

Fiscal Year 2013 (ending March 31, 2014)

Third Quarter Results
(ended December 31, 2013)

Brother Industries, Ltd.
February 4, 2014

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.

Consolidated Results for FY2013 (ending March 31, 2014) < Q3(9-month Results) >



(100 Millions of Yen)

	Nine months ended Dec.31, 2013			
	3/2014 [Actual]	3/2013 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	4,518	3,773	746	19.8% (+2.6%)
Operating Income	307	257	50	19.4%
Operating Income Ratio	6.8%	6.8%	-0.0%	
Non-operating Income (Loss)	-66	-36	-30	
Current Profits	241	222	20	9.0%
Extraordinary Income (Loss)	1	-1	2	
Income Taxes	124	98	26	
Net Income	118	122	-4	-3.6%

(Yen)

Exchange Rates	USD	99.23	80.43	18.80
	EUR	132.13	103.24	28.89

- Net sales increased due to the positive effect of forex and a steady sales increase of communications & printing equipment.
- Despite an increase in SGA, Operating income increased due to the positive effect of forex.
- Net income slightly decreased due to increased corporate taxes caused by tax effect accounting.

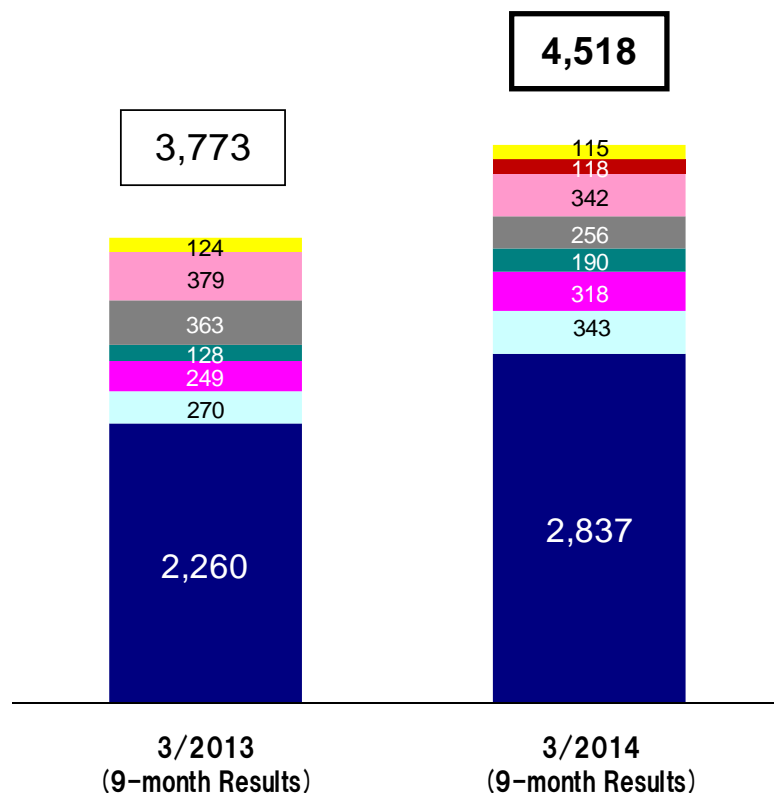
Consolidated Results for FY2013 Q3 (9-month Results)

Sales and Operating Income by Business Segment



Net Sales

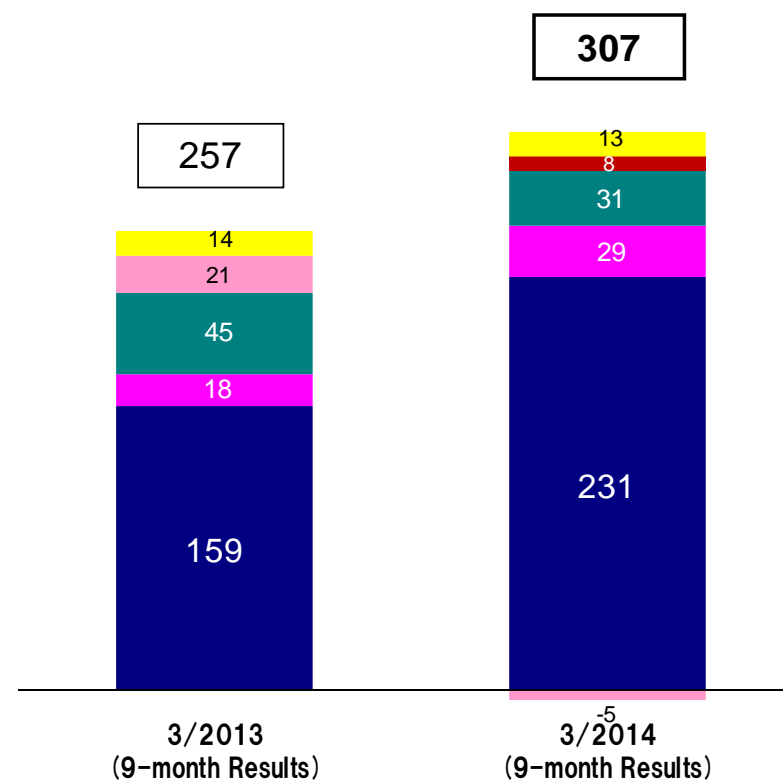
(100 Millions of Yen)



- Communications & Printing equipment
- Electronic stationery
- Home sewing machines
- Industrial sewing machines
- Machine tools
- Online karaoke, Contents distribution services
- Industrial Part
- Others

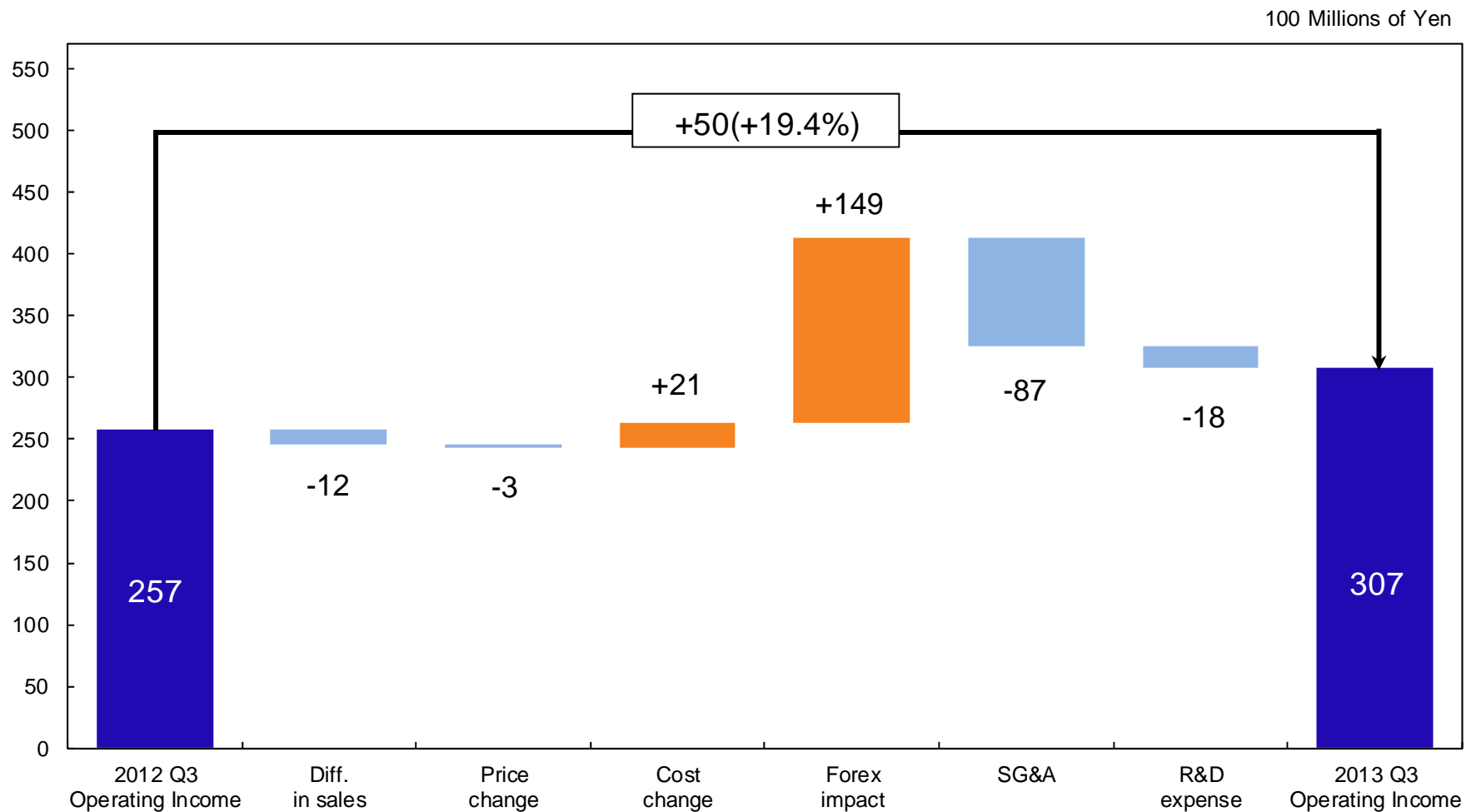
Operating Income

(100 Millions of Yen)



