

To Our Stakeholders

All Brother Group employees will work as one to quickly deliver superior value.

Aiming to fulfill the medium- to long-term vision “Global Vision 21”

The Brother Group aims to fulfill its medium- to long-term vision for further growth, Global Vision 21, under its basic policy of placing its customers first in all activities and situations.

As roadmaps to achieve this vision, the Brother Group formulates medium-term business strategies. Under the medium-term business strategy CS B2018, which covered the period from FY2016 to FY2018 and focused on the theme of “Transform for the Future,” we implemented business, operational, and talent transformations.

In the business transformation, we achieved significant profitability enhancement in the Printing and Solutions business and sales growth in the industrial equipment and Domino businesses by shifting resources to the growth businesses and rebuilding our business portfolio.

In the operational transformation, we streamlined development processes, established a functional center of excellence to provide effective support to respective business units, and initiated operational process transformation by utilizing RPA and AI.

In the talent transformation, we were able to undertake personnel-system reform, which was led by the Human Resources Innovation Committee, and the development of next-generation management personnel, and to start using new talent development methods, such as one-on-one meetings, to promote the growth of all employees.

“TOWARDS THE NEXT LEVEL”

In this way, the Brother Group has succeeded in achieving certain results under CS B2018. However, the business environment surrounding the group will change significantly and become increasingly severe. We, for example, are expected to face a printing volume decrease under further digitalization, diversification of customer service needs, including the shift from ownership to usage, and the growing demand for labor-saving, automation, and traceability.

With these understandings, the Brother Group believes that it is essential to implement more in-depth transformation, and thus, has formulated the new medium-term business strategy CS B2021 with the theme of “TOWARDS THE NEXT LEVEL” for the period from FY2019 to FY2021.

Under CS B2021, which will continue until the end of FY2021, the Brother Group will establish a firm management base towards the next level, utilize Brother’s unique strengths, and implement the following four transformations with a medium- to long-term perspective.

- Win a leading place in the printing area by maintaining our business scale, enhancing profitability, and accelerating the shift to new business models
- Accelerate growth in the machinery and FA area by focusing on the automobile and general machine market and capturing growing needs for labor-saving and automation
- Develop a growth platform in the industrial printing area by reaccelerating the growth of the Domino business and leveraging Brother’s printing technologies
- Establish a firm foundation to gain speed and cost competitiveness through operational transformation with IT, such as RPA and AI



Representative Director
& Chairman

Toshikazu Koike

Representative Director &
President

Ichiro Sasaki

Financial targets and investment strategies in CS B2021

By completing these transformations, the Brother Group aims at achieving sales revenue of 750 billion yen, operating profit of 75 billion yen, and an operating profit ratio of 10% as the financial goals* for FY2021, the final year of CS B2021. With a 50 billion yen strategic investment fund for growth, we will also accelerate investment, including M&A, to further expand the industrial area, create and develop new businesses, and reinforce inkjet-related facilities.

As for shareholder returns, we will maintain stable returns to shareholders aiming for a consolidated dividend payout ratio of 35% while securing strategic investments for growth.

We will strive to generate stable cash flow and ensure strong financial health, allocate generated cash to strategic investments and shareholder returns in a balanced manner, and basically maintain an ROE of around 12%.

*Based on International Financial Reporting Standards (IFRS)

Remaining a company trusted by stakeholders

In order to remain a company trusted by its stakeholders, the Brother Group also attaches a great deal of importance to environmental commitment, contributing to local communities and society, and practicing good corporate governance. In addition, we have identified the social issues which we will preferentially focus on. By addressing them, we will achieve social value creation through our business activities, contributing to the Sustainable Development Goals (SDGs), which were adopted by the United Nations in 2015.

To help solve global environmental issues, the Brother Group has been making efforts, such as CO₂ emissions reduction in the entire value chain, towards achieving the medium-term targets for FY2030, the milestone to achieve the

Brother Group Environmental Vision 2050, which the group formulated in April 2018.

We will also seek to provide innovative products and services that make our customers happy and conduct social contribution activities with a sense of unity within the whole Brother Group while gaining an accurate understanding of social demands and expectations through interaction with the community. To ensure the physical and mental health of employees, who are the actors of these activities, we have launched the Brother Group Health & Productivity Management Promotion Council and been taking approaches to achieve the “Healthy Brother 2025” with specific health targets based on the “Health and Productivity Management Philosophy.”

As for corporate governance, we place importance on enhancing our corporate value in the long term through optimization of managerial resources and customer value creation and establishing a long-term trusted relationship with shareholders through improvements in corporate transparency. At Brother Industries, Ltd., five independent outside directors oversee management from an objective perspective.

We would like to please our customers by quickly delivering superior value, for which all group employees work as one with the “At your side.” spirit in mind. To achieve this, each and every employee should grow in their abilities through various experiences. I will lead them so that they can further provide value to customers, and thereby both customers and employees become happier.

We appreciate your continuous support for all the activities of the Brother Group.