
Canon Inc.

Third Quarter 2018 Results

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Sales and profit decline

- Office: Solid performance, particular new products
- Industry & Others: Revenue declined due to the settling down of OLED-related investment
- Cameras: Declined due to temporary factors

Improvement in gross profit ratio

- Office: Cost reduction through fixed cost improvement
- Industry & Others: Improved productivity

FY 2018 Financial Results

(3Q 2018 Actual versus 3Q 2017 Actual)



- Compared to last year (pre-reclassification basis): Decline in sales and profit, but improvement in gross profit ratio

(Billions of yen)	FY 2018				FY 2017			% Change (Pre-reclassification)
	3Q Actual	Service Cost	Pension	3Q Actual (Pre-reclassification)	3Q Actual	Pension	3Q Actual (Pre-reclassification)	
Net Sales	926.5	0.0	0.0	926.5	994.5	0.0	994.5	-6.8%
Gross Profit (% of Net Sales)	427.0 46.1%	-28.7	-0.8	456.5 49.3%	481.7 48.4%	-0.5	482.2 48.5%	-5.3%
Op. Expenses	358.7	+28.7	-3.5	383.9	403.7	-2.0	401.7	
Op. Profit (% of Net Sales)	68.3 7.4%	0.0	-4.3	72.6 7.8%	78.0 7.8%	-2.5	80.5 8.1%	-9.8%
Non-operating Income	-1.2	0.0	+4.3	-5.5	9.8	+2.5	7.3	
IBT	67.1	0.0	0.0	67.1	87.8	0.0	87.8	-23.6%
Net Income (% of Net Sales)	46.3 5.0%	0.0	0.0	46.3 5.0%	63.1 6.3%	0.0	63.1 6.3%	-26.6%
USD	111.47			111.47	110.93		110.93	
EURO	129.63			129.63	130.42		130.42	

Note 1: In 2018, a reclassification of service revenue related costs and expenses was conducted.

Note 2: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

FY 2018 Financial Results by Business Unit

(3Q 2018 Actual versus 3Q 2017 Actual)

- Overall sales and profit decline due to temporary factors impacting Imaging System and Industry & Others, partially off-set by Office maintaining growth in both sales and profit

(Billions of yen)		3Q 2018 Actual	3Q 2017 Actual	% Change
Office	Net Sales	430.4	429.4	+0.2%
	Op. Profit	49.9	43.3	+15.2%
Imaging System	Net Sales	228.3	270.5	-15.6%
	Op. Profit	21.4	39.2	-45.3%
Medical System	Net Sales	107.6	112.1	-4.0%
	Op. Profit	8.1	7.5	+7.6%
Industry & Others	Net Sales	188.3	206.4	-8.8%
	Op. Profit	14.3	17.6	-18.8%
Corporate & Eliminations	Net Sales	-28.1	-23.9	-
	Op. Profit	-25.4	-29.6	-
Total	Net Sales	926.5	994.5	-6.8%
	Op. Profit	68.3	78.0	-12.4%

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

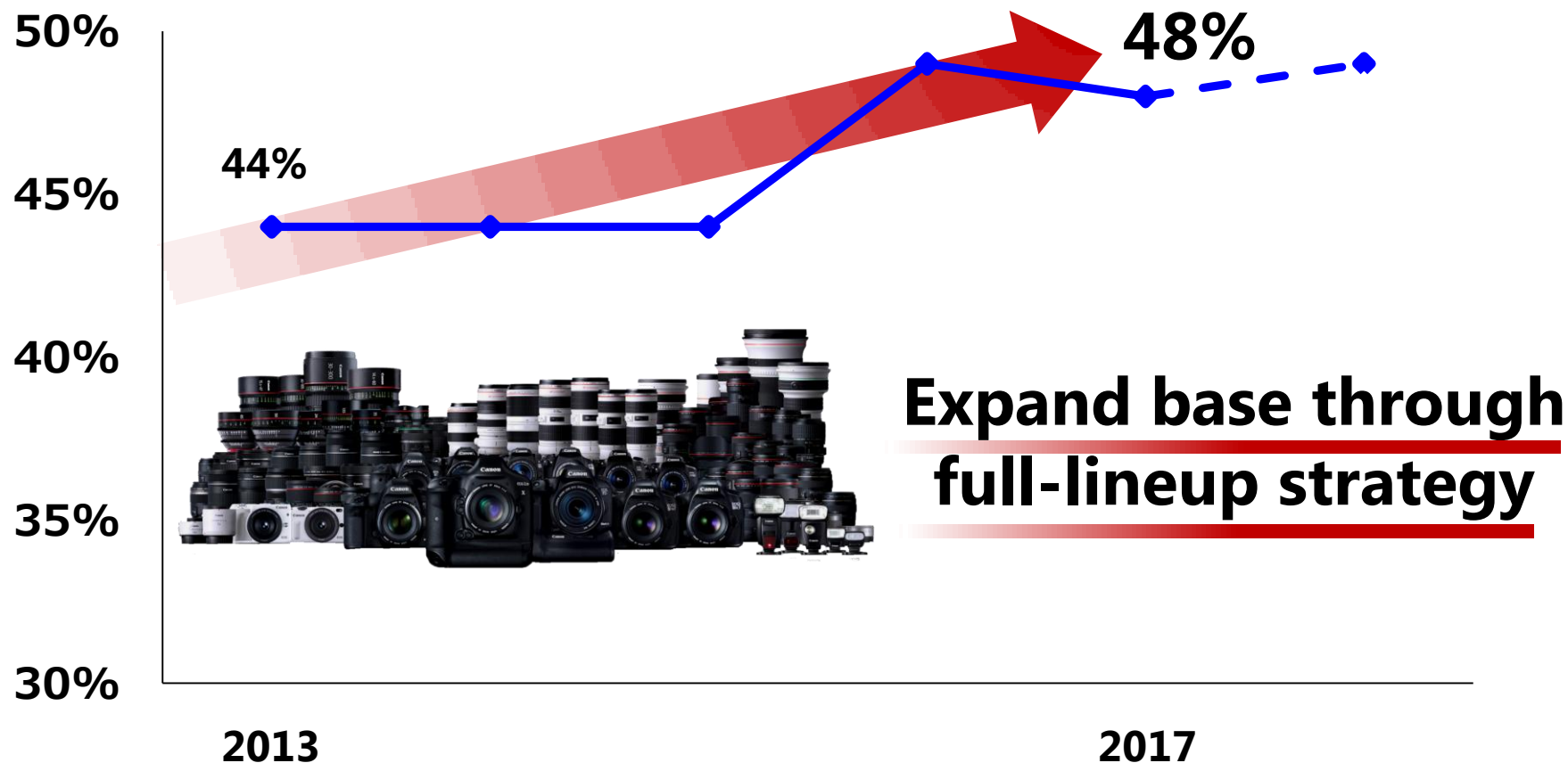
Note 2: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.

