



Canon Inc.

Third Quarter 2013 Results

October 24, 2013
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3Q 2013 in Summary

External Environment

- Increasing signs of slowdown amid prolonged global economic weakness
- Yen's depreciation

Results

- Posted second consecutive quarter of growth in both net sales and profits
 - ✓ Maintaining or improving market share – enhancing competitiveness through the launch of new products that take advantage of technological strengths
 - ✓ Continuing efforts to reduced costs and expenses

Summary of Results

3Q 2013 Actual

(Billions of yen)

	3Q 2013 Actual	3Q 2012 Actual	Pct. Change
Net Sales	913.1	799.9	+14.2%
Gross Profit	447.1	386.8	+15.6%
(% Sales)	49.0%	48.3%	
Op. Profit	90.6	70.9	+27.8%
(% Sales)	9.9%	8.9%	
Net Income	58.8	50.1	+17.3%
Attributable to Canon Inc.			
(% Sales)	6.4%	6.3%	
Foreign Exchange Rate			
Yen – 1USD	98.91	78.58	
Yen – 1EURO	131.09	98.48	

Transition in Sales and Op. Profit

3Q 2013 Actual v. 3Q 2012 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2012 Actual	799.9	70.9
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+141.3	+53.1
Sales Volume Impact		
Office	+21.8	
Imaging System	-12.1	
Industry and Others	-1.7	
.....		
Total	+8.0	-8.8
Others	-36.1	-24.6
Total Change	+113.2	+19.7
3Q 2013 Actual	913.1	90.6

Change in Exchange Rate

- 1USD: 78.58 to 98.91 yen
- 1EURO: 98.48 to 131.09 yen

Assumptions

2013 Current Projection

Average Exchange Rate	4Q13	FY13	FY12
■ Yen-1USD	97.00 yen	96.95 yen	79.96 yen
■ Yen-1EURO	130.00 yen	128.24 yen	102.80 yen

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

	Net Sales	Operating Profit
■ USD	4.7 billion yen	1.8 billion yen
■ EURO	2.1 billion yen	1.2 billion yen

Key Points FY2013

External Environment

- Uncertainty towards year-end selling season amid expectations that economic situations in Europe and emerging markets such as China will remain challenging

Outlook

- Revised projections, primarily for interchangeable-lens cameras
- Aim to firmly secure sales and profit growth in the fourth quarter and for the full year
 - ✓ Execute product and regionally tailored sales strategies
 - ✓ Continue efforts to reduce costs and expense
 - ✓ Promote measures that emphasize profitability to maintain sound financial condition

Summary of Projected Results

FY 2013 Current Projection

(Billions of yen)

	FY 2013 Current Projection	FY 2012 Actual	Pct. Change
Net Sales	3,750.0	3,479.8	+7.8%
Gross Profit	1,811.2	1,650.0	+9.8%
(% Sales)	48.3%	47.4%	
Op. Profit	360.0	323.9	+11.2%
(% Sales)	9.6%	9.3%	
Net Income	240.0	224.6	+6.9%
Attributable to Canon Inc.			
(% Sales)	6.4%	6.5%	
Foreign Exchange Rate			
Yen – 1USD	96.95	79.96	
Yen – 1EURO	128.24	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 (Jul. 24, 2013)	3,850.0	380.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+47.7	+24.0
Sales Volume Impact		
Office	-41.8	
Imaging System	-112.6	
Industry and Others	-3.3	
Total	-157.7	-92.7
Others	+10.0	+48.7
Total Change	-100.0	-20.0
Current Projection (Oct. 24, 2013)	3,750.0	360.0

Change in Exchange Rate

- 1USD: 95.46 to 96.95 yen
- 1EURO: 125.42 to 128.24 yen

Office

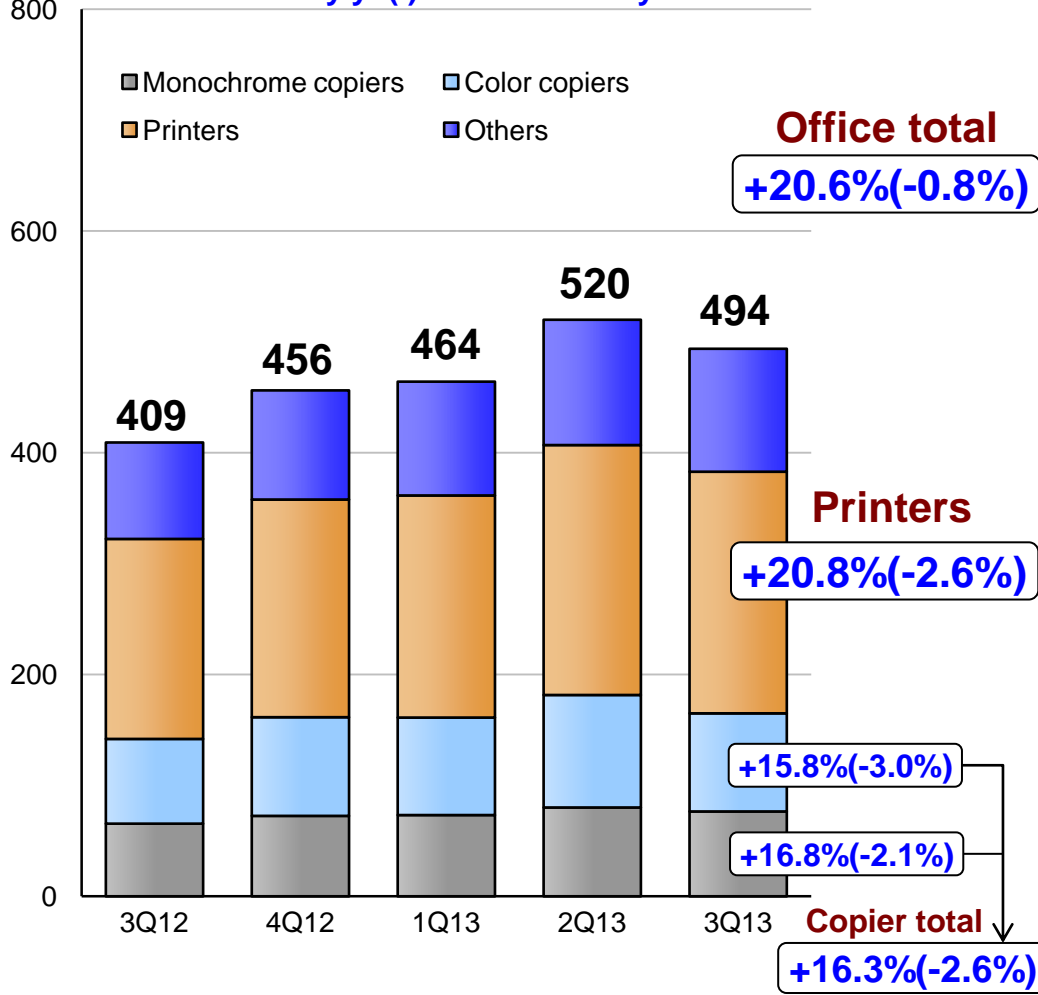
3Q 2013 Actual

3Q13 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+9%	+31%
Monochrome	-7%	+22%
Total	-2%	+24%

