# Financial Results for Fiscal Year 2014

(ended March 31, 2015)

## Brother Industries, Ltd.

**May 7, 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.

# Highlight for FY2014

<100 Millions of Yen>

| | |
|---|---|
| Net Sales | ■7,072 (+14.7%)<br>Sales of Machine tools and Home sewing machines drove overall sales. |
| Operating Income | ■575 (+32.9%)<br>Operating income from Machine tools significantly increased while the yen's depreciation also contributed. |
| Current Profits | ■516 (+44.8%)<br>Lower loss on foreign exchange contracts. |
| Income Before Tax | ■654 (+95.1%)<br>Significantly increased due to a gain on a sale of Property. |
| Net Income | ■540 (+180.8%)<br>Significantly rose due to increased income before tax and tax effect accounting. |

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# Highlight for FY2014

<100 Millions of Yen>

| | |
|---|---|
| P&S | ■Net Sales 4,743/+10.1% (+4.3%)<br>Steady sales in Europe and Asia excluding Japan; sluggish demand in Japan. |
| P&H | ■Net Sales 514/+18.9% (+11.9%)<br>Sales increased due to the launch of new high-end models. |
| M&S | ■Net Sales 1,006/+59.5% (+53.4%)<br>Continued strong sales of Machine tools to IT and automobile-related customers. |
| N&C | ■Net Sales 490/+2.9%<br>Sales increased marginally due to weak sales of equipment, despite steady operation in the karaoke shop business. |
| Industrial Part | ■Net Sales 174/+8.4% (+7.1%)<br>Steady demand in Japan; growing sales in North America. |

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# CS B2015(Mid-Term Business Strategy)

The target of the mid-term strategy CS B2015 has come within reach.

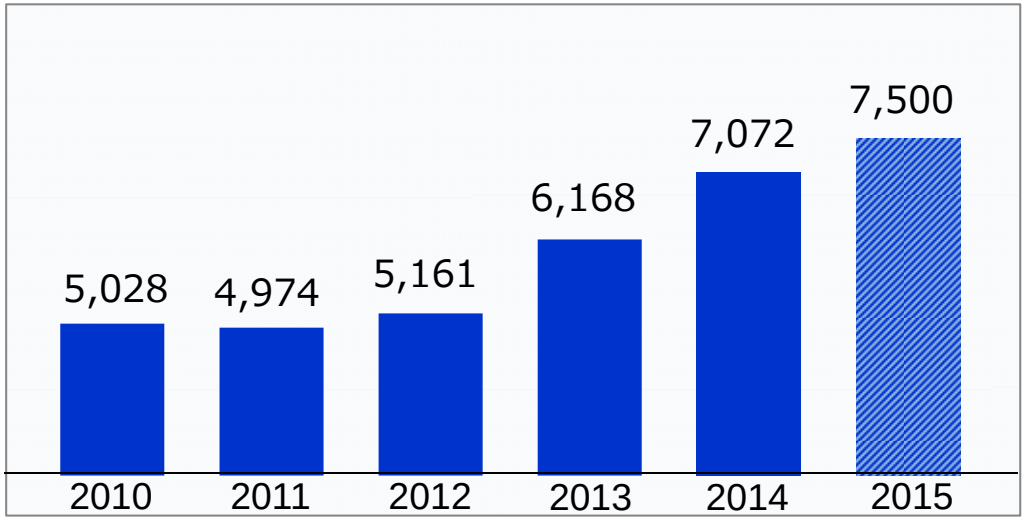
## CS B 2015 Targets

(100 million yen)

| | |
|---|---|
| Net Sales | 7,500 |
| Operating income | 580 |
| Operating Income Ratio | 7.7% |

## Grow in all business and all regions

- Development/expansion of new business/new product
- Expansion in emerging market
- Promote global business strategy
- Promote M&A and business alliance




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# Highlight on forecast for FY2015

<100 Millions of Yen>

| | |
|---|---|
| Net Sales | ■7,600（+7.5%）<br>Set high goals in all businesses and all regions toward the achievement of the mid-term plan. |
| Operating Income | ■580（+0.8%）<br>Operating income growth is expected, offsetting the negative impact of forex and selling expense increase. |
| Current Profits | ■560（+8.6%）<br>Unlike the prior year, no significant loss on forex hedge is expected to arise. |
| Income Before Tax | ■545（-16.7%）<br>Unlike the prior year, no large gain on sale of property is expected to arise. |
| Net Income | ■355（-34.2%）<br>Net income is forecasted to decrease because the special factor that arose in the prior year is not expected to reoccur. |

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# Main measures in Printing & Solutions business

## <Make aggressive investments for sales growth in all regions and increase sales>

### Communication & Printing equipment

- **Maintain retail market share in developed countries**
- **Increase sales in emerging countries**
- **Clarify target customers and increase sales to SMB customers.**
- **For inkjet printers, increase sales to corporate customers in developed countries and sales of models with super high-yield ink tank in emerging countries**
- **Growth in the OEM business**



MFC-L2740DW



HL-1210W

### Electronic stationery

- **Realize steady growth in office area**
- **Accelerate growth in solution area**
- **Expand in emerging markets**
- **Launch new products**



head-mounted display
**AiRScouter WD-200S**




Tapecreator
**TP-M5000N**

### Service & Solutions

- **Expand lineup ranging from mobile to high-end by launching high-end products**
- **Boost sales to SMB customers by enhancing product competitiveness and improving solutions**



High-end Scanner
**PDS-5000/6000**
60/80PPM



Web conference system
**OmniJoin**

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# Main measures in Machinery & Solution business

## Industrial sewing machine

- **Expand market share in China and other Asian countries by launching new lock stitcher model that realizes high quality sewing and productivity**
- **Enhance the ability to deliver solutions and increase sales of programmable electronic pattern sewing machines**
- **Growth in the garment printer business**



Direct Drive Programmable Electronic Pattern Sewer
BAS311-H



Garment Printer

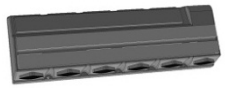
## Machine tools

- **Expand technical support to dealers to increase sales of strategic models**
- **Increase showrooms and service centers in China and other Asian regions**
- **Enhance sales resources in China and other Asian regions and increase sales to stable markets centering on automobile-related customers**



**SPEEDIO S1000X1**

Enables large workpiece machining of automobile parts, for example, which was not possible using conventional #30 machines



Cylinder head cover (truck)



Oil pan

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# Main measures in other businesses

## Personal & Home

- **Increase sales of mid-range and high-end models**
  Increase sales by launching new mid-range models.
- **Increase sales in emerging countries**
  Carry out sales strategy that meets market demands and increase sales.
- **Increase sales in the craft business**
  Increase customers by launching new cutting machine model.



Innov-is XV8500D




## Network & contents

- **Increase number of karaoke machines in operation and market share by launching new models**
- **Growth in the directly-managed shop business**
  Increase shop sales through M&A and by opening new shops and improve profitability by thorough QSC*.
- **Thorough low-cost operation**
  Reduce cost thoroughly and reallocate management resources to necessary fields.

JOYSOUND




*Quality, Service, Cleanness

## Industrial parts

- **Increase domestic sales by boosting sales of high-efficiency IE3 gear motors**
- **Increase overseas sales by enhancing product lineup of reducers for overseas markets**
- **Strengthen production capacity by developing factory environment**



High-Efficiency IE3 Gear Motors



Servomotor Reducer

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# M&A schedules of Domino Printing Sciences

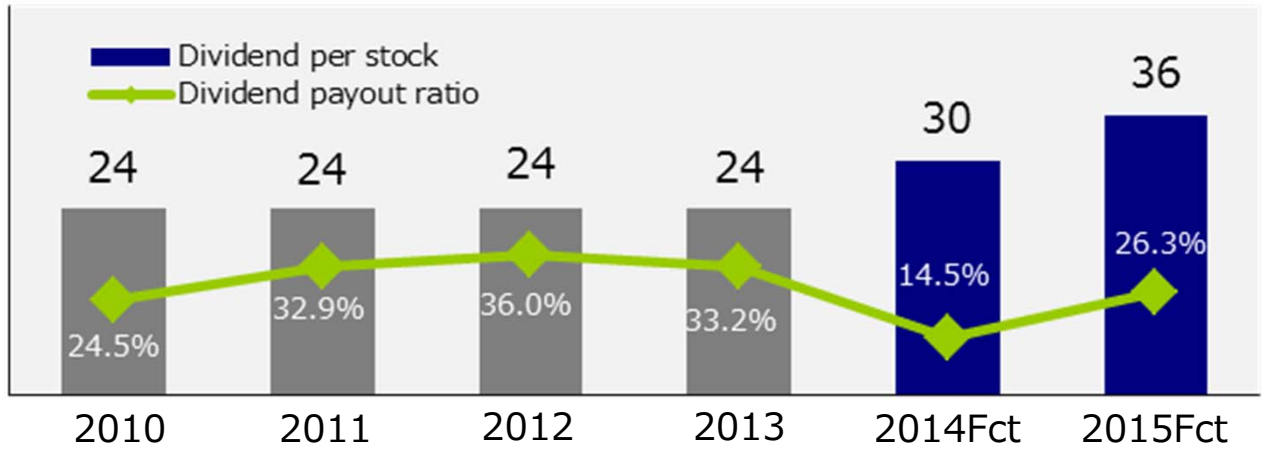
| | Date | States |
|---|---|---|
| Domino shareholder approval | 15 April | Done |
| Anti-trust clearances | Before the end of May | US.. Done<br>EU/China.. Before the end of May |
| Effective Date of the Scheme | 11 June (TBD) | - |
| IR meeting of the acquisition | Early August (only Japanese) | Large Meeting in Tokyo |

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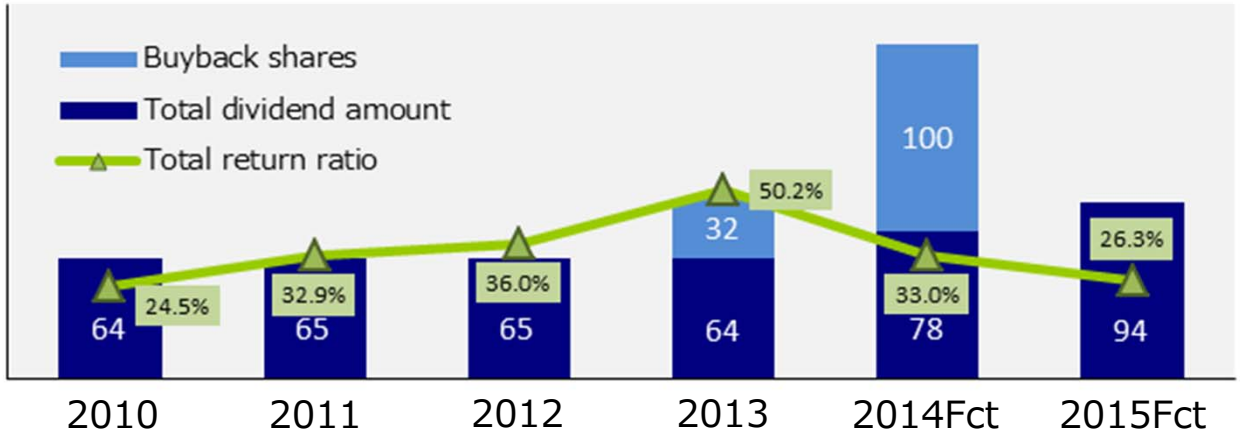
# Dividend and Payout ratio

