



Canon Inc.

First Quarter 2017 Results

April 26, 2017

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Agenda

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1Q 2017 in Summary

External Environment

- Global economy
 - ✓ Developed countries - improvement driven by the U.S.
 - ✓ Emerging markets - gradual recovery thanks to economic stability

Results

- ✓ Significant growth in sales and profits
- ✓ Existing businesses - laser printers and cameras return to positive growth
- ✓ New businesses - strong performance of network cameras, OLED panel manufacturing equipment

Summary of Results

1Q 2017 Actual

(Billions of yen)

	1Q 2017 Actual	1Q 2016 Actual	Pct. Change
Net Sales	972.8	797.2	+22.0%
Gross Profit	468.3	404.7	+15.7%
(% Sales)	48.1%	50.8%	
Op. Profit	75.7	40.1	+88.8%
(% Sales)	7.8%	5.0%	
Net Income	55.1	28.0	+96.8%
Attributable to Canon Inc.			
(% Sales)	5.7%	3.5%	
Foreign Exchange Rate			
Yen – 1USD	113.53	114.91	
Yen – 1EURO	121.03	127.01	

Transition in Sales and Op. Profit

1Q 2017 Actual v. 1Q 2016 Actual

(Billions of yen)

	Sales	Op. Profit
1Q 2016 Actual	797.2	40.1
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-12.5	-4.0
Sales Volume Impact		
Office	+12.8	
Imaging System	+13.1	
Industry and Others	+165.9	
Total	+191.8	+68.4
Others	-3.7	-28.8
Total Change	+175.6	+35.6
1Q 2017 Actual	972.8	75.7

Change in Exchange Rate

- 1USD: 114.91 to 113.53 yen
- 1EURO: 127.01 to 121.03 yen

Exchange Rate Assumptions

2017 Current Projection

Average Exchange Rate	2Q-4Q17	FY17	FY16
■ Yen-1USD	110.00 yen	110.82 yen	108.58 yen
■ Yen-1EURO	120.00 yen	120.26 yen	120.25 yen

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

	Net Sales	Operating Profit
■ USD	10.0 billion yen	3.5 billion yen
■ EURO	5.0 billion yen	2.3 billion yen

Overview of Latest Projections

External Environment

- Global economy - stronger recovery than last year
 - ✓ Developed countries - continues to be driven by the U.S.
 - ✓ Appreciation of the yen due to delayed hike in U.S. interest rates

Full-year Projection

- ✓ Double digit growth in sales and
- ✓ Existing businesses - steady recovery
- ✓ New businesses - significant sales growth to continue

Summary of Projected Results

FY 2017 Current Projection

(Billions of yen)

	FY 2017 Current Projection	FY 2016 Actual	Pct. Change
Net Sales	4,020.0	3,401.5	+18.2%
Gross Profit	1,911.0	1,673.8	+14.2%
(% Sales)	47.5%	49.2%	
Op. Profit	270.0	228.9	+18.0%
(% Sales)	6.7%	6.7%	
Net Income	180.0	150.7	+19.5%
Attributable to Canon Inc.			
(% Sales)	4.5%	4.4%	
Foreign Exchange Rate			
Yen – 1USD	110.82	108.58	
Yen – 1EURO	120.26	120.25	

Transition in Sales and Op. Profit

FY 2017 Current Projection v. FY 2017 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jan. 31, 2017)	4,000.0	255.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+16.4	+6.9
Sales Volume Impact		
Office	+1.4	
Imaging System	-8.8	
Industry and Others	+6.0	
Total	-1.4	-8.3
Others	+5.0	+16.4
Total Change	+20.0	+15.0
Current Projection (Apr. 26, 2017)	4,020.0	270.0

Change in Exchange Rate

- 1USD: 110.00 to 110.82 yen
- 1EURO: 120.00 to 120.26 yen

Office

1Q 2017 Actual

1Q17 Growth Rate y/y (Unit Base)

	Copiers	Printers
Color	+12%	+8%
Monochrome	-3%	+14%
Total	+4%	+13%

1Q17 Color Ratio

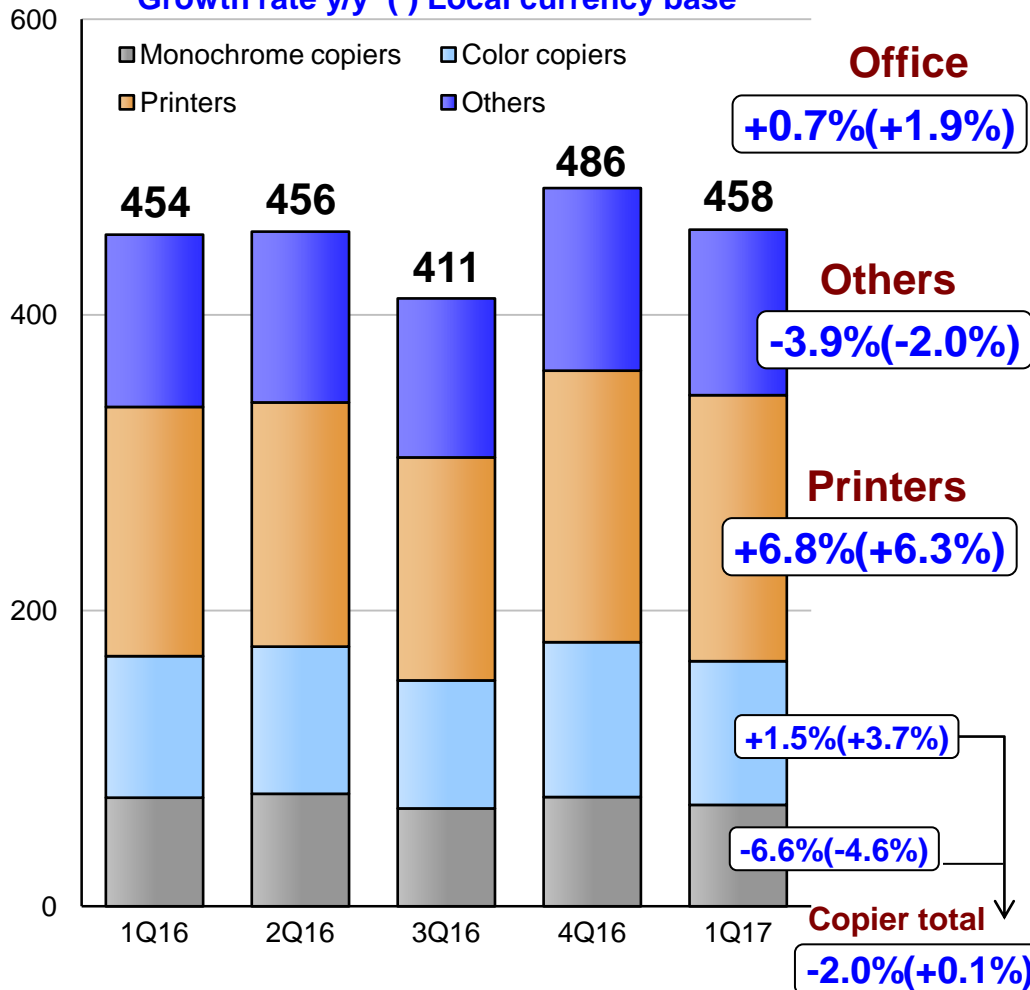
	Copiers	Printers
Value Base*	59%	50%
Unit Base	55%	16%

*Includes Consumables

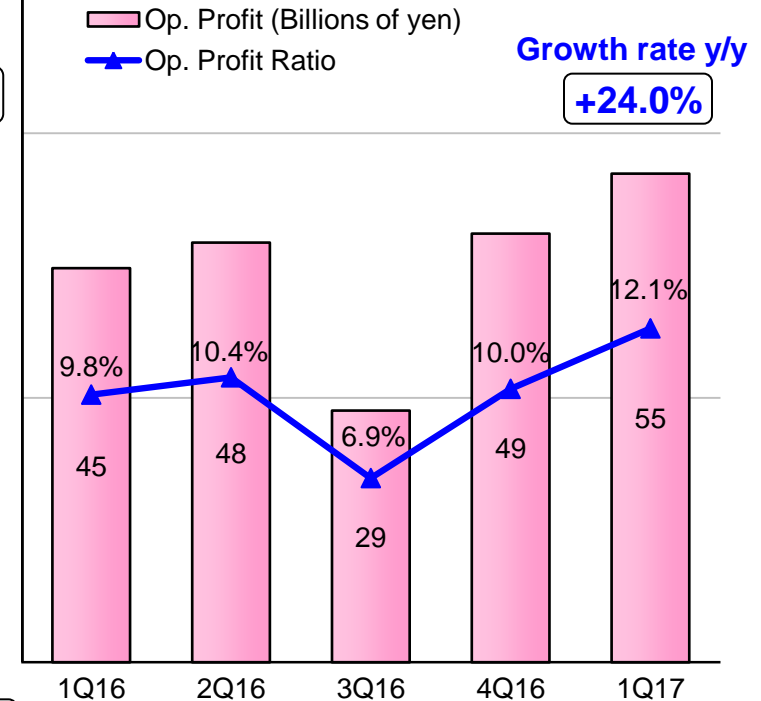
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Office

