

To Our Shareholders



Business Report for the 102nd Business Term

(From January 1, 2016 through December 31, 2016)

JUKI CORPORATION

Securities code: 6440

Overview of Business Performance

Net sales decreased by 13.4% from the same period in the previous fiscal year, due primarily to protracted global economic stagnation coupled with the effects of yen appreciation, amid heightened uncertainty over the global economy, generated by the economic slowdown in China and other factors. This was despite our efforts to expand business areas by strengthening solution selling and proposing automation- and labor-saving solutions to our customers. With respect to profits, despite positive effect from production cost reductions, ordinary income decreased by 47.2% year-on-year, due mainly to a drop in sales and 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.

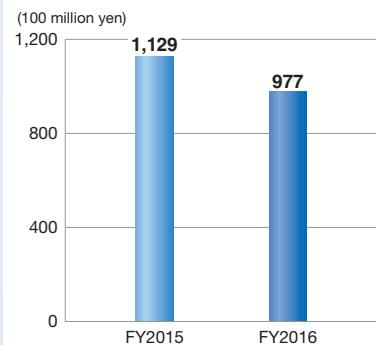
Net sales: 97.7 billion yen
(down by 15.1 billion yen year-on-year)

Ordinary income: 3.0 billion yen
(down by 2.7 billion yen year-on-year)

Net income: 1.9 billion yen
(down by 2.0 billion yen year-on-year)

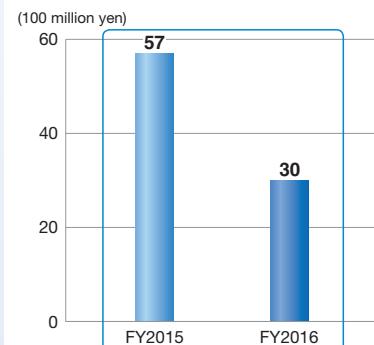
Annual dividend: 20 yen/share

Net sales

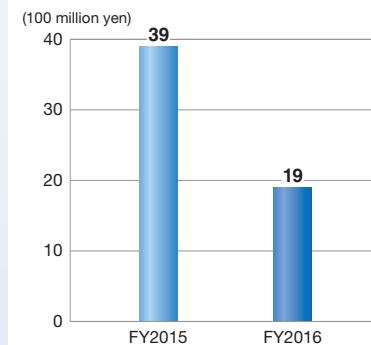


Average exchange rate: 1 US\$	FY2015	FY2016
	¥121	¥110

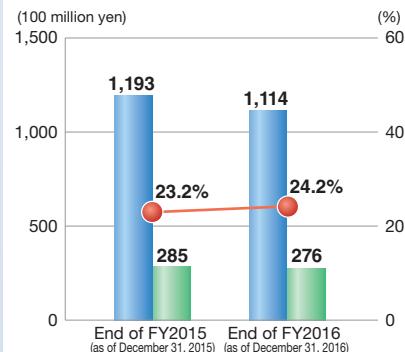
Ordinary income



Net income



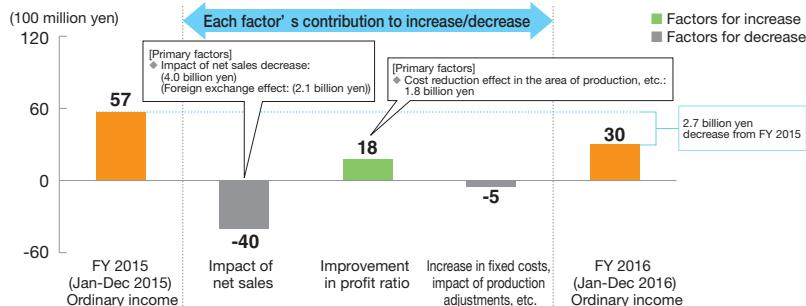
Total assets Net assets Equity ratio



Year-end exchange rate: 1 US\$	FY2015	FY2016
	¥121	¥117

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

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.



