



Canon Inc.

Third Quarter 2014 Results

October 27, 2014
Toshizo Tanaka
Executive Vice President & CFO

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Agenda

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3Q 2014 in Summary

External Environment

- Delayed global economic recovery
 - ✓ Evident in Europe, Emerging Markets, and Japan
- Our markets
 - ✓ Delayed recovery of interchangeable-lens camera market

Results

- Lower sales and profits
 - ✓ Lower sales of cameras

Summary of Results

3Q 2014 Actual

(Billions of yen)

	3Q 2014 Actual	3Q 2013 Actual	Pct. Change
Net Sales	872.2	913.1	-4.5%
Gross Profit	431.5	447.1	-3.5%
(% Sales)	49.5%	49.0%	
Op. Profit	71.8	90.6	-20.7%
(% Sales)	8.2%	9.9%	
Net Income	58.2	58.8	-1.0%
Attributable to Canon Inc.			
(% Sales)	6.7%	6.4%	
Foreign Exchange Rate			
Yen – 1USD	104.22	98.91	
Yen – 1EURO	137.78	131.09	

Transition in Sales and Op. Profit

3Q 2014 Actual v. 3Q 2013 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2013 Actual	913.1	90.6
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+30.5	+11.4
Sales Volume Impact		
Office	-20.6	
Imaging System	-31.2	
Industry and Others	+2.7	
Total	-49.1	-23.4
Others	-22.3	-6.8
Total Change	-40.9	-18.8
3Q 2014 Actual	872.2	71.8

Change in Exchange Rate

- 1USD: 98.91 to 104.22 yen
- 1EURO: 131.09 to 137.78 yen

Assumptions

2014 Current Projection

Average Exchange Rate	4Q14	FY14	FY13
■ Yen-1USD	108.00 yen	104.39 yen	97.84 yen
■ Yen-1EURO	137.00 yen	138.83 yen	130.01 yen

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

	Net Sales	Operating Profit
■ USD	4.3 billion yen	1.6 billion yen
■ EURO	1.9 billion yen	1.0 billion yen

Key Points FY2014

External Environment

- Later than expected global economic recovery
- Recovery in our markets also delayed

Outlook

- Raised projection for profits, but lowered net sales outlook
- Achieve two consecutive years of sales and profit growth

Summary of Projected Results

FY 2014 Current Projection

(Billions of yen)

	FY 2014 Current Projection	FY 2013 Actual	Pct. Change
Net Sales	3,740.0	3,731.4	+0.2%
Gross Profit	1,855.0	1,798.4	+3.1%
(% Sales)	49.6%	48.2%	
Op. Profit	370.0	337.3	+9.7%
(% Sales)	9.9%	9.0%	
Net Income	250.0	230.5	+8.5%
Attributable to Canon Inc.			
(% Sales)	6.7%	6.2%	
Foreign Exchange Rate			
Yen – 1USD	104.39	97.84	
Yen – 1EURO	138.83	130.01	

Transition in Sales and Op. Profit

FY 2014 Current Projection v. FY 2014 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jul. 24, 2014)	3,780.0	365.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+62.9	+27.2
Sales Volume Impact		
Office	-60.0	
Imaging System	-37.7	
Industry and Others	-6.2	
Total	-103.9	-28.4
Others	+1.0	+6.2
Total Change	-40.0	+5.0
Current Projection (Oct. 27, 2014)	3,740.0	370.0

Change in Exchange Rate

- 1USD: 101.14 to 104.39 yen
- 1EURO: 137.57 to 138.83 yen

Office

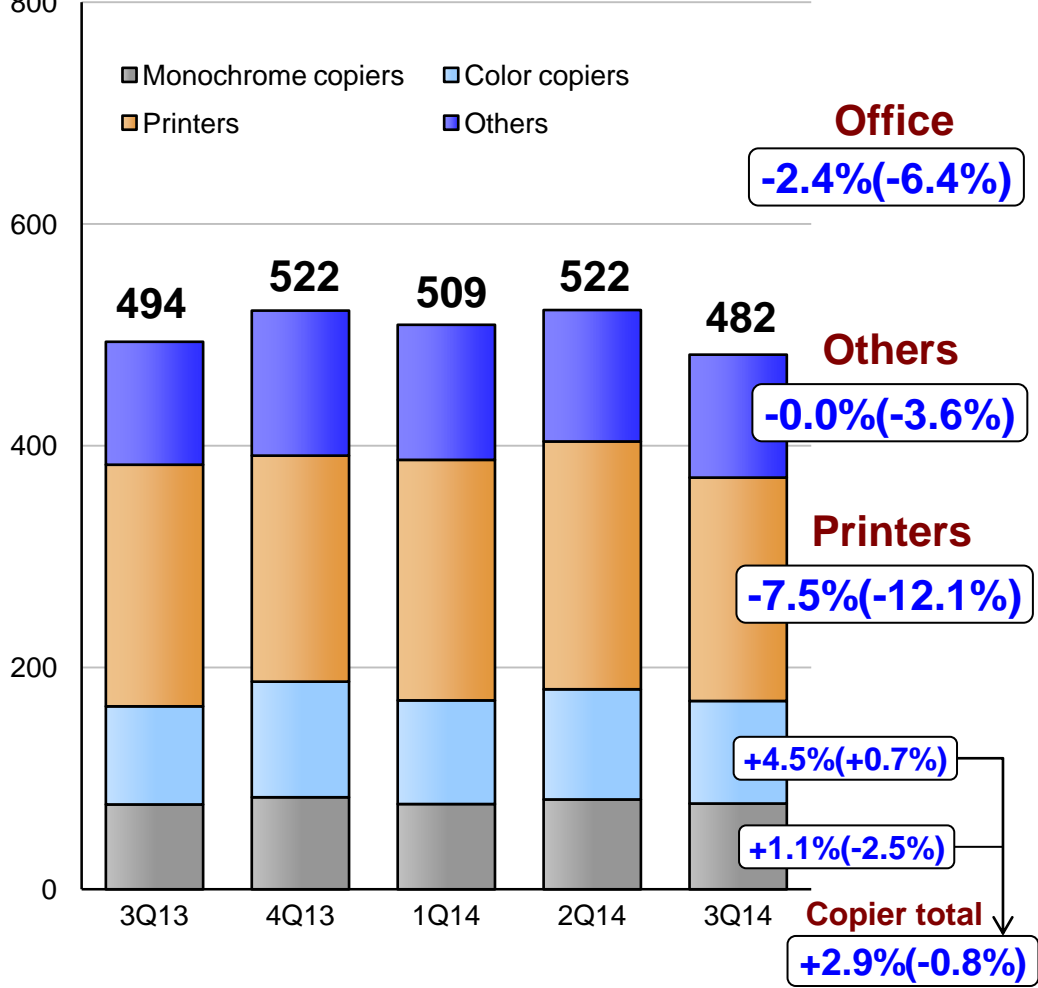
3Q 2014 Actual

3Q14 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+13%	0%
Monochrome	-7%	-2%
Total	0%	-2%

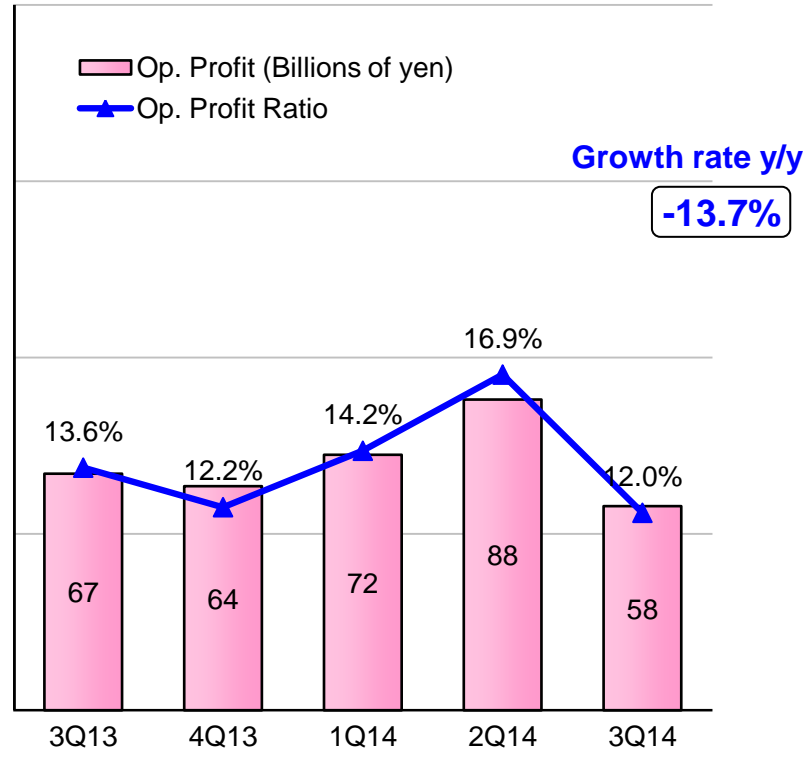
3Q14 Color Ratio		
	Copiers	Printers
Value Base*	54%	49%
Unit Base	40%	15%

