

Canon Marketing Japan Inc.

3Q FY 2009 Results

October 27, 2009

Yo Shibasaki

Managing Director

Canon

1-1. Consolidated Statements of Income

Canon

(Jul.1- Sep.30, 2009)

Three months	3Q 2008	3Q 2009	Changes		1H 2009
				%	
Net Sales	193.7	160.5	-33.2	-17%	336.2
(%)	(33.4%)	(34.3%)	(+0.9%)		(34.4%)
Gross Margin	64.7	55.1	-9.6	-15%	115.5
(%)	(1.7%)	(0.2%)	(-1.5%)		(1.1%)
Operating Income	3.3	0.4	-2.9	-87%	3.7
(%)	(1.8%)	(0.6%)	(-1.1%)		(1.4%)
Ordinary Income	3.4	1.0	-2.4	-72%	4.7
Income before income taxes	3.2	0.7	-2.5	-	-3.0
(%)	(0.7%)	(0.0%)	(-0.7%)		-(1.4%)
Net Income	1.3	0.0	-1.3	-	-4.6

billions of yen

1-2. Consolidated Statements of Income



(Jan.1- Sep. 30, 2009)

billions of yen

Nine months	3Q 2008	3Q 2009	Changes	
				%
Net Sales	612.3	496.7	-115.6	-19%
(%)	(32.9%)	(34.3%)	(+1.4%)	
Gross Margin	201.3	170.6	-30.7	-15%
(%)	(2.9%)	(0.8%)	(-2.1%)	
Operating Income	17.6	4.1	-13.5	-77%
(%)	(3.0%)	(1.1%)	(-1.9%)	
Ordinary Income	18.2	5.6	-12.6	-69%
Income before income taxes	15.9	-2.3	-18.2	-
(%)	(1.3%)	(-0.9%)		
Net Income	7.8	-4.5	-12.3	-
EPS (Yen)	54.1	-33.0	-87.2	-

2-1. Consolidated Segment information

Canon

(Jul.1- Sep.30, 2009)

billions of yen

Three months	3Q 2008		3Q 2009		Changes	
	Net Sales	%	Net Sales	%		%
Document Business	(80.1)	(41%)	(67.4)	(42%)	(-12.7)	(-16%)
IT Solution	(37.8)	(20%)	(31.6)	(20%)	(-6.2)	(-16%)
Business Solutions	117.9	61%	99.0	62%	-18.9	-16%
Consumer equipment	60.1	31%	56.7	35%	-3.4	-6%
Industrial equipment	15.7	8%	4.8	4%	-10.9	-70%
Total	193.7	100%	160.5	100%	-33.2	-17%

2-2. Consolidated Segment information

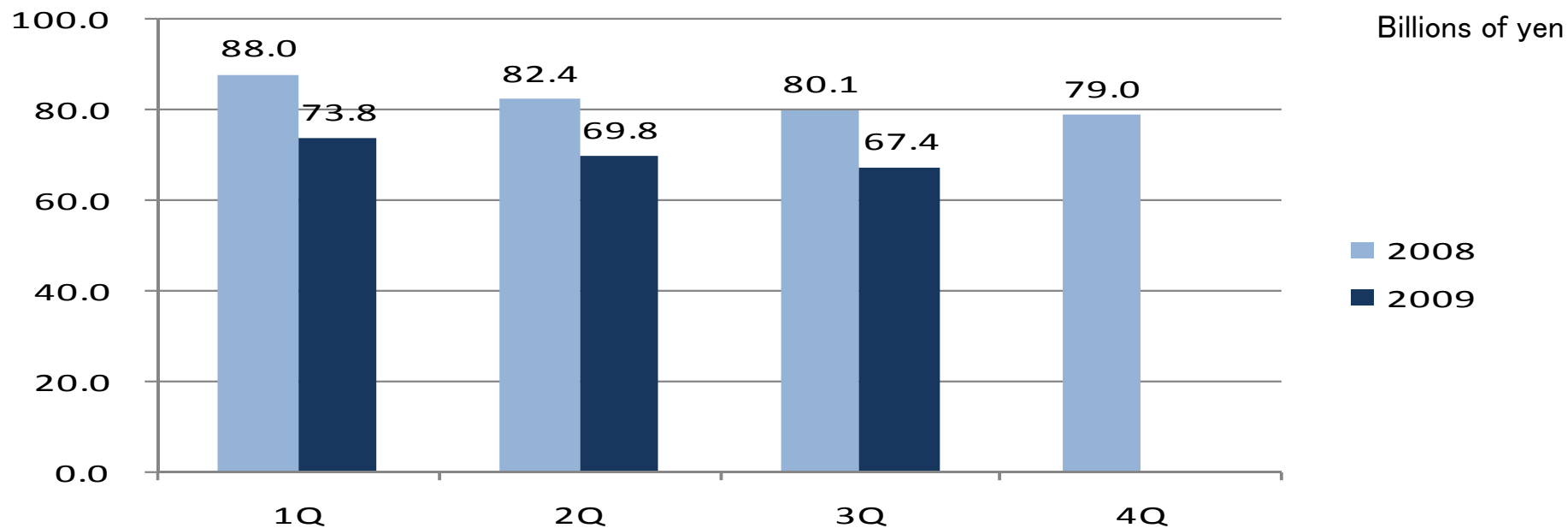
Canon

(Jan.1- Sep.30, 2009)

