



To Our Shareholders



Business Report for the 103rd Business Term

(From January 1, 2017 through December 31, 2017)

JUKI CORPORATION

Securities code: 6440

Overview of Business Performance

Net sales increased by 6.1% from the same period of the previous fiscal year, as a result of the steady growth of the economies of Europe, the U.S., and China; growth in demand for facility investment, especially in China; and the weak yen trend, etc. With respect to profits, operating profit increased by 75.3% from the same period of the previous fiscal year, as a result of sales activities emphasizing profits, along with cost reductions, as well as the effect of reductions of various operating expenses, among other factors. Ordinary profit also increased by 159.4% from the same period of the previous fiscal year, owing to factors such as lower exchange losses accompanying the revaluation of foreign-currency-denominated receivables.

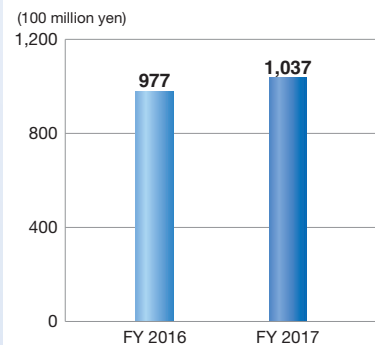
Net sales: 103.7 billion yen
(up by 6.0 billion yen year-on-year)

Ordinary profit: 7.8 billion yen
(up by 4.8 billion yen year-on-year)

Profit: 5.6 billion yen
(up by 3.7 billion yen year-on-year)

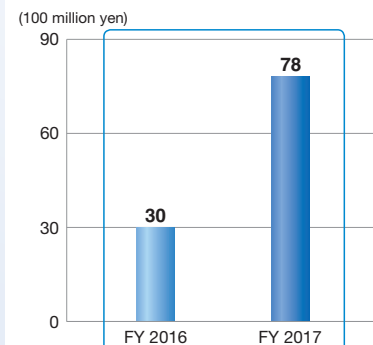
Annual dividend: 35 yen/share
(ordinary dividend 25 yen, commemorative dividend 10 yen)

Net sales

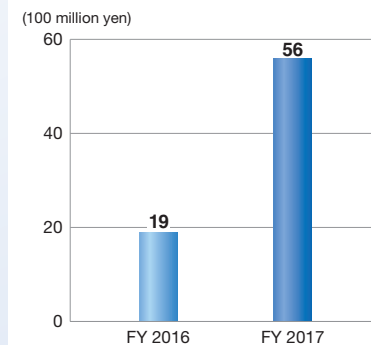


Average exchange rate	1 US\$	¥110	¥112

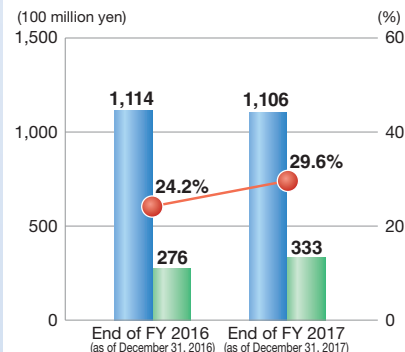
Ordinary profit



Net profit

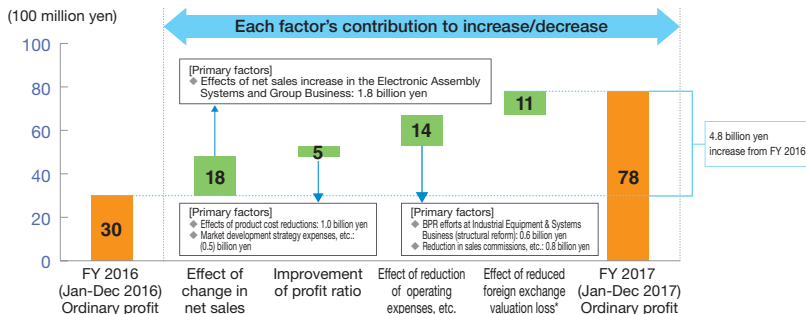


Total assets Net assets Equity ratio



Year-end exchange rate	1 US\$	¥117	¥113

FY 2017 Factors Leading to an Increase/Decrease in Ordinary Profit



* Foreign exchange valuation loss from revaluation of foreign-denominated receivables

Note: Figures in parentheses () are negative values.

