

Fiscal Year 2019 (ending March 31, 2020)

Third Quarter Results
(ended December 31, 2019)

Brother Industries, Ltd.
February 4, 2020

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.

Results for FY2019 Q3

- ✓ **Revenue and profit were down, mainly due to sluggish demand for machine tools**
 - The sales volume of communications and printing equipment decreased, partly on the back of sluggish demand due to the economic slowdown in China, but there was an improvement in the product mix. Sales of consumables were better than planned
 - The effects from new high-end embroidery machines in the P&H business receded
 - Demand for industrial sewing machines was sluggish, mainly in China and Asia
 - Demand for machine tools was sluggish in the automotive, general, and IT fields
 - The N&C business reported strong sales of new models
 - In the Domino business, global sales of consumables were firm

Forecast for FY2019

- ✓ **No change in results forecast from previous forecast**

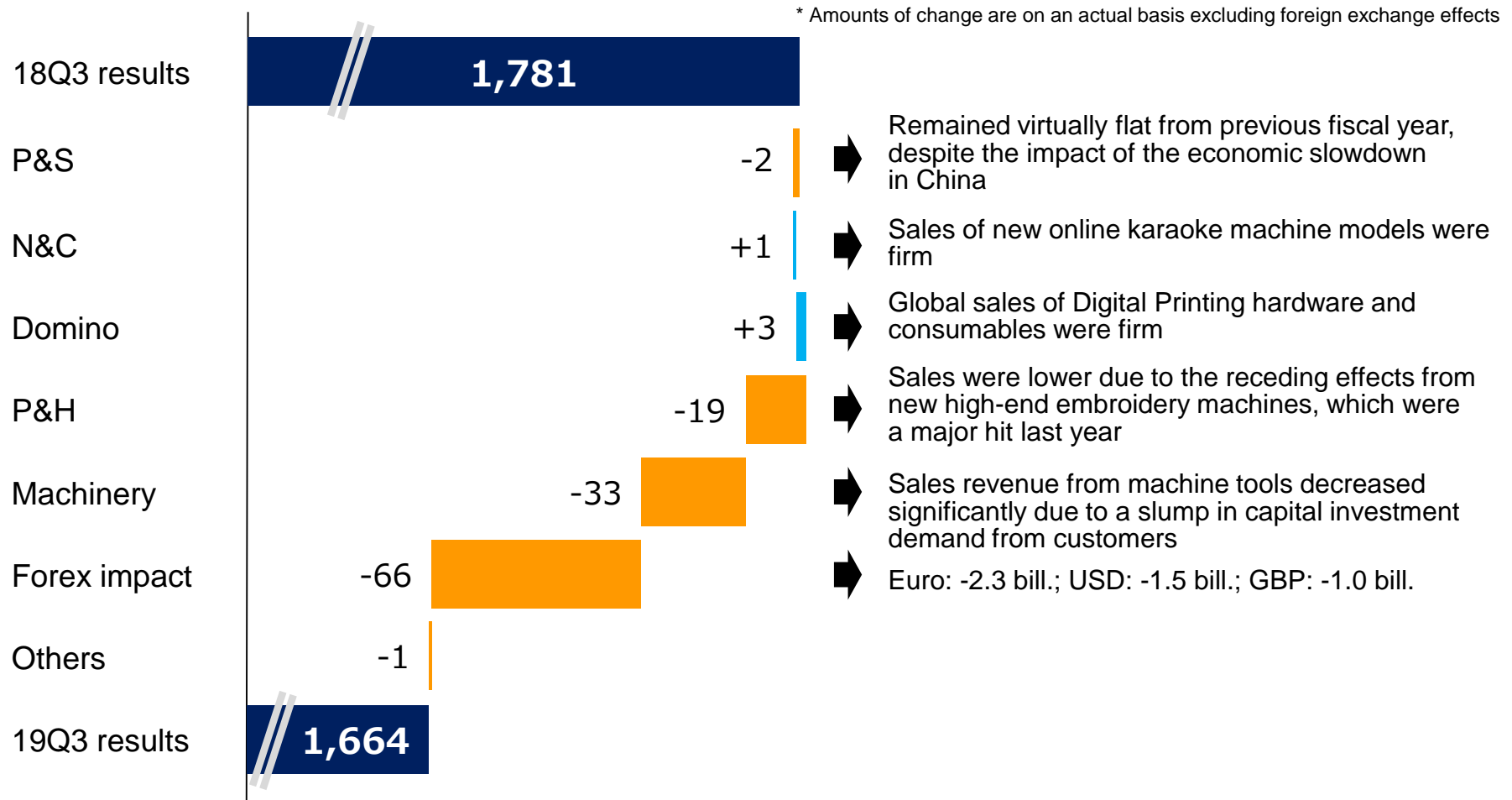
(100 Millions of Yen)

Revenue and profit were down, mainly due to sluggish demand for machine tools

	18Q3	19Q3	Change	Rate of Change (w/o FX)
Sales Revenue	1,781	1,664	-117	-6.6% (-2.9%)
Business Segment Profit	221	183	-37	-16.9%
Business Segment Profit Ratio	12.4%	11.0%		
Other income/expense	16	6	-10	
Operating Profit	236	189	-47	-20.1%
Operating Profit Ratio	13.3%	11.4%		
Income before Tax	236	193	-43	-18.3%
Net Income	180	143	-37	-20.4%
USD	112.83	108.98		
EUR	129.19	120.65		

