



Canon Inc.

FY 2014 Results

January 28, 2015
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Agenda

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(4Q/FY 2014 Results and FY 2015 Projections)

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FY 2014 in Summary

External Environment

- Global economy - Remained at its lowest rate of growth since the collapse of Lehman Brothers and its aftermath
- Our markets - Were also challenging
- Exchange rates - Correction of the strong yen

Results

- Increased profits, but sales declined
- Camera sales declined, but posted solid office and lithography equipment sales

Summary of Results

4Q/FY 2014 Actual

(Billions of yen)

	4Q			FY		
	2014 Actual	2013 Actual	Pct. Change	2014 Actual	2013 Actual	Pct. Change
Net Sales	1,059.9	1,034.7	+2.4%	3,727.3	3,731.4	-0.1%
Gross Profit	515.0	488.0	+5.5%	1,861.5	1,798.4	+3.5%
(% Sales)	48.6%	47.2%		49.9%	48.2%	
Op. Profit	98.5	93.5	+5.3%	363.5	337.3	+7.8%
(% Sales)	9.3%	9.0%		9.8%	9.0%	
Net Income						
Attributable to Canon Inc.	68.1	64.3	+6.0%	254.8	230.5	+10.5%
(% Sales)	6.4%	6.2%		6.8%	6.2%	
Foreign Exchange Rate						
Yen – 1USD	114.78	100.50		106.18	97.84	
Yen – 1EURO	143.41	136.69		140.62	130.01	

Transition in Sales and Op. Profit

FY 2014 Actual v. Projection

(Billions of yen)

	Sales	Op. Profit
FY 2014 Projection (Oct. 27, 2014)	3,740.0	370.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+43.7	+22.4
Sales Volume Impact		
Office	-20.7	
Imaging System	-32.8	
Industry and Others	-5.5	
Total	-59.0	-27.0
Others	+2.6	-1.9
Total Change	-12.7	-6.5
FY 2014 Actual	3,727.3	363.5

Change in Exchange Rate

- 1USD: 104.39 to 106.18 yen
- 1EURO: 138.83 to 140.62 yen

Assumptions

FY 2015 Projection

Average Exchange Rate	FY15	FY14
■ Yen-1USD	120.00 yen	106.18 yen
■ Yen-1EURO	135.00 yen	140.62 yen

Impact of Exchange Rate Movement (FY15 Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	15.8 billion yen	5.7 billion yen
■ EURO	6.5 billion yen	2.9 billion yen

Key Points

FY 2015 Projection

External Environment

- Global economy - Excluding the U.S., sluggish
- Canon markets - Recovery in second half of the year

Outlook

- Increased sales and profits
- Successive launch of new office products and cameras

Summary of Projected Results

FY 2015 Projection

(Billions of yen)

	FY 2015 Projection	FY 2014 Actual	Pct. Change
Net Sales	3,900.0	3,727.3	+4.6%
Gross Profit	1,945.0	1,861.5	+4.5%
(% Sales)	49.9%	49.9%	
Op. Profit	380.0	363.5	+4.5%
(% Sales)	9.7%	9.8%	
Net Income	260.0	254.8	+2.0%
Attributable to Canon Inc.			
(% Sales)	6.7%	6.8%	
Foreign Exchange Rate			
Yen – 1USD	120.00	106.18	
Yen – 1EURO	135.00	140.62	

Transition in Sales and Op. Profit

FY 2015 Projection v. FY 2014 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2014 Actual	3,727.3	363.5
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+167.1	+52.6
Sales Volume Impact		
Office	+36.2	
Imaging System	+21.2	
Industry and Others	+13.2	
.....		
Total	+70.6	+19.2
Others	-65.0	-55.3
Total Change	+172.7	+16.5
FY 2015 Projection (Jan. 28, 2015)	3,900.0	380.0

Change in Exchange Rate

- 1USD: 106.18 to 120.00 yen
- 1EURO: 140.62 to 135.00 yen

Office

2014 Actual

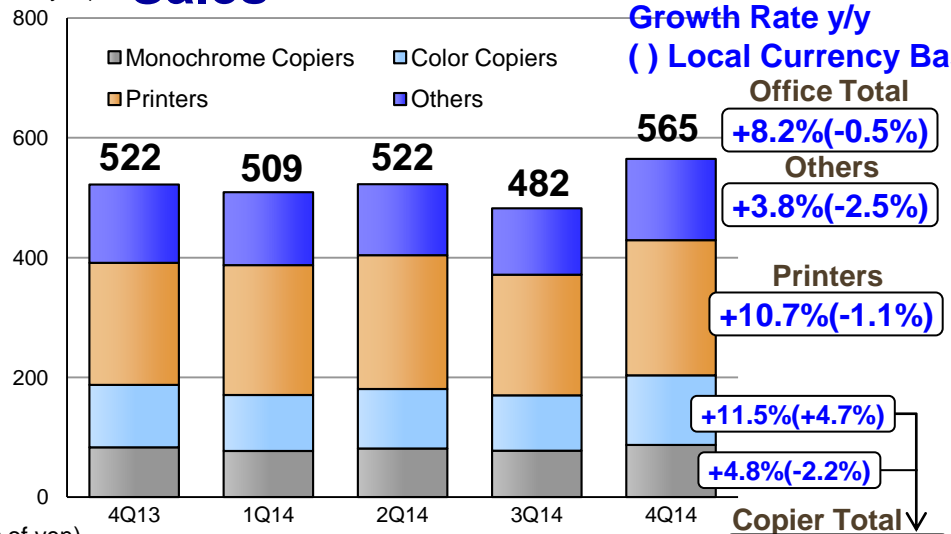
Growth Rate y/y (Unit Base)				
	Copiers		Printers	
	4Q14	FY14	4Q14	FY14
Color	+17%	+9%	+9%	+9%
Monochrome	-7%	-6%	+3%	-2%
Total	+2%	0%	+3%	-1%

Color Ratio				
	Copiers		Printers	
	4Q14	FY14	4Q14	FY14
Value Base*	57%	55%	48%	49%
Unit Base	44%	40%	14%	15%

