Fiscal Year 2014 (ending March 31, 2015)

Third Quarter Results
(ended December 31, 2014)

Brother Industries, Ltd.

February 4, 2015

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 FY2014 (ending March 31,2015)
< FY2014 Q3 (9-month Results) >

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(100 Millions of Yen)

	Nine months ended Dec.31, 2014			
	Q3 3/2015 [Actual]	Q3 3/2014 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	5,214	4,518	696	15.4% (+10.4%)
Operating Income	458	307	151	49.0%
Operating Income Ratio	8.8%	6.8%	2.0%	
Non-operating Income (Loss)	-34	-66	32	
Current Profits	424	241	183	75.6%
Extraordinary Income (Loss)	152	1	151	
Income Taxes	96	124	-29	
Net Income	481	118	363	307.8%

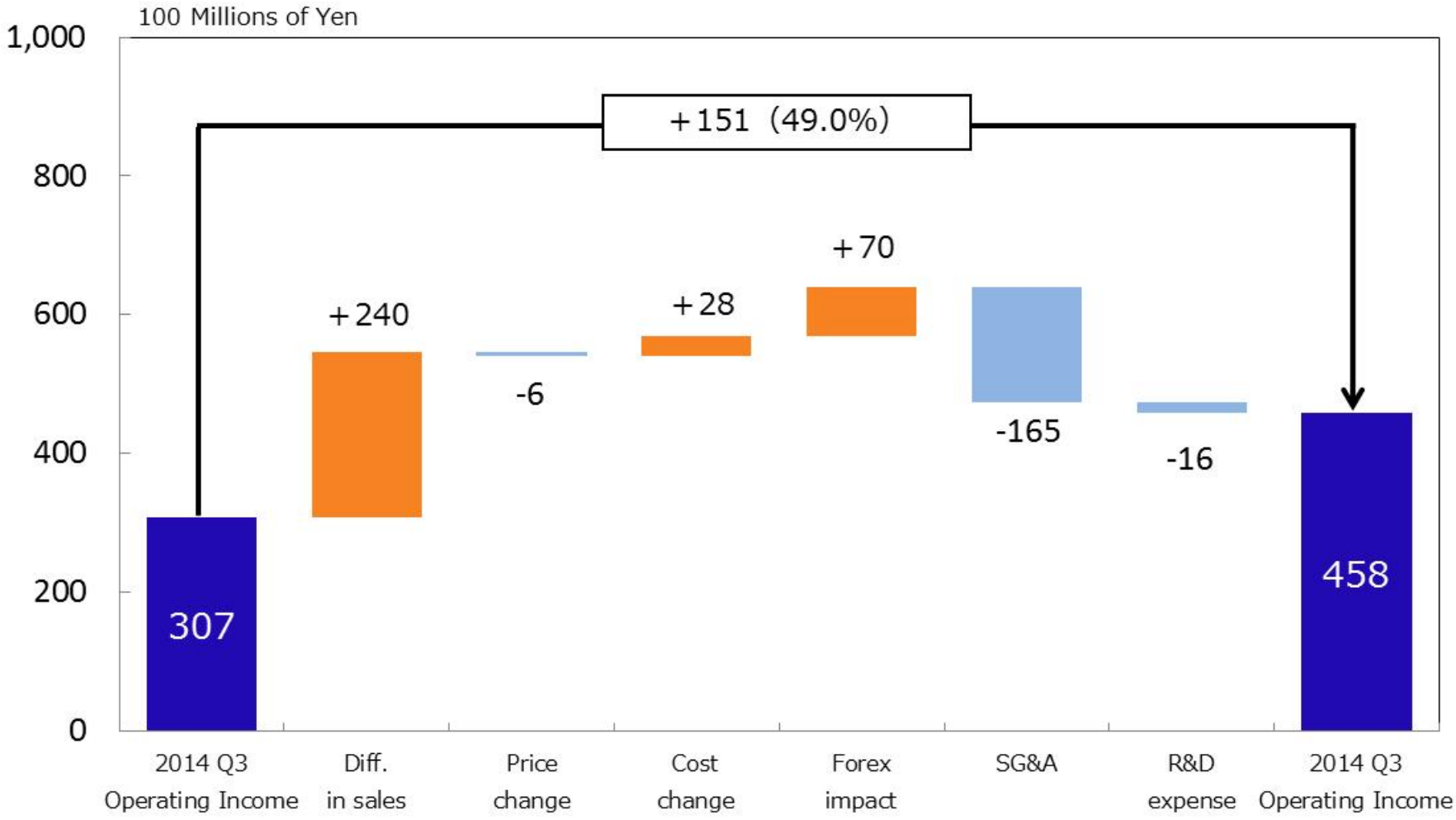
(Yen)

Exchange Rates	USD	107.27	99.23	8.04
	EUR	140.50	132.13	8.37

- ✓ Net sales increased due to performance growth in the M&S business with strong sales of Machine tools and the yen's depreciation.
- ✓ Operating income increased due to strong sales in the M&S business and the yen's depreciation.
- ✓ Net income significantly increased due to a gain on the sale of property and tax effect accounting.

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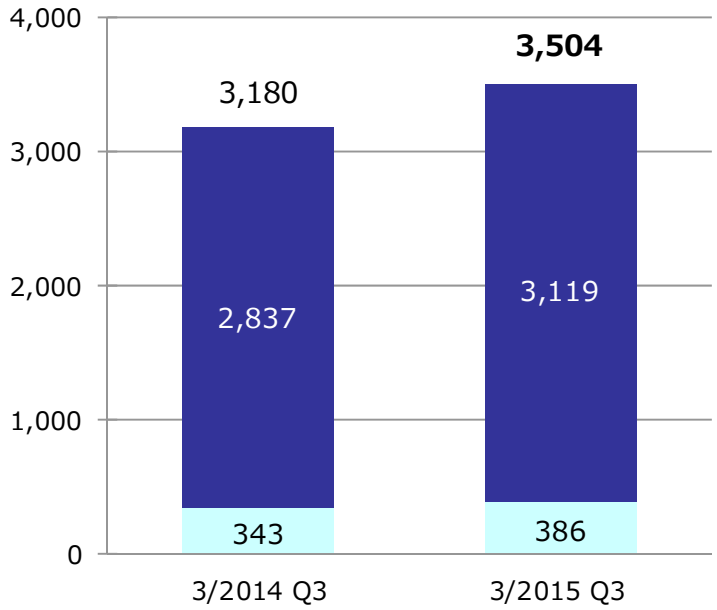
Main Factors for Changes in Operating Income
< FY2014 Q3 (9-month Results) >



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Printing & Solutions Sales & Operating Income
< FY2014 Q3 (9-month Results) >

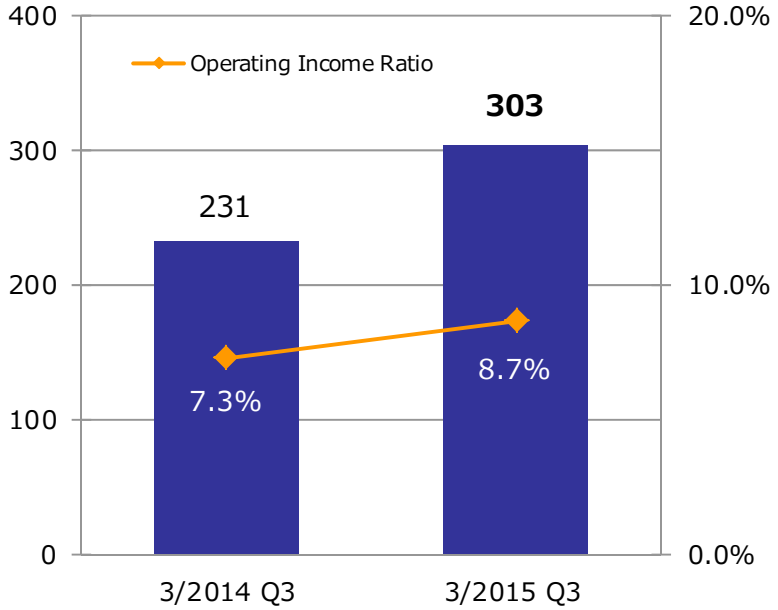
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Communications & Printing equipment	+9.9% (+4.4%)
Electronic stationery	+12.5% (+6.2%)
Total	+10.2% (+4.6%)

Operating Income
(100 Millions of Yen)



Communications & Printing equipment
Geographical Sales(100 Millions of Yen)

	3/2014 Q3	3/2015 Q3	Change (w/o forex impact)
Americas	1,126	1,234	+9.6% (+3.3%)
Europe	950	1,041	+9.7% (+3.1%)
Asia & Others	436	527	+21.0% (+15.5%)
Japan	326	316	-3.1% (-3.1%)

Electronic stationery
Geographical Sales(100 Millions of Yen)

	3/2014 Q3	3/2015 Q3	Change (w/o forex impact)
Americas	162	185	+14.3% (+7.2%)
Europe	104	116	+11.6% (+4.5%)
Asia & Others	47	60	+27.3% (+21.4%)
Japan	29	24	-17.6% (-17.6%)

- ✓ In the Asia & Others region excluding Japan, hardware sales steadily increased. Consumables sales remained solid in each region. Sales in Japan decreased year-on-year due to lingering weak demand resulting from the impact of the consumption tax hike
- ✓ Despite an increase in SGA, operating income rose due to increased sales and the positive effect of the yen's depreciation.