To Our Shareholders:

Thank you for your steadfast patronage and support.

We are pleased to present the financial results for the 102nd business term (January 1 - December 31, 2016) of Juki Corporation.

In the period under review, we strove to build robust operating platforms and expand the business reach of the Company. In particular, we stepped up our solution-selling efforts and worked to broaden proposal activities surrounding automation- and labor-saving solutions for customers. In spite of this, however, sales decreased to 97,724 million yen due to factors such as the economic slowdown in China, with deepening uncertainty in the global economy and protracted economic stagnation, as well as the yen appreciating compared with the previous fiscal year.

With respect to profits, operating income totaled 4,651 million yen, reflecting mainly lower sales despite positive effects from production cost reductions. Moreover, the yen appreciating against the dollar compared to the end of the previous fiscal year caused revaluation losses on foreign-currency-denominated receivables. The adjusted amount was charged to non-operating expenses. As a result of these developments, ordinary income amounted to 3,022 million yen, and net income for the period was 1,883 million yen.

Dividends are in accordance with our fundamental policy, considered comprehensively and taking into account the financial results of the current fiscal year, retention for future business development, and enhancing returns to shareholders through stable dividend distributions. Based on this fundamental policy and taking into account our latest year-end financial position, we anticipate paying a dividend of 20.0 yen per share.

Based on our long-term vision of “Thriving in the 21st century as a global, innovative *Monozukuri* (manufacturing) enterprise,” we have formulated our Medium-Term Management Plan, “Value Up 2022,” to ensure the sustained future growth of the Company. This plan upholds the vision of “Becoming a *Monozukuri* (manufacturing) enterprise capable of raising the corporate values of JUKI and its clients through JUKI products and services,” to be reached in six years, by FY 2022. In order to realize this objective, our 3-year Medium-Term Management Plan for fiscal years 2017 through 2019 promotes the vision of “Being an enterprise consistently providing customer-preferred, high-quality products and services.”

To achieve this vision, we will make efforts in multiple areas such as fostering and effectively deploying at the global level innovative, creative human resources, building sophisticated business platforms, and strengthening our value-creation capabilities in solution selling.

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



Akira Kiyohara
Representative Director

1. Summary of Results for FY 2016

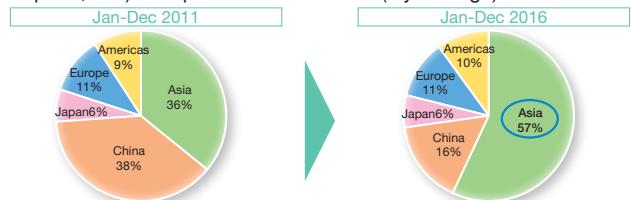
Sewing Machinery Business

By geographic market area, sales increased in select emerging economies such as Bangladesh and Indonesia as well as in the U.S. and Europe. Sales in China declined, however. Viewed by product type, despite positive performances of products for car seats and other non-apparel applications, the effects of the stronger yen compared with the previous fiscal year resulted in a reduction of sales value. As a result, overall sales in the Sewing Machinery Business decreased to 75,866 million yen (down 11.9% compared with the previous fiscal year).

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

	FY 2015 (Jan-Dec)	FY 2016 (Jan-Dec)	Amount of change
Asia	407	366	(41)
China	143	105	(38)
Japan	34	38	4
Europe	68	71	3
Americas	76	63	(13)
Total	728	643	(85)

● Composition of net sales (industrial sewing machines excluding parts, etc.): comparison with FY 2011 (5 years ago)



