

Becoming a cutting-edge, trusted global market leader

March 2013

Anritsu Corporation



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



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.

1-1. Outline of our business

FY2011 Net Sales : 93.6 billion Yen (+20%)

Operating Income : 14.4 billion Yen (+106%)

Test & Measurement (T&M)

For development, manufacturing, construction and maintenance

- ▶ Mobile
- ▶ Network(NW) Infrastructure
- ▶ Electronics



Industrial Automation

- ▶ Food safety
- ▶ X-ray inspection systems



Others

- ▶ IP network systems
- ▶ Optical devices



(Sales by business segment)

T&M 75%			Industrial 15%	Others 10%
Mobile 45%→50%(FY2012 1Q-3Q)	NW Infrastructure 30%→30%	Electronics 25%→20%		

(Sales of T&M business by region)

Japan 30%→25%	Asia & Pacific 30%→30%	Americas 25%→30%	EMEA 15%→15%
-------------------------	--------------------------------------	----------------------------	------------------------

1-2. Global business operation

Group companies: 37

(Japan:11, Asia & Pacific:9 , Americas:7 , EMEA:10)

EMEA

Americas



As of Mar. 2012

2-1. Who are we?

A key player in the telecom T&M industries

Market share (Anritsu estimates)		
Mobile	R&D	50%
	UE Production(3G/LTE)	30%
Network Infrastructure	Wireless base station: Installation & maintenance	70%
	Wired line: R&D/production	15%

**Growing Business : Mobile broadband T&M
(Mobile & Internet of Things)**

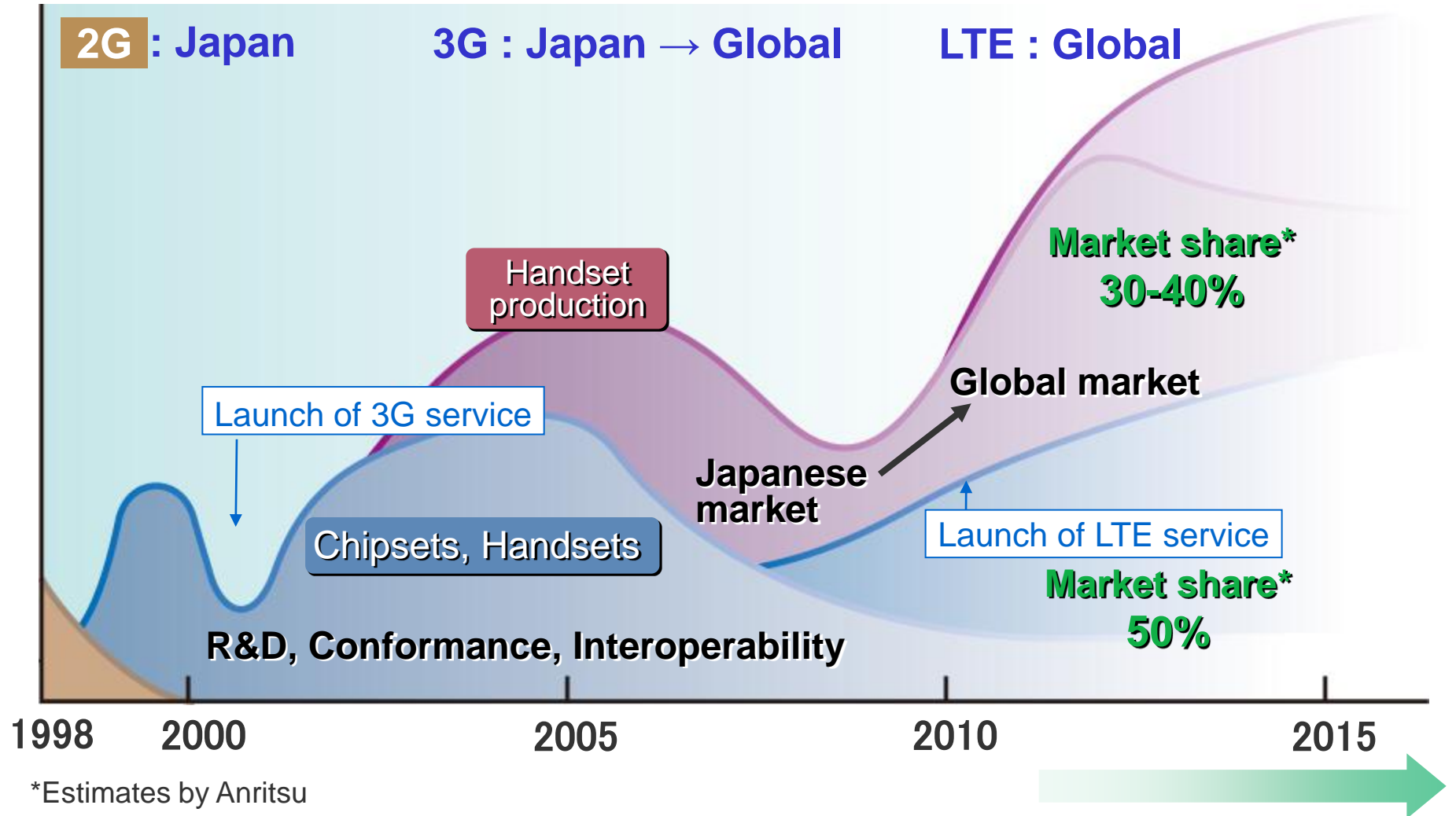
Annual Growth : > 10% for at least 5 Years