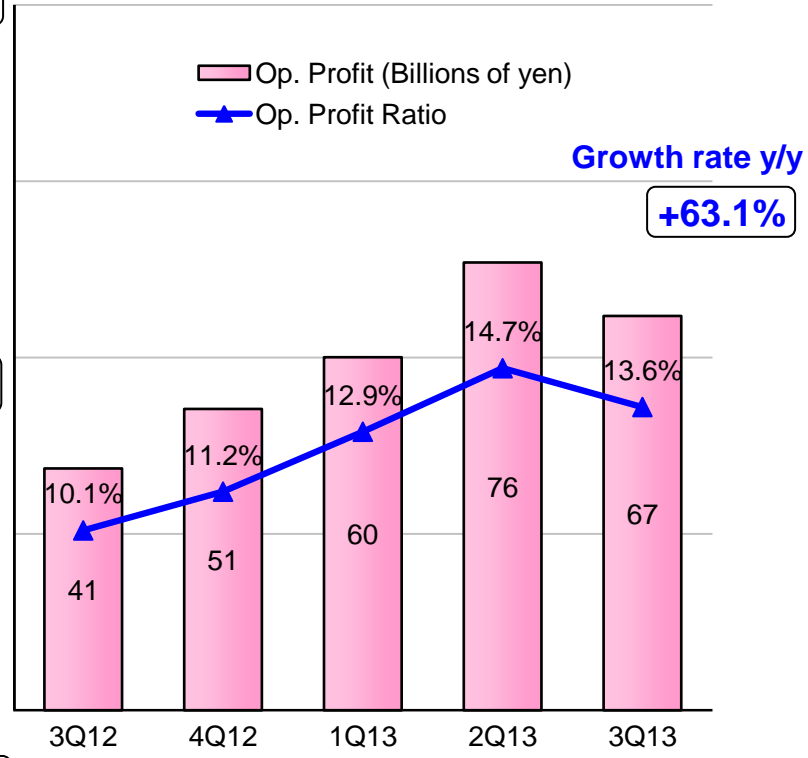
3Q13 Color Ratio		
	Copiers	Printers
Value Base*	54%	46%
Unit Base	36%	15%

*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	+10%	+15%
Monochrome	-2%	+12%
Total	+2%	+12%

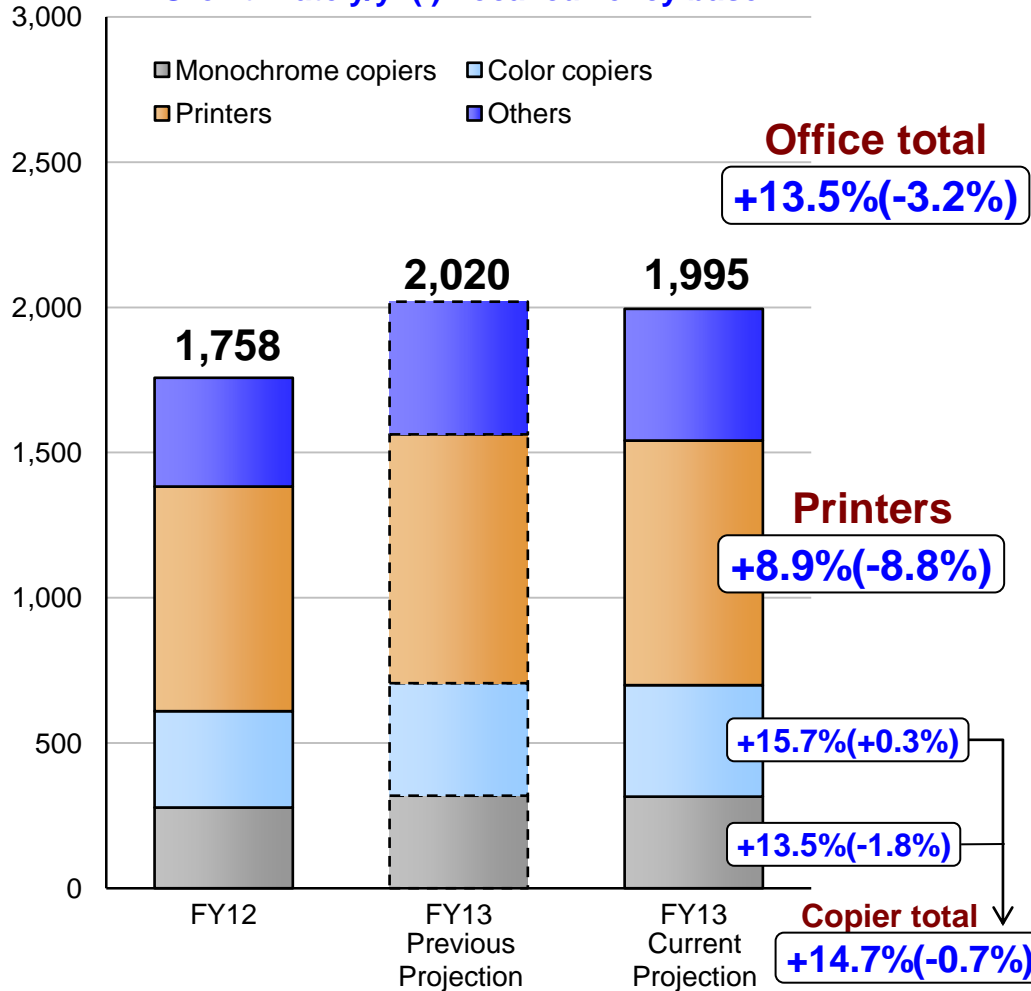
FY13 Color Ratio		
	Copiers	Printers
Value Base*	55%	47%
Unit Base	36%	14%

*Includes Consumables

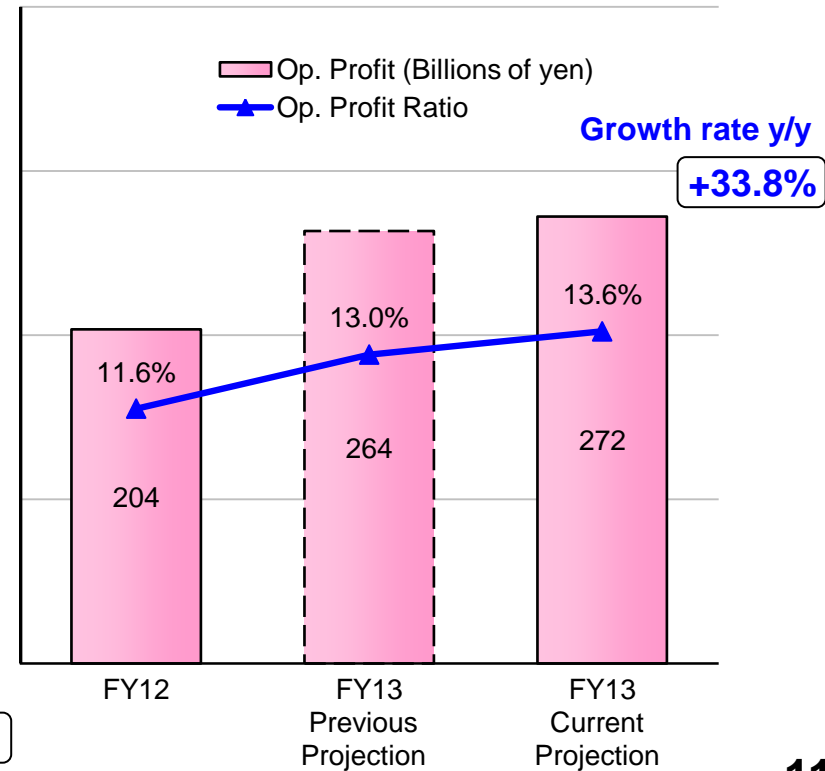
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op.Profit



