

FY2015 Financial Results Q&A Summary

Q: How do you see the T&M market and OIT trend for FY2016?

A: Looking at the three growth drivers (LTE-Advanced, Network Reshaping, IoT / 5G), growth rate of the LTE-Advanced market has slowed down. However, LTE-Advanced market is still one of our important portfolio, as trend of utilizing LTE-Advanced as the platform of the IoT network is gaining momentum. Demand of test for the Network Reshaping is expanding with the increase of communication traffic, and we are expecting over 10% growth of our revenue for this area. Regarding the IoT / 5G, we are expecting to grow up in the medium- and long-term though it is difficult to show the concrete growth rate as there are many uncertainties. In FY2015, transactions in in-vehicle telecom business increased.

We expect the OIT trend to continue at a lower level at least for H1 2016, due to the continuing restraint of capital investment by the customers. In H2, we will get more business opportunities from these growth drivers. Forecast of OIT is 68B yen, which is same as the revenue.

Q: In terms of volume, at what rate do you expect the T&M business to grow in FY2016?

A: Although revenue growth rate in yen basis are expected to remain at the same level with FY2015, we expect about 8% growth in overseas market, which is as same level as the fluctuation of yen (from 120 yen to 110 yen: yen appreciation of about 8%).

Q: What is the reason for growing revenue in Japanese market? Is there any positive impact on profitability by this trend?

A: In the area of T&M business, demands related to business-use wireless device, Carrier Aggregation for 3.5GHz band which is being developed toward the practical use in 2016, optical / digital communication and submarine cable communication areas are increasing. With regard to profitability, there is little practical difference between Japanese and overseas market.

Q: Can Anritsu make use of its strengths for the IoT / 5G area? Can Anritsu develop more competitive products?

A: Regarding the IoT / 5G areas, it is difficult to say that we are skillful or not, because this area covers wide range of technologies. For the test of devices with higher speed and greater capacity of wireless data communication, such as smartphones, we consider this to be the area we cover. In addition to that, even for devices with less traffic, we can contribute in the test of the high function and value added devices.

Q: When do you expect the 5G related demand will fully start to contribute to revenue?

A: At this time, we expect the 5G related demand will start in late 2017 when 5G standards is assumed to be regulated.

Q: How much is the amount of CAPEX, Depreciation and R&D expenses for FY2015 actual and FY2016 plan?

A: [FY2015 actual] CAPEX 5.4B yen, Depreciation 3.7B yen, R&D 12.8B yen (=P/L expenses).
[FY2016 plan] CAPEX 3.8B yen, Depreciation 4.2B yen, R&D 12.0B yen (=P/L expenses).

Q: How much is the foreign exchange sensitivity at present?

A: We estimate the impact of fluctuation of one yen against the dollar is about slightly less than one hundred million yen on the annual operating profit.