(Impact of 2017 3Q Actual Net Sales: 15.0 billions of yen, Operating Profit: -1.2 billions of yen)

Interchangeable-lens Cameras (Basic Strategy)

- Actively launched new products based on full-lineup strategy
- Market share on upward trend over past few years thanks to steady cultivation of new users

Interchangeable-lens camera market share

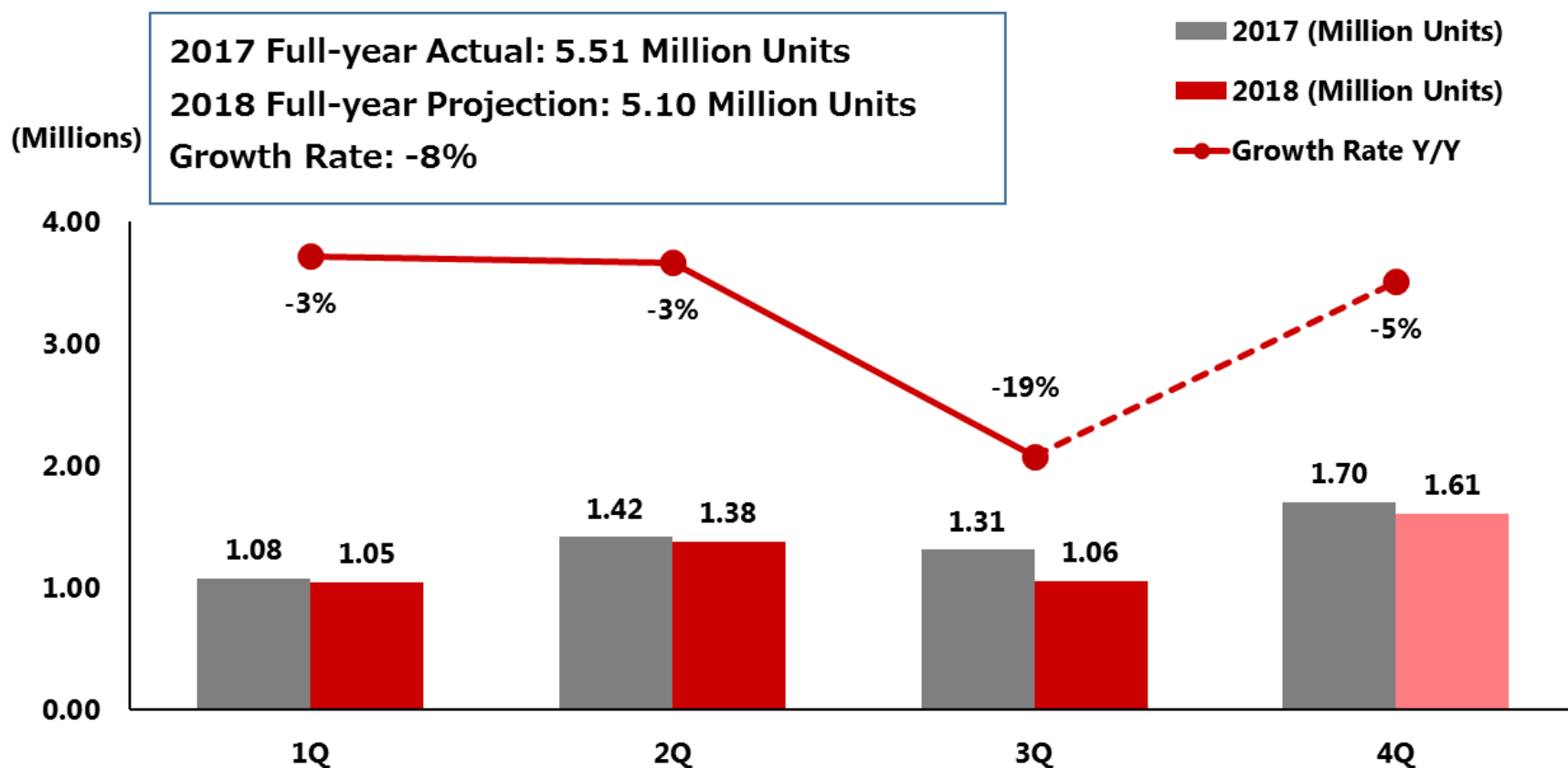


Interchangeable-lens Cameras

(3Q 2018 Actual)

- Temporarily curtailed shipments due to a pause in entry-class DSLR purchasing
- Retrained buying of advanced-amateur models due to successive announcements of companies entering the full-frame sensor mirrorless camera market

Interchangeable-lens camera units



Interchangeable-lens Cameras (FY 2018)

- Enhanced lineup through the launch of full-frame sensor mirrorless camera
- Aiming for overwhelming No. 1 position, leveraging overall strength of EOS system, including lenses

RF Lenses



Professional

1D X
Mark II



Advanced-Amateur

5D
Mark IV



R

Mirrorless

7D
Mark II



6D
Mark II



M5

Entry

77D



SL2/200D



T100/4000D/3000D



M50



M100

Broad Range of Lens Assets



Key Message

(FY 2018 Projection)

FX Assumptions

	4Q 2018	FY 2018	Impact of exchange rate movement (4Q impact given a one yen change)	
			Net Sales	Op. Profit
USD/Yen	110.00 yen	109.66 yen	3.8 billion yen	1.2 billion yen
EUR/Yen	130.00 yen	130.64 yen	1.8 billion yen	0.9 billion yen

External Environment

- Expect global economic recovery to continue, but escalating trade friction between the U.S. and China raising uncertainty

FY 2018 Outlook

- Lowered projection mainly for cameras and Industry & Others
- Work to raise profitability through comprehensive cost management

FY 2018 Financial Projection

(FY 2018 Current Projection versus FY 2017 Actual)

- Strive to improve profitability on a concerted Group-wide basis
- Aiming for second consecutive year of profit growth, exceeding all profitability measures of last year

(Billions of yen)	FY 2018			FY 2017			% Change (Pre-reclassification)	
	Current Projection	Service Cost	Pension	Current Projection (Pre-reclassification)	Full year Actual	Pension		Full Year Actual (Pre-reclassification)
Net Sales	4,000.0	0.0	0.0	4,000.0	4,080.0	0.0	4,080.0	-2.0%
Gross Profit (% of Net Sales)	1,851.5 46.3%	-117.5	-3.0	1,972.0 49.3%	1,990.6 48.8%	-2.1	1,992.7 48.8%	-1.0%
Op. Expenses	1,516.0	+117.5	-14.0	1,619.5	1,669.0	-7.8	1,661.2	
Op. Profit (% of Net Sales)	335.5 8.4%	0.0	-17.0	352.5 8.8%	321.6 7.9%	-9.9	331.5 8.1%	+6.3%
Non-operating Income	29.5	0.0	+17.0	12.5	32.3	+9.9	22.4	
IBT	365.0	0.0	0.0	365.0	353.9	0.0	353.9	+3.1%
Net Income (% of Net Sales)	251.0 6.3%	0.0	0.0	251.0 6.3%	241.9 5.9%	0.0	241.9 5.9%	+3.8%
USD	109.66			109.66	112.13		112.13	
EURO	130.64			130.64	126.69		126.69	

Note 1: In 2018, a reclassification of service revenue related costs and expenses was conducted.

