

# Financial Results for Fiscal Year 2016 (ended March 31, 2017)

**Brother Industries, Ltd.**  
**May 9, 2017**

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.

- ✓ **Highlight for FY2016**
- ✓ **Forecast for FY2017**
- ✓ **Changing the target figure of CS B 2018**
- ✓ **Shareholder Return**



## ✓ Highlight for FY2016



## Highlight for FY2016



(100 Millions of Yen)

	FY16	FY15	Rate of Change (w/o forex impact)	FY16 Q4	FY15 Q4	Rate of Change (w/o forex impact)
Sales Revenue	<b>6,412</b>	6,821	-6.0% (+3.8%)	<b>1,643</b>	1,593	3.2% (+7.7%)
Business Segment Profit	<b>608</b>	549	10.6%	<b>114</b>	97	16.8%
Business Segment Profit Ratio	<b>9.5%</b>	8.1%		<b>6.9%</b>	6.1%	
Operating Profit	<b>592</b>	586	0.9%	<b>118</b>	71	66.4%
Operating Profit Ratio	<b>9.2%</b>	8.6%		<b>7.2%</b>	4.5%	
Income before Tax	<b>613</b>	572	7.1%	<b>124</b>	67	85.7%
Net Income	<b>472</b>	412	14.6%	<b>86</b>	50	72.0%
ROE	<b>13.9%</b>	12.1%	-	-	-	-
Exchange Rates						
USD	<b>109.03</b>	120.16		<b>113.76</b>	116.95	
EUR	<b>119.37</b>	132.36		<b>120.81</b>	128.94	

- ✓ Despite the solid global growth of the P&S business, sales decreased on the yen basis due to a large negative impact of yen's appreciation.
- ✓ Profit increased significantly in real terms as a result of the efforts made according to the new mid-term strategy to enhance profitability of the P&S business, despite a 13.2-billion yen negative impact of yen's appreciation in the business segment profit.

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First, this is the outline of Brother's financial results for FY2016 which ended in March 2017.

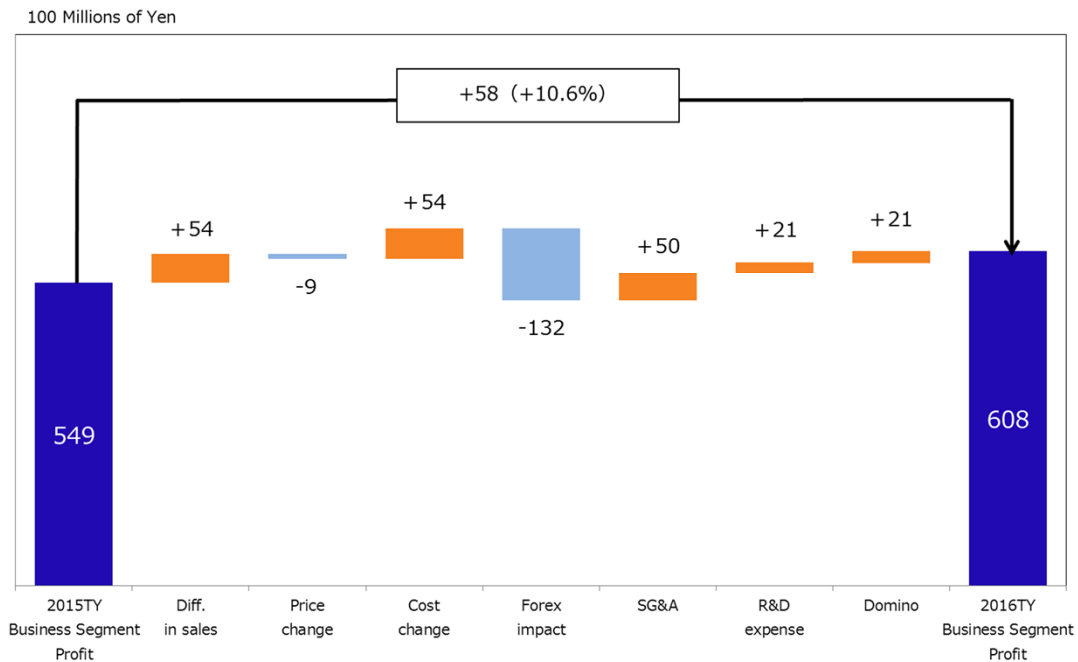
Sales revenue decreased by 6.0% or 40.9 billion yen, to 641.2 billion yen on a yen basis. However, in real terms, sales revenue increased by 3.8% or 26.1 billion yen, if the negative impact of the yen's appreciation, which resulted in about 67 billion yen of decrease, is excluded.

The business segment profit increased by 10.6% or 5.8 billion yen, to 60.8 billion yen.

Net income increased by 14.6% or 6.0 billion yen, to 47.2 billion yen.

Net income increased by slightly less than 2.0 billion yen in real terms due to an impact of tax effect accounting, etc., which boosted profit by 4.2 billion yen.

## Main Factors for Changes in Business Segment Profit



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These are the main factors for changes in the business segment profit for the FY2016.

Profit increased by 5.8 billion yen as compared to the same period last year.

The increase of 5.4 billion yen in sales is attributable to positive factors, such as an increase in sales volume and shifting our focus to models with higher profitability in the P&S Business. Sales decrease in the P&H Business, Machinery Business and N&C Business are negative factors that affected the result.

The cost reduction of 5.4 billion yen is owed mainly to cost-cutting effort in the P&S Business.

Of the decrease of 13.2 billion yen owing to the impact of forex fluctuation, the majority is due to the impact of an approximate 13-yen appreciation of yen against the euro.

Of the 5 billion yen increase in SG&A, the P&S Business and N&C Business (the businesses of profitability enhancement) accounted for the majority of it.

The increase of 2.1 billion yen in R&D expenses resulted mainly from the reduction in the P&S Business and N&C Business.

The increase of 2.1 billion yen for Domino in this graph indicates a change associated with the Domino business.

This is also due to the fact that the cost for acquisition of Domino's shares, which had been reported last year, no longer existed (approximately 1.7 billion yen).

