



Canon Inc.

FY 2015 Results

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Agenda

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(4Q/FY 2015 Results and FY 2016 Projections)

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FY 2015 in Summary

External Environment

- Global economic growth rate – Lowest since the collapse of Lehman Brothers
- Our markets – Also impacted by further slowdown in emerging markets

Results

- Sales increase – Lower camera sales offset by “Office” and “Industry and Others”
- Profit decrease – Increase in expenses due to active investment towards new businesses

Summary of Results

4Q/FY 2015 Actual

(Billions of yen)

	4Q			FY		
	2015 Actual	2014 Actual	Pct. Change	2015 Actual	2014 Actual	Pct. Change
Net Sales	1,042.6	1,059.9	-1.6%	3,800.3	3,727.3	+2.0%
Gross Profit	522.8	515.0	+1.5%	1,934.4	1,861.5	+3.9%
(% Sales)	50.1%	48.6%		50.9%	49.9%	
Op. Profit	107.0	98.5	+8.7%	355.2	363.5	-2.3%
(% Sales)	10.3%	9.3%		9.3%	9.8%	
Net Income						
Attributable to Canon Inc.	68.9	68.1	+1.2%	220.2	254.8	-13.6%
(% Sales)	6.6%	6.4%		5.8%	6.8%	
Foreign Exchange Rate						
Yen – 1USD	121.60	114.78		121.13	106.18	
Yen – 1EURO	132.81	143.41		134.20	140.62	

Transition in Sales and Operating Profit

FY 2015 Actual v. FY 2014 Actual

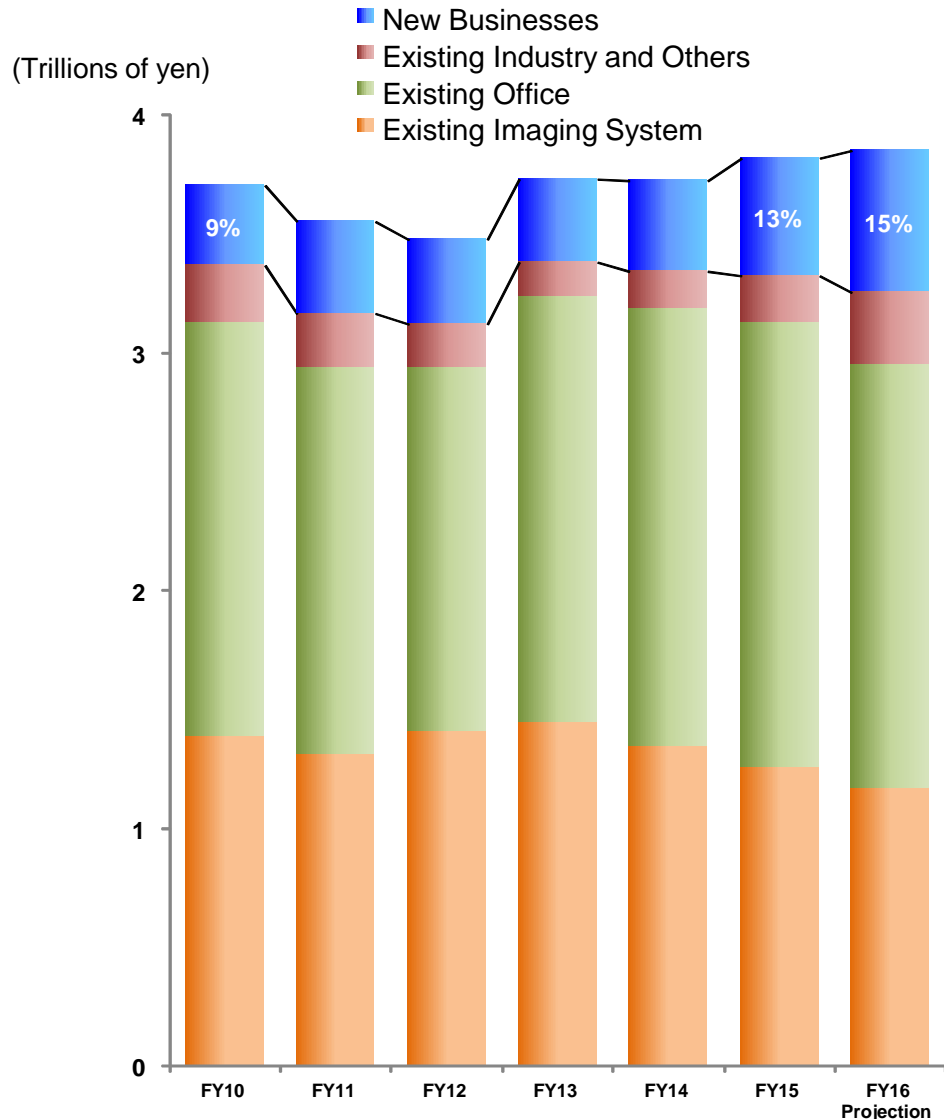
(Billions of yen)

	FY	
	Sales	Op. Profit
FY 2014 Actual	3,727.3	363.5
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+146.8	+20.4
Sales Volume Impact		
Office	-36.4	
Imaging System	-109.0	
Industry and Others	+114.8	
Total	-30.6	+24.9
Others	-43.2	-53.6
Total Change	+73.0	-8.3
FY 2015 Actual	3,800.3	355.2

Change in Exchange Rate(FY)

- 1USD: 106.18 to 121.13 yen
- 1EURO: 140.62 to 134.20 yen

Growth of New Businesses Through Horizontal Expansion and M&A



Major New Businesses

Horizontal Expansion

- Cinema EOS
- Machine Vision

M&A

- Commercial printing
 - Océ
- Network cameras
 - Axis
 - Milestone
- Nanoimprint
 - Molecular Imprints

Assumptions

FY 2016 Projection

Average Exchange Rate	FY16	FY15
■ Yen-1USD	120.00 yen	121.13 yen
■ Yen-1EURO	130.00 yen	134.20 yen

Impact of Exchange Rate Movement (FY16 Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	14.0 billion yen	4.6 billion yen
■ EURO	6.9 billion yen	2.9 billion yen

Key Points

FY 2016 Projection

External Environment

- Global economy – Driven by the U.S., emerging markets unclear
- Our markets – Remain challenging for some period of time

Outlook

- Sales increase – Driven by B2B, offsetting lower camera sales
- Profit increase – Cost reduction, improvement in R&D productivity

Summary of Projected Results

FY 2016 Projection

(Billions of yen)

	FY 2016 Projection	FY 2015 Actual	Pct. Change
Net Sales	3,850.0	3,800.3	+1.3%
Gross Profit	1,942.5	1,934.4	+0.4%
(% Sales)	50.5%	50.9%	
Op. Profit	360.0	355.2	+1.3%
(% Sales)	9.4%	9.3%	
Net Income	230.0	220.2	+4.4%
Attributable to Canon Inc.			
(% Sales)	6.0%	5.8%	
Foreign Exchange Rate			
Yen – 1USD	120.00	121.13	
Yen – 1EURO	130.00	134.20	

Transition in Sales and Op. Profit

FY 2016 Projection v. FY 2015 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2015 Actual	3,800.3	355.2
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-60.6	-31.0
Sales Volume Impact		
Office	+53.2	
Imaging System	-5.2	
Industry and Others	+112.3	
Total	+160.3	+76.4
Others	-50.0	-40.6
Total Change	+49.7	+4.8
FY 2016 Projection (Jan. 27, 2016)	3,850.0	360.0

Change in Exchange Rate

- 1USD: 121.13 to 120.00 yen
- 1EURO: 134.20 to 130.00 yen

Office

2015 Actual

Growth Rate y/y (Unit Base)

	Copiers		Printers	
	4Q15	FY15	4Q15	FY15
Color	+13%	+15%	-10%	-2%
Monochrome	-7%	-9%	-33%	-13%
Total	+2%	+1%	-30%	-11%

Color Ratio

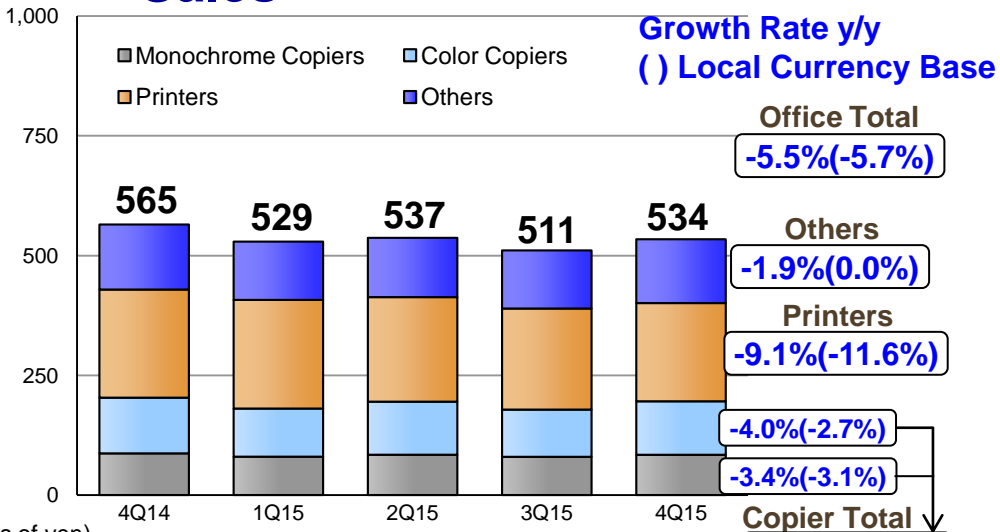
	Copiers		Printers	
	4Q15	FY15	4Q15	FY15
Value Base*	57%	56%	50%	51%
Unit Base	48%	46%	18%	17%