*Includes Consumables

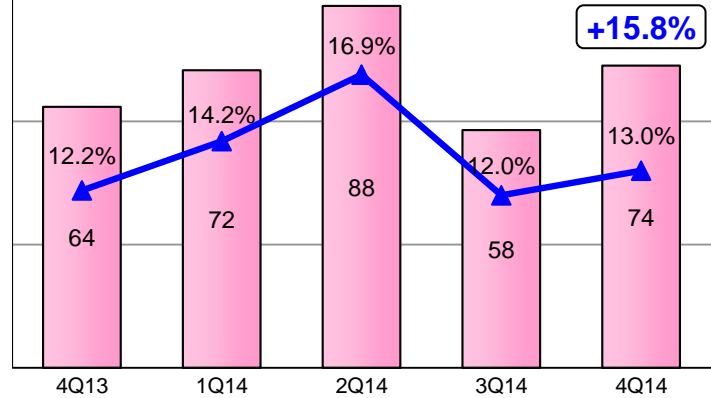
(Billions of yen) Sales

4Q

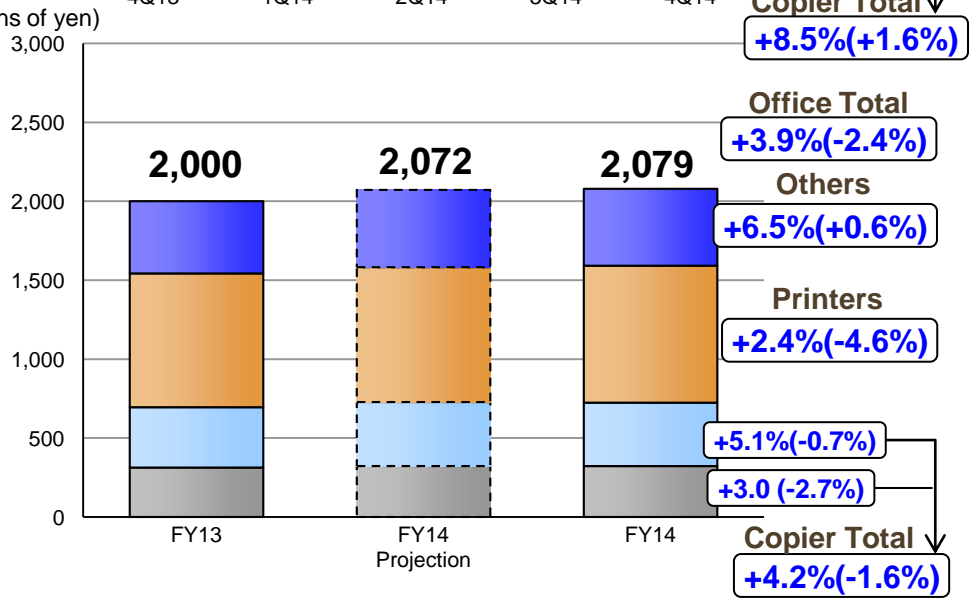


Op. Profit

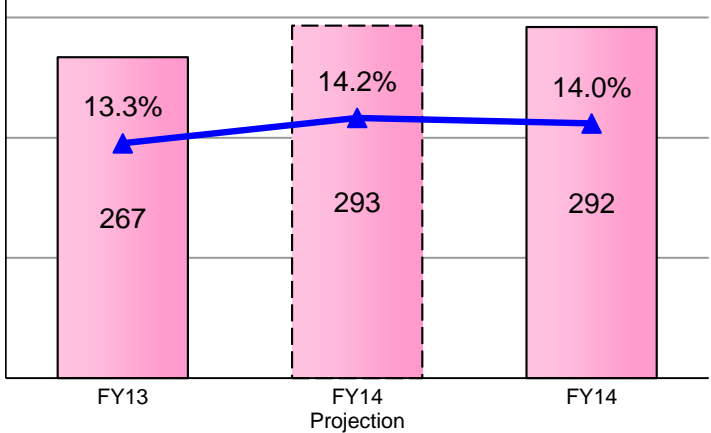
Growth Rate y/y



FY



Growth Rate y/y



Office

FY 2014 Projection

Growth Rate y/y (Unit Base)				
	Copiers		Printers	
	FY14	FY15(P)	FY14	FY15(P)
Color	+9%	+17%	+9%	+5%
Monochrome	-6%	+3%	-2%	+2%
Total	0%	+9%	-1%	+2%

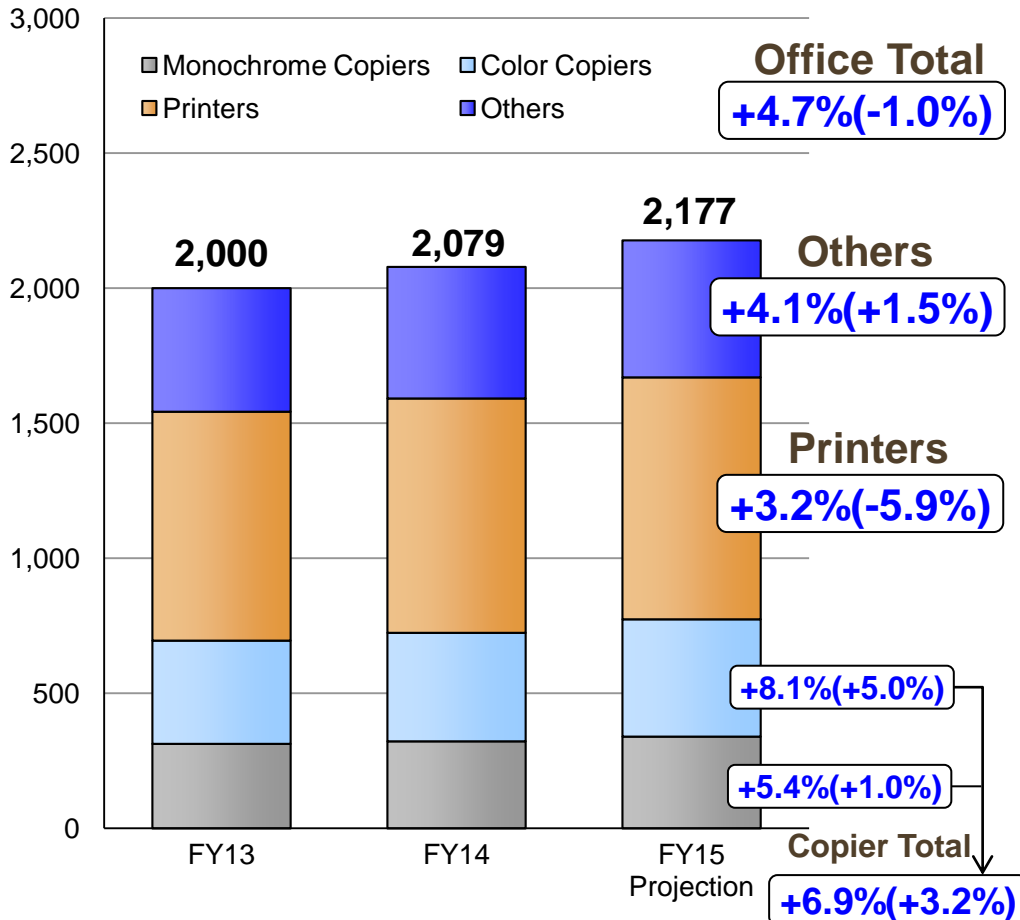
Color Ratio				
	Copiers		Printers	
	FY14	FY15(P)	FY14	FY15(P)
Value Base*	55%	56%	49%	50%
Unit Base	40%	43%	15%	16%