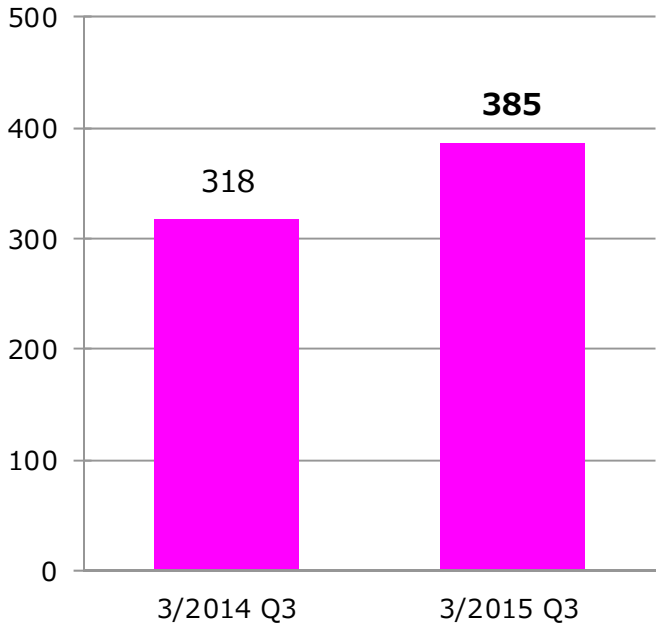
*In accordance with a change in scope of consolidation this year, some figures, which were presented in "Japan" in the prior year, are reclassified into "Asia and Others".

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Personal & Home Sales & Operating Income
< FY2014 Q3 (9-month Results) >

Net Sales

(100 Millions of Yen)

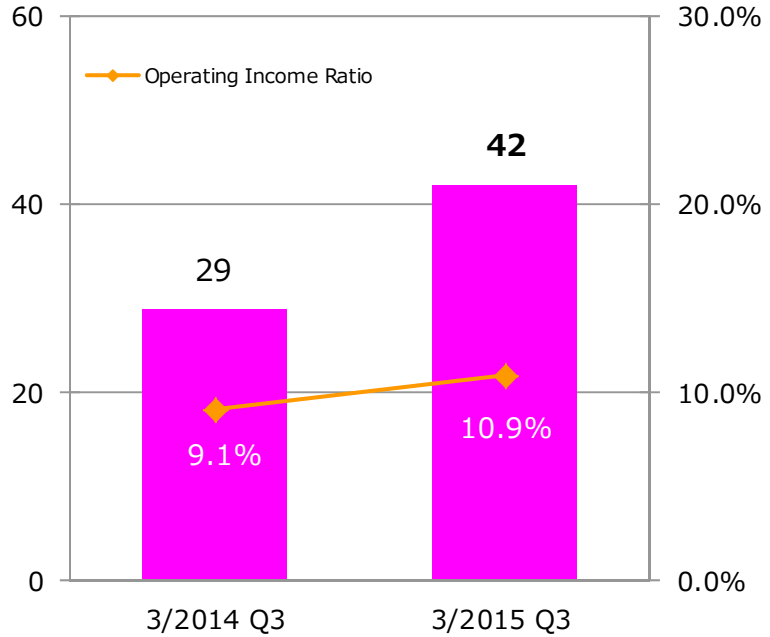


Change(w/o forex impact)

Home sewing machines
+21.1% (+14.2%)

Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2014 Q3	3/2015 Q3	Change (w/o forex impact)
Americas	175	226	+28.9% (+20.0%)
Europe	76	83	+8.8% (+2.7%)
Asia & Others	35	45	+29.8% (+24.8%)
Japan	31	30	-2.3% (-2.3%)

- ✓ Sales remained strong in the Americas due to the launch of new high-end models.
- ✓ Operating income significantly increased due to increased sales and the launch of new models.

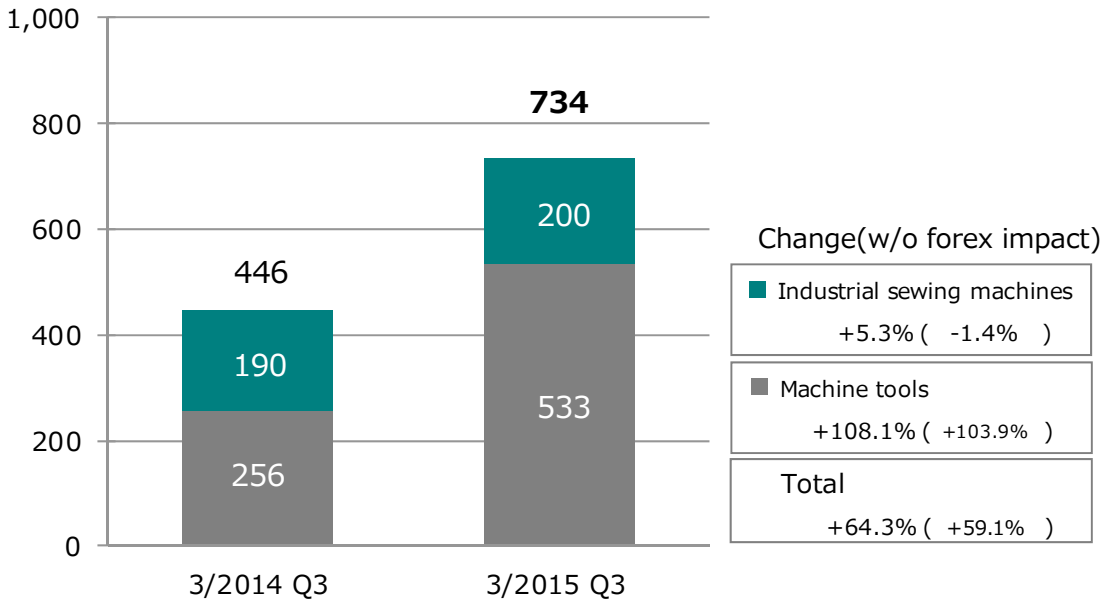
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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Machinery & Solution Sales & Operating Income
< FY2014 Q3 (9-month Results) >

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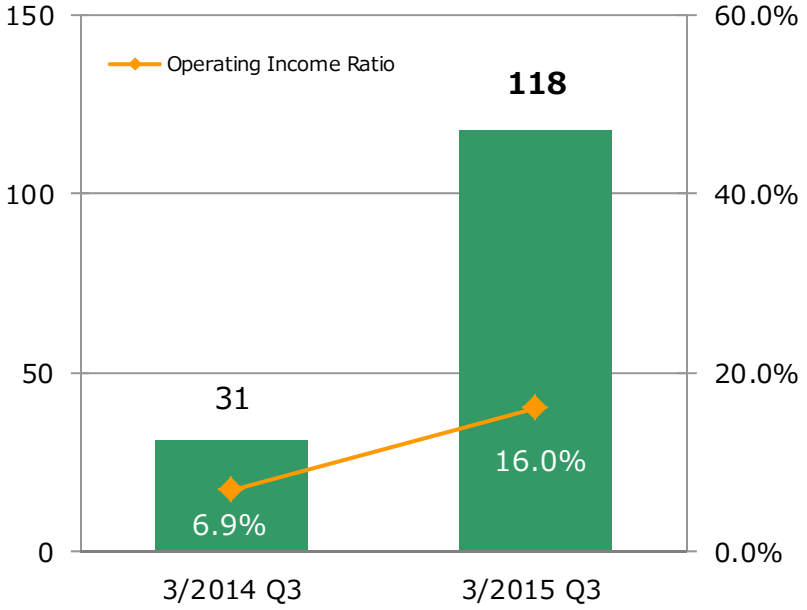
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Industrial sewing machines	+5.3% (-1.4%)
Machine tools	+108.1% (+103.9%)
Total	+64.3% (+59.1%)

Operating Income
(100 Millions of Yen)



Industrial sewing machines
Geographical Sales(100 Millions of Yen)

	3/2014 Q3	3/2015 Q3	Change (w/o forex impact)
Americas	35	40	+15.2% (+7.7%)
Europe	27	32	+19.4% (+12.7%)
Asia & Others	124	123	-0.5% (-7.4%)
Japan	5	5	+6.4% (+6.4%)

Machine tools
Geographical Sales(100 Millions of Yen)

	3/2014 Q3	3/2015 Q3	Change
Americas	16	22	+34.2%
Europe	12	18	+58.0%
Asia & Others	200	451	+125.1%
Japan	28	43	+50.4%

- ✓ For Industrial sewing machines, sales excluding the forex impact slightly decreased year-on-year due to very sluggish demand in China, despite growing demand for capital investment in the sewing industry in Southeast Asia, Europe and the Americas.
- ✓ For Machine tools, sales significantly rose due to growing demand from IT-related customers and due to strengthened operations to attract automobile-related customers.
- ✓ Operating income significantly rose mainly due to increased sales of Machine tools.

