

**Fiscal Year 2019** (ending March 31, 2020)

**First Quarter Results**  
(3-month results ended June 30, 2019)

**Brother Industries, Ltd.**  
**August 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 FY2019 Q1

- ✓ **Revenue and profit were down, mainly due to sluggish demand for machine tools**
  - OEM sales volumes of communications and printing equipment were down, but the product mixes improved
  - Consumables of communications and printing equipment remained firm globally
  - Demand for industrial sewing machines was soft, mainly in China and Asia
  - Demand for machine tools was sluggish in the automotive, general, and IT fields
  - The N&C business reported a loss due to postponement of purchases prior to introduction of new models and correction of expenses for prior years
  - Demand in the Domino business was firm, particularly for C&M equipment

## Forecast for FY2019

- ✓ **No change in results forecast from previous forecast**
  - The segment breakdown and foreign exchange assumptions are unchanged from the previous forecast

# Consolidated Results for FY2019 Q1

(100 Millions of Yen)

	18Q1	<b>19Q1</b>	Change	Rate of Change (w/o FX)
Sales Revenue	1,711	<b>1,592</b>	-119	-6.9% (-4.9%)
Business Segment Profit	205	<b>176</b>	-28	-13.8%
Business Segment Profit Ratio	12.0%	<b>11.1%</b>		
Other income/expense	18	<b>4</b>	-13	
Operating Profit	223	<b>181</b>	-42	-18.7%
Operating Profit Ratio	13.0%	<b>11.4%</b>		
Income before Tax	225	<b>180</b>	-45	-19.9%
Net Income	166	<b>129</b>	-37	-22.3%
USD	108.71	<b>110.00</b>		
EUR	129.39	<b>123.29</b>		

# Results for FY2019 Q1 by Business Segment

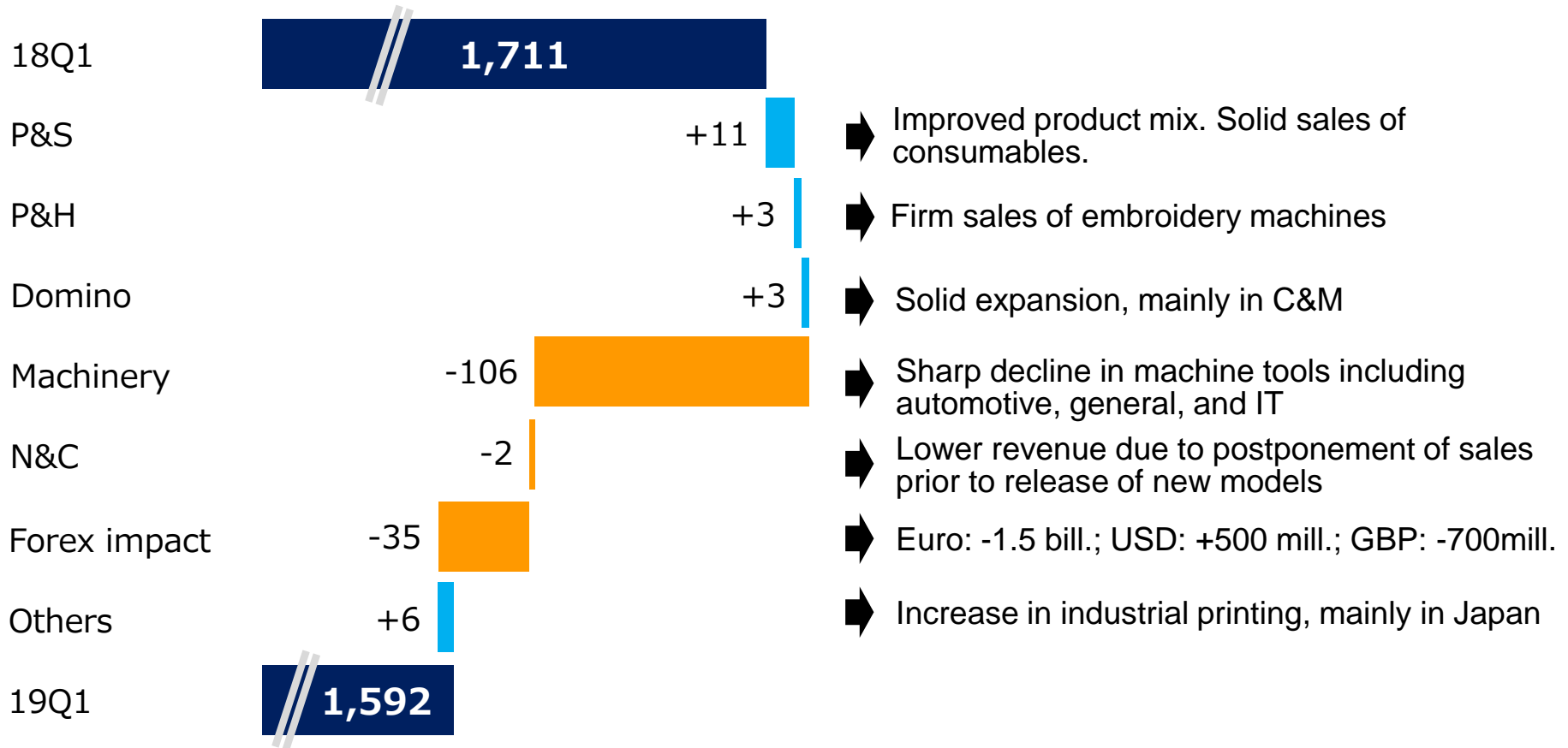
(100 Millions of Yen)