- Printing & Solutions
- Personal & Home
- Machinery & Solution
- Network & Contents
- Industrial Part
- Others

Main Factors for Changes in Operating Income < FY2013Q3 (9-month Results) >



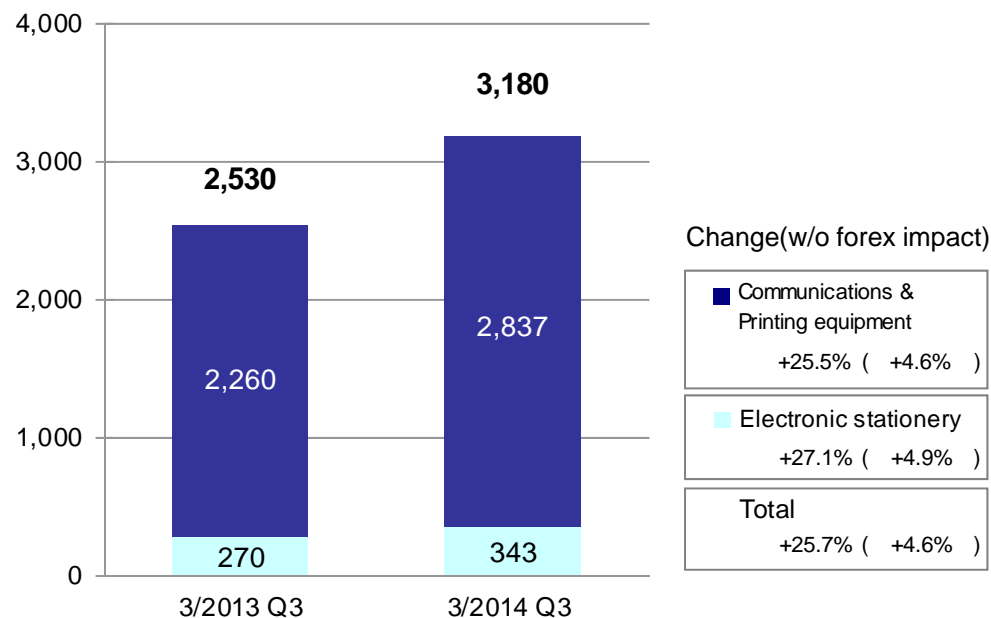
Printing & Solutions Sales & Operating Income

< FY2013Q3(9-month Results) >



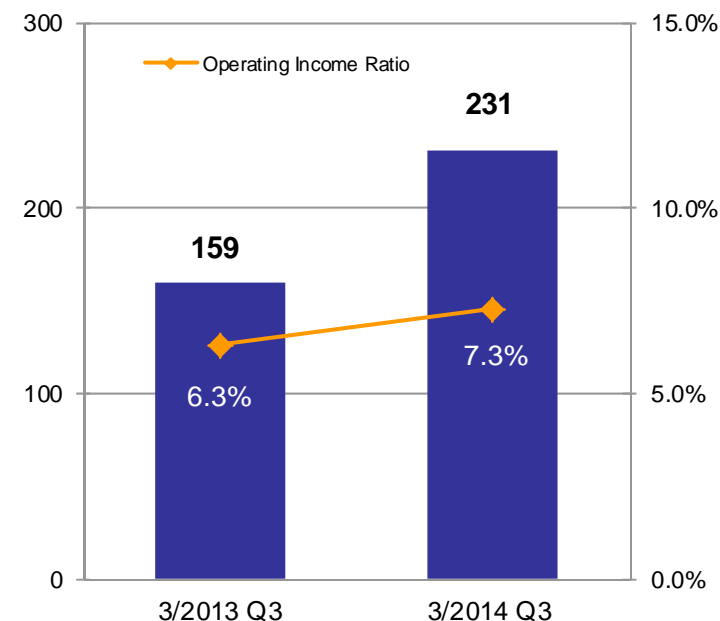
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	3/2013 Q3	3/2014 Q3	Change (w/o forex impact)
Americas	859	1,126	+31.0% (+7.3%)
Europe	756	950	+25.5% (-1.2%)
Asia & Others	296	386	+30.4% (+8.0%)
Japan	348	376	+7.8% (+7.8%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	3/2013 Q3	3/2014 Q3	Change (w/o forex impact)
Americas	130	162	+24.7% (+1.8%)
Europe	80	104	+29.6% (+1.8%)
Asia & Others	32	43	+37.1% (+12.3%)
Japan	28	34	+19.5% (+19.5%)

- ✓ Sales increased in each region due to the positive effect of forex. After several periods of slow demand, sales in Europe were beginning to show signs of recovery.
- ✓ Operating income significantly increased due to the positive effect of forex, despite negative factors, such as investments for future growth of new business and a one-time expense recorded in the first half.

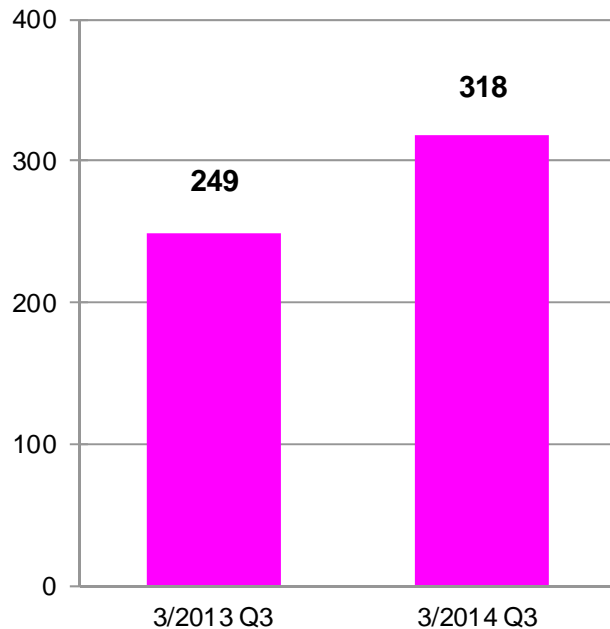
Personal & Home Sales & Operating Income

< FY2013 Q3(9-month Results) >



Net Sales

(100 Millions of Yen)

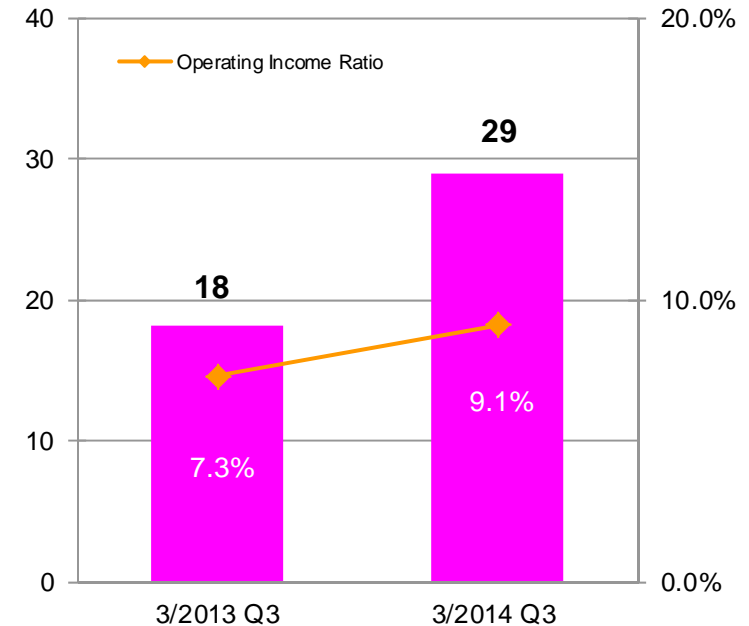


Change(w/o forex impact)

Home sewing machines
+27.7% (+6.2%)

Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Q3	3/2014 Q3	Change (w/o forex impact)
Americas	132	175	+32.9% (+8.6%)
Europe	56	76	+35.8% (+5.6%)
Asia & Others	21	27	+28.8% (+7.6%)
Japan	40	39	-1.5% (-1.5%)

- ✓ Sales grew due to steadily increased sales in Europe and the Americas.
- ✓ Operating income significantly increased mainly due to the positive effect of forex.

