Fiscal Year 2015 (ending March 31, 2016)

First Quarter Results
(3-month results ended June 30, 2015)

Brother Industries, Ltd.
August 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 FY2015 Q1

	15Q1	14Q1	Rate of Change (w/o forex impact)
Net Sales	1,771	1,604	10.4% (+4.0%)
Operating Income	153	165	-7.4%
Operating Income Ratio	8.6%	10.3%	
Current Profits	160	148	7.9%
Extraordinary Income(Loss)	-3	162	
Income Taxes	86	16	
Net income	71	294	-75.8%
Net income Attributable to owners of the company	69	294	-76.5%

Exchange Rates	15Q1	14Q1
USD	121.34	102.14
EUR	133.86	140.01

- ✓ Sales increased, driven by strong sales of Machine tools to IT-related customers.
- ✓ Despite operating income increase in existing businesses, operating income as a whole decreased due to M&A costs.
- ✓ Net income decreased significantly due to the absence of the specific factors that arose in the prior year, such as a gain on the sale of property and lower corporate tax by tax effect accounting.

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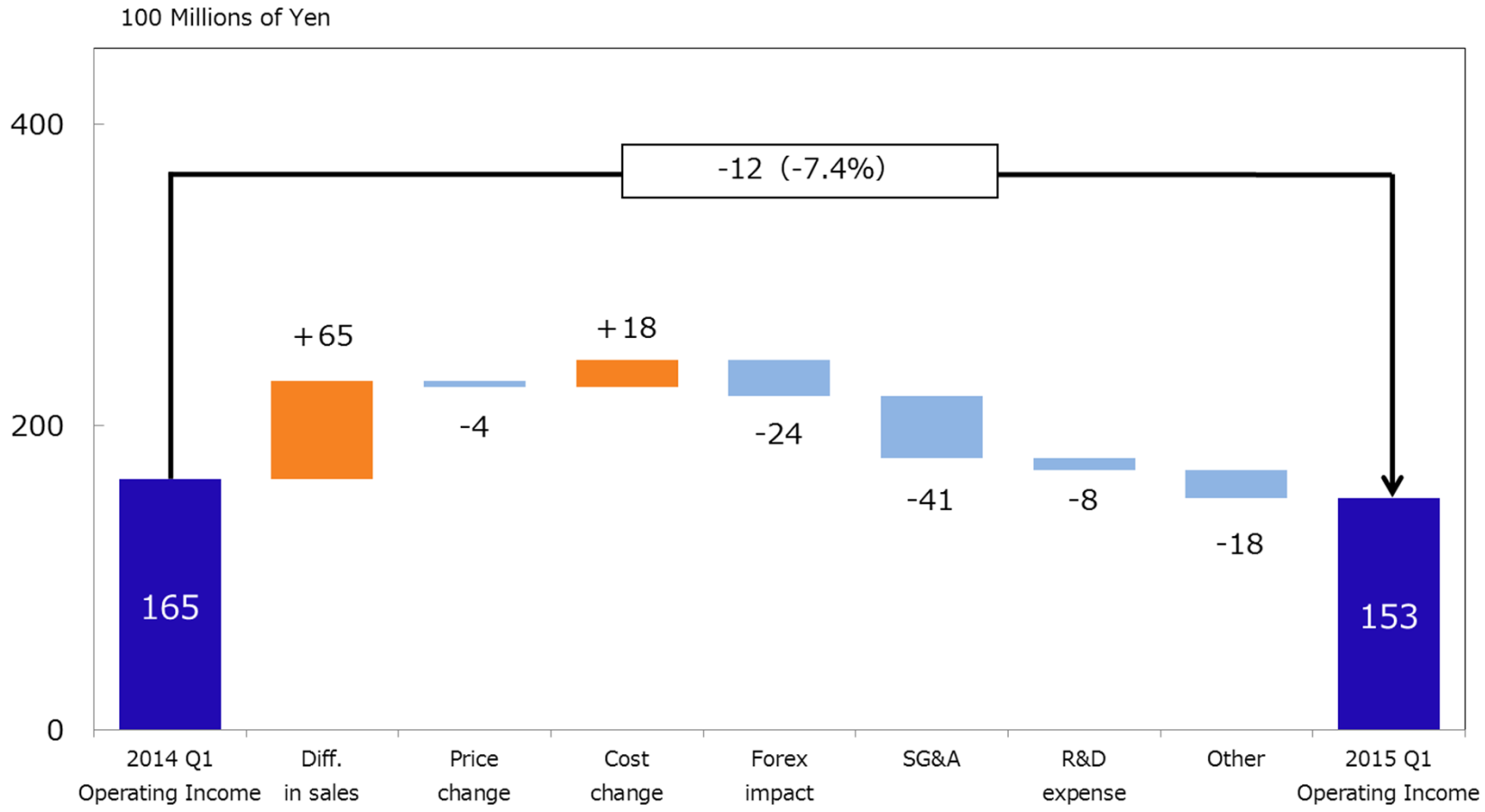
Main Factors for Changes in Operating Income