FY 2017 Projection

FY17 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+8%	0%
Monochrome	-3%	-1%
Total	+3%	-1%

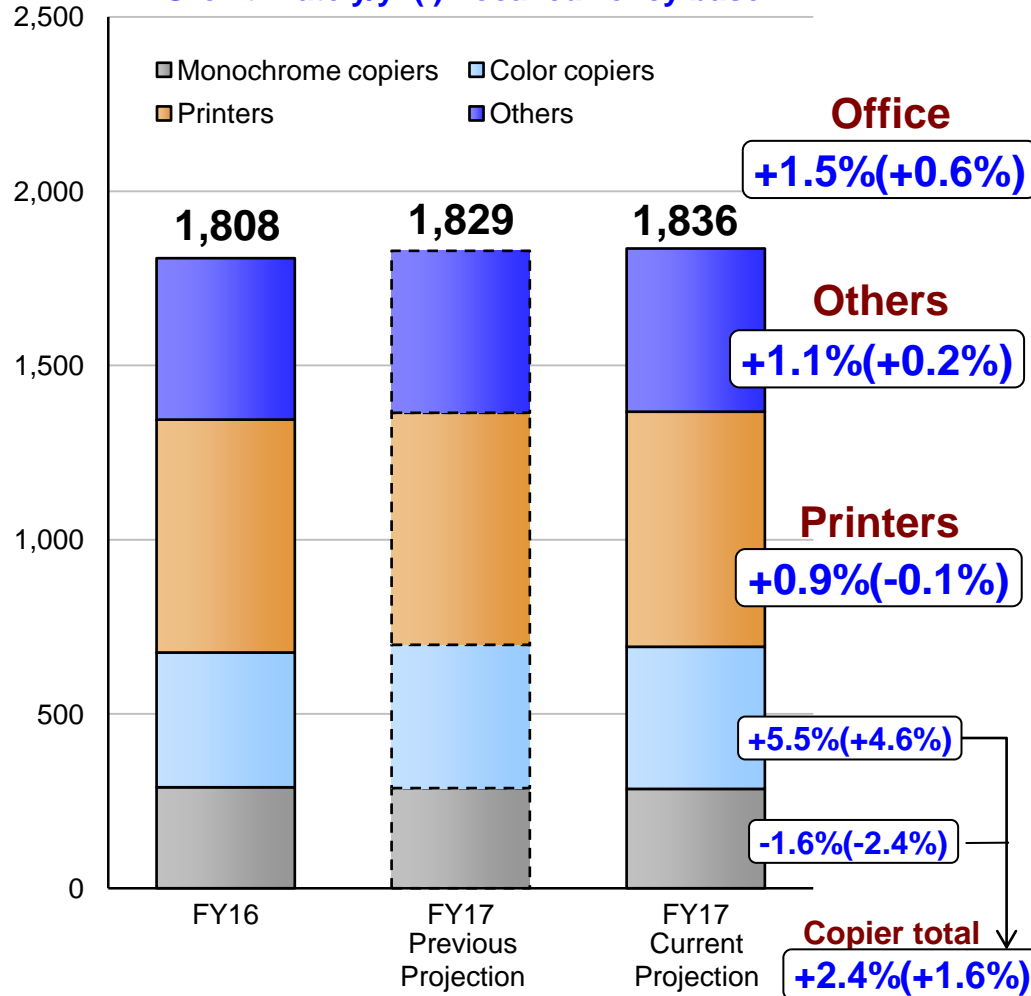
FY17 Color Ratio		
	Copiers	Printers
Value Base*	59%	52%
Unit Base	54%	17%

*Includes Consumables

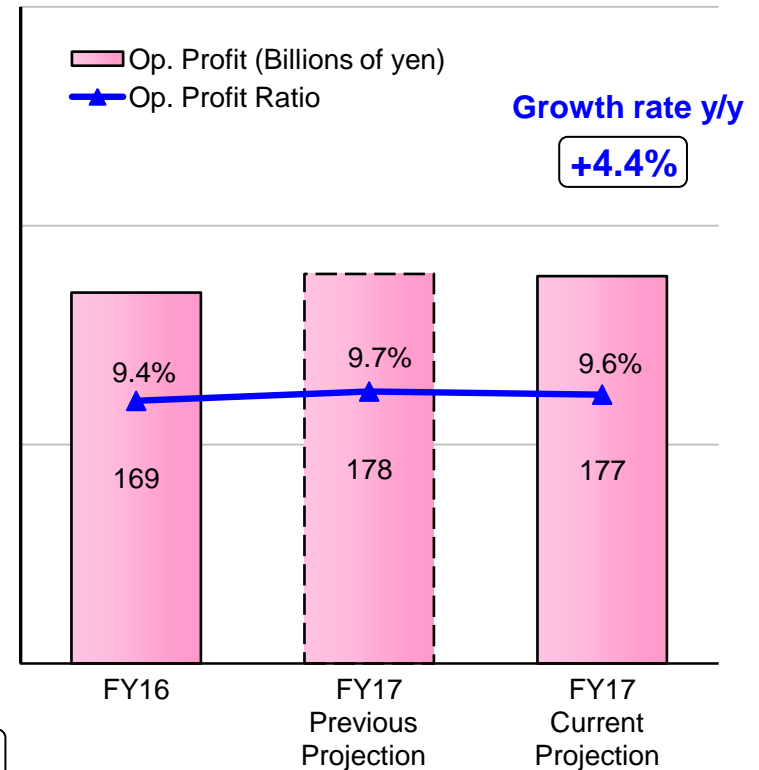
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