*Includes Consumables

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



Op. Profit



Office

FY 2014 Projection

FY14 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+13%	+8%
Monochrome	-3%	-2%
Total	+3%	0%

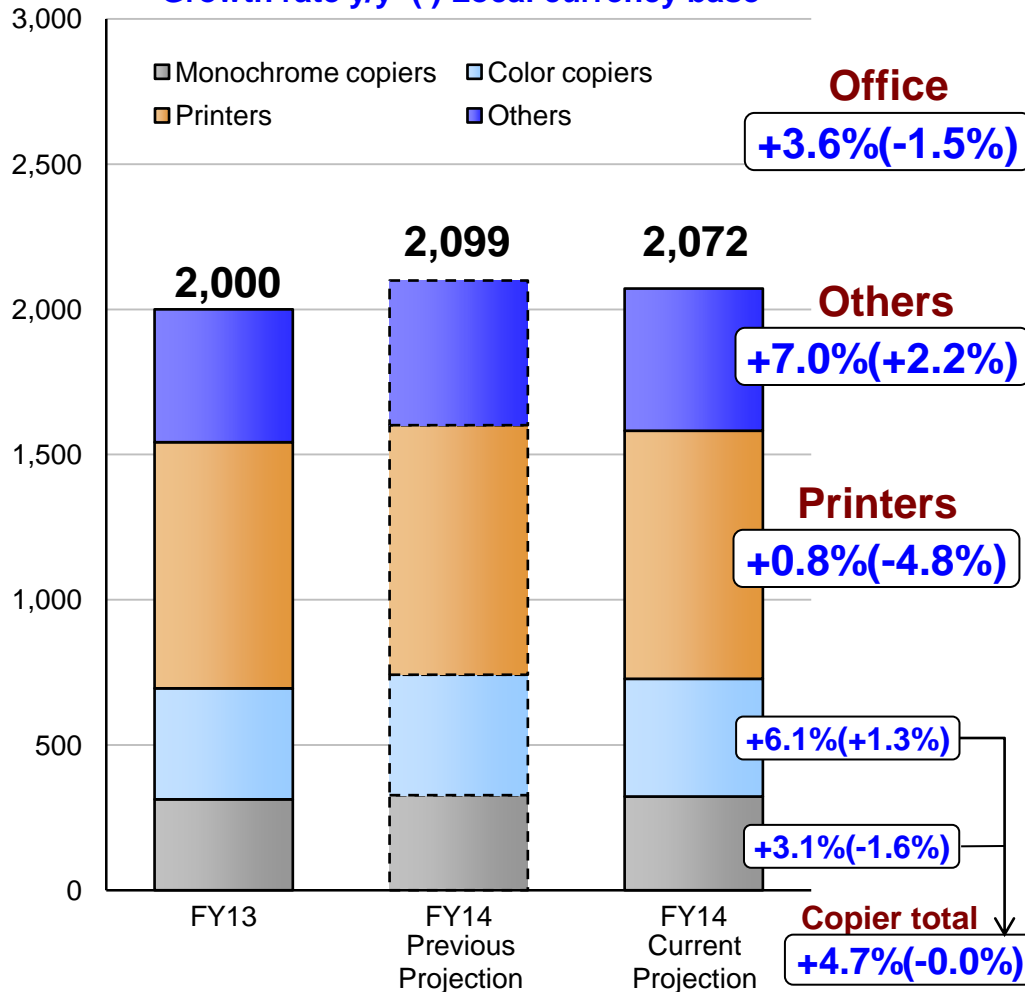
FY14 Color Ratio		
	Copiers	Printers
Value Base*	56%	49%
Unit Base	41%	15%

*Includes Consumables

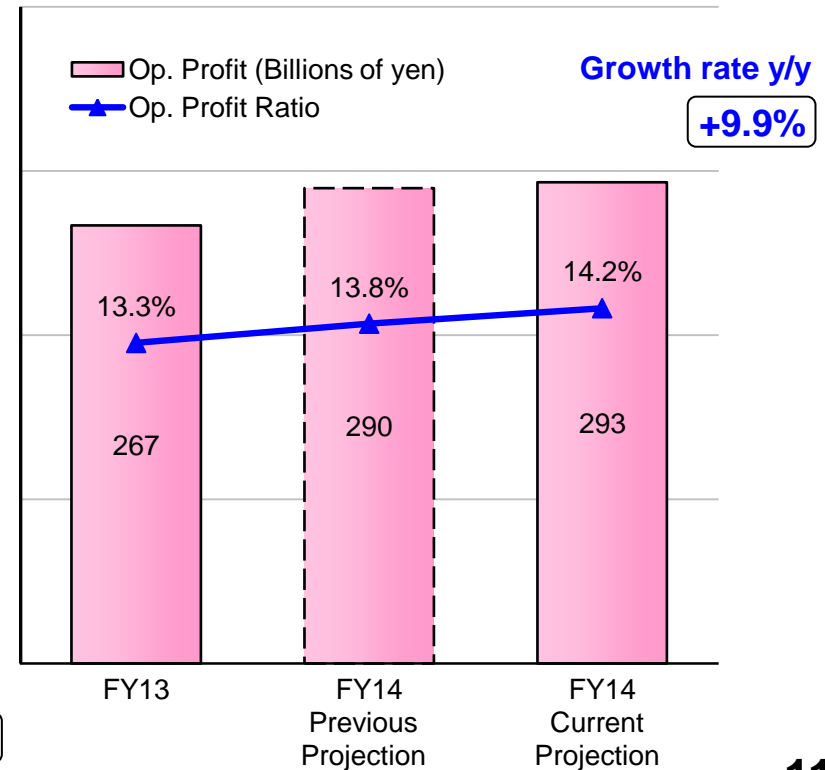
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Imaging System