	18Q1	19Q1	change	
<b>Printing &amp; Solutions</b>	Sales Revenue	995	982	-13
	Business Segment Profit	149	164	16
	Operating Profit	160	166	6
<b>Personal &amp; Home</b>	Sales Revenue	88	89	1
	Business Segment Profit	-1	1	3
	Operating Profit	-1	1	2
<b>Machinery</b>	Sales Revenue	314	205	-109
	Business Segment Profit	42	5	-36
	Operating Profit	43	6	-38
<b>Network &amp; Contents</b>	Sales Revenue	115	113	-2
	Business Segment Profit	2	-6	-8
	Operating Profit	2	-5	-7
<b>Domino business</b>	Sales Revenue	171	169	-3
	Business Segment Profit	12	11	-1
	Operating Profit	16	11	-4
<b>Other</b>	Sales Revenue	28	34	6
	Business Segment Profit	2	2	0
	Operating Profit	3	4	2
<b>Total</b>	Sales Revenue	1,711	1,592	-119
	Business Segment Profit	205	176	-28
	Operating Profit	223	181	-42

\*Not including elimination amount by inter-segment transaction.

## Sales revenue was down due to lower sales of machinery (machine tools) and foreign exchange effects

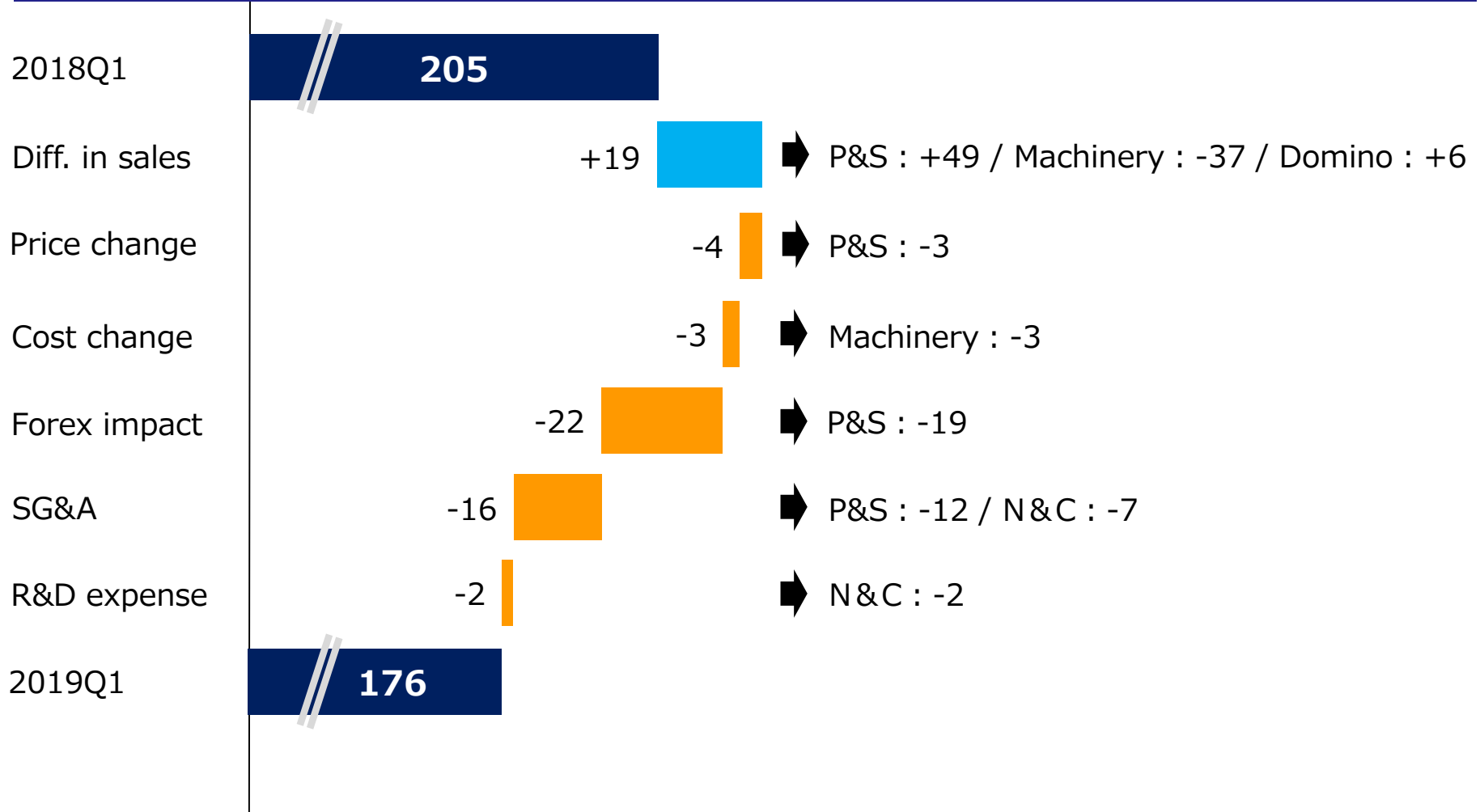
\* Amount of changes are on an actual basis with the effects of currency exchange eliminated



