

# Becoming a cutting-edge, trusted global market leader

May 2014

Anritsu Corporation

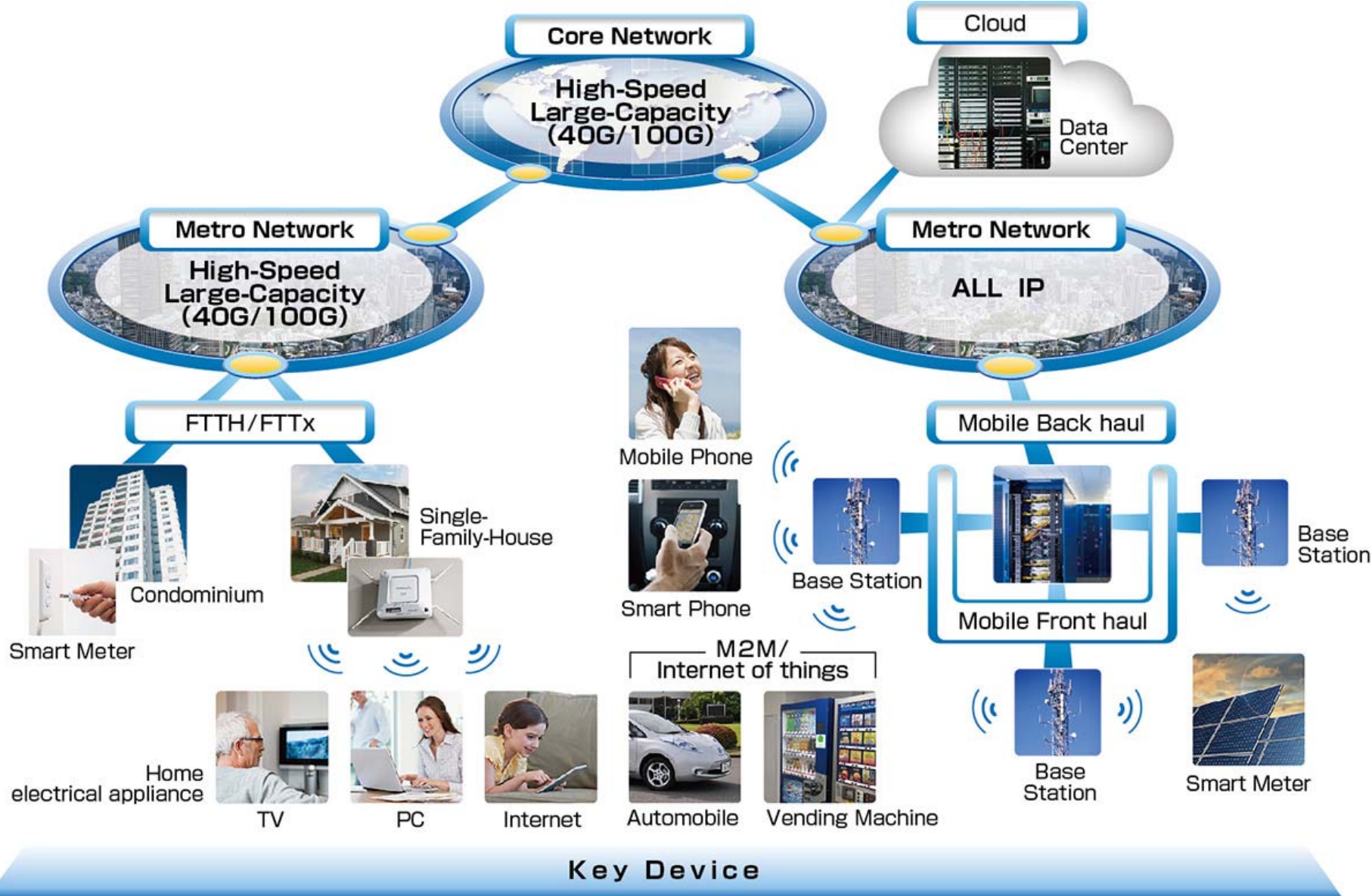


MEMBERSHIP

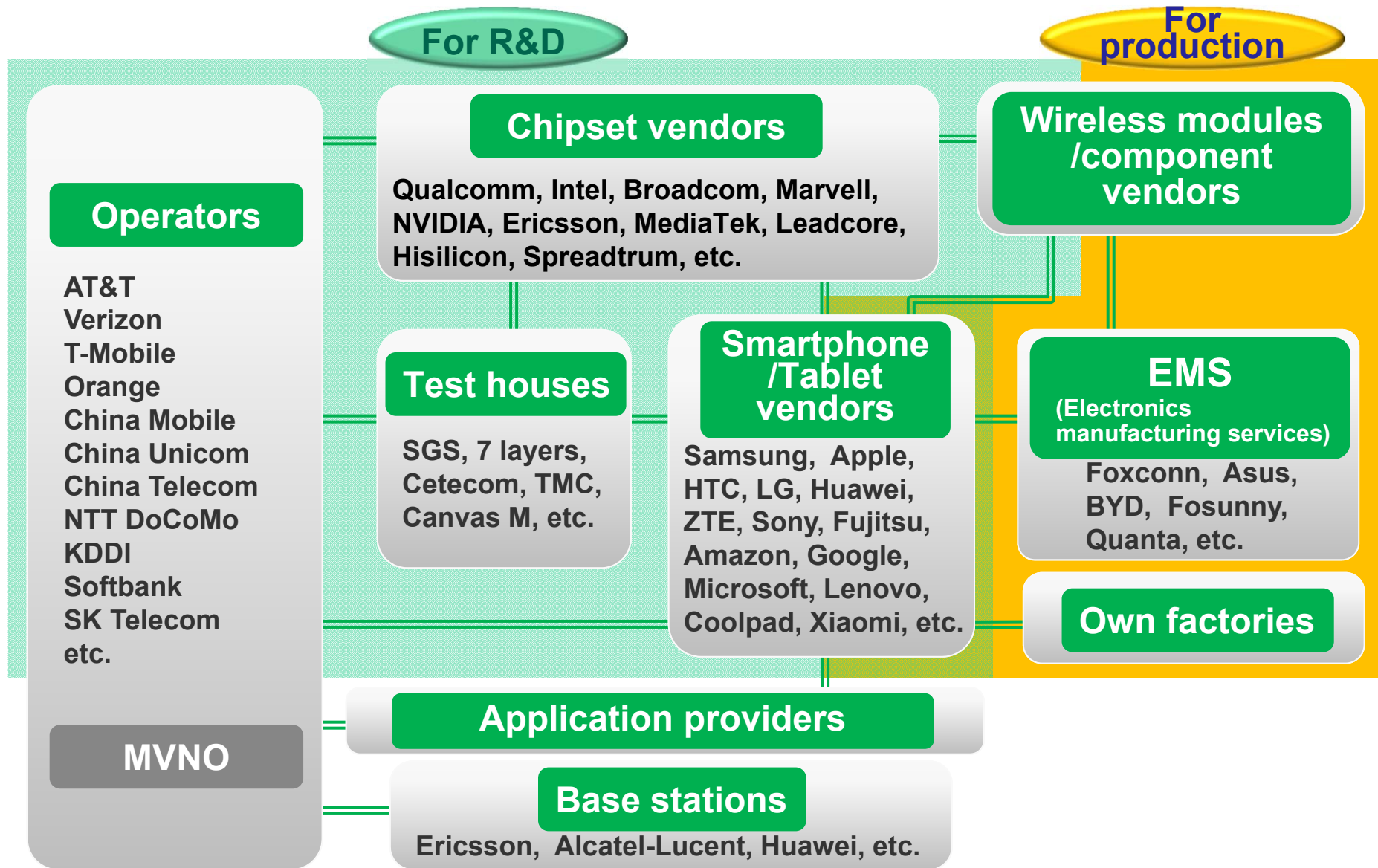
TSE code : 6754  
<http://www.anritsu.com>