Imaging System

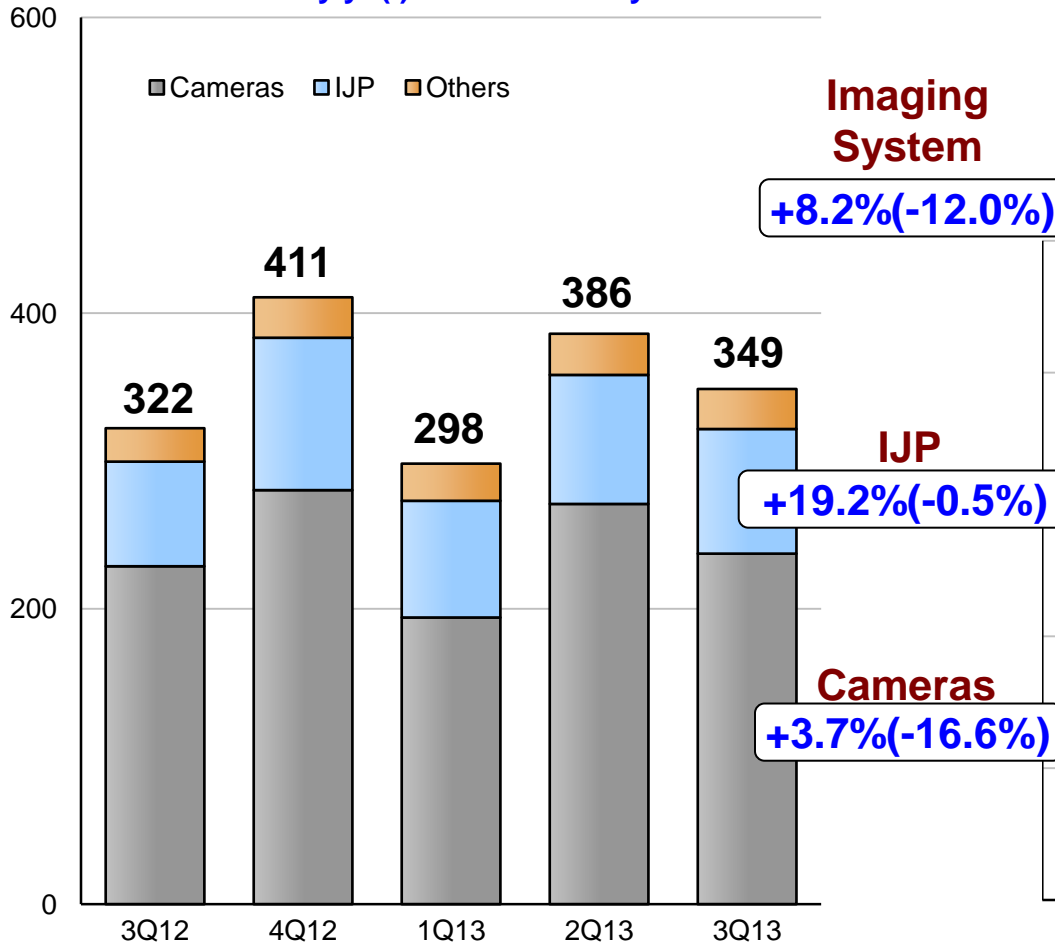
3Q 2013 Actual

Growth Rate y/y (Unit Base)	
	3Q13
Interchangeable Lens Digital Cameras	-3%
Compact Digital Cameras	-31%
Total Digital Cameras	-22%
IJP	-2%

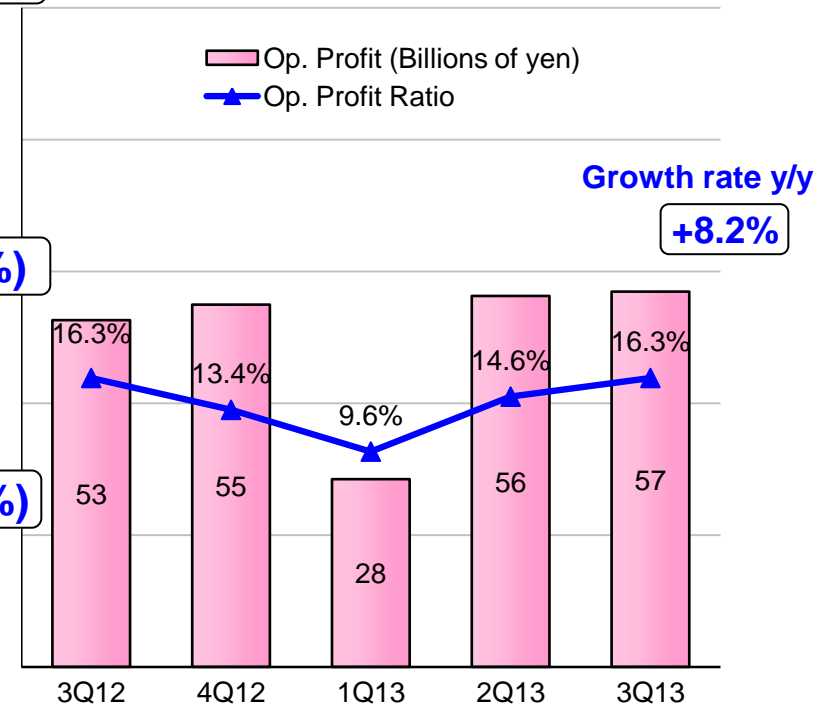
Interchangeable Lens Digital Camera Ratio *	
	3Q13
Value Base	83%
Unit Base	41%

* 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	-3%
Compact Digital Cameras	-24%
Total Digital Cameras	-17%
IJP	+1%

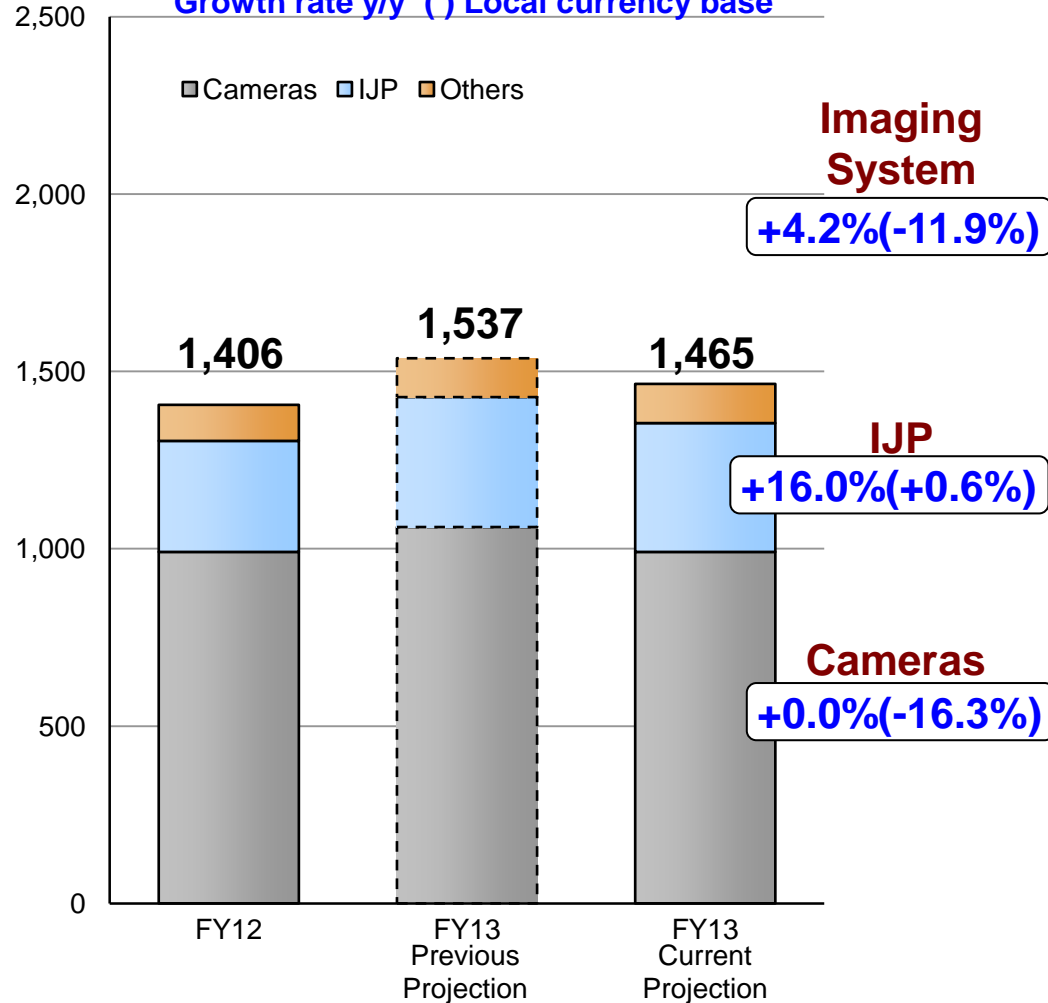
Interchangeable Lens Digital Camera Ratio *	
	FY13
Value Base	81%
Unit Base	36%

