

FY 2017 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 (FY 2017 & FY 2018)

(Millions of yen)

	FY 2016		FY 2017		FY 2018	% Change Y/Y		
						FY 2017		FY 2018
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection	4Q Actual	Full Year Actual	Full Year Projection
Office								
External customers	484,656	1,804,862	492,594	1,863,688	1,937,700	+1.6%	+3.3%	+4.0%
Intersegment	1,194	2,957	605	2,240	1,300	-49.3%	-24.2%	-42.0%
Total sales	485,850	1,807,819	493,199	1,865,928	1,939,000	+1.5%	+3.2%	+3.9%
Operating profit	48,625	169,486	27,290	180,648	235,500	-43.9%	+6.6%	+30.4%
Operating profit ratio	10.0%	9.4%	5.5%	9.7%	12.1%			
Imaging System								
External customers	324,455	1,094,291	340,738	1,135,584	1,152,000	+5.0%	+3.8%	+1.4%
Intersegment	287	998	182	604	1,000	-36.6%	-39.5%	+65.6%
Total sales	324,742	1,095,289	340,920	1,136,188	1,153,000	+5.0%	+3.7%	+1.5%
Operating profit	51,702	144,413	59,021	175,913	193,000	+14.2%	+21.8%	+9.7%
Operating profit ratio	15.9%	13.2%	17.3%	15.5%	16.7%			
Medical System								
External customers	-	-	103,508	434,985	469,600	-	-	+8.0%
Intersegment	-	-	174	1,202	400	-	-	-66.7%
Total sales	-	-	103,682	436,187	470,000	-	-	+7.8%
Operating profit	-	-	4,940	22,505	27,000	-	-	+20.0%
Operating profit ratio			4.8%	5.2%	5.7%			
Industry & Others								
External customers	156,062	502,334	183,451	645,758	740,700	+17.6%	+28.6%	+14.7%
Intersegment	19,572	82,326	21,833	85,946	98,300	+11.6%	+4.4%	+14.4%
Total sales	175,634	584,660	205,284	731,704	839,000	+16.9%	+25.2%	+14.7%
Operating profit	3,162	7,448	16,101	56,788	69,400	+409.2%	+662.5%	+22.2%
Operating profit ratio	1.8%	1.3%	7.8%	7.8%	8.3%			
Corporate & Eliminations								
External customers	-	-	-	-	-	-	-	-
Intersegment	-21,053	-86,281	-22,794	-89,992	-101,000	-	-	-
Total sales	-21,053	-86,281	-22,794	-89,992	-101,000	-	-	-
Operating profit	-23,321	-92,481	-28,316	-104,375	-104,900	-	-	-
Operating profit ratio								
Consolidated								
External customers	965,173	3,401,487	1,120,291	4,080,015	4,300,000	+16.1%	+19.9%	+5.4%
Intersegment	-	-	-	-	-	-	-	-
Total sales	965,173	3,401,487	1,120,291	4,080,015	4,300,000	+16.1%	+19.9%	+5.4%
Operating profit	80,168	228,866	79,036	331,479	420,000	-1.4%	+44.8%	+26.7%
Operating profit ratio	8.3%	6.7%	7.1%	8.1%	9.8%			

2. Other Income (FY 2017 & FY 2018)

(Millions of yen)

	FY 2016		FY 2017		FY 2018	Amount Change Y/Y		
						FY 2017		FY 2018
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection	4Q Actual	Full Year Actual	Full Year Projection
Interest and dividend, net	959	3,701	1,242	5,194	1,000	+283	+1,493	-4,194
FX gain (loss)	-12,620	-2	-3,416	-9,775	-2,000	+9,204	-9,773	+7,775
Equity earnings of affiliated cos.	217	890	281	1,196	1,000	+64	+306	-196
Other, net	3,911	11,196	11,374	25,790	0	+7,463	+14,594	-25,790
Total	-7,533	15,785	9,481	22,405	0	+17,014	+6,620	-22,405

*Canon newly established "Medical System" Business Unit effective at the beginning of the second quarter of 2017, and certain businesses included in Industry and Others Business Unit have been reclassified. Operating results for 2016 were not restated since they were not material.

*The actual and projected operating results pertaining to TMSC, a company acquired in December 2016, are included in "Medical System" for 2017 and 2018. Amortization costs of identified intangible assets resulting from the purchase price allocation of TMSC are included in "Corporate and Eliminations."

