



Canon Inc.

Second Quarter 2017 Results

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Agenda

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Key Messages

Existing business recovery, New business expansion **"Solid progress in business structure transformation"**

- Second quarter results – Second consecutive quarter of significant sales and profit growth
- Raised full-year projection – Net sales +30 billion yen and operating profit +60 billion yen



Operating profit and net income

- Surpassing 300 billion yen and 200 billion yen, respectively

2Q 2017 in Summary

Second consecutive quarter of significant sales and profit growth

Existing Businesses

- ✓ Trend of recovery continued for laser printers and cameras
- ✓ Sales expansion of lithography equipment

New Businesses

- ✓ Continued double-digit growth of network cameras and vacuum deposition equipment for OLED as well as contribution from Toshiba Medical Systems Corporation

Summary of Results

2Q 2017 Actual

(Billions of yen)

	2Q 2017 Actual	2Q 2016 Actual	Pct. Change
Net Sales	992.5	860.2	+15.4%
Gross Profit	495.6	432.4	+14.6%
(% Sales)	49.9%	50.3%	
Op. Profit	96.3	68.6	+40.4%
(% Sales)	9.7%	8.0%	
Net Income	69.2	53.4	+29.4%
Attributable to Canon Inc.			
(% Sales)	7.0%	6.2%	
Foreign Exchange Rate			
Yen – 1USD	111.12	108.08	
Yen – 1EURO	122.36	121.94	

Transition in Sales and Op. Profit

2Q 2017 Actual v. 2Q 2016 Actual

(Billions of yen)

	Sales	Op. Profit
2Q 2016 Actual	860.2	68.6
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+10.3	+3.0
Sales Volume Impact		
Office	+12.7	
Imaging System	-6.7	
Medical System	+88.6	
Industry and Others	+33.2	
Total	+127.8	+55.7
Others	-5.8	-31.0
Total Change	+132.3	+27.7
2Q 2017 Actual	992.5	96.3

Change in Exchange Rate

- 1USD: 108.08 to 111.12 yen
- 1EURO: 121.94 to 122.36 yen

Exchange Rate Assumptions

2017 Current Projection

Average Exchange Rate	2H17	FY17	FY16
■ Yen-1USD	112.00 yen	112.14 yen	108.58 yen
■ Yen-1EURO	125.00 yen	123.39 yen	120.25 yen

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

	Net Sales	Operating Profit
■ USD	7.2 billion yen	2.3 billion yen
■ EURO	3.5 billion yen	1.6 billion yen

Overview of Current Projection

Full-year projection

"Solid progress in business structure transformation"

Versus last year

- Double-digit sales and profit growth
 - ✓ Existing businesses - Remains on a path of recovery
 - ✓ New businesses - Continue to post significant sales growth

Versus previous projection

- Net sales and operating profit – Raised projection by 30 billion yen and 60 billion yen, respectively
 - ✓ Improvement in product mix
 - ✓ Strict expense control

Summary of Projected Results

FY 2017 Current Projection

(Billions of yen)

	FY 2017 Current Projection	FY 2016 Actual	Pct. Change
Net Sales	4,050.0	3,401.5	+19.1%
Gross Profit	1,954.0	1,673.8	+16.7%
(% Sales)	48.2%	49.2%	
Op. Profit	330.0	228.9	+44.2%
(% Sales)	8.1%	6.7%	
Net Income	220.0	150.7	+46.0%
Attributable to Canon Inc.			
(% Sales)	5.4%	4.4%	
Foreign Exchange Rate			
Yen – 1USD	112.14	108.58	
Yen – 1EURO	123.39	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 (Apr. 26, 2017)	4,020.0	270.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+38.6	+18.5
Sales Volume Impact		
Office	+17.0	
Imaging System	-0.1	
Medical System	+440.0	
Industry and Others	-467.5	
Total	-10.6	+9.5
Others	+2.0	+32.0
Total Change	+30.0	+60.0
Current Projection (Jul. 27, 2017)	4,050.0	330.0

Change in Exchange Rate

- 1USD: 110.82 to 112.14 yen
- 1EURO: 120.26 to 123.39 yen

Office

2Q 2017 Actual

2Q17 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+9%	+2%
Monochrome	-4%	+10%
Total	+3%	+9%

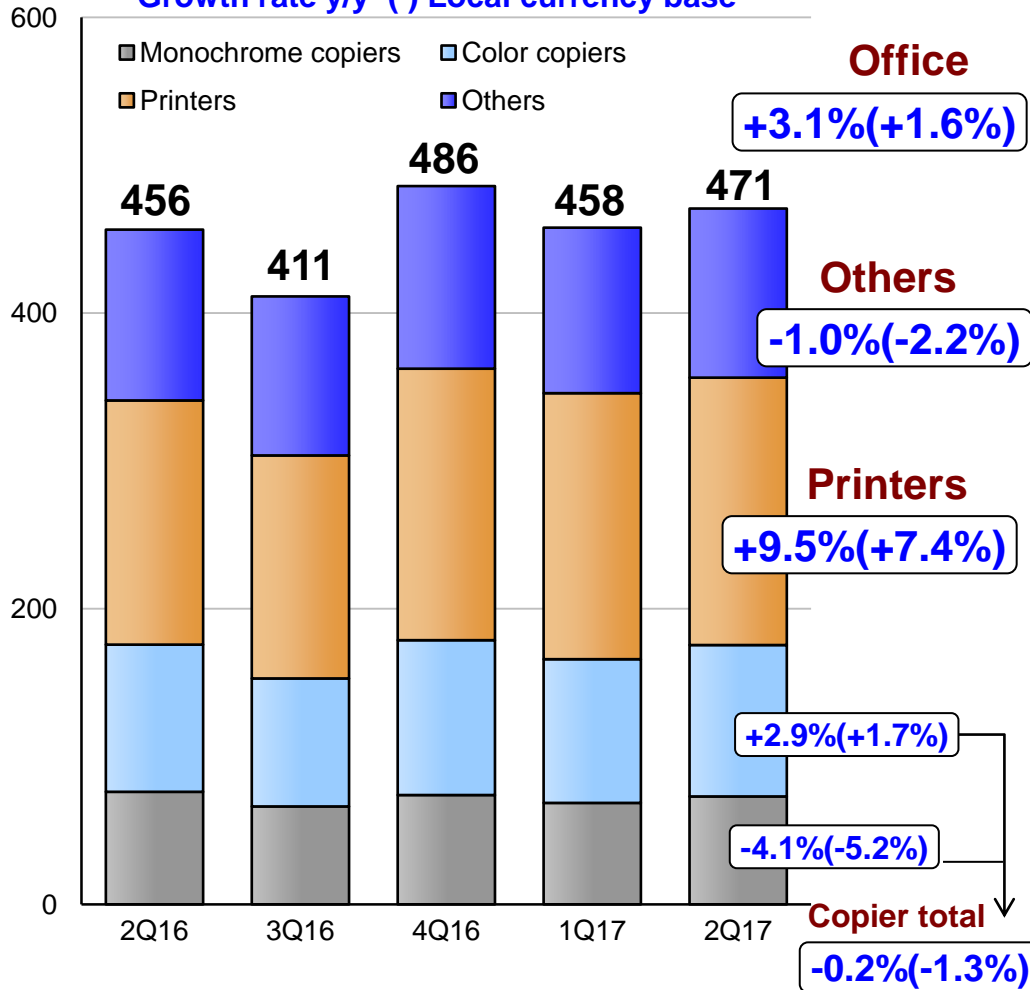
2Q17 Color Ratio		
	Copiers	Printers
Value Base*	58%	52%
Unit Base	54%	17%

*Includes Consumables

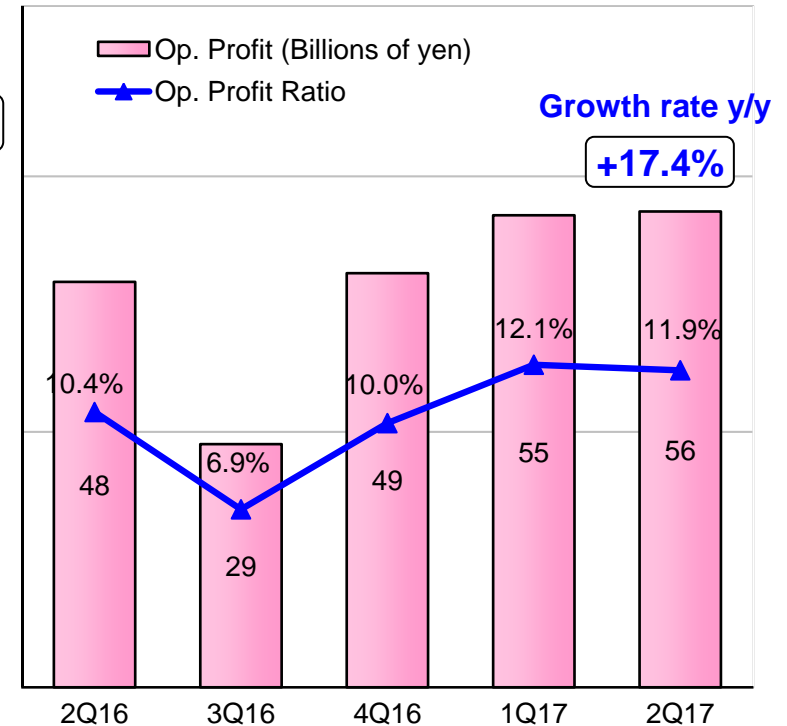
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



