

(TRANSLATION)

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Consolidated Quarterly Financial Results

(based on Japanese standards)

For the three months ended June 30, 2020

July 28, 2020

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <https://www.fanuc.co.jp/eindex.html>
Representative: (Title) President (Name) Kenji Yamaguchi
Contact: (Title) Manager, Public Relations (Name) Keisuke Fujii TEL: (0555)84-5555
Scheduled date of filing quarterly report: August 6, 2020
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, 2020 (April 1, 2020 – June 30, 2020)

(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	%
2020	109,260	(18.8)	11,078	(61.3)	13,140	(59.0)	9,091	(61.0)
2019	134,634	(26.4)	28,595	(47.5)	32,063	(47.2)	23,282	(47.9)

Note: Consolidated comprehensive income: April-June 2020: ¥12,650 million (6.3)%
April-June 2019: ¥13,503 million (69.0)%

Three months ended June 30	Net income per share	Net income per share (diluted)
	Yen	Yen
2020	47.39	—
2019	120.75	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2020	1,475,032	1,342,173	90.4
March 31, 2020	1,512,499	1,362,865	89.6

(Reference) Equity: June 30, 2020: ¥1,334,097 million March 31, 2020: ¥1,355,100 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end Dividends	Full year
	Yen	Yen	Yen	Yen	Yen
FY2019	—	125.35	—	174.65	300.00
FY2020	—	—	—	—	—
FY2020 (forecast)	—	—	—	—	—

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

Note: The year-end dividends for the year ended March 31, 2020 consist of ordinary dividends of ¥103.79 and special dividends of ¥70.86.

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 2021, will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)
 (% 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)	212,400	(18.6)	20,400	(58.4)	25,900	(54.6)	18,700	(53.5)	97.48
Fiscal period	423,300	(16.7)	38,500	(56.4)	47,700	(53.6)	34,500	(53.0)	179.85

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

Note: Actual results may differ from these forecasts, subject to various conditions, including how far the coronavirus (COVID-19) will further spread, and when the pandemic will end. We will promptly publish new information, which may greatly affect actual results if any, upon their availability.

*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, 2020	201,922,097 shares	March 31, 2020	204,031,841 shares
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2. Number of treasury stocks

	June 30, 2020	10,097,565 shares	March 31, 2020	12,205,848 shares
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3. Average number of shares during the period

	April-June 2020	191,825,011 shares	April-June 2019	192,813,688 shares
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* The report of the quarterly financial results is not subject to audit by certified public accountant or audit firm.

* Any forward looking statements such as financial 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, 2021, will be disclosed promptly upon their availability.

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1. Results of Operations and Financial Position

(1) Results of Operations

Regarding the circumstances surrounding the FANUC Group during the first quarter (from April 1 to June 30, 2020), the market conditions became even harsher, due to the spread of the coronavirus (COVID-19) amid the ongoing reduction in capital investment stemming from the impact of the trade friction between the United States and China and other factors. Under these circumstances, the FANUC Group has striven to maintain delivery of products and service activities for our customers while placing highest priority on preventing the spread of the coronavirus (COVID-19). In addition, to deal with the current strenuous market conditions, we have steadily fortified our corporate structure by reducing expenses, reviewing unnecessary and non-urgent capital investment, and streamlining business operations.

During the three months from April to June 2020, FANUC posted consolidated net sales totaling ¥109,260 million, down 18.8%, consolidated ordinary income totaling ¥13,140 million, down 59.0%, and net income attributable to owners of parent totaling ¥9,091 million, down 61.0%, compared with the corresponding period of the previous fiscal year.

An overview of the results for each business division is as follows:

In the FA Division, in the machine tool industry, the primary market for FANUC CNC systems, although demand recovered and remained solid in China, demands in Japan, South Korea and Taiwan remained sluggish. In addition, demand declined in Europe and India as well, where the impact of lockdowns was significant. With regard to our lasers, there was a slowdown in demand, and competition with overseas manufacturers is further intensifying. As a result, net sales in the FA Division totaled ¥34,848 million, down 19.9% compared with the corresponding period of the previous fiscal year.

In the Robot Division, although sales for the automobile industries in the Americas were slow, sales for the general industries were solid. Sales mainly for the IT-related industry in China remained favorable. However, sales remained sluggish in Japan and Europe. As a result, net sales in the Robot Division totaled ¥40,630 million, down 13.7% compared with the corresponding period of the previous fiscal year.

In the Robomachine Division, although demand for ROBODRILLS (compact machining centers) for the computer and tablet markets in China remained positive, sales declined due to decreased demand in other regions and markets. Although sales of ROBOSHOTS (electric injection molding machines) also decreased compared with the corresponding period of the previous fiscal year, we focused efforts on expanding sales mainly in the medical market. With regard to ROBOCUTs (wire-cut electric discharge machines), sales also declined. As a result, net sales in the Robomachine Division totaled ¥18,367 million, down 16.8% compared with the corresponding period of the previous fiscal year.

In the Service Division, lockdowns imposed by the coronavirus (COVID-19) in countries throughout the world, brought about closure of customers' factories, decrease in factories' operating rates among others, resulting in the decrease in requests for our services. As a result, net sales in the Service Division totaled ¥15,415 million, down 29.8% compared with the corresponding period of the previous fiscal year.

(2) Financial Position

Total assets were ¥1,475,032 million, down ¥37,467 million compared with the end of the previous fiscal year.

Total liabilities were ¥132,859 million, down ¥16,775 million compared with the end of the previous fiscal year.

Total net assets were ¥1,342,173 million, down ¥20,692 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 (2,109,744 shares, ¥22,095 million) on May 29, 2020, based on the shareholder return policy that we announced on April 24, 2019. (This policy is written in the Consolidated Annual Financial Results for the Year ended March 31, 2019) (There was no effect on the amount of total net assets.)