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Consolidated Forecast for FY 2015 (ending March 31, 2016)

	15TY	Previous forecast	Rate of Change	14TY	Rate of Change (w/o forex impact)
Net Sales	8,300	7,600	9.2%	7,072	17.4% (+14.2%)
Operating Income	580	580	–	575	0.8%
Operating Income Ratio	7.0%	7.6%		8.1%	
Current Profits	560	560	–	516	8.6%
Extraordinary Income(Loss)	-5	-15		138	
Income Taxes	195	185		116	
Net income	360	360	–	538	-33.0%
Net income Attributable to owners of the company	355	355	–	540	-34.2%

Exchange Rates	15TY	Previous forecast	14TY
USD	120.60	115.00	110.03
EUR	134.82	125.00	138.68

- ✓ Sales forecast has been revised upward by ¥70.0 billion by factoring in changes to the assumed exchange rates in light of the yen's depreciation and due to newly consolidated Domino.
- ✓ Despite a loss of ¥4.5 billion relating to Domino business, forecast for each income remains unchanged from the previous forecast mainly because the positive effect of forex is expected to offset the loss.

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Business environment

Printing & Solutions

✓In some regions, sell-in was slow due to temporary adjustments in the distributor's channels. However, currently there is a sign of improvement.

✓In emerging countries, IJP with super high-yield refill ink tank were launched.

Personal & Home

✓In developed countries, sales in North America remained steady although sales in Russia fell sharply.

✓Market share continued to grow in emerging markets in China and other Asian regions.

Industrial sewing machine

✓Although sales in China significantly increased due to the launch of new lock stich sewing machines, sales in other Asian regions were lower than expected due to economic slowdown.

✓In Europe and the Americas, strong sales of garment printers continued.

Machine tools

✓Quarterly sales reached record high due to increased shipments to IT-related customers.

✓Steady sales to auto-related customers continued.

Network & Contents

✓New online karaoke machine models were announced for the first time in three years.

✓Structure for operating total content business, from original recording through karaoke, was established by incorporating Teichiku Entertainment, Inc.

Industrial Part

✓Opportunity for increasing sales of high-efficiency gear motors (IE3) was brought by the revised Energy Saving Act.

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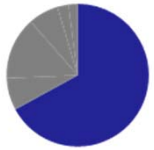
Printing & Solutions Sales & Operating Income

Aim to increase sales in all regions by making aggressive investments for sales growth.

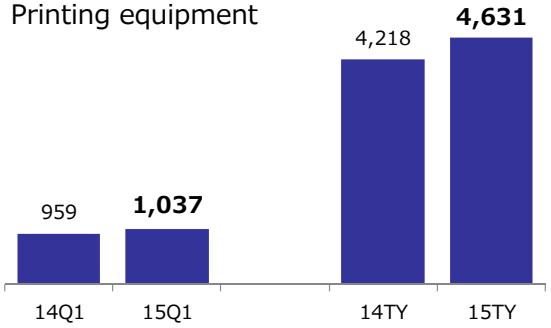
・In Q1, sales were slower in some regions due to inventory adjustments in the distributor's channels.
・Sales of consumables remain steady in every region.