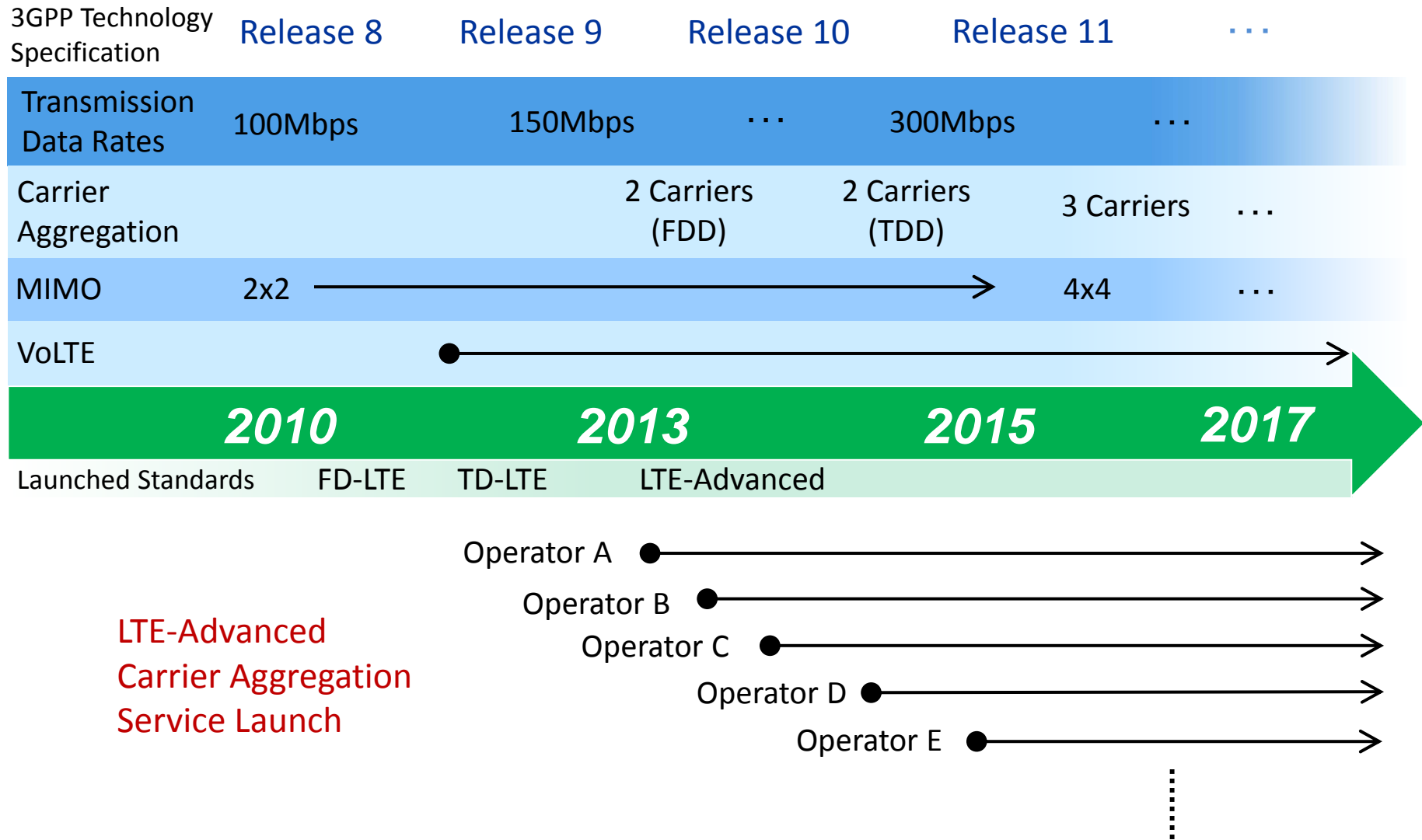
# 1. Network Infrastructure to support Mobile Broadband



## 2. Food chain and players in mobile telecom. market



# 3-1. Roadmap for LTE Technology Rollout and Commercialization



## 3-2. Value-adding innovation to meet the LTE roadmap



### 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.



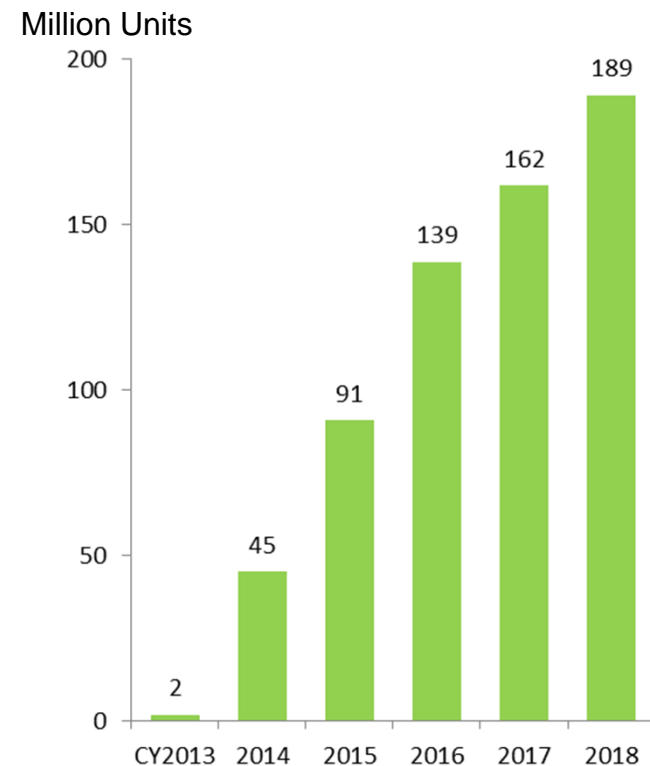
## 3-3. Business chance in TD-LTE market