I would like to express my sincere gratitude for your continued patronage and support of the Company.

We are pleased to present the business results for the 103rd business year of the Company (January 1, 2017, to December 31, 2017).

In the period under review, economies in Europe, the U.S., and China showed steady performances. In particular, robust demand for facility investment in China and the weak yen trend reflected positively on our business results, with consolidated net sales of 103,659 million yen.

With respect to profits, consolidated operating profit amounted to 8,156 million yen, thanks to margin improvements mainly from sales activities emphasizing profits, along with cost reductions and operating expense cuts. Consolidated ordinary profit stood at 7,839 million yen, which includes a reduction in large foreign exchange valuation losses charged in the previous fiscal year in connection with the revaluation of foreign-denominated receivables. As a result, net profit for the period attributable to owners of the parent company (i.e., JUKI Corporation) came to 5,642 million yen.

We have a fundamental policy for payments of dividends that strives to enhance shareholders' returns through stable dividends, comprehensively taking into consideration the current fiscal year's business performance and internal retention for future business development. Consistent with that policy, we plan to pay a term-end dividend of 25.00 yen per share, and an additional special dividend of 10.00 yen per share in commemoration of this year's 80th anniversary of the Company's founding, for a total dividend of 35.00 yen per share.

Based on our long-term vision of "Thriving in the 21st century as a global innovative *Monodzukuri* (manufacturing) enterprise," we formulated our medium-term management plan, "Value Up 2022,"

last year, to ensure the sustained future growth of the company. The plan sets the goal for the company to become by 2022 "A *Monodzukuri* enterprise capable of elevating the corporate values of both JUKI and its customers through JUKI products and services." In order to realize this transformation, under our 3-year medium-term vision for fiscal years 2017 through 2019, we have adopted the maxim of "Being an enterprise that consistently provides customer-preferred, high-quality products and services."

In the current fiscal year, based on changes in the business environment and business plan deployment status, we will keep working steadily toward the realization of our goal by revising our aforementioned 3-year medium-term plan and applying it to the next 3-year plan (FY 2018 - FY 2020).

In order to realize our vision, we will work on strengthening our value-creation capabilities through solution sales, build customer bases by accessing new markets, develop and deploy globally-competent and innovative-minded personnel, and create smart business foundations.

For these endeavors, I would like to sincerely request your continued goodwill and support.



Akira Kiyohara
Representative Director

Summary of Results for FY 2017

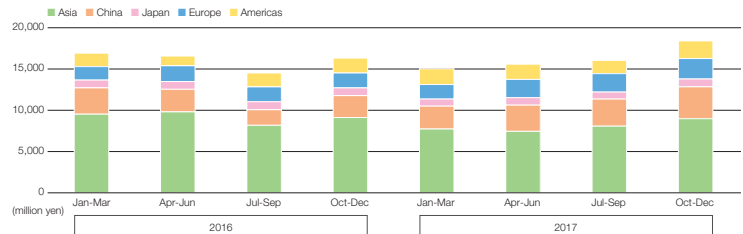
Sewing Machinery & Systems Business Unit (Industrial Sewing Machines, Household Sewing Machines)

Viewed by individual markets, sales in the high-end segment in Europe, the U.S., and China increased, while Asian markets in certain regions struggled. By product group, non-apparel sales were strong but middle-market apparel sales decreased. As a result, overall sales at the Sewing Machinery & Systems Business Unit decreased 0.3% from the previous fiscal year to 69,055 million yen.

● Net Sales (Industrial Sewing Machines): Year-on-Year Comparison

	Jan-Dec 2016	Jan-Dec 2017	Amount of change
Asia	366	322	(44)
China	105	131	26
Japan	38	36	(2)
Europe	71	87	16
Americas	63	75	12
Total	643	651	8

○ Changes in Net Sales of Industrial Sewing Machines by Region



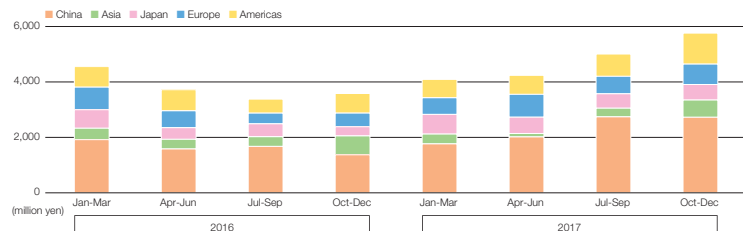
Industrial Equipment & Systems Business Unit (Electronic Assembly Systems, Group Business, Customer Business)