Note 2: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

FY 2018 Financial Projection

(FY 2018 Current Projection versus FY 2018 Previous Projection)

- Lowered projection for net sales and operating profit by 120 billion yen and 43 billion yen, respectively
- Revised projection mainly for cameras, Medical, and Industry & Others

(Billions of yen)	FY 2018		Amount Change
	Current Projection	Previous Projection	
Net Sales	4,000.0	4,120.0	-120.0
Gross Profit (% of Net Sales)	1,851.5 46.3%	1,906.5 46.3%	-55.0
Op. Expenses	1,516.0	1,528.0	+12.0
Op. Profit (% of Net Sales)	335.5 8.4%	378.5 9.2%	-43.0
Non-operating Income	29.5	31.5	-2.0
IBT	365.0	410.0	-45.0
Net Income (% of Net Sales)	251.0 6.3%	280.0 6.8%	-29.0
USD	109.66	109.34	
EURO	130.64	130.71	

FY 2018 Financial Projection by Business Unit

(Full Year)

- Imaging System: Revised sales plan for cameras
- Medical and Industry & Others: Reflected changes in external environment

(Billions of yen)		FY 2018 Current Projection	FY 2017 Actual	% Change	FY 2018 Previous Projection	Amount Change
Office	Net Sales	1,818.0	1,804.8	+0.7%	1,840.0	-22.0
	Op. Profit	228.5	195.3	+17.0%	237.5	-9.0
Imaging System	Net Sales	1,040.0	1,136.2	-8.5%	1,101.0	-61.0
	Op. Profit	127.5	175.9	-27.5%	164.5	-37.0
Medical System	Net Sales	443.0	436.2	+1.6%	450.0	-7.0
	Op. Profit	27.0	22.5	+20.0%	27.0	0.0
Industry & Others	Net Sales	807.0	792.8	+1.8%	829.0	-22.0
	Op. Profit	61.0	42.1	+44.9%	60.5	+0.5
Corporate & Eliminations	Net Sales	-108.0	-90.0	-	-100.0	-8.0
	Op. Profit	-108.5	-114.2	-	-111.0	+2.5
Total	Net Sales	4,000.0	4,080.0	-2.0%	4,120.0	-120.0
	Op. Profit	335.5	321.6	+4.3%	378.5	-43.0

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

Note 2: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 and our previous projection to conform with the current presentation.

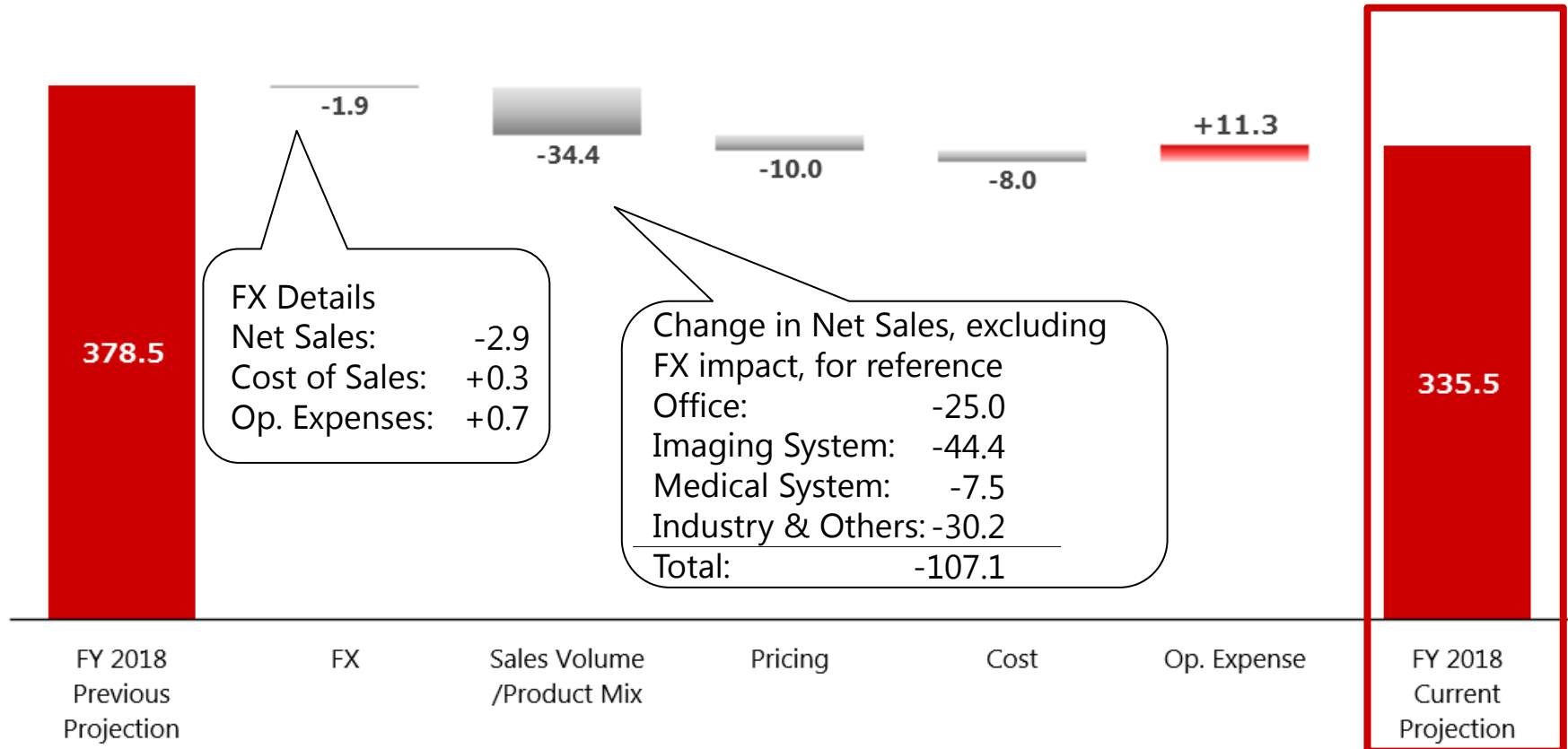
(Impact of FY 2017 Actual Net Sales: 61.1 billions of yen, Operating Profit: -14.7 billions of yen / Impact of FY 2018 Previous Projection Net Sales: 59.0 billions of yen, Operating Profit: -4.5 billions of yen)

FY 2018 Operating Profit Analysis

(FY 2018 Current Projection versus FY 2018 Previous Projection)

- Profit decline due to revised sales plan
- Decline in cost reduction due to raise in raw material prices and lower sales volume, but improve profitability through expense curtailment

(Billions of yen)



- Further raised product competitiveness through the start of service that collaborates with external cloud service providers
- Aiming for market exceeding growth for the full year by accelerating sales of color models

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
MFDs	161.2	164.4	-1.9%	696.7	694.0	+0.4%	711.9	-15.2
LPs	169.5	167.8	+1.0%	705.3	706.7	-0.2%	705.3	0.0
Others	99.7	97.2	+2.5%	416.0	404.1	+3.0%	422.8	-6.8
Net Sales	430.4	429.4	+0.2%	1,818.0	1,804.8	+0.7%	1,840.0	-22.0
Op. Profit	49.9	43.3	+15.2%	228.5	195.3	+17.0%	237.5	-9.0
(% of Net Sales)	11.6%	10.1%		12.6%	10.8%		12.9%	

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

Note 2: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Others within the Office Business Unit to Others within Industry & Others Business Unit from this quarter and restated figures from 2017 and our previous projection to conform with the current presentation.

