



# Canon Inc.

## Second Quarter 2015 Results

July 27, 2015

**Toshizo Tanaka**

**Executive Vice President & CFO**

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# 2Q 2015 in Summary

## External Environment

- Global economy - In line with expectations
  - ✓ U.S. - Remained solid
  - ✓ Europe - Weak recovery
  - ✓ Emerging markets - Slowdown
- Our markets
  - ✓ Office - Driven by color
  - ✓ Camera - Continued contraction

## Results

- Sales increase - Office and Industrial equipment
- Profit decline - Bringing forward of development expenses

# Summary of Results

2Q 2015 Actual

(Billions of yen)

	2Q 2015 Actual	2Q 2014 Actual	Pct. Change
<b>Net Sales</b>	<b>974.4</b>	<b>926.8</b>	+5.1%
<b>Gross Profit</b>	<b>503.8</b>	<b>483.5</b>	+4.2%
(% Sales)	51.7%	52.2%	
<b>Op. Profit</b>	<b>104.7</b>	<b>110.5</b>	-5.3%
(% Sales)	10.7%	11.9%	
<b>Net Income</b>	<b>68.2</b>	<b>80.8</b>	-15.7%
Attributable to Canon Inc.			
(% Sales)	7.0%	8.7%	
Foreign Exchange Rate			
Yen – 1USD	121.47	102.13	
Yen – 1EURO	134.47	139.94	

# Transition in Sales and Op. Profit

2Q 2015 Actual v. 2Q 2014 Actual

(Billions of yen)

	Sales	Op. Profit
2Q 2014 Actual	926.8	110.5
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+60.0	+11.7
Sales Volume Impact		
Office	-15.7	
Imaging System	-13.7	
Industry and Others	+30.4	
Total	+1.0	-2.3
Others	-13.4	-15.2
Total Change	+47.6	-5.8
2Q 2015 Actual	974.4	104.7

## Change in Exchange Rate

- 1USD: 102.13 to 121.47 yen
- 1EURO: 139.94 to 134.47 yen

# Assumptions

## 2015 Current Projection

Average Exchange Rate	2H15	FY15	FY14
■ Yen-1USD	125.00 yen	122.83 yen	106.18 yen
■ Yen-1EURO	135.00 yen	134.60 yen	140.62 yen

### Impact of Exchange Rate Movement (2H Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	7.8 billion yen	2.7 billion yen
■ EURO	3.3 billion yen	1.5 billion yen

# Key Points FY2015

## External Environment

- Global economy - Gradual recovery
  - ✓ U.S. - Solid
  - ✓ Europe and emerging markets - Moderate recovery

## Outlook

- Sales and profit growth
  - ✓ Sales expansion focused on new products
  - ✓ Improvement in product mix

# Summary of Projected Results

## FY 2015 Current Projection

(Billions of yen)

	FY 2015 Current Projection	FY 2014 Actual	Pct. Change
<b>Net Sales</b>	<b>3,930.0</b>	<b>3,727.3</b>	+5.4%
<b>Gross Profit</b>	<b>1,978.0</b>	<b>1,861.5</b>	+6.3%
(% Sales)	50.3%	49.9%	
<b>Op. Profit</b>	<b>380.0</b>	<b>363.5</b>	+4.5%
(% Sales)	9.7%	9.8%	
<b>Net Income</b>	<b>245.0</b>	<b>254.8</b>	-3.8%
Attributable to Canon Inc.			
(% Sales)	6.2%	6.8%	
Foreign Exchange Rate			
Yen – 1USD	122.83	106.18	
Yen – 1EURO	134.60	140.62	



# Transition in Sales and Op. Profit

FY 2015 Current Projection v. FY 2015 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Apr. 27, 2015)	3,860.0	380.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+67.9	+18.6
Sales Volume Impact		
Office	-23.0	
Imaging System	-28.7	
Industry and Others	+52.3	
Total	+0.6	+13.0
Others	+1.5	-31.6
Total Change	+70.0	0.0
Current Projection (Jul. 27, 2015)	3,930.0	380.0

**Change in Exchange Rate**

- 1USD: 119.84 to 122.83 yen
- 1EURO: 130.92 to 134.60 yen

# Office

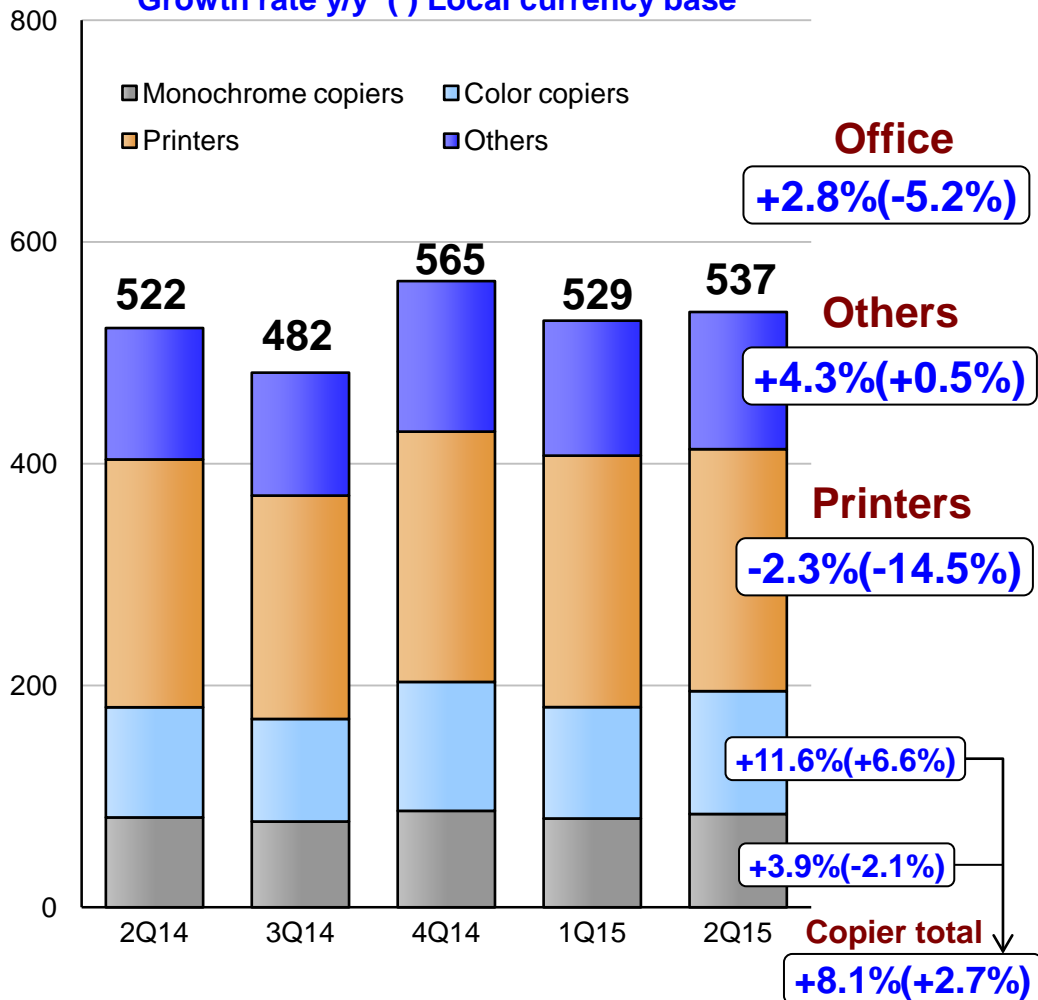
2Q 2015 Actual

2Q15 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+25%	+1%
Monochrome	-6%	-3%
Total	+6%	-2%