Industrial equipment sales increased due to support from higher facility investment demand, particularly in China, the largest market. Sales of labor-saving equipment also rose strongly, boosted by new mounter models and smart-factory propositions. As Group Business engaged in operations such as contracted processing, sales increased steadily, thanks to efforts at customer development. As a result, net sales at the Industrial Equipment and Systems Business Unit increased 21.8% from the previous fiscal year to 34,280 million yen.

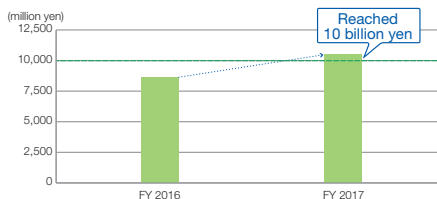
● Net Sales (Electronic Assembly Systems): Year-on-Year Comparison

	Jan-Dec 2016	Jan-Dec 2017	Amount of change
China	65	92	27
Asia	18	14	(4)
Japan	19	24	5
Europe	23	28	5
Americas	27	33	6
Total	152	191	39

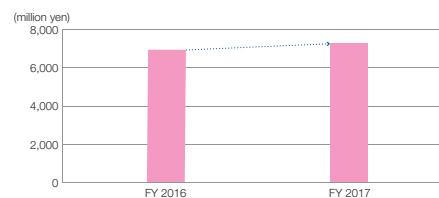
○ Change in Net Sales of Electronic Assembly Systems by Region (including parts/services)



● Group Business: Changes in Net Sales



● Parts Business: Changes in Net Sales



1. Performance Forecast for FY 2018

(100 million yen)

	Full-year results for FY 2017	Forecasts for FY 2018
	Full-year (Jan-Dec)	Full-year (Jan-Dec)
Net sales	1,037	1,040
Sewing Machinery & Systems Unit	(691)	(690)
Industrial Equipment & Systems Unit	(343)	(350)
Operating profit	82	55
Ordinary profit	78	50
Net profit	56	35
Dividend per share	Full-year: 35.00 yen/share*	Full-year: 25.00 yen/share
Exchange rate	1 US\$=¥112	1 US\$=¥105

*Includes ordinary dividend of 25.00 yen and 80th anniversary commemorative dividend of 10.00 yen

2. Anticipated Business Climate



- **Global economy is expected to maintain stable growth as it did last year**
 - On the other hand, careful watch is needed on geopolitical risks
- **Strong demand for capital investment in electronic parts and machine tool industries**
 - Technological innovation in information and communication (IoT) fields, and labor shortage



- **Acceleration of technological innovation trend (from products to services)**
 - Mounting interest in AI, robotics, and cloud-technology applications
- **Aggressive investment in smart company/smart factory concepts**
 - Introduction and implementation of digitization, systematization, and factory automation solutions



- **Streamline management structures**
 - Strengthening of corporate governance systems, introduction of global-approach frameworks
- **Promote profit-oriented business management**
 - Annual sales and profits growth, stabilization of dividends, increases in equity

Measures for Achieving the Medium-Term Management Plan

1. Measures for Achieving the Medium-Term Management Plan (MTMP): Six Basic Principles

Embarking on the second year of the Medium-Term Management Plan “Value Up 2022”

Vision

To be an enterprise that consistently provides customer-preferred, high-quality products and services
Let's impress customers by, and have customers rely on JUKI Group's activities, systems, products, and services!



Business Strategies

(1) Strengthening our value-creation capabilities through solution sales

We will offer value-added solutions by strengthening our proposal capabilities in automation and systemization, and through the active use of leading-edge technologies, mainly in AI and remote control applications.

(2) Strengthening of future customer base formation through market development (newly added)

We will work to create solid customer bases lasting into the future, as well as growth fields, by raising the competitive strength of our products, by developing new customers, and by reinforcing our relationships with existing customers.

