

Continuous Growth with Sustainable Superior Profits

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President and Group CEO
Anritsu Corporation

February, 2016



TSE code : 6754
<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.

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.

Agenda

I. Mid-term Business Plan and Business Strategy

1. 2020VISION, Outline of our business segments
2. Middle and long-term management basic strategy
3. Strategy and growth opportunities < T&M > (GLP2017)
4. Revenue and Op. profit Plan
5. Business opportunities < T&M >
6. Financial strategy
7. Corporate Governance
8. Appendix

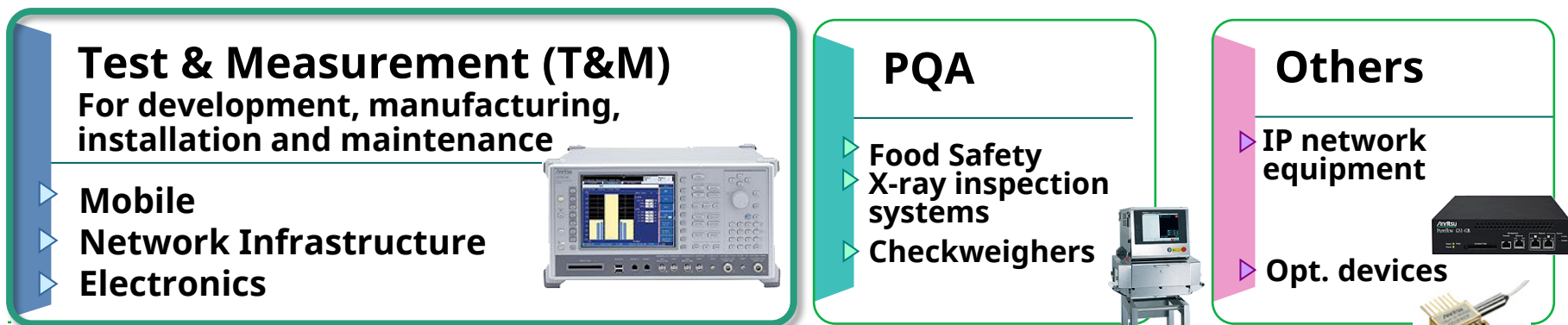
II. Financial Results for the 3rd. Quarter and Forecast for full year of FY2015 & Review of mid-term business plan

1-1. GLP2017 & 2020VISION



1-2. Outline of our business segments

(FY2014)



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

T&M 74%			PQA 16%	Others 10%
Mobile 50%	Network Infrastructure 30%	Electronics 20%		

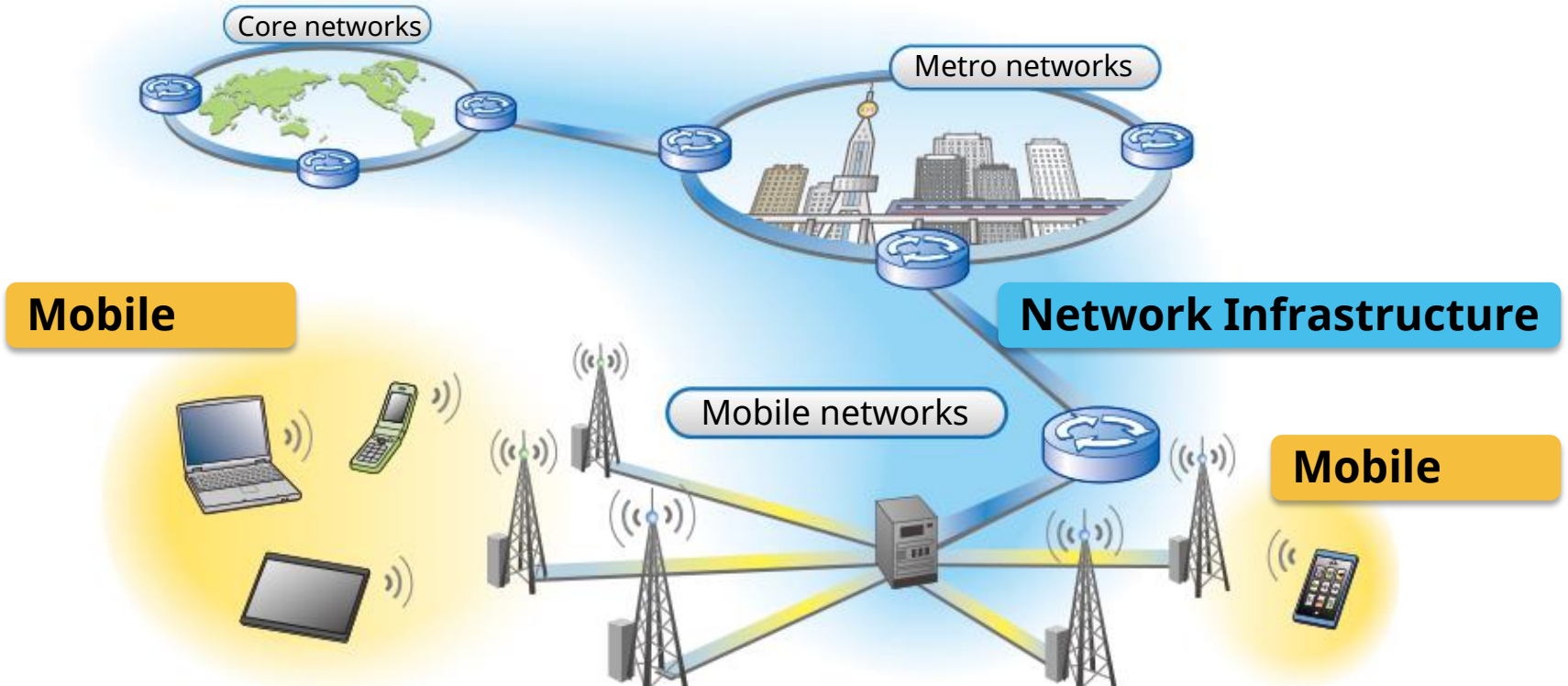
(Sales of T&M business by region in FY2014)

Japan 15%	Asia & Pacific 35%	Americas 30%	EMEA 20%
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PQA : Products Quality Assurance (The former segment name: Industrial Automation)

1-3. Outline of our business segments

<T&M>



	R&D	Manufacturing	Installation/ Maintenance
Wireless Communication	Mobile (50%)		
Wireline Communication	Network Infrastructure (30%)		
Electronics (20%)*			

2. Middle and long-term management basic strategy

Capture growth drivers without fail,
and realize “continuous profitable growth”

	Market average annual growth rate	Growth driver	Target	
			Sales growth rate	Operating margin
T&M	3-5%	Broadband expansion and innovation (1) IoT (M2M) (2) LTE-Advanced, 5G, Connectivity (3) Network Reshaping	$\geq 7\%$	$\geq 20\%$
PQA	3-5%	Growing worldwide interest in safety, security of food Solutions with X-ray for quality assurance	$\geq 7\%$	$\geq 12\%$
Consolidated	—	—	—	$\geq 18\%$
ROE	—	—	$\geq 15\%$	

3. Strategy and growth opportunities <T&M> (GLP2017)

Capture global business opportunities through solutions with high added value and solidify our position as a global market leader.

Growth opportunities

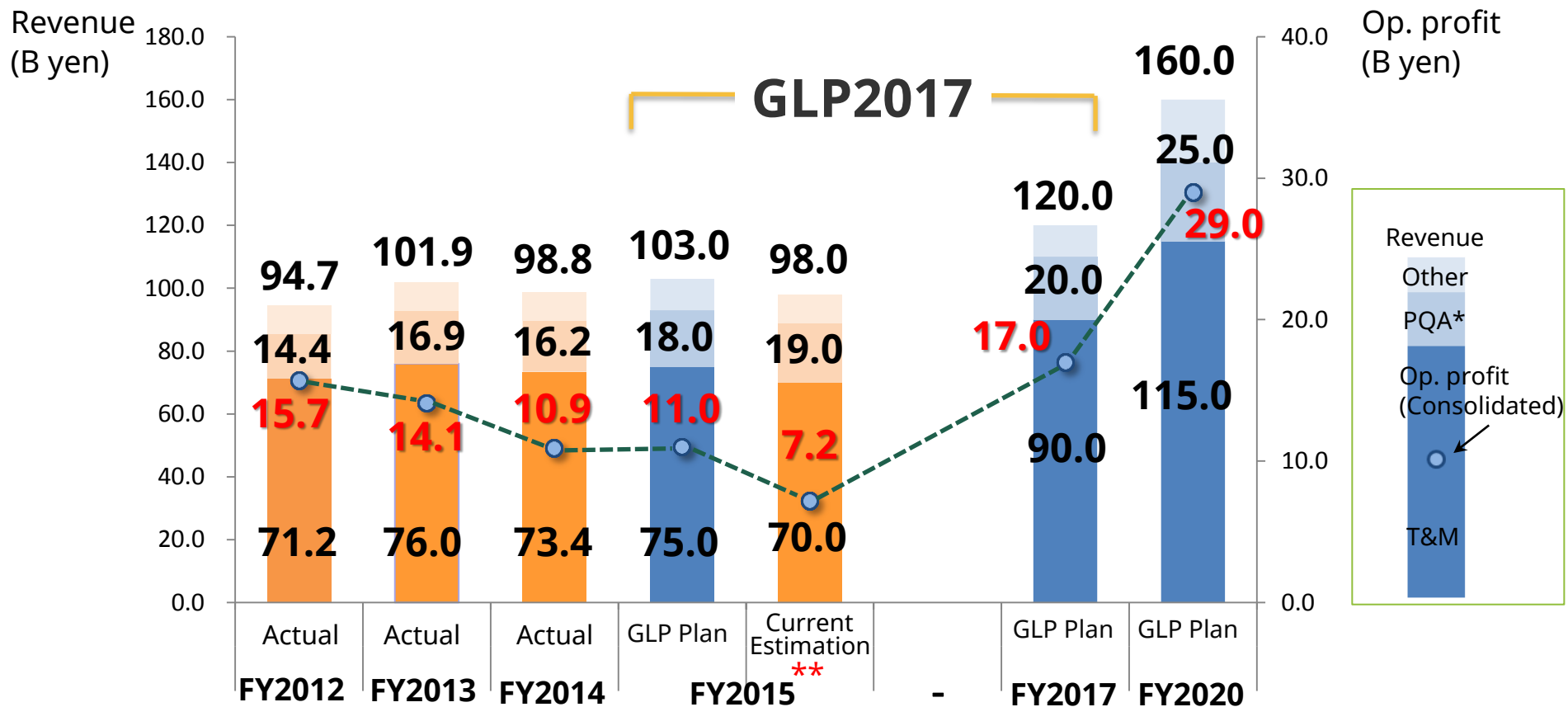
1. Customer experience in the new social infrastructure field to be created through the expansion of IoT (M2M)
2. Evolution of LTE-Advanced, 5G, and connectivity
3. Demand for construction of a new base station network to support small cells

Targets in 2020

Revenue US \$1B

Operating margin more than 20%

4-1. Revenue and Op. profit Actual/ Plan



OP. Margin	FY2012		FY2013		FY2014		FY2015		-		FY2017		FY2020	
	Consoli.	T&M	Consoli.	T&M	Consoli.	T&M	Consoli.	T&M	Consoli.	T&M	Consoli.	T&M	Consoli.	T&M
	17%	21%	14%	17%	11%	12%	11%	12%	7%	9%	-	-	14%	15%
	17%	21%	14%	17%	11%	12%	11%	12%	7%	9%	-	-	14%	15%

*PQA: Products Quality Assurance
 ** Revision on Jan 2016

4-2. Revenue and Op. profit Plan

Unit : Billion Yen

		GLP2014 (Actual)			GLP2017 (Plan)				
		FY2012	FY2013	FY2014	FY2015	FY2015* (Current Est.)	FY16		FY2017
Revenue		94.7	101.9	98.8	103.0	98.0		120.0	160.0
Op. profit		15.7	14.1	10.9	11.0	7.2		17.0	29.0
Op. margin		17%	14.0%	11 %	11 %	7%		14 %	18 %
Profit		13.9	9.3	7.9	8.0	5.0		13.0	21.0
T & M	Revenue	71.2	76.0	73.4	75.0	70.0		90.0	115.0
	Op. profit	15.0	13.0	8.9	9.0	6.0		13.5	23.0
	Op. margin	21 %	17%	12 %	12 %	9%		15 %	20%
PQA	Revenue	14.4	16.9	16.2	18.0	19.0		20.0	25.0
	Op. profit	0.8	1.2	0.8	1.1	1.2		1.6	3.0
	Op. margin	6%	7%	5 %	6 %	6%		8 %	12%

