

(TRANSLATION)

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Consolidated Annual Financial Results

(based on Japanese standards)
For the Year ended March 31, 2017

April 27, 2017

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <http://www.fanuc.co.jp/>
Representative: (Title) Chairman and CEO (Name) Yoshiharu Inaba
Contact: (Title) Manager, Public Relations (Name) Keisuke Fujii TEL: (0555)84-5555
Scheduled date for the Annual Meeting of Shareholders: June 29, 2017
Scheduled date for commencement of dividend payments: June 30, 2017
Scheduled date for submitting the Securities Report: June 29, 2017
Availability of supplementary briefing material on annual results: Yes
Schedule of annual results briefing session: Yes

1. Consolidated Financial Results for the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Consolidated Results of Operations

(% represents changes from the previous term.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %
2016	536,942	(13.9)	153,217	(28.9)	168,829	(26.4)	127,697	(20.0)
2015	623,418	(14.6)	215,567	(27.6)	229,361	(26.5)	159,700	(23.1)

Note: Consolidated comprehensive income:

FY2016: ¥124,934 million, up 5.9% FY2015: ¥117,953 million, down 49.9%

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income-to-total capital ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
2016	658.63	-	9.5	11.0	28.5
2015	816.78	-	11.8	14.7	34.6

(Reference) Equity in earnings of affiliates: FY2016: ¥10,022 million FY2015: ¥11,494 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2016	1,564,769	1,369,457	87.1	7,031.79
2015	1,512,895	1,334,910	87.8	6,825.27

(Reference) Equity: FY2016: ¥1,363,155 million FY2015: ¥1,328,483 million

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2016	121,713	(88,562)	(90,267)	774,761
2015	140,633	(112,677)	(169,572)	831,662

2. Dividends

(Cut-off date)	Dividends per share					Total amount of dividends (full year)	Payout ratio (consolidated)	Dividends-to-net assets Ratio
	1st Quarter	2nd Quarter	3rd Quarter	Year-end Dividends	Full year			
2015	Yen —	Yen 281.86	Yen —	Yen 208.21	Yen 490.07	Millions of yen 95,668	% 60.0	% 7.0
2016	—	186.20	—	208.98	395.18	76,610	60.0	5.7
2017 (forecast)	—	—	—	—	—		—	

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 2018, will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(% 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)	299,600	16.5	92,100	17.5	92,100	13.3	66,900	11.2	345.10
Fiscal period	569,800	6.1	155,500	1.5	160,500	(4.9)	116,900	(8.5)	603.02

*Notes

(1) Changes in Significant Subsidiaries during the year ended March 31, 2017

(changes in specific subsidiaries that caused change in scope of consolidation) : No

(2) 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 "4. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in accounting principles)" on Page 16 in Attachment.

(3) Number of shares outstanding (Common shares)

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

	March 31, 2017	204,072,715 shares	March 31, 2016	205,942,215 shares
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2. Number of treasury stocks

	March 31, 2017	10,216,648 shares	March 31, 2016	11,300,237 shares
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3. Average number of shares during the period

	Year ended March 31, 2017	193,882,295 shares	Year ended March 31, 2016	195,522,938 shares
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(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Non-Consolidated Results of Operations

(% represents changes from the previous term.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2016	399,111	(12.8)	107,979	(31.7)	141,733	(25.5)	112,393	(19.8)
2015	457,479	(17.5)	158,045	(31.4)	190,242	(28.1)	140,084	(22.7)

	Net income per share	Net income per share (diluted)
	Yen	Yen
2016	579.70	-
2015	716.46	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2016	1,271,871	1,155,279	90.8	5,959.47
2015	1,231,054	1,128,807	91.7	5,799.40

(Reference) Equity: FY2016:¥1,155,279 million FY2015:¥1,128,807 million

- * The report of the annual financial results is not subject to auditing.
- * 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, 2018, will be disclosed promptly upon their availability.

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Supplement to Consolidated Financial Results

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Ending March 31, 2017

In the business environment surrounding the FANUC Group during this period, demand for capital investment remained steady in the Americas and was generally unchanged in Japan and Europe. In China and other Asian economies, there were signs of a recovery from around the end of the period.

