
Canon Inc.

Third Quarter 2020 Results

October 26, 2020
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 2020 Results
P2 – 4

- FY 2020 Projection
P5 – 8

- Details by Business
(3Q 2020 Results & FY 2020 Projection)

P9 – 16

- Financial Situation
P17 – 18

- Sustainability Measures
P19

- Supplementary Information
P20 – 24

Key Message

(3Q 2020 Results)

External Environment

- Global economy recovering from 2Q's record drop

Business Performance

- Our markets also on a recovery trend
- Sales and profit down, but exceeding plan announced in July

(Billions of yen)	3Q 2020 Actual	3Q 2019 Actual	% Change
Net Sales	758.9	869.5	-12.7%
Gross Profit (% of Net Sales)	327.6 43.2%	389.9 44.8%	-16.0%
Op. Expenses	308.4	351.5	
Op. Profit (% of Net Sales)	19.2 2.5%	38.4 4.4%	-50.1%
IBT	22.8	47.0	-51.5%
Net Income (% of Net Sales)	16.7 2.2%	26.5 3.1%	-37.2%
USD	106.17	107.32	
EURO	124.13	119.27	

FY 2020 Financial Results by Business Unit



(3Q 2020 Actual versus 3Q 2019 Actual)

- Sales and profit decline for Office and Medical System, sales decline and profit increase for Imaging System and Industry & Others
- Imaging System profitability back to double-digit level

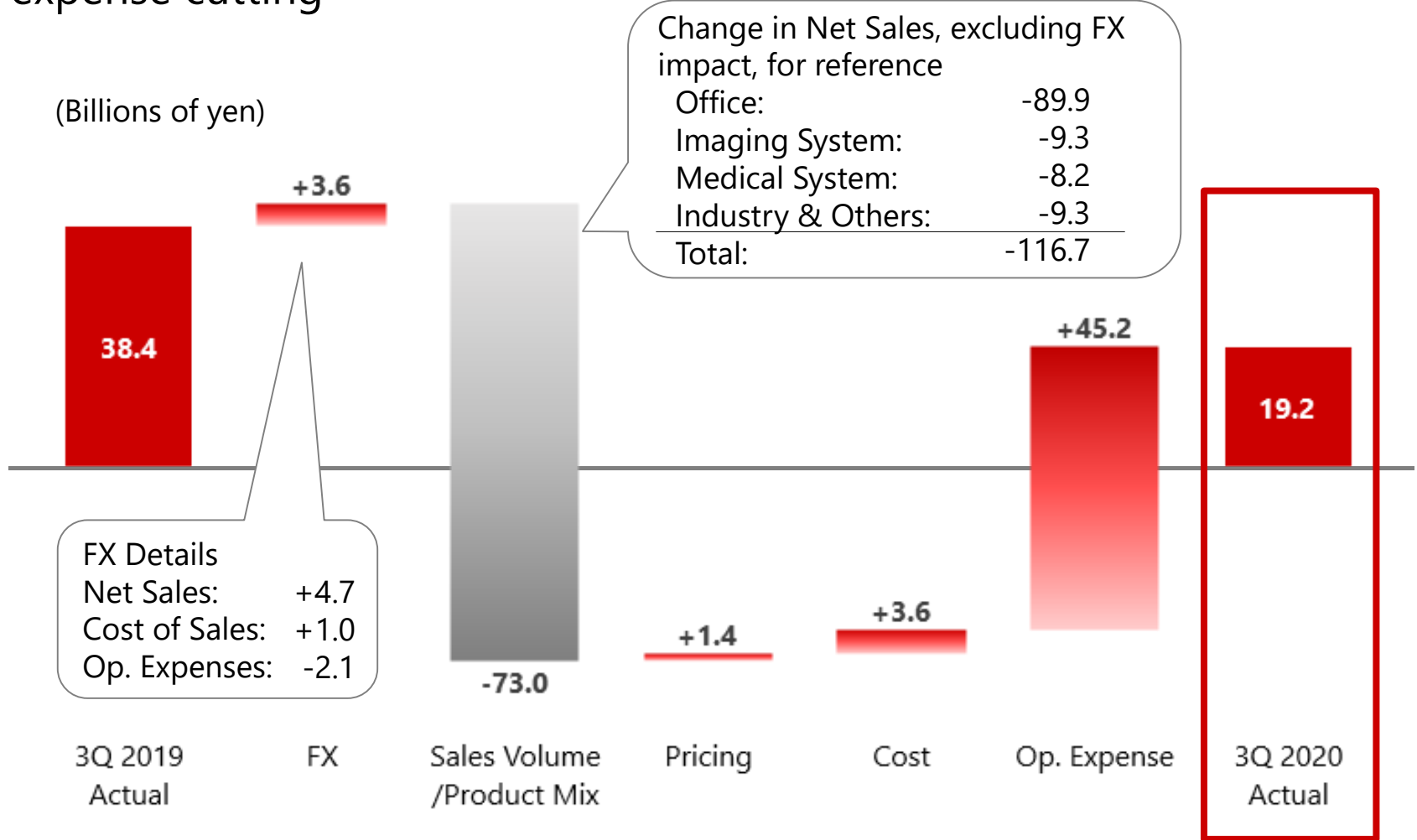
(Billions of yen)		3Q 2020 Actual	3Q 2019 Actual	% Change
Office	Net Sales	335.9	425.3	-21.0%
	Op. Profit	2.5	40.1	-93.7%
Imaging System	Net Sales	185.4	189.2	-2.0%
	Op. Profit	26.9	10.1	+167.0%
Medical System	Net Sales	105.4	113.9	-7.5%
	Op. Profit	5.0	9.0	-44.3%
Industry & Others	Net Sales	153.3	164.7	-6.9%
	Op. Profit	4.2	2.8	+49.8%
Corporate & Eliminations	Net Sales	-21.1	-23.6	-
	Op. Profit	-19.4	-23.6	-
Total	Net Sales	758.9	869.5	-12.7%
	Op. Profit	19.2	38.4	-50.1%

