

Strategic Focus on Innovation for Sustainable Growth

March 2012

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TSE code : 6754
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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

1. Outline of our business
2. Growth driver : overview of mobile test & measurement business
3. Market trend and growth potential of mobile, and our contributions
4. Anritsu pursues “World Class”

Appendix



1. Outline of our business

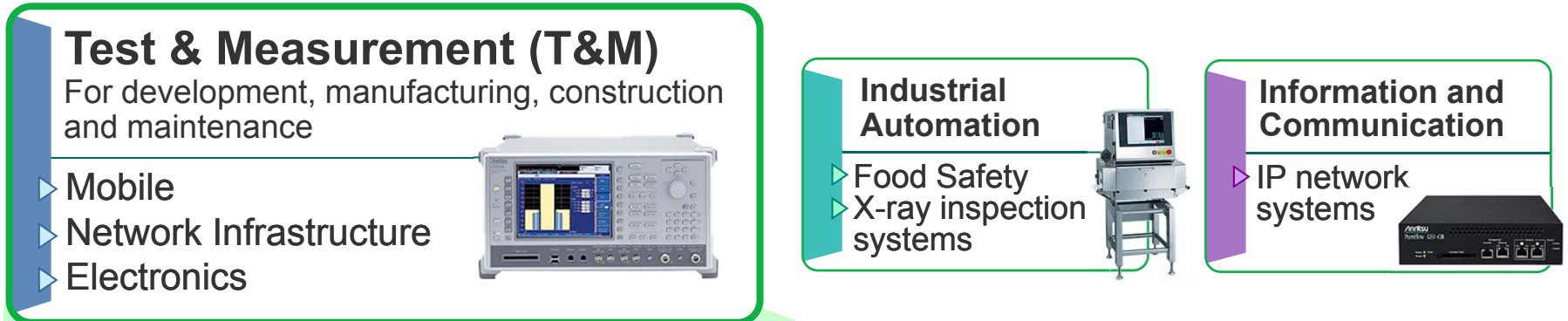
2. Growth driver : overview of mobile test & measurement business
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1-1. Outline of our business

FY2010 Net Sales : 77.9 Billion Yen

(FY2011 Apr. to Dec.:66.0 Billion Yen, FY2011(Est.): 91.5 Billion Yen)



T&M 69% →(77%)			Industrial 16% →(15%)	Info. 5% →(2%)	Others 10% →(6%)
Mobile 35% →(45%)	Network Infrastructure 35% →(30%)	Electronics 30% →(25%)			

(Sales of T&M business by region)

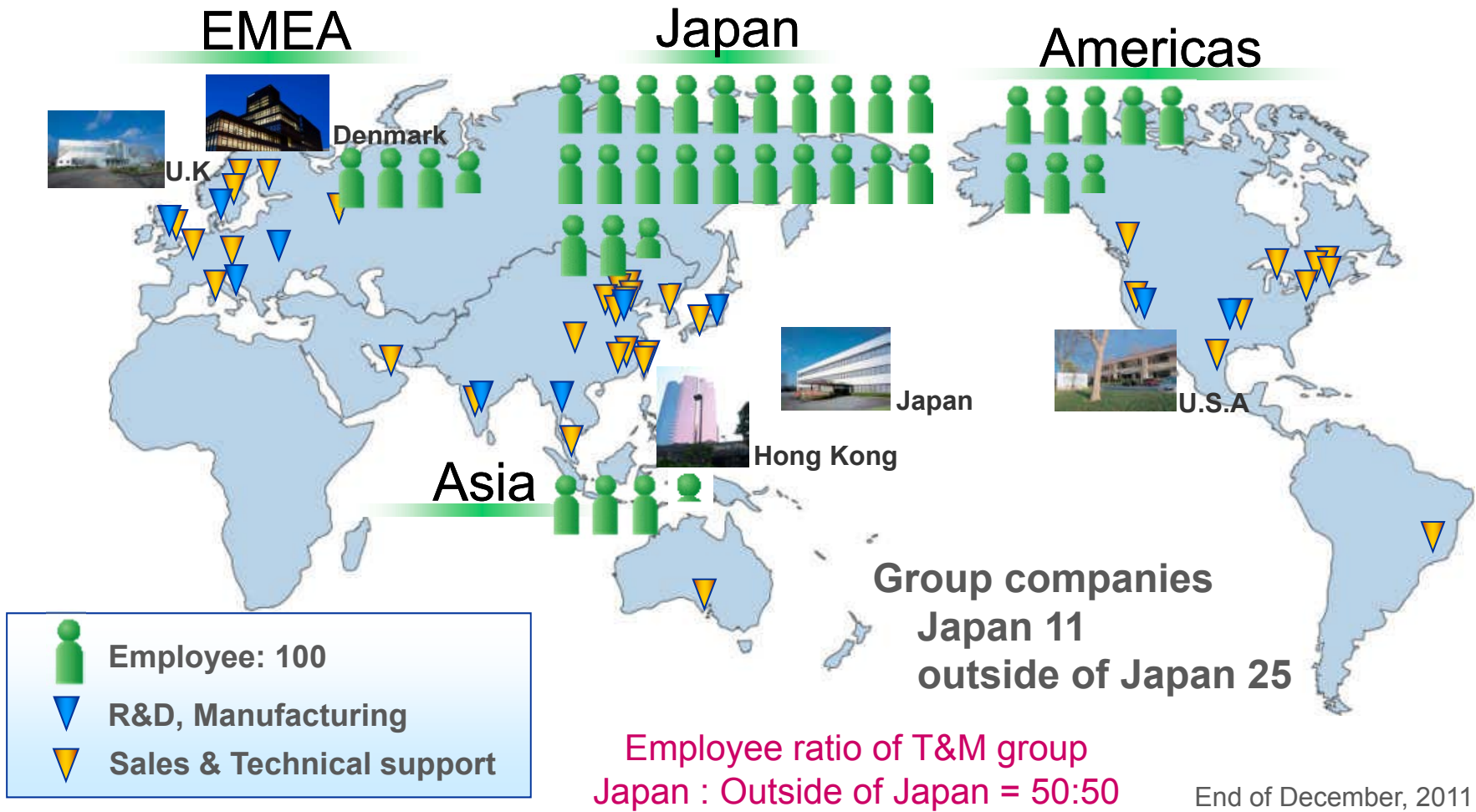
Japan 30% →(30%)	Americas 30% →(25%)	EMEA 20% →(15%)	Asia & others 20% →(30%)
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() : FY2011 Apr. to Dec.

