

Fiscal Year 2015 (ending March 31, 2016)

First Quarter Results
(3-month results ended June 30, 2015)

Brother Industries, Ltd.

August 4, 2015

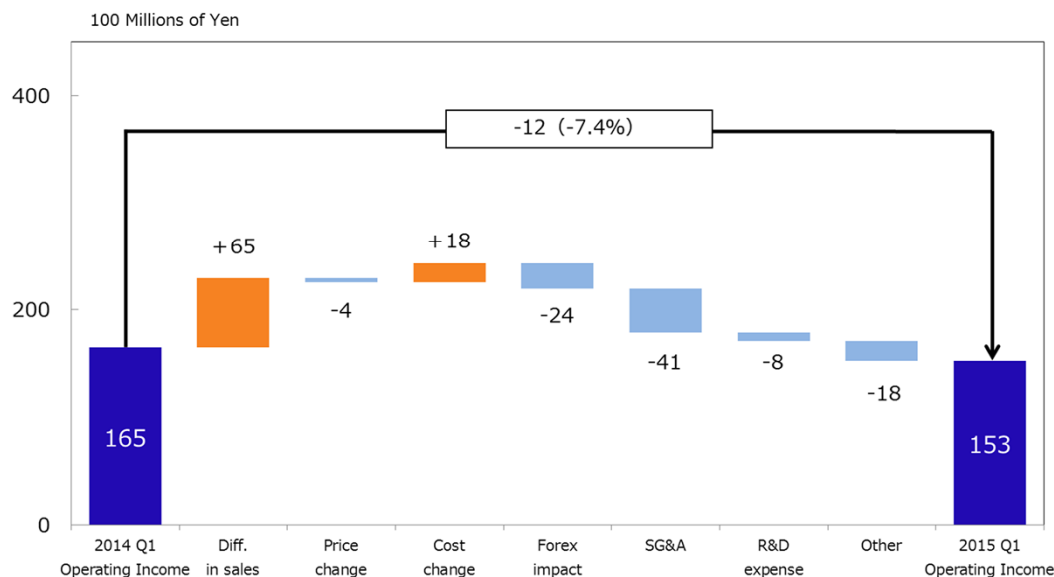
Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, 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.

	15Q1	14Q1	Rate of Change (w/o forex impact)
Net Sales	1,771	1,604	10.4% (+4.0%)
Operating Income	153	165	-7.4%
Operating Income Ratio	8.6%	10.3%	
Current Profits	160	148	7.9%
Extraordinary Income(Loss)	-3	162	
Income Taxes	86	16	
Net income	71	294	-75.8%
Net income Attributable to owners of the company	69	294	-76.5%

Exchange Rates	15Q1	14Q1
USD	121.34	102.14
EUR	133.86	140.01

- ✓ Sales increased, driven by strong sales of Machine tools to IT-related customers.
- ✓ Despite operating income increase in existing businesses, operating income as a whole decreased due to M&A costs.
- ✓ Net income decreased significantly due to the absence of the specific factors that arose in the prior year, such as a gain on the sale of property and lower corporate tax by tax effect accounting.

- ✓ Net sales were ¥177.1 billion, up 10.4% year-on-year, driven by strong sales of Machine tools to IT related customers
- ✓ Despite an operating income increase in the existing businesses, operating income as a whole decreased due to M&A costs of ¥1.8 billion
- ✓ Net income attributable to owners of the parent company decreased significantly due to the absence of the specific factors that arose in the prior year, such as a gain on the sale of property and lower corporate tax by tax effect accounting



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- ✓ A rise in sales was ¥6.5 billion mainly due to increased sales of consumables in the P&S business and of Machine tools in the M&S business
- ✓ A negative impact from forex was ¥2.4 billion primarily owing to the yen's appreciation against the euro
- ✓ A rise in SG & A was ¥4.1 billion mainly due to increases in expenses arising from the P&S and M&S businesses.
- ✓ R&D cost grew by ¥0.8 billion compared with the same period last year
- ✓ The entire amount classified as others was costs associated with the acquisition of Domino shares

	15TY	Previous forecast	Rate of Change	14TY	Rate of Change (w/o forex impact)
Net Sales	8,300	7,600	9.2%	7,072	17.4% (+14.2%)
Operating Income	580	580	-	575	0.8%
Operating Income Ratio	7.0%	7.6%		8.1%	
Current Profits	560	560	-	516	8.6%
Extraordinary Income(Loss)	-5	-15		138	
Income Taxes	195	185		116	
Net income	360	360	-	538	-33.0%
Net income Attributable to owners of the company	355	355	-	540	-34.2%

Exchange Rates	15TY	Previous forecast	14TY
USD	120.60	115.00	110.03
EUR	134.82	125.00	138.68

- ✓ Sales forecast has been revised upward by ¥70.0 billion by factoring in changes to the assumed exchange rates in light of the yen's depreciation and due to newly consolidated Domino.
- ✓ Despite a loss of ¥4.5 billion relating to Domino business, forecast for each income remains unchanged from the previous forecast mainly because the positive effect of forex is expected to offset the loss.

