

**Fiscal Year 2016** (ending March 31, 2017)

**First Quarter Results**  
(3-month results ended June 30, 2016)

**Brother Industries, Ltd.**

**August 8, 2016**

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

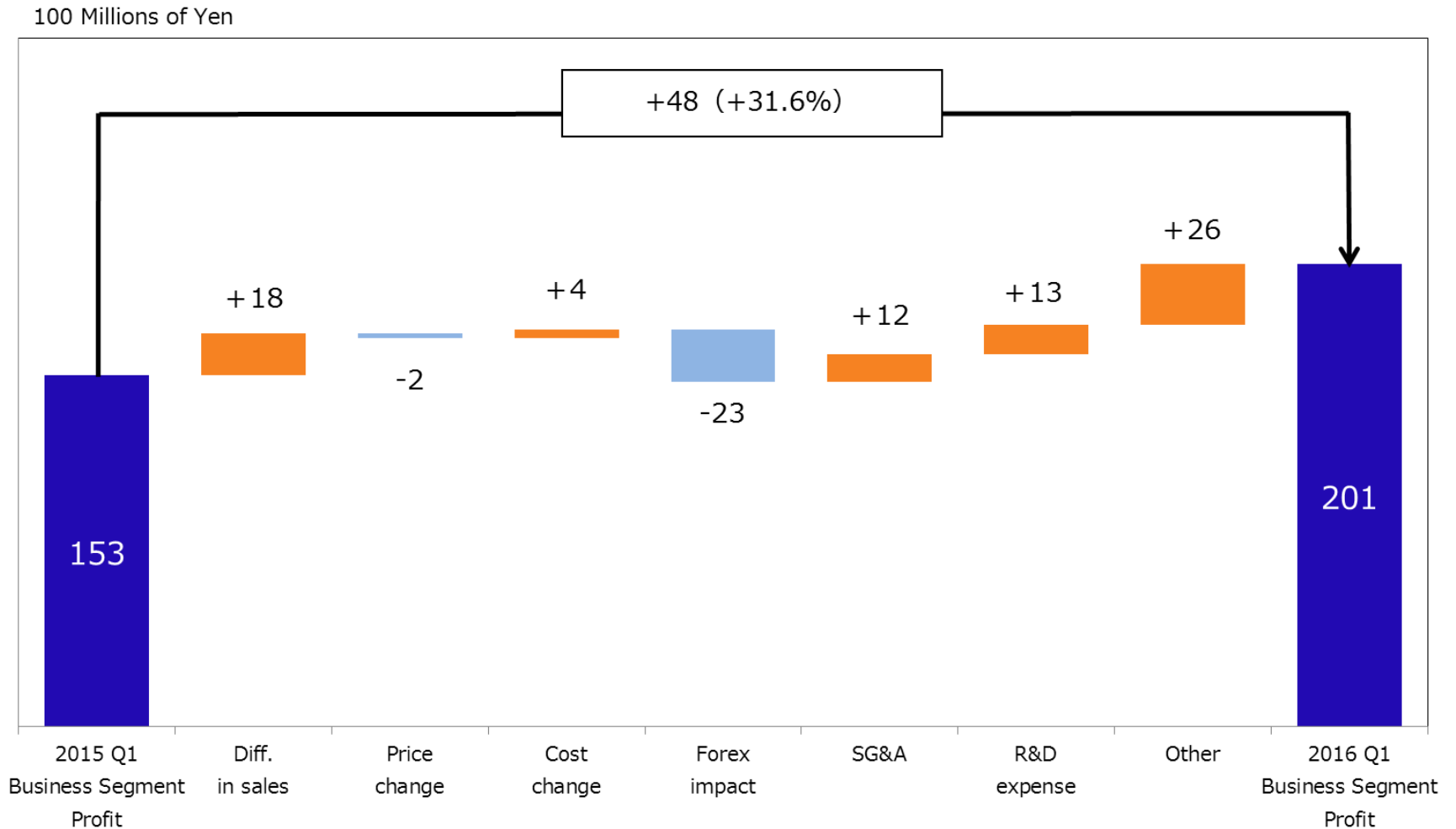
# Consolidated Results for FY2016 Q1

(100 Millions of Yen)

	<b>16Q1</b>	15Q1	Rate of Change (w/o forex impact)
Sales Revenue	<b>1,575</b>	1,641	-4.0% (+4.5%)
Business Segment Profit	<b>201</b>	153	31.6%
Business Segment Profit Ratio	<b>12.8%</b>	9.3%	
Operating Profit	<b>211</b>	164	28.7%
Operating Profit Ratio	<b>13.4%</b>	10.0%	
Income before Tax	<b>211</b>	166	27.1%
Net Income	<b>153</b>	116	31.8%
Exchange Rates			
USD	<b>109.07</b>	121.34	
EUR	<b>122.47</b>	133.86	

- ✓ Although sales of machine tools significantly decreased, sales in the P&S business increased on a local currency basis.
- ✓ Profits at all levels increased due to measures to improve profitability in the P&S business and due to a temporary positive effect from the elimination of unrealized gains on inventories brought by the higher yen, despite the negative impact of the yen's appreciation of ¥2.3 billion.