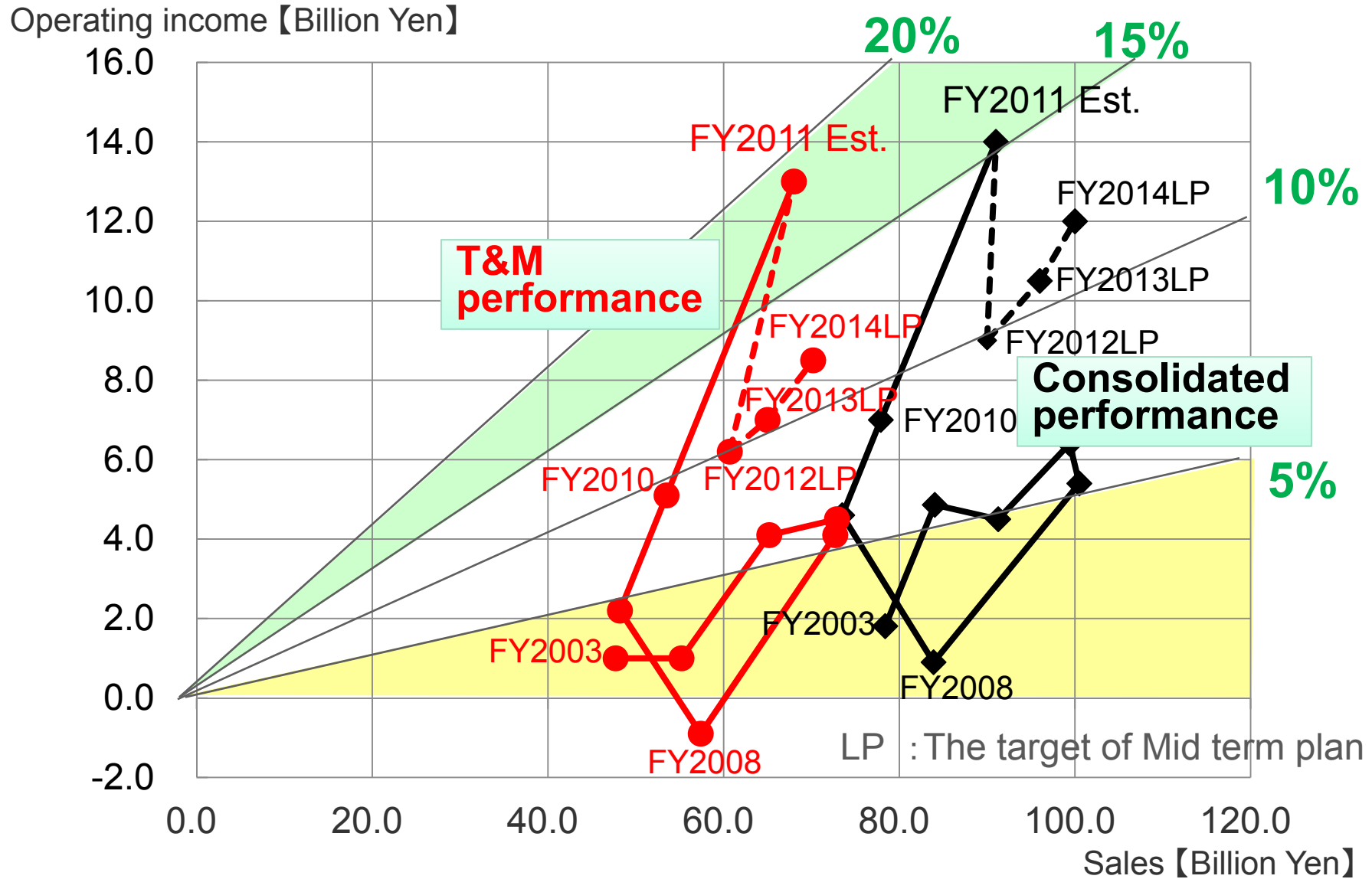
1-2. Anritsu's strength

Contribution to the advancement of mobile broadband

- ① Broad product line
- ② Customer support
- ③ Global operation



1-3. Trend of financial results and mid term plan

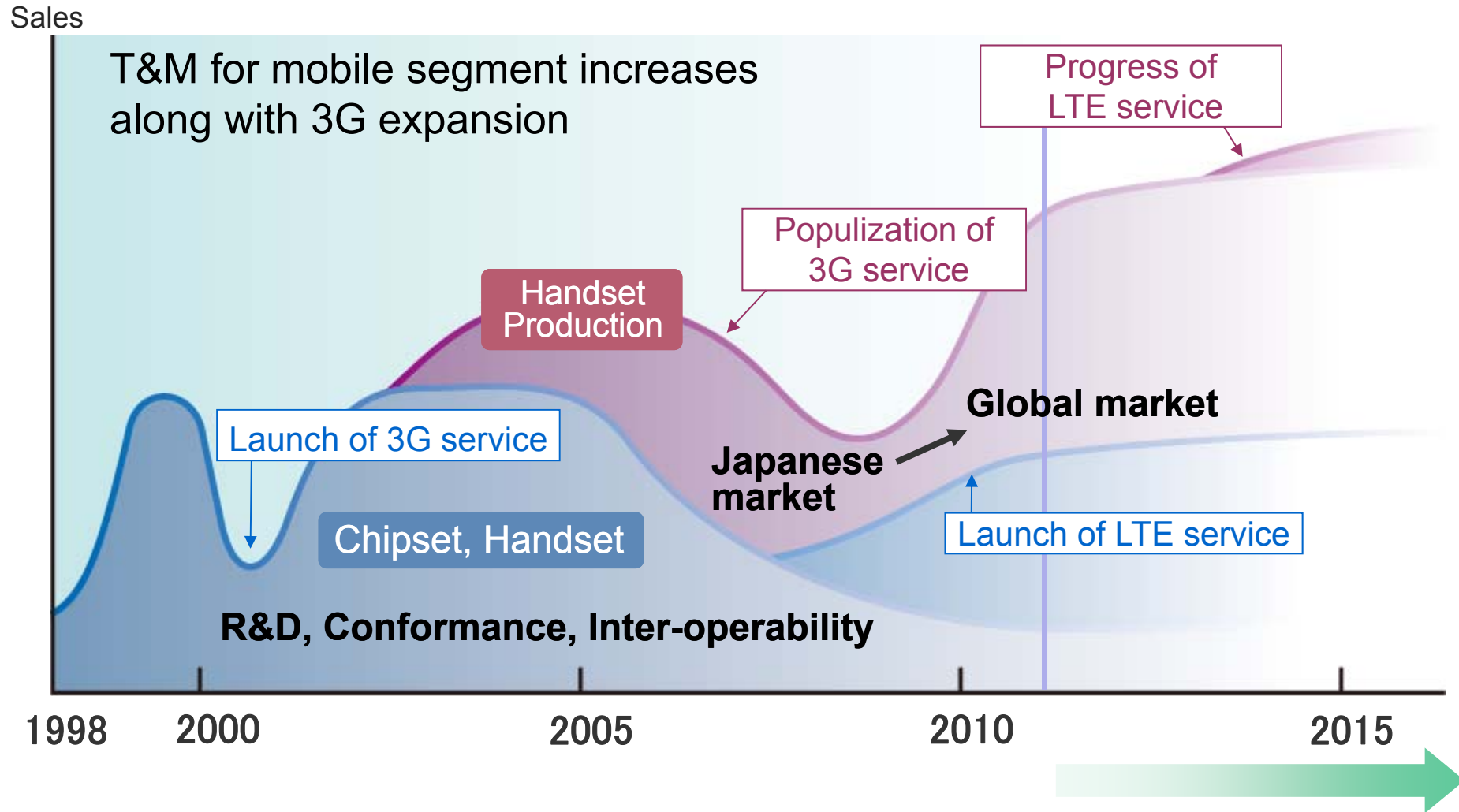


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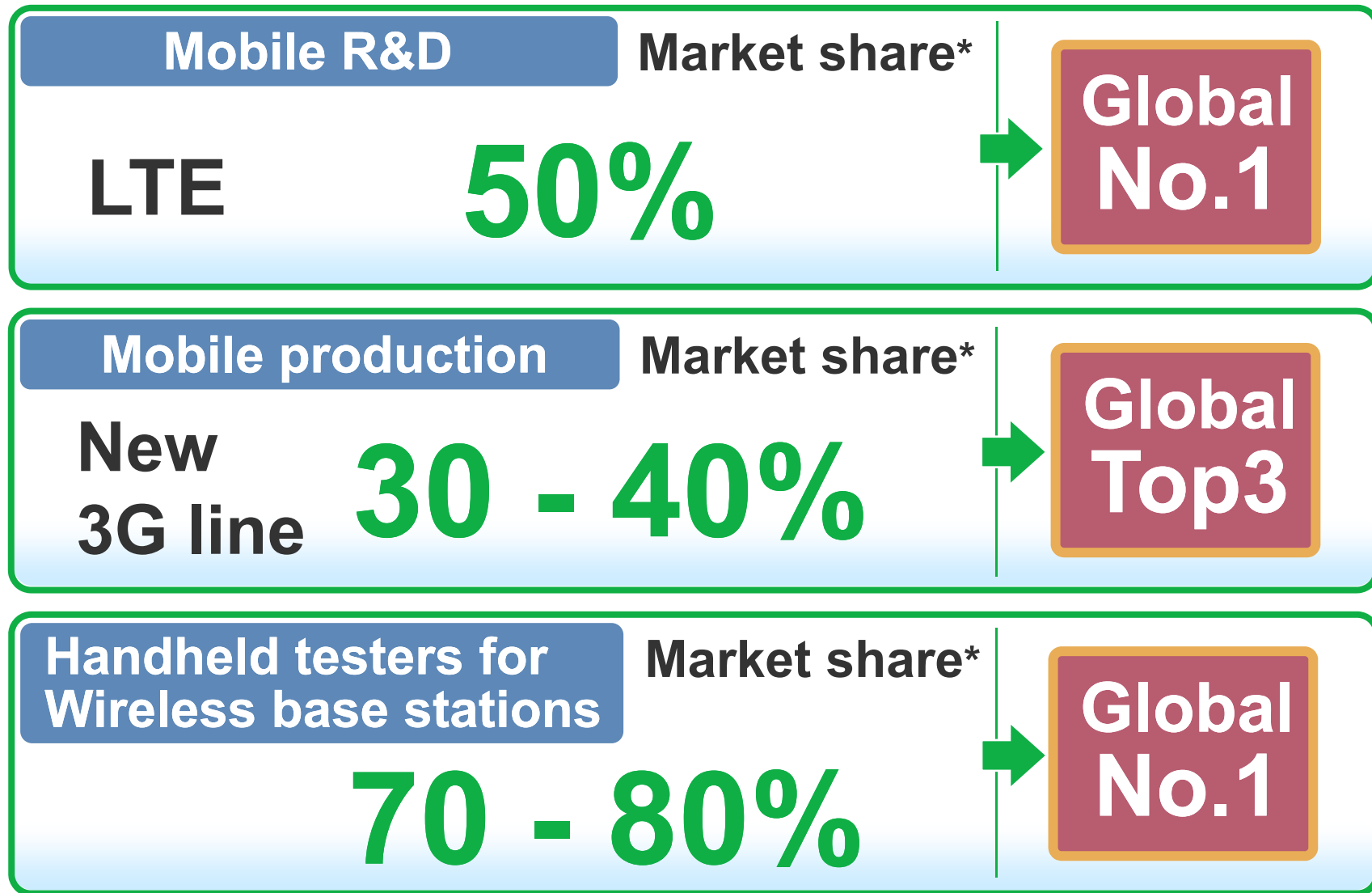
2-1. Sales trend of mobile T&M business

Mobile T&M market (2010, Anritsu Est.):100B Yen (Production:70-80B Yen, R&D:20-30B Yen)







