

Continuous Growth with Sustainable Superior Profits

March 2015

Anritsu Corporation



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



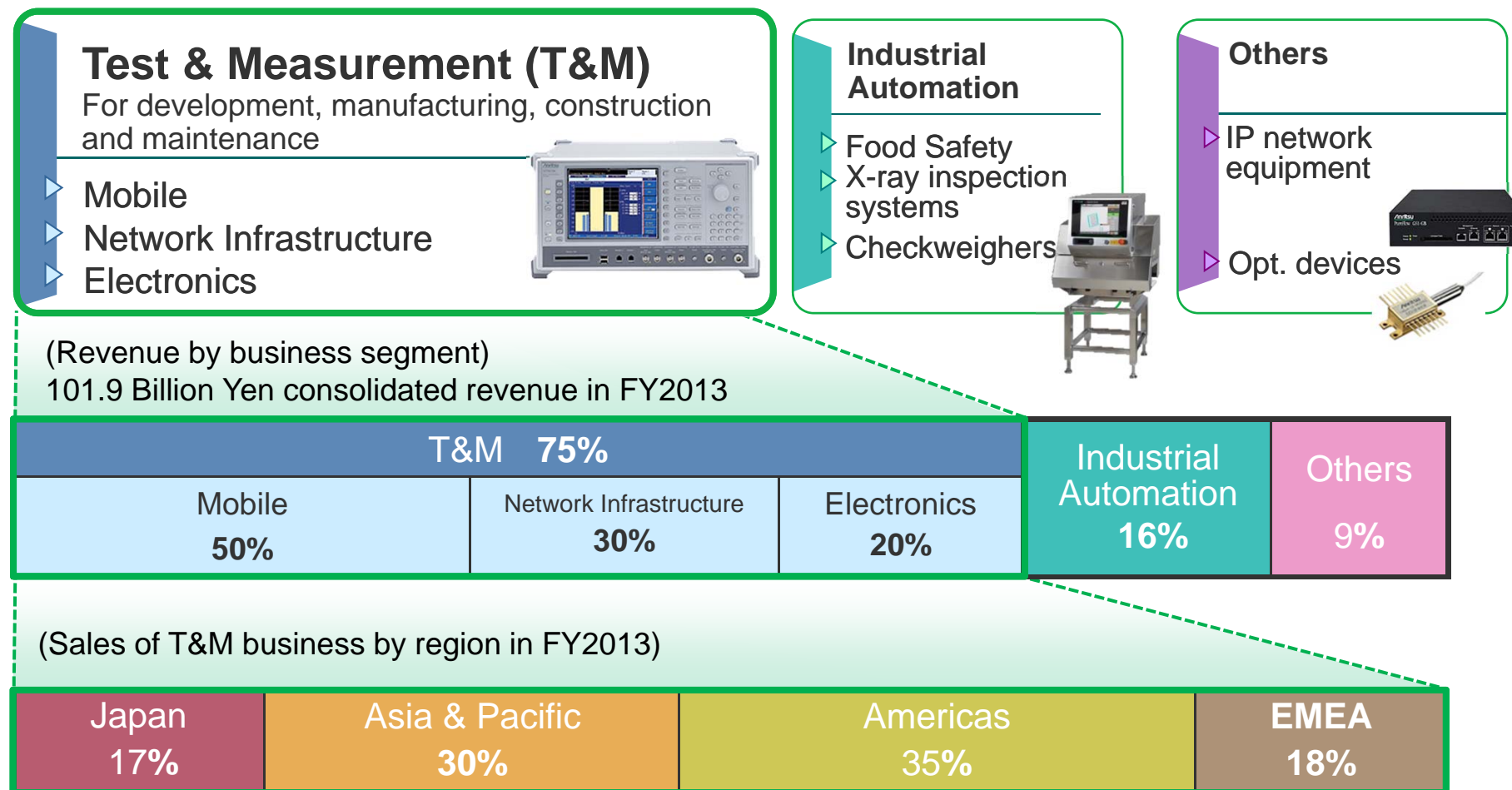
1-1. Outline of Anritsu

For the 120 years since its foundation, Anritsu has built partnerships with customers around the world as a leading company, contributing to the development of the world's communication technologies.

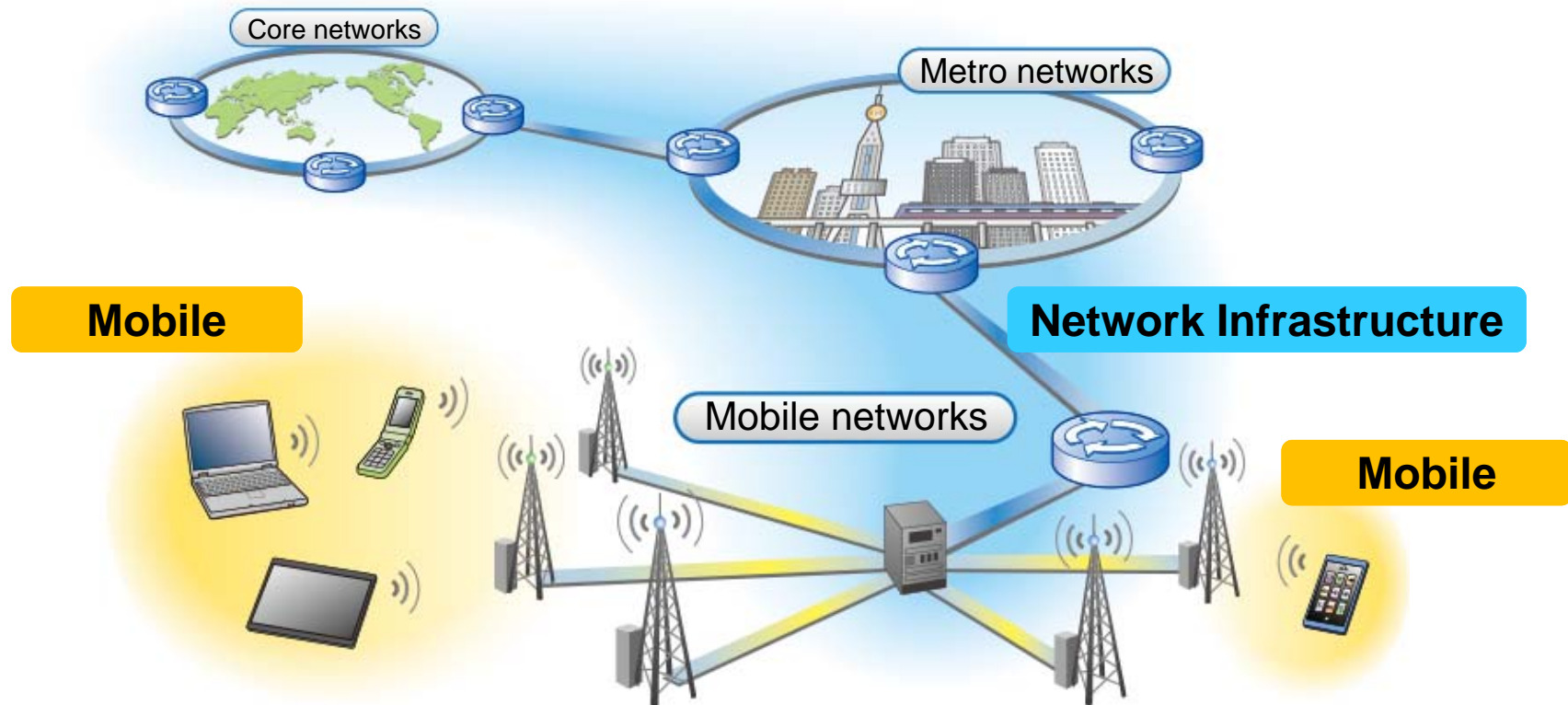


Company name	Anritsu Corporation
Headquarter	Atsugi-shi, Kanagawa, Japan
Founded	1895
Paid-up capital	19,052 million yen (as of March 31, 2014)
Sales	101,853 million yen (consolidated, Year ended Mar. 31, 2014)
Employees	3,880 (consolidated, as of Mar. 31, 2014)
Group companies	Japan: 10, Overseas: 29
TSE Code	6754

