

Becoming a cutting-edge, trusted global market leader

May 2012

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TSE code : 6754
<http://www.anritsu.com>



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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. 2020 Vision and 3-years business plan

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

FY2011 Net Sales : 93.6 Billion Yen

Operating Income : 14.4 Billion Yen

Test & Measurement (T&M)
 For development, manufacturing, construction and maintenance

- ▶ Mobile
- ▶ Network Infrastructure
- ▶ Electronics



Industrial Automation

- ▶ Food Safety
- ▶ X-ray inspection systems



Information and Communication

- ▶ IP network systems



(Sales by business segment)

T&M 75%			Industrial 15%	Info. 4%	Others 6%
Mobile 45%	Network Infrastructure 30%	Electronics 25%			

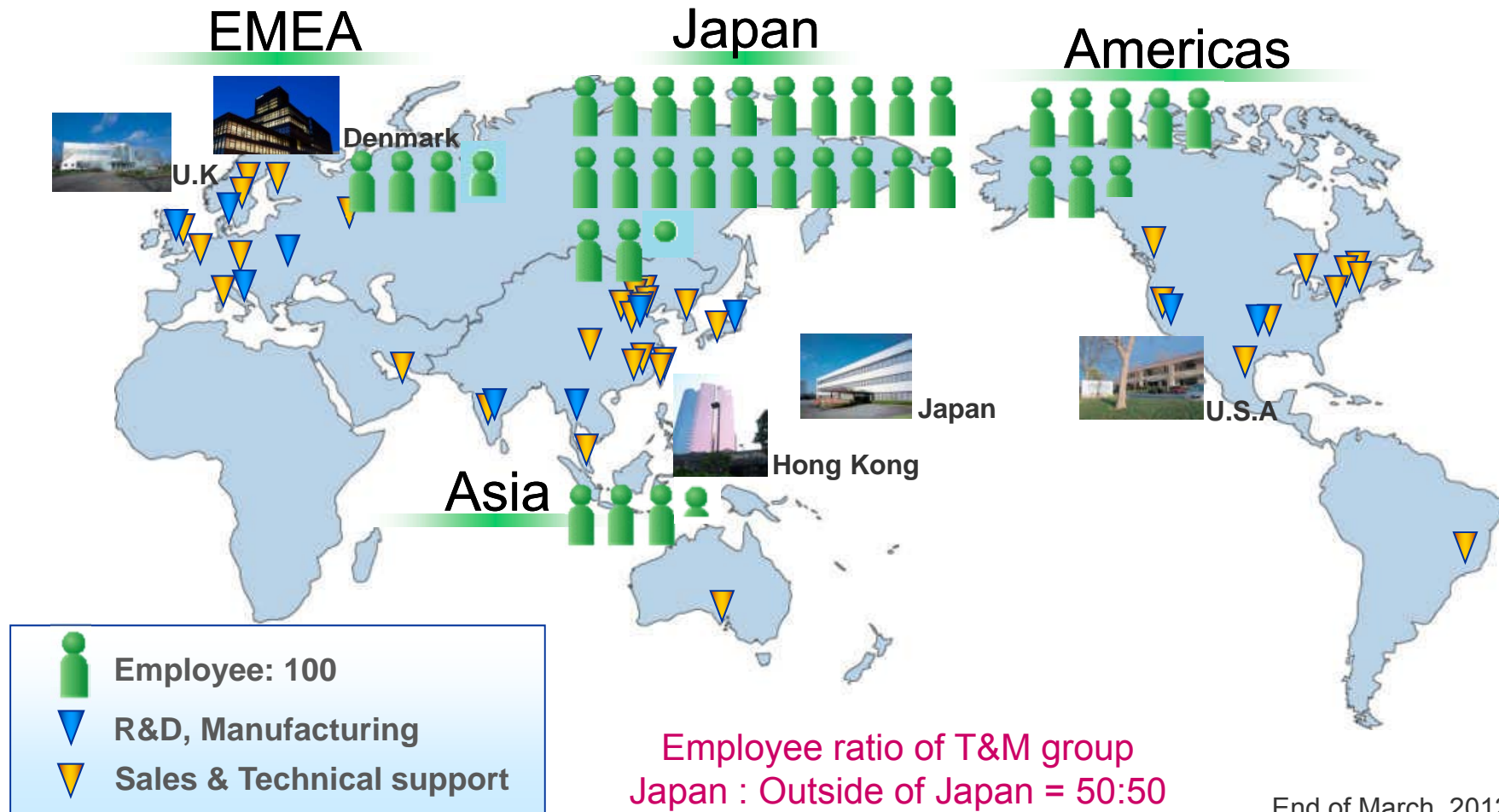
(Sales of T&M business by region)

Japan 30%	Americas 25%	EMEA 15%	Asia & others 30%
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1-2. Anritsu's strength

Contribution to the advancement of mobile broadband

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



1-3. Review of mid-term business plan (GLP2012, Anritsu 120)

Early achievement of the all targets

Japanese Accounting Standard

Main term	2012 March Act.	2013 March GLP2012	2015 March Anritsu 120
Sales (): T&M sales	93.6 B Yen* ¹ (70.5 B)	90 B Yen (61.0 B)	100 B Yen (70.0 B)
Op. margin (): T&M op. margin	15.5 % (19.5%)	10 % (10%)	12 % (12%)
ROE	21.5 %	10 %	12 %
ACE* ²	9.1 B Yen	2 B Yen	4 B Yen

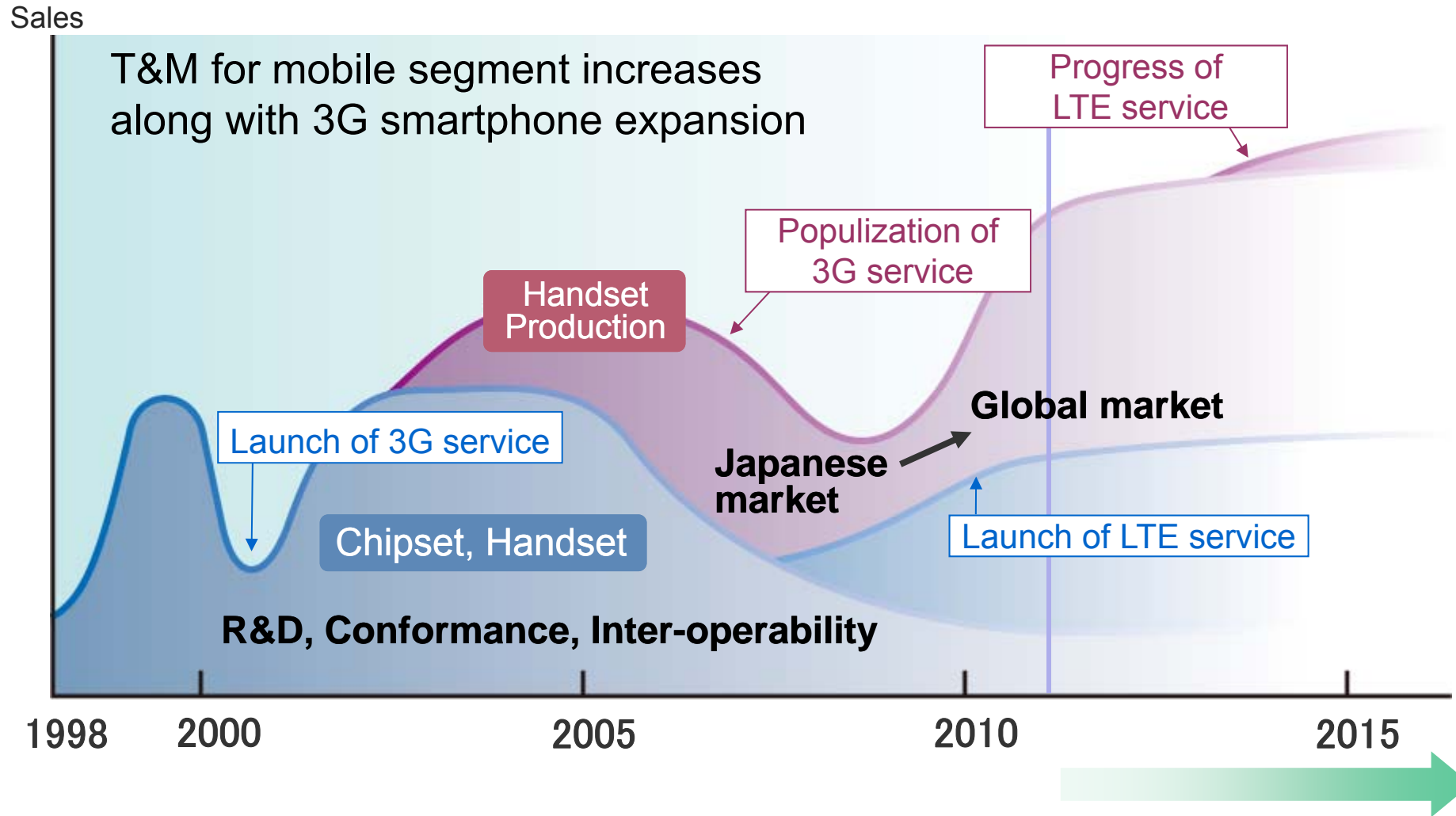
*1 : Sales adjusted by Anritsu 120 original exchange rate(1US\$=90yen) would be over 100Byen (simulated)

