

FY2015 Financial Results Q&A Summary

Q: How do you see the T&M market and OIT trend for FY2016?

Looking at the three growth drivers (LTE-Advanced, Network Reshaping, IoT / 5G), growth of the LTE-Advanced market has slowed. However, LTE-Advanced market is still one of our important portfolio, because it is used for the platform of the IoT network.

A: Demand of test for the Network Reshaping expands by the increase of communication traffic, and we are expecting over 10% growth of our revenue for this area.

Regarding the IoT / 5G, we are expecting to grow up in the medium- and long-term though it is difficult to show the concrete growth rate. In FY2015, in-vehicle telecom business increased.

We expect to continue the lower level of OIT in H1 2016, due to the restraint capital investment by the customers. In H2, we will get more business opportunities by these growth drivers. Forecast of OIT in 2016 is 68 B yen, which is same as the revenue.

Q: How much percentage do you expect the T&M business growth in 2016 in volume terms?

A: Although revenue in yen basis are expected to remain the same level with FY2015, we expect about 8% growth in FY2016 on a local currency basis mainly in overseas market, as same level as yen appreciation from FY2015 to FY2016.

Q: What is the reason for growing revenue in Japanese market? Is there any positive impact on profitability by this trend?

A: In the T&M business, demands related to business-use wireless device, Carrier Aggregation for 3.5GHz band which is developed toward the practical use in 2016, optical / digital communication and submarine cable communication are increasing. With regard to profitability, there is little practical difference between Japanese and overseas market.

Q: Does Anritsu have strong points for the IoT / 5G area? Can Anritsu produce more competitive products for these areas?

A: Regarding to IoT / 5G areas, it is difficult to say that we are skillful or not, because this area covers the various range of technologies. For example, if this is the test for the higher speed and greater capacity of wireless data communication devices, which is same as current smartphone, we can cover this area.

In addition to that, even if the traffic is not great, we can contribute for the test of the high function and value added devices.

Q: When do you expect the 5G related demand will start to contribute to revenue?

A: At this time, we expect the 5G related demand will start in late 2017 when 5G standards is assumed to be regulated.

Q: How much is the amount of CAPEX, Depreciation and R&D expenses for FY2015 actual and FY2016 plan?

A: [FY2015 actual] CAPEX 5.4 B yen, Depreciation 3.7 B yen, R&D 12.8 B yen (=P/L expenses).
[FY2016 plan] CAPEX 3.8 B yen, Depreciation 4.2 B yen, R&D 12.0 B yen (=P/L expenses).

Q: How much is the foreign exchange sensitivity at present?

A: We estimate the impact of fluctuation of one yen against the dollar is about one hundred million yen on the annual operating profit.