*Includes Consumables

Sales

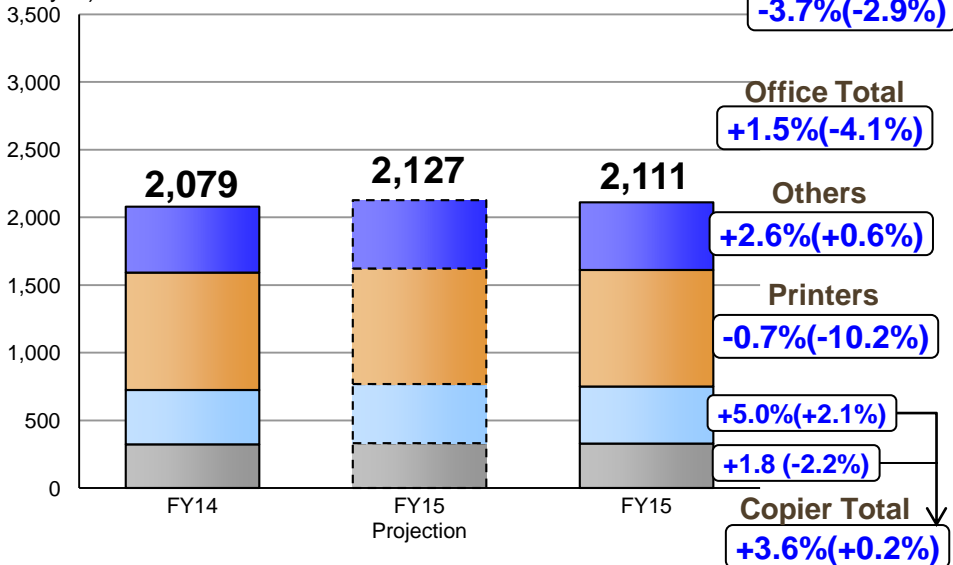
4Q

(Billions of yen)



FY

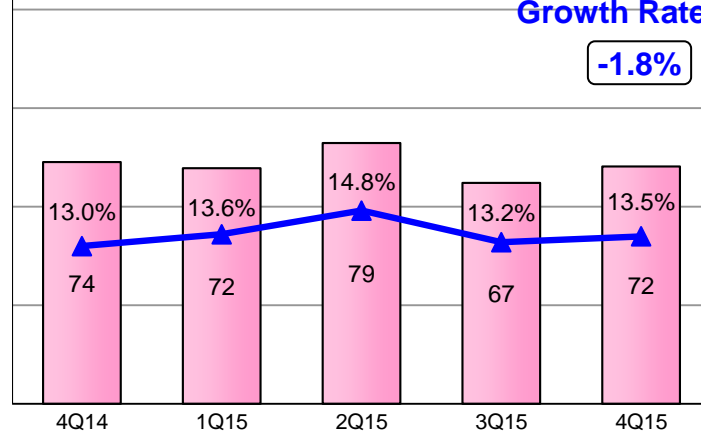
(Billions of yen)



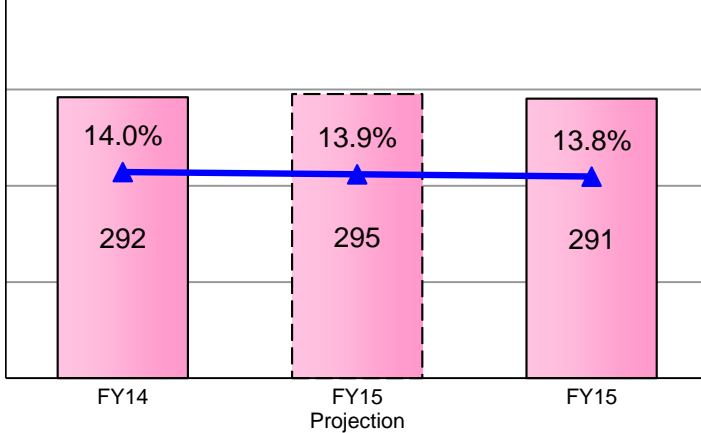
Op. Profit

Op. Profit (Billions of yen)

Op. Profit Ratio



Op. Profit



Office

FY 2016 Projection

Growth Rate y/y (Unit Base)				
	Copiers		Printers	
	FY15	FY16(P)	FY15	FY16(P)
Color	+15%	+14%	-2%	+1%
Monochrome	-9%	+3%	-13%	0%
Total	+1%	+8%	-11%	0%

Color Ratio				
	Copiers		Printers	
	FY15	FY16(P)	FY15	FY16(P)
Value Base*	56%	57%	51%	50%
Unit Base	46%	49%	17%	17%

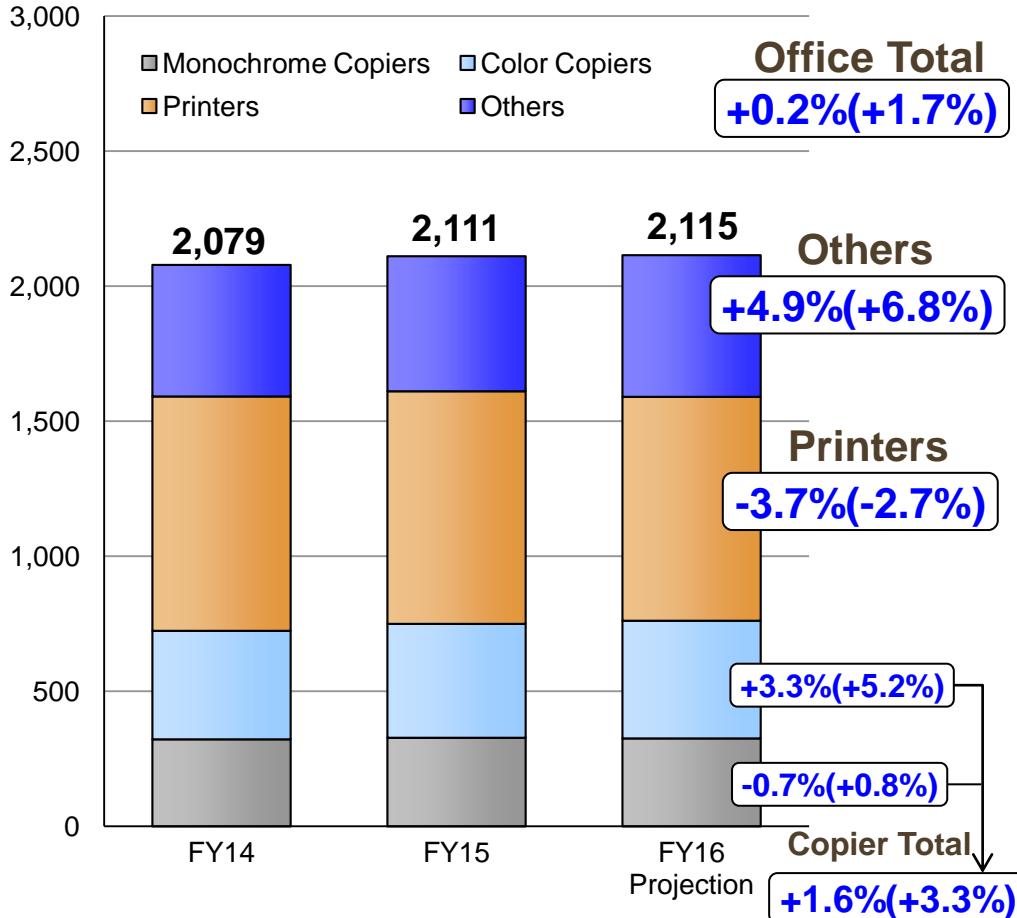
(P)=Projection

*Includes Consumables

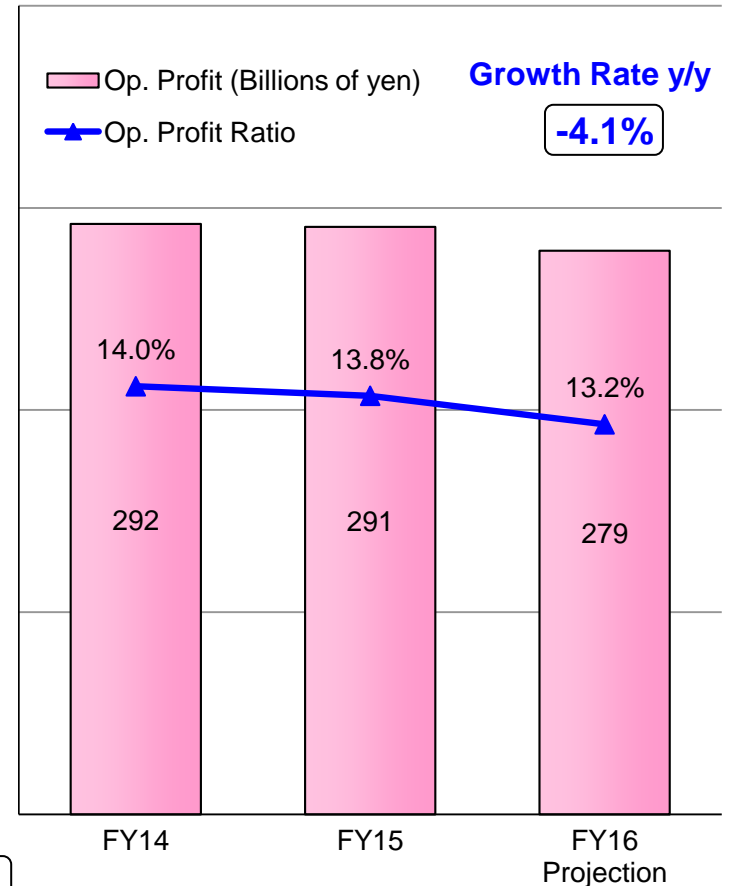
(Billions of yen)