*As machine tools are mostly exported to customers directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

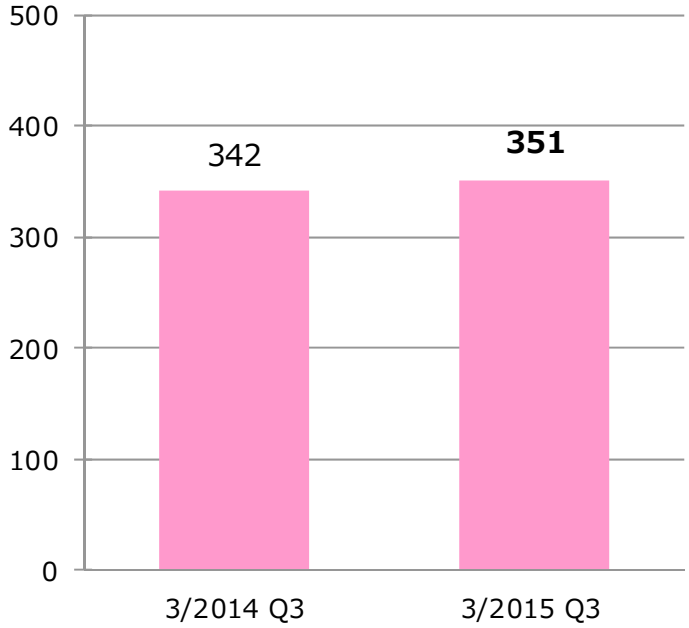
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Network & Contents Sales & Operating Income
< FY2014 Q3 (9-month Results) >

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Net Sales

(100 Millions of Yen)

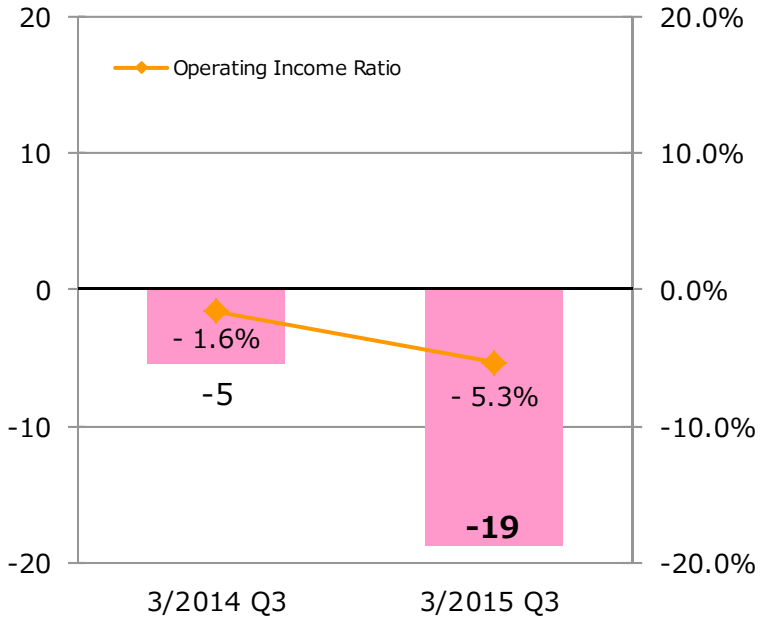


Change

+2.8%

Operating Income

(100 Millions of Yen)



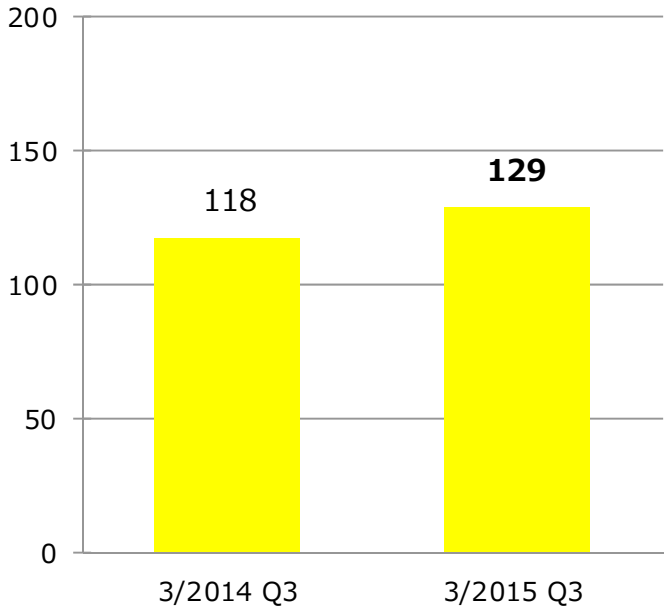
- ✓ Sales slightly increased year-on-year due to slower replacement demand for online karaoke machines, despite steady business operation in karaoke shops.
- ✓ Operating loss increase was due to decreased sales of equipment and an increase in expenses such as R&D costs.

* Regional sales breakdown for “Network & Contents” is not referred to here because the major part of sales are made in Japan.

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Industrial Part Sales & Operating Income
< FY2014 Q3 (9-month Results) >

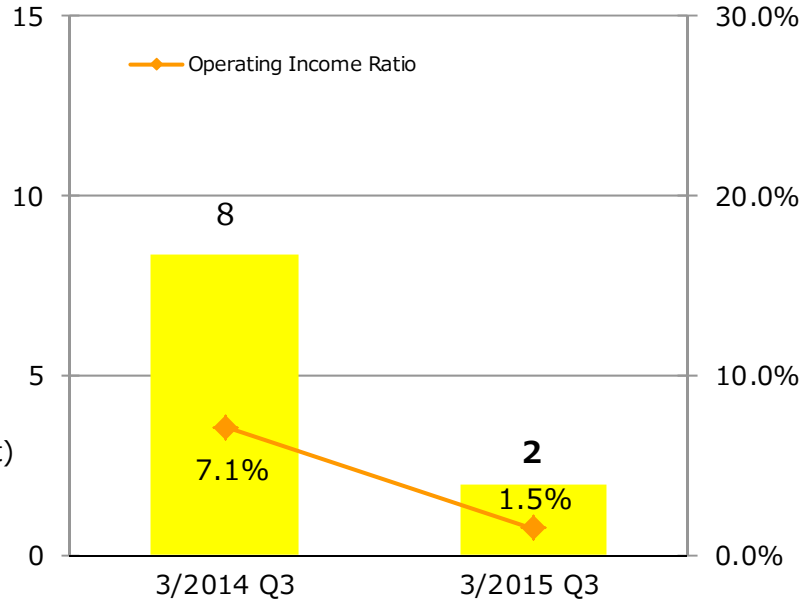
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

+9.4%(+8.3%)

Operating Income
(100 Millions of Yen)



Industrial Part

Geographical Sales(100 Millions of Yen)

	3/2014 Q3	3/2015 Q3	Change
Americas	15	17	+17.6% (+9.2%)
Europe	0	0	- (-)
Asia & Others	0	3	- (-)
Japan	103	108	+4.9% (+4.9%)

- ✓ Sales increased due to steady demand in Japan and strengthened operations in North America.
- ✓ Operating income fell due to increased fixed costs such as depreciation.

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Consolidated Forecast for FY 2014 (ending March 31, 2015)

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(100 Millions of Yen)

	3/2015 [Forecast] (A)	3/2014 [Actual] (B)	Change (A - B)	Rate of Change (w/o forex impact) (A/B - 1)	3/2015 [Previous Forecast] (C)	Change (A - C)
Net Sales	7,100	6,168	932	15.1% (+10.4%)	7,000	100
Operating Income	550	433	117	27.0%	530	20
Operating Income Ratio	7.7%	7.0%	0.7%		7.6%	0.2%
Non-operating Income (Loss)	-35	-77	42		-40	5
Current Profits	515	356	159	44.6%	490	25
Extraordinary Income (Loss)	145	-21	166		145	0
Income Taxes	125	143	-18		125	0
Net Income	535	192	343	178.3%	510	25

(Yen)

Exchange Rates	USD	109.48	100.00	104.54
	EUR	139.35	134.01	138.64

- ✓ The assumed exchange rates have been revised: 1 USD=115 JPY (previous 105 JPY), 1 EUR = 130 JPY (previous 138 JPY).
- ✓ Forecast for Machine tools has been revised upward due to increasing demand from the IT-related industry in China.
- ✓ For Communications & Printing equipment, forecasts for individual regions excluding Europe have been revised downward.
- ✓ Forecasts for Industrial sewing machines, N&C business and Industrial part business have been revised downward by considering the current situation.

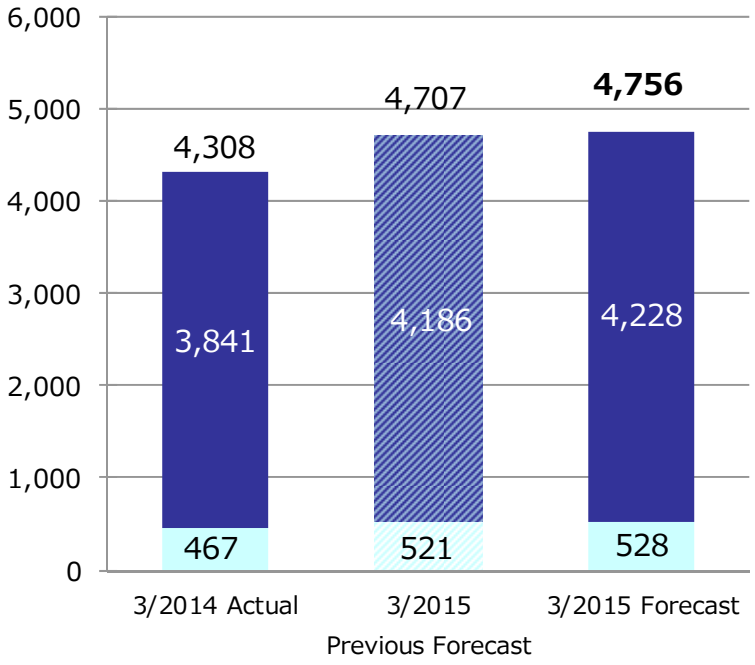
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Printing & Solutions Sales & Operating Income
< Forecast for FY2014(ending March 31,2015) >