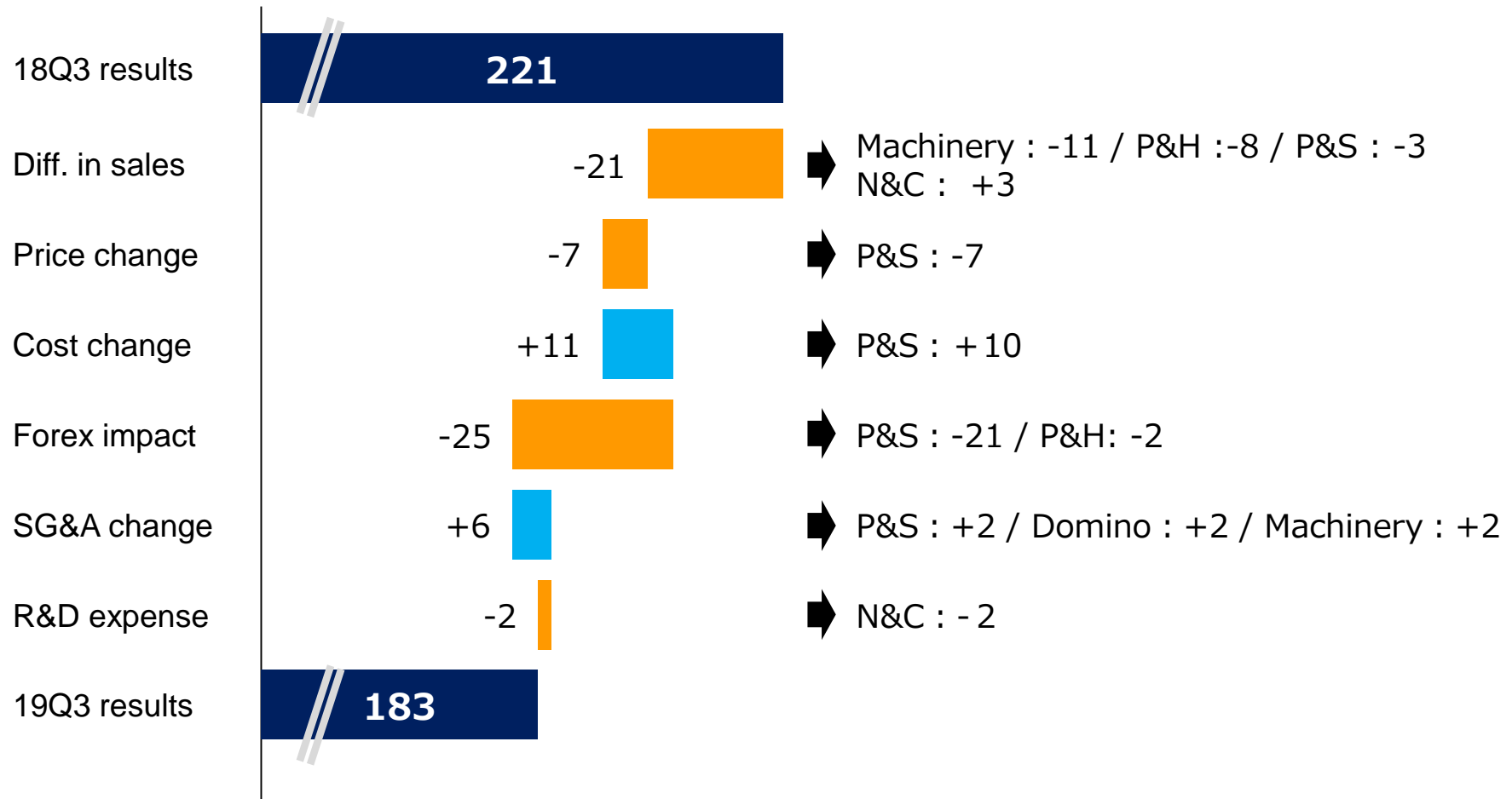
Main Factors of Changes in Sales Revenue FY19Q3

Sales revenue was down due to sluggish sales in the Machinery business, primarily for machine tools, and negative foreign exchange effects



Main Factors of Changes in Business Segment Profit FY19Q3

Profit decreased due to sluggish sales in the Machinery business, primarily for machine tools, and negative foreign exchange effects



Results for FY2019 Q3 by Business Segment

(100 Millions of Yen)

		18Q3	19Q3	change
Printing & Solutions	Sales Revenue	1,087	1,039	-48
	Business Segment Profit	166	146	-20
	Operating Profit	177	151	-26
Personal & Home	Sales Revenue	141	116	-25
	Business Segment Profit	23	14	-9
	Operating Profit	25	16	-8
Machinery	Sales Revenue	225	186	-38
	Business Segment Profit	17	8	-9
	Operating Profit	17	8	-10
Network & Contents	Sales Revenue	124	125	1
	Business Segment Profit	7	8	2
	Operating Profit	7	8	1
Domino business	Sales Revenue	178	172	-6
	Business Segment Profit	6	8	1
	Operating Profit	9	7	-2
Other	Sales Revenue	26	25	-1
	Business Segment Profit	2	-0	-2
	Operating Profit	3	0	-3
Total	Sales Revenue	1,781	1,664	-117
	Business Segment Profit	221	183	-37
	Operating Profit	236	189	-47

*Not including elimination amount by inter-segment transaction.

Forecast for FY2019

(100 Millions of Yen)

	Previous Forecast	FY19 Forecast	Change	FY18	Change	Rate of Change (w/o FX)
Sales Revenue	6,420	6,420	-	6,840	-420	-6.1% (-2.5%)
Business Segment Profit	600	600	-	720	-120	-16.6%
Business Segment Profit Ratio	9.3%	9.3%		10.5%		
Other income/expense	5	5	-	-0	5	
Operating Profit	605	605	-	719	-114	-15.9%
Operating Profit Ratio	9.4%	9.4%		10.5%		
Income before Tax	598	598	-	723	-125	-17.3%
Net Income	445	445	-	539	-94	-17.4%
USD	108.53	108.53		110.69		
EUR	120.62	120.62		128.43		
Dividend per Share (Yen)	60.00	60.00		60.00		
Consolidated payout ratio	35.0%	35.0%		28.9%		

✓ No change in results forecast from previous forecast

Forecast for FY2019 by Business Segment



(100 Millions of Yen)

		FY18 Act	FY19 Fct	change	Previous Fct	FY19 Fct	change
Printing & Solutions	Sales Revenue	4,030	3,873	-157	3,873	3,873	-
	Business Segment Profit	522	504	-18	504	504	-
	Operating Profit	529	508	-21	508	508	-
Personal & Home	Sales Revenue	454	418	-36	418	418	-
	Business Segment Profit	40	27	-13	27	27	-
	Operating Profit	40	27	-13	27	27	-
Machinery	Sales Revenue	1,041	798	-243	798	798	-
	Business Segment Profit	98	15	-83	15	15	-
	Operating Profit	99	14	-85	14	14	-
Network & Contents	Sales Revenue	479	506	27	506	506	-
	Business Segment Profit	18	19	1	19	19	-
	Operating Profit	16	17	1	17	17	-
Domino business	Sales Revenue	712	674	-38	674	674	-
	Business Segment Profit	39	37	-2	37	37	-
	Operating Profit	29	39	10	39	39	-
Other	Sales Revenue	122	151	29	151	151	-
	Business Segment Profit	4	-2	-6	-2	-2	-
	Operating Profit	8	0	-8	0	0	-
Total	Sales Revenue	6,840	6,420	-420	6,420	6,420	-
	Business Segment Profit	720	600	-120	600	600	-
	Operating Profit	719	605	-114	605	605	-

*Not including elimination amount by inter-segment transaction.