Imaging System

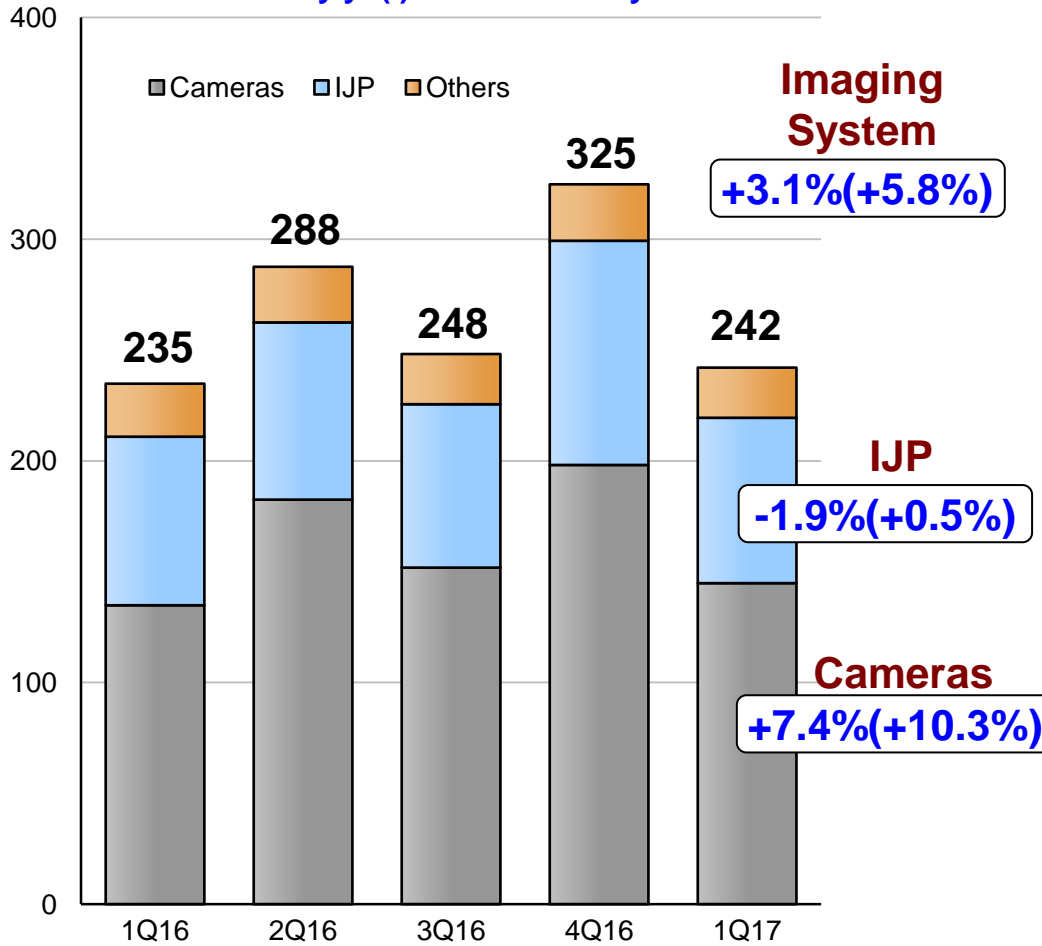
1Q 2017 Actual

Growth Rate y/y (Unit Base)	
	1Q17
Interchangeable Lens Digital Cameras	+6%
Compact Digital Cameras	-6%
Total Digital Cameras	0%
IJP	-1%

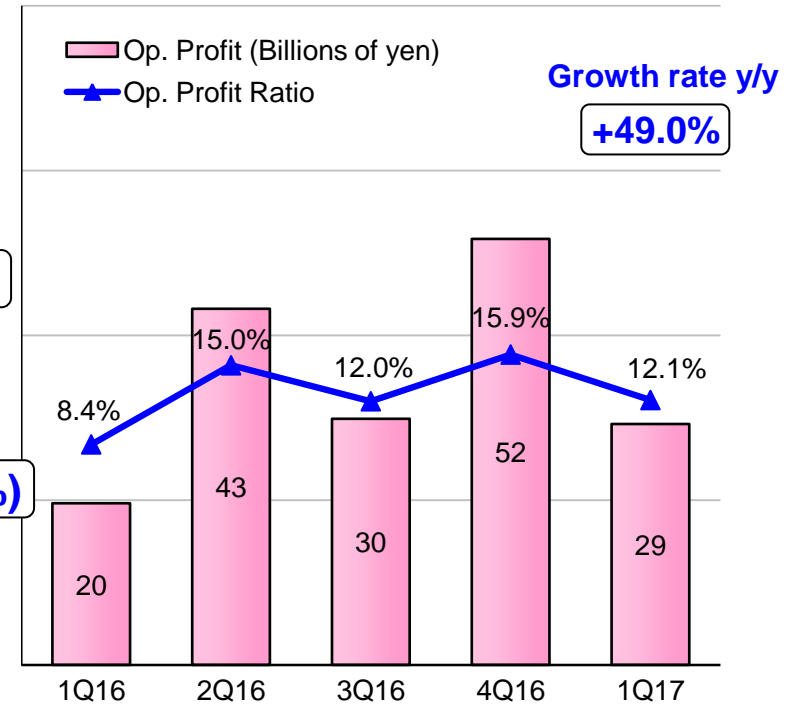
Interchangeable Lens Digital Camera Ratio *	
	1Q17
Value Base	83%
Unit Base	52%

* 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 2017 Projection

Growth Rate y/y (Unit Base)	
	FY17
Interchangeable Lens Digital Cameras	-7%
Compact Digital Cameras	-13%
Total Digital Cameras	-9%
IJP	0%

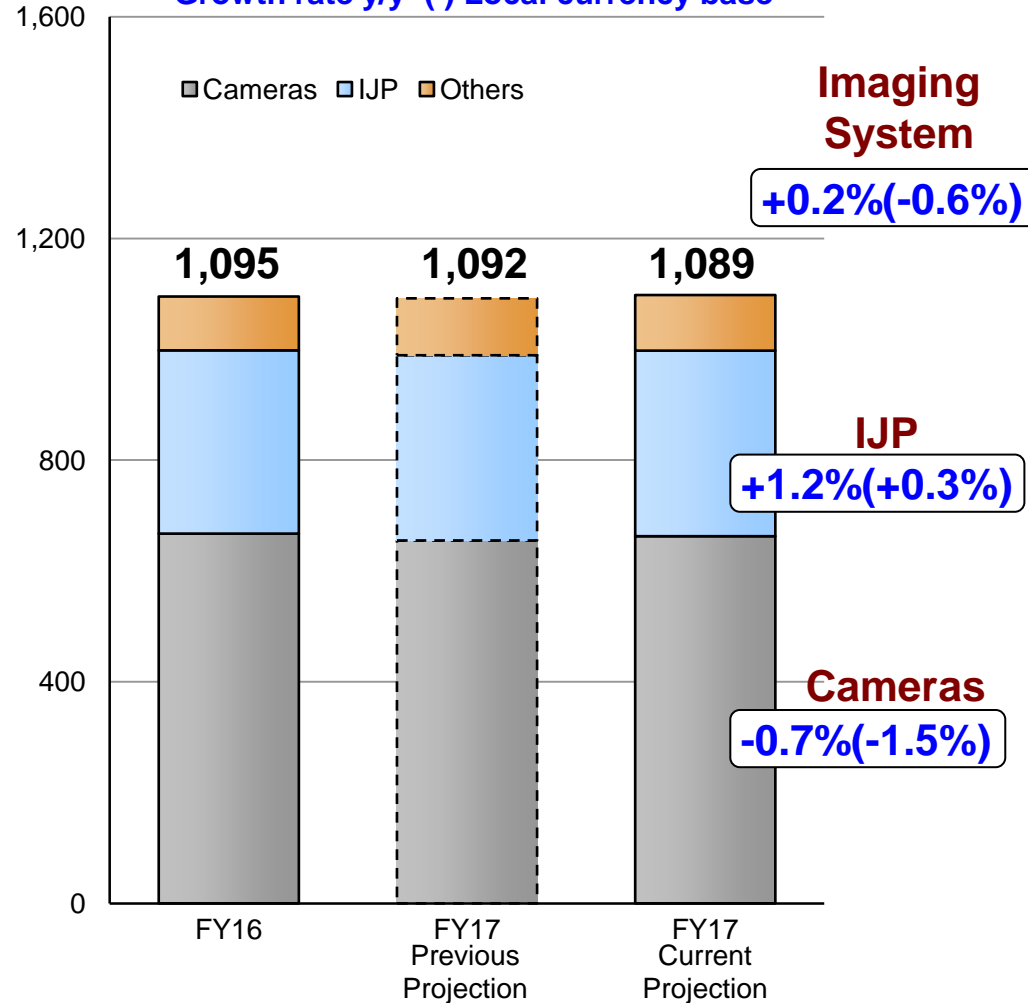
Interchangeable Lens Digital Camera Ratio *	
	FY17
Value Base	86%
Unit Base	60%

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

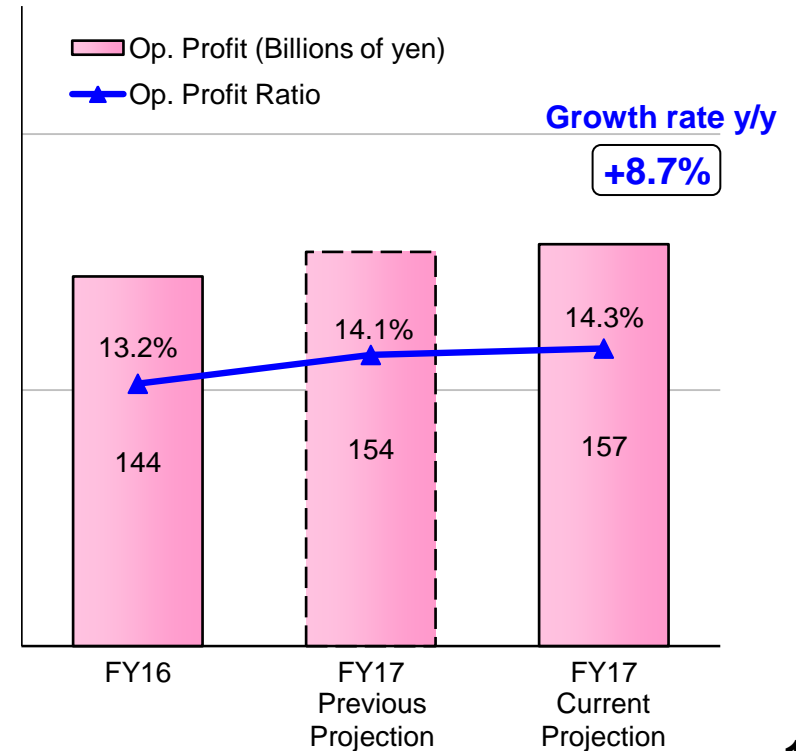
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



