

FY2018 Q2 Results

Supplementary Information

1. Consolidated results
2. Balance sheet
3. Cash flows
4. Sales Revenue by business segment
5. Business Segment profit by business segment
6. Operating profit by business segment
7. Sales revenue by region
8. R&D Expenses / Capex / Depreciation & Amortization
9. Other Financial Data

Brother Industries, Ltd.

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.

1. Consolidated results

(Millions of yen)

	2017 2Q Act	2018 2Q Act	Change (w/o fx impact)
Sales Revenue	178,672	172,594	-3.4% (-2.3%)
Business Segment profit	21,617	17,885	-17.3%
Operating profit	18,706	15,776	-15.7%
Net Income	13,535	11,988	-11.4%
ROS(Business Segment profit)	12.1%	10.4%	-
ROS(Operating profit)	10.5%	9.1%	-
Yen-USD	111.38	111.55	-
Yen-Euro	130.45	129.89	-
Yen-GBP	146.20	145.84	-

	2017 2Q YTD	2018 2Q YTD	Change (w/o fx impact)
Sales Revenue	346,400	343,689	-0.8% (-0.4%)
Business Segment profit	39,115	38,363	-1.9%
Operating profit	31,310	38,031	21.5%
Net Income	22,682	28,553	25.9%
ROS(Business Segment profit)	11.3%	11.2%	-
ROS(Operating profit)	9.0%	11.1%	-
Yen-USD	111.42	110.07	-
Yen-Euro	126.63	129.88	-
Yen-GBP	144.38	146.99	-

	2017 Full Year Act	2018 Full Year Fct	Change (w/o fx impact)
Sales Revenue	712,997	690,000	-3.2% (-1.5%)
Business Segment profit	77,229	69,000	-10.7%
Operating profit	68,672	70,000	1.9%
Net Income	50,020	52,000	4.0%
ROS(Business Segment profit)	10.8%	10.0%	-
ROS(Operating profit)	9.6%	10.1%	-
Yen-USD	110.81	109.16	-
Yen-Euro	129.45	129.33	-
Yen-GBP	147.27	148.27	-

	2018 Previous Forecast	2018 Revised Forecast	Change (w/o fx impact)
Sales Revenue	690,000	690,000	-
Business Segment profit	71,000	69,000	-2.8%
Operating profit	70,000	70,000	-
Net Income	52,000	52,000	-
ROS(Business Segment profit)	10.3%	10.0%	-
ROS(Operating profit)	10.1%	10.1%	-
Yen-USD	107.00	109.16	-
Yen-Euro	128.00	129.33	-
Yen-GBP	150.00	148.27	-

2. Balance sheet

(Millions of yen)

	2017 Full Year Act	2018 2Q Act	Change
Current assets	366,633	393,860	27,226
Non-current assets	341,644	337,589	- 4,054
Current liabilities	157,039	176,033	18,994
Non-current liabilities	138,743	117,744	- 20,998
Equity attributable to owners of the parent company	395,514	420,657	25,143
Total assets	708,278	731,450	23,171
Cash & cash equivalents	121,384	131,153	9,769
Interest-bearing debt	116,446	118,055	1,609
DER*	0.29	0.28	—
Equity ratio attributable to owners of the parent company	55.8%	57.5%	—

* DER = Interest-bearing debt / Equity attributable to owners of the parent company

3. Cash flows

(Millions of yen)

	2017 2Q Act	2018 2Q Act	Change
Net cash provided by operating activities	25,341	10,982	- 14,359
Net cash used in investing activities	- 9,624	- 1,567	8,056
Net cash used in financing activities	- 20,627	- 387	20,239
Cash and cash equivalents at end of period	105,985	131,153	25,168

	2017 2Q YTD	2018 2Q YTD	Change
Net cash provided by operating activities	37,853	27,582	- 10,270
Net cash used in investing activities	- 19,775	- 8,967	10,807
Net cash used in financing activities	- 28,045	- 10,098	17,947
Cash and cash equivalents at end of period	105,985	131,153	25,168

4. Sales Revenue by business segment

(Millions of yen)