*2 : ACE (Anritsu Capital-cost Evaluation) : Operating income after tax - Capital Cost

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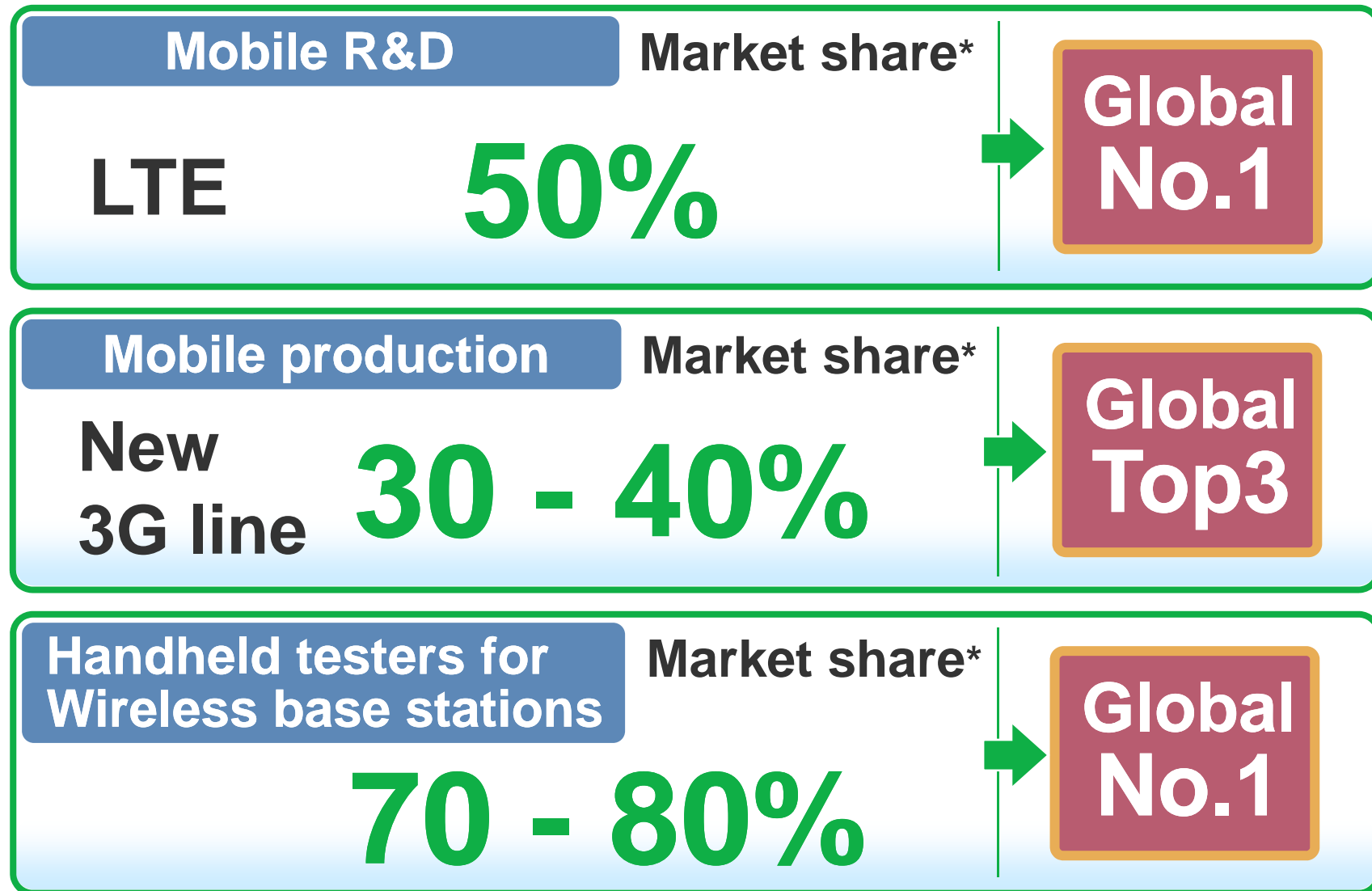
2-1. Sales trend of mobile T&M business

Mobile T&M market (Anritsu Est.):100-110B Yen (Production:70-80B Yen, R&D:20-30B Yen)







2-2. Strength in mobile T&M business

*Anritsu estimates



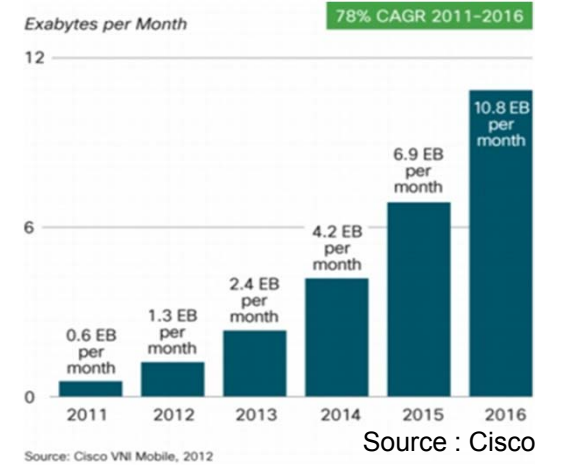
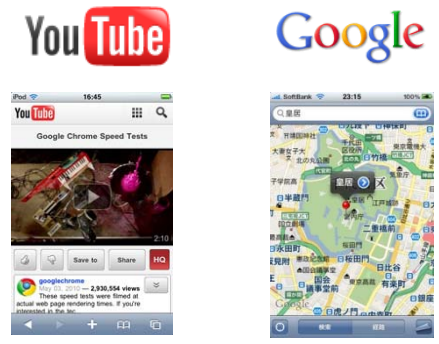
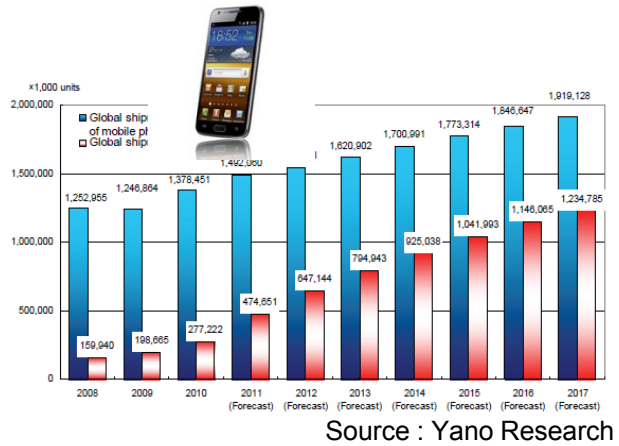
2-3. Feature of mobile T&M business : R&D / production

	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			◎			○	—

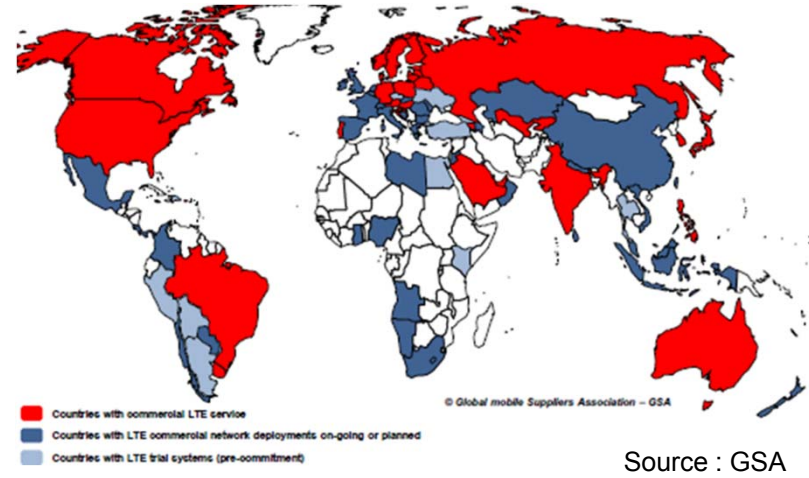
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3-1. Market trend of mobile and 5 keywords