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Net Sales

(100 Millions of Yen)

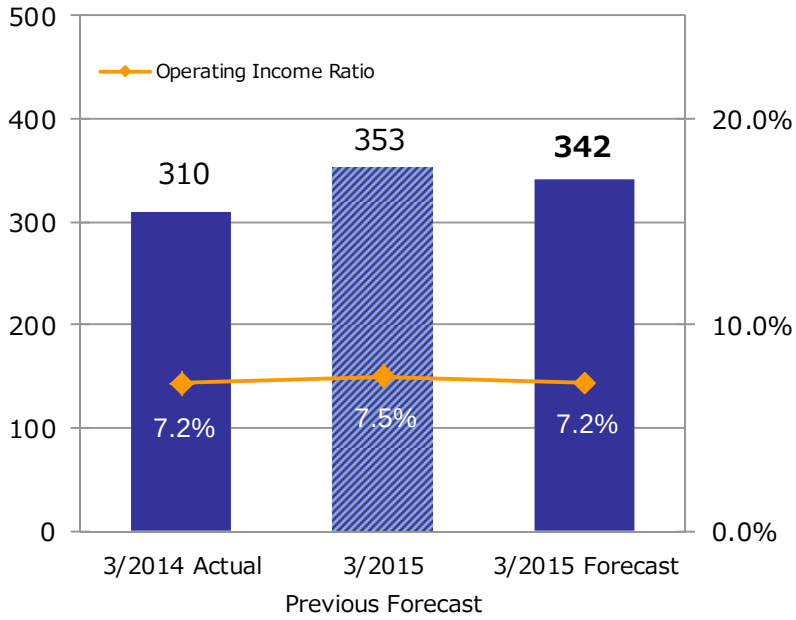


Change(w/o forex impact)

- Communications & Printing equipment: +10.1% (+5.0%)
- Electronic stationery: +13.1% (+6.9%)
- Total: +10.4% (+5.2%)

Operating Income

(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	3/2014 Actual	3/2015 Previous Forecast	3/2015 Forecast	Change (w/o forex impact)
Americas	1,504	1,654	1,681	+11.8% (+5.2%)
Europe	1,327	1,402	1,413	+6.5% (+2.2%)
Asia & Others	579	694	704	+21.5% (+15.1%)
Japan	431	436	430	-0.3% (-0.5%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	3/2014 Actual	3/2015 Previous Forecast	3/2015 Forecast	Change (w/o forex impact)
Americas	216	246	252	+16.6% (+8.7%)
Europe	147	159	161	+9.5% (+4.2%)
Asia & Others	62	77	77	+23.8% (+18.7%)
Japan	42	39	38	-8.6% (-11.4%)

- ✓ Hardware sales forecast has been mainly revised downward in each region excluding Europe.
- ✓ The effect from the change of the assumed exchange rates has been mainly reflected in operating income.

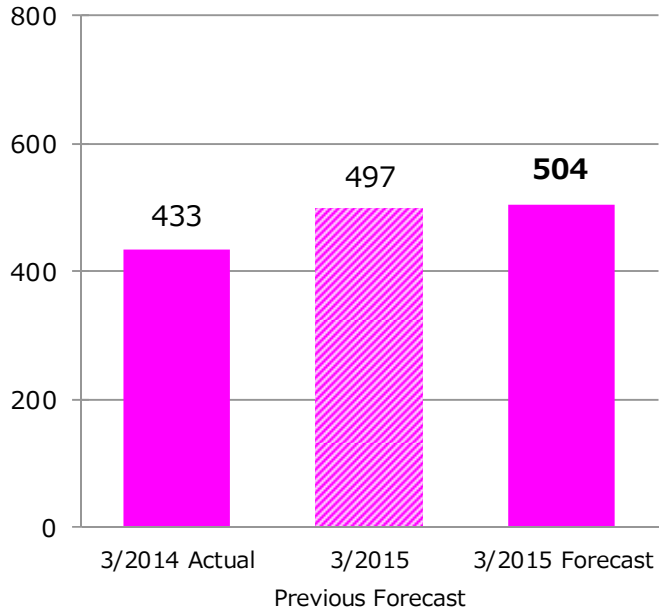
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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Personal & Home Sales & Operating Income
< Forecast for FY2014(ending March 31,2015) >

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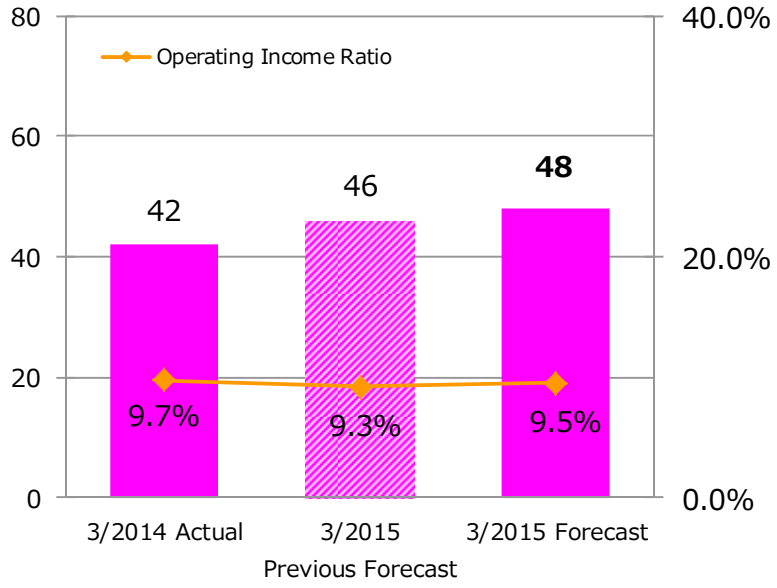
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Home sewing machine
+16.5% (+10.2%)

Operating Income
(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2014 Actual	3/2015 Previous Forecast	3/2015 Forecast	Change (w/o forex impact)
Americas	229	276	285	+24.5% (+15.8%)
Europe	107	110	110	+3.0% (-1.9%)
Asia & Others	46	58	60	+29.2% (+23.8%)
Japan	51	53	49	-3.1% (-2.2%)

- ✓ Sales forecasts for Europe and Japan have been revised downward.
- ✓ The effect from the change of the assumed exchange rates has been mainly reflected in operating income.

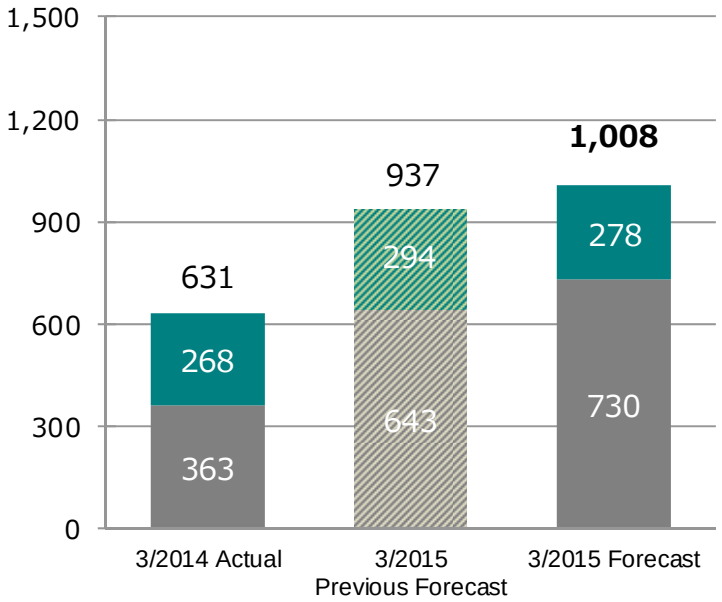
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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Machinery & Solution Sales & Operating Income
< Forecast for FY2014(ending March 31,2015) >

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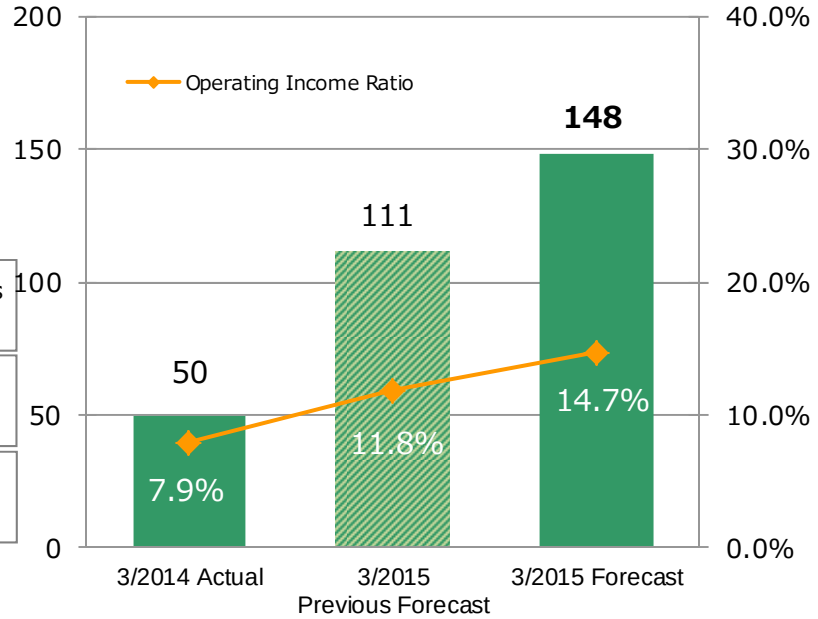
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Industrial sewing machines	+3.8% (-3.1%)
Machine tools	+101.0% (+96.5%)
Total	+59.8% (+54.2%)

Operating Income
(100 Millions of Yen)



Industrial sewing machines
Geographical Sales(100 Millions of Yen)

	3/2014 Actual	3/2015 Previous Forecast	3/2015 Forecast	Change (w/o forex impact)
Americas	45	49	53	+18.0% (+10.2%)
Europe	38	43	44	+16.4% (+10.4%)
Asia & Others	178	196	175	-1.9% (-9.2%)
Japan	7	6	6	-11.0% (-7.7%)

Machine tools
Geographical Sales(100 Millions of Yen)

	3/2014 Actual	3/2015 Previous Forecast	3/2015 Forecast	Change
Americas	21	27	28	+28.6%
Europe	16	23	23	+47.8%
Asia & Others	282	536	620	+120.0%
Japan	44	57	59	+33.8%

- ✓ For Industrial sewing machines, forecast for Southeast Asia has been mainly revised downward by considering the current situation.
- ✓ For Machine tools, forecast has been revised upward due to increasing demand from IT-related customers.
- ✓ Operating income forecast has been revised upward due to upwardly-revised sales forecast for Machine tools.