2018 Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
MFDs	-1.7%	+0.4%
LPs	+0.7%	+0.5%
Others	+2.9%	+2.8%
Total	+0.3%	+0.9%

2018 Unit Growth Rate Y/Y

MFDs	3Q Actual	Full year Projection
B&W	-6%	-1%
Color	+5%	+8%
Total	+0%	+4%

" imageRUNNER ADVANCE

Gen3 2nd Edition "



- Inherits high reliability of current models
- User authentication, print management etc. offered as standard features
- Work with external cloud-services

Office – Laser Printers

- Continued sales growth in 3Q by demonstrating product advantages
- Maintaining previous plan due to solid sales

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
MFDs	161.2	164.4	-1.9%	696.7	694.0	+0.4%	711.9	-15.2
LPs	169.5	167.8	+1.0%	705.3	706.7	-0.2%	705.3	0.0
Others	99.7	97.2	+2.5%	416.0	404.1	+3.0%	422.8	-6.8
Net Sales	430.4	429.4	+0.2%	1,818.0	1,804.8	+0.7%	1,840.0	-22.0
Op. Profit	49.9	43.3	+15.2%	228.5	195.3	+17.0%	237.5	-9.0
(% of Net Sales)	11.6%	10.1%		12.6%	10.8%		12.9%	

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

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2018 Net Sales Growth Rate Y/Y

(Local Currency)

	3Q Actual	Full year Projection
MFDs	-1.7%	+0.4%
LPs	+0.7%	+0.5%
Others	+2.9%	+2.8%
Total	+0.3%	+0.9%

2018 Unit Growth Rate Y/Y

LPs	3Q Actual	Full year Projection
B&W	+7%	0%
Color	+14%	+8%
Total	+8%	+1%

Office – Others

- Sales of new products that target the graphic arts segment remain solid
- Working to further expand sales by enhancing dedicated sales force

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
MFDs	161.2	164.4	-1.9%	696.7	694.0	+0.4%	711.9	-15.2
LPs	169.5	167.8	+1.0%	705.3	706.7	-0.2%	705.3	0.0
Others	99.7	97.2	+2.5%	416.0	404.1	+3.0%	422.8	-6.8
Net Sales	430.4	429.4	+0.2%	1,818.0	1,804.8	+0.7%	1,840.0	-22.0
Op. Profit	49.9	43.3	+15.2%	228.5	195.3	+17.0%	237.5	-9.0
(% of Net Sales)	11.6%	10.1%		12.6%	10.8%		12.9%	

Note 1: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

Note 2: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Others within the Office Business Unit to Others within Industry & Others Business Unit from this quarter and restated figures from 2017 and our previous projection to conform with the current presentation.

2018 Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
MFDs	-1.7%	+0.4%
LPs	+0.7%	+0.5%
Others	+2.9%	+2.8%
Total	+0.3%	+0.9%



High-speed Cut Sheet Printer
" VarioPrint i300 "



High-speed Continuous Feed Printer
" ProStream 1000 "



Wide-format UV Inkjet Printer

" Colorado 1640 "

Imaging System – Cameras

- Interchangeable-lens cameras: Revised projection for the market and own unit sales
- Compact cameras: Maintaining previous projection

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
Cameras	131.0	168.8	-22.4%	623.1	702.8	-11.3%	673.8	-50.7
IJPs	77.0	78.6	-2.0%	325.1	335.6	-3.1%	332.4	-7.3
Others	20.3	23.1	-12.0%	91.8	97.8	-6.2%	94.8	-3.0
Net Sales	228.3	270.5	-15.6%	1,040.0	1,136.2	-8.5%	1,101.0	-61.0
Op. Profit	21.4	39.2	-45.3%	127.5	175.9	-27.5%	164.5	-37.0
(% of Net Sales)	9.4%	14.5%		12.3%	15.5%		14.9%	

Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

2018 Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Cameras	-21.8%	-11.0%
IJPs	-1.7%	-3.1%
Total	-15.1%	-8.3%

2018 Units (Millions) & Unit Growth Rate Y/Y

	3Q Actual		Full year Projection	
	Units	% Change	Units	% Change
DILCs	1.06	-19%	5.10	-8%
DCs	0.72	-15%	3.00	-26%

Full-frame Mirrorless Model "EOS R"



Imaging System – Inkjet Printers

- 3Q: Although revenue was impacted by consumable sales, hardware exceeded last year
- Aiming to exceed unit sales of last year through refillable ink tank models and new models released in the second half

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
Cameras	131.0	168.8	-22.4%	623.1	702.8	-11.3%	673.8	-50.7
IJPs	77.0	78.6	-2.0%	325.1	335.6	-3.1%	332.4	-7.3
Others	20.3	23.1	-12.0%	91.8	97.8	-6.2%	94.8	-3.0
Net Sales	228.3	270.5	-15.6%	1,040.0	1,136.2	-8.5%	1,101.0	-61.0
Op. Profit	21.4	39.2	-45.3%	127.5	175.9	-27.5%	164.5	-37.0
(% of Net Sales)	9.4%	14.5%		12.3%	15.5%		14.9%	

Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

2018 Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Cameras	-21.8%	-11.0%
IJPs	-1.7%	-3.1%
Total	-15.1%	-8.3%

2018 Unit Growth Rate Y/Y

	3Q Actual	Full year Projection
IJPs	+11%	+1%

A3 Business Model



Medical System

- 3Q: Although impacted by restrained buying in domestic market, overseas sales remained solid
- FY: Aiming for sales and profit growth, accelerating the rollout of strong selling new products overseas
- Working to lower cost through synergy effect, leveraging Canon's production technology

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
Net Sales	107.6	112.1	-4.0%	443.0	436.2	+1.6%	450.0	-7.0
Op. Profit (% of Net Sales)	8.1 7.5%	7.5 6.7%	+7.6%	27.0 6.1%	22.5 5.2%	+20.0%	27.0 6.0%	0.0

Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

2018 Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Total	-3.1%	+1.9%



MRI "Vantage Orian"



X-Ray Angiography system
"Alphenix Series"

Industry & Others

- Semiconductor litho. equipment: Revised full-year plan to reflect change in market situation
- FPD litho. equipment: Maintained full-year plan as sales have been in line with expectations
- Network cameras: Double-digit growth thanks partially to the contribution of new cloud service

(Billions of yen)