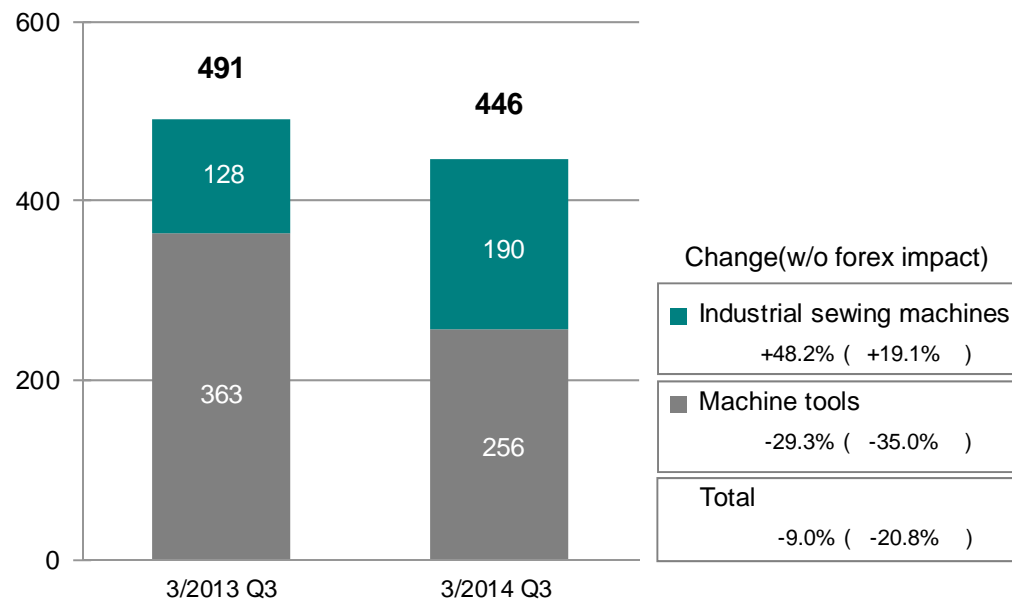
Machinery & Solution Sales & Operating Income

< FY2013 Q3(9-month Results) >



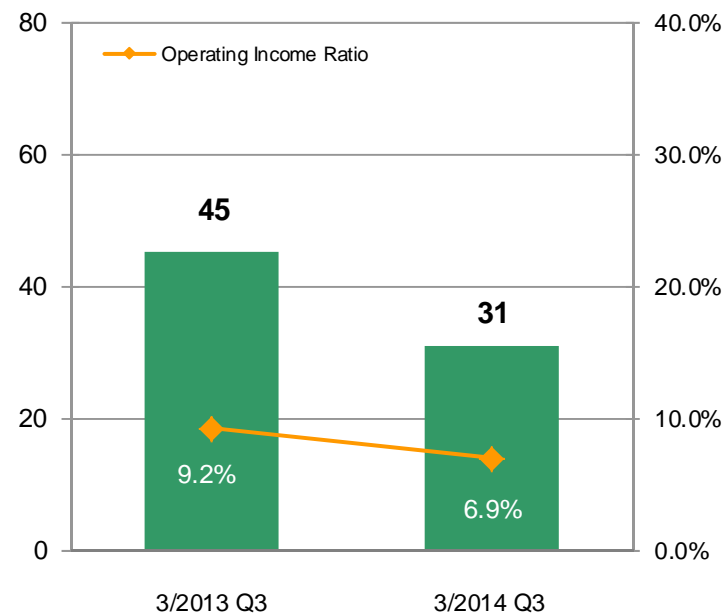
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Industrial sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Q3	3/2014 Q3	Change (w/o forex impact)
Americas	26	35	+33.0% (+7.8%)
Europe	21	27	+28.2% (-0.2%)
Asia & Others	77	124	+60.3% (+28.2%)
Japan	4	5	+18.4% (+18.4%)

Machine tools

Geographical Sales(100 Millions of Yen)

	3/2013 Q3	3/2014 Q3	Change
Americas	14	16	+13.4%
Europe	9	12	+33.5%
Asia & Others	302	200	-33.6%
Japan	38	28	-25.6%

- ✓ Sales of industrial sewing machines increased due to a recovery in demand in the sewing industry and the contribution of new products.
- ✓ Sales of machine tools decreased due to a reactionary drop from large demand in the IT-related industry in the previous year .
- ✓ Operating income fell due to decreased sales.

*As machine tools are mostly exported to customers abroad directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

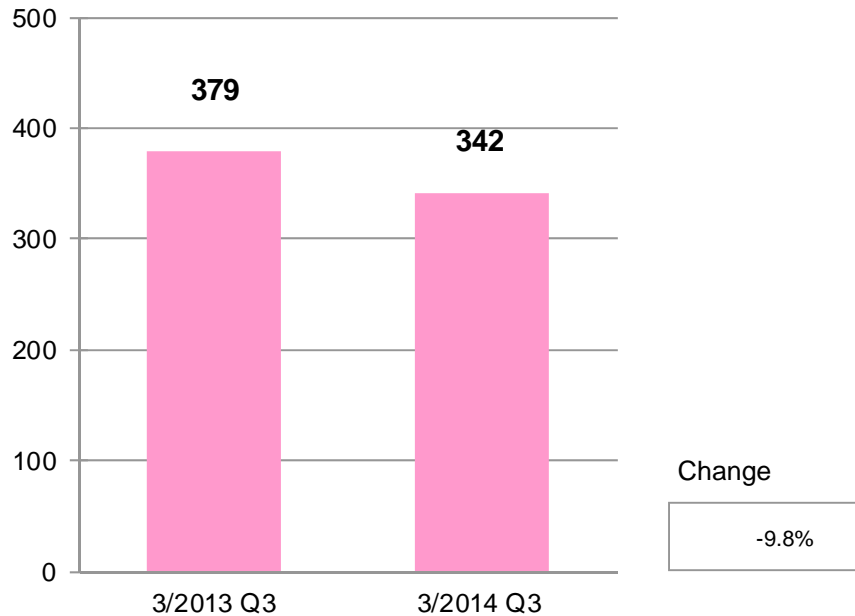
Network & Contents Sales & Operating Income

< FY2013 Q3(9-month Results) >



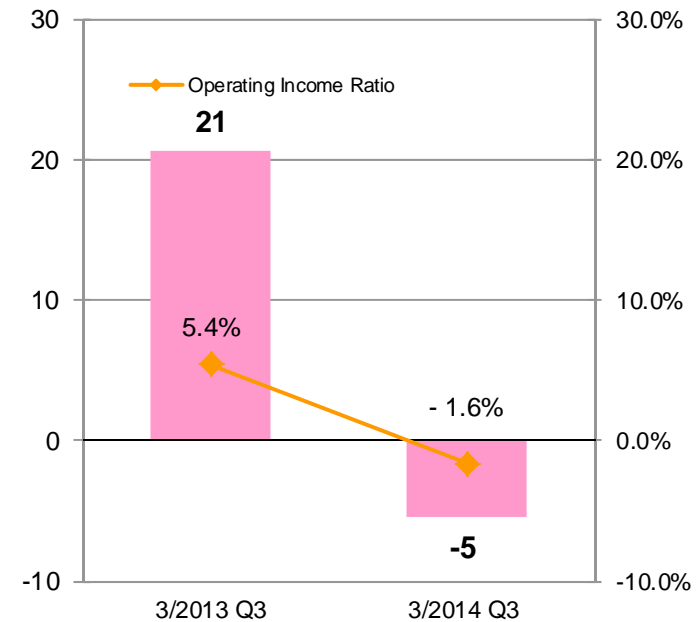
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



- ✓ Sales decreased due to a reactionary decline from the launch of new karaoke machines in the previous year.
- ✓ Operating income fell into the red due to a sales decrease and an increase in SGA including service improvement and remodeling costs for directly-managed karaoke shops.

* Regional sales breakdown for “Network & Contents” is not referred here because the major part of sales are made in Japan.

Revised Forecast for FY 2013 (ending March 31, 2014)



(100 Millions of Yen)

	3/2014 [Forecast] (A)	3/2013 [Actual] (B)	Change (A - B)	Rate of Change (w/o forex impact) (A/B - 1)	3/2014 [Previous Forecast] (C)	Change (A - C)
Net Sales	6,150	5,161	989	19.2% (+4.2%)	6,000	150
Operating Income	380	298	82	27.6%	350	30
Operating Income Ratio	6.2%	5.8%	0.4%		5.8%	0.3%
Non-operating Income (Loss)	-75	-66	-9		-55	-20
Current Profits	305	231	74	31.8%	295	10
Extraordinary Income (Loss)	-5	48	-53		-5	0
Income Taxes	145	101	44		125	20
Net Income	155	178	-23	-13.1%	165	-10

(Yen)

Exchange Rates	USD	99.74	83.23
	EUR	133.45	107.57

96.77
127.45

Changes from the previous forecast

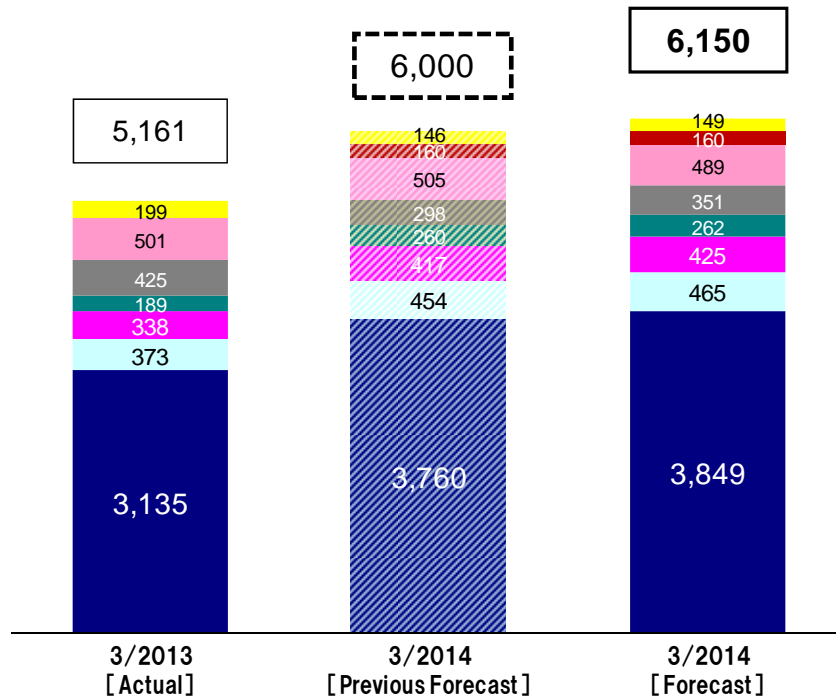
- Sales, Operating income and Current profits have been revised by factoring in changes of the assumed exchange rates in light of the yen's depreciation, a recovery in demand of machine tools and a decrease in sales forecast for karaoke machines.
- Net income has been revised downward by incorporating increased corporate taxes caused by tax effect accounting due to changes to the assumed exchange rates.