(3) Creating and strengthening business categories fitting our vision of the future

We will work to develop new businesses through our Group Business, promote our Parts Business, and strengthen business alliances.

Basic Policies

Organizational Strategies

(4) Developing and deploying globally-competent and innovative-minded personnel ready to realize our vision

We will promote diversity, and step up group-level human resources development and rotation. Through the advancement of health management, we will create innovatively-minded, proactive human resources and organizations.

(5) Constructing a smart business foundation (introducing Smart and Connected processes)

We will promote environment-driven management across the Group, supply-chain management reform, cost-of-sales reductions, and business efficiency gains through work-mode reform, etc.

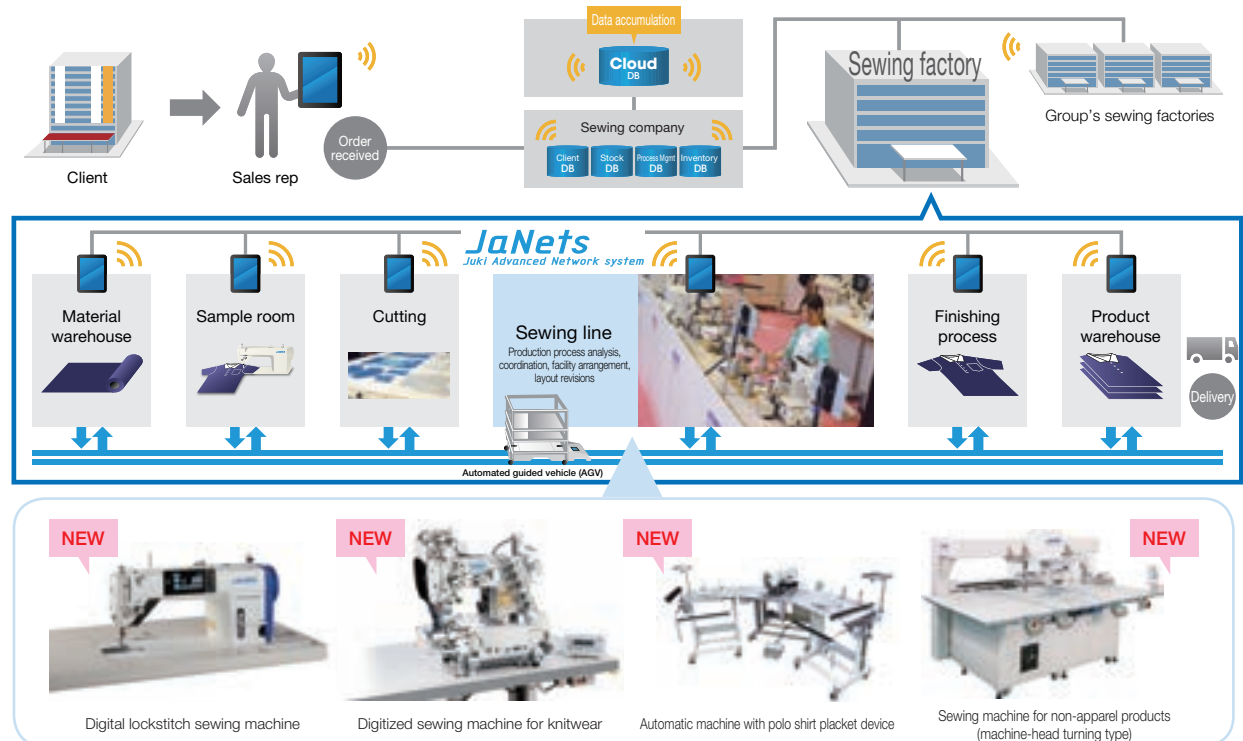
(6) Building capital through strengthening our financial structure

We will work to reduce interest-bearing debt through inventory reductions and efficient group finance management, and build up capital-strengthening earning power.

