

(TRANSLATION)

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Consolidated Annual Financial Results

(based on Japanese standards)
For the Year ended March 31, 2019

April 24, 2019

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <https://www.fanuc.co.jp>
Representative: (Title) President (Name) Kenji Yamaguchi
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Scheduled date for the Annual Meeting of Shareholders: June 27, 2019
Scheduled date for commencement of dividend payments: June 28, 2019
Scheduled date for submitting the Securities Report: June 28, 2019
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, 2019 (April 1, 2018 – March 31, 2019)

(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 %
FY2018	635,568	(12.5)	163,297	(28.9)	183,459	(26.5)	154,163	(15.3)
FY2017	726,596	35.3	229,604	49.9	249,525	47.8	181,957	42.5

Note: Consolidated comprehensive income: FY2018: ¥149,357 million (21.1)% FY2017: ¥189,406 million 51.6%

	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	%	%	%
FY2018	795.34	—	10.6	10.9	25.7
FY2017	938.66	—	12.9	15.2	31.6

(Reference) Equity in earnings of affiliates: FY2018: ¥14,243 million FY2017: ¥16,307 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2018	1,625,340	1,445,146	88.5	7,417.70
FY2017	1,728,227	1,467,630	84.6	7,540.24

(Reference) Equity: FY2018: ¥1,437,775 million FY2017: ¥1,461,590 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
FY2018	177,738	(123,343)	(172,868)	607,714
FY2017	175,990	(130,257)	(93,097)	725,903

2. Dividends

(Cut-off date)	Dividends per share					Total amount of dividends (full year)	Payout ratio (consolidated)	Dividends-to-net assets Ratio (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end Dividends	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2017	—	265.45	—	297.75	563.20	109,173	60.0	7.7
FY2018	—	598.19	—	404.92	1,003.11	194,435	126.1	13.4
FY2019 (forecast)	—	—	—	—	—		—	

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 year-end dividends for the year ending March 31, 2019 consist of ordinary dividends of ¥224.34 and special dividends of ¥180.58.

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 2020, will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(% 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	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %	Yen
2 nd Quarter (Cumulative)	266,400	(22.8)	41,300	(58.0)	44,800	(60.0)	31,200	(61.8)	160.97
Fiscal period	536,900	(15.5)	75,700	(53.6)	84,700	(53.8)	62,300	(59.6)	321.42

*Notes

(1) Changes in Significant Subsidiaries during the year ended March 31, 2019

(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 : No
2. Changes in accounting principles other than 1 : No
3. Changes in accounting estimates : No
4. Revisions/restatements : No

(3) Number of shares outstanding (Common shares)

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

March 31, 2019	204,040,771	March 31, 2018	204,059,017
	shares		shares
2. Number of treasury stocks

March 31, 2019	10,210,522	March 31, 2018	10,220,284
	shares		shares
3. Average number of shares during the period

Year ended March 31, 2019	193,834,048	Year ended March 31, 2018	193,847,191
	shares		shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-Consolidated Results of Operations

(% represents changes from the previous term.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %
FY2018	470,644	(17.9)	105,852	(39.5)	147,956	(24.6)	136,326	(7.7)
FY2017	572,963	43.6	174,880	62.0	196,196	38.4	147,664	31.4

	Net income per share	Net income per share (diluted)
	Yen	Yen
FY2018	703.31	—
FY2017	761.75	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2018	1,292,323	1,173,464	90.8	6,054.08
FY2017	1,397,384	1,215,001	86.9	6,268.10

(Reference) Equity: FY2018: ¥1,173,464 million FY2017: ¥1,215,001 million

- * The report of the annual financial results is not subject to auditing performed 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, 2020, will be disclosed promptly upon their availability.

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1. Overview of Results of Operations and Financial Position

(1) Overview of Results of Operations

In the business environment surrounding the FANUC Group during this period, although demands were generally solid at the beginning of the period, we found ourselves in a very difficult situation mainly in the latter half of the period, due primarily to the impact of the trade friction between the United States and China, and the plunge in the short-term demand in the Chinese IT-related industry, which was robust in the previous fiscal year.

