

Canon Inc.

Corporate Strategy Conference 2017

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Phase V

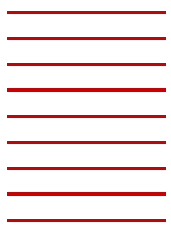
Excellent Global Corporation Plan

(Basic Policy)

**Embrace the challenge of new growth
through a grand strategic transformation**

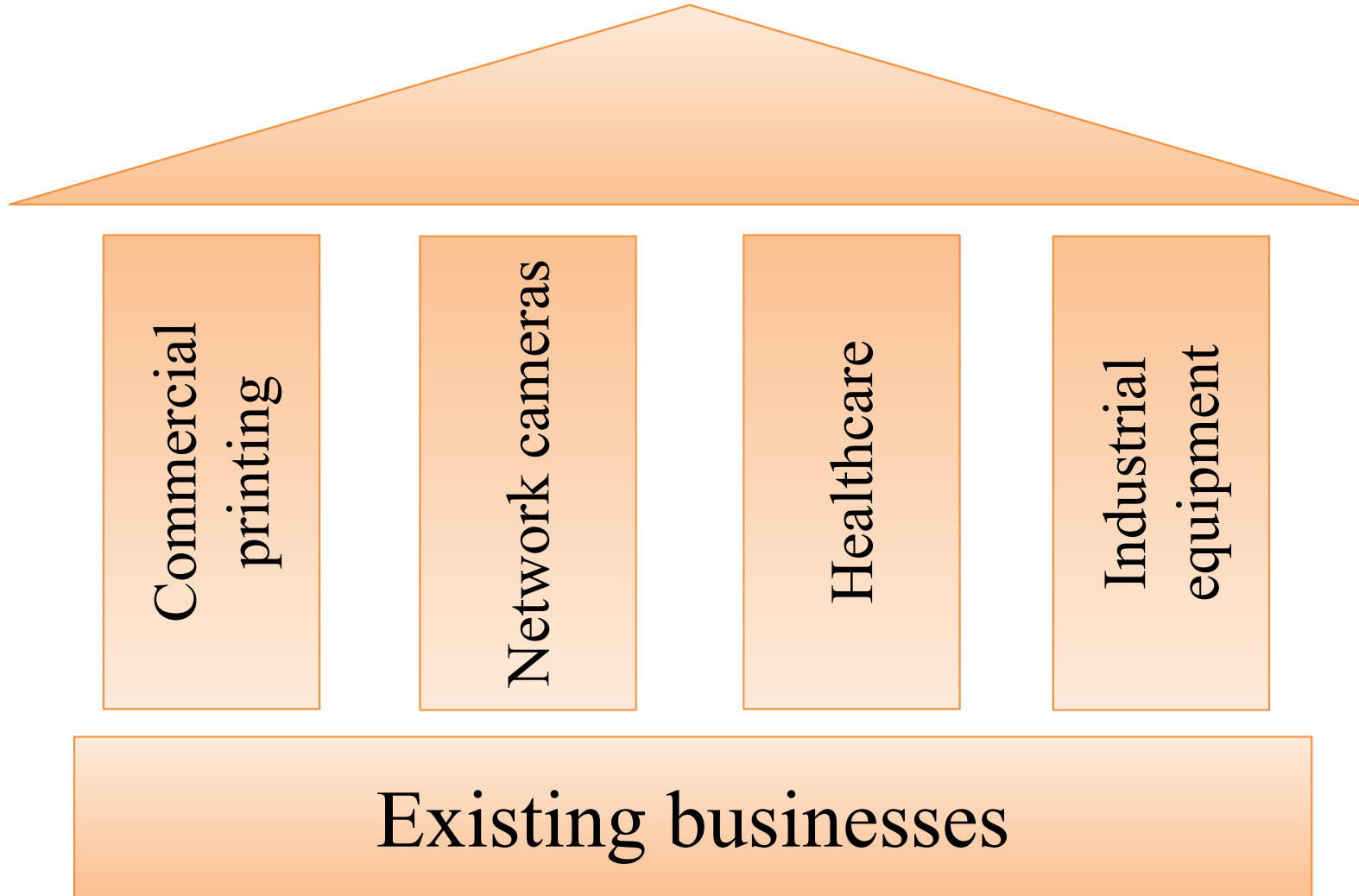
(Key Strategies)

1. Establish a new production system to achieve a cost-of-sales ratio of 45%
2. Reinforce and expand new businesses while creating future businesses
3. Restructure global sales network in accordance with market changes
4. Enhance R&D capabilities through open innovation
5. Complete the Three Regional Headquarters management system capturing world dynamism



2016 Achievements

New Businesses



Assembled 4 new core businesses

(Fundamental Policy)

