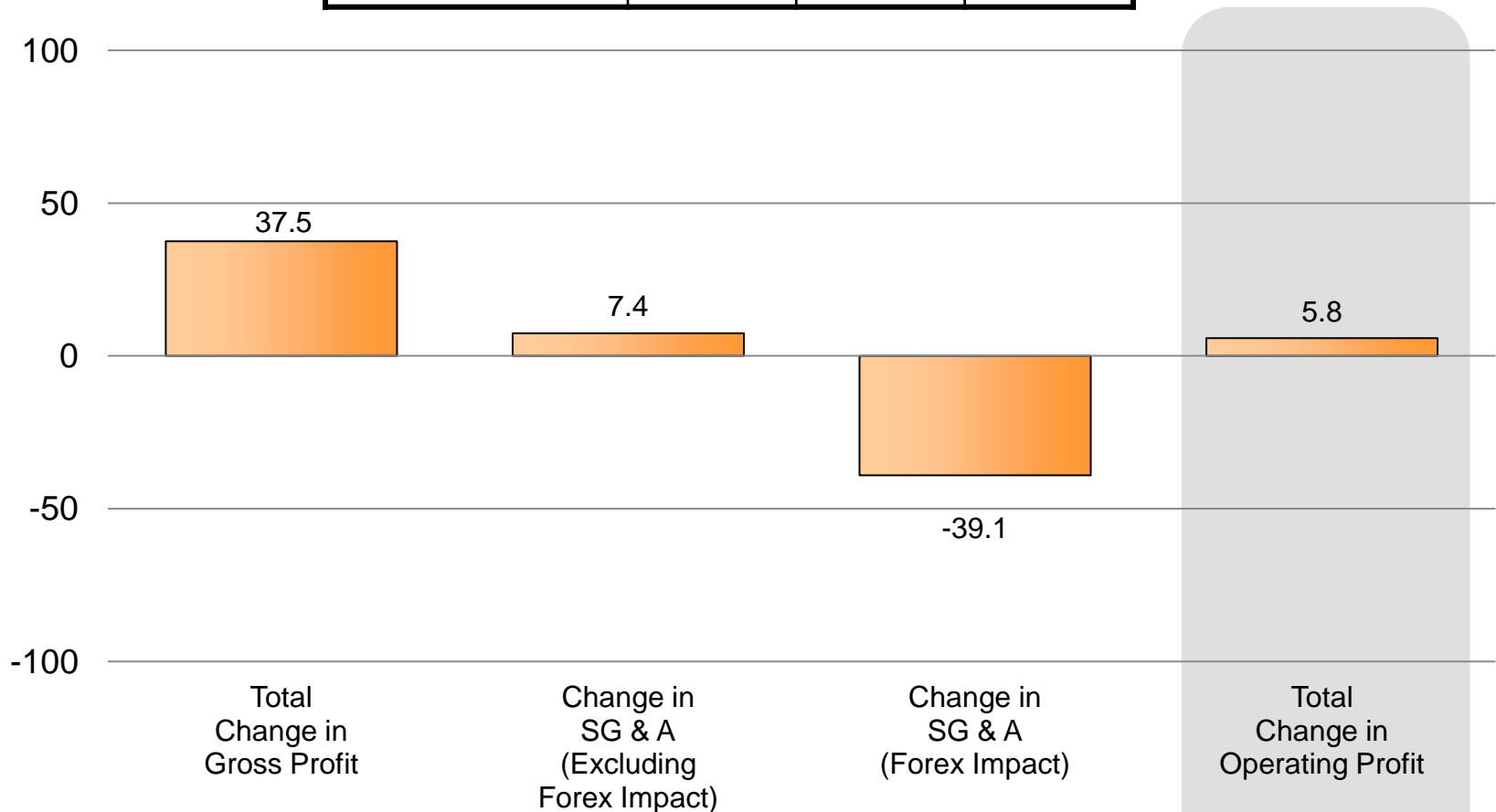
# Operating Profit Variance Analysis

2Q 2013 Actual v. 2Q 2012 Actual

(Billions of yen)

(Billions of yen)

