

110TH
ANNIVERSARY

Embrace the past. Create the future.

Fiscal Year 2018 (ending March 31, 2019)

Third Quarter Results
(ended December 31, 2018)

Brother Industries, Ltd.
February 6, 2019

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.

Results for the Third Quarter

- ✓ **Both sales and profits remained solid.**
 - Both IJP and LBP are making a steady shift to a high-profitability model
 - In Japan, sales of “First Tank” models of inkjet multi-function printers with sub-tanks were strong and were substantially higher than plans
 - In the United States, premium sewing & embroidery machines were a hit, contributing to profit
 - Sales of machine tools were down sharply, both IT and automobile related sales and sales to China
 - The Domino Business continues to undergo stable growth

Forecast for the Year

- ✓ **There have not been any major changes in our understanding of the business environment since the 2nd quarter, and therefore, no changes were made to the forecast**
 - The risks of a slowdown in the Machinery Business in China were incorporated into the forecast in the 2nd quarter.
 - The risk of cost increases for electronic components and so on, a factor behind the downward revision of business segment profit in the second quarter, has largely abated.

Consolidated Results for FY2018 Q3

(100 Millions of Yen)

	17Q3	18Q3	Change	Rate of Change (w/o FX)
Sales Revenue	1,878	1,781	-96 *	-5.1% (-2.2%)
Business Segment Profit	224	221	-4	-1.6%
Business Segment Profit Ratio	11.9%	12.4%		
Other income/expense	-6	16	22	
Operating Profit	218	236	18	8.5%
Operating Profit Ratio	11.6%	13.3%		
Income before Tax	221	236	15	6.7%
Net Income	162	180	18	11.1%
USD	112.74	112.83		
EUR	133.09	129.19		

* Including negative impact of 1.4 billion yen due to application of IFRS 15

Highlight by business segment FY2018 Q3

(100 Millions of Yen)

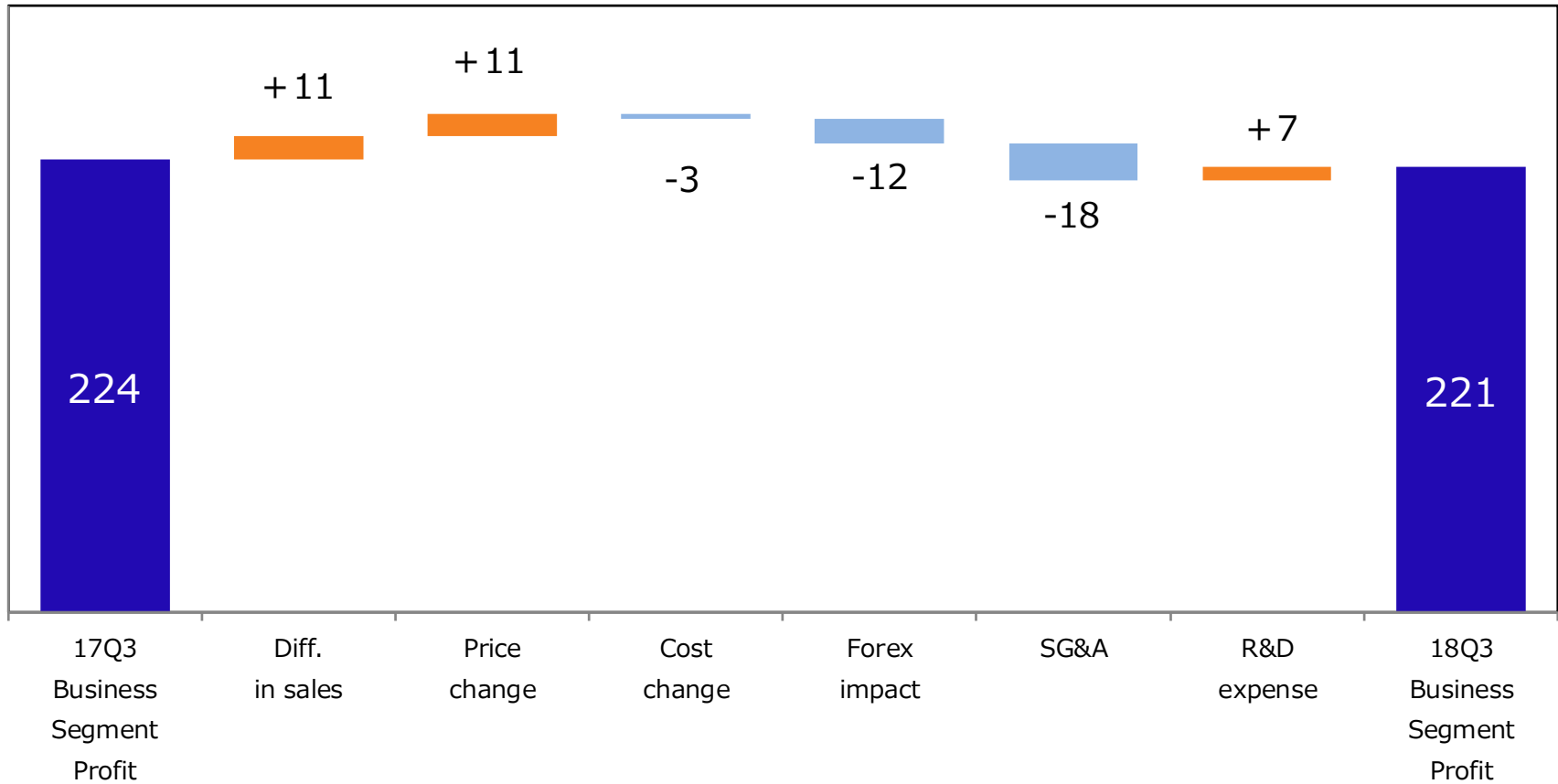
Sales Revenue	17Q3	18Q3	Rate of Change	Rate of Change (w/o FX)
Total	1,878	1,781	-5.1%	-2.2%
Printing & Solutions	1,106	1,087	-1.7%	1.9%
Personal & Home	136	141	3.1%	6.0%
Machinery	306	225	-26.6%	-25.5%
Network & Contents	131	124	-5.5%	-5.4%
Domino business	170	178	4.7%	9.1%
Other	27	26	-3.8%	-3.8%

