



Canon Inc.

First Quarter 2015 Results

April 27, 2015

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Agenda

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1Q 2015 in Summary

External Environment

- Level of global economic recovery below expectations
 - ✓ U.S. economy showed solid growth
 - ✓ Economies of Europe and emerging countries were weak
- Our markets
 - ✓ Steady growth of office and lithography equipment
 - ✓ Continued camera market contraction

Results

- Sales and profit decline
 - ✓ Lower sales of cameras, increase in R&D expense

Summary of Results

1Q 2015 Actual

(Billions of yen)

	1Q 2015 Actual	1Q 2014 Actual	Pct. Change
Net Sales	857.4	868.3	-1.3%
Gross Profit	438.6	431.5	+1.6%
(% Sales)	51.1%	49.7%	
Op. Profit	66.2	82.6	-19.9%
(% Sales)	7.7%	9.5%	
Net Income	33.9	47.6	-28.7%
Attributable to Canon Inc.			
(% Sales)	4.0%	5.5%	
Foreign Exchange Rate			
Yen – 1USD	119.25	102.69	
Yen – 1EURO	133.89	140.77	

Transition in Sales and Op. Profit

1Q 2015 Actual v. 1Q 2014 Actual

(Billions of yen)

	Sales	Op. Profit
1Q 2014 Actual	868.3	82.6
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+41.0	+7.3
Sales Volume Impact		
Office	-3.2	
Imaging System	-34.9	
Industry and Others	-1.7	
.....		
Total	-39.8	-2.0
Others	-12.1	-21.7
Total Change	-10.9	-16.4
1Q 2015 Actual	857.4	66.2

Change in Exchange Rate

- 1USD: 102.69 to 119.25 yen
- 1EURO: 140.77 to 133.89 yen

Assumptions

2015 Current Projection

Average Exchange Rate	2Q-4Q15	FY15	FY14
■ Yen-1USD	120.00 yen	119.84 yen	106.18 yen
■ Yen-1EURO	130.00 yen	130.92 yen	140.62 yen

Impact of Exchange Rate Movement (2Q-4Q Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	12.0 billion yen	4.4 billion yen
■ EURO	4.9 billion yen	2.2 billion yen

Key Points FY2015

External Environment

- Weaker than previously projected global economic recovery
 - ✓ U.S. economy remains solid
 - ✓ Delayed economic recovery in Europe, emerging countries and China
- Our markets
 - ✓ Steady growth of office and industrial equipment
 - ✓ Continued camera market contraction

Outlook

- Sales and profit growth

Summary of Projected Results

FY 2015 Current Projection

(Billions of yen)

	FY 2015 Current Projection	FY 2014 Actual	Pct. Change
Net Sales	3,860.0	3,727.3	+3.6%
Gross Profit	1,923.0	1,861.5	+3.3%
(% Sales)	49.8%	49.9%	
Op. Profit	380.0	363.5	+4.5%
(% Sales)	9.8%	9.8%	
Net Income	255.0	254.8	+0.1%
Attributable to Canon Inc.			
(% Sales)	6.6%	6.8%	
Foreign Exchange Rate			
Yen – 1USD	119.84	106.18	
Yen – 1EURO	130.92	140.62	

Note: The influence of consolidating Axis AB is not included.

Transition in Sales and Op. Profit

FY 2015 Current Projection v. FY 2015 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jan. 28, 2015)	3,900.0	380.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-34.3	-16.8
Sales Volume Impact		
Office	+16.4	
Imaging System	-74.1	
Industry and Others	+48.0	
Total	-9.7	+2.0
Others	+4.0	+14.8
Total Change	-40.0	0.0
Current Projection (Apr. 27, 2015)	3,860.0	380.0

Change in Exchange Rate

- 1USD: 120.00 to 119.84 yen
- 1EURO: 135.00 to 130.92 yen

Office

1Q 2015 Actual

1Q15 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+11%	-1%
Monochrome	-12%	+3%
Total	-3%	+3%

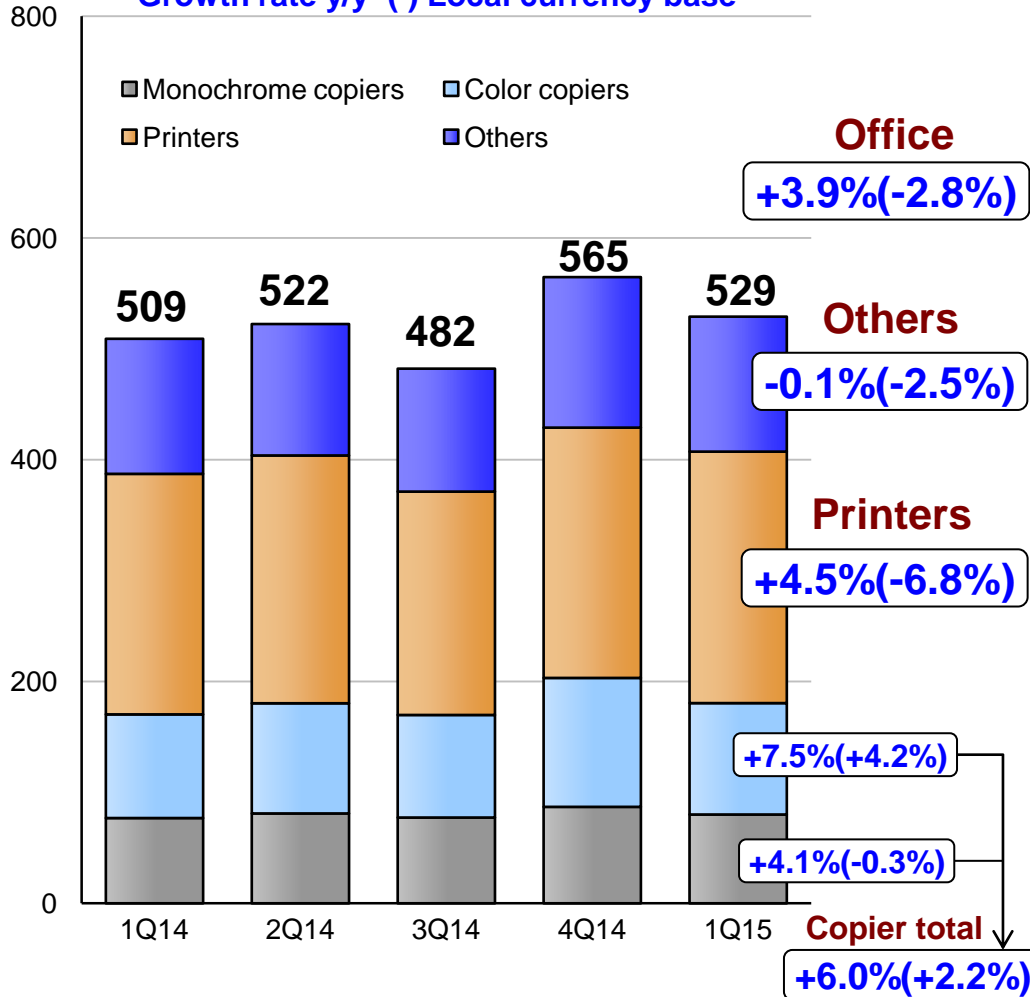
1Q15 Color Ratio		
	Copiers	Printers
Value Base*	56%	52%
Unit Base	44%	16%