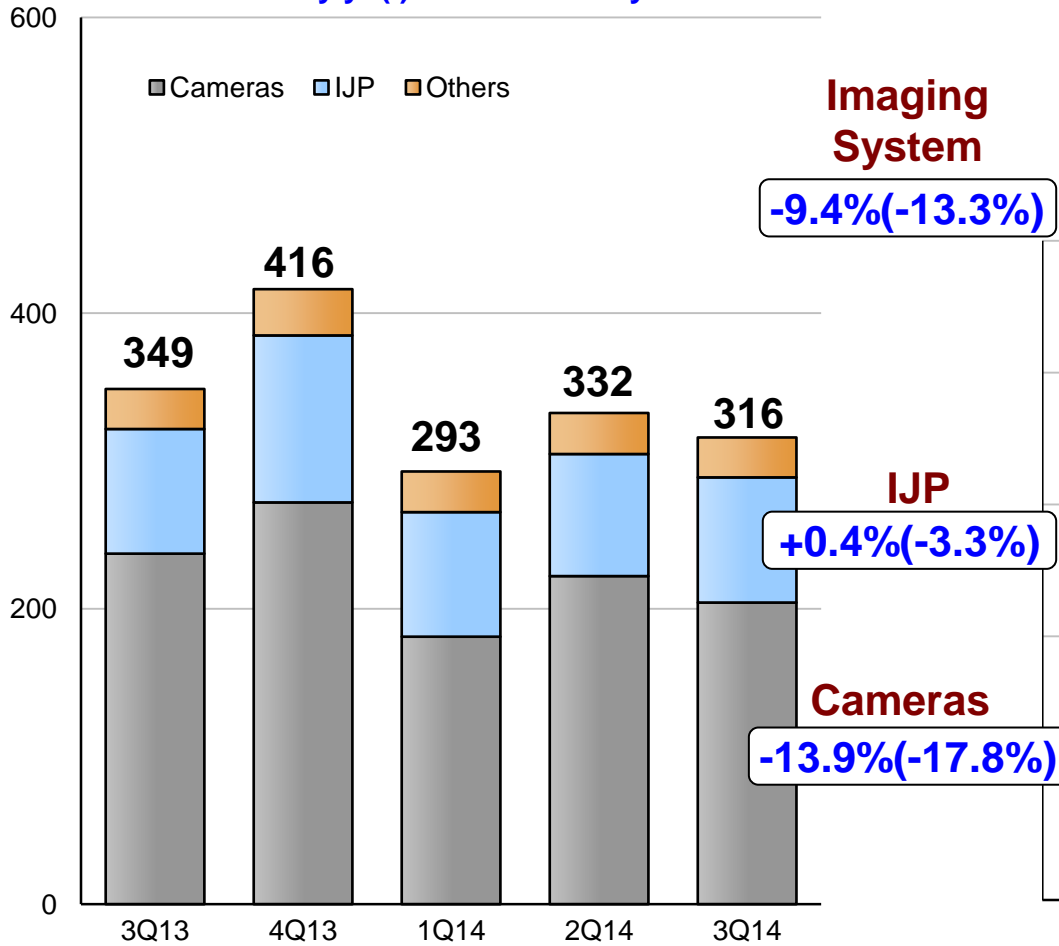
3Q 2014 Actual

Growth Rate y/y (Unit Base)	
	3Q14
Interchangeable Lens Digital Cameras	-20%
Compact Digital Cameras	-22%
Total Digital Cameras	-21%
IJP	-1%

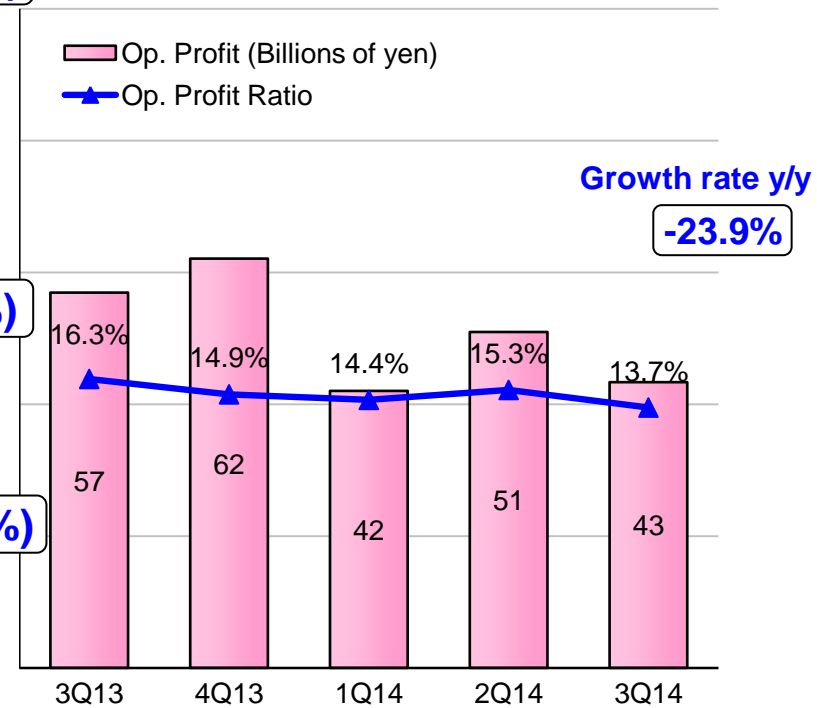
Interchangeable Lens Digital Camera Ratio *	
	3Q14
Value Base	82%
Unit Base	41%

* 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 2014 Projection

Growth Rate y/y (Unit Base)	
	FY14
Interchangeable Lens Digital Cameras	-15%
Compact Digital Cameras	-28%
Total Digital Cameras	-23%
IJP	-2%

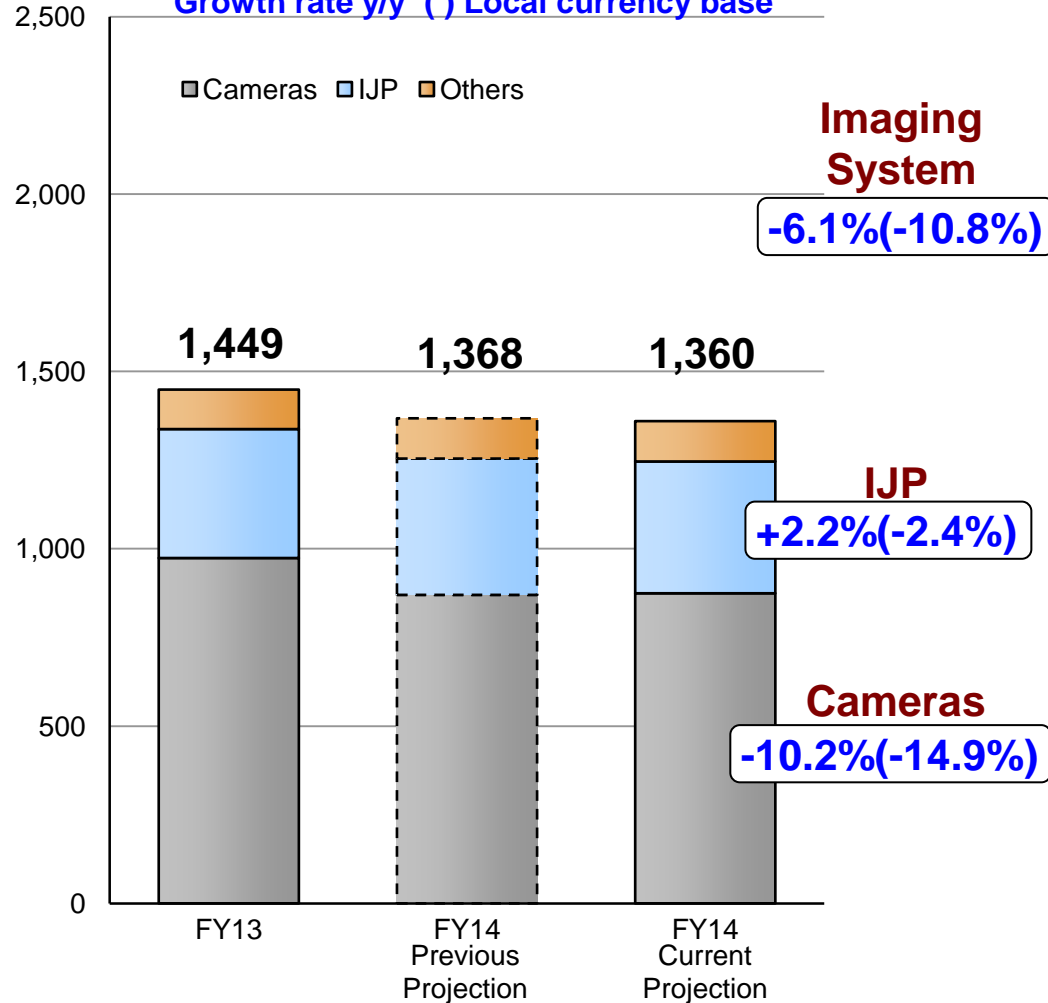
Interchangeable Lens Digital Camera Ratio *	
	FY14
Value Base	82%
Unit Base	41%

