



Canon Inc.

Third Quarter 2015 Results

October 27, 2015
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Agenda

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3Q 2015 in Summary

External Environment

- Global economy
 - ✓ Solid recovery in developed economies of Japan, the U.S., and Europe
 - ✓ Rapid slowdown in Asia including China
- Our markets
 - ✓ Office - Color remained driver
 - ✓ Camera - Continued market contraction

Results

- Sales growth - Office, lithography equipment, and network cameras
- Profit growth - Maintenance of high gross profit ratio

Summary of Results

3Q 2015 Actual

(Billions of yen)

	3Q 2015 Actual	3Q 2014 Actual	Pct. Change
Net Sales	925.8	872.2	+6.1%
Gross Profit	469.2	431.5	+8.7%
(% Sales)	50.7%	49.5%	
Op. Profit	77.3	71.8	+7.6%
(% Sales)	8.3%	8.2%	
Net Income	49.2	58.2	-15.6%
Attributable to Canon Inc.			
(% Sales)	5.3%	6.7%	
Foreign Exchange Rate			
Yen – 1USD	122.12	104.22	
Yen – 1EURO	135.93	137.78	

Transition in Sales and Op. Profit

3Q 2015 Actual v. 3Q 2014 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2014 Actual	872.2	71.8
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+52.4	+11.7
Sales Volume Impact		
Office	+1.8	
Imaging System	-26.5	
Industry and Others	+36.5	
.....		
Total	+11.8	+12.3
Others	-10.6	-18.5
Total Change	+53.6	+5.5
3Q 2015 Actual	925.8	77.3

Change in Exchange Rate

- 1USD: 104.22 to 122.12 yen
- 1EURO: 137.78 to 135.93 yen

Assumptions

2015 Current Projection

Average Exchange Rate	4Q15	FY15	FY14
■ Yen-1USD	120.00 yen	120.71 yen	106.18 yen
■ Yen-1EURO	135.00 yen	134.82 yen	140.62 yen

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

	Net Sales	Operating Profit
■ USD	3.6 billion yen	1.3 billion yen
■ EURO	1.8 billion yen	0.8 billion yen

Key Points FY2015

External Environment

- Clear contrast between developed countries and emerging markets
 - ✓ Continued solid recovery in developed economies of Japan, the U.S., and Europe
 - ✓ Increasing sense of uncertainty towards Asia and other emerging markets

Outlook

- Sales and profit growth
 - ✓ Improving product mix through sales expansion of new products
 - ✓ Further cost reduction and expense savings

Summary of Projected Results

FY 2015 Current Projection

(Billions of yen)

	FY 2015 Current Projection	FY 2014 Actual	Pct. Change
Net Sales	3,820.0	3,727.3	+2.5%
Gross Profit	1,943.0	1,861.5	+4.4%
(% Sales)	50.9%	49.9%	
Op. Profit	365.0	363.5	+0.4%
(% Sales)	9.6%	9.8%	
Net Income	225.0	254.8	-11.7%
Attributable to Canon Inc.			
(% Sales)	5.9%	6.8%	
Foreign Exchange Rate			
Yen – 1USD	120.71	106.18	
Yen – 1EURO	134.82	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 (Jul. 27, 2015)	3,930.0	380.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-34.4	-21.0
Sales Volume Impact		
Office	-53.3	
Imaging System	-44.1	
Industry and Others	+13.6	
Total	-83.8	-11.2
Others	+8.2	+17.2
Total Change	-110.0	-15.0
Current Projection (Oct. 27, 2015)	3,820.0	365.0

Change in Exchange Rate

- 1USD: 122.83 to 120.71 yen
- 1EURO: 134.60 to 134.82 yen

Office

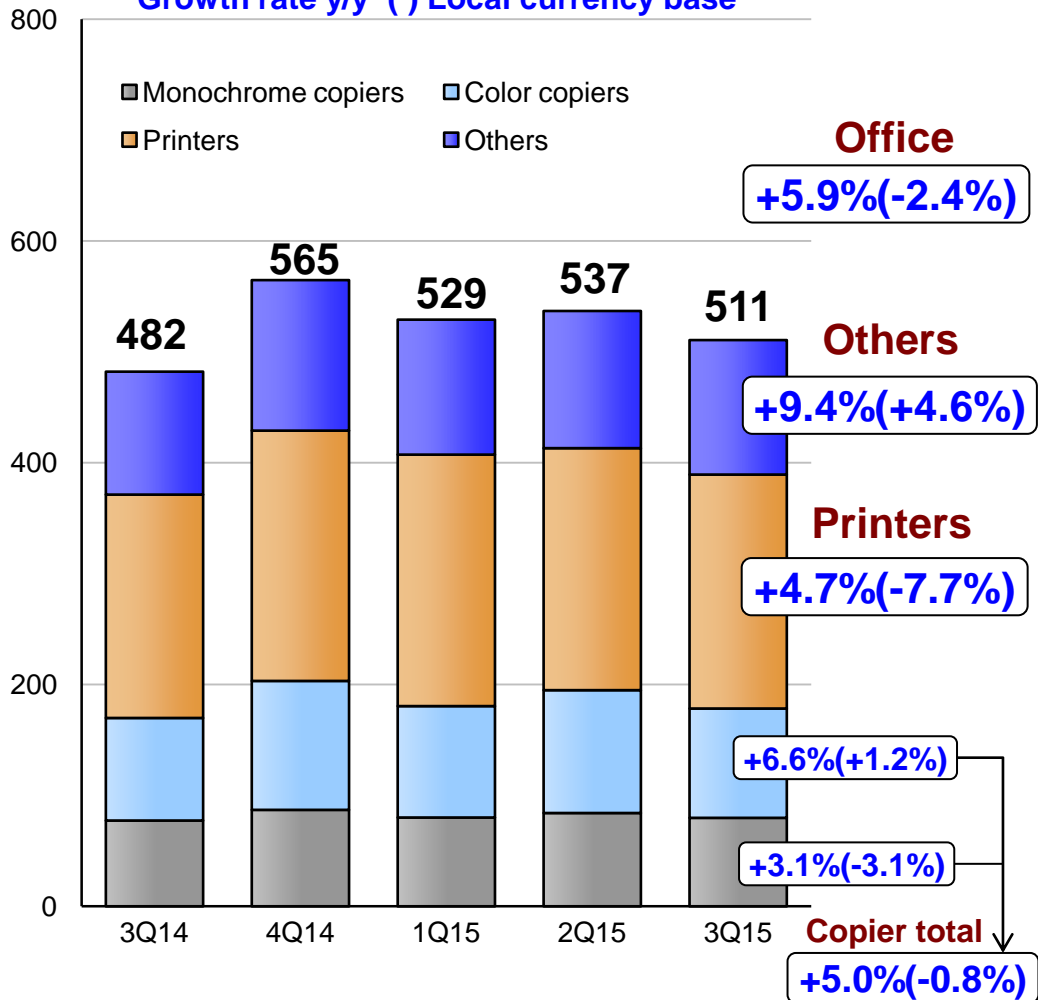
3Q 2015 Actual

3Q15 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+13%	+2%
Monochrome	-10%	-15%
Total	-1%	-12%

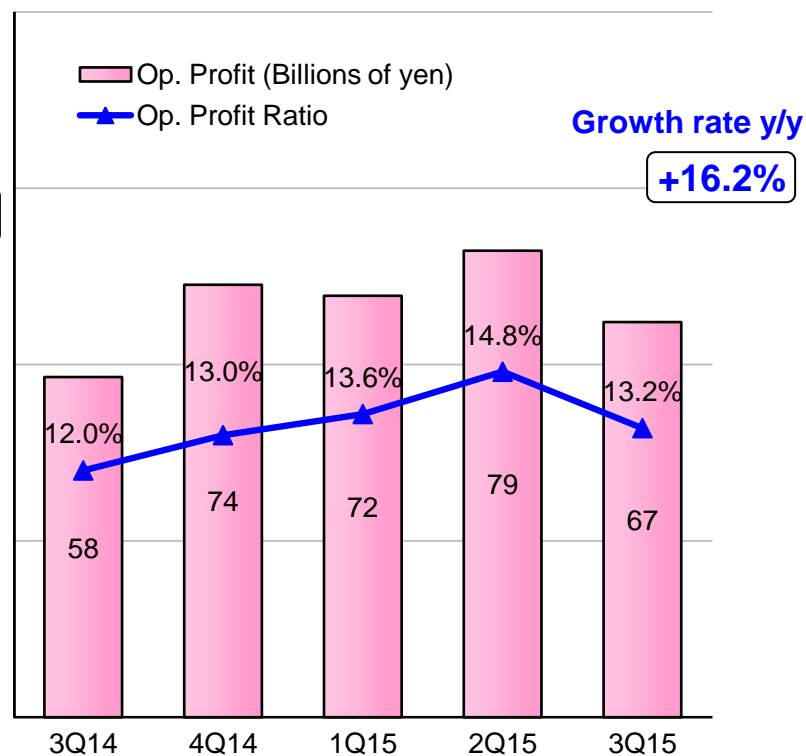
3Q15 Color Ratio		
	Copiers	Printers
Value Base*	55%	51%
Unit Base	46%	18%