Note: Certain businesses that were included in Industry & Others are now included in Office. Results for the previous year have been restated to conform with the new presentation.

FY 2020 Operating Profit Analysis

(3Q 2020 Actual versus 3Q 2019 Actual)

- Sales Volume: Down significantly, but pace of decrease slower than 2Q
- Op. Expense: Significant improvement thanks to structural reform and expense cutting



Key Message

(FY 2020 Projection)

FX Assumptions

	4Q 2020	FY 2020
USD/Yen	105.00 yen	106.86 yen
EUR/Yen	125.00 yen	122.16 yen

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

Net Sales	Op. Profit
2.9 billion yen	1.0 billion yen
1.5 billion yen	0.7 billion yen

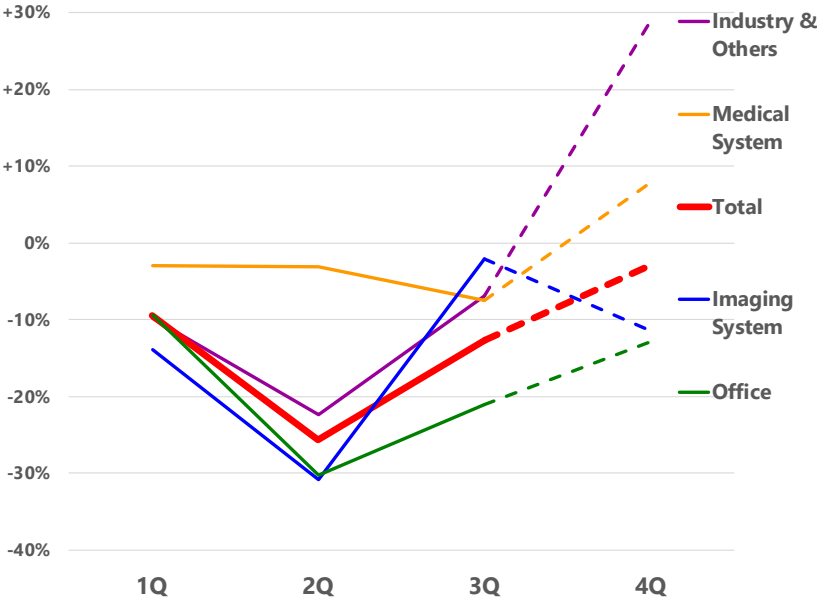
External Environment

- Expect recovery to continue in 4Q, despite uncertainty surrounding resolution of COVID-19, and thanks to measures to manage infection and balance economic activity

