

**Summary of Financial Information and Business Results
for the First Nine Months of Fiscal Year 2018 Ending December 31, 2018
on a Consolidated Basis
<under Japanese GAAP>**

Company name: **JUKI Corporation**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 6440
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Scheduled date to file the quarterly securities report: November 6, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first nine months of fiscal year 2018 ending December 31, 2018 (January 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended								
September 30, 2018	81,703	10.1	6,221	11.7	5,603	3.9	3,645	(3.4)
September 30, 2017	74,228	1.3	5,571	100.7	5,391	312.4	3,771	–

Note: Comprehensive income Nine months ended September 30, 2018: 3,077 million yen [(21.9) %]
 Nine months ended September 30, 2017: 3,941 million yen [– %]

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended		
September 30, 2018	124.43	–
September 30, 2017	128.75	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
September 30, 2018	118,171	35,374	29.4
December 31, 2017	110,554	33,343	29.6

Reference: Equity As of September 30, 2018: 34,689 million yen

As of December 31, 2017: 32,726 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2017	–	0.00	–	35.00	35.00
Fiscal year ending December 31, 2018	–	0.00	–		
Fiscal year ending December 31, 2018 (Forecast)				25.00	25.00

Note: Revisions to the dividend forecasts most recently announced: None

* Breakdown of year-end dividends for the fiscal year ended December 31, 2017:

Ordinary dividend: 25.00 yen; 80th anniversary commemorative dividend: 10.00 yen

3. Consolidated earnings forecasts for the fiscal year 2018 ending December 31, 2018 (January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending December 31, 2018	110,000	6.1	7,600	(6.8)	7,100	(9.4)	4,700	(16.7)	160.43

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2018	29,874,179 shares
As of December 31, 2017	29,874,179 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2018	578,228 shares
As of December 31, 2017	577,787 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2018	29,296,191 shares
Nine months ended September 30, 2017	29,296,688 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Disclaimer regarding forward-looking statements

Forward-looking statements concerning future plans and strategies contained in this report are based on information currently available to JUKI and on certain assumptions deemed to be reasonable. Actual business results and other results may differ materially from the forward-looking statements due to various factors. Significant factors that may have an impact on actual business results include the economic environment surrounding JUKI's business, political situations in key markets, and foreign exchange rate fluctuations (primarily the yen to U.S. dollar rate).

[Attached Material]

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1. Qualitative information regarding consolidated performance for the first nine months

(1) Explanation regarding operating results

In the nine months ended September 30, 2018, the Company carried out solution sales activities, proposing products and services that match customers' needs for labor saving, smart factories to boost factory-wide production efficiency, and so on. In addition, the Company has been struggling to capture the middle market centering on the Asian market to build a stable customer base for the future. Accordingly, despite the impact of some delays in production due to problems such as insufficient supply of electronic parts in the market, our success in steadily capturing the robust capital investment demand in Asia and China resulted in net sales of 81,703 million yen (up by 10.1% from the same period of the previous fiscal year).

With respect to profits, despite an increase in expenses borne by the Company with regard to capturing of the middle market and promotion of advanced development, operating profit amounted to 6,221 million yen, (up by 11.7% from the same period of the previous fiscal year), due to increased sales across the board. Ordinary profit stood at 5,603 million yen (up by 3.9% from the same period of the previous fiscal year) and profit attributable to owners of parent stood at 3,645 million yen (down by 3.4% from the same period of the previous fiscal year), owing to factors such as an increase in foreign exchange losses due to revaluation of receivables.

(Business overview by primary segment)

a. Sewing Machinery and Systems Business

Sales were robust in the high-end market in China and so on, and sales increased year-on-year in the middle market in Asia. As a result, net sales of the Sewing Machinery and Systems Business Unit amounted to 53,769 million yen (up by 8.6% from the same period of the previous fiscal year). With respect to profits, while the increase in sales had a positive impact, segment profit (ordinary profit) amounted to 3,672 million yen (down by 10.7% from the same period of the previous fiscal year) due to expenditures in attempts to capture share in the middle market, as well as other factors.

b. Industrial Equipment and Systems Business

With respect to electronic assembly systems businesses, demand in capital investment in the largest market of China and in other Asian countries was strong, with growth in sales of new mounters and labor-saving devices tied to smart factory proposals. Furthermore, with respect to group businesses, such as contract manufacturing services, the Company made steady progress in the development and acquisition of customers. As a result, net sales of the Industrial Equipment and Systems Business Unit amounted to 27,729 million yen (up by 13.3% from the same period of the previous fiscal year), although some demand could not be met due to production delays. In terms of profits, segment profit (ordinary profit) stood at 2,719 million yen (up by 47.8% from the same period of the previous fiscal year), due to factors such as the improvement of profitability in conjunction with increased sales of new products.

(2) Explanation regarding financial position

Total assets as of September 30, 2018 were 118,171 million yen, an increase of 7,616 million yen compared to the previous fiscal year-end. This was mainly due to increases in notes and accounts receivable - trade and inventories. Liabilities were 82,797 million yen, an increase of 5,585 million yen compared to the previous fiscal year-end. This mainly reflected increases in notes and accounts payable - trade and income taxes payable. Net assets were 35,374 million yen, an increase of 2,030 million yen compared to the previous fiscal year-end. This was mainly due to an increase in retained earnings.

