Fiscal Year 2015 (ending March 31, 2016)

First Half & Second Quarter Results
(ended September 30, 2015)

Brother Industries, Ltd.

November 2, 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 (ending March 31, 2016)
< FY2015 1H & Q2 >

- ✓ Domino Printing Sciences plc (Domino) became a consolidated subsidiary at the end of Q1. Brother started disclosing Domino's performance as its Domino business segment in Q2.
- ✓ Although all businesses saw weak demand mainly in emerging markets due to severe economic environment, sales in existing businesses excluding the Domino business increased 3.1% on a local currency basis.
- ✓ Costs of acquiring Domino and additional provisions for product warranties decreased profits by 1.8 billion yen and 2.8 billion yen, respectively.

<100 Millions of Yen>

	151H	141H	Rate of Change (w/o forex impact)	15Q2	14Q2	Rate of Change (w/o forex impact)
Net Sales	3,711	3,247	14.3% (+8.3%)	1940	1642	18.1% (+12.4%)
Operating Income	249	300	-16.9%	96	135	-28.5%
Operating Income Ratio	6.7%	9.2%		0	0	
Current Profits	252	276	-8.9%	92	128	-28.3%
Extraordinary Income(Loss)	11	160		13	-2	
Income Taxes	126	65		40	49	
Income before minority interests	136	372	-63.3%	65	78	-16.2%
Net Income	134	371	-64.0%	64	77	-16.7%

Exchange Rates					
USD	121.50	103.51	121.91	104.35	
EUR	134.60	139.07	136.00	137.94	

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Highlight for 2015 1H

<100 Millions of Yen>

Net Sales	■3,711 (+14.3%) Increased due to the contribution of consolidated subsidiary Domino and the yen's depreciation against the US dollar.
Operating Income	■249 (-16.9%) Decreased due to costs of acquiring Domino and additional provisions for product warranties.
Current Profits	■252 (-8.9%) Non-operating income (losses) improved by 2.6 billion yen due to foreign exchange gains.
Income Before Tax	■263 (-39.9%) Significantly decreased due to the lack of one-time items, such as a gain of 16.3 billion yen on the sales of property that arose in the prior year.
Net Income	■134 (-64.0%) Significantly fell due to decreased pre-tax income and tax effect accounting.

