Mid term Business Plan GLP2020

Hirokazu Hashimoto

Representative Director, Group CEO
Anritsu Corporation

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Agenda

1. Basic Policy of GLP2020
2. Basic Policy of medium and long term business strategy
3. GLP2020: Revenue and operating profit plan
4. GLP2020: Financial strategy
5. GLP2020: T&M business
6. GLP2020: PQA business

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1 . Basic Policy of New Mid-term business Plan (GLP2020)

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



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2. Basic Policy of medium and long term business strategy

Capture growth drivers without fail, and realize "continuous profitable growth"

	Market average annual growth rate (estimated by Anritsu)	Vision／growth driver	Medium & long –term guideline	
			Sales growth rate	Operating margin
T&M	3-5%	**Become a leading company supporting 5G/IoT society** (1) 5G, LTE-Advanced (2) IoT/Automotive, Connectivity (3) IP Data traffic/Cloud Services	≧7%	≧20%
PQA	3-5%	**Become a world-class partner in quality assurance solution** Expansion from contaminant inspection into the quality assurance market	≧7%	≧12%
Consolidated	–	–	–	≧18%
ROE	–	–	≧15%	

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3. GLP2020： Revenue and Op. profit Plan （1/2）

GLP2020

Indicators		FY2017	FY2018	FY2020
Revenue		86.0 B Yen	92.0 B Yen	105.0 B Yen
OP. profit		4.9 B Yen	6.6 B Yen	14.5 B Yen
Op. margin		6 %	7 %	14 %
Profit		2.9 B Yen	5.0 B Yen	11.0 B Yen
ROE		3.7%	7%	12%
T&M	Revenue	54.4 B Yen	60.0 B Yen	70.0 B Yen
	Op. profit	1.8 B Yen	3.5 B Yen	10.0 B Yen
	Op. margin	3 %	6 %	14 %
PQA	Revenue	22.5 B Yen	2.35 B Yen	26.0 B Yen
	Op. profit	2.0 B Yen	2.0 B Yen	3.0 B Yen
	Op. margin	9 %	9 %	12 %

（Note）Exchange rate for GLP2020 ： 1USD=105Yen、1Euro=125Yen)

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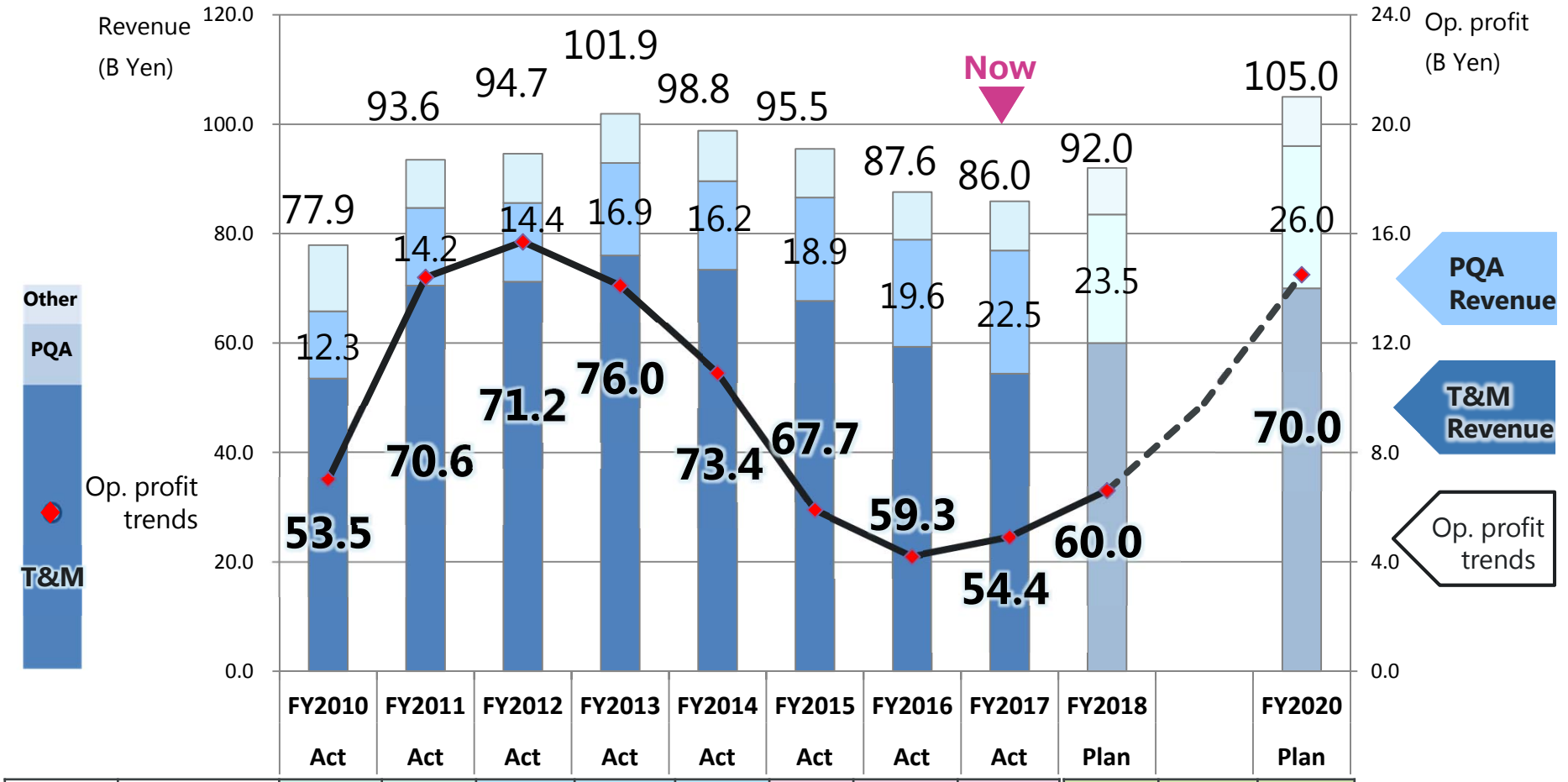
3. GLP2020：Revenue and Op. profit Plan (2/2)