# Main Factors for Changes in Business Segment Profit



# Highlight by business segment

(100 Millions of Yen)

Sales Revenue	16Q1	15Q1	Rate of Change	Rate of Change (w/o forex impact)
<b>Total</b>	<b>1,575</b>	<b>1,641</b>	<b>-4.0%</b>	<b>4.5%</b>
Printing & Solutions	<b>953</b>	<b>1,039</b>	<b>-8.3%</b>	<b>2.7%</b>
Personal & Home	<b>95</b>	<b>109</b>	<b>-12.6%</b>	<b>-2.1%</b>
Machinery	<b>230</b>	<b>347</b>	<b>-33.9%</b>	<b>-29.5%</b>
Network & Contents	<b>126</b>	<b>119</b>	<b>5.6%</b>	<b>6.0%</b>
Domino business	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other	<b>28</b>	<b>27</b>	<b>1.2%</b>	<b>1.2%</b>

Business Segment Profit	16Q1	15Q1	Rate of Change
<b>Total</b>	<b>201</b>	<b>153</b>	<b>31.6%</b>
Printing & Solutions	<b>169</b>	<b>103</b>	<b>64.6%</b>
Personal & Home	<b>-0</b>	<b>7</b>	<b>-</b>
Machinery	<b>19</b>	<b>62</b>	<b>-69.7%</b>
Network & Contents	<b>4</b>	<b>-3</b>	<b>-</b>
Domino business	<b>9</b>	<b>-</b>	<b>-</b>
Other	<b>1</b>	<b>-16</b>	<b>-</b>

Operating Profit	16Q1	15Q1	Rate of Change
<b>Total</b>	<b>211</b>	<b>164</b>	<b>28.7%</b>
Printing & Solutions	<b>179</b>	<b>110</b>	<b>62.5%</b>
Personal & Home	<b>0</b>	<b>7</b>	<b>-98.5%</b>
Machinery	<b>19</b>	<b>63</b>	<b>-69.2%</b>
Network & Contents	<b>3</b>	<b>-3</b>	<b>-</b>
Domino business	<b>9</b>	<b>-</b>	<b>-</b>
Other	<b>1</b>	<b>-13</b>	<b>-</b>

## ■ Printing & Solutions business

- Launched inkjet printers with high-yield ink cartridges in the U.S. and Japan following the earlier launch in emerging markets



**INKvestment**

MFC-J985DW

- Renewal of high-speed/durable mono laser printers



HL-L6400DW



MFC-L5755DW



MFC-L6900DW

- Received five "Summer 2016 Pick" awards in Printers/MFPs and Scanners from Buyers Laboratory LLC, a U.S. independent evaluation organization



## ■ Machine tools

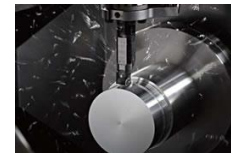
- Launched SPEEDIO M140X2, next generation compact multi-tasking machine



SPEEDIO M140X2



Machining



Turning

## ■ Industrial Printing

- Launched laser marker LM-2500



LM-2500



Printing production information on motor parts



Printing lot numbers on switch parts

# Consolidated Forecast for FY 2016 ( ending March 31, 2017)

(100 Millions of Yen)

	<b>FY16</b>	Previous forecast	Rate of Change	FY15 Act	Rate of Change (w/o forex impact)
Sales Revenue	<b>6,400</b>	6,575	-2.7%	6,821	-6.2% (+4.7%)
Business Segment Profit	<b>500</b>	460	8.7%	549	-9.0%
Business Segment Profit Ratio	<b>7.8%</b>	7.0%		8.1%	
Operating Profit	<b>485</b>	450	7.8%	586	-17.3%
Operating Profit Ratio	<b>7.6%</b>	6.8%		8.6%	
Income before Tax	<b>485</b>	450	7.8%	572	-15.2%
Net Income	<b>335</b>	315	6.3%	412	-18.8%
Exchange Rates					
USD	<b>106.09</b>	110.00		120.16	
EUR	<b>117.25</b>	125.00		132.36	

## <Main points for revised forecast>

### •Sales revenue

The assumed exchange rates have been revised and the negative forex impact of approximately ¥21 billion has been factored into the forecast.

### •Business segment profit

Although the negative forex impact of approximately ¥7 billion has been factored into the forecast, the forecast has been upwardly revised in light of our progress at the end of Q1.