1-2. Outline of our business segments

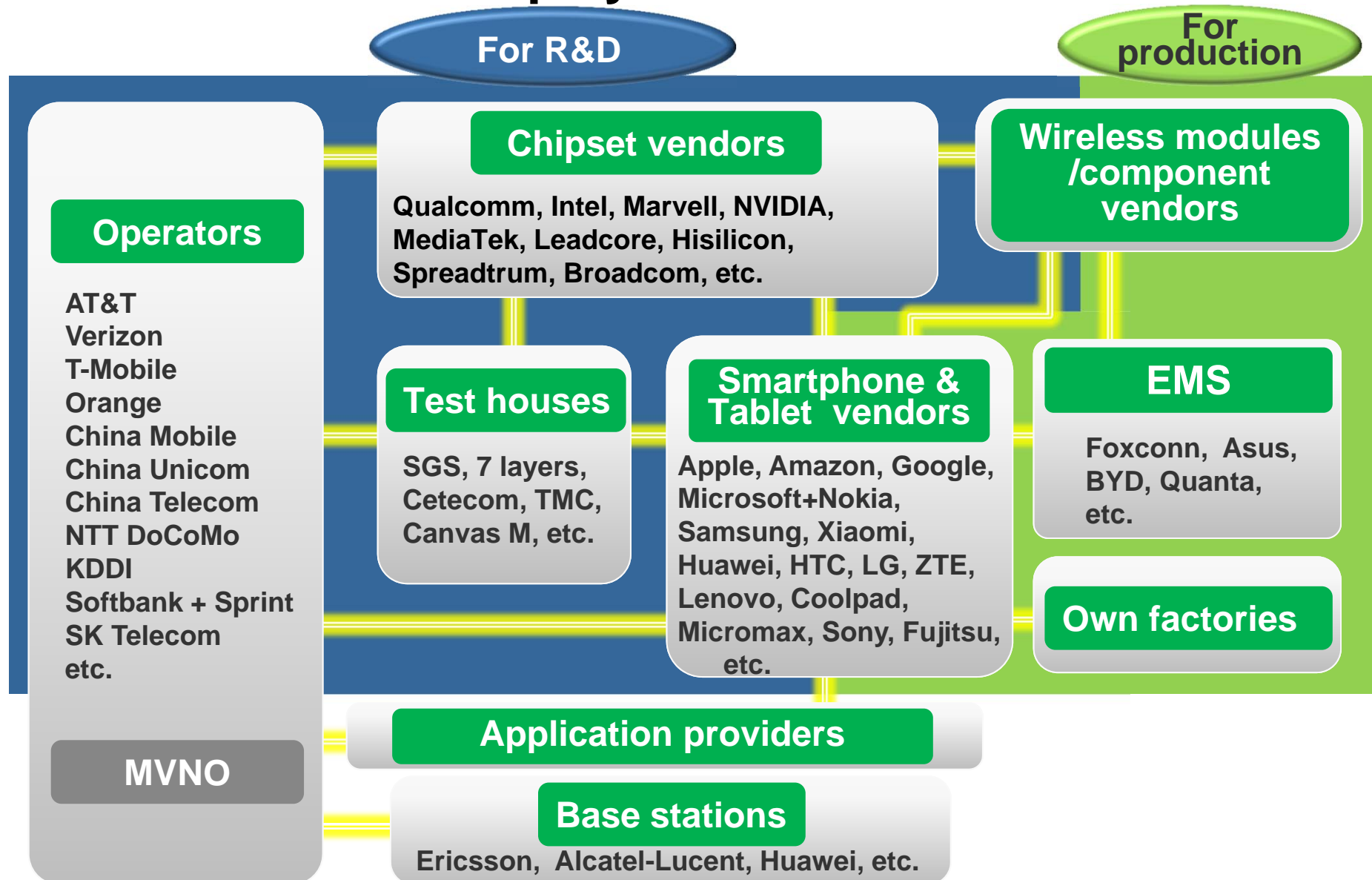


1-3. Outline of our business segments (T&M)

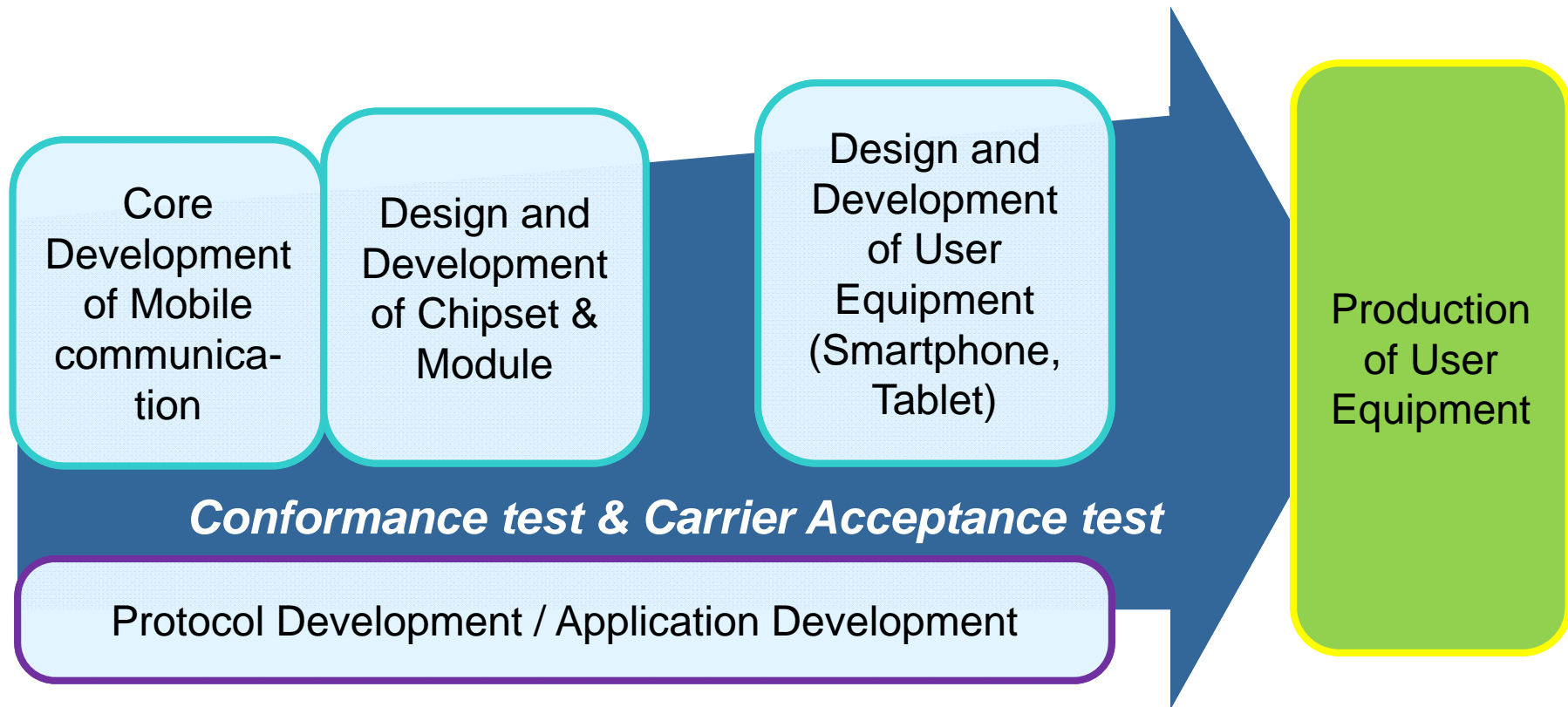


Communication system	R&D	Devices, Components Manufacturing	Installation/Maintenance
Wireless	Mobile		
Wireline	Network Infrastructure		
General Purpose	Electronics		











