Financial Results for the 3rd quarter of the Fiscal Year ending March 31, 2018

Hirokazu Hashimoto

President and Group CEO
Anritsu Corporation

January 31st, 2018



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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.

You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Anritsu disclaims any such obligation.

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Agenda

I. Outline of our business segments

II. Consolidated performance review of the 3rd quarter of the fiscal year ending March 31, 2018

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

IV. Starting the New Year 2018
-Pioneering a new era with IoT/5G-

Appendix. Latest trends in 5G and test solutions

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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

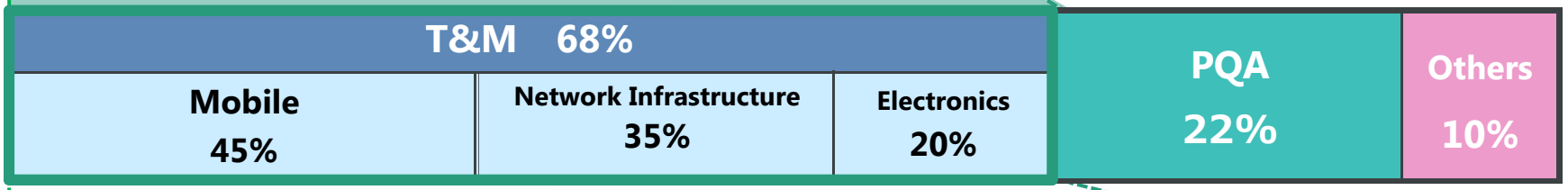
- **IP network equipment**



- **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 -

Sustained trend toward profit increase

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	3Q FY2016 (Apr. to Dec.)	3Q FY2017 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	**63.6**	**64.2**	**0.6**	**1%**
Revenue	**62.3**	**62.3**	**0.0**	**-0%**
Operating profit (loss)	**1.7**	**2.7**	**1.0**	**60%**
Profit (loss) before tax	**1.2**	**2.6**	**1.4**	**117%**
Profit (loss)	**0.7**	**1.5**	**0.8**	**107%**
Comprehensive income	**0.9**	**3.0**	**2.1**	**252%**

Note : Numbers are rounded off to the first decimal place in each column.

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

- Operating profit in T&M recovered to the previous fiscal year's level
- Revenue and profit continued to increase in PQA

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		3Q FY2016 (Apr. to Dec.)	3Q FY2017 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	**42.6**	**40.1**	**(2.5)**	**-6%**
	Op. profit (loss)	**0.7**	**0.7**	**0.0**	**-8%**
	Adjusted operating profit (loss)	*1.0*	*1.0 **	*0.0*	*-6%*
PQA	Revenue	**13.9**	**16.1**	**2.2**	**16%**
	Op. profit (loss)	**0.6**	**1.3**	**0.7**	**112%**
Others	Revenue	**5.8**	**6.0**	**0.2**	**5%**
	Op. profit (loss)	**0.3**	**0.6**	**0.3**	**121%**
Total	Revenue	**62.3**	**62.3**	**0.0**	**-0%**
	Op. profit (loss)	**1.7**	**2.7**	**1.0**	**60%**
	Adjusted operating profit (loss)	*2.0*	*3.0*	*1.0*	*52%*

Note : Numbers are rounded off to the first decimal place in each column.

*Adjusted operating profit for T&M is the amount after deducting 0.3 billion yen in restructuring expenses in the U.S.