Under these circumstances, the FANUC Group promoted initiatives that allow our customers to build and maintain a highly reliable, efficient, and innovative production system without anxiety through our products and services, by uniting as one group under the slogans “one FANUC,” “Reliable” “Predictable” “Easy to Repair,” and “Service First.” Furthermore, we made efforts, as IoT initiatives, to spread the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which various companies can participate, with enhancement of functions and enrichment of applications (including those made by partner companies), while proceeding with the application of AI technology to our products.

During the fiscal year ended March 31, 2019, FANUC posted consolidated net sales totaling ¥635,568 million, down 12.5%, consolidated ordinary income totaling ¥183,459 million, down 26.5%, and consolidated net income totaling ¥154,163 million, down 15.3%, compared with the previous fiscal year. In addition, return to the welfare fund agency of ¥25,081 million has been recorded as extraordinary income.

(Note): “Net income” in “Overview of Results of Operations and Financial Position” means “Net income attributable to owners of parent” in the Consolidated Statements of Income.

During this period, “ZDT (Zero Down Time),” a practical IoT product which minimizes the downtime at manufacturing sites to zero, won the METI Minister’s Award and the MIC Minister’s Award in the Eighth Robot Awards program. In addition, “FANUC ROBONANO α-NMiA,” an ultra-precision machine which enables stable ultra-precision machining, won the “Nikkan Kogyo Shimbun Best 10 New Product Awards 2018/Main Award” and the “Nikkei Business Daily Awards for Excellence/2018 Nikkei Superior Products and Services Awards.”

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

[FA Division]

Demand in the machine tool industry, the primary market for FANUC CNC systems, remained at a high level in Japan and Europe, and were also solid in India. 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 demand. As a result, net sales of CNC systems of the FANUC Group decreased compared with the previous fiscal year.

With regard to our lasers, we continued focusing efforts on expanding sales of fiber laser oscillators both domestically and abroad.

The FA Division posted consolidated sales totaling ¥211,088 million, down 5.0% compared with the previous fiscal year, and FA Division sales accounted for 33.2% of consolidated net sales.

[ROBOT Division]

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 decreased compared with the previous fiscal year.

The ROBOT Division posted consolidated sales totaling ¥217,526 million, down 4.5% compared with the previous fiscal year. ROBOT Division sales accounted for 34.2% of consolidated net sales.

[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, such as automobile parts, 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.

The ROBOMACHINE Division posted consolidated sales totaling ¥115,056 million, down 39.5% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 18.1% of consolidated net sales.

[Service Division]

The Service Division, under our slogan “Service First,” reinforced our service system, enhanced

our service technology, improved our service tools, and increased efficiency through proactive introduction of IT technology. With maintaining a network of 263 service centers covering 108 countries around the world we are providing rapid maintenance service activities to minimize downtime in our customers' factories. (Note: The number of service centers and countries covered is as of March 31, 2019).

The Service Division posted consolidated sales totaling ¥91,898 million, up 6.4% compared with the previous fiscal year. Service Division sales accounted for 14.5% of consolidated net sales.

(2) Overview of Financial Position

Total assets were ¥1,625,340 million, down ¥102,887 million compared with the end of the previous fiscal year.

Total liabilities were ¥180,194 million, down ¥80,403 million compared with the end of the previous fiscal year.

Total net assets were ¥1,445,146 million, down ¥22,484 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) Overview of Cash Flows

Cash and cash equivalents (hereinafter "Cash") for this fiscal year amounted to ¥607,714 million, down ¥118,189 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities during this period amounted to ¥177,738 million, up ¥1,748 million from the previous fiscal year. This was mainly due to the decrease in sales receivables.

(Cash flows from investing activities)

Cash used in investing activities during this period amounted to ¥123,343 million, down ¥6,914 million from the previous fiscal year. This was mainly because proceeds from time deposit repayments outweighed expenditure from time deposits, although expenditure for the purchase of property, plant and equipment increased.

