

Second Quarter 2019 Results

Supplementary Data

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This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project" or "should" and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forwardlooking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

1. Segment Information by Business Unit

(Millions of yen)

	FY 2018			FY 2019			% Change Y/Y		
	2Q Actual	1st Half Actual	Full Year Actual	2Q Actual	1st Half Actual	Full Year Projection	2Q Actual	1st Half Actual	Full Year
Office									
External customers	461,990	904,120	1,804,002	427,236	852,105	1,743,800	-7.5%	-5.8%	-3.3%
Intersegment	674	1,256	3,299	645	1,398	2,200	-4.3%	+11.3%	-33.3%
Total sales	462,664	905,376	1,807,301	427,881	853,503	1,746,000	-7.5%	-5.7%	-3.4%
Operating profit	60,764	112,497	220,804	42,915	88,043	192,400	-29.4%	-21.7%	-12.9%
Operating profit ratio	13.1%	12.4%	12.2%	10.0%	10.3%	11.0%			
Imaging System									
External customers	250,896	463,267	969,660	204,437	380,463	863,700	-18.5%	-17.9%	-10.9%
Intersegment	138	279	775	250	540	1,300	+81.2%	+93.5%	+67.7%
Total sales	251,034	463,546	970,435	204,687	381,003	865,000	-18.5%	-17.8%	-10.9%
Operating profit	35,200	60,883	126,681	12,656	17,393	63,000	-64.0%	-71.4%	-50.3%
Operating profit ratio	14.0%	13.1%	13.1%	6.2%	4.6%	7.3%			
Medical System									
External customers	94,630	211,655	437,305	104,942	214,282	468,200	+10.9%	+1.2%	+7.1%
Intersegment	58	98	273	201	281	800	+246.6%	+186.7%	+193.0%
Total sales	94,688	211,753	437,578	105,143	214,563	469,000	+11.0%	+1.3%	+7.2%
Operating profit	1,667	12,136	28,839	3,375	10,077	34,800	+102.5%	-17.0%	+20.7%
Operating profit ratio	1.8%	5.7%	6.6%	3.2%	4.7%	7.4%			
Industry & Others									
External customers	198,871	388,057	740,970	169,016	322,998	669,300	-15.0%	-16.8%	-9.7%
Intersegment	25,848	49,507	101,971	23,336	45,809	100,300	-9.7%	-7.5%	-1.6%
Total sales	224,719	437,564	842,941	192,352	368,807	769,600	-14.4%	-15.7%	-8.7%
Operating profit	20,897	36,308	55,665	6,965	12,255	19,000	-66.7%	-66.2%	-65.9%
Operating profit ratio	9.3%	8.3%	6.6%	3.6%	3.3%	2.5%			
Corporate & Eliminations									
External customers	0	0	0	238	487	0	-	-	-
Intersegment	-26,718	-51,140	-106,318	-24,432	-48,028	-104,600	-	-	-
Total sales	-26,718	-51,140	-106,318	-24,194	-47,541	-104,600	-	-	-
Operating profit	-20,565	-46,778	-89,037	-22,784	-44,215	-94,200	-	-	-
Operating profit ratio									
Consolidated									
External customers	1,006,387	1,967,099	3,951,937	905,869	1,770,335	3,745,000	-10.0%	-10.0%	-5.2%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	1,006,387	1,967,099	3,951,937	905,869	1,770,335	3,745,000	-10.0%	-10.0%	-5.2%
Operating profit	97,963	175,046	342,952	43,127	83,553	215,000	-56.0%	-52.3%	-37.3%
Operating profit ratio	9.7%	8.9%	8.7%	4.8%	4.7%	5.7%			

* 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

2. Other Income

(Millions of yen)

	FY 2018			FY 2019			Amount Change Y/Y		
	2Q Actual	1st Half Actual	Full Year Actual	2Q Actual	1st Half Actual	Full Year Projection	2Q Actual	1st Half Actual	Full Year
Interest and dividend, net	1,386	3,081	5,807	1,105	2,381	3,487	-281	-700	-2,320
FX gain (loss)	-116	297	-6,044	1,461	762	981	+1,577	+465	+7,025
Equity earnings of affiliated cos.	627	924	1,414	197	115	576	-430	-809	-838
Other, net	10,261	16,532	18,763	5,185	10,377	19,956	-5,076	-6,155	+1,193
Total	12,158	20,834	19,940	7,948	13,635	25,000	-4,210	-7,199	+5,060

3. Net Sales by Region & Business Unit

(Millions of yen)