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Highlight for 2015 1H

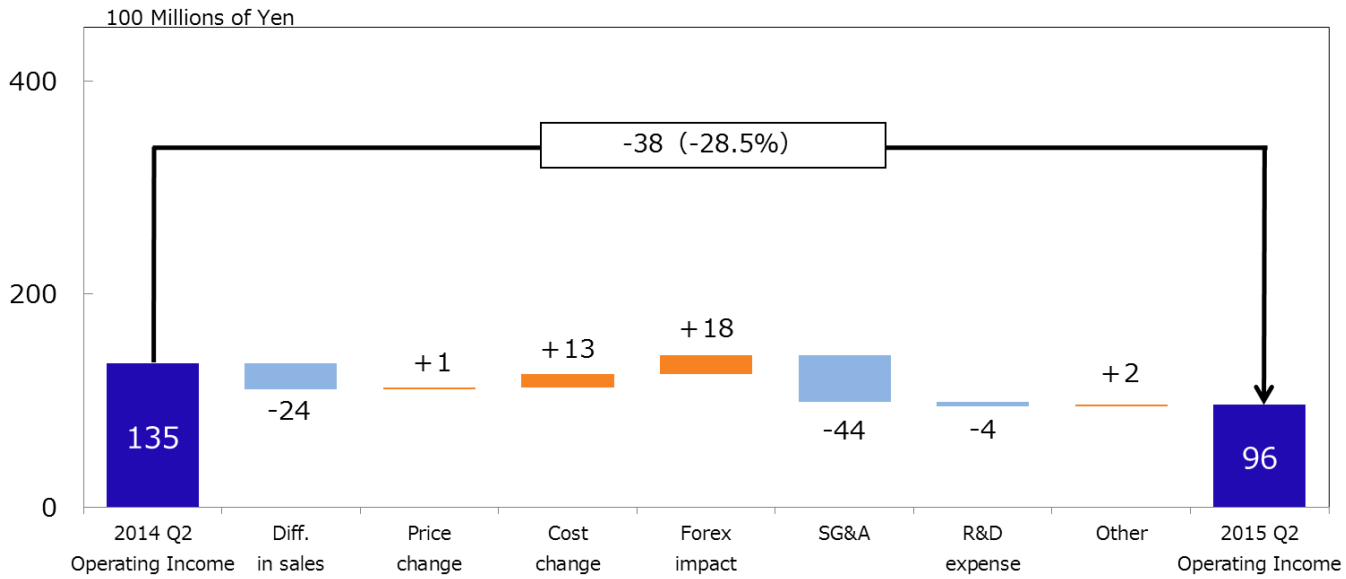
<100 Millions of Yen>

P&S	■Net Sales 2,360/ +8.3% (+1.9%) Demand was stagnant in emerging markets, such as China, Latin America and Russia. LBP sales remained strong in Japan.
P&H	■Net Sales 252/ +15.4% (+6.9%) Sales in North America and Western Europe remained strong due to the launch of new mid-range models.
M&S	■Net Sales 493/ +5.2% (-1.7%) Entering Q2, orders of Machine tools weakened. Demand for Industrial sewing machines from the Chinese market remained steady.
N&C	■Net Sales 271/ +20.4% New online karaoke machines were launched. Teichiku Entertainment Inc. and its subsidiary became newly consolidated subsidiaries.
Industrial Part	■Net Sales 91/ +5.1% (+1.9%) Steadily increasing sales in each region.

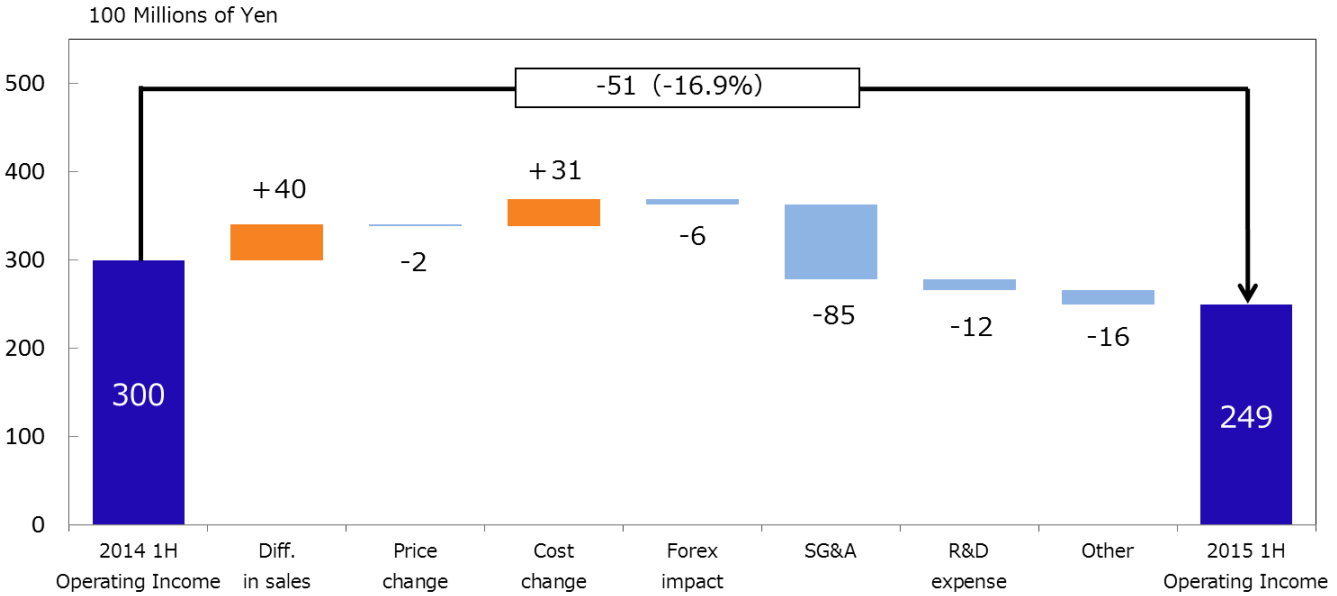
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Main Factors for Changes in Operating Income

<Q2>



<1H>



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Consolidated Forecast for 2015 (ending March 31, 2016)

brother at your side

- ✓ Regarding the P&S business, the forecast for emerging markets, such as China and Latin America, has been mainly revised downward.
- ✓ The forecast for Machine tools has been revised downward due to weak orders as a result of China's economic slowdown.
- ✓ In addition to the above matters, additional provisions for product warranties in Q2 have been factored into the earnings forecast.

