

Explanatory Meeting

First Half Account Settlement FY2017 ending December 31, 2017 on a consolidated basis

August 7, 2017

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Mind & Technology

(This translation may be used for reference purposes only)

JUKI

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Table of Contents

| | |
|--|----|
| Part 1: Performance of the 1st Half of FY2017 (ending Dec. 2017) | |
| 1. Performance Trends and Dividends | 3 |
| 2. Factors for Ordinary Income Increase/Decrease | 4 |
| 3. Changes in Major Financial Indices | 5 |
| 4. Performance by Business Segment | 6 |
| | |
| Part 2: Measures for Achieving the Medium-Term Management Plan (2017-2019) and Key Initiatives for the 2nd Half of FY2017 | |
| 1. Measures for Achieving the Medium-Term Management Plan | 11 |
| 2. FY2017 Full-Year Results Forecasts | 14 |
| 3. Key Initiatives for the 2nd Half of FY2017 | 16 |

Part 1

Performance of the 1st Half of FY2017 (ending Dec. 2017)

1-1: Performance Trends and Dividends for the 1st Half of FY2017



Net sales decreased 5.1% compared with the same period in the previous year, despite stable solution sales, as the Company promoted sales activities with the focus on overall profitability, including reviews of the profitability of individual transactions.

With respect to profits, operating income increased 78.4% from the same period in the previous year, overriding the effects of lower net sales. This increase was mainly due to the sales policies mentioned above, supported by margin improvements from cost reductions, and the effects of cuts in operating expenses. Aided by diminished foreign exchange losses, ordinary income and net income for the same period increased strongly compared with the same period in the previous year.

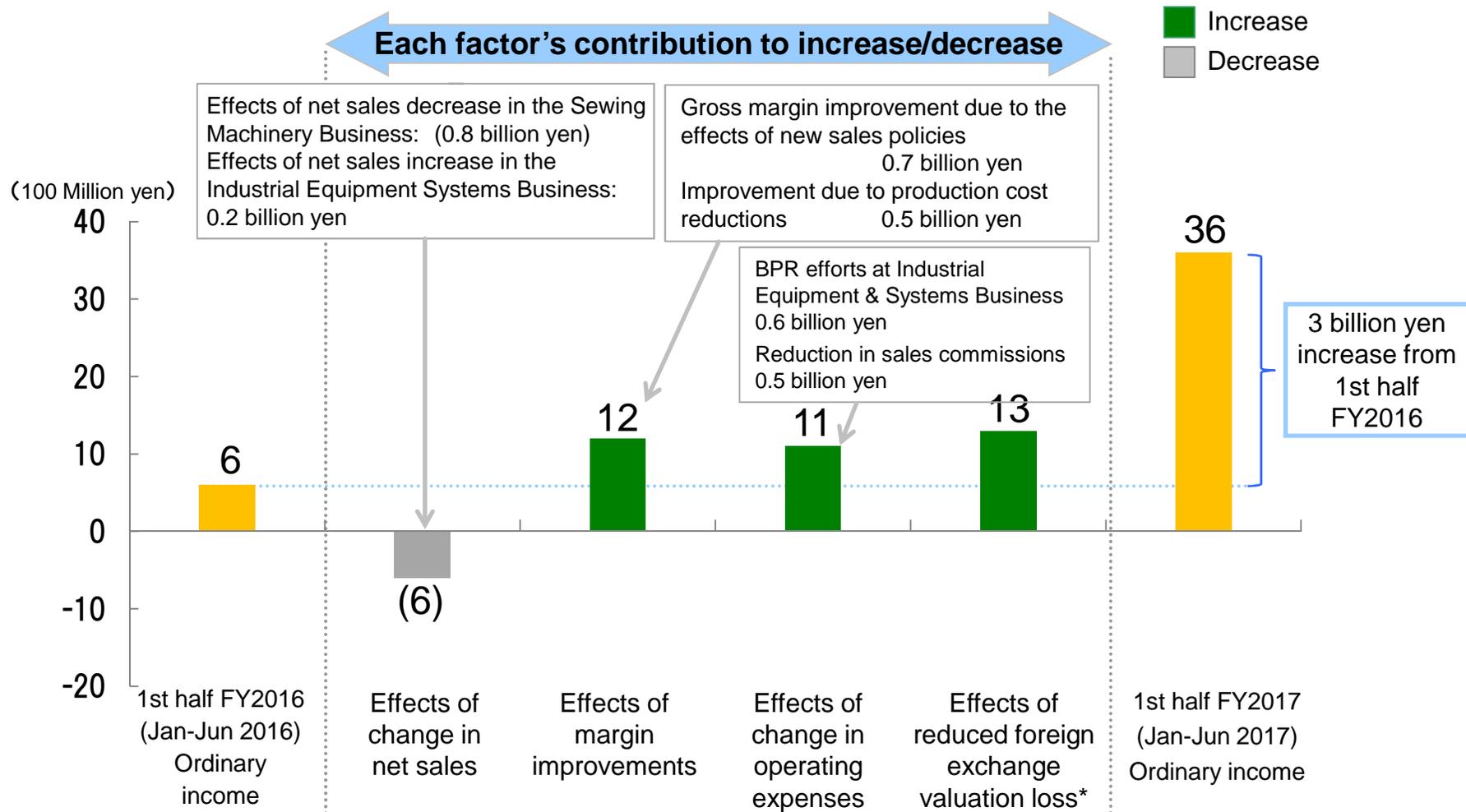
(Million Yen)

| | FY 2016 ended December 31, 2016 | | | | | | FY2017 ending December 31, 2017 | | | Year-on-year change (B-A) (%) |
|-----------------------|---------------------------------|-------------------|------------------------------|-----------------|-----------------|--------------------------------|---------------------------------|-----------------|------------------------------|--|
| | 1st half | | | 2nd half | | | 1st half | | | |
| | 1Q | 2Q | 1st half <A> | 3Q | 4Q | 2nd half | 1Q | 2Q | 1st half | |
| | Jan-Mar 2016 | Apr-Jun 2016 | Jan-Jun 2016 | Jul-Sep 2016 | Oct-Dec 2016 | Jul-Dec 2016 | Jan-Mar 2017 | Apr-Jun 2017 | Jan-Jun 2017 | |
| Net Sales | 25,910 | 25,081 | 50,991 | 22,292 | 24,441 | 46,733 | 23,717 | 24,672 | 48,389 | (2,602) (5.1%) |
| Operating Income | 1,455 [5.6%] | 573 [2.3%] | 2,028 [4.0%] | 748 [3.4%] | 1,875 [7.7%] | 2,623 [5.6%] | 2,138 [9.0%] | 1,480 [6.0%] | 3,618 [7.5%] | 1,590 78.4% |
| Ordinary Income | 831 [3.2%] | (225) [(0.9%)] | 606 [1.2%] | 701 [3.1%] | 1,715 [7.0%] | 2,416 [5.2%] | 2,241 [9.4%] | 1,348 [5.5%] | 3,589 [7.4%] | 2,982 491.9% |
| Net Income | 650 [2.5%] | (882) [(3.5%)] | (232) [(0.5%)] | 342 [1.5%] | 1,773 [7.3%] | 2,115 [4.5%] | 1,527 [6.4%] | 877 [3.6%] | 2,404 [5.0%] | 2,637 — |
| Dividend per Share | — | — | <Interim Dividends> ¥0 | — | — | <Year-end Dividends> ¥20 | — | — | <Interim Dividends> ¥0 | ¥0 |
| Exchange Rate | 1 US\$ ¥117 | 1 Euro ¥108 | ¥113 | ¥103 | ¥111 | ¥107 | ¥114 | ¥111 | ¥113 | ¥0 |
| | | | ¥125 | ¥115 | ¥119 | ¥117 | ¥121 | ¥124 | ¥122 | (¥3) |