Office

FY 2017 Projection

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

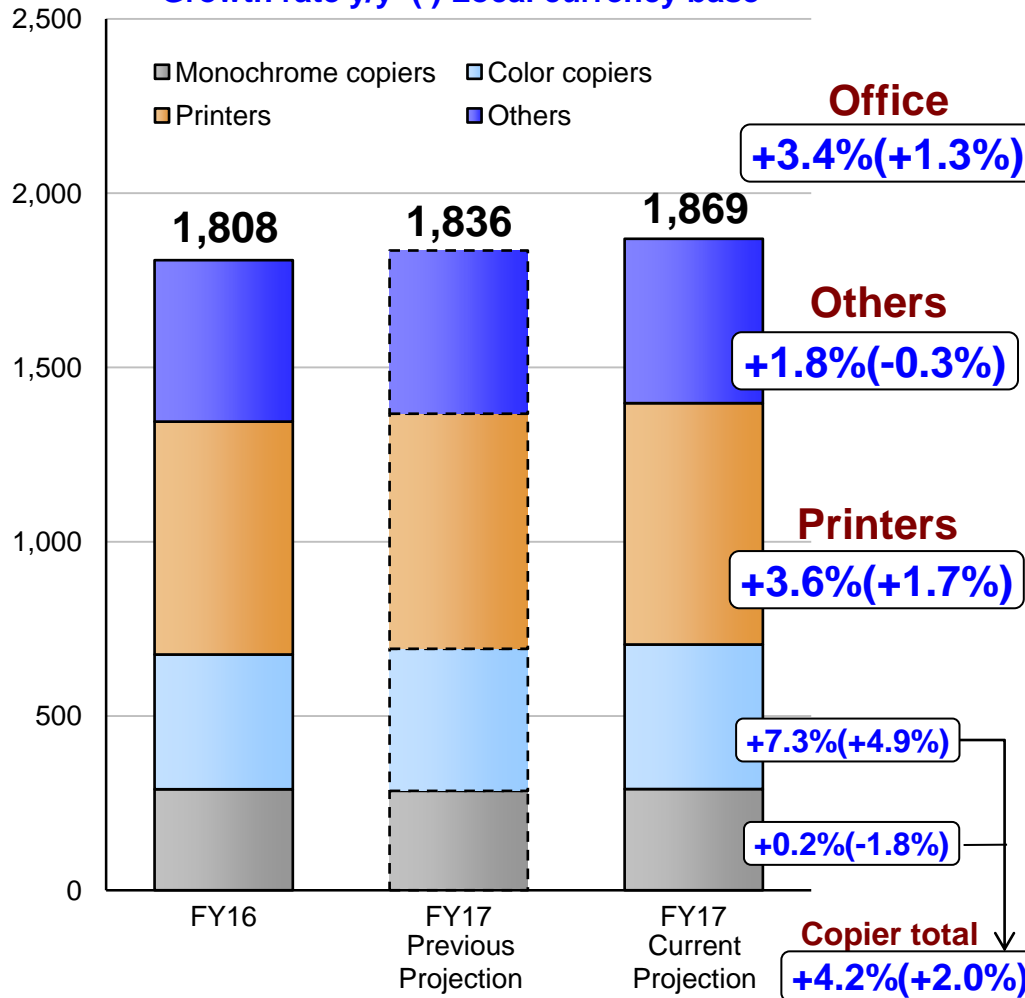
FY17 Color Ratio		
	Copiers	Printers
Value Base*	59%	51%
Unit Base	54%	18%

*Includes Consumables

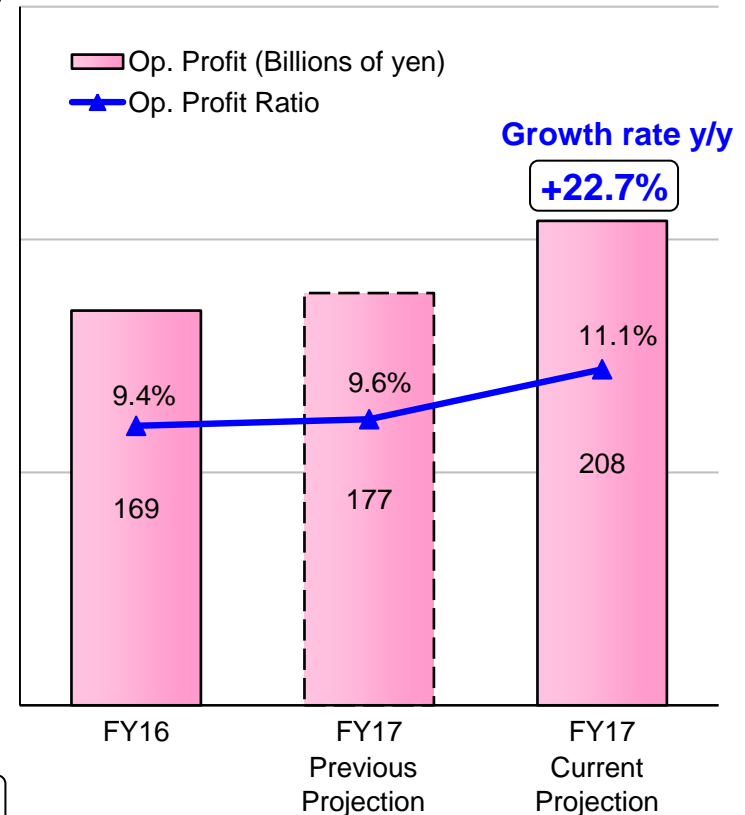
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



Imaging System

2Q 2017 Actual

Growth Rate y/y (Unit Base)	
	2Q17
Interchangeable Lens Digital Cameras	-5%
Compact Digital Cameras	-8%
Total Digital Cameras	-6%
IJP	0%

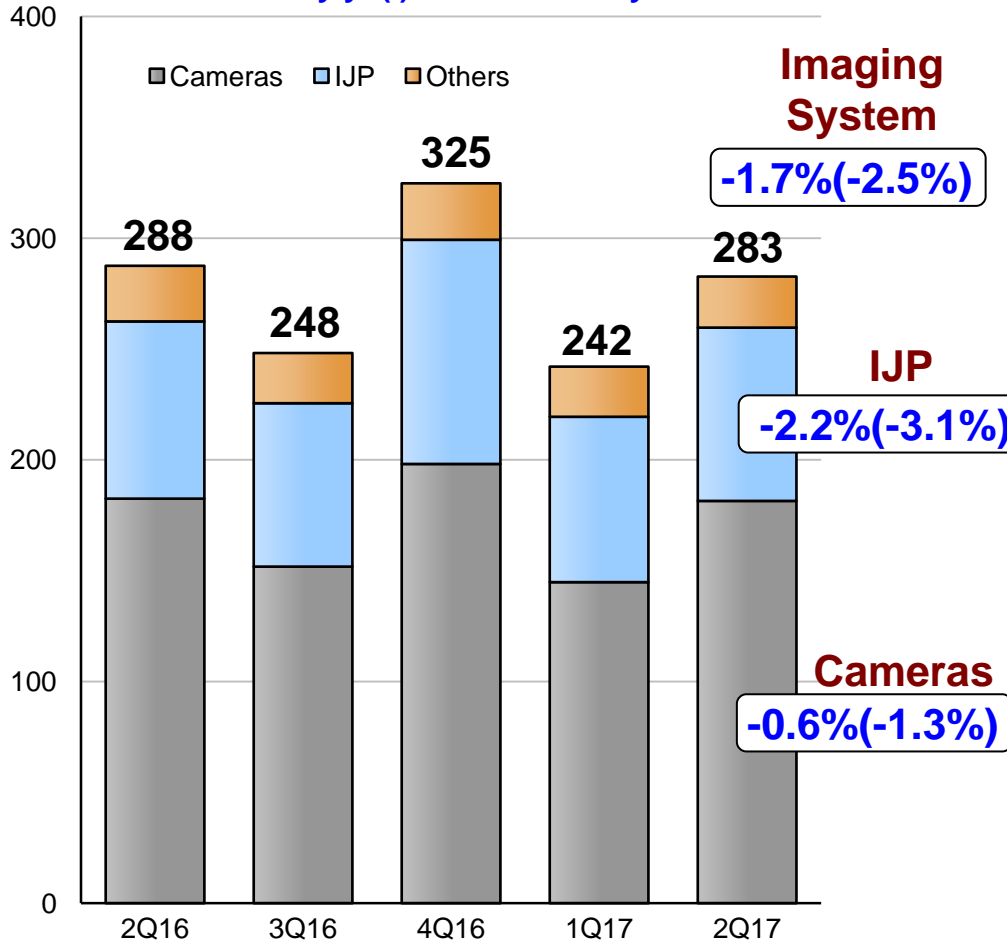
Interchangeable Lens Digital Camera Ratio *	
	2Q17
Value Base	86%
Unit Base	57%