(P)=Projection

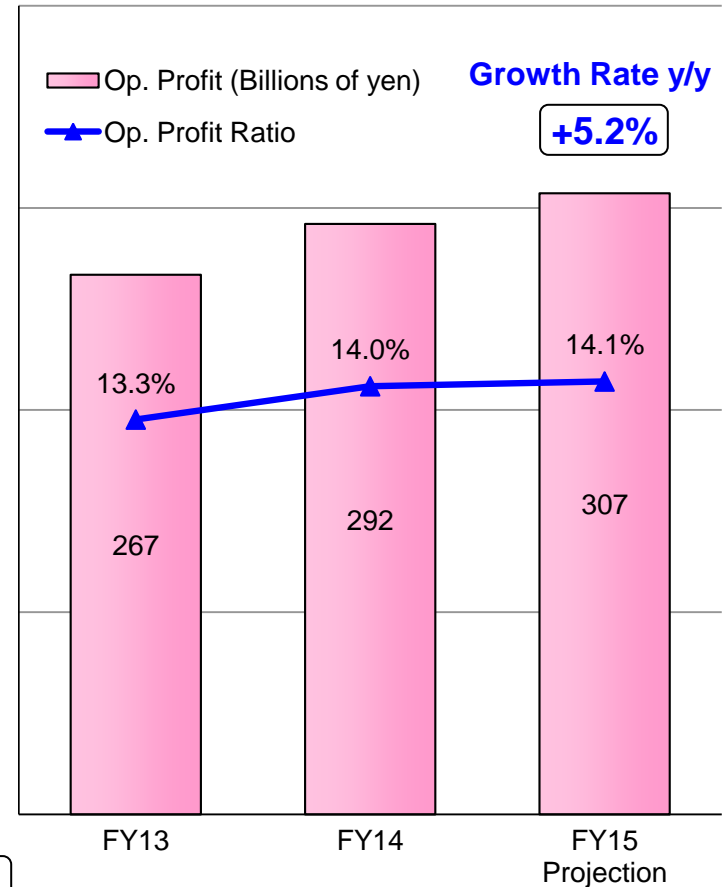
*Includes Consumables

(Billions of yen) Sales

Growth Rate y/y () Local Currency Base



Op. Profit



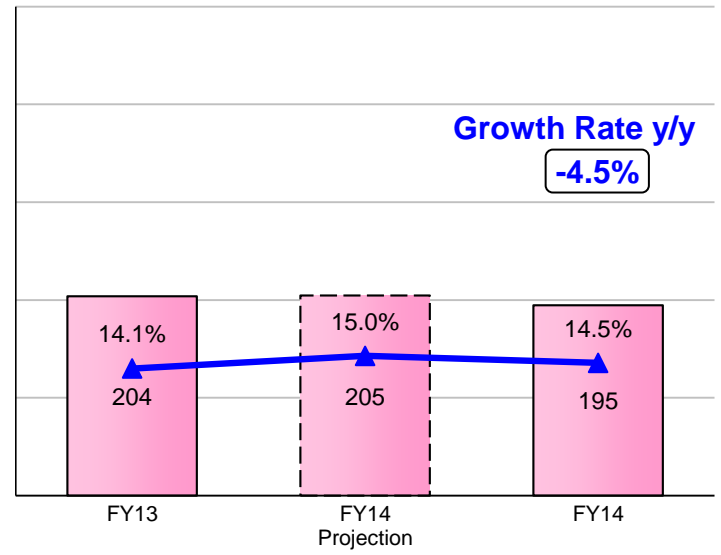
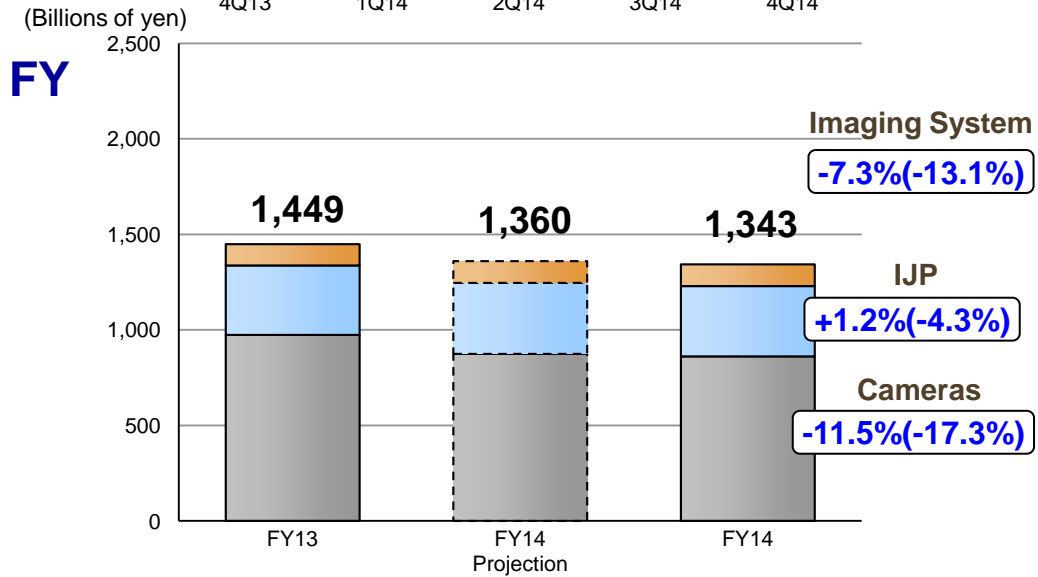
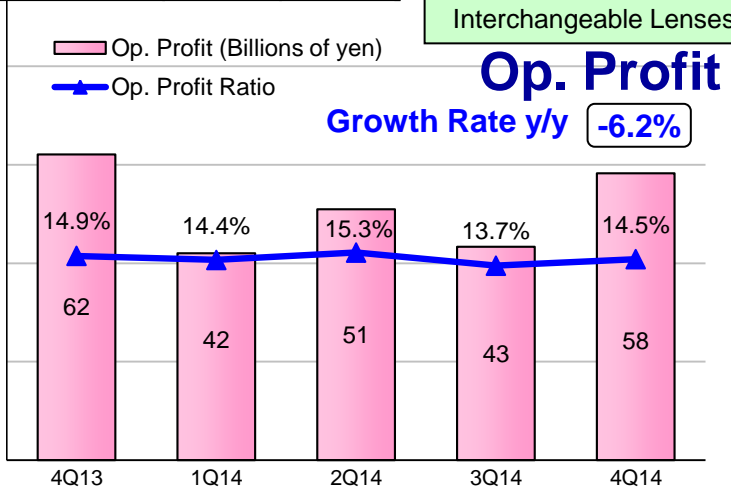
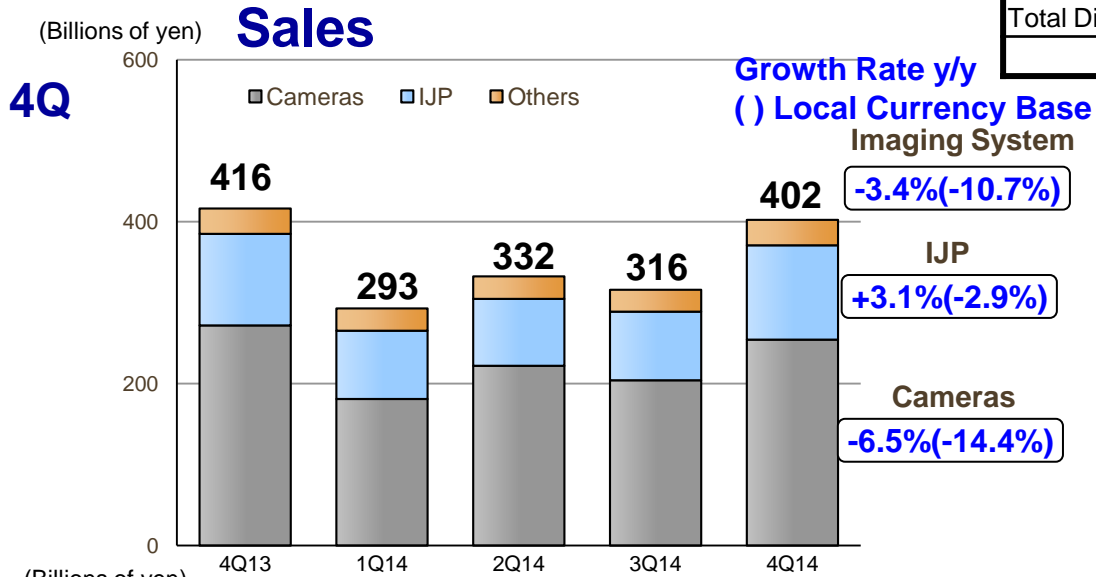
Imaging System

2014 Actual

Growth Rate y/y (Unit Base)		
	4Q14	FY14
Interchangeable Lens Digital Cameras	-18%	-17%
Compact Digital Cameras	-34%	-32%
Total Digital Cameras	-29%	-26%
IJP	+5%	-4%

Interchangeable Lens Digital Camera Ratio *		
	4Q14	FY14
Value Base	81%	82%
Unit Base	40%	41%

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



Imaging System

FY 2015 Projection

Factors entry users considered important at the time of purchase
(Based on a survey conducted by a third party firm)

➤ Top Priority Factors

- High image quality/High resolution

➤ Factors Increasing in Priority

- Improvement in auto focus, speed, etc.
- Usability
- Size and weight
- Wireless communication

Imaging System

FY 2015 Projection

2015 Key Strategies

➤ Products

- Launch new DSLR and Mirrorless cameras
- Enhance lineup of interchangeable-lenses
- Strengthen network affinity (Ex. Connect Station)

➤ Marketing

- Expand photography workshops
 - New users
 - Users looking to upgrade to next level
- Rollout tailored marketing strategies that effectively reach targeted customers

Imaging System

FY 2015 Projection

Growth Rate y/y (Unit Base)		
	FY14	FY15(P)
Interchangeable Lens Digital Cameras	-17%	+1%
Compact Digital Cameras	-32%	-14%
Total Digital Cameras	-26%	-8%
IJP	-4%	+2%

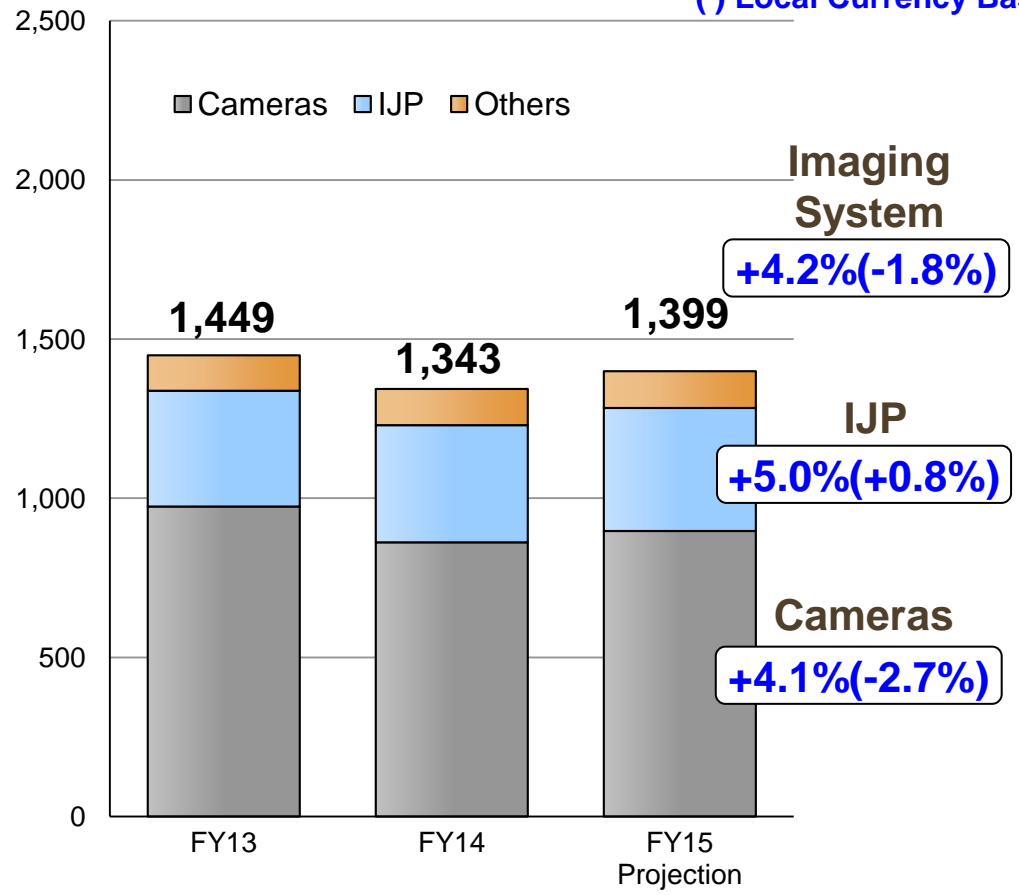
Interchangeable Lens Digital Camera Ratio *		
	FY14	FY15(P)
Value Base	82%	84%
Unit Base	41%	45%

