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# Canon Inc.

## Second Quarter 2019 Results

July 24, 2019  
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## Decrease in sales and profit due to impact of external environment, which shows no signs of improvement

### External environment

- Prolonged U.S.-China trade friction
- Economic slowdown in China and Europe
- Delay in recovery of industrial equipment market

### Business performance

- External environment impacting existing businesses and new business of industrial equipment
- New businesses of medical and network cameras remain solid

(Billions of yen)	2Q 2019 Actual	2Q 2018 Actual	% Change
<b>Net Sales</b>	<b>905.9</b>	<b>1,006.4</b>	-10.0%
<b>Gross Profit</b> (% of Net Sales)	<b>406.4</b> 44.9%	<b>474.6</b> 47.2%	-14.4%
<b>Op. Expenses</b>	<b>363.3</b>	<b>376.6</b>	
<b>Op. Profit</b> (% of Net Sales)	<b>43.1</b> 4.8%	<b>98.0</b> 9.7%	-56.0%
<b>Non-operating Income</b>	<b>8.0</b>	<b>12.1</b>	
<b>IBT</b>	<b>51.1</b>	<b>110.1</b>	-53.6%
<b>Net Income</b> (% of Net Sales)	<b>34.5</b> 3.8%	<b>77.7</b> 7.7%	-55.6%
USD	109.80	109.14	
EURO	123.39	129.97	

We still do not see any signs of improvement in the business environment that surrounds us. In fact, since our last earnings announcement, the situation surrounding U.S.-China trade friction has become more and more chaotic and economic slowdown in China and Europe has worsened. Furthermore, in the industrial equipment market, the recovery of customer capital investment has been pushed out further due to sluggish smartphone demand and continuing decline in memory prices.

As for our second quarter performance, impacted by the challenging external environment, sales of Imaging System and industrial equipment were below those of last year. Additionally, sales of laser printers were down, reflecting actions taken by our OEM partner to adjust inventory, which was also the case in the previous quarter. As a result, we posted second quarter net sales, operating profit and net income that were down 10% to 905.9 billion yen, down 56% to 43.1 billion yen, and down 55.6% to 34.5 billion yen, respectively, which also reflects the high level of sales last year, which exceeded 1 trillion yen in the second quarter for the first time in 10 years.

However, even faced with such a challenging business environment, we grew sales of medical equipment and network cameras in new businesses, and in existing businesses, we launched new products, in line with our plan, which will support business growth in the future, including MFDs that offer enhanced security features and laser printers that make use of new toner.

# FY 2019 Financial Results by Business Unit

(2Q 2019 Actual versus 2Q 2018 Actual)

- Decrease in sales and profit of Office, Imaging System, and Industry & Others
- Double-digit growth in new business of Medical System

(Billions of yen)		2Q 2019 Actual	2Q 2018 Actual	% Change
Office	Net Sales	<b>427.9</b>	<b>462.7</b>	-7.5%
	Op. Profit	<b>42.9</b>	<b>60.8</b>	-29.4%
Imaging System	Net Sales	<b>204.7</b>	<b>251.0</b>	-18.5%
	Op. Profit	<b>12.7</b>	<b>35.2</b>	-64.0%
Medical System	Net Sales	<b>105.1</b>	<b>94.7</b>	+11.0%
	Op. Profit	<b>3.4</b>	<b>1.7</b>	+102.5%
Industry & Others	Net Sales	<b>192.4</b>	<b>224.7</b>	-14.4%
	Op. Profit	<b>7.0</b>	<b>20.9</b>	-66.7%
Corporate & Eliminations	Net Sales	<b>-24.2</b>	<b>-26.7</b>	-
	Op. Profit	<b>-22.9</b>	<b>-20.6</b>	-
Total	Net Sales	<b>905.9</b>	<b>1,006.4</b>	-10.0%
	Op. Profit	<b>43.1</b>	<b>98.0</b>	-56.0%

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

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For Office MFDs, in addition to continuing strong sales of next-generation color models, we grew unit sales of high-speed models that are expected to yield even more print volume. For laser printers, however, sales declined, reflecting the impact of actions taken by our OEM partner to adjust the level of consumable inventory in Europe, which was also the case in the first quarter. Though sales and profit for the entire business unit declined, the impact of inventory adjustment was resolved by the end of the first half.

As for Imaging System, although we saw unit sales of mirrorless cameras grow at a higher rate than the market, sales and profit for the entire business unit declined, due to the impact of DSLR market contraction, particularly for entry-class models. Although the level of profit was low compared with the same period last year, by promoting the optimization of production and sales organizations in line with market changes, profitability did pick up from its bottom in the previous quarter.

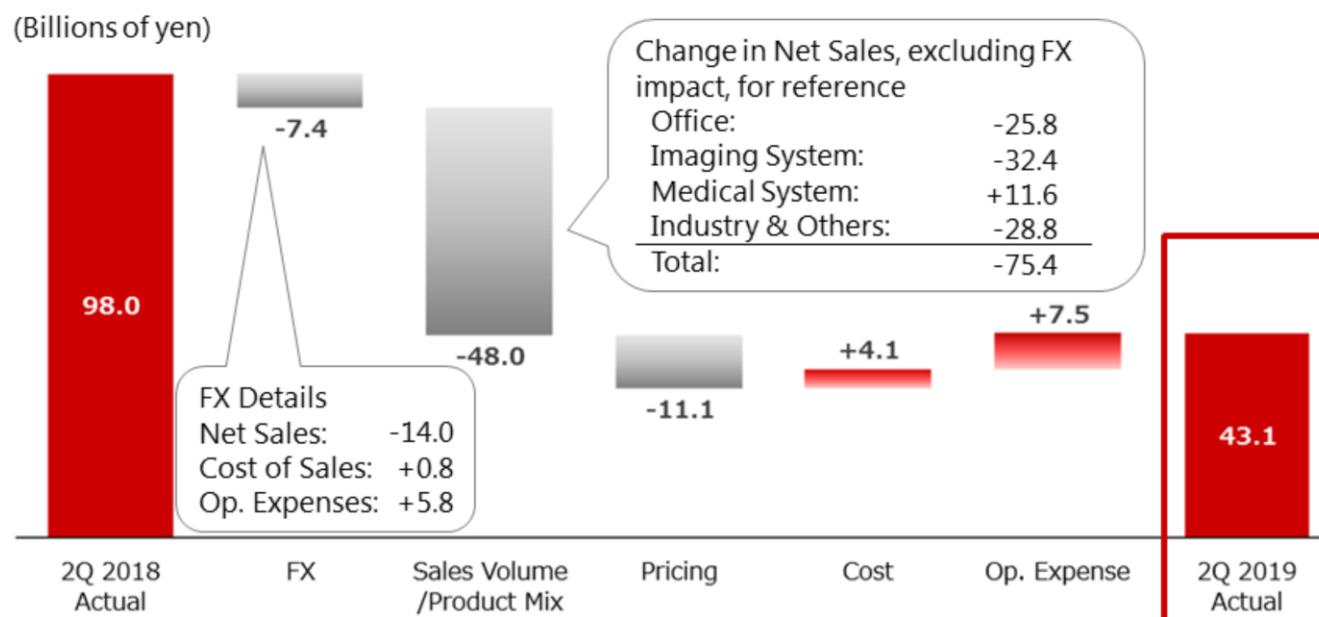
As for Medical System, one of our new businesses, sales and profit grew significantly, driven by the stream of new products we have released so far. We posted strong sales growth, particularly in the United States, where we enhance our sales organization, thanks to new CT and X-ray systems.

