

The summary of Q&A at the 2016Q3 financial results briefing

Q1: How much did the financial results of FY2016 3Q go over the in-house plan?

A1: Sales revenue went over the plan by 3 billion yen for the entire group. This is due mostly to the impact of forex.

Business segment profit went over by 2 billion yen for the whole group. This is mainly due to continuous improvement of profitability and cost reduction in the P&S business.

Q2: Is there a change in demand in respective regions in the printing market?

A2: There has not been a major change in the market for monochrome LBPs, which are Brother's core products. In both Europe and North America, the market is slowly shrinking.

Also, there has not been any major change in the competitive climate.

In the emerging nations and China, market demands are either stable or increasing by a low single-digit percentage.

Q3: Has there been a sign of recovery in the machine tools business, mainly the IT related business?

A3: Since October 2016, the number of orders for both IT and automobile related products is in recovery. Although the future of IT related orders remain uncertain, the level of expectation is becoming higher as we make progress with the effort to strengthen automobile related business and so forth.

Q4: What was the impact of the structural reform of the N&C business on the sales revenue in the next term?

A4: Basically, the structural reform was done through reduction of labor costs. Costs will be cut by about 1 billion yen a year.