# Main Factors for Changes in Business Segment Profit FY19Q1

(100 Millions of Yen)

**P&S was firm, but profit was down mainly due to lower sales of machinery (machine tools) and foreign exchange effects**



# Forecast for FY2019

(100 Millions of Yen)

	Previous Forecast	<b>FY19</b>	Change	FY18	Change	Rate of Change (w/o FX)
Sales Revenue	6,900	<b>6,900</b>	-	6,840	60	0.9% (+1.9%)
Business Segment Profit	665	<b>665</b>	-	720	-55	-7.6%
Business Segment Profit Ratio	9.6%	<b>9.6%</b>		10.5%		
Other income/expense	-15	<b>-15</b>	-	0	-15	
Operating Profit	650	<b>650</b>	-	719	-69	-9.6%
Operating Profit Ratio	9.4%	<b>9.4%</b>		10.5%		
Income before Tax	650	<b>650</b>	-	723	-73	-10.1%
Net Income	485	<b>485</b>	-	539	-54	-10.0%
USD	110.00	<b>110.00</b>		110.69		
EUR	125.00	<b>125.00</b>		128.43		

## No change in results forecast from previous forecast

- ✓ The segment breakdown and foreign exchange assumptions are unchanged from the previous forecast

# Forecast for FY2019 by Business Segment

(100 Millions of Yen)

		FY18 Act	FY19 Fct	change	Previous Fct	FY19 Fct	change
<b>Printing &amp; Solutions</b>	Sales Revenue	4,030	3,975	-55	3,975	3,975	-
	Business Segment Profit	522	481	-41	481	481	-
	Operating Profit	529	474	-55	474	474	-
<b>Personal &amp; Home</b>	Sales Revenue	454	452	-2	452	452	-
	Business Segment Profit	40	32	-8	32	32	-
	Operating Profit	40	32	-8	32	32	-
<b>Machinery</b>	Sales Revenue	1,041	1,079	38	1,079	1,079	-
	Business Segment Profit	98	88	-10	88	88	-
	Operating Profit	99	87	-12	87	87	-
<b>Network &amp; Contents</b>	Sales Revenue	479	502	23	502	502	-
	Business Segment Profit	18	22	4	22	22	-
	Operating Profit	16	20	4	20	20	-
<b>Domino business</b>	Sales Revenue	712	739	27	739	739	-
	Business Segment Profit	39	39	0	39	39	-
	Operating Profit	29	39	10	39	39	-
<b>Other</b>	Sales Revenue	122	152	30	152	152	-
	Business Segment Profit	4	3	-1	3	3	-
	Operating Profit	8	-2	-10	-2	-2	-
<b>Total</b>	Sales Revenue	6,840	6,900	60	6,900	6,900	-
	Business Segment Profit	720	665	-55	665	665	-
	Operating Profit	719	650	-69	650	650	-

\*Not including elimination amount by inter-segment transaction.



# Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

	18Q1	19Q1	Change	Change x FX	FY18	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>995</b>	<b>982</b>	-1.3%	1.1%	<b>4,030</b>	<b>3,975</b>	-1.4%	0.1%
<b>Communications &amp; Printing equipment</b>	<b>876</b>	<b>858</b>	-2.1%	0.4%	<b>3,531</b>	<b>3,475</b>	-1.6%	-0.1%
Americas	314	320	1.7%	2.4%	1,300	1,256	-3.4%	-2.3%
Europe	273	268	-1.9%	2.7%	1,162	1,146	-1.4%	0.8%
Asia & Others	173	165	-4.5%	-0.8%	620	652	5.1%	6.9%
Japan*	115	105	-8.9%	-8.9%	448	421	-5.9%	-5.9%
<b>Electronic stationery</b>	<b>119</b>	<b>124</b>	<b>4.6%</b>	<b>6.7%</b>	<b>499</b>	<b>499</b>	<b>0.0%</b>	<b>1.4%</b>
Americas	56	58	3.7%	3.8%	225	226	0.3%	1.4%
Europe	32	34	7.1%	12.0%	145	147	1.2%	3.3%
Asia & Others	21	20	-7.4%	-3.3%	79	82	4.4%	6.1%
Japan	9	12	28.8%	28.8%	50	45	-11.3%	-11.3%

