

(Explanatory Meeting)

# Results Briefing for the Fiscal Year Ended December 31, 2019 (FY2019)

February 14, 2020

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*Mind & Technology*



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# Part 1

# Performance of FY2019

# 1-1 Performance Trends and Dividends for FY2019 (Jan to Dec2019)

Net sales decreased by 11.5% year-on-year due mostly to remarkable decreases in sales in China and Europe. Decline in customer's capital investment demand amidst the China-U.S. trade friction. JUKI, meanwhile, promoted solution business operations and found/developed new middle-market customers, mainly in Asia.

Operating profit decreased by 58.0% and ordinary income decreased by 64.9% year-on-year due to lower sales and a lower factory operating ratio, in addition to bearing of higher operational expenses in the solution business while cost reductions were achieved.

(Unit: Million yen)

[For Reference]

(Unit: Million yen)

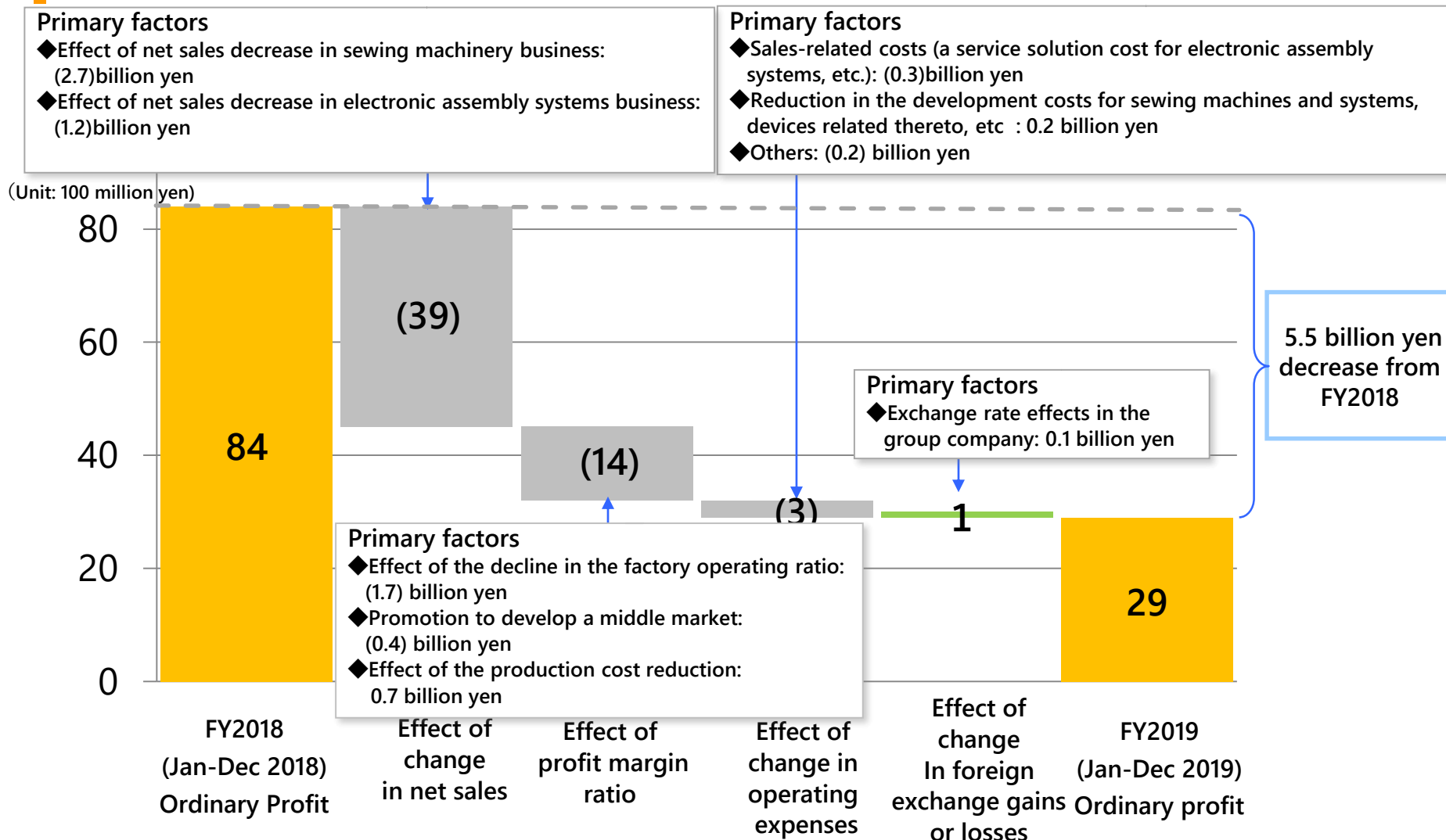
	FY2017	FY2018 <A>	FY2019 <B>	Year-on-year change <B-A> (%)	FY2019 Half-year Results	
	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2019		First half Jan-Jun 2019	Second half Jul-Dec 2019
Net sales	103,659	112,064	99,169	(12,895) (11.5)%	51,885	47,284
Operating profit	8,156 [7.9%]	9,148 [8.2%]	3,838 [3.9%]	(5,309) (58.0)%	2,595 [5.0%]	1,243 [2.6%]
Ordinary profit	7,839 [7.6%]	8,385 [7.5%]	2,941 [3.0%]	(5,444) (64.9)%	2,107 [4.1%]	834 [1.8%]
Profit	5,642 [5.4%]	6,640 [5.9%]	1,763 [1.8%]	(4,877) (73.4)%	1,436 [2.8%]	327 [0.7%]
Dividend per share (after share consolidation)	(Ordinary¥25 + Commemorative¥10) ¥35	Ordinary ¥30	Ordinary ¥25	Ordinary ¥(5)	—	—
Exchange rate	1 US\$ 1 EURO	¥112 ¥127	¥111 ¥130	¥109 ¥123 ¥(2) ¥(7)	¥110 ¥124	¥108 ¥121

Notes: 1. The exchange rate is the average rate during the term that influenced operating profit.

2. Figures in brackets [ ] are ratios of profit to net sales. 3. Figures in parentheses ( ) are negative values.

# 1-2 Factors Leading to an Increase/Decrease in Ordinary Profit

Ordinary profit decreased by 64.9% year-on-year due to lower sales and decline in factory operating ratio, in addition to bearing of higher operational expenses in the solution business, while cost reductions were achieved.



Note : Figures in parentheses( )are negative values.

# 1-3 Major Financial Indices Trends

- Total assets decreased by 4.4 billion yen year-on-year due to a decrease in trade receivables and inventories. The equity ratio was 32.3%.
- Interest-bearing debt after deduction of cash and deposits(equivalents) was 47.9 billion yen, up by 2.8 billion yen year-on-year, due to a decrease in trade payables

(Unit: Million yen)

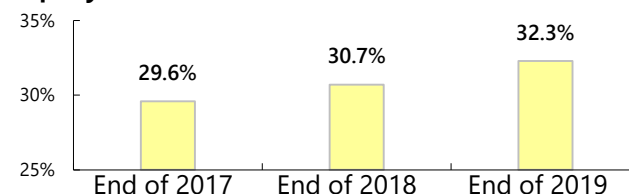
	As of December 31,2018 (FY2018) 〈A〉	As of December 31,2019 (FY2019) 〈B〉	Change 〈B-A〉
<b>Total assets</b>	119,121	114,715	(4,405)
<b>Net assets</b> [Foreign currency translation adjustment]	37,241 [(2,973)]	37,752 [(3,437)]	510 [(464)]
<b>Net assets ratio</b>	31.2%	32.9%	1.7%
<b>Equity ratio</b>	30.7%	32.3%	1.6%
<b>Trade receivables</b> [Turnover period]	33,465 [3.6 months]	30,461 [3.7 months]	(3,004) [0.1 months]
<b>Inventories</b> [Turnover period]	43,516 [4.7 months]	41,461 [5.0 months]	(2,055) [0.3 months]
<b>Trade payables</b> [Turnover period]	16,285 [1.7 months]	9,998 [1.2 months]	(6,287) [(0.5 months)]
<b>Interest-bearing debt</b>	52,379	53,878	1,498*
<b>Cash and deposits</b>	7,324	5,987	(1,337)

Exchange rate (period-end)	1USD	111 yen	110 yen	(1) yen
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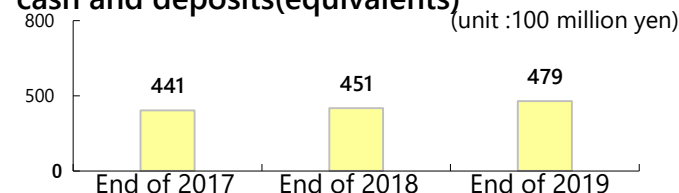
\* The figure 1,498 includes an increase in the lease liability (878) due to an accounting change.

Note : Figures in parentheses( ) are negative values.

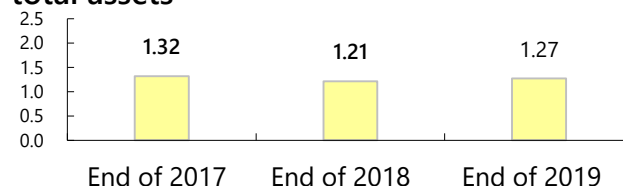
Equity ratio



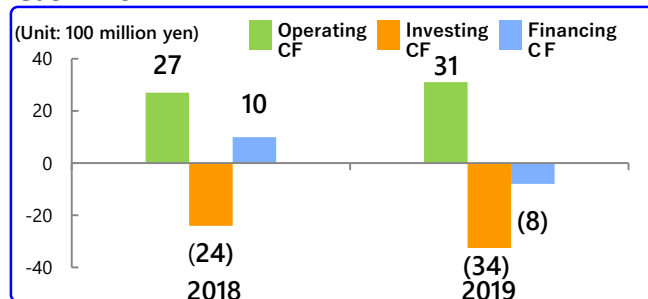
Interest-bearing debt after deduction of cash and deposits(equivalents)



Net debt-to-equity ratio(Interest-bearing debt after deduction of cash and deposits(equivalent) / total assets)



Cash Flow



# 1-4-1 Performance by Business Segment: Change in Net Sales

Net sales of Sewing Machinery & Systems Business decreased by 12.7% year-on-year due mostly to decreases in sales in China and Europe, while sales of non-apparel sewing machines held steady in Asia.

