



# Canon Inc.

## FY 2016 Results

January 31, 2017  
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# Agenda

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(4Q/FY 2016 Results and FY 2017 Projections)

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# FY 2016 in Summary

## External Environment

- Global economy - Limited to modest growth
  - U.S. - Signs of a recovery
  - Emerging markets - Prolonged economic weakness
  - Lowest since the Great Recession triggered by the collapse of Lehman Brothers.

## Results

- Net sales and profit decline
  - Exchange rates, Cameras, and Laser printers

# Summary of Results

4Q/FY 2016 Actual

(Billions of yen)

	4Q			FY		
	2016 Actual	2015 Actual	Pct. Change	2016 Actual	2015 Actual	Pct. Change
<b>Net Sales</b>	<b>965.2</b>	<b>1,042.6</b>	-7.4%	<b>3,401.5</b>	<b>3,800.3</b>	-10.5%
<b>Gross Profit</b>	<b>460.1</b>	<b>522.8</b>	-12.0%	<b>1,673.8</b>	<b>1,934.4</b>	-13.5%
(% Sales)	47.7%	50.1%		49.2%	50.9%	
<b>Op. Profit</b>	<b>80.2</b>	<b>107.0</b>	-25.1%	<b>228.9</b>	<b>355.2</b>	-35.6%
(% Sales)	8.3%	10.3%		6.7%	9.3%	
<b>Net Income</b>	<b>44.8</b>	<b>68.9</b>	-34.9%	<b>150.7</b>	<b>220.2</b>	-31.6%
Attributable to Canon Inc.						
(% Sales)	4.6%	6.6%		4.4%	5.8%	
Foreign Exchange Rate						
Yen – 1USD	109.48	121.60		108.58	121.13	
Yen – 1EURO	118.10	132.81		120.25	134.20	

# Transition in Sales and Operating Profit

## FY 2016 Actual v. FY 2015 Actual

(Billions of yen)

	FY	
	Sales	Op. Profit
FY 2015 Actual	3,800.3	355.2
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-280.4	-101.8
Sales Volume Impact		
Office	-142.8	
Imaging System	-36.2	
Industry and Others	+93.3	
Total	-85.7	-73.8
Others	-32.7	+49.3
Total Change	-398.8	-126.3
FY 2016 Actual	3,401.5	228.9

### Change in Exchange Rate(FY)

- 1USD: 121.13 to 108.58 yen
- 1EURO: 134.20 to 120.25 yen

# Assumptions

## FY 2017 Projection

Average Exchange Rate	FY17	FY16
■ Yen-1USD	110.00 yen	108.58 yen
■ Yen-1EURO	120.00 yen	120.25 yen

### Impact of Exchange Rate Movement (FY17 Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	13.4 billion yen	4.9 billion yen
■ EURO	6.6 billion yen	2.4 billion yen

# Key Points

## FY 2017 Projection

### External Environment

- Developed countries - U.S. will drive, however, Japan and Europe will remain on a path of modest recovery
- Emerging markets - Steady recovery

### Outlook

- Net sales and profit growth
  - Driven by recovery in existing businesses and industrial equipment such as OLED vacuum deposition equipment and FPD lithography equipment

# Summary of Projected Results

## FY 2017 Projection

(Billions of yen)

	FY 2017 Projection	FY 2016 Actual	Pct. Change
<b>Net Sales</b>	<b>4,000.0</b>	<b>3,401.5</b>	+17.6%
<b>Gross Profit</b>	<b>1,903.0</b>	<b>1,673.8</b>	+13.7%
(% Sales)	47.6%	49.2%	
<b>Op. Profit</b>	<b>255.0</b>	<b>228.9</b>	+11.4%
(% Sales)	6.4%	6.7%	
<b>Net Income</b>	<b>170.0</b>	<b>150.7</b>	+12.8%
Attributable to Canon Inc.			
(% Sales)	4.3%	4.4%	
Foreign Exchange Rate			
Yen – 1USD	110.00	108.58	
Yen – 1EURO	120.00	120.25	



# Transition in Sales and Op. Profit

FY 2017 Projection v. FY 2016 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2016 Actual	3,401.5	228.9
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+16.3	+5.7
Sales Volume Impact		
Office	+26.9	
Imaging System	+9.5	
Industry and Others	+575.8	
Total	+612.2	+218.3
Others	-30.0	-197.9
Total Change	+598.5	+26.1
FY 2017 Projection (Jan. 31, 2017)	4,000.0	255.0

**Change in Exchange Rate**

- 1USD: 108.58 to 110.00 yen
- 1EURO: 120.25 to 120.00 yen

# Office

## 2016 Actual

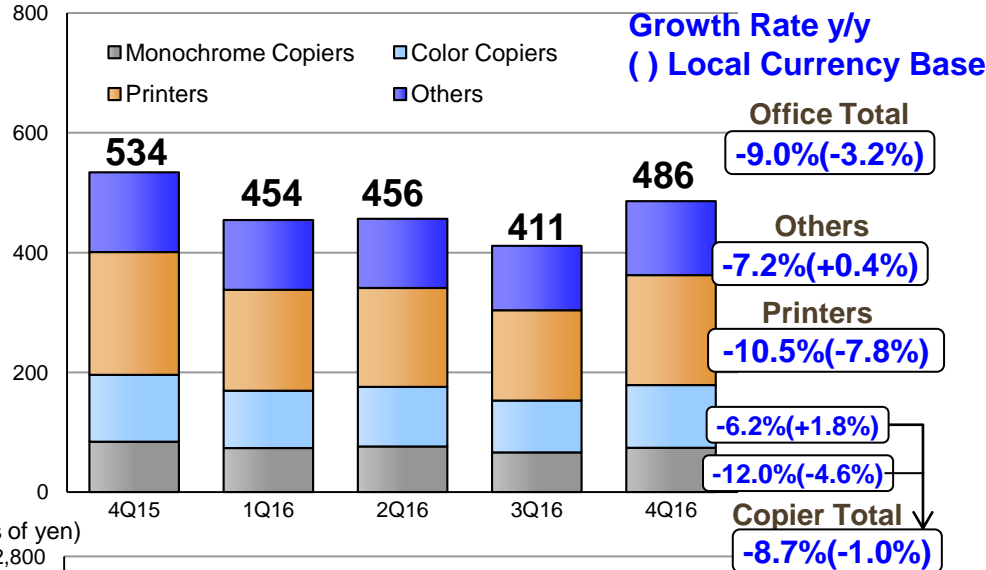
	Growth Rate y/y (Unit Base)			
	Copiers		Printers	
	4Q16	FY16	4Q16	FY16
Color	+4%	+7%	+12%	-2%
Monochrome	-9%	-6%	+28%	-4%
Total	-3%	0%	+25%	-4%

	Color Ratio			
	Copiers		Printers	
	4Q16	FY16	4Q16	FY16
Value Base*	59%	57%	50%	51%
Unit Base	52%	49%	17%	17%