2-1. Food chain and players in mobile telecom. market



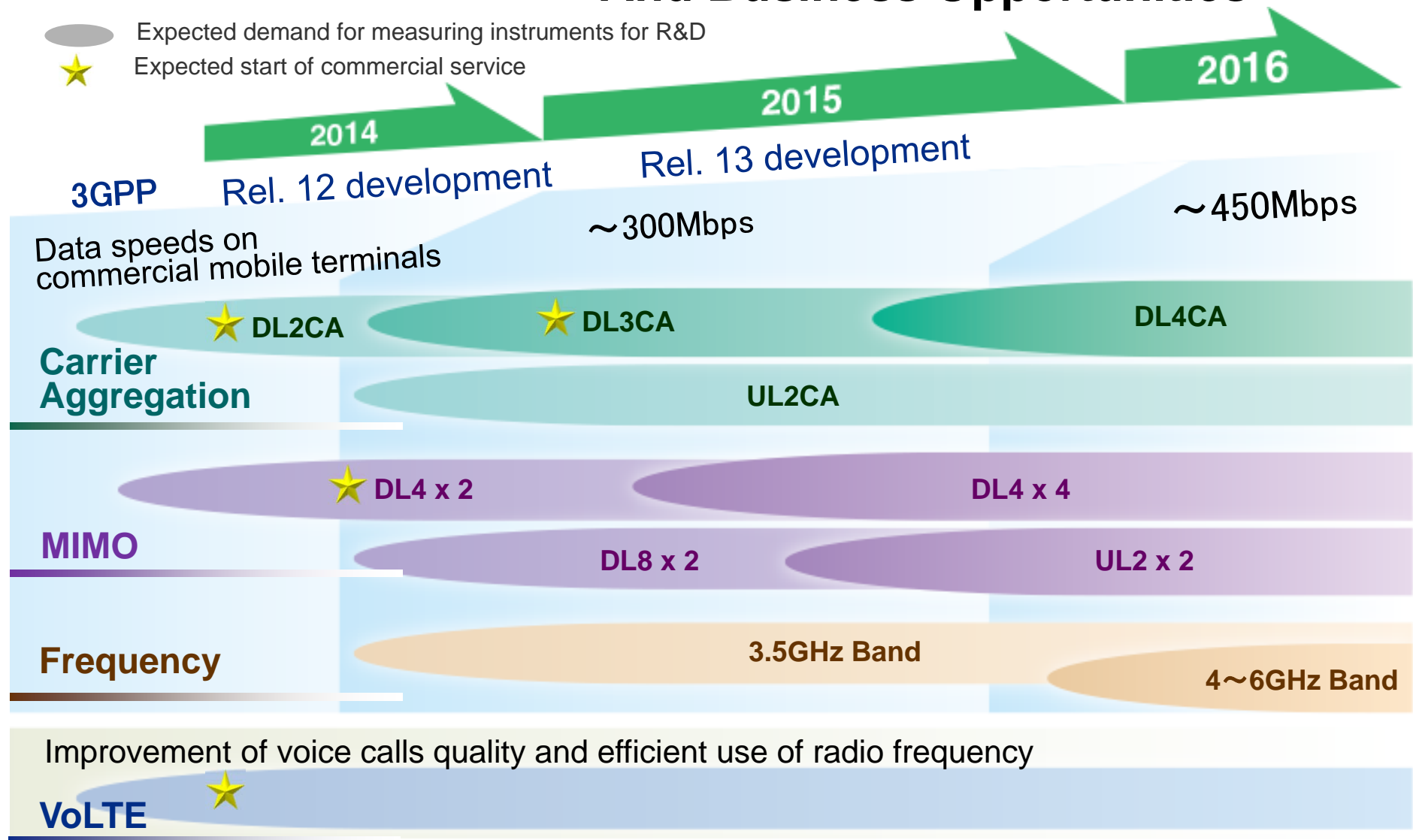
2-2. Application and Solution of Mobile Business



2-3. 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		Com Carrier, Test house, Vendor,	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, Keysight(Agilent), Anite, Spirent		Rohde & Schwarz, Keysight, Aeroflex

2-4. Growth of Mobile Broadband Service And Business Opportunities



2-5. 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



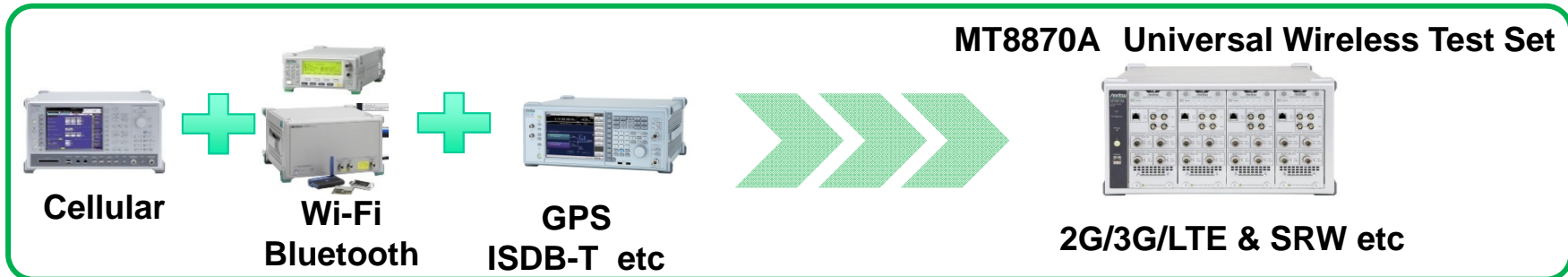
MT8870A

Universal Wireless Test Set

2-6. Cutting-edge manufacturing solutions addressing customers' needs

3 Integration with SRW : Support for multiple wireless technology measurements

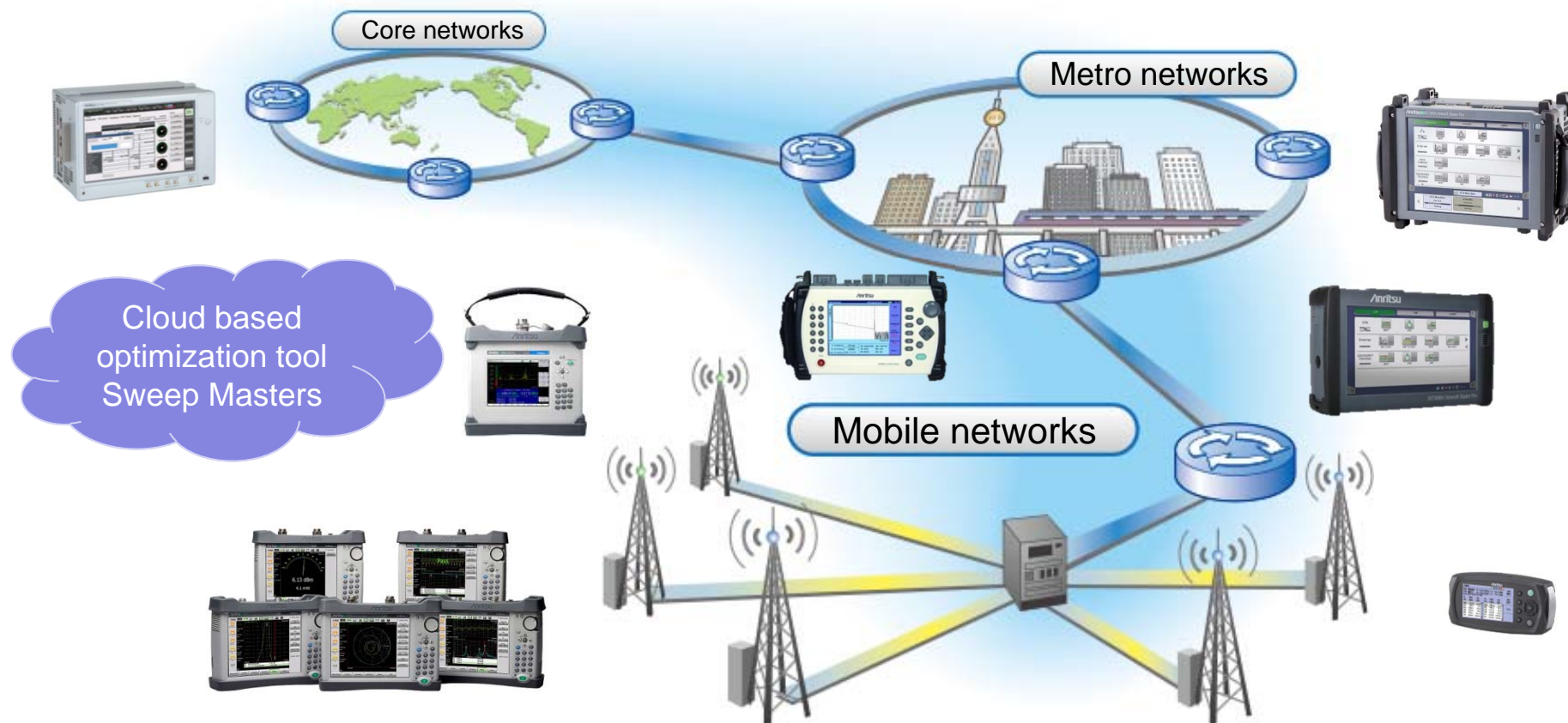
- Single unit capable of handling not only cellular testing, but all testing involved in the device manufacturing process, such as Wi-Fi / Bluetooth / GPS / ISDB-T / Audio analyzer testing.
- Supports LTE-Advanced and IEEE821.11ac through maximum frequency of 6GHz and bandwidth of 160MHz
- Anritsu joining the Broadcom Manufacturing Test License program.



