

Canon Inc.

Corporate Strategy Conference 2018

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Excellent Global Corporation Plan Phase V (2016 – 2020)

(Basic Policy)

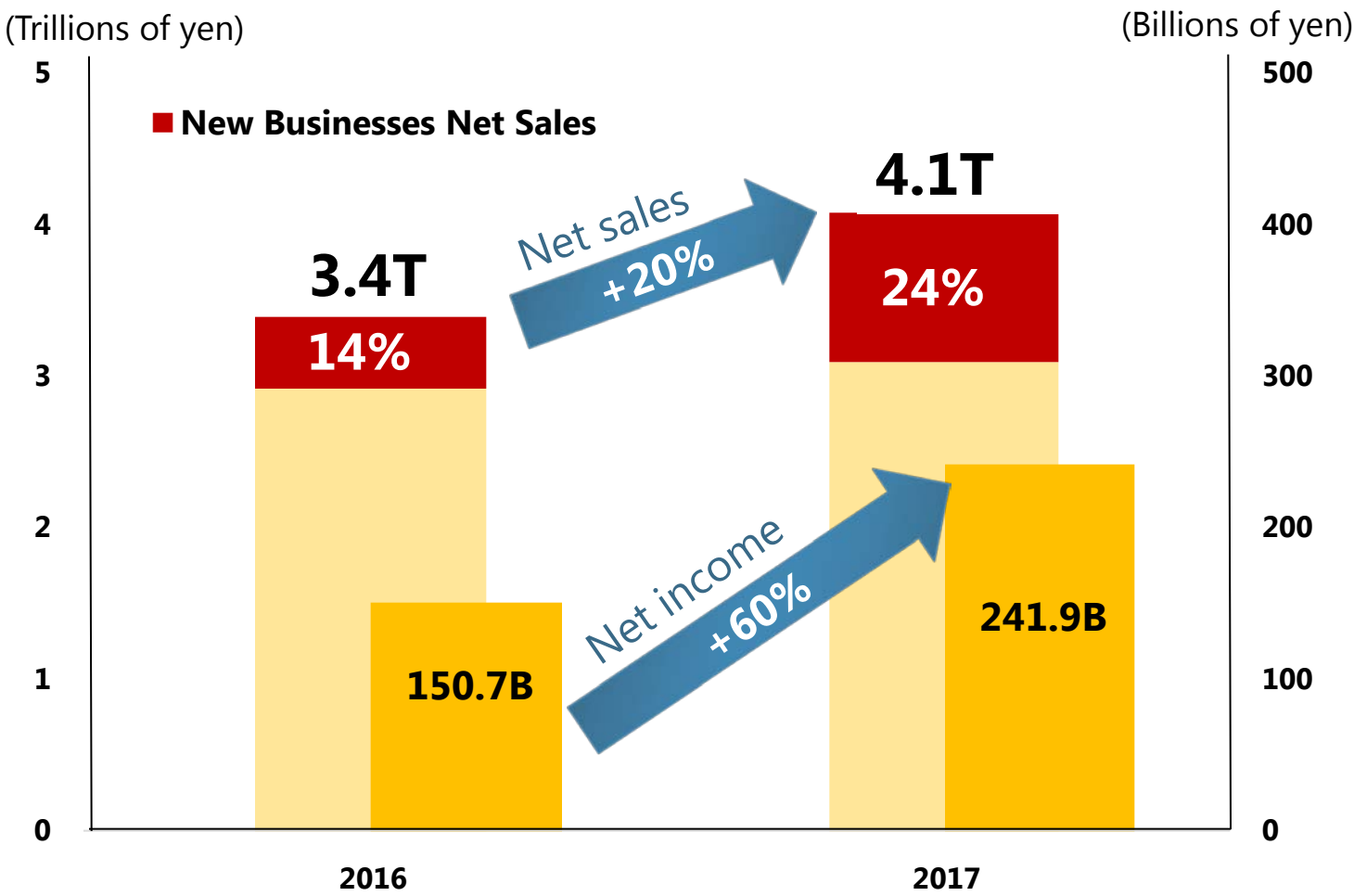
**Embrace the challenge of new growth
through a grand strategic transformation**

(Key Strategies)

1. Achieve a cost-of-sales ratio of 45%
2. Reinforce and expand new businesses
3. Restructure global sales network
4. Enhance R&D capabilities through open innovation
5. Complete the Three Regional Headquarters management system

Excellent Global Corporation Plan Phase V (2017 Achievements)

- First time in 4 years to post overall sales and profit growth, first time in 9 years to post sales exceeding 4 trillion yen
- Doubled sales of new businesses. Expanded proportion of sales to 24%



Phase V

Future Initiatives and Priority Measures

(Fundamental Policy)