<100 Millions of Yen>

	15TY	Previous forecast	Rate of Change	14TY	Rate of Change (w/o forex impact)
Net Sales	8,000	8,300	-3.6%	7,072	13.1% (+10.9%)
Operating Income	500	580	-13.8%	575	-13.1%
Operating Income Ratio	6.3%	7.0%		8.1%	
Current Profits	485	560	-13.4%	516	-5.9%
Extraordinary Income(Loss)	15	-5		138	
Income Taxes	180	195		116	
Income before minority interests	320	360	-11.1%	538	-40.5%
Net Income	315	355	-11.3%	540	-41.6%

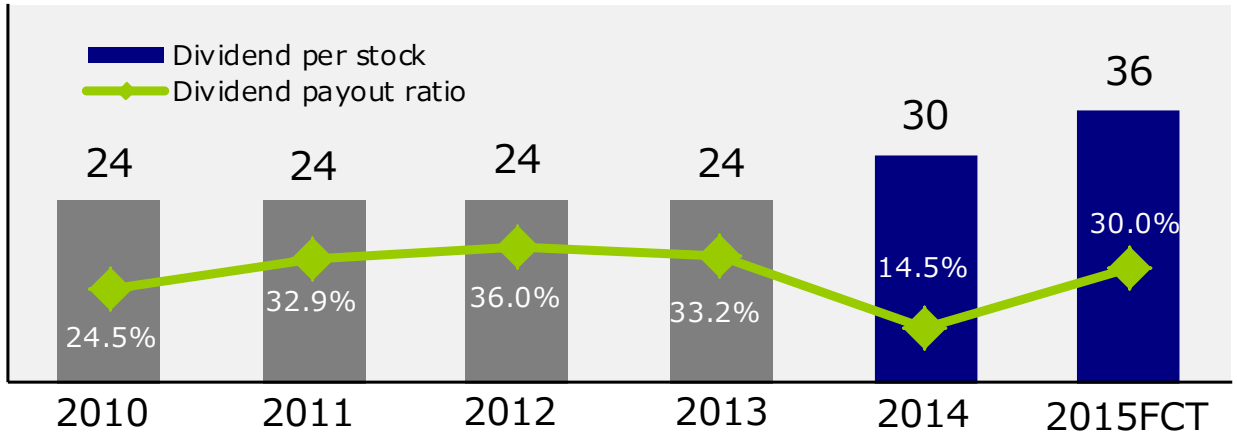
Exchange Rates					
USD	120.81	120.60		110.03	
EUR	134.78	134.82		138.68	

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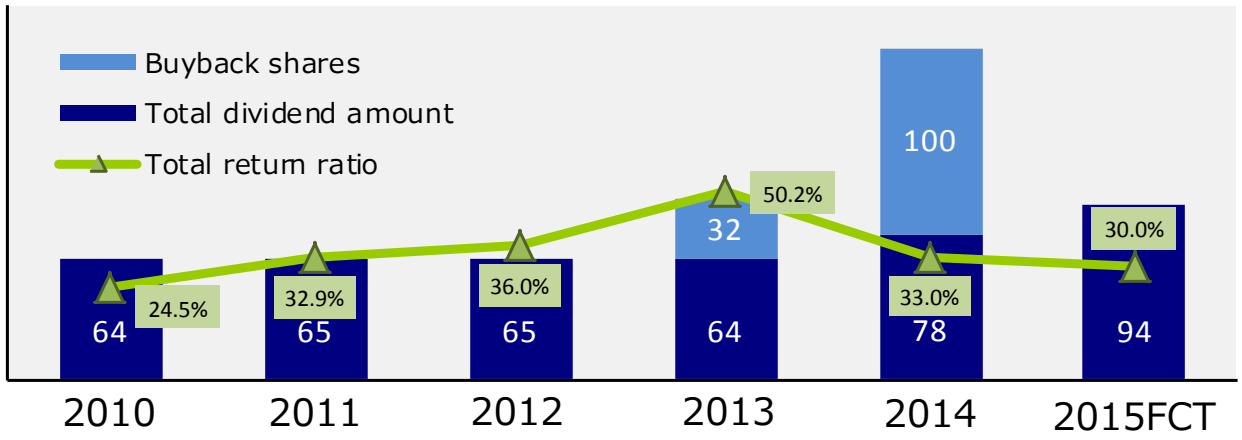
Dividend and Payout ratio

✓ Despite the downwardly revised earnings forecast, annual dividend is expected to remain unchanged at 36 yen per share.

