

Explanatory Meeting

Results Briefing for the Fiscal Year Ended December 31, 2017 (FY 2017)

February 14, 2018
Akira Kiyohara
President, JUKI Corporation

Mind & Technology

(This translation may be used for reference purpose only)

JUKI
Mind & Technology

Table of Contents

Part 1: Performance for FY 2017 and Forecast for FY 2018	
1-1 Performance Trends and Dividends for FY 2017	3
1-2 Factors Leading to an Increase/Decrease in Ordinary Profit	4
1-3 Major Financial Indices and Cash Flows	5
1-4 Performance by Business Segment	6
1-5 Performance Forecast for FY 2018	10
Part 2: Measures for Achieving the Medium-Term Management Plan (2018 – 2020) and Priority Measures for FY 2018	
2-1 Measures for Achieving the Medium-Term Management Plan	13
2-2 Priority Measures for FY 2018	18
2-3 80th Anniversary Activities	28

Part 1

Performance for FY 2017 and Forecast for FY 2018

1-1 Performance Trends and Dividends for FY 2017 (Jan to Dec 2017)

Net sales increased by 6.1% from the same period of the previous fiscal year, as a result of the steady growth of economies of Europe, the U.S. and China, growth in demand of capital investment especially in China and stable weak yen situation, etc.

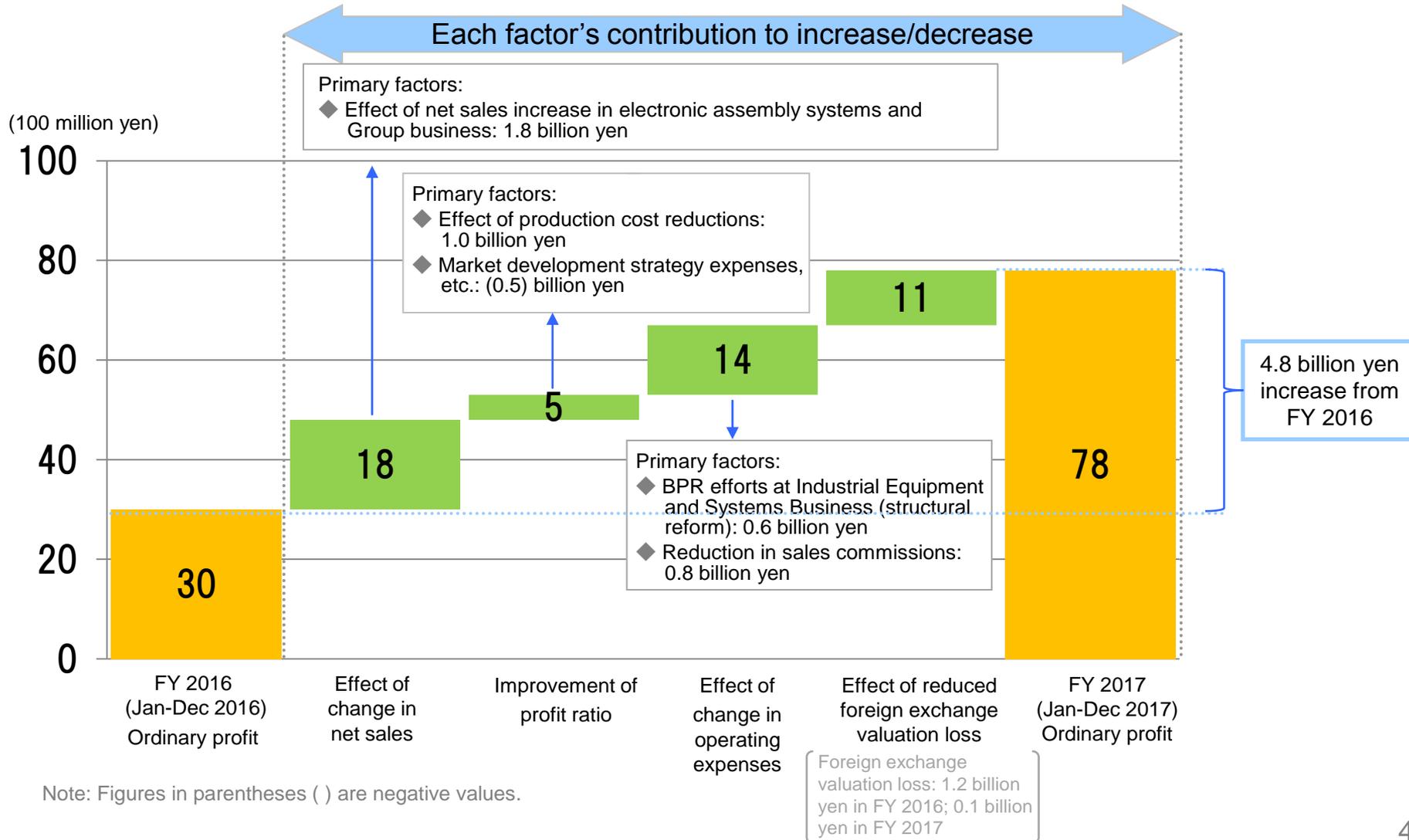
With respect to profits, operating profit increased by 75.3% from the same period of the previous fiscal year, as a result of execution of sales activities by placing importance on profitability and cost reductions, as well as the effect of reductions of various operating expenses, among other factors. Ordinary profit also increased by 159.4% from the same period of the previous fiscal year owing to factors including lower exchange losses accompanying the revaluation of foreign-currency-denominated receivables.

		(Million Yen)				[For Reference] (Million Yen)			
		FY 2015	FY 2016 〈A〉	FY 2017 〈B〉	Year-on-year change 〈B-A〉 (%)	FY 2017 Quarterly results			
		Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017		1Q	2Q	3Q	4Q
						Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Oct-Dec 2017
Net sales		112,865	97,724	103,659	5,935 (6.1%)	23,717	24,672	25,839	29,431
Operating profit		7,110 [6.3%]	4,651 [4.8%]	8,156 [7.9%]	3,504 (75.3%)	2,138 [9.0%]	1,480 [6.0%]	1,953 [7.6%]	2,585 [8.8%]
Ordinary profit		5,728 [5.1%]	3,022 [3.1%]	7,839 [7.6%]	4,817 (159.4%)	2,241 [9.4%]	1,348 [5.5%]	1,802 [7.0%]	2,448 [8.1%]
Profit		3,853 [3.4%]	1,883 [1.9%]	5,642 [5.4%]	3,759 (199.6%)	1,527 [6.4%]	877 [3.6%]	1,367 [5.3%]	1,871 [6.4%]
Dividend per share (after share consolidation)		¥35	¥20	* ¥ 35	¥15	—	—	—	—
Exchange rate	1 US\$	¥121	¥110	¥112	¥ 2	¥114	¥111	¥111	¥113
	1 Euro	¥135	¥121	¥127	¥ 6	¥121	¥124	¥131	¥133

* Breakdown of dividend per share for FY 2017: 25 yen for ordinary dividend, 10 yen for 80th anniversary commemorative dividend. Notes: 1. Exchange rate is an average rate during the period, and such rate influences operating profit. 2. Figures in brackets [] are ratios of profit to net sales. 3. Figures in parentheses () are negative values.