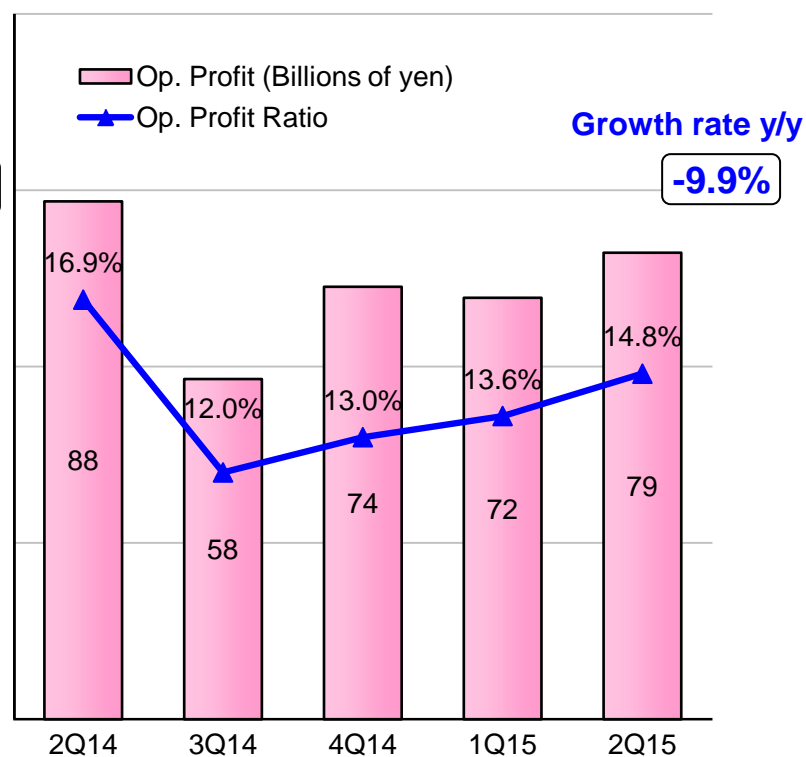
2Q15 Color Ratio		
	Copiers	Printers
Value Base*	57%	50%
Unit Base	46%	16%

\*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	+18%	+4%
Monochrome	0%	-1%
Total	+7%	0%

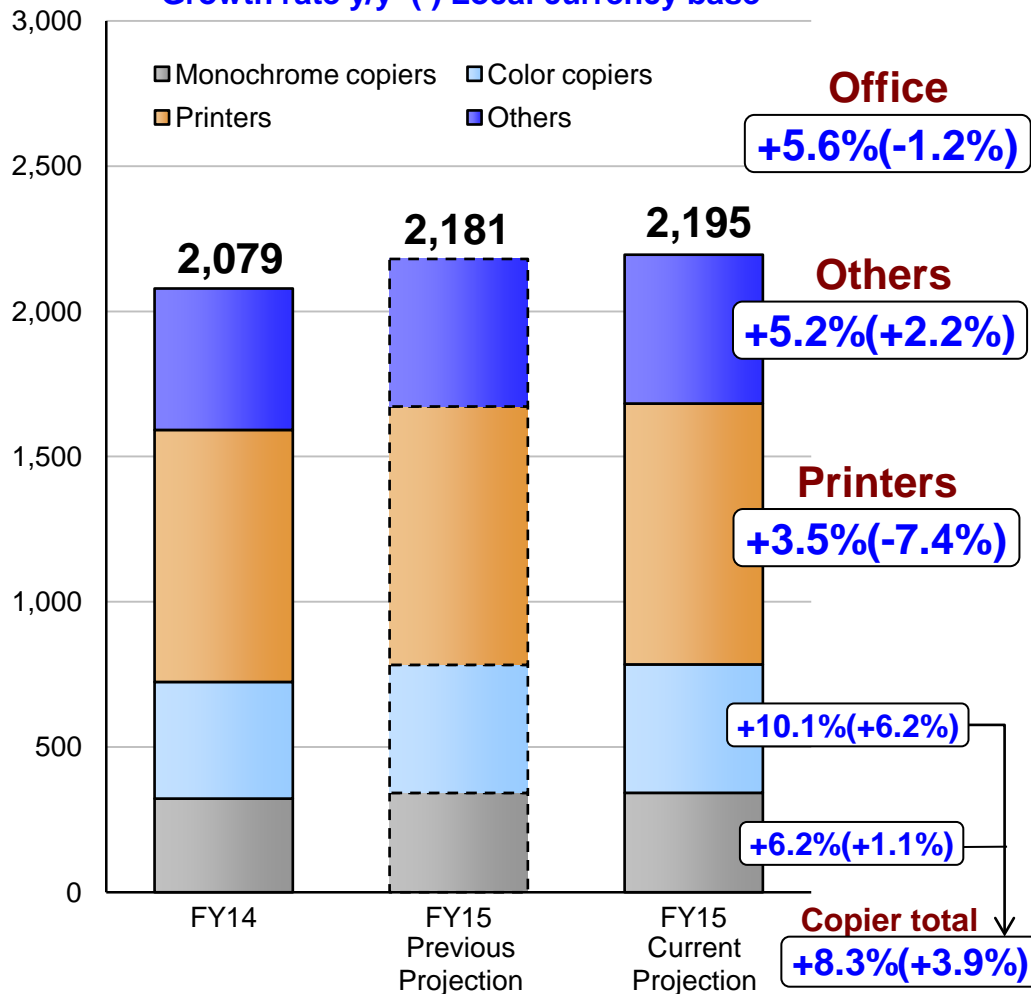
FY15 Color Ratio		
	Copiers	Printers
Value Base*	56%	50%
Unit Base	45%	16%

\*Includes Consumables

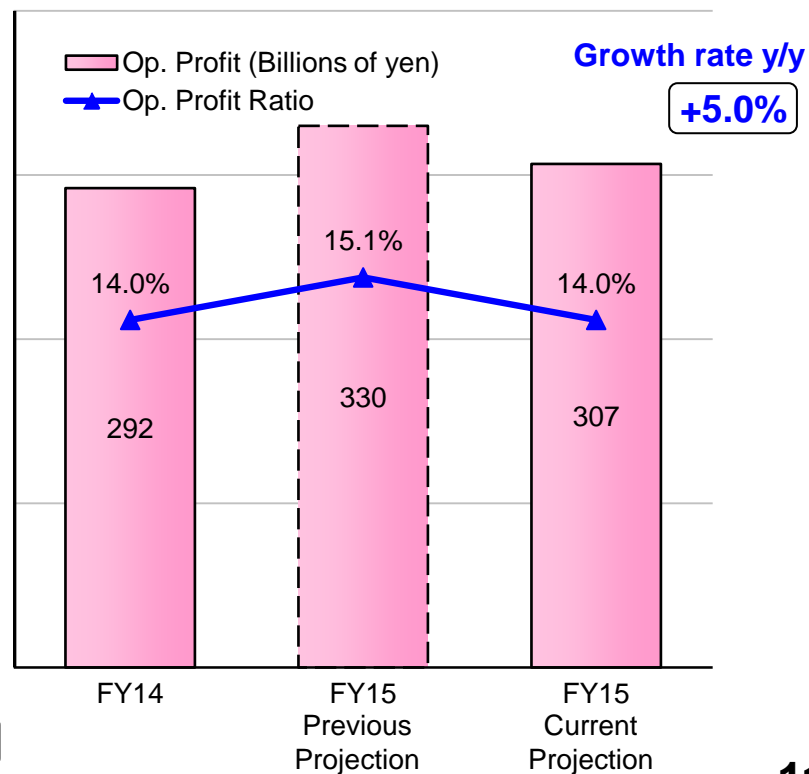
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op. Profit



# Imaging System

2Q 2015 Actual

Growth Rate y/y (Unit Base)	
	2Q15
Interchangeable Lens Digital Cameras	-9%
Compact Digital Cameras	-27%
Total Digital Cameras	-20%
IJP	-3%