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

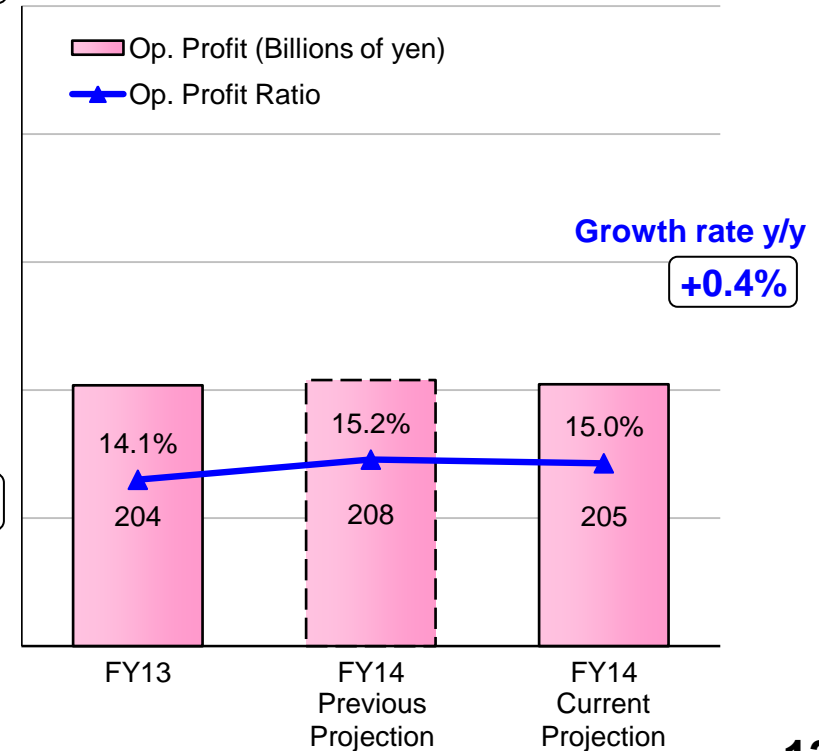
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Industry and Others

3Q 2014 Actual

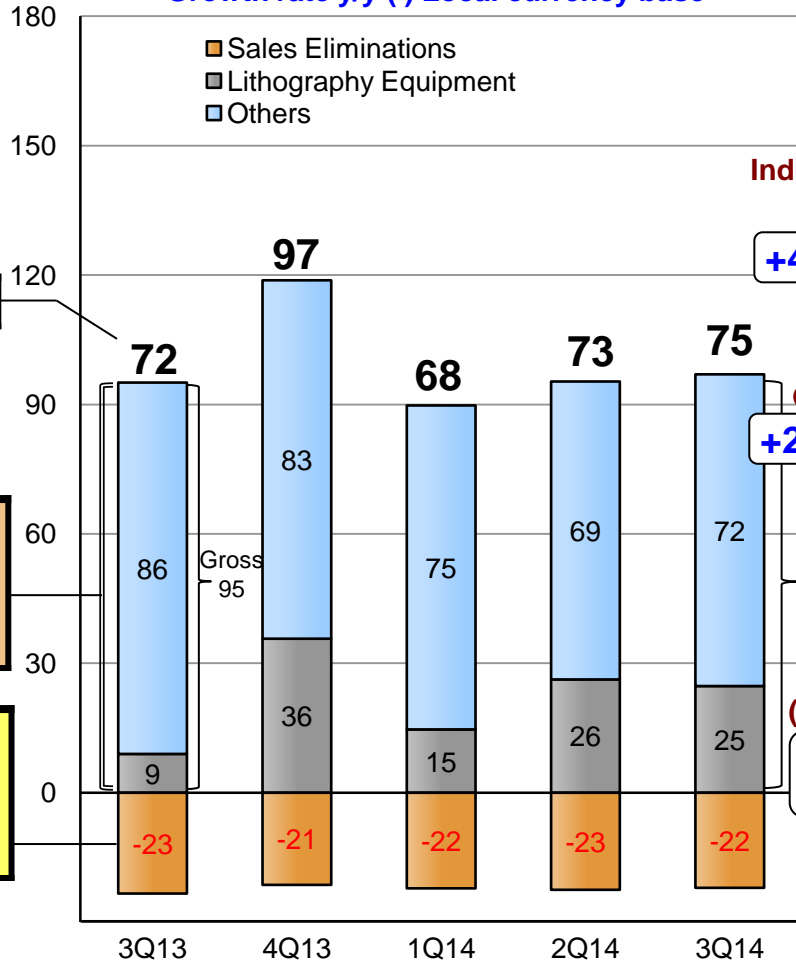
Lithography Equipment (Unit Sales)		
	3Q13	3Q14
IC	10	13
FPD	0	8

IC Lithography Unit Breakdown by Light Source		
	3Q13	3Q14
ArF	0	0
KrF	0	2
i-line	10	11

(Billions of yen)

Sales

Growth rate y/y () Local currency base

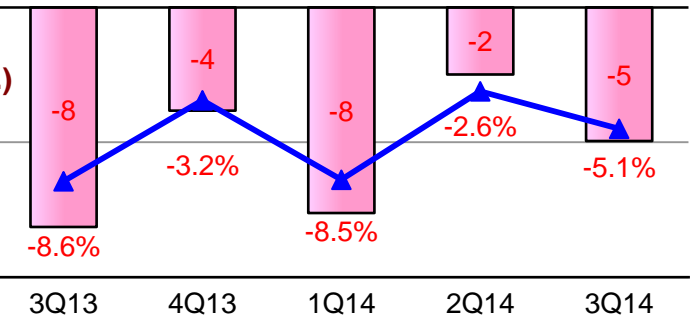


Op. Profit

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

*Calculation of operating profit ratio includes intersegment sales

(Litho. Equip.)
+175.1%
(+172.6%)



Industry and Others

FY 2014 Projection

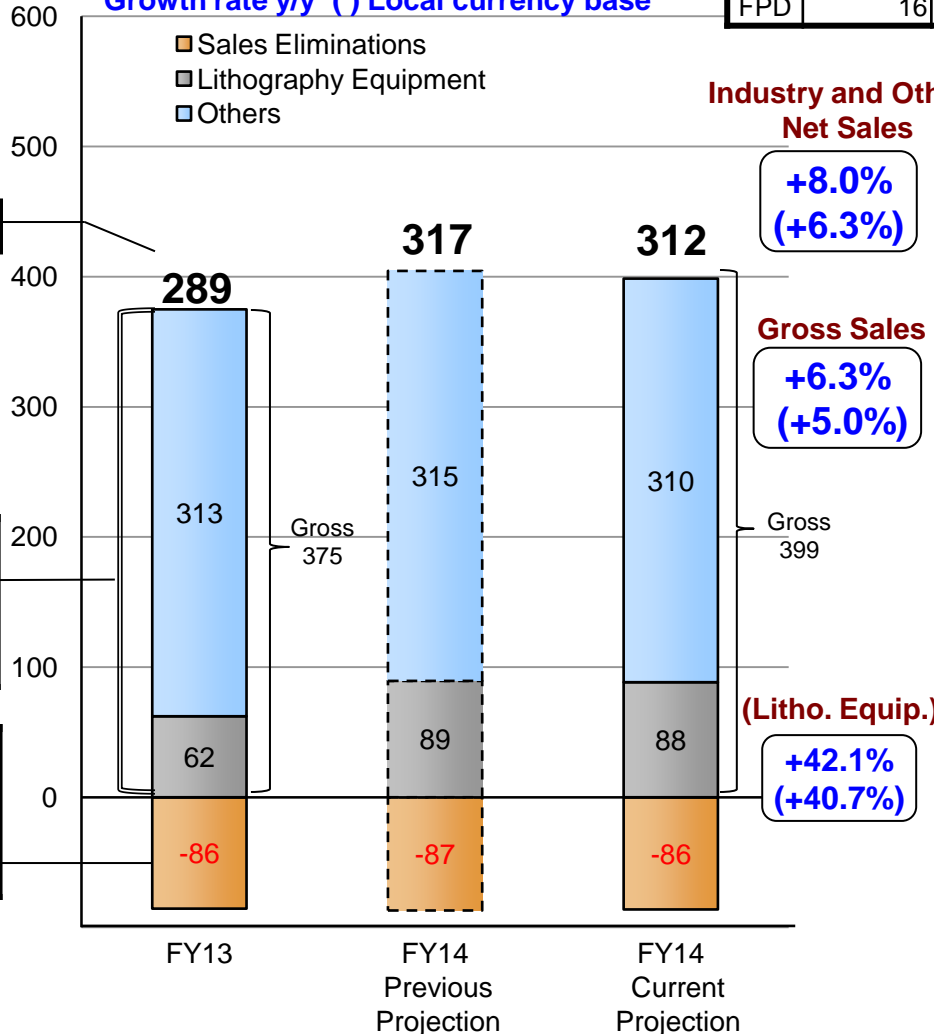
Lithography Equipment (Unit Sales)			
	FY13	FY14 Previous Projection	FY14 Current Projection
IC	43	54	54
FPD	16	23	21