billions of yen

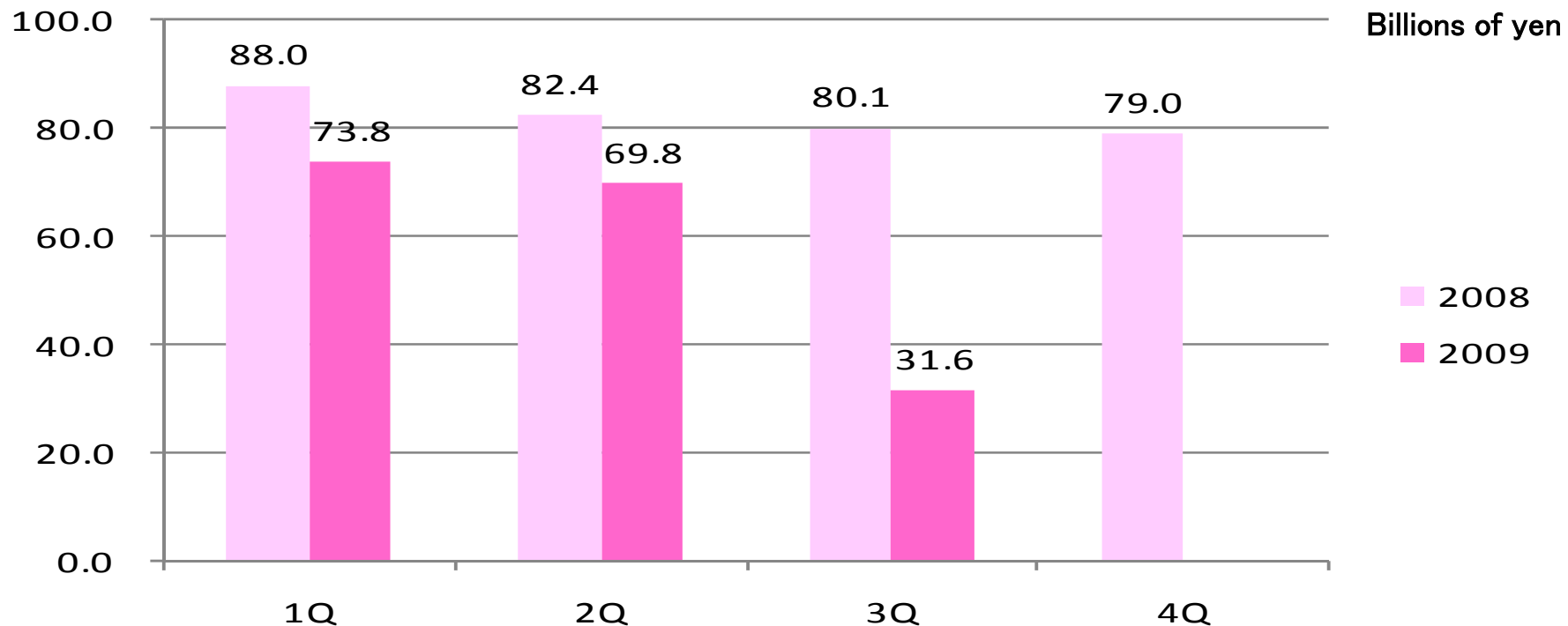
Nine months	3Q 2008		3Q 2009		Changes	
	Net Sales	%	Net Sales	%		%
Document Business	(250.5)	(41%)	(211.0)	(42%)	(-39.5)	(-16%)
IT Solution	(124.5)	(20%)	(104.6)	(21%)	(-19.9)	(-16%)
Business Solutions	375.0	61%	315.6	64%	-59.4	-16%
Consumer equipment	183.8	30%	163.5	33%	-20.3	-11%
Industrial equipment	53.5	9%	17.6	5%	-35.9	-67%
Total	612.3	100%	496.7	100%	-115.6	-19%

3-1. Segment Information (Document Business)



Growth rate y/y		1Q	2Q	3Q	•4Q	FY
Business equipment	2008	-4%	-8%	-10%	-14%	-9%
	2009	-23%	-21%	-23%		
Service & support	2008	+2%	+1%	0%	-4%	0%
	2009	-8%	-10%	-8%		
TOTAL	2008	-1%	-3%	-5%	-9%	-5%
	2009	-16%	-15%	-16%		

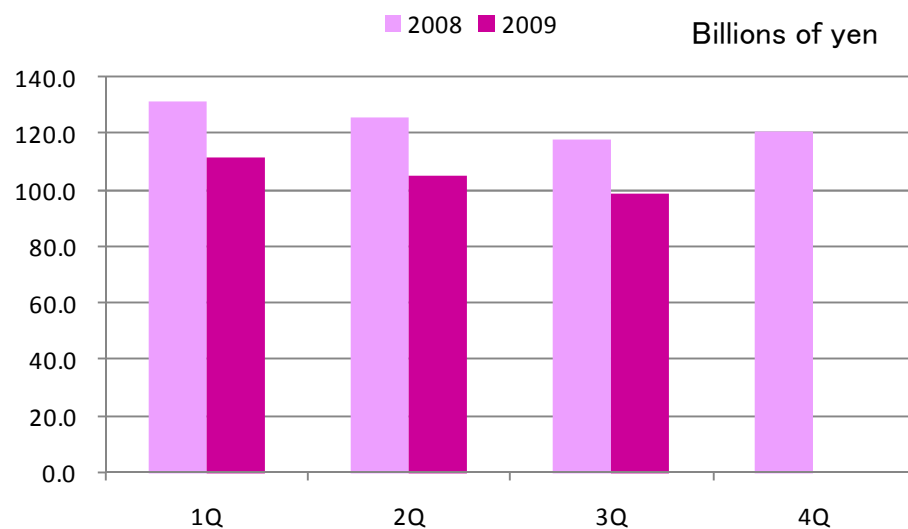
3-2. Segment Information (IT Solutions)



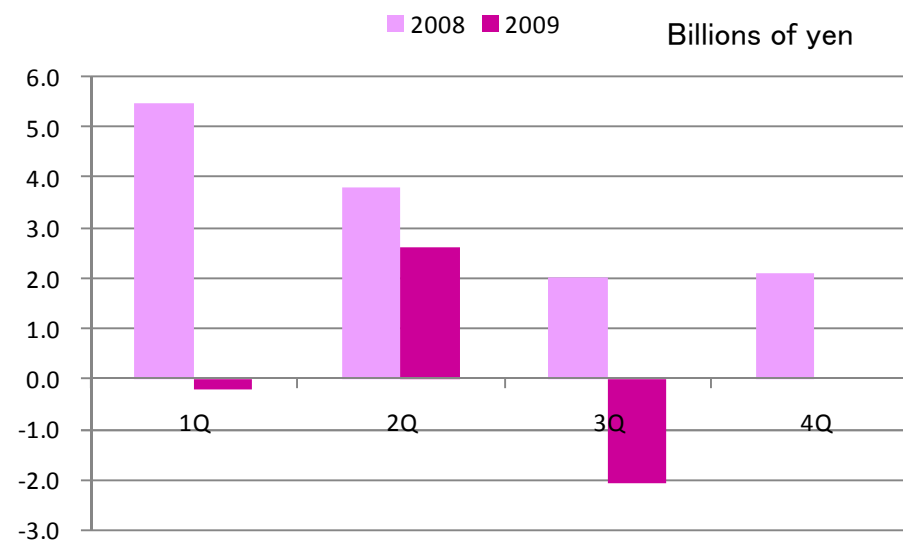
Growth rate y/y		1Q	3Q	3Q	4Q	FY
TOTAL	2008	+24%	+12%	-8%	-25%	-3%
	2009	-13%	-18%	-16%		

3-3. Segment Information (Business Solutions)

