

(TRANSLATION)

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Consolidated Quarterly Financial Results (based on Japanese standards)
For the nine months ended December 31, 2016

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1. Consolidated Financial Results for the Nine months Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(1) Consolidated Results of Operations

(% represents change from the corresponding previous nine months period.)

Nine months ended December 31	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of parent company
	Millions of yen %			
2016	390,327 (19.9)	111,649 (35.4)	125,120 (32.5)	92,573 (27.3)
2015	487,591 (7.4)	172,831 (18.4)	185,413 (16.8)	127,301 (14.8)

Note: Comprehensive income April-December 2016 ¥87,376 million (25.6)%
 April-December 2015 ¥117,435 million (35.8)%

Nine months ended December 31	Net income per share	Diluted net income per share
2016	477.45 Yen	— Yen
2015	650.70	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
December 31, 2016	Millions of yen 1,515,730	Millions of yen 1,331,991	87.5
March 31, 2016	1,512,895	1,334,910	87.8

(Ref.) Equity: December 31, 2016 ¥1,325,696 million March 31, 2016 ¥1,328,483 million

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end Dividends	Full year
2015	Yen —	Yen 281.86	Yen —	Yen 208.21	Yen 490.07
2016	—	186.20	—	—	—
2016(forecast)	—	—	—	—	—

Note: We have not changed the forecasts of dividends from the latest ones.

Note: The forecasts of the year-end dividends for the year ending March 31, 2017, will be disclosed promptly upon their availability.

3. Consolidated Financial Results Forecasts for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017) (% represents change from the previous year.)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of parent company	Net income per share
Fiscal period	Millions of yen 521,000 (16.4)	Millions of yen 140,500 (34.8)	Millions of yen 154,600 (32.6)	Millions of yen 113,300 (29.1)	Yen 584.35

Note: We have changed the forecasts of financial results from the latest ones.

*Notes

(1) Changes in Significant Subsidiaries during the period
(changes in specific subsidiaries that caused change in scope of consolidation) : No

(2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting : No

(3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements

1. Changes associated with changes in accounting standards : Applicable

2. Changes in accounting principles other than 1 : No

3. Changes in accounting estimates : No

4. Revisions/restatements : No

Note: For details, please see “3. Other Information (3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements” on Page 7 in Attachment.

(4) Number of shares outstanding (Common share)

1 Number of shares outstanding at the end of the period (including treasury stocks)

December 31, 2016	204,072,715 shares	March 31, 2016	205,942,215 shares
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2 Number of treasury stocks

December 31, 2016	10,212,474 shares	March 31, 2016	11,300,237 shares
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3 Average number of shares during the period

April-December 2016	193,890,545 shares	April-December 2015	195,636,338 shares
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* Status of quarterly review

These quarterly financial results are not subject to the quarterly review based on the Financial Instruments and Exchange Law. The review process for the quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these results.

* Statements on the proper use of financial forecasts and other special notes

Any forecasts described in this report are subject to uncertain factors such as supply and demand trends, industry competition, economic conditions, and others in major markets. Actual results may differ from these forecasts. With regard to the forecasts of the year-end dividends for the year ending March 31, 2017, we expect to disclose them promptly after we become able to disclose them.

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1. Results of Operations and Financial Position

(1) Results of Operations

The FANUC Group's results for the third quarter (April to December 2016) are as follows.

In the FA Division, the machine tool industry (the primary market for our CNC systems) saw some areas of vigorous movement in China, including increases in short-term demand, but continued to experience severe difficulties in other Asian economies and Europe. Sales in Japan were steady. With regard to our lasers, amid declining demand for CO₂ LASER oscillators, we continued to focus our efforts on expanding sales of fiber laser oscillators. Under such circumstances, net sales in the FA Division decreased compared with the corresponding period of the previous fiscal year.

In the Robot Division, sales in China were favorable, and sales, particularly to the automobile industry, remained steady in Japan. However, sales in the Robot Division decreased overall compared with the previous fiscal year due to the effect of a trough in facility investments in the Americas and Europe during the first half of the current fiscal year. Nevertheless, demand for robots is expected to expand in the future, and we are therefore proceeding with plans to boost robot production capacity, including conversion of part of the Tsukuba Factory to robot manufacturing.