32 operators in 21 countries have launched commercial service, and 47 operators are planning to introduce TD-LTE

### ■ Trends in Chinese Market











- TD-LTE license has been approved in December 2013
- China Mobile is aiming to install 500,000 TD-LTE base stations, covering 340 cities in China by the end of 2014, which is the biggest TD-LTE network in the world
- China mobile has a plan to sell 100 million handsets for TD-LTE in 2014

Mobile Phone Sales for TD-LTE



Source: Gartner

# 3-4. 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	<ul style="list-style-type: none"> <li>•FD-LTE, TD-LTE, LTE-Advanced technologies (Carrier aggregation etc.)</li> <li>•VoLTE (Voice over LTE)</li> <li>•MIMO (Multi Input Multi Output)</li> <li>•Chipset unification of 3G/LTE and SRW (Short Range Wireless)</li> </ul>				<ul style="list-style-type: none"> <li>•Improve data throughput</li> <li>•Battery consumption etc.</li> </ul>
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

## 3-5. 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 Improvement of productivity (efficiency, multi-ports)
- ② Production line change: 3G → LTE(FDD,TDD)
- ③ Expanding production capacity
- ④ Testing process integration: SRW (W-LAN, Bluetooth, etc.)
- ⑤ Reference design provided by chipset vendor

**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**



## 4. T&M business operating model

	FY2012	FY2013	Mid-term operating Model
Revenue	71.2B yen	76.0B yen	CAGR $\geq 7\%$
COGS	38%	38%	39-42%
SG&A	30%	33%	28%
R&D	11%	12%	10-13%
Operating margin	21%	17%	$\geq 20\%$

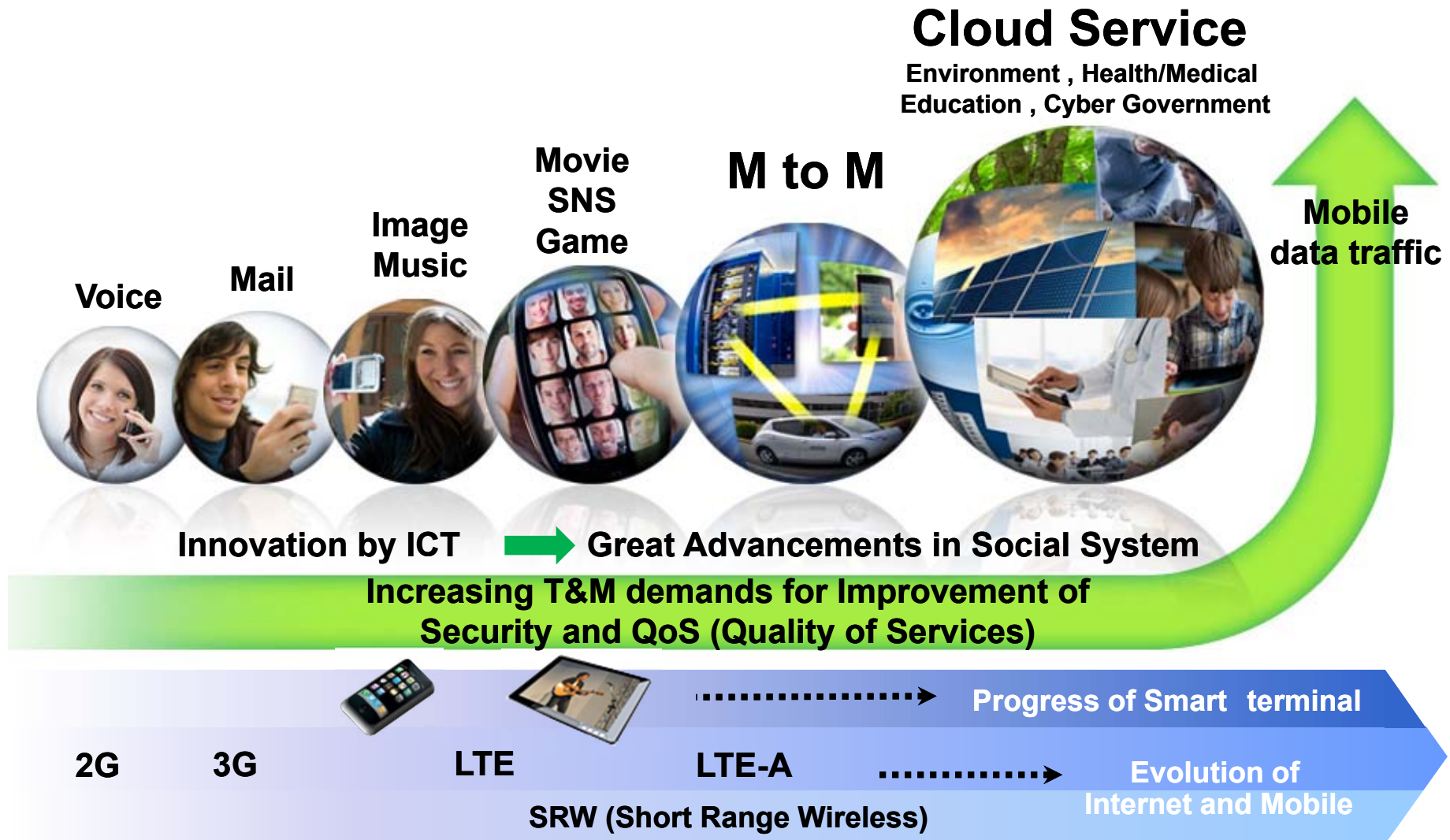
## 5. Middle and long-term management basic strategy

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%	Asia Market North America Market	$\geq 7\%$	$\geq 12\%$
Consolidated	—	—	—	$\geq 18\%$
ROE	—	—	$\geq 20\%$	

