

Financial Results of FY2019 : Q&A Summary

Q1: What drove the growth and the operating margin of the T&M business in 4Q? Will those factors continue in FY2020?

A1: Sales in Asia and Japan grew in 4Q. The main reason for the increase in the profit margin in the T&M business was a change in the product mix. Specifically, an increase in the ratio of sales of products for 5G boosted the gross profit margin. This trend is expected to continue in FY2020.

Q2: Please provide specifics on the impact of COVID-19 on the FY2019 results and on the FY2020 forecast.

In FY2019, the Group as a whole suffered a decline in orders of nearly 2 billion yen. The impact on profit/loss was minimal.

A2: In FY2020, we expect a recovery from 3Q after a bottoming out in 2Q on the assumption that COVID-19 will be contained within the first half of FY2020.
We are also strengthening our efforts to minimize the impact on the procurement of parts.

Q3: Please explain what exactly is meant by "the assumption that COVID-19 will be contained within the first half." This assumption appears in the business results forecast.

A3: We believe this includes such conditions as: an ability to develop global business smoothly; an ability to hold face-to-face business meetings with overseas customers; and having no problems traveling by air, including overseas for business trips.

Q4: Sales of LTE (4G)-related measurement instruments seem to be declining. What is the outlook?

A4: In the mobile market, we believe business will center around 5G from FY2020 onward.

Q5: The wired telecommunications field is also expected to see advances in 400Gbit Ethernet, etc. as a result of the increase in telecommuting. Please explain your business opportunities and scale.

A5: We believe demand for measuring networks, measurement for device development, and devices, etc. will grow in the future.
For 400Gbit Ethernet, we will continue to capture the market by introducing new products.

Q6: As you aim to develop technologies for NEMS, drug discovery biotechnology, and environmental measurement, do you intend to eventually enter the business of component manufacturing, drug discovery, and environmental measurement equipment? Or will you be working on measuring instruments for these areas?

A6: The role of the Advanced Technology Research Center is to develop the basics of the fundamental technologies. We envision using such fundamental technologies to expand into a variety of fields. For example, we believe they can be applied to the fields of environmental and bio-measurement.

Q7: The "Anritsu Climate Change Action PGRE 30," a new initiative to reduce greenhouse gas emissions, has been formulated.

Q7: You describe an "ambitious attempt" to increase the ratio of in-house solar power generation from about 1% to 30%. Please tell us about your future plans on "the introduction and increase of solar power generation to power up Anritsu's three principal business operations - the Atsugi HQ in Kanagawa, the Koriyama Factory in Fukushima, and the Morgan Hill Campus in California."

A7: In order to increase the ratio of in-house solar power generation from 1% in FY2018 to 30% by around 2030, we are moving forward with the installation of solar panels according to the following schedule:
installation of a new solar power generation facility in Morgan Hill in the U.S. in FY2020, followed by expanded installation of power generation facilities at three locations over a period of more than 10 years, with a total capacity of approximately 6MW. A specific plan will be developed in the future.