*Includes Consumables

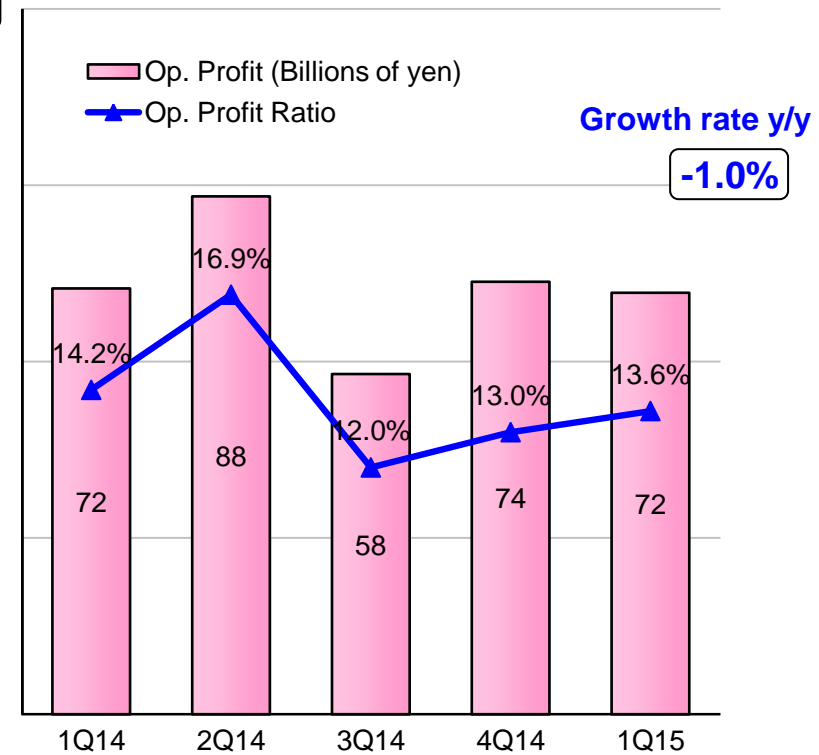
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Office

FY 2015 Projection

FY15 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+17%	+5%
Monochrome	+3%	+2%
Total	+9%	+2%

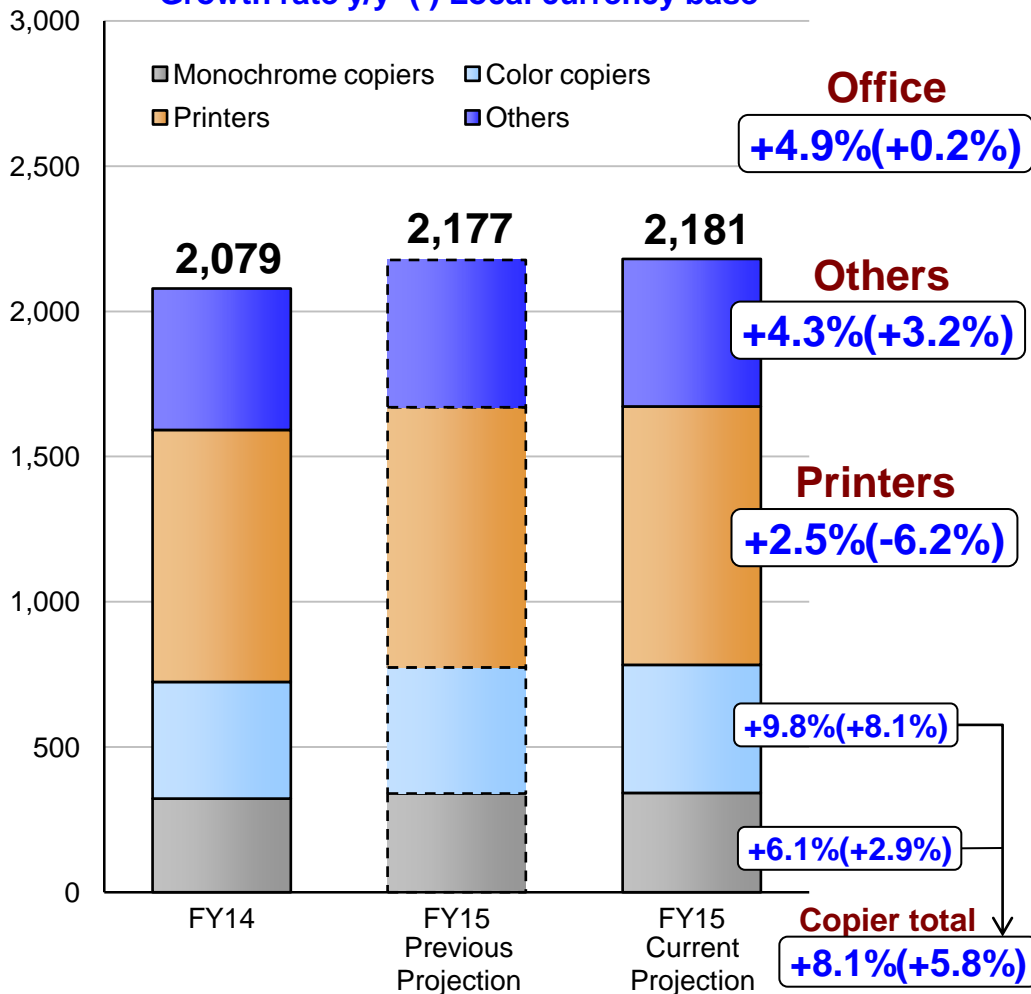
FY15 Color Ratio		
	Copiers	Printers
Value Base*	56%	50%
Unit Base	43%	16%

*Includes Consumables

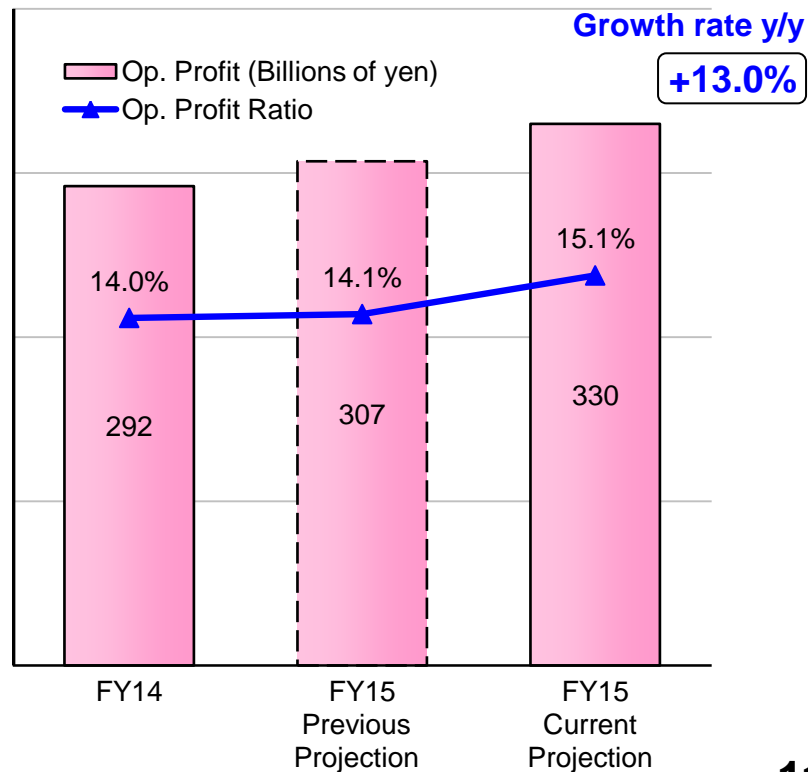
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Imaging System