# Forecast for 2016 by business segment

(100 Millions of Yen)

Sales Revenue	FY16	Previous Forecast	Rate of Change	FY15	Rate of Change	Rate of Change (w/o forex impact)
<b>Total</b>	<b>6,400</b>	<b>6,575</b>	<b>-2.7%</b>	<b>6,821</b>	<b>-6.2%</b>	<b>4.7%</b>
Printing & Solutions	<b>3,743</b>	<b>3,845</b>	<b>-2.6%</b>	<b>4,150</b>	<b>-9.8%</b>	<b>2.1%</b>
Personal & Home	<b>474</b>	<b>488</b>	<b>-2.7%</b>	<b>510</b>	<b>-7.0%</b>	<b>5.5%</b>
Machinery & Solution	<b>936</b>	<b>959</b>	<b>-2.4%</b>	<b>993</b>	<b>-5.7%</b>	<b>0.5%</b>
Network & Contents	<b>518</b>	<b>525</b>	<b>-1.3%</b>	<b>539</b>	<b>-3.9%</b>	<b>-3.6%</b>
Domino business	<b>582</b>	<b>614</b>	<b>-5.2%</b>	<b>483</b>	<b>20.4%</b>	<b>46.1%</b>
Other	<b>147</b>	<b>144</b>	<b>1.5%</b>	<b>146</b>	<b>0.8%</b>	<b>0.6%</b>

Business Segment Profit	FY16	Previous Forecast	Rate of Change	FY15	Rate of Change
<b>Total</b>	<b>500</b>	<b>460</b>	<b>8.6%</b>	<b>549</b>	<b>-9.0%</b>
Printing & Solutions	<b>345</b>	<b>300</b>	<b>15.0%</b>	<b>336</b>	<b>2.8%</b>
Personal & Home	<b>34</b>	<b>38</b>	<b>-10.7%</b>	<b>48</b>	<b>-28.5%</b>
Machinery & Solution	<b>58</b>	<b>57</b>	<b>1.6%</b>	<b>114</b>	<b>-49.2%</b>
Network & Contents	<b>20</b>	<b>20</b>	<b>-</b>	<b>22</b>	<b>-8.1%</b>
Domino business	<b>38</b>	<b>40</b>	<b>-4.1%</b>	<b>38</b>	<b>-1.0%</b>
Other	<b>5</b>	<b>5</b>	<b>-</b>	<b>-8</b>	<b>-</b>

Operating Profit	FY16	Previous Forecast	Rate of Change	FY15	Rate of Change
<b>Total</b>	<b>485</b>	<b>450</b>	<b>7.8%</b>	<b>586</b>	<b>-17.3%</b>
Printing & Solutions	<b>338</b>	<b>294</b>	<b>15.0%</b>	<b>390</b>	<b>-13.4%</b>
Personal & Home	<b>34</b>	<b>37</b>	<b>-8.1%</b>	<b>49</b>	<b>-30.2%</b>
Machinery & Solution	<b>56</b>	<b>56</b>	<b>-</b>	<b>114</b>	<b>-50.8%</b>
Network & Contents	<b>18</b>	<b>18</b>	<b>-</b>	<b>-5</b>	<b>-</b>
Domino business	<b>34</b>	<b>40</b>	<b>-15.0%</b>	<b>35</b>	<b>-3.5%</b>
Other	<b>5</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>56.7%</b>

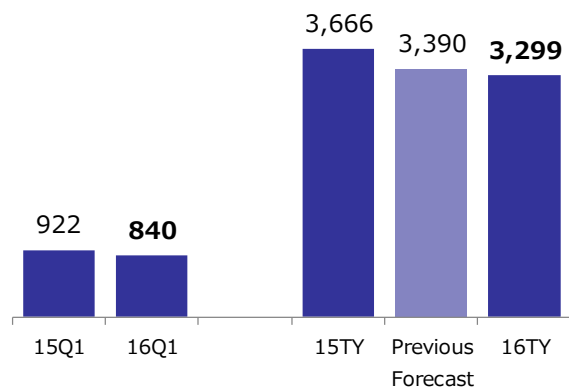
# Printing & Solutions Sales Revenue & Operating Profit

(100 Millions of Yen)

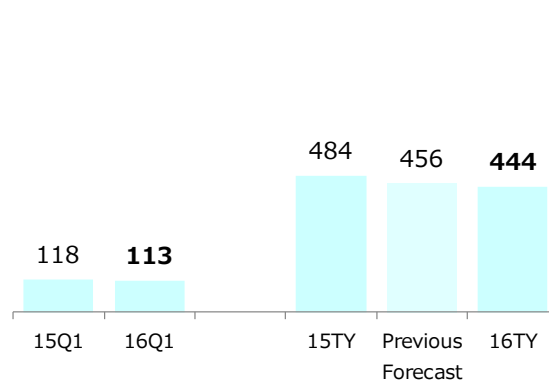
	15Q1	16Q1	Change	Change x FX
<b>Sales Revenue</b>	<b>1,039</b>	<b>953</b>	<b>-8.3%</b>	<b>2.7%</b>
<b>Communications &amp; Printing equipment</b>	<b>922</b>	<b>840</b>	<b>-8.9%</b>	<b>2.0%</b>
Americas	348	327	-6.2%	7.2%
Europe	307	252	-17.9%	-8.4%
Asia & Others	166	142	-14.8%	-0.2%
Japan	100	119	19.3%	19.3%
<b>Electronic stationery</b>	<b>118</b>	<b>113</b>	<b>-3.5%</b>	<b>8.0%</b>
Americas	57	54	-4.9%	7.3%
Europe	35	33	-6.8%	3.6%
Asia & Others	17	16	-3.6%	13.1%
Japan	8	10	20.6%	20.6%
<b>Business Segment Profit</b>	<b>103</b>	<b>169</b>		
<b>Operating Profit</b>	<b>110</b>	<b>179</b>		