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

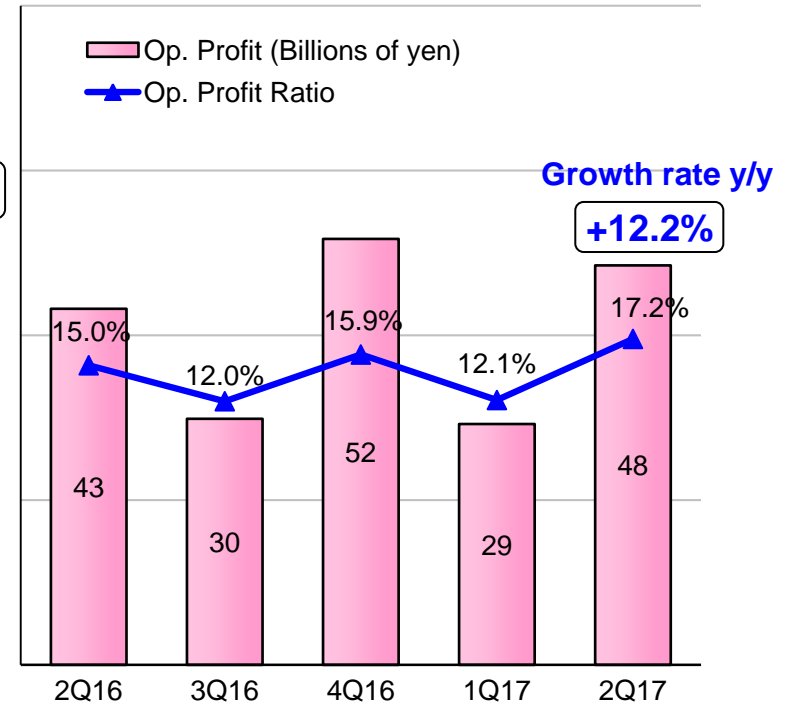
Sales

(Billions of yen)

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	-8%
Total Digital Cameras	-7%
IJP	+2%

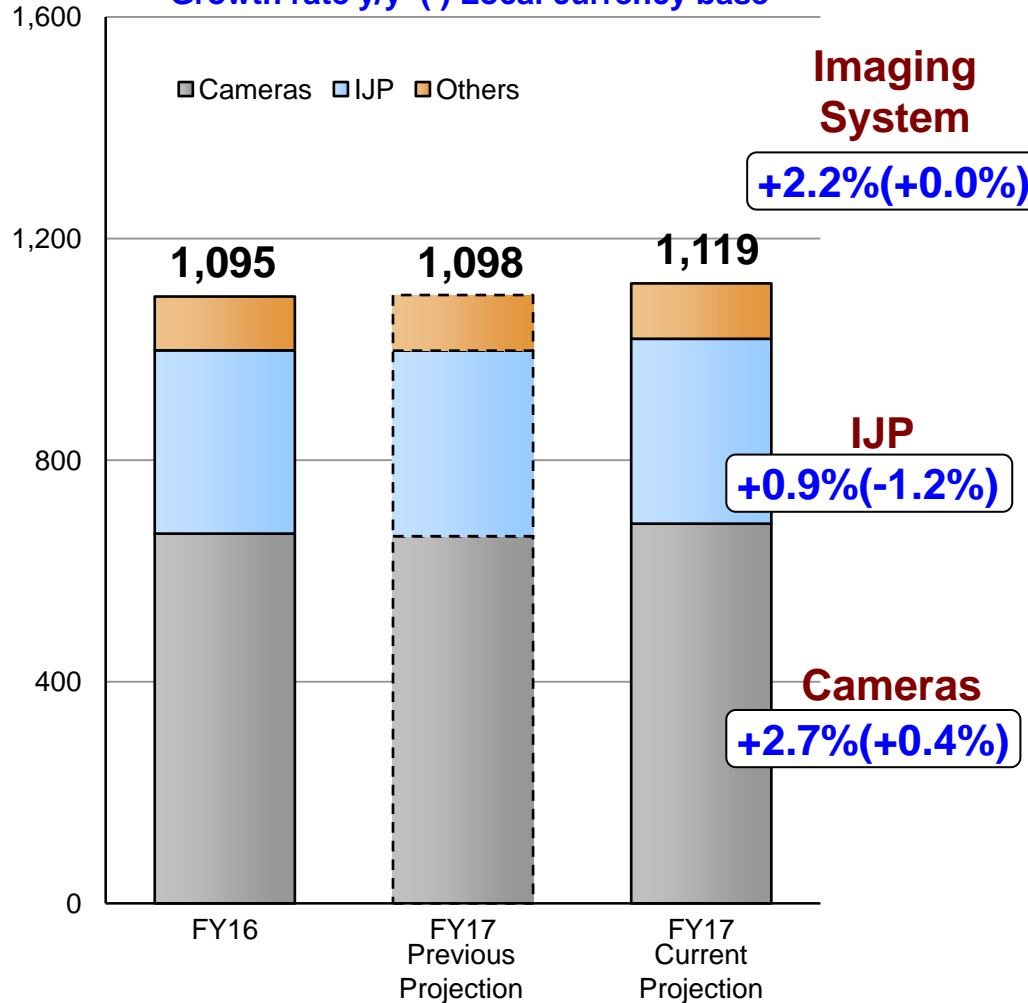
Interchangeable Lens Digital Camera Ratio *	
	FY17
Value Base	86%
Unit Base	59%

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

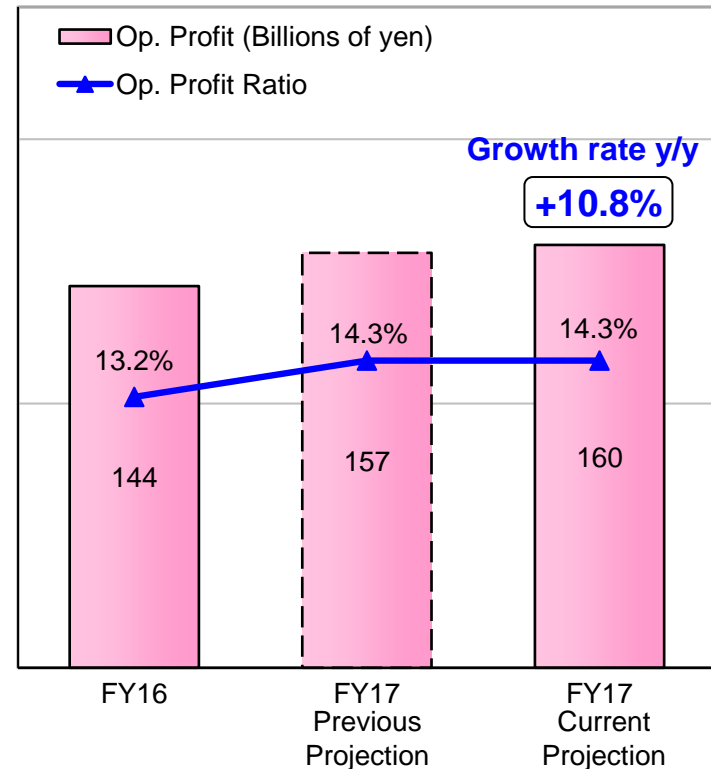
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