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” so that we can achieve further development in our business. In addition, as well as proceeding with the application of AI technology to our products, we also accelerated our response to IoT mainly through preparations for the startup of FIELD system (FANUC Intelligent Edge Link and Drive system), and pressed forward with measures to stabilize and develop our future business.

During the fiscal year ended March 31, 2017, FANUC posted consolidated net sales totaling ¥536,942 million, down 13.9%, consolidated ordinary income totaling ¥168,829 million, down 26.4%, and consolidated net income totaling ¥127,697 million, down 20.0%, compared with the previous fiscal year.

(Note): “Net income” in “Overview of Business Results, etc.” means “Net income attributable to owners of parent” in the Consolidated Statement of Income.

Regarding capital investment of this period, we completed the construction of new factories for CNCs, servo motors and others in Mibu-machi, Tochigi Prefecture. The production in these new factories was commenced partially in October 2016. Furthermore, in order to respond to the growing demand for robots in the future, we advanced acquisition of the site for a new robot factory in Chikusei-shi, Ibaraki Prefecture. In addition, we proceeded also with the continued expansion of R&D facilities in order to pursue “enhanced reliability” and “greater speed” in research and development.

During this period, the FANUC Robot CR-35iA, a green robot that can work together with human operators without safety fences, was awarded the 2016 Okochi Memorial Foundation Production Award by the Okochi Memorial Foundation for being “a highly efficient assembly system as a result of collaborative work between collaborating robots and humans.”

The following is a summary of the results for each business division:

[FA Division]

The machine tool industry, the primary market for FANUC CNC systems, experienced an increase in short-term demand in China at the beginning of the period as well as signs of an overall recovery trend in China and other Asian economies from around the end of the period, despite the continuation of severe difficulties mainly in Europe. Sales in Japan remained steady. Under these circumstances, net sales of CNC systems of FANUC Group increased compared with the previous fiscal year.

FANUC laser sales were sluggish domestically and abroad.

The FA Division posted consolidated sales of ¥175,016 million, up 2.8% compared with the previous fiscal year, and FA Division sales accounted for 32.6% of consolidated net sales.

[ROBOT Division]

Sales of robots remained steady in the Americas and in Europe, despite a trough in facility investments in the automobile industry, etc., during the first half of this period. In China, the growth of demand was striking. In Japan, sales were favorable mainly to the automobile industry.

The Robot Division posted consolidated sales of ¥190,043 million, up 0.9% compared with the previous fiscal year. Robot Division sales accounted for 35.4% of consolidated net sales.

[ROBOMACHINE Division]

Sales of the ROBODRILL (small machining center) remained steady for automobile and motorcycle parts processing, and short-term IT-related demand began to show some movement from the fourth quarter. However, sales declined compared with the previous fiscal year when there was a strong contribution from short-term IT-related demand.

Sales of ROBOSHOTS (electric injection molding machine) remained generally unchanged, but decreased slightly due to the lack of full-scale recovery of IT-related demand.

Sales of ROBOCUTs (wire-cut electric discharge machine) remained unchanged. The total of accumulated shipment volume at the end of March 2017 exceeded 30,000 units.

As a result, the ROBOMACHINE Division posted consolidated sales of ¥93,939 million, down 48.7% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 17.5% of consolidated net sales.

[Service Division]

The Service Division, under our basic philosophy of “Service First,” offered rapid maintenance service activities in order to minimize downtime in our customers’ factories, while providing high-level services and practicing “life-long maintenance” throughout the world.

The Service Division posted consolidated sales of ¥77,944 million, down 4.8% compared with the previous fiscal year. Service Division sales accounted for 14.5% of consolidated net sales.

(2) Overview of Financial Status

Total assets were ¥1,564,769 million, up ¥51,874 million compared with the end of the previous fiscal year.

Total liabilities were ¥195,312 million, up ¥17,327 million compared with the end of the previous fiscal year.

Total net assets were ¥1,369,457 million, up ¥34,547 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 (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) Overview of Cash Flow

Cash and cash equivalents (hereinafter "Cash") for this fiscal year amounted to ¥774,761 million, down ¥56,901 million from the end of the previous fiscal year.

(Cash flow from operating activities)

Cash provided by operating activities during this period amounted to ¥121,713 million, down ¥18,920 million from the previous fiscal year. This was mainly due to the decrease in net income before income taxes.