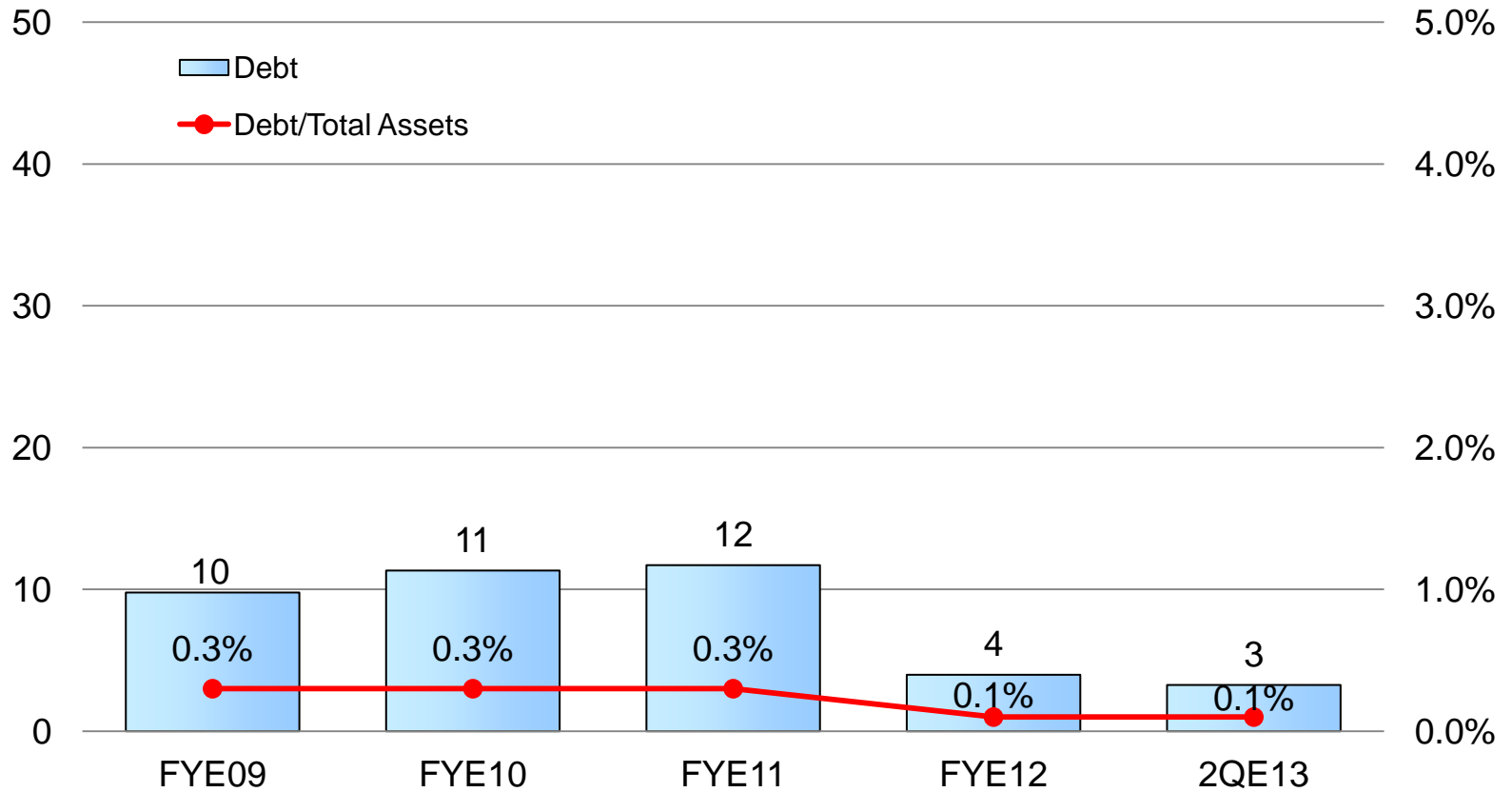
	2Q13	2Q12	Change
<b>Op. Profit</b>	98.4	92.6	+5.8
<b>% Sales</b>	10.2%	10.3%	-0.1pt.