	FY 2018			FY 2019			% Change Y/Y		
	2Q Actual	1st Half Actual	Full Year Actual	2Q Actual	1st Half Actual	Full Year Projection	2Q Actual	1st Half Actual	Full Year
Japan									
Office	94,873	193,499	385,114	97,671	202,485	-	+2.9%	+4.6%	-
Imaging System	33,632	60,249	146,854	30,518	55,657	-	-9.3%	-7.6%	-
Medical System	38,387	94,405	178,789	40,719	92,826	-	+6.1%	-1.7%	-
Industry & Others	36,622	80,301	158,820	41,666	78,651	-	+13.8%	-2.1%	-
Eliminations	0	0	0	238	487	-	-	-	-
Total	203,514	428,454	869,577	210,812	430,106	897,900	+3.6%	+0.4%	+3.3%
Overseas									
Office	367,117	710,621	1,418,888	329,565	649,620	-	-10.2%	-8.6%	-
Imaging System	217,264	403,018	822,806	173,919	324,806	-	-20.0%	-19.4%	-
Medical System	56,243	117,250	258,516	64,223	121,456	-	+14.2%	+3.6%	-
Industry & Others	162,249	307,756	582,150	127,350	244,347	-	-21.5%	-20.6%	-
Eliminations	0	0	0	0	0	-	-	-	-
Total	802,873	1,538,645	3,082,360	695,057	1,340,229	2,847,100	-13.4%	-12.9%	-7.6%
Americas									
Office	144,044	276,401	564,580	135,978	268,579	-	-5.6%	-2.8%	-
Imaging System	67,288	120,959	260,839	54,487	100,158	-	-19.0%	-17.2%	-
Medical System	22,619	44,987	102,560	27,537	50,993	-	+21.7%	+13.4%	-
Industry & Others	37,999	69,214	148,423	40,068	76,706	-	+5.4%	+10.8%	-
Eliminations	0	0	0	0	0	-	-	-	-
Total	271,950	511,561	1,076,402	258,070	496,436	1,066,900	-5.1%	-3.0%	-0.9%
Europe									
Office	144,025	280,336	549,042	123,010	241,466	-	-14.6%	-13.9%	-
Imaging System	68,215	129,117	267,546	59,411	110,992	-	-12.9%	-14.0%	-
Medical System	15,810	38,816	82,251	17,929	37,451	-	+13.4%	-3.5%	-
Industry & Others	30,708	58,338	116,589	23,515	48,839	-	-23.4%	-16.3%	-
Eliminations	0	0	0	0	0	-	-	-	-
Total	258,758	506,607	1,015,428	223,865	438,748	924,500	-13.5%	-13.4%	-9.0%
Asia & Oceania									
Office	79,048	153,884	305,266	70,577	139,575	-	-10.7%	-9.3%	-
Imaging System	81,761	152,942	294,421	60,021	113,656	-	-26.6%	-25.7%	-
Medical System	17,814	33,447	73,705	18,757	33,012	-	+5.3%	-1.3%	-
Industry & Others	93,542	180,204	317,138	63,767	118,802	-	-31.8%	-34.1%	-
Eliminations	0	0	0	0	0	-	-	-	-
Total	272,165	520,477	990,530	213,122	405,045	855,700	-21.7%	-22.2%	-13.6%
Intersegment									
Office	674	1,256	3,299	645	1,398	-	-4.3%	+11.3%	-
Imaging System	138	279	775	250	540	-	+81.2%	+93.5%	-
Medical System	58	98	273	201	281	-	+246.6%	+186.7%	-
Industry & Others	25,848	49,507	101,971	23,336	45,809	-	-9.7%	-7.5%	-
Eliminations	-26,718	-51,140	-106,318	-24,432	-48,028	-	-	-	-
Total	0	0	0	0	0	0	-	-	-
Total									
Office	462,664	905,376	1,807,301	427,881	853,503	-	-7.5%	-5.7%	-
Imaging System	251,034	463,546	970,435	204,687	381,003	-	-18.5%	-17.8%	-
Medical System	94,688	211,753	437,578	105,143	214,563	-	+11.0%	+1.3%	-
Industry & Others	224,719	437,564	842,941	192,352	368,807	-	-14.4%	-15.7%	-
Eliminations	-26,718	-51,140	-106,318	-24,194	-47,541	-	-	-	-
Total	1,006,387	1,967,099	3,951,937	905,869	1,770,335	3,745,000	-10.0%	-10.0%	-5.2%

* 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

4. Statements of Cash Flows

(Millions of yen)