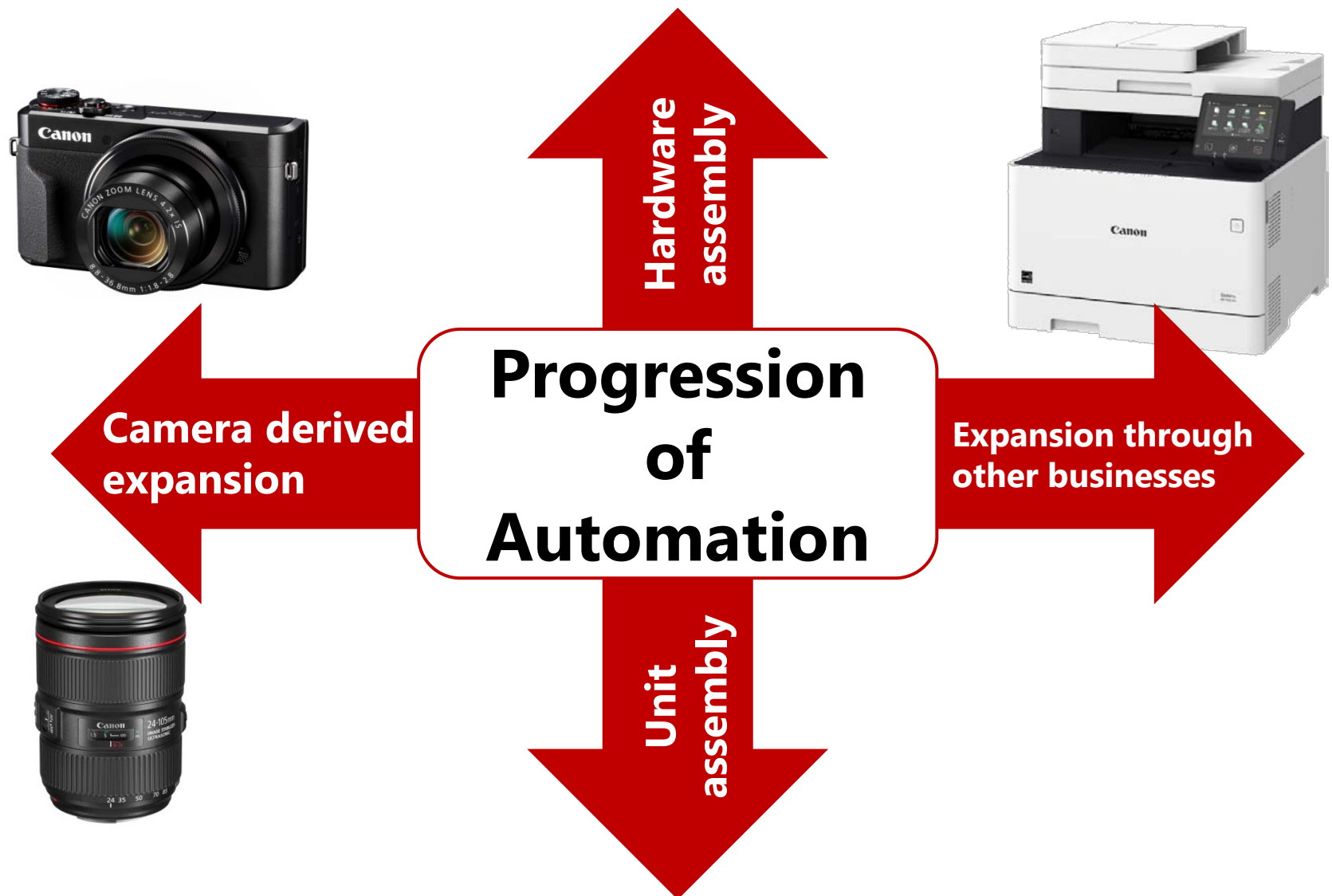
**Pursue total optimization and
prioritize profits to complete our
grand strategic transformation**

(Major Measures)

- Thoroughly strengthen manufacturing prowess
- Strengthen product development capability
- Reform sales organization to reflect market changes

Reinforce Profitability of Existing Businesses

(Thoroughly strengthen manufacturing prowess: Automation)



Reinforce Profitability of Existing Businesses

(Thoroughly strengthen manufacturing prowess: In-house Production)

- Expand scope of in-house production to manufacturing equip.
➡ maximize cost saving throughout the entire factory