Net Sales



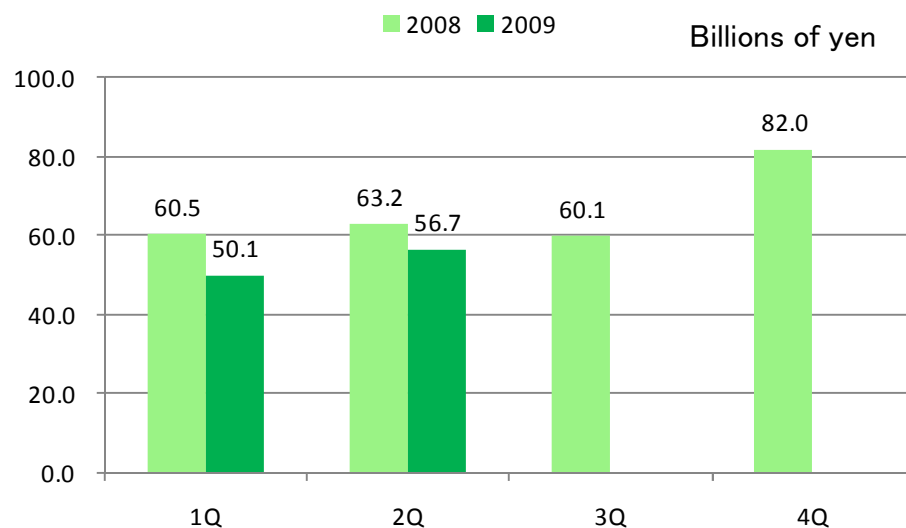
Operating Income



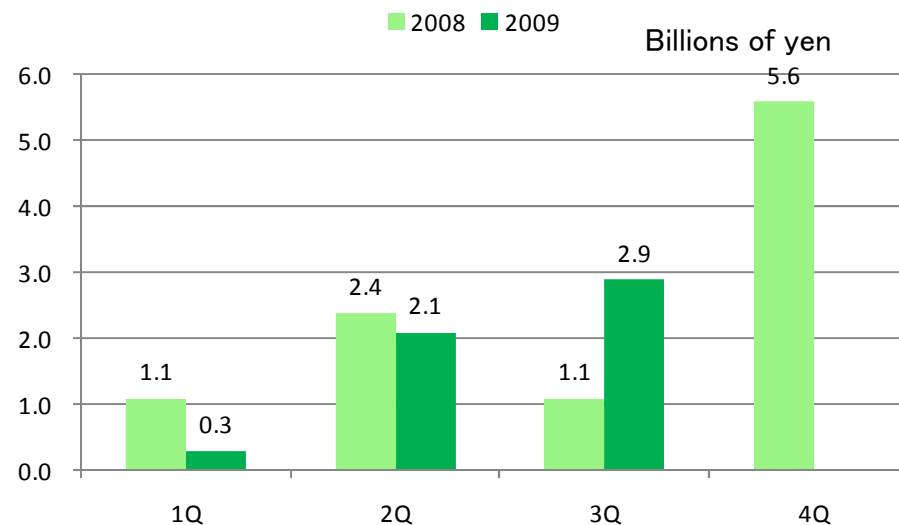
Growth rate y/y		1Q	3Q	3Q	4Q	FY
Business Solutions Total	2008	+6%	+1%	-6%	-15%	-4%
	2009	-15%	-16%	-16%		

3-4. Segment Information (Consumer equipment)

Net Sales



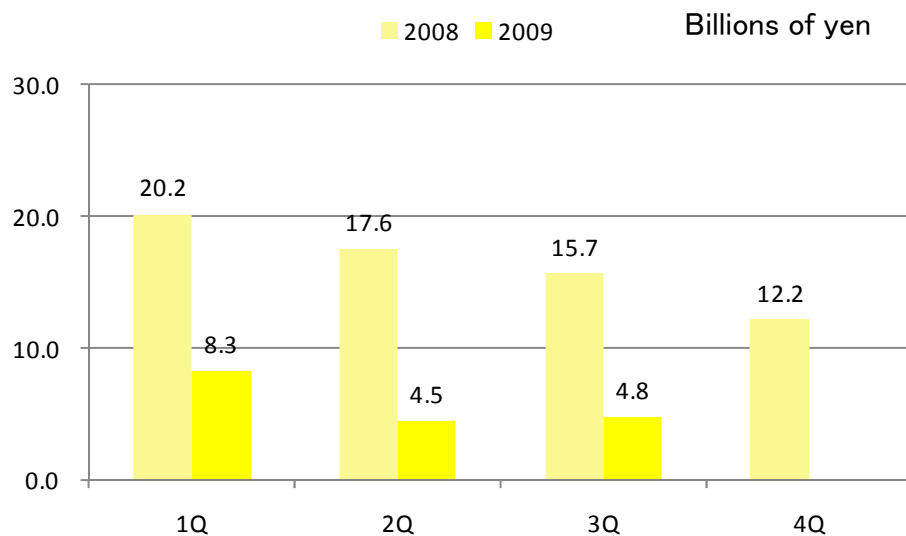
Operating Income



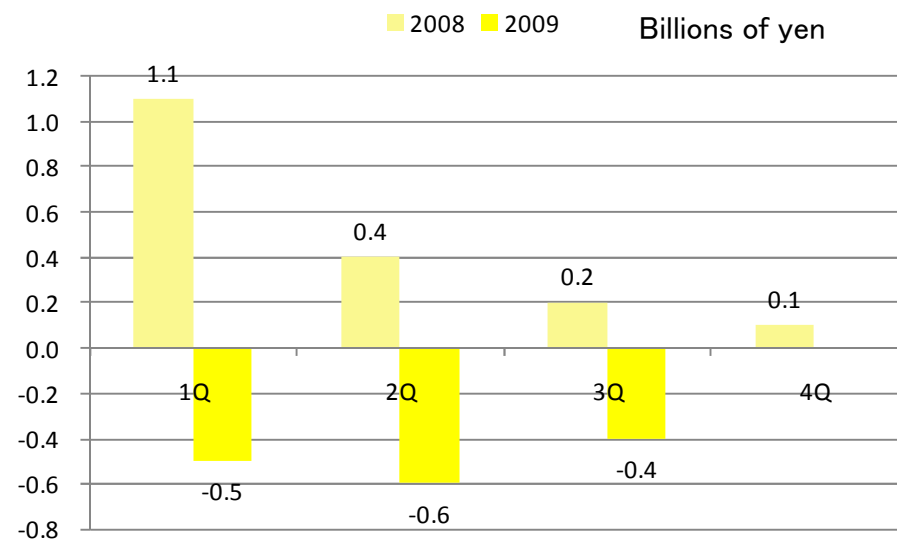
Growth rate y/y		1Q	3Q	3Q	4Q	FY
Consumer equipment Total	2008	-4%	-2%	-6%	-12%	-7%
	2009	-17%	-10%	-5%	-	-

