

(TRANSLATION)

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Consolidated Quarterly Financial Results

(based on Japanese standards)

For the three months ended June 30, 2018

July 25, 2018

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <https://www.fanuc.co.jp>
Representative: (Title) Chairman (Name) Yoshiharu Inaba
Contact: (Title) Manager, Public Relations (Name) Keisuke Fujii TEL: (0555)84-5555
Scheduled date of filing quarterly report: August 9, 2018
Scheduled date of commencing of dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(1) Consolidated Results of Operations

(% represents changes from the previous corresponding Three-month period.)

Three months ended June 30	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2018	182,835	8.5	54,493	7.9	60,762	9.0	44,724	9.5
2017	168,490	32.1	50,521	20.6	55,746	34.1	40,836	35.0

Note: Consolidated comprehensive income: April-June 2018 ¥43,495 million (4.0)%
April-June 2017 ¥45,313 million - %

Three months ended June 30	Net income per share	Net income per share (diluted)
	Yen	Yen
2018	230.73	—
2017	210.65	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2018	1,670,455	1,453,124	86.6
March 31, 2018	1,728,227	1,467,630	84.6

(Reference) Equity: June 30, 2018: ¥1,447,275 million

March 31, 2018: ¥1,461,590 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end Dividends	Full year
	Yen	Yen	Yen	Yen	Yen
2017	—	265.45	—	297.75	563.20
2018	—	—	—	—	—
2018 (forecast)	—	—	—	—	—

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

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 2019, will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)
 (% for the 2Q cumulative period and for the full year represent changes from the same quarter of the previous fiscal year and changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd Quarter (Cumulative)	336,000	(3.3)	92,700	(13.7)	101,500	(14.3)	75,800	(11.6)	391.05
Fiscal period	637,400	(12.3)	159,400	(30.6)	173,800	(30.3)	145,200	(20.2)	749.08

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 : No

2. Changes in accounting principles other than 1 : No

3. Changes in accounting estimates : No

4. Revisions/restatements : No

(4) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury stocks)	June 30, 2018	204,040,771 shares	March 31, 2018	204,059,017 shares
2. Number of treasury stocks	June 30, 2018	10,203,789 shares	March 31, 2018	10,220,284 shares
3. Average number of shares during the period	April-June, 2018	193,837,377 shares	April-June, 2017	193,854,349 shares

* The report of the quarterly financial results is not subject to audit by certified public accountant or audit firm.

* 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. The forecasts of the 2nd quarter-end and the year-end dividends for the year ending March 31, 2019, will be disclosed promptly upon their availability.

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1. Results of Operations and Financial Position

(1) Results of Operations

The FANUC Group's results for the first quarter (April to June 2018) are as follows.

In the FA Division, demands in the machine tool industry, the primary market for FANUC CNC systems, remained at a high level in Japan, Asia including China, and Europe. Especially, the market began a full-scale expansion in India. With regard to our lasers, although sales remained sluggish both domestically and abroad, we continued focusing efforts on expanding sales of fiber laser oscillators. As a result, net sales in the FA Division increased sharply compared with the corresponding period of the previous fiscal year.

In the Robot Division, although the automobile industry saw a trough in capital investments mainly in the Americas, sales to the general industries remained favorable. By region, the Americas became a little weaker, but Japan remained unchanged and Europe and China remained favorable. As a result, sales in the Robot Division increased compared with the corresponding period of the previous fiscal year.

In the Robomachine Division, sales of the ROBODRILLS (compact machining centers) decreased significantly compared with the first quarter of the previous year in which the short-term demand in the IT-related industry was robust, but other markets, mainly the automobile part processing market, generally remained favorable. On the other hand, sales of the ROBOSHOTS (electric injection molding machines) and the ROBOCUTs (wire-cut electric discharge machines) remained at a high level.

Amidst such circumstances, the FANUC Group, under the slogans, "one FANUC," "Reliable," "Predictable," "Easy to Repair," and "Service First," united as one group to promote the provision of our highly reliable products and related services, in order to empower our customers to build and maintain efficient and innovative production systems. In addition, while proceeding with the application of AI technology to our products, we made efforts to enhance functions of and spread the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which various companies can participate that started operation in October 2017, as an IoT initiative.

As a result, during the three months from April to June 2018, FANUC posted consolidated net sales totaling ¥182,835 million, up 8.5%, consolidated ordinary income totaling ¥60,762 million, up 9.0%, and consolidated net income totaling ¥44,724 million, up 9.5%, compared with the corresponding period of the previous fiscal year.

Looking at the performance by business group, the FA Division posted consolidated sales totaling ¥60,852 million, up 24.4%, the Robot Division posted consolidated sales totaling ¥58,541 million, up 7.3%, the Robomachine Division posted consolidated sales totaling ¥41,975 million, down 5.7%, and the Service Division posted consolidated sales totaling ¥21,467 million, up 4.9%, compared with the corresponding period of the previous fiscal year.

(Note): "Net income" in "Results of Operations and Financial Position" means "Net income attributable to owners of parent" in the Consolidated Statement of Income.

(2) Financial Position

Total assets were ¥1,670,455 million, down ¥57,772 million compared with the end of the previous fiscal year.

Total liabilities were ¥217,331 million, down ¥43,266 million compared with the end of the previous fiscal year.

