

# To Our Shareholders



## Business Report for the 101st Business Term

(From January 1, 2015 through December 31, 2015)

### JUKI CORPORATION

Securities code: 6440

## Major Points of Business Performance

Net sales increased by 4.9% year on year, as a result of factors including firm performance in sales for the Sewing Machinery Business in Asia's emerging markets, acquiring new customers and expanding areas of business that deliver high rates of return, and the effect of yen depreciation. Profits decreased, though Sewing Machinery Business performed firmly. The decrease was mainly caused by a drop in sales reflecting a sharp fall in capital investment demand mainly in the Electronic Assembly Systems Business field due to economic slowdown in China, as well as the effect of lower rates of return for profits due to competition with other companies and depreciation of emerging country currencies, etc.

**Net sales** 112.9 billion yen  
(up by 5.3 billion yen year on year)

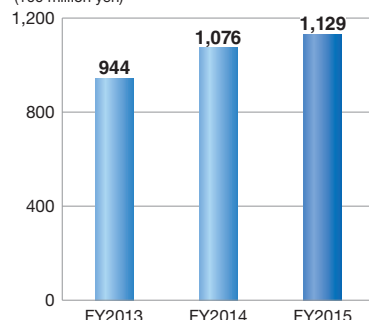
**Ordinary income** 5.7 billion yen  
(down by 2.0 billion yen year on year)

**Net income** 3.9 billion yen  
(down by 2.2 billion yen year on year)

**Annual dividend** 35 yen / share  
(after share consolidation)

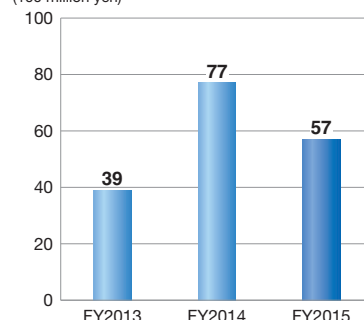
### Net sales

(100 million yen)



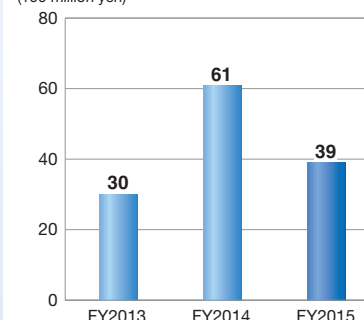
### Ordinary income

(100 million yen)



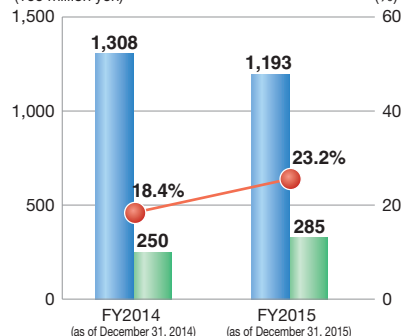
### Net income

(100 million yen)



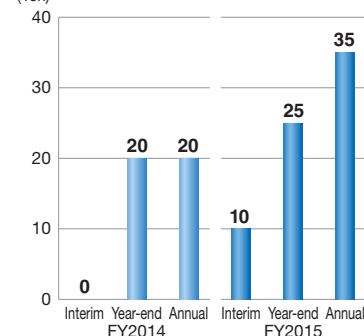
### Total assets Net assets Equity ratio

(100 million yen)



### Dividends per share (after share consolidation)

(Yen)



## Share Consolidation and Change in Share Unit

(Effective date: July 1, 2015)

### Share Consolidation

Consolidated five common shares into one

### Change in Share Unit

Changed to 100 shares from 1,000 shares

## To Our Shareholders

We would like to express our appreciation for your ongoing support of our business activities.

In presenting our business results for the 101st business term (from January 1, 2015 through December 31, 2015), I would like to take the opportunity to convey a few words to our shareholders.

In the fiscal year under review, consolidated net sales increased by 4.9% year on year to 112,865 million yen as a result of factors including firm performance in sales for the Sewing Machinery Business in Asia's emerging markets continuing on from the previous fiscal year, a focus on acquiring new customers and expanding areas of business that deliver high rates of return, and the effect of yen depreciation.