(100 Millions of Yen)

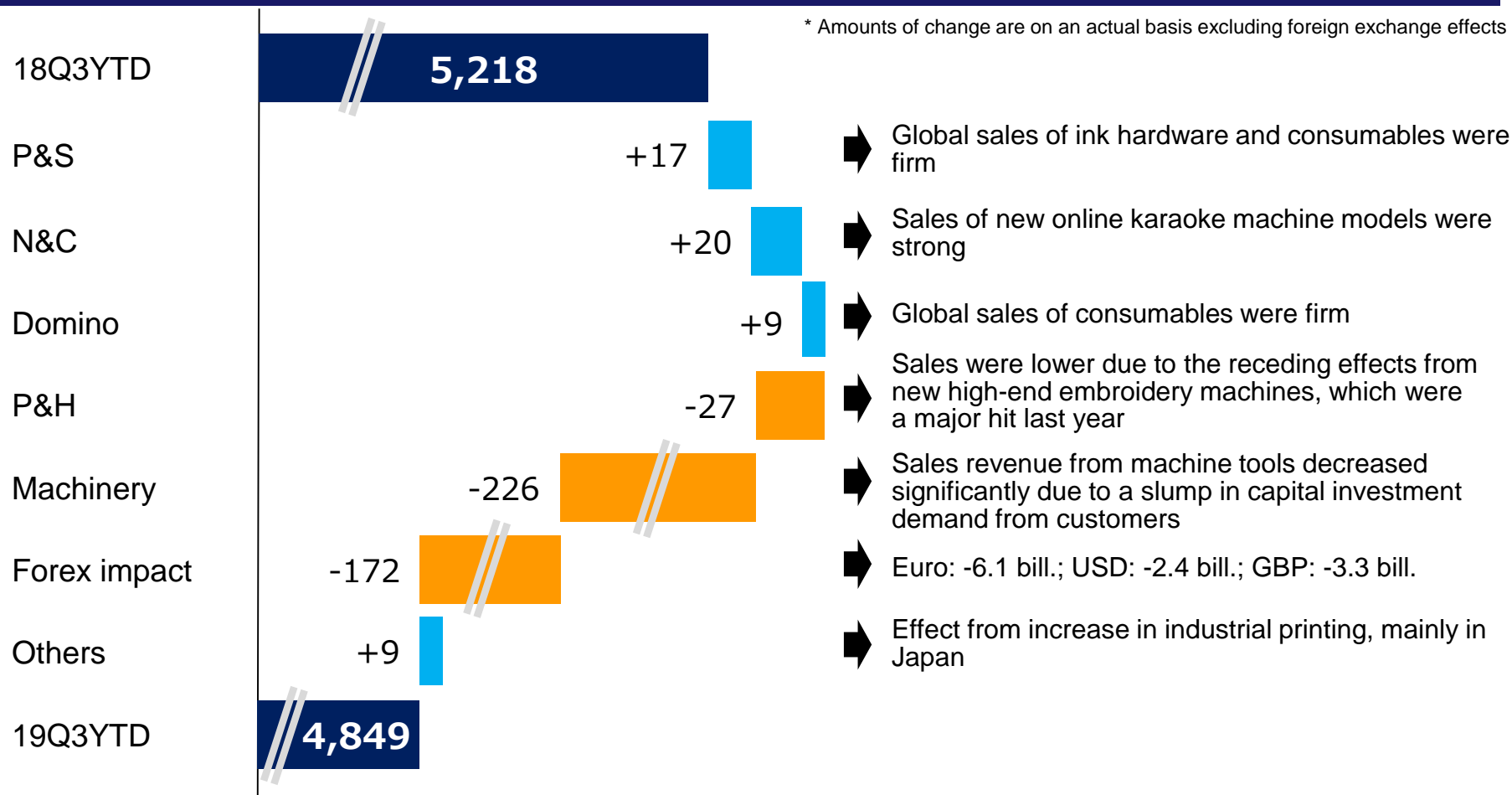
Revenue and profit were down, mainly due to sluggish demand for machine tools

	18Q3 YTD	19Q3 YTD	Change	Rate of Change (w/o FX)
Sales Revenue	5,218	4,849	-369	-7.1% (-3.8%)
Business Segment Profit	604	545	-59	-9.8%
Business Segment Profit Ratio	11.6%	11.2%		
Other income/expense	13	9	-3	
Operating Profit	617	554	-62	-10.1%
Operating Profit Ratio	11.8%	11.4%		
Income before Tax	620	557	-64	-10.3%
Net Income	465	416	-49	-10.6%
USD	110.82	109.10		
EUR	129.38	121.46		