1-2 FY 2017 Factors leading to an Increase/Decrease in Ordinary Profit

Ordinary profit increased from the same period of the previous fiscal year, reflecting increase in net sales, improvement of profit ratio as a result of execution of sales activities by placing importance on profitability and cost reductions, and reductions of operating expenses including cost reductions, as well as lower exchange losses and other factors.

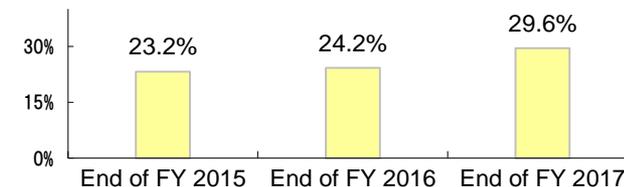


1-3 Major Financial Indices and Cash Flows

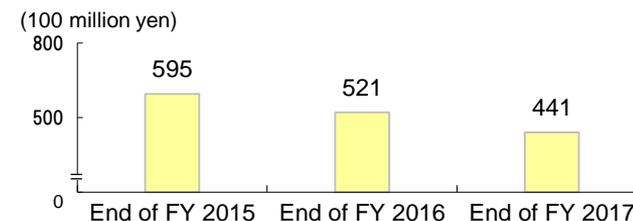
- Equity ratio rose to 29.6%.
- Interest-bearing debt decreased by 9.6 billion yen.
- Operating cash flow increased due to a decrease in inventories, etc.

	(Million Yen)			
	As of December 31, 2016 (FY2016) 〈A〉	As of December 31, 2017 (FY2017) 〈B〉	Change 〈B-A〉	
Total assets	111,365	110,554	(810)	
Net assets [Foreign currency translation adjustment]	27,582 [(2,274)]	33,343 [(1,966)]	5,761 [307]	
Net assets ratio	24.8%	30.2%	5.4%	
Equity ratio	24.2%	29.6%	5.4%	
Notes and accounts receivable - trade [Turnover period]	30,741 [3.8 months]	32,398 [3.8 months]	1,657 [0.0 months]	
Inventories [Turnover period]	37,616 [4.6 months]	36,652 [4.2 months]	(964) [(0.4) months]	
Notes and accounts payable - trade [Turnover period]	9,972 [1.2 months]	14,049 [1.6 months]	4,077 [0.4 months]	
Interest-bearing debt	60,156	50,551	(9,605)	
Cash and deposits	8,048	6,407	(1,641)	
Exchange rate (period-end)	1US\$	¥117	¥113	(¥4)

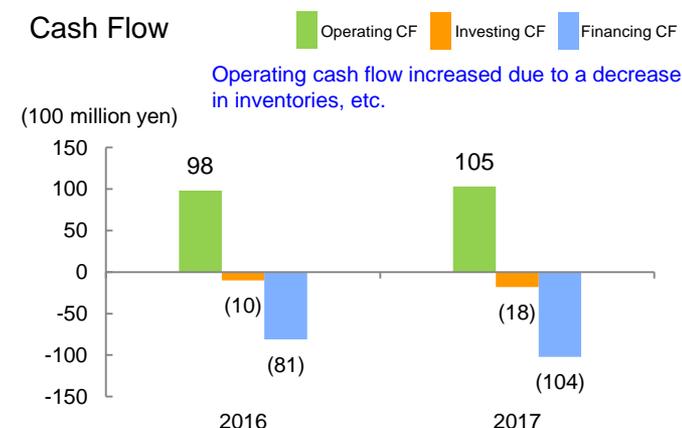
Equity ratio



Interest-bearing debt (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

At the Sewing Machinery & Systems Business, on a regional basis, sales were sluggish in some regions in the Asian market, while sales grew in the high-end market in Europe, the U.S. and China. On a product basis, sales for the middle market of the apparel market declined, although sales in the non-apparel field were robust. As a result of these factors, net sales were at the same level as the same period of the previous fiscal year.

At the Industrial Equipment & Systems Business, in electronic assembly systems, sales of new mounters and labor-saving devices tied to smart factory proposals increased significantly, supported by growth in demand of capital investment in China (the largest market) and other countries, while sales in the group business, such as contract manufacturing service, gradually increased due to development and acquisition of new customers. As a result, net sales increased 21.8% from the same period of the previous fiscal year.

	(Million Yen)			[For Reference]	(Million Yen)			
	FY 2016 <A>	FY 2017 	Year-on-year change <B-A> (%)	FY 2017 Quarterly results				
	Jan-Dec 2016	Jan-Dec 2017		1Q	2Q	3Q	4Q	
				Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Oct-Dec 2017	
Sewing Machinery & Systems	69,241	69,055	(186) ((0.3)%)	15,989	16,573	16,950	19,543	
Industrial Equipment & Systems	28,148	34,280	6,132 (21.8%)	7,644	8,015	8,812	9,809	
Other	334	324	(10) ((3.0)%)	82	84	78	80	
Total	97,724	103,659	5,935 (6.1%)	23,717	24,672	25,839	29,431	
Group Business	8,661	10,569	1,908 (22.0%)	2,495	2,723	2,586	2,765	

Note: Figures in parentheses () are negative values.

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

The Sewing Machinery & Systems Business posted a 38.3% increase in ordinary profit compared with the same period of the previous fiscal year, mainly due to an increase in sales of high-end and high value-added products, sales activities focusing on profitability, and cost reductions.

The Industrial Equipment & Systems Business went into the black in addition to achieving strongly expanded ordinary profit compared with the same period of the previous fiscal year due to the improvement of profit ratio in conjunction with increased sales of new products of the electronic assembly systems, cost reduction effects by structural reforms carried out to date, and other factors.

