

Becoming a cutting-edge, trusted global market leader

December 2013

Anritsu Corporation



MEMBERSHIP

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. Outline of our business

FY2012 Net Sales : 94.7 billion Yen

Operating Income : 15.8 billion Yen

Test & Measurement (T&M)

For development, manufacturing, construction and maintenance

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



Industrial Automation

- ▶ Food safety
- ▶ X-ray inspection systems

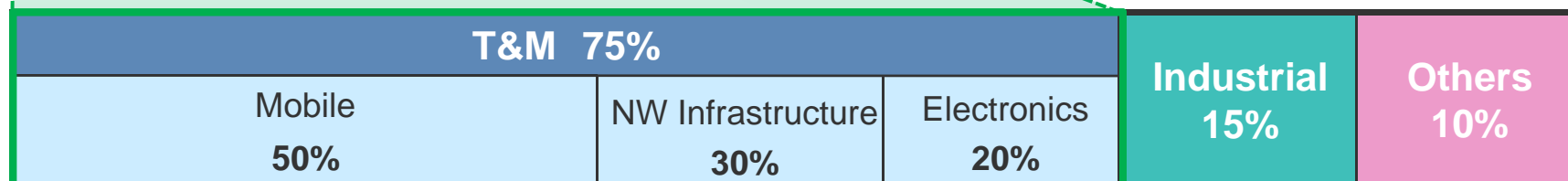


Others

- ▶ IP network systems
- ▶ Optical devices



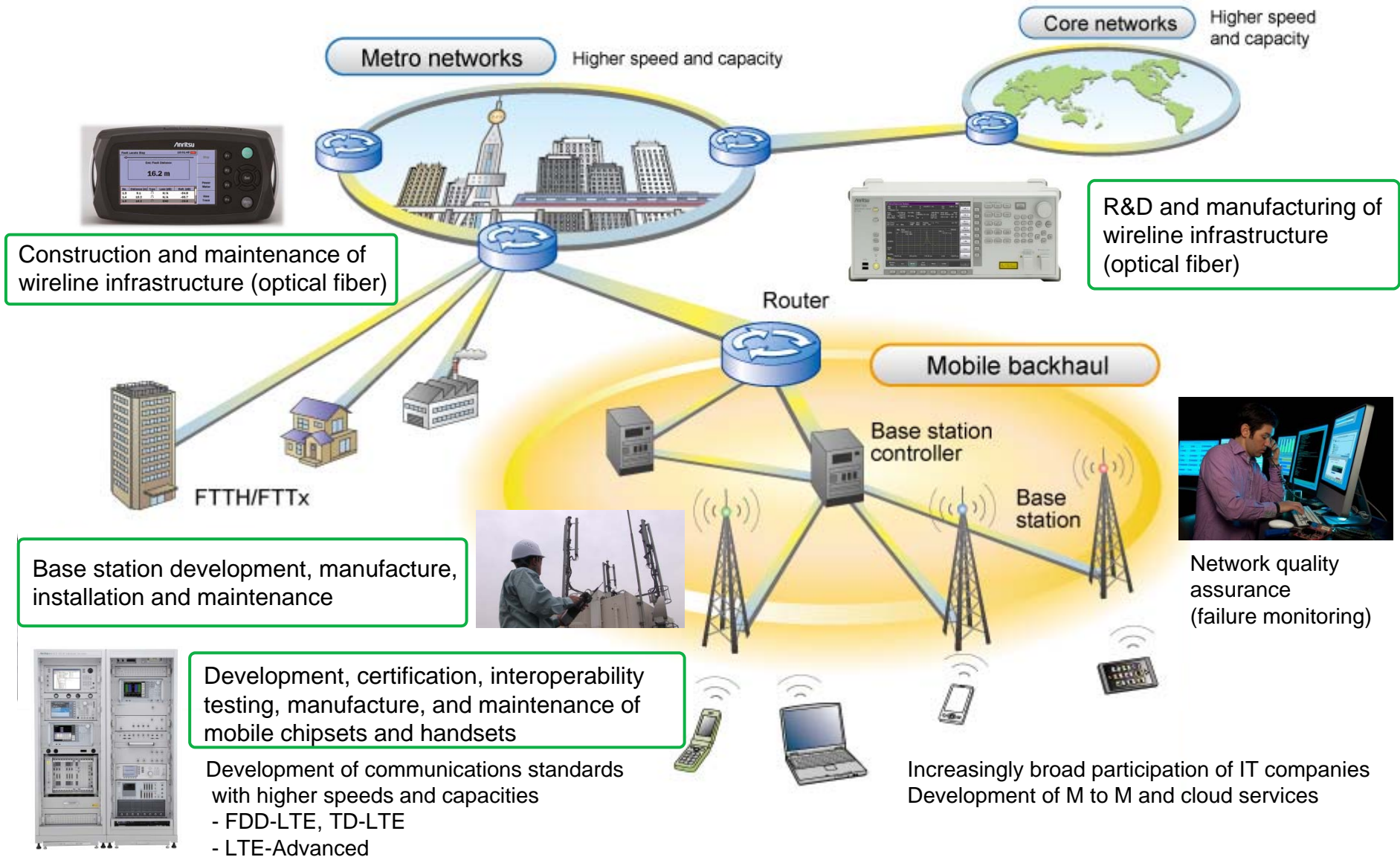
(Sales by business segment)



(Sales of T&M business by region)

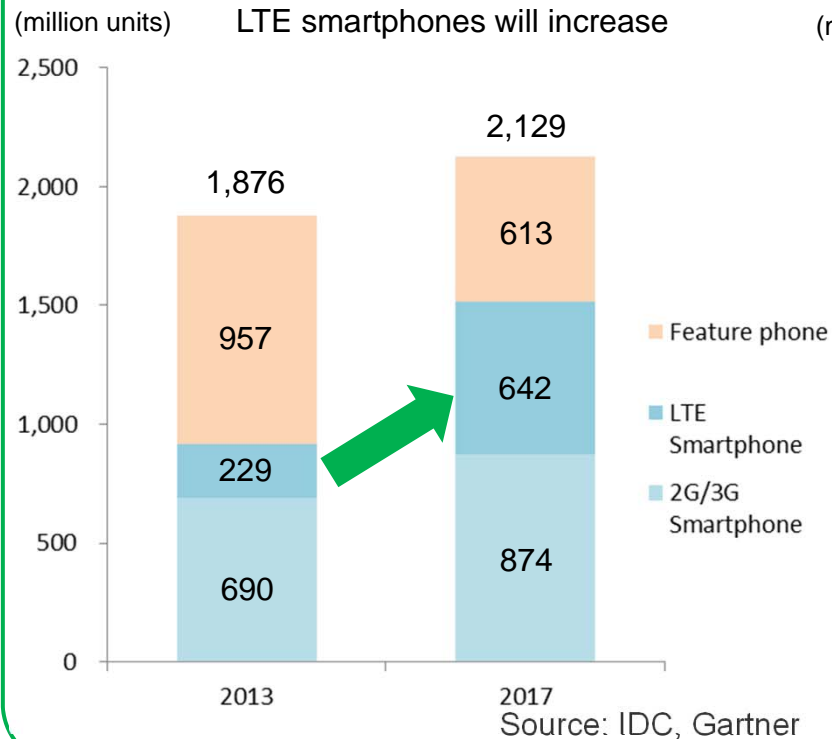


2. T&M solutions for communications networks

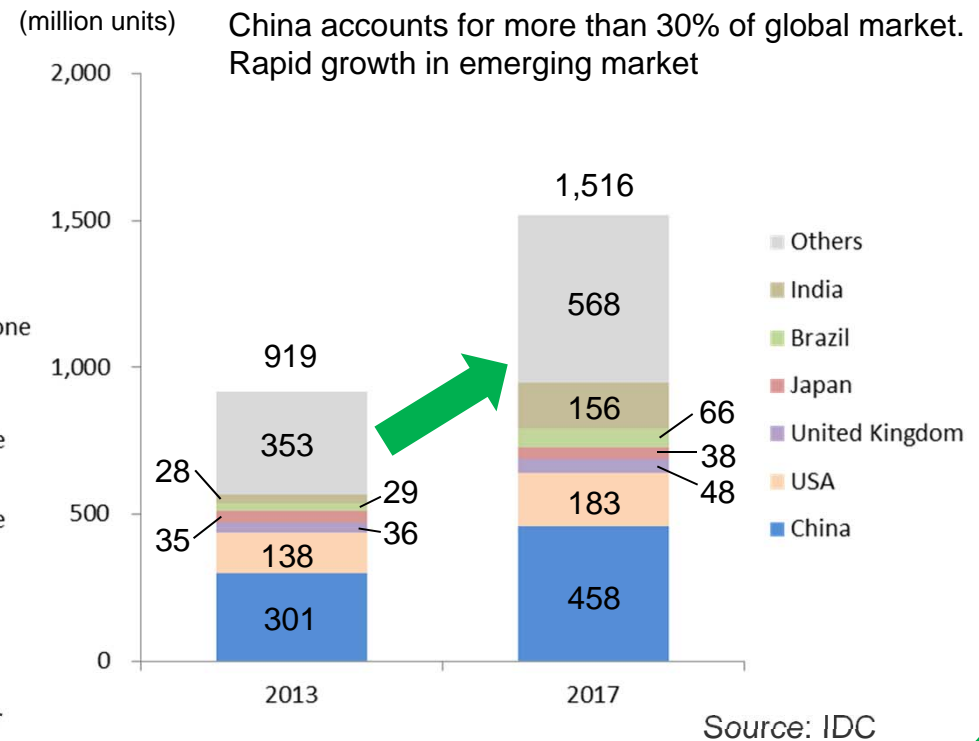


3. Mobile broadband market

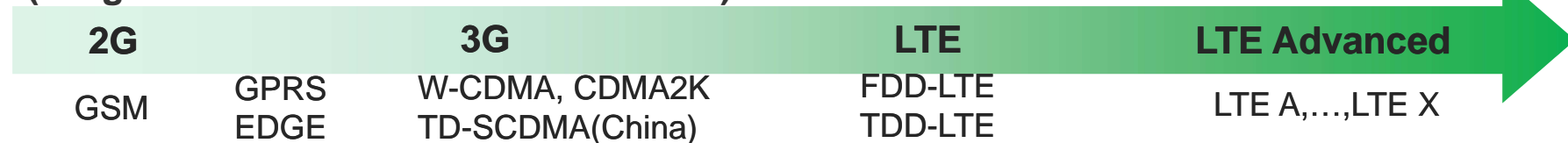
[Shipments of mobile phones]



