

Financial Results of FY2019 2Q : Q&A Summary

Q: What is your evaluation of order intake, sales, and operating profit at the T&M business during the second quarter? In particular, please tell us about the decrease of orders compared to the first Quarter.

A: The second quarter went nearly as planned due mainly to 5G development demand. Although orders decreased by 2.3 billion yen compared to the first quarter, this was due to the large orders received in the first quarter. Excluding this factor, we have been maintaining quarterly orders of around 18 billion yen since the second quarter of last year, when 5G was launched.

Q: Please explain the future demand of 5G measurement equipment for development, manufacturing, and field work.

A: Currently, the main demand is for development-related measurement for chipsets and terminals compatible with 3GPP/Rel.15 (Ultra-high Speed Communication). Demand for standards-conformance testing will rise going forward. In addition, we think that demand for development-related measurement will continue for Rel.16, etc., in line with standardizations. We expect full-scale measurement demand for terminal manufacturing in and after 2020. Measurement demand for fields is already rising, but it depends on the timing of 5G infrastructure construction in each country for demand to reach the full-scale stage.

Q: What are your views on the demand of T&M equipment for millimeter-wave measurement?

A: There is already existing demand for T&M equipment utilizing millimeter-wave measurement for the development of 5G. However, there are many technical challenges to overcome, so practical use may take some time. We will continue our efforts to resolve the challenges with our customers and provide the best measurement solutions.

Q: Please tell us your market strategy for the T&M business in and after 2020.

A: When 3GPP/Rel.16 is put into practical use, the 5G market is expected to expand not only in the area of smartphones but also in new businesses, such as autonomous driving and Local 5G. The focus is on how to capture measurement demand in the relevant areas.

Q: Please explain the impact of flooding from Typhoon Hagibis on your factory.

A: A river flood caused by Typhoon No. 19 (Hagibis) inundated the No. 1 factory of Tohoku Anritsu Co., Ltd., which is our consolidated subsidiary located in Koriyama, Fukushima Prefecture. We worked to recover the factory's production systems, and our shipments had resumed by Monday, October 28. The disaster recovery expense caused by the typhoon is currently under close investigation.