

Fiscal Year 2017 (ending March 31, 2018)

First Quarter Results
(3-month results ended June 30, 2017)

Brother Industries, Ltd.

August 4, 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.

Consolidated Results for FY2017 Q1

(100 Millions of Yen)

	17Q1	16Q1	change	Rate of Change (w/o FX)
Sales Revenue	1,677	1,575	102	6.5% (+7.0%)
Business Segment Profit	175	201	-26	-13.1%
BSP Ratio	10.4%	12.8%		
Operating Profit	126	211	-85	-40.3%
OP Ratio	7.5%	13.4%		
Income before Tax	130	211	-81	-38.5%
Net Income	91	153	-62	-40.4%
Exchange Rates				
USD	111.61	109.07		
EUR	123.14	122.47		

•The elimination of 2.2 billion yen owing to the change of the evaluation standard for unrealized inventory profit, etc.

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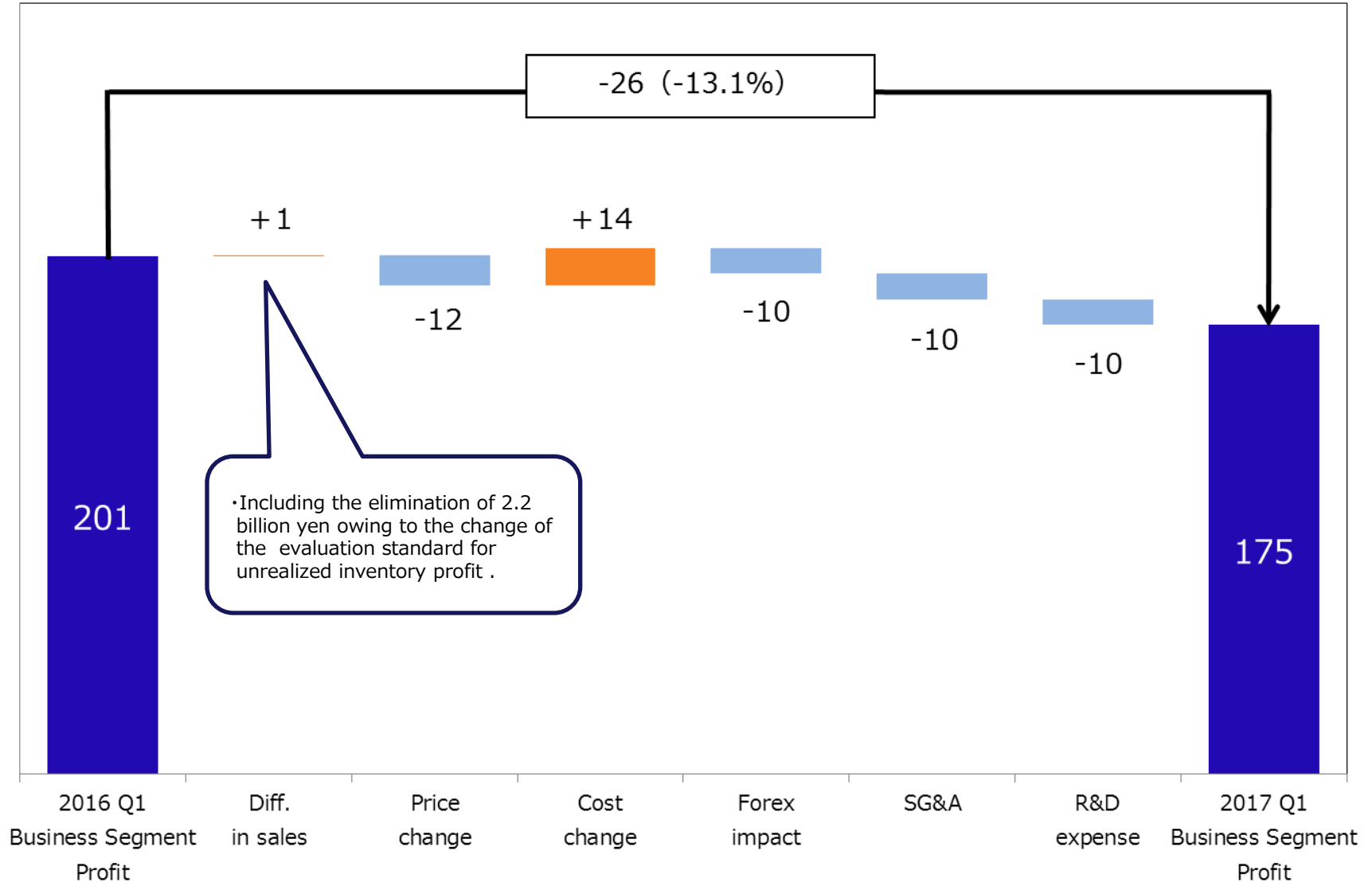
•The decrease of 1 billion yen of exchange gain reported ahead of schedule during the last fiscal year according to the IFRS standard.

