



# Canon Inc.

## Third Quarter 2016 Results

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# 3Q 2016 in Summary

## External Environment

- Global economy - Gradual growth continued
  - ✓ U.S. recovery – Gradual
  - ✓ Economic weakness in emerging countries –Continued

## Results

Sales and profit decline, mainly due to yen's appreciation and lower sales of laser printers

# Summary of Results

3Q 2016 Actual

(Billions of yen)

	3Q 2016 Actual	3Q 2015 Actual	Pct. Change
<b>Net Sales</b>	<b>778.8</b>	<b>925.8</b>	-15.9%
<b>Gross Profit</b>	<b>376.6</b>	<b>469.2</b>	-19.7%
(% Sales)	48.4%	50.7%	
<b>Op. Profit</b>	<b>40.0</b>	<b>77.3</b>	-48.2%
(% Sales)	5.1%	8.3%	
<b>Net Income</b>	<b>24.4</b>	<b>49.2</b>	-50.4%
Attributable to Canon Inc.			
(% Sales)	3.1%	5.3%	
Foreign Exchange Rate			
Yen – 1USD	102.33	122.12	
Yen – 1EURO	114.25	135.93	

# Transition in Sales and Op. Profit

3Q 2016 Actual v. 3Q 2015 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2015 Actual	925.8	77.3
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-103.9	-36.4
Sales Volume Impact		
Office	-42.0	
Imaging System	-7.7	
Industry and Others	+14.9	
.....		
Total	-34.8	-23.0
Others	-8.3	+22.1
Total Change	-147.0	-37.3
3Q 2016 Actual	778.8	40.0

## Change in Exchange Rate

- 1USD: 122.12 to 102.33 yen
- 1EURO: 135.93 to 114.25 yen

# Exchange Rate Assumptions

2016 Current Projection

Average Exchange Rate	4Q16	FY16	FY15
■ Yen-1USD	100.00 yen	106.00 yen	121.13 yen
■ Yen-1EURO	113.00 yen	118.75 yen	134.20 yen

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

	Net Sales	Operating Profit
■ USD	3.7 billion yen	1.4 billion yen
■ EURO	1.9 billion yen	0.8 billion yen

# Overview of Latest Projections

## External Environment

- Global economy
  - ✓ U.S. - Continues to head toward recovery
  - ✓ Europe - Increasing sense of economic slowdown

## Full-year Projection - Sales and profit decline

- ✓ Impact of lower laser printer and compact camera sales and significant yen's appreciation

# Summary of Projected Results

## FY 2016 Current Projection

(Billions of yen)

	FY 2016 Current Projection	FY 2015 Actual	Pct. Change
<b>Net Sales</b>	<b>3,360.0</b>	<b>3,800.3</b>	-11.6%
<b>Gross Profit</b>	<b>1,657.0</b>	<b>1,934.4</b>	-14.3%
(% Sales)	49.3%	50.9%	
<b>Op. Profit</b>	<b>235.0</b>	<b>355.2</b>	-33.8%
(% Sales)	7.0%	9.3%	
<b>Net Income</b>	<b>165.0</b>	<b>220.2</b>	-25.1%
Attributable to Canon Inc.			
(% Sales)	4.9%	5.8%	
Foreign Exchange Rate			
Yen – 1USD	106.00	121.13	
Yen – 1EURO	118.75	134.20	

# Transition in Sales and Op. Profit

FY 2016 Current Projection v. FY 2016 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jul. 26, 2016)	3,520.0	265.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-30.3	-10.2
Sales Volume Impact		
Office	-75.2	
Imaging System	-24.5	
Industry and Others	-39.0	
Total	-138.7	-64.8
Others	+9.0	+45.0
Total Change	-160.0	-30.0
Current Projection (Oct. 26, 2016)	3,360.0	235.0

## Change in Exchange Rate

- 1USD: 107.96 to 106.00 yen
- 1EURO: 119.39 to 118.75 yen

# Office

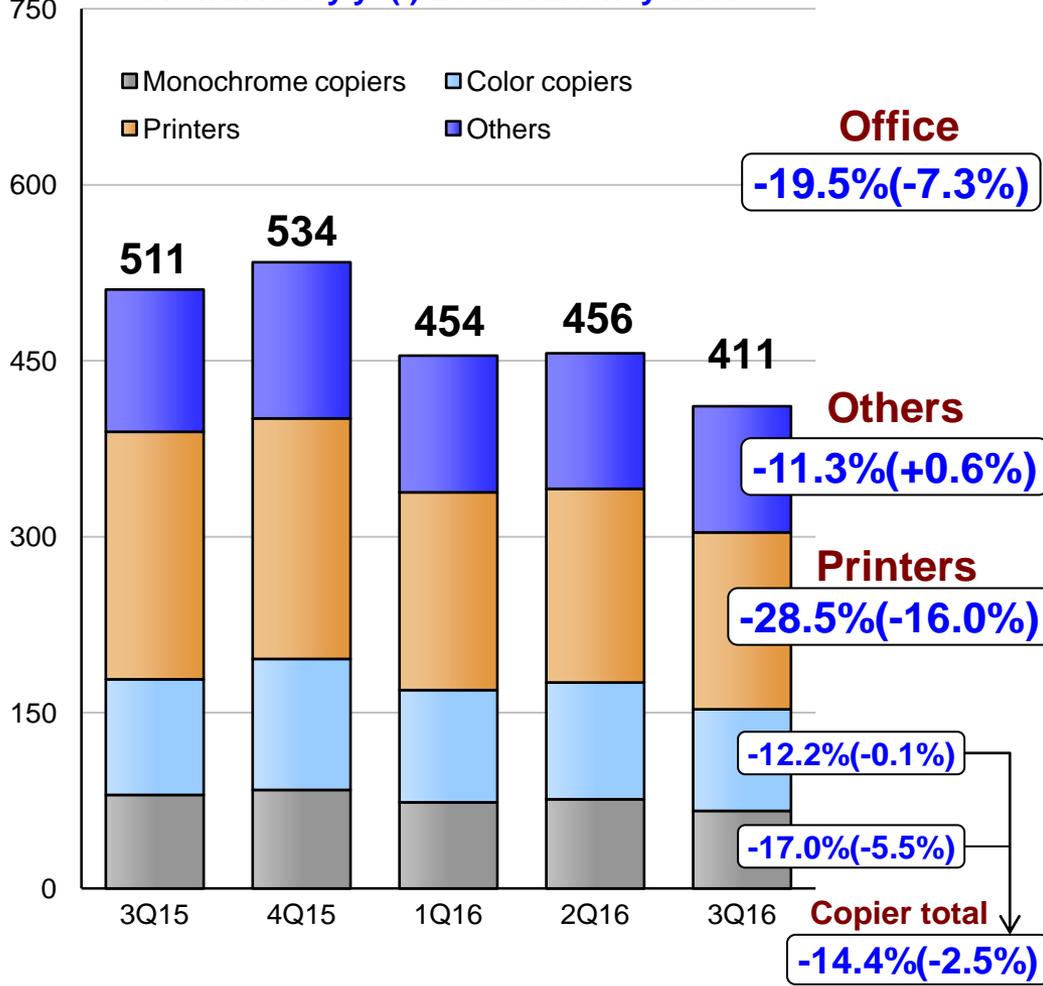
3Q 2016 Actual

3Q16 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+8%	-1%
Monochrome	-5%	-3%
Total	+1%	-3%

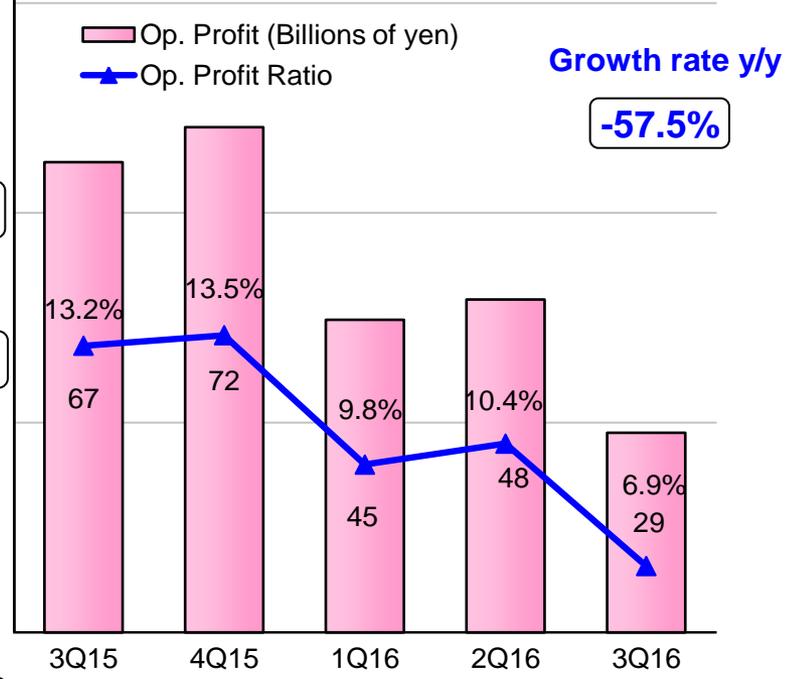
3Q16 Color Ratio		
	Copiers	Printers
Value Base*	57%	51%
Unit Base	49%	18%

