

110TH
ANNIVERSARY

Embrace the past. Create the future.

Fiscal Year 2018 (ending March 31, 2019)

First Quarter Results
(3-month results ended June 30, 2018)

Brother Industries, Ltd.
August 9, 2018

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.

◆ Sales Revenue 171.1 billion yen/+ 2.0%

Each business progressed soundly, mainly according to plan for the company overall

- ✓ Results for China and the Asian region were strong for both LBP/IJP
- ✓ Large-scale revenue increases were noted for industrial sewing machines, which performed strongly in each region
- ✓ Increased revenue was secured for machine tools, with automobile-related orders results compensating for the decrease for IT orders

◆ Business Segment Profit 20.5 billion yen/+ 17.0%

- ✓ High profitability was maintained, with a business profit rate for the P&S business of 15%.
- ✓ Industrial sewing machines/ machine tools results buoyed the increase in revenue

◆ Operating Profit 22.3 billion yen/+ 76.6%

- ✓ Large-scale improvement in exchange contract profit/loss from valuation

Consolidated Results for FY2018 Q1

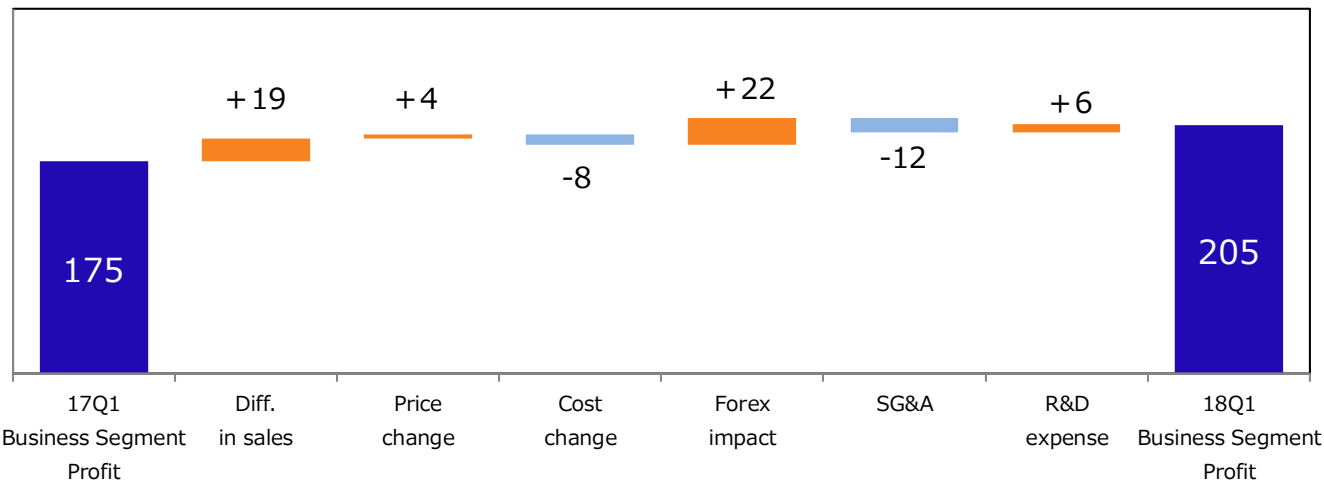
(100 Millions of Yen)

	17Q1	18Q1	Change	Rate of Change (w/o FX)
Sales Revenue	1,677	1,711	34	2.0% (+1.4%)
Business Segment Profit	175	205	30	17.0%
Business Segment Profit Ratio	10.4%	12.0%		
Other income/expense	-49	18	67	
Operating Profit	126	223	97	76.6%
Operating Profit Ratio	7.5%	13.0%		
Income before Tax	130	225	95	73.3%
Net Income	91	166	74	81.1%
USD	111.61	108.71		
EUR	123.14	129.39		

• FX impact
 USD + 0.1 billion yen
 EUR + 1.7 billion yen
 Other + 0.4 billion yen

• Valuation gain related to exchange contracts + 6 billion yen

Main Factors for Changes in Business Segment Profit



Highlight by business segment

(100 Millions of Yen)