With respect to profits, although the Sewing Machinery Business performed firmly, consolidated operating income was 7,110 million yen due mainly to a drop in sales reflecting a sharp fall in capital investment demand, mainly in the Electronic Assembly Systems Business field, as the effects of the economic slowdown in China became apparent from the second half, as well as lower rates of return for profits reflecting the competition with other companies which escalated to a more intense level. Moreover, consolidated ordinary income was 5,728 million yen and consolidated net income was 3,853 million yen due mainly to the depreciation of emerging country currencies such as the Chinese renminbi and the Indian rupee resulting in valuation losses that were recorded as foreign exchange losses during the second half.

With respect to dividends, our fundamental policy is to enhance shareholder returns founded upon stable payment of dividends, giving comprehensive consideration to such factors as the results of the fiscal year under review and the amount of internal reserves

necessary for future business development. For the fiscal year under review, in consideration of both this fundamental policy and our latest year-end financial position, we plan to pay a dividend of 25 yen per share.

Holding the vision of a "Global 'Monodzukuri' manufacturer equipped to survive in the 21st century," the Company formulated the Medium-Term Management Plan for FY2015-FY2016, which contains the following three basic policies: 1) "Constructing a business structure capable of continuously yielding profits," 2) "Developing powerful personnel (professionals) with the expertise to implement our strategy," and 3) "Constructing a smart business foundation (a productive business structure with no waste)."

To achieve these goals with certainty in 2016, the Company is focusing on promoting the following three points: 1) "Strengthen strategy execution capabilities," 2) "Strengthen competitiveness of products and services," and 3) "Strengthen systems and structures to boost profitability and improve financial position."

In closing, we ask for the ongoing support and guidance of our shareholders.



**Akira Kiyohara**  
Representative Director

# Summary of Results for FY2015

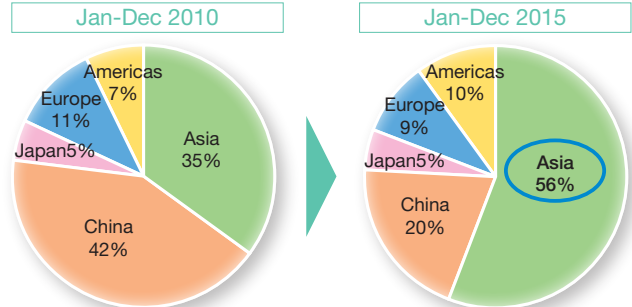
## Sewing Machinery Business

Net sales of the Sewing Machinery Business as a whole were 86,147 million yen (up by 10.5% from the same period of the previous fiscal year). In the apparel sewing industry, expanded sales in emerging Asian regions, Vietnam and Bangladesh in particular, and regions such as Latin America and Africa contributed to the increase. By product, increased sales of non-apparel sewn products such as car seats and sports shoes, along with automated sewing machines for the apparel sector, which were driven by needs for automation, also contributed to the increase.

● Net sales (industrial sewing machines excluding parts, etc.); year-on-year comparison (100 million yen)

	Jan-Dec 2014	Jan-Dec 2015	Amount of change	% of change
Asia	330	407	77	23.3%
China	152	143	(9)	(5.9%)
Japan	33	34	1	3.0%
Europe	77	68	(9)	(11.7%)
Americas	67	76	9	13.4%
Total	659	728	69	10.5%

● Composition of net sales (industrial sewing machines excluding parts, etc.); comparison with FY2010 (5 years ago)



## Measures for Industrial Sewing Machines Business

### Area strategies

#### Strengthen system for Asian markets

#### Development of the next growing markets

- Strengthen measures for relocation of production bases from China
  - Respond to improvement of growing companies → Strengthen line solution proposals
- Expand deals with global companies
- Start developing African markets
  - Establish representative offices in Ethiopia and South Africa
- Strengthen marketing in Latin America
  - Respond to major growing customers in Latin America

### Expansion of business areas

#### Non-apparel

#### Smart sewing system

#### Development center

- Expand sales using solutions proposals for the automotive and bag markets
- Expand customized products in response to customer needs
- Respond to major users through line solution proposals (plant analysis, plant design, etc.)
- Respond to individual customization needs of major users

