

3rd Quarter of FY2014 Financial Results Q&A Summary

[FY2014 3Q Financial Results and Full-Year Financial Outlook]

Q: Is the current downward revision due to diminished technical capabilities or changes in the market environment?

A: There is absolutely no decline in our technical capabilities. The current downward revision is mainly due to changes in the Japanese measurement market environment.

Q: R&D field in the mobile market appears to be flat; when does the Company expect demand to start picking up?

A: Although there are new players entering the markets in the U.S., China and other countries, capital investment is still determined by factors such as the business performance of our customers. We expect the anticipated demand in 3Q to be realized from 4Q to the next period. As we have also seen emerging vendors and so-called Over-the-Top (OTT) IT companies increase their investment recently, we will now focus on winning new customers.

Q: How is the business condition in the Carrier Acceptance Tests market (CAT market), which the Company has been focusing on so far?

A: The CAT market is continuing to expand as communications carrier companies use the Carrier Acceptance Tests to introduce services and adopt new standards, and therefore Anritsu will remain focused on this market. We will promote broadening our share of the CAT market by further bolstering our development system via our three global bases (U.K., U.S. and Japan) and enhancing our support system tailored for customers.

[Mid-to-Long Term Financial Outlook]

Q: The operating profit margin of the T&M business declined (10.1%) in 3Q, but what are the Company's perspectives on the operating profit margin in the next fiscal year onwards?

A: We are currently in the process of determining the next Long-term Business Plan (FY2015-FY2017), in which we will work on improving our current profit margin ratio through increasing sales, reducing costs and streamlining development investment on a global base, as well as enhancing our support system tailored for customers.

Q: When will the Company start to see some positive effects of fifth-generation mobile phone (5G) and the Internet-of-Things (IoT) -related business on Anritsu's performance?

A: Efforts towards the establishment of 5G standards are gaining momentum; we anticipate 5G to be standardized by 2018 and business expansion to follow suit. There are also movements towards standardization in the IoT as well.

[Other Topics]

Q: Anritsu has made an announcement of transition to a "Company with an Audit Committee." What kind of personnel can the Company expect to see in terms of the background of Outside Directors to be appointed?

A: As a company operating in cutting-edge and niche global markets, we believe complementing our existing structure of Directors knowledgeable in our business fields with the appointment of experienced business persons (CEO/CFO), who will bring fresh perspective to our operations, is important for enhancing Anritsu's corporate value and also for its governance.