Sales Revenue	17Q1	18Q1	Rate of Change	Rate of Change (w/o FX)
Total	1,677	1,711	2.0%	1.4%
Printing & Solutions	988	995	0.7%	0.4%
Personal & Home	93	88	-5.8%	-5.3%
Machinery	291	314	8.0%	7.1%
Network & Contents	112	115	2.8%	2.7%
Domino business	164	171	4.0%	0.7%
Other	29	28	-2.0%	-2.0%

Business Segment Profit	17Q1	18Q1	Rate of Change
Total	175	205	17.0%
Printing & Solutions	134	149	11.3%
Personal & Home	-2	-1	-
Machinery	25	42	63.6%
Network & Contents	-1	2	-
Domino business	16	12	-23.2%
Other	2	2	-27.4%
Adjustment	0	0	-

Operating Profit	17Q1	18Q1	Rate of Change
Total	126	223	76.6%
Printing & Solutions	91	160	75.1%
Personal & Home	-5	-1	-
Machinery	25	43	73.0%
Network & Contents	-1	2	-
Domino business	12	16	25.5%
Other	3	3	-7.0%
Adjustment	0	0	-

Highlights of Consolidated forecast for FY2018

(100 Millions of Yen)

	Previous Forecast	FY18 Forecast	Change	FY17	Rate of Change (w/o FX)
Sales Revenue	6,900	6,900	-	7,130	-3.2% (-1.6%)
Business Segment Profit	710	710	-	772	-8.1%
Business Segment Profit Ratio	10.3%	10.3%		10.8%	
Other income/expense	-10	-10		-86	
Operating Profit	700	700	-	687	1.9%
Operating Profit Ratio	10.1%	10.1%		9.6%	
Income before Tax	700	700	-	697	0.5%
Net Income	520	520	-	500	4.0%
USD	107.00	107.00		110.81	
EUR	128.00	128.00		129.45	

No change in results forecasts from previous forecast

✓ Information on segment breakdown and exchange assumptions left as is

◆ Sales Revenue 6,900 / -3.2%

IT-related orders are undetermined, and with the negative impact of exchange rates and the effects of application of IFRS 15, sales revenue is expected to decrease

◆ Business Segment Profit 710 / -8.1%

Due to the effects of lower revenue from machine tools and the negative impact of exchange rates, business segment profit is expected to decrease

Highlight by business segment

(100 Millions of Yen)

Sales Revenue	previous Forecast	FY18 Forecast	Rate of Change
Total	6,900	6,900	-
Printing & Solutions	3,935	3,935	-
Personal & Home	449	449	-
Machinery	1,153	1,153	-
Network & Contents	490	490	-
Domino business	735	735	-
Other	138	138	-

FY17	Rate of Change	Rate of Change (w/o FX)
7,130	-3.2%	-1.6%
4,122	-4.5%	-2.2%
445	1.0%	4.4%
1,273	-9.4%	-8.3%
491	-0.1%	-0.1%
684	7.5%	5.5%
116	18.7%	18.6%

Business Segment Profit	previous Forecast	FY18 Forecast	Rate of Change
Total	710	710	-
Printing & Solutions	498	498	-
Personal & Home	30	30	-
Machinery	116	116	-
Network & Contents	24	24	-
Domino business	40	40	-
Other	2	2	-
Adjustment	-	-	-

FY17	Rate of Change
772	-8.1%
529	-5.8%
20	51.4%
144	-19.6%
27	-9.9%
46	-13.8%
7	-72.8%
-1	-

Operating Profit	previous Forecast	FY18 Forecast	Rate of Change
Total	700	700	-
Printing & Solutions	489	489	-
Personal & Home	30	30	-
Machinery	117	117	-
Network & Contents	21	21	-
Domino business	40	40	-
Other	3	3	-
Adjustment	-	-	-

FY17	Rate of Change
687	1.9%
474	3.3%
11	185.4%
141	-17.2%
13	56.4%
40	0.1%
9	-66.7%
-1	-

