Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2018



Hirokazu Hashimoto

President and Group CEO
Anritsu Corporation

July 28th, 2017

FASF MEMBERSHIP

http://www.anritsu.com

Anritsu envision : ensure

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. Outline of our business segments

II. Consolidated performance review of fiscal year ending March 31, 2018

III. Outlook for full year of the fiscal year ending March 31, 2018

IV. Anritsu solutions to support 5G networks

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I . Outline of our business segments

T&M
For development, manufacturing, installation and maintenance

- **Mobile**
- **Network Infrastructure**
- **Electronics**



PQA

- **Food Safety X-ray inspection systems**
- **Checkweighers**



Others

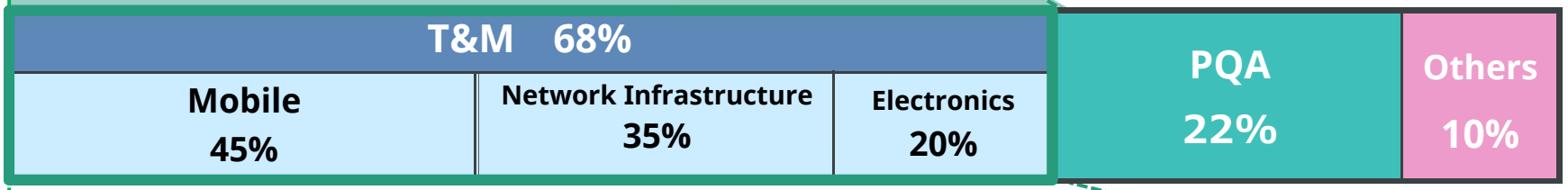
- **IP network equipment**



- **Opt. devices**



(Revenue by business segment)
87.6 Billion Yen consolidated revenue in FY2016



(Sales of T&M business by region in FY2016)



T&M: Test & Measurement PQA : Products Quality Assurance

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Ⅱ-1. Consolidated performance - Financial results -

Both profit and revenue were down

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	1Q FY2016 (Apr. to Jun.)	1Q FY2017 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	20.9	20.2	(0.7)	-4%
Revenue	20.3	19.4	(0.9)	-4%
Operating profit (loss)	0.7	(0.2)	(0.9)	-
Profit (loss) before tax	0.0	(0.2)	(0.2)	-
Profit (loss)	0.0	(0.2)	(0.2)	-
Comprehensive income	(2.8)	0.2	3.0	-

Note : Numbers are rounded off in each column

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		1Q FY2016 (Apr. to Jun.)	1Q FY2017 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	14.6	13.1	(1.5)	-11%
	Op. profit (loss)	0.7	(0.6)	(1.3)	-
PQA	Revenue	4.1	4.7	0.6	14%
	Op. profit (loss)	0.1	0.3	0.2	137%
Others	Revenue	1.5	1.7	0.2	10%
	Op. profit (loss)	(0.1)	0.1	0.2	-
Total	Revenue	20.3	19.4	(0.9)	-4%
	Op. profit (loss)	0.7	(0.2)	(0.9)	-