Further promote the grand strategic transformation by accelerating reforms

- Thoroughly bolster existing businesses
- Strengthen and grow new businesses
- Rebuild global sales network
- Strengthen R&D through an open innovation approach
- Cultivate global human resources

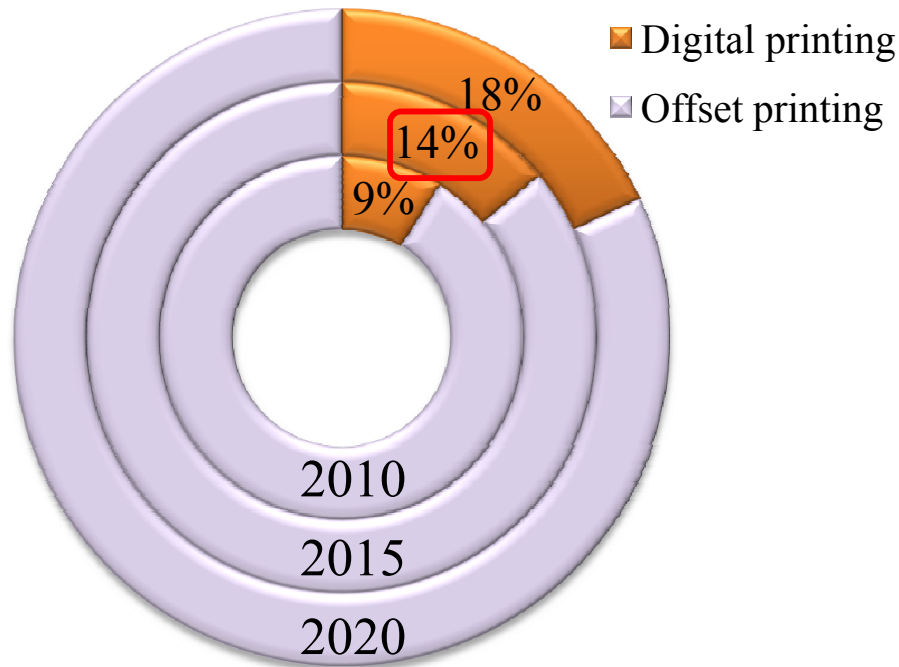
Phase V – 2nd Yr. of Actions and Important Measures

