

# Canon Inc.

## Third Quarter 2019 Results

October 28, 2019  
Toshizo Tanaka  
Executive Vice President & CFO

This presentation contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project" or "should" and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this presentation. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

# Agenda

---

■ 3Q 2019 Results	P2 – 4
■ FY 2019 Projection	P5 – 9
■ Details by Business (3Q 2019 Results & FY 2019 Projection)	P10 – 16
■ Financial Situation	P17 – 18
■ Sustainability Measures	P19
■ Supplementary Information	P20 – 23

**Slowed pace of sales and profit decline compared with the first half thanks to new products and new business growth, despite more challenging external environment**

**External environment**

- Global economic slowdown due to prolonged U.S.-China trade friction

**Business performance**

- Sales and profit decline affected by deterioration of macro environment
- However, sales of new products in line with plan and steadily gaining market share
- Strong growth of new businesses
- Slowed pace of sales and profit decline compared with the first half

(Billions of yen)	3Q 2019 Actual	3Q 2018 Actual	% Change
<b>Net Sales</b>	<b>869.5</b>	<b>926.5</b>	-6.2%
<b>Gross Profit</b> (% of Net Sales)	<b>389.9</b> 44.8%	<b>427.0</b> 46.1%	-8.7%
<b>Op. Expenses</b>	<b>351.5</b>	<b>358.7</b>	
<b>Op. Profit</b> (% of Net Sales)	<b>38.4</b> 4.4%	<b>68.3</b> 7.4%	-43.7%
<b>IBT</b>	<b>47.0</b>	<b>67.1</b>	-29.9%
<b>Net Income</b> (% of Net Sales)	<b>26.5</b> 3.1%	<b>46.3</b> 5.0%	-42.7%
USD	107.32	111.47	
EURO	119.27	129.63	

We have actively launched new products in our core businesses throughout the year, including the third-quarter. And in each region, sales of these products have been in line with our plan, despite the macro environment becoming more challenging since our last earnings announcement in July. The effects of new products launched up to September of this year, have led to an improvement in our share of the MFD and laser printer markets and have contributed to improvements in our Medical System business performance.

The significant appreciation of the yen and prolonged U.S.-China trade friction, however, has led to a global economic slowdown, particularly in Europe and such emerging markets as China. As a result, net sales declined 6.2% to 869.5 billion yen, operating profit dropped 43.7% to 38.4 billion yen, and net income fell 42.7% to 26.5 billion yen.

While our camera business has been dealing with ongoing market contraction, and our industrial equipment business was faced with ongoing restraint in customer investment, we also posted lower sales of laser printer consumables owing to economic weakness in Europe. On the other hand, we saw steady performance in MFDs. Additionally, for such new businesses as medical and network cameras for which the market are expanding, we continue to see growth in line with our expectations. Overall, this has led to a deceleration in sales and profit decline compared with the first half.

# FY 2019 Financial Results by Business Unit

(3Q 2019 Actual versus 3Q 2018 Actual)

- Office and Imaging System sales and profit decline affected by macro environment
- New medical business sales and profit increase thanks to new products

(Billions of yen)		3Q 2019 Actual	3Q 2018 Actual	% Change
Office	Net Sales	<b>413.8</b>	<b>430.4</b>	-3.9%
	Op. Profit	<b>40.3</b>	<b>47.6</b>	-15.4%
Imaging System	Net Sales	<b>189.2</b>	<b>219.7</b>	-13.9%
	Op. Profit	<b>10.1</b>	<b>23.3</b>	-56.8%
Medical	Net Sales	<b>113.9</b>	<b>107.6</b>	+5.9%
	Op. Profit	<b>9.0</b>	<b>7.9</b>	+14.6%
Industry & Others	Net Sales	<b>176.2</b>	<b>196.9</b>	-10.5%
	Op. Profit	<b>2.6</b>	<b>10.5</b>	-75.1%
Corporate & Eliminations	Net Sales	<b>-23.6</b>	<b>-28.1</b>	-
	Op. Profit	<b>-23.6</b>	<b>-21.0</b>	-
Total	Net Sales	<b>869.5</b>	<b>926.5</b>	-6.2%
	Op. Profit	<b>38.4</b>	<b>68.3</b>	-43.7%

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.

3

As for Office, for MFDs, we posted growth in the unit sales of new products, including office-use color models and production models used for high-volume printing. However, overall sales and profit declined as laser printer consumable sales and profit decreased due to a further cooling of the European economy.

In Imaging System, overall camera sales declined, reflecting the impact of global market contraction. Within this, however, we continued to post growth in the unit sales of mirrorless cameras. As for inkjet printers, the pace of growth in the sales of refillable ink tank models slowed due to the economic conditions impacting emerging markets. As a result, the performance of this business unit overall was below that of last year.

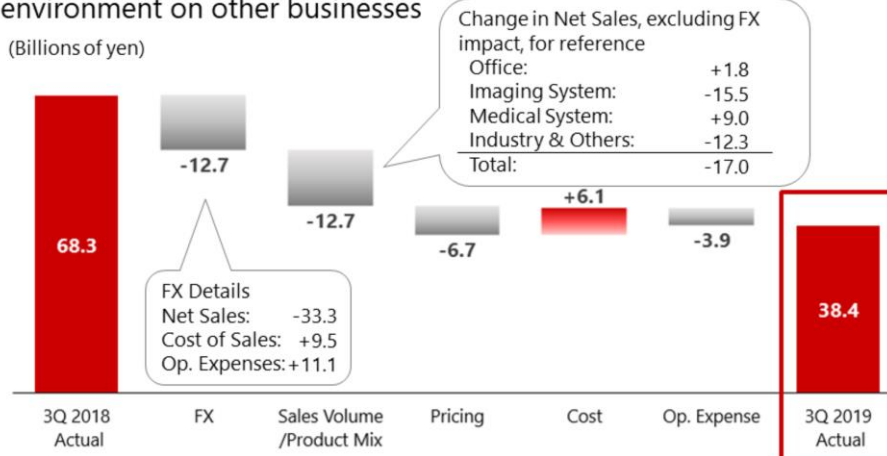
For new businesses, such as medical, we posted significant unit sales growth for a series of new products, including CT, ultra-sound and MRI systems, even amid the challenging economic environment. As a result, we posted our second quarter of consecutive sales and profit growth.

As for Industry & Others, sales and profit declined due to the impact of ongoing restraint in customer investment into lithography and OLED vacuum deposition equipment. For our new business of network cameras, however, we posted continued growth, particularly in developed countries, thanks to significant improvement in our performance, which was partly due to new products that offer further improvements in image quality.