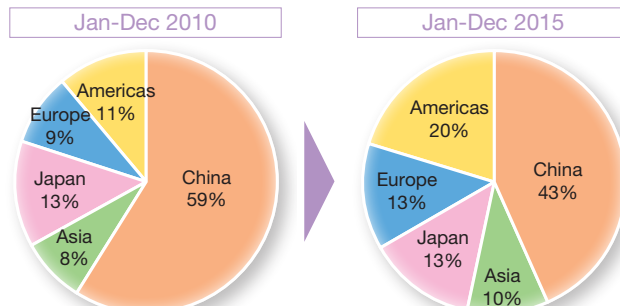
## Electronic Assembly Systems Business

Net sales of the Electronic Assembly Systems Business as a whole were 20,518 million yen (down by 8.5% from the same period of the previous fiscal year) despite sales increases in newly released mounters and labor-saving systems. In China, our largest market, the effect of the economic slowdown emerged as we entered the second half, with a sharp decline in capital investment demand leading to a decline in sales.

### ● Net sales: year-on-year comparison (100 million yen)

	Jan-Dec 2014	Jan-Dec 2015	Amount of change	% of change
China	98	88	(10)	(10.2%)
Asia	20	20	0	0%
Japan	34	28	(6)	(17.6%)
Europe	34	28	(6)	(17.6%)
Americas	38	41	3	7.9%
Total	224	205	(19)	(8.5%)

### ● Composition of net sales: comparison with FY2010 (5 years ago)



### ● Measures for Electronic Assembly Systems Business

#### Product strategy

##### New products

- New products launched in 2015



High speed compact modular mounter RX-6R



PWB visual inspection machine (AOI/SPI) RV-2

##### Line solutions collaborative products

- Strengthen product lineup through business collaborations for line solutions

#### Area strategies

##### Chinese market

- Strengthen management capabilities in the Chinese market, centered on solution sales

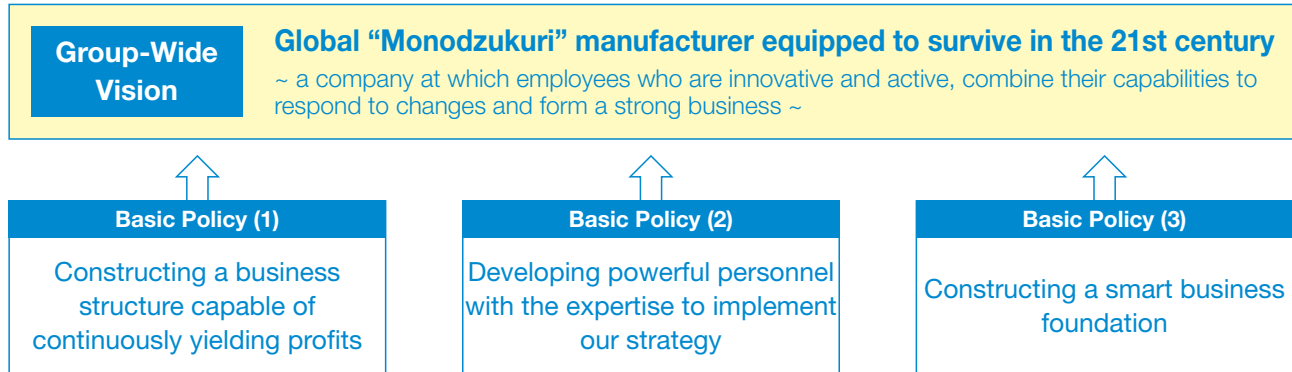
##### Indian market

- Expand sales to growing companies (assembled product manufacturers)