Note 1 : Exchange rate for GLP2017 1USD = 115 yen, 1EURO=130 yen Note 2 : * Revision on Jan 2016

4-3. Background for downward Revision < T&M >

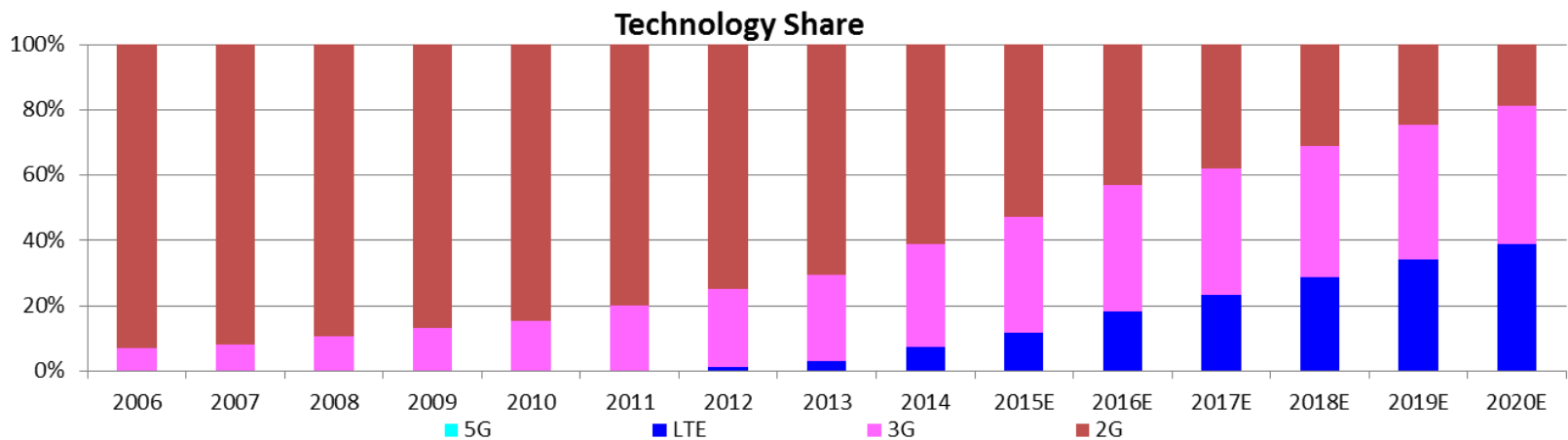
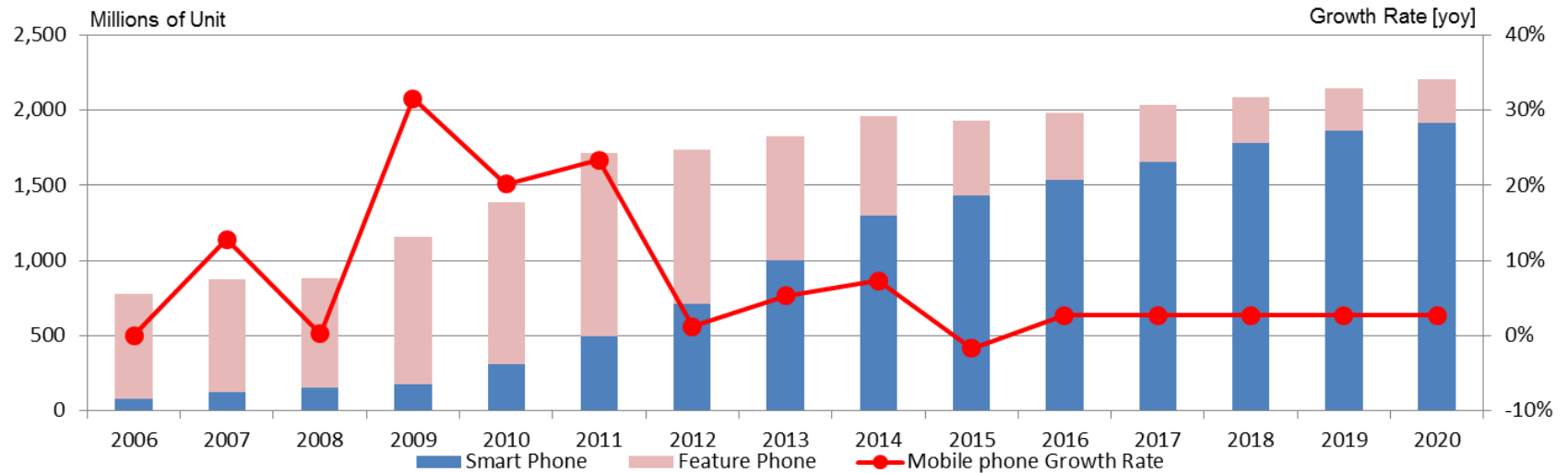
➤ Mobile Development Market :

Although sales to Asian customers showed growth, investment in LTE-Advanced has not grown as a whole due to restructuring and restraint in investment by major customers of North America etc.

➤ The growth rate of shipments of smartphones has slowed down, and the smartphone manufacturing market tends to reduce.

➤ Although sales of measuring instruments for optical/digital have grown strongly, triggered by data centers market etc, LTE base station related sales has not grown due to severe restraint in CAPEX by carriers in North America and delay of the launch of investment in Small cell.

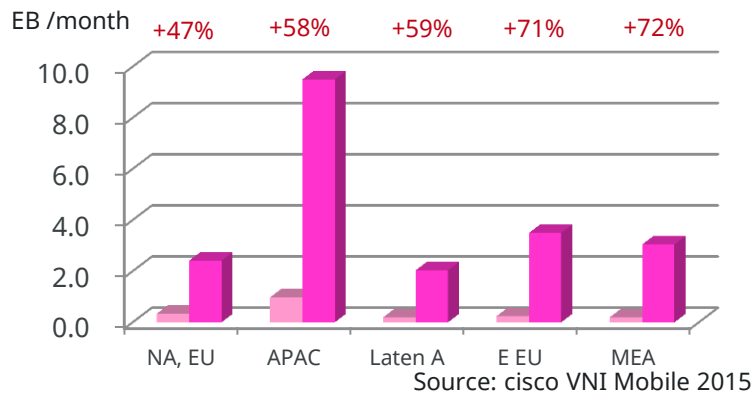
4-4. World Wide Mobile Phone Shipment Forecast & Mobile phone Subscriptions by Technology



Note 1: 3G/4G Subscriptions number is same as number of active mobile broadband subscriptions in ITU-D statistics.
 Note 2: Anritsu estimates the data of after 2015 (2015's number was estimated by ITU) .
 Source 1: ICT Facts and Figures - The world in 2015, <http://www.itu.int/en/ITU-D/Statistics/Pages/facts/default.aspx>
 Source 2: United nations, World Population Prospects: The 2012 Revision; <http://esa.un.org/wpp/Excel-Data/population.htm>

5-1. Mobile market trend < T&M >

Average Growth Ratio by Geographical CY 2014 to CY 2019



Mobile data traffic projections

World
2.5EB (CY2014)  **24.3EB** (CY2019)