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: Factors for Ordinary Income Decrease/Increase for the 1st Half of FY2017

Ordinary income increased strongly, overriding the effects of lower net sales. Main contributing factors were sales activities emphasizing profitability, margin improvements from production cost reductions, and the effects of decreased operating expenses.



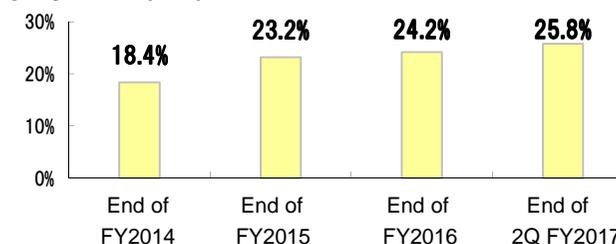
*Foreign exchange valuation loss: 1.3 billion yen in the first half of FY2016; 0.0 billion yen in the first half of FY2017.
 Note: Figures in parentheses () are negative values.

1-3: Changes in Major Financial Indices

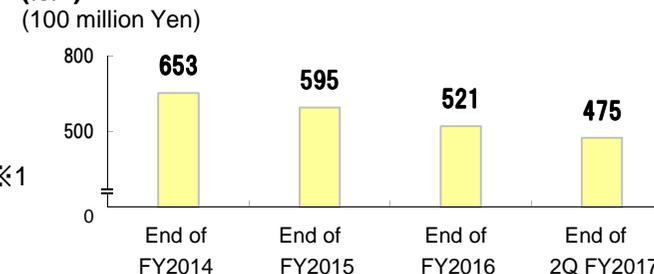
- Cash provided by operating activities marked 5.6 billion yen.
- Interest-bearing debt (net of cash and deposits) decreased 4.6 billion yen.
- Shareholders' equity increased 1.5%, reflecting steady improvement.

| | (Million Yen) | | |
|---|---|--|---------------------------|
| | As of December 31, 2016 (FY2016) 〈A〉 | As of June 30, 2017 (2Q FY2017) 〈B〉 | Change 〈B-A〉 |
| Total Assets | 111,365 | 110,486 | (878) |
| Net Assets [Foreign currency translation adjustment] | 27,582 [(2,274)] | 29,013 [(2,679)] | 1,431 [(405)] |
| Net Assets Ratio | 24.8% | 26.3% | 1.5% |
| Equity Ratio | 24.2% | 25.8% | 1.5% |
| Notes and accounts receivable-trade [Turnover period] | 30,741 [3.8 months] | 28,236 [3.5 months] | (2,505) [(0.3 months)] |
| Inventories [Turnover period] | 37,616 [4.6 months] | 38,127 [4.7 months] | 511 [0.1 months] |
| Notes and accounts payable-trade [Turnover period] | 9,972 [1.8 months] | 11,863 [2.2 months] | 1,890 [0.4 months] |
| Interest-bearing debts | 60,157 | 56,425 | (3,732) |
| Cash and deposits | 8,048 | 8,947 | 899 |
| Exchange rate (period-end) | 1US\$ ¥116 | ¥112 | (¥4) |

Equity ratio (※1)

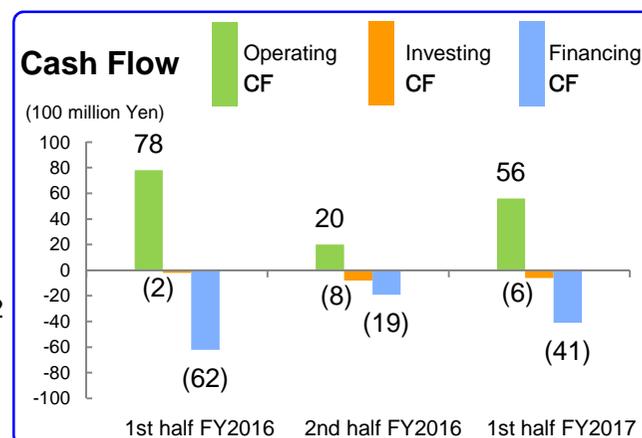


Interest-bearing debts (Net of cash and deposits) (※2)



※1

※2



Note: Figures in parentheses () are negative values.

1-4-1: Performance by Business Segment

Changes in Net Sales



At the Sewing Machinery & Systems Business Unit, sales by geographic region developed favorably in the US and Europe but struggled in parts of Asia, despite a recovery in China. Viewed by product, sales of non-apparel applications such as equipment for car seat manufacturers increased, but products for apparel manufacturers suffered declines, resulting in a 9.8% drop in net sales compared with the same period in the previous year.

At the Industrial Equipment & Systems Business Unit, sales by geographic region were strong in China, the largest market, on the back of higher facility investment demand. Viewed by product, the Group business marked increased sales of labor-saving equipment tied to smart-factory proposals, as well as higher revenues at contracted processing operations. As a result, sales increased 6.3% compared with the same period in the previous year.

(Million Yen)

| | FY2016 ended December 31, 2016 | | | | | | FY2017 ending December 31, 2017 | | | | Year-on-year change <B-A> (%) |
|--------------------------------|--------------------------------|-----------------|-------------------|-----------------|-----------------|-----------------|---------------------------------|-----------------|-------------------|---------------------------------|-------------------------------------|
| | 1st half | | | 2nd half | | | 1st half | | | | |
| | 1Q | 2Q | First half <A> | 3Q | 4Q | 2nd half | 1Q | 2Q | First half | | |
| | Jan-Mar 2016 | Apr-Jun 2016 | Jan-Jun 2016 | Jul-Sep 2016 | Oct-Dec 2016 | Jul-Dec 2016 | Jan-Mar 2017 | Apr-Jun 2017 | Jan-Jun 2017 | | |
| Sewing Machinery & Systems | 18,131 | 17,971 | 36,102 | 15,736 | 17,403 | 33,139 | 15,989 | 16,573 | 32,562 | (3,540) (9.8%) | |
| Industrial Equipment & Systems | 7,698 | 7,027 | 14,725 | 6,473 | 6,950 | 13,423 | 7,644 | 8,015 | 15,659 | 934 6.3% | |
| Other | 79 | 85 | 164 | 83 | 88 | 170 | 82 | 84 | 166 | 2 | |
| Total | 25,910 | 25,081 | 50,991 | 22,292 | 24,441 | 46,733 | 23,717 | 24,672 | 48,389 | (2,602) (5.1%) | |
| Group Business | 2,032 | 2,225 | 4,257 | 2,109 | 2,295 | 4,404 | 2,469 | 2,723 | 5,192 | 935 22.0% | |

Note: Figures in parentheses () are negative values.