3. Net Sales by Region & Business Unit (FY 2017 & FY 2018)

(Millions of yen)

	FY 2016		FY 2017		FY 2018	% Change Y/Y		
						FY 2017		FY 2018
	4 Q Actual	Full Year Actual	4 Q Actual	Full Year Actual	Full Year Projection	4 Q Actual	Full Year Actual	Full Year Projection
Japan								
Office	99,303	378,834	103,599	381,475	-	+4.3%	+0.7%	-
Imaging System	63,174	179,304	60,338	174,944	-	-4.5%	-2.4%	-
Medical System	-	-	39,664	190,276	-	-	-	-
Industry & Others	42,619	148,841	39,091	138,133	-	-8.3%	-7.2%	-
Total	205,096	706,979	242,692	884,828	947,200	+18.3%	+25.2%	+7.0%
Overseas								
Office	385,353	1,426,028	388,995	1,482,213	-	+0.9%	+3.9%	-
Imaging System	261,281	914,987	280,400	960,640	-	+7.3%	+5.0%	-
Medical System	-	-	63,844	244,709	-	-	-	-
Industry & Others	113,443	353,493	144,360	507,625	-	+27.3%	+43.6%	-
Total	760,077	2,694,508	877,599	3,195,187	3,352,800	+15.5%	+18.6%	+4.9%
Americas								
Office	153,027	582,297	156,649	602,376	-	+2.4%	+3.4%	-
Imaging System	91,064	297,403	97,310	316,756	-	+6.9%	+6.5%	-
Medical System	-	-	26,226	102,131	-	-	-	-
Industry & Others	23,376	83,844	23,092	86,252	-	-1.2%	+2.9%	-
Total	267,467	963,544	303,277	1,107,515	1,147,300	+13.4%	+14.9%	+3.6%
Europe								
Office	158,562	556,353	154,877	580,825	-	-2.3%	+4.4%	-
Imaging System	83,926	293,894	91,598	301,906	-	+9.1%	+2.7%	-
Medical System	-	-	22,623	80,035	-	-	-	-
Industry & Others	19,836	63,276	20,006	65,649	-	+0.9%	+3.8%	-
Total	262,324	913,523	289,104	1,028,415	1,101,700	+10.2%	+12.6%	+7.1%
Asia & Oceania								
Office	73,764	287,378	77,469	299,012	-	+5.0%	+4.0%	-
Imaging System	86,291	323,690	91,492	341,978	-	+6.0%	+5.6%	-
Medical System	-	-	14,995	62,543	-	-	-	-
Industry & Others	70,231	206,373	101,262	355,724	-	+44.2%	+72.4%	-
Total	230,286	817,441	285,218	1,059,257	1,103,800	+23.9%	+29.6%	+4.2%
Intersegment								
Office	1,194	2,957	605	2,240	-	-49.3%	-24.2%	-
Imaging System	287	998	182	604	-	-36.6%	-39.5%	-
Medical System	-	-	174	1,202	-	-	-	-
Industry & Others	19,572	82,326	21,833	85,946	-	+11.6%	+4.4%	-
Eliminations	-21,053	-86,281	-22,794	-89,992	-	-	-	-
Total	0	0	0	0	0	-	-	-
Total								
Office	485,850	1,807,819	493,199	1,865,928	-	+1.5%	+3.2%	-
Imaging System	324,742	1,095,289	340,920	1,136,188	-	+5.0%	+3.7%	-
Medical System	-	-	103,682	436,187	-	-	-	-
Industry & Others	175,634	584,660	205,284	731,704	-	+16.9%	+25.2%	-
Eliminations	-21,053	-86,281	-22,794	-89,992	-	-	-	-
Total	965,173	3,401,487	1,120,291	4,080,015	4,300,000	+16.1%	+19.9%	+5.4%

4. Statements of Cash Flows (FY 2017 & FY 2018)

(Millions of yen)

	FY 2016		FY 2017		FY 2018	Amount Change Y/Y		
						FY 2017		FY 2018
	4 Q Actual	Full Year Actual	4 Q Actual	Full Year Actual	Full Year Projection	4 Q Actual	Full Year Actual	Full Year Projection
Net cash provided by operating activities	156,920	500,283	176,051	590,557	550,000	+19,131	+90,274	-40,557
Net cash used in investing activities	-12,216	-837,125	-32,858	-165,010	-330,000	-20,642	+672,115	-164,990
Free cash flow	144,704	-336,842	143,193	425,547	220,000	-1,511	+762,389	-205,547
Net cash provided by (used in) financing activities	-80,647	355,692	-70,621	-340,464	-321,800	+10,026	-696,156	+18,664
Effect of exchange rate changes on cash and cash equivalents	31,656	-22,270	2,401	6,538	-10,000	-29,255	+28,808	-16,538
Net change in cash and cash equivalents	95,713	-3,420	74,973	91,621	-111,800	-20,740	+95,041	-203,421
Cash and cash equivalents at end of period	630,193	630,193	721,814	721,814	610,000	+91,621	+91,621	-111,814

*Canon newly established "Medical System" Business Unit effective at the beginning of the second quarter of 2017, and certain businesses included in Industry and Others Business Unit have been reclassified. Operating results for 2016 were not restated since they were not material.

