

# Long-Term Management Objectives Phase III (2016 to 2020) Three-Year Management Plan 2016 to 2018

January 27, 2016  
Canon Marketing Japan Inc.  
Masahiro Sakata, President

- I took office as president in March last year. This is my first time explaining the medium- to long-term management plan.
- This year is a milestone year for us. We are now entering a new five-year Long-Term Management Objectives phase.
- We hope to rely on your continued support.
- First, let me describe our understanding of the Group's situation, or the assumptions of the Long-Term Management Objectives Phase III that started this year.
- In the Long-Term Management Objectives Phase II, which was announced in 2011, the consolidated net sales target for 2015 was 850.0 billion yen, and the operating income was 42.5 billion yen.
- One of the reasons why we were not able to achieve significant growth was that we failed to make full use of the Group's strengths, namely its customer base, a wealth of solutions, and human resources.
- If we can take full advantage of these strengths, we will be able to achieve significant growth in phase III.
- The second problem is that the shift of resources to the growth areas has been only half done.
- Unfortunately, the domestic markets of Canon's mainstay products, such as cameras, inkjet printers, MFPS, and LBPs, are not expected to expand significantly.
- We will pursue structural reforms to maintain stable profitability and improve the profitability of these businesses.
- The challenge we face is shifting our resources to Canon's new growth areas, such as the network camera business and the production printing business, and the Canon Marketing Japan Group's independent growth areas, which include IT Solutions and medical and industrial businesses.
- The third problem is that our initiatives to improve productivity fell short of the fundamental changes in our business processes and business models.
- We will be able to improve profitability by achieving fundamental changes in business processes and by introducing flexible, low-cost, next-generation IT systems to support these changes.
- Based on our understanding of these challenges, we will move forward with the Long-Term Management Objectives Phase III.

**Long-Term Management Objectives Phase III  
(2016 to 2020)**

## 2020 Group Mission and Vision

### Group Mission

**Help resolve social issues with advanced imaging & IT solutions.**

### Group Vision

**The Canon Marketing Japan Group understands and grows with its customers.**

\* imaging refers to all of Canon's technologies related to input and output images.

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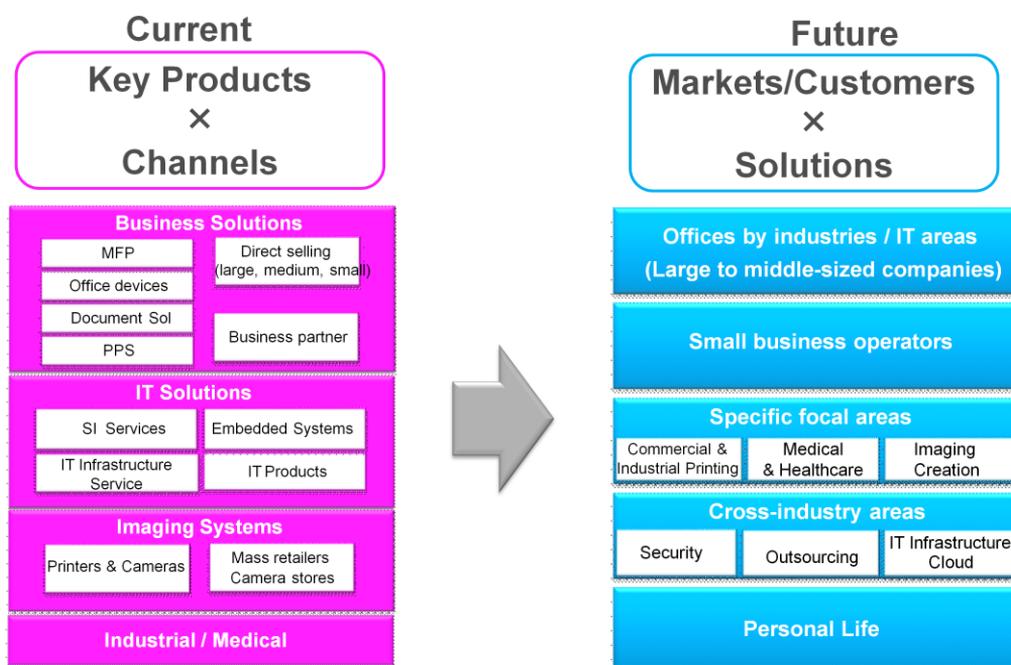
- The use of quotation marks around the phrase imaging & IT indicates that the combination of the two will generate new solutions together, instead of each generating solutions on its own.
- The word “imaging” refers to all of Canon’s technologies related to input and output images, both for companies and for individuals.
- We will combine the imaging and IT technologies to be developed mainly by the IT solution group to create new solutions and provide them to customers.
- Our mission is more than just providing solutions for customers.
- We aim to work with customers to help resolve social issues.
- Aiming to resolve social issues means expanding our business areas.
- The Group Vision means that we need to understand our customers to create the solutions mentioned in the Group Mission.
- Based on this understanding, we aim to be a group that resolves social issues and grows together with our customers.



● Our strengths and core competences consist of having a strong customer base involving a number of customers, being the sales company of the Canon Group, a manufacturer, and having technical skills.

● Making the most of these strengths, we will create imaging & IT solutions and produce results together with customers.

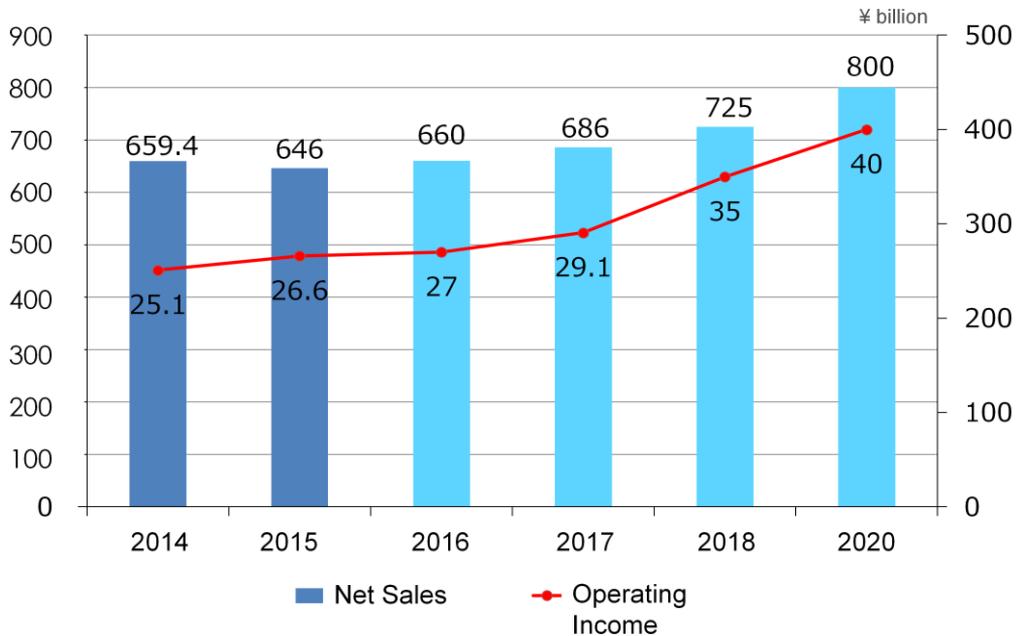
## Shifting to a Customer-Oriented Framework