IC Lithography Unit Breakdown by Light Source			
	FY13	FY14 Previous Projection	FY14 Current Projection
ArF	0	0	0
KrF	6	11	11
i-line	37	43	43

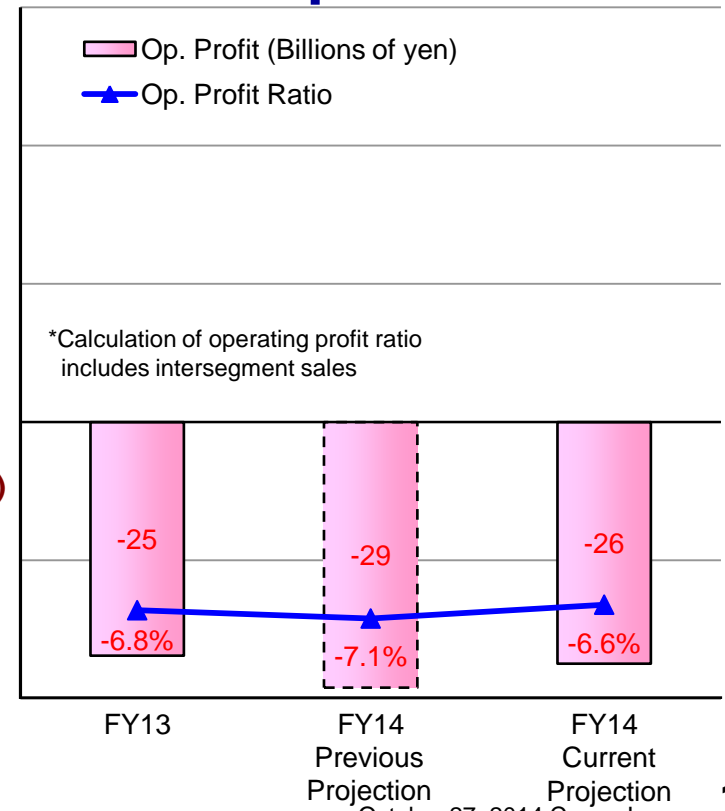
Sales

(Billions of yen)

Growth rate y/y () Local currency base

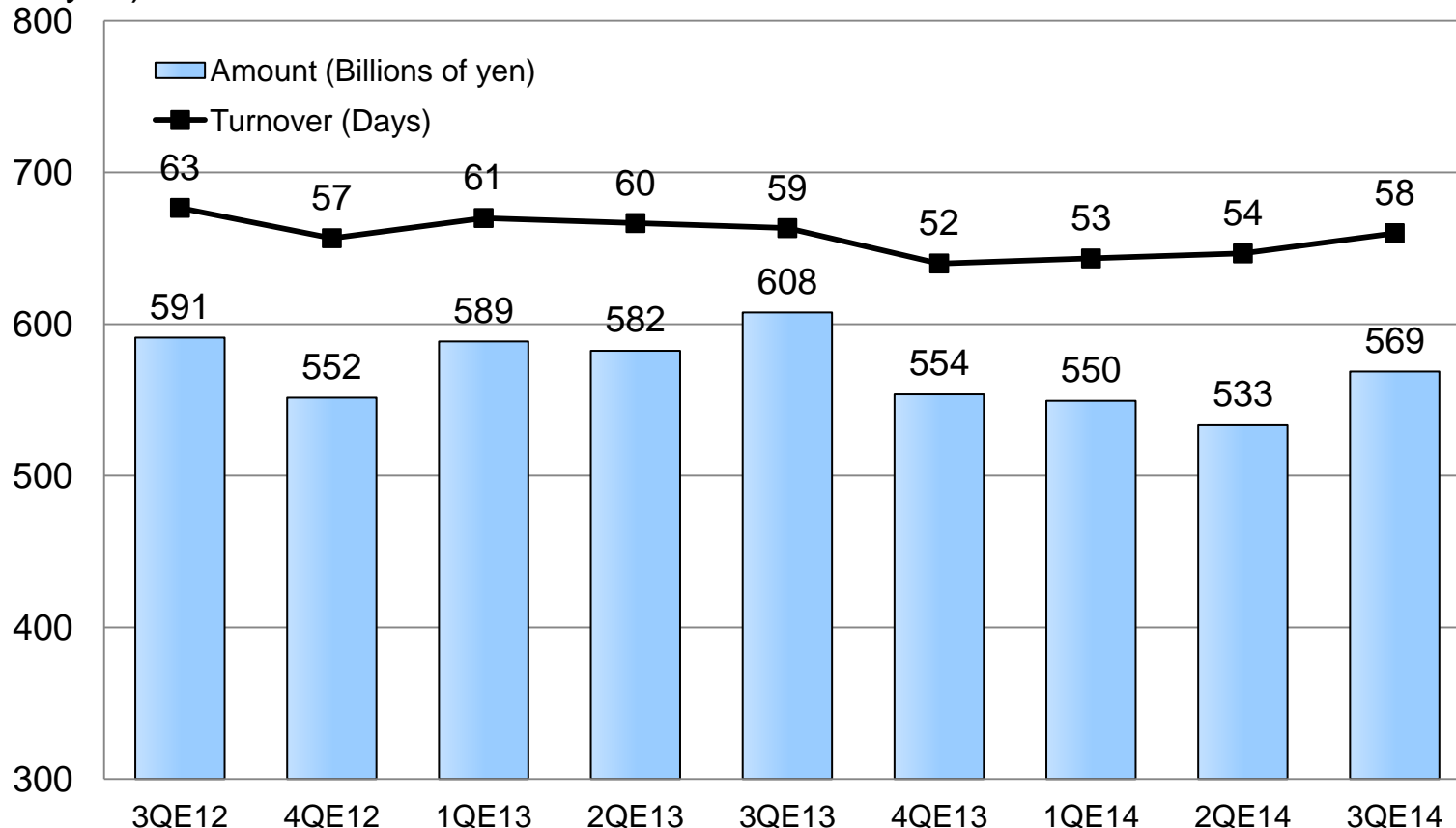


Op. Profit



Inventories

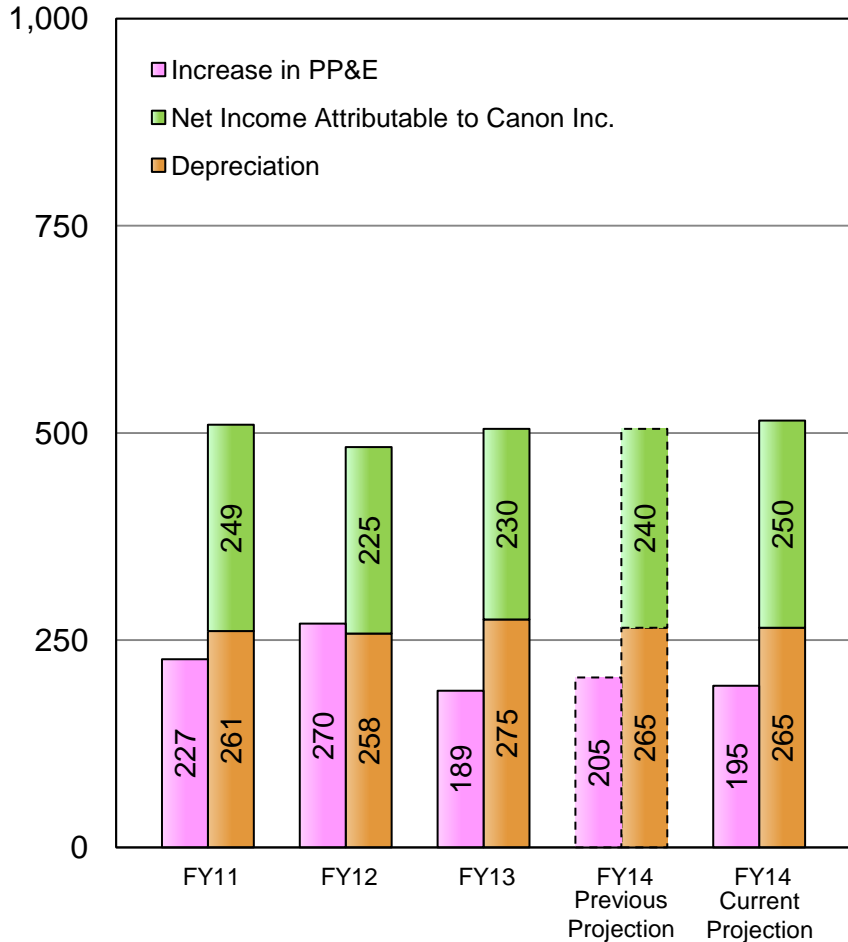
(Billions of yen)