\*Includes Consumables

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



## Op. Profit



# Office

## FY 2016 Projection

FY16 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+10%	-1%
Monochrome	-4%	-6%
Total	+2%	-5%

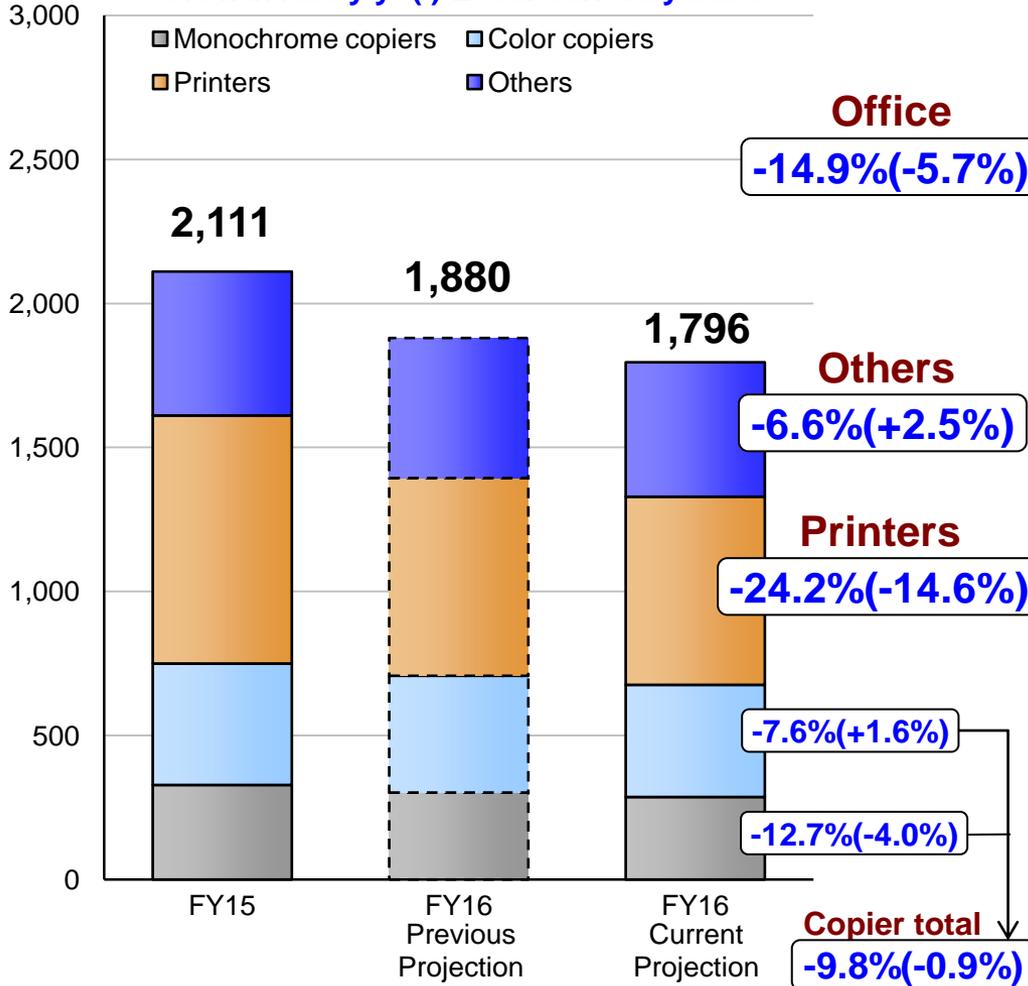
FY16 Color Ratio		
	Copiers	Printers
Value Base*	58%	52%
Unit Base	49%	18%

\*Includes Consumables

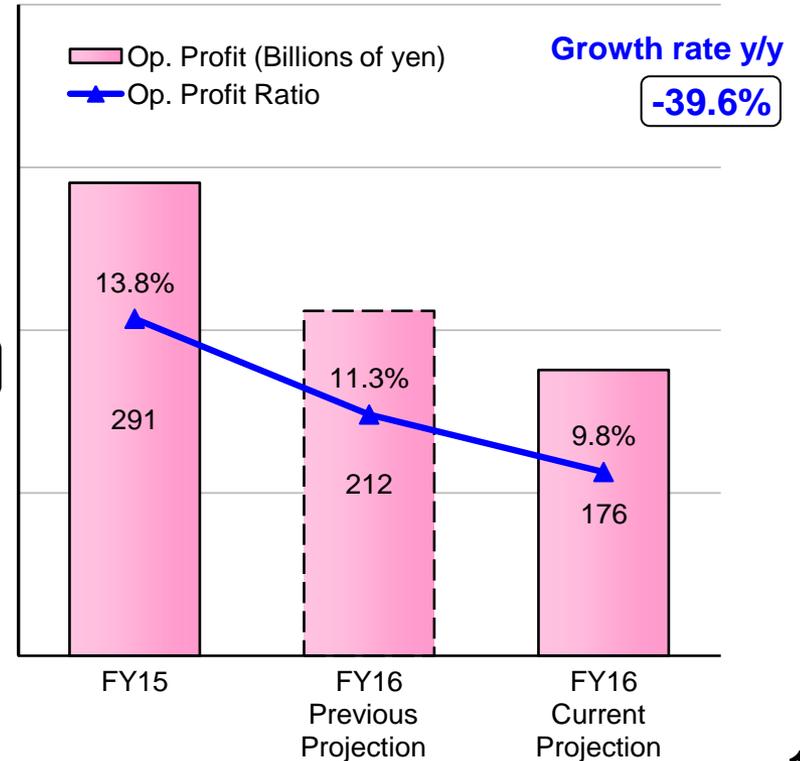
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op. Profit