- ✓ Basic policy remains unchanged with consolidated payout ratio of about 30%
- ✓ Stable return to shareholders: Annual dividend for FY 2015 increases to 36 yen per share, up 20%

**<Dividend record>**



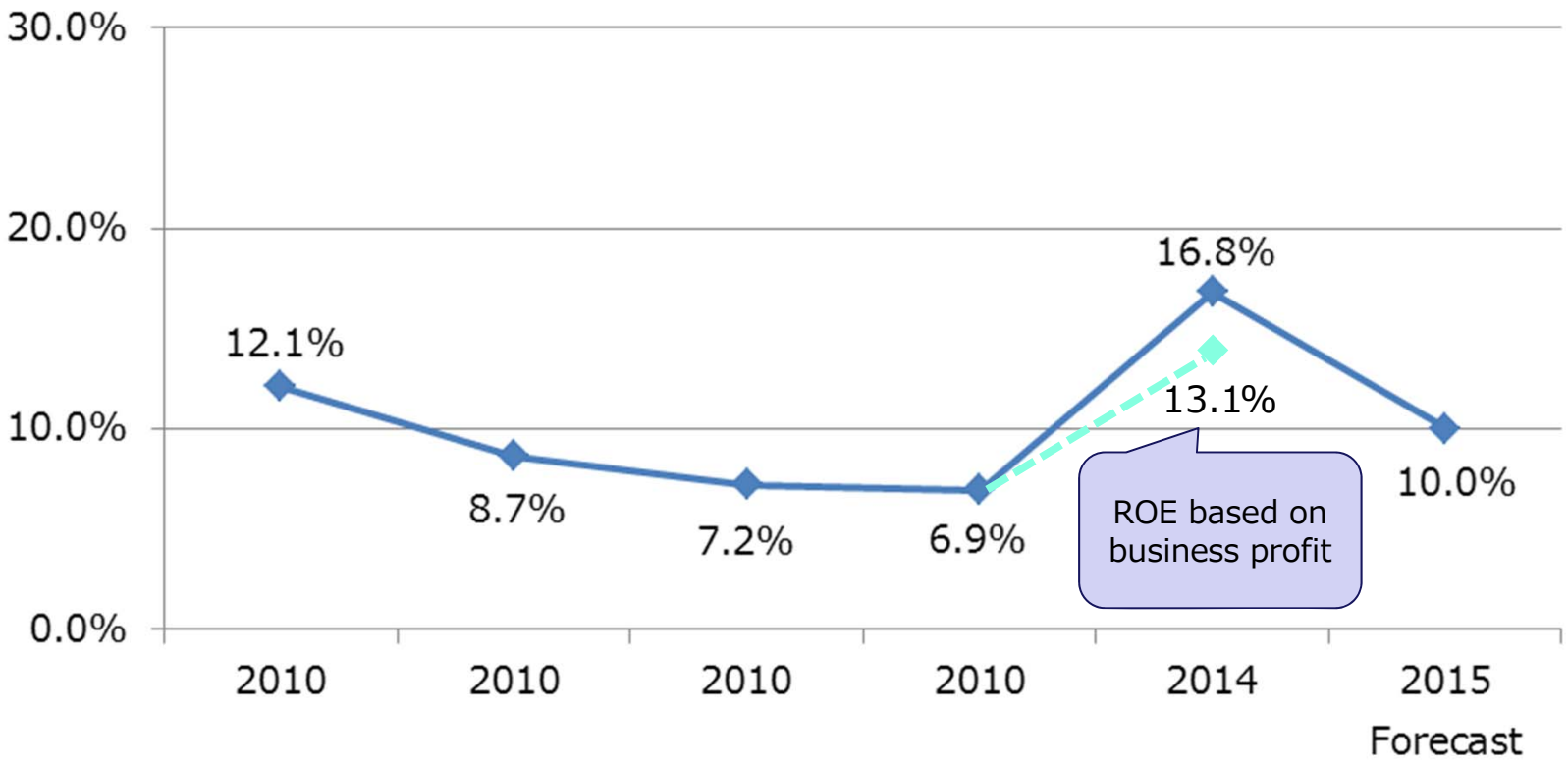

**<Total return ratio>**




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# ROE record

✓ **Despite no special positive factors, ROE for FY 2015 is forecasted to be 10%**




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# Details of Financial Results for FY2014(ended March 31,2015) and Forecasts for FY2015(ending March 31,2016)

# Consolidated Results for FY2014 (ended March 31,2015)

brother at your side

(100 Millions of Yen)

| | Year ended Mar. 31, 2015 | | | |
|---|---|---|---|---|
| | 3/2015 [Actual] | 3/2014 [Actual] | Change | Rate of Change (w/o forex impact) |
| Net Sales | 7,072 | 6,168 | 904 | 14.7% (+9.5%) |
| Operating Income | 575 | 433 | 142 | 32.9% |
| Operating Income Ratio | 8.1% | 7.0% | 1.1% | |
| Non-operating Income (Loss) | -60 | -77 | 17 | |
| Current Profits | 516 | 356 | 159 | 44.8% |
| Extraordinary Income (Loss) | 138 | -21 | 159 | |
| Income Taxes | 114 | 143 | -29 | |
| Net Income | 540 | 192 | 347 | 180.8% |

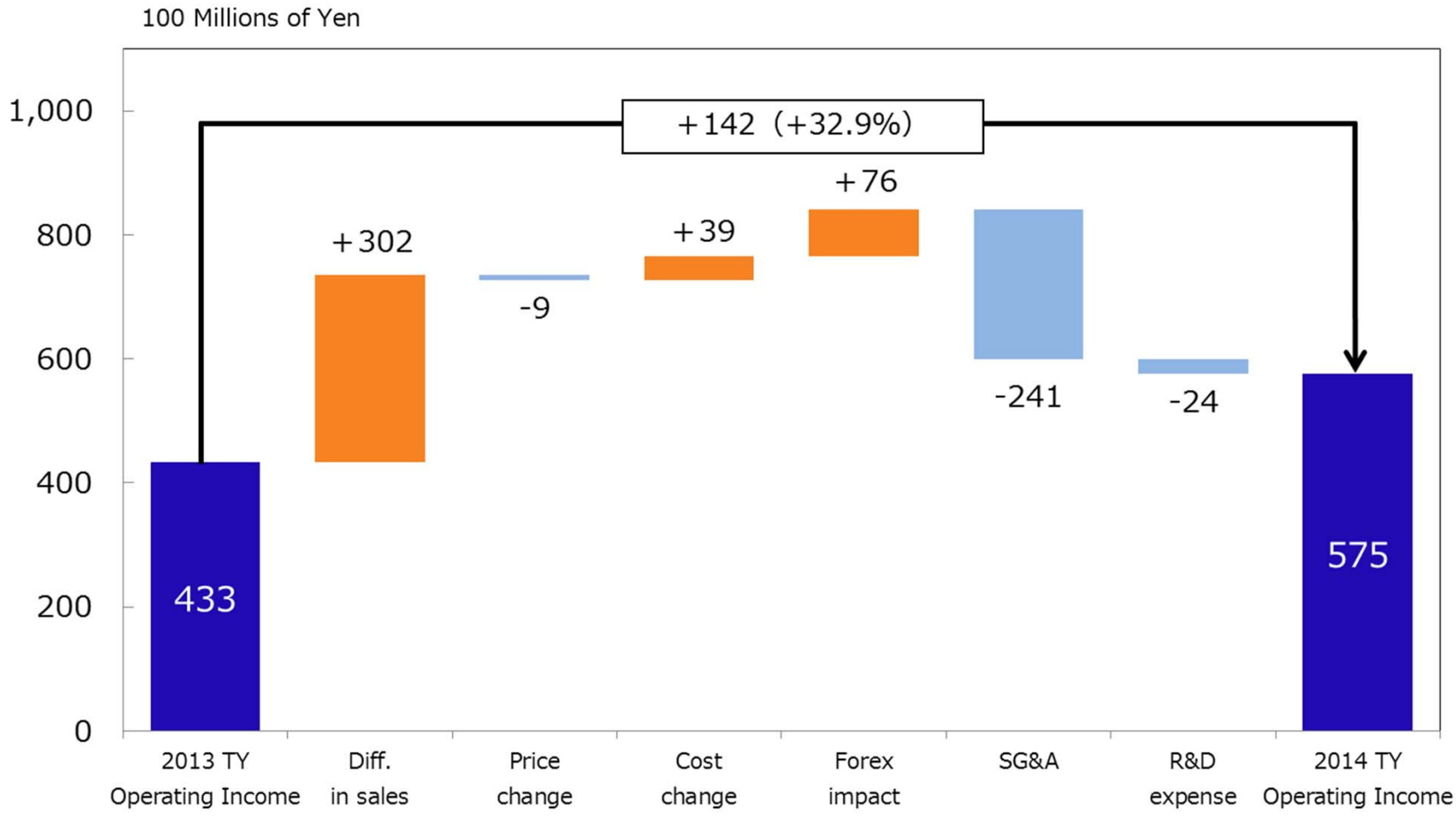
(Yen)

| | | | | |
|---|---|---|---|---|
| Exchange Rates | USD | 110.03 | 100.00 | 10.03 |
| | EUR | 138.68 | 134.01 | 4.67 |

- ✓ Net sales increased, driven by Machine tools and Domestic sewing machines sales 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 the tax effect accounting

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# Main Factors for Changes in Operating Income
## < Results for FY2014 (ended March 31 , 2015) >

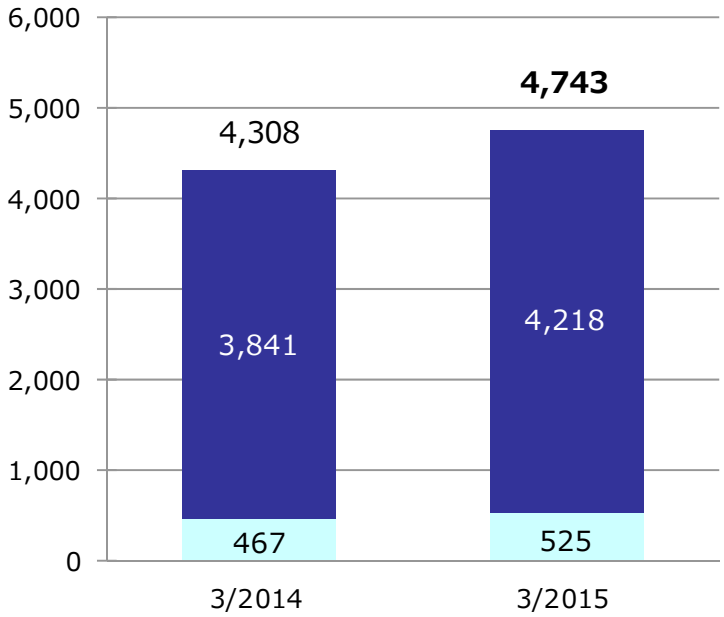



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# Printing & Solutions Sales & Operating Income
## < Results for FY2014 (ended March 31 , 2015) >

