

3rd Quarter of FY2015 Financial Results Q&A Summary

Q: What are the main reasons for the downward revision?

Revenue in the T&M business has been revised to 70,000 million yen, a reduction of 5,000 million yen from the original forecast of 75,000 million yen.

A: The breakdown by market is a reduction of 2,500 million yen in Asia and North America, respectively. This is mainly due to the decrease in demand for measuring instruments for mobile manufacturing and for construction and maintenance of base stations for network infrastructure.

Q: What are the main grounds for the increase in demand for measuring instruments for data centers?

We can point out the following two events as the main factors:

A: 1) Achieving high speed for optical modules for data centers such as adoption of 40Gbit/s and 100Gbit/s.
2) The increase in demand for evaluation of signal quality between Servers or through BUS.

Q: When do you think the 5G-related business will exceed 4G-related business for Anritsu?

We think that 5G, which is needed for IoT innovation, will be utilized as communication infrastructure together with 4G, because 5G will evolve from 4G as an add-on system.

A: We will surely get 5G business opportunities through cellular technical capabilities, which are accumulated through 4G business.

Q: How will you manage R&D investment after FY2016 towards future growth?

Anritsu has adopted development ROI as the KPI evaluating the return on investment. We aim to improve efficiency of R&D activities based on this KPI target, and get growth opportunities by proper reconfiguration of R&D portfolio.

(Note) Development ROI: Gross profit/R&D investment value

Q: The planned profit level of the PQA business seems to be low in Q4 of FY2015 compared with the same period of the previous fiscal year (operating profit ratio of 6.2% in Q4 of FY2015 and 13.4% in Q4 of FY2014, respectively). Are there any specific reasons?

A: The main reason is our plan to carry out strategic investments to strengthen the sales network mainly in North America to expand sales in the overseas market.

Q: What are the main growth strategies of PQA business?

A: Sales expansion outside Japanese market, especially North American market, is our main growth strategy. We will focus on strengthening sales force and price competitiveness, and provide total solutions for quality management to meet our customers' needs, in order to achieve our growth plan.

(NOTE) PQA business : Products Quality Assurance business