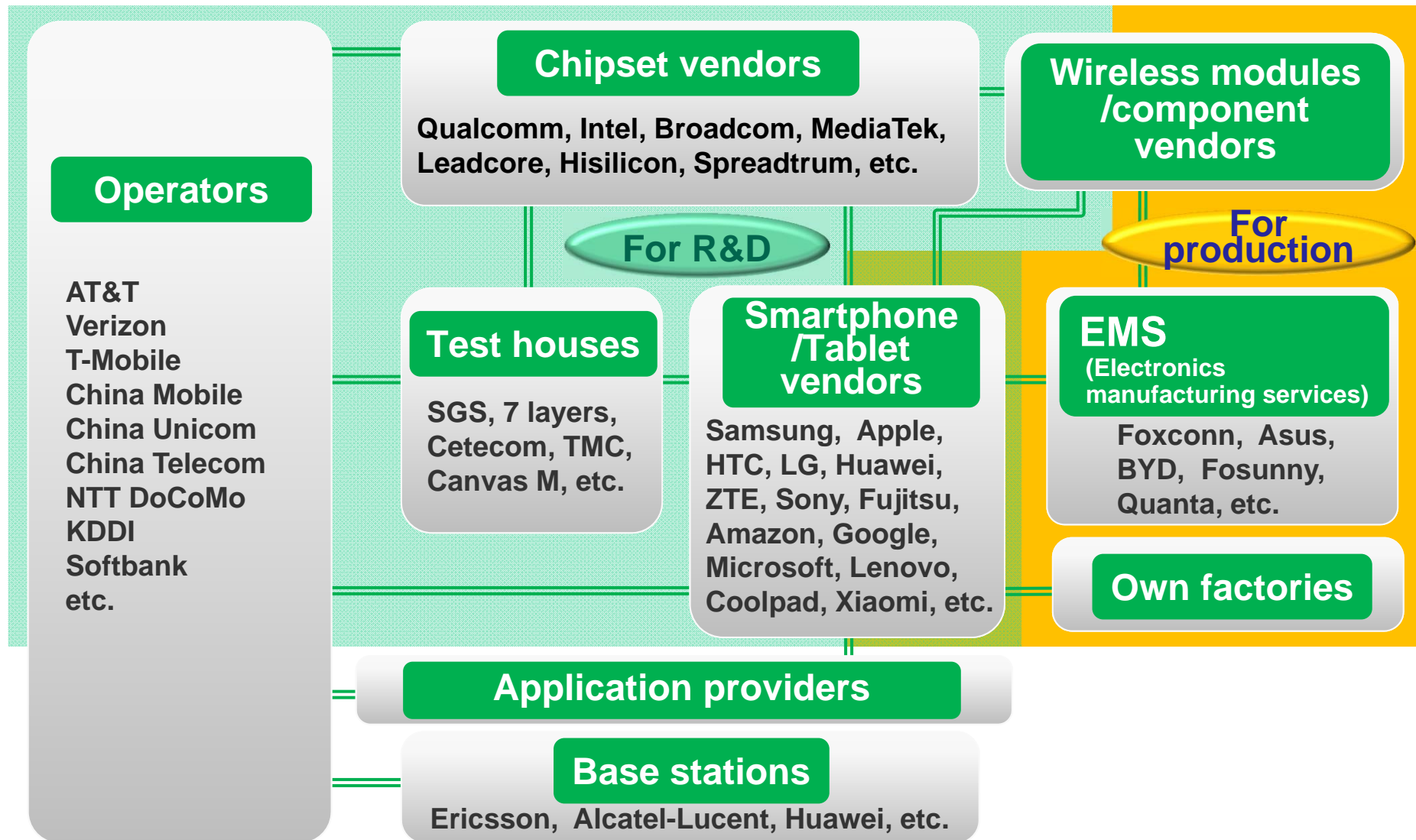
[Shipments of smartphones by destination]



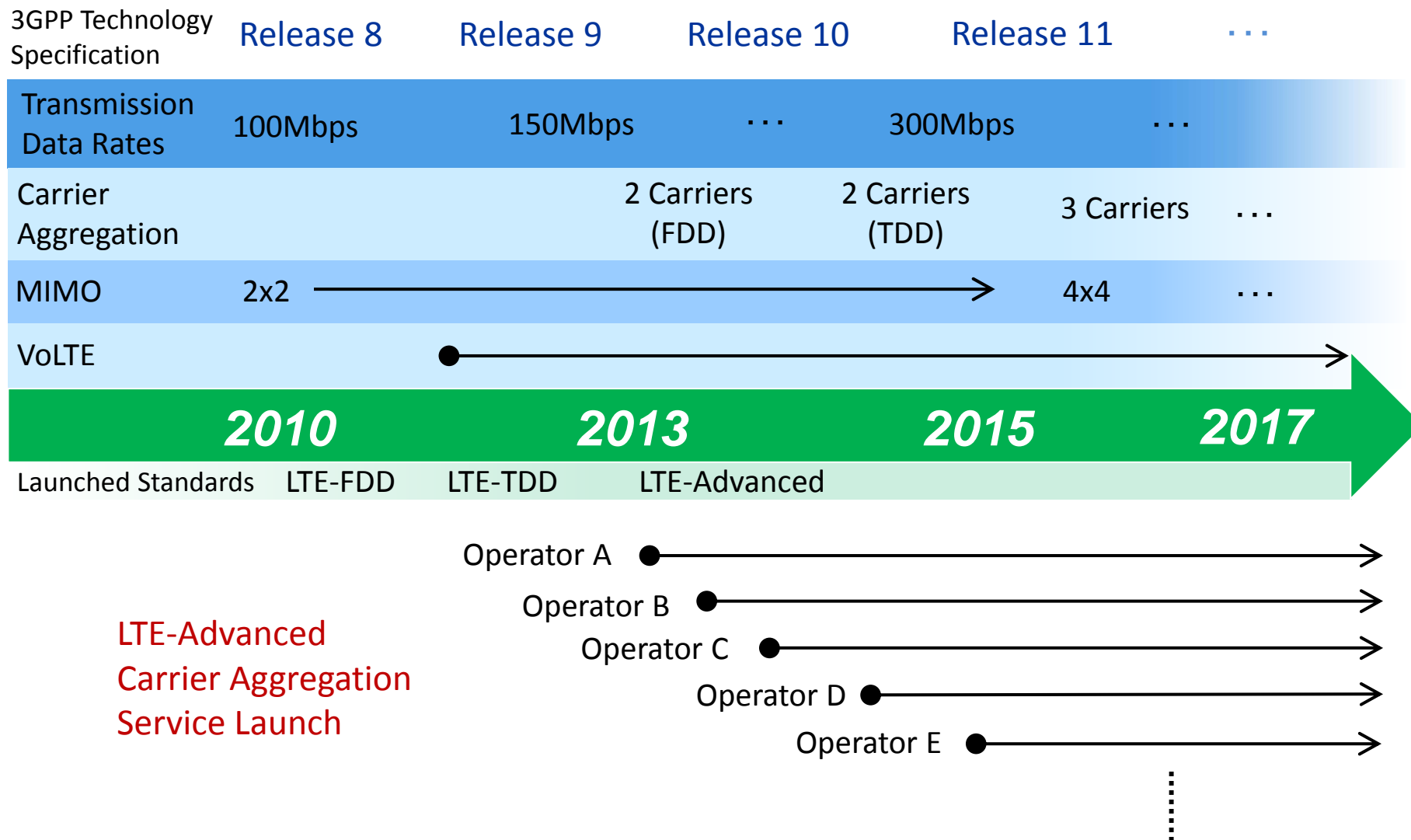
(Progress of mobile telecom standards)



4. Food chain and players in mobile telecom. market



5-1-1. Roadmap for LTE Technology Rollout and Commercialization



5-1-2. Value-adding innovation to meet the LTE roadmap

For R&D

Main customers : Chipset vendors, handset vendors and operators



Key factors for success

- ① Time to market that meets customer's development schedule
- ② Creation of customer value











Raises customer Value

**Value-adding
Innovation**

Continuous Support Service

- ① Systems that are compatible and cohesive
- ② Meeting customer requests (New testing , Operator Acceptance Test , etc.)
- ③ Providing integrated solutions, etc.

