

Becoming a cutting-edge, trusted global market leader

September 2014
Anritsu Corporation



MEMBERSHIP

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



Anritsu envision:ensure

Cautionary Statement

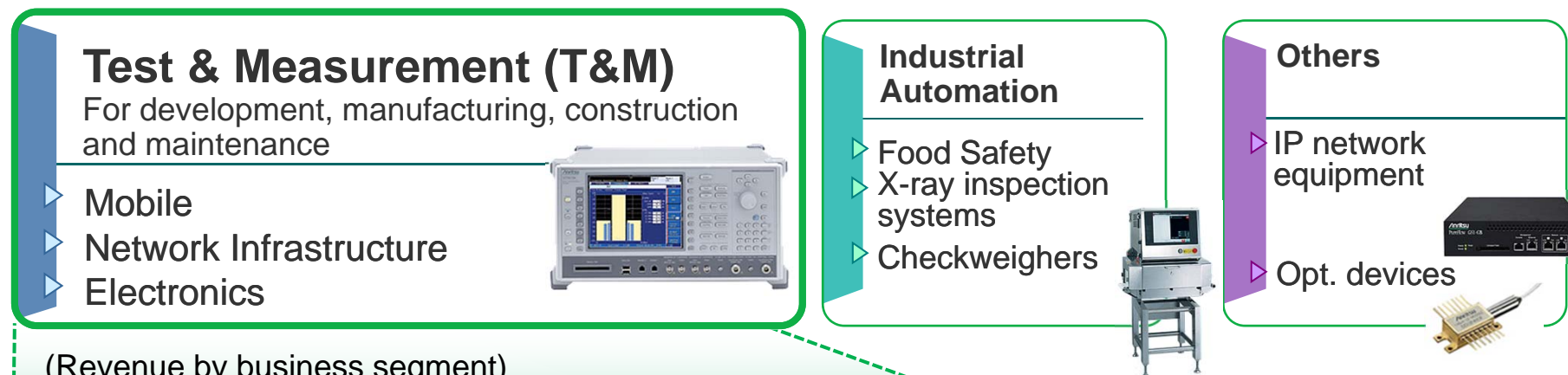
All information contained in this release which pertains to the current plans, estimates, strategies and beliefs of Anritsu Corporation (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent 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 segments



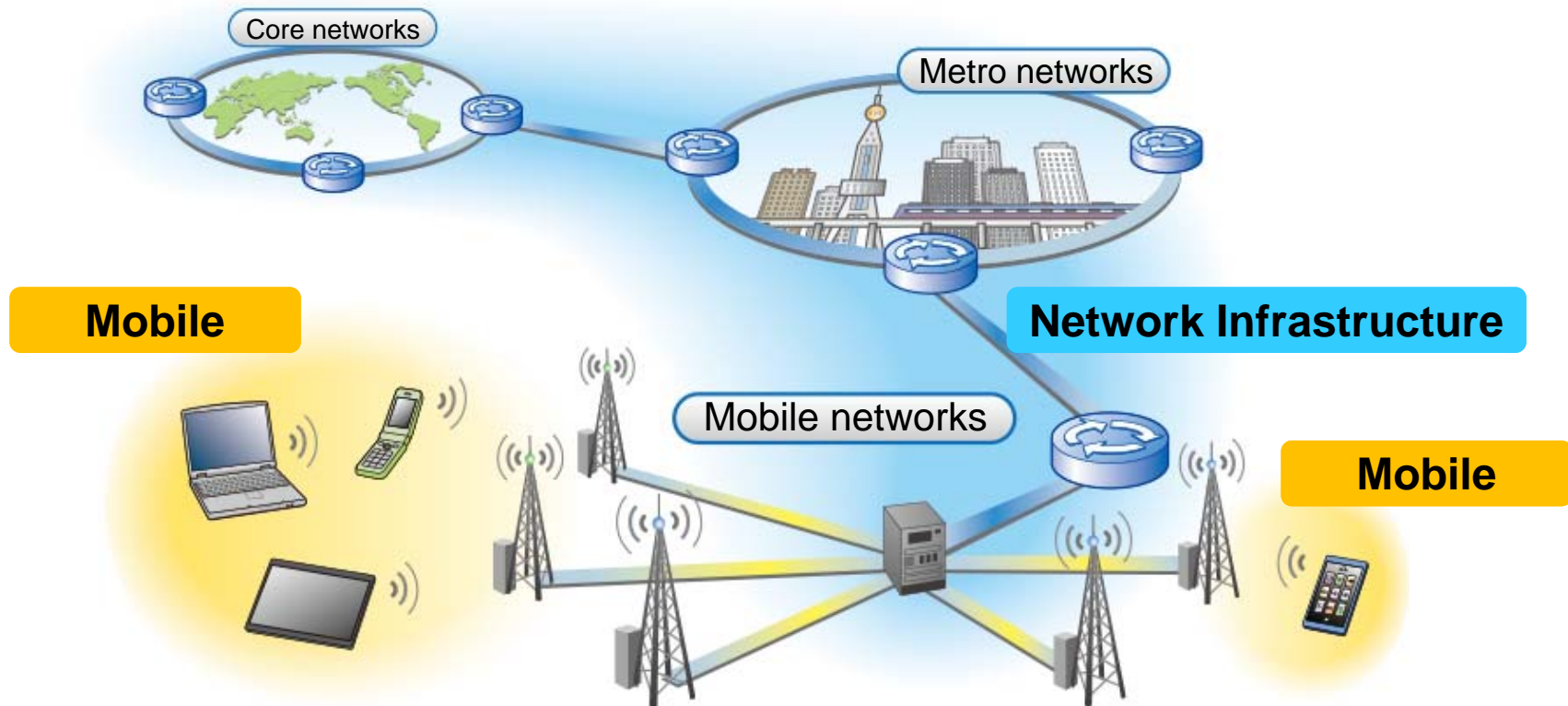
(Revenue by business segment)
101.9 Billion Yen consolidated revenue in FY2013

T&M 75%			Industrial Automation 16%	Others 9%
Mobile 50%	Network Infrastructure 30%	Electronics 20%		

(Sales of T&M business by region)

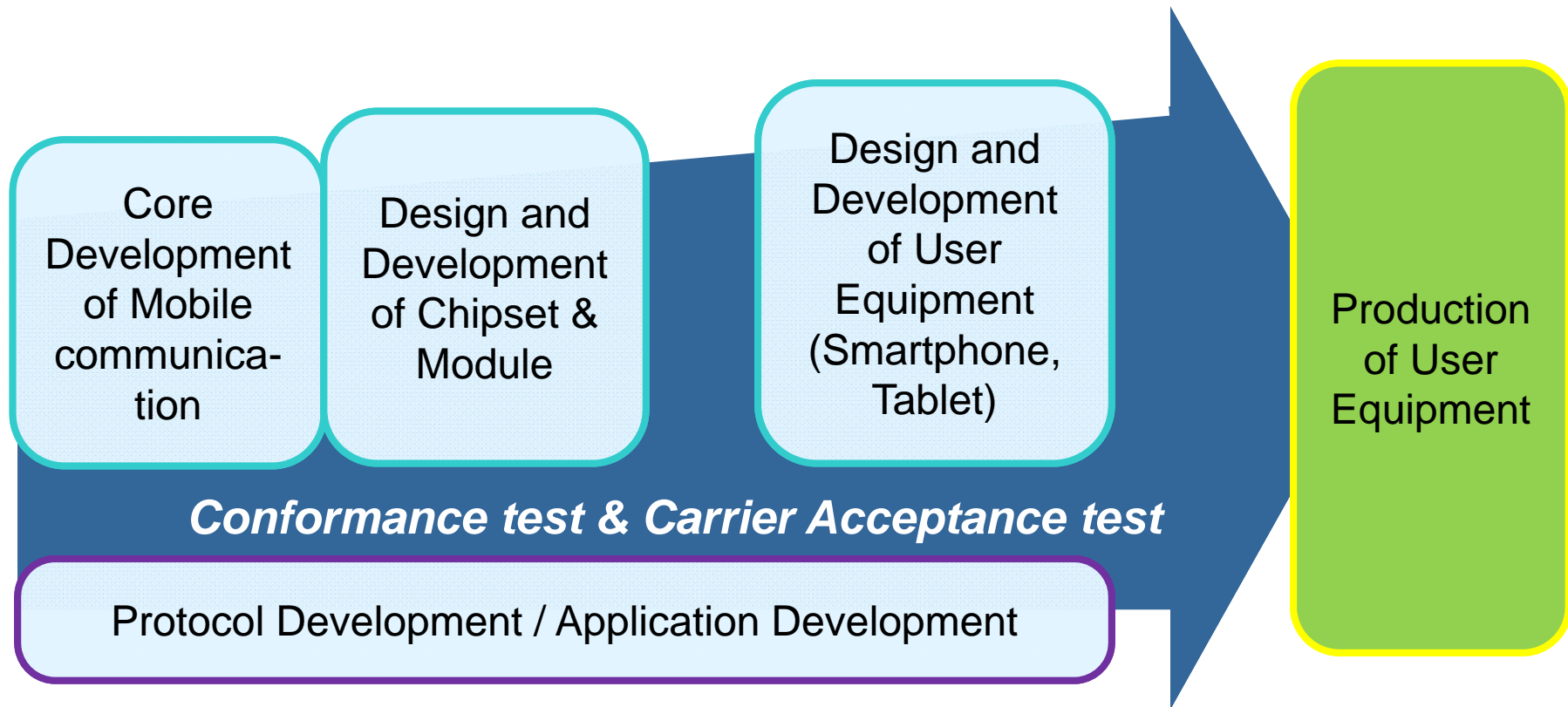
Japan 17%	Asia & Pacific 30%	Americas 35%	EMEA 18%
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2. Outline of our business segments (T&M)