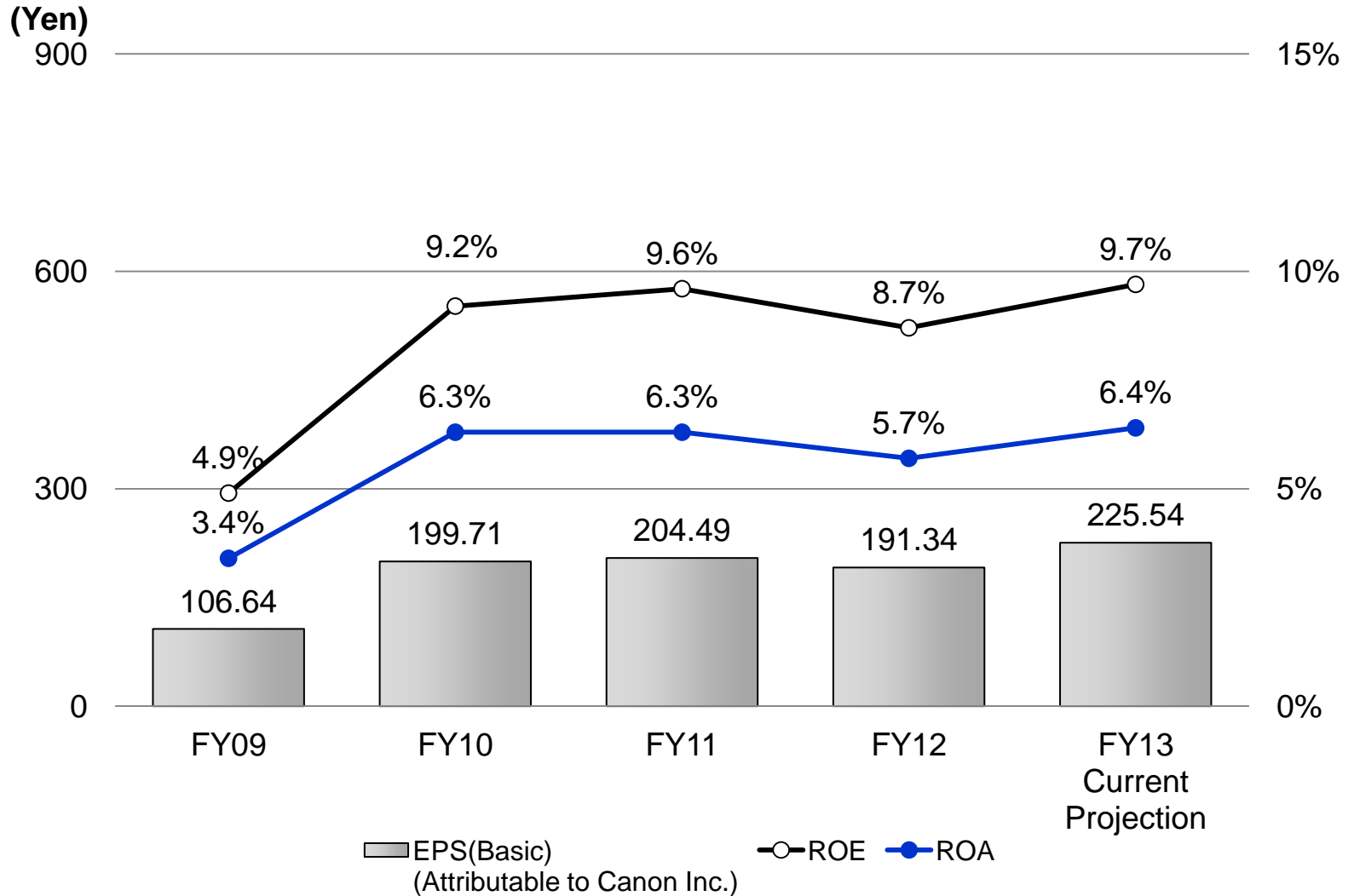
Supplementary Information

# Interest Bearing Debt

(Billions of yen)



# Financial Ratios



**Supplementary Information**