1-4-2: Performance by Business Segment

Changes in Ordinary Income



The Sewing Machinery & Systems Business Unit posted a 24.6% increase in ordinary income compared with the same period in the previous year, mainly due to sales activities emphasizing profitability and to cost reduction effects.

The Industrial Equipment & Systems Business Unit reported strongly expanded ordinary income due to improved margins and cost reduction effects from the structural reforms promoted to date.

(Million Yen)

| | FY2016 ended December 31, 2016 | | | | | | FY2017 ending December 31, 2017 | | | | |
|---|--------------------------------|-------------------|-------------------|-----------------|-----------------|-----------------|---------------------------------|-----------------|-------------------|-------------------------------------|--|
| | 1st half | | | 2nd half | | | 1st half | | | Year-on-year change <B-A> (%) | |
| | 1Q | 2Q | First half <A> | 3Q | 4Q | 2nd half | 1Q | 2Q | First half | | |
| Jan-Mar 2016 | Apr-Jun 2016 | Jan-Jun 2016 | Jul-Sep 2016 | Oct-Dec 2016 | Jul-Dec 2016 | Jan-Mar 2017 | Apr-Jun 2017 | Jan-Jun 2017 | | | |
| Sewing Machinery & Systems | 1,607 [8.9%] | 689 [3.8%] | 2,296 [6.4%] | 944 [6.0%] | 1,012 [5.8%] | 1,956 [5.9%] | 1,815 [11.4%] | 1,048 [6.3%] | 2,863 [8.8%] | 567 24.6% | |
| Industrial Equipment & Systems | (154) [(2.0%)] | (268) [(3.8%)] | (422) [(2.9%)] | 60 [0.9%] | 299 [4.3%] | 359 [2.7%] | 593 [7.8%] | 536 [6.7%] | 1,129 [7.2%] | 1,551 — | |
| Other | 4 [5.1%] | 34 [40.0%] | 38 [23.2%] | 9 [11.0%] | (4) [(4.5%)] | 5 [2.9%] | 10 [12.2%] | 10 [11.9%] | 20 [12.0%] | (18) | |
| Adjustment | (626) | (680) | (1,306) | (311) | 407 | 96 | (177) | (247) | (424) | 881 | |
| Total | 831 [3.2%] | (225) [(0.9%)] | 606 [1.7%] | 701 [3.1%] | 1,715 [7.0%] | 2,416 [5.2%] | 2,241 [9.4%] | 1,348 [5.5%] | 3,589 [7.4%] | 2,982 491.9% | |

Note: Figures in parentheses () are negative values.

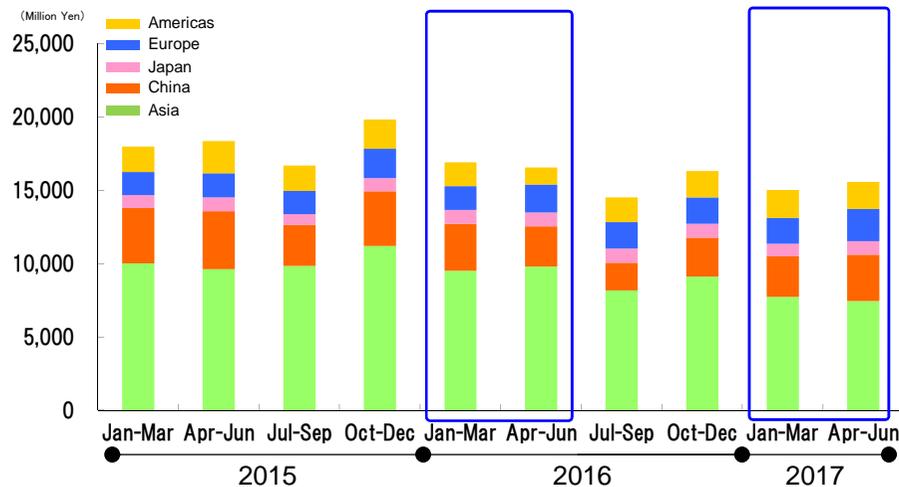
[Reference #1] Performance by Business Segment: Sewing Machinery & Systems Business



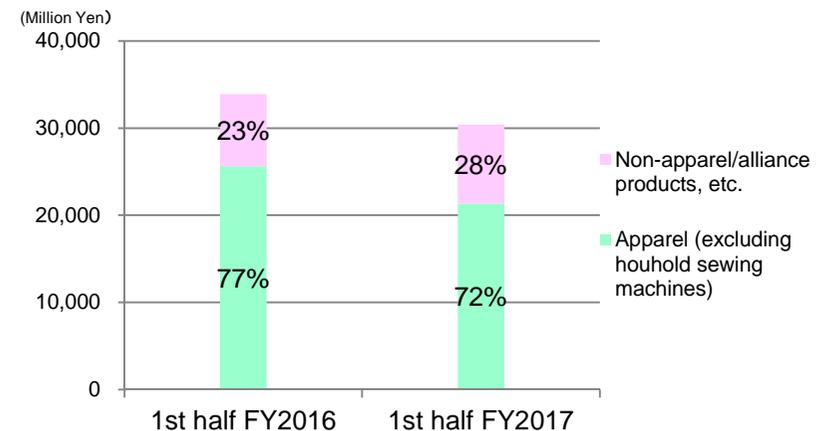
Recovery trend in China in the second quarter of FY 2017.

Favorable performance of non-apparel applications in the US and apparel applications, predominantly in Europe.