<Dividend record>



<Total return ratio>



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appendix

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Consolidated Results for FY2015 Q2
Sales and Operating Income by Business Segment

<100 Millions of Yen>

Sales	14Q2	15Q2	Rate of Change	Rate of Change (w/o forex impact)
Total	**1,642**	**1,940**	**18.1%**	**12.4%**
Printing & Solutions	**1,100**	**1,191**	**8.2%**	**2.1%**
Personal & Home	**125**	**142**	**14.0%**	**5.6%**
Machinery & Solution	**219**	**190**	**-13.2%**	**-19.4%**
Network & Contents	**118**	**155**	**31.3%**	**31.0%**
Industrial Part	**44**	**45**	**3.0%**	**0.1%**
Domino business	**-**	**168**	**-**	**-**
Other	**36**	**48**	**33.6%**	**33.6%**

Operating Margin	14Q2	15Q2	Rate of Change
Total	**135**	**96**	**-28.5%**
Printing & Solutions	**93**	**48**	**-48.8%**
Personal & Home	**13**	**19**	**51.7%**
Machinery & Solution	**33**	**21**	**-38.4%**
Network & Contents	**-7**	**1**	**-**
Industrial Part	**0**	**2**	**-**
Domino business	**-**	**2**	**-**
Other	**2**	**5**	**138.8%**

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Consolidated Results for FY2015 1H
Sales and Operating Income by Business Segment

<100 Millions of Yen>

Sales	141H	151H	Rate of Change	Rate of Change (w/o forex impact)
Total	**3,247**	**3,711**	**14.3%**	**8.3%**
Printing & Solutions	**2,178**	**2,360**	**8.3%**	**1.9%**
Personal & Home	**218**	**252**	**15.4%**	**6.9%**
Machinery & Solution	**469**	**493**	**5.2%**	**-1.7%**
Network & Contents	**225**	**271**	**20.4%**	**20.0%**
Industrial Part	**86**	**91**	**5.1%**	**1.9%**
Domino business	**-**	**168**	**-**	**-**
Other	**70**	**75**	**7.4%**	**7.3%**

Operating Margin	141H	151H	Rate of Change
Total	**300**	**249**	**-16.9%**
Printing & Solutions	**211**	**157**	**-25.6%**
Personal & Home	**20**	**26**	**30.2%**
Machinery & Solution	**75**	**79**	**5.2%**
Network & Contents	**-16**	**-7**	**-**
Industrial Part	**2**	**4**	**89.4%**
Domino business	**-**	**2**	**-**
Other	**8**	**-11**	**-**

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Consolidated Forecast for FY2015 TY
Sales and Operating Income by Business Segment

<100 Millions of Yen>

Sales	14 TY	Previous Forecast	15 TY Forecast	Rate of Change	Rate of Change (w/o forex impact)
Total	**7,072**	**8,300**	**8,000**	**13.1%**	**10.9%**
Printing & Solutions	**4,743**	**5,230**	**5,065**	**6.8%**	**4.6%**
Personal & Home	**514**	**550**	**545**	**5.9%**	**2.6%**
Machinery & Solution	**1,006**	**1,080**	**983**	**-2.3%**	**-5.8%**
Network & Contents	**490**	**591**	**575**	**17.5%**	**17.2%**
Industrial Part	**174**	**200**	**195**	**11.8%**	**10.0%**
Domino business	**-**	**500**	**500**	**-**	**-**
Other	**145**	**149**	**137**	**-5.7%**	**-2.8%**

Operating Margin	14 TY	Previous Forecast	15 TY Forecast	Rate of Change
Total	**575**	**580**	**500**	**-13.1%**
Printing & Solutions	**357**	**383**	**326**	**-8.7%**
Personal & Home	**49**	**53**	**53**	**7.5%**
Machinery & Solution	**162**	**150**	**134**	**-17.4%**
Network & Contents	**-9**	**16**	**12**	**-**
Industrial Part	**3**	**14**	**10**	**248.7%**
Domino business	**-**	**-27**	**-27**	**-**
Other	**12**	**-9**	**-8**	**-**

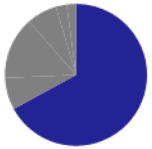
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Printing & Solutions Sales & Operating Income

The full year forecast revised downward due to weak demand in emerging markets.