Business Segment Profit	17Q3	18Q3	Rate of Change
Total	224	221	-1.6%
Printing & Solutions	156	166	6.4%
Personal & Home	11	23	106.1%
Machinery	38	17	-55.5%
Network & Contents	11	7	-38.3%
Domino business	7	6	-12.4%
Other	1	2	99.1%
Adjustment	0	-1	-

Operating Profit	17Q3	18Q3	Rate of Change
Total	218	236	8.5%
Printing & Solutions	150	177	18.0%
Personal & Home	10	25	150.1%
Machinery	38	17	-54.7%
Network & Contents	10	7	-35.6%
Domino business	9	9	2.0%
Other	1	3	121.3%
Adjustment	0	-1	-

Main Factors for Changes in Business Segment Profit 18Q3

(100 Millions of Yen)



Forecast for FY2018

(100 Millions of Yen)

	Previous Forecast	FY18 Forecast	Change	FY17	Change	Rate of Change (w/o FX)
Sales Revenue	6,900	6,900	-	7,130	-230 *	-3.2% (-1.5%)
Business Segment Profit	690	690	-	772	-82	-10.7%
Business Segment Profit Ratio	10.0%	10.0%		10.8%		
Other income/expense	10	10	-	-86	96	
Operating Profit	700	700	-	687	13	1.9%
Operating Profit Ratio	10.1%	10.1%		9.6%		
Income before Tax	700	700	-	697	3	0.5%
Net Income	520	520	-	500	20	4.0%
USD	109.16	109.16		110.81		
EUR	129.33	129.33		129.45		

* Including negative impact of 5.6 billion yen due to application of IFRS 15

Forecast for 2018 by business segment

(100 Millions of Yen)

Sales Revenue	previous Forecast	FY18 Forecast	Rate of Change
Total	6,900	6,900	-
Printing & Solutions	4,012	4,012	-
Personal & Home	463	463	-
Machinery	1,090	1,090	-
Network & Contents	487	487	-
Domino business	714	714	-
Other	134	134	-

FY17	Rate of Change	Rate of Change (w/o FX)
7,130	-3.2%	-1.5%
4,122	-2.7%	-0.3%
445	4.1%	7.2%
1,273	-14.4%	-14.0%
491	-0.7%	-0.7%
684	4.4%	5.4%
116	15.3%	15.3%

Business Segment Profit	previous Forecast	FY18 Forecast	Rate of Change
Total	690	690	-
Printing & Solutions	485	485	-
Personal & Home	37	37	-
Machinery	100	100	-
Network & Contents	24	24	-
Domino business	40	40	-
Other	4	4	-
Adjustment	-	-	-

FY17	Rate of Change
772	-10.7%
529	-8.3%
20	86.8%
144	-30.7%
27	-9.9%
46	-13.8%
7	-45.7%
-1	-

Operating Profit	previous Forecast	FY18 Forecast	Rate of Change
Total	700	700	-
Printing & Solutions	493	493	-
Personal & Home	37	37	-
Machinery	103	103	-
Network & Contents	21	21	-
Domino business	40	40	-
Other	6	6	-
Adjustment	-	-	-

FY17	Rate of Change
687	1.9%
474	4.1%
11	252.0%
141	-27.1%
13	56.4%
40	0.0%
9	-33.4%
-1	-

Appendix

Consolidated Results for FY2018 Q3YTD

(100 Millions of Yen)