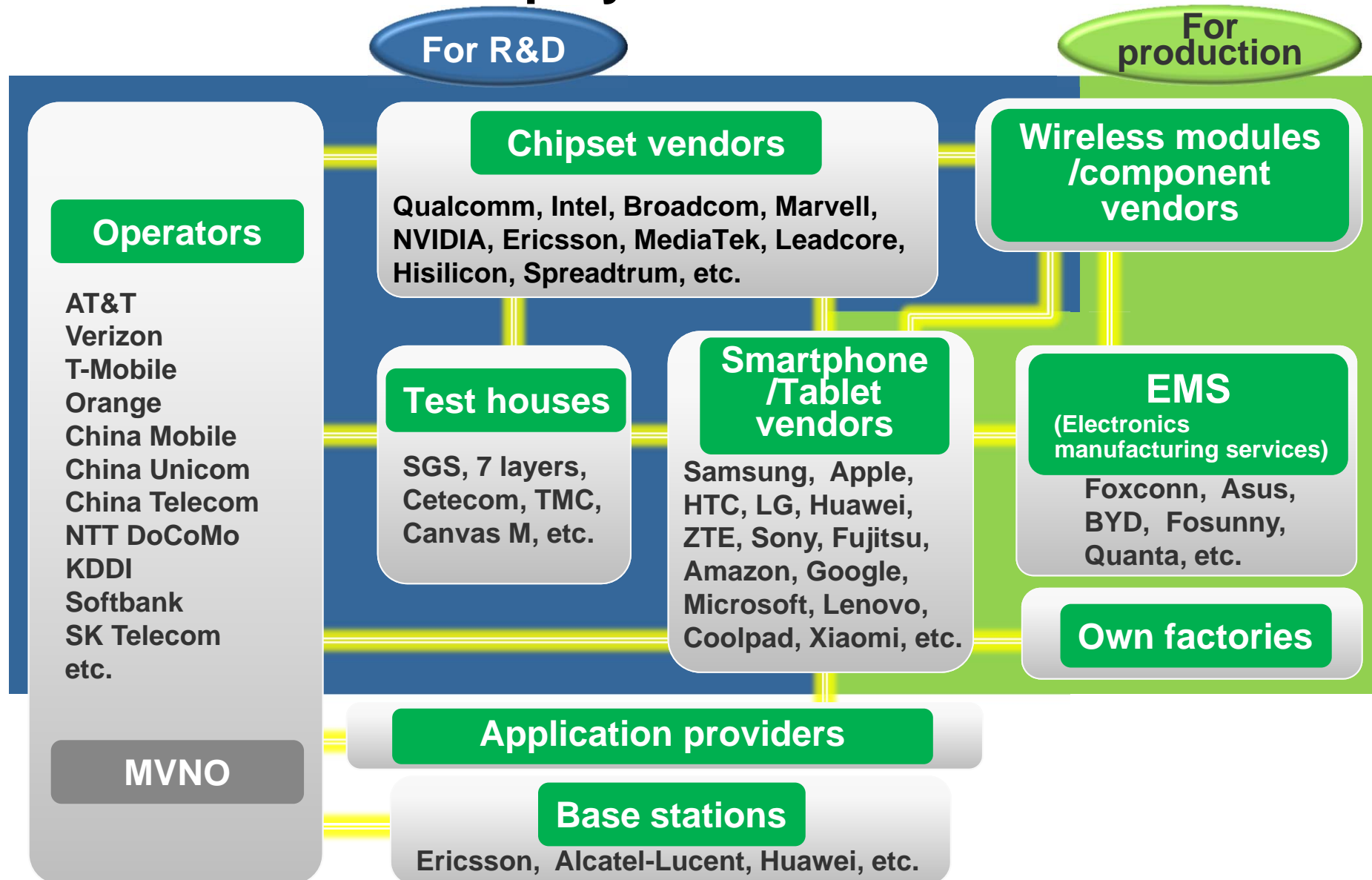


Communication system	R&D	Devices, Components Manufacturing	Installation/Maintenance
Wireline	Network Infrastructure		
Wireless	Mobile		
General Purpose	Electronics		











3-1. Application and Solution of Mobile Business



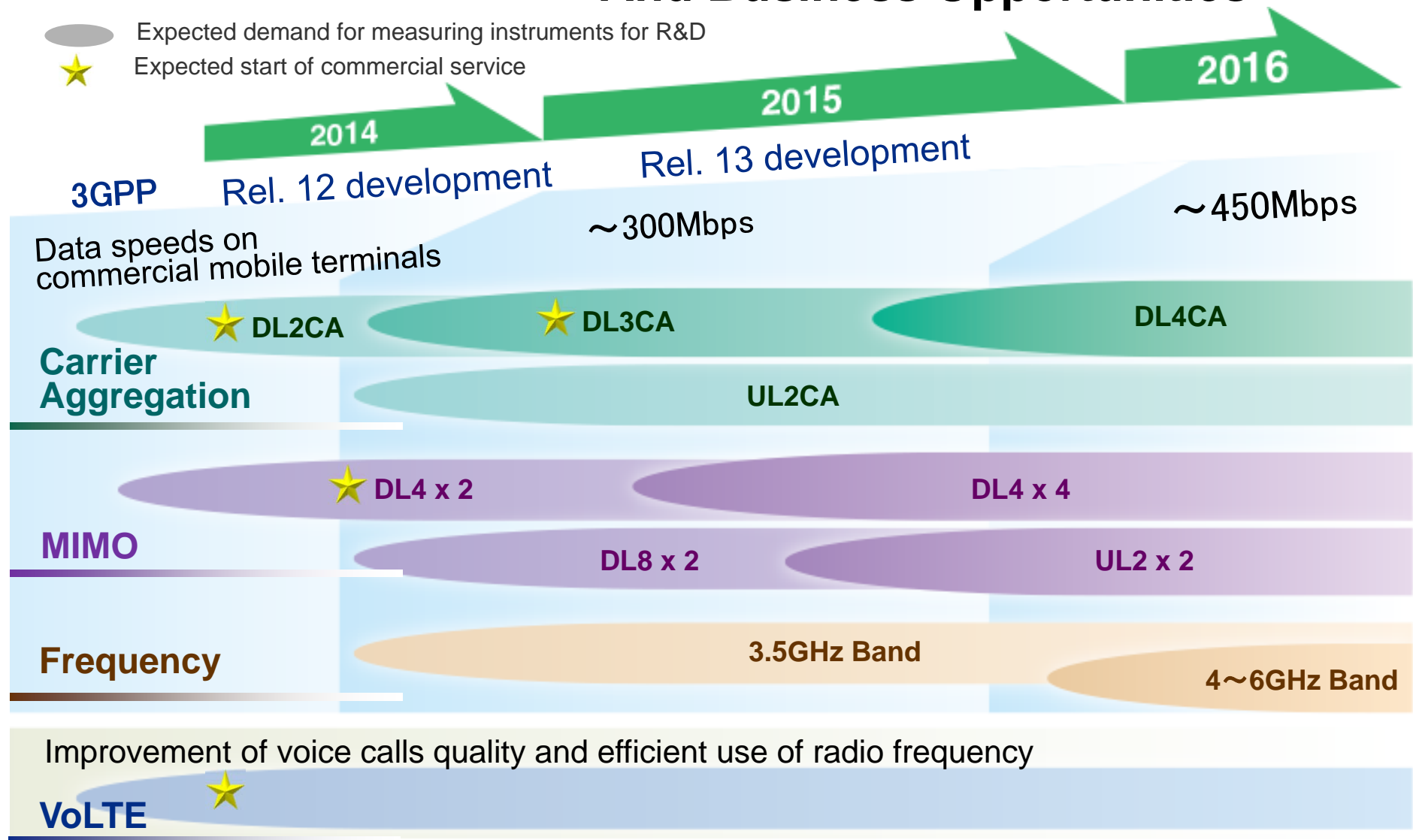
3-2. Food chain and players in mobile telecom. market



3-3. 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	▪FD-LTE, TD-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 / Positioning	 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