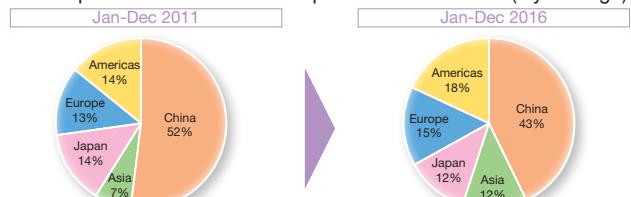
Electronic Assembly Systems Business

By geographic market area, sales decreased in our largest market, China, and in the U.S. and Europe. Viewed by product type, new mounters and other products launched under the Company's line solution strategy posted higher sales, but the gains were outpaced by weak sales of existing mounters. As a result, overall sales in the Electronic Assembly Systems Business decreased to 15,237 million yen (down 25.7% compared with the previous fiscal year).

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

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

● Composition of net sales: comparison with FY 2011 (5 years ago)



2. Performance Forecast for FY 2017

(100 million yen)

Results and forecast according to new organizational structure

	Full-year results for FY 2016 Full-year (Jan-Dec)	Forecasts for FY 2017 Full-year (Jan-Dec)
Net sales	977	1,010
Sewing Machinery & Systems	(682)	(700)
Industrial Equipment & Systems	(295)	(310)
Operating income	47	48
Ordinary income	30	37
Net income	19	22
Dividend per share	Full-year: 20 yen/share	Full-year: 20 yen/share
Exchange rate	1US\$=¥110	1US\$=¥105

1. Business Climate



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, and 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



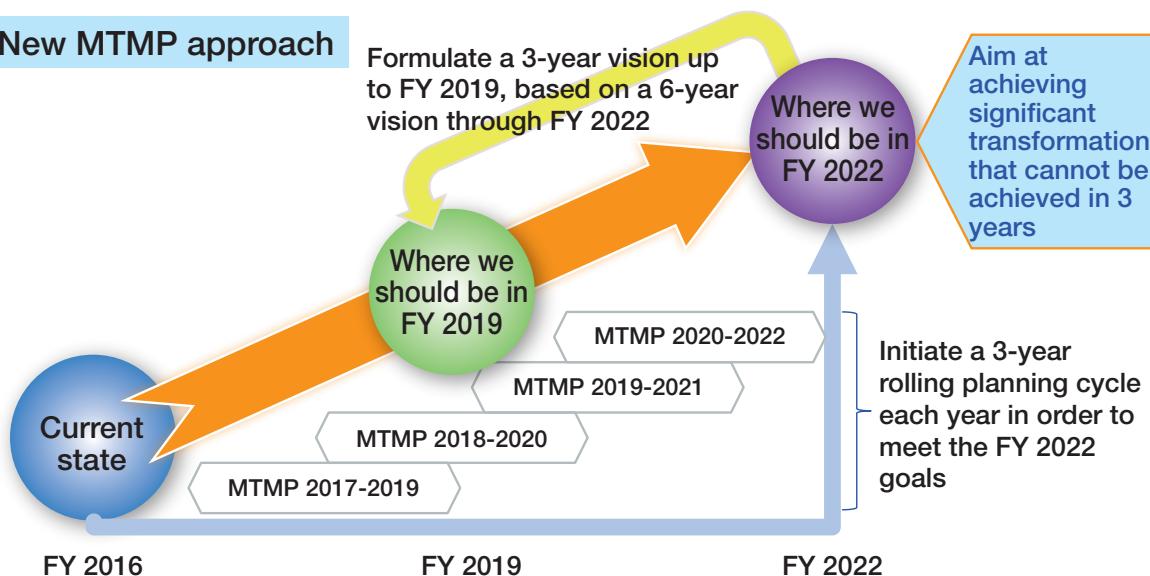
In response, companies are called to:

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

2. 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



3. Vision for the Medium-Term Management Plan



4. The Medium-Term Management Plan contains the following five basic policies.

1) Developing globally competent and innovative personnel and deploying them to fulfill our visions

- We are committed to the promotion of diversity and the reinforcement of personnel training at every level – from management to our youngest employees.