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- To focus consistently on customers and produce results with them, we intend to adopt to a more customer-oriented structure.
- Our organization consists of four segments based on key products and channels.
- In the next five years, we will change our framework to one based on markets, customers, and solutions.
- The change in the framework will significantly increase the potential for expanding business areas.
- We will review the challenges we face in relation to large and middle-sized companies in the office business area and IT area, and our solutions for those companies by industry. We aim to propose solutions and handle everything from the upstream process to maintenance and operation.
- The keys to our business with small business operators are organically combining direct selling and reselling and developing marketing approaches adapted to each region.
- For customers in specific focal areas, we will provide solutions and support that are directly connected to the value they provide.
- In cross-industry areas, we will expand the scope of our responses to the cross-industry needs of many customers, making the most of the Group's collective strengths.
- We refer to our business that targets the public as the Personal Life business. We will call for the effective use of Canon products, and will expand the scope of the business as a new business that matches needs precisely.

## Group Management Goals



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● Our goals for 2016 and 2017 may look slightly low. We will make upfront investments over the course of these two years, and thus cannot expect a high margin for some time to come.

● We will achieve these goals by maintaining Canon's highly profitable business base, and making changes in the cost structure to lower the ratio of SG&A expenses from the current level of 32% down to 30%.

## Growth Scenario Categories & Strategy Overview

	Strategy Overview	Key Products and Services
Canon's Profitability Growth Areas	<ul style="list-style-type: none"> <li>➢ Achieve and maintain No.1 market share of key products</li> <li>➢ Increase productivity by reforming sales and services</li> </ul>	MFP and LBP Cameras, Inkjet Printers, Digital X-ray camera (CXDI)
Canon's Growth Areas	<ul style="list-style-type: none"> <li>➢ Expand the network camera business                             <ul style="list-style-type: none"> <li>• Cooperate with Axis and Milestone</li> <li>• Enhance solutions</li> </ul> </li> <li>➢ Expand the production printing business area                             <ul style="list-style-type: none"> <li>• Upstream and downstream processes of commercial printing</li> <li>• Package printing, industrial printing area</li> </ul> </li> </ul>	Network Cameras, Projectors, Production Printing, Business Inkjet Printers, Commercial Imaging Equipment, DreamLabo, Machine Vision
Independent Growth Areas	<ul style="list-style-type: none"> <li>➢ Strengthen and expand IT solutions in all businesses</li> <li>➢ Change from entrusted development business to solution proposing Sier</li> <li>➢ Expand cross-industry solutions (security, outsourcing, etc.)</li> <li>➢ Turn Industrial Business Unit into a commercial firms</li> <li>➢ Strengthen solutions in the medical business</li> </ul>	IT Solutions Industrial Equipment (semiconductors and non-semiconductors) Medical Solutions, Infection Control, and Dispensing Equipment

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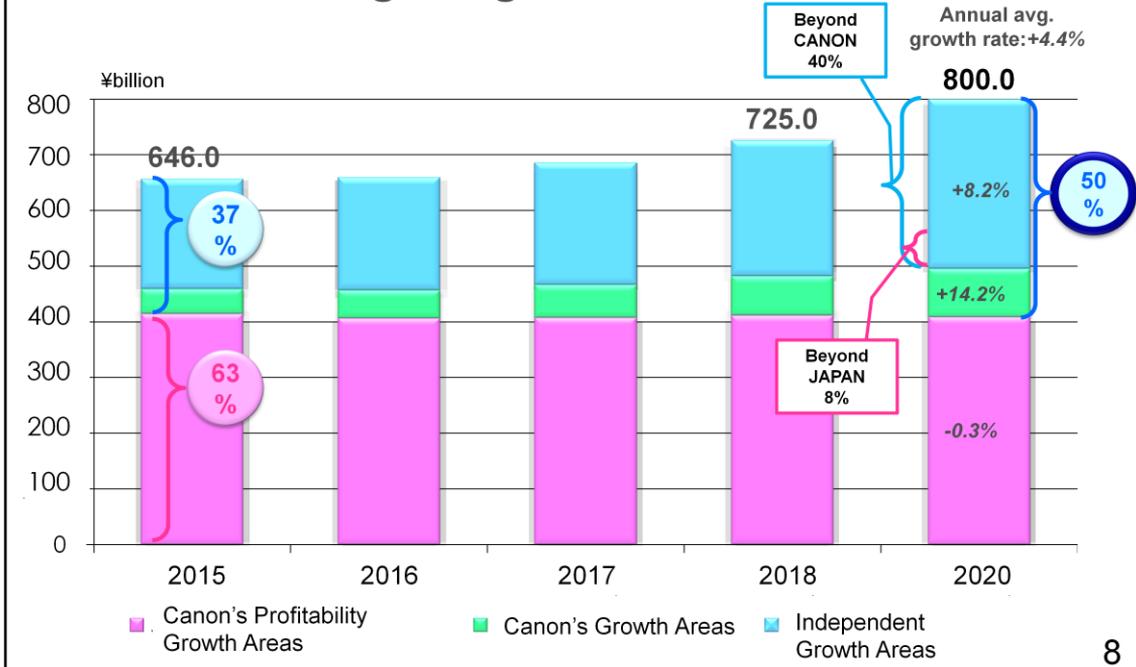
● In Canon's Profitability Growth Areas, we will achieve a No. 1 share in the markets for key products. We will change sales and services to maintain a high profitability structure.

● In Canon's Growth Areas, we will expand businesses such as the network camera business and the production printing business, making them core businesses of the Group.

● In the Independent Growth Areas, we will strengthen and expand high value-added solutions based on IT in all businesses, focusing primarily on the IT Solutions segment.

● We will boldly allocate resources to these two categories of growth areas.

## Key Management Indicator 1: Shifting Weight to Growth Areas



- Sales in Canon's Profitability Growth Areas are expected to decline gradually.

