
Canon Inc.

Second Quarter 2024 Results

July 25, 2024

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Agenda

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2Q 2024 Review

- In markets in which we compete, demand remained weak in certain regions due to slowdown in global economic growth
- Recovery in camera, network camera, and laser printer sales as inventory adjustments were completed as planned
- Steady growth in semiconductor lithography equipment, commercial printing equipment, and medical business sales where medium- to long-term market growth is expected
- Achieved 14% increase in sales compared to the same period last year and record high sales for second quarter
- Nearly 30% increase in operating profit, profitability raised to 10.1%

P&L

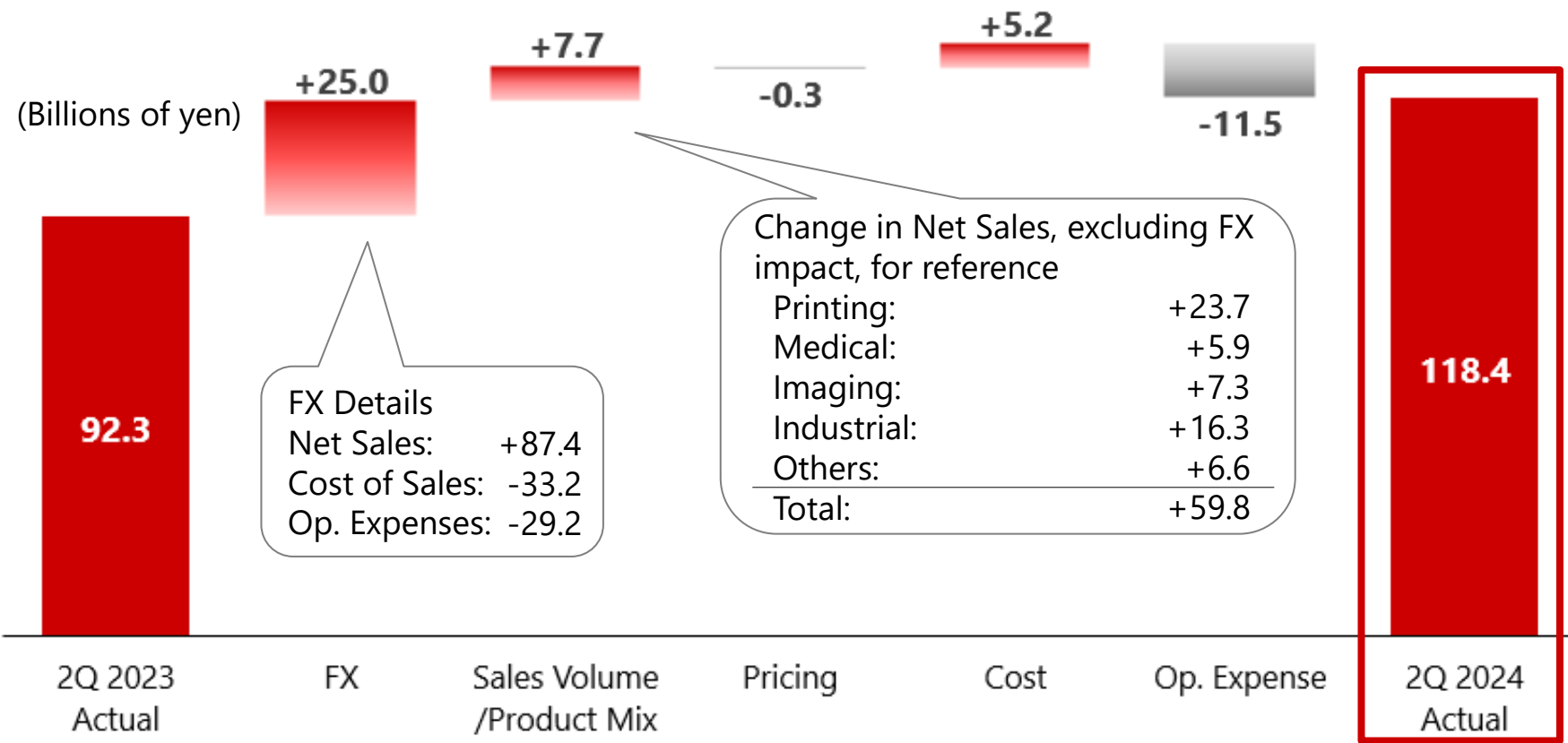
(2Q/1H 2024 Results)