As for Industry & Others, sales and profit declined, mainly due to the impact of continuing restraint in customer capital investment in lithography equipment and OLED vacuum deposition equipment. In network cameras, however, we posted significant sales growth, particularly in the United States, capturing expanding demand through our rich product lineup and formidable sales network amid the market's ongoing expansion.

# FY 2019 Operating Profit Analysis

## (2Q 2019 Actual versus 2Q 2018 Actual)

- Changes in Sales Volume – although sales of medical and network cameras grew, the overall impact on net sales was negative due to the influence of changes in external environment on other businesses
- Expenses held to below last year thanks to concerted group-wide efforts



Changes in exchange rates had a negative impact on both sales and profit, mainly due to the impact of euro depreciation.

As for changes in sales volumes, although we increased sales of new businesses such as medical, thanks to new products, and network cameras, by steadily capturing strong demand, the overall impact was negative on both sales and profits, as our other businesses were impacted by the challenging external environment.

As for price reduction, this reflects our response mainly to the challenging market environment surrounding cameras.

Cost reduction, however, was 4.1 billion yen, above that of last year, thanks to a more stable pricing environment surrounding, for example, electronic parts and resin material.

As for expenses, we kept the level below that of last year through a concerted group-wide effort to leverage expenses.

# Key Message

(FY 2019 Projection)

## FX Assumptions

			Impact of exchange rate movement (2H impact given a one yen change)	
	2H 2019	FY 2019	Net Sales	Op. Profit
USD/Yen	105.00 yen	107.37 yen	6.8 billion yen	2.5 billion yen
EUR/Yen	120.00 yen	122.05 yen	3.2 billion yen	1.5 billion yen

## External Environment

- Weak global economy. Rise in uncertainty due to a number of factors, including trade friction and geopolitical risk

## FY 2019 Outlook

- Delay in full-fledge recovery in performance due to external environment
- Progress in business portfolio transformation as total sales of new businesses exceed those of last year

The global economy continued to grow at a modest pace, driven by the U.S. economy, which has been buoyed by favorable employment conditions and consumer spending. As for the future direction of the global economy, however, this has become increasingly unclear given the existence of many downside factors, such as economic slowdown in China and Europe, prolonged U.S.-China trade friction, and heightened geopolitical risks in the Middle East.

Taking these factors and current exchange rates into account, our exchange rate assumptions for the third quarter on are now 105 yen to the U.S. dollar, the same as our previous assumption, and 120 yen to the euro, which is 5 yen greater than our previous exchange rate assumption.

At the time of our previous earnings announcement, we projected that our performance would recover after bottoming out in the first quarter and that we would return to sales and profit growth in the second half of the year. However, in addition to being impacted by the sluggish macroeconomic environment, factors on the business level, including delays of customer investment in memory due to weak market conditions, led us to revise our projection, assuming it will take more time before we see a material recovery in our performance. Based on this outlook that we will be facing a challenging business environment, we lowered our projection for net sales and operating profit by 105.0 billion yen and 59.0 billion yen, respectively.

# Key Message

(FY 2019 Projection)

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- Delay in full-fledge recovery in performance due to external environment
- Progress in business portfolio transformation as total sales of new businesses exceed those of last year

That said, even in such a challenging business environment, we are making steady progress in transforming our business portfolio, expecting new business net sales to exceed those of last year, thanks to such factors as strong growth in our medical and network camera businesses. Additionally, in the second half as well, we will successively launch new products that will drive our future performance.

From a profitability perspective, we are working towards an early recovery in our ability to generate profit. To realize this, we are promoting comprehensive cost reduction in areas spanning procurement to production, up to and including services. We are also working on a group-wide basis to review and reduce investments and expenses. Additionally, we are making progress on structural reform, focusing on sales companies, to accelerate the shift from B2C to B2B.

We will work to firmly secure sales and profit growth from the next period on, implementing such measures while promoting transformation of our business portfolio.

# FY 2019 Financial Projection (Full Year)

- Sales and profit decline, partially due to significant impact of yen appreciation
- Lowered projection for net sales and operating profit by 105.0 and 59.0 billion yen, respectively

(Billions of yen)	FY 2019 Current Projection	FY 2018 Actual	% Change	FY 2019 Previous Projection	Amount Change
<b>Net Sales</b>	<b>3,745.0</b>	<b>3,951.9</b>	-5.2%	<b>3,850.0</b>	-105.0
<b>Gross Profit</b> (% of Net Sales)	<b>1,681.8</b> 44.9%	<b>1,835.6</b> 46.4%	-8.4%	<b>1,732.2</b> 45.0%	-50.4
<b>Op. Expenses</b>	<b>1,466.8</b>	<b>1,492.6</b>		<b>1,458.2</b>	-8.6
<b>Op. Profit</b> (% of Net Sales)	<b>215.0</b> 5.7%	<b>343.0</b> 8.7%	-37.3%	<b>274.0</b> 7.1%	-59.0
<b>Non-operating Income</b>	<b>25.0</b>	<b>19.9</b>		<b>21.0</b>	+4.0
<b>IBT</b>	<b>240.0</b>	<b>362.9</b>	-33.9%	<b>295.0</b>	-55.0
<b>Net Income</b> (% of Net Sales)	<b>160.0</b> 4.3%	<b>252.8</b> 6.4%	-36.7%	<b>200.0</b> 5.2%	-40.0
USD	107.37	110.43		106.20	
EURO	122.05	130.29		125.04	

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Compared with last year, we expect net sales to decline by 206.9 billion yen or 5.2%, operating profit to decline by 128.0 billion yen or 37.3%, and net income to decline by 92.8 billion yen or 36.7%.

We expect the yen to be stronger this year compared with last year. The negative impact of this is 112.5 billion yen on net sales. If this is excluded, net sales would show a decrease of only 2.4%.

Additionally, the negative exchange rate impact on operating profit is projected to be 43.8 billion yen. If this is excluded, operating profit would show a decrease of 24.5%.