\*Includes Consumables

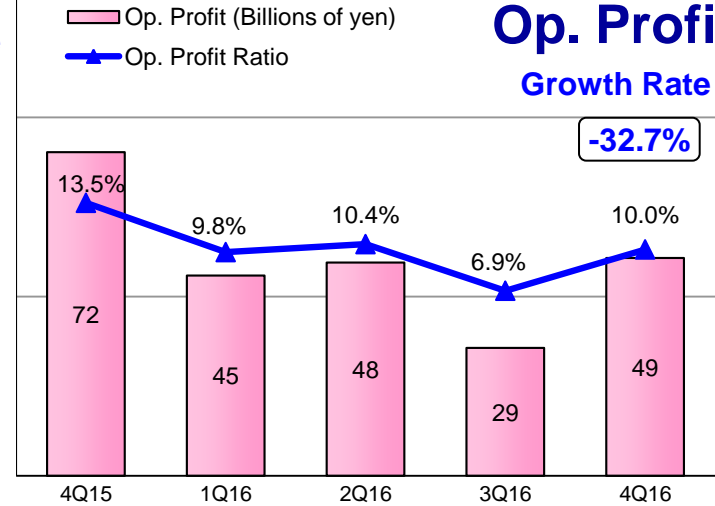
### (Billions of yen) Sales

4Q

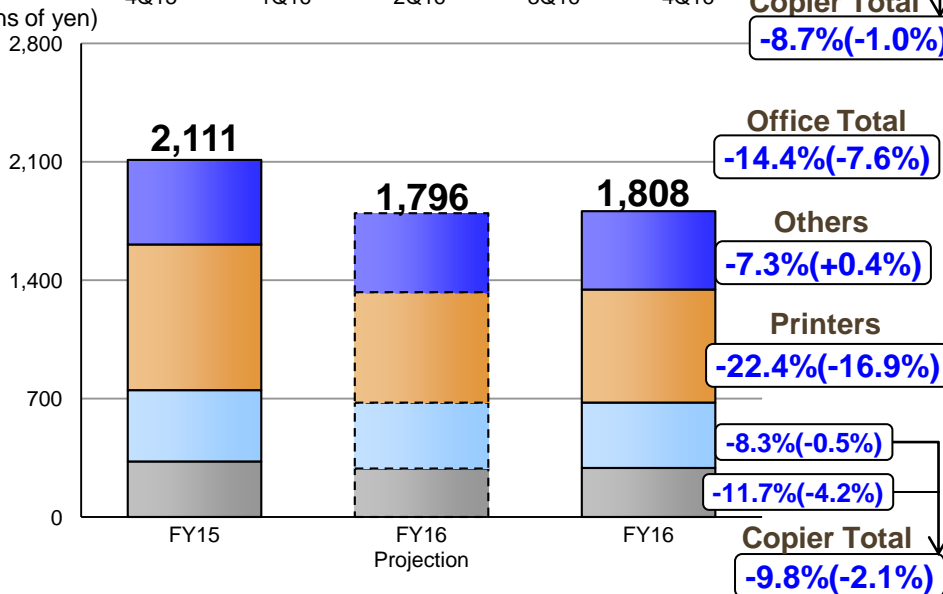


### Op. Profit

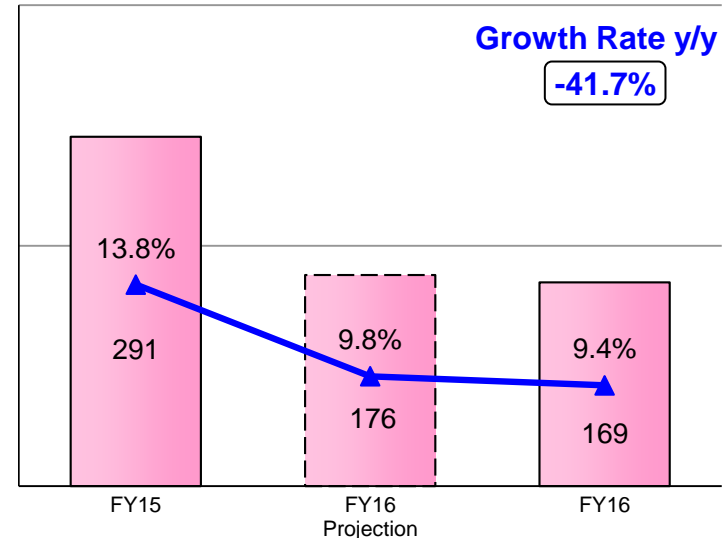
Growth Rate y/y



FY



Growth Rate y/y



# Office

## FY 2017 Projection

Growth Rate y/y (Unit Base)				
	Copiers		Printers	
	FY16	FY17(P)	FY16	FY17(P)
Color	+7%	+8%	-2%	-5%
Monochrome	-6%	-3%	-4%	-4%
Total	0%	+3%	-4%	-4%

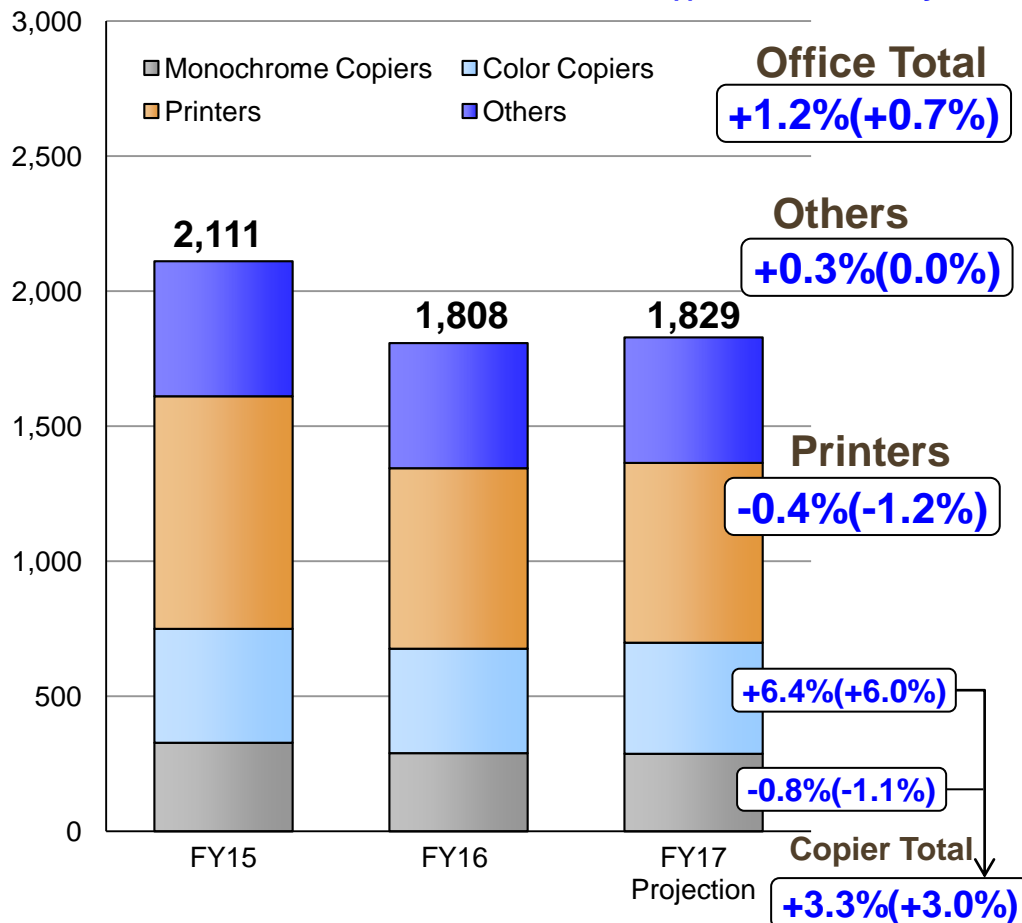
Color Ratio				
	Copiers		Printers	
	FY16	FY17(P)	FY16	FY17(P)
Value Base*	57%	59%	51%	52%
Unit Base	49%	52%	17%	17%

