

*(Reference translation)*

Explanatory Meeting

Account Settlement  
FY2014 ended December 31, 2014  
on a consolidated basis

February 16, 2015  
Akira Kiyohara, President  
JUKI Corporation

*Mind & Technology*





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# Part 1

## Performance of FY2014 (ended Dec 2014)



# 1-1-1: Performance Trends and Dividends for FY2014 (ended Dec 2014)



Net sales increased by 14% year on year mainly because of a firm performance for the Sewing Machinery Business in Asia's emerging markets, continuing on from the previous fiscal year, and the effect of yen depreciation.

Operating income, ordinary income and net income all increased substantially, boosted by sales increase and positive effects from group-wide structural reforms implemented since the previous fiscal year.

(Million Yen)					[Reference]	(Million Yen)			
	FY2012 ended December 31, 2012	FY2013 ended December 31, 2013 〈A〉	FY2014 ended December 31, 2014 〈B〉	Year-on-year change 〈B-A〉 (%)		FY2014 ended December 31, 2014 Quarterly results			
	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014			1Q	2Q	3Q	4Q
						Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014
Net Sales	75,831	94,385	107,581	13,195 (14.0%)		25,201	25,533	26,016	30,831
Operating Income	Δ1,451 [Δ1.9%]	5,151 [5.5%]	8,217 [7.6%]	3,065 (59.5%)		1,867 [7.4%]	1,814 [7.1%]	2,168 [8.3%]	2,368 [7.7%]
Ordinary Income	Δ2,996 [Δ4.0%]	3,878 [4.1%]	7,710 [7.2%]	3,831 (98.8%)		1,734 [6.9%]	1,775 [7.0%]	1,860 [7.1%]	2,341 [7.6%]
Net Income	Δ8,342 [Δ11.0%]	* 3,006 [3.2%]	6,058 [5.6%]	3,051 (101.5%)		1,113 [4.4%]	1,455 [5.7%]	1,646 [6.3%]	1,844 [6.0%]
Dividend per Share	¥0	¥0	¥4	¥4		—	—	—	—
Exchange Rate	1 US\$ 1 Euro	¥80 ¥103	¥97 ¥129	¥106 ¥141	¥9 ¥12	¥103 ¥141	¥102 ¥140	¥105 ¥138	¥116 ¥144

Notes: 1. Exchange rate is an average rate during the period, and such rate influences operating income. 2. Figures in parentheses [ ] are ratios of income to net sales.

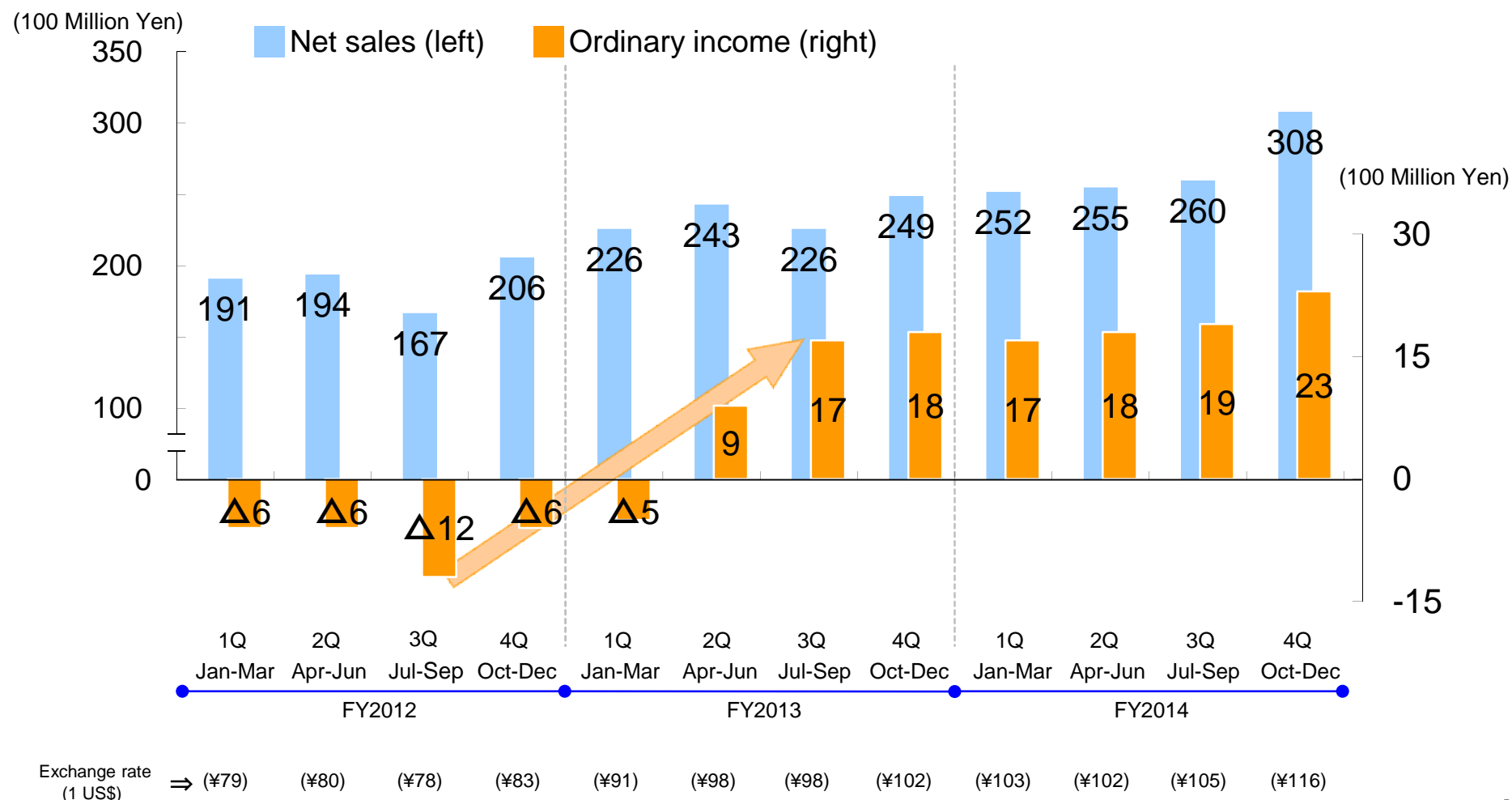
\*Breakdown of 1.64 billion yen of extraordinary losses in FY2013: special retirement expenses from solicitation of applicants for voluntary retirement of 1.48 billion yen and other 0.16 billion yen.



## 1-1-2: Performance Trends for FY2014 (ended Dec 2014)

Net sales and ordinary income both bottomed out in 3Q FY2012 and then recovered considerably.