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



Change in Net Sales of Apparel/Non-Apparel Products (excluding household sewing machines)



Net sales: Year-on-Year Comparison

| | Jan-Jun 2016 | Jan-Jun 2017 | Amount of change | (% of change) |
|----------|--------------|--------------|------------------|---------------|
| Asia | 194 | 152 | (42) | (22%) |
| China | 59 | 59 | 0 | |
| Japan | 19 | 18 | (1) | |
| Europe | 35 | 40 | 5 | +12% |
| Americas | 28 | 38 | 10 | +34% |
| Total | 335 | 306 | (29) | (9%) |

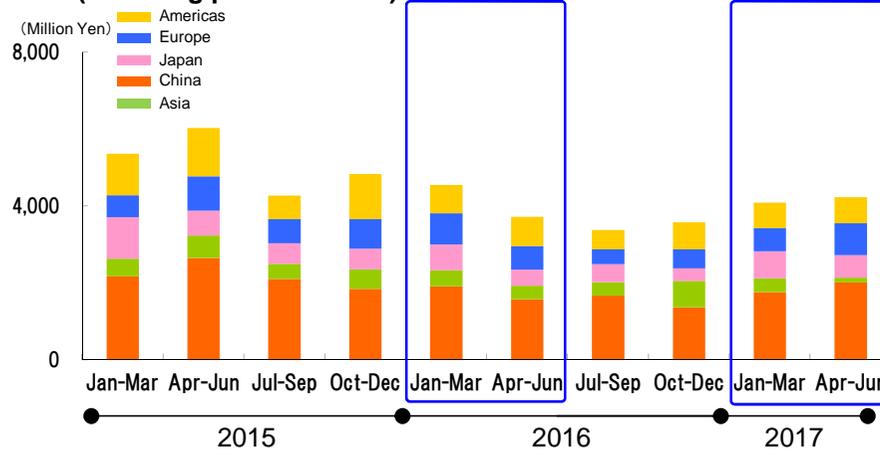
Note: Figures in parentheses () are negative values.

[Reference #2] Performance by Business Segment: Industrial Equipment & Systems Business

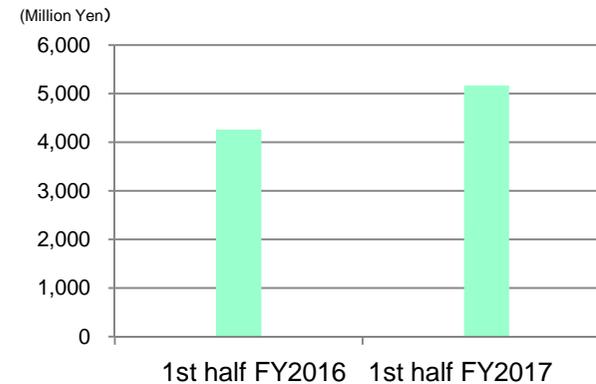


Recovery of investment demand in China, with steady growth of Group business sales, such as labor-saving equipment and contracted processing operations. (Group business prospects are for annual sales of 10.0 billion yen.)

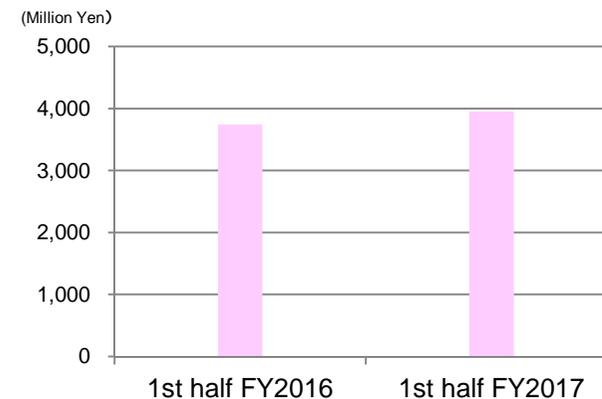
Changes in Net Sales of Electronic Assembly Systems by Region (monthly aggregation base)
(Including parts/services)



Group Business: Changes in Net Sales



Parts Business: Changes in Net Sales



Net sales: Year-on-Year Comparison

| | Jan-Jun 2016 | Jan-Jun 2017 | Amount of change | (% of change) |
|----------|-----------------|-----------------|---------------------|------------------|
| China | 35 | 38 | 3 | +8% |
| Asia | 8 | 5 | (3) | |
| Japan | 11 | 13 | 2 | |
| Europe | 14 | 14 | 0 | |
| Americas | 15 | 13 | (2) | |
| Total | 83 | 83 | 0 | |

Note: Figures in parentheses () are negative values.

Part 2

Measures for Achieving the Medium-Term Management Plan (2017-2019) and Key Initiatives for the 2nd Half of FY2017

2-1-1: Measures for Achieving the Medium-Term Management Plan – Five Basic Policies

- Developing globally competent personnel and deploying them to fulfill our visions
- Constructing a smart business foundation
- Strengthening our value-creation capabilities through solution sales
- Building capital through strengthening our financial structure
- Creating new business categories and reinforcing them, based on our vision of the future

2-1-2: Measures for Achieving the Medium-Term Management Plan – Business Climate

The Economy

- **Prolonged lack of transparency and uncertainty in the global economy**
 - TPP non-participation (US), EU exit (UK)
- **Increased facility investment demand from electronic parts and machine tool industries**
 - Technological innovation in information and communication (IoT) fields, insufficient labor pool

Customer Needs

- **Aggressive investment in smart company / smart factory concepts**
 - Introduction of digitization, systematization, and factory automation solutions
- **High expectations for technological innovation**
 - Mounting interest in AI, robotics, and cloud-technology applications

In response, companies are called to:

- **Streamline management structures**
 - Strengthening of corporate governance systems, introduction of global-approach frameworks
- **Promote profit-oriented business management**
 - Annual sales and profits growth, stabilization of dividends, increases in shareholders' equity

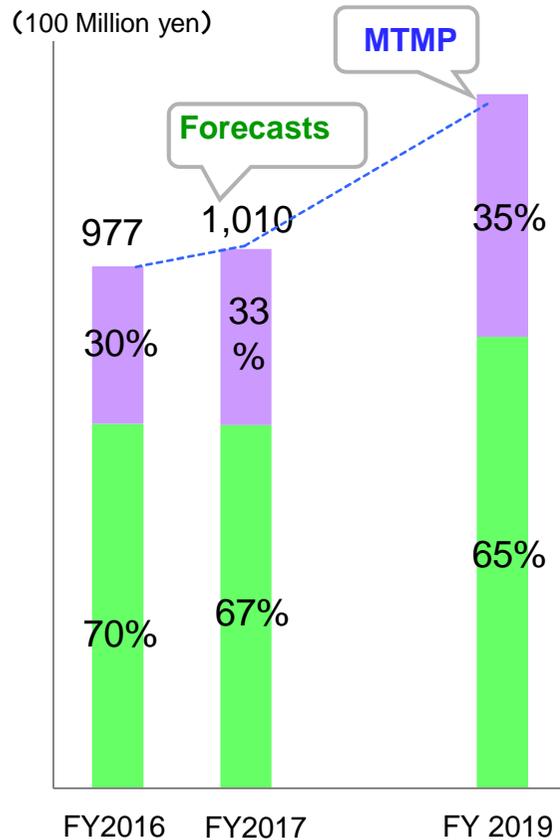
2-1-3: Measures for Achieving the Medium-Term Management Plan – Progress Status



Net Sales

(Target: 9% growth annually)