2-2. Growing business: Mobile broadband T&M

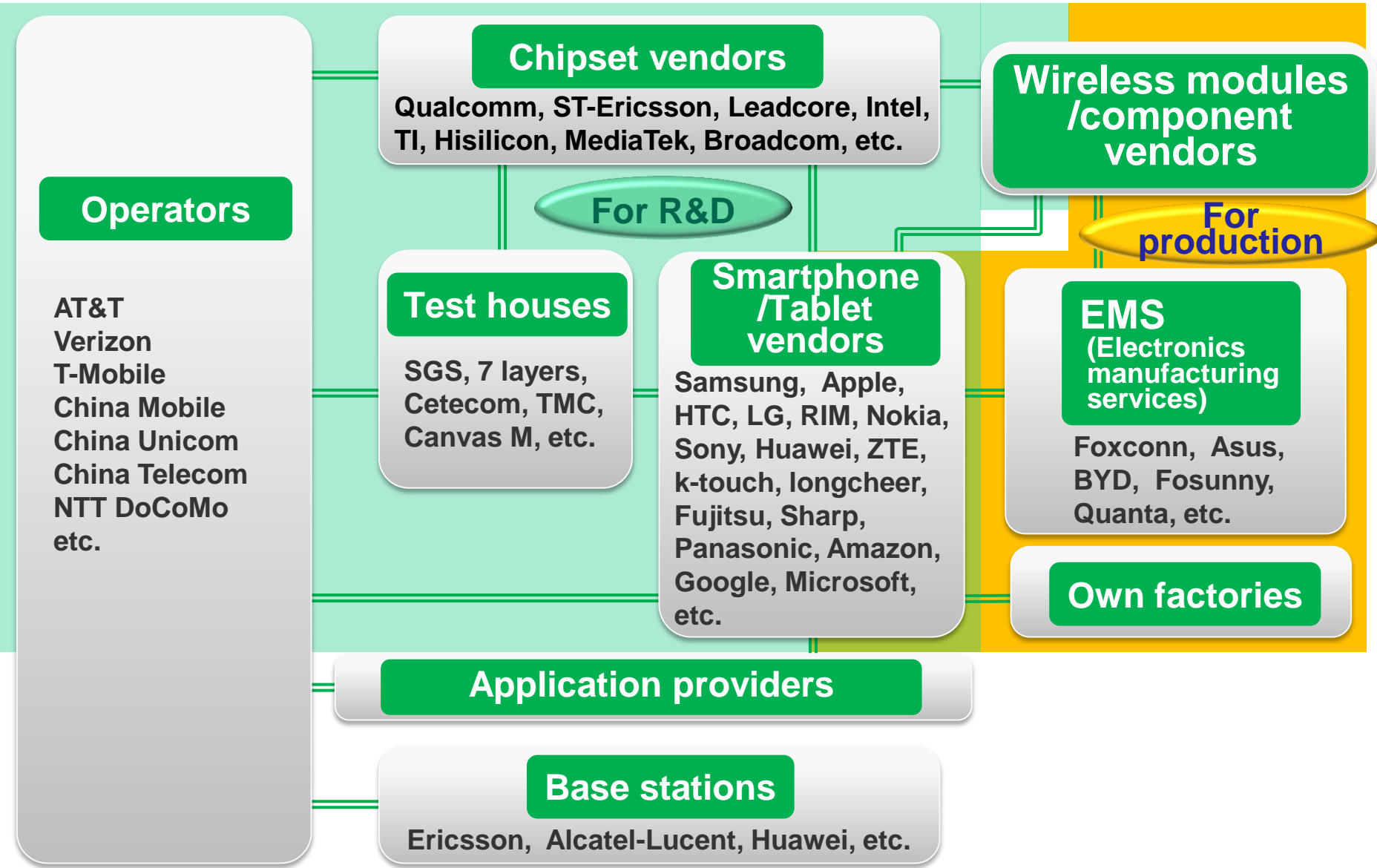
Mobile T&M Market (Est. by Anritsu): 1.4B USD

(Manufacturing: 1.0B USD, R&D: 0.4B USD)





Sales



2-3. Food chain and players in mobile telecom. market

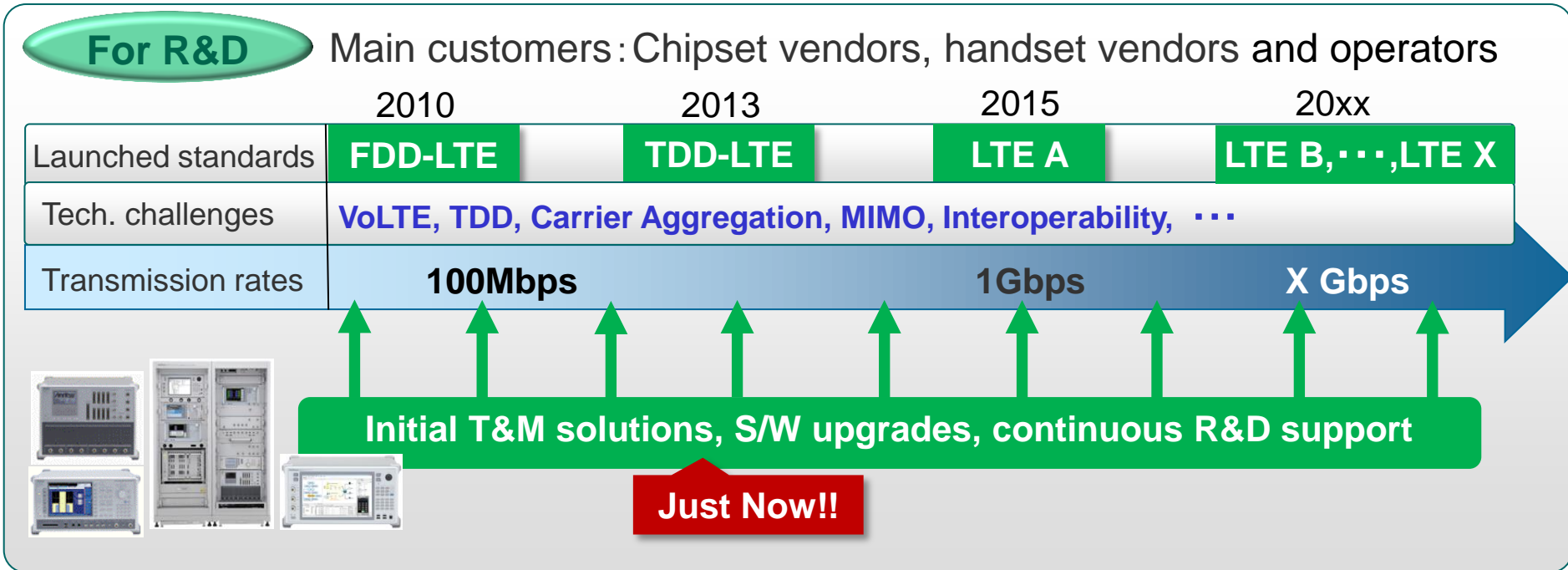


2-4. Value-added products with leading-edge technologies

	For R&D			For commercial UE development
	Protocol develop. and standards develop. for chipsets and handsets			
Categories	Core R&D	Conformance test Interoperability test	Operator acceptance test	Performance test for application development -Throughput performance -Battery consumption etc.
Current telecom protocol	LTE (FDD-LTE, TDD-LTE)			3G/LTE
Customer	Chipset and handset vendors	Chipset and handset vendors, test house and telecom operators	Test house and telecom operators	Handset vendors and application developers
Business regions	U.S., EU, Japan, Korea and China			
Products				

2-5. Mobile R&D business: Continuous demands

Ensuring ongoing business through support for customers' development



Notes: VoLTE (Voice over LTE): Voice calls using LTE communications protocols. Voice calls on current LTE smartphones use 3G communication protocols.

Carrier aggregation : Communication functions with bundled frequency bands to enable even more high-speed communications.