Medical System

2Q 2017 Actual & FY 2017 Projection

< Major products >

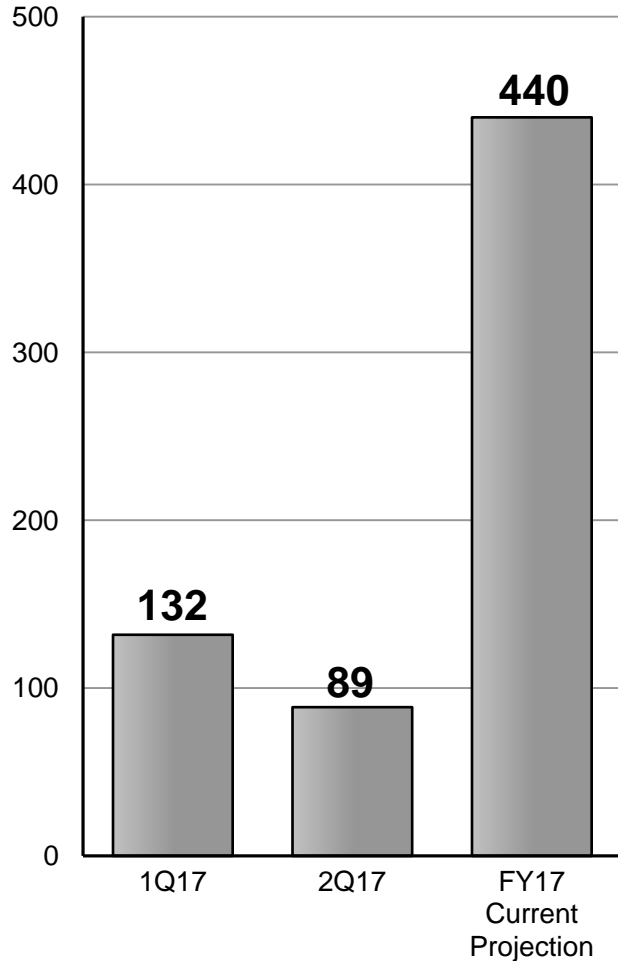


CT scanners
Aquilion ONE/GENESIS Edition

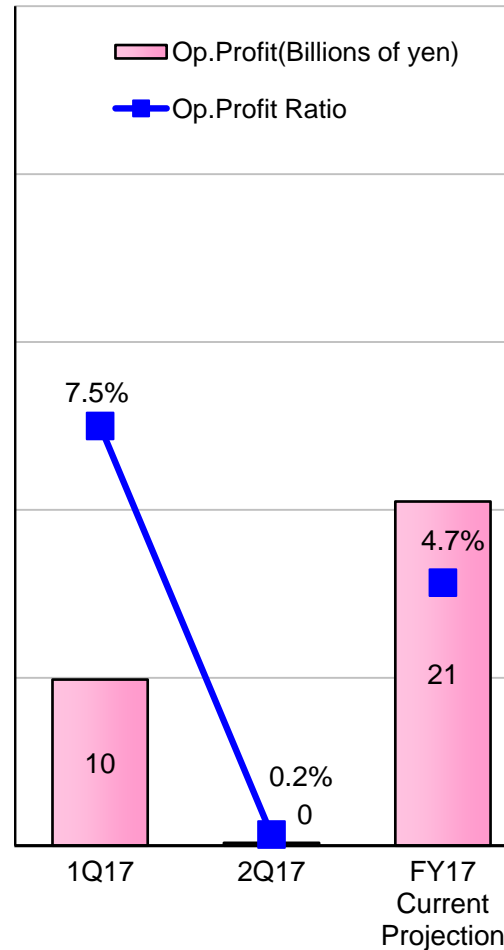


Ultrasound diagnostic systems
Aplio i-series

(Billions of yen) Sales



Op. Profit



Note : The figures for 1Q17, pertaining to "Medical System" Business Unit, which was included in "Industry and Others" Business Unit, were reclassified.

Industry and Others

2Q 2017 Actual

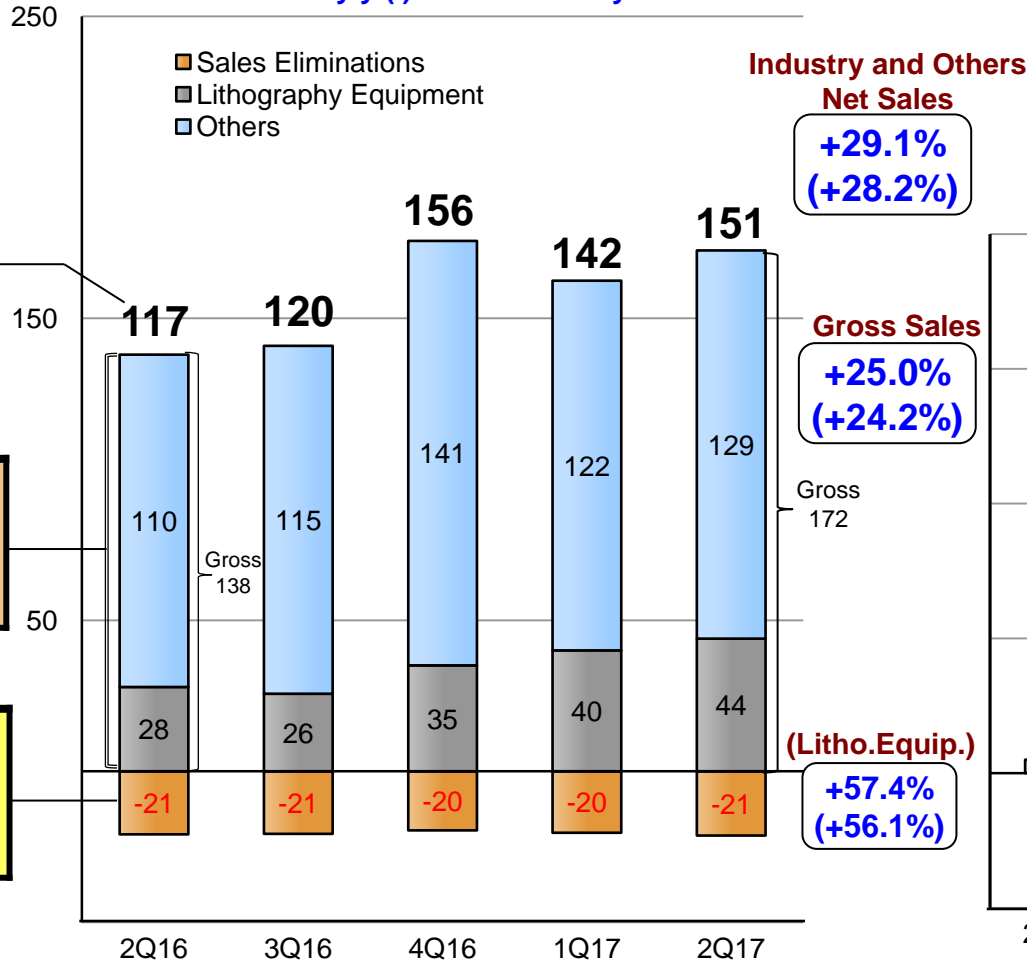
Lithography Equipment (Unit Sales)		
	2Q16	2Q17
IC	12	19
FPD	10	14

IC Lithography Unit Breakdown by Light Source		
	2Q16	2Q17
ArF	0	0
KrF	2	8
i-line	10	11

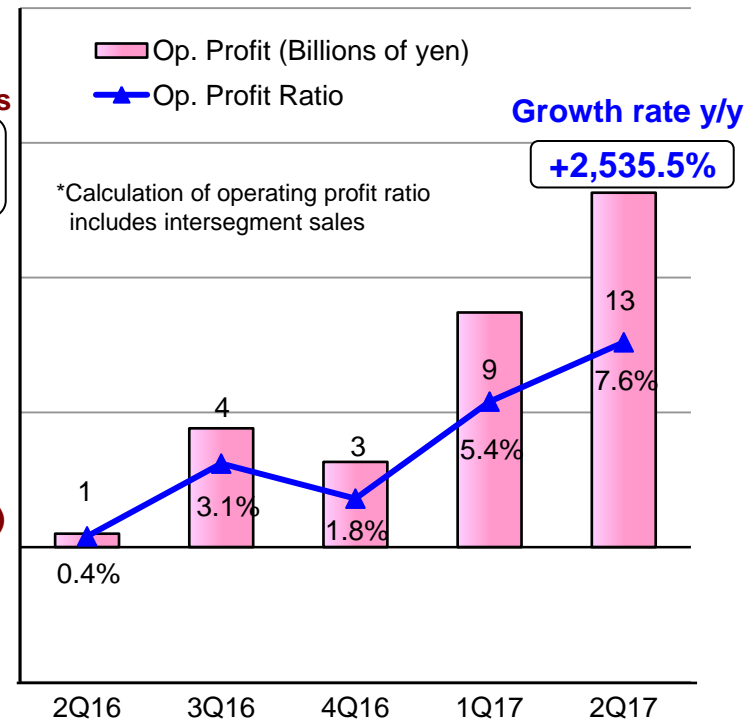
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



*Calculation of operating profit ratio includes intersegment sales

Note : The figures for 1Q17, pertaining to "Medical System" Business Unit, which was included in "Industry and Others" Business Unit, were reclassified.