Net sales of Industrial Equipment & Systems Business decreased by 9.2% year-on-year due mostly to decreased sales in China, while sales of electronic assembly systems held steady in the U.S. and sales of automated warehouse, inspection machines, and manpower-saving devices increased through the proposal of a smart factory solution.

(Unit: Million yen)

[For reference]

	FY2018 <A>	FY2019 <B>	Year-on-year change <B-A> (%)	FY2019 Half-year results	
	Jan-Dec 2018	Jan-Dec 2019		First half	Second half
				Jan-Jun 2019	Jul-Dec 2019
Sewing Machinery & Systems	73,615	64,260	(9,355) (12.7)%	34,109	30,151
Industry Equipment & Systems	38,182	34,671	(3,511) (9.2)%	17,654	17,017
Others	266	237	(29) (10.9)%	121	116
Total	112,064	99,169	(12,895) (11.5)%	51,885	47,284
Group Business	11,103	10,804	(299) (2.7)%	5,625	5,179

Note : Figures in parentheses( ) are negative values.



## 1-4-2 Performance by Business Segment: Change in Ordinary Profit

Ordinary profit for Sewing Machinery & Systems decreased by 48.3% year-on-year due to a decrease in sales and a decline in the factory operating ratio.

Ordinary profit for Industrial Equipment & Systems decreased by 55.4% year-on-year due to a decrease in sales, a decline in the factory operating ratio, and an increase in operation expenses in the solutions business.

(Unit: Million yen) [For reference]

	FY2018 <A>	FY2019 <B>	Year-on-year change <B-A> (%)	FY2019 Half-year results	
	Jan-Dec 2018	Jan-Dec 2019		First half	Second half
				Jan-Jun 2019	Jul-Dec 2019
Sewing Machinery & Systems	5,186 [7.0%]	2,680 [4.2%]	(2,506) (48.3)%	1,811 [5.3%]	869 [2.9%]
Industrial Equipment & Systems	4,156 [10.9%]	1,853 [5.3%]	(2,303) (55.4)%	1,177 [6.7%]	676 [4.0%]
Others	64 [24.1%]	86 [36.3%]	21 32.8%	40 [33.1%]	46 [39.7%]
Adjustment	(1,020)	(1,678)	(658)	(922)	(756)
Total	8,385 [7.5%]	2,941 [3.0%]	(5,444) (64.9)%	2,107 [4.1%]	834 [1.8%]

Notes: 1. Figures in brackets [ ] are a ratio of ordinary profit to net sales.

2. Figures in parentheses( ) are negative values.

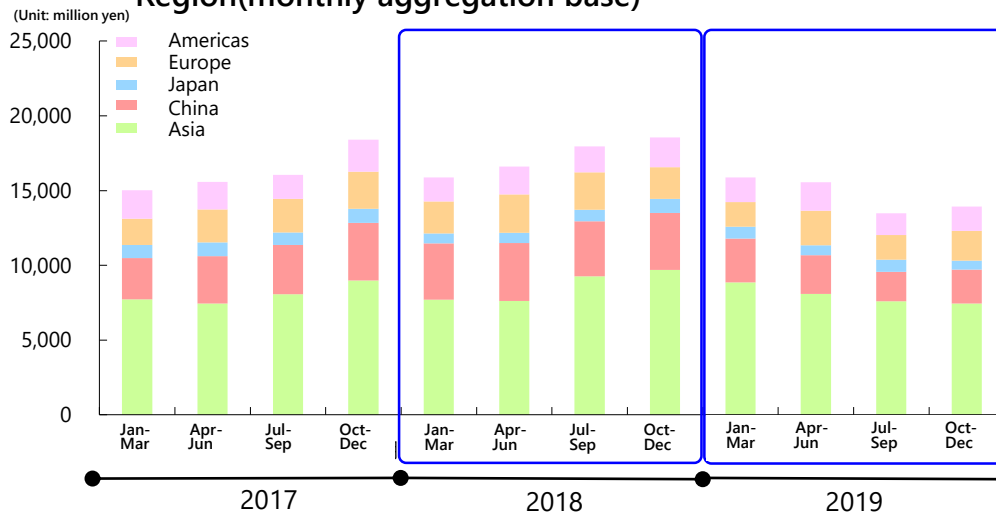


# (Reference Info#1)

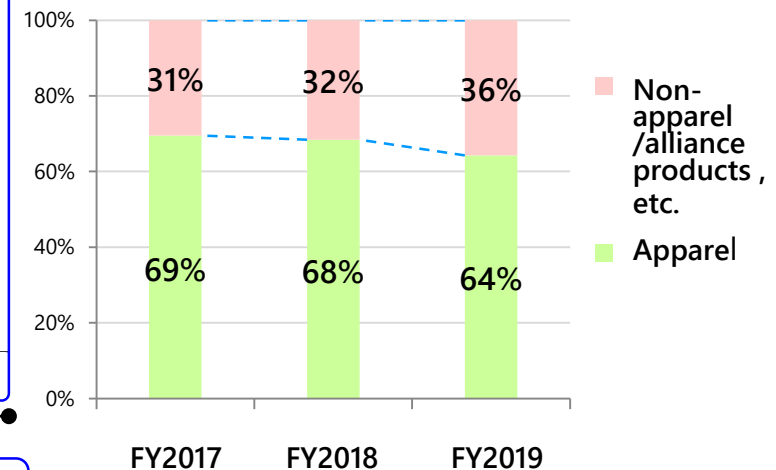
## Performance Business by Segment : Sewing Machinery & Systems Business

- In China, net sales decreased by 35% due to a decline in capital investment demand.
- In Asia, net sales decreased by 7% despite continuous steady sales of non-apparel sewing machines.
- In Europe and the U.S., net sales decreased due to a decline in car-related demand.

Changes in Net Sales of Industrial Sewing Machines by Region(monthly aggregation base)



Changes in Net Sales of Apparel/Non-Apparel Products(excluding Household Swing Machines)



Net sales: Year-on-year comparison (Unit: 100 million yen)

	Jan-Dec 2018	Jan-Dec 2019	Amount of Change	(% of change)
China	151	98	(53)	(35)%
Asia	343	320	(23)	(7)%
China+Asia	494	418	(77)	(15)%
Japan	31	29	(2)	
Europe	93	76	(17)	(19)%
Americas	72	66	(6)	(7)%
Total	690	589	(101)	(15)%

Note: Figures in parentheses( ) are negative values.

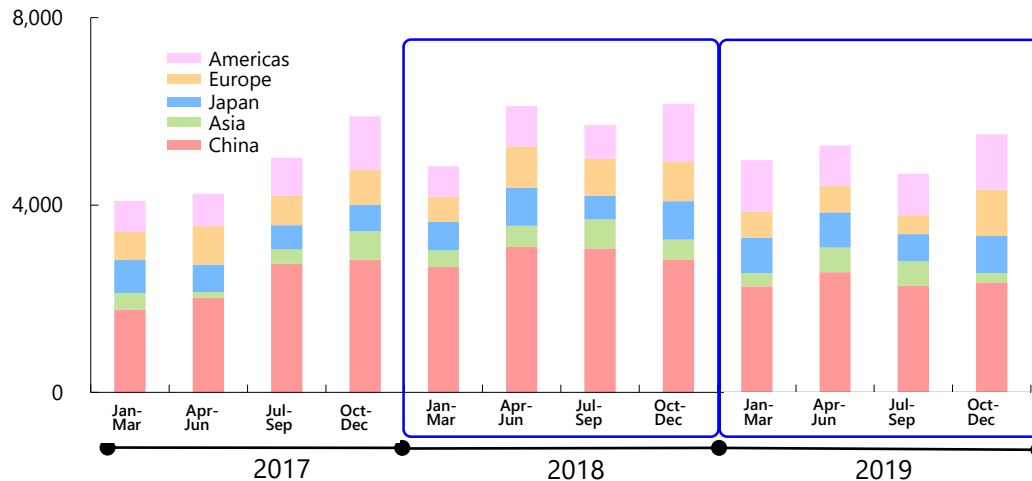
# Performance by Business Segment : Industrial Equipment & Systems Business

While the sales performance in the U.S. held steady, net sales of electronic assembly systems in China decreased by 19%.

Net sales of the Group Business handling contracted processing decreased by 3%, and net sales of the parts business decreased by 3%, year-on-year.