2-6. Mobile production business: Growing demands

Securing repeat business by improvements in customers' productivity

For production

Main customers: Handset vendors, module/component vendors and EMS

Our solutions : Specialized one box testers



**2 ports
for 2G/3G/LTE test**



**4 ports
for 2G/3G/LTE & SRW
(Short Range Wireless) test**

Demand triggers

- ① Production line change: 2G → 3G / LTE(FDD,TDD)
- ② Expanding production capacity
- ③ Improvement of productivity (efficiency)
- ④ Testing process integration: SRW (W-LAN, Bluetooth, etc.)
- ⑤ Appearance of new players

Key factors for Success

**Customer support for improvement of productivity and efficiency
(incl. R&D support)**

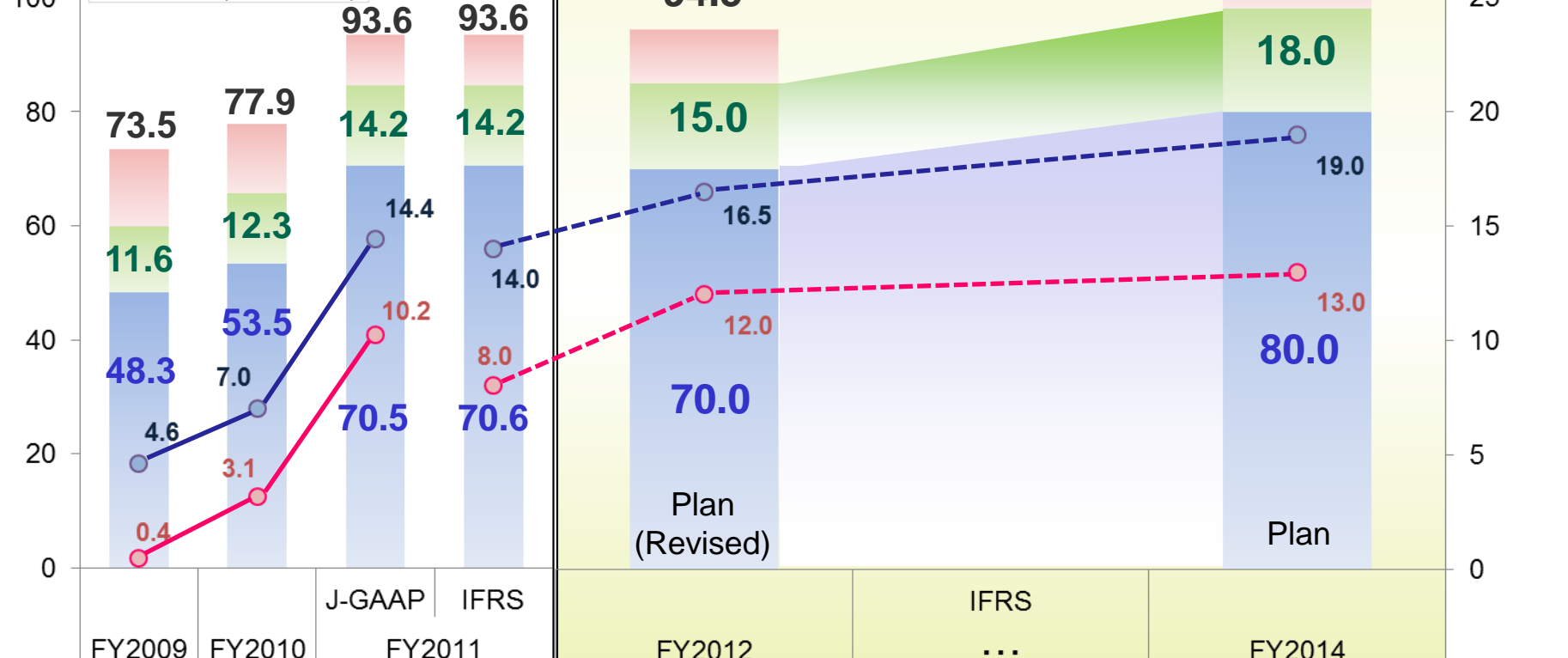
3-1. 3-year business plan GLP2014

2020
VISION



Sales
(B yen)

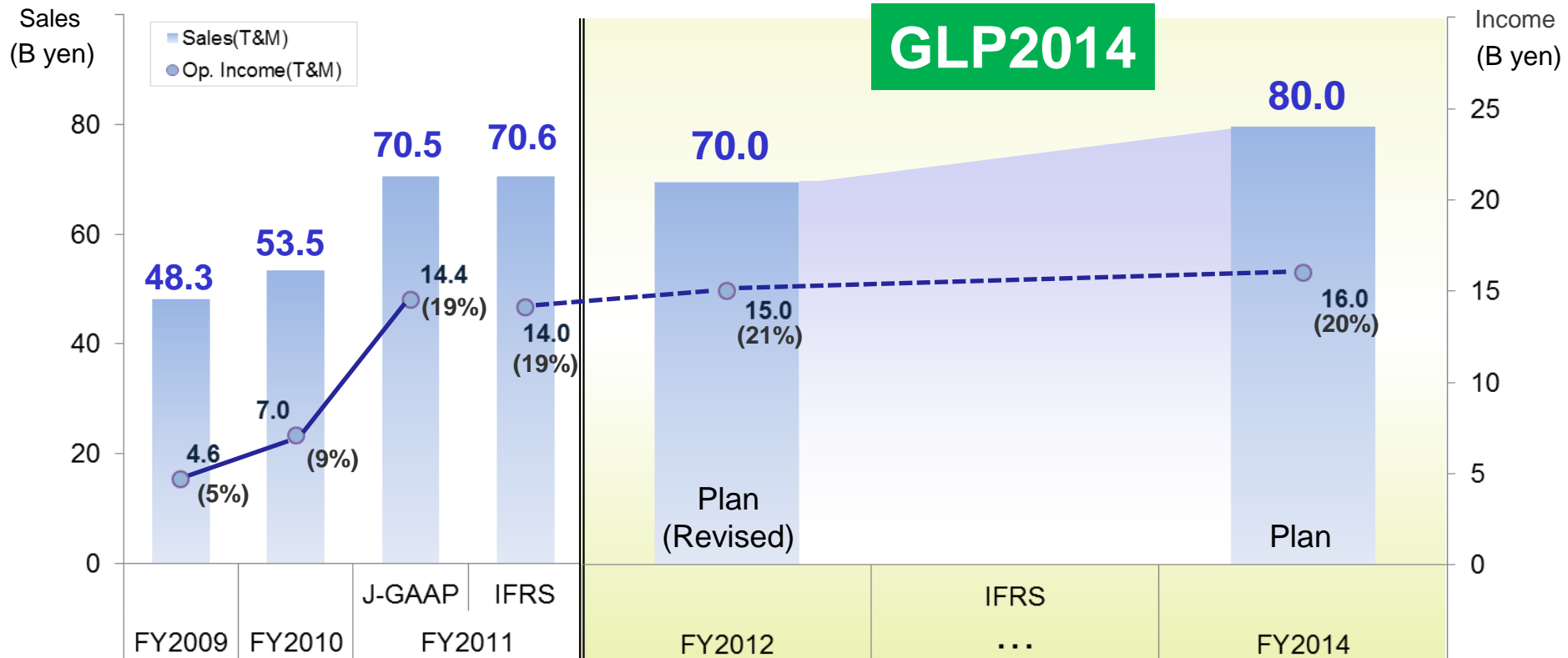
- Sales(Others)
- Sales(Industrial Auto.)
- Sales(T&M)
- Op. Income(Consolidated)
- Net Income(Consolidated)