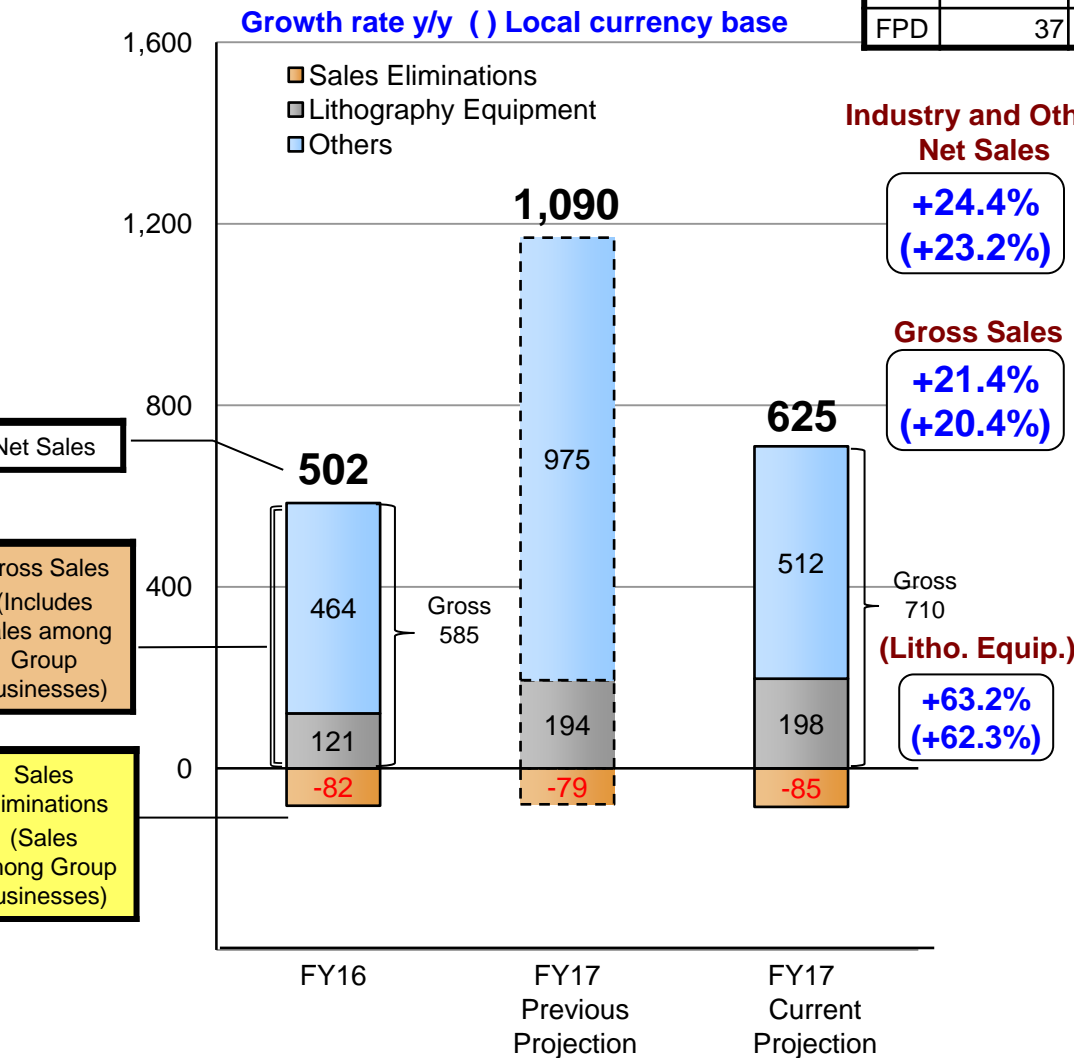
Industry and Others

FY 2017 Projection

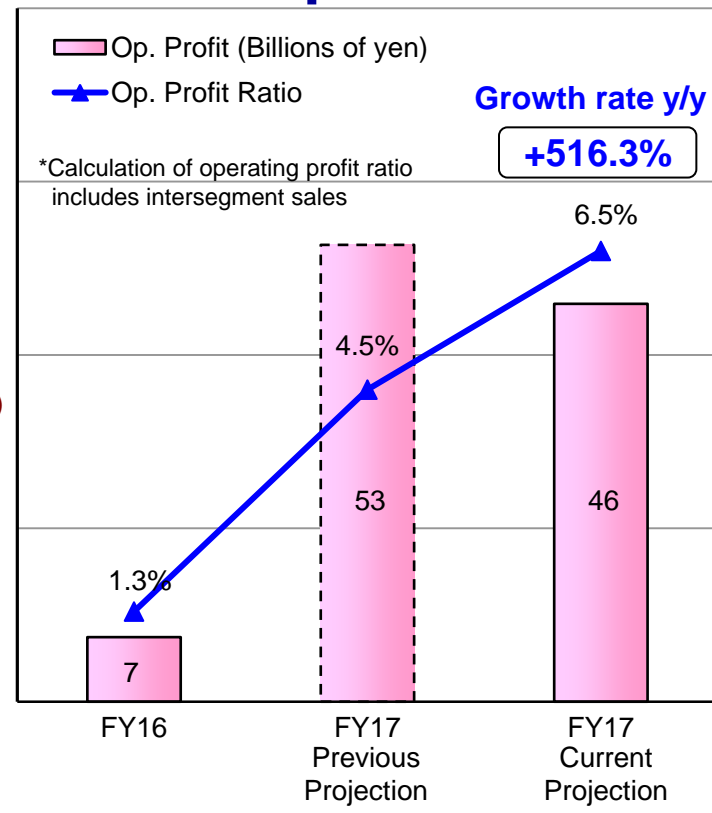
Lithography Equipment (Unit Sales)			
	FY16	FY17 Previous Projection	FY17 Current Projection
IC	64	74	74
FPD	37	86	86