# FY 2019 Financial Projection by Business Unit **Canon**

## (Full Year)

- Medical – Y/Y sales and profit growth as well as steady improvement in profitability
- Lowered full-year projection due to impact of external environment

(Billions of yen)		FY 2019 Current Projection	FY 2018 Actual	% Change	FY 2019 Previous Projection	Amount Change
Office	Net Sales	<b>1,746.0</b>	<b>1,807.3</b>	-3.4%	<b>1,772.5</b>	-26.5
	Op. Profit	<b>192.4</b>	<b>220.8</b>	-12.9%	<b>204.0</b>	-11.6
Imaging System	Net Sales	<b>865.0</b>	<b>970.4</b>	-10.9%	<b>889.0</b>	-24.0
	Op. Profit	<b>63.0</b>	<b>126.7</b>	-50.3%	<b>94.0</b>	-31.0
Medical System	Net Sales	<b>469.0</b>	<b>437.6</b>	+7.2%	<b>479.5</b>	-10.5
	Op. Profit	<b>34.8</b>	<b>28.8</b>	+20.7%	<b>36.2</b>	-1.4
Industry & Others	Net Sales	<b>769.6</b>	<b>842.9</b>	-8.7%	<b>815.5</b>	-45.9
	Op. Profit	<b>19.0</b>	<b>55.7</b>	-65.9%	<b>28.3</b>	-9.3
Corporate & Eliminations	Net Sales	<b>-104.6</b>	<b>-106.3</b>	-	<b>-106.5</b>	+1.9
	Op. Profit	<b>-94.2</b>	<b>-89.0</b>	-	<b>-88.5</b>	-5.7
Total	Net Sales	<b>3,745.0</b>	<b>3,951.9</b>	-5.2%	<b>3,850.0</b>	-105.0
	Op. Profit	<b>215.0</b>	<b>343.0</b>	-37.3%	<b>274.0</b>	-59.0

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

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As for Office, on a full-year basis, we expect sales and profit decline. This reflects the impact of actions taken by our OEM partner to adjust the level of inventory of laser printer consumables in the first half of the year. As we do not expect this to be a factor in the second half of the year and also due to the expansion of new product sales such as MFDs and laser printers, second-half sales and profit for the Office Business Unit are projected to be in line with the same period last year.

In Imaging System, we expect sales and profit of interchangeable-lens cameras to decline, due to the continued impact of mainly entry-class DSLR market contraction. However, in the area of mirrorless cameras, where we are focusing our energy, the effects of expanding our lineup will continue to lead to sales growth.

As for Medical System, we are targeting full-year sales and profit growth and plan to achieve this by maintaining the momentum of significant second quarter sales growth that was generated through new products, and by launching even more new products in the second half of the year.

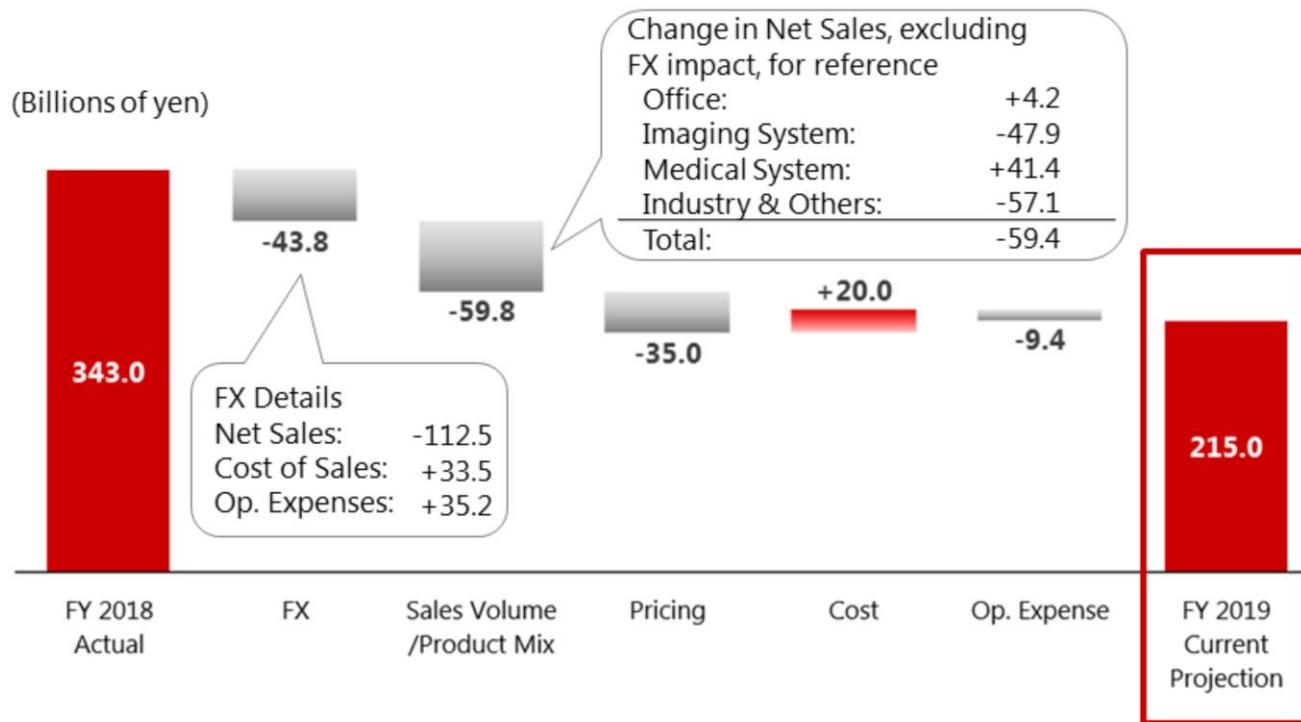
In Industry & Others, we expect a decline in sales and profit for lithography equipment and OLED vacuum deposition equipment due to the impact of restrained customer investment. For network cameras, however, we are aiming for full-year sales and profit growth. While maintaining the momentum that was generated in the first half of the year, we will achieve this by expanding sales, particularly in the United States and Asia through a further enhancement of our lineup, including cameras and video analytic applications.

However, taking the weak macroeconomic environment into consideration, we lowered our sales projection for laser printers, inkjet printers, and medical equipment, particularly for Europe and China. Additionally, we lowered our projection for lithography equipment and OLED vacuum deposition equipment due to delay in the timing of customer investment. In addition to the impact of this external environment, for cameras, while prioritizing the profitability of high-end models facing severe price competition, we saw a significant increase in the unit sales of competitive lower priced models. Based on this, we kept our plan for full-year unit sales, but expect a change in the product mix. As a result of these factors, we mainly revised our projection for profit.

# FY 2019 Operating Profit Analysis

(FY 2019 Current Projection versus FY 2018 Actual)

- FX – Significant impact on sales and profit due to yen appreciation
- Changes in sales volume – Decrease due to impact of cameras and industrial equipment, despite medical and network camera growth



As for changes in exchange rates, we expect significant negative impact from the yen's appreciation against the U.S. dollar and euro, projected to be approximately three and eight yen, respectively.

As for changes in sales volumes, despite expectations that new businesses such as medical and network cameras will continue to grow, we expect the overall impact to be negative, reflecting a large decrease in the revenue of cameras and industrial equipment.

As for price reduction, we will strive to limit the impact to 35.0 billion yen, which is in line with last year, while responding mainly to the challenging market environment surrounding cameras.

