

3rd Quarter of FY2012 Financial Results Q&A Summary

【T&M Business】

Q: Could you please explain the reason for and the background of the low year-on-year operating income for the T&M business in Q3 (Oct.-Dec.)

We have been increasing spending to strengthen customer support and on development investment primarily in the mobile field, so as to secure more orders going forward.
The following two factors are the main background for this, as we've been seeing growing demand for customer measurement solutions.

A: ① Growth in customer numbers: Tier1 chip set vendors and IT companies and other newcomers have been increasing.
② Expansion in development themes: Ongoing development of various themes, such as TD-LTE, LTE-Adv, etc.

Q: Are there any changes in the region-specific trends from Q3 to Q4?

Japan: Investment was concentrated in H1, and is forecast to be at low levels in H2.
Americas: Investment is continuing in wireless infrastructure, as well as ongoing development investment from chipset vendors. An increase in customers and expansion of development themes is expected to see a growth in business from hereon.
Asia: Capital investment by Korean vendors, etc., is anticipated to rise from Q4 to the next period.
EMEA: Although levels are low for the whole region compared to other regions, there has been active development investment by some customers.

Q: How do you see the spread and expansion in low-end smartphones impacting Anritsu?

A: The switch by mobile subscribers from 2G to 3G/LTE will also see an increase in both low-end and high-end smartphones, which is a business chance for Anritsu. The current T&M demand is stronger for high-end smartphones.

Q: Please tell us the outlook for Q4 orders.

A: We are planning for Q4 orders to be in line with the previous year's level.

Q: How certain do you feel about meeting the full-year outlook?

A: We need to achieve an operating income margin of 20% for ensuring development investment to sustain and grow our business, as a technology company offering sophisticated solutions. The same level applies for our competitors as well. We will work toward meeting our announced figures.

Q: The Japanese government is investing for carrying out its growth strategy; is this impacting Anritsu in any way?

No concrete policy has been announced as yet, so we cannot comment on any possible impact.
A: Our mobile business is currently in a growth period after 20 years of prior investment. So it's perhaps difficult to achieve growth with a short-term investment strategy.

Q: Please explain the company's planned use of the current cash and deposits of about 40 billion yen, and its stance on shareholder returns.

The funds will be used for: ① Strengthening the current business ② Investing in new business.
A: The current dividend policy is based on the Dividend on Equity (DOE) rate. We will consider a comprehensive return plan if cash is accumulated.