5-2. Mobile R&D business – various market segments

	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		Comm. Carrier Test house	UE vendor Applications developer
Main theme	▪ FDD-LTE, TDD-LTE, LTE-Advanced technologies (Carrier aggregation etc.) ▪ VoLTE (Voice over LTE) ▪ MIMO (Multi Input Multi Output) ▪ Chipset unification of 3G/LTE and SRW (Short Range Wireless)				▪ Improve data throughput ▪ Battery consumption etc.
Market trend / Business opportunity	 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, Agilent, Anite, Spirent		Rohde & Schwarz, Agilent, Aeroflex

5-3. Mobile production business

**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 , 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)**

Main Competitors

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

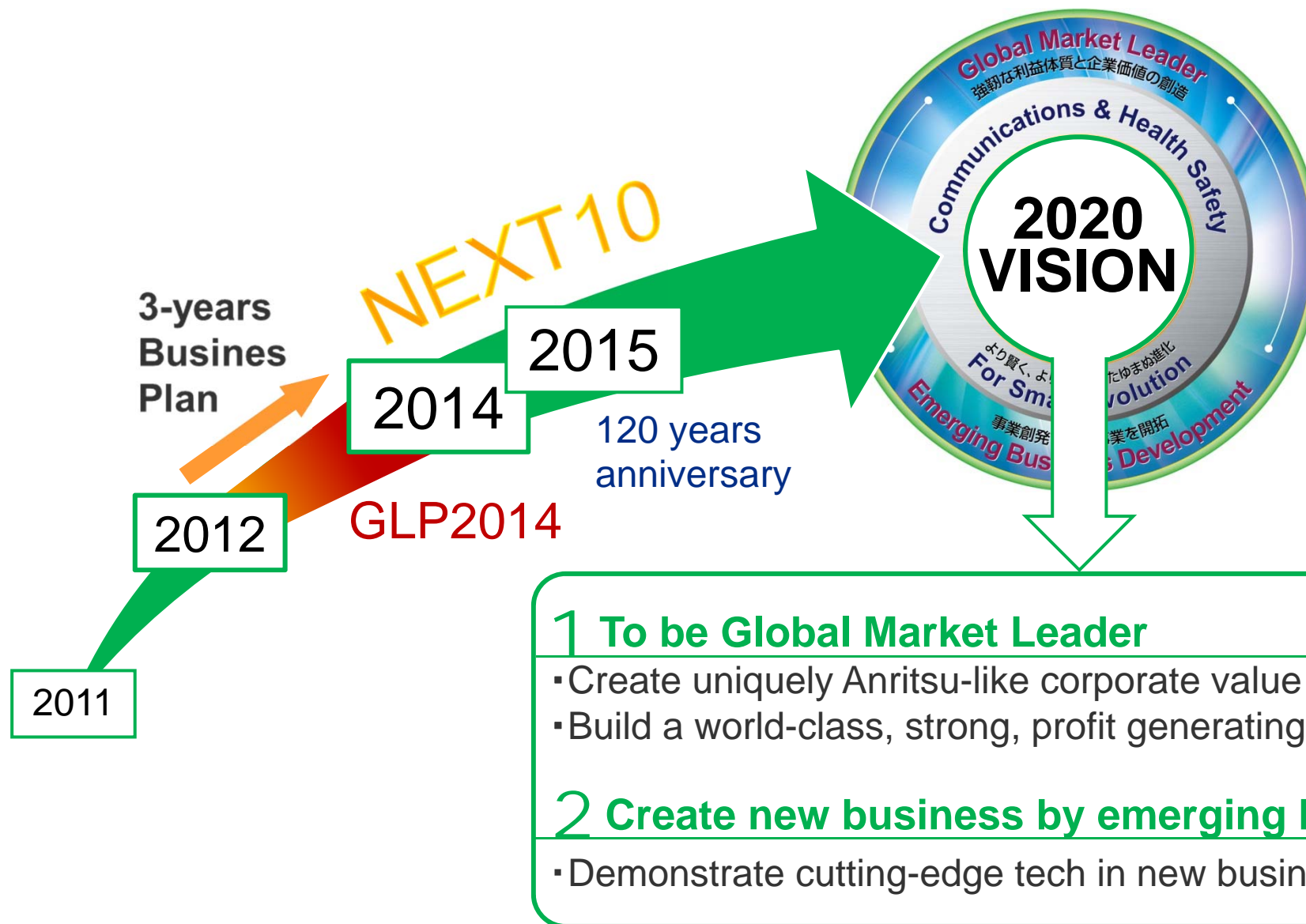
6. T&M business operating model

	FY2011	FY2012	Mid-term operating Model
Revenue	70.6B yen	71.2B yen	CAGR $\geq 7\%$
COGS	39%	38%	39-42%
SG&A	30%	30%	28%
R&D	11%	11%	10-13%
Operating margin	20%	21%	$\geq 20\%$

7. 2020 VISION and Long-term Business Plan GLP2014



7-1. 2020 VISION



7-2. Long-term Business Plan GLP2014

International Financial
Reporting Standards
(IFRS)

Indicators		GLP2014			
		FY2012 (GLP first year)	FY2012 (Actual)	FY2013 (Plan)	FY2014 (GLP Plan)
Revenue		94.5 B Yen	94.7 B Yen	102.0 B Yen	110.0 B Yen
Op. profit		15.5 B Yen	15.8 B Yen	17.0 B Yen	19.0 B Yen
Profit		10.0 B Yen	13.9 B Yen* ¹	11.5 B Yen	13.0 B Yen
ROE		20 %	25 %	17 %	≥20 %* ²
ACE* ³		7.0 B Yen	9.4 B Yen	7.5 B Yen	9.0 B Yen
T&M	Revenue	70.0 B Yen	71.2 B Yen	77.0 B Yen	80.0 B Yen
	Op. profit	14.0 B Yen	15.0 B Yen	15.5 B Yen	16.0 B Yen
Indust Auto.	Revenue	15.0 B Yen	14.4 B Yen	15.5 B Yen	18.0 B Yen
	Op. profit	1.0 B Yen	0.8 B Yen	1.0 B Yen	1.5 B Yen



2020
VISION

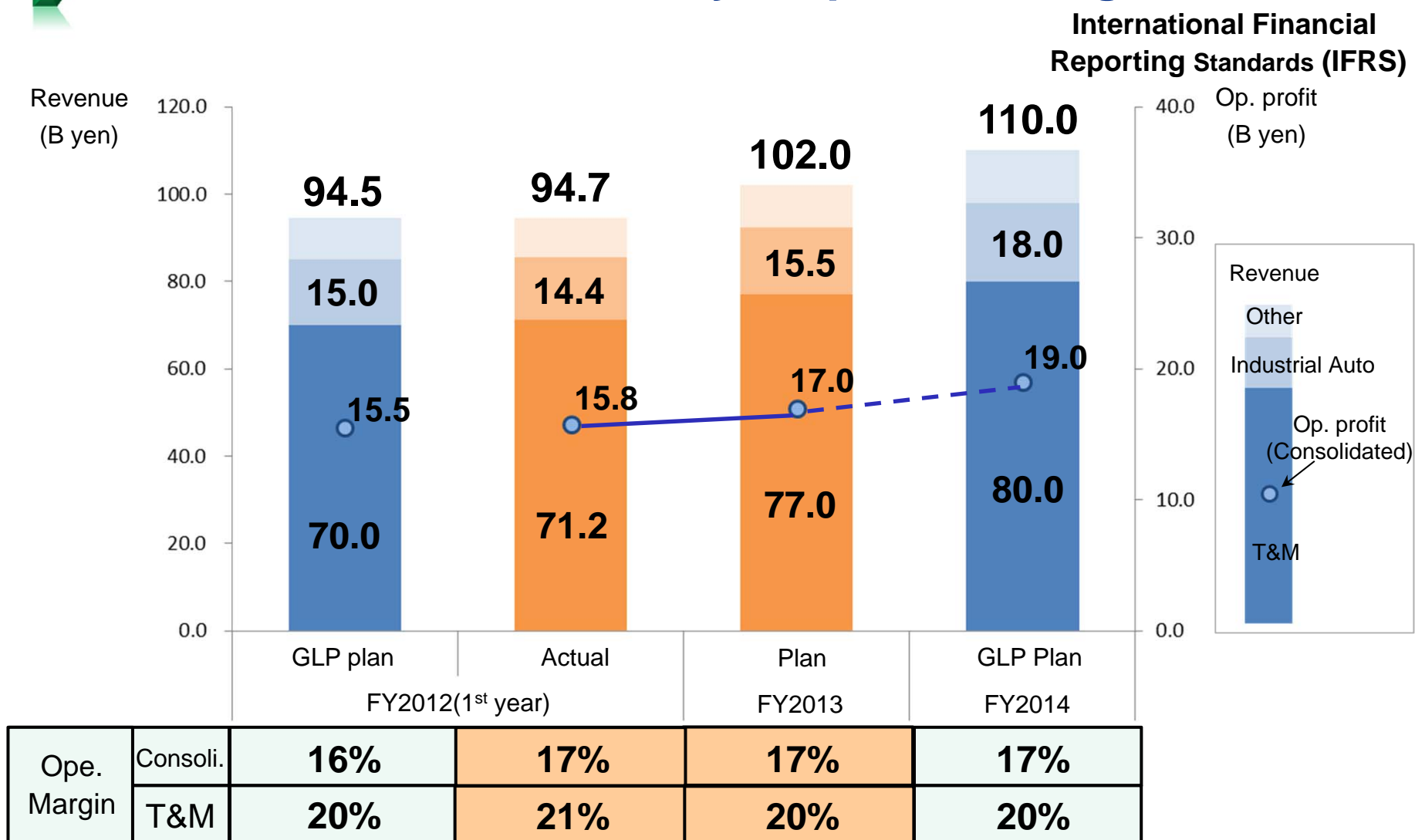
*1 : Tax expenses decreased as a result of a review of the collectability of deferred tax assets.