*As machine tools are mostly exported to customers directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

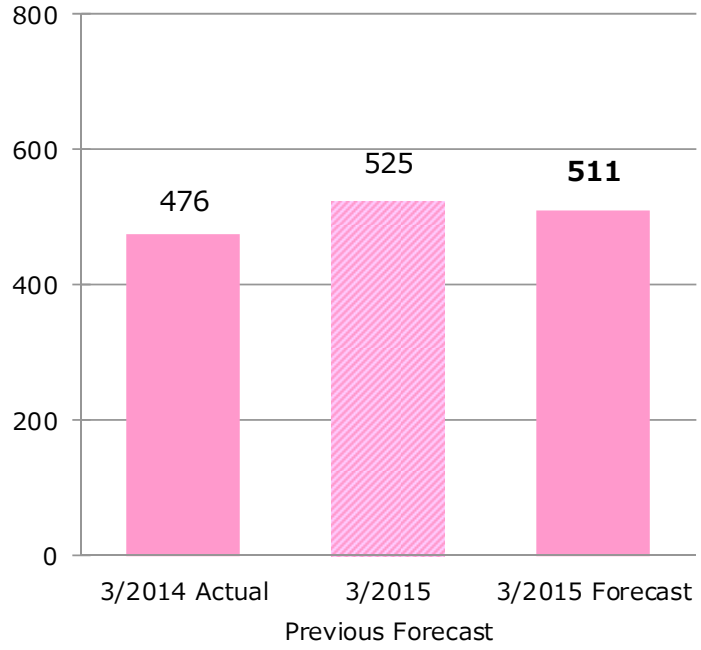
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Network & Contents Sales & Operating Income
< Forecast for FY2014(ending March 31,2015) >

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Net Sales

(100 Millions of Yen)

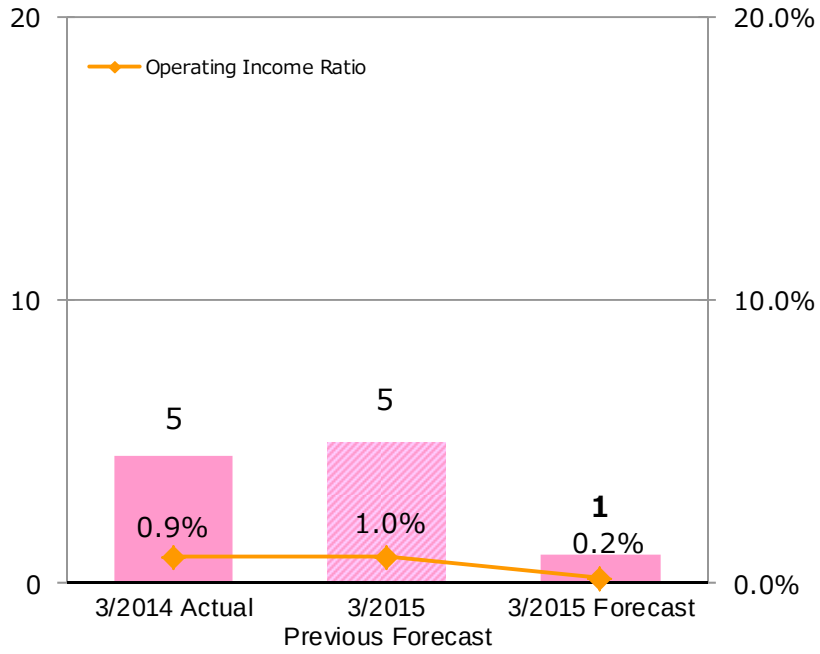


Change

+7.4%

Operating Income

(100 Millions of Yen)



- ✓ Forecast for Karaoke business has been revised downward.
- ✓ Operating income forecast has been revised downward due to downwardly-revised sales.

* Regional sales breakdown for “Network & Contents” is not referred to here because the major part of sales are made in Japan.

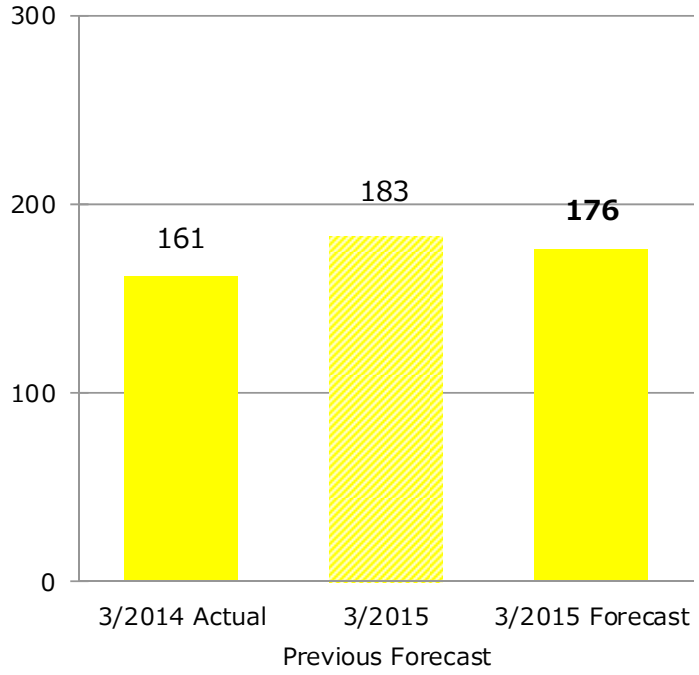
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Industrial Part Sales & Operating Income
< Forecast for FY2014(ending March 31,2015) >

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Net Sales

(100 Millions of Yen)

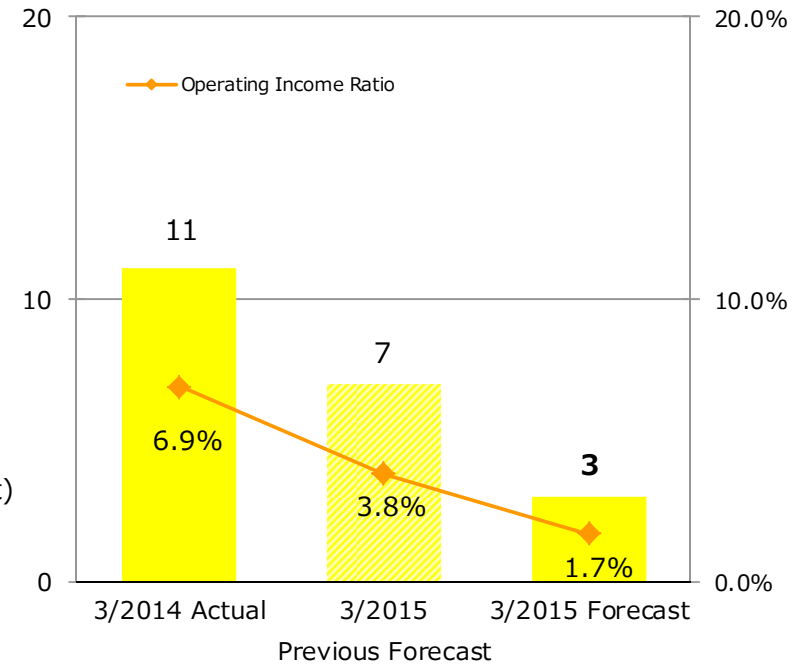


Change(w/o forex impact)

+9.3%(+8.3%)

Operating Income

(100 Millions of Yen)



Industrial Part

Geographical Sales(100 Millions of Yen)

	3/2014 Actual	3/2015 Previous Forecast	3/2015 Forecast	Change (w/o forex impact)
Americas	20	29	24	+18.4% (+12.5%)
Europe	0	0	0	- (-)
Asia & Others	0	5	5	- (-)
Japan	141	149	147	+4.5% (+4.4%)

- ✓ Sales forecast for Americas has been revised downward by considering the current situation.
- ✓ Operating income forecast has been revised downward due to downwardly-revised sales forecast and an increase in expenses.