	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	**1,078**	**1,169**	**8.5%**	**1.7%**	**4,743**	**5,230**	**10.3%**	**7.0%**
Communications & Printing equipment	**959**	**1,037**	**8.2%**	**1.7%**	**4,218**	**4,631**	**9.8%**	**6.7%**
Americas	374	424	13.5%	-0.8%	1,680	1,942	15.6%	8.5%
Europe	326	334	2.3%	4.7%	1,417	1,422	0.4%	1.8%
Asia & Others	173	177	2.4%	-7.3%	694	825	18.9%	14.1%
Japan	86	102	18.9%	18.9%	427	442	3.5%	3.5%
Electronic stationery	**119**	**132**	**10.6%**	**1.7%**	**525**	**599**	**14.2%**	**9.6%**
Americas	56	68	20.5%	4.3%	253	298	17.7%	9.5%
Europe	36	37	3.8%	5.9%	158	162	2.7%	3.7%
Asia & Others	19	19	-3.6%	-14.8%	78	94	19.9%	13.8%
Japan	8	8	5.9%	5.9%	35	45	27.7%	27.7%
Operating Income	**118**	**109**			**357**	**383**		

<Net Sales>
Communications & Printing equipment



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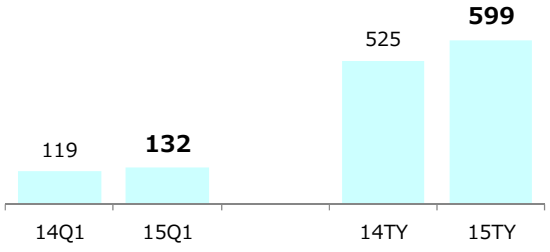
Electronic stationery



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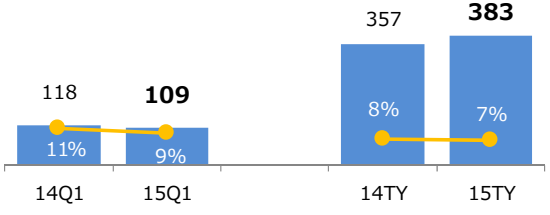

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Personal & Home Sales & Operating Income

Strong overseas sales continue.



- Overseas sales increase due to the launch of new mid-range models.
- Despite weaker sales in Russia, sales in Western Europe remain strong.

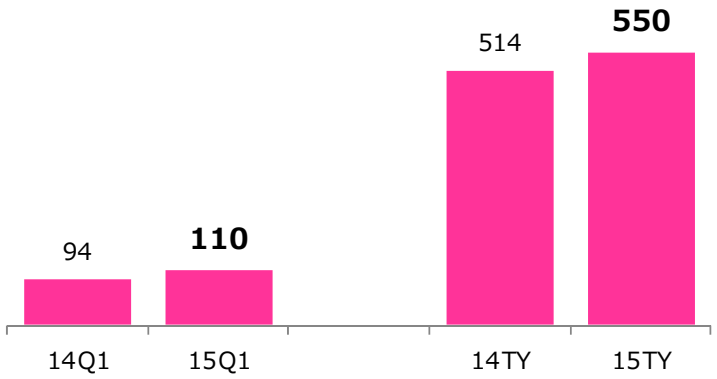






	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	**94**	**110**	**17.3%**	**8.7%**	**514**	**550**	**6.9%**	**2.7%**
Americas	48	62	29.1%	13.0%	296	329	11.2%	3.6%
Europe	24	23	-7.2%	-2.8%	111	109	-2.1%	1.0%
Asia & Others	13	17	32.7%	21.4%	60	74	24.2%	19.6%
Japan	9	8	-2.0%	-2.0%	48	38	-20.0%	-20.0%
Operating Income	**7**	**7**			**49**	**53**		

<Net Sales>



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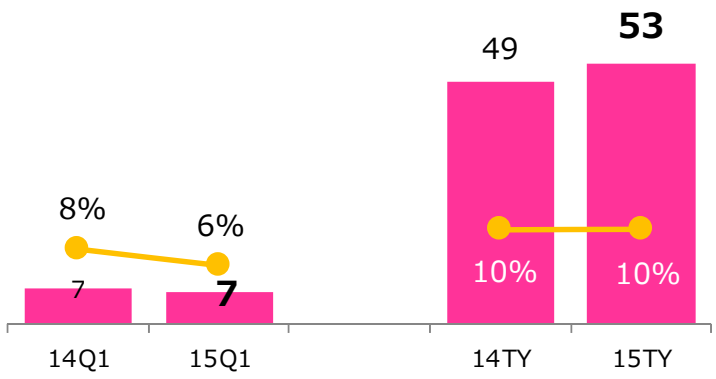

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Strong sales of Machine tools continue in Asia.