Strengthen and Grow New Businesses – Commercial Printing

From Offset to Digital Printing

Expansion of Package Printing

Total print volume: 90 trillion yen

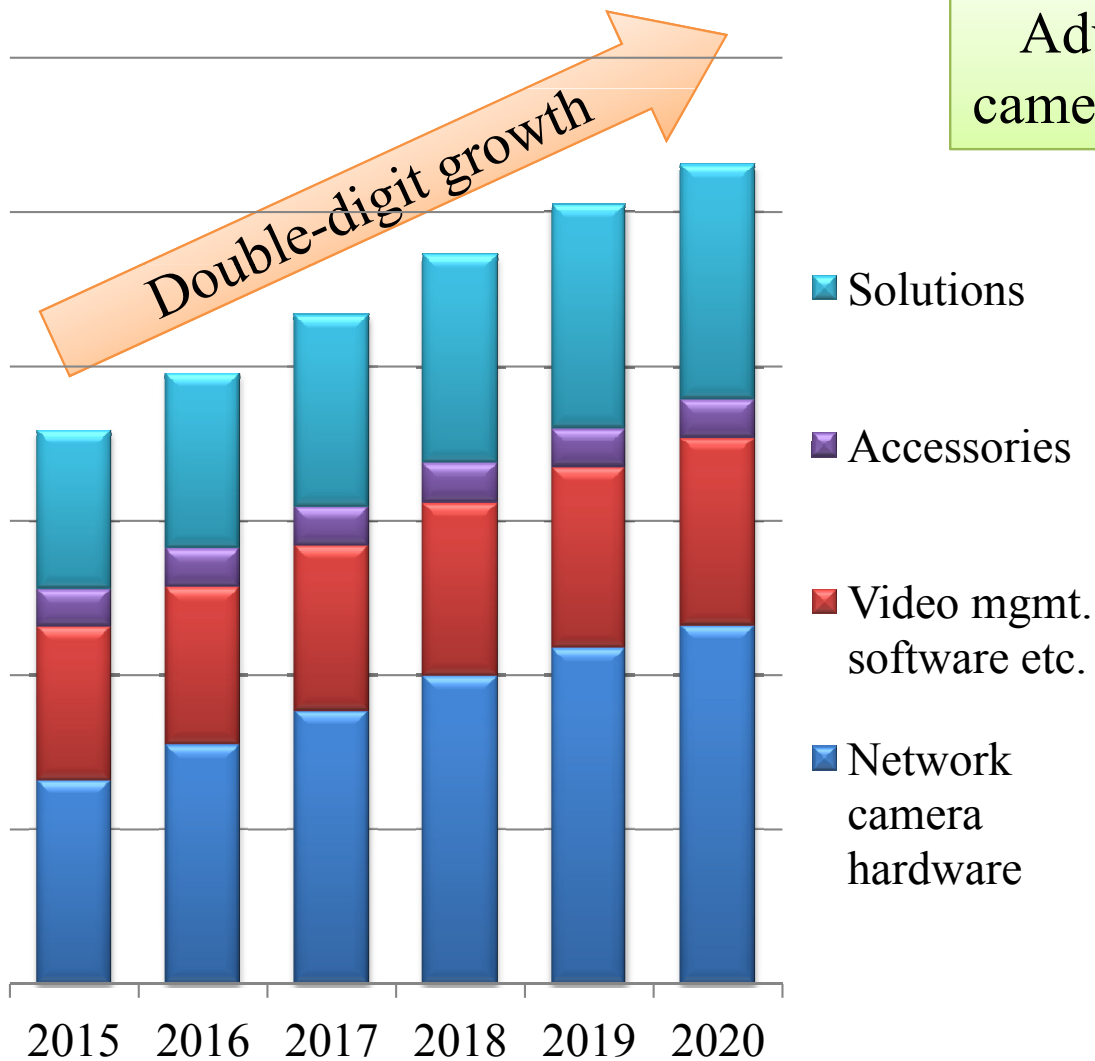


(Source: Market research firm)

Phase V – 2nd Yr. of Actions and Important Measures

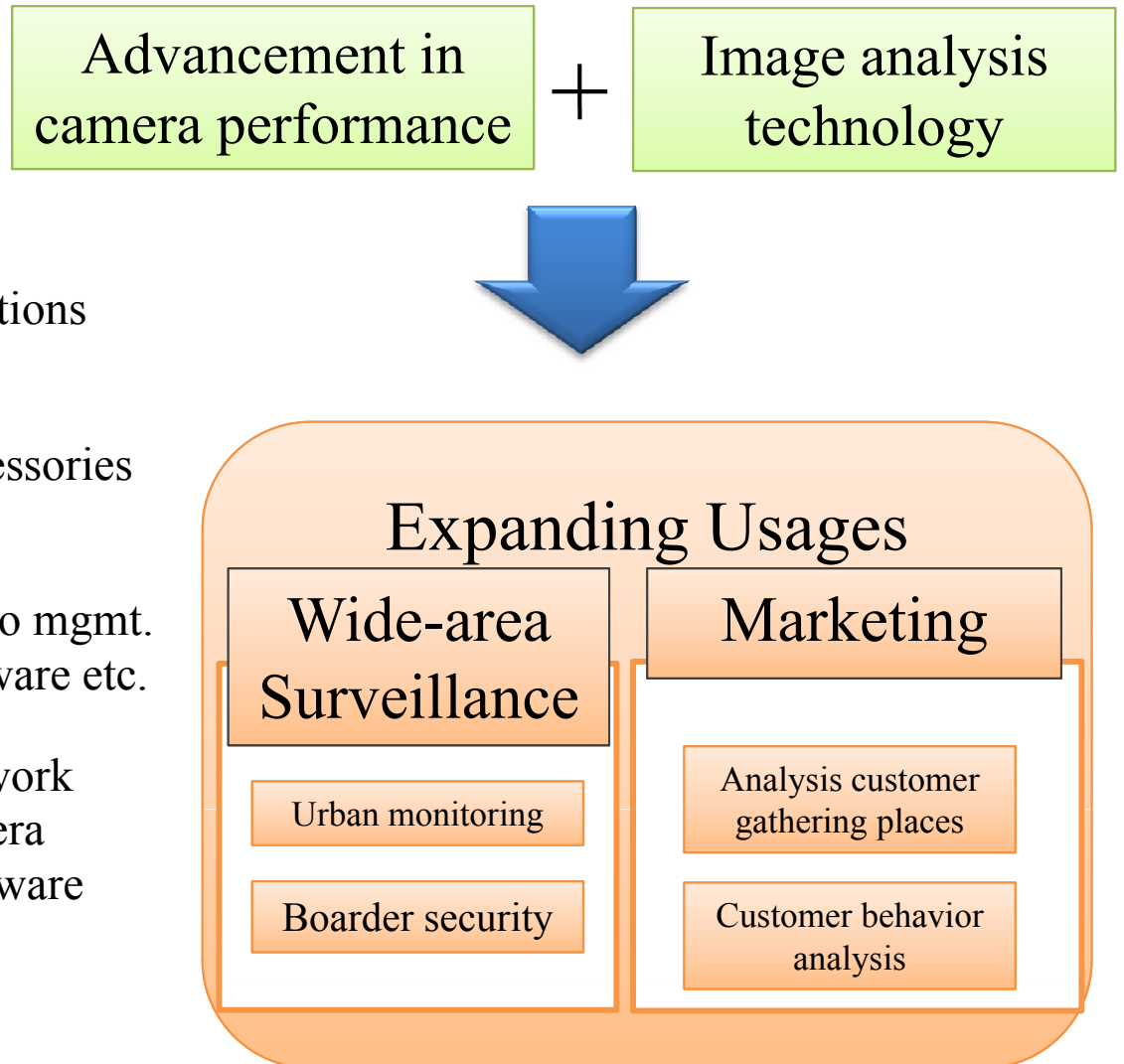
Strengthen and Grow New Businesses – Network Cameras