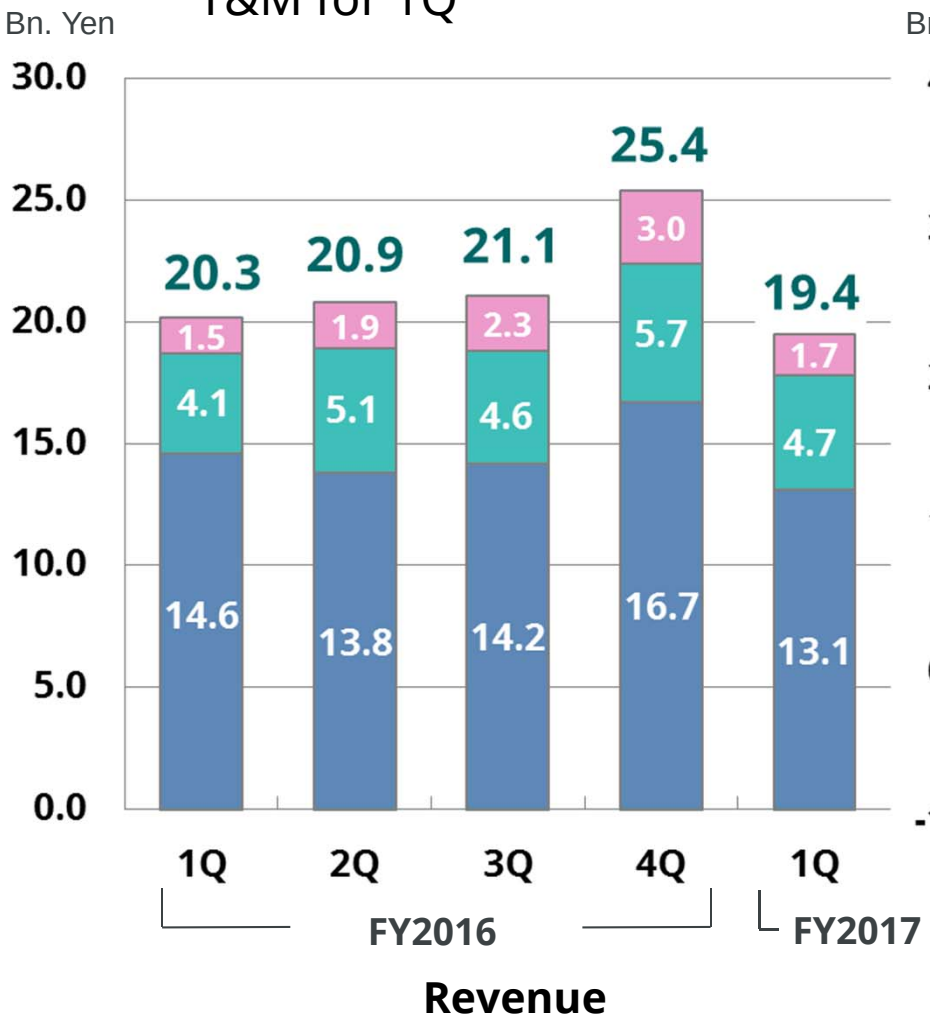
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