1. Priority Measures for Industrial Sewing Machines

Vision	Contribute to customer innovation through innovative technology and system proposals based on JUKI Smart Solutions
Basic Policy	Establish standards for smart factories (sewing factory) and strengthen proposals tailored for each market (including the middle market)
Priority Measures	<ul style="list-style-type: none"> Establish smart factory business model and enhance product portfolios Develop package-deals for sewing machinery network systems Restructure Asian business model and train site executives

2. JUKI Smart Factory (Sewing Factory) Proposal (JUKI Smart Solutions)



1. Priority Measures for Household Sewing Machines

Vision	Create new ways to enjoy handicraft-making, in collaboration with customers (home sewers) who have excellent handicraft capabilities
Basic Policy	Develop solid business based on strengths in high-end household sewing machines, small overlock machines, sewing machines for professionals, and quilting machines
Priority Measures	<ul style="list-style-type: none"> Target hobby and craft markets with product development that makes the most of JUKI's strengths Increase sales and improve profits with a focus on three key large-scale markets (Japan, the U.S., and Europe) that contain high-end markets Secure and win users by identifying needs of users and strengthening our capability to disseminate information

HZL-EX7



JUKI's flagship model with further improved ease of use and sewing quality

High-end household sewing machines

Overlock machines

MO-1000ML



An overlock machine that features automatic looper threading using air pressure

Product group developed based on various and high technologies accumulated in the process of research and development of industrial sewing machines

Sewing machines for professionals

Quilting machines

SL-700EX



A top-end professional sewing machine that features advanced sewability with a wider range of thick fabric sewing

J-150QVP



A high-end quilting machine with a quilting function added to an industrial sewing machine