# Imaging System

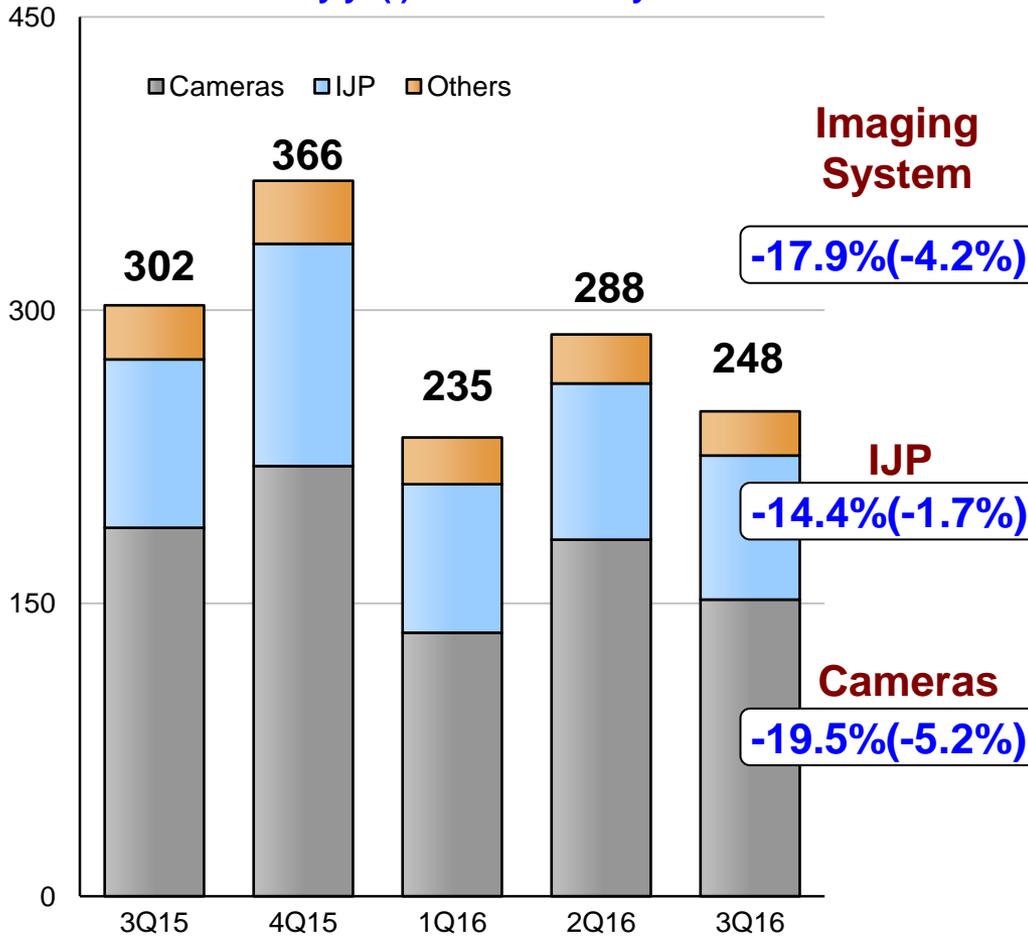
3Q 2016 Actual

Growth Rate y/y (Unit Base)	
	3Q16
Interchangeable Lens Digital Cameras	+8%
Compact Digital Cameras	-52%
Total Digital Cameras	-25%
IJP	-6%

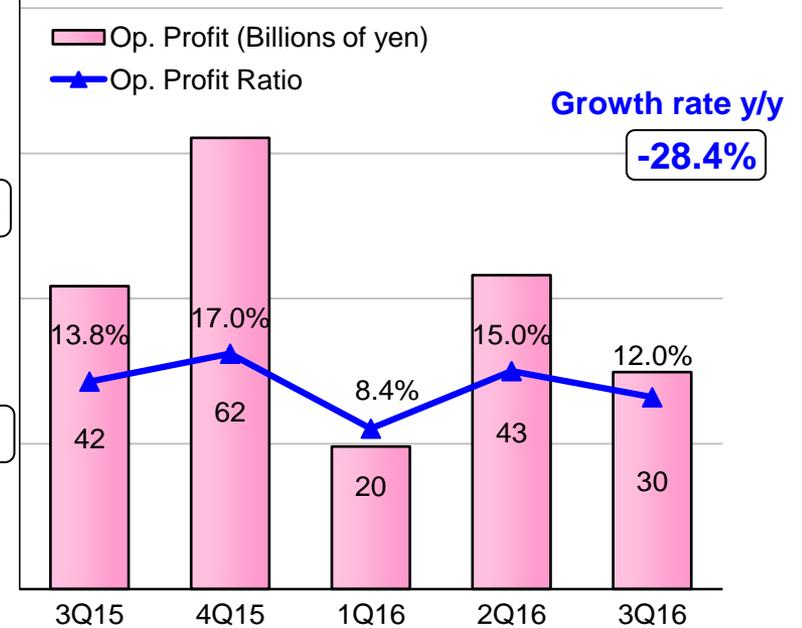
Interchangeable Lens Digital Camera Ratio *	
	3Q16
Value Base	89%
Unit Base	65%

\* 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 2016 Projection

Growth Rate y/y (Unit Base)	
	FY16
Interchangeable Lens Digital Cameras	-1%
Compact Digital Cameras	-39%
Total Digital Cameras	-22%
IJP	0%

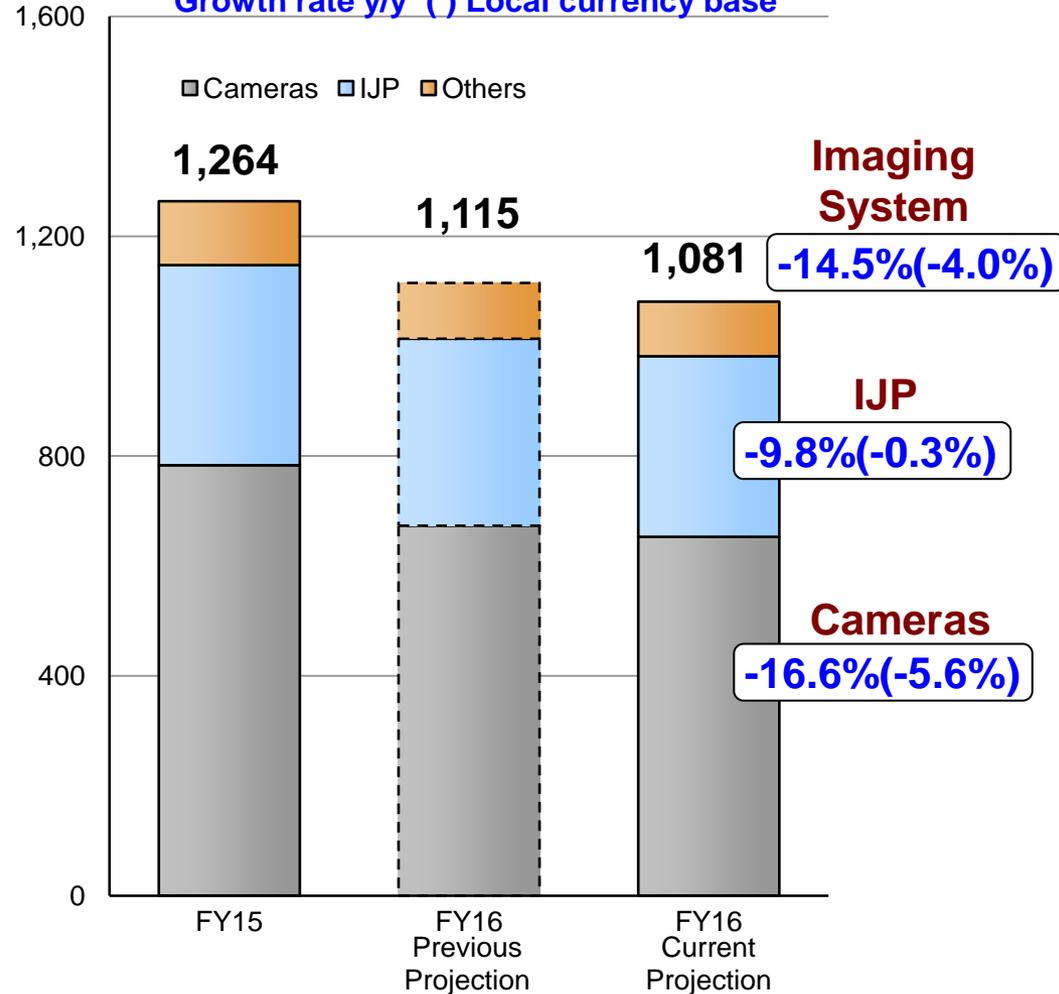
Interchangeable Lens Digital Camera Ratio *	
	FY16
Value Base	86%
Unit Base	58%

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

(Billions of yen)