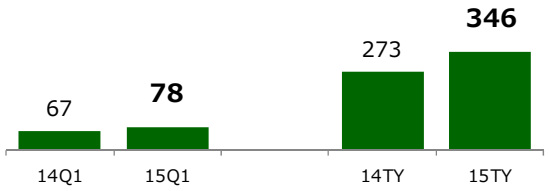
- For Industrial sewing machines, new lock stich sewing machines were launched.
- For Machine tools, sales to IT-related customers remain strong.






	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	**250**	**303**	**21.4%**	**13.9%**	**1,006**	**1,080**	**7.3%**	**2.9%**
Industrial sewing machines	**67**	**78**	**16.6%**	**2.3%**	**273**	**346**	**26.7%**	**18.5%**
Americas	13	16	26.6%	7.3%	54	62	15.7%	5.5%
Europe	10	12	16.2%	21.6%	43	47	9.2%	12.5%
Asia & Others	42	48	14.0%	-4.0%	169	230	35.7%	24.9%
Japan	2	2	8.7%	8.7%	7	7	0.9%	0.9%
Machine tools	**183**	**226**	**23.2%**	**18.1%**	**733**	**734**	**0.1%**	**-2.9%**
Americas	8	6	-25.3%	-	29	28	-1.2%	-
Europe	6	7	31.6%	-	23	30	27.6%	-
Asia & Others	158	196	24.2%	-	622	609	-2.1%	-
Japan	12	17	36.8%	-	59	67	13.1%	-
Operating Income	**42**	**59**			**162**	**150**		

<Net Sales>
Industrial sewing machines



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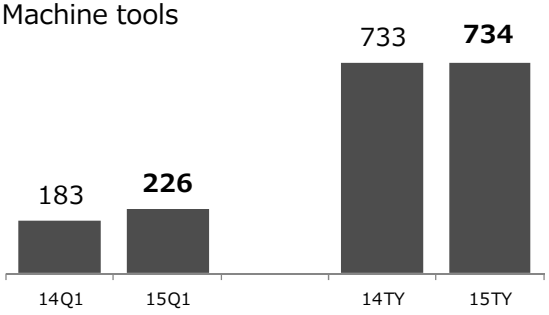
Machine tools



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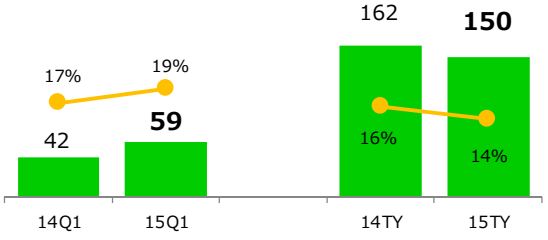

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Network & Contents Sales & Operating Income



JOYSOUND new models were announced.

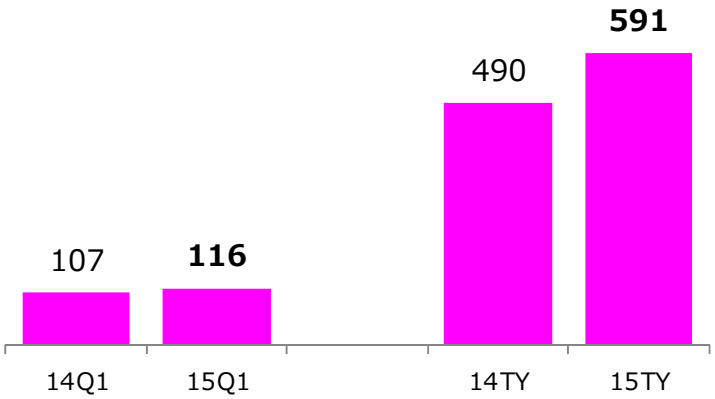
- In July, new online karaoke machines were launched for the first time in three years.
- Financial performance is expected to improve from Q2 and beyond.