		FY2010 Act	FY2011 Act	FY2012 Act	FY2013 Act	FY2014 Act	FY2015 Act	FY2016 Act	FY2017 Act	FY2018 Plan	–	FY2020 Plan
Op. margin	consolidated	9%	15%	17%	14%	11%	6%	5%	6%	7%	–	14%
	T&M	9%	20%	21%	17%	12%	7%	4%	3%	6%	–	14%
	PQA	5%	4%	6%	7%	5%	6%	7%	9%	9%	–	12%
GLP plan		GLP2012		GLP2014			GLP2017			GLP2020		

GLP20XX: Name of business plan

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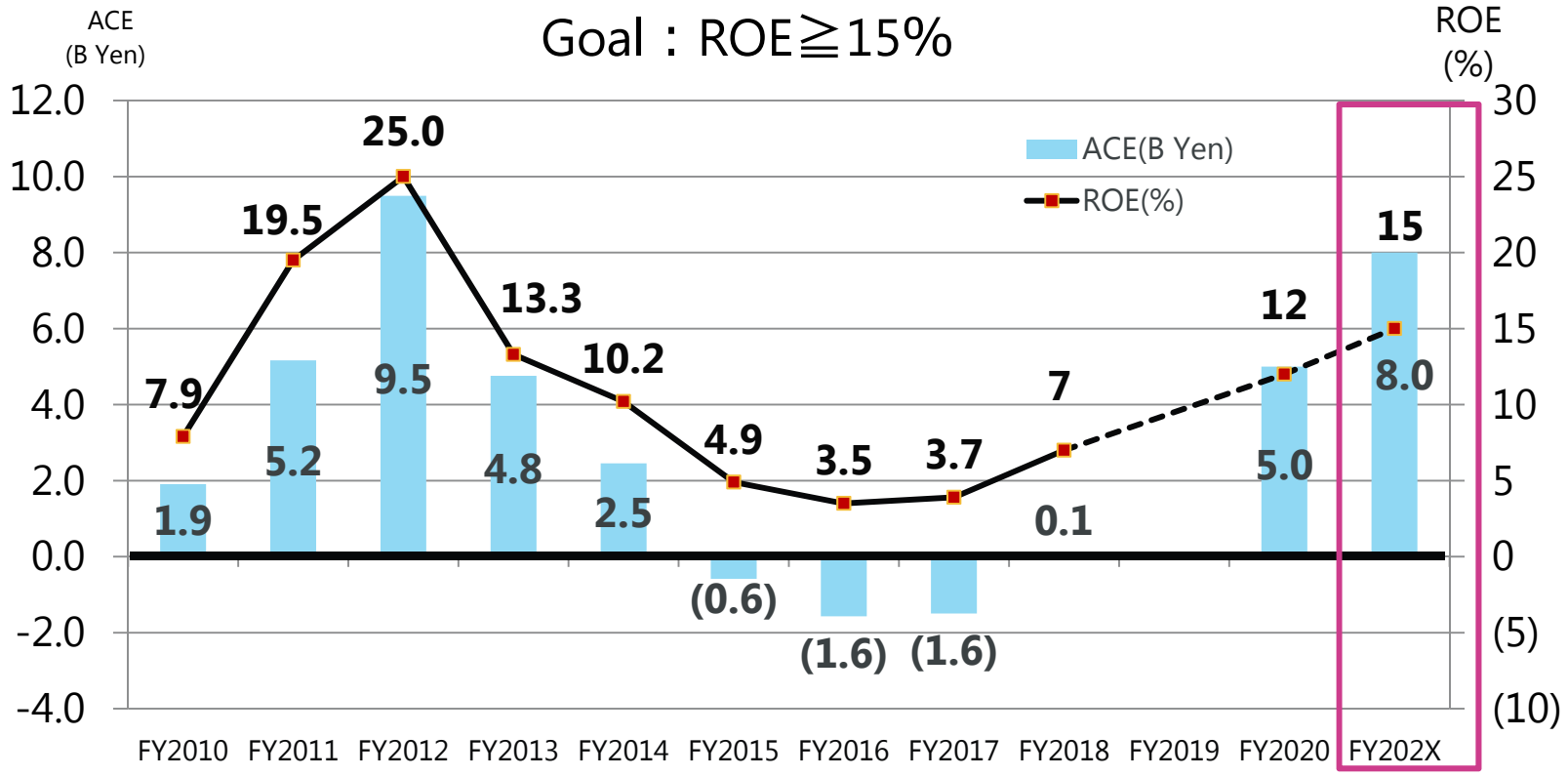
4. GLP2020：Financial strategy

Basic policy

Improve corporate value KPI (ACE & ROE) through growth investment (including M&As) with a return of more than 7% of equity cost and capital efficiency improvements

＊ACE（Anritsu Capital-cost Evaluation）:Operating income after tax-Equity cost (5%)



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5.GLP2020 T&M business

Representative Director, President,
Measurement Business Group President
Anritsu Corporation

Hirokazu Hamada

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5-1. T&M：Mid term business plan(GLP2017) Review

Business environment	Measures and Results
Significant decline in the mobile-related market ■ Decline in the scale of the mobile market to 40% compared with the peak in 2012 ■ Subsiding of investment in LTE base station equipment ■ Continued evolution of LTE - LTE-Advanced/ Pro ■ Progress in initial development for 5G ahead of schedule - 5G NSA standards fixed at the end of March 2018 ■ Investment in IoT is in its infancy	**Management restructuring program and strengthening 5G development investments** ■ Thorough implementation of the management restructuring program “REBORN-M” ■ Implementation of organizational slimming measures in North America ■ Investment in 5G business - Release of 5G new products in February 2018 - Acquisition of Azimuth Systems, Inc. - Strengthening support service structure: Establishment of the Philippines Development Center ■ Establishment of a business division focusing on the IoT business
Strong optics and digital measurement market ■ Increase in demand for optical modules to achieve the development of higher speed, higher capacity data centers	**Introduction of new optical and digital products in TTM** ■ Introduction of new products for R&D (400G support) and manufacturing (100G support) to meet market demands

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5-2. T&M： GLP2020 Basic strategy

VISION

Become a leading company that supports the 5G/IoT society

Key points of segment strategy

- Become the No. 1 T&M vendor ahead of competitors in 5G while maintaining business in the 4G market.
- Develop new profit bases in the IoT/automotive field, where growth is expected through the utilization of 5G.
- Create test solutions that support the expansion of cloud services.