	17Q3 YTD	18Q3 YTD	Change	Rate of Change (w/o FX)
Sales Revenue	5,342	5,218	-123 *	-2.3% (-0.6%)
Business Segment Profit	615	604	-11	-1.8%
Business Segment Profit Ratio	11.5%	11.6%		
Other income/expense	-84	13	97	
Operating Profit	531	617	86	16.1%
Operating Profit Ratio	9.9%	11.8%		
Income before Tax	537	620	83	15.5%
Net Income	388	465	77	19.7%
USD	111.82	110.82		
EUR	128.59	129.38		

* Including negative impact of 3.7 billion yen due to application of IFRS 15

Highlight by business segment FY2018 Q3YTD



(100 Millions of Yen)

Sales Revenue	17Q3 YTD	18Q3 YTD	Rate of Change	Rate of Change (w/o FX)
Total	5,342	5,218	-2.3%	-0.6%
Printing & Solutions	3,099	3,073	-0.8%	1.5%
Personal & Home	344	355	3.2%	5.5%
Machinery	941	818	-13.1%	-12.8%
Network & Contents	371	357	-3.8%	-4.0%
Domino business	501	526	5.0%	6.4%
Other	87	90	3.1%	3.1%

Business Segment Profit	17Q3 YTD	18Q3 YTD	Rate of Change
Total	615	604	-1.8%
Printing & Solutions	425	434	2.0%
Personal & Home	16	34	114.1%
Machinery	114	88	-23.2%
Network & Contents	21	13	-40.7%
Domino business	33	31	-5.1%
Other	7	7	-4.0%
Adjustment	-1	-1	-

Operating Profit	17Q3 YTD	18Q3 YTD	Rate of Change
Total	531	617	16.1%
Printing & Solutions	353	439	24.3%
Personal & Home	10	34	250.2%
Machinery	112	90	-20.3%
Network & Contents	20	12	-38.9%
Domino business	28	34	20.0%
Other	8	9	10.2%
Adjustment	-1	-1	-

Main Factors for Changes in Business Segment Profit 18Q3YTD

(100 Millions of Yen)



Printing & Solutions Sales Revenue & Profit

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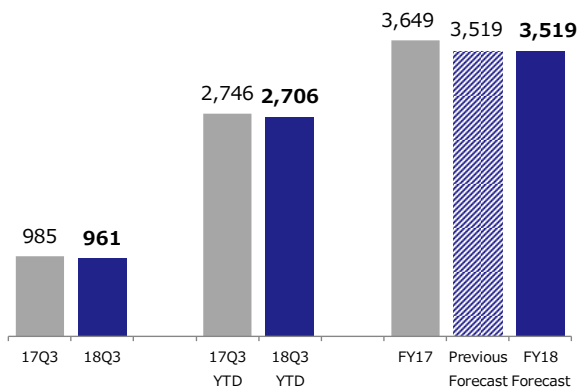
(100 Millions of Yen)

	17Q3	18Q3	Change	Change x FX	17Q3 YTD	18Q3 YTD	Change	Change x FX	FY17	Previous Forecast	FY18 Forecast	Change v LY	Change x FX
Sales Revenue	1,106	1,087	-1.7%	1.9%	3,099	3,073	-0.8%	1.5%	4,122	4,012	4,012	-2.7%	-0.3%
Communications & Printing equipment	985	961	-2.4%	1.2%	2,746	2,706	-1.5%	0.9%	3,649	3,519	3,519	-3.6%	-1.3%
Americas	342	339	-0.8%	1.9%	1,007	985	-2.2%	0.8%	1,335	1,276	1,276	-4.4%	-0.7%
Europe	334	334	0.2%	5.3%	873	882	1.0%	3.1%	1,192	1,164	1,164	-2.4%	-1.4%
Asia & Others	161	158	-2.1%	3.1%	476	490	2.9%	6.1%	616	630	630	2.3%	5.9%
Japan	148	130	-12.0%	-11.6%	390	349	-10.6%	-10.3%	505	448	448	-11.2%	-11.2%

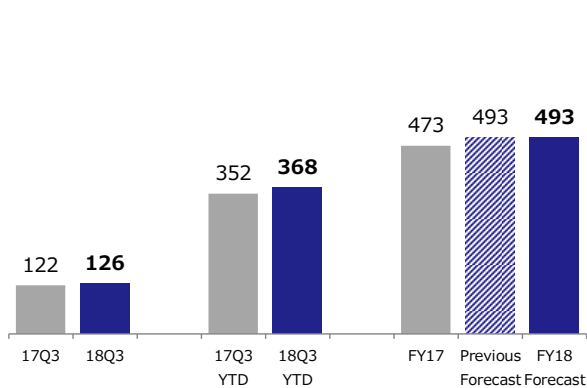
*The decline in sales revenue in Japan resulted from decrease in OEM.