# Highlight by business segment



(100 Millions of Yen)

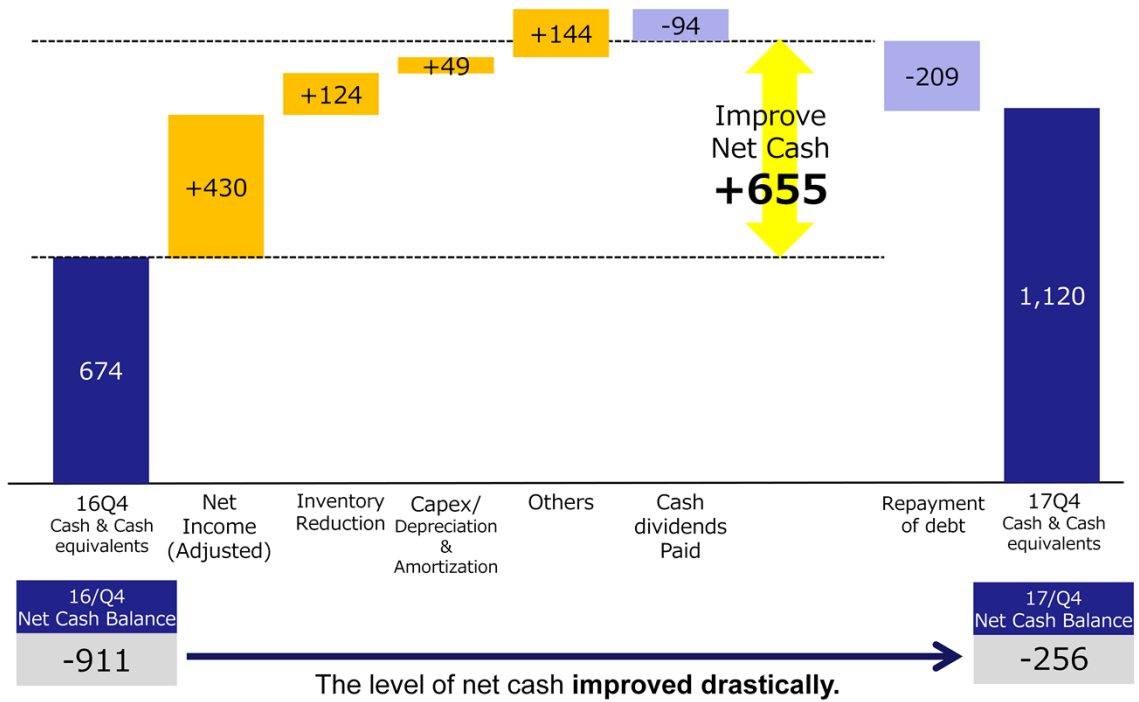
Sales Revenue	FY16	FY15	Rate of Change	Rate of Change (w/o forex impact)
<b>Total</b>	<b>6,412</b>	<b>6,821</b>	<b>-6.0%</b>	<b>3.8%</b>
Printing & Solutions	3,836	4,150	-7.6%	2.6%
Personal & Home	444	510	-12.9%	-3.2%
Machinery	909	993	-8.4%	-2.4%
Network & Contents	497	539	-7.7%	-7.5%
Domino business	594	483	-	-
Other	131	146	-10.0%	-10.1%

Business Segment Profit	FY16	FY15	Rate of Change
<b>Total</b>	<b>608</b>	<b>549</b>	<b>10.6%</b>
Printing & Solutions	457	336	36.1%
Personal & Home	20	48	-57.1%
Machinery	62	114	-45.9%
Network & Contents	22	22	1.7%
Domino business	42	38	-
Other	7	12	-40.9%
Adjustment	-2	-20	-89.9%

Operating Profit	FY16	FY15	Rate of Change
<b>Total</b>	<b>592</b>	<b>586</b>	<b>0.9%</b>
Printing & Solutions	455	390	16.7%
Personal & Home	19	49	-61.4%
Machinery	60	114	-47.4%
Network & Contents	9	-5	-
Domino business	44	35	-
Other	7	23	-67.3%
Adjustment	-2	-20	-89.9%

# Cash Flows / Net Cash Balance

(100 Millions of Yen)



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This chart indicates cash flow/net cash balance.

In FY2016, we were able to improve the level of net cash drastically due to inventory liquidation and restraint on capital investment, in addition to profits exceeding the estimate.

## ■ Printing & Solutions

- Renewed high-speed and highly durable models of monochrome LBP



HL-L6400DW



MFC-L5755DW



MFC-L6900DW

- Received the Line of the Year, which is given to a company that released the best product lineup of the year, in the monochrome printer/all-in-one category from Buyers Laboratory (BLI), a US independent review organization



## ■ Machinery

- Kariya Factory (the sixth factory) launched its operation (August)



## ■ Domino Business

- New products were released as part of our lineup of CIJs, Domino's flagship products (November)



This is the summary of the main achievements made during the first half of FY2016.

As for monochrome laser products, which are Brother's core products, we have completed most of the model changes to high-speed and highly durable models globally. White-colored body products especially have doubled in durability in comparison to previous models, and have potential to become the core products leading sales expansion in the SMB market.

In the Machinery business, the new facility built within the Kariya Factory started its operation.

Unfortunately, factory utilization is not high due to a decline in IT demand. However, it serves as an essential infrastructure for further business expansion through improvement of the ratio of in-house parts production, reduction of the number of external warehouses, and expansion of a production space in a given place.

In the Domino Business, we introduced new products to our lineup of CIJs, Domino's core Products.





## Printing & Solutions

Communications & Printing equipment / Electronic stationery

(100 Millions of Yen)

	FY16	FY15	Change	Rate of Change (w/o FX)
<b>Sales Revenue</b>				
<b>Printing &amp; Solutions</b>	<b>3,836</b>	4,150	-7.6%	2.6%
Communication & Printing equipment	3,386	3,666	-7.7%	2.5%
Electronic stationery	451	484	-6.9%	3.6%
<b>Business Segment Profit</b>	<b>457</b>	336	36.1%	-
<b>Operating Profit</b>	<b>455</b>	390	16.7%	-

### <Sales Revenue>

(Communications & Printing equipment )

- ✓ Sales volume of both monochrome and color LBPs surpassed that of the previous year due to increased sales of the models targeting the SOHO market.
- ✓ As for IJP, our focus was shifted to highly profitable models.

(Electronic stationery)

- ✓ Sales steadily increased in the labeling and mobile solutions businesses.
- ✓ Sales of PT-P300BT, a label printer for smartphones, were strong in Japan

### <Operating Profit>

- ✓ Operating profit increased largely as a result of pursuing improvement of model mix, controlling of promotional expenses, and reducing of fixed cost in accordance with the strategy for profitability enhancement.
- ✓ The profitability of IJPs improved due to an increase of highly profitable models
- ✓ Steady sales increase of consumables contributed as well.