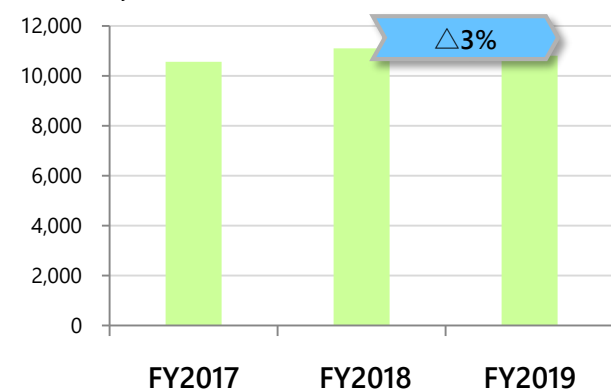
## 1. Changes in Net Sales of Electronic Assembly Systems by Region (including parts/services) (monthly aggregation base)

(Unit: million yen)



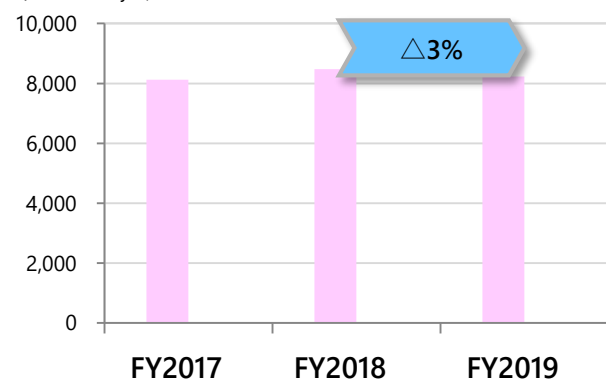
## 2. Group Business : Changes in Net Sales

(Unit: million yen)



## 3. Parts Business : Changes in Net Sales

(Unit: million yen)



## Net Sales: Year-on-year Comparison (Unit: 100 million yen)

	Jan-Dec 2018	Jan-Dec 2019	Amount of change	(% of change)
China	117	95	(22)	(19)%
Asia	19	15	(4)	
China+Asia	135	110	(25)	(19)%
Japan	27	29	2	
Europe	30	25	(5)	
Americas	35	40	5	+16%
Total	228	204	(24)	(11)%

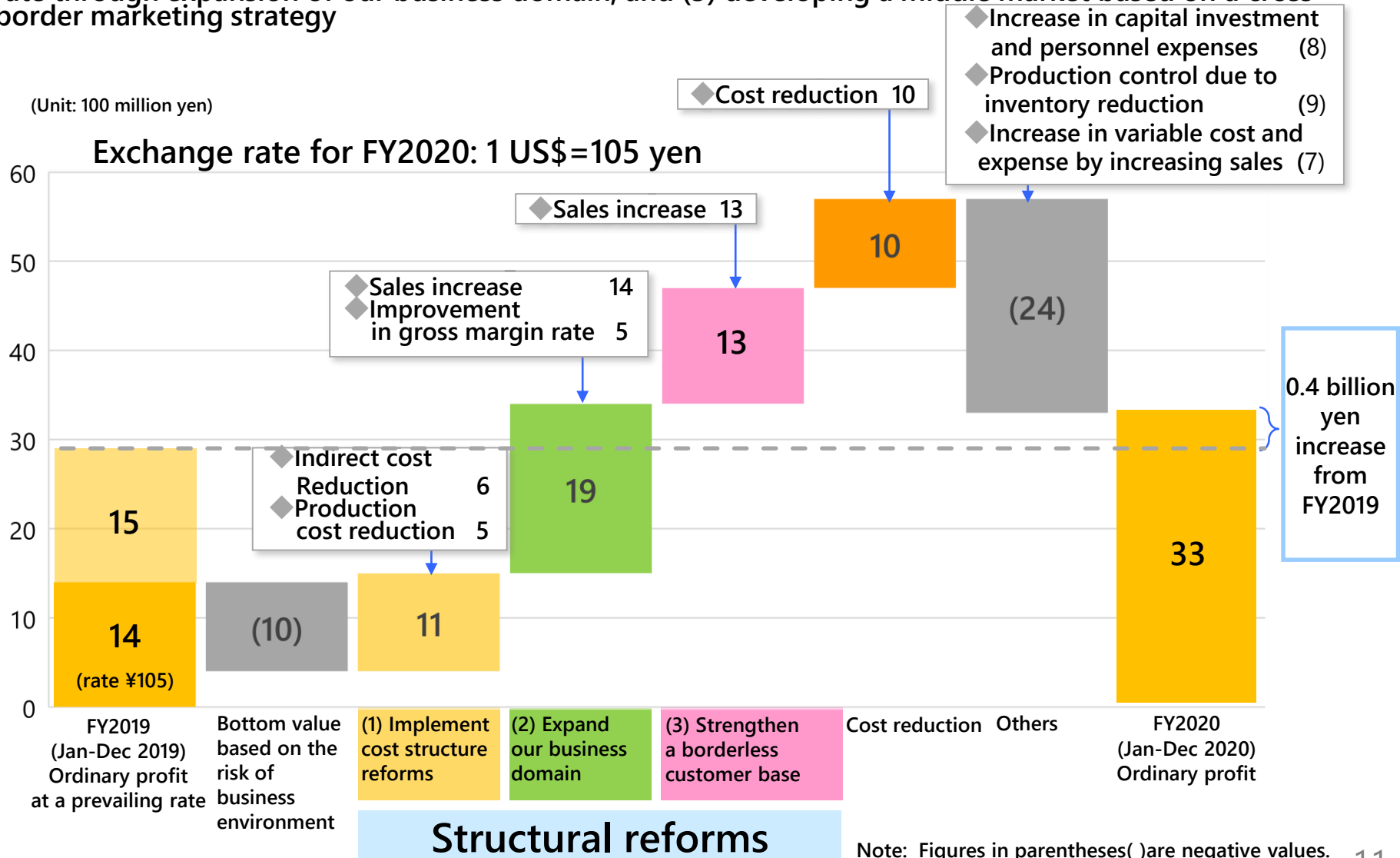
Note: Figures in parentheses ( ) are negative values.

# 1-5-1 Performance Forecasts for Full-year FY2020

	(Unit: 100 million yen)	
	FY2020 Full year (Jan-Dec)	FY2019 Full year (Jan-Dec)
	Forecasts	Results
Net sales	1,060	992
(Sewing Machinery & Systems)	(677)	(643)
(Industrial Equipment & Systems)	(404)	(347)
Operating profit	41	38
Ordinary profit	33	29
Profit	23	18
Dividend per share	Full-year: ¥25	Full-year: ¥25
Exchange rate 1US\$	¥105	¥109

# Performance Forecast for Full-year FY2020 : Anticipated Factors Leading to an Increase/Decrease in Ordinary Profit

Ordinary profit will increase by 400 million yen year-on-year by (1) reducing indirect and production costs through implementation of cost structure reforms, (2) increasing sales and improving the gross margin rate through expansion of our business domain, and (3) developing a middle market based on a cross-border marketing strategy



## Part 2

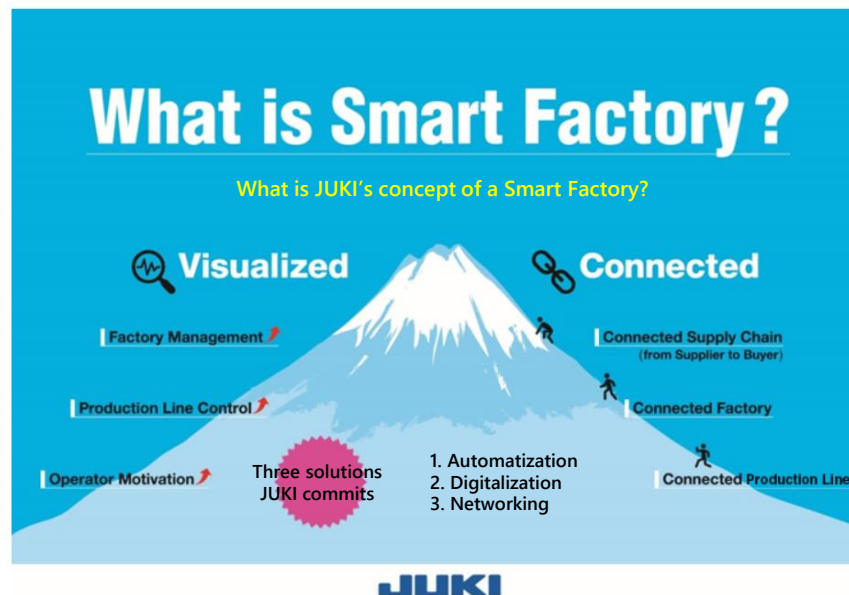
# Measures for Achieving the Medium-Term Management Plan (MTMP)(2020-222) and Key Initiatives for FY2020

To start a Phase II of the Medium-Term Management Plan centered on structural reforms,  
⇒ We will “respond to changes in the business environment” and “continue tackling the challenges left unfinished in Phase I\*” after clarifying our 2022 vision (3-year goal) to build a platform for future growth.

\* Phase I: Medium-Term Management Plan (2017-2019), Phase II: Medium-Term Management Plan for 2020-2022

### Our vision for Phase II (2022)

“To be a Monodzukuri (manufacturing)/Kotodzukuri (value-creation) company capable of improving the corporate value of both JUKI and its customers by supplying JUKI’s excellent and innovative products and services,” with the subtheme, “Building a win-win partnership towards creating smart factories.”



## 2-1-2 Measures for Achieving the MTMP : Recognition of Business Climate

### Economy

- Stagnation of world economic growth
  - ⇒ We experience a downturn in general investment demand due to the prolonged U.S.-China trade friction, Brexit, and the worsening situation in the Middle East.
  - ⇒ Customers rapidly relocate their production bases due to increasingly severe labor shortages, rising wages and etc.
- Intensification of competition
  - ⇒ Industrial sewing machines: Competition in the middle market is intensified by the rise of Chinese manufacturers.
  - ⇒ Electronic assembly systems: Competition is intensified by expanded competition with rivals and market entries from different types of business.
- Acceleration of technological innovations
  - ⇒ AI/IoT/5G and other forefront technologies are rapidly being adopted in companies and people's daily lives.\* (\* DX: Digital Transformation)

### Social Request

- Our efforts to achieve a sustainable society (based on SDG management)
  - ⇒ Respond to global environmental problems.
  - ⇒ Work on promoting various workstyles and productivity improvements.
  - ⇒ Strengthen our compliance system and corporate governance structure.

A significant "turn of the tide" is expected to reshape our world over the coming years. JUKI will dedicate the year 2020 to actions to respond to the many changes taking place in our new era.



## 2-1-3 Measures for Achieving the MTMP: Implement Five Transformations

5X\* is a new growth engine for JUKI. (\* X: Transformation)  
Through these transformations, we will create a “profitable business model” and build our future customer base.

Five transformations:

- (1) “Borderless X” – Developing growing markets and customers through a cross-border marketing strategy
- (2) “Business Model X” – Expanding business domains that contribute to increasing profitability,
- (3) “R&D Model X” – Expanding technological innovation domains,
- (4) “Workstyle X” – Establishing production systems and administration (back-office) operations centering on the 5S’s of management\*

\* 5S’s of JUKI’s management: Simple, Slim, Speedy, Seamless, and Smart

- (5) “Sustainable Development Goals (SDGs) Management X” – Achieving ‘sustainable’ management.