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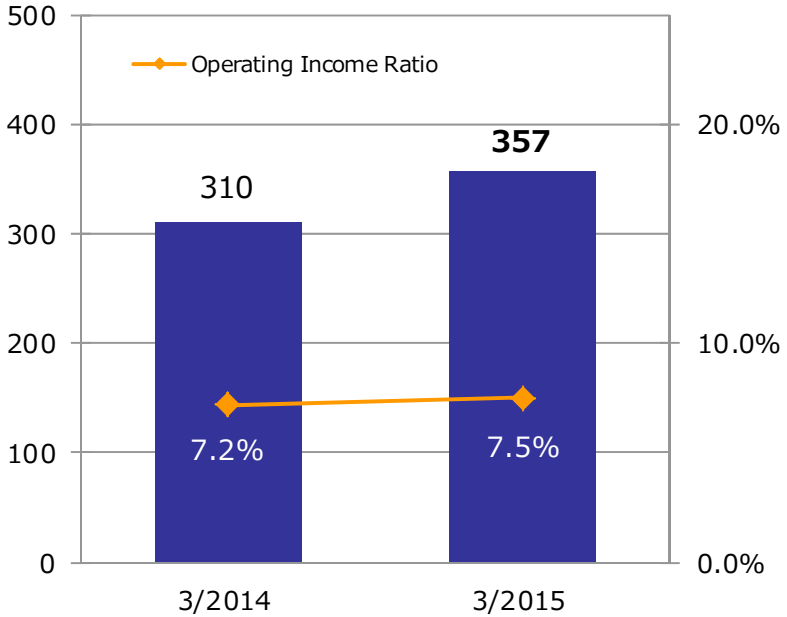
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

- Communications & Printing equipment +9.8% ( +4.2% )
- Electronic stationery +12.4% ( +5.7% )
- Total +10.1% ( +4.3% )

## Operating Income
(100 Millions of Yen)




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

| | 3/2014 | 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 1,504 | 1,680 | +11.7% (+3.5%) |
| Europe | 1,327 | 1,417 | +6.8% (+2.6%) |
| Asia & Others | 579 | 694 | +19.8% (+13.4%) |
| Japan | 431 | 427 | -0.9% (-0.9%) |

### Electronic stationery
Geographical Sales(100 Millions of Yen)

| | 3/2014 | 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 216 | 253 | +17.2% (+7.9%) |
| Europe | 147 | 158 | +7.3% (+2.7%) |
| Asia & Others | 62 | 78 | +26.0% (+19.2%) |
| Japan | 42 | 35 | -15.2% (-15.2%) |

- ✓ 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".

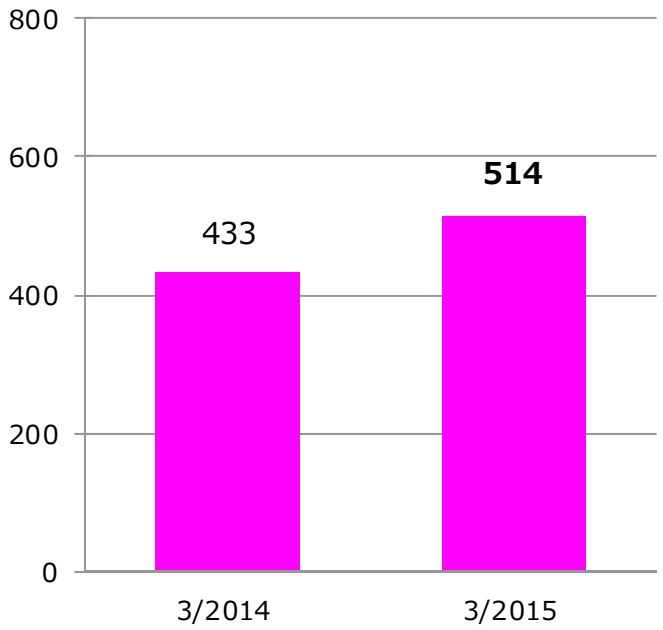
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# Personal & Home Sales & Operating Income
## < Results for FY2014 (ended March 31 , 2015) >

brother at your side

## Net Sales

(100 Millions of Yen)

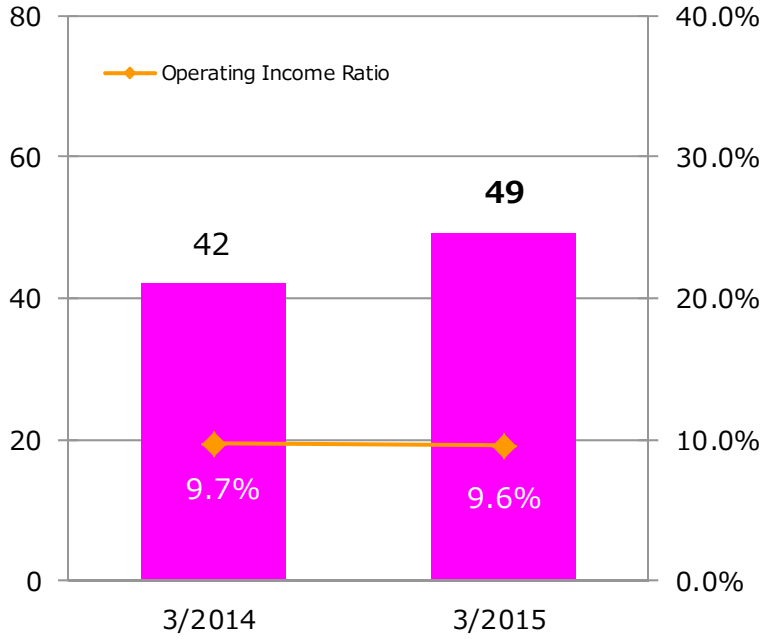



Change(w/o forex impact)

Home sewing machines
+18.9% ( +11.9% )

## Operating Income

(100 Millions of Yen)




### Home sewing machines

Geographical Sales(100 Millions of Yen)

| | 3/2014 | 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 229 | 296 | +29.3% (+18.9%) |
| Europe | 107 | 111 | +4.3% (+0.8%) |
| Asia & Others | 46 | 60 | +28.3% (+22.7%) |
| Japan | 51 | 48 | -6.0% (-6.0%) |

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

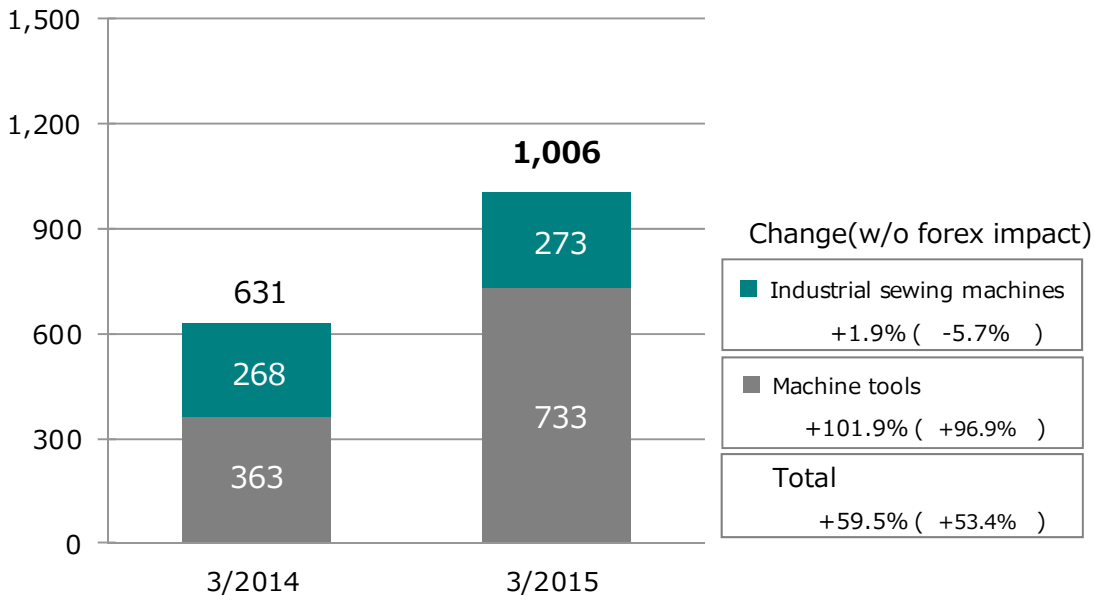
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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# Machinery & Solution Sales & Operating Income
## < Results for FY2014 (ended March 31 , 2015) >

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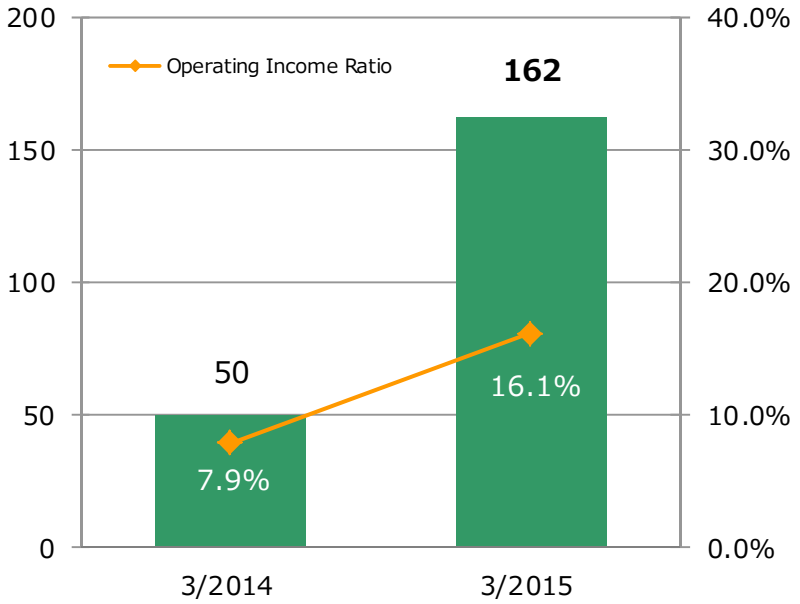
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

| | |
|---|---|
| Industrial sewing machines | +1.9% ( -5.7% ) |
| Machine tools | +101.9% ( +96.9% ) |
| Total | +59.5% ( +53.4% ) |

## Operating Income
(100 Millions of Yen)




### Industrial sewing machines
Geographical Sales(100 Millions of Yen)

| | 3/2014 | 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 45 | 54 | +19.3% (+9.5%) |
| Europe | 38 | 43 | +13.9% (+10.1%) |
| Asia & Others | 178 | 169 | -5.0% (-13.1%) |
| Japan | 7 | 7 | +2.9% (+2.9%) |

### Machine tools
Geographical Sales(100 Millions of Yen)

| | 3/2014 | 3/2015 | Change |
|---|---|---|---|
| Americas | 21 | 29 | +33.0% |
| Europe | 16 | 23 | +49.0% |
| Asia & Others | 282 | 622 | +120.7% |
| Japan | 44 | 59 | +34.3% |

- ✓ 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.

