

(TRANSLATION)

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Consolidated Quarterly Financial Results

(based on Japanese standards)

For the three months ended June 30, 2017

July 28, 2017

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <http://www.fanuc.co.jp>
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Scheduled date of filing quarterly report: August 9, 2017
Scheduled date of commencing 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, 2017 (April 1, 2017 – June 30, 2017)

(1) Consolidated Results of Operations

(% represents change from the corresponding previous three months 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	%
2017	168,490	32.1	50,521	20.6	55,746	34.1	40,836	35.0
2016	127,582	(35.4)	41,905	(43.3)	41,570	(47.2)	30,240	(40.4)

Note: Consolidated comprehensive income: April-June 2017 ¥45,313 million —%
April-June 2016 (¥1,347 million) —%

Three months ended June 30	Net income per share	Net income per share (diluted)
	Yen	Yen
2017	210.65	—
2016	155.92	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2017	1,564,892	1,373,546	87.4
March 31, 2017	1,564,769	1,369,457	87.1

(Reference) Equity: June 30, 2017 ¥1,367,961 million March 31, 2017 ¥1,363,155 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end Dividends	Full year
	Yen	Yen	Yen	Yen	Yen
2016	—	186.20	—	208.98	395.18
2017	—	—	—	—	—
2017 (forecast)	—	—	—	—	—

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

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 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)	329,100	28.0	100,900	28.7	103,500	27.4	75,800	26.0	391.02
Fiscal period	611,400	13.9	169,800	10.8	179,200	6.1	131,500	3.0	678.35

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

*Notes

(1) Changes in Significant Subsidiaries during the period
 (changes in specific subsidiaries that caused change in scope of consolidation) : No

(2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting : No

(3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements

1. Changes associated with changes in accounting standards : No
2. Changes in accounting principles other than 1 : No
3. Changes in accounting estimates : No
4. Revisions/restatements : No

(4) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury stocks)	June 30, 2017	204,059,017 shares	March 31, 2017	204,072,715 shares
2. Number of treasury stocks	June 30, 2017	10,205,496 shares	March 31, 2017	10,216,648 shares
3. Average number of shares during the period	April-June 2017	193,854,349 shares	April-June 2016	193,943,543 shares

* The report of the quarterly financial results is not subject to the quarterly review.

* 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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1. Results of Operations and Financial Position

(1) Results of Operations

The FANUC Group's results for the first quarter (April to June 2017) are as follows.

In the FA Division, the machine tool industry, the primary market for FANUC CNC systems, experienced a rapid recovery in China and favorable performance in South Korea and other countries. Sales in Japan and Europe were also steady. With regard to our lasers, although sales remained sluggish both in Japan and overseas, we continued to focus our efforts on expanding sales of fiber laser oscillators. Under such circumstances, net sales in the FA Division increased compared with the corresponding period of the previous fiscal year.

In the Robot Division, sales in the Americas and Europe and sales to the general industries in China continued to remain favorable. Particularly, demand in China was very robust. Orders tend to increase also in Japan. As a result, net sales in the Robot Division increased sharply compared with the corresponding period of the previous fiscal year.

In the Robomachine Division, sales of ROBODRILLS (small machining center), ROBOSHOTS (electric injection molding machine) and ROBOCUTs (wire-cut electric discharge machine) were steady for the automobile market and general markets, while short-term IT-related demand became active in China and Taiwan. Accordingly, net sales increased significantly compared with the corresponding period of the previous fiscal year.

Under these circumstances, the FANUC Group strived to earn customers' trust in 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." In addition, as well as proceeding with the application of AI technology to our products, we pressed forward with measures to achieve continuous development in our business, including preparations for the startup of FIELD system (FANUC Intelligent Edge Link and Drive system).

As a result, during the three months from April to June 2017, FANUC posted consolidated net sales totaling ¥168,490 million, up 32.1%, consolidated ordinary income totaling ¥55,746 million, up 34.1%, and consolidated net income totaling ¥40,836 million, up 35.0%, compared with the corresponding period of the previous fiscal year.

Looking at the performance by business group, the FA Division posted consolidated sales totaling ¥48,916 million, up 20.2%, the Robot Division posted consolidated sales totaling ¥54,572 million, up 29.6%, the Robomachine Division posted consolidated sales totaling ¥44,528 million, up 69.4%, and the Service Division posted consolidated sales totaling ¥20,474 million, up 10.6%, 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 ¥1,564,892 million, up ¥123million compared with the end of the previous fiscal year.

Total liabilities were ¥191,346 million, down ¥3,966 million compared with the end of the previous fiscal year.

Total net assets were ¥1,373,546 million, up ¥4,089 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 (13,698 shares, ¥98 million) on May 31, 2017 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) Financial Results Forecasts

It is anticipated that the demands in the U.S., China and other Asia markets will remain strong for a while. The FANUC Group will actively respond to these demands, while making all-out efforts to expand sales in Europe.

On the other hand, the situation is expected to remain challenging and unpredictable as a whole, due to factors including foreign exchange fluctuation.