•Impairment loss of exchange contract increased due to appreciation of the euro and the pound and sudden fluctuation of cross rates.

- ✓ In the P&S business, sales of LBP Hardware steadily grew on a global basis, as well as sales of the inkjet all-in-one models with ink tanks
- ✓ Sales of machine tools increased significantly due to the increase of sales for the automobile related industry in addition to the impact of receiving large orders for IT-related customers
- ✓ Business segment profit stayed almost at the same level as the previous year, excluding the decrease of 2.2 billion yen in the P&S business that resulted from the change of calculation method of unrealized inventory profit.
- ✓ Operational profit decreased due to the fact that the yen dropped sharply against the euro, creating a temporary increase of impairment loss related to the exchange contract. The negative impact of the fact that exchange gain, which was scheduled to be reported during FY2017, was included in the results of FY2016 ahead of schedule in accordance with the IFRS standard also contributed to the decrease in operational profit.

Main Factors for Changes in Business Segment Profit

100 Millions of Yen



Highlight by business segment

(100 Millions of Yen)

Sales Revenue	17Q1	16Q1	Rate of Change	Rate of Change (w/o forex impact)
Total	1,677	1,575	6.5%	7.0%
Printing & Solutions	988	953	3.7%	3.0%
Personal & Home	93	95	-1.6%	-2.7%
Machinery	291	230	26.5%	26.8%
Network & Contents	112	126	-10.9%	-10.8%
Domino business	164	144	14.1%	25.3%
Other	29	28	3.2%	3.2%

Business Segment Profit	17Q1	16Q1	Rate of Change
Total	175	201	-13.1%
Printing & Solutions	134	169	-21.1%
Personal & Home	-2	-0	-
Machinery	25	19	35.3%
Network & Contents	-1	4	-
Domino business	16	9	84.9%
Other	2	2	19.2%
Adjustment	-0	-1	-

Operating Profit	17Q1	16Q1	Rate of Change
Total	126	211	-40.3%
Printing & Solutions	91	179	-48.9%
Personal & Home	-5	0	-
Machinery	25	19	28.9%
Network & Contents	-1	3	-
Domino business	12	9	45.0%
Other	3	2	17.6%
Adjustment	-0	-1	-

Consolidated Forecast for FY 2017 (ending March 31, 2018)

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(100 Millions of Yen)

	FY17 Forecast	Previous forecast	Rate of Change	FY16	Rate of Change (w/o forex impact)
Sales Revenue	6,800	6,550	3.8%	6,412	6.1% (+5.0%)
Business Segment Profit	660	600	10.0%	608	8.6%
Business Segment Profit Ratio	9.7%	9.2%		9.5%	
Operating Profit	625	600	4.2%	592	5.7%
Operating Profit Ratio	9.2%	9.2%		9.2%	
Income before Tax	620	595	4.2%	613	1.2%
Net Income	460	430	7.0%	472	-2.6%
Adjusted Net Income	460	430	7.0%	430	7.0%
Exchange Rates					
USD	110.65	108.00		109.03	
EUR	123.43	116.00		119.37	

< Main Points for Revised Forecast >

Sales Revenue

- The positive impact of approximately 21 billion yen due to revision of assumed exchange rate was factored into the forecast
- The forecast for strong machine tools business was revised upward by 4.3 billion yen

Business Segment Profit

- The positive impact of 6 billion yen due to revision of assumed exchange rate was factored into the forecast
- The negative impact of 1.5 billion yen due to the risk of cost increase, etc. caused by the rise in raw material costs was factored in for the P&S business
- The forecast for the machinery business was revised upward by 1.3 billion

Forecast for 2017 by business segment

(100 Millions of Yen)