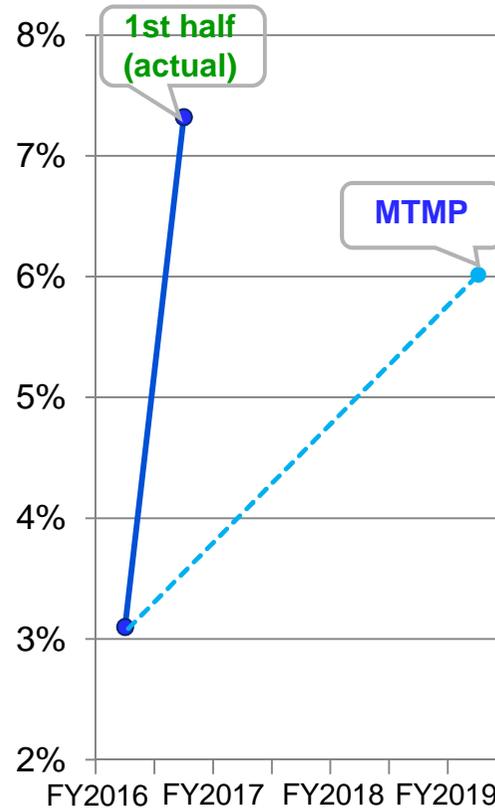
FY2017 forecast: 101.0 billion yen



Ratio of Ordinary Income to Net Sales

(Target: 6% or higher by FY2019)

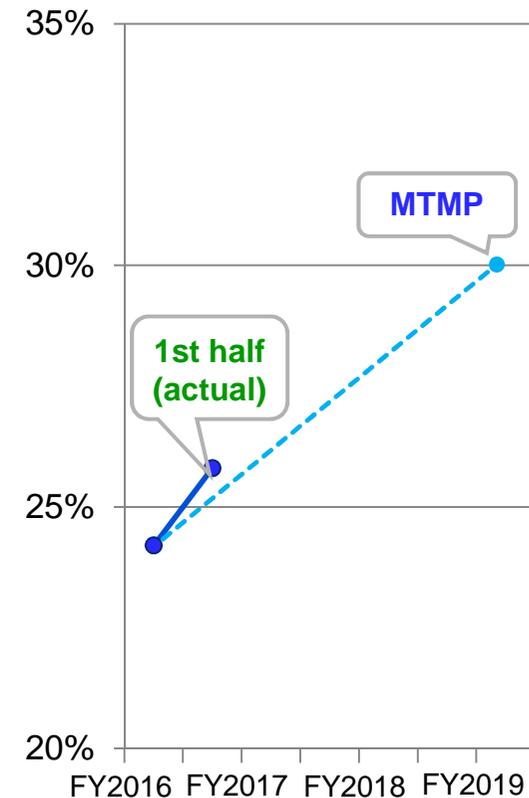
1st half (actual) 7.4%



Equity Ratio

(Target: 30% or more [FY2019 year-end])

1st half (actual) 25.8%



- Industrial Equipment & Systems Business
- Sewing Machinery & Systems Business

2-2-1: FY2017 Full-Year Results Forecasts

Management Policies for 2nd half

Sewing Machinery & Systems Business

Industrial Equipment & Systems Business

Strengthening of the Financial Base

Development of new customers, sales expansion of new products, strengthening of solution proposal capabilities, re-allocation of resources to high added-value fields

Sales expansion of new products, strengthening of solution proposal capabilities, realization of synergies within business units

Maximum reduction of inventories and interest-bearing debt

Establishment of platforms for sustained growth in sales and profits

| | (100 million yen) | | | [Reference] | |
|---|-------------------|--------------------------------|-------------------------------|---------------------------------------|--|
| | FY2016 Results | Forecast for FY2017 (Previous) | Forecast for FY2017 (Current) | FY2017 Results for 1st half (Jan-Jun) | FY2017 Forecast for 2nd half (Jul-Dec) |
| Net Sales | 977 | 1,010 | 1,010 | 484 | 526 |
| Sewing Machinery & Systems Business | 682 | 700 | 680 | 325 | 355 |
| Industrial Equipment & Systems Business | 295 | 310 | 330 | 157 | 173 |
| Operating Income | 47 | 48 | 60 | 36 | 24 |
| Ordinary Income | 30 | 37 | 55 | 36 | 19 |
| Net Income | 19 | 22 | 35 | 24 | 11 |
| Dividend per Share | Full-year ¥20 | Full-year ¥20 | Full-year ¥20 | — | Year-end ¥20 |
| Exchange rate | 1US\$= ¥110 | 1US\$= ¥105 | | 1US\$= ¥113 | 1US\$= ¥105 |