	2017 2Q Act	2018 2Q Act	Change (w/o fx impact)
Printing & Solutions	100,430	99,151	-1.3% (+0.3%)
Communications and Printing equipment	88,522	86,855	-1.9% (-0.3%)
Electronic stationery	11,907	12,295	3.3% (+4.6%)
Personal & Home	11,377	12,604	10.8% (+12.2%)
Machinery	34,426	27,922	-18.9% (-18.7%)
Industrial sewing machines	7,235	7,589	4.9% (+5.3%)
Machine tools	22,166	15,400	-30.5% (-30.3%)
Industrial Parts	5,025	4,933	-1.8% (-1.9%)
Network & Contents	12,764	11,753	-7.9% (-7.9%)
Domino	16,556	17,611	6.4% (+7.8%)
Others	3,117	3,550	13.9% (+13.9%)
G. total	178,672	172,594	-3.4% (-2.3%)

	2017 2Q YTD	2018 2Q YTD	Change (w/o fx impact)
	199,230	198,605	-0.3% (+0.3%)
Communications and Printing equipment	176,188	174,419	-1.0% (-0.4%)
Electronic stationery	23,041	24,186	5.0% (+5.7%)
Personal & Home	20,726	21,415	3.3% (+4.3%)
Machinery	63,482	59,318	-6.6% (-6.9%)
Industrial sewing machines	14,012	16,249	16.0% (+15.7%)
Machine tools	39,558	33,182	-16.1% (-16.6%)
Industrial Parts	9,912	9,886	-0.3% (-0.3%)
Network & Contents	23,982	23,282	-2.9% (-2.9%)
Domino	33,004	34,717	5.2% (+5.0%)
Others	5,973	6,349	6.3% (+6.3%)
G. total	346,400	343,689	-0.8% (-0.4%)

	2017 Full Year Act	2018 Full Year Fct	Change (w/o fx impact)
Printing & Solutions	412,165	401,200	-2.7% (-0.3%)
Communications and Printing equipment	364,903	351,900	-3.6% (-1.3%)
Electronic stationery	47,262	49,300	4.3% (+6.7%)
Personal & Home	44,466	46,300	4.1% (+7.2%)
Machinery	127,299	109,000	-14.4% (-14.0%)
Industrial sewing machines	31,094	33,100	6.5% (+8.0%)
Machine tools	76,018	55,200	-27.4% (-27.4%)
Industrial Parts	20,186	20,700	2.5% (+2.9%)
Network & Contents	49,052	48,700	-0.7% (-0.7%)
Domino	68,390	71,400	4.4% (+5.4%)
Others	11,623	13,400	15.3% (+15.3%)
G. total	712,997	690,000	-3.2% (-1.5%)

	2018 Previous Forecast	2018 Revised Forecast	Change
	393,500	401,200	2.0%
Communications and Printing equipment	346,200	351,900	1.6%
Electronic stationery	47,300	49,300	4.2%
Personal & Home	44,900	46,300	3.1%
Machinery	115,300	109,000	-5.5%
Industrial sewing machines	33,000	33,100	0.3%
Machine tools	61,300	55,200	-10.0%
Industrial Parts	21,000	20,700	-1.4%
Network & Contents	49,000	48,700	-0.6%
Domino	73,500	71,400	-2.9%
Others	13,800	13,400	-2.9%
G. total	690,000	690,000	-

5. Business Segment profit by business segment

(Millions of yen)

	2017 2Q Act	2018 2Q Act	Change
Printing & Solutions	13,548	11,901	-12.2%
Personal & Home	594	1,160	95.2%
Machinery	5,066	2,920	-42.4%
Network & Contents	1,127	384	-65.9%
Domino	927	1,222	31.8%
Others	397	340	-14.2%
Adjustment	-44	-44	-
G. total	21,617	17,885	-17.3%

	2017 2Q YTD	2018 2Q YTD	Change
	26,909	26,765	-0.5%
Personal & Home	431	1,014	135.1%
Machinery	7,610	7,081	-6.9%
Network & Contents	1,067	607	-43.1%
Domino	2,520	2,445	-3.0%
Others	633	512	-19.1%
Adjustment	-56	-64	-
G. total	39,115	38,363	-1.9%

