

**Fiscal Year 2019** (ending March 31, 2020)

**Third Quarter Results**  
(ended December 31, 2019)

**Brother Industries, Ltd.**  
**February 4, 2020**

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.

## Results for FY2019 Q3

- ✓ **Revenue and profit were down, mainly due to sluggish demand for machine tools**
  - The sales volume of communications and printing equipment decreased, partly on the back of sluggish demand due to the economic slowdown in China, but there was an improvement in the product mix. Sales of consumables were better than planned
  - The effects from new high-end embroidery machines in the P&H business receded
  - Demand for industrial sewing machines was sluggish, mainly in China and Asia
  - Demand for machine tools was sluggish in the automotive, general, and IT fields
  - The N&C business reported strong sales of new models
  - In the Domino business, global sales of consumables were firm

## Forecast for FY2019

- ✓ **No change in results forecast from previous forecast**

(100 Millions of Yen)

### Revenue and profit were down, mainly due to sluggish demand for machine tools

	18Q3	19Q3	Change	Rate of Change (w/o FX)
Sales Revenue	1,781	<b>1,664</b>	-117	-6.6% (-2.9%)
Business Segment Profit	221	<b>183</b>	-37	-16.9%
Business Segment Profit Ratio	12.4%	<b>11.0%</b>		
Other income/expense	16	<b>6</b>	-10	
Operating Profit	236	<b>189</b>	-47	-20.1%
Operating Profit Ratio	13.3%	<b>11.4%</b>		
Income before Tax	236	<b>193</b>	-43	-18.3%
Net Income	180	<b>143</b>	-37	-20.4%
USD	112.83	<b>108.98</b>		
EUR	129.19	<b>120.65</b>		

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Looking at the consolidated results for the third quarter of FY2019, sales revenue was down 11.7 billion yen, or 6.6% year-on-year, to 166.4 billion yen.

Business segment profit was down 3.7 billion yen, or 16.9%, to 18.3 billion yen.

Next, operating profit was down 4.7 billion yen, or 20.1%, to 18.9 billion yen.

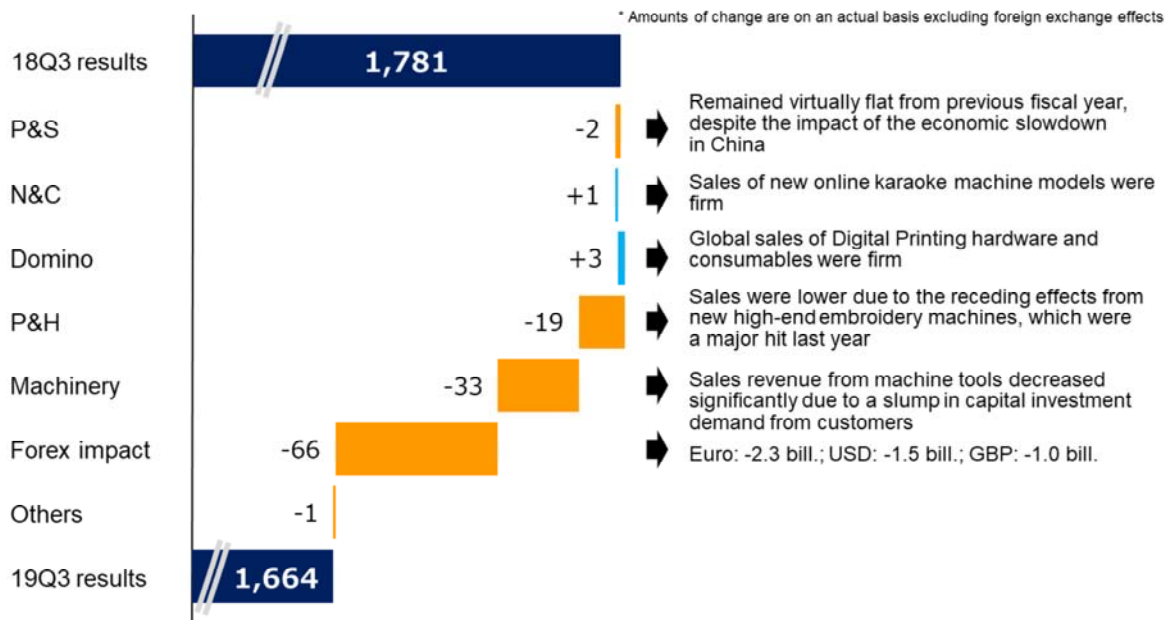
As a result of the above, net income attributable to owners of the parent was down 20.4% year-on-year to 14.3 billion yen.

With the euro depreciating by about 9 yen year-on-year, foreign exchange alone accounted for 2.5 billion yen of the decrease in sales revenue. Coupled with sluggish demand for machine tools, both revenue and profit were consequently down.

# Main Factors of Changes in Sales Revenue FY19Q3

(100 Millions of Yen)

Sales revenue was down due to sluggish sales in the Machinery business, primarily for machine tools, and negative foreign exchange effects