Key components

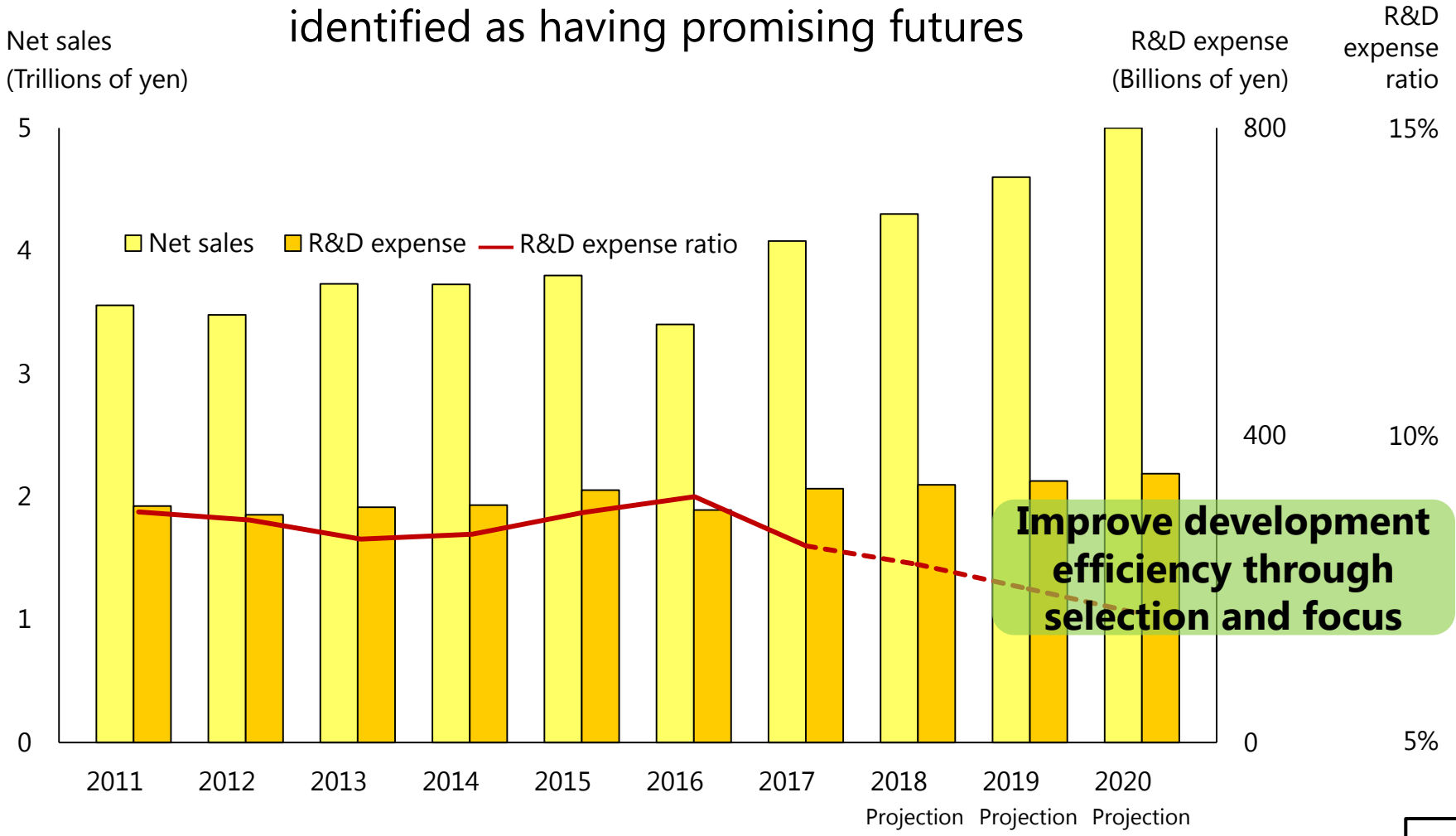
Production equipment



Reinforce Profitability of Existing Businesses

(Strengthen Product Development Capacity)