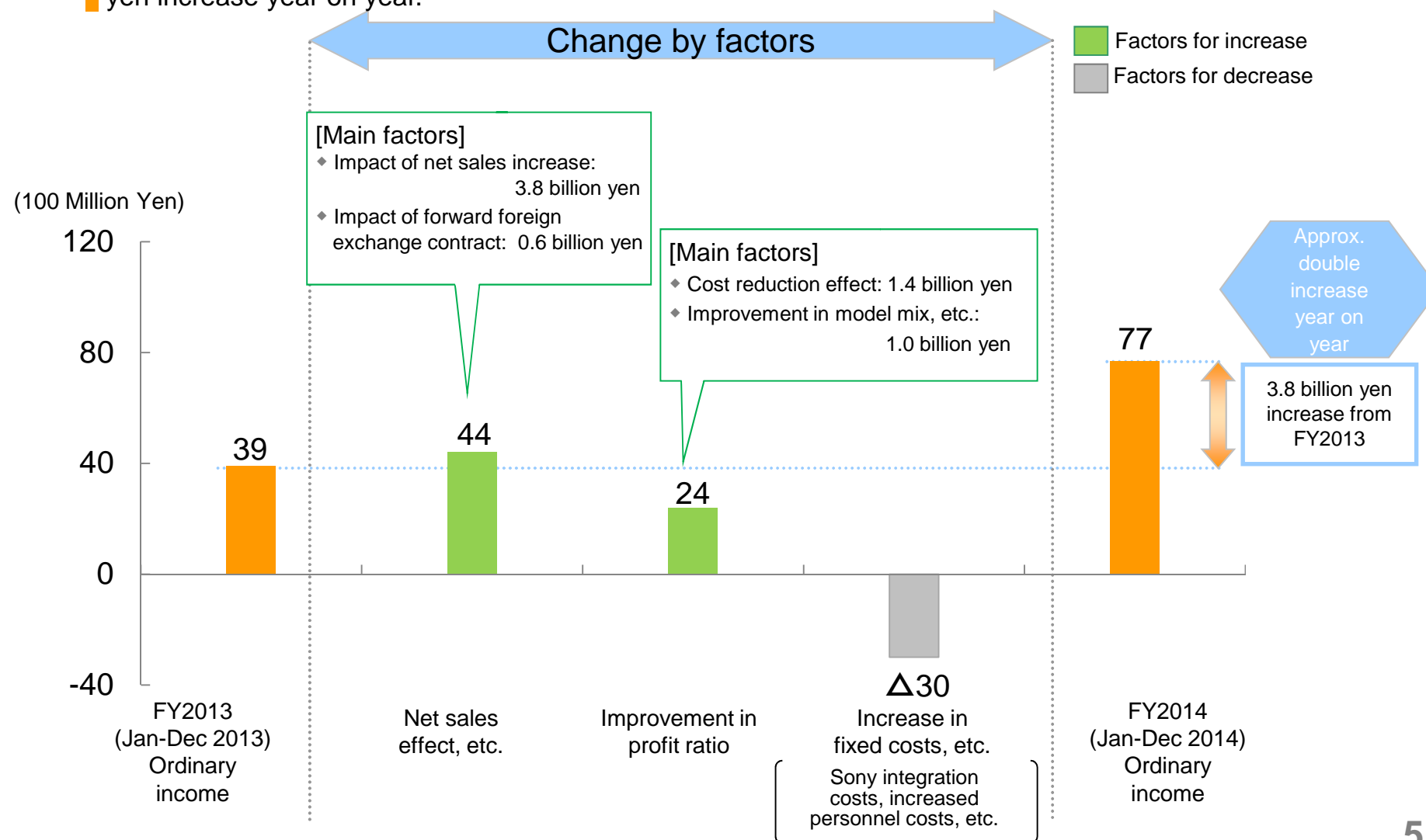
In FY2013, profitability improved substantially as a result of structural reforms. In FY2014, these benefits absorbed factors that increased costs, firmly maintaining the ratio of ordinary income to net sales at the 7% level and profitability is increasing steadily.





## 1-2: Factors for Ordinary Income Increase/Decrease for FY2014 (ended Dec 2014)

Although increase in fixed costs, etc. decreased ordinary income by 3.0 billion yen, this was offset by the effect of net sales, etc. (4.4 billion yen) and improvement in the profit ratio (2.4 billion yen), leading to a 3.8 billion yen increase year on year.





# 1-3: Changes in Major Financial Indices

- Equity ratio rose to 18.4% due to an increase in retained earnings (6.1 billion yen) and capital increase (4.2 billion yen), etc.
- Inventories increased by 5.9 billion yen partly due to yen depreciation at the end of the period.
- Although interest-bearing debts were also affected by yen depreciation, they decreased by 3.3 billion yen with foreign exchange effects excluded.

(Million Yen)

	As of December 31, 2013 (FY2013) 〈A〉	As of December 31, 2014 (FY2014) 〈B〉	Change 〈B-A〉
Total Assets	113,189	130,751	17,561
Net Assets [retained earnings]	11,806 [Δ2,304]	25,010 [3,754]	*1 13,203 [6,058]
Net Assets Ratio	10.4%	19.1%	8.7%
Equity Ratio	10.1%	18.4%	8.3%
Notes and accounts receivable - trade	24,879	31,275	6,396
Inventories [turnover period]	44,328 [5.6 months]	50,248 [5.6 months]	*2 5,919 [0 months]
Notes and accounts payable - trade	11,875	13,892	2,017
Interest-bearing debts	75,508	74,748	*3 Δ761
Cash and deposits	6,254	9,491	3,236
Exchange rate (period-end)	1 US\$ ¥105	¥121	¥16

\*1 [Breakdown of 13.2 billion yen net asset increase]  
 1) Increase of 6.1 billion yen in retained earnings  
 2) Increase of 4.2 billion yen in capital increase  
 3) Increase of 2.1 billion yen in foreign currency translation adjustment  
 4) Increase of 0.6 billion yen in minority interests

\*2 [Inventories]  
 • Of which, foreign exchange effect:  
 +4,150 million yen  
 ⇒ Real increase: 1,769 million yen

\*3 [Interest-bearing debts]  
 • Of which, foreign exchange effect from  
 foreign currency-denominated loans:  
 + 2,575 million yen  
 ⇒ Real decrease: 3,336 million yen

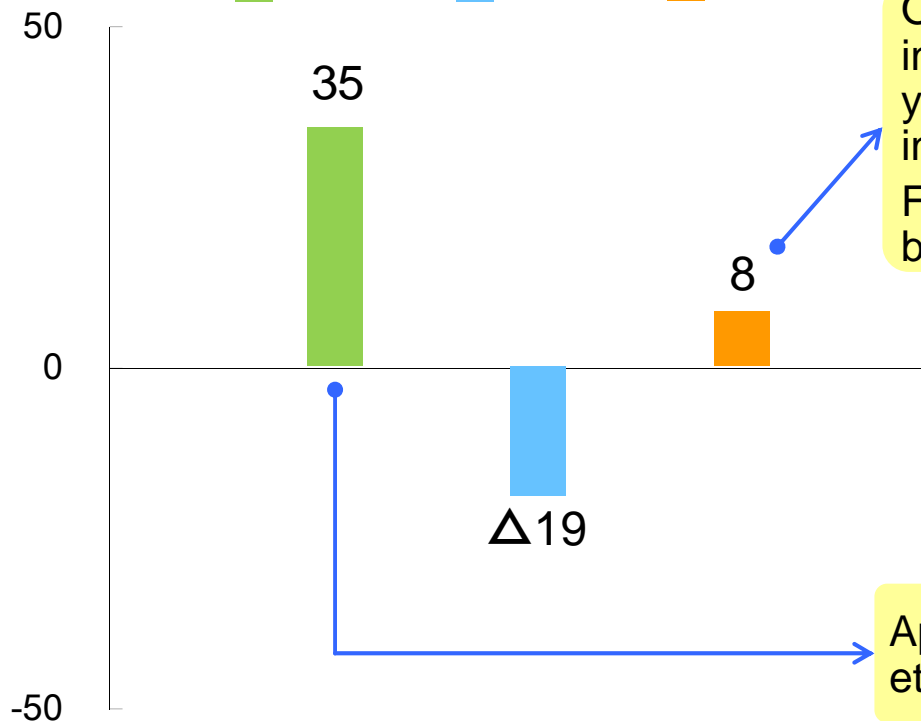


## 1-4: Cash Flows

- Borrowings, etc. were repaid with operating CF. Full-scale growth investment will be carried out from now using capital increase funds.

### Cash Flows for FY2014

(100 Million Yen)    ■ Operating CF   ■ Investing CF   ■ Financing CF



Of 4.2 billion yen in capital increase funds, approx. 1.0 billion yen was used for growth investment in FY2014. Full-scale growth investment will be carried out from now.

Approx. 3.4 billion yen in borrowings, etc. was repaid with operating CF.



## 1-5-1: Performance by Segments

### Changes in Net Sales

In the Sewing Machinery Business, the trend of the shift in clothing production bases from China into emerging Asian regions was growing, while there was an increase in sales to manufacturers of non-apparel sewn products. This contributed to a 13% increase in net sales.

In the Electronic Assembly Systems Business, net sales increased 19% year on year, mainly reflecting the sales contribution from new products and from purchased products associated with business field expansion, and increased sales of labor-saving equipment.