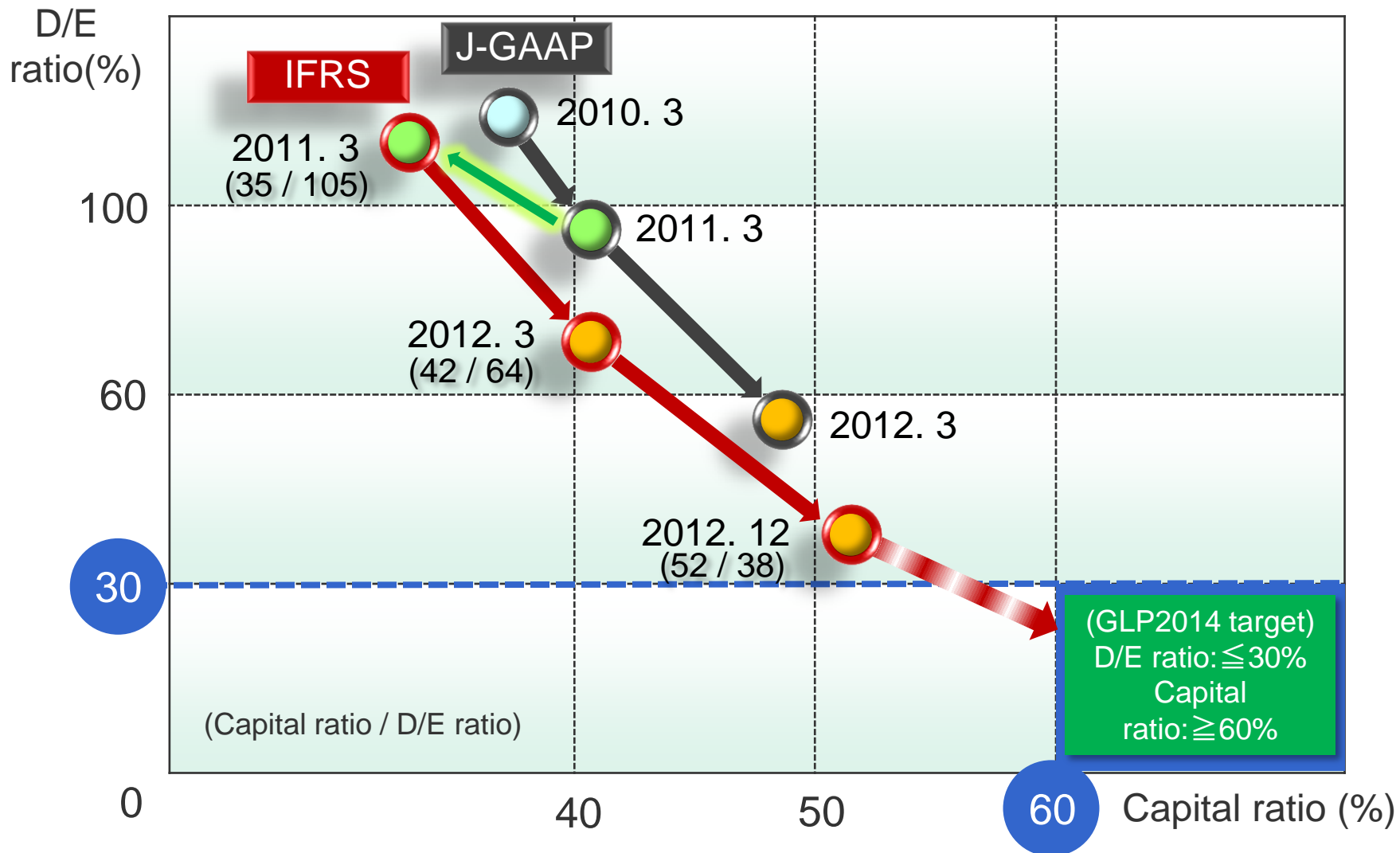
ROE	1.3	7.9	21.5	19.5	20 (Est.)	≥20	(%)
------------	------------	------------	-------------	-------------	------------------	------------	------------

3-2. T&M business Mid-term targets / 3-year plan

T&M market average annual growth rate	Growth drivers	Targets	
		Sales growth rate	Operating margin
3-5%	① Mobile broadband service market ② Asian market	$\geq 7\%$	$\geq 20\%$



4. Mid and long term goal for improving the financial structure



5. Dividend policy

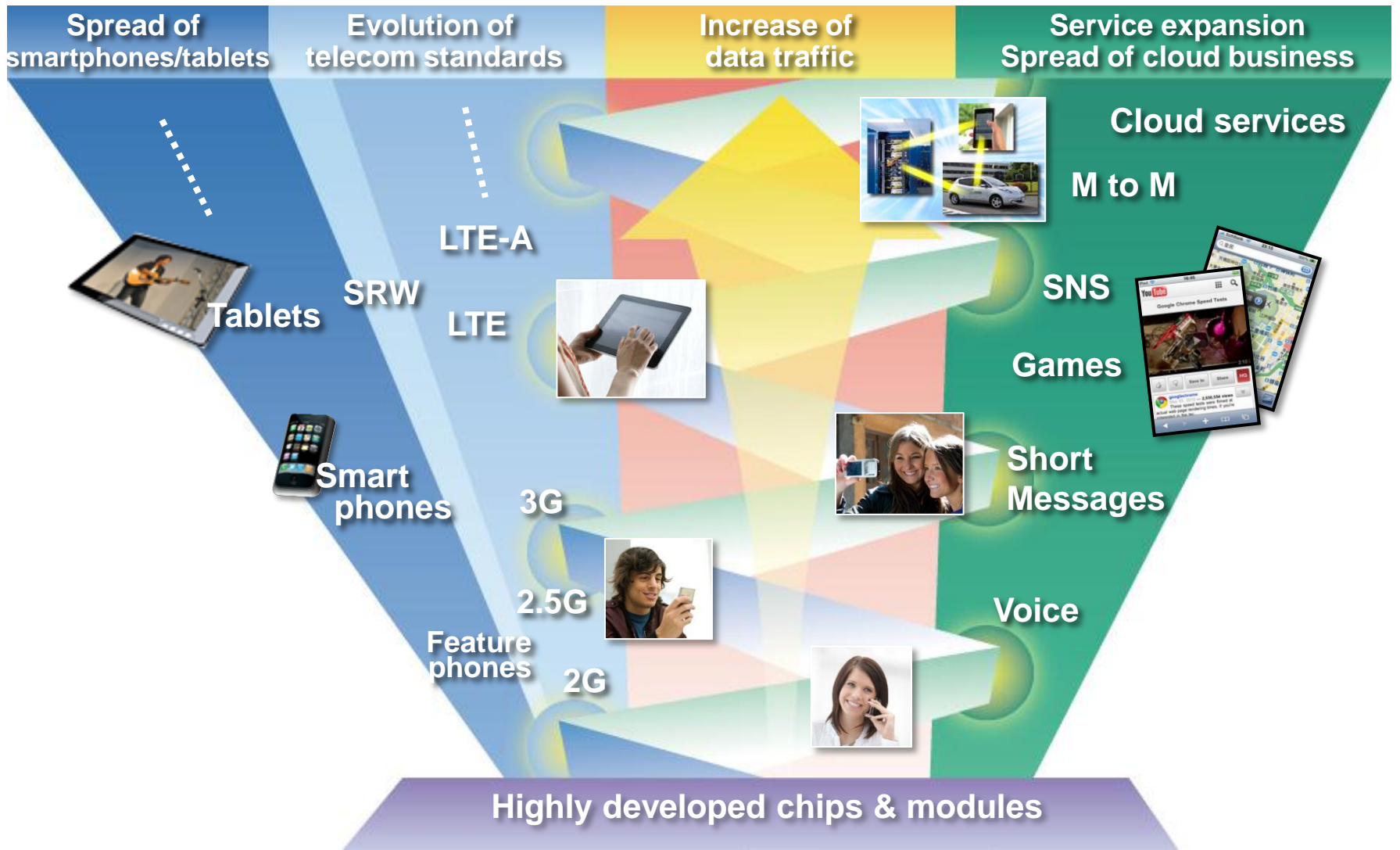
Anritsu's basic policy is to implement distribution of surplus as a measure to return profits to shareholders, based on the level of consolidated net profit for the relevant fiscal year.