Sales

Growth Rate y/y
() Local Currency Base



Op. Profit



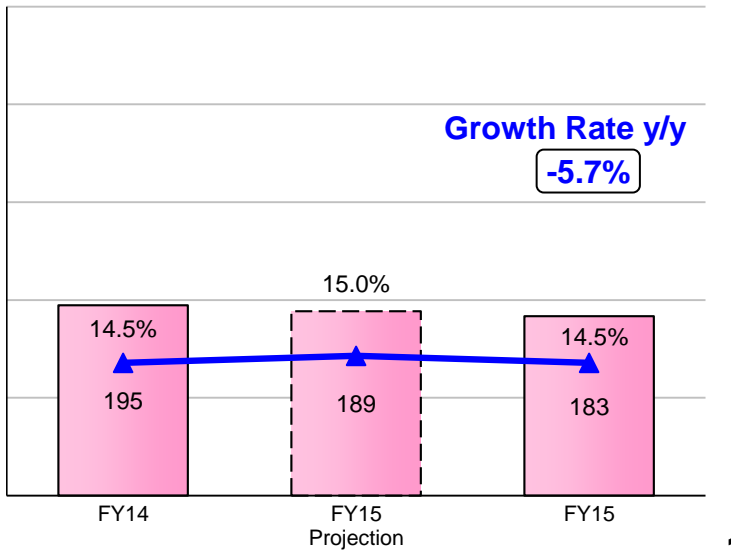
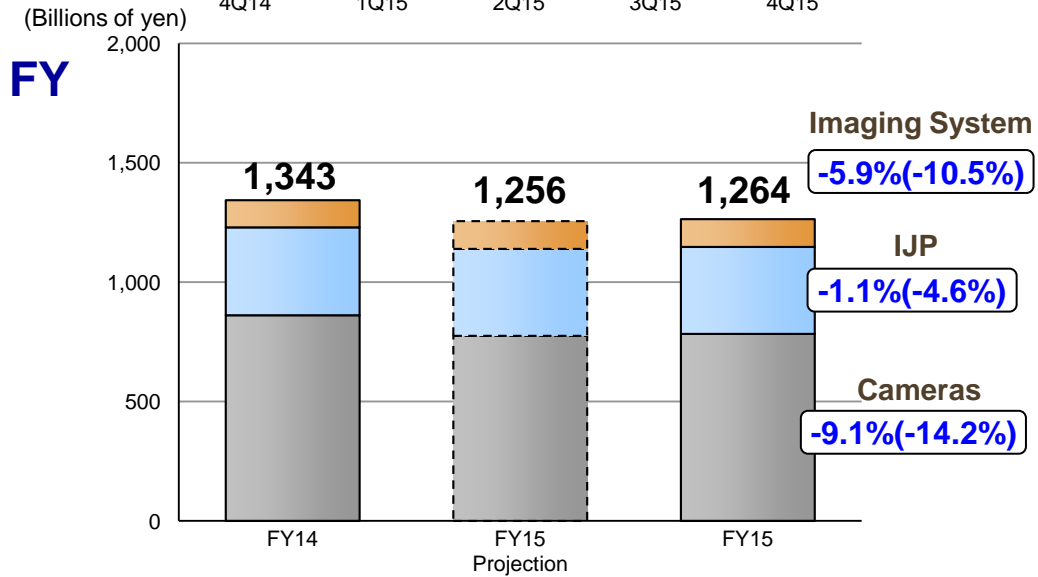
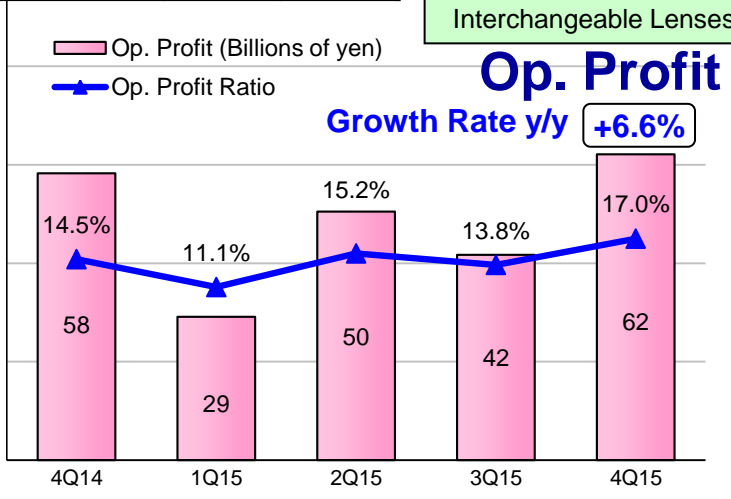
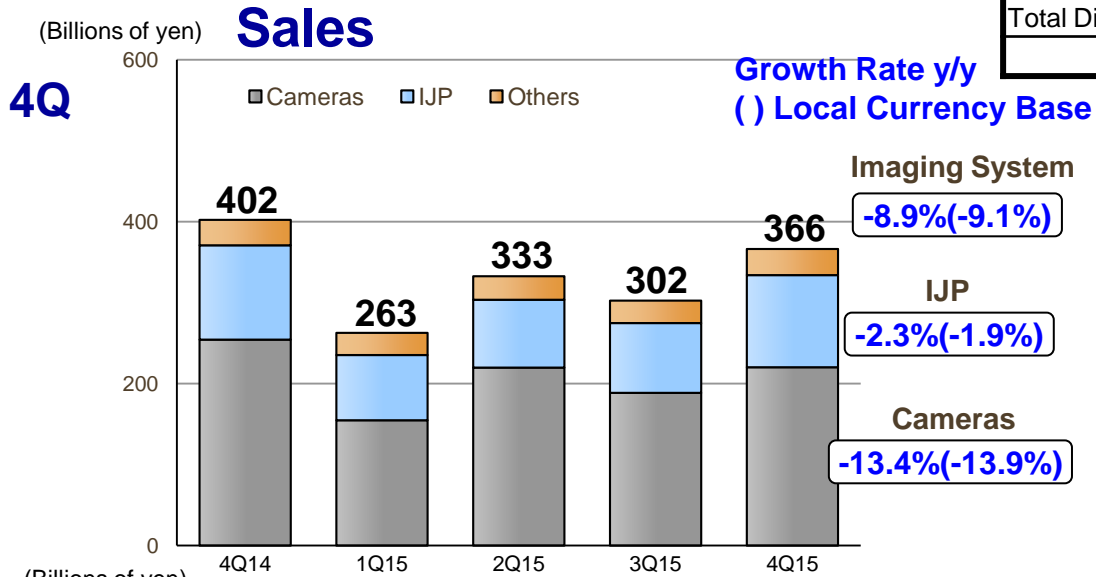
Imaging System

2015 Actual

Growth Rate y/y (Unit Base)		
	4Q15	FY15
Interchangeable Lens Digital Cameras	-5%	-12%
Compact Digital Cameras	-27%	-27%
Total Digital Cameras	-18%	-21%
IJP	-7%	-5%

Interchangeable Lens Digital Camera Ratio *		
	4Q15	FY15
Value Base	83%	83%
Unit Base	47%	46%

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



Imaging System

FY 2016 Projection

Growth Rate y/y (Unit Base)		
	FY15	FY16(P)
Interchangeable Lens Digital Cameras	-12%	-7%
Compact Digital Cameras	-27%	-24%
Total Digital Cameras	-21%	-16%
IJP	-5%	0%