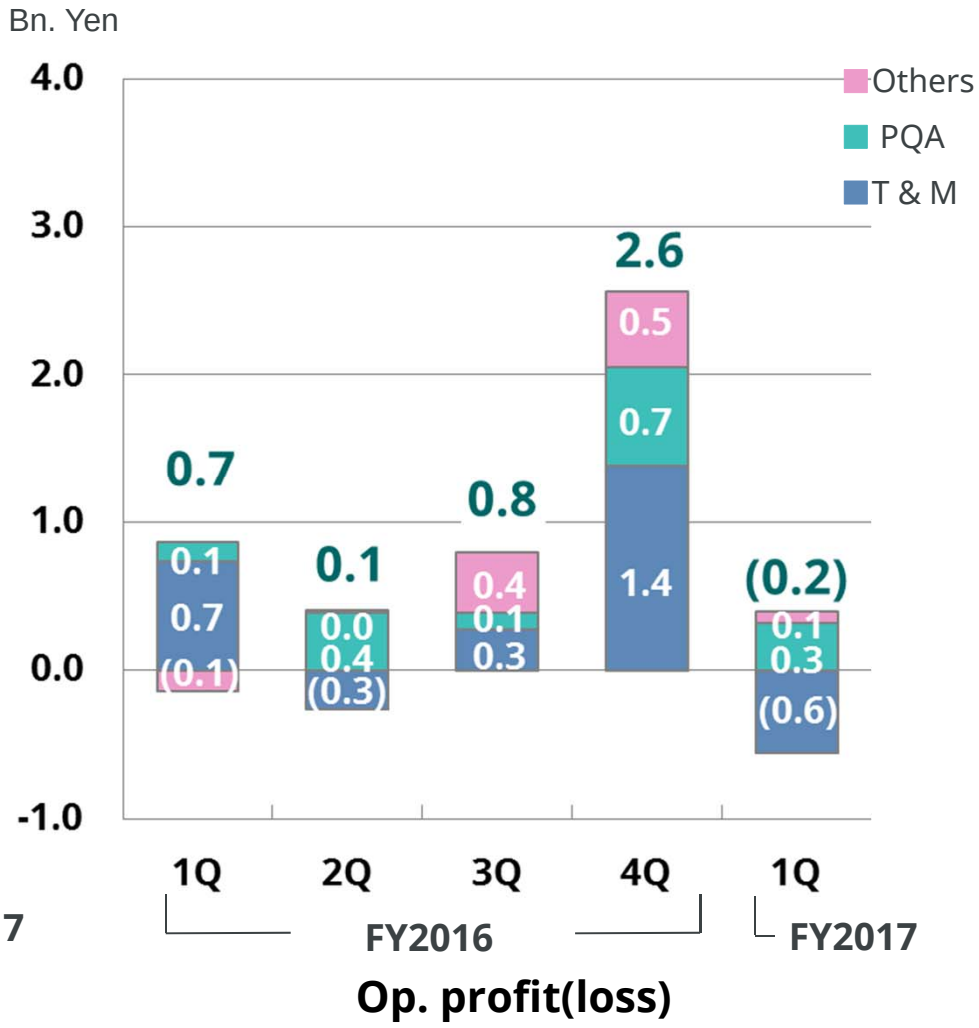
T&M: Test & Measurement PQA : Products Quality Assurance