(Billions of yen)	2Q		
	2024 Actual	2023 Actual	% Change
Net Sales	1,167.8	1,020.9	+14.4%
Gross Profit (% of Net Sales)	551.6 47.2%	484.8 47.5%	+13.8%
Op. Expenses (% of Net Sales)	433.2 37.1%	392.5 38.5%	
Op. Profit (% of Net Sales)	118.4 10.1%	92.3 9.0%	+28.3%
IBT	132.2	101.1	+30.8%
Net Income (% of Net Sales)	89.9 7.7%	65.4 6.4%	+37.4%
USD	155.93	137.57	
EUR	167.98	149.62	

	1st Half		
	2024 Actual	2023 Actual	% Change
	2,156.3	1,992.0	+8.2%
	1,030.0 47.8%	938.8 47.1%	+9.7%
	831.5 38.6%	762.1 38.2%	
	198.5 9.2%	176.7 8.9%	+12.3%
	221.4	188.7	+17.4%
	149.8 6.9%	121.8 6.1%	+23.0%
	152.60	135.09	
	164.97	145.88	

2Q 2024 Operating Profit Analysis

(2Q 2024 Actual versus 2Q 2023 Actual)



2024 Financial Results by Business Unit



(2Q/1H 2024 Actual versus 2Q/1H 2023 Actual)

(Billions of yen)		2Q			1st Half		
		2024 Actual	2023 Actual	% Change	2024 Actual	2023 Actual	% Change
Printing	Net Sales	654.5	574.9	+13.8%	1,234.8	1,133.1	+9.0%
	Op. Profit	79.2	59.3	+33.6%	144.7	109.9	+31.7%
	(%)	(12.1%)	(10.3%)		(11.7%)	(9.7%)	
Medical	Net Sales	141.0	126.1	+11.8%	275.2	257.2	+7.0%
	Op. Profit	5.5	4.4	+24.4%	11.1	11.3	-2.0%
	(%)	(3.9%)	(3.5%)		(4.0%)	(4.4%)	
Imaging	Net Sales	244.7	219.2	+11.6%	420.3	411.7	+2.1%
	Op. Profit	41.0	34.5	+19.0%	55.3	71.7	-22.9%
	(%)	(16.8%)	(15.7%)		(13.2%)	(17.4%)	
Industrial	Net Sales	94.5	74.9	+26.2%	162.9	136.9	+19.0%
	Op. Profit	17.9	12.1	+48.2%	30.0	19.5	+53.6%
	(%)	(19.0%)	(16.1%)		(18.4%)	(14.2%)	
Others & Corporate	Net Sales	59.9	51.1	+17.2%	115.0	106.5	+8.0%
	Op. Profit	-24.8	-16.5	-	-43.6	-34.5	-
Eliminations	Net Sales	-26.8	-25.3	-	-51.9	-53.4	-
	Op. Profit	-0.4	-1.5	-	1.0	-1.2	-
Total	Net Sales	1,167.8	1,020.9	+14.4%	2,156.3	1,992.0	+8.2%
	Op. Profit	118.4	92.3	+28.3%	198.5	176.7	+12.3%
	(%)	(10.1%)	(9.0%)		(9.2%)	(8.9%)	

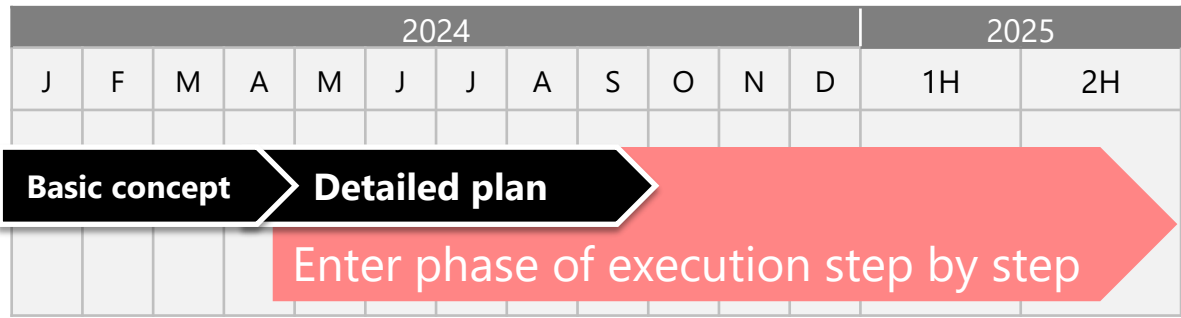
Note: From 2024, some reclassification between Others & Corporate and Eliminations was made to manage the performance of reportable segments more appropriately. The figures for 2023 were also reclassified.