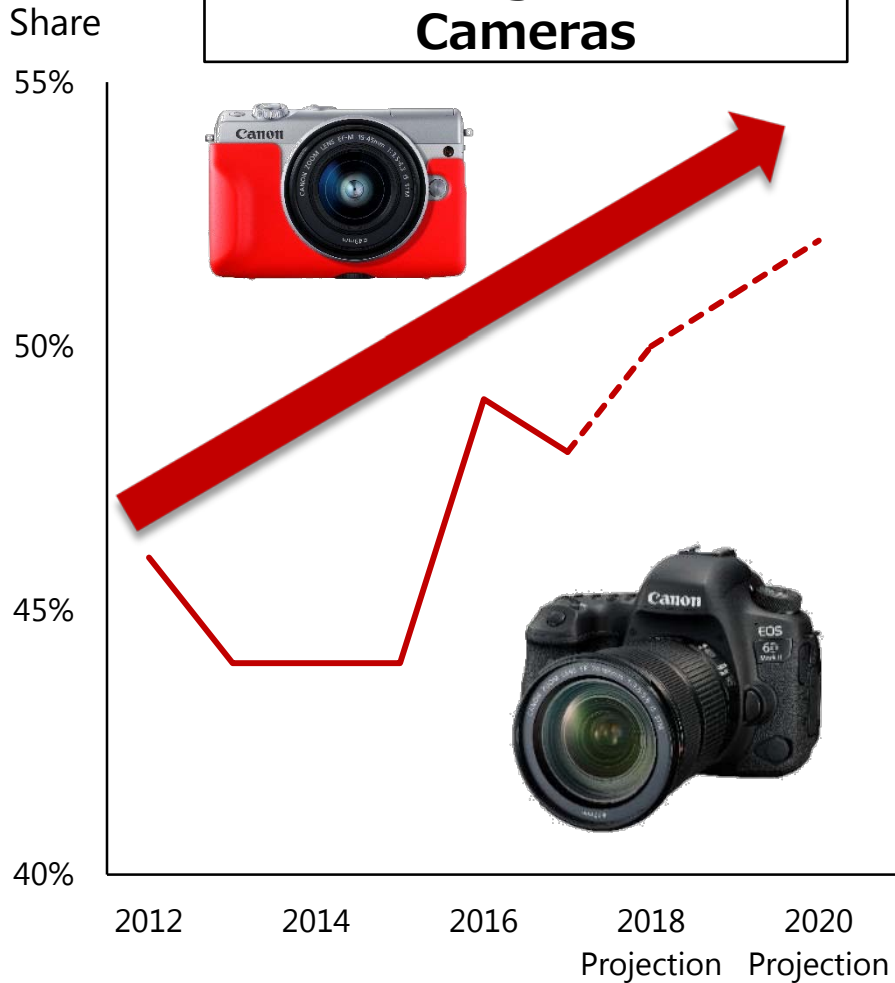
■ Heavily invest resources into specific themes identified as having promising futures



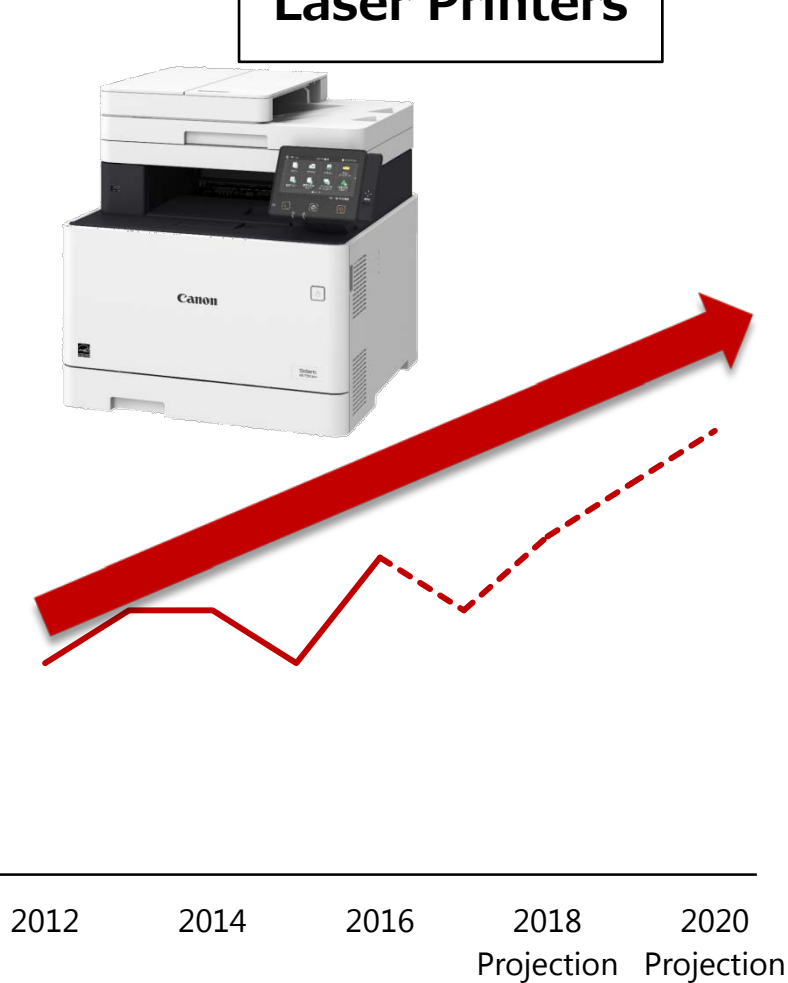
Reinforce Profitability of Existing Businesses