We determine the amount of dividend with the aim of achieving the principal index of **consolidated dividends on equity ratio (DOE)**, together with complementary factors such as dividend payout ratio.

(cf.) Current actual DOE \geq 4%

Appendix(1) Rapid growth in the mobile broadband services market

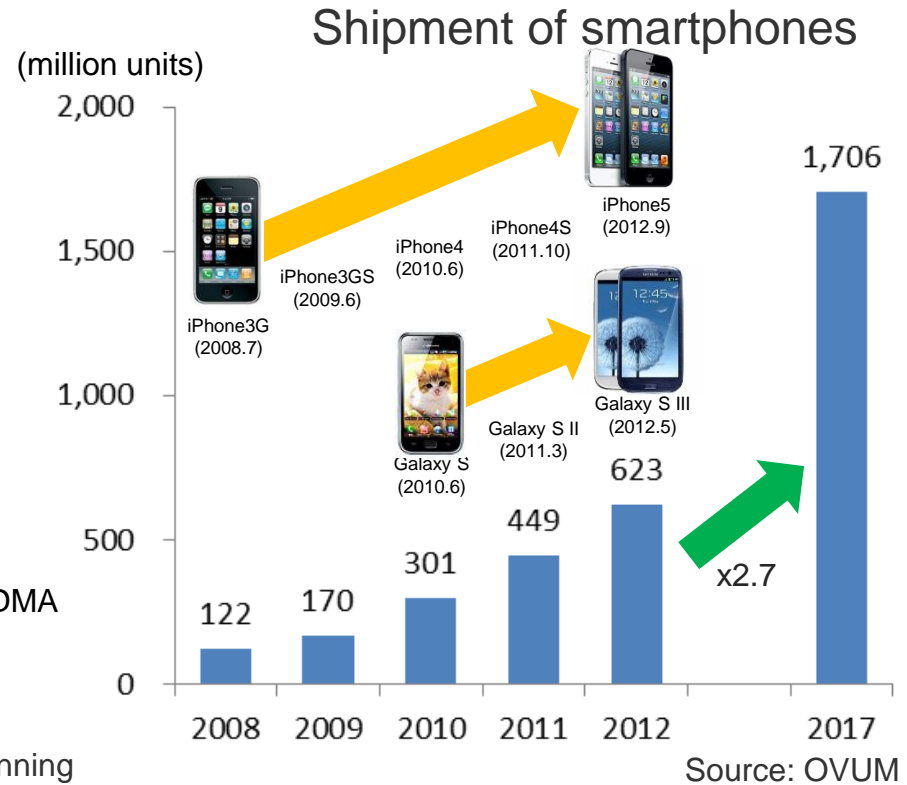
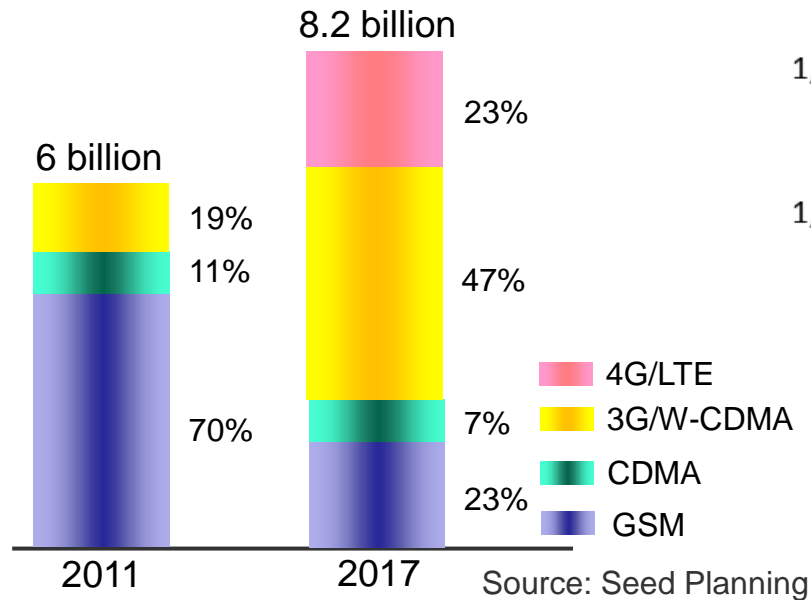
Business opportunity: **LTE, LTE-A, Short Range Wireless(SRW), etc.**



Appendix(2) Mobile broadband market

【Telecom market】

Increasing number of 3G and LTE mobile subscribers



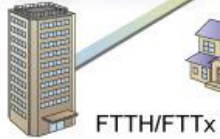
(Progress of mobile telecom standards)



Appendix(3) T&M business areas

NW infrastructure
 R&D and manufacturing
 High-speed networks
 (40/100Gbps)

Telecom operators,
 Telecom equipment
 manufacturers



FTTH/FTTx

Metro networks Higher speed and capacity



Core networks Higher speed and capacity



NW infrastructure
 Network monitoring
 Service assurance
 Telecom operators



Router

Mobile backhaul

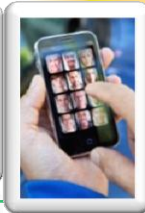
Base station
 controller

Base
 station



Mobile
 R&D and manufacturing
 Smartphones, Tablets, etc.

