Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2016

Hirokazu Hashimoto

President and Group CEO

Anritsu Corporation

July 31st, 2015



FASF MEMBERSHIP

http://www.anritsu.com

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Cautionary Statement

All information contained in this release which pertains to the current plans, estimates, strategies and beliefs of Anritsu Corporation (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. Implicit in reliance on these and all future projections is the unavoidable risk, caused by the existence of uncertainties about future events, that any and all suggested projections may not, come to pass. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance.

Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein.
Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases or decreases in the competitive nature of markets in which Anritsu sells products or buys supplies, changing aptitudes at providing services, and exchange rates.

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Agenda

Ⅰ. Consolidated performance review of the 1st quarter of the fiscal year ending March 31, 2016

Ⅰ-1. Outline of our business segments
Ⅰ-2. Consolidated performance
Ⅰ-3. Outlook for full year of the fiscal year ending March 31, 2016

Ⅱ. Others

Ⅱ – 1~5. Growth Driver and Business Opportunities in T&M
Ⅱ – 6 . Change of segment name to PQA

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I -1. Outline of our business segments

Test & Measurement (T&M)

For development, manufacturing, installation and maintenance

- Mobile
- Network Infrastructure
- Electronics



PQA

- Food Safety
- X-ray inspection systems
- Checkweighers



Others

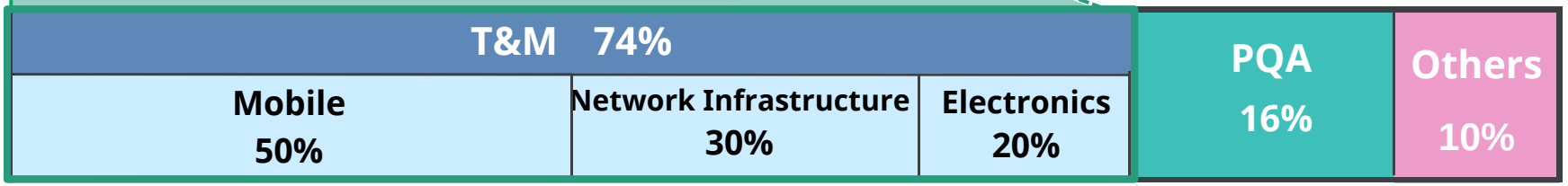
- IP network equipment



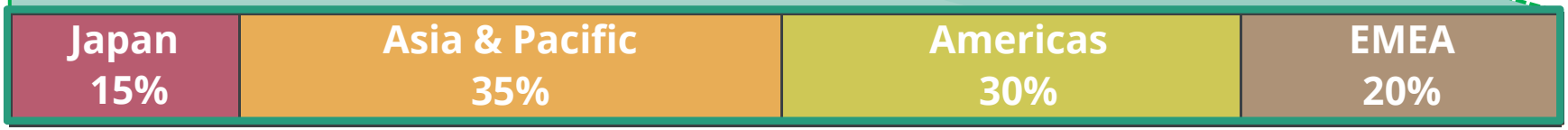
- Opt. devices



(Revenue by business segment)
98.8 Billion Yen consolidated revenue in FY2014



(Sales of T&M business by region in FY2014)



PQA : Products Quality Assurance （The former segment name: Industrial Automation）

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I -2. Consolidated performance -Business Segments-

Segment	FY2015Q1 (April to June, 2015)
T&M : Demand for carrier aggregation development continued	
Mobile	LTE-Advanced related business was steady
NW	Capital investment in optical/digital related business was strong
Electronics	Signs of recovery in module development and business-use wireless device
Asia	Mobile development and optical/digital related business, etc. were strong, but the demand for equipment renewal in mobile manufacturing business was slow
Americas	Investment in construction of LTE network seemed to run its course
PQA :	Revenue and profit increased as new products captured the demand for equipment renewal

NW: Network infrastructure　　PQA : Products Quality Assurance

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I -2. Consolidated performance -Financial results-

