

The Brother Group Announces Its New Medium-Term Business Strategy, CS B2021

Brother Industries, Ltd. (President: Ichiro Sasaki) has formulated the Brother Group's new medium-term business strategy, CS B2021 (hereinafter referred to as CS B2021) for the period from FY2019 to FY2021.

■The background of formulating CS B2021

Under its medium- to long-term vision, Global Vision 21 (hereinafter referred to as GV21), the Brother Group sets the three objectives below.

1. To become a leading global company with high profitability
2. To become a world-class manufacturer by developing outstanding proprietary technologies
3. To embody Brother's motto "At your side." throughout its corporate culture

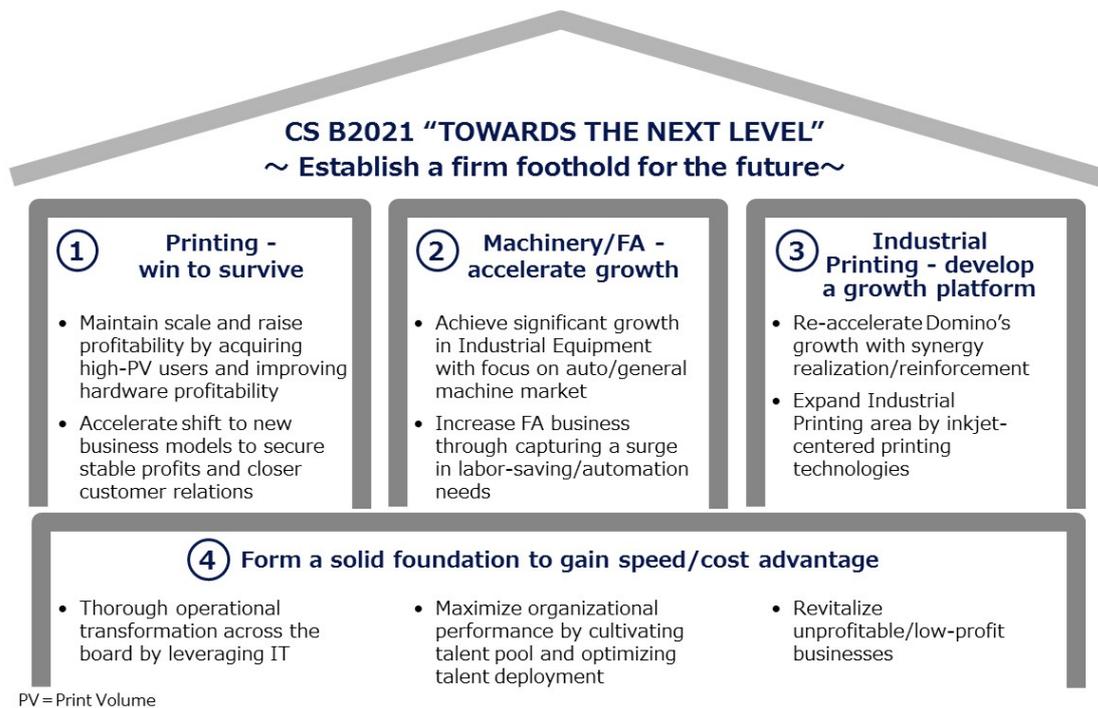
As roadmaps to achieve this GV21, the Brother Group formulates medium-term business strategies. In 2016, the group started a 3-year medium-term business strategy, CS B2018, and executed three transformations: business, operational and talent transformations, with a goal to transform the group to a multi-business enterprise from the printing-centric business structure. As a result, the Brother Group has achieved significant profitability enhancement in the printing area and sales growth in the industrial area.

However, the business environment surrounding the Brother Group will change significantly and become increasingly severe. In the printing area, in addition to the printing volume decrease under further digitalization, service needs diversification will keep accelerating amid drastic customers' behavior changes from ownership to usage. In the industrial area, growing demand for labor-saving, automation, traceability, and customization are observed.

With these understandings, the Brother Group believes that it is essential to implement more in-depth transformation to achieve GV21, and thus, has formulated the medium-term business strategy as announced today.

■ Outline of CS B2021

Theme: “TOWARDS THE NEXT LEVEL”



Under CS B2021, with a new theme of “TOWARDS THE NEXT LEVEL”, the Brother Group will implement transformation by focusing on the critical few, the four management top priorities below, and strive to build a firm foothold for future growth.

- ① In the Printing area, maintain business scale and enhance profitability to win a leading place by acquiring high-PV users and improving hardware profitability through an accelerated shift to new business models that enable Brother to establish a closer relationships with customers.
- ② In the Machinery and Factory Automation (FA) area, actualize substantial growth in the Industrial Equipment area by focusing on automobile and general machine market, while expanding FA business across Machinery organization by capturing a growing needs for labor-saving and automation.
- ③ In the Industrial Printing area, re-accelerate the growth of the Domino business by reinforcing the synergy effects between Brother and Domino in new product development as well as grow business by leveraging Brother’s inkjet-centered printing technologies
- ④ Establish a firm foundation to gain speed and cost competitiveness by group-wide thorough operational transformation with IT, talent cultivation, and optimal talent deployment so that Brother can achieve a sustainable growth even in a severe business environment.

■Financial Targets*

Assumed exchange rate: 1USD = 105JPY, 1EUR = 125JPY

	Targets for FY2021	Forecast for FY2018
Sales Revenue	750 billion yen	665 billion yen
Operating profit	75 billion yen	64.5 billion yen
Operating profit ratio	10.0%	9.7%

*Reference calculated according to the targets for FY2021 and the assumed exchange rate for comparison. The figures are different from the full-year forecast as of the end of FY2018 3Q

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