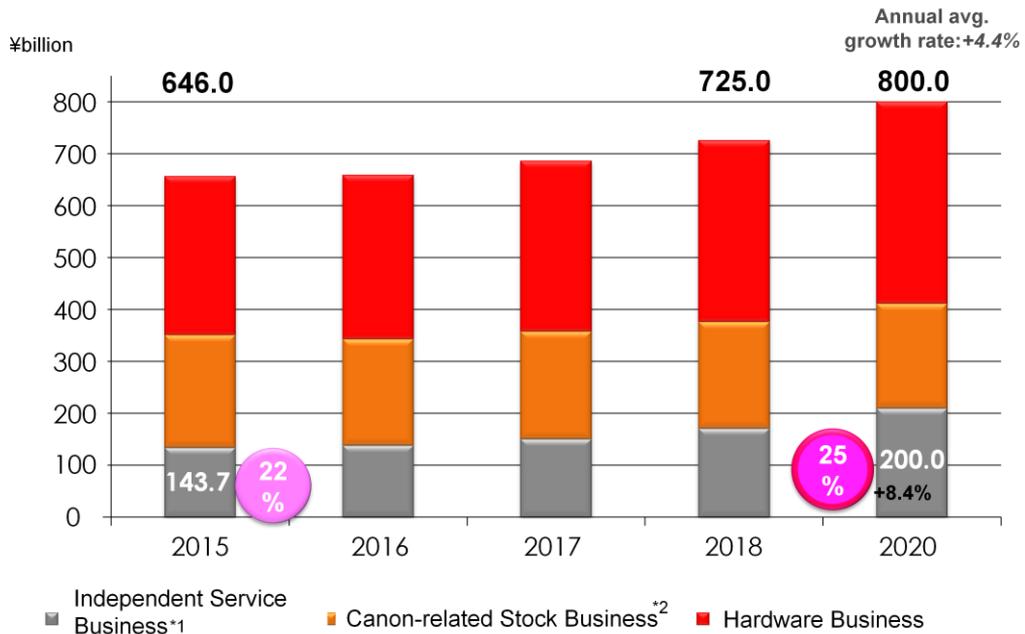
- Canon's Growth Areas are expected to grow the fastest at an annual average rate of 14.2%.

- The Independent Growth Areas will grow at an annual average rate of 8.2%.

- A key management indicator is the breakdown of Canon's Growth Areas and the Independent Growth Areas. We aim to raise the breakdown from 37% to 50%.

- We will expand overseas business to 8% in the Independent Growth Areas, which account for 40% of total sales.

## Key Management Indicator 2: Creation of New Service Businesses



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● Sales in the mainstay Canon-related Stock Business, which refers to sales related to the maintenance of equipment and cartridges, will be on a downward trend.

● The decline will be made up for primarily by the Independent Service Business, a new value-adding field. We will increase the weight of maintenance and operation in IT solutions and the weight of the maintenance of equipment and solutions in the industrial and medical fields.

● We will increase sales significantly in this business, by an average annual rate of 8.4% during the period.

● We will raise the composition ratio of the business 3 percentage points, from 22% to 25%.

● We will achieve this target by creating a new service business model, making the most of our strength as a sales company of a manufacturer and our knowledge of IT technology.

## Six Basic Policies and Priority Strategies (1)

Basic Policies		Priority Strategies
1	Become the “true partner” of our customers	<ul style="list-style-type: none"> <li>➤ Expand both large company solutions by industry and SME solutions</li> <li>➤ Strengthen customer relations through digital marketing</li> </ul>
2	Maintain the high profitability base of Canon’s Profitability Growth Areas	<ul style="list-style-type: none"> <li>➤ Achieve and maintain No.1 market share of key products</li> <li>➤ Reform the sales approach (improve CRM, promote EC)</li> </ul>
3	Turn Canon Growth Areas into core businesses (improve solution skills and promote cooperation)	<ul style="list-style-type: none"> <li>➤ Expand the network camera business through cooperation with Axis and Milestone.</li> <li>➤ Expand the business area into the upstream and downstream processes of commercial printing, and enter the package printing and industrial printing markets.</li> </ul>

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● First, we will make the switch from being a mere supplier of products to being a “true partner” of our customers. It is important that we be recognized by our customers as a true partner, and that our name should be the first to come to mind when our customers consider doing something.

● This phrase formed my policy when I was responsible for BS direct selling. I believe that it can be applied to any business field.

● Second, we will maintain the high profitability base of Canon’s Profitability Growth Areas.

● We will make changes in the Canon product business, the main source of revenue, to increase its market share and maintain the business as a base for high profitability five years from now.

● Third, we will expand Canon Growth Areas, which we have called Canon “new areas,” such as the production printing business and the network camera business, to make them core businesses.

● To this end, we will strengthen peripheral products and solutions. We will form alliances to compensate for insufficiencies.

## Six Basic Policies and Priority Strategies (2)

Basic Policies		Priority Strategies
4	Expand IT solution business using the Groups' collective abilities (Independent Growth Areas)	<ul style="list-style-type: none"> <li>➢ Turn IT-based high value-added solution services into the core of all businesses</li> <li>➢ Switch from entrusted development business to solution proposing Sier</li> <li>➢ Transform in-house package products into a stock-based business through cloud migration</li> <li>➢ Expand cross-industry solutions through Group synergy (security, outsourcing, etc.)</li> <li>➢ Turn industrial business unit into a commercial firm</li> <li>➢ Strengthen solutions in medical business</li> </ul>
5	Aggressively implement business structure / process reforms	<ul style="list-style-type: none"> <li>➢ Drastic BPR of existing businesses and build next-generation IT systems based on the reforms</li> <li>➢ Drastic reform of the cost structure for the transition to a new business framework</li> </ul>
6	Become a corporate group where employees work more energetically	<ul style="list-style-type: none"> <li>➢ Develop and enhance human resources who will be professionals with extensive knowledge of customers' businesses or drive improvements in growth areas and the creation of new businesses.</li> <li>➢ Create new value at an early stage through collaboration by various human resources and promote diversity.</li> </ul>

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● Fourth, we will create new businesses and strengthen Independent Growth Areas.

● We will move forward with the “Beyond CANON” and “Beyond JAPAN” policies.

● We will expand business based on IT solutions in all areas.

● We will actively carry out M&As in areas peripheral to Canon Growth Areas and in Independent Growth Areas.

● Fifth, we will aggressively promote business structure and process reforms.

● We will build next-generation IT systems through drastic BPR. We aim to build a muscular, flexible, and lean structure.

● Sixth, we will become a corporate group in which employees work more energetically.

● To achieve new growth, we will rigorously apply the merit system. We will create a free and vigorous culture, and strengthen individuals.

## Key Management Indicators

¥ billion

	2015 Results	2018 Targets	2020 Targets
Net sales	646.0	725.0	800.0
Gross profit margin	36.1%	35.0%	35%
SG&A expenses to net sales	32.0%	30.2%	30%
Operating margin	4.1%	4.8%	5.0%
Ratio of sales from Growth Areas	37%	43%	50%
Ratio of sales from Beyond CANON	33%	34%	40%
Ratio of sales from Independent Service Business	22%	24%	25%

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# **Three-Year Management Plan (2016 to 2018)**

## Group Consolidated Financial Targets

¥ billion

	Results		Three-year Plan Targets		
	2014	2015	2016	2017	2018
Net sales	659.4	646.0	660.0	686.0	725.0
YoY growth rate	-	-2.0%	+2.2%	+3.9%	+5.7%
Operating income	25.1	26.6	27.0	29.1	35.0
(margin)	3.8%	4.1%	4.1%	4.2%	4.8%
Ordinary income	26.6	28.0	28.2	30.2	36.0
(margin)	4.0%	4.3%	4.3%	4.4%	5.0%
Net profit	16.0	15.7	17.7	19.1	23.0
(margin)	2.4%	2.4%	2.7%	2.8%	3.2%
EPS	¥124	¥121	¥137	¥147	¥177
ROE	6.1%	5.7%	6.3%	6.5%	7.5%
Free Cash Flow (3 year total)	11.2 (total for 2013 to 2015)		28.7 (total for 2016 to 2018)		

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- We aim to achieve an ROE of 7.5% in 2018 and to reach 8.0% at an early stage.
- We would like to exceed the operating income target in 2017.