Black & White All-in-One  
MFC-L6900DW



Label Printer PT-P300BT

This is the highlight of the Printing & Solutions Business.



## Personal & Home

### Home sewing machines

(100 Millions of Yen)

	FY16	FY15	Change	Rate of Change (w/o FX)
<b>Sales Revenue</b>	<b>444</b>	510	-12.9%	-3.2%
<b>Business Segment Profit</b>	<b>20</b>	48	-57.1%	-
<b>Operating Profit</b>	<b>19</b>	49	-61.4%	-

#### <Sales Revenue>

✓ Sales decreased due to a negative impact of forex rate resulting from the yen's appreciation and globally weakened demand

#### <Operating Profit>

✓ Operating profit decreased due to a negative impact of forex rate resulting from the yen's appreciation and increased prior investment for further growth, such as R&D expense, in addition to sales decline.



XV-8550D  
©Disney



PR1050X

This is the highlight of the Personal & Home Business.



## Machinery

Industrial sewing machines/Machine tools/Industrial Parts

(100 Millions of Yen)

	FY16	FY15	Change	Rate of Change (w/o FX)
<b>Sales Revenue</b>				
<b>Machinery Business</b>	<b>909</b>	993	-8.4%	-2.4%
Industrial sewing machines	268	307	-12.8%	-2.4%
Machine tools	454	504	-10.0%	-5.5%
Industrial Parts	188	181	3.6%	6.2%
<b>Business Segment Profit</b>	<b>62</b>	114	-45.9%	-
<b>Operating Profit</b>	<b>60</b>	114	-47.4%	-

### <Sales Revenue>

(Industrial sewing machines)

- ✓ Sales decreased due to sluggish growth in demand in Southeast Asia as well as a negative impact of forex resulting from the yen's appreciation

(Machine tools)

- ✓ Despite sales decrease, the machine tools business continues to recover, while sales in the automobile related market, which is our field of focus, grew firmly and we received IT-related large quantity orders during the fourth quarter.

(Industrial Parts)

- ✓ Both domestic sales and overseas sales remained at the same level as last year.

### <Operating profit>

- ✓ Operating profit decreased significantly due to appreciation of the yen and increased prior investment for further growth, as well as decrease sales of machine tools.



SPEEDIO  
S500X1



NEXIO  
S-7300A



GTR F series

This is the highlight of the Machinery Business.



## Network & Contents

Online karaoke machines

(100 Millions of Yen)

	FY16	FY15	Change
<b>Sales Revenue</b>	<b>497</b>	539	-7.7%
<b>Business Segment Profit</b>	<b>22</b>	22	1.7%
<b>Operating Profit</b>	<b>9</b>	-5	-

### <Sales Revenue>

- ✓ In the online karaoke business, sales decreased because sales of the new on-line karaoke equipment have settled down
- ✓ In the karaoke club business, sales remained steady due to the reorganization of unprofitable clubs.

### <Business Segment Profit>

- ✓ Business segment profit stayed at the same level as the previous year owing to cost reduction in the karaoke club business and reduction of SG&A.

### <Operating Profit>

- ✓ Despite the impact caused by the temporary expenditure needed for structural reform to enhance profitability, operating profit returned to the black because impairment loss that had been reported in the previous period no longer existed.



**JOYSOUND MAX**



**JOYSOUND**  
HIBIKI

This is the highlight of the Network & Contents Business.

**DOMINO** Domino Business

※Comparison from Q2-Q4 (100 Millions of Yen)

	FY15 Q2-Q4	FY16 Q2-Q4	Change	Change x FX
Sales Revenue	483	449	-7.0%	21.6%
Business Segment Profit	38	33	-13.6%	15.1%
Operating Profit	35	35	-0.4%	30.9%

<Sales Revenue>

✓ Our core business of coding and marking business is growing steadily on a global basis despite the changes in the business environment, such as sharp drop of the exchange rate of the pound.

✓ In the digital printing equipment business, co-development is being pursued to create a synergy effect between Domino and Brother.

<Operating Profit>

✓ The profit growth remained at a similar level to the previous year on a yen basis but increased significantly on a pound basis due to various and active prior investments made to actualize future profit growth and accelerated depreciation of the pound caused by Brexit.



This is the highlight of Domino Business.

We included the results from FY2015Q2 through FY2015Q4 and FY2016Q2 through FY2016 Q4 for comparison.

## ✓ Forecast for FY2017



# Forecast for FY2017



(100 Millions of Yen)

	FY17 Forecast	FY16	Rate of Change (w/o forex impact)
Sales Revenue	<b>6,550</b>	6,412	2.2% (+4.2%)
Business Segment Profit	<b>600</b>	608	-1.2%
Business Segment Profit Ratio	<b>9.2%</b>	9.5%	
Operating Profit	<b>600</b>	592	1.4%
Operating Profit Ratio	<b>9.2%</b>	9.2%	
Income before Tax	<b>595</b>	613	-2.9%
Net Income	<b>430</b>	472	-9.0%
Adjusted Net Income	<b>430</b>	430	0.0%
ROE (Adjusted)	<b>12.7%</b>	12.5%	-
Exchange Rates			
USD	<b>108.00</b>	109.03	
EUR	<b>116.00</b>	119.37	

- ✓ Although a negative impact of the yen's appreciation is anticipated, sales are expected to increase as the growth businesses, such as the machinery business and Domino business, lead the sales growth.
  - ✓ Both business segment profit and operating profit are expected to increase in real terms, excluding a negative impact of forex rate due to the yen's appreciation
  - ✓ Current profit is expected to be at a similar level as the previous year, when compared on a real-term basis excluding the special factors reported in the previous year\*.
- \*①The impact of tax effect accounting resulting from the acquisition of Xing Inc. as a 100% subsidiary of Brother in the previous fiscal year. ② Gain on valuation of interest-rate swaps of the dollar-based debt payable

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This is the outline of the forecast for FY2017.

Sales revenue is expected to increase by 2.2%, or 13.8 billion yen, to 655 billion yen on a yen basis. However, this includes the negative impact of the yen's appreciation, which is a decrease of about 13 billion yen. Therefore, in real terms, sales revenue is expected to increase by 4.2% or 26.7 billion yen.

Business segment profit is expected to decrease by 1.2%, or 800 million yen, to 60 billion yen.

Net income is expected to decrease by 9.0%, or 4.2 billion yen, to 43 billion yen.

