



Canon Inc.

Third Quarter 2017 Results

October 24, 2017
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Agenda

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Key Messages

Recovery of existing businesses accelerating, New businesses expanding
“Further progress in business structure transformation”

Third quarter

- 3rd consecutive quarter of significant YoY sales and profit growth

Full-year projection

- Previous projection raised again
Net sales +30 billion yen, operating profit +20 billion yen

3Q 2017 in Summary

3rd consecutive quarter of YoY sales and profit growth starting from Q1, first time in 7 years

- ✓ Continued recovery of laser printer business
- ✓ Firm sales of cameras, particularly new models
- ✓ Continued expansion of FPD lithography equipment and OLED vacuum deposition equipment sales
- ✓ Benefits from new consolidation (Toshiba Medical)

Summary of Results

3Q 2017 Actual

(Billions of yen)

	3Q 2017 Actual	3Q 2016 Actual	Pct. Change
Net Sales	994.5	778.8	+27.7%
Gross Profit	482.2	376.6	+28.0%
(% Sales)	48.5%	48.4%	
Op. Profit	80.5	40.0	+101.1%
(% Sales)	8.1%	5.1%	
Net Income	63.1	24.4	+158.6%
Attributable to Canon Inc.			
(% Sales)	6.3%	3.1%	
Foreign Exchange Rate			
Yen – 1USD	110.93	102.33	
Yen – 1EURO	130.42	114.25	

Transition in Sales and Op. Profit

3Q 2017 Actual v. 3Q 2016 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2016 Actual	778.8	40.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+57.3	+19.1
Sales Volume Impact		
Office	+6.7	
Imaging System	+0.4	
Medical System	+111.6	
Industry and Others	+43.6	
.....		
Total	+162.3	+60.5
Others	-3.9	-39.1
Total Change	+215.7	+40.5
3Q 2017 Actual	994.5	80.5

Change in Exchange Rate

- 1USD: 102.33 to 110.93 yen
- 1EURO: 114.25 to 130.42 yen

Exchange Rate Assumptions

2017 Current Projection

Average Exchange Rate	4Q17	FY17	FY16
■ Yen-1USD	112.00 yen	111.88 yen	108.58 yen
■ Yen-1EURO	132.00 yen	126.49 yen	120.25 yen

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

	Net Sales	Operating Profit
■ USD	3.8 billion yen	1.3 billion yen
■ EURO	1.9 billion yen	1.0 billion yen

Overview of Current Projection

Full-year projection

“Further progress in
business structure transformation”

Versus last year

- Sales and profit growth – First time in 4 years
 - ✓ Existing businesses - Recovery of Laser printer and camera businesses, Lithography equipment
 - ✓ New businesses - 20% growth in network cameras, 50% growth in OLED vacuum deposition equipment, as well as contribution from Toshiba Medical

Versus previous projection

- Raised projection for net sales by 30 billion yen and operating profit by 20 billion yen
 - ✓ Better-than-expected improvement compared to our previous projection
 - ✓ Revised exchange rate assumptions

Summary of Projected Results

FY 2017 Current Projection

(Billions of yen)

	FY 2017 Current Projection	FY 2016 Actual	Pct. Change
Net Sales	4,080.0	3,401.5	+19.9%
Gross Profit	1,984.0	1,673.8	+18.5%
(% Sales)	48.6%	49.2%	
Op. Profit	350.0	228.9	+52.9%
(% Sales)	8.6%	6.7%	
Net Income	245.0	150.7	+62.6%
Attributable to Canon Inc.			
(% Sales)	6.0%	4.4%	
Foreign Exchange Rate			
Yen – 1USD	111.88	108.58	
Yen – 1EURO	126.49	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 (Jul. 27, 2017)	4,050.0	330.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	+21.0	+9.3
Sales Volume Impact		
Office	-12.3	
Imaging System	+4.8	
Medical System	-2.4	
Industry and Others	+17.9	
Total	+8.0	+8.4
Others	+1.0	+2.3
Total Change	+30.0	+20.0
Current Projection (Oct. 24, 2017)	4,080.0	350.0

Change in Exchange Rate

- 1USD: 112.14 to 111.88 yen
- 1EURO: 123.39 to 126.49 yen

Office

3Q 2017 Actual

3Q17 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+11%	-6%
Monochrome	-2%	-8%
Total	+4%	-8%

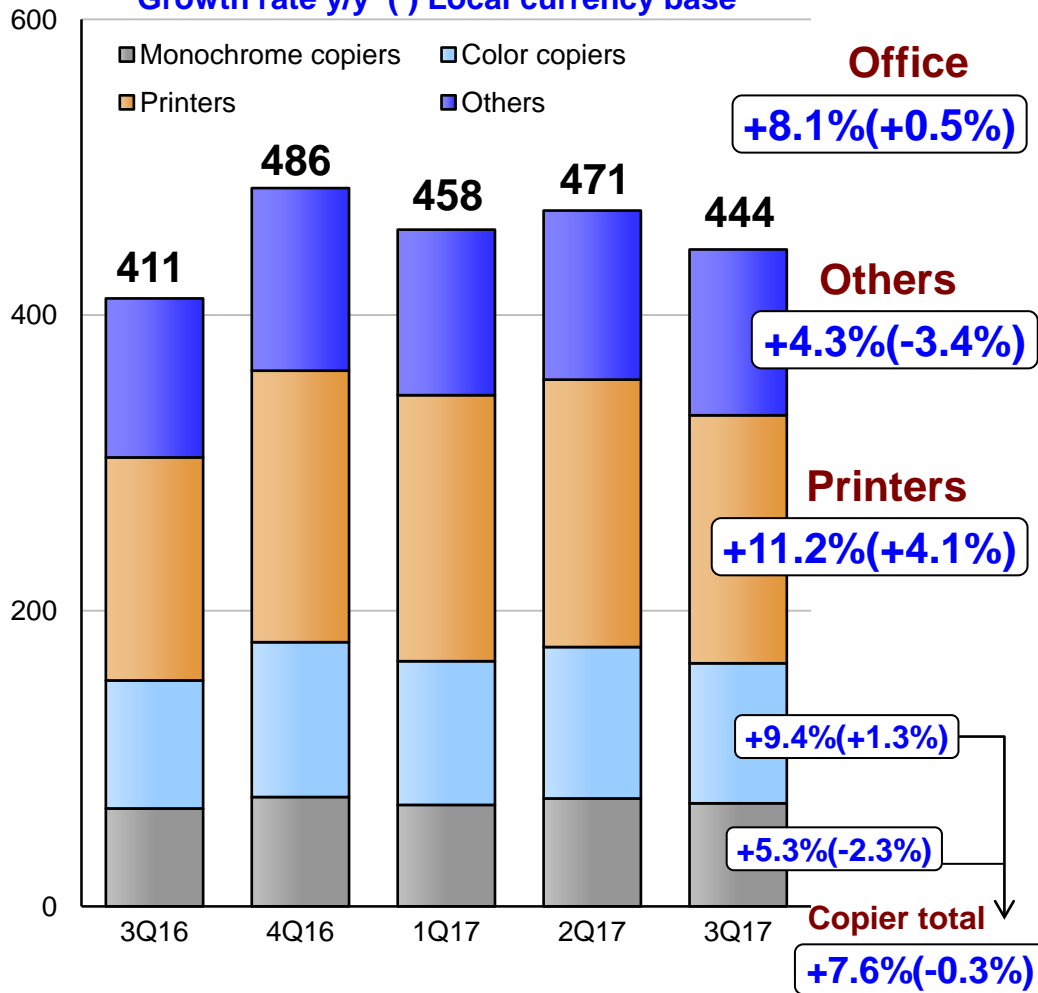
3Q17 Color Ratio		
	Copiers	Printers
Value Base*	58%	54%
Unit Base	54%	18%