Printing & Solutions Sales Revenue & Profit

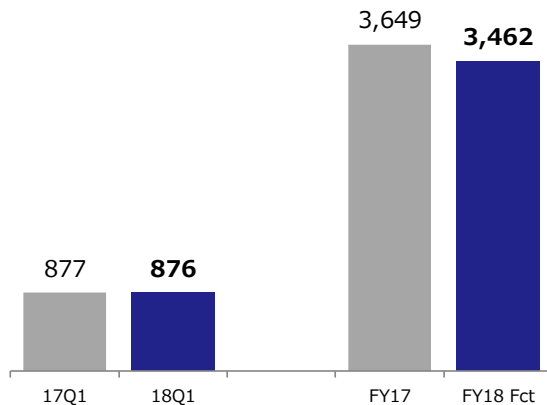
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(100 Millions of Yen)

	17Q1	18Q1	Change	Change x FX	FY17	FY18 Fct	Change	Change x FX
Sales Revenue	988	995	0.7%	0.4%	4,122	3,935	-4.5%	-2.2%
Communications & Printing equipment	877	876	-0.1%	-0.4%	3,649	3,462	-5.1%	-2.8%
Americas	330	314	-4.8%	-2.0%	1,335	1,263	-5.4%	-1.1%
Europe	265	273	3.1%	-0.9%	1,192	1,155	-3.1%	-2.0%
Asia & Others	157	173	10.4%	9.6%	616	615	-0.1%	2.3%
Japan	125	115	-7.7%	-7.7%	505	428	-15.2%	-15.2%
Electronic stationery	111	119	6.8%	7.0%	473	473	0.1%	2.5%
Americas	52	56	8.1%	11.3%	212	209	-1.4%	2.8%
Europe	32	32	-0.8%	-4.7%	146	148	1.1%	2.2%
Asia & Others	19	21	15.4%	14.1%	76	75	-0.8%	1.6%
Japan	9	9	8.5%	8.5%	39	41	5.6%	4.4%
Business Segment Profit	134	149	11.3%	-	529	498	-5.8%	-
Operating Profit	91	160	75.1%	-	474	489	3.3%	-

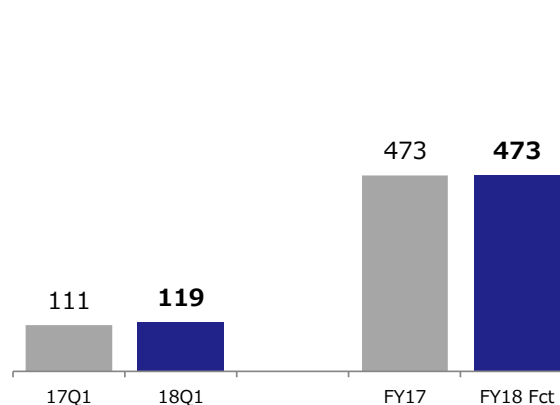
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Communications & Printing equipment