Forecast for Network Camera Market Growth



(Source: Market research firm)

Expanding use of Network Cameras



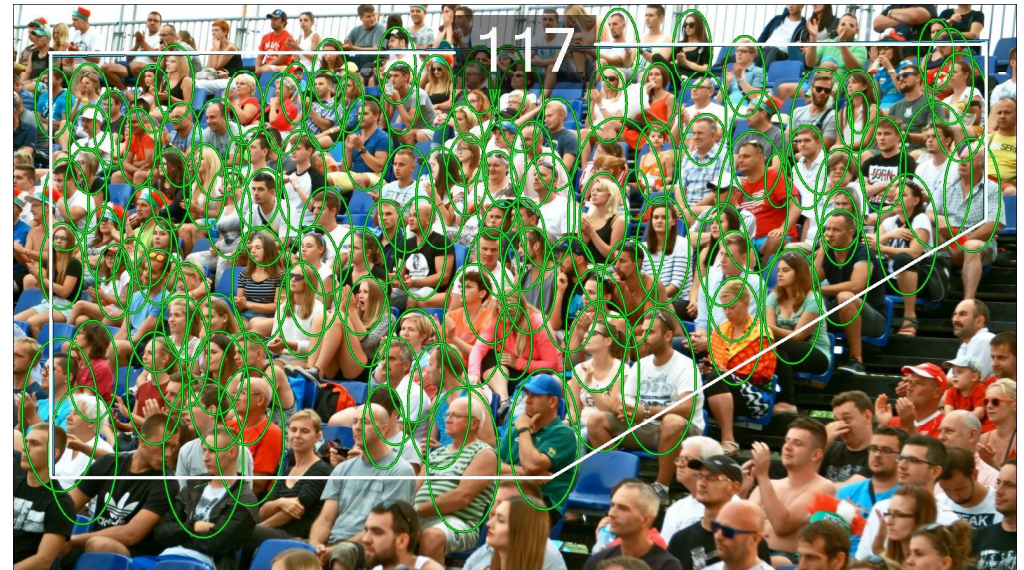
Phase V – 2nd Yr. of Actions and Important Measures

Strengthen and Grow New Businesses – Network Cameras

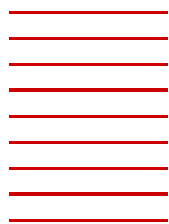
Anti-terror Exercise Held at Canon Inc.
Headquarters



Counting People in Designated Area



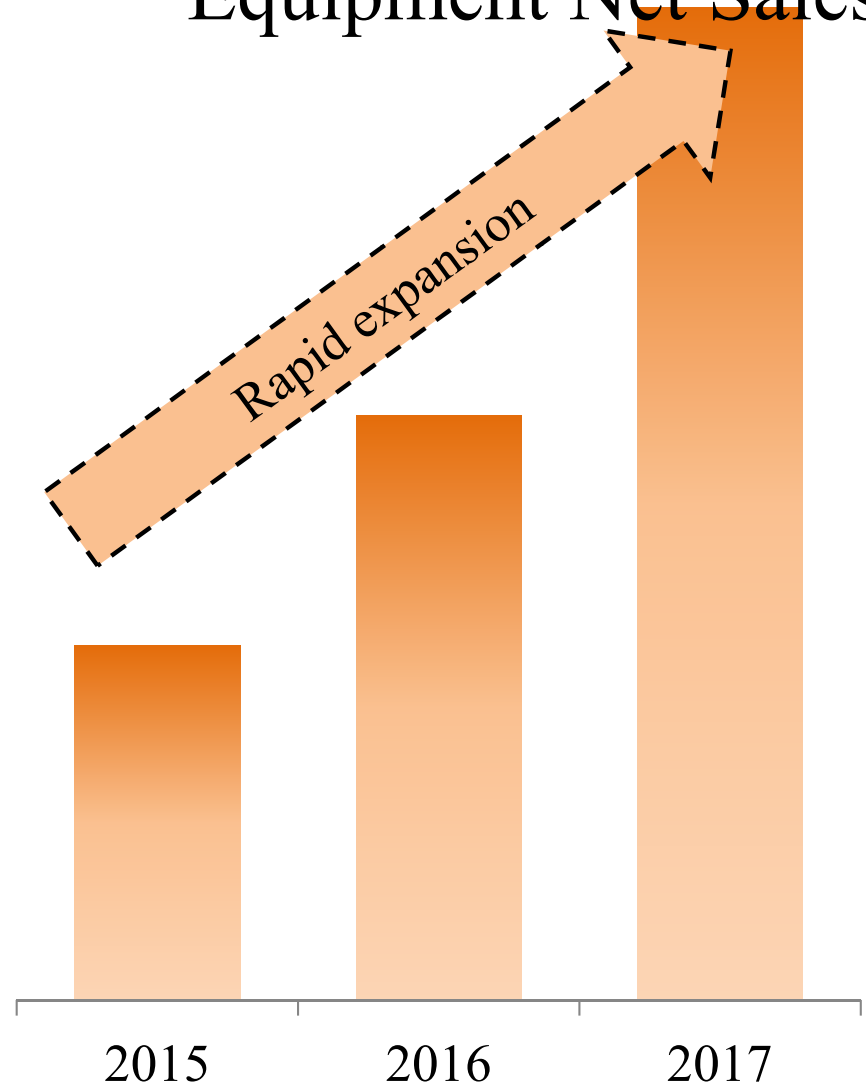
Offer high value-added solutions,
strengthening both hardware and software



