

Canon Inc.

FY 2018 Results

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Achieved second consecutive year of profit growth, despite overall sales decline

Sales

- Decline in camera and vacuum deposition equipment sales due to change in market conditions
- Achieved steady revenue growth in Office
- Continued growth of new businesses, such as medical and network cameras

Profit

- Improved gross profit ratio through product mix and cost reduction
- Strived to improve expense efficiency through concerted group-wide efforts

FY 2018 Financial Results (Full Year)



- Compared to last year: Achieved growth in both operating profit and net income
- Compared to previous projection: Exceeded planned profit level through comprehensive expense management and despite lower than expected sales

(Billions of yen)	FY 2018				FY 2017			% Change (Pre-reclassification)	FY 2018	
	Full year Actual	Service Cost	Pension	Full year Actual	Full year Actual	Pension	Full Year Actual (Pre-reclassification)		Previous Projection	Amount Change (after-reclassification)
Net Sales	3,951.9	0.0	0.0	3,951.9	4,080.0	0.0	4,080.0	-3.1%	4,000.0	-48.1
Gross Profit (% of Net Sales)	1,835.6 46.4%	-115.7	-2.9	1,954.2 49.4%	1,990.6 48.8%	-2.1	1,992.7 48.8%	-1.9%	1,851.5 46.3%	-15.9
Op. Expenses	1,492.6	+115.7	-13.7	1,594.6	1,669.0	-7.8	1,661.2		1,516.0	
Op. Profit (% of Net Sales)	343.0 8.7%	0.0	-16.6	359.6 9.1%	321.6 7.9%	-9.9	331.5 8.1%	+8.5%	335.5 8.4%	+7.5
Non-operating Income	19.9	0.0	+16.6	3.3	32.3	+9.9	22.4		29.5	
IBT	362.9	0.0	0.0	362.9	353.9	0.0	353.9	+2.5%	365.0	-2.1
Net Income (% of Net Sales)	252.8 6.4%	0.0	0.0	252.8 6.4%	241.9 5.9%	0.0	241.9 5.9%	+4.5%	251.0 6.3%	+1.8
USD	110.43			110.43	112.13		112.13		109.66	
EURO	130.29			130.29	126.69		126.69		130.64	

Note 1: In 2018, a reclassification of service revenue related costs and expenses was conducted.

Note 2: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

FY 2018 Financial Results by Business Unit(Full Year)

- Office, Medical, and Industry & Others – Sales and profit growth
- Imaging System – Sales and profit decline, due to market contraction

(Billions of yen)		FY 2018 Actual	FY 2017 Actual	% Change	FY 2018 Previous Projection	Amount Change
Office	Net Sales	1,807.3	1,804.8	+0.1%	1,818.0	-10.7
	Op. Profit	220.8	189.3	+16.7%	218.3	+2.5
Imaging System	Net Sales	1,008.2	1,136.2	-11.3%	1,040.0	-31.8
	Op. Profit	117.0	173.5	-32.6%	122.8	-5.8
Medical System	Net Sales	437.6	436.2	+0.3%	443.0	-5.4
	Op. Profit	28.8	21.9	+31.4%	26.3	+2.5
Industry & Others	Net Sales	805.2	792.8	+1.6%	807.0	-1.8
	Op. Profit	65.5	40.7	+60.9%	59.0	+6.5
Corporate & Eliminations	Net Sales	-106.4	-90.0	-	-108.0	+1.6
	Op. Profit	-89.1	-103.8	-	-90.9	+1.8
Total	Net Sales	3,951.9	4,080.0	-3.1%	4,000.0	-48.1
	Op. Profit	343.0	321.6	+6.6%	335.5	+7.5

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Note 2: Due to a change in business model, the outsourcing business of Others within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated. (Impact on FY 2017 Actual Net Sales: 61.1 billions of yen, Operating Profit: -14.7 billions of yen)

Key Message

(FY 2019 Projection)

FX Assumptions

			Impact of exchange rate movement (Annual impact given a one yen change)	
	FY 2018	FY 2019	Net Sales	Op. Profit
USD/Yen	110.43 yen	105.00 yen	13.2 billion yen	4.4 billion yen
EUR/Yen	130.29 yen	125.00 yen	6.1 billion yen	3.0 billion yen

External Environment

- Global economy: Continue to be led by U.S., but uncertainty is rising due to risks of intensifying US-China trade friction and turmoil in European politics

FY 2019 Outlook

Year focused on reinforcing profitability under tough circumstances

- Maximize sales, effectively investing in sales & marketing of growth areas in existing and new businesses
- Strengthen profitability through selection and focus expenses, and the promotion of automation and in-house production

FY 2019 Financial Projection (Full Year)

- Project sales and profit decline due to negative impact of exchange rates
- Strive to strengthen structure through cost reduction, comprehensive expense management, etc.

(Billions of yen)	2019 Projection	2018 Actual	% Change
Net Sales	3,900.0	3,951.9	-1.3%
Gross Profit (% of Net Sales)	1,759.0 45.1%	1,835.6 46.4%	-4.2%
Op. Expenses	1,434.0	1,492.6	
Op. Profit (% of Net Sales)	3,250.0 8.3%	3,429.5 8.7%	-5.2%
Non-operating Income	22.5	19.9	
IBT	347.5	362.9	-4.2%
Net Income (% of Net Sales)	240.0 6.2%	252.8 6.4%	-5.0%
USD	105.00	110.43	
EURO	125.00	130.29	

FY 2019 Financial Projection by Business Unit(Full Year)

- Imaging System: Lessen impact of market decline, expanding sales in growth areas and promoting cost reduction activities
- Medical: Sales and profit growth through full contribution of new products and investment into sales & marketing in overseas markets
- Industry & Others: Expect adjustment phase to continue, but will continue efforts to improve profitability for the future