Chipset / Handset vendors, EMS
 Telecom operators, IT-related service providers



NW infrastructure
 Installation and maintenance
 Wireless base stations/
 Wired networks

Telecom operators,
 Network constructors



Electronics

General purpose (R&D and manufacturing)
 Electronics components, Telecom equipment, Digital household appliances, Car electronics, etc.

Electronics device and component vendors, Telecom equipment vendors, Mobile handset vendors, etc.

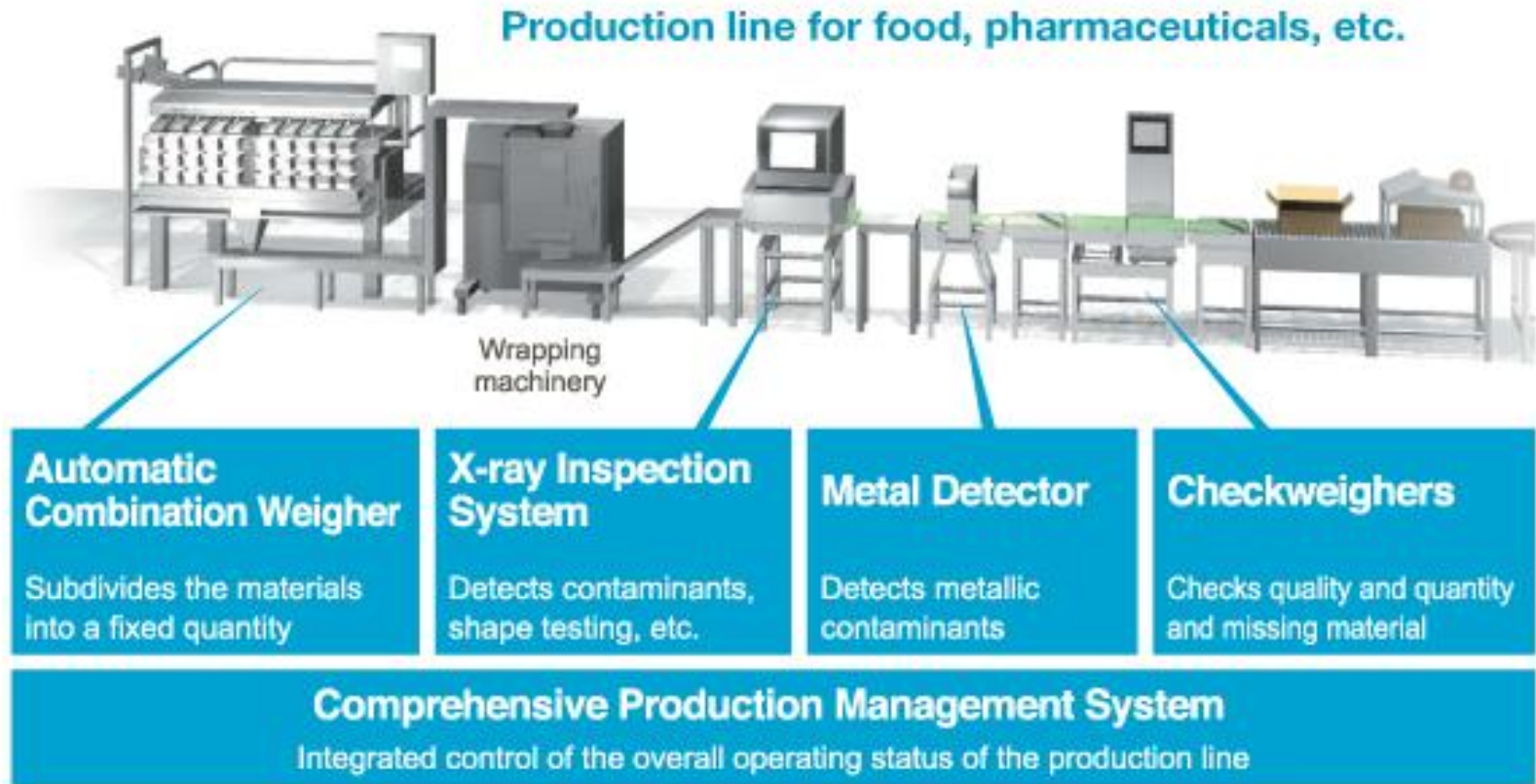


Appendix(4) T&M business operating model

	FY2011	Mid-term operating Model
COGS	39%	39-42%
SG&A	30%	28%
R&D	11%	10-13%
Operating margin	20%	≥20%
Consolidated R&D ROI	4.9	≥4.0
Consolidated operating Margin	15%	18%

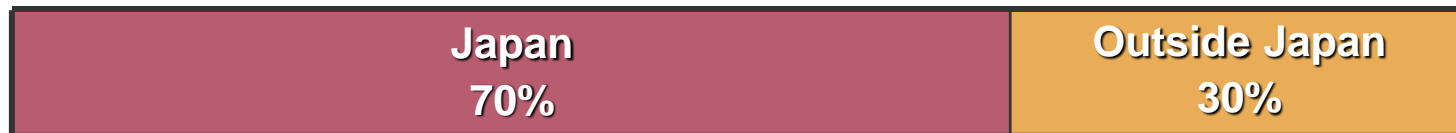
Note: Consolidated R&D ROI: Gross profit / R&D expenses (including common investment)

Appendix(5) Industrial Automation business



Sales of Industrial Automation : 14.2 billion yen in FY2011

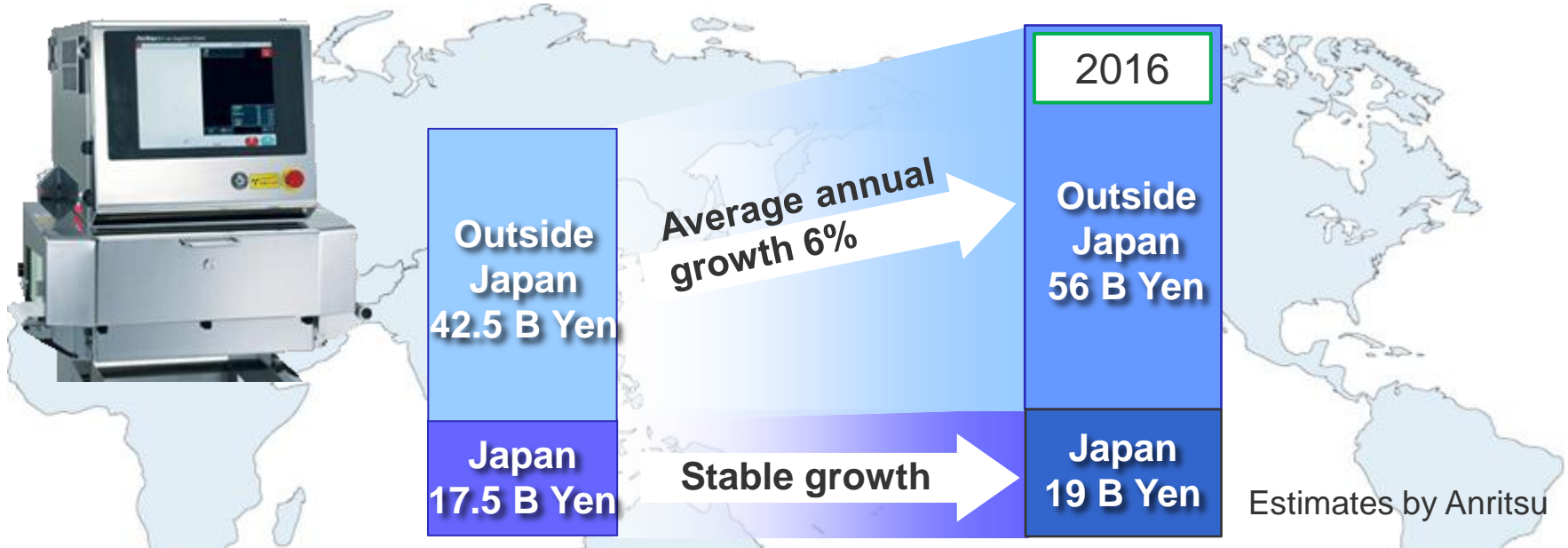
(Sales by region)