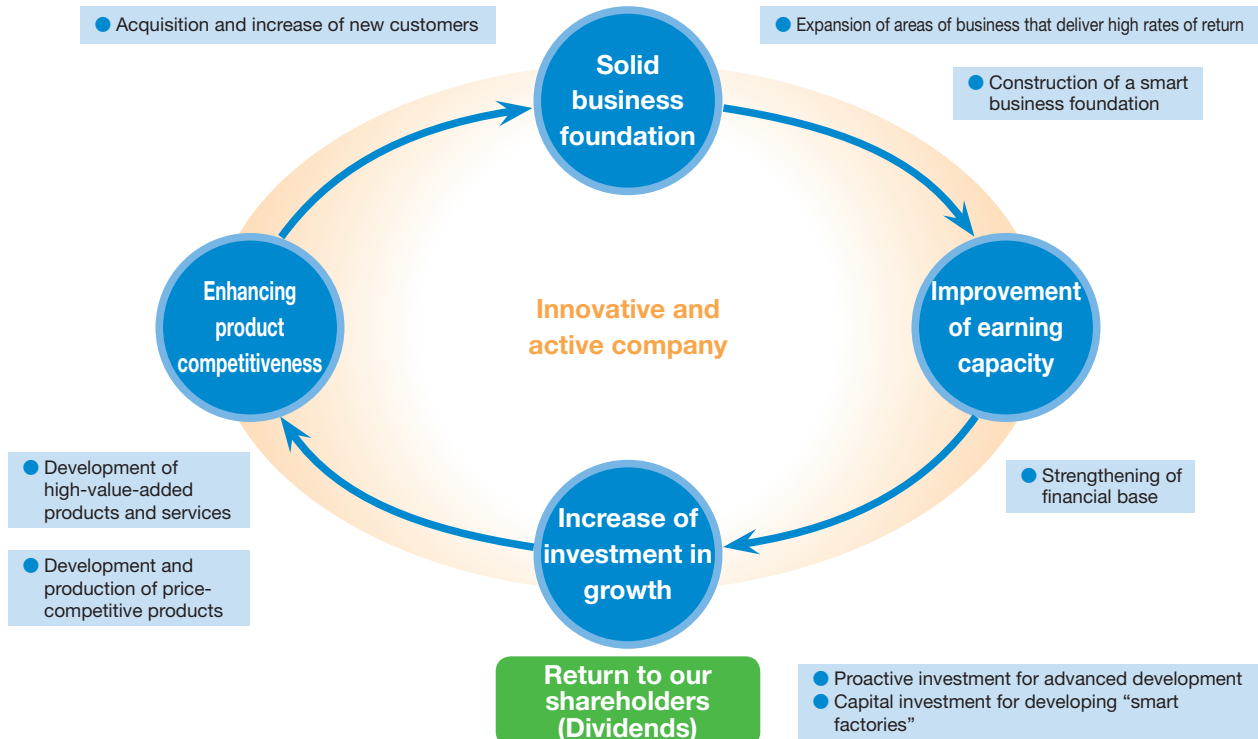
##### European and U.S. market

- Develop new customers among growing companies (EMS)

## 1. Group-wide Vision and Basic Policies



## 2. JUKI's Growth Cycle



### 3. Understanding of Environment

#### Management Environment

- Raising of interest rate in the U.S. — **Risk** → Draw growth funds away from emerging countries  
**Opportunity** → Stable growth of U.S. economy
- Further slowdown of Chinese economy — **Risk** → Slump in capital investment demand  
**Opportunity** → Shift to high-end products in manufacturing industry
- Decline in oil price — **Risk** → Financial deterioration in oil producer countries  
**Opportunity** → Expansion in consumer demand for automobiles, etc.
- Progress on TPP, FTA — **Opportunity** → Market expansion from liberalization of trade

From 2014 to 2015 1H, the global economy and foreign exchange markets were stable



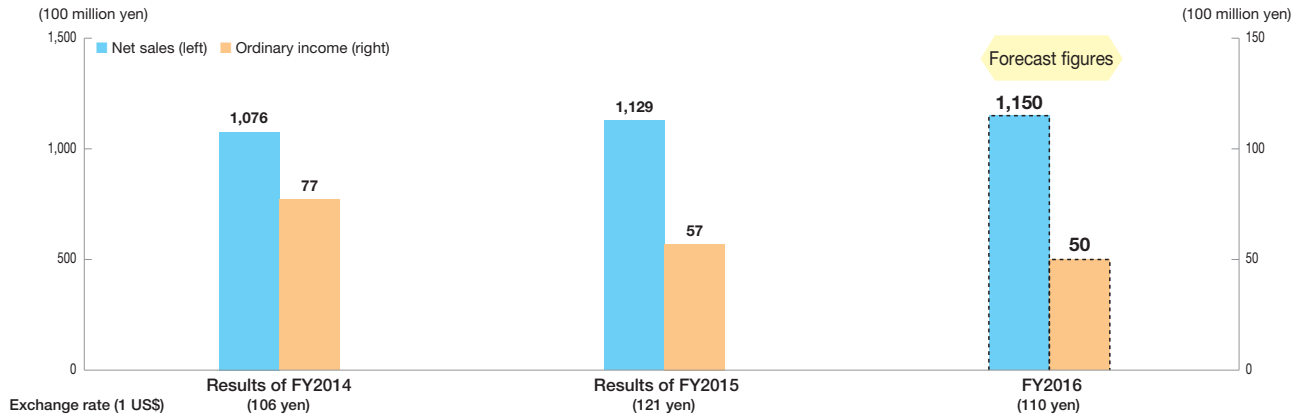
From 2015 2H, the global economy fluctuated heavily