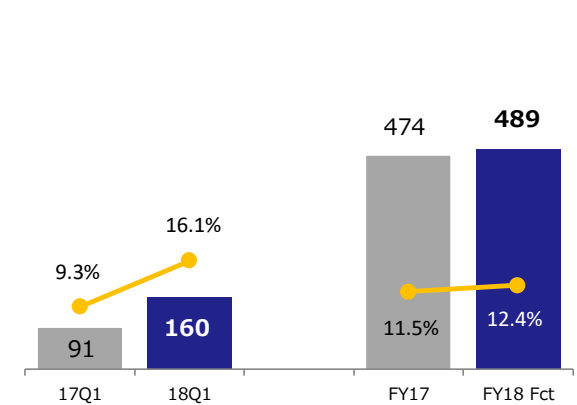


<Sales Revenue>

Electronic stationery



<Operating Profit>



Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of hardware

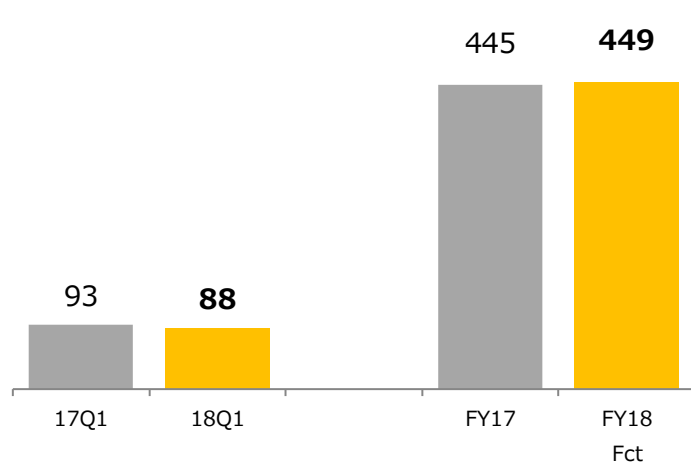
	17Q1	17Q2	17Q3	17Q4	18Q1	FY2017	FY2018
LBP							
Sales revenue growth rate (JPY)							
Hardware	13%	24%	23%	11%	1%	17%	-8%
Consumable	-1%	2%	9%	1%	1%	3%	-3%
Sales revenue growth rate (LC)							
Hardware	12%	15%	15%	10%	0%	13%	-6%
Consumable	-2%	-8%	2%	-1%	0%	-2%	0%
IJP							
Sales revenue growth rate (JPY)							
Hardware	3%	15%	3%	-1%	-6%	4%	-1%
Consumable	4%	3%	13%	3%	1%	6%	-6%
Sales revenue growth rate (LC)							
Hardware	3%	6%	-3%	-2%	-6%	1%	1%
Consumable	4%	-5%	6%	1%	1%	1%	-5%
Cosumable Ratio	57%	57%	56%	58%	57%	57%	58%
Growth rate of Hardware							
LBP	13%	9%	10%	3%	-1%	9%	—
IJP	-7%	-5%	-9%	3%	-1%	-5%	—

Personal & Home Sales Revenue & Profit

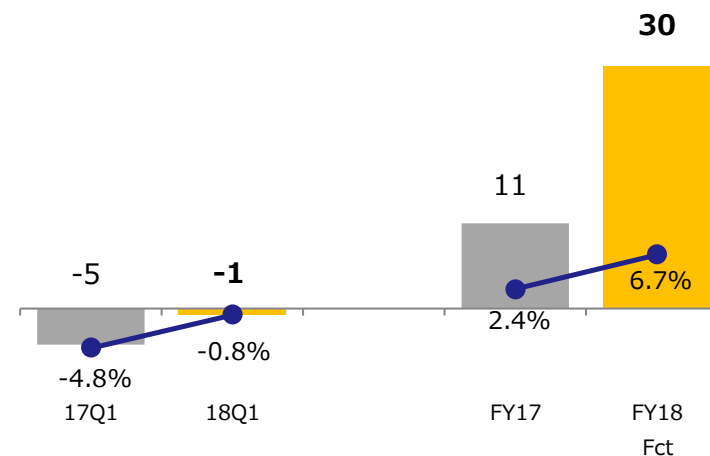
(100 Millions of Yen)

	17Q1	18Q1	Change	Change x FX	FY17	FY18 Fct	Change	Change x FX
Sales Revenue	93	88	-5.8%	-5.3%	445	449	1.0%	4.4%
Americas	49	43	-12.6%	-9.1%	240	240	-0.2%	4.6%
Europe	24	25	2.8%	-2.5%	113	115	2.0%	3.8%
Asia & Others	13	12	-2.8%	-3.0%	55	58	5.4%	8.1%
Japan	7	8	7.4%	7.4%	36	36	-0.9%	-0.6%
Business Segment Profit	-2	-1	-	-	20	30	51.4%	-
Operating Profit	-5	-1	-	-	11	30	185.3%	-