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

<b>Business Segment Profit</b>	<b>149</b>	<b>164</b>	10.6%	-	<b>522</b>	<b>481</b>	-7.8%	-
<b>Operating Profit</b>	<b>160</b>	<b>166</b>	3.8%	-	<b>529</b>	<b>474</b>	-10.4%	-

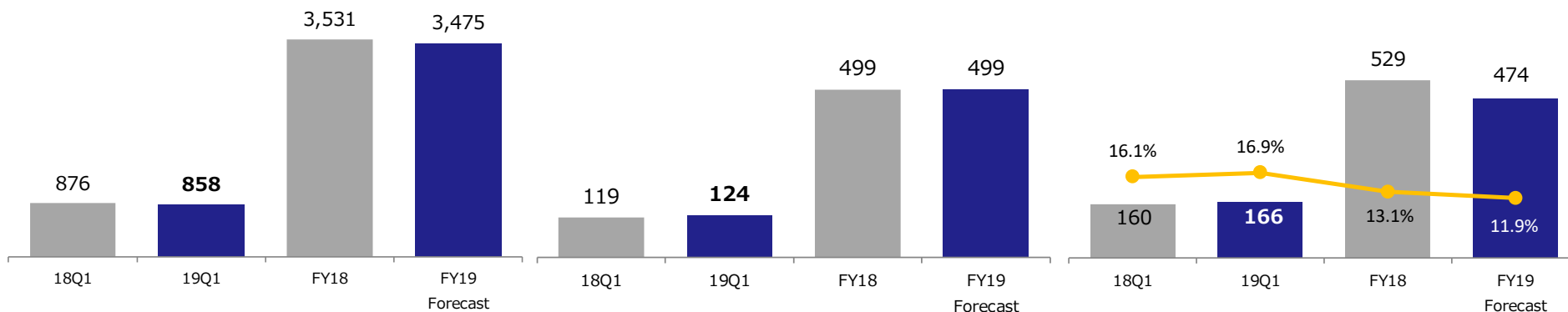
<Sales Revenue>

Communications & Printing equipment

<Sales Revenue>

Electronic stationery

<Operating Profit>



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

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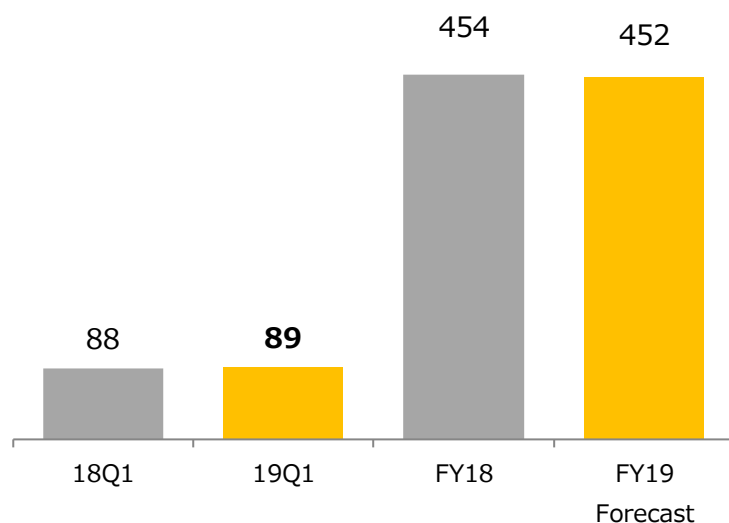
	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	FY2017	FY2018	FY2019 Forecast	
<b>LBP</b>													
<b>Sales revenue growth rate (JPY)</b>													
Hardware	13%	24%	23%	11%	1%	-3%	-5%	-17%	-9%	17%	-6%	0%	
Consumable	-1%	2%	9%	1%	1%	1%	-1%	-4%	2%	3%	-1%	-1%	
<b>Sales revenue growth rate (LC)</b>													
Hardware	12%	15%	15%	10%	2%	0%	-1%	-12%	-6%	13%	-2%	2%	
Consumable	-2%	-8%	2%	-1%	1%	3%	2%	-1%	4%	-2%	1%	1%	
<b>IJP</b>													
<b>Sales revenue growth rate (JPY)</b>													
Hardware	3%	15%	3%	-1%	-6%	-6%	2%	-6%	-2%	4%	-4%	3%	
Consumable	4%	3%	13%	3%	1%	-1%	-3%	-5%	1%	6%	-2%	-8%	
<b>Sales revenue growth rate (LC)</b>													
Hardware	3%	6%	-3%	-2%	-3%	-2%	6%	-1%	1%	1%	-1%	5%	
Consumable	4%	-5%	6%	1%	1%	1%	0%	-2%	3%	1%	0%	-7%	
<b>Cosumable Ratio</b>											57%	58%	58%
<b>Growth rate of Hardware</b>													
LBP	13%	9%	10%	3%	-1%	-8%	-7%	-16%	-13%	9%	-8%	—	
IJP	-7%	-5%	-9%	3%	-1%	-2%	-1%	-4%	0%	-5%	-2%	—	