3-4. Growth of Mobile Broadband Service And Business Opportunities



3-5.LTE Technology Rollout and Commercialization

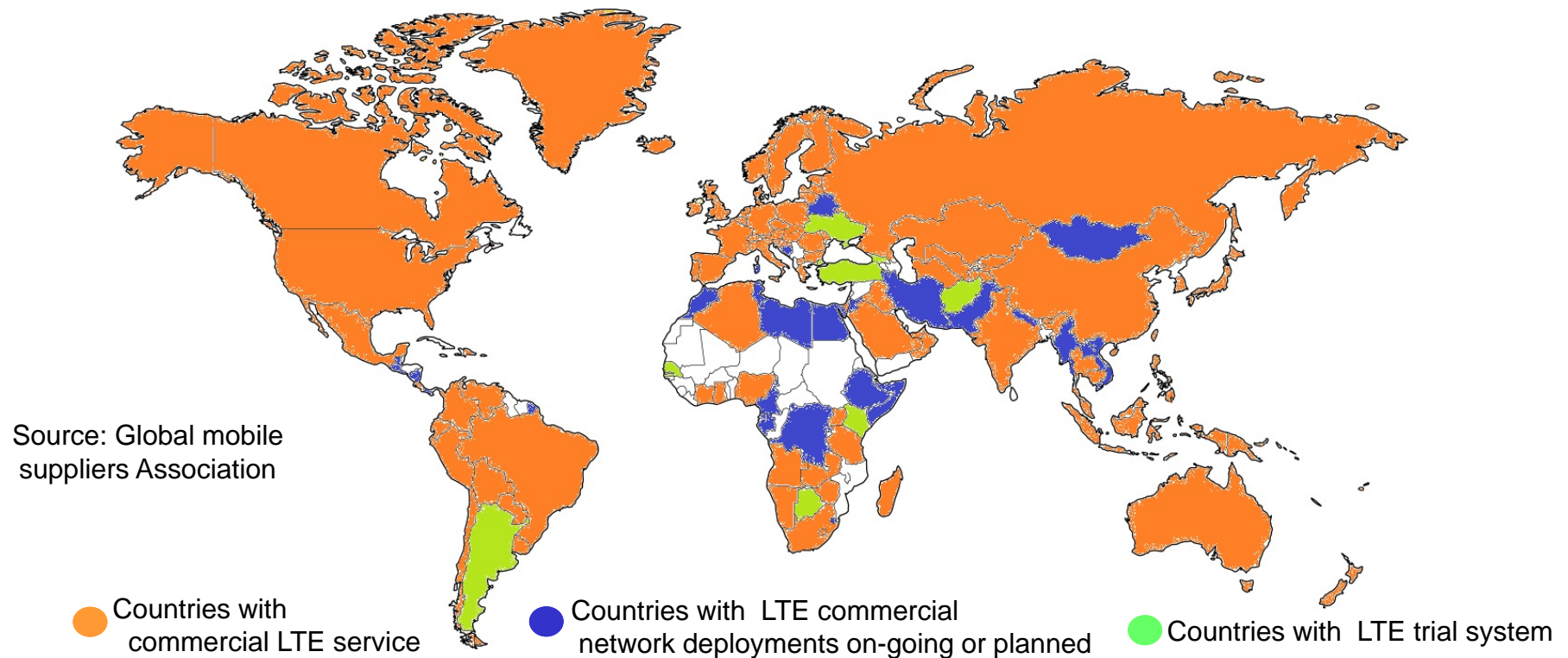
The world's first LTE Network commercial service was launched in 2009, then spreading all over the world at 318 network operators in 111 countries. It is expected that LTE service will be expanding and at the same time LTE will be evolving to LTE-Advanced.

LTE-Advanced Services (2014.06)

Carrier Aggregation(2CA) : 10operators launched / 33operators Under Planning

Voice over LTE : 11operators launched / 55operators Under Planning

LTE-Broadcast : 1operators launched / 15operators Under Planning



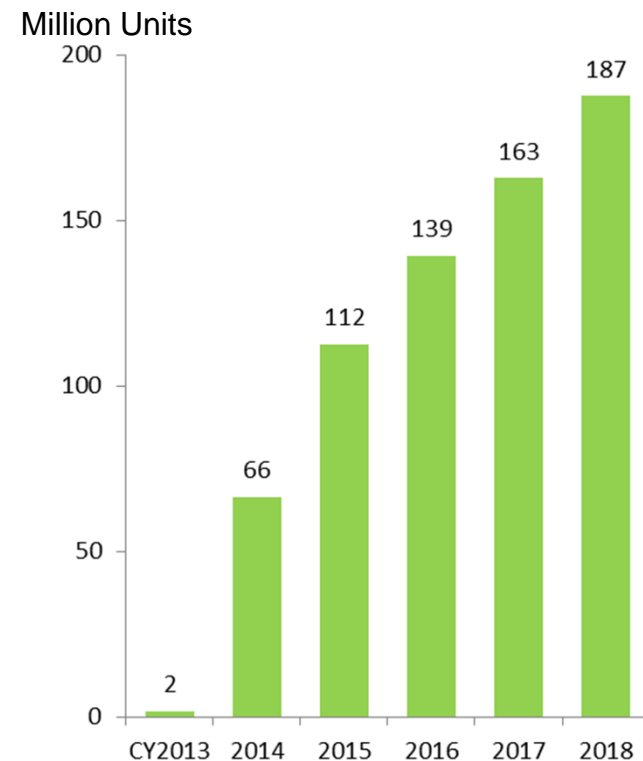
3-6. Business chance in TD-LTE market

39 operators in 26 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: PCs, Ultramobiles and Mobile Phones Worldwide

3-7. Cutting-edge manufacturing solutions addressing customers' needs

1 Multiport : New testers perfect for the manufacturing of smartphones and communications modules

- 4 measuring instruments can be installed in a single chassis, halving space consumption

2 Improved Productivity : Industry's fastest measuring speeds for building high efficiency, high quality manufacturing lines

- Coordinated operation with latest chipsets for high speed verification (sequence measurement)
- Measurement accuracy equivalent to Anritsu's MT8820C, the industry standard

2 ports
for 2G/3G/LTE test



MT8820C

Tester for both R&D and mass production



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



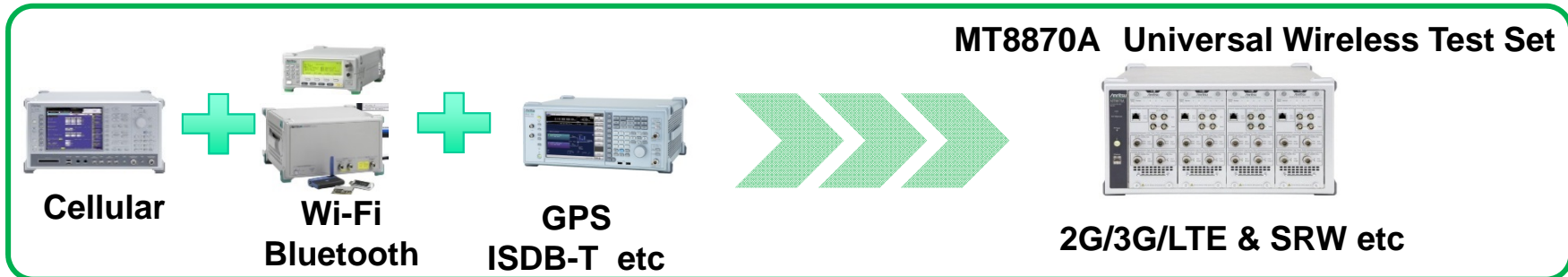
MT8870A

Universal Wireless Test Set

3-8. Cutting-edge manufacturing solutions addressing customers' needs

3 Integration with SRW : Support for multiple wireless technology measurements

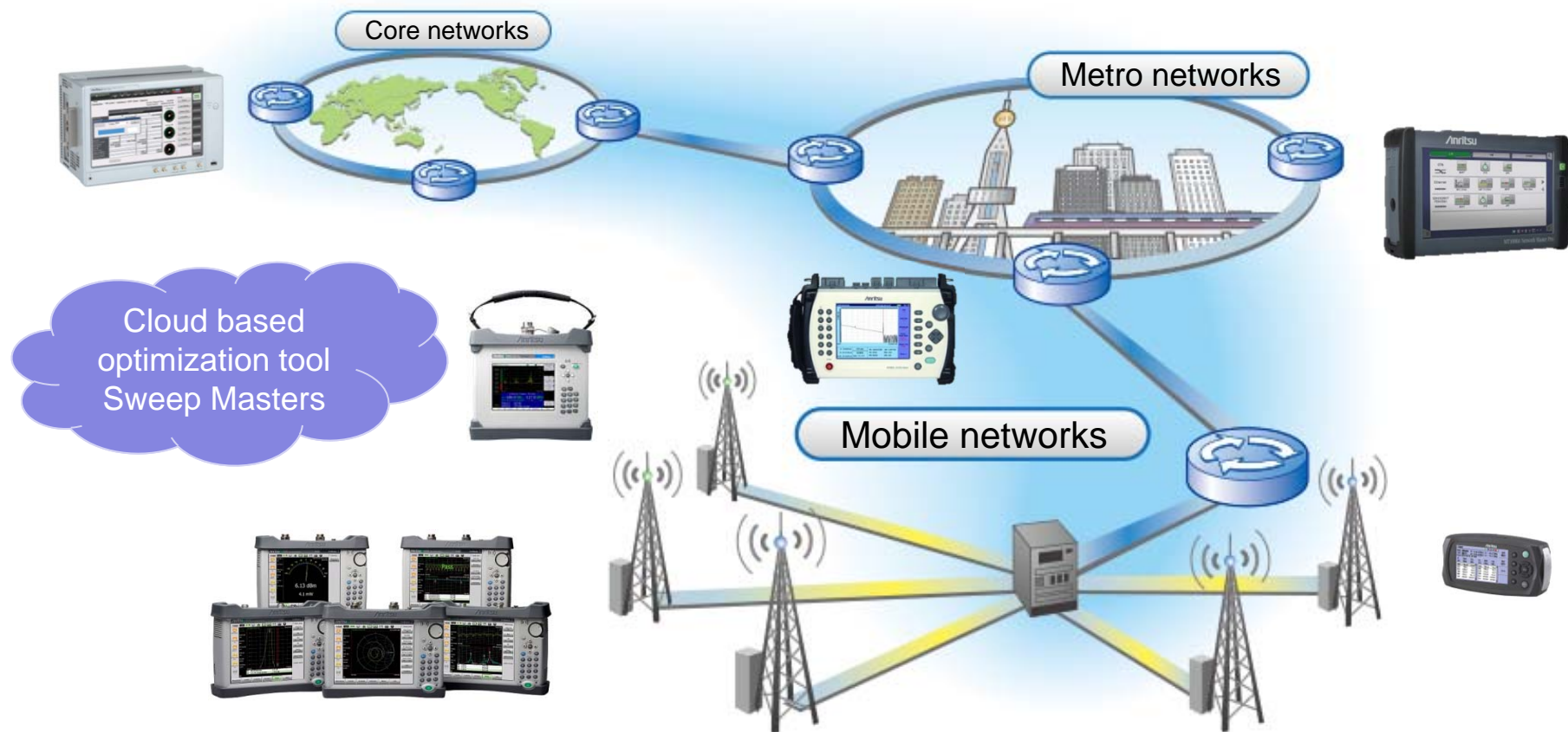
- Single unit capable of handling not only cellular testing, but all testing involved in the device manufacturing process, such as **Wi-Fi / Bluetooth / GPS / ISDB-T / Audio analyzer** testing.
- Supports LTE-Advanced and IEEE802.11ac through maximum frequency of 6GHz and bandwidth of 160MHz
- Anritsu joining the **Broadcom Manufacturing Test License** program.