*2 : See slide 19

*3 : ACE(Anritsu Capital-cost Evaluation): Operating profit after tax - Capital cost

7-3. Long-term Business Plan GLP2014 The First-year Review

Consolidated: Achieve 1st year planned target



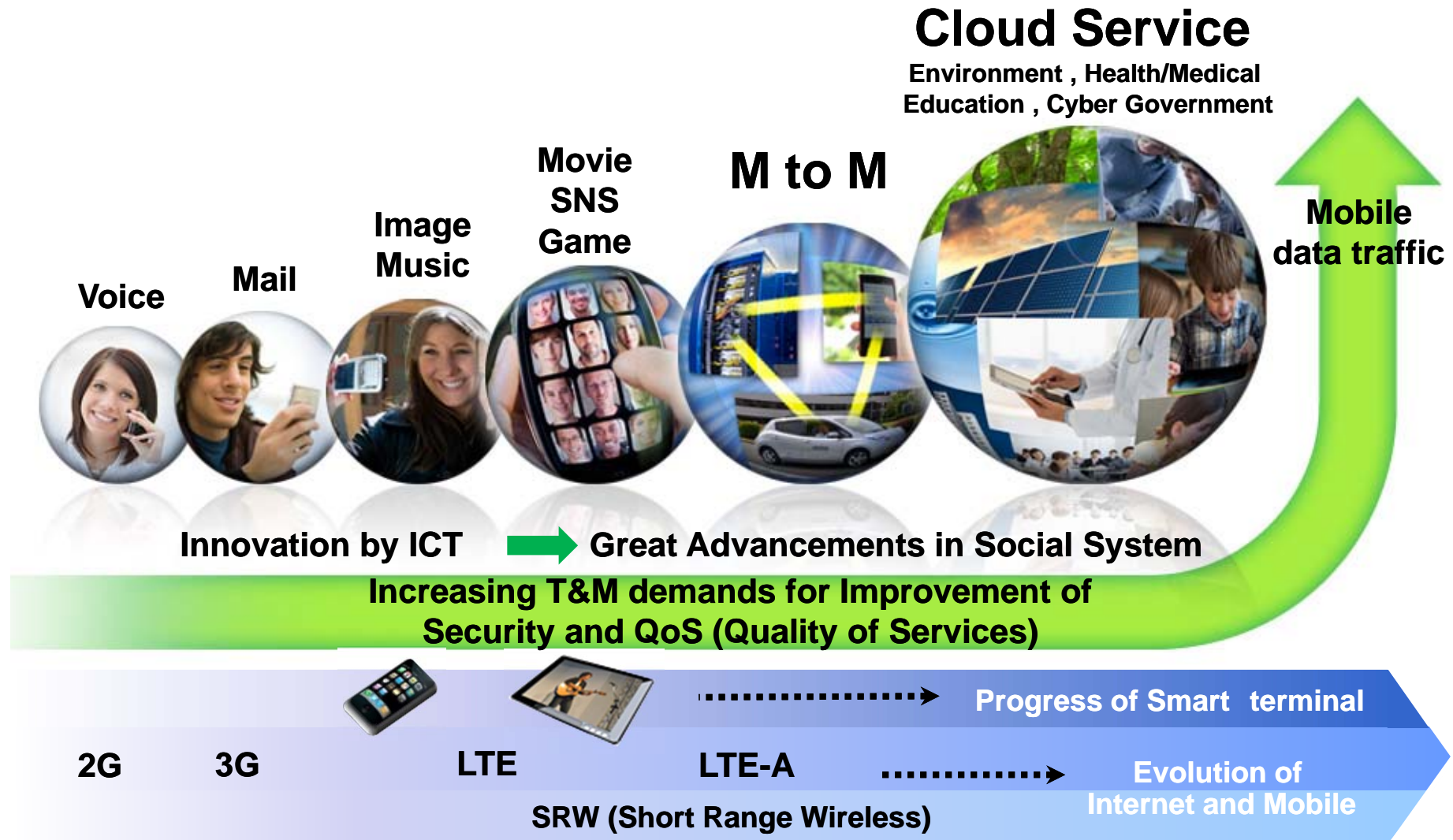
7-4. Middle and long-term management basic strategy