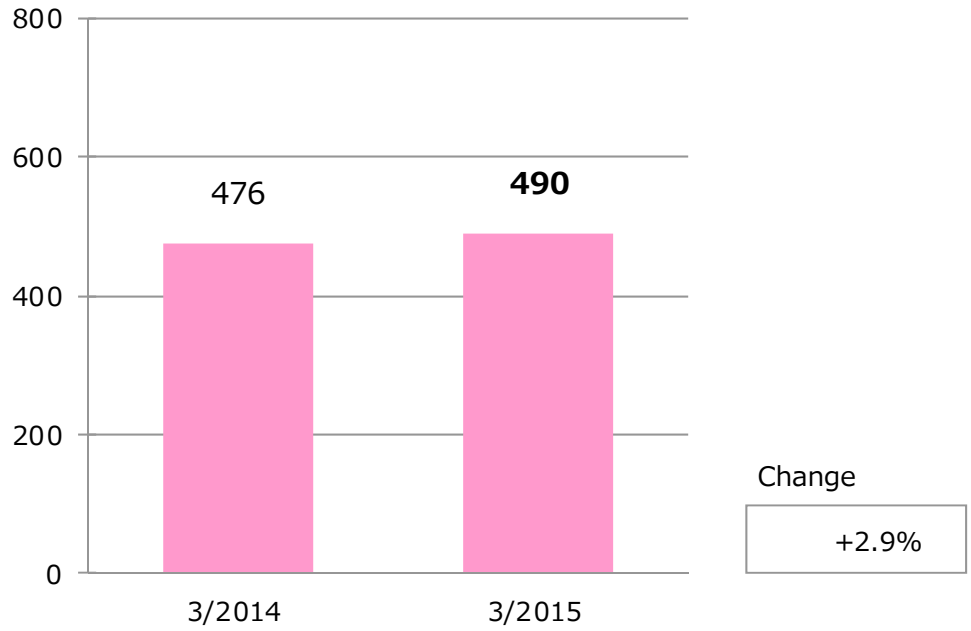
*As machine tools are mostly exported to customers directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

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# Network & Contents Sales & Operating Income
## < Results for FY2014 (ended March 31 , 2015) >

brother at your side

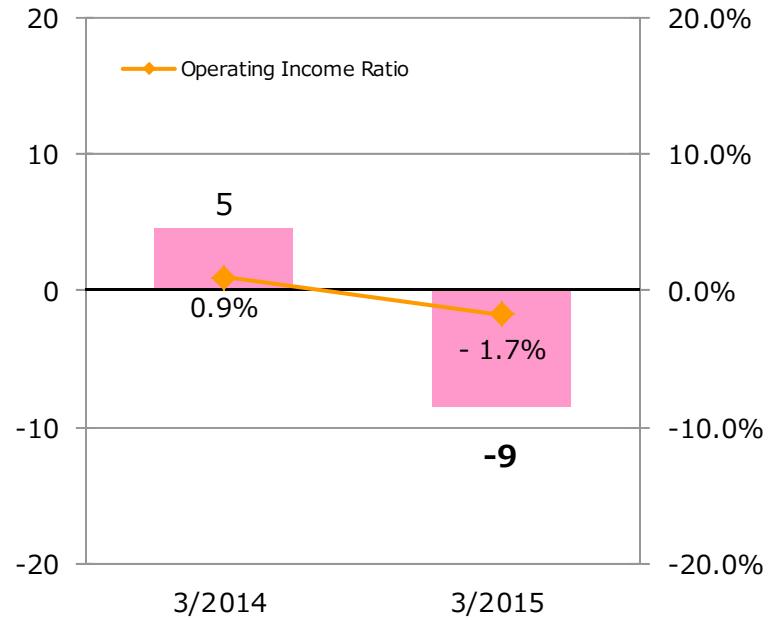
### Net Sales
(100 Millions of Yen)




Change

+2.9%

### 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 was due to decreased sales of equipment and an increase in expenses such as R&D cost.

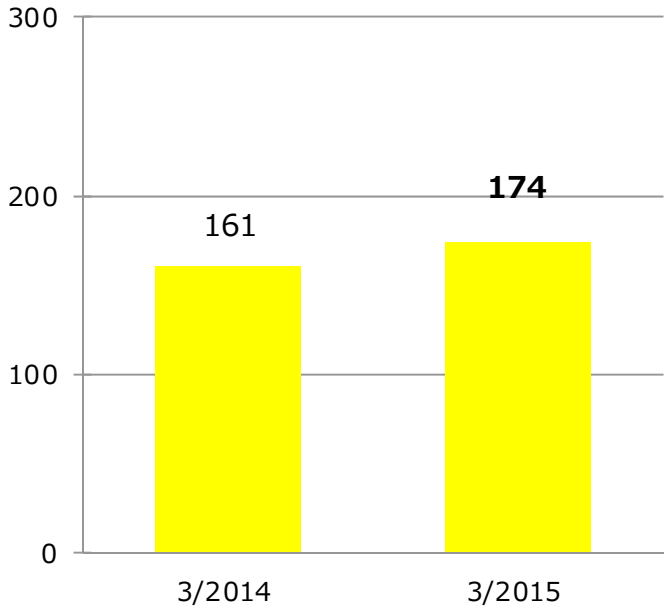
* Regional sales breakdown for “Network & Contents” is not referred to here because the major part of sales are made in Japan.

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# Industrial Part Sales & Operating Income
## < Results for FY2014 (ended March 31 , 2015) >

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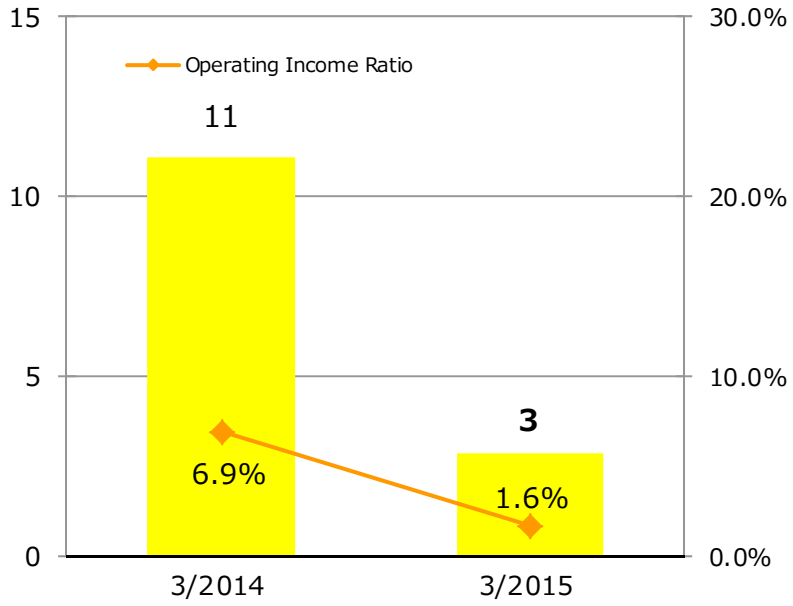
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

+8.4%( +7.1% )

## Operating Income
(100 Millions of Yen)




### Industrial Part
Geographical Sales(100 Millions of Yen)

| | 3/2014 | 3/2015 | Change |
|---|---|---|---|
| Americas | 20 | 23 | +12.4% (+2.6%) |
| Europe | 0 | 0 | - (-) |
| Asia & Others | 0 | 5 | - (-) |
| Japan | 141 | 147 | +4.5% (+4.5%) |

- ✓ 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 2015 ( ending March 31, 2016)

brother at your side

(100 Millions of Yen)

| | 3/2016 [Forecast] | 3/2015 [Actual] | Change | Rate of Change |
|---|---|---|---|---|
| Net Sales | 7,600 | 7,072 | 528 | 7.5% (+7.6%) |
| Operating Income | 580 | 575 | 5 | 0.8% |
| Operating Income Ratio | 7.6% | 8.1% | -0.5% | |
| Non-operating Income (Loss) | -20 | -60 | 40 | |
| Current Profits | 560 | 516 | 44 | 8.6% |
| Extraordinary Income (Loss) | -15 | 138 | -153 | |
| Income Taxes | 190 | 114 | 76 | |
| Net Income | 355 | 540 | -185 | -34.2% |

(Yen)

| | | | | |
|---|---|---|---|---|
| Exchange Rates | USD | 115.00 | 110.03 | 4.97 |
| | EUR | 125.00 | 138.68 | -13.68 |

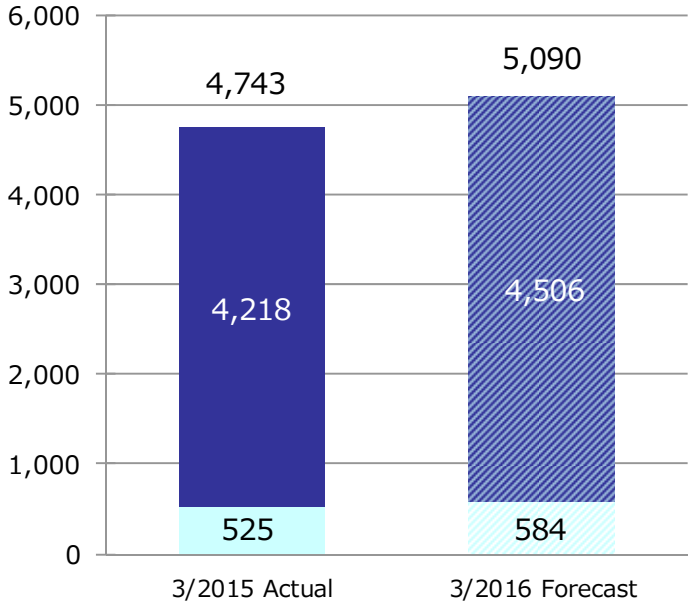
- ✓ Increase sales significantly with a focus on the P&S business by carrying out aggressive sales measures
- ✓ Achieve operating income at the same level as the prior year due to sales growth offsetting the negative impact of forex
- ✓ While net income is projected to decrease significantly due to absence of the specific positive factors that arose in the prior year, such as gain on sale of property, ROE is expected to be 10%

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# Printing & Solutions Sales & Operating Income
## < Forecast for FY2015 (ending March 31,2016) >

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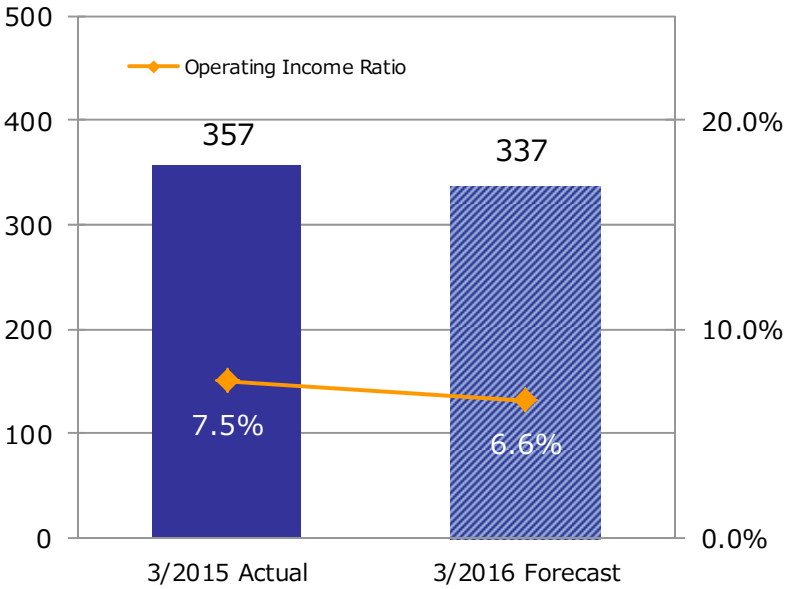
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

| | |
|---|---|
| Communications & Printing equipment | +6.8% ( +7.8% ) |
| Electronic stationery | +11.3% ( +11.4% ) |
| Total | +7.3% ( +8.2% ) |

## Operating Income
(100 Millions of Yen)




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

| | 3/2015 Actual | 3/2016 Forecast | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 1,680 | 1,898 | +13.0% (+9.8%) |
| Europe | 1,417 | 1,316 | -7.1% (+1.6%) |
| Asia & Others | 694 | 855 | +23.3% (+19.2%) |
| Japan | 427 | 437 | +2.2% (+2.2%) |