*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%	+1%
Monochrome	-7%	-13%
Total	+3%	-11%

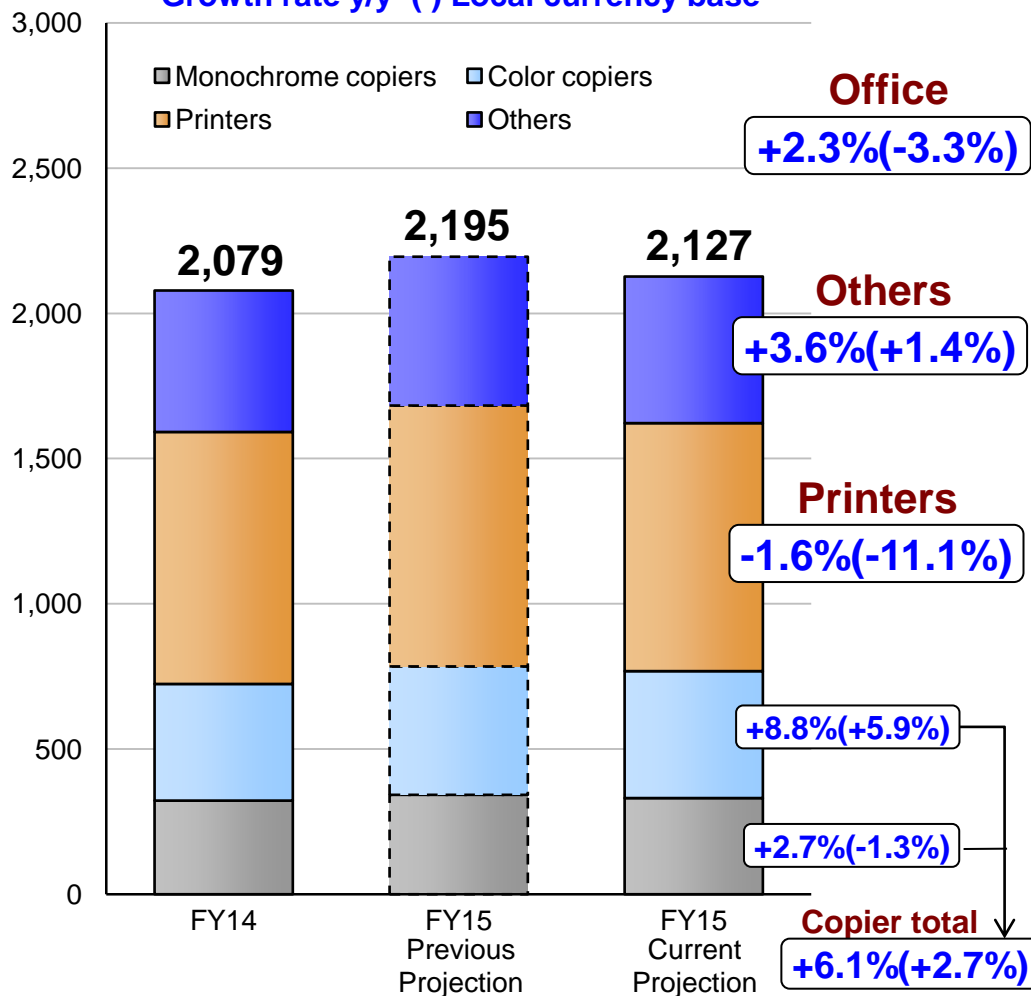
FY15 Color Ratio		
	Copiers	Printers
Value Base*	57%	51%
Unit Base	46%	17%

*Includes Consumables

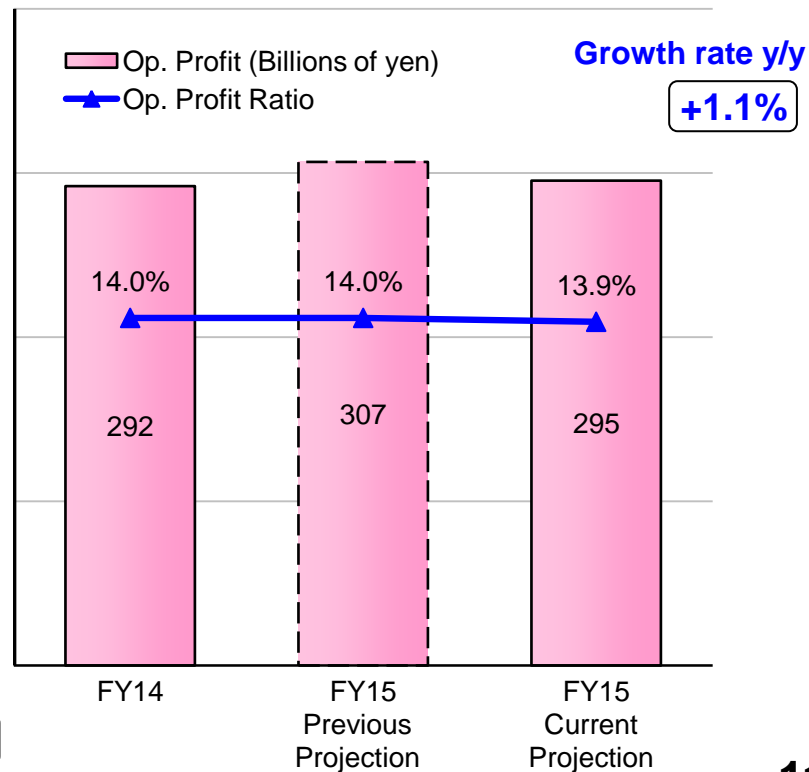
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Imaging System