(Cash flow from investing activities)

Cash used in investing activities during this period amounted to ¥88,562 million, down ¥24,115 million from the previous fiscal year. This was mainly due to the decrease in the purchases of property, plant and equipment.

(Cash flow from financing activities)

Cash used in financing activities during this period amounted to ¥90,267 million, down ¥79,305 million from the previous fiscal year. This was mainly due to the decrease in dividends paid.

(4) Future Outlook

In the foreseeable future, it is expected to remain strong in the American market, and show continued signs of recovery in China and other Asian economies. The FANUC Group will firmly deal with these demands, as well as strive further to expand sales in Europe.

Despite these, however, as a result of foreign exchange movements, and concerns over geopolitical risks and other factors, the situation is expected to remain difficult and unpredictable as a whole.

The present forecast for consolidated financial results for the year ending March 31, 2018 is as follows:

Financial forecast for the year ending March 31, 2018

	Amount (Millions of yen)	Comparison with Previous year (%)
Net sales	569,800	6.1
Operating income	155,500	1.5
Ordinary income	160,500	(4.9)
Net income	116,900	(8.5)

Note: The currency rate applied to the period from April 1, 2017 to March 31, 2018 is averaged at 100 yen/US dollar and 110 yen/Euro.

(5) Basic Policy on Return of Profit to Shareholders and Dividends for the Period Ending March 31, 2017

Our basic policy of distributing profits to shareholders, announced on April 27, 2015, is as follows.

1. Dividends

In order to further enhance the distribution of profits to our shareholders in the long term, we have decided to implement a dividend payout ratio of 60% of our consolidated net profit.

2. Share buybacks

We aim to buy back our own shares in a flexible manner depending on the level of our stock prices, taking into account the balance with our investment in growth, and where the Five-Year Average Total Return Ratio(*) does not exceed 80%.

3. Retirement of treasury shares

We aim to limit the number of our treasury shares that we hold to a maximum of 5% of the total number of issued shares. We will, as a general rule, retire any portion exceeding that limit every fiscal year.

(*) Five-Year Average Total Return Ratio means the ratio of the total combined amount of dividends and the total amount of share buybacks, over the total amount of our consolidated net profit for a five-year period.

Dividends for this period are scheduled as follows:

	First half	Second half (forecast)	Full year (forecast)	Payout ratio
Current period (fiscal year ended March 31, 2017)	Yen 186.20	Yen 208.98	Yen 395.18	60.0%
(Reference) Previous period (fiscal year ended March 31, 2016)	Yen 281.86	Yen 208.21	Yen 490.07	60.0%

2. Management Policy

(1) Basic Management Policy

FANUC was the first private company to succeed in the development of NC's and servomechanism in Japan, and ever since this success in 1956, has consistently pursued automation in factories.

With its three pillars consisting of the FA business, which comprises FANUC's basic technology of NC and servos, the ROBOT and ROBOMACHINE businesses which apply this basic technology, FANUC contributes to the manufacturing industry in Japan and overseas by promoting automation and efficiency in manufacturing.

(2) Challenges

The FANUC Group will continue future-oriented management that is not affected by short-term events, in order to achieve permanent prosperity of the Group.

Based on the fundamental thought and the slogan of "one FANUC," the FANUC Group shall take maximum advantage of our unique strength in uniting our FA, Robot and ROBOMACHINE divisions to jointly provide total solutions and take care of customers throughout the world.

In addition, the FANUC Group will adhere to its origins as a producer of equipment to be used in manufacturing sites, and shall be thorough in implementing our slogan of, "Reliable / Predictable / Easy to Repair" in product development, in order to minimize downtime in our customers' factories and improve operability. At the same time, as a supplier of capital goods, we will fulfill our supply responsibility to customers by ensuring a production system that customers can rely on.

Furthermore, we shall practice our basic philosophy of "Service First" in providing high-level services based on FANUC's global standard anywhere in the world, and "lifetime maintenance" for as long as our customers use our products.

FANUC believes that AI and IoT are indispensable technologies in order for the company to continue to develop and launch highly competitive products in the market. By proactively adopting these

technologies to all areas of FA, Robots and ROBOMACHINES, we will further promote efficiency in manufacturing by our customers.