*Includes Consumables

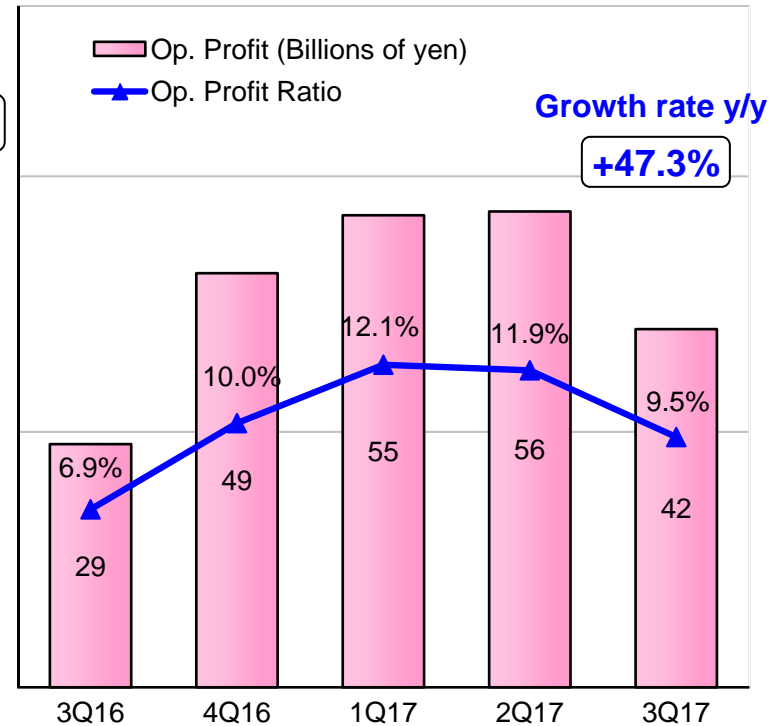
Sales

(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%	-2%
Total	+3%	-1%

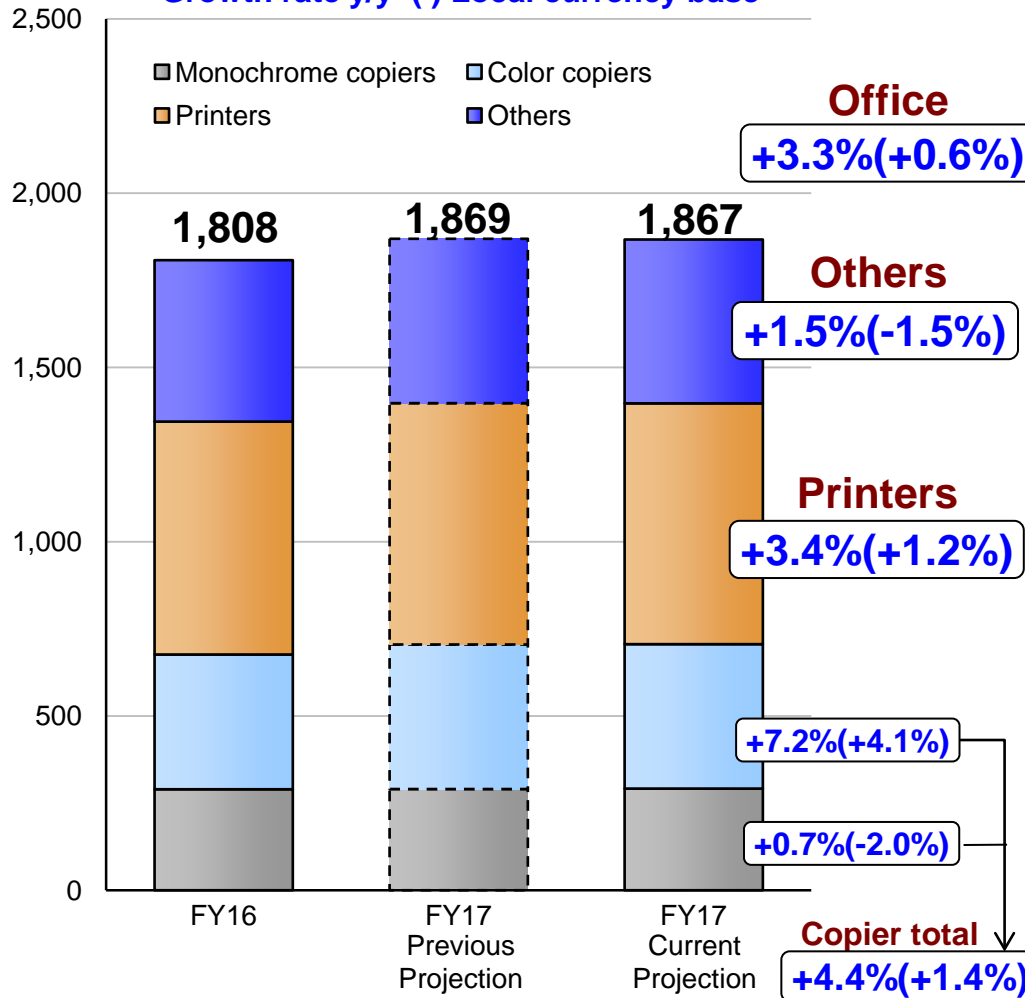
FY17 Color Ratio		
	Copiers	Printers
Value Base*	59%	52%
Unit Base	54%	18%

*Includes Consumables

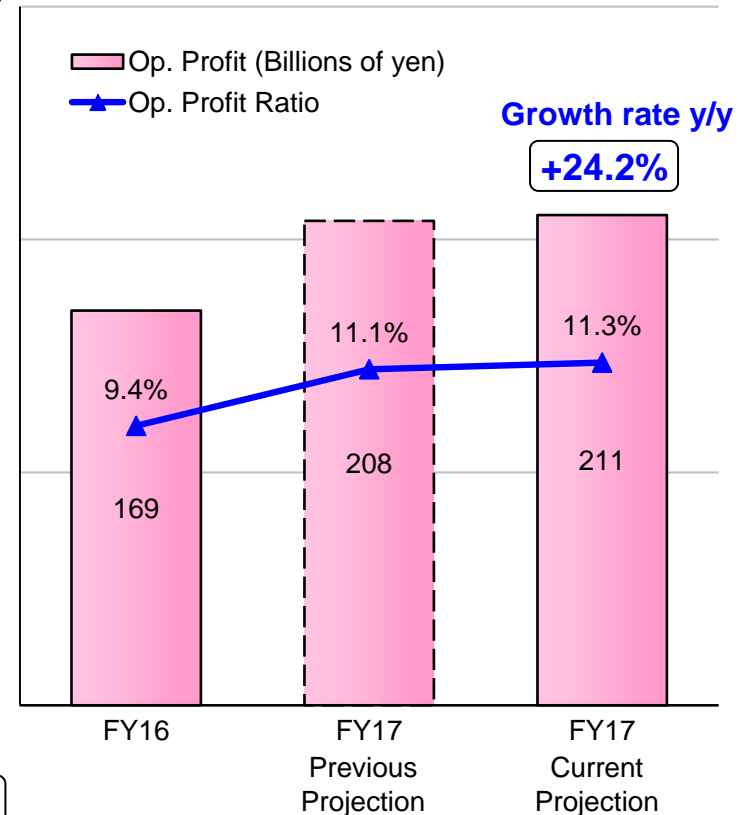
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



Imaging System

3Q 2017 Actual

Growth Rate y/y (Unit Base)	
	3Q17
Interchangeable Lens Digital Cameras	-5%
Compact Digital Cameras	+13%
Total Digital Cameras	+2%
IJP	+1%

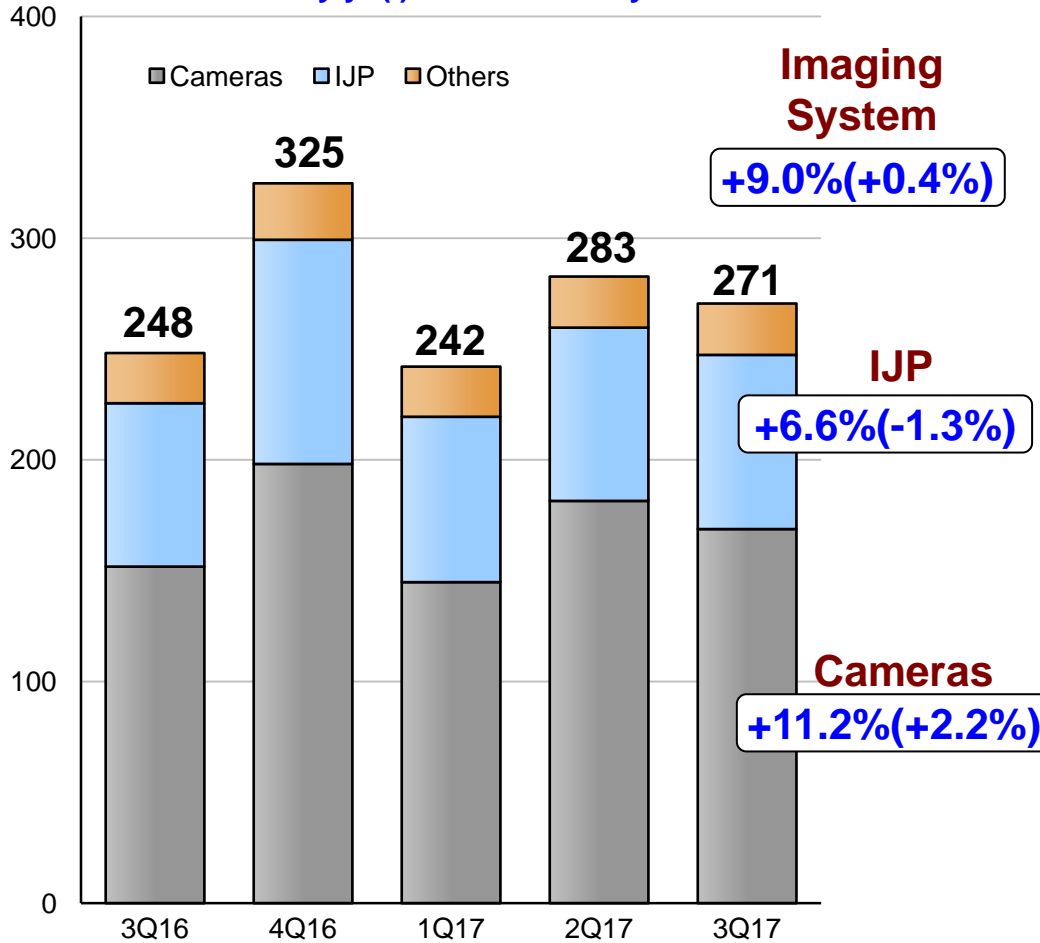
Interchangeable Lens Digital Camera Ratio *	
	3Q17
Value Base	86%
Unit Base	61%