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

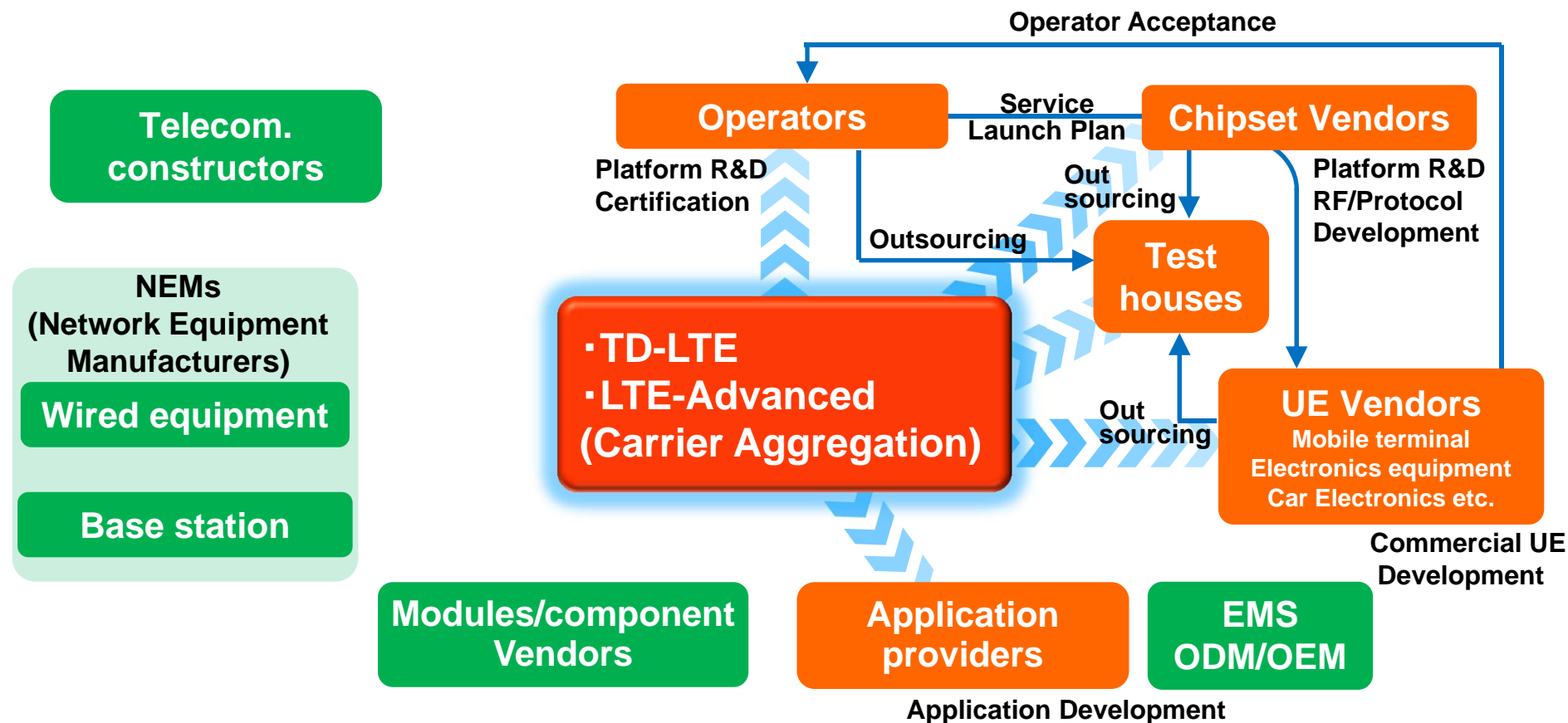
7-5-1. T&M Business Environment

Increased growth of fields supporting mobile as social infrastructure



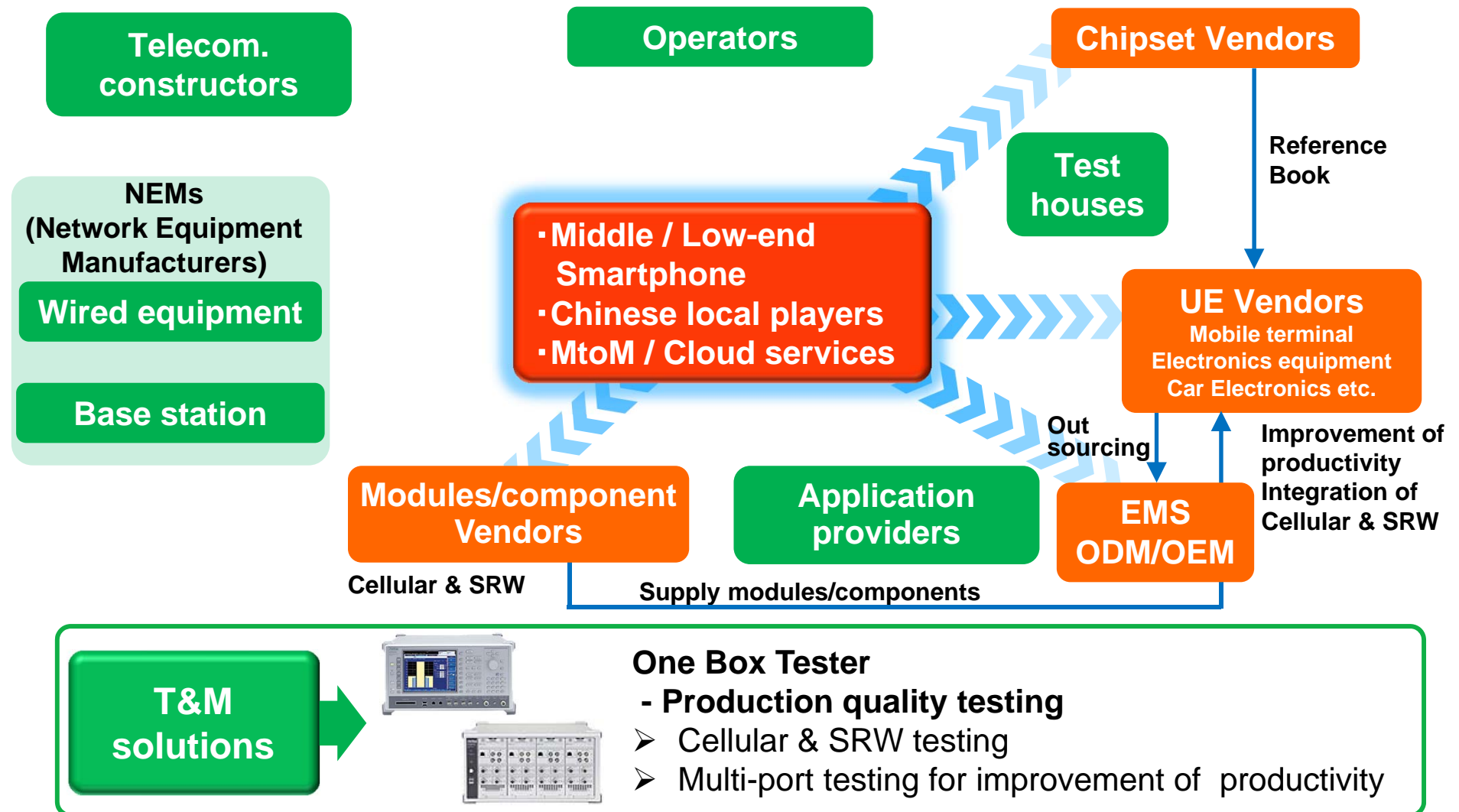
7-5-2. Current and Mid-term Business Opportunity

Mobile
R&D



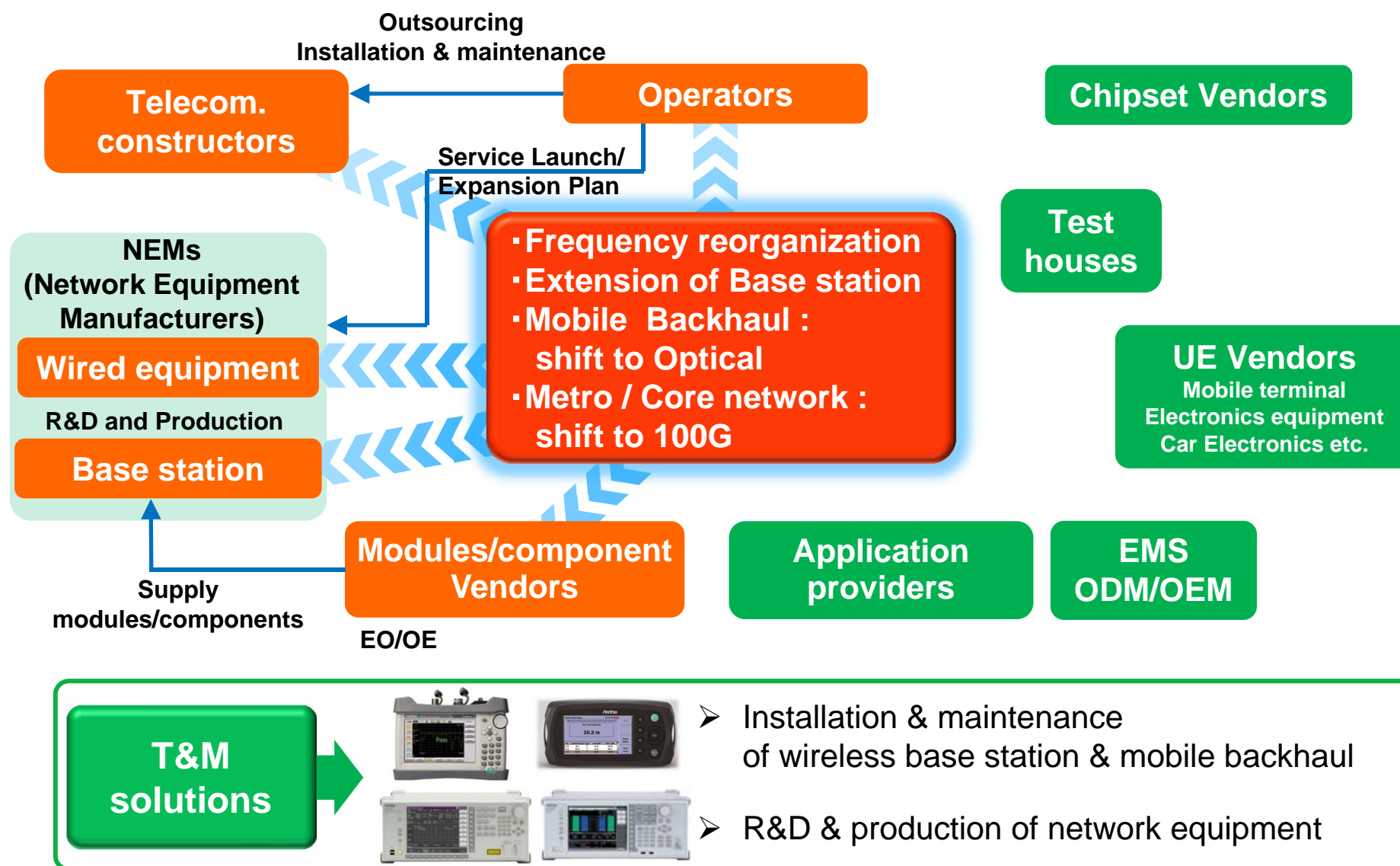
- Communication Standard Development, Chipset Development, Conformance test, Interoperability test, Operator Acceptance test
- Application Development, UE operation testing