・Mostly steady sales in developed markets such as North America and Western Europe
・Sales of IJP with ultra-high yield ink tanks to emerging markets exceeding the previous forecast

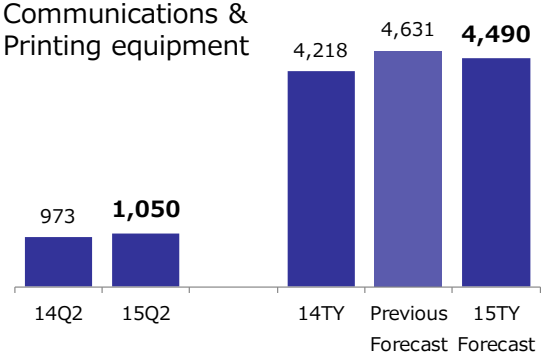




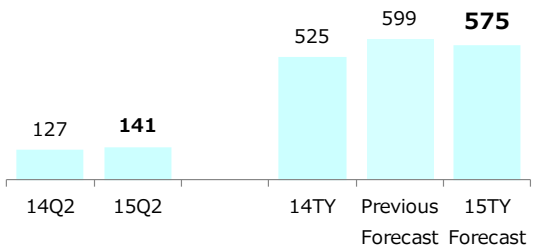
<100 Millions of Yen>

	14Q2	15Q2	Change	Change x FX	14TY	Previous Forecast	15TY Forecast	Change	Change x FX
Net Sales	**1,100**	**1,191**	**8.2%**	**2.1%**	**4,743**	**5,230**	**5,065**	**6.8%**	**4.6%**
Communications & Printing equipment	**973**	**1,050**	**7.9%**	**2.0%**	**4,218**	**4,631**	**4,490**	**6.4%**	**4.5%**
Americas	390	451	15.5%	2.9%	1,680	1,942	1,845	9.8%	3.7%
Europe	319	298	-6.8%	-6.7%	1,417	1,422	1,414	-0.2%	1.5%
Asia & Others	166	177	6.4%	1.1%	694	825	752	8.4%	7.7%
Japan	97	125	28.2%	28.2%	427	442	479	12.1%	12.1%
Electronic stationery	**127**	**141**	**10.7%**	**2.7%**	**525**	**599**	**575**	**9.6%**	**6.0%**
Americas	62	71	14.5%	0.8%	253	298	289	14.1%	6.5%
Europe	38	38	-0.7%	-1.1%	158	162	162	2.7%	4.0%
Asia & Others	19	21	10.2%	2.5%	78	94	84	7.2%	4.8%
Japan	8	11	36.9%	36.9%	35	45	40	13.5%	13.5%
Operating Income	**93**	**48**			**357**	**383**	**326**		

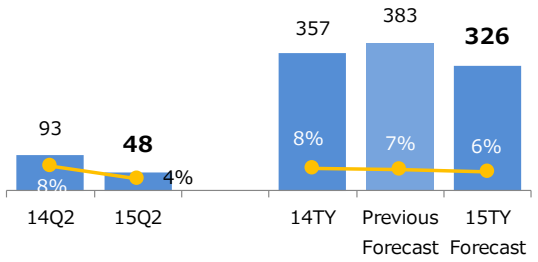
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Communications & Printing equipment



<Net Sales>
Electronic stationery



<Operating Income>



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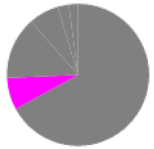
Personal & Home Sales & Operating Income

Continuing strong sales in North America and Western Europe

- Increasing sales in North America and Western Europe due to the launch of new mid-range models
- While sales in Russia were weaker, sales in Western Europe remained strong