Ensured a year on year increase in revenue and profit

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	1Q FY2014 (Apr. to Jun.)	1Q FY2015 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	23.8	24.0	0.2	1%
Revenue	22.2	23.6	1.4	7%
Operating profit (loss)	1.4	1.5	0.1	8%
Profit (loss) before tax	1.4	1.7	0.3	24%
Profit (loss)	0.8	1.1	0.3	41%
Comperhensive Income	0.7	2.5	1.8	260%
Free Cash Flow	2.6	1.4	(1.2)	-47%

Note : Numbers are rounded off in each column

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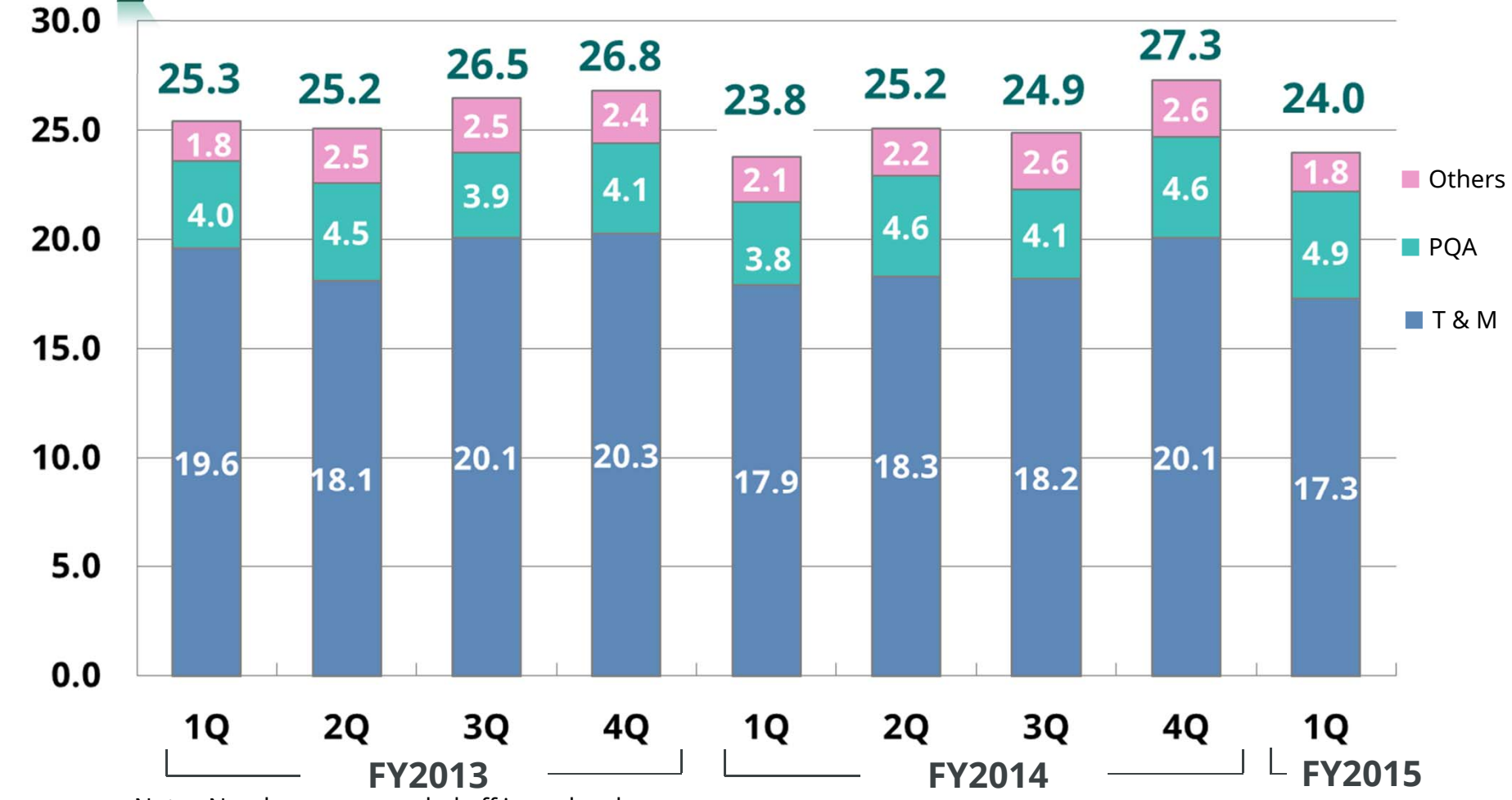
I -2. Consolidated performance -Orders by business segment-