2024 Outlook

- Amid uncertainty about future of global economy, assumed growth will be in line with previous year
- For B-to-C products (Cameras and inkjet printers), stimulate demand by launching new products and strengthening marketing activities
- For B-to-B products (Lithography equipment, commercial printing equipment, and medical), firmly turn orders into sales.
- Aim for record high 4.6 trillion yen in sales with tailwind of yen depreciation
- On top of normal cost reduction activities, accelerate business structure review measures
- Aim for fourth consecutive year of sales and profit growth as well as double-digit (10%) operating profit ratio

Business Structure Review

Timeline

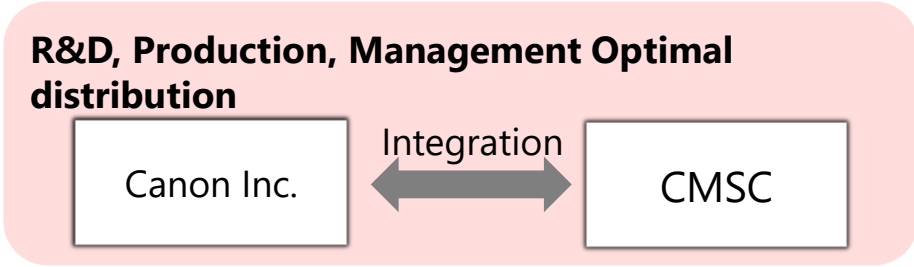


Sales Companies

- Org. restructuring
 - Sales channel review
 - DX promotion
- **Optimize workforce, raise asset efficiency**

Strengthen Competitiveness

Medical Business



System for full investment of resources

Estimated effects of 2024 action plan (Billions of yen)

	2024	2025
Cost	30.0	
Effect	7.0	21.0
PL impact	-23.0	21.0

2024 Financial Projection

(Full Year)