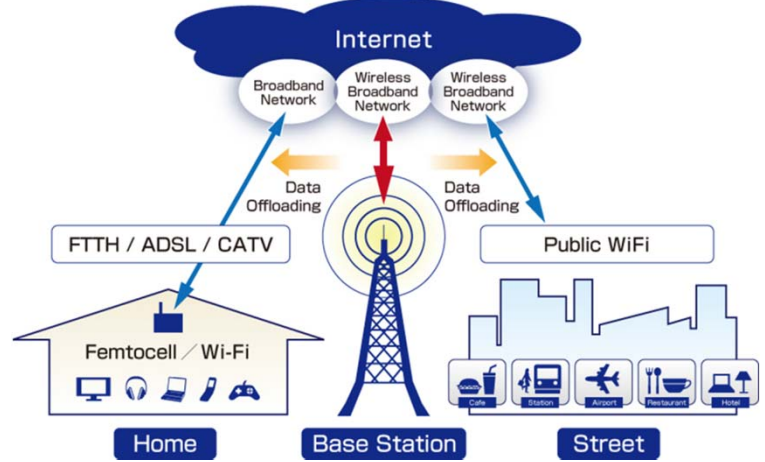
Widespread smartphone + **Powerful applications** = **Rapid increase of data traffic**



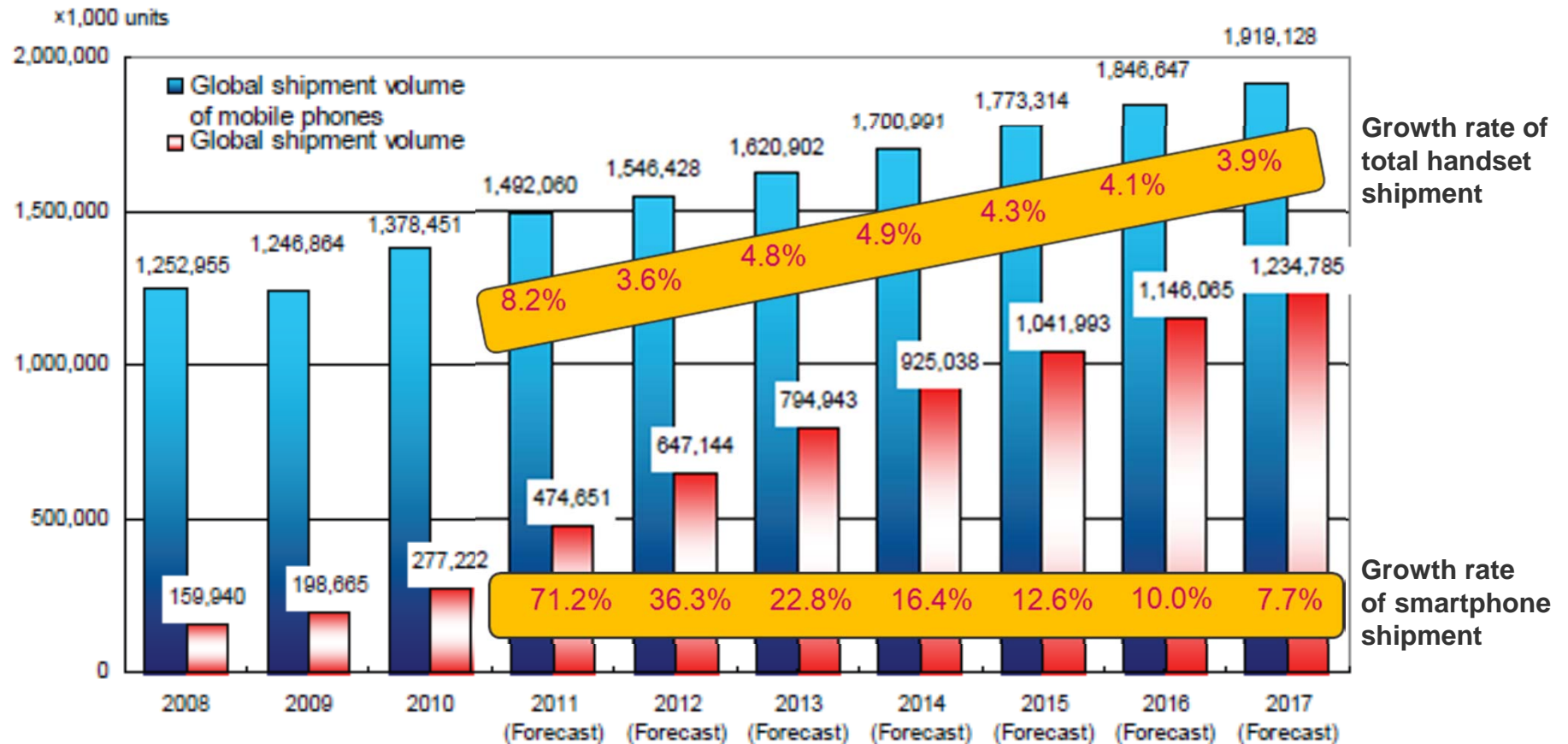
Expansion of LTE service



Data off-loading

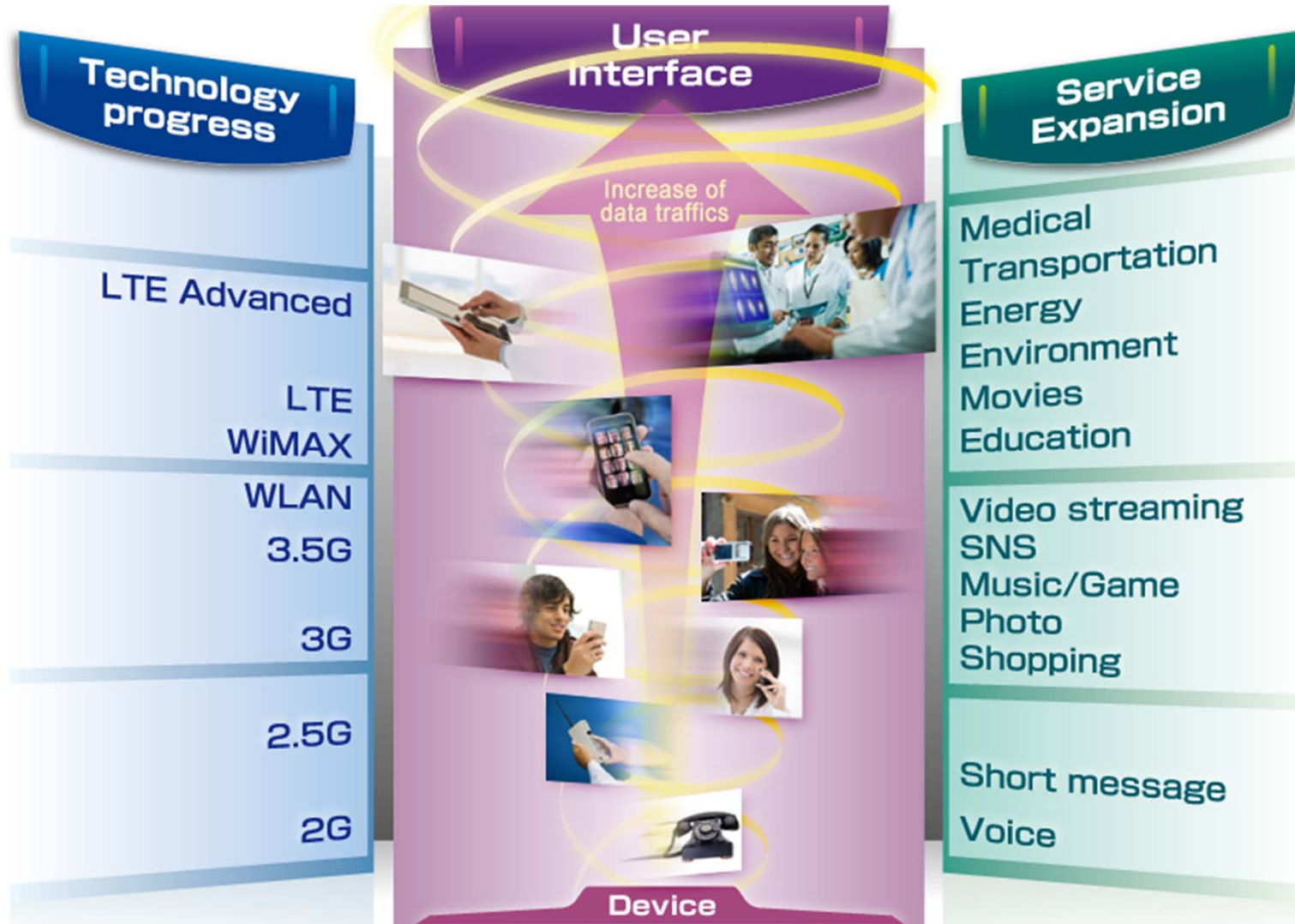


【Trend A】 Accelerating growth ratio of smartphone



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.