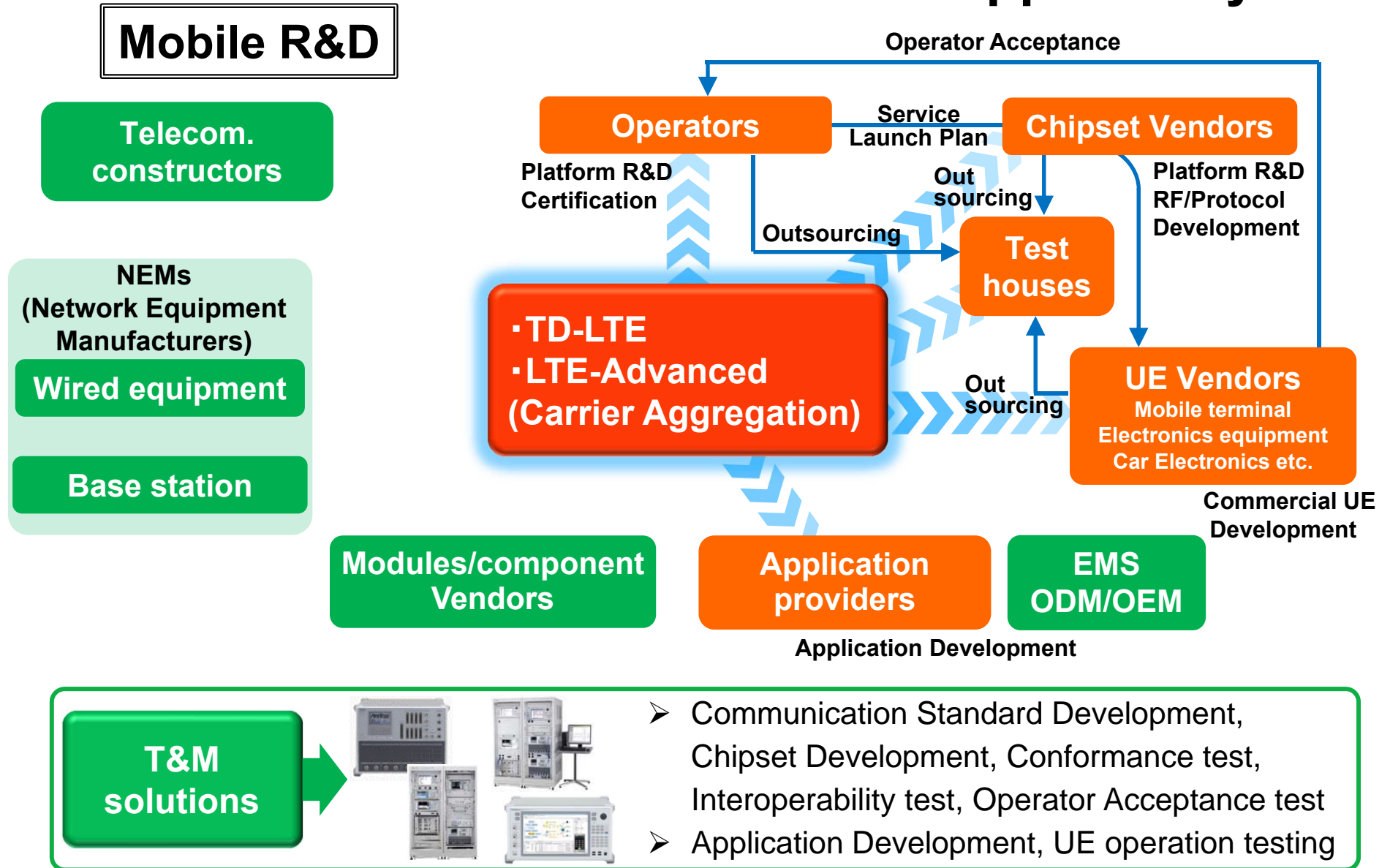
# 6-1. T&M Business Environment

Increased growth of fields supporting mobile as social infrastructure



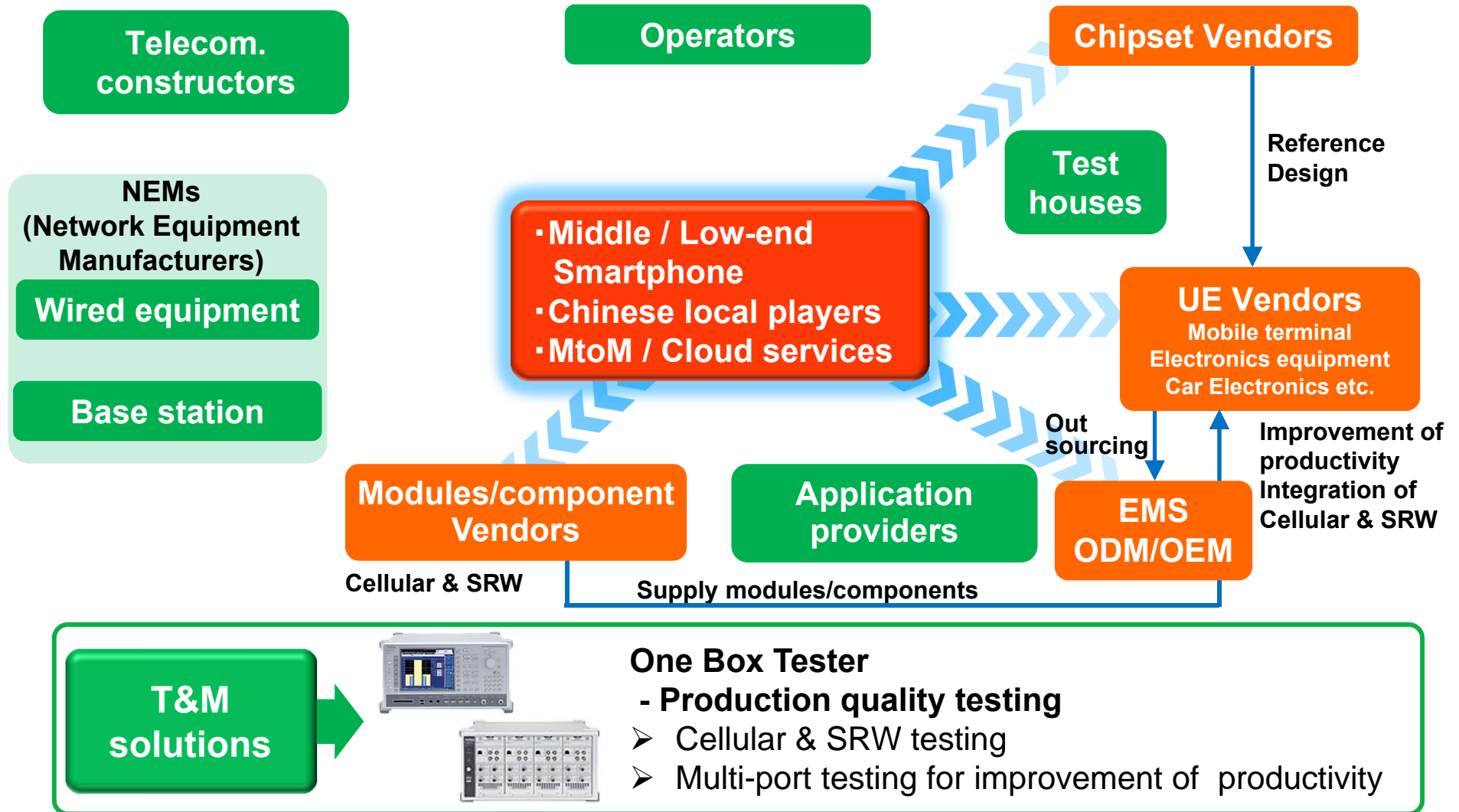
# 6-2. Current and Mid-term Business Opportunity