3-5. Segment Information (Industrial equipment)

Net Sales



Operating Income



Growth rate y/y		1Q	3Q	3Q	4Q	FY
Consumer equipment Total	2008	-23%	-31%	-34%	-57%	-37%
	2009	-59%	-74%	-70%		

FY 2009 Projections

Canon

1-1. FY2009 Current Projection

	FY2009 Projection	FY 2009 Projection (Previous)	Changes		FY2008 results	Changes
				%		
Net Sales	695.0	705.0	-10.0	-1%	827.5	-132.5
(%)	(0.9%)	(0.8%)	(+0.1%)		(3.1%)	(-2.2%)
Operating Income	6.5	5.5	+1.0	+15%	25.4	-18.9
(%)	(1.2%)	(1.0%)	(+0.2%)		(3.1%)	(-1.9%)
Ordinary Income	8.0	7.0	+1.0	+13%	25.9	-17.9
Income before income taxes	-0.4	-1.4	+1.0	-	22.2	-22.6
(%)					(1.4%)	
Net Income	-4.4	-5.0	+0.6	-	11.2	-15.6
EPS (Yen)	-32.0	-36.4				

billions of yen

1-2. FY2009 Current Projection

billions of yen

	FY2009 Projection			FY 2008 Results			Changes		
	1Q-3Q	4Q	FY	1Q-3Q	4Q	FY	1Q-3Q	4Q	FY
Net Sales	496.7	198.3	695.0	612.3	215.2	827.5	-115.6	-16.9	-132.5
(%)	(0.8%)	(1.2%)	(0.9%)	(2.9%)	(3.6%)	(3.1%)	(-2.1%)	(-2.4%)	(-2.2%)
Operating Income	4.1	2.4	6.5	17.6	7.8	25.4	-13.5	-5.4	-18.9
(%)	(1.1%)	(1.2%)	(1.2%)	(3.0%)	(3.6%)	(3.1%)	(-1.9%)	(-2.4%)	(-1.9%)
Ordinary Income	5.6	2.4	8.0	18.2	7.7	25.9	-12.6	-5.3	-17.9
Income before income taxes	-2.3	1.9	-0.4	15.9	6.3	22.2	-18.2	-4.4	-22.6
(%)		(0.1%)		(1.3%)	(1.6%)	(1.4%)		(-1.5%)	
Net Income	-4.5	0.1	-4.4	7.8	3.4	11.2	-12.3	-3.3	-15.6
EPS (Yen)	-33.0	1.0	-32.0	54.1	24.5	78.6	-87.2	-23.5	-110.7

2-1. FY2009 Current Projection by segment

billions of yen

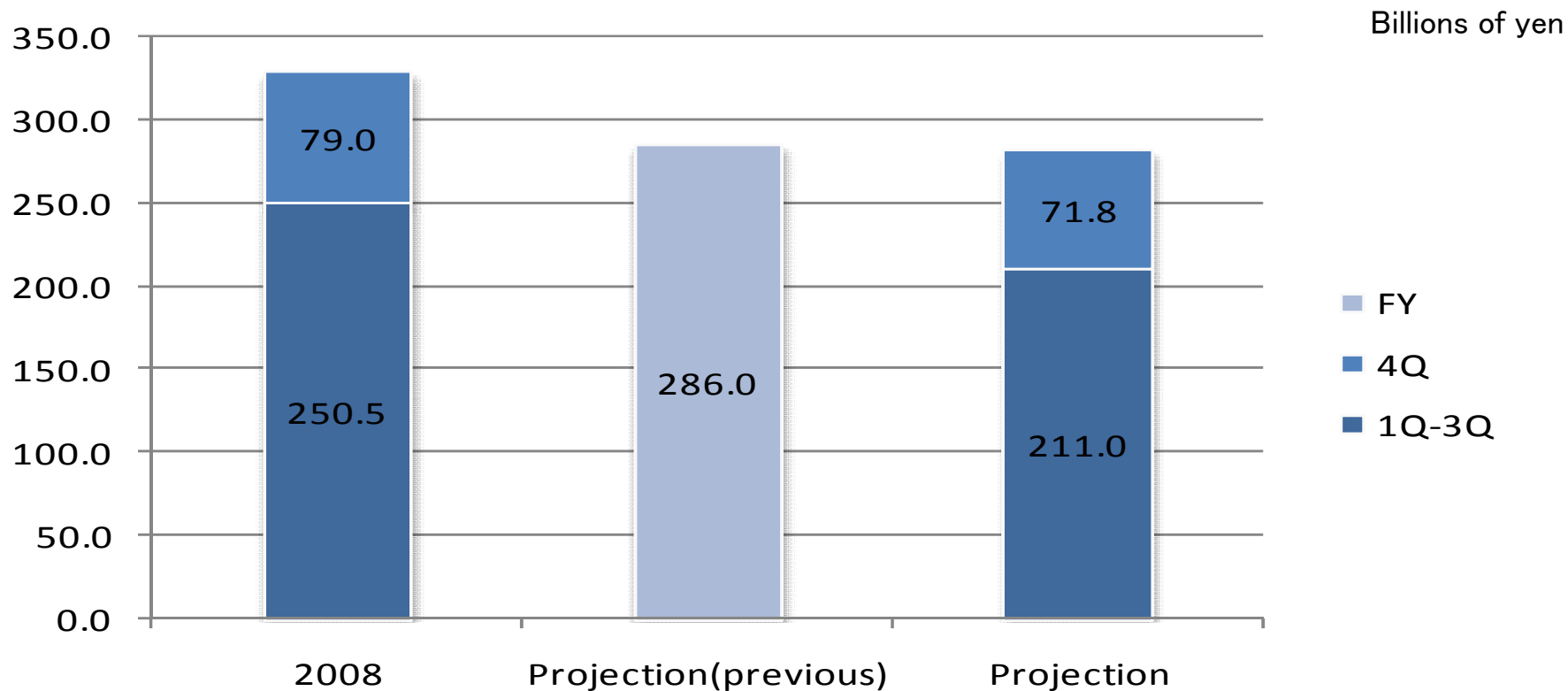
		FY2009 Projection	FY 2009 Projection (Previous)	Changes	FY2008 results	Changes
	Document Business	(282.8)	(286.0)	(-3.2)	(329.5)	(-46.7)
	IT Solution	(142.2)	(149.0)	(-6.8)	(166.5)	(-24.3)
	Business Solutions	425.0	435.0	-10.0	496.0	-71.0
	Consumer equipment	245.0	245.0	0	265.8	-21
	Industrial equipment	25.0	25.0	0	65.7	-41
	Total	695.0	705.0	-10.0	827.5	-132.5