TL-2200QVP

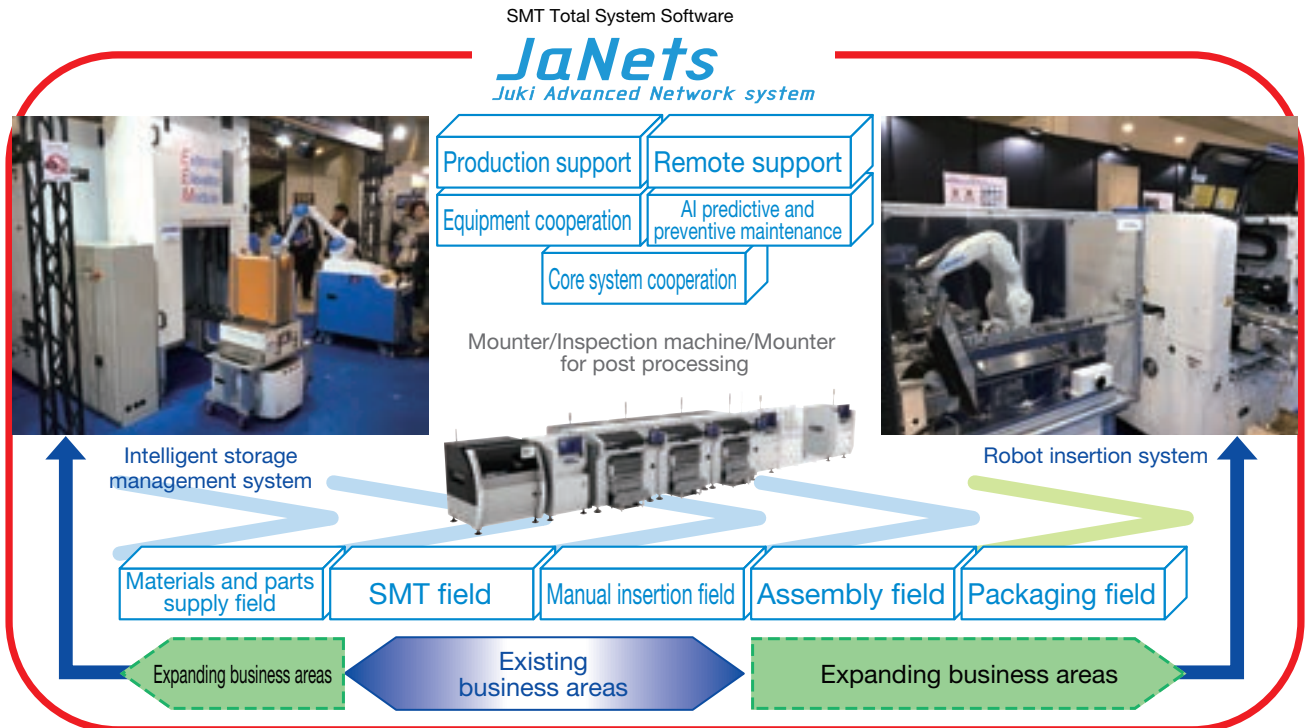


The only full-scale long arm quilting machine by a Japanese manufacturer

1. Priority Measures for Electronic Assembly Systems

Vision	Become an essential business partner for customers through devoting resources to our areas of strength and by proposing and providing automation and labor-saving solutions - Achieve top market share in field of general-purpose mounters in 2020
Basic Policy	Establish a strong business base with expansion of multi-function mounter and non-mounter fields
Priority Measures	<ul style="list-style-type: none"> · Promote customer segment-specific sales strategy and product strategy · Expand sales and improve gross margin by launching new products · Expand sales of MI, ISM, and alliance products through solution sales activities

2. JUKI Smart Factory Proposal (JUKI Smart Solutions)



1. Priority Measures for Group Business

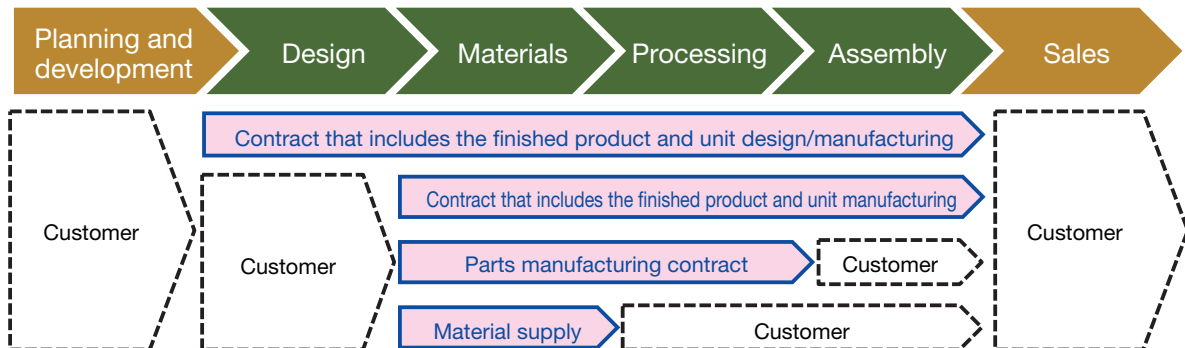
Vision	Grow into JUKI's third pillar business leveraging JUKI Group management resources (including manufacturing technologies)
Basic Policy	Increase sales to create the third pillar business by acquiring new customers and expanding business with important business customers (sales target: 15.0 billion yen)
Priority Measures	<ul style="list-style-type: none"> · Increase sales by expanding scope of business with important business customers · Increase sales by commercializing proprietary manufacturing technologies and proprietary products

2. JUKI's Proposal for "One-stop" Contract Manufacturing Services (JUKI Contract Business Model)



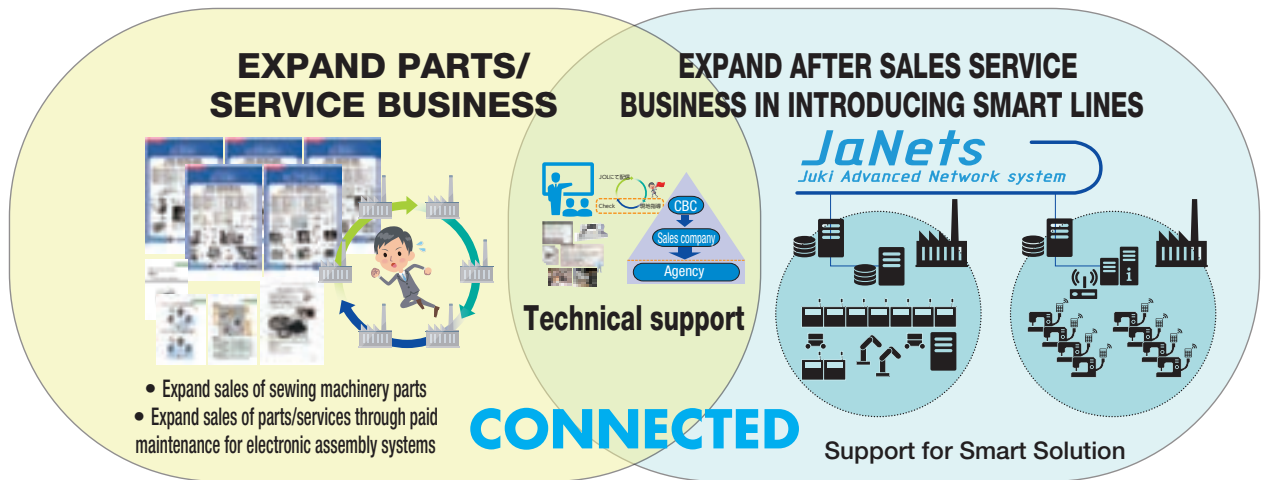
Use of accumulated leverage of JUKI's manufacturing capabilities and global network of the Group's manufacturing companies (7 companies in Japan, 1 company overseas) and alliance companies