Seamless connectivity

Cat.1/0/M / NB-IoT

D2D MCC V2X

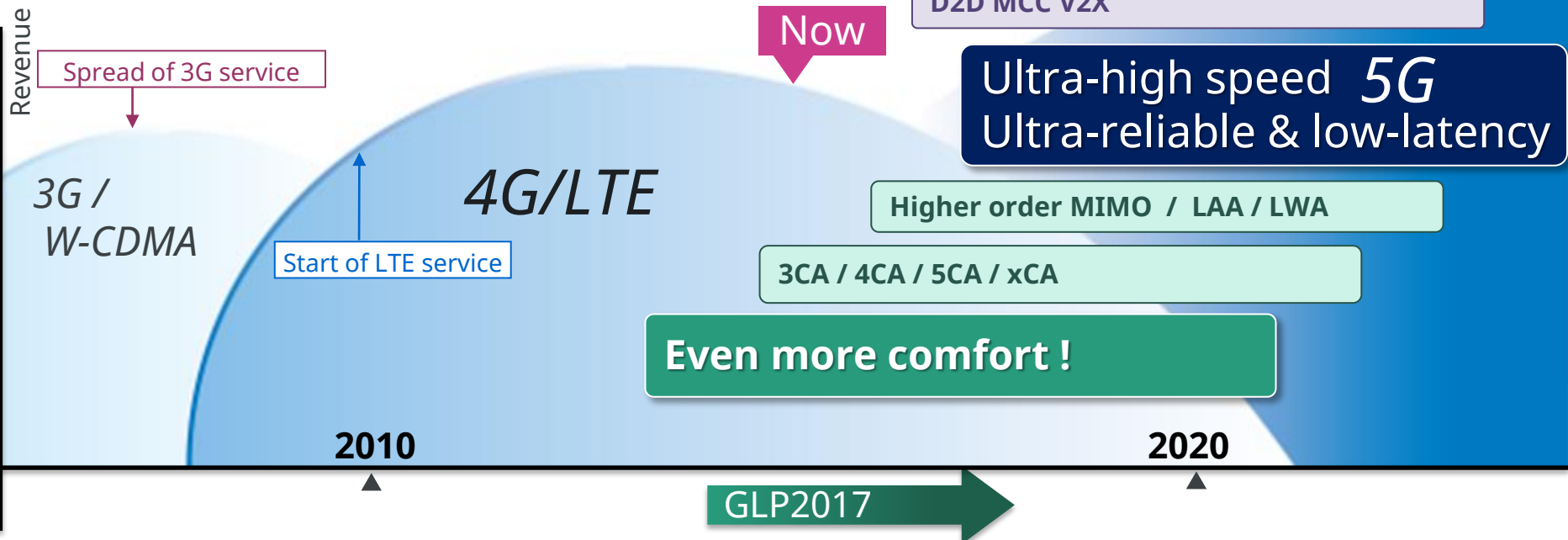
Now

Ultra-high speed 5G
Ultra-reliable & low-latency

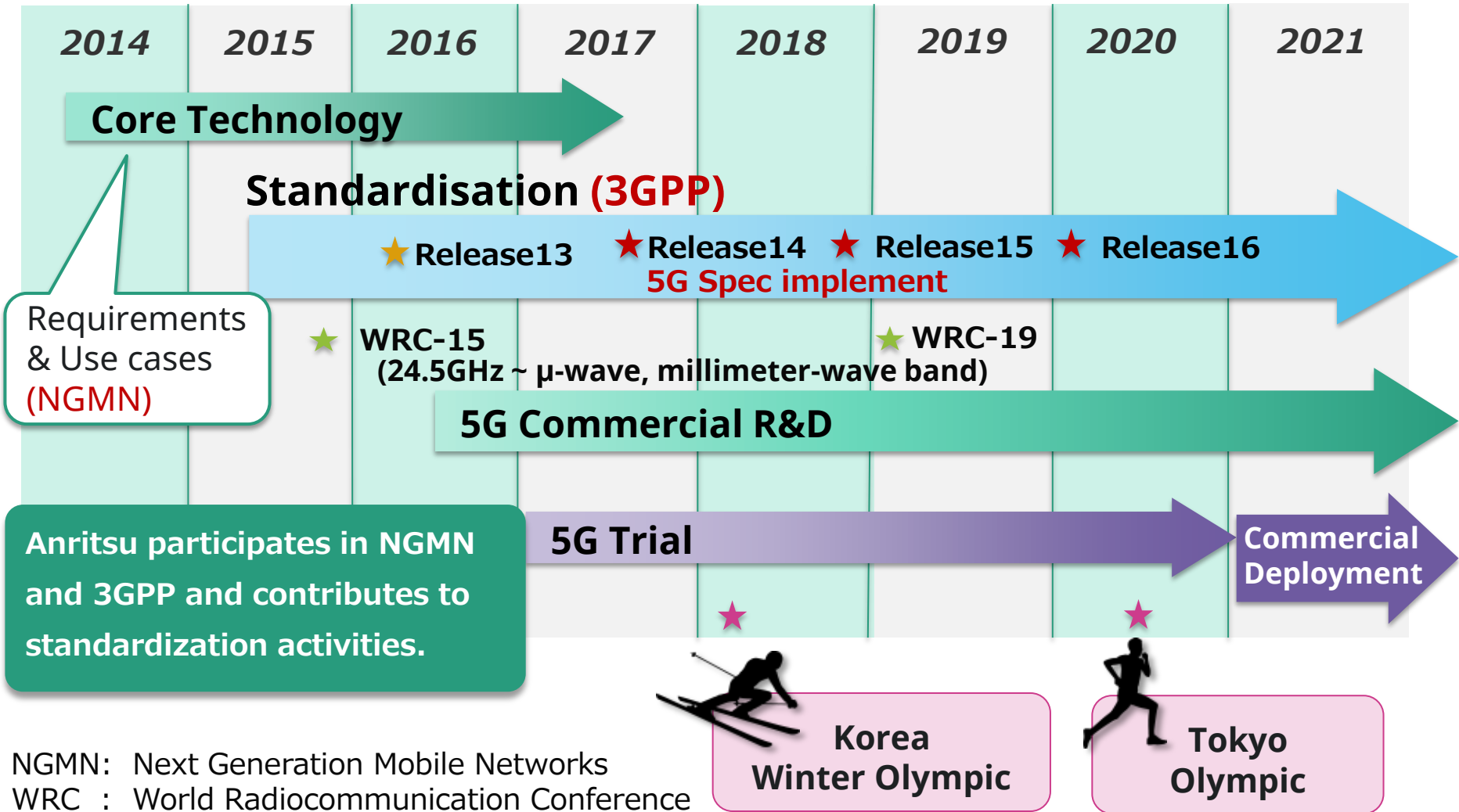
Higher order MIMO / LAA / LWA

3CA / 4CA / 5CA / xCA

Even more comfort !



5-2. LTE-Advanced ~ 5G roadmap (CY2015 ~ CY2020)



NGMN: Next Generation Mobile Networks
 WRC : World Radiocommunication Conference
 3GPP : Third Generation Partnership Project

5-3. Network Reshaping < T&M >

New social infrastructure systems



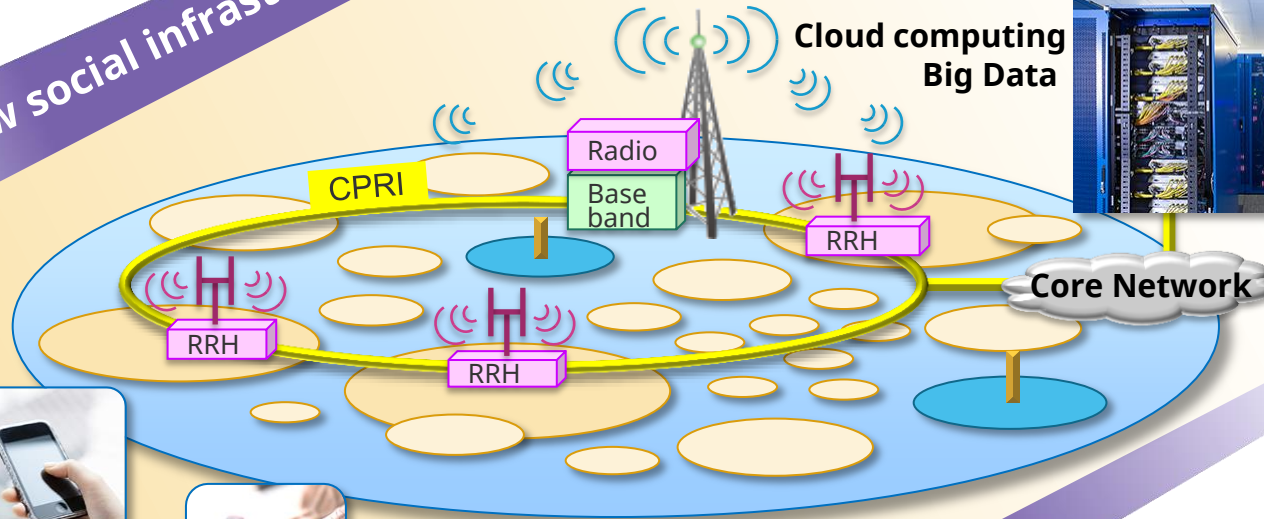
Entertainment



Smart Car



IoT/5G



Cloud computing
Big Data



Core Network

New social innovation is happening due to the evolution of smart products with connectivity as a result of the fusion of mobile broadband services and cloud computing



Smart Life



Fintech



Social ICT



Industry 4.0

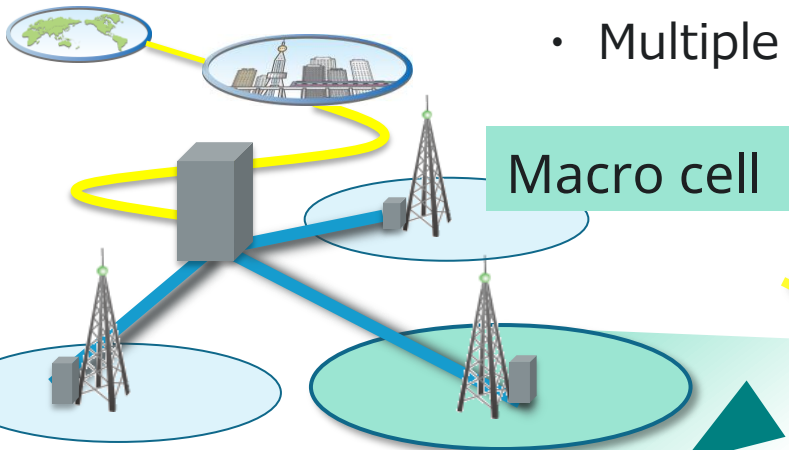
5-4. Start of new base station network < T&M >

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

Current LTE

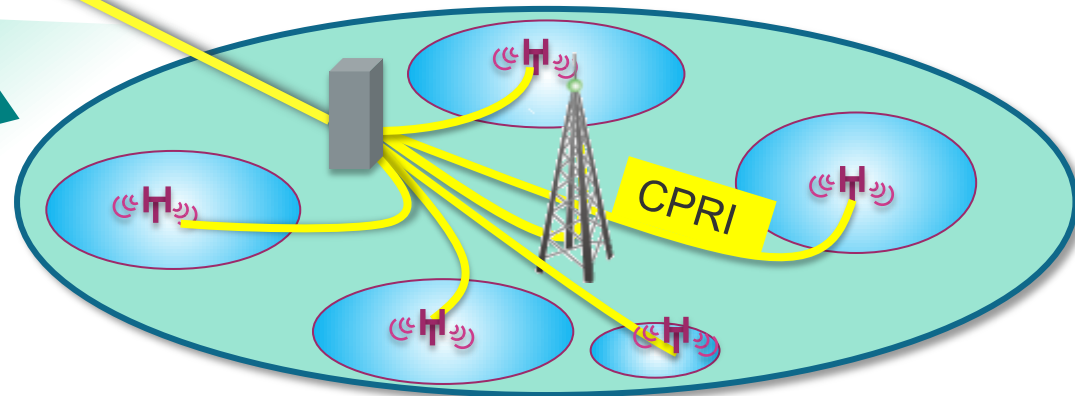


Macro cell

Macro cell

+

Small cell



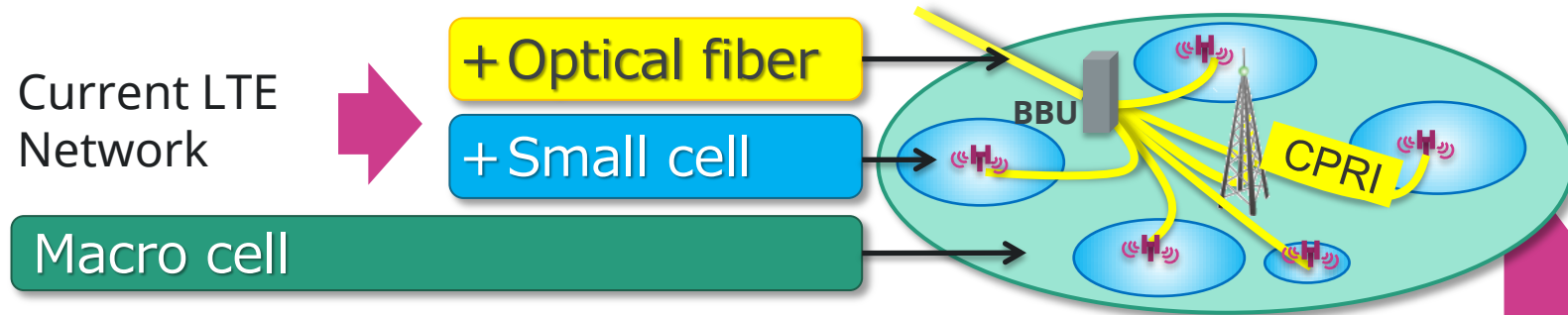
Main Competitors

Viavi (formerly known as JDSU)

Further evolution towards IoT/5G

5-5. Business opportunities and initiatives < T&M >

Aiming for networks that support large volume of connections and increased data volume



Support the evolution of networks through continuously strengthening test solutions



GOOD DESIGN AWARD
2015

MT1000/1100
Network Master

Wired measurement

+ Cloud Solution

+ Optical CPRI

Ongoing function
strengthening



MT8220T
BTS Master

Wireless measurement

+ Optical CPRI

**Further evolution
towards IoT/5G**

Reshaping the Future
of Network Test
solution

5-6. T&M business: efforts in FY2016 onwards

Business opportunities (T&M)

3G

4G/LTE

Now

IoT

5G

Asian global companies

Efforts toward generating profits

- Expand market share by actively responding to structural changes in the global market
- Incorporate network-reshaping investment
- Respond to expansion of the datacom and data center markets
- Thoroughly implement cost controls

Active investment in IoT/5G

6-1. Financial strategy for achieving continuous growth with sustainable superior profits (GLP2017)

1. ROE/ACE improvement targets

We will work to improve capital efficiency and corporate value, and enhance returns to shareholders.

	FY2014	FY2015	~	FY2017
ROE	10%	10%		14%
ACE	2.4 B Yen	3.0 B Yen		8.0 B Yen
Operating cash flow margin	8%	9%		13%

2. Strategic investment plan (cash-based)

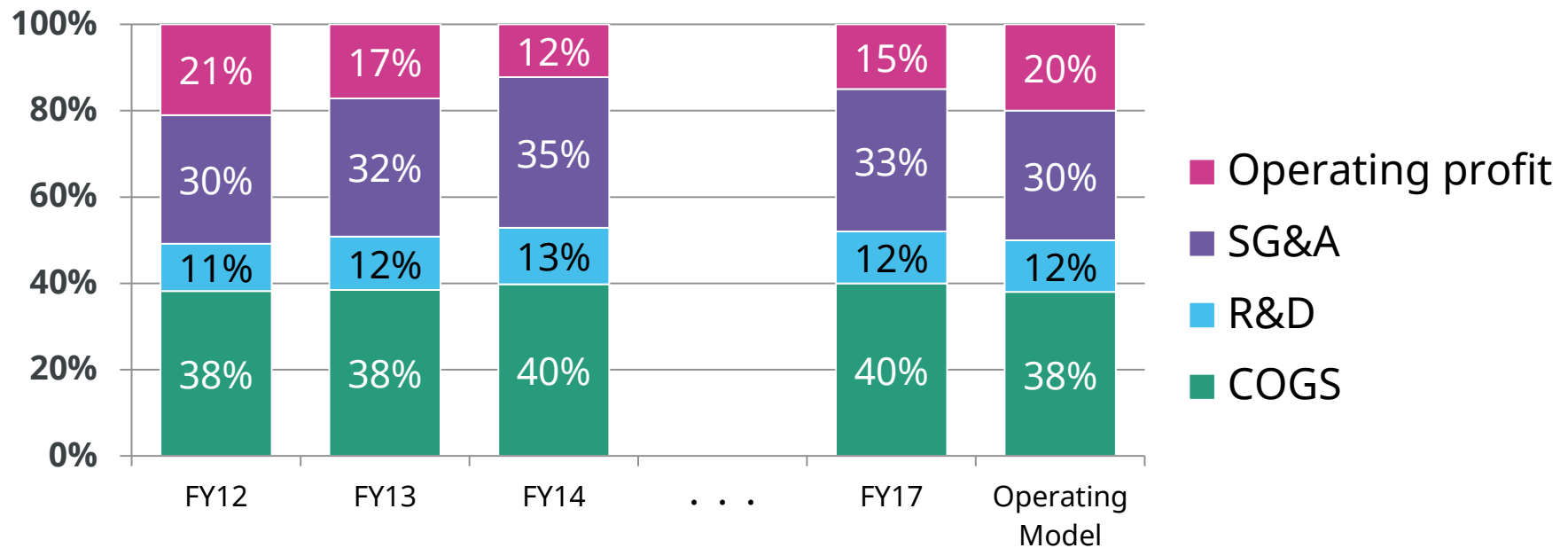
We will prioritize the allocation of cash to strategic investments to achieve growth.