- ✓ We have included newly consolidated Domino's profit and loss in this forecast
- ✓ We have revised sales forecast upward by ¥70.0 billion from the initial forecast. The breakdown is ¥50.0 billion, brought about by newly consolidated Domino, and ¥20.0 billion, resulting from changes to the assumed exchange rates in light of the yen's depreciation
- ✓ Despite a loss of ¥4.5 billion in the Domino business, including one-time costs associated with the acquisition of Domino shares, operating income forecast remains unchanged from the initial forecast mainly because we expect the loss to be offset by the positive effect of the assumed exchange rates revised in light of the yen's depreciation

Printing & Solutions

- ✓In some regions, sell-in was slow due to temporary adjustments in the distributor's channels. However, currently there is a sign of improvement.
- ✓In emerging countries, IJP with super high-yield refill ink tank were launched.

Personal & Home

- ✓In developed countries, sales in North America remained steady although sales in Russia fell sharply.
- ✓Market share continued to grow in emerging markets in China and other Asian regions.

Industrial sewing machine

- ✓Although sales in China significantly increased due to the launch of new lock stitch sewing machines, sales in other Asian regions were lower than expected due to economic slowdown.
- ✓In Europe and the Americas, strong sales of garment printers continued.

Machine tools

- ✓Quarterly sales reached record high due to increased shipments to IT-related customers.
- ✓Steady sales to auto-related customers continued.

Network & Contents

- ✓New online karaoke machine models were announced for the first time in three years.
- ✓Structure for operating total content business, from original recording through karaoke, was established by incorporating Teichiku Entertainment, Inc.

Industrial Part

- ✓Opportunity for increasing sales of high-efficiency gear motors (IE3) was brought by the revised Energy Saving Act.

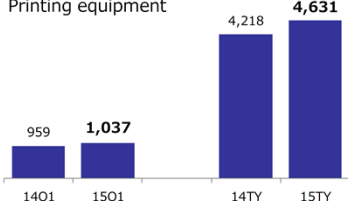
Aim to increase sales in all regions by making aggressive investments for sales growth.

- In Q1, sales were slower in some regions due to inventory adjustments in the distributor's channels.
- Sales of consumables remain steady in every region.

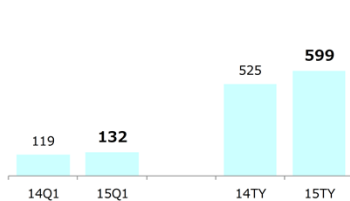


	14Q1	15Q1	Change	Change x.FX	14TY	15TY	Change	Change x.FX
Net Sales	1,078	1,169	8.5%	1.7%	4,743	5,230	10.3%	7.0%
Communications & Printing equipment	959	1,037	8.2%	1.7%	4,218	4,631	9.8%	6.7%
Americas	374	424	13.5%	-0.8%	1,680	1,942	15.6%	8.5%
Europe	326	334	2.3%	4.7%	1,417	1,422	0.4%	1.8%
Asia & Others	173	177	2.4%	-7.3%	694	825	18.9%	14.1%
Japan	86	102	18.9%	18.9%	427	442	3.5%	3.5%
Electronic stationery	119	132	10.6%	1.7%	525	599	14.2%	9.6%
Americas	56	68	20.5%	4.3%	253	298	17.7%	9.5%
Europe	36	37	3.8%	5.9%	158	162	2.7%	3.7%
Asia & Others	19	19	-3.6%	-14.8%	78	94	19.9%	13.8%
Japan	8	8	5.9%	5.9%	35	45	27.7%	27.7%
Operating Income	118	109			357	383		

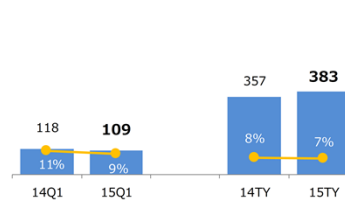
<Net Sales>
Communications & Printing equipment



<Net Sales>
Electronic stationery



<Operating Income>



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- ✓ While there were no major changes in the market for Communications & Printing equipment, sell-in was slower in Q1 due to temporary adjustments in the distributors' channels in the Americas and China. However, given that sell-out has not changed significantly, we expect the sell-in status to get back to normal in Q2

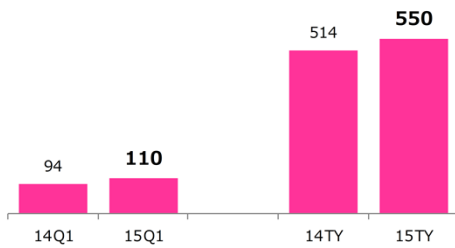
Strong overseas sales continue.