2-2. Strength in mobile T&M business

*Anritsu estimates



2-3. Feature of mobile T&M business : R&D / production

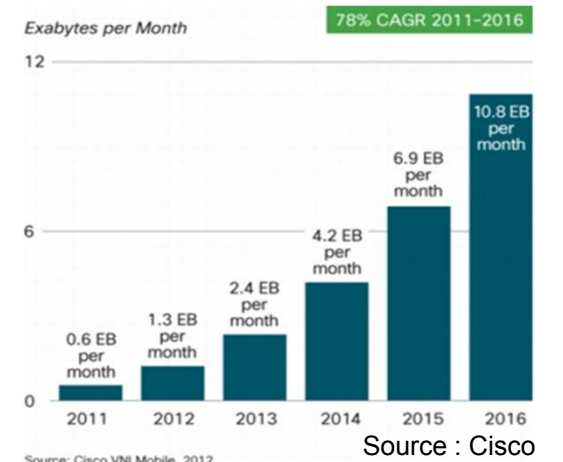
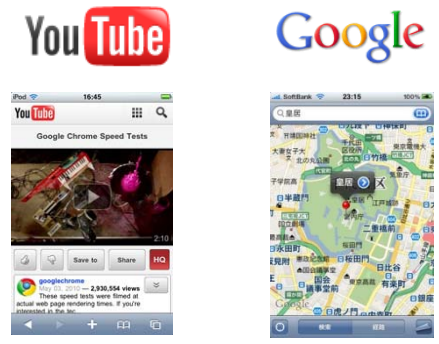
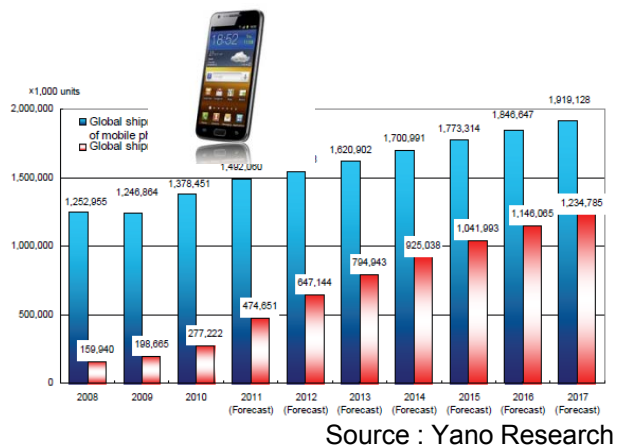
	for R&D				for Handset production		
Categories	Core R&D	Conformance test Inter operability test	Operator acceptance test	Performance test for multimode mobiles	Specialized one box testers	Standard testers with dedicated software	
Current Telecom. protocol	LTE (FDD-LTE, TDD-LTE)				2G/3G/3.5G (GSM/EDGE, CDMA, W-CDMA, HSPA, TD-SCDMA)		
Customer	Chipset and handset vendors	Chipset and handset vendors, test house and telecom. operators	Test house and telecom. operators	Chipset and handset vendors, and telecom. operators	Handset vendors and EMS (electronics manufacturing services)		
Business area	US, EU, Japan, Korea and China				Asia		
Anritsu strength			◎			○	×

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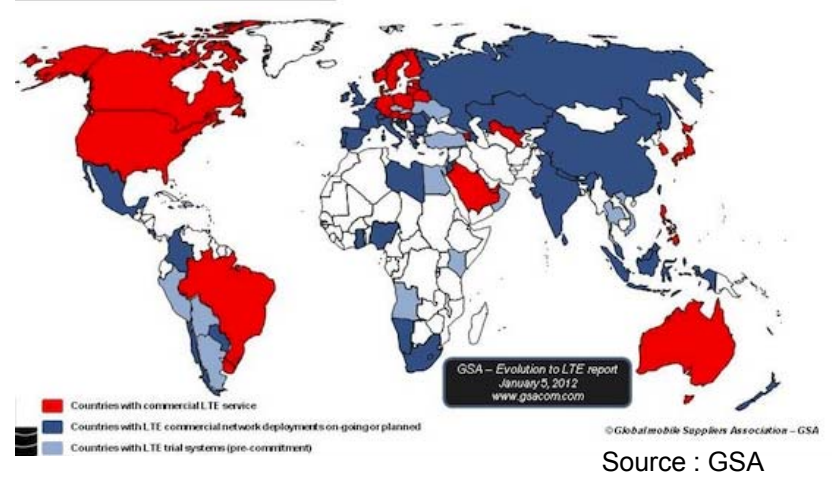


3-1. Market trend of mobile and 5 keywords

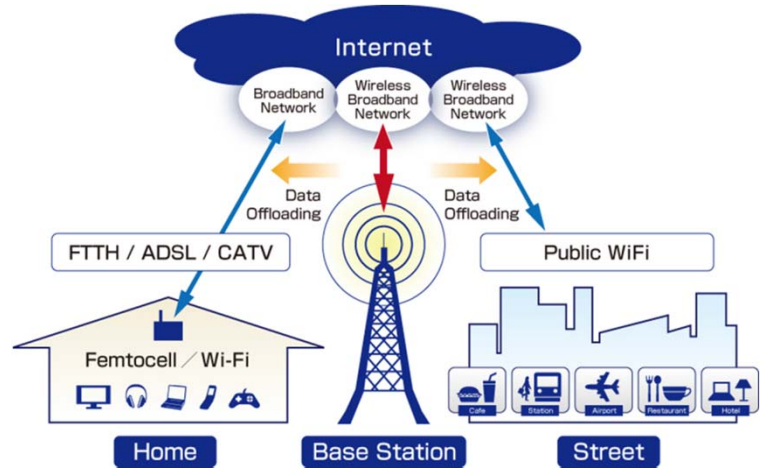
Widespread smartphone + **Powerful applications** = **Rapid increase of data traffic**