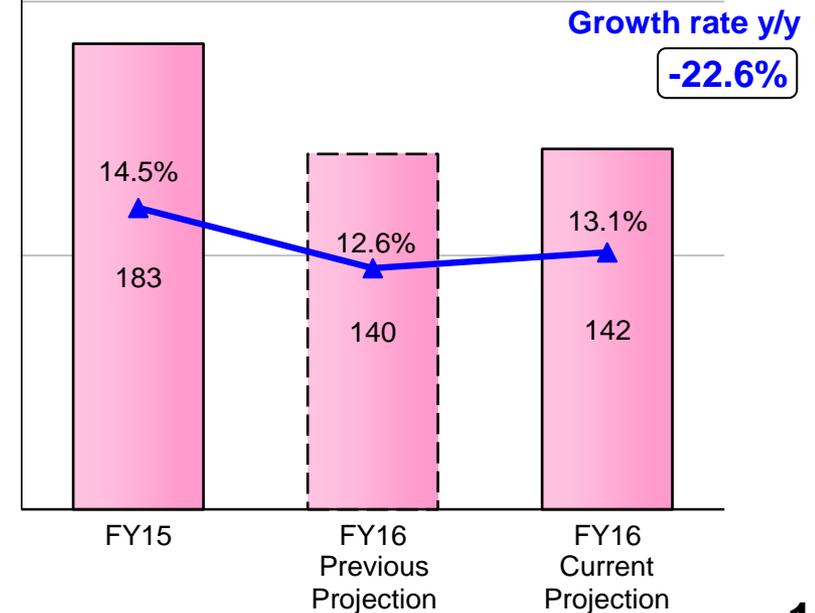
## Sales

Growth rate y/y ( ) Local currency base



## Op. Profit

Op. Profit (Billions of yen)  
Op. Profit Ratio



# Industry and Others

3Q 2016 Actual

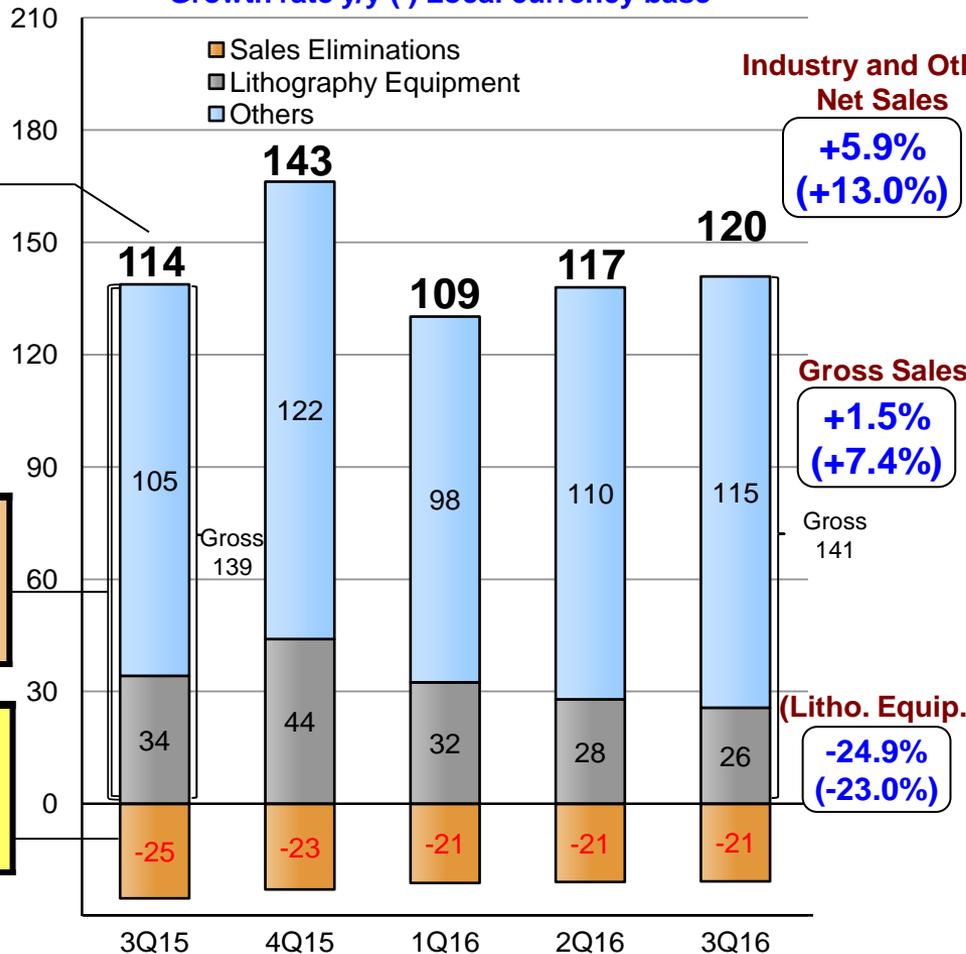
Lithography Equipment (Unit Sales)		
	3Q15	3Q16
IC	20	14
FPD	12	7

IC Lithography Unit Breakdown by Light Source		
	3Q15	3Q16
ArF	0	0
KrF	4	5
i-line	16	9

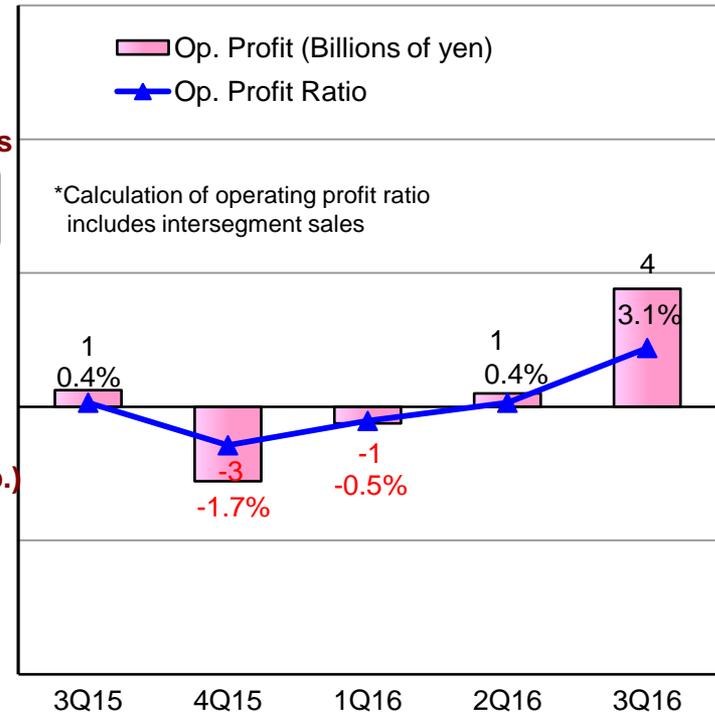
(Billions of yen)

## Sales

Growth rate y/y ( ) Local currency base



## Op. Profit



# Industry and Others

FY 2016 Projection

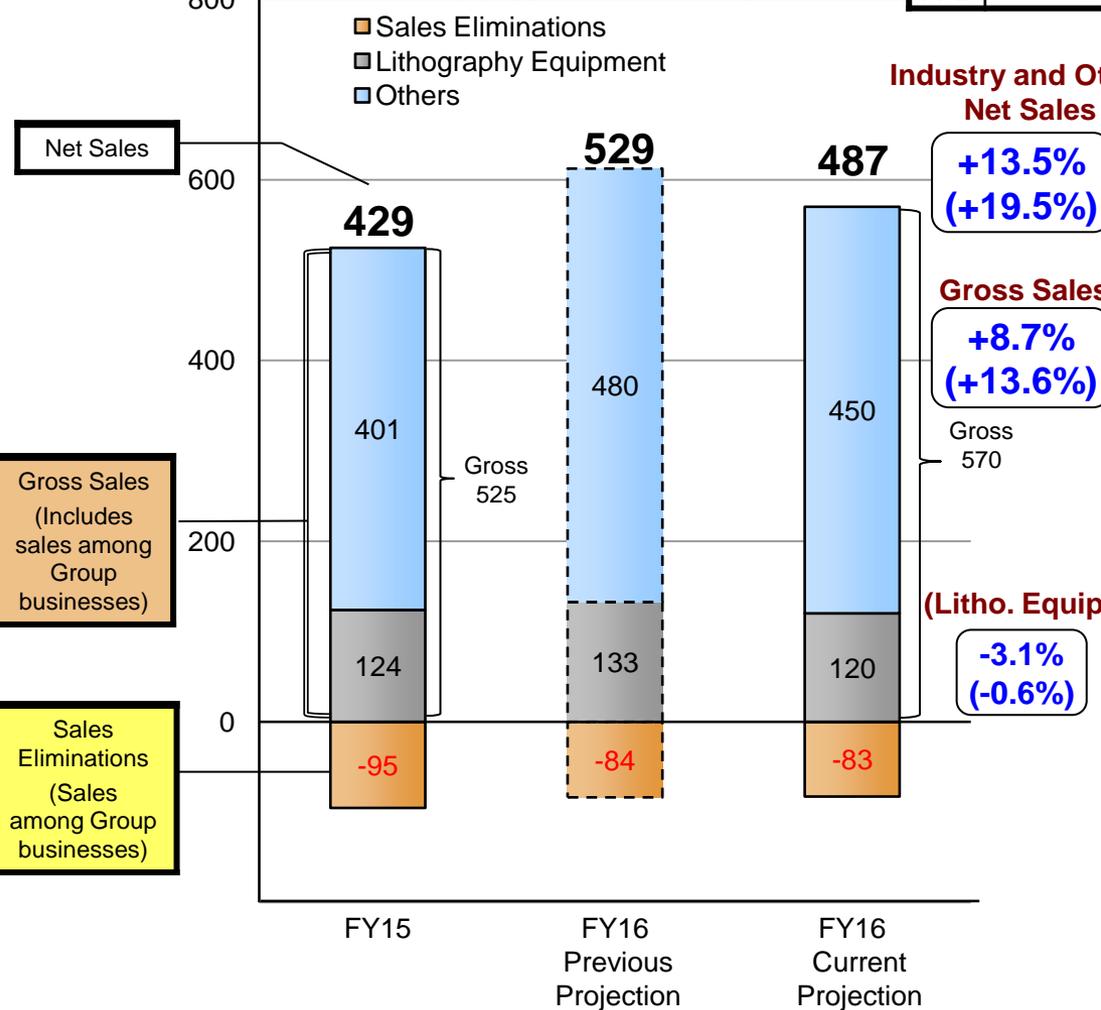
Lithography Equipment (Unit Sales)			
	FY15	FY16 Previous Projection	FY16 Current Projection
IC	80	77	63
FPD	34	39	38