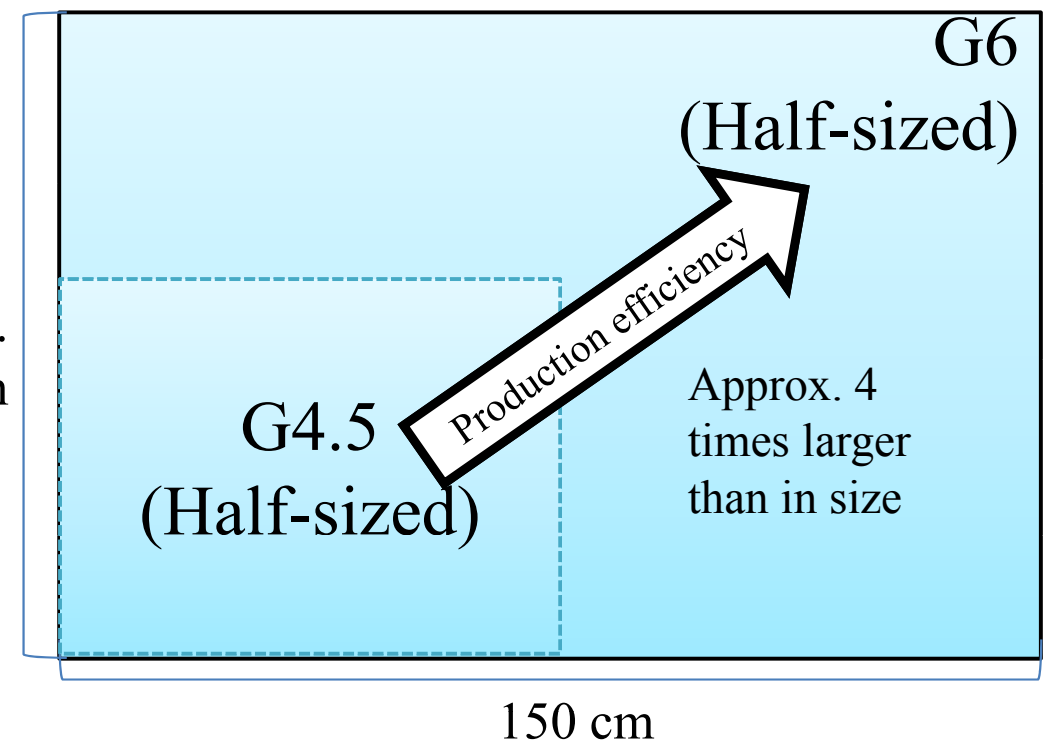
Phase V – 2nd Yr. of Actions and Important Measures

Strengthen and Grow New Businesses – Industrial Equip.