- T&M : Trend of restrained investment in network construction in North America
- PQA : Record high figure for a quarter



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I -2. Consolidated performance -Results by business segment-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		1Q FY2014 (Apr. to Jun.)	1Q FY2015 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	17.6	18.1	0.5	3%
	Op. profit (loss)	2.0	1.8	(0.2)	-7%
PQA	Revenue	2.8	3.7	0.9	30%
	Op. profit (loss)	(0.4)	(0.0)	0.4	-
Others	Revenue	1.8	1.9	0.1	7%
	Op. profit (loss)	(0.2)	(0.3)	(0.1)	-
Total	Revenue	22.2	23.6	1.4	7%
	Op. profit (loss)	1.4	1.5	0.1	8%

Note : Numbers are rounded off in each column

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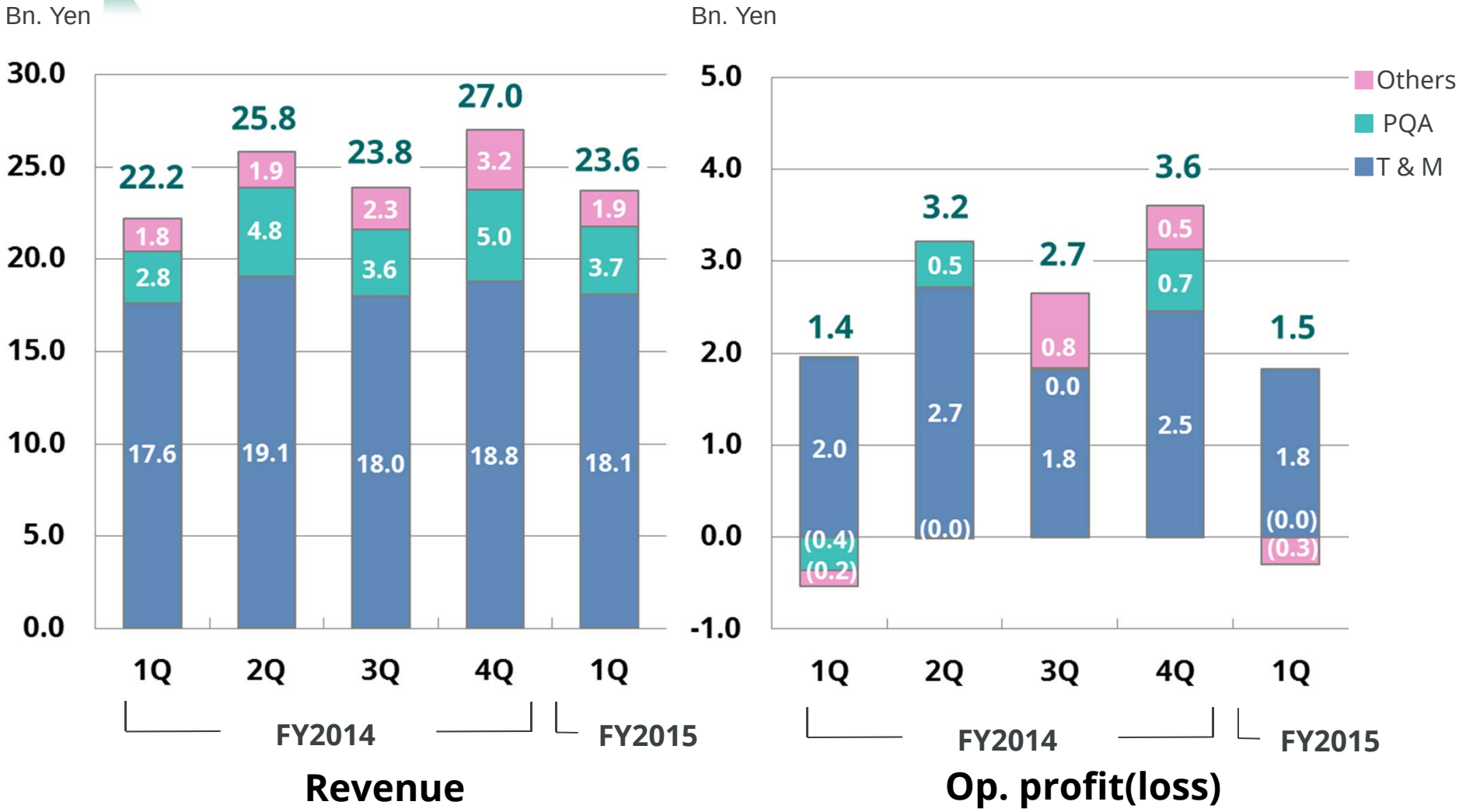
I -2. Consolidated performance -Revenue and Op. profit by quarters-