7-5-3. Current and Mid-term Business Opportunity **Mobile Production**

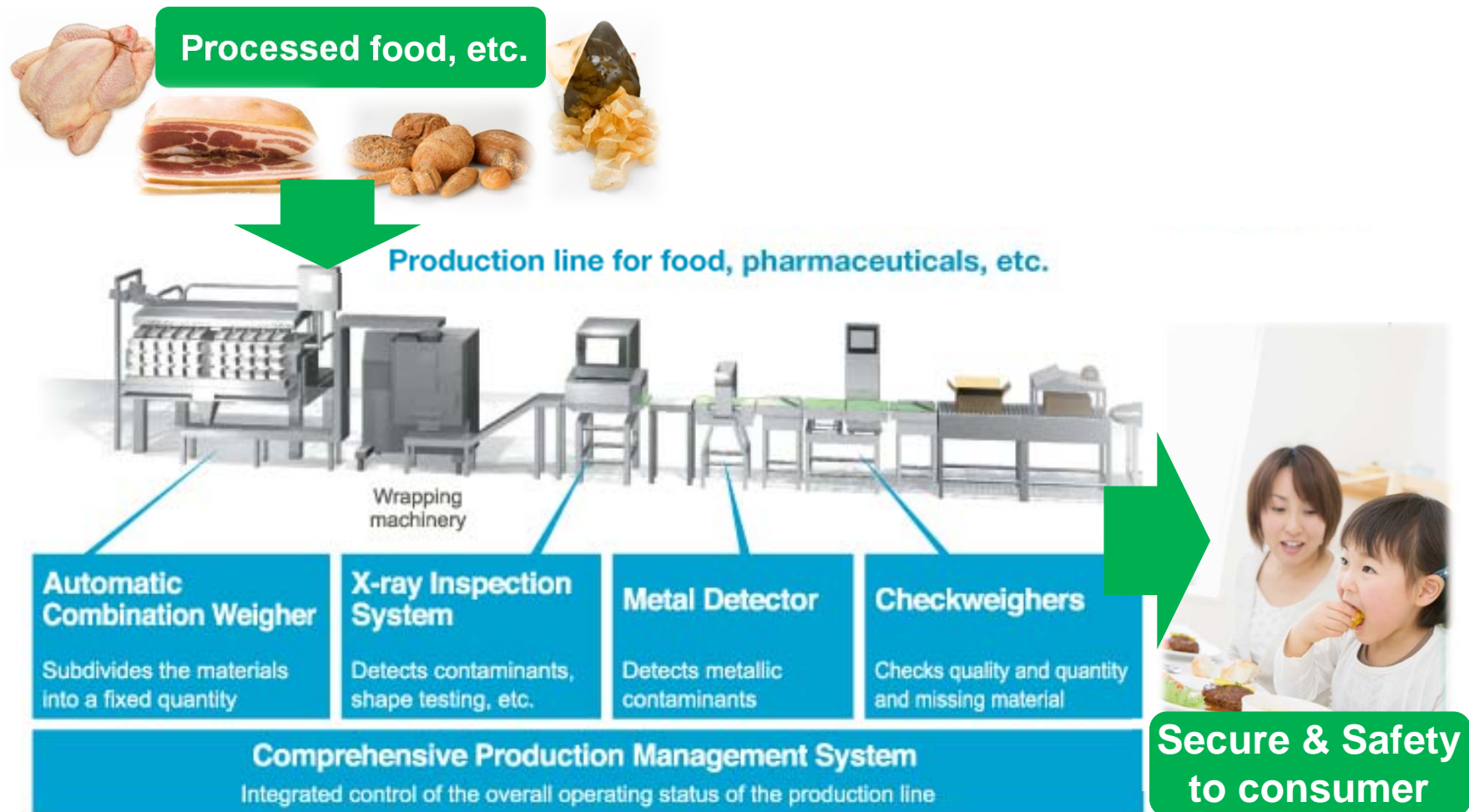


7-5-4. Current and Mid-term Business Opportunity

NW Infra.
Electronics



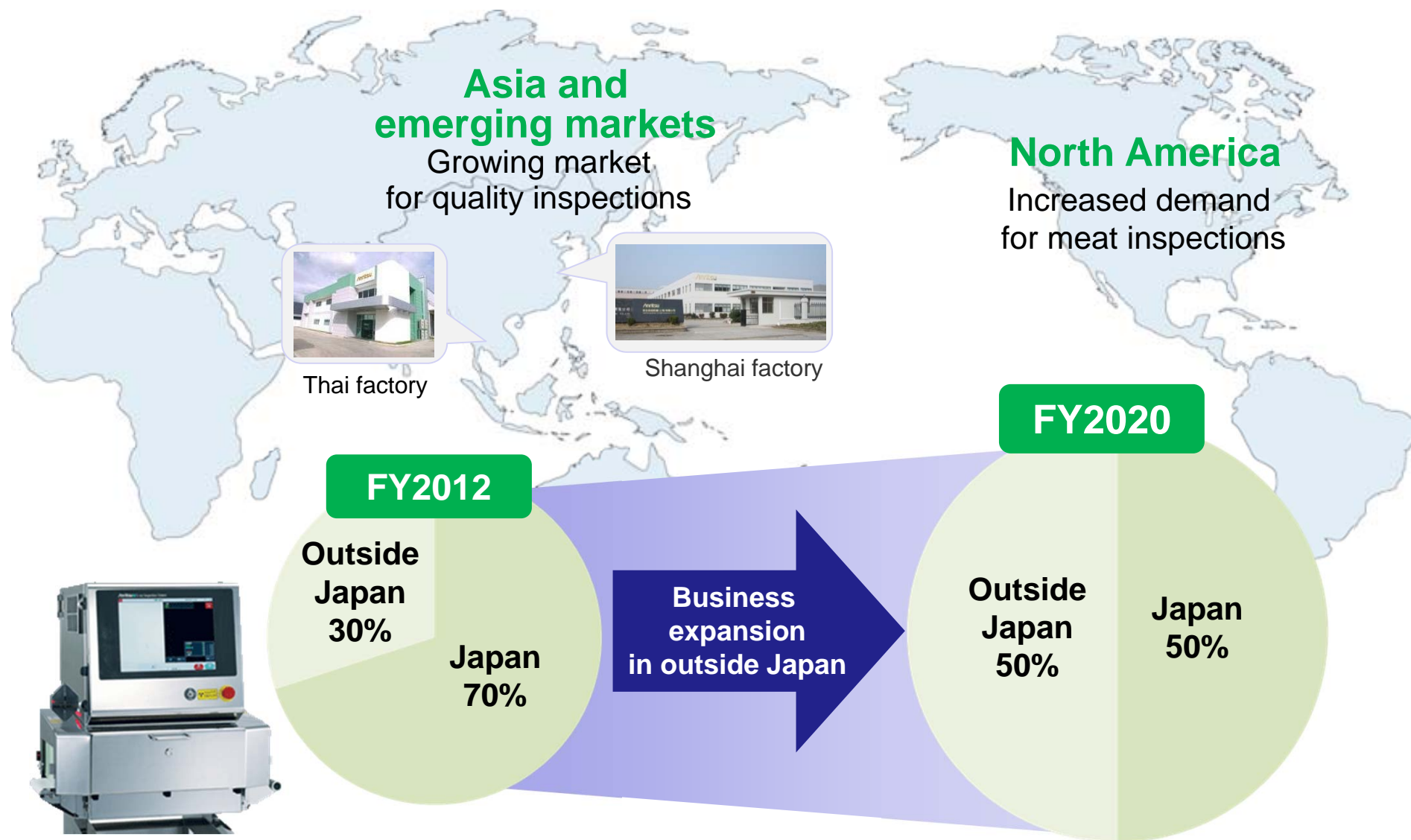
7-6-1. Industrial Automation business



Major customers

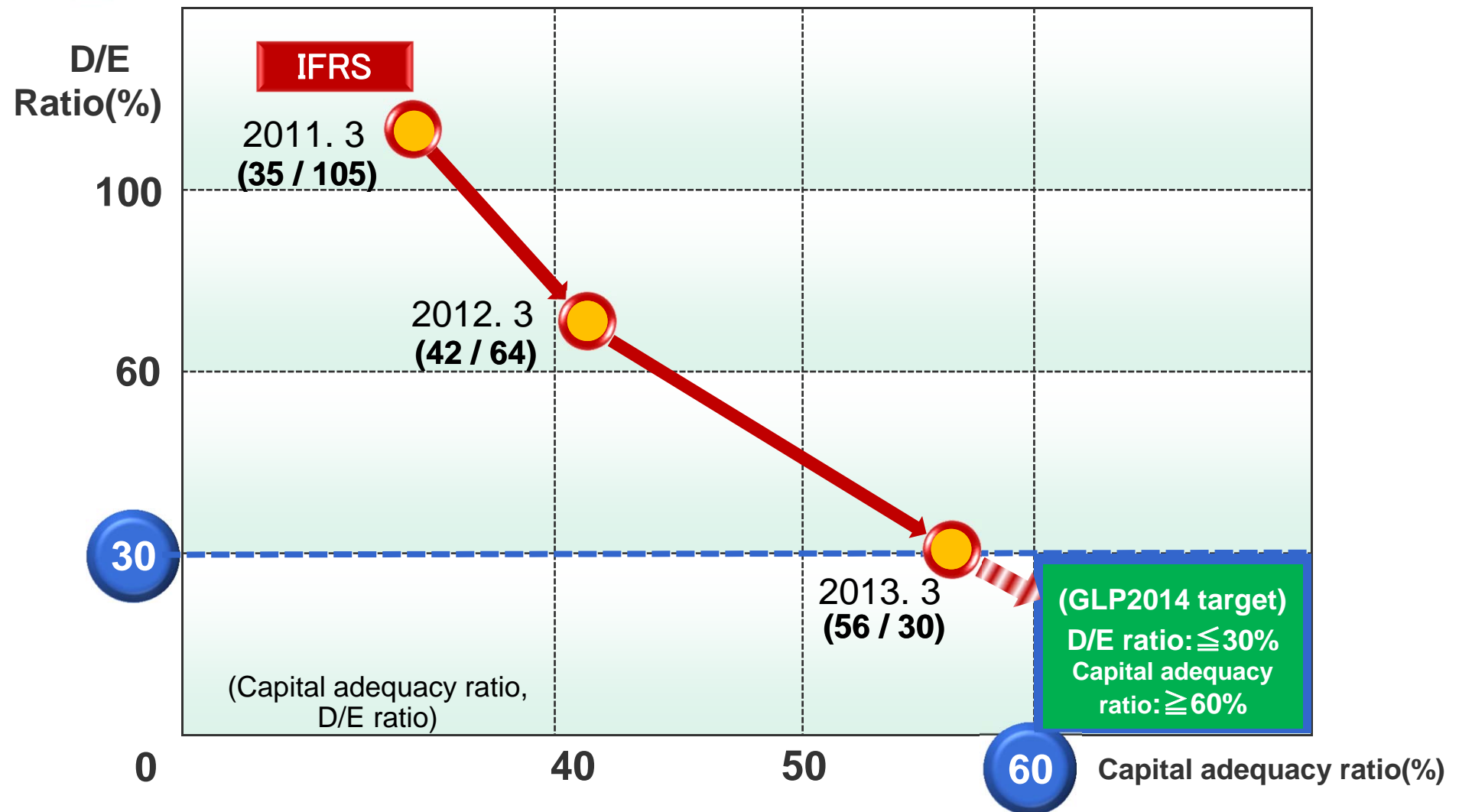
Kraft Foods Group, Inc., Unilever,
Nippon Ham Group, Glico Group, Nissui Group, etc.