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

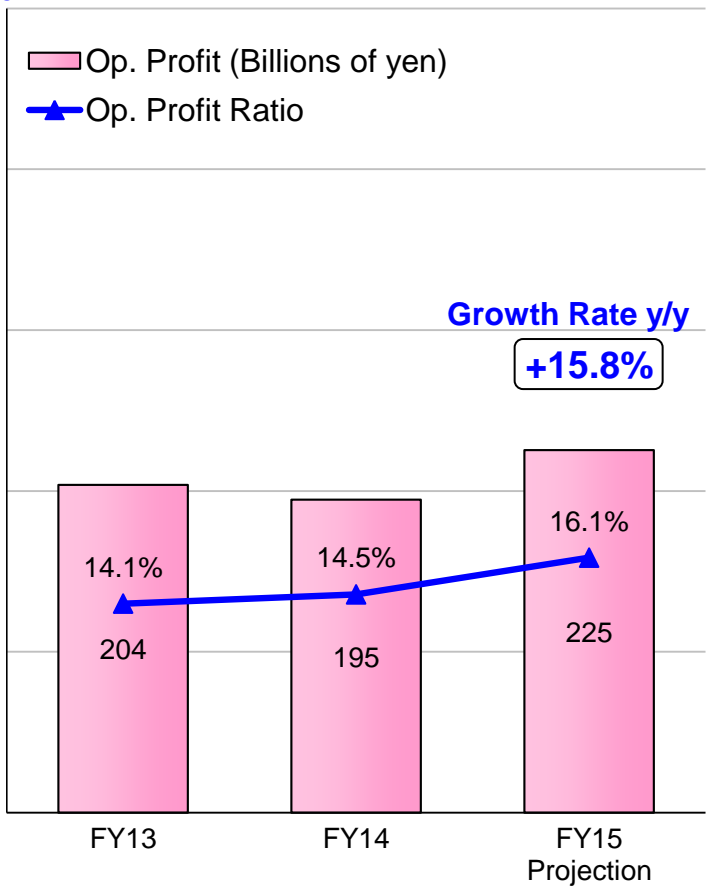
(P)=Projection

(Billions of yen) Sales

Growth Rate y/y
 () Local Currency Base



Op. Profit



Industry and Others

2014 Actual

IC Stepper Unit Breakdown by Light Source

Lithography Equipment (Unit Sales)				
	4Q13	FY13	4Q14	FY14
IC	16	43	12	54
FPD	16	16	5	22

	4Q13	FY13	4Q14	FY14
ArF	0	0	0	0
KrF	4	6	4	14
i-line	12	37	8	40

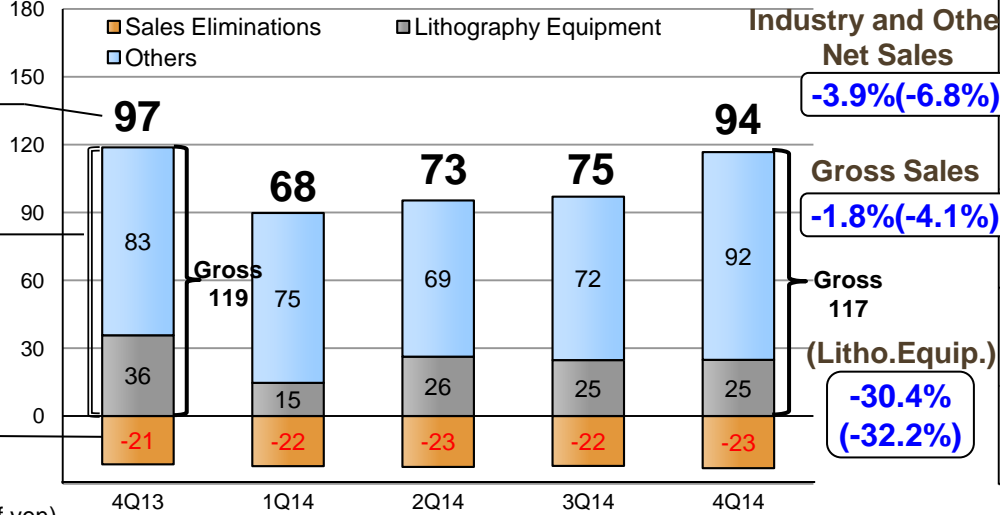
(Billions of yen) **Sales** Growth Rate y/y
() Local Currency Base

4Q

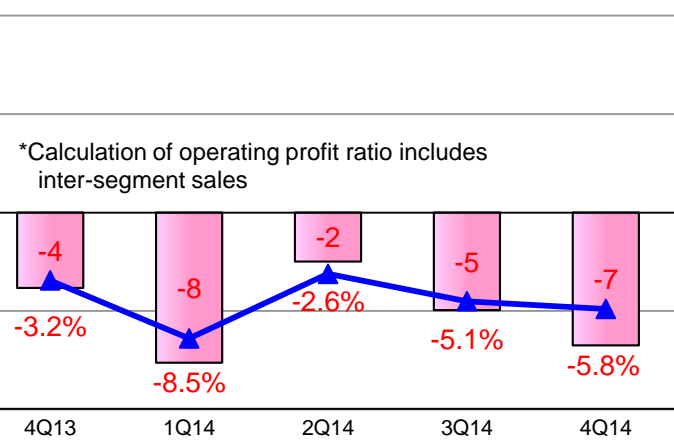
Net Sales

Gross Sales
(Includes sales among Group businesses)

Sales Eliminations
(Sales among Group businesses)



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



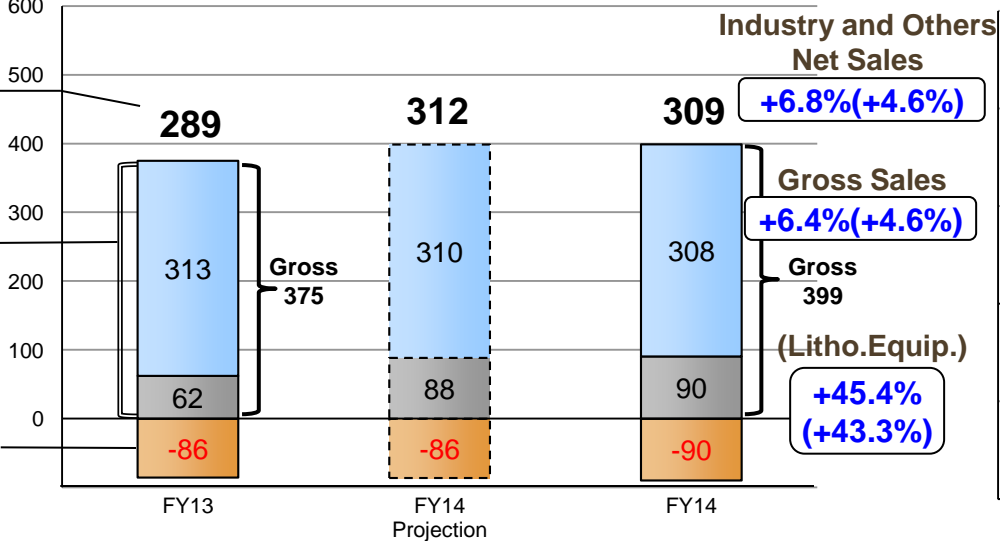
*Calculation of operating profit ratio includes inter-segment sales

FY

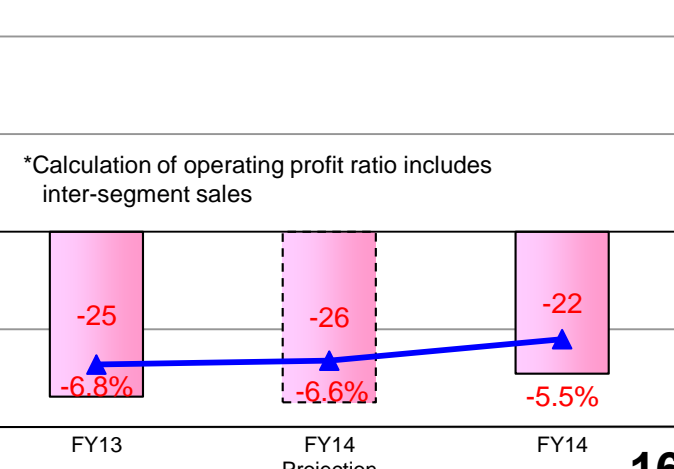
Net Sales

Gross Sales
(Includes sales among Group businesses)

Sales Eliminations
(Sales among Group businesses)