# FY 2019 Operating Profit Analysis

## (3Q 2019 Actual versus 3Q 2018 Actual)

- Impact from appreciation of the yen against not only the U.S. dollar and euro, but also currencies of emerging market countries
- Changes in sales volume resulted in lower sales despite medical and network camera sales growth and due to impact of deterioration of external environment on other businesses



As for exchange rates, the overall impact was negative on both sales and profit due to the appreciation of the yen against not only the U.S. dollar and euro, but also the Chinese yuan and other emerging market currencies.

As for changes in sales volume, the overall impact was also negative. While we posted sales increases in such new businesses as medical and network cameras, this did not fully make up for the decline in sales we posted in such other businesses as cameras, where the market environment has been challenging, and lithography equipment, where restrained customer investment continued.

As for price reduction, we kept the level of impact below that of last year as we prioritized profitability amid the severe price competition surrounding higher-end cameras. As for cost reduction, due to more stable pricing of such inputs as electric parts and resin materials, we achieved 6.1 billion yen, which exceeded the level of last year and basically absorbed the impact of price reduction.

As for expenses, although we worked to raise efficiency, particularly in R&D and advertising, overall expenses grew 3.9 billion yen, due to the booking of structural-reform related expenses.

# Key Message

(FY 2019 Projection)



## FX Assumptions

			Impact of exchange rate movement (4Q impact given a one yen change)	
	4Q 2019	FY 2019	Net Sales	Op. Profit
USD/Yen	105.00 yen	107.99 yen	3.5 billion yen	1.4 billion yen
EUR/Yen	117.00 yen	121.07 yen	1.7 billion yen	0.9 billion yen

## External Environment

- Prolonged trade friction and uncertainty surrounding Europe and the Middle East indicating further slowdown of global economy

## FY 2019 Outlook

- Lowered projection due to further deterioration of external environment
- However, MFD solid thanks to new products, new businesses healthy expansion, also seeing signs of industrial equipment market bottoming out

5-1

First, our fourth-quarter foreign exchange assumptions. Taking into consideration current exchange rates and the macro environment, we assumed 105 yen to the U.S. dollar, which is the same as our previous projection, and 117 yen to the euro, which is 3 yen higher.

When we look at the surrounding business environment, we expect the prolonged confrontation between the United States and China over trade to continue. This is not only impacting China, but also having a rippling effect on surrounding emerging markets of Asia. In addition to this, it is unclear what will happen with Brexit or in the Middle East. Based on these factors, the IMF recently announced its world economic outlook, which was revised downwards once again, indicating further deceleration of the global economy.

Taking into account a macro economic environment that has become even more challenging, we lowered our projection, mainly for office equipment and inkjet printers. Additionally, we expect a negative impact on the product mix of cameras due to a more severe competitive environment. Taken together, we lowered our full year projection for net sales and operating profit by 120.0 billion yen and 27.0 billion yen, respectively, which is concentrated in our Office and Imaging System Business Units.

# Key Message

(FY 2019 Projection)

Canon

## FX Assumptions

			Impact of exchange rate movement (4Q impact given a one yen change)	
	4Q 2019	FY 2019	Net Sales	Op. Profit
USD/Yen	105.00 yen	107.99 yen	3.5 billion yen	1.4 billion yen
EUR/Yen	117.00 yen	121.07 yen	1.7 billion yen	0.9 billion yen

## External Environment

- Prolonged trade friction and uncertainty surrounding Europe and the Middle East indicating further slowdown of global economy

## FY 2019 Outlook

- Lowered projection due to further deterioration of external environment
- However, MFD solid thanks to new products, new businesses healthy expansion, also seeing signs of industrial equipment market bottoming out

5-2

Against this backdrop, for existing businesses, we have seen steady performance in MFDs throughout the year thanks to new products. As for lithography equipment, we are starting to see a trend of halting memory price decline as the balance between supply and demand evens out. From this, we saw our performance bottom out in the third quarter and expect improvement from here on.

As for such new businesses as medical and network cameras, new products are driving steady improvements in our business performance. For OLED vacuum deposition equipment as well, which was faced with a phase of adjustment, we are seeing customers resume investment activities based on expected panel demand going forward. From this, we expect to return to sales growth in the second half of this year, evidence that we are making steady progress in transforming our business portfolio.

Regarding our fourth quarter performance, based on these factors, we expect net sales on a local currency basis to recover almost to the level of last year. Moreover, we will realize a recovery in our performance from next year by completing the structural reform we are currently carrying out by year-end as we have planned.

# FY 2019 Financial Projection

(Full Year)



- Sales and profit decline due to yen appreciation and deterioration of macro environment
- Lowered projection for net sales and operating profit by 120.0 billion yen and 27.0 billion yen

(Billions of yen)	FY 2019 Current Projection	FY 2018 Actual	% Change	FY 2019 Previous Projection	Amount Change
<b>Net Sales</b>	<b>3,625.0</b>	<b>3,951.9</b>	-8.3%	<b>3,745.0</b>	-120.0
<b>Gross Profit</b> (% of Net Sales)	<b>1,623.0</b> 44.8%	<b>1,835.6</b> 46.4%	-11.6%	<b>1,681.8</b> 44.9%	-58.8
<b>Op. Expenses</b>	<b>1,435.0</b>	<b>1,492.6</b>		<b>1,466.8</b>	+31.8
<b>Op. Profit</b> (% of Net Sales)	<b>188.0</b> 5.2%	<b>343.0</b> 8.7%	-45.2%	<b>215.0</b> 5.7%	-27.0
<b>IBT</b>	<b>216.0</b>	<b>362.9</b>	-40.5%	<b>240.0</b>	-24.0
<b>Net Income</b> (% of Net Sales)	<b>140.0</b> 3.9%	<b>252.8</b> 6.4%	-44.6%	<b>160.0</b> 4.3%	-20.0
USD	107.99	110.43		107.37	
EURO	121.07	130.29		122.05	

6

This slide shows our current projection.

Compared with last year, we expect net sales to decline by 326.9 billion yen or 8.3% to 3 trillion 625.0 billion yen, operating profit to decline by 155.0 billion yen or 45.2% to 188.0 billion yen, and net income to decline by 112.8 billion yen or 44.6% to 140.0 billion yen.