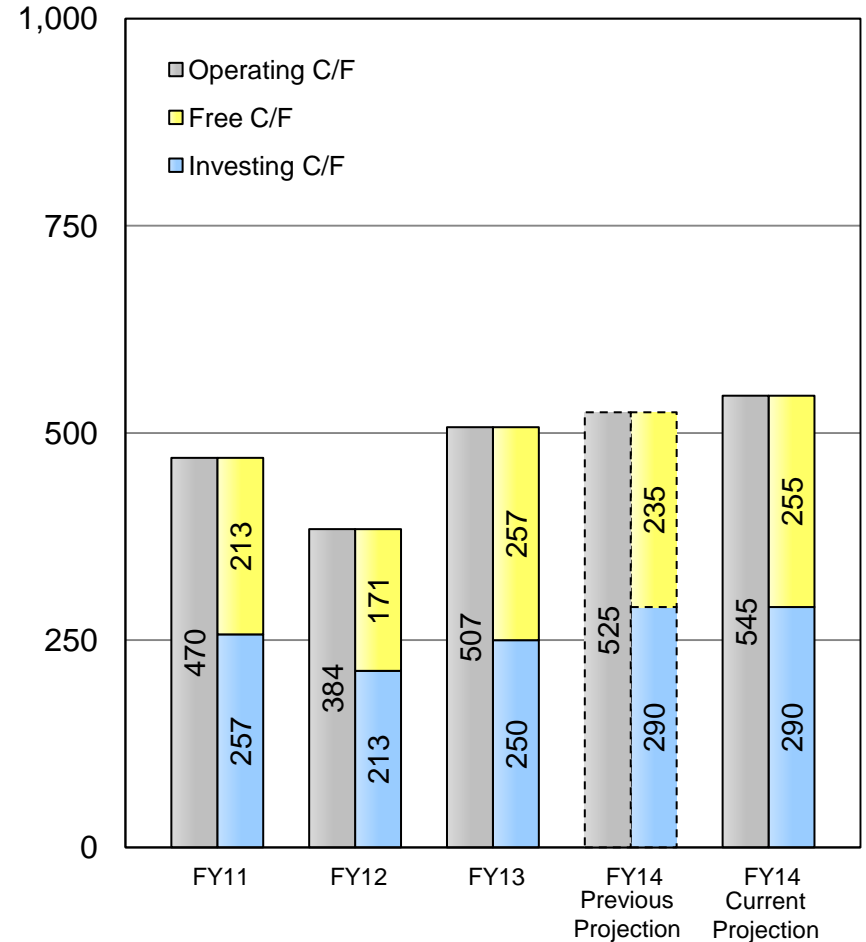
Capital Expenditure

Free Cash Flow

(Billions of yen)

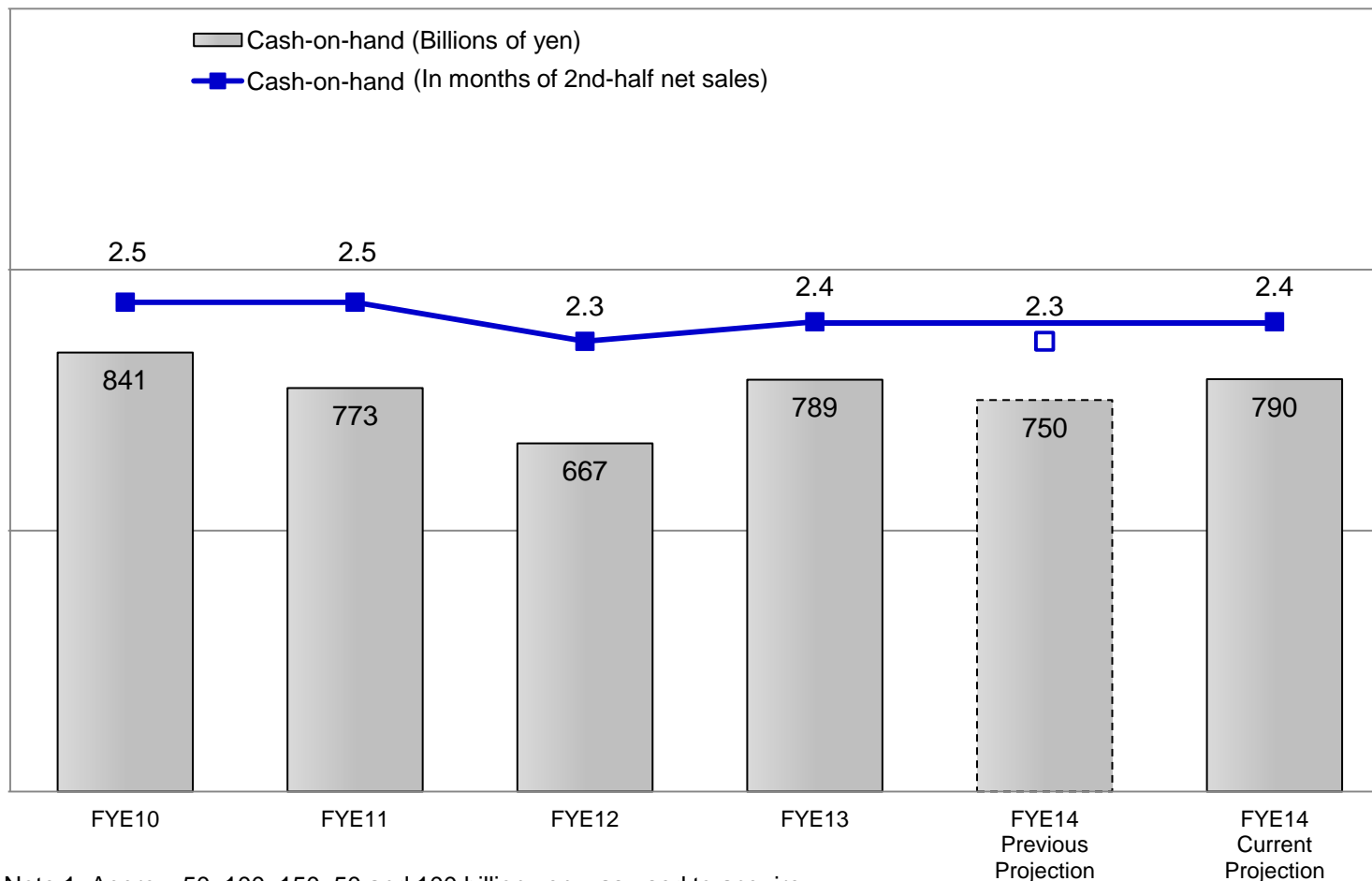


(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)



Note 1: Approx. 50, 100, 150, 50 and 100 billion yen was used to acquire own shares in 2010, 2011, 2012, 2013 and 2014, respectively. The cumulative amount since 2007 is approx. 1 trillion yen.