IC Lithography Unit Breakdown by Light Source			
	FY15	FY16 Previous Projection	FY16 Current Projection
ArF	0	0	0
KrF	21	27	18
i-line	59	50	45

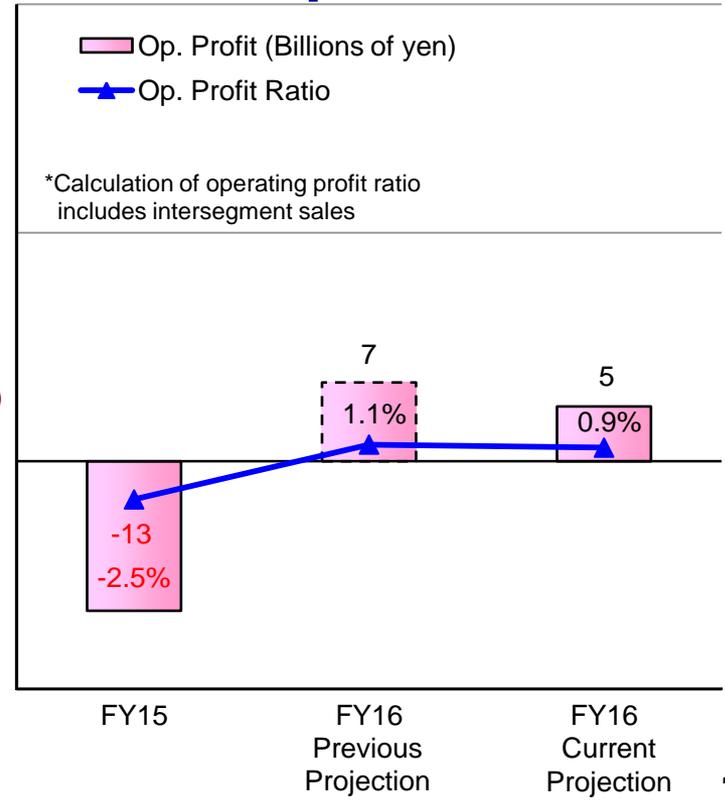
## Sales

(Billions of yen)

