

MIRA INFORM REPORT

Report No. :	484902
Report Date :	08.01.2018

IDENTIFICATION DETAILS

Name :	FANUC CORPORATION
Registered Office :	3580 Shibakusa Aza-Komanba Oshinomura Minamitsurugun Yamanashi-Pref 401-0597
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	May 1972
Com. Reg. No.:	0900-01-010053
Legal Form :	Limited Company
Line of Business :	Manufactures NC Apparatus & 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+	Low Risk	Business dealings permissible with low risk of default

Status :	Excellent
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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.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2017)	Current Rating (30.09.2017)
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

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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 2016 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 - a 10% average 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 entailed considerable time for firms 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 in 2013 on the basis of 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 necessity of addressing 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 another recession, so Prime Minister ABE has twice postponed the next increase, 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.

In October 2015, Japan and 11 trading partners reached agreement on the Trans-Pacific Partnership (TPP), a pact that had promised to open Japan's economy to increased foreign competition and create new export opportunities for Japanese businesses. Japan was the second country to ratify the TPP in December 2016; the United States signaled its withdrawal from the TPP on January 23, 2017, and as of April 2017 the agreement has not gone into effect.

Source : CIA

COMPANY NAME AND SUMMARY

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 536,942 M
PAYMENTS	REGULAR	CAPITAL	Yen 69,014 M
TREND	SLOW	WORTH	Yen 1,363,155 M
STARTED	1972	EMPLOYES	3,246

COMMENT

MFR OF NC EQUIPMENT & INDUSTRIAL ROBOTS. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS 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.

FINANCIAL INFORMATION

The sales volume for Mar/2017 fiscal term amounted to Yen 536,942 million, a 14% fall from Yen 623,418 million in the previous term. The recurring profit was posted at Yen 168,3291 million and the net profit at Yen 127,697 million, respectively, compared with Yen 229,361 million recurring profit and Yen 159,700 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 200,000 million and the net profit at yen 147,000 million, respectively, on a 21% rise in turnover, to Yen 650,000 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 (11.2), Japan Trustee Services T (7.6), Company's Treasury Stock (5.0), State Street Bank & Trust (2.95), State Street Bank & Trust 505001 (2.9), Japan Trustee Services T5 (1.8), Trust & Custody Services Inv T (1.7), CBNY for Depository Share Holders (1.6), State Street Bank West Treaty 505234 (1.4), State Street Bank & Trust 505225 (1.4); foreign owners (53.9)

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

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OPERATION

Activities: Manufactures NC apparatus & robots:

(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:	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Annual Sales	650,000	536,942	623,418	729,760
Recur. Profit	200,000	168,829	229,361	311,951
Net Profit	147,000	127,697	159,700	207,599
Total Assets		1,564,769	1,512,895	1,611,626
Current Assets		1,059,644	1,072,770	1,273,355
Current Liabs		120,715	106,116	172,611

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Net Worth		1,363,155	1,328,483	1,379,177
Capital, Paid-Up		69,014	69,014	69,014
Div.Ttl in Million (₹)		76,623	151,385	46,559
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	21.06	-13.87	-14.57	61.82
Current Ratio	..	877.81	1,010.94	737.70
N.Worth Ratio	..	87.12	87.81	85.58
R.Profit/Sales	30.77	31.44	36.79	42.75
N.Profit/Sales	22.62	23.78	25.62	28.45
Return On Equity	..	9.37	12.02	15.05

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.38
UK Pound	1	INR 86.02
Euro	1	INR 76.50
YEN	1	INR 0.57

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)

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