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Ⅱ-3. Consolidated performance - Revenue and Op. profit by quarters -

Company posted consolidated operating loss and operating loss in the T&M for 1Q





Note : Numbers are rounded off in each column

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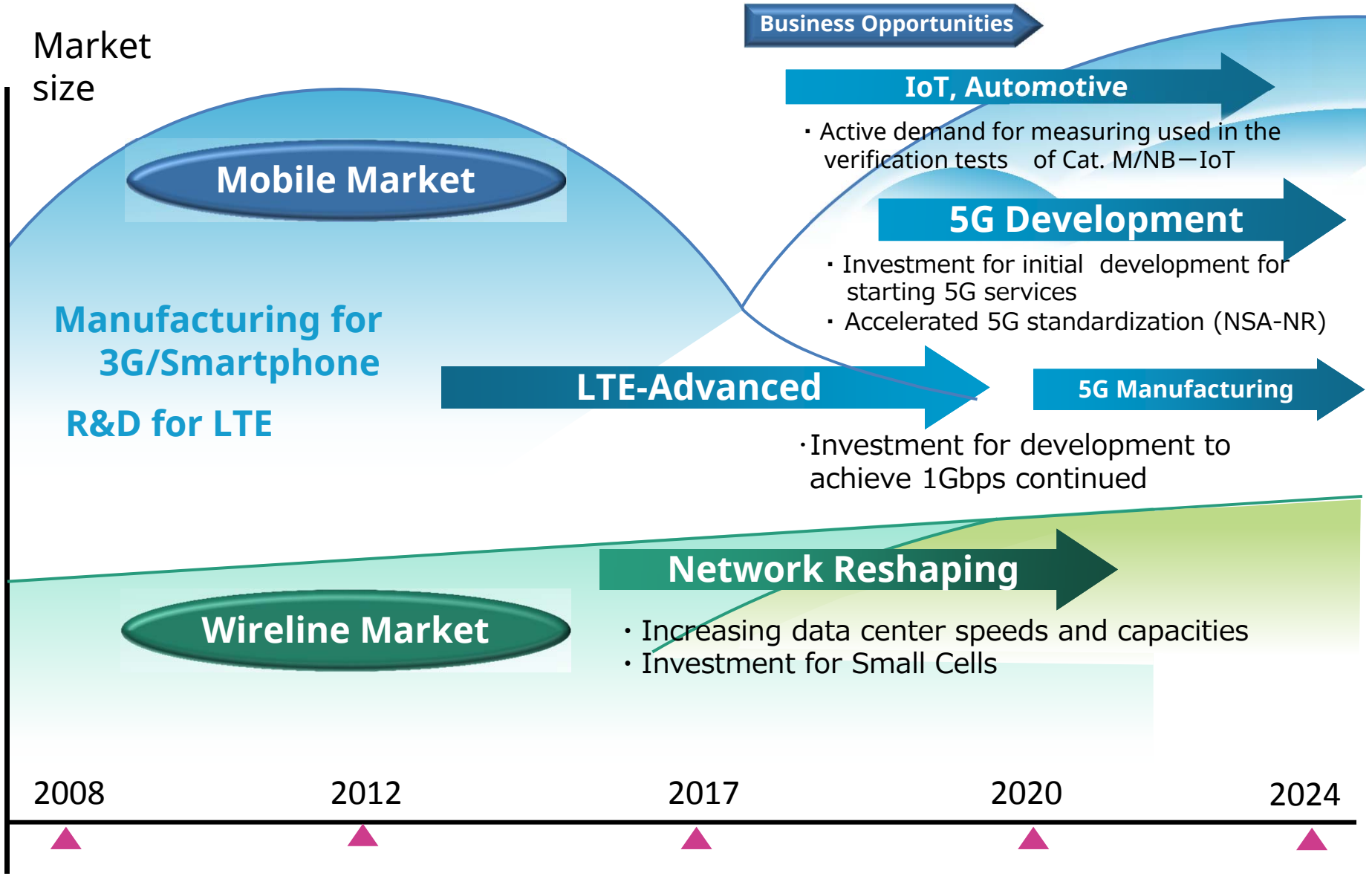
Ⅱ-4. Overview of operations by business segment