	FY2014	Total of FY2015-17
Normal investments (Note:1)	3.1 B Yen	11.0 B Yen
Strategic investments (Note:2)	2.9 B Yen	10.0 B Yen

(Note:1) Normal investments include software investments
(Note:2) Strategic investments include BCP investments.

3. We will continue to work to strengthen our financial structure (equity ratio: 60% to 70%, credit rating of at least A-).

6-2. Profit structure improvement targets < T&M >



Cost structure improvement measures

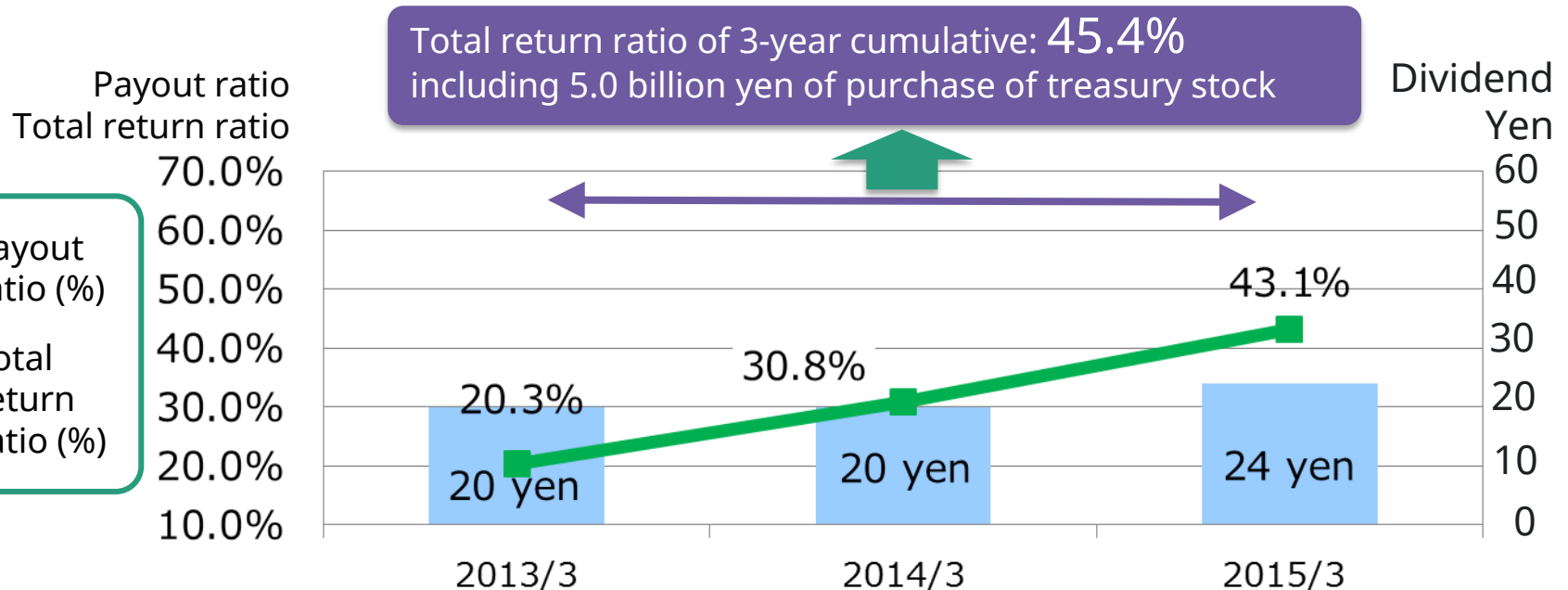
- Introduction of high value added solutions (professional services, software)
- Thorough enforcement of development ROI & ROIC management (*1)
- SG&A expenses: Organizational structure and optimal allocation of human resources in response to changes in customer trends

*1:KPI target index for R&D investments is an R&D ROI(gross profit / R&D investment value) of 4.0times or higher.

6-3. Shareholder Return Policy

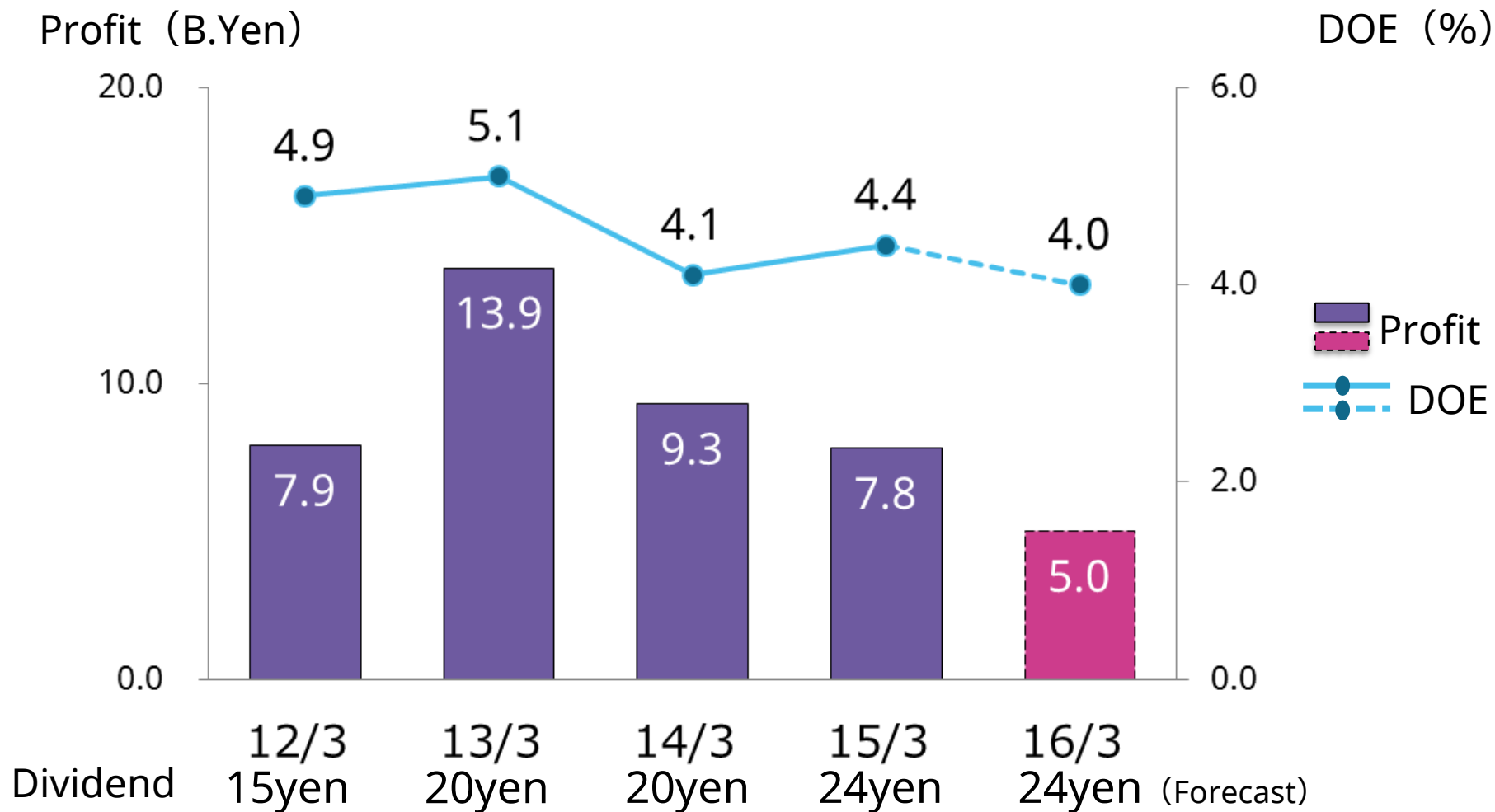
Dividend Policy

- Distribute profits in accordance with its consolidated performance and by taking into account the total return
- Take the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year
- Aim at a consolidated dividend payout ratio of 25 percent or more

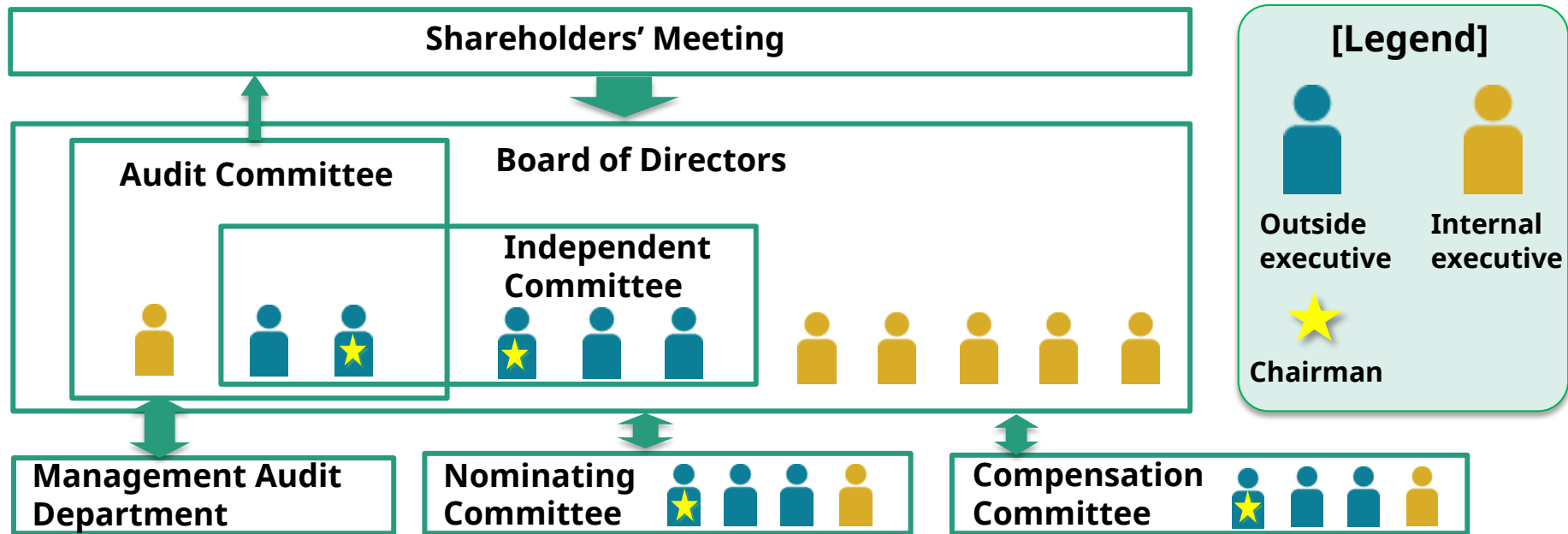


6-4. Dividend Forecast

**No change for annual dividend of 24.00 yen per share
(including interim dividend of 12.00 yen, DOE 4%)**



7-1. New Structure after transition to a Company with an Audit Committee



Purpose of transition to a Company with an Audit Committee

- Aim to establish a governance system with high management transparency from a global perspective
- Ensure further accountability and stimulate discussions in consideration of the perspectives of shareholders by increasing the ratio of outside directors
- Reinforce audit and supervisory functions of the Board of Directors by granting audit and supervisory board members as Audit Committee members with voting rights in the Board of Directors.