Company posted 6.5% operating margin for 1Q (T&M: 10.1%)



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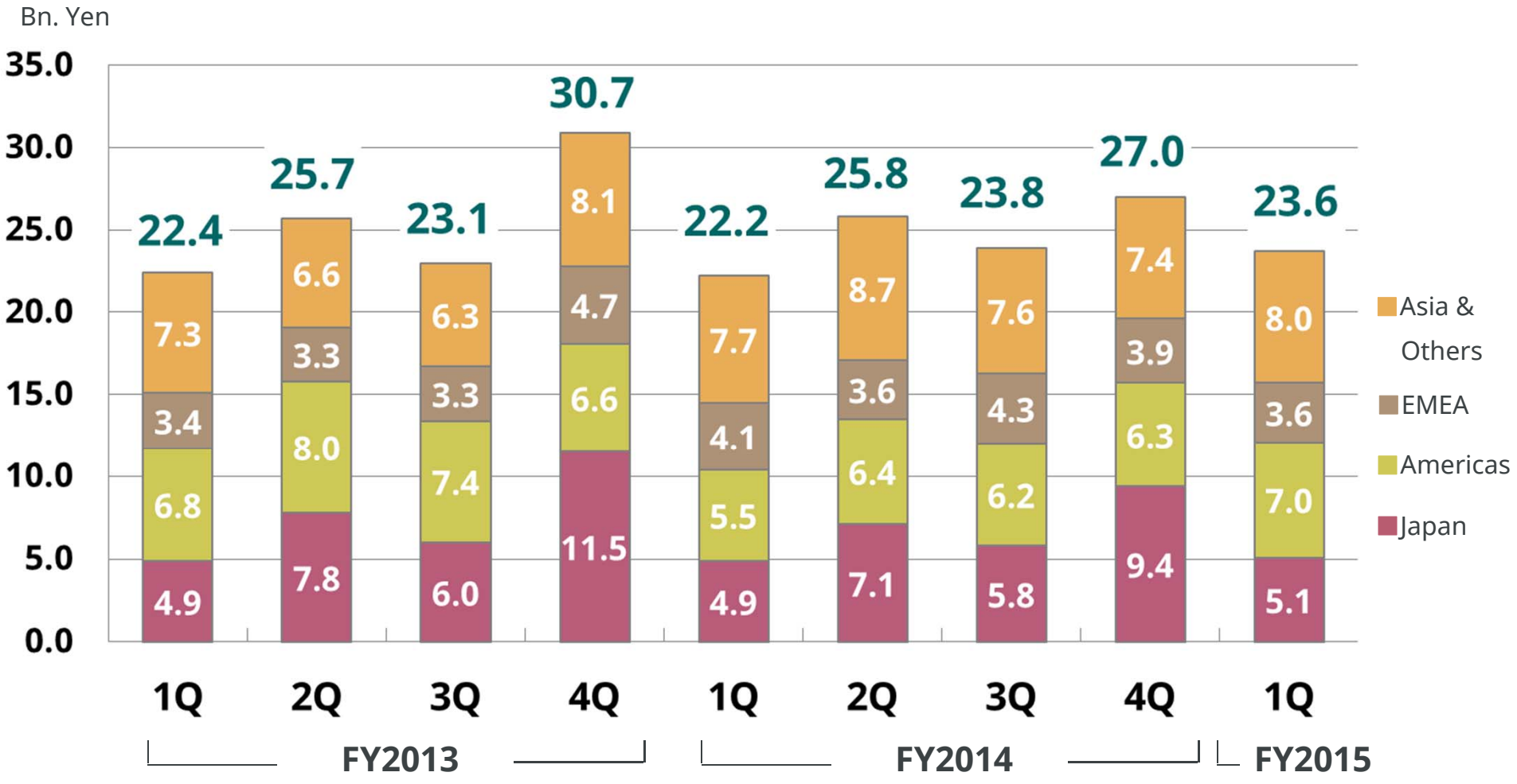
I -2. Consolidated performance -Revenue by region-