2016 will be a year of significant upheaval

Cautious Approach to Capital Investment in the Manufacturing Sector Overall; However, Strong and Growing Companies Continue to Invest in Increasing Productivity and Saving Energy

#### Build a Solid Business Foundation Structure

### 4. Forecast for FY2016



	FY2014	FY2015	FY2016
Ordinary income ratio	7.2%	5.0%	4.3%
Equity ratio	18.4%	23.2%	26%
Net D/E ratio	2.6 times	2.1 times	1.6 times
Dividends (after share consolidation)	20 yen / share	35 yen / share	35 yen / share

## 5. Product Strategy and Regional Strategy for Industrial Sewing Machines

### Further expand sales in growing areas of business

#### Product strategy

##### Non-apparel

- Expand sales in automotive and bag markets, etc.

##### Knitwear machinery

- Expand sales through line solutions
- Expand sales in Latin America

##### Automated sewing machines

- Respond to automation needs and customize products for the major customers, under horizontal business network, based on line solutions

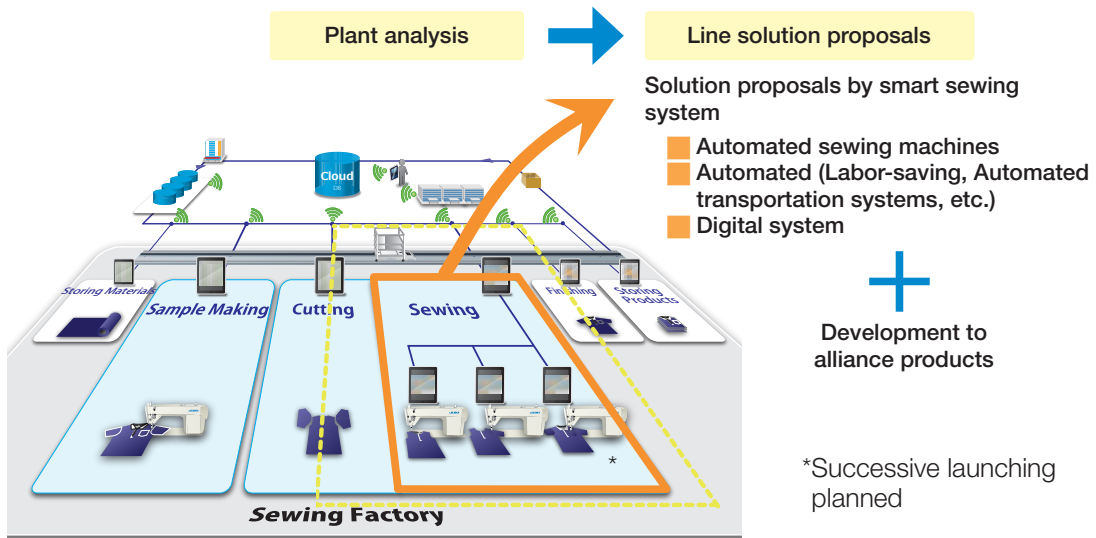
##### Spare parts

- Expand sales of volume-zone spare parts
- Expand sales; the Parts Business Promotion Department (newly established) plays a central role

#### Regional strategy

- Strengthen regional headquarters function of JUKI Singapore
  - ➔ Supervise operations for Asia (excluding China) and Africa, and promote speedy decision-making
- Expand sales in “new emerging countries”
  - ➔ Expand sales in the Africa and Latin America

### Expansion of line solution proposals





## 6. Product Strategy and Regional Strategy for Household Sewing Machines

### Product strategy

#### Reinforce sales and expand sales of new products targeting quilters

##### Household sewing machines

- Expand sales of new products
- Reinforce sales made by handicraft mass merchandisers and roadside retailers, etc.