Electronic stationery	122	126	3.6%	6.9%	352	368	4.5%	6.7%	473	493	493	4.3%	6.7%
Americas	53	54	3.1%	4.9%	160	171	6.3%	8.5%	212	220	220	3.9%	7.5%
Europe	39	40	4.4%	10.0%	106	105	-0.4%	1.9%	146	148	148	1.0%	1.9%
Asia & Others	21	20	-2.1%	2.3%	59	62	5.2%	7.6%	76	78	78	2.9%	5.9%
Japan	9	11	15.5%	16.0%	27	30	11.6%	12.1%	39	47	47	21.7%	21.7%
Business Segment Profit	156	166	6.4%	-	425	434	2.0%	-	529	485	485	-8.3%	-
Operating Profit	150	177	18.0%	-	353	439	24.3%	-	474	493	493	4.1%	-

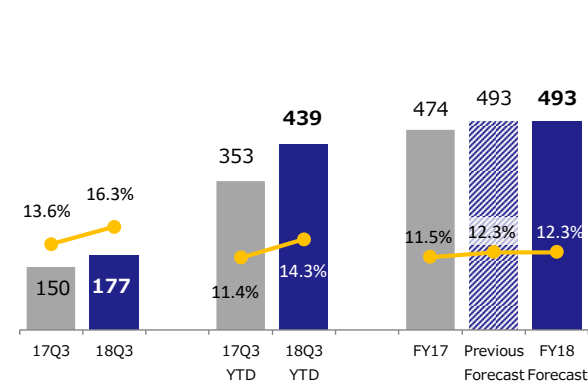
<Sales Revenue>
Communications & Printing equipment



<Sales Revenue>
Electronic stationery



<Operating Profit>



Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of hardware

	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	FY2017	FY18 Forecast
LBP									
Sales revenue growth rate (JPY)									
Hardware	13%	24%	23%	11%	1%	-3%	-5%	17%	-7%
Consumable	-1%	2%	9%	1%	1%	1%	-1%	3%	-2%
Sales revenue growth rate (LC)									
Hardware	12%	15%	15%	10%	0%	-1%	-2%	13%	-4%
Consumable	-2%	-8%	2%	-1%	0%	2%	1%	-2%	0%
IJP									
Sales revenue growth rate (JPY)									
Hardware	3%	15%	3%	-1%	-6%	-6%	2%	4%	-2%
Consumable	4%	3%	13%	3%	1%	-1%	-3%	6%	-5%
Sales revenue growth rate (LC)									
Hardware	3%	6%	-3%	-2%	-6%	-4%	3%	1%	1%
Consumable	4%	-5%	6%	1%	1%	0%	-1%	1%	-4%
Cosumable Ratio	57%	57%	56%	58%	58%	58%	57%	57%	58%
Growth rate of Hardware									
LBP	13%	9%	10%	3%	-1%	-8%	-7%	9%	—
IJP	-7%	-5%	-9%	3%	-1%	-2%	-1%	-5%	—

*The consumable ratios for 18Q1 and 18Q2 have been corrected as follows.

18Q1 57% → 58%

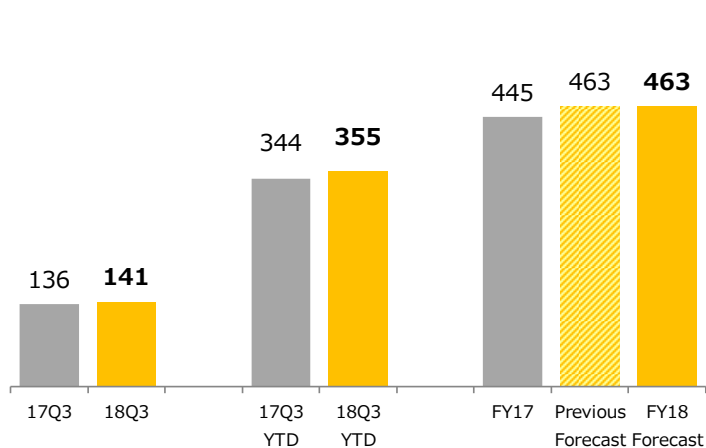
18Q2 56% → 58%

Personal & Home Sales Revenue & Profit

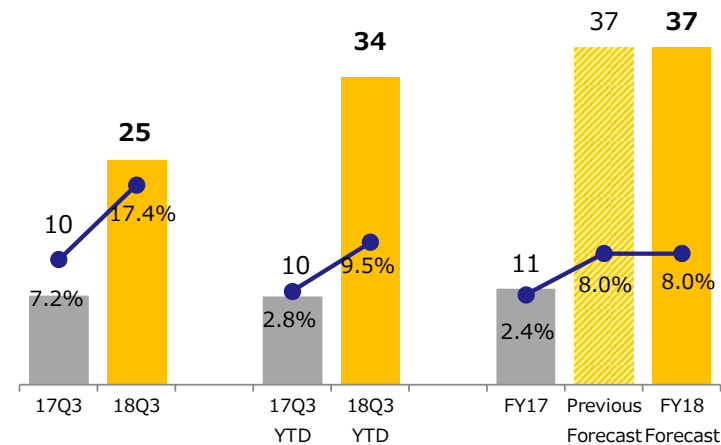
(100 Millions of Yen)