	(Million Yen)				[Reference]	(Million Yen)			
	FY2012 ended December 31, 2012	FY2013 ended December 31, 2013 〈A〉	FY2014 ended December 31, 2014 〈B〉	Year-on-year change 〈B-A〉 (%)		FY2014 ended December 31, 2014 Quarterly results			
	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014			1Q	2Q	3Q	4Q
						Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014
Sewing Machinery	52,424	68,836	77,991	9,155 (13.3%)		18,657	18,494	18,482	22,358
Electronic Assembly Systems	16,480	18,826	22,432	3,606 (19.2%)		4,792	5,269	5,739	6,632
Others	6,926	6,723	7,157	434 (6.5%)		1,751	1,770	1,794	1,842
Total	75,831	94,385	107,581	13,195 (14.0%)		25,201	25,533	26,016	30,831



## 1-5-2: Performance by Segments

### Changes in Ordinary Income

In the Sewing Machinery Business, profitability improved substantially reflecting reduced production costs and increased sales of products including non-apparel, which are highly profitable.

The Electronic Assembly Systems Business invested in enhancement of functionality and development of peripheral equipment in readiness for full-scale launch of new products added in the business integration with Sony Group.

	(Million Yen)				[Reference]	(Million Yen)			
	FY2012 ended December 31, 2012	FY2013 ended December 31, 2013 〈A〉	FY2014 ended December 31, 2014 〈B〉	Year-on-year change 〈B-A〉 (change)		FY2014 ended December 31, 2014 Quarterly results			
	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014			1Q	2Q	3Q	4Q
						Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014
Sewing Machinery	Δ503 [Δ1.0%]	3,840 [5.7%]	7,306 [9.4%]	3,466 (3.7%)		1,735 [9.3%]	1,964 [10.6%]	1,961 [10.6%]	1,646 [7.4%]
Electronic Assembly Systems	Δ1,029 [Δ6.2%]	419 [2.2%]	71 [0.3%]	Δ348 (Δ1.9%)		68 [1.4%]	Δ230 [Δ4.4%]	39 [0.7%]	194 [2.9%]
Others	333 [4.8%]	269 [4.0%]	323 [4.5%]	54 (0.5%)		49 [2.8%]	119 [6.7%]	80 [4.5%]	75 [4.1%]
Adjustment	Δ1,796	Δ651	9	660		Δ119	Δ76	Δ220	424
Total	Δ2,996 [Δ4.0%]	3,878 [4.1%]	7,710 [7.2%]	3,831 (3.1%)		1,734 [6.9%]	1,775 [7.0%]	1,860 [7.1%]	2,341 [7.6%]

Figures in parentheses [ ] are ratios of ordinary income to net sales.



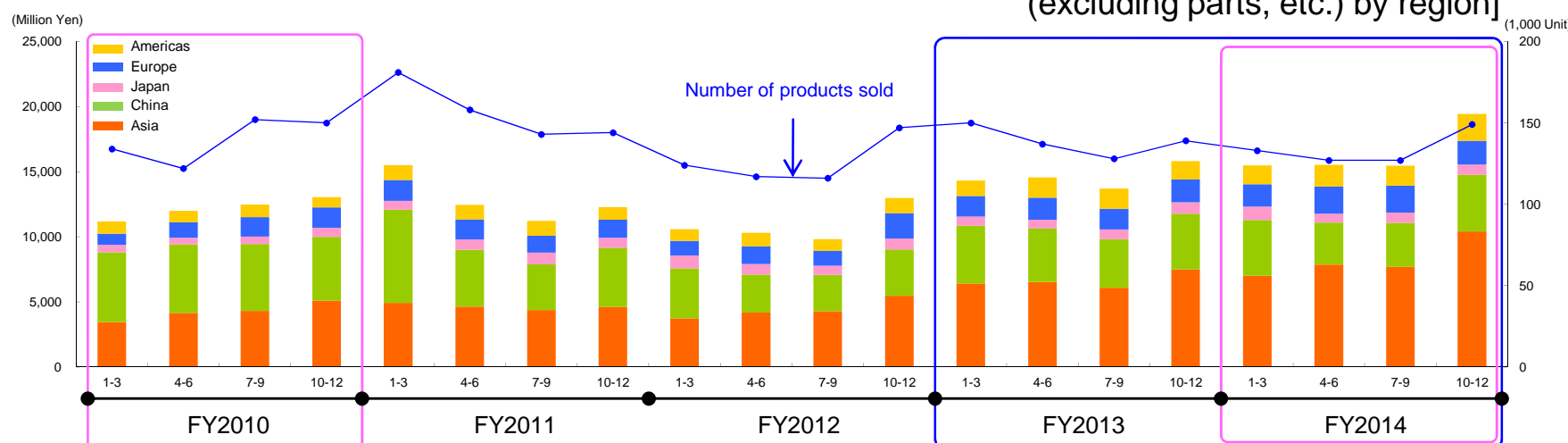
# (Reference 1) Performance by Segments

## Sales by Region (Sewing Machinery Business: Industrial Sewing Machines)



- Sales in emerging Asian regions were strong and the net sales ratio grew to 50%.
- The weighting of sales in China fell.

[Sewing Machinery Business: Changes in net sales of industrial sewing machines (excluding parts, etc.) by region]

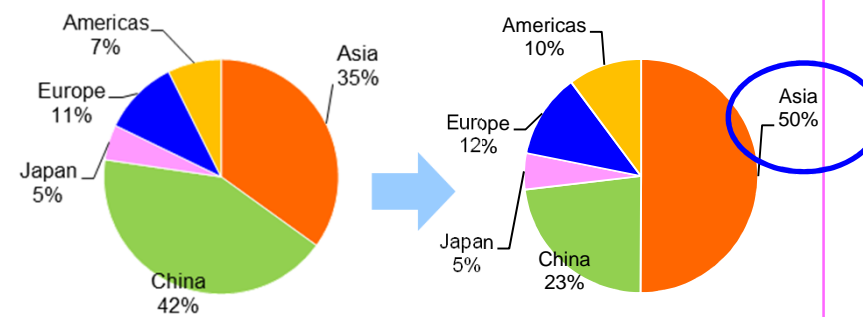


[Net sales: year-on-year comparison]

(100 Million Yen)

	Jan-Dec 2013	Jan-Dec 2014	Amount of change	% of change
Asia	266	330	64	24.1%
China	165	152	△13	△7.9%
Japan	30	33	3	10.0%
Europe	66	77	11	16.7%
Americas	57	67	10	17.5%
Total	584	659	75	12.8%

[Net sales composition ratio: comparison with Jan-Dec 2010]



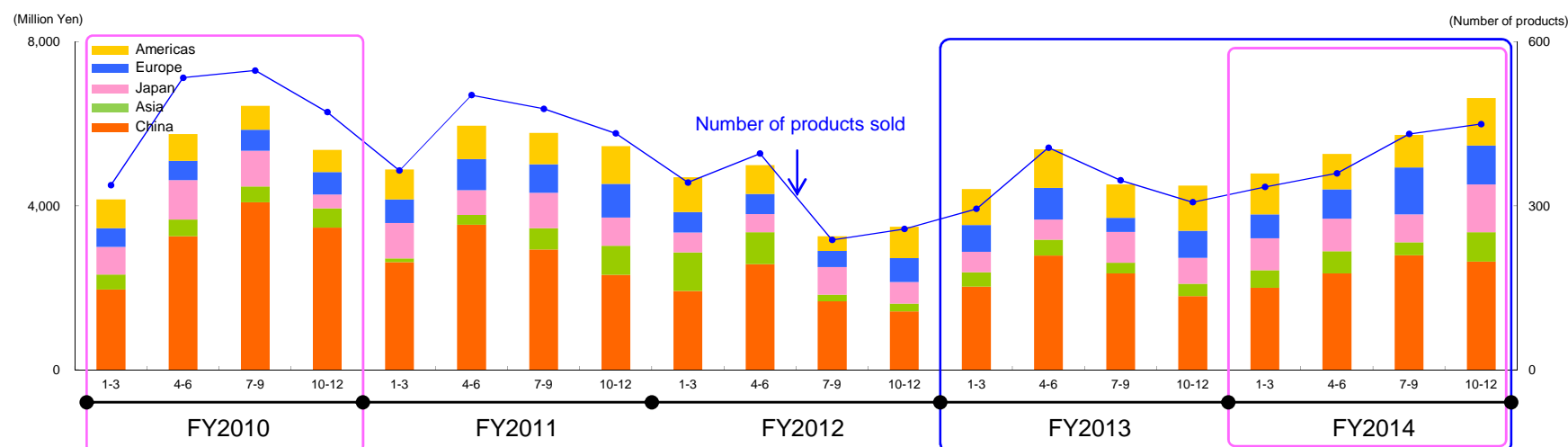
Note: The numbers for industrial sewing machines (excluding parts, etc.) are the aggregated monthly sales and do not match the figures of final settlement of account.