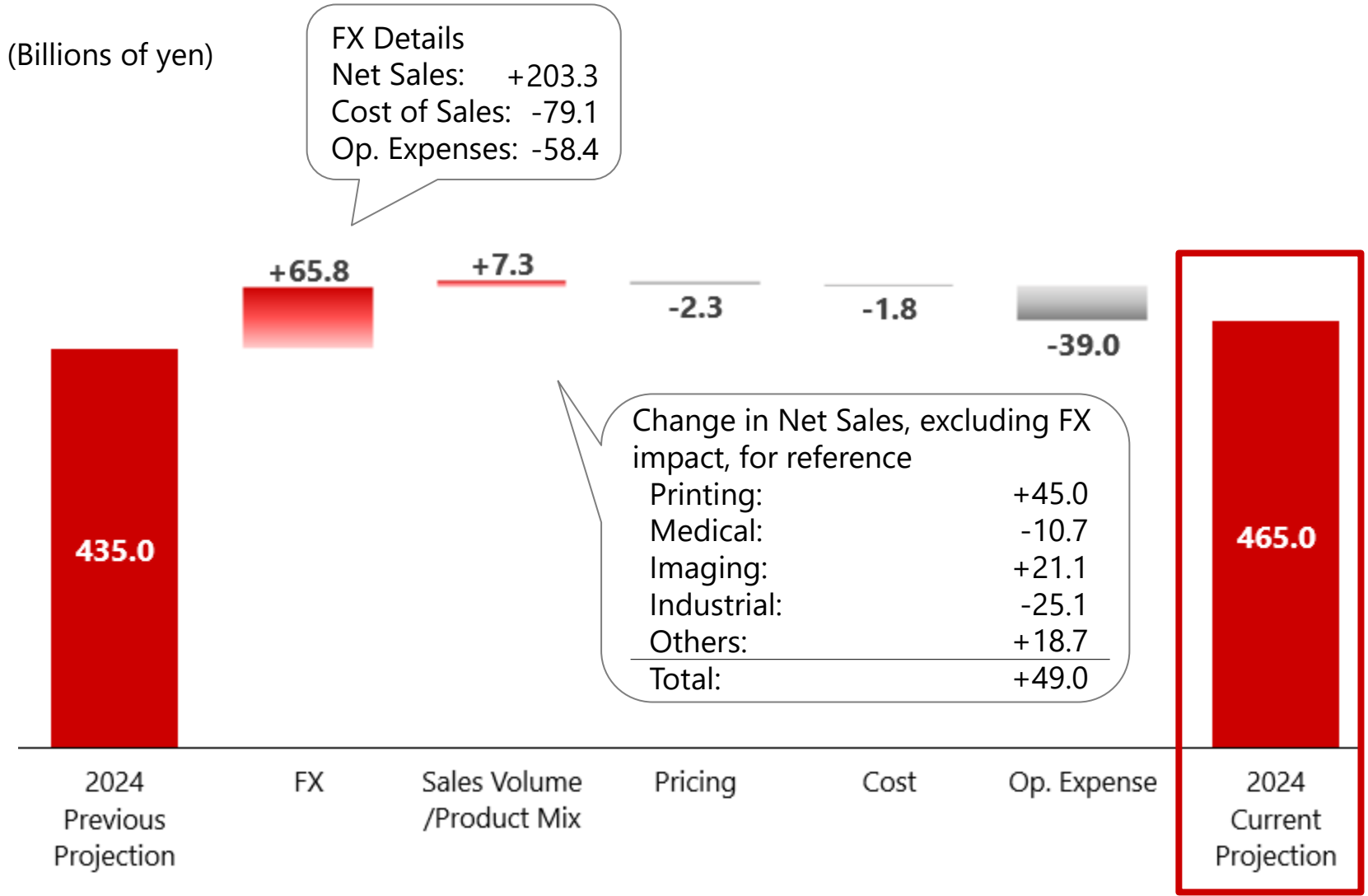
(Billions of yen)	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Net Sales	4,600.0	4,181.0	+10.0%	4,350.0	+250.0
Gross Profit (% of Net Sales)	2,192.9 47.7%	1,968.9 47.1%	+11.4%	2,065.5 47.5%	+127.4
Op. Expenses (% of Net Sales)	1,727.9 37.6%	1,593.5 38.1%		1,630.5 37.5%	-97.4
Op. Profit (% of Net Sales)	465.0 10.1%	375.4 9.0%	+23.9%	435.0 10.0%	+30.0
IBT	490.0	390.8	+25.4%	450.0	+40.0
Net Income (% of Net Sales)	335.0 7.3%	264.5 6.3%	+26.6%	305.0 7.0%	+30.0
USD	153.87	140.85		141.87	
EUR	164.99	152.20		156.35	

Impact of exchange rate movement
(3Q-4Q impact given a one yen change)

	Net Sales	Op. Profit
USD	7.0 billion yen	2.2 billion yen
EUR	3.6 billion yen	1.7 billion yen

2024 Operating Profit Analysis

(FY 2024 Current Projection versus FY 2024 Previous Projection)