	3Q			Full Year				
	2018 Actual	2017 Actual	% Change	2018 Current Projection	2017 Actual	% Change	2018 Previous Projection	Amount Change
Litho. Equip.	44.3	54.5	-18.8%	203.4	193.1	+5.3%	214.8	-11.4
Others	144.0	151.9	-5.2%	603.6	599.7	+0.6%	614.2	-10.6
Net Sales	188.3	206.4	-8.8%	807.0	792.8	+1.8%	829.0	-22.0
Op. Profit	14.3	17.6	-18.8%	61.0	42.1	+44.9%	60.5	+0.5
(% of Net Sales)	7.6%	8.5%		7.6%	5.3%		7.3%	

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2018 Net Sales Growth Rate Y/Y (Local Currency)

	3Q Actual	Full year Projection
Litho. Equip.	-18.8%	+5.4%
Others	-5.2%	+0.8%
Total	-8.8%	+1.9%

Lithography Equipment (Units)

	3Q 2017 Actual	3Q 2018 Actual	FY 2017 Actual	Full year Projection
IC	15	25	70	112
FPD	29	15	84	70

Inventory

- Imaging System and Medical: Inventory increase linked to sales expansion in 4Q
- Office and Industry & Others: Maintained appropriate level

(Billions of yen)	FY 2017				FY 2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Office	Amt.	206.9	211.1	222.4	205.1	207.5	209.9	224.6
	Days	42	43	46	41	41	42	46
Imaging System	Amt.	142.7	148.8	163.6	130.4	151.9	156.6	186.1
	Days	46	52	54	39	49	59	69
Medical System	Amt.	-	80.5	76.6	83.6	80.4	86.0	89.3
	Days	-	67	70	71	66	74	80
Industry & Others	Amt.	219.5	156.4	158.4	150.9	148.7	146.9	160.4
	Days	82	85	83	72	72	73	84
Total	Amt.	569.1	596.8	621.0	570.0	588.5	599.4	660.4
	Days	54	55	57	49	52	56	62

Note: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.

Cash Flow

(Full Year)

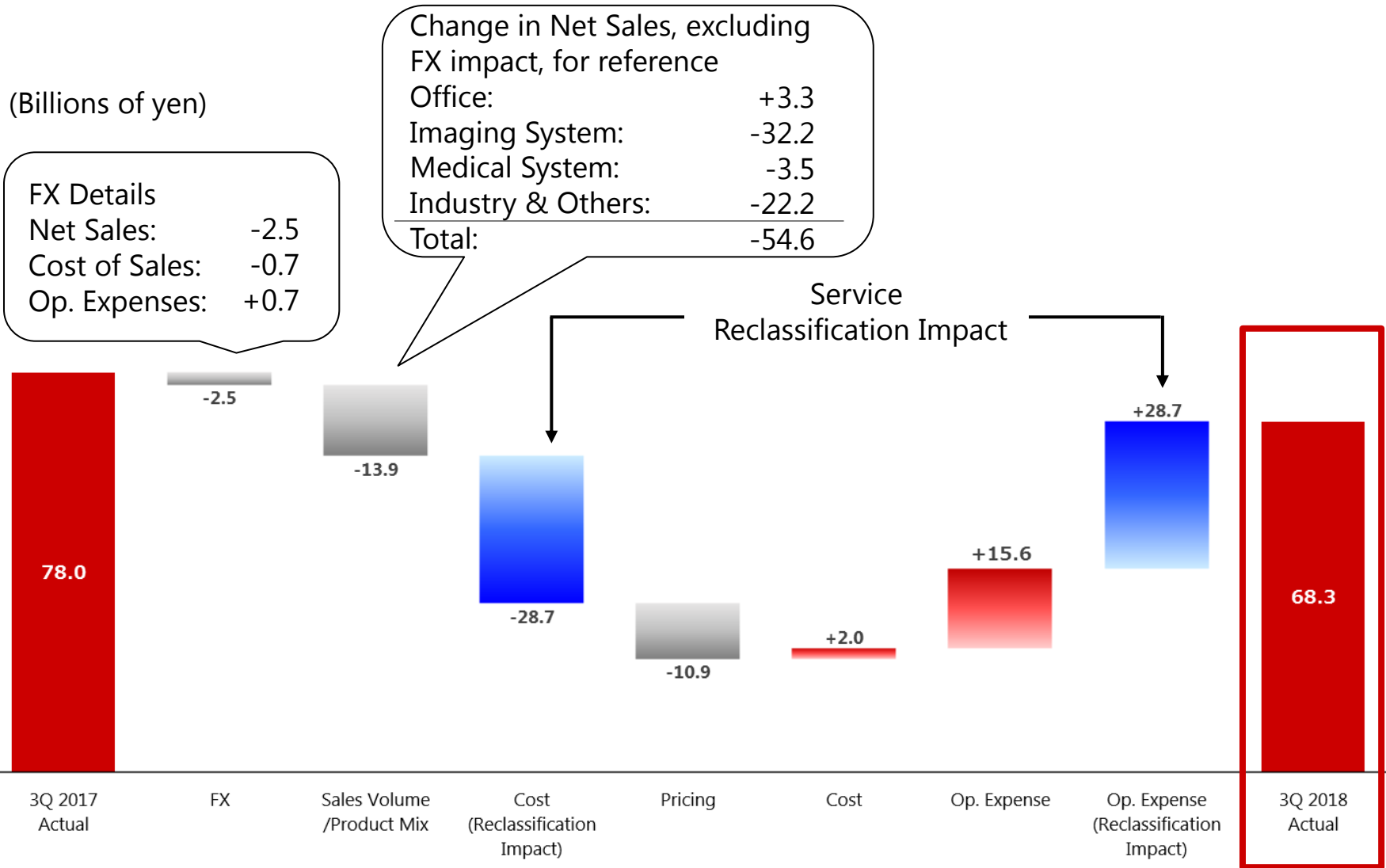
- Comprehensive cash flow management
 - Cash on hand: Continue to secure roughly 2 months of net sales
 - Capital expenditures: Control within the range of depreciation

(Billions of yen)	FY 2018 Current Projection	FY 2018 Previous Projection	FY 2017 Actual
Net cash provided by operating activities	440.0	540.0	590.5
Net cash used in investing activities	-240.0	-310.0	-165.0
Free cash flow	200.0	230.0	425.5
Net cash provided by (used in) financing activities	-333.8	-333.8	-340.4
Effect of exchange rate changes on cash and cash equivalents	-18.0	-18.0	6.5
Net change in cash and cash equivalents	-151.8	-121.8	91.6
Cash and cash equivalents at end of period	570.0	600.0	721.8
Cash-on-hand (In months of Net sales)	1.7	1.7	2.0
Capital expenditure	160.0	190.0	147.5
Depreciation	245.0	245.0	261.9

Supplementary Information

FY 2018 Operating Profit Analysis (3Q 2018 Actual versus 3Q 2017 Actual)