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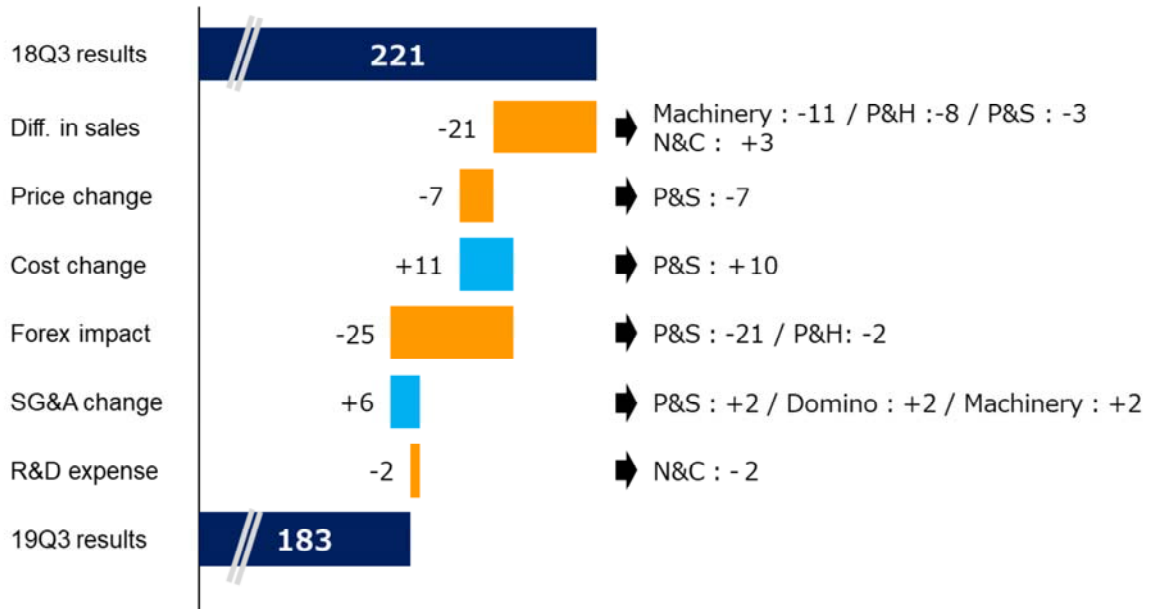
The main factors behind the changes in sales revenue were as follows.

- In the P&S business, despite the economic slowdown in China and the decline in demand following the hike in consumption tax in the Japanese market, sales revenue remained virtually flat from the previous year.
- In the N&C business, sales of new online karaoke machine models were strong, leading to an effective increase in sales revenue of 100 million yen.
- In the Domino business, global sales of consumables were firm, leading to an effective increase in sales revenue of 300 million yen.
- In the P&H business, there was a rebound from the effects of new premium high-end embroidery machines, which were a big hit last year, leading to an effective decrease of 1.9 billion yen.
- In the machinery business, sluggish demand for capital investment by customers led to an effective decrease in sales revenue of 3.3 billion yen, primarily in machine tools.

In addition, foreign exchange had a company-wide negative impact of 6.6 billion yen. Overall, sales revenue was down 11.7 billion yen to 166.4 billion yen.

# Main Factors of Changes in Business Segment Profit FY19Q3

Profit decreased due to sluggish sales in the Machinery business, primarily for machine tools, and negative foreign exchange effects



The main factors behind the changes in business segment profit were as follows.

The decline in sales revenue for machine tools and the P&H business resulted in a 2.1 billion-yen decrease in profit.

With regard to price changes, in the P&S business, lower prices in some countries for ink tank models and color laser printers contributed to a 700 million yen decrease in profit.

Cost changes resulted in a 1.1 billion yen increase in profit. The main factor was lower parts and material costs in the P&S business.

The impact of foreign exchange, mainly the result of changes in the value of the euro, resulted in a 2.5 billion yen decrease in profit. The impact was primarily in the P&S business.

As for changes in SG&A expenses, no business was particularly more prominent than another.

As a result of these factors, business segment profit for the third quarter was down 3.7 billion yen year-on-year to 18.3 billion yen.

# Results for FY2019 Q3 by Business Segment



(100 Millions of Yen)

		18Q3	19Q3	change
<b>Printing &amp; Solutions</b>	Sales Revenue	1,087	1,039	-48
	Business Segment Profit	166	146	-20
	Operating Profit	177	151	-26
<b>Personal &amp; Home</b>	Sales Revenue	141	116	-25
	Business Segment Profit	23	14	-9
	Operating Profit	25	16	-8
<b>Machinery</b>	Sales Revenue	225	186	-38
	Business Segment Profit	17	8	-9
	Operating Profit	17	8	-10
<b>Network &amp; Contents</b>	Sales Revenue	124	125	1
	Business Segment Profit	7	8	2
	Operating Profit	7	8	1
<b>Domino business</b>	Sales Revenue	178	172	-6
	Business Segment Profit	6	8	1
	Operating Profit	9	7	-2
<b>Other</b>	Sales Revenue	26	25	-1
	Business Segment Profit	2	-0	-2
	Operating Profit	3	0	-3
<b>Total</b>	Sales Revenue	1,781	1,664	-117
	Business Segment Profit	221	183	-37
	Operating Profit	236	189	-47

\*Not including elimination amount by inter-segment transaction.

# Forecast for FY2019



(100 Millions of Yen)

	Previous Forecast	FY19 Forecast	Change	FY18	Change	Rate of Change (w/o FX)
Sales Revenue	6,420	<b>6,420</b>	-	6,840	-420	-6.1% (-2.5%)
Business Segment Profit	600	<b>600</b>	-	720	-120	-16.6%
Business Segment Profit Ratio	9.3%	<b>9.3%</b>		10.5%		
Other income/expense	5	<b>5</b>	-	-0	5	
Operating Profit	605	<b>605</b>	-	719	-114	-15.9%
Operating Profit Ratio	9.4%	<b>9.4%</b>		10.5%		
Income before Tax	598	<b>598</b>	-	723	-125	-17.3%
Net Income	445	<b>445</b>	-	539	-94	-17.4%
USD	108.53	<b>108.53</b>		110.69		
EUR	120.62	<b>120.62</b>		128.43		
Dividend per Share (Yen)	60.00	<b>60.00</b>		60.00		
Consolidated payout ratio	35.0%	<b>35.0%</b>		28.9%		

✓ No change in results forecast from previous forecast



# Forecast for FY2019 by Business Segment



(100 Millions of Yen)