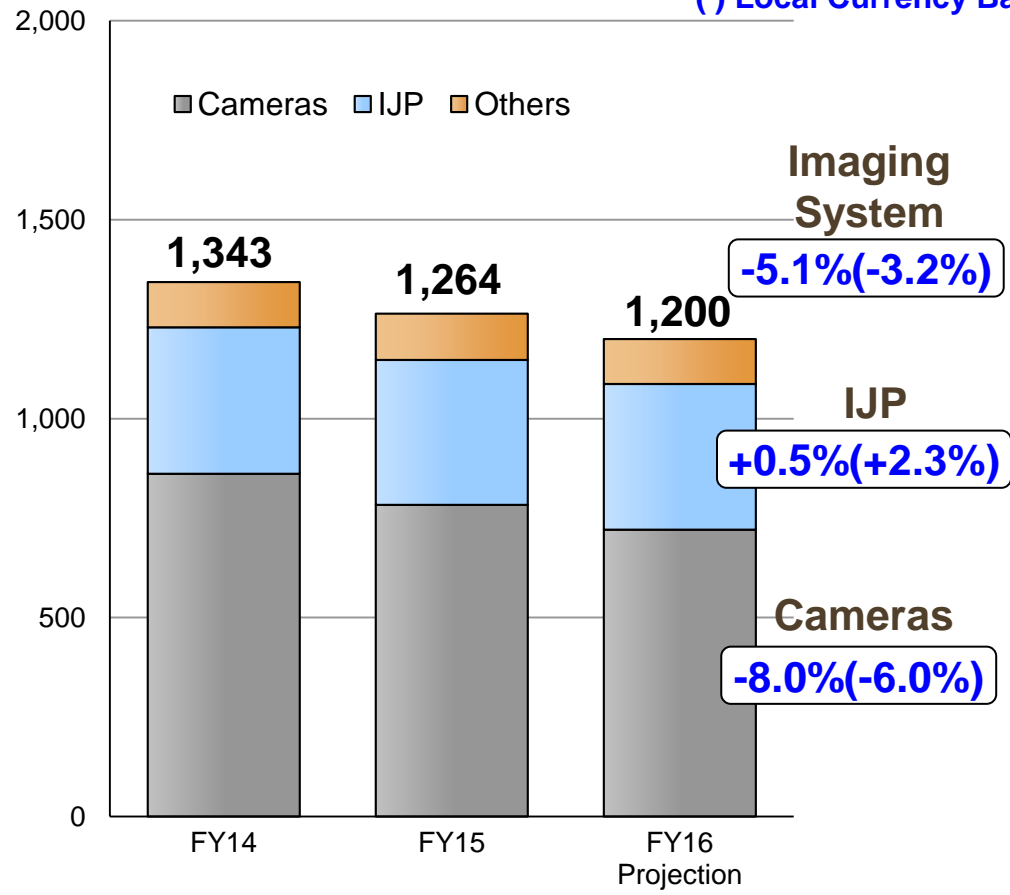
Interchangeable Lens Digital Camera Ratio *		
	FY15	FY16(P)
Value Base	83%	85%
Unit Base	46%	51%

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

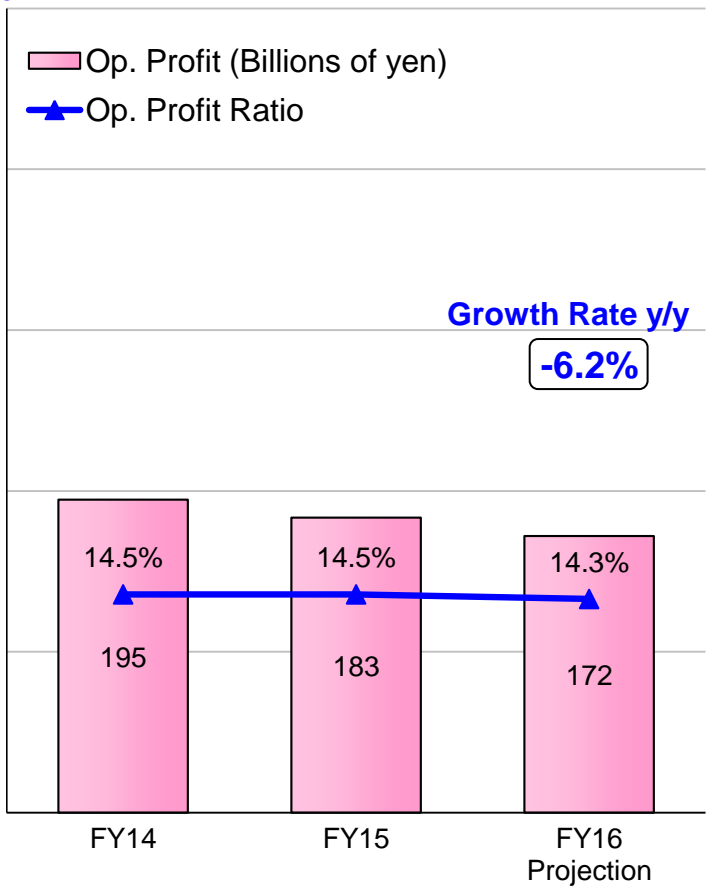
(P)=Projection

(Billions of yen) Sales

Growth Rate y/y
 () Local Currency Base



Op. Profit



Industry and Others

2015 Actual

IC Stepper Unit Breakdown by Light Source

	4Q14	FY14	4Q15	FY15
ArF	0	0	0	0
KrF	4	14	8	21
i-line	8	40	15	59

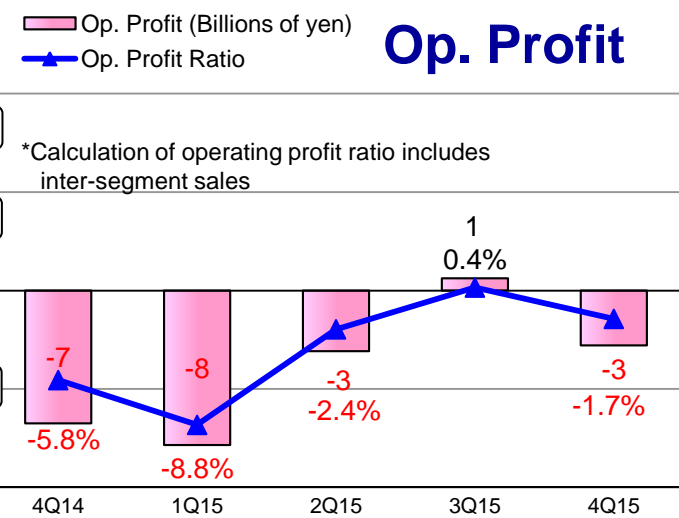
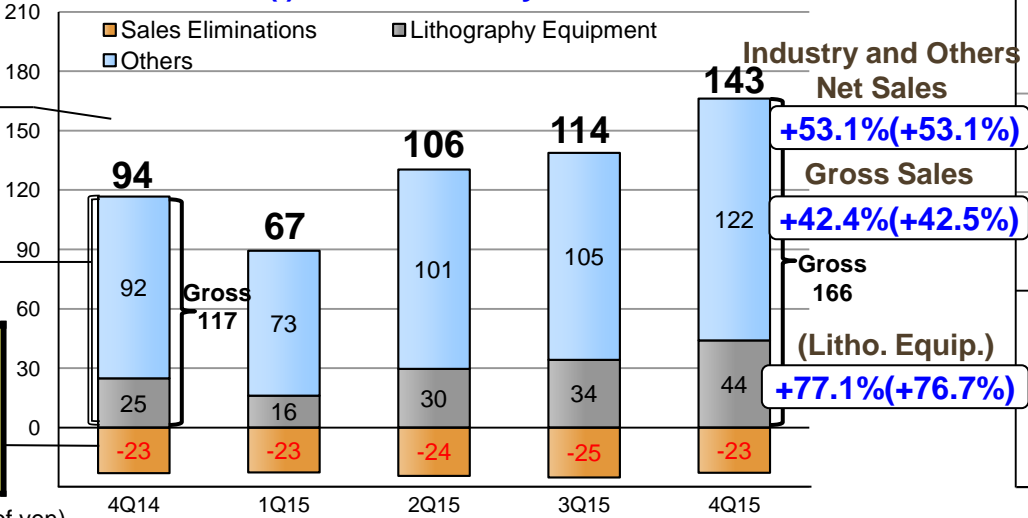
Lithography Equipment (Unit Sales)

	4Q14	FY14	4Q15	FY15
IC	12	54	23	80
FPD	5	22	15	34

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

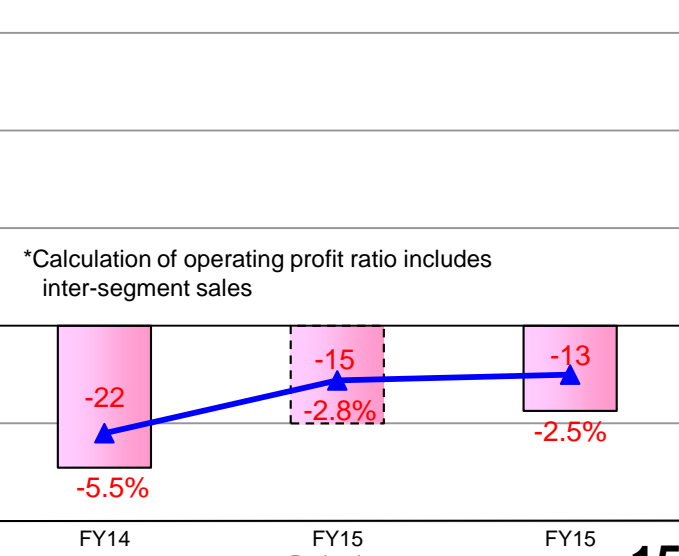
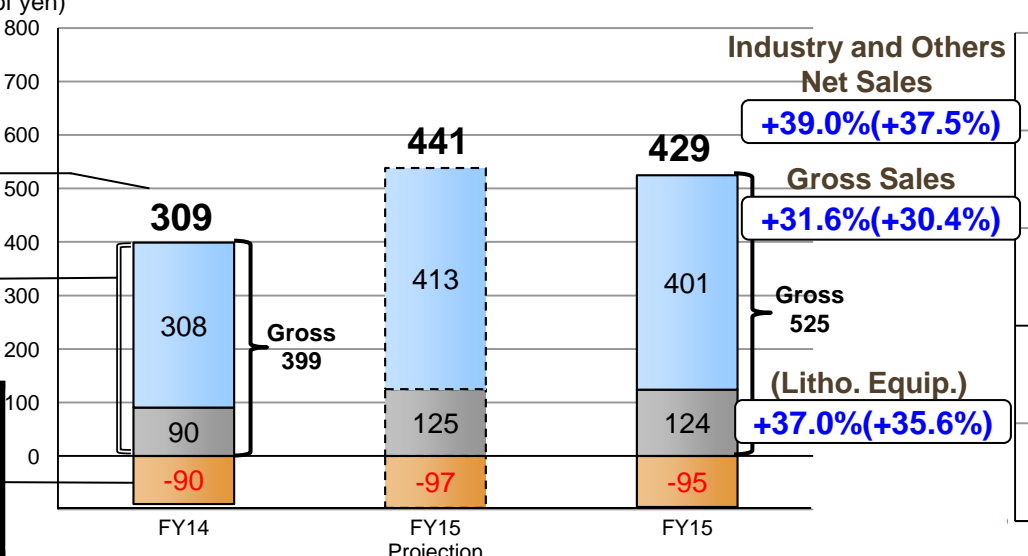
4Q