	17Q3	18Q3	Change	Change x FX	17Q3 YTD	18Q3 YTD	Change	Change x FX	FY17	Previous Forecast	FY18 Forecast	Change v LY	Change x FX
Sales Revenue	136	141	3.1%	6.0%	344	355	3.2%	5.5%	445	463	463	4.1%	7.2%
Americas	74	81	10.3%	12.9%	190	206	8.0%	11.3%	240	264	264	9.6%	14.1%
Europe	37	37	0.8%	4.0%	87	87	0.2%	0.5%	113	111	111	-1.5%	-0.8%
Asia & Others	17	15	-12.4%	-8.0%	42	39	-7.3%	-4.4%	55	51	51	-7.2%	-3.7%
Japan	9	8	-16.8%	-16.6%	24	23	-5.1%	-4.8%	36	37	37	2.3%	2.3%
Business Segment Profit	11	23	106.1%	-	16	34	114.1%	-	20	37	37	86.8%	-
Operating Profit	10	25	150.1%	-	10	34	250.2%	-	11	37	37	252.0%	-

<Sales Revenue>



<Operating Profit>

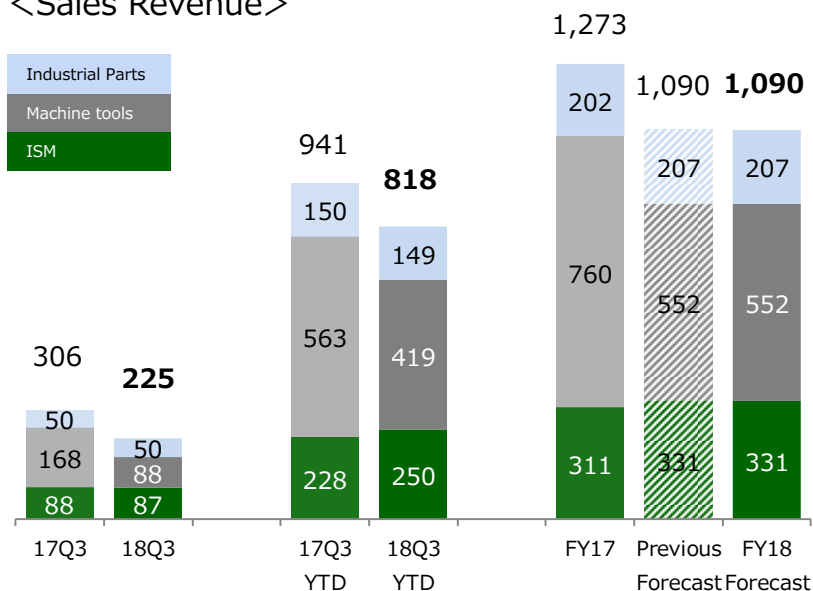


Machinery Business Sales Revenue & Profit

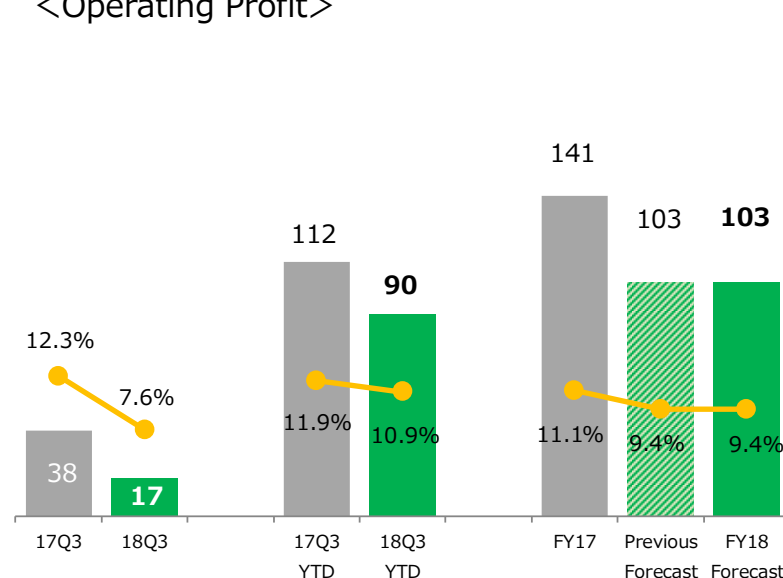
(100 Millions of Yen)