		FY18 Act	FY19 Fct	change	Previous Fct	FY19 Fct	change
<b>Printing &amp; Solutions</b>	Sales Revenue	4,030	3,873	-157	3,873	3,873	-
	Business Segment Profit	522	504	-18	504	504	-
	Operating Profit	529	508	-21	508	508	-
<b>Personal &amp; Home</b>	Sales Revenue	454	418	-36	418	418	-
	Business Segment Profit	40	27	-13	27	27	-
	Operating Profit	40	27	-13	27	27	-
<b>Machinery</b>	Sales Revenue	1,041	798	-243	798	798	-
	Business Segment Profit	98	15	-83	15	15	-
	Operating Profit	99	14	-85	14	14	-
<b>Network &amp; Contents</b>	Sales Revenue	479	506	27	506	506	-
	Business Segment Profit	18	19	1	19	19	-
	Operating Profit	16	17	1	17	17	-
<b>Domino business</b>	Sales Revenue	712	674	-38	674	674	-
	Business Segment Profit	39	37	-2	37	37	-
	Operating Profit	29	39	10	39	39	-
<b>Other</b>	Sales Revenue	122	151	29	151	151	-
	Business Segment Profit	4	-2	-6	-2	-2	-
	Operating Profit	8	0	-8	0	0	-
<b>Total</b>	Sales Revenue	6,840	6,420	-420	6,420	6,420	-
	Business Segment Profit	720	600	-120	600	600	-
	Operating Profit	719	605	-114	605	605	-

\*Not including elimination amount by inter-segment transaction.



(100 Millions of Yen)

Revenue and profit were down, mainly due to sluggish demand for machine tools

	18Q3 YTD	19Q3 YTD	Change	Rate of Change (w/o FX)
Sales Revenue	5,218	<b>4,849</b>	-369	-7.1% (-3.8%)
Business Segment Profit	604	<b>545</b>	-59	-9.8%
Business Segment Profit Ratio	11.6%	<b>11.2%</b>		
Other income/expense	13	<b>9</b>	-3	
Operating Profit	617	<b>554</b>	-62	-10.1%
Operating Profit Ratio	11.8%	<b>11.4%</b>		
Income before Tax	620	<b>557</b>	-64	-10.3%
Net Income	465	<b>416</b>	-49	-10.6%
USD	110.82	<b>109.10</b>		
EUR	129.38	<b>121.46</b>		

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Turning to year-to-date consolidated results for the third quarter of FY2019, sales revenue was 484.9 billion yen, representing a decrease of 7.1% or 36.9 billion yen. Business segment profit was down 5.9 billion yen, or 9.8%, to 54.5 billion yen.

Next, operating profit was down 6.2 billion yen year-on-year, or 10.1%, to 55.4 billion yen.

As a result of the above, net income attributable to owners of the parent was down 10.6% year-on-year to 41.6 billion yen.

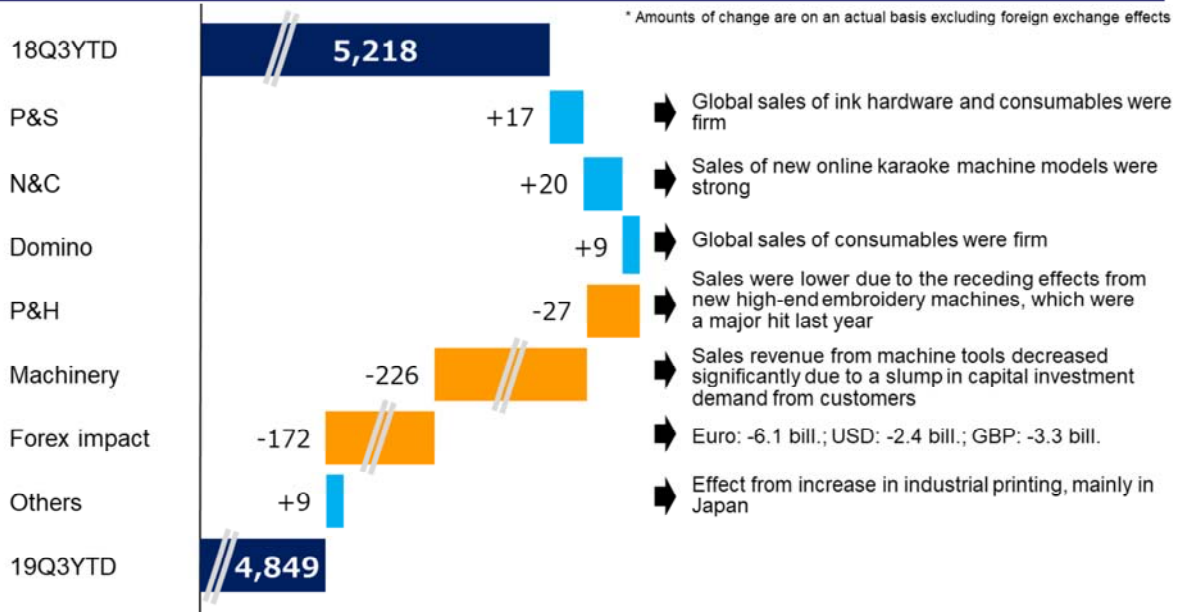
The euro depreciated by about 8 yen year-on-year, and foreign exchange alone accounted for 7.4 billion yen of the decrease in profit.

## Main Factors of Changes in Sales Revenue FY19Q3YTD

brother  
at your side

(100 Millions of Yen)

Sales revenue was down due to sluggish sales in the Machinery business, primarily for machine tools, and negative foreign exchange effects



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The main factors behind the changes in sales revenue were as follows.

- In the P&S business, global sales of inkjet products remained firm. Sales of consumables and electronic stationery were also firm, leading to an effective increase in sales revenue of 1.7 billion yen.
- In the N&C business, sales of new online karaoke machine models were strong, leading to an effective increase in sales revenue of 2.0 billion yen.
- In the Domino business, global sales of consumables were firm, leading to an effective increase in sales revenue of 900 million yen.
- In the P&H business, there was a rebound from the effects of new premium high-end embroidery machines, which were a big hit last year, and demand in the craft business was sluggish, particularly in Europe and the U.S., leading to an effective decrease of 2.7 billion yen.
- In the machinery business, sluggish demand for capital investment by customers led to a significant effective decrease in sales revenue of 22.6 billion yen, primarily in machine tools.