	2017 Full Year Act	2018 Full Year Fct	Change
Printing & Solutions	52,890	48,500	-8.3%
Personal & Home	1,981	3,700	86.7%
Machinery	14,426	10,000	-30.7%
Network & Contents	2,663	2,400	-9.9%
Domino	4,640	4,000	-13.8%
Others	736	400	-45.7%
Adjustment	-107	-	-
G. total	77,229	69,000	-10.7%

	2018 Previous Forecast	2018 Revised Forecast	Change
	49,800	48,500	-2.6%
Personal & Home	3,000	3,700	23.3%
Machinery	11,600	10,000	-13.8%
Network & Contents	2,400	2,400	-
Domino	4,000	4,000	-
Others	200	400	100.0%
Adjustment	-	-	-
G. total	71,000	69,000	-2.8%

6. Operating profit by business segment

(Millions of yen)

	2017 2Q Act	2018 2Q Act	Change
Printing & Solutions	11,197	10,237	-8.6%
Personal & Home	436	994	127.8%
Machinery	4,943	2,896	-41.4%
Network & Contents	1,033	358	-65.3%
Domino	695	928	33.6%
Others	444	404	-9.2%
Adjustment	-44	-44	-
G. total	18,706	15,776	-15.7%

	2017 2Q YTD	2018 2Q YTD	Change
	20,341	26,248	29.0%
Personal & Home	-16	924	-
Machinery	7,455	7,243	-2.8%
Network & Contents	931	534	-42.6%
Domino	1,938	2,488	28.4%
Others	716	656	-8.4%
Adjustment	-56	-64	-
G. total	31,310	38,031	21.5%

	2017 Full Year Act	2018 Full Year Fct	Change
Printing & Solutions	47,353	49,300	4.1%
Personal & Home	1,051	3,700	251.9%
Machinery	14,131	10,300	-27.1%
Network & Contents	1,343	2,100	56.3%
Domino	3,998	4,000	0.0%
Others	901	600	-33.4%
Adjustment	-107	-	-
G. total	68,672	70,000	1.9%

	2018 Previous Forecast	2018 Revised Forecast	Change
	48,900	49,300	0.8%
Personal & Home	3,000	3,700	23.3%
Machinery	11,700	10,300	-12.0%
Network & Contents	2,100	2,100	-
Domino	4,000	4,000	-
Others	300	600	100.0%
Adjustment	-	-	-
G. total	70,000	70,000	-

7. Sales revenue by region

(Millions of yen)

	2016 Full Year Act	2017 Full Year Act	Change
The Americas	202,599	209,602	3.5%
Europe	161,092	181,224	12.5%
Asia & Others	157,968	201,162	27.3%
Japan	119,525	121,008	1.2%
G. total	641,185	712,997	11.2%

8. R&D Expenses / Capex / Depreciation & Amortization

(Millions of yen)

	2017 2Q Act	2018 2Q Act	Change
R&D Expenses	12,225	10,657	- 1,568
Capex	8,608	6,147	- 2,461
Depreciation & Amortization	8,567	8,359	- 207

	2017 2Q YTD	2018 2Q YTD	Change
	22,955	20,743	- 2,211
	14,995	11,742	- 3,252
	16,966	16,781	- 184

	2017 Full Year Act	2018 Full Year Fct	Change
R&D Expenses	45,649	44,800	- 849
Capex	33,993	32,500	- 1,493
Depreciation & Amortization	34,141	34,400	258

	2018 Previous Forecast	2018 Revised Forecast	Change
	45,600	44,800	- 800
	33,600	32,500	- 1,100
	35,900	34,400	- 1,500

9. Other Financial Data

	2016 Full Year Act	2017 Full Year Act
ROE	13.9%	13.5%
ROA	7.0%	7.2%
EPS	181.96	192.63
Dividend per Share	42.0	54.0
Dividend payout ratio	23.1%	28.0%