## FY 2019 Financial Projection by Business Unit **Canon** (Full Year)

- Significant sales decline of laser printers and cameras affected by external environment
- Medical and network camera sales and profit growth as well as steady improvement in profitability

(Billions of yen)		FY 2019 Current Projection	FY 2018 Actual	% Change	FY 2019 Previous Projection	Amount Change
Office	Net Sales	<b>1,699.0</b>	<b>1,807.3</b>	-6.0%	<b>1,746.0</b>	-47.0
	Op. Profit	<b>172.0</b>	<b>220.8</b>	-22.1%	<b>192.4</b>	-20.4
Imaging System	Net Sales	<b>822.0</b>	<b>970.4</b>	-15.3%	<b>865.0</b>	-43.0
	Op. Profit	<b>50.8</b>	<b>126.7</b>	-59.9%	<b>63.0</b>	-12.2
Medical	Net Sales	<b>452.0</b>	<b>437.6</b>	+3.3%	<b>469.0</b>	-17.0
	Op. Profit	<b>30.5</b>	<b>28.8</b>	+5.8%	<b>34.8</b>	-4.3
Industry & Others	Net Sales	<b>748.0</b>	<b>842.9</b>	-11.3%	<b>769.6</b>	-21.6
	Op. Profit	<b>20.4</b>	<b>55.7</b>	-63.4%	<b>19.0</b>	+1.4
Corporate & Eliminations	Net Sales	<b>-96.0</b>	<b>-106.3</b>	-	<b>-104.6</b>	+8.6
	Op. Profit	<b>-85.7</b>	<b>-89.0</b>	-	<b>-94.2</b>	+8.5
Total	Net Sales	<b>3,625.0</b>	<b>3,951.9</b>	-8.3%	<b>3,745.0</b>	-120.0
	Op. Profit	<b>188.0</b>	<b>343.0</b>	-45.2%	<b>215.0</b>	-27.0

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.

7

As for Office, although sales and profit for laser printer consumables are projected to decline due to the impact of economic slowdown in Europe, we expect solid sales of such new products as production presses for high-volume printing in MFDs and medium-speed laser printers.

As for Imaging Systems, although we expect sales and profit decline for interchangeable-lens cameras due to market contraction and a worsening of the competitive environment, we are focusing on redistributing resource to mirrorless cameras, where we are steadily increasing sales by enhancing our lineup of cameras and lenses.

As for medical, we will accelerate improvements in our performance, further raising the profile of new products, including CT, Ultra-sound and MRI systems, which bolster sales, in order to firmly secure sales and profit growth for the full year.

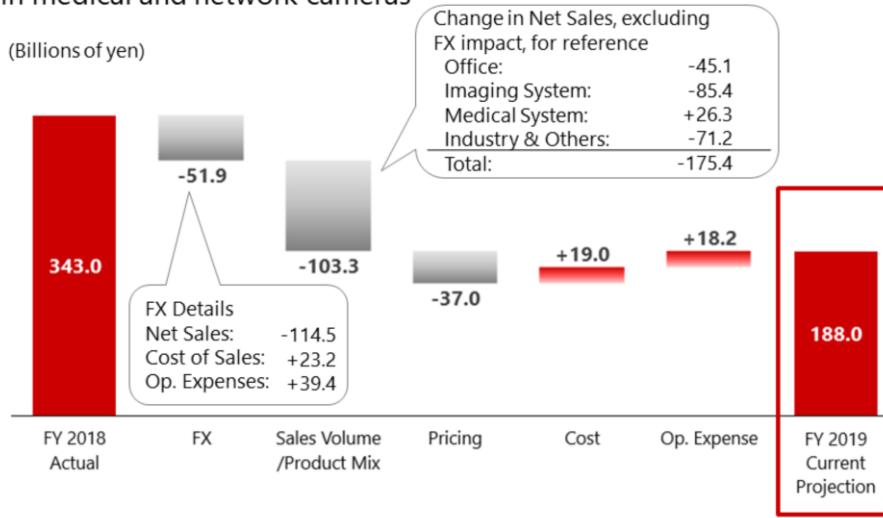
As for Industry & Others, although the performance of lithography equipment and OLED vacuum deposition equipment are expected to be below that of last year, we are starting to see signs of the memory market bottoming out and with the steady shift from LCD panels to OLED panels. From this, we expect to see a recovery in our performance as we look towards next year. Additionally, for network cameras, leveraging our broad lineup of hardware and software, we will capture expanding demand as we work toward our goal of full-year sales and profit growth.

Compared with our previous projection, we lowered our outlook for office equipment, inkjet printers, and medical, reflecting a further worsening of the macro environment. For cameras, amid severe competition surrounding higher-end models, we did not attempt to aggressively sell them from a profitability perspective and instead focused more energy on expanding sales of competitive popularly priced models. As a result, we lowered our full-year projection for net sales, but maintained our unit sales projection, reflecting a change in sales composition.

# FY 2019 Operating Profit Analysis

(FY 2019 Current Projection versus FY 2018 Actual)

- Sales and profit significantly affected by yen appreciation
- Changes in sales volume expected to result in lower sales, due to declining sales of laser printers, cameras and industrial equipment, and despite growth in medical and network cameras



As for exchange rates, we expect the overall impact to be negative on both sales and profit due to appreciation of the yen against not only the U.S. dollar and euro, but also the Chinese yuan and other emerging market currencies.

As for changes in sales volume, we expect the overall impact to be also negative. While we expect the performance of such new businesses as medical and network cameras to improve thanks to market expansion and the effects of new products, we do not see this offsetting the large impact of lower sales of laser printer consumables, cameras, and industrial equipment.

As for price reduction, we expect this to be around 37.0 billion yen, which is in line with last year, as we respond to pricing, particularly of cameras that face a challenging market environment.

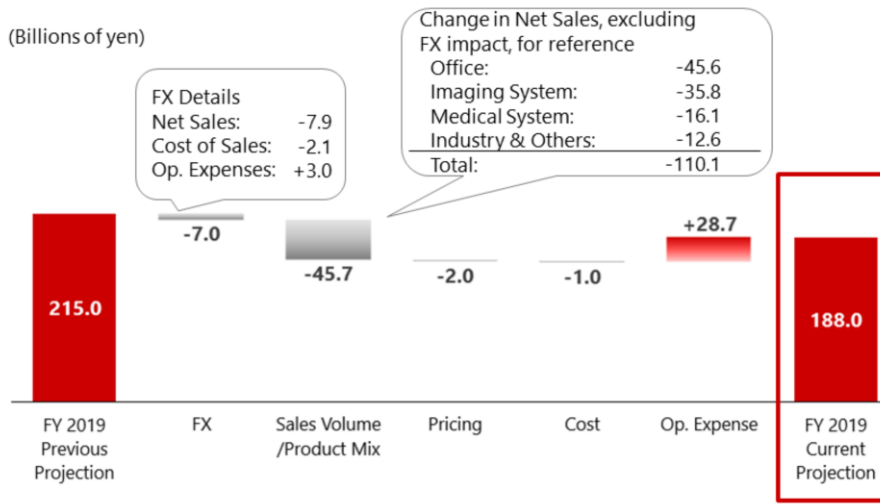
As for cost reduction, in addition to expectations that stable pricing will continue for such inputs as electric parts and resin materials, we will strive to improve fixed costs, even amid declining production, mainly for cameras and industrial equipment. These efforts are projected to generate 19.0 billion yen in cost savings.

