



Canon Inc.

FY 2016 Analyst Meeting

Q&A Session Summary (English Translation)

Q1. In your 2017 projection, you included 420 billion yen in net sales attributable to Toshiba Medical Systems Corporation (“TMSC”). What about operating profit?

A1. As for TMSC figures, the accounting arms of both companies only started working together from December 19, processing information after TMSC was made a subsidiary. Therefore, the amount of information that we have at this point is still quite limited. In particular, we, with the involvement of accounting auditors, are still working to accurately distinguish between goodwill and other intangible assets. As such, our profit projection is provisional, since the amount of amortization we incorporated is based on the limited amount of information that we have at this point.

Q2. On slide 9 of your presentation, changes in sales volume are projected to have a positive 575.8 billion yen impact on your Industry and Others Business Unit. If you take out TMSC and Lithography Equipment, what does the remainder look like?

A2. We do not disclose concrete figures at this level. However, within “Others,” the Industrial Equipment of Group Subsidiaries and network cameras are the major components. Combined, they account for about 100 billion yen in net sales. Of this, about 70 to 80 percent is related to the Industrial Equipment of Group Subsidiaries the remainder is related to network cameras.

Q3. As for your Industry and Others Business Unit, which includes TMSC, OLED vacuum deposition equipment, FPD lithography equipment, etc., you are projecting a significant increase in net sales. However, you did not project a large increase in profit. Is this because your IC lithography system employing nanoimprint technology is still in the pre-mass production stage?

A3. Nanoimprint is included in our Lithography Equipment segment. And the profit that this segment generates has not deteriorated.

Q4. In your presentation, when you talked about laser printers using slide 10, you mentioned “a better balance between price and functionality.” Please provide more detail?

A4. Basically, we have made progress in lowering the cost of manufacturing hardware. This gave us more room to set prices. Compared to before, we are now able to offer hardware that is popularly priced and easier to afford.

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