Consolidated Forecast for FY2013 (ending March 31, 2014) Sales and Operating Income by Business Segment



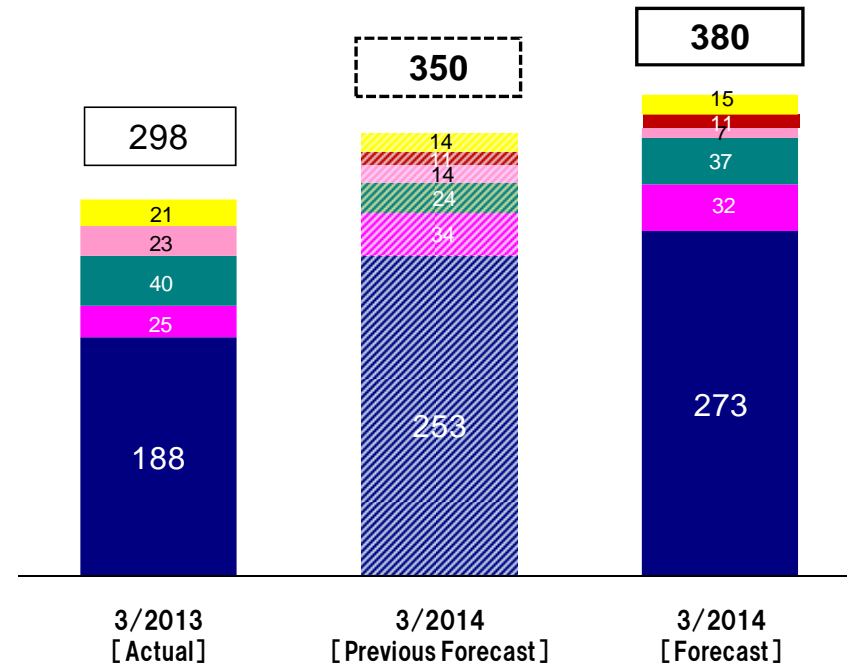
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



- Communications & Printing equipment
- Electronic stationery
- Home sewing machines
- Industrial sewing machines
- Machine tools
- Online karaoke, Contents distribution services
- Industrial Part
- Others

- Printing & Solutions
- Personal & Home
- Machinery & Solution
- Network & Contents
- Industrial Part
- Others

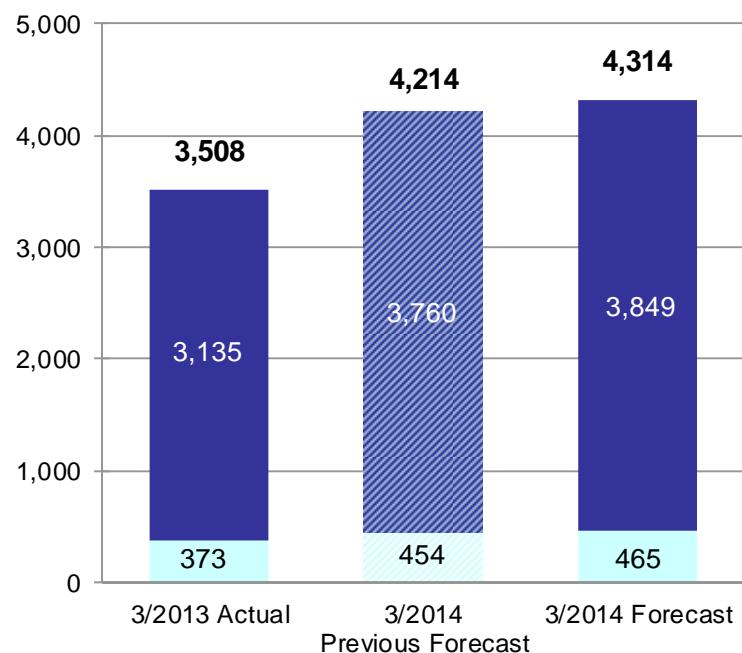
Printing & Solutions Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



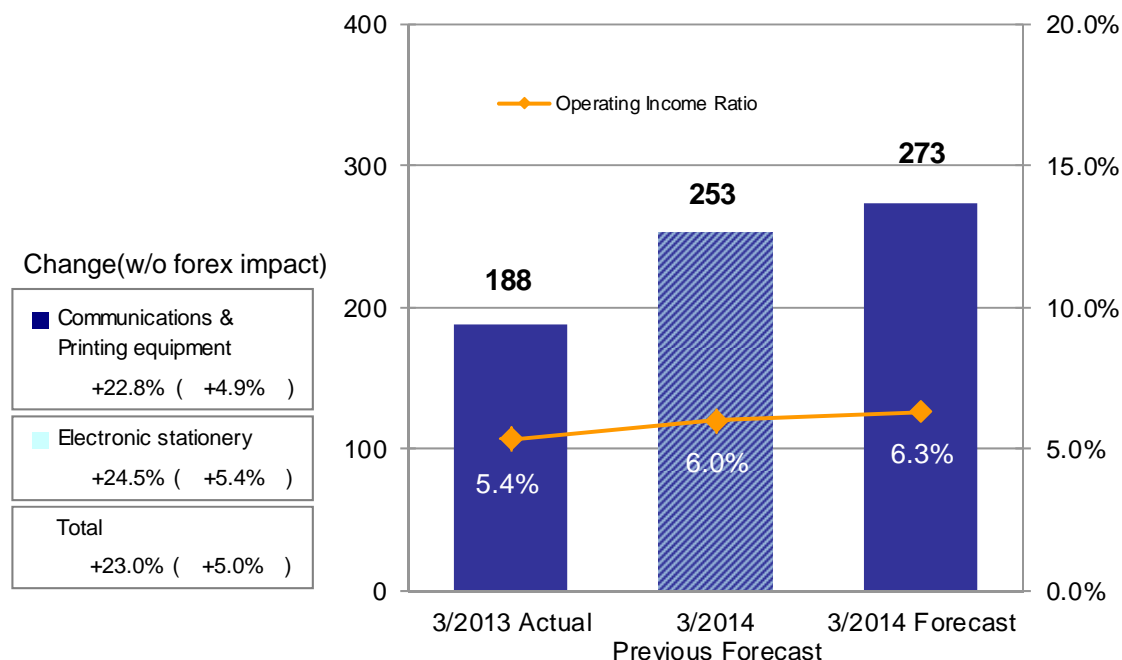
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Change(w/o forex impact)

Communications & Printing equipment	+22.8% (+4.9%)
Electronic stationery	+24.5% (+5.4%)
Total	+23.0% (+5.0%)

Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	1,193	1,506	1,515	+27.0% (+7.0%)
Europe	1,081	1,251	1,321	+22.1% (-1.0%)
Asia & Others	406	506	513	+26.4% (+8.7%)
Japan	454	497	500	+10.1% (+10.1%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	176	212	216	+23.1% (+3.1%)
Europe	114	139	145	+27.6% (+3.0%)
Asia & Others	43	55	56	+30.3% (+10.4%)
Japan	41	48	48	+16.5% (+16.5%)

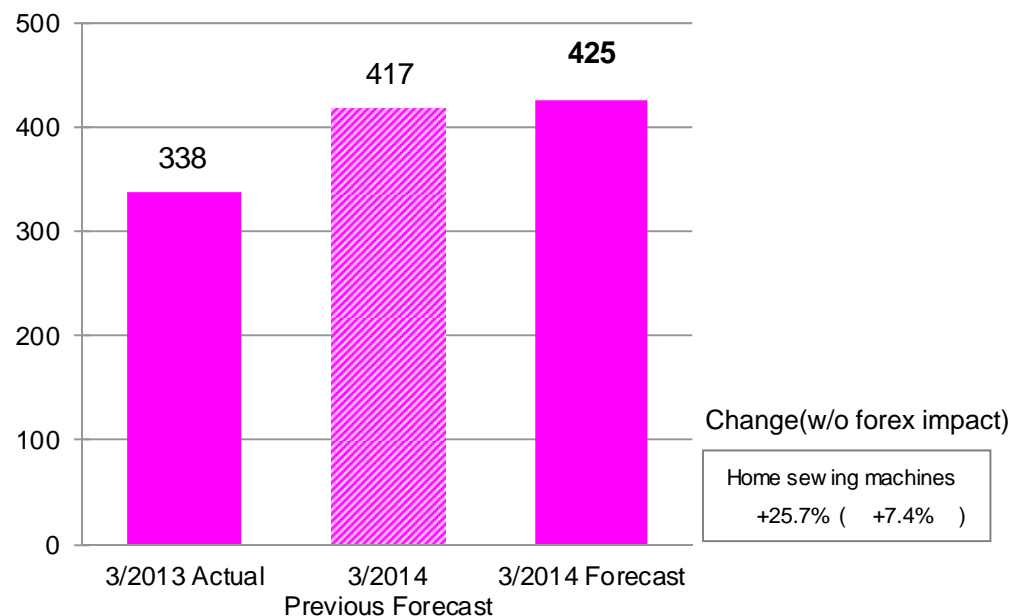
Personal & Home Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