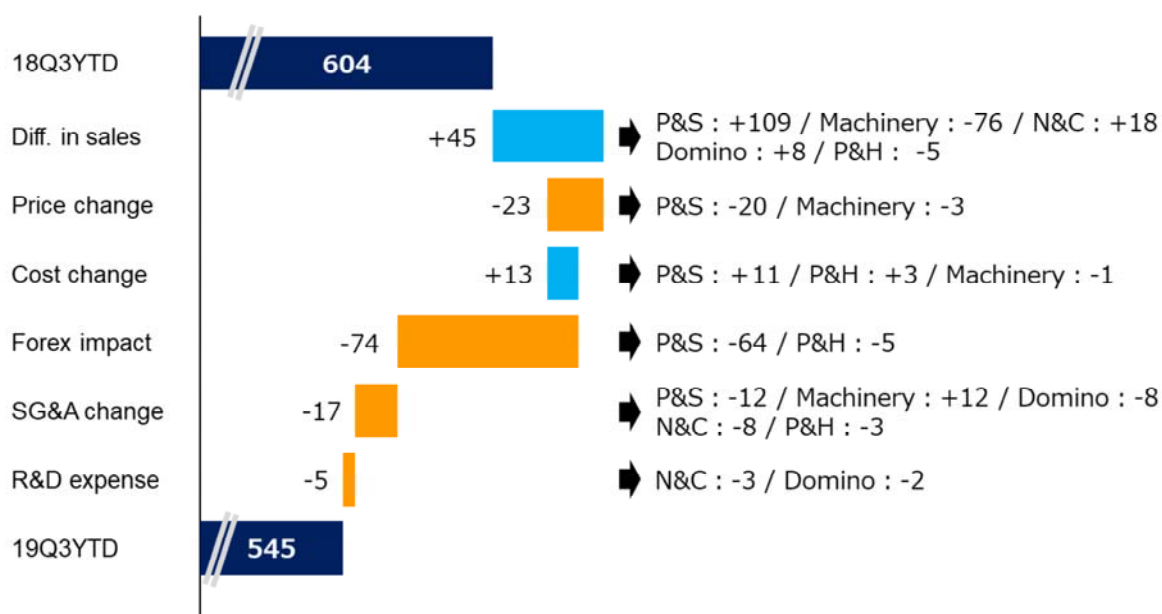
In addition, foreign exchange had a company-wide negative impact of 17.2 billion yen. Overall, sales revenue was down 36.9 billion yen to 484.9 billion yen.

## Main Factors of Changes in Business Segment Profit FY19Q3YTD

brother  
at your side

(100 Millions of Yen)

Strong sales in the P&S business, lower sales in Machinery (Machine tools) and foreign exchange impacts were incorporated



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The main factors behind the changes in business segment profit were as follows.

The decline in sales of machine tools in particular had an impact on sales revenue, but improvement of the product mix in the P&S business, higher consumable sales, and effects from the launch of online karaoke machines in the N&C business resulted in a 4.5-billion-yen increase in profit.

With regard to price changes, in the P&S business, lower prices in some countries for ink tank models and color laser printers contributed to a 2.3-billion-yen decrease in profit.

Cost changes resulted in a 1.3-billion-yen increase in profit. The main factor was lower parts and material costs in the P&S business.

The impact of foreign exchange, mainly the result of changes in the value of the euro, resulted in a 7.4-billion-yen decrease in profit. The impact was primarily in the P&S business.

Changes in SG&A expenses resulted in a 1.7-billion-yen decrease in profit.

Research and development expenses resulted in a 500-million-yen decrease in profit. The main factor was a decrease in development expenses in the P&S business.

As a result of these factors, business segment profit for the third quarter was down 5.9 billion yen year-on-year to 54.5 billion yen.

# Results for FY2019 Q3YTD by Business Segment



(100 Millions of Yen)

	18Q3YTD	19Q3YTD	change	
<b>Printing &amp; Solutions</b>	Sales Revenue	3,073	2,972	-102
	Business Segment Profit	434	458	24
	Operating Profit	439	462	22
<b>Personal &amp; Home</b>	Sales Revenue	355	315	-40
	Business Segment Profit	34	24	-10
	Operating Profit	34	25	-9
<b>Machinery</b>	Sales Revenue	818	579	-239
	Business Segment Profit	88	16	-71
	Operating Profit	90	16	-73
<b>Network &amp; Contents</b>	Sales Revenue	357	377	20
	Business Segment Profit	13	19	7
	Operating Profit	12	19	7
<b>Domino business</b>	Sales Revenue	526	508	-18
	Business Segment Profit	31	27	-4
	Operating Profit	34	27	-8
<b>Other</b>	Sales Revenue	90	99	9
	Business Segment Profit	7	3	-4
	Operating Profit	9	7	-2
<b>Total</b>	Sales Revenue	5,218	4,849	-369
	Business Segment Profit	604	545	-59
	Operating Profit	617	554	-62

\*Not including elimination amount by inter-segment transaction.