2) Constructing a smart business foundation

- We will further reform supply chain management, reduce manufacturing costs and streamline administrative operations.

3) Strengthening our value-creation capabilities through solution sales

- In order to promote “provision of specific solutions,” we will develop and deliver products and services that match customers’ needs for labor-saving and manpower-saving results.

4) Building capital through strengthening our financial structure

- We will reduce inventories and interest-bearing debts, as well as enhance our profit-earning capability and capital.

5) Creating new business categories and reinforcing them, based on our vision of the future

- We will bolster our initiatives aimed at creating new businesses.

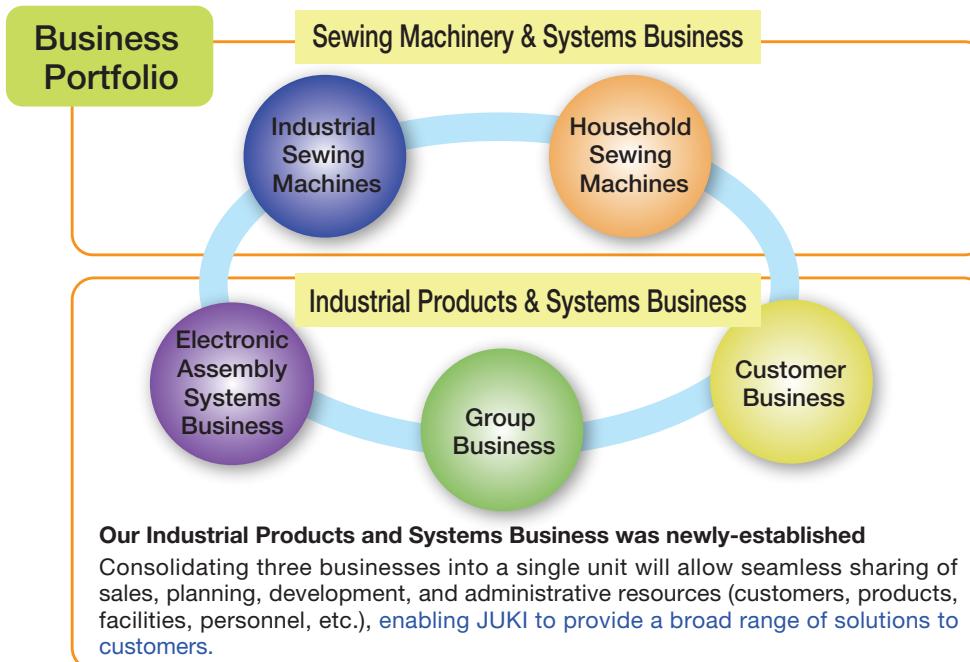
5. Revision of Managerial Framework

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**

Business Portfolio



6. Sewing Machinery & 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

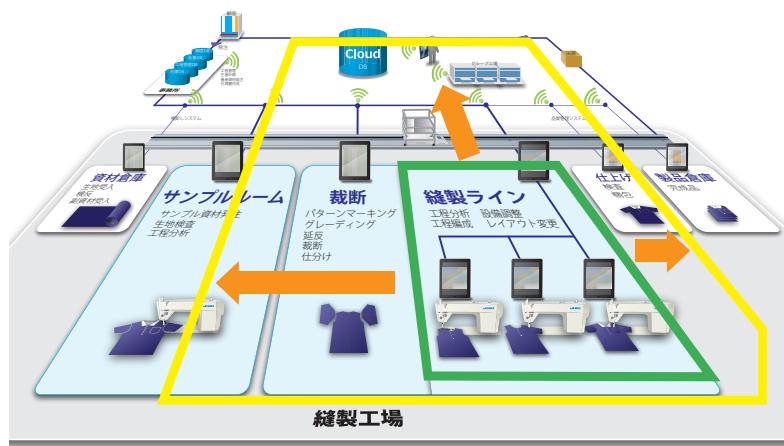
Based on JUKI's Smart Solution approach, provide innovative technologies and proposals for systematization, and contribute to the enhancement of customers' innovation efforts