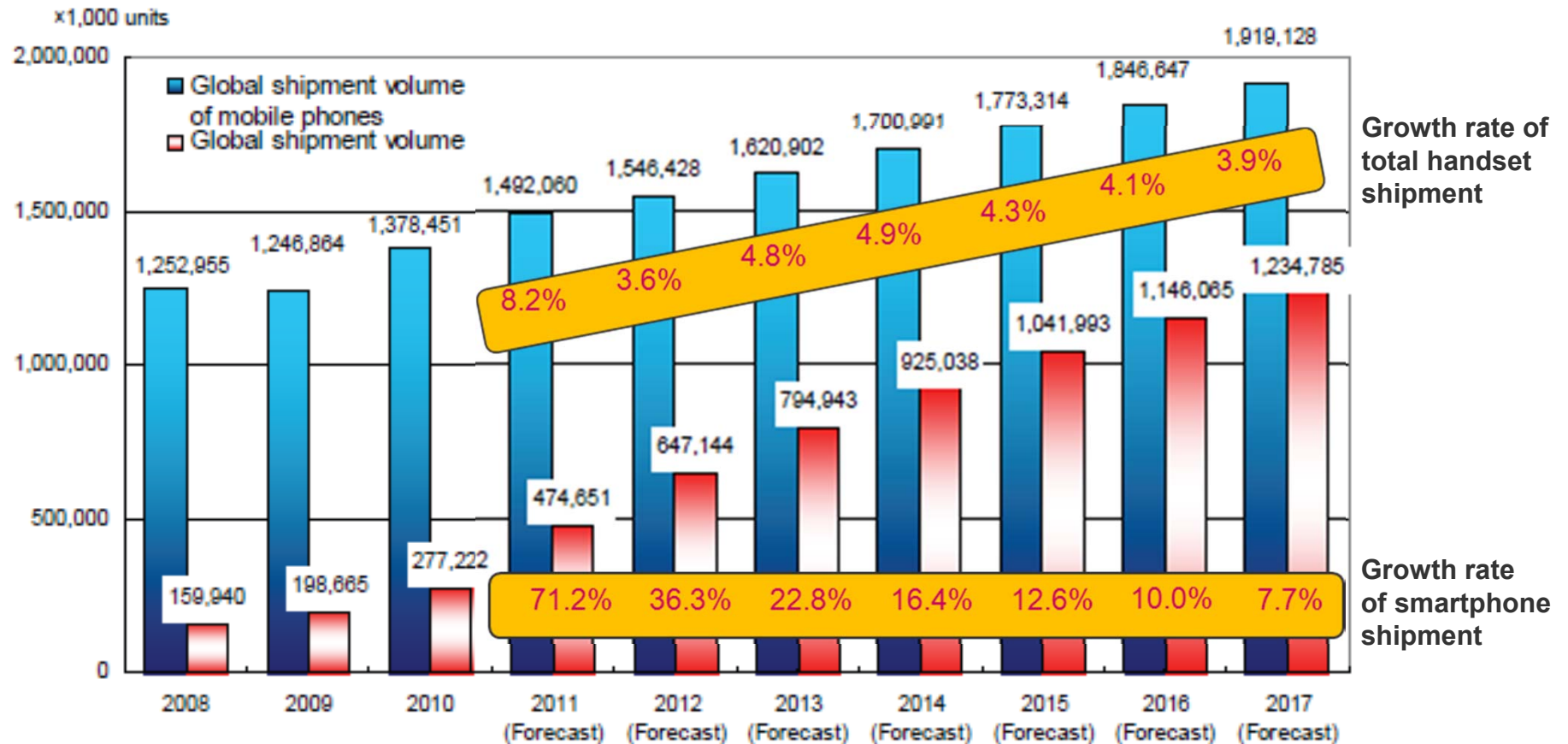
Expansion of LTE service



Data off-loading

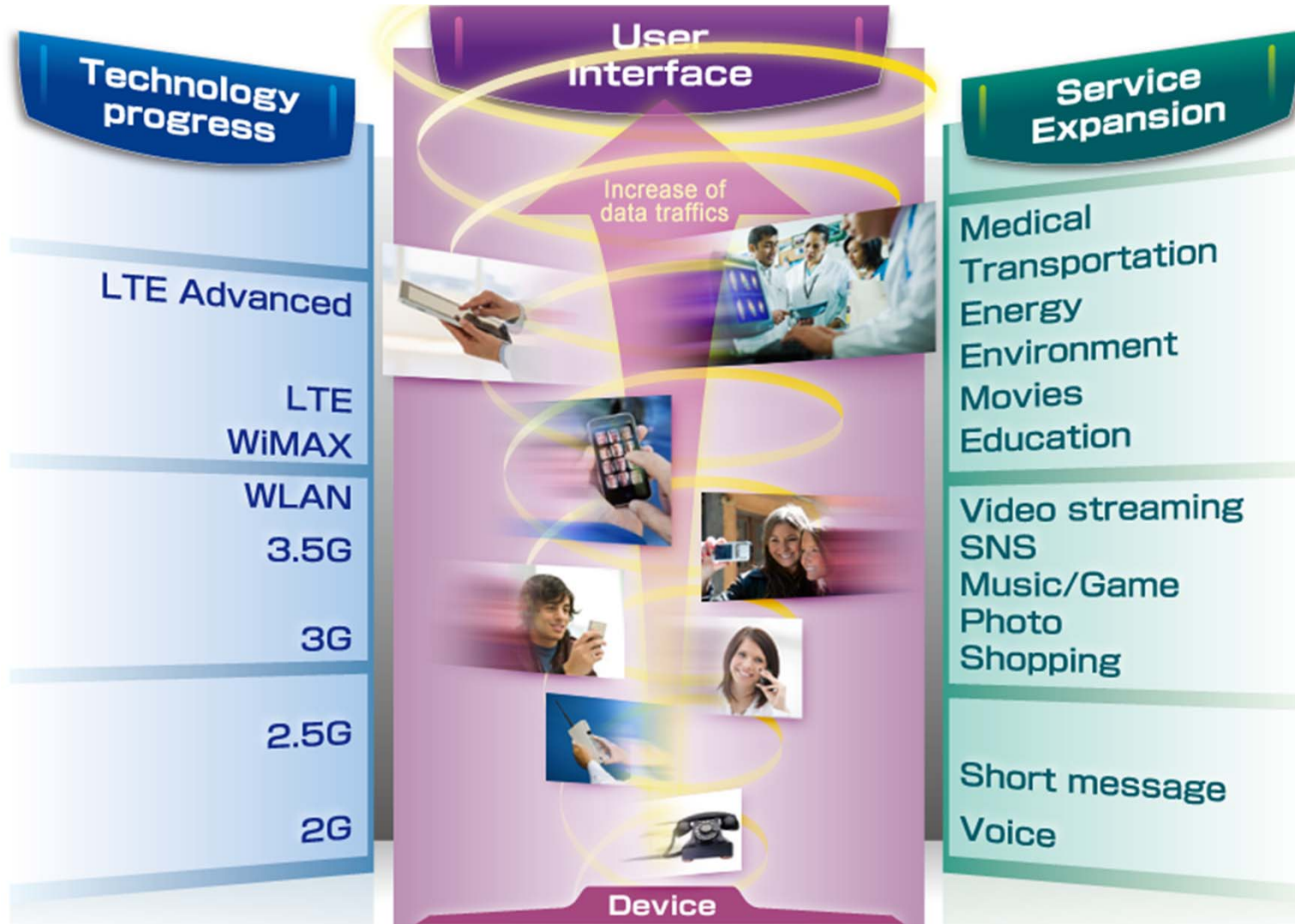


【Trend A】 Accelerating growth ratio of smartphone



Source : Yano Research

【Trend B】 Spread and expansion of smartphone and application/service



【Trend C】 Explosive increase of mobile data traffic

Cisco Visual Networking Index:
Global Mobile Data Traffic Forecast Update, 2011–2016

Global mobile data traffic will increase 18-fold between 2011 and 2016.

