

FY2019 Q1 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.

(Millions of yen)

1. Consolidated results

	2018 1Q Act	2019 1Q Act	Change (w/o fx impact)
Sales Revenue	171,095	159,231	-6.9% (-4.9%)
Business Segment profit	20,477	17,641	-13.8%
Operating profit	22,255	18,088	-18.7%
Net Income	16,565	12,871	-22.3%
ROS(Business Segment profit)	12.0%	11.1%	-
ROS(Operating profit)	13.0%	11.4%	-
Yen-USD	108.71	110.00	-
Yen-Euro	129.39	123.29	-
Yen-GBP	147.54	140.88	-

	2018 Full Year Act	2019 Full Year Fct	Change (w/o fx impact)
Sales Revenue	683,972	690,000	0.9% (+1.9%)
Business Segment profit	71,973	66,500	-7.6%
Operating profit	71,925	65,000	-9.6%
Net Income	53,902	48,500	-10.0%
ROS(Business Segment profit)	10.5%	9.6%	-
ROS(Operating profit)	10.5%	9.4%	-
Yen-USD	110.69	110.00	-
Yen-Euro	128.43	125.00	-
Yen-GBP	145.68	145.00	-

	2019 Previous Forecast	2019 Revised Forecast	Change (w/o fx impact)
Sales Revenue	690,000	690,000	-
Business Segment profit	66,500	66,500	-
Operating profit	65,000	65,000	-
Net Income	48,500	48,500	-
ROS(Business Segment profit)	9.6%	9.6%	-
ROS(Operating profit)	9.4%	9.4%	-
Yen-USD	110.00	110.00	-
Yen-Euro	125.00	125.00	-
Yen-GBP	145.00	145.00	-

2. Balance sheet

(Millions of yen)

	2018 Full Year Act	2019 1Q Act	Change
Current assets	384,930	369,700	- 15,229
Non-current assets	323,673	336,310	12,636
Current liabilities	149,844	139,924	- 9,919
Non-current liabilities	117,166	135,842	18,675
Equity attributable to owners of the parent company	424,759	413,534	- 11,225
Total assets	708,604	706,010	- 2,593
Cash & cash equivalents	131,152	120,961	-10,191
Interest-bearing debt	96,792	96,158	-634
DER*	0.23	0.23	—
Equity ratio attributable to owners of the parent company	59.9%	58.6%	—

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

3. Cash flows

(Millions of yen)

	2018 1Q Act	2019 1Q Act	Change
Net cash provided by operating activities	16,600	12,443	- 4,156
Net cash used in investing activities	- 7,400	- 9,407	- 2,007
Net cash used in financing activities	- 9,711	- 9,633	77
Cash and cash equivalents at end of period	120,089	120,961	871

4. Sales Revenue by business segment

(Millions of yen)

	2018 1Q Act	2019 1Q Act	Change (w/o fx impact)
Printing & Solutions	99,454	98,194	-1.3% (+1.1%)
Communications and Printing equipment	87,563	85,759	-2.1% (+0.4%)
Electronic stationery	11,891	12,435	4.6% (+6.7%)
Personal & Home	8,810	8,883	0.8% (+3.0%)
Machinery	31,395	20,540	-34.6% (-33.8%)
Industrial sewing machines	8,659	7,227	-16.5% (-15.1%)
Machine tools	17,782	8,874	-50.1% (-49.5%)
Industrial Parts	4,953	4,438	-10.4% (-9.9%)
Network & Contents	11,528	11,319	-1.8% (-1.7%)
Domino	17,106	16,853	-1.5% (+2.0%)
Others	2,799	3,441	22.9% (+22.9%)
G. total	171,095	159,231	-6.9% (-4.9%)

	2018 Full Year Act	2019 Full Year Fct	Change (w/o fx impact)
Printing & Solutions	403,036	397,500	-1.4% (+0.1%)
Communications and Printing equipment	353,120	347,500	-1.6% (-0.1%)
Electronic stationery	49,916	49,900	-0.0% (+1.4%)
Personal & Home	45,445	45,200	-0.5% (+1.3%)
Machinery	104,130	107,900	3.6% (+4.0%)
Industrial sewing machines	32,626	34,400	5.4% (+6.6%)
Machine tools	51,768	52,500	1.4% (+1.3%)
Industrial Parts	19,735	21,000	6.4% (+6.9%)
Network & Contents	47,926	50,200	4.7% (+4.8%)
Domino	71,234	73,900	3.7% (+3.8%)
Others	12,198	15,200	24.6% (+24.9%)
G. total	683,972	690,000	0.9% (+1.9%)