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

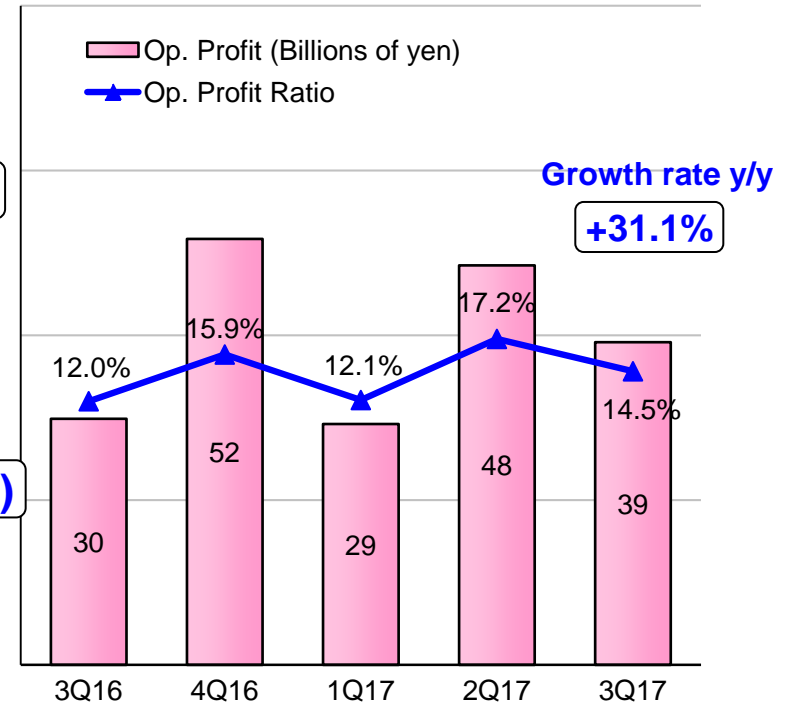
Sales

(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	-3%
Compact Digital Cameras	-1%
Total Digital Cameras	-2%
IJP	+2%

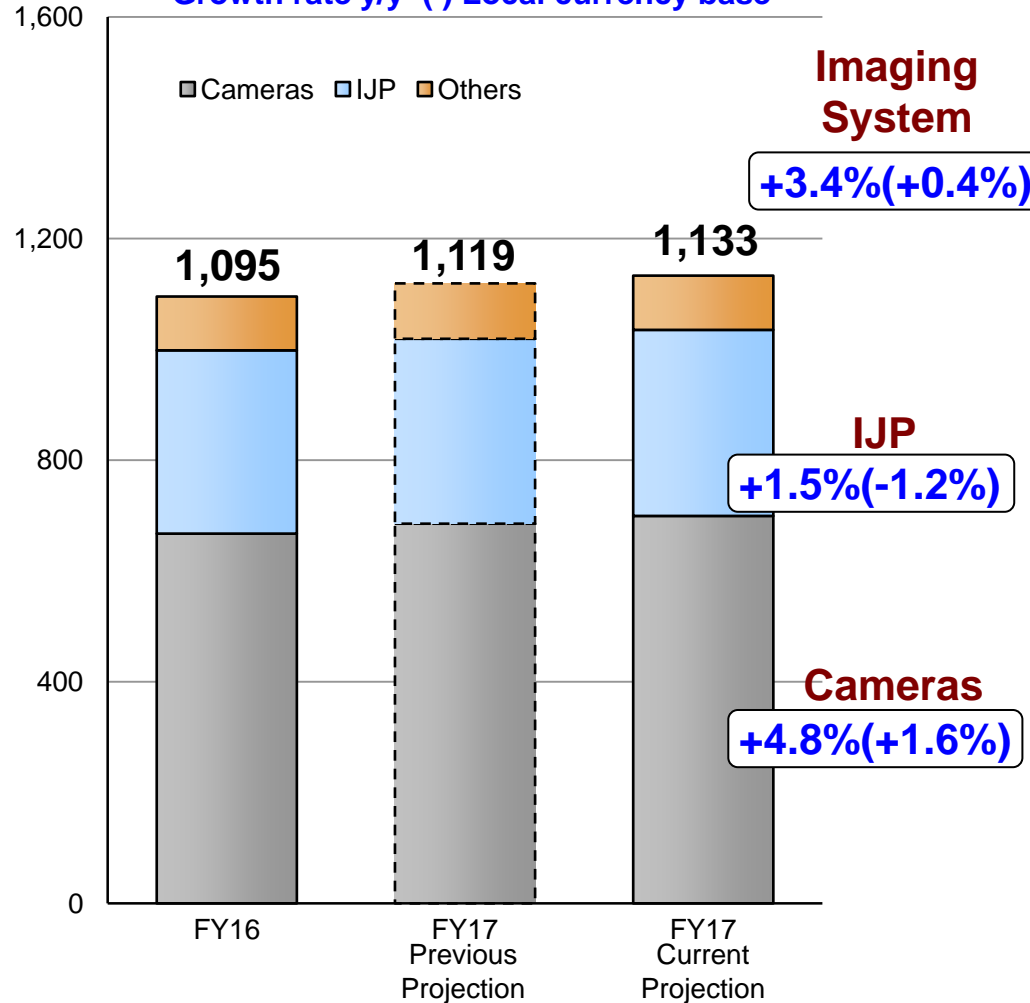
Interchangeable Lens Digital Camera Ratio *	
	FY17
Value Base	85%
Unit Base	58%

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

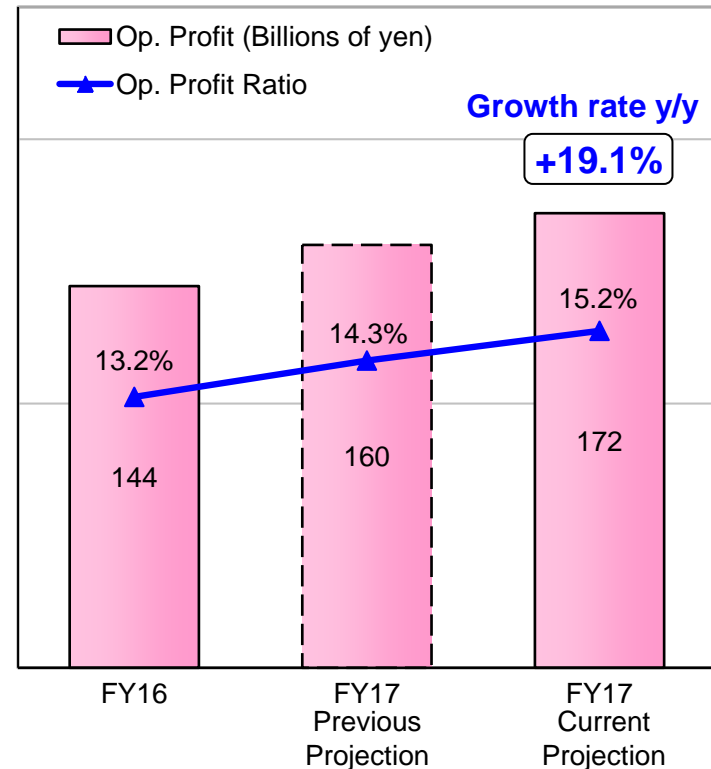
Sales

(Billions of yen)