As for expenses, although we include 30.0 billion yen for structural reform taking place mainly at sales companies, the Group will work in a concerted effort to reduce other expenses from R&D and production all the way to sales. As a result, we expect an 18.2 billion yen reduction in expenses.

# FY 2019 Operating Profit Analysis

(FY 2019 Current Projection versus FY 2019 Previous Projection)

- Lowered outlook for sales volume due to deterioration of macro environment
- Work to improve expenses through comprehensive review



As for sales volume, we lowered our projection to reflect a further slowdown in the macro environment and a negative change in the product mix of cameras.

As for expenses, we expect an improvement of 28.7 billion yen, reflecting the curtailment of sales company expenses thanks to a review of sales and continued efforts in selection and focus in R&D, as well as other measures. Please note that our projection for structural-reform related expenses has not changed.

- Following first half, launch strategic production model for high-volume printing in second half
- Gain market share through new color MFDs and production devices

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
MFDs	153.4	161.2	-4.9%	648.8	684.3	-5.2%	666.0	-17.2
LPs	155.1	169.5	-8.5%	623.5	706.5	-11.7%	654.3	-30.8
Others	105.3	99.7	+5.6%	426.7	416.5	+2.4%	425.7	+1.0
<b>Net Sales</b>	<b>413.8</b>	<b>430.4</b>	<b>-3.9%</b>	<b>1,699.0</b>	<b>1,807.3</b>	<b>-6.0%</b>	<b>1,746.0</b>	<b>-47.0</b>
<b>Op. Profit</b>	<b>40.3</b>	<b>47.6</b>	<b>-15.4%</b>	<b>172.0</b>	<b>220.8</b>	<b>-22.1%</b>	<b>192.4</b>	<b>-20.4</b>
(% of Net Sales)	9.7%	11.1%		10.1%	12.2%		11.0%	

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

	3Q Actual	Full year Projection
	MFDs	-0.6%
LPs	-5.0%	-9.4%
Others	+9.6%	+5.7%
Total	+0.0%	-3.0%

**2019 Unit Growth Rate Y/Y**

MFDs	3Q Actual	Full year Projection
	Monochrome	-8%
Color	+5%	+5%
Total	-1%	+2%


 Production equipment for  
 in-house production printing  
**imagePRESS C165**

10

The MFD market remains solid, supported by demand for color and advanced featured models that address the need to improve office productivity. Recently, however, we have seen the effects of economic slowdown in China and other emerging markets rapidly arising.

In the third quarter, although sales decreased, affected by the economic slowdown, we posted solid sales of new next-generation color MFDs, offering outstanding durability and strong security.

For production devices, where high-volume and high-speed printing are both required, we also posted unit sales growth for the imagePRESS C910, which was launched in May and has garnered high praise for its ability to stably reproduce high-quality images, even when printing in high-volumes. Furthermore, in October we launched a new model suitable for in-house production printing that is able to handle a broad range of media and achieves the high image quality that professionals require from higher-end models. It also realizes a compact form-factor that allows it to be installed in traditional office environments, allowing us to participate in what is essentially a new market segment for us.

Going forward, although we will continue efforts to expand sales of these new production devices and color MFDs, we expect full-year sales to be below that of last year due to significant impact from the weak economy.

- Third quarter consumable sales declined mainly affected by economic slowdown in Europe
- While printer hardware sales declined due to emerging market weakness, sales of new medium- and high-speed models grew

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
MFDs	153.4	161.2	-4.9%	648.8	684.3	-5.2%	666.0	-17.2
LPs	155.1	169.5	-8.5%	623.5	706.5	-11.7%	654.3	-30.8
Others	105.3	99.7	+5.6%	426.7	416.5	+2.4%	425.7	+1.0
<b>Net Sales</b>	<b>413.8</b>	<b>430.4</b>	<b>-3.9%</b>	<b>1,699.0</b>	<b>1,807.3</b>	<b>-6.0%</b>	<b>1,746.0</b>	<b>-47.0</b>
<b>Op. Profit</b>	<b>40.3</b>	<b>47.6</b>	<b>-15.4%</b>	<b>172.0</b>	<b>220.8</b>	<b>-22.1%</b>	<b>192.4</b>	<b>-20.4</b>
(% of Net Sales)	9.7%	11.1%		10.1%	12.2%		11.0%	

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

	2019 Net Sales Growth Rate Y/Y		2019 Unit Growth Rate Y/Y	
	3Q Actual	Full year Projection	LPs	3Q Actual / Full year Projection
MFDs	-0.6%	-1.8%	Monochrome	-12% / -13%
LPs	-5.0%	-9.4%	Color	+9% / +3%
Others	+9.6%	+5.7%	Total	-8% / -10%
Total	+0.0%	-3.0%		

While solid demand in emerging markets has supported the laser printer market until now, we expect the recent trend of modest market contraction to continue due to the effects of global economic slowdown.

We posted a decrease in third-quarter unit sales, mainly for low-speed models. This reflects, such factors as the economic downturn of emerging markets, and the trend in China towards buying domestic products. As for consumables, sales declined mainly due to economic slowdown in Europe. As we expect the same situation in the fourth quarter, our full-year projection is for sales to be lower than last year.

However, even in this challenging business environment, medium-speed printer sales were in line with our plan, thanks to new products launched in the first half of this year that use newly developed toner. The new toner contributes to even lower energy consumption through its lower fixing temperature and their compact form-factor, which has also earned high praise from the market. Going forward, we will work to expand sales of these type of competitive new products and link this to the expansion of consumable sales.