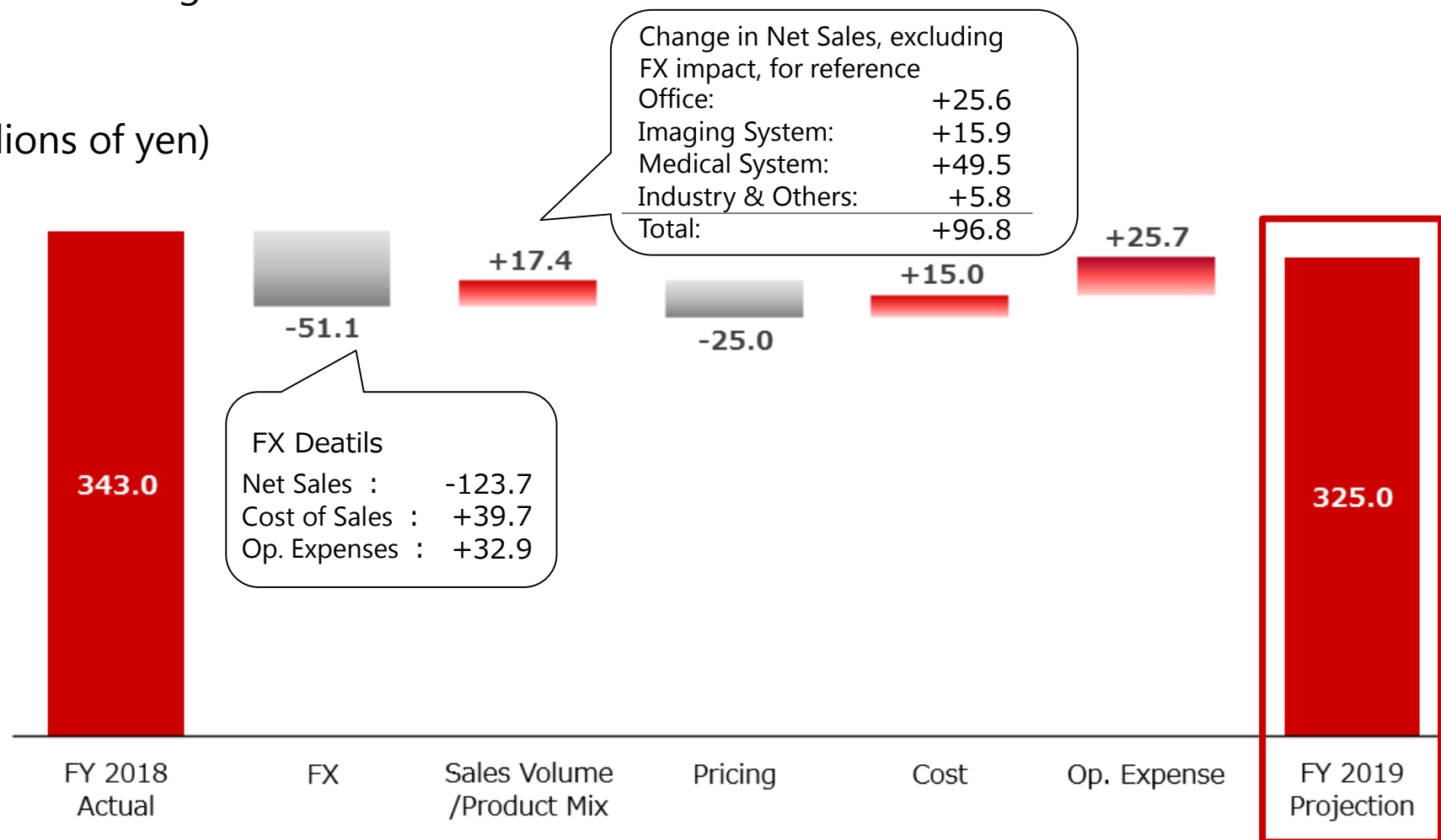
(Billions of yen)		2019 Projection	2018 Actual	% Change
Office	Net Sales	1,764.0	1,807.3	-2.4%
	Op. Profit	212.5	220.8	-3.8%
Imaging System	Net Sales	969.0	1,008.2	-3.9%
	Op. Profit	102.0	117.0	-12.8%
Medical System	Net Sales	477.0	437.6	+9.0%
	Op. Profit	35.0	28.8	+21.4%
Industry & Others	Net Sales	804.5	805.2	-0.1%
	Op. Profit	48.0	65.5	-26.8%
Corporate & Eliminations	Net Sales	-114.5	-106.4	-
	Op. Profit	-72.5	-89.1	-
Total	Net Sales	3,900.0	3,951.9	-1.3%
	Op. Profit	325.0	343.0	-5.2%

FY 2019 Operating Profit Analysis

(FY 2019 Projection versus FY 2018 Actual)

- Expand sales, particularly Office and Medical
- Manage price reduction to below last year's level through well-defined sales & marketing investment

(Billions of yen)



Office – MFDs

- 2018: Continued strong sales of color models equipped with features that facilitate linkage with cloud services
- 2019: Expand sales of new products that have significantly enhanced security features
- Work to stabilize service revenue through expansion of color device MIF

(Billions of yen)

	Full Year					Full Year		
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change	2019 Projection	2018 Actual	% Change
MFDs	684.3	694.0	-1.4%	696.7	-12.4	675.2	684.3	-1.3%
LPs	706.5	706.7	-0.0%	705.3	+1.2	664.4	706.5	-6.0%
Others	416.5	404.1	+3.1%	416.0	+0.5	424.4	416.5	+1.9%
Net Sales	1,807.3	1,804.8	+0.1%	1,818.0	-10.7	1,764.0	1,807.3	-2.4%
Op. Profit	220.8	189.3	+16.7%	218.3	+2.5	212.5	220.8	-3.8%
(% of Net Sales)	12.2%	10.5%		12.0%		12.0%	12.2%	

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Note 2: Due to a change in business model, the outsourcing business of Others within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.

Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
MFDs	-1.6%	+2.1%
LPs	+0.1%	-2.5%
Others	+2.8%	+4.9%
Total	+0.1%	+1.0%

Unit Growth Rate Y/Y

	2018 Actual	2019 Projection
MFDs		
B&W	-3%	0%
Color	+6%	+7%
Total	+2%	+4%

imageRUNNER ADVANCE 3rd Generation 3rd Edition



- Inherits high reliability of existing devices
- Enhanced security feature
- Strengthened coordination with cloud services

Office – Laser Printers

- 2018: Expanded hardware sales through new products
- 2019: Work to improve product mix and strengthen measures to expand sales of consumables

(Billions of yen)

	Full Year					Full Year		
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change	2019 Projection	2018 Actual	% Change
MFDs	684.3	694.0	-1.4%	696.7	-12.4	675.2	684.3	-1.3%
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Others	416.5	404.1	+3.1%	416.0	+0.5	424.4	416.5	+1.9%
Net Sales	1,807.3	1,804.8	+0.1%	1,818.0	-10.7	1,764.0	1,807.3	-2.4%
Op. Profit	220.8	189.3	+16.7%	218.3	+2.5	212.5	220.8	-3.8%
(% of Net Sales)	12.2%	10.5%		12.0%		12.0%	12.2%	

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Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
MFDs	-1.6%	+2.1%
LPs	+0.1%	-2.5%
Others	+2.8%	+4.9%
Total	+0.1%	+1.0%

Unit Growth Rate Y/Y

L P	2018 Actual	2019 Projection
B&W	+6%	-3%
Color	+7%	+5%
Total	+6%	-2%

Office – Others

- Continued steady sales of products for graphic arts segment that have earned high marks from customers
- Aim for revenue growth through full-scale entry into the package market and efforts to enhance sales structure

(Billions of yen)

	Full Year					Full Year		
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change	2019 Projection	2018 Actual	% Change
MFDs	684.3	694.0	-1.4%	696.7	-12.4	675.2	684.3	-1.3%
LPs	706.5	706.7	-0.0%	705.3	+1.2	664.4	706.5	-6.0%
Others	416.5	404.1	+3.1%	416.0	+0.5	424.4	416.5	+1.9%
Net Sales	1,807.3	1,804.8	+0.1%	1,818.0	-10.7	1,764.0	1,807.3	-2.4%
Op. Profit	220.8	189.3	+16.7%	218.3	+2.5	212.5	220.8	-3.8%
(% of Net Sales)	12.2%	10.5%		12.0%		12.0%	12.2%	

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Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
MFDs	-1.6%	+2.1%
LPs	+0.1%	-2.5%
Others	+2.8%	+4.9%
Total	+0.1%	+1.0%



Spread seed that will grow to stabilize this business in the future

- **Strengthen presence in mirrorless camera market**
 - **Expand lineup of products with the EOS R system at its core**
 - **Accelerate development of new products**



『EOS R System』

- **Improve Profitability**
 - **Raise proportion of full-frame models**
 - **Expand sales of lenses that have high profitability**
 - **Expand scope of production automation**

Imaging System – Cameras

New Category Cameras



- Stylishly designed cameras for young people that are waterproof and highly durable
- Cameras optimized for outdoor use in situations where smartphones have difficulty



- Cameras equipped with AI that automatically capture images
- Cameras that capture the decisive moment in various scenes

Strive to expand scope of imaging market

Imaging System – Cameras

- Focus on improving product mix amid expectations

(Billions of yen)

	Full Year					Full Year		
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change	2019 Projection	2018 Actual	% Change
Cameras	599.9	702.8	-14.6%	623.1	-23.2	562.8	599.9	-6.2%
IJPs	320.2	335.6	-4.6%	325.1	-4.9	314.7	320.2	-1.7%
Others	88.1	97.8	-10.1%	91.8	-3.7	91.5	88.1	+3.9%
Net Sales	1,008.2	1,136.2	-11.3%	1,040.0	-31.8	969.0	1,008.2	-3.9%
Op. Profit	117.0	173.5	-32.6%	122.8	-5.8	102.0	117.0	-12.8%
(% of Net Sales)	11.6%	15.3%		11.8%		10.5%	11.6%	

Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
Cameras	-14.7%	-2.2%
IJPs	-4.7%	+1.7%
Total	-11.3%	-0.1%