Industry and Others

1Q 2017 Actual

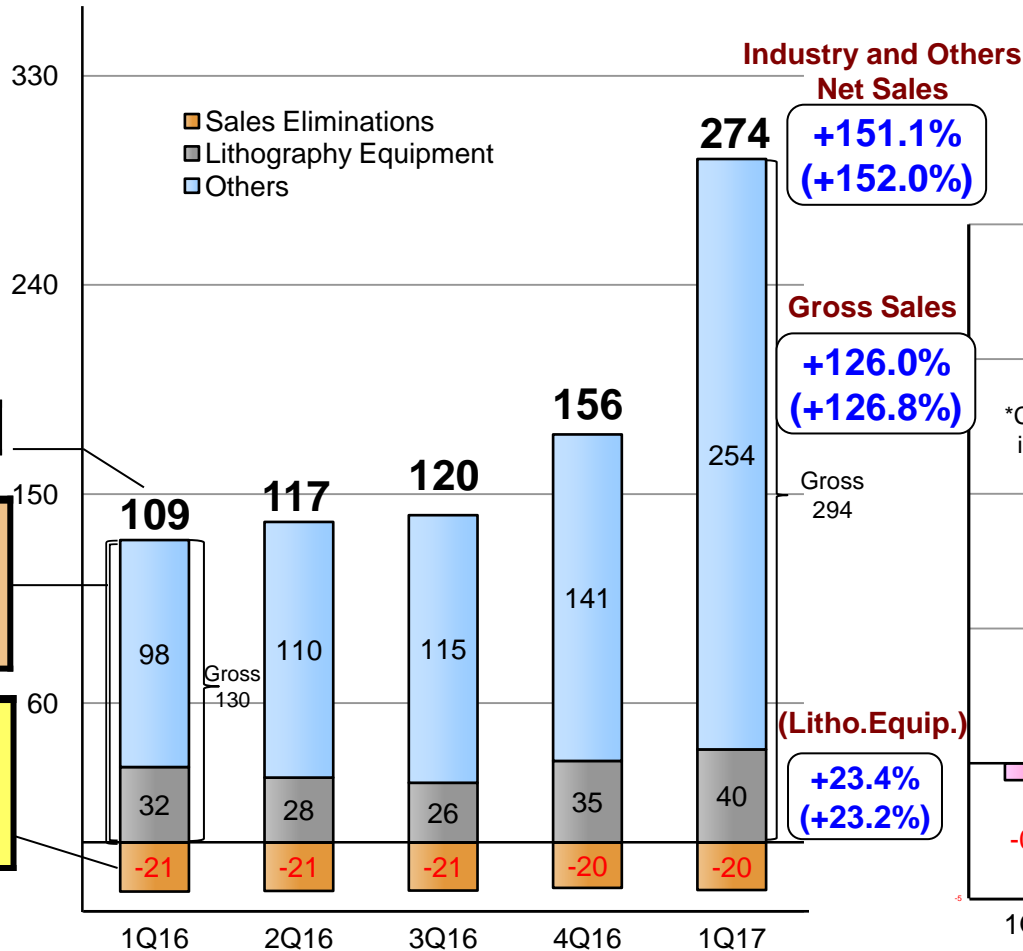
Lithography Equipment (Unit Sales)		
	1Q16	1Q17
IC	19	11
FPD	8	20

IC Lithography Unit Breakdown by Light Source		
	1Q16	1Q17
ArF	0	0
KrF	6	2
i-line	13	9

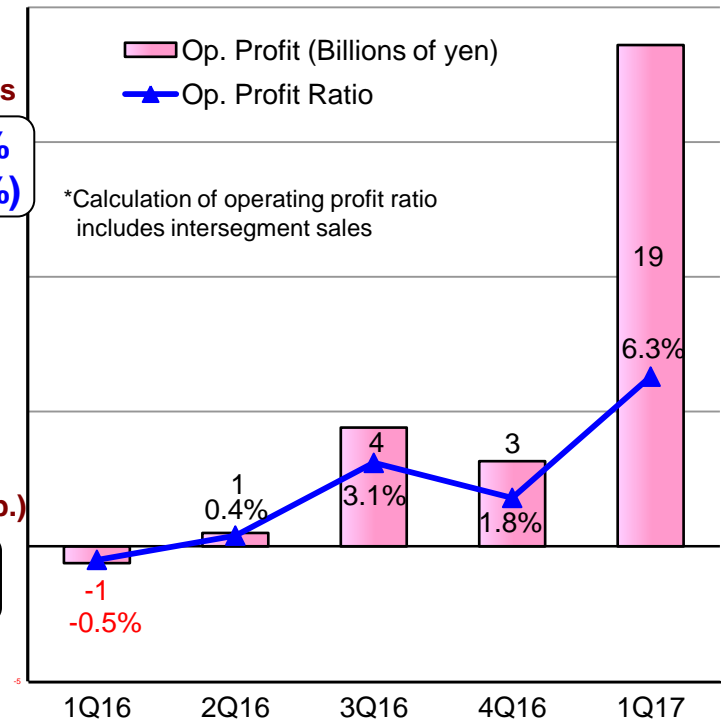
(Billions of yen)