2-2. FY2009 Current Projection by segment

billions of yen

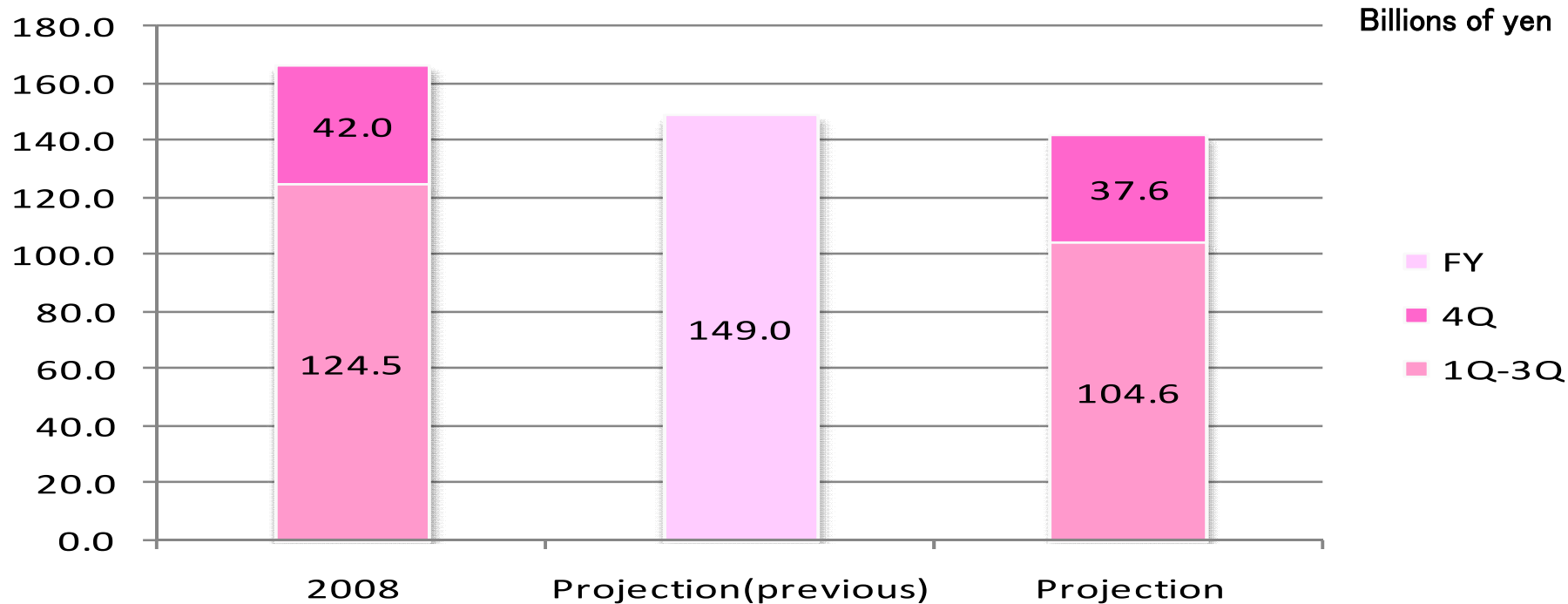
		FY2009 Projection			FY 2008 Results			Changes		
		1Q-3Q	4Q	FY	1Q-3Q	4Q	FY	1Q-3Q	4Q	FY
Business Solutions	Document Business	(211.0)	(71.8)	(282.8)	(250.5)	(79.0)	(329.5)	(-39.5)	(-7.2)	(-46.7)
	IT Solution	(104.6)	(37.6)	(142.2)	(124.5)	(42.0)	(166.5)	(-19.9)	(-4.4)	(-24.3)
Business Solutions		315.6	109.4	425.0	375.0	121.0	496.0	-59.4	-11.6	-71.0
Consumer equipment		163.5	81.5	245.0	183.8	82.0	265.8	-20.3	-0.5	-20.8
Industrial equipment		17.6	7.4	25.0	53.5	12.2	65.7	-35.9	-4.8	-40.7
Total		496.7	198.3	695.0	612.3	215.2	827.5	-115.6	-16.9	-132.5

3-1. Segment Information (Document Business)



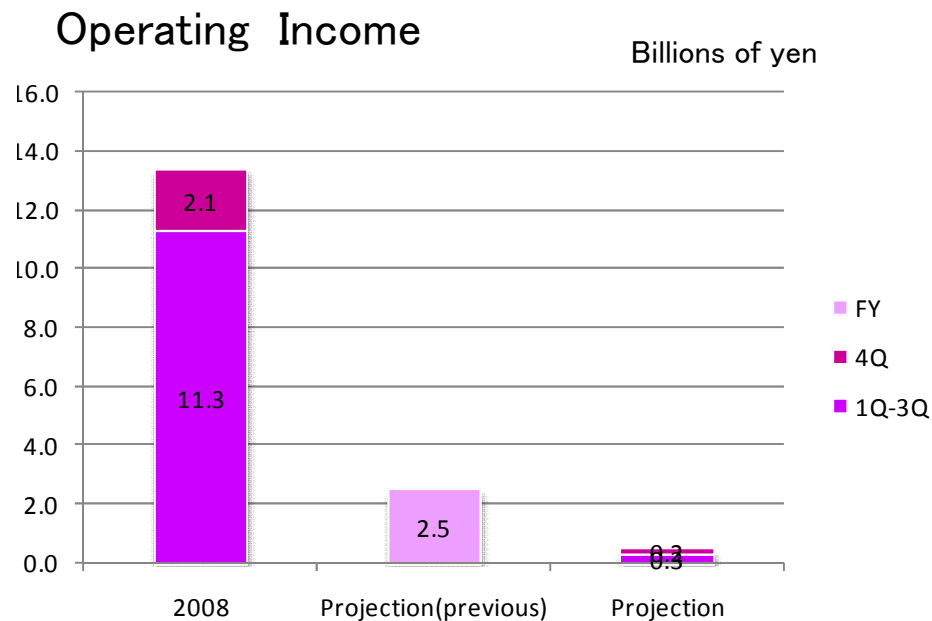
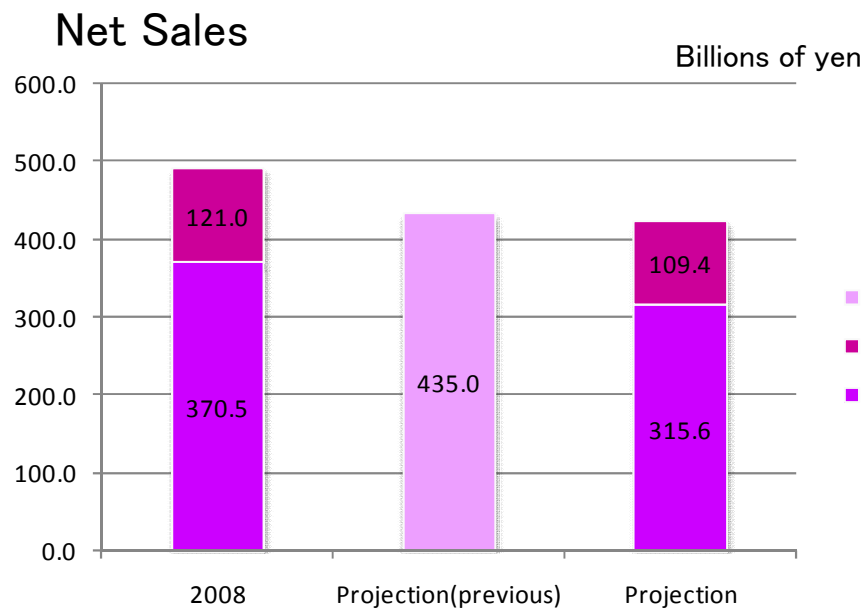
Net Sales		1Q-3Q	4Q	FY
Document Business	2008	250.5	79.0	329.5
	2009	211.0	71.8	282.8

