

First Quarter 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		% Change Y/Y	
	1Q Actual	Full Year Actual	1Q Actual	Full Year Projection	1Q	Full Year
Office						
External customers	457,137	1,863,688	457,140	1,937,700	+0.0%	+4.0%
Intersegment	608	2,240	582	1,300	-4.3%	-42.0%
Total sales	457,745	1,865,928	457,722	1,939,000	-0.0%	+3.9%
Operating profit	55,428	180,648	53,043	235,500	-4.3%	+30.4%
Operating profit ratio	12.1%	9.7%	11.6%	12.1%		
Imaging System						
External customers	241,900	1,135,584	221,642	1,152,000	-8.4%	+1.4%
Intersegment	159	604	157	1,000	-1.3%	+65.6%
Total sales	242,059	1,136,188	221,799	1,153,000	-8.4%	+1.5%
Operating profit	29,236	175,913	24,707	193,000	-15.5%	+9.7%
Operating profit ratio	12.1%	15.5%	11.1%	16.7%		
Medical System						
External customers	131,624	434,985	117,025	469,600	-11.1%	+8.0%
Intersegment	131	1,202	40	400	-69.5%	-66.7%
Total sales	131,755	436,187	117,065	470,000	-11.1%	+7.8%
Operating profit	9,896	22,505	10,507	27,000	+6.2%	+20.0%
Operating profit ratio	7.5%	5.2%	9.0%	5.7%		
Industry & Others						
External customers	142,100	645,758	164,905	740,700	+16.0%	+14.7%
Intersegment	20,360	85,946	23,643	98,300	+16.1%	+14.4%
Total sales	162,460	731,704	188,548	839,000	+16.1%	+14.7%
Operating profit	8,707	56,788	18,598	69,400	+113.6%	+22.2%
Operating profit ratio	5.4%	7.8%	9.9%	8.3%		
Corporate & Eliminations						
External customers	-	-	-	-	-	-
Intersegment	-21,258	-89,992	-24,422	-101,000	-	-
Total sales	-21,258	-89,992	-24,422	-101,000	-	-
Operating profit	-30,077	-114,249	-29,772	-120,900	-	-
Operating profit ratio						
Consolidated						
External customers	972,761	4,080,015	960,712	4,300,000	-1.2%	+5.4%
Intersegment	-	-	-	-	-	-
Total sales	972,761	4,080,015	960,712	4,300,000	-1.2%	+5.4%
Operating profit	73,190	321,605	77,083	404,000	+5.3%	+25.6%
Operating profit ratio	7.5%	7.9%	8.0%	9.4%		

2. Other Income

(Millions of yen)

	FY 2017		FY 2018		Amount Change Y/Y	
	1Q Actual	Full Year Actual	1Q Actual	Full Year Projection	1Q	Full Year
Interest and dividend, net	1,031	5,194	1,695	2,400	+664	-2,794
FX gain (loss)	-1,211	-9,775	413	-2,900	+1,624	+6,875
Equity earnings of affiliated cos.	512	1,196	297	1,000	-215	-196
Other, net	4,488	35,664	6,271	15,500	+1,783	-20,164
Total	4,820	32,279	8,676	16,000	+3,856	-16,279

* 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.

3. Net Sales by Region & Business Unit

(Millions of yen)