Sales

Growth rate y/y () Local currency base



Op. Profit



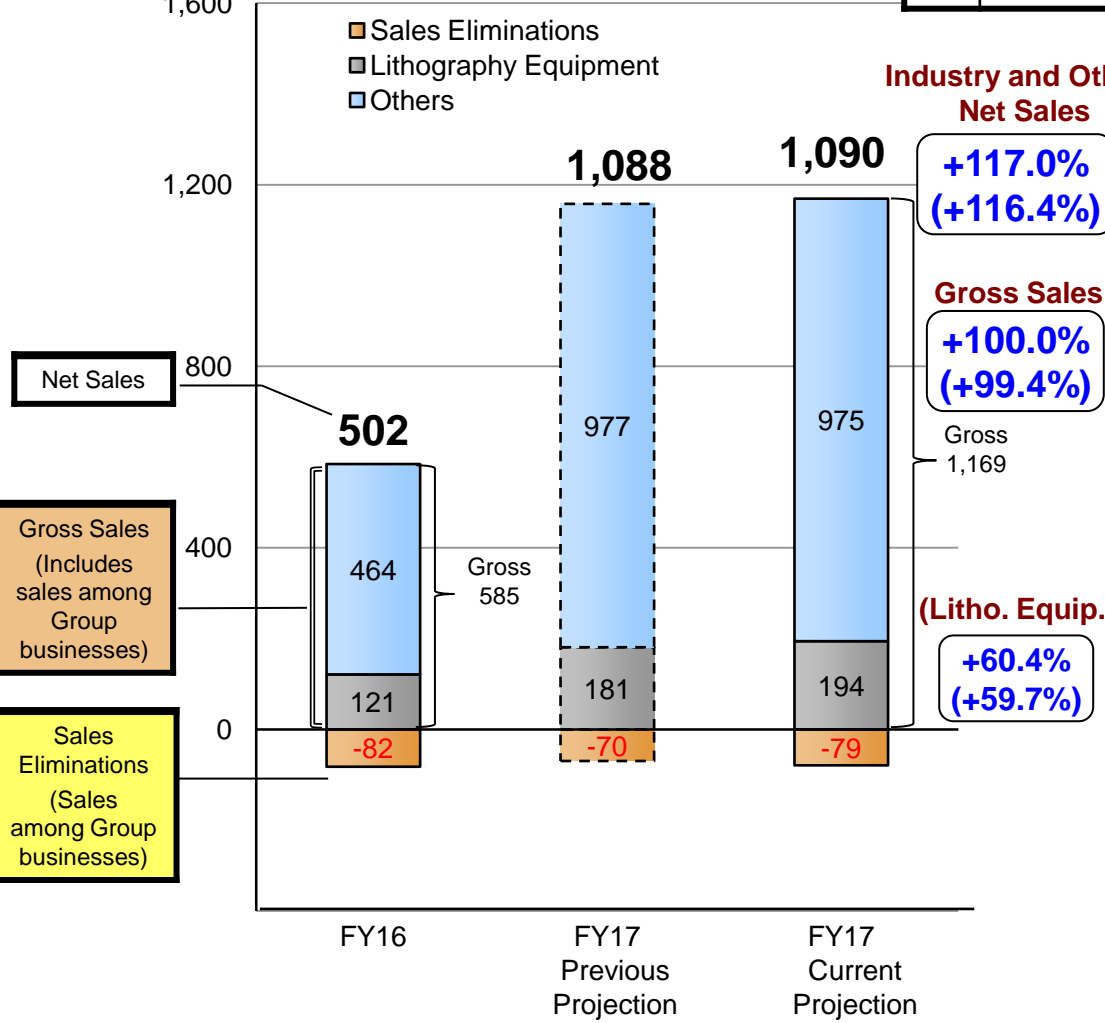
Industry and Others

FY 2017 Projection

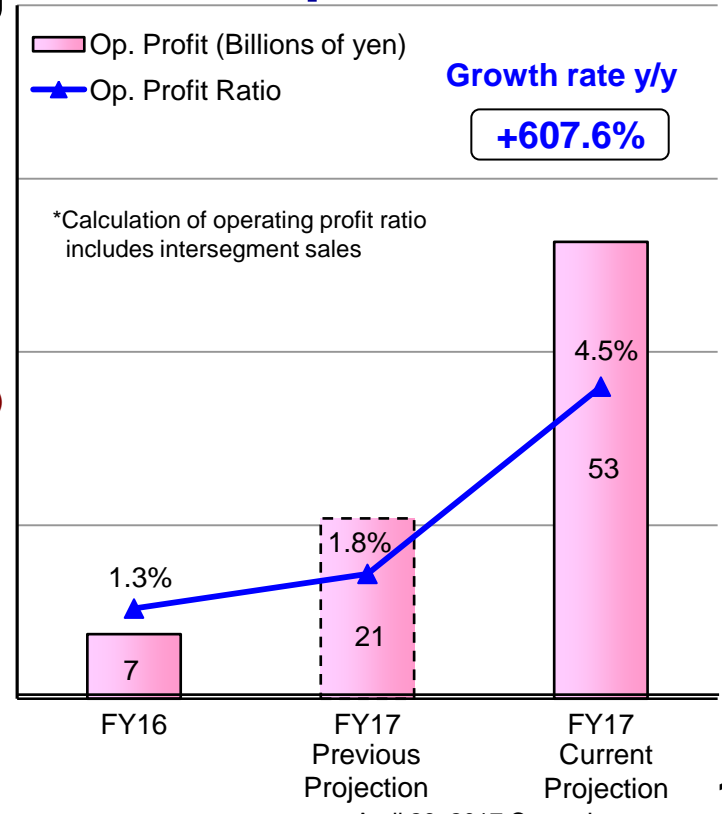
Lithography Equipment (Unit Sales)			
	FY16	FY17 Previous Projection	FY17 Current Projection
IC	64	65	74
FPD	37	84	86

IC Lithography Unit Breakdown by Light Source			
	FY16	FY17 Previous Projection	FY17 Current Projection
ArF	0	0	0
KrF	19	21	24
i-line	45	44	50