### Electronic stationery
Geographical Sales(100 Millions of Yen)

| | 3/2015 Actual | 3/2016 Forecast | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 253 | 292 | +15.3% (+11.6%) |
| Europe | 158 | 150 | -4.7% (+3.9%) |
| Asia & Others | 78 | 93 | +19.0% (+14.2%) |
| Japan | 35 | 48 | +37.4% (+37.4%) |

- ✓ Increase sales by making aggressive investments for sales growth in all regions
- ✓ Operating income is expected to decrease due to the negative impact of forex and adverse effects such as sales promotion cost increase

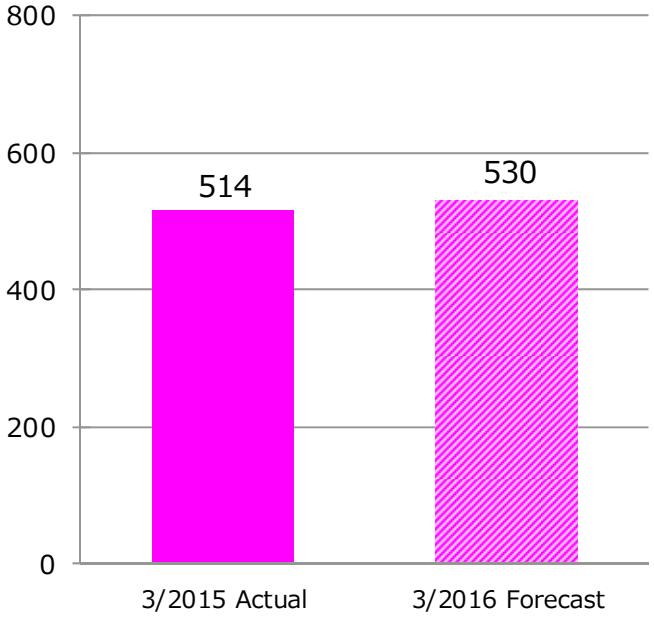
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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# Personal & Home Sales & Operating Income
## < Forecast for FY2015 (ending March 31,2016) >

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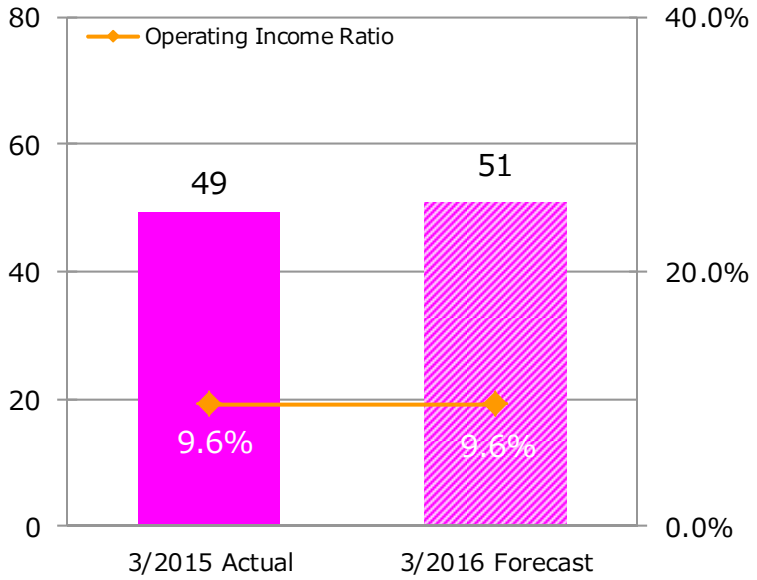
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

| Home sewing machines |
|---|
| +3.0% ( +2.9% ) |

## Operating Income
(100 Millions of Yen)




### Home sewing machines
Geographical Sales(100 Millions of Yen)

| | 3/2015 Actual | 3/2016 Forecast | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 296 | 309 | +4.4% (+0.7%) |
| Europe | 111 | 106 | -4.8% (+6.0%) |
| Asia & Others | 60 | 74 | +24.2% (+20.8%) |
| Japan | 48 | 41 | -13.7% (-13.7%) |

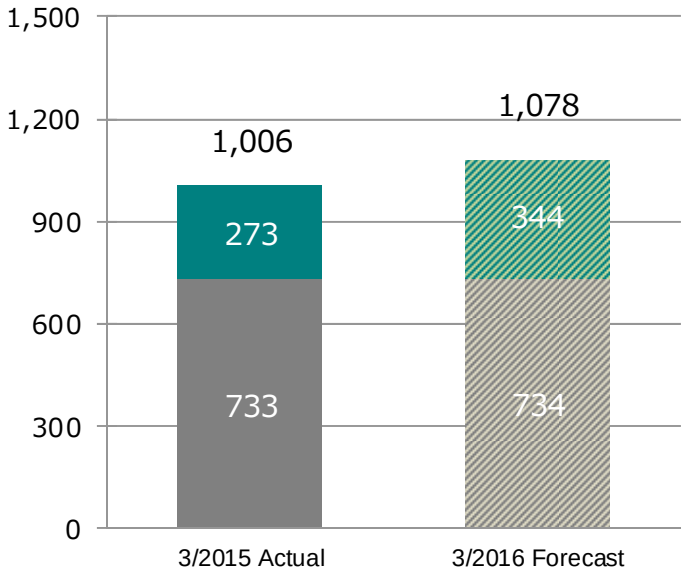
- ✓ Increase sale in Europe and Americas by launching new mid-range and high-end models for existing customers
- ✓ Increase sales significantly in the Asia & Others region by launching new products and strengthening sales channels.
- ✓ Operating income is expected to increase marginally due to R&D cost and SGA increases.

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# Machinery & Solution Sales & Operating Income
## < Forecast for FY2015 (ending March 31,2016) >

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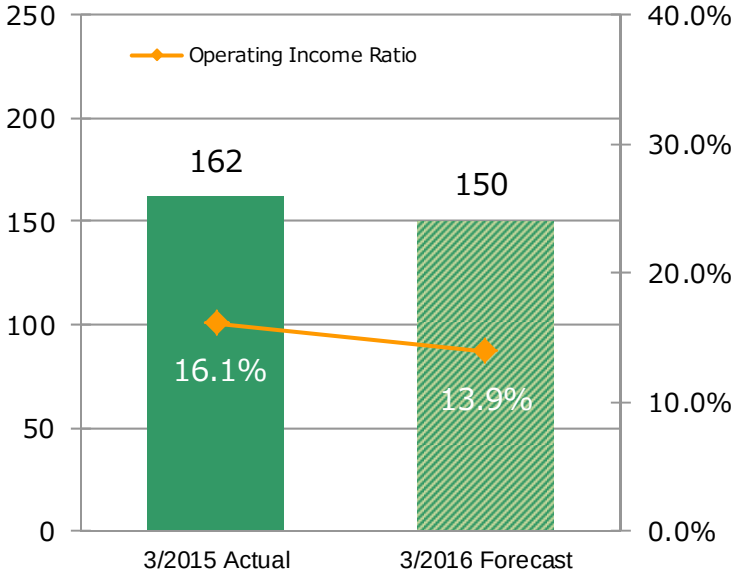
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

| | |
|---|---|
| Industrial sewing machines | +26.0% ( +22.9% ) |
| Machine tools | +0.1% ( -2.9% ) |
| Total | +7.1% ( +4.1% ) |

## Operating Income
(100 Millions of Yen)




### Industrial sewing machines
Geographical Sales(100 Millions of Yen)

| | 3/2015 Actual | 3/2016 Forecast | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 54 | 59 | +10.1% (+5.3%) |
| Europe | 43 | 44 | +2.3% (+13.5%) |
| Asia & Others | 169 | 235 | +38.7% (+32.3%) |
| Japan | 7 | 6 | -13.5% (-13.5%) |

### Machine tools
Geographical Sales(100 Millions of Yen)

| | 3/2015 Actual | 3/2016 Forecast | Change |
|---|---|---|---|
| Americas | 29 | 30 | +6.1% |
| Europe | 23 | 29 | +22.8% |
| Asia & Others | 622 | 608 | -2.3% |
| Japan | 59 | 67 | +13.1% |

- ✓ For Industrial sewing machines, increase sales by launching new lock stitcher model and by boosting sales of programmable electronic pattern sewing machines and garment printers
- ✓ For Machine tools, increase sales of strategic products by enhancing sales and services and boost sales to stable automotive-related markets in China and other Asian countries.
- ✓ Operating income is expected to decrease due to cost increases for enhancing sales facilities

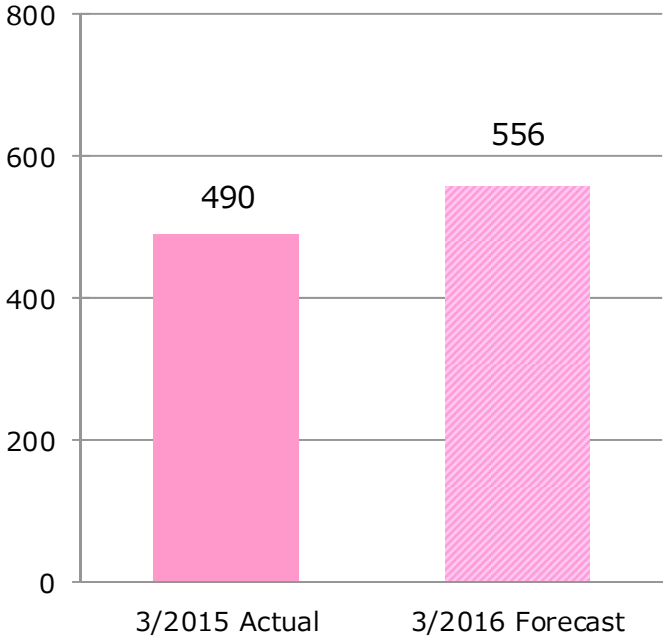
*As machine tools are mostly exported to customers directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

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# Network & Contents Sales & Operating Income
## < Forecast for FY2015 (ending March 31,2016) >

brother at your side

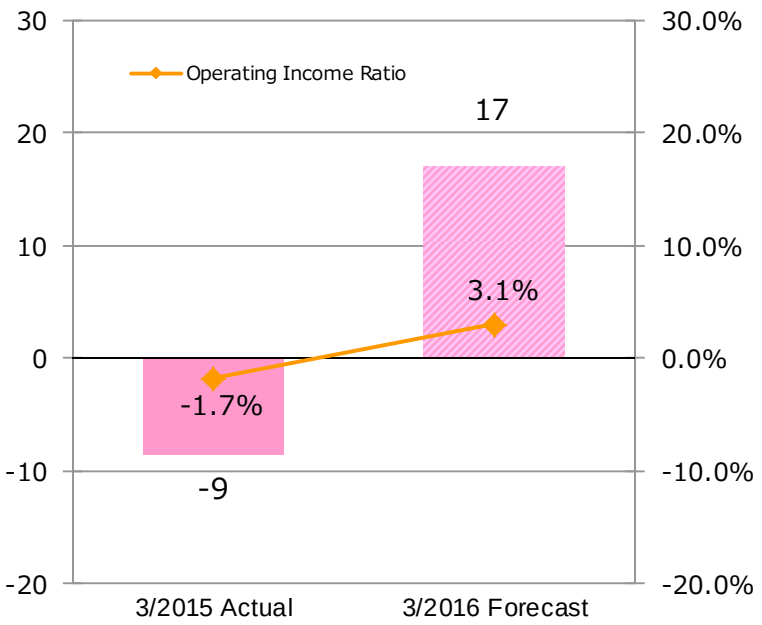
### Net Sales
(100 Millions of Yen)




Change

+13.6%

### Operating Income
(100 Millions of Yen)




- ✓ Both sales and operating income are expected to increase by launching new karaoke machine models
- ✓ For the shop business, profitability is expected to improve due to withdrawal of unprofitable shops and thorough low-cost operation.