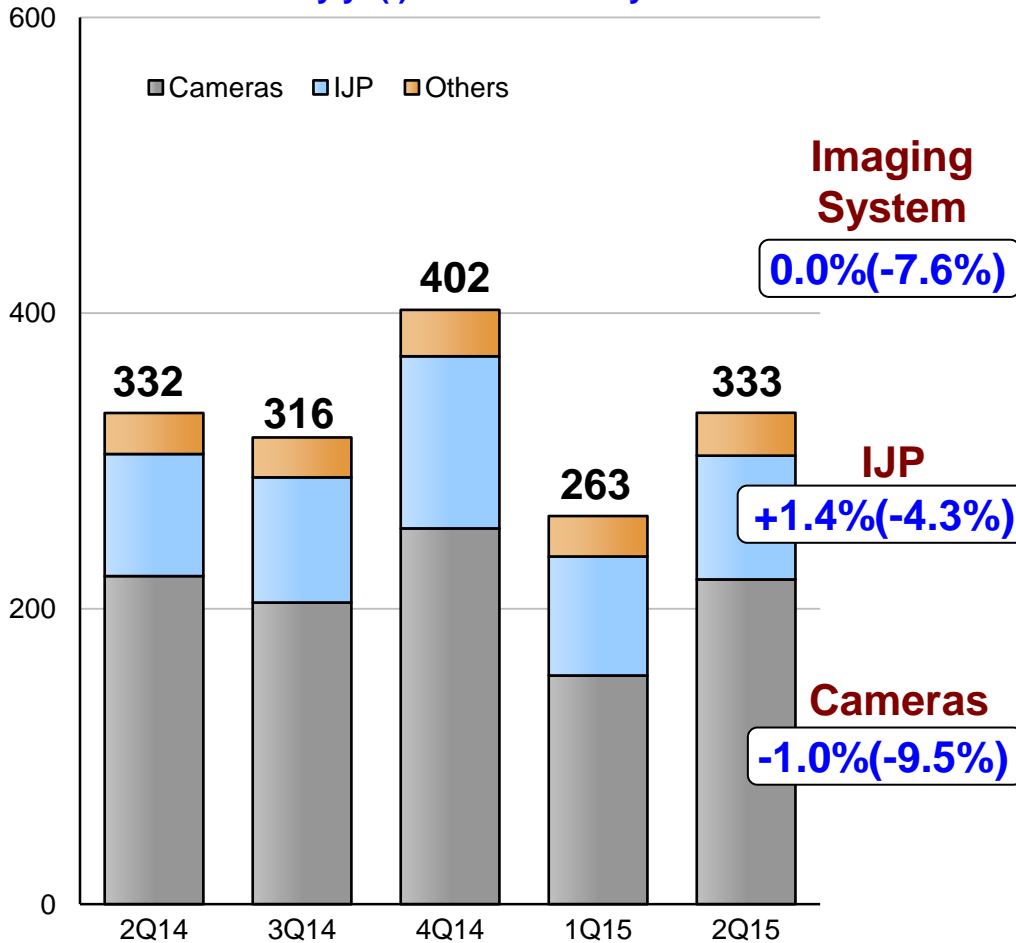
Interchangeable Lens Digital Camera Ratio *	
	2Q15
Value Base	85%
Unit Base	48%

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

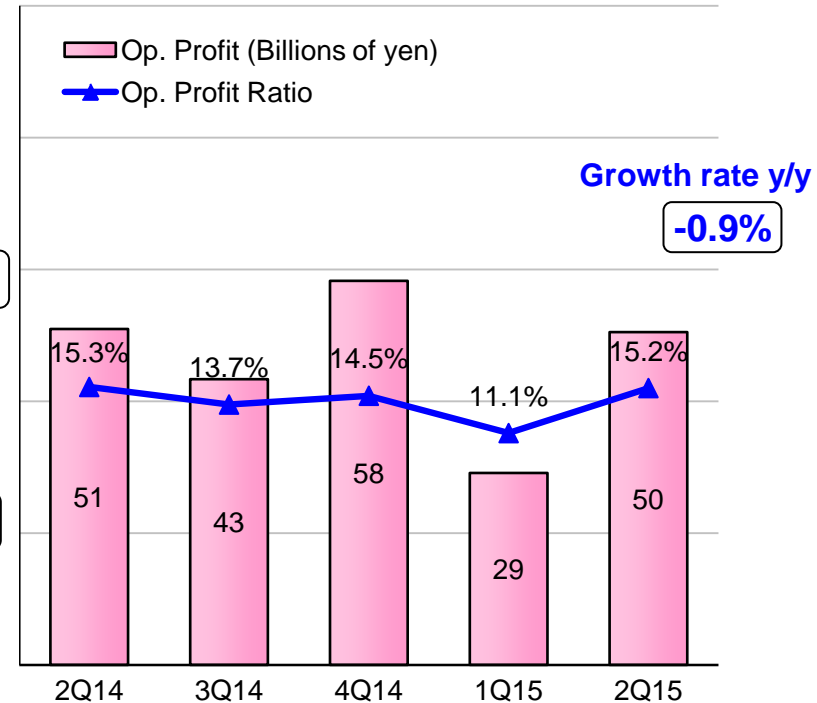
(Billions of yen)

## 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	0%

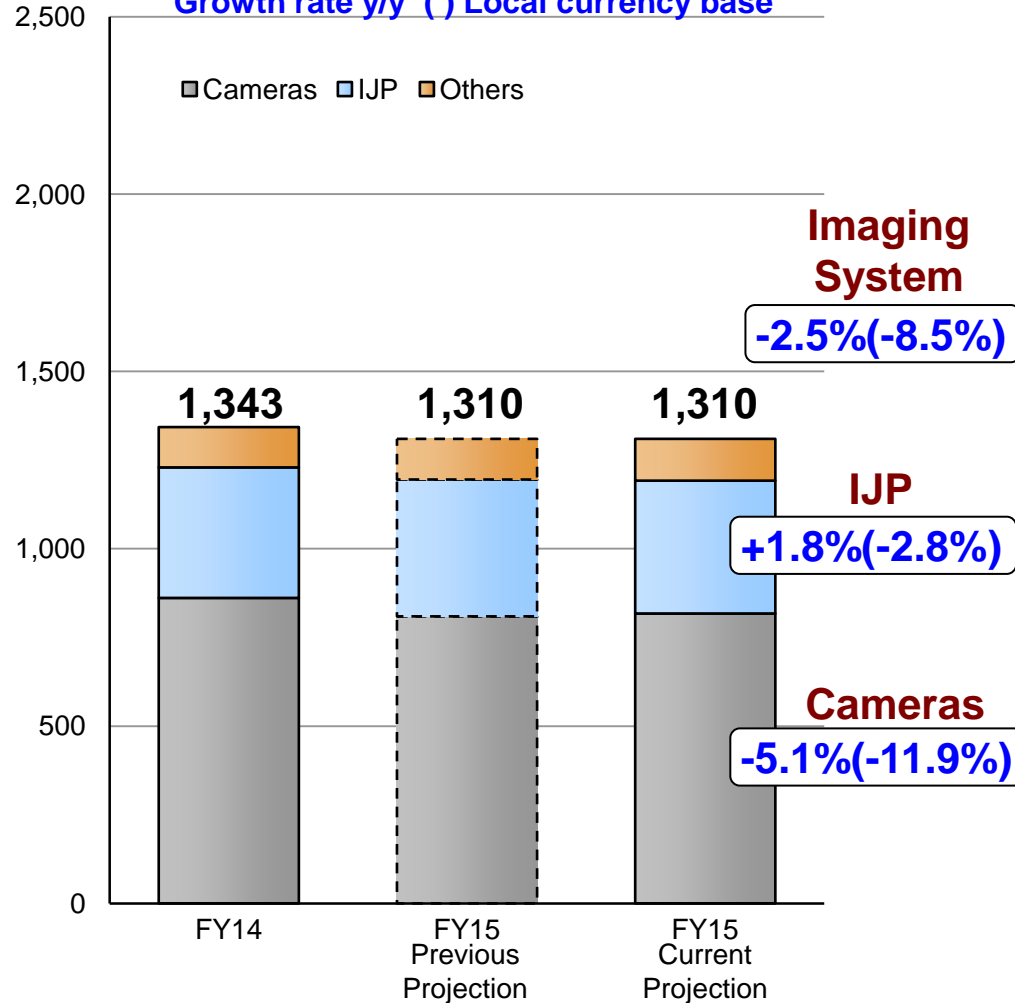
Interchangeable Lens Digital Camera Ratio *	
	FY15
Value Base	83%
Unit Base	45%