(P)=Projection

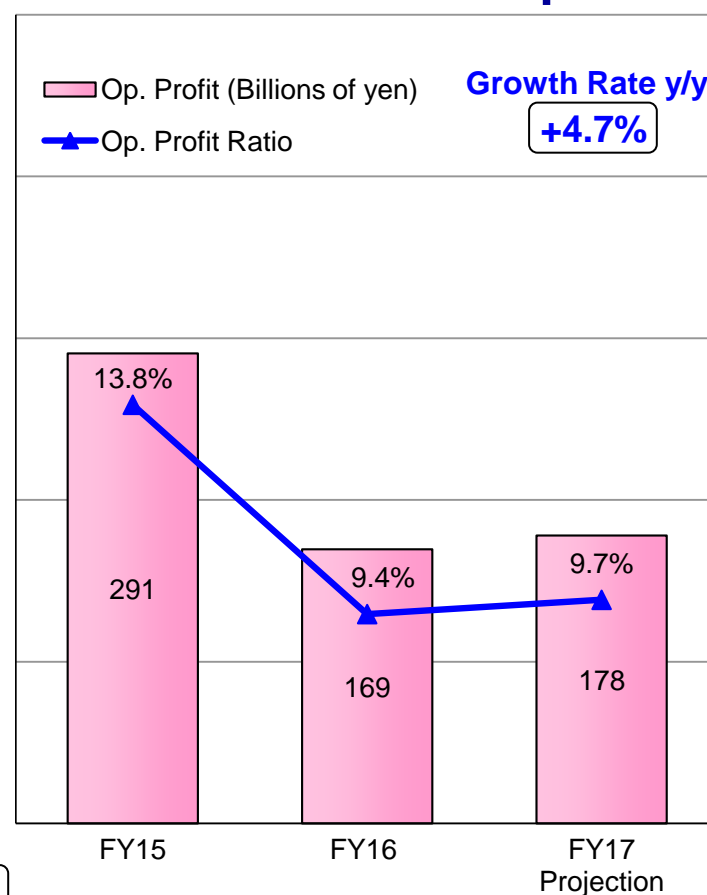
\*Includes Consumables

### (Billions of yen) Sales

### Growth Rate y/y ( ) Local Currency Base



### Op. Profit



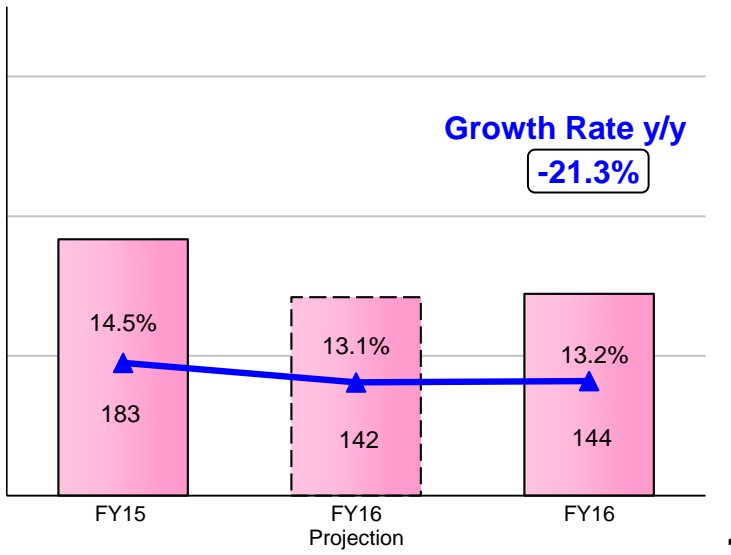
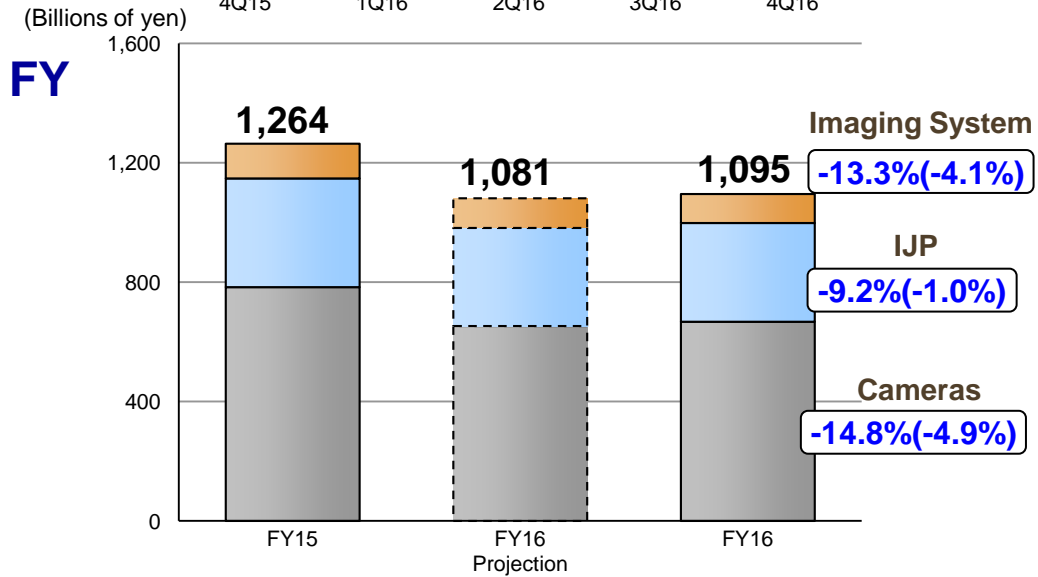
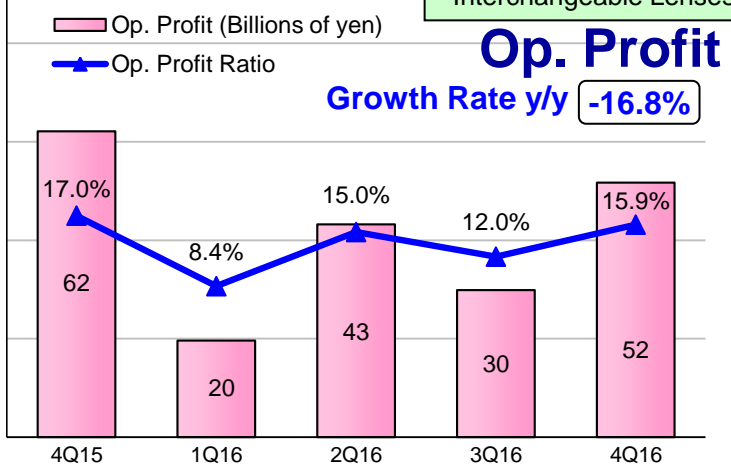
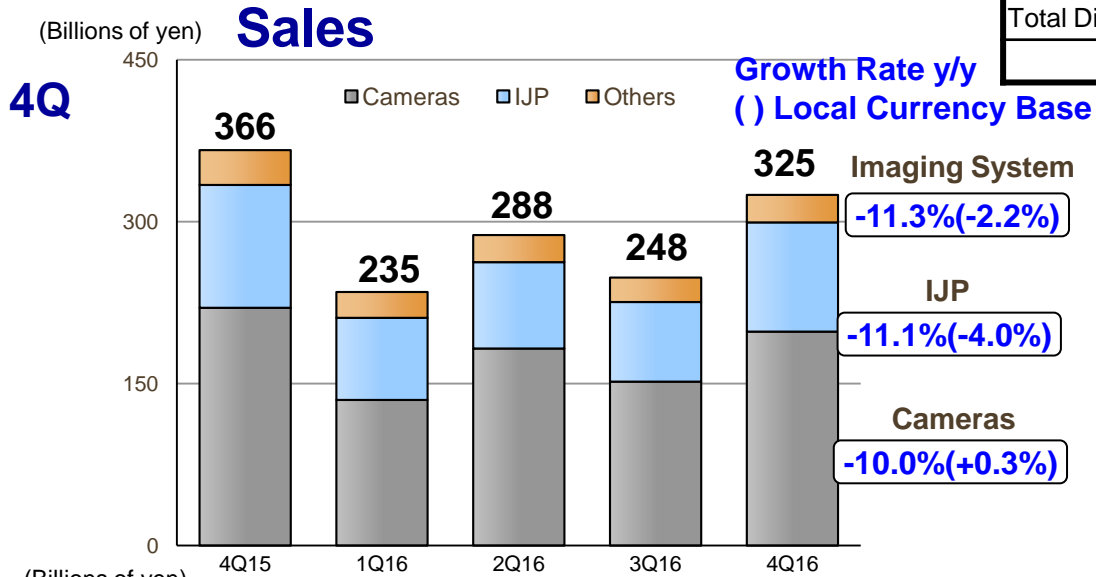
# Imaging System

2016 Actual

Growth Rate y/y (Unit Base)		
	4Q16	FY16
Interchangeable Lens Digital Cameras	+1%	+2%
Compact Digital Cameras	-47%	-38%
Total Digital Cameras	-24%	-20%
IJP	-2%	-3%

Interchangeable Lens Digital Camera Ratio *		
	4Q16	FY16
Value Base	86%	86%
Unit Base	62%	58%

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



# Imaging System

FY 2017 Projection

Growth Rate y/y (Unit Base)		
	FY16	FY17(P)
Interchangeable Lens Digital Cameras	+2%	-7%
Compact Digital Cameras	-38%	-13%
Total Digital Cameras	-20%	-9%
IJP	-3%	0%

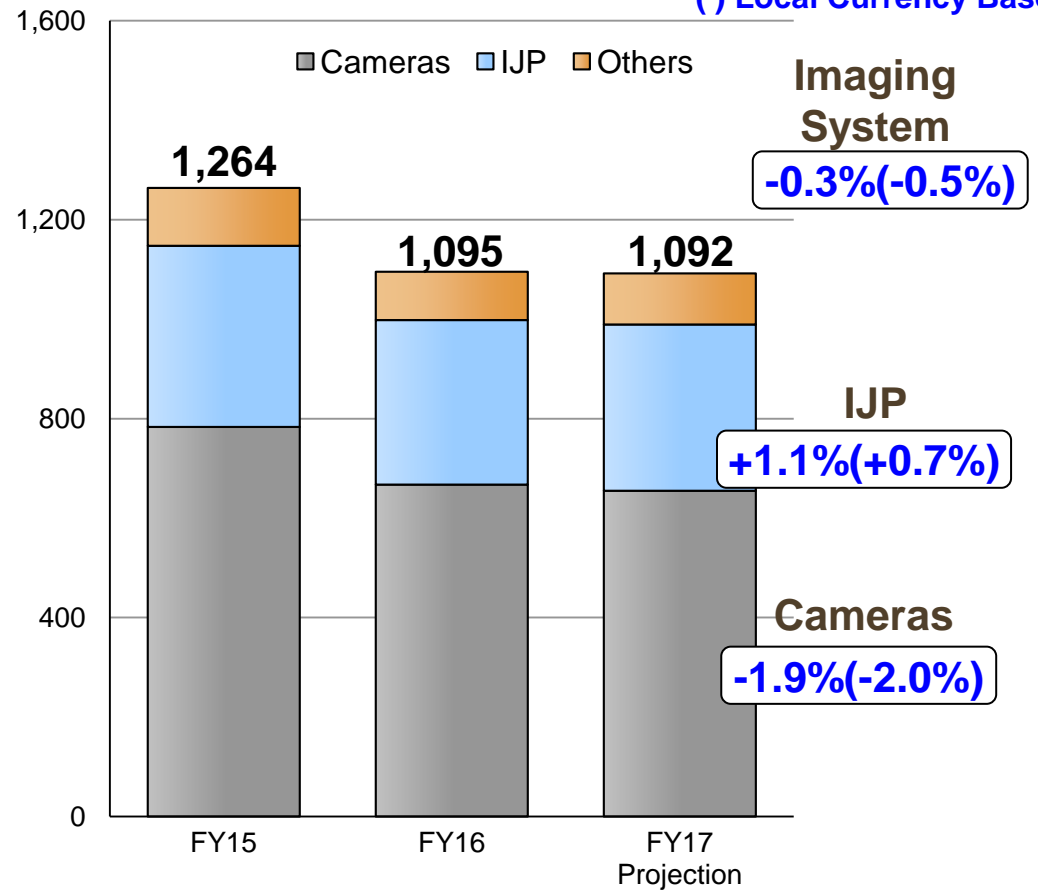
Interchangeable Lens Digital Camera Ratio *		
	FY16	FY17(P)
Value Base	86%	86%
Unit Base	58%	60%