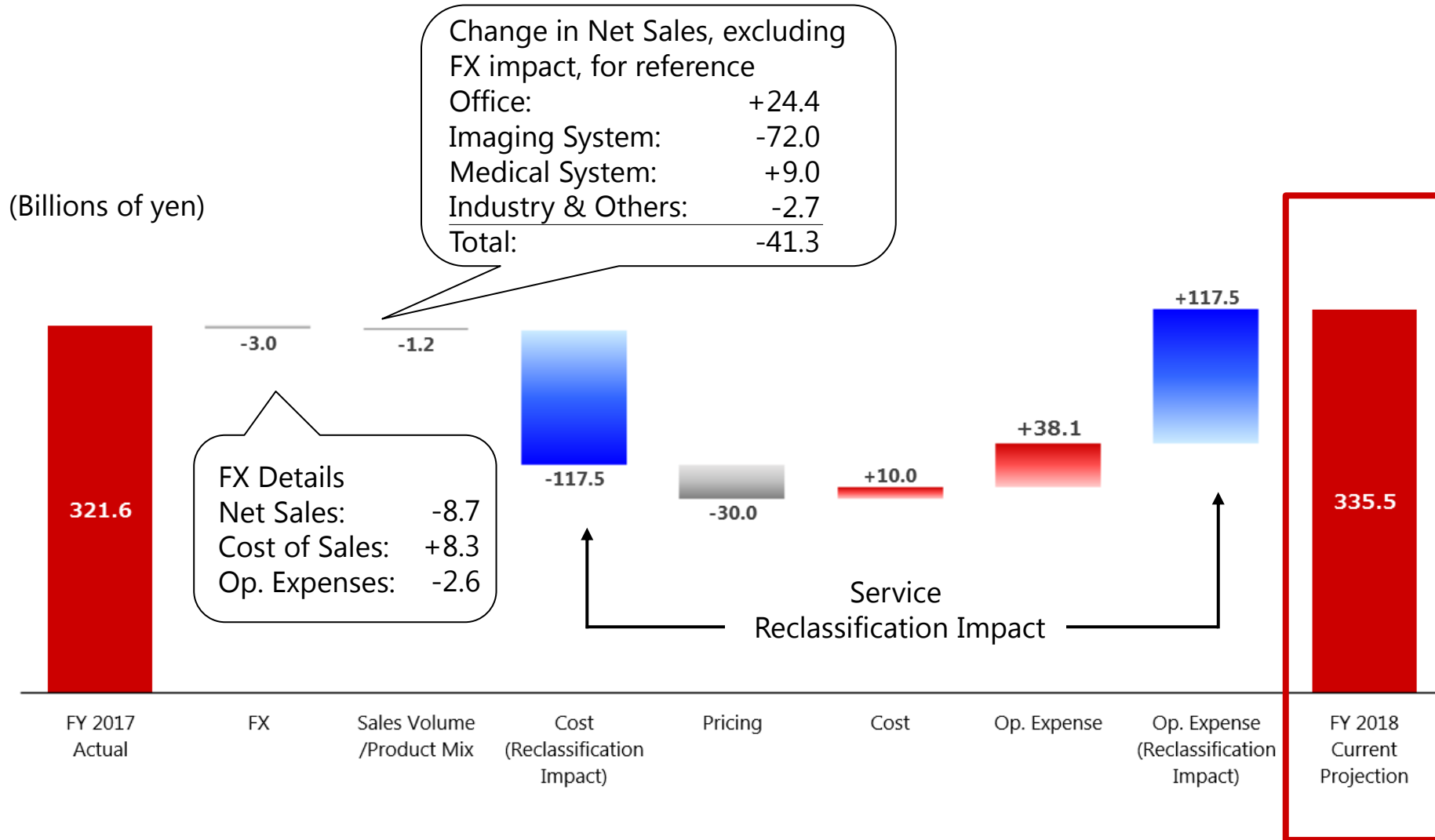
(Billions of yen)



Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

FY 2018 Operating Profit Analysis

(FY 2018 Current Projection versus FY 2017 Actual)



Note: In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

Impact of Change in Pension Accounting Standard

- Reclassification of CoS, SG&A and Other income (deductions)
(Full-year impact 9.9 billion yen)
- No impact on IBT or net income

Pension accounting - Pre-standard change

Pension accounting - Post-standard change

(Billions of yen)	FY 2017 1Q Actual	FY 2017 2Q Actual	FY 2017 3Q Actual	FY 2017 4Q Actual	FY 2017 Full year Actual	FY 2017 1Q Actual	FY 2017 2Q Actual	FY 2017 3Q Actual	FY 2017 4Q Actual	FY 2017 Full year Actual
Net Sales	972.8	992.5	994.5	1,120.2	4,080.0	972.8	992.5	994.5	1,120.2	4,080.0
Gross Profit (% of Net Sales)	468.3 48.1%	495.6 49.9%	482.2 48.5%	546.6 48.8%	1,992.7 48.8%	467.8 48.1%	495.0 49.9%	481.7 48.4%	546.1 48.7%	1,990.6 48.8%
Op. Expenses	392.6	399.3	401.7	467.6	1,661.2	394.6	401.2	403.7	469.5	1,669.0
Op. Profit (% of Net Sales)	75.7 7.8%	96.3 9.7%	80.5 8.1%	79.0 7.1%	331.5 8.1%	73.2 7.5%	93.8 9.5%	78.0 7.8%	76.6 6.8%	321.6 7.9%
Non-operating Income	2.3	3.3	7.3	9.5	22.4	4.8	5.8	9.8	11.9	32.3
IBT	78.0	99.6	87.8	88.5	353.9	78.0	99.6	87.8	88.5	353.9
Net Income (% of Net Sales)	55.1 5.7%	69.2 7.0%	63.1 6.3%	54.5 4.9%	241.9 5.9%	55.1 5.7%	69.2 7.0%	63.1 6.3%	54.5 4.9%	241.9 5.9%



Net Sales Growth Rate of Hardware & Non-hardware

		FY 2018		FY 2017	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
MFDs					
JPY	Hardware	-3%	+1%	+8%	+2%
	Non-hardware	-1%	0%	+7%	+3%
LC	Hardware	-3%	+1%	0%	-2%
	Non-hardware	-1%	0%	0%	+1%
LPs					
JPY	Hardware	+1%	0%	+5%	+6%
	Non-hardware	+1%	0%	+16%	+6%
LC	Hardware	+1%	+1%	-3%	+3%
	Non-hardware	+1%	0%	+9%	+3%
IJPs					
JPY	Hardware	+4%	0%	+15%	+11%
	Non-hardware	-5%	-5%	+3%	-2%
LC	Hardware	+5%	0%	+6%	+8%
	Non-hardware	-4%	-5%	-4%	-5%

Color Ratio (MFDs & LPs)

		FY 2018		FY 2017	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
MFDs	Net Sales	58%	59%	58%	58%
	QTY	56%	57%	54%	55%
LPs	Net Sales	52%	52%	54%	52%
	QTY	19%	19%	18%	18%

Sales Growth by Monochrome & Color MFDs

		FY 2018		FY 2017	
		3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
JPY	Monochrome	-4%	-1%	+5%	-1%
	Color	-1%	+1%	+9%	+5%
LC	Monochrome	-4%	-1%	-2%	-3%
	Color	0%	+1%	+1%	+2%

Interchangeable-Lens Camera Ratio

	FY 2018		FY 2017	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
Value Base	85%	86%	86%	85%
Unit Base	60%	63%	61%	58%

* Value base includes interchangeable lenses

IC Stepper Unit Breakdown by Light Source

	FY 2018		FY 2017	
	3Q Actual	Full Year Projection	3Q Actual	Full Year Actual
KrF	6	33	4	24
i-Line	19	79	11	46
Total	25	112	15	70

Third Quarter 2018 Results

Supplementary Data

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This document 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 forwardlooking 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 document. 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.

