

Explanatory Meeting

Results Briefing for the Fiscal Year Ended December 31, 2016 (FY 2016)

February 14, 2017

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(This translation may be used for reference purposes only)

JUKI

Mind & Technology

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Part 1
Performance for FY 2016 and
Forecast for FY 2017

1-1 Performance Trends and Dividends for FY 2016 (Jan to Dec 2016)



Net sales decreased by 13.4% from the previous fiscal year, due primarily to prolonged global economic stagnation coupled with the effects of yen appreciation, amid deepening uncertainty over the global economy, generated by the slowdown in the Chinese economy and other factors. This was despite our efforts in expanding business areas by strengthening solution selling and in proposing automation- and labor-saving solutions to our customers.

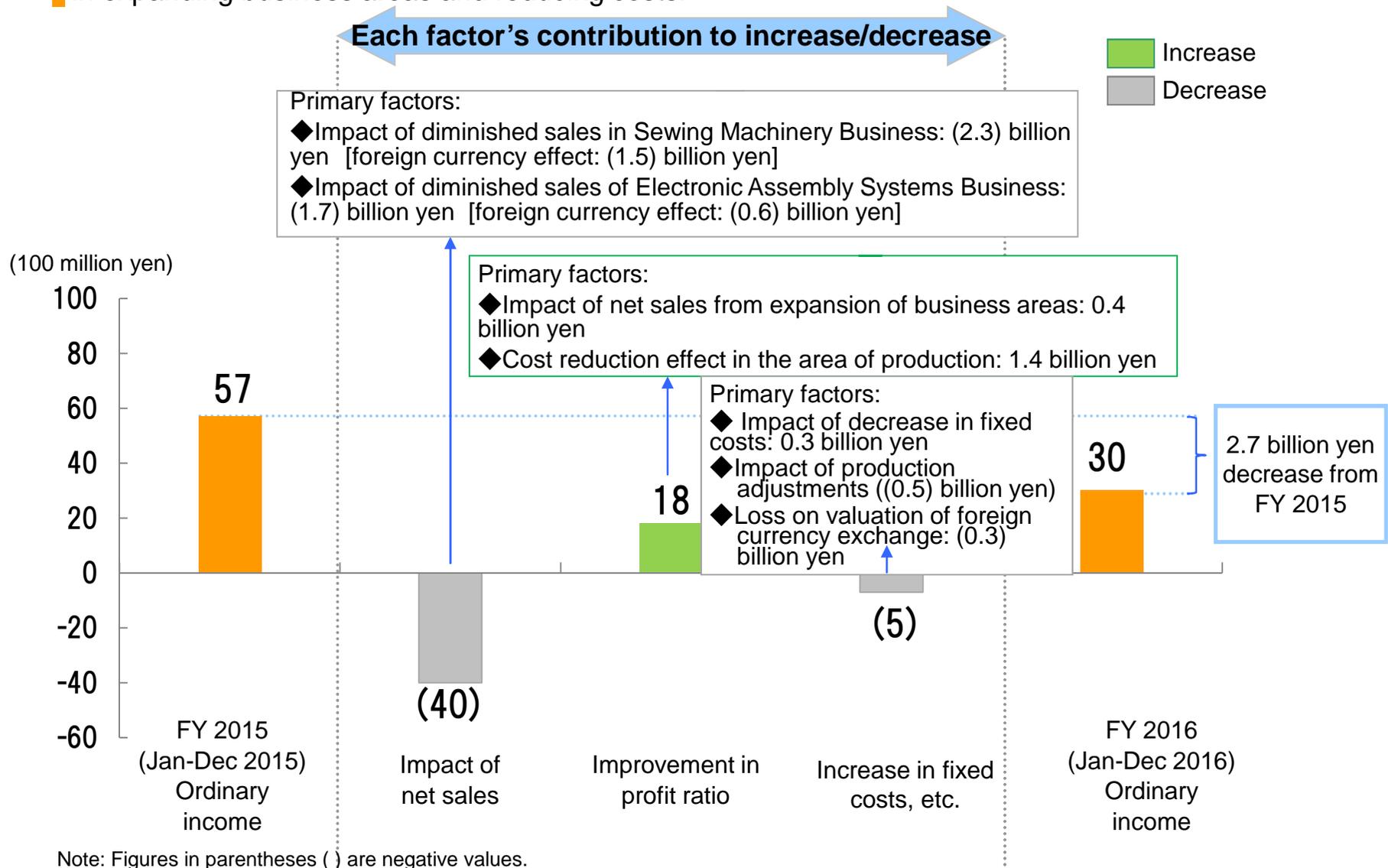
With respect to profits, despite cost reduction effects in the area of production, operating income decreased by 34.6% year-on-year due mainly to a drop in sales. Both ordinary income and net income decreased, owing to revaluation losses on foreign-currency-denominated receivables amid a shift toward appreciation of the yen against the U.S. dollar during the fiscal year.

	(Million Yen)				(Million Yen)				
	FY2014	FY2015 <A>	FY2016 	Year-on-year change <B-A>	FY 2016 Quarterly results				
	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2016		1Q	2Q	3Q	4Q	
					Jan-Mar 2016	Apr-Jun 2016	Jul-Sep 2016	Oct-Dec 2016	
Net Sales	107,581	112,865	97,724	(15,140) (13.4%)	25,910	25,081	22,292	24,441	
Operating Income	8,217 [7.6%]	7,110 [6.3%]	4,651 [4.8%]	(2,458) (34.6%)	1,455 [5.6%]	573 [2.3%]	748 [3.4%]	1,875 [7.7%]	
Ordinary Income	7,710 [7.2%]	5,728 [5.1%]	3,022 [3.1%]	(2,705) (47.2%)	831 [3.2%]	(225) [(0.9%)]	701 [3.1%]	1,715 [7.0%]	
Net Income	6,058 [5.6%]	3,853 [3.4%]	1,883 [1.9%]	(1,970) (51.1%)	650 [2.5%]	(882) [(3.5%)]	342 [1.5%]	1,773 [7.3%]	
Dividend per Share (after share consolidation)	¥20	¥35	¥20	(¥15)	—	—	—	—	
Exchange rate	1 US\$	¥106	¥121	¥110	(¥11)	¥116	¥108	¥103	¥109
	1 Euro	¥141	¥135	¥121	(¥14)	¥129	¥121	¥115	¥118

Notes: 1. Exchange rate is an average rate during the period, and such rate influences operating income. 2. Figures in brackets [] are ratios of income to net sales. 3. Figures in parentheses () are negative values.

1-2 FY 2016 Factors Leading to an Increase/Decrease in Ordinary Income

Ordinary income decreased from the previous fiscal year, due mainly to a drop in sales, despite our efforts in expanding business areas and reducing costs.

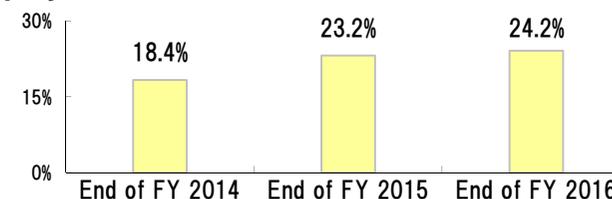


1-3 Major Financial Indices and Cash Flows

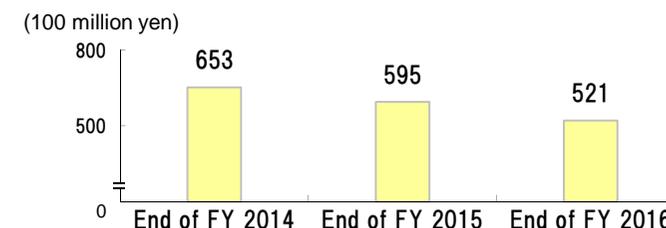
- Equity ratio rose to 24.0%
- Interest-bearing debts decreased by 7.2 billion yen
- Operating cash flow increased substantially due to a decrease in inventories, etc.