Growth rate y/y () Local currency base



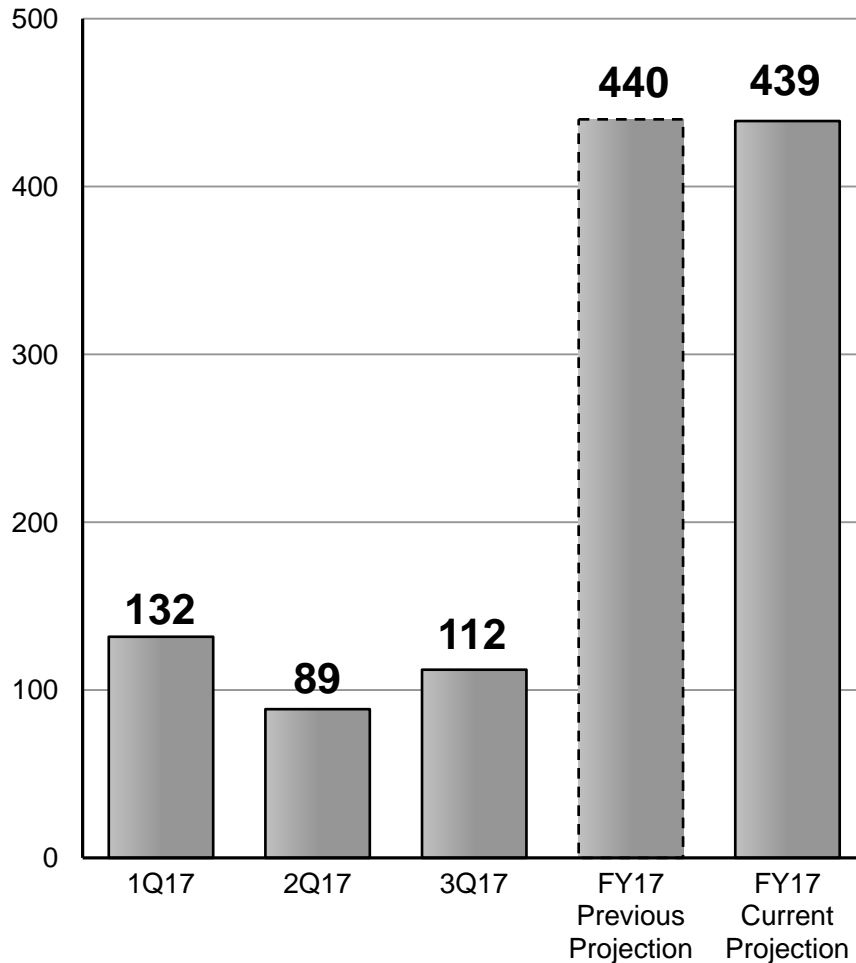
Op. Profit



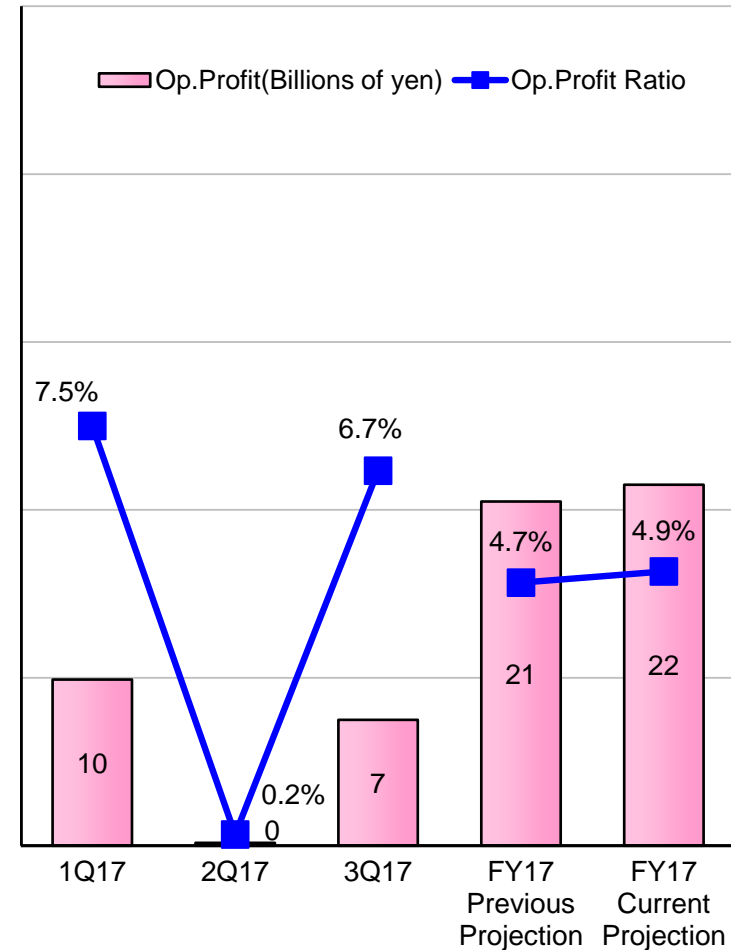
Medical System

3Q 2017 Actual & FY 2017 Projection

(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

3Q 2017 Actual

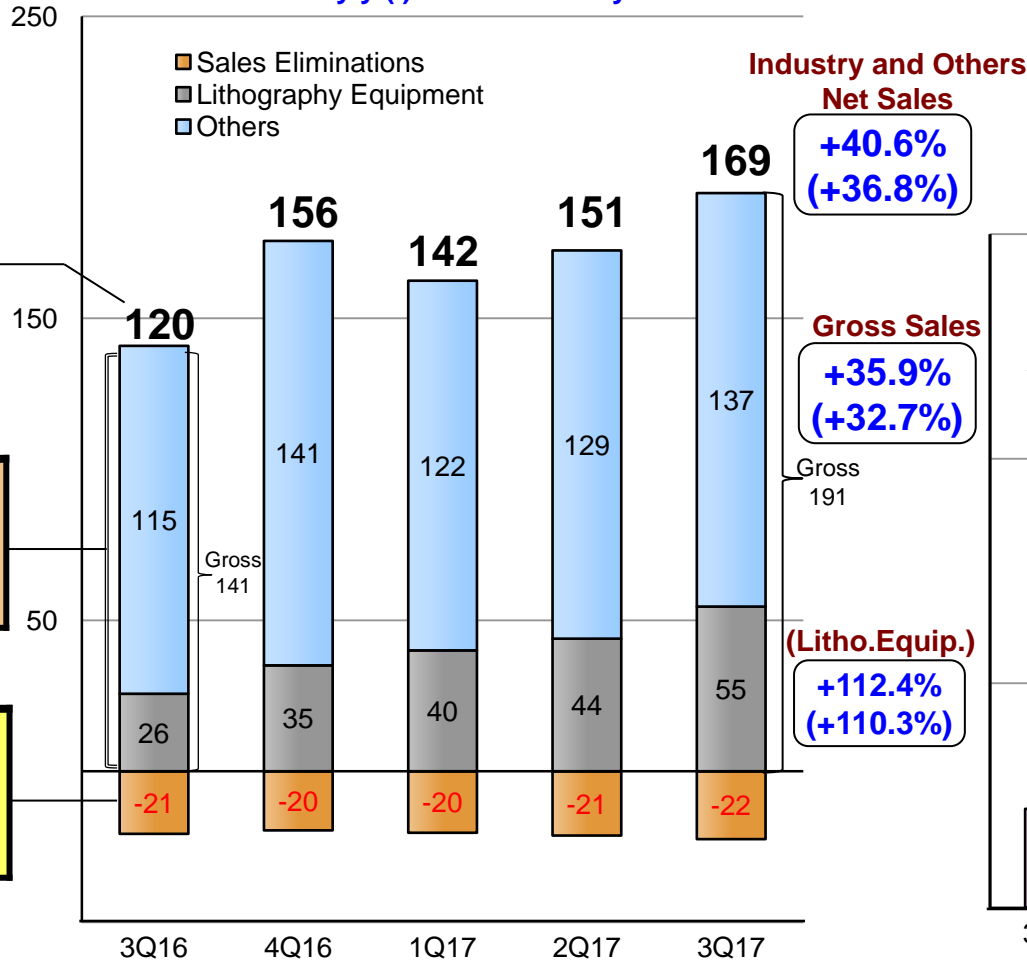
Lithography Equipment (Unit Sales)		
	3Q16	3Q17
IC	14	15
FPD	7	29

IC Lithography Unit Breakdown by Light Source		
	3Q16	3Q17
ArF	0	0
KrF	5	4
i-line	9	11

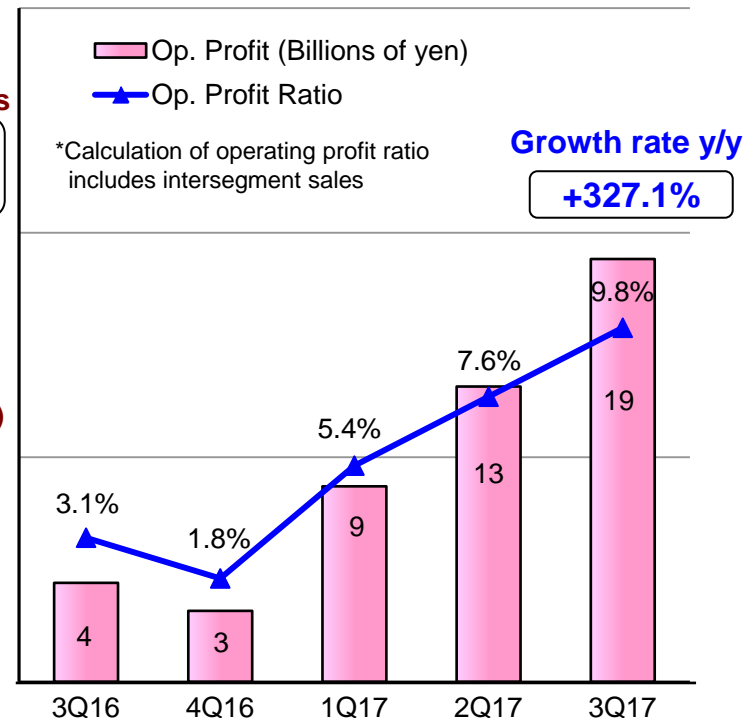
Sales

(Billions of yen)