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

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

7. 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



Household sewing machines



Overlock machines

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

Sewing machines for professionals



Quilting machines



QVP (Quilt Virtuoso Pro) Family



8. 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

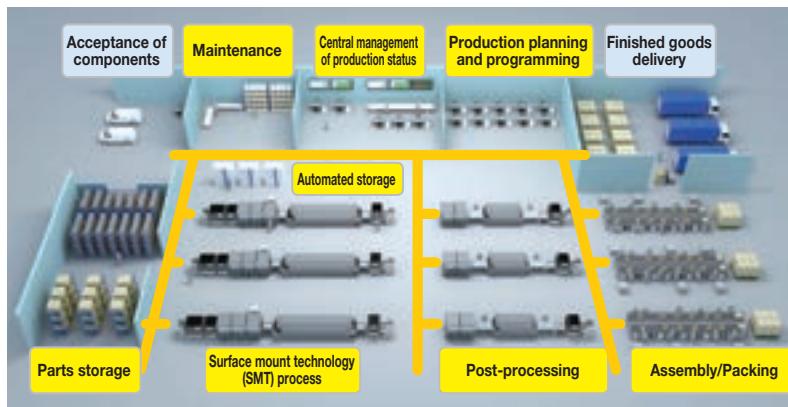
Become customers' indispensable partner by devoting resources to our areas of strength, and on automation- and labor-saving solutions

Key Initiatives

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

Smart Factory Solution Initiatives

■ JUKI's Smart Solutions coverage



High-speed mounter
RX-7



General-purpose mounter
RS-1



PWB visual inspection machine
RV-2-3D

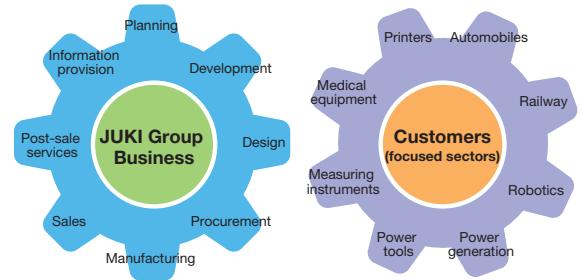


Mounter for post-processing
JM-20

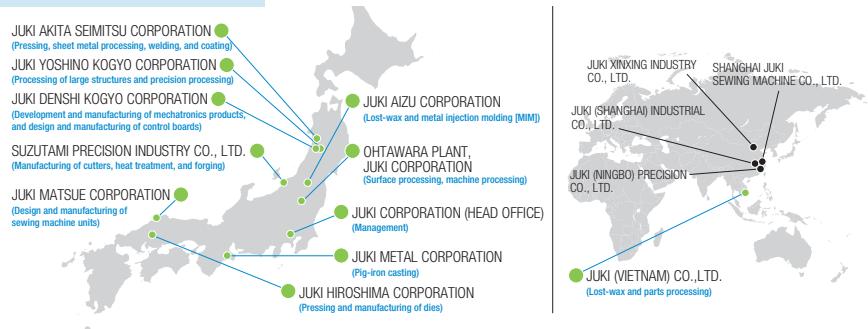


Automated storage system
ISM2000

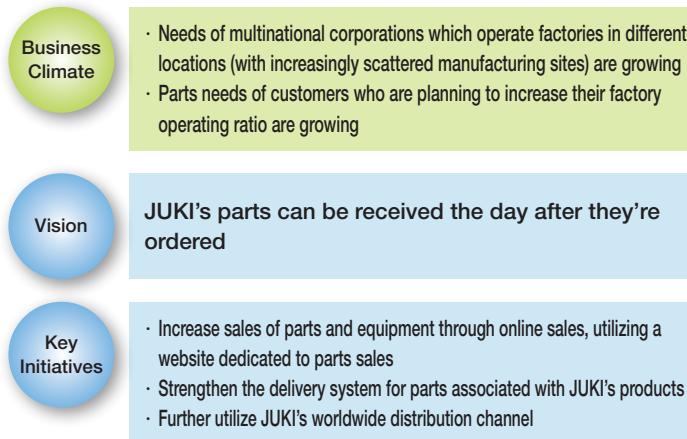
9. Industrial Products and Systems Business (Group Business)