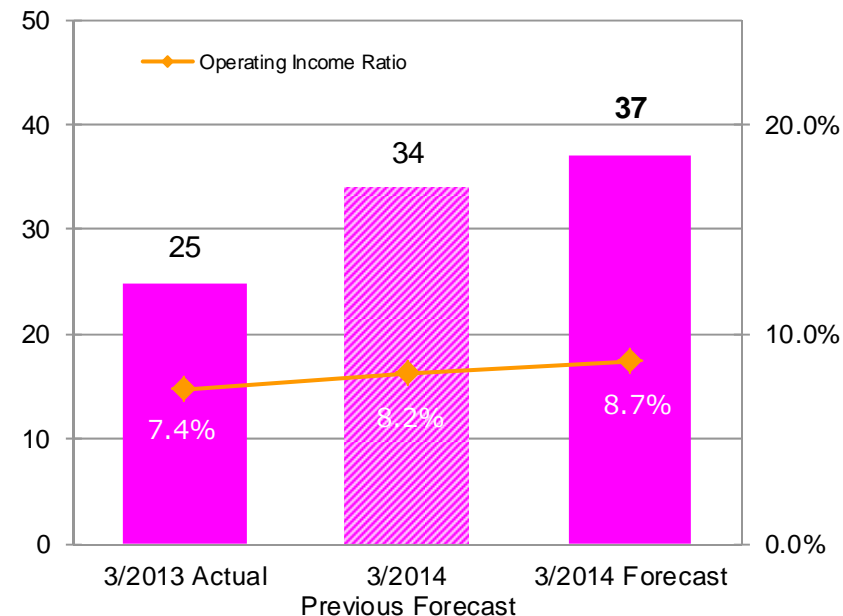
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	174	222	225	+29.4% (+8.4%)
Europe	78	96	103	+32.5% (+6.0%)
Asia & Others	28	36	36	+29.9% (+11.8%)
Japan	59	63	61	+4.0% (+4.0%)

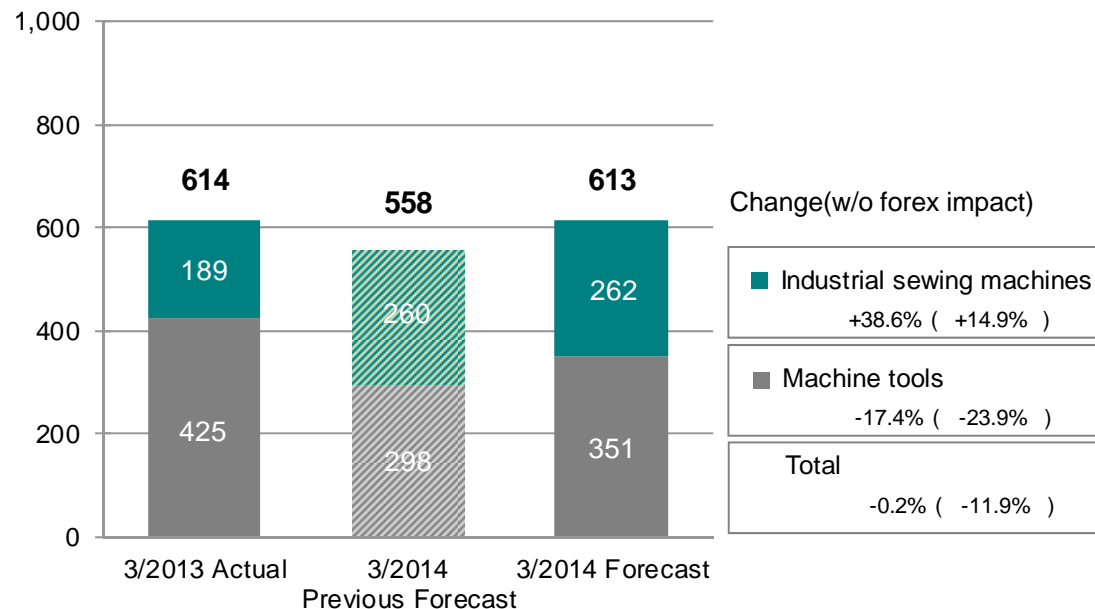
Machinery & Solution Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



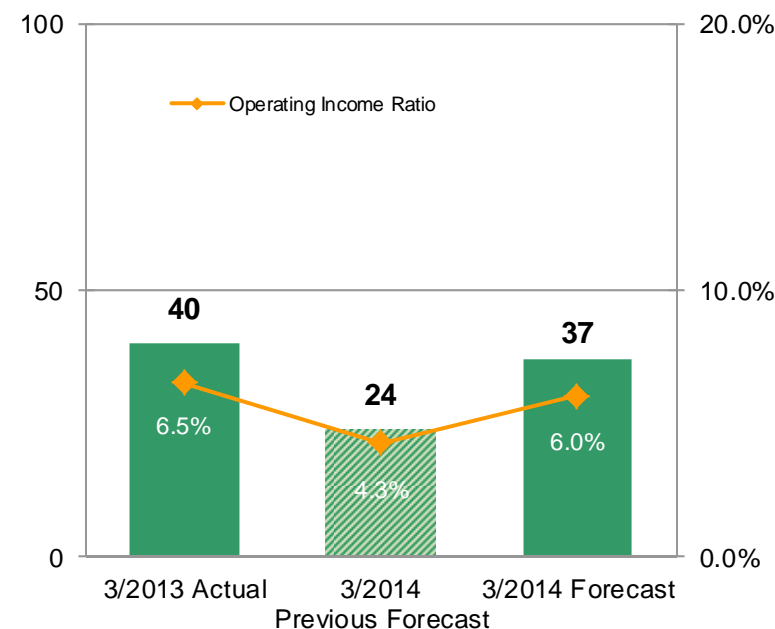
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Industrial sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	36	43	44	+21.5% (+1.5%)
Europe	30	38	37	+23.7% (-0.3%)
Asia & Others	117	174	175	+49.0% (+23.2%)
Japan	5	5	6	+9.1% (+9.1%)

Machine tools

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change
Americas	20	20	21	+6.3%
Europe	11	13	14	+25.8%
Asia & Others	348	228	274	-21.1%
Japan	46	37	41	-10.6%

*As machine tools are mostly exported to customers abroad directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

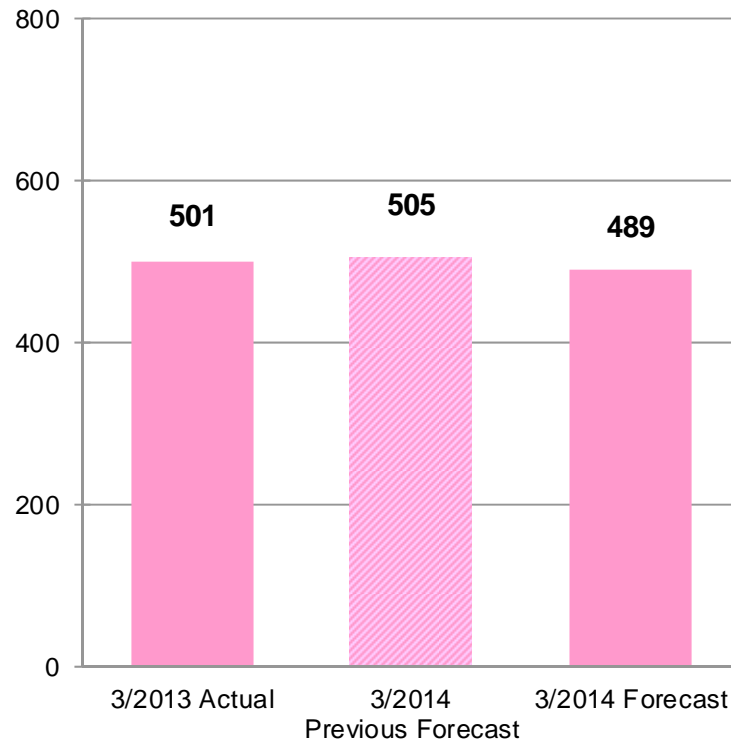
Network & Contents Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