In the Robomachine Division, sales of ROBODRILL (compact machining center) decreased compared with the previous fiscal year during which still existed a short-term IT-related demand. However, sales in the automobile and motorcycle parts processing remained steady, and we accelerated the expansion of sales channels with the market launch of a new model in last autumn. Sales of ROBOSHOTs (electric injection molding machine) declined due to the continued stagnation in IT-related demand, but we worked to cultivate new sales channels with the market launch of two-components molding options. Sales also decreased slightly for ROBOCUTs (wire-cut electric discharge machine). However, we have high expectations going forward as the introduction of large machines to the market is just starting to contribute to our business results.

Under these circumstances, the FANUC Group strived to make customers trust our products and services to an even greater extent, by becoming united as one group under the slogans "one FANUC," "Reliable / Predictable / Easy to Repair," and "Service First," accelerated preparations for adaptation to IoT through FIELD (FANUC Intelligent Edge Link and Drive) system, and pressed forward with measures to stabilize and develop our future business.

As a result, during the nine months from April to December 2016, FANUC posted consolidated net sales totaling ¥390,327 million, down 19.9%, consolidated ordinary income totaling ¥125,120 million, down 32.5%, and consolidated net income totaling ¥92,573 million, down 27.3%, compared with the corresponding period of the previous fiscal year.

Looking at the performance by business group, the FA Group posted consolidated sales totaling ¥127,678 million, down 4.6%, the Robot Group posted consolidated sales totaling ¥136,220 million, down 4.8%, the Robomachine Group posted consolidated sales totaling ¥69,163 million, down 53.5%, and the Service Group posted consolidated sales totaling ¥57,266 million, down 7.3%, compared with the corresponding period of the previous fiscal year.

※ "Net income" in "Results of Operations and Financial Position" means "Net income attributable to shareholders of parent company" in the Statement of Income.

(2) Financial Position

Total asset increased ¥2,835 million to ¥1,515,730 million compared with the end of the previous fiscal year.

Total liabilities increased ¥5,754 million to ¥183,739 million compared with the end of the previous fiscal year.

Total net assets decreased ¥2,919 million to ¥1,331,991 million from the end of the previous fiscal year.

We cancelled our treasury shares exceeding the 5% of the total number of issued shares (1,869,500 shares, ¥13,379 million) on June 8, 2016 based on the new shareholder return policy we announced on April 27, 2015. (There was no effect on the amount of total net assets.)

(3) Financial Results Forecasts

The prospects of the business environment surrounding the FANUC Group remain uncertain. Our consolidated financial forecasts at present are as follows.

For the fiscal year 2016 (April 1, 2016 through March 31, 2017)

(Millions of yen)

	Previous forecast (released on October 31, 2016)	New forecast	Comparison with Previous forecast (%)
Net sales	501,900	521,000	3.8
Operating income	134,700	140,500	4.3
Ordinary income	142,200	154,600	8.7
Net income	104,100	113,300	8.8

Note: The currency rate applied to the period from January 1, 2017 to March 31, 2017 is averaged at 110 yen/US dollar and 115 yen/euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

