

FY2012 Q2 Financial Results Q&A Summary

【FY2012 Full year outlook】

Q: What is the background to the outlook for a fall in sales and income in H2 compared to H1?

H1 saw concentrated LTE-related investment in the Japanese market; however, this same level of investment cannot be expected in H2. Also, with the deteriorating global economy including that of China, there is uncertainty in the capital investment trends of customers.

A: As for income, in addition to a rise in R&D costs in H2, the plan is to invest for facilitating growth from the next period by strengthening the customer support system in development areas, among other initiatives.

Q: Will there be any change in the LTE-related sales composition from H1 to H2?

Approximately 50% of the T&M Business is for the mobile market, of which LTE development and smartphone manufacturing centered on 3G each covers 50%. This ratio is forecast to remain unchanged in H2 as well.

Q: The estimate for deferred tax assets has changed; is there a possibility that this amount will accumulate further based on H2 results?

A: The estimate for deferred tax assets was revised due to an increased realizability from improved profitability. The post-revision tax cost is an estimated value incorporating the full year outlook.

【Business Environment, Market Trends】

Q: Could you elaborate on the TDD-LTE and LTE-Advanced-related business conditions?

TDD-LTE is scheduled for launch in China and other countries, which is seeing the emergence of development demand.

A: Basic development has just started in some parts of LTE-Advanced, and we believe the establishment of full-fledged development demand will be from 2013 onwards.

Q: We are seeing M&As occurring among competitors and communications carriers; is this impacting the business and competitive environments in any way?

A: There is a chance that there may be some impact in the mid-to-long term, but at this stage we aren't seeing any such effect.

Q: Please explain about the growth potential of testers for the development of smartphone applications.

Testers for developing applications are measuring instruments that test various factors such as battery consumption by using smartphone applications and data throughput. We believe the demand for verifying complex smartphone functions will rise, so we are currently approaching customers and developing their needs.

Q: In working towards the targets of the Long-term Business Plan, what is the extent of growth expected and in which fields?

The current focus of our business is mobile-related. In the development-focused initiatives, we are expecting LTE-related development themes will be ongoing, while in the manufacturing business, LTE manufacturing demand will rise from a 3G-oriented one. So we believe the mobile market will continue to be the driver during the Long-term Business Plan.