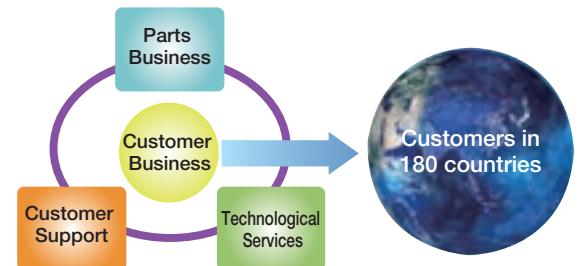
Leverage JUKI's manufacturing capabilities and global network, utilizing the Group's manufacturing companies (9 in Japan and 1 overseas) and promoting products such as systems equipment and "sleep busters"



10. 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 equipment, and expand our range of service offerings



Consolidated Financial Statements (Summary)

Consolidated Balance Sheet

(Million yen)

Item	FY2015 as of December 31, 2015	FY2016 as of December 31, 2016	Change
Assets			
Current assets	86,958	80,066	(6,892)
Non-current assets	32,323	31,298	(1,025)
Total assets	119,281	111,365	(7,916)
Liabilities			
Current liabilities	64,436	61,254	(3,182)
Non-current liabilities	26,367	22,528	(3,839)
Total liabilities	90,803	83,782	(7,021)
Net assets			
Shareholders' equity	27,873	28,412	539
Accumulated other comprehensive income	(194)	(1,406)	(1,212)
Non-controlling interests	799	576	(223)
Total net assets	28,477	27,582	(895)
Total liabilities and net assets	119,281	111,365	(7,916)

Consolidated Statement of Income

(Million yen)

Item	FY2015 January 1, 2015 to December 31, 2015	FY2016 January 1, 2016 to December 31, 2016	Change
Net sales	112,865	97,724	(15,141)
Cost of sales	78,293	68,134	(10,159)
Gross profit	34,571	29,590	(4,981)
Selling, general and administrative expenses	27,461	24,938	(2,523)
Operating income	7,110	4,651	(2,459)
Non-operating income	914	854	(60)
Non-operating expenses	2,296	2,483	187
Ordinary income	5,728	3,022	(2,706)
Extraordinary income	51	441	390
Extraordinary losses	137	373	236
Profit before income taxes	5,642	3,090	(2,552)
Income taxes	1,989	1,453	(536)
Profit	3,652	1,637	(2,015)
Loss attributable to non-controlling interests	(200)	(246)	(46)
Profit attributable to owners of parent	3,853	1,883	(1,970)

Corporate Information (as of December 31, 2016)

Corporate Profile

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, Household sewing machines, SMT systems, etc.
Number of employees	6,021 (on a consolidated basis)
Number of consolidated subsidiaries	30

Stock Information

- Total number of authorized shares 80,000,000 shares
- Total number of issued shares 29,874,179 shares
- Total number of shareholders 13,395

JUKI CORPORATION

2-11-1, Tsurumaki, Tama-shi, Tokyo 206-8551, Japan

Tel: +81-42-357-2211

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

Major Shareholders

Shareholder name	Number of shares (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,373	4.68
Japan Trustee Services Bank, Ltd. (Trust Account)	1,080	3.68
Mizuho Bank, Ltd.	938	3.20
Nippon Life Insurance Company	732	2.49
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	645	2.20

Stock Distribution Status by Owner Type