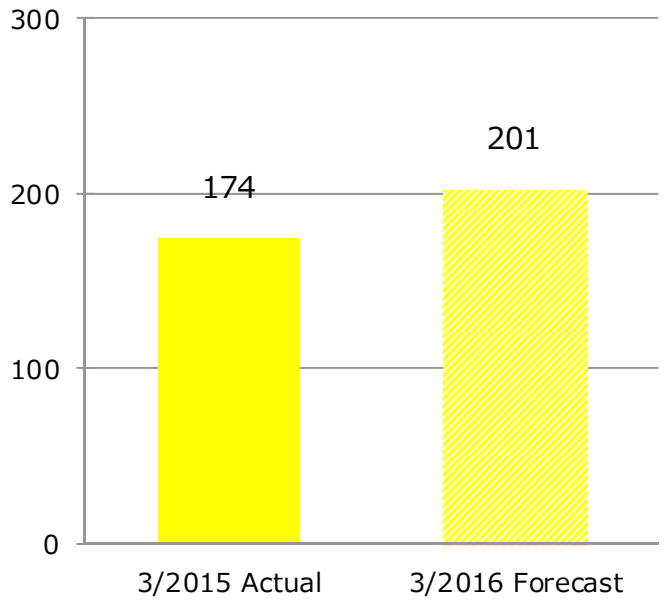
* Regional sales breakdown for “Network & Contents” is not referred to here because the major part of sales are made in Japan.

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# Industrial Part Sales & Operating Income
## < Forecast for FY2015 (ending March 31,2016) >

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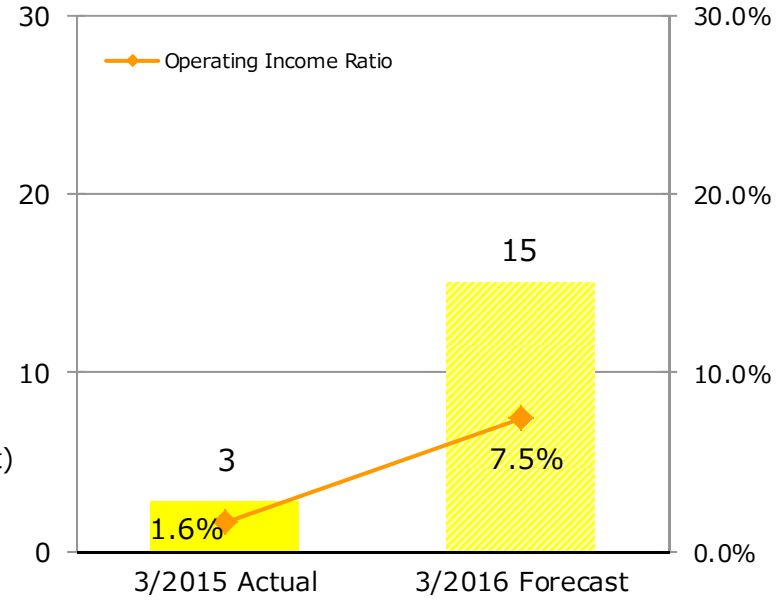
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

+15.2%( +14.2%)

## Operating Income
(100 Millions of Yen)




### Industrial Part

Geographical Sales(100 Millions of Yen)

| | 3/2015 Actual | 3/2016 Forecast | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 23 | 28 | +22.9% (+17.5%) |
| Europe | 0 | 0 | - (-) |
| Asia & Others | 5 | 19 | +309.5% (+298.7%) |
| Japan | 147 | 154 | +4.8% (+4.8%) |

- ✓ In Japan, increase sales of high-efficiency gear motors as a result of regulatory revision
- ✓ For overseas countries, increase sales in North America and Asia by launching specialized models.

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# Consolidated Results for FY2014(ended March 31,2015)
## < FY2014 Q4 (3-month Results) >

brother at your side

(100 Millions of Yen)

| | Three months ended Mar. 31, 2015 | | | |
|---|---|---|---|---|
| | Q4 3/2015 [Actual] | Q4 3/2014 [Actual] | Change | Rate of Change (w/o forex impact) |
| Net Sales | 1,858 | 1,650 | 208 | 12.6% (+7.0%) |
| Operating Income | 117 | 126 | -8 | -6.6% |
| Operating Income Ratio | 6.3% | 7.6% | -1.3% | |
| Non-operating Income (Loss) | -26 | -11 | -15 | |
| Current Profits | 92 | 115 | -23 | -20.1% |
| Extraordinary Income (Loss) | -14 | -22 | 8 | |
| Income Taxes | 19 | 19 | 0 | |
| Net Income | 59 | 74 | -15 | -20.4% |

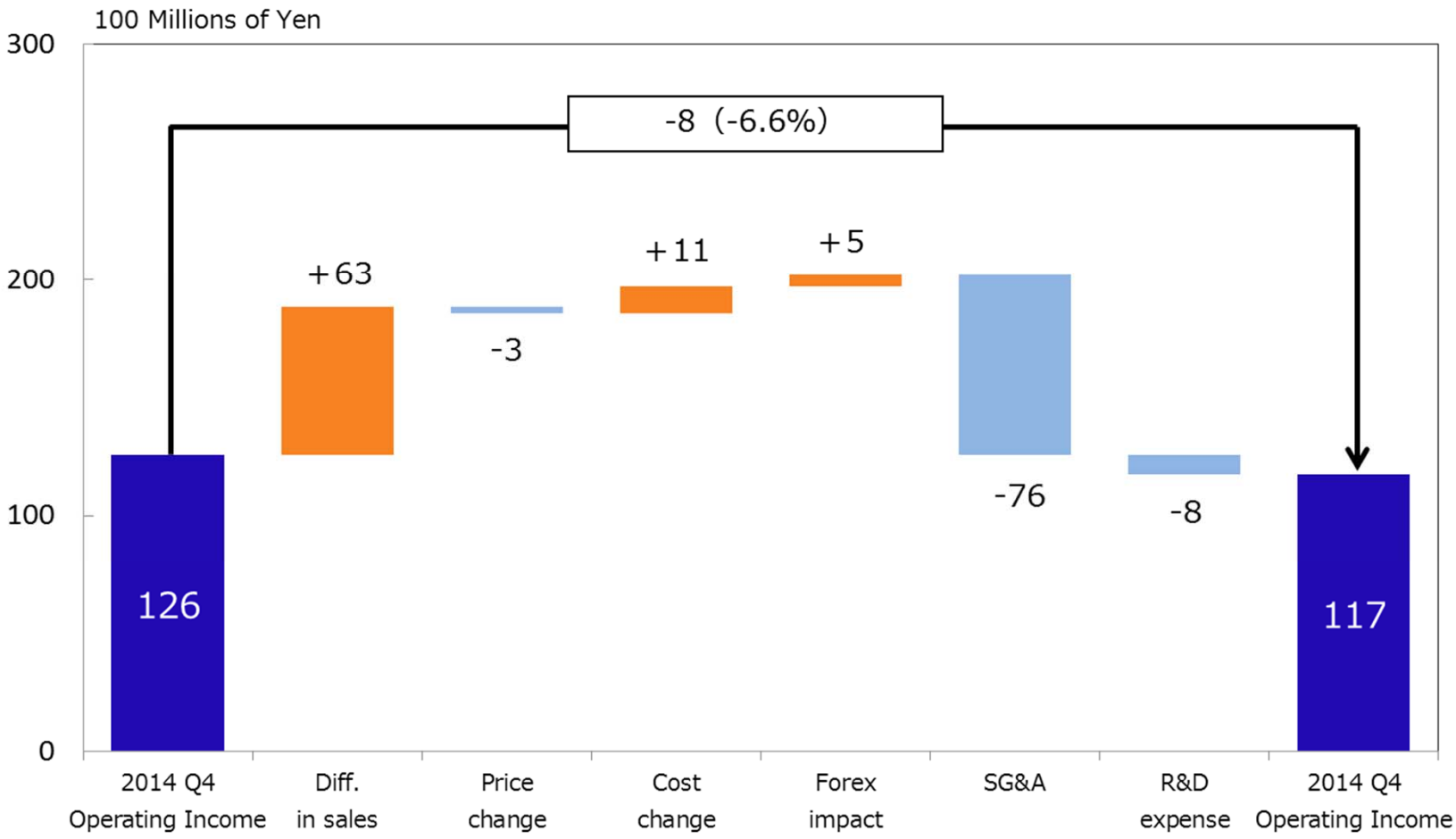
(Yen)

| | | | | |
|---|---|---|---|---|
| Exchange Rates | USD | 119.56 | 103.28 | 16.28 |
| | EUR | 136.10 | 141.47 | -5.37 |

- ✓ Net sales showed double-digit growth due to strong sales of Machine tools and the positive effect of the yen's depreciation
- ✓ Despite increased sales in the M&S business, operating income decreased mainly due to selling expense increase in the P&S business

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# Main Factors for Changes in Operating Income
## < FY2014 Q4 (3-month Results) >



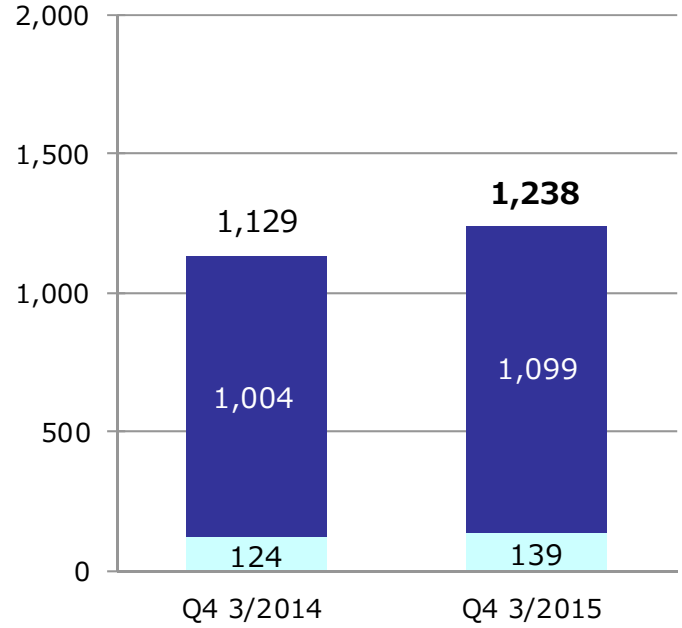

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# Printing & Solutions Sales & Operating Income
## < FY2014 Q4 (3-month Results) >

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## Net Sales

(100 Millions of Yen)