7-6-2. Industrial Automation Business Target



7-7. Financial Targets of GLP2014

▶ Rapid improvement of financial structure



8. 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.



9. Trend of ROE, Dividend, and DOE

■ Revised ROE Target for FY 2014

The Group's performance is exceeding the targets set forth in GLP 2014. Against this background, the group will increase its equity at an early stage through the early conversion of Euro-Yen CB (10.0 billion yen) into shares.



**Accordingly, from index (1) below,
ROE will be revised from 20% to 17%.**

■ Long-term Target Asset Turnover

(1) ROE Spread*1: more than 10%

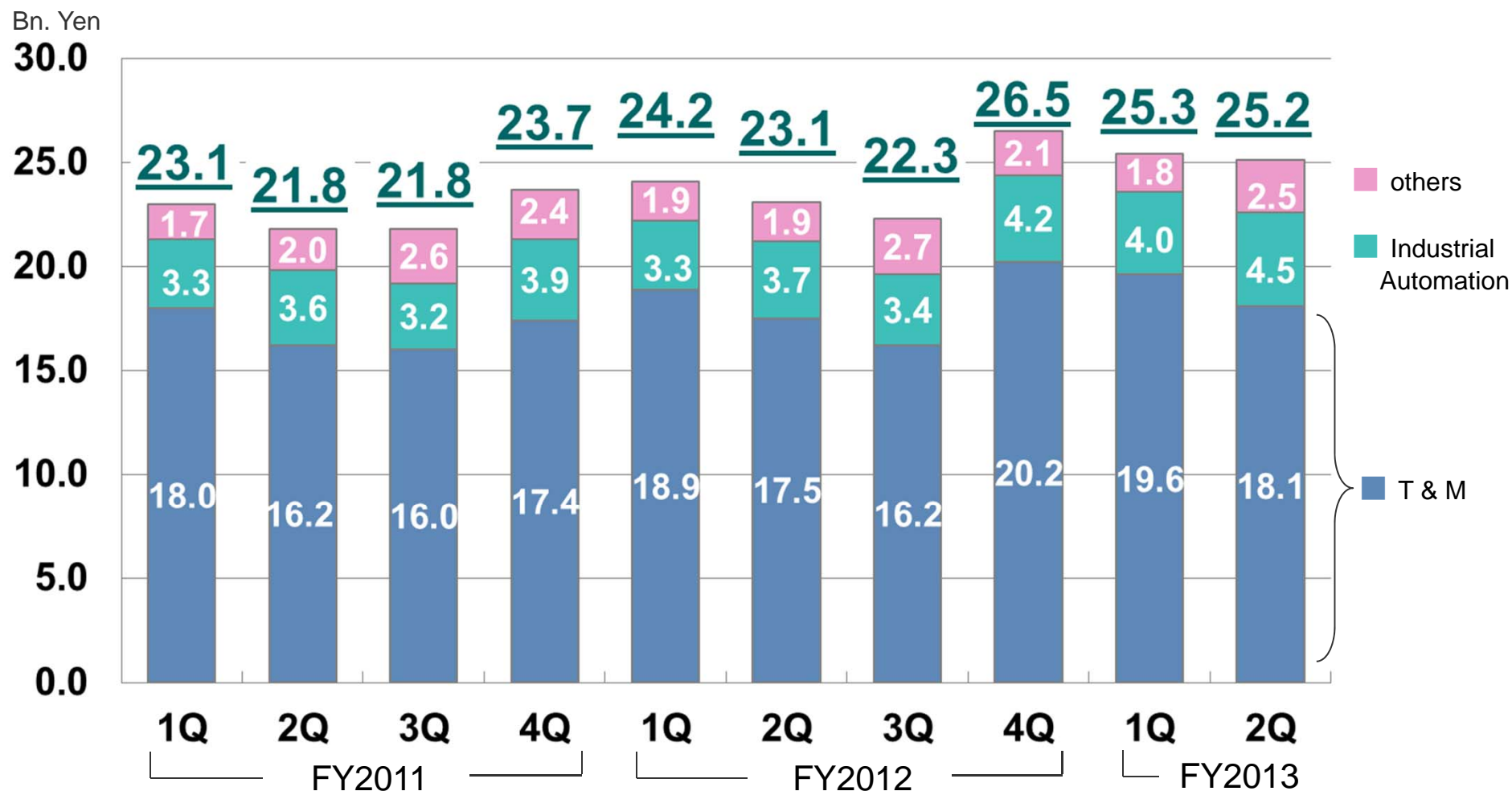
(2) Target Long-term ROE: more than 20%

(Consolidated)	Actual						
	J-GAAP					IFRS	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011	FY2012
ROE	-	-	1.0%	7.9%	21.5%	19.5%	25.0%
Dividend per share (Yen)	7.0	3.5	0.0	7.0	15.0	15.0	20.0
DOE	1.6	1.0	0.0	2.3	4.2	4.9	5.1