## Mobile R&D



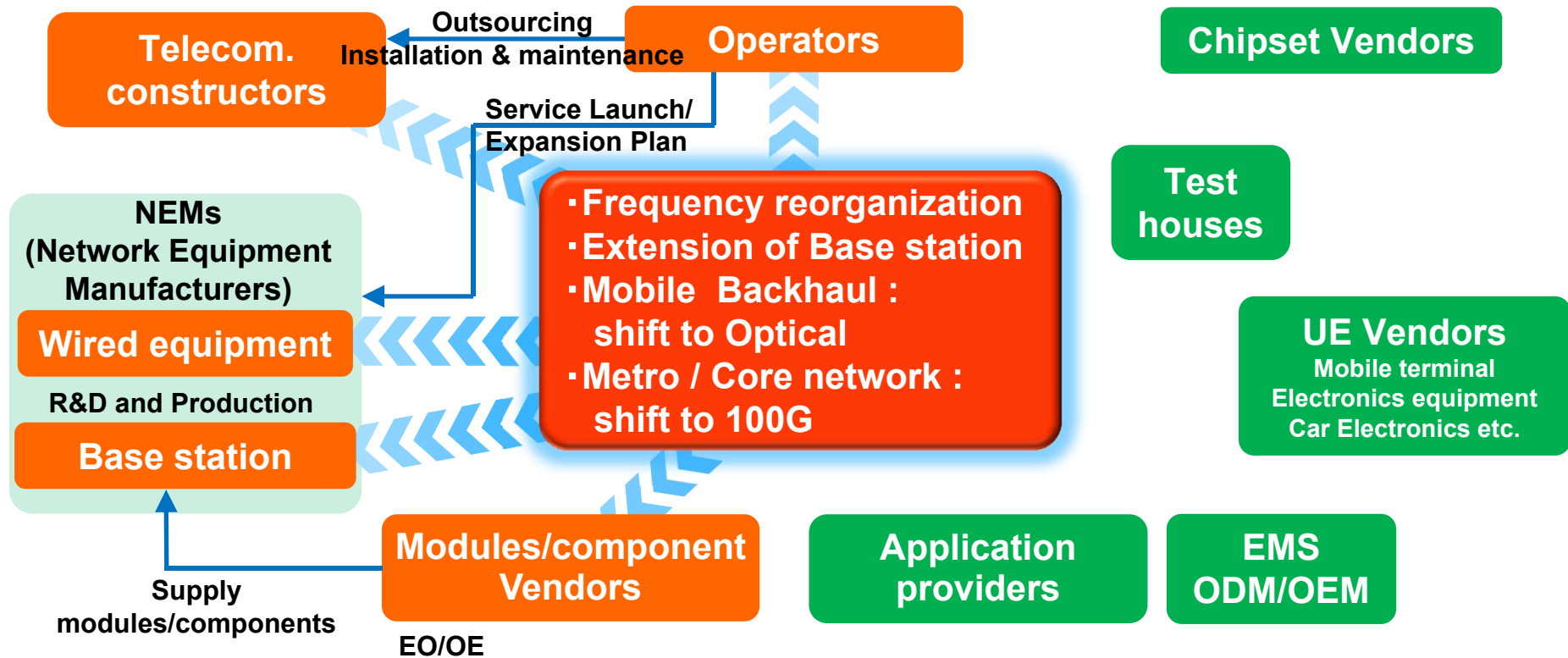
# 6-3. Current and Mid-term Business Opportunity