FY 2020 Outlook

- Further recovery in our 4Q performance

Trend in Y/Y Sales Growth



FY 2020 Financial Projection

(Full Year)

- Raised projection for net sales and operating profit by 60.0 billion yen and 19.0 billion yen, respectively
- Increased sales and profit of new businesses

(Billions of yen)	FY 2020 Current Projection	FY 2019 Actual	% Change	FY 2020 Previous Projection	Amount Change
Net Sales	3,140.0	3,593.3	-12.6%	3,080.0	+60.0
Gross Profit (% of Net Sales)	1,348.8 43.0%	1,610.0 44.8%	-16.2%	1,318.4 42.8%	+30.4
Op. Expenses	1,284.8	1,435.3		1,273.4	-11.4
Op. Profit (% of Net Sales)	64.0 2.0%	174.7 4.9%	-63.4%	45.0 1.5%	+19.0
IBT	86.0	195.7	-56.1%	70.0	+16.0
Net Income (% of Net Sales)	52.0 1.7%	125.1 3.5%	-58.4%	43.0 1.4%	+9.0
USD	106.86	109.03		106.60	
EURO	122.16	122.03		118.72	

FY 2020 Financial Projection by Business Unit **Canon**

(Full Year)

- Lowered projection for Office and Medical System, raised projection for Imaging System and Industry & Others
- Expect Imaging System profit to increase even for the full year

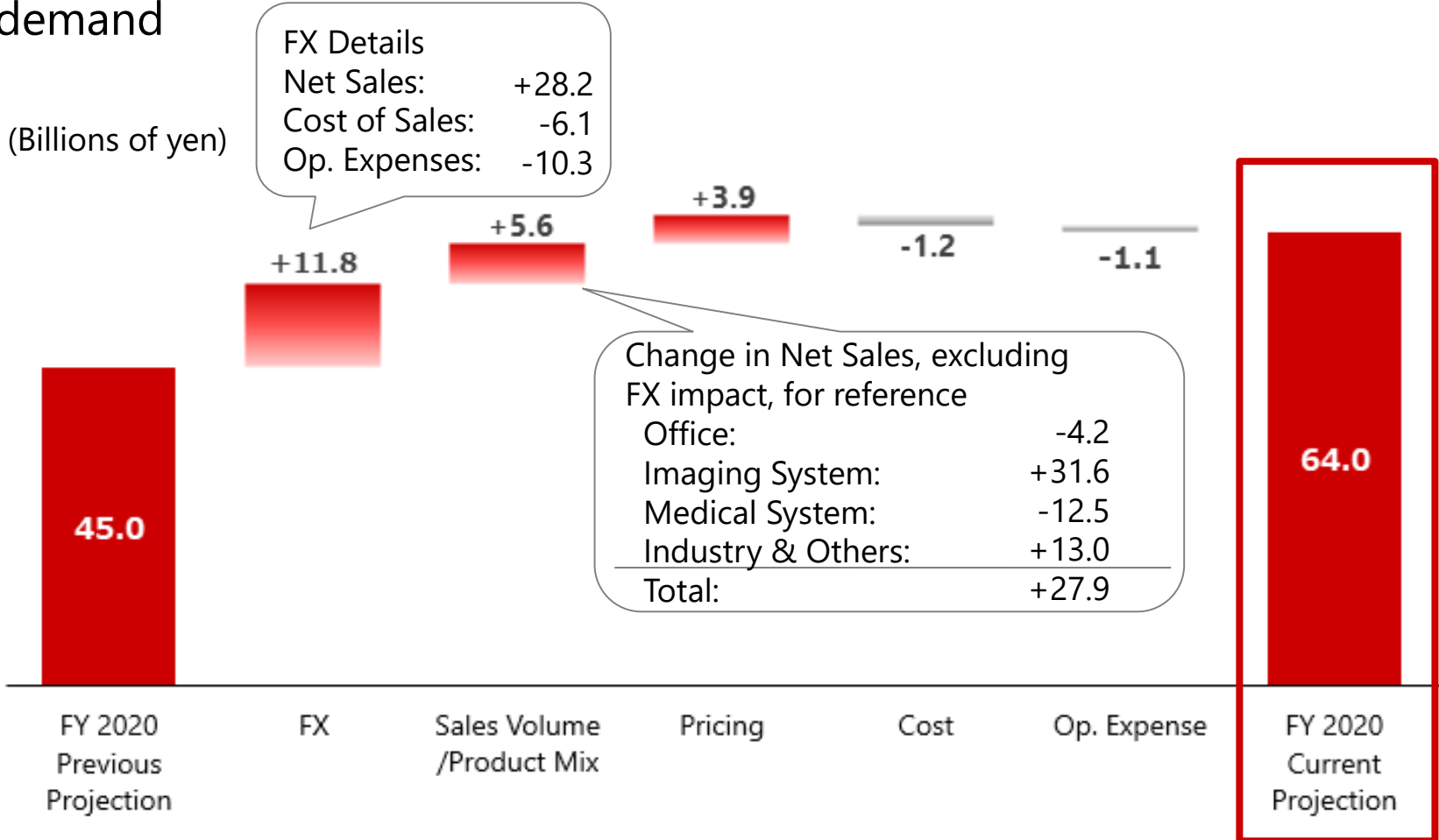
(Billions of yen)		FY 2020 Current Projection	FY 2019 Actual	% Change	FY 2020 Previous Projection	Amount Change
Office	Net Sales	1,431.0	1,752.1	-18.3%	1,423.4	+7.6
	Op. Profit	72.9	165.0	-55.8%	82.6	-9.7
Imaging System	Net Sales	689.1	807.4	-14.7%	643.9	+45.2
	Op. Profit	51.0	48.2	+5.9%	16.1	+34.9
Medical System	Net Sales	432.0	438.5	-1.5%	441.4	-9.4
	Op. Profit	22.3	26.7	-16.6%	26.8	-4.5
Industry & Others	Net Sales	673.3	688.4	-2.2%	654.3	+19.0
	Op. Profit	6.6	19.4	-66.0%	0.4	+6.2
Corporate & Eliminations	Net Sales	-85.4	-93.1	-	-83.0	-2.4
	Op. Profit	-88.8	-84.6	-	-80.9	-7.9
Total	Net Sales	3,140.0	3,593.3	-12.6%	3,080.0	+60.0
	Op. Profit	64.0	174.7	-63.4%	45.0	+19.0

