

Third 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		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Office									
External customers	428,826	1,325,801	1,802,542	429,417	1,333,537	1,814,800	+0.1%	+0.6%	+0.7%
Intersegment	548	1,635	2,240	936	2,192	3,200	+70.8%	+34.1%	+42.9%
Total sales	429,374	1,327,436	1,804,782	430,353	1,335,729	1,818,000	+0.2%	+0.6%	+0.7%
Operating profit	43,273	155,758	195,348	49,850	166,469	228,500	+15.2%	+6.9%	+17.0%
Operating profit ratio	10.1%	11.7%	10.8%	11.6%	12.5%	12.6%			
Imaging System									
External customers	270,378	794,846	1,135,584	228,103	710,107	1,039,300	-15.6%	-10.7%	-8.5%
Intersegment	143	422	604	230	526	700	+60.8%	+24.6%	+15.9%
Total sales	270,521	795,268	1,136,188	228,333	710,633	1,040,000	-15.6%	-10.6%	-8.5%
Operating profit	39,166	116,892	175,913	21,429	80,902	127,500	-45.3%	-30.8%	-27.5%
Operating profit ratio	14.5%	14.7%	15.5%	9.4%	11.4%	12.3%			
Medical System									
External customers	111,327	331,477	434,985	107,556	319,211	441,800	-3.4%	-3.7%	+1.6%
Intersegment	806	1,028	1,202	82	180	1,200	-89.8%	-82.5%	-0.2%
Total sales	112,133	332,505	436,187	107,638	319,391	443,000	-4.0%	-3.9%	+1.6%
Operating profit	7,497	17,565	22,505	8,066	20,512	27,000	+7.6%	+16.8%	+20.0%
Operating profit ratio	6.7%	5.3%	5.2%	7.5%	6.4%	6.1%			
Industry & Others									
External customers	183,959	507,600	706,904	161,422	530,742	704,100	-12.3%	+4.6%	-0.4%
Intersegment	22,471	64,113	85,946	26,839	76,329	102,900	+19.4%	+19.1%	+19.7%
Total sales	206,430	571,713	792,850	188,261	607,071	807,000	-8.8%	+6.2%	+1.8%
Operating profit	17,613	38,287	42,088	14,296	55,501	61,000	-18.8%	+45.0%	+44.9%
Operating profit ratio	8.5%	6.7%	5.3%	7.6%	9.1%	7.6%			
Corporate & Eliminations									
External customers	-	-	-	-	-	-	-	-	-
Intersegment	-23,968	-67,198	-89,992	-28,087	-79,227	-108,000	-	-	-
Total sales	-23,968	-67,198	-89,992	-28,087	-79,227	-108,000	-	-	-
Operating profit	-29,554	-83,485	-114,249	-25,313	-80,010	-108,500	-	-	-
Operating profit ratio									
Consolidated									
External customers	994,490	2,959,724	4,080,015	926,498	2,893,597	4,000,000	-6.8%	-2.2%	-2.0%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	994,490	2,959,724	4,080,015	926,498	2,893,597	4,000,000	-6.8%	-2.2%	-2.0%
Operating profit	77,995	245,017	321,605	68,328	243,374	335,500	-12.4%	-0.7%	+4.3%
Operating profit ratio	7.8%	8.3%	7.9%	7.4%	8.4%	8.4%			

2. Other Income

(Millions of yen)

	FY 2017			FY 2018			Amount Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Interest and dividend, net	1,340	3,952	5,194	1,696	4,777	4,400	+356	+825	-794
FX gain (loss)	-2,894	-6,359	-9,775	-7,287	-6,990	-5,100	-4,393	-631	+4,675
Equity earnings of affiliated cos.	206	915	1,196	593	1,517	1,400	+387	+602	+204
Other, net	11,154	21,842	35,664	3,720	20,252	28,800	-7,434	-1,590	-6,864
Total	9,806	20,350	32,279	-1,278	19,556	29,500	-11,084	-794	-2,779

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 restated to conform with the current year's presentation.

2. Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.

