

1st Quarter of FY2014 Financial Results Q&A Summary

[FY2014 Q1 Financial Results]

Q: What are the main factors for the substantial year-over-year decline in Q1 orders?

A: In the T&M business, this decline is attributable to the seeming completion of one investment cycle for the installation and maintenance of base stations centering in North America. Meanwhile in the Industrial Automation business, the decline is due to investment by customers in the domestic market not progressing as expected.

Q: The consolidated revenue results by region show Asia to be performing well; is there revenue in the mobile manufacturing field for TD-LTE usage?

A: TD-LTE demand for R&D purposes is strong in the Asian market, particularly in China. This trend is likely to continue for the time being, while TD-LTE demand for manufacturing purposes is expected to grow along with business expansion in H2.

Q: What are the main causes of a year-over-year expansion of the deficit in the Industrial Automation business?

A: Although research and development expense and other costs were as planned, revenue fell below the planned figures and thus expanded the deficit. However, inquiries in Japan are steady, and we will recover revenue from Q2 onwards.

[FY2014 Financial Outlook]

Q: Q1 results for revenue in the T&M business indicate they are progressing at a rate of 22% against the full-year plan. How do you anticipate the revenue ratio will be for H1 and H2?

A: As per last year, we also forecast numerous business chances in H2 of this fiscal year. So we anticipate revenue to be concentrated more in H2.

Q: Regarding your view of revenue being concentrated more in H2, what are the factors driving revenue?

A: In the mobile R&D field, we expect greater investment in H2 (compared to H1) associated with Carrier Aggregation and other technological advancements in LTE-Advanced. We are also anticipating measurement demand in the manufacturing market for TD-LTE terminals.