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

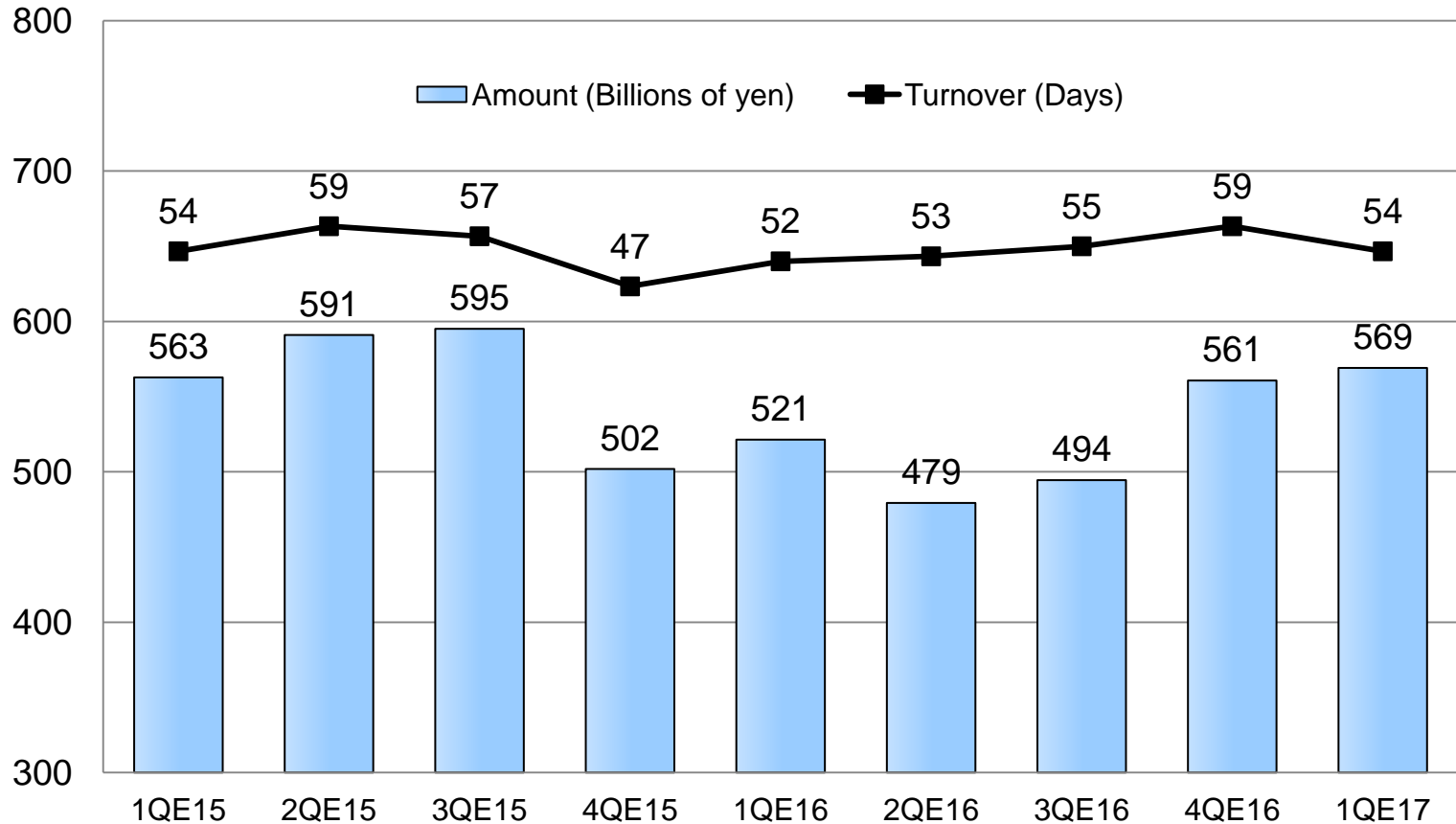


Op. Profit



Inventories

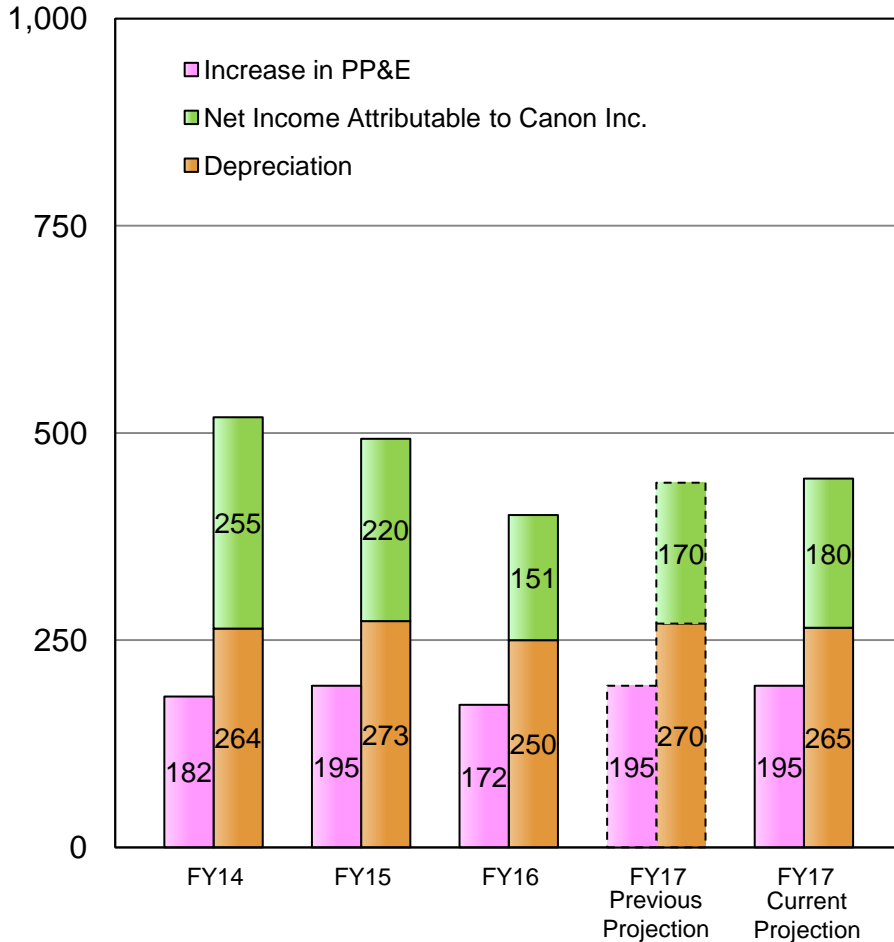
(Billions of yen)



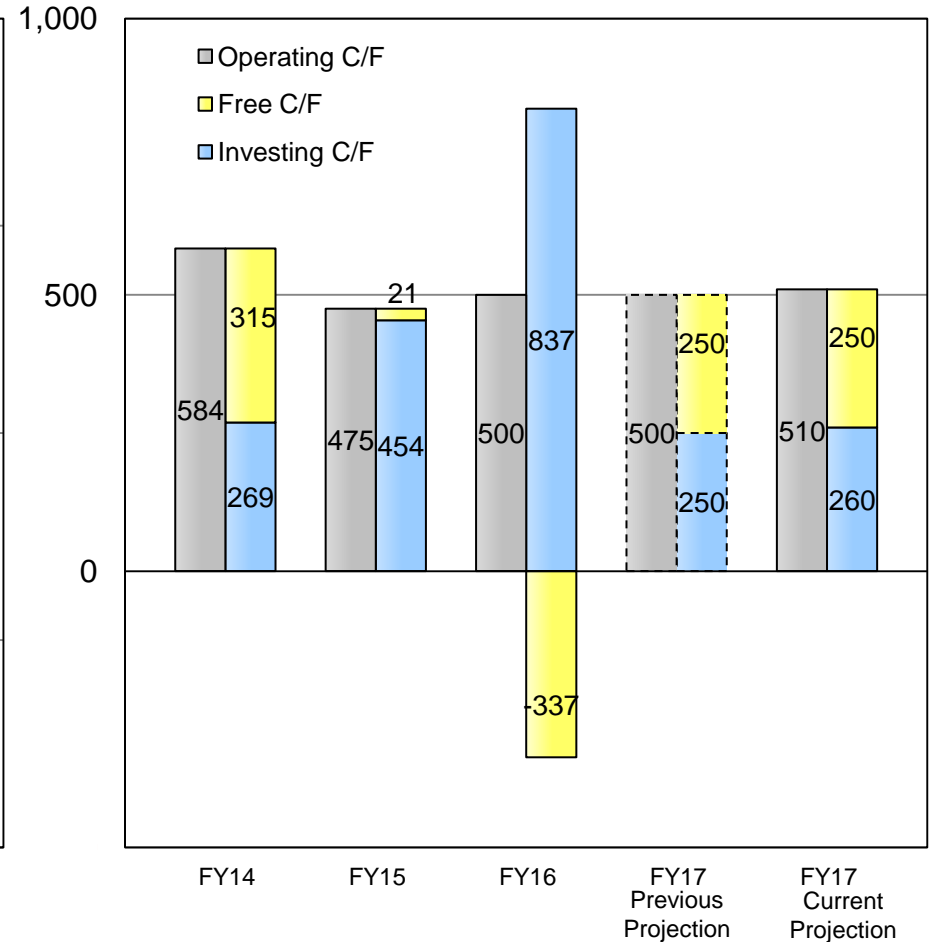
Capital Expenditure

Free Cash Flow

(Billions of yen)



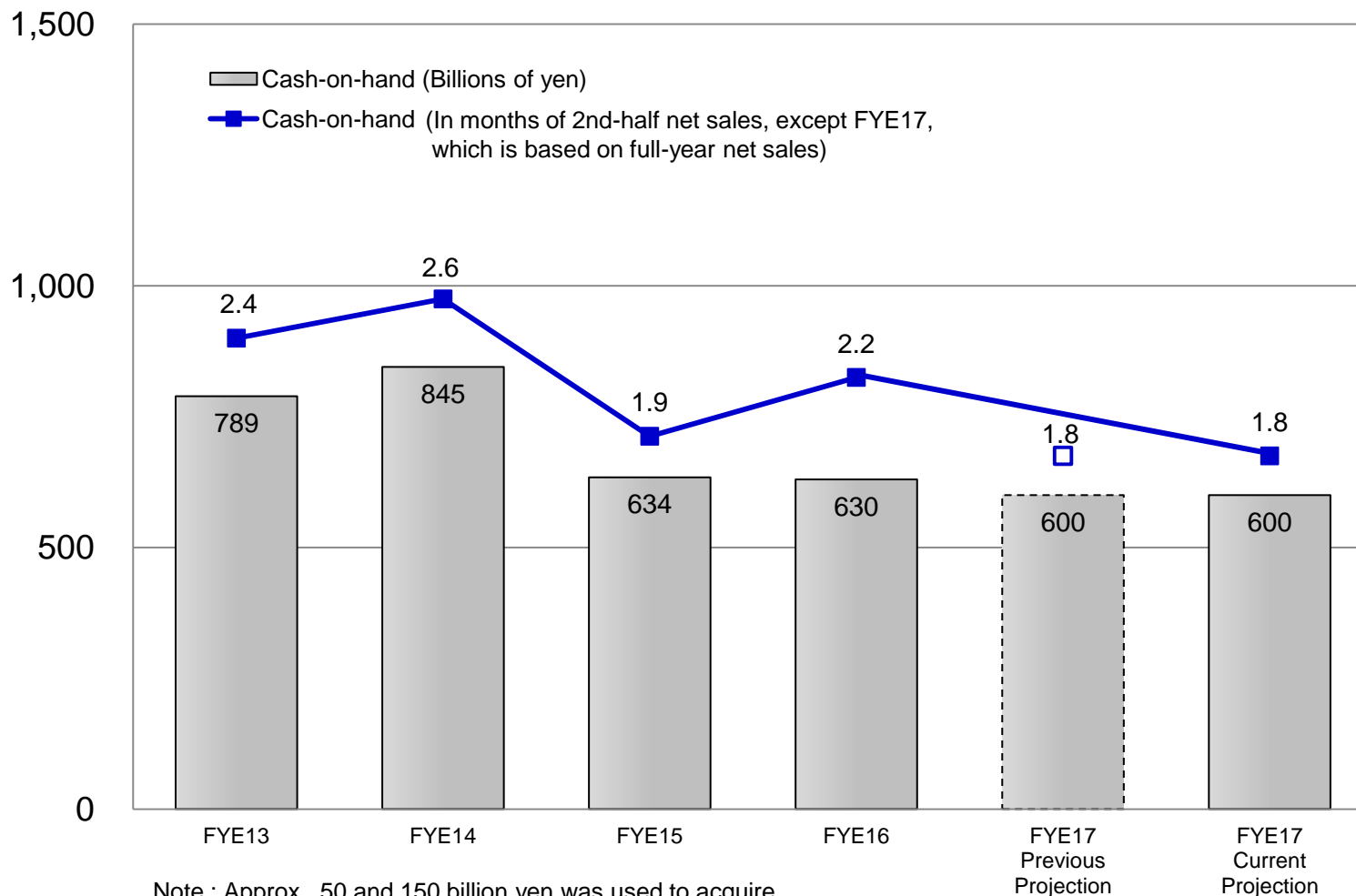
(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)

(Billions of yen)



Note : Approx. 50 and 150 billion yen was used to acquire own shares in 2013 and 2014, respectively.
The cumulative amount since 2007 is approx. 1.05 trillion yen.