Units (Millions) & Unit Growth Rate Y/Y

	2018 Actual		2019 Projection	
	Units	% Change	Units	% Change
DILCs	5.04	-9%	4.70	-7%
DCs	3.17	-22%	2.60	-18%

Full-frame Mirrorless EOS R



Imaging System – Inkjet Printers

- 2018: Although total unit sales were down, sales of refillable ink tank models remained strong
- 2019: Aiming for market exceeding growth, actively investing in sales & marketing

(Billions of yen)

	Full Year					Full Year		
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change	2019 Projection	2018 Actual	% Change
Cameras	599.9	702.8	-14.6%	623.1	-23.2	562.8	599.9	-6.2%
IJPs	320.2	335.6	-4.6%	325.1	-4.9	314.7	320.2	-1.7%
Others	88.1	97.8	-10.1%	91.8	-3.7	91.5	88.1	+3.9%
Net Sales	1,008.2	1,136.2	-11.3%	1,040.0	-31.8	969.0	1,008.2	-3.9%
Op. Profit	117.0	173.5	-32.6%	122.8	-5.8	102.0	117.0	-12.8%
(% of Net Sales)	11.6%	15.3%		11.8%		10.5%	11.6%	

Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
Cameras	-14.7%	-2.2%
IJPs	-4.7%	+1.7%
Total	-11.3%	-0.1%

Unit Growth Rate Y/Y

	2018 Actual	2019 Projection
IJPs	-2%	+2%



Business Inkjet MFD

- Fast 50 sheets per minute output
- Total cost reduction of users

Medical System

- 2018: Achieved sales and profit growth, posting continued strong sales of new products we've launched so far.
- 2019: Expect strong growth thanks to full-scale contribution of new products as well as sales structure reinforcement
- Improve profitability, promoting further cost reduction through enhanced Group synergy

(Billions of yen)

	Full Year				
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change
Net Sales	437.6	436.2	+0.3%	443.0	-5.4
Op. Profit (% of Net Sales)	28.8 6.6%	21.9 5.0%	+31.4%	26.3 5.9%	2.5

Full Year		
2019 Projection	2018 Actual	% Change
477.0	437.6	+9.0%
35.0 7.3%	28.8 6.6%	+21.4%

Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
Total	+0.7%	+11.3%



Diagnostic Ultrasound System
Aplio a series



CT System
Aquilion START

Industry & Others

- 2018: Strong growth in semiconductor litho. equipment that captured demand for memory
- 2019: Aim to expand share in both semiconductor and FPD Litho. equipment by capturing the needs of customers
- Network cameras: Enhance product lineup and aim to continue double-digit growth.

(Billions of yen)

	Full Year					Full Year		
	2018 Actual	2017 Actual	% Change	2018 Previous Projection	Amount Change	2019 Projection	2018 Actual	% Change
Litho. Equip.	199.8	193.1	+3.4%	203.4	-3.6	204.5	199.8	+2.4%
Others	605.4	599.7	+1.0%	603.6	1.8	600.0	605.4	-0.9%
Net Sales	805.2	792.8	+1.6%	807.0	-1.8	804.5	805.2	-0.1%
Op. Profit	65.5	40.7	+60.9%	59.0	6.5	48.0	65.5	-26.8%
(% of Net Sales)	8.1%	5.1%		7.3%		6.0%	8.1%	

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Note 2: Due to a change in business model, the outsourcing business of Others within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.

Net Sales Growth Rate Y/Y (Local Currency)

	2018 Actual	2019 Projection
Litho. Equip.	+3.4%	+3.1%
Others	+0.9%	+1.3%
Total	+1.5%	+1.7%

Lithography Equipment (Units)

	2017 Actual	2018 Actual	2019 Projection
Litho. Equip.	70	114	121
Others	84	69	56

Inventory

- Imaging System: Inventory increase due to impact of external environment
- Office and Medical: Maintained appropriate level

(Billions of yen)		FY 2017				FY 2018			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Office	Amt.	206.9	211.1	222.4	205.1	207.5	209.9	224.6	206.1
	Days	42	43	46	41	41	42	46	42
Imaging System	Amt.	142.7	148.8	163.6	130.4	151.9	156.6	186.1	151.1
	Days	46	52	54	39	49	59	69	52
Medical System	Amt.	-	80.5	76.6	83.6	80.4	86.0	89.3	90.6
	Days	-	67	70	71	66	74	80	73
Industry & Others	Amt.	219.5	156.4	158.4	150.9	148.7	146.9	160.4	163.5
	Days	82	85	83	72	72	73	84	90
Total	Amt.	569.1	596.8	621.0	570.0	588.5	599.4	660.4	611.3
	Days	54	55	57	49	52	56	62	56

Note: Due to a change in business model, the outsourcing business within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.

Cash Flow

(Full Year)

- Comprehensive cash flow management
 - Cash-on-hand: Maintain 500 billion yen level while promoting debt repayment
 - Capital expenditures: Control within the range of depreciation

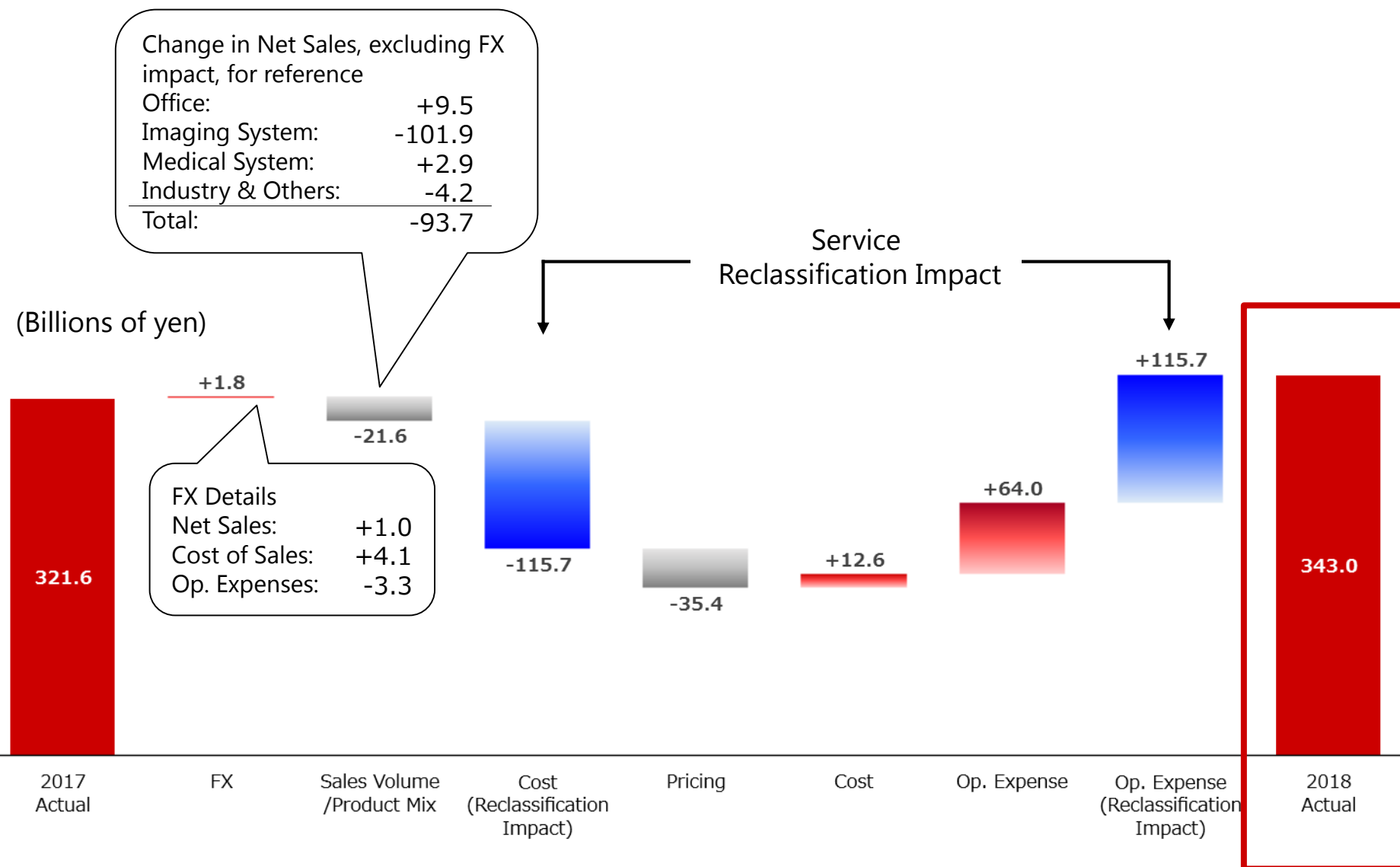
(Billions of yen)	FY 2019 Projection	FY 2018 Actual	FY 2017 Actual
Net cash provided by operating activities	595.0	365.3	590.5
Net cash used in investing activities	-290.0	-195.6	-165.0
Free cash flow	305.0	169.7	425.5
Net cash provided by (used in) financing activities	-320.0	-354.9	-340.4
Effect of exchange rate changes on cash and cash equivalents	-5.6	-16.0	6.5
Net change in cash and cash equivalents	-20.6	-201.2	91.6
Cash and cash equivalents at end of period	500.0	520.6	721.8
Cash-on-hand (In months of Net sales) (Note)	1.5	1.6	2.0
Capital expenditure	175.0	159.3	147.5
Depreciation	240.0	251.6	261.9