	(Million Yen)		
	As of December 31, 2015 (FY 2015) 〈A〉	As of December 31, 2016 (FY 2016) 〈B〉	Change 〈B-A〉
Total Assets	119,281	111,365	(7,916)
Net Assets [Foreign currency translation adjustment]	28,477 [(1,148)]	27,582 [(2,274)]	(895) [(1,126)]
Net Assets Ratio	23.9%	24.8%	0.9%
Equity Ratio	23.2%	24.2%	1.0%
Notes and accounts receivable - trade	31,263	30,741	(522)
Inventories [Turnover period]	42,647 [4.5 months]	37,616 [4.6 months]	(5,031) [0.1 month]
Notes and accounts payable - trade	10,126	9,972	(154)
Interest-bearing debts	67,375	60,158	(7,217)
Cash and deposits	7,906	8,048	142
Exchange rate (period-end)	1 US\$	¥121	¥117 (¥4)

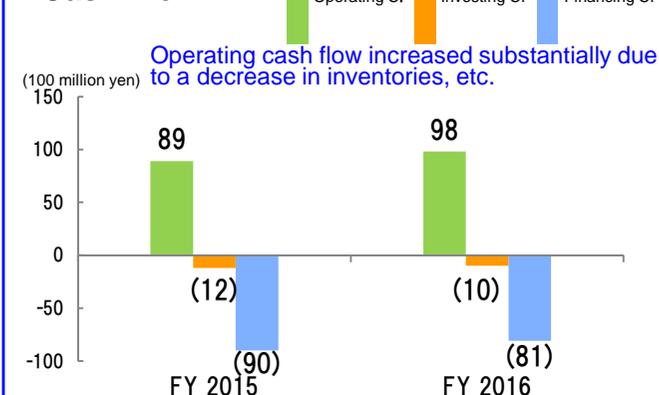
Equity ratio



Interest-bearing debts (Net of cash and deposits)



Cash Flow



Note: Figures in parentheses () are negative values.

1-4-1 Performance by Business Segment: Changes in Net Sales



In the Sewing Machinery Business, net sales decreased by 11.9% from the previous fiscal year, due primarily to appreciation of the yen resulting in a decrease of sales value. However, sales increased in certain geographic areas, such as the emerging economies of Bangladesh and Indonesia, and in Europe and the U.S., and in terms of specific products for car seats and other non-apparel items.

In the Electronic Assembly Systems Business, in terms of geographic regions, sales decreased in China, our largest market, and in the Americas. In terms of products, increased sales of the new mounters, which were rolled out under our line solution strategy, did not make up for decreased sales of existing mounters. As a result, net sales decreased by 25.7% year-on-year.

(Million Yen)					(Million Yen)				
	FY2014	FY2015 <A>	FY2016 	Year-on-year change <B-A>		FY 2016 Quarterly results			
	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2016		Currency effect	1Q Jan-Mar 2016	2Q Apr-Jun 2016	3Q Jul-Sep 2016	4Q Oct-Dec 2016
Sewing Machinery	77,991	86,147	75,866	(10,281) (11.9%)	(7,820)	19,817	19,659	17,281	19,109
Electronic Assembly Systems	22,432	20,518	15,237	(5,281) (25.7%)	(1,670)	4,555	3,719	3,380	3,583
Others	7,157	6,199	6,620	421 6.8%		1,538	1,702	1,630	1,750
Total	107,581	112,865	97,724	(15,140) (13.4%)	(9,560)	25,910	25,081	22,292	24,441
Group Business	7,830	8,454	8,501	47 0.6%		1,973	2,202	2,052	2,274

* Group Business sales: Aggregate of net sales attributable to Group Business, from among Sewing Machinery, Electronic Assembly Systems, and other segment.

Note: Figures in parentheses () are negative values.

1-4-2 Performance by Business Segment: Changes in Ordinary Income



The Sewing Machinery Business saw a year-on-year decrease in profits, due primarily to the effects of the yen appreciation, despite the effects of cost reduction efforts.

The Electronic Assembly Systems Business posted a year-on-year decrease in profits, due mainly to decreased sales and fierce competition, resulting in lower rates of return, although structural reform of overall businesses brought about certain effects in reducing costs.

	(Million Yen)					(Million Yen)			
	FY2014	FY2015 <A>	FY2016 	Year-on-year change <B-A>	Currency effect	FY 2016 Quarterly results			
	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2016			1Q	2Q	3Q	4Q
						Jan-Mar 2016	Apr-Jun 2016	Jul-Sep 2016	Oct-Dec 2016
Sewing Machinery	7,306 [9.4%]	8,290 [9.6%]	6,503 [8.6%]	(1,787)	(1,500)	2,133 [10.8%]	1,288 [6.6%]	1,473 [8.5%]	1,609 [8.4%]
Electronic Assembly Systems	71 [0.3%]	(1,680) [(8.2%)]	(1,792) [(11.8%)]	(112)	(560)	(540) [(11.9%)]	(546) [(14.7%)]	(349) [(10.3%)]	(357) [(10.0%)]
Others	323 [4.5%]	96 [1.5%]	2 [0%]	(94)		(32) [(2.1%)]	(173) [(10.2%)]	10 [0.6%]	197 [11.3%]
Adjustment	9	(978)	(1,691)	(713)	(360)	(730)	(793)	(432)	264
Total	7,710 [7.2%]	5,728 [5.1%]	3,022 [3.1%]	(2,705)	(2,420)	831 [3.2%]	(225) [(0.9%)]	701 [3.1%]	1,715 [7.0%]

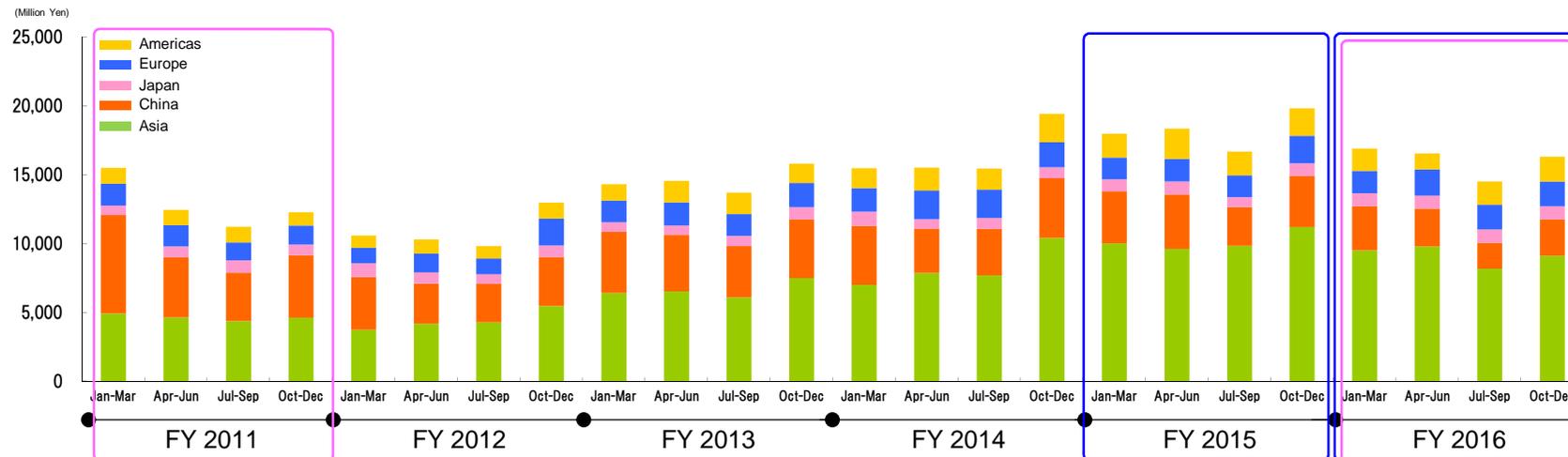
Notes: 1. Figures in brackets [] are ratios of ordinary income to net sales. 2. Figures in parentheses () are negative values.