Increased revenue in Asia, Americas and Japan



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I -2. Consolidated performance -Cash Flow-

- Operating cash flow margin ratio was 28%
- Issued Straight Bonds of 8.0 billion yen

Cash Flow (FY2015 Q1)

Operating CF : 6.6 Bn. Yen
Investing CF : (5.3) Bn. Yen
Financial CF : 6.3 Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 1.4 Bn. Yen

Cash at the end of period

43.3 Bn. Yen

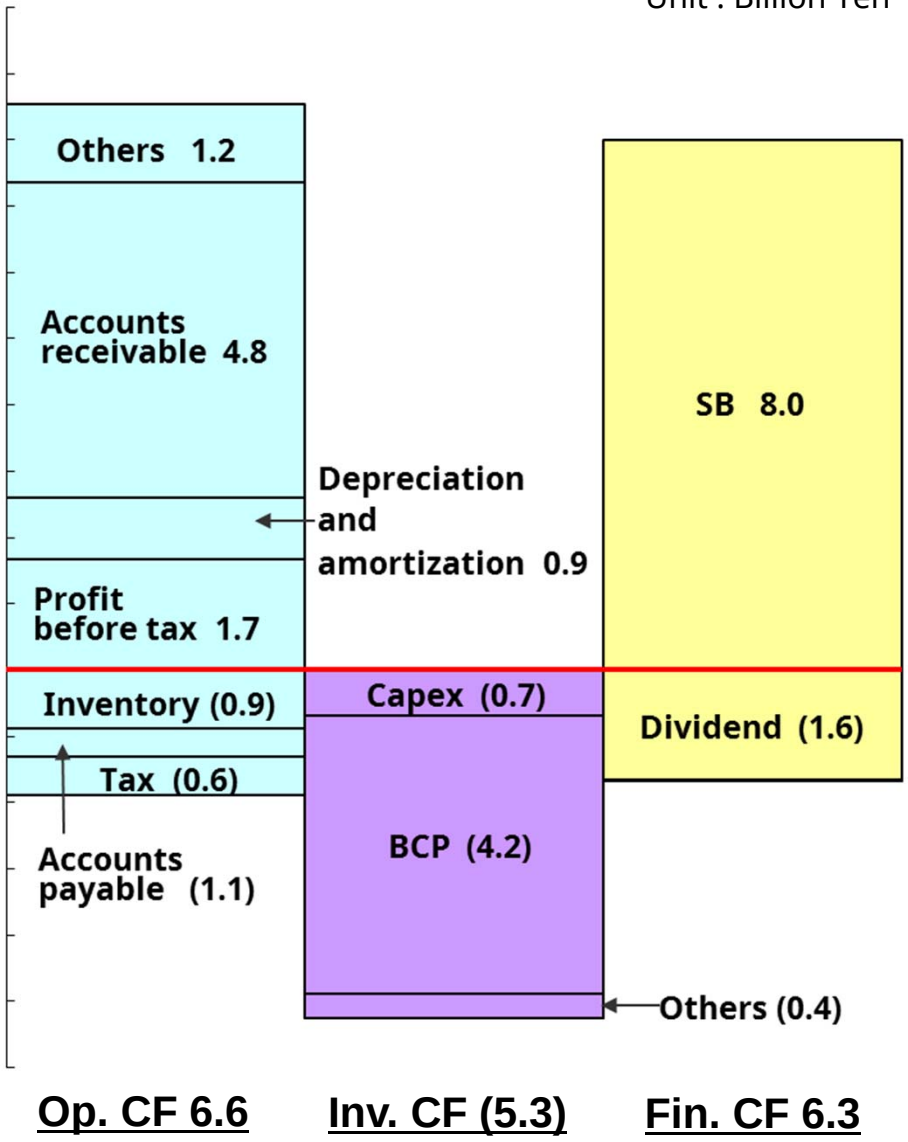
Interest-bearing debt.