2024 Financial Projection by Business Unit (Full Year)



(Billions of yen)		2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Printing	Net Sales	2,570.2	2,346.1	+9.6%	2,393.8	+176.4
	Op. Profit	299.8	228.3	+31.3%	260.6	+39.2
	(%)	(11.7%)	(9.7%)		(10.9%)	
Medical	Net Sales	594.6	553.8	+7.4%	582.0	+12.6
	Op. Profit	46.0	31.6	+45.3%	46.0	0.0
	(%)	(7.7%)	(5.7%)		(7.9%)	
Imaging	Net Sales	973.9	861.6	+13.0%	900.0	+73.9
	Op. Profit	161.3	145.6	+10.8%	143.8	+17.5
	(%)	(16.6%)	(16.9%)		(16.0%)	
Industrial	Net Sales	355.6	314.7	+13.0%	379.0	-23.4
	Op. Profit	65.2	58.6	+11.3%	71.0	-5.8
	(%)	(18.3%)	(18.6%)		(18.7%)	
Others & Corporate	Net Sales	203.4	208.8	-2.6%	196.0	+7.4
	Op. Profit	-108.4	-86.3	-	-86.4	-22.0
Eliminations	Net Sales	-97.7	-104.0	-	-100.8	+3.1
	Op. Profit	1.1	-2.4	-	0.0	+1.1
Total	Net Sales	4,600.0	4,181.0	+10.0%	4,350.0	+250.0
	Op. Profit	465.0	375.4	+23.9%	435.0	+30.0
	(%)	(10.1%)	(9.0%)		(10.0%)	

Note: From 2024, some reclassification between Others & Corporate and Eliminations was made to manage the performance of reportable segments more appropriately. The figures for 2023 were also reclassified.

Inventory

- Inventory at June-end down, excluding the impact of yen depreciation
- Aiming for optimal inventory level of 60 days or less at December-end

(Billions of yen)

		FY 2023				FY 2024	
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end
Printing	Amt.	372.5	387.5	377.6	312.6	347.6	361.5
	Days	57	62	60	47	52	53
Medical	Amt.	136.3	143.1	150.9	125.9	141.1	146.0
	Days	88	102	107	77	86	97
Imaging	Amt.	163.6	173.3	184.6	168.4	191.4	182.4
	Days	69	77	77	68	86	79
Industrial	Amt.	133.0	140.0	142.8	132.9	146.4	150.2
	Days	154	187	170	136	160	168
Others & Corporate	Amt.	53.4	54.2	58.0	57.1	68.3	72.4
Total	Amt.	858.8	898.1	913.9	796.9	894.9	912.5
	Days	74	82	82	66	76	77

Cash Flow

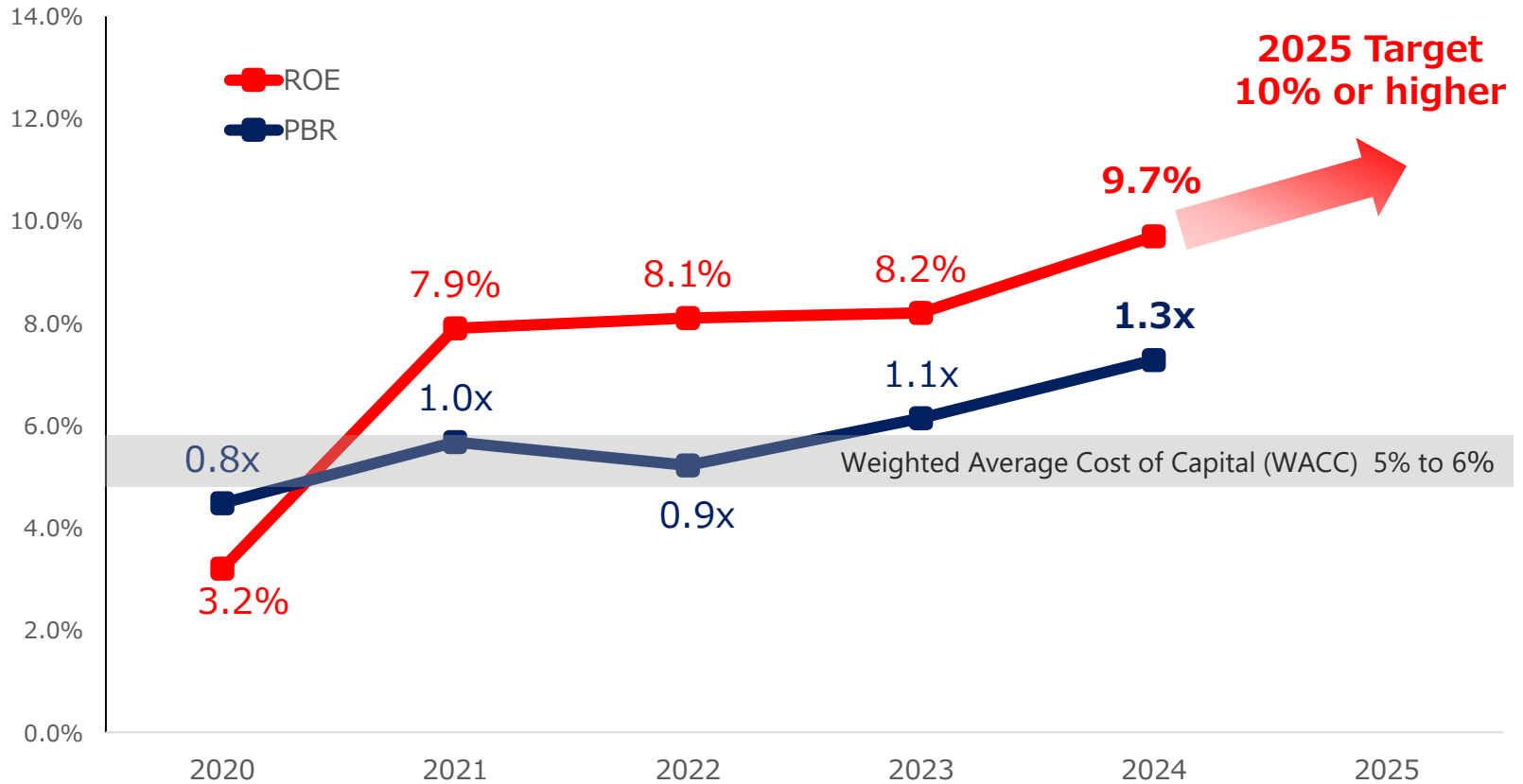
(Full Year)