[Reference #1] Performance by Business Segment: Sewing Machinery Business - Industrial Sewing Machine



Although the overall rate of growth of sales stagnated, stable sales performance in Asia's emerging markets continued from the previous fiscal year, and the net sales ratio grew to 57%.
The ratio of sales in China fell to 16%.

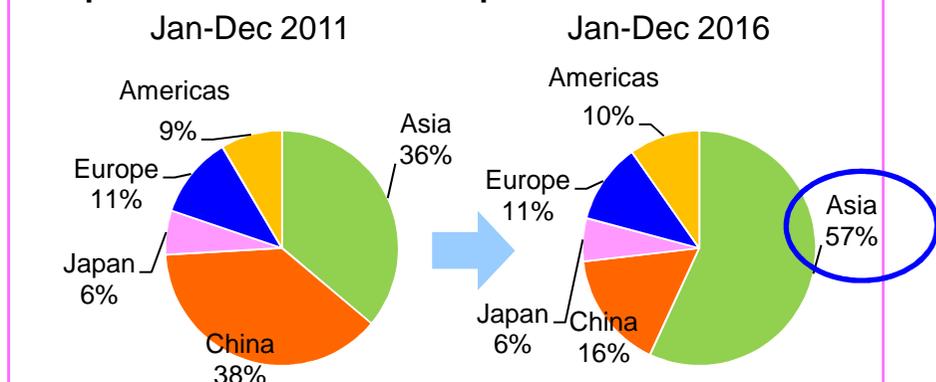
Sewing Machinery Business: Change in Net Sales of Industrial Sewing Machines by Region



Net sales: year-on-year comparison

	Jan-Dec 2015	Jan-Dec 2016	Amount of change	(% of change)	
				Including currency effects	Excluding currency effects
Asia	407	366	(41)	(10%)	±0%
China	143	105	(38)	(27%)	(14%)
Japan	34	38	4		
Europe	68	71	3		
Americas	76	63	(13)		
Total	728	643	(85)	(12%)	(1%)

Composition of net sales: comparison with Jan-Dec 2011

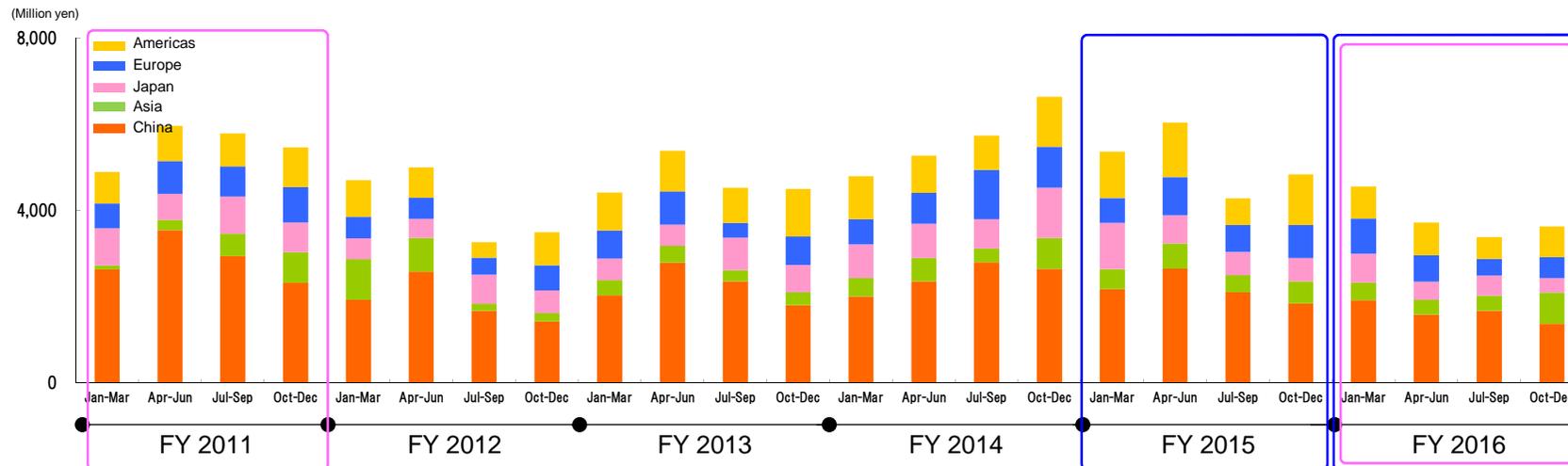


Notes: 1. The numbers for industrial sewing machines (excluding parts, etc.) are the aggregated monthly sales and do not correspond to the figures in the final settlement of accounts. 2. Figures in parentheses () are negative values.

[Reference #2] Performance by Business Segment: Electronic Assembly Systems Business

Net sales decreased due to a drop in sales in China, our largest market, which was due to decreased capital investment as a result of the slowdown in the Chinese economy.

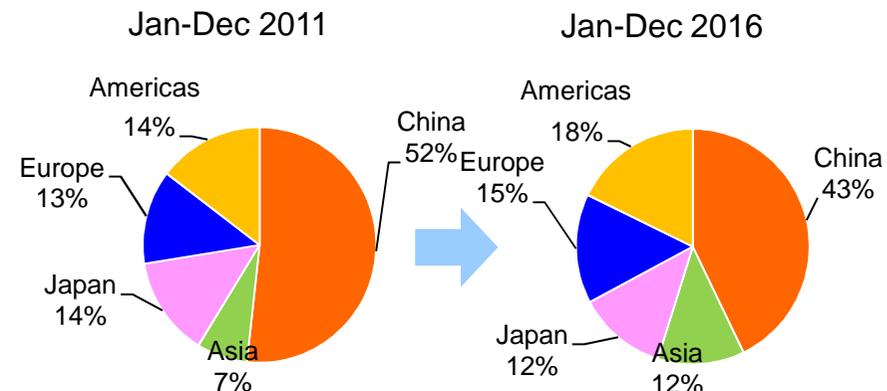
Electronic Assembly Systems Business: Change in Net Sales by Region



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

	Jan-Dec 2015	Jan-Dec 2016	Amount of change	(% of change) Including currency effects
China	88	66	(22)	(25%)
Asia	20	18	(2)	(34%)
Japan	28	19	(9)	
Europe	28	23	(5)	
Americas	41	27	(14)	
Total	205	153	(52)	(25%)

Composition of net sales: comparison with Jan-Dec 2011



Notes: 1. The numbers represent aggregated monthly sales and do not correspond to the figures in the final settlement of accounts. 2. Figures in parentheses () are negative values.