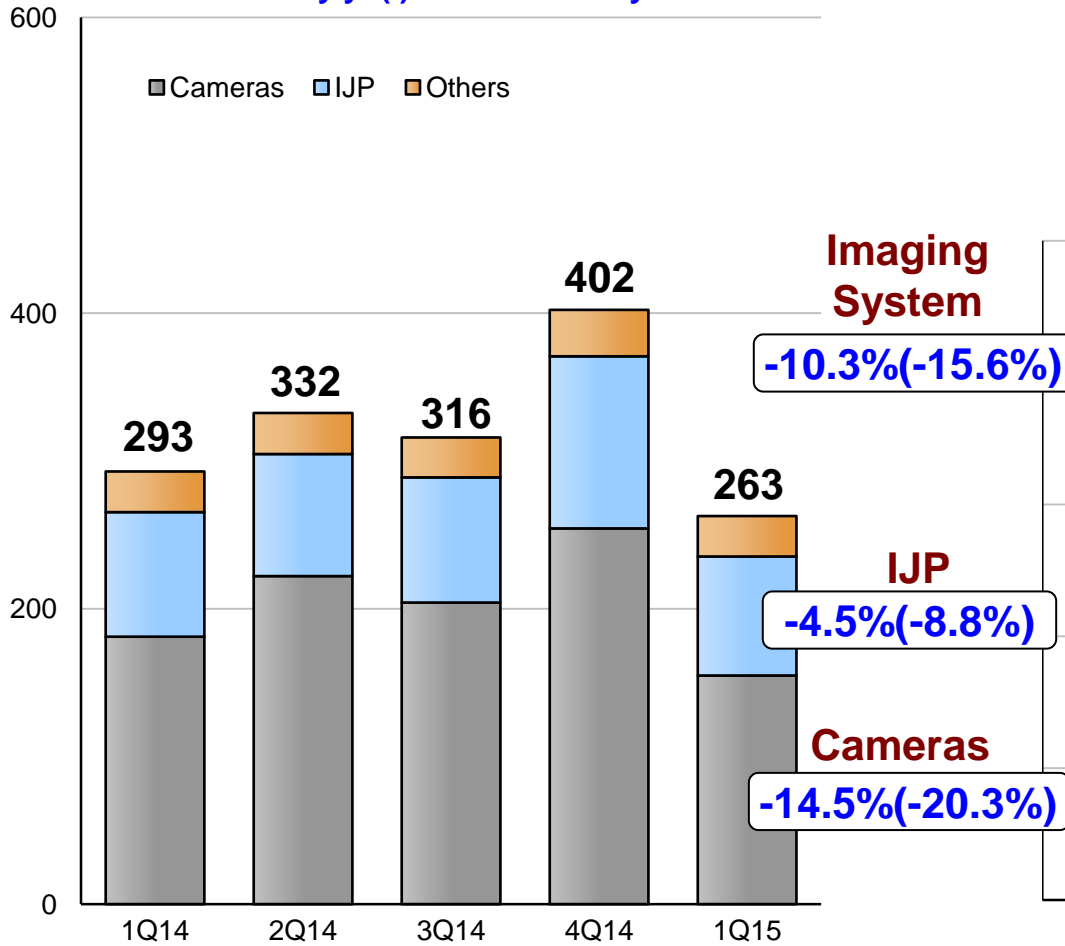
1Q 2015 Actual

Growth Rate y/y (Unit Base)	
	1Q15
Interchangeable Lens Digital Cameras	-22%
Compact Digital Cameras	-27%
Total Digital Cameras	-25%
IJP	-3%

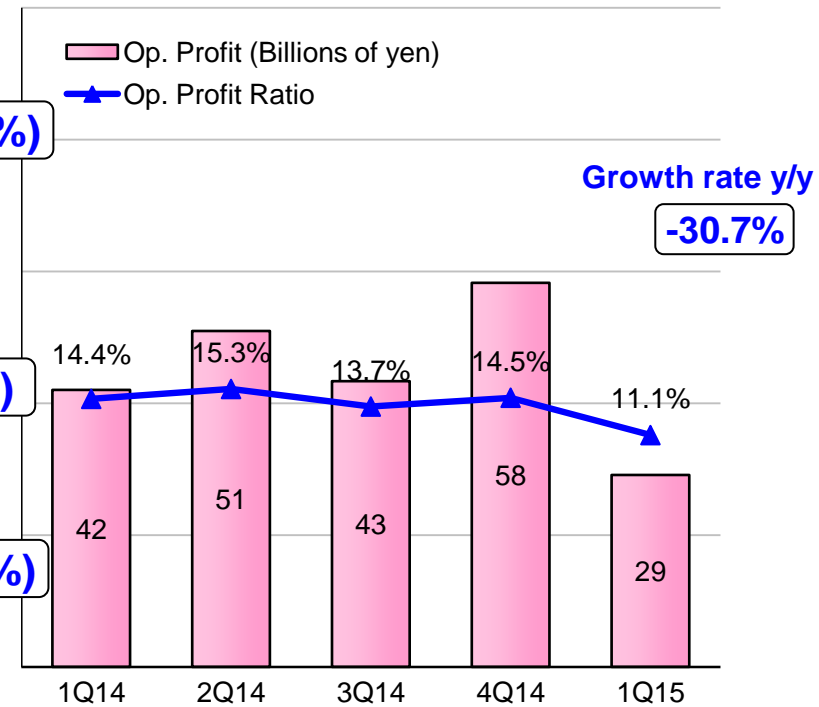
Interchangeable Lens Digital Camera Ratio *	
	1Q15
Value Base	82%
Unit Base	43%

* 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 2015 Projection

Growth Rate y/y (Unit Base)	
	FY15
Interchangeable Lens Digital Cameras	-9%
Compact Digital Cameras	-22%
Total Digital Cameras	-17%
IJP	+2%

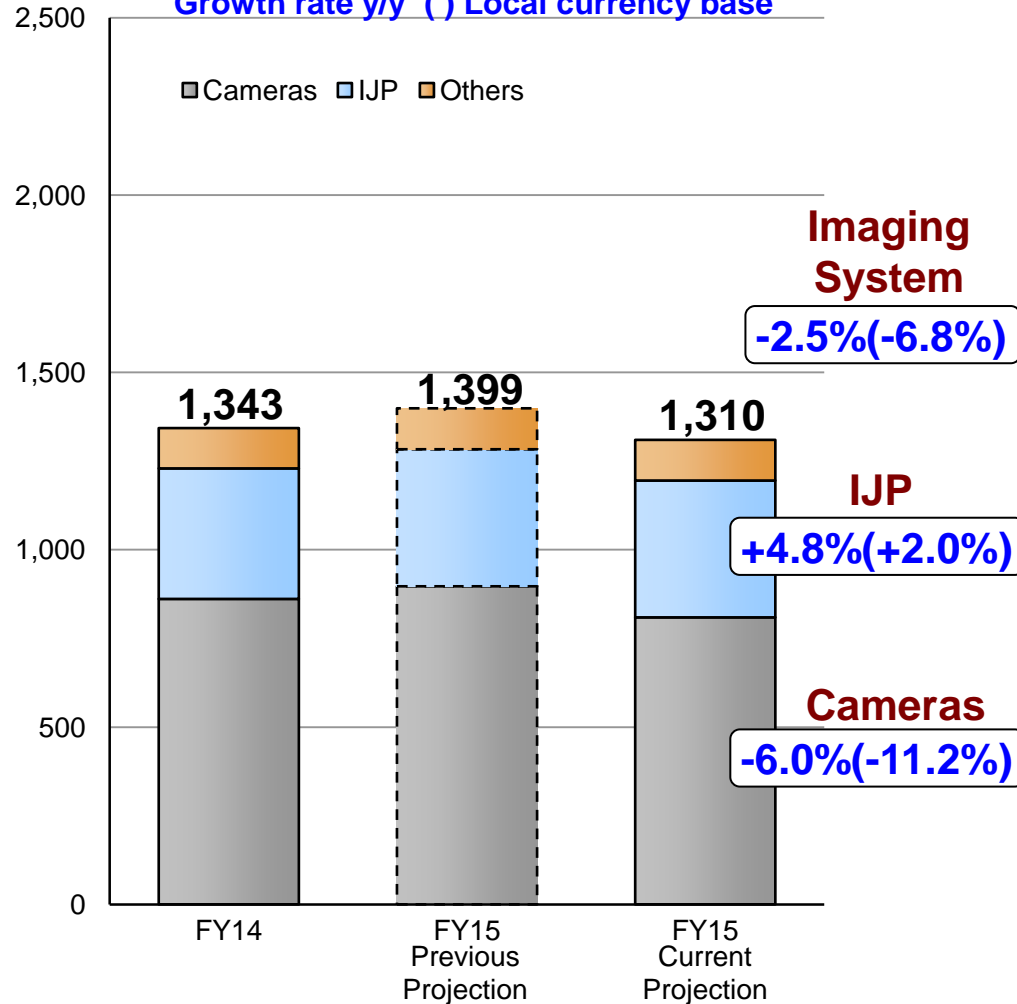
Interchangeable Lens Digital Camera Ratio *	
	FY15
Value Base	83%
Unit Base	45%