## 2-1-4 Measures for Achieving the MTMP : Implement Structural Reforms

We prioritize our efforts in structural reform to achieve a plan focused on the "five transformations."

### (1) Implement cost structure reforms

- Streamline administration and back-office operations
- Rebuild the SCM system
- Implement reforms to realize smart factories

Improvement in current earnings

### (2) Maximize added value by expanding our business domain

- Industrial sewing machines: Strengthen sales capabilities in highly profitable business and increase the sales of new products
- Electronics assembly systems: Increase sales in non-mounter/non-SMT fields
- Group Business: Strengthen the engineering services business
- Customer Service: Expand a service-related business

Build a profitable revenue base

### (3) Strengthen borderless customer base by means of rendering borderless sales and marketing

- Strengthen the development of a middle market
- Rebuild our sales network in priority markets
- Sales operations combined with head office and sales companies

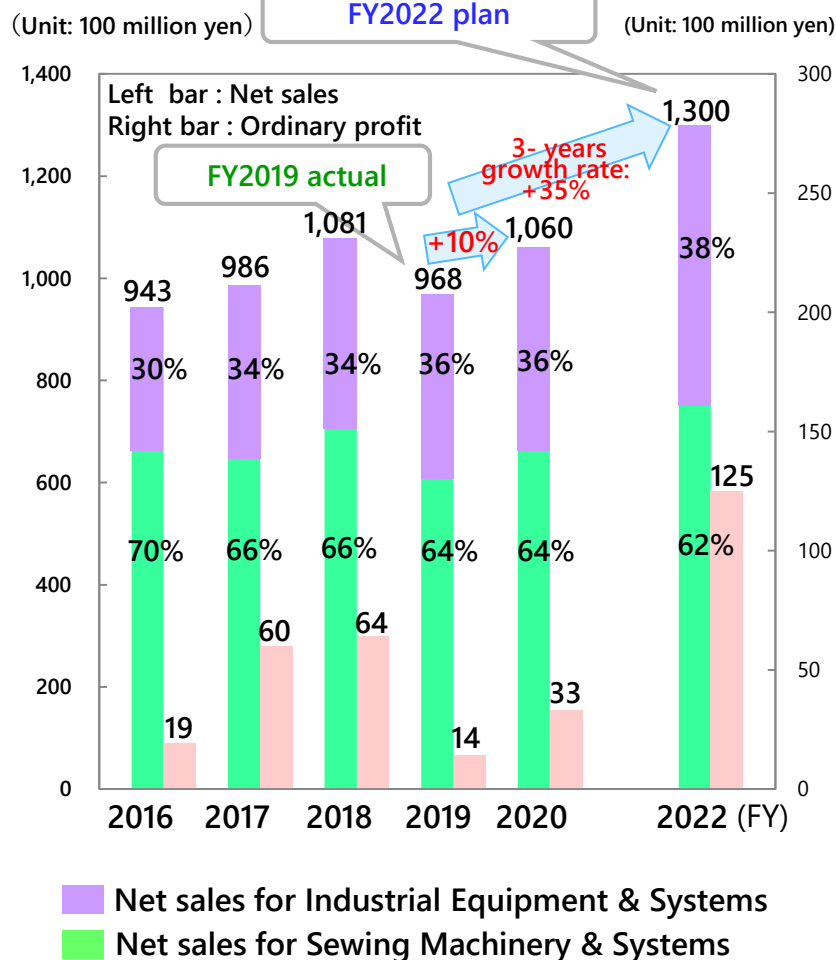
Build a future customer base

Build business foundations to achieve sustainable growth!

# 2-1-5 Measures for Achieving the MTMP

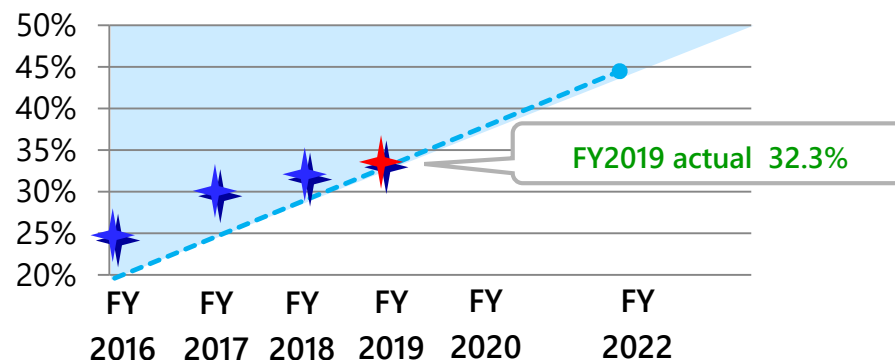
## Net Sales/Ordinary profit (Target: annual growth rate of 10%)

FY2020 forecast : 106 billion yen

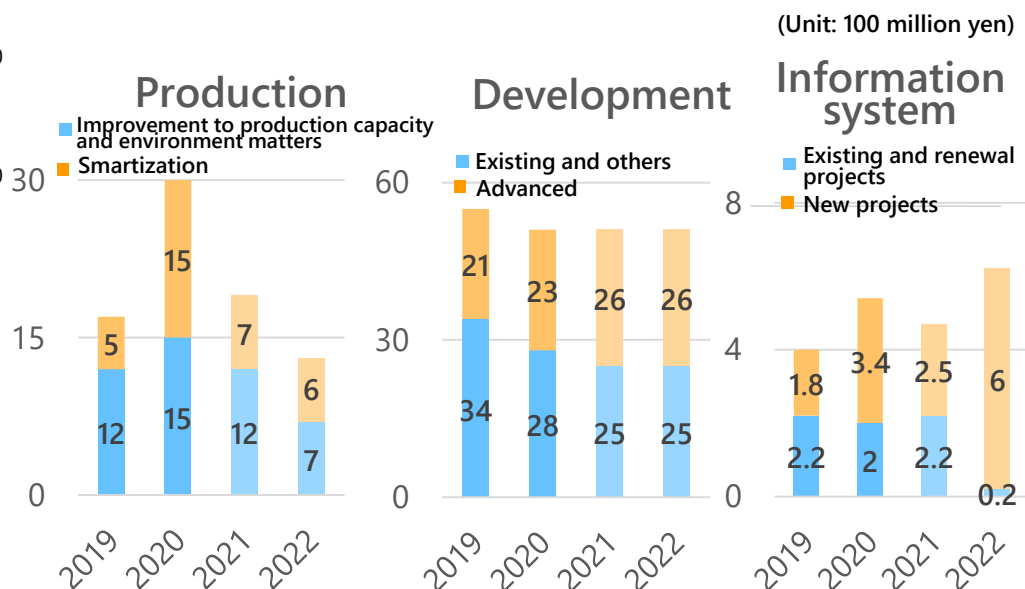


## Equity Ratio

(Target: 44% or higher at a prevailing rate at the end of FY2022)



## Investment Plan

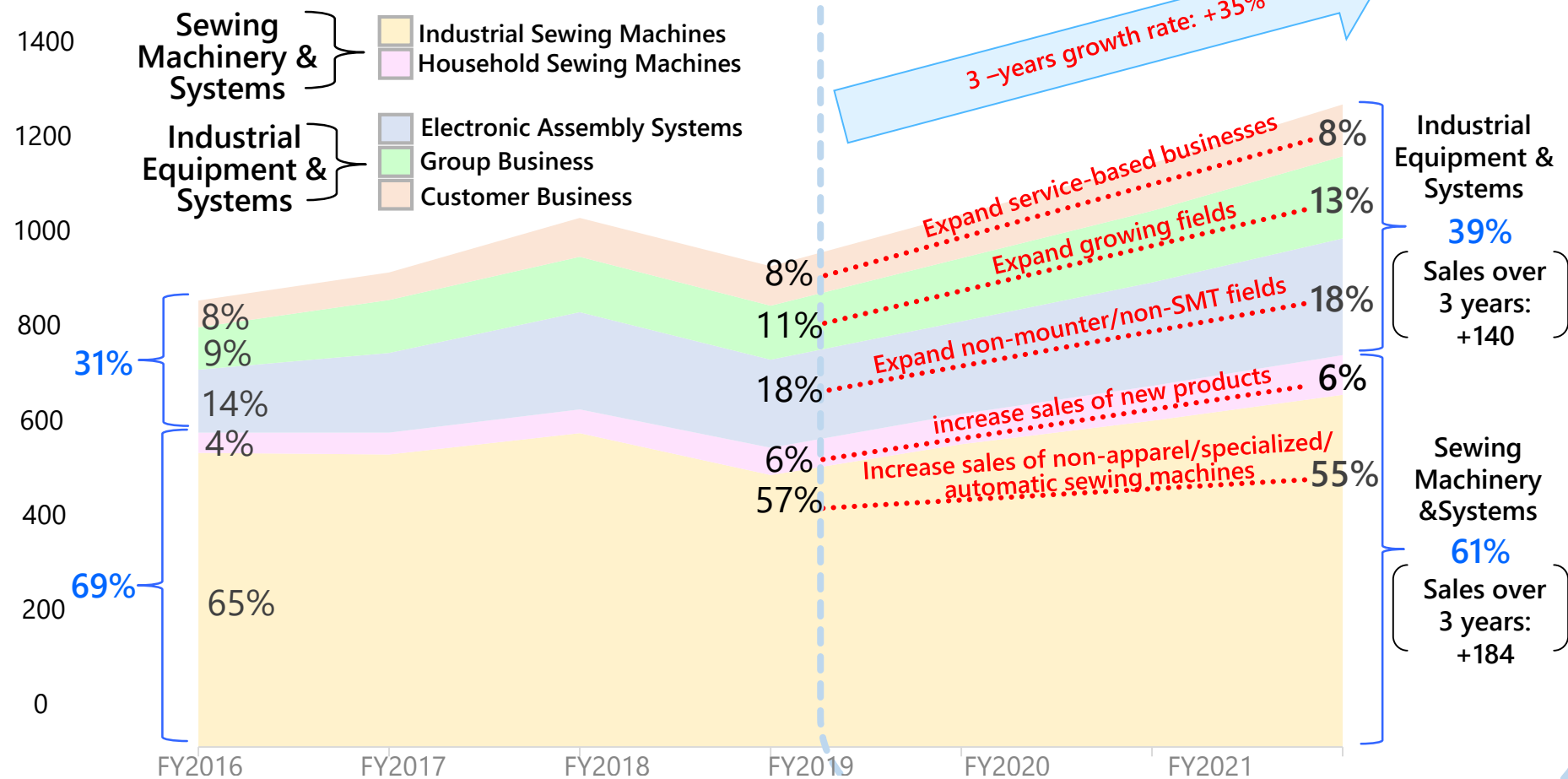


Note: Values in the graph for both actual and plan are based on foreign exchange rate : 1US\$=¥105.