	(Millions of Yen)	
	March 31, 2016	December 31, 2016
Assets		
Current assets:		
Cash and deposits	686,662	631,914
Notes and accounts receivable – trade	100,307	98,079
Securities	145,000	145,000
Merchandise and finished goods	52,736	59,889
Work in process	39,206	42,622
Raw materials and supplies	11,124	12,163
Deferred tax asset	23,107	20,209
Others	16,196	18,838
Allowance for doubtful accounts	(1,568)	(1,503)
Total current assets	<u>1,072,770</u>	<u>1,027,211</u>
Noncurrent assets		
Property, plant and equipment		
Land	131,800	133,053
Other, net	220,260	265,407
Total property, plant and equipment	<u>352,060</u>	<u>398,460</u>
Intangible assets	3,875	4,572
Investments and other assets		
Investment securities	65,809	63,489
Others	18,382	21,999
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	<u>84,190</u>	<u>85,487</u>
Total noncurrent assets	<u>440,125</u>	<u>488,519</u>
Total assets	<u>1,512,895</u>	<u>1,515,730</u>
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	24,815	35,745
Income taxes payable	17,199	10,142
Warranty reserves	6,676	7,028
Others	57,426	59,180
Total current liabilities	<u>106,116</u>	<u>112,095</u>
Noncurrent liabilities:		
Liability related to retirement benefits	68,346	68,379
Others	3,523	3,265
Total noncurrent liabilities	<u>71,869</u>	<u>71,644</u>
Total liabilities	<u>177,985</u>	<u>183,739</u>
Net assets		
Shareholders' equity		
Capital stock	69,014	69,014
Capital surplus	96,206	96,208
Retained earnings	1,269,557	1,272,130
Treasury stock	(90,574)	(90,586)
Total shareholders' equity	<u>1,344,203</u>	<u>1,346,766</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,391	7,320
Foreign currency translation adjustment	5,974	(3,364)
Accumulated adjustment to retirement benefits	(26,085)	(25,026)
Total accumulated other comprehensive income	<u>(15,720)</u>	<u>(21,070)</u>
Non-controlling interests	<u>6,427</u>	<u>6,295</u>
Total net assets	<u>1,334,910</u>	<u>1,331,991</u>
Total liabilities and net assets	<u>1,512,895</u>	<u>1,515,730</u>

(2) Consolidated Quarterly Statement of Income and
Consolidated Quarterly Statement of Comprehensive Income

Consolidated Quarterly Statement of Income

(Millions of Yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	487,591	390,327
Cost of sales	253,517	220,330
Gross profit	234,074	169,997
Selling, general and administrative expenses	61,243	58,348
Operating income	172,831	111,649
Non-operating income		
Interest income	1,830	1,678
Dividends income	1,080	1,346
Investment profit on equity method	9,032	7,393
Miscellaneous income	2,012	4,229
Total non-operating income	13,954	14,646
Non-operating expenses		
Donation	283	446
Miscellaneous expenses	1,089	729
Total non-operating expenses	1,372	1,175
Ordinary income	185,413	125,120
Income before income taxes	185,413	125,120
Income taxes-current	54,117	34,315
Income taxes-deferred	3,461	(2,033)
Total taxes and others	57,578	32,282
Net income	127,835	92,838
Net income attributable to non-controlling interests	534	265
Net income attributable to shareholders of parent company	127,301	92,573

Consolidated Quarterly Statement of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net Income	127,835	92,838
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(1,486)	2,929
Foreign currency translation adjustment	(6,608)	(531)
Adjustment to retirement benefit	(950)	1,059
Share of other comprehensive income of affiliates accounted for using equity method	(1,356)	(8,919)
Total other comprehensive income	<u>(10,400)</u>	<u>(5,462)</u>
Comprehensive income for the nine months ended December 31	117,435	87,376
Comprehensive income attributable to:		
Owners of parent	117,191	87,223
Non-controlling interests	244	153

3. Other Information

- | | |
|--|---|
| (1) Changes in Significant Subsidiaries during the period
(changes in specific subsidiaries that caused change in scope of consolidation): | None |
| (2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting: | None |
| (3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements:

Changes in accounting principles
(Application of Accounting Standard for Business Combinations and other standards) | <p>Following the amendment to the Corporation Tax Act, FANUC CORPORATION has adopted the "Practical Solution on a change in depreciation method due to Tax Reform 2016 (PITF No.32, June 17, 2016)" effective from the first quarter of the consolidated fiscal year under review. The depreciation method for building fixtures and structures purchased on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.</p> <p>The impact of this change on the profit/loss of the nine months ended December 31, 2016 is negligible.</p> |
| (4) Note on Premise of a Going Concern: | None |
| (5) Note on the Substantial Change in Shareholders' Equity: | <p>Based on a resolution approved at a meeting of the Board of Directors held on May 27, 2016, the Company cancelled 1,869,500 shares of treasury stock on June 8, 2016. As a result, capital surplus decreased by ¥2 million, retained earnings decreased by ¥13,377 million, and treasury stock decreased by ¥13,379 million.</p> |