7-2. Basic Policy on Corporate Governance

Following the concepts in principles laid down in the “Japan’s Corporate Governance Code” established by the Tokyo Stock Exchange, Inc. (“TSE”), the Company has established this “Anritsu Corporation Basic Policy on Corporate Governance” which clarifies its concepts of and the organization, structure and frameworks, etc. to uphold corporate governance, with the aim to realize better corporate governance in the Anritsu Group .

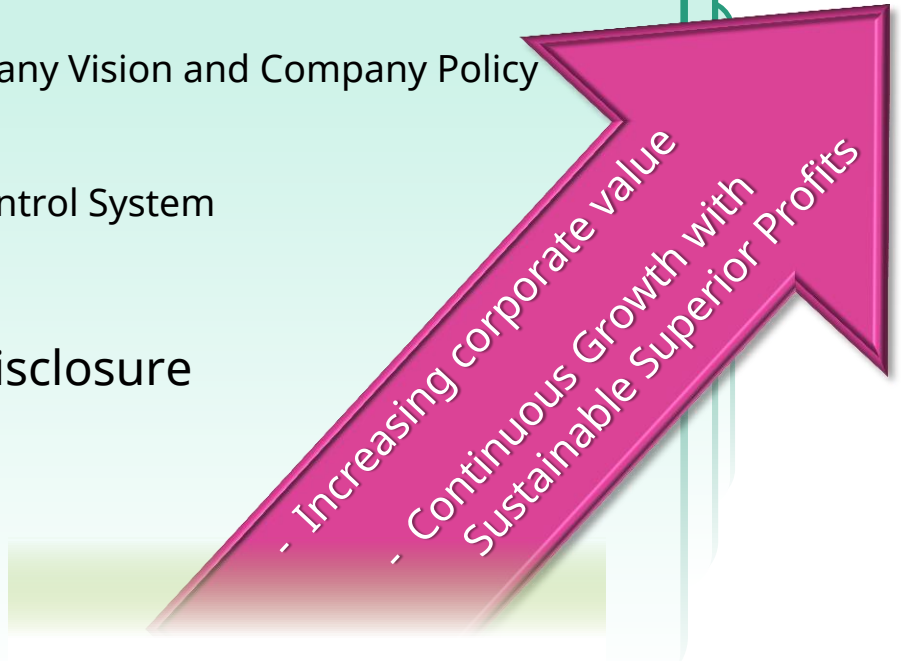
1. General Principles

- 1.1 Formulation of Company Philosophy, Company Vision and Company Policy
- 1.2 Basic Concepts of Corporate Governance
- 1.3 Establishment and Operation of Internal Control System

2. Relation with Stakeholders

3. Ensuring Appropriate and Timely Disclosure and Transparency

4. Corporate Governance Structure



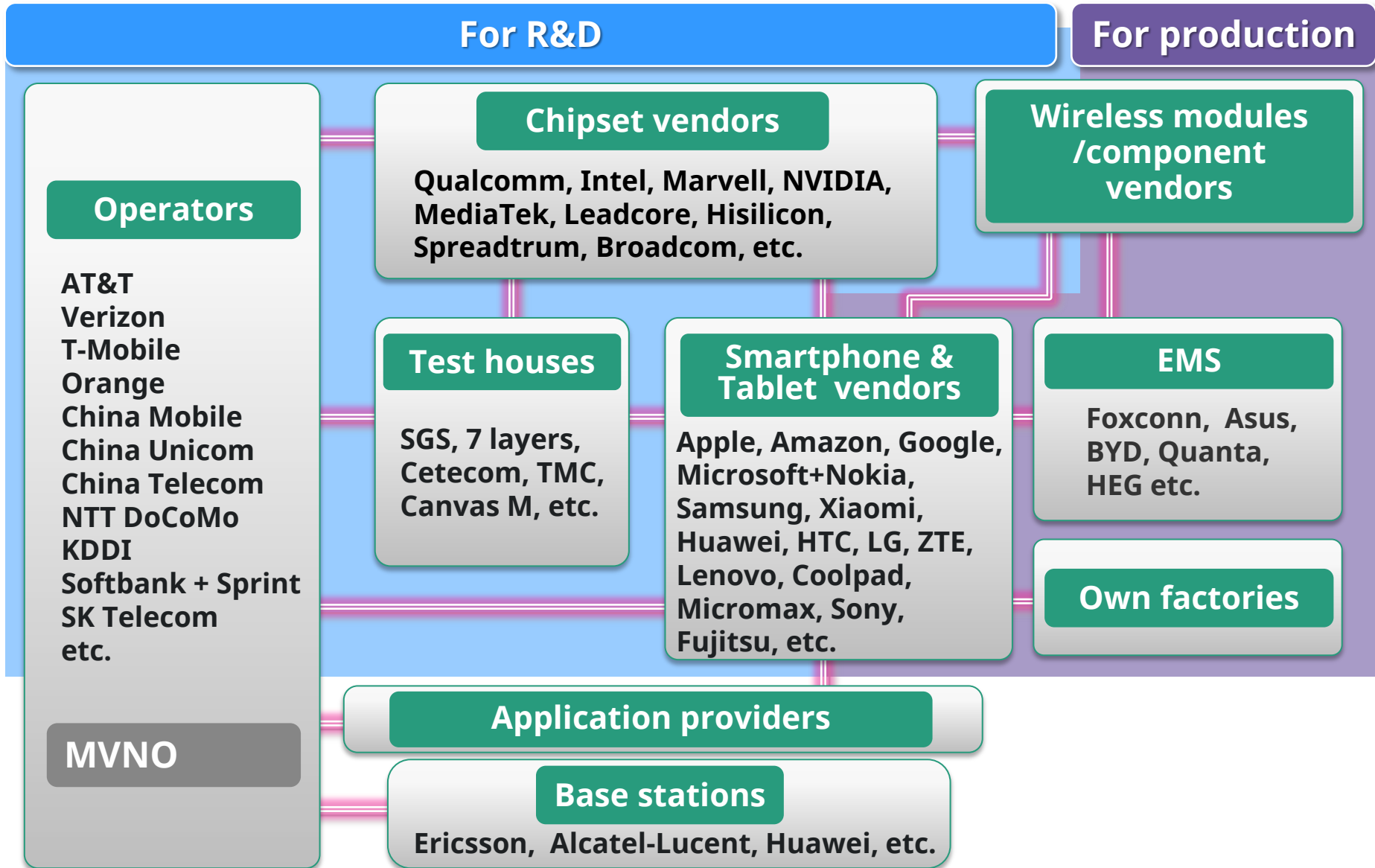
Website :

<http://www.anritsu.com/en-US/about-anritsu/corporate-information/corporate-governance>











CG: Corporate Governance

Appendix

Appendix-1. Food chain and players in mobile telecom market < T&M >

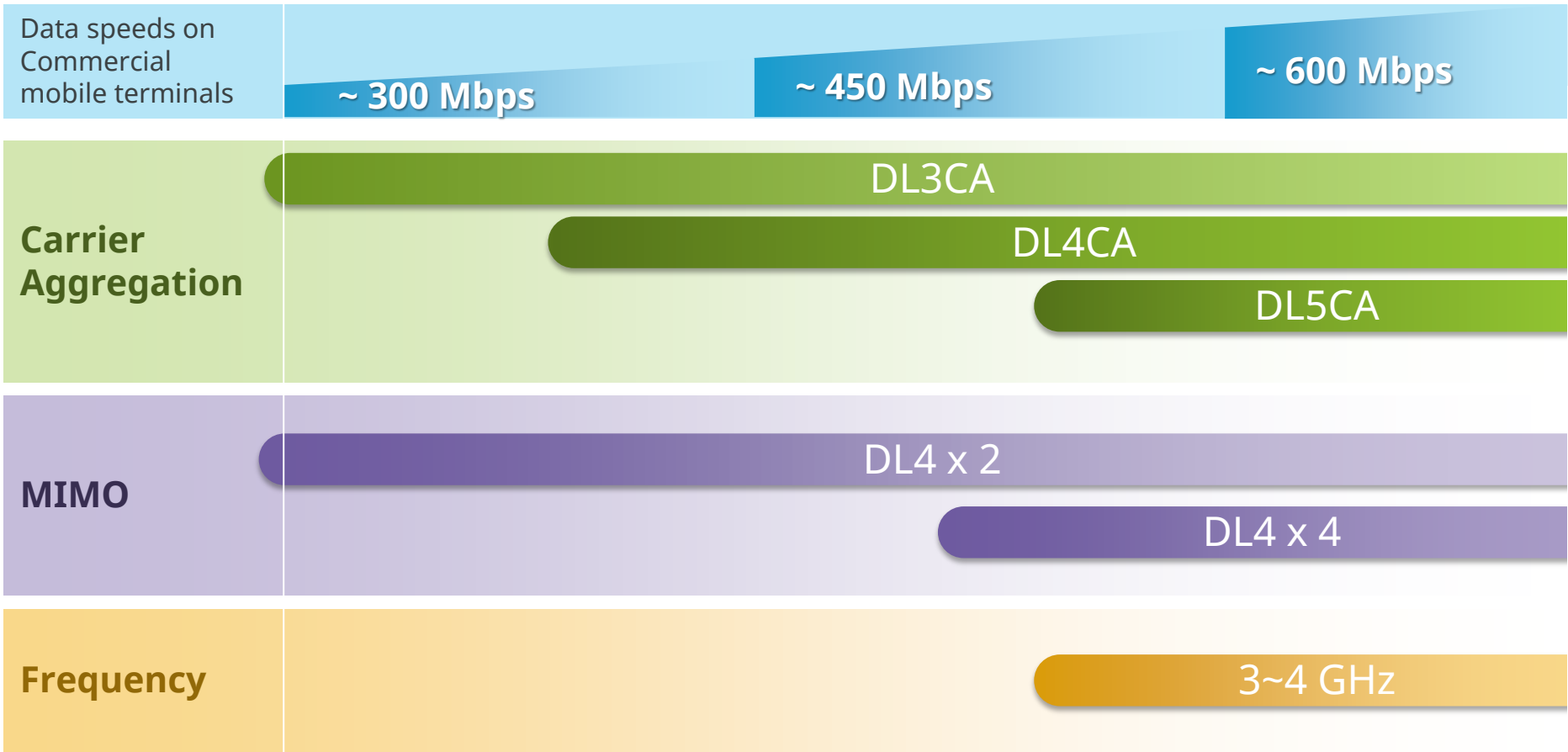
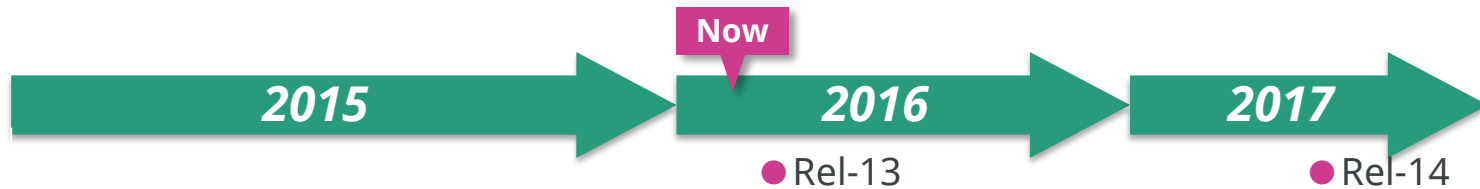


Appendix-2. Mobile R&D business – various market segments < T&M >

	Platform(Core) Development	Conformance test		Operator Acceptance test	Smartphone Commercial test
		RF	Protocol		
Uses	Comm. standard development Chipset development	Conformance test Interoperability test		Comm. Carrier acceptance test	Application development UE operation test
Main customers	Chipset vendor UE vendor	Chipset vendor, UE vendor, Communication Carrier		Com Carrier, Test house, Vendor,	UE vendor Applications developer
Main theme	<ul style="list-style-type: none"> • FDD / TDD-LTE, LTE-Advanced (Carrier aggregation etc.) • VoLTE (Voice over LTE) • MIMO (Multi Input Multi Output) • Chipset unification of 3G/LTE and SRW (Short Range Wireless) 				<ul style="list-style-type: none"> • Improve data throughput • Battery consumption etc.
Market trend / Positioning	 Keep No.1 position	 Keep No.1 position	 Growing market Position improve	 Growing market Position improve	 Growing market Position improve
Products					
Main Competitors	Rohde & Schwarz		Rohde & Schwarz, Keysight(Agilent, Anite), Spirent		Rohde & Schwarz, Keysight, Aeroflex

Appendix-3. Roadmap of LTE-Advanced < T&M >

Chipset → UE → Operator Expected demand for measuring instruments for R&D



1 : Multi Port 2 : Multi System 3 : One Stage

MT8820C
Radio Communication Analyzer
For Cellular ~2 DUT



Wi-Fi
Bluetooth



GPS CATV FM
DVB-T/H etc



MT8870A
Universal Wireless Test Set
For 2G / 3G / LTE & Connectivity



~ 4 DUT



~ 32 ports

MN8116A Multi-port Switch
Best For
Multi Antenna & 1stage measurement

Main Competitors

Rohde & Schwarz, Keysight, Teradyne, National Instruments, Aeroflex

Safety , Emergency , Comfort , Infotainment , Diagnostic

Car Vendors

Autonomous car

ADAS

(Advanced Driver Assistance System)

Telematics

(Telecommunication + Informatics)

ITS C-ITS

(Intelligent Transport Systems)

Dashboard Vendors

Transceiver module

(Cellular + V2X + Connectivity + Antenna +etc.)