24.0 Bn. Yen

Note : Numbers are rounded off in each column

Details

Unit : Billion Yen



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I -3. Forecast for full year of FY2015

No change since April disclosures

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2014 Actual	FY2015 Forecast	FY2015 YoY	FY2015 YoY(%)
Revenue		98.8	103.0	4.2	4%
Operating profit (loss)		10.9	11.0	0.1	1%
Profit (loss) before tax		11.6	10.9	(0.7)	-6%
Profit (loss)		7.9	8.0	0.1	2%
T&M	Revenue	73.4	75.0	1.6	2%
	Op. profit (loss)	8.9	9.0	0.1	1%
PQA	Revenue	16.2	18.0	1.8	11%
	Op. profit (loss)	0.8	1.1	0.3	33%
Others	Revenue	9.2	10.0	0.8	9%
	Op. profit (loss)	1.1	0.9	(0.2)	-19%

Note 1 : Exchange rate for FY2015 (forecast) 1USD = 115 yen, 1EURO=130 yen

Note 2 : Numbers are rounded off in each column

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Ⅱ. Others

Ⅱ – 1~5. Growth Driver and Business Opportunities in T&M

Ⅱ – 6. Change of segment name to PQA

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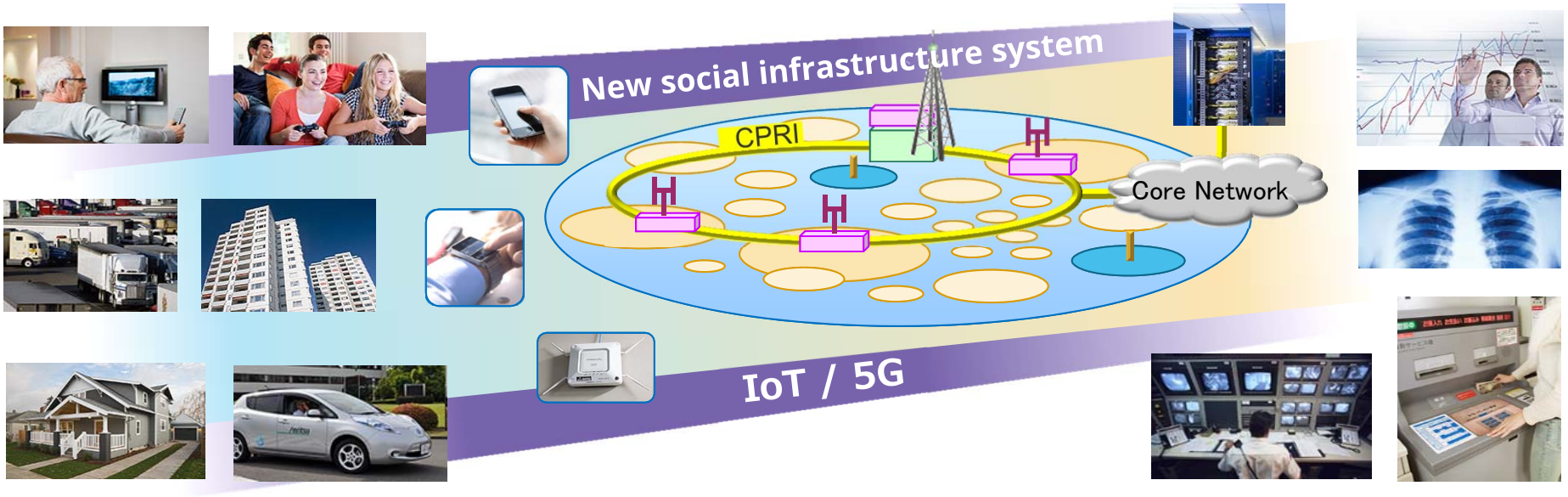
Ⅱ - 1. Growth Driver and Business Opportunities in T&M