1-5-1 Performance Forecast for FY 2017



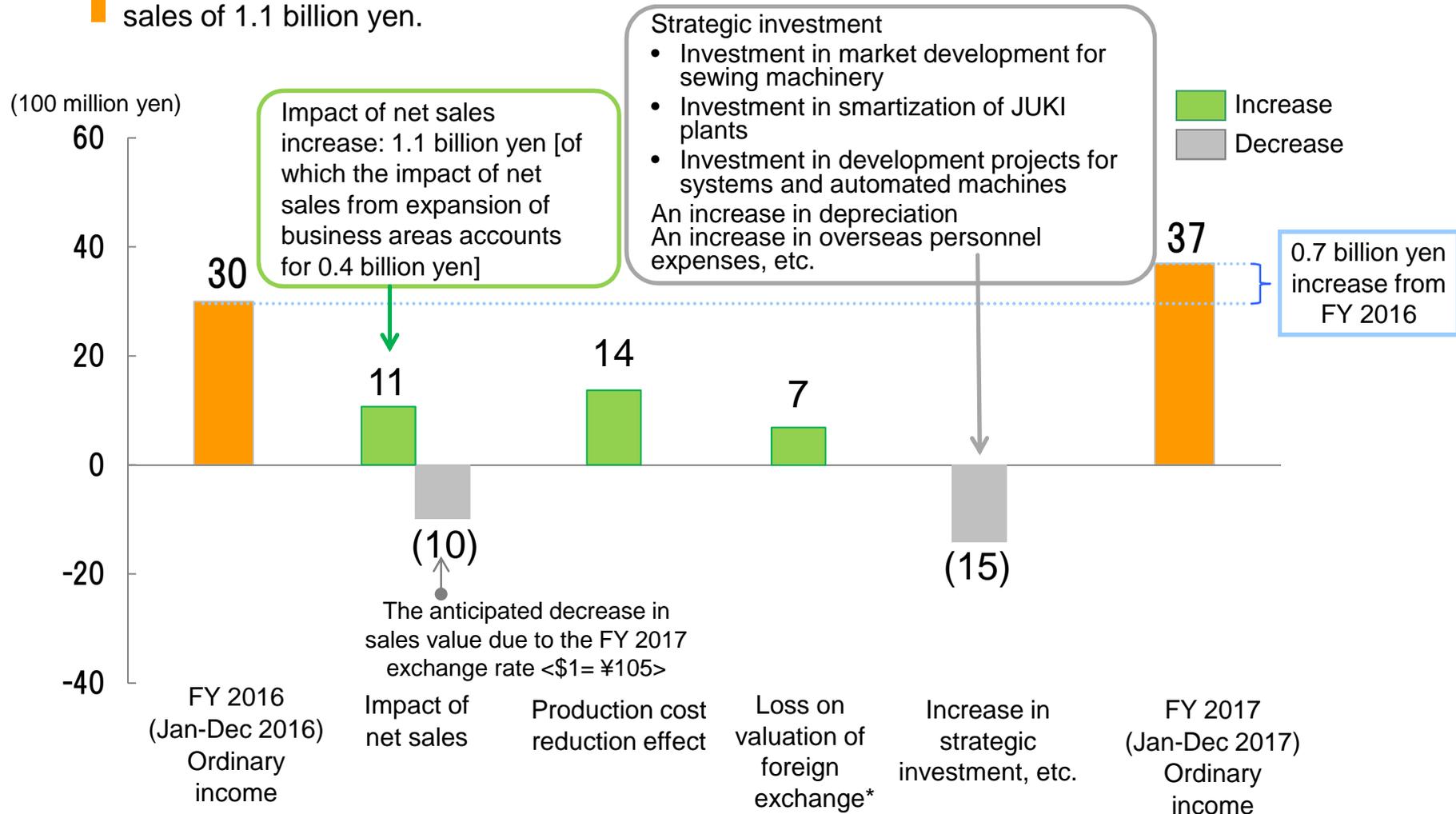
(100 million yen)

Results and forecast according to new organizational structure	Full-year results for FY 2016	Forecasts for FY 2017
	Full-year (Jan-Dec)	Full-year (Jan-Dec)
Net Sales	977	1,010
Sewing Machinery & Systems	682	700
Industrial Products & Systems	295	310
Operating Income	47	48
Ordinary Income	30	37
Net income	19	22
Dividend per Share	Full-year: ¥20	Full-year: ¥20
Exchange rate 1US\$	¥110	¥105

1-5-2 Performance Forecast for FY 2017: Anticipated Factors Leading to an Increase/Decrease in Ordinary Income



Despite an anticipated decrease in sales value of 1.0 billion yen due to the effects of currency exchange rate fluctuations in FY 2017 <\$1=¥105> and strategic investment spending, etc. of 1.5 billion yen, higher profits are projected, owing to the effect of cost reductions of 1.4 billion yen and higher net sales of 1.1 billion yen.



*Loss on valuation of foreign exchange: FY 2016 actual (1.2) billion yen; FY 2017 forecast (0.5) billion yen
Note: Figures in parentheses () are negative values.

Part 2
Medium-Term Management Plan
Value Up 2022
(FY 2017 – FY 2019)

The Economy

- The United Kingdom's exit from the European Union
Donald Trump's assumption of the U.S. presidency
➔ Economic partnerships moving toward disintegration, rather than alliances
Asia and other emerging economies becoming more volatile in terms of stability
Uncertainty over the global economy deepening

Business

- The advancement of technological innovation in digitization, internet of things (IoT), and artificial intelligence
➔ The acceleration of smartization at customers' factories
- Two trends becoming evident: mass-customization and mass-production

In response, companies are called to:

- Streamline management structures
 - Reinforce corporate governance
- Promote profit-oriented management
 - Increase income and profits each year, stabilize dividend payments

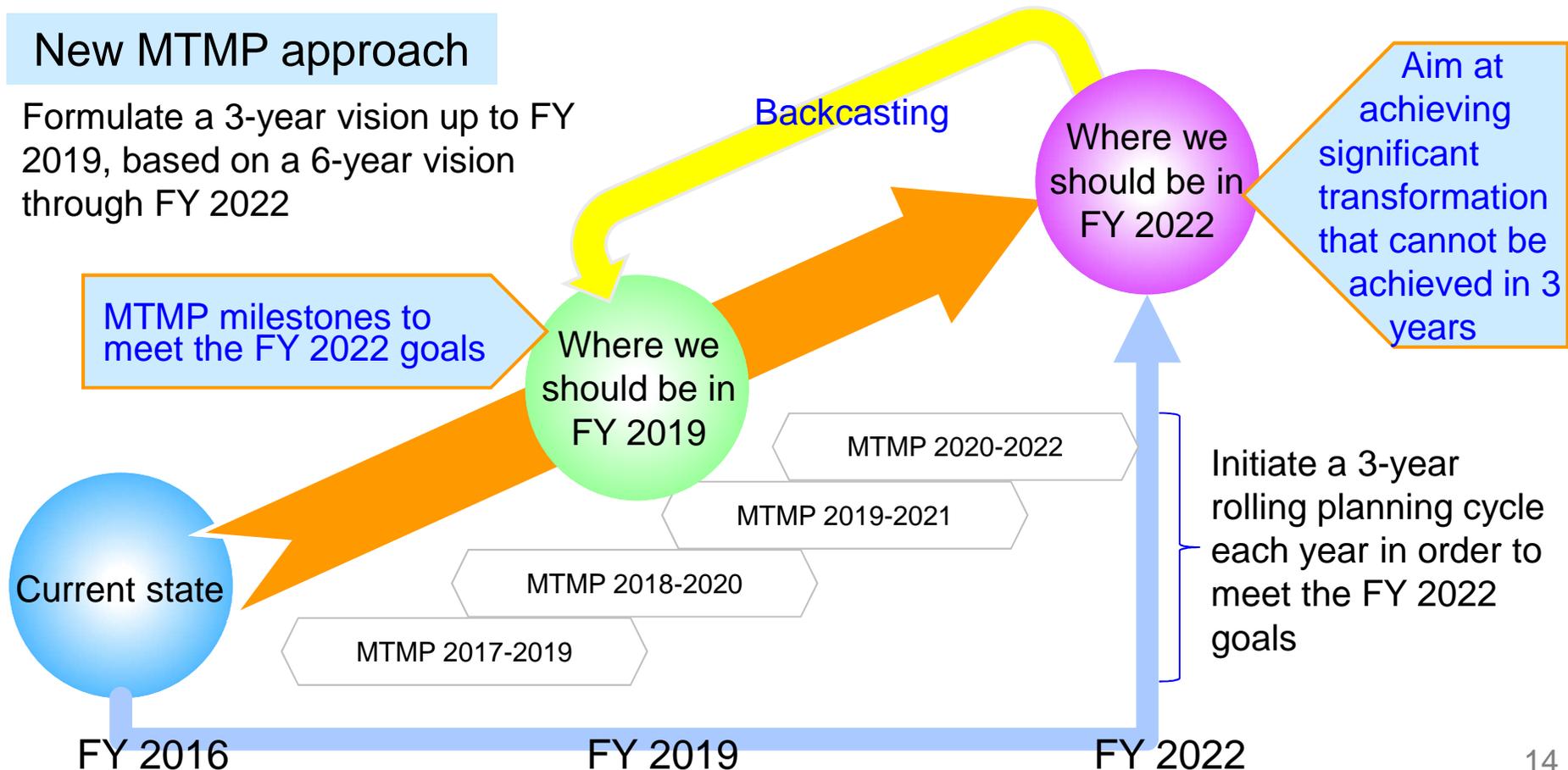
2-2-1 Medium-Term Management Plan (MTMP): Aspirations