3. Net Sales by Region & Business Unit

(Millions of yen)

	FY 2017			FY 2018			% Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Japan									
Office	88,460	277,876	381,475	92,516	286,015	-	+4.6%	+2.9%	-
Imaging System	40,708	114,606	174,944	36,053	99,346	-	-11.4%	-13.3%	-
Medical System	40,222	150,612	190,276	43,096	137,501	-	+7.1%	-8.7%	-
Industry & Others	31,282	99,042	138,133	33,684	110,941	-	+7.7%	+12.0%	-
Total	200,672	642,136	884,828	205,349	633,803	881,600	+2.3%	-1.3%	-0.4%
Overseas									
Office	340,366	1,047,925	1,421,067	336,901	1,047,522	-	-1.0%	-0.0%	-
Imaging System	229,670	680,240	960,640	192,050	610,761	-	-16.4%	-10.2%	-
Medical System	71,105	180,865	244,709	64,460	181,710	-	-9.3%	+0.5%	-
Industry & Others	152,677	408,558	568,771	127,738	419,801	-	-16.3%	+2.8%	-
Total	793,818	2,317,588	3,195,187	721,149	2,259,794	3,118,400	-9.2%	-2.5%	-2.4%
Americas									
Office	140,830	424,153	573,463	138,373	414,774	-	-1.7%	-2.2%	-
Imaging System	72,185	219,446	316,756	59,740	187,829	-	-17.2%	-14.4%	-
Medical System	31,419	75,905	102,131	26,039	71,026	-	-17.1%	-6.4%	-
Industry & Others	29,658	84,734	115,165	35,162	97,246	-	+18.6%	+14.8%	-
Total	274,092	804,238	1,107,515	259,314	770,875	1,090,100	-5.4%	-4.1%	-1.6%
Europe									
Office	128,497	403,491	550,253	125,376	405,712	-	-2.4%	+0.6%	-
Imaging System	68,940	210,308	301,906	61,268	195,789	-	-11.1%	-6.9%	-
Medical System	23,293	57,412	80,035	18,959	57,775	-	-18.6%	+0.6%	-
Industry & Others	23,026	68,100	96,221	23,049	75,983	-	+0.1%	+11.6%	-
Total	243,756	739,311	1,028,415	228,652	735,259	1,025,900	-6.2%	-0.5%	-0.2%
Asia & Oceania									
Office	71,039	220,281	297,351	73,152	227,036	-	+3.0%	+3.1%	-
Imaging System	88,545	250,486	341,978	71,042	227,143	-	-19.8%	-9.3%	-
Medical System	16,393	47,548	62,543	19,462	52,909	-	+18.7%	+11.3%	-
Industry & Others	99,993	255,724	357,385	69,527	246,572	-	-30.5%	-3.6%	-
Total	275,970	774,039	1,059,257	233,183	753,660	1,002,400	-15.5%	-2.6%	-5.4%
Intersegment									
Office	548	1,635	2,240	936	2,192	-	+70.8%	+34.1%	-
Imaging System	143	422	604	230	526	-	+60.8%	+24.6%	-
Medical System	806	1,028	1,202	82	180	-	-89.8%	-82.5%	-
Industry & Others	22,471	64,113	85,946	26,839	76,329	-	+19.4%	+19.1%	-
Eliminations	-23,968	-67,198	-89,992	-28,087	-79,227	-	-	-	-
Total	0	0	0	0	0	0	-	-	-
Total									
Office	429,374	1,327,436	1,804,782	430,353	1,335,729	-	+0.2%	+0.6%	-
Imaging System	270,521	795,268	1,136,188	228,333	710,633	-	-15.6%	-10.6%	-
Medical System	112,133	332,505	436,187	107,638	319,391	-	-4.0%	-3.9%	-
Industry & Others	206,430	571,713	792,850	188,261	607,071	-	-8.8%	+6.2%	-
Eliminations	-23,968	-67,198	-89,992	-28,087	-79,227	-	-	-	-
Total	994,490	2,959,724	4,080,015	926,498	2,893,597	4,000,000	-6.8%	-2.2%	-2.0%

4. Statements of Cash Flows

(Millions of yen)

