

## Printing and Solutions Business

### Business Objectives

- **Communication and Printing Equipment:** Strengthen profitability and competitiveness further as a core business supporting group-wide portfolio management.
- **Electric Stationery:** Maintain the global No.1 position in Home/Office business with steady profitability and make a full-scale entry into the solutions business for further growth.

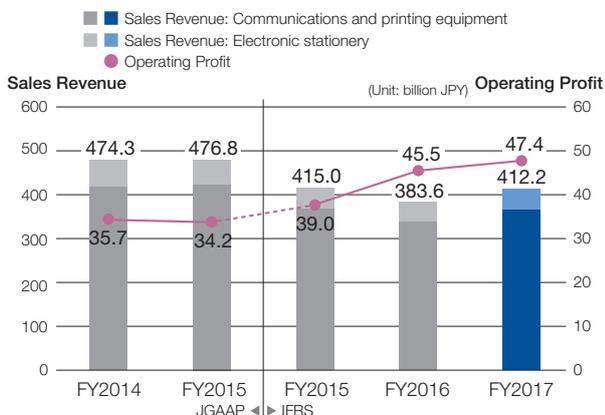
Representative Director & Senior Managing Executive Officer  
Head of Printing and Solutions Business Division

Tadashi Ishiguro



### FY2017 Operational Highlights

#### Transition of Sales Revenue/Operating Profit



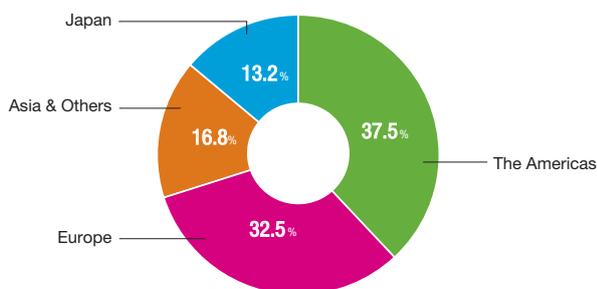
\* The subject names used for IFRS are applied. The subject names based on Japanese GAAP are switched to the subject names indicated below: \* Net sales (JGAAP)/Sales revenue (IFRS)

#### Sales Revenue: 412.2 billion yen (+7.4% y/y)

##### ■ Communications and Printing Equipment 364.9 billion yen (+7.8% y/y)

In addition to a solid global sales increase of black-and-white laser products targeting the SOHO market, the sales of black-and-white laser products targeting the SMB market, our core focus for sales enhancement, also grew steadily mainly in Europe. Sales of color laser products increased steadily on a global basis due partly to the release of new products of highly durable models. Meanwhile, sales of inkjet products remained at a level lower than that of the previous year in the overall market. However, sales growth of models with high-yield ink tanks targeting the emerging nations outpaced the original plan. In addition, we received a positive impact from the forex rate which resulted from depreciation of the yen, and thus, sales revenue of communications and printing equipment increased overall.

#### Sales Revenue by Region (FY2017)



\*Classified by region based on the locations of the sales facilities

##### ■ Electronic Stationery

##### 47.3 billion yen (+4.9% y/y)

Sales revenue of electronic stationery increased due to steady global sales growth of the P-touch brand label writers/printers, including P-TOUCH CUBE, which allows editing of a label by using a smart phone app and resulted in strong sales growth in Japan, as well as the positive impact of depreciation of the yen.

#### Operating profit: 47.4 billion yen (+4.0% y/y)

Operating profit increased due mainly to the positive impact from the forex rate resulting from depreciation of the yen, in addition to a steady increase of product sales on a global basis.

### Printing and Solutions Business

#### Business Overview

##### Communications and Printing Equipment

###### < Brother's Strength >

In the early 1990s, Brother developed thermal transfer fax machines and small laser All-in-Ones that met the needs of a work style called SOHO (Small Office, Home Office), in which an individual or a small group of individuals use their homes, and so forth, as an office, and established its position as a pioneer in this market. Even today, our laser printers and All-in-Ones especially have high reputations in the SOHO market for their high printing speed, cost performance and durability, and are receiving good reviews from many business partners and industry magazines all around the world. The scanners developed by utilizing the technologies used for our All-in-Ones enable direct uploading of scanned images and documents to a cloud network without accessing a computer. The extensive lineup, which is differentiated from other products available in the market and allows users to reduce their costs, is Brother's advantage.

