

Summary of Q&A at the 2018 Q3 Financial Results Briefing

Q1) Did third-quarter business segment profit exceed internal plans?

A1) We are unable to provide a quantitative comment, but the P&S business performed strongly on a global basis and exceeded internal plans.

Q2) Why aren't you revising forecasts upward even though the progress rate compared to the plan is high?

A2) We are facing various macro risks including an economic slowdown in China as well as Brexit, and there are many areas of uncertainty. The P&S business is performing strongly, but considering that there are businesses at risk of declining, we decided to leave the forecast unchanged.

Q3) Have there been any changes in the competitive climate of the printing business?

A3) There have not been any major changes overall. Although we recognize that competition is becoming fiercer in the lower price range for certain products, Brother emphasizes reinforcing profitability, and consequently, we are conducting business by restricting sales of less profitable models. As a result, we do not anticipate any major changes at this time.

Q4) Are there any issues concerning the status of printing inventories?

A4) We believe that inventories are at levels that do not present any problems. Overall inventory levels are higher compared to the previous fiscal year, but this is something that was anticipated to a certain extent based on factory operating plans and it is not a detrimental inventory increase.

Q5) Has there been any change to the forecast for IT-related orders for machine tools?

A5) Sales remain sluggish, and there has been no change since the first half.

Q6) Do you see any signs that orders for machine tools have bottomed out?

A6) Orders from China have remained weak since the summer, and consequently, we do not see any signs that the level of orders will decline even further. At this time, however, there are no signs of recovery, and it is possible that orders will remain weak for some time.

Q7) It appears that the Domino business in the Americas is recovering. Has there been any change in the trend?

A7) Business in the Americas got off to a slow start in the first half, but we have been able to catch



up in the second half. In Asia, business is somewhat weak in China, in line with the macro trend. However, we believe that it is a business that will undergo stable expansion globally, and we do not believe that there has been any major change to the trend.