Sales Revenue	FY17 Forecast	Previous Forecast	Rate of Change	FY16	Rate of Change	Rate of Change (w/o forex impact)
Total	6,800	6,550	3.8%	6,412	6.1%	5.0%
Printing & Solutions	3,969	3,779	5.0%	3,836	3.5%	1.3%
Personal & Home	472	492	-4.1%	444	6.3%	4.0%
Machinery & Solution	1,082	1,026	5.5%	909	19.0%	18.2%
Network & Contents	497	500	-0.6%	497	-0.1%	-0.2%
Domino business	664	628	5.7%	594	11.9%	12.1%
Other	116	125	-7.2%	131	-11.6%	10.9%

Business Segment Profit	FY17 Forecast	Previous Forecast	Rate of Change	FY16	Rate of Change
Total	660	600	10.0%	608	8.6%
Printing & Solutions	453	416	8.9%	457	-0.8%
Personal & Home	32	29	10.3%	20	57.0%
Machinery & Solution	95	82	15.9%	62	53.8%
Network & Contents	25	25	0.0%	22	12.9%
Domino business	46	43	7.0%	42	10.1%
Other	9	5	80.0%	7	29.1%
Adjustment	-	-	-	-2	-

Operating Profit	FY17 Forecast	Previous Forecast	Rate of Change	FY16	Rate of Change
Total	625	600	4.2%	592	5.7%
Printing & Solutions	435	425	2.4%	455	-4.4%
Personal & Home	24	23	4.3%	19	27.6%
Machinery & Solution	95	83	14.5%	60	58.9%
Network & Contents	23	22	4.5%	9	169.0%
Domino business	42	41	2.4%	44	-3.8%
Other	6	6	0.0%	7	-20.0%
Adjustment	-	-	-	-2	-

Printing & Solutions Sales Revenue & Business Segment Profit

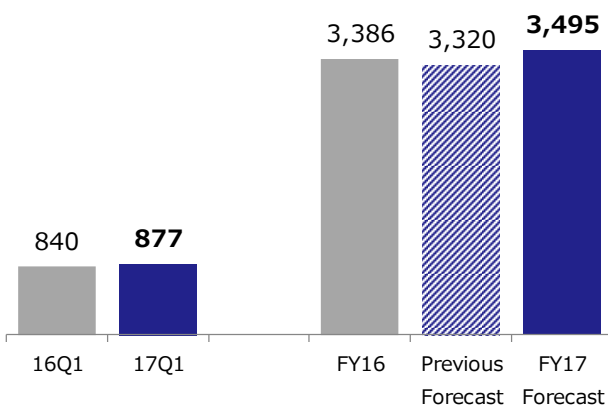
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(100 Millions of Yen)

	16Q1	17Q1	Change	Change x FX	FY16	Previous Forecast	FY17 Forecast	Change v LY	Change x FX
Sales Revenue	953	988	3.7%	3.0%	3,836	3,779	3,969	3.5%	1.3%
Communications & Printing equipment	840	877	4.4%	3.7%	3,386	3,320	3,495	3.2%	1.1%
Americas	327	330	1.0%	-0.8%	1,283	1,276	1,315	2.5%	0.9%
Europe	252	265	5.1%	5.7%	1,076	1,068	1,137	5.6%	2.1%
Asia & Others	142	157	10.9%	9.6%	546	539	584	6.8%	4.2%
Japan	119	125	4.6%	4.6%	480	437	460	-4.2%	-4.3%
Electronic stationery	113	111	-1.8%	-2.5%	451	459	474	5.2%	3.1%
Americas	54	52	-4.3%	-5.9%	214	220	223	4.0%	2.5%
Europe	33	32	-3.0%	-2.3%	132	133	140	6.5%	3.0%
Asia & Others	16	19	14.1%	13.1%	66	66	70	7.0%	4.6%
Japan	10	9	-10.2%	-10.2%	39	41	40	3.8%	4.1%
Business Segment Profit	169	134	-21.1%	-	457	416	453	-0.8%	-
Operating Profit	179	91	-48.9%	-	455	425	435	-4.4%	-

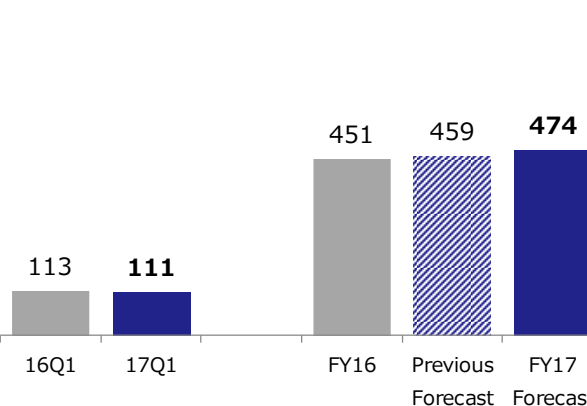
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Communications & Printing equipment