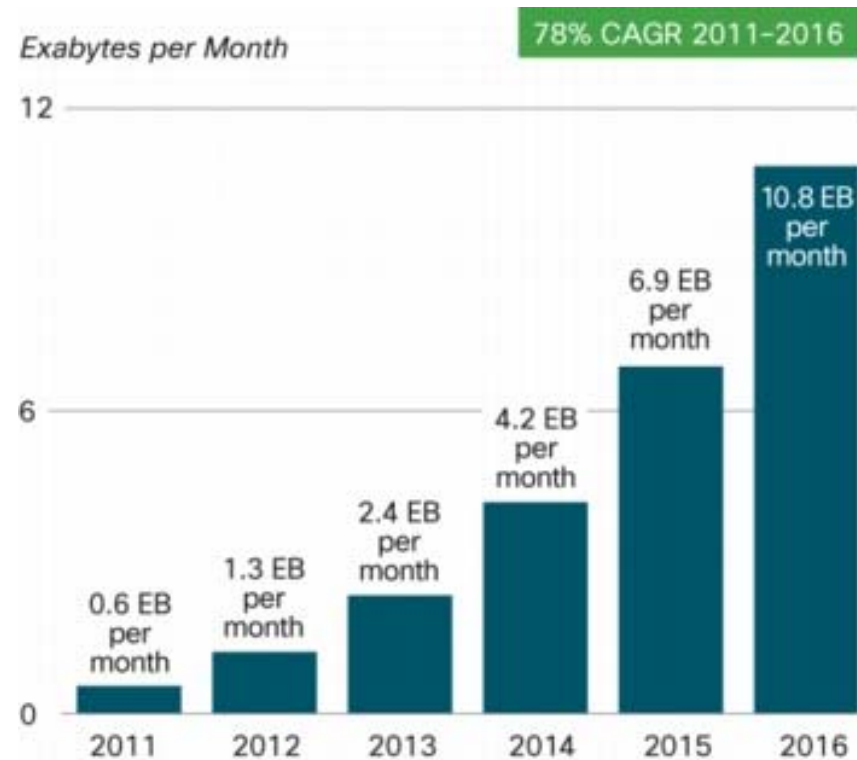
Data traffic of high-end devices



* Monthly basic mobile phone data traffic

Source: Cisco VNI Mobile, 2012

Forecast of mobile data traffic



Source: Cisco VNI Mobile, 2012

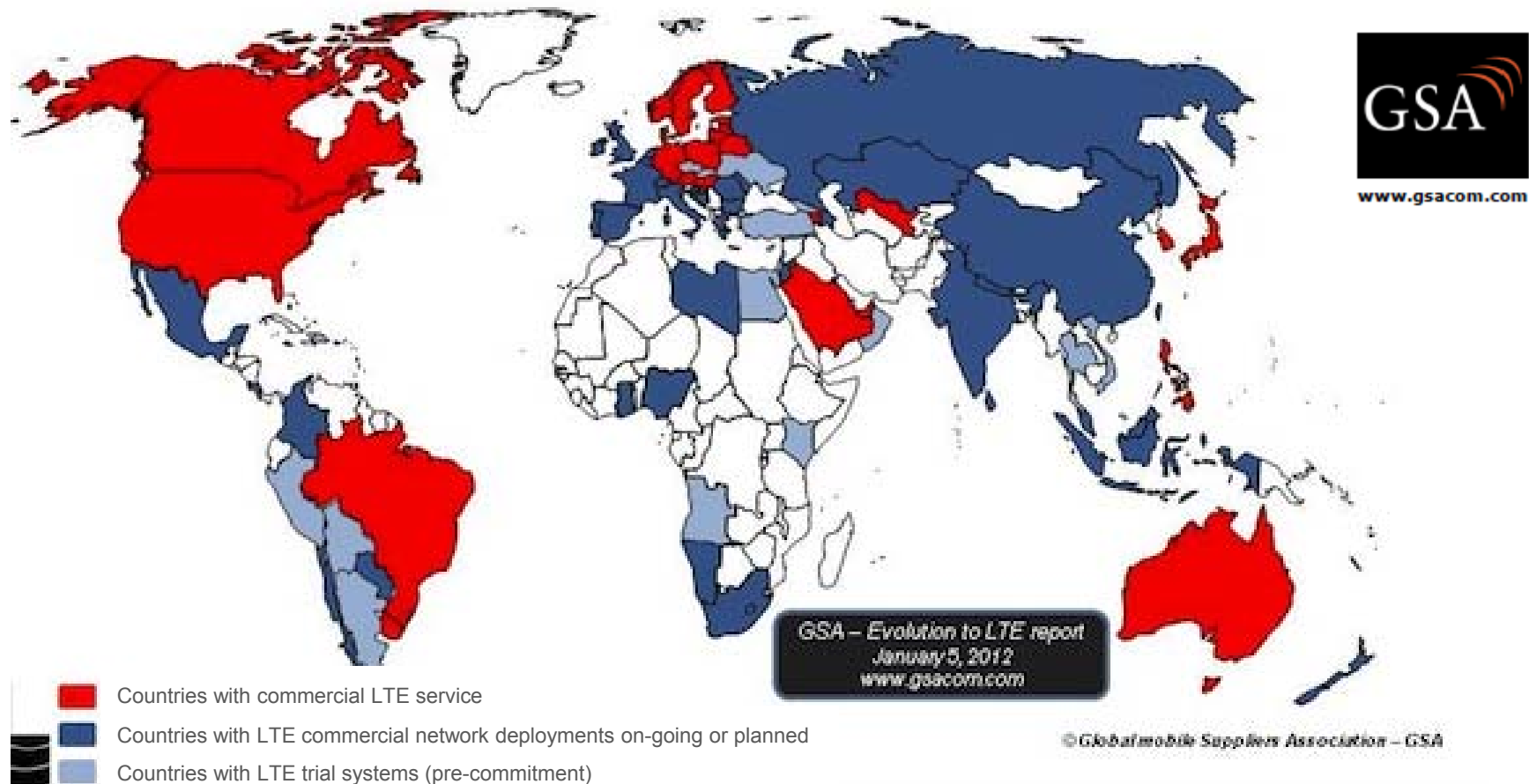
Source : Cisco

【Countermeasure A】 Rapid expansion of LTE service

49 commercial network launches in 29 countries

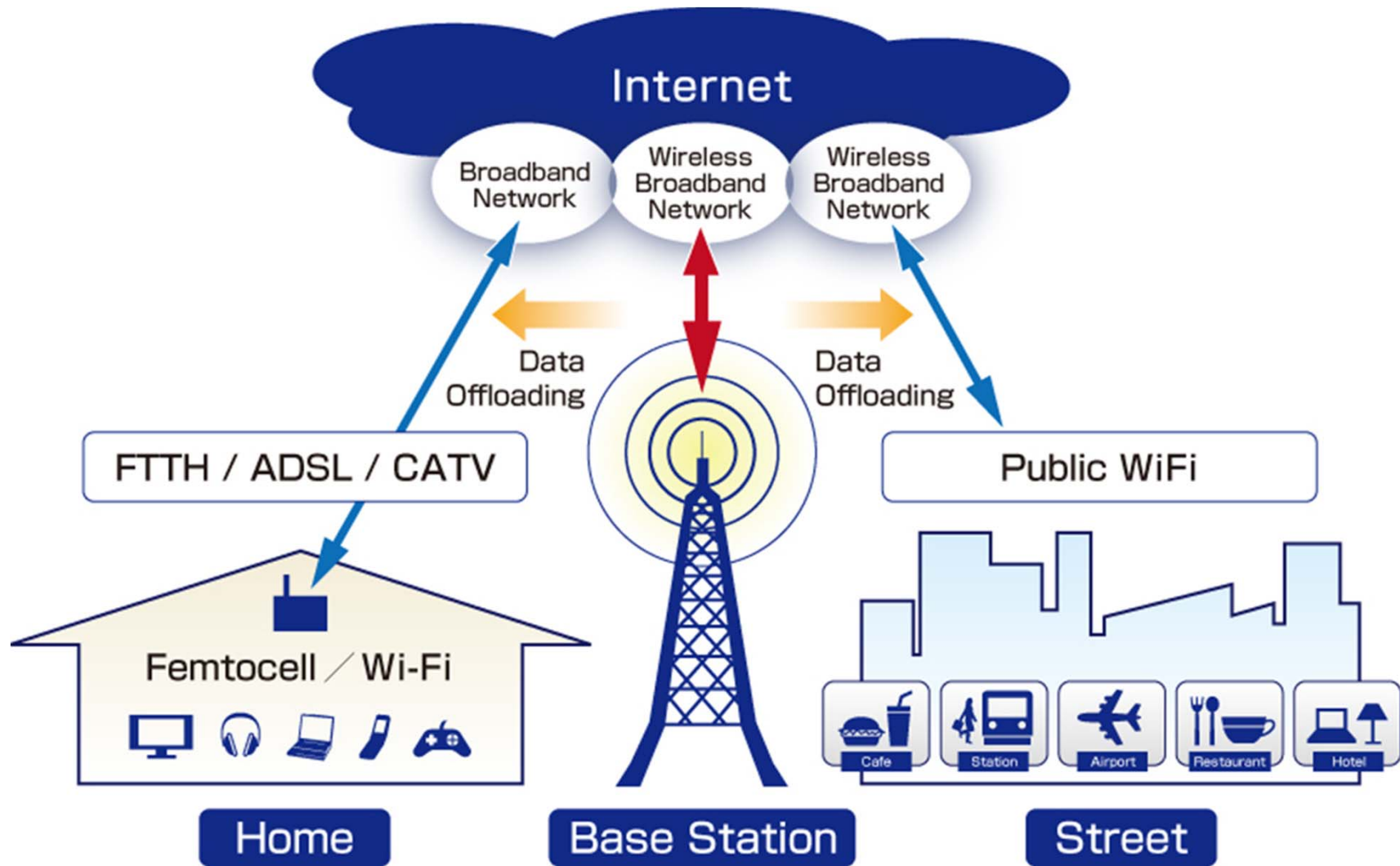
226 network commitments in 76 countries

GSA forecast: 119 commercial LTE networks by end 2012

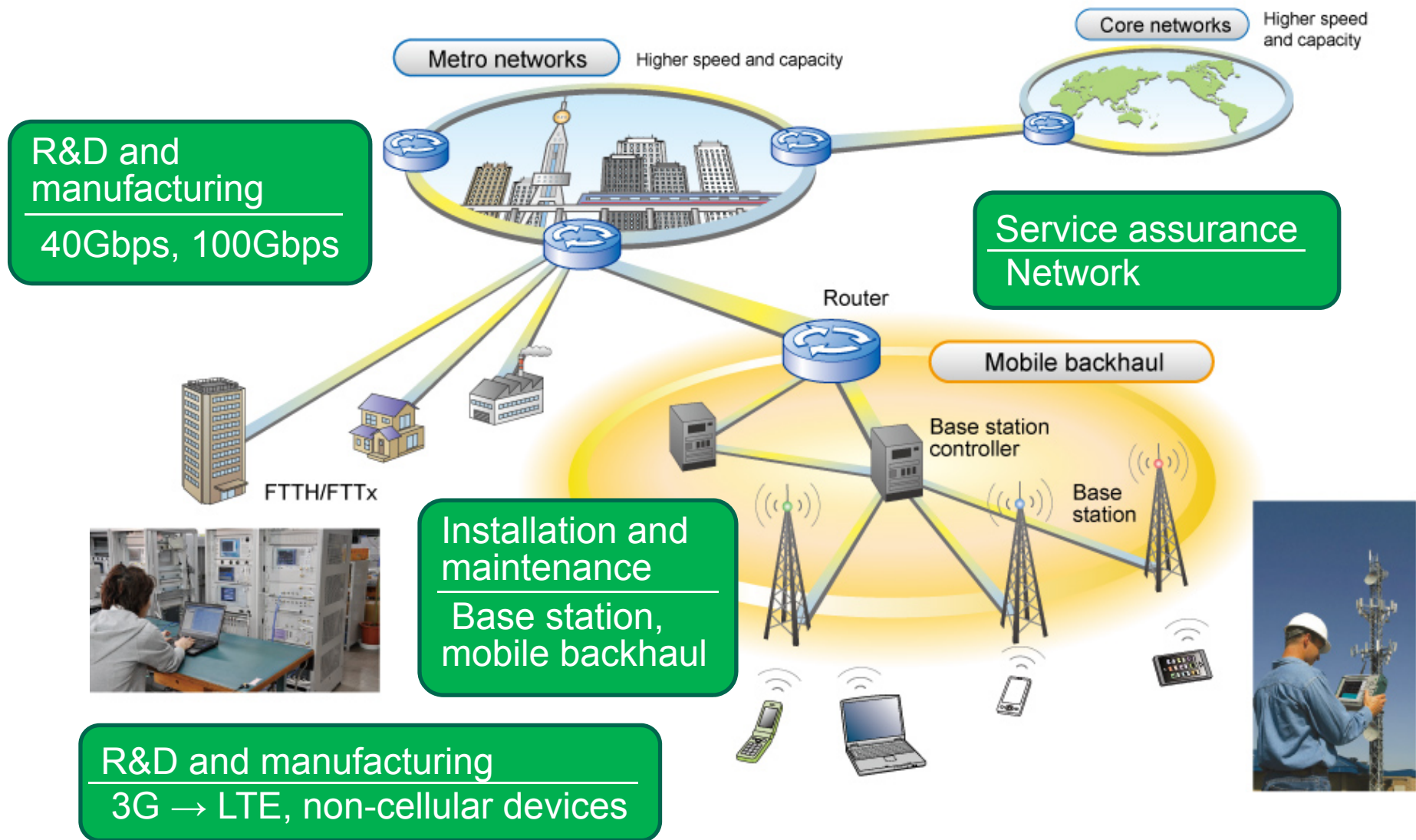


Source : GSA

【Countermeasure B】 Data off-loading



3-2. Challenges and our contributions (1/2)



3-2. Challenges and our contributions (2/2)

Challenges -1	Network improvement by high-speed and large-capacity access systems
Contribution	R&D of LTE
Challenges -2	Leveling of data traffic by data off-loading
Contribution	R&D and manufacturing of non-cellular devices
Challenges -3	Acceleration of high-speed and large-capacity network (wired and wireless) Early introduction of next generation new technologies
Contribution	R&D, manufacturing, installation & maintenance of base stations R&D and manufacturing of devices for high-speed comm. (towards All-IP, 40Gbps, 100Gbps, etc.)
Challenges -4	System stabilization by early detection of network troubles
Contribution	Service assurance