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

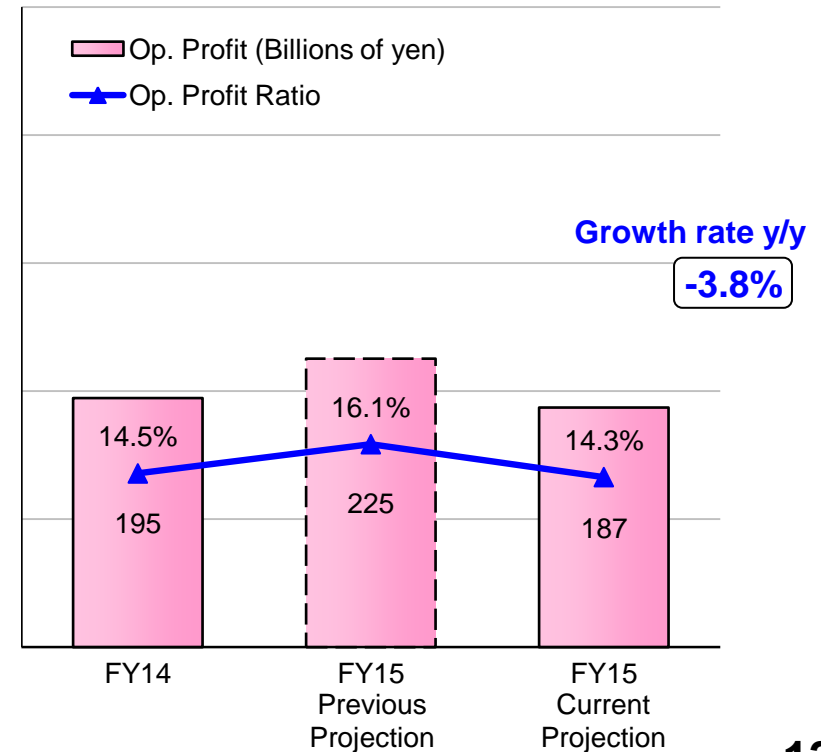
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Industry and Others

1Q 2015 Actual

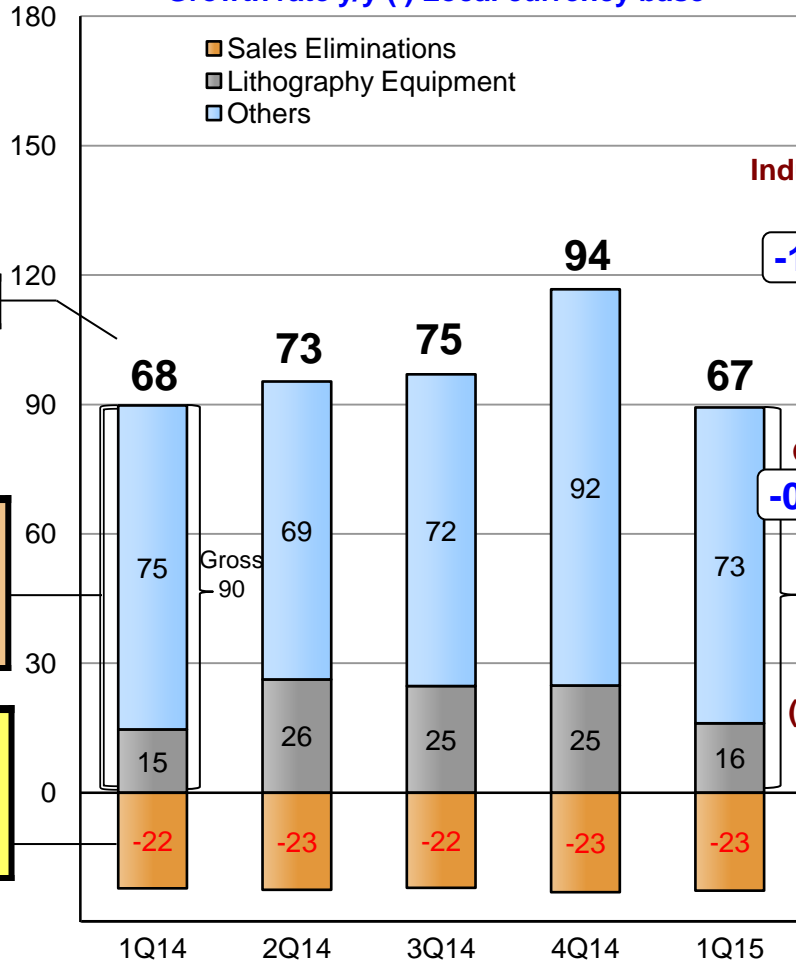
Lithography Equipment (Unit Sales)		
	1Q14	1Q15
IC	12	18
FPD	2	0

IC Lithography Unit Breakdown by Light Source		
	1Q14	1Q15
ArF	0	0
KrF	3	2
i-line	9	16

(Billions of yen)

Sales

Growth rate y/y () Local currency base



Industry and Others Net Sales

-1.5%(-3.2%)

Gross Sales

-0.5%(-1.8%)

(Litho. Equip.)

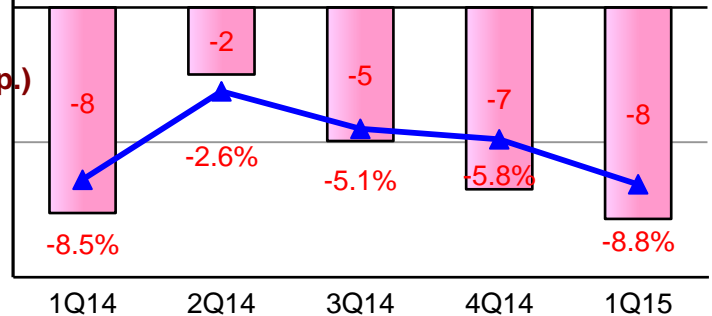
+9.7%
(+7.3%)

Op. Profit

Op. Profit (Billions of yen)

Op. Profit Ratio

*Calculation of operating profit ratio includes intersegment sales



Industry and Others

FY 2015 Projection

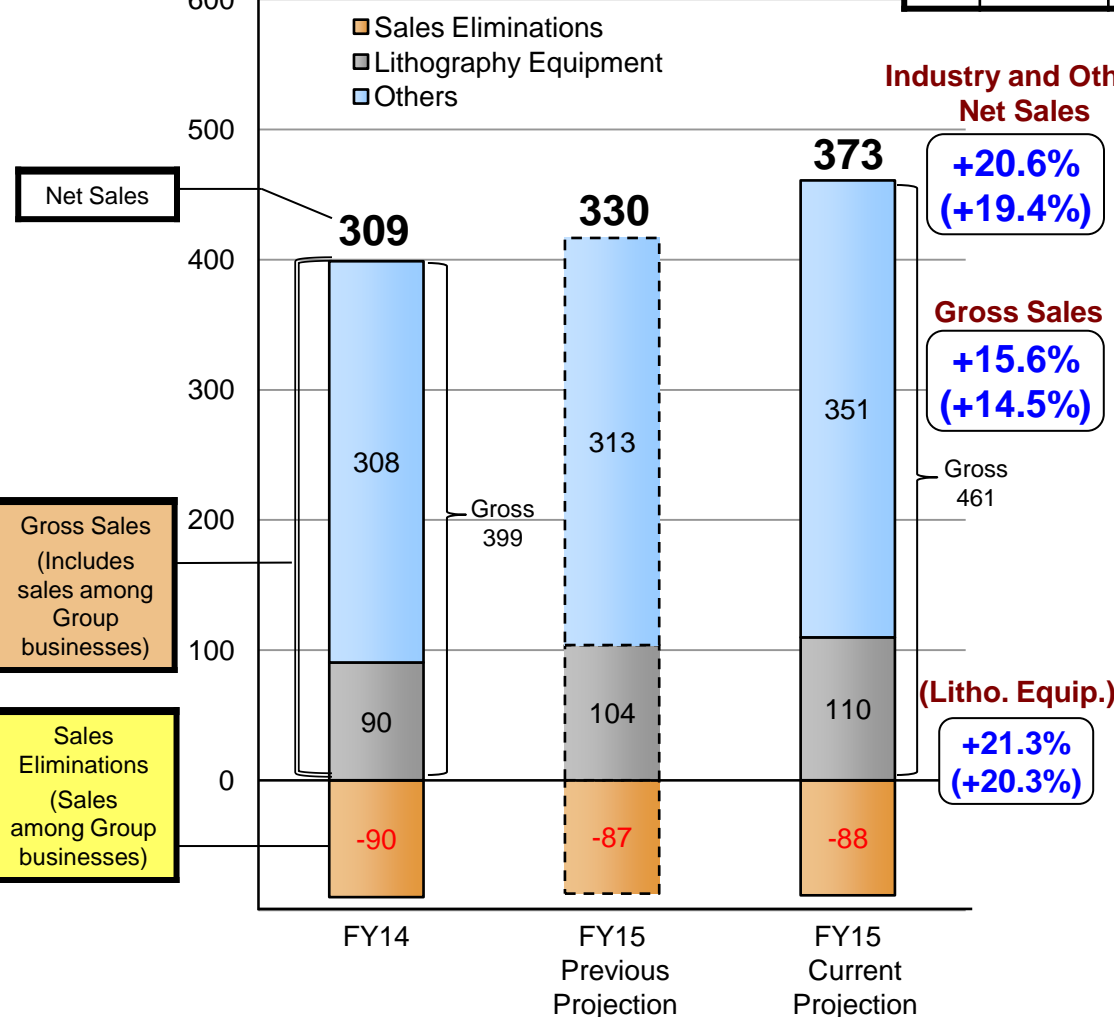
Lithography Equipment (Unit Sales)			
	FY14	FY15 Previous Projection	FY15 Current Projection
IC	54	56	64
FPD	22	35	32