## Net Sales and Operating income Target by Segment

¥ billion	Results				Medium-term Plan						CAGR 2015 →2018
	2014		2015		2016		2017		2018		
	Net Sales	operating income	Net Sales	operating income	Net Sales	operating income	Net Sales	operating income	Net Sales	operating income	
Business Solutions	330.2	8.2	326.9	9	334.1	9	348	11	368.1	13.5	+4.0%
	-	2.5%	-1.0%	2.8%	+2.2%	2.8%	4.2%	3.2%	5.8%	3.7%	-
IT Solutions	148.8	3.2	141.2	4.1	145.8	4.4	154.2	4.6	168.7	6.7	+6.1%
	-	2.1%	-5.1%	2.9%	+3.3%	3.0%	5.8%	3.0%	9.4%	4.0%	-
Imaging Systems	185.4	14.3	178.7	13.8	180.3	13.3	180.5	13	183.1	13.5	+0.8%
	-	7.7%	-3.6%	7.7%	+0.9%	7.4%	+0.1%	7.2%	+1.4%	7.4%	-
Industrial / Medical	28	-1	27.2	-0.7	26.7	-0.3	30.7	0.1	33.6	0.9	+7.3%
	-	-	-3.1%	-	-1.7%	-	+15.0%	0.3%	+9.4%	2.7%	-
Corporate / Elimination	-33	0.4	-27.9	0.4	-26.9	0.4	-27.4	0.4	-28.5	0.4	-
Group consolidated	659.4	25.1	646	26.6	660.0	27.0	686	29	725	35	+4.0%
	-	3.8%	-2.0%	4.1%	+2.2%	4.1%	+3.9%	4.2%	+5.8%	4.8%	

\* The percentages in the lower part of each segment indicate the YoY growth rate for sales and the operating margin for operating income.

# **Medium- to Long-term Growth Strategy by Growth Scenario**

# Canon's Profitability Growth Areas

Canon's  
Profitability  
Growth Areas

MFP, LBP  
Cameras, Inkjet Printers,  
Digital X-ray camera (CXDI)

## Canon's Profitability Growth Areas: Document Business

1

Increase competitiveness in middle-sized market, increase MFP market share

2

Expand the sales of related solution products (IT outsourcing, document / security solutions)

3

Shift the focus of LBP business to the key industries - distribution/retail, hospitals/dispensing, and government offices

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● We will expand our share in the MFP market by strengthening our sales force in the middle-sized market, where we have lagged behind the competition.

● We are not very strong in the middle-sized market. To address this, we have transferred the sales division of Canon Marketing Japan responsible for middle-sized customers to the subsidiary Canon System & Support, and have improved the sales system. By strengthening sales force in the middle-sized market, we aim to increase our share in the MFP market.

● The number of customers that purchase only the main body of the MFP has been declining in recent years. There is a growing need for a more efficient use of this part.

● It is important to come up with more proposals for solutions, including cloud services suitable for middle-sized customers.

● Our LBP sales are relatively strong in certain industries, but weak in other industries. We will work to expand not only sales of LBPs for office automation but also sales in industries where LBPs are used for business purposes.

## Canon's Profitability Growth Areas: Imaging Systems

- 1 Develop the step-up strategy (increase the number of beginners and develop amateur photographers)
- 2 Enhance the product appeal of intermediate models, mirrorless models, and interchangeable lenses
- 3 Maintain the profitability of Inkjet Printers in the home market

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● The step-up strategy refers to making customers who use entry-level models aware of the pleasure of printing photos and encouraging them to purchase upper models.

● We launched M3 and M10 last year to expand the product lineup of mirrorless models, but have not achieved a satisfactory market share. We position mirrorless cameras as a growth area, and aim to achieve the No. 1 position.

● The main use of Inkjet Printers has been personal use. However, the volume of New Year's cards printed has been declining, especially among young people. We will launch Inkjet Printers, while analyzing not only printers for personal use but also printers for SOHOs and business Inkjet Printers. Meanwhile, we will strengthen our selling system. We do not think the Inkjet Printer market will shrink.

## Canon's Profitability Growth Areas: Sales and Service Reforms Using IT

1

Increase the number of loyal customers by improving CRM and approach potential customers (B to C) by using big data

2

Increase EC

✓ B to B: Increase services for Colemall

✓ B to C: Increase EC channels

3

Increase service productivity through remote inspections, predictive monitoring, etc. (B to B)

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● The key to changing the structure of Canon's Profitability Growth Areas into a muscular one is to change the sales and service styles.

● We will establish an efficient process by replacing the existing sales and marketing processes dependent on individual expertise with digital marketing using IT.

● In B to C marketing, we will conduct appropriate promotions using the existing customer database.

● We will actively expand e-business in conjunction with digital marketing.

● A growing number of people are buying books on the Internet, which indicates rising sales in e-commerce. We expect to see an increase in sales of our products through EC. In B to C marketing, mass retailers selling our products are promoting EC. We will expand EC by providing support for our partners that are expanding EC.

● In B to B marketing, we will expand the services of Colemall, the corporate online shopping site operated primarily by Canon System & Support.

● A growing percentage of equipment come with remote monitoring devices, such as NETEYE for MFPs. Due to this trend, predictive monitoring that prevents mechanical problems is making progress, and the productivity of each service person is improving. We will promote the analysis of how equipment is used, and will propose optimal products and solutions to customers.

# Canon Growth Areas

**Canon  
Growth Areas**

**Network Cameras, Projectors, Production Printing  
Business Inkjet Printers  
Commercial Imaging Equipment, DreamLabo  
Machine Vision**

