



Canon Inc.

Q2 2018 Analyst Meeting

Q&A Session Summary (English Translation)

Q1. When you announced your first quarter results in April, you mentioned that you were in line with your plan and therefore decided to maintain your full-year projection. This time, you lowered your projection for operating profit by 25.5 billion yen. Compared to your previous projection, how does this breakdown between the first and second half?

A1. As our performance in the first half was in line with our plan, the overall impact is concentrated in the second half.

Q2. Within the amount that was lowered related to Imaging System Business Unit, was the impact larger on cameras or inkjet printers?

A2. The impact was larger on cameras.

Q3. You revised the figure related to your OLED business and mentioned that the impact from a temporary adjustment in demand for OLED panels as a reason. When you say temporary, what kind of timeline are you looking at? How do you see the current situation surrounding OLED vacuum deposition equipment and what are your expectations from next year on?

A3. We do not expect the adjustment phase to take several year to complete. Up until now, our focus has been on expanding our production structure in response to demand. During this period, we will work to be ready for the recovery, implementing measures to strengthen our structure with a focus on improving productivity and other areas.

Q4. You highlighted the expansion of new businesses. Please provide an update on the progress you are making.

A4. Amid the basically flat performance of our existing businesses, new businesses such as Medical and Network Cameras drove overall growth in the second quarter. And we expect the situation to be the same for the full year.

Q5. As for Imaging System Business Unit inventory, you mentioned building up inventory for sales in the second half. Does this also reflect the impact of weak camera sales in the second quarter?

A5. This also reflects the fact that we did not reach our sales plan for the first half.

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