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



*Calculation of operating profit ratio includes inter-segment sales

Industry and Others

FY 2015 Projection

Lithography Equipment (Unit Sales)			IC Stepper Unit Breakdown by Light Source		
	FY14	FY15(P)		FY14	FY15(P)
IC	54	56	ArF	0	0
FPD	22	35	KrF	14	11
			i-line	40	45

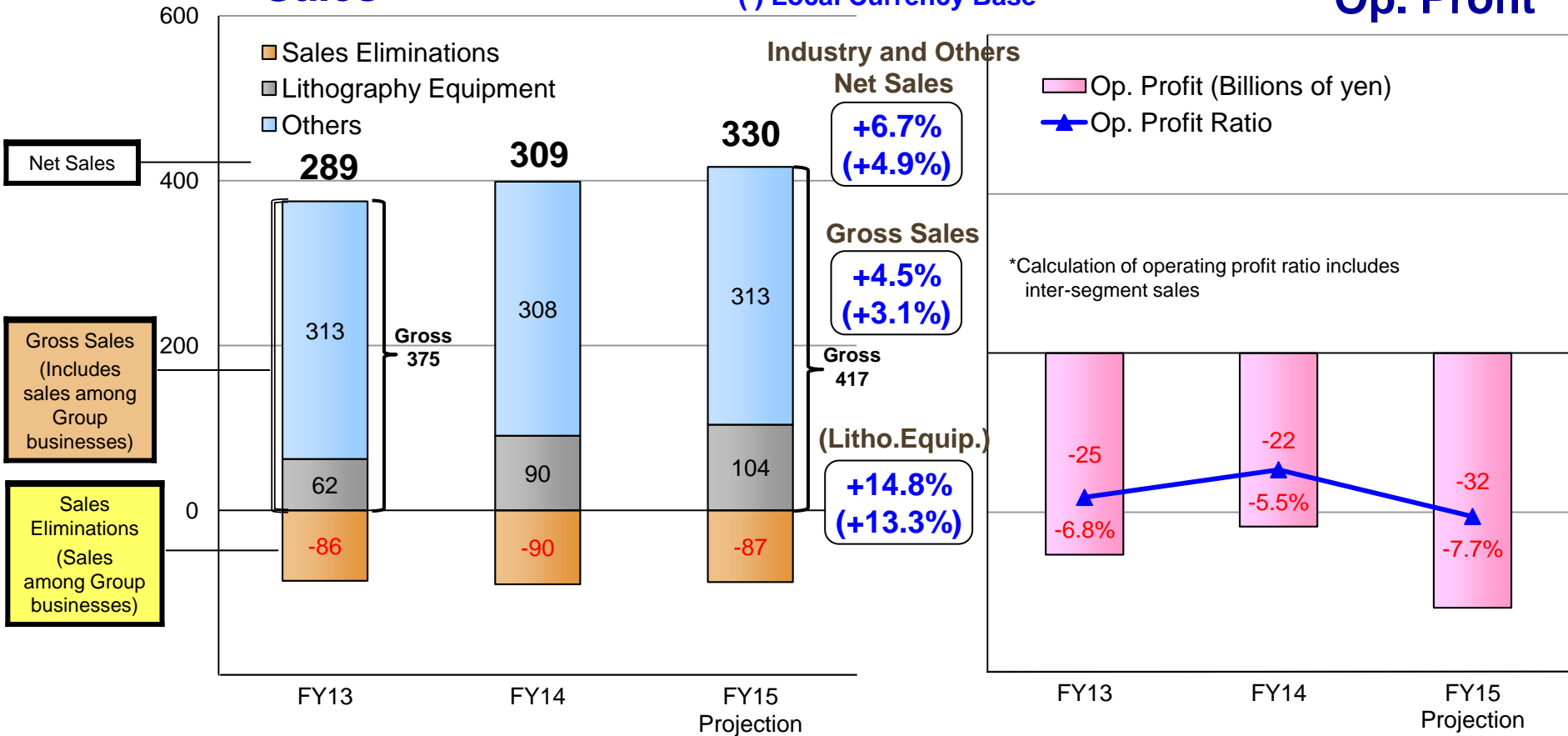
(P)=Projection

(Billions of yen)