## (Reference 2) Performance by Segments Sales by Region (Electronic Assembly Systems Business)

- Overall net sales increased due to a rise in sales in Japan, Europe and Asia.

[Electronic Assembly Systems Business: Changes in net sales by region]

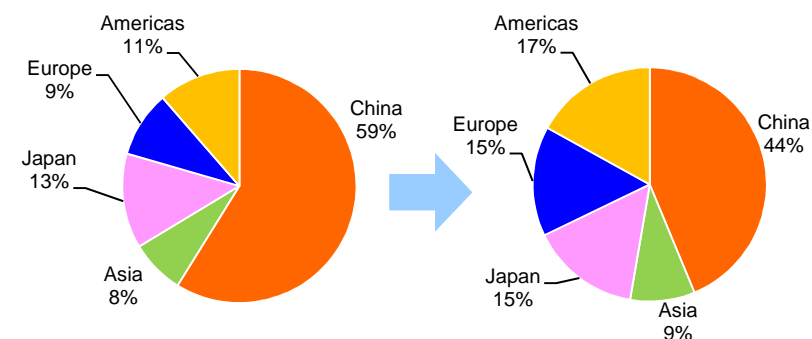


[Net sales: year-on-year comparison]

(100 Million Yen)


	Jan-Dec 2013	Jan-Dec 2014	Amount of change	% of change
China	90	98	8	8.9%
Asia	13	20	7	53.8%
Japan	24	34	10	41.7%
Europe	24	34	10	41.7%
Americas	37	38	1	2.7%
Total	188	224	36	19.2%

[Net sales composition ratio: comparison with Jan-Dec 2010]



Note: The numbers are the aggregated monthly sales and do not match the figures of final settlement of account.





# Part 2

## Medium-Term Management Plan (2015-2016)



Group-Wide  
Vision

Global “Monodzukuri” manufacturer equipped  
to survive in the 21st century

~ a company at which employees who are innovative and vigorous, combine  
their capabilities to respond to changes and form a strong business ~

### Basic Policy (1)

Constructing a business  
structure capable of  
continuously yielding  
profits

### Basic Policy (2)

Developing powerful  
personnel with the  
expertise to implement  
our strategy

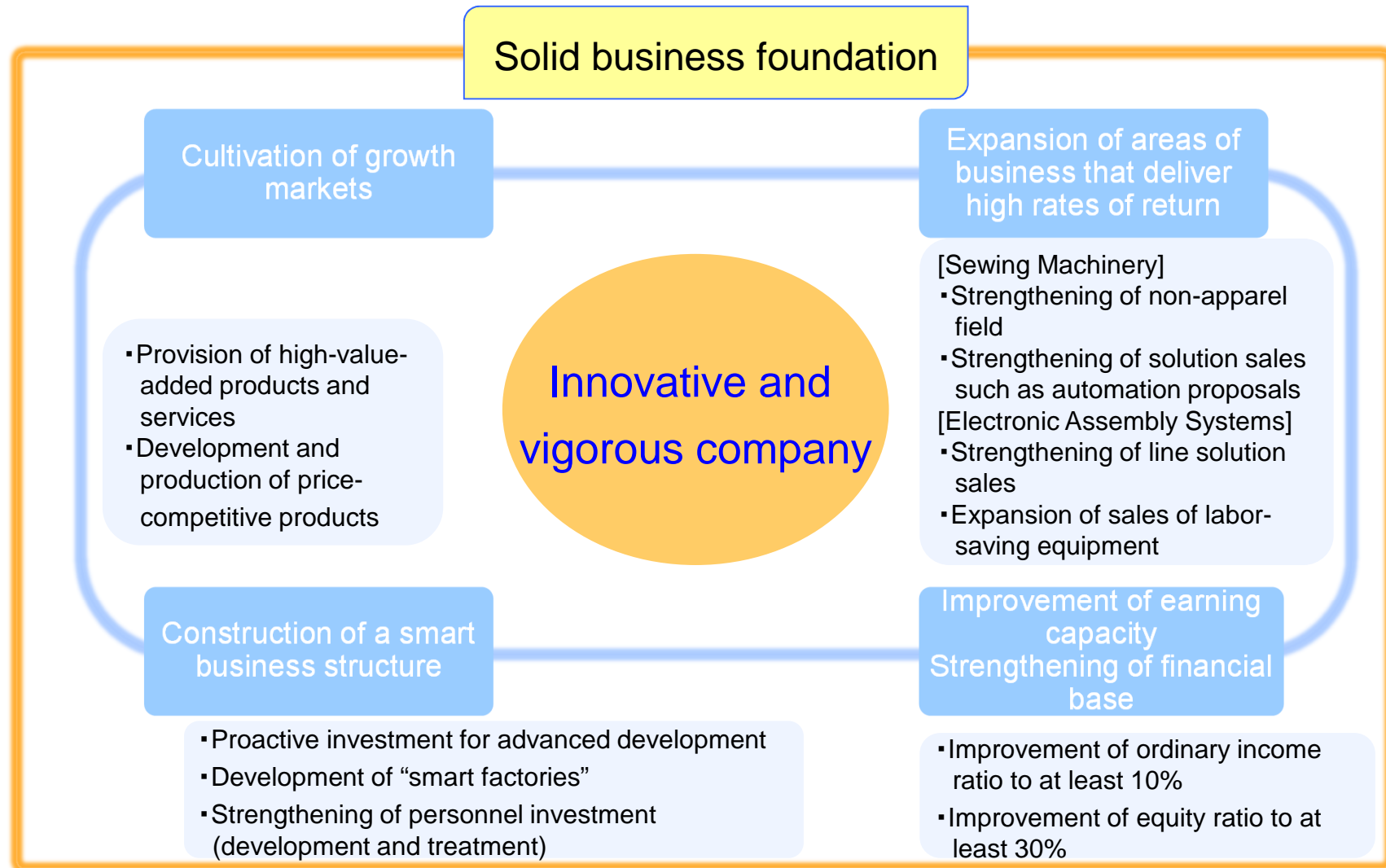
### Basic Policy (3)

Constructing a smart  
business foundation



## 2-1-2: Virtuous cycle for growth

### JUKI's Growth Cycle





## 2-1-3: Operating Environment

### Operating Environment

- In the U.S., monetary easing in a winding down phase  
⇒ Stable growth in near term
- Emerging countries maintain moderate growth

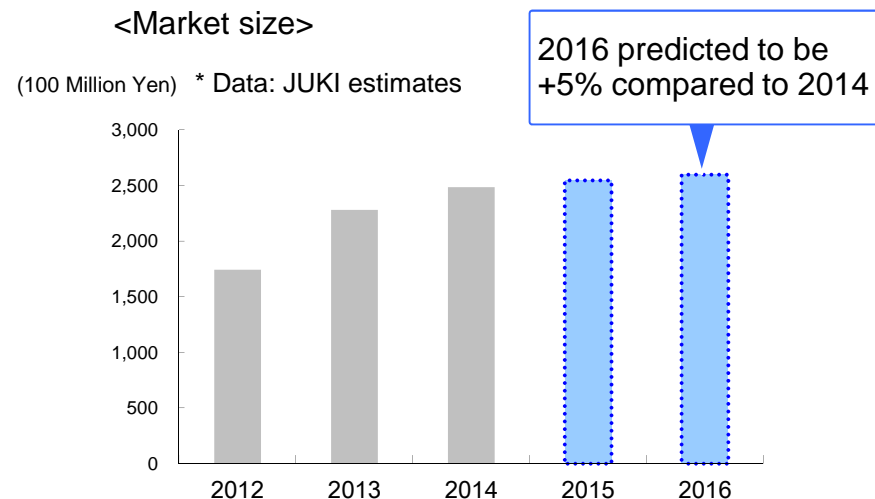
### [Uncertainties]

- In China, industrial structure reform despite economic growth slowdown
- Geopolitical risks evident particularly in Middle East
- Currency depreciation in oil-producing countries due to crude oil price fall, etc.