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

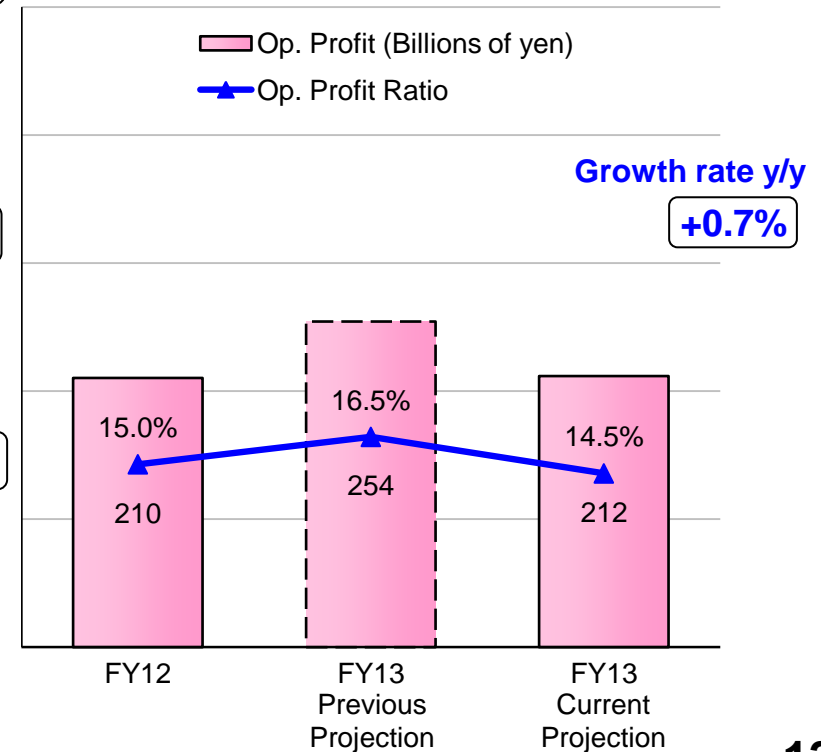
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op.Profit



Industry and Others

3Q 2013 Actual

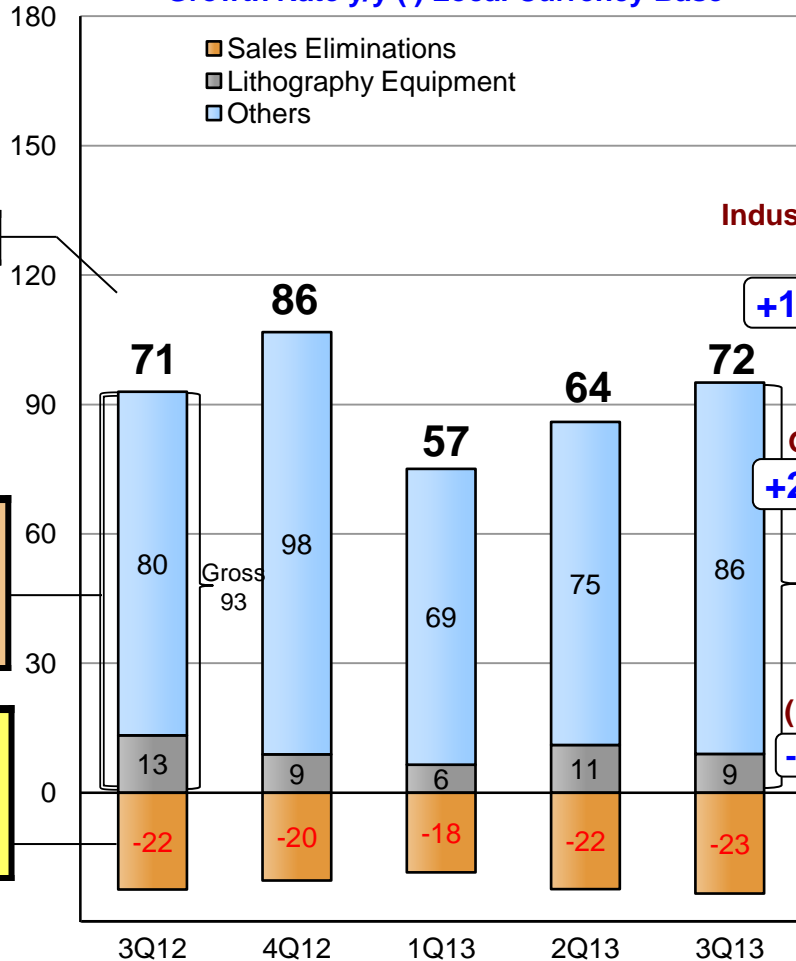
Lithography Equipment (Unit Sales)		
	3Q12	3Q13
IC	8	10
FPD	3	0

IC Lithography Unit Breakdown by Light Source		
	3Q12	3Q13
ArF	0	0
KrF	0	0
i-line	8	10

(Billions of yen)

Sales

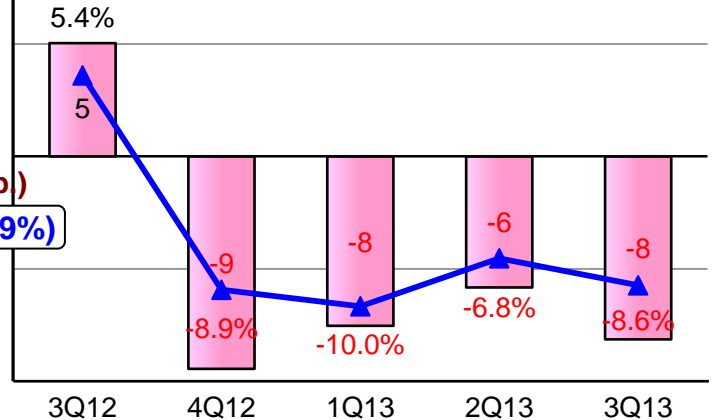
Growth Rate y/y () Local Currency Base



Op.Profit

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

*Calculation of operating profit ratio includes intersegment sales



Industry and Others

FY 2013 Projection

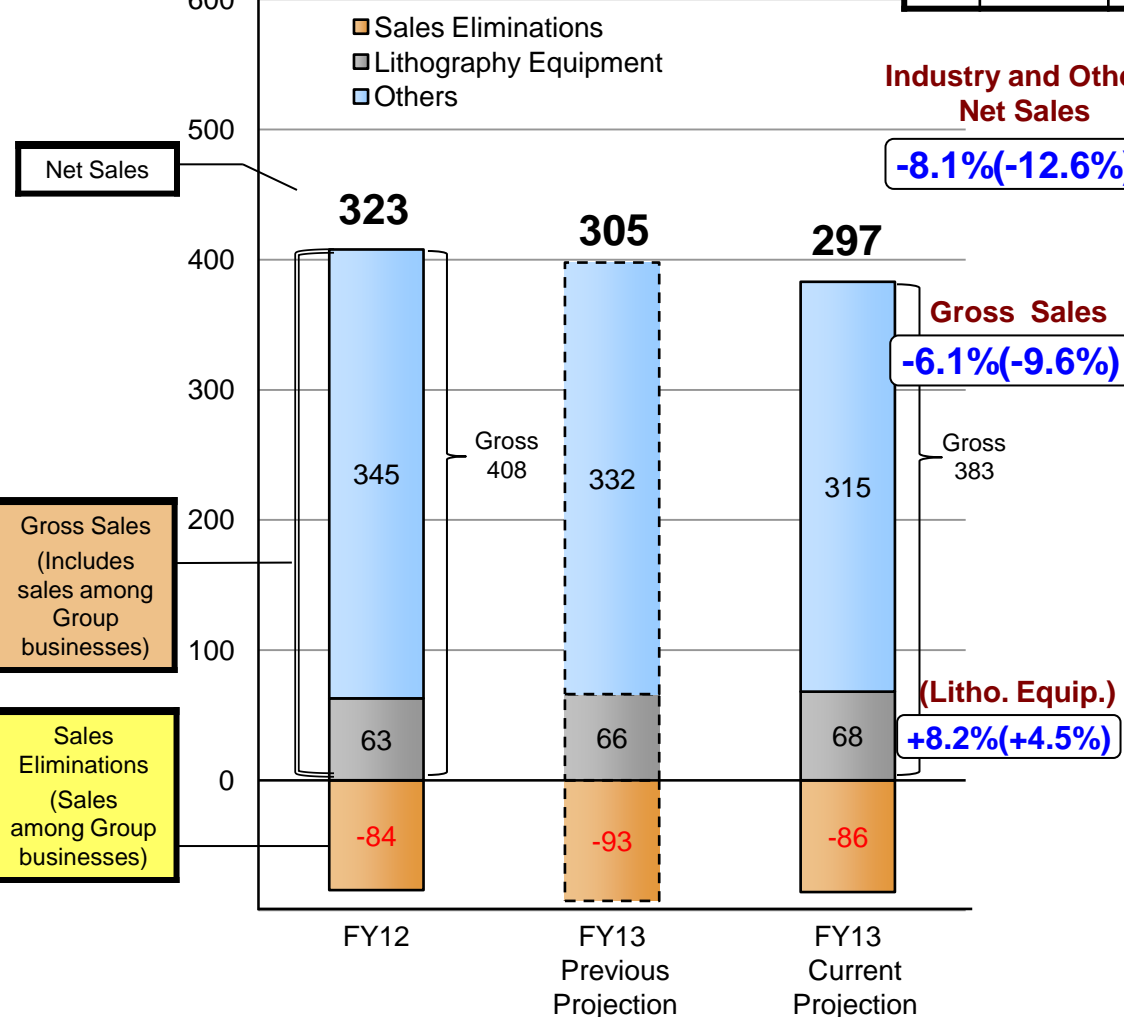
Lithography Equipment (Unit Sales)			
	FY12	FY13 Previous Projection	FY13 Current Projection
IC	46	44	46
FPD	16	17	17