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

For the first half of the fiscal year 2017 (April 1, 2017 through September 30, 2017)

(Millions of yen)

	Previous forecast (released on April 27, 2017)	New forecast	Comparison with Previous forecast (%)
Net sales	299,600	329,100	9.8
Operating income	92,100	100,900	9.6
Ordinary income	92,100	103,500	12.4
Net income	66,900	75,800	13.3

For the fiscal year 2017 (April 1, 2017 through March 31, 2018)

(Millions of yen)

	Previous forecast (released on April 27, 2017)	New forecast	Comparison with Previous forecast (%)
Net sales	569,800	611,400	7.3
Operating income	155,500	169,800	9.2
Ordinary income	160,500	179,200	11.7
Net income	116,900	131,500	12.5

Note: The currency rate applied to the period from July 1, 2017 to March 31, 2018 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, 2017	June 30, 2017
Assets		
Current assets		
Cash and bank deposits	629,761	614,623
Notes and accounts receivables, trade	120,787	127,993
Marketable securities	145,000	145,000
Finished goods	60,580	65,507
Work in progress	43,892	50,565
Raw materials and supplies	13,864	16,067
Other current assets	47,047	35,951
Allowance for doubtful accounts	(1,287)	(1,291)
Total current assets	<u>1,059,644</u>	<u>1,054,415</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	195,765	195,131
Land	134,400	134,466
Other, net	76,225	82,600
Total property, plant and equipment	<u>406,390</u>	<u>412,197</u>
Intangible assets	4,687	5,938
Investments and other assets		
Investment securities	72,195	71,353
Others	21,855	20,991
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	<u>94,048</u>	<u>92,342</u>
Total noncurrent assets	<u>505,125</u>	<u>510,477</u>
Total assets	<u>1,564,769</u>	<u>1,564,892</u>
Liabilities		
Current liabilities		
Notes and accounts payables, trade	36,011	38,447
Accrued income taxes	22,994	17,502
Warranty reserves	6,994	7,309
Other current liabilities	54,716	57,611
Total current liabilities	<u>120,715</u>	<u>120,869</u>
Long-term liabilities		
Net defined benefit liability	71,175	67,012
Other long-term liabilities	3,422	3,465
Total long-term liabilities	<u>74,597</u>	<u>70,477</u>
Total liabilities	<u>195,312</u>	<u>191,346</u>
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,208	96,265
Retained earnings	1,307,254	1,307,479
Treasury stock, at cost	(90,677)	(90,635)
Total shareholders' equity	<u>1,381,799</u>	<u>1,382,123</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,594	8,923
Foreign currency translation adjustment	(710)	270
Remeasurements of defined benefit plans	(26,528)	(23,355)
Total accumulated other comprehensive income	<u>(18,644)</u>	<u>(14,162)</u>
Non-controlling interests	6,302	5,585
Total net assets	<u>1,369,457</u>	<u>1,373,546</u>
Total liabilities and net assets	<u>1,564,769</u>	<u>1,564,892</u>

**(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, 2016	Three months ended June 30, 2017
Net sales	127,582	168,490
Cost of goods sold	<u>67,075</u>	<u>94,944</u>
Gross profit	<u>60,507</u>	<u>73,546</u>
Selling, general and administrative expenses	<u>18,602</u>	<u>23,025</u>
Operating income	<u>41,905</u>	<u>50,521</u>
Non-operating income		
Interest income	604	738
Dividends income	491	615
Equity in earnings of affiliates	2,349	2,997
Miscellaneous income	<u>438</u>	<u>1,236</u>
Total non-operating income	<u>3,882</u>	<u>5,586</u>
Non-operating expenses		
Loss on sales and retirement of noncurrent assets	4	202
Foreign exchange losses	3,578	-
Miscellaneous expenses	<u>635</u>	<u>159</u>
Total non-operating expenses	<u>4,217</u>	<u>361</u>
Ordinary income	<u>41,570</u>	<u>55,746</u>
Income before income taxes	<u>41,570</u>	<u>55,746</u>
Income taxes-current	9,238	14,583
Income taxes-deferred	<u>2,001</u>	<u>202</u>
Total taxes and others	<u>11,239</u>	<u>14,785</u>
Net income	<u>30,331</u>	<u>40,961</u>
Net income attributable to non-controlling interests	<u>91</u>	<u>125</u>
Net income attributable to owners of parent	<u>30,240</u>	<u>40,836</u>

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	30,331	40,961
Other comprehensive income		
Valuation difference on available-for-sale securities	(295)	329
Foreign currency translation adjustment	(28,517)	2,521
Remeasurements of defined benefit plans	634	3,173
Share of other comprehensive income of affiliates accounted for using equity method	(3,500)	(1,671)
Total other comprehensive income	(31,678)	4,352
Comprehensive income for the three months ended June 30	(1,347)	45,313
Comprehensive income attributable to:		
Owners of parent	(914)	45,317
Non-controlling interests	(433)	(4)

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 : | None |