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

(P)=Projection

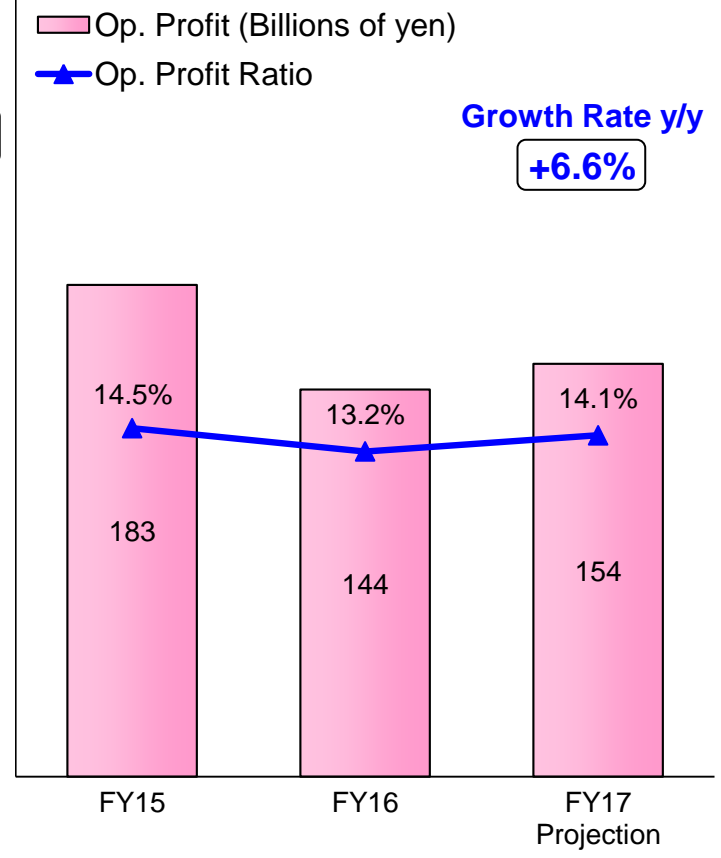
## (Billions of yen) Sales

Growth Rate y/y  
( ) Local Currency Base



## Op. Profit

Growth Rate y/y  
+6.6%



# Industry and Others

2016 Actual

## IC Stepper Unit Breakdown by Light Source

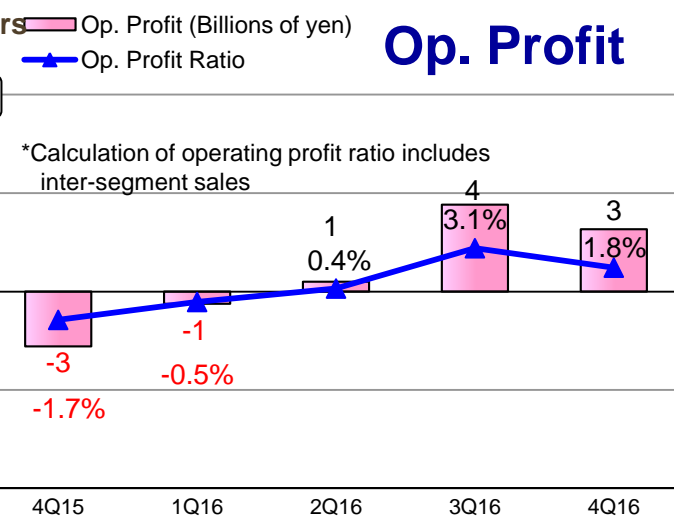
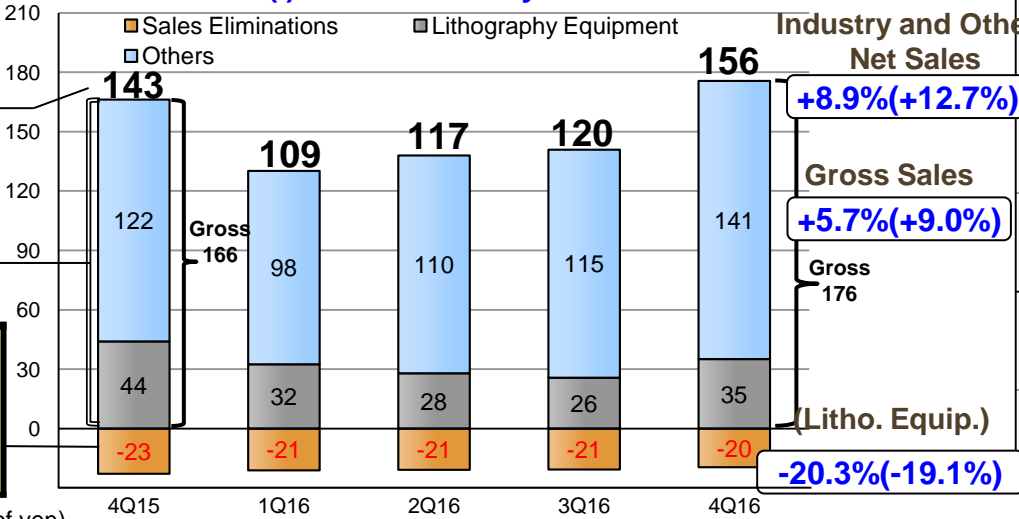
Lithography Equipment (Unit Sales)				
	4Q15	FY15	4Q16	FY16
IC	23	80	19	64
FPD	15	34	12	37

	4Q15	FY15	4Q16	FY16
ArF	0	0	0	0
KrF	8	21	6	19
i-line	15	59	13	45

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

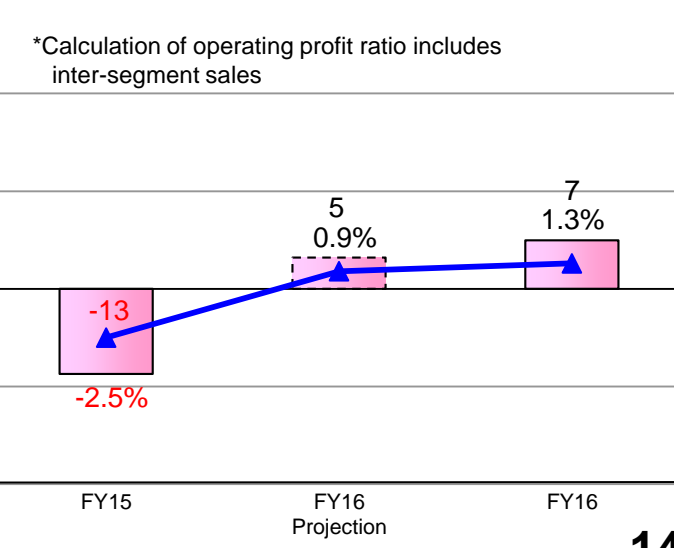
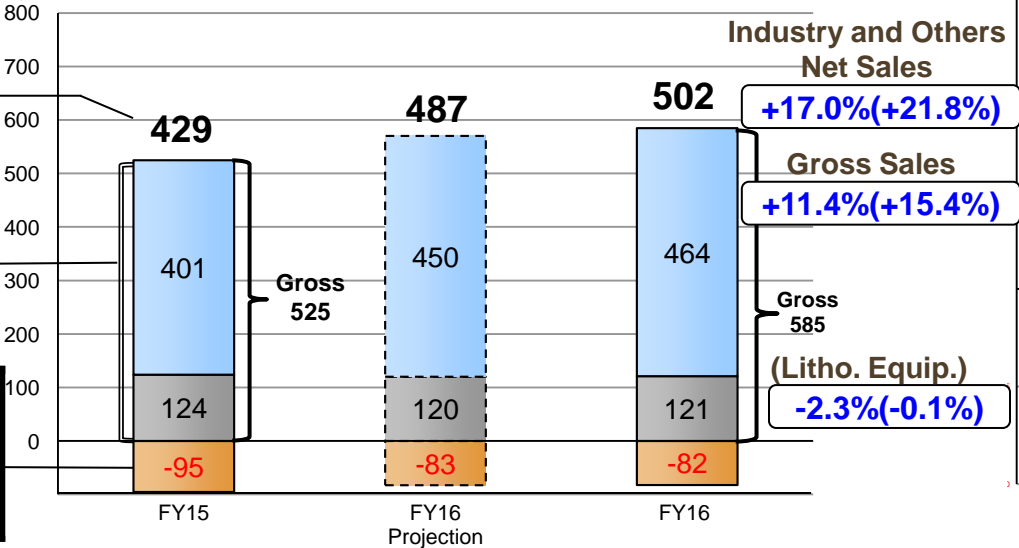
4Q