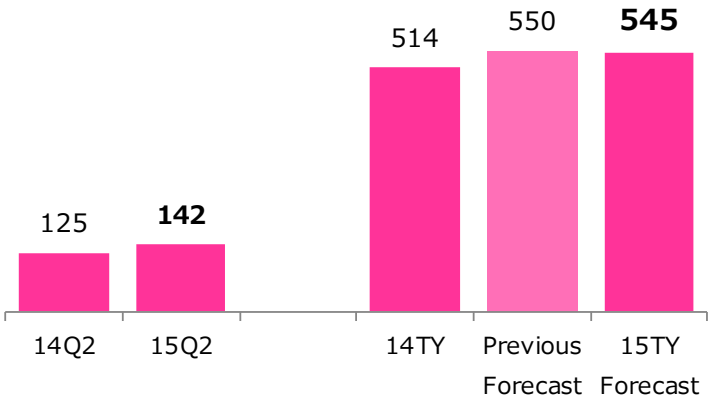




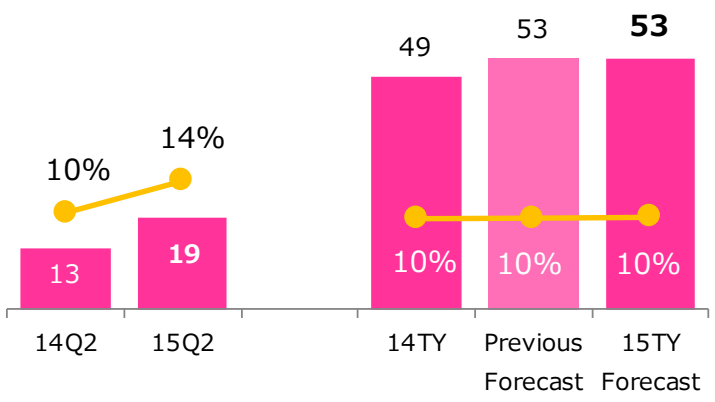
<100 Millions of Yen>

	14Q2	15Q2	Change	Change x FX	14TY	Previous Forecast	15TY Forecast	Change	Change x FX
Net Sales	**125**	**142**	**14.0%**	**5.6%**	**514**	**550**	**545**	**5.9%**	**2.6%**
Americas	75	92	22.6%	9.0%	296	329	330	11.5%	4.7%
Europe	24	23	-2.0%	-0.8%	111	109	100	-10.2%	-7.2%
Asia & Others	15	16	7.2%	2.7%	60	74	67	12.4%	11.8%
Japan	11	11	0.0%	0.0%	48	38	48	1.0%	1.0%
Operating Income	**13**	**19**			**49**	**53**	**53**		

<Net Sales>



<Operating Income>



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Machinery & Solution Sales & Operating Income

Machine tools forecast revised downward due to economic slowdown in China.

- Sales of Industrial sewing machines in China remain strong due to the launch of new lock stitch sewing machines
- The forecast for Machine tools has been revised downward due to weaker orders in China

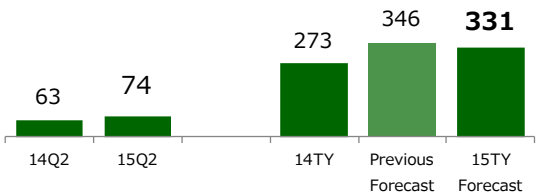




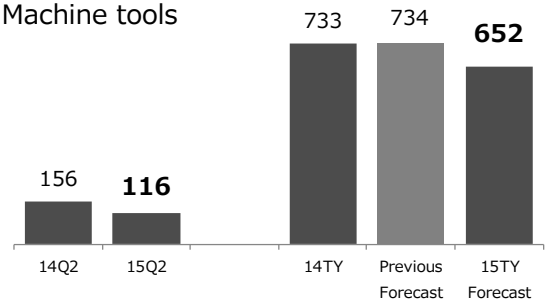
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	14Q2	15Q2	Change	Change x FX	14TY	Previous Forecast	15TY Forecast	Change	Change x FX
Net Sales	**219**	**190**	**-13.2%**	**-19.4%**	**1,006**	**1,080**	**983**	**-2.3%**	**-5.8%**
Industrial sewing machines	**63**	**74**	**17.5%**	**4.2%**	**273**	**346**	**331**	**21.2%**	**13.9%**
Americas	13	16	22.2%	5.6%	54	62	61	13.8%	4.0%
Europe	10	11	8.2%	9.9%	43	47	48	11.6%	14.9%
Asia & Others	38	45	19.7%	3.0%	169	230	215	26.9%	17.2%
Japan	2	2	-11.5%	-11.5%	7	7	7	0.9%	0.9%
Machine tools	**156**	**116**	**-25.7%**	**-29.0%**	**733**	**734**	**652**	**-11.1%**	**-13.1%**
Americas	6	7	18.8%	-	29	28	26	-10.3%	-
Europe	7	5	-28.7%	-	23	30	25	9.7%	-
Asia & Others	129	87	-32.5%	-	622	609	529	-14.9%	-
Japan	13	16	20.7%	-	59	67	71	20.0%	-
Operating Income	**33**	**21**			**162**	**150**	**134**		

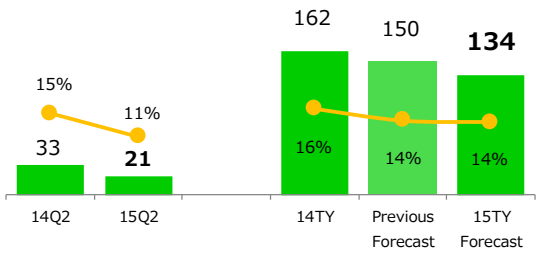
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Industrial sewing machines



<Net Sales>
Machine tools

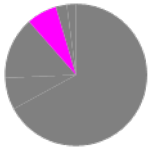


<Operating Income>



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JOYSOUND new models were announced.