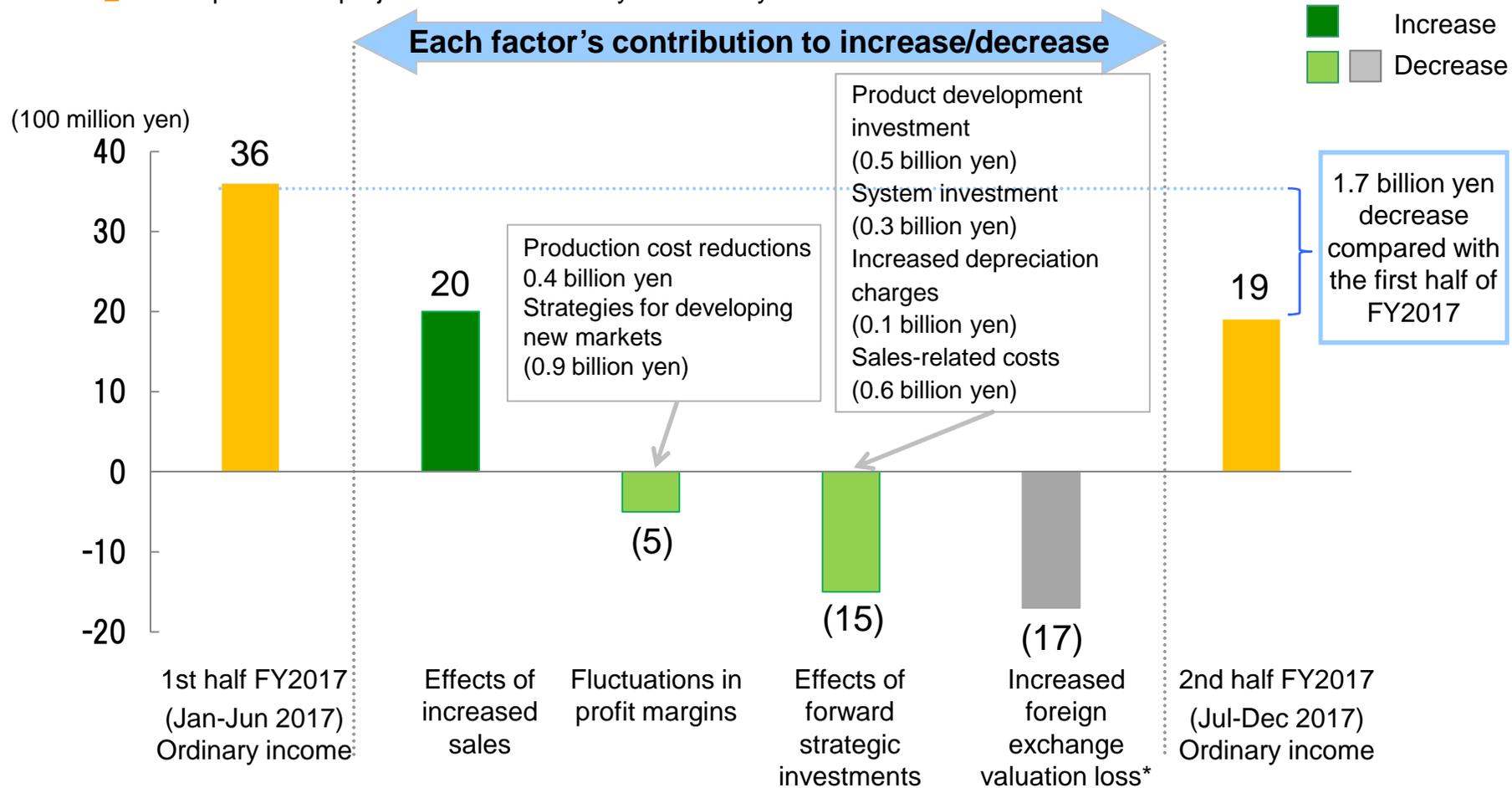
YoY
3.4%

Profit margin
5.4%

2-2-2: 2nd Half FY2017

Factors for Ordinary Income Increase/Decrease

Forecasts call for a 2.0 billion yen increase in profits on the back of higher sales and 0.4 billion yen in production cost reductions. However, taking into account that the Company will proactively engage in forward strategic investments (with associated costs from the development of new markets, investment in product development, and systems investments), overall profits are projected to decrease by 1.7 billion yen.



* Including a foreign exchange valuation loss of ¥1.5 billion (after 0.0 billion yen foreign exchange valuation loss in the first half of FY 2017, the forecast is for a ¥1.5 billion loss in the second half, based on an assumed exchange rate of 1US\$=¥105).

Figures in parentheses () are negative values.

2-3-1-1: Key Initiatives for the 2nd Half of FY2017

Sewing Machinery & Systems Business (Industrial Sewing Machines)

Strategies by Product

Woven Machinery/Automatic Machines

- Propose introduction of “smart” factories, achieved through digitized sewing systems

Knitwear Machines

- Devise solution proposals targeted at high-end users

Non-apparel Machinery

- Capitalize on the growing automobile-related sectors’ demands

Alliance products

- Become a provider of “one-stop solutions,” utilizing JUKI’s package-deal products

Strategies by Market

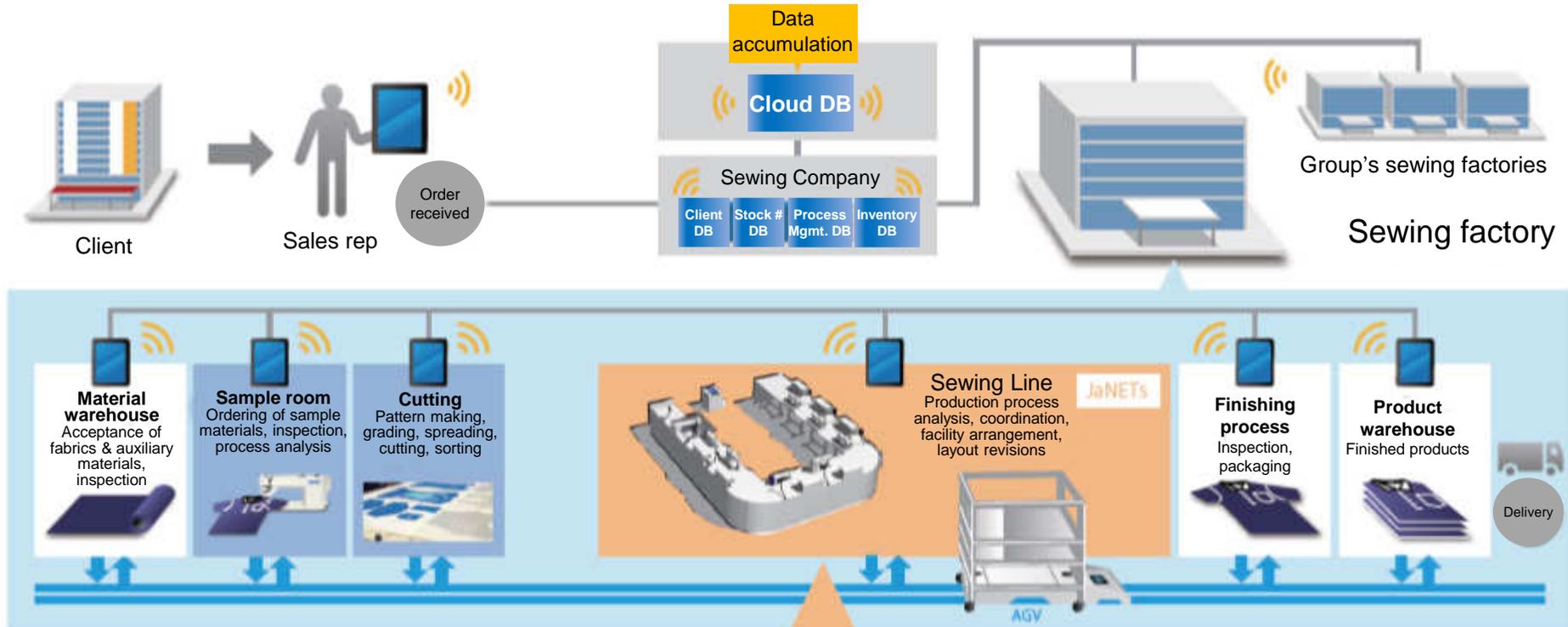
- Reinforce marketing activities to profit from demand in Asia
Developing new customers, reinforcing marketing activity for new products, proposing “smart solutions”
- Apply marketing know-how gained in the US and Europe, and focused on the automobile sector, to the Chinese and other Asian markets

2-3-1-2: Key Initiatives for the 2nd Half of FY2017

Sewing Machinery & Systems Business (Industrial Sewing Machines)



Sample JUKI Smart Factory (Sewing Factory) Proposal



2-3-2-1: Key Initiatives for the 2nd Half of FY2017

Sewing Machinery & Systems Business (Household Sewing Machines)



Strategies by Product

Household sewing machines

- Increase sales of new products
- Improve sales at both mass retailers and stand-alone retailers

Overlock machines

- Increase sales of overlock machines for heavy users

Quilting machines & sewing machines for professionals

- Increase sales of new products
- Increase sales and expand sales channels by offering more products in the QVP series quilting machines

Strategies by Market

- Japan, US, Europe:
 - Increase sales of new products, especially quilting machines and other high-value-added products
 - Improve communication of JUKI information at trade shows and workshops
- Build up and expand sales networks in Asia

2-3-2-2: Key Initiatives for the 2nd Half of FY2017

Sewing Machinery & Systems Business (Household Sewing Machines)