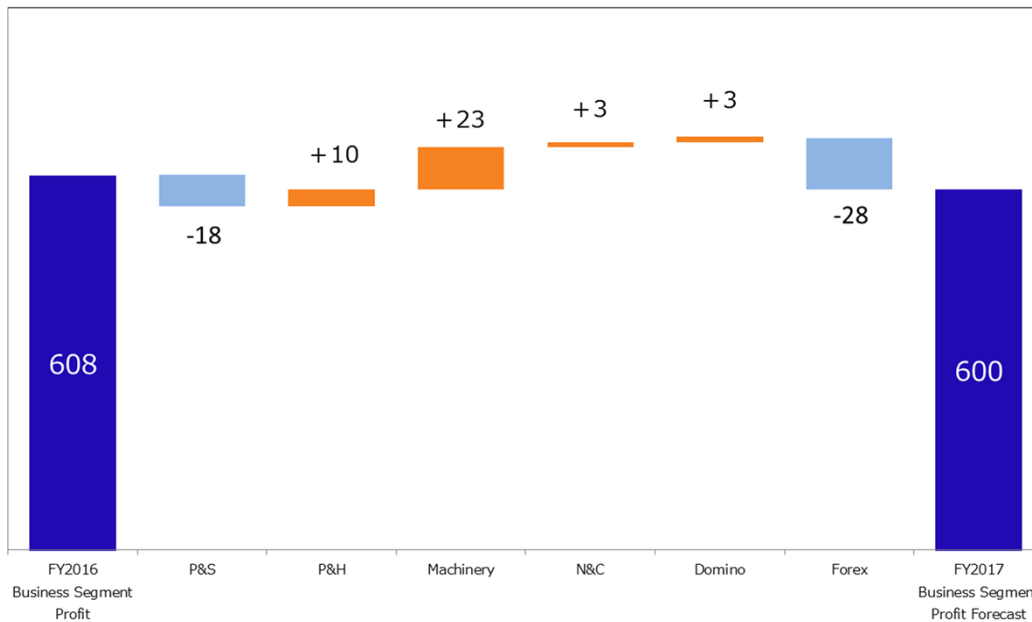
However, in real terms, net income is expected to remain flat due to the factors that boosted the revenue by about 4.2 billion yen in FY 2016, which resulted from tax effect accounting and so forth.

## Main Factors for Changes in Business Segment Profit (FY2017 Forecast)



(100 Millions of Yen)

The growth businesses leading the profit growth of the entire group.  
Profit expected to increase in real terms without a negative impact of forex rate.



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These are the main factors for changes in business segment profit for FY2017

In the P&S Business, cost increase associated with releasing of new products is expected.

An increase in business segment profit is expected in the P&H Business, Machinery Business, N&C Business and Domino Business respectively.

A decrease of 2.8 billion yen owing to a negative impact of forex fluctuation is expected for the entire group.

If the forex fluctuation stays at a similar level as FY2016, it will result in an increase of profit in real terms.



# Forecast for 2017 by business segment



(100 Millions of Yen)

Sales Revenue	FY17	FY16	Rate of Change	Rate of Change (w/o forex impact)
<b>Total</b>	<b>6,550</b>	<b>6,412</b>	2.2%	4.2%
Printing & Solutions	3,779	3,836	-1.5%	0.2%
Personal & Home	492	444	10.8%	11.9%
Machinery	1,026	909	12.8%	13.5%
Network & Contents	500	497	0.5%	0.6%
Domino business	628	594	5.8%	11.3%
Other	125	131	-4.7%	11.4%

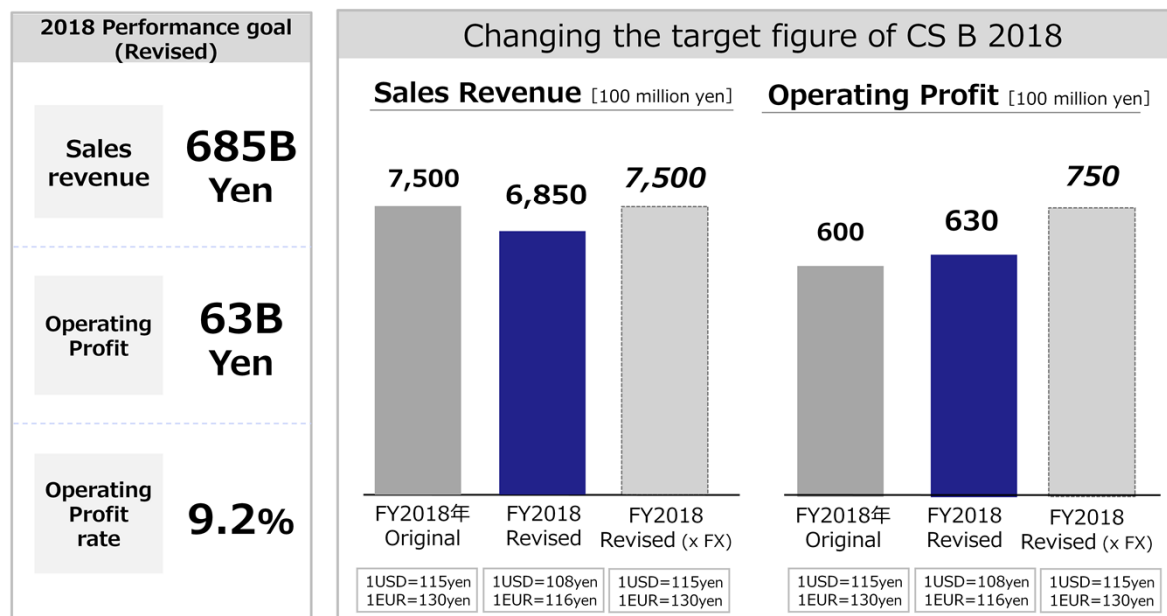
Business Segment Profit	FY17	FY16	Rate of Change
<b>Total</b>	<b>600</b>	<b>608</b>	-1.2%
Printing & Solutions	416	457	-8.9%
Personal & Home	29	20	42.2%
Machinery	82	62	32.7%
Network & Contents	25	22	12.9%
Domino business	43	42	2.9%
Other	5	7	-28.3%
Adjustment	-	-2	-

Operating Profit	FY17	FY16	Rate of Change
<b>Total</b>	<b>600</b>	<b>592</b>	1.4%
Printing & Solutions	425	455	-6.6%
Personal & Home	23	19	22.3%
Machinery	83	60	38.8%
Network & Contents	22	9	157.3%
Domino business	41	44	-6.1%
Other	6	7	-20.0%
Adjustment	-	-2	-

✓ **Changing the target figure  
of CS B 2018**



The profit targets will be attained mostly during the first fiscal year of the mid-term business strategy. The profit targets were raised, though the negative impact of yen's appreciation was reflected.