IC Lithography Unit Breakdown by Light Source			
	FY14	FY15 Previous Projection	FY15 Current Projection
ArF	0	0	0
KrF	14	11	14
i-line	40	45	50

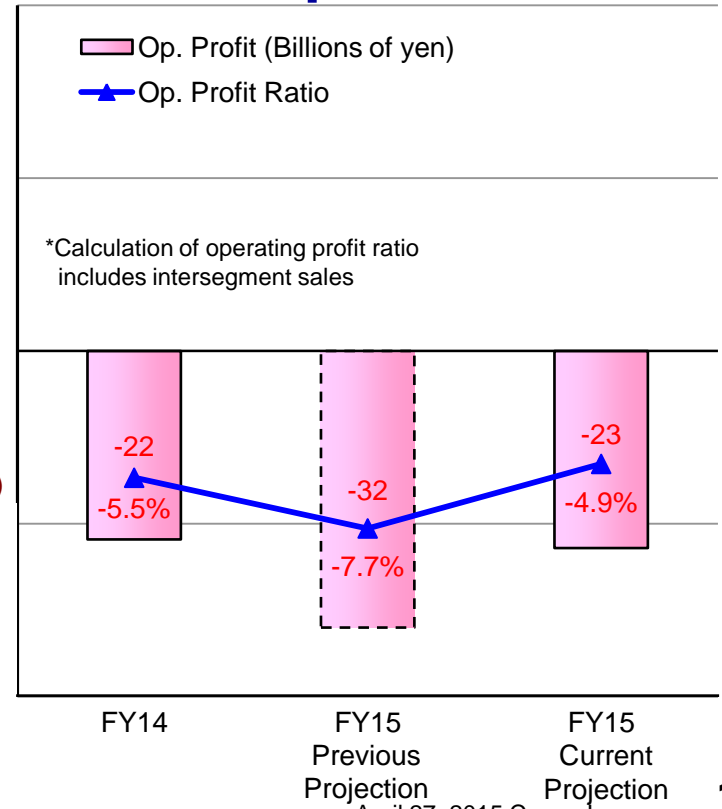
Sales

(Billions of yen)

