



Canon Inc.

Q3 2017 Analyst Meeting

Q&A Session Summary (English Translation)

Q1. As for the Medical System business unit, what concrete measures are you pushing to improve profitability over the mid-term?

A1. With regard to profitability, there is currently a large gap between our global competitors who lead in the medical arena and us. Some of the measures that we will carry out to improve profitability are listed below.

1. Increase the proportion of the service business, which has high profitability
2. Apply Canon's production technology to raise the production technology of Toshiba Medical Systems Corporation (TMSC)
3. Lower procurement costs by integrating TMSC's procurement system into our platform

Q2. In your Medical System business unit, which centers on TMSC, will there be plenty of room to reduce costs, and can you quickly realize those benefits?

A2. From our perspective, we feel there are many areas where we can affect improvement. However, this is a new industry for us. It is still too early to say whether we could achieve swift results, even if we applied the production technology we have cultivated so far.

Q3. While the environments surrounding you existing businesses become increasingly mature, you seem to be enjoying the advantages of being a remaining player.

A3. Compared to our competitors, we have a more diversified business portfolio. We believe this is a factor that puts us in a better position.

Q4. You reduced your unit sales projection for low-end laser printers. Is your OEM partner going to respond by utilizing Samsung factories?

A4. In the low-end laser printer market, we are seeing significant impact from the aggressive pricing of some competitors. We decided that even if we did participate at the expense of profit, there would be little to gain. As a result, we lowered our unit sales projection. The lowering of our projection has absolutely nothing to do with our OEM partner's acquisition of Samsung's printer business.

Q5. As for laser printer consumables, it looks like you posted strong results in the third quarter as well. What are your expectations going forward?

A5. Two years ago, we started launching new products. Since then, new products have gradually become a greater proportion of our total install base. There is a time lag between when we install a unit and when it starts to generate additional consumable sales. We believe we are starting to see that result. This trend will probably continue for a while.

Q6. You raised your projection for the Industry and Others business unit, mainly due to OLED vacuum deposition equipment. What is the situation surrounding this business, including efforts to enhance your production system?

A6. As for OLED vacuum deposition equipment, we continue to hold an exclusive position in the market. We are receiving requests for orders that significantly exceed our production capacity. To address this situation, we as a group are strengthening the production system, for example, having group companies that handle industrial equipment play roles in the production process of OLED vacuum deposition equipment etc.

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 forward-looking 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 presentation. 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.