Consequently, the equity ratio was 29.4%.

(3) Explanation regarding forward-looking statements such as consolidated earnings forecasts

The consolidated earnings forecasts for the fiscal year ending December 31, 2018 have been revised as follows, taking into consideration the results of the first nine months: net sales of 110,000 million yen, operating profit of 7,600 million yen, ordinary profit of 7,100 million yen, and profit attributable to owners of parent of 4,700 million yen. For further details, please see separate press release disclosed today, entitled “Notice of Revision to Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2018.”

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	6,407	6,602
Notes and accounts receivable - trade	32,398	32,940
Inventories	36,652	43,135
Other	4,041	4,605
Allowance for doubtful accounts	(397)	(417)
Total current assets	79,102	86,865
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,452	12,013
Land	6,459	6,362
Other, net	4,632	4,979
Total property, plant and equipment	23,545	23,354
Intangible assets	1,672	1,993
Investments and other assets		
Other	7,846	7,407
Allowance for doubtful accounts	(1,612)	(1,450)
Total investments and other assets	6,234	5,957
Total non-current assets	31,451	31,305
Total assets	110,554	118,171
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,049	16,781
Short-term loans payable	34,548	35,487
Income taxes payable	666	1,617
Provision for bonuses	16	641
Other	6,308	6,806
Total current liabilities	55,589	61,335
Non-current liabilities		
Long-term loans payable	15,668	15,440
Provision for directors' retirement benefits	61	68
Net defined benefit liability	5,207	5,176
Other	683	775
Total non-current liabilities	21,621	21,461
Total liabilities	77,211	82,797

(million yen)

	As of December 31, 2017	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	13,994	16,614
Treasury shares	(606)	(606)
Total shareholders' equity	33,468	36,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,016	790
Foreign currency translation adjustment	(1,966)	(2,389)
Remeasurements of defined benefit plans	208	200
Total accumulated other comprehensive income	(742)	(1,398)
Non-controlling interests	617	684
Total net assets	33,343	35,374
Total liabilities and net assets	110,554	118,171

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income (cumulative)

(million yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Net sales	74,228	81,703
Cost of sales	51,126	56,863
Gross profit	23,101	24,839
Selling, general and administrative expenses	17,530	18,618
Operating profit	5,571	6,221
Non-operating income		
Interest income	41	33
Dividend income	119	122
Commission fee	176	151
Reversal of allowance for doubtful accounts	51	172
Other	277	348
Total non-operating income	667	828
Non-operating expenses		
Interest expenses	729	612
Foreign exchange losses	85	782
Other	32	51
Total non-operating expenses	847	1,446
Ordinary profit	5,391	5,603
Extraordinary income		
Gain on sales of non-current assets	38	15
Total extraordinary income	38	15
Extraordinary losses		
Loss on sales and retirement of non-current assets	39	35
Other	27	–
Total extraordinary losses	66	35
Profit before income taxes	5,363	5,583
Income taxes	1,570	1,834
Profit	3,793	3,749
Profit attributable to non-controlling interests	21	103
Profit attributable to owners of parent	3,771	3,645

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	3,793	3,749
Other comprehensive income		
Valuation difference on available-for-sale securities	193	(226)
Foreign currency translation adjustment	(79)	(437)
Remeasurements of defined benefit plans, net of tax	34	(7)
Total other comprehensive income	147	(671)
Comprehensive income	3,941	3,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,915	2,989
Comprehensive income attributable to non-controlling interests	26	88

**(3) Notes to quarterly consolidated financial statements
(Notes to premise of going concern)**

No items to report.

(Notes to significant changes in the amount of shareholders' equity)

No items to report.

(Application of special accounting for preparing quarterly consolidated financial statements)

Calculation of taxes

Taxes are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to profit before income taxes for the fiscal year, and multiplying the quarterly profit before income taxes by such estimated effective tax rate.

It should be noted that income taxes-deferred are included in income taxes.

(Segment information, etc.)

1. Information regarding the amounts of net sales and profit/loss by reportable segment

Nine months ended September 30, 2017 (January 1, 2017 to September 30, 2017) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	49,512	24,471	73,984	244	74,228	–	74,228
Inter-segment sales or transfers	725	277	1,002	351	1,354	(1,354)	–
Total	50,237	24,749	74,987	595	75,583	(1,354)	74,228
Segment profit	4,113	1,839	5,953	33	5,987	(595)	5,391

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.

2. Included in the 595 million yen deducted from segment profit as adjustment are a deduction of 11 million yen in inter-segment eliminations and a deduction of 583 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

Nine months ended September 30, 2018 (January 1, 2018 to September 30, 2018) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	53,769	27,729	81,498	204	81,703	–	81,703
Inter-segment sales or transfers	758	261	1,020	348	1,369	(1,369)	–
Total	54,527	27,991	82,518	553	83,072	(1,369)	81,703
Segment profit	3,672	2,719	6,391	44	6,436	(832)	5,603

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.

2. Included in the 832 million yen deducted from segment profit as adjustment are a deduction of 5 million yen in inter-segment eliminations and a deduction of 827 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

2. Information regarding impairment loss of non-current assets and goodwill by reportable segment

No items to report.