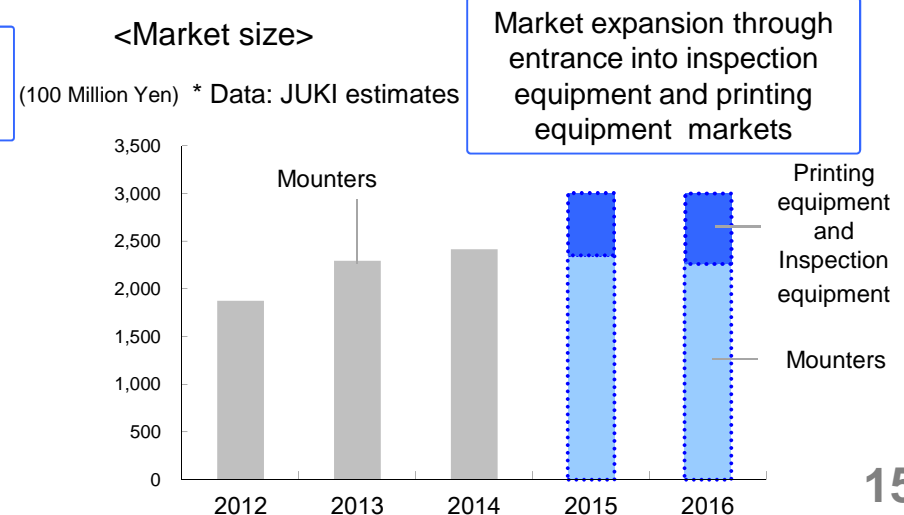
Capital investment in manufacturing sector move to “selective investment”  
⇒ proactive investment into labor-saving & manpower-saving equipment