Sales

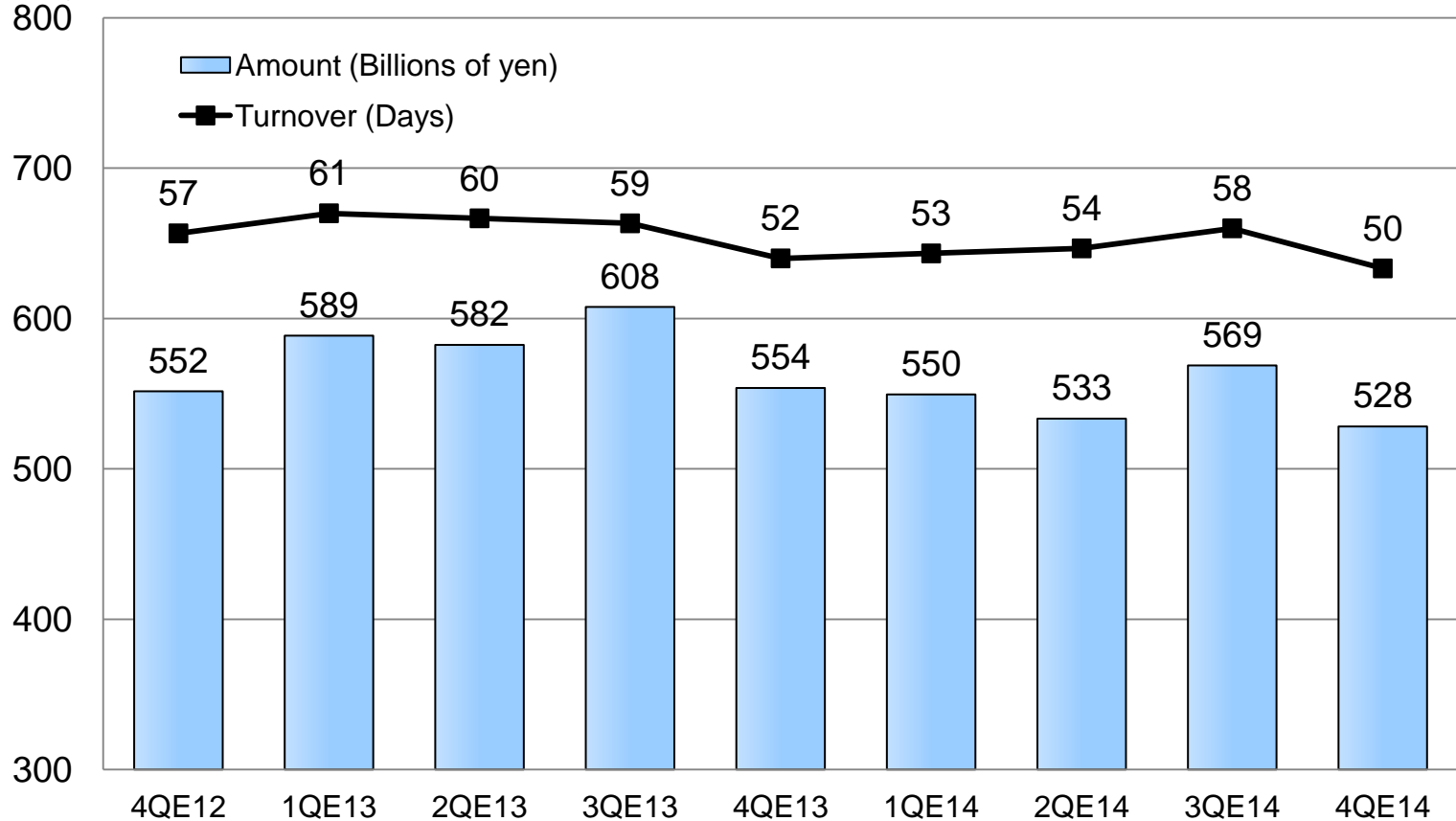
Growth Rate y/y
() Local Currency Base

Op. Profit



Inventories

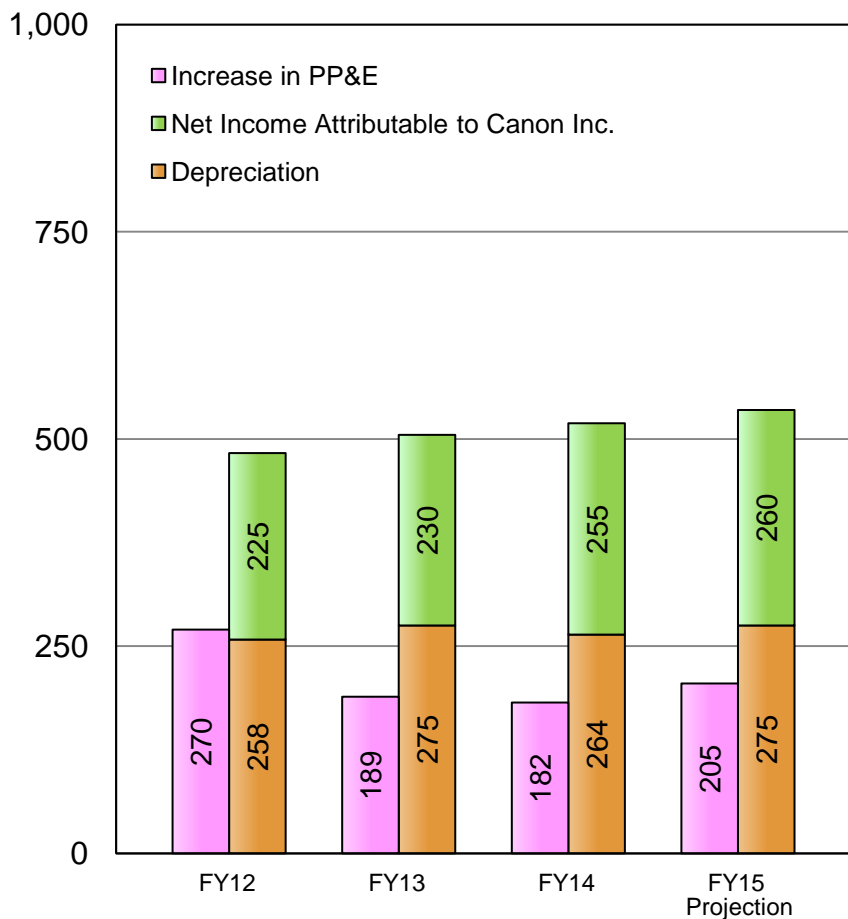
(Billions of yen)



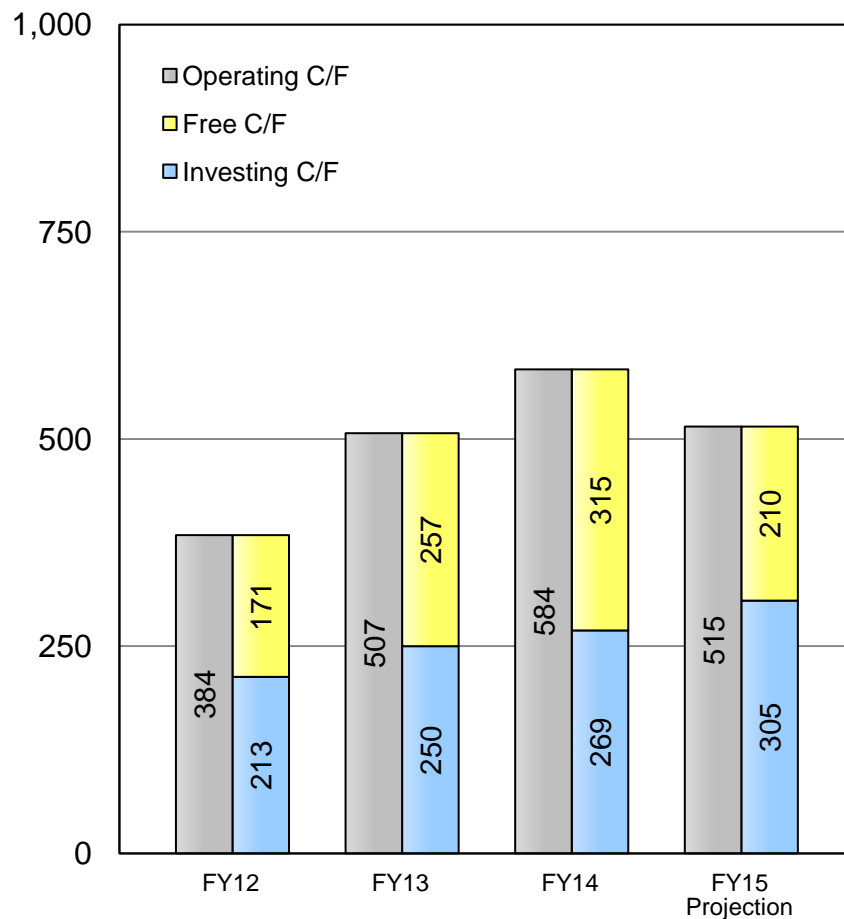
Capital Expenditure

Free Cash Flow

(Billions of yen)

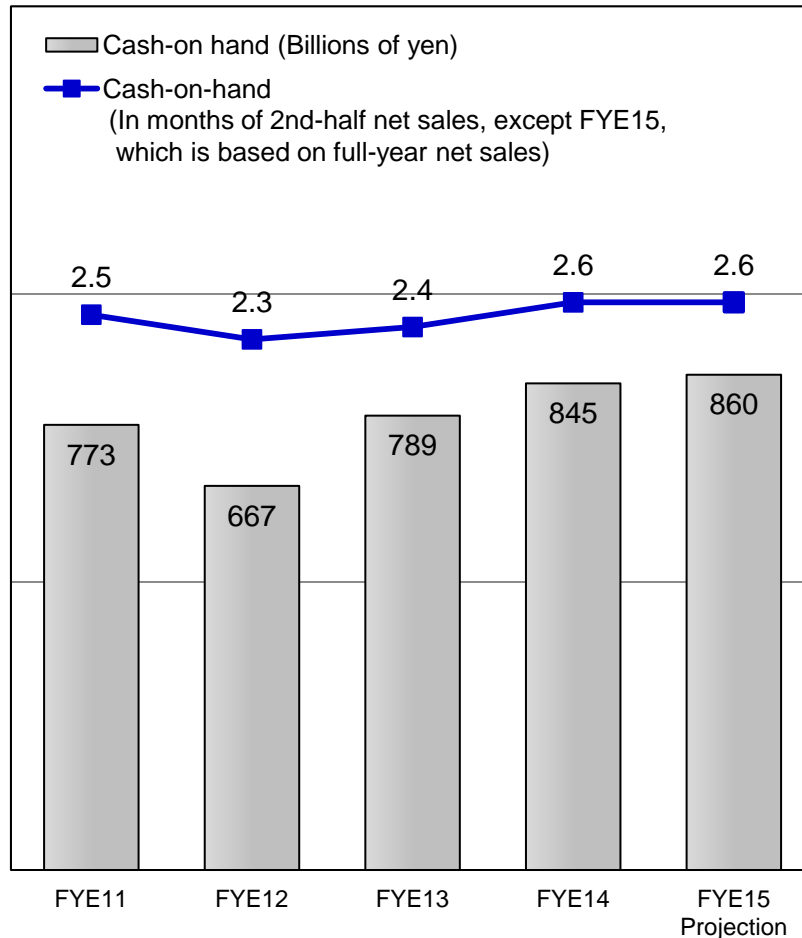


(Billions of yen)

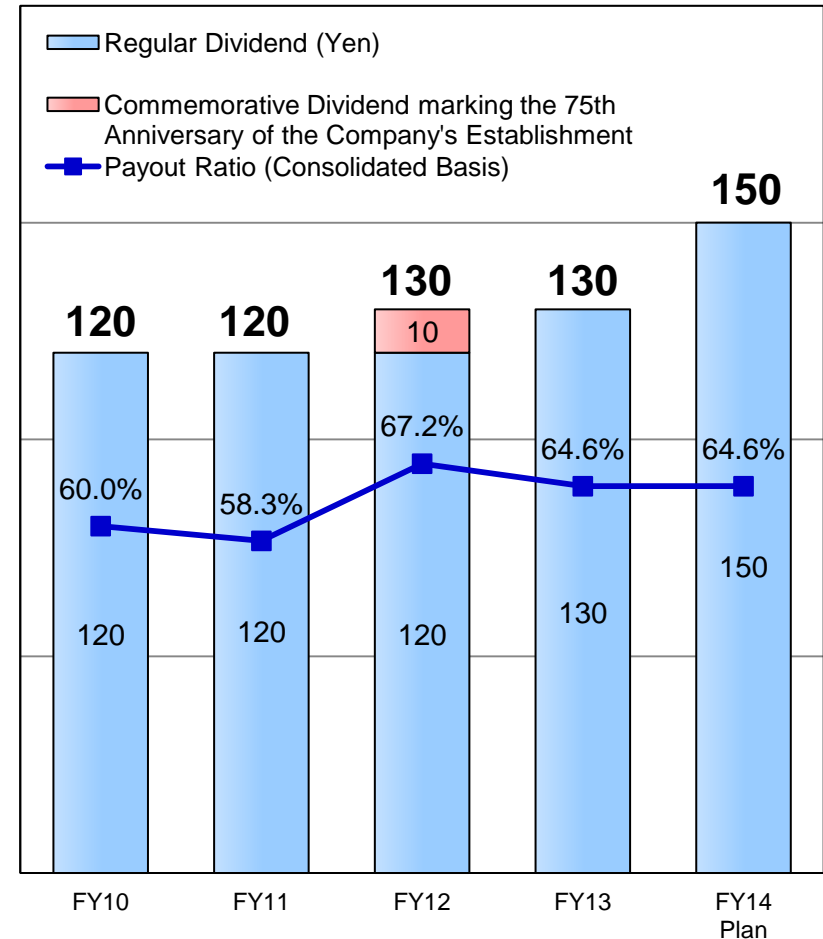


Cash on Hand and Return to Shareholders

Cash on Hand (Year-end)



Dividend



Note 1: Approx. 50, 100, 150, 50 and 150 billion yen was used to acquire own shares in 2010, 2011, 2012, 2013 and 2014, respectively. The cumulative amount since 2007 is approx. 1.05 trillion yen.