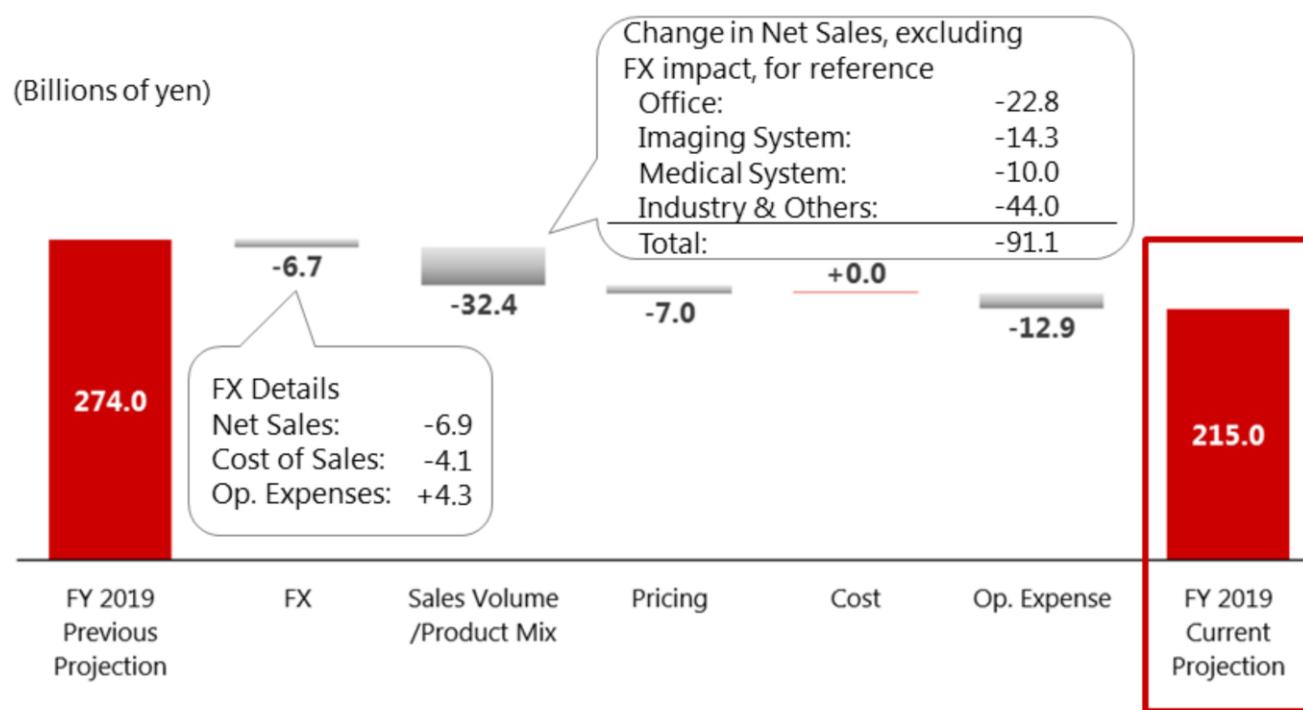
As for cost reduction, we expect to generate 20.0 billion yen, through the procurement of such things as electronic parts and resin material and through comprehensive cost management even amid lower production of mainly cameras and industrial equipment.

As for expenses, we included 30.0 billion yen, linked to the structural reform of mainly sales companies, in order to accelerate the shift from B2C to B2B. We will, however, strive to limit the overall increase in expenses to 9.4 billion yen, through a concerted group-wide effort.

# FY 2019 Operating Profit Analysis

(FY 2019 Current Projection versus FY 2019 Previous Projection)

- Changes in sales volume – Lowered projection for all business units
- Pricing - Additional amount added to reflect challenging environment
- Expense – Additional amount added to accelerate structural reform



Changes in exchange rates are projected to have a negative impact on both sales and profit. This reflects our results in the second quarter and our revised projection of euro depreciation in the second half of the year.

As for changes in sales volumes, we lowered our projection for all business units due to the impact of weak macroeconomic environment and push out in the timing of customer capital investment.

As for price reduction, given severe price competition in the camera market, we revised our projection to reflect an additional amount of 7.0 billion yen.

As for expenses, reflecting a growing sense of global economic slowdown, we included an additional amount of 10.0 billion yen to further accelerate structural reform.

- 2Q: Unit sales growth of color models thanks to steady market penetration of new products
- FY: Targeting profitability improvement by expanding sales of new production models

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
MFDs	166.4	178.3	-6.7%	666.0	684.3	-2.7%	683.7	-17.7
LPs	155.0	183.5	-15.6%	654.3	706.5	-7.4%	662.5	-8.2
Others	106.5	100.9	+5.6%	425.7	416.5	+2.2%	426.3	-0.6
<b>Net Sales</b>	<b>427.9</b>	<b>462.7</b>	<b>-7.5%</b>	<b>1,746.0</b>	<b>1,807.3</b>	<b>-3.4%</b>	<b>1,772.5</b>	<b>-26.5</b>
<b>Op. Profit</b>	<b>42.9</b>	<b>60.8</b>	<b>-29.4%</b>	<b>192.4</b>	<b>220.8</b>	<b>-12.9%</b>	<b>204.0</b>	<b>-11.6</b>
(% of Net Sales)	10.0%	13.1%		11.0%	12.2%		11.5%	

**2019 Net Sales Growth Rate Y/Y (Local Currency)**

	2Q Actual	Full year Projection
MFDs	-4.9%	+0.7%
LPs	-14.5%	-4.7%
Others	+7.4%	+5.3%
Total	-6.1%	-0.3%

**2019 Unit Growth Rate Y/Y**

MFDs	2Q Actual	Full year Projection
B&W	-1%	0%
Color	+1%	+7%
Total	0%	+4%

**imagePRESS C910 Series**



- Improved print speed
- Improved image quality
- Enhanced paper handling capability

We expect the market to remain solid, supported by demand for models that offer advanced features and high-speed from offices looking to improve productivity and by the growing demand for color equipment, particularly in emerging markets.

In the second quarter, we grew unit sales of color models, particularly in North America and Asia, as new next-generation color models that offer significantly enhanced security features steadily penetrated the market.

Additionally, to capture growing demand for high-volume printing within corporations, we launched a number of new production models in May. We are raising the competitiveness of our products as the new models not only inherit the high-productivity and durability of conventional models, but also offer improved features demanded of high-end models such as print speed, image quality, and the ability to handle thick and long paper types. In the second half of this year, we will work to improve profitability, raising service revenue, by expanding sales of these production models where even higher print volume is expected and through the contribution of the color MIF that we have steadily built up so far.

- 2Q: Decrease in net sales due to consumable inventory adjustment by OEM partner
- 2H: Accelerate sales expansion of new products and brand protection activities

(Billions of yen)

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#### 2019 Unit Growth Rate Y/Y

	2Q Actual	Full year Projection
LPs		
B&W	-13%	-9%
Color	+11%	+6%
Total	-9%	-7%

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First, consumables. In the second quarter, sales decreased due to the impact of efforts to adjust inventory levels by our OEM partner, which was also the case in the first quarter. This is largely due to a gradual increase in the use of non-genuine consumables in Europe. In the second half of the year during which the impact of inventory adjustment is not a factor, we will work to expand hardware sales and link this to growth in consumable sales. At the same time, in cooperation with our OEM partner, we will work to raise the proportion of genuine consumable usage, further strengthening measures that protect our brand from vendors that infringe upon our patents and promote the advantages of genuine consumables from both a quality and environmental perspective.

As for printers themselves, despite the support of color MFP demand, we expect the trend of modest market contraction to continue due to the impact of economic slowdown in China.