# Personal & Home Sales Revenue & Profit

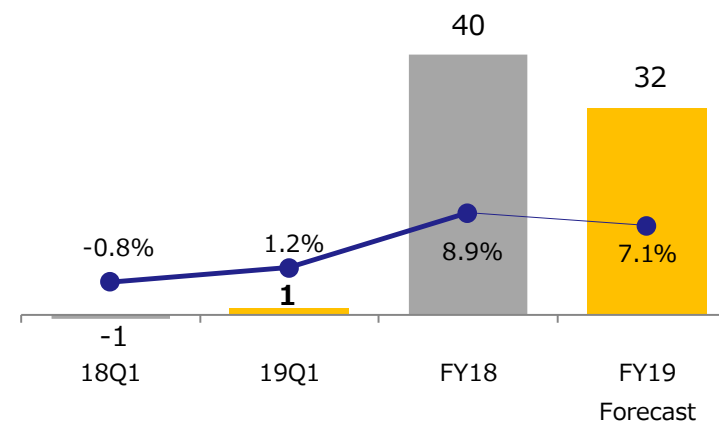
(100 Millions of Yen)

	18Q1	19Q1	Change	Change x FX	FY18	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>88</b>	<b>89</b>	<b>0.8%</b>	<b>3.0%</b>	<b>454</b>	<b>452</b>	<b>-0.5%</b>	<b>1.3%</b>
Americas	43	46	6.9%	7.7%	258	250	-3.2%	-1.7%
Europe	25	24	-2.4%	2.6%	111	113	1.9%	4.8%
Asia & Others	12	12	-5.3%	-2.2%	50	54	8.1%	10.1%
Japan	8	7	-12.9%	-12.9%	36	35	-0.5%	-0.5%
<b>Business Segment Profit</b>	<b>-1</b>	<b>1</b>	-	-	<b>40</b>	<b>32</b>	<b>-20.7%</b>	-
<b>Operating Profit</b>	<b>-1</b>	<b>1</b>	-	-	<b>40</b>	<b>32</b>	<b>-20.6%</b>	-

<Sales Revenue>



<Operating Profit>



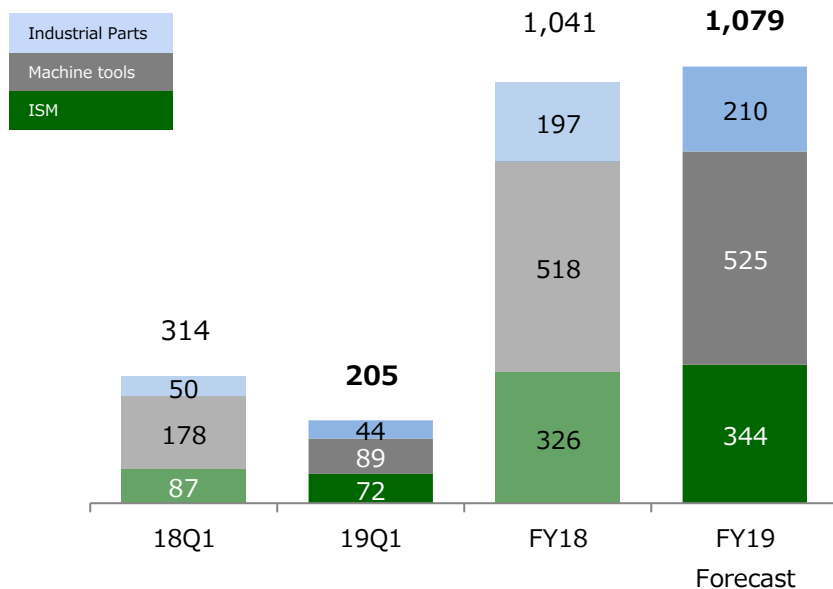
# Machinery Business Sales Revenue & Profit

(100 Millions of Yen)