5. Foreign Exchange Rate Impact

(1) Exchange rates

(Yen)

	FY 2016		FY 2017		FY 2018
	4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection
Yen/US\$	109.48	108.58	112.96	112.13	110.00
Yen/Euro	118.10	120.25	132.98	126.69	130.00

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

(Billions of yen)

	FY 2017		FY 2018
	4Q Actual	Full Year Actual	Full Year Projection
US\$	+8.6	+42.5	-21.9
Euro	+27.1	+43.0	+19.8
Other currencies	+5.4	+10.7	-0.8
Total	+41.1	+96.2	-2.9

(3) Impact of foreign exchange rate per yen

(Billions of yen)

	FY 2018
	Full Year Projection
On sales	
US\$	14.5
Euro	6.7
On operating Profit	
US\$	5.3
Euro	3.3

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

	FY 2017		FY 2018
	4Q Actual	Full Year Actual	Full Year Projection
Office			
Japan	+4.3%	+0.7%	-
Overseas	-3.8%	+0.4%	-
Total	-2.3%	+0.4%	+4.1%
Imaging System			
Japan	-4.5%	-2.4%	-
Overseas	0.0%	+1.0%	-
Total	-0.9%	+0.4%	+1.4%
Medical System			
Japan	-	-	-
Overseas	-	-	-
Total	-	-	+8.0%
Industry & Others			
Japan	-8.3%	-7.2%	-
Overseas	+24.4%	+41.3%	-
Total	+15.0%	+23.8%	+14.7%
Total			
Japan	+18.3%	+25.2%	-
Overseas	+10.1%	+15.0%	-
Americas	+10.8%	+11.8%	-
Europe	+0.4%	+7.8%	-
Asia and Oceania	+20.3%	+26.9%	-
Total	+11.8%	+17.1%	+5.5%

7. Net Sales Growth Rate of Hardware & Non-hardware

		FY 2016		FY 2017		FY 2018
		4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection
MFDs						
JPY	Hardware	-10%	-11%	+3%	+2%	+9%
	Non-hardware	-8%	-9%	+8%	+3%	+1%
LC	Hardware	-1%	-3%	-3%	-2%	+9%
	Non-hardware	-1%	-2%	+2%	+1%	+1%
LPs						
JPY	Hardware	+7%	-14%	-2%	+6%	0%
	Non-hardware	-18%	-27%	-3%	+6%	0%
LC	Hardware	+13%	-6%	-5%	+3%	+1%
	Non-hardware	-17%	-22%	-4%	+3%	+1%
IJPs						
JPY	Hardware	-14%	-9%	+13%	+11%	+4%
	Non-hardware	-10%	-9%	-1%	-2%	0%
LC	Hardware	-7%	0%	+7%	+8%	+5%
	Non-hardware	-3%	-1%	-6%	-5%	0%

8. Color Ratio (MFDs & LPs)

		FY 2016		FY 2017		FY 2018
		4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection
MFDs						
	Net Sales	59%	57%	59%	58%	60%
	QTY	52%	49%	58%	55%	57%
LPs						
	Net Sales	50%	51%	52%	52%	53%
	QTY	17%	17%	20%	18%	19%

9. Sales Growth by Monochrome & Color MFDs

		FY 2016		FY 2017		FY 2018
		4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection
JPY	Monochrome	-12%	-12%	+4%	-1%	0%
	Color	-6%	-8%	+7%	+5%	+8%
LC	Monochrome	-5%	-4%	-1%	-3%	0%
	Color	+2%	-1%	+1%	+2%	+8%

10. IC Stepper Unit Breakdown by Light Source

(unit)

		FY 2016		FY 2017		FY 2018
		4Q Actual	Full Year Actual	4Q Actual	Full Year Actual	Full Year Projection
KrF		6	19	10	24	37
i-Line		13	45	15	46	89
Total		19	64	25	70	126

11. R&D Expenditure / Capex / Depreciation & Amoritization

(Millions of yen)

	FY 2016	FY 2017	FY 2018
	Full Year Actual	Full Year Actual	Full Year Projection
R&D Expenditure			
Office	94,440	91,763	-
Imaging System	91,752	91,784	-
Medical System	-	36,210	-
Industry and Others	67,887	68,131	-
Corporate & Eliminations	48,297	42,165	-
Total	302,376	330,053	335,000
% of Net Sales	8.9%	8.1%	7.8%
Capex			
Office	67,675	44,172	-
Imaging System	23,482	26,876	-
Medical System	-	7,599	-
Industry and Others	26,788	13,620	-
Corporate & Eliminations	53,652	55,275	-
Total	171,597	147,542	200,000
Depreciation & Amoritization			
Office	78,319	74,377	-
Imaging System	47,386	41,695	-
Medical System	-	5,212	-
Industry and Others	41,053	37,705	-
Corporate & Eliminations	83,338	102,892	-
Total	250,096	261,881	245,000

12. Other Financial Data

	FY 2016	FY 2017	FY 2018
ROE *1	5.2%	8.6%	9.6%
ROA *2	3.1%	4.7%	5.4%
EPS (Yen)	137.95	222.88	259.32
Debt Ratio *3	11.9%	10.2%	-
Number of Employees *3			
Japan	72,913	73,665	-
Overseas	124,760	124,111	-
Total	197,673	197,776	-
Domestic Production Ratio	56%	62%	-

*1 ; Based on Net Income attributable to Canon Inc. and Total Canon Inc. Shareholders' Equity

*2 ; Based on Net Income attributable to Canon Inc.

*3 ; as of year end

*Canon newly established "Medical System" Business Unit effective at the beginning of the second quarter of 2017, and certain businesses included in Industry and Others Business Unit have been reclassified. Operating results for 2016 were not restated since they were not material.