Growth rate y/y () Local currency base



Op. Profit



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

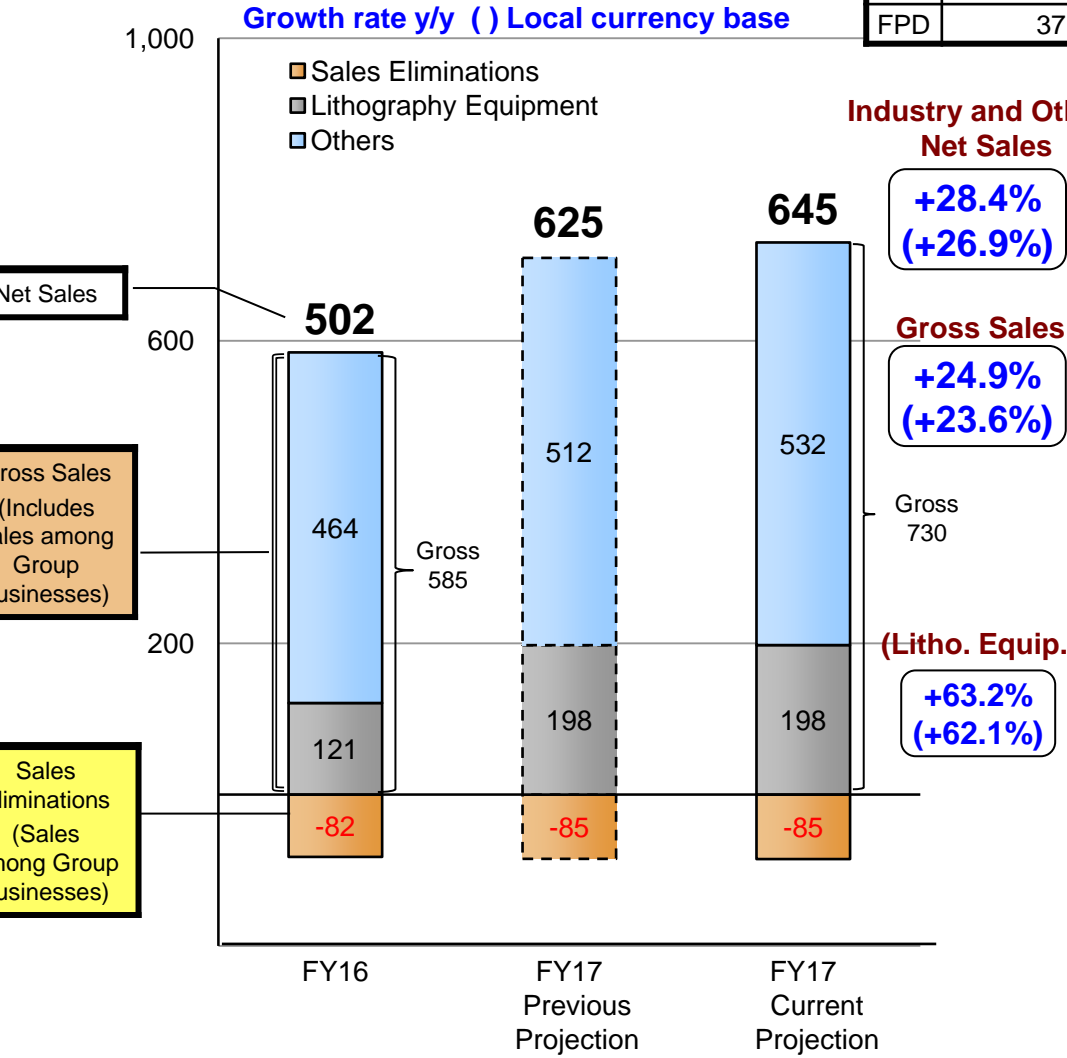
Industry and Others

FY 2017 Projection

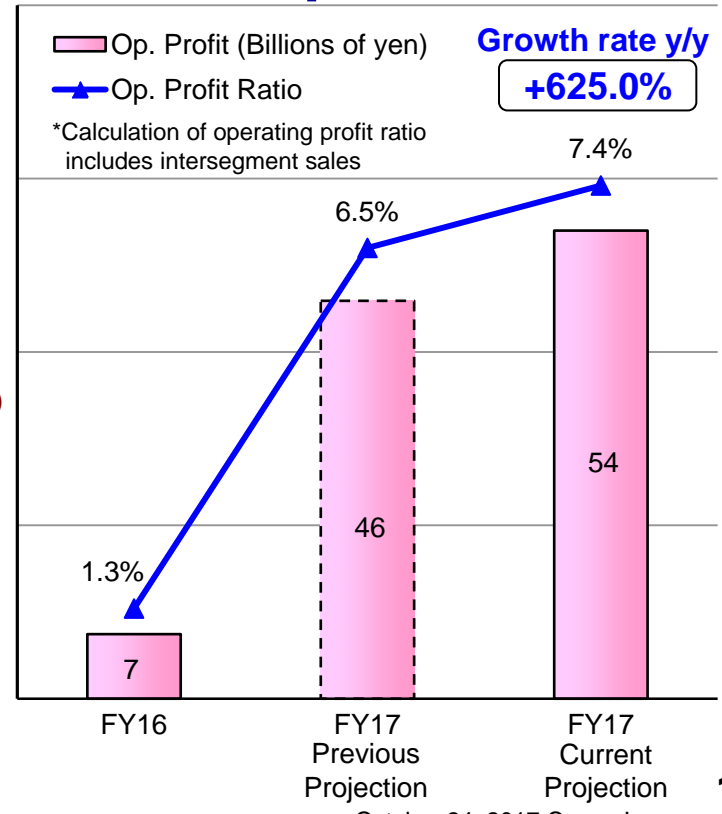
Lithography Equipment (Unit Sales)			
	FY16	FY17 Previous Projection	FY17 Current Projection
IC	64	74	73
FPD	37	86	86

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	49

Sales

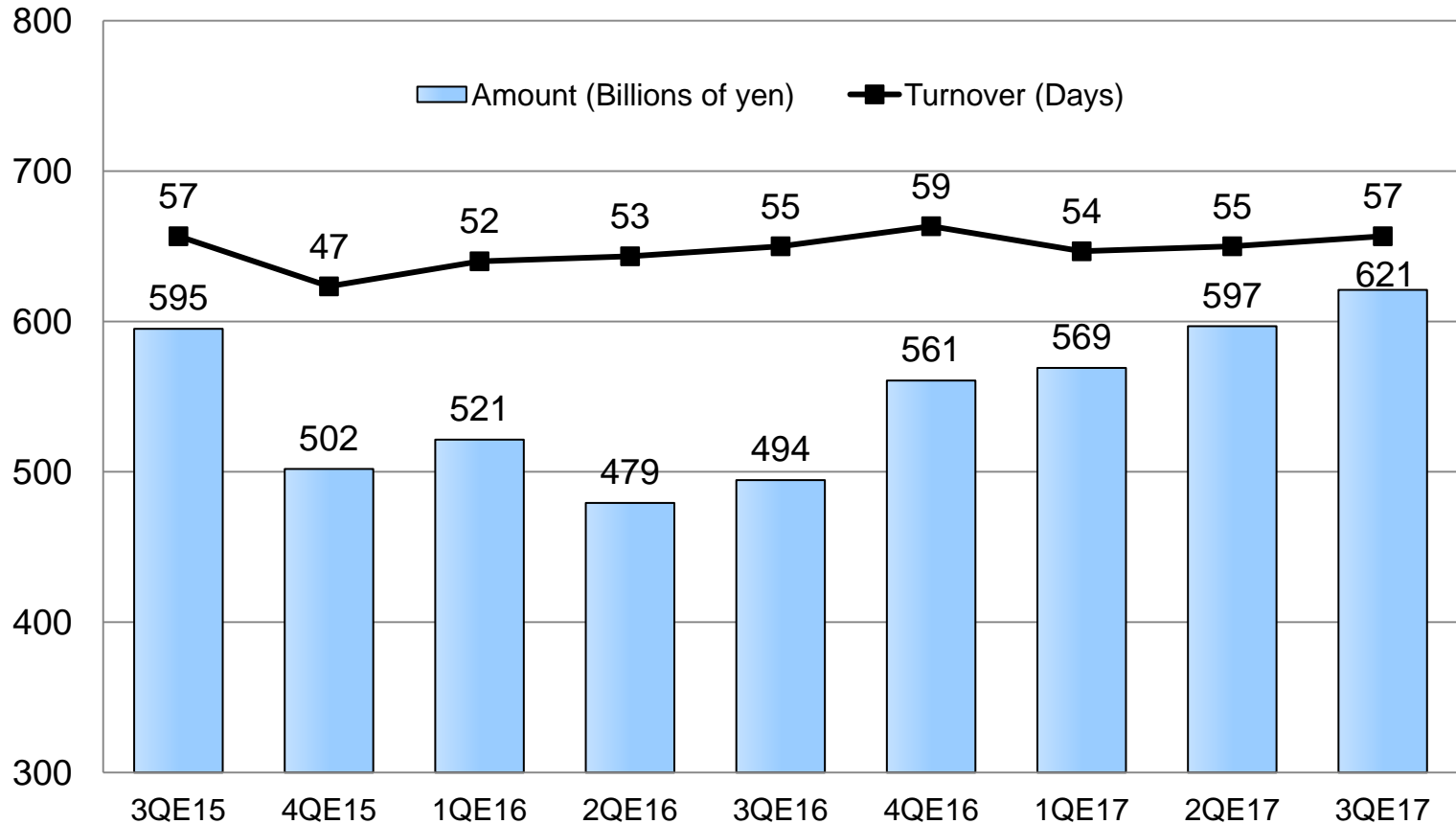


Op. Profit



Inventories

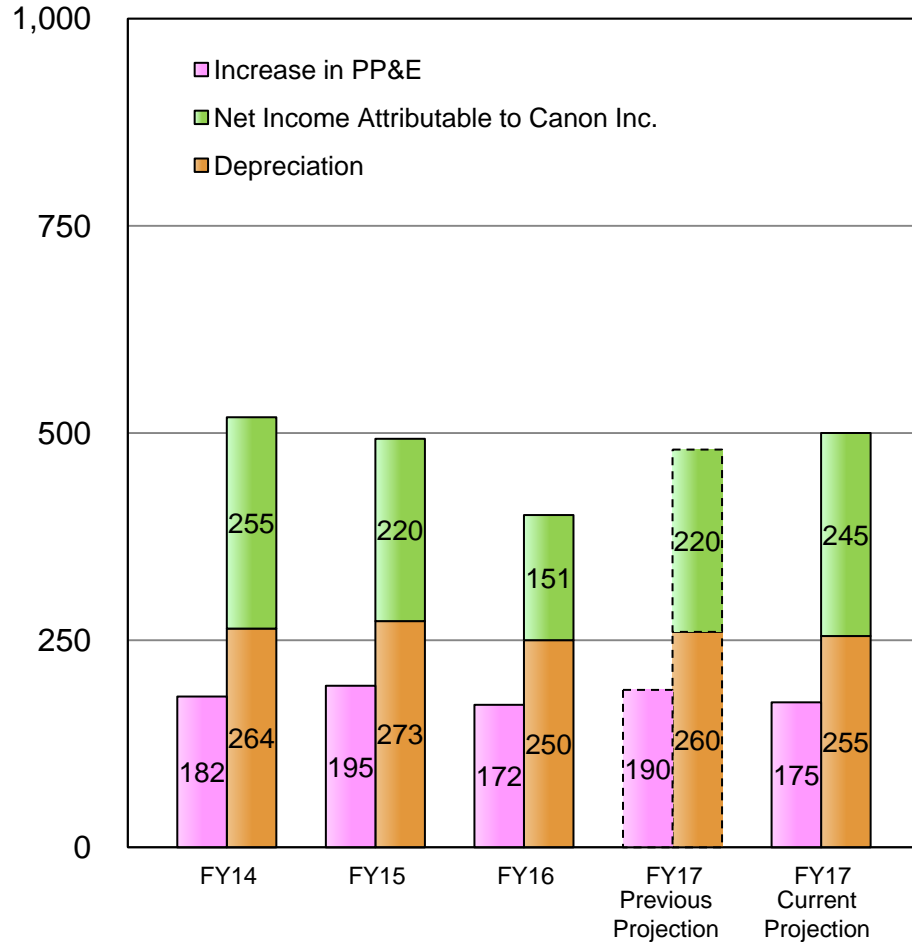
(Billions of yen)