- Net Sales
- Gross Sales (Includes sales among Group businesses)
- Sales Eliminations (Sales among Group businesses)



FY

- Net Sales
- Gross Sales (Includes sales among Group businesses)
- Sales Eliminations (Sales among Group businesses)



Industry and Others

FY 2016 Projection

Lithography Equipment (Unit Sales)		
	FY15	FY16(P)
IC	80	86
FPD	34	37

(P)=Projection

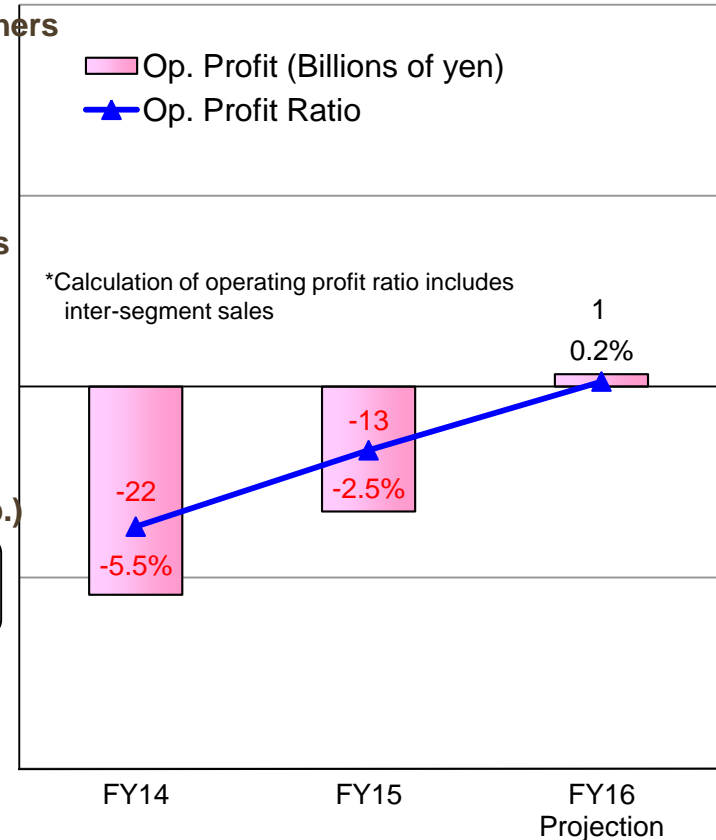
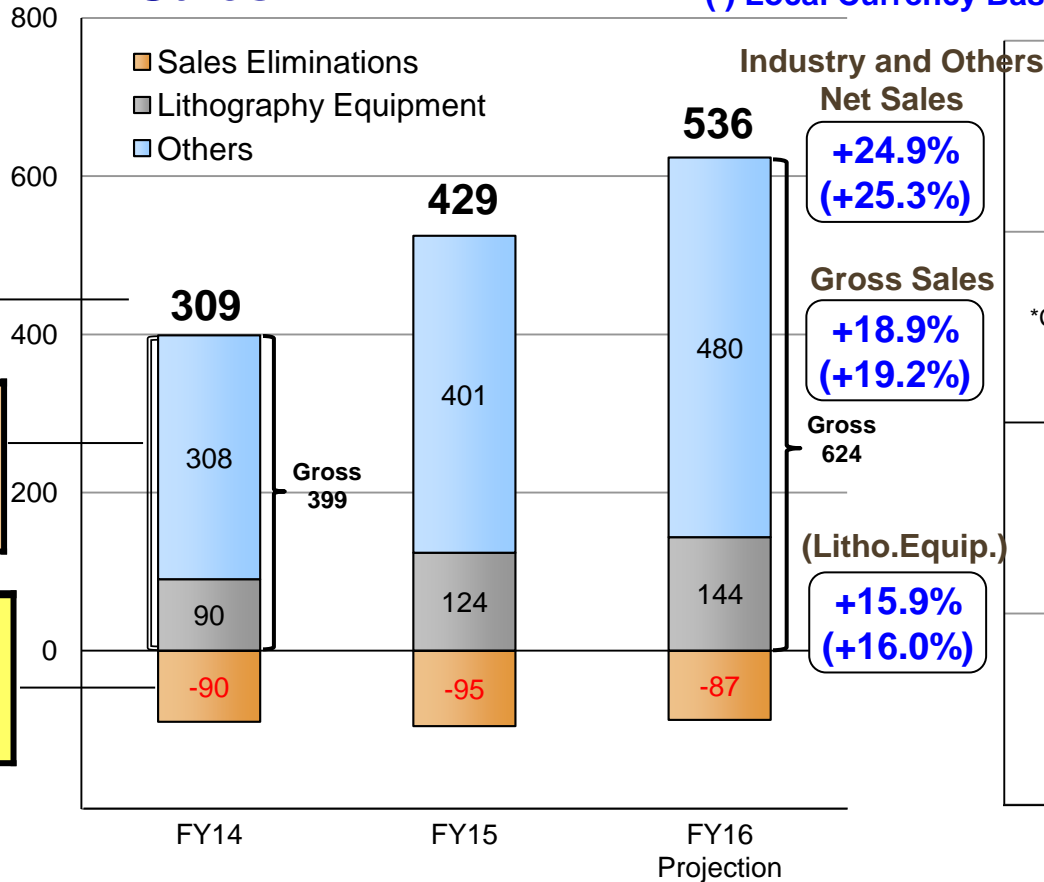
IC Stepper Unit Breakdown by Light Source		
	FY15	FY16(P)
ArF	0	0
KrF	21	33
i-line	59	53

(Billions of yen)