	15TY	Previous Forecast	16TY	Change	Change x FX
<b>Sales Revenue</b>	<b>4,150</b>	<b>3,846</b>	<b>3,743</b>	<b>-9.8%</b>	<b>2.1%</b>
<b>Communications &amp; Printing equipment</b>	<b>3,666</b>	<b>3,390</b>	<b>3,299</b>	<b>-10.0%</b>	<b>1.9%</b>
Americas	1,393	1,252	1,225	-12.1%	1.3%
Europe	1,221	1,124	1,043	-14.6%	-1.3%
Asia & Others	600	559	543	-9.5%	3.5%
Japan	453	455	488	7.8%	9.9%
<b>Electronic stationery</b>	<b>484</b>	<b>456</b>	<b>444</b>	<b>-8.1%</b>	<b>4.0%</b>
Americas	230	213	209	-9.4%	3.6%
Europe	147	138	129	-12.5%	0.8%
Asia & Others	69	65	63	-8.8%	4.9%
Japan	38	40	44	17.3%	17.3%
<b>Business Segment Profit</b>	<b>336</b>	<b>300</b>	<b>345</b>		
<b>Operating Profit</b>	<b>390</b>	<b>294</b>	<b>338</b>		

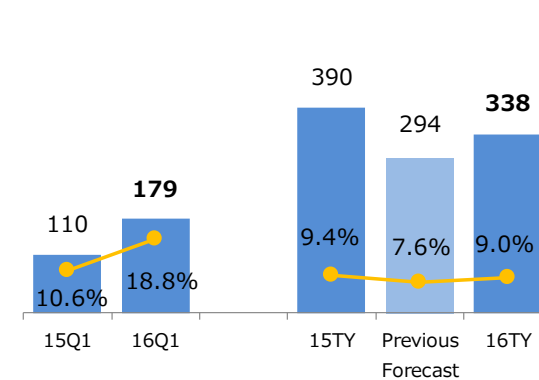
<Sales Revenue>  
Communications & Printing equipment



<Sales Revenue>  
Electronic stationery



<Operating Profit>



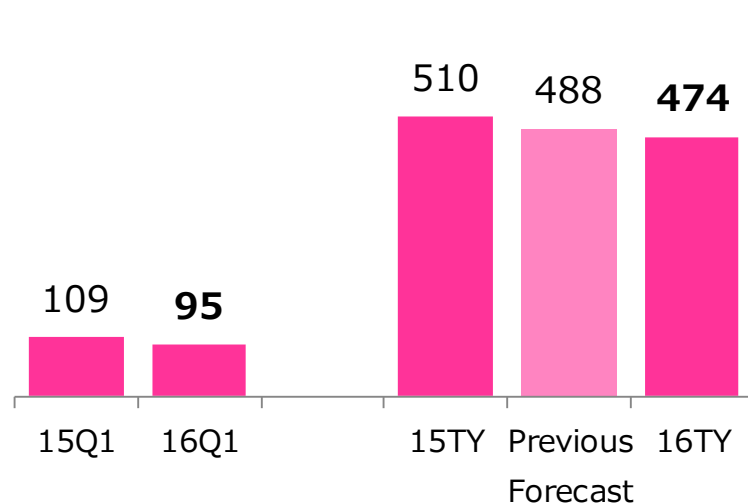


# Personal & Home Sales Revenue & Operating Profit

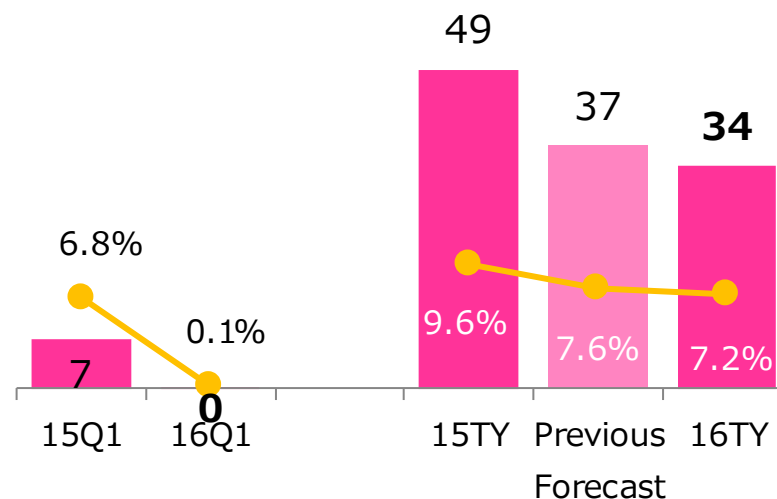
(100 Millions of Yen)