	FY 2017		FY 2018		% Change Y/Y	
	1Q Actual	Full Year Actual	1Q Actual	Full Year Projection	1Q	Full Year
Japan						
Office	94,054	381,475	98,626	-	+4.9%	-
Imaging System	32,611	174,944	28,401	-	-12.9%	-
Medical System	70,141	190,276	56,018	-	-20.1%	-
Industry & Others	33,761	138,133	41,895	-	+24.1%	-
Total	230,567	884,828	224,940	947,200	-2.4%	+7.0%
Overseas						
Office	363,083	1,482,213	358,514	-	-1.3%	-
Imaging System	209,289	960,640	193,241	-	-7.7%	-
Medical System	61,483	244,709	61,007	-	-0.8%	-
Industry & Others	108,339	507,625	123,010	-	+13.5%	-
Total	742,194	3,195,187	735,772	3,352,800	-0.9%	+4.9%
Americas						
Office	146,339	602,376	139,089	-	-5.0%	-
Imaging System	66,111	316,756	57,067	-	-13.7%	-
Medical System	24,144	102,131	22,368	-	-7.4%	-
Industry & Others	19,279	86,252	21,087	-	+9.4%	-
Total	255,873	1,107,515	239,611	1,147,300	-6.4%	+3.6%
Europe						
Office	141,004	580,825	144,192	-	+2.3%	-
Imaging System	66,556	301,906	63,462	-	-4.6%	-
Medical System	18,289	80,035	23,006	-	+25.8%	-
Industry & Others	15,723	65,649	17,189	-	+9.3%	-
Total	241,572	1,028,415	247,849	1,101,700	+2.6%	+7.1%
Asia & Oceania						
Office	75,740	299,012	75,233	-	-0.7%	-
Imaging System	76,622	341,978	72,712	-	-5.1%	-
Medical System	19,050	62,543	15,633	-	-17.9%	-
Industry & Others	73,337	355,724	84,734	-	+15.5%	-
Total	244,749	1,059,257	248,312	1,103,800	+1.5%	+4.2%
Intersegment						
Office	608	2,240	582	-	-4.3%	-
Imaging System	159	604	157	-	-1.3%	-
Medical System	131	1,202	40	-	-69.5%	-
Industry & Others	20,360	85,946	23,643	-	+16.1%	-
Eliminations	-21,258	-89,992	-24,422	-	-	-
Total	0	0	0	0	-	-
Total						
Office	457,745	1,865,928	457,722	-	-0.0%	-
Imaging System	242,059	1,136,188	221,799	-	-8.4%	-
Medical System	131,755	436,187	117,065	-	-11.1%	-
Industry & Others	162,460	731,704	188,548	-	+16.1%	-
Eliminations	-21,258	-89,992	-24,422	-	-	-
Total	972,761	4,080,015	960,712	4,300,000	-1.2%	+5.4%

4. Statements of Cash Flows

(Millions of yen)

	FY 2017		FY 2018		Amount Change Y/Y	
	1Q Actual	Full Year Actual	1Q Actual	Full Year Projection	1Q	Full Year
Net cash provided by operating activities	167,421	590,557	42,143	550,000	-125,278	-40,557
Net cash used in investing activities	-50,096	-165,010	-49,921	-330,000	+175	-164,990
Free cash flow	117,325	425,547	-7,778	220,000	-125,103	-205,547
Net cash provided by (used in) financing activities	-83,446	-340,464	-95,721	-321,800	-12,275	+18,664
Effect of exchange rate changes on cash and cash equivalents	-9,418	6,538	-17,604	-10,000	-8,186	-16,538
Net change in cash and cash equivalents	24,461	91,621	-121,103	-111,800	-145,564	-203,421
Cash and cash equivalents at end of period	654,654	721,814	600,711	610,000	-53,943	-111,814

5. Foreign Exchange Rate Impact

(1) Exchange rates

(Yen)

	FY 2017		FY 2018		
	1Q Actual	Full Year Actual	1Q Actual	2Q - 4Q Projection	Full Year Projection
USD/Yen	113.53	112.13	108.03	107.00	107.24
EUR/Yen	121.03	126.69	133.10	132.00	132.25

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

(Billions of yen)

	FY 2018	
	1Q Actual	Full Year Projection
USD	-16.0	-63.6
EUR	+19.1	+38.8
Other currencies	+1.2	+1.9
Total	+4.3	-22.9

(3) Impact of foreign exchange rate per yen

(Billions of yen)

	FY 2018
	2Q - 4Q Projection
On sales	
USD	11.2
EUR	5.1
On operating Profit	
USD	4.1
EUR	2.5