## [Market sizes for industrial sewing machines and electronic assembly systems]

### <<Industrial sewing machines >>

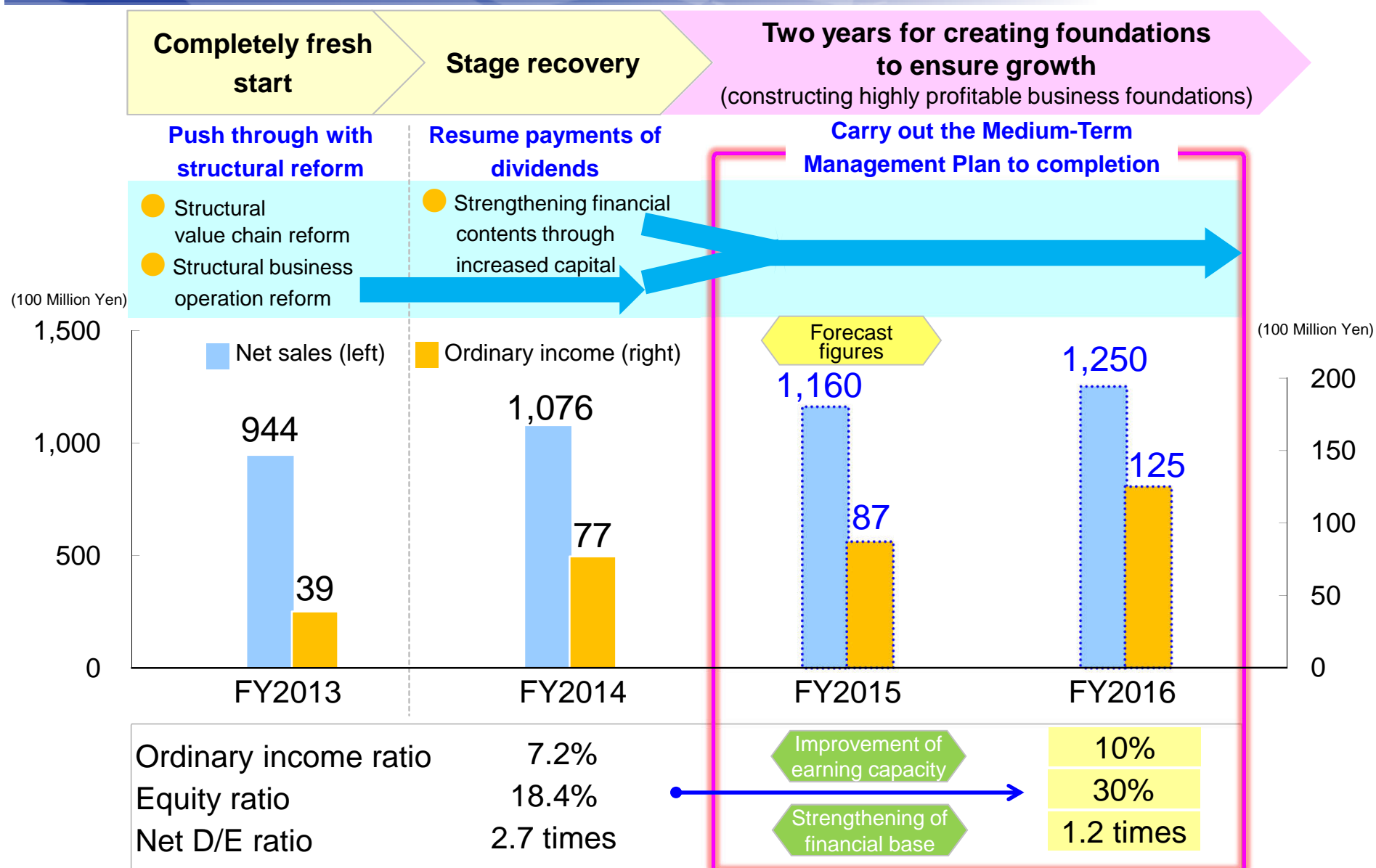


### <<Electronic assembly systems>>





## 2-2: Positioning of Medium-Term Management Plan



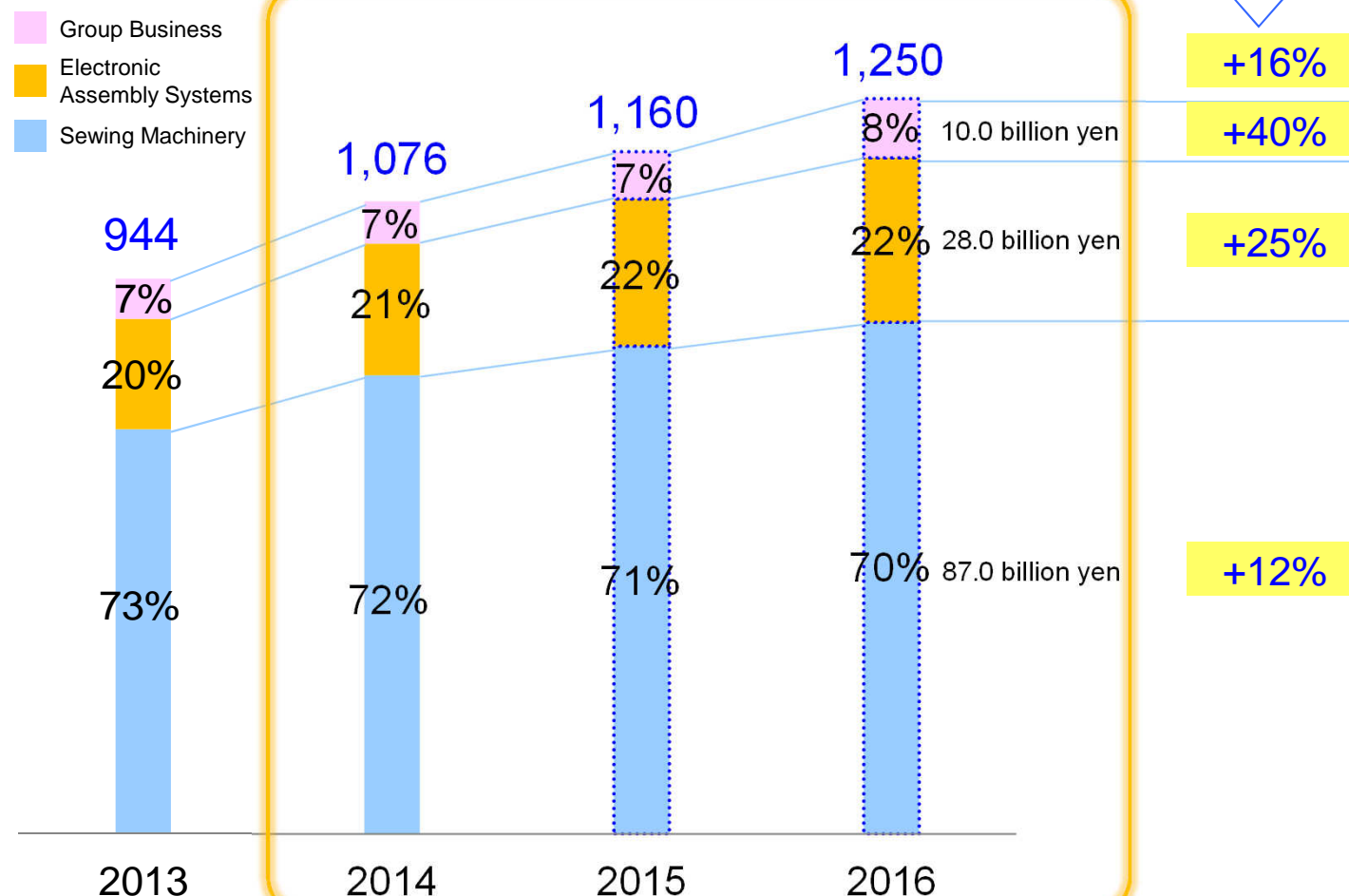
\* The exchange rate for Medium-Term Management Plan : 1 US\$ = ¥110



## 2-3-1: Business Strategy

### Cultivation of Growth Markets

[Net sales by business segment] (100 Million Yen)

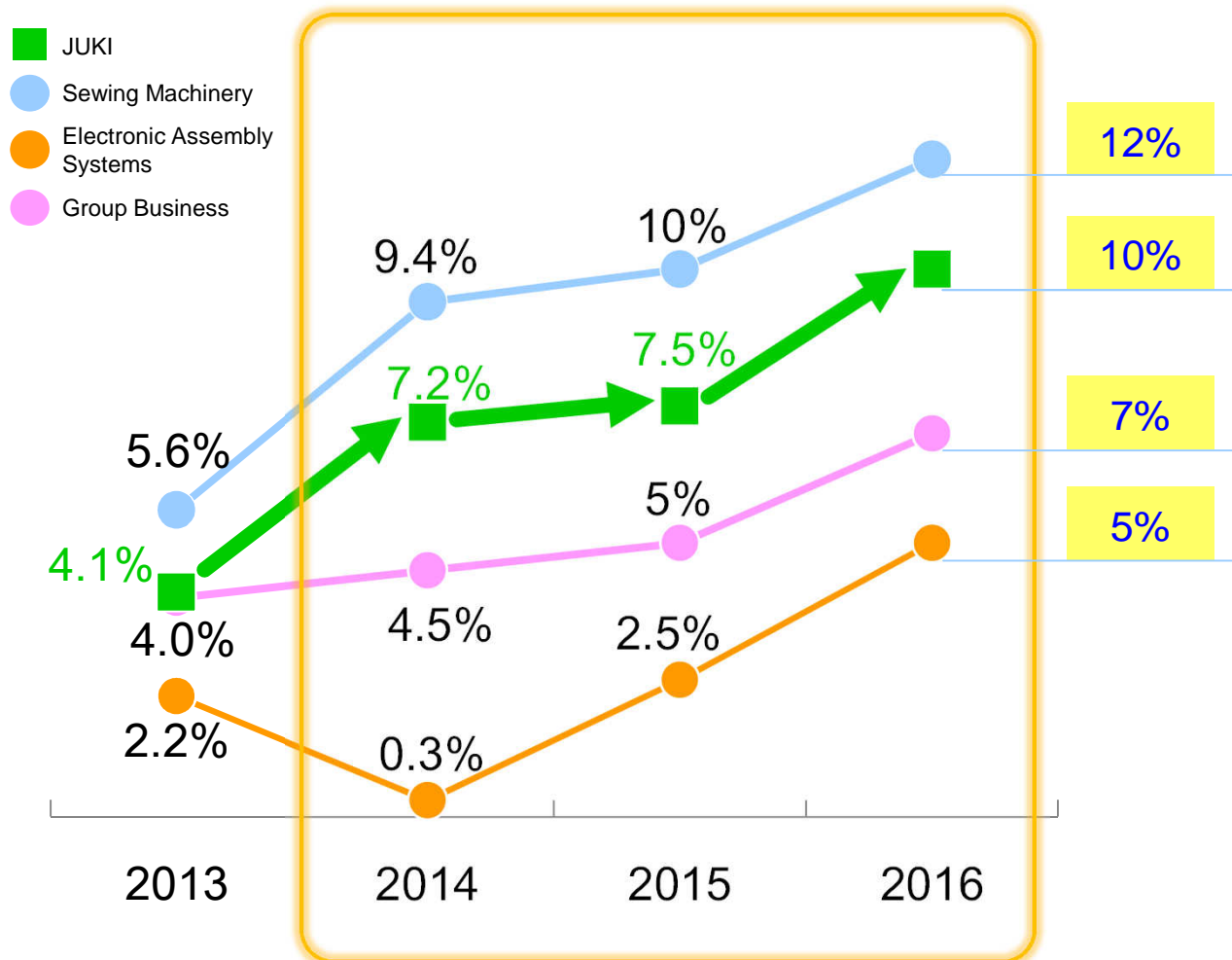




## 2-3-2: Business Strategy

### Expansion of Areas of Business that Deliver High Rates of Return

[Ordinary income ratio by business segment]