Main Competitors

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

4. Outline of our business segments (I&M)



PURPOSE	NETWORK EQUIPMENT	OPTICAL FIBER	BASE STATIONS	ANTENNA / CABLE	MOBILE NETWORK SERVICE AREA
Solutions	Network Master Wireline Testers	ACCESS Master Network Master	BTS/Cell Master	Site Master PIM Master	Area Tester
	Cloud based optimization tool Sweep Masters				

5. 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%	$\geq 20\%$

(Note: 1 USD=80 yen)

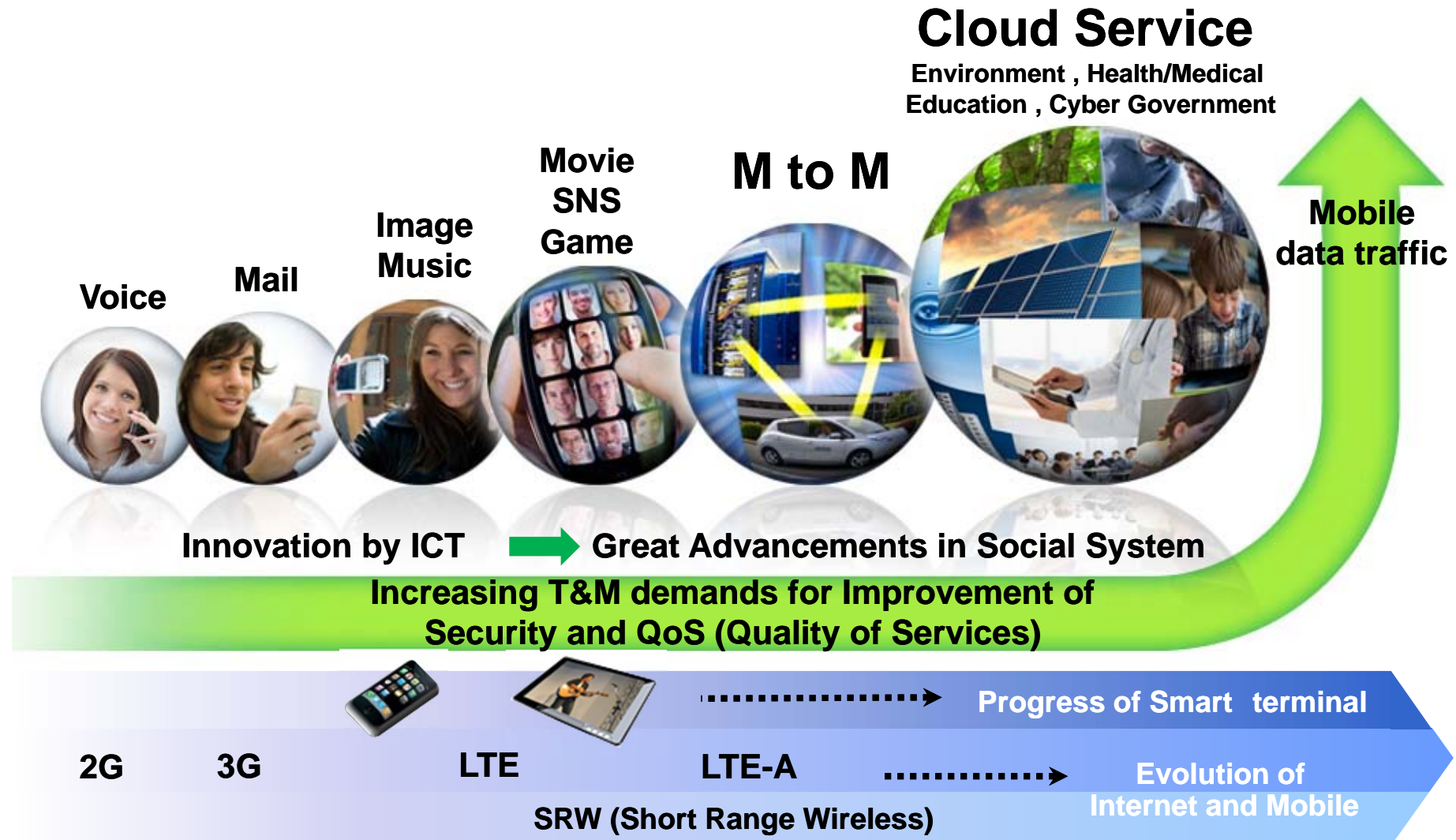
6-1. Middle and long-term management basic strategy

Capture growth drivers without fail,
and realize “continuous profitable growth”

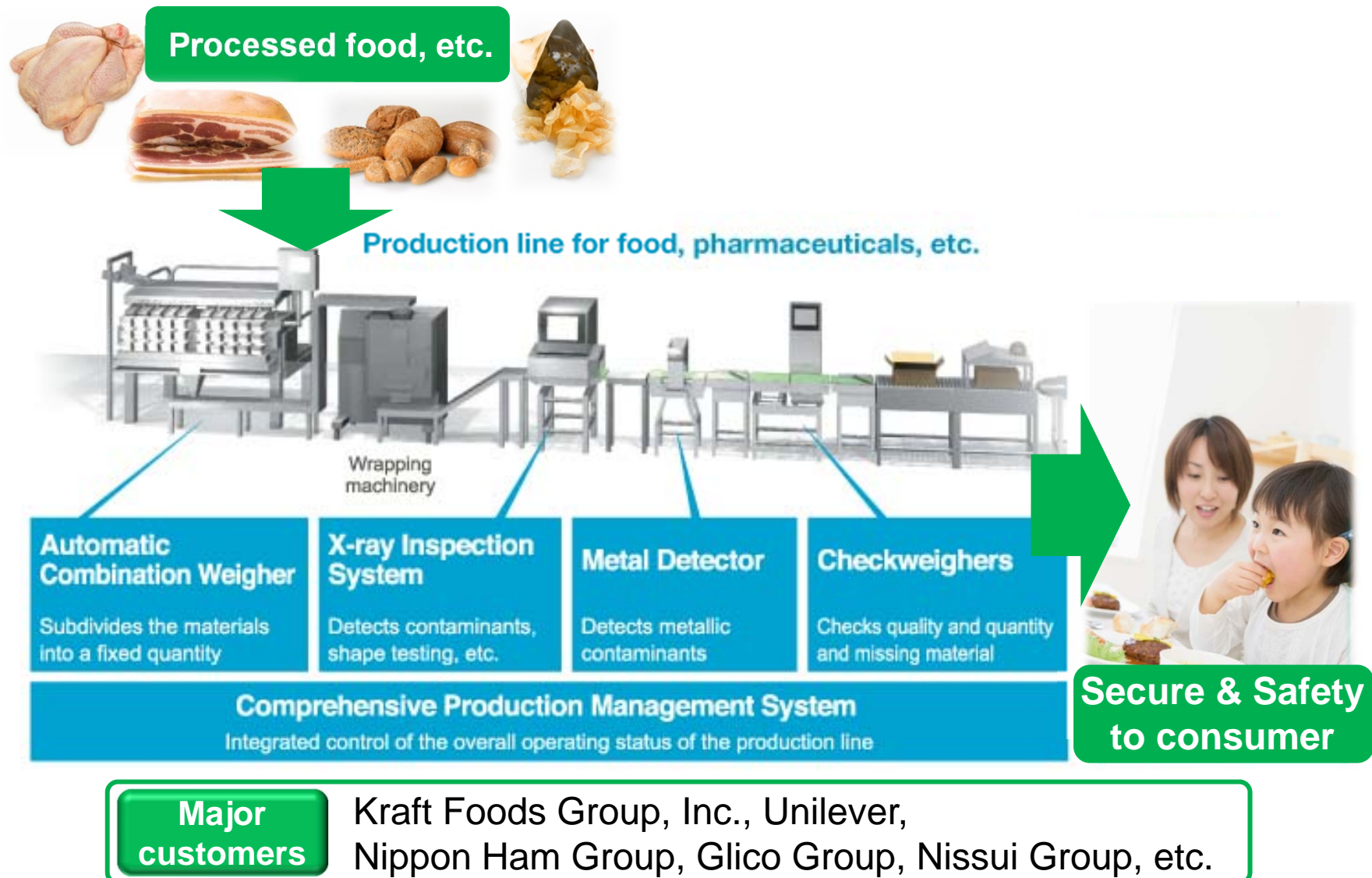
	Market average annual growth rate	Growth driver	Target	
			Sales growth rate	Operating margin
T&M	3-5%	(1) Mobile broadband service market (2) Asia Market	$\geq 7\%$	$\geq 20\%$
Indust. Auto.	3-5%	Asia Market North America Market	$\geq 7\%$	$\geq 12\%$
Consolidated	—	—	—	$\geq 18\%$
ROE	—	—	$\geq 20\%$	