3-2. Segment Information (IT Solutions)



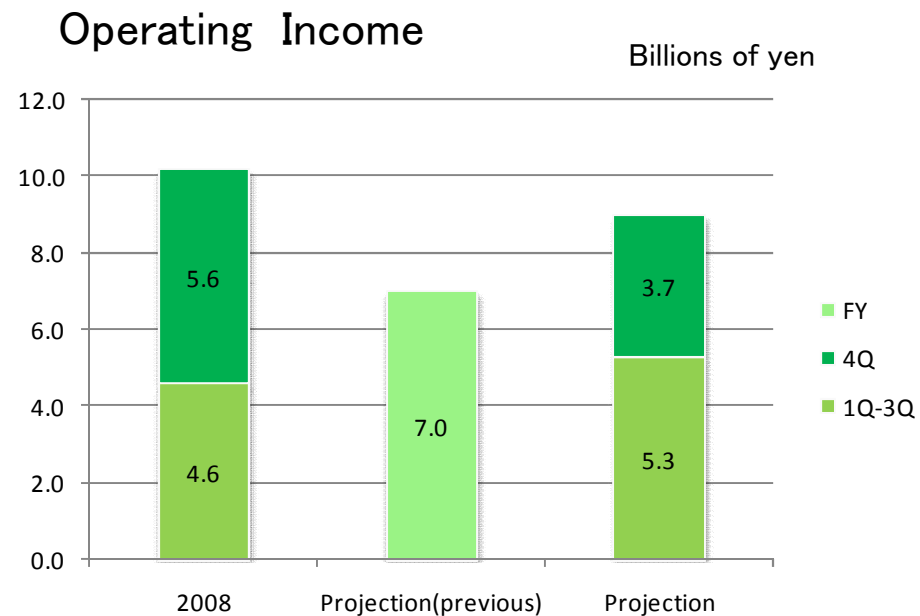
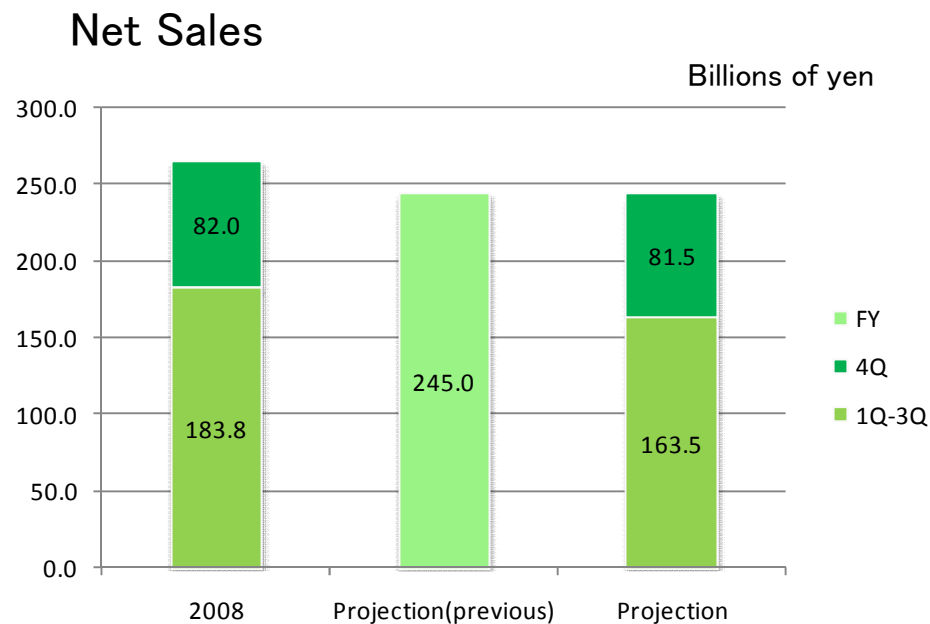
Net Sales		1Q-3Q	4Q	FY
IT Solutions	2008	124.5	42.0	149.0
	2009	104.6	37.6	142.2

3-3. Segment Information (Business Solutions)



		1Q-3Q	4Q	FY
Net Sales	2008	375.0	121.0	496.0
	2009	315.6	109.4	425.0
Operating Income	2008	11.3	2.1	13.4
	2009	0.3	0.2	0.5

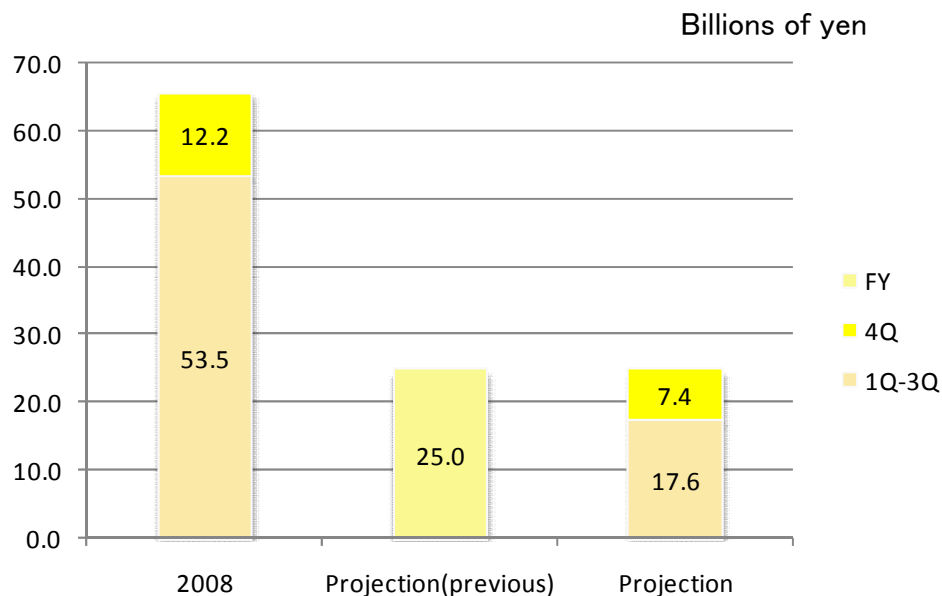
3-4. Segment Information (Consumer equipment)