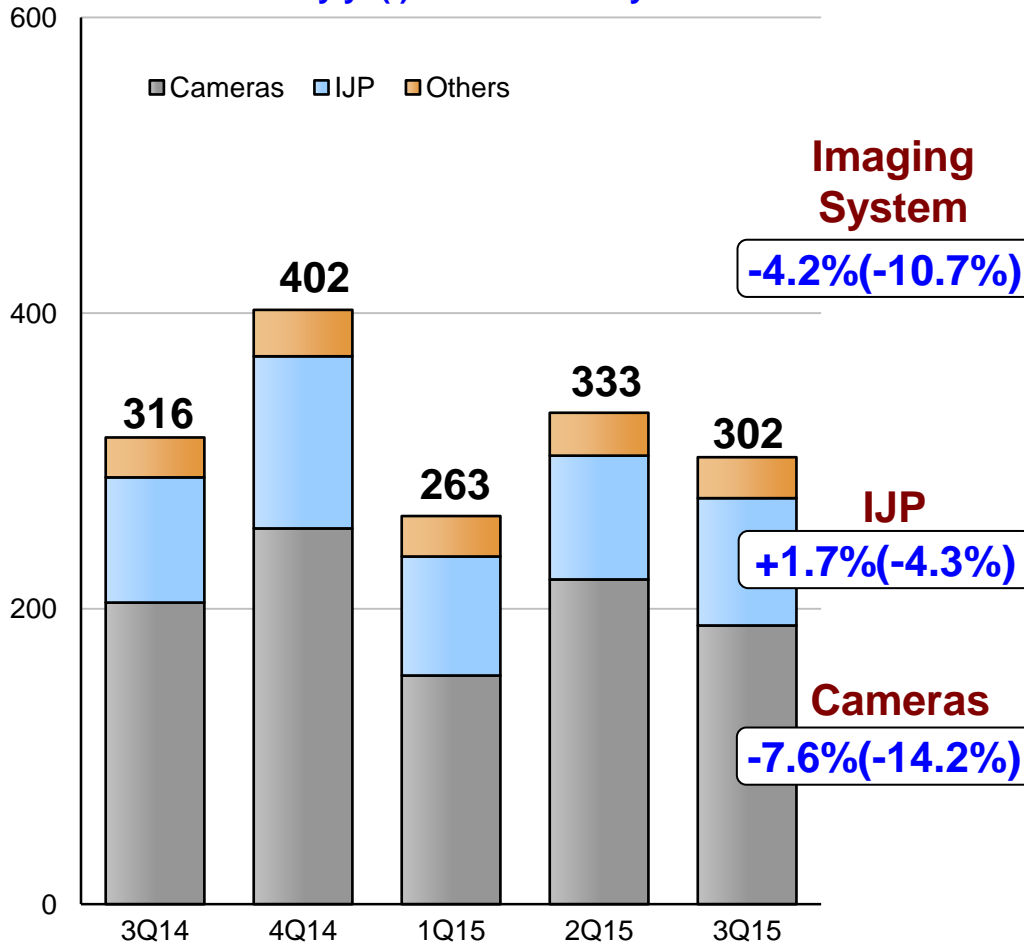
3Q 2015 Actual

Growth Rate y/y (Unit Base)	
	3Q15
Interchangeable Lens Digital Cameras	-17%
Compact Digital Cameras	-29%
Total Digital Cameras	-24%
IJP	-8%

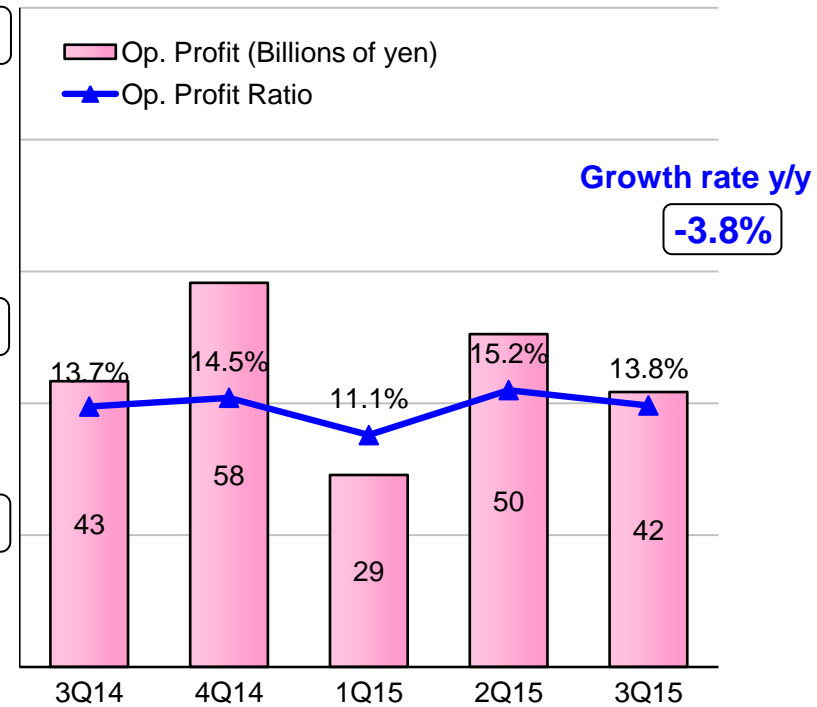
Interchangeable Lens Digital Camera Ratio *	
	3Q15
Value Base	83%
Unit Base	45%

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

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



Op. Profit



Imaging System

FY 2015 Projection

Growth Rate y/y (Unit Base)	
	FY15
Interchangeable Lens Digital Cameras	-14%
Compact Digital Cameras	-28%
Total Digital Cameras	-22%
IJP	-3%

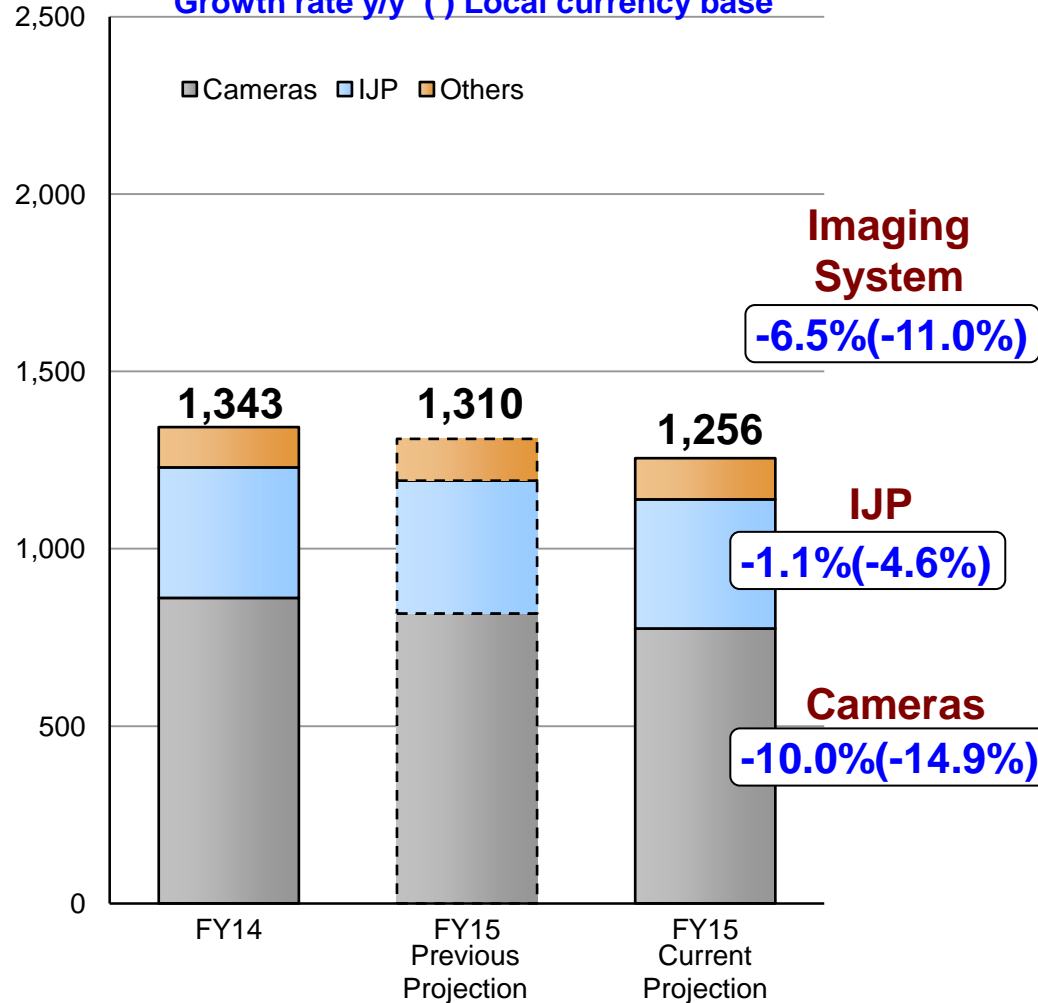
Interchangeable Lens Digital Camera Ratio *	
	FY15
Value Base	84%
Unit Base	46%

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

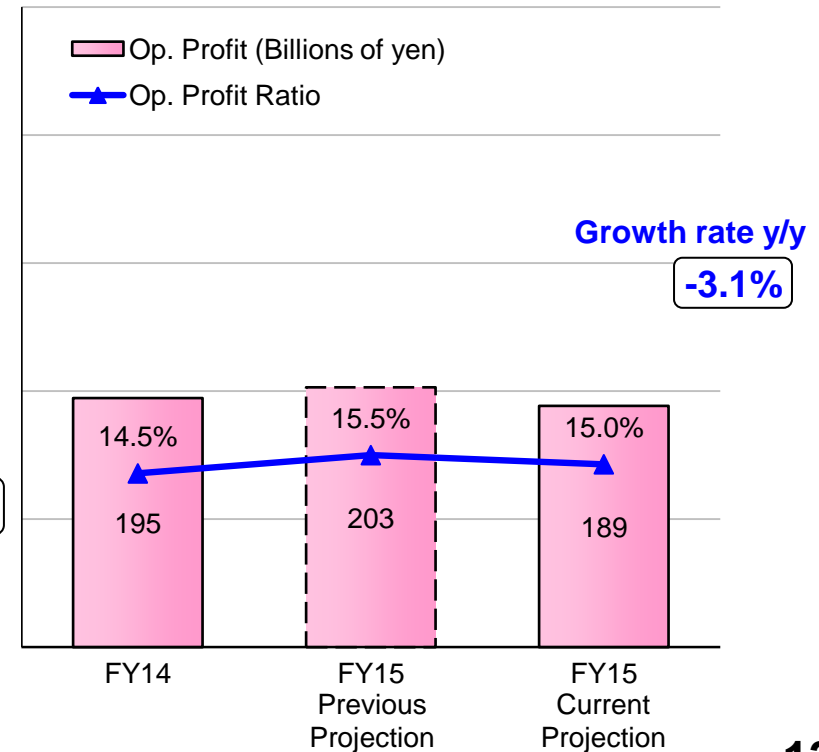
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Industry and Others