Supplementary Information

Transition in Sales and Operating Profit

FY 2014 Current Projection v. FY 2013 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2013 Actual	3,731.4	337.3
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+145.2	+46.8
Sales Volume Impact		
Office	+27.0	
Imaging System	-101.7	
Industry and Others	+22.1	
Total	-52.6	+9.3
Others	-84.0	-23.4
Total Change	+8.6	+32.7
FY 2014 Current Projection	3,740.0	370.0

Change in Exchange Rate

- 1USD: 97.84 to 104.39 yen
- 1EURO: 130.01 to 138.83 yen

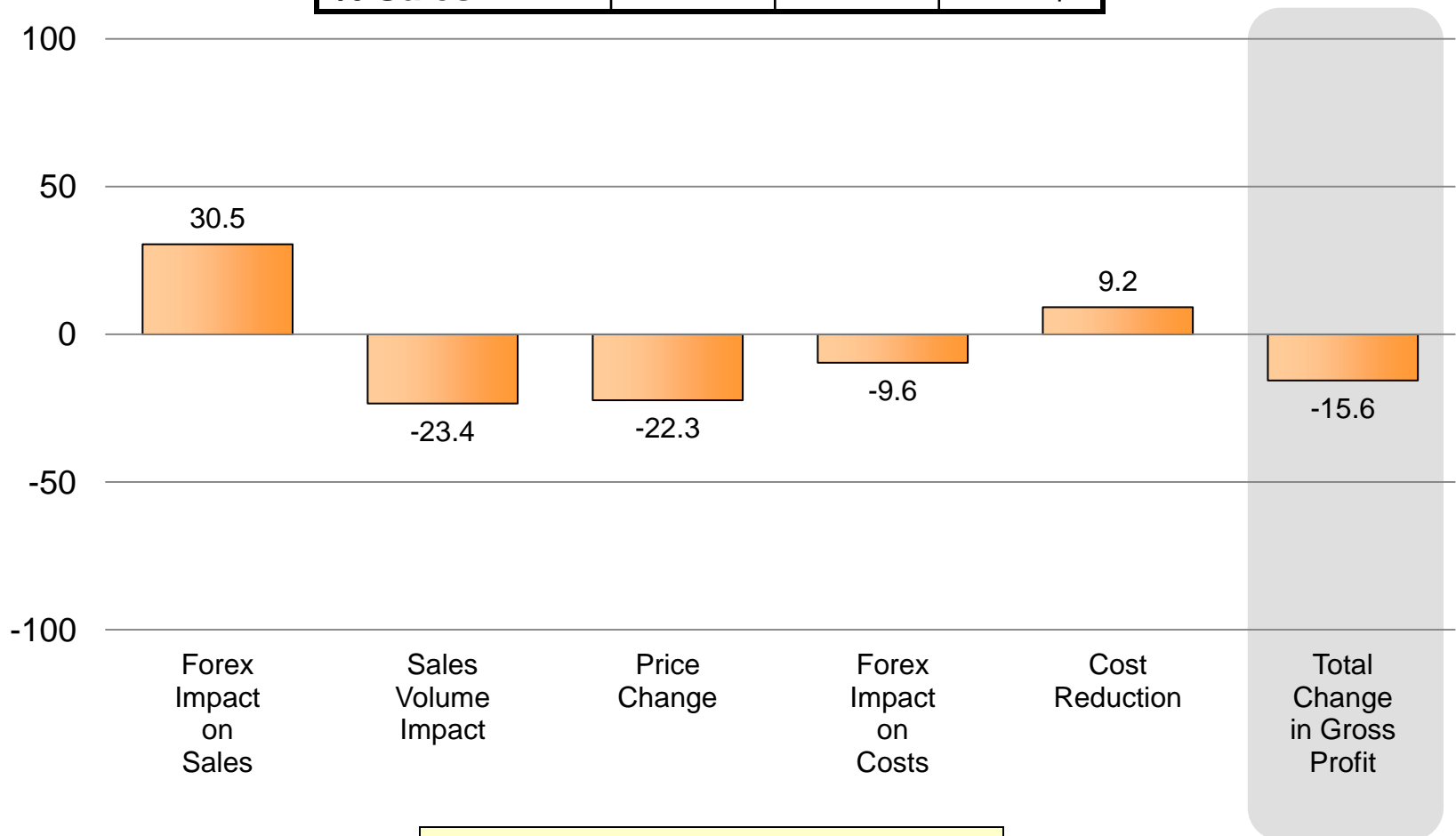
Gross Profit Variance Analysis

3Q 2014 Actual v. 3Q 2013 Actual

(Billions of yen)

	3Q14	3Q13	Change
Gross Profit	431.5	447.1	-15.6
% Sales	49.5%	49.0%	+0.5pt.

(Billions of yen)



Supplementary Information

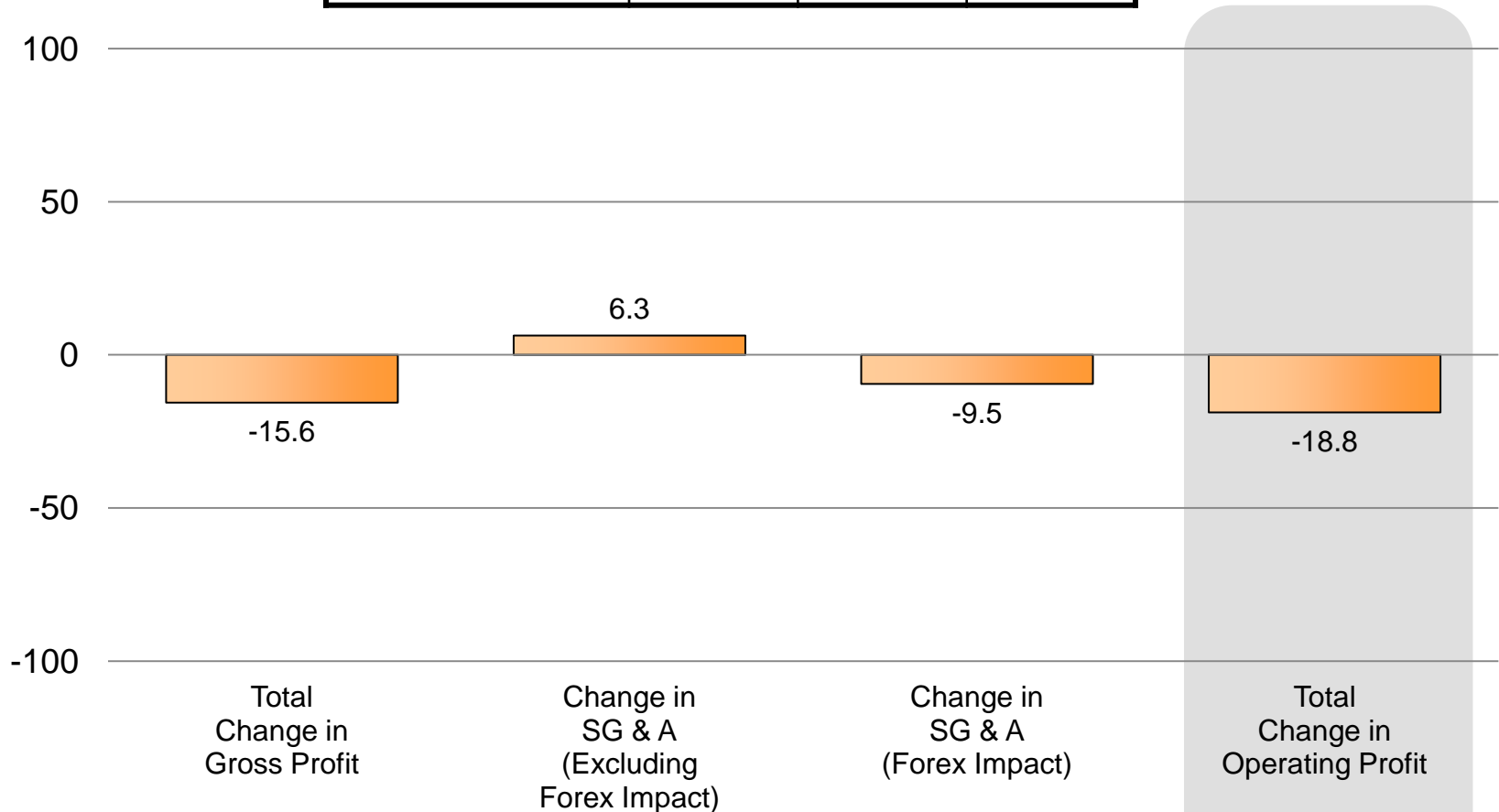
Operating Profit Variance Analysis

3Q 2014 Actual v. 3Q 2013 Actual

(Billions of yen)