Trend in Canon's Industrial Equipment Net Sales



OLED Vacuum Evaporation Equip. Increasing substrate size



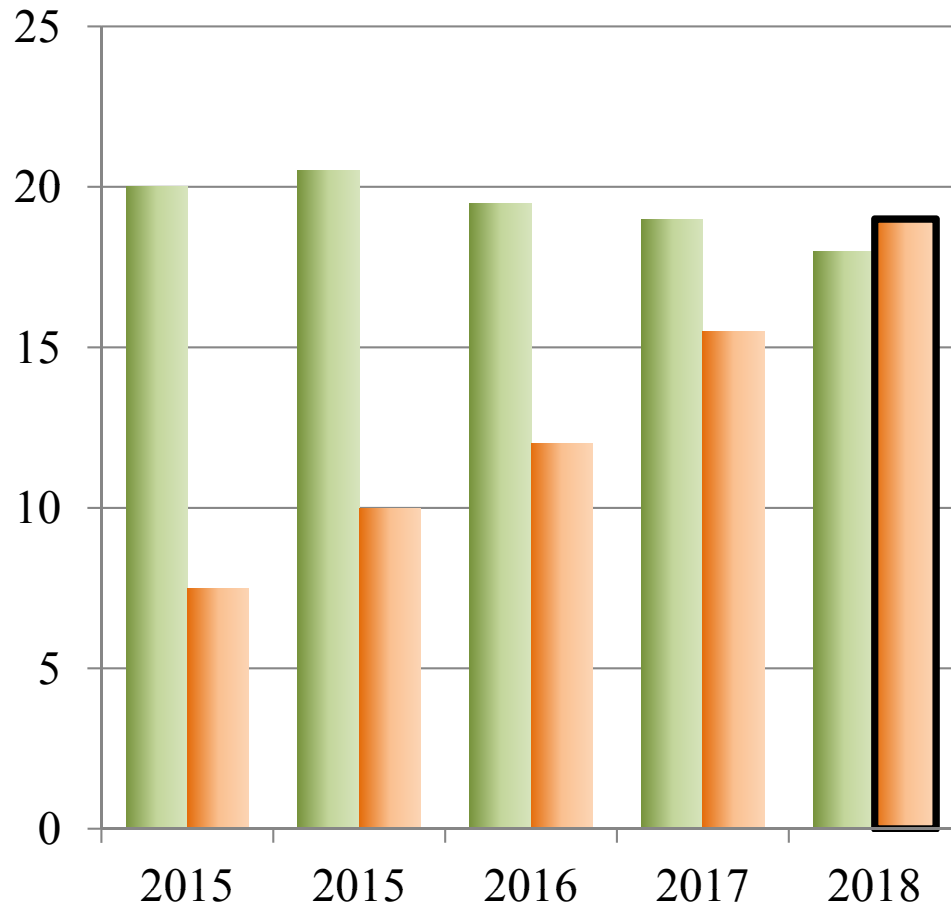
Phase V – 2nd Yr. of Actions and Important Measures

Strengthen and Grow New Businesses – Industrial Equip.

OLED Smartphone Panel Market Expected to Exceed LCD in 2018

Nanoimprint Semiconductor Production Equipment Being Developed for use in Mass-production

(Billions of dollars)



(Source: Market research firm)



Nanonimprint semiconductor production equip.



Replica mask mfg. equip.

Phase V – 2nd Yr. of Actions and Important Measures
Strengthen and Grow New Businesses – Healthcare

Markets expected to grow due to global pop. expansion



Penetrating the “Safety & Security” area



Canon + **TOSHIBA
MEDICAL**



Restart of new medical business

Phase V – 2nd Yr. of Actions and Important Measures

Strengthen and Grow New Businesses – Healthcare

- Working to expand nascent healthcare business
 - ✓ Canon's proprietary medical technology + TMSC's R&D capability



Photoacoustic
Mammography



DNA Diagnostic
Systems

R&D of Clinical Applications

Computed Tomography (CT)

X-Ray

Ultrasound

Magnetic Resonance Imaging (MRI)