- Also in third quarter, expanded sales of mainly new products that have advantage in handling broad range of media
- Accelerate sales of new products, strengthening sales network of dealers

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
MFDs	153.4	161.2	-4.9%	648.8	684.3	-5.2%	666.0	-17.2
LPs	155.1	169.5	-8.5%	623.5	706.5	-11.7%	654.3	-30.8
Others	105.3	99.7	+5.6%	426.7	416.5	+2.4%	425.7	+1.0
<b>Net Sales</b>	<b>413.8</b>	<b>430.4</b>	<b>-3.9%</b>	<b>1,699.0</b>	<b>1,807.3</b>	<b>-6.0%</b>	<b>1,746.0</b>	<b>-47.0</b>
<b>Op. Profit</b> (% of Net Sales)	<b>40.3</b> 9.7%	<b>47.6</b> 11.1%	<b>-15.4%</b>	<b>172.0</b> 10.1%	<b>220.8</b> 12.2%	<b>-22.1%</b>	<b>192.4</b> 11.0%	<b>-20.4</b>

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

	3Q	Full year
	Actual	Projection
MFDs	-0.6%	-1.8%
LPs	-5.0%	-9.4%
Others	+9.6%	+5.7%
Total	+0.0%	-3.0%



High-speed cut sheet inkjet printer  
**VarioPrint i-series+**



Wide-format printer  
**Colorado 1650**

12

Over the medium-term, we expect growth, coming from replacement demand as the commercial printing market shifts from analog to digital. This year, however, despite a solid North American market, overall demand has been weak due to economic slowdown in Europe.

We continued to expand sales of mainly new products even in the third quarter. Among them, the Colorado 1650, a wide-format printer designed for graphic arts applications, posted unit sales growth soon after being launched in the first half of this year, thanks to the high praise it has received for its expanded range of printable media, made possible through its use of proprietary flexible inks that were developed in-house.

In the fourth quarter, we will launch a new high-speed cut sheet printer, the VarioPrint i-series+. And by further enhancing our sales structure through the structural reforms we are currently undertaking, we will work to accelerate sales of new products going forward.

# Imaging System – Cameras

- Sales decline due to market contraction and intensifying price competition
- Accelerate sales of higher-end products through lens lineup enhancement and further strengthening of sales promotion activities

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Cameras	108.6	129.6	-16.3%	474.7	594.9	-20.2%	497.3	-22.6
IJPs	68.5	77.0	-11.1%	292.2	320.2	-8.7%	309.5	-17.3
Others	12.1	13.1	-6.9%	55.1	55.3	-0.4%	58.2	-3.1
<b>Net Sales</b>	<b>189.2</b>	<b>219.7</b>	<b>-13.9%</b>	<b>822.0</b>	<b>970.4</b>	<b>-15.3%</b>	<b>865.0</b>	<b>-43.0</b>
<b>Op. Profit</b> (% of Net Sales)	<b>10.1</b> 5.3%	<b>23.3</b> 10.6%	<b>-56.8%</b>	<b>50.8</b> 6.2%	<b>126.7</b> 13.1%	<b>-59.9%</b>	<b>63.0</b> 7.3%	<b>-12.2</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.

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

	3Q		Full year	
	Actual	Projection	Actual	Projection
Cameras	-11.5%	-16.4%	-11.5%	-16.4%
IJPs	-7.0%	-5.3%	-7.0%	-5.3%
Total	-9.4%	-11.6%	-9.4%	-11.6%

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

	3Q Actual		Full year Projection	
	Units	% Change	Units	% Change
DILCs	0.98	-7%	4.20	-17%
DCs	0.66	-8%	2.60	-18%



Full-frame mirrorless cameras

EOS R

EOS RP

13-1

In the third quarter, our sales of interchangeable-lens cameras decreased 7% to 980 thousand units due to the impact of market contraction, mainly for entry-level DSLRs.

Amid market contraction, price competition surrounding higher-end full-frame models intensified due to the energy that each manufacturer is putting into this segment. In this kind of environment, and due to our stance to prioritize profitability, we posted third-quarter unit sales of higher-end models that were below our plan. However, we did expand sales, mainly for a popularly priced mirrorless camera that has secured the number one market share position, both in and outside of Japan. Furthermore, thanks to positive feedback we have also received for new mid-range cameras, we decided to maintain our full-year unit sales projection.

As for the full-frame mirrorless camera that we introduced last year, up to and including the third quarter, we have broadened our lineup of dedicated lenses by four in 2019. As a result, we have seen a steady rise in our lens-attach ratio. In the fourth quarter, through the launch of two new lenses, we will solidify the base from which we will expand sales of higher-end mirrorless cameras and use this opportunity to further strengthen activities aimed at accelerating sales.

# Imaging System – Cameras

- Sales decline due to market contraction and intensifying price competition
- Accelerate sales of higher-end products through lens lineup enhancement and further strengthening of sales promotion activities

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Cameras	108.6	129.6	-16.3%	474.7	594.9	-20.2%	497.3	-22.6
IJPs	68.5	77.0	-11.1%	292.2	320.2	-8.7%	309.5	-17.3
Others	12.1	13.1	-6.9%	55.1	55.3	-0.4%	58.2	-3.1
<b>Net Sales</b>	<b>189.2</b>	<b>219.7</b>	<b>-13.9%</b>	<b>822.0</b>	<b>970.4</b>	<b>-15.3%</b>	<b>865.0</b>	<b>-43.0</b>
<b>Op. Profit</b> (% of Net Sales)	<b>10.1</b> 5.3%	<b>23.3</b> 10.6%	<b>-56.8%</b>	<b>50.8</b> 6.2%	<b>126.7</b> 13.1%	<b>-59.9%</b>	<b>63.0</b> 7.3%	<b>-12.2</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.

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

	3Q Actual	Full year Projection
	Cameras	-11.5%
IJPs	-7.0%	-5.3%
Total	-9.4%	-11.6%

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

	3Q Actual		Full year Projection	
	Units	% Change	Units	% Change
DILCs	0.98	-7%	4.20	-17%
DCs	0.66	-8%	2.60	-18%



Full-frame mirrorless cameras

EOS R

EOS RP

13-2

Specifically, we will actively expand kit sales, which include higher-end cameras with the new lenses that were launched. Among them, we are seeing strong orders, particularly in North America, for the kit that includes a high-magnification zoom lens which covers a wide-range of image capturing situations from wide-angle to telephoto. On top of this, we are raising the appeal of our products, continuously making improvements to software which has a significant impact on performance, such as making available firmware upgrades that further improves the accuracy of autofocus. On top of these measures, we will work to encourage potential customers to purchase our products with a focus on digital marketing, through such activities as partnering with professional photographers using social media, and distributing videos that highlight the strengths of our optical technology.

For the professional market, we are steadily enhancing our support system for sporting events, both in Japan and in other markets. And on this front, we are already earning high praise from professional photographers. Additionally, we will respond to the needs of professionals by launching a new flagship model as part of our EOS-1 series at the beginning of next year.

As for the full-year, although we kept our projection for unit sales unchanged, we expect sales and profit to be below our previous outlook due to changes in product mix and additional investments to expand sales in the fourth quarter.