Main Factors of Changes in Sales Revenue FY19Q3YTD

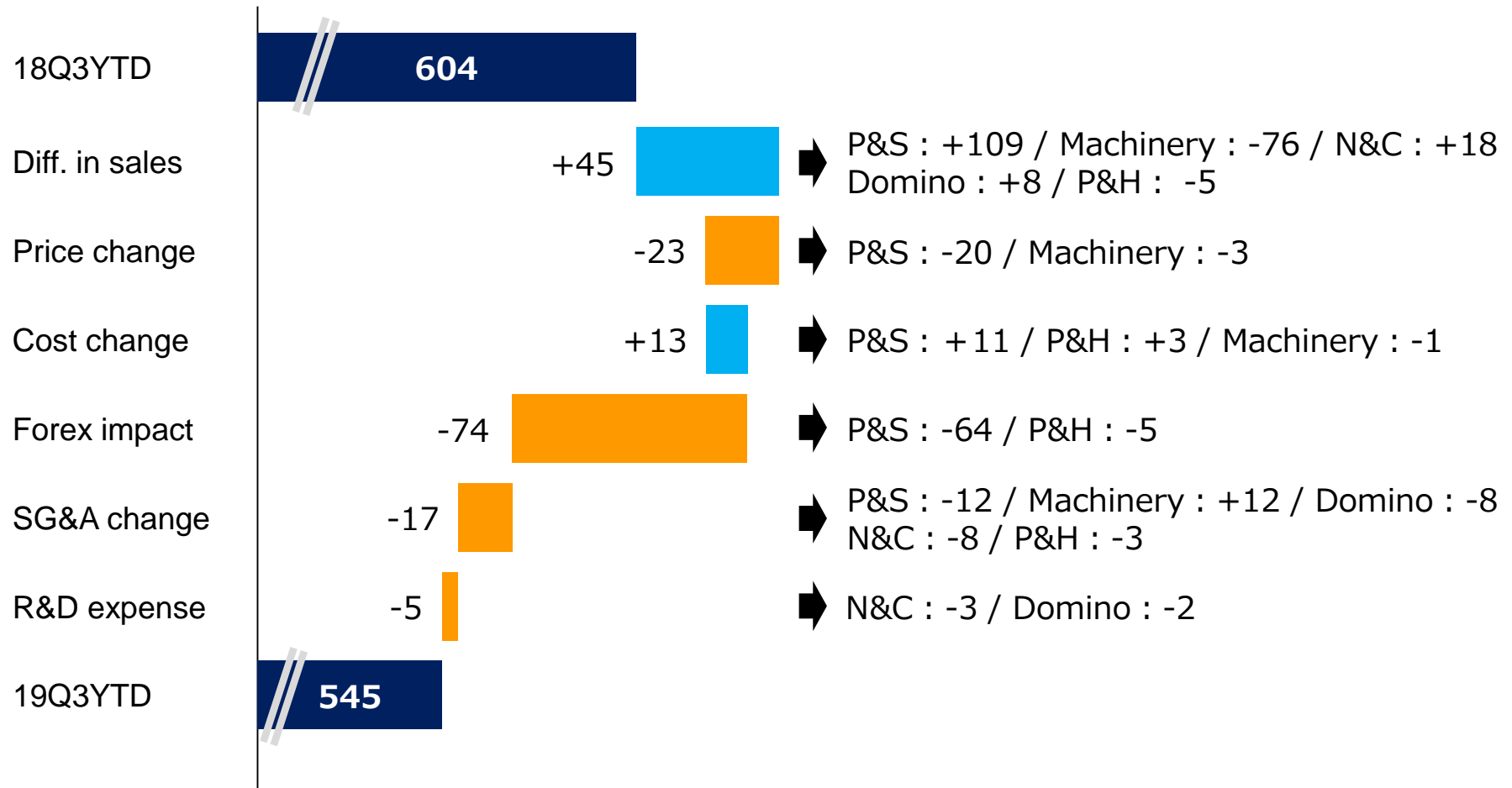
(100 Millions of Yen)

Sales revenue was down due to sluggish sales in the Machinery business, primarily for machine tools, and negative foreign exchange effects



Main Factors of Changes in Business Segment Profit FY19Q3YTD

Strong sales in the P&S business, lower sales in Machinery (Machine tools) and foreign exchange impacts were incorporated



Results for FY2019 Q3YTD by Business Segment



(100 Millions of Yen)

		18Q3YTD	19Q3YTD	change
Printing & Solutions	Sales Revenue	3,073	2,972	-102
	Business Segment Profit	434	458	24
	Operating Profit	439	462	22
Personal & Home	Sales Revenue	355	315	-40
	Business Segment Profit	34	24	-10
	Operating Profit	34	25	-9
Machinery	Sales Revenue	818	579	-239
	Business Segment Profit	88	16	-71
	Operating Profit	90	16	-73
Network & Contents	Sales Revenue	357	377	20
	Business Segment Profit	13	19	7
	Operating Profit	12	19	7
Domino business	Sales Revenue	526	508	-18
	Business Segment Profit	31	27	-4
	Operating Profit	34	27	-8
Other	Sales Revenue	90	99	9
	Business Segment Profit	7	3	-4
	Operating Profit	9	7	-2
Total	Sales Revenue	5,218	4,849	-369
	Business Segment Profit	604	545	-59
	Operating Profit	617	554	-62

*Not including elimination amount by inter-segment transaction.

Printing & Solutions Sales Revenue & Profit

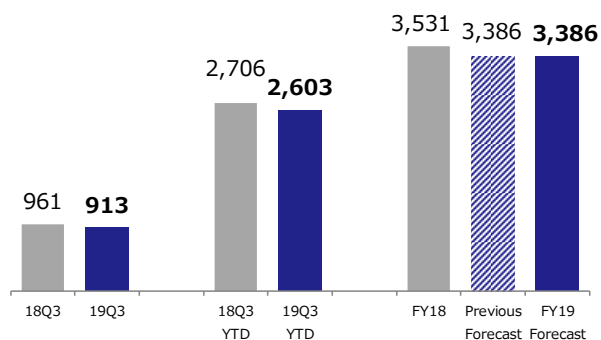


(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	1,087	1,039	-4.4%	-0.2%	3,073	2,972	-3.3%	0.6%	4,030	3,873	3,873	-3.9%	0.2%
Communications & Printing equipment	961	913	-5.0%	-0.8%	2,706	2,603	-3.8%	0.1%	3,531	3,386	3,386	-4.1%	0.0%
Americas	339	334	-1.5%	3.1%	985	960	-2.5%	0.8%	1,300	1,252	1,252	-3.7%	-0.3%
Europe	334	300	-10.3%	-4.8%	882	829	-6.0%	0.0%	1,162	1,101	1,101	-5.2%	1.0%
Asia & Others	158	153	-3.0%	1.1%	490	468	-4.5%	-0.4%	620	599	599	-3.4%	1.3%
Japan	130	126	-2.9%	-2.9%	349	345	-1.0%	-1.0%	448	433	433	-3.4%	-3.5%
Electronic stationery	126	126	-0.0%	4.6%	368	369	0.2%	4.1%	499	487	487	-2.4%	1.6%
Americas	54	58	6.9%	11.5%	171	173	1.3%	4.2%	225	223	223	-1.1%	2.2%
Europe	40	37	-7.3%	-1.4%	105	105	0.0%	6.4%	145	143	143	-1.3%	5.2%
Asia & Others	20	20	-2.7%	2.1%	62	58	-5.5%	-0.8%	79	74	74	-5.7%	0.4%
Japan	11	11	-2.9%	-2.9%	30	32	5.8%	5.8%	50	48	48	-5.2%	-9.0%
Business Segment Profit	166	146	-12.3%	-	434	458	5.6%	-	522	504	504	-3.4%	-
Operating Profit	177	151	-14.8%	-	439	462	5.1%	-	529	508	508	-4.0%	-