## 2-1-6 Measures for Achieving the MTMP : Initiative for Expanding Our Business Domain

We will expand our business domain and devote our management resources to growing fields and differentiated fields in each business domain.

(Unit: 100 million yen)

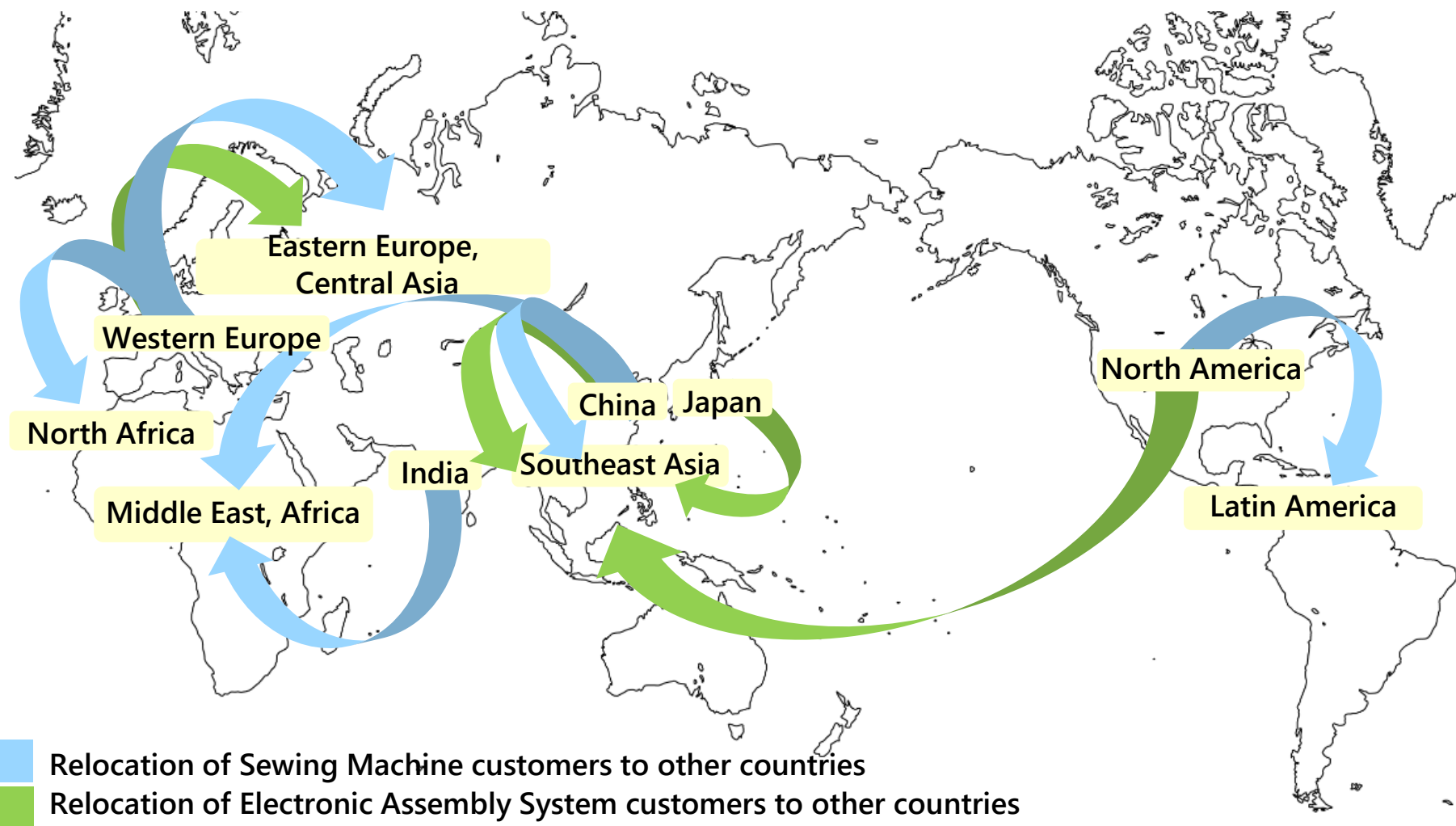


Notes: 1. Before inter-company eliminations

2. Values in the graph for both actual and plan are based on internal projected foreign exchange rate

## 2-1-7 Measures for Achieving the MTMP: Implement a Cross-border Marketing Strategy

In order to respond to customers' relocation of production facilities and businesses, promote "borderless sales", making and support activities as JUKI Group(One team)



# 2-2-1-1 Sewing Machinery & Systems Business (Industrial Sewing Machines)

## Vision

Contribute our energy towards enabling customers to innovate themselves and their businesses by offering JUKI Smart Solutions.

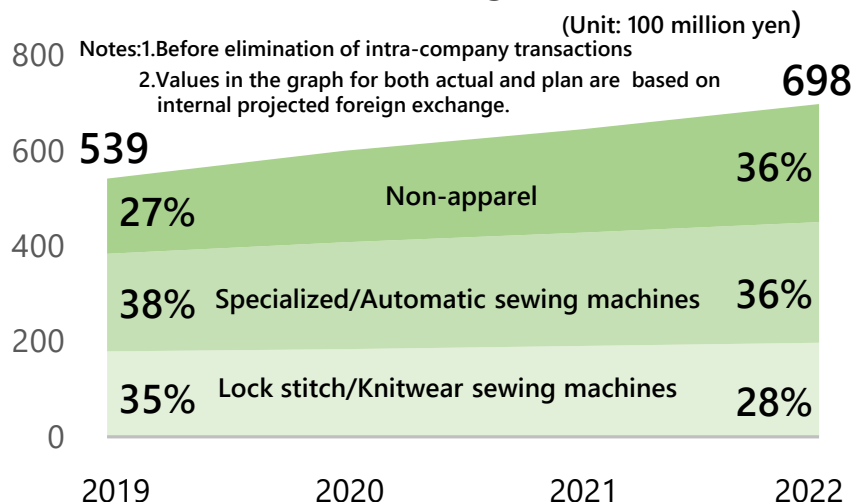
## Basic Policies

- Increase profitability by increasing sales in the non-apparel sewing machine business.
- Build a future customer base by finding, and developing new middle-market customers and bringing them into the high-end market.

### Initiatives for Expanding Our Business Domain

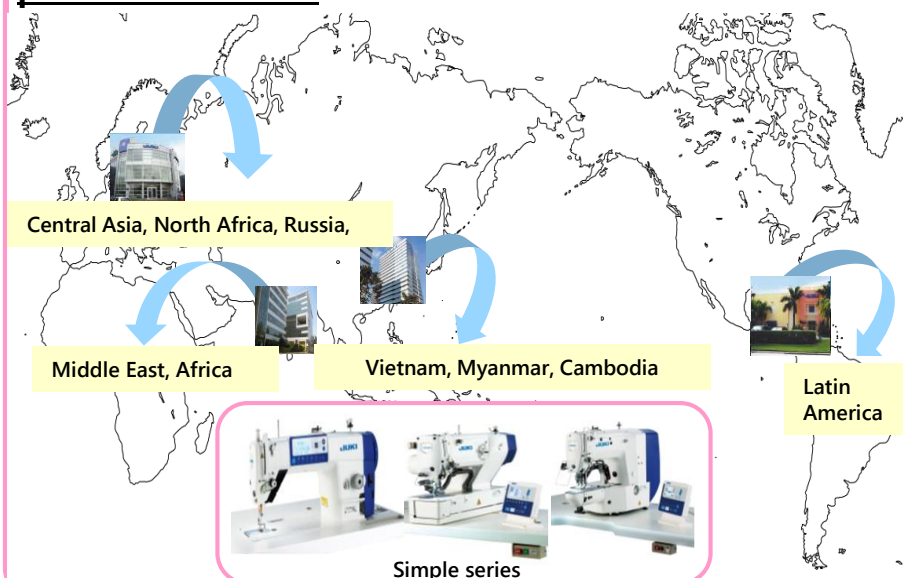
Increase sales of non-apparel/specialized/automatic sewing machines.

