

# Evolution of Business Plans

Based on the Excellent Global Corporation Plan inaugurated in 1996, Canon has continued to aspire to be a company that people in various countries and regions worldwide admire and respect by contributing to society using technology. In 2021, we started Phase VI of the plan. Continuing the success achieved in Phase V, this next stage of Canon’s development focuses on the core policy of “promoting portfolio transformation through improved productivity and new business creation.”

Excellent Global Corporation Plan

Themes and key strategies

Economic value

Social and environmental value

Phase I

1996–2000

**Total optimization and profitability**

- Establish consolidated management operation
- Introduce cash flow management
- Innovation in development such as introducing 3D-CAD
- Innovation in manufacturing through switch from conveyor belt to cell production

1.1x growth in net sales; 1.4x growth in net income (1996 → 2000)

Debt ratio 28.8% (1996) → 13.8% (2000)

Shareholders' equity ratio 38.1% (1996) → 45.9% (2000)

Debt Ratio (%)

1996 1997 1998 1999 2000 (Year)

Digitalization of cameras, multifunction devices, etc., in line with the development of the IT environment; supply of digital cameras and copying machines in line with subsequent mass adoption of PCs and the Internet

Progress with development and production of CMOS sensors for digital cameras to establish presence in the image sensor market

Development using 3D-CAD

Phase II

2001–2005

**Increased competitiveness through digitalization**

- Strengthen product offerings through independent development of CMOS sensors, image processors and other key components
- Speed up product commercialization through selection and concentration
- Maintain focus on cash flow management

Record-high figures achieved for both net sales and income before income taxes in each of the five consecutive business periods (2001–2005)

Net Sales and Income Before Income Taxes (Billions of yen)

2001 2002 2003 2004 2005 (Year)

Market launch of digital cameras and printers in line with the increasingly widespread use of PCs and the Internet

LCD lithography equipment contributes to the spread of large-screen LCD television sets

LCD lithography equipment released for sale in 2002

Phase III

2006–2010

**Reinforcing existing businesses and expanding into new areas**

- Expand profitability of main businesses
- New production modes, such as manmachine cells where humans and machines work together
- Expand areas of business through diversification, establish management system based on three regional headquarters

Maintenance of high shareholders' equity ratio 66.0% (2006) → 66.4% (2010)

Record-high figures for net sales and income before income taxes (2007)

Shareholders' Equity Ratio (%)

2006 2007 2008 2009 2010 (Year)

Network MFDs realized seamless linking of input and output of paper and digital documents

Promotion of digital commercial printing business that identifies industry needs and facilitates variable data printing and other types of printing operation

Development in progress at Canon Production Printing

Phase IV

2011–2015

**Enhancing growth and manufacturing capabilities**

- Diversify through horizontal rollout of existing businesses such as digital cinema cameras
- Pursue aggressive M&A activities
- Upgrade production through automation and introduction of robots
- Innovation in procurement to reduce costs and ensure quality

Gross profit ratio reaches record high level 50.8% (2015)

Maintenance of high shareholders' equity ratio 64.9% (2011) → 66.8% (2015)

Gross Profit Ratio (%)

2011 2012 2013 2014 2015 (Year)

Expansion of network camera business amidst increased awareness of security among society

Cinema EOS System brings new range of visual expression to the film and television industry

Sales launch of Cinema EOS System for film production (2012)

Phase V

2016–2020

**New growth through a grand strategic transformation**

- Establish a new production system to reduce cost-of-sales ratio
- Reinforce and expand new businesses
- Restructure the global sales network

Net sales from new businesses: 12% (2016) → 28% (2020) (target)

Share of Net Sales Provided by New Businesses (%)

2020

New businesses Existing businesses

Expansion of medical business with products that reduce the burden on both patients and medical professionals

OLED panel manufacturing equipment facilitates adoption of OLED displays in smartphones, televisions, etc.

Diagnostic ultrasound system by Canon Medical Systems

Phase VI

2021–2025

**Accelerate our productivity improvement and corporate portfolio transformation through new business creation**

Phase VI Management Targets and Progress

2025 Targets

Net Sales **4,500** billion yen or more

Operating Profit Ratio **12%** or more

Net Income Ratio **8%** or more

ROE **10%** or more

(trillion yen)

(%)

2021 2022 2023 2024 2025 (Year)

Net sales (left) Operating profit ratio (right)

\* Figures for 2024 exclude the impact of impairment losses

## Main Strategies

1

Strengthen and Expand Respective Industry-oriented Business Groups

Net sales

Operating profit ratio

One trillion yen

Medical

Sluggish market conditions

2024

4.3%

Operating profit ratio 2023

2023

5.7%

Printing

Return to double-digit profitability

2024

11.5%

Operating profit ratio 2023

9.7%

Imaging

In position to aim for 1 trillion yen

2024

Net sales 937.4 billion yen (Growth rate +8.8%)

2023

Industrial

Double-digit growth

2024

Net sales 356.5 billion yen (Growth rate +13.3%)

2023

Note: Medical figures for 2024 exclude impact of impairment loss

Circle size: Operating profit

**Medical Group** [P23](#)

- Bolster our sales capability and presence in overseas markets, centering on the United States, a country with advanced healthcare
- Strengthen the competitiveness of diagnostic imaging systems and acquire the world's No. 1 share in CT to establish a solid position in the industry

**Imaging Group** [P25](#)

- Offer a digital camera lineup that meets both the still image photography needs of professional photographers and the diverse video shooting needs of social media users and online creators
- Enhance product lineup of network cameras in terms of both hardware and software to address the market needs for shop operation and production control at manufacturing sites, in addition to surveillance applications

**Industrial Group** [P27](#)

- Increase production capacity in response to strong demand for semiconductor lithography equipment
- Conduct joint evaluation and verification for mass production with semiconductor manufacturers with the goal of expanding sales of nanoimprint semiconductor lithography systems

**Printing Group** [P21](#)

- Satisfy diversified printing needs by offering a wide variety of printing equipment from printers for homes and offices to commercial printers, and, at the same time, offer new printing solutions needed in the era of digital transformation
- Establish solid positions in our new business fields such as commercial and industrial printing to increase sales

## 2 Promote Production Structure Reform

- Avoid supply chain disruption and geopolitical risks
- Consolidate production sites in countries and regions with political and social stability
- Reinforce automation technology and technology for in-house production to promote the return of production of high-value-added products to Japan

## 3 Drive Development Innovation

- Deploy concurrent development Company-wide, which requires cooperation with production engineering divisions and manufacturing sites for joint work, in order to quickly bring products with superior quality and cost to market
- Aim to further improve development productivity by utilizing digital transformation (DX) and simulation technology to reduce development time and costs for prototyping, etc.

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