## Mobile Production



# 6-4. Current and Mid-term Business Opportunity

## NW Infrastructure, Electronics

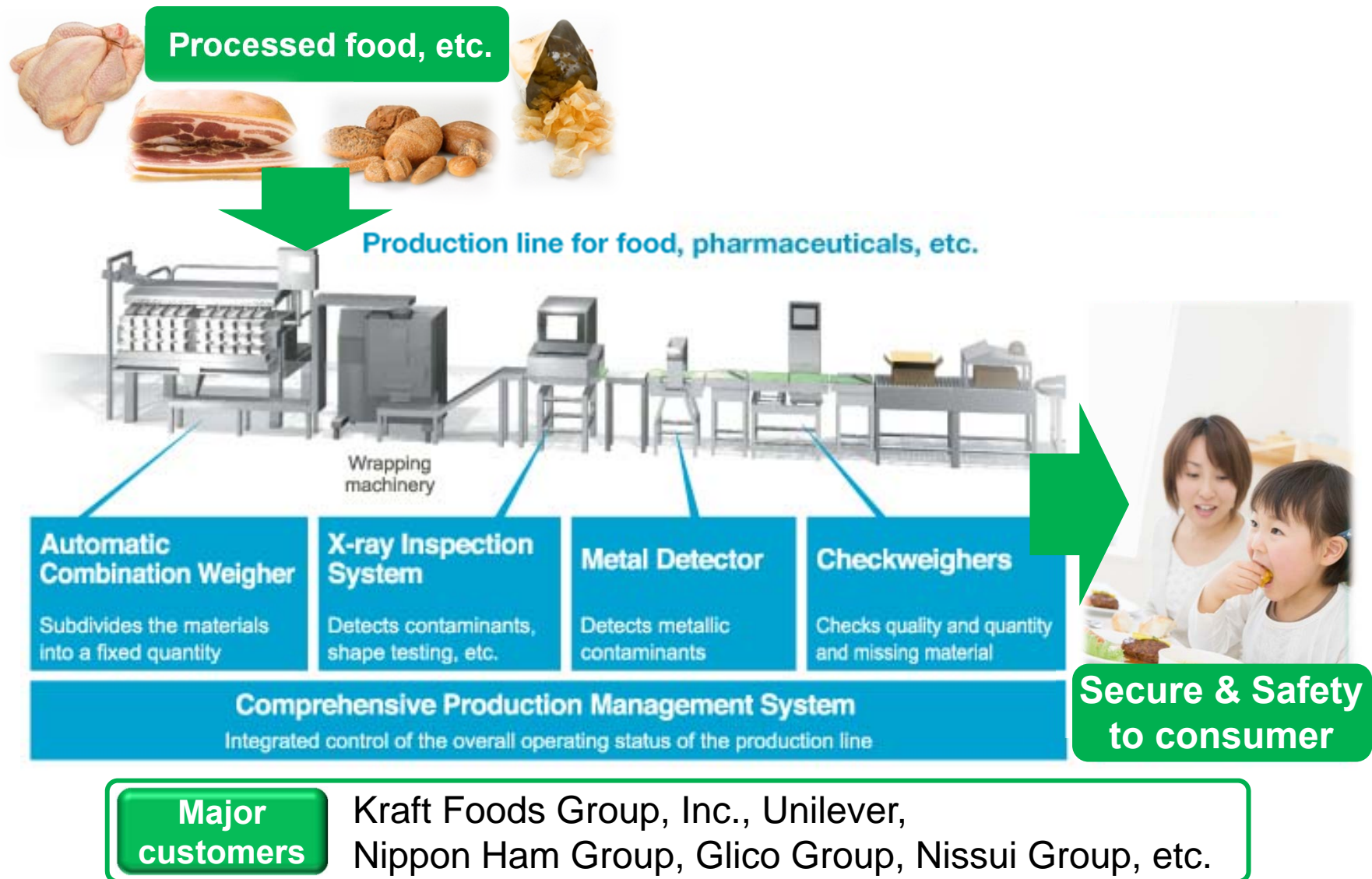


### T&M solutions

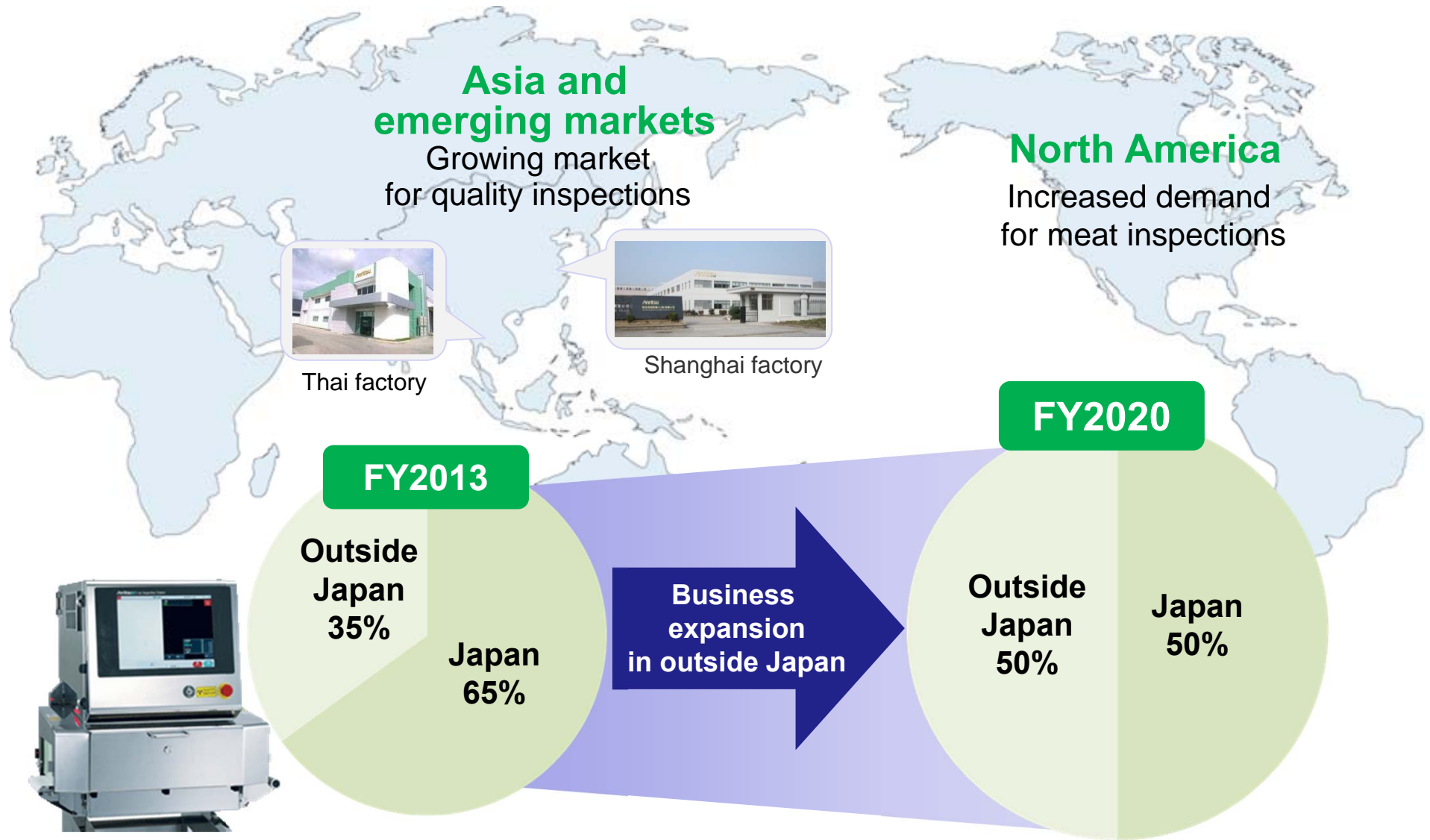
- Installation & maintenance of wireless base station & mobile backhaul
- R&D & production of network equipment



# 7-1. Industrial Automation business



# 7-2. Industrial Automation Business Target



## 8. Profit Distribution policy

The Company's core policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance. With regard to dividend, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 25% or more. Furthermore, the Company will incorporate total return ratio as its policy for returning profits and consider purchasing treasury stock in an effort to return profits to its shareholders.