(Cash flows from financing activities)

Cash used in financing activities during this period amounted to ¥172,868 million, up ¥79,771 million from the previous fiscal year. This was mainly due to the increase in dividends paid.

(4) Future Outlook

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 impact of the trade friction between countries and regions, tariff policies of countries, and foreign exchange fluctuations.

The present forecast for consolidated financial results for the year ending March 31, 2020 is as follows:

Financial forecast for the year ending March 31, 2020

	Amount (Millions of yen)	Comparison with Previous year (%)
Net sales	536,900	(15.5)
Operating income	75,700	(53.6)
Ordinary income	84,700	(53.8)
Net income	62,300	(59.6)

Note: The currency rate applied to the period from April 1, 2019 to March 31, 2020 is averaged at 100 yen/US dollar and 115 yen/Euro.

(5) Basic Policy on Return of Profit to Shareholders and Dividends for the Period ended March 31, 2019

Our basic policy for distributing profits to shareholders is as follows:

1. Dividends

We have set a dividend payout ratio of 60% as our basic policy.

2. Share buybacks

We will buy back our own shares in a flexible manner depending on the level of our stock price, taking into account the balance with our investments for growth.

3. Cancellation of treasury shares

We limit the number of our treasury shares to 5% of the total number of shares issued. As a general rule, we will cancel any portion exceeding that limit every fiscal year.

We have carried out the distribution of profits to shareholders based on the policy (<https://www.fanuc.co.jp/ja/ir/announce/pdf/notice20150427.pdf>) announced on April 27, 2015.

For the year-end dividends of this fiscal year, we will pay the amount equivalent to about a half of the additionally required distribution amount (*) to realize a Five-Year Average Total Return Ratio of the maximum of 80% for the period of the last five years including this fiscal year as special dividends in place of a share buyback, in addition to the ordinary dividends of 60% of our consolidated second half net income.

* (The total amount of net income for each fiscal year from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2019) × 20% - (the total amount of share buybacks and special dividends that were already carried out in each relevant fiscal year.)

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, 2019)	Yen 598.19 <small>(Ordinary dividend: 252.87) (Special dividend: 345.32)</small>	Yen 404.92 <small>(Ordinary dividend: 224.34) (Special dividend: 180.58)</small>	Yen 1,003.11 <small>(Ordinary dividend: 477.21) (Special dividend: 525.90)</small>	126.1%
(Reference) Previous period (fiscal year ended March 31, 2018)	Yen 265.45	Yen 297.75	Yen 563.20	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, looking ahead to the future, will continue management that is based on a long-term perspective and not affected by short-term events.

Based on this approach while guided by the slogan "one FANUC," the FANUC Group will take maximum advantage of our unique strength in uniting our FA, ROBOT, and ROBOMACHINE divisions to jointly provide total solutions and please customers throughout the world.

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

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

The FANUC Group believes that IoT and AI are indispensable technologies for FANUC to continue developing and launching highly competitive products on the market. By proactively adopting these technologies in all areas of the FA, ROBOT, and ROBOMACHINE products, we will further promote customers' production efficiency.

Despite the severe business environment currently surrounding the FANUC Group, we will pursue measures to strengthen our corporate structure from a long-term perspective, such as reinforcing product competitiveness, strengthening sales and service activities, promoting the shift to

automation and use of robots at factories, and enhancing administrative efficiency. We are making efforts to multiply our production sites and service centers so that we can fulfill our supplier responsibility to customers and maintain service activities in any circumstances.

United as one group in the promotion of these measures, the FANUC Group will continue to ensure the practice of “Strict Preciseness and Transparency,” FANUC’s principle since its foundation, and make efforts to gain more customer confidence and trust in the FANUC Group while adapting to dramatic changes in the environment in order to become a company that will continue forever.