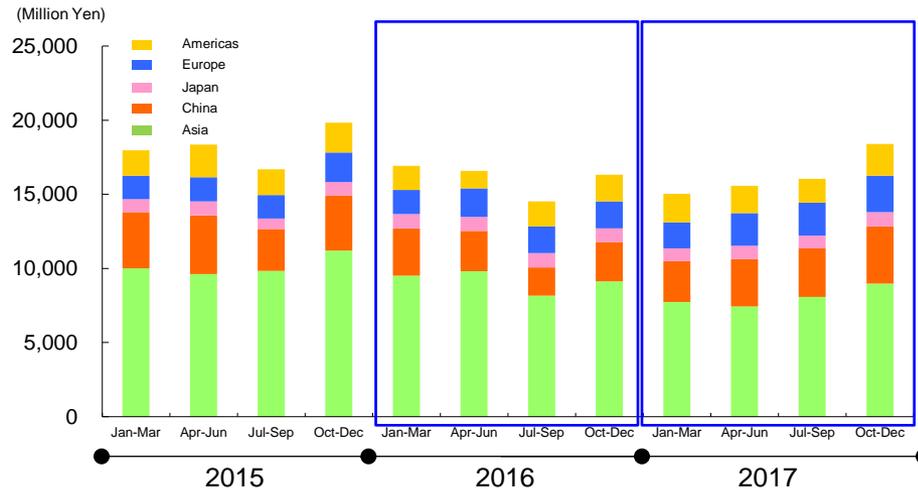
	(Million Yen)			[For Reference] (Million Yen)			
	FY 2016 〈A〉	FY 2017 〈B〉	Year-on-year change 〈B-A〉 (%)	FY 2017 Quarterly results			
	Jan-Dec 2016	Jan-Dec 2017		1Q	2Q	3Q	4Q
				Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Oct-Dec 2017
Sewing Machinery & Systems	4,252 [6.1%]	5,881 [8.5%]	1,629 (38.3%)	1,815 [11.4%]	1,048 [6.3%]	1,250 [7.3%]	1,768 [9.0%]
Industrial Equipment & Systems	(63) [(0.2)%]	2,820 [8.2%]	2,883 (-)	593 [7.8%]	536 [6.7%]	710 [8.1%]	981 [10.0%]
Other	43 [12.9%]	47 [14.5%]	4 (9.3%)	10 [12.2%]	10 [11.9%]	13 [16.7%]	14 [17.5%]
Adjustment	(1,210)	(909)	301 (-)	(177)	(247)	(171)	(314)
Total	3,022 [3.1%]	7,839 [7.6%]	4,817 (159.4%)	2,241 [9.4%]	1,348 [5.5%]	1,802 [7.0%]	2,448 [8.3%]

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

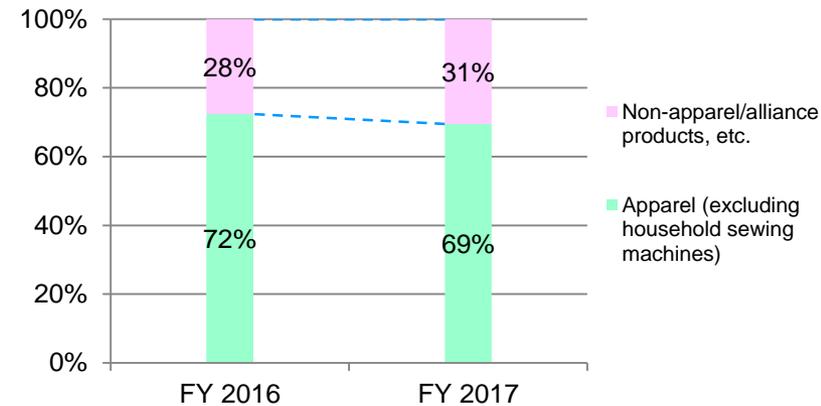
[Reference #1] Performance by Business Segment: Sewing Machinery & Systems Business

- Recovery trend in China, primarily in the high-end market.
- Mainly non-apparel field in the U.S. and apparel field in Europe are steadily increasing.

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



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



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

	Jan-Dec 2016	Jan-Dec 2017	Amount of change	(% of change)
Asia	366	322	(44)	((12)%)
China	105	131	26	(25)%
Japan	38	36	(2)	((6)%)
Europe	71	87	16	(22)%
Americas	63	75	12	(19)%
Total	643	651	8	(1)%

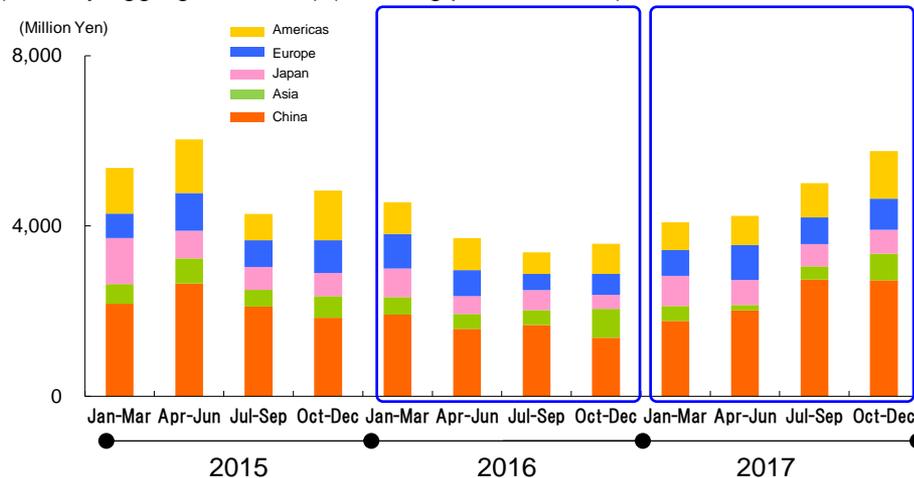
Note: Figures in parentheses () are negative values.

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

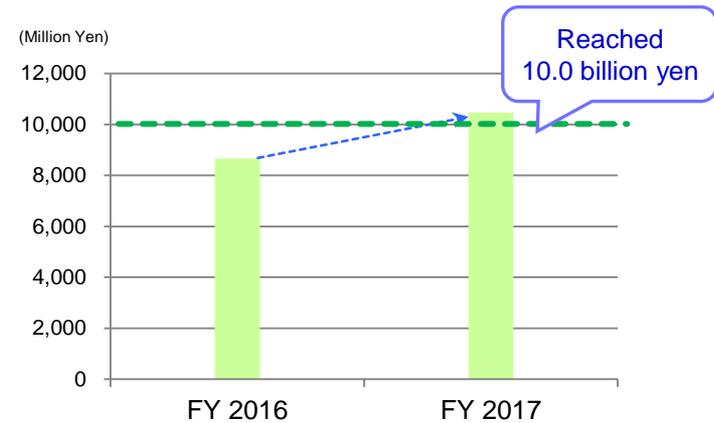
Demand of capital investment in China contributed significantly to sales of electronic assembly systems, and sales in Europe and the U.S. also remained steady.

Development and acquisition of new customers in the group business, such as contract manufacturing service, also expanded steadily. (Annual net sales reached 10.0 billion yen.)

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



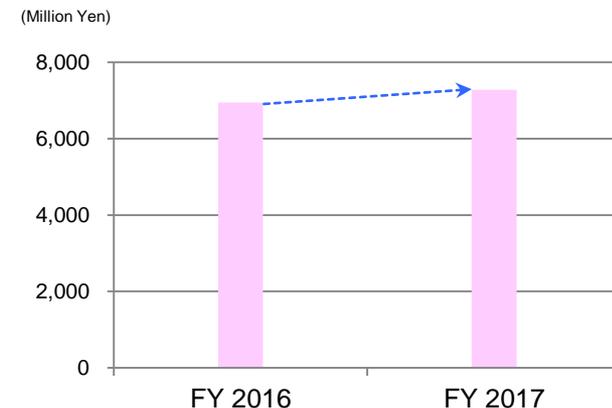
Group Business: Changes in Net Sales



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

	Jan-Dec 2016	Jan-Dec 2017	Amount of change	(% of change)
China	65	92	27	(42%)
Asia	18	14	(4)	
Japan	19	24	5	
Europe	23	28	5	
Americas	27	33	6	
Total	152	191	39	

Parts Business: Changes in Net Sales



Note: Figures in parentheses () are negative values.