Growth rate y/y ( ) Local currency base

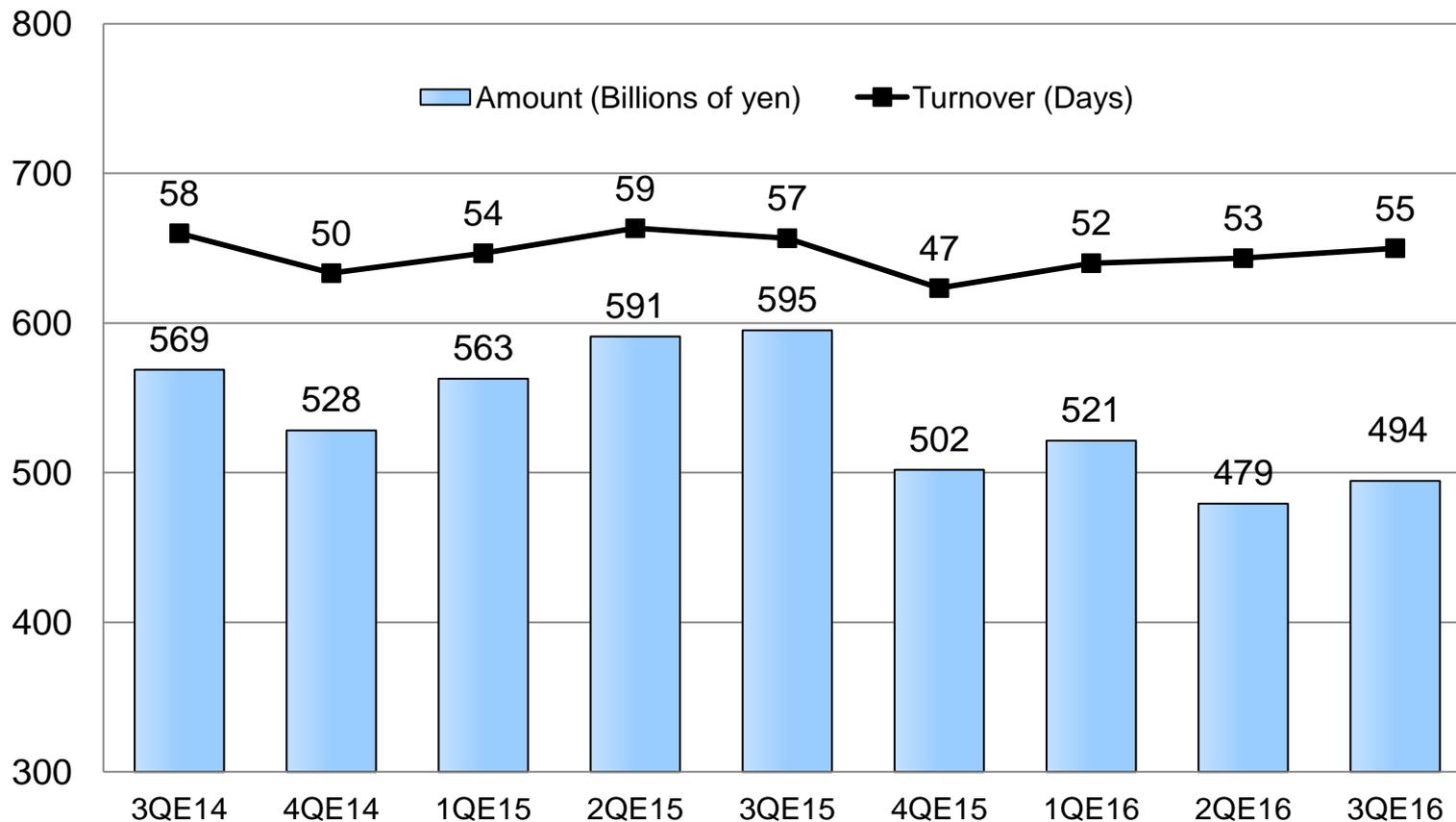


## Op. Profit



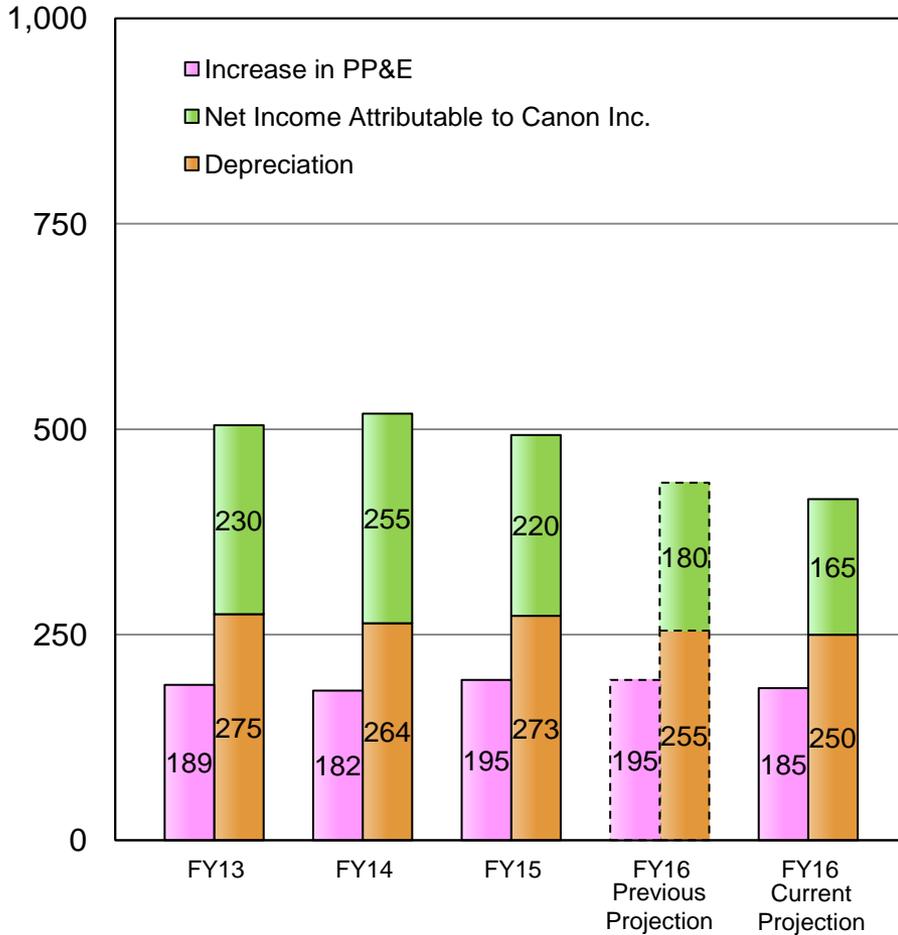
# Inventories

(Billions of yen)



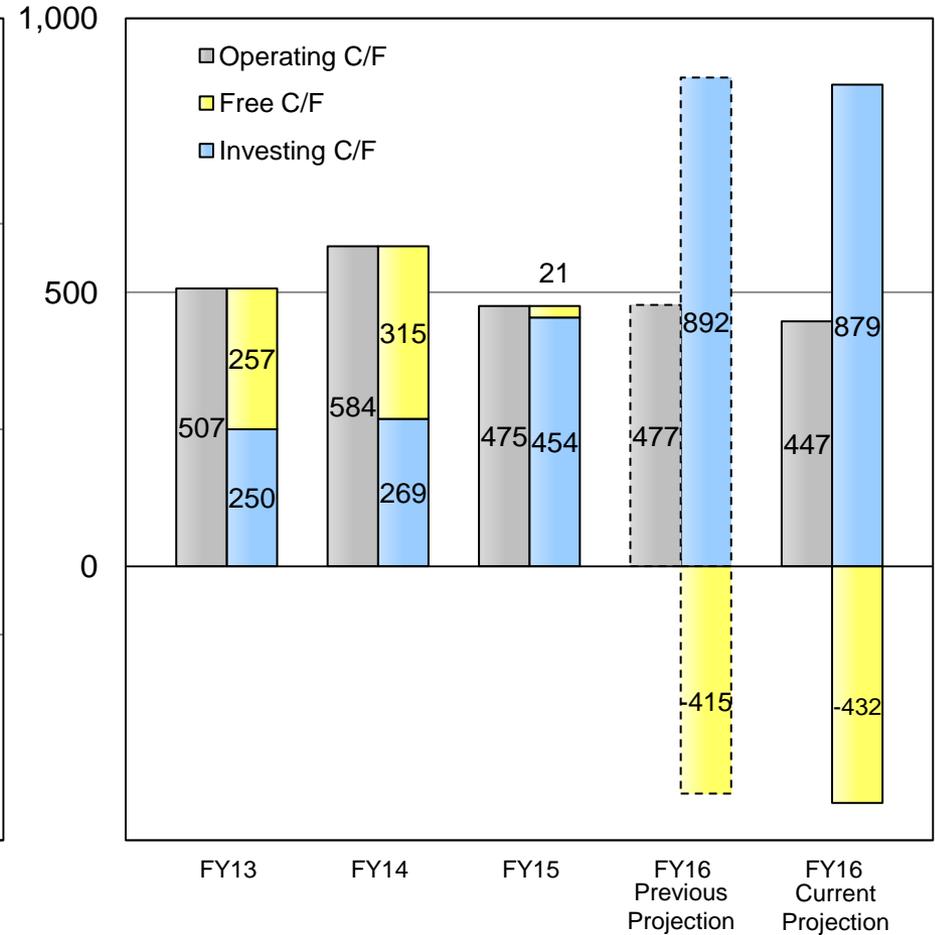
# Capital Expenditure

(Billions of yen)



# Free Cash Flow

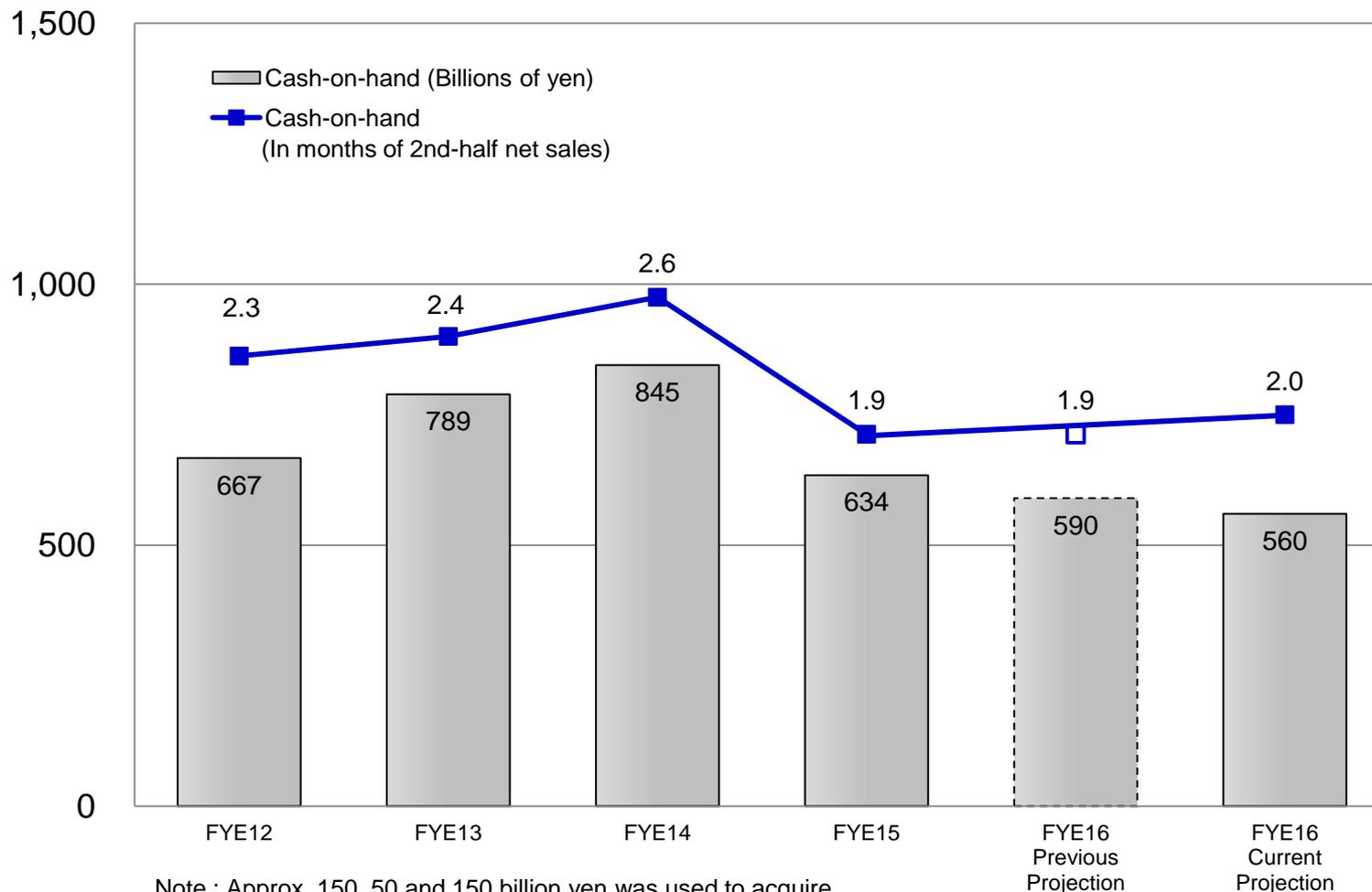
(Billions of yen)