Considering the financial results of FY2016, we changed the targets of our mid-term business strategy, CS B2018.

We lowered the target for sales revenue by 65 billion yen from the original, as we revised the assumed exchange rate toward a stronger yen in accordance with the actual situation. However, we raised the target for operating profit from the original due mainly to the results of profitability improvement in the P&S Business.

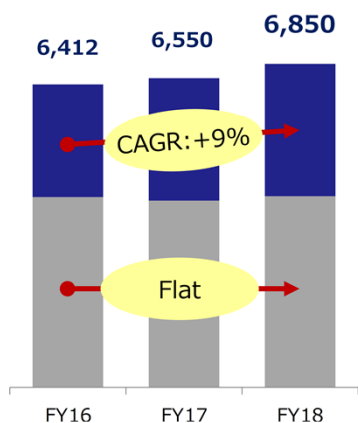
In the case that we decided against revisal of the assumed exchange rate, the target for sales revenue will remain at 750 billion yen without any change, and the target for operating profit will be revised upward by 15 billion yen to 75 billion yen.

Operating profit ratio remains more than 9% steadily  
Sales growth continues due to strengthening of the growth businesses

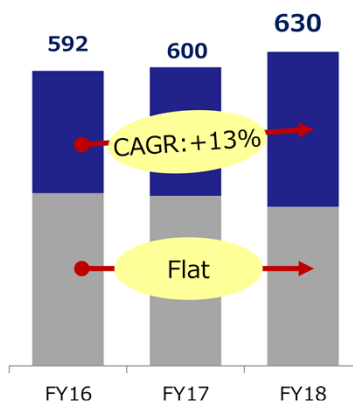
	FY16	FY17	FY18	16 v 17	17 v 18
Sales Revenue	6,412	6,550	6,850	2.2%	4.6%
Business Segment Profit	608	600	650	-1.2%	8.3%
Business Segment Profit Ratio	9.5%	9.2%	9.5%		
Operating Profit	592	600	630	1.4%	5.0%
Operating Profit Ratio	9.2%	9.2%	9.2%		
Net Income	472	430	450	-9.0%	4.7%
Adjusted Net Income	430	430	450	0.0%	4.7%
Exchange Rates					
USD	109.03	108.00	108.00		
EUR	119.37	116.00	116.00		

The business for profitability enhancement is expanding the growth businesses to complete business reform, while propping up group-wide performance.

### Sales Revenue



### Operating Profit



- Growth businesses and new businesses → P&S in SMB, L&M, P&H, Machinery, Domino
- Businesses for profitability enhancement → P&S in SOHO, N&C

P&S

✓ Communications & Printing equipment

- Maintaining Brother's presence in the SOHO market and maximizing the profit
- Business growth in the SMB market
- Profitability improvement in the emerging nations
- Profitability enhancement in the inkjet business
- Firmly maintaining the supply business model

✓ Electronic stationery

- Maintain the overwhelming position of No.1 in the labeling market
- Increase sales in the solution business area

P&H

✓ Home sewing machines

- Exploitation of purchasing-customer base for high-end machines
- Strengthen sales activities to expand share in the mid-range/high-end markets
- Enhance development of sales channels towards growth in the craft area

These are the strategies of the respective business segments.

## Machinery

✓ Industrial sewing machines

- Improvement of a process to support sales growth in the Asian market
- Strengthening of the business by offering solutions
- Growth of the garment business

✓ Machine tools

- Strengthen sales and service capabilities to increase sales to the automobile and motorcycle industries
- Optimize production structure with an eye to a recovery in demand from IT related customers

✓ Industrial parts

- Productivity improvement and profitability enhancement through cost reduction
- Development of products with a competitive edge

## N&C

- Recovery of the number of karaoke machines in operation
- Concentrating resources in the karaoke business
- Expansion and enhancement of the business of directly operated karaoke clubs

## Domino

- Invest in sales/service network to strengthen sales
- Realize synergies with Brother (in R&D and production)
- Increase production facilities (in U.K. and China)

These are the strategies of the respective business segments.

## ✓ Shareholder Return



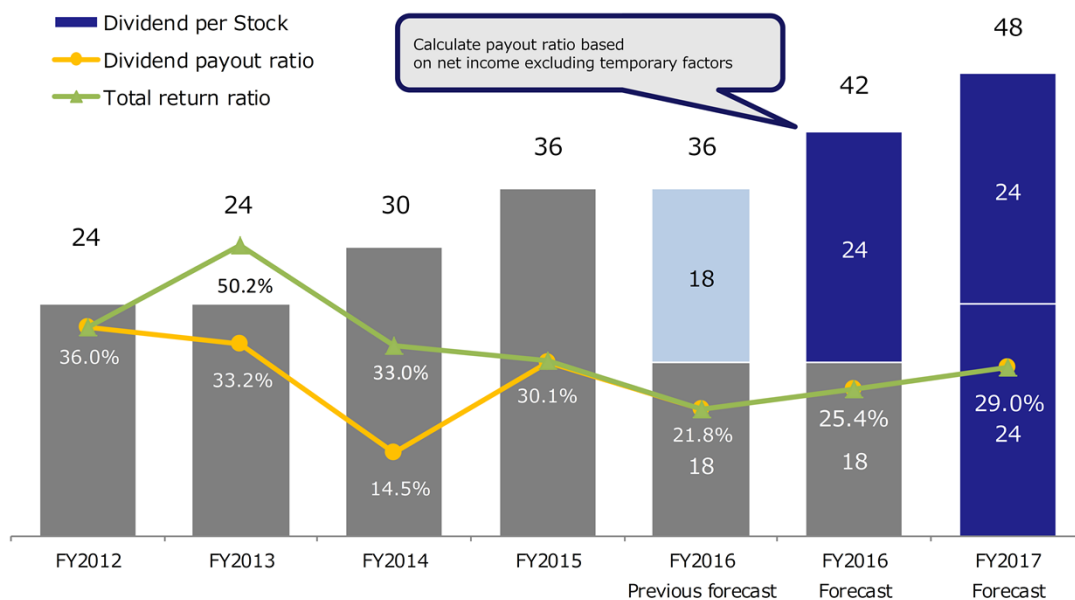
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Cancellation of the majority of treasury shares with the intent of eliminating concerns about future shares dilution.

