



## Canon Inc.

### Q2 2019 Analyst Meeting

#### Q&A Session Summary

**Q1. Your revised projection calls for 30 billion yen in structural reform measures, which is 10 billion yen higher than your previous projection. Please indicate how the funds will be used and how your current plan differs from your previous one.**

A1. Due to advancement in office equipment functionality, a high level of knowledge has become necessary for successful sales. Additionally, we are also seeing significant change in the business environment, like the rise of e-commerce. As a result, it is becoming necessary for us to adjust our sales structure. For this purpose, our initial budget called for approximately 20 billion yen in structural reform measures. This time, however, we added an additional amount of approximately 10 billion yen to accelerate the completion of structural reform by year-end and link this to improved performance from next year on.

**Q2. As for Industry & Others, you lowered your full-year projection for net sales by 45.9 billion yen. You also lowered your full-year projection for operating profit, but only by 9.3 billion yen. What are the factors driving this?**

A2. Although we expect sales and profit of lithography equipment and industrial equipment to decline, due to delayed customer investment, we also expect the performance of our network camera business to be very strong, growing at a double-digit rate and offsetting some of the impact.

**Q3. Even taking into account the external environment, your profit level is low this year. You do have structural reform measures focused on sales companies. Do you have any other initiative aimed at improving profitability?**

A3. This year, we expect profitability to be relatively low, mainly due to the weak external environment. However, as competitive new products, launched in the first half of the year, are contributing to our performance, we expect sales in the latter half of the year to be up 12% on a sequential basis and profitability to also improve. Additionally, by completing structural reform measures by year-end, we aim to solidify a base that will help us launch into a new phase of growth from next year on.

**Q4. Last time, you indicated that your laser printer business would recover from the second quarter on. Your results, however, show that you posted a significant decline in consumable sales even in the second quarter. How will you effect a recovery in consumable sales from the second half on?**

A4. One way to effect growth in consumable sales is to raise genuine consumable usage through the launch of products that have competitive advantages in terms of high-technology. The products we launched in the second quarter realize low energy consumption through their use of new toner that fixes at a significantly lower temperature. By expanding sales of these kind of products, we can expand consumable sales.

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