Segment		FY2017Q1 (April to June, 2017)
T&M : Restrained investment in the smartphone-related market further continued		
Mobile	LTE-Advanced	Cautious investment continued in spite of expectations for 1Gbps
	5G, IoT, Connectivity	Automotive and 5G / IoT development projects are beginning to materialize
NW		Capital investment in optical digital related business was strong
Asia		Investment was restrained due to a slowdown in growth of the overall smartphone manufacturing market
Americas		Base station-related investment by North American operators shrank
PQA : Appetite for investment by food manufacturers remained strong both in Japan and overseas		

T&M: Test & Measurement　　NW: Network Infrastructure　　PQA : Products Quality Assurance

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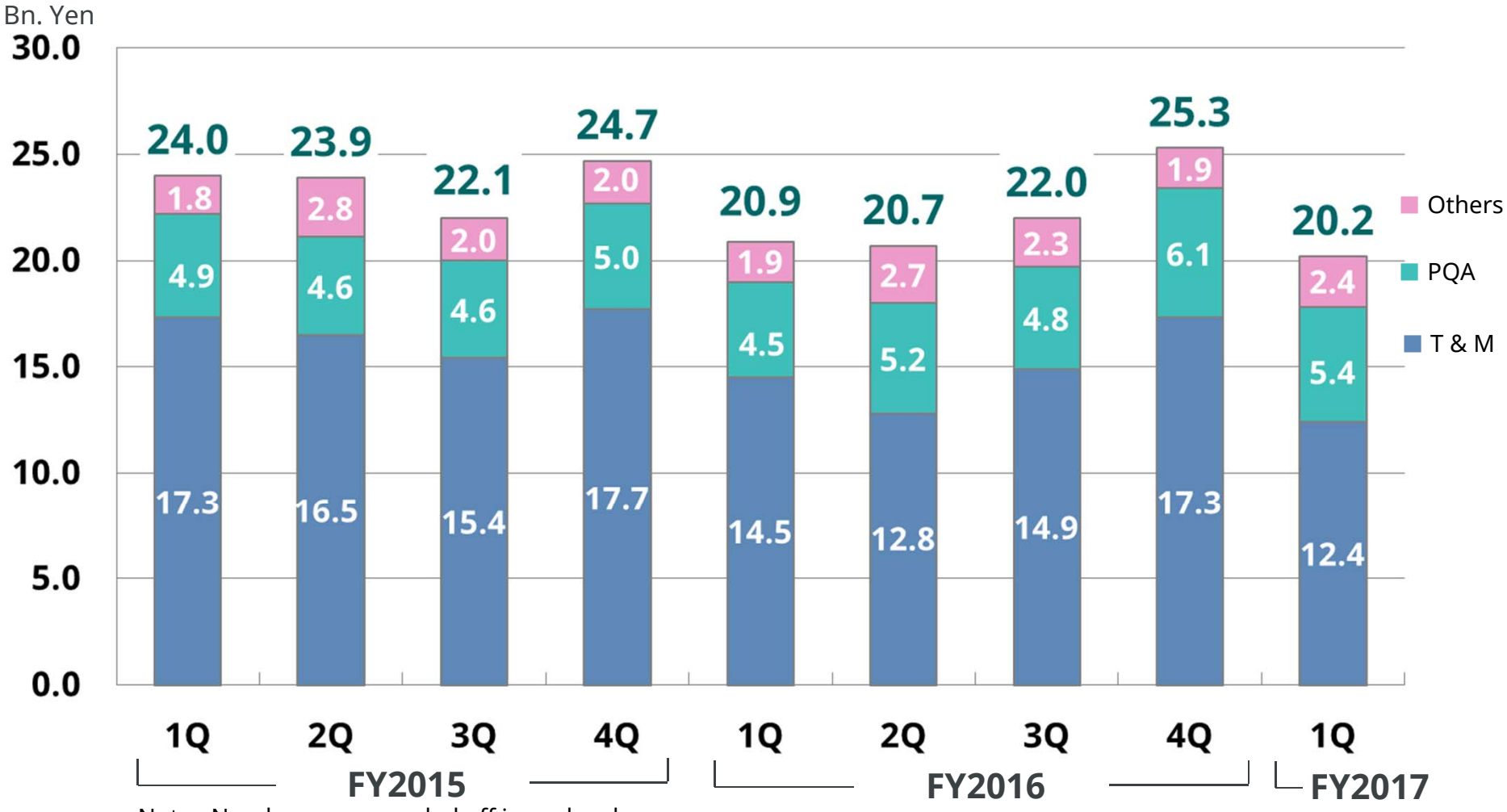
Ⅱ-5. T&M T&M market trends and business opportunities



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Ⅱ-6. Transition of Orders

- **T&M :** Orders fell below previous fiscal year level due to weakness of mobile T&M market
- **PQA :** Record high for 1Q