Note: Certain businesses that were included in Industry & Others are now included in Office. Results for the previous year have been restated to conform with the new presentation.

FY 2020 Operating Profit Analysis

(FY 2020 Current Projection versus Previous Projection)

- Sales Volume: Better-than-expected performance of Imaging System and Industry & Others
- Pricing: Restrained price reduction while closely monitoring supply and demand



Office – MFDs

- Recovery in 3Q and 4Q sales to 80% and 90% of last year, respectively, as offices reopen
- Expand sales of imageRUNNER ADVANCE DX series

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
MFDs	123.7	153.4	-19.3%	513.0	645.6	-20.5%	512.8	+0.2
LPs	110.3	155.1	-28.9%	496.8	628.3	-20.9%	495.9	+0.9
Others	101.9	116.8	-12.8%	421.2	478.2	-11.9%	414.7	+6.5
Net Sales	335.9	425.3	-21.0%	1,431.0	1,752.1	-18.3%	1,423.4	+7.6
Op. Profit	2.5	40.1	-93.7%	72.9	165.0	-55.8%	82.6	-9.7
(% of Net Sales)	0.8%	9.4%		5.1%	9.4%		5.8%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. Results for the previous year have been restated to conform with the new presentation.

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
MFDs	-20.1%	-20.0%
LPs	-29.3%	-20.3%
Others	-13.6%	-11.3%
Total	-21.7%	-17.7%

Unit Growth Rate Y/Y

MFDs	3Q Actual	Full year Projection
Monochrome	-9%	-16%
Color	-8%	-14%
Total	-8%	-15%



imageRUNNER ADVANCE DX series

Office – Laser Printers

- Hardware and consumable demand on recovery trend since the beginning of 3Q
- Continue to implement measures to steadily sell consumables

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
MFDs	123.7	153.4	-19.3%	513.0	645.6	-20.5%	512.8	+0.2
LPs	110.3	155.1	-28.9%	496.8	628.3	-20.9%	495.9	+0.9
Others	101.9	116.8	-12.8%	421.2	478.2	-11.9%	414.7	+6.5
Net Sales	335.9	425.3	-21.0%	1,431.0	1,752.1	-18.3%	1,423.4	+7.6
Op. Profit	2.5	40.1	-93.7%	72.9	165.0	-55.8%	82.6	-9.7
(% of Net Sales)	0.8%	9.4%		5.1%	9.4%		5.8%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. Results for the previous year have been restated to conform with the new presentation.