Total net assets were ¥1,453,124 million, down ¥14,506 million compared with the end of the previous fiscal year.

We cancelled our treasury shares exceeding the 5% of the total number of issued shares (18,246 shares, ¥163 million) on May 31, 2018 based on the 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 robust short-term demand in the IT-related industry during the previous fiscal year is not expected at this point in time. It is also anticipated that the situation will remain difficult and unpredictable in general, due to uncertain factors including continuing trade friction between countries and its impact, as well as foreign exchange fluctuations.

The present forecast for consolidated financial results for the year ending March 31, 2019 is as follows:

For the first half of the fiscal year 2018 (April 1, 2018 through September 30, 2018)

(Millions of yen)

	Previous forecast (released on April 26, 2018)	New forecast	Comparison with Previous forecast (%)
Net sales	321,300	336,000	4.6
Operating income	84,100	92,700	10.2
Ordinary income	88,000	101,500	15.3
Net income	65,800	75,800	15.2

For the fiscal year 2018 (April 1, 2018 through March 31, 2019)

(Millions of yen)

	Previous forecast (released on April 26, 2018)	New forecast	Comparison with Previous forecast (%)
Net sales	634,200	637,400	0.5
Operating income	151,700	159,400	5.1
Ordinary income	163,800	173,800	6.1
Net income	137,700	145,200	5.4

Note: The currency rate applied to the period from July 1, 2018 to March 31, 2019 is averaged at 100 yen/US dollar and 125 yen/Euro.

2. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	March 31, 2018	June 30, 2018
Assets		
Current assets		
Cash and bank deposits	602,329	569,619
Notes and accounts receivables, trade	175,460	139,151
Marketable securities	145,000	145,000
Finished goods	71,680	68,036
Work in progress	56,405	57,167
Raw materials and supplies	22,033	26,170
Other current assets	30,030	17,412
Allowance for doubtful accounts	(1,424)	(1,405)
Total current assets	1,101,513	1,021,150
Noncurrent assets		
Property, plant and equipment		
Buildings	230,204	232,366
Land	143,036	143,117
Other, net	112,637	133,662
Total property, plant and equipment	485,877	509,145
Intangible assets	7,064	6,927
Investments and other assets		
Investment securities	89,946	87,282
Others	44,198	46,357
Allowance for doubtful accounts	(371)	(406)
Total investments and other assets	133,773	133,233
Total noncurrent assets	626,714	649,305
Total assets	1,728,227	1,670,455

(Millions of yen)

	March 31, 2018	June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payables, trade	52,901	45,099
Accrued income taxes	46,466	17,867
Warranty reserves	7,047	7,666
Other current liabilities	83,686	76,143
Total current liabilities	190,100	146,775
Long-term liabilities		
Net defined benefit liability	67,562	67,626
Other long-term liabilities	2,935	2,930
Total long-term liabilities	70,497	70,556
Total liabilities	260,597	217,331
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	96,265
Retained earnings	1,398,977	1,385,823
Treasury stock, at cost	(91,020)	(90,901)
Total shareholders' equity	1,473,236	1,460,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,090	11,975
Foreign currency translation adjustment	(619)	(1,112)
Remeasurements of defined benefit plans	(24,117)	(23,789)
Total accumulated other comprehensive income	(11,646)	(12,926)
Non-controlling interests	6,040	5,849
Total net assets	1,467,630	1,453,124
Total liabilities and net assets	1,728,227	1,670,455

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	168,490	182,835
Cost of goods sold	94,944	103,385
Gross profit	73,546	79,450
Selling, general and administrative expenses	23,025	24,957
Operating income	50,521	54,493
Non-operating income		
Interest income	738	972
Dividends income	615	534
Equity in earnings of affiliates	2,997	3,515
Foreign exchange gains	523	1,792
Miscellaneous income	713	622
Total non-operating income	5,586	7,435
Non-operating expenses		
Loss on sales and retirement of noncurrent assets	202	376
Loss on removal of noncurrent assets	44	485
Miscellaneous expenses	115	305
Total non-operating expenses	361	1,166
Ordinary income	55,746	60,762
Income before income taxes	55,746	60,762
Income taxes-current	14,583	14,597
Income taxes-deferred	202	1,330
Total taxes and others	14,785	15,927
Net income	40,961	44,835
Net income attributable to non-controlling interests	125	111
Net income attributable to owners of parent	40,836	44,724

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net income	40,961	44,835
Other comprehensive income		
Valuation difference on available-for-sale securities	329	(1,115)
Foreign currency translation adjustment	2,521	774
Remeasurements of defined benefit plans	3,173	328
Share of other comprehensive income of affiliates accounted for using equity method	(1,671)	(1,327)
Total other comprehensive income	4,352	(1,340)
Comprehensive income for the three months ended June 30	45,313	43,495
Comprehensive income attributable to:		
Owners of parent	45,317	43,445
Non-controlling interests	(4)	50

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: | None |
| (4) Additional Information
(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)
Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 of February 16, 2018) and other new rules have been applied since the beginning of this three-month period ended June 30, 2018. "deferred tax assets" are reflected in "investments and other assets" and "deferred tax liabilities" are reflected in "long-term liabilities." | |
| (5) Note on Premise of a Going Concern: | None |
| (6) Note on the Substantial Change in Shareholders' Equity: | None |