Appendix(6) Industrial Automation business strategy

Expand foreign business

Quality-assurance market size for food and medicine related industries.



Mid term target	Focused market	Major initiatives
Sales growth: $\geq 7\%$ Op. margin: $\geq 12\%$	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)	

Appendix(7) 2020 VISION



1 To be Global Market Leader

- Build a world-class, strong, profit generating platform
- Create uniquely Anritsu-like corporate value

2 Creating new business by Emerging Biz.

- Demonstrate cutting-edge tech in new business fields

Appendix(8) Sustainable profitability 3-year business plan GLP2014 (IFRS)

2020
VISION



GLP2014

Indicators		FY2011	FY2012 (Revised in Oct.)	FY2014
Revenue		93.6 B yen	94.5 B yen	110.0 B yen
Op. profit		14.0 B yen	16.5 B yen* ²	19.0 B yen
Profit		8.0 B yen	12.0 B yen* ²	13.0 B yen
ROE		19.5 %	20 %	≥ 20 %
ACE* ¹		5.2 B yen	7.0 B yen	9.0 B yen
T&M	Revenue	70.6 B yen	70.0 B yen	80.0 B yen
	Op. profit	13.8 B yen	15.0 B yen* ²	16.0 B yen
Indust Auto.	Revenue	14.2 B yen	15.0 B yen	18.0 B yen
	Op. profit	0.6 B yen	1.0 B yen	1.5 B yen

Note 1: ACE (Anritsu Capital-cost Evaluation) :Operating profit after tax - Capital Cost

Note 2: FY2012 planned values have the revised forecasts in Oct. 2012.

Appendix(9) Consolidated performance

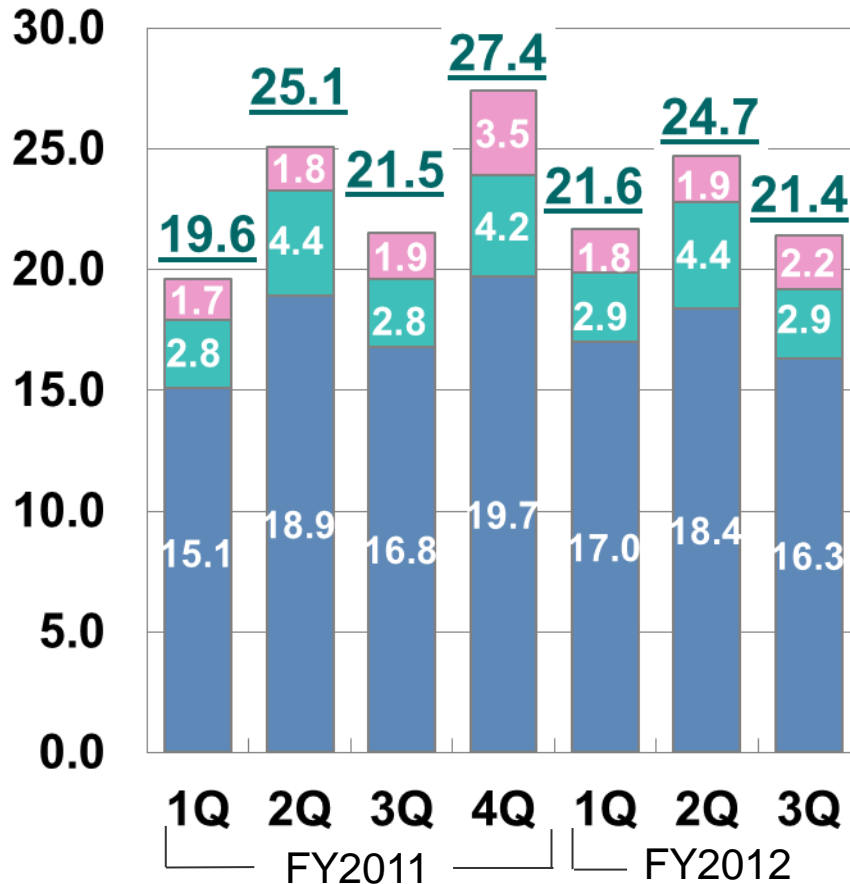
-Revenue and Op. profit by quarters-

Op. Margin(%)