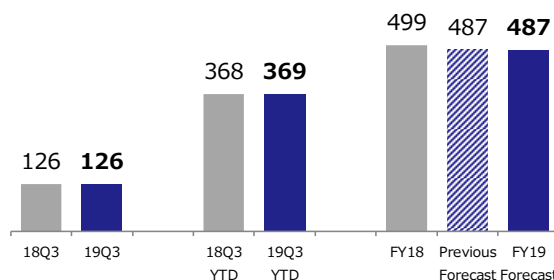
<Sales Revenue>

Communications & Printing equipment

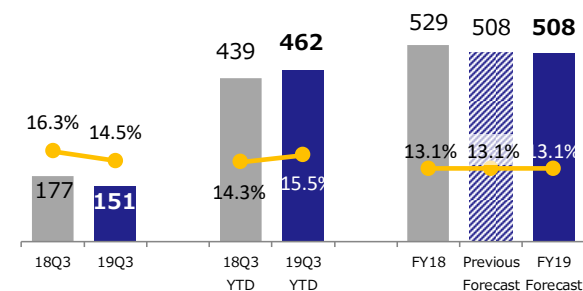


<Sales Revenue>

Electronic stationery



<Operating Profit>



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

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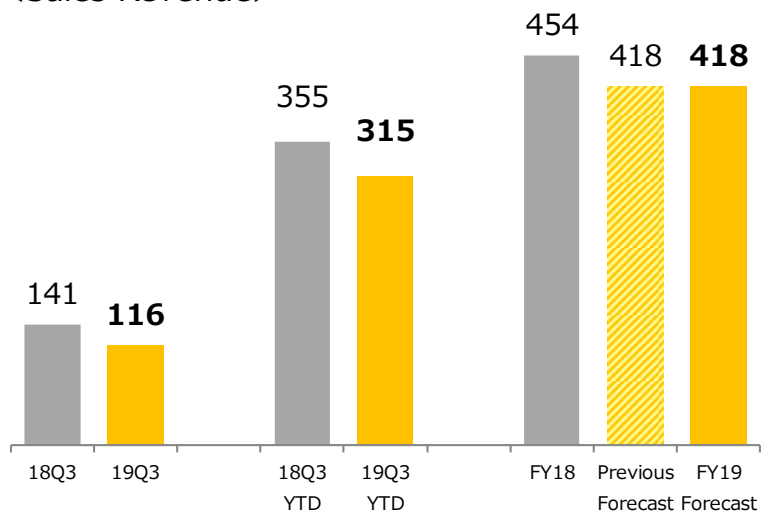
	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	FY2017	FY2018	Previous Forecast	FY2019 Forecast
LBP															
Sales revenue growth rate (JPY)															
Hardware	13%	24%	23%	11%	1%	-3%	-5%	-17%	-9%	-8%	-7%	17%	-6%	-6%	-6%
Consumable	-1%	2%	9%	1%	1%	1%	-1%	-4%	2%	-6%	-2%	3%	-1%	-3%	-3%
Sales revenue growth rate (LC)															
Hardware	12%	15%	15%	10%	2%	0%	-1%	-12%	-6%	-4%	-3%	13%	-2%	-2%	-2%
Consumable	-2%	-8%	2%	-1%	1%	3%	2%	-1%	4%	-1%	3%	-2%	1%	1%	1%
IJP															
Sales revenue growth rate (JPY)															
Hardware	3%	15%	3%	-1%	-6%	-6%	2%	-6%	-2%	8%	-7%	4%	-4%	2%	2%
Consumable	4%	3%	13%	3%	1%	-1%	-3%	-5%	1%	-2%	-8%	6%	-2%	-5%	-5%
Sales revenue growth rate (LC)															
Hardware	3%	6%	-3%	-2%	-3%	-2%	6%	-1%	1%	13%	-4%	1%	-1%	6%	6%
Consumable	4%	-5%	6%	1%	1%	1%	0%	-2%	3%	3%	-5%	1%	0%	-1%	-1%
Consumable Ratio															
	57%	57%	56%	58%	58%	58%	57%	61%	60%	58%	57%	57%	58%	58%	58%
Growth rate of Hardware															
LBP	13%	9%	10%	3%	-1%	-8%	-7%	-16%	-13%	-4%	-2%	9%	-8%	-	-
IJP	-7%	-5%	-9%	3%	-1%	-2%	-1%	-4%	0%	13%	1%	-5%	-2%	-	-