6-2. T&M Business Environment

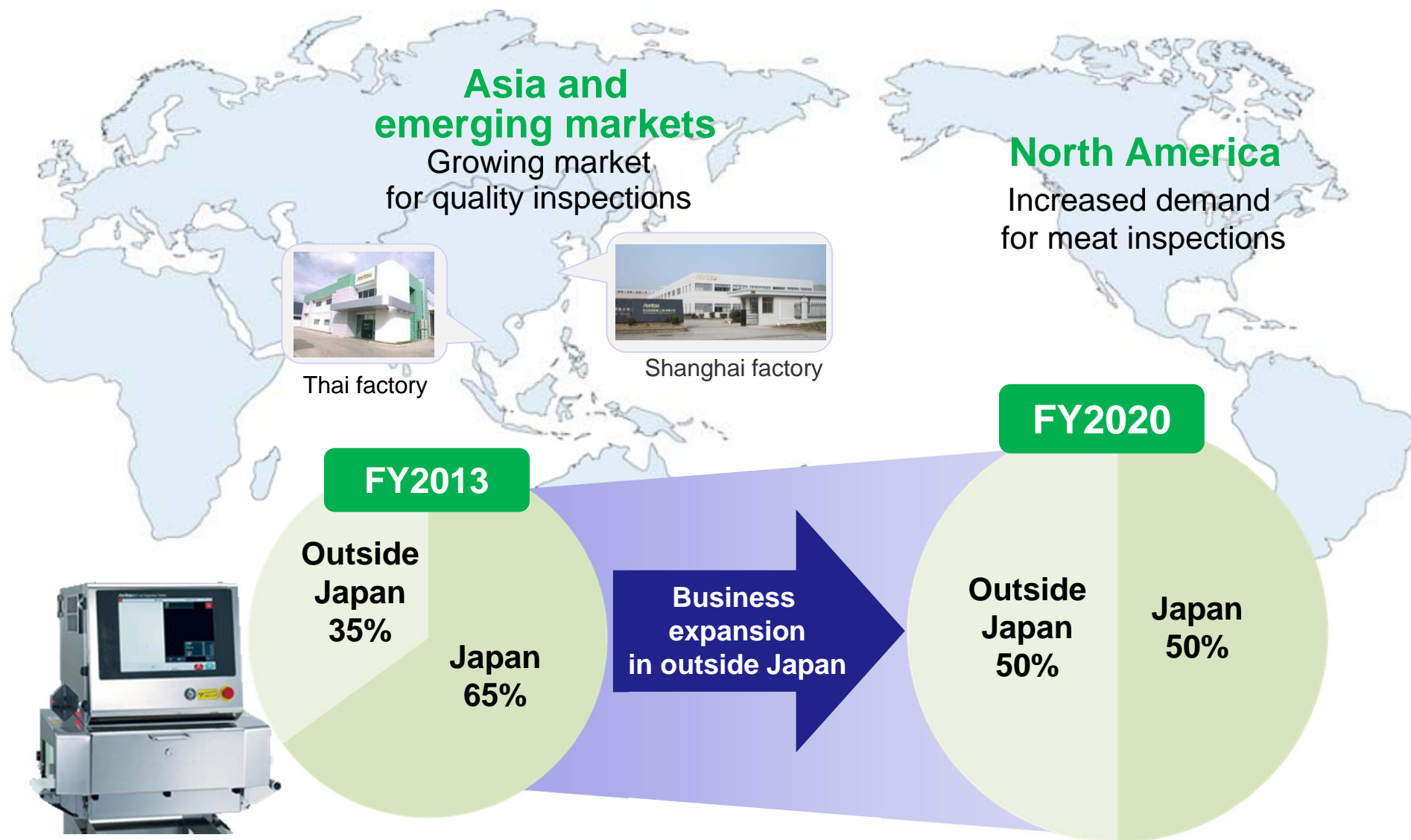
Increased growth of fields supporting mobile as social infrastructure



7-1. Industrial Automation business



7-2. Industrial Automation Business Target



8-1. Consolidated performance -Financial results-

Unit: Billion Yen

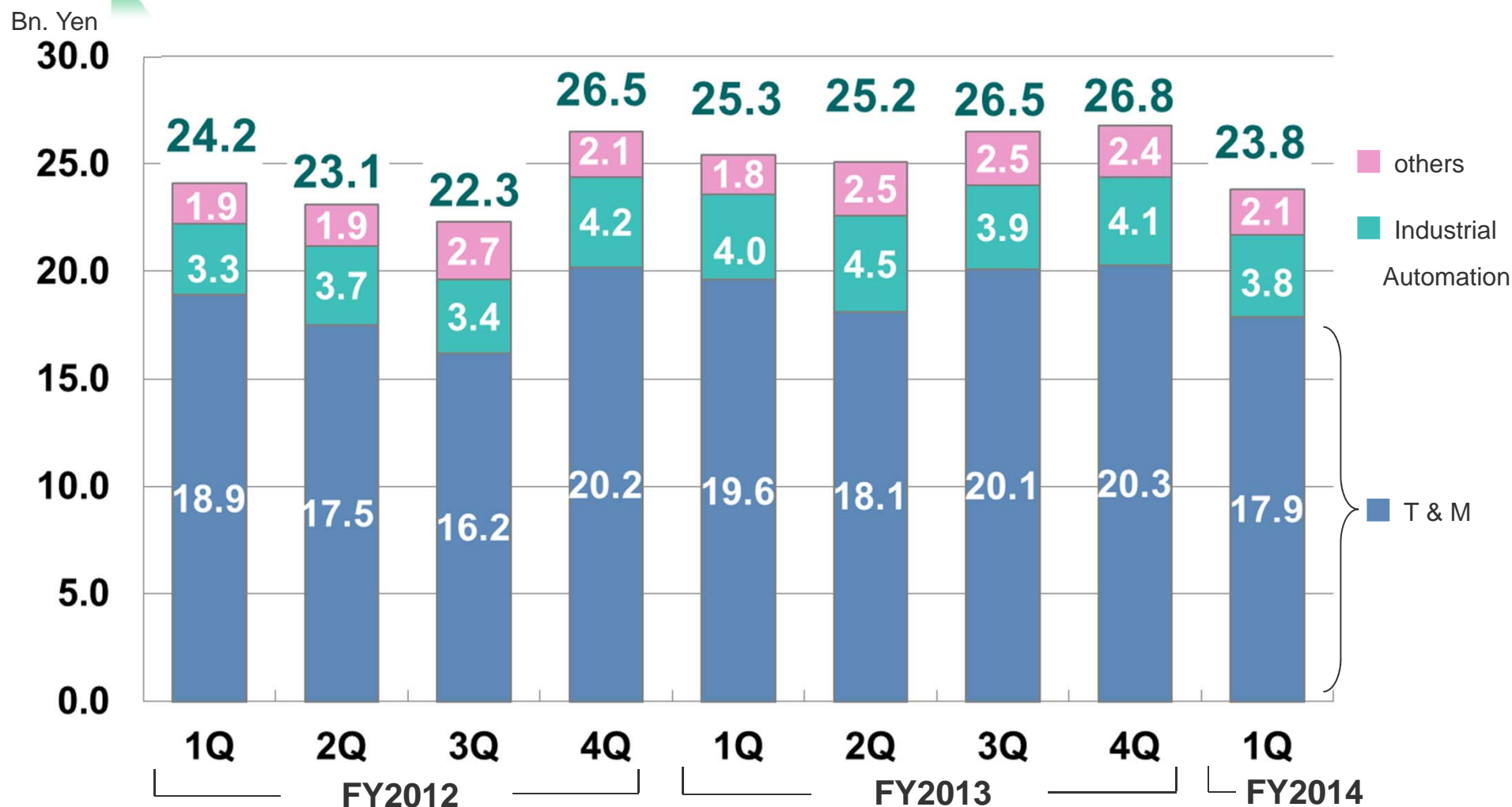
International Financial Reporting Standards (IFRS)	1Q FY2013 (Apr. to Jun.)	1Q FY2014 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	25.3	23.8	(1.5)	-6%
Revenue	22.4	22.2	(0.2)	-1%
Operating profit (loss)	2.5	1.4	(1.1)	-42%
Profit (loss) before tax	2.7	1.4	(1.3)	-50%
Profit (loss)	1.6	0.8	(0.8)	-50%
Comperhensive Income	2.7	0.7	(2.0)	-74%
Free Cash Flow	2.9	2.6	(0.3)	-11%

Note : Numbers are rounded off in each column

8-2. Consolidated performance -Orders by business segment-



T&M : Orders decreased by 8% year on year



8-3. Consolidated performance -Results by business segment-

International Financial Reporting Standards (IFRS)		Unit: Billion Yen			
		1 Q FY2013 (Apr. to Jun.)	1 Q FY2014 (Apr. to Jun.)	YoY	YoY (%)
Test & Measurement	Revenue	17.8	17.6	(0.2)	-1%
	Op. profit (loss)	2.7	2.0	(0.7)	-28%
Industrial Automation	Revenue	3.0	2.8	(0.2)	-5%
	Op. profit (loss)	(0.0)	(0.4)	(0.4)	-
Others	Revenue	1.6	1.8	0.2	10%
	Op. profit (loss)	(0.2)	(0.2)	0.0	-
Total	Revenue	22.4	22.2	(0.2)	-1%
	Op. profit (loss)	2.5	1.4	(1.1)	-42%