Supplementary Information

Transition in Sales and Operating Profit

FY 2017 Current Projection v. FY 2016 Actual

(Billions of yen)

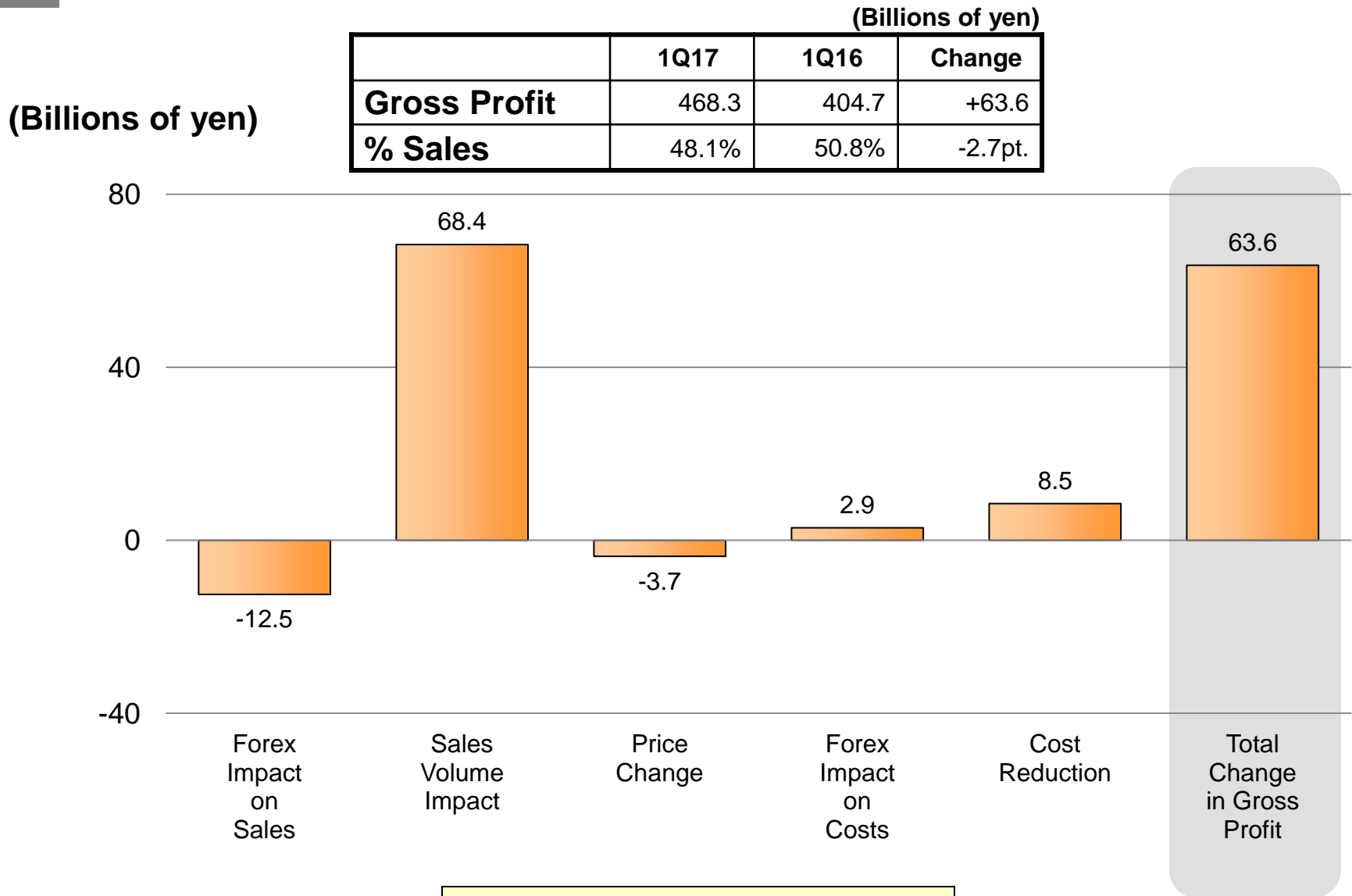
	Sales	Op. Profit
FY 2016 Actual	3,401.5	228.9
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+29.9	+8.4
Sales Volume Impact		
Office	+27.2	
Imaging System	+1.7	
Industry and Others	+584.7	
Total	+613.6	+214.2
Others	-25.0	-181.5
Total Change	+618.5	+41.1
FY 2017 Current Projection	4,020.0	270.0

Change in Exchange Rate

- 1USD: 108.58 to 110.82 yen
- 1EURO: 120.25 to 120.26 yen

Gross Profit Variance Analysis

1Q 2017 Actual v. 1Q 2016 Actual



Supplementary Information

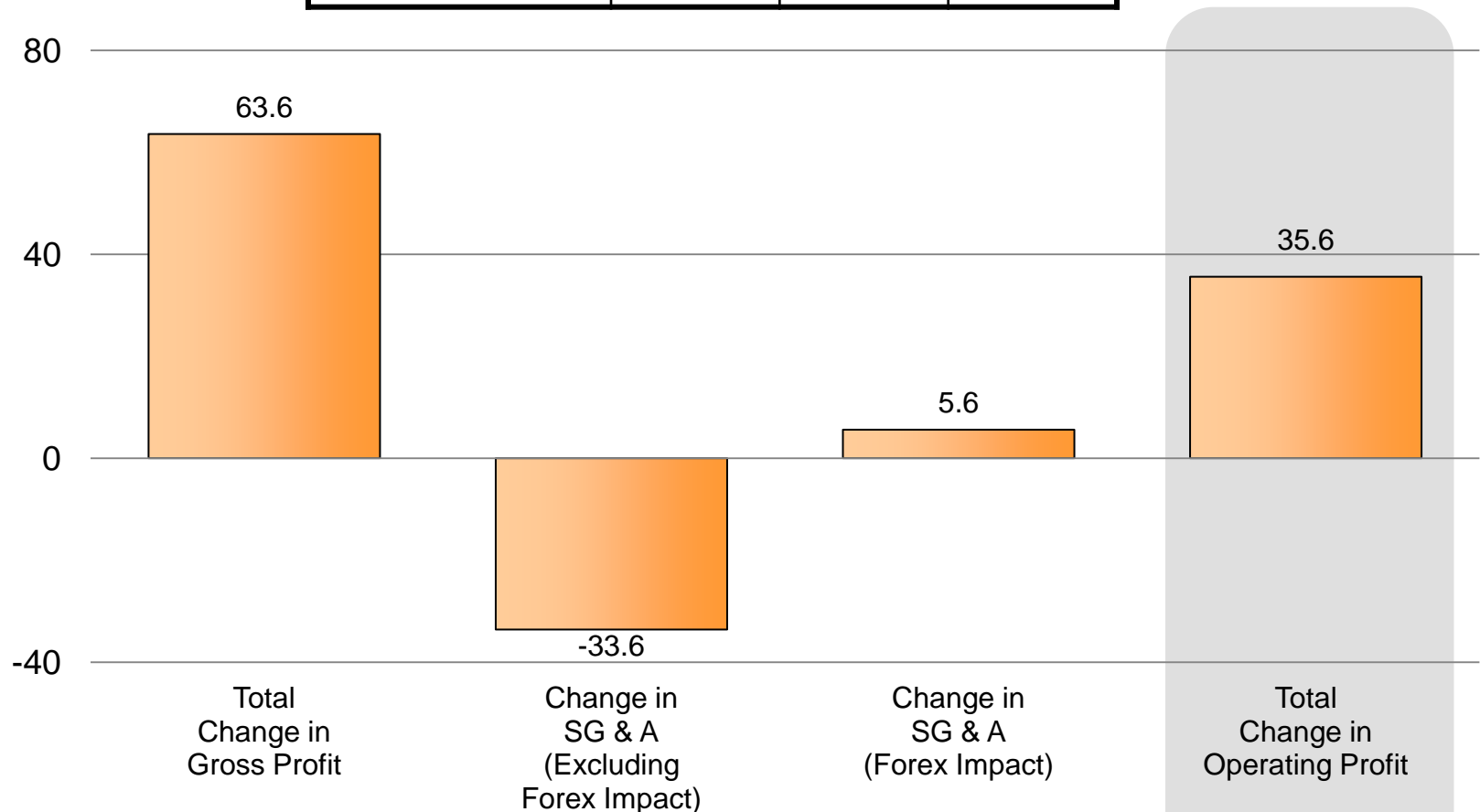
Operating Profit Variance Analysis

1Q 2017 Actual v. 1Q 2016 Actual

(Billions of yen)

	1Q17	1Q16	Change
Op. Profit	75.7	40.1	+35.6
% Sales	7.8%	5.0%	+2.8pt.