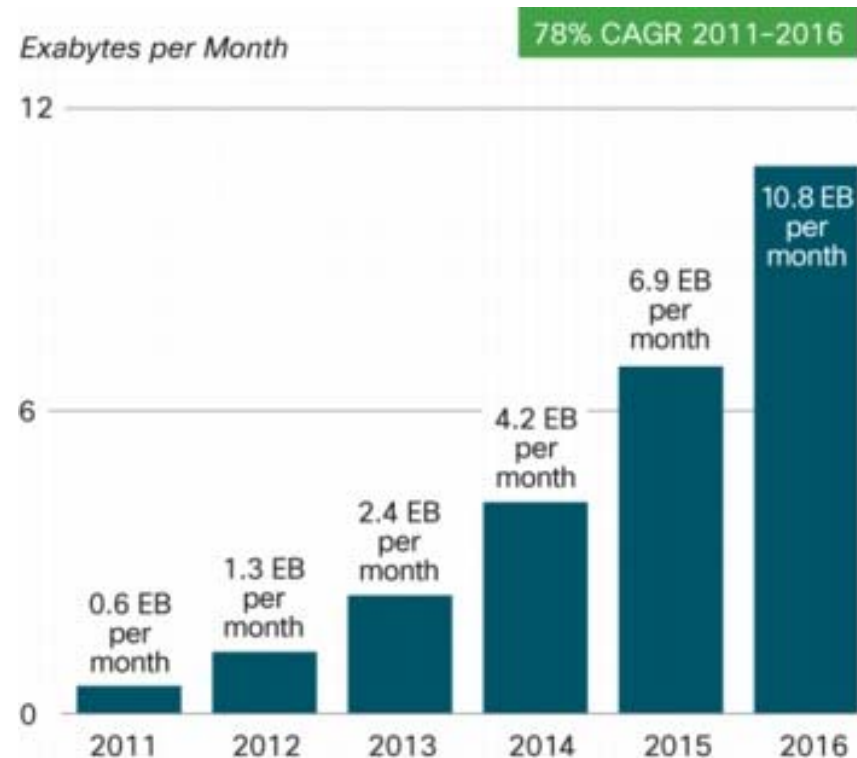
Data traffic of high-end devices



* Monthly basic mobile phone data traffic

Source: Cisco VNI Mobile, 2012

Forecast of mobile data traffic



Source: Cisco VNI Mobile, 2012

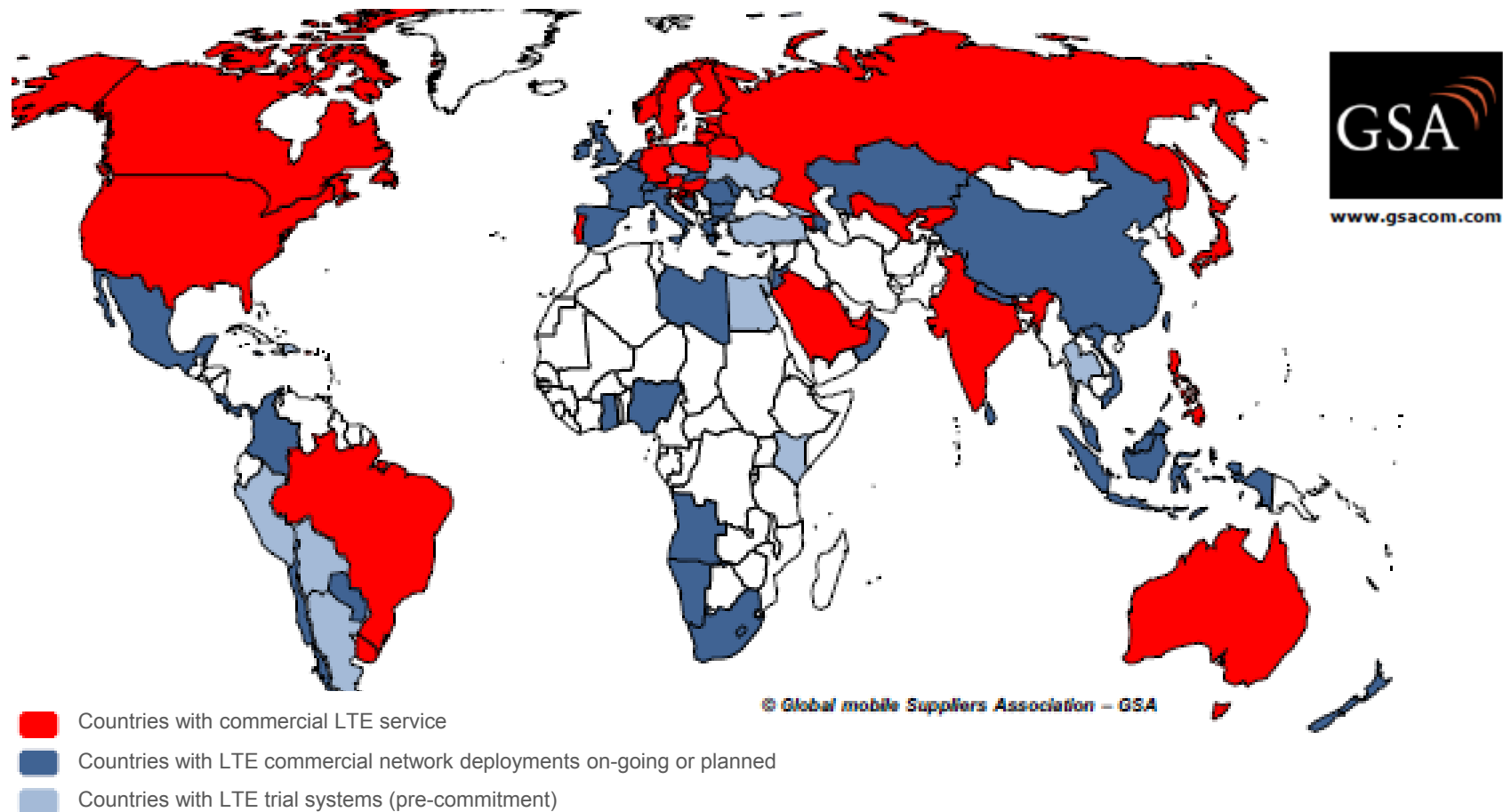
Source : Cisco

【Countermeasure A】 Rapid expansion of LTE service

64 commercial networks launched in 34 countries