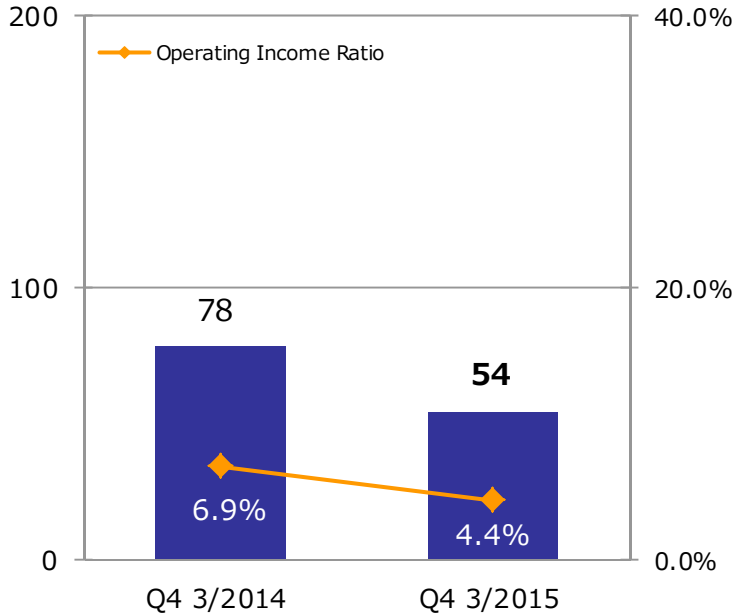



Change(w/o forex impact)

| | |
|---|---|
| Communications & Printing equipment | +9.5% ( +3.6% ) |
| Electronic stationery | +11.9% ( +4.5% ) |
| Total | +9.7% ( +3.7% ) |

## Operating Income

(100 Millions of Yen)




### Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

| | Q4 3/2014 | Q4 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 379 | 446 | +17.7% (+3.9%) |
| Europe | 377 | 376 | -0.4% (+1.3%) |
| Asia & Others | 143 | 167 | +16.1% (+7.2%) |
| Japan | 105 | 111 | +5.9% (+5.9%) |

### Electronic stationery

Geographical Sales(100 Millions of Yen)

| | Q4 3/2014 | Q4 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 54 | 68 | +25.7% (+10.2%) |
| Europe | 43 | 42 | -3.0% (-1.4%) |
| Asia & Others | 15 | 18 | +21.8% (+12.1%) |
| Japan | 12 | 11 | -9.5% (-9.5%) |

- ✓ Sales increased year-on-year in each region by carrying out aggressive sales measures.
- ✓ Operating income decreased due to SGA increase.

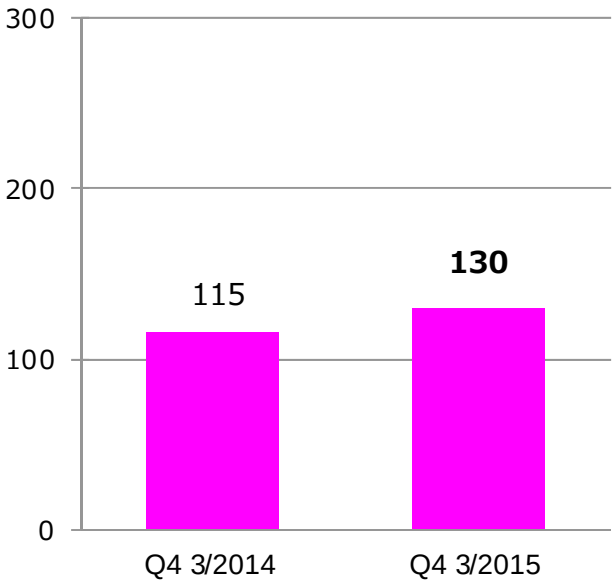
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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# Personal & Home Sales & Operating Income
## < FY2014 Q4 (3-month Results) >

brother at your side

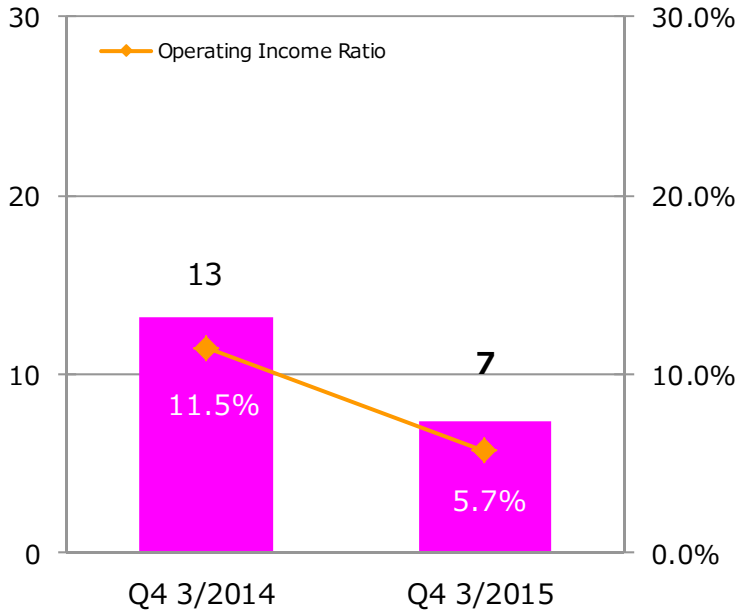
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

| Home sewing machines |
|---|
| +12.7% ( +5.6% ) |

## Operating Income
(100 Millions of Yen)




### Home sewing machines
Geographical Sales(100 Millions of Yen)

| | Q4 3/2014 | Q4 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 54 | 70 | +30.4% (+15.0%) |
| Europe | 30 | 28 | -7.1% (-3.9%) |
| Asia & Others | 11 | 14 | +23.9% (+16.3%) |
| Japan | 20 | 17 | -11.9% (-11.9%) |

- ✓ Sales remained strong in the Americas due to the launch of new high-end models
- ✓ Operating income decreased due to SGA increase

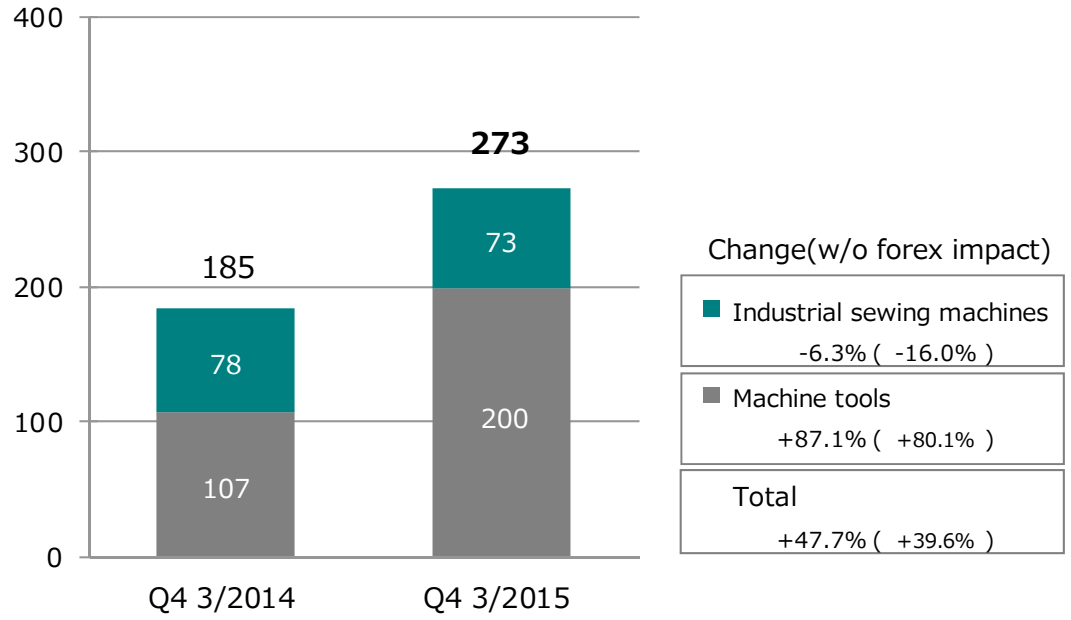
*In accordance with a change in scope of consolidation this year, some figures, which were presented in “Japan” in the prior year, are reclassified into “Asia and Others”.

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# Machinery & Solution Sales & Operating Income
## < FY2014 Q4 (3-month Results) >

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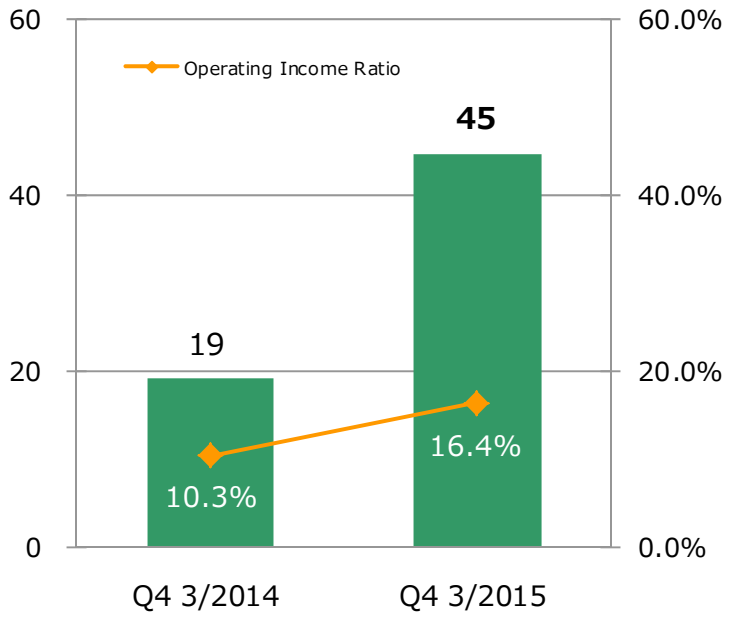
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

| | |
|---|---|
| Industrial sewing machines | -6.3% ( -16.0% ) |
| Machine tools | +87.1% ( +80.1% ) |
| Total | +47.7% ( +39.6% ) |

## Operating Income
(100 Millions of Yen)




### Industrial sewing machines
Geographical Sales(100 Millions of Yen)

| | Q4 3/2014 | Q4 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 10 | 14 | +33.2% (+15.6%) |
| Europe | 11 | 11 | +0.1% (+3.6%) |
| Asia & Others | 54 | 46 | -15.1% (-26.3%) |
| Japan | 2 | 2 | -5.1% (-5.1%) |

### Machine tools
Geographical Sales(100 Millions of Yen)

| | Q4 3/2014 | Q4 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 5 | 7 | +29.4% |
| Europe | 4 | 5 | +23.1% |
| Asia & Others | 81 | 171 | +109.9% |
| Japan | 16 | 17 | +5.6% |

- ✓ For Industrial sewing machines, sales 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.