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
MFDs	-20.1%	-20.0%
LPs	-29.3%	-20.3%
Others	-13.6%	-11.3%
Total	-21.7%	-17.7%

Unit Growth Rate Y/Y

	3Q Actual	Full year Projection
LPs		
Monochrome	+5%	-18%
Color	-19%	-14%
Total	-1%	-17%

Office – Others

- Rise in unit sales and pick up in print volume
- Recovery in 3Q sales to 90% of previous year

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
MFDs	123.7	153.4	-19.3%	513.0	645.6	-20.5%	512.8	+0.2
LPs	110.3	155.1	-28.9%	496.8	628.3	-20.9%	495.9	+0.9
Others	101.9	116.8	-12.8%	421.2	478.2	-11.9%	414.7	+6.5
Net Sales	335.9	425.3	-21.0%	1,431.0	1,752.1	-18.3%	1,423.4	+7.6
Op. Profit	2.5	40.1	-93.7%	72.9	165.0	-55.8%	82.6	-9.7
(% of Net Sales)	0.8%	9.4%		5.1%	9.4%		5.8%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. Results for the previous year have been restated to conform with the new presentation.

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
MFDs	-20.1%	-20.0%
LPs	-29.3%	-20.3%
Others	-13.6%	-11.3%
Total	-21.7%	-17.7%



High-speed cut-sheet inkjet printer
varioPRINT iX series



Large-format printer for graphics market
Arizona 2300 series

Imaging System – Cameras

- Faster-than-expected recovery in camera demand
- EOS R5 and EOS R6 resonating very well, contributing to sales recovery
- New concept camera, PowerShot Zoom, also attracting great attention

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
Cameras	91.2	108.6	-16.0%	330.1	466.8	-29.3%	305.3	+24.8
IJPs	82.8	68.5	+20.9%	315.0	288.1	+9.3%	297.3	+17.7
Others	11.4	12.1	-5.7%	44.0	52.5	-16.1%	41.3	+2.7
Net Sales	185.4	189.2	-2.0%	689.1	807.4	-14.7%	643.9	+45.2
Op. Profit	26.9	10.1	+167.0%	51.0	48.2	+5.9%	16.1	+34.9
(% of Net Sales)	14.5%	5.3%		7.4%	6.0%		2.5%	

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Cameras	-16.9%	-28.4%
IJPs	+19.7%	+10.4%
Total	-3.0%	-13.8%

Units (Millions) & Unit Growth Rate Y/Y

	3Q Actual		Full year Projection	
	Units	% Change	Units	% Change
Cameras				
DILCs	0.64	-35%	2.70	-35%
DCs	0.36	-46%	1.50	-42%



Full-frame mirrorless camera

EOS R5



New concept camera

PowerShot Zoom

Imaging System – Inkjet Printers

- In addition to home demand in developed countries, printer demand recovering in emerging markets
- Expand models offering improved home printing convenience

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
Cameras	91.2	108.6	-16.0%	330.1	466.8	-29.3%	305.3	+24.8
IJPs	82.8	68.5	+20.9%	315.0	288.1	+9.3%	297.3	+17.7
Others	11.4	12.1	-5.7%	44.0	52.5	-16.1%	41.3	+2.7
Net Sales	185.4	189.2	-2.0%	689.1	807.4	-14.7%	643.9	+45.2
Op. Profit	26.9	10.1	+167.0%	51.0	48.2	+5.9%	16.1	+34.9
(% of Net Sales)	14.5%	5.3%		7.4%	6.0%		2.5%	

Net Sales Growth Rate Y/Y (Local Currency)

Unit Growth Rate Y/Y

	3Q Actual	Full year Projection		3Q Actual	Full year Projection
	Cameras	-16.9%		-28.4%	IJPs
IJPs	+19.7%	+10.4%			
Total	-3.0%	-13.8%			