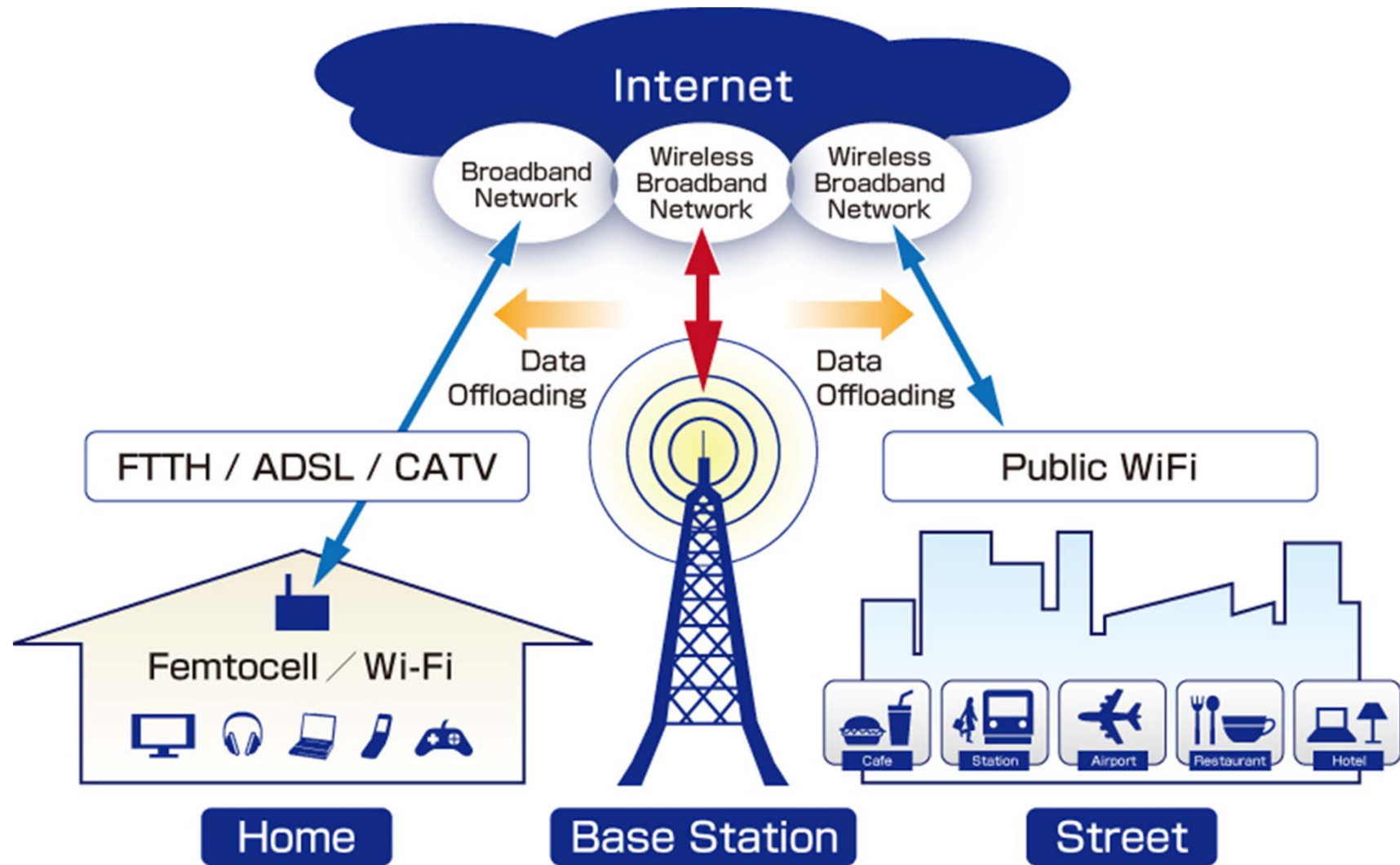
253 networks commitment to deploy LTE in 84 countries

GSA forecast: 129 commercial LTE networks by end 2012

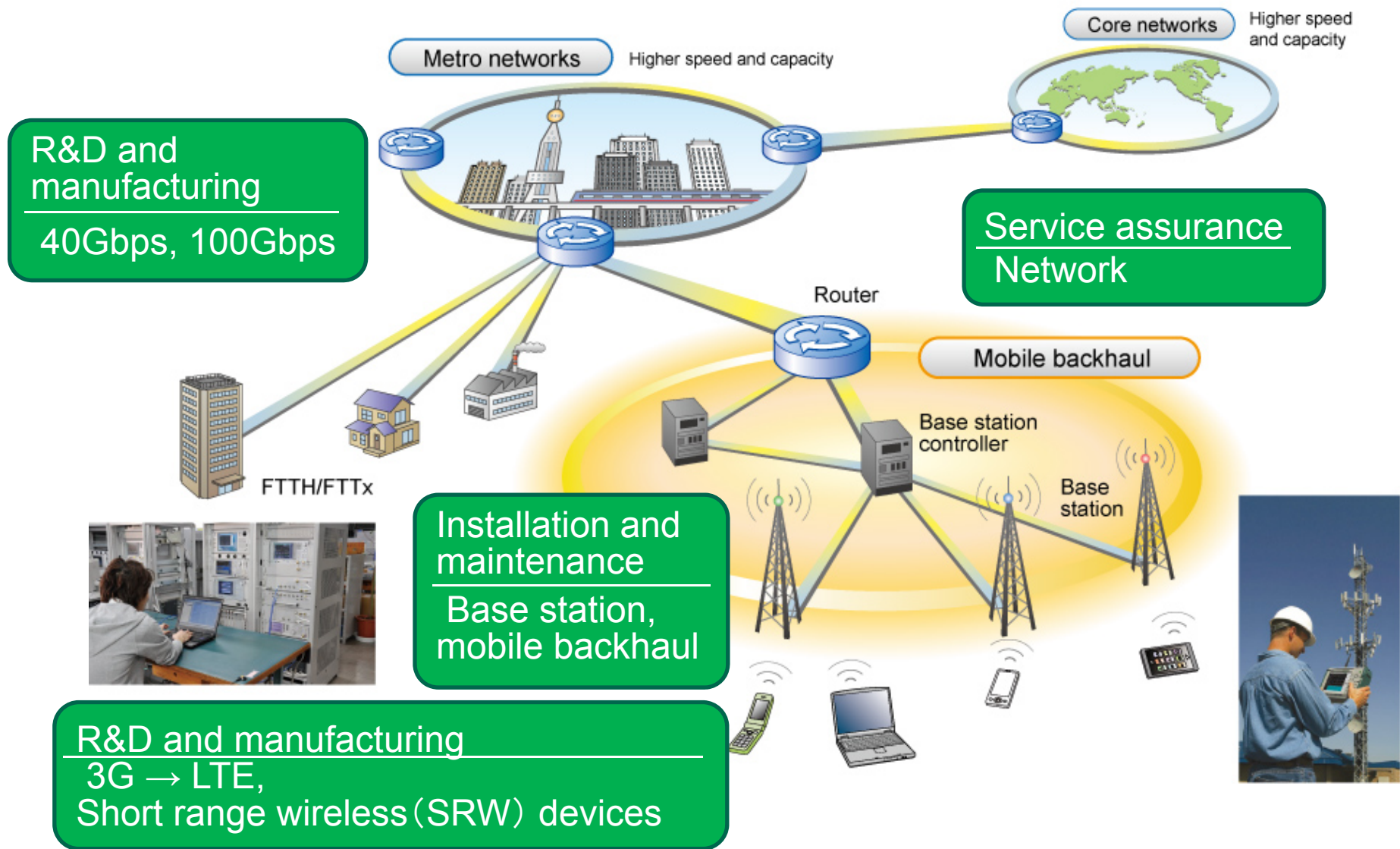


Source : GSA as of April 12, 2012

【Countermeasure B】 Data off-loading



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

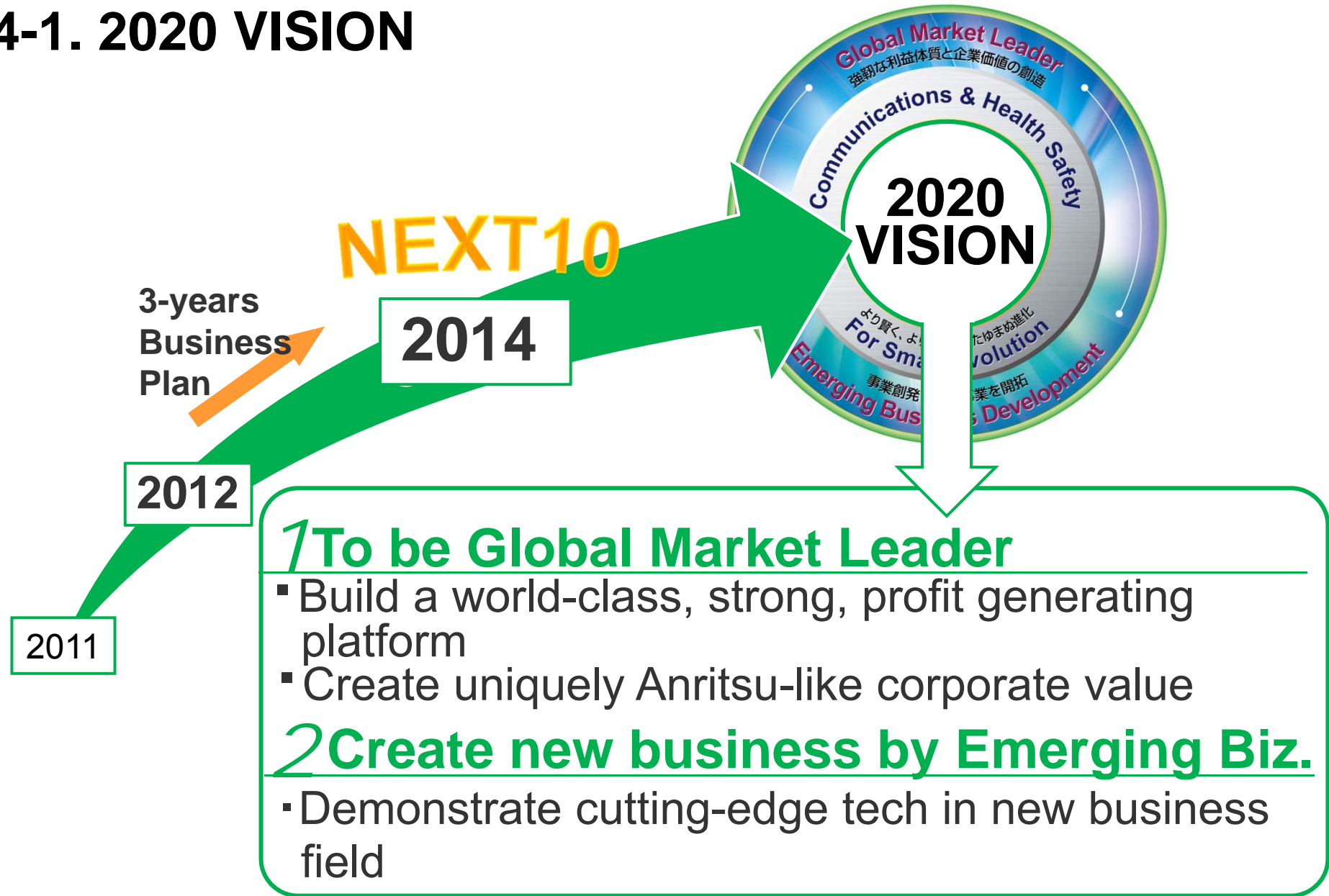


3-2. Challenges and our contributions (2/2)