- Overseas sales increase due to the launch of new mid-range models.
- Despite weaker sales in Russia, sales in Western Europe remain strong.

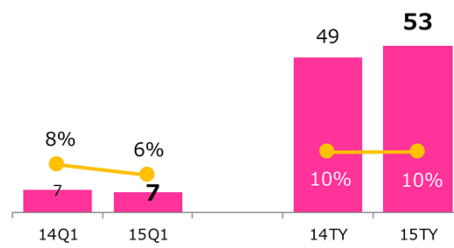


	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	94	110	17.3%	8.7%	514	550	6.9%	2.7%
Americas	48	62	29.1%	13.0%	296	329	11.2%	3.6%
Europe	24	23	-7.2%	-2.8%	111	109	-2.1%	1.0%
Asia & Others	13	17	32.7%	21.4%	60	74	24.2%	19.6%
Japan	9	8	-2.0%	-2.0%	48	38	-20.0%	-20.0%
Operating Income	7	7			49	53		

<Net Sales>



<Operating Income>



- ✓ Sales, particularly overseas sales, increased due to the launch of new mid-range models. In Europe, although we saw negative growth due to weaker sales in Russia, sales in Western Europe remained strong

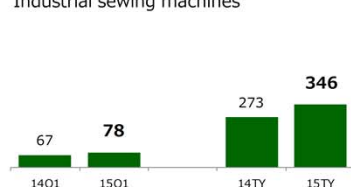
Strong sales of Machine tools continue in Asia.

- For Industrial sewing machines, new lock stitch sewing machines were launched.
- For Machine tools, sales to IT-related customers remain strong.

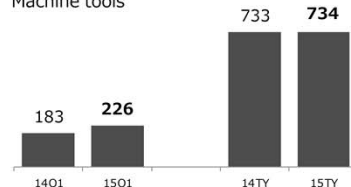


	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	250	303	21.4%	13.9%	1,006	1,080	7.3%	2.9%
Industrial sewing machines	67	78	16.6%	2.3%	273	346	26.7%	18.5%
Americas	13	16	26.6%	7.3%	54	62	15.7%	5.5%
Europe	10	12	16.2%	21.6%	43	47	9.2%	12.5%
Asia & Others	42	48	14.0%	-4.0%	169	230	35.7%	24.9%
Japan	2	2	8.7%	8.7%	7	7	0.9%	0.9%
Machine tools	183	226	23.2%	18.1%	733	734	0.1%	-2.9%
Americas	8	6	-25.3%	-	29	28	-1.2%	-
Europe	6	7	31.6%	-	23	30	27.6%	-
Asia & Others	158	196	24.2%	-	622	609	-2.1%	-
Japan	12	17	36.8%	-	59	67	13.1%	-
Operating Income	42	59			162	150		

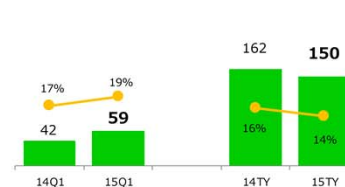
<Net Sales>
Industrial sewing machines



<Net Sales>
Machine tools



<Operating Income>



- ✓ Regarding Industrial sewing machines, sales in China significantly recovered owing to the launch of new lock stitch sewing machines. Sales of garment printers remain steady in Europe and the Americas
- ✓ Regarding Machine tools, quarterly sales reached a record high due to strong sales to both IT-related and auto-related customers

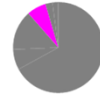
JOYSOUND new models were announced.

- In July, new online karaoke machines were launched for the first time in three years.
- Financial performance is expected to improve from Q2 and beyond.