(Gain Market Share)

**Interchangeable-lens
Cameras**



Laser Printers



Expand and Improve Profitability of New Businesses (4 New Businesses expected to drive overall growth)

- Entering new phase that not only focuses on expanding sales, but also improving profits

Healthcare



Commercial Printing



Network Cameras



Industrial Equipment

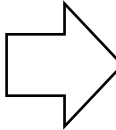
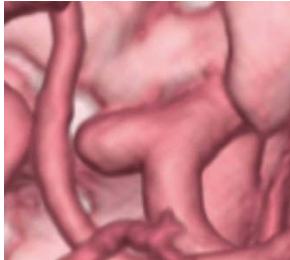


Expand and Improve Profitability of New Businesses (Healthcare: Products that leverage high definition)

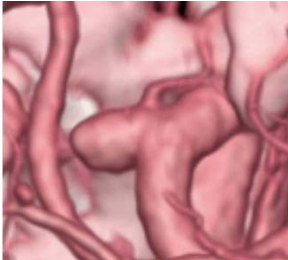
- CT system that realizes the first significant improvement in resolution in 30 years



Conventional



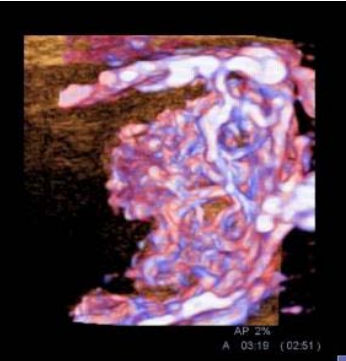
New Product



Clearly visualize peripheral vascular level detail that has been difficult to accomplish with conventional CT systems.

Image source: FUJITA HEALTH UNIVERSITY HOSPITAL

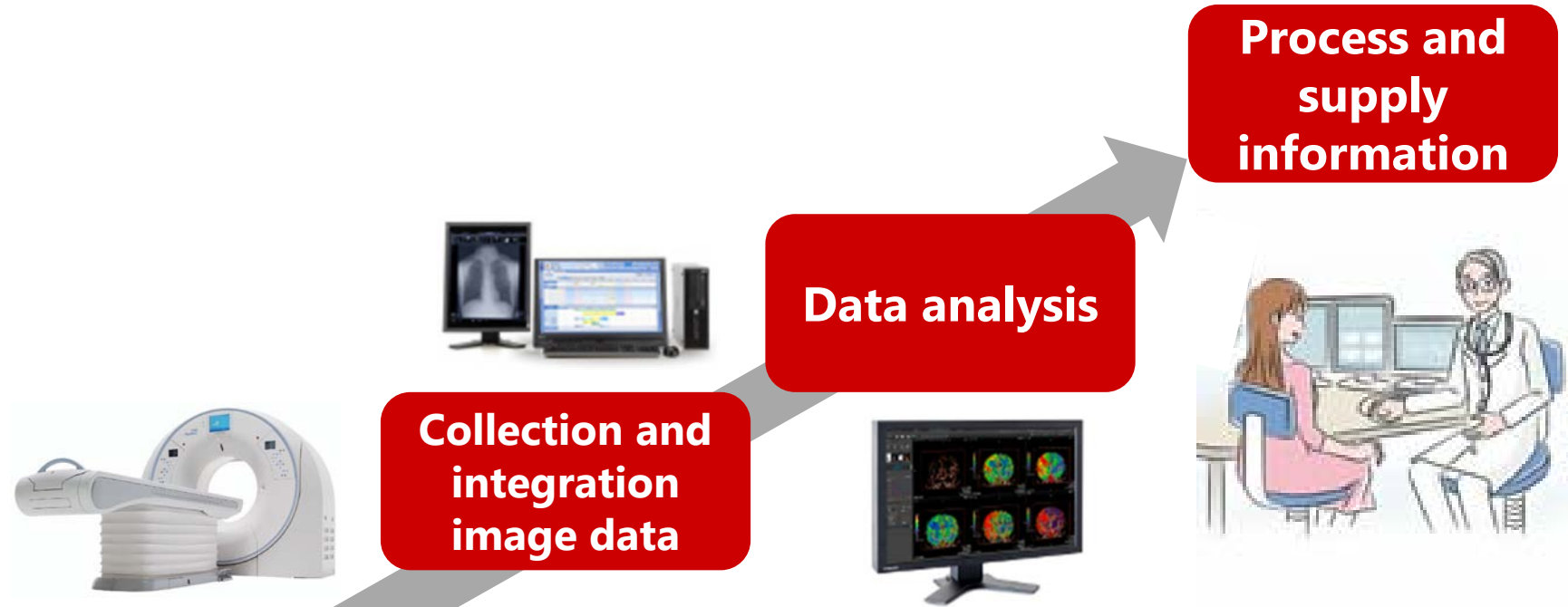
- Ultrasound system that can visualize minute blood flows without the use of a contrast agent