Supplementary Information

Transition in Sales and Operating Profit

4Q/FY 2014 Actual v. 4Q/FY 2013 Actual

(Billions of yen)

	4Q		FY	
	Sales	Op. Profit	Sales	Op. Profit
2013 Actual	1,034.7	93.5	3,731.4	337.3
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+72.2	+28.3	+186.0	+65.5
Sales Volume Impact				
Office	+8.6		+7.5	
Imaging System	-26.1		-132.8	
Industry and Others	-6.8		+16.6	
Total	-24.3	-7.2	-108.7	-14.7
Others	-22.7	-16.1	-81.4	-24.6
Total Change	+25.2	+5.0	-4.1	+26.2
2014 Actual	1,059.9	98.5	3,727.3	363.5

Change in Exchange Rate(4Q)

- 1USD: 100.50 to 114.78 yen
- 1EURO: 136.69 to 143.41 yen

Change in Exchange Rate(FY)

- 1USD: 97.84 to 106.18 yen
- 1EURO: 130.01 to 140.62 yen

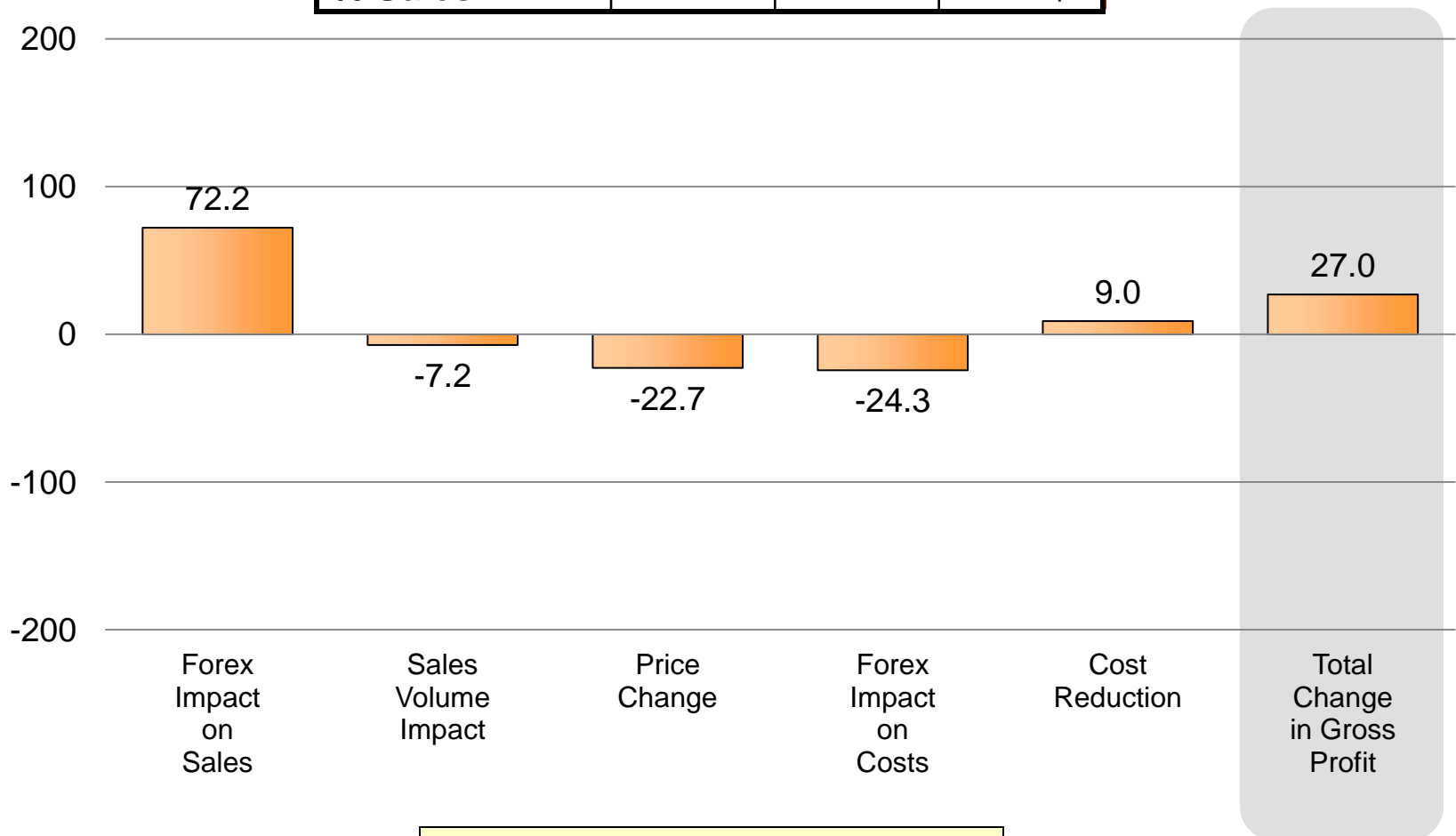
Gross Profit Variance Analysis

4Q 2014 Actual v. 4Q 2013 Actual

(Billions of yen)

	4Q14	4Q13	Change
Gross Profit	515.0	488.0	+27.0
% Sales	48.6%	47.2%	+1.4pt.

(Billions of yen)



Supplementary Information

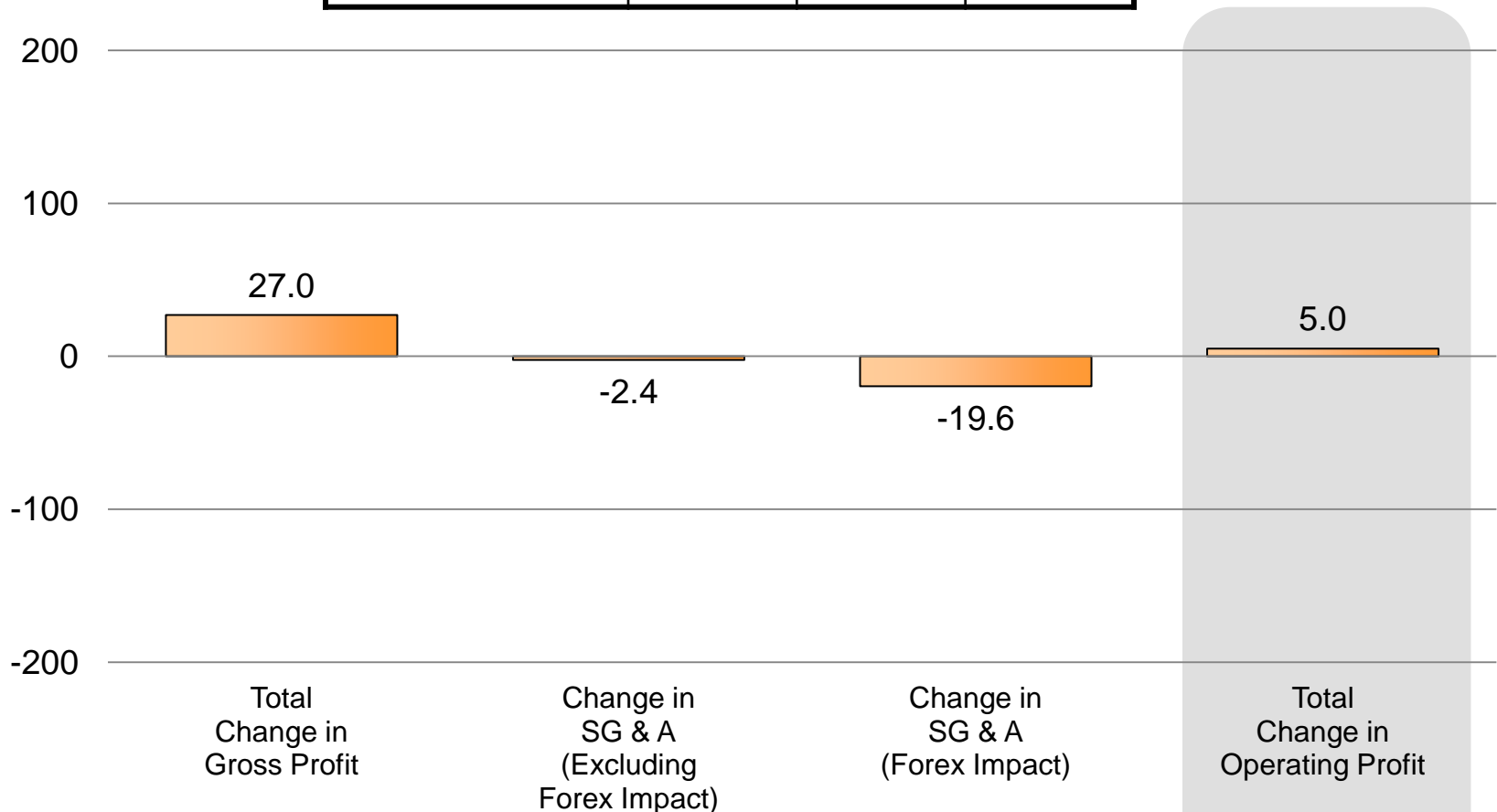
Operating Profit Variance Analysis

4Q 2014 Actual v. 4Q 2013 Actual

(Billions of yen)

