



## **Canon Inc.**

### **Q3 2019 Analyst Meeting**

#### **Q&A Session Summary**

**Q1. Laser printer consumable revenue was down in the first half and also in the third quarter. Furthermore, you lowered your full-year projection. What are the reasons for this?**

A1. The major reason for this was economic slowdown in Europe.

**Q2. At HP's recently held securities analyst meeting, HP provided an update on its printing business strategy. Will there be any change in your relationship with them in the future?**

A2. As an OEM partner, information regarding strategic direction is shared. We regard the point of protecting the OEM brand in the aftermarket very positively. There will be no change in our existing policy of working together to promote genuine consumable sales.

**Q3. How do you see the semiconductor lithography equipment and OLED vacuum deposition equipment markets?**

A3. As for semiconductor lithography equipment, we are seeing the downward trend in memory prices subsiding as the balance between supply and demand evens out. If this continues, we expect the market to recover to around the same level as 2018 in the next term. As for OLED vacuum deposition equipment, Chinese manufacturers that promote domestic production make up a large part of current investment. Although it is difficult to say how other manufacturers will respond, we feel the worst is behind us.

**Q4. As for structural reform, what is the expected cost this year? Additionally, what value do you expect to garner from this going forward? As a follow up, I understand that your structural reform efforts are mainly focused on sales companies. Is there a need for this in production areas as well?**

A4. As for structural reform, there has been significant change in the markets for products we handle as well as in the way our products are sold over the past 10 years. For efficient business operation, we are booking 30 billion yen in related expenses this year, which is mainly linked to sales companies. The structural reform we are carrying out this time also aims to strengthen our sales capabilities therefore it is difficult to quantify the benefits that we can expect. As for production, because we are constantly working for optimization, in line with changes in production, this is not theme of structural reform.

**Q5. What is your thinking with regards to dividends?**

A5. In order to encourage long-term investing, we work to provide a stable and active return to shareholders. Decisions regarding the dividend are not based on performance in a single year. We take a comprehensive approach, which includes a review of our medium-term plan for cash flow.

**Q6. What are your expectations for the camera market next year?**

A6. Based on what we see now, we expect the market to continue contracting at around the same rate as this year.

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