(Billions of yen)

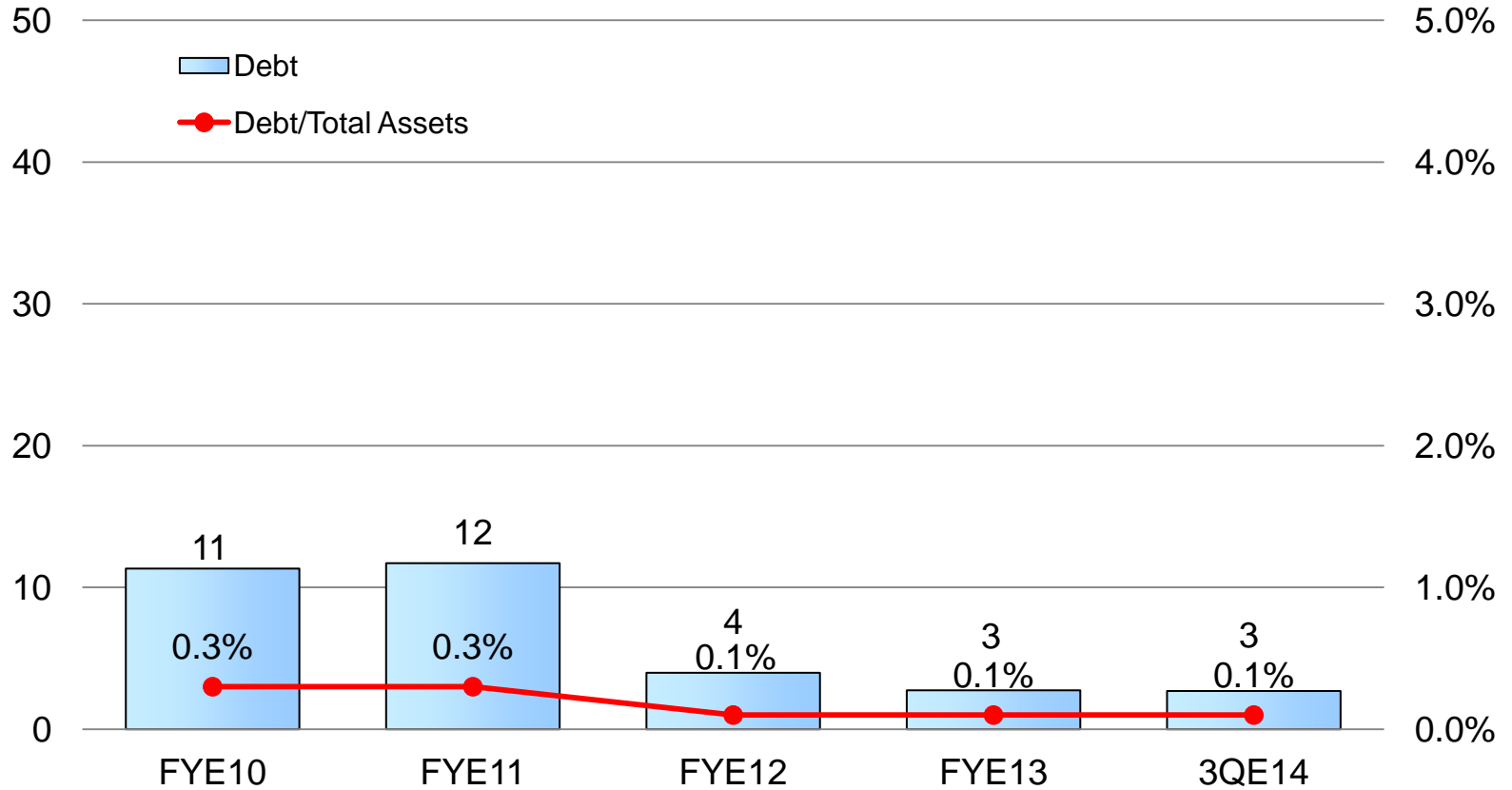
	3Q14	3Q13	Change
Op. Profit	71.8	90.6	-18.8
% Sales	8.2%	9.9%	-1.7pt.



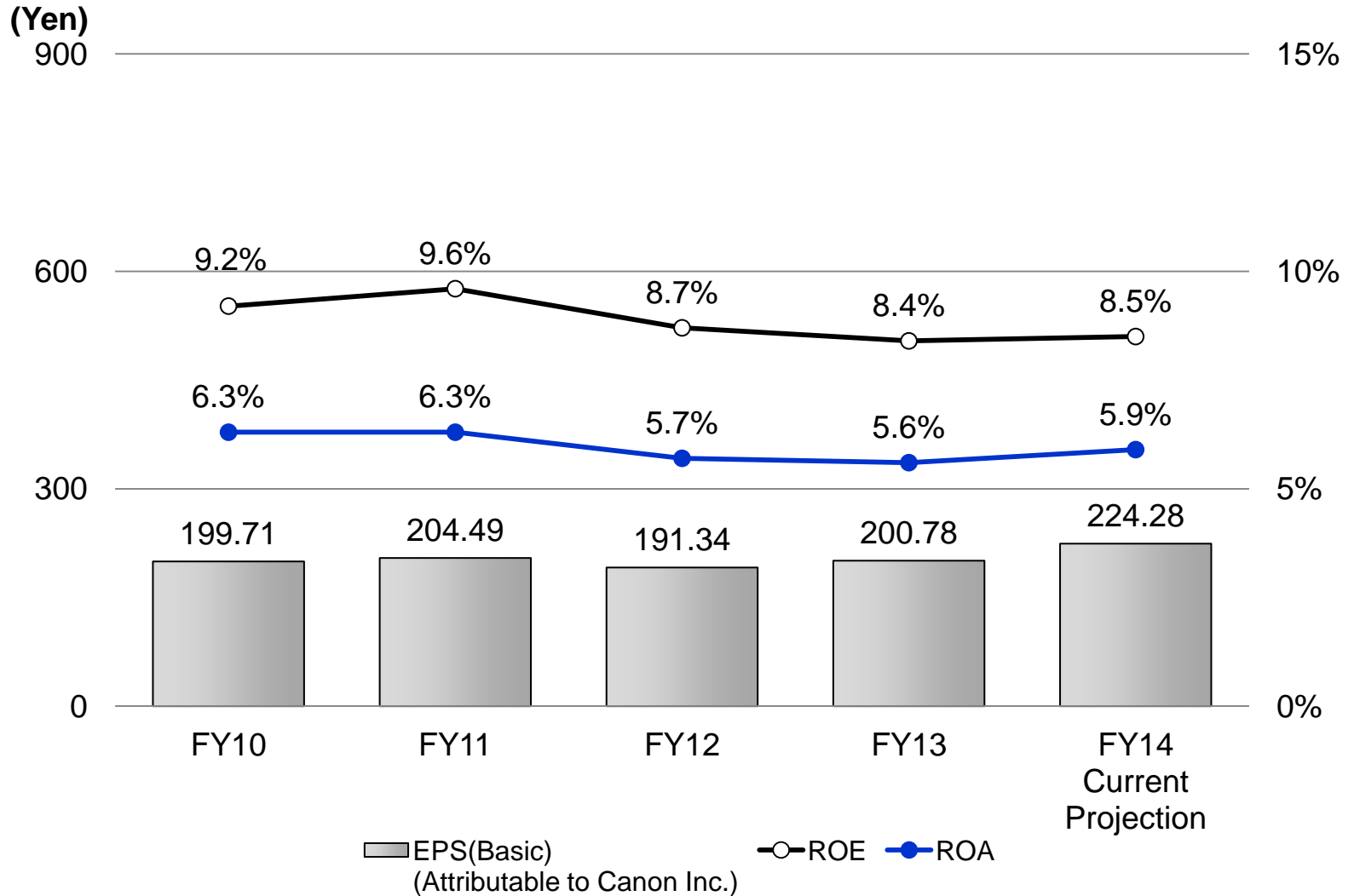
Supplementary Information

Interest Bearing Debt

(Billions of yen)



Financial Ratios



Supplementary Information