Challenges -1	Network improvement by high-speed and large-capacity access systems
Contribution	R&D and manufacturing of LTE
Challenges -2	Leveling of data traffic by data off-loading
Contribution	R&D and manufacturing of SRW 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. 2020 VISION

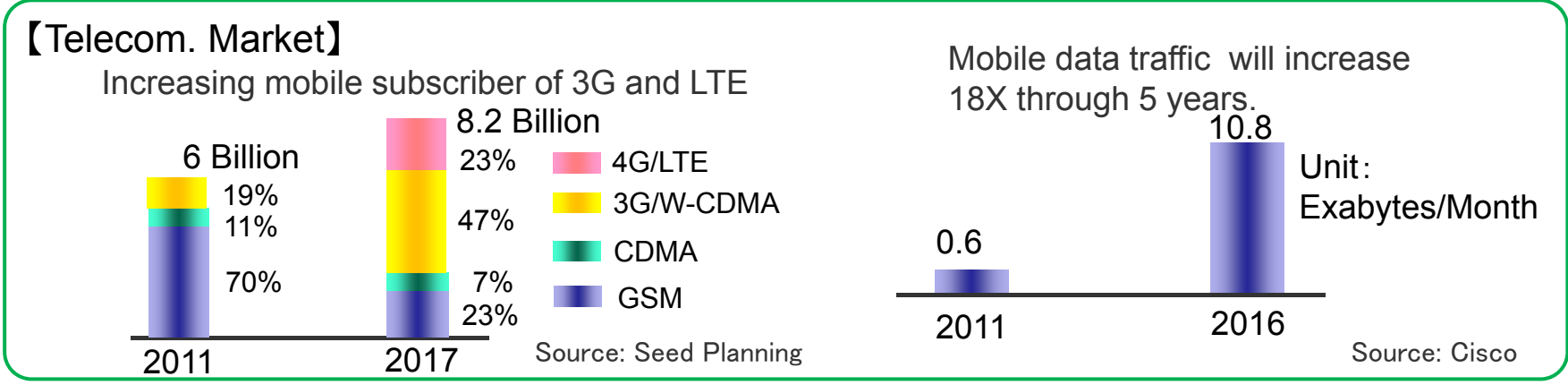


4-2. Middle and long-term management basic

! 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%	① Mobile broadband service market ② Asia Market	$\geq 7\%$	$\geq 20\%$
Indust. Auto.	3-5%	① Asia Market North America Market	$\geq 7\%$	$\geq 12\%$
Cnsolidated	—	—	—	$\geq 18\%$

4-3. Business strategy : Test & Measurement Mobile Broadband Market



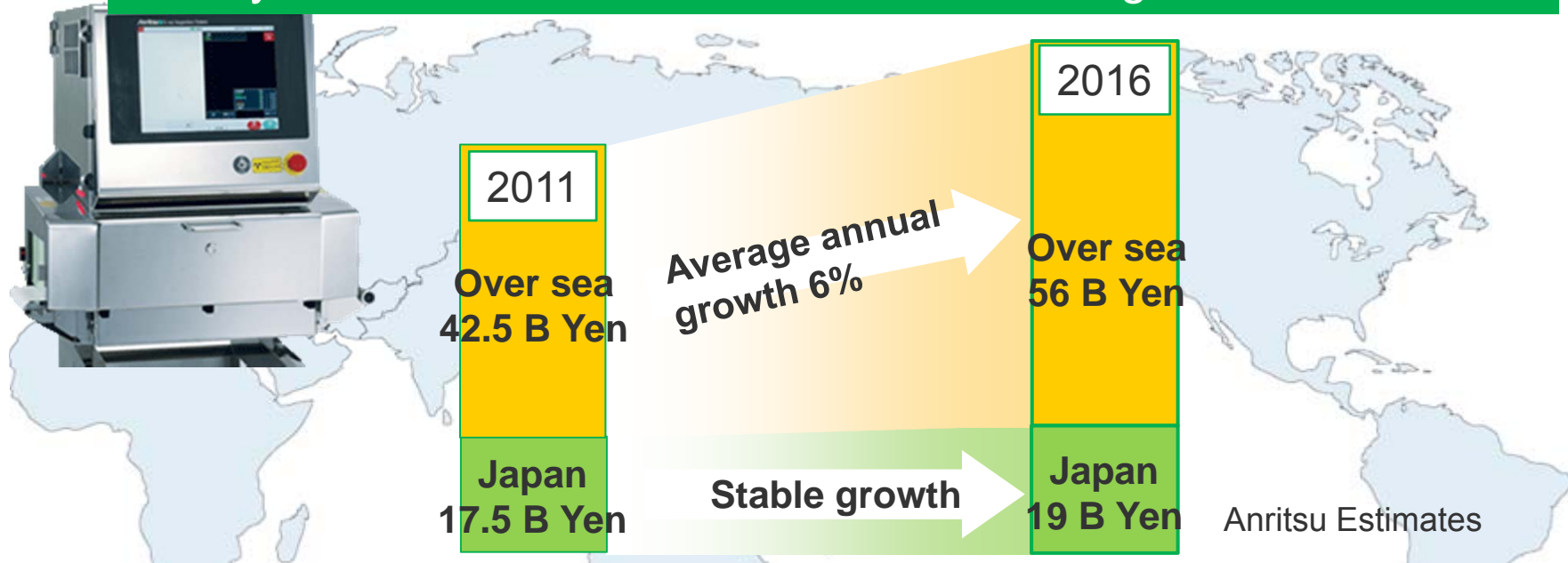
Provide T&M solutions for development, production, installation and maintenance

- ➔ Smartphone/Chipset
- ➔ Network Infrastructure
Base station, 40G/100G Opt. digital Service assurance
- ➔ Devices/Modules for telecom.

4-4. Business strategy : Industrial Automation

Expand foreign business

Quality assurance market size for food and drug related industries.



Focused market	Major initiative
Asia: Fishery and meat processing (mainly metal detector and Weighers)	(1) Establish Anritsu brand recognition at major food companies (2) Develop localization in emerging countries
North America: Meat processing (mainly X-ray inspection system)	

4-5. 3-years business plan GLP2014

IFRS

GLP2014

Indicators		FY2011 (IFRS Non-audit)	FY2012	FY2014
Sales		93.6 B Yen	94.5 B Yen	110 B Yen
Op. Income		13.9 B Yen	15.5 B Yen	19 B Yen
Net Income		8.1 B Yen	10 B Yen	13 B Yen
ROE		20 %	20 %	20 %
ACE		5.3 B Yen	7 B Yen	9 B Yen
T&M	Sales	70.5 B Yen	70 B Yen	80 B Yen
	Op. Income	13.7 B Yen	14 B Yen	16 B Yen
Indust Auto.	Sales	14.2 B Yen	15 B Yen	18 b Yen
	Op. Income	0.5 B Yen	1 B Yen	1.5 B Yen