By uniting in the promotion of these measures while continuing to ensure the practice of “preciseness and transparency,” the principle of FANUC since its foundation, in every aspect going forward, we will make efforts to gain our customers’ confidence and trust even more, ensuring we endure as a company.

3. Basic Way of Thinking Regarding the Choice of Accounting Standards

In consideration of enabling the comparison of consolidated financial statements for designated periods and comparison with other companies, FANUC will continue its policy of generating consolidated financial statements according to Japanese standards.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	March 31, 2016	March 31, 2017
Assets		
Current assets		
Cash and bank deposits	686,662	629,761
Notes and accounts receivable, trade	100,307	120,787
Marketable securities	145,000	145,000
Finished goods	52,736	60,580
Work in process	39,206	43,892
Raw materials and supplies	11,124	13,864
Deferred income taxes	23,107	24,384
Other current assets	16,196	22,663
Allowance for doubtful accounts	(1,568)	(1,287)
Total current assets	<u>1,072,770</u>	<u>1,059,644</u>
Noncurrent assets		
Property, plant and equipment, at cost		
Buildings	97,821	195,765
Machinery and equipment	27,484	41,668
Land	131,800	134,400
Construction in progress	85,917	22,015
Other noncurrent assets	9,038	12,542
Property, plant and equipment, net	<u>352,060</u>	<u>406,390</u>
Intangible assets	3,875	4,687
Investments and other assets		
Investment securities	65,809	72,195
Deferred income taxes	15,384	18,984
Other intangible assets	2,998	2,871
Allowance for doubtful accounts	(1)	(2)
Total investments and other assets	<u>84,190</u>	<u>94,048</u>
Total noncurrent assets	<u>440,125</u>	<u>505,125</u>
Total assets	<u>1,512,895</u>	<u>1,564,769</u>
Liabilities		
Current liabilities		
Notes and accounts payable, trade	24,815	36,011
Accrued income taxes	17,199	22,994
Warranty reserves	6,676	6,994
Other current liabilities	57,426	54,716
Total current liabilities	<u>106,116</u>	<u>120,715</u>
Long-term liabilities		
Net defined benefit liability	68,346	71,175
Other long-term liabilities	3,523	3,422
Total long-term liabilities	<u>71,869</u>	<u>74,597</u>
Total liabilities	<u>177,985</u>	<u>195,312</u>
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,206	96,208
Retained earnings	1,269,557	1,307,254
Treasury stock, at cost	(90,574)	(90,677)
Total shareholders' equity	<u>1,344,203</u>	<u>1,381,799</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,391	8,594
Foreign currency translation adjustment	5,974	(710)
Remeasurements of defined benefit plans	(26,085)	(26,528)
Total accumulated other comprehensive income	<u>(15,720)</u>	<u>(18,644)</u>
Non-controlling interests	<u>6,427</u>	<u>6,302</u>
Total net assets	<u>1,334,910</u>	<u>1,369,457</u>
Total liabilities and net assets	<u>1,512,895</u>	<u>1,564,769</u>

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

Consolidated Statement of Income

(Millions of yen)

	Years ended March 31	
	2016	2017
Net sales	623,418	536,942
Cost of goods sold	<u>326,912</u>	<u>303,415</u>
Gross profit	<u>296,506</u>	<u>233,527</u>
Selling, general and administrative expenses	<u>80,939</u>	<u>80,310</u>
Operating income	<u>215,567</u>	<u>153,217</u>
Non-operating income		
Interest income	2,537	2,343
Dividends income	1,372	1,446
Equity in earnings of affiliates	11,494	10,022
Miscellaneous income	<u>2,151</u>	<u>3,409</u>
Total non-operating income	<u>17,554</u>	<u>17,220</u>
Non-operating expenses		
Loss on sales and retirement of noncurrent assets	857	228
Expenses for disposal of fixed assets	135	239
Commission for purchase of treasury shares	1	224
Donation	383	513
Foreign exchange losses	2,090	-
Miscellaneous expenses	<u>294</u>	<u>404</u>
Total non-operating expenses	<u>3,760</u>	<u>1,608</u>
Ordinary income	<u>229,361</u>	<u>168,829</u>
Income before income taxes	<u>229,361</u>	<u>168,829</u>
Income taxes-current	66,123	47,736
Income taxes-deferred	<u>2,906</u>	<u>(6,684)</u>
Total taxes and others	<u>69,029</u>	<u>41,052</u>
Net income	<u>160,332</u>	<u>127,777</u>
Net income attributable to non-controlling interests	<u>632</u>	<u>80</u>
Net income attributable to owners of parent	<u>159,700</u>	<u>127,697</u>