	14Q1	15Q1	Change	14TY	15TY	Change
Net Sales	**107**	**116**	**8.4%**	**490**	**591**	**20.7%**
Operating Income	**-10**	**-8**		**-9**	**16**	

<Net Sales>



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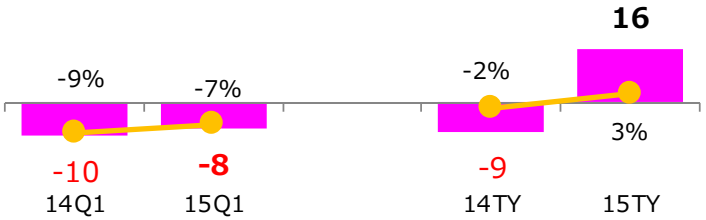

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Industrial Part Sales & Operating Income

Sales increase of high-efficiency gear motors



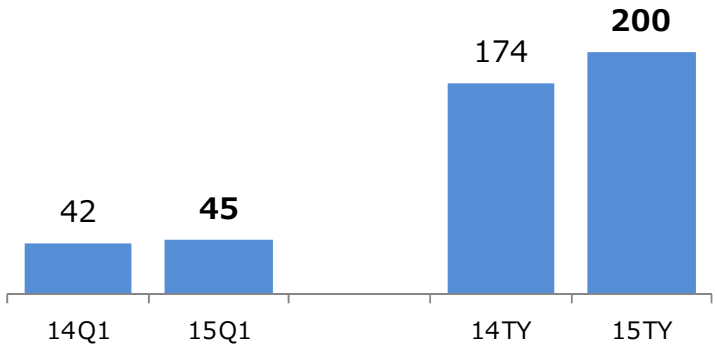
・Aim to increase sales of IE3 gear motors in Japan.
・Aim to grow sales in North America and South Korea.

Nissei



	14Q1	15Q1	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	**42**	**45**	**7.3%**	**3.7%**	**174**	**200**	**14.7%**	**12.7%**
Americas	6	7	5.0%	-11.7%	23	30	31.6%	20.8%
Asia & Others	1	4	308.0%	259.9%	5	19	309.5%	288.9%
Japan	35	35	-0.3%	-0.3%	147	151	2.7%	2.7%
Operating Income	**2**	**2**			**3**	**14**		

<Net Sales>



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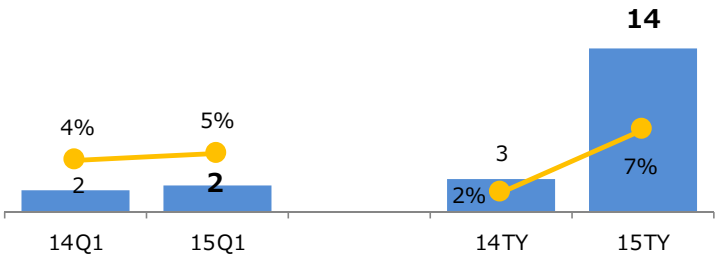