<Sales Revenue>



<Operating Profit>

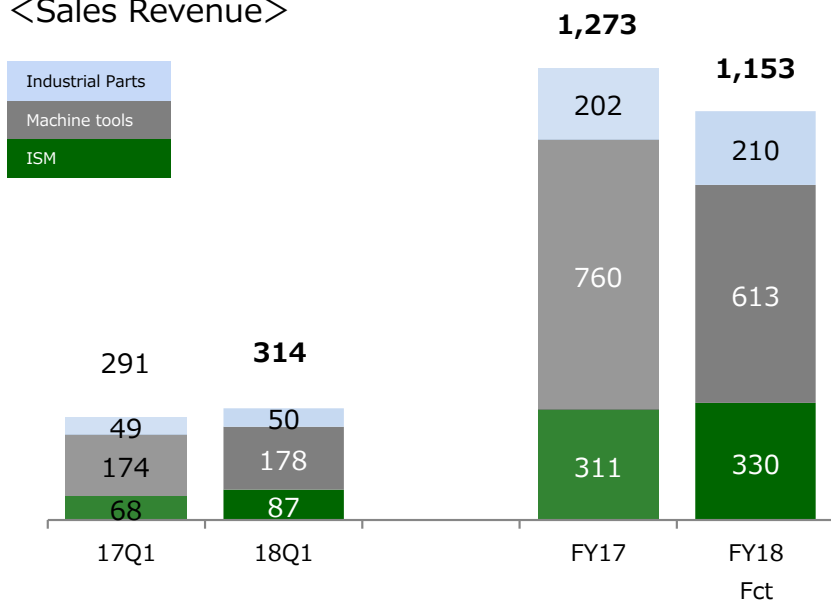


Machinery Business Sales Revenue & Profit

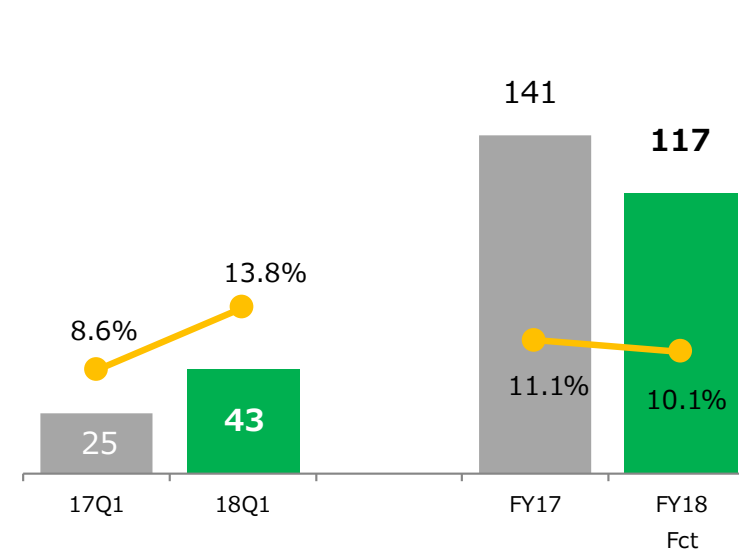
(100 Millions of Yen)

	17Q1	18Q1	Change	Change x FX	FY17	FY18 Fct	Change	Change x FX
Sales Revenue	291	314	8.0%	7.1%	1,273	1,153	-9.4%	-8.3%
Industrial sewing machines	68	87	27.8%	26.9%	311	330	6.1%	9.1%
Machine tools	174	178	2.2%	1.0%	760	613	-19.4%	-19.0%
Industrial Parts	49	50	1.4%	1.3%	202	210	4.0%	4.8%
Business Segment Profit	25	42	63.6%	-	144	116	-19.6%	-
Operating Profit	25	43	73.0%	-	141	117	-17.2%	-

<Sales Revenue>



<Operating Profit>



Machinery Business Sales Revenue by Region

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(100 Millions of Yen)