(Consolidated)	Actual							
	J-GAAP					IFRS		
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011	FY2012	FY2013
ROE	-	-	1.0%	7.9%	21.5%	19.5%	25.0%	13.3%
Dividend per share (Yen)	7.0	3.5	0.0	7.0	15.0	15.0	20.0	20.0
DOE	1.6	1.0	0.0	2.3	4.2	4.9	5.1	4.1

# Appendix(1)

## 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	FY2014
CAPEX	2,790	2,236	1,134	1,549	3,165	3,200	4,562	5,355	7,000
Depreciation	3,373	3,099	2,979	2,589	2,555	2,469	2,562	2,863	3,000
R&D Expenses	14,115	11,704	9,387	9,380	10,012	9,842	10,323	12,488	13,000
as % of Net Sales	14.0%	13.9%	12.8%	12.0%	10.7%	10.5%	10.9%	12.3%	11.9%

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

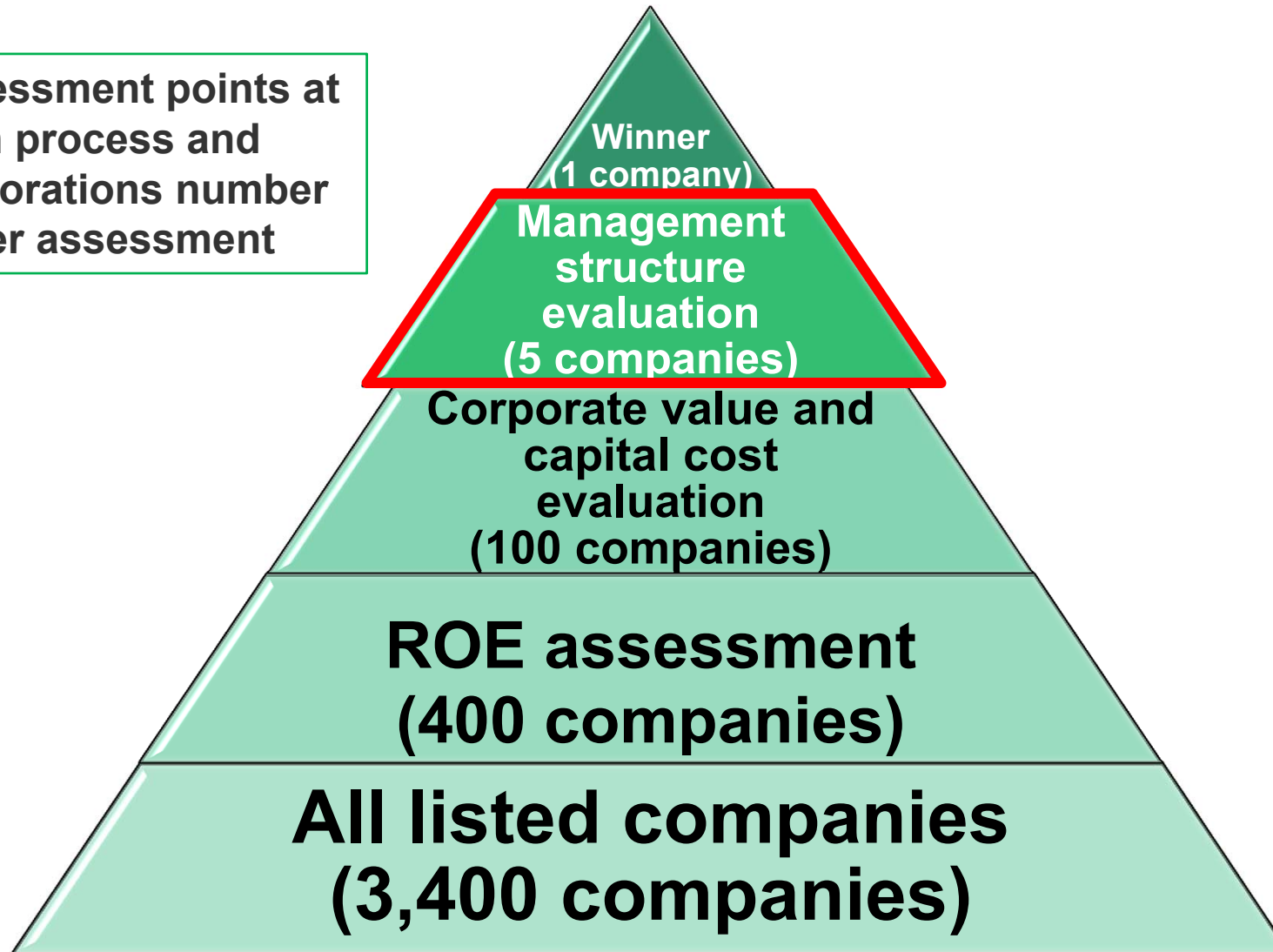
(\*2) Amortization of capitalized development cost is not included.

(\*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(2) Received “Excellence Award” for Corporate Value Improvement from Tokyo Stock Exchange