Against this backdrop, sales of our medium-speed monochrome and color models continue to be strong, particularly in developed countries. We attribute this to the high praise they have received for, among others, their compact size and the short amount of time between when the printer is started and when it is able to print. Additionally, in the second quarter, we launched four new medium-speed models that make use of newly developed toner. The new toner enables the new printers to realize a further reduction in energy consumption due to its lower fixing temperature. Continuing efforts to expand sales of medium- and high-speed models, which are expected to capture high print volumes, will facilitate the expansion of consumable sales in the future.

- Continuously enhancing the competitiveness of new products – Handling a wider range of media etc.
- Improve sales and profit through sales acceleration

(Billions of yen)

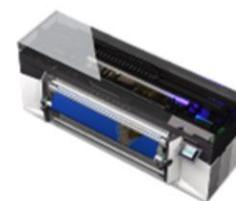
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LPs	-14.5%	-4.7%
Others	+7.4%	+5.3%
Total	-6.1%	-0.3%



Continuous-feed color inkjet press offering high image-quality  
**ProStream 1000**



Wide-format printer  
**Colorado 1650**

We have been focused on launching new products in the rapidly growing spheres of graphic arts and package printing.

In the second quarter, we significantly expanded the ability of our ProStream 1000 – a continuous feed press that offers industry-leading high resolution and print speed – to handle thick paper types. Further expanding the range of printed material that can be output, we saw a significant increase in sales, particularly in North America. Additionally, a new model in our Colorado series of wide-format printers garnered high-praise for its ability to print on a broader range of media, which resulted in us securing orders at a level exceeding our target at a printing industry event held in Germany in May.

In the second half of this year, these new products will drive accelerated sales growth which will in turn be linked to increased service revenue. Through these measures, we will work to improve the sales and profits of the business overall.

# Imaging System – Cameras

- Maintained full-year outlook for the market and own unit sales
- Raise presence in the market further and link this to mirrorless camera sales

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Cameras	122.6	163.2	-24.9%	497.3	594.9	-16.4%	508.5	-11.2
IJPs	68.4	73.9	-7.5%	309.5	320.2	-3.3%	319.7	-10.2
Others	13.7	13.9	-0.9%	58.2	55.3	+5.2%	60.8	-2.6
<b>Net Sales</b>	<b>204.7</b>	<b>251.0</b>	<b>-18.5%</b>	<b>865.0</b>	<b>970.4</b>	<b>-10.9%</b>	<b>889.0</b>	<b>-24.0</b>
<b>Op. Profit</b>	<b>12.7</b>	<b>35.2</b>	<b>-64.0%</b>	<b>63.0</b>	<b>126.7</b>	<b>-50.3%</b>	<b>94.0</b>	<b>-31.0</b>
(% of Net Sales)	6.2%	14.0%		7.3%	13.1%		10.6%	

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

### 2019 Net Sales Growth Rate Y/Y (Local Currency)

	2Q Actual	Full year Projection
Cameras	-22.9%	-13.0%
IJPs	-5.6%	-0.1%
Total	-16.4%	-7.5%

### 2019 Units (Millions) & Unit Growth Rate Y/Y

	2Q Actual		Full year Projection	
	Units	% Change	Units	% Change
DILCs	1.08	-22%	4.20	-17%
DCs	0.70	-17%	2.60	-18%

### Full-Frame Mirrorless



13-1

Looking at interchangeable-lens cameras, in addition to market contraction centered on entry-class DSLRs, in 2018 we launched three new products that led to a high level of sales in the second quarter of last year. As a result, unit sales for the second quarter this year were down 22% to 1.08 million.

Against this backdrop, we successively launched strategic full-frame models into the mirrorless camera market from the second half of last year. The introduction of a high-end model, further heightened our presence in the market and at the same time had a positive impact on overall sales of our mirrorless cameras.

On the other hand, in the full-frame category of the market where price competition is increasing, as a result of prioritizing profitability, unit sales were below our target. However, for interchangeable-lens cameras overall, our unit sales were in line with our plan. As a result, we retained our full-year projection for unit sales. In terms of revenue, we did lower our projection to reflect a change in product mix to our plan. However, in the second half of the year we will stimulate sales through the launch of new lenses.

# Imaging System – Cameras

- Maintained full-year outlook for the market and own unit sales
- Raise presence in the market further and link this to mirrorless camera sales

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Cameras	122.6	163.2	-24.9%	497.3	594.9	-16.4%	508.5	-11.2
IJPs	68.4	73.9	-7.5%	309.5	320.2	-3.3%	319.7	-10.2
Others	13.7	13.9	-0.9%	58.2	55.3	+5.2%	60.8	-2.6
<b>Net Sales</b>	<b>204.7</b>	<b>251.0</b>	<b>-18.5%</b>	<b>865.0</b>	<b>970.4</b>	<b>-10.9%</b>	<b>889.0</b>	<b>-24.0</b>
<b>Op. Profit</b>	<b>12.7</b>	<b>35.2</b>	<b>-64.0%</b>	<b>63.0</b>	<b>126.7</b>	<b>-50.3%</b>	<b>94.0</b>	<b>-31.0</b>
(% of Net Sales)	6.2%	14.0%		7.3%	13.1%		10.6%	

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

### 2019 Net Sales Growth Rate Y/Y (Local Currency)

	2Q Actual	Full year Projection
Cameras	-22.9%	-13.0%
IJPs	-5.6%	-0.1%
Total	-16.4%	-7.5%

### 2019 Units (Millions) & Unit Growth Rate Y/Y

	2Q Actual		Full year Projection	
	Units	% Change	Units	% Change
DILCs	1.08	-22%	4.20	-17%
DCs	0.70	-17%	2.60	-18%

### Full-Frame Mirrorless



13-2

Specifically, we will enhance our lineup launching 5 new lenses for mirrorless cameras. Through kit sales that leverage our broad range of mirrorless camera lenses and by bundling cameras with accessories like our lens adapter that makes it possible to use our existing rich lens lineup we will promote further expansion of mirrorless camera sales.

In addition, we will further strengthen our efforts to generate user interest in our mirrorless cameras. As a large percentage of high-end models purchases involve the customer actually handling the model and trying it out before buying, in major cities in Japan and other markets, we will create even more touch points for users, proactively expanding opportunities to actually experience our products.

Additionally, for professional photographers, we will foster trust in our products, offering, among others, enhanced support at international sports events.

Through these measures, we will further raise our presence in the market for high-end models, which will also have a rippling effect on more volume oriented cameras and subsequently link this to a further boost in sales.

As for compact cameras, sales were in line with our plan. As such, we maintain our full-year unit sales projection. Through the launch of new products, we will raise the proportion of sales attributable to premium G series models and link this to improved profitability.