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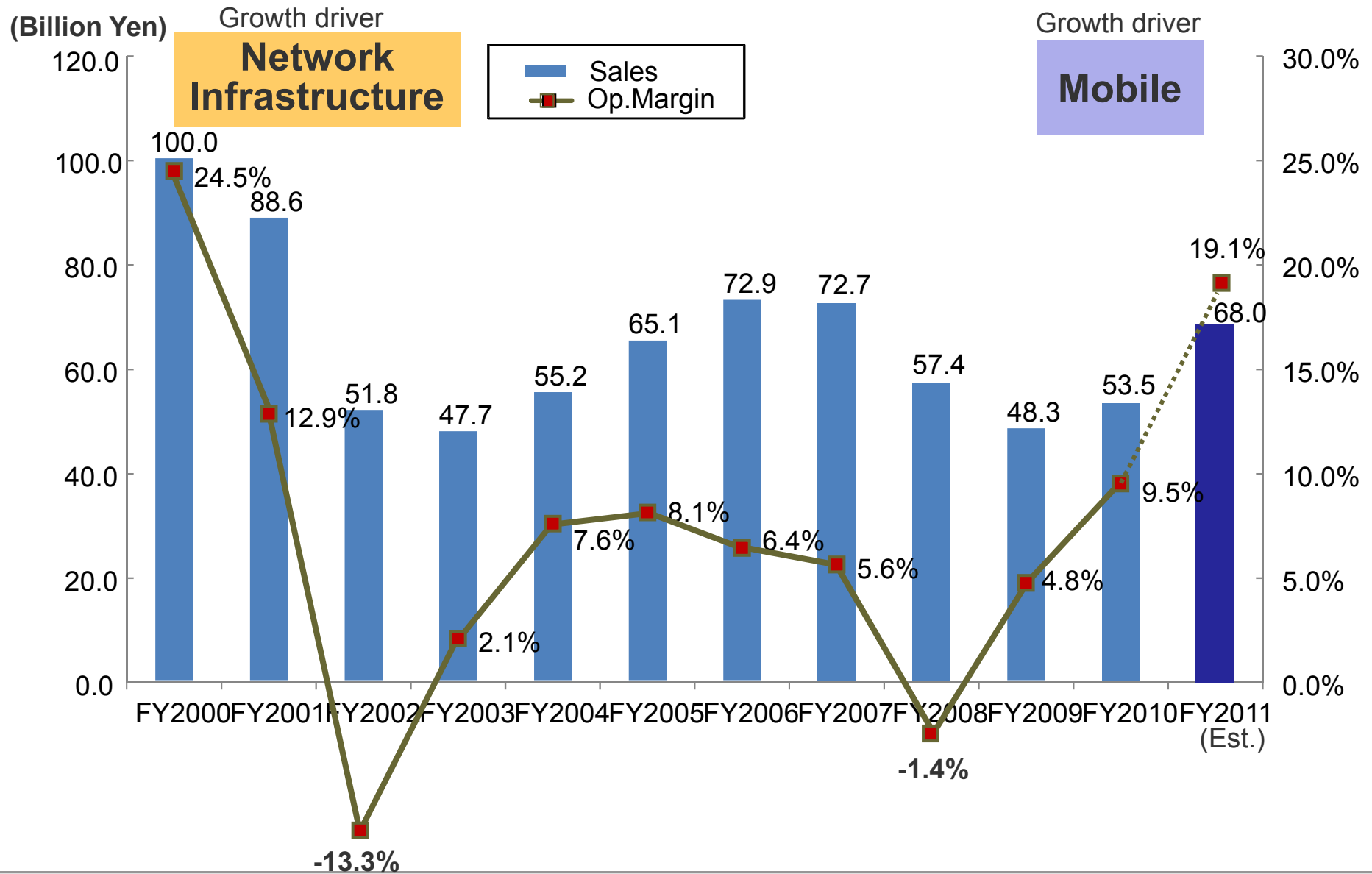


4-1. What is the meaning of “World Class” ?

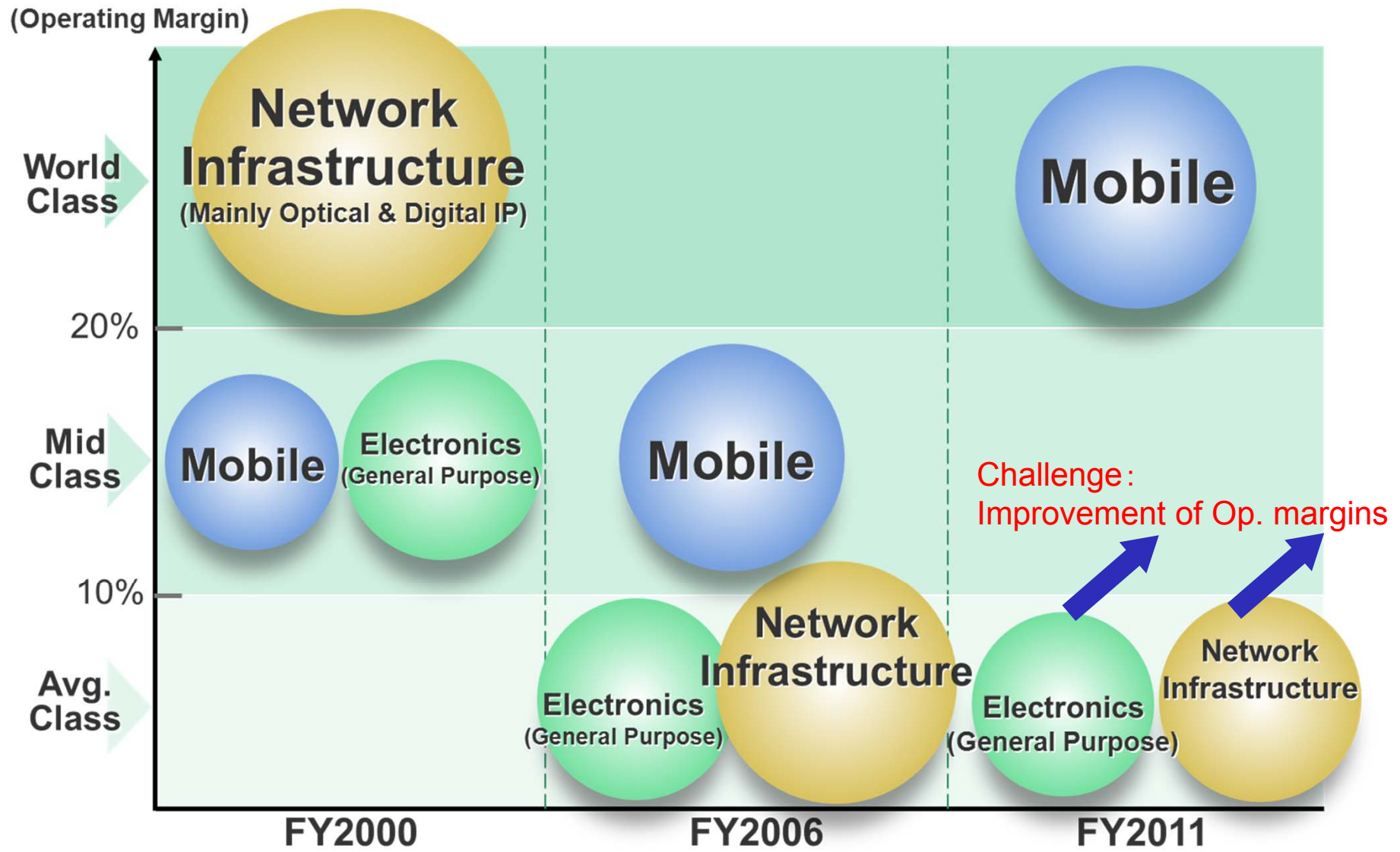
- 1** A global market leader
- 2** Achieve and exceed the same level of operating margin of excellent competitors
- 3** Creating an innovative company with all high spirited employees



4-2. Performance of T&M business



4-3. Changes of T&M business profitability



Note: The size of circle is the relative sales revenue.

Contribution to the development of a safe, secure, and prosperous global society through connecting you with innovation