As for compact cameras, we kept our previous full-year unit sales projection as our results have been in line with expectations. Even in the shrinking market, we exceeded the third quarter unit sales of last year of premium G series models that offer advanced video features, bringing new young people into our ecosystem. We will continue efforts to expand sales of our G series, which has relatively higher margins, and link this to improved profitability.



# Imaging System – Inkjet Printers

- Sluggish refillable ink tank printer sales affected by economic slowdown in emerging market countries
- Stimulate demand for home printing through renewed lineup of ink cartridge models

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Cameras	108.6	129.6	-16.3%	474.7	594.9	-20.2%	497.3	-22.6
IJPs	68.5	77.0	-11.1%	292.2	320.2	-8.7%	309.5	-17.3
Others	12.1	13.1	-6.9%	55.1	55.3	-0.4%	58.2	-3.1
<b>Net Sales</b>	<b>189.2</b>	<b>219.7</b>	<b>-13.9%</b>	<b>822.0</b>	<b>970.4</b>	<b>-15.3%</b>	<b>865.0</b>	<b>-43.0</b>
<b>Op. Profit</b> (% of Net Sales)	<b>10.1</b> 5.3%	<b>23.3</b> 10.6%	<b>-56.8%</b>	<b>50.8</b> 6.2%	<b>126.7</b> 13.1%	<b>-59.9%</b>	<b>63.0</b> 7.3%	<b>-12.2</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.

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

	3Q Actual	Full year Projection
Cameras	-11.5%	-16.4%
IJPs	-7.0%	-5.3%
Total	-9.4%	-11.6%

### 2019 Unit Growth Rate Y/Y

	3Q Actual	Full year Projection
IJPs	-8%	-7%



Ink cartridge printers

**TS Series**

As for the market, due to the economic slowdown of emerging markets, we are seeing sluggish growth in the sales of refillable ink tank models, a product segment that has continued to grow until now. This impacted our results as well and in the third quarter we posted revenue decline. Consequently, we also lowered our full-year sales projection.

Even in this challenging environment, in developed countries where ink cartridge models remains the printer of choice, we launched new models in September for the year-end selling season. Along with their new design, the new printers make it even easier to print not only from computers and cameras, but also from smartphones. Leveraging the strength of these kind of new products, we will work to stimulate demand for home printing.

- Sales and profit growth in the third quarter and for the full year thanks to string of new products
- Work to overcome challenging external environment and improve performance

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
<b>Net Sales</b>	<b>113.9</b>	<b>107.6</b>	+5.9%	<b>452.0</b>	<b>437.6</b>	+3.3%	<b>469.0</b>	-17.0
<b>Op. Profit</b>	<b>9.0</b>	<b>7.9</b>	+14.6%	<b>30.5</b>	<b>28.8</b>	+5.8%	<b>34.8</b>	-4.3
(% of Net Sales)	7.9%	7.3%		6.7%	6.6%		7.4%	

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

	3Q Actual	Full year Projection
Total	+8.3%	+6.0%



CT  
**Aquilion ONE/  
GENESIS EDITION**



MRI  
**Vantage Centurian**

As for the market, we did see some pushout of investments due to economic slowdown, particularly in Europe and such emerging markets as China. Overall, however, we expect the market to continue down a path of modest growth thanks to the world's largest market, the United States, where demand is continually rising, supported by the stable economic environment.

In the third quarter, sales and profit have continued to grow since the second quarter thanks to a string of new products that we have launched so far. Among these new products, we increased sales of a high-end CT model that has been highly rated by the market for its ability to provide clinical images that are clearer than those produced by existing systems, through its use of colored images facilitated by proprietary ultra-high-resolution imaging technology.

- Sales and profit growth in the third quarter and for the full year thanks to string of new products
- Work to overcome challenging external environment and improve performance

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
<b>Net Sales</b>	<b>113.9</b>	<b>107.6</b>	+5.9%	<b>452.0</b>	<b>437.6</b>	+3.3%	<b>469.0</b>	-17.0
<b>Op. Profit</b> (% of Net Sales)	<b>9.0</b> 7.9%	<b>7.9</b> 7.3%	+14.6%	<b>30.5</b> 6.7%	<b>28.8</b> 6.6%	+5.8%	<b>34.8</b> 7.4%	-4.3

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

	3Q Actual	Full year Projection
Total	+8.3%	+6.0%



CT  
**Aquilion ONE/  
GENESIS EDITION**



MRI  
**Vantage Centurian**

Furthermore, in the third quarter, we launched a new flagship MRI model. We are enjoying increased orders for the system, which has been praised for its ability to process high-resolution images in a short period of time thanks to its image processing functions that employ proprietary AI technology, taken from CT systems.

In the fourth quarter, which is traditionally the selling season outside of Japan, we will work to further raise the presence of our new products, leveraging such opportunities as industry events, including one of the world's largest exhibition that will be held in the United States, and link this to sales.

As for improving profitability, we are working to raise production efficiency by strengthening cooperation within the Canon Group. For example, in the assembly of CT systems, we are leveraging our knowhow in innovative manufacturing to standardize processes. At the same time, we are working to firmly secure production efficiency improvement, promoting multi-skilled development, which will allow one worker to handle multiple processes. Accelerating the implementation of these kind of measures will lead to improved profitability.

- Sales of lithography equipment declined, but memory market showing signs of bottoming out
- Shift to sales growth from second half thanks to recovery in OLED vacuum deposition equipment demand
- Maintain network camera growth, leveraging strengths in high-resolution and high low-light sensitivity

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Litho. Equip.	32.3	44.3	-27.0%	159.4	199.8	-20.2%	163.1	-3.7
Others	143.9	152.6	-5.7%	588.6	643.1	-8.5%	606.5	-17.9
<b>Net Sales</b>	<b>176.2</b>	<b>196.9</b>	<b>-10.5%</b>	<b>748.0</b>	<b>842.9</b>	<b>-11.3%</b>	<b>769.6</b>	<b>-21.6</b>
<b>Op. Profit</b>	<b>2.6</b>	<b>10.5</b>	<b>-75.1%</b>	<b>20.4</b>	<b>55.7</b>	<b>-63.4%</b>	<b>19.0</b>	<b>+1.4</b>
(% of Net Sales)	1.5%	5.3%		2.7%	6.6%		2.5%	

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)

	3Q Actual	Full year Projection	IC	3Q 2019 Actual	3Q 2018 Actual	Full year Projection	FY 2018 Actual
	Litho. Equip.	-26.3%		-19.7%		22	25
Others	-3.3%	-6.6%	FPD	10	15	51	69
Total	-8.5%	-9.7%					

16-1

In the third quarter, unit sales of semiconductor lithography equipment decreased affected by weakness in the memory market and we expect this to be the case for the full year as well. Recently, however, we have seen a halt in the trend of memory price decline, reflecting a balance between market supply and demand. As for future demand for lithography equipment, though we need to continue watching the trend in customer investment, we expect a full-fledged recovery around the middle to latter half of next year.