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

	FY 2018	
	1Q Actual	Full Year Projection
Office		
Japan	+4.9%	-
Overseas	-1.5%	-
Total	-0.2%	+4.6%
Imaging System		
Japan	-12.9%	-
Overseas	-8.8%	-
Total	-9.4%	+2.0%
Medical System		
Japan	-20.1%	-
Overseas	-2.0%	-
Total	-11.7%	+8.4%
Industry & Others		
Japan	+24.1%	-
Overseas	+13.4%	-
Total	+16.0%	+14.8%
Total		
Japan	-2.4%	-
Overseas	-1.4%	-
Americas	-2.1%	-
Europe	-4.6%	-
Asia and Oceania	+2.3%	-
Total	-1.7%	+6.0%

7. Net Sales Growth Rate of Hardware & Non-hardware

		FY 2017		FY 2018	
		1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
MFDs					
JPY	Hardware	-2%	+2%	-5%	+9%
	Non-hardware	-2%	+3%	+2%	+1%
LC	Hardware	0%	-2%	-6%	+10%
	Non-hardware	0%	+1%	0%	+1%
LPs					
JPY	Hardware	+12%	+6%	+2%	0%
	Non-hardware	+4%	+6%	-4%	0%
LC	Hardware	+12%	+3%	+3%	+1%
	Non-hardware	+3%	+3%	-2%	+2%
IJPs					
JPY	Hardware	+11%	+11%	-3%	+4%
	Non-hardware	-6%	-2%	-4%	0%
LC	Hardware	+14%	+8%	-4%	+5%
	Non-hardware	-4%	-5%	-5%	0%

8. Color Ratio (MFDs & LPs)

		FY 2017		FY 2018	
		1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
MFDs					
	Net Sales	59%	58%	58%	60%
	QTY	55%	55%	57%	57%
LPs					
	Net Sales	50%	52%	51%	53%
	QTY	16%	18%	17%	19%

9. Sales Growth by Monochrome & Color MFDs

		FY 2017		FY 2018	
		1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
JPY	Monochrome	-7%	-1%	-1%	0%
	Color	+2%	+5%	-2%	+8%
LC	Monochrome	-5%	-3%	-2%	+1%
	Color	+4%	+2%	-3%	+8%

10. Interchangeable Lens Digital Camera Ratio

		FY 2017		FY 2018	
		1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
Value Base		83%	85%	86%	87%
Unit Base		52%	58%	64%	62%

* Proportion of Total Digital Cameras

* Value Base Includes Interchangeable Lenses

11. IC Stepper Unit Breakdown by Light Source

(unit)

		FY 2017		FY 2018	
		1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
KrF		2	24	7	37
i-Line		9	46	20	89
Total		11	70	27	126

12. R&D Expenditure / Capex / Depreciation & Amorization

(Millions of yen)

	FY 2017		FY 2018	
	1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
R&D Expenditure				
Office	22,248	91,763	24,767	-
Imaging System	21,838	91,784	20,033	-
Medical System	11,176	36,210	9,910	-
Industry and Others	16,177	68,131	15,794	-
Corporate & Eliminations	10,655	45,483	8,416	-
Total	82,094	333,371	78,920	340,000
% of Net Sales	8.4%	8.2%	8.2%	7.9%
Capex	31,638	147,542	32,993	200,000
Depreciation & Amorization	62,139	261,881	60,537	245,000

13. Other Financial Data

	FY 2017		FY 2018	
	1Q Actual	Full Year Actual	1Q Actual	Full Year Projection
ROE *	8.0%	8.6%	8.1%	9.6%
ROA *	4.3%	4.7%	4.5%	5.4%
EPS (Yen)	50.44	222.88	52.89	259.32
Debt Ratio	12.8%	10.2%	10.7%	-
Number of Employees				
Japan	72,474	73,665	73,289	-
Overseas	125,000	124,111	124,829	-
Total	197,474	197,776	198,118	-
Domestic Production Ratio	65%	62%	62%	-

* Based on Net Income attributable to Canon Inc.

* 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.