Personal & Home Sales Revenue & Profit

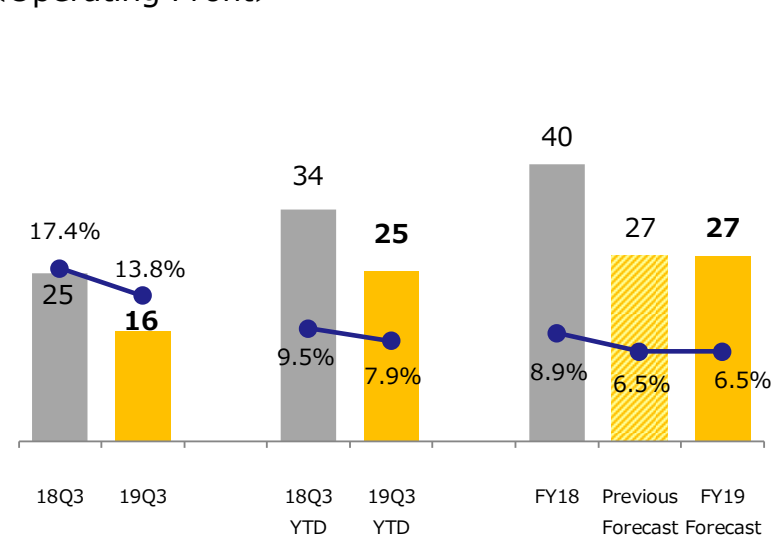
(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	141	116	-17.5%	-13.4%	355	315	-11.3%	-7.6%	454	418	418	-8.0%	-4.3%
Americas	81	63	-23.0%	-19.6%	206	177	-13.8%	-10.9%	258	234	234	-9.4%	-5.8%
Europe	37	34	-7.7%	-1.1%	87	81	-7.3%	-0.8%	111	101	101	-8.7%	-3.2%
Asia & Others	15	13	-13.6%	-10.0%	39	36	-8.0%	-4.2%	50	49	49	-1.2%	1.5%
Japan	8	7	-14.6%	-14.6%	23	21	-9.9%	-9.9%	36	33	33	-6.3%	-4.6%
Business Segment Profit	23	14	-38.6%	-	34	24	-29.3%	-	40	27	27	-33.1%	-
Operating Profit	25	16	-34.5%	-	34	25	-26.7%	-	40	27	27	-33.0%	-

<Sales Revenue>



<Operating Profit>



Machinery Business Sales Revenue & Profit

(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX
Sales Revenue	225	186	-17.1%	-14.8%
Industrial sewing machines	87	75	-14.3%	-10.3%
Machine tools	88	68	-22.3%	-20.9%
Industrial Parts	50	44	-13.0%	-11.9%

	18Q3 YTD	19Q3 YTD	Change	Change x FX
Sales Revenue	818	579	-29.2%	-27.6%
Industrial sewing machines	250	218	-12.5%	-9.2%
Machine tools	419	230	-45.2%	-44.4%
Industrial Parts	149	131	-12.0%	-11.1%

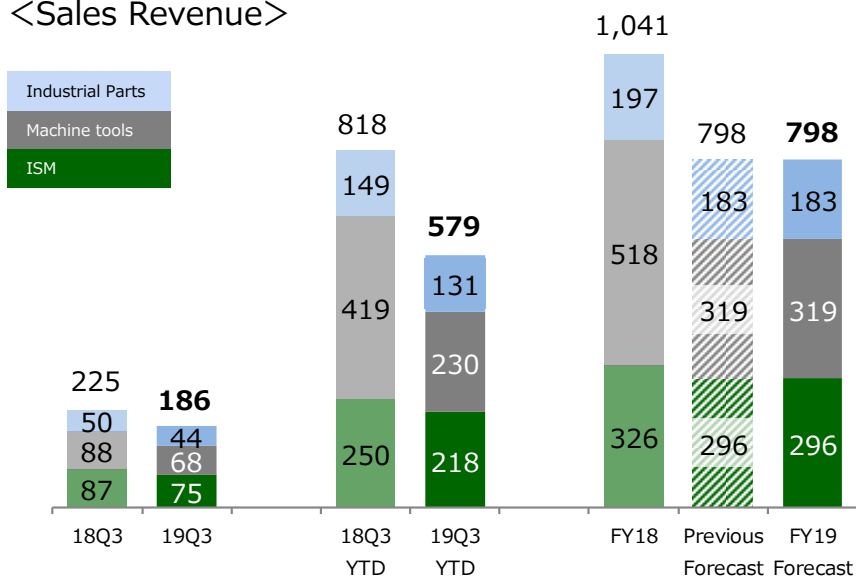
	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	1,041	798	798	-23.4%	-21.6%
Industrial sewing machines	326	296	296	-9.3%	-5.8%
Machine tools	518	319	319	-38.4%	-37.4%
Industrial Parts	197	183	183	-7.3%	-6.1%

	18Q3	19Q3	Change	Change x FX
Business Segment Profit	17	8	-54.1%	-
Operating Profit	17	8	-56.1%	-

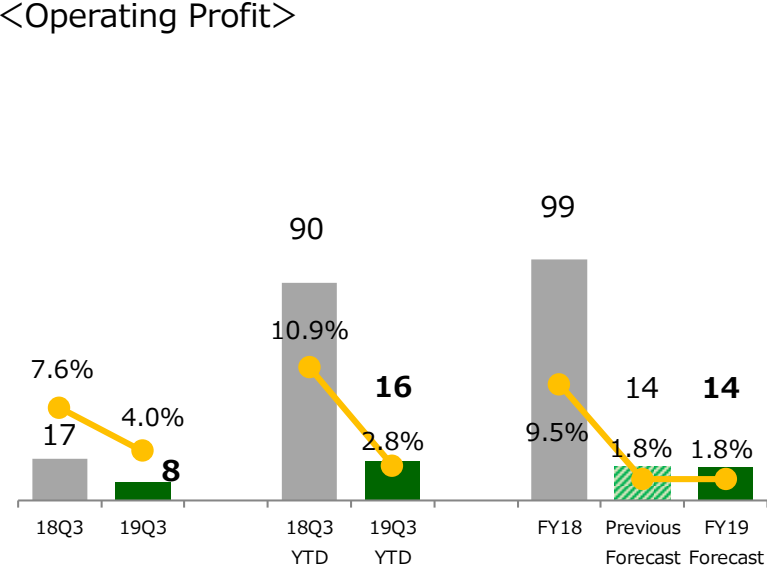
	18Q3 YTD	19Q3 YTD	Change	Change x FX
Business Segment Profit	88	16	-81.4%	-
Operating Profit	90	16	-81.7%	-

	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Business Segment Profit	98	15	15	-84.6%	-
Operating Profit	99	14	14	-85.9%	-

<Sales Revenue>



<Operating Profit>



Machinery Business Sales Revenue by Region

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(100 Millions of Yen)

