

FY2018 Results

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Brother Industries, Ltd.

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.

1. Consolidated results

(Millions of yen)

	2016 4Q Act	2017 4Q Act	Change (w/o fx impact)
Sales Revenue	164,318	178,835	8.8% (+7.0%)
Business Segment profit	11,351	15,702	38.3%
Operating profit	11,813	15,565	31.8%
Net Income*	8,574	11,181	30.4%
ROS(Business Segment profit)	6.9%	8.8%	-
ROS(Operating profit)	7.2%	8.7%	-
Yen-USD	113.76	108.85	-
Yen-Euro	120.81	132.96	-

	2016 Full Year Act	2017 Full Year Act	Change (w/o fx impact)
Sales Revenue	641,185	712,997	11.2% (+7.4%)
Business Segment profit	60,759	77,229	27.1%
Operating profit	59,152	68,672	16.1%
Net Income*	47,242	50,020	5.9%
ROS(Business Segment profit)	9.5%	10.8%	-
ROS(Operating profit)	9.2%	9.6%	-
Yen-USD	109.03	110.81	-
Yen-Euro	119.37	129.45	-

* Net Income = Profit for the period attributable to owners of the parent company

	2017 Full Year Act	2018 Full Year Fct	Change (w/o fx impact)
Sales Revenue	712,997	690,000	-3.2% (-1.6%)
Business Segment profit	77,229	71,000	-8.1%
Operating profit	68,672	70,000	1.9%
Net Income*	50,020	52,000	4.0%
ROS(Business Segment profit)	10.8%	10.3%	-
ROS(Operating profit)	9.6%	10.1%	-
Yen-USD	110.81	107.00	-
Yen-Euro	129.45	128.00	-

* Net Income = Profit for the period attributable to owners of the parent company

2. Balance sheet

(Millions of yen)

	2016 Full Year Act	2017 Full Year Act	Change
Current assets	345,225	366,633	21,408
Non-current assets	328,881	341,644	12,762
Current liabilities	152,357	157,039	4,682
Non-current liabilities	160,040	138,743	-21,296
Equity attributable to owners of the parent company	345,061	395,514	50,452
Total assets	674,107	708,278	34,171
Inventories	112,432	116,967	4,534
Inventories turnover	3.7	3.4	—
Cash & cash equivalents	112,032	121,384	9,351
Interest-bearing debt	137,592	116,446	-21,145
DER	0.40	0.29	—
Equity ratio attributable to owners of the parent company	51.2%	55.8%	—

* Inventories turnover = Inventories / Cost of sales(monthly average)

* DER = Interest-bearing debt / Equity attributable to owners of the parent company

3. Cash flows

(Millions of yen)

	2016 4Q Act	2017 4Q Act	Change
Net cash provided by operating activities	37,493	30,115	-7,378
Net cash used in investing activities	-8,644	-7,531	1,113
Net cash used in financing activities	-9,973	-3,294	6,679
Cash and cash equivalents at end of period	112,032	121,384	9,351

	2016 Full Year Act	2017 Full Year Act	Change
Net cash provided by operating activities	99,155	81,817	-17,338
Net cash used in investing activities	-23,271	-37,090	-13,819
Net cash used in financing activities	-30,389	-34,551	-4,162
Cash and cash equivalents at end of period	112,032	121,384	9,351

4. Sales Revenue by business segment

(Millions of yen)

	2016 4Q Act	2017 4Q Act	Change (w/o fx impact)
Printing & Solutions	98,478	102,315	3.9% (+2.3%)
Communications and Printing equipment	86,676	90,253	4.1% (+2.4%)
Electronic stationery	11,802	12,062	2.2% (+1.0%)
Personal & Home	10,217	10,091	-1.2% (-1.3%)
Machinery	24,590	33,213	35.1% (+34.5%)
Industrial sewing machines	7,409	8,281	11.8% (+11.3%)
Machine tools	12,053	19,701	63.4% (+62.5%)
Industrial Parts	5,127	5,230	2.0% (+2.2%)
Network & Contents	12,193	11,950	-2.0% (-2.0%)
Domino	15,705	18,337	16.8% (+9.3%)
Others	3,132	2,926	-6.6% (-6.6%)
G. total	164,318	178,835	8.8% (+7.0%)

	2016 Full Year Act	2017 Full Year Act	Change (w/o fx impact)
Printing & Solutions	383,628	412,165	7.4% (+2.9%)
Communications and Printing equipment	338,562	364,903	7.8% (+3.2%)
Electronic stationery	45,066	47,262	4.9% (+0.5%)
Personal & Home	44,409	44,466	0.1% (-4.1%)
Machinery	90,944	127,299	40.0% (+37.8%)
Industrial sewing machines	26,802	31,094	16.0% (+12.0%)
Machine tools	45,352	76,018	67.6% (+66.0%)
Industrial Parts	18,789	20,186	7.4% (+6.6%)
Network & Contents	49,731	49,052	-1.4% (-1.4%)
Domino	59,354	68,390	15.2% (+10.0%)
Others	13,117	11,623	-11.4% (-11.4%)
G. total	641,185	712,997	11.2% (+7.4%)