##### Overlock machines

- Expand sales of new product
- Expand sales of overlock machines for quilters

##### Machines for work purposes and for quilts

- Expand sales to (semi-) professional quilters by developing a series of QVP quilting machines

### Regional strategy

- Expand sales of products; mainly high-value-added products such as household sewing machines and quilting machines in developed countries (Japan, the U.S., Europe)
- Develop and expand sales networks in emerging countries

## New product lines of household sewing machines

### Quilting machine for household use (QVP family)



Frame type (stand-up model)  
**TL-2200QVP**



Computer sewing machine for quilting  
**DX-2000QVP**



Overlock machine for quilting  
**MO-2000QVP**

### Household sewing machines/ Overlock machine



Household computer sewing machine  
**HZL-EX7**



Overlock machine  
**MO-114D**

## 7. Product Strategy and Structural Reform of Business Operation for Electronic Assembly Systems

### Expand sales in growing areas of business

#### Product strategy

##### [Strategic Products] R Series, etc.

- Expand sales of new product lines (RX-7 (high-speed SMT), RX-6R (flexible SMT), printing equipment and inspection equipment)

##### Line solution alliance products

- Expand sales of intelligent storage management systems (ISM Series)

##### Labor-saving equipment

- Expand sales by upgrading sales networks, enhancing partnerships, etc.

##### Spare parts and services

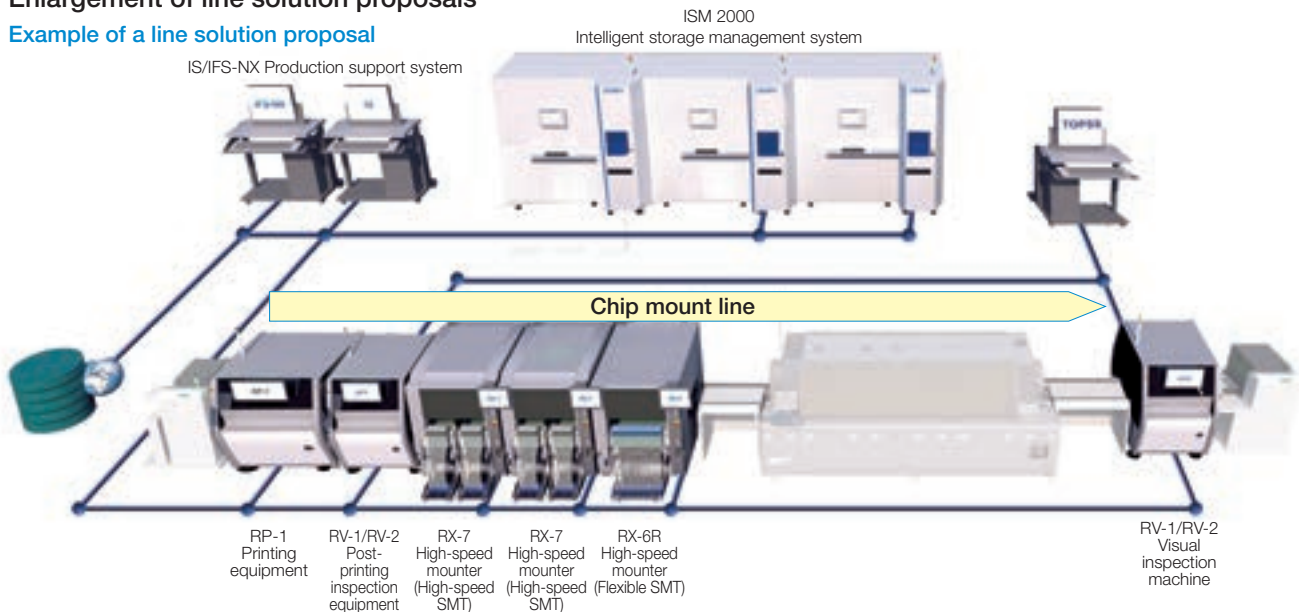
- Expand sales; the Parts Business Promotion Department (newly established) plays a central role

#### Structural reform of business operation

- Improve earnings by streamlining sales structure and improving organizational efficiency to respond to market changes
- Bolster earning power by improving sales composition through enhanced solution sales