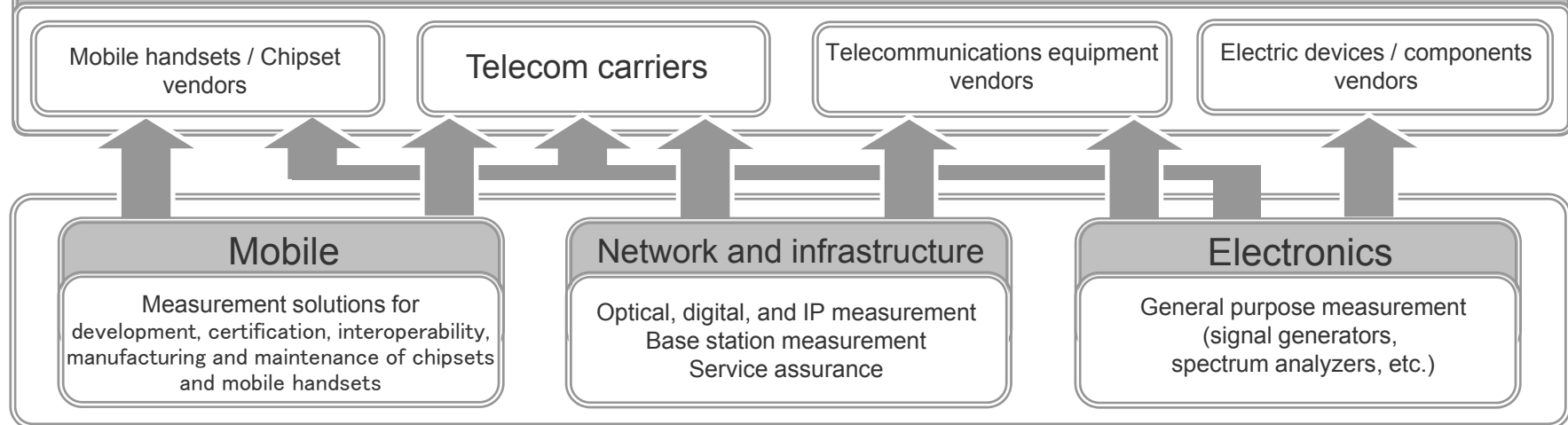
Appendix



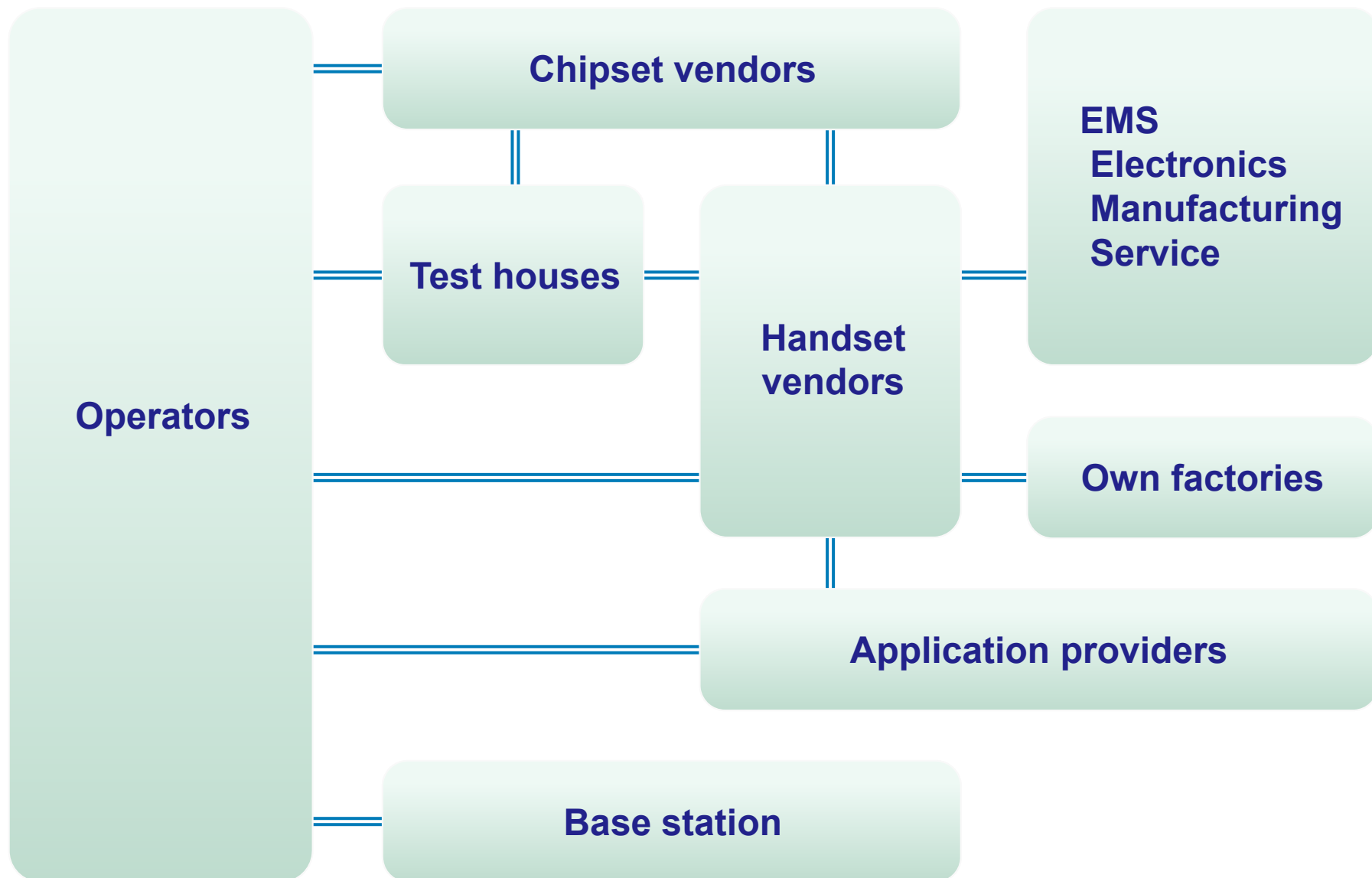
Appendix (1) - T&M business : Customers & market position -

	Mobile market			Network and infrastructure market		Electronics market	
	R&D	Manufacturing	Maintenance	R&D	Installation and maintenance	R&D	Manufacturing
Areas of focus	LTE	3G/LTE Smart phones	Repair and maintenance of mobile handsets	40Gbps / 100Gbps Optical transmission	Wireless base stations Installation of optical fiber Network quality assurance	Radio frequency devices and modules (Mobile handsets / Tablet terminals / car electronics / electrical equipments / etc.) Wireless base stations	
Customers	Mobile handset vendors Chipset vendors	Mobile handset vendors EMS	Telecom carriers Mobile handset vendors	Telecom carriers Telecommunications equipment vendors	Telecom carriers Telecom network construction companies	Electric devices and components vendors Telecom equipment vendors Mobile handset vendors, Etc.	
Global market rank (Anritsu estimates)	LTE development market share 50%	3G mobile manufacturing No.3 market share	Top market share in Japan	Optical and digital measuring instruments No.3 market share	Handheld testers for wireless base stations market share 70-80%	No.3 market share for spectrum analyzers & signal generators	

Sales by region (FY2010) : Japan(27%)、Americas(33%)、EMEA(18%)、Asia and others(22%)



Appendix (2) - Food chain and players in mobile telecom. market -

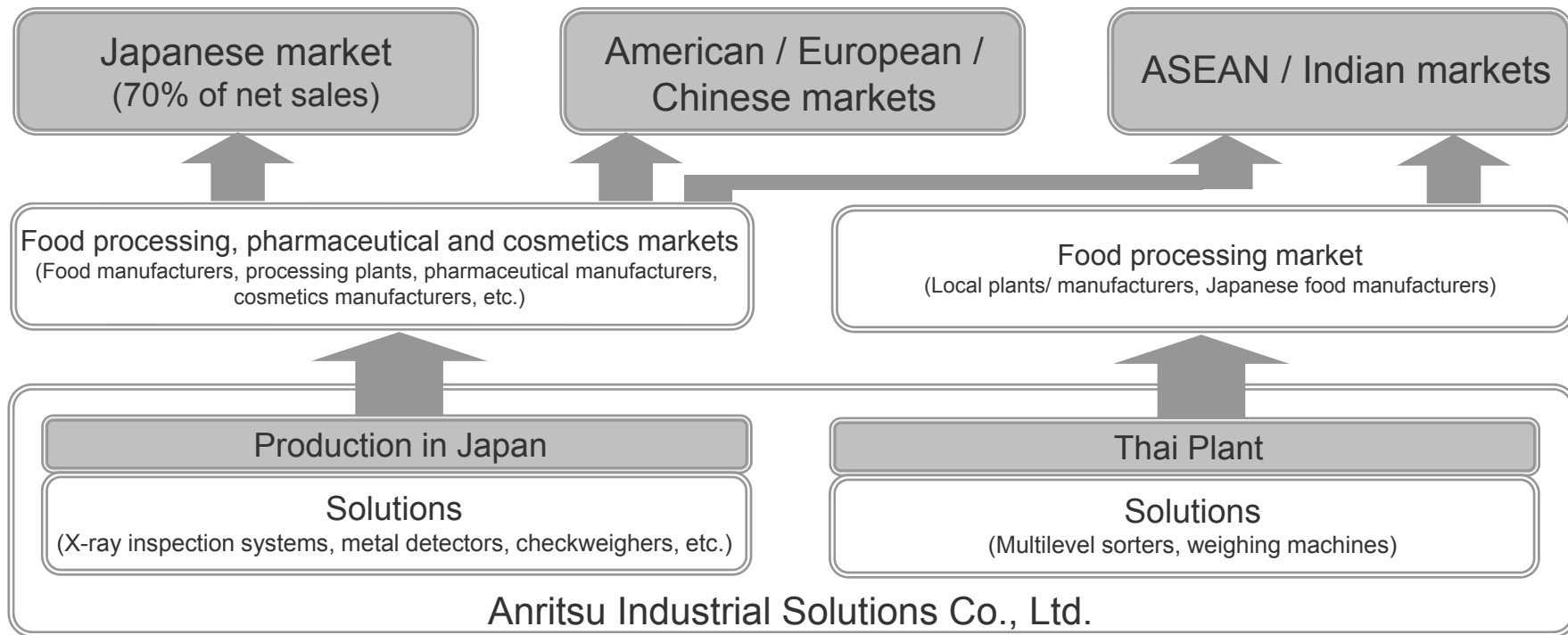


Appendix (3) -Typical players in mobile telecom. market -

Operators	AT&T, Verizon, T-Mobile, China Mobile, China Unicom, China Telecom, NTT DoCoMo, etc.
Chipset	Qualcomm, ST-Ericsson, Leadcore, Hisilicon, TI, Infineon, MediaTek, etc.
Handset	Samsung, Apple, HTC, LG, RIM, Nokia, Sony Huawei, ZTE, k-touch, Longcheer, Fujitsu, NEC, Panasonic, etc.
EMS	Foxconn, Asus, BYD, Fosunny, Quanta, etc.
Base station	Ericsson, Alcatel-Lucent, Huawei, etc.