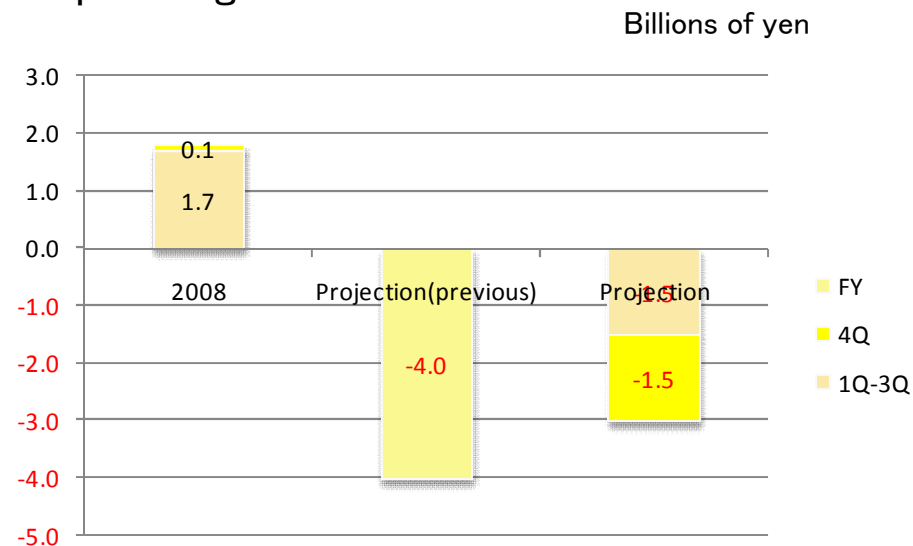
		1Q-3Q	4Q	FY
Net Sales	2008	1,838	820	2,658
	2009	1,635	815	2,450
Operating income	2008	4.6	5.6	10.2
	2009	5.3	3.7	9.0

3-5. Segment Information (Industrial equipment)

Net Sales



Operating Income



		1Q-3Q	4Q	FY
Net Sales	2008	53.5	12.2	65.7
	2009	17.6	7.4	25.0
Operating Income	2008	1.7	0.1	1.8
	2009	-1.5	-1.5	-3.0

Supplementary information

Canon

1. The main consolidated company results

billions of yen

	FY 2008 Results				FY2009 Projection				Changes			
	3Q		1Q-3Q		3Q		1Q-3Q		3Q		1Q-3Q	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Document Business				(0.7%)								
Canon System & Support	28.9	-0.2	91.9	0.6	23.9	-1.0	75.4	-2.1	-5.0	-0.8	-16.5	-2.8
IT Solution		(3.8%)		(6.1%)				(4.0%)				(-2.1%)
Canon Software (Consolidated)	5.2	0.2	17.6	1.1	4.8	-0.1	17.1	0.7	-0.4	-0.3	-0.5	-0.4
		(3.6%)		(6.1%)				(1.4%)				(-4.7%)
Canon IT Solutions (Consolidated)	19.9	0.7	63.0	3.9	18.9	-0.2	57.7	0.8	-1.0	-0.9	-5.3	-3.0
		(3.6%)		(6.1%)				0				(-4.1%)
IT Solution TOTAL	25.1	0.9	80.6	4.9	23.7	-0.3	74.8	1.5	-1.4	-1.2	-5.8	-3.4
				(0.2%)								
Canon Business Support	6.4	-0.1	19.6	0.1	5.3	-0.4	17.2	-0.7	-1.1	-0.2	-2.4	-0.8

2. Selling, general and administrative expenses

Billions of yen

	FY 2008 Results		FY2009 Projection		Changes	
	3Q	1-3Q	3Q	1-3Q	3Q	1-3Q
Advertising expenses	4.2	11.9	3.1	9.2	-1.1	-2.7
Promotion expenses	6.7	20.6	5.5	17.3	-1.2	-3.3
Waranty expenses	3.5	10.2	3.1	8.8	-0.4	-1.4
Other direct expenses	4.0	11.7	3.7	11.3	-0.3	-0.4
Personal expenses	32.2	96.5	30.2	90.8	-2.0	-5.7
Depreciation and amortization	1.2	3.4	1.1	3.2	-0.1	-0.2
Rent expenses	2.1	6.4	2.0	6.1	-0.1	-0.3
IT expenses	1.5	4.5	1.5	4.7	0.0	0.2
Other selling expenses	5.9	18.4	4.5	15.1	-1.4	-3.3
TOTAL	61.3	183.6	54.7	166.5	-6.6	-17.1

3. Non-operating income & expenses

Extra ordinary income and loss



Billions of yen

	FY 2008 Results		FY2009 Projection		Changes	
	3Q	1-3Q	3Q	1-3Q	3Q	1-3Q
Interest & Dividends income	0.2	0.7	0.2	0.6	+0.0	-0.1
Other	0.2	1.2	0.4	1.3	+0.2	+0.1
Total non-operating income	0.4	1.9	0.6	1.9	+0.2	+0.0
Loss on disposal and devaluation of inventories	0.2	1.0	-	-	-0.2	-1.0
Other	0.1	0.4	0.1	0.4	+0.0	+0.0
Total non-operating expenses	0.3	1.4	0.1	0.4	-0.2	-1.0
Gain on sales of noncurrent assets	-	0.0	0.0	5.6	+0.0	+5.6
Other	-	0.0	0.1	0.2	+0.1	+0.2
Total extraordinary income	-	0.0	0.1	6.8	+0.1	+6.8
Impairment loss	-	-	-	10.7	-	+10.7
Loss on devaluation of investments in securities	0.0	0.3	0.0	1.0	+0.0	+0.7
Other	0.2	0.0	0.3	2.0	+0.1	+2.0
Total extraordinary losses	0.2	0.3	0.3	13.7	+0.1	+13.4