1-5-1 Performance Forecast for FY 2018

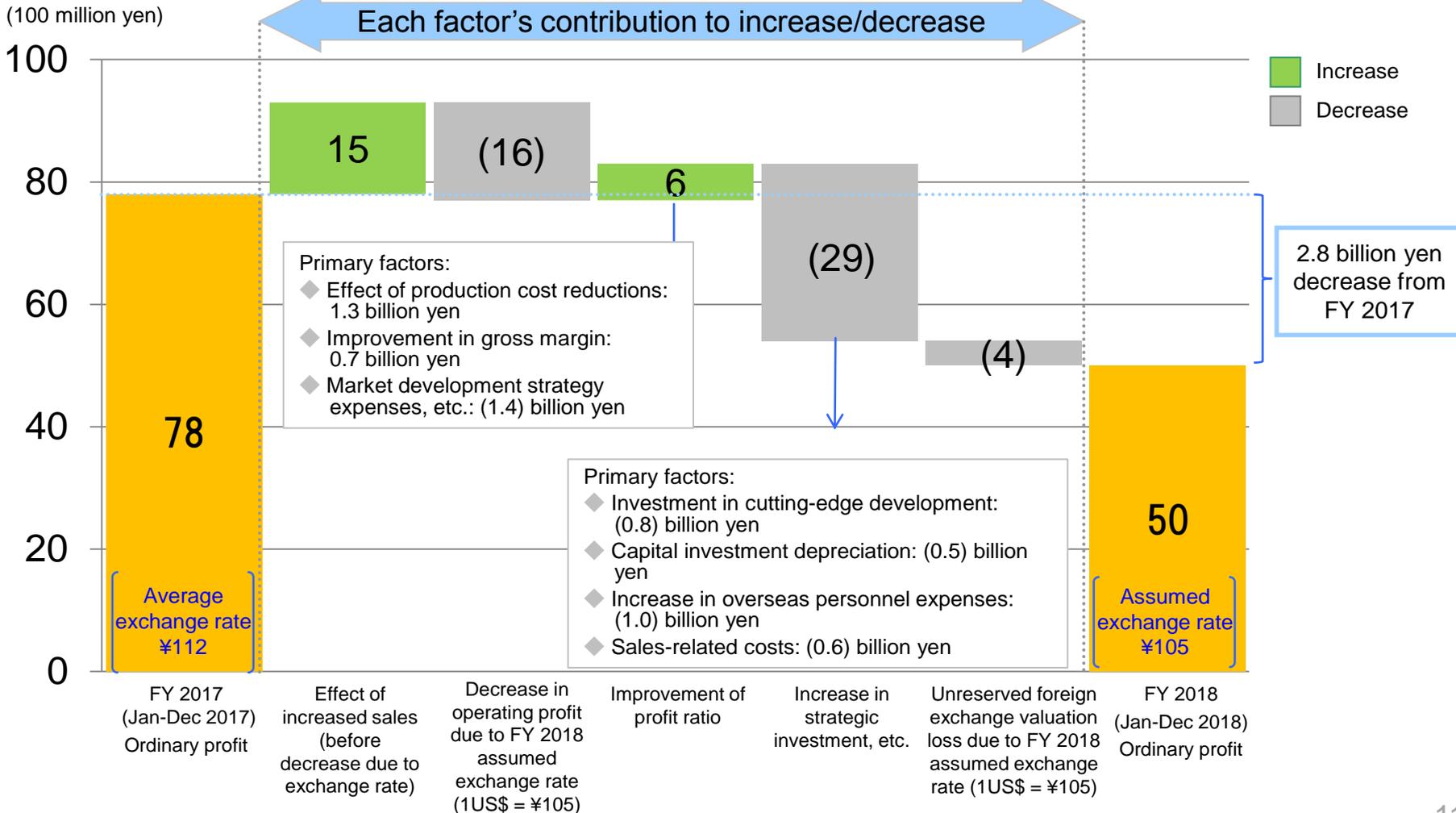
(100 million yen)

	Full-year results for FY 2017	Forecasts for FY 2018
	Full-year (Jan-Dec)	Full-year (Jan-Dec)
Net sales	1,037	1,040
Sewing Machinery & Systems	(691)	(690)
Industrial Equipment & Systems	(343)	(350)
Operating profit	82	55
Ordinary profit	78	50
Profit	56	35
Dividend per share	* Full-year: ¥35	Full-year: ¥25
Exchange rate 1US\$	¥112	¥105

* Includes ordinary dividend of 25 yen and 80th anniversary commemorative dividend of 10 yen

1-5-2 Performance Forecast for FY 2018: Anticipated Factors Leading to an Increase/Decrease in Ordinary Profit

Despite planning production cost reductions of 1.3 billion yen and improvement in gross margin of 0.7 billion yen, ordinary profit is forecasted to fall due to factors such as an anticipated decrease in sales amount of 2.0 billion yen in total due to the FY 2018 assumed currency exchange rate <1US\$ = ¥105>, and an increase in operating expenses of 2.9 billion yen for development in cutting-edge technology fields and further promotion of the smart factory concept proposing systems with such cutting-edge technology incorporated and applied in.