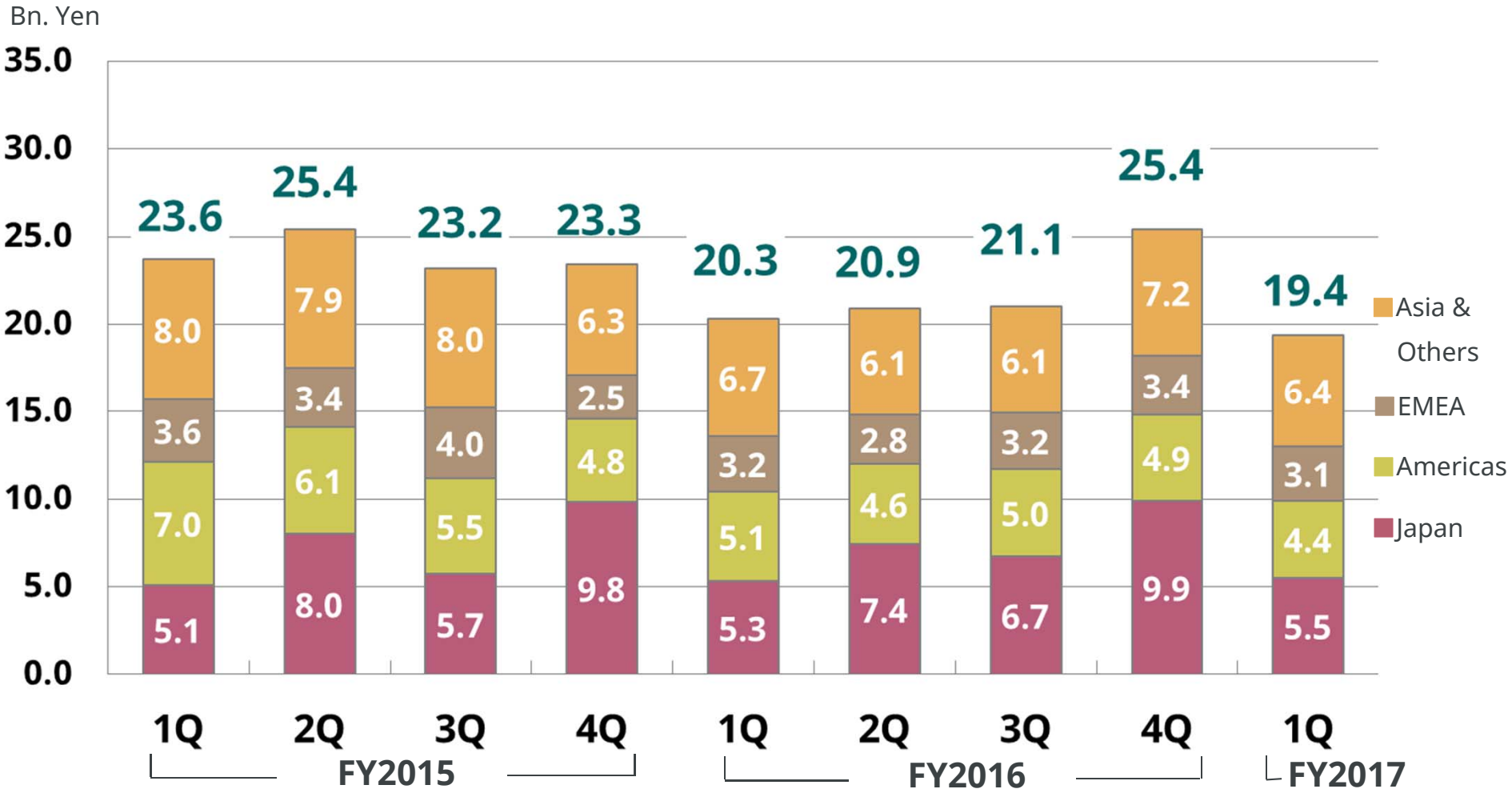


Note : Numbers are rounded off in each column

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Ⅱ-7. Transition of Revenue by region

Fell below previous fiscal year in all overseas regions



Note : Numbers are rounded off in each column

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Ⅱ-8. Cash Flow

Operating cash flow margin ratio was 25.8%

Cash Flow (FY201 7 Q1)

Operating CF : 5.0 Bn. Yen
Investing CF : (0.8) Bn. Yen
Financial CF : (1.0) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.2 Bn. Yen