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

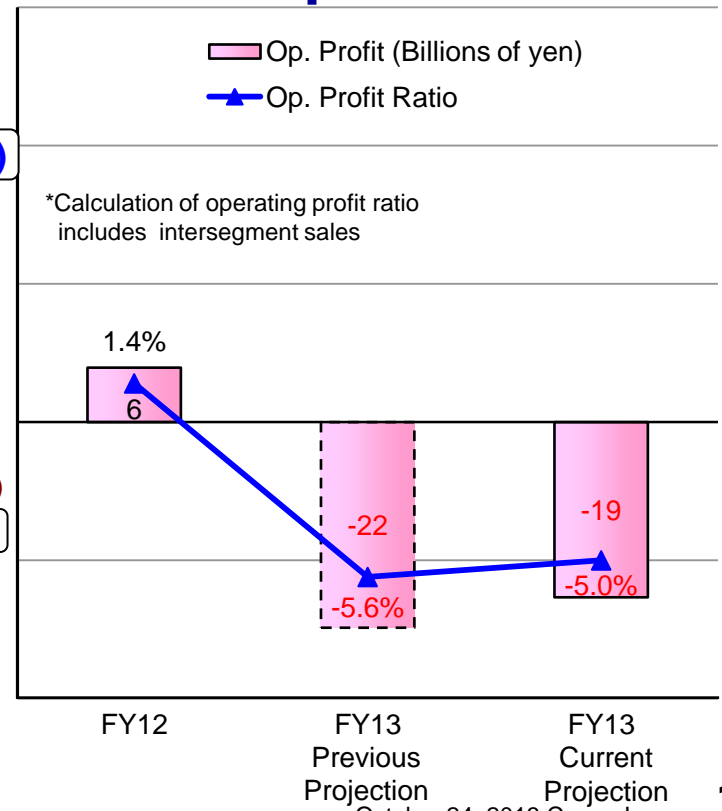
Sales

(Billions of yen)