Net Sales

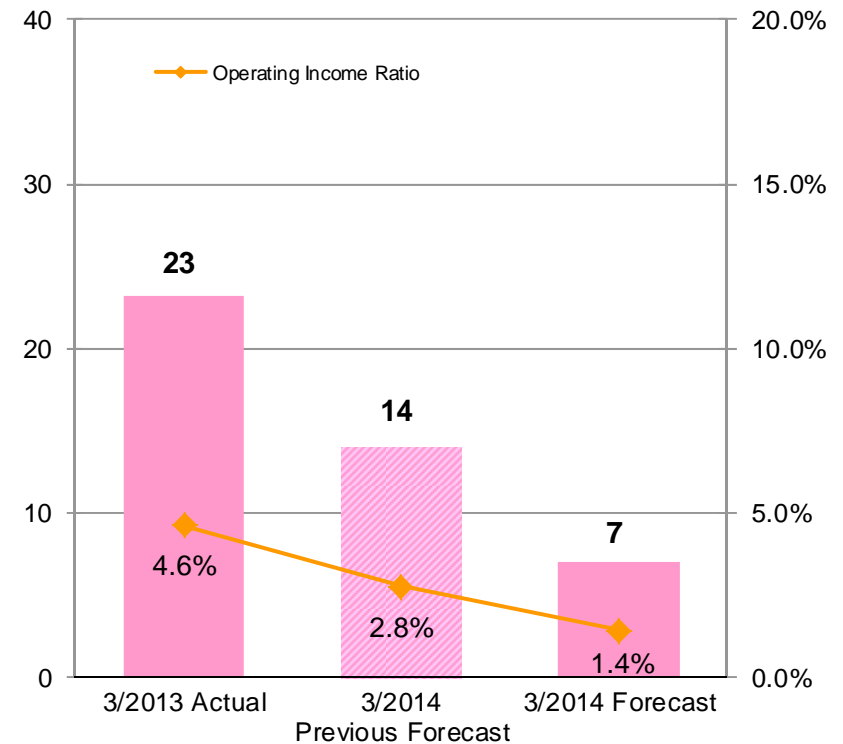
(100 Millions of Yen)



Change
-2.4%

Operating Income

(100 Millions of Yen)



* Regional sales breakdown for “Network & Contents” is not referred here because the major part of sales are made in Japan.

Consolidated Results for FY2013(ending March 31,2014) < FY2013 Q3(3-month Results) >



(100 Millions of Yen)

	Three months ended Dec.31, 2013			
	Q3 3/2013 [Actual]	Q3 3/2012 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	1,635	1,327	307	23.2% (+4.9%)
Operating Income	114	61	53	85.8%
Operating Income Ratio	7.0%	4.6%	2.3%	
Non-operating Income (Loss)	-26	-40	15	
Current Profits	88	21	67	318.0%
Extraordinary Income (Loss)	4	7	-3	
Income Taxes	38	54	-15	
Net Income	53	-26	80	-

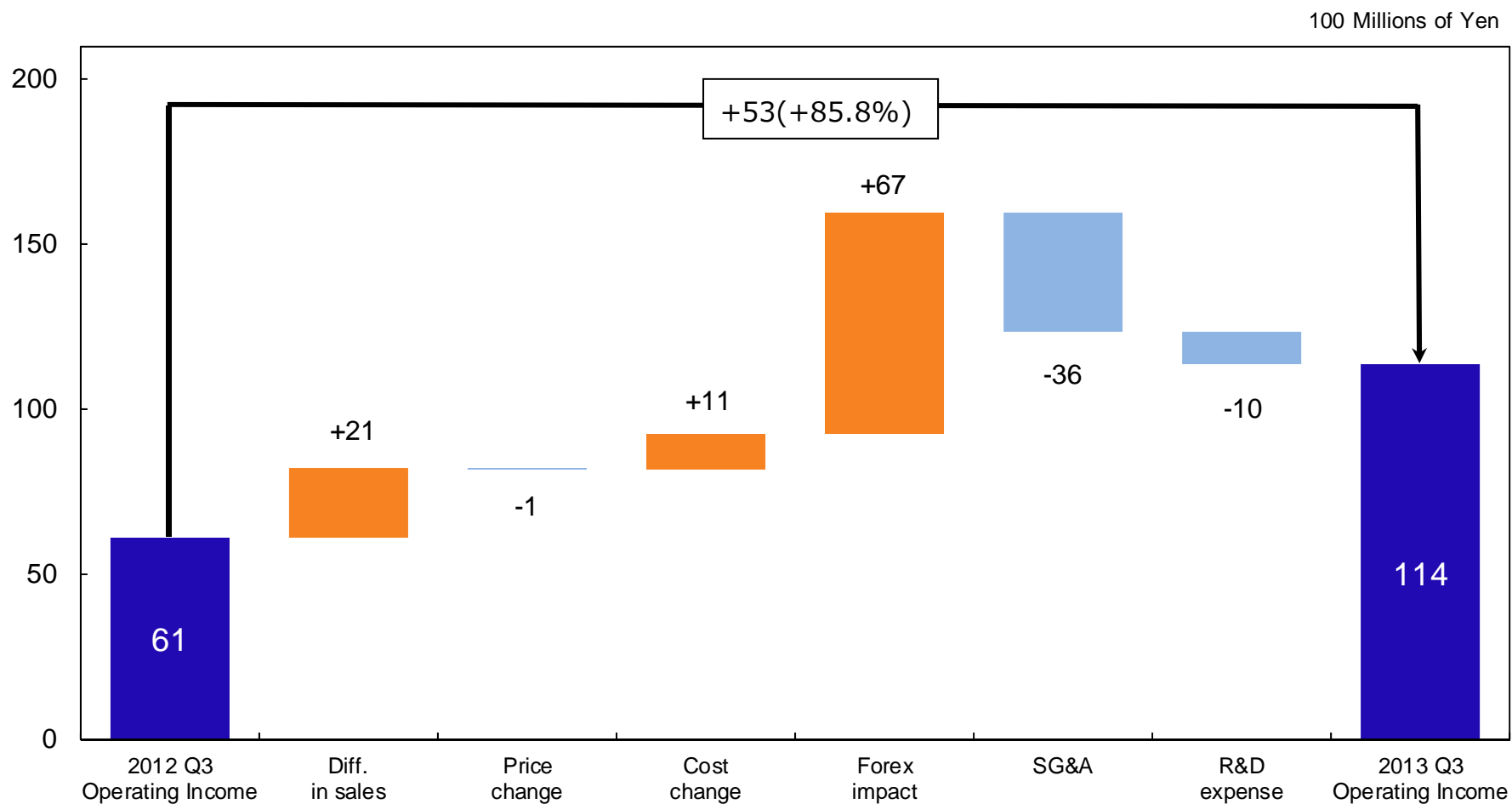
(Yen)

Exchange Rates	USD	101.02	81.49	19.53
	EUR	137.91	106.20	31.71

- ✓ Overall sales steadily increased due to the positive effect of forex and a recovery in demand of machine tools.
- ✓ Operating income, despite a sales decrease in the N&C business, significantly increased due to the positive effect of forex.
- ✓ Net income turned into the black because the tax impact incurred by applying tax effect accounting was much smaller than the amount recorded in the third quarter of the prior year.

Main Factors for Changes in Operating Income

< FY2013 Q3 (3-month Results) >



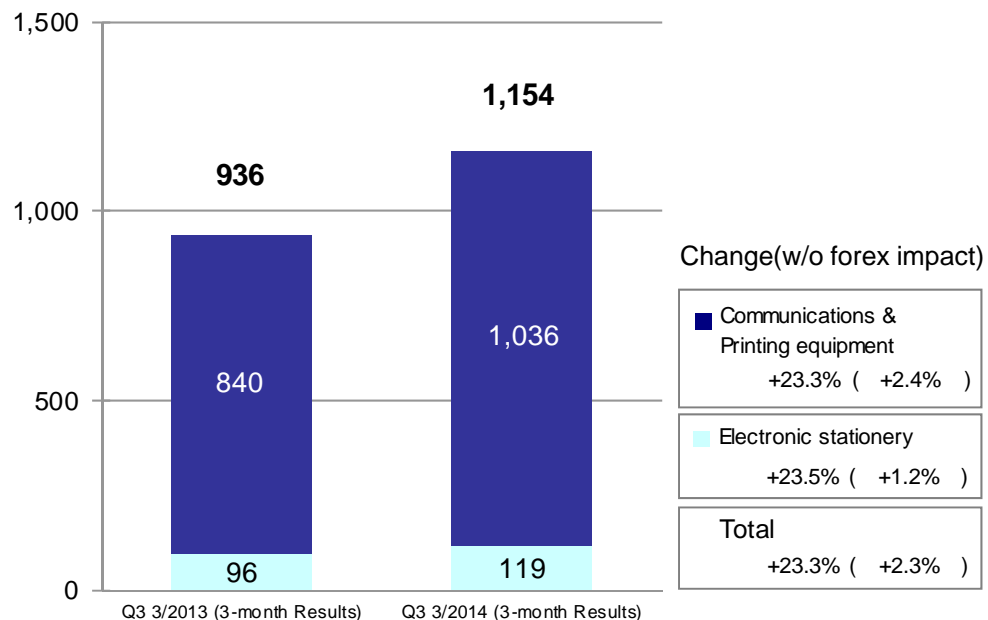
Printing & Solutions Sales & Operating Income