Main Competitors

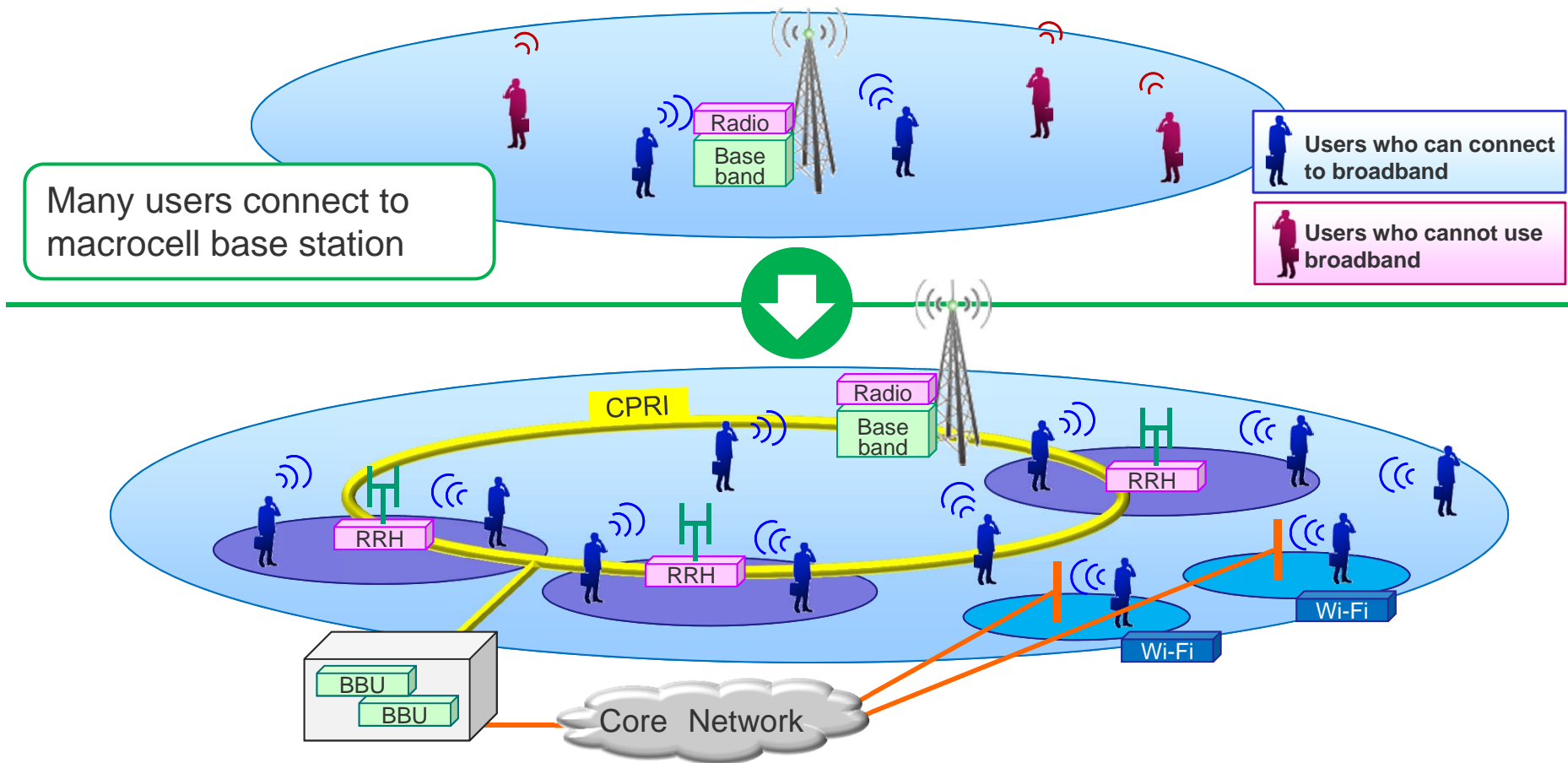
Rohde & Schwarz, Keysight, Teradyne, National Instruments, Aeroflex

3-1. Outline of our business segments (Network infrastructure: I&M)



PURPOSE	NETWORK EQUIPMENT	OPTICAL FIBER	BASE STATION	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					

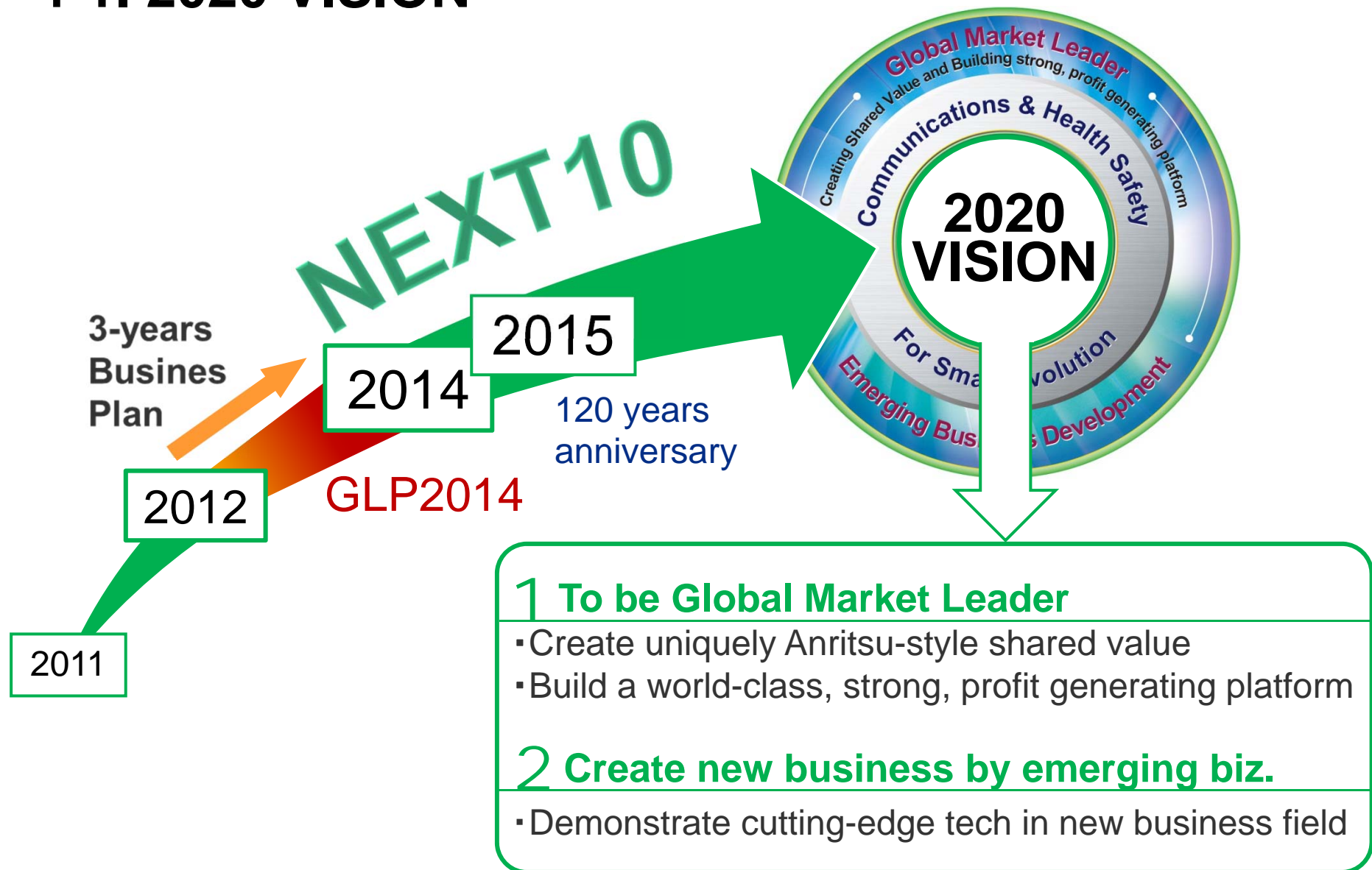
3-2. Development of Network Infrastructure for efficient broadband combining multi-method (LTE, W-CDMA, SRW)



Small cells built by DAS and Wi-Fi are overlaid on macrocell area so that many users can have access to broadband service simultaneously

CPRI: Common Public Radio Interface RRH: Remote Radio Head BBU: Baseband Unit DAS: Distributed Antenna System

4-1. 2020 VISION



4-2. Middle and long-term management basic strategy

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

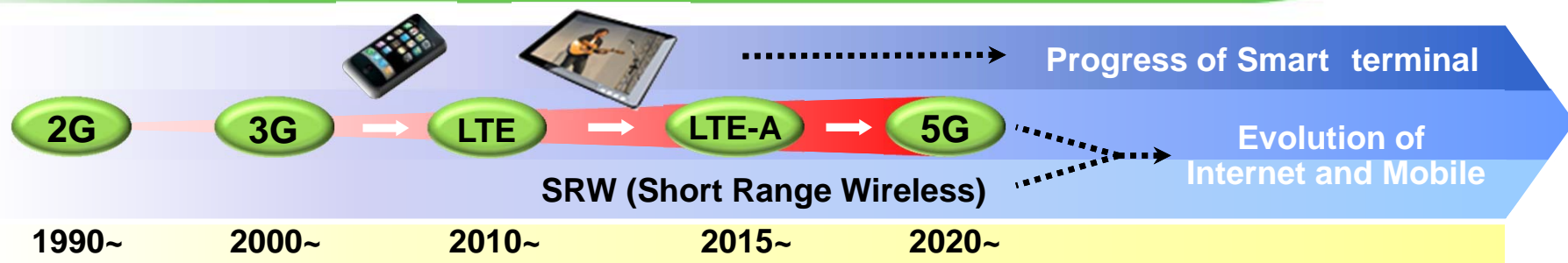
	Market average annual growth rate	Growth driver	Target	
			Sales growth rate	Operating margin
T&M	3-5%	(1) Mobile broadband service market (2) Asia Market	$\geq 7\%$	$\geq 20\%$
Indust. Auto.	3-5%	Asia Market North America Market	$\geq 7\%$	$\geq 12\%$
Consolidated	—	—	—	$\geq 18\%$
ROE	—	—	$\geq 20\%$	