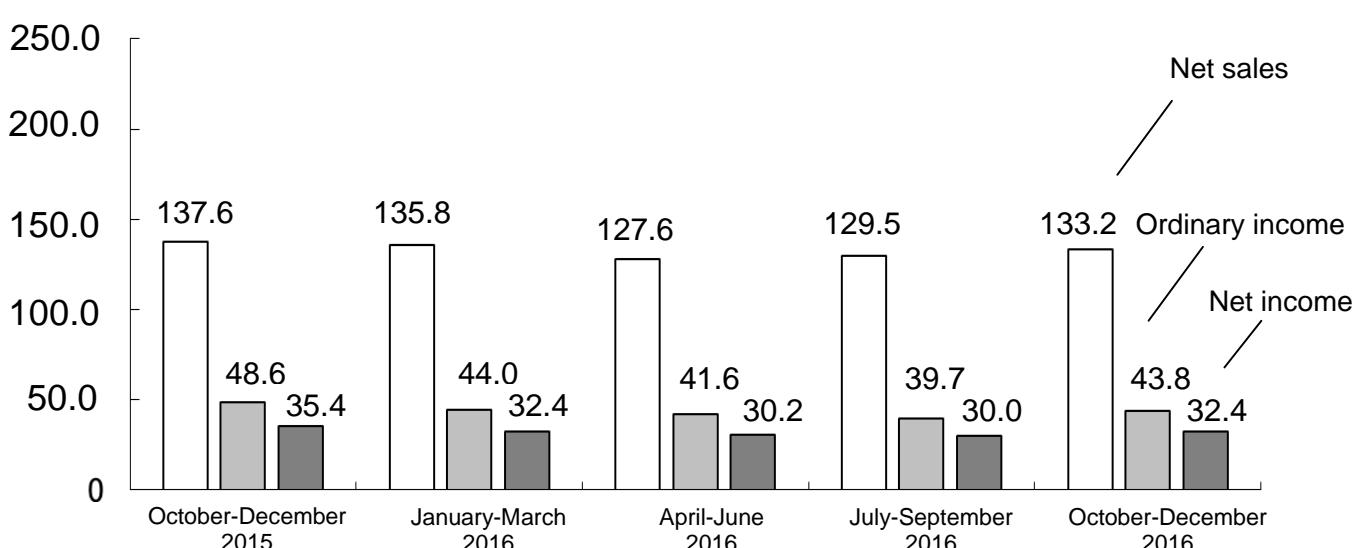
Supplement to Consolidated Financial Results

- 1 Consolidated Results (April ~ December, 2016)
 - 1) Net income 92.6 billion yen (27% down from the same period of last year)
 - 2) Net sales 390.3 billion yen (20% down from the same period of last year)
 - 3) Operating income 111.6 billion yen
Ordinary income 125.1 billion yen (35% down from the same period of last year)
Ordinary income to net sales ratio 32.1%
 - 4) Sales by Group

FA	127.7 billion yen	(5% down from the same period of last year)
Robot	136.2 billion yen	(5% down from the same period of last year)
Robomachine	69.1 billion yen	(54% down from the same period of last year)
Service	57.3 billion yen	(7% down from the same period of last year)
 - 5) Orders 404.6 billion yen (11% down from the same period of last year)
- 2 Consolidated Results Forecast for the Year ending March 31, 2017
(April 1, 2016 ~ March 31, 2017)

Net sales	521.0 billion yen	(16% down from the same period of last year)
Operating income	140.5 billion yen	(35% down from the same period of last year)
Ordinary income	154.6 billion yen	(33% down from the same period of last year)
Net income	113.3 billion yen	(29% down from the same period of last year)

3 Quarterly Changes of Consolidated Financial Results (Billions of yen)



※ “Net income” in this Supplement means “Net income attributable to shareholders of parent company.”