Growth rate y/y () Local currency base

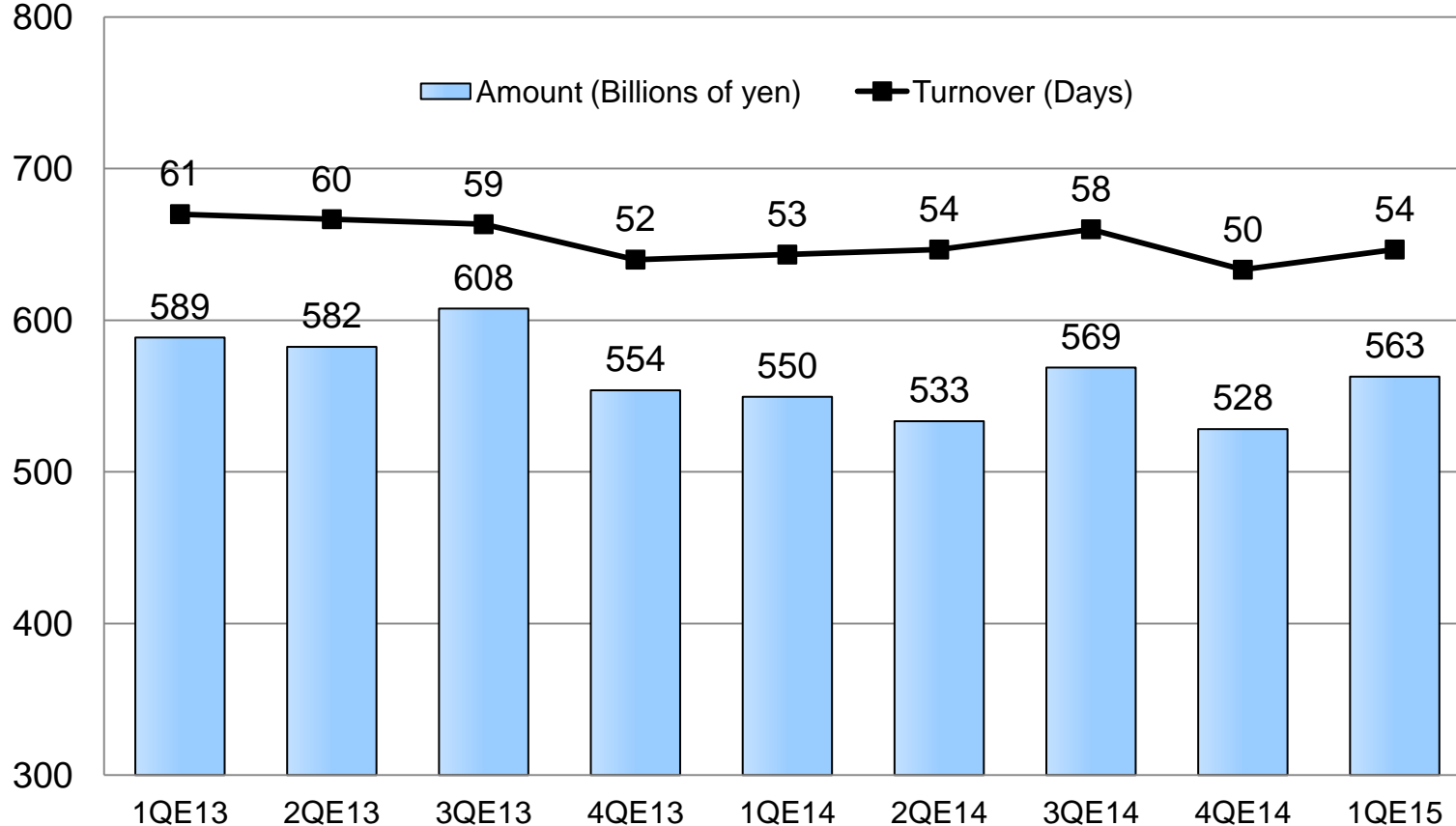


Op. Profit



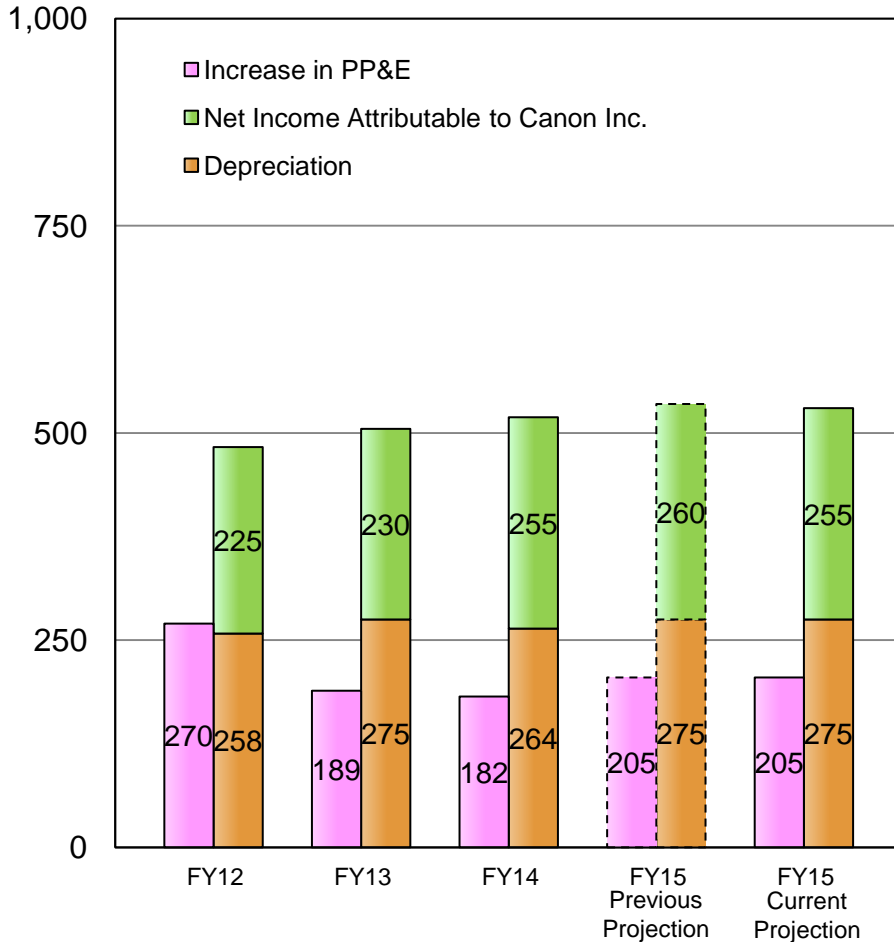
Inventories

(Billions of yen)



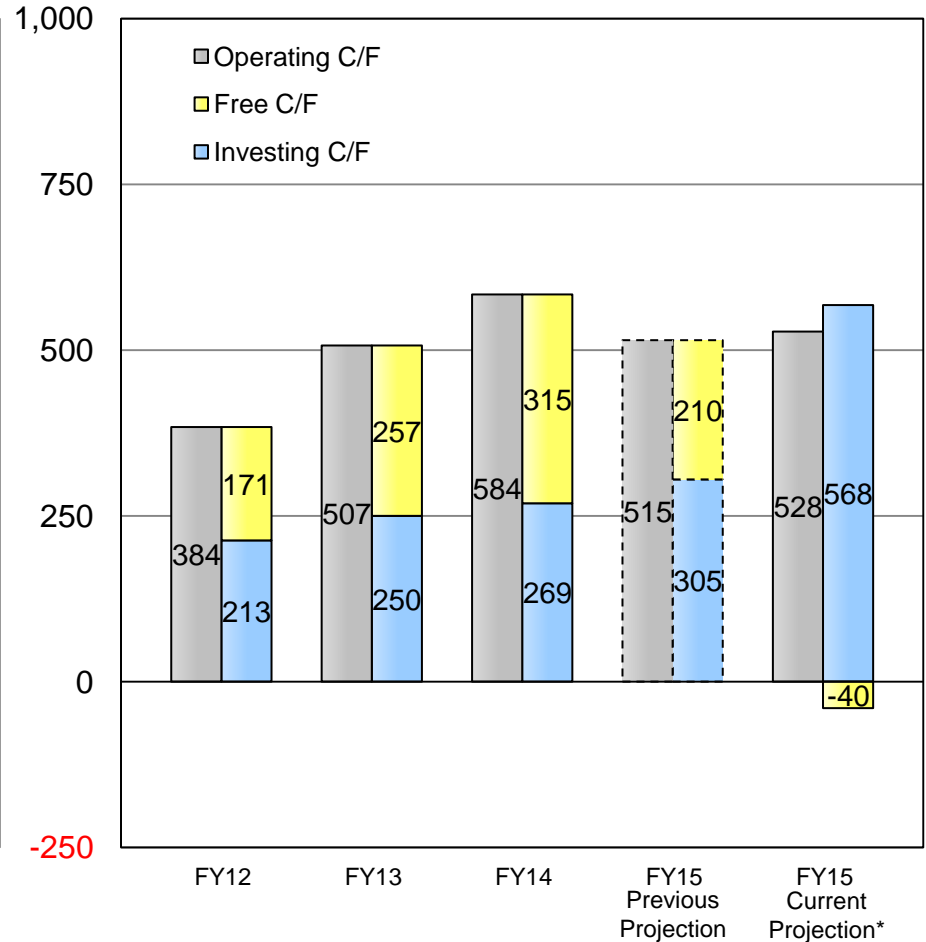
Capital Expenditure

(Billions of yen)



Free Cash Flow

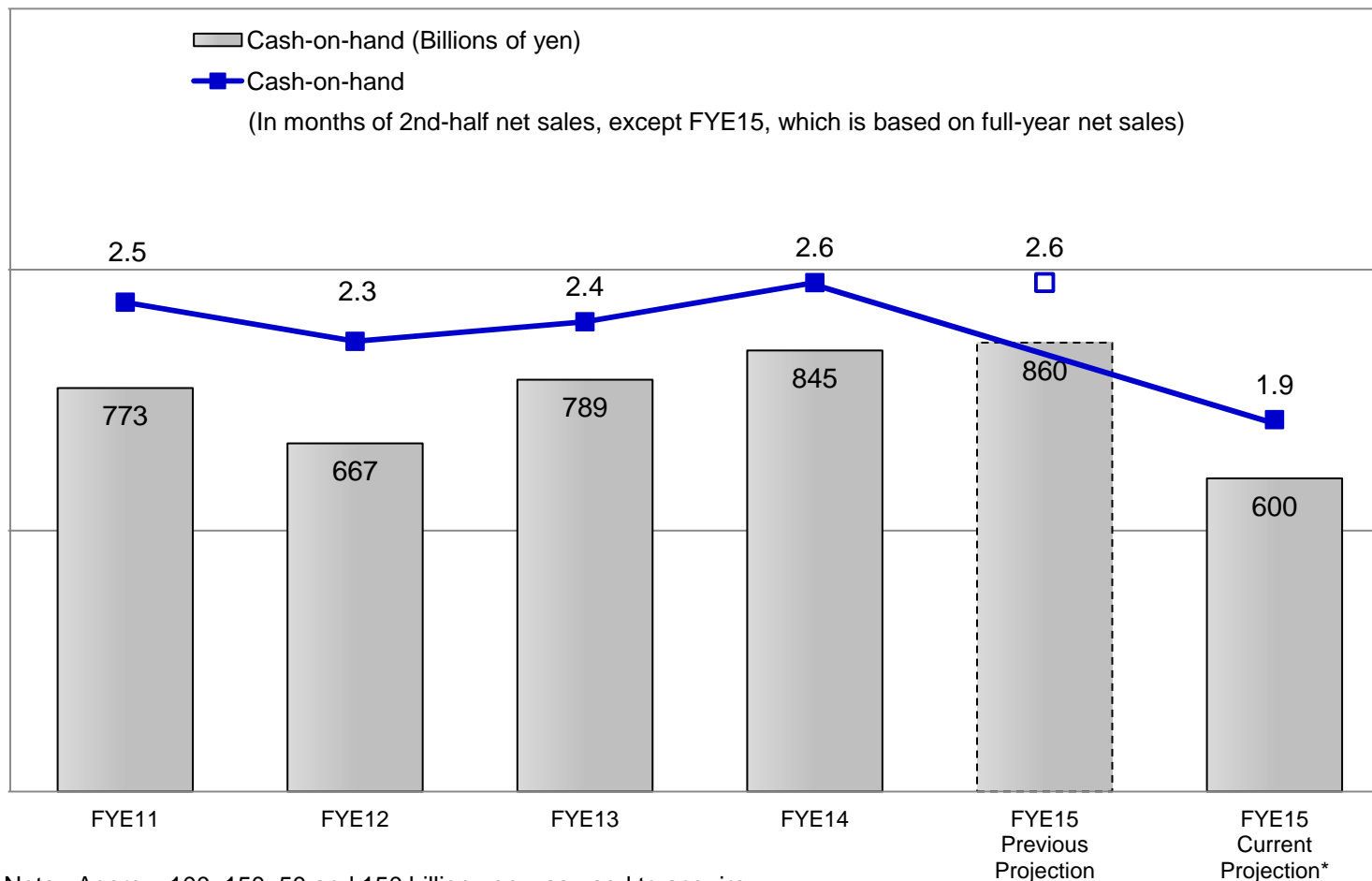
(Billions of yen)



* Assumes 100% acquisition of Axis shares

Cash on Hand

Cash on Hand (Year-end)



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.