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Years Ended March 31	
	2016	2017
Net income	160,332	127,777
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,091)	4,203
Foreign currency translation adjustment	(21,866)	(2,076)
Remeasurements of defined benefit plans	(15,337)	(443)
Share of other comprehensive income of affiliates accounted for using equity method	<u>(2,085)</u>	<u>(4,527)</u>
Total other comprehensive income	<u>(42,379)</u>	<u>(2,843)</u>
Comprehensive income	<u>117,953</u>	<u>124,934</u>
Comprehensive income attributable to:		
Owners of parent	117,873	124,774
Non-controlling interests	80	160

(3) Consolidated Statement of Changes in Shareholders' Equity, Etc.

Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2015	69,014	96,277	1,500,635	(312,855)	1,353,071
Changes during this term:					
Dividends of surplus			(151,385)		(151,385)
Net income attributable to owners of parent			159,700		159,700
Purchase of treasury stock				(17,194)	(17,194)
Disposal of treasury stock		7		4	11
Retirement of treasury stock		(78)	(239,393)	239,471	–
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–
Net change except shareholders' equity during this term					
Total changes during this term	–	(71)	(231,078)	222,281	(8,868)
Balance at March 31, 2016	69,014	96,206	1,269,557	(90,574)	1,344,203

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency exchange adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2015	7,482	29,372	(10,748)	26,106	7,518	1,386,695
Changes during this term:						
Dividends of surplus						(151,385)
Net income attributable to owners of parent						159,700
Purchase of treasury stock						(17,194)
Disposal of treasury stock						11
Retirement of treasury stock						-
Change in treasury shares of parent arising from transactions with non-controlling shareholders						-
Net change except shareholders' equity during this term	(3,091)	(23,398)	(15,337)	(41,826)	(1,091)	(42,917)
Total changes during this term	(3,091)	(23,398)	(15,337)	(41,826)	(1,091)	(51,785)
Balance at March 31, 2016	4,391	5,974	(26,085)	(15,720)	6,427	1,334,910

Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2016	69,014	96,206	1,269,557	(90,574)	1,344,203
Changes during this term:					
Dividends of surplus			(76,623)		(76,623)
Net income attributable to owners of parent			127,697		127,697
Purchase of treasury stock				(13,483)	(13,483)
Disposal of treasury stock		2		1	3
Retirement of treasury stock		(2)	(13,377)	13,379	–
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2			2
Net change except shareholders' equity during this term					
Total changes during this term	–	2	37,697	(103)	37,596
Balance at March 31, 2017	69,014	96,208	1,307,254	(90,677)	1,381,799

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency exchange adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2016	4,391	5,974	(26,085)	(15,720)	6,427	1,334,910
Changes during this term:						
Dividends of surplus						(76,623)
Net income attributable to owners of parent						127,697
Purchase of treasury stock						(13,483)
Disposal of treasury stock						3
Retirement of treasury stock						-
Change in treasury shares of parent arising from transactions with non-controlling shareholders						2
Net change except shareholders' equity during this term	4,203	(6,684)	(443)	(2,924)	(125)	(3,049)
Total changes during this term	4,203	(6,684)	(443)	(2,924)	(125)	34,547
Balance at March 31, 2017	8,594	(710)	(26,528)	(18,644)	6,302	1,369,457

(4) Consolidated Financial Statements

(Millions of yen)