# Imaging System – Inkjet Printers

- 2Q: Decrease in sales due to continued market contraction
- 2H: Accelerate sales of refillable ink tank models and new A3 MFDs

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Cameras	122.6	163.2	-24.9%	497.3	594.9	-16.4%	508.5	-11.2
IJPs	68.4	73.9	-7.5%	309.5	320.2	-3.3%	319.7	-10.2
Others	13.7	13.9	-0.9%	58.2	55.3	+5.2%	60.8	-2.6
<b>Net Sales</b>	<b>204.7</b>	<b>251.0</b>	<b>-18.5%</b>	<b>865.0</b>	<b>970.4</b>	<b>-10.9%</b>	<b>889.0</b>	<b>-24.0</b>
<b>Op. Profit</b>	<b>12.7</b>	<b>35.2</b>	<b>-64.0%</b>	<b>63.0</b>	<b>126.7</b>	<b>-50.3%</b>	<b>94.0</b>	<b>-31.0</b>
(% of Net Sales)	6.2%	14.0%		7.3%	13.1%		10.6%	

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

### 2019 Net Sales Growth Rate Y/Y (Local Currency)

	2Q Actual	Full year Projection
Cameras	-22.9%	-13.0%
IJPs	-5.6%	-0.1%
Total	-16.4%	-7.5%

### 2019 Unit Growth Rate Y/Y

	2Q Actual	Full year Projection
IJPs	-14%	0%

### Refillable Ink Tank models



The trend of market contraction continued. This reflects, among others, decreasing demand for home printing, particularly in developed countries, and the impact of economic slowdown in China and Europe. Our sales were also down due to the market's impact.

Despite overall market contraction, the refillable ink tank market segment continues to grow, mainly thanks to business-use models in emerging markets. We are also increasing sales in this segment. Last month, we launched new models offering improved print quality and increased paper tray capacity that are more suitable for business-use than models we have offered in the past. In addition to enhancing our lineup, we will invest in sales & marketing to further penetrate this market segment. Through this, we will accelerate sales in the second half to realize total unit sales for the full year that are in line with last year.

In the same high-print-volume business segment, from the end of last year and beginning with Japan, we started the global rollout of our first A3 MFD incorporated with a line head. We are expanding sales of this product, capturing the demand of users that require the unique media versatility of inkjet and high-volume printing at low running cost. And in the second half of the year, we will work to expand sales even further, supported by the global rollout of this product that will be completed when sales in Europe begin in July.

- 2Q: Double-digit sales growth, driven by new products aided by improved awareness
- FY: Advancing cost reduction initiatives and targeting sales and profit growth

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
<b>Net Sales</b>	<b>105.1</b>	<b>94.7</b>	+11.0%	<b>469.0</b>	<b>437.6</b>	+7.2%	<b>479.5</b>	-10.5
<b>Op. Profit</b>	<b>3.4</b>	<b>1.7</b>	+102.5%	<b>34.8</b>	<b>28.8</b>	+20.7%	<b>36.2</b>	-1.4
(% of Net Sales)	3.2%	1.8%		7.4%	6.6%		7.5%	

**2019 Net Sales Growth Rate Y/Y (Local Currency)**

	2Q Actual	Full year Projection
Total	+12.2%	+9.5%



CT  
**Aquilion Start**

15-1

This market continues to expand thanks to such factors as increasing replacement demand for equipment in the United States and improvements in healthcare infrastructure in emerging markets.

In the second quarter, we posted double-digit sales growth, as the range of new products that we have launched so far steadily grew, thanks to increased product recognition in the market. We are expanding sales of a new CT system launched in January that meets customer needs for systems offering high image quality and superior cost-performance, particularly in emerging markets.

In CT, we also announced our proprietary "Spectral Imaging System." This system achieves both a reduced level of radiation exposure and improved image quality. We will work to boost sales in the second half of the year by enhancing our lineup of products that incorporate such new technology and through the launch of a new MRI system in July.

- 2Q: Double-digit sales growth, driven by new products aided by improved awareness
- FY: Advancing cost reduction initiatives and targeting sales and profit growth

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
<b>Net Sales</b>	<b>105.1</b>	<b>94.7</b>	+11.0%	<b>469.0</b>	<b>437.6</b>	+7.2%	<b>479.5</b>	-10.5
<b>Op. Profit</b>	<b>3.4</b>	<b>1.7</b>	+102.5%	<b>34.8</b>	<b>28.8</b>	+20.7%	<b>36.2</b>	-1.4
(% of Net Sales)	3.2%	1.8%		7.4%	6.6%		7.5%	

**2019 Net Sales Growth Rate Y/Y (Local Currency)**

	2Q Actual	Full year Projection
Total	+12.2%	+9.5%



CT  
**Aquilion Start**

15-2

As for profitability, up until now, profit improvement was achieved by leveraging the knowhow that we have cultivated. From a manufacturing perspective, we started by raising the level of cleanliness of cleanrooms. From a product development perspective, we raised efficiency, making use of 3D simulation. And from a procurement perspective, we promoted cost reduction by consolidating trading partners.

We are further expanding the range of measures we are undertaking. For example, from a manufacturing perspective, we are working to reduce the number of production lines, which in the past have been dedicated to a certain model, through line sharing, leveraging our production engineering knowhow to standardize manufacturing processes, as much as possible. In the future, we will work to realize a further improvement in profitability, limiting, to the extent possible, investment towards increasing production by making use of resources made available through such measures in light of our plan to expand production as our medical business grows.

- IC lithography equipment - Revised full-year plan to reflect market conditions surrounding memory
- OLED vacuum deposition equipment – preparing for phase of market recovery
- Network cameras – Maintain growth, leveraging rich lineup

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Litho. Equip.	45.4	52.8	-13.9%	163.1	199.8	-18.4%	184.6	-21.5
Others	147.0	171.9	-14.6%	606.5	643.1	-5.7%	630.9	-24.4
<b>Net Sales</b>	<b>192.4</b>	<b>224.7</b>	<b>-14.4%</b>	<b>769.6</b>	<b>842.9</b>	<b>-8.7%</b>	<b>815.5</b>	<b>-45.9</b>
<b>Op. Profit</b>	<b>7.0</b>	<b>20.9</b>	<b>-66.7%</b>	<b>19.0</b>	<b>55.7</b>	<b>-65.9%</b>	<b>28.3</b>	<b>-9.3</b>
(% of Net Sales)	3.6%	9.3%		2.5%	6.6%		3.5%	

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

### 2019 Net Sales Growth Rate Y/Y (Local Currency)

### Lithography Equipment (Units)

	2019 Net Sales Growth Rate Y/Y (Local Currency)			Lithography Equipment (Units)			
	2Q Actual	Full year Projection		2Q 2018 Actual	2Q 2019 Actual	FY 2018 Actual	Full year Projection
Litho. Equip.	-13.6%	-17.8%	IC	32	21	114	83
Others	-14.0%	-3.6%	FPD	16	15	69	51
Total	-13.9%	-7.0%					

16-1

In the second quarter, unit sales of semiconductor lithography equipment declined due to worsening conditions of the memory market. Additionally, we are seeing customer investment towards memory being pushed out into next year and beyond, due in part to U.S.-China trade friction. As a result of these changes, we lowered our full-year unit sales projection from 100 to 83 units.

As for FPD lithography equipment, investment towards small- and medium-size panels remains in a phase of adjustment due to the slowdown in smartphone sales. As we are seeing an increase in manufacturers delaying their investment plans, we lowered our full-year unit sales projection by five units to 51 units.