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Consolidated Results for FY2014 (ending March 31,2015)
< FY2014 Q3 (3-month Results) >

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(100 Millions of Yen)

	Three months ended Dec.31, 2014			
	Q3 3/2015 [Actual]	Q3 3/2014 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	1,968	1,635	333	20.3% (+13.4%)
Operating Income	158	114	45	39.3%
Operating Income Ratio	8.1%	7.0%	1.1%	
Non-operating Income (Loss)	-11	-26	15	
Current Profits	148	88	59	67.3%
Extraordinary Income (Loss)	-8	4	-12	
Income Taxes	30	38	-9	
Net Income	109	53	56	104.4%

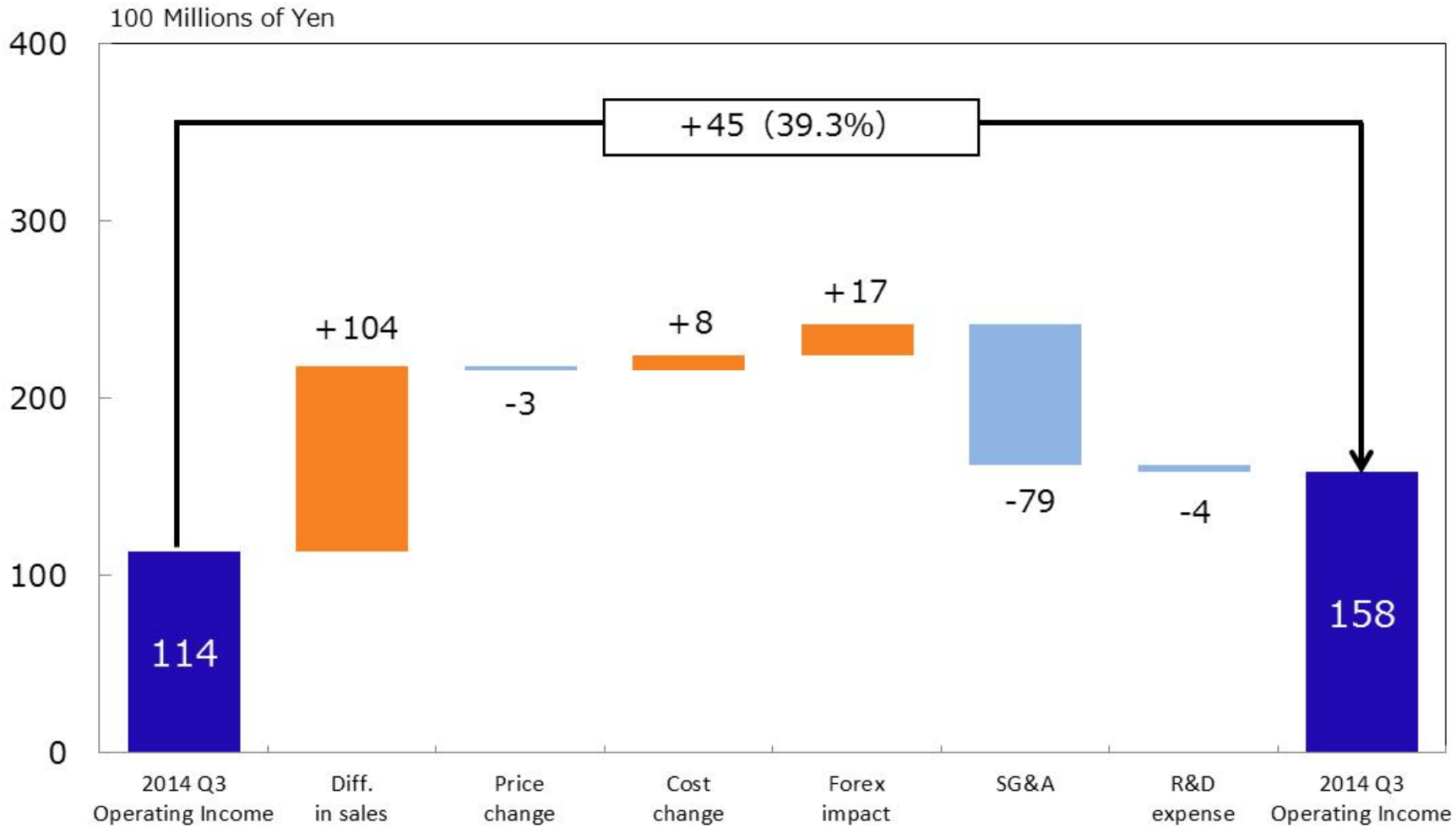
(Yen)

Exchange Rates	USD	114.39	101.02	13.37
	EUR	142.60	137.91	4.69

- ✓ Net sales showed double-digit growth due to strong sales of Machine tools and the positive effect of the yen's depreciation.
- ✓ Operating income increased mainly due to increased sales in the M&S business and the yen's depreciation.

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Main Factors for Changes in Operating Income
< FY2014 Q3 (3-month Results) >

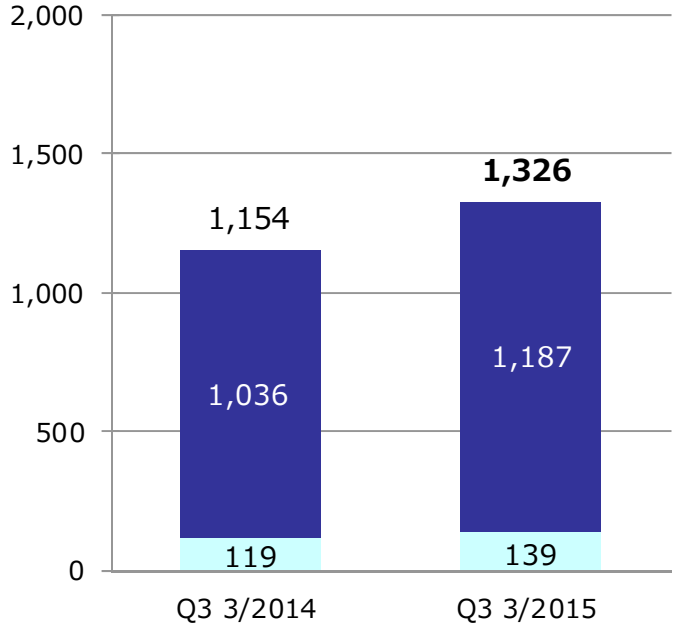


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Printing & Solutions Sales & Operating Income
< FY2014 Q3 (3-month Results) >

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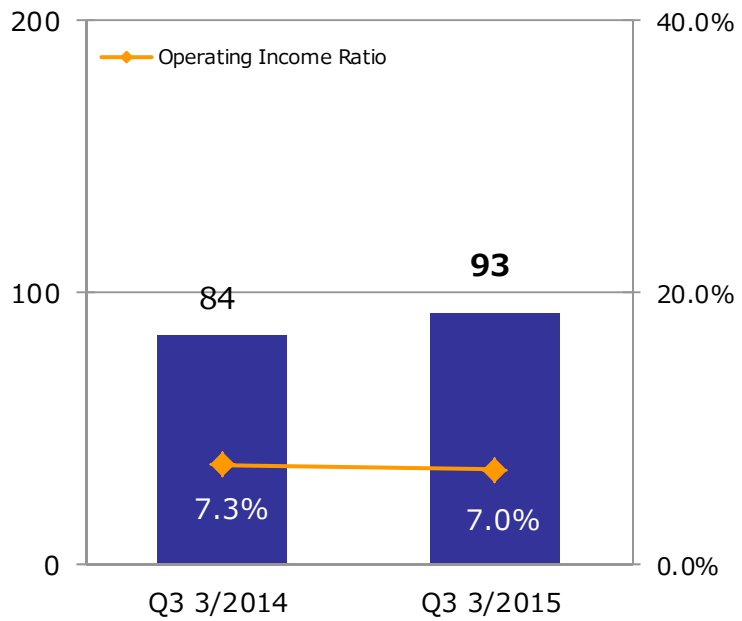
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Communications & Printing equipment	+14.6% (+7.3%)
Electronic stationery	+17.1% (+8.3%)
Total	+14.9% (+7.4%)

Operating Income
(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	Q3 3/2014	Q3 3/2015	Change (w/o forex impact)
Americas	388	470	+21.2% (+9.0%)
Europe	380	396	4.0% (+0.5%)
Asia & Others	143	188	+32.1% (+21.9%)
Japan	125	133	+6.2% (+6.2%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	Q3 3/2014	Q3 3/2015	Change (w/o forex impact)
Americas	55	66	+21.0% (+8.1%)
Europe	39	42	+7.0% (+2.6%)
Asia & Others	16	22	+36.6% (+26.1%)
Japan	8	8	+1.0% (+1.0%)

- ✓ Sales in each region remained steady. In Japan, although demand for inkjet printers was weak at the year-end, overall sales including LBP increased year-on-year.
- ✓ Operating income increased due to increased sales of consumables and the positive effect of forex.