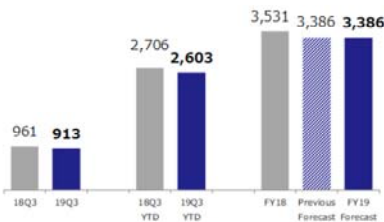
# Printing & Solutions Sales Revenue & Profit



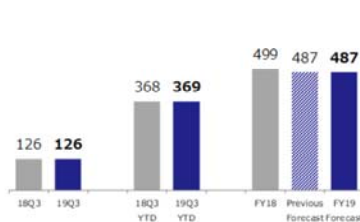
(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>1,087</b>	<b>1,039</b>	-4.4%	-0.2%	<b>3,073</b>	<b>2,972</b>	-3.3%	0.6%	<b>4,030</b>	<b>3,873</b>	<b>3,873</b>	-3.9%	0.2%
<b>Communications &amp; Printing equipment</b>	<b>961</b>	<b>913</b>	-5.0%	-0.8%	<b>2,706</b>	<b>2,603</b>	-3.8%	0.1%	<b>3,531</b>	<b>3,386</b>	<b>3,386</b>	-4.1%	0.0%
Americas	339	334	-1.5%	3.1%	985	960	-2.5%	0.8%	1,300	1,252	1,252	-3.7%	-0.3%
Europe	334	300	-10.3%	-4.8%	882	829	-6.0%	0.0%	1,162	1,101	1,101	-5.2%	1.0%
Asia & Others	158	153	-3.0%	1.1%	490	468	-4.5%	-0.4%	620	599	599	-3.4%	1.3%
Japan	130	126	-2.9%	-2.9%	349	345	-1.0%	-1.0%	448	433	433	-3.4%	-3.5%
<b>Electronic stationery</b>	<b>126</b>	<b>126</b>	-0.0%	4.6%	<b>368</b>	<b>369</b>	0.2%	4.1%	<b>499</b>	<b>487</b>	<b>487</b>	-2.4%	1.6%
Americas	54	58	6.9%	11.5%	171	173	1.3%	4.2%	225	223	223	-1.1%	2.2%
Europe	40	37	-7.3%	-1.4%	105	105	0.0%	6.4%	145	143	143	-1.3%	5.2%
Asia & Others	20	20	-2.7%	2.1%	62	58	-5.5%	-0.8%	79	74	74	-5.7%	0.4%
Japan	11	11	-2.9%	-2.9%	30	32	5.8%	5.8%	50	48	48	-5.2%	-9.0%
<b>Business Segment Profit</b>	<b>166</b>	<b>146</b>	-12.3%	-	<b>434</b>	<b>458</b>	5.6%	-	<b>522</b>	<b>504</b>	<b>504</b>	-3.4%	-
<b>Operating Profit</b>	<b>177</b>	<b>151</b>	-14.8%	-	<b>439</b>	<b>462</b>	5.1%	-	<b>529</b>	<b>508</b>	<b>508</b>	-4.0%	-

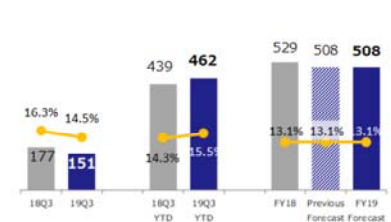
<Sales Revenue>  
Communications & Printing equipment



<Sales Revenue>  
Electronic stationery



<Operating Profit>



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The leftmost column of the table shows a comparison with the third quarter of the previous year. Sales revenue in the P&S business in the third quarter was 103.9 billion yen. On a local currency basis, sales revenue was virtually flat, down just 0.2% year-on-year.

The breakdown is as follows. Sales revenue for communications and printing equipment was 91.3 billion yen. On a local currency basis, it was virtually flat, down just 0.8% year-on-year.

Looking to individual regions, the growth rate in Japan was negative 2.9%. Drivers were a fall in sales of Brother brand products due to the downturn in demand following the hike in consumption tax, as well as OEM sales to other companies (see slide 14 for details).

Next, sales revenue for electronic stationery was 12.6 billion yen. On a local currency basis, this represented a firm increase of 4.6% year-on-year.

Sales of label printer hardware were firm, especially in North America, and projects in the solutions field, mainly for mobile printers, also performed well.

Business segment profit was 14.6 billion yen, down 12.3% year-on-year.

Despite the positive effects of cost cutting, improvement of the product mix and firm sales of consumables, the negative impact of foreign exchange due to the higher yen resulted in lower profit.

Operating profit was 15.1 billion yen, a decrease of 14.8% from the previous fiscal year.



## Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of hardware



	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	FY2017	FY2018	Previous Forecast	FY2019 Forecast
<b>LBP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	13%	24%	23%	11%	1%	-3%	-5%	-17%	-9%	-8%	-7%	17%	-6%	-6%	-6%
Consumable	-1%	2%	9%	1%	1%	1%	-1%	-4%	2%	-6%	-2%	3%	-1%	-3%	-3%
<b>Sales revenue growth rate (LC)</b>															
Hardware	12%	15%	15%	10%	2%	0%	-1%	-12%	-6%	-4%	-3%	13%	-2%	-2%	-2%
Consumable	-2%	-8%	2%	-1%	1%	3%	2%	-1%	4%	-1%	3%	-2%	1%	1%	1%
<b>IJP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	3%	15%	3%	-1%	-6%	-6%	2%	-6%	-2%	8%	-7%	4%	-4%	2%	2%
Consumable	4%	3%	13%	3%	1%	-1%	-3%	-5%	1%	-2%	-8%	6%	-2%	-5%	-5%
<b>Sales revenue growth rate (LC)</b>															
Hardware	3%	6%	-3%	-2%	-3%	-2%	6%	-1%	1%	13%	-4%	1%	-1%	6%	6%
Consumable	4%	-5%	6%	1%	1%	1%	0%	-2%	3%	3%	-5%	1%	0%	-1%	-1%
<b>Cosumable Ratio</b>															
	57%	57%	56%	58%	58%	58%	57%	61%	60%	58%	57%	57%	58%	58%	58%
<b>Growth rate of Hardware</b>															
LBP	13%	9%	10%	3%	-1%	-8%	-7%	-16%	-13%	-4%	-2%	9%	-8%	-	-
IJP	-7%	-5%	-9%	3%	-1%	-2%	-1%	-4%	0%	13%	1%	-5%	-2%	-	-

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Sales growth rates in the third quarter of FY2019 were negative 3% for laser printer hardware (on a local currency basis) and positive 3% for consumables.