- Operating CF rising to 590.0 billion yen due to increase in full-year profit projection
- Completed 100.0 billion yen share buyback, dividend 150 yen per share

(Billions of yen)	FY 2024 Current Projection	FY 2024 Previous Projection	FY 2023 Actual	FY 2022 Actual
Net income	335.0	305.0	264.5	244.0
Depreciation and amortization	240.0	240.0	238.7	226.5
Others	15.0	25.0	-52.0	-207.9
Net cash provided by operating activities	590.0	570.0	451.2	262.6
Capital expenditure	-240.0	-240.0	-231.7	-188.5
Others	-55.0	-55.0	-43.7	7.7
Net cash used in investing activities	-295.0	-295.0	-275.4	-180.8
Free cash flow	295.0	275.0	175.8	81.8
Net cash provided by (used in) financing activities	-299.5	-299.5	-156.7	-146.8
Effect of exchange rate changes on cash and cash equivalents	8.2	-1.8	20.1	25.7
Net change in cash and cash equivalents	3.7	-26.3	39.2	-39.3
Cash and cash equivalents at end of period	405.0	375.0	401.3	362.1
Cash-on-hand (In months of Net sales)	1.0	1.0	1.1	1.0

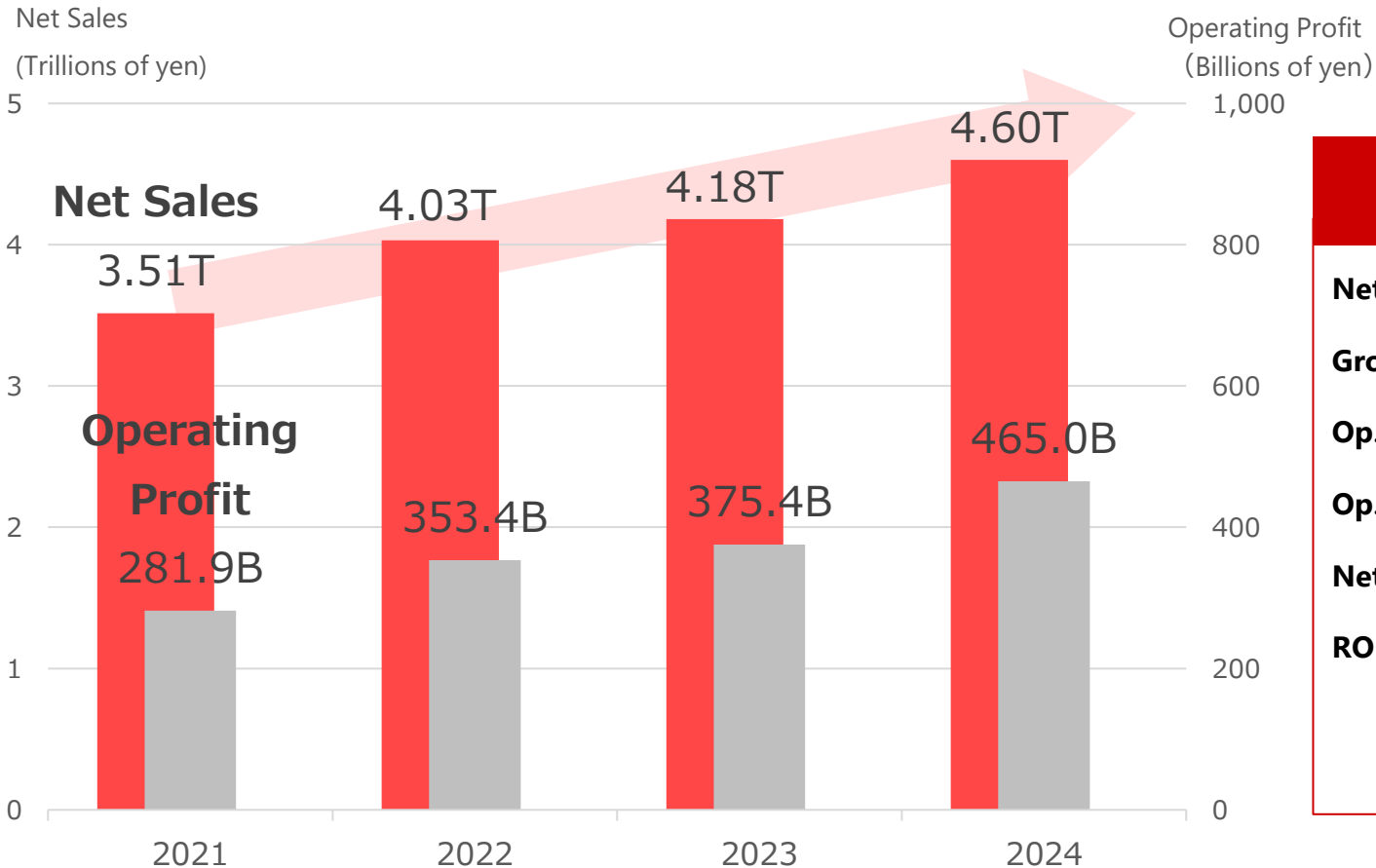
Return on Capital

- ROE 9.7% in 2024, significant increase of 1.5 points over last year
- Work for further improvement, achieve 2025 target of 10% or higher



Summary

- Achieve record high sales and fourth consecutive year of sales and profit growth