- In July, new online karaoke machines were launched for the first time in three years
- Finance performance is expected to improve in the second half due to the launch of new products

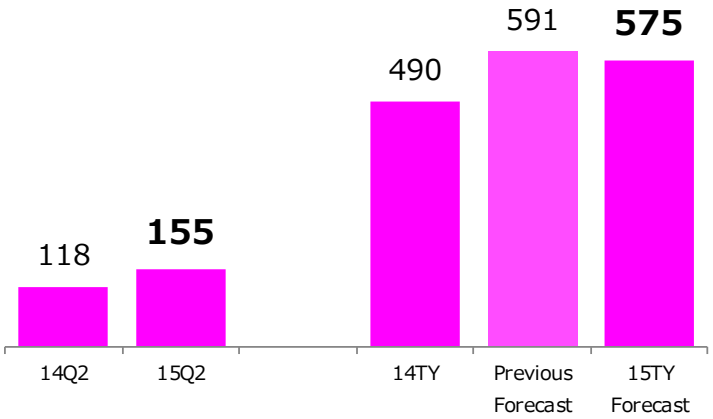




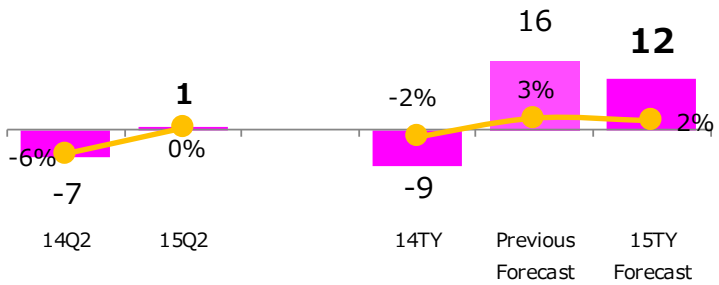
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	14Q2	15Q2	Change	14TY	Previous Forecast	15TY Forecast	Change
Net Sales	**118**	**155**	**31.3%**	**490**	**591**	**575**	**17.5%**
Operating Income	**-7**	**1**		**-9**	**16**	**12**	

<Net Sales>



<Operating Income>



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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.

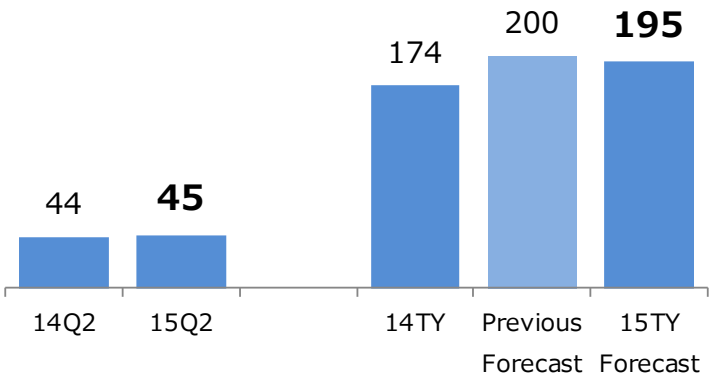
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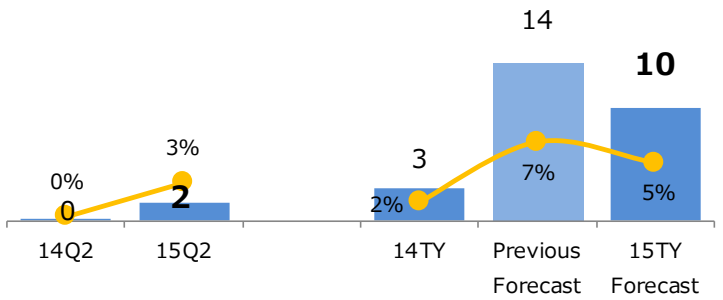
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	14Q2	15Q2	Change	Change x FX	14TY	Previous Forecast	15TY Forecast	Change	Change x FX
Net Sales	**44**	**45**	**3.0%**	**0.1%**	**174**	**200**	**195**	**11.8%**	**10.0%**
Americas	5	7	28.4%	9.3%	23	30	30	31.6%	21.2%
Asia & Others	1	4	249.6%	228.0%	5	19	18	287.9%	279.2%
Japan	38	34	-8.3%	-8.3%	147	151	147	0.0%	-0.2%
Operating Income	**0**	**2**			**3**	**14**	**10**		