Sales of laser printer hardware were down mainly because of a fall in sales of black-and-white laser printers as a consequence of a slump in demand caused by the economic slowdown in China, as well as a decrease in super-low-end black-and-white printers with low profitability in accordance with policy.

The growth rate for laser Hardware decreased 2%, and the decline in sales volume has slowed in comparison to the previous four quarters. This is due to the receding effect of the fall in OEM sales to other companies.

The sales revenue growth rate for inkjet printer hardware (on a local currency basis) was negative 4%. The sales revenue growth rate for consumables was negative 5%.

In developed countries, hardware sales of both A4 conventional cartridge types and models with high capacity cartridges known in Japan as First Tank were firm.

While sales of ink tank models remained firm in emerging countries, overall sales decreased due, in part, to the impact of falling prices in some countries and downturn demand in Japan following the hike in consumption tax.

The sales revenue growth for consumables decreased due to the impact of lower sales in Europe and the U.S. compared to the previous year.

The growth rate for ink Hardware increased 1%.

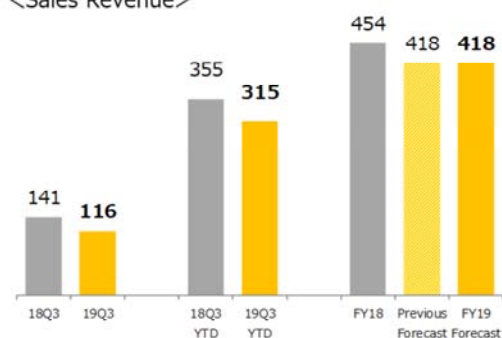
# Personal & Home Sales Revenue & Profit



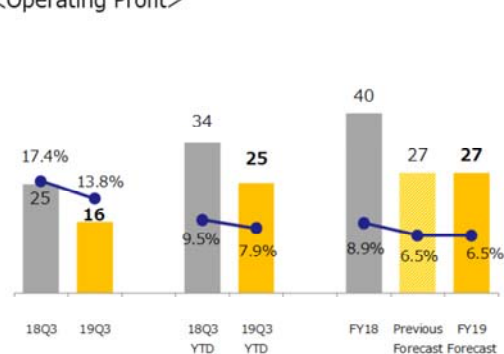
(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>141</b>	<b>116</b>	-17.5%	-13.4%	<b>355</b>	<b>315</b>	-11.3%	-7.6%	<b>454</b>	<b>418</b>	<b>418</b>	-8.0%	-4.3%
Americas	81	63	-23.0%	-19.6%	206	177	-13.8%	-10.9%	258	234	234	-9.4%	-5.8%
Europe	37	34	-7.7%	-1.1%	87	81	-7.3%	-0.8%	111	101	101	-8.7%	-3.2%
Asia & Others	15	13	-13.6%	-10.0%	39	36	-8.0%	-4.2%	50	49	49	-1.2%	1.9%
Japan	8	7	-14.6%	-14.6%	23	21	-9.9%	-9.9%	36	33	33	-8.3%	-4.6%
<b>Business Segment Profit</b>	<b>23</b>	<b>14</b>	-38.6%	-	<b>34</b>	<b>24</b>	-29.3%	-	<b>40</b>	<b>27</b>	<b>27</b>	-33.1%	-
<b>Operating Profit</b>	<b>25</b>	<b>16</b>	-34.5%	-	<b>34</b>	<b>25</b>	-26.7%	-	<b>40</b>	<b>27</b>	<b>27</b>	-33.0%	-

<Sales Revenue>



<Operating Profit>



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15

Sales revenue in the third quarter was 11.6 billion yen. The growth rate on a local currency basis was negative 13.4%.

In addition to a drop in sales owing to the receding impact from introducing new premium high-end embroidery machines last year, sales revenue also decreased because of sluggish demand in the craft business, particularly in Europe and the U.S.

By region, in the Americas, sales of the high-end embroidery machines launched last year had been strong, but weakened as a result of the downturn in demand.

In terms of profit, in addition to the decrease in sales revenue, foreign exchange had a negative impact because of the higher yen, and profit was down.

Business segment profit was 1.4 billion yen, down 38.6% year-on-year, and operating profit was 1.6 billion yen, down 34.5% year-on-year.



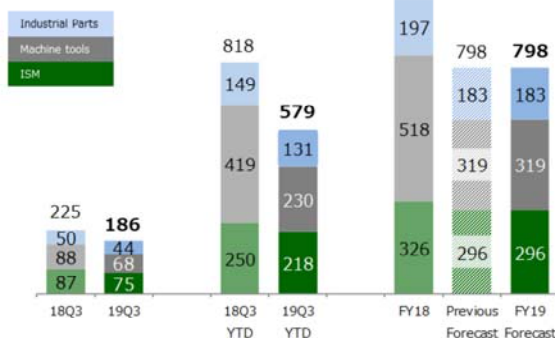
# Machinery Business Sales Revenue & Profit



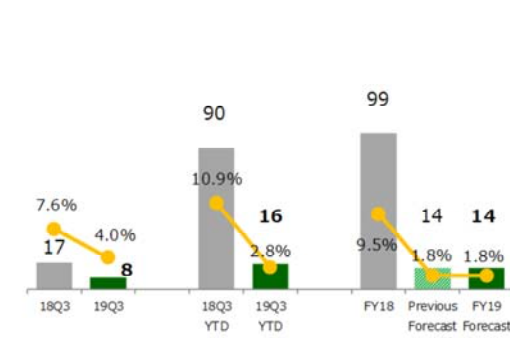
(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
Sales Revenue	225	186	-17.1%	-14.8%	818	579	-29.2%	-27.6%	1,041	798	798	-23.4%	-21.6%
Industrial sewing machines	87	75	-14.3%	-10.3%	250	218	-12.5%	-9.2%	326	296	296	-9.3%	-5.8%
Machine tools	88	68	-22.3%	-20.9%	419	230	-45.2%	-44.4%	518	319	319	-38.4%	-37.4%
Industrial Parts	50	44	-13.0%	-11.9%	149	131	-12.0%	-11.1%	197	183	183	-7.3%	-6.1%
Business Segment Profit	17	8	-54.1%	-	88	16	-81.4%	-	98	15	15	-84.6%	-
Operating Profit	17	8	-56.1%	-	90	16	-81.7%	-	99	14	14	-85.9%	-

<Sales Revenue>



<Operating Profit>



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Next is the Machinery business.