	15Q1	16Q1	Change	Change x FX		15TY	Previous Forecast	16TY	Change	Change x FX
<b>Sales Revenue</b>	<b>109</b>	<b>95</b>	<b>-12.6%</b>	<b>-2.1%</b>		<b>510</b>	<b>488</b>	<b>474</b>	<b>-7.0%</b>	<b>5.5%</b>
Americas	61	49	-19.8%	-7.9%		304	282	278	-8.6%	5.8%
Europe	22	23	3.6%	13.1%		101	97	92	-9.6%	2.7%
Asia & Others	17	15	-12.7%	0.1%		62	62	60	-2.2%	9.6%
Japan	9	9	-3.2%	-3.2%		43	47	45	3.8%	3.8%
<b>Business Segment Profit</b>	<b>7</b>	<b>-0</b>				<b>48</b>	<b>38</b>	<b>34</b>		
<b>Operating Profit</b>	<b>7</b>	<b>0</b>				<b>49</b>	<b>37</b>	<b>34</b>		

<Sales Revenue>



<Operating Profit>

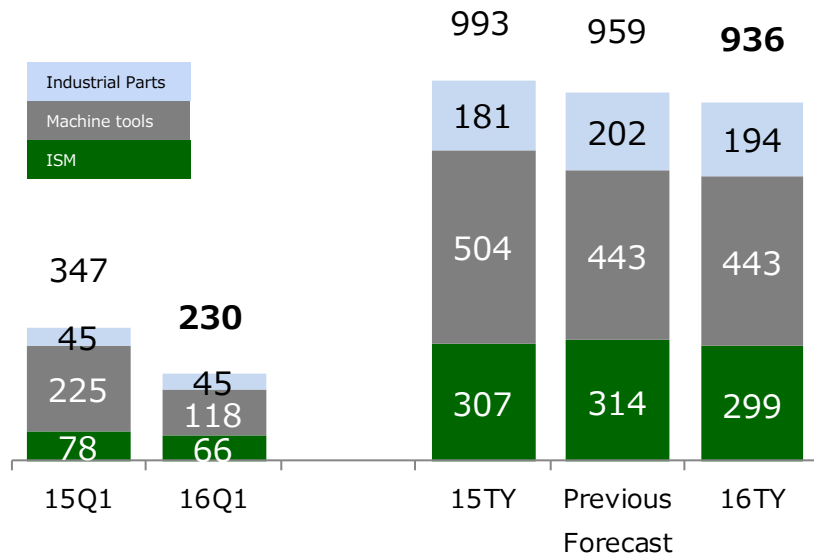


# Machinery Business Sales Revenue & Operating Profit

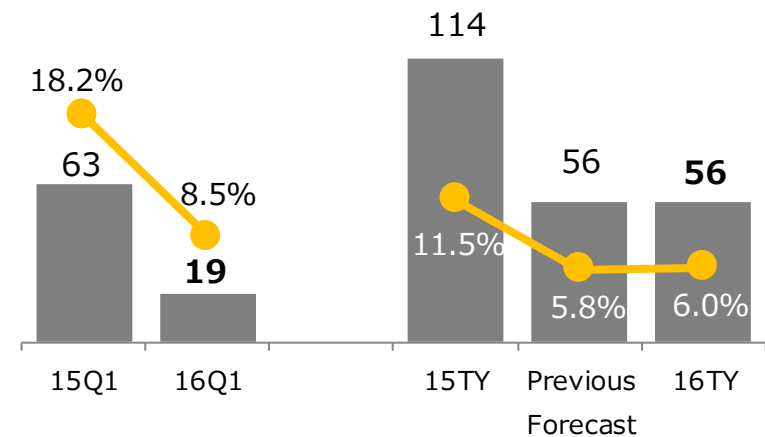
(100 Millions of Yen)

	15Q1	16Q1	Change	Change x FX	15TY	Previous Forecast	16TY	Change	Change x FX
<b>Sales Revenue</b>	<b>347</b>	<b>230</b>	<b>-33.9%</b>	<b>-29.5%</b>	<b>993</b>	<b>959</b>	<b>936</b>	<b>-5.7%</b>	<b>0.5%</b>
<b>Industrial sewing machines</b>	<b>78</b>	<b>66</b>	<b>-15.1%</b>	<b>-4.8%</b>	<b>307</b>	<b>314</b>	<b>299</b>	<b>-2.7%</b>	<b>10.4%</b>
<b>Machine tools</b>	<b>225</b>	<b>118</b>	<b>-47.3%</b>	<b>-44.9%</b>	<b>504</b>	<b>443</b>	<b>443</b>	<b>-12.1%</b>	<b>-9.2%</b>
<b>Industrial Parts</b>	<b>45</b>	<b>45</b>	<b>1.4%</b>	<b>4.9%</b>	<b>181</b>	<b>202</b>	<b>194</b>	<b>6.9%</b>	<b>10.5%</b>
<b>Business Segment Profit</b>	<b>62</b>	<b>19</b>			<b>114</b>	<b>57</b>	<b>58</b>		
<b>Operating Profit</b>	<b>63</b>	<b>19</b>			<b>114</b>	<b>56</b>	<b>56</b>		