PIXUS TS8430
(Japan)

Medical System

- Lowered full-year projection due to weaker-than-expected market recovery
- Steadily converting orders into sales, aiming for 4Q sales growth

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
Net Sales	105.4	113.9	-7.5%	432.0	438.5	-1.5%	441.4	-9.4
Op. Profit (% of Net Sales)	5.0 4.8%	9.0 7.9%	-44.3%	22.3 5.2%	26.7 6.1%	-16.6%	26.8 6.1%	-4.5

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Total	-7.2%	-0.1%



CT
Aquilion Start



MRI
Vantage Orian

Industry & Others – Lithography Equipment

- Increased semiconductor lithography equipment unit sales thanks to recovery in memory-oriented investment
- Aiming to install 22 FPD lithography systems in 4Q in response to customer requests

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
Litho. Equip.	32.8	32.3	+1.6%	143.6	157.2	-8.6%	151.4	-7.8
Others	120.5	132.4	-9.0%	529.7	531.2	-0.3%	502.9	+26.8
Net Sales	153.3	164.7	-6.9%	673.3	688.4	-2.2%	654.3	+19.0
Op. Profit	4.2	2.8	+49.8%	6.6	19.4	-66.0%	0.4	+6.2
(% of Net Sales)	2.7%	1.7%		1.0%	2.8%		0.1%	

Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. Results for the previous year have been restated to conform with the new presentation.

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Litho. Equip.	+0.9%	-8.9%
Others	-9.2%	+0.3%
Total	-7.2%	-1.8%

Lithography Equipment (Units)

Litho. Equip.	3Q 2020 Actual	3Q 2019 Actual	Full year Projection	FY 2019 Actual
IC	31	22	124	84
FPD	5	10	33	50



Semiconductor lithography equipment

FPA-6300ES6a

Industry & Others – Others

- Increasing full-year OLED vacuum deposition equipment sales through steady progress in installation work
- Network camera returned to sales growth in 3Q, expect full-year sales to increase even during pandemic

(Billions of yen)

	3Q			Full Year				
	2020 Actual	2019 Actual	% Change	2020 Current Projection	2019 Actual	% Change	2020 Previous Projection	Amount Change
Litho. Equip.	32.8	32.3	+1.6%	143.6	157.2	-8.6%	151.4	-7.8
Others	120.5	132.4	-9.0%	529.7	531.2	-0.3%	502.9	+26.8
Net Sales	153.3	164.7	-6.9%	673.3	688.4	-2.2%	654.3	+19.0
Op. Profit	4.2	2.8	+49.8%	6.6	19.4	-66.0%	0.4	+6.2
(% of Net Sales)	2.7%	1.7%		1.0%	2.8%		0.1%	

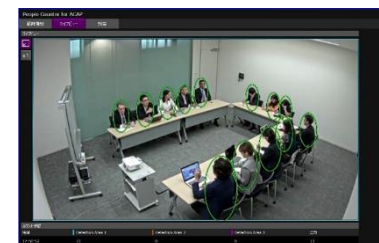
Note: Certain businesses that were included in Industry & Others are now included in "Others" within Office. Results for the previous year have been restated to conform with the new presentation.

Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Litho. Equip.	+0.9%	-8.9%
Others	-9.2%	+0.3%
Total	-7.2%	-1.8%



OLED vacuum deposition equipment



Video analytics solution
Crowded Office Alert Solution

Inventory

- Temporary build up in Industry & Others causing slight increase in overall inventory
- Steady decrease in other segments in value terms

(Billions of yen)		FY 2019				FY 2020		
		Mar.-end	Jun.-end	Sep.-end	Dec.-end	Mar.-end	Jun.-end	Sep.-end
Office	Value	215.5	206.1	201.3	191.9	194.9	191.6	188.3
	Days	43	43	42	40	42	50	53
Imaging System	Value	156.2	151.6	156.9	127.9	130.1	113.3	107.9
	Days	62	73	73	55	61	70	60
Medical System	Value	93.8	93.0	92.3	97.5	97.5	100.1	97.2
	Days	75	79	77	79	84	91	89
Industry & Others	Value	185.4	180.4	183.8	167.5	178.1	198.7	224.2
	Days	105	112	114	102	112	141	156
Total	Value	650.9	631.1	634.3	584.8	600.6	603.7	617.6
	Days	62	65	65	59	63	76	79

Note: Certain businesses that were included in Industry & Others are now included in Office. Results for the previous year have been restated to conform with the new presentation.