In recent years, we have been integrating compact black-and-white and color laser All-in-Ones, business-use inkjet All-in-Ones for A3-size paper, and so forth into a scanner compatible with mobile devices and cloud networks. With this product approach, we meet customer needs consistently from input to output. Furthermore, we have increased our targeted customer base to the SMB\* market and expanded our businesses and services, such as the solutions business that provides solutions to problems, a web conference system, and a consultation service to suggest the best-suited products and the best office setups. We have also expanded our contract-type businesses, including print management and automated delivery of consumables. Through these businesses and services, we help our customers improve productivity and actualize cost optimization.

\* Stands for Small Medium Business. It includes small-sized offices, small- and medium-size businesses, and a business that has offices in multiple dispersed locations.

###### < Market Trend and Brother's Business Strategy >

- Maintain our position in the SOHO market
- Selectively strengthen our businesses in the SMB and solutions fields
- Grow to realize profit increase in emerging nations
- Enhance our earning capacity by thorough streamlining and prioritized investment leading to profit generation

In the SOHO market in advanced countries, Brother is maintaining and expanding its market share in many product categories, such as black-and-white laser and color laser products. In the SMB market in Europe, contract-style businesses, such as print management for customers and automated delivery of consumables, are expanding smoothly. In addition to the black-and-white laser business, the inkjet business is making a great contribution to profitability enhancement in the markets in emerging nations as sales mainly of the models with a built-in refill tank have exceeded the original target.

Overall, the Printing and Solutions Business is generating more profit than the target as the business for profitability enhancement as a result of various transformations, such as streamlining of the business, enhancement of proper inventory management and shift to product lineups that can offer greater additional value.

#### Main Product Lineup



Black-and-white Laser All-in-One



Color Laser All-in-One



Scanner



Inkjet Printer

## Electronic Stationery

### < Brother's Strength >

Brother has been conducting the P-touch brand labeling system and label printer business for about 30 years as the leading manufacturer of electronic stationery. We have maintained the top market share in the field of business/professional use as a globally powerful brand which offers highly operable and functional products, an extensive and varied lineup for labeling systems, and products that are equipped with software and corresponding interfaces to meet customer demand. As for mobile printers, our product lineup, including those which use roll paper and single sheet paper, are used in a wide range of industries including financial, service and maintenance service industries.

### < Market Trend and Brother's Business Strategy >

- Firmly secure our position and maintain profit in the office business
- Strategically expand our business into the solutions field

As the markets for business/professional use and home use in advanced countries have matured, Brother released a labeling

system, with which a user can edit a label by using a smartphone app, to provide new value to customers. The labeling system is receiving positive reviews from our customers. Concerning consumables, we are maintaining and expanding our sales through improvements which provide further additional value, such as by introducing a glossy tape that provides a sense of enhanced value and a tape to print on a ribbon for gift purposes. In the market in emerging nations, which seems promising as a growing market, the demand for business use, such as marking of distribution boards and communication cables, and labeling at manufacturing sites, is expanding.

In the solutions field, we will enhance our product lineups for label printers and mobile printers, and strategically enter into the solutions field targeting specific industries, including the retailing, manufacturing and logistic industries in addition to business offices. With these strategies, we aim at expanding the market and increasing our share.

## Main Product Lineup



Labeling System



Mobile Printer

### Brother's Value Creation

### An Independent Review Organization Gives an Excellent Evaluation of Brother's Laser Printers and All-in-Ones for the SMB Market

In 2017, Brother introduced a full lineup of black-and-white and color laser printers and All-in-Ones for the SMB\* market. The products offered high-speed and highly durable features and high paper feeding capacity, and received excellent reviews from an external review organization.

In February 2018, Brother's MFC-L9570CDW received the Winter 2018 Pick Award by Buyers Laboratory Inc. (BLI), an independent evaluation organization based in the United States, for its excellent functionality and productivity. As a color All-in-One for offices of small and medium-size businesses, the MFC-L9570CDW is compact in size and affordable in price. Despite its low price, it has Web Connect, a feature that enables saving and printing of

scanned data by utilizing various cloud services, and NFC, a feature that allows printing and personal verification from a mobile device, as well as an intuitive interface and high robustness.

Also from BLI, Brother received the Summer 2017 Pick Awards for the HL-L9310CDW, a color printer which is part of the same series as the MFC-L9570CDW, in August 2017, and the Line of the Year award for its black-and-white printers and All-in-Ones, such as the MFC-L6900DW, in February 2017.



Brother MFC-L9570CDW  
Outstanding Color Multifunction-Printer for SMBs

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