Canon Inc.
FY 2019 Analyst Meeting
Q&A Session Summary

Q1. Please discuss your 2019 structural reform achievements.

A1. In line with our plan, we spent 30 billion yen in 2019 to advance structural reform measures, which were mainly focused on overseas sales companies. From a business perspective, a major area of focus was Office and to a lesser extent, cameras.

Q2. At the end of 2019, camera inventory turnover in days was shorter than it was at the end of September. However, it was longer compared with the end of 2018. Do you think the level of camera inventory at end of 2019 was appropriate?

A2. We did not achieve our plan for sales during the year-end selling season due to economic slowdown, which was greater-than-expected. As a result, the level of inventory at the end of 2019 was high. Going forward, we will work to guide this to a more appropriate level through adjustments in production and sales

Q3. Sales of laser printer consumables declined 15% in 2019. In 2020, however, you are projecting only a 1% decline. Please discuss the reasons for this.

A3. In order to stably sell consumables, how well we can expand sales of hardware, which generates consumable sales growth, is important. Last year, we launched products recognized for lower energy consumption through their use of low-temperature fixing toner. Market acceptance of these products has been strong and as a result, we believe consumable sales in 2020 will be basically in line with last year.

Q4. As for your Medical System Business Unit, please discuss the reasons why you did not achieve your 2019 plan as well as measures you will implement to achieve sales and profit growth in 2020.

A4. Reaction to Japan's consumption tax hike, which was stronger-than-expected, was a major reason why we did not achieve our 2019 plan. This year, we will work to expand service revenue and improve our product mix by expanding sales of high value-added CT and MRI systems that were released in the second half of 2019.

Q5. Please discuss your strategy as it pertains to business machines.

A5. MFDs are not only recognized for copying and printing, they are also being recognized for contributing to office efficiency through such aspects as ease-of-use and reduced downtime. This trend is also the reason why we are expanding our unit sales of products that offer enhanced convenience. As for laser printers, we are launching products that offer better environmental performance through their use of low-temperature fixing toner compared with conventional models. Although we cannot expect high business machine market growth going forward, we will focus on how we can secure volume, by offering products that feature enhanced performance in line with customer needs.

Q6. Please discuss the background of increased IC and FPD lithography equipment unit sales in 2020.

A6. We expect a significant increase in IC lithography equipment unit sales to come from memory chip market recovery.
As for FPD lithography equipment, we expect growth in those used in production of small- and medium-size panels to come from a gradual resumption of investment in smartphone production. Our plan for unit sales growth also assumes continued steady demand for large-size, high-resolutions panels used in televisions.