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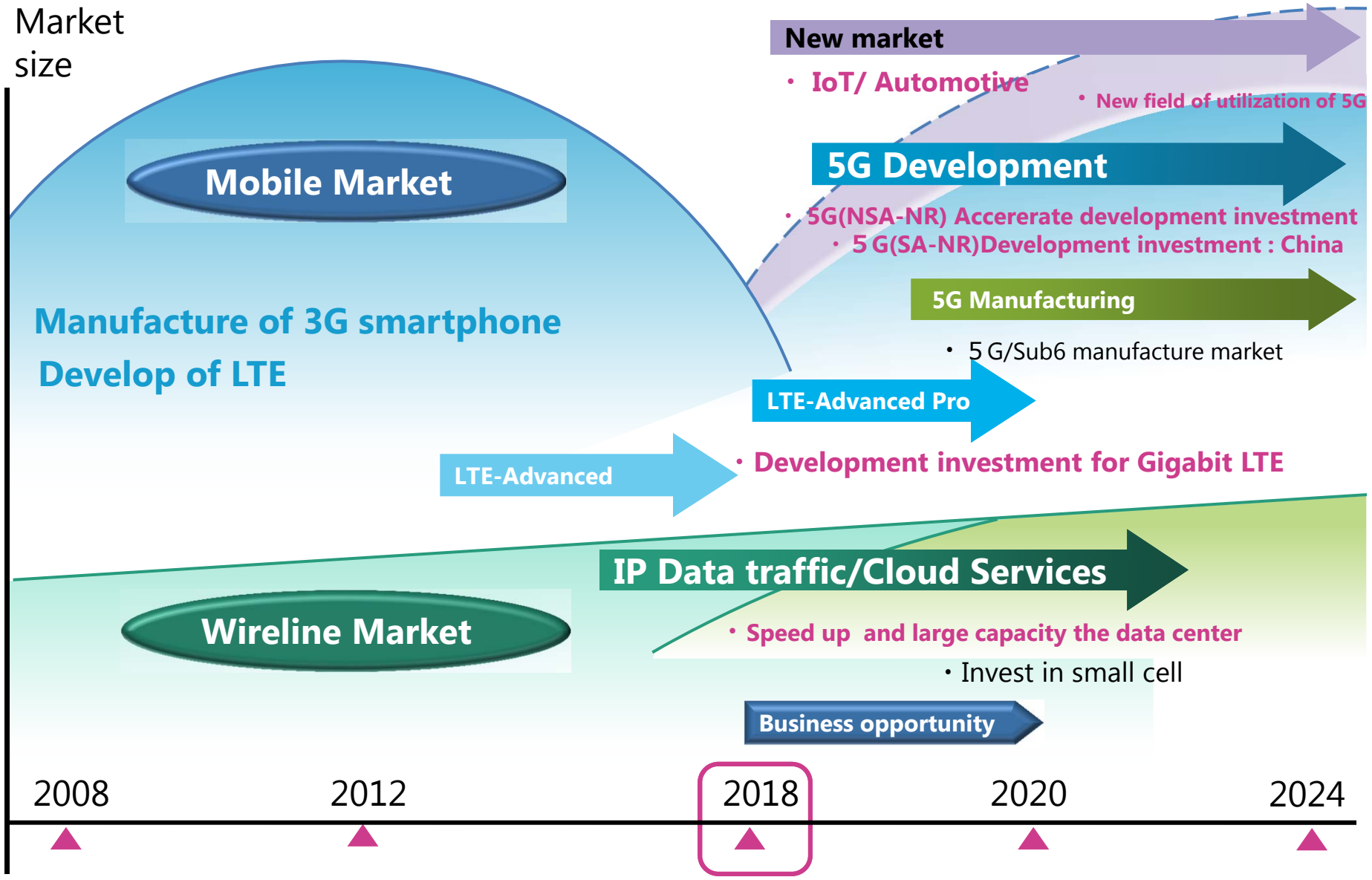
5-3. T&M：Mobile market trends and Business opportunity