Rader module

Antenna

Satellite receiver

Tuner

Module Vendors

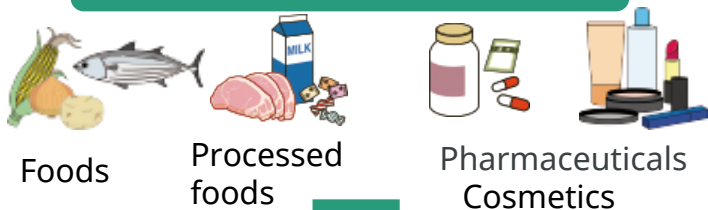
**Cellular module ,
Connectivity module ,
V2X module ,
Rader ,
Antenna ,
Connector ,
Cable , etc**

Chipset Vendors

Semi-conductors for communication

Appendix-6. Outline of PQA business segments (Products Quality Assurance)

Processed food, etc.



Major customers
 Kraft Foods Group, Unilever, Nippon Ham Group, Glico Group, Nissui Group, etc.

Production line for food, pharmaceuticals, etc.



<p>Automatic Combination Weigher</p> <p>Subdivides the materials into a fixed quantity</p>	<p>X-ray Inspection System</p> <p>Detects contaminants, shape testing, etc.</p>	<p>Metal Detector</p> <p>Detects metallic contaminants</p>	<p>Checkweighers</p> <p>Checks quality and quantity and missing material</p>
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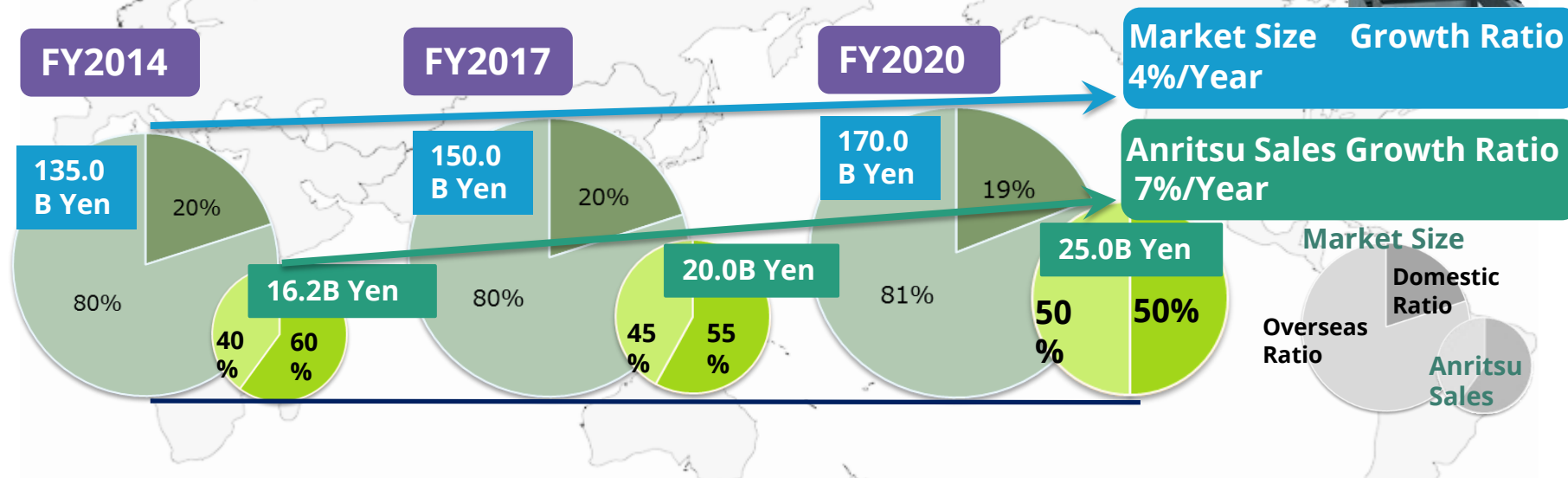
Secure & Safety to consumer

Main Competitors Mettler-Toledo, Ishida

Appendix-7. Strategy and growth opportunities < PQA > (GLP2017)

Expanding overseas business

The quality assurance market for food and pharmaceutical products will remain stable with an average annual growth rate of 4% (Anritsu's estimates).



Market	Major initiatives
North America Asia	Develop market with X-ray inspection systems as a key solution
Japan	Improve market share through quality assurance solutions with high added value in response to cutting-edge needs

1. Establishment of a global brand strategy
 - Company name has been changed to "Anritsu Infivis" (as of October 1)
2. Introduction of the new X-ray inspection system XR75 in the North American market

Received "Excellent Food's Machinery" prize for the new X-ray inspection system XR75

High-sensitivity



Long-life



"Excellent Food's Machinery and Material Prize"
by the Japan Food Journal

**Ⅱ . Financial Results for the 3rd. Quarter and
Forecast for full year of FY2015
&
Review of mid-term business plan
(GLP2014)**

II -1. Consolidated performance -Business Segments-

Segment	Y2015Q3 (April to December, 2015)
 T&M : Restrained investment in the mobile market continued	
Mobile	Restraint in capital investment by chip and terminal vendors continued
NW	Capital investment in optical/digital related business was strong
Electronics	Recovery trend for module development and business-use wireless device
Asia	While mobile R&D demand grew, demand for manufacturing equipment renewal was slow
Americas	Trend of restraint in construction investment among communications carriers
 PQA : Increase in capital investment, mainly in the Japanese convenience store market	

T&M: Test & Measurement

NW: Network Infrastructure

PQA : Products Quality Assurance

II -1. Consolidated performance -Financial results-

While revenue remained at the same level year on year, the progress in order intake fell below that of the previous year.

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	3Q FY2014 (Apr. to Dec.)	3Q FY2015 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	73.8	69.9	(3.9)	-5%
Revenue	71.8	72.2	0.4	0%
Operating profit (loss)	7.3	5.2 [*]	(2.1)	-29%
Profit (loss) before tax	8.0	5.1	(2.9)	-36%
Profit (loss)	5.6	3.9	(1.7)	-30%
Comperhensive Income	9.4	4.2	(5.2)	-55%
Free Cash Flow	0.9	(0.7)	(1.6)	-

Note : Numbers are rounded off in each column

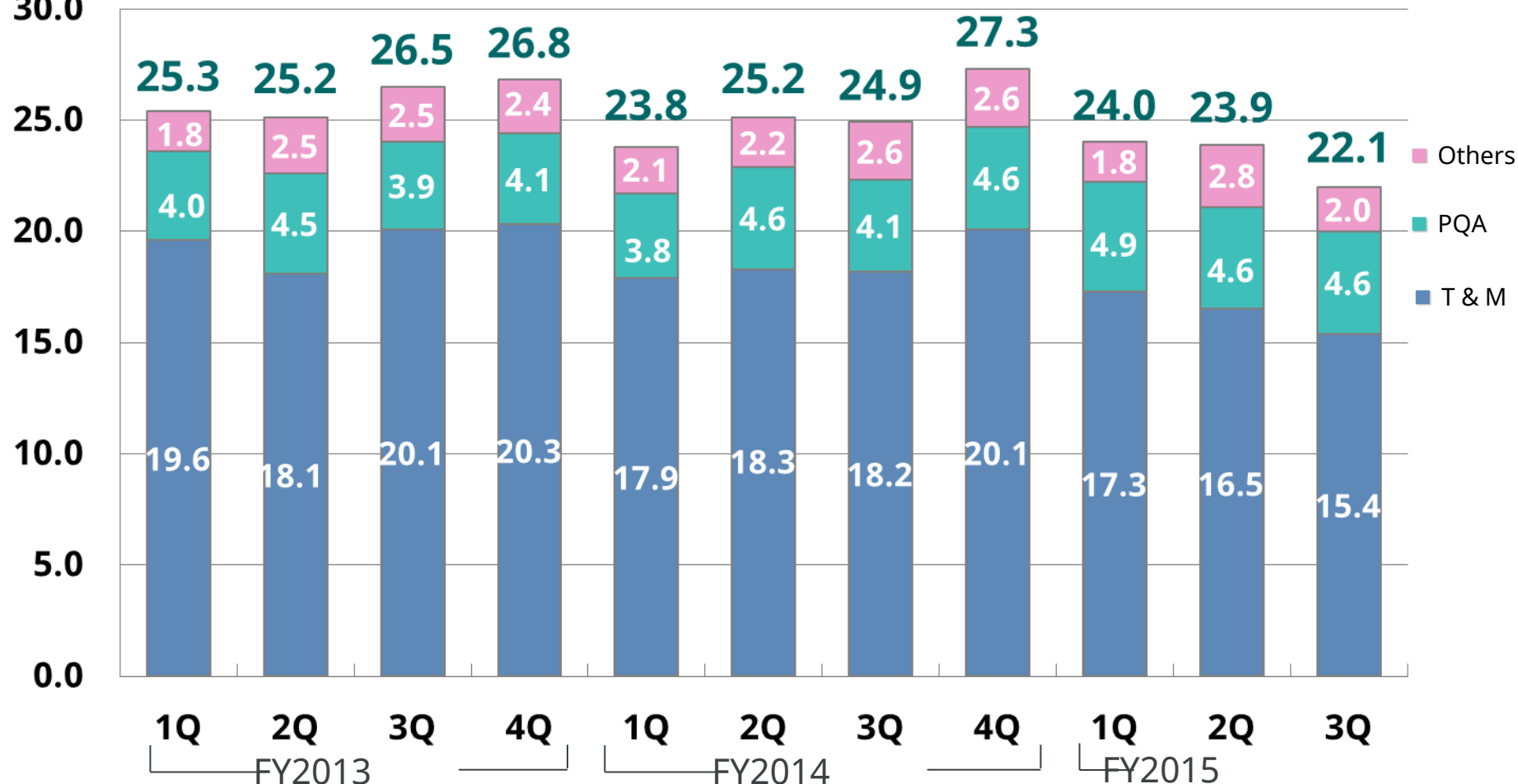
* Including restructuring costs of approximately 0.5 billion yen

II -1. Consolidated performance -Orders by business segment-

T&M : Restrained investment by customers continued and order intake decreased by 6% from 2Q

PQA : Maintained high levels as new products captured renewal demand for facilities

Bn. Yen
30.0



Note : Numbers are rounded off in each column

II -1. Consolidated performance -Results by business segment-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		3Q FY2014 (Apr. to Dec.)	3Q FY2015 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	54.7	52.7	(2.0)	-4%
	Op. profit (loss)	6.5	4.8*	(1.7)	-27%
PQA	Revenue	11.2	13.7	2.5	22%
	Op. profit (loss)	0.2	0.9	0.7	462%
Others	Revenue	6.0	5.8	(0.2)	-2%
	Op. profit (loss)	0.6	(0.5)	(1.1)	-
Total	Revenue	71.8	72.2	0.4	0%
	Op. profit (loss)	7.3	5.2*	(2.1)	-29%

