

Financial Results of FY2018 1Q : Q&A Summary

Q: Why did operating profit outpace the revenue in the T&M business?

A: There are three reasons for the improvement of operating profit: (1) an increase in revenue in the mobile segment; (2) higher gross profit margin due to sales of new 5G products; and (3) a decrease in fixed cost due to reform of the management structure.

Q: Why did operating profit decrease while revenue increased in the PQA business?

A: The main reasons are investment to reinforce sales infrastructure and build management infrastructure (IT) in order to strengthen competitiveness for the future growth.

Q: Why is the chamber (anechoic box) necessary for 5G testing and measurement?

A: 5G terminals, which use the millimeter wave band, have no conventional external RF connectors for measurements due to their broad frequency bandwidth and numerous antenna elements. The use of beamforming requires an assessment of directivity. As such, new OTA (over the air) and broad bandwidth compatibility is required in 5G measurement equipment. The chamber will be necessary for testing in the terminal device manufacturing process, but the details of the test specifications have not been decided yet.

Q: How large is the chamber?

A: Our chamber has a width of 135 cm (53.15 inches), height of 105 cm (41.34 inches) and length of 100 cm (39.37 inches). The chamber's size varies depending on the items to be tested.