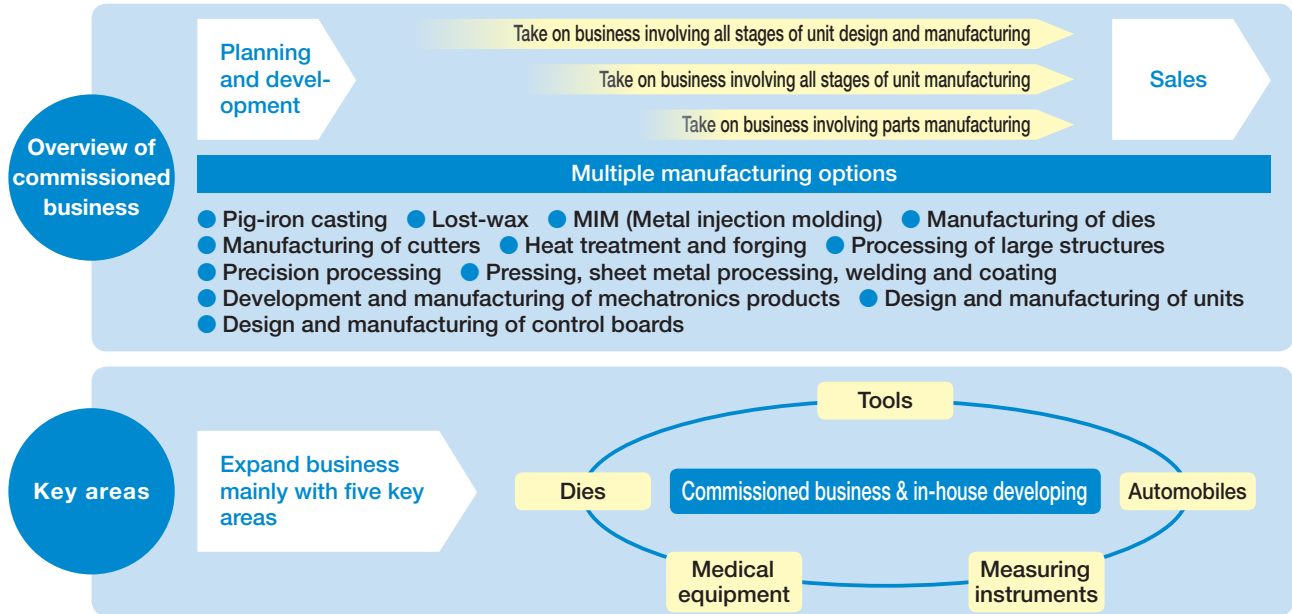
### Enlargement of line solution proposals

#### Example of a line solution proposal



➡ Expand sales through line solution proposals including line solution alliance products

## 8. Commissioned Business and Key Areas of Group Business



### Expansion of business as a third business segment

Further expand the commissioned processing business with nine domestic companies including Ohtawara Plant, and one overseas company

■ Companies in Group Business (Nine domestic companies and one overseas company)

( ): Role in the Group Business

■ JUKI AKITA SEIMITSU CORPORATION  
(Pressing, sheet metal processing, welding and coating)

■ JUKI YOSHINO KOGYO CORPORATION  
(Processing of large structures and precision processing)

■ JUKI DENSHI KOGYO CORPORATION  
[Core products: SMT systems (mounters, etc.)]  
(Development and manufacturing of mechatronics products and design and manufacturing of control boards)

■ SUZUTAMI PRECISION INDUSTRY CO., LTD.  
(Manufacturing of cutters, heat treatment and forging)

■ JUKI MATSUE CORPORATION  
[Core products: Industrial sewing machines]  
(Design and manufacturing of units)

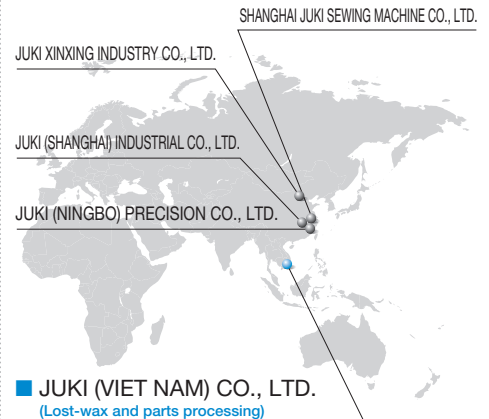
■ JUKI AIZU CORPORATION  
(Lost-wax and MIM)