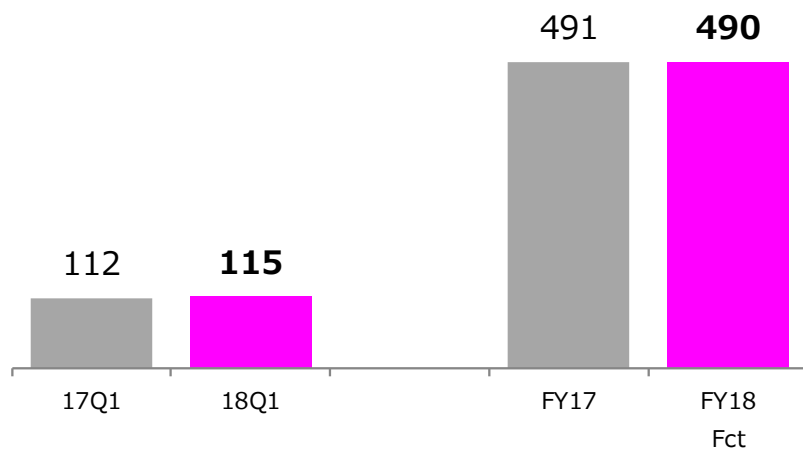
	17Q1	18Q1	Change	Change x FX	FY17	FY18 Fct	Change	Change x FX
Sales Revenue	291	314	8.0%	7.1%	1,273	1,153	-9.4%	-8.3%
Industrial sewing machines	68	87	27.8%	26.9%	311	330	6.1%	9.1%
Americas	13	17	24.5%	27.9%	64	68	6.8%	11.0%
Europe	14	21	52.1%	44.7%	63	64	2.8%	4.3%
Asia & Others	39	47	20.2%	20.2%	178	191	7.3%	10.5%
Japan	1	2	24.0%	24.0%	7	7	-0.6%	-1.4%
Machine tools	174	178	2.2%	1.0%	760	613	-19.4%	-19.0%
Americas	7	9	23.2%	-	33	38	16.4%	-
Europe	8	11	29.6%	-	30	33	9.1%	-
Asia & Others	142	131	-7.2%	-	608	442	-27.4%	-
Japan	17	27	59.3%	-	89	100	12.5%	-
Industrial Parts	49	50	1.4%	1.3%	202	210	4.0%	4.8%
Americas	7	6	-12.0%	-9.8%	25	26	6.8%	10.6%
Europe	-	-	-	-	-	-	-	-
Asia & Others	5	6	24.3%	21.2%	20	23	13.6%	15.9%
Japan	37	37	0.7%	0.7%	157	160	2.3%	2.4%

Network & Contents Sales Revenue & Profit

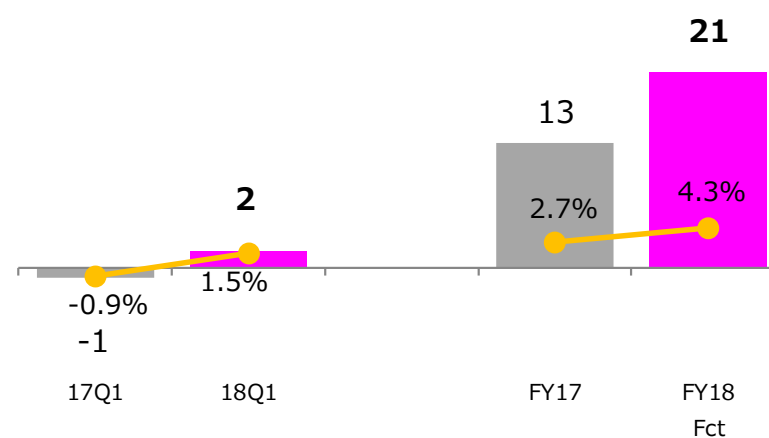
(100 Millions of Yen)

	17Q1	18Q1	Change	FY17	FY18 Fct	Change
Sales Revenue	112	115	2.8%	491	490	-0.1%
Business Segment Profit	-1	2	-	27	24	-9.9%
Operating Profit	-1	2	-	13	21	56.3%