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

Sales

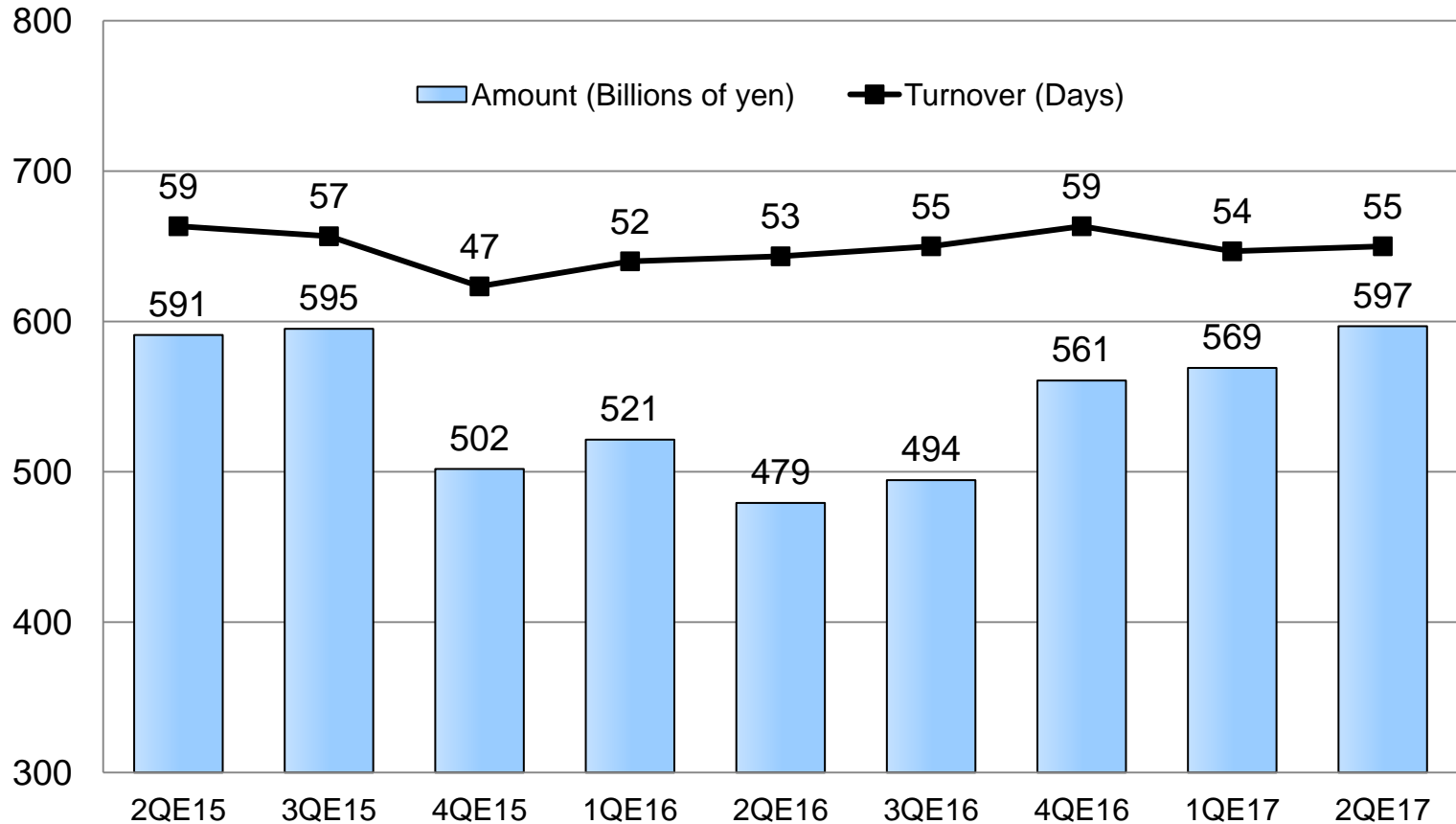


Op. Profit



Inventories

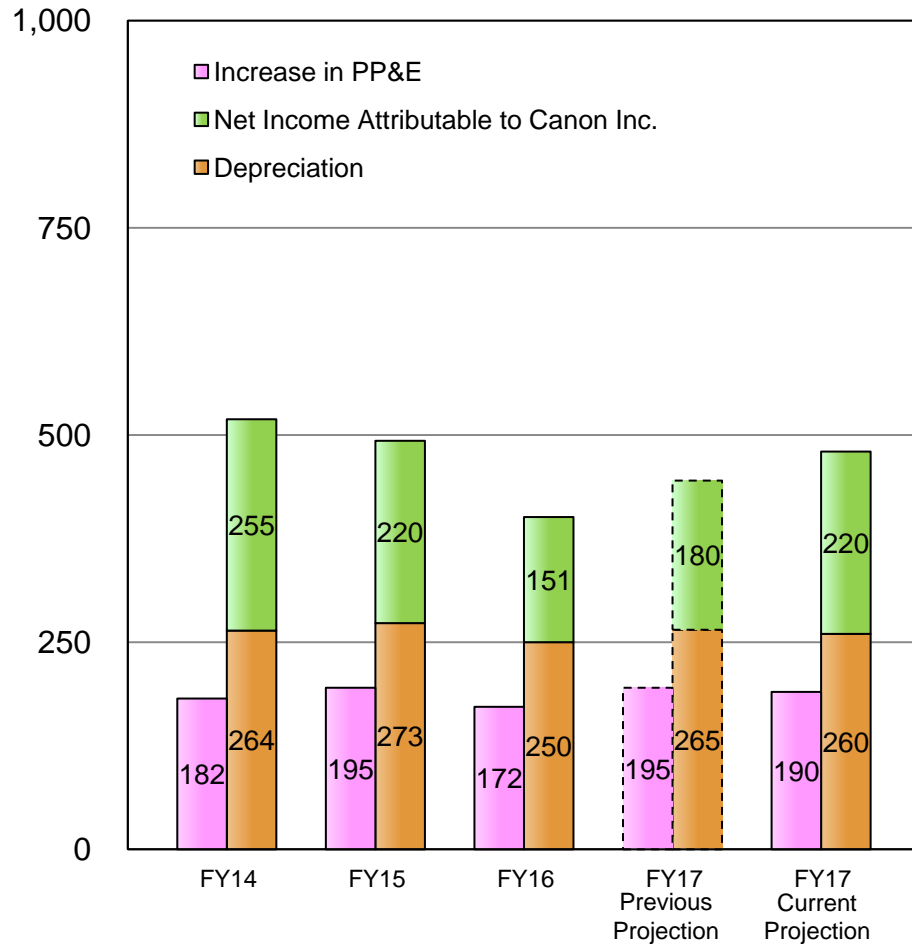
(Billions of yen)



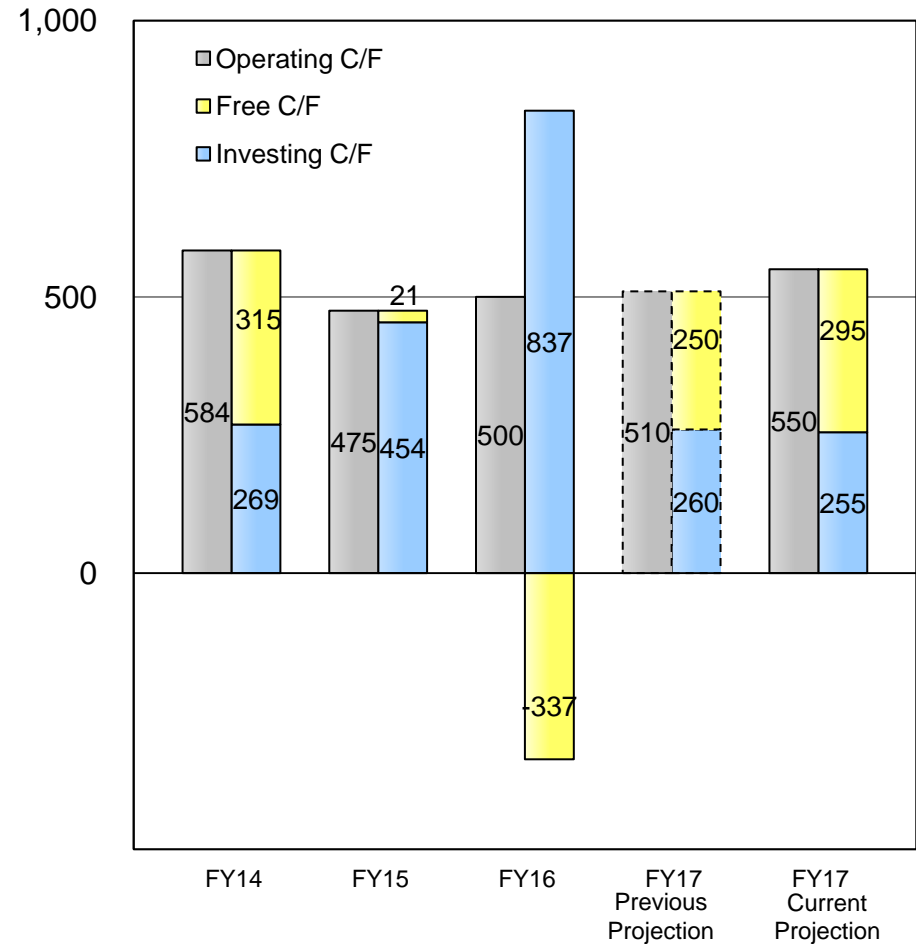
Capital Expenditure

Free Cash Flow

(Billions of yen)



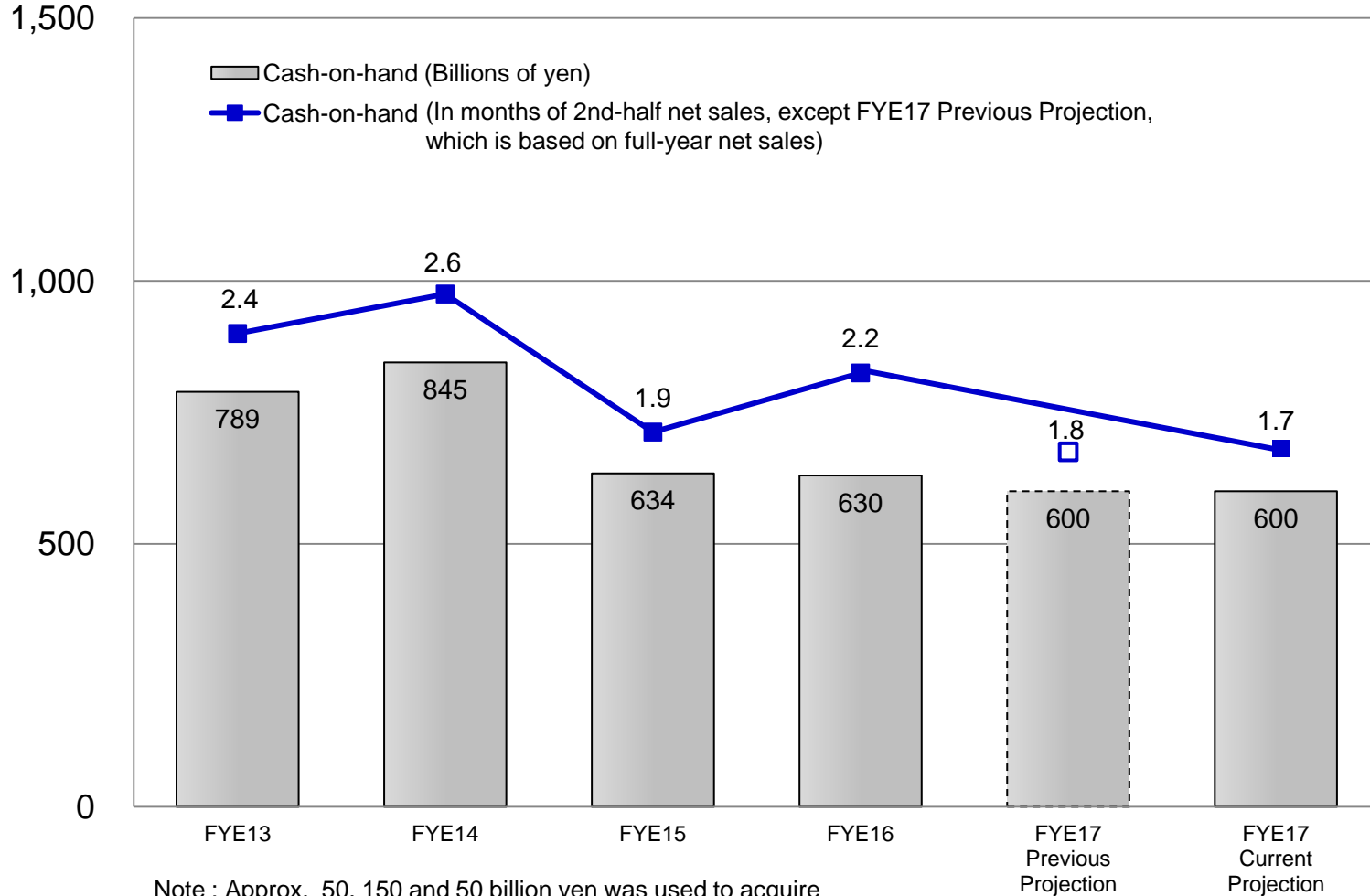
(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)

(Billions of yen)



Note : Approx. 50, 150 and 50 billion yen was used to acquire own shares in 2013, 2014 and 2017, respectively.
The cumulative amount since 2007 is approx. 1.1 trillion yen.