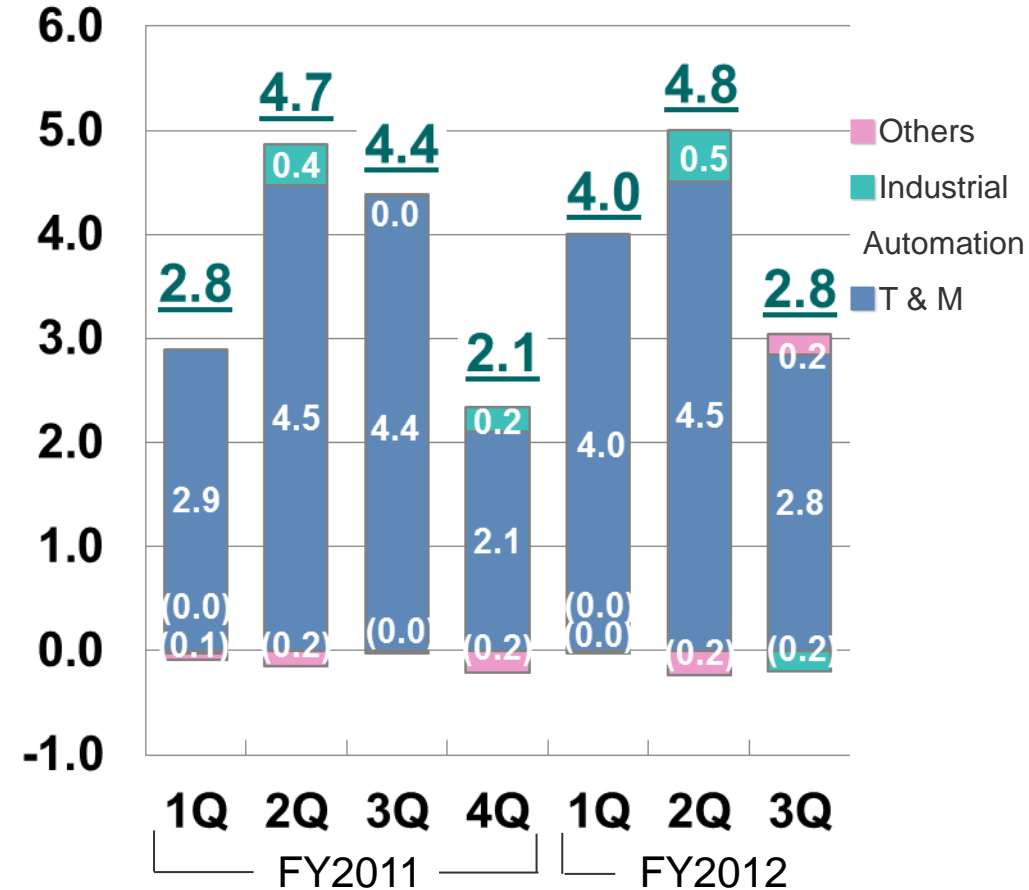
B yen

B yen

14.3 18.8 20.5 7.7 18.5 19.3 13.3



Revenue



OP. profit(loss)

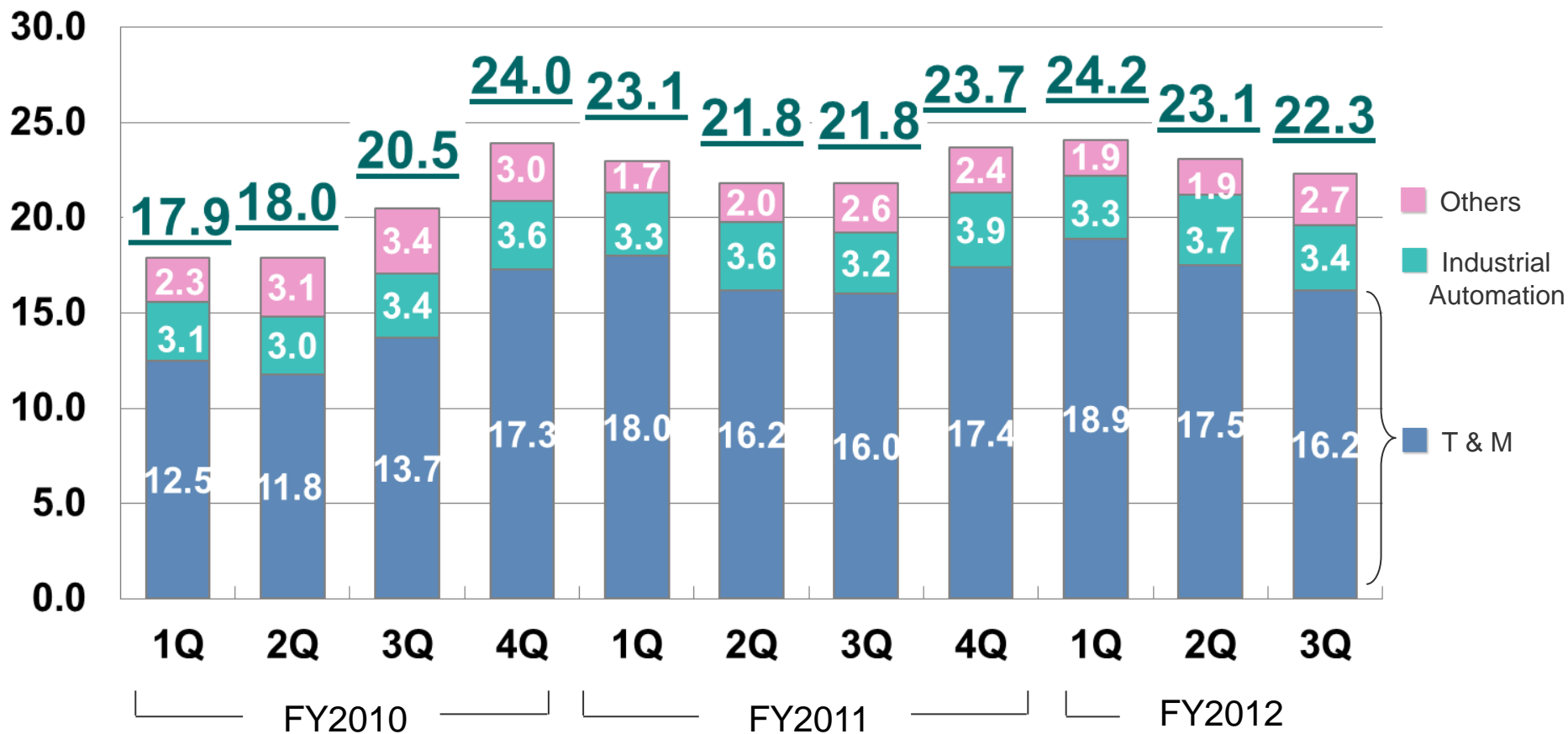
Note : Numbers are rounded off in each column

Appendix(10) Consolidated performance

-Orders by business segment-

T&M : Growth in orders year-on-year for 9 consecutive quarters

B yen



Note : Numbers are rounded off in each column



Appendix(11) Outlook for full year of FY2012 (IFRS based)

Unit: Billion Yen

		FY2011	FY2012			
		Actual	3Q FY2012 (Apr. to Dec.)	Full Year Revised Forecast	YoY	YoY(%)
Revenue		93.6	67.7	94.5	0.9	1%
Operating profit (loss)		14.0	11.6	16.5	2.5	18%
Profit (loss) before tax		13.1	11.5	15.5	2.4	18%
Profit (loss)		8.0	9.4	12.0	4.0	51%
Test & Measurement	Revenue	70.6	51.7	70.0	(0.6)	-1%
	Op. profit (loss)	13.8	11.4	15.0	1.2	8%
Industrial Automation	Revenue	14.2	10.1	15.0	0.8	6%
	Op. profit (loss)	0.6	0.3	1.0	0.4	75%
Others*	Revenue	8.9	5.9	9.5	0.6	7%
	Op. profit (loss)	(0.4)	(0.0)	0.5	0.9	-

Note 1 : Exchange rate for FY2012(estimate) 1USD=80 yen, 1EURO=100yen

Note 2 : Numbers are rounded off in each column

Note 3 : Others segment includes Information & Communications segment in FY2012.

Anritsu

Discover What's Possible™