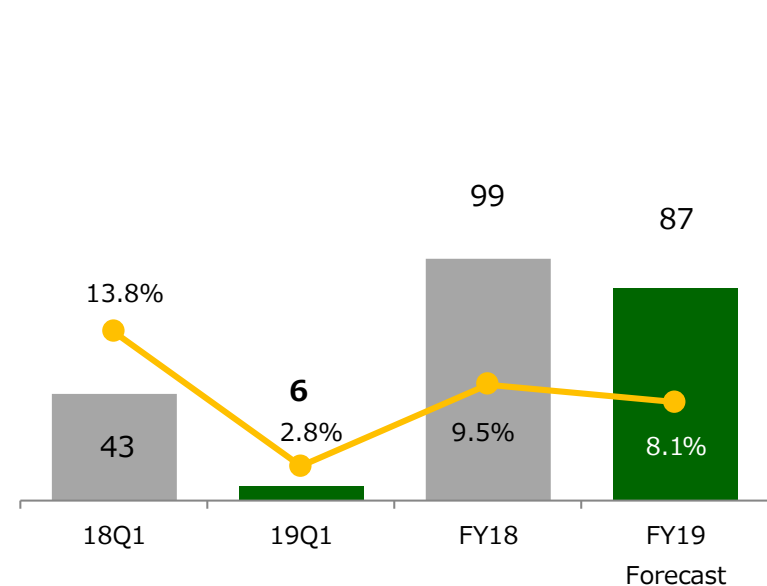
	18Q1	19Q1	Change	Change x FX	FY18	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>314</b>	<b>205</b>	<b>-34.6%</b>	<b>-33.8%</b>	<b>1,041</b>	<b>1,079</b>	<b>3.6%</b>	<b>4.0%</b>
Industrial sewing machines	87	72	-16.5%	-15.1%	326	344	5.4%	6.6%
Machine tools	178	89	-50.1%	-49.5%	518	525	1.4%	1.3%
Industrial Parts	50	44	-10.4%	-9.9%	197	210	6.4%	6.9%

<b>Business Segment Profit</b>	<b>42</b>	<b>5</b>	<b>-87.1%</b>	<b>-</b>	<b>98</b>	<b>88</b>	<b>-9.8%</b>	<b>-</b>
<b>Operating Profit</b>	<b>43</b>	<b>6</b>	<b>-86.9%</b>	<b>-</b>	<b>99</b>	<b>87</b>	<b>-12.2%</b>	<b>-</b>

<Sales Revenue>



<Operating Profit>



# Machinery Business Sales Revenue by Region

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(100 Millions of Yen)

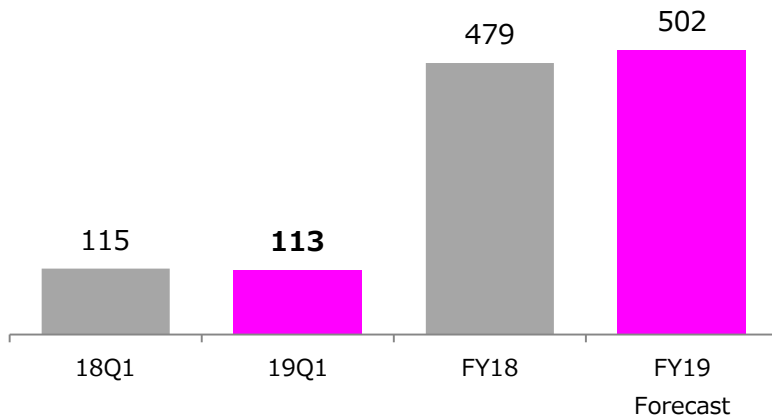
	18Q1	19Q1	Change	Change x FX	FY18	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>314</b>	<b>205</b>	<b>-34.6%</b>	<b>-33.8%</b>	<b>1,041</b>	<b>1,079</b>	<b>3.6%</b>	<b>4.0%</b>
<b>Industrial sewing machines</b>	<b>87</b>	<b>72</b>	<b>-16.5%</b>	<b>-15.1%</b>	<b>326</b>	<b>344</b>	<b>5.4%</b>	<b>6.6%</b>
Americas	17	15	-9.3%	-10.2%	65	71	9.3%	10.6%
Europe	21	18	-16.2%	-12.0%	71	75	5.0%	7.9%
Asia & Others	47	37	-20.8%	-19.6%	181	190	4.6%	5.1%
Japan	2	2	22.9%	22.9%	8	8	-3.0%	-3.0%
<b>Machine tools</b>	<b>178</b>	<b>89</b>	<b>-50.1%</b>	<b>-49.5%</b>	<b>518</b>	<b>525</b>	<b>1.4%</b>	<b>1.3%</b>
Americas	9	8	-10.2%	-	33	40	21.7%	-
Europe	11	8	-30.2%	-	30	32	5.9%	-
Asia & Others	131	49	-63.0%	-	341	324	-4.9%	-
Japan	27	25	-7.7%	-	114	129	13.4%	-
<b>Industrial Parts</b>	<b>50</b>	<b>44</b>	<b>-10.4%</b>	<b>-9.9%</b>	<b>197</b>	<b>210</b>	<b>6.4%</b>	<b>6.9%</b>
Americas	6	7	10.4%	9.2%	25	25	0.9%	1.7%
Europe	-	-	-	-	-	-	-	-
Asia & Others	6	5	-13.9%	-8.9%	22	24	9.4%	11.4%
Japan	37	33	-13.1%	-13.1%	150	161	7.1%	7.1%