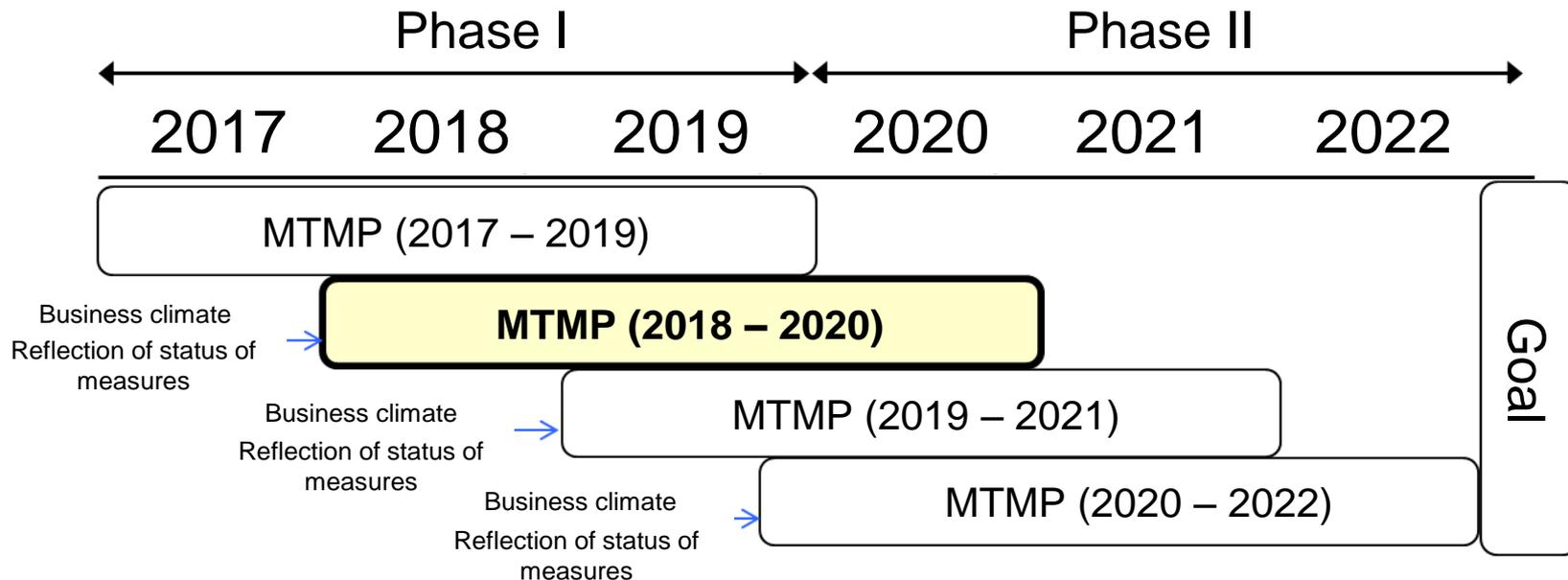


Note: Figures in parentheses () are negative values.

Part 2

Measures for Achieving the Medium-Term Management Plan (2018 – 2020) and Priority Measures for FY 2018

Embarking on the second year of the Medium-Term Management Plan “Value Up 2022”



- (1) Regular review and update of the three-year plan on a yearly basis in order to meet the FY 2022 goals
- (2) Management that constantly monitors changes in business climate for the following three years
- (3) Review and update of the following year's business plan based on the status of execution and operation of each year's business plan

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

The Economy

- Global economy expected to maintain stable growth as it did last year
 - On the other hand, careful watch is needed on geopolitical risks
- Strong demand of capital investment in electronic parts and machine tool industries
 - Technological innovation in information and communication (IoT) fields, and labour shortage

Customer Needs

- Acceleration of technological innovation trend (from products to services)
 - Mounting interest in AI, robotics, and cloud-technology applications
- Aggressive investment in smart company/smart factory concepts
 - Introduction and implementation of digitization, systematization, and factory automation solutions

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 equity

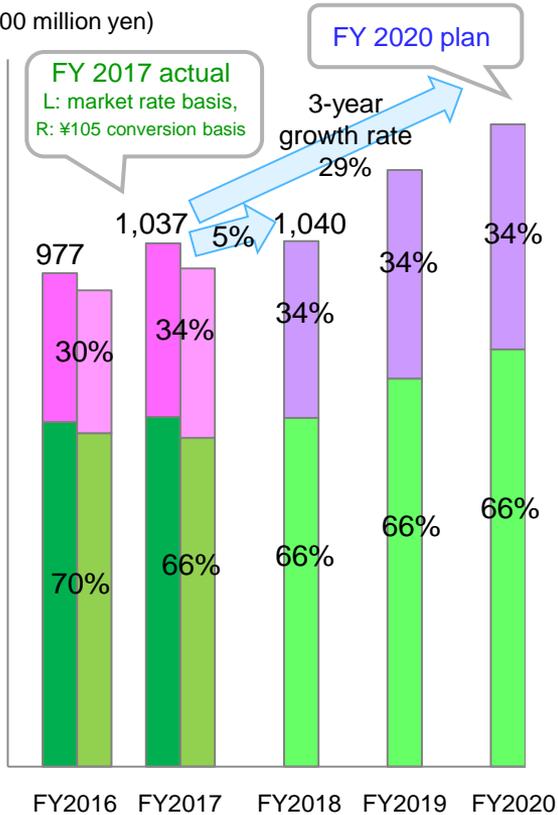
2-1-3 Measures for Achieving the Medium-Term Management Plan: Progress Status

Net Sales

(Target: annual growth rate of 9%)

FY 2017 actual: 103.7 billion yen

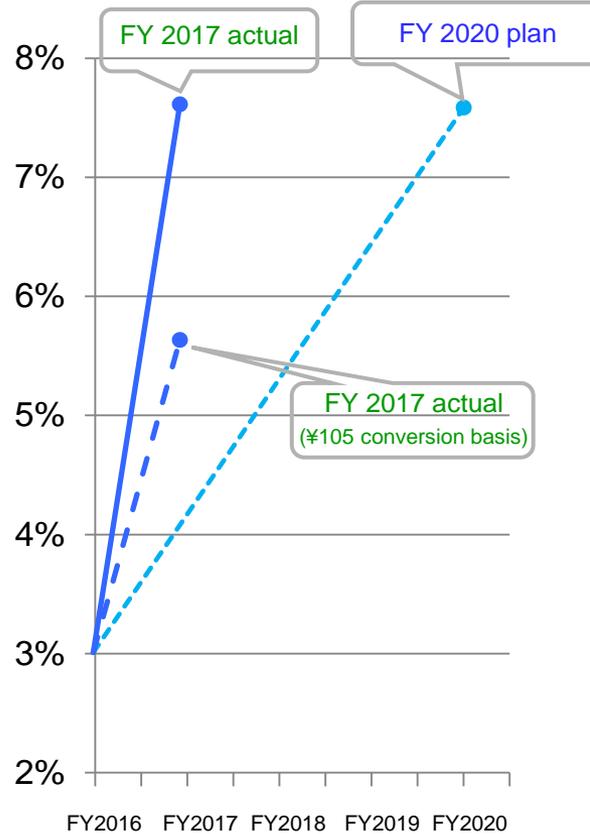
(100 million yen)



Rate of Ordinary Profit to Net Sales

(Target: 7.6% or higher by FY 2020)

