

## (TRANSLATION)

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### Consolidated Quarterly Financial Results (based on Japanese standards) For the nine months ended December 31, 2018

January 31, 2019

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange  
Stock code: 6954 URL: <https://www.fanuc.co.jp>  
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Scheduled date of filing quarterly report: February 8, 2019  
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 Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(1) Consolidated Results of Operations

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

Nine months ended December 31	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	496,112	(7.4)	134,101	(20.8)	150,537	(18.9)	128,751	(5.5)
2017	535,994	37.3	169,235	51.6	185,618	48.4	136,314	47.3

Note: Consolidated comprehensive income: April-December 2018 ¥122,484 million (25.1)%  
April-December 2017 ¥163,570 million 87.2%

Nine months ended December 31	Net income per share	Net income per share (diluted)
	Yen	Yen
2018	664.23	—
2017	703.19	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2018	1,593,104	1,417,182	88.5
March 31, 2018	1,728,227	1,467,630	84.6

(Reference) Equity: December 31, 2018: ¥1,409,964 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	—	598.19	—	—	—
2018 (forecast)	—	—	—	—	—

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

Note: The 2nd quarter-end dividends for the year ending March 31, 2019 consist of ordinary dividends of ¥252.87 and special dividends of ¥345.32.

Note: The forecasts of 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)  
 (% represents 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
Fiscal period	626,900	(13.7)	147,900	(35.6)	164,000	(34.3)	141,900	(22.0)	732.08

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)
 

	December 31, 2018	204,040,771	March 31, 2018	204,059,017
		shares		shares
2. Number of treasury stocks
 

	December 31, 2018	10,208,704	March 31, 2018	10,220,284
		shares		shares
3. Average number of shares during the period
 

	April-December 2018	193,835,133	April-December 2017	193,849,755
		shares		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 year-end dividends for the year ending March 31, 2019, will be disclosed promptly upon their availability.

## Table of Contents of Accompanying Documents

1. Results of Operations and Financial Position .....	2
(1) Results of Operations .....	2
(2) Financial Position .....	3
(3) Financial Results Forecasts .....	3
2. Consolidated Quarterly Financial Statements .....	4
(1) Consolidated Quarterly Balance Sheet .....	4
(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income .....	6
Consolidated Quarterly Statement of Income .....	6
Consolidated Quarterly Statement of Comprehensive Income .....	7
3. Other Information .....	8
(1) Changes in Significant Subsidiaries during the period .....	8
(2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting .....	8
(3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements .....	8
(4) Additional Information .....	8
(5) Note on Premise of a Going Concern .....	8
(6) Note on the Substantial Change in Shareholders' Equity .....	8

## **1. Results of Operations and Financial Position**

### **(1) Results of Operations**

The FANUC Group's results for the first three quarters (April to December 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, Europe, India, and the Americas. However, demands in China and Taiwan declined sharply from the middle of the period due to the impact of the trade friction between the United States and China, and sales in South Korea also remained sluggish due to a slowdown in domestic demands. With regard to our lasers, we continued focusing efforts on expanding sales of fiber laser oscillators both domestically and abroad. As a result, net sales in the FA Division remained unchanged compared with the corresponding period of the previous fiscal year.

In the Robot Division, although sales in Japan and Europe were solid, a trough in capital investments remained in automobile industry of the Americas and sales in China were weak, especially for the general industries. As a result, sales in the Robot Division remained unchanged compared with the corresponding period of the previous fiscal year.

In the Robomachine Division, the short-term demand in the Chinese IT-related industry for the ROBODRILLs (compact machining centers), which was robust in the previous fiscal year, had plummeted, resulting in a significant decline in sales. However, markets other than IT-related industry generally remained favorable, and in particular, sales increased in Japan, Europe and India. In addition, sales of the ROBOSHOTs (electric injection molding machines) remained robust as in the previous fiscal year, while sales of the ROBOCUTs (wire-cut electric discharge machines) slightly decreased compared with the corresponding period of the previous fiscal year.

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. Furthermore, while proceeding with the application of AI technology to our products and the commercialization, we made efforts, as IoT initiatives, to expand sales of LINK *i* products, which the FANUC Group has been promoting for some time, and additionally to spread our new product, FIELD system (FANUC Intelligent Edge Link and Drive system) with enhancement of functions and enrichment of applications (including those made by partner companies).

As a result, during the nine months from April to December 2018, FANUC posted consolidated net sales totaling ¥496,112 million, down 7.4%, consolidated ordinary income totaling ¥150,537 million, down 18.9%, and consolidated net income totaling ¥128,751 million, down 5.5%, due to recording of gain on transfer of benefit obligation relating to employees' pension fund as an extraordinary income and other factors, compared with the corresponding period of the previous fiscal year.

Looking at the performance by business group, the FA Division posted consolidated sales totaling ¥166,766 million, up 0.1%, the Robot Division posted consolidated sales totaling ¥167,128 million, up 0.04%, the Robomachine Division posted consolidated sales totaling ¥93,607 million, down 32.0%, and the Service Division posted consolidated sales totaling ¥68,611 million, up 6.2%, 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 ¥1,593,104 million, down ¥135,123 million compared with the end of the previous fiscal year.