# Cash on Hand

## Cash on Hand (Year-end)

(Billions of yen)



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 Operating Profit

## FY 2016 Current 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)	-330.3	-129.1
Sales Volume Impact		
Office	-126.1	
Imaging System	-30.2	
Industry and Others	+83.3	
Total	-73.0	-44.0
Others	-37.0	+52.9
Total Change	-440.3	-120.2
FY 2016 Current Projection	3,360.0	235.0

### Change in Exchange Rate

- 1USD: 121.13 to 106.00 yen
- 1EURO: 134.20 to 118.75 yen

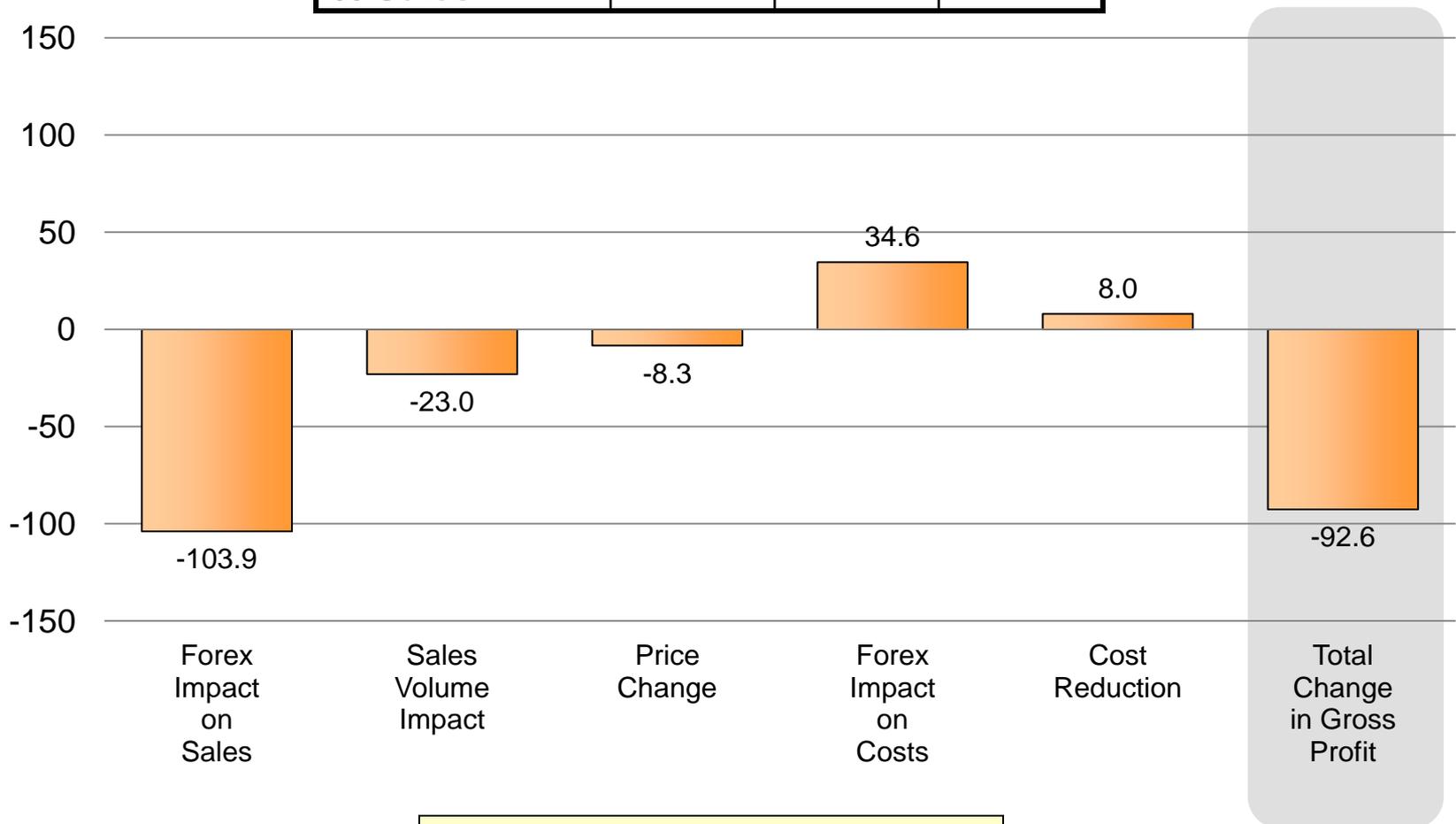
# Gross Profit Variance Analysis

3Q 2016 Actual v. 3Q 2015 Actual

(Billions of yen)

	3Q16	3Q15	Change
<b>Gross Profit</b>	376.6	469.2	-92.6
<b>% Sales</b>	48.4%	50.7%	-2.3%

(Billions of yen)



Supplementary Information

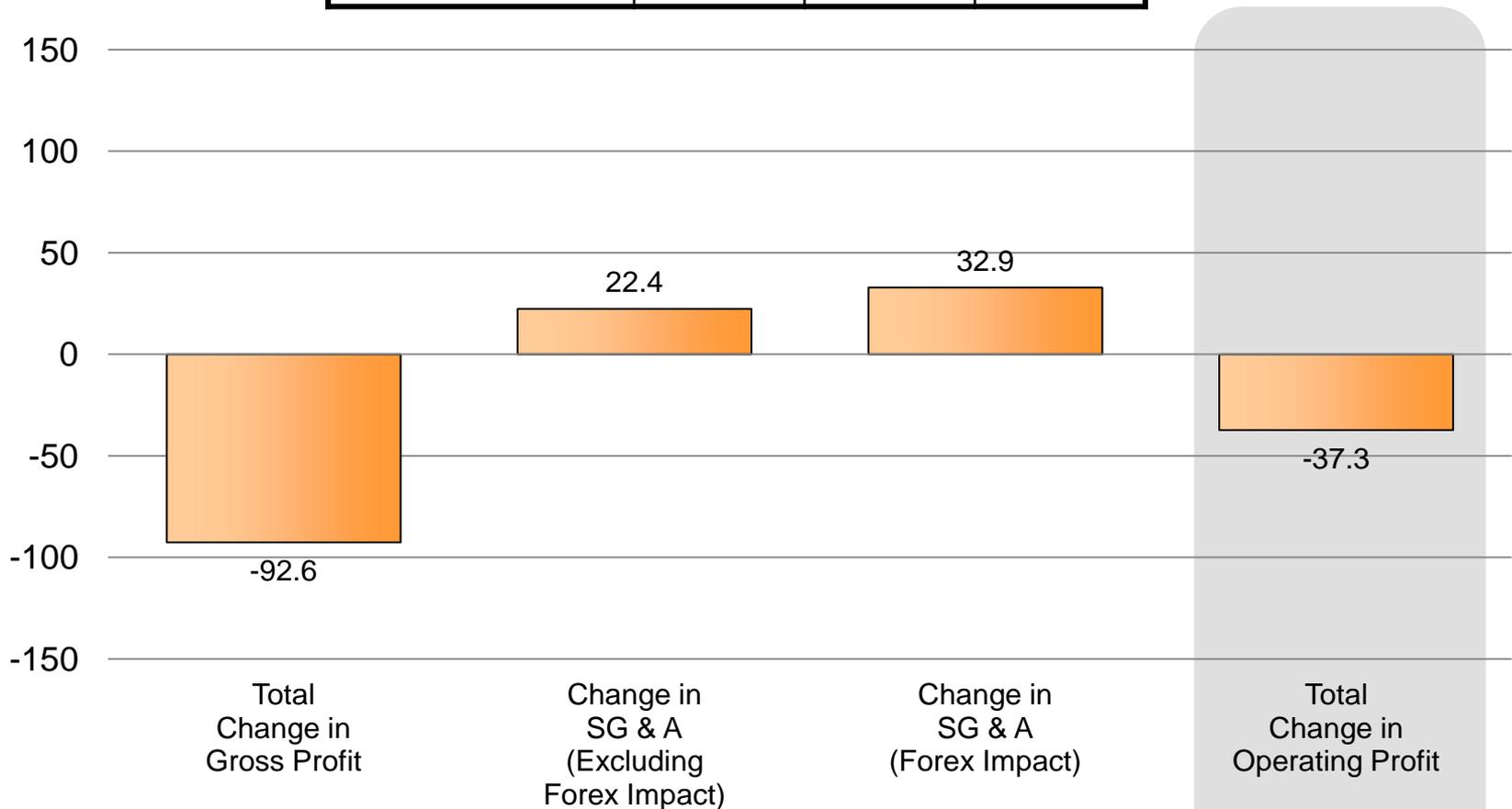
# Operating Profit Variance Analysis

3Q 2016 Actual v. 3Q 2015 Actual

(Billions of yen)