Long-term vision

To thrive in the 21st century as a global, innovative *Monodzukuri* (manufacturing) enterprise

New MTMP approach

Formulate a 3-year vision up to FY 2019, based on a 6-year vision through FY 2022



2-2-2 JUKI's Growth Cycle





To be a *Monodzukuri* enterprise capable of elevating the corporate value of both JUKI and its clients through JUKI products and services

Building a win-win partnership
for creating smart factories



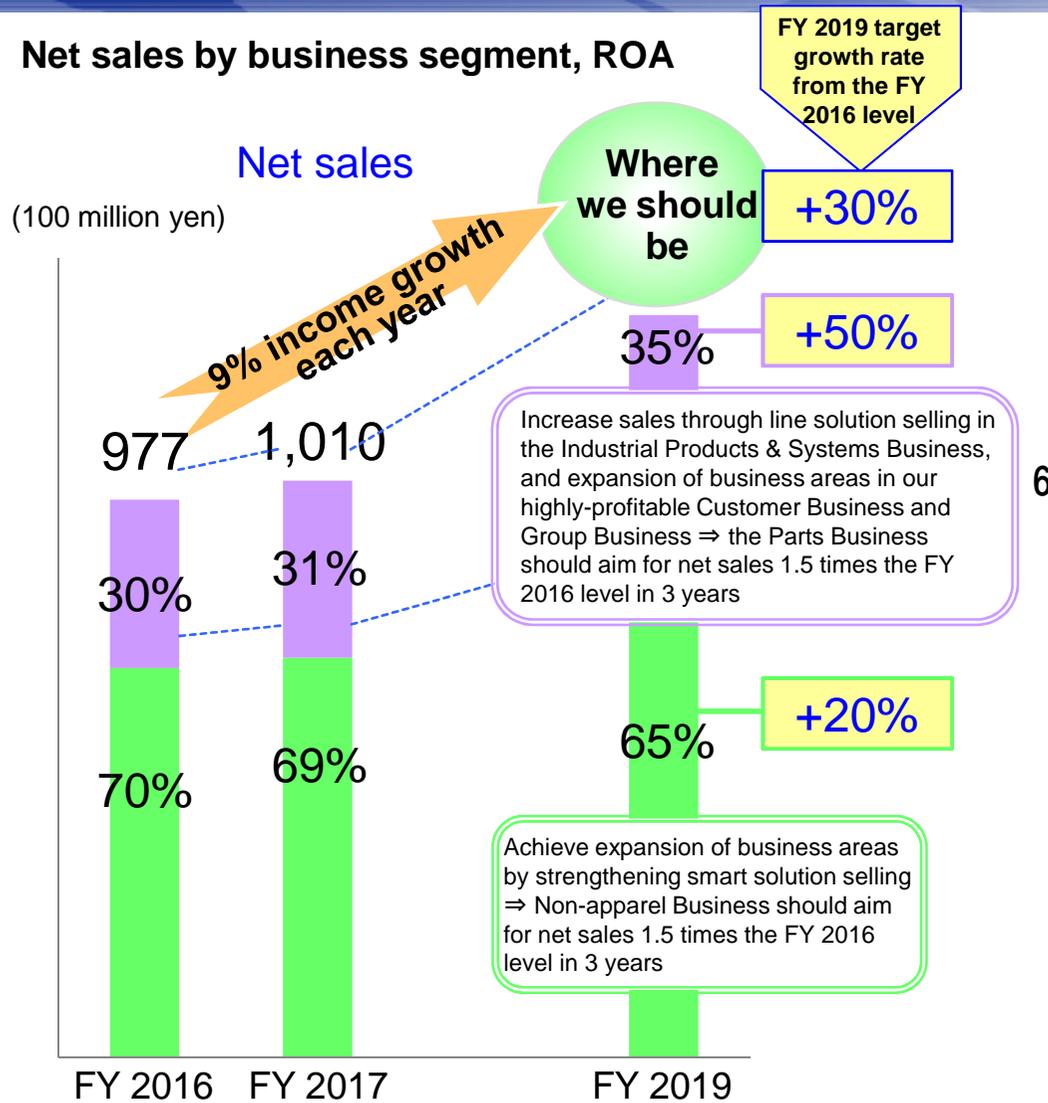
To be an enterprise that consistently provides customer-preferred, high-quality products and services
Let's deliver an impressive user experience as well as reliability to customers around the globe!



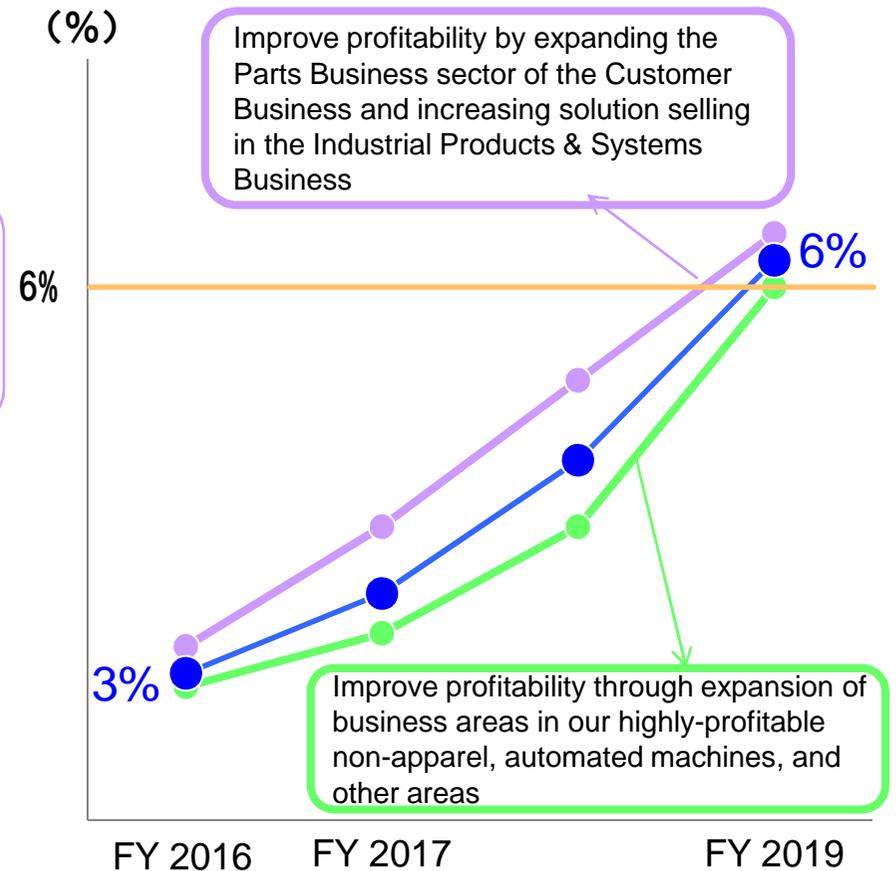
- Growth** An increase in income and profits each year
⇒ Net sales: achieve 9% growth each year
- Profitability** A ratio of ordinary income to net sales:
6% or higher in FY 2019
- Stability** An equity ratio of 30% or higher

2-3-2 Where We Should Be in FY 2019

Net sales by business segment, ROA



Ratio of ordinary income to net sales



■ Industrial Products & Systems Business (Electronic Assembly Systems Business, Group Business, Customer Business)
■ Sewing Machinery & Systems Business (Industrial Sewing Machines, Household Sewing Machines)
 Exchange rate used for the MTMP: \$1=¥105