	FY 2018			FY 2019			Amount Change Y/Y		
	2Q Actual	1st Half Actual	Full Year Actual	2Q Actual	1st Half Actual	Full Year Projection	2Q Actual	1st Half Actual	Full Year
Net cash provided by operating activities	122,710	164,853	365,293	52,304	113,173	450,000	-70,406	-51,680	+84,707
Net cash used in investing activities	-39,824	-89,745	-195,615	-59,143	-110,775	-240,000	-19,319	-21,030	-44,385
Free cash flow	82,886	75,108	169,678	-6,839	2,398	210,000	-89,725	-72,710	+40,322
Net cash provided by (used in) financing activities	-48,755	-144,476	-354,830	-20,544	-107,544	-230,000	+28,211	+36,932	+124,830
Effect of exchange rate changes on cash and cash equivalents	2,656	-14,948	-16,017	-6,221	-8,007	-10,645	-8,877	+6,941	+5,372
Net change in cash and cash equivalents	36,787	-84,316	-201,169	-33,604	-113,153	-30,645	-70,391	-28,837	+170,524
Cash and cash equivalents at end of period	637,498	637,498	520,645	407,492	407,492	490,000	-230,006	-230,006	-30,645

5. Foreign Exchange Rate Impact

(1) Exchange rates

(Yen)

	FY 2018			FY 2019			
	2Q Actual	1st Half Actual	Full Year Actual	2Q Actual	1st Half Actual	2nd Half Projection	Full Year Projection
USD/Yen	109.14	108.61	110.43	109.80	110.05	105.00	107.37
EUR/Yen	129.97	131.45	130.29	123.39	124.25	120.00	122.05

(2) Amount of impact on net sales (Year over Year)

(Billions of yen)

	FY 2019		
	2Q Actual	1st Half Actual	Full Year Projection
USD	+1.0	+6.4	-42.9
EUR	-10.2	-22.1	-52.6
Other currencies	-4.8	-8.5	-17.0
Total	-14.0	-24.2	-112.5

(3) Impact of foreign exchange rate per yen

(Billions of yen)

	FY 2019
	2nd Half Projection
On sales	
USD	6.8
EUR	3.2
On operating Profit	
USD	2.5
EUR	1.5

6. Sales Growth on a Local Currency Basis (Year over Year)

	FY 2019		
	2Q Actual	1st Half Actual	Full Year Projection
Office			
Japan	+2.9%	+4.6%	-
Overseas	-8.4%	-7.1%	-
Total	-6.1%	-4.5%	-0.3%
Imaging System			
Japan	-9.3%	-7.6%	-
Overseas	-17.6%	-17.3%	-
Total	-16.4%	-16.0%	-7.5%
Medical System			
Japan	+6.1%	-1.7%	-
Overseas	+16.1%	+6.0%	-
Total	+12.2%	+2.7%	+9.5%
Industry & Others			
Japan	+13.8%	-2.1%	-
Overseas	-20.8%	-19.9%	-
Total	-13.9%	-15.2%	-7.0%
Total			
Japan	+3.6%	+0.4%	-
Overseas	-11.7%	-11.3%	-
Americas	-5.4%	-3.8%	-
Europe	-9.4%	-9.1%	-
Asia and Oceania	-20.1%	-20.8%	-
Total	-8.6%	-8.8%	-2.4%

7. R&D Expenditure / Capex / Depreciation & Amoritzation

(Millions of yen)

	FY 2018			FY 2019		
	2Q Actual	1st Half Actual	Full Year Actual	2Q Actual	1st Half Actual	Full Year Projection
R&D Expenditure						
Office	23,027	47,753	87,967	20,764	42,150	-
Imaging System	18,904	36,556	74,797	17,773	35,456	-
Medical System	9,391	19,301	38,421	9,652	18,988	-
Industry and Others	19,673	37,889	82,825	20,617	39,802	-
Corporate & Eliminations	5,239	13,655	31,832	5,641	11,986	-
Total	76,234	155,154	315,842	74,447	148,382	312,500
% of Net Sales	7.6%	7.9%	8.0%	8.2%	8.4%	8.3%
Capex	42,073	75,066	159,316	48,682	94,779	165,000
Depreciation & Amoritzation	61,005	121,542	251,554	58,538	117,370	230,000

* 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

8. Other Financial / Non-Financial Data

	FY 2018		FY 2019	
	1st Half Actual	Full Year Actual	1st Half Actual	Full Year Projection
ROE	9.5%	8.9%	4.8%	5.8%
ROA	5.3%	5.0%	2.7%	3.3%
EPS - Basic (Yen)	124.83	234.09	61.22	149.54
EPS - Diluted (Yen)	124.82	234.08	61.22	149.52

	FY 2018	FY 2019
	Dec. 31	Jun. 30
Debt Ratio	8.2%	11.5%
Number of Employees		
Japan	73,460	74,118
Overseas	121,596	118,752
Total	195,056	192,870
Domestic Production Ratio	62%	62%

* According to the adoption of new lease accounting standards, the lease obligations related to operating leases are included in debt from 2019.