- IC lithography equipment - Revised full-year plan to reflect market conditions surrounding memory
- OLED vacuum deposition equipment – preparing for phase of market recovery
- Network cameras – Maintain growth, leveraging rich lineup

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Litho. Equip.	45.4	52.8	-13.9%	163.1	199.8	-18.4%	184.6	-21.5
Others	147.0	171.9	-14.6%	606.5	643.1	-5.7%	630.9	-24.4
<b>Net Sales</b>	<b>192.4</b>	<b>224.7</b>	<b>-14.4%</b>	<b>769.6</b>	<b>842.9</b>	<b>-8.7%</b>	<b>815.5</b>	<b>-45.9</b>
<b>Op. Profit</b>	<b>7.0</b>	<b>20.9</b>	<b>-66.7%</b>	<b>19.0</b>	<b>55.7</b>	<b>-65.9%</b>	<b>28.3</b>	<b>-9.3</b>
(% of Net Sales)	3.6%	9.3%		2.5%	6.6%		3.5%	

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

### 2019 Net Sales Growth Rate Y/Y (Local Currency)

### Lithography Equipment (Units)

	2019 Net Sales Growth Rate Y/Y (Local Currency)			Lithography Equipment (Units)			
	2Q Actual	Full year Projection		2Q 2018 Actual	2Q 2019 Actual	FY 2018 Actual	Full year Projection
Litho. Equip.	-13.6%	-17.8%	IC	32	21	114	83
Others	-14.0%	-3.6%	FPD	16	15	69	51
Total	-13.9%	-7.0%					

16-2

Demand for OLED vacuum deposition equipment is being impacted by restrained customer investment. As a result, net sales decreased in the second quarter and is expected to decrease for the full year.

Although panel manufacturer investment remains in a phase of adjustment, the trend of incorporating OLED panels into smartphones is expected to grow, spreading from high-end models to more mainstream ones. As a result, we expect the number of small- and medium-size panel shipments to increase at a medium-term growth rate of over 10%. Going forward, we expect demand for large-size OLED panels used in televisions and other devices to expand as well. Due to this growing shift from LCDs to OLEDs, we believe demand for vacuum deposition equipment will recover in the near future.

Amid such a market environment, in order to maintain our overwhelming market share position, we will further raise the level of our high-resolution technology, an area in which we excel, and also advance the development of equipment used in the production of large-size panels. From a cost perspective, we will also continue our focus to implement measures aimed at reducing cost of sales. In this area, we are working to reduce the footprint of our equipment, decreasing the number of parts and linking this to improved transportation efficiency.

- IC lithography equipment - Revised full-year plan to reflect market conditions surrounding memory
- OLED vacuum deposition equipment – preparing for phase of market recovery
- Network cameras – Maintain growth, leveraging rich lineup

(Billions of yen)

	2Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Litho. Equip.	45.4	52.8	-13.9%	163.1	199.8	-18.4%	184.6	-21.5
Others	147.0	171.9	-14.6%	606.5	643.1	-5.7%	630.9	-24.4
<b>Net Sales</b>	<b>192.4</b>	<b>224.7</b>	<b>-14.4%</b>	<b>769.6</b>	<b>842.9</b>	<b>-8.7%</b>	<b>815.5</b>	<b>-45.9</b>
<b>Op. Profit</b>	<b>7.0</b>	<b>20.9</b>	<b>-66.7%</b>	<b>19.0</b>	<b>55.7</b>	<b>-65.9%</b>	<b>28.3</b>	<b>-9.3</b>
(% of Net Sales)	3.6%	9.3%		2.5%	6.6%		3.5%	

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

### 2019 Net Sales Growth Rate Y/Y (Local Currency)

### Lithography Equipment (Units)

	2Q	Full year		2Q 2018	2Q 2019	FY 2018	Full year
	Actual	Projection		Actual	Actual	Actual	Projection
Litho. Equip.	-13.6%	-17.8%	IC	32	21	114	83
Others	-14.0%	-3.6%	FPD	16	15	69	51
<b>Total</b>	<b>-13.9%</b>	<b>-7.0%</b>					

16-3

As for the network camera market, along with expanding demand, we are seeing diversification in the way network cameras are being used. As a result, having a wide variety of not only cameras, but also video management software and video analytic applications is becoming a must. For example, in the area of video management software, there is a need for systems offering a high-level of searchability and compressibility. Additionally, in video analytic applications, a wide lineup that can address diverse customer objectives is required. Due to such expanding customer needs, we expect the market to grow at a high rate of over 10% over the medium-term.

In line with such market growth, we have been capturing expanding customer needs, with our rich lineup of both hardware and software. As a result, we achieved high growth in the second quarter, and even in the first half, posted revenue growth of 10%.

Amid the expanding market, in order to capture even more demand, we will take continuing steps to differentiate our products. One way we are accomplishing this is to successively incorporate into our products, a newly developed image processing chip that has a significant impact on network camera performance. This chip, facilitates a further improvement in image quality, being able to capture clearer images of moving objects in dark situations thanks to its high-speed image processing technology. And through its improved compression technology, the amount of image data is reduced, which helps to limit the cost of data transmission.

In the future, we will improve the performance of key components, which will further raise the competitiveness of our products. And through this, we will realize high growth even for the full year.

- Imaging System – Lower to an appropriate level by year end
- Medical and Industry & Others – Building inventory for future sales expansion

(Billions of yen)		FY 2018				FY 2019	
		1Q	2Q	3Q	4Q	1Q	2Q
Office	Amt.	207.5	209.9	224.6	206.1	215.2	205.8
	Days	41	42	46	42	44	44
Imaging System	Amt.	140.5	145.2	173.8	139.6	156.2	151.6
	Days	47	57	67	50	62	73
Medical System	Amt.	80.4	86.0	89.3	90.6	93.8	93.0
	Days	66	74	80	73	75	79
Industry & Others	Amt.	160.1	158.3	172.7	175.0	185.7	180.7
	Days	73	75	86	91	101	103
<b>Total</b>	<b>Amt.</b>	<b>588.5</b>	<b>599.4</b>	<b>660.4</b>	<b>611.3</b>	<b>650.9</b>	<b>631.1</b>
	<b>Days</b>	<b>52</b>	<b>56</b>	<b>62</b>	<b>56</b>	<b>62</b>	<b>65</b>

Note: 2018 results for businesses such as broadcast equipment and cinema-use video cameras that were included in Imaging System were reclassified to Industry & Others.

Inventory turnover at the end of June was 65 days, 9 days longer than it was at the end of the same month last year.

In Imaging System, the level of camera inventory was high due to a slowdown in sales. We will, however, work to lower this to an appropriate level by the end of the year, adjusting production as we closely watch the pace of market contraction and selling season trends.

For Medical, we are building up inventory to prepare for the expansion of sales of new products. Also, in Industry & Others, we are building up inventory to align with our plan to increase sales of network cameras in the second half of the year.