Note: 2019 was calculated using full-year net sales. 2018 and 2017 were calculated using second-half net sales.

Supplementary Information

FY 2018 Operating Profit Analysis

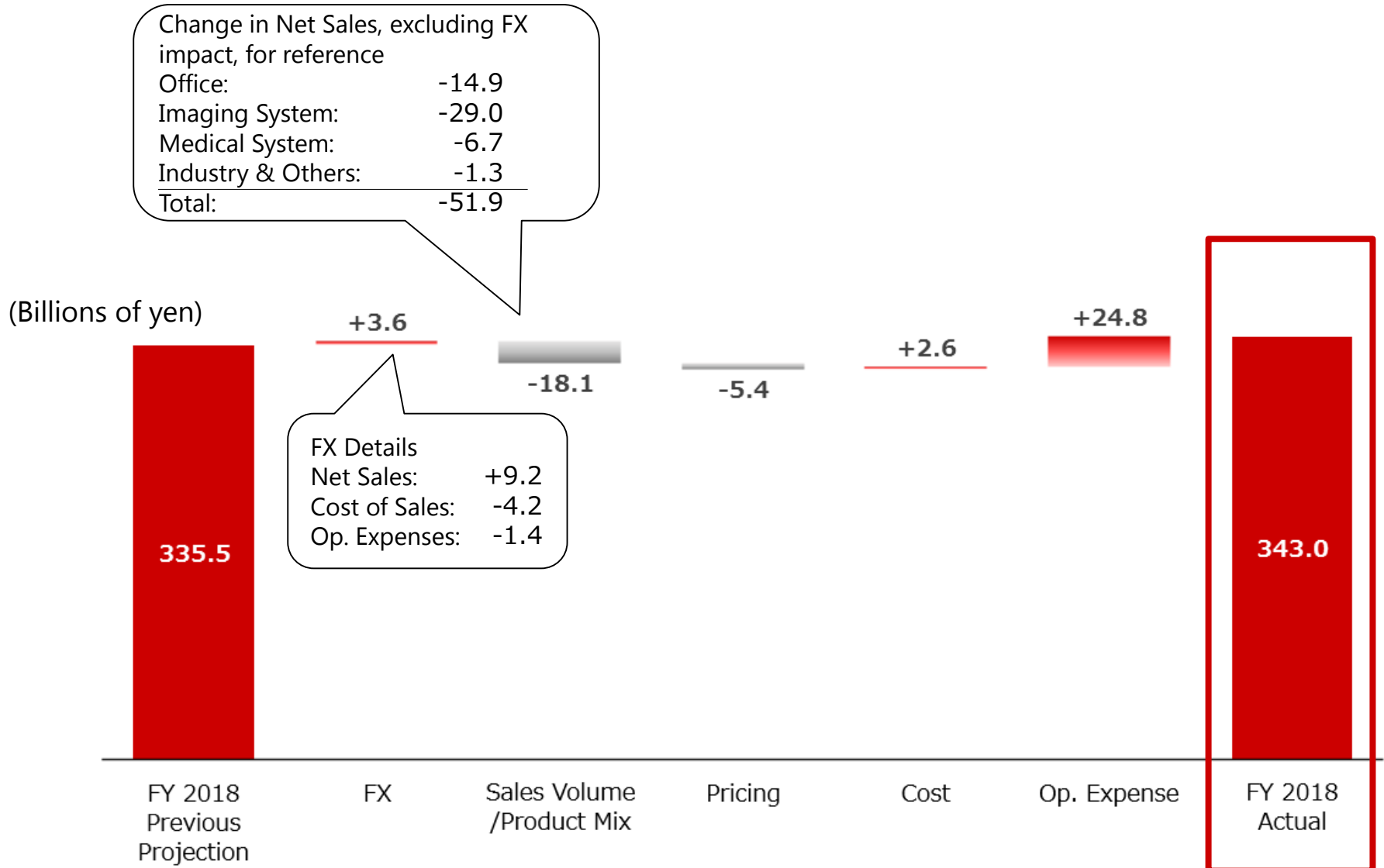
(FY 2018 Actual versus FY 2017 Actual)



Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

FY 2018 Operating Profit Analysis

(FY 2018 Actual versus FY 2018 Previous Projection)



Impact of Change in Pension Accounting Standard

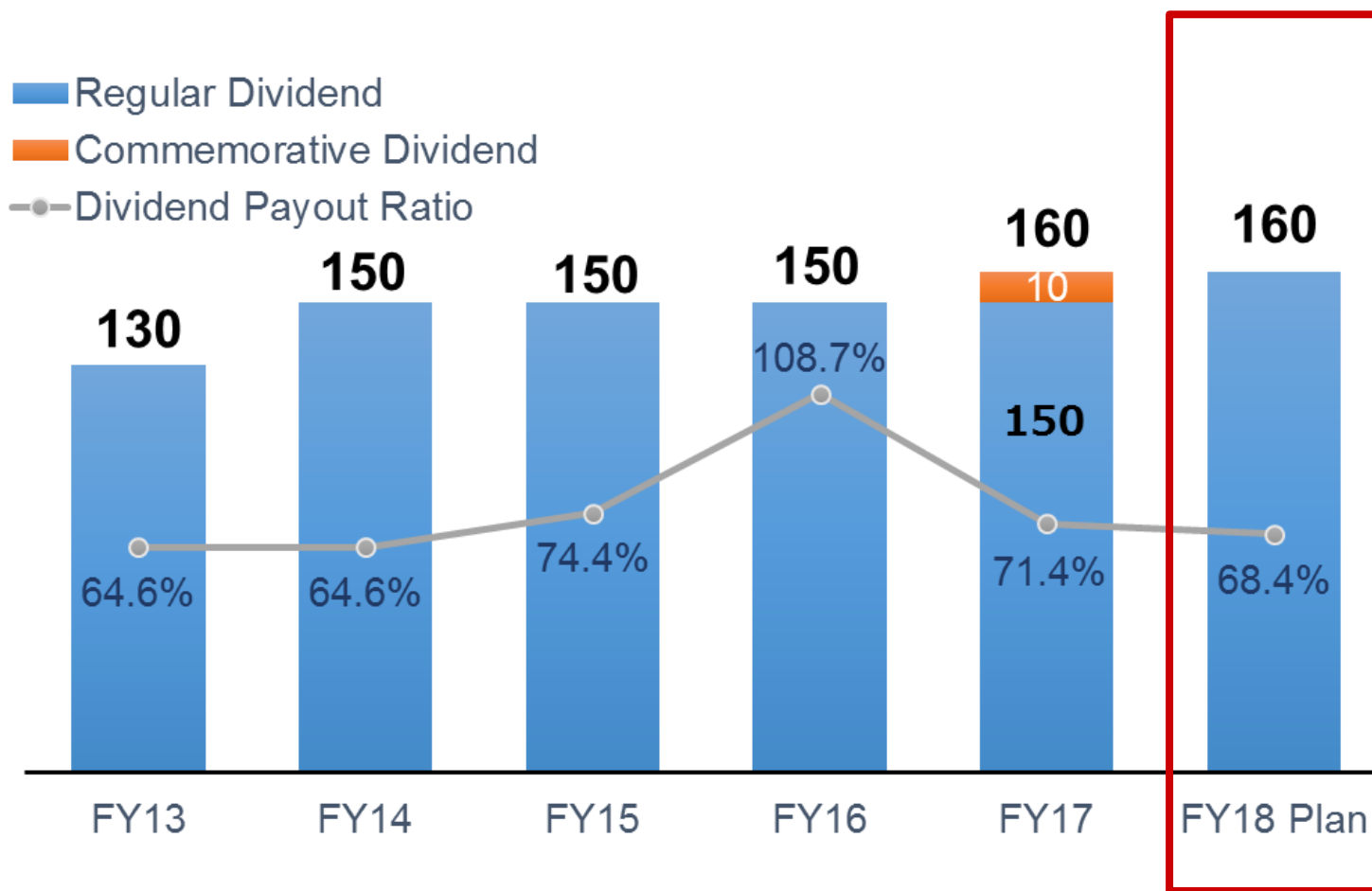
- Reclassification of Gross profit, Operating expenses, and Other income (deductions) (Full-year impact 9.9 billion yen)
- No impact on Income before income taxes and Net income