<Sales Revenue>



<Operating Profit>

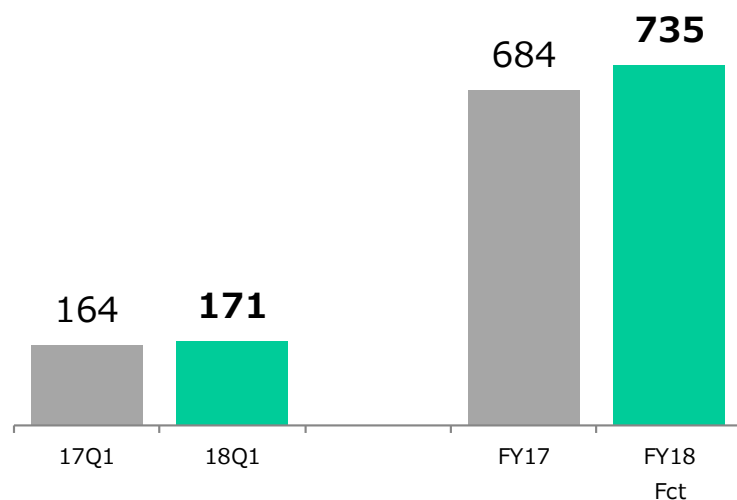


Domino Business Sales Revenue & Profit

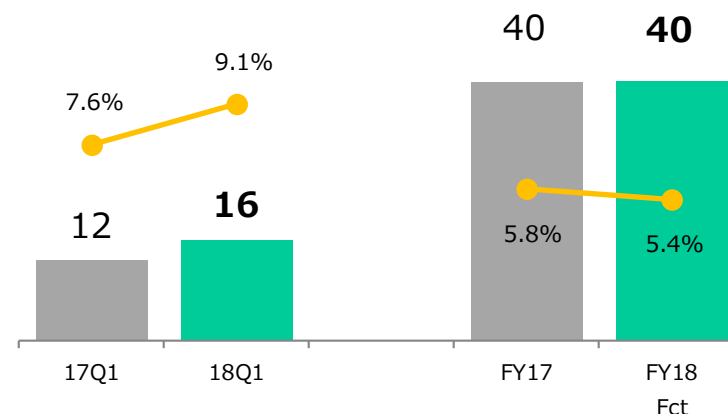
(100 Millions of Yen)

	17Q1	18Q1	Change	Change x FX	FY17	FY18 Fct	Change v LY	Change x FX
Sales Revenue	164	171	4.0%	0.3%	684	735	7.5%	5.5%
Americas	41	35	-13.1%	-15.8%	159	176	10.6%	8.9%
Europe	78	87	11.3%	7.8%	337	351	4.1%	2.8%
Asia & Others	46	49	6.7%	3.4%	187	207	10.5%	9.2%
Business Segment Profit	16	12	-23.2%	-	46	40	-13.8%	-
Operating Profit	12	16	25.5%	-	40	40	0.0%	-