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

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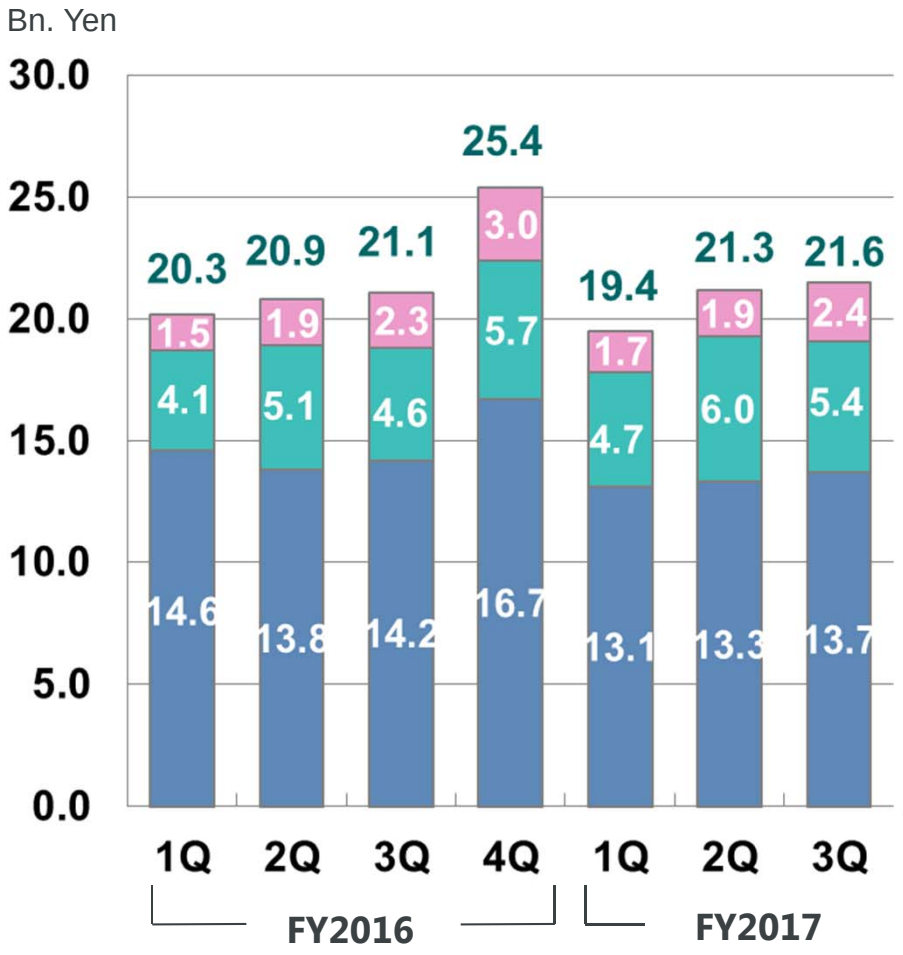
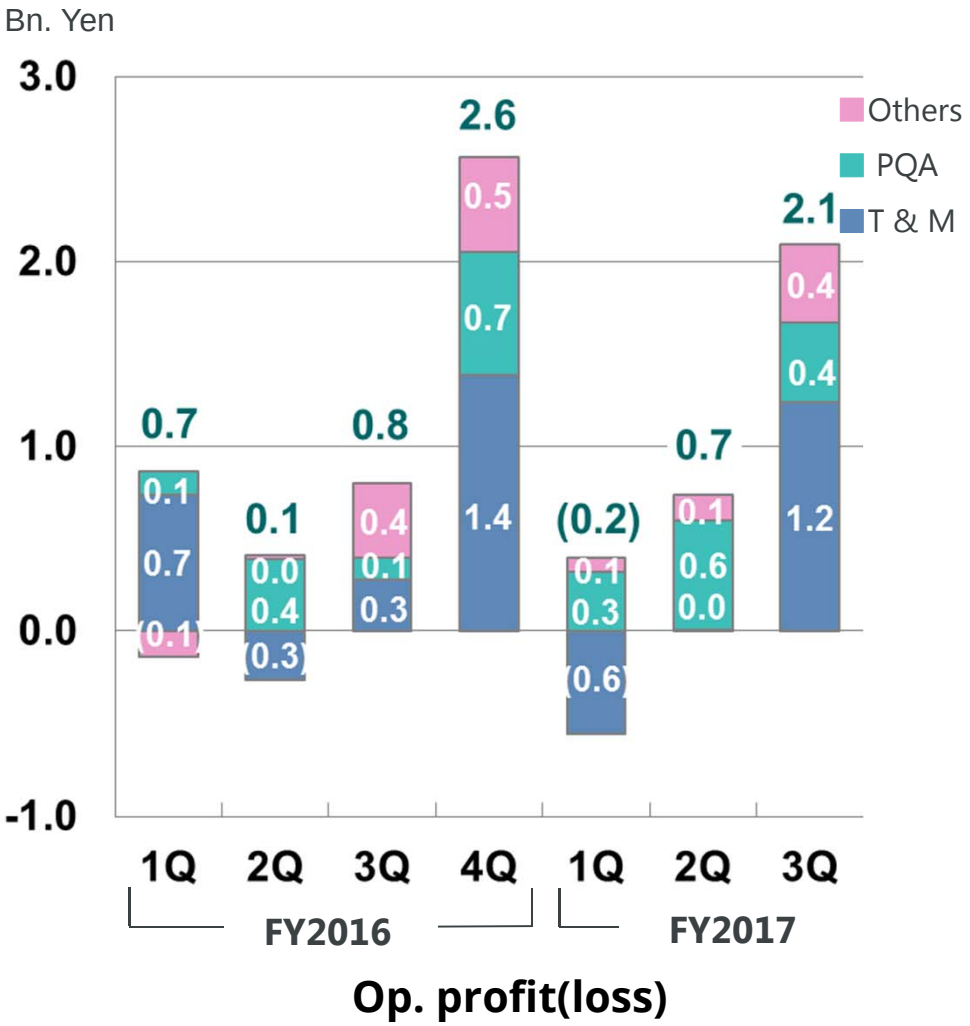
Ⅱ-3. Consolidated performance - Revenue and Op. profit by quarters -