<Sales Revenue>



<Operating Profit>



# Machinery Business Sales Revenue & Operating Profit

**brother**  
at your side

(100 Millions of Yen)

	15Q1	16Q1	Change	Change x FX
<b>Sales Revenue</b>	<b>347</b>	<b>230</b>	<b>-33.9%</b>	<b>-29.5%</b>
<b>Industrial sewing machines</b>	<b>78</b>	<b>66</b>	<b>-15.1%</b>	<b>-4.8%</b>
Americas	16	13	-18.7%	-9.0%
Europe	12	12	6.3%	16.4%
Asia & Others	48	39	-18.8%	-7.9%
Japan	2	1	-22.6%	-22.6%
<b>Machine tools</b>	<b>225</b>	<b>118</b>	<b>-47.3%</b>	<b>-44.9%</b>
Americas	6	7	24.3%	-
Europe	7	5	-27.7%	-
Asia & Others	195	89	-54.1%	-
Japan	17	17	-2.2%	-
<b>Industrial Parts</b>	<b>45</b>	<b>45</b>	<b>1.4%</b>	<b>4.9%</b>
Americas	7	7	4.9%	16.7%
Europe	0	0	-	-
Asia & Others	4	4	11.0%	30.5%
Japan	34	34	-0.5%	-0.5%
<b>Business Segment Profit</b>	<b>62</b>	<b>19</b>		
<b>Operating Profit</b>	<b>63</b>	<b>19</b>		

	15TY	Previous Forecast	16TY	Change	Change x FX
	<b>993</b>	<b>959</b>	<b>936</b>	<b>-5.7%</b>	<b>0.5%</b>
	<b>307</b>	<b>314</b>	<b>299</b>	<b>-2.7%</b>	<b>10.4%</b>
	63	59	55	-12.9%	-0.2%
	46	49	46	-0.8%	12.7%
	192	199	183	-4.9%	8.8%
	6	7	16	144.8%	144.8%
	<b>504</b>	<b>443</b>	<b>443</b>	<b>-12.1%</b>	<b>-9.2%</b>
	25	28	29	16.1%	-
	19	26	24	24.0%	-
	392	302	292	-25.3%	-
	68	87	97	42.5%	-
	<b>181</b>	<b>202</b>	<b>194</b>	<b>6.9%</b>	<b>10.5%</b>
	28	29	28	-0.4%	13.3%
	-	-	-	-	-
	15	17	16	12.0%	28.6%
	139	156	150	8.1%	8.1%
	<b>114</b>	<b>57</b>	<b>58</b>		
	<b>114</b>	<b>56</b>	<b>56</b>		