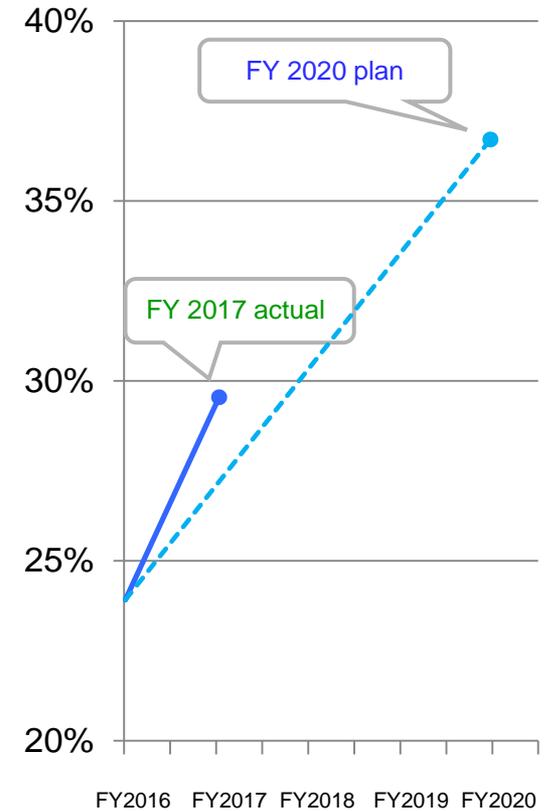
FY 2017 actual: 7.6%



Equity Ratio

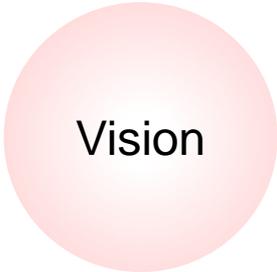
(Target: 37% or higher by FY 2020 year-end)

FY 2017 actual: 29.6%



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

Exchange rate for MTMP: 1US\$ = ¥105



Vision

To be an enterprise that consistently provides customer-preferred, high-quality systems, products and services

- Let's impress customers by, and have customers relied on JUKI Group's activities, systems, products and services!



Basic Policies

Business Strategies

- (1) Strengthening our value-creation capabilities through solution sales
 - Bolstering our ability to propose automation and systematization, incorporating, applying, and utilizing AI and other cutting-edge technologies in our hardware, software, services, etc.
- (2) Building future customer base through developing the market
← added
- (3) Creating new business categories and reinforcing them effective in or looking toward the future

Organizational Strategies

- (4) Developing globally competent and innovative personnel and deploying them to fulfil our visions
- (5) Constructing a smart business foundation
(Introduce Smart & Connected processes) ← added
 - Reforming supply chain management and promoting work style reforms
- (6) Building capital through strengthening our financial structure

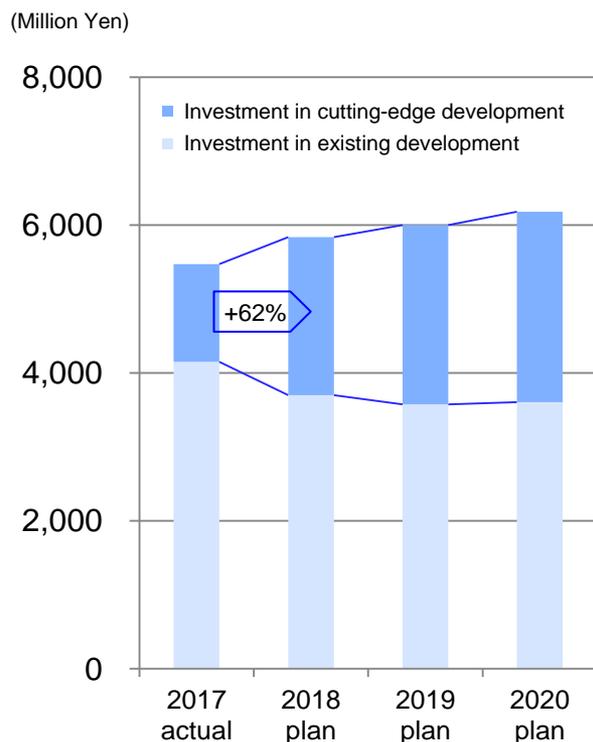
2-1-5 Measures for Achieving the Medium-Term Management Plan: Investment Plan

Investment plan for next three years (FY 2018 – 2020)

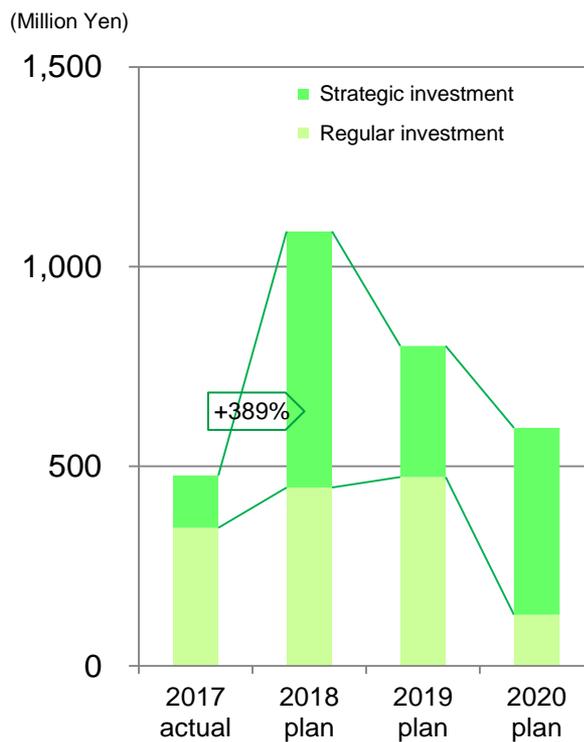
- Investment in “cutting-edge development” including development of new products, etc. that enable differentiation with other companies’ products, etc.
- “Strategic IT investment” to speed up company-wide work and communication
- “Investment in boosting production capability” to achieve increased plant productivity

Implement actively

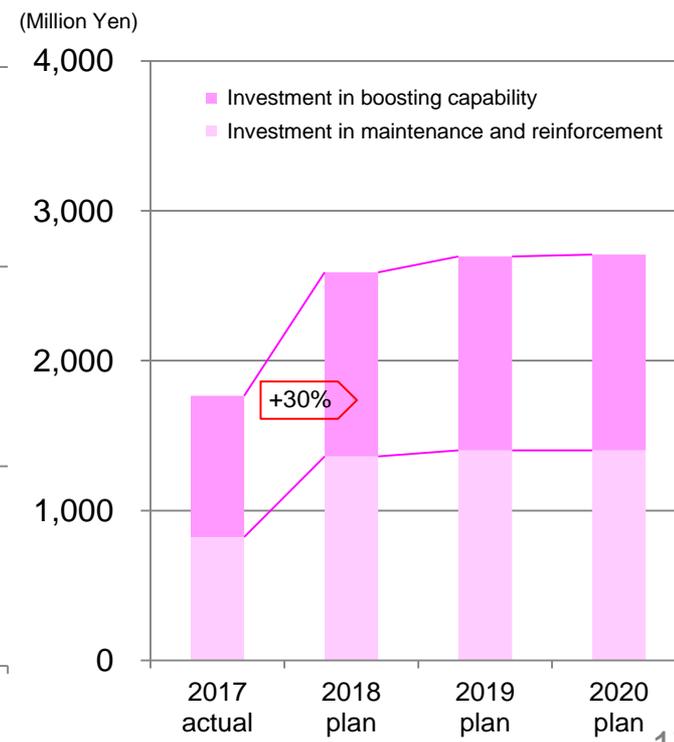
Investment in Development



Investment in IT



Investment in Production Facilities



Vision

Contribute to customer innovation by system proposals based on JUKI Smart Solutions with innovative technology