3Q 2015 Actual

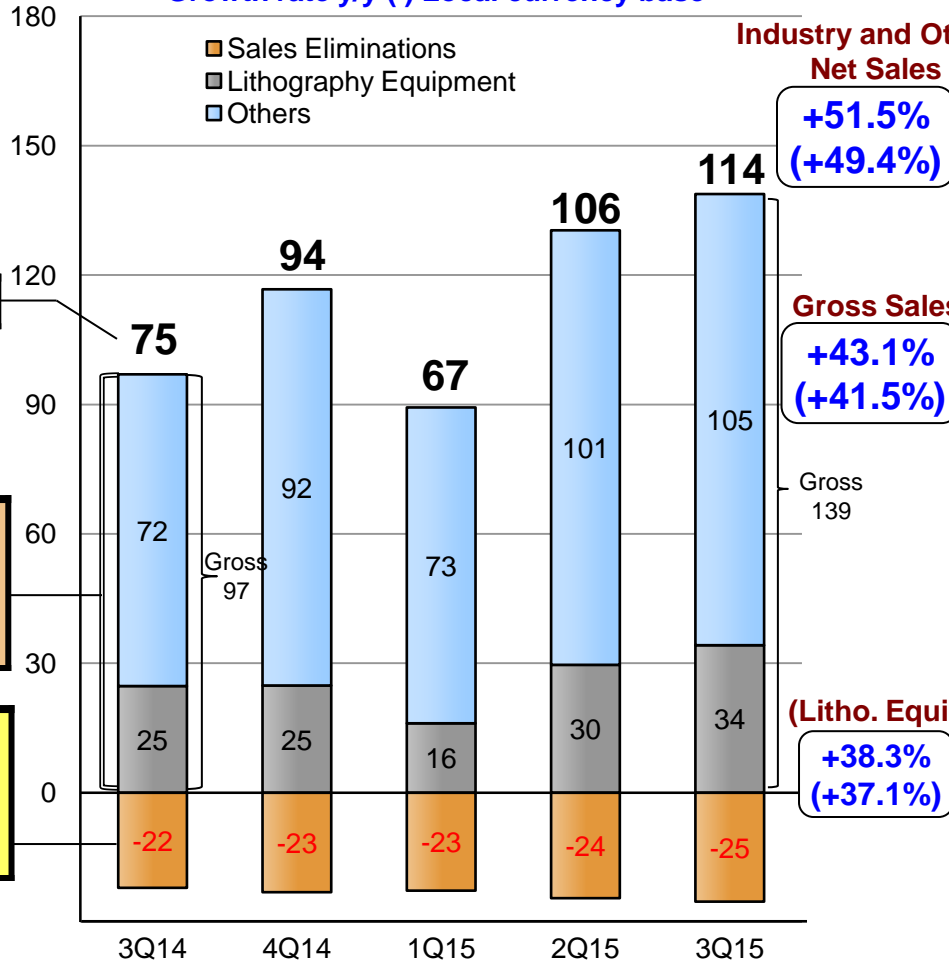
Lithography Equipment (Unit Sales)		
	3Q14	3Q15
IC	13	20
FPD	8	12

IC Lithography Unit Breakdown by Light Source		
	3Q14	3Q15
ArF	0	0
KrF	2	4
i-line	11	16

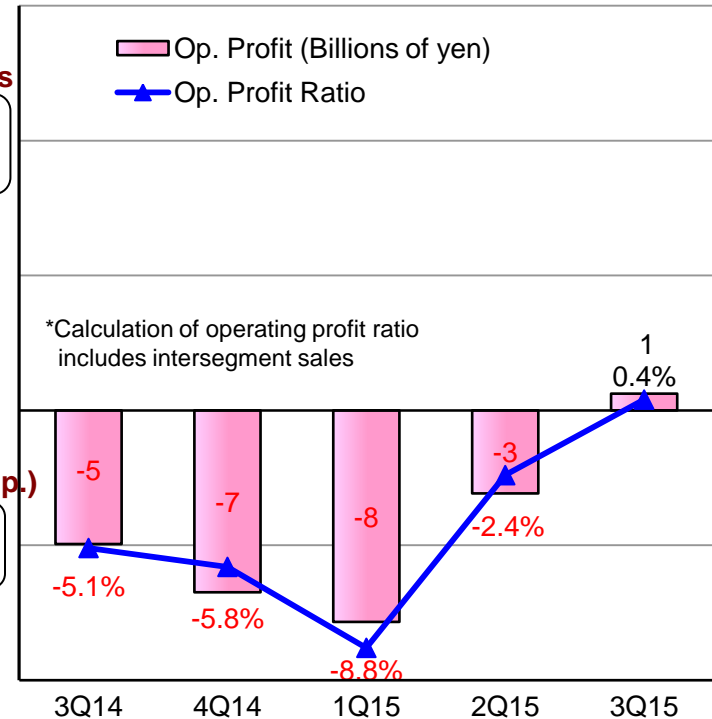
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