Household sewing machines



Overlock machines

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

QVP Family

Sewing machines for professionals

Quilting machines



2-3-3-1: Key Initiatives for the 2nd Half of FY2017

Industrial Equipment & Systems Business (Electronic Assembly System)



Strategies by Product

Mounters

- Increase sales of the RS-1 (new product)

Inspection equipment

- Increase sales of the RV-2-3D (new product)

Labor-saving equipment

- Propose line solutions focused on the JM Series

Automated warehousing

- Propose automation solutions involving automated transport equipment

Strategies by Market

- Increase cross-border projects
- Expand target segments from small- to medium-sized electronics manufacturing services (EMS) to other manufacturing companies, vehicle-mounted-product makers, and large-sized EMS
- Develop new customers by marketing labor-saving equipment, automated warehousing systems, and inspection equipment

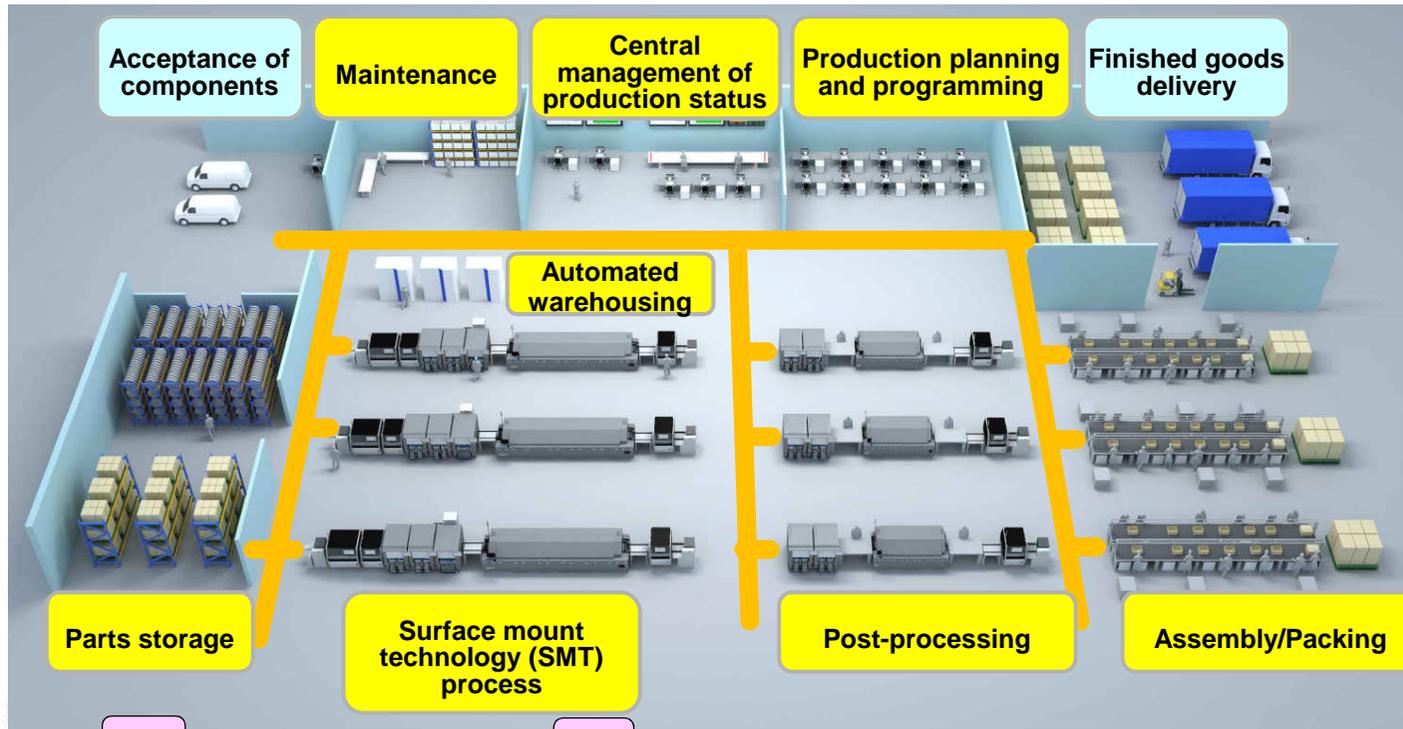
2-3-3-2: Key Initiatives for the 2nd Half of FY2017

Industrial Equipment & Systems Business (Electronic Assembly System)



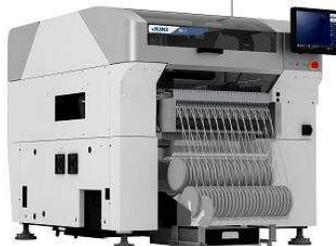
Smart Factory Solution Initiatives

JUKI's Smart Solutions Coverage



High-speed mounter RX-7

New



General-purpose mounter RS-1

New



PWB visual inspection machine RV-2-3D



Mounter for post-processing JM-20

New



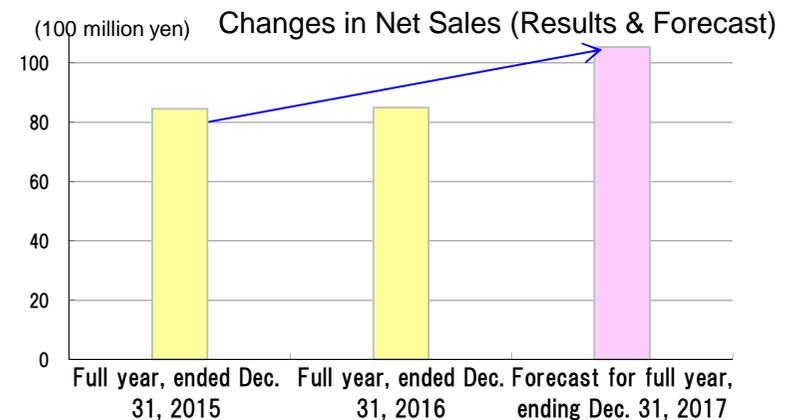
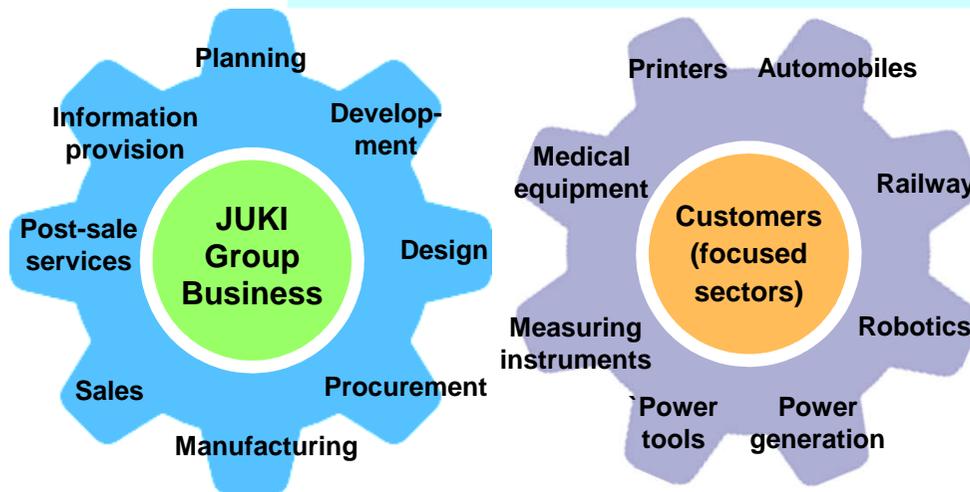
Automated storage system ISM2000