	2019 Previous Forecast	2019 Revised Forecast	Change (w/o fx impact)
	397,500	397,500	-
	347,500	347,500	-
	49,900	49,900	-
	45,200	45,200	-
	107,900	107,900	-
	34,400	34,400	-
	52,500	52,500	-
	21,000	21,000	-
	50,200	50,200	-
	73,900	73,900	-
	15,200	15,200	-
	690,000	690,000	-

5. Business Segment profit by business segment

(Millions of yen)

	2018 1Q Act	2019 1Q Act	Change
Printing & Solutions	14,864	16,440	10.6%
Personal & Home	- 145	146	-
Machinery	4,161	536	-87.1%
Network & Contents	222	- 591	-
Domino	1,223	1,104	-9.7%
Others	171	201	17.7%
Adjustment	- 20	- 196	-
G. total	20,477	17,641	-13.8%

	2018 Full Year Act	2019 Full Year Fct	Change
Printing & Solutions	52,181	48,100	-7.8%
Personal & Home	4,037	3,200	-20.7%
Machinery	9,753	8,800	-9.8%
Network & Contents	1,778	2,200	23.7%
Domino	3,948	3,900	-1.2%
Others	436	300	-31.3%
Adjustment	- 161	0	-
G. total	71,973	66,500	-7.6%

	2019 Previous Forecast	2019 Revised Forecast	Change
	48,100	48,100	-
	3,200	3,200	-
	8,800	8,800	-
	2,200	2,200	-
	3,900	3,900	-
	300	300	-
	0	0	-
	66,500	66,500	-

6. Operating profit by business segment

(Millions of yen)

	2018 1Q Act	2019 1Q Act	Change
Printing & Solutions	16,011	16,626	3.8%
Personal & Home	- 70	104	-
Machinery	4,346	569	-86.9%
Network & Contents	175	- 538	-
Domino	1,559	1,110	-28.8%
Others	252	412	63.2%
Adjustment	- 20	- 196	-
G. total	22,255	18,088	-18.7%

	2018 Full Year Act	2019 Full Year Fct	Change
Printing & Solutions	52,903	47,400	-10.4%
Personal & Home	4,028	3,200	-20.6%
Machinery	9,910	8,700	-12.2%
Network & Contents	1,593	2,000	25.5%
Domino	2,864	3,900	36.1%
Others	786	- 200	-
Adjustment	- 161	-	-
G. total	71,925	65,000	-9.6%

	2019 Previous Forecast	2019 Revised Forecast	Change
	47,400	47,400	-
	3,200	3,200	-
	8,700	8,700	-
	2,000	2,000	-
	3,900	3,900	-
	- 200	- 200	-
	-	-	-
	65,000	65,000	-

7. Sales revenue by region

(Millions of yen)

	2017 Full Year Act	2018 Full Year Act	Change
The Americas	209,602	208,916	-0.3%
Europe	181,224	180,341	-0.5%
Asia & Others	201,162	170,293	-15.3%
Japan	121,008	124,421	2.8%
G. total	712,997	683,972	-4.1%

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

(Millions of yen)

	2018 1Q Act	2019 1Q Act	Change
R&D Expenses	10,086	10,277	190
Capex	5,595	4,604	- 991
Depreciation & Amortization	8,422	8,087	- 334

	2018 Full Year Act	2019 Full Year Fct	Change
R&D Expenses	43,259	45,800	2,540
Capex	27,030	36,600	9,569
Depreciation & Amortization	33,674	33,600	- 74

	2019 Previous Forecast	2019 Revised Forecast	Change
	45,800	45,800	-
	38,500	36,600	- 1,900
	34,500	33,600	- 900

*Excluding acquisition and depreciation of right-of-use assets pursuant to application of IFRS 16 Leases.

9. Other Financial Data

	2017 Full Year Act	2018 Full Year Act
ROE	13.5%	13.1%
ROA	7.2%	7.6%
EPS	192.63	207.54
Dividend per Share	54.0	60.0
Dividend payout ratio	28.0%	28.9%

10. Exchange rates

	2018 1Q Act	2019 1Q Act
Yen-USD	108.71	110.00
Yen-Euro	129.39	123.29
Yen-GBP	147.54	140.88

	2017 Full Year Act	2018 Full Year Act	2019 Full Year Fct
	110.81	110.69	110.00
	129.45	128.43	125.00
	147.27	145.68	145.00