*Calculation of operating profit ratio includes intersegment sales

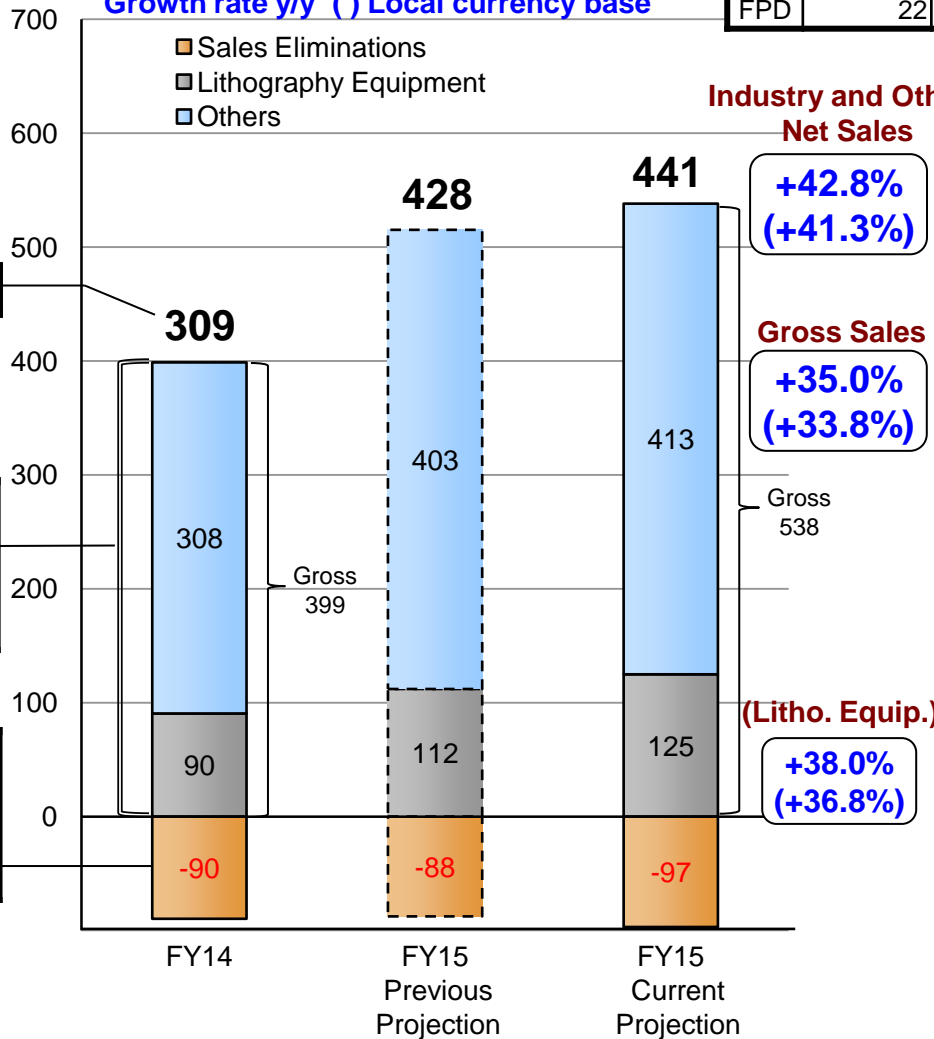
Industry and Others

FY 2015 Projection

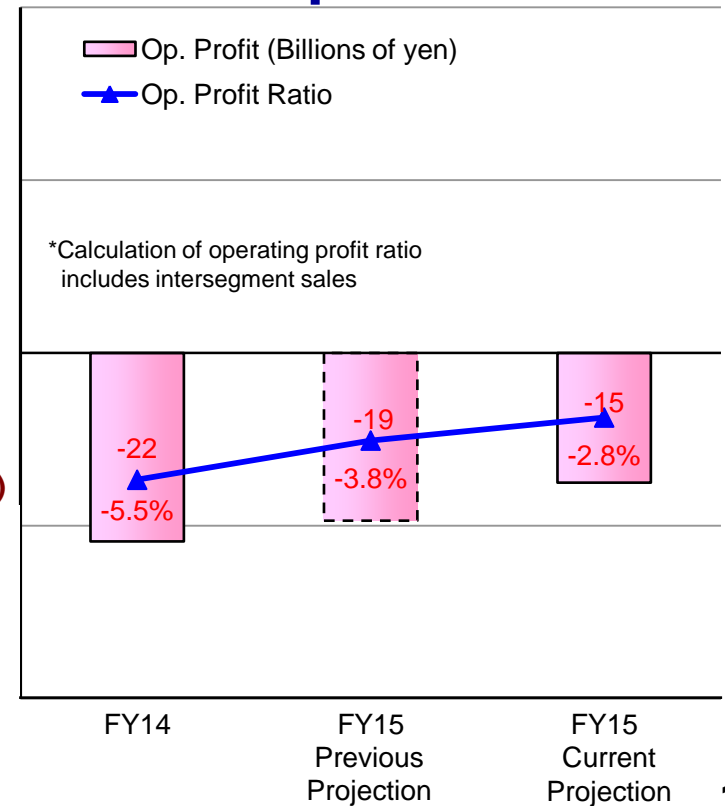
Lithography Equipment (Unit Sales)			
	FY14	FY15 Previous Projection	FY15 Current Projection
IC	54	71	80
FPD	22	34	33

IC Lithography Unit Breakdown by Light Source			
	FY14	FY15 Previous Projection	FY15 Current Projection
ArF	0	0	0
KrF	14	16	21
i-line	40	55	59