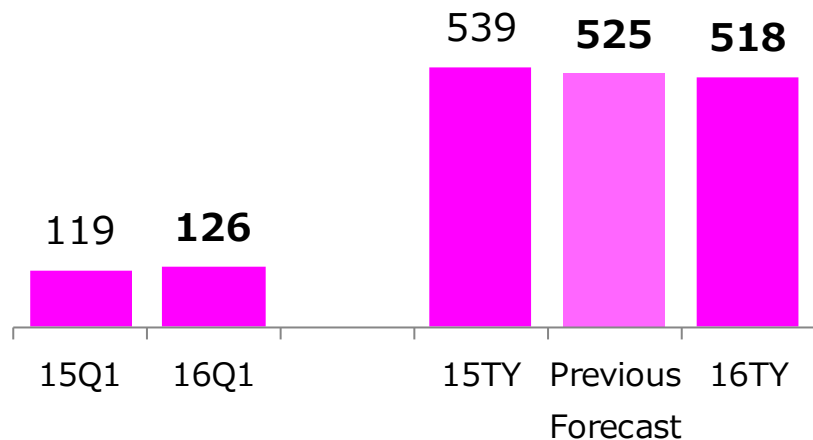
# Network & Contents

## Sales Revenue & Operating Profit

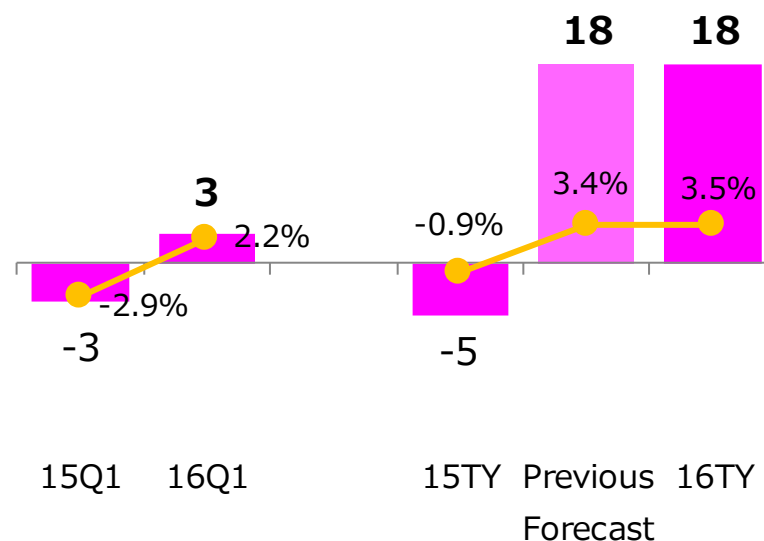
(100 Millions of Yen)

	15Q1	16Q1	Change	15TY	Previous Forecast	15TY	Change
<b>Sales Revenue</b>	<b>119</b>	<b>126</b>	<b>5.6%</b>	<b>539</b>	<b>525</b>	<b>518</b>	<b>-3.9%</b>
<b>Business Segment Profit</b>	<b>-3</b>	<b>4</b>		<b>22</b>	<b>20</b>	<b>20</b>	
<b>Operating Profit</b>	<b>-3</b>	<b>3</b>		<b>-5</b>	<b>18</b>	<b>18</b>	

<Sales Revenue>



<Operating Profit>



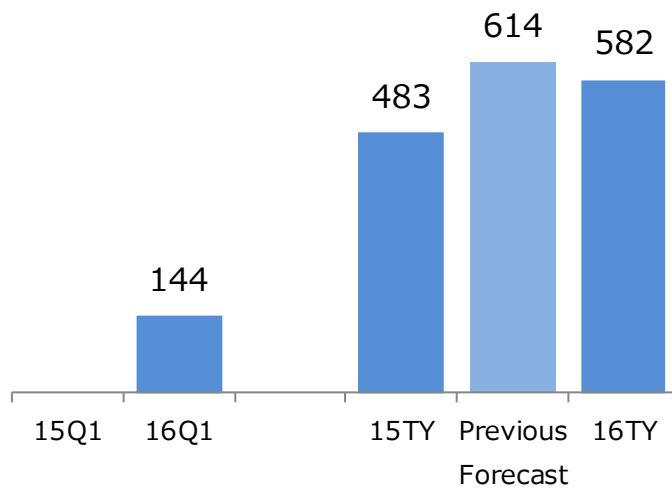
# Domino Business Sales Revenue & Operating Profit

(100 Millions of Yen)

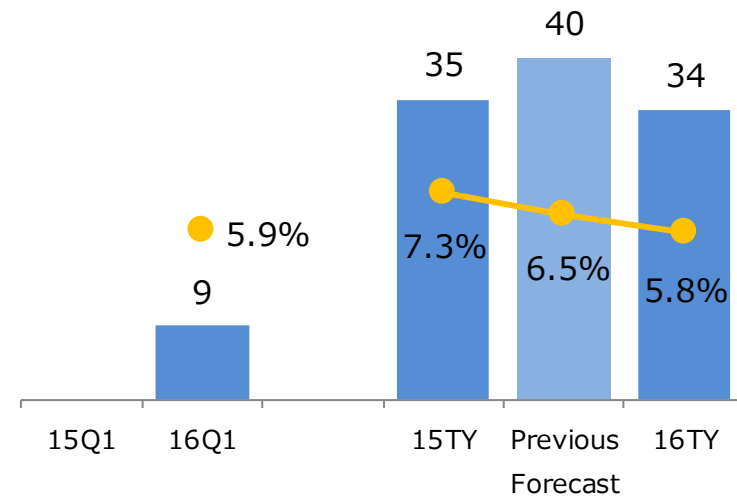
	15Q1	16Q1	Change	Change x FX
<b>Sales Revenue</b>	-	<b>144</b>	-	-
Americas	-	33	-	-
Europe	-	71	-	-
Asia & Others	-	40	-	-
<b>Business Segment Profit</b>	-	<b>9</b>		
<b>Operating Profit</b>	-	<b>9</b>		

	15TY	Previous Forecast	16TY	Change	Change x FX
<b>Sales Revenue</b>	<b>483</b>	<b>614</b>	<b>582</b>	<b>20.5%</b>	-
Americas	112	138	136	21.8%	-
Europe	239	310	290	21.5%	-
Asia & Others	133	165	156	17.5%	-
<b>Business Segment Profit</b>	<b>38</b>	<b>40</b>	<b>38</b>		
<b>Operating Profit</b>	<b>35</b>	<b>40</b>	<b>34</b>		