Cash at the end of period

43.1 Bn. Yen

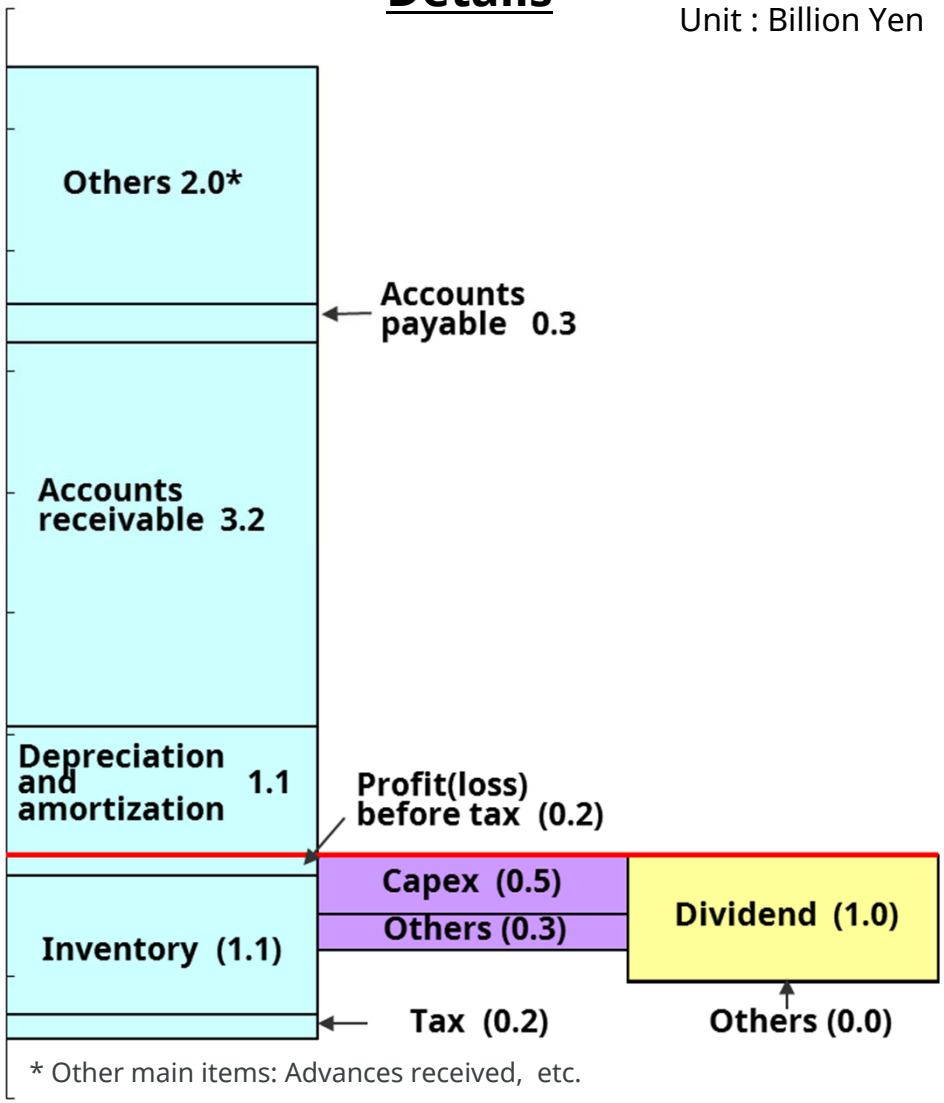
Interest-bearing debt.

22.0 Bn. Yen

Note : Numbers are rounded off in each column

Details

Unit : Billion Yen



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Ⅲ. Forecast for full year of FY2017

No change since April disclosures

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2016	FY2017		
		Actual	Forecast	YoY	YoY(%)
Revenue		87.6	91.0	3.4	4%
Operating profit (loss)		4.2	4.4	0.2	4%
Profit (loss) before tax		3.6	4.2	0.6	16%
Profit (loss)		2.7	3.0	0.3	10%
T&M	Revenue	59.3	61.0	1.7	3%
	Op. profit (loss)	2.1	2.2	0.1	3%
PQA	Revenue	19.6	21.5	1.9	10%
	Op. profit (loss)	1.3	1.5	0.2	15%
Others	Revenue	8.7	8.5	(0.2)	-2%
	Op. profit (loss)	0.8	0.7	(0.1)	-13%

Note 1 : Exchange rate : FY2016 (Actual) 1USD=108 yen, 1EURO=119 yen
FY2017 (Forecast) 1USD=110 yen, 1EURO=120 yen