Supplementary Information

Transition in Sales and Operating Profit

FY 2017 Current Projection v. FY 2016 Actual

(Billions of yen)

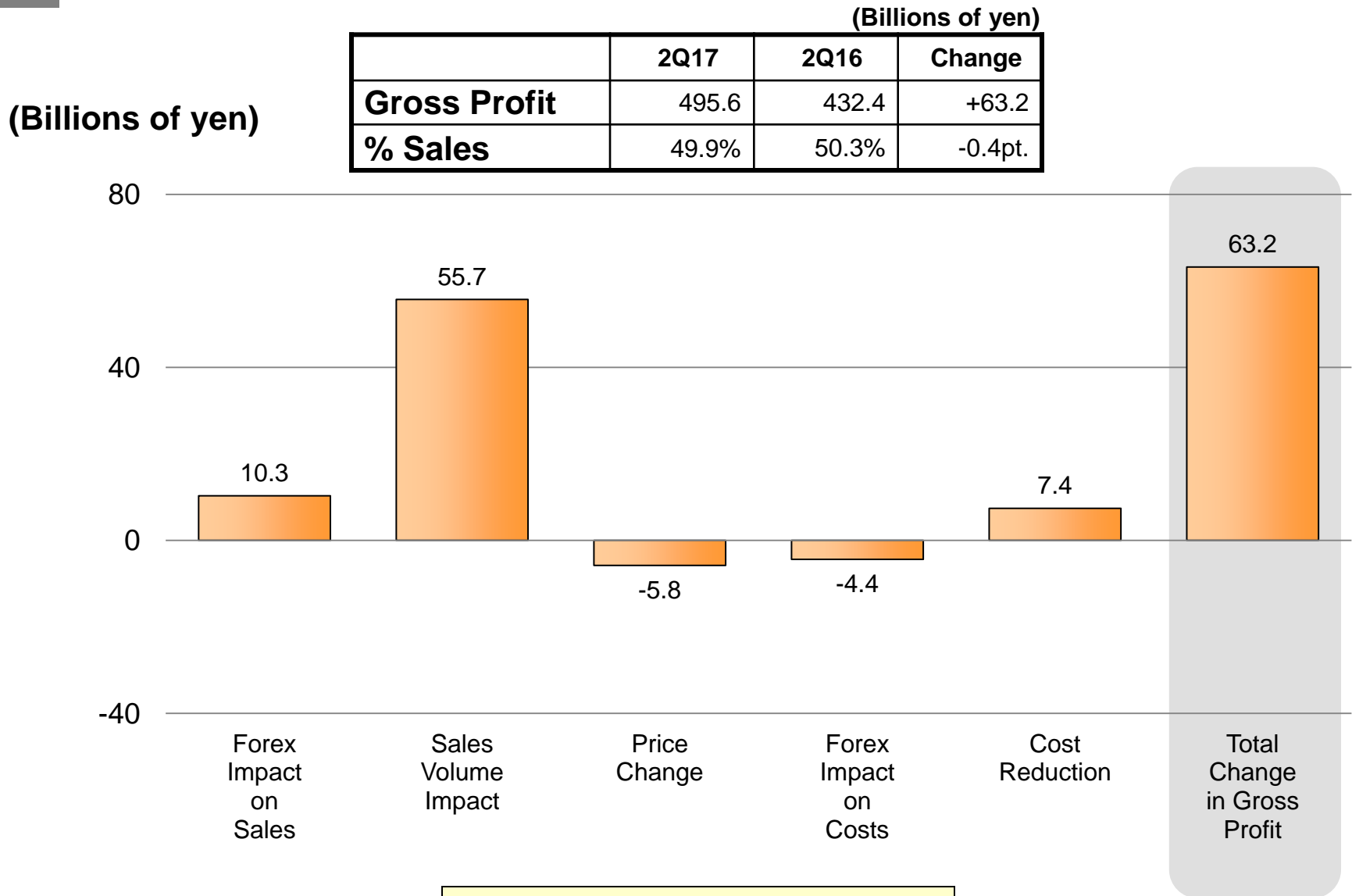
	Sales	Op. Profit
FY 2016 Actual	3,401.5	228.9
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+67.8	+22.8
Sales Volume Impact		
Office	+44.6	
Imaging System	+2.1	
Medical System	+440.0	
Industry and Others	+117.0	
Total	+603.7	+228.5
Others	-23.0	-150.2
Total Change	+648.5	+101.1
FY 2017 Current Projection	4,050.0	330.0

Change in Exchange Rate

- 1USD: 108.58 to 112.14 yen
- 1EURO: 120.25 to 123.39 yen

Gross Profit Variance Analysis

2Q 2017 Actual v. 2Q 2016 Actual



Supplementary Information

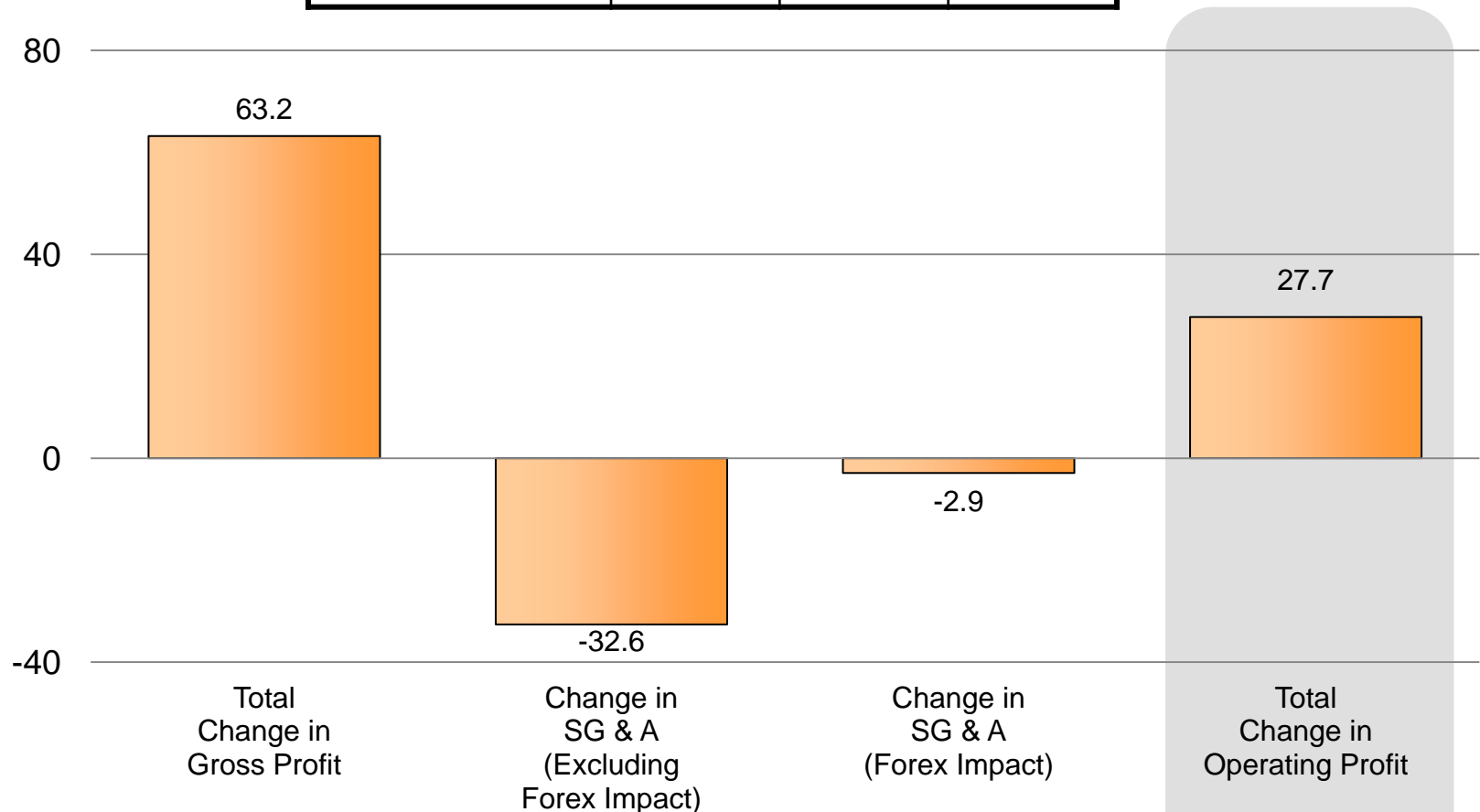
Operating Profit Variance Analysis

2Q 2017 Actual v. 2Q 2016 Actual

(Billions of yen)