1. Segment Information by Business Unit

(Millions of yen)

	FY 2017			FY 2018			% Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Office									
External customers	428,826	1,325,801	1,802,542	429,417	1,333,537	1,814,800	+0.1%	+0.6%	+0.7%
Intersegment	548	1,635	2,240	936	2,192	3,200	+70.8%	+34.1%	+42.9%
Total sales	429,374	1,327,436	1,804,782	430,353	1,335,729	1,818,000	+0.2%	+0.6%	+0.7%
Operating profit	43,273	155,758	195,348	49,850	166,469	228,500	+15.2%	+6.9%	+17.0%
Operating profit ratio	10.1%	11.7%	10.8%	11.6%	12.5%	12.6%			
Imaging System									
External customers	270,378	794,846	1,135,584	228,103	710,107	1,039,300	-15.6%	-10.7%	-8.5%
Intersegment	143	422	604	230	526	700	+60.8%	+24.6%	+15.9%
Total sales	270,521	795,268	1,136,188	228,333	710,633	1,040,000	-15.6%	-10.6%	-8.5%
Operating profit	39,166	116,892	175,913	21,429	80,902	127,500	-45.3%	-30.8%	-27.5%
Operating profit ratio	14.5%	14.7%	15.5%	9.4%	11.4%	12.3%			
Medical System									
External customers	111,327	331,477	434,985	107,556	319,211	441,800	-3.4%	-3.7%	+1.6%
Intersegment	806	1,028	1,202	82	180	1,200	-89.8%	-82.5%	-0.2%
Total sales	112,133	332,505	436,187	107,638	319,391	443,000	-4.0%	-3.9%	+1.6%
Operating profit	7,497	17,565	22,505	8,066	20,512	27,000	+7.6%	+16.8%	+20.0%
Operating profit ratio	6.7%	5.3%	5.2%	7.5%	6.4%	6.1%			
Industry & Others									
External customers	183,959	507,600	706,904	161,422	530,742	704,100	-12.3%	+4.6%	-0.4%
Intersegment	22,471	64,113	85,946	26,839	76,329	102,900	+19.4%	+19.1%	+19.7%
Total sales	206,430	571,713	792,850	188,261	607,071	807,000	-8.8%	+6.2%	+1.8%
Operating profit	17,613	38,287	42,088	14,296	55,501	61,000	-18.8%	+45.0%	+44.9%
Operating profit ratio	8.5%	6.7%	5.3%	7.6%	9.1%	7.6%			
Corporate & Eliminations									
External customers	-	-	-	-	-	-	-	-	-
Intersegment	-23,968	-67,198	-89,992	-28,087	-79,227	-108,000	-	-	-
Total sales	-23,968	-67,198	-89,992	-28,087	-79,227	-108,000	-	-	-
Operating profit	-29,554	-83,485	-114,249	-25,313	-80,010	-108,500	-	-	-
Operating profit ratio									
Consolidated									
External customers	994,490	2,959,724	4,080,015	926,498	2,893,597	4,000,000	-6.8%	-2.2%	-2.0%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	994,490	2,959,724	4,080,015	926,498	2,893,597	4,000,000	-6.8%	-2.2%	-2.0%
Operating profit	77,995	245,017	321,605	68,328	243,374	335,500	-12.4%	-0.7%	+4.3%
Operating profit ratio	7.8%	8.3%	7.9%	7.4%	8.4%	8.4%			

2. Other Income

(Millions of yen)

	FY 2017			FY 2018			Amount Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Interest and dividend, net	1,340	3,952	5,194	1,696	4,777	4,400	+356	+825	-794
FX gain (loss)	-2,894	-6,359	-9,775	-7,287	-6,990	-5,100	-4,393	-631	+4,675
Equity earnings of affiliated cos.	206	915	1,196	593	1,517	1,400	+387	+602	+204
Other, net	11,154	21,842	35,664	3,720	20,252	28,800	-7,434	-1,590	-6,864
Total	9,806	20,350	32,279	-1,278	19,556	29,500	-11,084	-794	-2,779

Notes:1. In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.

2. Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.

3. Net Sales by Region & Business Unit

(Millions of yen)

	FY 2017			FY 2018			% Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Japan									
Office	88,460	277,876	381,475	92,516	286,015	-	+4.6%	+2.9%	-
Imaging System	40,708	114,606	174,944	36,053	99,346	-	-11.4%	-13.3%	-
Medical System	40,222	150,612	190,276	43,096	137,501	-	+7.1%	-8.7%	-
Industry & Others	31,282	99,042	138,133	33,684	110,941	-	+7.7%	+12.0%	-
Total	200,672	642,136	884,828	205,349	633,803	881,600	+2.3%	-1.3%	-0.4%
Overseas									
Office	340,366	1,047,925	1,421,067	336,901	1,047,522	-	-1.0%	-0.0%	-
Imaging System	229,670	680,240	960,640	192,050	610,761	-	-16.4%	-10.2%	-
Medical System	71,105	180,865	244,709	64,460	181,710	-	-9.3%	+0.5%	-
Industry & Others	152,677	408,558	568,771	127,738	419,801	-	-16.3%	+2.8%	-
Total	793,818	2,317,588	3,195,187	721,149	2,259,794	3,118,400	-9.2%	-2.5%	-2.4%
Americas									
Office	140,830	424,153	573,463	138,373	414,774	-	-1.7%	-2.2%	-
Imaging System	72,185	219,446	316,756	59,740	187,829	-	-17.2%	-14.4%	-
Medical System	31,419	75,905	102,131	26,039	71,026	-	-17.1%	-6.4%	-
Industry & Others	29,658	84,734	115,165	35,162	97,246	-	+18.6%	+14.8%	-
Total	274,092	804,238	1,107,515	259,314	770,875	1,090,100	-5.4%	-4.1%	-1.6%
Europe									
Office	128,497	403,491	550,253	125,376	405,712	-	-2.4%	+0.6%	-
Imaging System	68,940	210,308	301,906	61,268	195,789	-	-11.1%	-6.9%	-
Medical System	23,293	57,412	80,035	18,959	57,775	-	-18.6%	+0.6%	-
Industry & Others	23,026	68,100	96,221	23,049	75,983	-	+0.1%	+11.6%	-
Total	243,756	739,311	1,028,415	228,652	735,259	1,025,900	-6.2%	-0.5%	-0.2%
Asia & Oceania									
Office	71,039	220,281	297,351	73,152	227,036	-	+3.0%	+3.1%	-
Imaging System	88,545	250,486	341,978	71,042	227,143	-	-19.8%	-9.3%	-
Medical System	16,393	47,548	62,543	19,462	52,909	-	+18.7%	+11.3%	-
Industry & Others	99,993	255,724	357,385	69,527	246,572	-	-30.5%	-3.6%	-
Total	275,970	774,039	1,059,257	233,183	753,660	1,002,400	-15.5%	-2.6%	-5.4%
Intersegment									
Office	548	1,635	2,240	936	2,192	-	+70.8%	+34.1%	-
Imaging System	143	422	604	230	526	-	+60.8%	+24.6%	-
Medical System	806	1,028	1,202	82	180	-	-89.8%	-82.5%	-
Industry & Others	22,471	64,113	85,946	26,839	76,329	-	+19.4%	+19.1%	-
Eliminations	-23,968	-67,198	-89,992	-28,087	-79,227	-	-	-	-
Total	0	0	0	0	0	0	-	-	-
Total									
Office	429,374	1,327,436	1,804,782	430,353	1,335,729	-	+0.2%	+0.6%	-
Imaging System	270,521	795,268	1,136,188	228,333	710,633	-	-15.6%	-10.6%	-
Medical System	112,133	332,505	436,187	107,638	319,391	-	-4.0%	-3.9%	-
Industry & Others	206,430	571,713	792,850	188,261	607,071	-	-8.8%	+6.2%	-
Eliminations	-23,968	-67,198	-89,992	-28,087	-79,227	-	-	-	-
Total	994,490	2,959,724	4,080,015	926,498	2,893,597	4,000,000	-6.8%	-2.2%	-2.0%