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

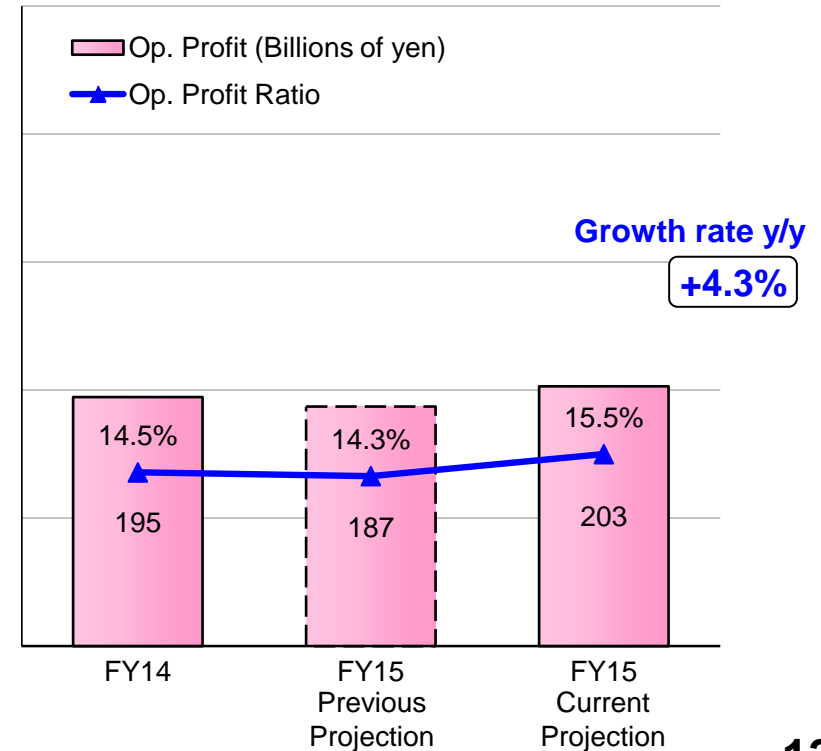
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op. Profit



# Industry and Others

2Q 2015 Actual

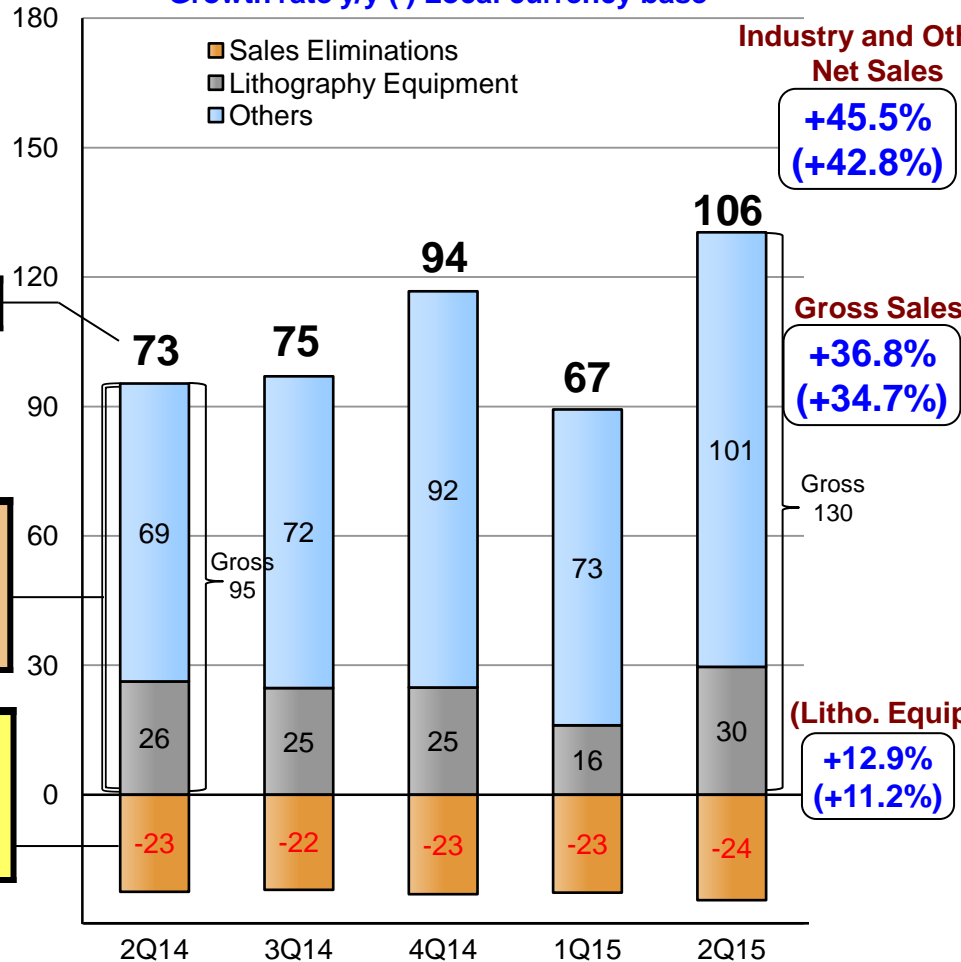
Lithography Equipment (Unit Sales)		
	2Q14	2Q15
IC	17	19
FPD	7	7

IC Lithography Unit Breakdown by Light Source		
	2Q14	2Q15
ArF	0	0
KrF	5	7
i-line	12	12

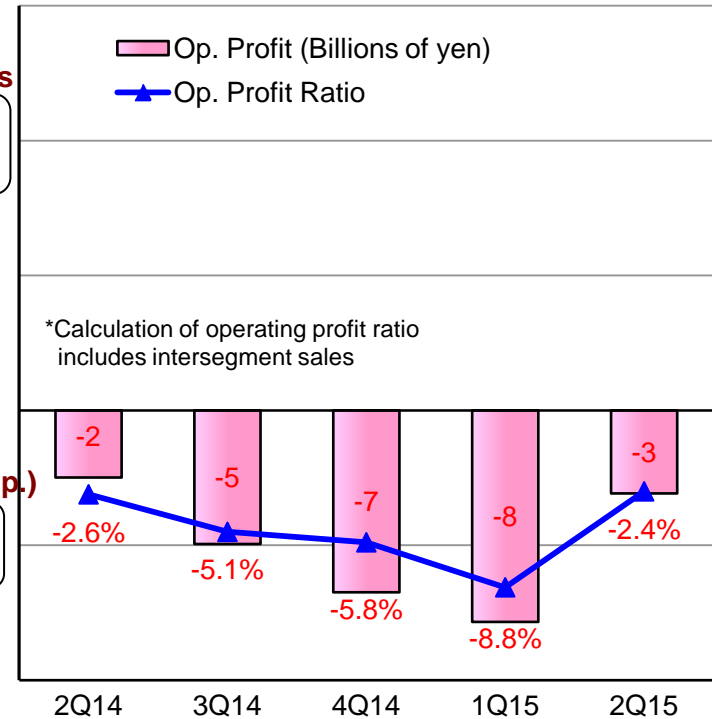
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op. Profit