3Q(Oct.-Dec.) Operating margin：Consolidated10%, T&M 9 %, PQA 8 %





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Ⅱ-4. Overview of operations by business segment

Segment		FY2017Q3 (April to December, 2017)
T&M : Restrained investment in the smartphone-related market further continued		
Mobile	LTE-Advanced	Investment shifted to LTE-Advanced Pro.
	5G, IoT, Connectivity	Development projects aimed at commercialization of 5G materialized.
NW		Capital investment in optical digital related business was strong
Asia		Restrained investment continued due to slower growth in the smartphone manufacturing market overall.
Americas		Base station-related investment by North American operators shrank
PQA : Motivation 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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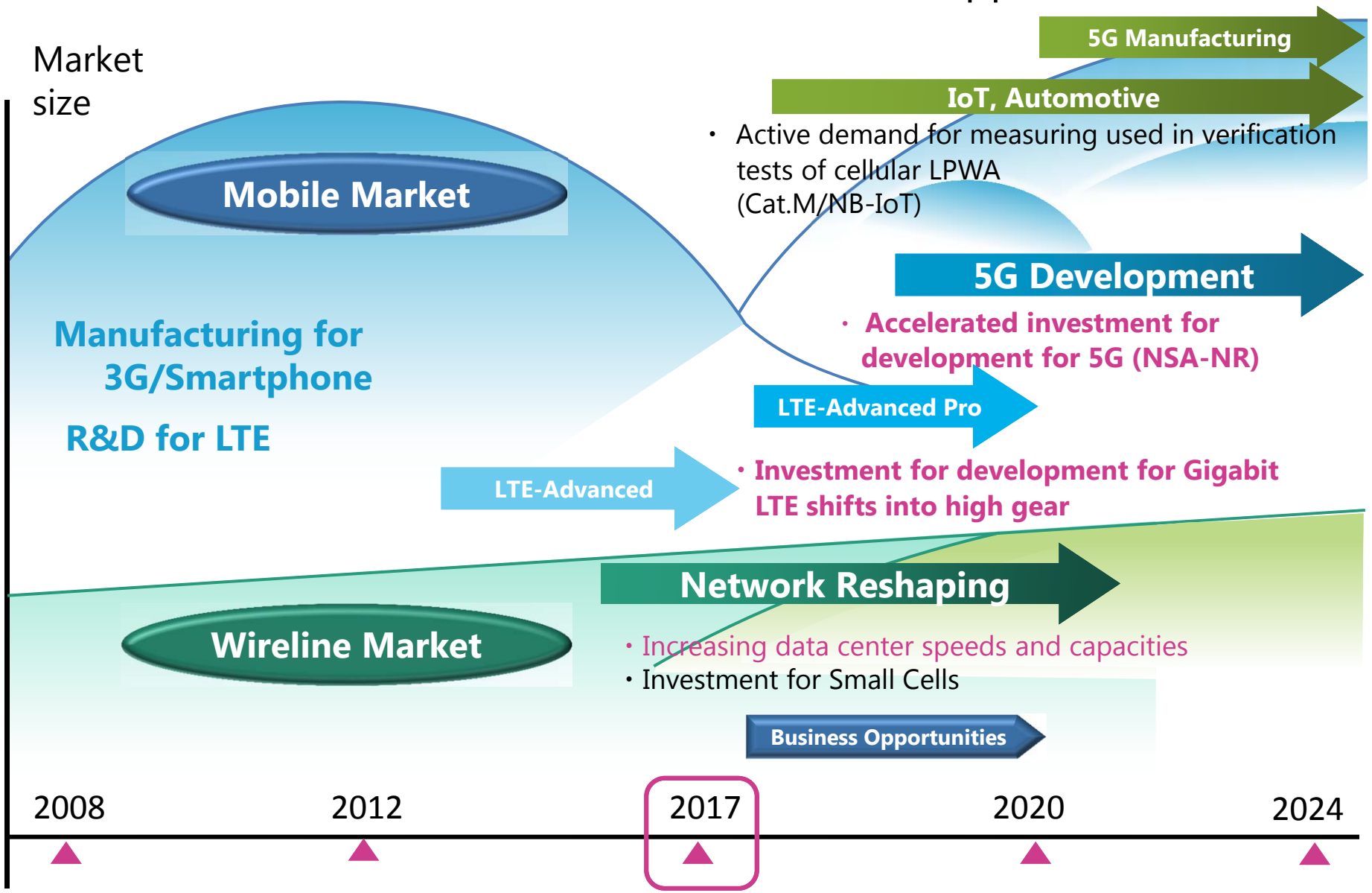
Ⅱ-5. T&M T&M market trends and business opportunities