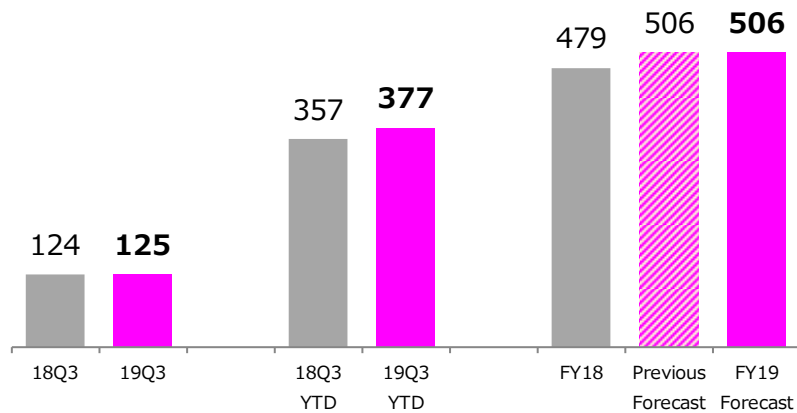
	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	225	186	-17.1%	-14.8%	818	579	-29.2%	-27.6%	1,041	798	798	-23.4%	-21.6%
Industrial sewing machines	87	75	-14.3%	-10.3%	250	218	-12.5%	-9.2%	326	296	296	-9.3%	-5.8%
Americas	20	21	7.9%	12.0%	52	57	8.5%	11.2%	65	73	73	11.5%	14.0%
Europe	16	18	13.1%	21.1%	54	51	-5.5%	0.8%	71	71	71	-1.3%	5.9%
Asia & Others	49	33	-33.1%	-30.2%	137	103	-24.6%	-22.1%	181	143	143	-20.9%	-17.9%
Japan	2	2	12.3%	12.3%	6	7	16.8%	16.8%	8	9	9	10.2%	3.6%
Machine tools	88	68	-22.3%	-20.9%	419	230	-45.2%	-44.4%	518	319	319	-38.4%	-37.4%
Americas	7	3	-64.8%	-	28	14	-49.5%	-	33	21	21	-35.2%	-
Europe	5	4	-7.8%	-	24	17	-28.1%	-	30	24	24	-18.6%	-
Asia & Others	46	41	-11.1%	-	280	127	-54.5%	-	341	178	178	-47.7%	-
Japan	29	20	-31.3%	-	88	71	-18.7%	-	114	95	95	-16.4%	-
Industrial Parts	50	44	-13.0%	-11.9%	149	131	-12.0%	-11.1%	197	183	183	-7.3%	-6.1%
Americas	6	5	-15.5%	-12.4%	18	18	-3.6%	-1.8%	25	24	24	-0.5%	0.0%
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia & Others	5	5	-11.9%	-5.7%	17	14	-16.5%	-10.7%	22	20	20	-8.0%	-1.5%
Japan	38	33	-12.7%	-12.7%	113	99	-12.7%	-12.7%	150	139	139	-7.9%	-7.8%

Network & Contents Sales Revenue & Profit

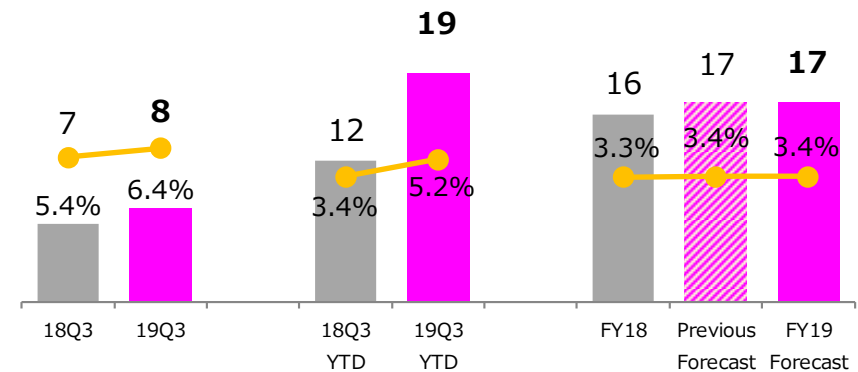
(100 Millions of Yen)

	18Q3	19Q3	Change	18Q3 YTD	19Q3 YTD	Change	FY18	Previous Forecast	FY19 Forecast	Change v LY
Sales Revenue	124	125	0.7%	357	377	5.6%	479	506	506	5.6%
Business Segment Profit	7	8	28.3%	13	19	53.7%	18	19	19	6.8%
Operating Profit	7	8	19.0%	12	19	61.5%	16	17	17	6.7%

