

The summary of Q&A at the 2015Q1 financial results briefing

The acquisition of Domino

Q) What advantages will Domino have by becoming a Brother Group company?

A) Domino has grown steadily, however, technological innovation in the industrial printing field is advancing very rapidly. Particularly in the high potential digital printing market, we think that Domino will be able to achieve higher growth by operating as a Brother Group company and by leveraging the Group's technologies, intellectual property and human resources.

Q) You expect concrete synergies from the third year. Does it suggest that costs for future growth will likely affect profits for the first two years?

A) We would like to realize synergy effects from the acquisition over several years. We will strengthen manufacturing and sales capabilities for future growth for the first couple of years. That being said, we have to look to the balance between cost and effectiveness so that the Group-wide profits will not be affected significantly. For instance, we are considering reducing procurement costs to make up for costs for future growth.

The existing businesses

Q) What do you think about the market situation for printers?

A) We are aware that competition has been tough particularly in the Americas. In Q1, hardware sales volume was below the initial forecast mainly because sell-in was slower in some regions due to inventory adjustments in the distributors' channels. Since there was not a major change in the market itself, we think that the inventory adjustment status will improve soon.

Q) In Q1, financial performance in Machine tools was very good. What actions are you planning to accomplish the yearly target?

A) Although orders from IT-related customers are falling, the Machine & tools annual forecast remains unchanged at this Q1 announcement. We expect to see a recovery in orders from IT related customers in the second half. Also, demand from automobile-related customers has been steady since we started strengthening measures to receive more orders from these customers several years ago. At present we believe we can achieve this annual forecast.