■ OHTAWARA PLANT, JUKI CORPORATION  
[Core products: Industrial sewing machines]  
(Surface processing, machine processing)

■ JUKI CORPORATION (Head Office)  
(Management)

■ JUKI METAL CORPORATION  
(Pig-iron casting)

■ JUKI HIROSHIMA CORPORATION  
(Pressing and manufacturing of dies)



## Consolidated Financial Statements (Summary)

### Consolidated Balance Sheet

(Million yen)

Item	FY2014 as of December 31, 2014	FY2015 as of December 31, 2015	Change
<b>Assets</b>			
Current assets	97,789	86,958	(10,831)
Non-current assets	32,961	32,323	(638)
<b>Total assets</b>	<b>130,751</b>	<b>119,281</b>	<b>(11,469)</b>
<b>Liabilities</b>			
Current liabilities	77,101	64,436	(12,665)
Non-current liabilities	28,639	26,367	(2,272)
<b>Total liabilities</b>	<b>105,741</b>	<b>90,803</b>	<b>(14,937)</b>
<b>Net assets</b>			
Shareholders' equity	23,831	27,873	4,041
Accumulated other comprehensive income	163	(194)	(358)
Minority interests	1,015	799	(216)
<b>Total net assets</b>	<b>25,010</b>	<b>28,477</b>	<b>3,467</b>
<b>Total liabilities and net assets</b>	<b>130,751</b>	<b>119,281</b>	<b>(11,469)</b>

### Consolidated Statement of Income

(Million yen)

Item	FY2014 January 1, 2014 to December 31, 2014	FY2015 January 1, 2015 to December 31, 2015	Change
<b>Net sales</b>	<b>107,581</b>	<b>112,865</b>	<b>5,283</b>
<b>Cost of sales</b>	<b>74,078</b>	<b>78,293</b>	<b>4,215</b>
<b>Gross profit</b>	<b>33,503</b>	<b>34,571</b>	<b>1,068</b>
Selling, general and administrative expenses	25,285	27,461	2,175
<b>Operating income</b>	<b>8,217</b>	<b>7,110</b>	<b>(1,106)</b>
Non-operating income	1,069	914	(154)
Non-operating expenses	1,576	2,296	720
<b>Ordinary income</b>	<b>7,710</b>	<b>5,728</b>	<b>(1,981)</b>
Extraordinary income	24	51	26
Extraordinary losses	147	137	(10)
<b>Income before income taxes and minority interests</b>	<b>7,587</b>	<b>5,642</b>	<b>(1,944)</b>
<b>Income taxes</b>	<b>1,628</b>	<b>1,989</b>	<b>361</b>
<b>Income before minority interests</b>	<b>5,958</b>	<b>3,652</b>	<b>(2,305)</b>
Minority interests in loss	(100)	(200)	(100)
<b>Net income</b>	<b>6,058</b>	<b>3,853</b>	<b>(2,205)</b>

## Corporate Information (as of December 31, 2015)

### Corporate Profile

<b>Trade name</b>	JUKI CORPORATION
<b>Founded on</b>	December 15, 1938
<b>Paid-in capital</b>	18,044.71 million yen
<b>Head office</b>	2-11-1, Tsurumaki, Tama-shi, Tokyo, Japan
<b>Fiscal year-end</b>	December
<b>Business items</b>	Industrial sewing machines, SMT systems, Household sewing machines, etc.
<b>Number of employees</b>	6,245 (on a consolidated basis)
<b>Number of consolidated subsidiaries</b>	31

### Stock Information

- Total number of authorized shares ..... 80,000,000 shares
- Total number of issued shares ..... 29,874,179 shares
- Total number of shareholders ..... 15,741

## JUKI CORPORATION

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<http://www.juki.co.jp>

### Major Shareholders

Shareholder name	Number of shares (1,000 shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1,511	5.06
Mizuho Bank, Ltd.	938	3.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	774	2.59
Nippon Life Insurance Company	732	2.45
JP MORGAN CHASE BANK 380634	695	2.33

### Stock Distribution Status by Owner Type