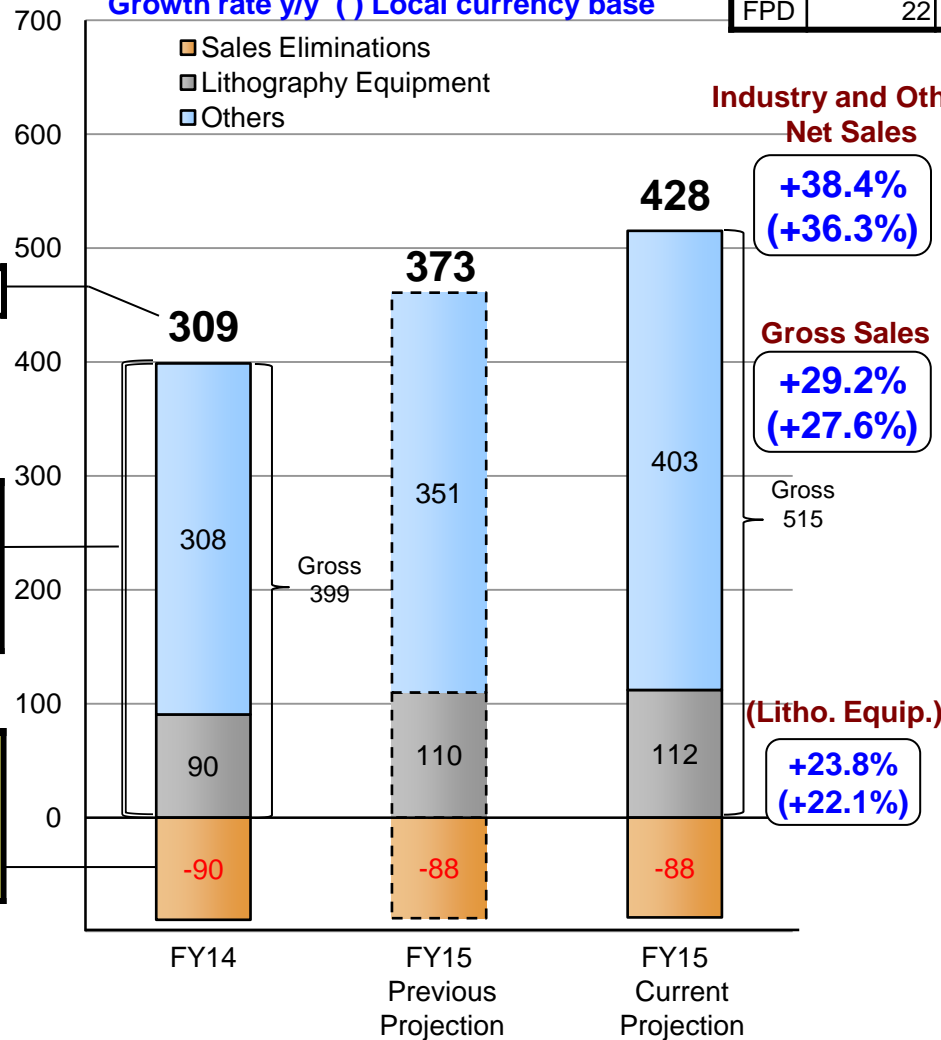
# Industry and Others

## FY 2015 Projection

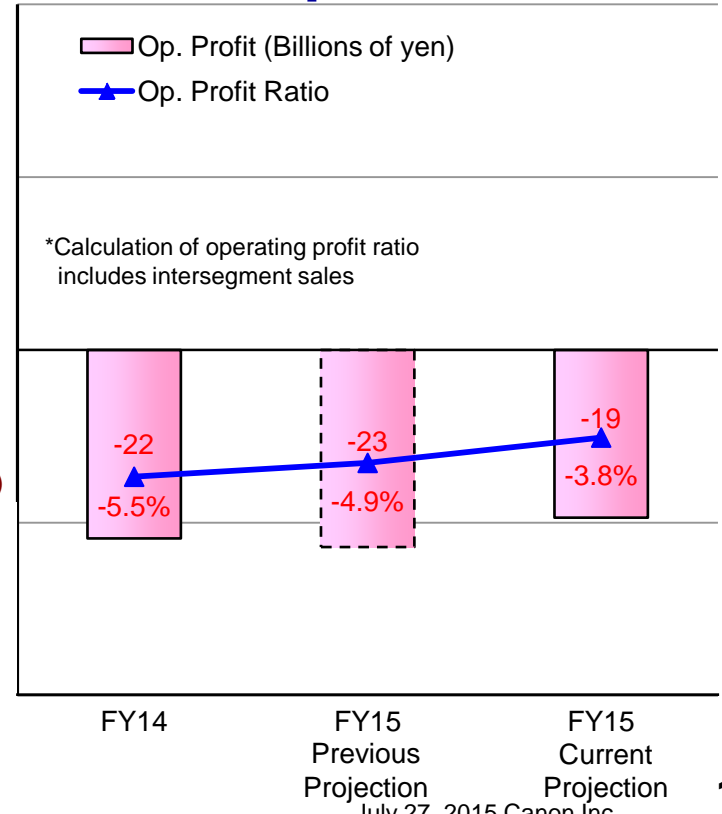
Lithography Equipment (Unit Sales)			
	FY14	FY15 Previous Projection	FY15 Current Projection
IC	54	64	71
FPD	22	32	34

IC Lithography Unit Breakdown by Light Source			
	FY14	FY15 Previous Projection	FY15 Current Projection
ArF	0	0	0
KrF	14	14	16
i-line	40	50	55