- 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 2017 Projection

## IC Stepper Unit Breakdown by Light Source

Lithography Equipment (Unit Sales)		
	FY16	FY17(P)
IC	64	65
FPD	37	84

	FY16	FY17(P)
ArF	0	0
KrF	19	21
i-line	45	44

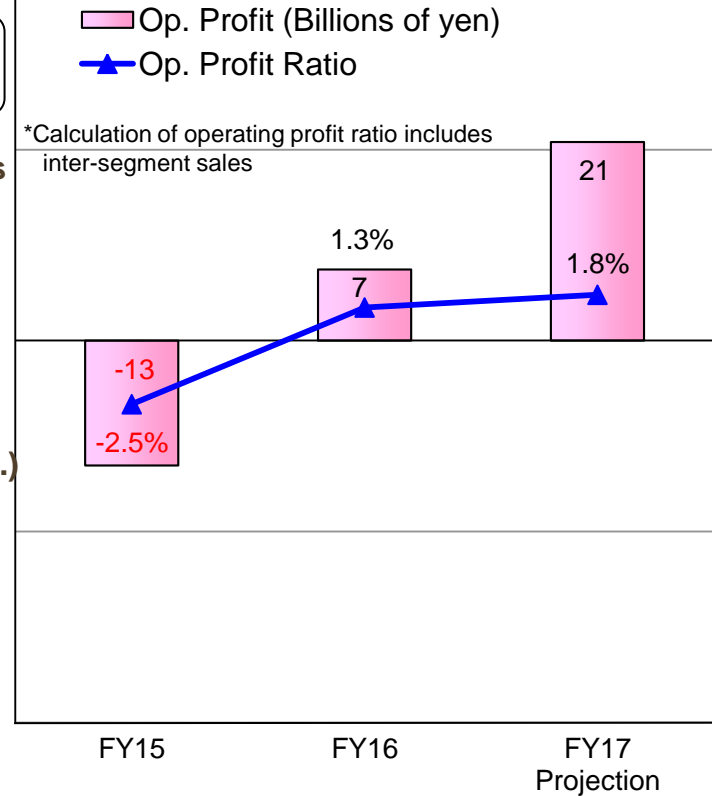
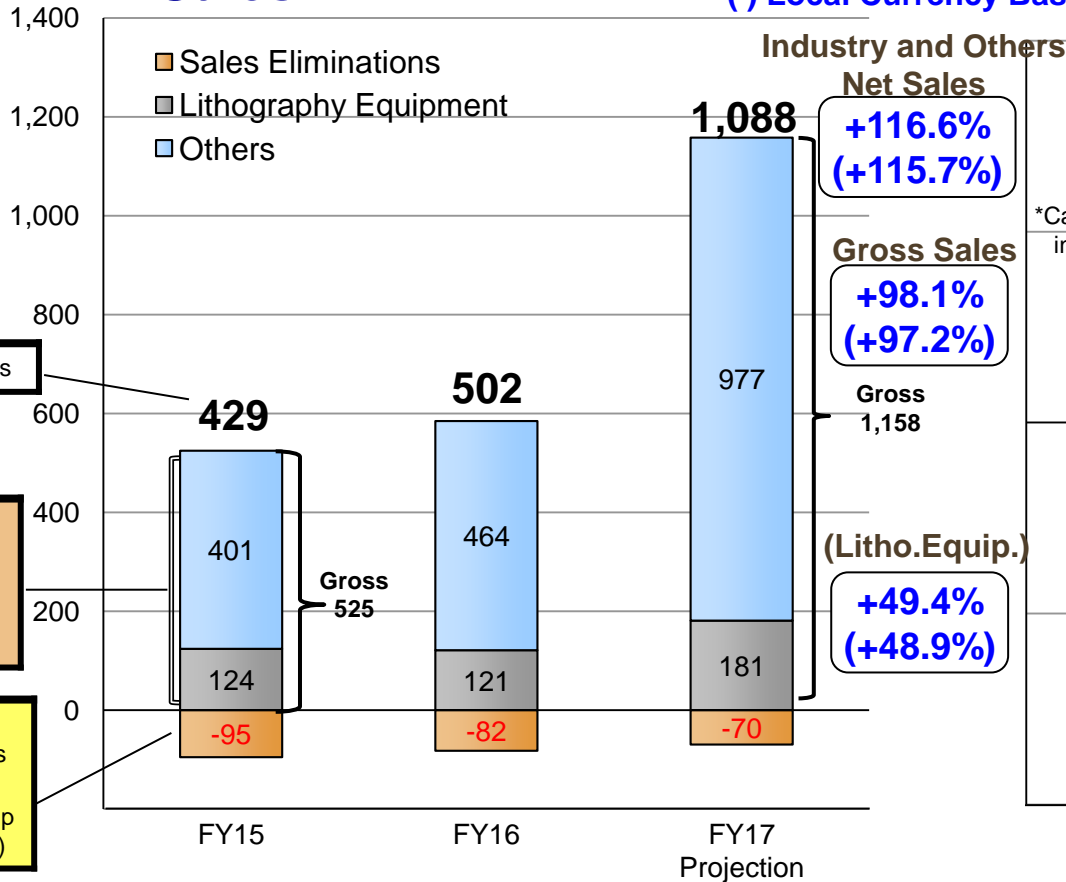
(P)=Projection

(Billions of yen)

## Sales

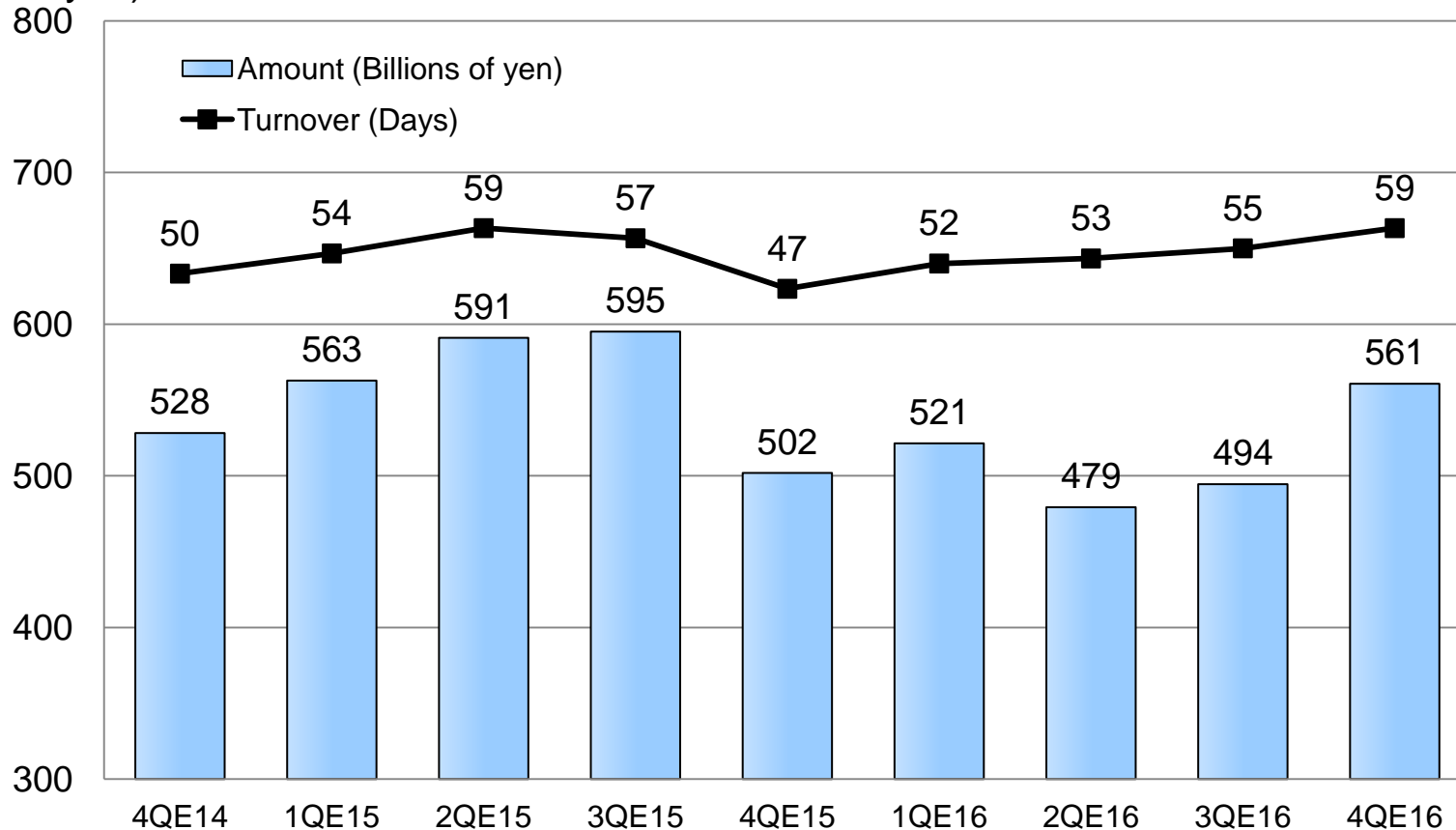
Growth Rate y/y  
( ) Local Currency Base