4-3. T&M Business Environment

Increased growth of fields supporting mobile as social infrastructure

Cloud Service

Environment , Health/Medical
Education , Cyber Government



4-4. LTE Technology Rollout and Commercialization

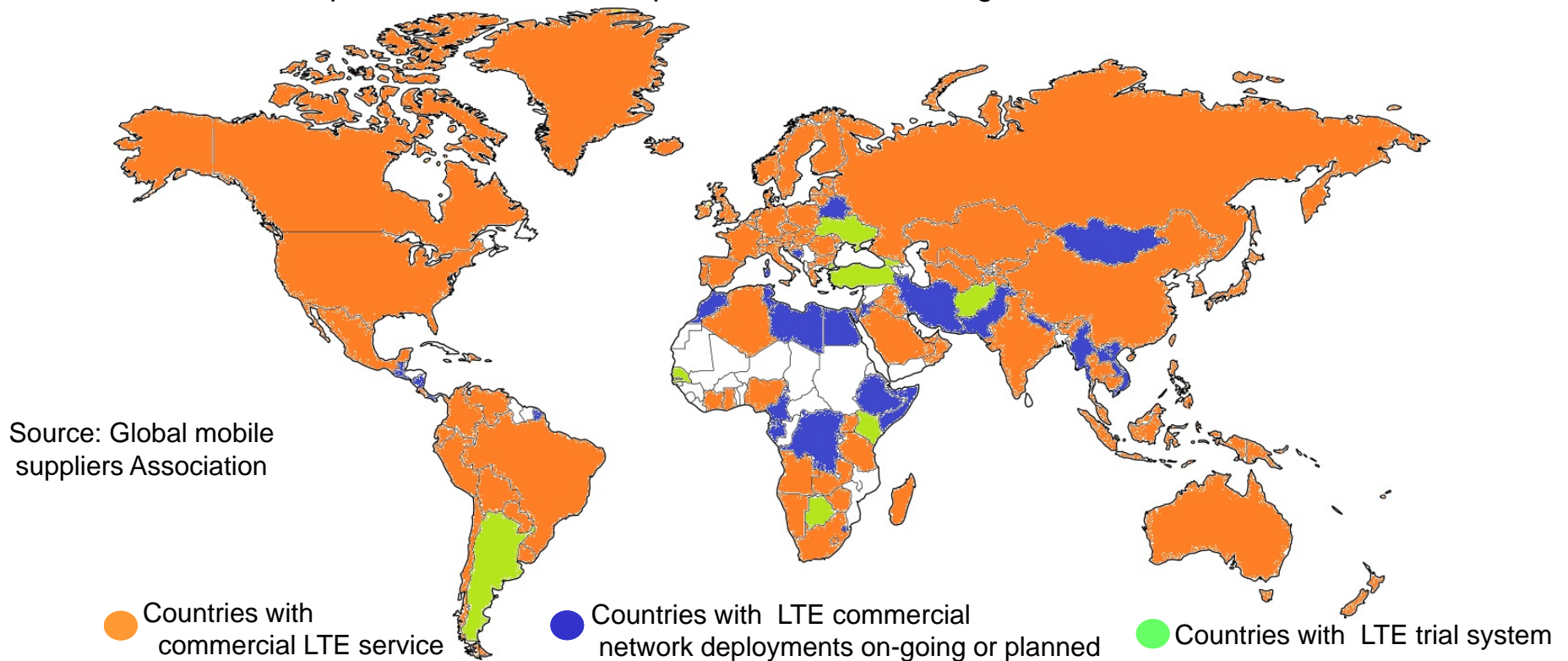
The world's first LTE Network commercial service was launched in 2009, then spreading all over the world at 331 network operators in 112 countries. It is expected that LTE service will be expanding and at the same time LTE will be evolving to LTE-Advanced.

LTE-Advanced Services (2014.09)

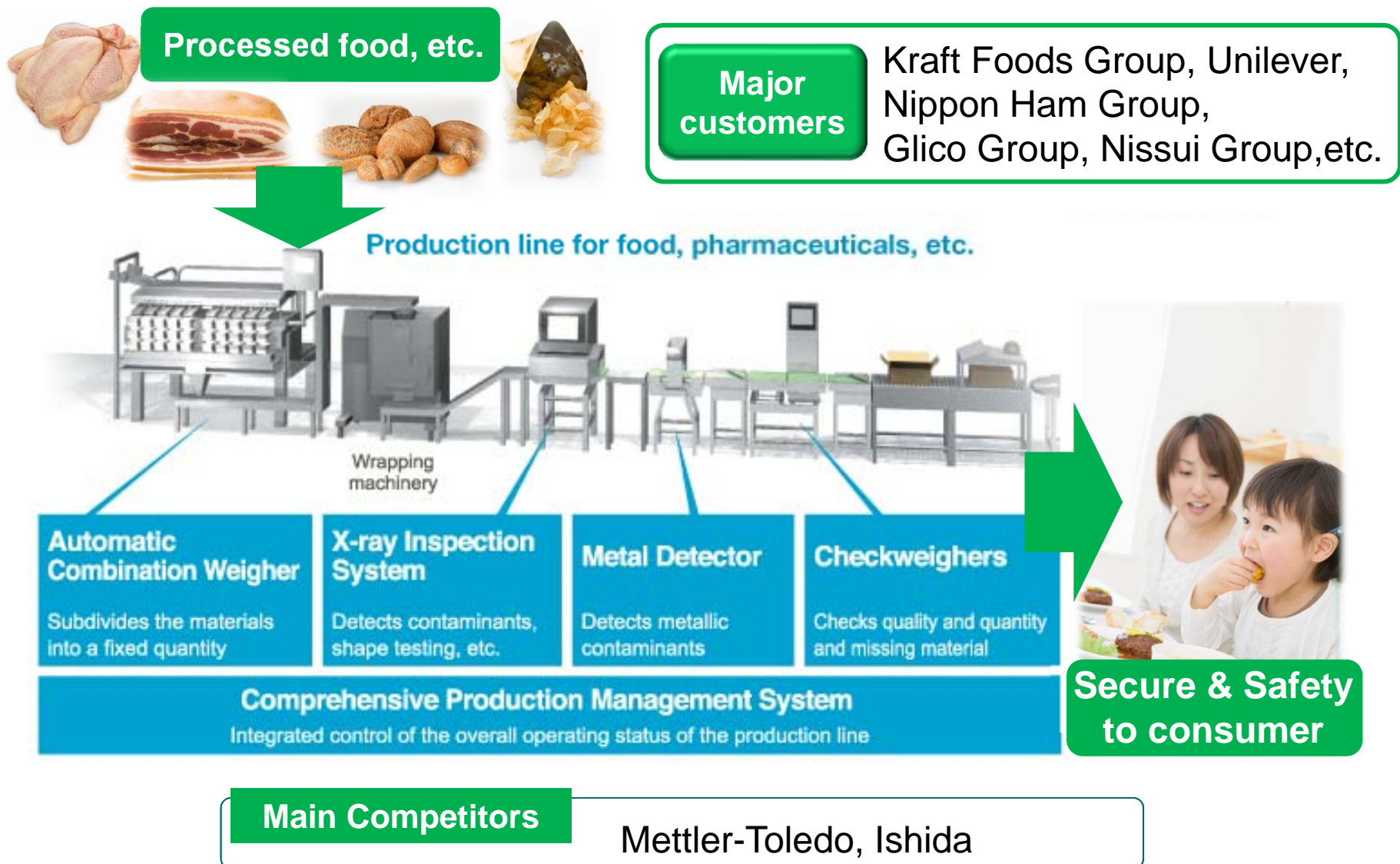
Carrier Aggregation(2CA) : 21 operators launched / 79 operators Under Planning