GLP2017 Growth Driver	Business Opportunities	Slide
LTE-Advanced 5G	Start of use of 3-5GHz band Start of 3CA (450Mbps) service Start of standardization of 5G	15 16
New base station Network	Start of investment in conversion to small cells	17 18



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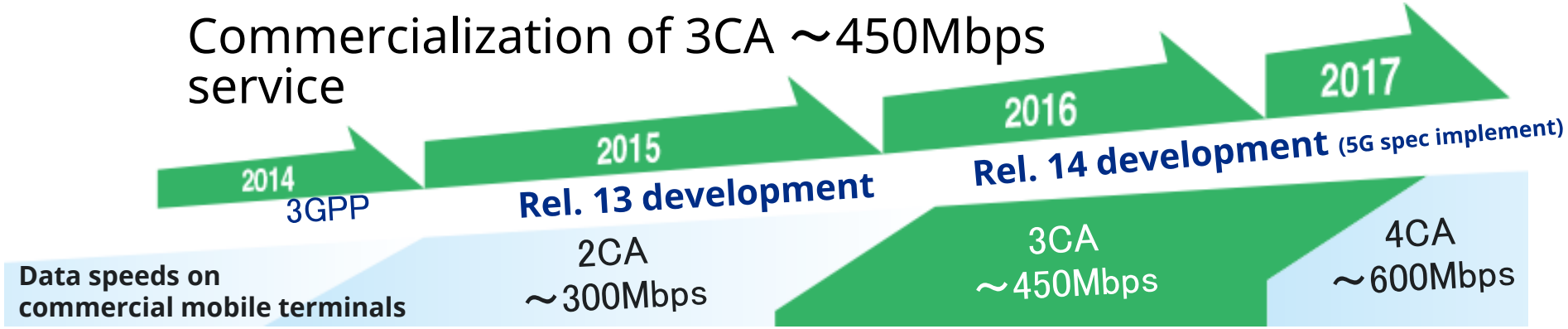
Ⅱ- 2. Demand for measuring instruments for CA evaluation is expected to largely expand in this fiscal year

Commercialization of 3CA ～450Mbps service





Source: GSA (2015.4)

- 3CA ～450Mbps
  13systems are in deployment,trial,or test phase in 11 countries.
- 2CA ～300Mbps
  64Commercially launched systems in 39 countries.
- ~150Mbps
  Countries with commercial LTE service

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Ⅱ - 3. Anritsu will fulfill its role as a pioneer by offering LTE-Advanced solutions

Continue to launch new products for expansion of demand for development and evaluation of 3CA (FDD & TDD)

	Platform Core Development	RF Conformance Testing	Protocol Conformance Testing Carrier Acceptance Testing
Customer	Chip set vendor, Terminal vendor	Chip set vendor/Terminal vendor Network operator	
New solution	 The only One Box compliant with 4CA MT8821C  Succeeded in data communication using 3CA (450Mbps) first in the industry MD8430A	 No.1 global share ME7873 series	 Adopted in global Nnetwork operator conformance testing ME7834 series