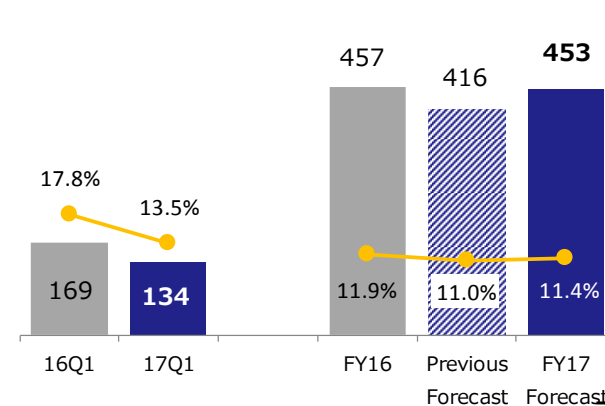


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Electronic stationery



<Business Segment Profit>

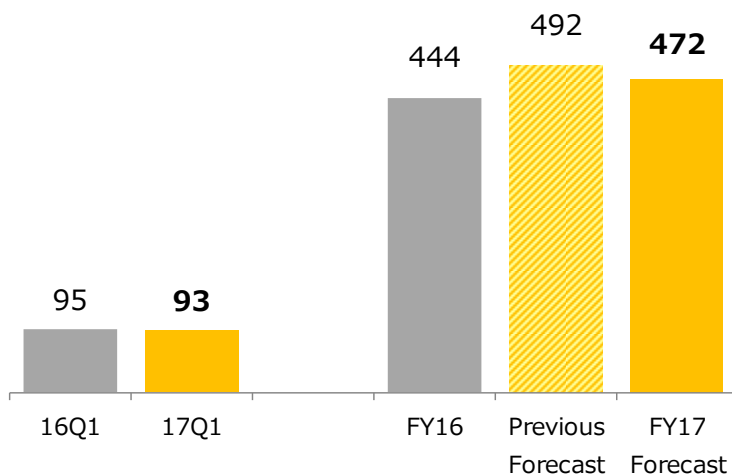


Personal & Home Sales Revenue & Business Segment Profit

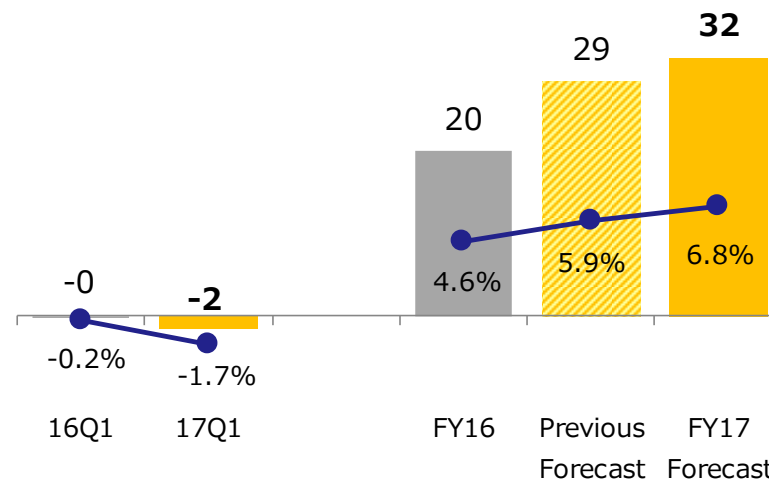
(100 Millions of Yen)

	16Q1	17Q1	Change	Change x FX	FY16	Previous Forecast	FY17 Forecast	Change v LY	Change x FX
Sales Revenue	95	93	-1.6%	-2.7%	444	492	472	6.3%	4.0%
Americas	49	49	1.3%	-0.5%	253	272	262	3.5%	1.4%
Europe	23	24	6.0%	6.0%	96	94	100	4.1%	0.2%
Asia & Others	15	13	-13.4%	-14.6%	55	59	60	9.5%	7.0%
Japan	9	7	-17.5%	-17.5%	41	67	51	24.7%	24.4%
Business Segment Profit	-0	-2	-	-	20	29	32	57.0%	-
Operating Profit	0	-5	-	-	19	23	24	27.6%	-