	2017 Full Year Fct	2018 Full Year Fct	Change (w/o fx impact)
Printing & Solutions	412,165	393,500	-4.5% (-2.2%)
Communications and Printing equipment	364,903	346,200	-5.1% (-2.8%)
Electronic stationery	47,262	47,300	0.1% (+2.5%)
Personal & Home	44,466	44,900	1.0% (+4.4%)
Machinery	127,299	115,300	-9.4% (-8.3%)
Industrial sewing machines	31,094	33,000	6.1% (+9.1%)
Machine tools	76,018	61,300	-19.4% (-19.0%)
Industrial Parts	20,186	21,000	4.0% (+4.8%)
Network & Contents	49,052	49,000	-0.1% (-0.1%)
Domino	68,390	73,500	7.5% (+5.5%)
Others	11,623	13,800	18.7% (+18.6%)
G. total	712,997	690,000	-3.2% (-1.6%)

5. Business Segment profit by business segment

(Millions of yen)

	2016 4Q Act	2017 4Q Act	Change
Printing & Solutions	7,724	10,390	34.5%
Personal & Home	426	412	-3.2%
Machinery	2,006	3,005	49.8%
Network & Contents	339	531	56.8%
Domino	798	1,385	73.5%
Others	80	9	-88.3%
Adjustment	-24	-33	—
G. total	11,351	15,702	38.3%

	2016 Full Year Act	2017 Full Year Act	Change
Printing & Solutions	45,654	52,890	15.9%
Personal & Home	2,038	1,981	-2.8%
Machinery	6,177	14,426	133.5%
Network & Contents	2,213	2,663	20.3%
Domino	4,177	4,640	11.1%
Others	697	736	5.6%
Adjustment	-199	-107	—
G. total	60,759	77,229	27.1%

	2017 Full Year Act	2018 Full Year Fct	Change
Printing & Solutions	52,890	49,800	-5.8%
Personal & Home	1,981	3,000	51.4%
Machinery	14,426	11,600	-19.6%
Network & Contents	2,663	2,400	-9.9%
Domino	4,640	4,000	-13.8%
Others	736	200	-72.8%
Adjustment	-107	—	—
G. total	77,229	71,000	-8.1%

6. Operating profit by business segment

(Millions of yen)

	2016 4Q Act	2017 4Q Act	Change
Printing & Solutions	9,471	12,018	26.9%
Personal & Home	349	87	-74.9%
Machinery	1,459	2,898	98.5%
Network & Contents	34	-628	—
Domino	444	1,157	160.4%
Others	78	64	-17.4%
Adjustment	-24	-33	—
G. total	11,813	15,565	31.8%

	2016 Full Year Act	2017 Full Year Act	Change
Printing & Solutions	45,520	47,353	4.0%
Personal & Home	1,880	1,051	-44.1%
Machinery	5,980	14,131	136.3%
Network & Contents	854	1,343	57.2%
Domino	4,366	3,998	-8.4%
Others	749	901	20.2%
Adjustment	-199	-107	—
G. total	59,152	68,672	16.1%

	2017 Full Year Act	2018 Full Year Fct	Change
Printing & Solutions	47,353	48,900	3.3%
Personal & Home	1,051	3,000	185.3%
Machinery	14,131	11,700	-17.2%
Network & Contents	1,343	2,100	56.3%
Domino	3,998	4,000	0.0%
Others	901	300	-66.7%
Adjustment	-107	—	—
G. total	68,672	70,000	1.9%

7. Sales revenue by region

(Millions of yen)

	2016 Full Year Act	2017 Full Year Act	Change
The Americas	202,599	209,602	3.5%
Europe	161,092	181,224	12.5%
Asia & Others	157,968	201,162	27.3%
Japan	119,525	121,008	1.2%
Total	641,185	712,997	11.2%

8. R&D Expenses / Capex / Depreciation & Amortization

(Millions of yen)

	2016 4Q Act	2017 4Q Act	Change
R&D Expenses	11,394	11,679	285
Capex	9,201	9,808	607
Depreciation & Amortization	8,457	8,597	139

	2016 Full Year Act	2017 Full Year Act	Change
	42,547	45,649	3,102
	28,644	33,993	5,348
	33,811	34,141	330

	2017 Full Year Act	2018 Full Year Fct	Change
R&D Expenses	45,649	45,600	-49
Capex	33,993	33,600	-393
Depreciation & Amortization	34,141	35,900	1,758

9. Other Financial Data

	2016 Full Year Act	2017 Full Year Act
ROE	13.9%	13.5%
ROA	7.0%	7.2%
EPS	181.96	192.63
Dividend per Share	42.0	54.0
Dividend payout ratio	23.1%	28.0%

10. Exchange rates

	2016 4Q Act	2017 4Q Act
Yen-USD	113.76	108.85
Yen-Euro	120.81	132.96
Yen-GBP	141.33	151.01

	2016 Full Year Act	2017 Full Year Act	2018 Full Year Fct
	109.03	110.81	107.00
	119.37	129.45	128.00
	143.04	147.27	150.00