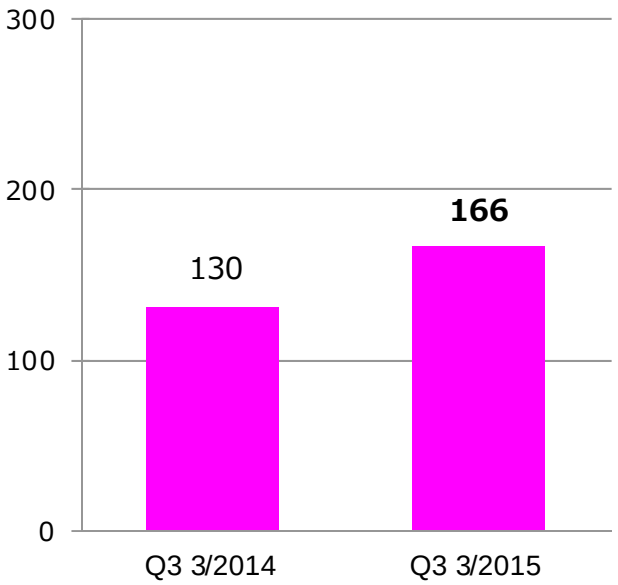
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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Personal & Home Sales & Operating Income
< FY2014 Q3 (3-month Results) >

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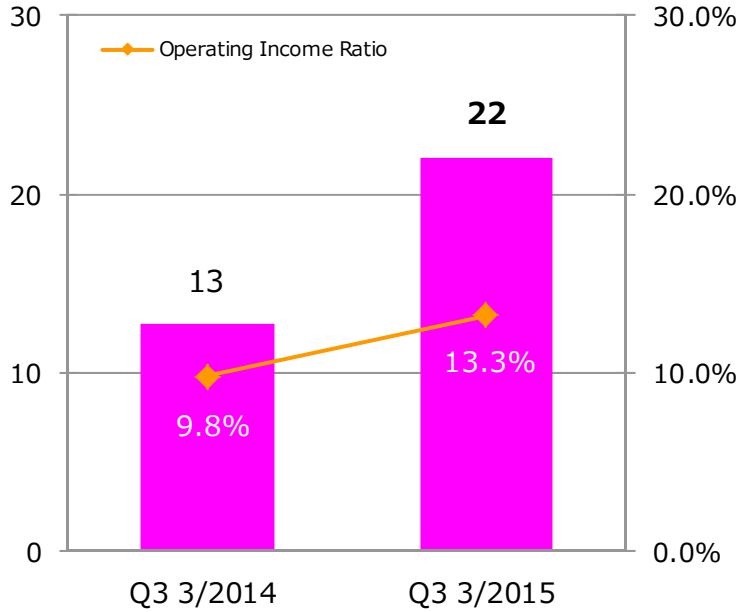
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Home sewing machines
+27.9% (+17.5%)

Operating Income
(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	Q3 3/2014	Q3 3/2015	Change (w/o forex impact)
Americas	77	104	+34.8% (+20.2%)
Europe	30	35	+16.1% (+12.0%)
Asia & Others	13	18	+35.6% (+27.6%)
Japan	10	10	+0.9% (+0.9%)

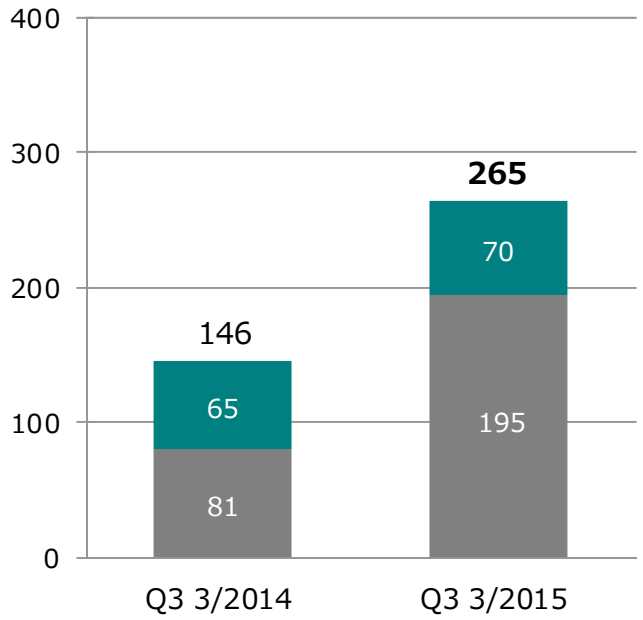
- ✓ Sales remained strong in the Americas due to the launch of new high-end models.
- ✓ Operating income significantly increased due to increased sales and the launch of new models.

*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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Machinery & Solution Sales & Operating Income
< FY2014 Q3 (3-month Results) >

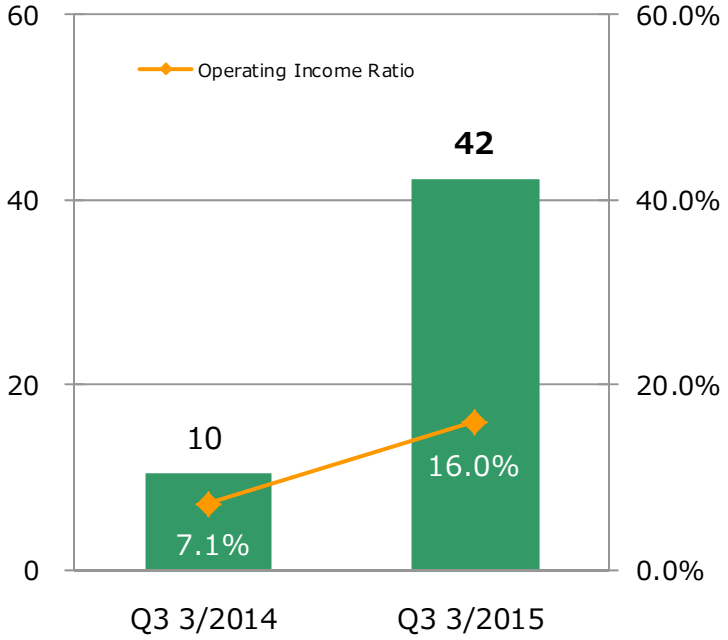
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

Industrial sewing machines	+7.4% (-3.0%)
Machine tools	+141.4% (+133.0%)
Total	+81.4% (+72.0%)

Operating Income
(100 Millions of Yen)



Industrial sewing machines
Geographical Sales(100 Millions of Yen)

	Q3 3/2014	Q3 3/2015	Change (w/o forex impact)
Americas	12	14	+12.1% (-0.4%)
Europe	9	12	+25.0% (+20.8%)
Asia & Others	42	43	+2.6% (-9.1%)
Japan	2	2	-4.5% (-4.5%)

Machine tools
Geographical Sales(100 Millions of Yen)

	Q3 3/2014	Q3 3/2015	Change (w/o forex impact)
Americas	6	8	+30.6%
Europe	6	5	-8.8%
Asia & Others	59	164	+180.7%
Japan	10	17	+66.0%

- ✓ For Industrial sewing machines, sales excluding the forex impact slightly decreased year-on-year due to very sluggish demand in China, despite growing demand for capital investment in the sewing industry in Southeast Asia, Europe and the Americas.
- ✓ For Machine tools, sales significantly rose due to growing demand from IT-related customers and due to strengthened operations to attract automobile-related customers
- ✓ Operating income significantly rose mainly due to increased sales of Machine tools.

*As machine tools are mostly exported to customers directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

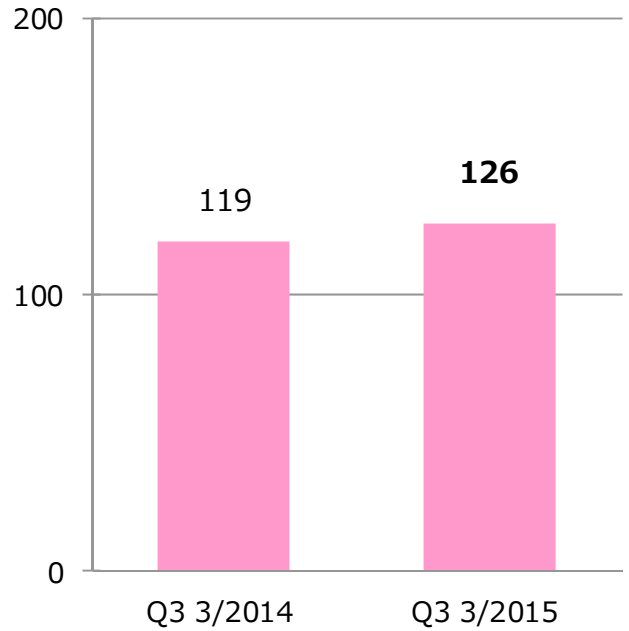
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Network & Contents Sales & Operating Income
< FY2014 Q3 (3-month Results) >

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Net Sales

(100 Millions of Yen)

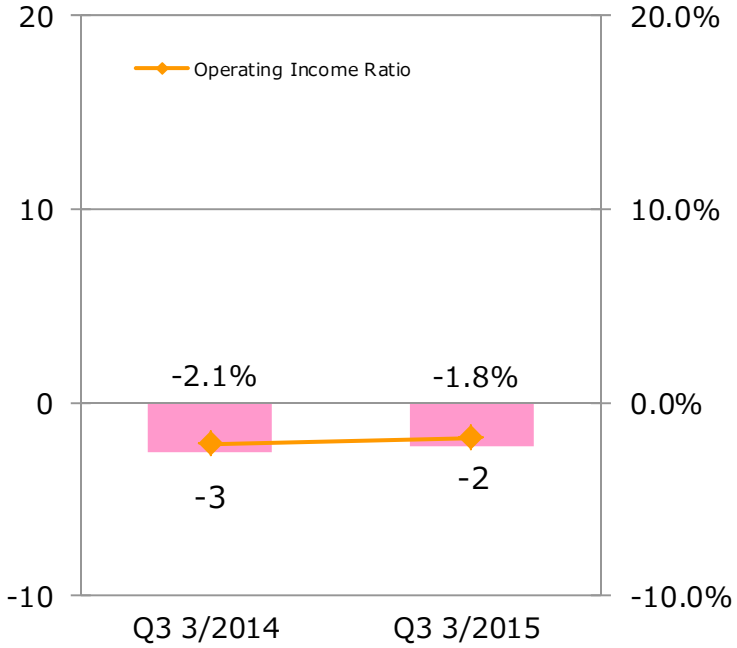


Change

+5.7%

Operating Income

(100 Millions of Yen)