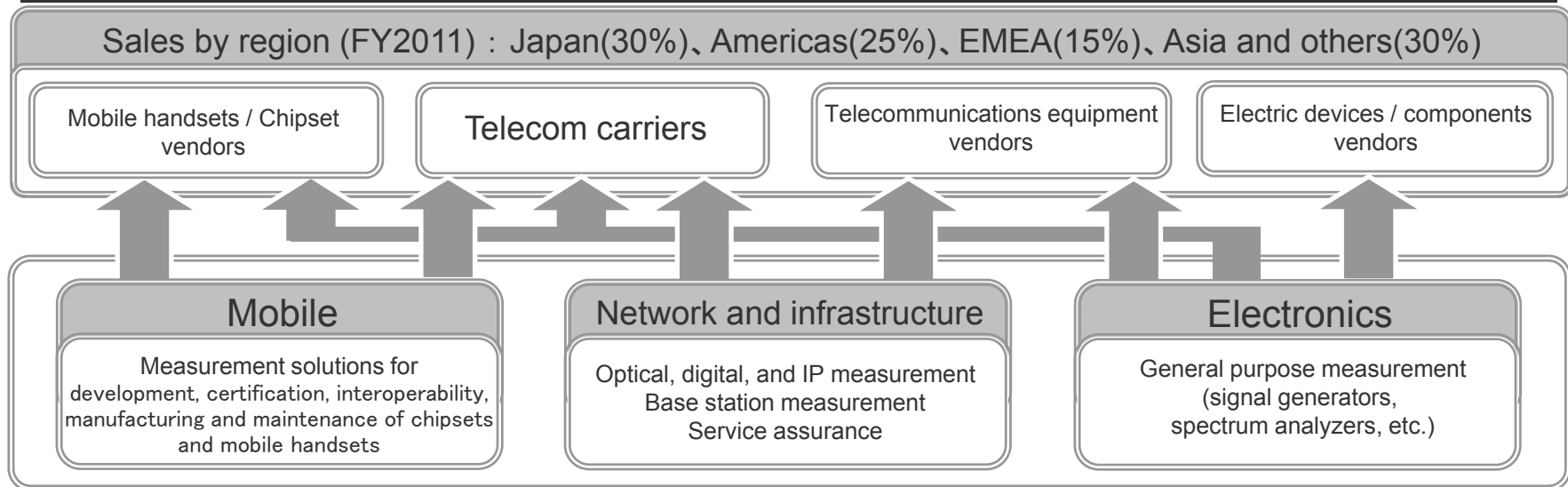
(Note) ACE (Anritsu Capital-cost Evaluation) : Operating income after tax - Capital Cost
 Actual FY2011 (IFRS based) is not audited as of Mar. 31, 2012 therefore may differ from the figures projected herein after audit.

2020 VISION

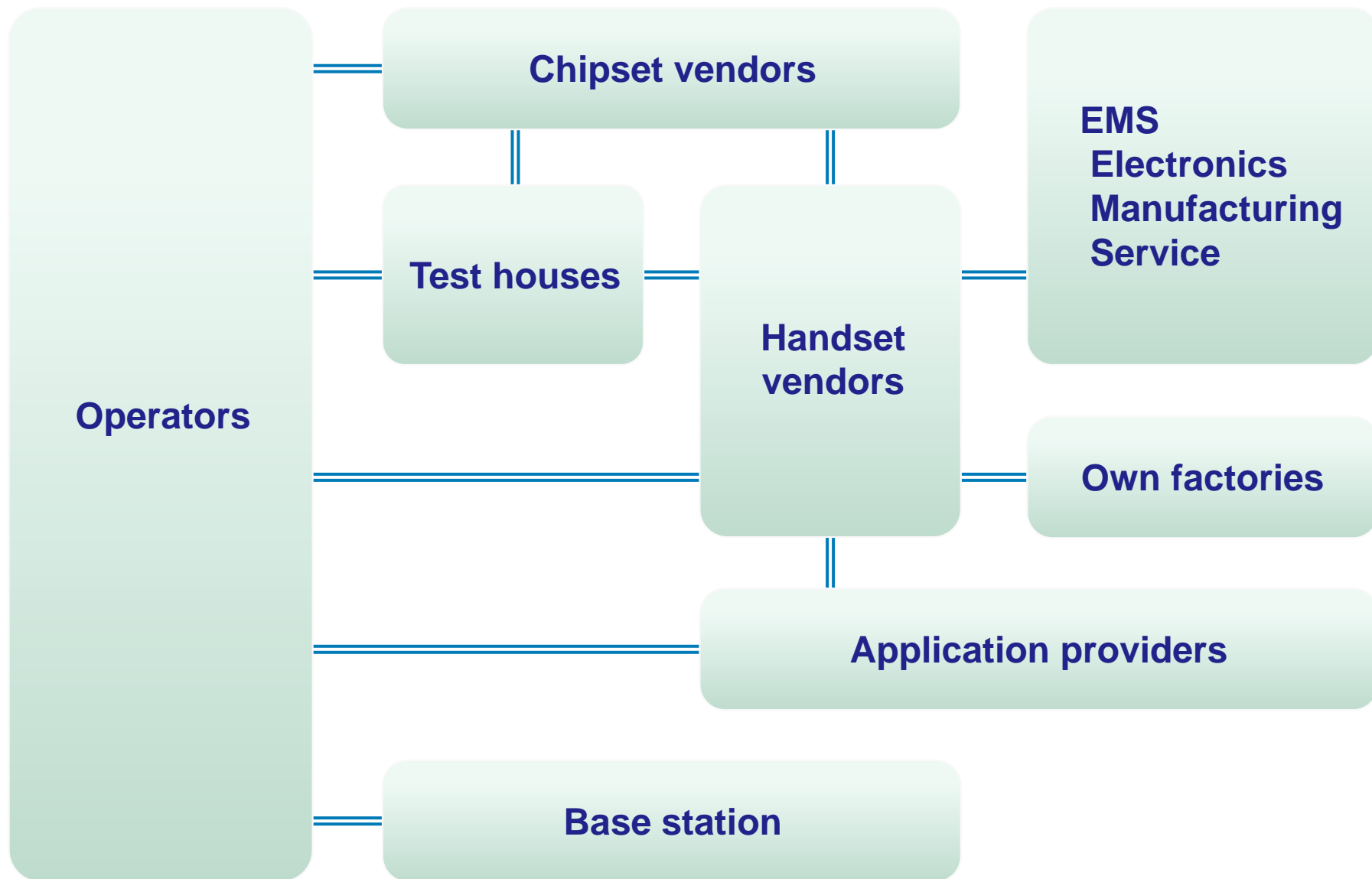


Appendix (1) - T&M business : Customers & market position -

	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	



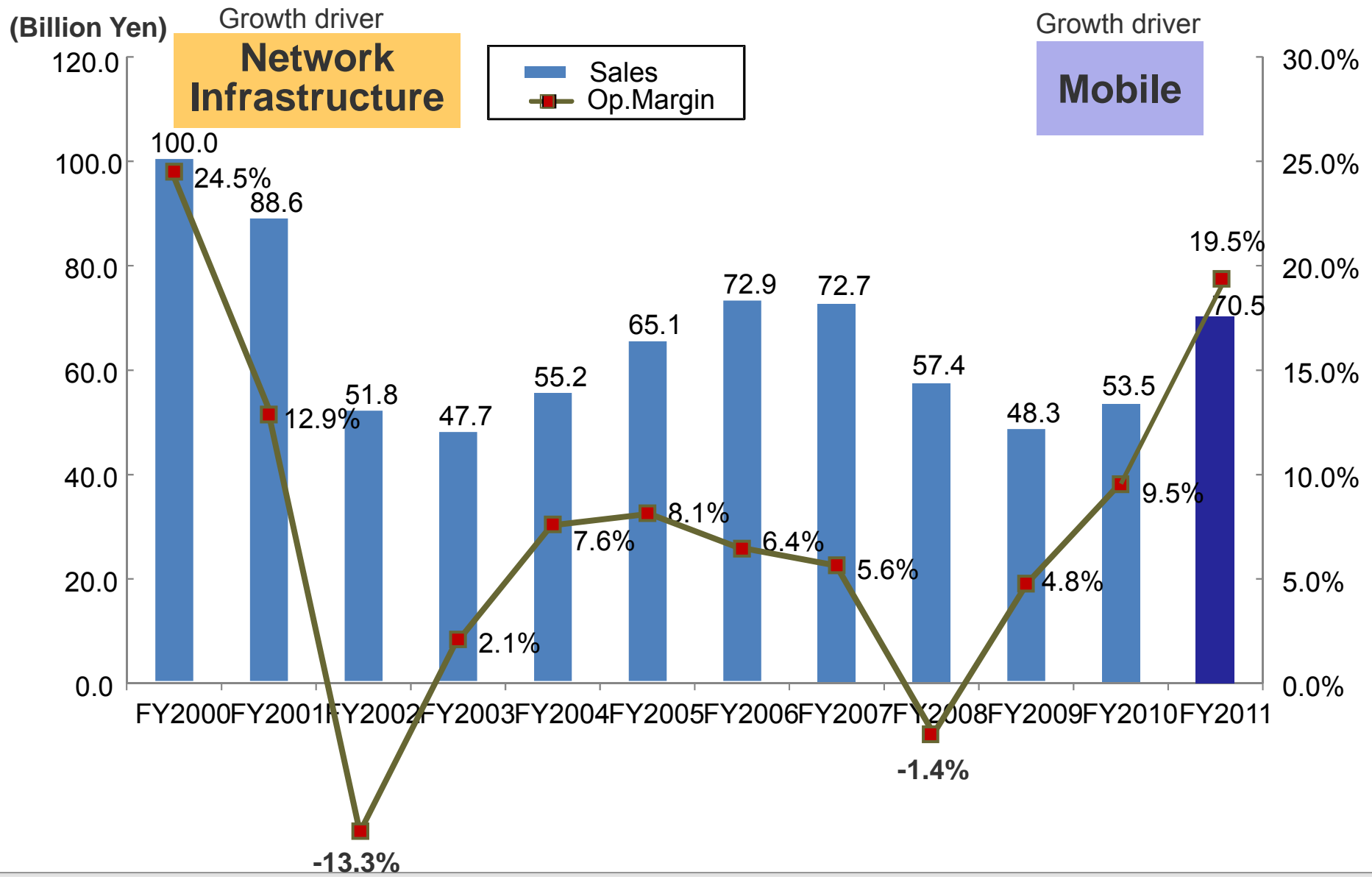
Appendix (2) - Food chain and players in mobile telecom. market -