(3) Financial Results Forecasts

Regarding the consolidated financial forecasts for the year ending March 31, 2021, since it has been difficult to reasonably estimate how far the coronavirus (COVID-19) will further spread and when the pandemic will end, only the forecast for the second quarter (cumulative) of the year ending March 31, 2021 was disclosed on April 24, 2020, and not the full-year forecast.

At this time, we have decided to revise the forecast for the consolidated financial results for the second quarter (cumulative) of the year ending March 31, 2021, and announce the forecast for the consolidated financial results for the full-year, based on calculations considering the foreseeable impact of the spread of the coronavirus (COVID-19) on the FANUC Group.

However actual results may differ from these forecasts, subject to various conditions, including how far the coronavirus (COVID-19) will further spread, and when the pandemic will end. We will promptly publish new information, which may greatly affect actual results if any, upon their availability.

For the first half of the fiscal year 2020 (April 1, 2020 through September 30, 2020)

(Millions of yen)

	Previous forecast (released on April 24, 2020)	New forecast	Comparison with Previous forecast (%)
Net sales	197,900	212,400	7.3
Operating income	18,900	20,400	7.9
Ordinary income	23,100	25,900	12.1
Net income attributable to owners of parent	16,400	18,700	14.0

For the fiscal year 2020 (April 1, 2020 through March 31, 2021)

(Millions of yen)

	Previous forecast (released on April 24, 2020)	New forecast	Comparison with Previous forecast (%)
Net sales	-	423,300	-
Operating income	-	38,500	-
Ordinary income	-	47,700	-
Net income attributable to owners of parent	-	34,500	-

Note: The currency rate applied to the period from July 1, 2020 to March 31, 2021 is averaged at 100 yen/US dollar and 115 yen/Euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	March 31, 2020	June 30, 2020
Assets		
Current assets		
Cash and bank deposits	405,861	373,075
Notes and accounts receivables, trade	85,266	84,621
Marketable securities	126,700	126,600
Finished goods	65,122	69,004
Work in progress	51,979	47,465
Raw materials and supplies	25,450	27,839
Other current assets	10,833	11,751
Allowance for doubtful accounts	(831)	(751)
Total current assets	770,380	739,604
Noncurrent assets		
Property, plant and equipment		
Buildings	310,060	316,269
Land	146,085	146,579
Other, net	140,991	130,061
Total property, plant and equipment	597,136	592,909
Intangible assets	10,219	9,893
Investments and other assets		
Investment securities	83,337	84,170
Others	51,883	48,913
Allowance for doubtful accounts	(456)	(457)
Total investments and other assets	134,764	132,626
Total noncurrent assets	742,119	735,428
Total assets	1,512,499	1,475,032

(Millions of yen)

	March 31, 2020	June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payables, trade	26,974	25,529
Accrued income taxes	9,270	4,809
Warranty reserves	8,306	8,003
Other current liabilities	56,413	45,668
Total current liabilities	100,963	84,009
Long-term liabilities		
Net defined benefit liability	44,652	44,862
Other long-term liabilities	4,019	3,988
Total long-term liabilities	48,671	48,850
Total liabilities	149,634	132,859
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	96,265
Retained earnings	1,351,122	1,304,963
Treasury stock, at cost	(127,822)	(105,753)
Total shareholders' equity	1,388,579	1,364,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,058	8,352
Foreign currency translation adjustment	(26,608)	(27,256)
Remeasurements of defined benefit plans	(11,929)	(11,488)
Total accumulated other comprehensive income	(33,479)	(30,392)
Non-controlling interests	7,765	8,076
Total net assets	1,362,865	1,342,173
Total liabilities and net assets	1,512,499	1,475,032

**(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, 2019	Three months ended June 30, 2020
Net sales	134,634	109,260
Cost of goods sold	82,153	77,782
Gross profit	52,481	31,478
Selling, general and administrative expenses	23,886	20,400
Operating income	28,595	11,078
Non-operating income		
Interest income	1,067	729
Dividends income	537	184
Equity in earnings of affiliates	2,259	1,447
Miscellaneous income	868	566
Total non-operating income	4,731	2,926
Non-operating expenses		
Removal expenses of noncurrent assets	363	138
Donations	62	215
Foreign exchange losses	747	448
Miscellaneous expenses	91	63
Total non-operating expenses	1,263	864
Ordinary income	32,063	13,140
Income before income taxes	32,063	13,140
Income taxes-current	5,924	2,615
Income taxes-deferred	2,532	1,002
Total taxes and others	8,456	3,617
Net income	23,607	9,523
Net income attributable to non-controlling interests	325	432
Net income attributable to owners of parent	23,282	9,091

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	23,607	9,523
Other comprehensive income		
Valuation difference on available-for-sale securities	345	3,294
Foreign currency translation adjustment	(11,892)	1,142
Remeasurements of defined benefit plans	772	441
Share of other comprehensive income of affiliates accounted for using equity method	671	(1,750)
Total other comprehensive income	(10,104)	3,127
Comprehensive income for the three months ended June 30	13,503	12,650
Comprehensive income attributable to:		
Owners of parent	13,540	12,177
Non-controlling interests	(37)	473

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) Note on Premise of a Going Concern: | None |
| (5) Note on the Substantial Change in Shareholders' Equity:
As resolved at the Board of Directors' meeting held on April 24, 2020, the Company cancelled 2,109,744 treasury shares on May 29, 2020. As a result, the Company's retained earnings and treasury stock each decreased by ¥22,095 million during the three months ended June 30, 2020. | |