Assessment points at each process and corporations number under assessment

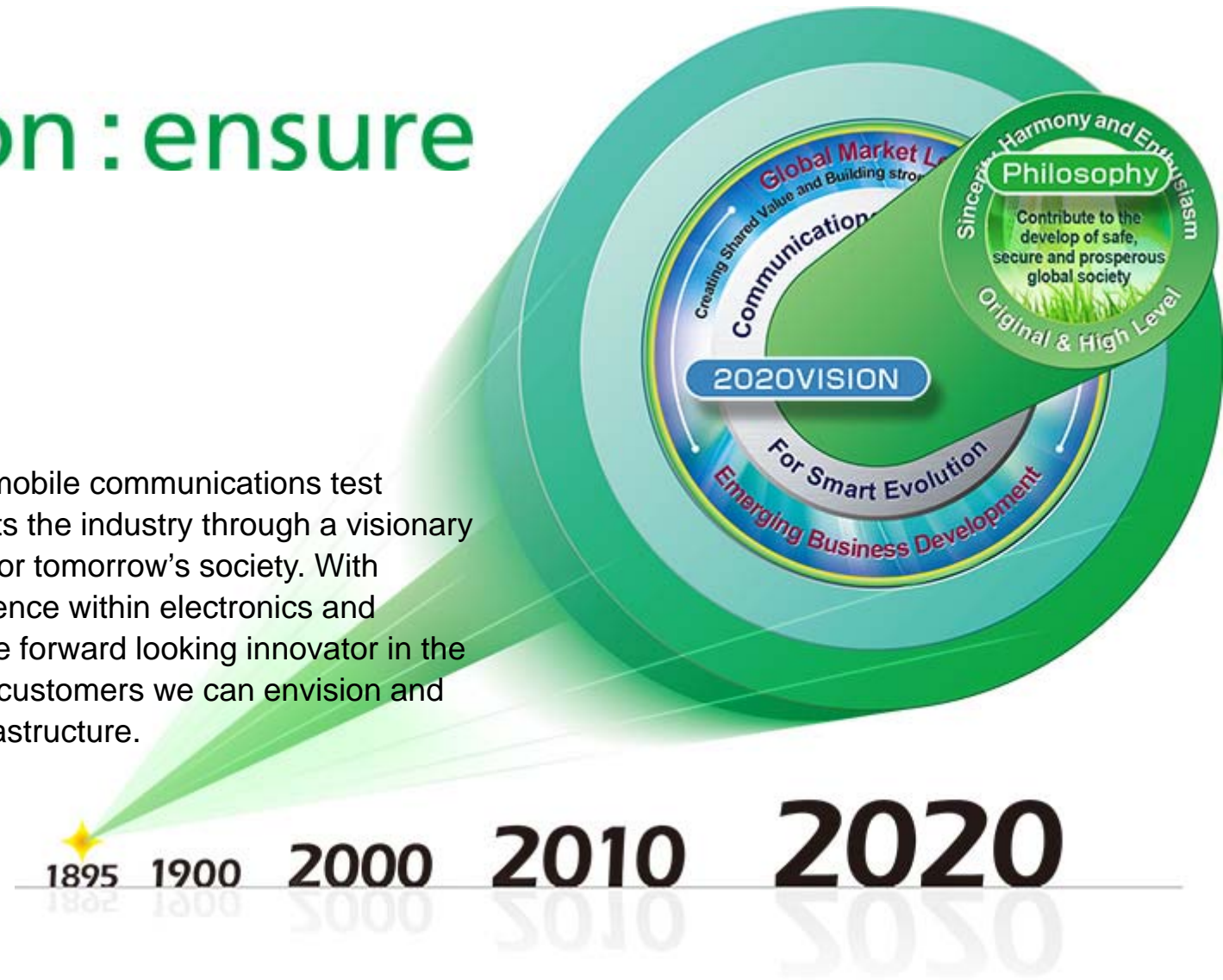




# Appendix(3) The New Brand Statement

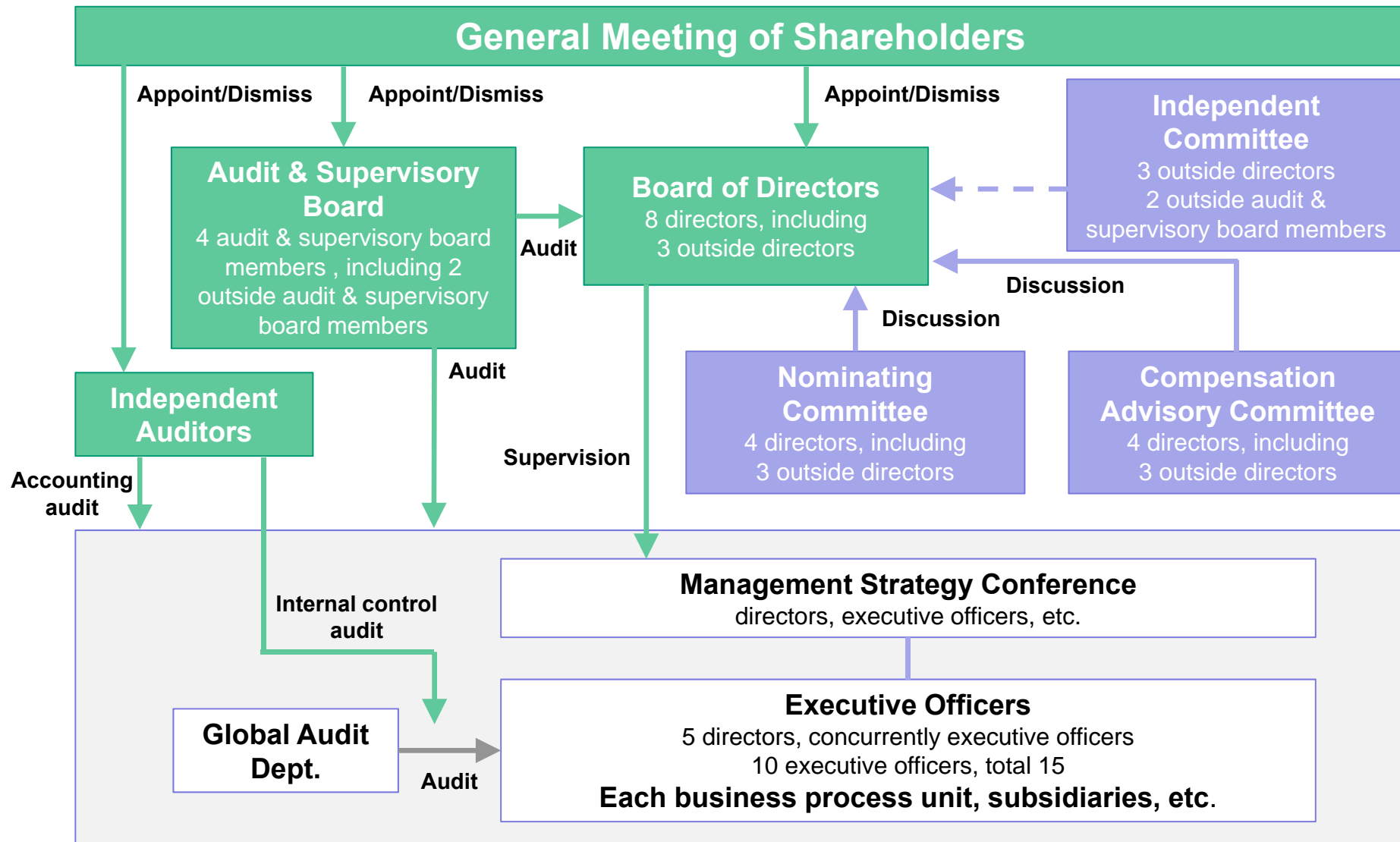
## envision : ensure

As a leading supplier of mobile communications test solutions, Anritsu supports the industry through a visionary partnership, to innovate for tomorrow's society. With almost 120 years' experience within electronics and telecoms, Anritsu is a true forward looking innovator in the business. Together with customers we can envision and ensure future mobile infrastructure.





# Appendix(4) Corporate Governance



# 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.