Growth Rate y/y () Local Currency Base

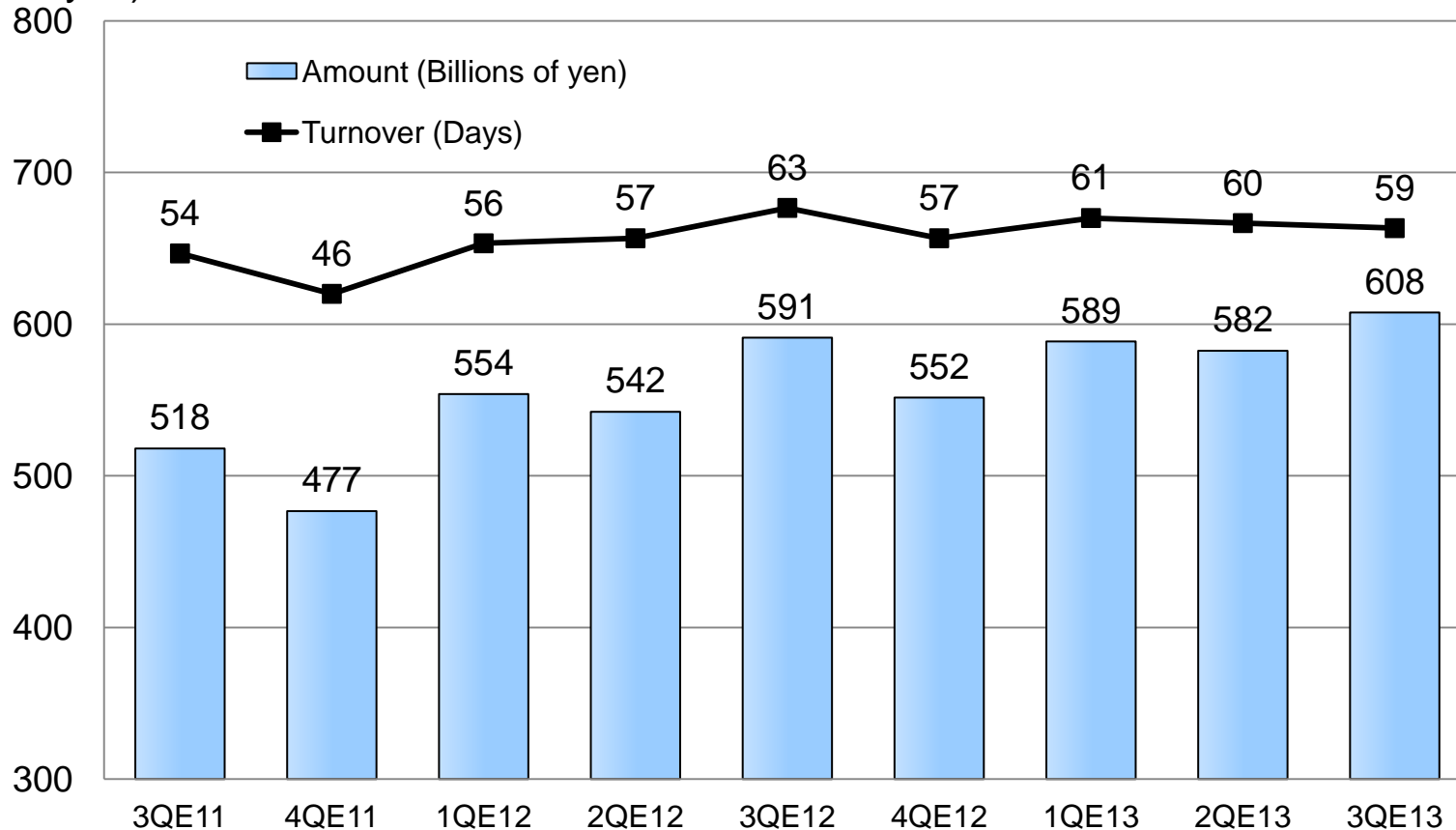


Op.Profit



Inventories

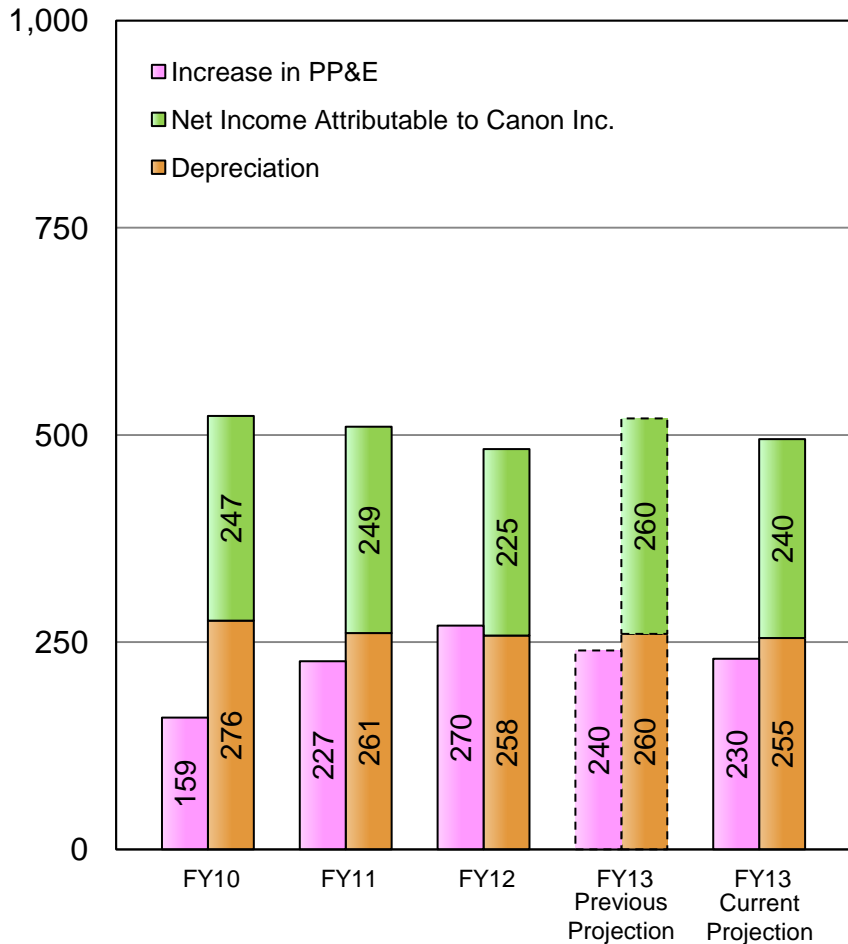
(Billions of yen)



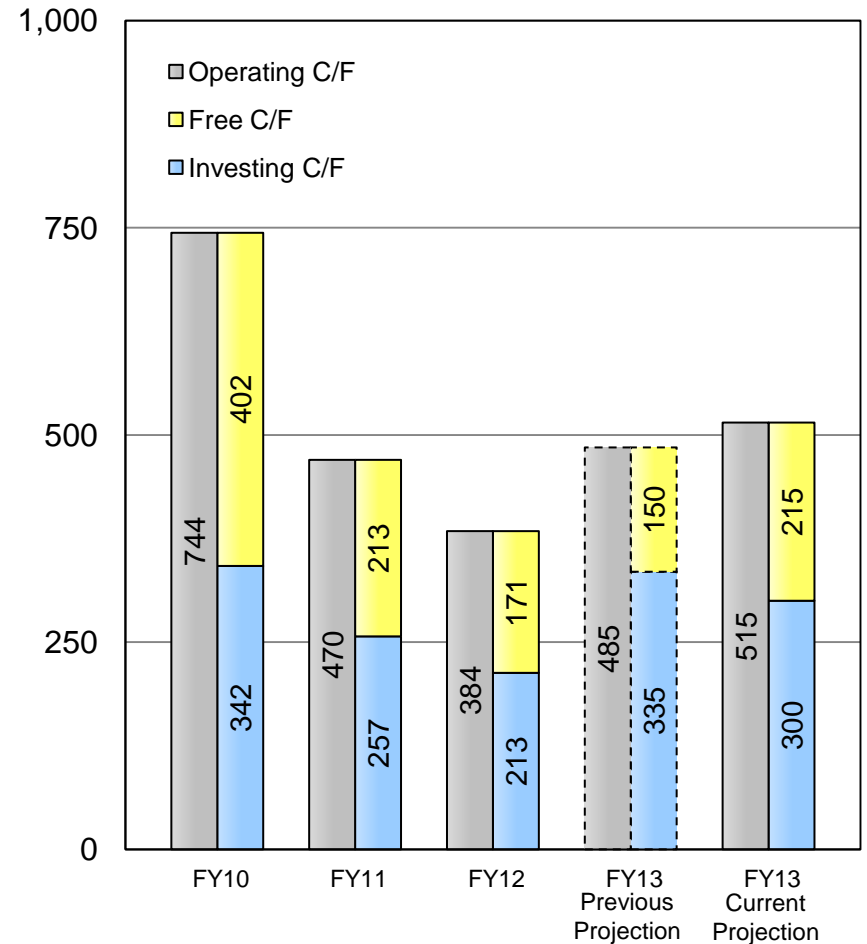
Capital Expenditure

Free Cash Flow

(Billions of yen)

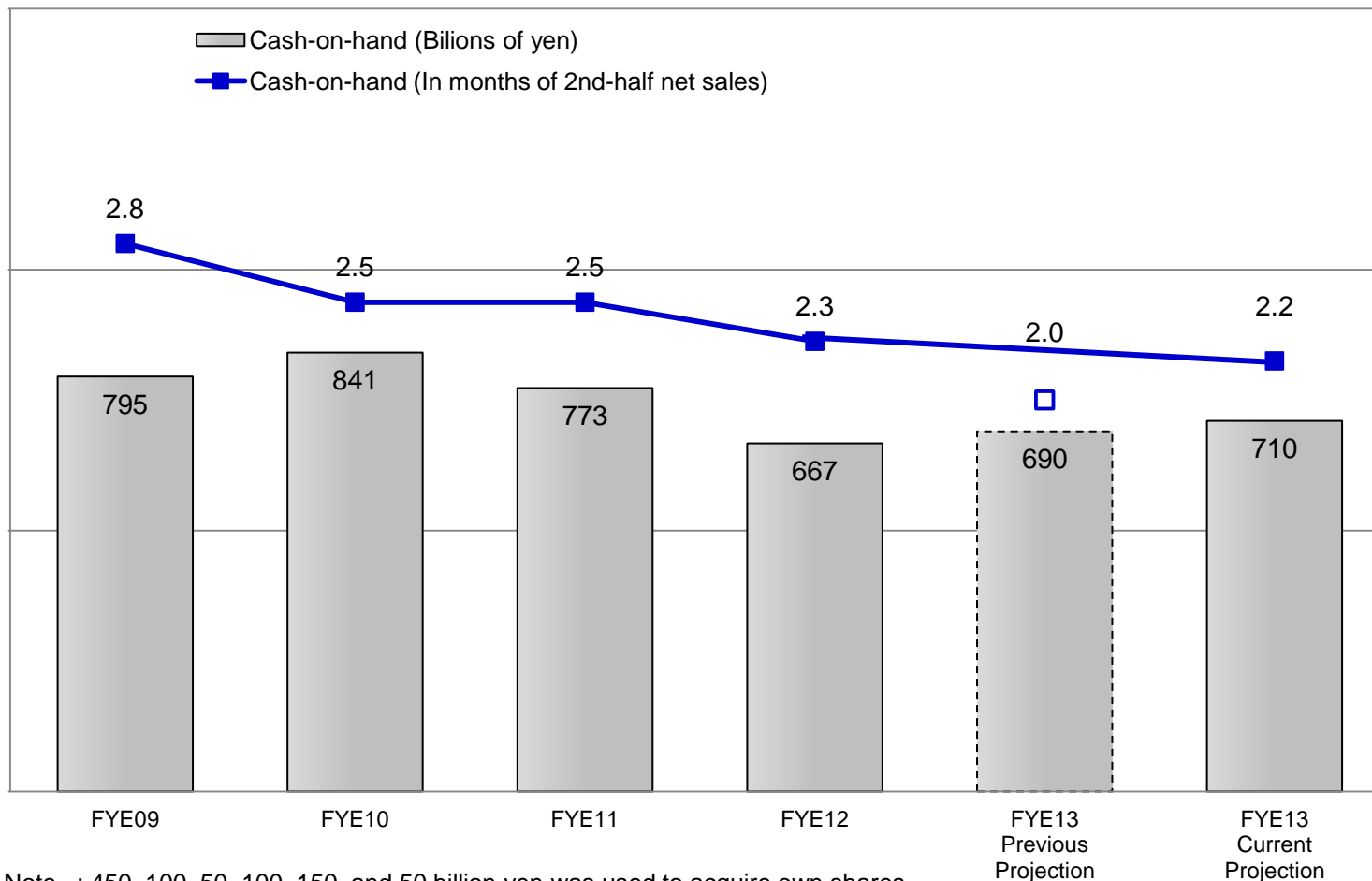


(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)



Note : 450, 100, 50, 100, 150, and 50 billion yen was used to acquire own shares in 2007, 2008, 2010, 2011, 2012, and 2013, 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)	+488.7	+217.8
Sales Volume Impact		
Office	+27.1	
Imaging System	-66.1	
Industry and Others	-39.5	
Total	-78.5	-92.6
Others	-140.0	-89.1
Total Change	+270.2	+36.1
FY 2013 Current Projection	3,750.0	360.0