Type of shares to be cancelled	Common shares of Brother Industries, Ltd.
Number of shares to be cancelled	15,315,336 shares (5.52% of the total number of shares outstanding prior to cancellation)
Scheduled date of cancellation	May 31 <sup>st</sup> , 2017
Total number of issued shares after cancellation	262,220,530 shares (Before cancellation: 277,535,866 shares)

- Maintaining consolidated dividend payout ratio of 30% stably -  
 The annual dividend per share for FY2016 increased by 6 yen to 42 yen per year.  
 The annual dividend for FY2017 is expected to be 48 yen.



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The year-end dividend for FY2016 will be increased by 6 yen to 24 yen per share. Thus, the annual dividend will become 42 yen.

In FY2017, we will increase the annual dividend by 6 yen from FY2016, to 48 yen per share in line with the suggested consolidated dividend payout ratio of 30 percent.

# Appendix



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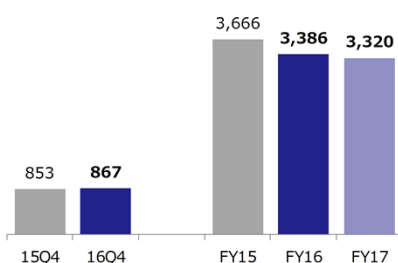
# Printing & Solutions Sales Revenue & Business Segment Profit



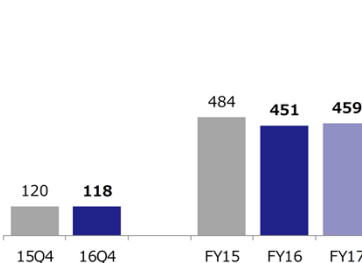
(100 Millions of Yen)

	15Q4	16Q4	Change	Change x FX	15TY	FY16	Change	Change x FX	FY17	Change	Change x FX
<b>Sales Revenue</b>	<b>973</b>	<b>985</b>	1.2%	4.7%	<b>4,150</b>	<b>3,836</b>	-7.6%	2.6%	<b>3,779</b>	-1.5%	0.2%
<b>Communications &amp; Printing equipment</b>	<b>853</b>	<b>867</b>	1.6%	5.1%	<b>3,666</b>	<b>3,386</b>	-7.7%	2.5%	<b>3,320</b>	-1.9%	-0.3%
Americas	314	330	5.2%	7.5%	1,393	1,283	-7.9%	3.4%	1,276	-0.6%	0.6%
Europe	313	286	-8.8%	-2.1%	1,221	1,076	-11.9%	0.2%	1,068	-0.7%	2.1%
Asia & Others	124	133	7.9%	9.5%	600	546	-8.9%	2.6%	539	-1.4%	0.4%
Japan	103	118	14.6%	14.6%	453	480	5.9%	5.9%	437	-9.0%	-8.9%
<b>Electronic stationery</b>	<b>120</b>	<b>118</b>	-1.3%	2.0%	<b>484</b>	<b>451</b>	-6.9%	3.6%	<b>459</b>	1.8%	3.5%
Americas	55	57	3.6%	5.9%	230	214	-6.9%	3.7%	220	2.5%	3.6%
Europe	39	34	-11.1%	-4.7%	147	132	-10.4%	1.6%	133	0.7%	3.5%
Asia & Others	15	16	7.6%	8.8%	69	66	-4.2%	8.2%	66	-0.1%	1.6%
Japan	11	11	-2.6%	-2.6%	38	39	2.5%	2.5%	41	5.3%	6.2%
<b>Business Segment Profit</b>	<b>69</b>	<b>77</b>	11.4%	-	<b>336</b>	<b>457</b>	36.1%	-	<b>416</b>	-8.9%	-
<b>Operating Profit</b>	<b>77</b>	<b>95</b>	23.7%	-	<b>390</b>	<b>455</b>	16.7%	-	<b>425</b>	-6.6%	-

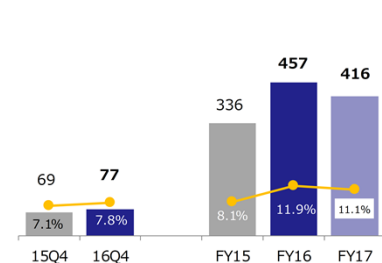
<Sales Revenue>  
Communications & Printing equipment



<Sales Revenue>  
Electronic stationery



<Business Segment Profit>



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Year-on-year growth rates **for hardware and consumable** for communications and printing equipment (excluding exchange rate)

	16Q4	16TY	17TY
Hardware	+12%	+6%	0%
Consumables	+1%	0%	0%

Year-on-year growth rates **for the printing category** for communications and printing equipment (excluding exchange rate)

	16Q4	16TY	17TY
IJP	+5%	+3%	-4%
LBP	+6%	+3%	+1%

**Percentage of consumables** in sales revenue for communications and printing equipment

	16Q4	16TY	17TY
Percentage of Consumables	60%	59%	59%

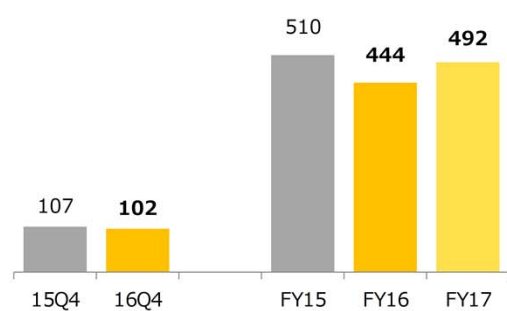
# Personal & Home Sales Revenue & Business Segment Profit



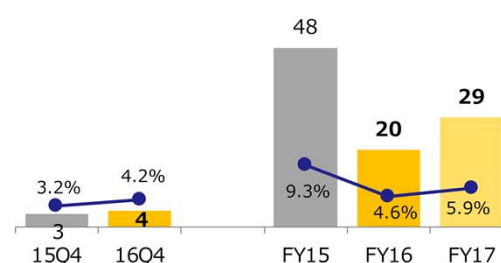
(100 Millions of Yen)