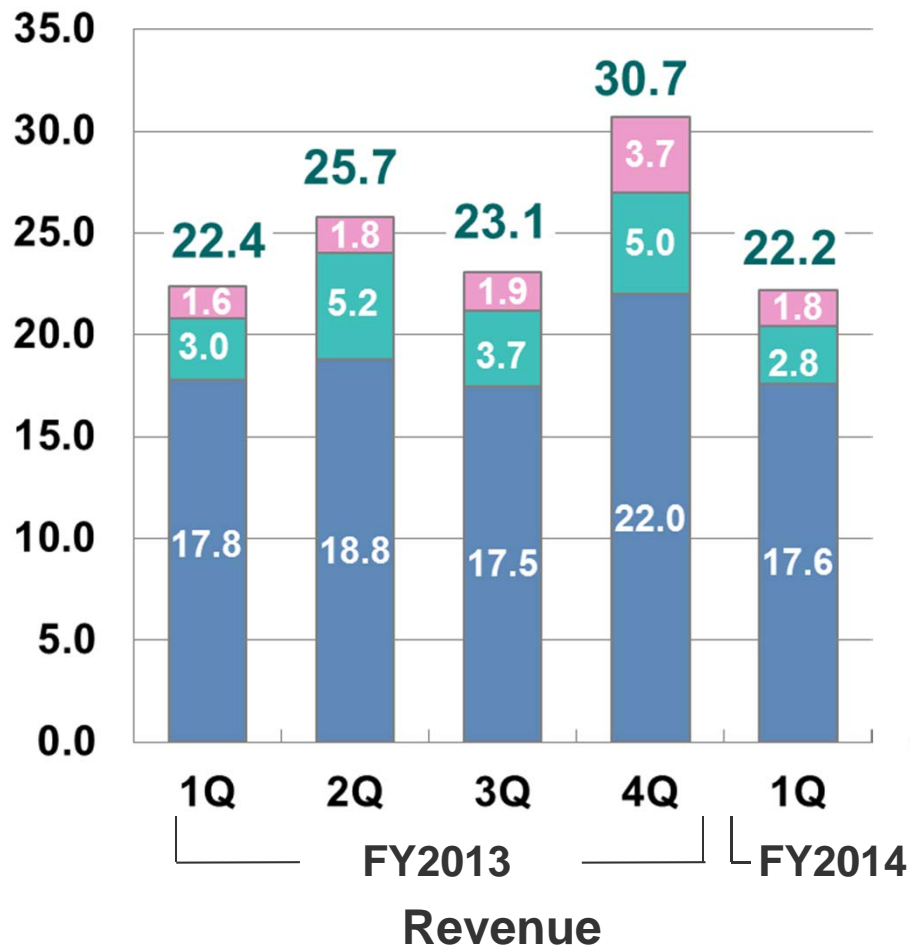
Note : Numbers are rounded off in each column

8-4.Consolidated performance –Revenue and Op. profit by quarters-

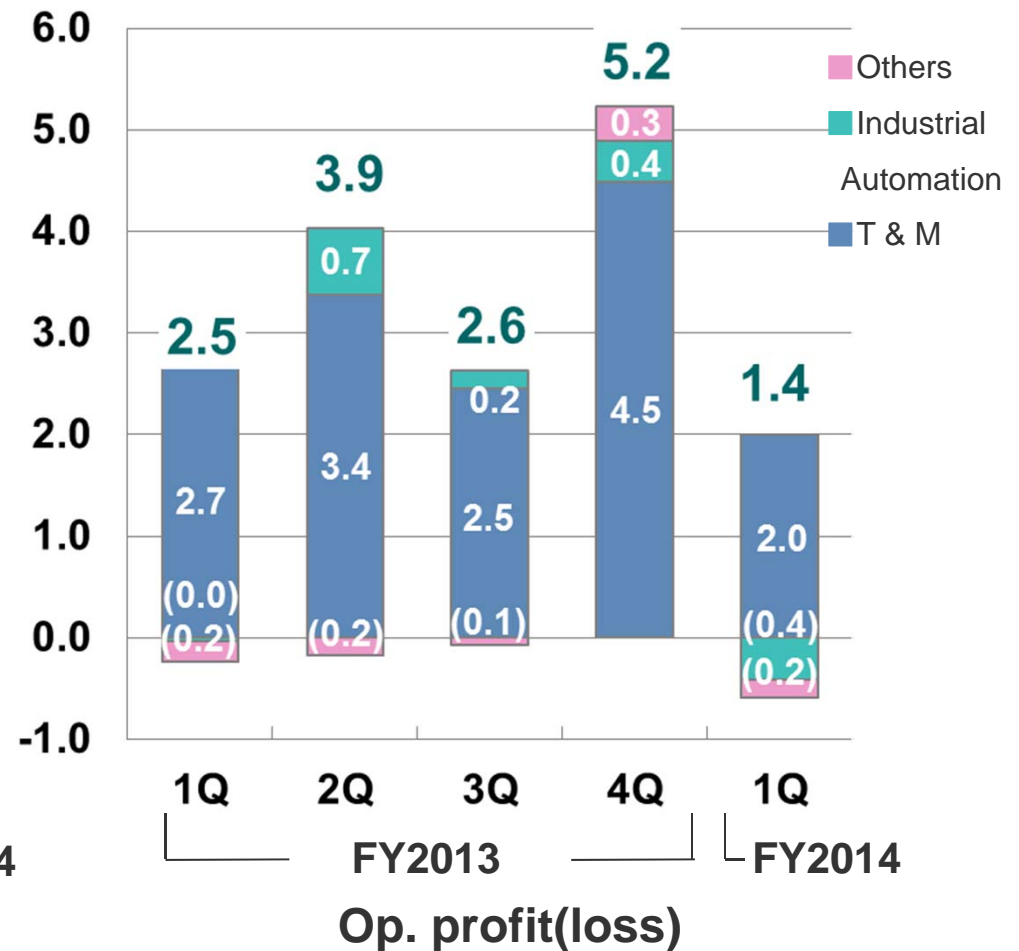


Company posted 6.4% operating margin for Q1 (T&M: 11.1%)

Bn. Yen



Bn. Yen



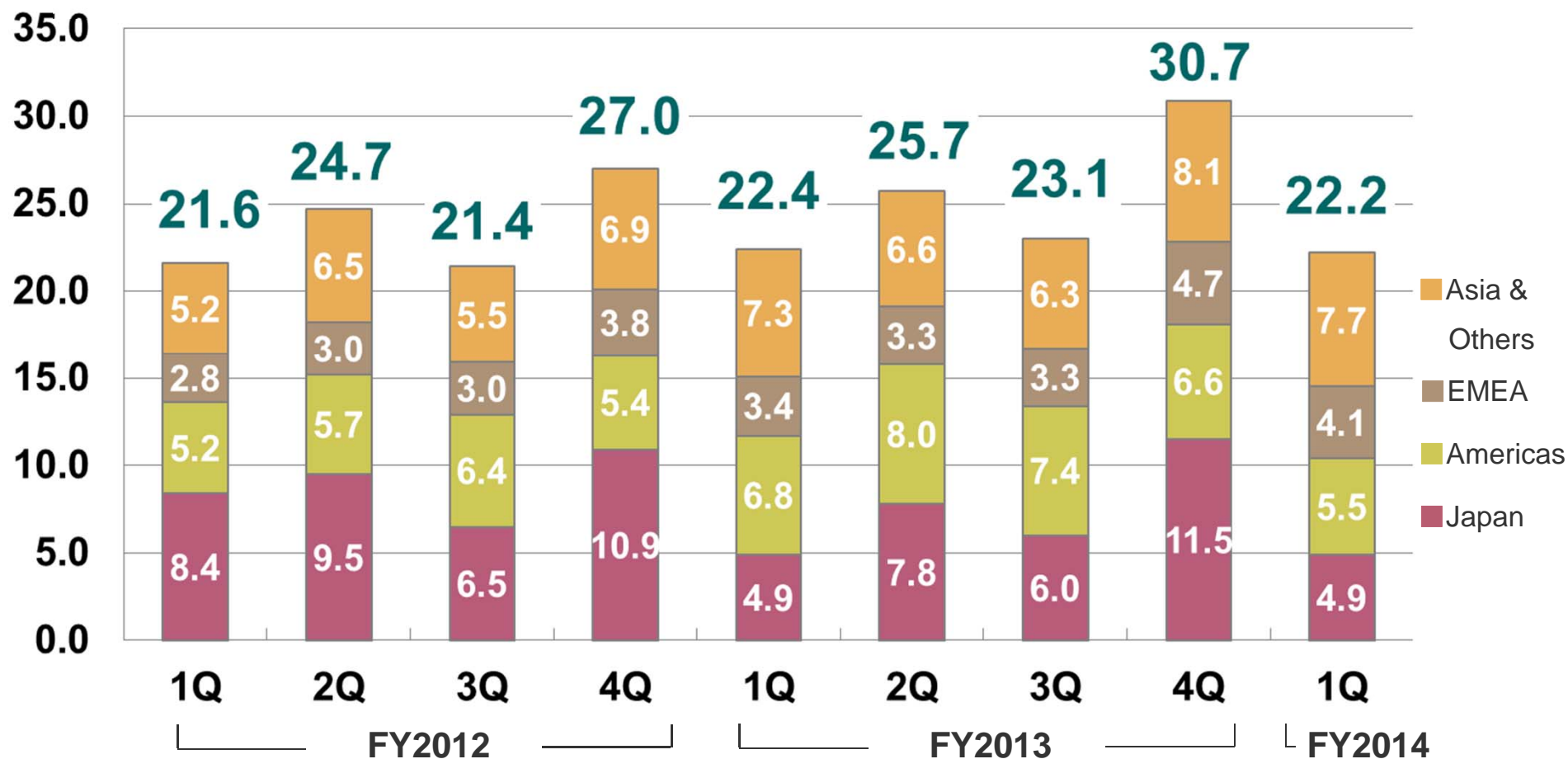
Note : Numbers are rounded off in each column