# Network & Contents Sales Revenue & Profit

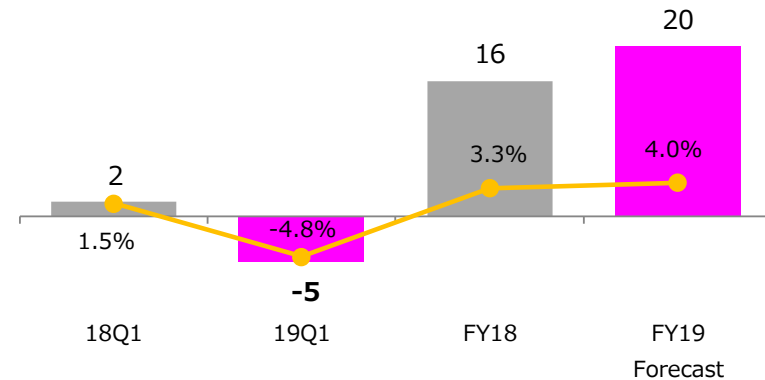
(100 Millions of Yen)

	18Q1	19Q1	Change	FY18	FY19 Forecast	Change v LY
<b>Sales Revenue</b>	<b>115</b>	<b>113</b>	<b>-1.8%</b>	<b>479</b>	<b>502</b>	<b>4.7%</b>
<b>Business Segment Profit</b>	<b>2</b>	<b>-6</b>	<b>-</b>	<b>18</b>	<b>22</b>	<b>23.7%</b>
<b>Operating Profit</b>	<b>2</b>	<b>-5</b>	<b>-</b>	<b>16</b>	<b>20</b>	<b>25.5%</b>

<Sales Revenue>



<Operating Profit>

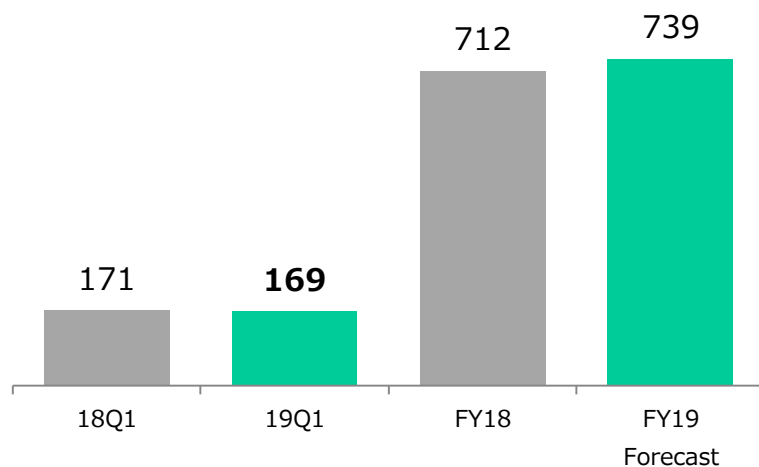


# Domino Business Sales Revenue & Profit

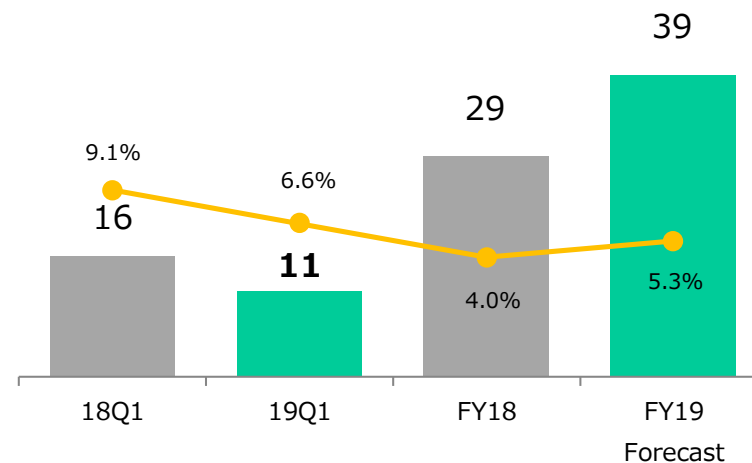
(100 Millions of Yen)

	18Q1	19Q1	Change	Change x FX	FY18	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>171</b>	<b>169</b>	-1.5%	2.0%	<b>712</b>	<b>739</b>	3.7%	3.8%
Americas	35	39	9.4%	8.8%	159	174	9.2%	10.6%
Europe	87	84	-3.4%	1.4%	358	359	0.2%	1.6%
Asia & Others	49	46	-6.0%	-2.0%	195	207	6.3%	7.8%
<b>Business Segment Profit</b>	<b>12</b>	<b>11</b>	-9.7%	-	<b>39</b>	<b>39</b>	-1.2%	-
<b>Operating Profit</b>	<b>16</b>	<b>11</b>	-28.8%	-	<b>29</b>	<b>39</b>	36.1%	-