Change in Exchange Rate

- 1USD: 79.96 to 96.95 yen
- 1EURO: 102.80 to 128.24 yen

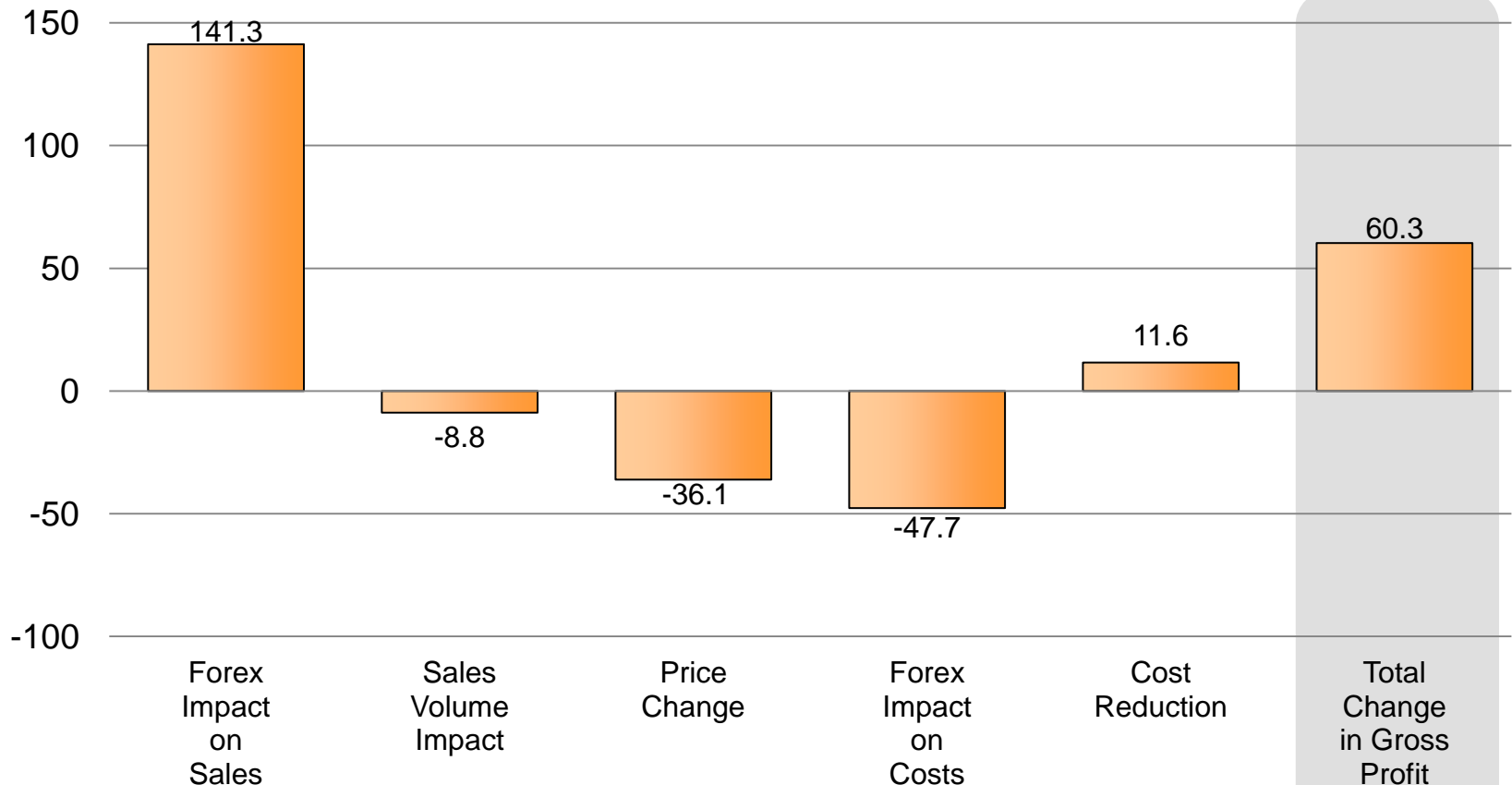
Gross Profit Variance Analysis

3Q 2013 Actual v. 3Q 2012 Actual

(Billions of yen)

	3Q13	3Q12	Change
Gross Profit	447.1	386.8	+60.3
% Sales	49.0%	48.3%	+0.7pt.

(Billions of yen)



Supplementary Information

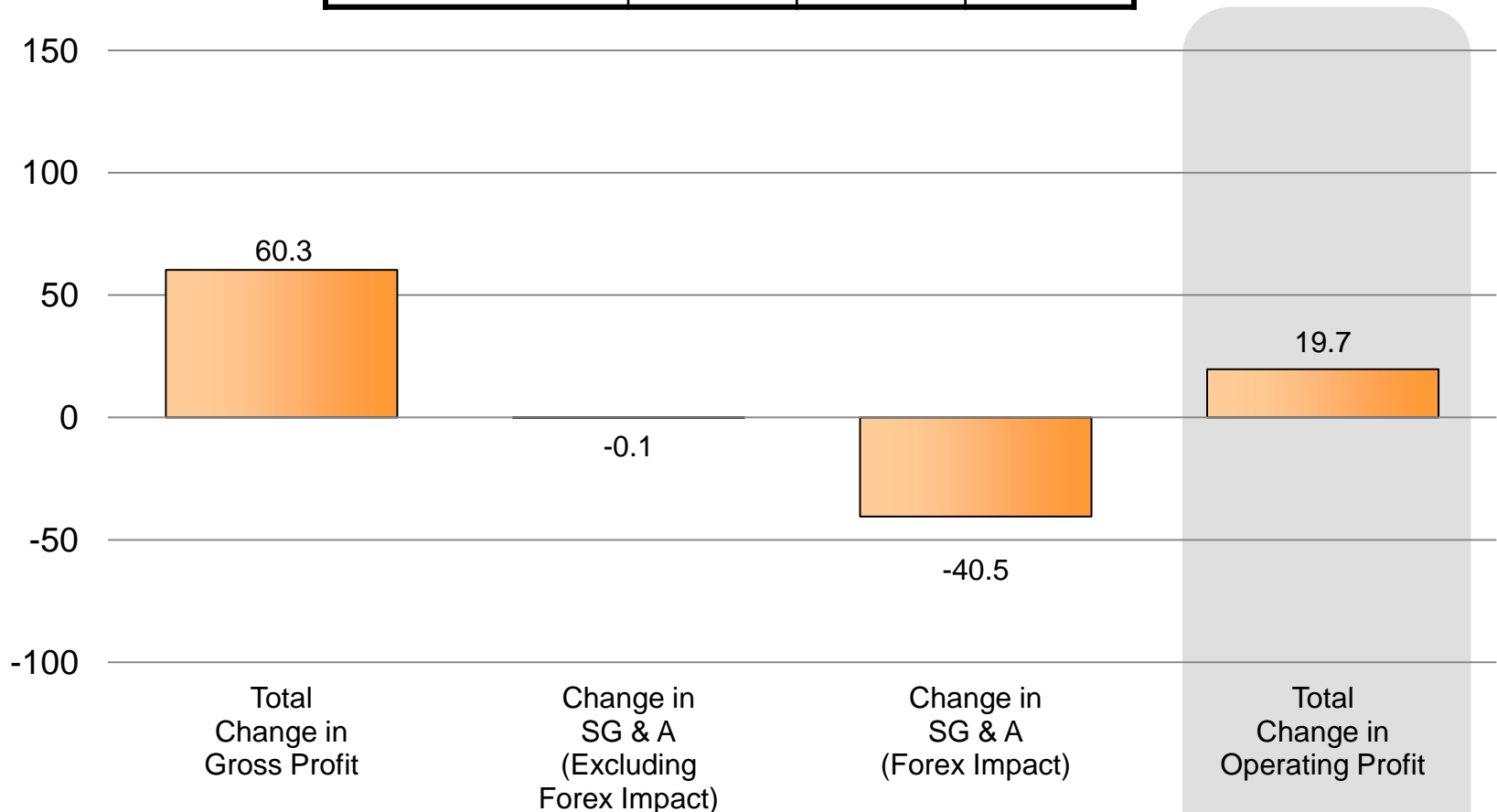
Operating Profit Variance Analysis

3Q 2013 Actual v. 3Q 2012 Actual

(Billions of yen)

	3Q13	3Q12	Change
Op. Profit	90.6	70.9	+19.7
% Sales	9.9%	8.9%	+1.0pt.