● Industrial Products & Systems Business
● Sewing Machinery & Systems Business
● JUKI Group-wide

Build a business structure that allows us to accommodate drastic business climate changes and that achieves consistently high earnings

Revision of managerial framework

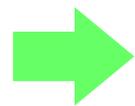
- By a significant reorganization, achieve business growth through effective use of management resources (customers, products, facilities, personnel)



2 businesses

{ Sewing Machinery & Systems Business
Industrial Products & Systems Business
(new)

- Strengthen smart solutions deployment that achieves labor- and manpower-saving results for customers

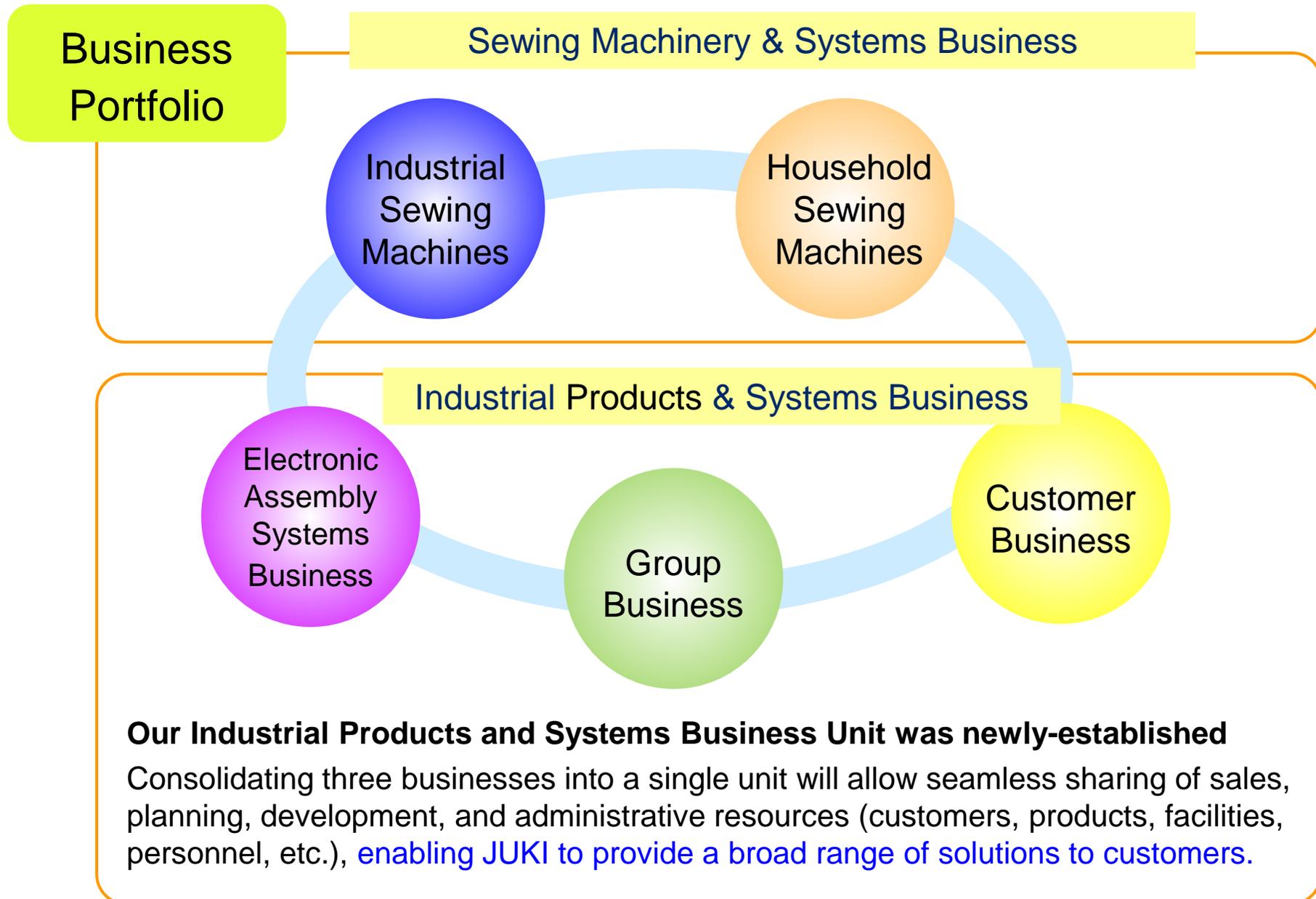


Shifting from “stand-alone equipment” to “equipment + systems”

- Streamline management structure



Streamline administrative operations and cost structures



2-5-1-1 Where Each Business Unit Should Be

(1) Sewing Machinery and Systems Business (Industrial Sewing Machines)



Business Climate

- Rapid growth in fast fashion sector (mass-production)
- Knitwear market expanding
- Automobile- and sports-related sectors growing

Vision

Based on JUKI's Smart Solution approach, provide innovative technologies and proposals for systematization, and contribute to the enhancement of customers' innovation efforts

Key Initiatives

- Strengthen sales capabilities to propose Smart Solutions for customers to achieve the creation of smart factories
- Expand product portfolios in automated machines, automation, robotics, and sewing machinery systems
- Strengthen sales capabilities to accommodate changes in growth market and growth companies trends

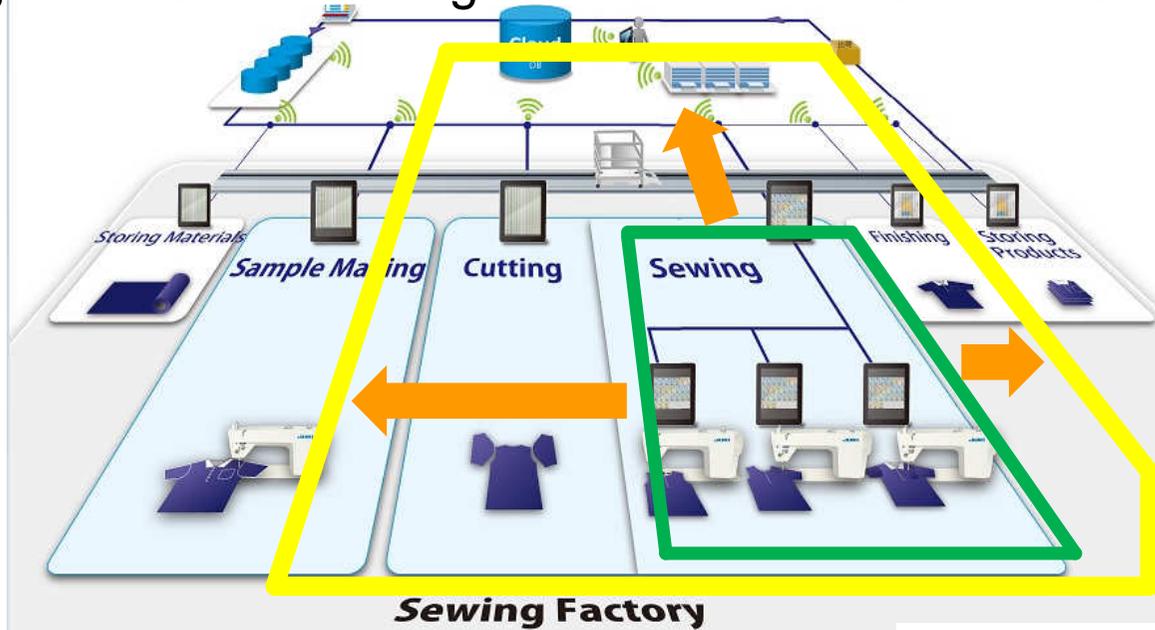
2-5-1-2 Where Each Business Unit Should Be

(1) Sewing Machinery and Systems Business (Industrial Sewing Machines)