- Work towards achieving 2025 target for sales one year earlier as well as achieve target for profitability



2025 Target

Net sales: 4.5 trillion yen or more

Gross profit ratio: 47% or higher

Op. expense ratio: 35% or lower

Op. profit ratio: 12% or higher

Net income ratio: 8% or higher

ROE: 10% or higher

Supplementary Information

Printing

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

		2Q			Full Year				
		2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Production		111.2	96.8	+14.9%	443.2	401.6	+10.4%	413.8	+29.4
Office	Office MFDs	170.2	156.5	+8.8%	665.4	622.2	+6.9%	627.5	+37.9
	Others	103.8	88.7	+17.0%	410.9	364.1	+12.9%	369.3	+41.6
		274.0	245.2	+11.8%	1,076.3	986.3	+9.1%	996.8	+79.5
Prosumer	LPs	179.9	149.7	+20.2%	679.7	608.9	+11.6%	631.7	+48.0
	IJPs	89.4	83.2	+7.5%	371.0	349.3	+6.2%	351.5	+19.5
		269.3	232.9	+15.6%	1,050.7	958.2	+9.7%	983.2	+67.5
Net Sales		654.5	574.9	+13.8%	2,570.2	2,346.1	+9.6%	2,393.8	+176.4
Op. Profit		79.2	59.3	+33.6%	299.8	228.3	+31.3%	260.6	+39.2
%		12.1%	10.3%		11.7%	9.7%		10.9%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	2Q	Full Year Projection
Production	+2.7%	+2.1%
Office	+3.7%	+3.8%
Prosumer	+6.5%	+3.8%
Total	+4.7%	+3.5%