	15Q4	16Q4	Change	Change x FX	FY15	FY16	Change	Change x FX	FY17	Change	Change x FX
<b>Sales Revenue</b>	<b>107</b>	<b>102</b>	-4.7%	-1.9%	<b>510</b>	<b>444</b>	-12.9%	-3.2%	<b>492</b>	10.8%	11.9%
Americas	56	54	-4.4%	-2.3%	304	253	-16.7%	-5.9%	272	7.5%	8.1%
Europe	24	23	-3.6%	2.6%	101	96	-5.5%	5.3%	94	-2.1%	0.5%
Asia & Others	13	13	-4.7%	-2.9%	62	55	-11.0%	-1.4%	59	7.8%	9.5%
Japan	14	13	-7.5%	-7.5%	43	41	-6.2%	-6.2%	67	65.5%	65.0%
<b>Business Segment Profit</b>	<b>3</b>	<b>4</b>	25.4%	-	<b>48</b>	<b>20</b>	-57.1%	-	<b>29</b>	42.2%	-
<b>Operating Profit</b>	<b>3</b>	<b>3</b>	15.1%	-	<b>49</b>	<b>19</b>	-61.4%	-	<b>23</b>	22.3%	-

<Sales Revenue>



<Business Segment Profit>



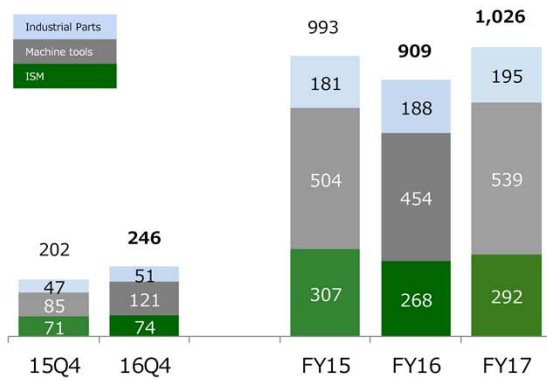
# Machinery Business Sales Revenue & Business Segment Profit



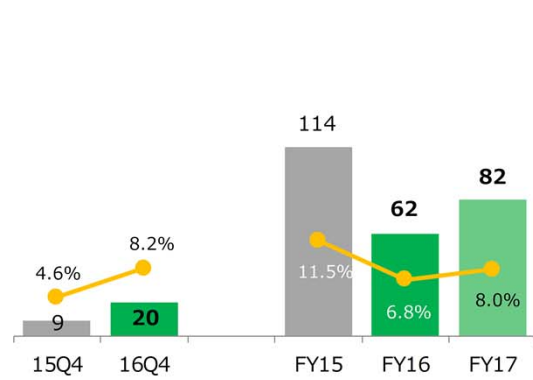
(100 Millions of Yen)

	15Q4	16Q4	Change	Change x FX	FY15	FY16	Change	Change x FX	FY17	Change	Change x FX
<b>Sales Revenue</b>	<b>202</b>	<b>246</b>	21.5%	25.1%	<b>993</b>	<b>909</b>	-8.4%	-2.4%	<b>1,026</b>	12.8%	13.5%
Industrial sewing machines	71	74	4.2%	8.7%	307	268	-12.8%	-2.4%	292	8.9%	10.4%
Machine tools	85	121	42.4%	46.8%	504	454	-10.0%	-5.5%	539	18.8%	19.4%
Industrial Parts	47	51	10.0%	10.6%	181	188	3.6%	6.2%	195	3.8%	3.9%
<b>Business Segment Profit</b>	<b>9</b>	<b>20</b>	114.0%	-	<b>114</b>	<b>62</b>	-45.9%	-	<b>82</b>	32.7%	-
<b>Operating Profit</b>	<b>6</b>	<b>15</b>	136.8%	-	<b>114</b>	<b>60</b>	-47.4%	-	<b>83</b>	38.8%	-

<Sales Revenue>



<Business Segment Profit>



# Machinery Business Sales Revenue & Business Segment Profit

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(100 Millions of Yen)

	15Q4	16Q4	Change	Change x FX	FY15	FY16	Change	Change x FX	FY17	Change	Change x FX
<b>Sales Revenue</b>	<b>202</b>	<b>246</b>	<b>21.5%</b>	<b>25.1%</b>	<b>993</b>	<b>909</b>	<b>-8.4%</b>	<b>-2.4%</b>	<b>1,026</b>	<b>12.8%</b>	<b>13.5%</b>
<b>Industrial sewing machines</b>	<b>71</b>	<b>74</b>	<b>4.2%</b>	<b>8.7%</b>	<b>307</b>	<b>268</b>	<b>-12.8%</b>	<b>-2.4%</b>	<b>292</b>	<b>8.9%</b>	<b>10.4%</b>
Americas	13	13	-1.2%	1.4%	63	54	-13.5%	-3.4%	60	11.1%	11.7%
Europe	10	10	-7.3%	-1.5%	46	41	-10.2%	0.1%	46	12.0%	14.8%
Asia & Others	46	50	8.3%	13.1%	192	167	-13.4%	-2.5%	179	7.6%	8.9%
Japan	1	1	10.1%	10.1%	6	6	-8.7%	-8.7%	6	5.2%	8.9%
<b>Machine tools</b>	<b>85</b>	<b>121</b>	<b>42.4%</b>	<b>46.8%</b>	<b>504</b>	<b>454</b>	<b>-10.0%</b>	<b>-5.5%</b>	<b>539</b>	<b>18.8%</b>	<b>19.4%</b>
Americas	6	6	-5.8%	-	25	27	7.8%	-	32	20.0%	-
Europe	3	6	129.8%	-	19	21	8.0%	-	25	20.7%	-
Asia & Others	58	90	55.4%	-	392	334	-14.7%	-	397	19.0%	-
Japan	18	19	4.8%	-	68	72	5.1%	-	84	17.2%	-
<b>Industrial Parts</b>	<b>47</b>	<b>51</b>	<b>10.0%</b>	<b>10.6%</b>	<b>181</b>	<b>188</b>	<b>3.6%</b>	<b>6.2%</b>	<b>195</b>	<b>3.8%</b>	<b>3.9%</b>
Americas	7	7	5.6%	8.5%	28	26	-6.7%	3.2%	27	3.6%	4.5%
Europe	-	-	-	-	-	-	-	-	-	-	-
Asia & Others	3	5	60.6%	62.9%	15	17	17.1%	31.3%	19	8.0%	11.0%
Japan	37	39	6.4%	6.4%	139	145	4.2%	4.2%	149	3.3%	3.0%
<b>Business Segment Profit</b>	<b>9</b>	<b>20</b>	<b>114.0%</b>	<b>-</b>	<b>114</b>	<b>62</b>	<b>-45.9%</b>	<b>-</b>	<b>82</b>	<b>32.7%</b>	<b>-</b>
<b>Operating Profit</b>	<b>6</b>	<b>15</b>	<b>136.8%</b>	<b>-</b>	<b>114</b>	<b>60</b>	<b>-47.4%</b>	<b>-</b>	<b>83</b>	<b>38.8%</b>	<b>-</b>