8-5. Consolidated performance -Revenue by region-



Quarterly revenue increased year on year in Asia and EMEA, while decreased in the Americas

Bn. Yen



Note : Numbers are rounded off in each column

8-6. Consolidated performance -Cash Flow-



**Creating stable
cash flow**

Cash Flow (FY2014 Q1)

Operating CF : 3.4 Bn. Yen

Investing CF : (0.8) Bn. Yen

Financial CF : (1.7) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 2.6 Bn. Yen

Cash at the end of period

44.1 Bn. Yen

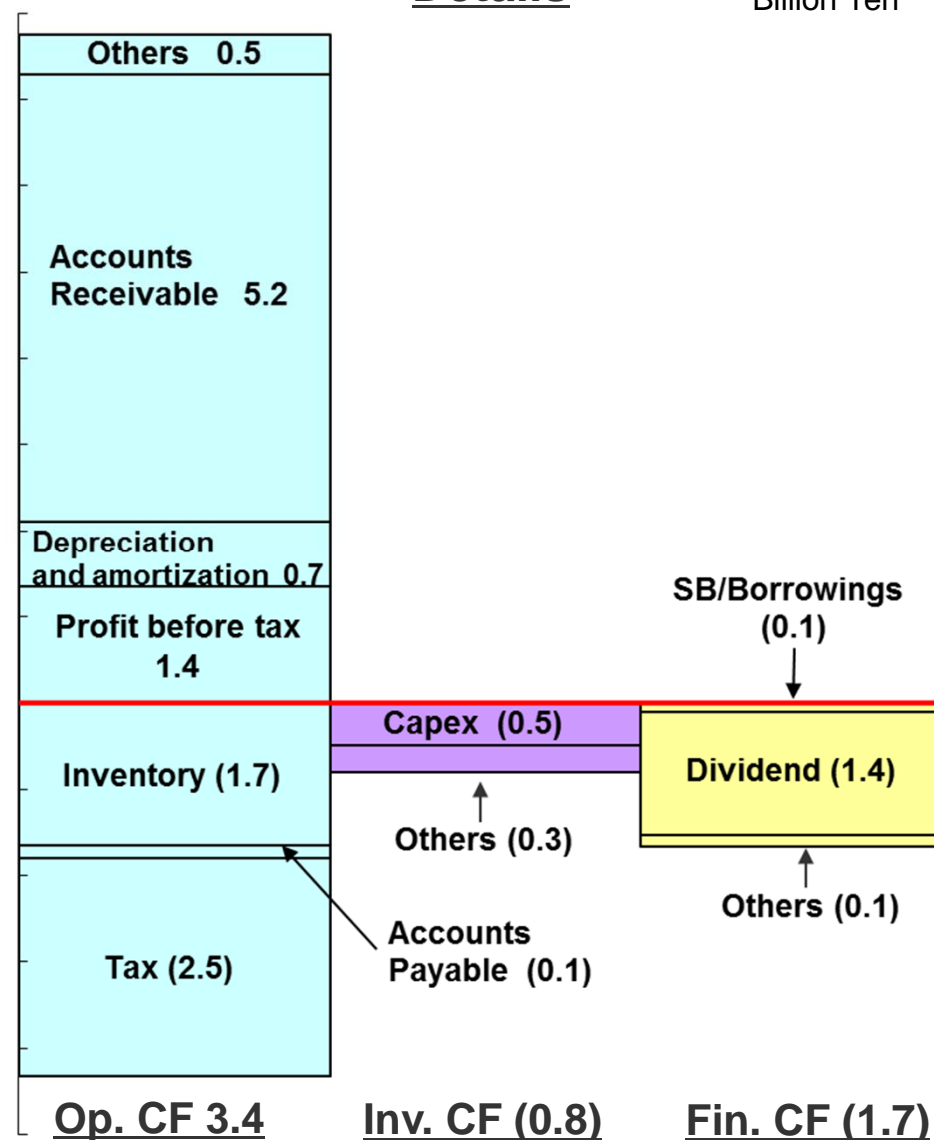
Interest-bearing dept.

18.8 Bn. Yen

Note : Numbers are rounded off in each column

Details

Billion Yen



9-1. Outlook for full year of FY2014

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2013	FY2014	
		Actual	Forecast	YoY
				YoY(%)
Revenue		101.9	109.0	7.1
Operating profit (loss)		14.1	16.0	1.9
Profit (loss) before tax		14.2	16.0	1.8
Profit (loss)		9.3	11.0	1.7
Test & Measurement	Revenue	76.0	81.5	5.5
	Op. profit (loss)	13.0	14.5	1.5
Industrial Automation	Revenue	16.9	18.0	1.1
	Op. profit (loss)	1.2	1.3	0.1
Others	Revenue	9.0	9.5	0.5
	Op. profit (loss)	(0.1)	0.2	0.3

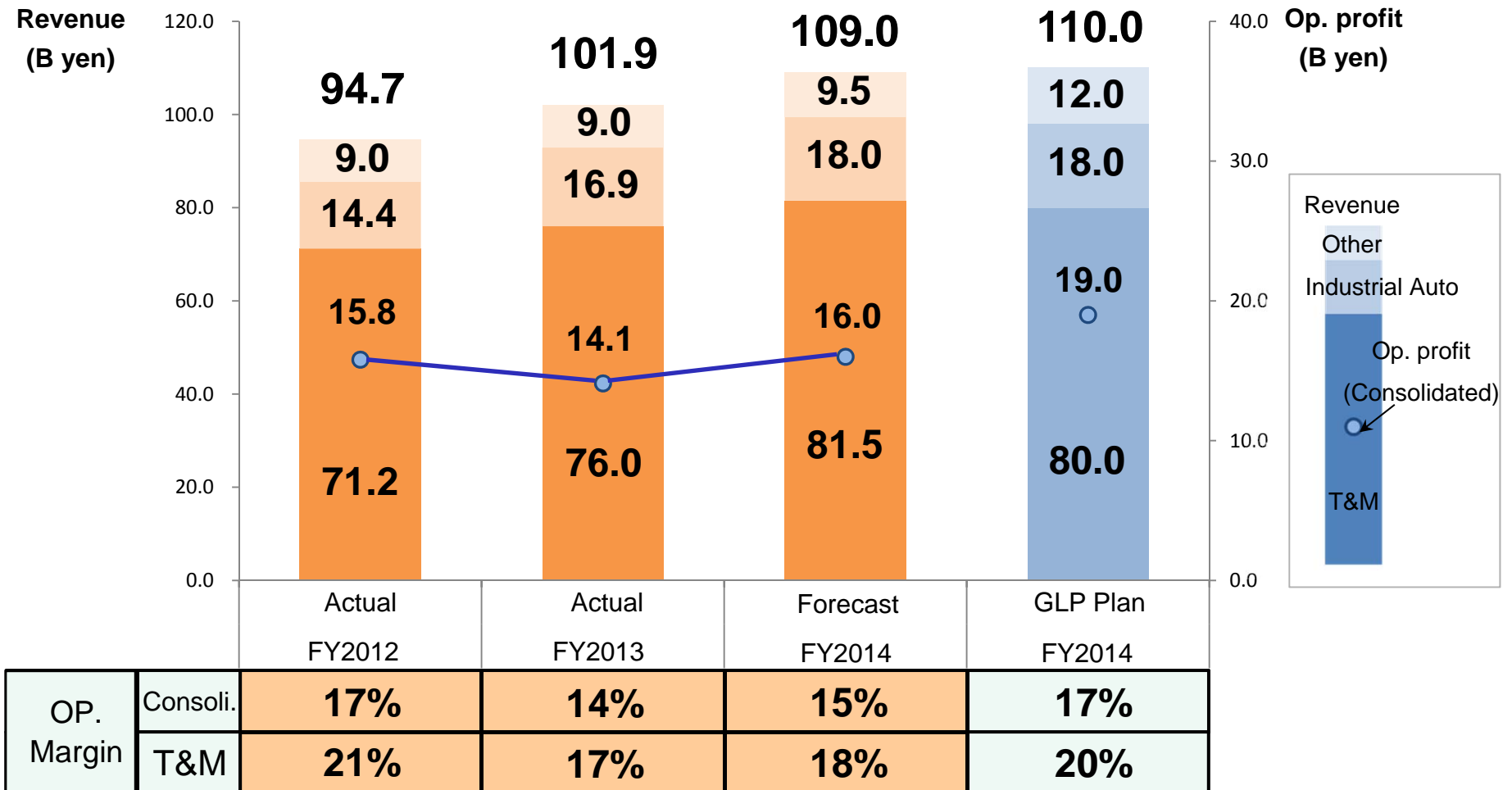
Note 1 : Exchange rate for FY2014 (forecast) 1USD = 100 yen, 1EURO=135yen

Note 2 : Numbers are rounded off in each column

9-2. Outlook for full year of FY2014 (Summary)

Comparison with GLP2014 3-year Plan

International Financial
Reporting Standards (IFRS)



10. 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					Estimate
	J-GAAP		IFRS			
	FY2010	FY2011	FY2011	FY2012	FY2013	FY2014
ROE	7.9%	21.5%	19.5%	25.0%	13.3%	-
Dividend per share (Yen)	7.0	15.0	15.0	20.0	20.0	24.0
DOE	2.3%	4.2%	4.9%	5.1%	4.1%	-
Dividend payout ratio	29.1%	18.9%	24.1%	20.3%	30.8%	31.3%

Appendix(1)

CAPEX, Depreciation and R&D Expenses

(Millions of yen, round down)

(Consolidated)	Actual					Estimate
	J-GAAP		IFRS			
	FY2010	FY2011	FY2011	FY2012	FY2013	FY2014
CAPEX	1,549	3,165	3,200	4,562	5,355	7,000
Depreciation	2,589	2,555	2,469	2,562	2,863	3,000
R&D Expenses	9,380	10,012	9,842	10,323	12,488	13,000
as % of Net Sales	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 after FY2011 are amounts of R&D investment including capitalized development cost.