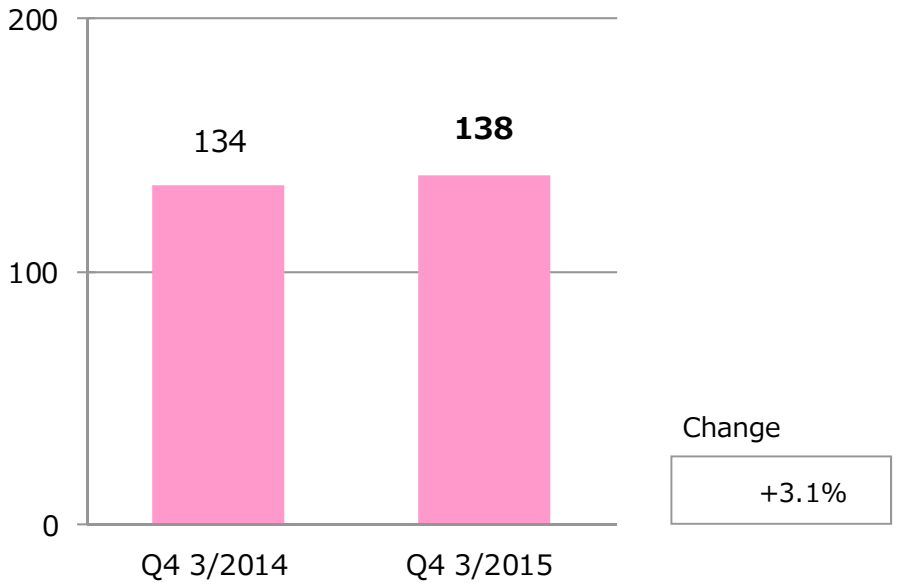
*As machine tools are mostly exported to customers directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

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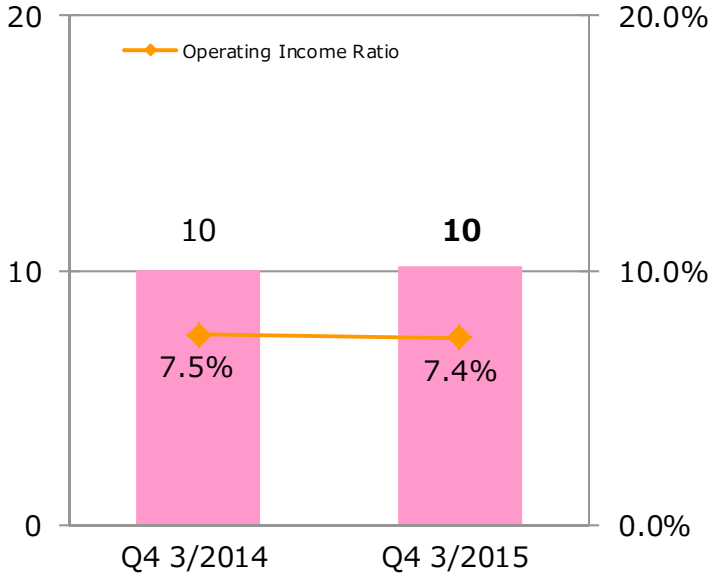
# Network & Contents Sales & Operating Income
## < FY2014 Q4 (3-month Results) >

brother at your side

### Net Sales
(100 Millions of Yen)




### Operating Income
(100 Millions of Yen)



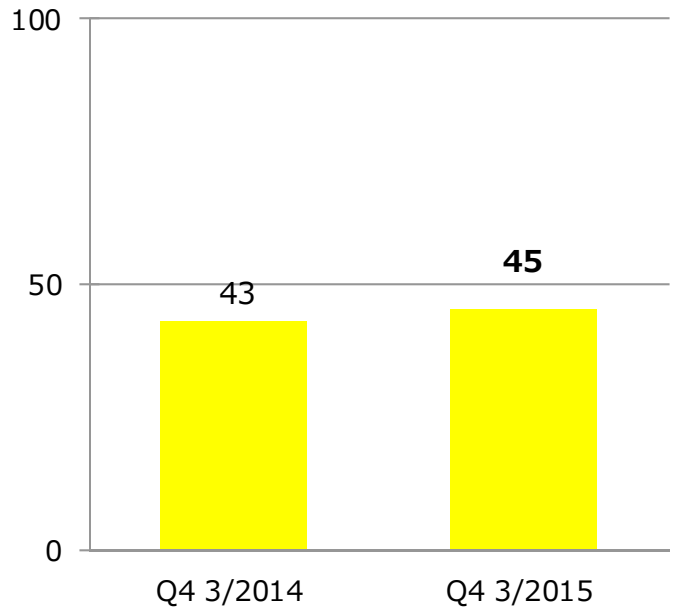

- ✓ Sales marginally increased due to slower replacement demand for online karaoke machines, despite steady business operation in karaoke shops
- ✓ Sales were at the same level as the prior year

* 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 Q4 (3-month Results) >

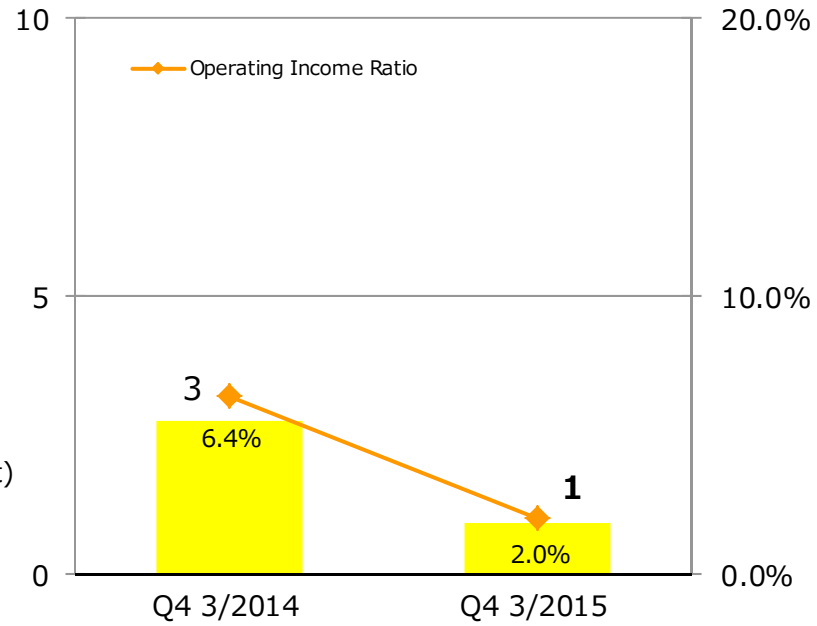
## Net Sales
(100 Millions of Yen)




Change(w/o forex impact)

+5.6%( +3.9% )

## Operating Income
(100 Millions of Yen)




Industrial Part

Geographical Sales(100 Millions of Yen)

| | Q4 3/2014 | Q4 3/2015 | Change (w/o forex impact) |
|---|---|---|---|
| Americas | 5 | 5 | -1.7% (-15.3%) |
| Europe | 0 | 0 | - (-) |
| Asia & Others | 0 | 1 | - (-) |
| Japan | 38 | 39 | +3.4% (+3.4%) |

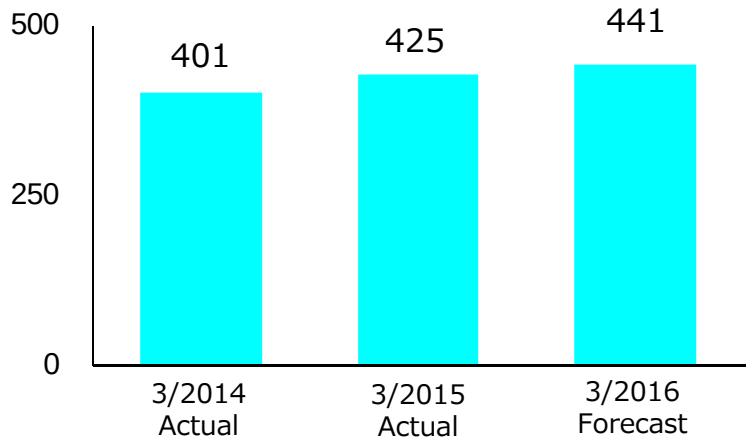
- ✓ Sales were approximately at the same level year-on-year.
- ✓ Operating income fell due to increased costs such as depreciation.

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

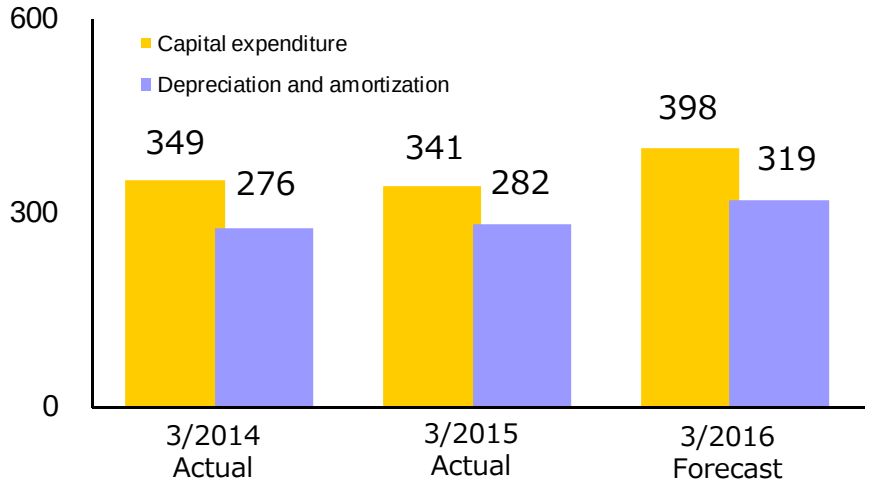
## R&D expenses

(100 Millions of Yen)



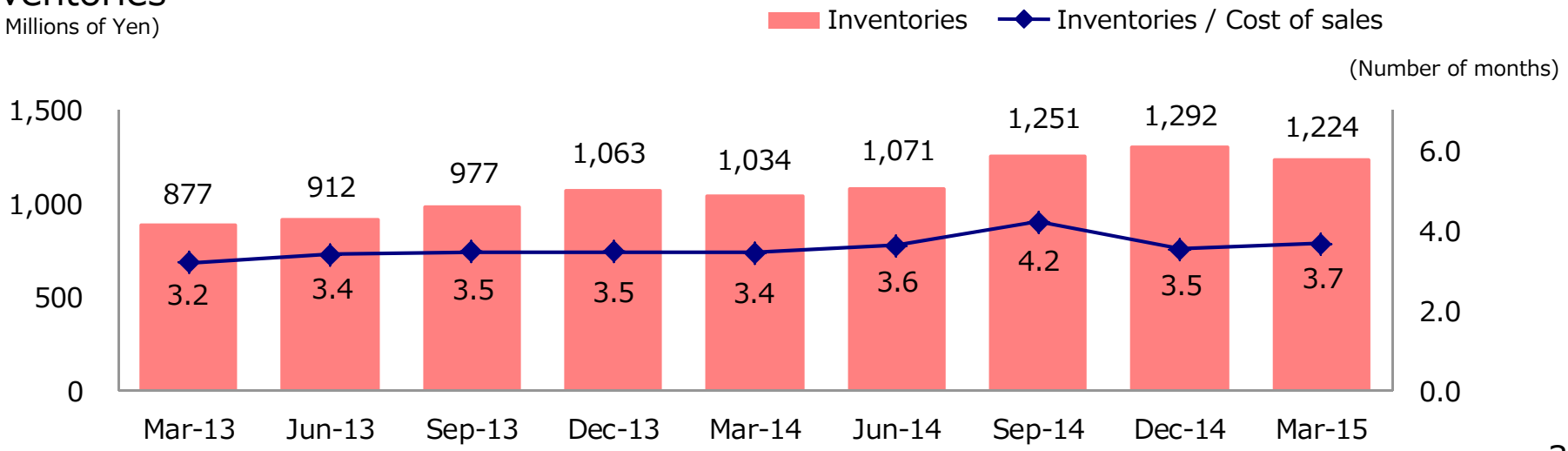

## Capital expenditure and Depreciation and amortization

(100 Millions of Yen)




## Inventories

(100 Millions of Yen)




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