- ★ For needs of external customers
- ★ By expanding contract range through Group's collaboration
- ★ Supplement and complement manufacturing process of customers



1. Priority Measures for Customer Business

Vision	JUKI's parts can be received the day after they're ordered
Basic Policy	Expand Customer Business beyond the confines of sewing machinery and electronic assembly systems
Priority Measures	(Sewing machinery) Secure customers through online sales, utilizing a website dedicated to parts sales (Electronic assembly systems) Stimulate demand for parts through paid maintenance service (Common) Expand after sales service business in introducing smart lines and create synergistic value-added parts/services



Parts supply system
Parts center/sales company's warehouse



Network system to share and disseminate information

PROVIDE LOGISTICAL SUPPORT FOR ACTIVITIES

Consolidated Financial Statements (Summary)

Consolidated Balance Sheet

(Million yen)

Item	FY 2016 as of December 31, 2016	FY 2017 as of December 31, 2017	Change
Assets			
Current assets	80,066	79,102	(964)
Non-current assets	31,298	31,451	153
Total assets	111,365	110,554	(811)
Liabilities			
Current liabilities	61,254	55,589	(5,665)
Non-current liabilities	22,528	21,621	(907)
Total liabilities	83,782	77,211	(6,571)
Net assets			
Shareholders' equity	28,412	33,468	5,056
Accumulated other comprehensive income	(1,406)	(742)	664
Non-controlling interests	576	617	41
Total net assets	27,582	33,343	5,761
Total liabilities and net assets	111,365	110,554	(811)

Consolidated Statement of Income

(Million yen)

Item	FY 2016 January 1, 2016 to December 31, 2016	FY 2017 January 1, 2017 to December 31, 2017	Change
Net sales	97,724	103,659	5,935
Cost of sales	68,134	71,748	3,614
Gross profit	29,590	31,911	2,321
Selling, general and administrative expenses	24,938	23,755	(1,183)
Operating profit	4,651	8,156	3,505
Non-operating income	854	840	(14)
Non-operating expenses	2,483	1,157	(1,326)
Ordinary profit	3,022	7,839	4,817
Extraordinary income	441	39	(402)
Extraordinary losses	373	151	(222)
Profit before income taxes	3,090	7,727	4,637
Income taxes	1,453	2,029	576
Net profit	1,637	5,697	4,060
Profit (loss) attributable to non-controlling interests	(246)	54	300
Profit attributable to owners of the parent company (i.e., JUKI Corporation)	1,883	5,642	3,759

Corporate Information (as of December 31, 2017)

Corporate Profile

Registered trade name	JUKI CORPORATION
Founded on	December 15, 1938
Paid-in capital	18,044.71 million yen
Head office	2-11-1, Tsurumaki, Tama-shi, Tokyo, Japan
Fiscal year-end	December
Business items	Industrial sewing machines, SMT systems, household sewing machines, etc.
Number of employees	5,899 (on a consolidated basis)
Number of consolidated subsidiaries	27

Stock Information

- Total number of authorized shares 80,000,000 shares
- Total number of issued shares 29,874,179 shares
- Total number of shareholders 8,950

JUKI CORPORATION

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http://www.juki.co.jp/index_e.html

Major Shareholders

Shareholder name	Number of shares (1,000 shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	2,976	10.16
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1,493	5.09
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,180	4.02
Mizuho Bank, Ltd.	938	3.20
Nippon Life Insurance Company	732	2.49

Stock Distribution Status by Owner Type