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

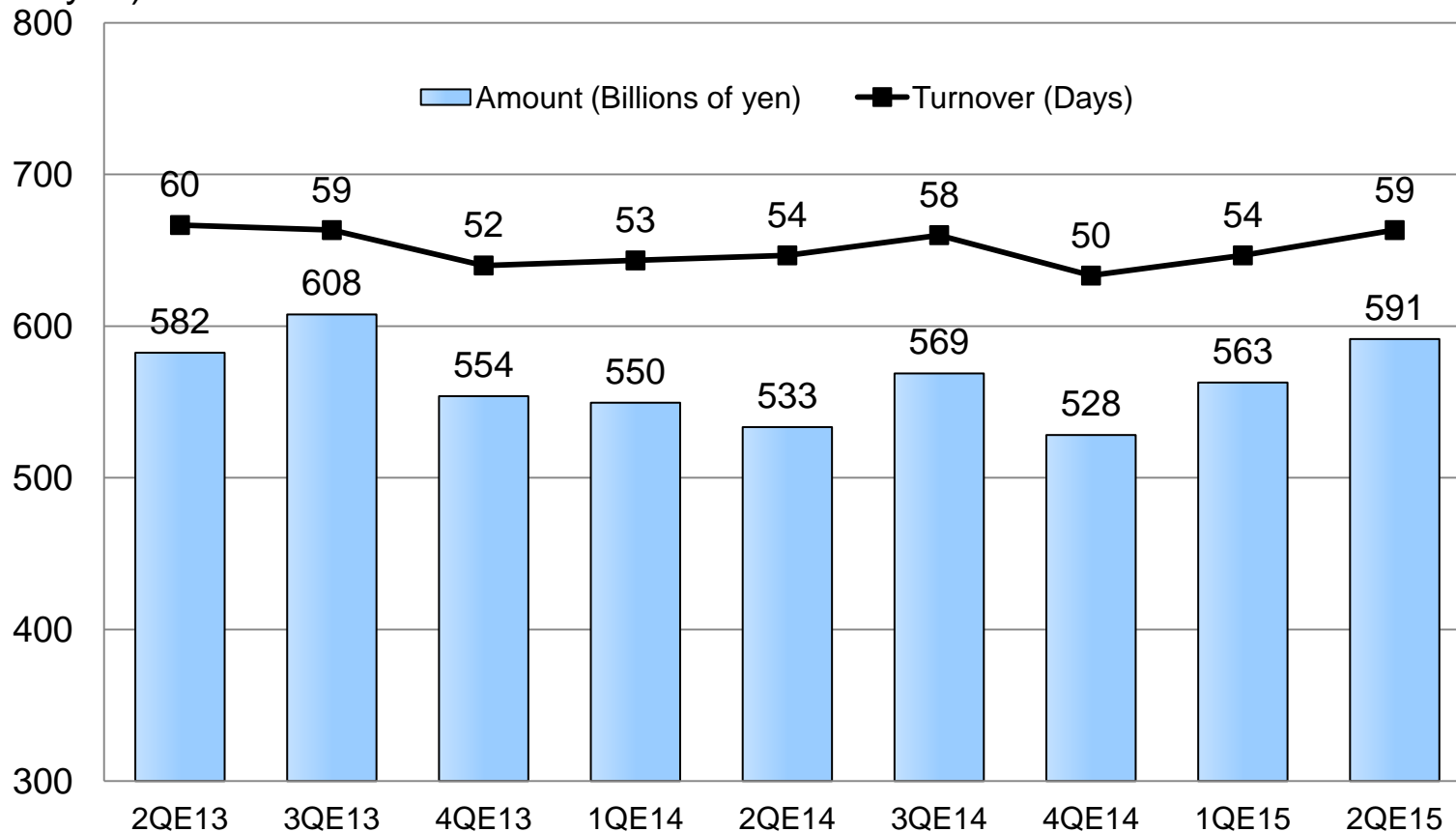


## Op. Profit



# Inventories

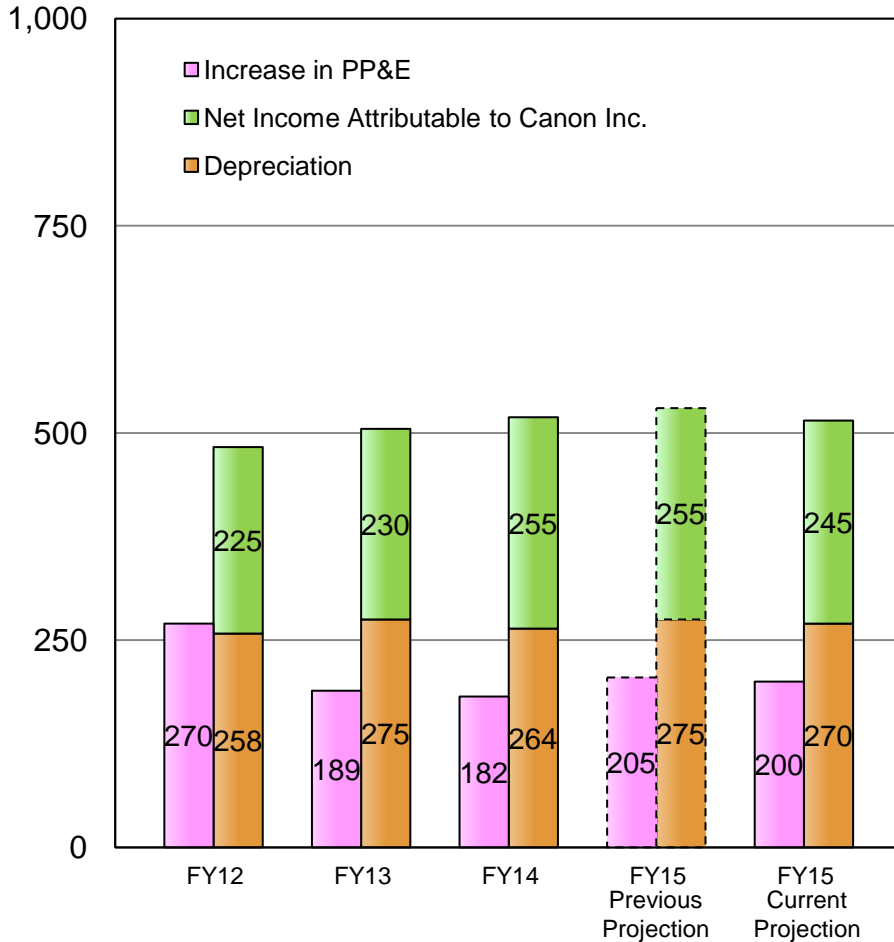
(Billions of yen)





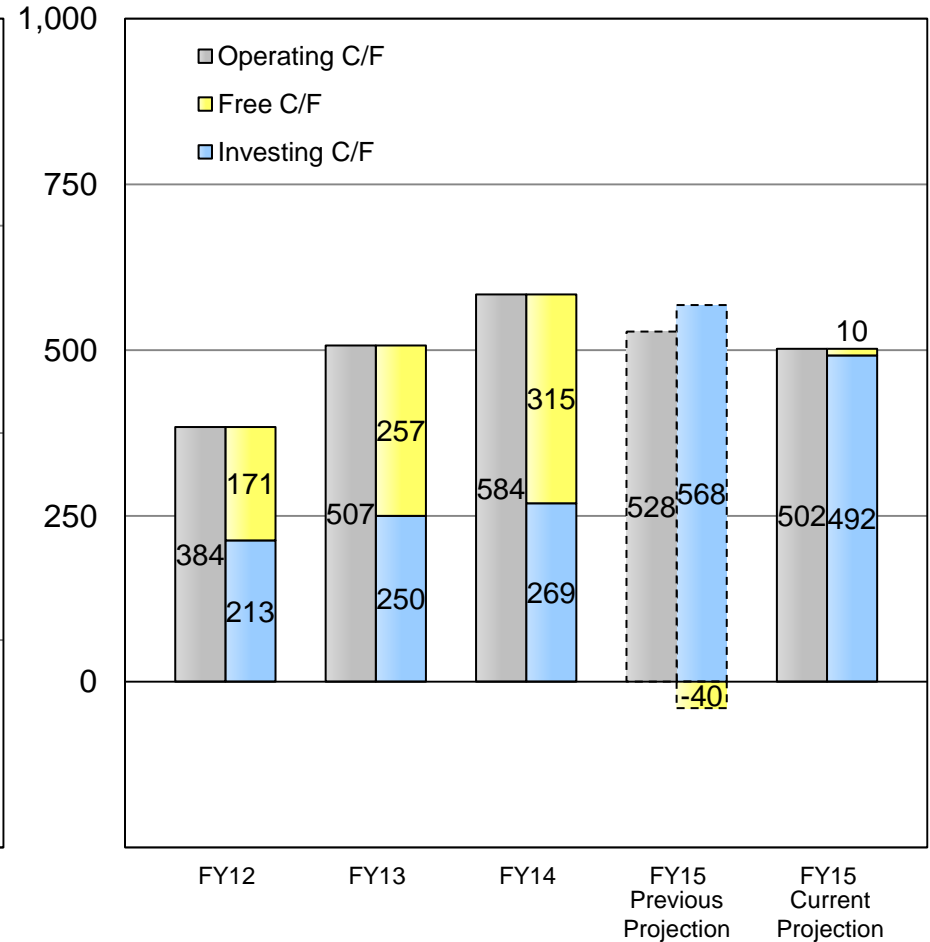
# Capital Expenditure

(Billions of yen)



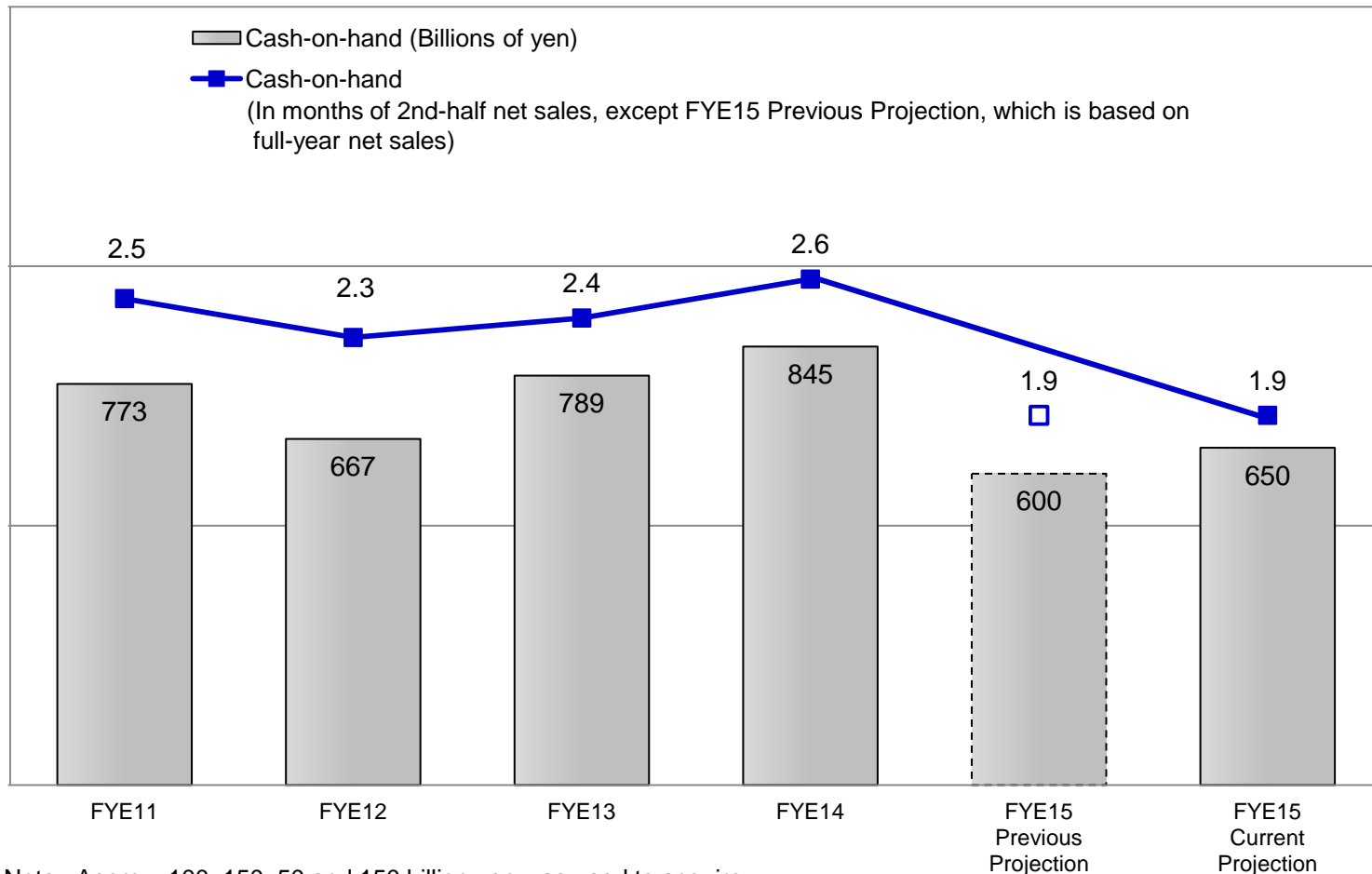
# Free Cash Flow

(Billions of yen)