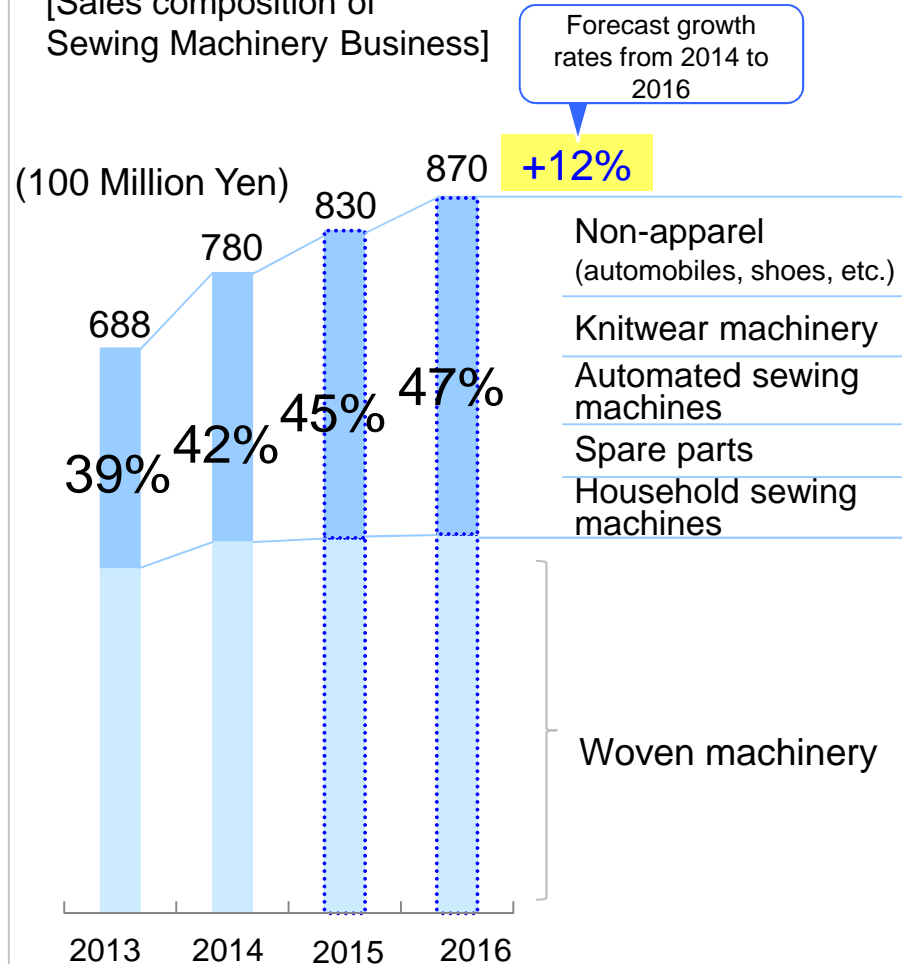
## 2-3-3-1: Sewing Machinery Business (Industrial Sewing Machines · Household Sewing Machines)



### Medium-Term Plan for Sewing Machinery Business

Expand business fields with non-apparel, knitwear machinery, automated sewing machines, spare parts and household sewing machines

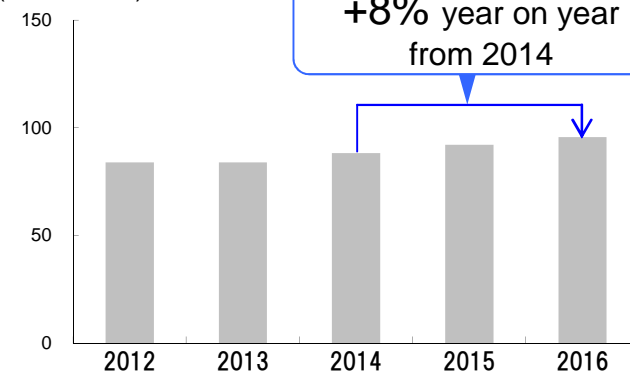
[Sales composition of  
Sewing Machinery Business]



#### [Automobile market]

\* Data: JUKI estimates

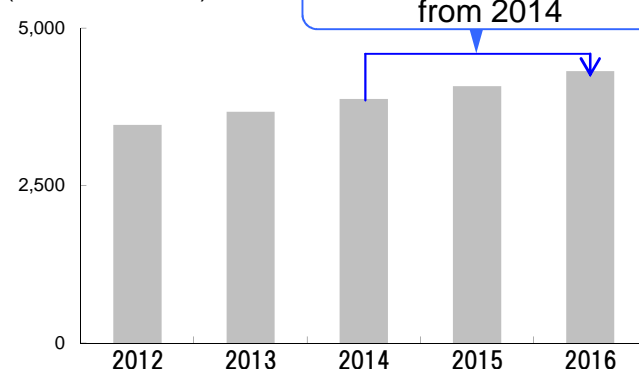
(Million Unit)



#### [Shoe market]

\* Data: JUKI estimates

(100 Million US\$)





## 2-3-3-2: Sewing Machinery Business (Industrial Sewing Machines)

### Strategy for Industrial Sewing Machine Business

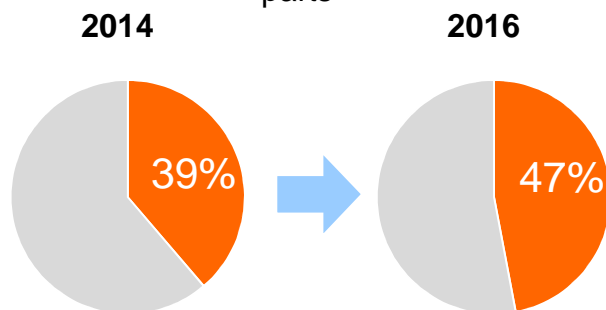
#### Strategy

Business with the top market share in all sectors and regions

~ Construct a business model of FA (Factory Automation) through the full-fledged operation of line solutions (smart sewing system sales) ~

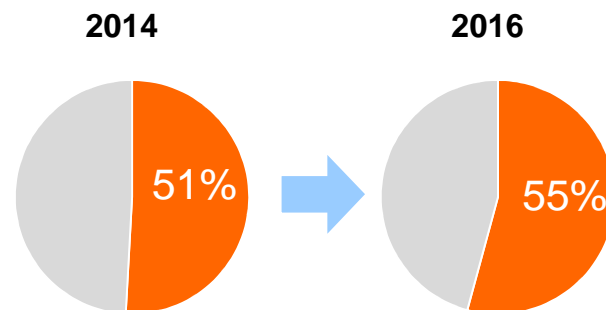
[Net sales ratio for expansion areas]

■ Expansion areas: Non-apparel, knitwear machinery, automated sewing machines, spare parts



[Net sales ratio for emerging markets]

■ Emerging markets: Southeast Asia, South Asia, Latin America, Middle East, Africa





## 2-3-3-3: Sewing Machinery Business (Household Sewing Machines)

### Strategy for Household Sewing Machine Business

Strategy

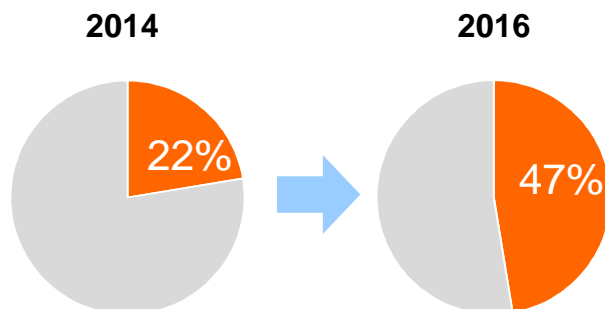
Business with strong merits despite its small size

~ Place a priority on contact with consumer markets and  
utilize our industrial sewing machine technology ~

[JUKI's share in machines  
for work purposes and for quilts (amount basis) ]

\* Data: JUKI estimates

■ Machines for work purposes and for quilts



[Tokyo International Great Quilt Festival 2015]  
(January 22 to 28, Tokyo Dome)