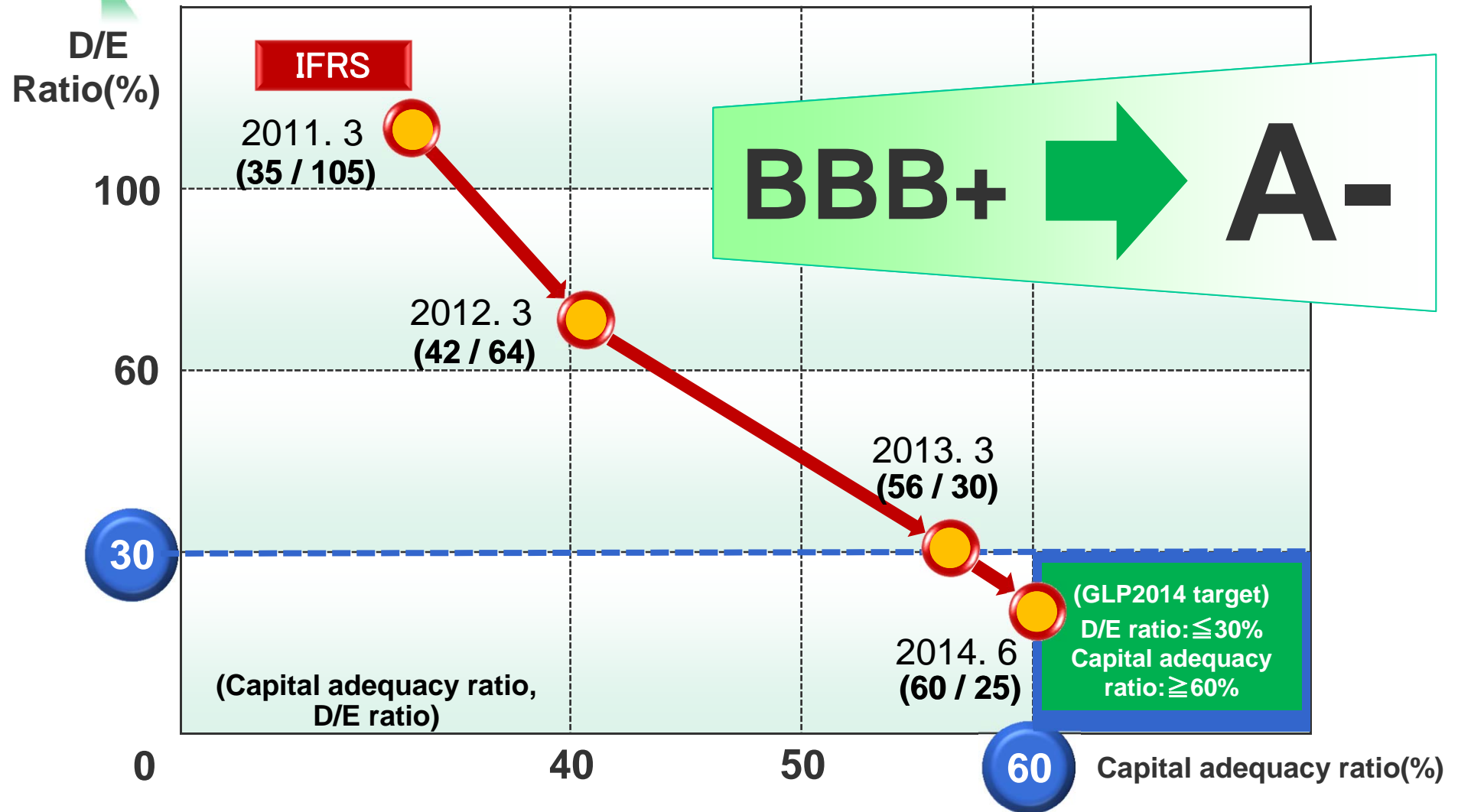
Thus, these amounts do not tally with the R&D expense booked on the consolidated statement of comprehensive income.

Appendix(2)

Improving Financial Structure and Corporate Value



Improving rating by improving profitability and financial structure



Appendix(3) Received “Excellence Award” for Corporate Value Improvement from Tokyo Stock Exchange

Reason for Selection



1. Management with high ROE

(Long term target : 20%)

Selected as JPX-Nikkei Index 400

2. ACE : Management with an awareness of capital cost

Using “unique index : Anritsu Capital-cost Evaluation” as KPI to improve corporate value

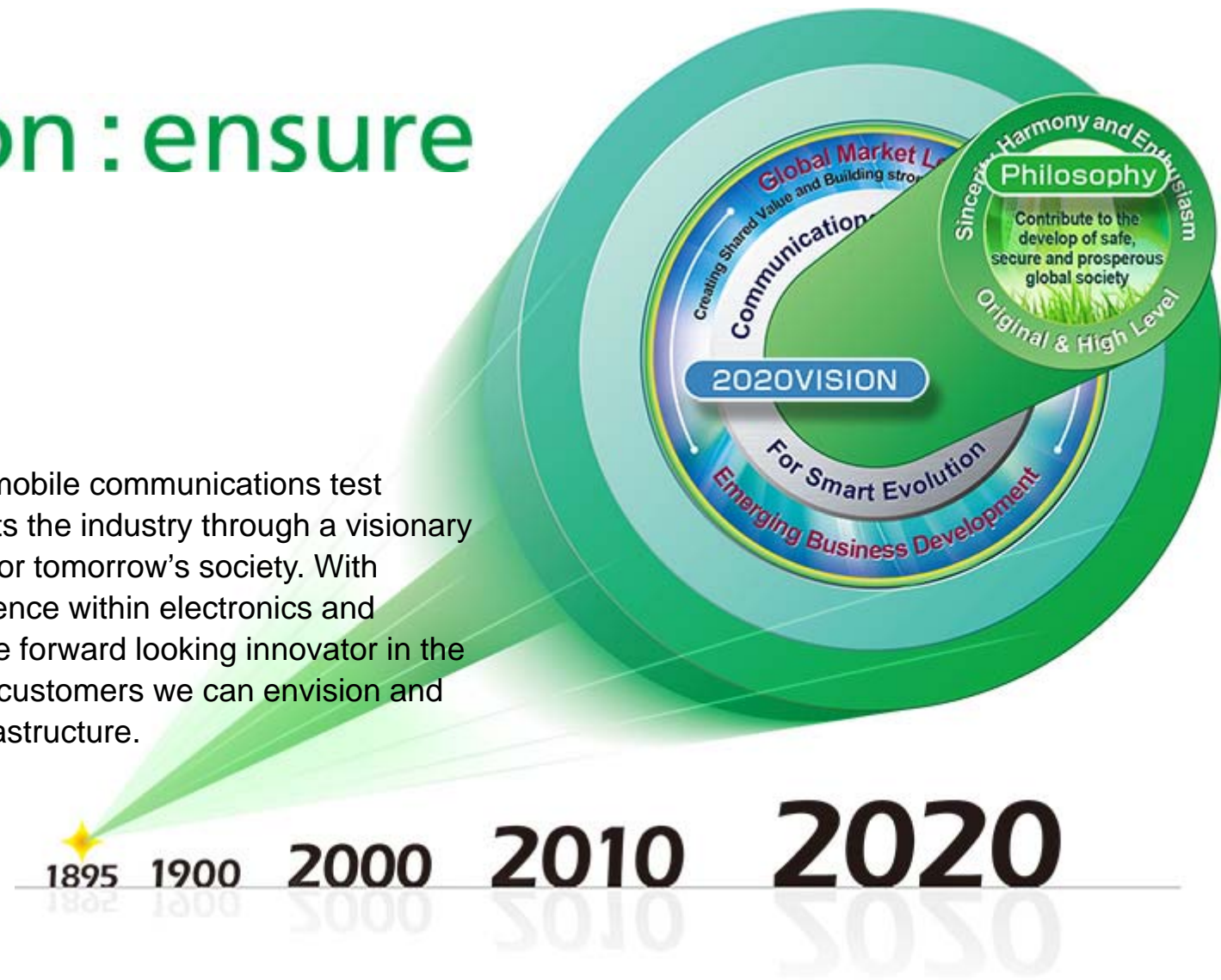
3. IFRS : Adoption of International Financial Reporting Standards

Improve management transparency and conduct timely and appropriate disclosure

Appendix(4) 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(5) Corporate Governance