<Sales Revenue>



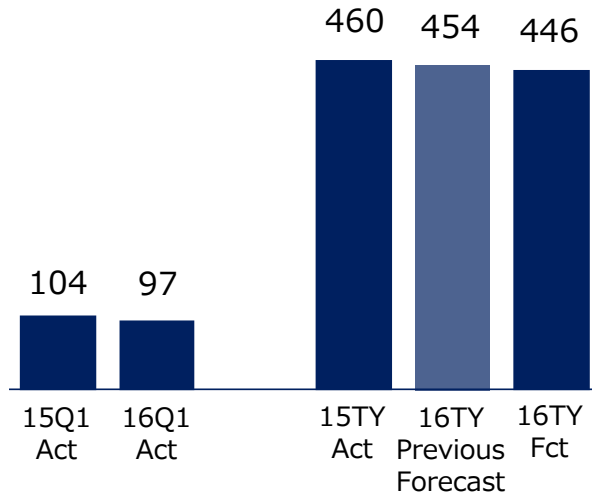
<Operating Profit>



# R&D expenses / Capital expenditure / Depreciation and amortization / Inventories

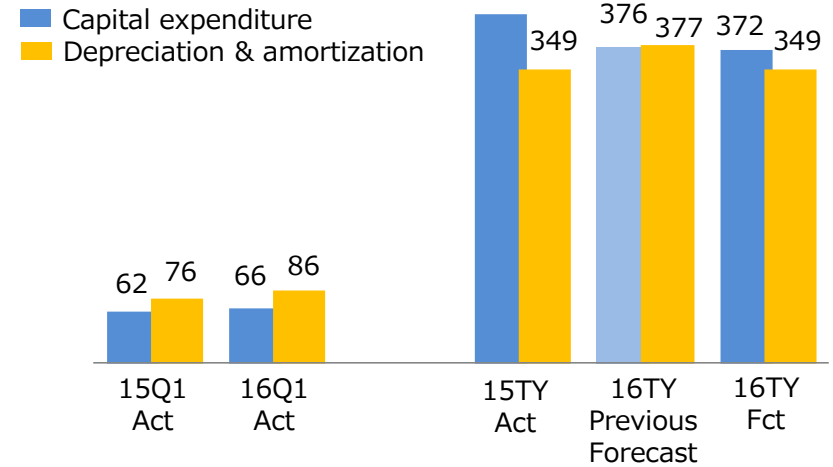
## R&D expenses

(100 Millions of Yen)



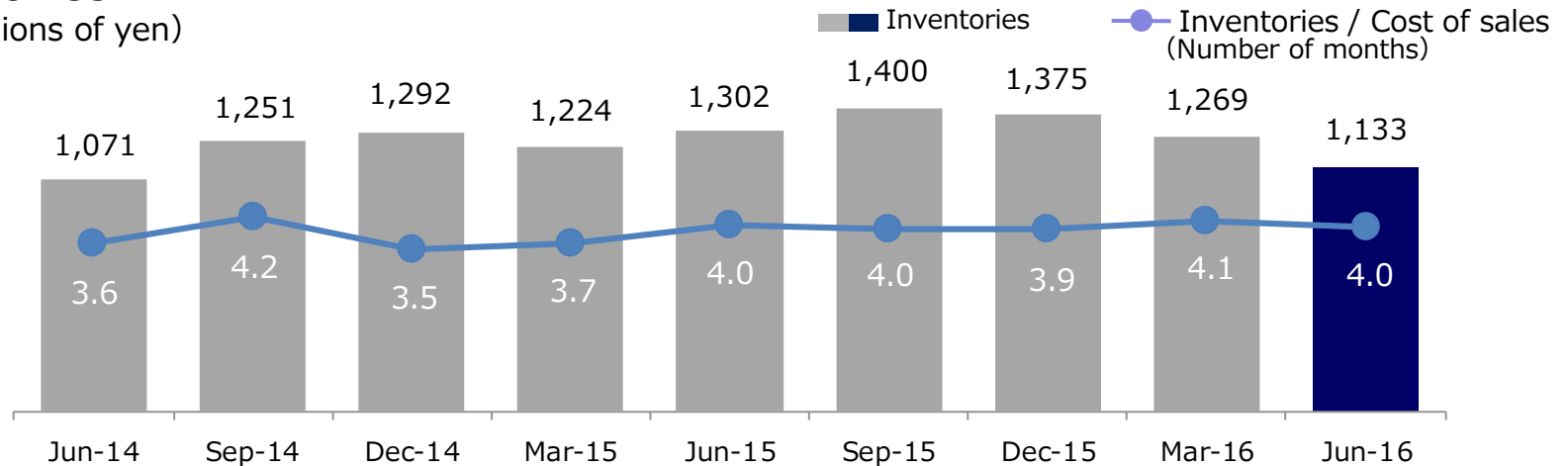
## Capital expenditure / Depreciation & amortization

(100 Millions of Yen)



## Inventories

(100 Millions of yen)



\*Jun-15 actual for Inventories does not include Domino business figures.

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