Note : Numbers are rounded off in each column

* Including restructuring costs of approximately 0.5billion yen

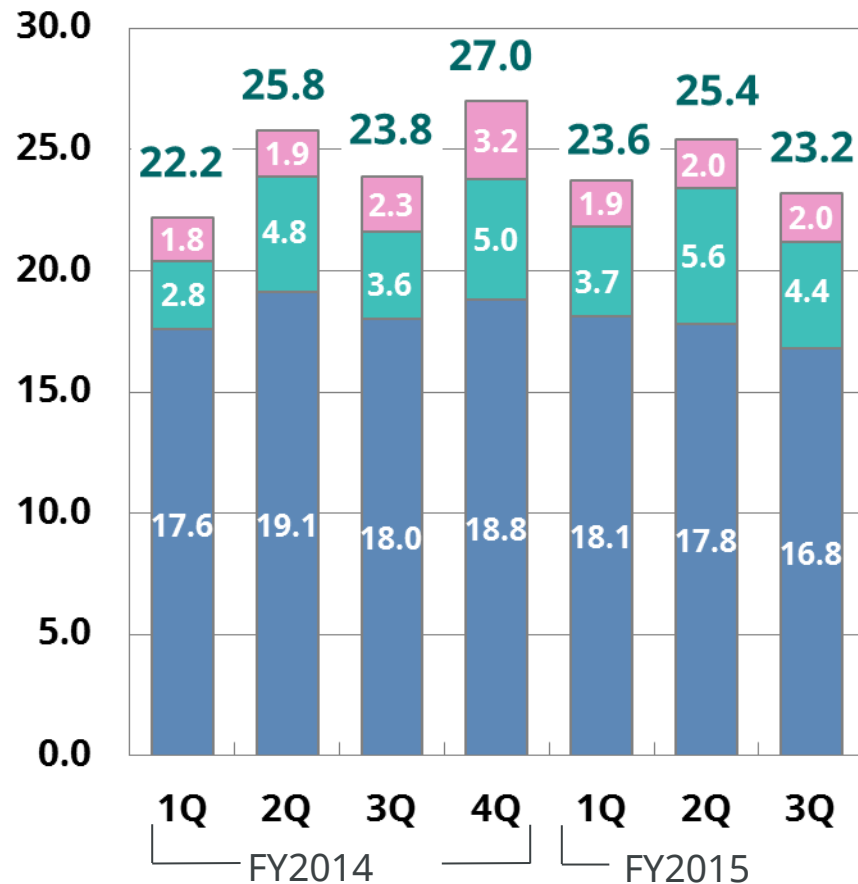
T&M: Test & Measurement PQA : Products Quality Assurance

II -1. Consolidated performance -Revenue and Op. profit by quarters-

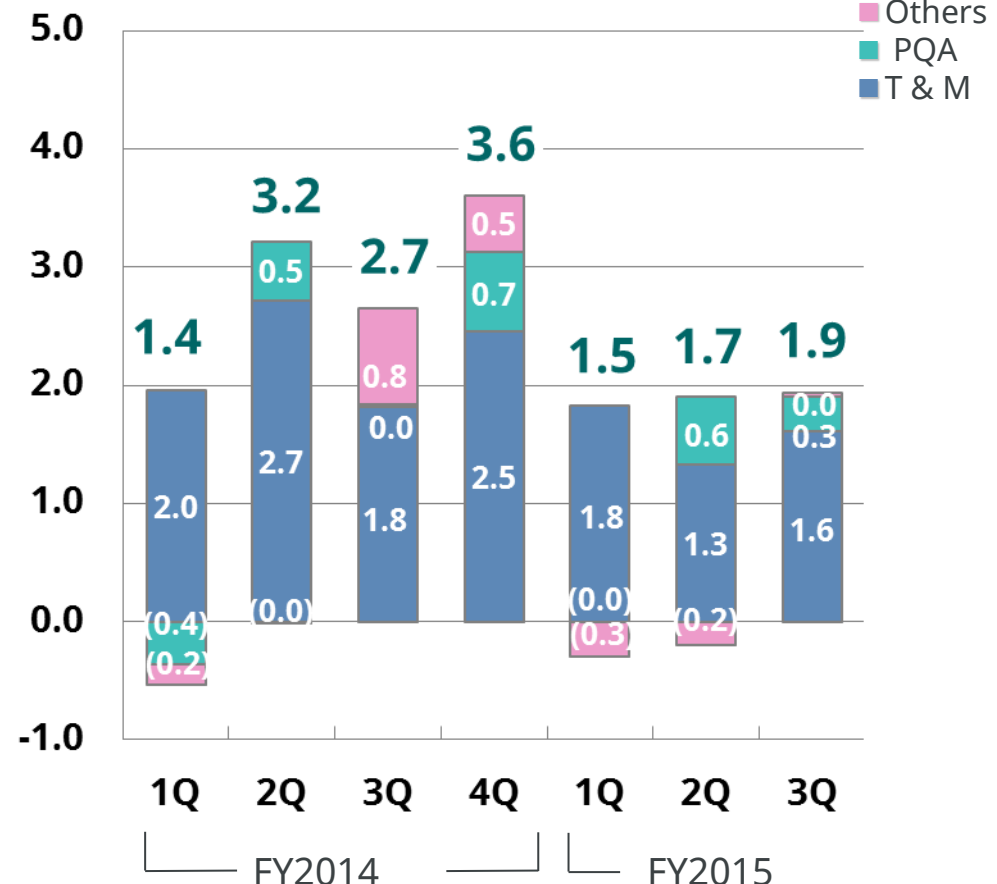
Company posted 8.4% operating margin for 3Q (T&M: 9.5%,PQA:6.7%)

Bn. Yen

Bn. Yen



Revenue



Op. profit(loss)

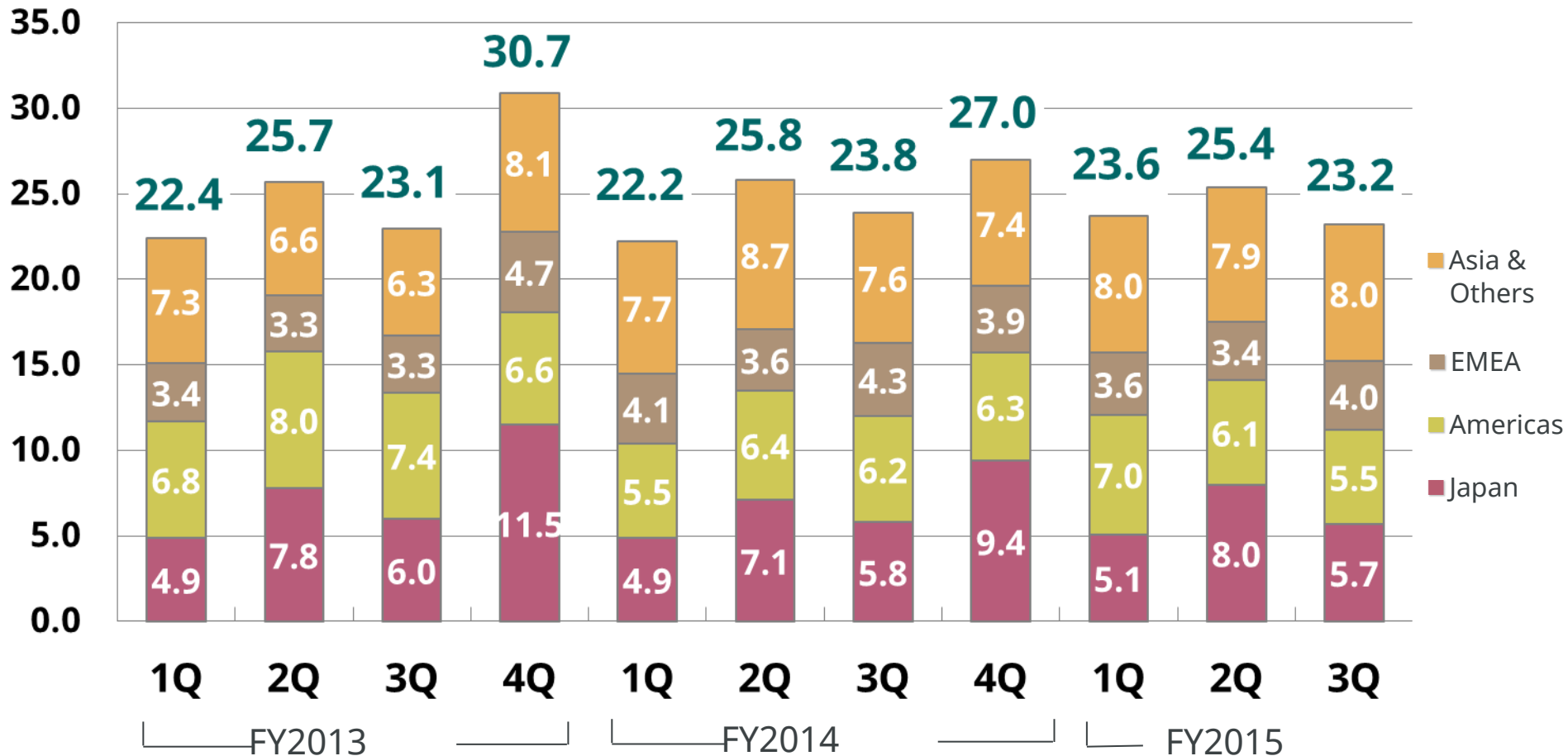
Note : Numbers are rounded off in each column

II -1. Consolidated performance -Revenue by region-




Increased revenue year on year in Asia

Bn. Yen



Note : Numbers are rounded off in each column

II -1. Consolidated performance -Cash Flow-

 Operating cash flow margin ratio was 9%

Cash Flow (FY2015 Q3)

Operating CF : 6.6 Bn. Yen
 Investing CF : (7.2) Bn. Yen
 Financial CF : 2.4 Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : (0.7) Bn. Yen

Cash at the end of period

36.7 Bn. Yen

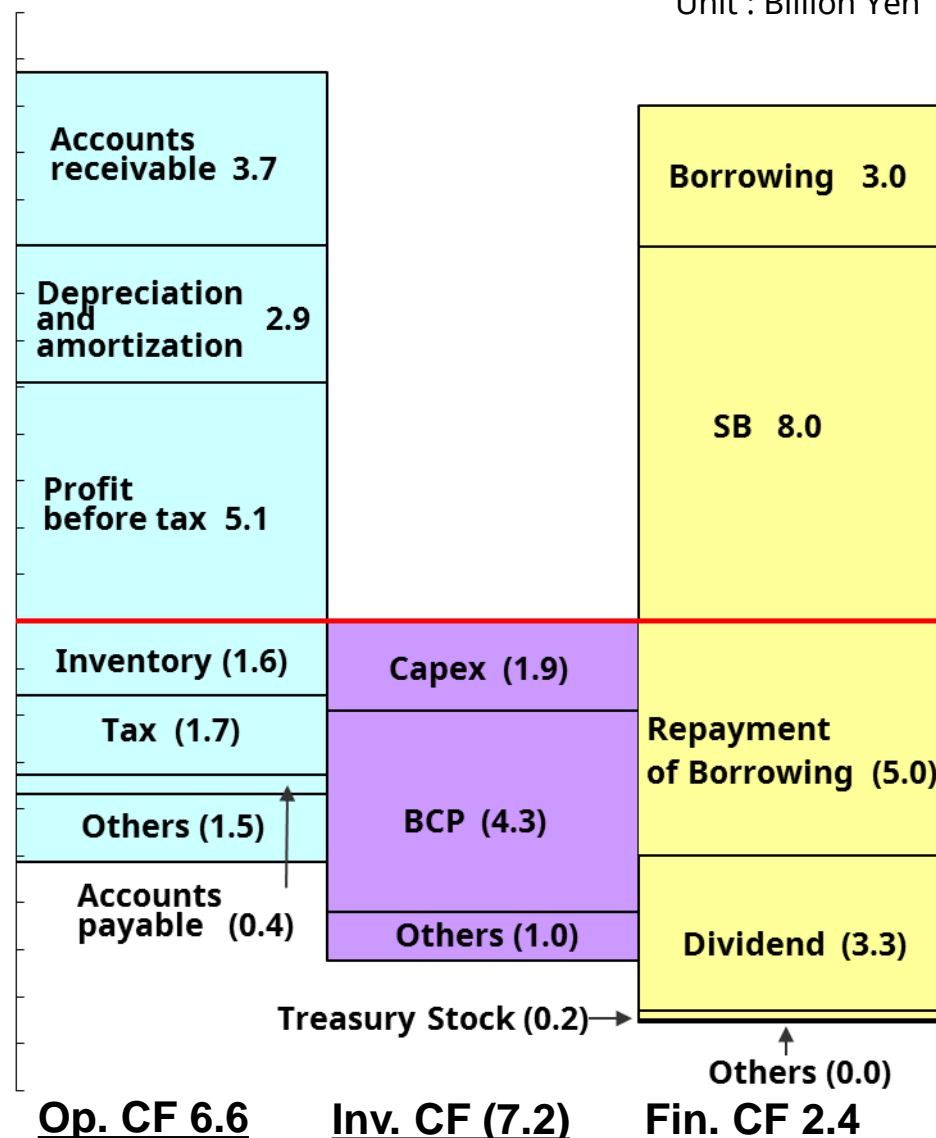
Interest-bearing debt.