Unit Growth Rate Y/Y

	2024	
	2Q	Full Year Projection
Office MFDs	-1%	0%
LPs	+8%	+18%
IJPs	-4%	0%

Printing Hardware & Non-hardware Sales

Net Sales Growth Rate of Printing Hardware & Non-hardware

			FY 2024		FY 2023	
			2Q Actual	Full Year Current Projection	2Q Actual	Full Year Actual
Production	JPY	Hardware	+19%	+12%	+9%	+11%
		Non-hardware	+13%	+9%	+11%	+11%
	LC	Hardware	+6%	+3%	+3%	+3%
		Non-hardware	+1%	+2%	+4%	+3%
Office MFDs	JPY	Hardware	+7%	+6%	+21%	+12%
		Non-hardware	+11%	+8%	+8%	+7%
	LC	Hardware	-4%	0%	+15%	+5%
		Non-hardware	+2%	+2%	+3%	+2%
LPs	JPY	Hardware	+17%	+21%	-6%	-10%
		Non-hardware	+22%	+6%	-20%	-4%
	LC	Hardware	+7%	+14%	-10%	-15%
		Non-hardware	+14%	+2%	-20%	-6%
IJPs	JPY	Hardware	+7%	+7%	-19%	-14%
		Non-hardware	+8%	+6%	0%	+2%
	LC	Hardware	-3%	0%	-23%	-18%
		Non-hardware	-2%	-1%	-5%	-4%

Medical

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Net Sales	141.0	126.1	+11.8%	594.6	553.8	+7.4%	582.0	+12.6
Op. Profit	5.5	4.4	+24.4%	46.0	31.6	+45.3%	46.0	0.0
%	3.9%	3.5%		7.7%	5.7%		7.9%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	2Q	Full Year Projection
Total	+4.6%	+2.9%

Imaging

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Cameras	155.1	141.9	+9.3%	606.1	544.6	+11.3%	564.2	+41.9
Network Cameras & Others	89.6	77.3	+15.9%	367.8	317.0	+16.0%	335.8	+32.0
Net Sales	244.7	219.2	+11.6%	973.9	861.6	+13.0%	900.0	+73.9
Op. Profit	41.0	34.5	+19.0%	161.3	145.6	+10.8%	143.8	+17.5
%	16.8%	15.7%		16.6%	16.9%		16.0%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	2Q	Full Year Projection
Cameras	-1.5%	+3.7%
NWCs & Others	+5.4%	+7.7%
Total	+0.9%	+5.1%

Digital Interchangeable Lens Cameras (DILCs) Units (Millions) & Unit Growth Rate Y/Y

	2024	
	2Q	Full Year Projection
Units (Millions)	0.76	2.90
Growth Rate	-3%	+1%

Industrial

Net Sales & Net Sales Growth Rate Y/Y

(Billions of yen)

	2Q			Full Year				
	2024 Actual	2023 Actual	% Change	2024 Current Projection	2023 Actual	% Change	2024 Previous Projection	Amount Change
Optical Equipment	61.3	50.6	+21.0%	250.8	212.6	+18.0%	248.8	+2.0
Industrial Equipment	33.2	24.3	+36.6%	104.8	102.1	+2.6%	130.2	-25.4
Net Sales	94.5	74.9	+26.2%	355.6	314.7	+13.0%	379.0	-23.4
Op. Profit	17.9	12.1	+48.2%	65.2	58.6	+11.3%	71.0	-5.8
%	19.0%	16.1%		18.3%	18.6%		18.7%	

Net Sales Growth Rate Y/Y (Local Currency)

	2024	
	2Q	Full Year Projection
Opt. Equip.	+18.4%	+16.8%
Industrial Equip.	+36.6%	+1.6%
Total	+24.3%	+11.9%

Lithography Equipment (Units)

		2024	
		2Q	Full Year Projection
Semiconductor	KrF	10	54
	i-line	50	190
		60	244
FPD		7	26

2024 Operating Profit Analysis

(FY 2024 Current Projection versus FY 2023 Actual)

(Billions of yen)

