

Financial Results of FY2020 3Q: Q&A Summary

Q1: What was the status of the T&M business in 3Q? What is the outlook for 4Q and beyond?

A1: Demand for the development of 5G chipsets and mobile terminals and for the speeding-up of data centers has been steady. Development demand for 5G commercialization drove sales, especially in Asia. We expect to continue to see development demand in Asia for Rel. 15 upgrades and 400G in data centers.

Q2: What was the ratio of sales by sub-segments and regions of the T&M business in 3Q (3-month period)?

A2: By sub-segments, Mobile 58%, Network Infrastructure 25%, and Electronics 17%.
By regions, Japan 18%, Asia & Others 46%, Americas 23%, and EMEA 13%.

Q3: What is the reason for the year-on-year decrease in "selling, general and administrative expenses" in 3Q (3-month period), along with your outlook for 4Q and beyond?

A3: The main reason for the decrease in "selling, general and administrative expenses" is that the spread of the COVID-19 continued in the third quarter, restricting sales promotions such as exhibitions, business trips and other events. We believe that business activities will return to normal depending on the degree of improvement in the COVID-19 situation.

Q4: What is your take on R&D investment in 3Q and future plans in 4Q and beyond?

A4: Even with the influence of COVID-19, we will focus on promoting R&D investment and strive to strengthen our competitiveness. In the next fiscal year and beyond, we will continue to invest aggressively in Rel. 16 and Rel. 17, as well as in the exploration of high-frequency measurement technology for 6G.

Q5: What are the trends in optical-related development for speeding up data centers?

A5: The market for optical interfaces embedded in data-center servers is strong. We expect that the optical interface market will continue to be strong for some time due to network pressure. In addition, we expect demand to increase if communication between boards in devices is connected by 400G bus.