

2nd Quarter of FY2011 Financial Results Q&A Summary

Q: Please explain the reason for wanting to keep the second half forecast of the T&M business as it is.

A: The first half saw an expansion in the demand for smart phones backed by the Christmas sales battle, coupled with active investment of EMS and handset vendors and large orders from Tier 1 vendors. Although the large orders of the first half are not expected to carry on into the second half, a fixed level of demand should continue. Meanwhile, customers are increasingly requesting the quick delivery of measuring instruments for handset manufacturing, which makes it difficult to set a highly accurate demand forecast for the next few months.

Q: What was the extent of the exchange rate effect on the volume of Q2 orders for the T&M business? Do you see the volume of orders continuing to rise going into the Q4 as per the previous year?

A: The exchange rate effect has caused a loss of around 1 billion yen. The volume of orders for the second half is expected to remain fairly equal and in line with usual levels for both Q3 and Q4; orders in Q4 of last year included those outside the normal business such as orders for the Central and South America Service Assurance business and mobile-related orders.

Q: It seems that the share of measuring instruments for manufacturing is rising in the mobile area of the T&M business; can you tell us what your competitive advantage is?

A: Many of the major customers are using measuring instruments purchased from 2 different companies, so it's even a matter of which one of the 2 companies selected is the winner. One way in which Anritsu differentiates itself from other companies is that we provide measuring instruments that are compatible with 2G, 3G, LTE and multi-communication systems. Nowadays it is also becoming increasingly important to differentiate on the basis of being able to offer quick delivery, in addition to functional and high-quality products.

Q: Could you please explain further about the business trends for the Korean operators and also the Japanese operators that are scheduled to be introduced from hereon for LTE.

A: The development and manufacturing of LTE handsets in Korea is expected to accelerate. There is also talk of development orders for the Japanese operators that are to be introduced. We are also seeing an increasing number of inquiries for measuring instruments used in the installation and maintenance of communication infrastructure development, such as base stations, etc.

Q: There are reports that NTT DoCoMo and Japanese and Korean handset vendors are collaborating to develop a chip set; can you tell us what the impact of that will be on business?

A: We view it as a business opportunity.

Q: Could you please tell us about the business chances associated with LTE Advanced, which will become the next LTE communications standards.

A: We have already started fundamental development and are also pouring resources into it. The scale of the future market and business size are not yet clear at this point in time.

Q: Can you please explain the market trends of optical interconnect in the move towards the speeding up of networks.

A: In the optics market, development demand is rising for optical high speed devices in Japan and North America in the move towards the speeding up of networks.

Q: What is the impact of the damage caused by the floods in Thailand on business?

A: The manufacturing plant for Industrial automation is located about 60km South East of Bangkok, but there has been no impact on business there. Our business partners for supplying parts and other materials have suffered some damage, but we have already taken measures to deal with this in the procurement of parts.