JOYSOUND MAX

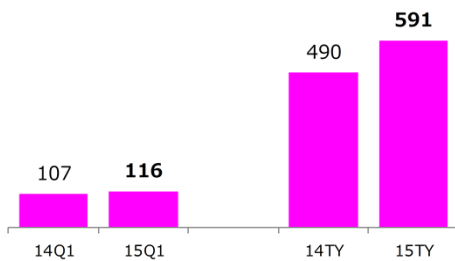


JOYSOUND 92

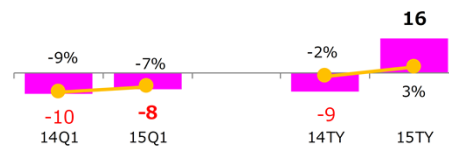


	14Q1	15Q1	Change	14TY	15TY	Change
Net Sales	107	116	8.4%	490	591	20.7%
Operating Income	-10	-8		-9	16	

<Net Sales>



<Operating Income>



- ✓ Net sales increased due to steady business operations in karaoke clubs and to newly consolidated Teichiku Entertainment, Inc. and Teichiku Music Inc
- ✓ Although we posted an operating loss, profitability improved due to a decrease in R&D costs.

Sales increase of high-efficiency gear motors

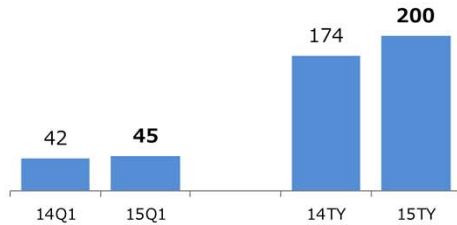
- Aim to increase sales of IE3 gear motors in Japan.
- Aim to grow sales in North America and South Korea.

Nissei

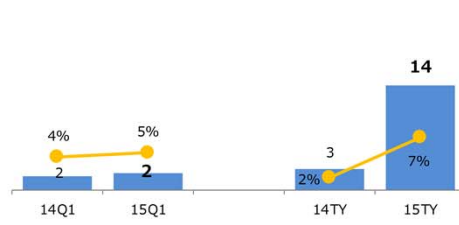


	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	42	45	7.3%	3.7%	174	200	14.7%	12.7%
Americas	6	7	5.0%	-11.7%	23	30	31.6%	20.8%
Asia & Others	1	4	308.0%	259.9%	5	19	309.5%	288.9%
Japan	35	35	-0.3%	-0.3%	147	151	2.7%	2.7%
Operating Income	2	2			3	14		

<Net Sales>

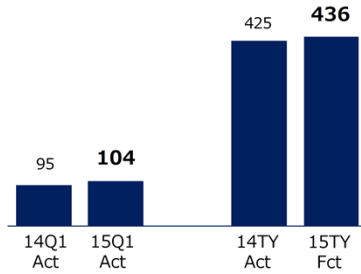


<Operating Income>

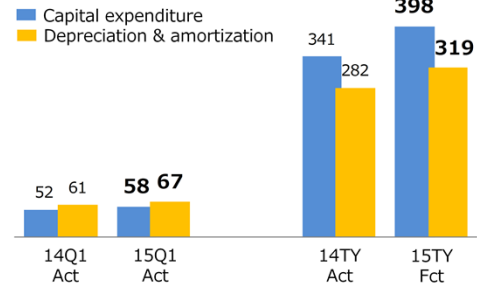


- ✓ Sales increased due to steady demand in every region and to a positive effect from changes in distribution channels in some Asian regions

R&D expenses
(100 Millions of Yen)



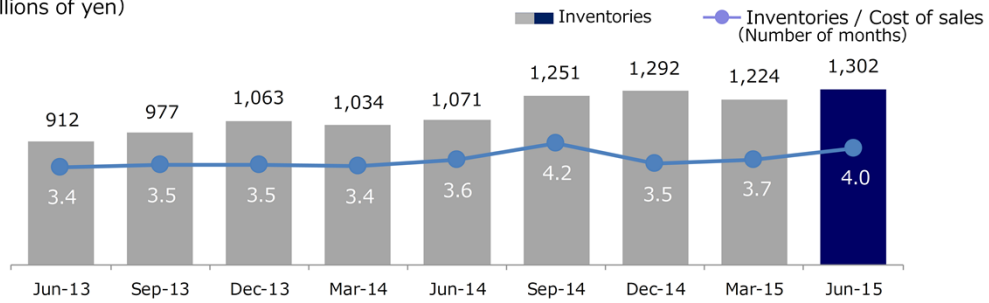
**Capital expenditure /
Depreciation & amortization**
(100 Millions of Yen)



*FY 2015 Forecast for R&D, capex and depreciation & amortization does not include Domino business figures.

Inventories

(100 Millions of yen)



brother
at your side