Basic Policy

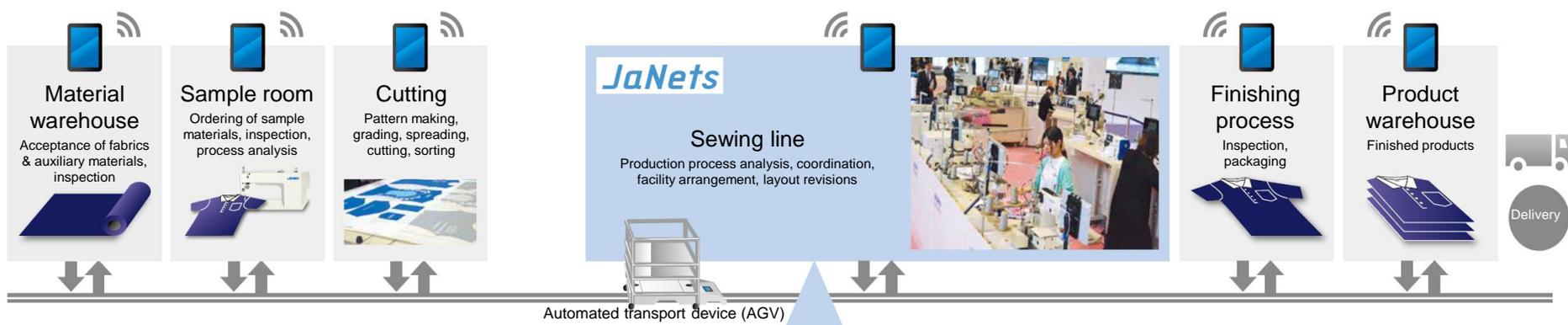
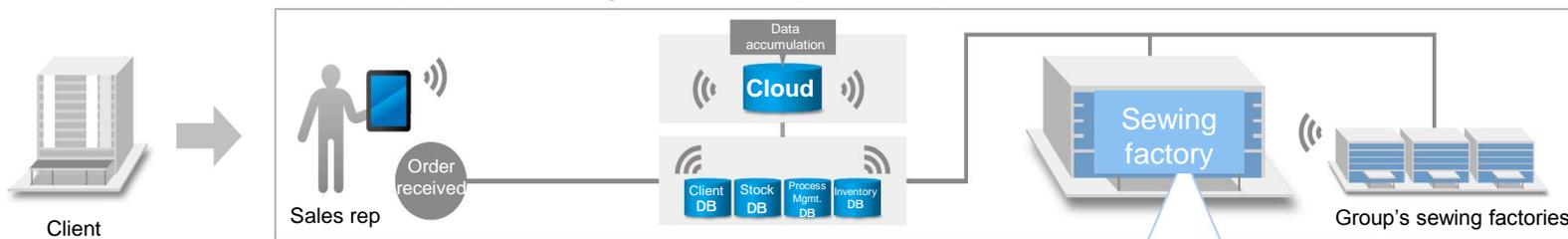
Establish standards for smart factory (sewing factory) and **strengthen proposals** tailored for each market (including the **middle market**)

Priority Measures

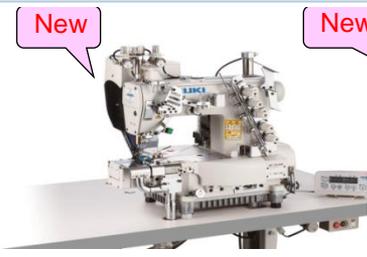
- Establish smart factory business model and enhance product portfolios
- Develop package-deals for sewing machinery network systems
- Restructure Asian business model and foster executive candidates in the hubs

2-2-1-2 Priority Measures for FY 2018: Sewing Machinery & Systems Business (Industrial Sewing Machines)

JUKI Smart Factory (Sewing Factory) Proposal



New
Digital locksmith sewing machine
DDL-9000C



New
Digitized sewing machine for knitwear
MF-7900



New
Automatic machine with polo shirt placket device
AMS-221ENSS3020



New
Automatic shoelace loop attaching machine
AB-1360



New
Sewing machine for non-apparel products (machine-head turning type)
AMS-251

Vision

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

Basic Policy

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

Priority Measures

- Target hobby and craft markets with product development that makes the most of JUKI's strengths
- Increase sales and improve profits with a focus on three key large-scale markets (Japan, the U.S., and Europe) that contain high-end markets
- Secure and win users by identifying needs of users and strengthening our capability to disseminate information

2-2-2 Priority Measures for FY 2018: Sewing Machinery & Systems Business (Household Sewing Machines)

HZL-EX7



JUKI's flagship model with further improved ease of use and sewing quality

High-end household sewing machines

MO-1000ML



An overlock machine that features automatic looper threading using air pressure

Overlock machines

Product group developed based on various and high technologies accumulated in the process of research and development of industrial sewing machines

Sewing machines for professionals

Quilting machines

SL-700EX



New

A top-end professional sewing machine that features advanced sewability with a wider range of thick fabric sewing

J-150QVP



New

A high-end quilting machine with a quilting function added to an industrial sewing machine

TL-2200QVP



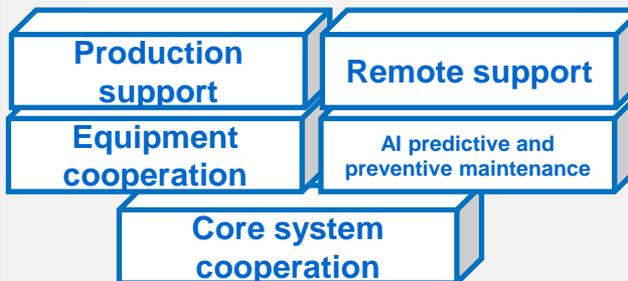
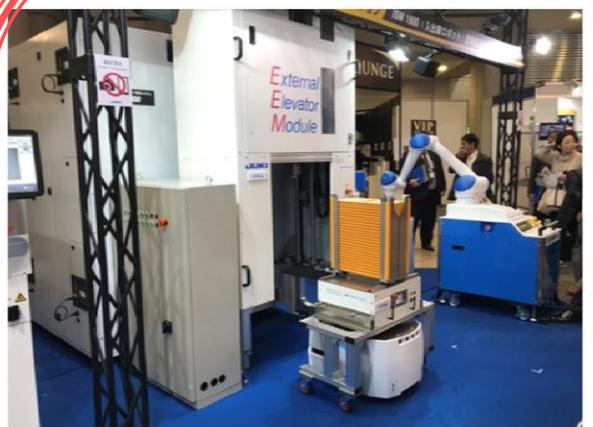
The only full-scale long arm quilting machine by a Japanese manufacturer