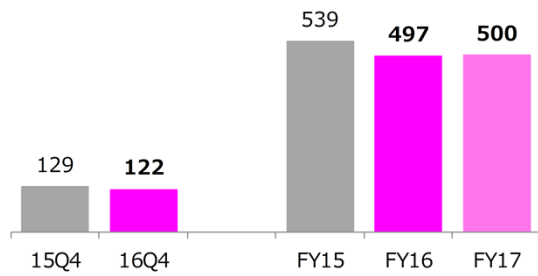
# Network & Contents Sales Revenue & Business Segment Profit



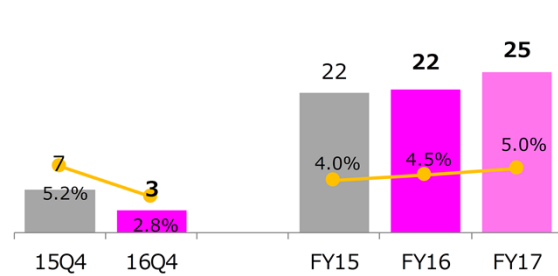
(100 Millions of Yen)

	15Q4	16Q4	Change	15TY	FY16	Change x FX	FY17	Change
Sales Revenue	129	122	-5.2%	539	497	-7.7%	500	0.5%
Business Segment Profit	7	3	-49.0%	22	22	1.7%	25	12.9%
Operating Profit	-18	0	-	-5	9	-	22	157.3%

<Sales Revenue>



<Business Segment Profit>





# Domino Business Sales Revenue & Business Segment Profit



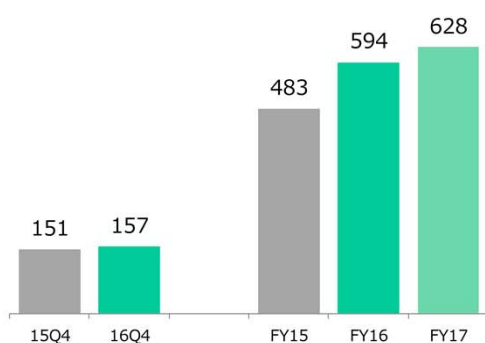
(100 Millions of Yen)

	15Q4	16Q4	Change	Change x FX	FY15	FY16	Change	Change x FX	FY17	Change	Change x FX
<b>Sales Revenue</b>	<b>151</b>	<b>157</b>	<b>4.2%</b>	<b>23.8%</b>	<b>483</b>	<b>594</b>	-	-	<b>628</b>	<b>5.8%</b>	<b>10.9%</b>
Americas	37	41	10.0%	30.7%	112	150	-	-	154	2.6%	7.3%
Europe	74	74	0.3%	19.1%	239	283	-	-	304	7.5%	12.8%
Asia & Others	40	42	6.1%	26.0%	133	161	-	-	170	5.9%	11.0%
<b>Business Segment Profit</b>	<b>9</b>	<b>8</b>	<b>-8.1%</b>	<b>7.8%</b>	<b>38</b>	<b>42</b>	-	-	<b>43</b>	<b>2.9%</b>	<b>7.0%</b>
<b>Operating Profit</b>	<b>6</b>	<b>4</b>	<b>-31.0%</b>	<b>-9.6%</b>	<b>35</b>	<b>44</b>	-	-	<b>41</b>	<b>-6.1%</b>	<b>-2.3%</b>

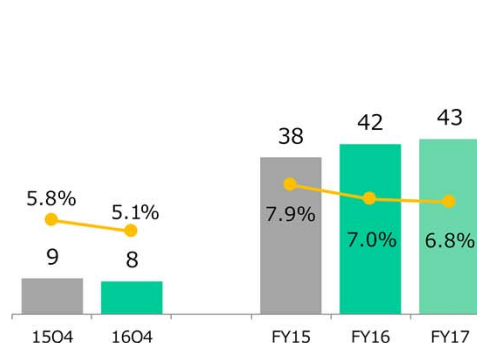
\*The FY 2015 figures are the results for the nine months from the 2nd quarter when Domino became a consolidated company.

\*The growth rates are shown on a British pound basis.

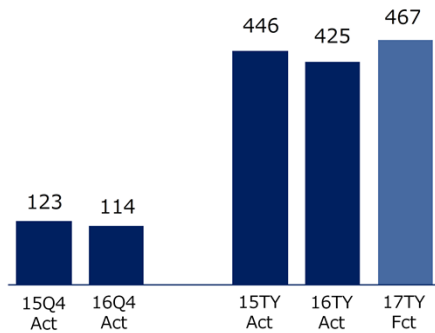
<Sales Revenue>



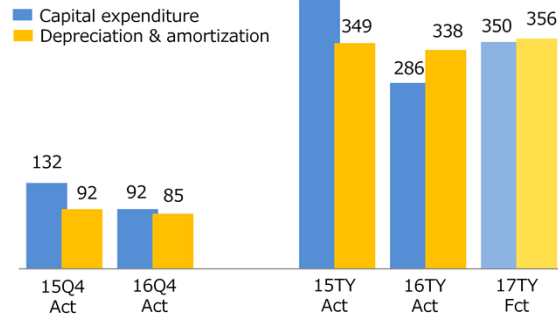
<Business Segment Profit>



**R&D expenses**  
(100 Millions of Yen)

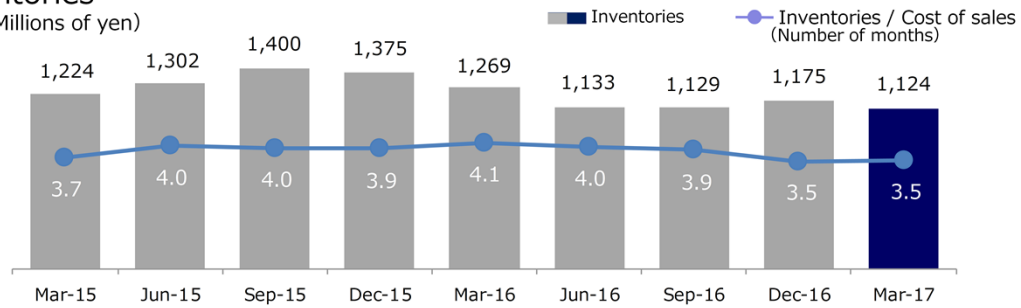


**Capital expenditure /  
Depreciation & amortization**  
(100 Millions of Yen)



**Inventories**

(100 Millions of yen)



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