# 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.

# 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)	+188.6	+36.3
Sales Volume Impact		
Office	+29.5	
Imaging System	-69.4	
Industry and Others	+113.5	
Total	+73.6	+54.8
Others	-59.5	-74.6
Total Change	+202.7	+16.5
FY 2015 Current Projection	3,930.0	380.0

### Change in Exchange Rate

- 1USD: 106.18 to 122.83 yen
- 1EURO: 140.62 to 134.60 yen

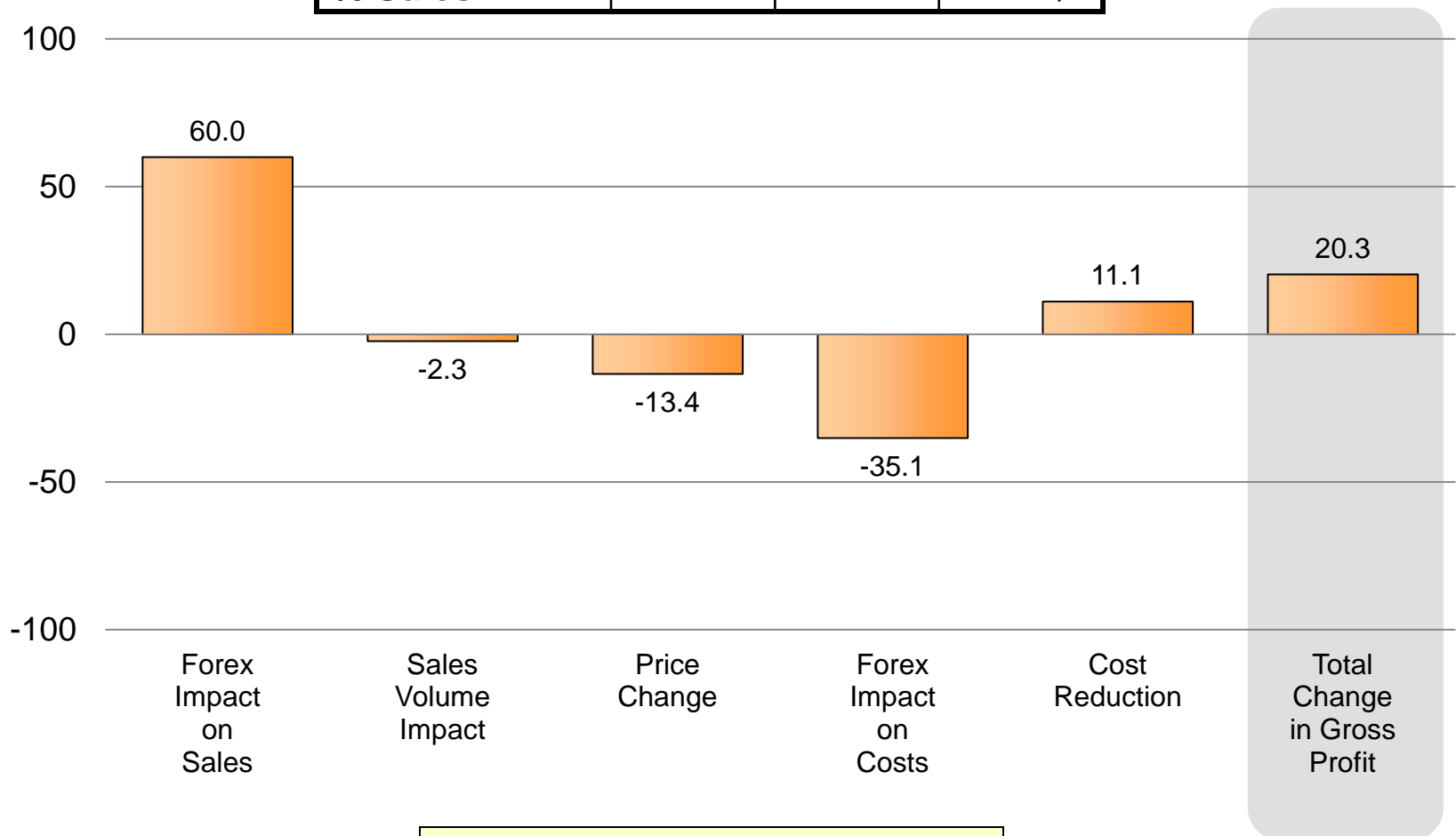
# Gross Profit Variance Analysis

2Q 2015 Actual v. 2Q 2014 Actual

(Billions of yen)

	2Q15	2Q14	Change
<b>Gross Profit</b>	503.8	483.5	+20.3
<b>% Sales</b>	51.7%	52.2%	-0.5pt.

(Billions of yen)



Supplementary Information

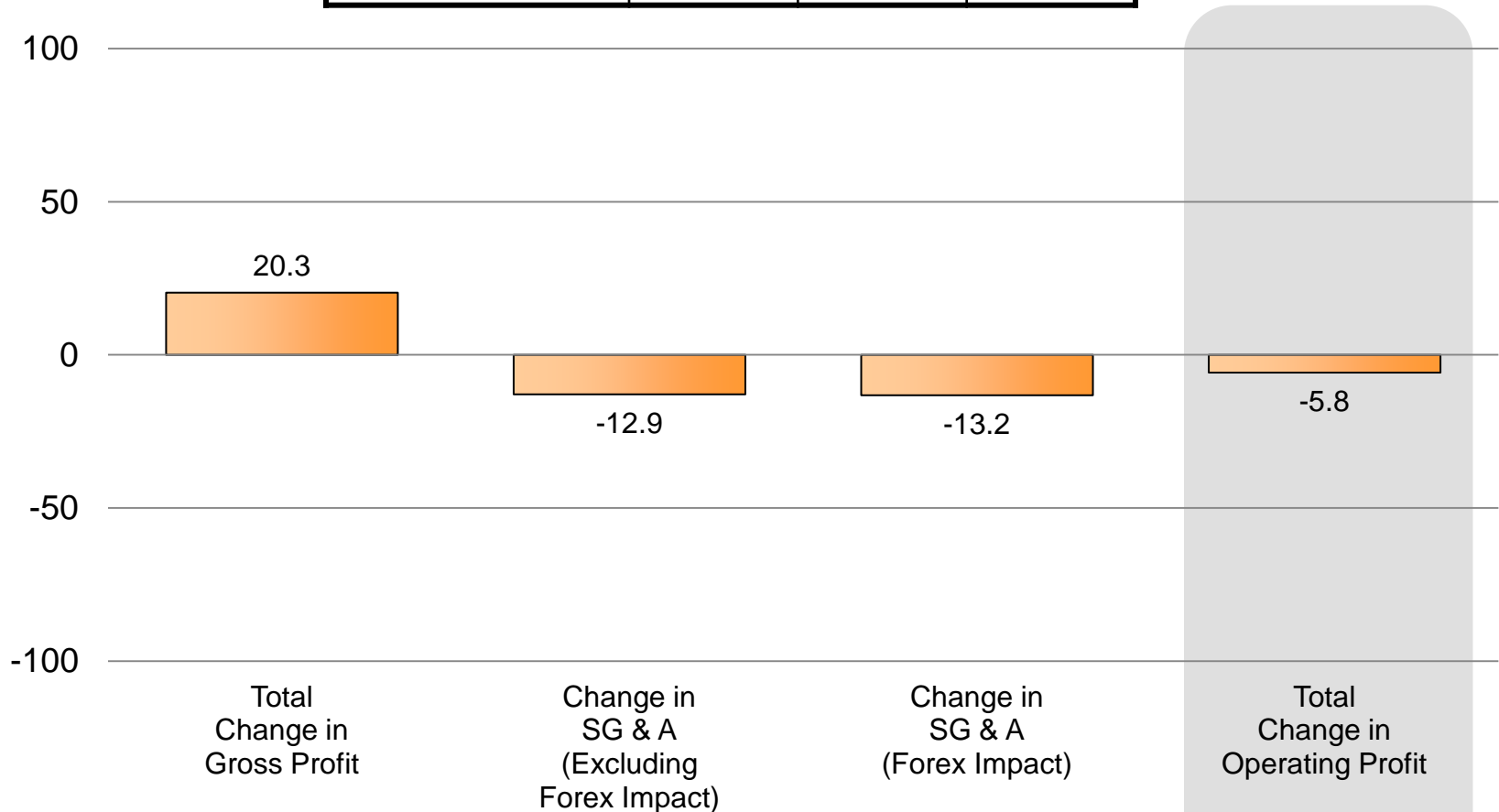
# Operating Profit Variance Analysis

2Q 2015 Actual v. 2Q 2014 Actual

(Billions of yen)