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

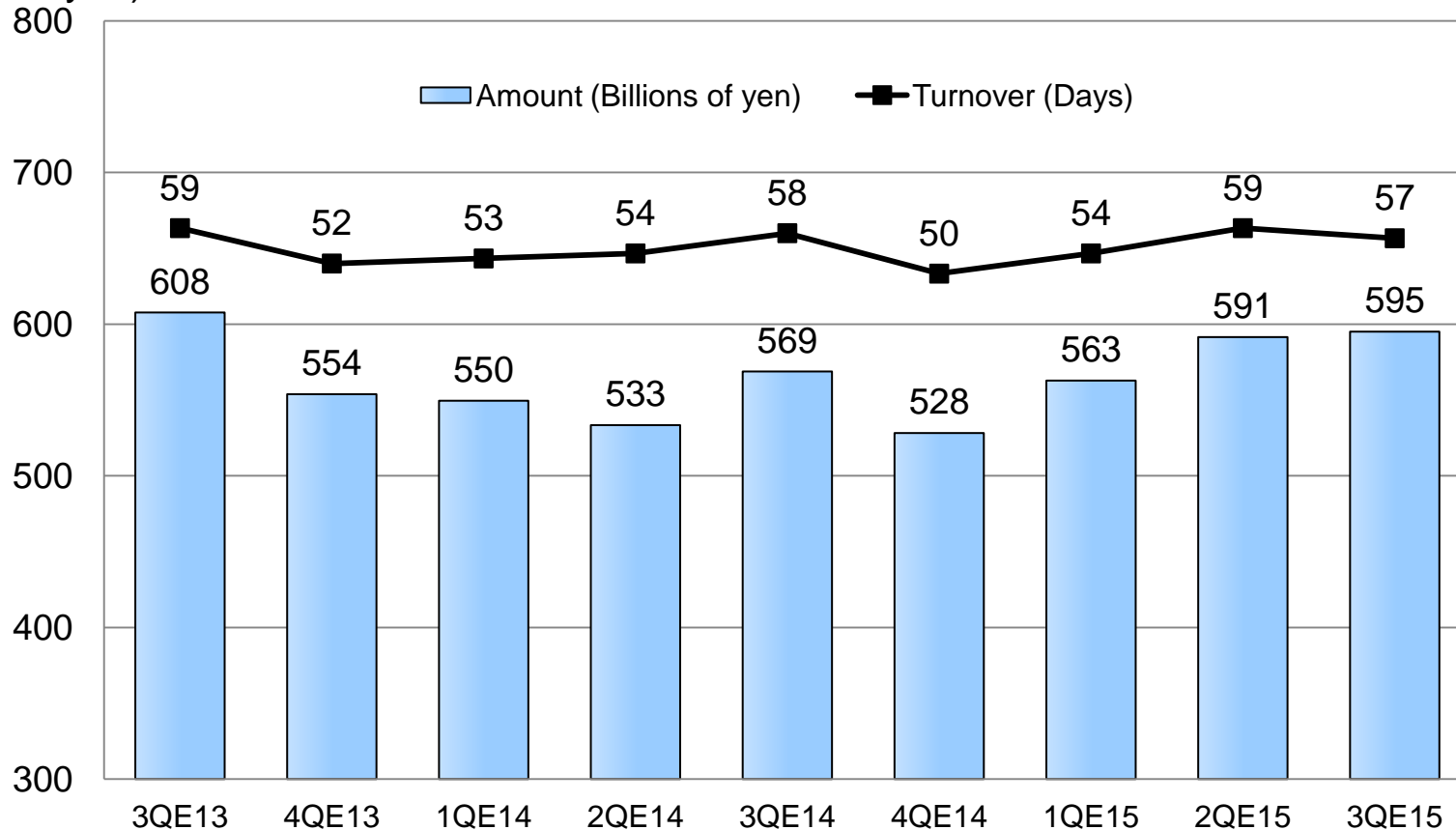


Op. Profit



Inventories

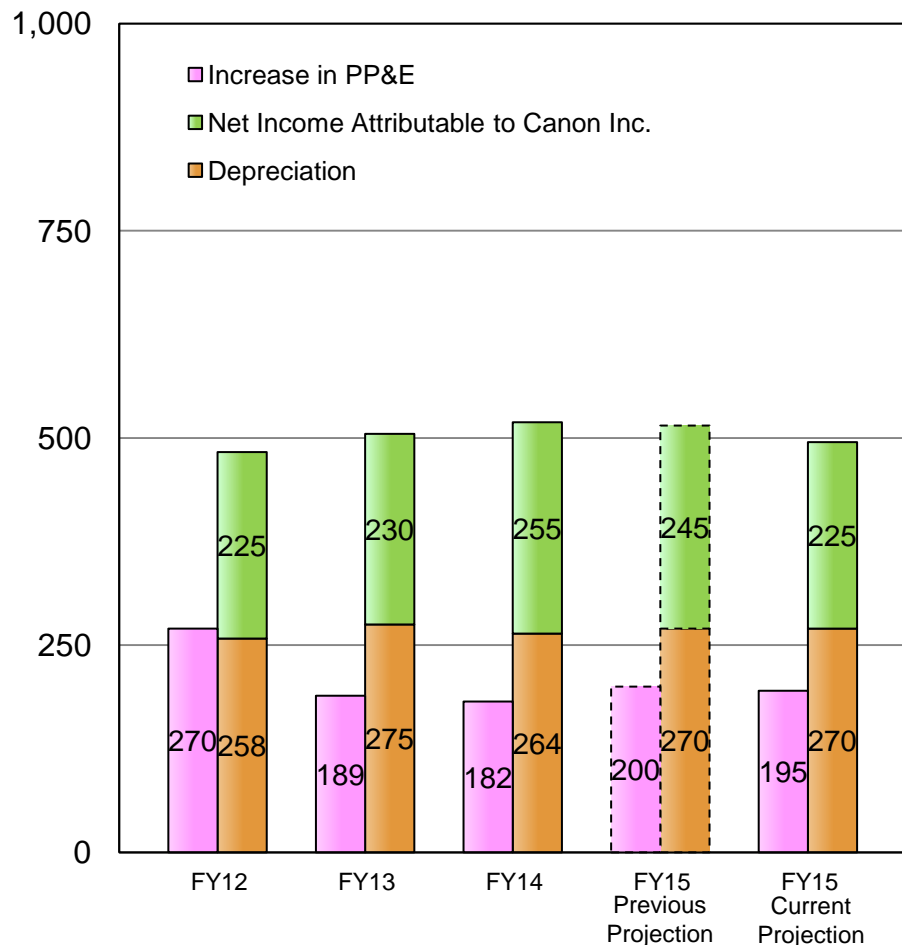
(Billions of yen)



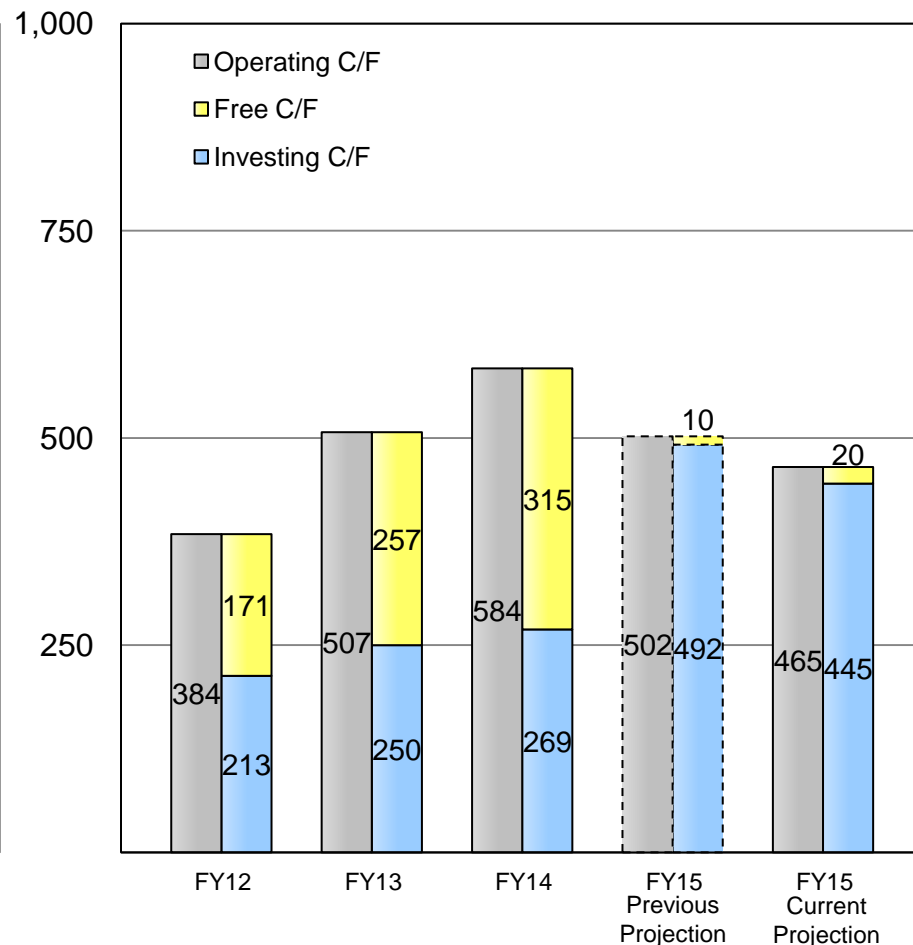
Capital Expenditure

Free Cash Flow

(Billions of yen)

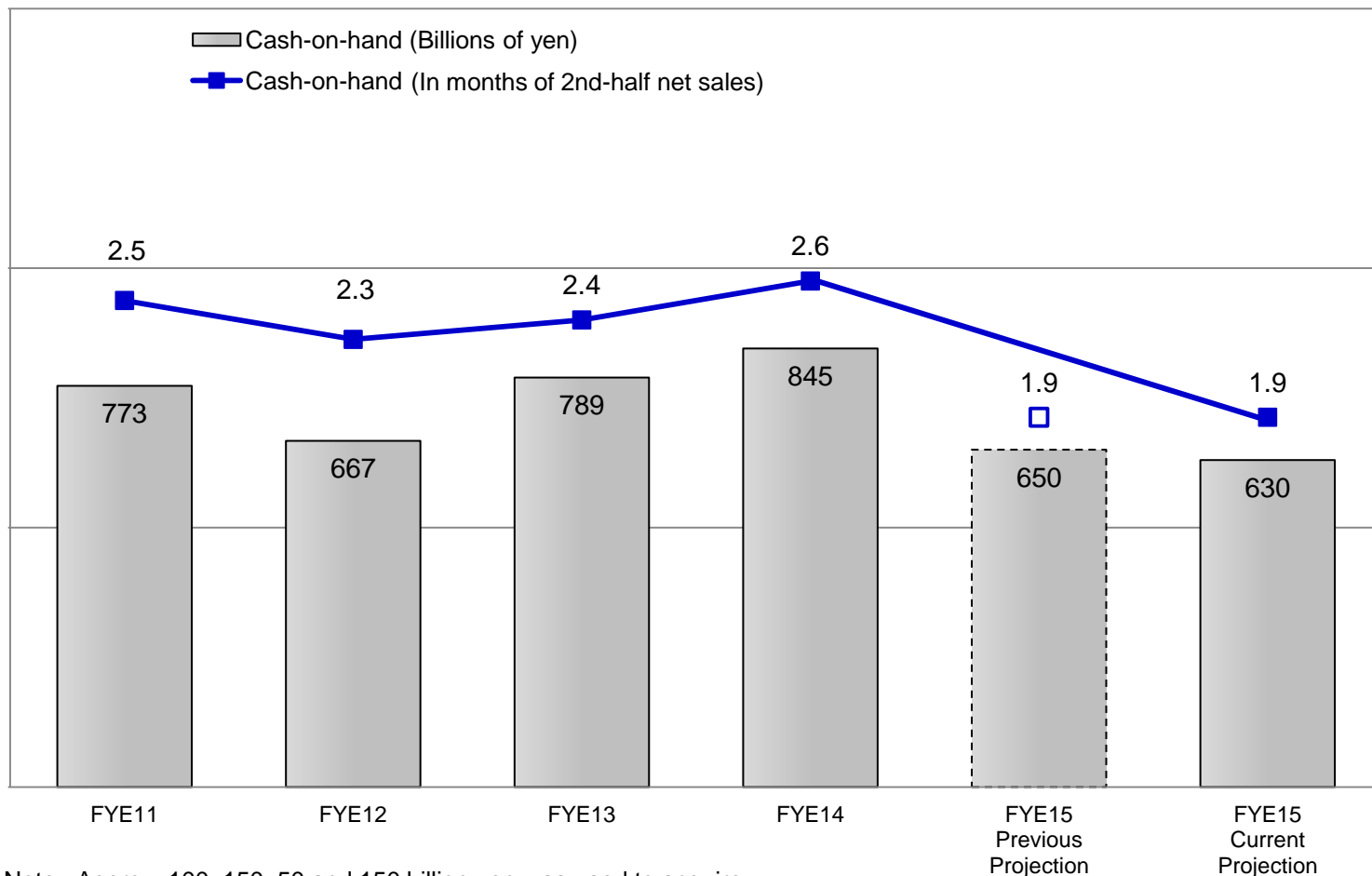


(Billions of yen)