< FY2013 Q3(3-month Results) >



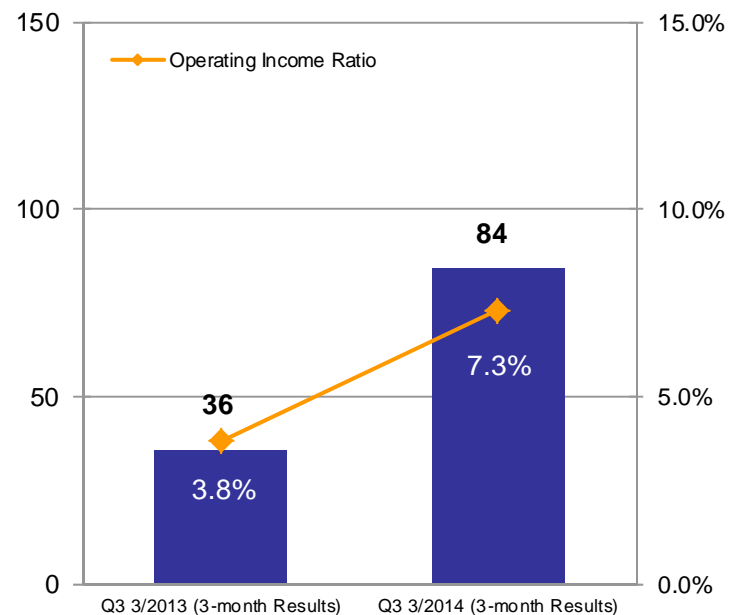
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	Q3 3/2013 (3-month Results)	Q3 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	319	388	+21.5% (-0.5%)
Europe	292	380	30.2% (+1.4%)
Asia & Others	98	128	+31.6% (+9.8%)
Japan	131	139	+6.1% (+6.1%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	Q3 3/2013 (3-month Results)	Q3 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	47	55	+16.5% (-4.8%)
Europe	29	39	+35.1% (+4.9%)
Asia & Others	11	15	+35.3% (+11.2%)
Japan	9	10	+7.9% (+7.9%)

✓ Sales in the Americas were at the same level as the previous year due to a reactionary drop from the launch of new products and intense competition in a certain region.

✓ Operating income significantly increased due to the positive effect of forex, despite negative factors such as an increase in SGA.

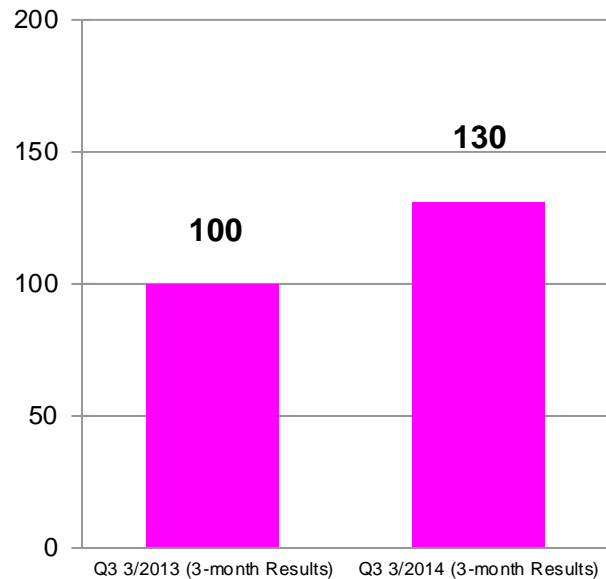
Personal & Home Sales & Operating Income

< FY2013 Q3(3-month Results) >



Net Sales

(100 Millions of Yen)

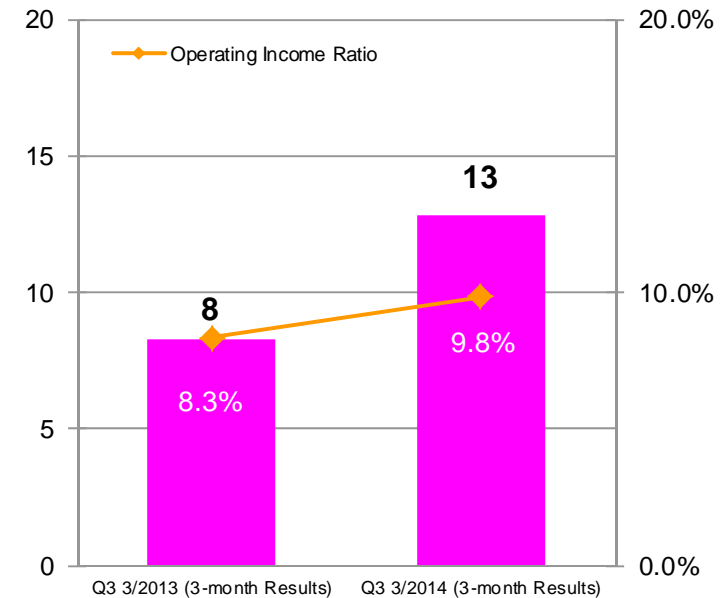


Change(w/o forex impact)

Home sewing machines
+30.8% (+8.1%)

Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	Q3 3/2013 (3-month Results)	Q3 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	59	77	+30.3% (+6.4%)
Europe	21	30	+45.6% (+12.1%)
Asia & Others	8	10	+36.6% (+16.2%)
Japan	12	13	+4.3% (+4.3%)

- ✓ Sales grew due to steadily increased sales in Europe and the Americas.
- ✓ Operating income significantly increased mainly due to the positive effect of forex.

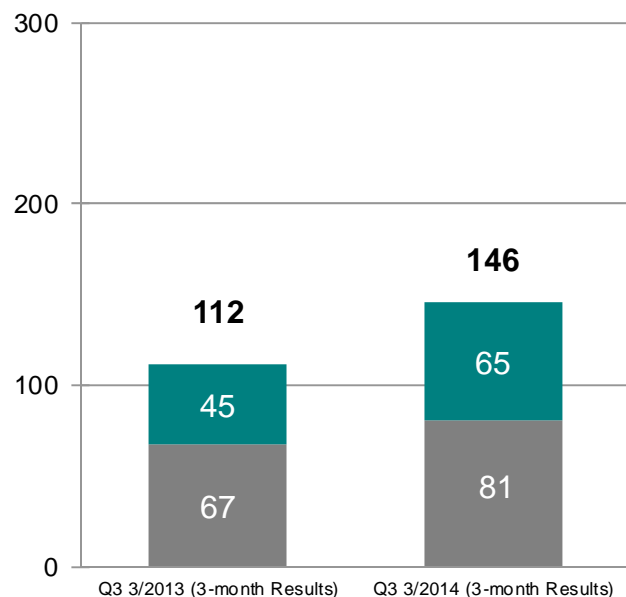
Machinery & Solution Sales & Operating Income

< FY2013 Q3(3-month Results) >



Net Sales

(100 Millions of Yen)

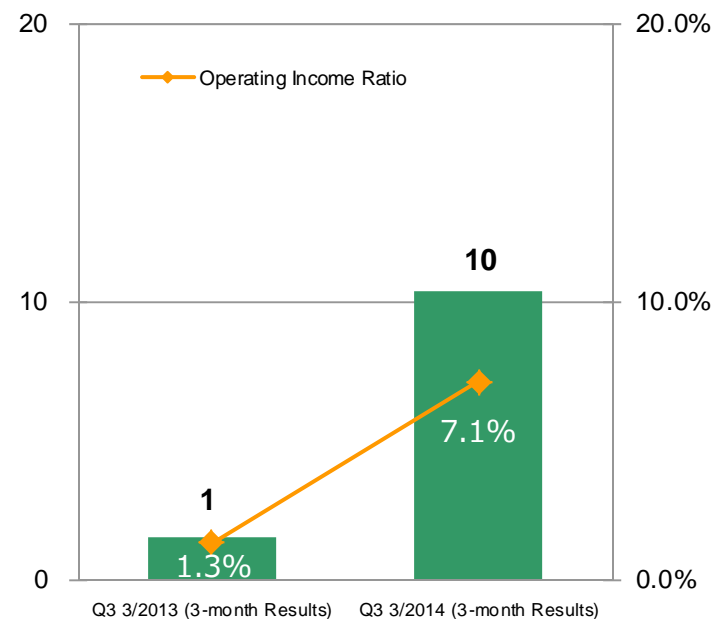


Change(w/o forex impact)

Industrial sewing machines	+45.3% (+16.4%)
Machine tools	+20.6% (+8.7%)
Total	+30.5% (+11.8%)

Operating Income

(100 Millions of Yen)



Industrial sewing machines

Geographical Sales(100 Millions of Yen)

	Q3 3/2013 (3-month Results)	Q3 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	10	12	+27.2% (+3.1%)
Europe	8	9	+19.0% (-8.3%)
Asia & Others	26	42	+61.1% (+28.5%)
Japan	1	2	+22.9% (+22.9%)

Machine tools

Geographical Sales(100 Millions of Yen)

	Q3 3/2013 (3-month Results)	Q3 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	5	6	+33.1%
Europe	3	6	+111.1%
Asia & Others	48	59	+21.3%
Japan	11	10	-9.6%

- ✓ Sales of industrial sewing machines increased due to a recovery in demand in the sewing industry and the contribution of new products.
- ✓ Sales of machine tools increased due to a recovery in demand in the IT-related industry.
- ✓ Operating income rose due to increased sales.