## Canon Growth Areas: Network Cameras

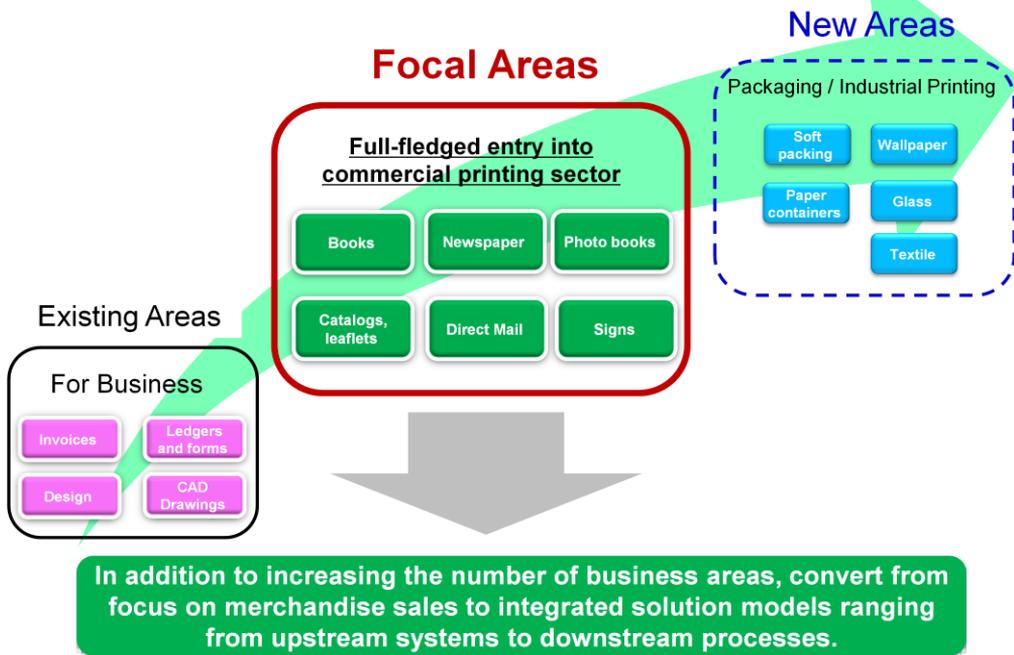
Avg. growth rate  
until 2018: 37 %



- For network cameras in the Canon Growth Areas, we will expand sales channels that will be as strong as those of top manufacturers, and will promote alliances and collaboration.
- We are considering providing cloud services on our own.
- In anticipation of market expansion, we think that the most important strategy in the medium to long term is cooperation with Axis and Milestone.
- Axis has a share of the market in Japan, and its channels do not overlap our channels. We will strategically cooperate with the two companies to expand operations.

# Canon Growth Area: Production Printing

Avg. growth rate until 2018: 11 %



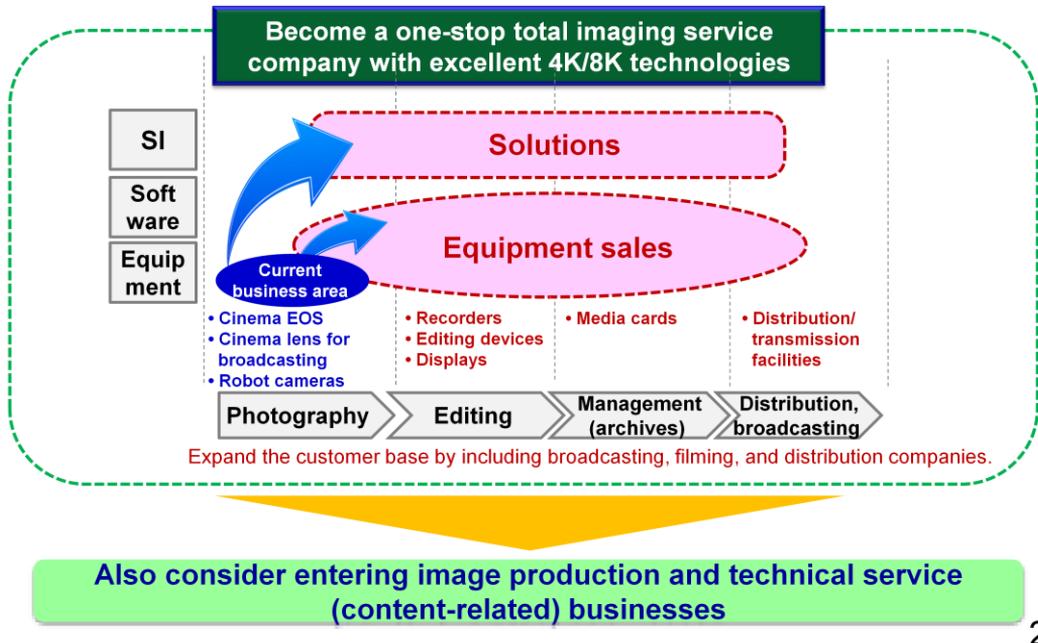
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● Our main areas have been printing for business. We will work hard to develop operations in the commercial printing sector, including areas such as printing for books, newspapers, photo books, catalogs and leaflets, and direct mail.

● Last year, we expanded sales significantly in the production printing business, primarily in the light production area. We would like to expand sales of continuous feed printing systems in cooperation with Océ. There was no major increase in the sales of continuous feed printing systems last year partly as a result of delays in the launches of certain new products. We will launch new products this year. We would like to make this field grow significantly and expand the digital printing business to achieve growth.

# Canon Growth Areas: Commercial Imaging Equipment

Avg. growth rate until 2018: +21%



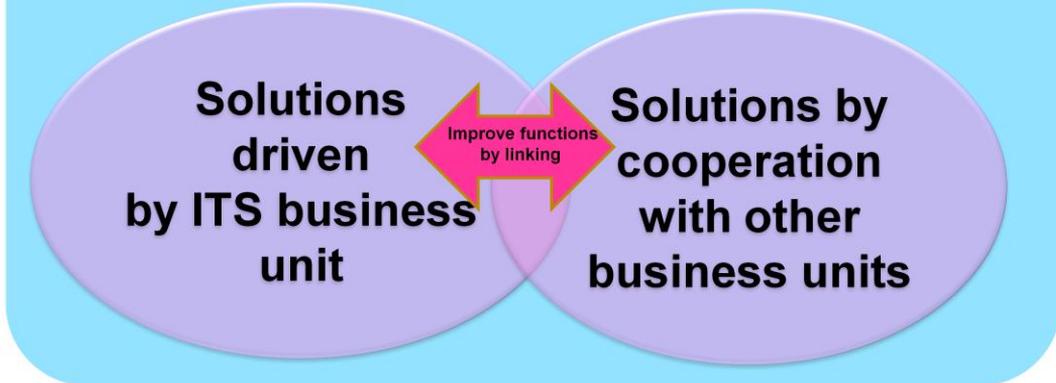
- Our main product in this market is Cinema EOS. We limit our business in the market by simply selling Canon products.
- We will expand sales of equipment and solutions in peripheral markets, which are large, through M&A and alliances.
- We will make the switch from a company that simply sells imaging equipment to a one-stop total imaging service company that is involved in editing, management, distribution, and broadcasting.

# Independent Growth Areas

**Independent Growth Areas**    **IT Solutions**  
**Industrial Equipment (semiconductors and non-semiconductors)**  
**Medical Solutions, Infection Control, and Dispensing Equipment**