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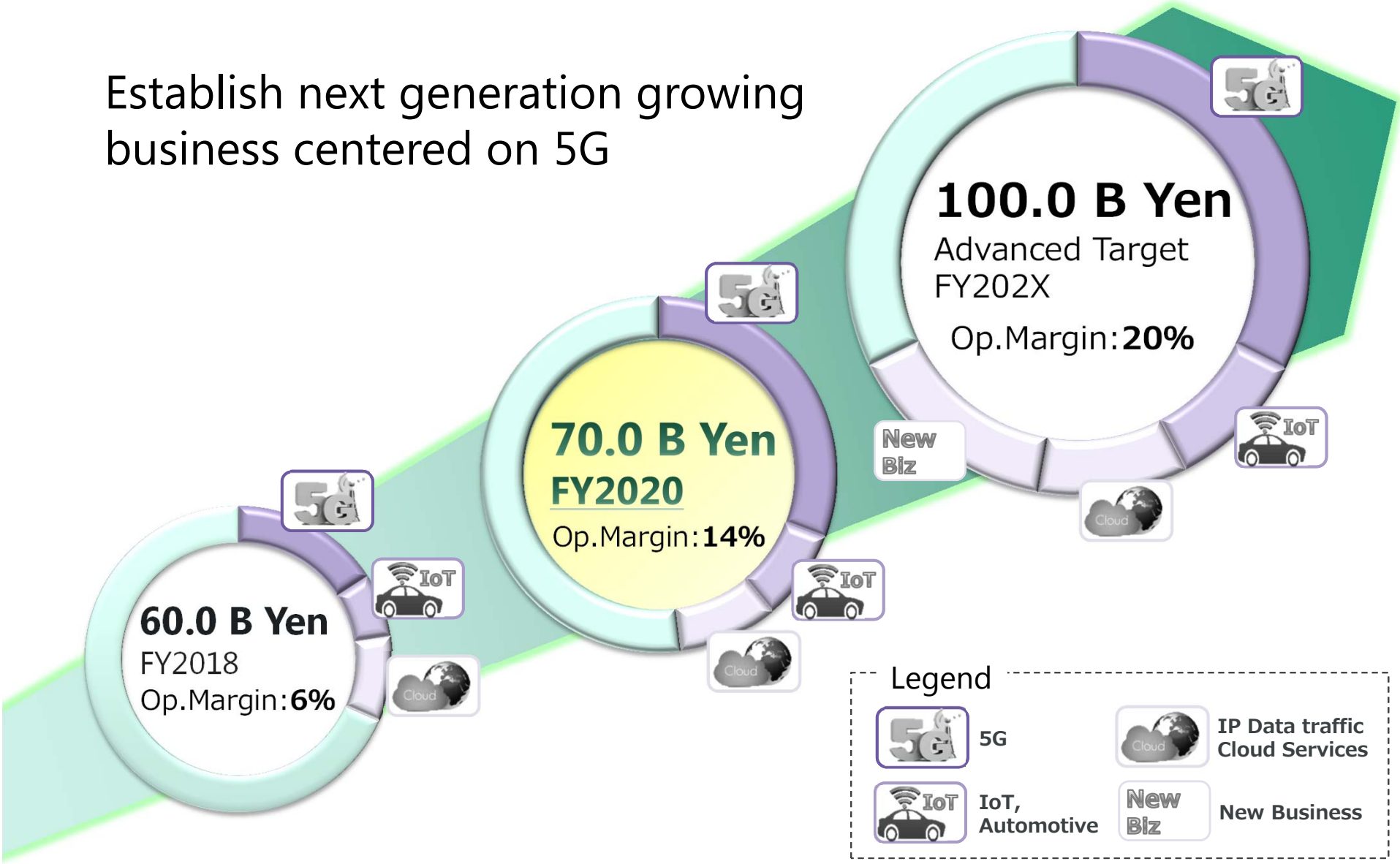
5-4. T&M：GLP2020 Revenue and Operating profit plan