	17Q3	18Q3	Change	Change x FX	17Q3 YTD	18Q3 YTD	Change	Change x FX	FY17	Previous Forecast	FY18 Forecast	Change v LY	Change x FX
Sales Revenue	306	225	-26.6%	-25.5%	941	818	-13.1%	-12.8%	1,273	1,090	1,090	-14.4%	-14.0%
Industrial sewing machines	88	87	-1.1%	0.6%	228	250	9.4%	9.9%	311	331	331	6.5%	8.0%
Machine tools	168	88	-47.8%	-47.2%	563	419	-25.5%	-25.7%	760	552	552	-27.4%	-27.4%
Industrial Parts	50	50	-0.9%	0.9%	150	149	-0.5%	1.1%	202	207	207	2.5%	2.9%
Business Segment Profit	38	17	-55.5%	-	114	88	-23.2%	-	144	100	100	-30.7%	-
Operating Profit	38	17	-54.7%	-	112	90	-20.3%	-	141	103	103	-27.1%	-

<Sales Revenue>



<Operating Profit>



Machinery Business Sales Revenue by Region

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(100 Millions of Yen)

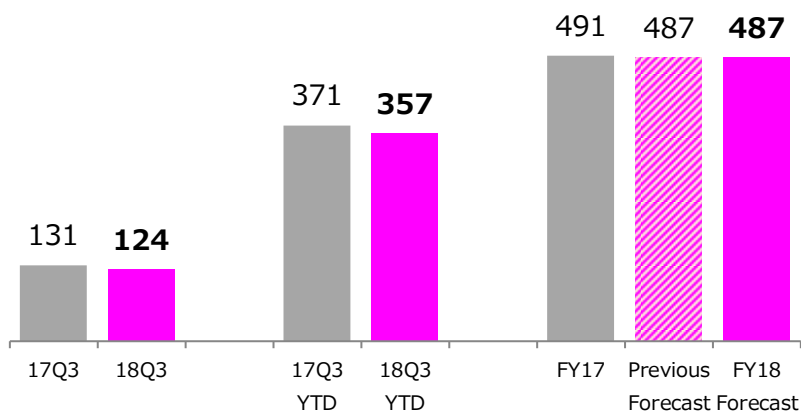
	17Q3	18Q3	Change	Change x FX	17Q3 YTD	18Q3 YTD	Change	Change x FX	FY17	Previous Forecast	FY18 Forecast	Change v LY	Change x FX
Sales Revenue	306	225	-26.6%	-25.5%	941	818	-13.1%	-12.8%	1,273	1,090	1,090	-14.4%	-14.0%
Industrial sewing machines	88	87	-1.1%	0.6%	228	250	9.4%	9.9%	311	331	331	6.5%	8.0%
Americas	20	20	-0.9%	-0.3%	48	52	8.3%	9.5%	64	67	67	5.4%	8.1%
Europe	17	16	-6.8%	-4.1%	45	54	19.1%	17.9%	63	71	71	12.9%	13.0%
Asia & Others	49	49	0.6%	2.5%	130	137	5.7%	6.6%	178	188	188	5.4%	7.2%
Japan	2	2	6.6%	6.6%	5	6	27.1%	27.1%	7	6	6	-16.4%	-16.4%
Machine tools	168	88	-47.8%	-47.2%	563	419	-25.5%	-25.7%	760	552	552	-27.4%	-27.4%
Americas	9	7	-15.7%	-	23	28	22.8%	-	33	34	34	5.7%	-
Europe	6	5	-17.5%	-	20	24	19.3%	-	30	30	30	1.5%	-
Asia & Others	126	46	-63.4%	-	456	280	-38.7%	-	608	361	361	-40.6%	-
Japan	28	29	7.0%	-	64	88	37.0%	-	89	126	126	41.2%	-
Industrial Parts	50	50	-0.9%	0.9%	150	149	-0.5%	1.1%	202	207	207	2.5%	2.9%
Americas	6	6	7.9%	7.8%	19	18	-1.0%	-0.4%	25	26	26	3.8%	5.6%
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia & Others	5	5	8.2%	11.3%	15	17	13.3%	13.1%	20	23	23	11.2%	12.8%
Japan	40	38	-3.3%	-1.5%	116	113	-2.2%	-0.3%	157	159	159	1.2%	1.2%

Network & Contents Sales Revenue & Profit

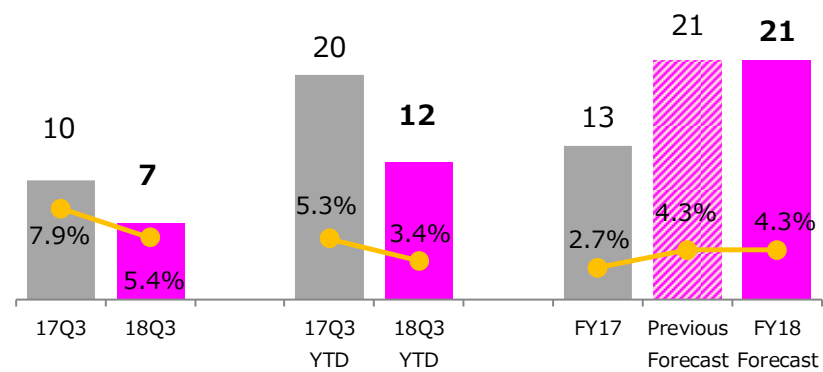
(100 Millions of Yen)