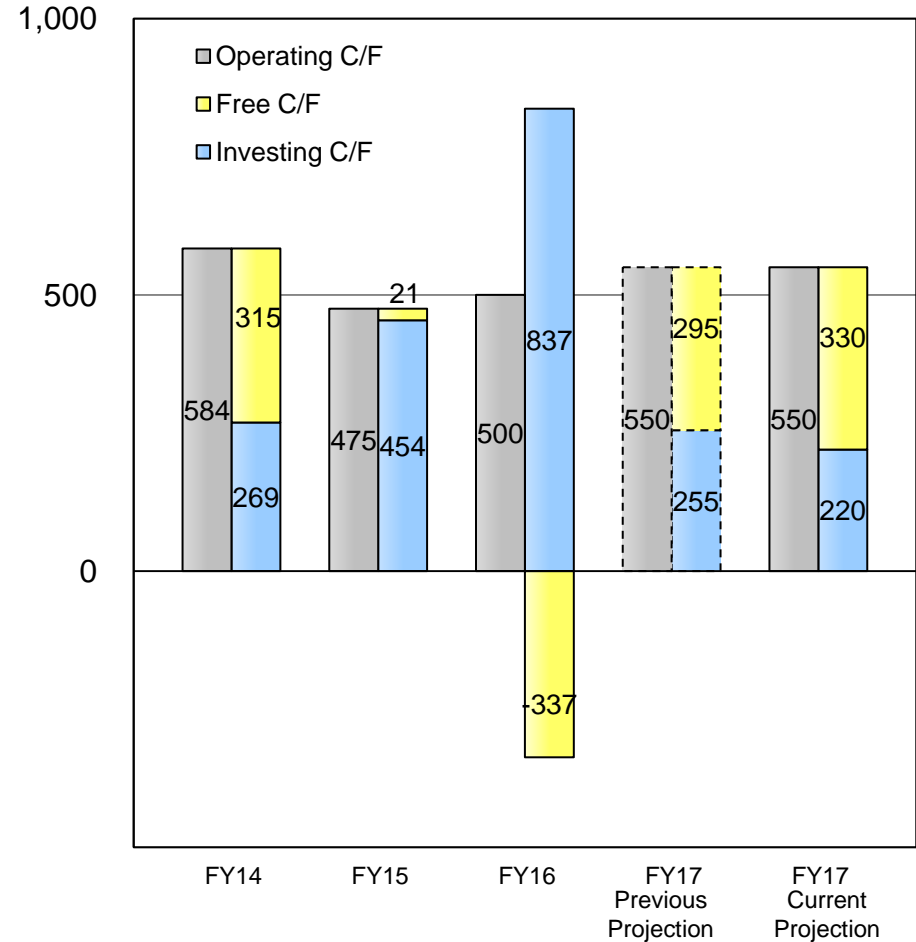
Capital Expenditure

Free Cash Flow

(Billions of yen)



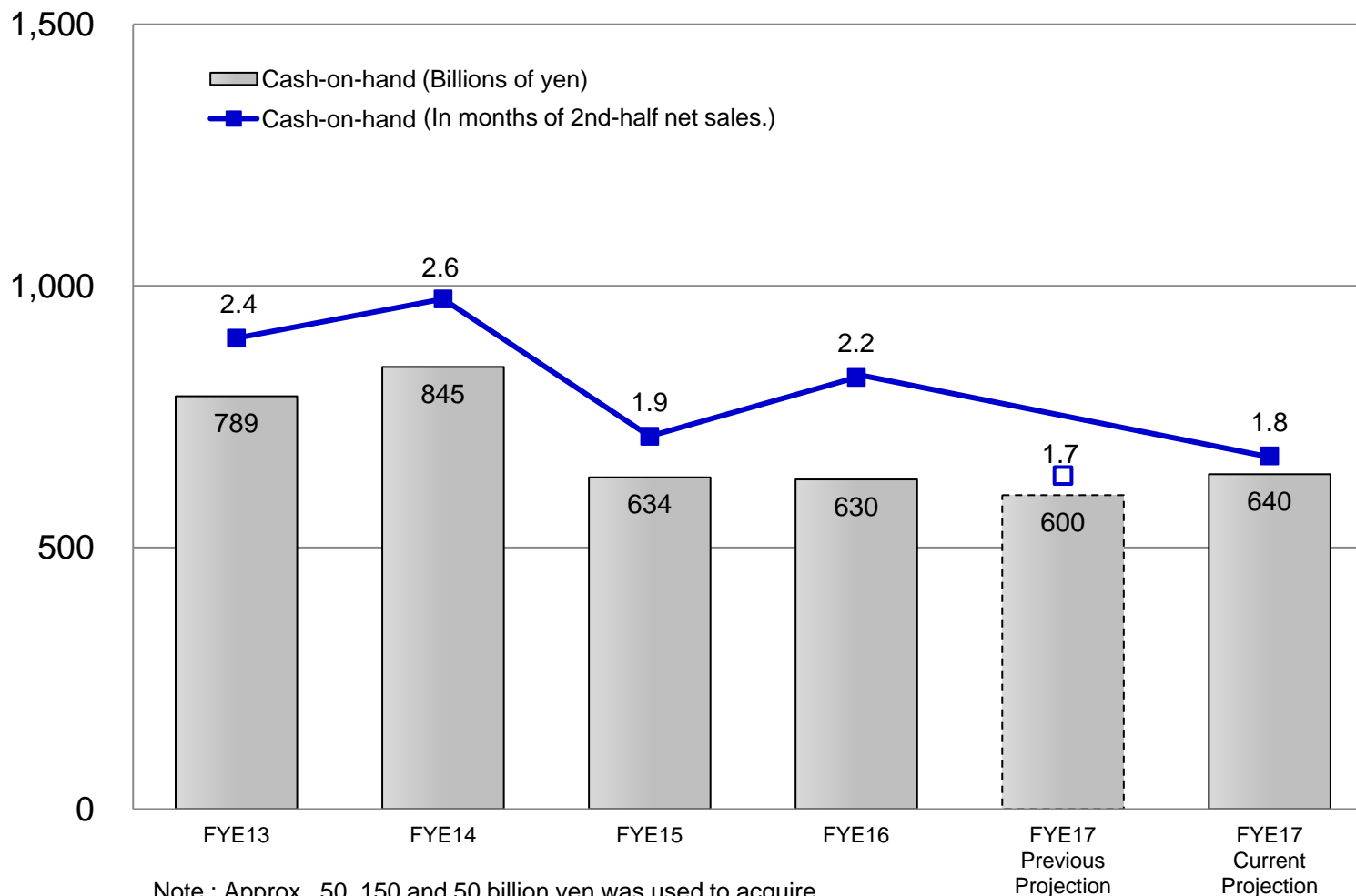
(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)