4. Statements of Cash Flows

(Millions of yen)

	FY 2017			FY 2018			Amount Change Y/Y		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection	3Q Actual	YTD Actual	Full Year
Net cash provided by operating activities	105,400	414,506	590,557	29,429	193,707	440,000	-75,971	-220,799	-150,557
Net cash used in investing activities	-24,314	-132,152	-165,010	-47,284	-136,454	-240,000	-22,970	-4,302	-74,990
Free cash flow	81,086	282,354	425,547	-17,855	57,253	200,000	-98,941	-225,101	-225,547
Net cash provided by (used in) financing activities	-134,728	-269,843	-340,464	-90,818	-235,294	-333,800	+43,910	+34,549	+6,664
Effect of exchange rate changes on cash and cash equivalents	6,657	4,137	6,538	6,409	-8,539	-18,000	-248	-12,676	-24,538
Net change in cash and cash equivalents	-46,985	16,648	91,621	-102,264	-186,580	-151,800	-55,279	-203,228	-243,421
Cash and cash equivalents at end of period	646,841	646,841	721,814	535,234	535,234	570,000	-111,607	-111,607	-151,814

Note: Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.

5. Foreign Exchange Rate Impact

(1) Exchange rates

(Yen)

	FY 2017			FY 2018			
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	4Q Projection	Full Year Projection
USD/Yen	110.93	111.82	112.13	111.47	109.53	110.00	109.66
EUR/Yen	130.42	124.39	126.69	129.63	130.88	130.00	130.64

(2) Amount of impact on net sales (Year over Year)

(Billions of yen)

	FY 2018		
	3Q Actual	YTD Actual	Full Year Projection
USD	+1.8	-17.9	-27.6
EUR	-1.3	+30.5	+24.3
Other currencies	-3.0	+0.7	-5.4
Total	-2.5	+13.3	-8.7

(3) Impact of foreign exchange rate per yen

(Billions of yen)

	FY 2018
	4Q Projection
On sales	
USD	3.8
EUR	1.8
On operating Profit	
USD	1.2
EUR	0.9

6. Sales Growth on a Local Currency Basis (Year over Year)

	FY 2018		
	3Q Actual	YTD Actual	Full Year Projection
Office			
Japan	+4.6%	+2.9%	-
Overseas	-1.0%	-0.7%	-
Total	+0.3%	+0.1%	+0.9%
Imaging System			
Japan	-11.4%	-13.3%	-
Overseas	-15.8%	-11.1%	-
Total	-15.1%	-11.4%	-8.3%
Medical System			
Japan	+7.1%	-8.7%	-
Overseas	-7.9%	+0.6%	-
Total	-3.1%	-3.9%	+1.9%
Industry & Others			
Japan	+7.7%	+12.0%	-
Overseas	-16.3%	+2.4%	-
Total	-8.8%	+6.0%	+1.9%
Total			
Japan	+2.3%	-1.3%	-
Overseas	-8.8%	-3.1%	-
Americas	-5.7%	-2.7%	-
Europe	-5.7%	-4.4%	-
Asia and Oceania	-14.7%	-2.2%	-
Total	-6.6%	-2.7%	-1.7%

7. R&D Expenditure / Capex / Depreciation & Amortization

(Millions of yen)

	FY 2017			FY 2018		
	3Q Actual	YTD Actual	Full Year Actual	3Q Actual	YTD Actual	Full Year Projection
R&D Expenditure						
Office	22,206	67,253	91,743	22,920	70,673	-
Imaging System	23,577	68,469	91,784	20,753	61,794	-
Medical System	9,204	27,816	36,210	9,518	28,819	-
Industry and Others	15,899	47,920	68,151	17,704	51,108	-
Corporate & Eliminations	11,432	34,281	45,483	6,507	20,162	-
Total	82,318	245,739	333,371	77,402	232,556	320,000
% of Net Sales	8.3%	8.3%	8.2%	8.4%	8.0%	8.0%
Capex	35,712	104,541	147,542	31,350	106,416	160,000
Depreciation & Amortization	67,665	194,280	261,881	64,379	185,921	245,000

8. Other Financial Data

	FY 2017		FY 2018	
	YTD Actual	Full Year Actual	YTD Actual	Full Year Projection
ROE*	9.0%	8.6%	8.4%	8.8%
ROA*	4.8%	4.7%	4.7%	4.9%
EPS - Basic (Yen)	172.30	222.88	167.67	232.46
EPS - Diluted (Yen)	172.30	222.88	167.66	232.45

	FY 2017	FY 2018
	Dec. 31	Sep. 30
Debt Ratio	10.2%	9.6%
Number of Employees		
Japan	73,665	73,896
Overseas	124,111	123,956
Total	197,776	197,852
Domestic Production Ratio	62%	61%

* Based on Net Income attributable to Canon Inc.

- Notes:1. In 2018, a reclassification of operating profit and other income (deductions) was conducted due to change in pension accounting standard. 2017 figures were restated to conform with the current year's presentation.
2. Due to the fact that the business model has been changed, we reclassified the outsourcing business from Office Business Unit to Industry and Others Business Unit from this quarter and restated figures from 2017 to conform with the current presentation.