#### Sales target



### Initiatives for Advancing of Borderless Marketing

Strengthen our attack and aggressive activities on markets which we have not satisfactorily penetrated into



Increase sales of products designed for developing countries



# 2-2-1-2 Key Initiatives for FY2020: Sewing Machinery & Systems Business (Industrial Sewing Machines)

## Offer JUKI line solutions to make customers' factories smart:

(1) Automatization, (2) Digitalization, (3) Networking

《(1) Automatization》  
Productivity improvement /  
manpower- saving



Automatic machines

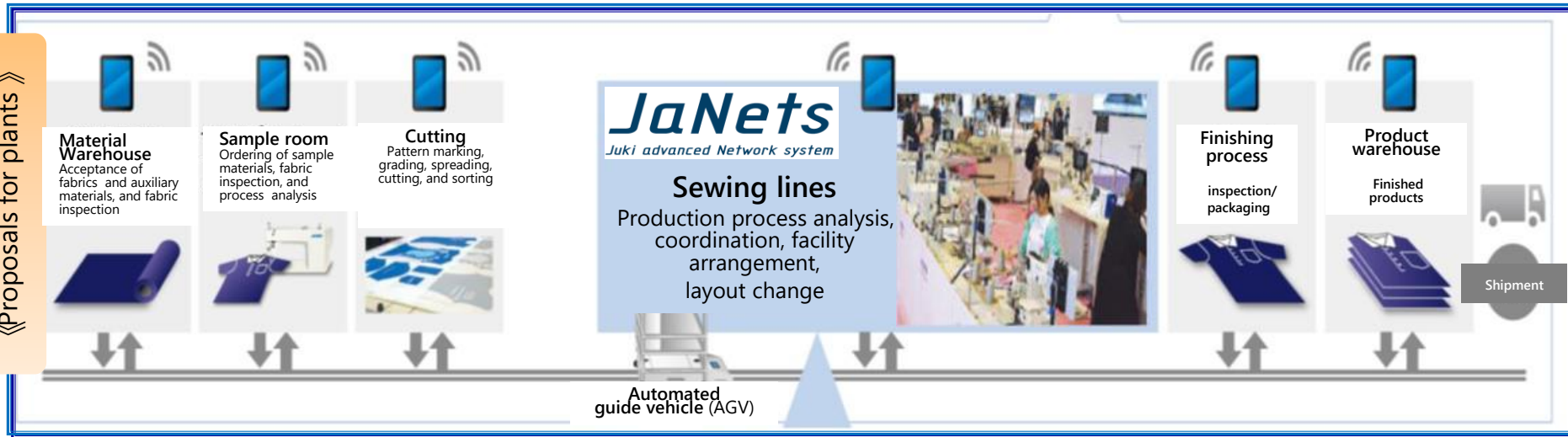


Sewing robotics



Automated guided vehicles

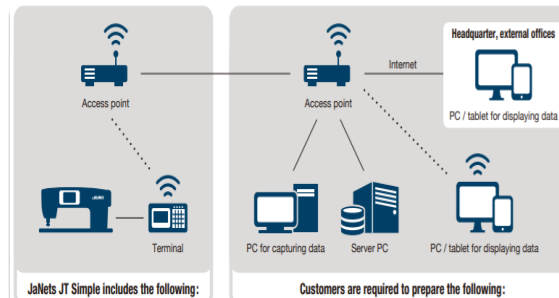
《Proposals for plants》



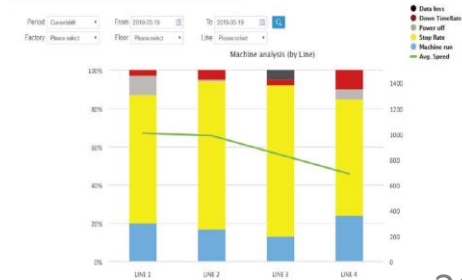
《(2) Digitalization》  
Line solutions centering  
on digital series



《(3) Networking》  
Site remediation using IoT



Operation rate chart by line





# 2-2-2-1 Sewing Machinery Systems & Business (Household Sewing Machines)

## Vision

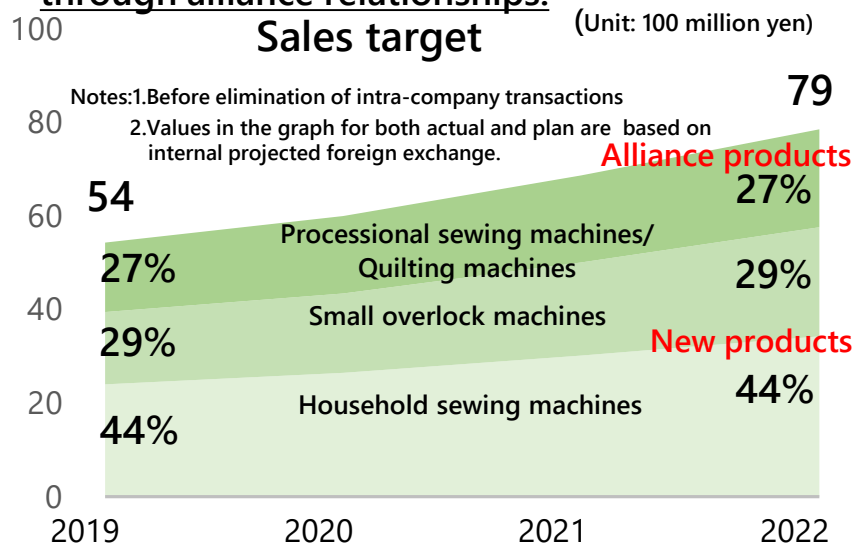
Create new ways to enjoy handicraft-making, in collaboration with customer(home sewers) who have excellent handicraft capabilities.

## Basic policy

Expand solid business based on strengths in high-end household sewing machines, small overlock machines, sewing machines for professionals, and quilting machines

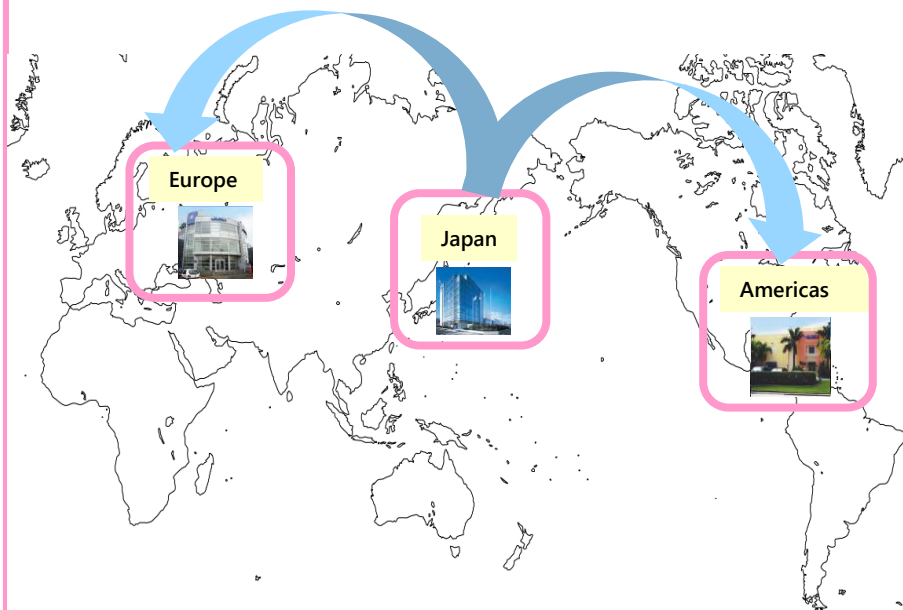
### Initiatives for Expanding Our Business Domain

- Launch new products for home sewers who have excellent handicraft capabilities..
- Offer quilting and embroidering machines through alliance relationships.



### Initiatives for Advancing of Borderless Marketing

Increase sales in priority markets (Japan, Americas, and Europe).



## 2-2-2-2 Key Initiatives for FY2020: Sewing Machinery & Systems Business (Household Sewing Machines)

Expand the product line-up to meet market characteristics.



# 2-2-3-1 Industrial Equipment & Systems Business (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. - In 2022, we will achieve a 23% share of general-purpose machines on a unit basis and sales of 3,900 million yen for labor-saving equipment and robots, 2,500 million yen for inspection and measurement and 2,000 million yen for automated warehouse and peripheral devices. -

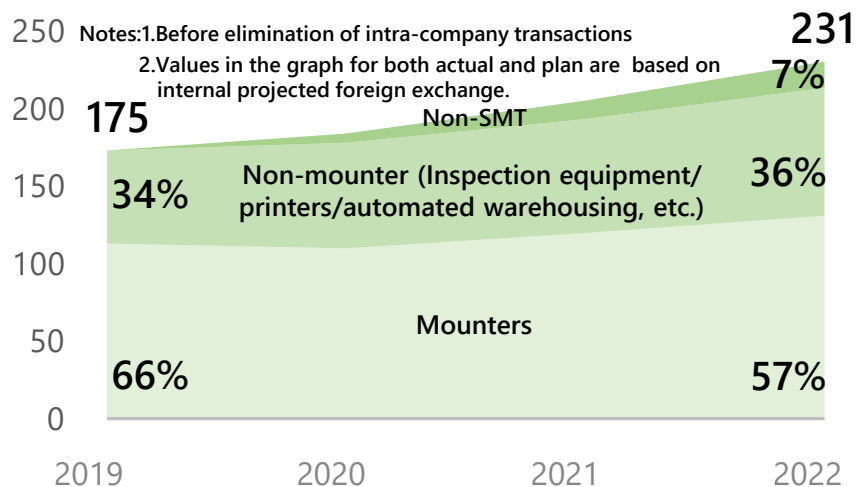
## Basic policy

Expand business base by increasing solution sales in the non-mounter segment and line solution sales in the mounter segment

### Initiatives for Expanding Our Business Domain

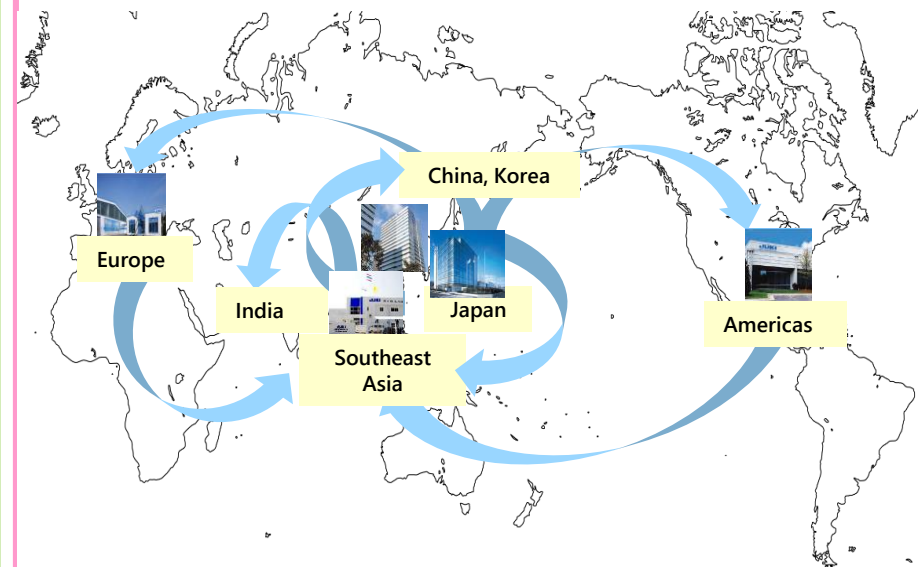
#### Expand non-mounter/non-SMT fields

[Sales goal] (Unit: 100 million yen)



### Initiatives for Advancing of Borderless Marketing

Strengthen our attack on priority markets in cooperation with sales companies.