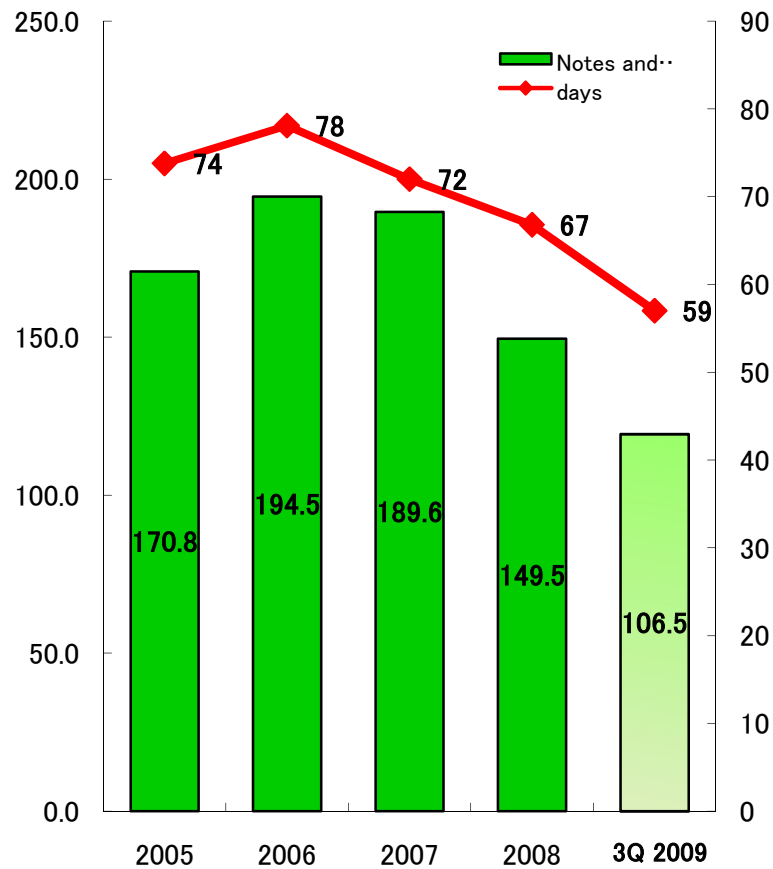
4. Balance sheets

billions of yen

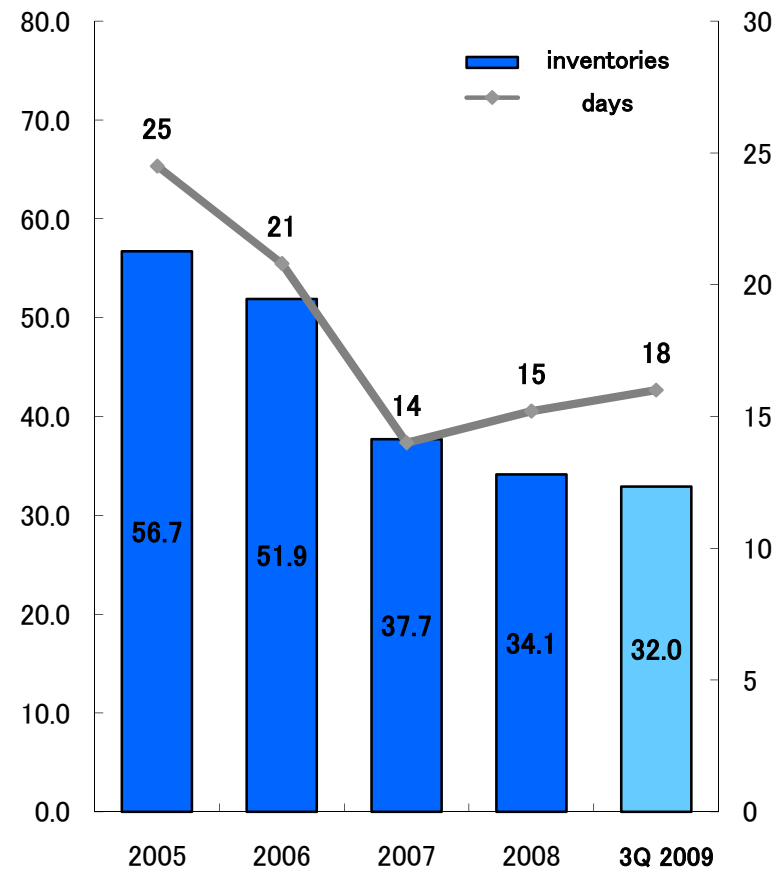
	Dec. 31, 2008	Sep.30, 2009	changes		Dec. 31, 2008	Sep.30, 2009	changes
Current assets	327.7	293.1	-34.6	Current liabilities	183.7	147.8	-35.9
Cash and cash deposit	112.6	96.8	-15.8	Notes and accounts payable	123.9	96.2	-27.7
Notes and accounts receivable	149.5	106.5	-43.0	Other	59.8	51.6	+7.0
Inventories	34.1	32.0	-2.1				
Other	31.5	57.8	+26.3				
Fixed assets	157.2	147.6	-9.6	Long-term liabilities	42.2	42.4	+0.2
Property and equipment	98.0	85.7	-12.3	Stockholders' equity	255.5	246.8	-8.7
Intangible assets	19.0	24.5	+5.5	treasury stock	-24.7	-24.8	-0.1
Other	40.2	37.3	-2.9	Valuation and translation adjustments	-0.3	-0.1	+0.2
				Minority interests	3.8	3.9	+0.1
				Total net assets	259.0	250.5	-8.5
Total assets	484.9	440.7	-44.2	Total liabilities and net assets	484.9	434.5	-50.4
				Stockholders' equity ratio	52.6%	56.0%	+3.4%

5. Current Assets

Notes and accounts receivable



Inventories



6. Cash flows & Capital Investment , Depreciation and amortization

Capital Investment and Depreciation and amortization

1Q-3Q

Nine months	FY2008	FY 2009	Changes
Investment	12.6	14.1	+1.5
Depreciation and amortization	49.0	8.8	-40.2

4Q

Nine months	FY2008	FY 2009	Changes
Investment	5.2	3.0	-2.2
Depreciation and amortization	3.1	3.8	+0.7

Cash flow

1Q-3Q

Nine months	FY2008	FY 2009	Changes
Net cash provided by (used in) operating activities	33.8	16.4	-17.4
Net cash provided by (used in) investment activities	-24.8	-23.1	+1.7

Forward-looking statements, including results forecasts on this web site, are based on management's assumption in light of current information available and therefore contain inherent risks and uncertainties. As a consequence, a range of variable factors may cause actual results to differ materially from forecasts.