Expansion of business areas, including the Systems domain

Proposing line solution strategies based on JUKI's Smart Solutions



Digital lockstitch sewing machine
DDL-9000C



Sewing machine for knitwear
MF-7900



Automatic machine with polo shirt placket device
AMS-221ENSS3020



Automatic shoelace loop attaching machine
AB-1360



Sewing machine for non-apparel products
LU-2800

2-5-2-1 Where Each Business Unit Should Be

(1) Sewing Machinery and Systems Business (Household Sewing Machines)



Business Climate

- Household sewing machine heavy-user and quilting machine user bases expanding
- Popularity of handicrafts in Japan still strong

Vision

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

Key Initiatives

- Increase sales in the hobby and craft markets
- Increase sales in Japan, the U.S., and Europe, where ample numbers of hobbyists using sewing machines are located

2-5-2-2 Where Each Business Unit Should Be

(1) Sewing Machinery and Systems Business (Household Sewing Machines)

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Household sewing machines



Overlock machines

JUKI's household sewing machines support the creative activities of home sewers

Sewing machines for professionals

QVP (Quilt Virtuoso Pro) Family



Quilting machines



2-5-3-1 Where Each Business Unit Should Be

(2) Industrial Products and Systems Business
(Electronic Assembly Systems Business)



Business
Climate

- Scale of business enlarging due to growing needs in automation- and labor-saving solutions
- Market for in-vehicle products growing, owing to advances in self-driving technologies

Vision

Become customers' indispensable partner by devoting resources to our areas of strength, and on automation- and labor-saving solutions

Key
Initiatives

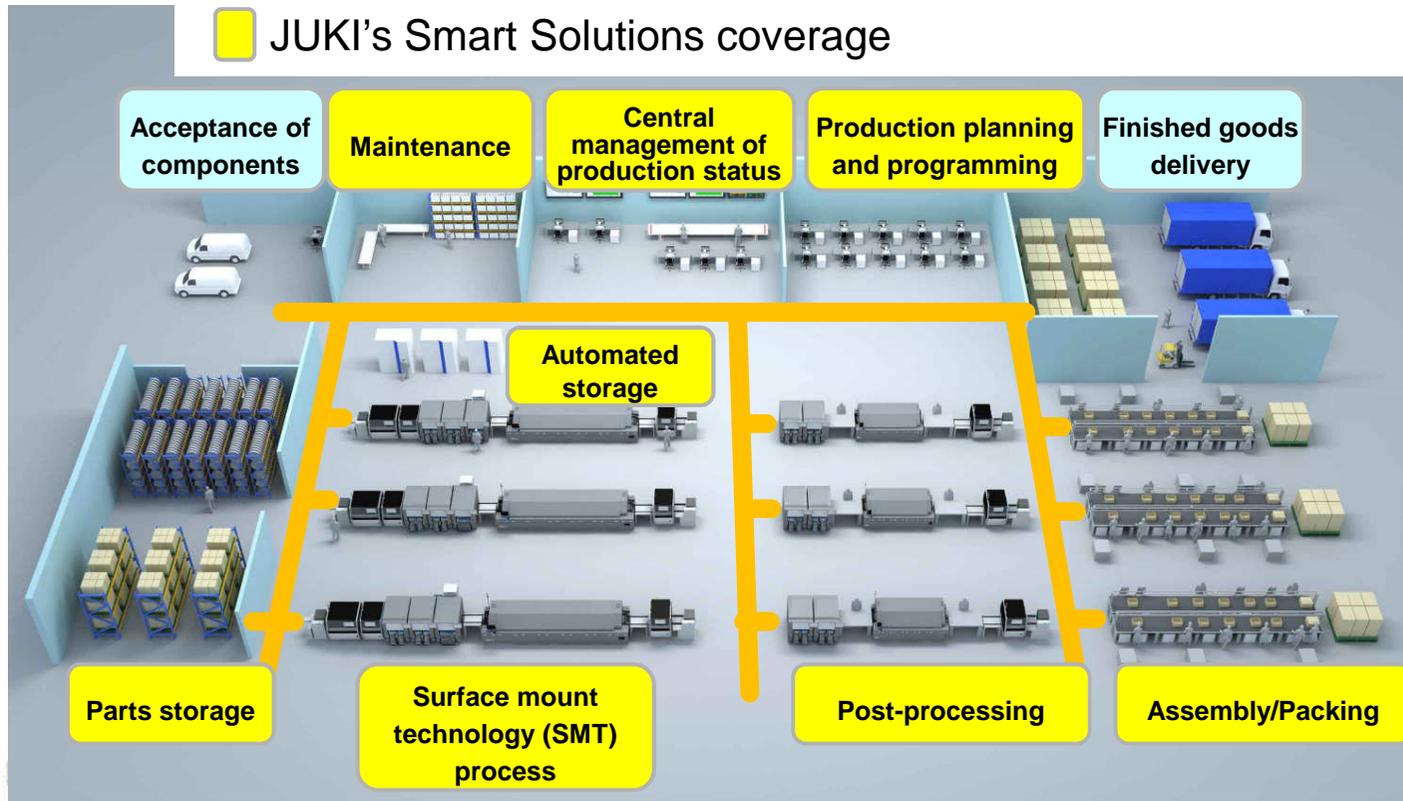
- Increase sales by launching new products
- Increase sales by marketing line solutions

2-5-3-2 Where Each Business Unit Should Be

(2) Industrial Products and Systems Business
(Electronic Assembly Systems Business)



Smart Factory Solution Initiatives



High-speed mounter
RX-7



General-purpose
mounter RS-1



PWB visual inspection
machine RV-2-3D



Mounter for post-
processing JM-20



Automated storage
system ISM2000

2-5-4-1 Where Each Business Unit Should Be (2) Industrial Products and Systems Business (Group Business)

Business Climate

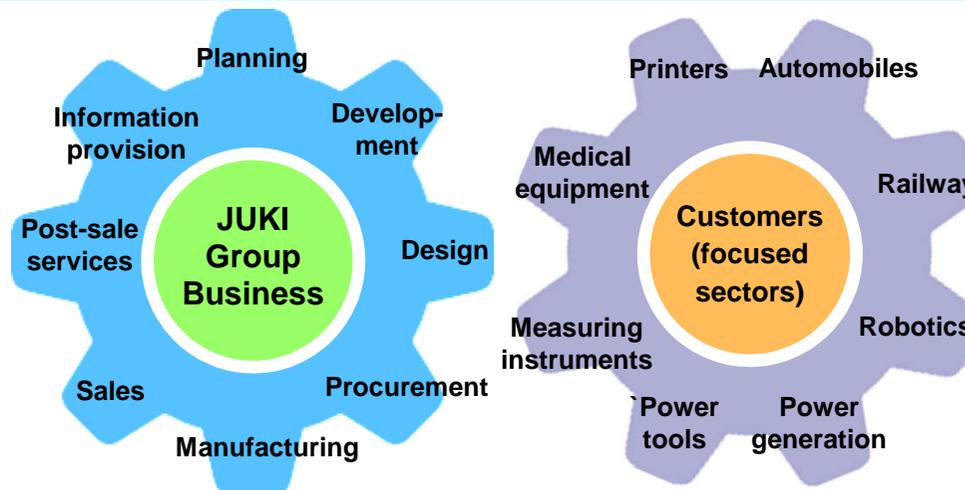
- Manufacturing volume is growing in Japan, with many Japanese manufacturers relocating their production sites back to Japan
- Orders from major manufacturers is on the rise

Vision

Make this segment the third pillar business for JUKI, by developing new customers and expanding the range of products/services offered to key existing customers

Key Initiatives

- Increase sales by expanding business with key existing customers
- Increase orders of products which use proprietary manufacturing technologies (precision casting, machining/processing, assembly, etc.) and boost sales of proprietary products