(Billions of yen)	Pension accounting - Pre-standard change					Pension accounting - Post-standard change				
	FY 2017 1Q Actual	FY 2017 2Q Actual	FY 2017 3Q Actual	FY 2017 4Q Actual	FY 2017 Full year Actual	FY 2017 1Q Actual	FY 2017 2Q Actual	FY 2017 3Q Actual	FY 2017 4Q Actual	FY 2017 Full year Actual
Net Sales	972.8	992.5	994.5	1,120.2	4,080.0	972.8	992.5	994.5	1,120.2	4,080.0
Gross Profit (% of Net Sales)	468.3 48.1%	495.6 49.9%	482.2 48.5%	546.6 48.8%	1,992.7 48.8%	467.8 48.1%	495.0 49.9%	481.7 48.4%	546.1 48.7%	1,990.6 48.8%
Op. Expenses	392.6	399.3	401.7	467.6	1,661.2	394.6	401.2	403.7	469.5	1,669.0
Op. Profit (% of Net Sales)	75.7 7.8%	96.3 9.7%	80.5 8.1%	79.0 7.1%	331.5 8.1%	73.2 7.5%	93.8 9.5%	78.0 7.8%	76.6 6.8%	321.6 7.9%
Non-operating Income	2.3	3.3	7.3	9.5	22.4	4.8	5.8	9.8	11.9	32.3
IBT	78.0	99.6	87.8	88.5	353.9	78.0	99.6	87.8	88.5	353.9
Net Income (% of Net Sales)	55.1 5.7%	69.2 7.0%	63.1 6.3%	54.5 4.9%	241.9 5.9%	55.1 5.7%	69.2 7.0%	63.1 6.3%	54.5 4.9%	241.9 5.9%



Dividend

(Yen)



Net Sales Growth Rate of Hardware & Non-hardware

		FY 2019	FY 2018		FY 2017	
		Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
MFDs						
JPY	Hardware	+1%	-1%	-1%	+3%	+2%
	Non-hardware	-3%	-6%	-1%	+8%	+3%
LC	Hardware	+5%	0%	-2%	-3%	-2%
	Non-hardware	0%	-5%	-2%	+2%	+1%
LPs						
JPY	Hardware	-6%	+4%	+1%	-2%	+6%
	Non-hardware	-6%	-3%	-1%	-3%	+6%
LC	Hardware	-2%	+5%	+1%	-5%	+3%
	Non-hardware	-3%	-3%	-1%	-4%	+3%
IJPs						
JPY	Hardware	+5%	-8%	-3%	+13%	+11%
	Non-hardware	-5%	-6%	-5%	-1%	-2%
LC	Hardware	+9%	-7%	-3%	+7%	+8%
	Non-hardware	-2%	-5%	-5%	-6%	-5%

Color Ratio (MFDs & LPs)

		FY 2019	FY 2018		FY 2017	
		Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
MFDs	Net Sales	60%	60%	59%	59%	58%
	QTY	59%	58%	58%	58%	55%
LPs	Net Sales	52%	51%	51%	52%	52%
	QTY	19%	19%	18%	20%	18%

Sales Growth by Monochrome & Color MFDs

		FY 2019	FY 2018		FY 2017	
		Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
JPY	Monochrome	-4%	-6%	-3%	+4%	-1%
	Color	0%	-3%	0%	+7%	+5%
LC	Monochrome	-1%	-4%	-3%	-1%	-3%
	Color	+4%	-1%	-1%	+1%	+2%

Interchangeable Lens Digital Camera Ratio

	FY 2019	FY 2018		FY 2017	
	Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
Value Base	86%	85%	85%	85%	85%
Unit Base	64%	60%	61%	60%	58%

* Value Base Includes Interchangeable Lenses□

IC Stepper Unit Breakdown by Light Source

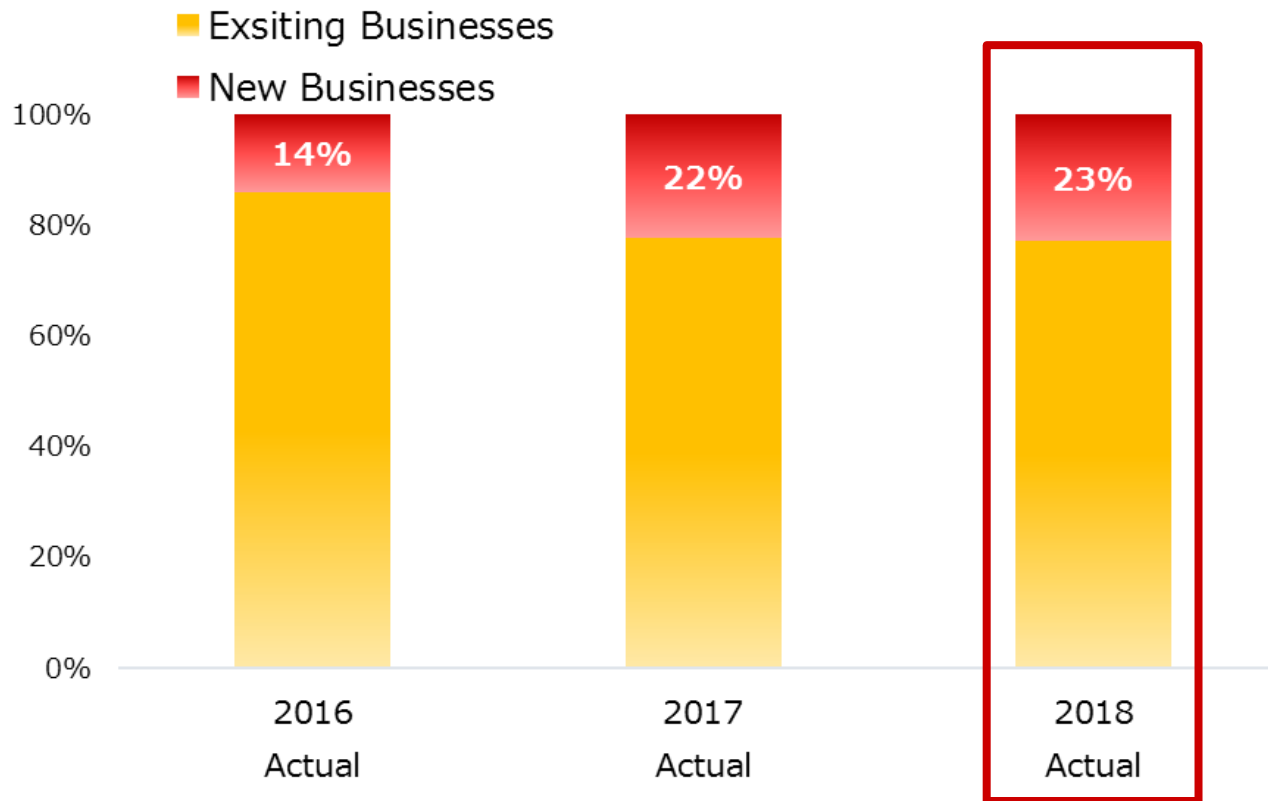
(unit)