# Cash Flow

## (Full Year)

- Expect to secure funds for growth and maintain cash-on-hand in line with previous projection
- Improvement in free cash flow compared with last year

(Billions of yen)	FY 2019 Current Projection	FY 2019 Previous Projection	FY 2018 Actual
Net cash provided by operating activities	450.0	570.0	365.3
Net cash used in investing activities	-240.0	-260.0	-195.6
<b>Free cash flow</b>	<b>210.0</b>	<b>310.0</b>	<b>169.7</b>
Net cash provided by (used in) financing activities	-230.0	-325.0	-354.9
Effect of exchange rate changes on cash and cash equivalents	-10.6	-5.6	-16.0
Net change in cash and cash equivalents	-30.6	-20.6	-201.2
<b>Cash and cash equivalents at end of period</b>	<b>490.0</b>	<b>500.0</b>	<b>520.6</b>
<b>Cash-on-hand (In months of Net sales) (Note)</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>
Capital expenditure	165.0	165.0	159.3
Depreciation	230.0	230.0	251.6

Note: Calculated using second-half net sales for 2018 results and 2019 current projection. Calculated using full-year net sales for 2019 previous projection.

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Compared with our previous projection, operating cash flow is projected to be lower as we lowered our outlook for net income. Despite this, through a review of our plan to repay debt, we will work to secure funds that will be used for future growth and maintain our previous projection for cash-on-hand.

Compared to last year, we will work to raise free cash flow by improving working capital efficiency through inventory reduction and other measures.

The business environment has become increasingly more challenging. As a result, we expect delay in the full-fledged recovery in our performance. In our new businesses, however, we are posting steady growth, and as a result, the proportion of total sales attributable to them has increased, evidencing steady progress towards transforming our business portfolio. Additionally, in both existing and new businesses we are successively launching new products in line with our plan that will drive our performance in the future as it did in the first half and is expected to do in the second half of this year.

This year, both sales and profit will be negatively impacted by the yen's appreciation against both the U.S. dollar and the euro. Excluding this impact, however, shows that we expect second half sales and profit to exceed last year and recover to around the same level as last year, respectively. While promoting acceleration in the structural reform of mainly sales companies, we will strive to ensure recovery in the second half of the year and link this to a jump up in our performance from next year on.

■ **Canon’s Corporate Philosophy  
Kyosei and “SDGs” envisage the  
same society**

Canon Group contributes to achievement of  
“SDGs” through environmental & CSR activities  
via business activities

**Realization of a  
better society**

Measures via  
Business Activities

**Canon’s  
Corporate  
Philosophy  
Kyosei**

Contribute to the  
prosperity and  
wellbeing of the world

- Canon Group Code of Conduct
- Canon Group Environmental Charter
- Procurement Policy
- Basic Policy on Product Safety
- Product Safety Technical Standards
- Canon Group CSR Activity Policy

etc.

**Canon Group  
CSR Basic Statement**

**Sustainable Development Goals (SDGs)**



**Aim for “a world in which every country enjoys  
sustainable economic growth and decent work for all”**

Source: The 2030 Agenda for Sustainable Development

In order to continue to grow in the future, we realize that environmental & CSR initiatives are also important and we are promoting various activities in these areas. Today, I will discuss two of them, specifically the relationship between Canon’s environmental & CSR activities and Sustainable Development Goals (SDGs) and how environmental & CSR activities are integrated into our management.

First, the relationship between Canon’s environmental & CSR activities and SDGs. In 1988, Canon introduced its corporate philosophy of *kyosei*. Based on this philosophy, Canon establish policies and standards related to the environment & CSR and with the purpose of realizing a better society, Canon aims to contribute to the sustainable growth of society through its business activities.

In 2015, the United Nations adopted SDGs whereby countries around the globe agreed to work towards the realization of a sustainable society. We believe this aligns perfectly with our corporate philosophy as well as the environmental & CSR activities that we have undertaken so far.

■ **Integration of environmental & CSR activities with management and business activities**

✓ **Consolidated Performance Evaluation System**

Performance of each business includes **evaluation of response towards environment & CSR issues** (From 2001)

✓ **Group Global Summit**

HQs, business groups, major group cos. **Top management discuss environmental & CSR issues** (From 2001)

✓ **Environment Activity Report**

**Management confirms on a monthly basis** achievement of Group environmental targets (From 2008)

■ **Resolving social issues through business activities**

Medical equipment  Network Cameras   
Industrial Equipment that support IT and daily life  etc.



Businesses that contribute to resolving issues facing the international community is a key strategy of our medium- to longer-term management plan

Next, in Canon, we have deeply rooted interlocking structure of environmental & CSR activities and management. One component of this is the Consolidated Performance Evaluation System, which covers each business, manufacturing company, as well as sales company. Evaluating an organization’s performance, not only its financial results, but also from other perspectives, such as environmental & CSR activities is a part of business management. The first evaluation was conducted in 2001 and evaluation indexes are constantly optimized in line with world changes.

In addition to this, top management of business divisions and Group companies come together for the Canon Global Summit, a plenary meeting that provides the opportunity to discuss issues that pertain to the environment & CSR, which helps to define the direction in which the Group should move.

Furthermore, we are taking steps to resolve social issues through our business activities. In concrete terms, we believe we can contribute significantly to resolving issues facing the international community, through new businesses such as healthcare and network cameras, which themselves promote health, security, safety, industrial innovation. Strengthening and expanding these new businesses is one key strategy in our medium-term management plan and we are focusing on allocating management resources in a prioritized manner.

Going forward as well, we will take steps to resolve social issues through various business activities, contributing to the achievement of SDGs while moving towards realizing a better society.

# Supplementary Information

**Net Sales Growth Rate of Hardware & Non-hardware**

		FY 2019		FY 2018	
		2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
<b>MFDs</b>					
JPY	Hardware	-8%	-1%	+4%	-1%
	Non-hardware	-6%	-4%	0%	-1%
LC	Hardware	-6%	+3%	+3%	-2%
	Non-hardware	-4%	-1%	-2%	-2%
<b>LPs</b>					
JPY	Hardware	-3%	-5%	-2%	+1%
	Non-hardware	-23%	-9%	+4%	-1%
LC	Hardware	-3%	-2%	-3%	+1%
	Non-hardware	-21%	-6%	+2%	-1%
<b>IJPs</b>					
JPY	Hardware	-8%	+3%	-4%	-3%
	Non-hardware	-8%	-6%	-6%	-5%
LC	Hardware	-6%	+7%	-6%	-3%
	Non-hardware	-6%	-3%	-8%	-5%

**Color Ratio (MFDs & LPs)**

		FY 2019		FY 2018	
		2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
<b>MFDs</b>	Net Sales	59%	60%	59%	59%
	QTY	59%	59%	59%	58%
<b>LPs</b>	Net Sales	52%	52%	51%	51%
	QTY	20%	20%	16%	18%

**Sales Growth by Monochrome & Color MFDs**

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

**Interchangeable Lens Digital Camera Ratio**

	FY 2019		FY 2018	
	2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
Value Base	85%	85%	87%	85%
Unit Base	61%	62%	62%	61%

\* Value Base Includes Interchangeable Lenses

**IC Lithography Equipment Unit Breakdown by Light Source** (Units)

	FY 2019		FY 2018	
	2Q Actual	Full Year Projection	2Q Actual	Full Year Actual
KrF	8	20	12	32
i-Line	13	63	20	82
Total	21	83	32	114