## Op. Profit



# Inventories

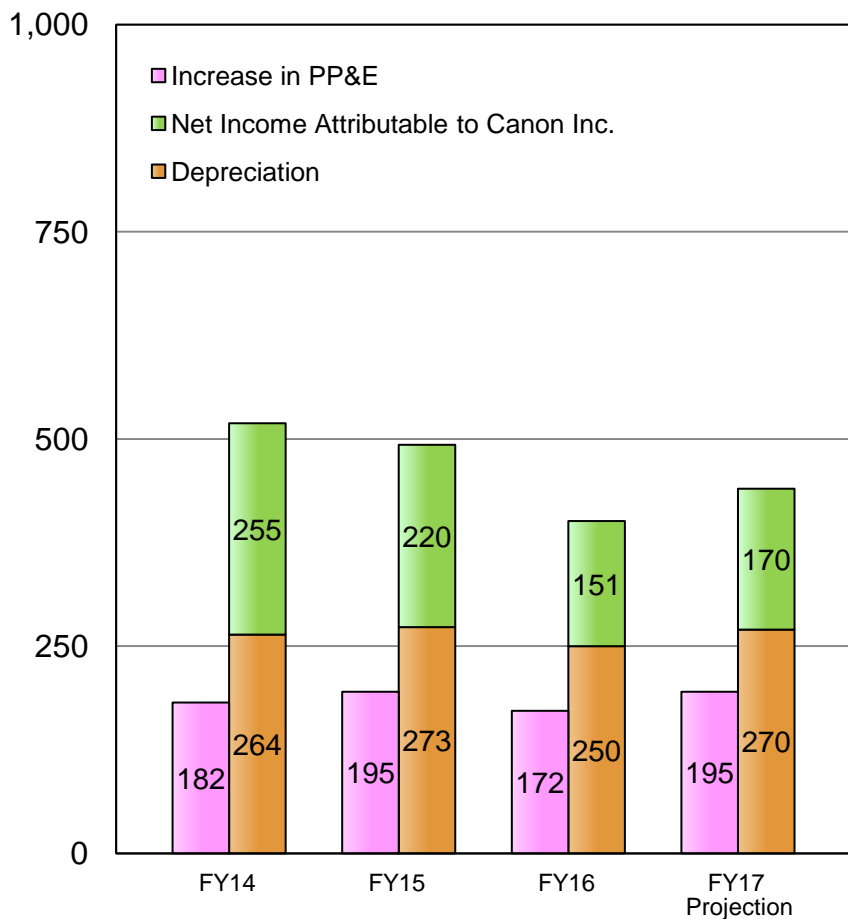
(Billions of yen)





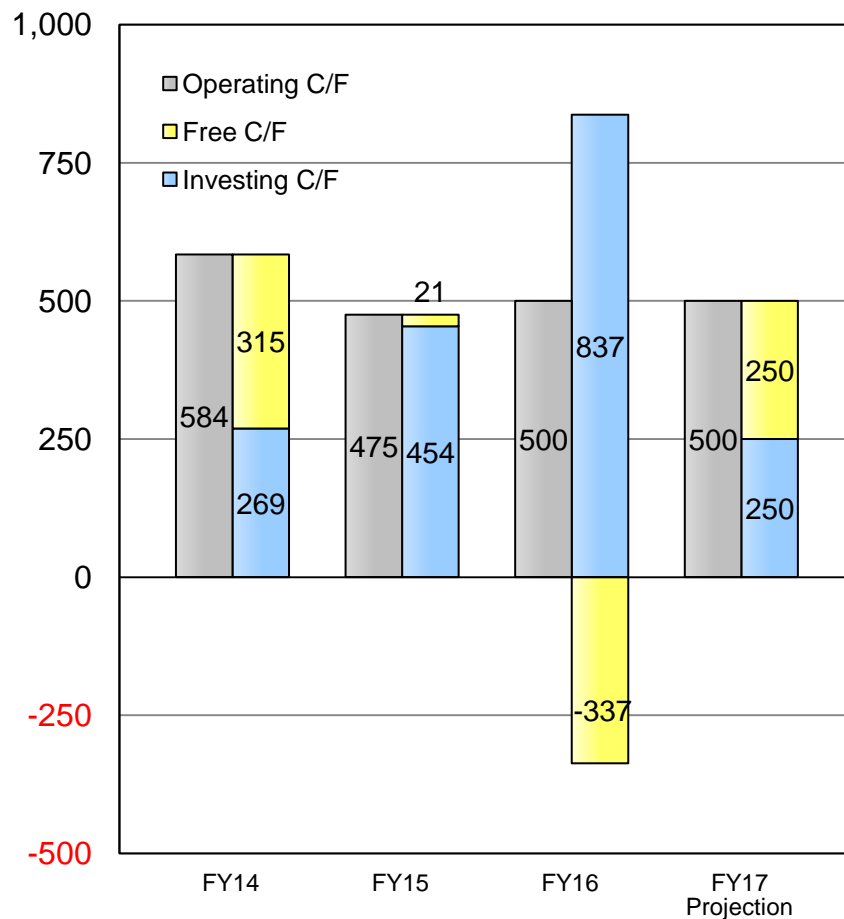
# Capital Expenditure

(Billions of yen)



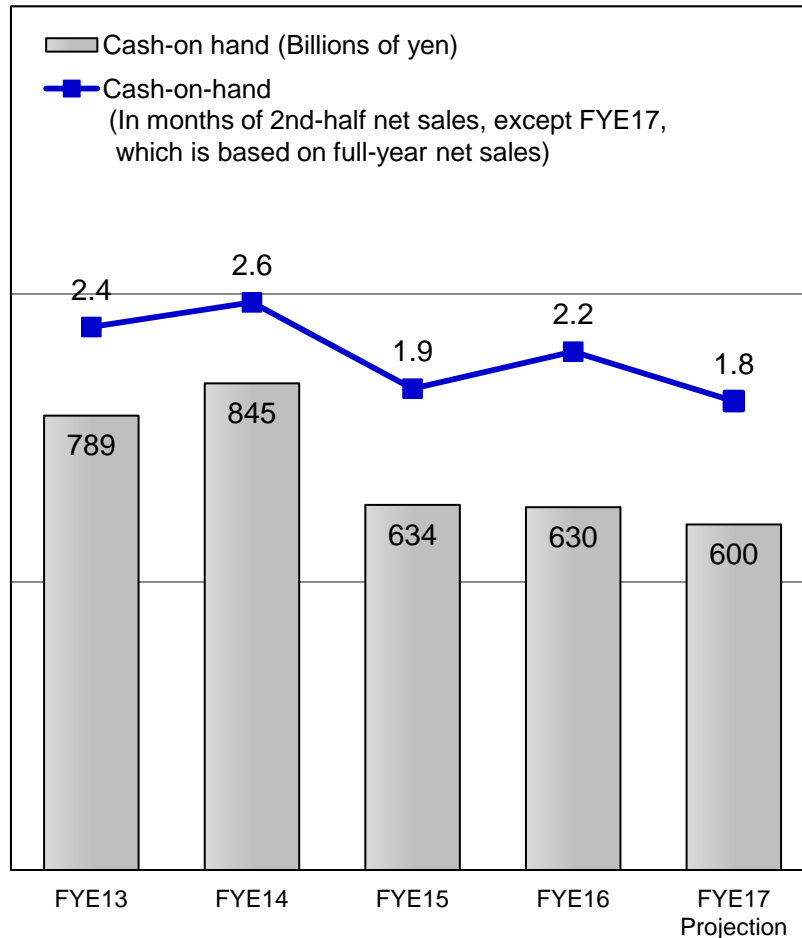
# Free Cash Flow

(Billions of yen)