	FY 2019	FY 2018		FY 2017	
	Full Year Projection	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual
KrF	39	7	32	10	24
i-Line	82	23	82	15	46
Total	121	30	114	25	70

Change in New Businesses Composition Ratio

- Percentage of sales attributable to new businesses increasing despite lower OLED vacuum deposition equipment sales
- Making steady progress in converting portfolio

Net Sales Composition



Note: The outsourcing business of commercial printing within the Office Business Unit was reclassified from a new business to an existing one. 2017 figures were also retroactively restated.

4Q 2018

FY 2018 Financial Results (4Q 2018)



	FY 2018				FY 2017				
(Billions of yen)	4Q Actual	Service Cost	Pension	4Q Actual (Pre-reclassification)	4Q Actual	Pension	4Q Actual (Pre-reclassification)	% Change (Pre- reclassification)	
Net Sales	1,058.3	0.0	0.0	1,058.3	1,120.3	0.0	1,120.3	-5.5%	
Gross Profit (% of Net Sales)	489.3 46.2%	-29.5	-0.7	519.5 49.1%	546.0 48.7%	-0.6	546.6 48.8%	-5.0%	
Op. Expenses	389.7	+29.5	-3.3	415.9	469.4	-1.8	467.6		
Op. Profit (% of Net Sales)	99.6 9.4%	0.0	-4.0	103.6 9.8%	76.6 6.8%	-2.4	79.0 7.1%	+31.1%	
Non-operating Income	0.4	0.0	+4.0	-3.6	11.9	+2.4	9.5		
IBT	100.0	0.0	0.0	100.0	88.5	0.0	88.5	+12.9%	
Net Income (% of Net Sales)	71.7 6.8%	0.0	0.0	71.7 6.8%	54.6 4.9%	0.0	54.6 4.9%	+31.3%	
USD	112.89			112.89	112.96		112.96		
EURO	128.74			128.74	132.98		132.98		

Note 1: In 2018, a reclassification of service revenue related costs and expenses was conducted.

Note 2: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

FY 2018 Financial Results by Business Unit (4Q 2018)



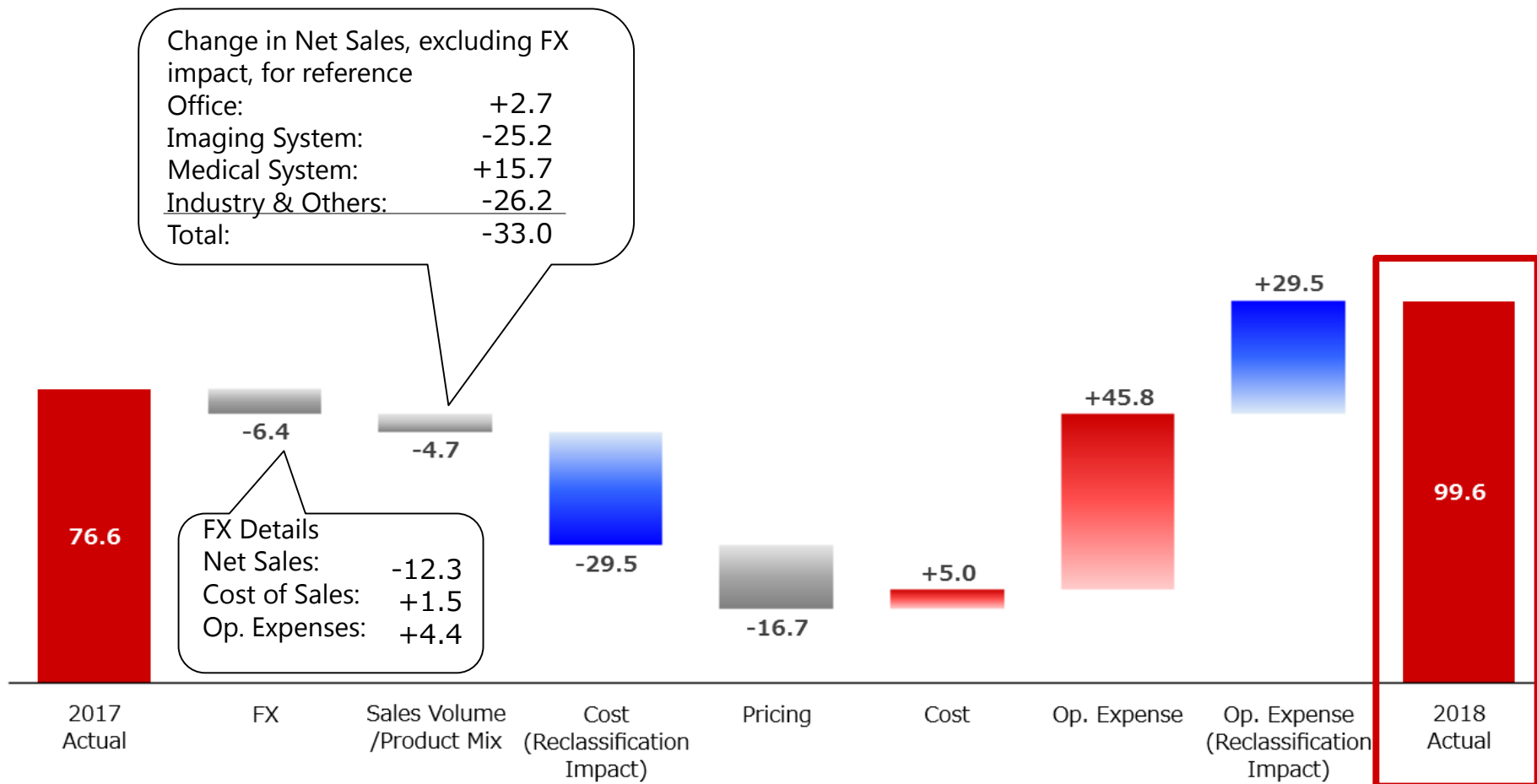
(Billions of yen)		4Q 2018 Actual	4Q 2017 Actual	% Change
Office	Net Sales	471.6	477.3	-1.2%
	Op. Profit	60.7	38.1	+59.2%
Imaging System	Net Sales	297.5	340.9	-12.7%
	Op. Profit	39.7	58.5	-32.2%
Medical System	Net Sales	118.2	103.7	+14.0%
	Op. Profit	8.8	4.8	+83.1%
Industry & Others	Net Sales	198.1	221.1	-10.4%
	Op. Profit	11.6	3.4	+244.7%
Corporate & Eliminations	Net Sales	-27.1	-22.7	-
	Op. Profit	-21.2	-28.2	-
Total	Net Sales	1,058.3	1,120.3	-5.5%
	Op. Profit	99.6	76.6	+30.0%

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Note 2: Due to a change in business model, the outsourcing business of Others within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated. (Impact on FY 2017 Actual Net Sales: 15.9 billions of yen, Operating Profit: -12.3 billions of yen)

FY 2018 Operating Profit Analysis (4Q 2018 Actual versus 4Q 2017 Actual)

(Billions of yen)



Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Office / Imaging System

(4Q 2018)

Office

(Billions of yen)