22.0 Bn. Yen

Note : Numbers are rounded off in each column

Details

Unit : Billion Yen



II -2. Forecast for full year of FY2015



Downward revision of consolidated profits forecast

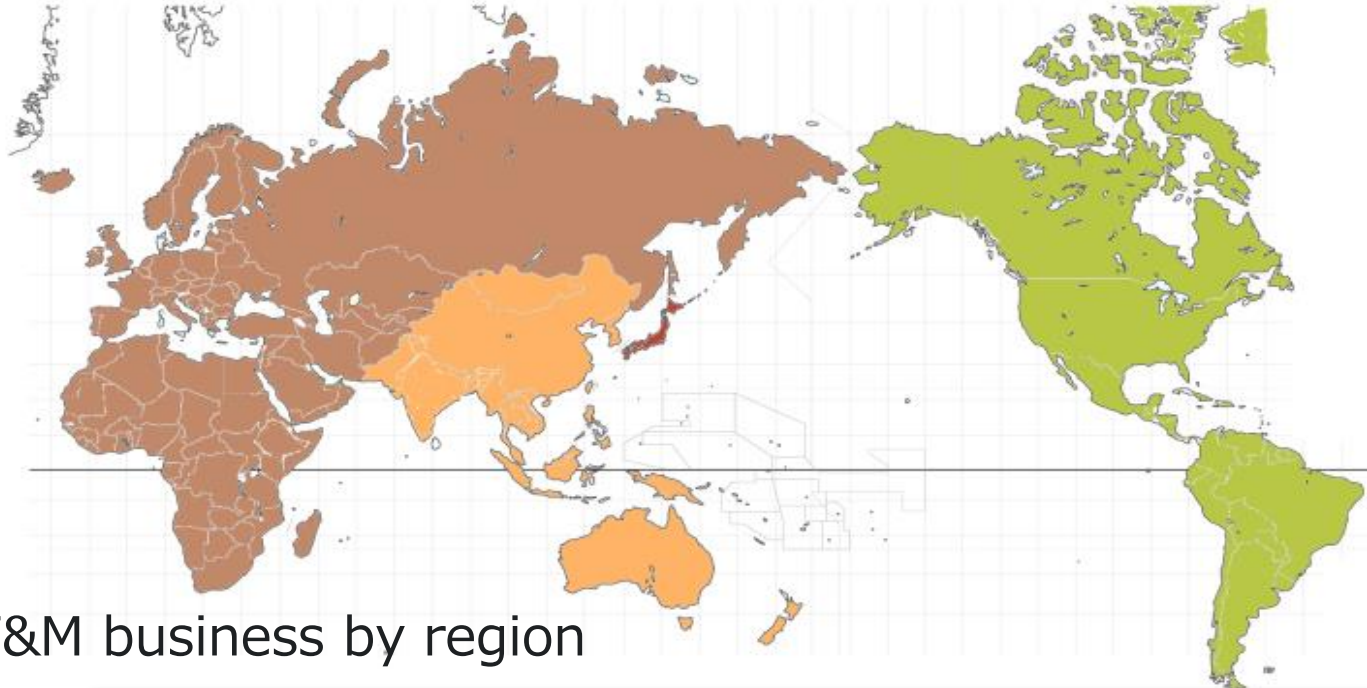
Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2014	FY2015			
		Actual	Full Year		YoY	YoY(%)
			Previous Forecast	Revised Forecast		
Revenue		98.8	103.0	98.0	(0.8)	-1%
Operating profit (loss)		10.9	11.0	7.2	(3.7)	-34%
Profit (loss) before tax		11.6	10.9	7.0	(4.6)	-40%
Profit (loss)		7.9	8.0	5.0	(2.9)	-37%
T&M	Revenue	73.4	75.0	70.0	(3.4)	-5%
	Op. profit (loss)	8.9	9.0	6.0	(2.9)	-33%
PQA	Revenue	16.2	18.0	19.0	2.8	17%
	Op. profit (loss)	0.8	1.1	1.2	0.4	46%
Others	Revenue	9.2	10.0	9.0	(0.2)	-2%
	Op. profit (loss)	1.1	0.9	0.0	(1.1)	-100%

Note 1 : Exchange rate for FY2015 4Q(forecast) 1USD = 115 yen, 1EURO=130 yen

Note 2 : Numbers are rounded off in each column

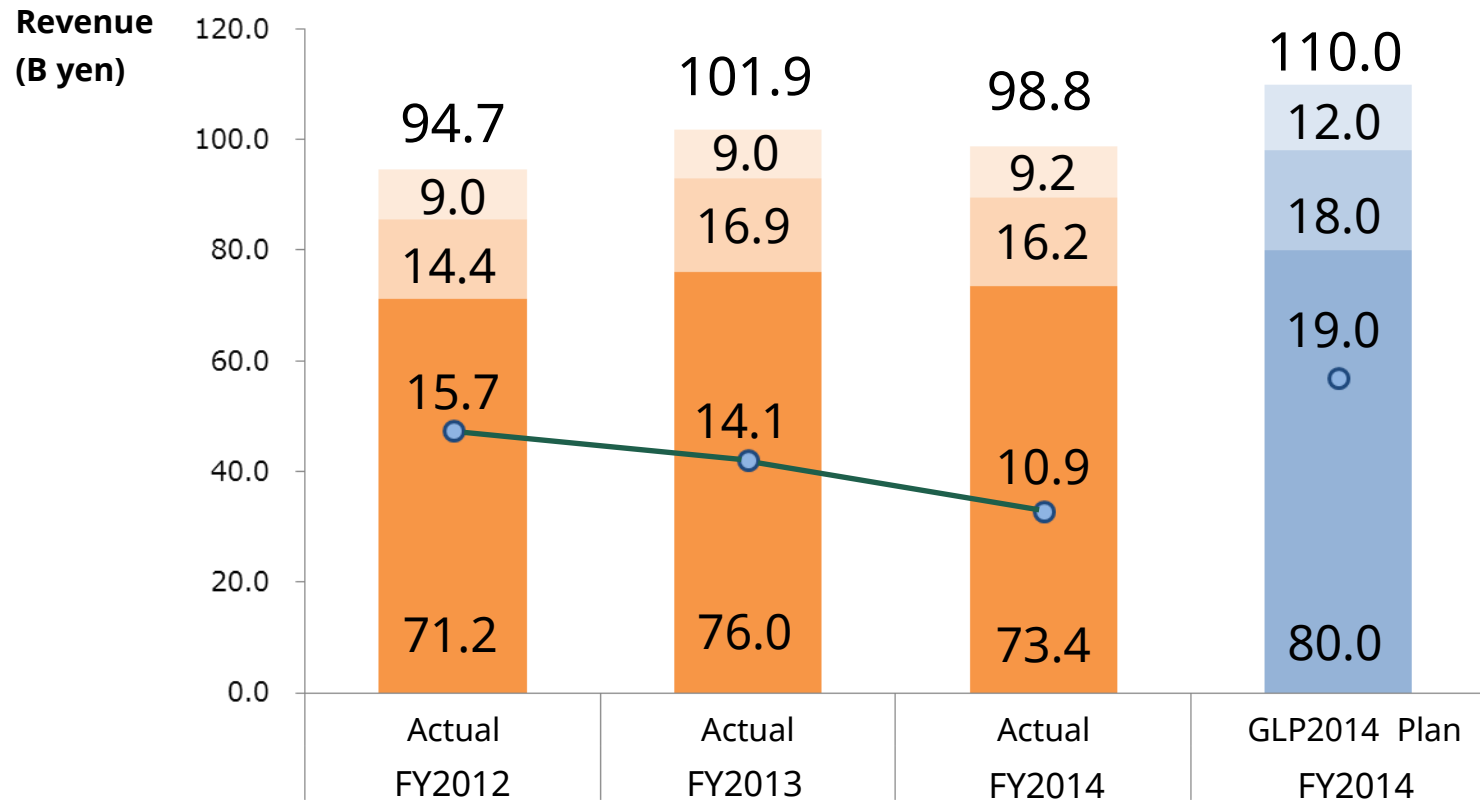
II -3. Review of mid-term business plan < T&M > (GLP2014)



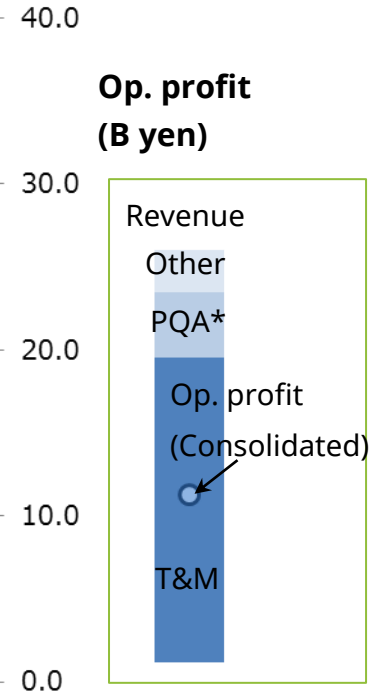
Sales of T&M business by region

FY2012	Japan 25%	Asia & Pacific 30%	Americas 30%	EMEA 15%
FY2013	Japan 17%	Asia & Pacific 30%	Americas 35%	EMEA 18%
FY2014	Japan 15%	Asia & Pacific 35%	Americas 30%	EMEA 20%

II -3. Review of mid-term business plan (GLP2014)



International Financial Reporting Standards (IFRS)



Revenue	Consoli.	94.7 B Yen	101.9 B Yen	98.8 B Yen	110.0 B Yen
OP. Margin	Consoli.	17%	14%	11%	17%
	T&M	21%	17%	12%	20%

GLP2014 Plan
1 USD=80 yen

*PQA: Products Quality Assurance

II -3. Review of mid-term business plan < T&M > (GLP2014)

Business environment	Measures and results
<p>Dramatic changes in the mobile market</p> <ul style="list-style-type: none">➤ Smartphone functionality expands from high-end to low-end➤ Intensifying global competition<ul style="list-style-type: none">- Shift in market players- Mergers and acquisitions, reorganization, and withdrawal<ul style="list-style-type: none">- Contraction in the Japanese market- Rapid advance of operators, chipset vendors, and handset vendors in Asia- Increasing commoditization of smartphones and approximately 30% contraction in the terminal manufacturing market➤ Continuous evolution of mobile broadband<ul style="list-style-type: none">- LTE-Advanced measurement- Connectivity	<p>Respond to the dramatic change in market structure</p> <ul style="list-style-type: none">➤ Strengthening of relationships with leading market players and chipset vendors<ul style="list-style-type: none">- Respond to the introduction of FD-LTE, TD-LTE and LTE-Advanced services in a timely manner- Provide optimal solutions that contribute to improvements in development environment and production efficiency- Develop emerging handset vendor market in Asia➤ Enhancement of global support system

II -3. Review of mid-term business plan < PQA > (GLP2014)

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

Business environment	Measures and results
<ul style="list-style-type: none"> • Stable demand in the Japanese market • Increasing demand for foreign substance detection in North America • Growing market for quality inspections in Asia and emerging countries 	<ul style="list-style-type: none"> • Strengthening relationships with global customers • Establishment of global supply chain <ul style="list-style-type: none"> – Expanded production at Thai factory – New factory opened in Shanghai, China

▶ New products in the PQA business

X-Ray Inspection System XR75 Series



Reduces lifetime costs by controlling maintenance costs.

Metal Detector M5 Series



High cost performance

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

Anritsu Industrial Solutions has been changed its company name to Anritsu Infivis. (October 1, 2015)

Anritsu
envision : ensure