Note 2 : Numbers are rounded off in each column

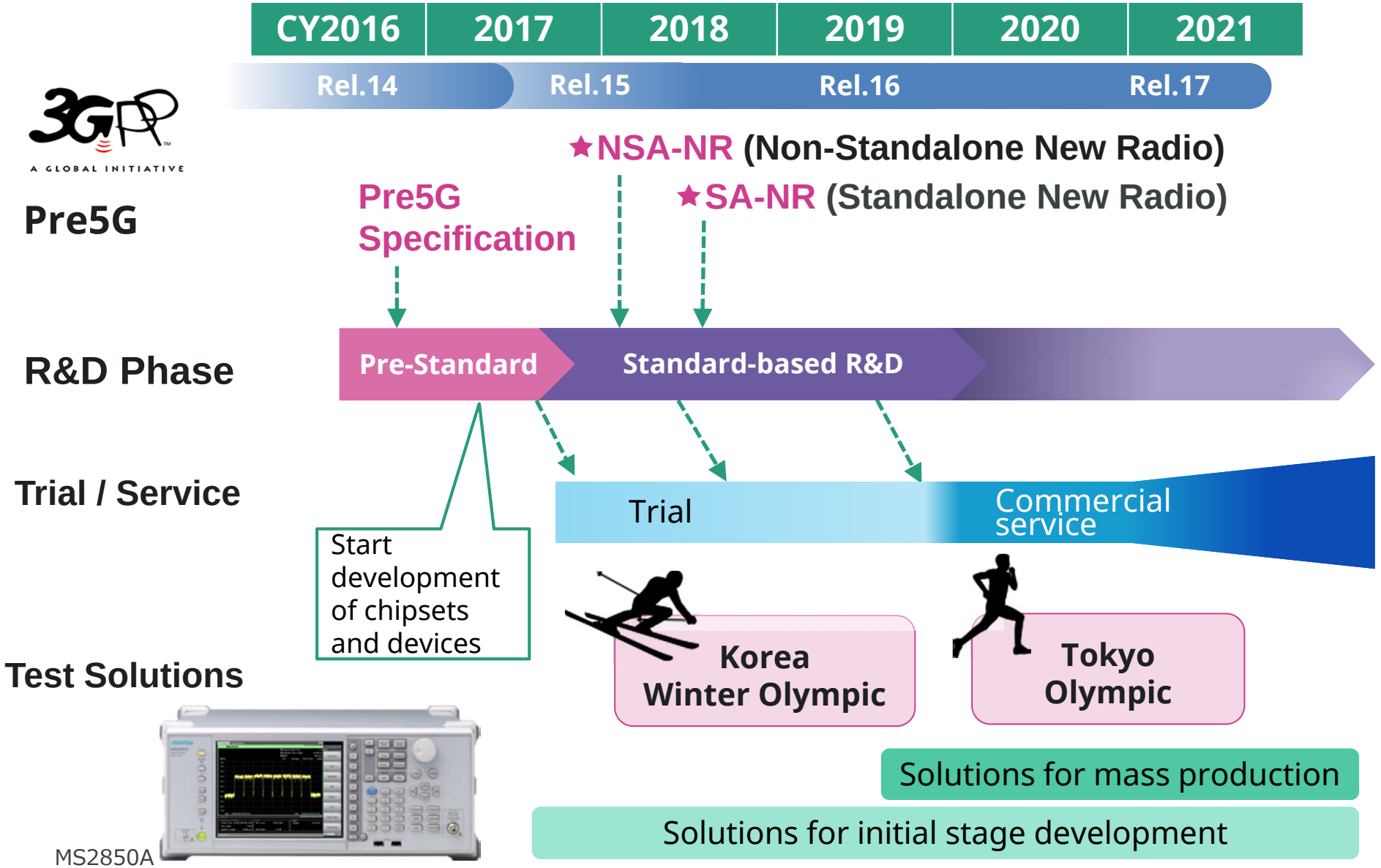
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Ⅳ. Anritsu solutions to support 5G networks

Hirokazu Hamada
Director and Executive Vice President
M Group President
Anritsu Corporation

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Ⅳ-(1) Latest trends in 5G and test solutions



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Ⅳ-(2) First solution for 5G



MS2850A Signal Analyzer

Signal analyzer that realizes millimeter-wave measurement solutions required for R&D and manufacture of 5G base stations and terminals at unprecedented low prices

Frequency range：9 kHz~32 GHz/44.5 GHz
Analysis bandwidth：255 MHz (standard), 510 MHz(option), 1GHz (option)

Conventional Signal Analyzer for LTE

- Frequency is mainly 6GHz or less
- Analysis bandwidth is 20MHz to several hundred MHz

Signal Analyzer for 5G

- Covers frequency up to 44.5GHz
- Coverage of analysis bandwidth is up to 1GHz
- Low price enables installation for commercial development and manufacture

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