2-3-4-1: Key Initiatives for the 2nd Half of FY2017

Industrial Equipment & Systems Business (Group Business)

Key Initiatives

- Increase sales by expanding business with important existing customers
Increase sales leads by exhibiting at trade shows, seeking more business negotiation opportunities, and through consulting services
- Increase sales by commercializing proprietary manufacturing technologies and proprietary products
Increase orders for contracted manufacturing/assembly of finished products and electronic units
- JUKI DENSHI KOGYO, JUKI YOSHINO KOGYO, and JUKI AKITA SEIMITSU merged on July 1, to become **JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION**, resulting in effective re-allocation of manufacturing facilities and reduction in indirect/overhead costs



2-3-4-2: Key Initiatives for the 2nd Half of FY2017

Industrial Equipment & Systems Business (Group Business)



Leverage JUKI's manufacturing capabilities and global network, utilizing the Group's manufacturing companies (7 in Japan and 1 overseas)

JUKI AKITA SEIMITSU CORPORATION
JUKI YOSHINO KOGYO CORPORATION
JUKI DENSHI KOGYO CORPORATION

Merged on
July 1, 2017

JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION
(Manufacturing of chip mounters;
development and manufacturing of
precision equipment and medical
equipment)

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

JUKI MATSUE CORPORATION
(Design and manufacturing
of sewing machine units)

JUKI AIZU CORPORATION
(Lost-wax and metal
injection molding [MIM])

**OHTAWARA PLANT,
JUKI CORPORATION**
(Surface processing,
machine processing)

**JUKI CORPORATION
HEAD OFFICE**
(Management)

JUKI METAL CORPORATION
(Pig-iron casting)

JUKI HIROSHIMA CORPORATION
(Pressing and manufacturing of dies)



2-3-5-1: Key Initiatives for the 2nd Half of FY2017

Industrial Equipment & Systems Business (Customer Business)

A blue circular icon with a white gradient, containing the text "Key Initiatives" in a bold, black, sans-serif font.

Key Initiatives

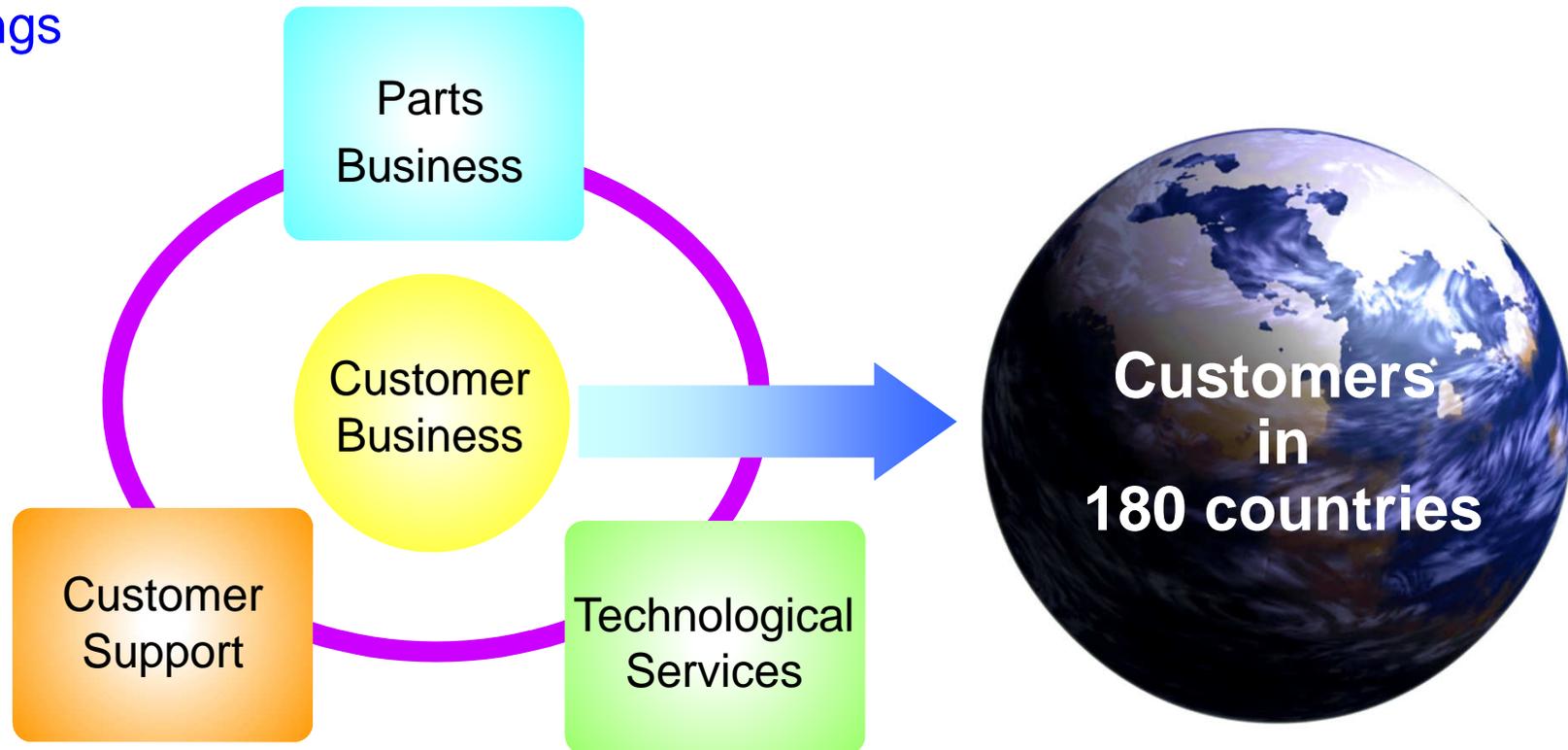
- Increase sales of parts and equipment through online sales, utilizing a website dedicated to parts/equipment sales
Promote existing customers' use of JUKI's website, improve promotional activities at trade shows
- Strengthen the delivery system for parts associated with JUKI's products
Collaborate with production divisions to improve product supply capabilities
- Further utilize JUKI's worldwide distribution channel
Improve promotional tools and items, strengthen coordination with product marketing activities

2-3-5-2: Key Initiatives for the 2nd Half of FY2017

Industrial Equipment & Systems Business (Customer Business)



Become a responsive 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



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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