Appendix (4) - Industrial Automation business -



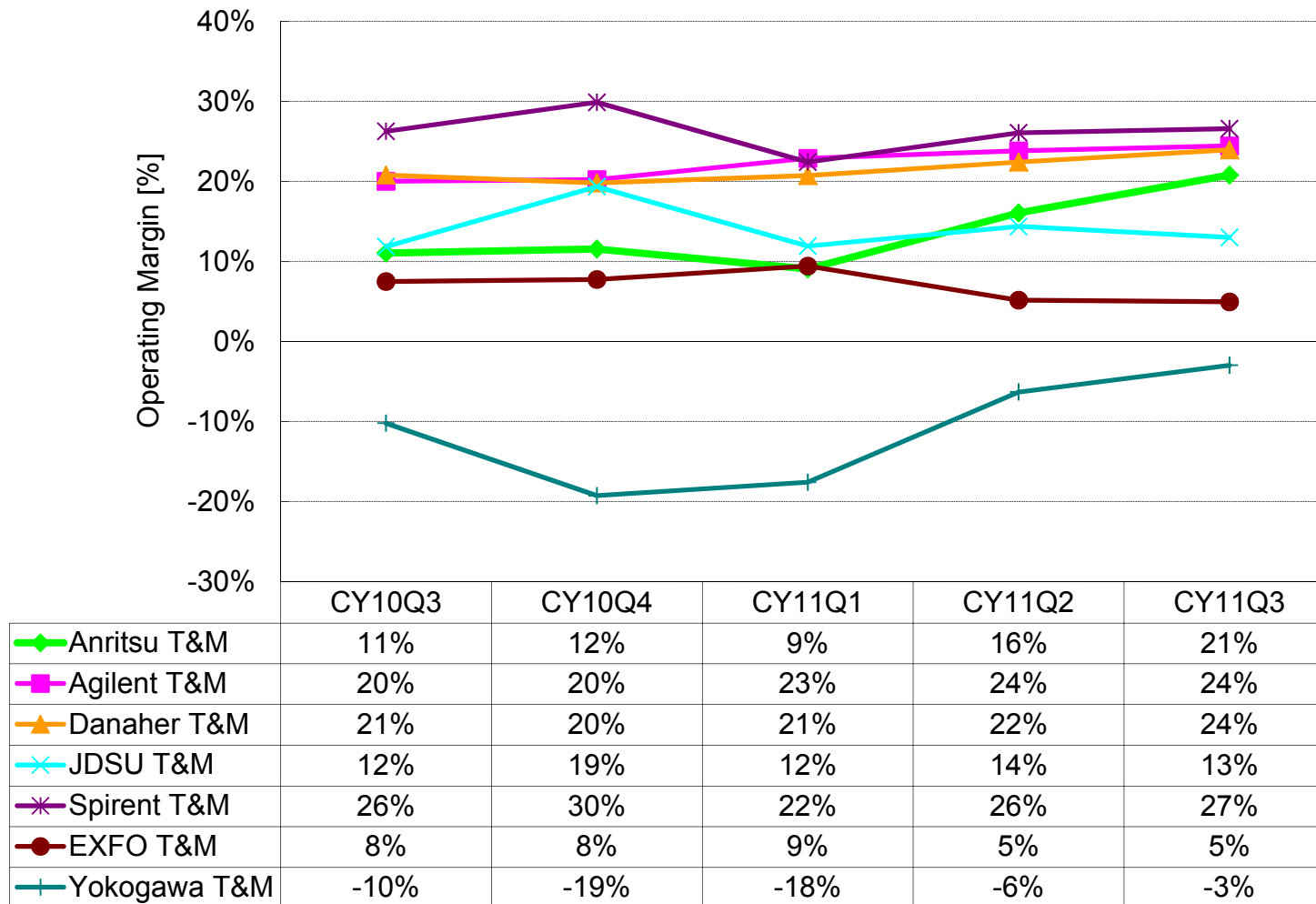
Appendix (5) - Mid term plan GLP2012 and Anritsu120 (as of Apr. 2010) -

(Billion Yen)

	FY2010		Revised in Jan.2012		Planned in Apr.2010				
			FY2011		FY2012		FY2014		
	Act.		Est.		GLP2012		Anritsu120		
Sales	77.9		91.5		90.0		100.0		
Ope.Inc.	7.0	9%	14.2	16%	9.0	10%	12.0	12%	
Net Inc.	3.1	4%	9.5	10%	4.5	5%	6.0	6%	
ROE	7.9%		>12%		10%		12%		
ACE*	1.9		>4.0		2.0		4.0		
T&M	Sales	53.5	69%	68.0	74%	61.0	68%	70.0	70%
	Ope.Inc.	5.1	9%	13.0	19%	6.0	10%	8.5	12%
Industrial Automation	Sales	12.3	16%	14.0	15%	14.5	16%	15.5	16%
	Ope.Inc.	0.7	5%	0.7	5%	1.1	8%	1.7	11%
Info.& Com.	Sales	4.1	5%	4.0	4%	6.0	7%	6.5	7%
	Ope.Inc.	0.1	2%	0.0	0%	0.5	8%	0.7	11%
Others	Sales	7.9	10%	5.5	6%	8.5	9%	8.0	8%
	Ope.Inc.	1.7	21%	0.5	9%	1.4	16%	1.1	14%

ACE (Anritsu Capital-cost Evaluation): Ope. Inc. after Tax — Capital Cost

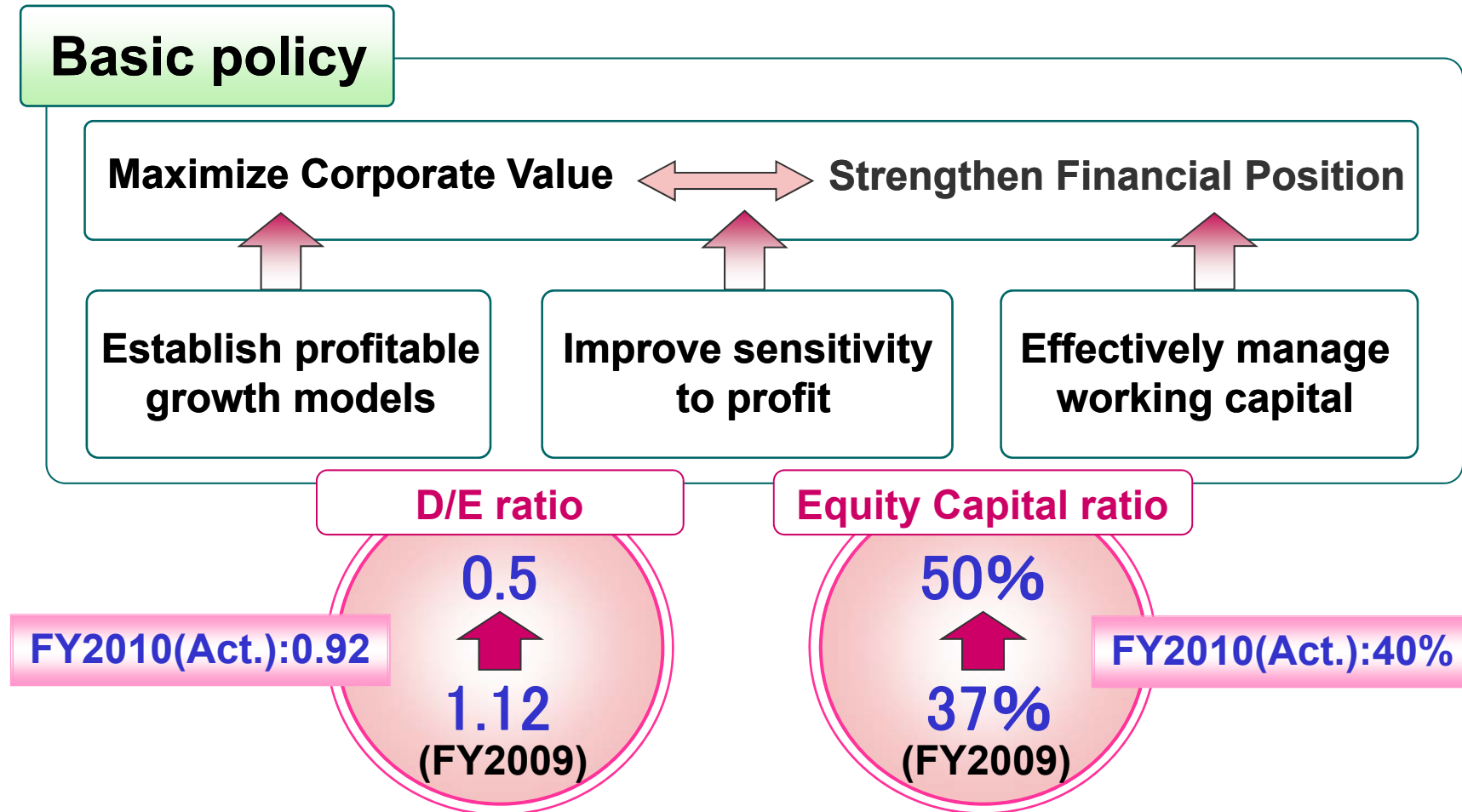
Appendix (6) - Operating margins of T&M competitors -



Note : Rohde&Schwarz is a non-listing company.

Appendix (7) - GLP2012 and Anritsu 120 : Financial strategy -

Enhance the corporate value by further improving capital efficiency management



Anritsu

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