	Years Ended March 31	
	2016	2017
Cash flows from operating activities		
Income before income taxes	229,361	168,829
Depreciation and amortization	21,106	26,530
Increase (decrease) in allowance for doubtful accounts	(536)	(239)
Increase (decrease) in net defined benefit liability	21,311	3,178
Interest and dividend income	(3,909)	(3,789)
Equity in (earnings) losses of affiliates, net	(11,494)	(10,022)
(Increase) decrease in receivables, trade	29,207	(17,386)
(Increase) decrease in inventories	1,602	(16,519)
Increase (decrease) in payables, trade	(13,749)	11,292
Other	<u>(21,506)</u>	<u>(6,470)</u>
Subtotal	<u>251,393</u>	<u>155,404</u>
Interest and dividends received	10,061	8,562
Income taxes paid	(121,281)	(43,039)
Other	<u>460</u>	<u>786</u>
Net cash provided by operating activities	<u>140,633</u>	<u>121,713</u>
Cash flows from investing activities		
Purchases of property, plant, and equipment	(102,008)	(87,509)
Other	<u>(10,669)</u>	<u>(1,053)</u>
Net cash used in investing activities	<u>(112,677)</u>	<u>(88,562)</u>
Cash flows from financing activities		
Purchase of treasury stock	(17,253)	(13,481)
Dividends paid	(151,237)	(76,505)
Other	<u>(1,082)</u>	<u>(281)</u>
Net cash used in financing activities	<u>(169,572)</u>	<u>(90,267)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(17,958)</u>	<u>215</u>
Net increase (decrease) in cash and cash equivalents	<u>(159,574)</u>	<u>(56,901)</u>
Cash and cash equivalents at beginning of year	<u>991,236</u>	<u>831,662</u>
Cash and cash equivalents at end of year	<u>831,662</u>	<u>774,761</u>

(5) Notes to Consolidated Financial Statements

(Note on the basis for the concern assumed to be ongoing)
Not applicable

(Changes in accounting principles)

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) in this consolidated fiscal year. 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.

The impact of this change on operating income, ordinary income and income before income taxes of this consolidated fiscal year is ¥1,545 million increase each.

(Segment Information etc.)

1. Segment Information

Year ended March 31, 2016 (April 1, 2015 – March 31, 2016) and
Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

FANUC Group focuses on the development, production, and sales of CNC systems and related application products based on FANUC's CNC system technologies as a comprehensive supplier of factory automation (FA) systems. Ultimately, FANUC CNC systems and the related application products are used in automated production systems.

FANUC Group uses CNC's and servo motors in its entire products. For this reason, the decision on investment is made, taking into consideration the statuses of orders, sales and production of all products, in addition to the status of particular products.

As mentioned above, FANUC Group runs only one business segment based on the decision that the entire group makes for investment. Thus, the segment information is not stated herein.

2. Relevant Information

Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Information by product and service

	Millions of yen				
	FA	Robot	Robomachine	Service	Total
Sales to outside customers	175,016	190,043	93,939	77,944	536,942

(2) Information by region

◎ Sales

Millions of yen					
Japan	The Americas	Europe	Asia	Others	Total
116,598	134,915	87,449	194,698	3,282	536,942

Note: Sales are broken down by country or region where customers are located.

◎ Property, plant and equipment

As the property, plant and equipment located in Japan constitute more than 90% of those stated in the consolidated balance sheet, the statement on the information about them is omitted.

(Information per share)

Fiscal year 2015 (April 1, 2015 – March 31, 2016)		Fiscal year 2016 (April 1, 2016 – March 31, 2017)	
Net assets per share	6,825.27 yen	Net assets per share	7,031.79 yen
Net income per share	816.78 yen	Net income per share	658.63 yen
Net diluted income per share is not stated herein as there exist no dilutive shares.		Net diluted income per share is not stated herein as there exist no dilutive shares.	

Note: Net income per share is calculated based on the following:

	Fiscal year 2015 (April 1, 2015 – March 31, 2016)	Fiscal year 2016 (April 1, 2016 – March 31, 2017)
Net income attributable to owners of parent (Millions of yen)	159,700	127,697
Net income attributable to owners of parent, assigned to common share (Millions of yen)	159,700	127,697
Amount not accruing to common shares (Millions of yen)	-	-
Average number of shares outstanding (Thousands of share)	195,523	193,882

(Significant subsequent events)

(Return of substitutional portion of employees' pension fund)

Upon resolution to return to the National Government the substitutional (future) portion of Employees' Pension Fund at the board of representatives of the FANUC Employees' Pension Fund held on January 25, 2017, FANUC CORPORATION made an application to the Minister of Health, Labor and Welfare in January, 2017 for relief from the payment obligation for the substitutional portion for the future, and has obtained his approval as of April 1, 2017. The impact, from return of the substitutional (future) portion, on the financial results for the year ending March 31, 2018 and thereafter is negligible. The Company will carry out the procedures for return of the substitutional (past) portion of the Employees' Pension Fund sometime after the above approval. The impact, from return of the substitutional (past) portion, on the financial results is not yet fixed at present.