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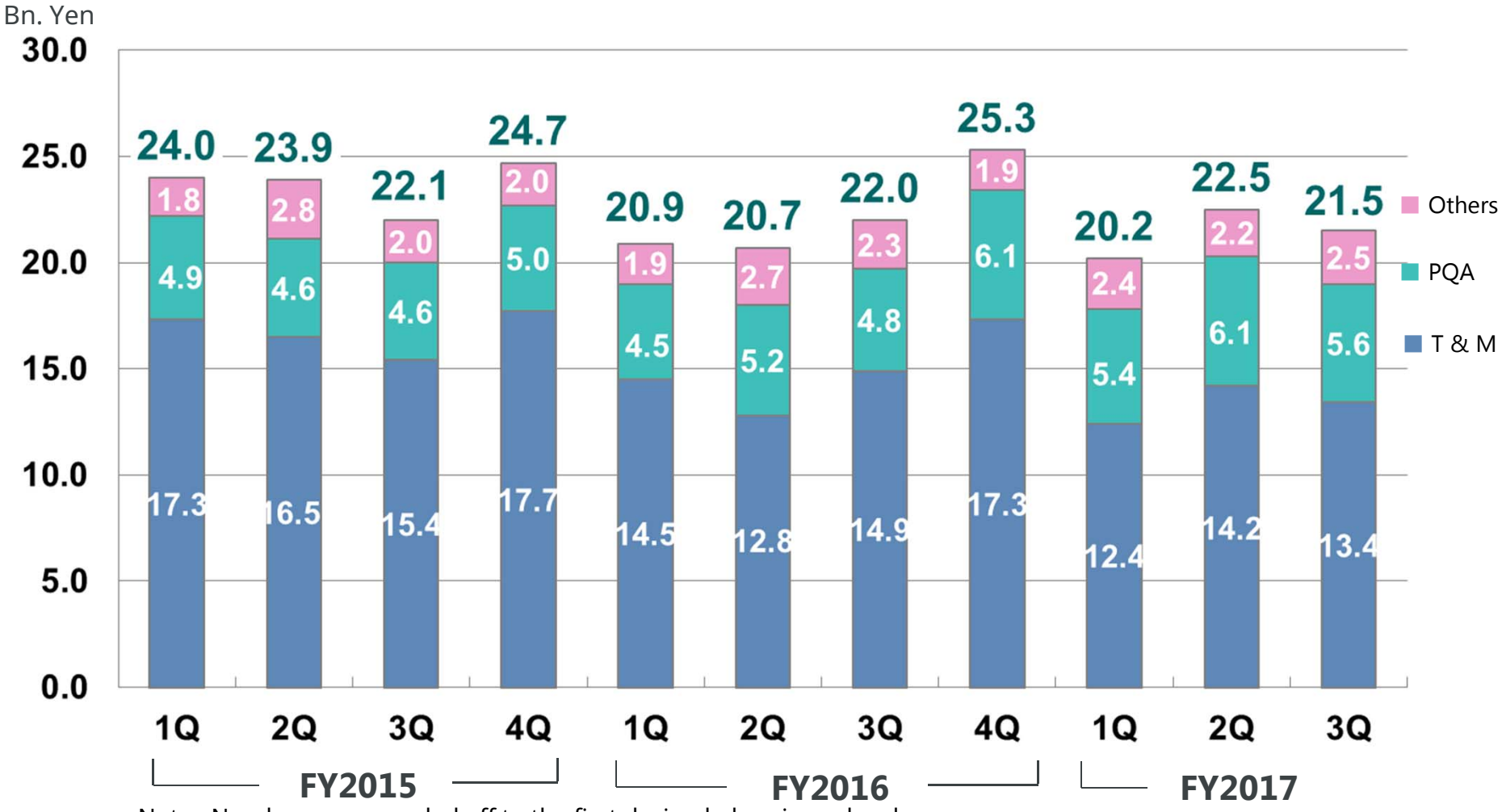
Ⅱ -6. Transition of Orders