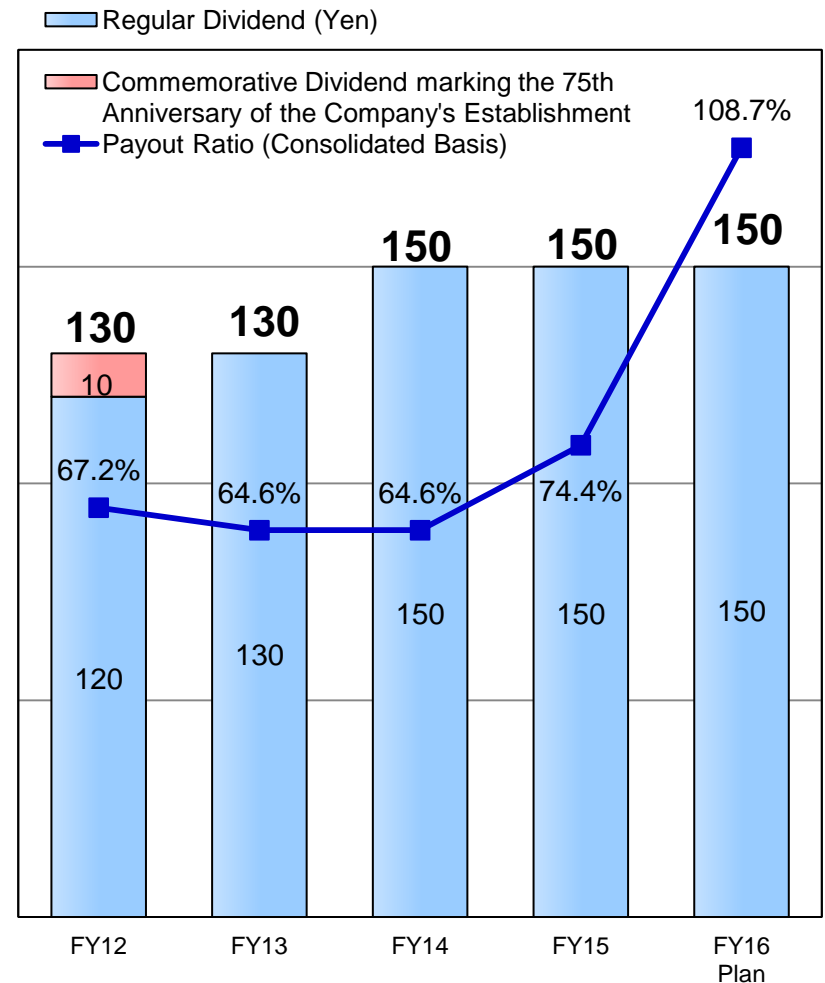


# Cash on Hand and Return to Shareholders

## Cash on Hand (Year-end)



## Dividend



Note : Approx. 150, 50 and 150 billion yen was used to acquire own shares in 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 2016 Actual v. Projection

(Billions of yen)

	Sales	Op. Profit
FY 2016 Projection (Oct. 26, 2016)	3,360.0	235.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+48.0	+20.5
Sales Volume Impact		
Office	-14.9	
Imaging System	-8.0	
Industry and Others	+12.1	
Total	-10.8	-25.7
Others	+4.3	-0.9
Total Change	+41.5	-6.1
FY 2016 Actual	3,401.5	228.9

**Change in Exchange Rate**

- 1USD: 106.00 to 108.58 yen
- 1EURO: 118.75 to 120.25 yen

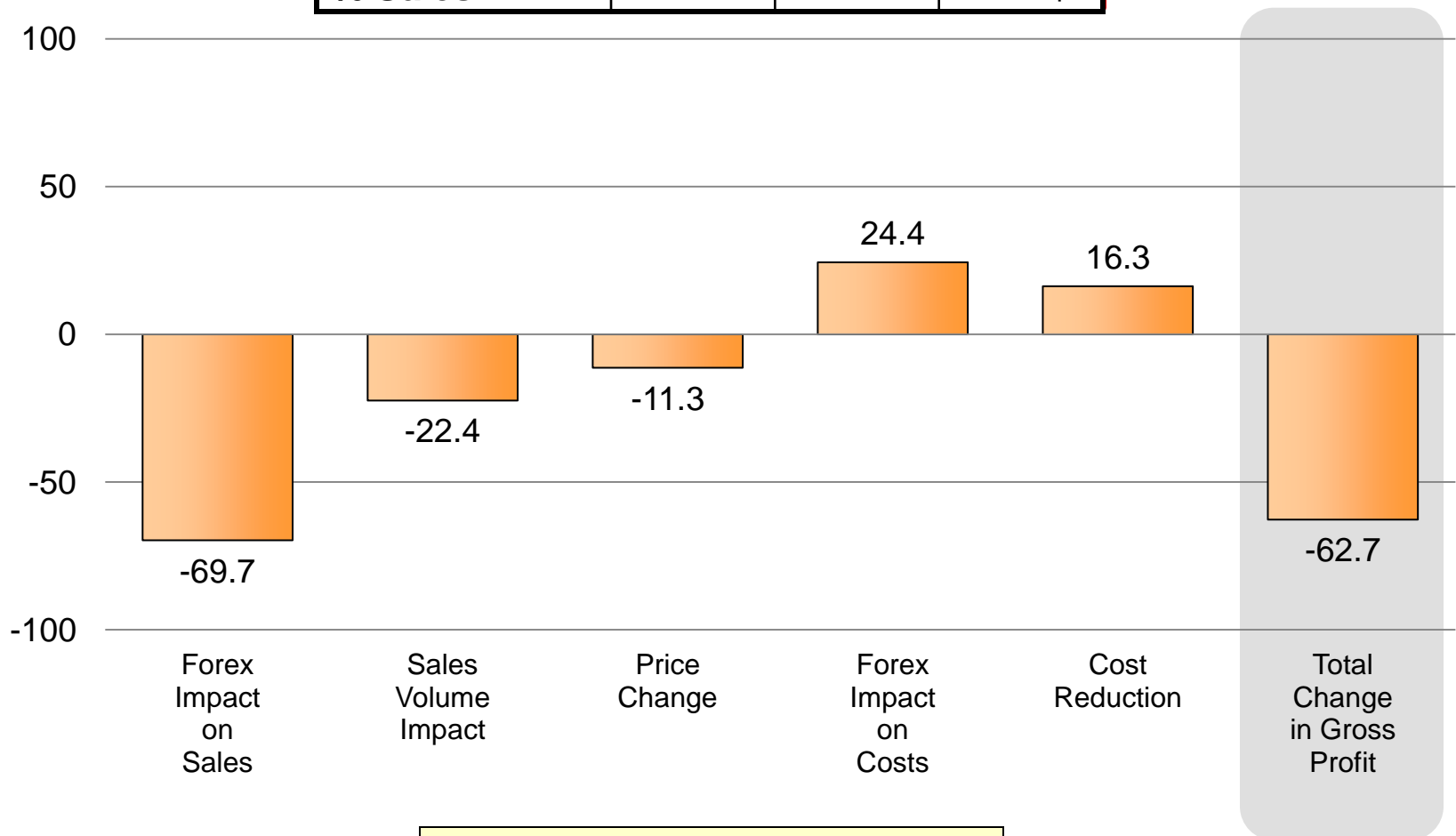
# Gross Profit Variance Analysis

4Q 2016 Actual v. 4Q 2015 Actual

(Billions of yen)

	4Q16	4Q15	Change
<b>Gross Profit</b>	460.1	522.8	-62.7
<b>% Sales</b>	47.7%	50.1%	-2.4pt.

(Billions of yen)



Supplementary Information

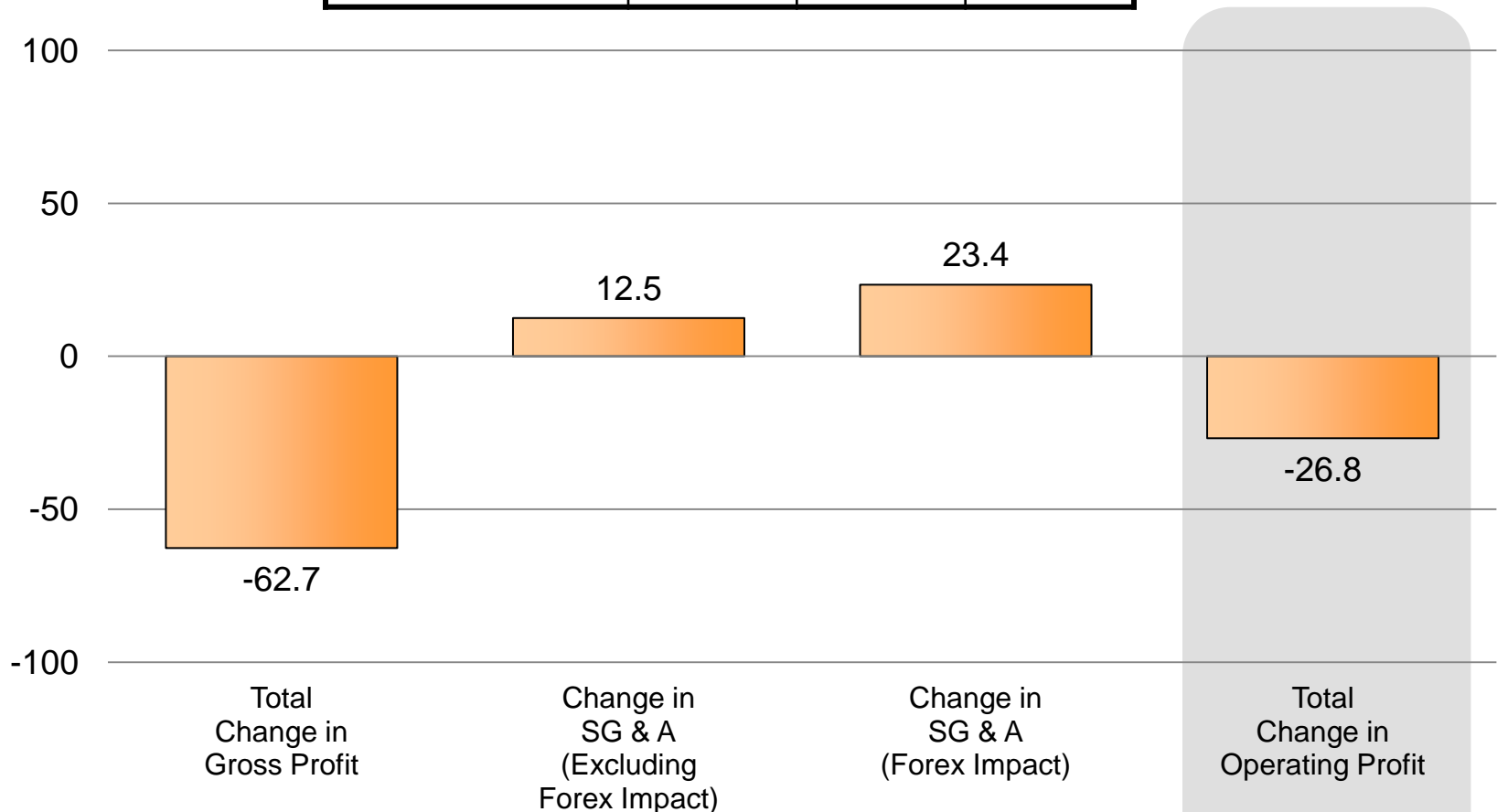
# Operating Profit Variance Analysis

4Q 2016 Actual v. 4Q 2015 Actual

(Billions of yen)