(Billions of yen)

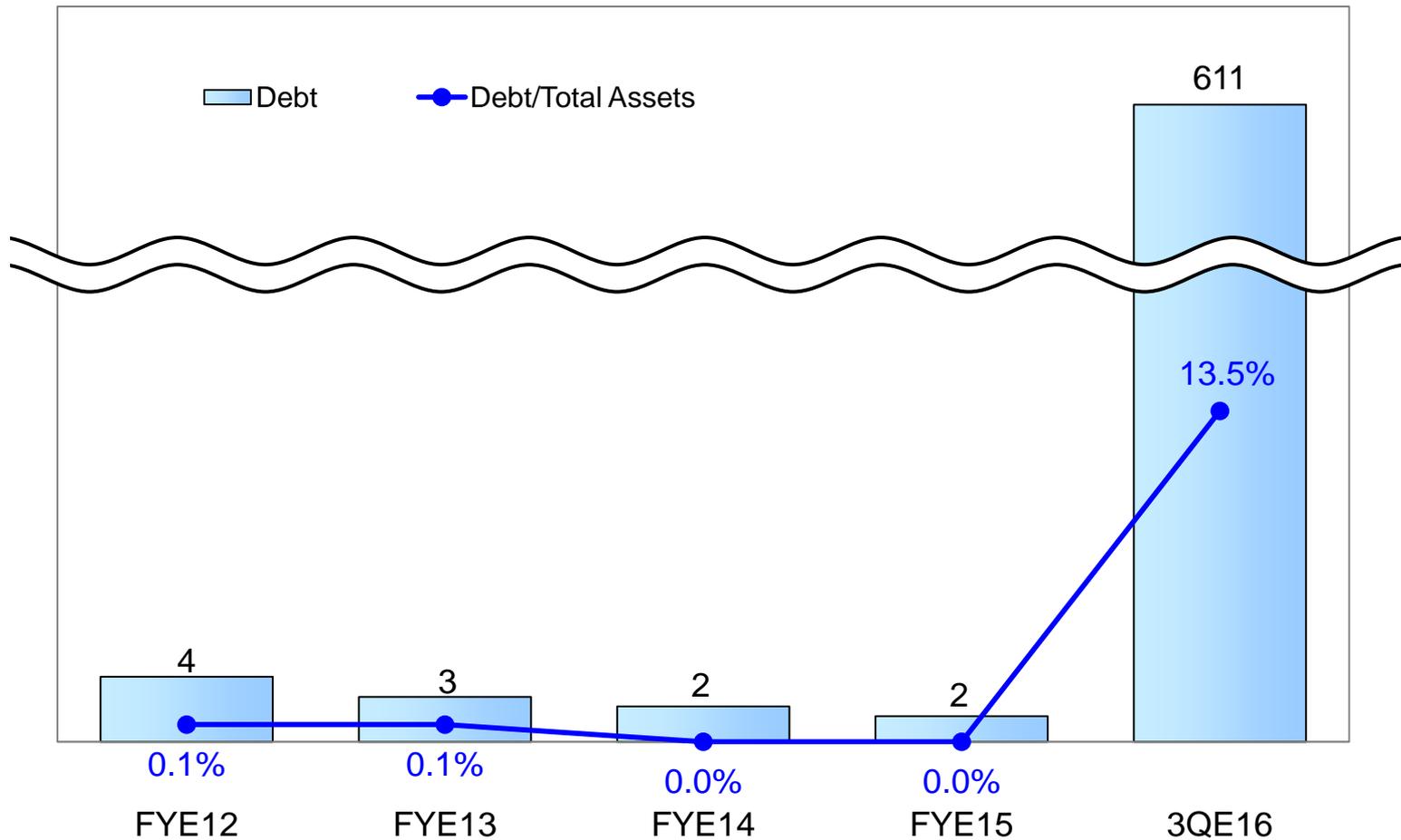
	3Q16	3Q15	Change
<b>Op. Profit</b>	40.0	77.3	-37.3
<b>% Sales</b>	5.1%	8.3%	-3.2%



Supplementary Information

# Interest Bearing Debt

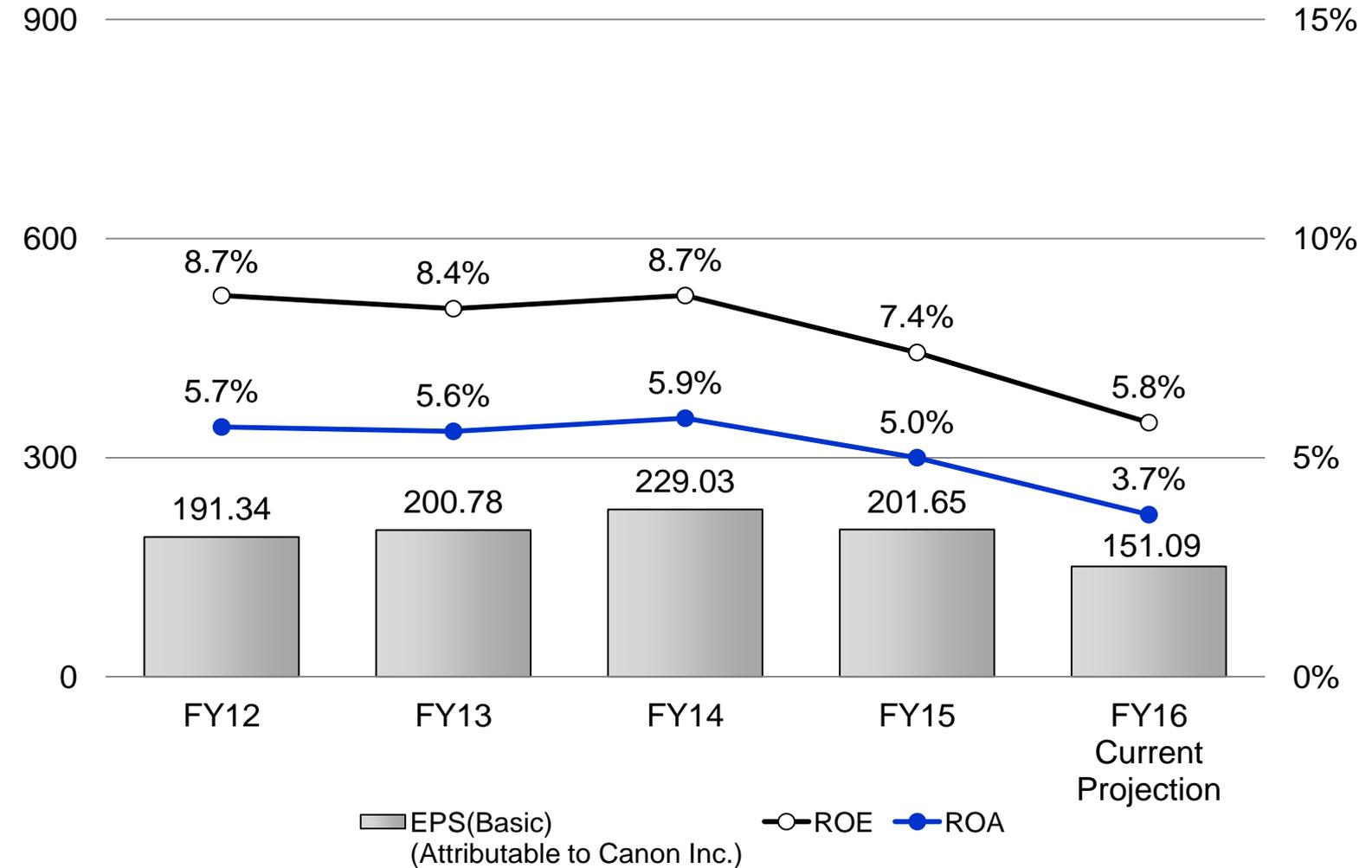
(Billions of yen)



Supplementary Information

# Financial Ratios

(Yen)



Supplementary Information