T&M : Maintained level of first half

PQA : Year-on-year increase for sixth consecutive quarter



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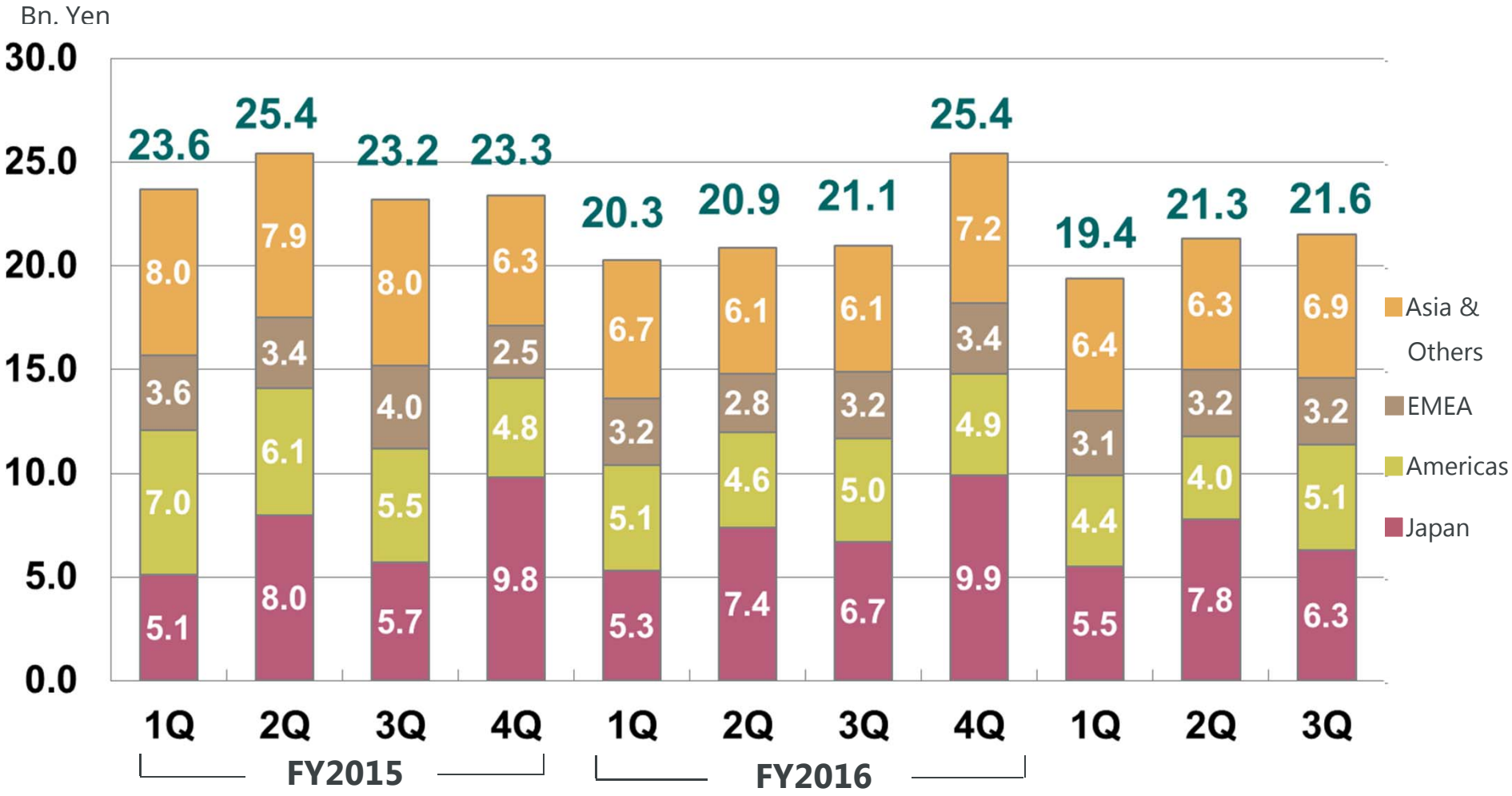
Ⅱ-7. Transition of Revenue by region

Overseas revenue increased year on year due to revenue growth in PQA.