	4Q		
	2018 Actual	2017 Actual	% Change
MFDs	181.3	188.4	-3.8%
LPs	177.3	178.1	-0.5%
Others	113.0	110.8	+2.0%
Net Sales	471.6	477.3	-1.2%
Op. Profit	60.7	38.1	+59.2%
(% of Net Sales)	12.9%	8.0%	

Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2018 Actual
MFDs	-2.4%
LPs	-0.1%
Others	+3.4%
Total	-0.2%

Unit Growth Rate Y/Y

	4Q 2018 Actual	L P	4Q 2018 Actual
MFDs			
B&W	+4%	B&W	+5%
Color	+4%	Color	-5%
Total	+4%	Total	+3%

Imaging System

(Billions of yen)

	4Q		
	2018 Actual	2017 Actual	% Change
Cameras	176.0	207.7	-15.3%
IJPs	97.3	104.2	-6.7%
Others	24.3	29.0	-16.5%
Net Sales	297.5	340.9	-12.7%
Op. Profit	39.7	58.5	-32.2%
(% of Net Sales)	13.3%	17.2%	

Net Sales Growth Rate Y/Y (Local Currency)

	4Q 2018 Actual
Cameras	-13.7%
IJPs	-5.3%
Total	-11.3%

Units (Millions) & Unit Growth Rate Y/Y

	4Q 2018 Actual	% Change
DILCs	1.55	-9%
DCs	1.02	-9%
	4Q 2018 Actual	
IJPs	-10%	

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Note 2: Due to a change in business model, the outsourcing business of Others within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.
(Impact on FY 2017 Actual Net Sales: 15.9 billions of yen, Operating Profit: -12.3 billions of yen)

Medical System / Industry & Others

(4Q 2018)



Medical System

(Billions of yen)

	4Q		
	2018 Actual	2017 Actual	% Change
Net Sales	118.2	103.7	+14.0%
Op. Profit	8.8	4.8	+83.1%
(% of Net Sales)	7.5%	4.6%	

Net Sales Growth Rate Y/Y
(Local Currency)

	4Q 2018 Actual
Total	+15.2%

Industry & Others

(Billions of yen)

	4Q		
	2018 Actual	2017 Actual	% Change
Litho. Equip.	48.9	54.6	-10.6%
Others	149.2	166.5	-10.3%
Net Sales	198.1	221.1	-10.4%
Op. Profit	11.6	3.4	+244.7%
(% of Net Sales)	5.9%	1.5%	

Net Sales Growth Rate Y/Y
(Local Currency)

	4Q 2018 Actual
Litho. Equip.	-10.4%
Others	-9.7%
Total	-9.9%

Lithography Equipment (Units)

	4Q 2017 Actual	4Q 2018 Actual
Litho. Equip.	25	30
Others	21	17

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

Note 2: Due to a change in business model, the outsourcing business of Others within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.
(Impact on FY 2017 Actual Net Sales: 15.9 billions of yen, Operating Profit: -12.3 billions of yen)

FY 2018 RESULTS

Supplementary Data

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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 forwardlooking 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 document. 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.

1. Segment Information by Business Unit

(Millions of yen)

	FY 2017		FY 2018		FY 2019	% Change Y/Y		
						FY 2018		FY 2019
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection	4Q Actual	Full Year Actual	Full Year Projection
Office								
External customers	476,741	1,802,542	470,465	1,804,002	1,760,900	-1.3%	+0.1%	-2.4%
Intersegment	605	2,240	1,107	3,299	3,100	+83.0%	+47.3%	-6.0%
Total sales	477,346	1,804,782	471,572	1,807,301	1,764,000	-1.2%	+0.1%	-2.4%
Operating profit	38,108	189,261	60,669	220,804	212,500	+59.2%	+16.7%	-3.8%
Operating profit ratio	8.0%	10.5%	12.9%	12.2%	12.0%			
Imaging System								
External customers	340,738	1,135,584	297,258	1,007,365	967,300	-12.8%	-11.3%	-4.0%
Intersegment	182	604	274	800	1,700	+50.5%	+32.5%	+112.5%
Total sales	340,920	1,136,188	297,532	1,008,165	969,000	-12.7%	-11.3%	-3.9%
Operating profit	58,484	173,525	39,667	116,955	102,000	-32.2%	-32.6%	-12.8%
Operating profit ratio	17.2%	15.3%	13.3%	11.6%	10.5%			
Medical System								
External customers	103,508	434,985	118,094	437,305	476,500	+14.1%	+0.5%	+9.0%
Intersegment	174	1,202	93	273	500	-46.6%	-77.3%	+83.2%
Total sales	103,682	436,187	118,187	437,578	477,000	+14.0%	+0.3%	+9.0%
Operating profit	4,811	21,941	8,810	28,839	35,000	+83.1%	+31.4%	+21.4%
Operating profit ratio	4.6%	5.0%	7.5%	6.6%	7.3%			
Industry & Others								
External customers	199,304	706,904	172,523	703,265	695,300	-13.4%	-0.5%	-1.1%
Intersegment	21,833	85,946	25,617	101,946	109,200	+17.3%	+18.6%	+7.1%
Total sales	221,137	792,850	198,140	805,211	804,500	-10.4%	+1.6%	-0.1%
Operating profit	3,376	40,728	11,638	65,546	48,000	+244.7%	+60.9%	-26.8%
Operating profit ratio	1.5%	5.1%	5.9%	8.1%	6.0%			
Corporate & Eliminations								
External customers	-	-	-	-	-	-	-	-
Intersegment	-22,794	-89,992	-27,091	-106,318	-114,500	-	-	-
Total sales	-22,794	-89,992	-27,091	-106,318	-114,500	-	-	-
Operating profit	-28,191	-103,850	-21,206	-89,192	-72,500	-	-	-
Operating profit ratio								
Consolidated								
External customers	1,120,291	4,080,015	1,058,340	3,951,937	3,900,000	-5.5%	-3.1%	-1.3%
Intersegment	-	-	-	-	-	-	-	-
Total sales	1,120,291	4,080,015	1,058,340	3,951,937	3,900,000	-5.5%	-3.1%	-1.3%
Operating profit	76,588	321,605	99,578	342,952	325,000	+30.0%	+6.6%	-5.2%
Operating profit ratio	6.8%	7.9%	9.4%	8.7%	8.3%			

2. Other Income

(Millions of yen)

	FY 2017		FY 2018		FY 2019	Amount Change Y/Y		
						FY 2018		FY 2019
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection	4Q Actual	Full Year Actual	Full Year Projection
Interest and dividend, net	1,242	5,194	1,030	5,807	2,500	-212	+613	-3,307
FX gain (loss)	-3,416	-9,775	946	-6,044	300	+4,362	+3,731	+6,344
Equity earnings of affiliated cos.	281	1,196	-103	1,414	1,000	-384	+218	-414
Other, net	13,822	35,664	-1,489	18,763	18,700	-15,311	-16,901	-63
Total	11,929	32,279	384	19,940	22,500	-11,545	-12,339	+2,560

Notes:1. In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.

2. Due to a change in business model, the outsourcing business within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.