(Billions of yen)

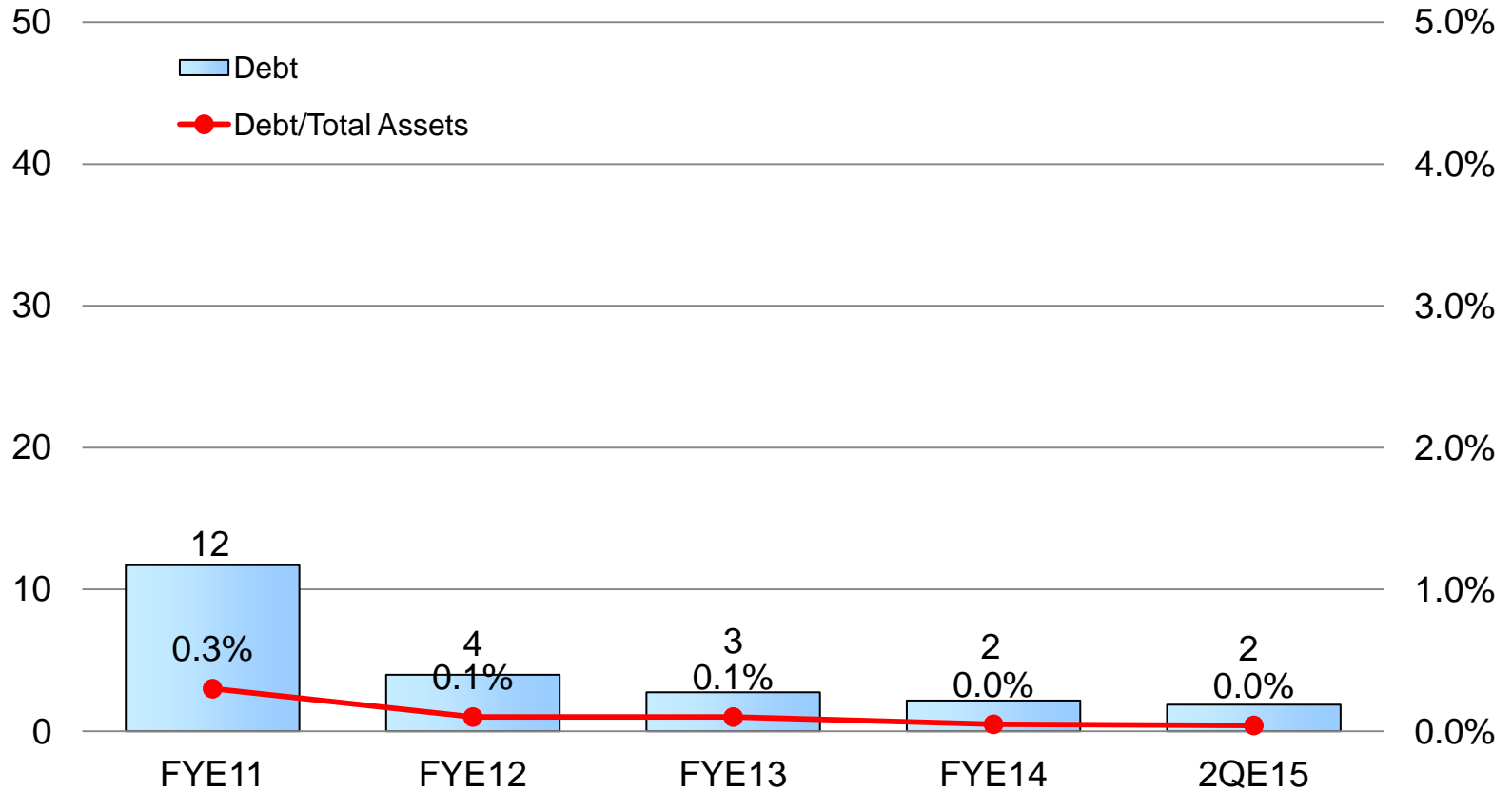
	2Q15	2Q14	Change
<b>Op. Profit</b>	104.7	110.5	-5.8
<b>% Sales</b>	10.7%	11.9%	-1.2pt.



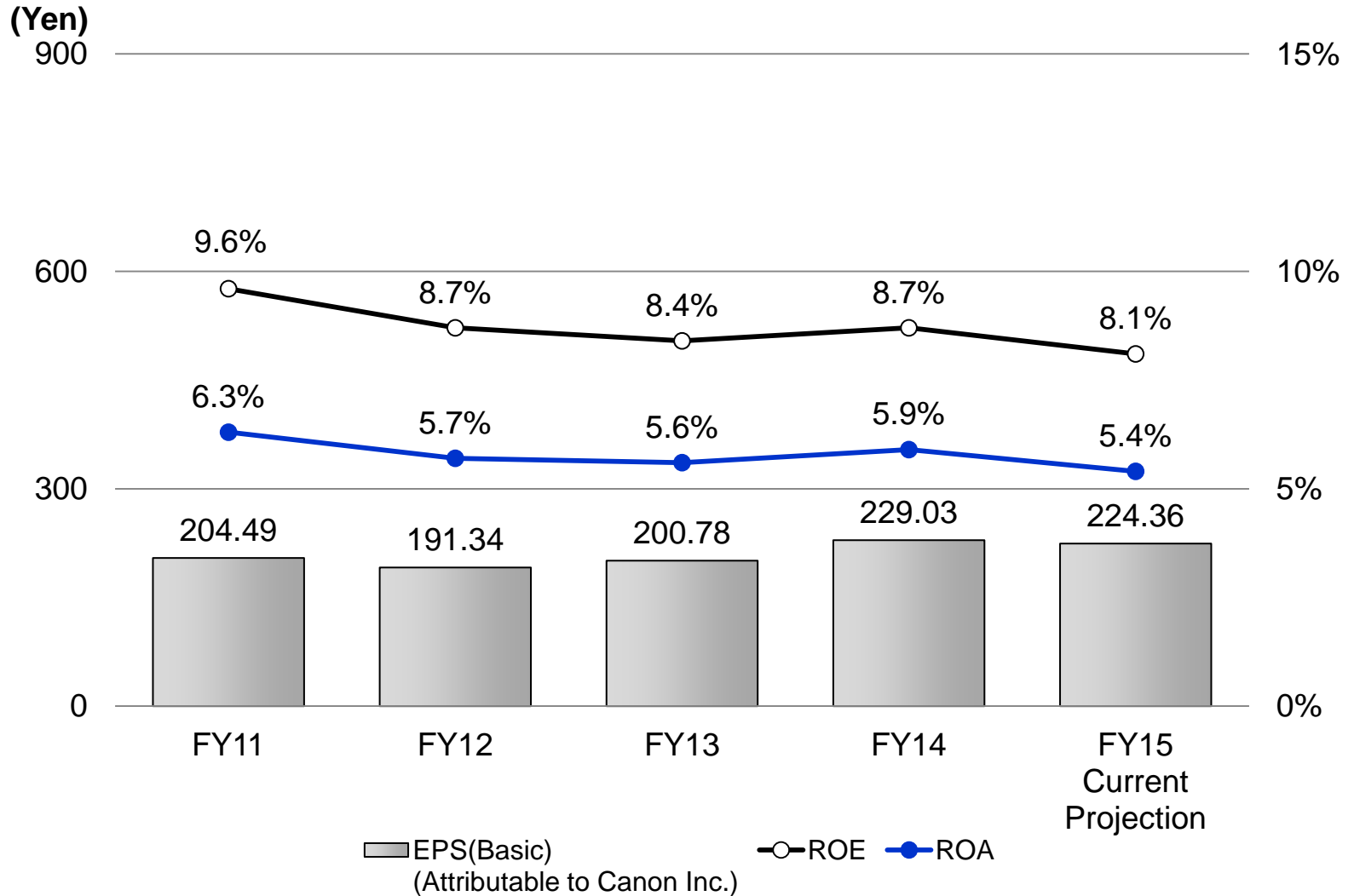
Supplementary Information

# Interest Bearing Debt

(Billions of yen)



# Financial Ratios



**Supplementary Information**