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Ⅱ -8. Cash Flow

Operating cash flow margin ratio was 6.7%

Cash Flow (FY2017 Q3)

Operating CF : 4.2 Bn. Yen
Investing CF : (2.2) Bn. Yen
Financial CF : (8.1) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 2.0 Bn. Yen

Cash at the end of period

34.2 Bn. Yen

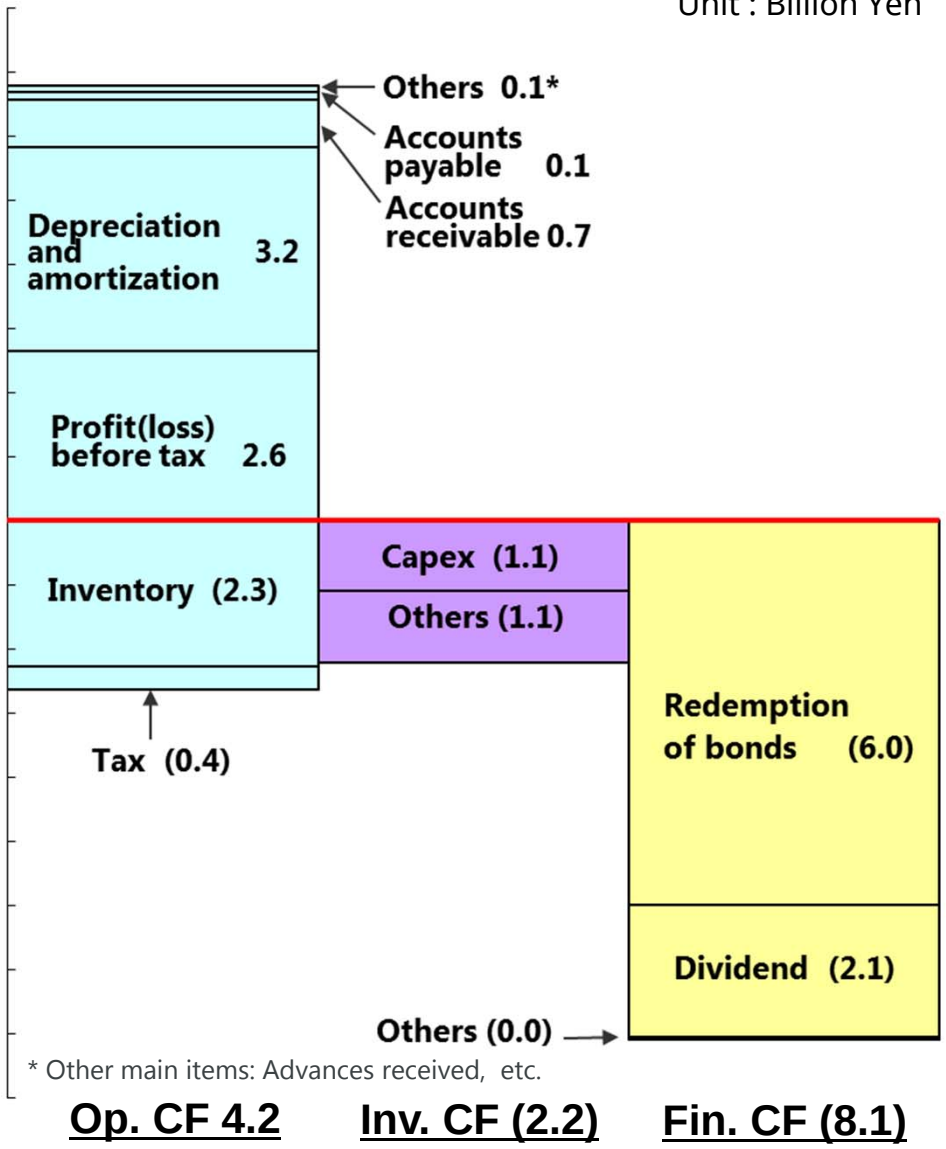
Interest-bearing debt.

16.0 Bn. Yen

Note : Numbers are rounded off to the first decimal place in each column.

Details

Unit : Billion Yen



* Other main items: Advances received, etc.

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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%

Reference : Exchange rate : FY2016 (Actual) 1USD=108 yen, 1EURO=119 yen
FY2017 (Initially Forecast) 1USD=110 yen, 1EURO=120 yen
FY2017 Q4(Forecast) 1USD=110 yen, 1EURO=130 yen

Note : Numbers are rounded off to the first decimal place in each column.