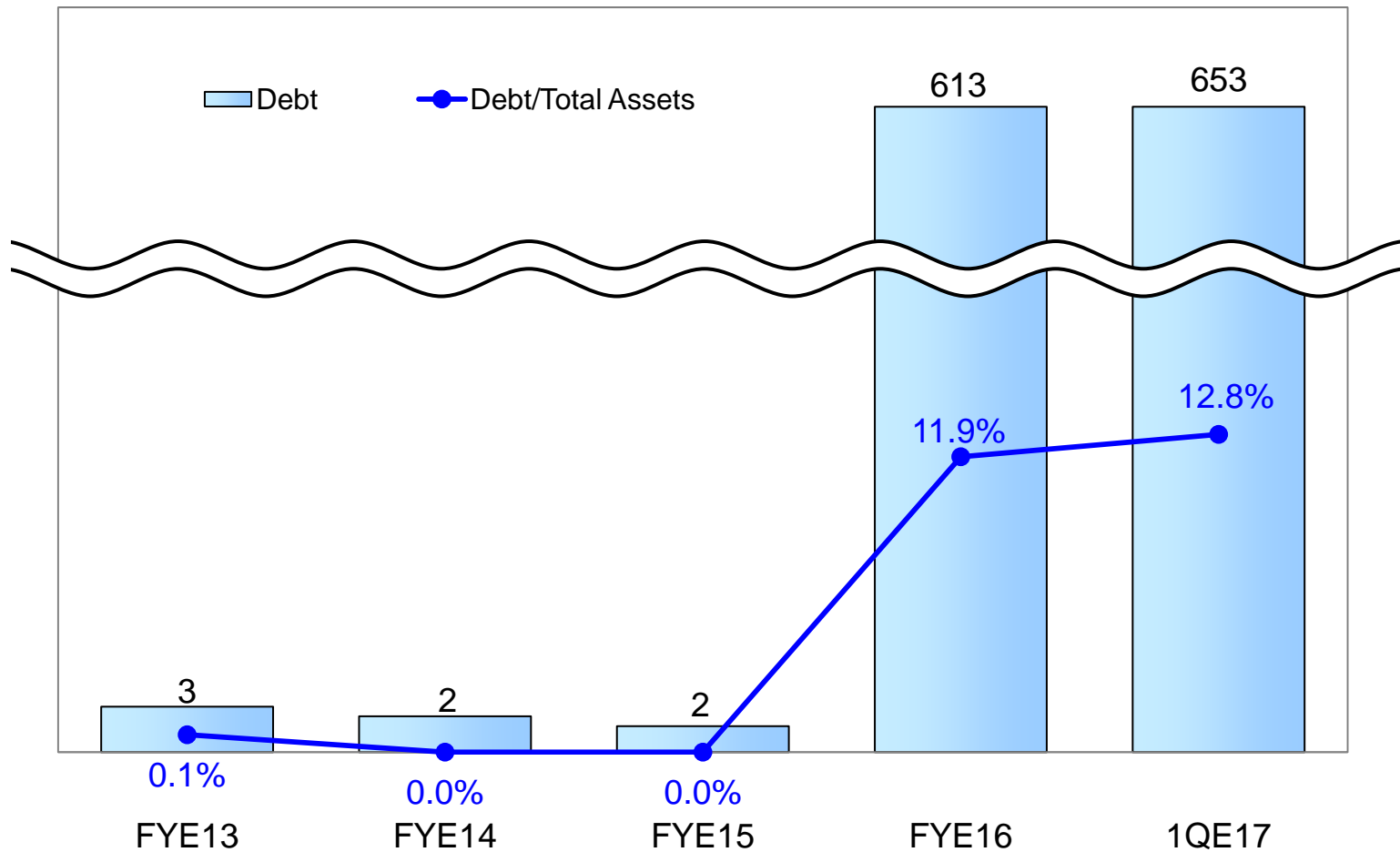
(Billions of yen)



Supplementary Information

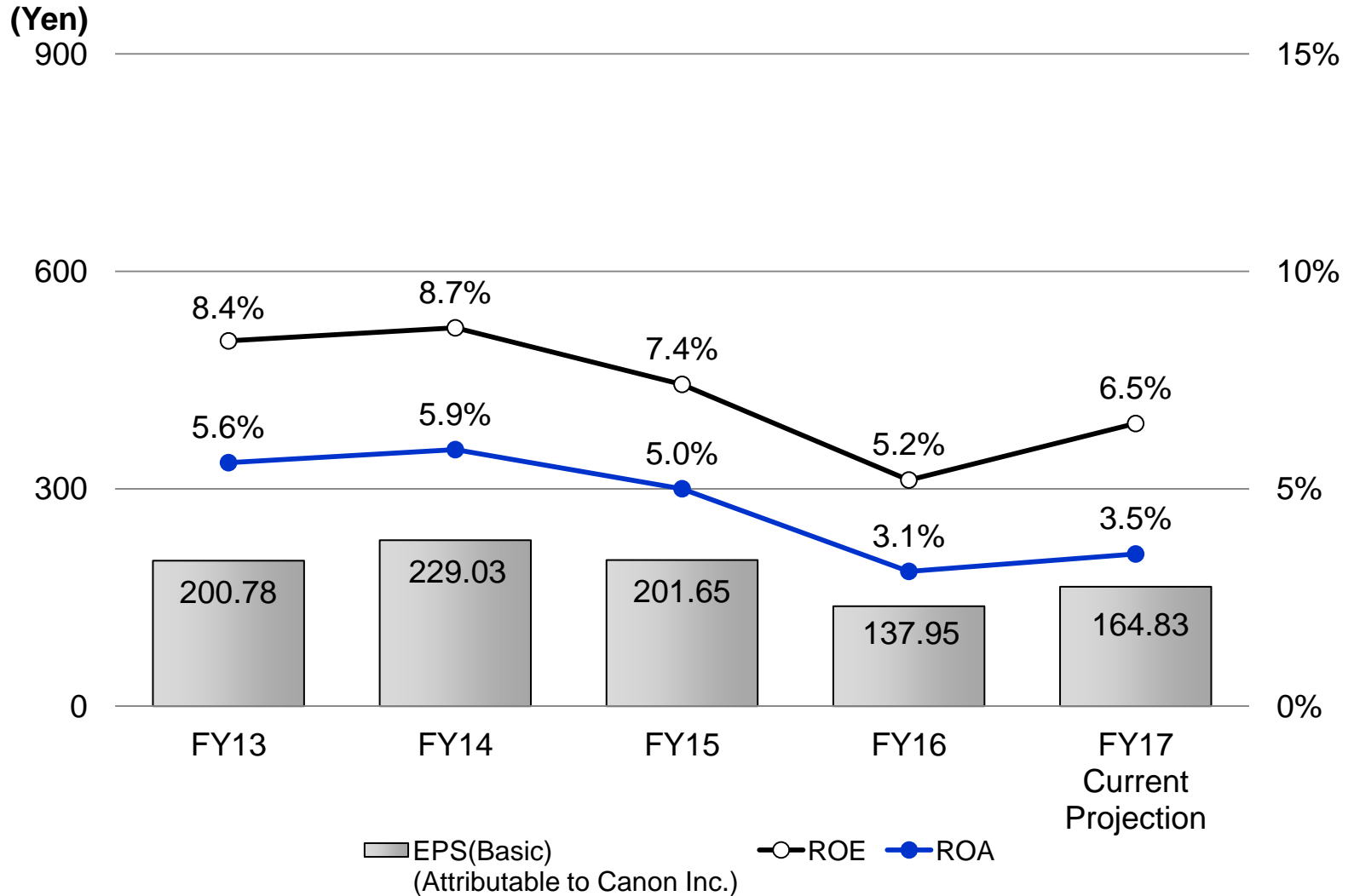
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information