Sales

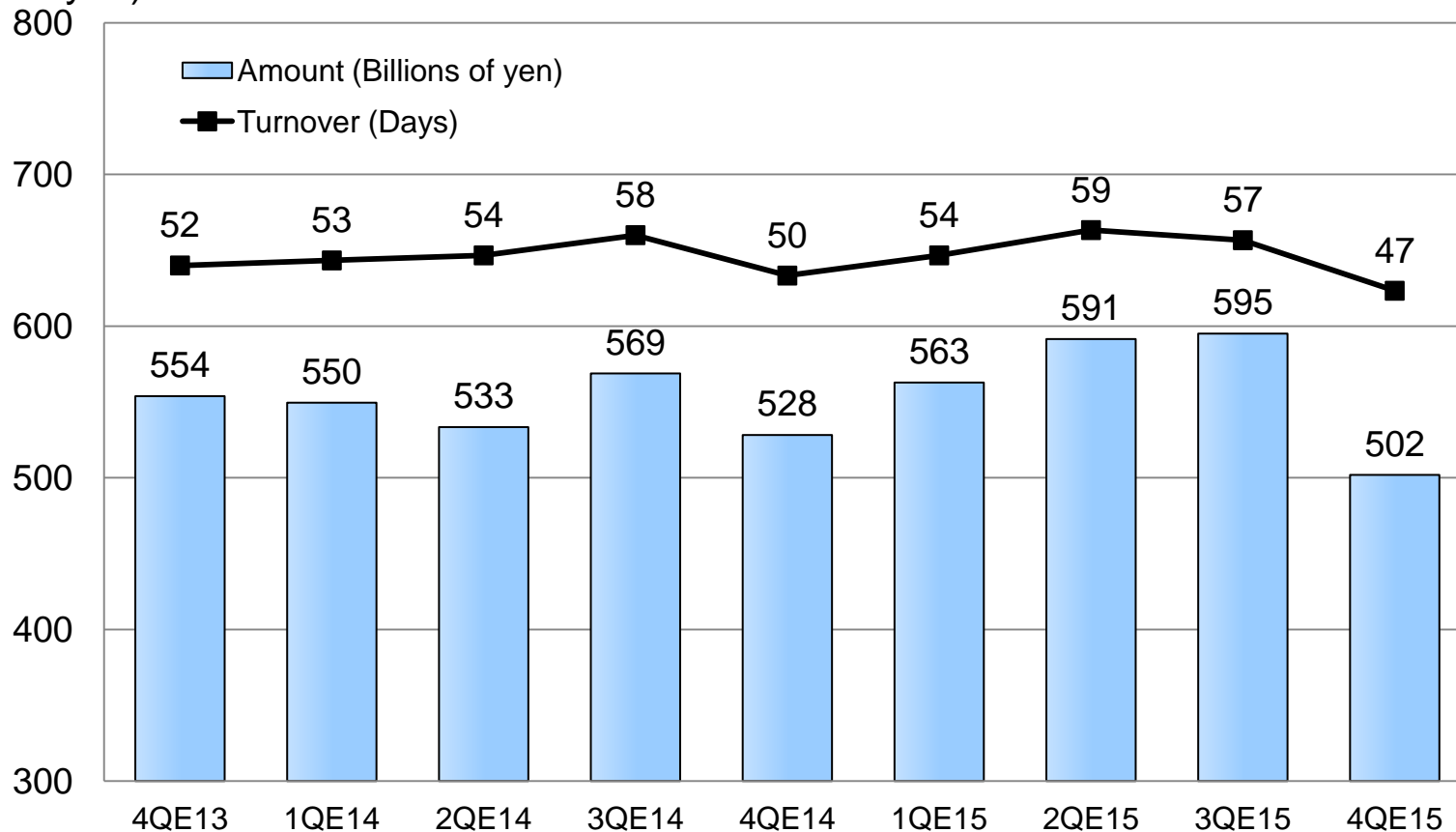
Growth Rate y/y
() Local Currency Base

Op. Profit



Inventories

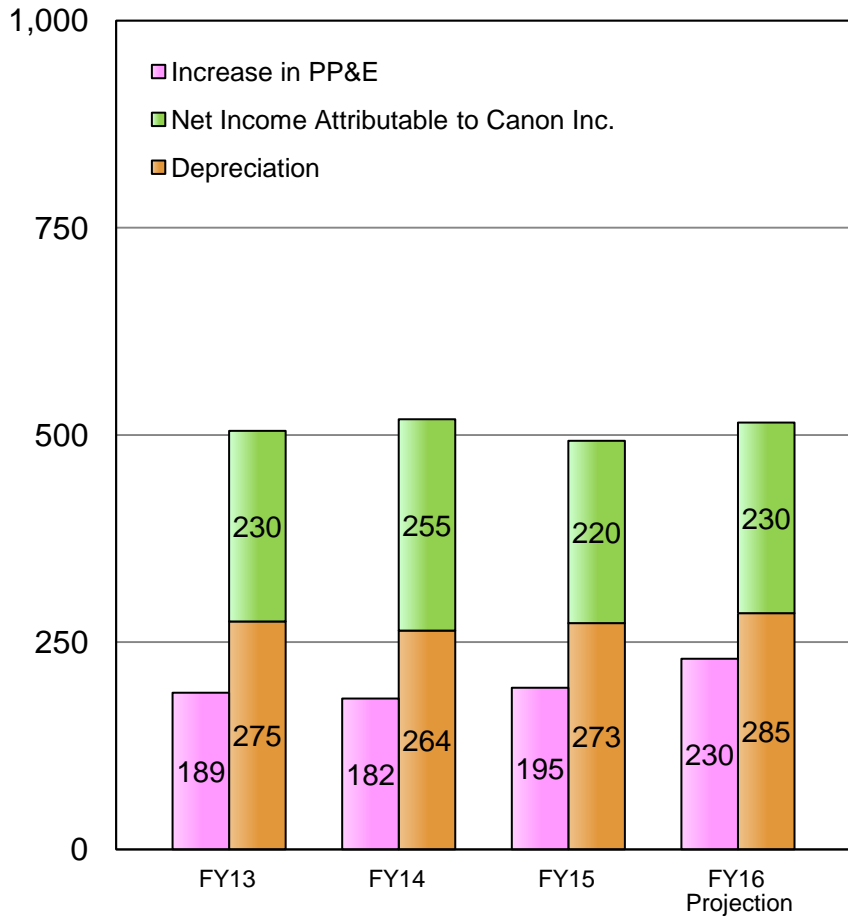
(Billions of yen)



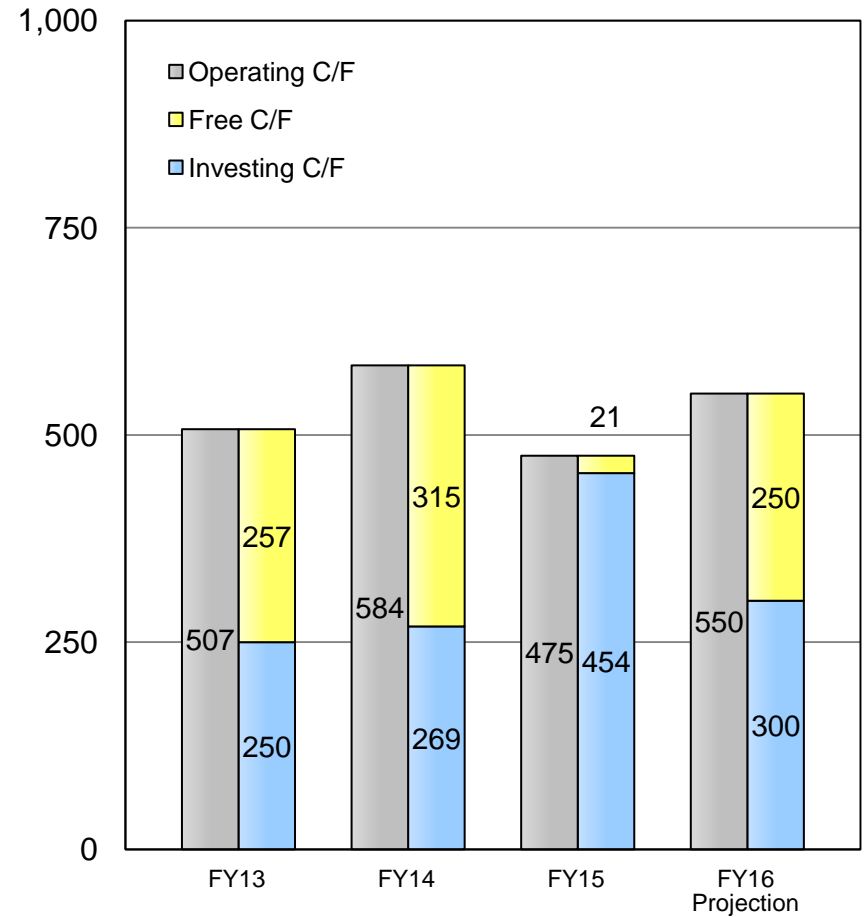
Capital Expenditure

Free Cash Flow

(Billions of yen)

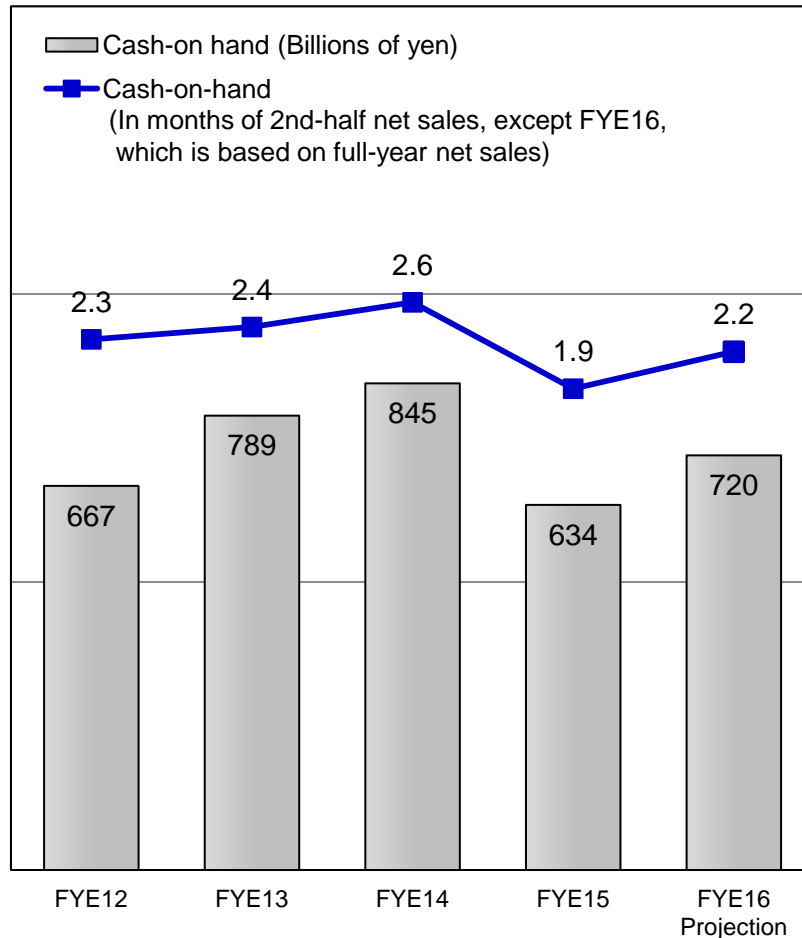


(Billions of yen)