(Billions of yen)

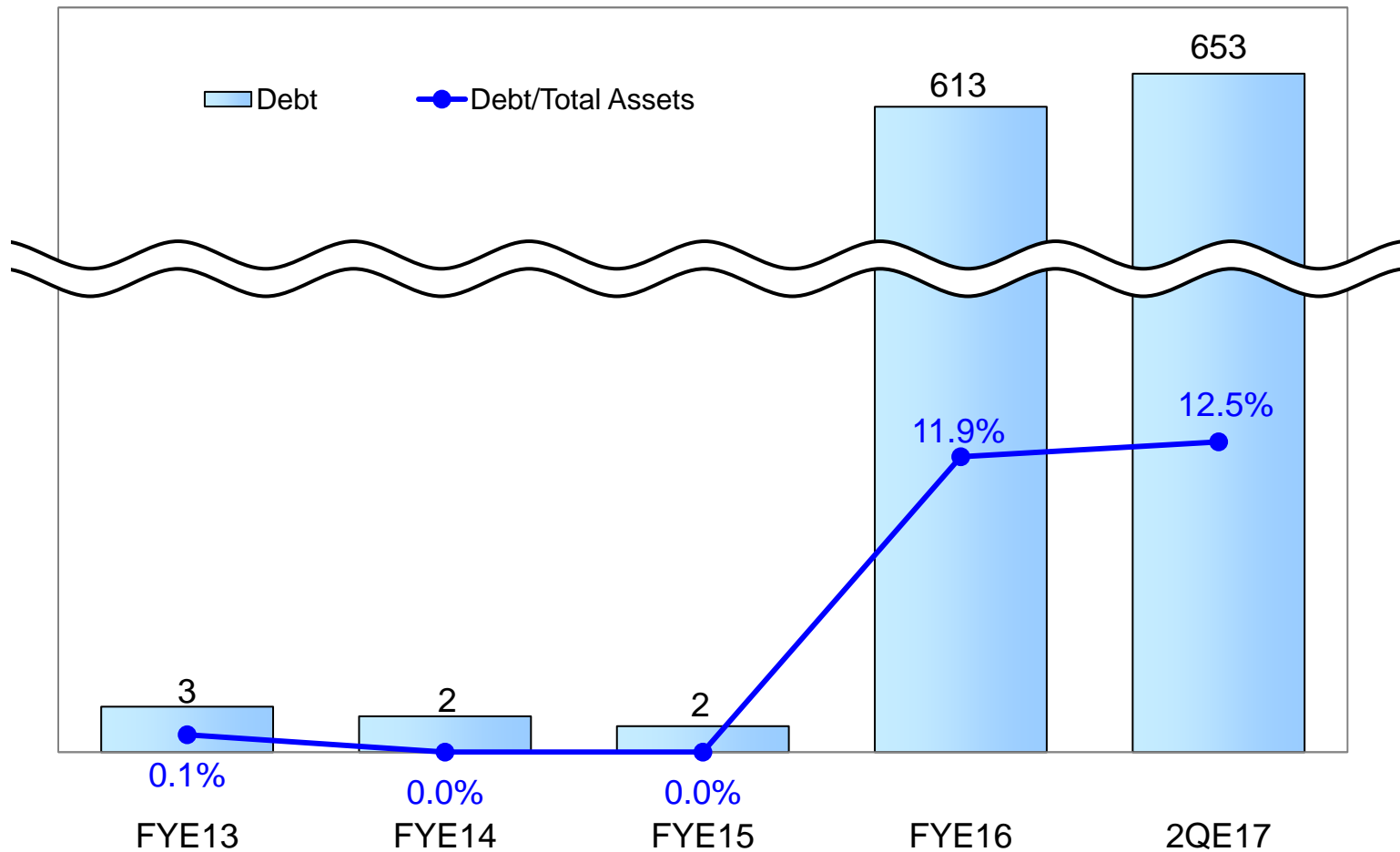
	2Q17	2Q16	Change
Op. Profit	96.3	68.6	+27.7
% Sales	9.7%	8.0%	+1.7pt.



Supplementary Information

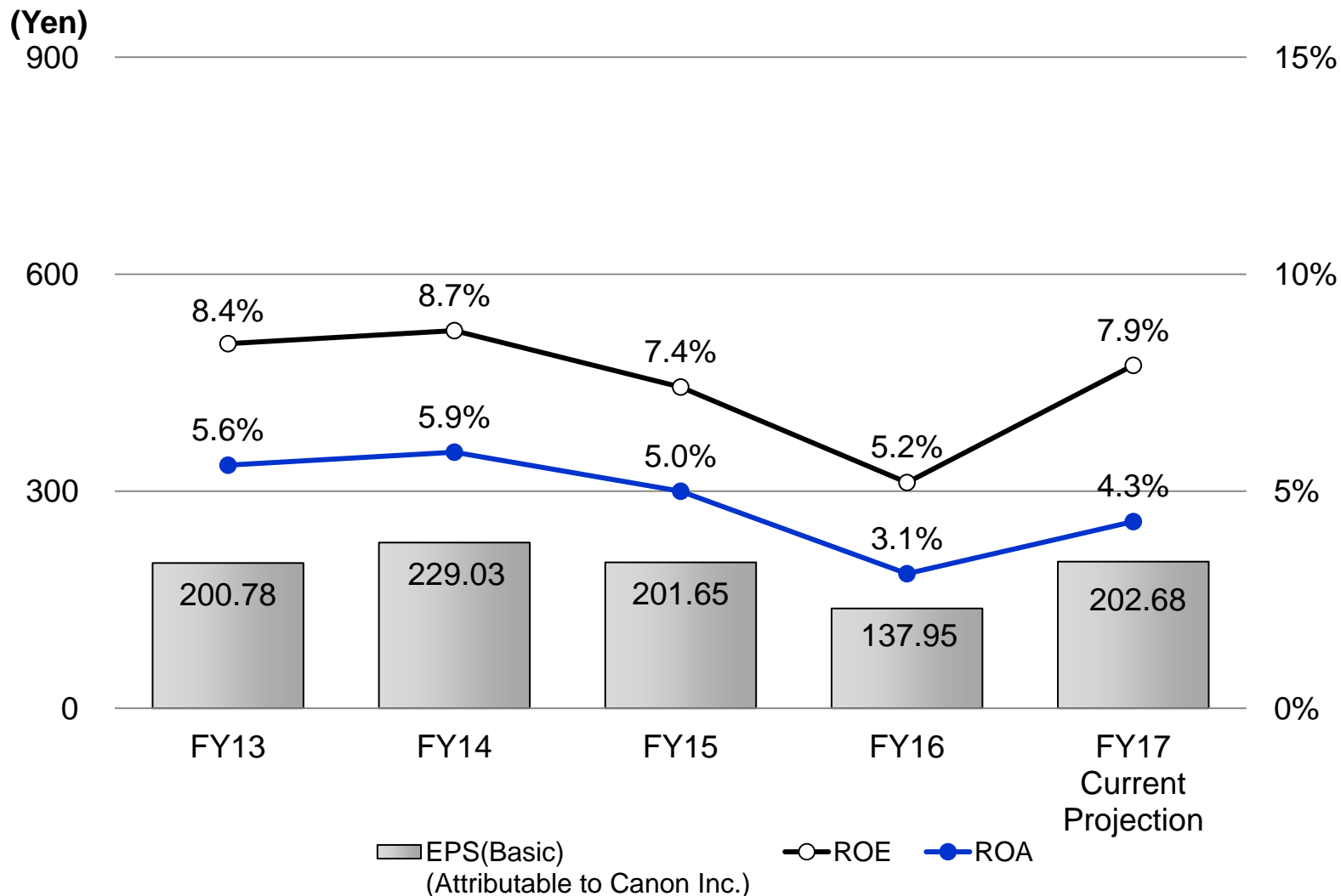
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information