Voice over LTE : 11 operators launched / 71 operators Under Planning

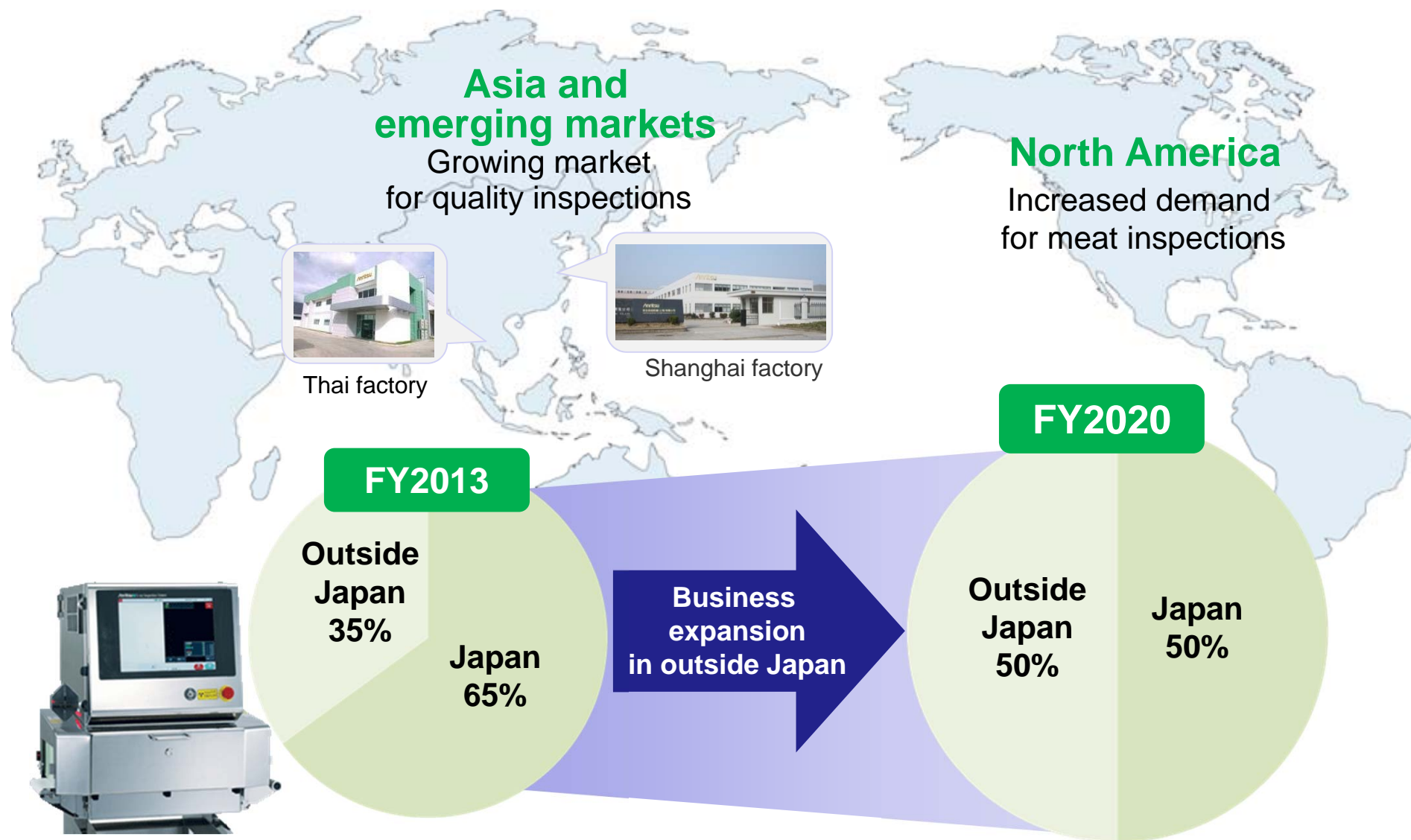
LTE-Broadcast : 1 operator launched / 19 operators Under Planning



5-1. Industrial Automation business



5-2. Industrial Automation Business Target



6-1. 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.

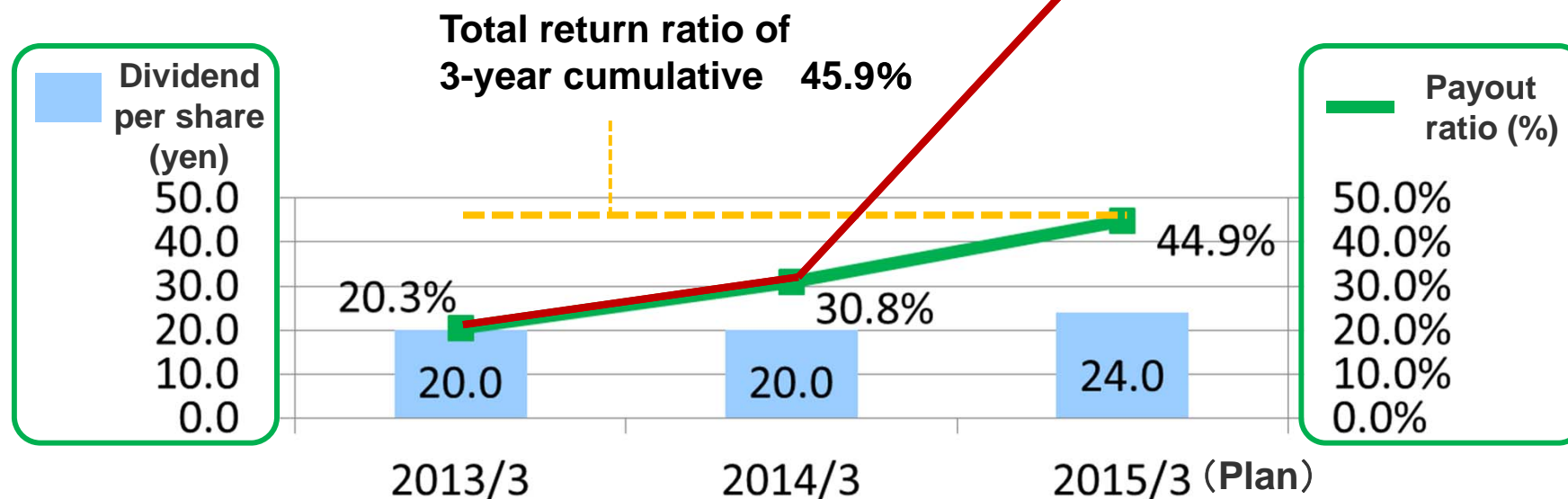
(Consolidated)	Actual					Estimate
	J-GAAP		IFRS			
	FY2010	FY2011	FY2011	FY2012	FY2013	FY2014
ROE	7.9%	21.5%	19.5%	25.0%	13.3%	-
Dividend per share (Yen)	7.0	15.0	15.0	20.0	20.0	24.0
DOE	2.3%	4.2%	4.9%	5.1%	4.1%	-
Dividend payout ratio	29.1%	18.9%	24.1%	20.3%	30.8%	44.9%

6-2. Status of return to shareholders

Purchase and retirement of treasury stock : Approximately 5.0 billion yen
(5,840,900 shares)

Planned dividend: Annual dividend of 24 yen for FY2014

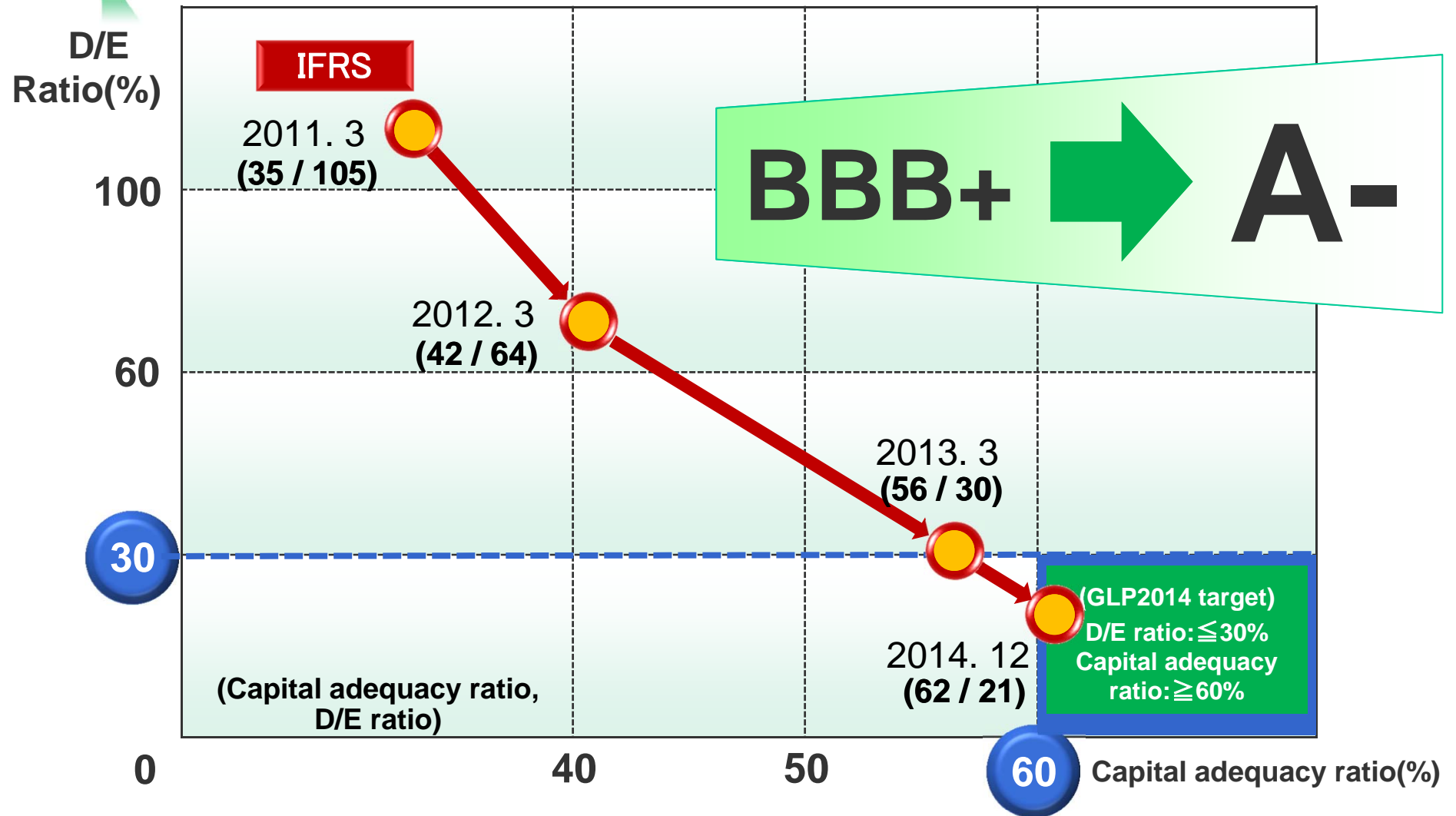
**FY2014 Total return ratio
112% (Plan)**