<Sales Revenue>



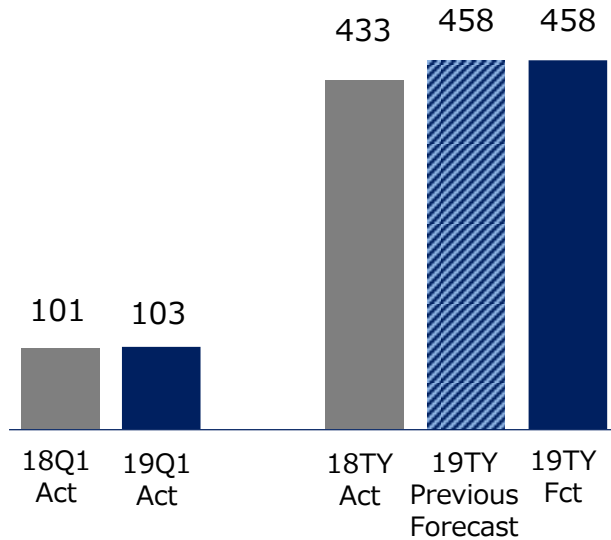
<Operating Profit>



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

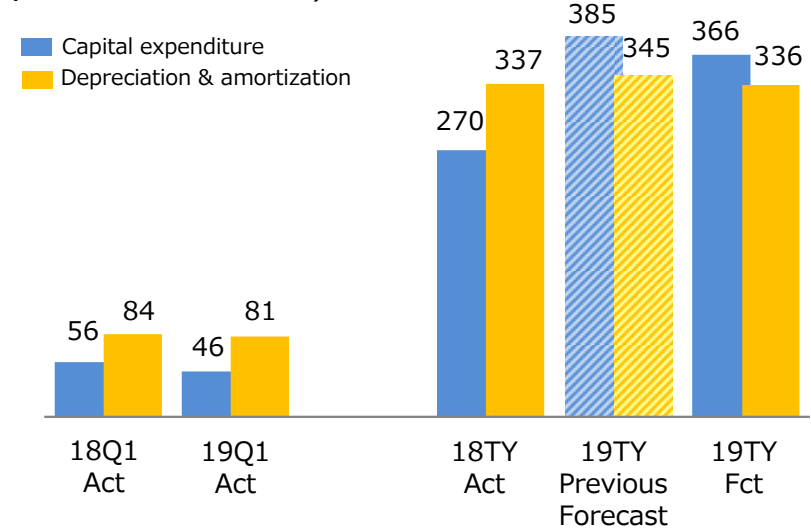
## R&D expenses

(100 Millions of Yen)



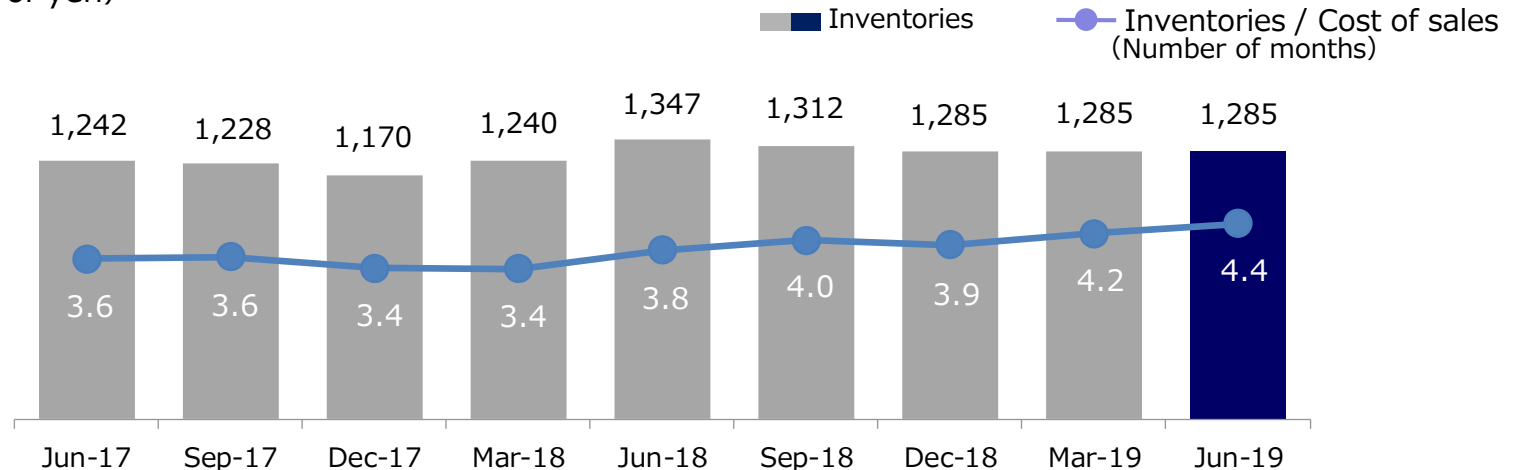
## Capital expenditure / Depreciation & amortization

(100 Millions of Yen)



## Inventories

(100 Millions of yen)



\* Excluding acquisition and depreciation of right-of-use assets pursuant to application of IFRS 16 Leases.



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