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Ⅳ. Starting the New Year 2018

-Pioneering a new era with IoT/5G-

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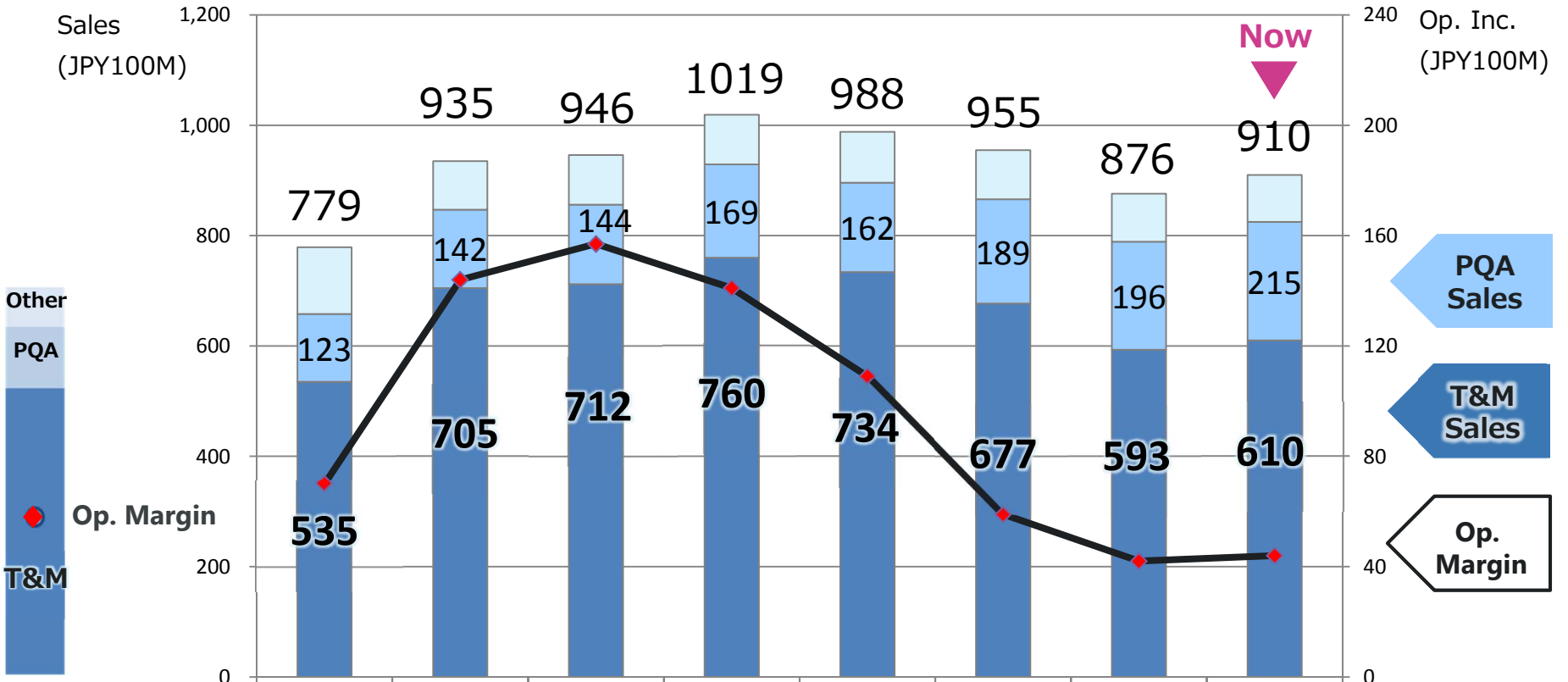
Ⅳ- 1. Trends of Results and Mid–term Plan (3-years,GLP)



		FY2010 Act.	FY2011 Act.	FY2012 Act.	FY2013 Act.	FY2014 Act.	FY2015 Act.	FY2016 Act.	FY2017 Est.
Op. Margin	Cons.	9%	15%	17%	14%	11%	6%	5%	5%
	T&M	10%	20%	21%	17%	12%	7%	4%	4%
	PQA	5%	4%	6%	7%	5%	6%	7%	7%
3 years Plan		GLP2012		GLP2014			GLP2017		

GLP20XX: Mid Plan

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Ⅳ- 2. Basic Policy of New Mid-term Plan (GLP2020)

- ☑ Thorough the policy " Continuous profitable growth"
- ☑ Make our best to accomplish 2020VISION



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Ⅳ- 3. To achieve our social mission

Anritsu way
envision : ensure



Social axis
SDGs

Business axis

CSV Management (Creating Shared Value Management)

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Ⅳ- 4. In order to solve various social and industrial challenges, Anritsu will achieve “Continuous Growth with Sustainable Superior Profits” by establishing partnership with every stakeholders and by producing many successes from “envision : ensure “.