(Billions of yen)

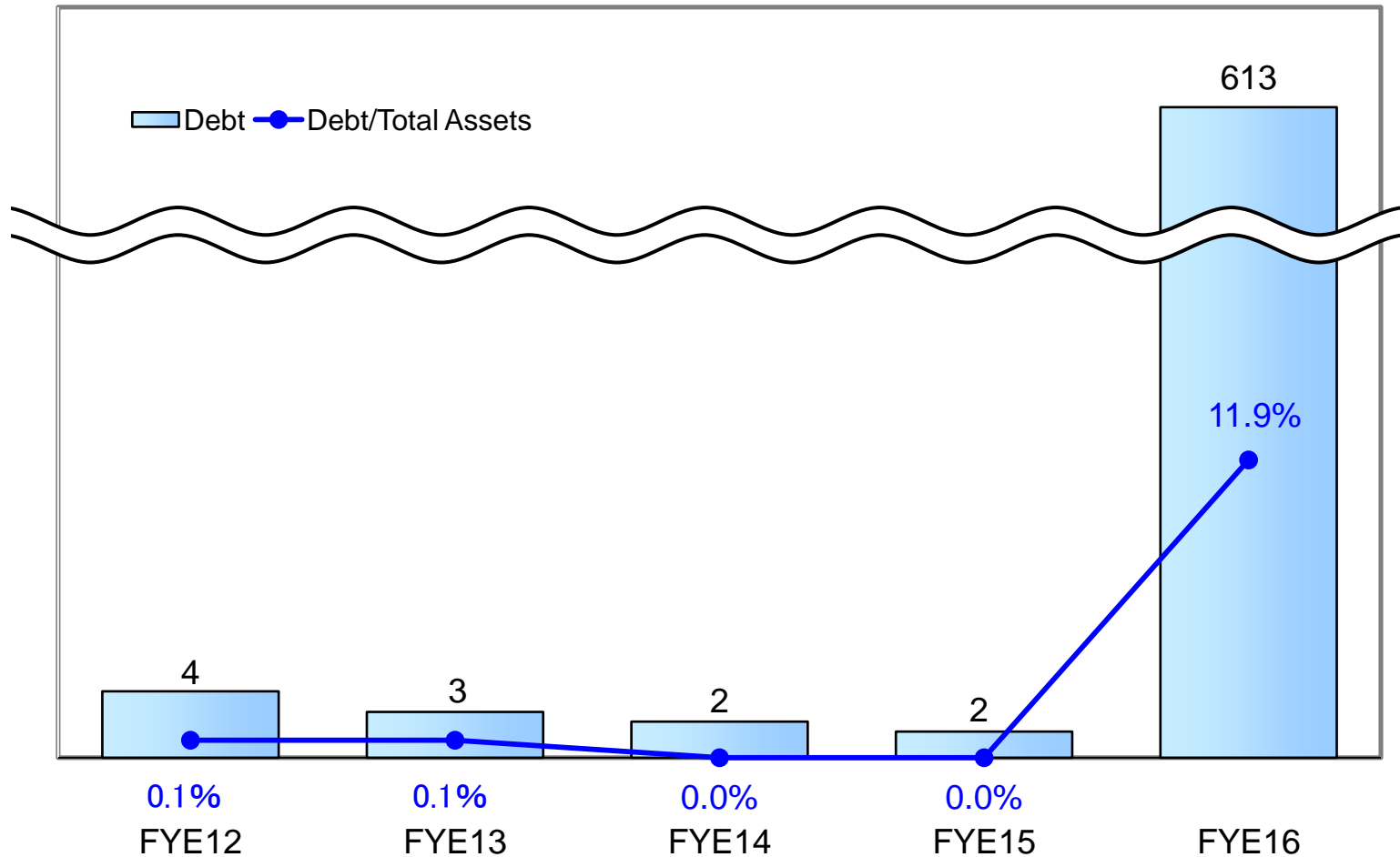
	4Q16	4Q15	Change
<b>Op. Profit</b>	80.2	107.0	-26.8
<b>% Sales</b>	8.3%	10.3%	-2.0pt.



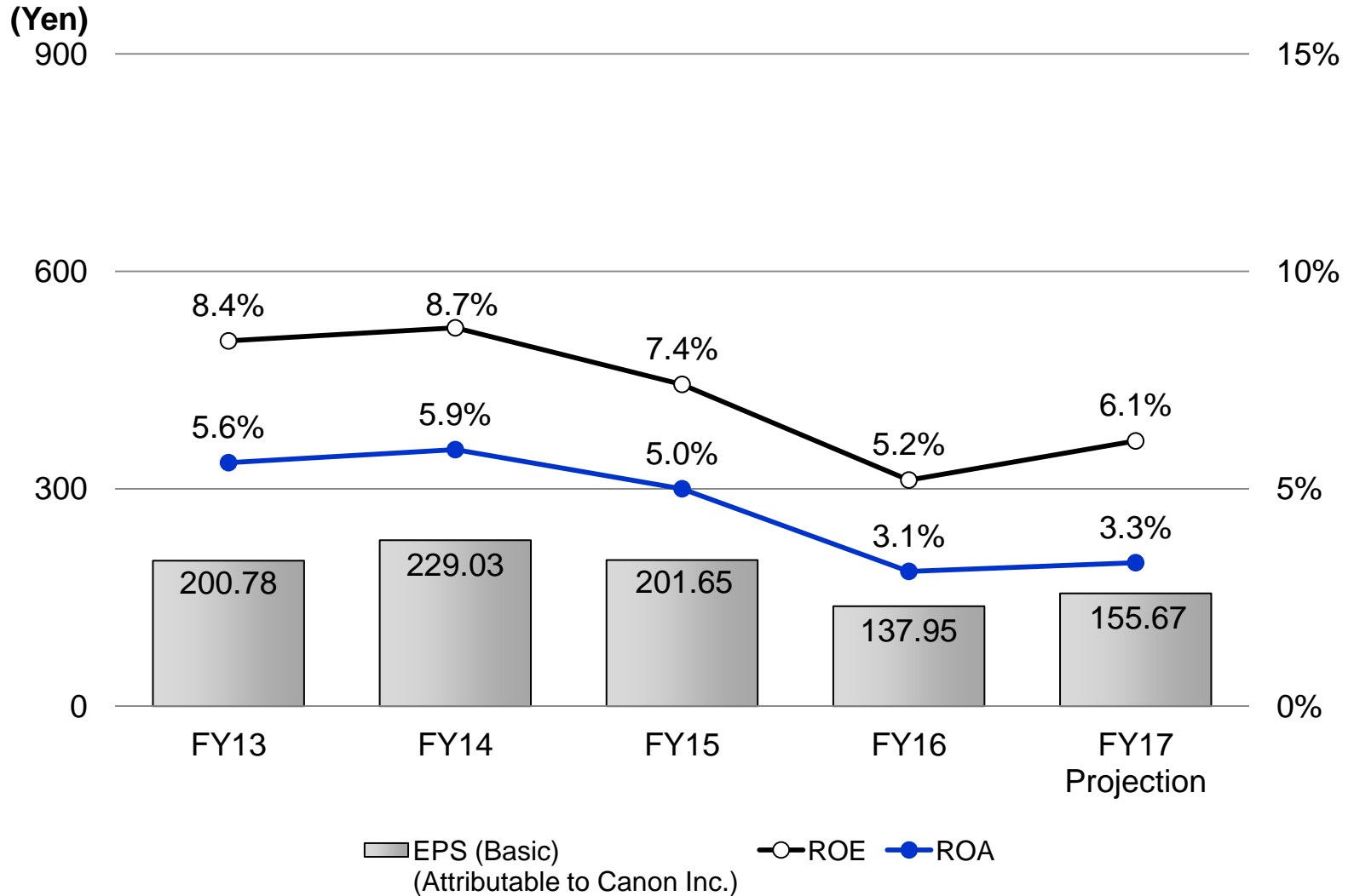
Supplementary Information

# Interest Bearing Debt

(Billions of yen)



# Financial Ratios



**Supplementary Information**