<Sales Revenue>



<Operating Profit>

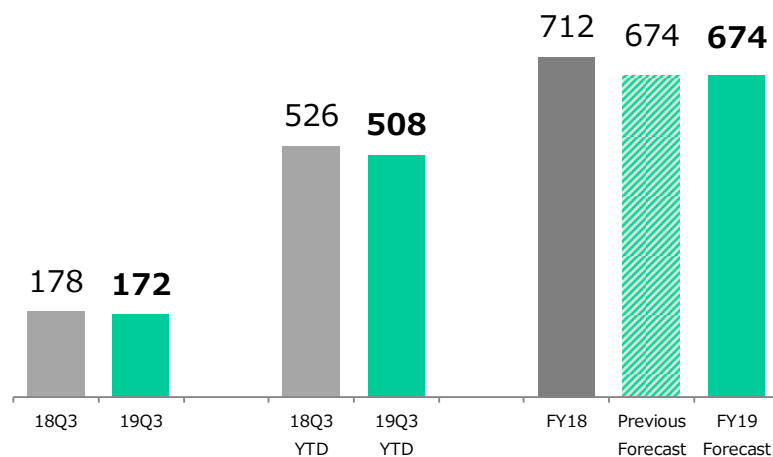


Domino Business Sales Revenue & Profit

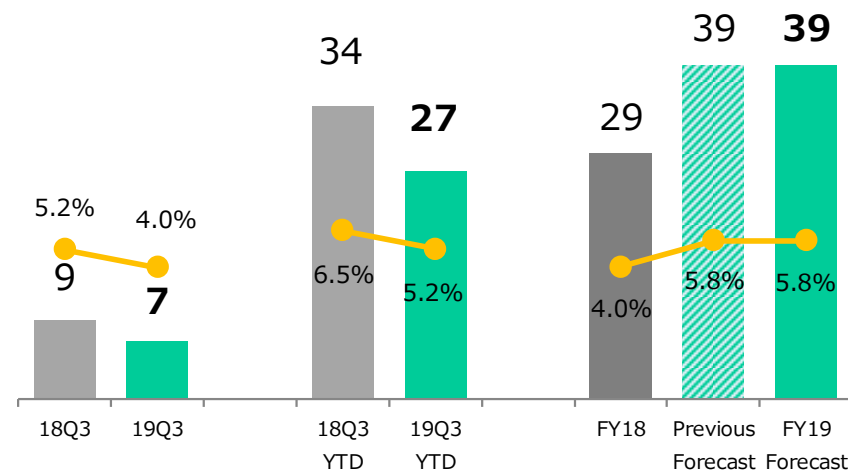
(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	178	172	-3.4%	1.6%	526	508	-3.4%	1.8%	712	674	674	-5.4%	0.8%
Americas	42	42	1.5%	5.6%	118	123	4.6%	7.5%	159	158	158	-0.9%	5.9%
Europe	92	82	-10.5%	-5.5%	263	243	-7.7%	-1.6%	358	336	336	-6.2%	0.0%
Asia & Others	45	48	6.7%	12.2%	145	141	-2.2%	3.2%	195	180	180	-7.6%	3.8%
Business Segment Profit	6	8	19.5%	-	31	27	-12.9%	-	39	37	37	-6.3%	-
Operating Profit	9	7	-25.9%	-	34	27	-22.1%	-	29	39	39	36.1%	-

<Sales Revenue>



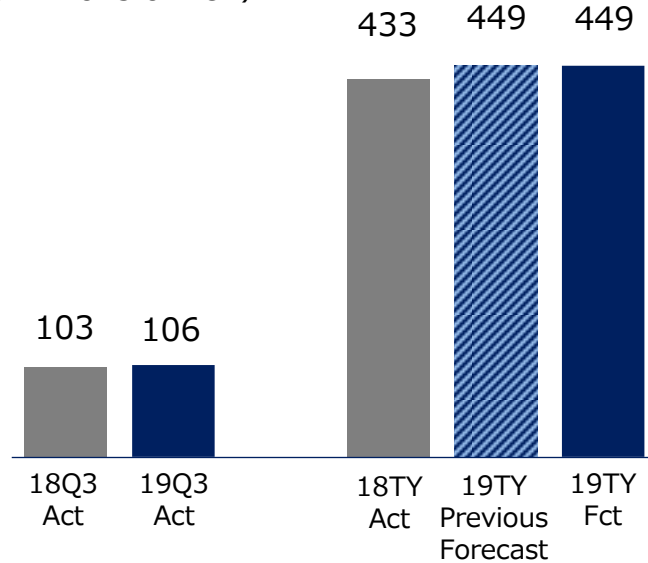
<Operating Profit>



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

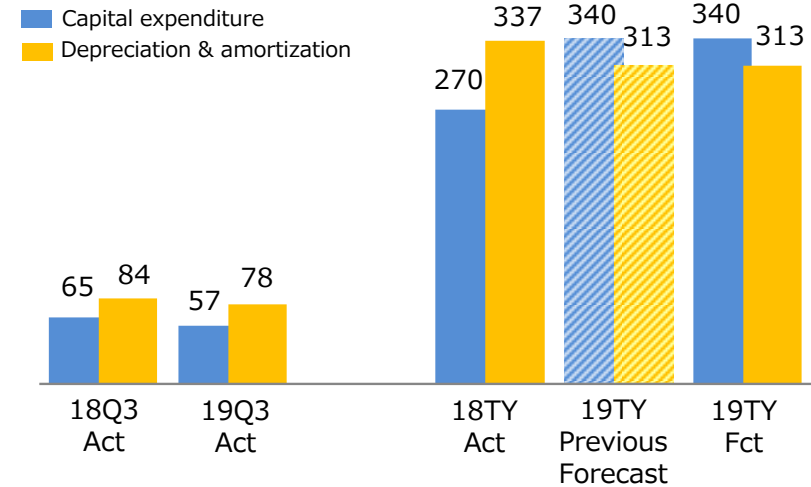
R&D expenses

(100 Millions of Yen)



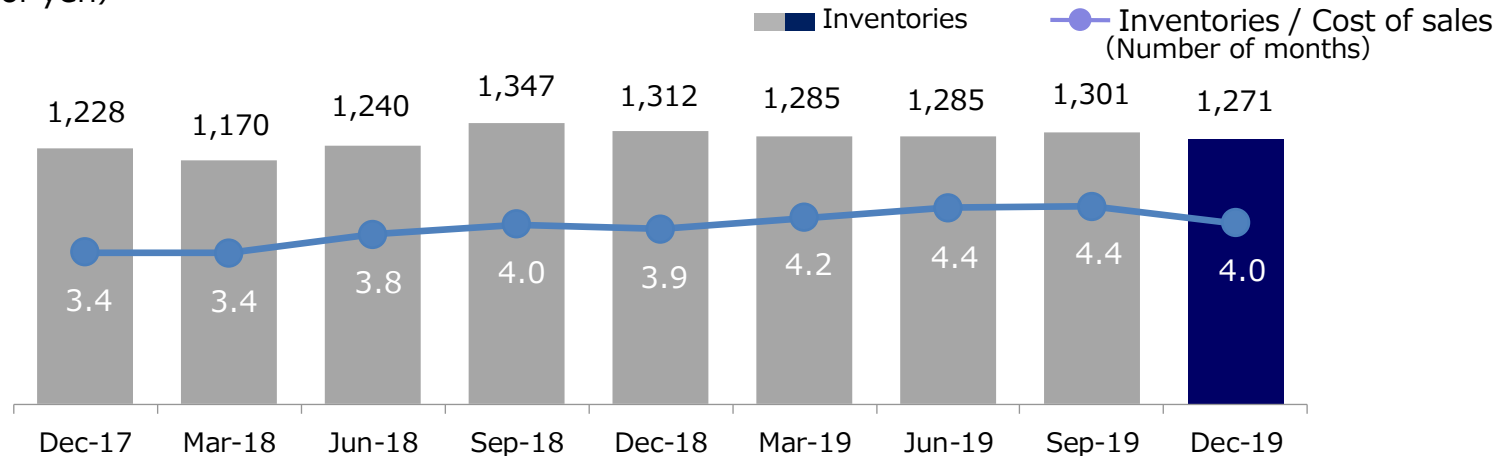
Capital expenditure / Depreciation & amortization

(100 Millions of Yen)



Inventories

(100 Millions of yen)



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

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