Utilize all-members management through “Collective Wisdom 4.0” to achieve continuous growth with sustainable, superior profits



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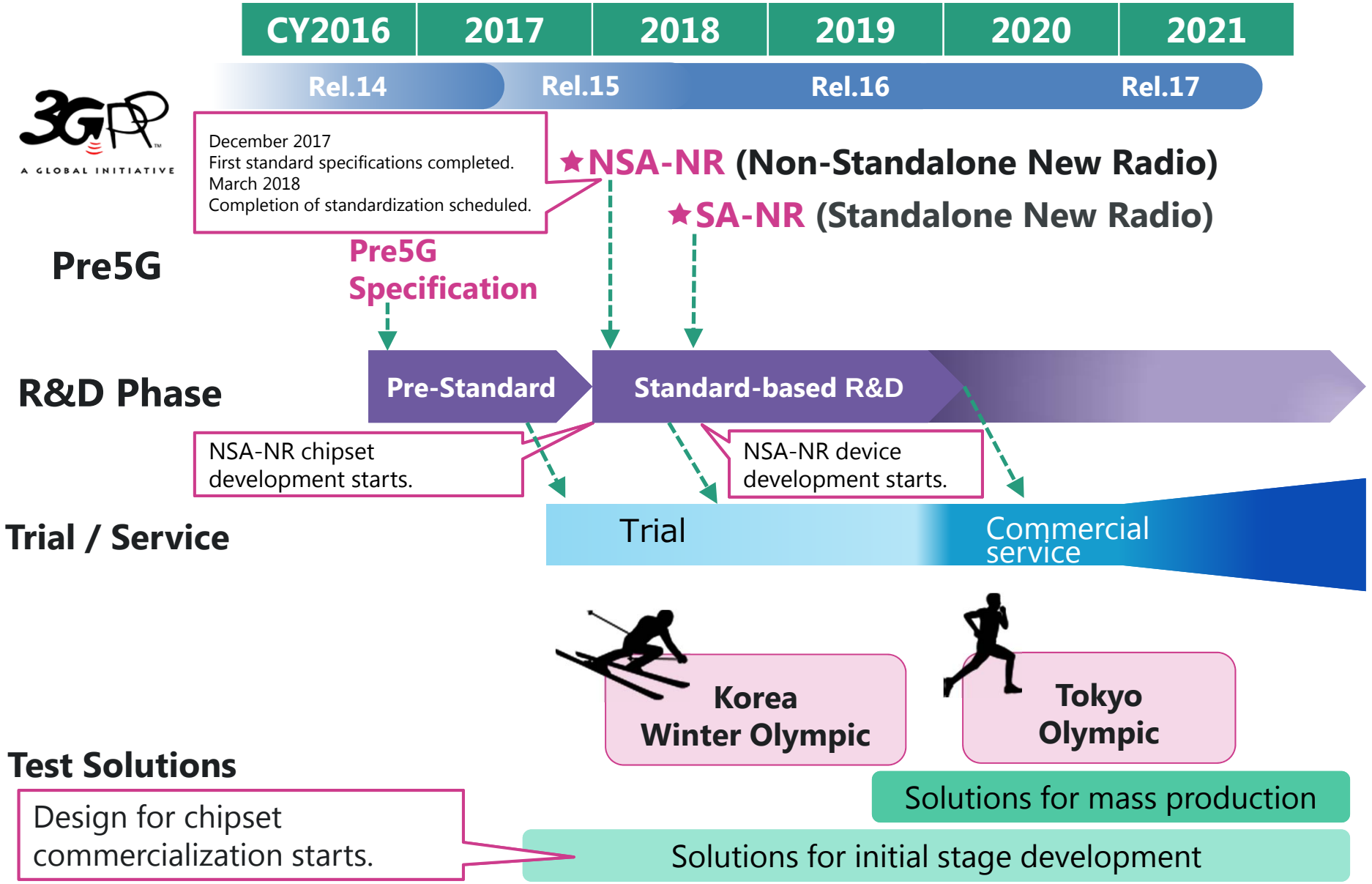
Appendix. Latest trends in 5G and test solutions



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