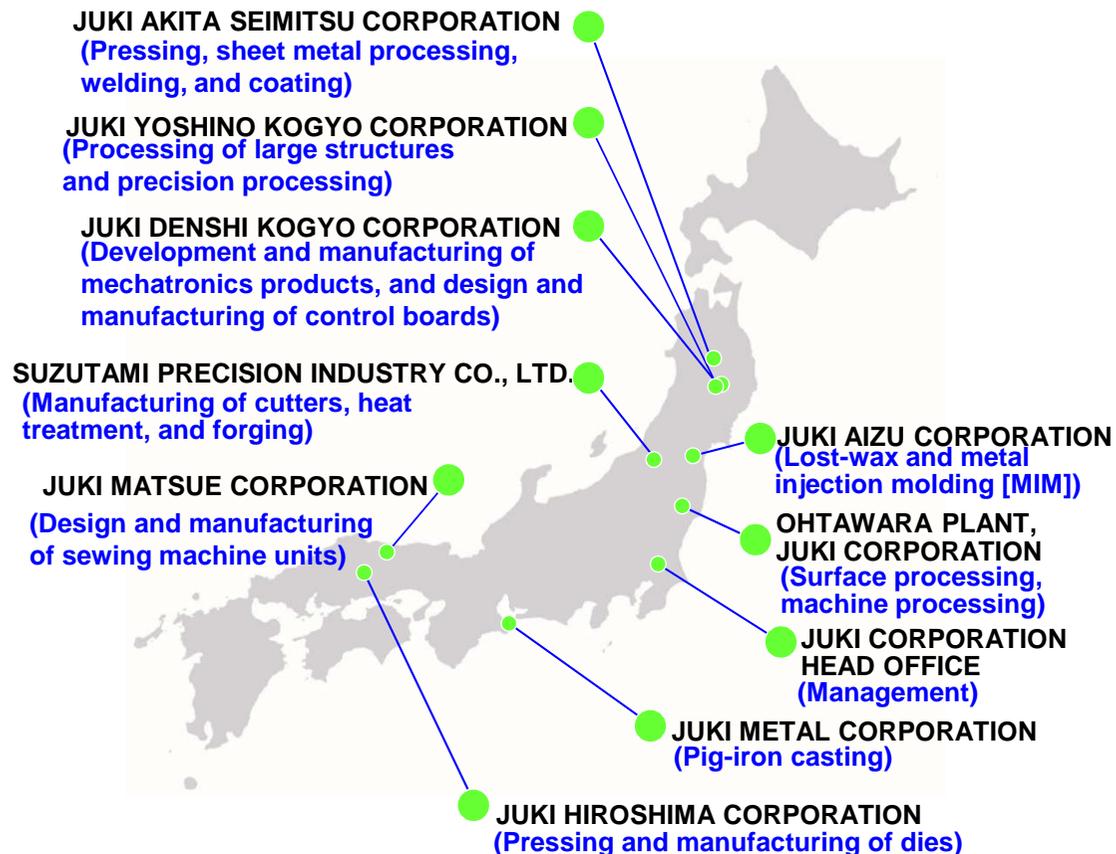


2-5-4-2 Where Each Business Unit Should Be

(2) Industrial Products and Systems Business (Group Business)



Leverage JUKI's manufacturing capabilities and global network, utilizing the Group's manufacturing companies (9 in Japan and 1 overseas) and promoting products such as systems equipment and "sleep busters"



2-5-5-1 Where Each Business Unit Should Be

(2) Industrial Products and Systems Business (Customer Business)



Business Climate

- Needs of multinational corporations which operate factories in different locations (with increasingly scattered manufacturing sites) are growing
- Parts needs of customers who are planning to increase their factory operating ratio are growing

Vision

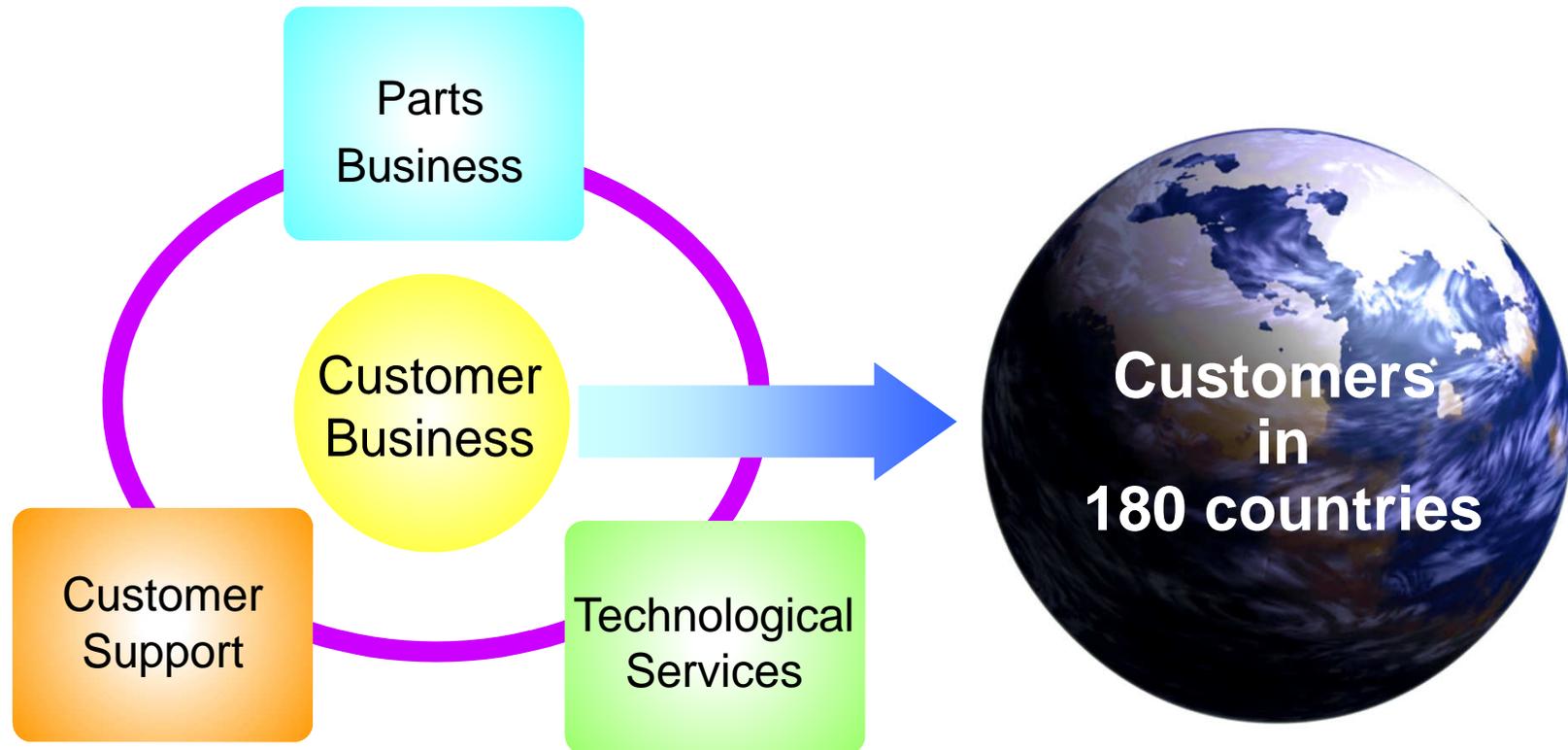
JUKI's parts can be received the day after they're ordered

Key Initiatives

- Increase sales of parts and equipment through online sales, utilizing a website dedicated to parts sales
- Strengthen the delivery system for parts associated with JUKI's products
- Further utilize JUKI's worldwide distribution channel

2-5-5-2 Where Each Business Unit Should Be (2) Industrial Products and Systems Business (Customer Business)

Become a one-stop provider of parts, customer support, and technological services for customers who have purchased JUKI's sewing machines and industrial Products, and expand our range of service offerings



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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