As for FPD lithography equipment, due to sluggish smartphone sales, investment into small- and medium-size panel manufacturing equipment remained restrained. As a result, sales in the third quarter and for the full year were and are projected to be below that of last year. However, investment towards large-size panels used in ultra-high definition televisions and other products remains solid and we are working to raise our market share capturing this kind of demand.

- Sales of lithography equipment declined, but memory market showing signs of bottoming out
- Shift to sales growth from second half thanks to recovery in OLED vacuum deposition equipment demand
- Maintain network camera growth, leveraging strengths in high-resolution and high low-light sensitivity

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Litho. Equip.	32.3	44.3	-27.0%	159.4	199.8	-20.2%	163.1	-3.7
Others	143.9	152.6	-5.7%	588.6	643.1	-8.5%	606.5	-17.9
<b>Net Sales</b>	<b>176.2</b>	<b>196.9</b>	<b>-10.5%</b>	<b>748.0</b>	<b>842.9</b>	<b>-11.3%</b>	<b>769.6</b>	<b>-21.6</b>
<b>Op. Profit</b>	<b>2.6</b>	<b>10.5</b>	<b>-75.1%</b>	<b>20.4</b>	<b>55.7</b>	<b>-63.4%</b>	<b>19.0</b>	<b>+1.4</b>
(% of Net Sales)	1.5%	5.3%		2.7%	6.6%		2.5%	

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)				
	3Q Actual	Full year Projection	IC	3Q 2019 Actual	3Q 2018 Actual	Full year Projection	FY 2018 Actual
Litho. Equip.	-26.3%	-19.7%	IC	22	25	86	114
Others	-3.3%	-6.6%	FPD	10	15	51	69
Total	-8.5%	-9.7%					

16-2

Next, OLED vacuum deposition equipment.

We are seeing a steady shift from LCD to OLED panels and expect the use of OLED panels to filter down to popularly priced smartphones as we move towards next year. Supported by this expansion, customer demand for vacuum deposition equipment bottomed out in the first half of this year and is now on a path towards recovery. We already have orders for equipment to be shipped next year, and we are currently in full-fledge production. As for vacuum deposition equipment, due to the long lead time between production and shipment we apply the percentage of completion method. We have already started the production of equipment that will be shipped next year which is partially contributing to sales this year.

We have been maintaining the overwhelming market share of our equipment, which garner high praise from customers for their ultra-high precision technology and their ability to run uninterrupted for long periods of time, made possible through a stable platform. Going forward, we will also work to accelerate the development of equipment used in the production of large-size panels, capturing the expanding use of OLED panels in televisions.

From a profitability perspective, we will work to reduce our cost-of-sales ratio even further, cultivating comprehensive cost savings through the standardization of specifications in the equipment design phase and reducing the time used to install our equipment at customer sites through the standardization of assembly work.

- Sales of lithography equipment declined, but memory market showing signs of bottoming out
- Shift to sales growth from second half thanks to recovery in OLED vacuum deposition equipment demand
- Maintain network camera growth, leveraging strengths in high-resolution and high low-light sensitivity

(Billions of yen)

	3Q			Full Year				
	2019 Actual	2018 Actual	% Change	2019 Current Projection	2018 Actual	% Change	2019 Previous Projection	Amount Change
Litho. Equip.	32.3	44.3	-27.0%	159.4	199.8	-20.2%	163.1	-3.7
Others	143.9	152.6	-5.7%	588.6	643.1	-8.5%	606.5	-17.9
<b>Net Sales</b>	<b>176.2</b>	<b>196.9</b>	<b>-10.5%</b>	<b>748.0</b>	<b>842.9</b>	<b>-11.3%</b>	<b>769.6</b>	<b>-21.6</b>
<b>Op. Profit</b>	<b>2.6</b>	<b>10.5</b>	<b>-75.1%</b>	<b>20.4</b>	<b>55.7</b>	<b>-63.4%</b>	<b>19.0</b>	<b>+1.4</b>
(% of Net Sales)	1.5%	5.3%		2.7%	6.6%		2.5%	

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)

	3Q Actual	Full year Projection		3Q 2019 Actual	3Q 2018 Actual	Full year Projection	FY 2018 Actual
	Litho. Equip.	-26.3%		-19.7%	IC	22	25
Others	-3.3%	-6.6%	FPD	10	15	51	69
Total	-8.5%	-9.7%					

16-3

Next, network cameras.

Even amid the strengthening trend of global economic slowdown, the market continues to expand thanks to rising demand for security.

In developed countries, there is growing need for systems, particularly for large installations such as city surveillance. Against this backdrop, we are expanding sales of our products in the third quarter, which have strengths in high-resolution and high-sensitivity in low-light situations, mainly in large projects that give priority to image quality. Our image processing chip, which has a big impact on the image quality, was renewed in April and we have been working to gradually incorporate this into our network camera lineup since May. These new products are contributing to overall growth in sales.

In recent years, due to advances made in the cloud and other communication related infrastructure, the construction of large-scale systems are not necessarily required. We are now seeing an increase in small- to medium scale systems being introduced, which are mainly being used by local governments and retail establishments. Until now, this has been difficult due to cost considerations. In respond to this, we have added to our lineup, systems that are packaged with cameras and software that can be easily set up by customers.

Going forward as well, we will work towards our aim of achieving market exceeding growth, penetrating the market with these kind of new products and systems.

# Inventory

- Imaging System - Work to lower inventory level towards end of year
- Industry & Others - Building up inventory for future sales expansion

(Billions of yen)		FY 2018				FY 2019		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Office	Amt.	207.5	209.9	224.6	206.1	215.2	205.8	201.1
	Days	41	42	46	42	44	44	44
Imaging System	Amt.	140.5	145.2	173.8	139.6	156.2	151.6	156.9
	Days	47	57	67	50	62	73	73
Medical System	Amt.	80.4	86.0	89.3	90.6	93.8	93.0	92.3
	Days	66	74	80	73	75	79	77
Industry & Others	Amt.	160.1	158.3	172.7	175.0	185.7	180.7	184.0
	Days	73	75	86	91	101	103	105
<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>634.3</b>
	<b>Days</b>	<b>52</b>	<b>56</b>	<b>62</b>	<b>56</b>	<b>62</b>	<b>65</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 September was 65 days, 3 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 improve the level of inventory by the end of the year, adjusting production as we closely watch sales trends in the fourth quarter, the highest selling season.