	17Q3	18Q3	Change	17Q3 YTD	18Q3 YTD	Change	FY17	Previous Forecast	FY18 Forecast	Change v LY
Sales Revenue	131	124	-5.5%	371	357	-3.8%	491	487	487	-0.7%
Business Segment Profit	11	7	-38.3%	21	13	-40.7%	27	24	24	-9.9%
Operating Profit	10	7	-35.6%	20	12	-38.9%	13	21	21	56.4%

<Sales Revenue>



<Operating Profit>

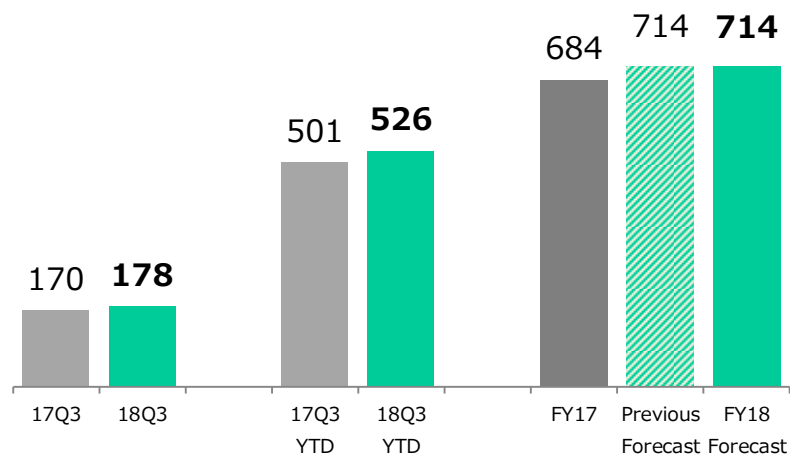


Domino Business Sales Revenue & Profit

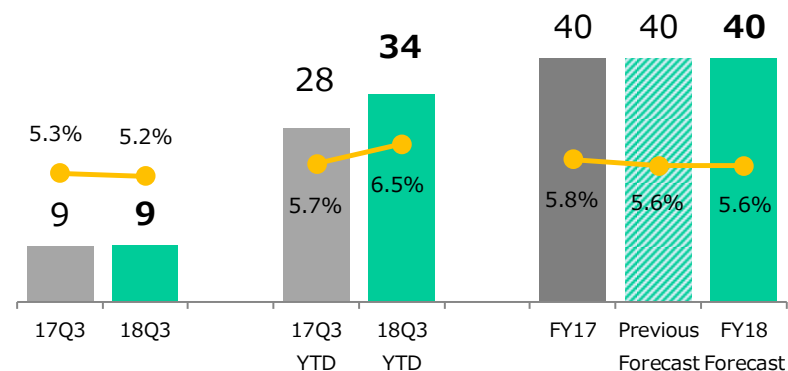
(100 Millions of Yen)

	17Q3	18Q3	Change	Change x FX	17Q3 YTD	18Q3 YTD	Change	Change x FX	FY17	Previous Forecast	FY18 Forecast	Change v LY	Change x FX
Sales Revenue	170	178	4.7%	9.1%	501	526	5.0%	6.4%	684	714	714	4.4%	5.4%
Americas	39	42	8.2%	13.0%	121	118	-2.5%	-2.1%	159	165	165	3.9%	5.0%
Europe	85	92	8.0%	12.7%	240	263	9.7%	10.3%	337	345	345	2.3%	3.7%
Asia & Others	47	45	-4.3%	-0.1%	140	145	3.5%	3.9%	187	204	204	8.6%	10.0%
Business Segment Profit	7	6	-12.4%	-	33	31	-5.1%	-	46	40	40	-13.8%	-
Operating Profit	9	9	2.0%	-	28	34	20.0%	-	40	40	40	0.0%	-