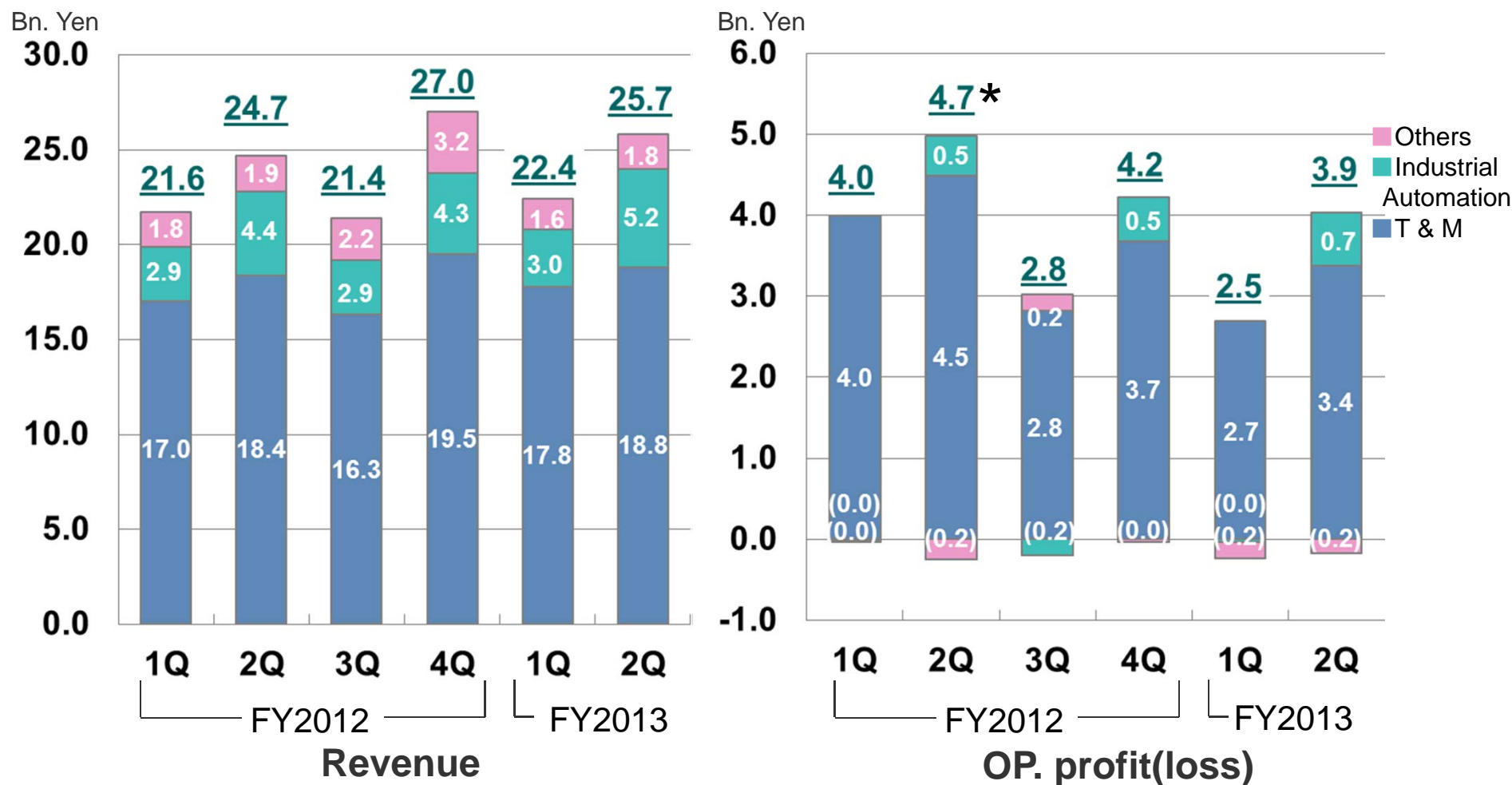
Appendix(1) Consolidated performance

-Orders by business segment-



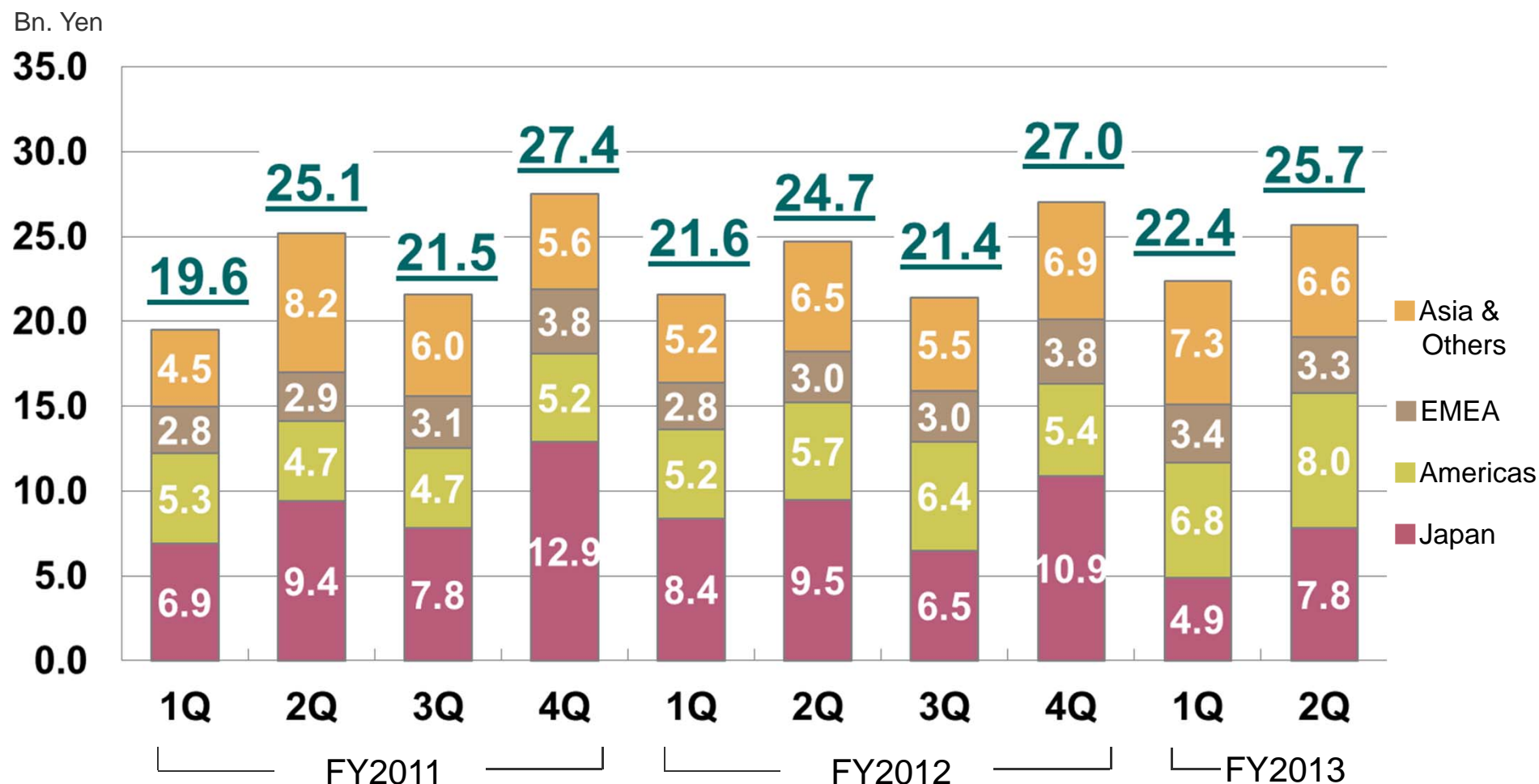
Appendix(2) Consolidated performance

-Revenue and Op. profit by quarters-



Appendix(3) Consolidated performance

-Revenue by region-



Note : Numbers are rounded off in each column

Appendix(4)

CAPEX, Depreciation and R&D Expenses

(Millions of yen, round down)

(Consolidated)	Actual							Estimate
	J-GAAP					IFRS		
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011	FY2012	FY2013
CAPEX	2,790	2,236	1,134	1,549	3,165	^(*1) 3,200	^(*1) 4,562	4,500
Depreciation	3,373	3,099	2,979	2,589	2,555	^(*2) 2,469	^(*2) 2,562	3,000
R&D Expenses	14,115	11,704	9,387	9,380	10,012	^(*3) 9,842	^(*3) 10,315	12,000
as % of Net Sales	14.0%	13.9%	12.8%	12.0%	10.7%	10.5%	10.9%	11.8%

(*1) Capitalized development cost booked as intangible asset for the fiscal year is not included.

(*2) Amortization of capitalized development cost is not included.

(*3) R&D expenses for the fiscal year 2011, 2012 and 2013 (estimate) are amounts of R&D investment including capitalized development cost.

Thus, these amounts do not tally with the R&D expense booked on the consolidated statement of comprehensive income.



Appendix(5)

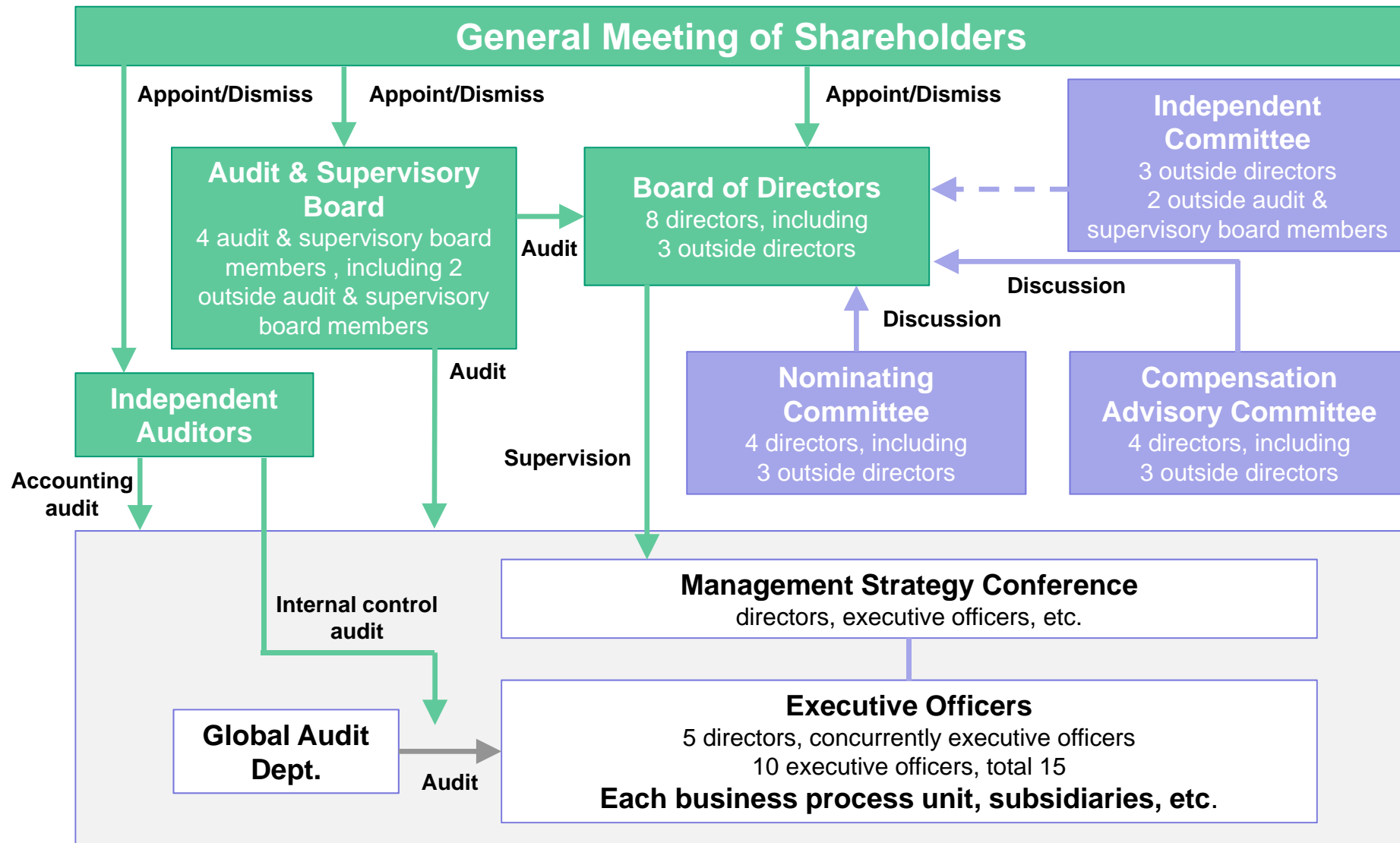
Discontinuation of Takeover Defense Measure and improvement of corporate value

The Board of Directors has decided*1 to discontinue countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measure) which expire after Annual General Meeting of Shareholders.

*1 At the meeting of the Board of Directors held on April 25, 2013



Appendix(6) Corporate Governance





Anritsu

Discover What's Possible™