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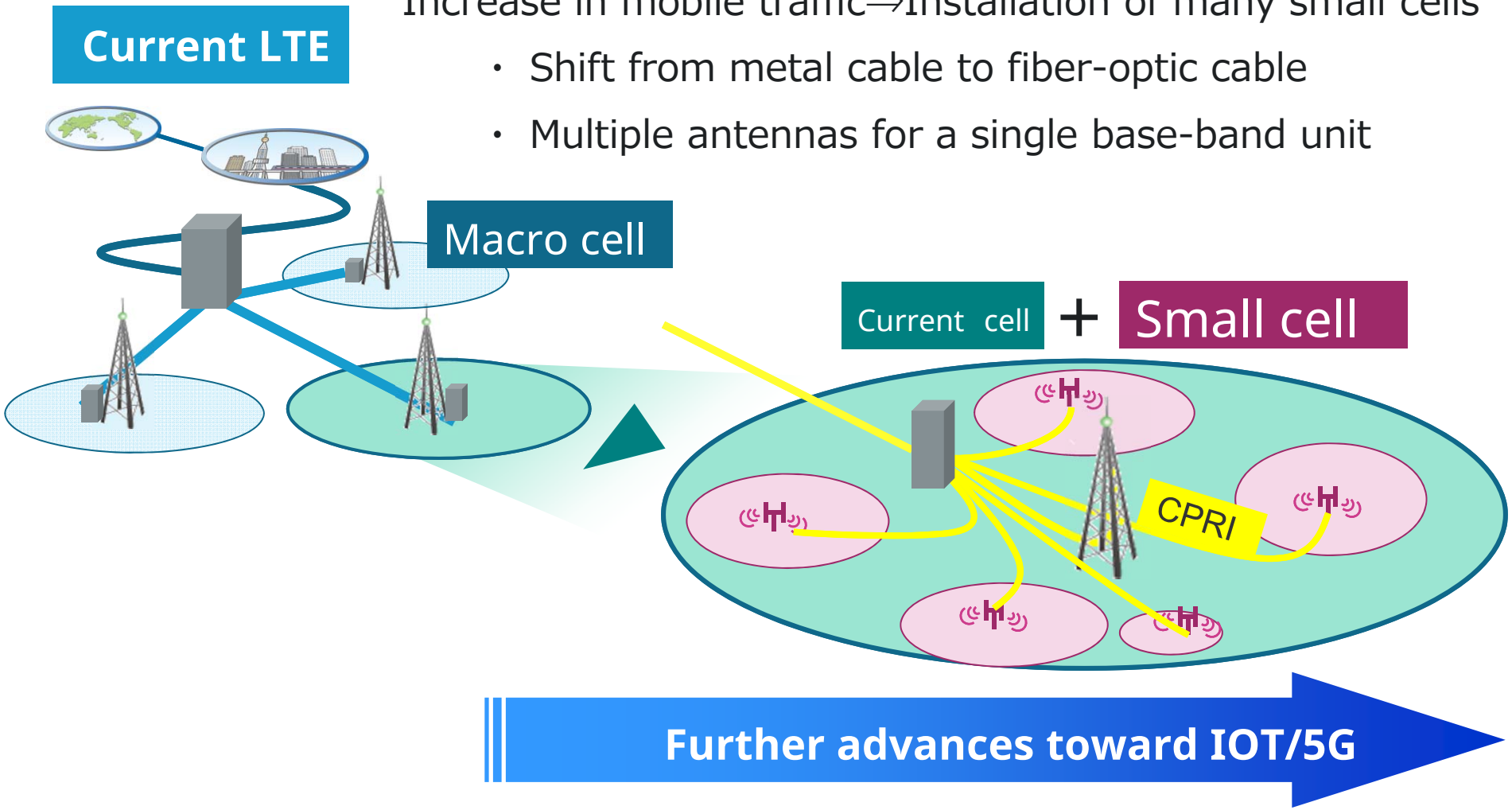
Ⅱ - 4. Start of new base station network construction

Started construction of 3 to 5GHz band small cell network.

Increase in mobile traffic⇒Installation of many small cells

- Shift from metal cable to fiber-optic cable
- Multiple antennas for a single base-band unit



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Ⅱ - 5. Aiming to capture increasing measurement demand at various phases of a shift from wired to wireless communications

Scope	Core Network - Mobile Fronthaul 	 Base Station Wireless Unit
Customers	Operators, construction companies	
New solutions	SkyBridge Tools: Construction work efficiency improvement cloud	
	 Network Master Network and device evaluation	 ACCSESS Master Fiber-optic cable evaluation
	 BTS Master Wireless signal evaluation  Area Tester Communication range evaluation	

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Ⅱ - 6.“Industrial Automation” business segment was renamed to PQA (Products Quality Assurance) business

Provide safe, secure and healthy life

Target Field


Foods



Processed foods


Pharmaceuticals


Cosmetics

Quality Assurance Solution (QA)


Automatic Combination Weigher


X-ray Inspection System


Metal Detector


Checkweigher

Overall quality management and control system (QuiCCA)

Subsidiary

Anritsu Industrial Solutions will change its company name to Anritsu Infivis
(Scheduled on October 1, 2015)

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Anritsu
envision : ensure