## 2-2-3-2 Key Initiatives for FY2020 : Industrial Products & Systems Business(Electronic Assembly Systems)

### JUKI Smart Solutions

Expand our business areas further by deepening alliances.



Automated inspection/measurement



Automated warehouse control

SMT integration system software

**JaNets**  
Juki Advanced Network system

Production support

Remote support

Cooperation between devices

Predictive and preventive maintenance using AI

Core system cooperation

Cooperation with other companies



Storage system solutions



Robotic insertion system solutions

High-speed moulder system solutions

Measurement system solutions



Expanding business areas

Existing business areas

Expanding business areas

# 2-2-4-1 Industrial Equipment & Systems Business (Group Business)

## Vision

Grow into JUKI's third pillar business by leveraging JUKI Group's management resources (including manufacturing technologies).

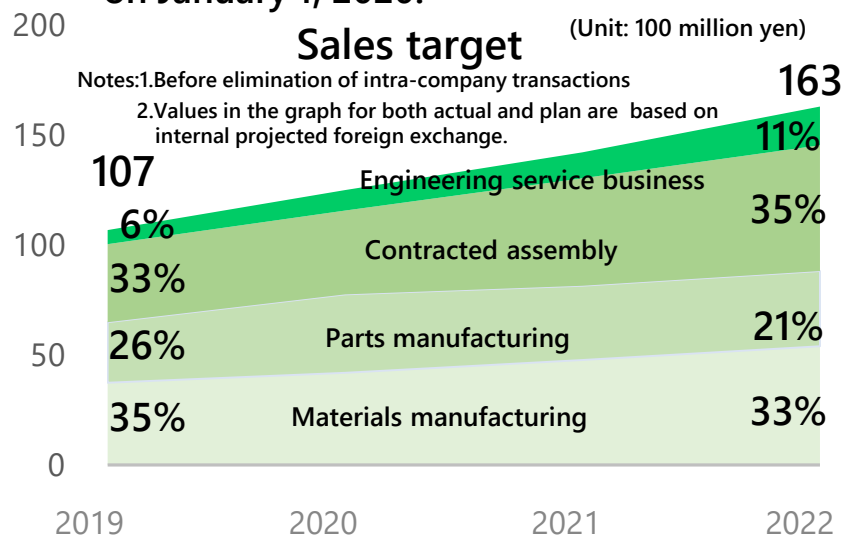
## Basic policies

- Expand our business domains by strengthening planning/development, design, contracted assembly, and engineering services.
- Find new customers by unified sales organization.

### Initiatives for Expanding Our Business Domain

Expand growing fields (planning/development, design, contracted assembly, and engineering services)

⇒ Our development department was established on January 1, 2020.



### Initiatives for Advancing of Borderless Marketing

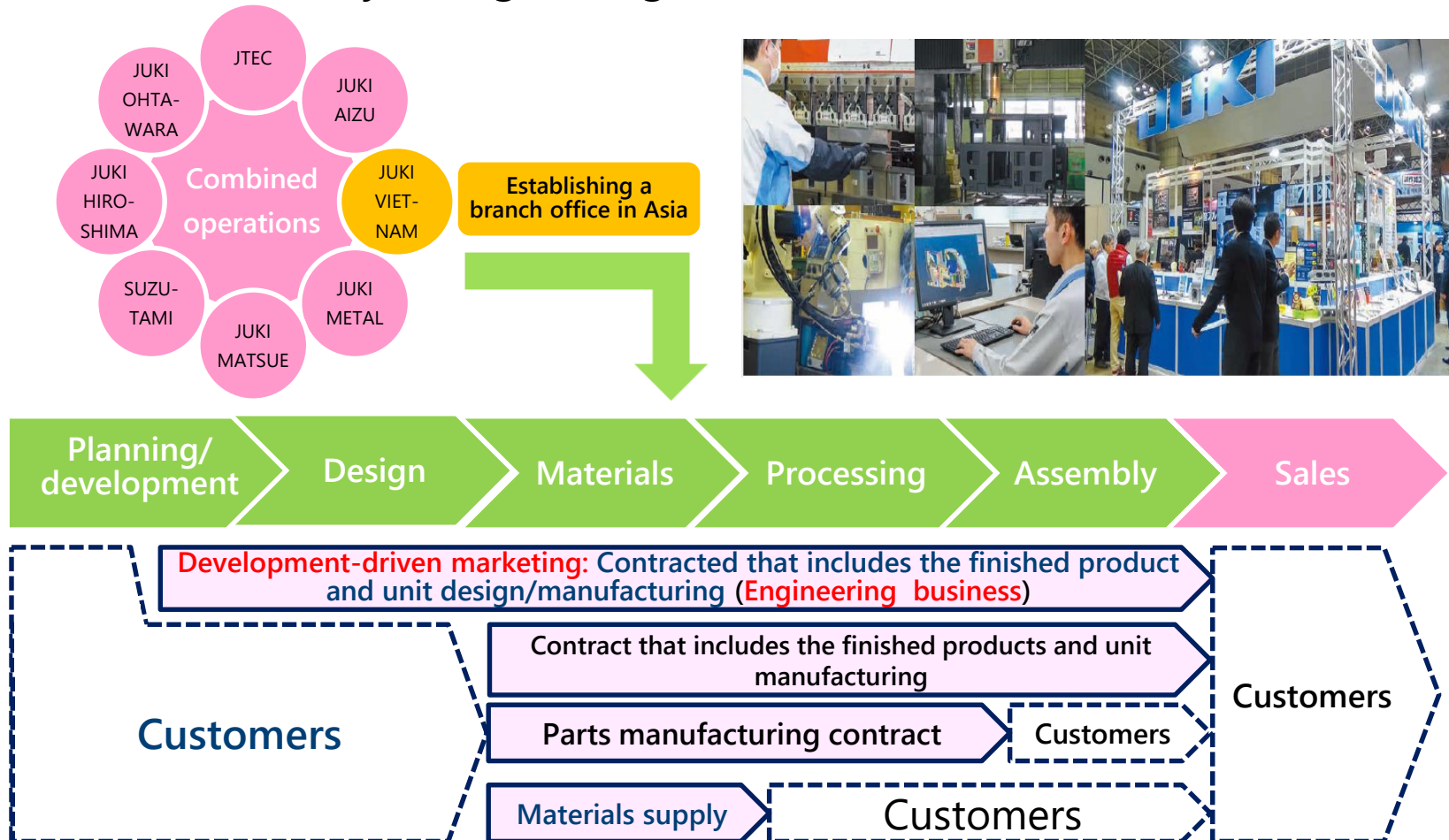
- Strengthen sales not through cooperation between sales companies, but through the unified action of sales companies as a team.  
⇒ Our head office sales department was reorganized on January 1, 2020.
- Strengthen cooperation with the head office by establishing a branch office in Asia.  
⇒ Develop and expand businesses in Asia.



Inspection equipment exhibition (in Thailand)

# JUKI Contract Business Model

- Expand our business domain by strengthening planning/development, design, contracted assembly, and engineering services.
- Find new customers by strengthening our sales structure.



## 2-2-5-1 Industrial Equipment & Systems Business (Customer Business)

### Vision

JUKI's parts can be received the day after they're ordered

### Basic policy

Make the change from the selling of "things" to the selling of "services" across the boundaries of sewing machinery and electronic assembly systems. - Speed up the implementation of a customer lock-in strategy by enhancing added value -

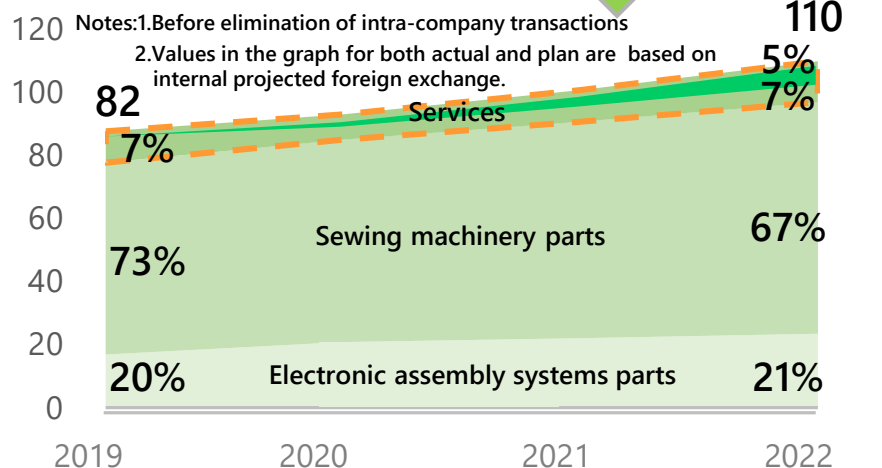
### Initiatives for Expanding Our Business Domain

Expand our service-based businesses (especially, our sewing-machinery-related services).

- Sewing machinery-related services
- Electronic assembly systems-related-services

#### Sales target

(Unit: 100 million yen)



### Initiatives for Advancing of Borderless Marketing

- Strengthen direct marketing.  
⇒ Implement a customer lock-in strategy using a website service.

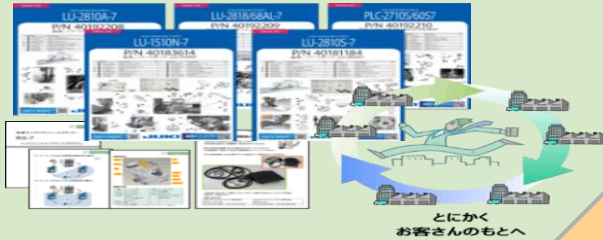


- Build a parts supply system unifying functions of the head office and sales companies.  
⇒ Build the management system to achieve stock optimization.