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 for the foreseeable future.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2018	March 31, 2019
Assets		
Current assets		
Cash and bank deposits	602,329	607,155
Notes and accounts receivables, trade	175,460	106,204
Marketable securities	145,000	15,000
Finished goods	71,680	71,042
Work in progress	56,405	55,174
Raw materials and supplies	22,033	29,930
Other current assets	30,030	24,302
Allowance for doubtful accounts	(1,424)	(1,123)
Total current assets	1,101,513	907,684
Noncurrent assets		
Property, plant and equipment		
Buildings	230,204	301,179
Machinery and equipment	44,484	55,823
Land	143,036	145,885
Construction in progress	54,654	56,715
Other, net	13,499	14,974
Total property, plant and equipment	485,877	574,576
Intangible assets	7,064	9,603
Investments and other assets		
Investment securities	89,946	86,674
Deferred income taxes	40,875	36,552
Net defined benefit asset	—	6,737
Others	3,323	3,970
Allowance for doubtful accounts	(371)	(456)
Total investments and other assets	133,773	133,477
Total noncurrent assets	626,714	717,656
Total assets	1,728,227	1,625,340

(Millions of yen)

	March 31, 2018	March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payables, trade	52,901	36,567
Accrued income taxes	46,466	15,007
Warranty reserves	7,047	8,215
Other current liabilities	83,686	75,278
Total current liabilities	190,100	135,067
Long-term liabilities		
Net defined benefit liability	67,562	42,097
Other long-term liabilities	2,935	3,030
Total long-term liabilities	70,497	45,127
Total liabilities	260,597	180,194
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	96,265
Retained earnings	1,398,977	1,380,439
Treasury stock, at cost	(91,020)	(91,040)
Total shareholders' equity	1,473,236	1,454,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,090	9,111
Foreign currency translation adjustment	(619)	(6,677)
Remeasurements of defined benefit plans	(24,117)	(19,337)
Total accumulated other comprehensive income	(11,646)	(16,903)
Non-controlling interests	6,040	7,371
Total net assets	1,467,630	1,445,146
Total liabilities and net assets	1,728,227	1,625,340

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Years ended March 31	
	2018	2019
Net sales	726,596	635,568
Cost of goods sold	398,398	369,761
Gross profit	328,198	265,807
Selling, general and administrative expenses	98,594	102,510
Operating income	229,604	163,297
Non-operating income		
Interest income	3,189	4,195
Dividends income	1,604	1,510
Equity in earnings of affiliates	16,307	14,243
Miscellaneous income	3,705	4,222
Total non-operating income	24,805	24,170
Non-operating expenses		
Loss on sales and retirement of noncurrent assets	568	1,059
Removal expenses of noncurrent assets	498	1,955
Foreign exchange losses	1,107	—
Miscellaneous expenses	2,711	994
Total non-operating expenses	4,884	4,008
Ordinary income	249,525	183,459
Extraordinary income		
Gain on transfer of benefit obligation relating to employees' pension fund	—	25,081
Total extraordinary income	—	25,081
Income before income taxes	249,525	208,540
Income taxes-current	67,660	48,977
Income taxes-deferred	(572)	4,794
Total taxes and others	67,088	53,771
Net income	182,437	154,769
Net income attributable to non-controlling interests	480	606
Net income attributable to owners of parent	181,957	154,163

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Years ended March 31	
	2018	2019
Net income	182,437	154,769
Other comprehensive income		
Valuation difference on available-for-sale securities	4,496	(3,979)
Foreign currency translation adjustment	(1,765)	(1,946)
Remeasurements of defined benefit plans	2,411	4,780
Share of other comprehensive income of affiliates accounted for using equity method	1,827	(4,267)
Total other comprehensive income	6,969	(5,412)
Comprehensive income	189,406	149,357
Comprehensive income attributable to:		
Owners of parent	188,956	148,906
Non-controlling interests	450	451

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2017	69,014	96,208	1,307,254	(90,677)	1,381,799
Changes during the year:					
Dividends of surplus			(91,969)		(91,969)
Net income attributable to owners of parent			181,957		181,957
Changes by merger			473		473
Purchase of treasury stock				(442)	(442)
Disposal of treasury stock		1		1	2
Retirement of treasury stock		(1)	(97)	98	—
Changes due to tax rate change			1,359		1,359
Change in equity from transactions with non-controlling shareholders		57			57
Net change except shareholders' equity during the year					
Total changes during the year	—	57	91,723	(343)	91,437
Balance at March 31, 2018	69,014	96,265	1,398,977	(91,020)	1,473,236