Cash Flow

(Full Year)

- Improve free cash flow by increasing profit, limiting capital spending etc.
- Secure same level of cash-on-hand as last time (1.5 months of sales)

(Billions of yen)	FY 2020 Current Projection	FY 2020 Previous Projection	FY 2019 Actual
Net cash provided by operating activities	277.0	182.0	358.5
Net cash used in investing activities	-175.0	-235.0	-228.6
Free cash flow	102.0	-53.0	129.9
Net cash provided by (used in) financing activities	-105.8	49.9	-232.6
Effect of exchange rate changes on cash and cash equivalents	-9.0	-9.7	-5.1
Net change in cash and cash equivalents	-12.8	-12.8	-107.8
Cash and cash equivalents at end of period	400.0	400.0	412.8
Cash-on-hand (In months of Net sales)	1.5	1.5	1.4
Capital expenditures	150.0	160.0	178.1
Depreciation & Amortization	215.0	200.0	237.3

Sustainability Measures



Responding to COVID-19 through technology

Contribute to the realization of a safe, secure, and comfortable society

Medical equipment development

Rapid Genetic Testing System for the Novel Coronavirus

Canon Medical Systems

Early introduction of CT system



Support of new lifestyles

Release of a software for online communication
Countries / regions around the world



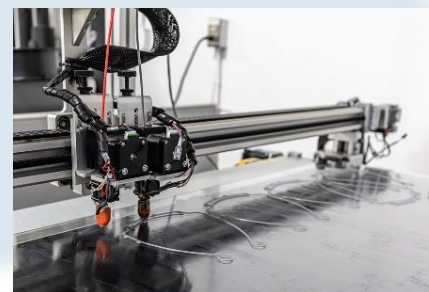
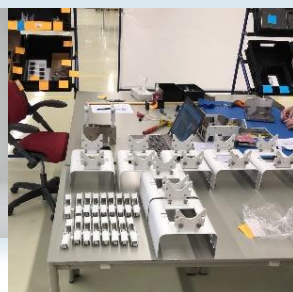
Support Medical settings

Production of ventilators

Canon Production Printing (Netherlands)

Production of face shields

Canon Virginia (U.S.A)