Canon

**TOSHIBA
MEDICAL**

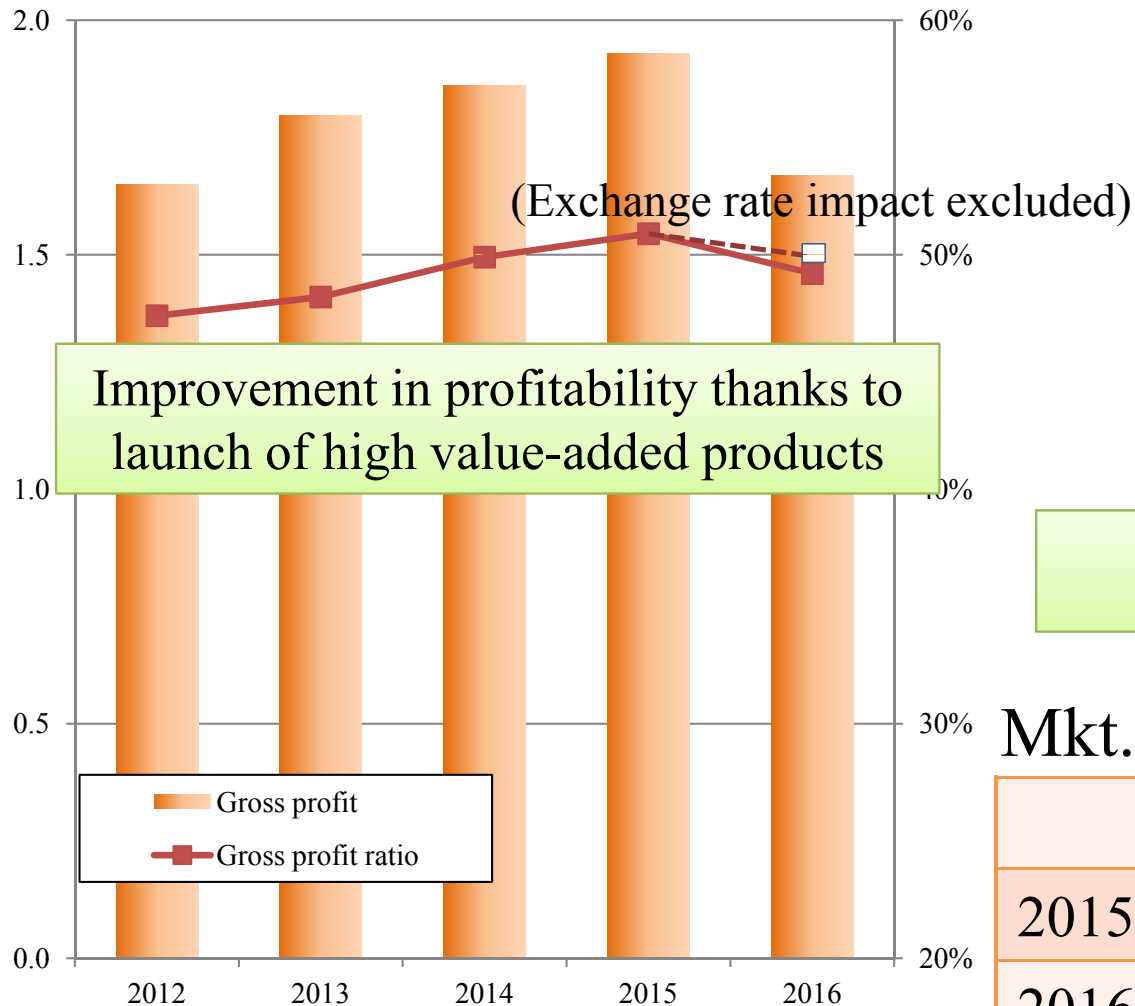


Phase V – 2nd Yr. of Actions and Important Measures

Thoroughly Bolster Existing Businesses

Trend in Gross Profit

(Trillions of yen)