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2017	8,594	(710)	(26,528)	(18,644)	6,302	1,369,457
Changes during the year:						
Dividends of surplus						(91,969)
Net income attributable to owners of parent						181,957
Changes by merger						473
Purchase of treasury stock						(442)
Disposal of treasury stock						2
Retirement of treasury stock						—
Changes due to tax rate change						1,359
Change in equity from transactions with non-controlling shareholders						57
Net change except shareholders' equity during the year	4,496	91	2,411	6,998	(262)	6,736
Total changes during the year	4,496	91	2,411	6,998	(262)	98,173
Balance at March 31, 2018	13,090	(619)	(24,117)	(11,646)	6,040	1,467,630

Year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2018	69,014	96,265	1,398,977	(91,020)	1,473,236
Changes during the year:					
Dividends of surplus			(173,665)		(173,665)
Net income attributable to owners of parent			154,163		154,163
Changes by merger			1,121		1,121
Purchase of treasury stock				(187)	(187)
Disposal of treasury stock		6		4	10
Retirement of treasury stock		(6)	(157)	163	—
Changes due to tax rate change					—
Change in equity from transactions with non-controlling shareholders					—
Net change except shareholders' equity during the year					
Total changes during the year	—	—	(18,538)	(20)	(18,558)
Balance at March 31, 2019	69,014	96,265	1,380,439	(91,040)	1,454,678

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2018	13,090	(619)	(24,117)	(11,646)	6,040	1,467,630
Changes during the year:						
Dividends of surplus						(173,665)
Net income attributable to owners of parent						154,163
Changes by merger						1,121
Purchase of treasury stock						(187)
Disposal of treasury stock						10
Retirement of treasury stock						—
Changes due to tax rate change						—
Change in equity from transactions with non-controlling shareholders						—
Net change except shareholders' equity during the year	(3,979)	(6,058)	4,780	(5,257)	1,331	(3,926)
Total changes during the year	(3,979)	(6,058)	4,780	(5,257)	1,331	(22,484)
Balance at March 31, 2019	9,111	(6,677)	(19,337)	(16,903)	7,371	1,445,146

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Years ended March 31	
	2018	2019
Cash flows from operating activities		
Income before income taxes	249,525	208,540
Depreciation and amortization	34,190	39,709
Increase (decrease) in allowance for doubtful accounts	462	(200)
Increase (decrease) in net defined benefit liability	(3,840)	(25,320)
Increase (decrease) in net defined benefit asset	—	(6,732)
Interest and dividend income	(4,793)	(5,705)
Equity in (earnings) losses of affiliates, net	(16,307)	(14,243)
(Increase) decrease in receivables, trade	(51,908)	67,500
(Increase) decrease in inventories	(31,527)	(6,249)
Increase (decrease) in payables, trade	16,875	(16,393)
Other	18,369	3,855
Subtotal	211,046	244,762
Interest and dividends received	9,818	13,662
Income taxes paid	(44,983)	(79,985)
Other	109	(701)
Net cash provided by operating activities	175,990	177,738
Cash flows from investing activities		
Payments into time deposits	(21,426)	(60,142)
Proceeds from withdrawal of time deposits	—	67,357
Purchases of property, plant, and equipment	(103,016)	(125,324)
Other	(5,815)	(5,234)
Net cash used in investing activities	(130,257)	(123,343)
Cash flows from financing activities		
Purchases of treasury stock	(442)	(183)
Dividends paid	(92,003)	(173,571)
Other	(652)	886
Net cash used in financing activities	(93,097)	(172,868)
Effect of exchange rate changes on cash and cash equivalents	(2,283)	(580)
Net increase (decrease) in cash and cash equivalents	(49,647)	(119,053)
Cash and cash equivalents at beginning of year	774,761	725,903
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	789	864
Cash and cash equivalents at end of year	725,903	607,714