Vision	<p>Become an essential business partner for customers by devoting resources to our areas of strength and by using automation and labor-saving solutions</p> <p>- Achieve <u>top market share in general-purpose mounters</u> in 2020</p>
Basic Policy	<p><u>Establish a strong business base</u> with expansion of multi-function mounter and non-mounter fields</p>
Priority Measures	<ul style="list-style-type: none">• Promote customer segment-specific sales strategy and product strategy• Expand sales and improve gross margin by launching new products• Expand sales of MI, ISM, and alliance products through solution sales activities

JUKI Smart Solutions

実装統合システムソフトウェア

JaNets
Juki Advanced Network system



Mounter/Inspection machine/Mounter
for post processing



Intelligent storage
management system

Robotic insertion system

Materials and parts
supply field

SMT field

Manual
insertion field

Assembly field

Packaging field

Expanding
business areas

Existing business areas

Expanding business areas

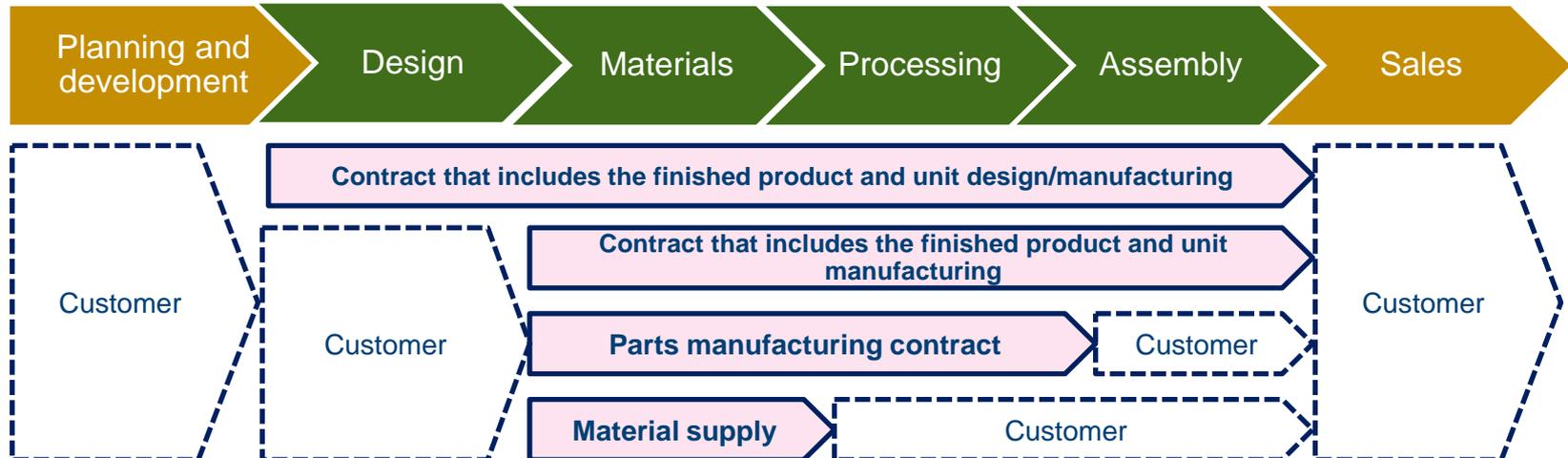
Vision	Grow into JUKI's third pillar business leveraging JUKI Group management resources (including manufacturing technologies)
Basic Policy	Increase sales to create the third pillar business by acquiring new customers and expanding scope of business with important business customers - Achieve sales target of 15.0 billion yen in 2020
Priority Measures	<ul style="list-style-type: none">• Increase sales by expanding scope of business with important business customers• Increase sales by commercializing proprietary manufacturing technologies and proprietary products

JUKI Contract Business Model

Use of accumulated leverage of JUKI's manufacturing capabilities and global network, utilizing the Group's manufacturing companies (7 companies in Japan, 1 company overseas) and alliance companies.



- ★ For needs of external customers
- ★ By expanding contract range through Group's collaboration
- ★ Supplement and complement manufacturing process of customers



Vision

JUKI's parts can be received on the day next to day of ordering.

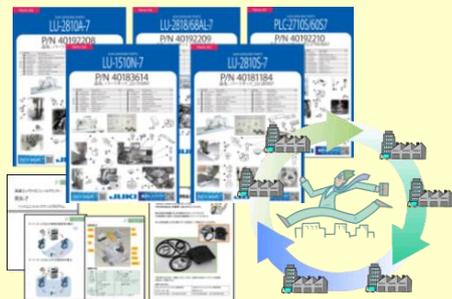
Basic Policy

Expand Customer Business beyond the confines of sewing machinery and electronic assembly systems

Priority Measures

(Sewing machinery) Secure customers through online sales, utilizing a website dedicated to parts sales
(Electronic assembly systems) Stimulate demand for parts through paid maintenance service
(Common) Expand after sales service business in introducing smart lines and create synergistic value-added parts/services

EXPAND PARTS/SERVICE BUSINESS



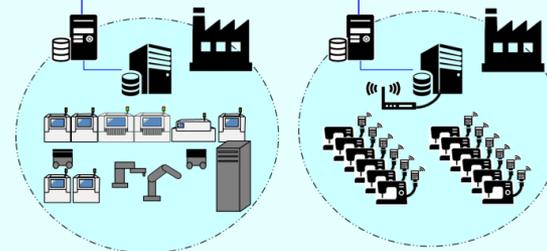
- Expand sales of sewing machinery parts
- Expand sales of parts/services through paid maintenance for electronic assembly systems

EXPAND AFTER SALES SERVICE BUSINESS IN INTRODUCING SMART LINES



Technical support

JaNets
Juki advanced Network system



Support for Smart Solution

CONNECTED



Parts supply system
Parts center/sales company's warehouse



Network system to share and disseminate information

PROVIDE LOGISTICAL SUPPORT FOR ACTIVITIES

80 years of partnership with you

Thanks to you, JUKI will celebrate its 80th anniversary on December 15, 2018.

We offer our deep gratitude for the support provided by all stakeholders, including customers, business partners, shareholders, and the local community.

- Be your solution partner -

80th
Global & Innovative

《Strengthening of relationships》

Showing gratitude to our customers,
business partners and shareholders

Post on anniversary website, etc.

80th anniversary
activities

As 80 years corporation,
we will continue to be proud of
operating in our main business
and satisfy customers

《Strengthening of capability to implement MTMP》

Achieving the plan by providing products
and services that contribute to boosting
the competitiveness of our customers

Establishing of JUKI History Museum, etc.

《Reforming of employee awareness and corporate culture》

Promoting global and innovative human
resources development and organization
building to lay the foundation for
becoming a 100-year-old company

Publishing of 80-year history, and introducing of
new groupware, etc.

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

JUKI CORPORATION

Contact: Mr. Daizo Minami
Finance & Accounting Department
Telephone: +81-42-357-2391
Facsimile: +81-42-357-2392
http://www.juki.co.jp/index_e.html