Establish next generation growing business centered on 5G



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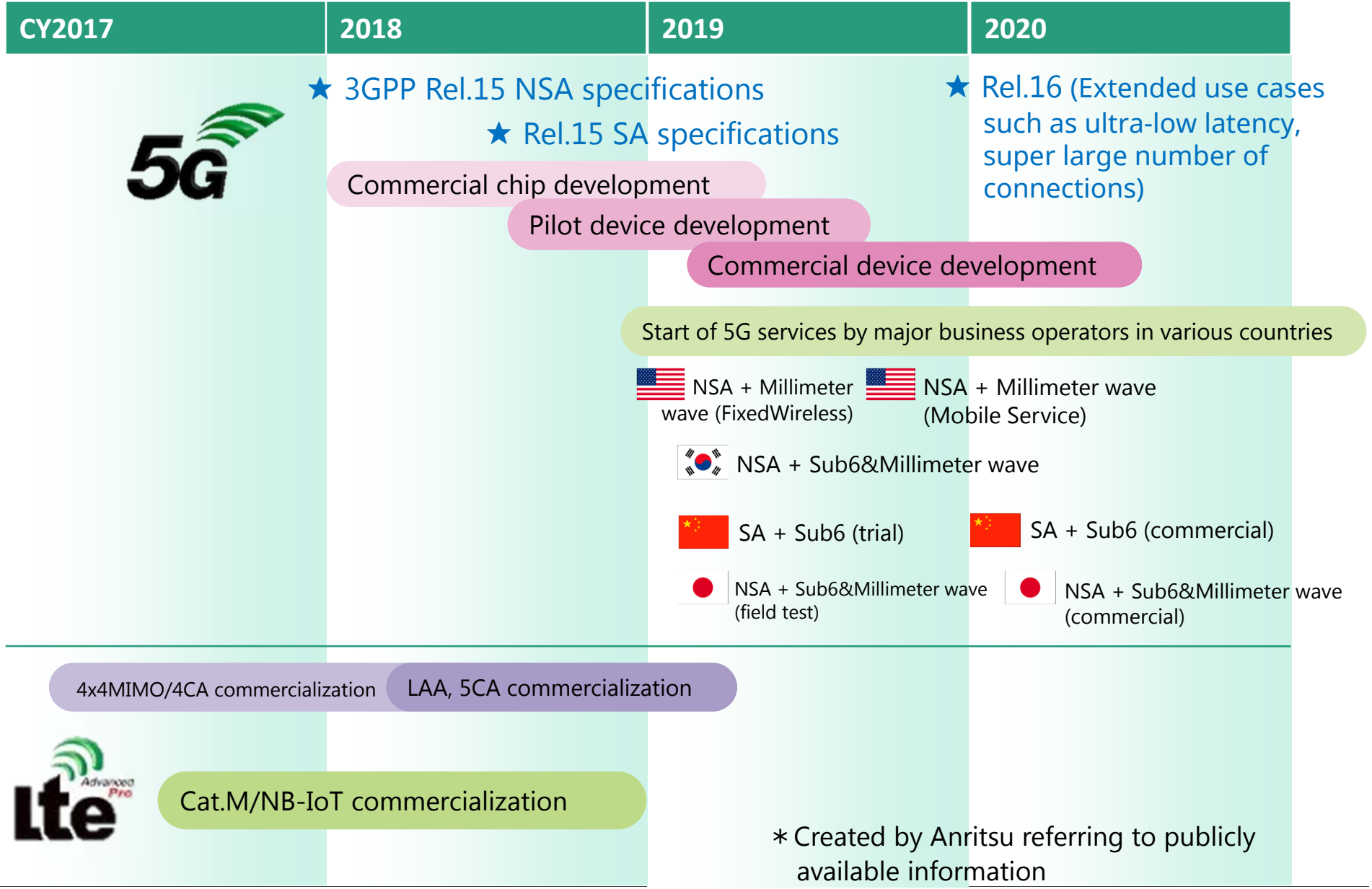
5-5. T&M：Roadmap of 5G



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6. GLP2020 PQA Business

Masumi　Niimi

Senior Vice President

PQA Business Group President

Anritsu Corporation

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6-1. PQA Business：Mid term business plan(GLP2017) Review

Business environment	Measures and results
Interest in safe and secure food is growing around the world ■ Increase in demand for processed food and prolongation of expiration date ■ Penetration of sanitary management practices such as HACCP ■ Shift from sampling inspections to full inspections Shift from human inspections to automated inspections **Global advance of inspection automation that pursues both quality improvements and productivity** ■ Expansion of production volume, increased line speeds ■ Chronic manpower shortage, rising personnel expenses ■ Rising raw material prices, reduction of food loss	**Active investments in cutting-edge technologies to overcome quality assurance issues** ■ Sharing issues with advanced customers working on quality assurance, including major food companies and convenience store vendors ■ Investment in automated inspections for insects, resins, small bones, etc. **Development of new products that contribute to quality assurance** ■ Long-life, low-cost X-ray inspection devices ■ X-ray inspection devices for detection of packaging and seal defects ■ Metal detectors with radically improved detection performance ■ Data management systems that contribute to the establishment of traceability and improvements in productivity **Strengthening relationships with global companies** ■ Strengthen relationships and increase business with major global food and beverage companies and confectionery companies