Body temperature sensing solutions

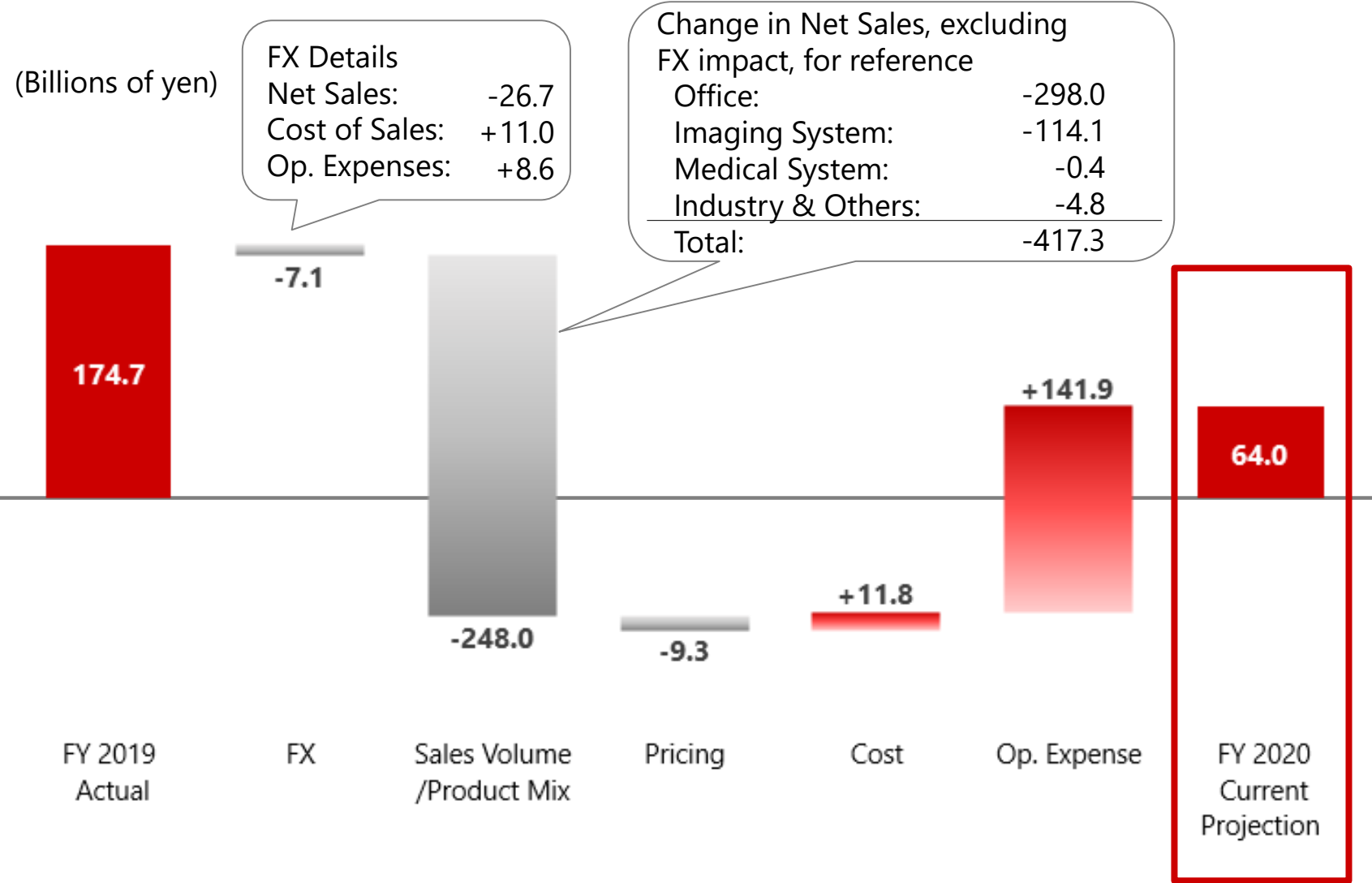
Canon Singapore



Supplementary Information

FY 2020 Operating Profit Analysis

(FY 2020 Current Projection versus FY 2019 Actual)



Net Sales Growth Rate of Hardware & Non-hardware

		FY 2020		FY 2019	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
MFDs					
JPY	Hardware	-18%	-21%	-4%	-7%
	Non-hardware	-21%	-20%	-6%	-5%
LC	Hardware	-18%	-20%	+1%	-4%
	Non-hardware	-21%	-20%	-2%	-2%
LPs					
JPY	Hardware	-16%	-22%	-2%	-5%
	Non-hardware	-38%	-21%	-13%	-15%
LC	Hardware	-17%	-21%	+2%	-3%
	Non-hardware	-38%	-20%	-9%	-13%
IJPs					
JPY	Hardware	+40%	+13%	-13%	-9%
	Non-hardware	+12%	+8%	-10%	-10%
LC	Hardware	+39%	+14%	-9%	-7%
	Non-hardware	+11%	+9%	-6%	-8%

Color Ratio

		FY 2020		FY 2019	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
MFDs	Net Sales	60%	60%	59%	59%
	QTY	60%	59%	60%	59%
LPs	Net Sales	47%	51%	52%	52%
	QTY	19%	21%	23%	20%

Sales Growth by Monochrome & Color MFDs

		FY 2020		FY 2019	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
JPY	Monochrome	-21%	-22%	-7%	-6%
	Color	-19%	-20%	-4%	-5%
LC	Monochrome	-21%	-22%	-3%	-4%
	Color	-19%	-19%	+1%	-2%

Interchangeable Lens Digital Camera Ratio

	FY 2020		FY 2019	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Value Base	88%	86%	84%	85%
Unit Base	64%	64%	60%	62%

* Value Base Includes Interchangeable Lenses

IC Stepper Unit Breakdown by Light Source

(Units)

	FY 2020		FY 2019	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
KrF	8	24	1	22
i-Line	23	100	21	62
Total	31	124	22	84