* Assumes 100% acquisition of Axis shares

Supplementary Information

Transition in Sales and Operating Profit

FY 2015 Current 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)	+125.6	+24.9
Sales Volume Impact		
Office	+54.3	
Imaging System	-47.1	
Industry and Others	+60.9	
Total	+68.1	+34.3
Others	-61.0	-42.7
Total Change	+132.7	+16.5
FY 2015 Current Projection	3,860.0	380.0

Change in Exchange Rate

- 1USD: 106.18 to 119.84 yen
- 1EURO: 140.62 to 130.92 yen

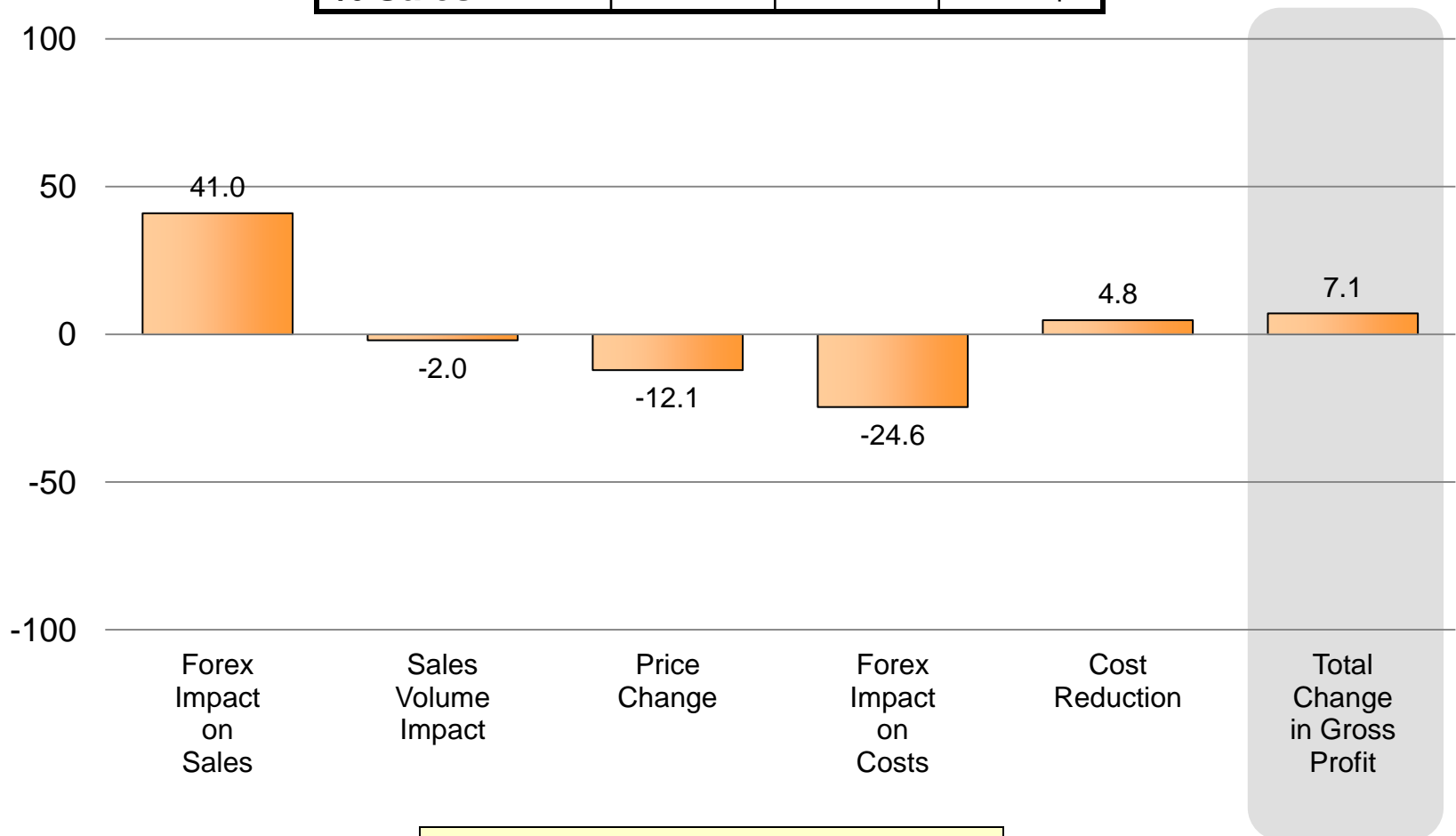
Gross Profit Variance Analysis

1Q 2015 Actual v. 1Q 2014 Actual

(Billions of yen)

	1Q15	1Q14	Change
Gross Profit	438.6	431.5	+7.1
% Sales	51.1%	49.7%	+1.4pt.

(Billions of yen)



Supplementary Information

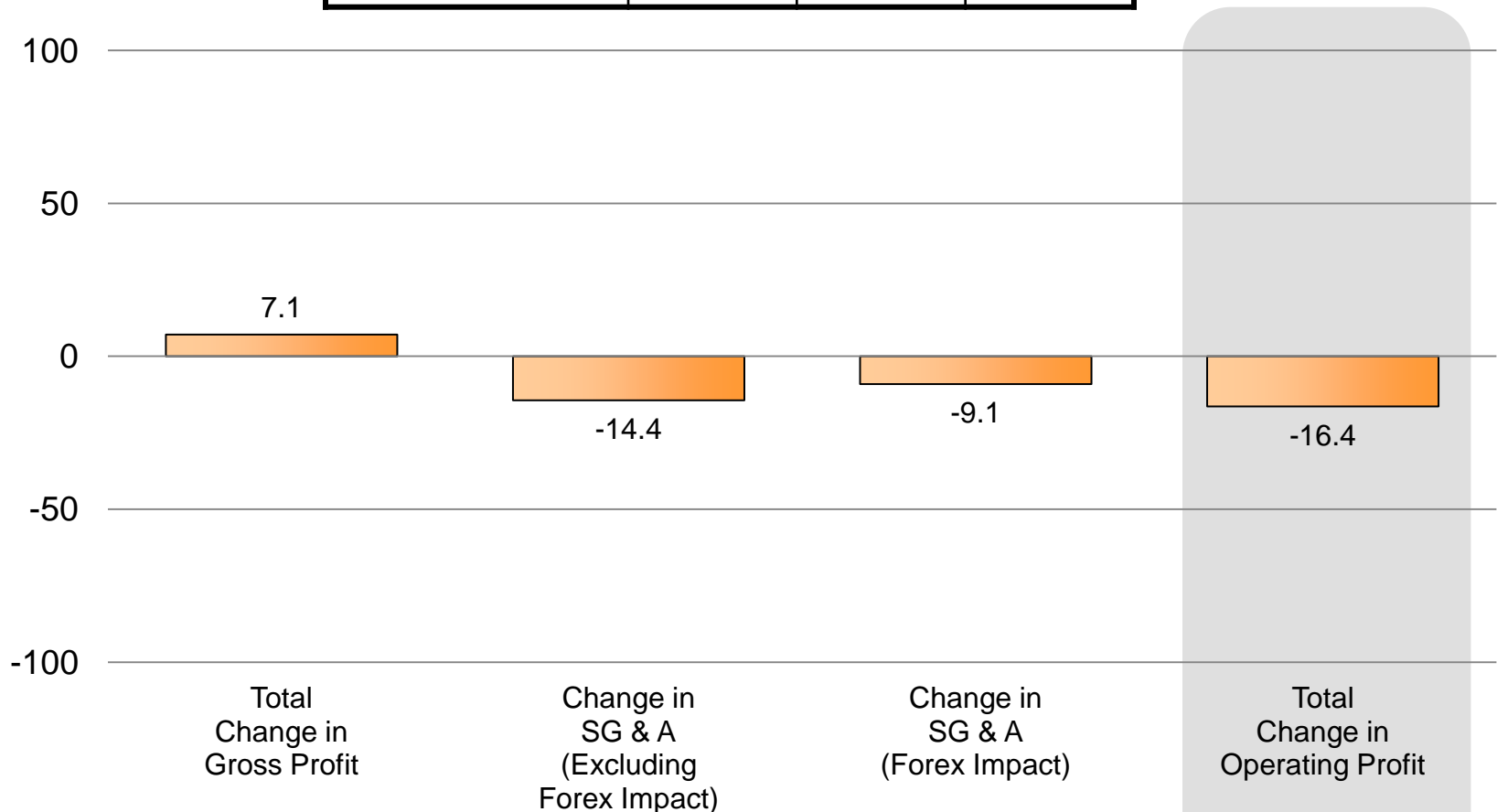
Operating Profit Variance Analysis

1Q 2015 Actual v. 1Q 2014 Actual

(Billions of yen)

	1Q15	1Q14	Change
Op. Profit	66.2	82.6	-16.4
% Sales	7.7%	9.5%	-1.8pt.