<Sales Revenue>



<Business Segment Profit>

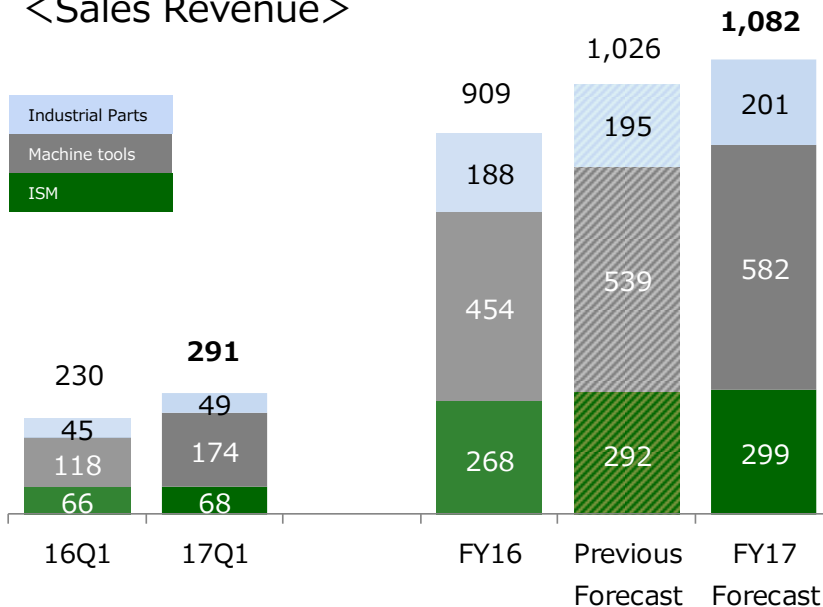


Machinery Business Sales Revenue & Business Segment Profit

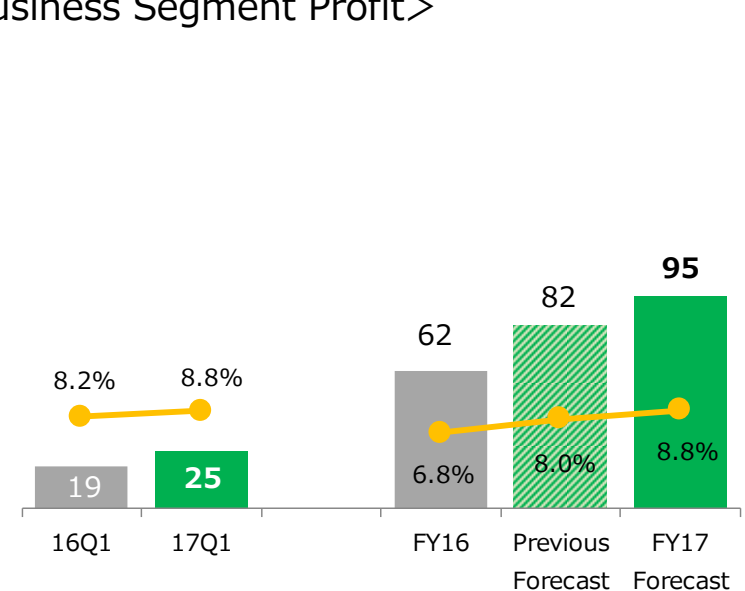
(100 Millions of Yen)

	16Q1	17Q1	Change	Change x FX	FY16	Previous Forecast	FY17 Forecast	Change v LY	Change x FX
Sales Revenue	230	291	26.5%	26.8%	909	1,026	1,082	19.0%	18.2%
Industrial sewing machines	66	68	2.7%	2.4%	268	292	299	11.6%	10.1%
Machine tools	118	174	46.9%	47.7%	454	539	582	28.3%	27.9%
Industrial Parts	45	49	8.0%	7.5%	188	195	201	7.0%	6.5%
Business Segment Profit	19	25	35.3%	-	62	82	95	53.8%	-
Operating Profit	19	25	28.9%	-	60	83	95	58.9%	-

<Sales Revenue>



<Business Segment Profit>



Machinery Business Sales Revenue & Business Segment Profit

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(100 Millions of Yen)