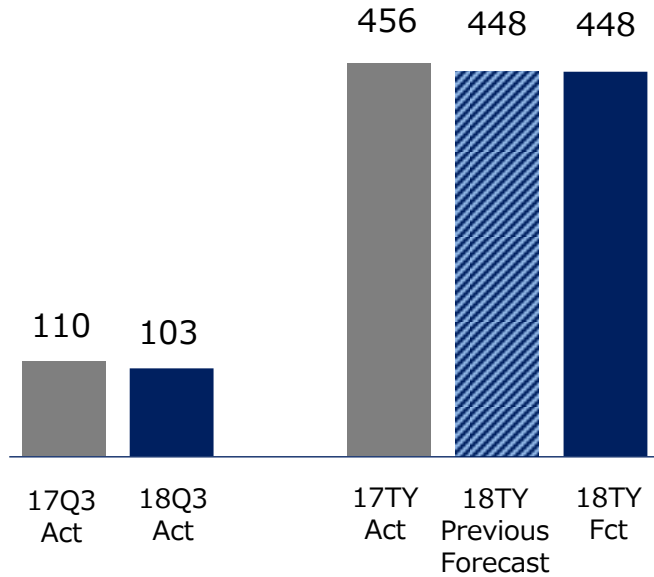
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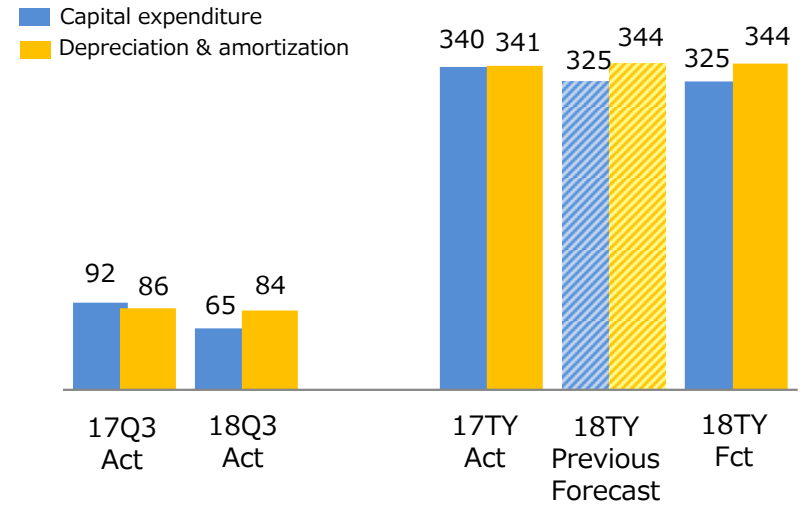
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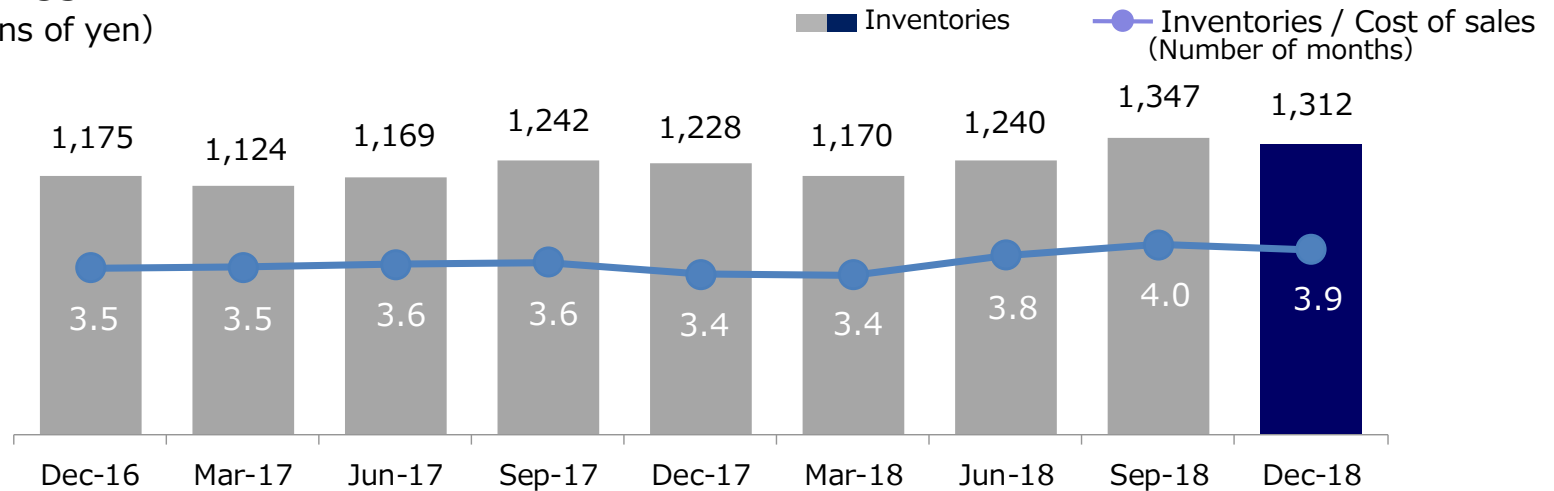
R&D expenses (100 Millions of Yen)



Capital expenditure / Depreciation & amortization (100 Millions of Yen)



Inventories (100 Millions of yen)



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