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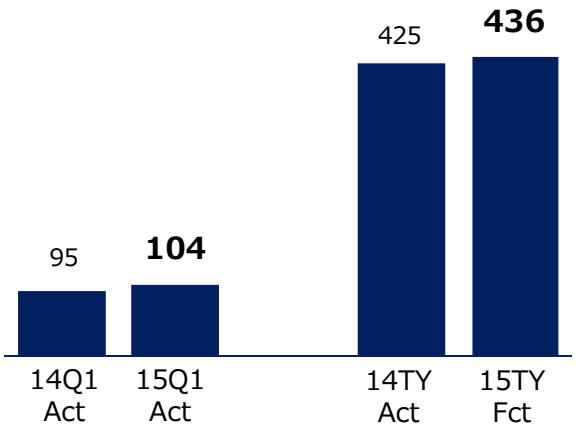
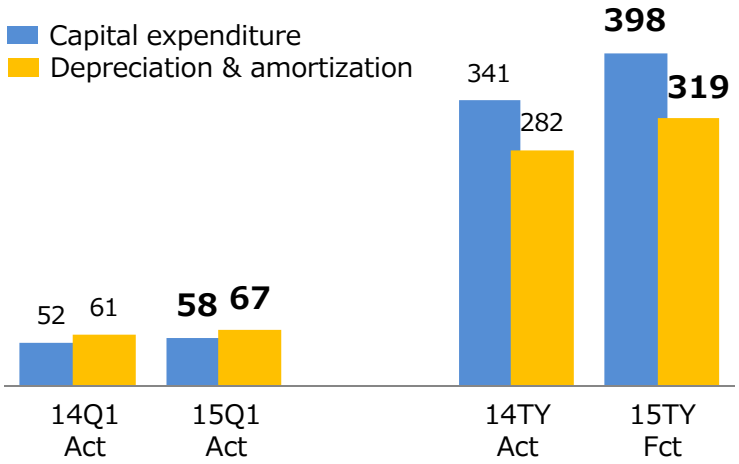
R&D expenses / Capital expenditure / Depreciation and amortization / Inventories

R&D expenses
(100 Millions of Yen)

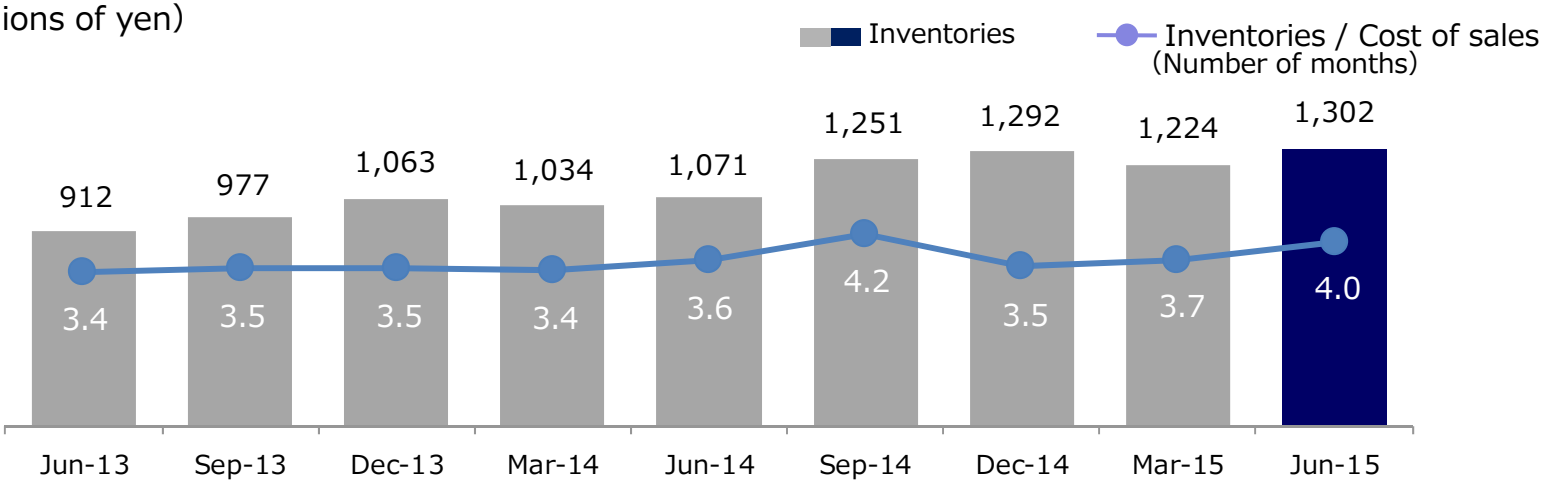


Capital expenditure / Depreciation & amortization
(100 Millions of Yen)



*FY 2015 Forecast for R&D, capex and depreciation & amortization does not include Domino business figures.

Inventories
(100 Millions of yen)



*Jun-15 actual for Inventories does not include Domino business figures.

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