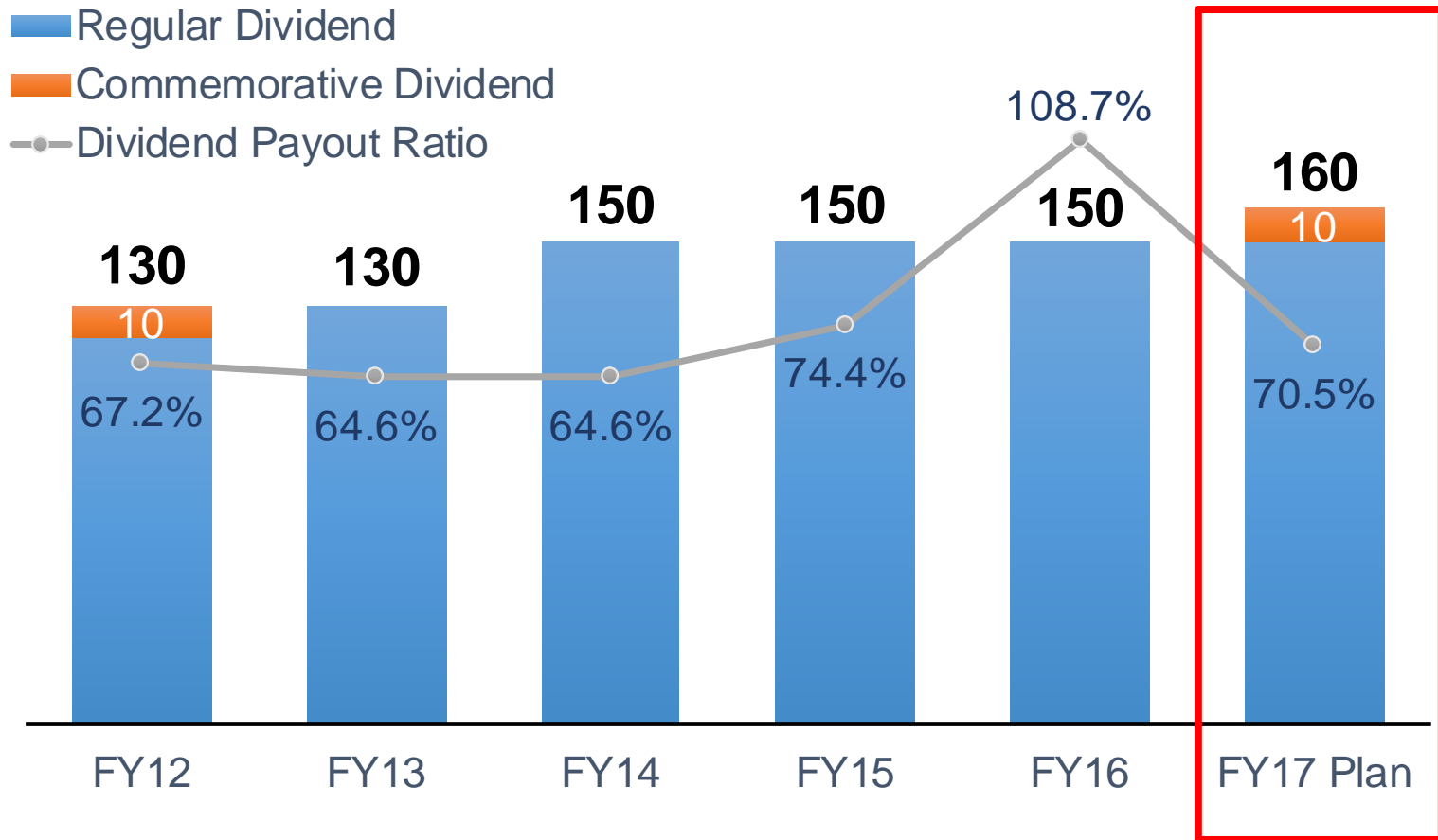
(Billions of yen)



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.

Dividend

(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)	+89.8	+31.6
Sales Volume Impact		
Office	+31.1	
Imaging System	+6.3	
Medical System	+438.2	
Industry and Others	+135.1	
Total	+610.7	+238.5
Others	-22.0	-149.0
Total Change	+678.5	+121.1
FY 2017 Current Projection	4,080.0	350.0

Change in Exchange Rate

- 1USD: 108.58 to 111.88 yen
- 1EURO: 120.25 to 126.49 yen

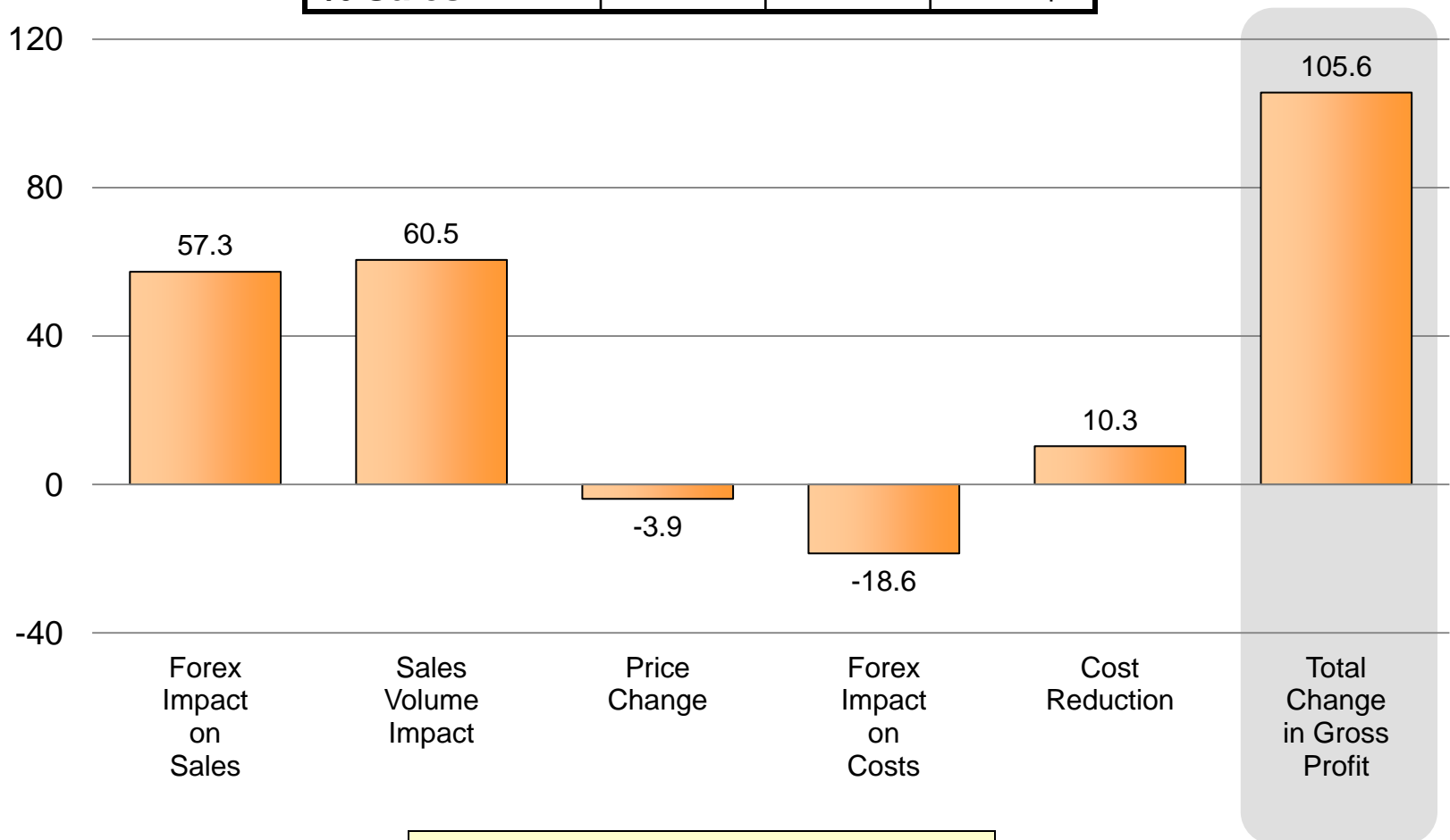
Gross Profit Variance Analysis

3Q 2017 Actual v. 3Q 2016 Actual

(Billions of yen)

	3Q17	3Q16	Change
Gross Profit	482.2	376.6	+105.6
% Sales	48.5%	48.4%	+0.1pt.

(Billions of yen)