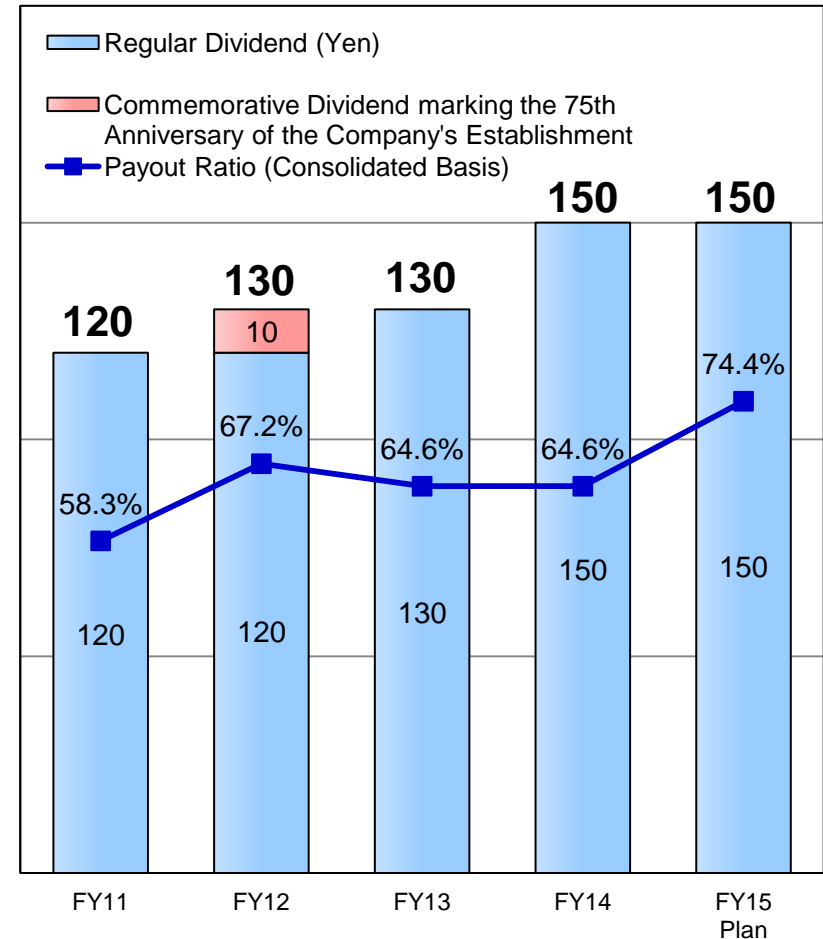


Cash on Hand and Return to Shareholders

Cash on Hand (Year-end)



Dividend



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

Supplementary Information

Transition in Sales and Op. Profit

FY 2015 Actual v. Projection

(Billions of yen)

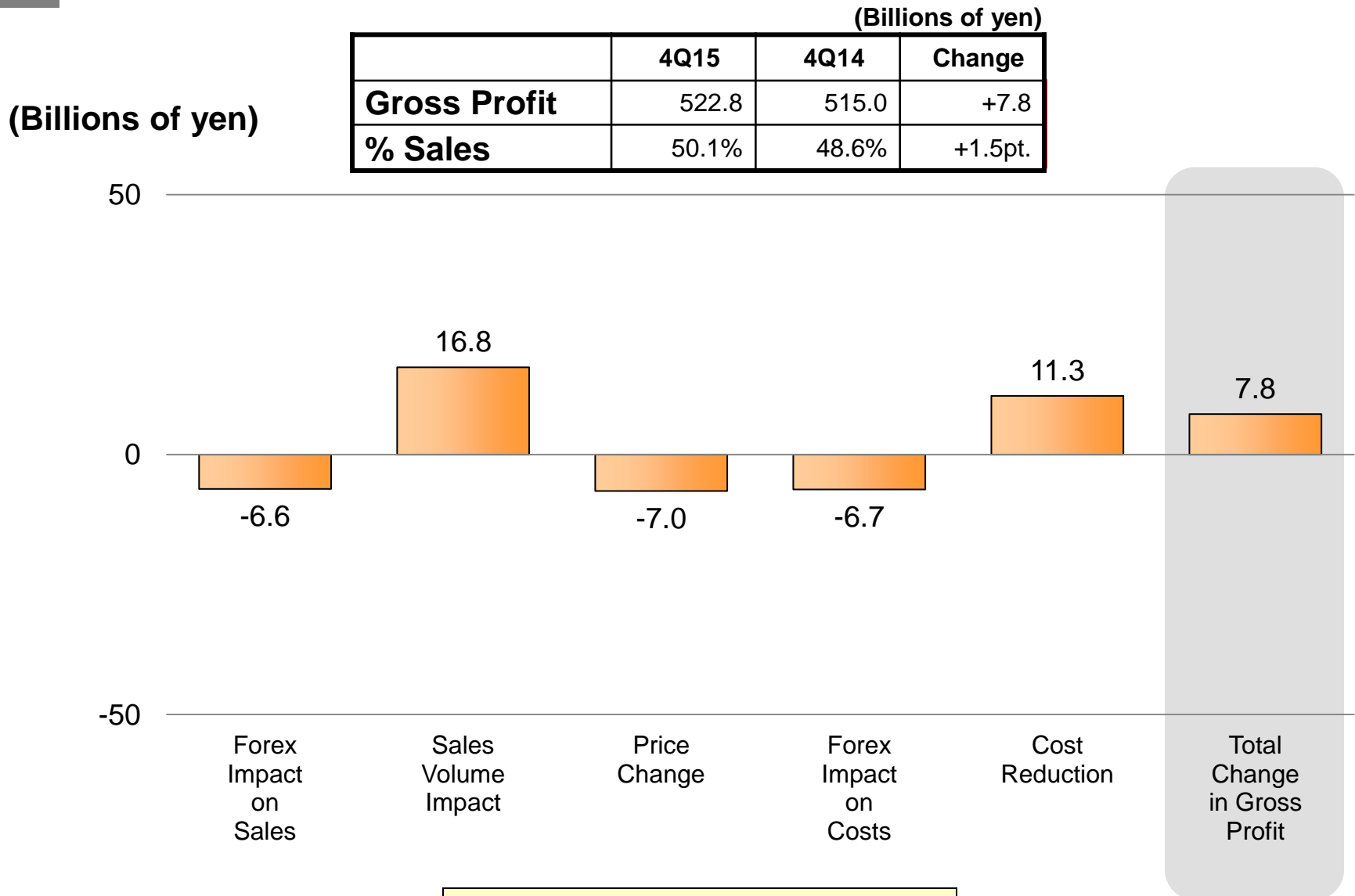
	Sales	Op. Profit
FY 2015 Projection (Oct. 27, 2015)	3,820.0	365.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+2.8	+2.1
Sales Volume Impact		
Office	-17.6	
Imaging System	-0.1	
Industry and Others	-12.9	
.....		
Total	-30.6	-15.6
Others	+8.1	+3.7
Total Change	-19.7	-9.8
FY 2015 Actual	3,800.3	355.2