## Direction of the IT Solution Segment Functionality

### IT Solution Business

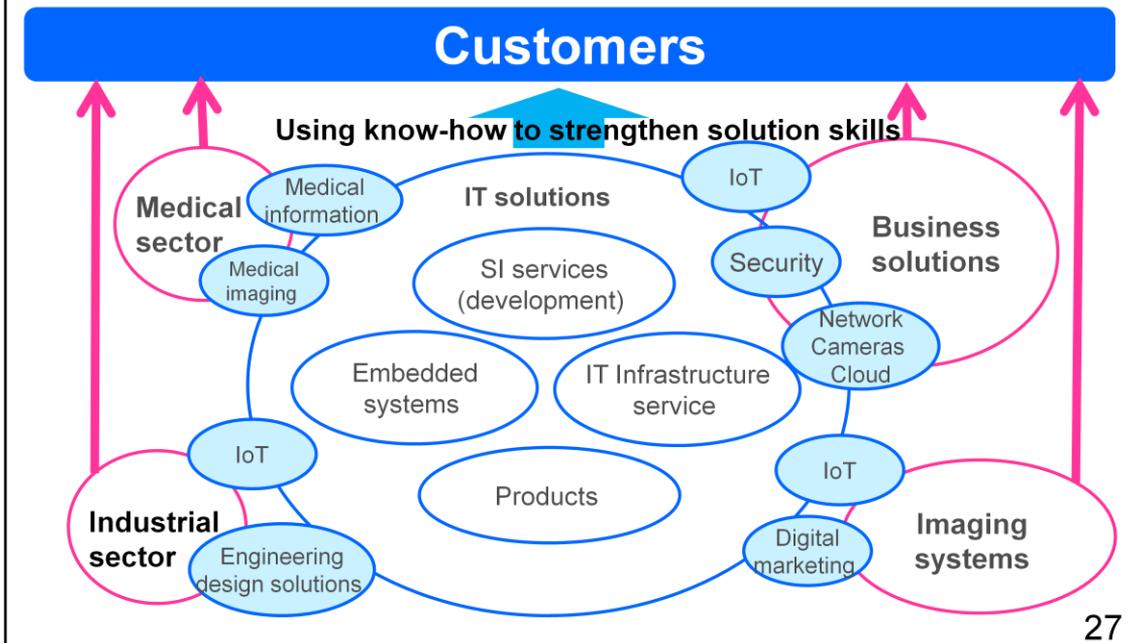


**Establish IT solution business unique to  
Canon MJ Group**

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- The largest core of the Independent Growth Areas is the IT solution business.
- We will promote the development of solutions driven by the ITS business unit and the development of solutions in cooperation with other business units. We will enhance our development functions by combining the two types of development.
- We aim to establish an IT solution business unique to the Canon MJ Group.

## Image for Expanding Range of IT Solution Business in All Businesses



● We will build a framework that will make the most of the Group’s IT resources, and will expand business where IT plays a key role in all four business segments.

● The IT solutions group will play a key role. It will engage in the development of solutions in each business segment, and will use the expertise that it acquires in the development of solutions for customers.

## Sales Targets for Group IT Solutions

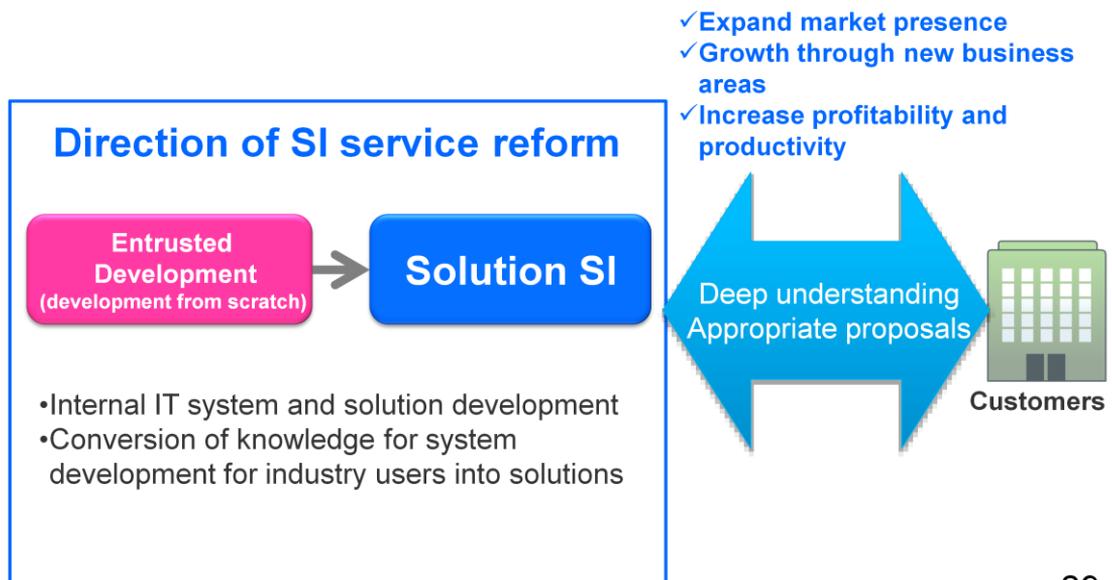
¥ billion

	2015 Results*	2018	2020
ITS Segment	141.2	168.7	200.0
Other segments	58.3	76.0	80.0
Inter-segment sales	-27.4	-27.7	-30.0
Group IT Solutions – total	172.1	217.0	250.0
Group consolidated	646.0	725.0	800.0
Ratio of sales from Group IT Solutions	27%	30%	31%

\* 2015 Results are not equal to the figures on page 16, “[Reference] Overall sales of IT Solutions,” of “FY 2015 Results Presentation” which is disclosed separately, due to recalculation based upon our aggregation method of the Long-Term Management Objectives.

# IT Solution Business Strategy (1)

## Conversion to business based on SI service solutions



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● The goal of the medium- to long-term reform of the IT solution segment is to make the switch to a business based on solutions.

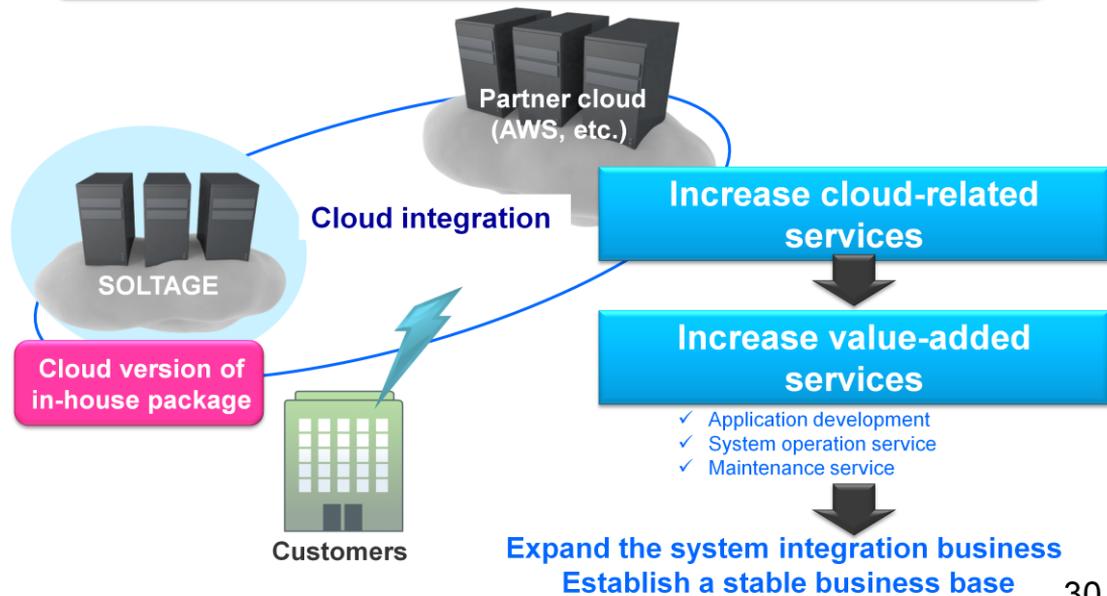
● We will change our SI service from the existing entrusted development to the Solution SI, which entails making proposals to address customers' challenges.