Supplementary Information

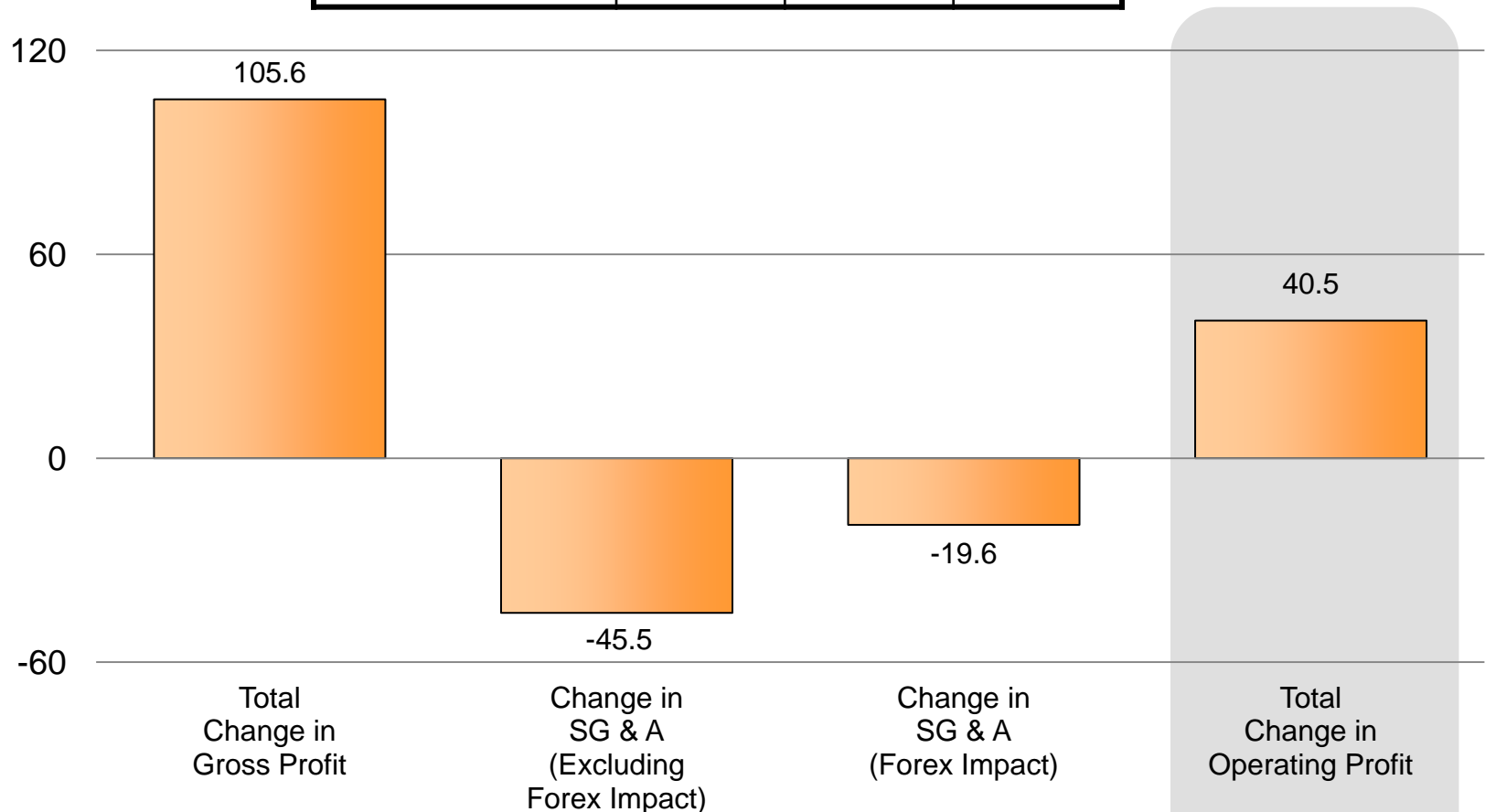
Operating Profit Variance Analysis

3Q 2017 Actual v. 3Q 2016 Actual

(Billions of yen)

(Billions of yen)

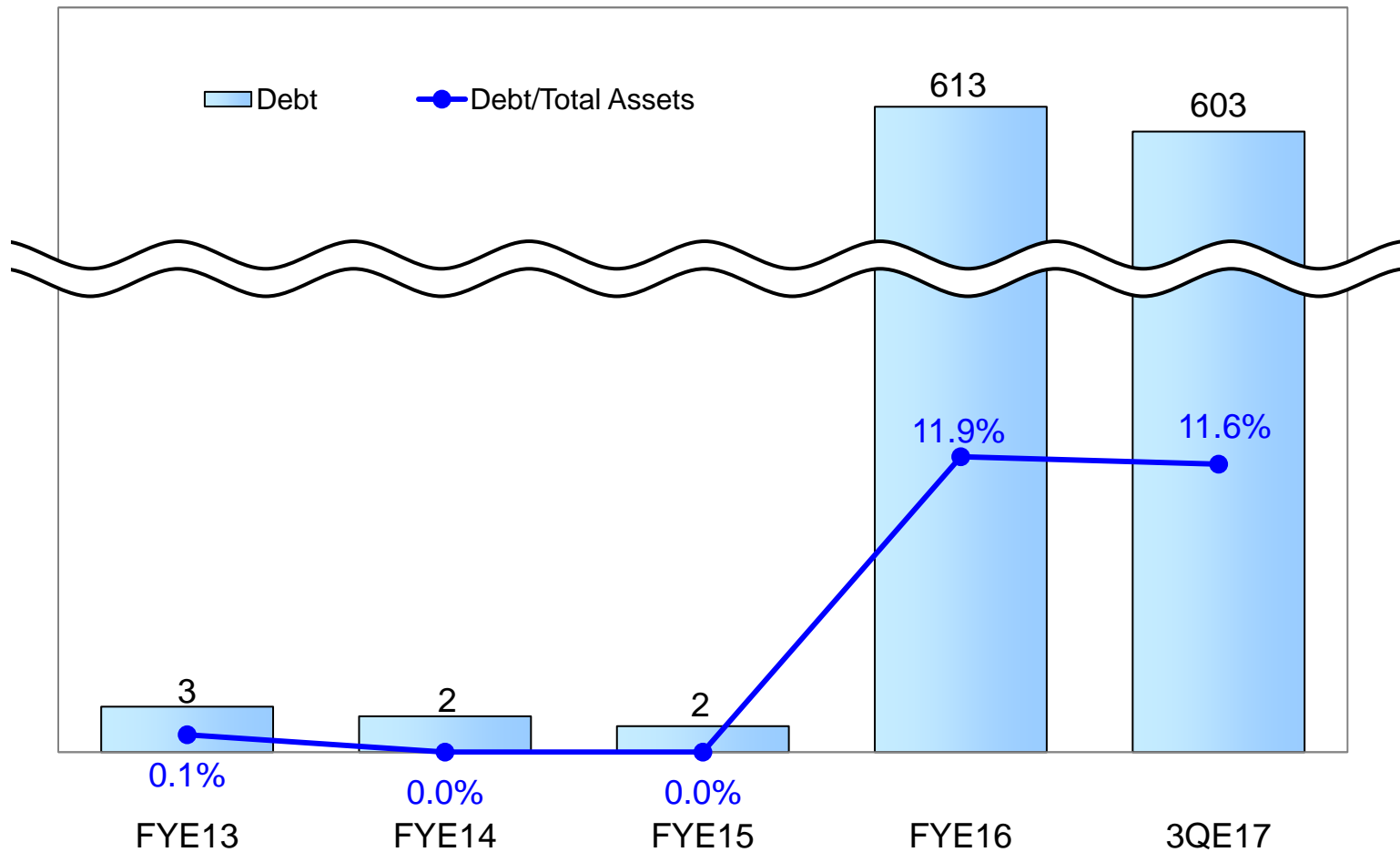
	3Q17	3Q16	Change
Op. Profit	80.5	40.0	+40.5
% Sales	8.1%	5.1%	+3.0pt.



Supplementary Information

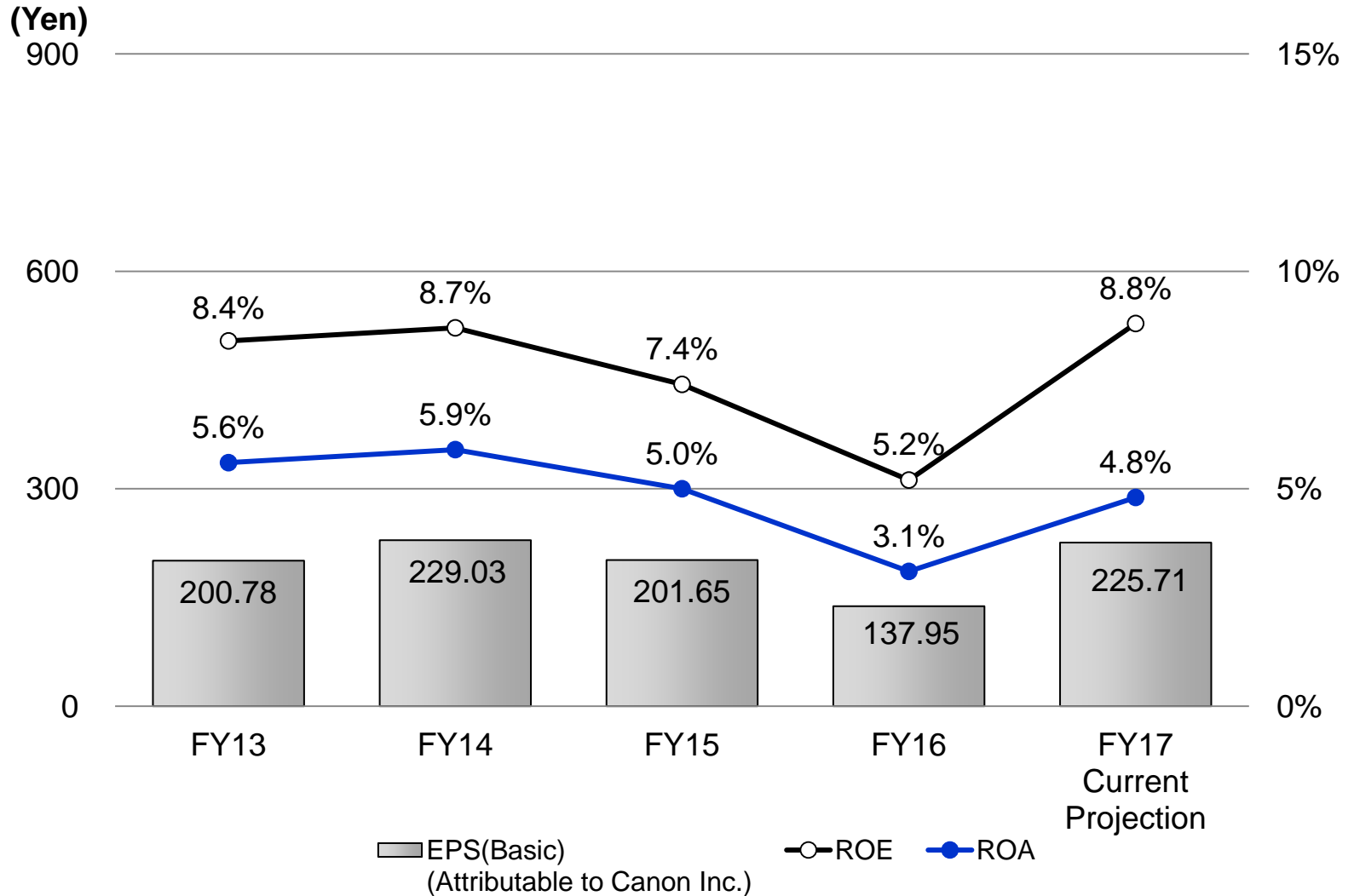
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



Supplementary Information