Cash on Hand

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)	+148.1	+14.7
Sales Volume Impact		
Office	-23.5	
Imaging System	-107.9	
Industry and Others	+127.3	
Total	-4.1	+44.1
Others	-51.3	-57.3
Total Change	+92.7	+1.5
FY 2015 Current Projection	3,820.0	365.0

Change in Exchange Rate

- 1USD: 106.18 to 120.71 yen
- 1EURO: 140.62 to 134.82 yen

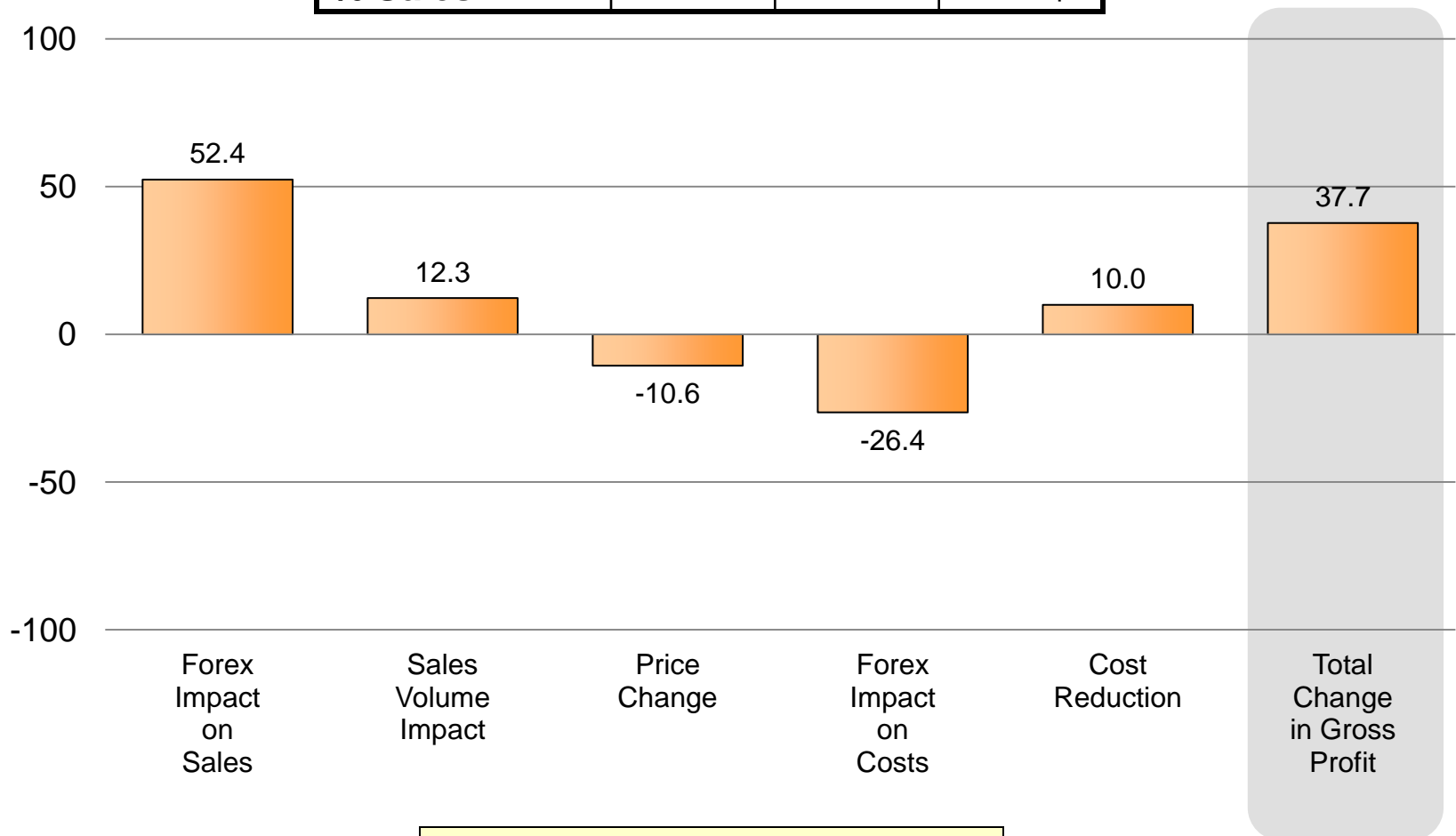
Gross Profit Variance Analysis

3Q 2015 Actual v. 3Q 2014 Actual

(Billions of yen)

	3Q15	3Q14	Change
Gross Profit	469.2	431.5	+37.7
% Sales	50.7%	49.5%	+1.2pt.

(Billions of yen)



Supplementary Information

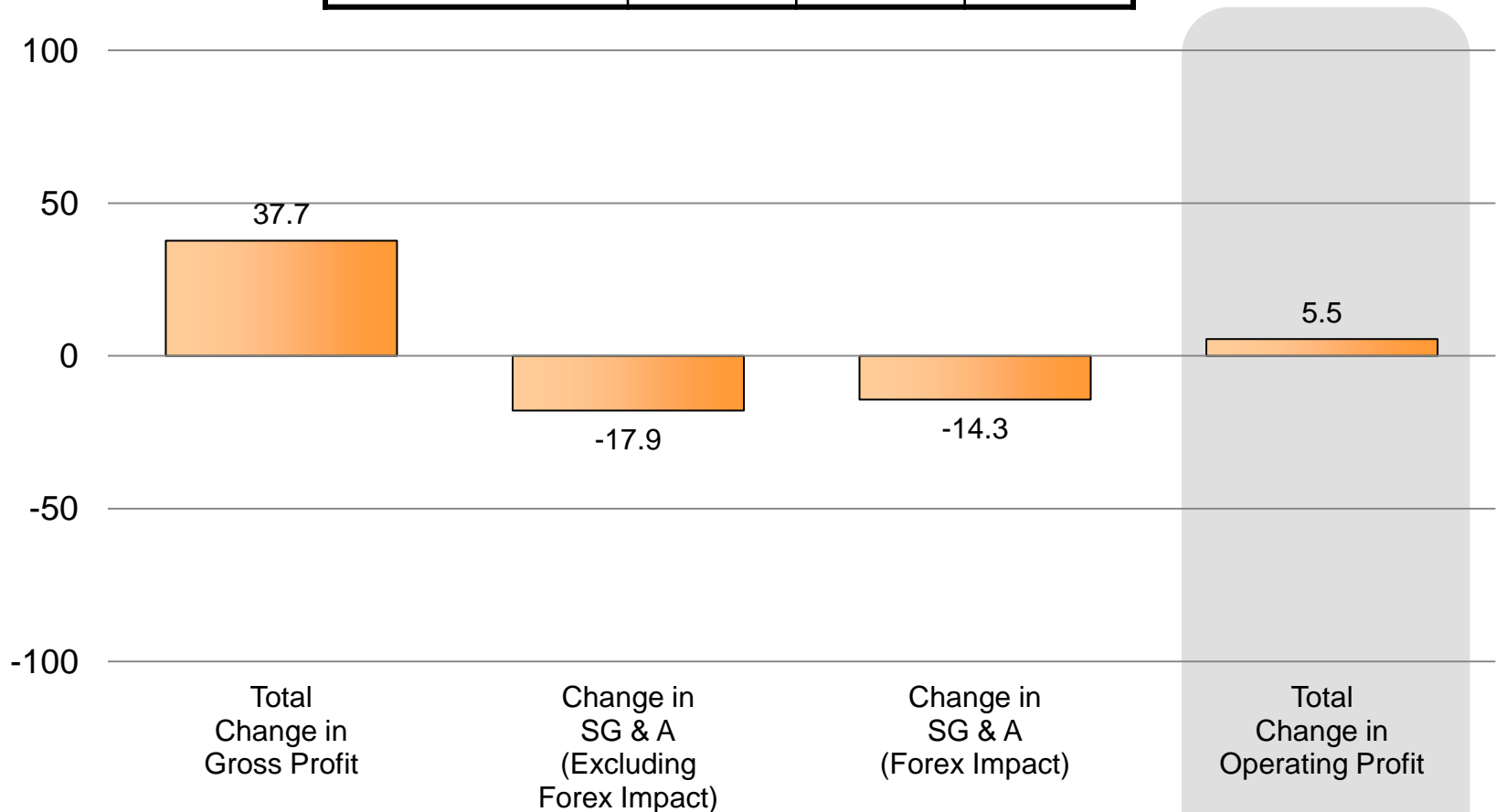
Operating Profit Variance Analysis

3Q 2015 Actual v. 3Q 2014 Actual

(Billions of yen)