6-3. Financial Strategy



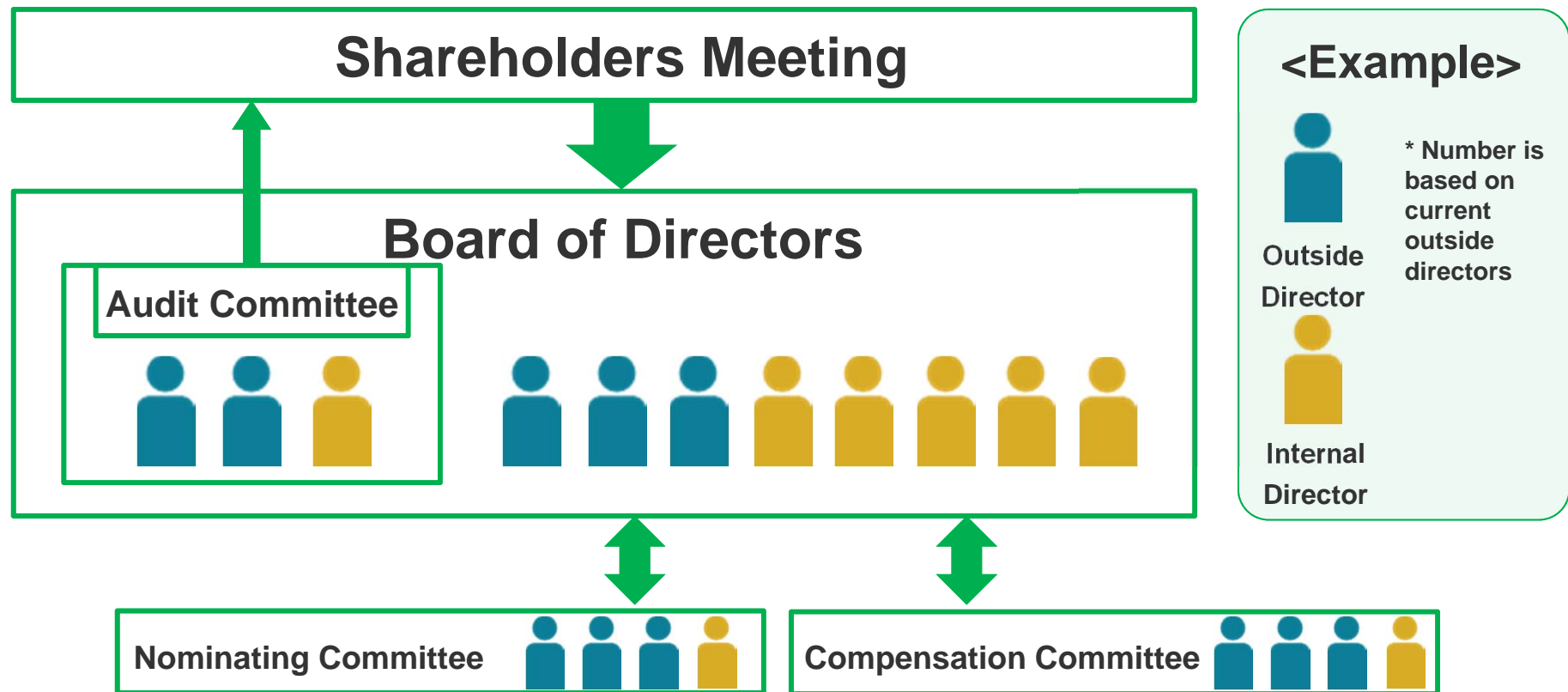
Improving rating by improving profitability and financial structure



6-4. Corporate Governance

- Transition to a Company with an Audit Committee -

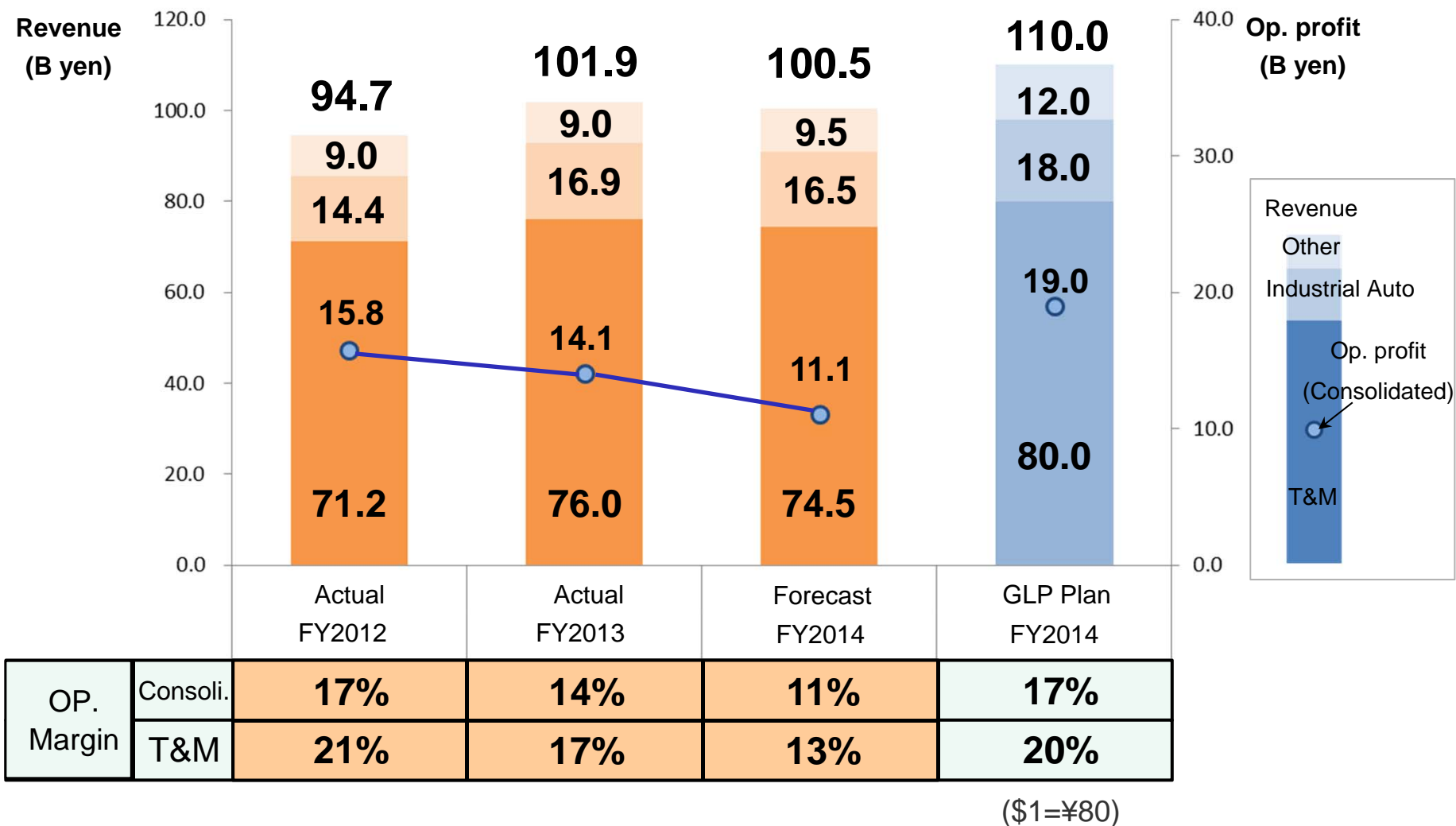
Under the condition that transition is approved by the 89th Annual General Meeting of Shareholders to be held on June 25, 2015, Anritsu will transfer from a “Company with Board of Company Auditors” to a “Company with an Audit Committee” for the purpose of improving corporate value by further reinforcing corporate governance.