Supplement to Consolidated Financial Results

1 Consolidated Results (April 1, 2016 ~ March 31, 2017)

- 1) Net income 127.7 billion yen (20% down from the previous fiscal year)
- 2) Net sales 536.9 billion yen (14% down from the previous fiscal year)
- 3) Operating income 153.2 billion yen (29% down from the previous fiscal year)
- Ordinary income 168.8 billion yen (26% down from the previous fiscal year)
- Ordinary income to net sales ratio 31.4%**

4) Sales by Group

- FA 175.0 billion yen (3% up from the previous fiscal year)
- Robot 190.0 billion yen (1% up from the previous fiscal year)
- Robomachine 93.9 billion yen (49% down from the previous fiscal year)
- Service 78.0 billion yen (5% down from the previous fiscal year)

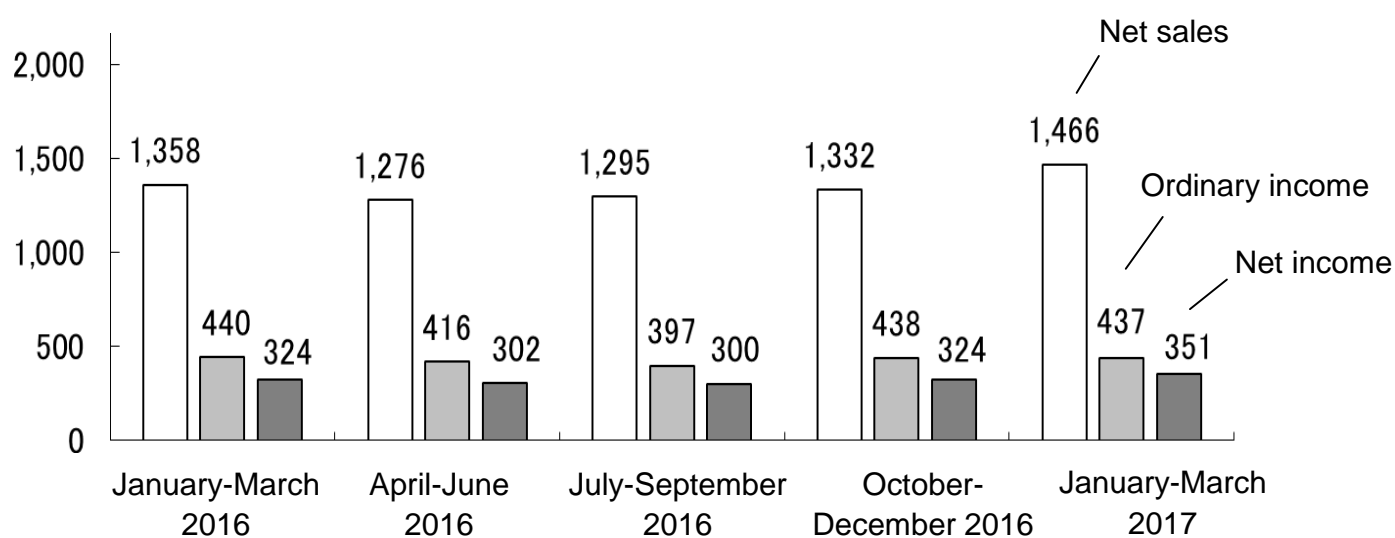
- 5) Orders 560.7 billion yen (4% down from the previous fiscal year)

2 Consolidated Results Forecast for the Year ending March 31, 2018

(April 1, 2017 ~ March 31, 2018)

- Net sales 569.8 billion yen (6% up from the same period last year)
- Operating income 155.5 billion yen (2% up from the same period last year)
- Ordinary income 160.5 billion yen (5% down from the same period last year)
- Net income 116.9 billion yen (9% down from the same period last year)

3 Changes of Consolidated Financial Results (Hundred Millions of yen)



* “Net Income” in this Supplement means “Net income attributable to owners of parent.”