

MIRA INFORM REPORT

Report No. :	545875
Report Date :	18.12.2018

IDENTIFICATION DETAILS

Name :	FANUC CORPORATION
Registered Office :	3580 Shibakusa Aza-Komanba Oshinomura Minamitsurugun Yamanashi-Pref 401-0597
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	May 1972
Com. Reg. No.:	0900-01-010053 (Yamanashi-Minamitsurugun)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer of NC Equipment, Industrial Robots
No. of Employees :	3,246

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A++
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Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

COMPANY NAME & ADDRESS

FANUC CORPORATION

REGD NAME: Fanuc KK
MAIN OFFICE: 3580 Shibakusa Aza-Komanba Oshinomura Minamitsurugun Yamanashi-Pref 401-0597
Japan
Tel: 0555-84-5555 Fax: 0555-84-5512

URL: <http://www.fanuc.co.jp/>
E-Mail address: info@fanuc.co.jp

ACTIVITIES: Mfr of NC equipment, industrial robots
BRANCHES: Osaka, Nagoya, Tsukuba, Ebetsu (Hokkaido), Kumamoto, other (Tot 23)
OVERSEAS: USA, Luxemburg, Australia, China, Korea, Taiwan, India, & other (Tot 10)
FACTORIES: At the caption address, Tsukuba, Kirishima (Kagoshima) (Tot 3)

CHIEF EXEC: KENJI YAMAGUCHI, PRES

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 726,596 M
PAYMENTS	REGULAR	CAPITAL	Yen 69,014 M
TREND	STEADY	WORTH	Yen 1,461,590 M
STARTED	1972	EMPLOYES	3,246

COMMENT: MFR OF NC EQUIPMENT & INDUSTRIAL ROBOTS. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSI- NESS ENGAGEMENTS.

HIGHLIGHTS

The subject company was established on the basis of the Computing Control Division separated from Fujitsu Ltd, nation's largest computer mfr, Tokyo. That year developed its first industrial robots. This is the world's largest mfr of NC equipment in use for machine tools. Strong in-house production of servomotors. Major maker of smart robots. Also produces small machining centers. Most exports on OEM basis. Noted for debt-free financial position and strong earnings. In 2009, Fanuc dissolved its JV with General Electric Company. Accordingly, the firm established FANUC CNC America Inc and FANUC CNC Europe SA as wholly owned subsidiaries to conduct sales and maintenance service activities of CNCs in the Americas & Europe respectively. The challenge is to further cultivate demand for compact machining centers next to smartphone devices.

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FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 726,596 million, a 35.32% up from Yen 536.942 million in the previous term. The recurring profit was posted at Yen 249,525 million and the net profit at Yen 181,757 million, respectively, compared with Yen 168,829 million recurring profit and Yen 127,697 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 255,000 million and the net profit at yen 185,000 million, respectively, on a 1.84% rise in turnover, to Yen 740,000 million.

Financial situation is considered FAIR and good for ORDINARY business engagements.

REGISTRATION

Date Registered: May 1972
Regd No.: 0900-01-010053 (Yamanashi-Minamitsurugun)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 400 million shares
Issued: 205,942,215 shares
Sum: Yen 69,014 million

Major shareholders (%): Master Trust Bank of Japan T (11.9), Japan Trustee Services T (7.4), Company's Treasury Stock (5.0), JP Morgan Chase Bank 380072 (3.3), State Street Bank & Trust 505001 (2.7), CBNY for Depository Share Holders (2.1), Japan Trustee Services T5 (1.7), State Street Bank West Treaty 505234 (1.4), State Street Bank & Trust 505225 (1.4), Japan Trustee Services T1 (1.3); foreign owners (--)

No. of shareholders: 39,824

Listed on the S/Exchange (s) of: Tokyo

Managements: Yoshiharu Inaba, ch; Kenji Yamaguchi, pres; Hiroyuki Uchida, v pres; Yoshihiro Gonda, v pres; Kiyonori Inaba, s/mgn dir; Hiroshi Noda, s/mgn dir; Katsuo Koba, s/mgn dir; Shunsuke Matsubara, s/mgn dir; Tetsuya Kosaka, s/mgn dir; Takayuki Ito, mgn dir; Hidehiro Miyajima, mgn dir; Mitsuyuki Taniguchi, mgn dir; Ryoki Hashimoto, mgn dir

Nothing detrimental is known as to the commercial morality of executives.

Related companies: Fanuc Robotics America, other

OPERATION

Activities: Manufactures NC apparatus & robots:

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(Sales breakdown by divisions):

FA Div (33%): CNC series, power mater, Servo motors (including spindle motors, linear motors, DD motors), lasers, other;

Robotics Div (35%): robots;

Robot Machine Div (18%): electric injection molding machines, wire-cut EDMs, CNC drills, super 5 axis precision Nano machines, including maintenance, repairing, testing, and other services for the products.

Services (15%)

Overseas Sales Ratio (78%)

Clients: [Mfrs, wholesalers] Samsung Electronics Vietnam Thainguen Co Ltd (15%), Mitsui & Co, Makino Milling Machine, Murata Machinery, Amada Co, Yamazen Corp, Yuasa Trading, Tsugami Corp, Mori Seiki Co, Star Seiki Co, Foxconn Precision Electronics, Hon Hai Precision Ind, other

No. of accounts: 2,000

Domestic areas of activities: Nationwide

Suppliers [Mfrs, wholesalers]: Fujitsu Ltd, Panasonic Corp, Nabtesco Corp, Fuji Electric Devise Technology, Umetoku Inc, Fanuc Pertronics, THK, Hitachi Metal Ind, Furukawa Electric Co, NSK Ltd, Hitachi Chemical, other

Payment record: Regular

Location: Light industrial area in Yamanashi-Pref. Office premises at the caption address are owned and maintained satisfactorily.

Bank References:

Mizuho Bank (Tokyo)

MUFG (H/O)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	740,000	726,596	536,942	623,418
Recur. Profit	255,000	249,525	168,829	229,361
Net Profit	185,000	181,957	127,697	159,700
Total Assets		1,729,080	1,564,769	1,512,895
Current Assets		191,070	120,715	106,115
Current Liabs		922,789	895,548	931,969
Net Worth		1,461,590	1,363,155	1,328,483
Capital, Paid-Up		69,014	69,014	69,014
Div.P.Share(¥)		560.00	395.00	490.00

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<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	1.84	35.32	-13.87	-14.57
Current Ratio	..	20.71	13.48	11.39
N.Worth Ratio	..	84.53	87.12	87.81
R.Profit/Sales	34.46	34.34	31.44	36.79
N.Profit/Sales	25.00	25.04	23.78	25.62
Return On Equity	..	12.45	9.37	12.02

Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.67
UK Pound	1	INR 90.20
Euro	1	INR 81.07
YEN	1	INR 0.63

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	TPT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)