

FY2018 Q3 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 3Q Act	2018 3Q Act	Change (w/o fx impact)	2017 3Q YTD	2018 3Q YTD	Change (w/o fx impact)
Sales Revenue	187,761	178,127	-5.1% (-2.2%)	534,162	521,817	-2.3% (-0.6%)
Business Segment profit	22,411	22,052	-1.6%	61,527	60,415	-1.8%
Operating profit	21,795	23,640	8.5%	53,106	61,672	16.1%
Net Income	16,156	17,954	11.1%	38,838	46,508	19.7%
ROS(Business Segment profit)	11.9%	12.4%	-	11.5%	11.6%	-
ROS(Operating profit)	11.6%	13.3%	-	9.9%	11.8%	-
Yen-USD	112.74	112.83	-	111.82	110.82	-
Yen-Euro	133.09	129.19	-	128.59	129.38	-
Yen-GBP	150.77	144.48	-	146.24	145.83	-

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

2. Balance sheet

(Millions of yen)

	2017 Full Year Act	2018 2Q Act	Change
Current assets	366,633	369,667	3,033
Non-current assets	341,644	323,340	- 18,303
Current liabilities	157,039	146,933	- 10,106
Non-current liabilities	138,743	117,195	- 21,548
Equity attributable to owners of the parent company	395,514	412,068	16,554
Total assets	708,278	693,008	- 15,269
Cash & cash equivalents	121,384	110,680	-10,703
Interest-bearing debt	116,446	97,157	△ 19,289
DER*	0.29	0.24	—
Equity ratio attributable to owners of the parent company	55.8%	59.5%	—

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

3. Cash flows

(Millions of yen)

	2017 3Q Act	2018 3Q Act	Change	2017 3Q YTD	2018 3Q YTD	Change
Net cash provided by operating activities	13,849	17,906	4,057	51,702	45,488	- 6,213
Net cash used in investing activities	- 9,783	- 6,583	3,200	- 29,559	- 15,551	14,008
Net cash used in financing activities	- 3,211	- 28,483	- 25,272	- 31,257	- 38,582	- 7,325
Cash and cash equivalents at end of period	109,213	110,680	1,467	109,213	110,680	1,467

4. Sales Revenue by business segment

(Millions of yen)

	2017 3Q Act	2018 3Q Act	Change (w/o fx impact)	2017 3Q YTD	2018 3Q YTD	Change (w/o fx impact)
Printing & Solutions	110,619	108,741	-1.7% (+1.9%)	309,850	307,346	-0.8% (+1.5%)
Communications and Printing equipment	98,460	96,146	-2.4% (+1.2%)	274,649	270,566	-1.5% (+0.9%)
Electronic stationery	12,158	12,594	3.6% (+6.9%)	35,200	36,780	4.5% (+6.7%)
Personal & Home	13,648	14,073	3.1% (+6.0%)	34,375	35,488	3.2% (+5.5%)
Machinery	30,602	22,461	-26.6% (-25.5%)	94,085	81,779	-13.1% (-12.8%)
Industrial sewing machines	8,800	8,706	-1.1% (+0.6%)	22,812	24,955	9.4% (+9.9%)
Machine tools	16,757	8,754	-47.8% (-47.2%)	56,316	41,937	-25.5% (-25.7%)
Industrial Parts	5,043	5,000	-0.9% (+0.9%)	14,956	14,886	-0.5% (+1.1%)
Network & Contents	13,119	12,391	-5.5% (-5.4%)	37,101	35,673	-3.8% (-4.0%)
Domino	17,047	17,841	4.7% (+9.1%)	50,052	52,558	5.0% (+6.4%)
Others	2,723	2,619	-3.8% (-3.8%)	8,696	8,969	3.1% (+3.1%)
G. total	187,761	178,127	-5.1% (-2.2%)	534,162	521,817	-2.3% (-0.6%)

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

5. Business Segment profit by business segment

(Millions of yen)

	2017 3Q Act	2018 3Q Act	Change	2017 3Q YTD	2018 3Q YTD	Change
Printing & Solutions	15,590	16,592	6.4%	42,499	43,358	2.0%
Personal & Home	1,136	2,343	106.1%	1,568	3,358	114.1%
Machinery	3,809	1,694	-55.5%	11,420	8,775	-23.2%
Network & Contents	1,064	656	-38.3%	2,131	1,264	-40.7%
Domino	734	643	-12.4%	3,255	3,089	-5.1%
Others	93	185	99.1%	726	697	-4.0%
Adjustment	- 18	- 63	-	- 74	- 128	-
G. total	22,411	22,052	-1.6%	61,527	60,415	-1.8%

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

6. Operating profit by business segment

(Millions of yen)

	2017 3Q Act	2018 3Q Act	Change	2017 3Q YTD	2018 3Q YTD	Change
Printing & Solutions	14,993	17,686	18.0%	35,335	43,934	24.3%
Personal & Home	979	2,450	150.1%	963	3,374	250.2%
Machinery	3,776	1,710	-54.7%	11,232	8,954	-20.3%
Network & Contents	1,040	670	-35.6%	1,972	1,204	-38.9%
Domino	903	921	2.0%	2,841	3,409	20.0%
Others	119	265	121.3%	836	922	10.2%
Adjustment	- 18	- 63	-	- 74	- 128	-
G. total	21,795	23,640	8.5%	53,106	61,672	16.1%

	2017 Full Year Act	2018 Full Year Fct	Change	2018 Previous Forecast	2018 Revised Forecast	Change
Printing & Solutions	47,353	49,300	4.1%	49,300	49,300	-
Personal & Home	1,051	3,700	251.9%	3,700	3,700	-
Machinery	14,131	10,300	-27.1%	10,300	10,300	-
Network & Contents	1,343	2,100	56.3%	2,100	2,100	-
Domino	3,998	4,000	0.0%	4,000	4,000	-
Others	901	600	-33.4%	600	600	-
Adjustment	- 107	-	-	-	-	-
G. total	68,672	70,000	1.9%	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 3Q Act	2018 3Q Act	Change
R&D Expenses	11,014	10,320	- 694
Capex	9,189	6,501	- 2,687
Depreciation & Amortization	8,578	8,399	- 178

	2017 2Q YTD	2018 2Q YTD	Change
	33,970	31,064	- 2,905
	24,184	18,244	- 5,940
	25,544	25,181	- 362

	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
	44,800	44,800	-
	32,500	32,500	-
	34,400	34,400	-

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%