Change in Exchange Rate

- 1USD: 120.71 to 121.13 yen
- 1EURO: 134.82 to 134.20 yen

Gross Profit Variance Analysis

4Q 2015 Actual v. 4Q 2014 Actual



Supplementary Information

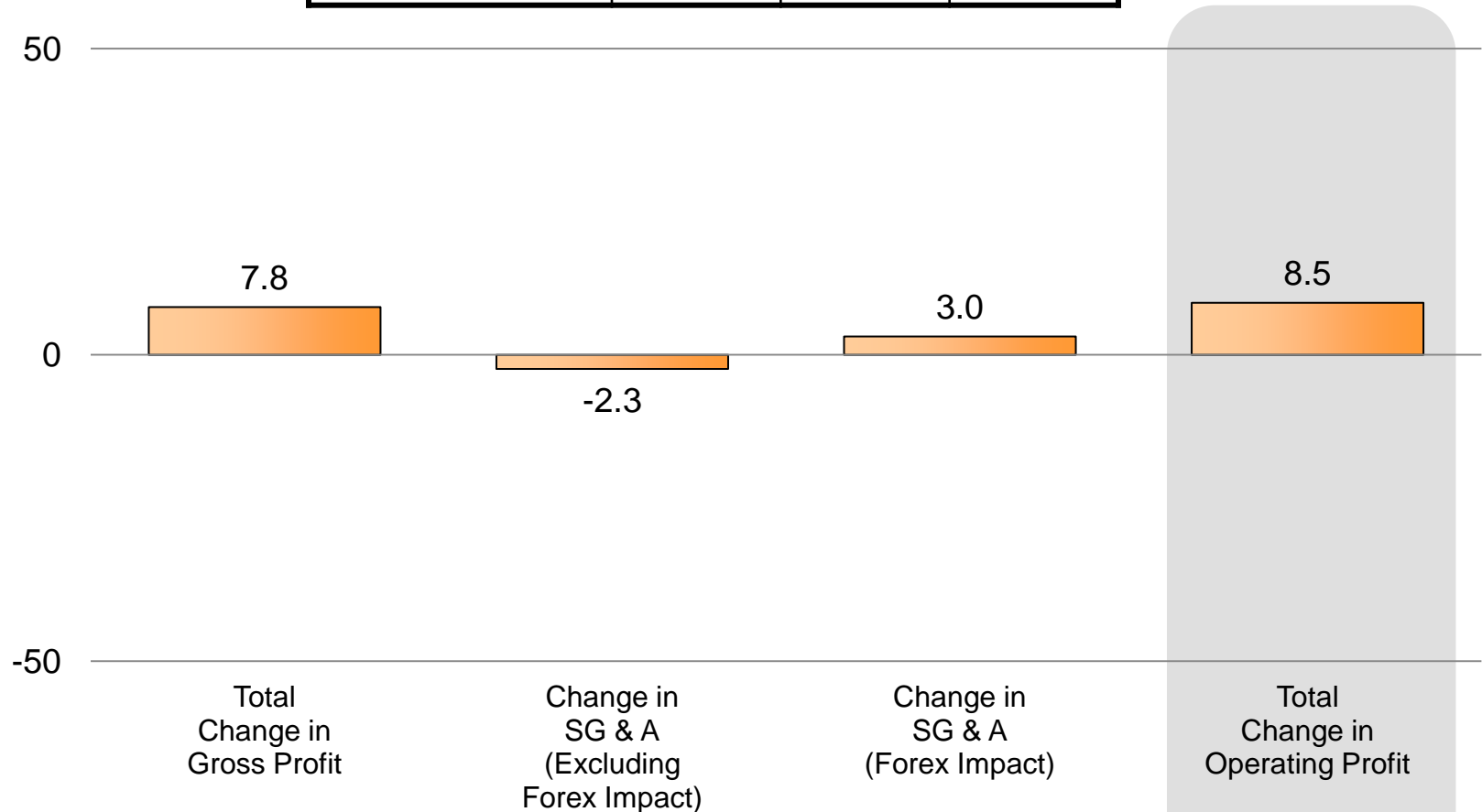
Operating Profit Variance Analysis

4Q 2015 Actual v. 4Q 2014 Actual

(Billions of yen)

(Billions of yen)

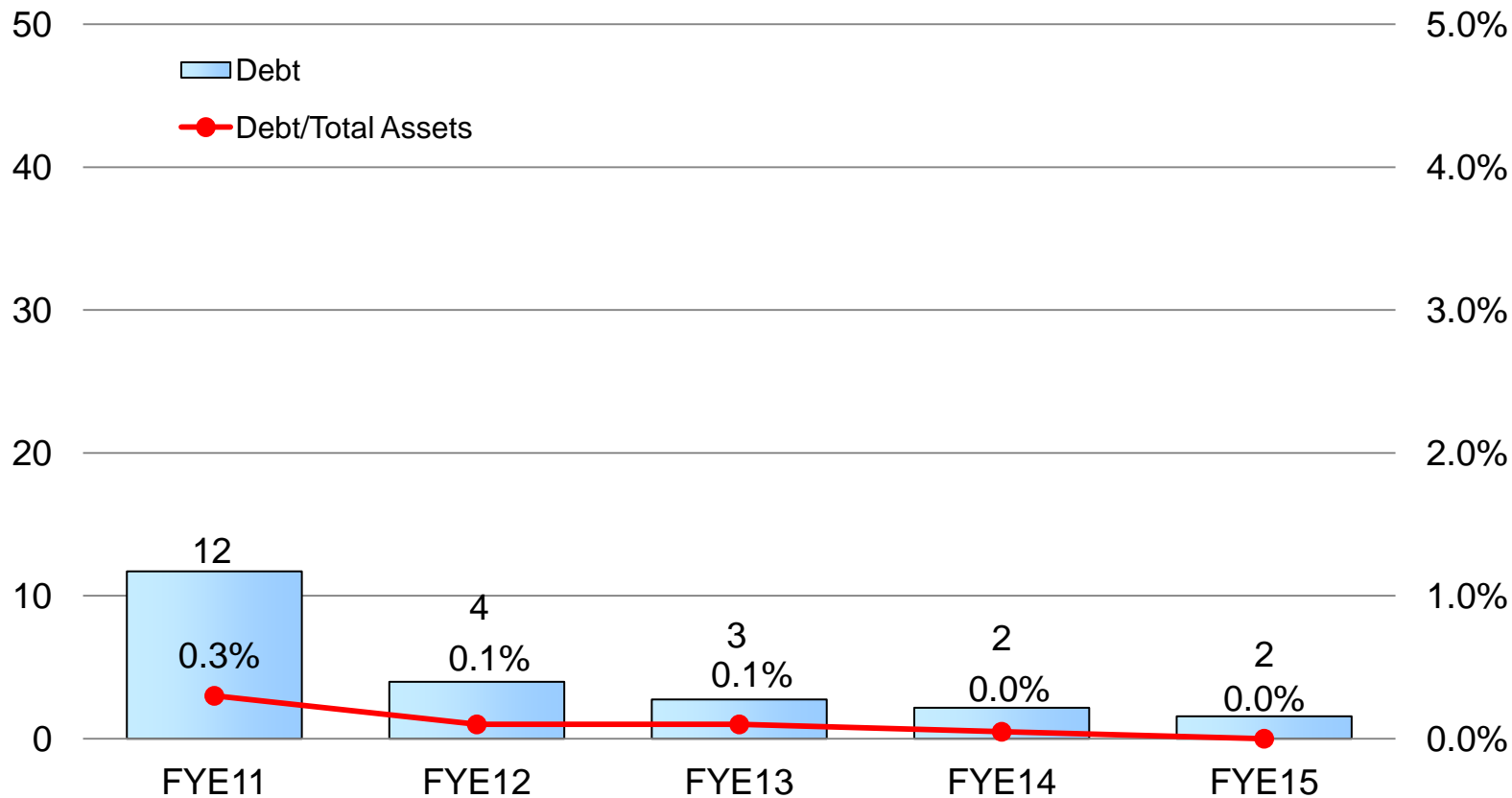
	4Q15	4Q14	Change
Op. Profit	107.0	98.5	+8.5
% Sales	10.3%	9.3%	+1.0pt.



Supplementary Information

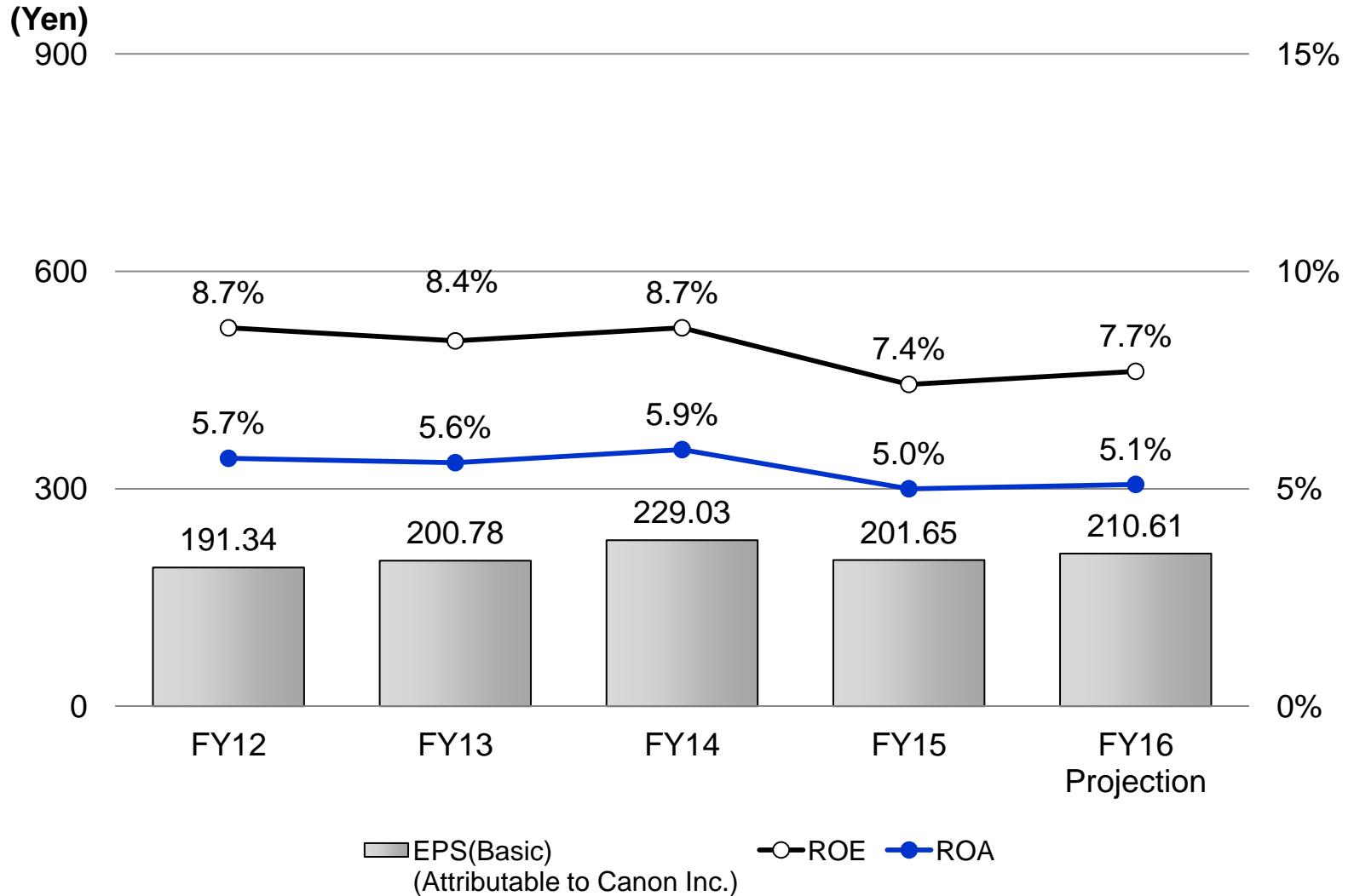
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information