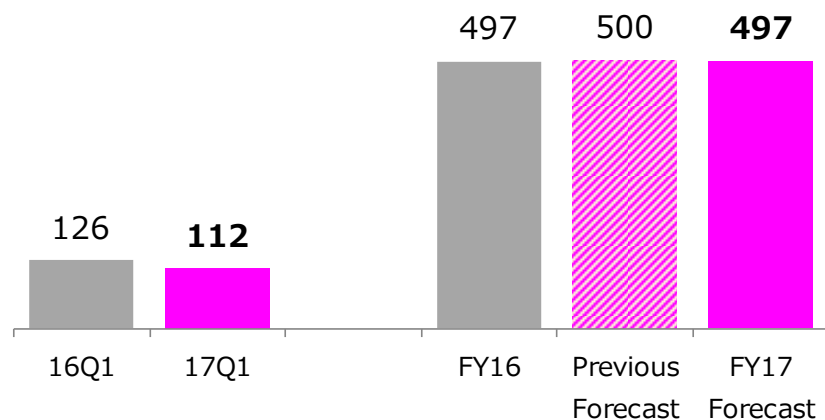
	16Q1	17Q1	Change	Change x FX	FY16	Previous Forecast	FY17 Forecast	Change v LY	Change x FX
Sales Revenue	230	291	26.5%	26.8%	909	1,026	1,082	19.0%	18.2%
Industrial sewing machines	66	68	2.7%	2.4%	268	292	299	11.6%	10.1%
Americas	13	13	0.2%	-1.7%	54	60	59	9.4%	7.3%
Europe	12	14	14.0%	13.9%	41	46	53	26.8%	22.3%
Asia & Others	39	39	-0.1%	0.1%	167	179	181	8.7%	7.9%
Japan	1	1	5.2%	5.2%	6	6	6	5.1%	10.1%
Machine tools	118	174	46.9%	47.7%	454	539	582	28.3%	27.9%
Americas	7	7	1.7%	-	27	32	30	12.6%	-
Europe	5	8	58.6%	-	21	25	27	29.7%	-
Asia & Others	89	142	58.3%	-	334	397	448	34.3%	-
Japan	17	17	0.7%	-	72	84	76	6.2%	-
Industrial Parts	45	49	8.0%	7.5%	188	195	201	7.0%	6.5%
Americas	7	7	-4.4%	-6.3%	26	27	28	6.0%	4.1%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	4	5	11.6%	9.4%	17	19	20	13.9%	12.2%
Japan	34	37	10.1%	10.1%	145	149	154	6.3%	6.3%
Business Segment Profit	19	25	35.3%	-	62	82	95	53.8%	-
Operating Profit	19	25	28.9%	-	60	83	95	58.9%	-

Network & Contents Sales Revenue & Business Segment Profit

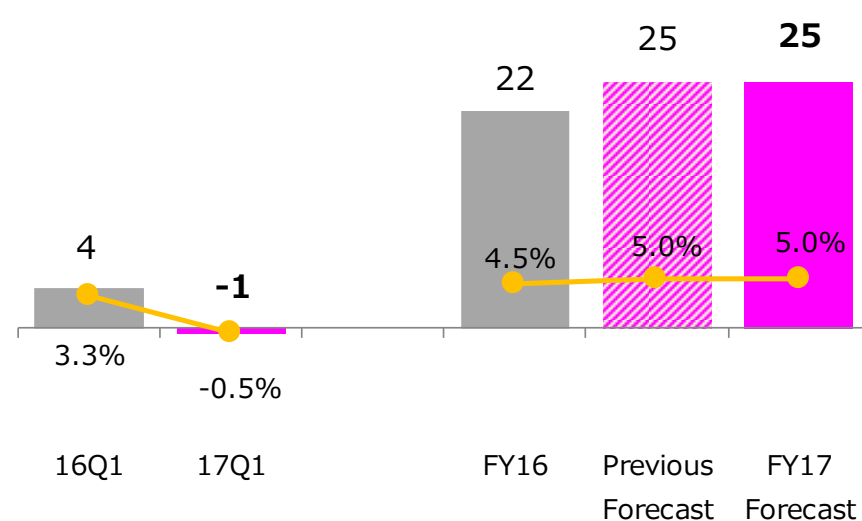
(100 Millions of Yen)

	16Q1	17Q1	Change	FY16	Previous Forecast	FY17 Forecast	Change v LY
Sales Revenue	126	112	-10.9%	497	500	497	-0.1%
Business Segment Profit	4	-1	-	22	25	25	12.9%
Operating Profit	3	-1	-	9	22	23	169.0%