(Billions of yen)

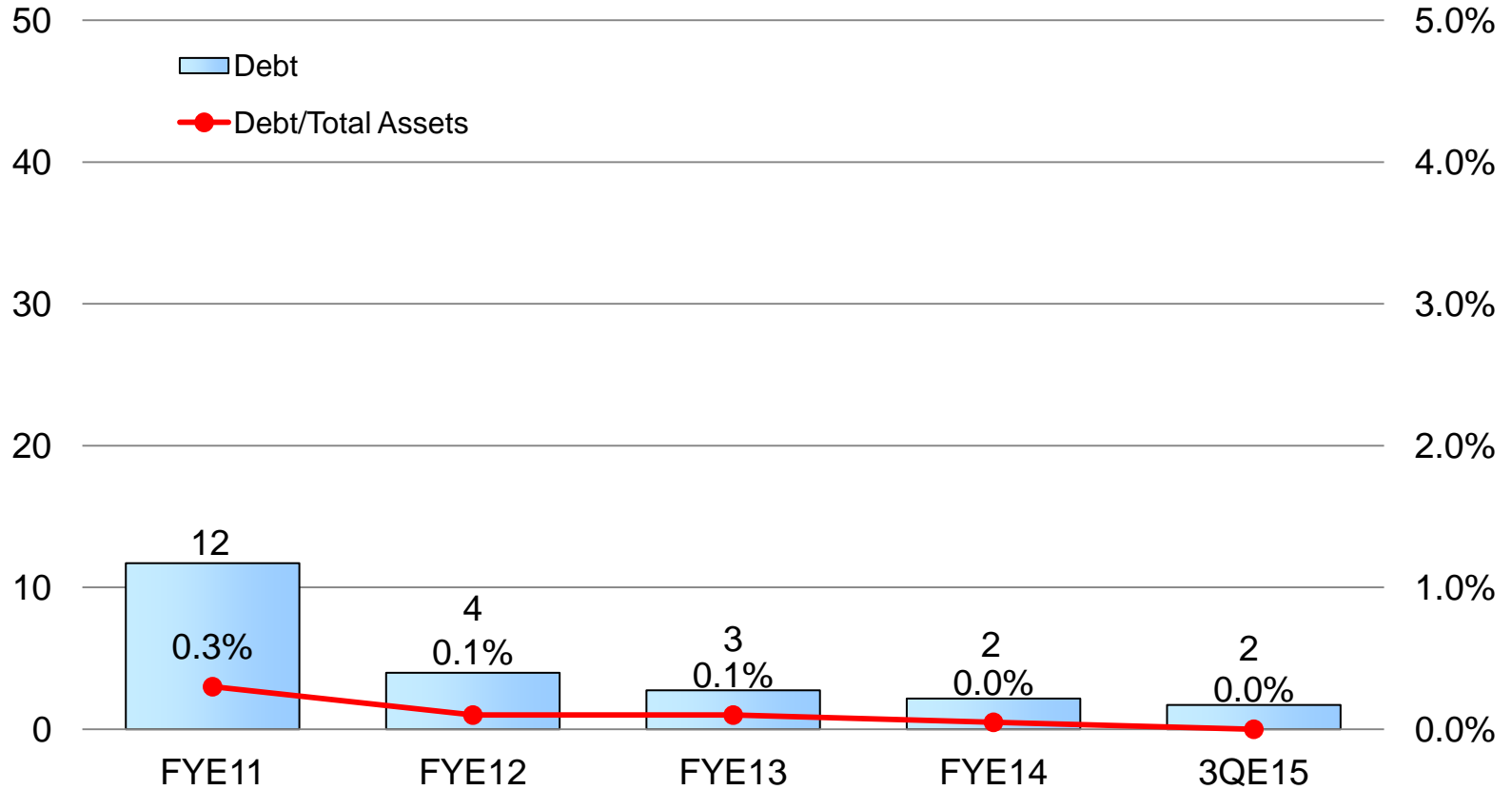
	3Q15	3Q14	Change
Op. Profit	77.3	71.8	+5.5
% Sales	8.3%	8.2%	+0.1pt.



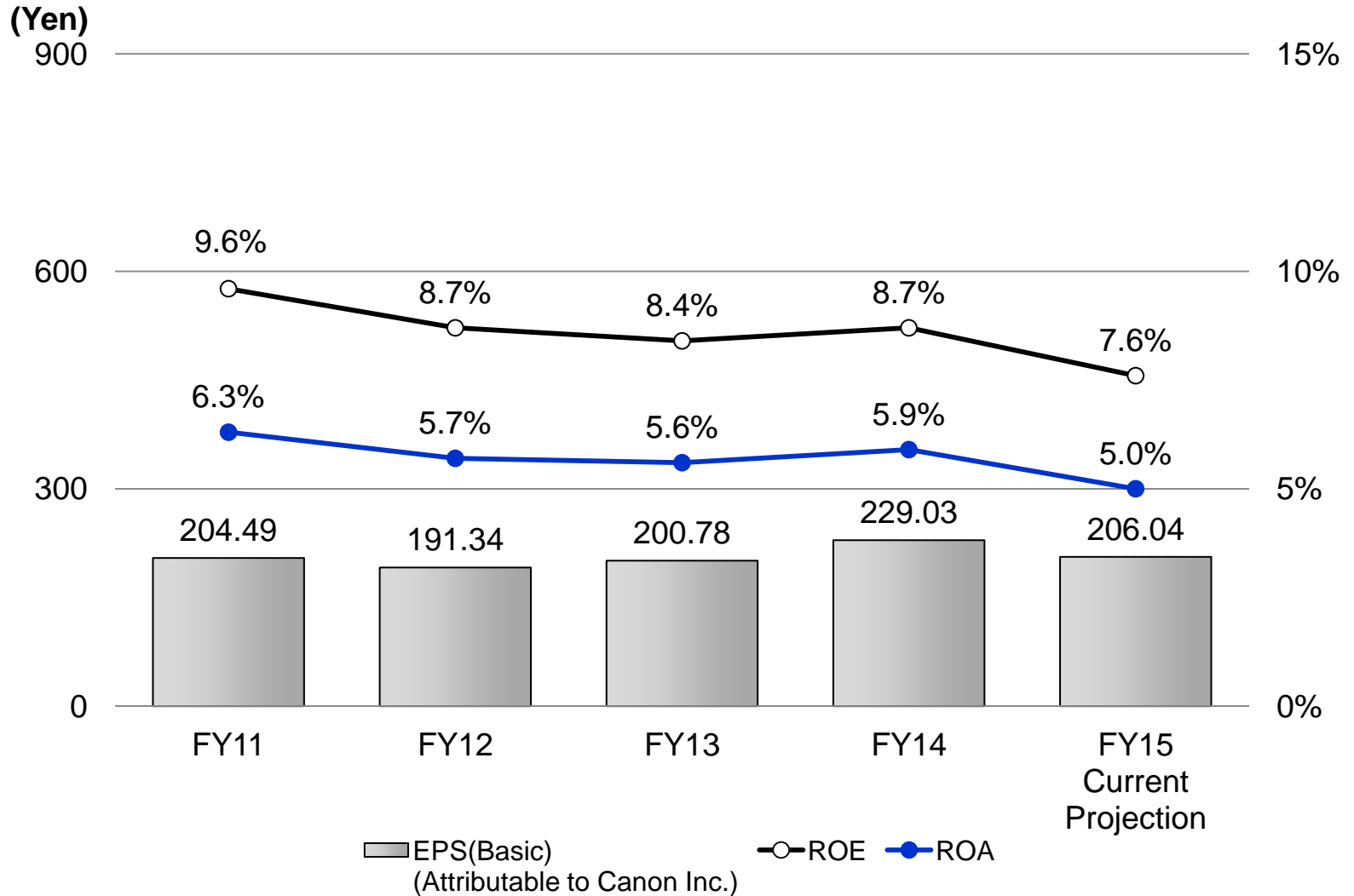
Supplementary Information

Interest Bearing Debt

(Billions of yen)



Financial Ratios



Supplementary Information