As for Industry & Others, in order to expand sales from the fourth quarter, we have increased our inventory of products such as semiconductor lithography equipment, where we see signs of the memory market bottoming out, and network cameras, where we see continued growth.

# Cash Flow

## (Full Year)

- Lowered outlook for free cash flow, but still secure a level of acceptable liquidity

(Billions of yen)	FY 2019 Current Projection	FY 2019 Previous Projection	FY 2018 Actual
Net cash provided by operating activities	380.0	450.0	365.3
Net cash used in investing activities	-220.0	-240.0	-195.6
<b>Free cash flow</b>	<b>160.0</b>	<b>210.0</b>	<b>169.7</b>
Net cash provided by (used in) financing activities	-225.0	-230.0	-354.9
Effect of exchange rate changes on cash and cash equivalents	-15.6	-10.6	-16.0
Net change in cash and cash equivalents	-80.6	-30.6	-201.2
<b>Cash and cash equivalents at end of period</b>	<b>440.0</b>	<b>490.0</b>	<b>520.6</b>
<b>Cash-on-hand (In months of Net sales)</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
Capital expenditure	165.0	165.0	159.3
Depreciation	230.0	230.0	251.6

18

Compared with last year, investing cash flow is projected to increase, mainly due to the construction of a new data center by our domestic sales company. Compared with our previous projection, we lowered our outlook for operating cash flow, which is mainly a result of expected lower profit and our review of inventory levels. At the end of the year, we expect cash-on-hand to be 1.4 months of net sales, which is a level that still provides sufficient liquidity.

Despite this, there is a need to improve cash flow in order to invest in future growth and expand new businesses. For that reason, we will enhance existing businesses ability to generate cash through cost reduction and expanded sales of new products that drive performance. At the same time, we will promote further efficiency in working capital through such initiatives as the optimization of inventory.

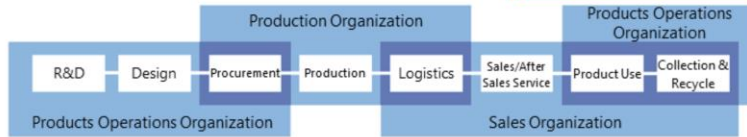
While our performance has been slow to recover due to the impact of the global economic slowdown, sales of new products in core businesses are steadily increasing. Additionally, even in this challenging business environment, new businesses continued to grow. This is evidence that we are making progress in transforming our business portfolio, which also supports the advancement we are making in improving our performance as we move towards the fourth quarter. From this and the base we firmly secure by completing the structural reform we are currently undertaking by the end of the year, we will work to realize a full-fledged recovery form next year.



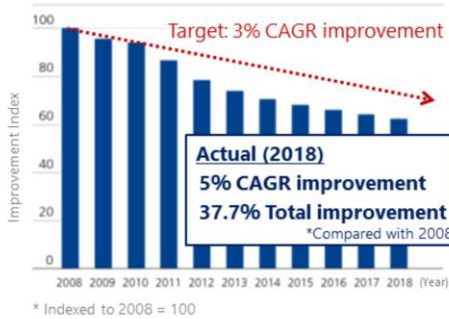
# Sustainability Measures Activities & Results in Environmental Area

- Achievement of Medium-term Environmental Targets
  - ✓ Improvement Index: Lifecycle CO2 emissions per product (3% CAGR improvement)
  - ✓ Coverage: Entire product lifecycle

**50% Total Improvement by 2030**  
\*Compared with 2008



✓ Progress



✓ Main Measures

- Energy Saving**
  - CO2 emission when in use: 50% Reduction (Compared to previous models)
  - CO2 emission when in use: 47% Reduction (Compared to previous models)
- Compact/Lightweight**
  - Volume: 44% Reduction
  - Weight: 29% Reduction
- Recycle**
  - Canon Automated Recycling System for Toner Cartridges (CARS-T)
  - Geothermal HVAC System (Oce)
- Renewable Energy\***
  - Use renewable energy, especially in Europe
  - 82%

In the environmental area, one important theme is the realization of a low-carbon society. The way we measure this is through lifecycle CO2 emissions improvement index per product.

By setting targets over the entire product lifecycle such as making products more compact and light-weight, improving logistical efficiency, reducing the amount of energy used at production sites, reducing the amount of energy consumed by products when in use as well as promoting product recycling, we can manage improvement at each step through a single indicator.

The numerical target of this index is an average yearly improvement of 3%. Using 2008 as the base year, this means achieving a reduction of 50% by 2030. We keep track of this indicator in our medium-term plan, which shows that we have exceeded our 3% target and are actually achieving an average yearly improvement of 5%.

Going forward, we will continue to implement measures aimed at reducing CO2 in every step of our business activities, including development, production, logistics, sales, and recycling. Furthermore, by producing steady results every year, we will contribute to the realization of a low-carbon society.

# Supplementary Information

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

		FY 2019		FY 2018	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
<b>MFDs</b>					
JPY	Hardware	-4%	-5%	-3%	-1%
	Non-hardware	-6%	-6%	-1%	-1%
LC	Hardware	+1%	-1%	-3%	-2%
	Non-hardware	-2%	-2%	-1%	-2%
<b>LPs</b>					
JPY	Hardware	-2%	-7%	+1%	+1%
	Non-hardware	-13%	-15%	+1%	-1%
LC	Hardware	+2%	-5%	+1%	+1%
	Non-hardware	-9%	-12%	+1%	-1%
<b>IJPs</b>					
JPY	Hardware	-13%	-6%	+4%	-3%
	Non-hardware	-10%	-10%	-5%	-5%
LC	Hardware	-9%	-2%	+5%	-3%
	Non-hardware	-6%	-7%	-4%	-5%

**Color Ratio (MFDs & LPs)**

		FY 2019		FY 2018	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
<b>MFDs</b>	Net Sales	59%	60%	58%	59%
	QTY	60%	59%	56%	58%
<b>LPs</b>	Net Sales	52%	52%	52%	51%
	QTY	23%	21%	19%	18%

**Sales Growth by Monochrome & Color MFDs**

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

### Interchangeable Lens Digital Camera Ratio

	FY 2019		FY 2018	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Value Base	84%	85%	85%	85%
Unit Base	60%	62%	60%	61%

\* Value Base Includes Interchangeable Lenses

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

	FY 2019		FY 2018	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
KrF	1	22	6	32
i-Line	21	64	19	82
Total	22	86	25	114