<Sales Revenue>



<Business Segment Profit>

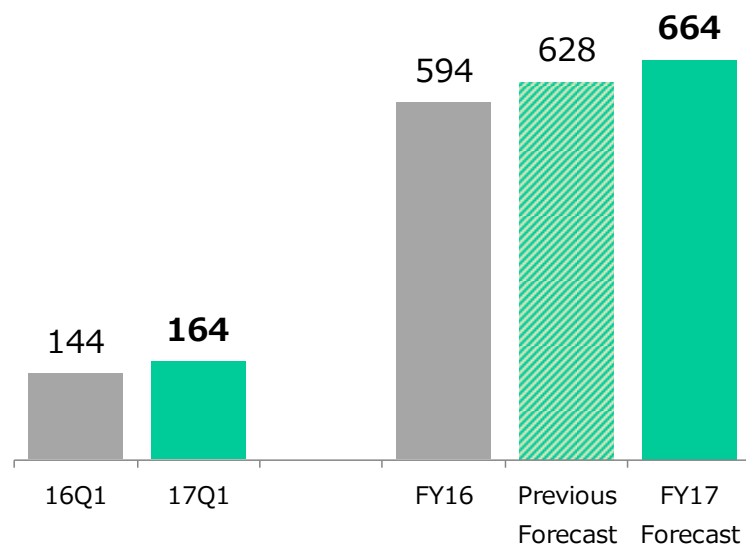


Domino Business Sales Revenue & Business Segment Profit

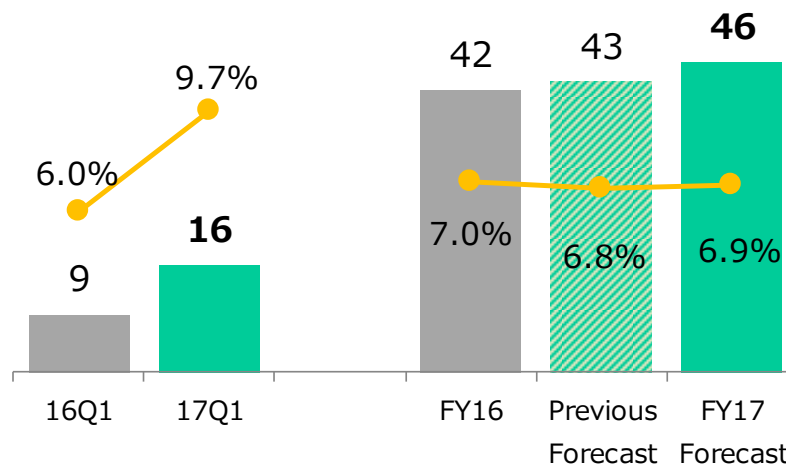
(100 Millions of Yen)

	16Q1	17Q1	Change	Change x FX	FY16	Previous Forecast	FY17 Forecast	Change v LY	Change x FX
Sales Revenue	144	164	14.1%	25.3%	594	628	664	11.9%	12.1%
Americas	33	41	21.4%	32.2%	150	154	164	9.0%	8.5%
Europe	71	78	10.3%	20.1%	283	304	321	13.6%	13.6%
Asia & Others	40	46	14.8%	25.0%	161	170	179	11.6%	11.4%
Business Segment Profit	9	16	84.9%	-	42	43	46	10.1%	-
Operating Profit	9	12	45.0%	-	44	41	42	-3.8%	-