Sales revenue in the third quarter for the Machinery business as a whole was 18.6 billion yen, a decrease of 14.8% year-on-year on a local currency basis.

The breakdown of sales revenue was as follows: 7.5 billion yen for industrial sewing machines, 6.8 billion yen for machine tools, and 4.4 billion yen for industrial parts.

Looking at industrial sewing machines, global demand for garment printers continues to grow, mainly in Europe and the U.S., but with a cautious stance regarding investment having been observed, primarily in China and Asia, overall sales revenue for industrial sewing machines was down due to sluggish demand.

Demand for machine tools in the automotive and general machinery industries was sluggish, mainly in China and Asia. In addition, there were almost no sales of machine tools to the IT industry, resulting in a substantial decline in overall sales revenue.

As for industrial parts, slowing manufacturing activities in manufacturing industries overall and curbs on capital investment resulted in lower sales revenue in Japan, while sluggish demand in Asia caused overseas sales revenue to fall.

Business segment profit was largely affected by the decrease in machine tools sales revenue, and was 800 million yen overall, down sharply 54.1% from the previous year.

Operating profit was 800 million yen, plunging 56.1% year-on-year.

# Machinery Business Sales Revenue by Region



(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>225</b>	<b>186</b>	<b>-17.1%</b>	<b>-14.8%</b>	<b>818</b>	<b>579</b>	<b>-29.2%</b>	<b>-27.6%</b>	<b>1,041</b>	<b>798</b>	<b>798</b>	<b>-23.4%</b>	<b>-21.6%</b>
<b>Industrial sewing machines</b>	<b>87</b>	<b>75</b>	<b>-14.3%</b>	<b>-10.3%</b>	<b>250</b>	<b>218</b>	<b>-12.5%</b>	<b>-9.2%</b>	<b>326</b>	<b>296</b>	<b>296</b>	<b>-9.3%</b>	<b>-5.8%</b>
Americas	20	21	7.9%	12.0%	52	57	8.5%	11.2%	65	73	73	11.5%	14.0%
Europe	16	18	13.1%	21.1%	54	51	-5.5%	0.8%	71	71	71	-1.3%	5.9%
Asia & Others	49	33	-33.1%	-30.2%	137	103	-24.6%	-22.1%	181	143	143	-20.9%	-17.9%
Japan	2	2	12.3%	12.3%	6	7	16.8%	16.8%	8	9	9	10.2%	3.6%
<b>Machine tools</b>	<b>88</b>	<b>68</b>	<b>-22.3%</b>	<b>-20.9%</b>	<b>419</b>	<b>230</b>	<b>-45.2%</b>	<b>-44.4%</b>	<b>518</b>	<b>319</b>	<b>319</b>	<b>-38.4%</b>	<b>-37.4%</b>
Americas	7	3	-64.8%	-	28	14	-49.5%	-	33	21	21	-35.2%	-
Europe	5	4	-7.8%	-	24	17	-28.1%	-	30	24	24	-18.6%	-
Asia & Others	46	41	-11.1%	-	280	127	-54.5%	-	341	178	178	-47.7%	-
Japan	29	20	-31.3%	-	88	71	-18.7%	-	114	95	95	-16.4%	-
<b>Industrial Parts</b>	<b>50</b>	<b>44</b>	<b>-13.0%</b>	<b>-11.9%</b>	<b>149</b>	<b>131</b>	<b>-12.0%</b>	<b>-11.1%</b>	<b>197</b>	<b>183</b>	<b>183</b>	<b>-7.3%</b>	<b>-6.1%</b>
Americas	6	5	-15.5%	-12.4%	18	18	-3.6%	-1.8%	25	24	24	-0.5%	0.0%
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia & Others	5	5	-11.9%	-5.7%	17	14	-16.5%	-10.7%	22	20	20	-8.0%	-1.5%
Japan	38	33	-12.7%	-12.7%	113	99	-12.7%	-12.7%	150	139	139	-7.9%	-7.8%

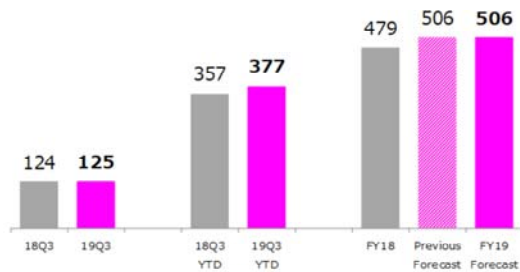
# Network & Contents Sales Revenue & Profit



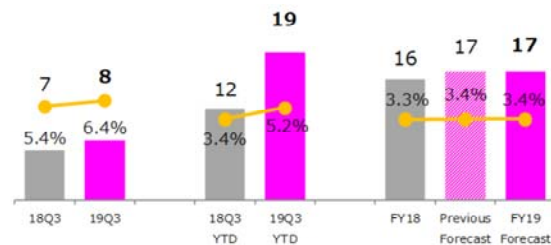
(100 Millions of Yen)

	18Q3	19Q3	Change	18Q3 YTD	19Q3 YTD	Change	FY18	Previous Forecast	FY19 Forecast	Change v LY
Sales Revenue	124	125	0.7%	357	377	5.6%	479	506	506	5.6%
Business Segment Profit	7	8	28.3%	13	19	53.7%	18	19	19	6.8%
Operating Profit	7	8	19.0%	12	19	61.5%	16	17	17	6.7%

<Sales Revenue>



<Operating Profit>



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Next is the Network and Contents business.