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6-2. PQA Business : GLP2020 Basic strategy

VISION

Establish position as a world-class quality assurance solutions partner

Basic strategy

- Develop the advanced market in Europe and North America with X-ray inspection systems as a key solution
- Accurately respond to market needs through localization and global business reform
- Strengthen profitability through value-added solutions and expansion of global business

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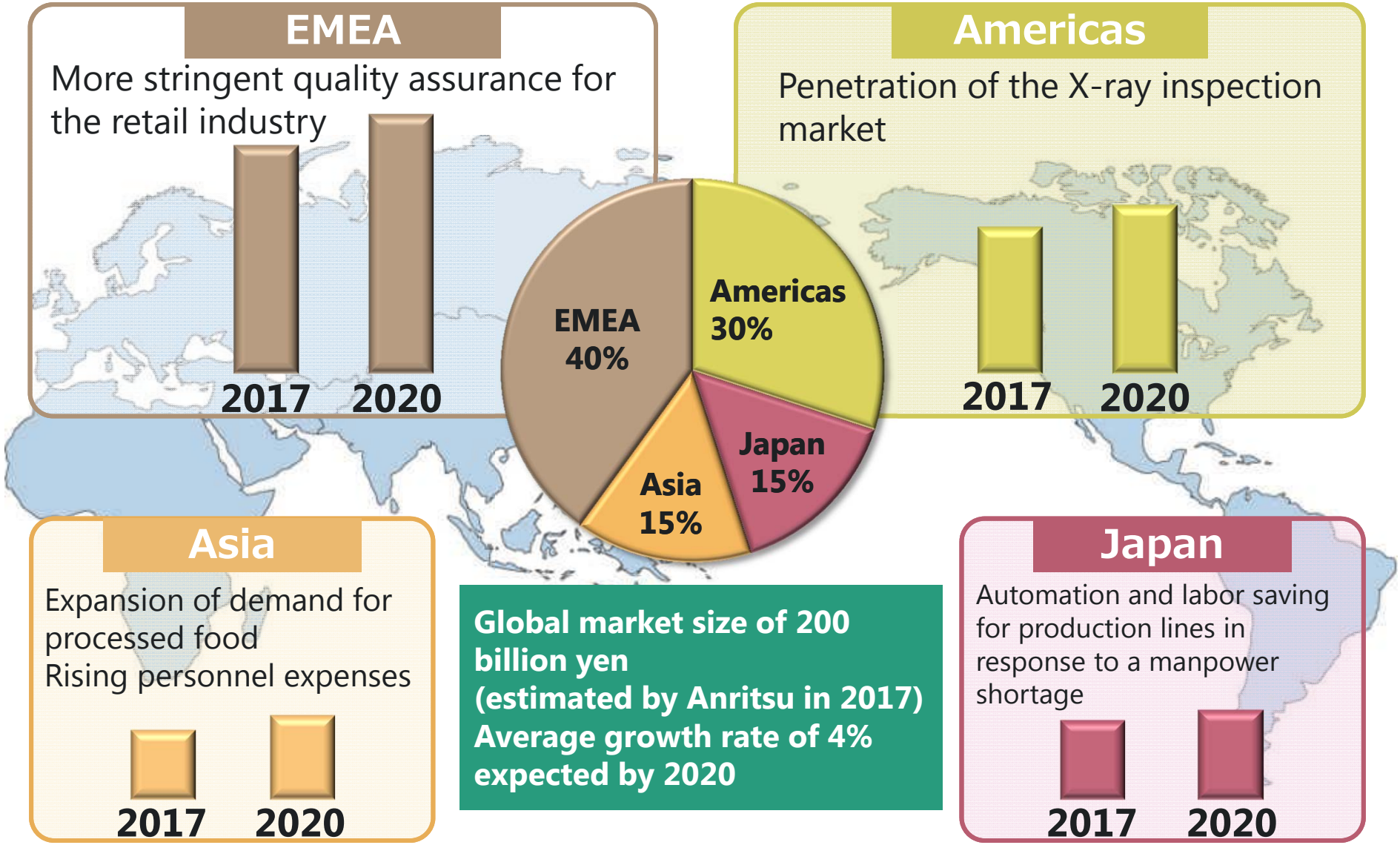
6-3. PQA Business: Current Status of the PQA Market and Outlook