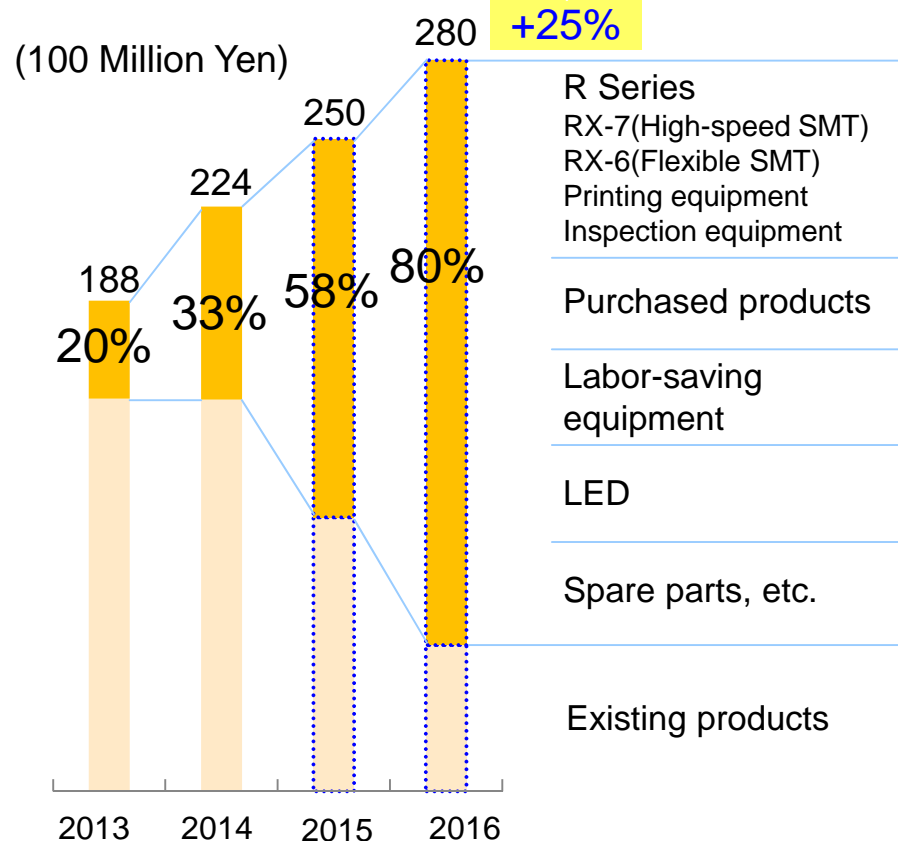


## 2-3-4-1: Electronic Assembly Systems Business

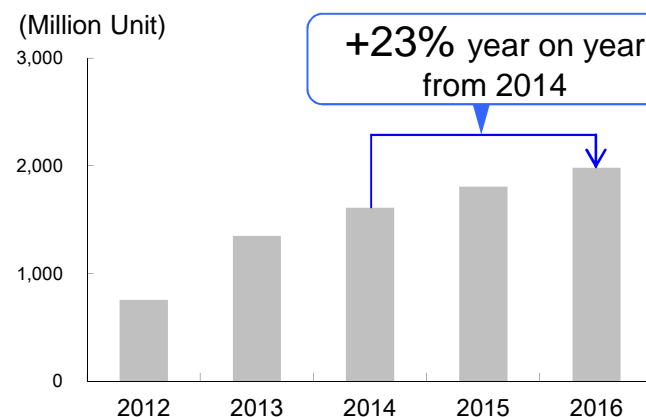
### Medium-Term Plan for Electronic Assembly Systems Business

Expand business fields with R Series (new product), purchased products, labor-saving equipment and others.

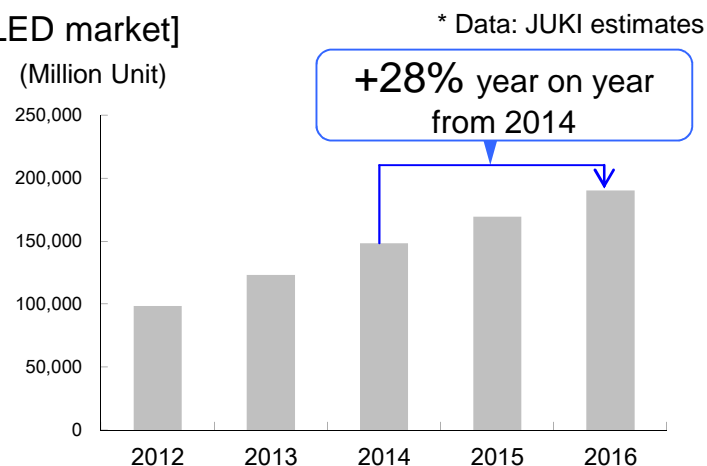
[Sales composition of Electronic Assembly Systems Business]



[Smartphone · tablet market]\* Data: JUKI estimates



[LED market]





## 2-3-4-2: Electronic Assembly Systems Business

### Strategy for Electronic Assembly Systems Business

Strategy

Business incorporating the remarkable strength of our operational capability in line solutions

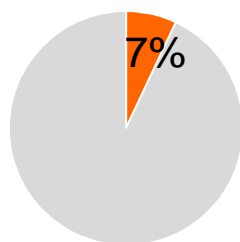
~ Construct business model of offering solutions based on thorough understanding of customer needs ~

Line solutions total 51%  
(R Series + Purchased products)

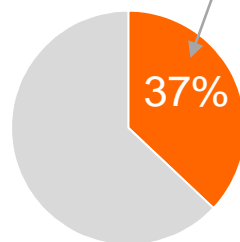
[Net sales ratio for R Series]

■ R Series: RX-7 (High-speed SMT), RX-6 (Flexible SMT), Printing equipment, Inspection equipment

2014



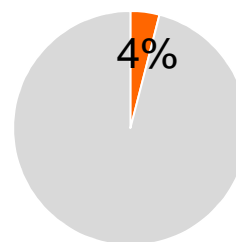
2016



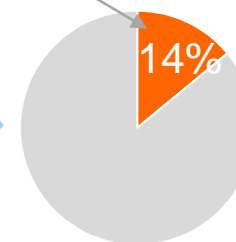
[Net sales ratio for purchased products]

■ Purchased products: Purchased products from other companies

2014



2016



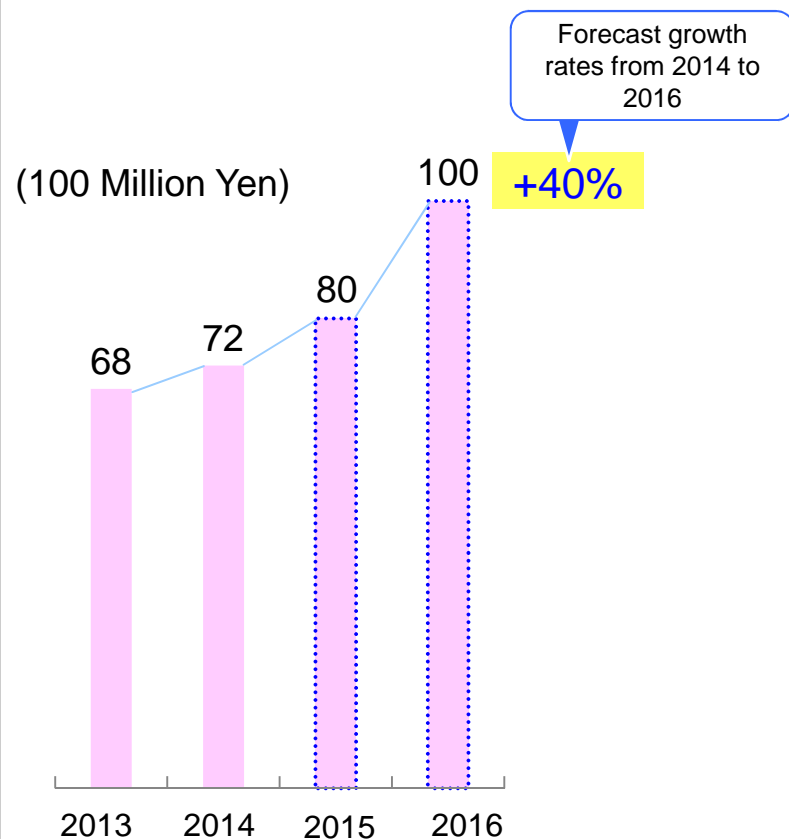


## 2-3-5: Group Business

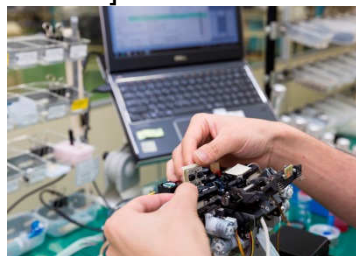
### Medium-Term Plan for Group Business

#### Strategy

Group of “Monodzukuri” manufacturers that is strong in precision processing and assembly utilizing cooperation among group companies centered on JUKI Denshi Kogyo Corporation



[Design-assembly of control boards]



[Lost-wax (precision casting)]



[Precision processing]



[Presses, etc.]





This material contains forward-looking statements concerning future plans, strategies and assumptions in light of the economic, financial and other data currently available. Furthermore, they are subject to a number of risks and uncertainties. JUKI therefore wishes to caution readers that actual results may differ materially from those projected in such forward-looking statements.

## JUKI CORPORATION

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