(5) Notes to Consolidated Financial Statements

(Note on premise of a going concern)

Not applicable

(Changes in presentation methods)

(“Changes pursuant to the application of “Partial revision of ‘Accounting Standard for Tax Effect Accounting’ ”)

“Partial revision of ‘Accounting Standard for Tax Effect Accounting’ ” (Corporate Accounting Standard No. 28 February 16, 2018) was applied from the starting of term of the current consolidated fiscal year, and the deferred tax assets are shown in investments and other assets, while the deferred tax liabilities are shown under long-term liabilities.

As a result, in the consolidated balance sheet of the previous consolidated fiscal year, “Deferred tax assets” of ¥26,483 million in “Current assets” are shown after including in “Deferred tax assets” of ¥40,875 million of “Investments and other assets”. “Deferred tax liabilities” of ¥970 million included in “Others” under “Current liabilities” are shown after including in ¥117 million in “Other long-term liabilities” under “Long-term liabilities”.

(Consolidated statement of income related)

In the previous consolidated fiscal year, “Real estate acquisition tax” and “Fire loss” under “Non-operating expenses” were shown independently.

However, as their monetary significance has become negligible, starting from the current consolidating fiscal year, they are shown after including in “Miscellaneous expenses” under “Non-operating expenses”. For incorporating this revision of the presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result”, “Real estate acquisition tax” of ¥806 million, “Fire loss” of ¥804 million, and “Miscellaneous expense” of ¥1,101 million shown under “Non-operating expenses” have been reclassified as “Miscellaneous expenses” of ¥ 2,711 million.

(Segment information, etc.)

1. Segment information

Year ended March 31, 2018 (April 1, 2017 – March 31, 2018) and

Year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

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 CNCs and servo motors in all of its products. For this reason, the decision is made, taking into consideration the status 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, 2019 (April 1, 2018 – March 31, 2019)

(1) Information by product and service

(Millions of yen)

	FA	ROBOT	ROBOMACHINE	Service	Total
Net sales to unaffiliated customers	211,088	217,526	115,056	91,898	635,568

(2) Information by region

◎ Net sales

(Millions of yen)

Japan	Americas	Europe	Asia	Other	Total
149,669	128,572	122,179	230,845	4,303	635,568

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

◎ Property, plant and equipment, at cost

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

(Per share data)

Fiscal year 2017 (April 1, 2017 – March 31, 2018)		Fiscal year 2018 (April 1, 2018 – March 31, 2019)	
Net assets per share	7,540.24 yen	Net assets per share	7,417.70 yen
Net income per share	938.66 yen	Net income per share	795.34 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 2017 (April 1, 2017 – March 31, 2018)	Fiscal year 2018 (April 1, 2018 – March 31, 2019)
Net income attributable to owners of parent (Millions of yen)	181,957	154,163
Amount not accruing to common shares (Millions of yen)	—	—
Net income attributable to owners of parent, assigned to common share (Millions of yen)	181,957	154,163
Average number of shares outstanding (Thousands of share)	193,847	193,834

(Significant subsequent events)

(Share Buyback)

At a meeting held on April 24, 2019, the Board of Directors of FANUC CORPORATION authorized the repurchase of its common shares pursuant to Article 156 of the Company Act as applied pursuant to paragraph 3 of Article 165 of the Company Act, as described below.

1. Purpose of share buyback:

To maintain the flexibility and mobility of the company's capital policy, in response to changes in the management environment

2. Summary of share buyback:

- (1) Class of shares to be repurchased

Common shares

- | | | |
|-----|--|--|
| (2) | Total number of shares to be repurchased | Up to 3 million shares
(1.55% of outstanding shares*) |
| (3) | Aggregate amount of shares to be repurchased | Up to 50 billion yen |
| (4) | Method of share buyback | Market purchase on the Tokyo Stock Exchange |
| (5) | Buyback period | April 25, 2019 – July 31, 2019 |

*Excluding treasury shares