(Billions of yen)

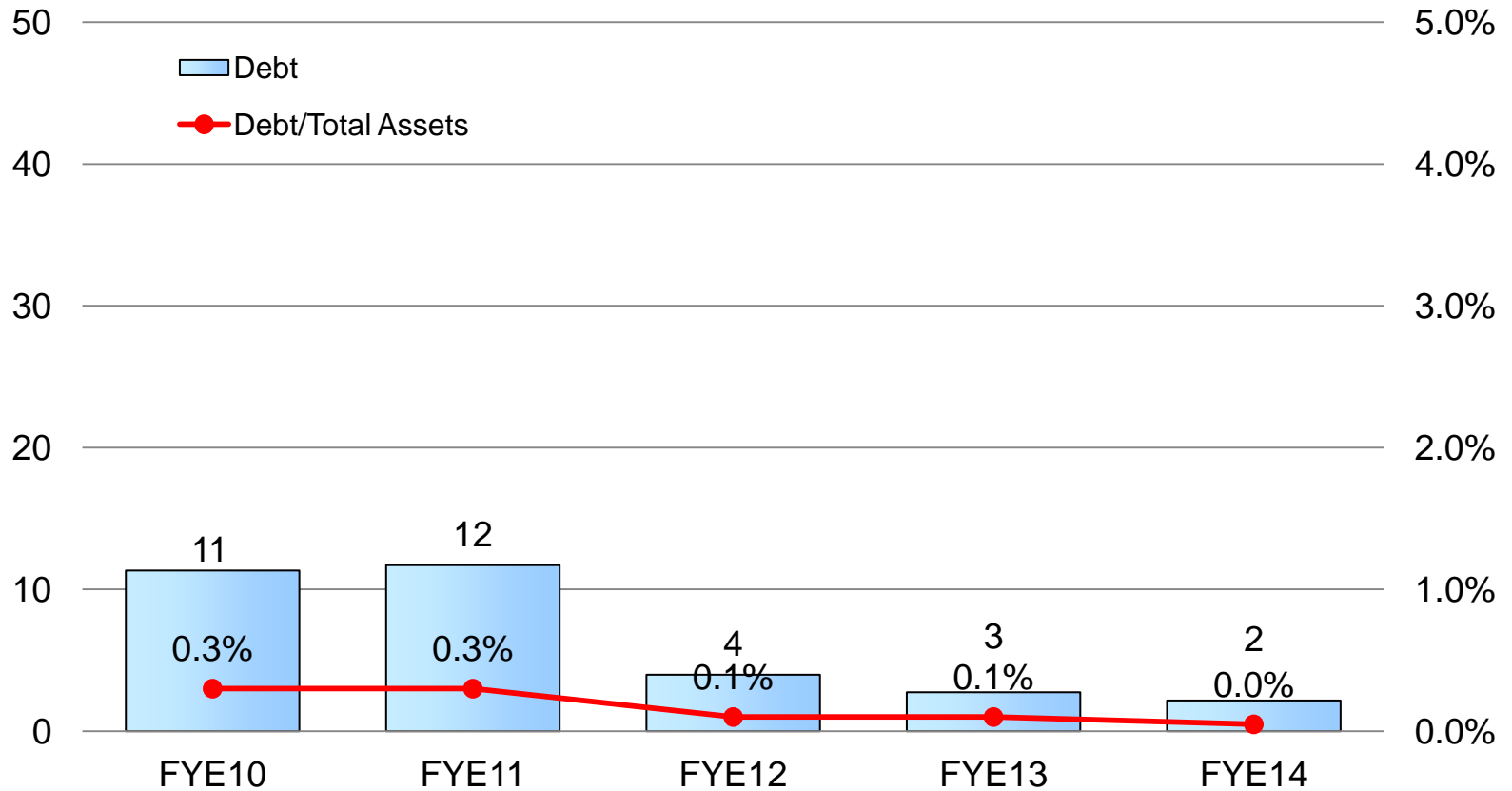
	4Q14	4Q13	Change
Op. Profit	98.5	93.5	+5.0
% Sales	9.3%	9.0%	+0.3pt.



Supplementary Information

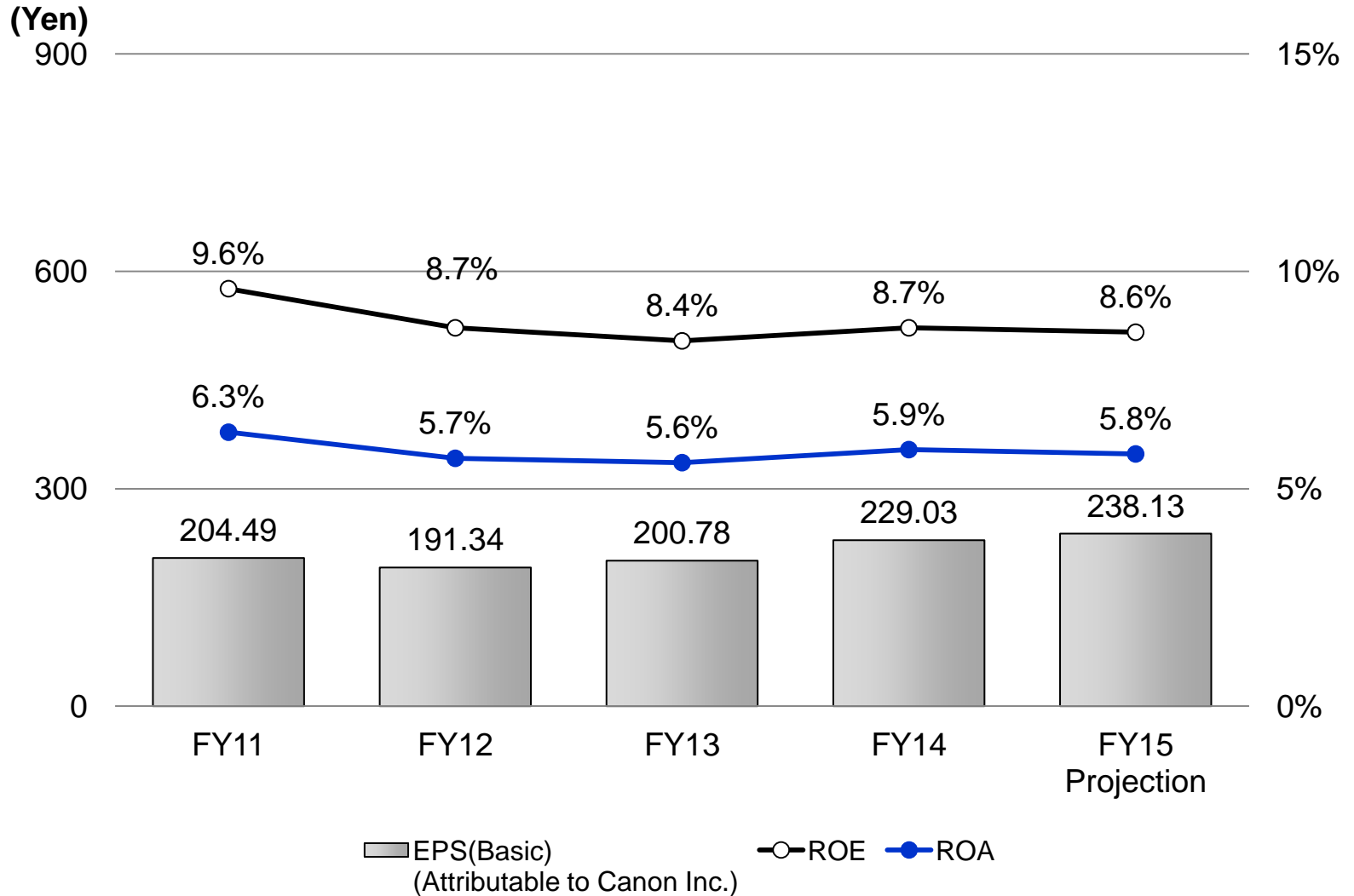
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information