Expand and Improve Profitability of New Businesses

(Healthcare: Medical IT Solutions)

- Medical IT Solutions that support the speeding up and precision of diagnostics in the medical field



➔ **Collect, integrate, process, and supply information, leveraging image processing and AI technology**

Expand and Improve Profitability of New Businesses (Network Cameras)

- Expand business from both hardware and software perspectives, strengthening cooperation with **AXIS** and **Milestone**



Video Analytics



People counting in a designated area



Silhouette of people and their movement

Interchangeable-lens network camera achieved through co-development



Further enhance technology cooperation



Expand and Improve Profitability of New Businesses (Network Cameras)

- Expand usage to various other segments, promoting development of video analytical solutions

Security



Crime prevention, people tracking, evacuation



Traffic monitoring, urban development

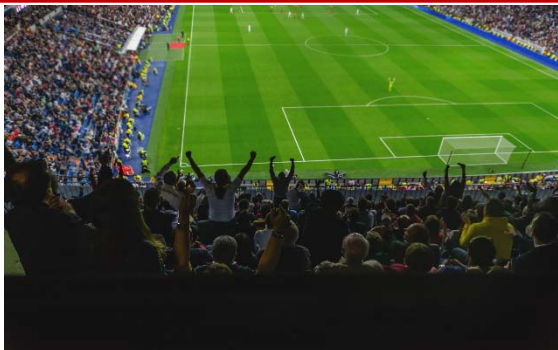


Marketing



Customer base, people-flow analysis, improve productivity

Entertainment



Live streaming and sports analysis

Expand and Improve Profitability of New Businesses

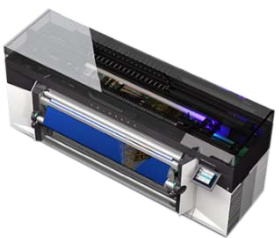
(Commercial Printing: Focus on Graphic Arts Market)



High-quality continuous feed color inkjet press "ProStream 1000"



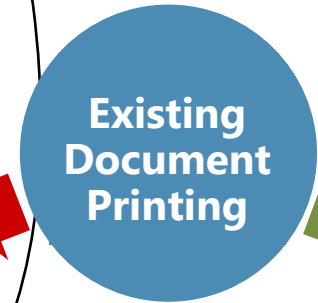
High-speed cut sheet inkjet printer "VarioPrint i300"



Wide-format printer "Colorado 1640"