*As machine tools are mostly exported to customers abroad directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

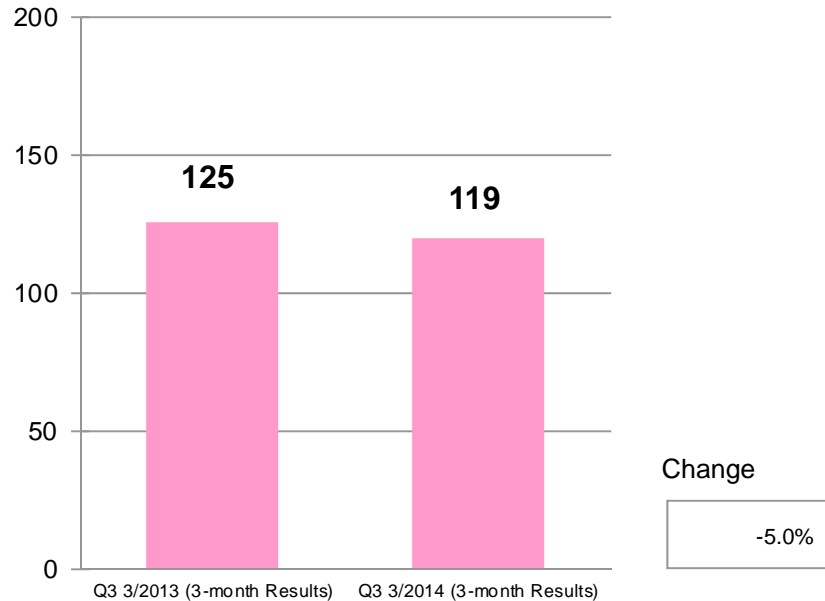
Network & Contents Sales & Operating Income

< FY2013 Q3(3-month Results) >



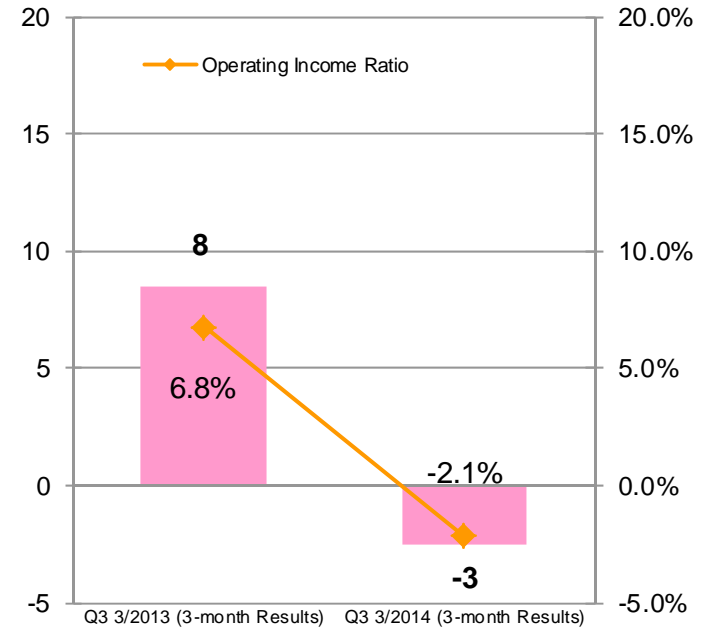
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



- ✓ Sales decreased due to a reactionary drop from the launch of new karaoke machines and slow sales in the content business, although sales in the directly-managed karaoke shop business exceeded those in the same period last year.
- ✓ Operating income fell into the red due to a sales decrease and an increase in SGA.

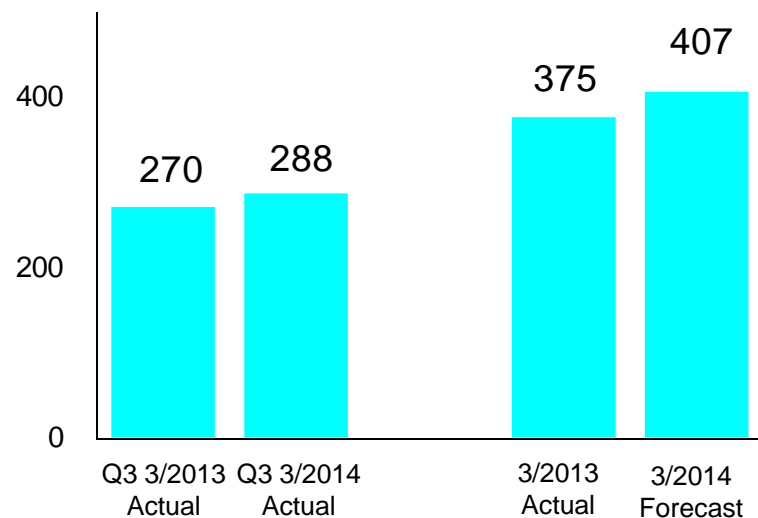
- Regional sales breakdown for “Network & Contents” is not referred here because majority of sales are made in Japan.

R&D expenses, Capital expenditure, Depreciation and amortization and Inventories



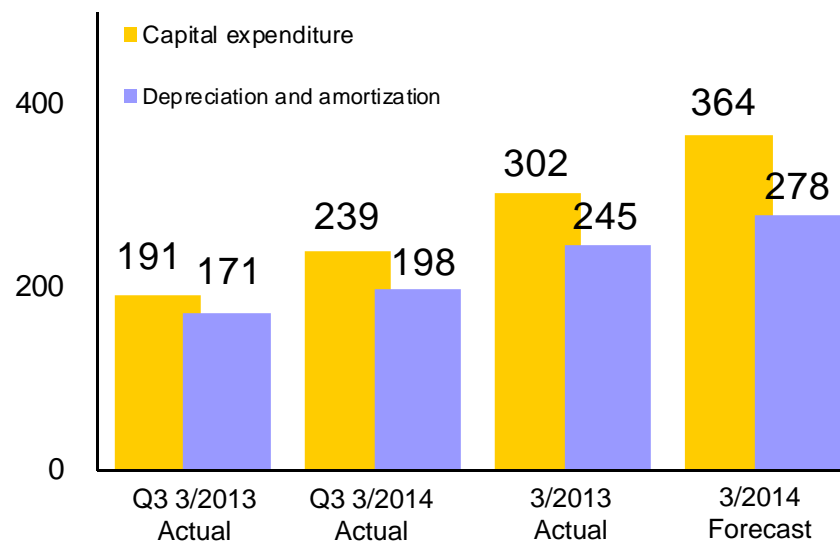
R&D expenses

(100 Millions of Yen)



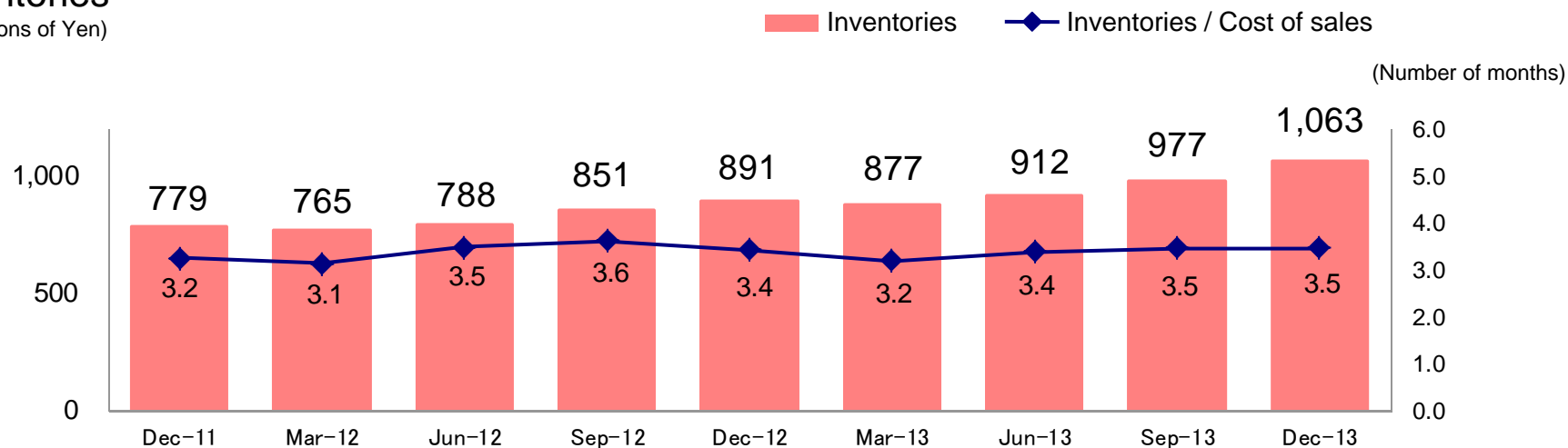
Capital expenditure and Depreciation and amortization

(100 Millions of Yen)



Inventories

(100 Millions of Yen)



brother
at your side