<Sales Revenue>

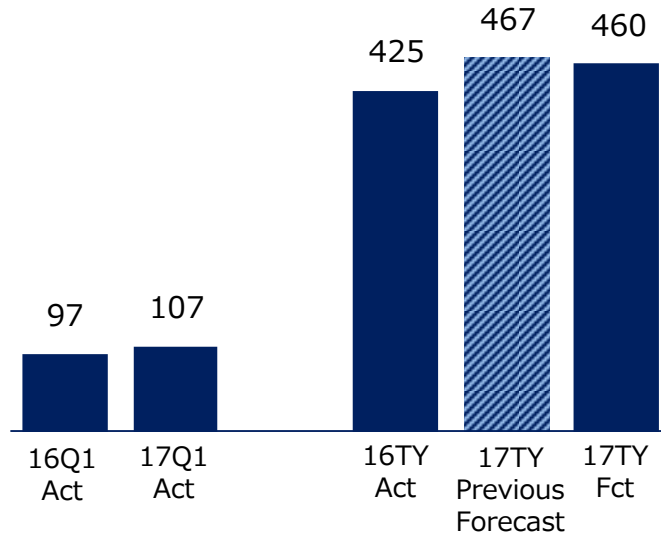


<Business Segment Profit>



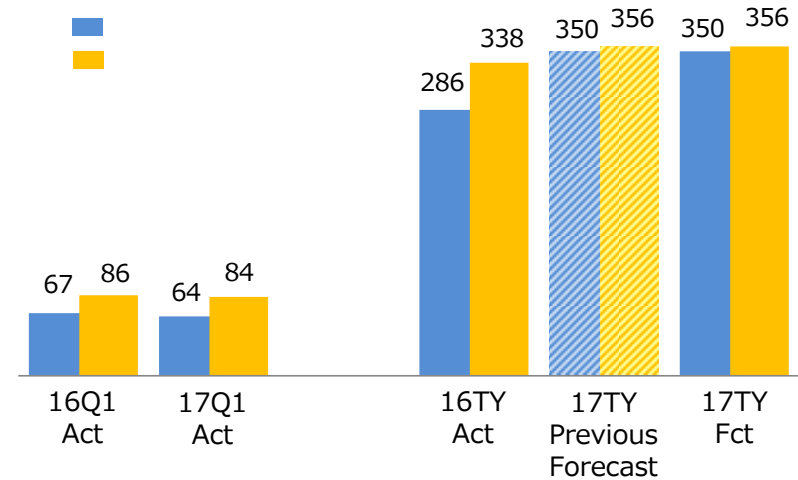
R&D expenses

(100 Millions of Yen)



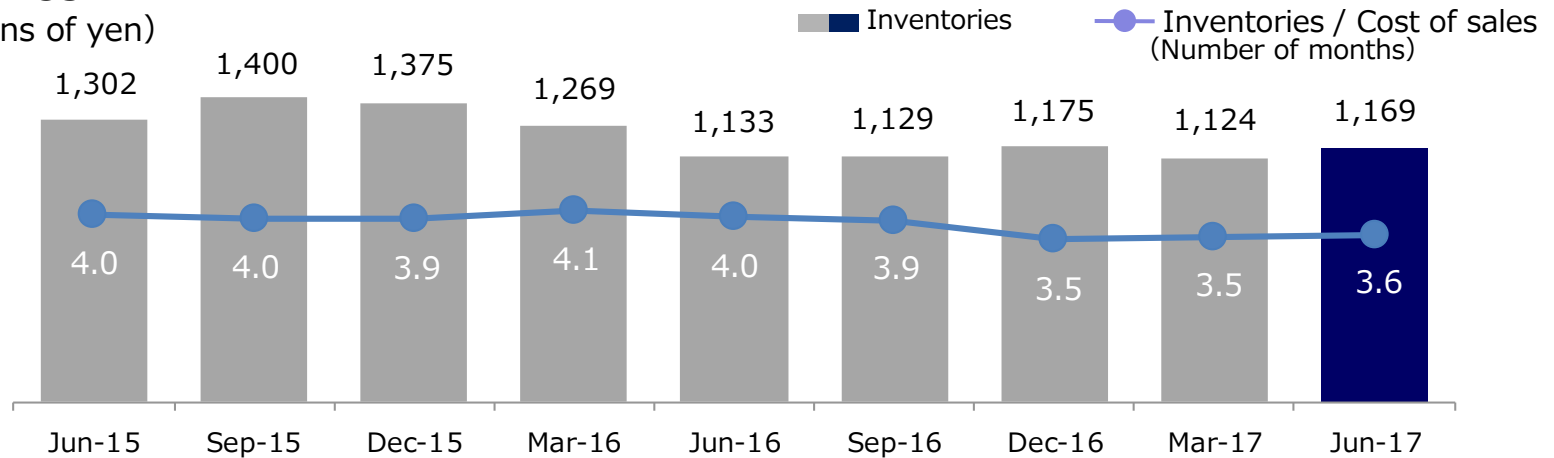
Capital expenditure / Depreciation & amortization

(100 Millions of Yen)



Inventories

(100 Millions of yen)



*Jun-15 actual for Inventories does not include Domino business figures.

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