Improvement in profitability thanks to launch of high value-added products

Launch of new products



Share expansion

Mkt. share trend of major products

	ILCs	Laser Printers
2015	44%	44%
2016	49%	45%

Phase V – 2nd Yr. of Actions and Important Measures

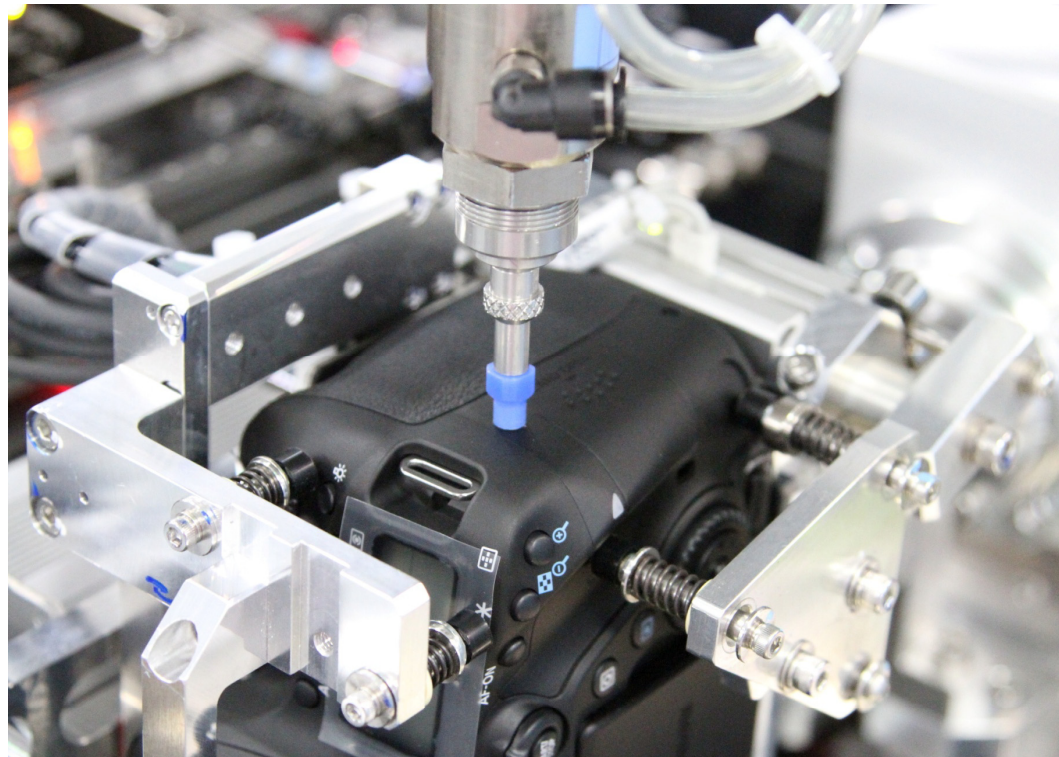
Thoroughly Bolster Existing Businesses

➤ Advancement of automation and in-house production

- ✓ Designs that assume automated assembly
- ✓ In-house Production of key parts & key components



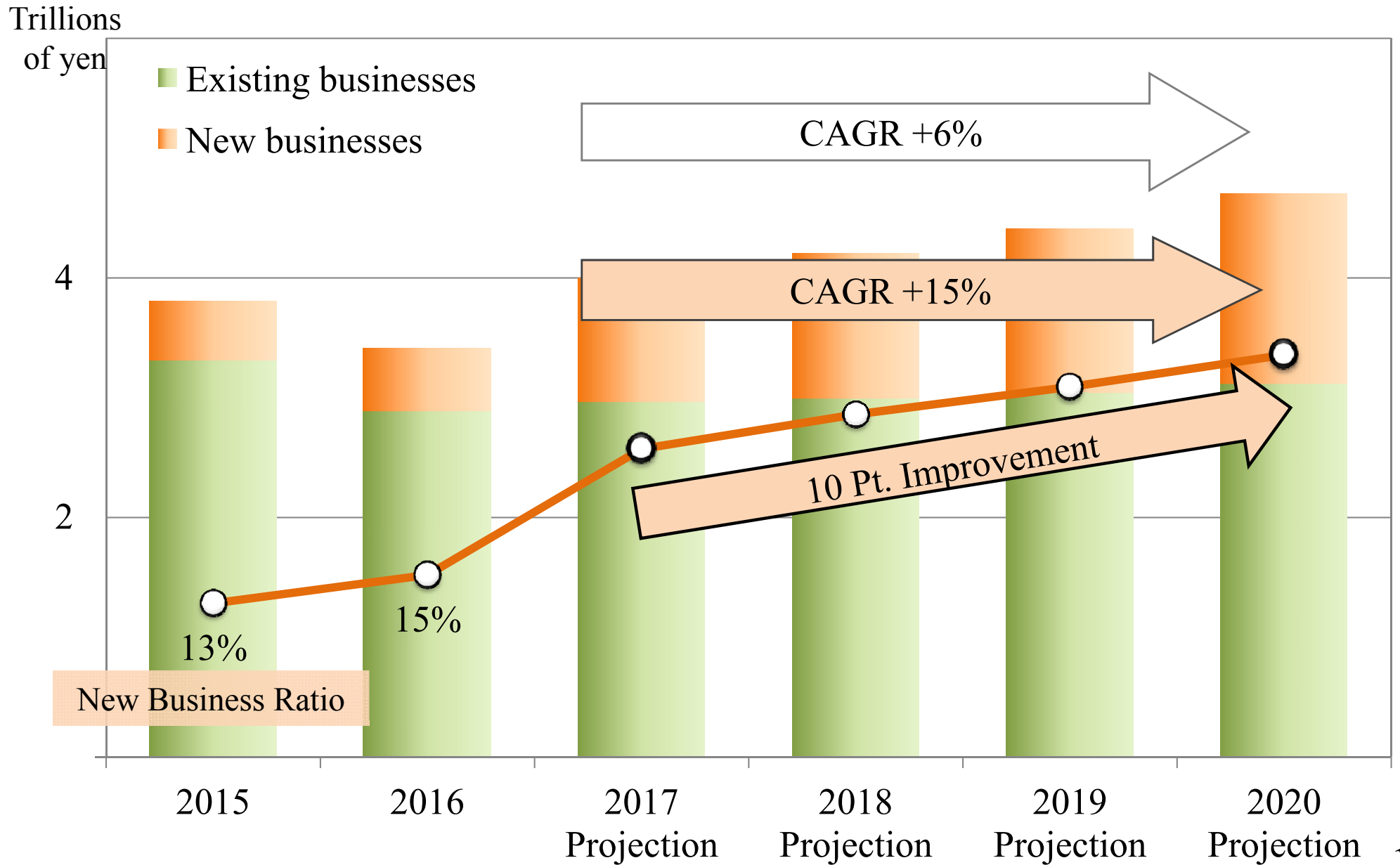
Cost reduction
+
Accumulation of
proprietary technology



Automated camera assembly equipment designed and build in-house

Phase V

Net Sales and Sales Ratio (FY15 – 20)



Canon