## 2-2-5-2 Key Initiatives for FY2020 : Industrial Equipment & Systems Business (Customer Business)

### EXPAND PARTS/SERVICE BUSINESS



- Sewing machinery: Conduct machinery diagnoses based on maintenance records.
- Electronic assembly systems: Rebuild the pre-owned products business.

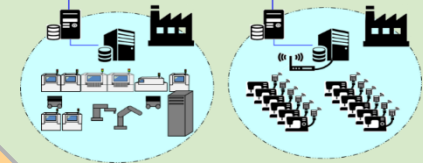


### EXPAND AFTER SALES SERVICE IN INTRODUCING SMART LINES

Management of preventive maintenance for equipment



Management of preventive maintenance for equipment



Support for Smart Solution



**Technical support**

Remote Maintenance

**CONNECTED**

Stock optimization management system



Parts supply system  
Parts center/sales company warehouse

**Provide logistical support for activities**



- Parts website
- JOL

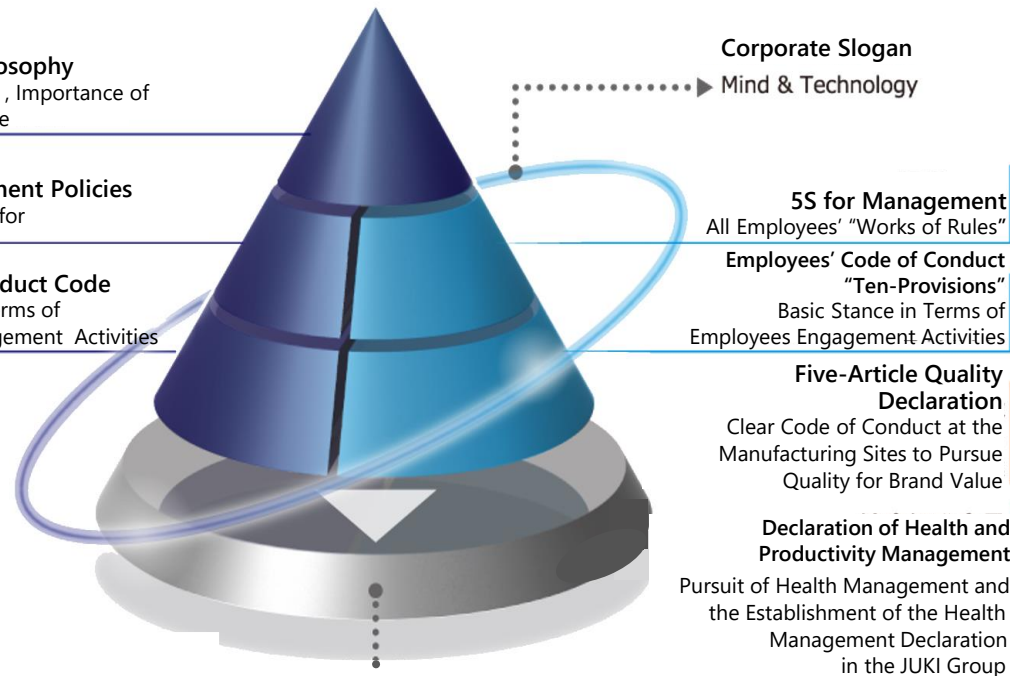
Network system to share and send information



**Open innovation with subcontractors**

## 2-3-1 Corporate Initiatives for Responding to the Sustainable Development Goals (SDGs)

JUKI has been working on various businesses to realize a sustainable society. Targeting at the achievement of the SDGs in 2030, we will focus on business creation, and work to solve social issues.



### Medium-Term Management Plan

Business plan which is Based on Corporate Philosophy and Corporate Principle

### Sustainable activity by a company and its employees

Development of business activities incorporating our efforts to achieve the SDGs

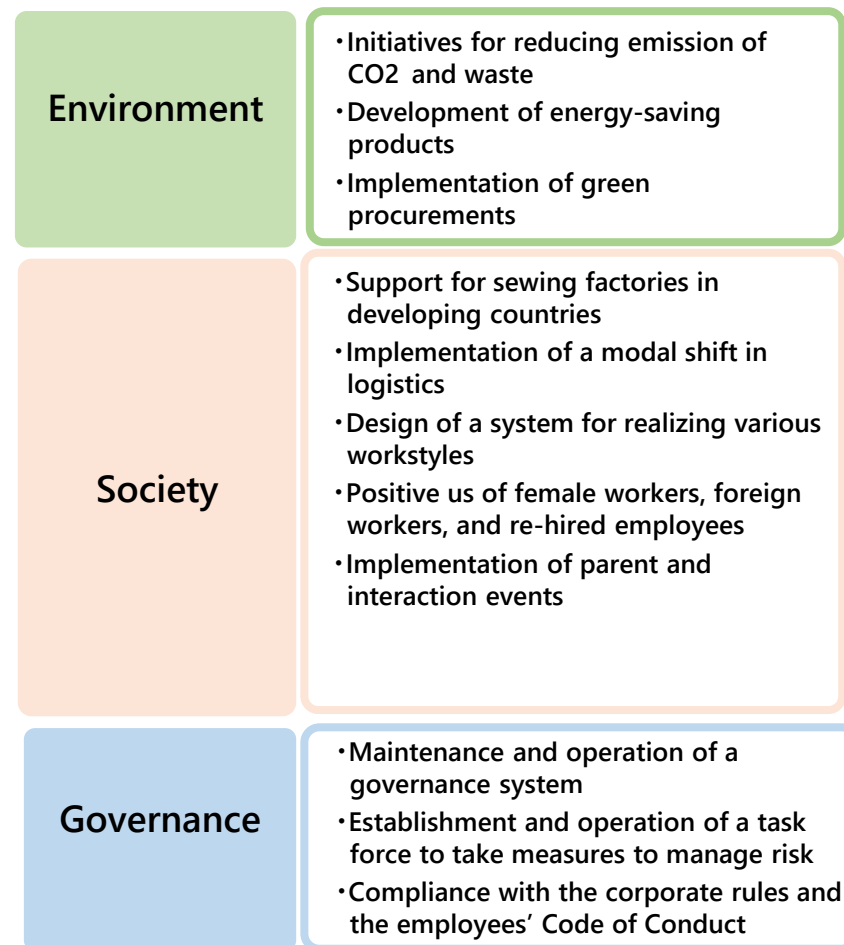
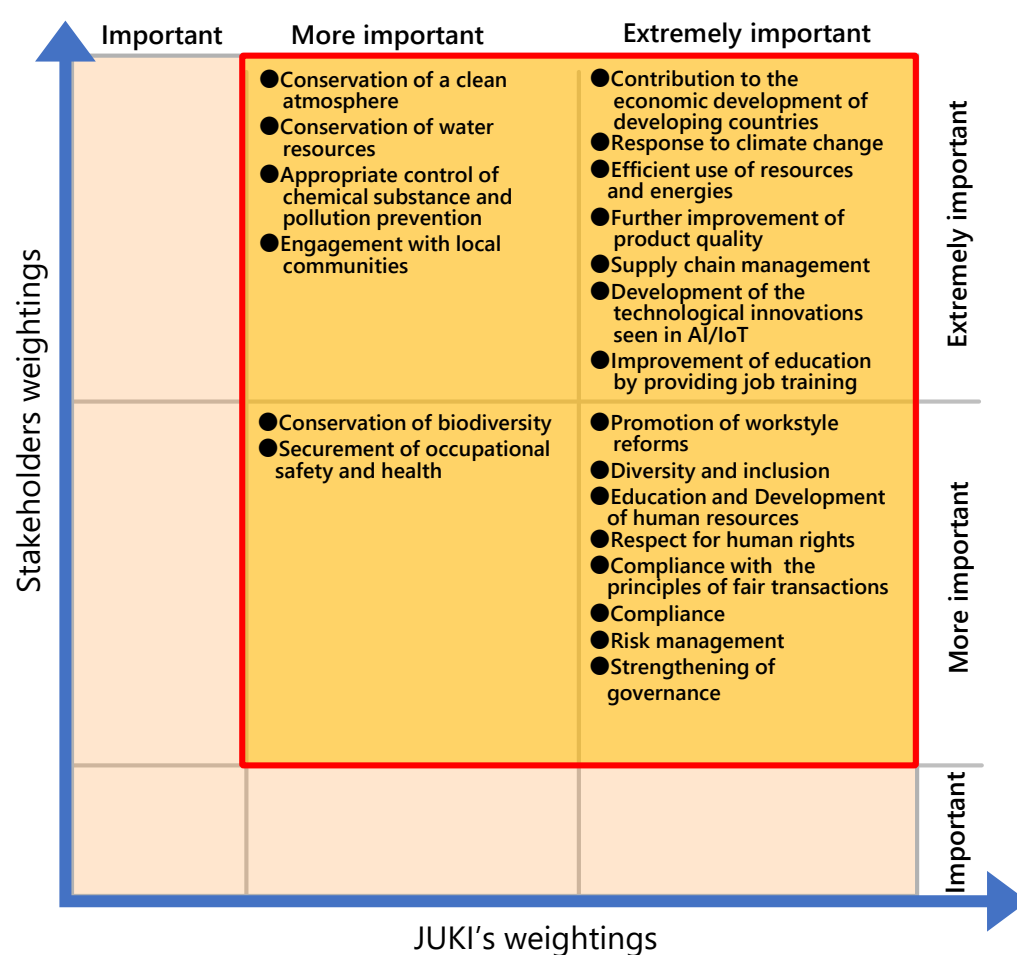
### SUSTAINABLE DEVELOPMENT GOALS



JUKI is supporting the sustainable development goals (SDGs).

## 2-3-2 Corporate Initiatives for Improving the Sustainable Development Goals (SDGs)

We will find and select important matters which JUKI should handle and respond to, from the point of view of importance for both JUKI and its stakeholders, and will prepare our business plan incorporating responses thereto, and develop specific activities (sustainable activities by companies and their employees).



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.

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**JUKI CORPORATION**