Sales revenue in the third quarter was 12.5 billion yen, up 0.7% year-on-year.

Despite a fall in sales in the Karaoke club business, which was partly attributable to a decline in demand following the hike in consumption tax, sales of a new model of JOYSOUND MAX GO online karaoke machine, which was launched in June, have been strong, resulting in higher sales revenue.

In part due to the favorable launch of new online karaoke machine models, profit was higher year-on-year, with business segment profit at 800 million yen and operating profit at 800 million yen.

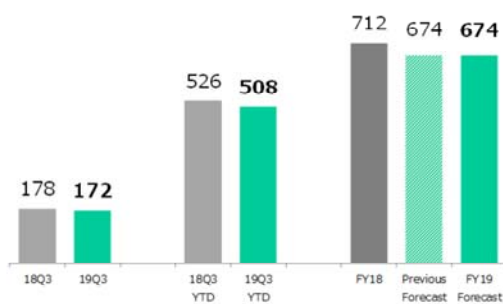
# Domino Business Sales Revenue & Profit



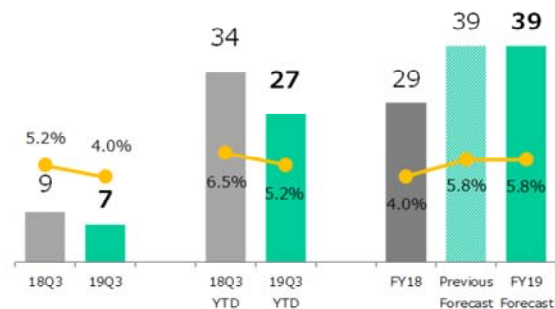
(100 Millions of Yen)

	18Q3	19Q3	Change	Change x FX	18Q3 YTD	19Q3 YTD	Change	Change x FX	FY18	Previous Forecast	FY19 Forecast	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>178</b>	<b>172</b>	-3.4%	1.6%	<b>526</b>	<b>508</b>	-3.4%	1.8%	<b>712</b>	<b>674</b>	<b>674</b>	-5.4%	0.8%
Americas	42	42	1.5%	5.6%	118	123	4.6%	7.5%	159	158	158	-0.9%	5.9%
Europe	92	82	-10.5%	-5.5%	263	243	-7.7%	-1.6%	358	336	336	-6.2%	0.0%
Asia & Others	45	48	6.7%	12.2%	145	141	-2.2%	3.2%	195	180	180	-7.6%	3.8%
<b>Business Segment Profit</b>	<b>6</b>	<b>8</b>	19.5%	-	<b>31</b>	<b>27</b>	-12.9%	-	<b>39</b>	<b>37</b>	<b>37</b>	-6.3%	-
<b>Operating Profit</b>	<b>9</b>	<b>7</b>	-25.9%	-	<b>34</b>	<b>27</b>	-22.1%	-	<b>29</b>	<b>39</b>	<b>39</b>	36.1%	-

<Sales Revenue>



<Operating Profit>



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Sales revenue in the Domino business was 17.2 billion yen, an increase of 1.6% year-on-year on a pound basis.

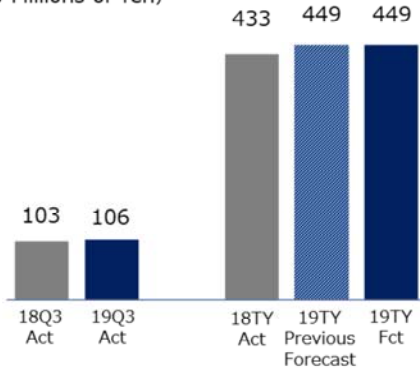
For the most part, sales of coding and marking equipment hardware was down, but sales of digital printing equipment were firm.

Global sales of consumables were firm both for coding and marking equipment and for digital printers.

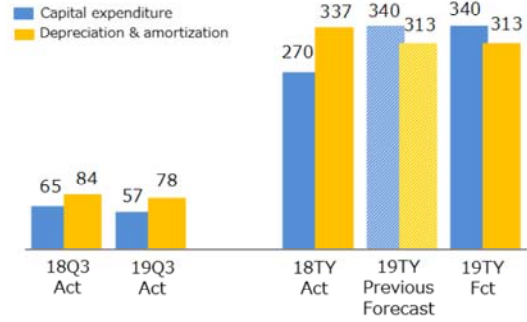
On the other hand, there was a negative impact from foreign exchange, and sales revenue for the business as a whole were down.

Despite the effects of an increase in prior investments, such as research and development expenses, business segment profit was 800 million yen, and operating profit was 700 million yen. Profit has more or less been tracking to plan.

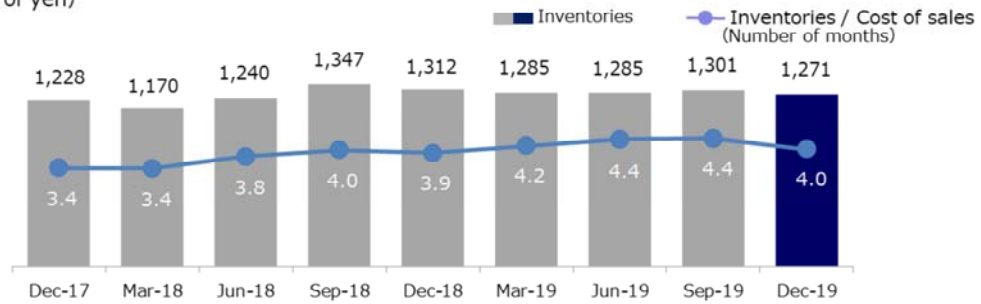
**R&D expenses**  
(100 Millions of Yen)



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



**Inventories**  
(100 Millions of yen)



\* Excluding acquisition and depreciation of right-of-use assets pursuant to application of IFRS 16 Leases.

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