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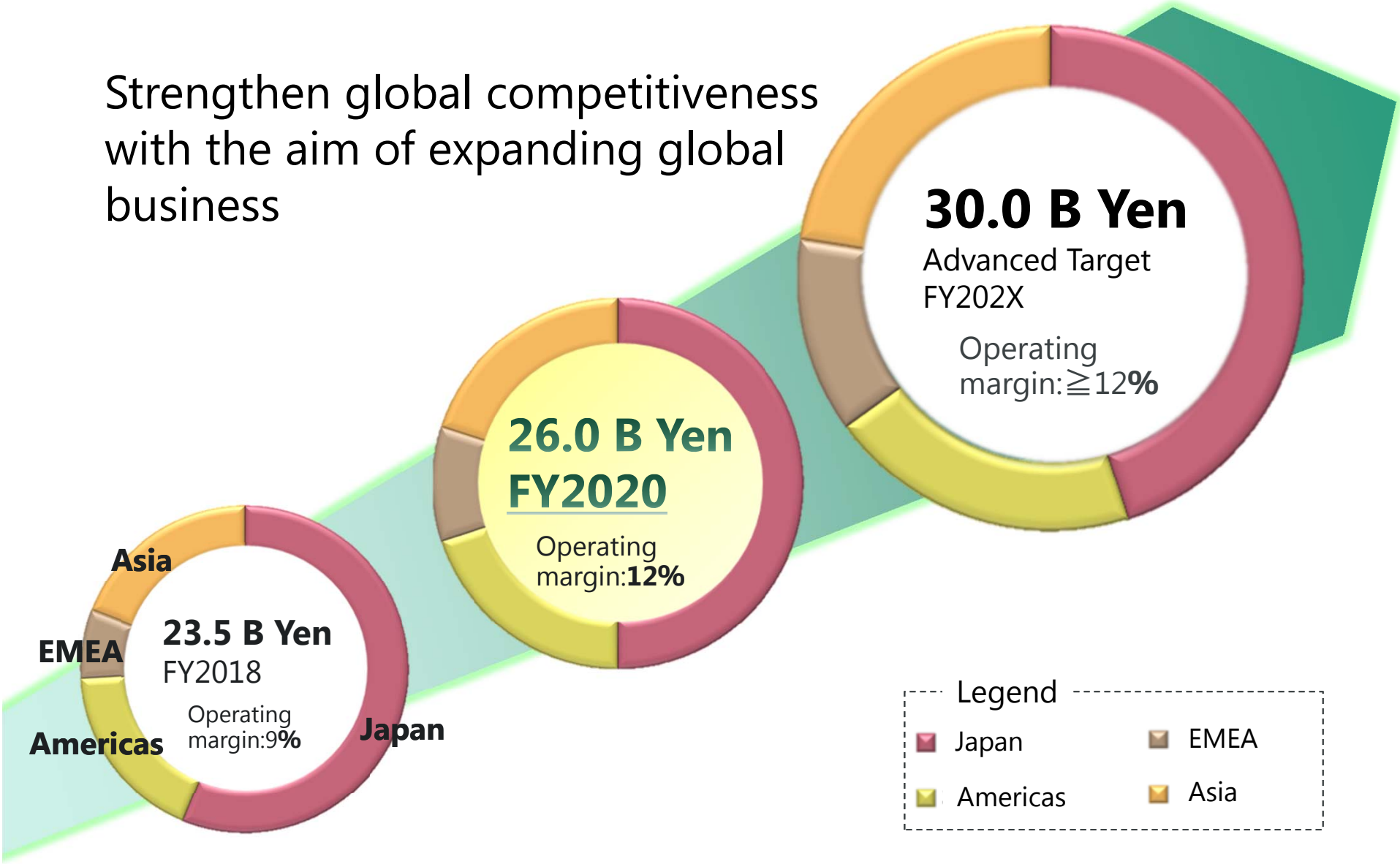
6-4. PQA Business：GLP2020 Revenue and operating profit plan

Strengthen global competitiveness with the aim of expanding global business



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