	FY 2017			FY 2018			Amount Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Net cash provided by operating activities	105,400	414,506	590,557	29,429	193,707	440,000	-75,971	-220,799	-150,557
Net cash used in investing activities	-24,314	-132,152	-165,010	-47,284	-136,454	-240,000	-22,970	-4,302	-74,990
Free cash flow	81,086	282,354	425,547	-17,855	57,253	200,000	-98,941	-225,101	-225,547
Net cash provided by (used in) financing activities	-134,728	-269,843	-340,464	-90,818	-235,294	-333,800	+43,910	+34,549	+6,664
Effect of exchange rate changes on cash and cash equivalents	6,657	4,137	6,538	6,409	-8,539	-18,000	-248	-12,676	-24,538
Net change in cash and cash equivalents	-46,985	16,648	91,621	-102,264	-186,580	-151,800	-55,279	-203,228	-243,421
Cash and cash equivalents at end of period	646,841	646,841	721,814	535,234	535,234	570,000	-111,607	-111,607	-151,814

Note: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.

5. Foreign Exchange Rate Impact

(1) Exchange rates

(Yen)

	FY 2017			FY 2018			
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	4Q Projection	Full Year Projection
USD/Yen	110.93	111.82	112.13	111.47	109.53	110.00	109.66
EUR/Yen	130.42	124.39	126.69	129.63	130.88	130.00	130.64

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

(Billions of yen)

	FY 2018		
	3Q Actual	YTD Actual	Full Year Projection
USD	+1.8	-17.9	-27.6
EUR	-1.3	+30.5	+24.3
Other currencies	-3.0	+0.7	-5.4
Total	-2.5	+13.3	-8.7

(3) Impact of foreign exchange rate per yen

(Billions of yen)

	FY 2018
	4Q Projection
On sales	
USD	3.8
EUR	1.8
On operating Profit	
USD	1.2
EUR	0.9

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

	FY 2018		
	3Q Actual	YTD Actual	Full Year Projection
Office			
Japan	+4.6%	+2.9%	-
Overseas	-1.0%	-0.7%	-
Total	+0.3%	+0.1%	+0.9%
Imaging System			
Japan	-11.4%	-13.3%	-
Overseas	-15.8%	-11.1%	-
Total	-15.1%	-11.4%	-8.3%
Medical System			
Japan	+7.1%	-8.7%	-
Overseas	-7.9%	+0.6%	-
Total	-3.1%	-3.9%	+1.9%
Industry & Others			
Japan	+7.7%	+12.0%	-
Overseas	-16.3%	+2.4%	-
Total	-8.8%	+6.0%	+1.9%
Total			
Japan	+2.3%	-1.3%	-
Overseas	-8.8%	-3.1%	-
Americas	-5.7%	-2.7%	-
Europe	-5.7%	-4.4%	-
Asia and Oceania	-14.7%	-2.2%	-
Total	-6.6%	-2.7%	-1.7%

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

(Millions of yen)

	FY 2017			FY 2018		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection
R&D Expenditure						
Office	22,206	67,253	91,743	22,920	70,673	-
Imaging System	23,577	68,469	91,784	20,753	61,794	-
Medical System	9,204	27,816	36,210	9,518	28,819	-
Industry and Others	15,899	47,920	68,151	17,704	51,108	-
Corporate & Eliminations	11,432	34,281	45,483	6,507	20,162	-
Total	82,318	245,739	333,371	77,402	232,556	320,000
% of Net Sales	8.3%	8.3%	8.2%	8.4%	8.0%	8.0%
Capex	35,712	104,541	147,542	31,350	106,416	160,000
Depreciation & Amortization	67,665	194,280	261,881	64,379	185,921	245,000

8. Other Financial Data

	FY 2017		FY 2018	
	YTD Actual	Full Year Actual	YTD Actual	Full Year Projection
ROE*	9.0%	8.6%	8.4%	8.8%
ROA*	4.8%	4.7%	4.7%	4.9%
EPS - Basic (Yen)	172.30	222.88	167.67	232.46
EPS - Diluted (Yen)	172.30	222.88	167.66	232.45

	FY 2017	FY 2018
	Dec. 31	Sep. 30
Debt Ratio	10.2%	9.6%
Number of Employees		
Japan	73,665	73,896
Overseas	124,111	123,956
Total	197,776	197,852
Domestic Production Ratio	62%	61%

* 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 restated to conform with the current year's presentation.
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