● The IT solution segment will be responsible for the development of solutions in the Group and will transform the expertise in system development for industry users that it acquires in the Group into solutions for customers.

● To develop the business, we will strengthen our ability to accurately identify customers' challenges and propose appropriate solutions.

## IT Solution Business Strategy (2)

### Strengthening Cloud Business



● Strengthening the cloud infrastructure is strategically important for us to expand the system integration business as a general Sler and establish a stable business base.

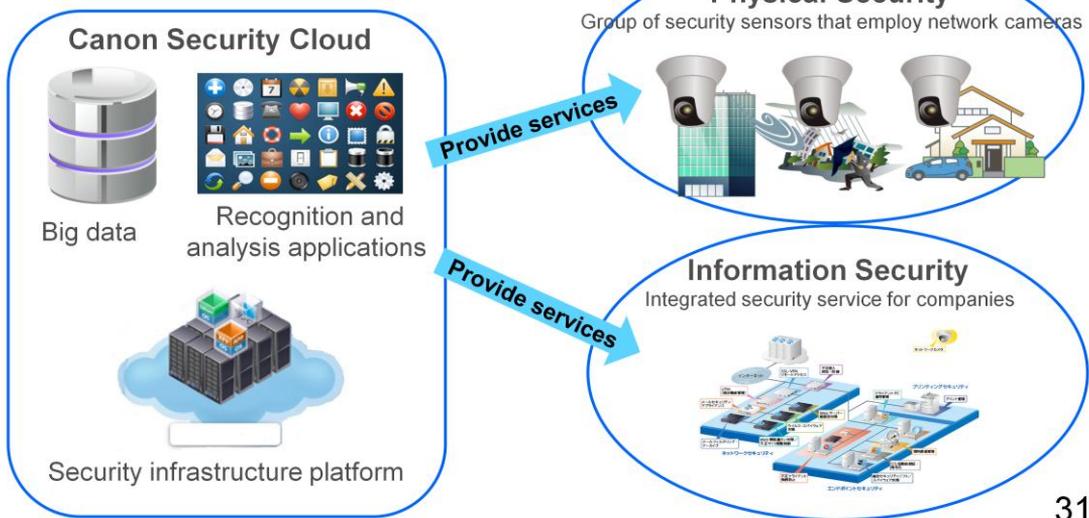
● We have our own cloud infrastructure, Soltage, that uses our own data center. We will provide cloud infrastructure based on customer needs, integrating Soltage and partner clouds, including AWS for Amazon.

● We will accelerate the conversion of in-house packages into cloud services, and will transfer them into a new stock business.

● We will add value-added services, including application development and system operation, to expand the business.

## Independent Growth Areas: Security

Build a new service business model by using Canon Group's advanced devices (Network Cameras) and by increasing IT security services through cloud migration and the use of data analysis systems.



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● In the Independent Growth Areas, we will expand the cross-industry business.

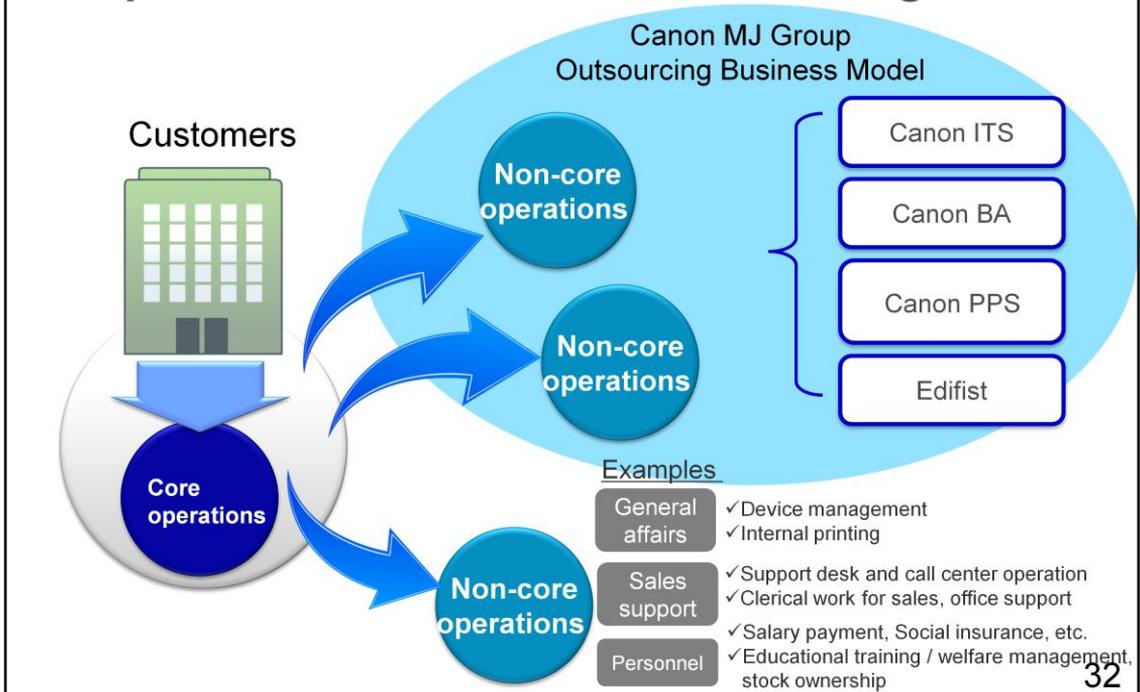
● We have developed our business by selling IT security products, including antivirus software and security equipment, and providing physical security using network cameras.

● We will build a business model that makes the most of the Group's resources.

● We will build a security infrastructure platform and provide data analysis systems as cloud service.

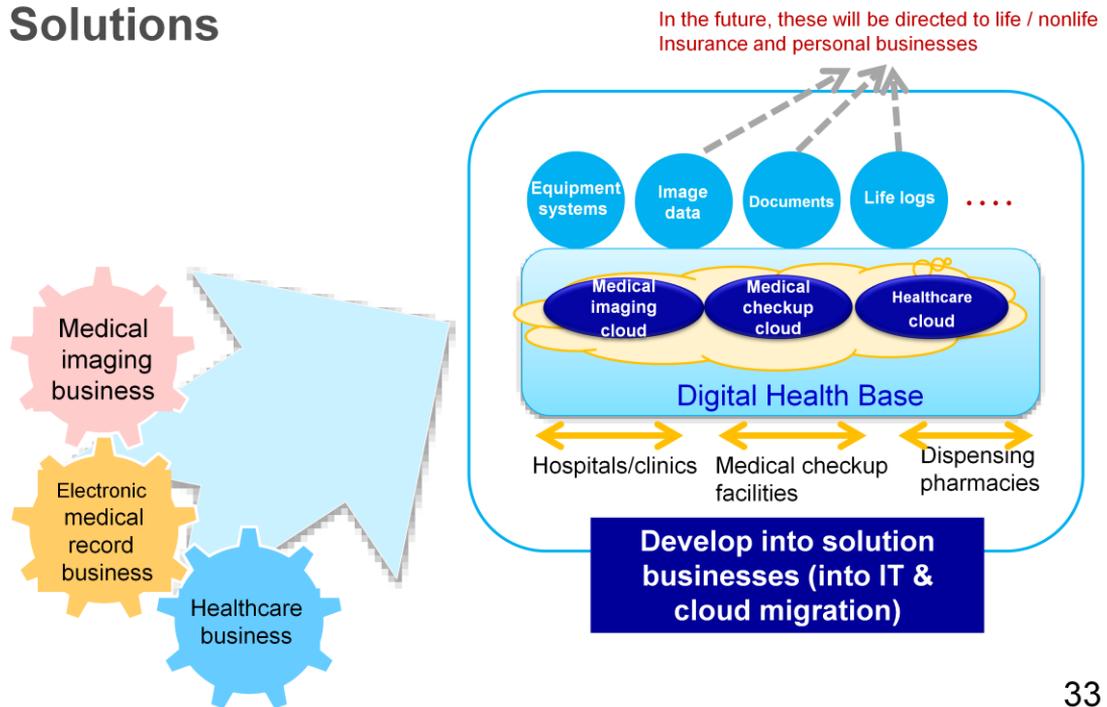
● We will expand the lineup of physical security and IT security services to create a new service business model. We will develop a business that meets customers' needs for security in a comprehensive manner.