<Sales Revenue>



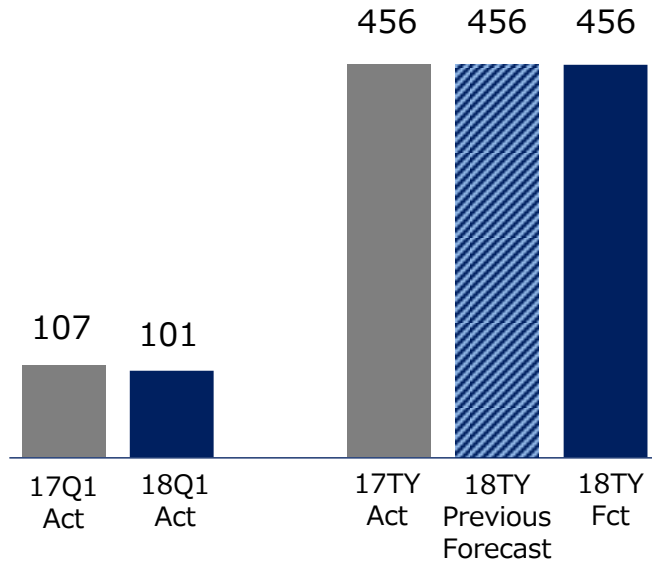
<Operating Profit>



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

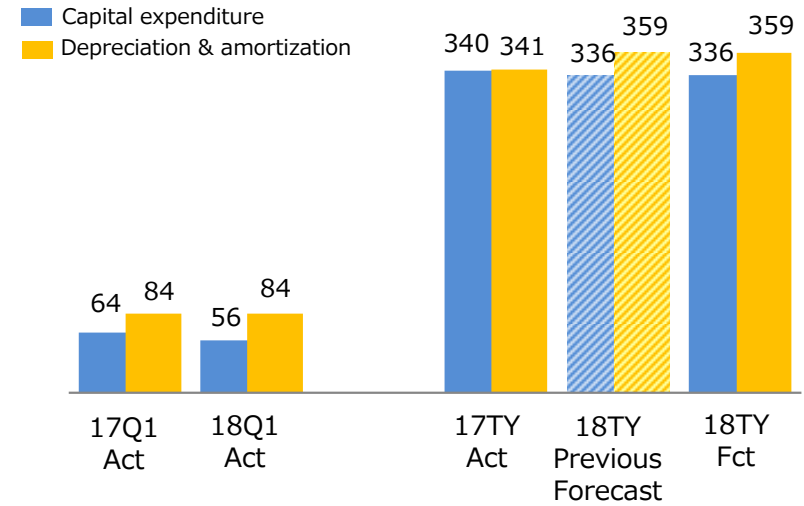
R&D expenses

(100 Millions of Yen)



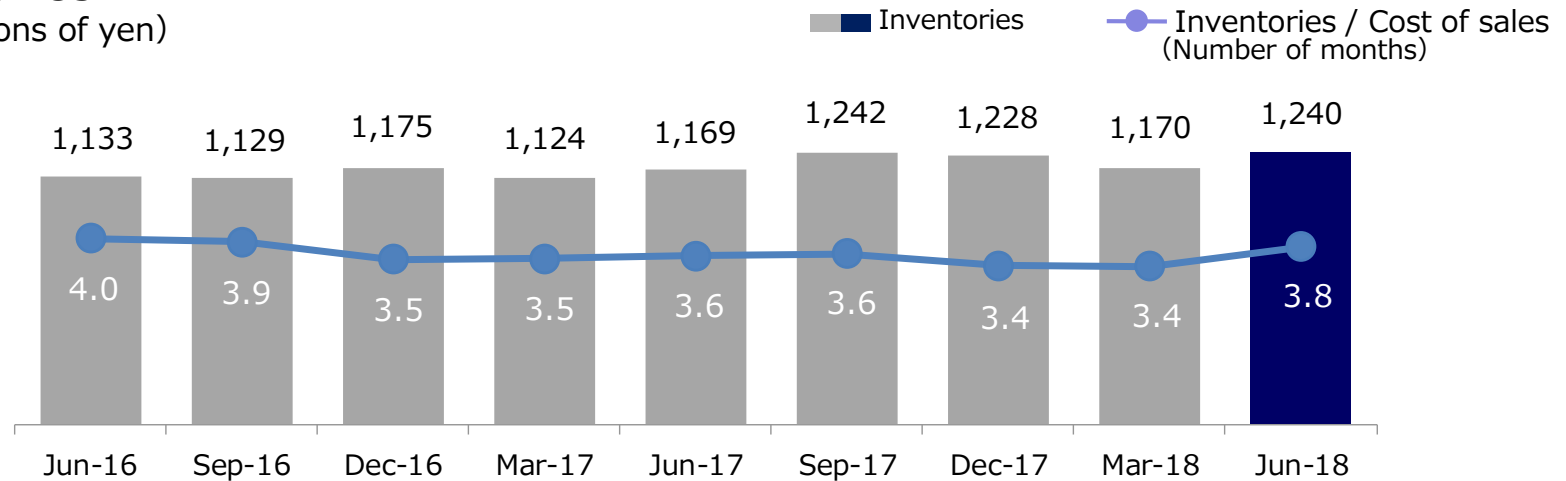
Capital expenditure / Depreciation & amortization

(100 Millions of Yen)



Inventories

(100 Millions of yen)



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