Graphic Arts Printing



Existing Document Printing



Package Printing

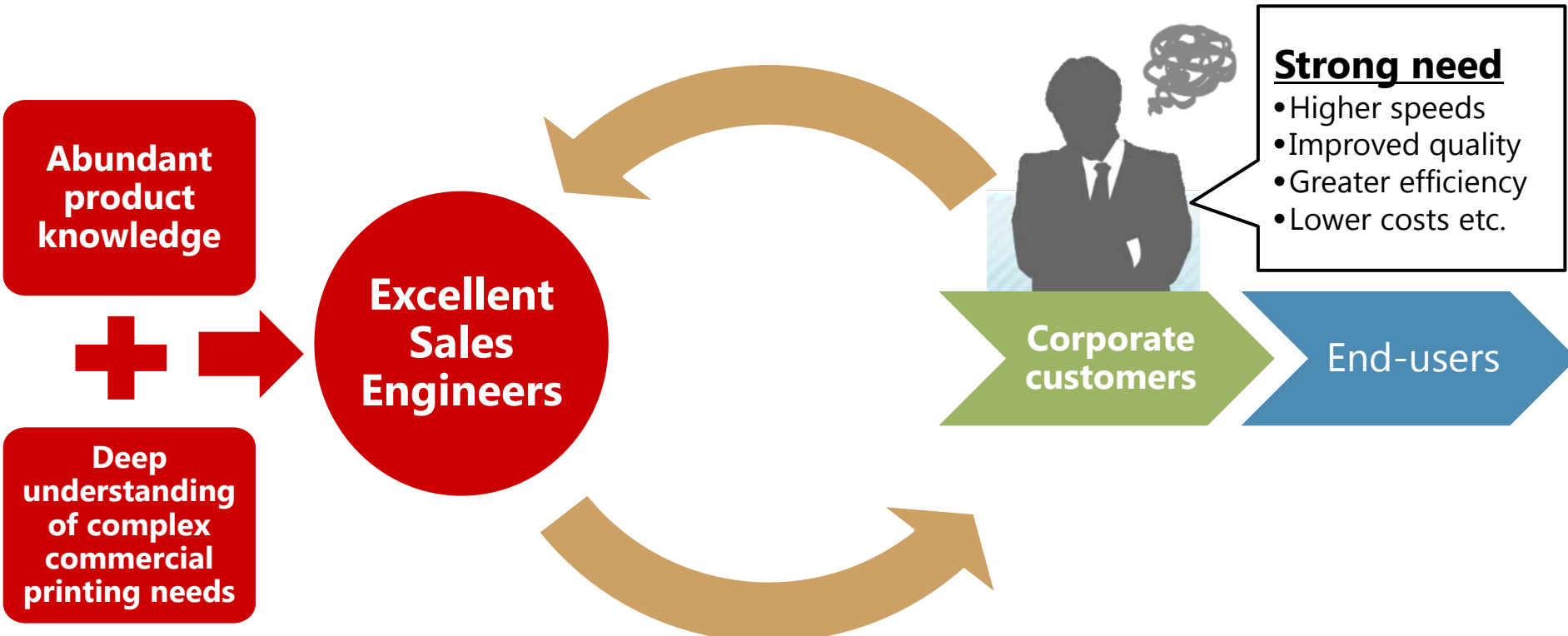


Business Services



Expand and Improve Profitability of New Businesses

(Commercial Printing: Sales Engineer Training)

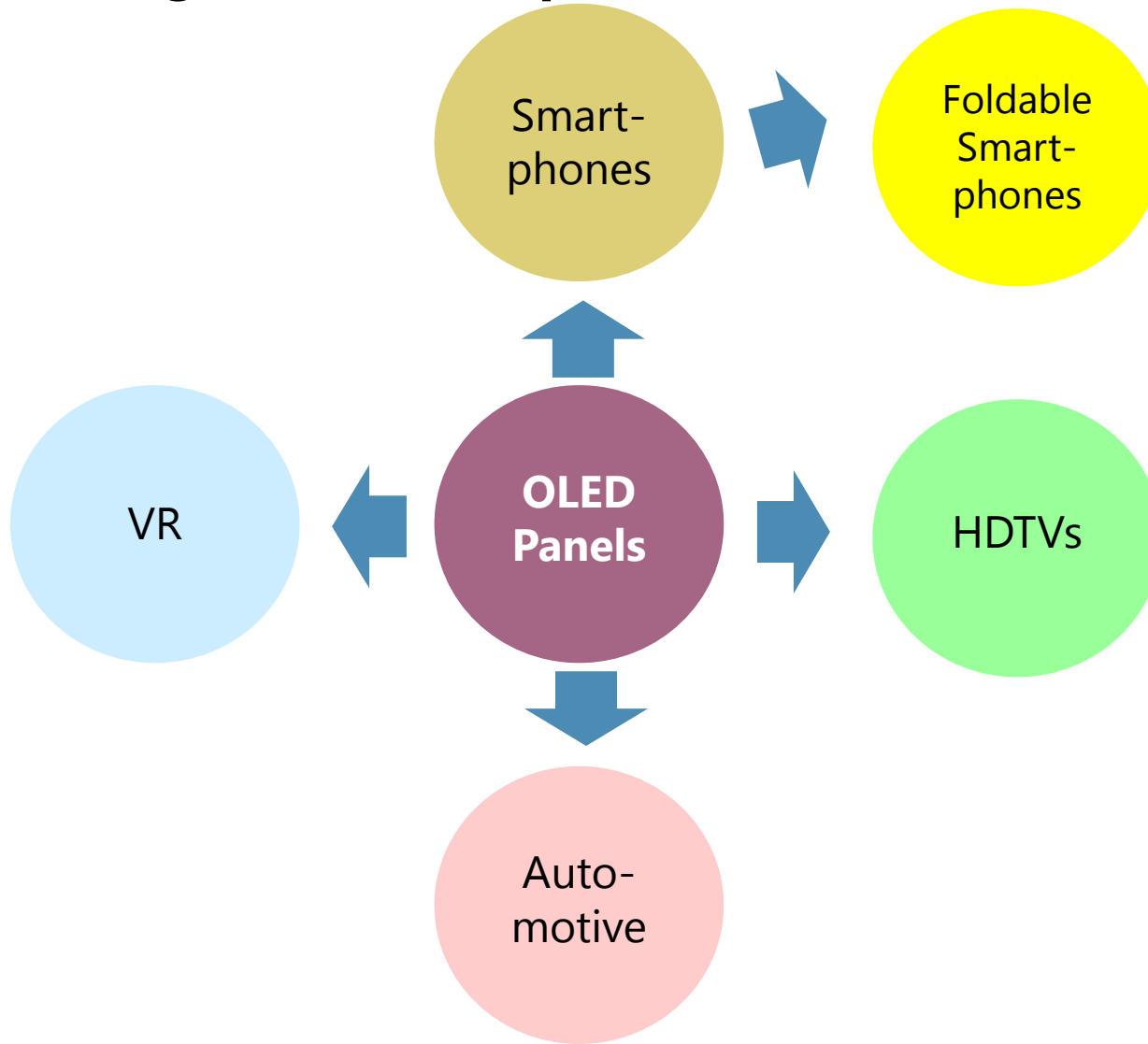


Propose Solutions



Expand and Improve Profitability of New Businesses (Industrial Equipment)