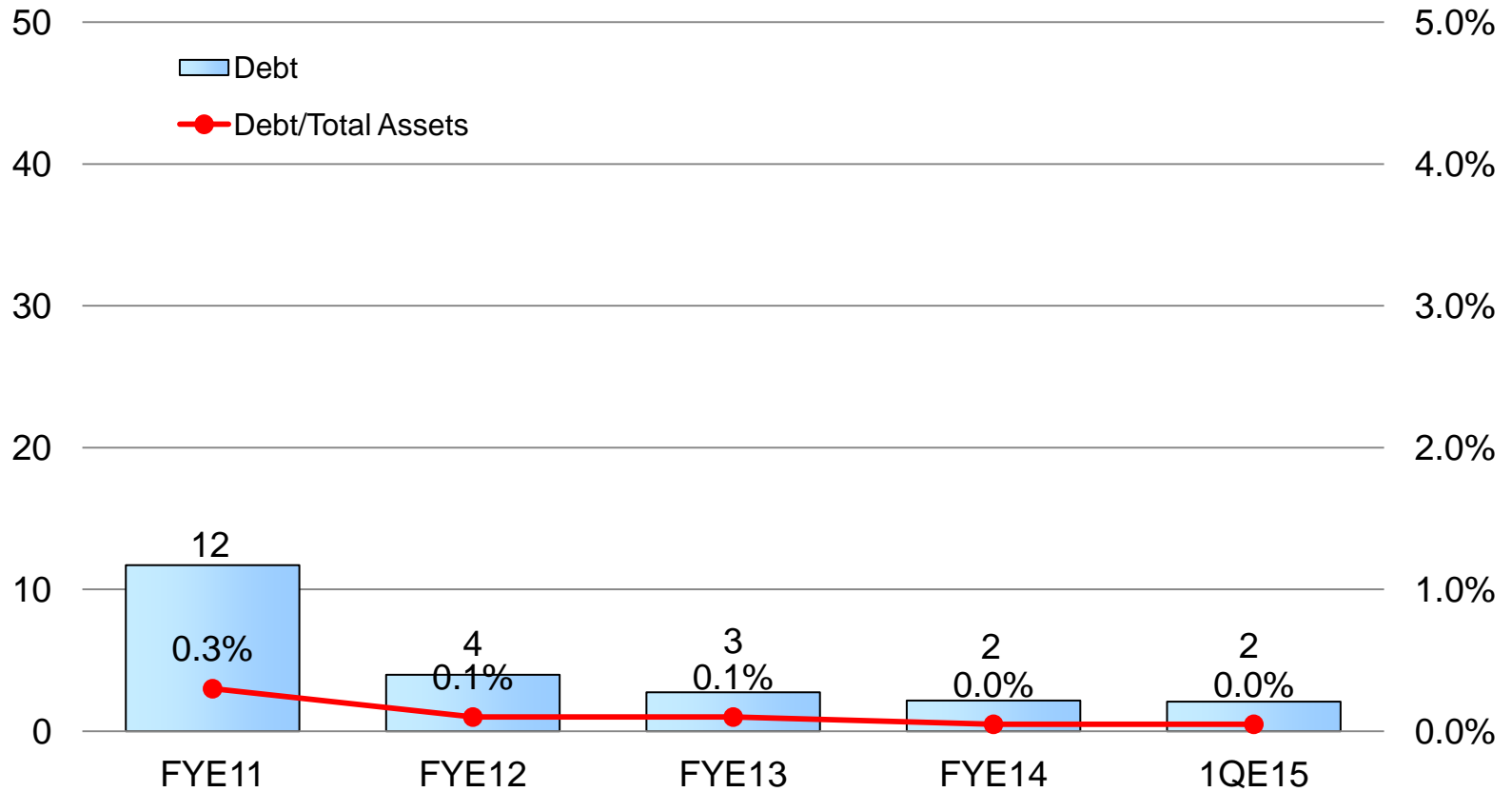
(Billions of yen)



Supplementary Information

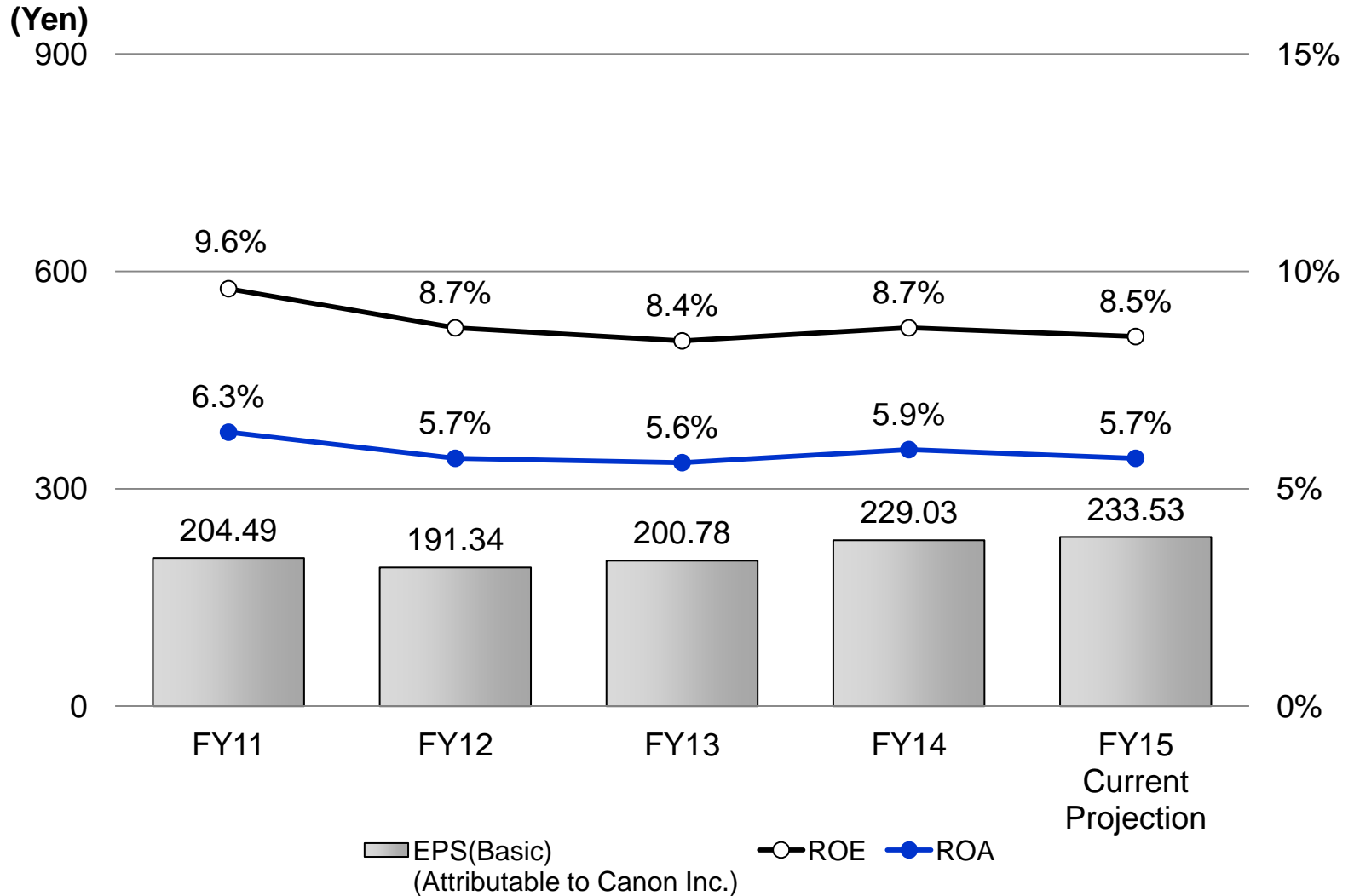
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information