## Independent Growth Areas: Outsourcing



- One other cross-industry area that we aim to expand is outsourcing.
- We often hear customers say that they want to focus on their core operations and outsource their non-core operations. Local governments and companies often consult us about outsourcing.
- Group companies have individually engaged in outsourcing businesses in areas where they are strong. We will build an outsourcing business model that will enable us to undertake customers' non-core operations, making the most of the Group's collective strengths.

# Independent Growth Areas: Medical Solutions



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● The core of our medical business consists of the medical imaging business and the healthcare business, which focus on the sales of equipment, and the electronic medical record business of Canon ITS Medical.

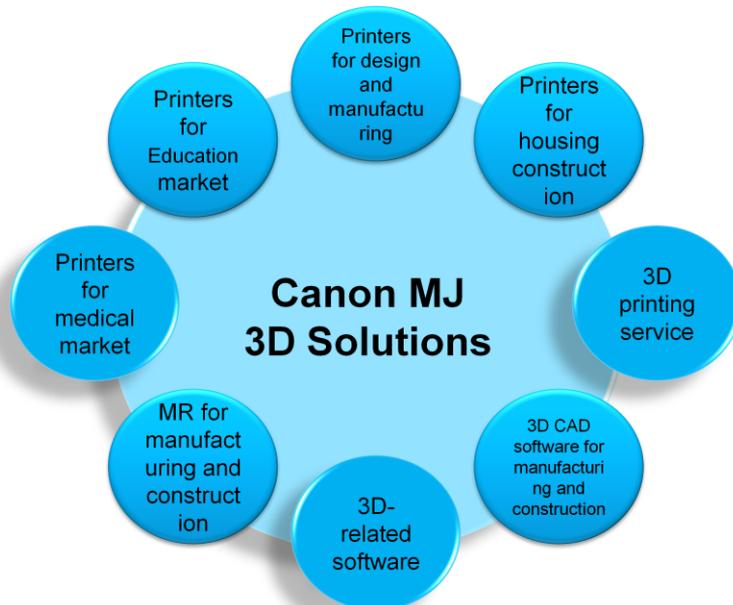
● Canon Lifecare Solutions has developed its business by focusing on the sales of equipment. However, if the medical business continues to depend solely on the sales of products, the business will have no more room to develop. There is an urgent need for us to use IT and transform our medical business into a solution business. Our customers yearn for change.

● We will expand medical cloud operations, which we started last year, and build a digital health base. We will then develop a cloud business for hospitals, clinics, medical checkup facilities, and dispensing pharmacies.

● We will look for ways to transform the cloud business into a business for life and nonlife insurance and a business for individuals, using image data, documents, and life logs.

## Independent Growth Areas: 3D Solutions

Establish Canon's presence in the 3D solution industry by offering various printers and Canon's original solutions, such as mixed reality (MR) and CAD, in growing markets.



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● The final Independent Growth Area is 3D solutions. Last year, we focused on 3D printers. Applications of 3D technology are advancing fast, primarily in the manufacturing industry.

● We will establish a presence in the field of 3D solutions by developing a range of printers and unique MR and CAD solutions in expanding fields where 3D solutions are used.

● This concludes my description of our business strategies in different areas.

## Investing in Growth

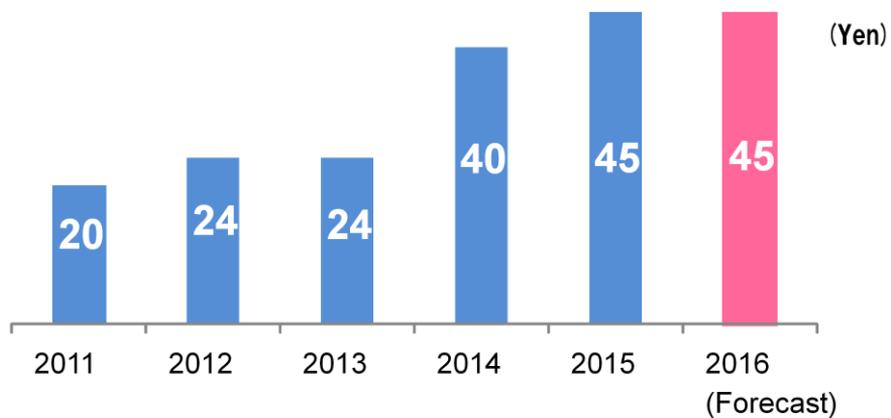
		Breakdown of Investment	Cumulative Investment 2016 to 2018
General Investment	Main Investment Items	Data center improvement	¥8.5 billion
		Rental business	¥25.0 billion
		Investment in IT	¥8.5 billion
	Total General Investment		¥54 billion
Strategic Investments		M&A-related funds, etc.	¥40 billion

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- Now I will describe our investment plan for implementing our growth strategies.
- We plan to make a total general investment of 54 billion yen in the next three years mainly in data centers and the rental business.
- We have an additional 40 billion yen, which can be invested within the amount of free cash flow in the fiscal year, as funds mainly for M&A to implement strategies flexibly.

## Shareholder Dividend Policy

- Pay dividends with comprehensive consideration of the medium-term profit plan, investment plan, and cash flows, based on a consolidated payout ratio of at least 30%



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- To conclude, I would like to talk about shareholder returns.
- Our policy regarding the consolidated payout ratio remains unchanged. We will pay stable dividends. Basically, the consolidated payout ratio will be 30%. We aim to increase the total amount of dividends by increasing earnings.
- We will work to achieve our targets in the Long-Term Management Objectives Phase III, which I have just explained. At the same time, we will actively return profits to our shareholders.
- As announced yesterday, we will distribute a dividend of 45 yen per share for the previous fiscal year, up 5 yen from a year ago. This reflects the policy that I have just described.



## Canon Marketing Japan Group

The performance and future projections made in this document are based on information available at the present time, and include potential risks and inaccuracies. Owing to various factors, actual results may differ substantially from these projections. All estimated/actual performance figures are for consolidated performance.

\*Fractions of less than 100 million yen are rounded off in this document.