■ Expanding use of OLED panels

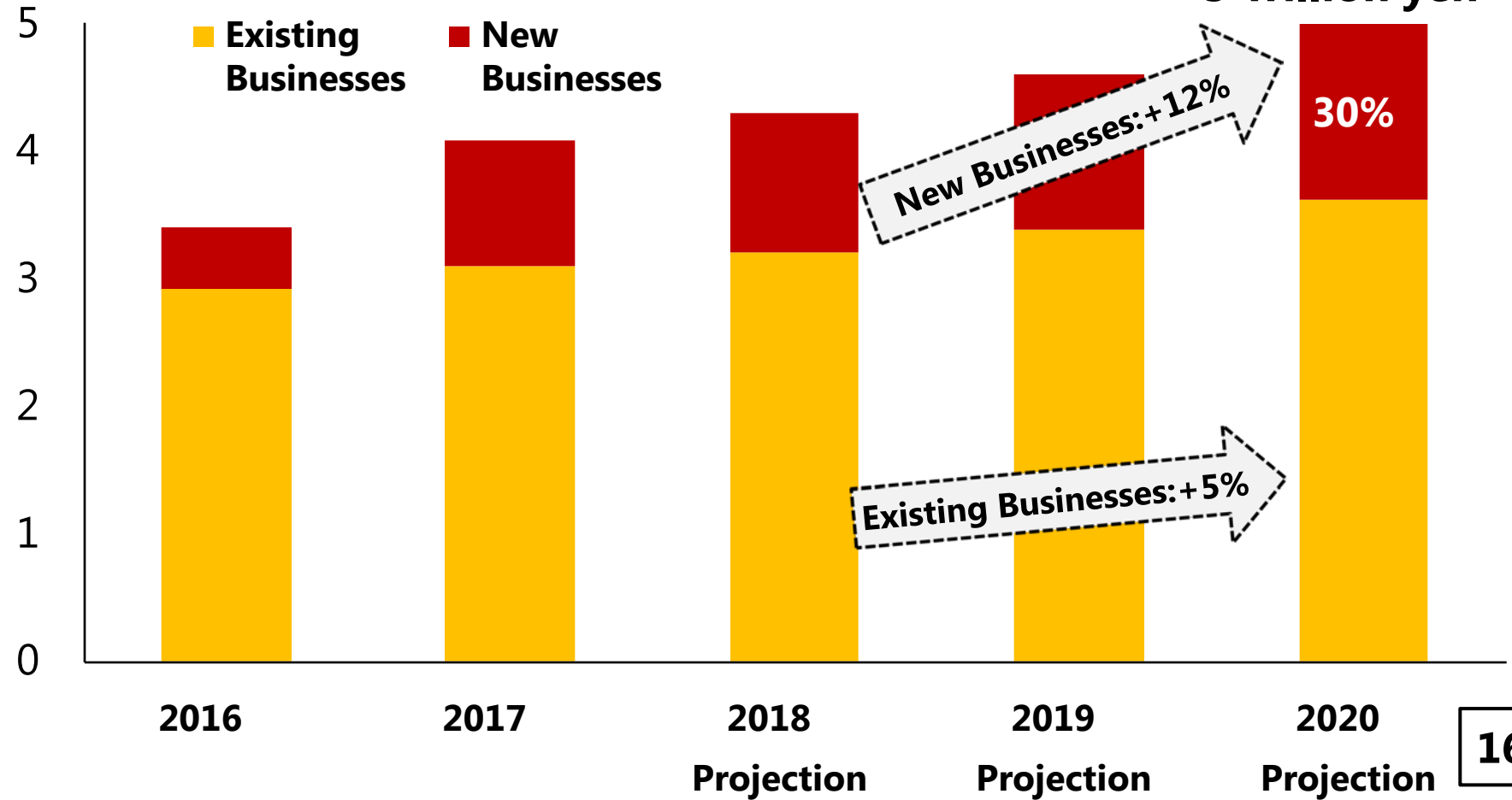


Phase V Target

Overall CAGR: +7%

(Trillions of yen)

Net Sales Target
5 Trillion yen



Canon