

Personal and Home Business

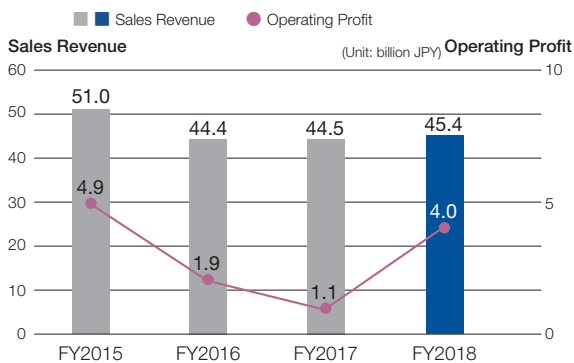
Personal
& Home

Business Objective

- Maintain the dominant global No. 1 position for the full range of high-end to low-end machines, while stepping up to a new level of “joys of creation”

FY2018 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue: 45.4 billion yen (+2.2% y/y)

Sales revenue increased driven mainly by strong growth in sales of the premium sewing and embroidery machines launched in the United States.

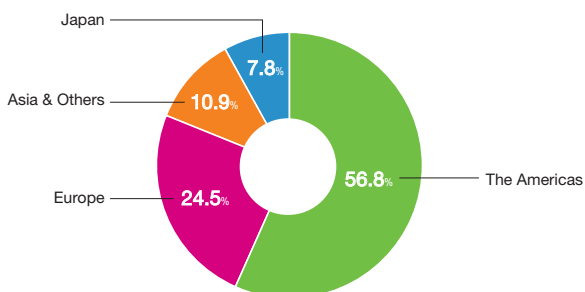
Business Segment Profit: 4.0 billion yen (+103.8% y/y)

Operating Profit: 4.0 billion yen (+283.1% y/y)

Profits were improved significantly by changes in our product mix that reflected strong sales of the premium sewing and embroidery machines.

*Sales revenue and operating profit are calculated based on International Financial Reporting Standards (IFRS). Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from sales revenue.

Sales Revenue by Region



Sewing and Embroidery Machine

Brother's Strength

Brother has leading-edge development capabilities in the home sewing machine industry, which allows it to provide highly functional products with high added value. In particular, we have been leading the market by offering our customers state-of-the-art features that are also easy to operate, utilizing our forte of electronic technologies. As for production, we manufacture a wide range of products from high-end to low-end at our facilities in Taiwan and Vietnam. As for sales, we maintain outstanding visibility in North America. We have established strong ties with powerful, major retailers and close partnerships with our prominent business partners, such as major sewing machine dealers handling high-end machines. Furthermore, our sales facilities around the world provide precise services and education along with superior products, enabling the group to maintain and further enhance the strength of the Brother brand.

Market Trend and Brother's Business Strategies

- Firmly maintain our current position in the home sewing machine market while strengthening profitability
- Firmly maintain our current position in the high-end machine market and expand our share in the mid-range sewing machine market
- Aggressively pursue growth in the craft market

In the home sewing machine market, the demand in North America appears to be stagnant. However, the demand is increasing steadily on a global basis. In such an environment, Brother will strive to expand its profit by enhancing the customer satisfaction level of its sewing and embroidery machines with high added value and mid-grade machines. The market for home cutting machines is expanding mainly in North America. We will promote the value of our scanning functions that no other manufacturers can offer and pursue development of new sales channels to actualize business expansion.

Main Product Lineup



Sewing and Embroidery Machine

Sewing Machine

Commercial Embroidery Machine

Home Cutting Machine

Brother's Value Creation

Brother offers sewing and embroidery machines and home cutting machines with significantly enhanced performance

The "Luminaire Innov-is XP1" is a sewing and embroidery machine for advanced users to make quilts and big embroidery works. This machine offers enhanced operability with a large liquid crystal touch panel that works like a tablet and makes it easier for users to create detail-oriented designs with a built-in projector that enables them to preview stitches and embroidery designs directly on their fabric before they start sewing. A generous needle to arm distance of 13.1 inches allows users to handle big projects, such as a king-sized bed cover, with ease. In addition, with the largest embroidery area that Brother has ever offered, the "Luminaire Innov-is XP1" enables users to sew a cushion or a pillowcase comfortably with ease. This product won the "iF GOLD AWARD 2019," one of the most prestigious design awards in the world.

The ScanNCut DX is a new model with dramatically upgraded product performance, and we will strive to further increase its sales. Brother's previous models require users to adjust blade depth and other fine details to suit the type and thickness of the material to be cut. Unlike them, the ScanNCut DX, equipped with an automatic blade sensor, does not require such adjustments. In addition, this new model can cut materials up to 3 mm in thickness. With this feature, this home cutting machine enables users to enjoy professional results.