Total liabilities were ¥175,922 million, down ¥84,675 million compared with the end of the previous fiscal year.

Total net assets were ¥1,417,182 million, down ¥50,448 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 conditions will likely continue where the short-term demand in the IT-related industry cannot be expected. It is also anticipated that the situation will remain difficult and unpredictable in general, due to uncertain factors including the spreading impact of continuing trade friction between countries and foreign exchange fluctuations.

The present forecast for consolidated financial results for the fiscal year 2018 is as follows:

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

(Millions of yen)

	Previous forecast (released on October 29, 2018)	New forecast	Comparison with Previous forecast (%)
Net sales	626,000	626,900	0.1
Operating income	150,900	147,900	(2.0)
Ordinary income	165,300	164,000	(0.8)
Net income	142,300	141,900	(0.3)

Note: The currency rate applied to the period from January 1, 2019 to March 31, 2019 is averaged at 100 yen/US dollar and 120 yen/Euro.

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

(Millions of yen)

	March 31, 2018	December 31, 2018
<b>Assets</b>		
Current assets		
Cash and bank deposits	602,329	589,852
Notes and accounts receivables, trade	175,460	114,095
Marketable securities	145,000	15,000
Finished goods	71,680	69,661
Work in progress	56,405	56,560
Raw materials and supplies	22,033	31,486
Other current assets	30,030	23,976
Allowance for doubtful accounts	(1,424)	(1,166)
<b>Total current assets</b>	<b>1,101,513</b>	<b>899,464</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	230,204	289,475
Land	143,036	144,967
Other, net	112,637	123,972
<b>Total property, plant and equipment</b>	<b>485,877</b>	<b>558,414</b>
Intangible assets	7,064	8,831
Investments and other assets		
Investment securities	89,946	80,792
Others	44,198	46,015
Allowance for doubtful accounts	(371)	(412)
<b>Total investments and other assets</b>	<b>133,773</b>	<b>126,395</b>
<b>Total noncurrent assets</b>	<b>626,714</b>	<b>693,640</b>
<b>Total assets</b>	<b>1,728,227</b>	<b>1,593,104</b>

(Millions of yen)

	March 31, 2018	December 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payables, trade	52,901	38,119
Accrued income taxes	46,466	9,046
Warranty reserves	7,047	8,301
Other current liabilities	83,686	75,161
Total current liabilities	190,100	130,627
Long-term liabilities		
Net defined benefit liability	67,562	42,409
Other long-term liabilities	2,935	2,886
Total long-term liabilities	70,497	45,295
Total liabilities	260,597	175,922
<b>Net assets</b>		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	96,265
Retained earnings	1,398,977	1,353,904
Treasury stock, at cost	(91,020)	(91,007)
Total shareholders' equity	1,473,236	1,428,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,090	6,667
Foreign currency translation adjustment	(619)	(2,759)
Remeasurements of defined benefit plans	(24,117)	(22,120)
Total accumulated other comprehensive income	(11,646)	(18,212)
Non-controlling interests	6,040	7,218
Total net assets	1,467,630	1,417,182
<b>Total liabilities and net assets</b>	<b>1,728,227</b>	<b>1,593,104</b>

**(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, 2017	Nine months ended December 31, 2018
Net sales	535,994	496,112
Cost of goods sold	295,732	285,487
Gross profit	240,262	210,625
Selling, general and administrative expenses	71,027	76,524
Operating income	169,235	134,101
Non-operating income		
Interest income	2,324	3,087
Dividends income	1,393	1,365
Equity in earnings of affiliates	11,742	11,235
Miscellaneous income	3,951	3,764
Total non-operating income	19,410	19,451
Non-operating expenses		
Loss on sales and retirement of noncurrent assets	498	727
Removal expenses of noncurrent assets	255	1,616
Miscellaneous expenses	2,274	672
Total non-operating expenses	3,027	3,015
Ordinary income	185,618	150,537
Extraordinary income		
Gain on transfer of benefit obligation relating to employees' pension fund	—	25,081
Total extraordinary income	—	25,081
Income before income taxes	185,618	175,618
Income taxes-current	52,815	41,035
Income taxes-deferred	(3,864)	5,507
Total taxes and others	48,951	46,542
Net income	136,667	129,076
Net income attributable to non-controlling interests	353	325
Net income attributable to owners of parent	136,314	128,751



## Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	136,667	129,076
Other comprehensive income		
Valuation difference on available-for-sale securities	6,387	(6,423)
Foreign currency translation adjustment	16,557	956
Remeasurements of defined benefit plans	3,295	1,997
Share of other comprehensive income of affiliates accounted for using equity method	664	(3,122)
Total other comprehensive income	26,903	(6,592)
Comprehensive income for the nine months ended December 31	163,570	122,484
Comprehensive income attributable to:		
Owners of parent	162,871	122,186
Non-controlling interests	699	298

### 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<br>(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)<br>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 the first quarter 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 |