<Net Sales>



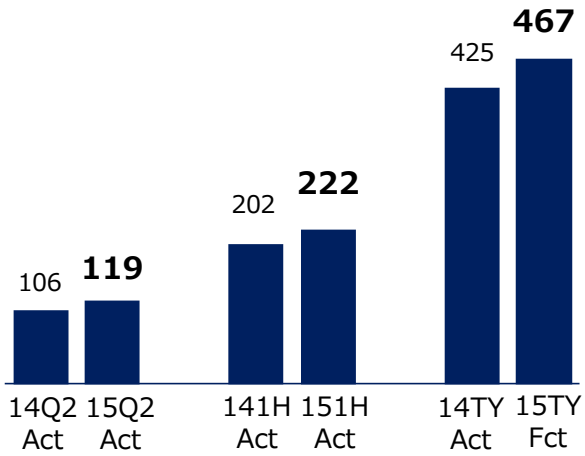
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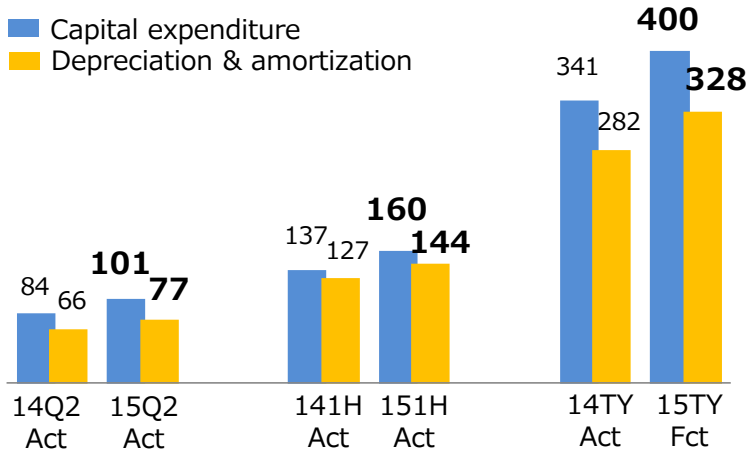
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R&D expenses / Capital expenditure / Depreciation and amortization / Inventories

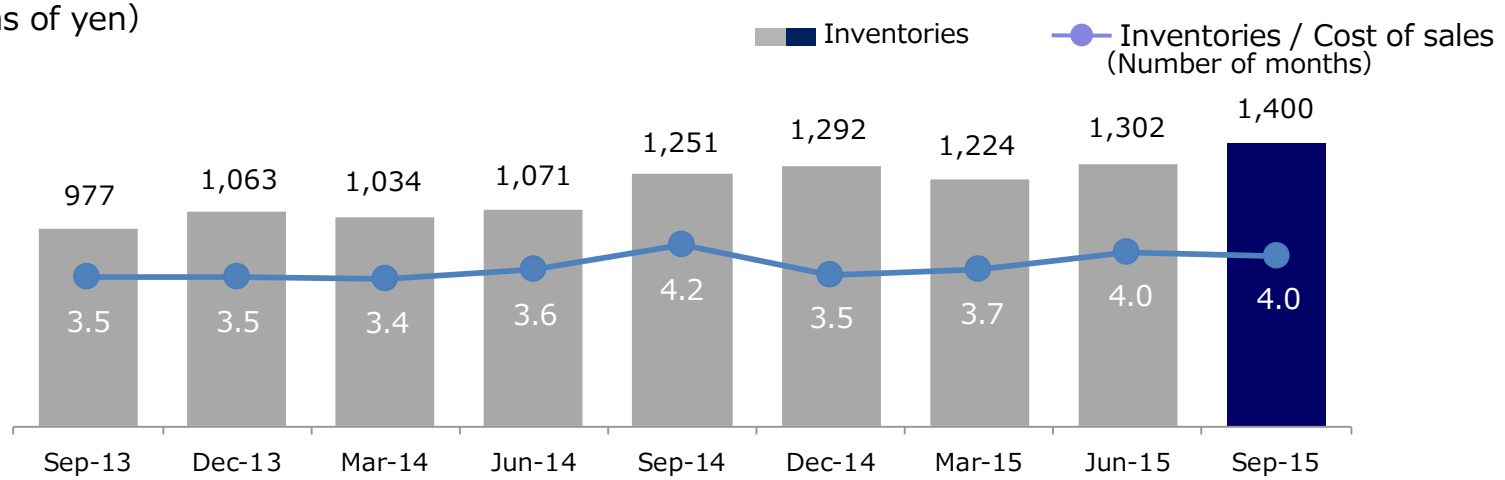
R&D expenses
(100 Millions of Yen)



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



Inventories
(100 Millions of yen)



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

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