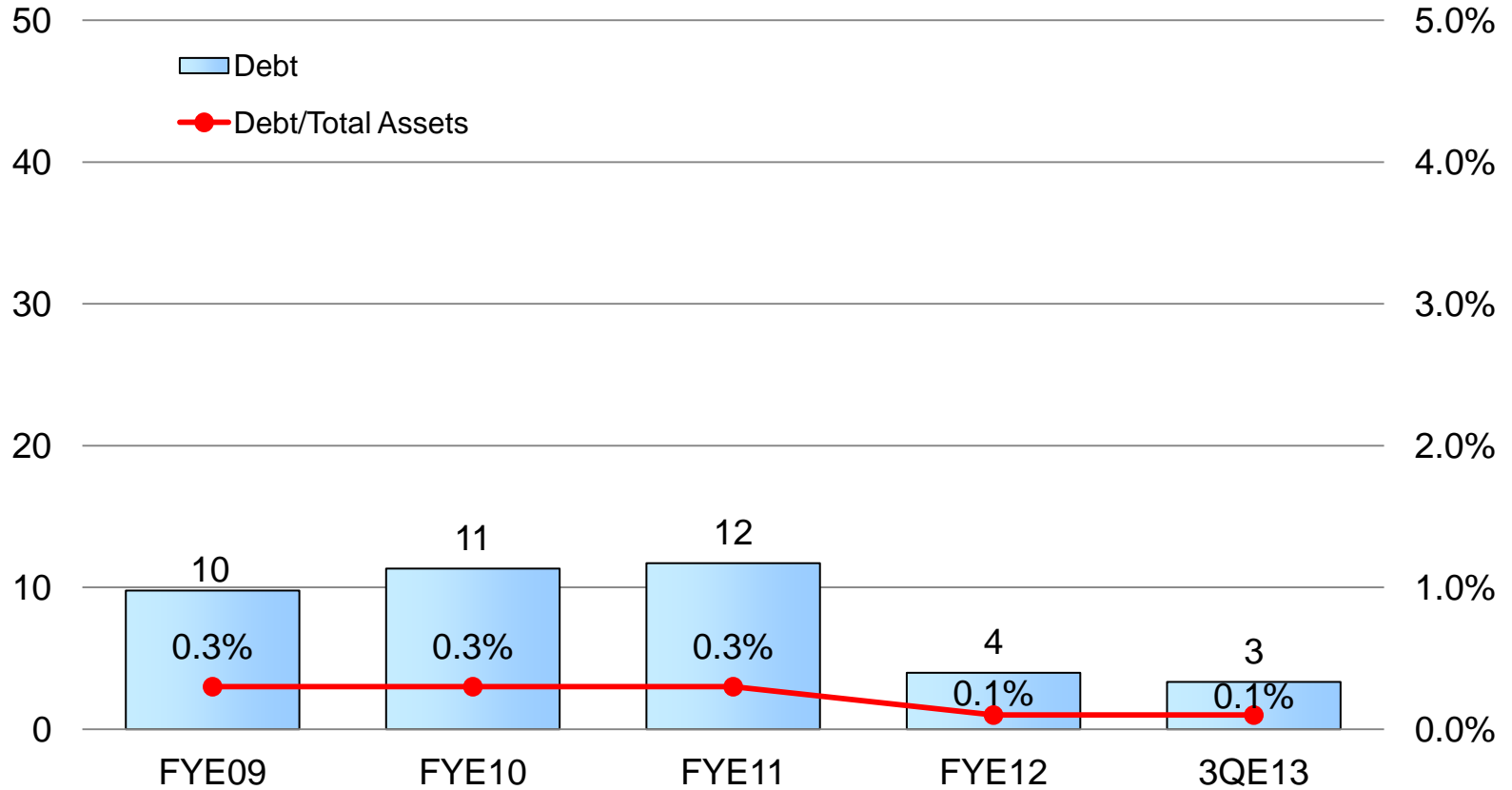
(Billions of yen)



Supplementary Information

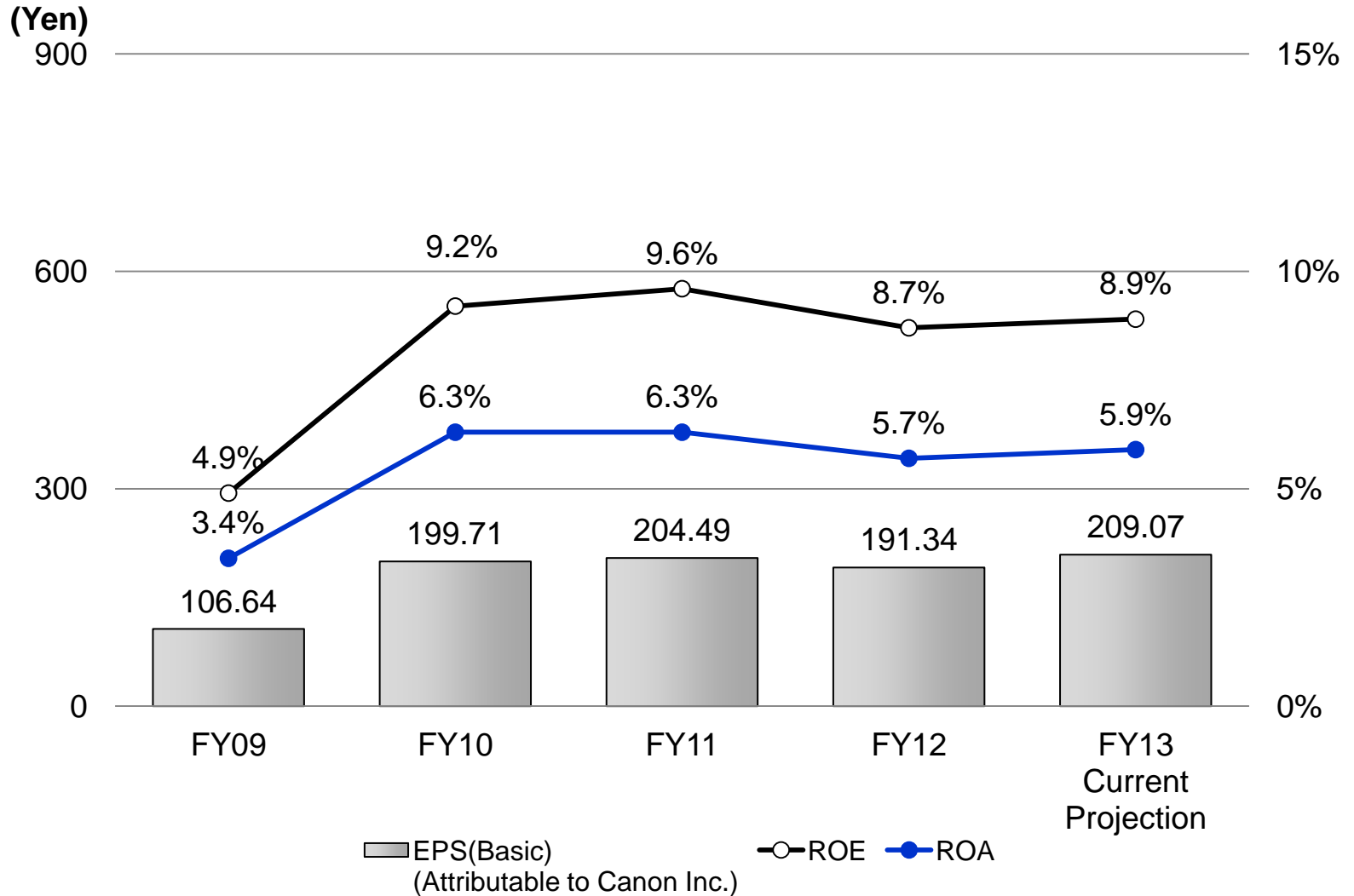
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information