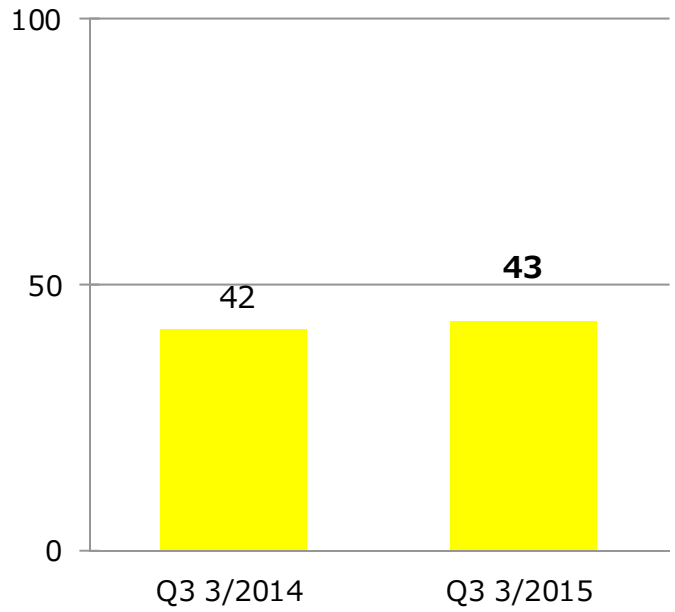
- ✓ Sales marginally increased due to slower replacement demand for online karaoke machines, despite steady business operation in karaoke shops.
- ✓ Operating income was in the red due to decreased sales of equipment and an increase in expenses such as R&D costs.

* Regional sales breakdown for “Network & Contents” is not referred to here because the major part of sales are made in Japan.

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Industrial Part Sales & Operating Income
< FY2014 Q3 (3-month Results) >

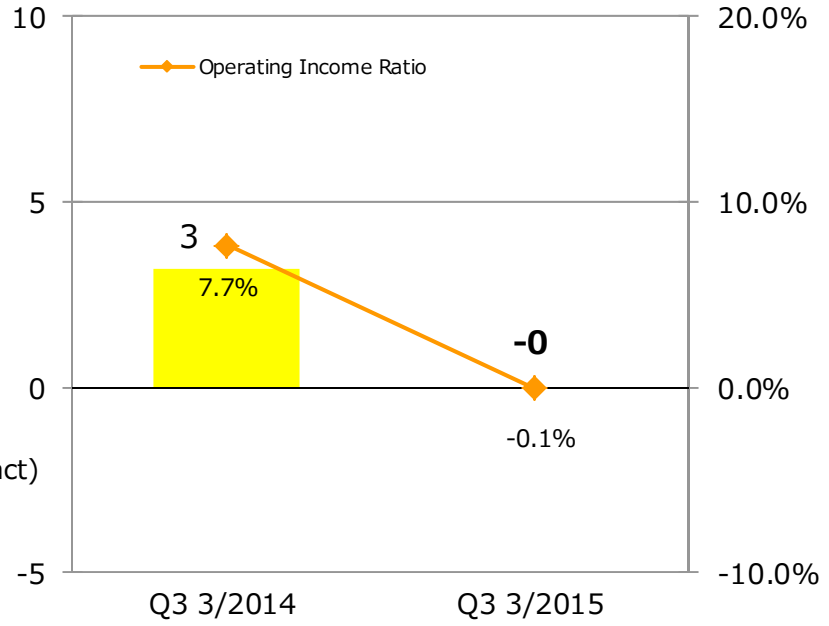
Net Sales
(100 Millions of Yen)



Change(w/o forex impact)

+3.1%(+1.5%)

Operating Income
(100 Millions of Yen)



Industrial Part

Geographical Sales(100 Millions of Yen)

	Q3 3/2014	Q3 3/2015	Change (w/o forex impact)
Americas	5	6	+12.0% (-1.5%)
Europe	0	0	- (-)
Asia & Others	0	1	- (-)
Japan	37	36	-1.7% (-1.7%)

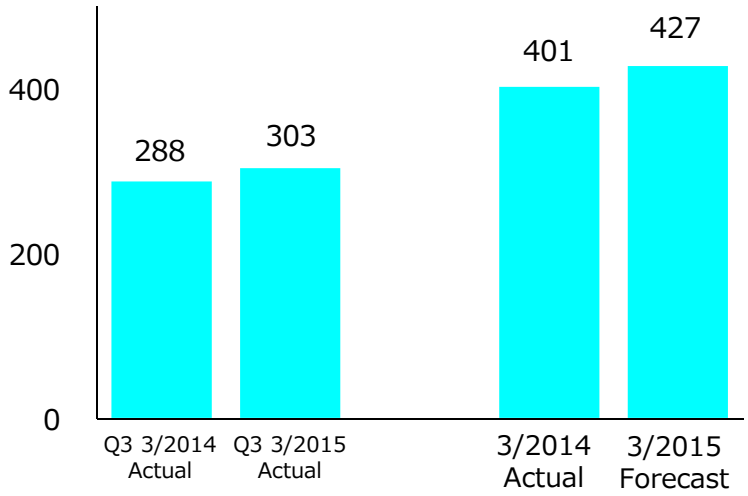
- ✓ Sales were approximately at the same level year-on-year.
- ✓ Operating income fell due to increased costs such as depreciation.

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

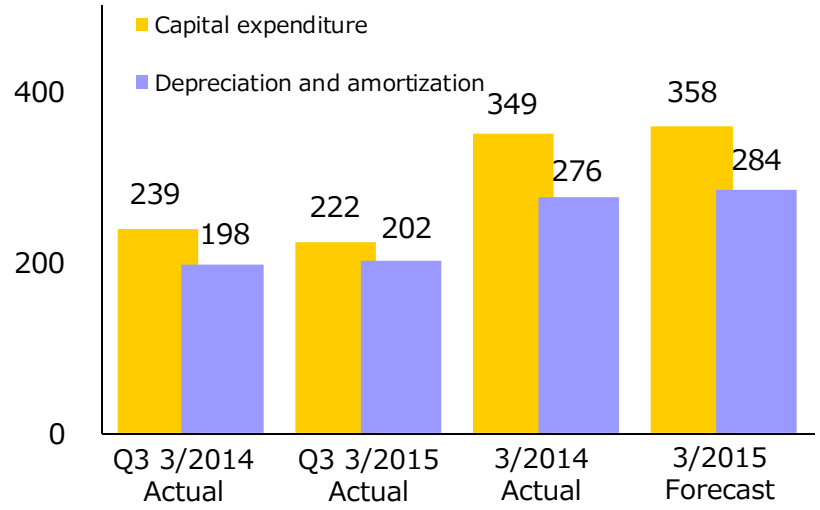
R&D expenses

(100 Millions of Yen)



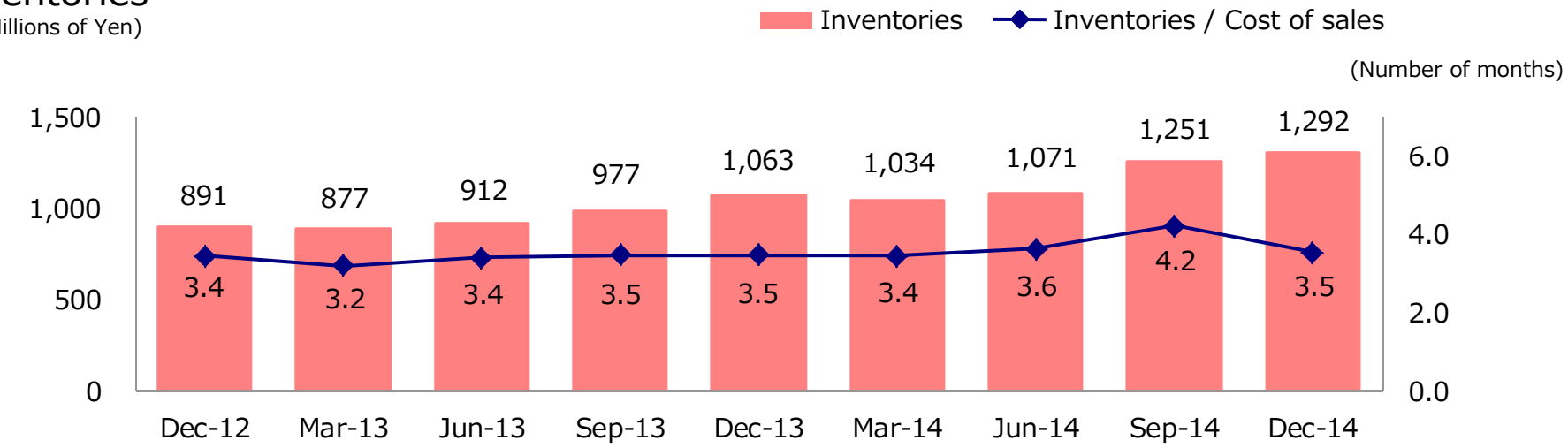
Capital expenditure and Depreciation and amortization

(100 Millions of Yen)



Inventories

(100 Millions of Yen)



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