3. Net Sales by Region & Business Unit

	FY 2017		FY 2018		FY 2019	(Millions of yen)		
						% Change Y/Y		
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection	FY 2018	FY 2019	
						4Q Actual	Full Year Actual	Full Year Projection
Japan								
Office	103,599	381,475	99,099	385,114	-	-4.3%	+1.0%	-
Imaging System	60,338	174,944	53,441	152,787	-	-11.4%	-12.7%	-
Medical System	39,664	190,276	41,288	178,789	-	+4.1%	-6.0%	-
Industry & Others	39,091	138,133	41,946	152,887	-	+7.3%	+10.7%	-
Total	242,692	884,828	235,774	869,577	917,900	-2.9%	-1.7%	+5.6%
Overseas								
Office	373,142	1,421,067	371,366	1,418,888	-	-0.5%	-0.2%	-
Imaging System	280,400	960,640	243,817	854,578	-	-13.0%	-11.0%	-
Medical System	63,844	244,709	76,806	258,516	-	+20.3%	+5.6%	-
Industry & Others	160,213	568,771	130,577	550,378	-	-18.5%	-3.2%	-
Total	877,599	3,195,187	822,566	3,082,360	2,982,100	-6.3%	-3.5%	-3.3%
Americas								
Office	149,310	573,463	149,806	564,580	-	+0.3%	-1.5%	-
Imaging System	97,310	316,756	87,683	275,512	-	-9.9%	-13.0%	-
Medical System	26,226	102,131	31,534	102,560	-	+20.2%	+0.4%	-
Industry & Others	30,431	115,165	36,504	133,750	-	+20.0%	+16.1%	-
Total	303,277	1,107,515	305,527	1,076,402	1,066,400	+0.7%	-2.8%	-0.9%
Europe								
Office	146,760	550,251	143,330	549,042	-	-2.3%	-0.2%	-
Imaging System	91,598	301,906	82,628	278,417	-	-9.8%	-7.8%	-
Medical System	22,623	80,035	24,476	82,251	-	+8.2%	+2.8%	-
Industry & Others	28,123	96,223	29,735	105,718	-	+5.7%	+9.9%	-
Total	289,104	1,028,415	280,169	1,015,428	984,300	-3.1%	-1.3%	-3.1%
Asia & Oceania								
Office	77,072	297,353	78,230	305,266	-	+1.5%	+2.7%	-
Imaging System	91,492	341,978	73,506	300,649	-	-19.7%	-12.1%	-
Medical System	14,995	62,543	20,796	73,705	-	+38.7%	+17.8%	-
Industry & Others	101,659	357,383	64,338	310,910	-	-36.7%	-13.0%	-
Total	285,218	1,059,257	236,870	990,530	931,400	-17.0%	-6.5%	-6.0%
Intersegment								
Office	605	2,240	1,107	3,299	-	+83.0%	+47.3%	-
Imaging System	182	604	274	800	-	+50.5%	+32.5%	-
Medical System	174	1,202	93	273	-	-46.6%	-77.3%	-
Industry & Others	21,833	85,946	25,617	101,946	-	+17.3%	+18.6%	-
Eliminations	-22,794	-89,992	-27,091	-106,318	-	-	-	-
Total	0	0	0	0	0	-	-	-
Total								
Office	477,346	1,804,782	471,572	1,807,301	-	-1.2%	+0.1%	-
Imaging System	340,920	1,136,188	297,532	1,008,165	-	-12.7%	-11.3%	-
Medical System	103,682	436,187	118,187	437,578	-	+14.0%	+0.3%	-
Industry & Others	221,137	792,850	198,140	805,211	-	-10.4%	+1.6%	-
Eliminations	-22,794	-89,992	-27,091	-106,318	-	-	-	-
Total	1,120,291	4,080,015	1,058,340	3,951,937	3,900,000	-5.5%	-3.1%	-1.3%

4. Statements of Cash Flows

	FY 2017		FY 2018		FY 2019	(Millions of yen)		
						Amount Change Y/Y		
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection	FY 2018	FY 2019	
						4Q Actual	Full Year Actual	Full Year Projection
Net cash provided by operating activities	176,051	590,557	171,586	365,293	595,000	-4,465	-225,264	+229,707
Net cash used in investing activities	-32,858	-165,010	-59,161	-195,615	-290,000	-26,303	-30,605	-94,385
Free cash flow	143,193	425,547	112,425	169,678	305,000	-30,768	-255,869	+135,322
Net cash provided by (used in) financing activities	-70,621	-340,464	-119,536	-354,830	-320,000	-48,915	-14,366	+34,830
Effect of exchange rate changes on cash and cash equivalents	2,401	6,538	-7,478	-16,017	-5,645	-9,879	-22,555	+10,372
Net change in cash and cash equivalents	74,973	91,621	-14,589	-201,169	-20,645	-89,562	-292,790	+180,524
Cash and cash equivalents at end of period	721,814	721,814	520,645	520,645	500,000	-201,169	-201,169	-20,645

Note: Due to a change in business model, the outsourcing business within the Office Business Unit was reclassified to the Industry & Others Business Unit.
2017 figures were also retroactively restated.

5. Foreign Exchange Rate Impact

(1) Exchange rates

(Yen)

	FY 2017		FY 2018		FY 2019
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection
USD/Yen	112.96	112.13	112.89	110.43	105.00
EUR/Yen	132.98	126.69	128.74	130.29	125.00

(2) Amount of impact on net sales (Year over Year)

(Billions of yen)

	FY 2018		FY 2019
	4Q Actual	Full Year Actual	Full Year Projection
USD	+0.1	-17.8	-72.3
EUR	-7.9	+22.5	-35.2
Other currencies	-4.5	-3.7	-16.2
Total	-12.3	+1.0	-123.7

(3) Impact of foreign exchange rate per yen

(Billions of yen)

	FY 2019
	Full Year Projection
On sales	
USD	13.2
EUR	6.1
On operating Profit	
USD	4.4
EUR	3.0

6. Sales Growth on a Local Currency Basis (Year over Year)

	FY 2018		FY 2019
	4Q Actual	Full Year Actual	Full Year Projection
Office			
Japan	-4.3%	+1.0%	-
Overseas	+0.9%	-0.3%	-
Total	-0.2%	+0.1%	+1.0%
Imaging System			
Japan	-11.4%	-12.7%	-
Overseas	-11.3%	-11.1%	-
Total	-11.3%	-11.3%	-0.1%
Medical System			
Japan	+4.1%	-6.0%	-
Overseas	+22.2%	+6.3%	-
Total	+15.2%	+0.7%	+11.3%
Industry & Others			
Japan	+7.3%	+10.7%	-
Overseas	-17.8%	-3.3%	-
Total	-9.9%	+1.5%	+1.7%
Total			
Japan	-2.9%	-1.7%	-
Overseas	-4.9%	-3.6%	-
Americas	+0.9%	-1.7%	-
Europe	-0.3%	-3.2%	-
Asia and Oceania	-15.6%	-5.8%	-
Total	-4.4%	-3.2%	+1.8%

7. R&D Expenditure / Capex / Depreciation & Amoritization

(Millions of yen)

	FY 2017	FY 2018	FY 2019
	Full Year Actual	Full Year Actual	Full Year Projection
R&D Expenditure			
Office	91,743	87,967	-
Imaging System	91,784	85,626	-
Medical System	36,210	38,421	-
Industry and Others	68,151	71,996	-
Corporate & Eliminations	45,483	31,832	-
Total	333,371	315,842	312,500
% of Net Sales	8.2%	8.0%	8.0%
Capex			
Office	43,288	46,927	-
Imaging System	26,876	20,421	-
Medical System	7,599	7,059	-
Industry and Others	14,504	22,625	-
Corporate & Eliminations	55,275	62,284	-
Total	147,542	159,316	175,000
Depreciation & Amoritization			
Office	72,346	64,964	-
Imaging System	41,695	40,541	-
Medical System	5,212	9,365	-
Industry and Others	39,736	38,582	-
Corporate & Eliminations	102,892	98,102	-
Total	261,881	251,554	240,000

8. Other Financial Data

	FY 2017	FY 2018	FY 2019
	Full Year Actual	Full Year Actual	Full Year Projection
ROE*	8.6%	8.9%	8.4%
ROA*	4.7%	5.0%	4.9%
EPS - Basic (Yen)	222.88	234.09	222.27
EPS - Diluted (Yen)	222.88	234.08	222.26

	FY 2017	FY 2018
	Dec. 31	Dec. 31
Debt Ratio	10.2%	8.2%
Number of Employees		
Japan	73,665	73,460
Overseas	124,111	121,596
Total	197,776	195,056
Domestic Production Ratio	62%	62%

* Based on Net Income attributable to Canon Inc.

- Notes: 1. In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were also retroactively restated.
2. Due to a change in business model, the outsourcing business within the Office Business Unit was reclassified to the Industry & Others Business Unit. 2017 figures were also retroactively restated.