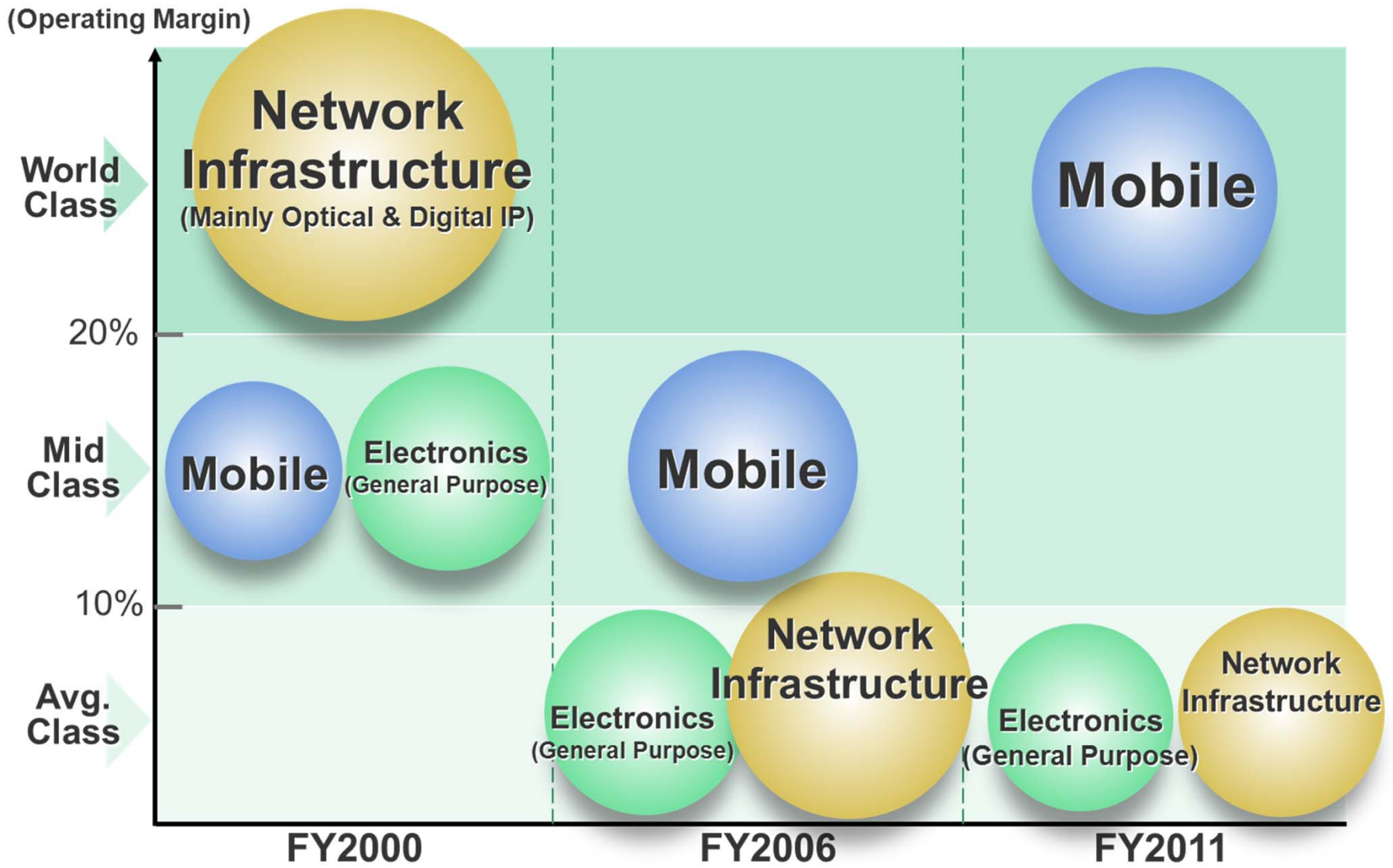
Appendix (3) -Typical players in mobile telecom. market -

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) - Performance of T&M business -

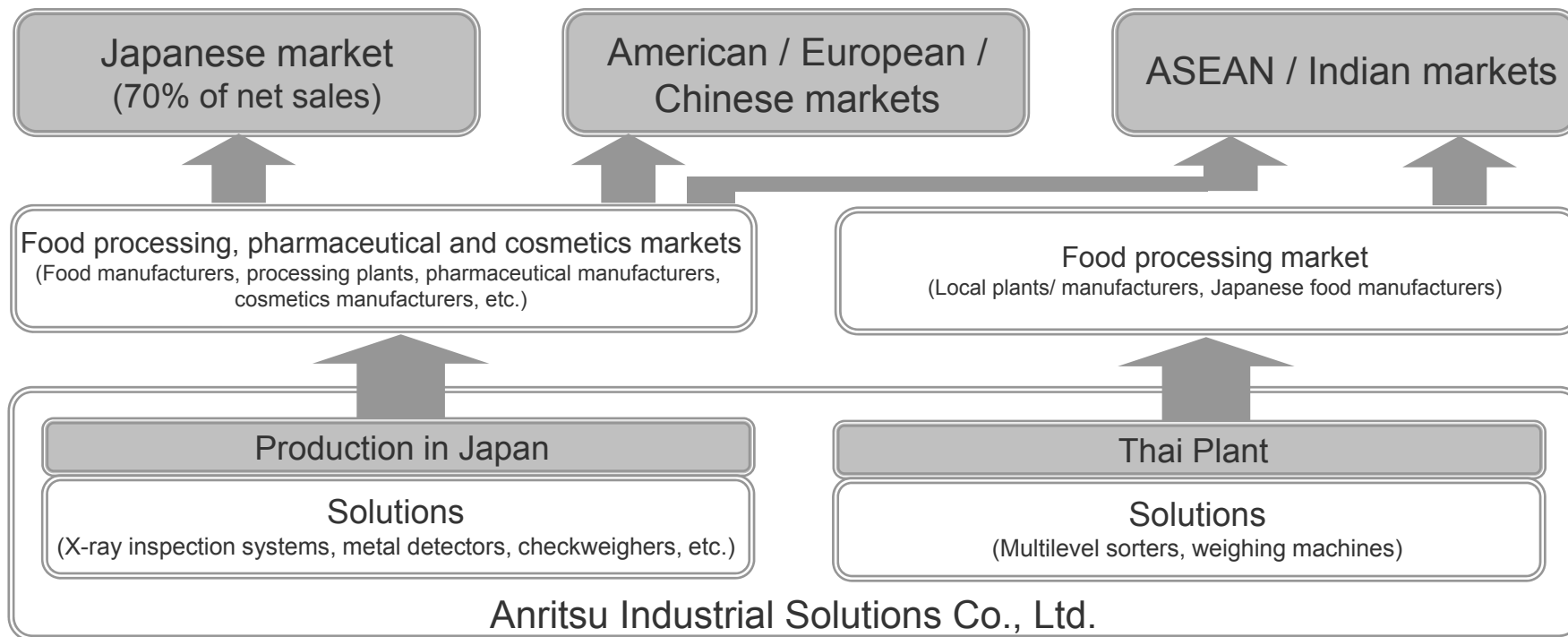


Appendix (5) - Changes of T&M business profitability -



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

Appendix (6) - Industrial Automation business -



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