7-1. Progress of GLP2014 (FY2012-FY2014)

Comparison with GLP2014 3-year Plan

International Financial Reporting Standards (IFRS)



7-2. Consolidated performance -Financial results- 3Q FY2014

Unit: Billion Yen

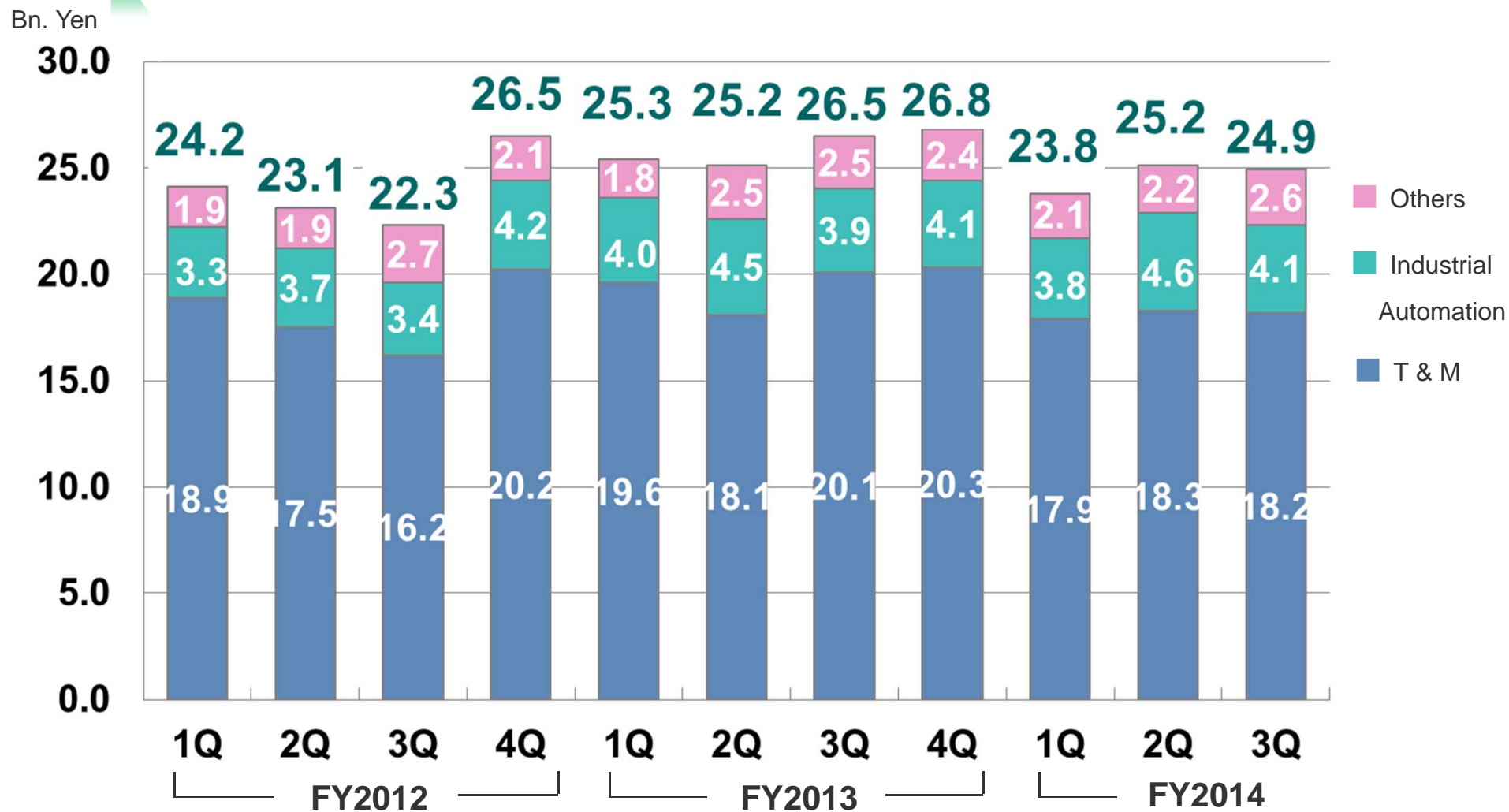
International Financial Reporting Standards (IFRS)	3Q FY2013 (Apr. to Dec.)	3Q FY2014 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	77.0	73.8	(3.2)	-4%
Revenue	71.1	71.8	0.7	1%
Operating profit (loss)	8.9	7.3	(1.6)	-18%
Profit (loss) before tax	9.3	8.0	(1.3)	-14%
Profit (loss)	6.1	5.6	(0.5)	-8%
Comperhensive Income	9.6	9.4	(0.2)	-2%
Free Cash Flow	5.8	0.9	(4.9)	-85%

Note : Numbers are rounded off in each column

7-3. Consolidated performance -Orders by business segment-



T&M : At same level for three consecutive quarters



Note : Numbers are rounded off in each column

7-4. Consolidated performance -Results by business segment-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		3Q FY2013 (Apr. to Dec.)	3Q FY2014 (Apr. to Dec.)	YoY	YoY (%)
Test & Measurement	Revenue	54.0	54.7	0.7	1%
	Op. profit (loss)	8.5	6.5	(2.0)	-24%
Industrial Automation	Revenue	11.9	11.2	(0.7)	-6%
	Op. profit (loss)	0.8	0.2	(0.6)	-81%
Others	Revenue	5.2	6.0	0.8	14%
	Op. profit (loss)	(0.4)	0.6	1.0	-
Total	Revenue	71.1	71.8	0.7	1%
	Op. profit (loss)	8.9	7.3	(1.6)	-18%

Note : Numbers are rounded off in each column

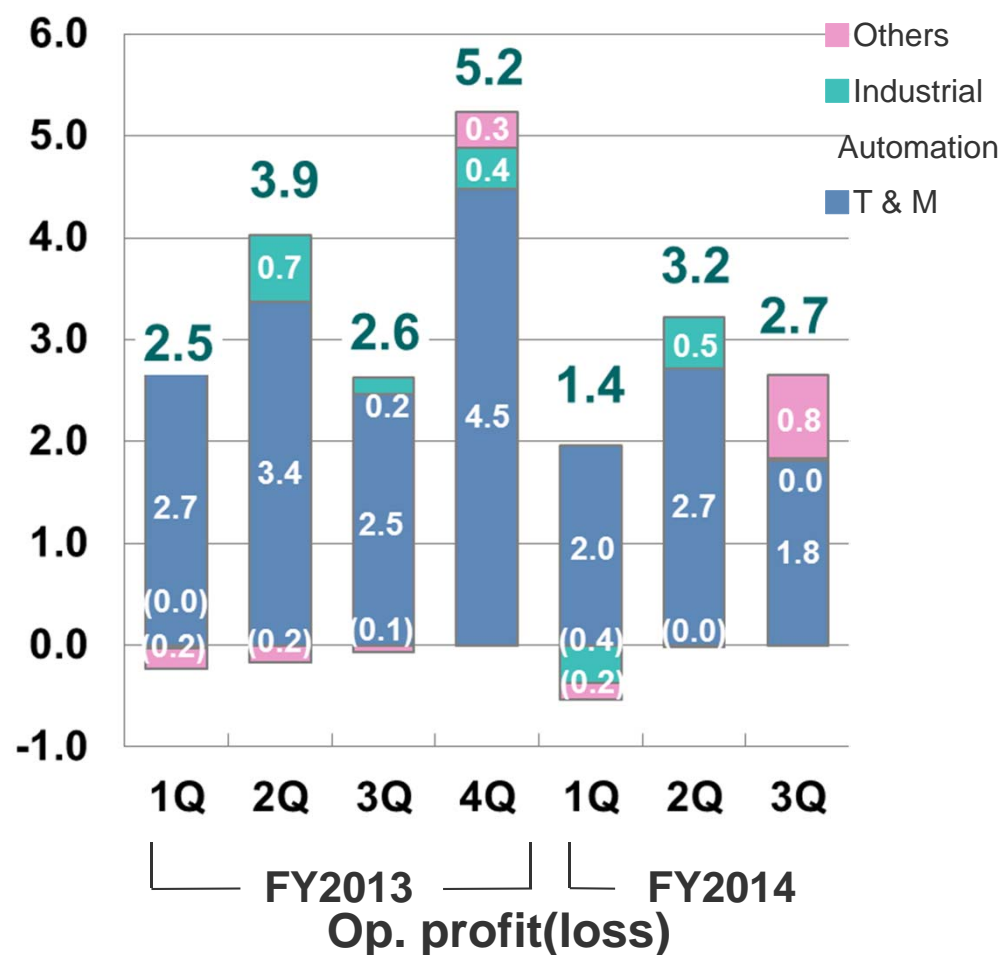
7-5. Consolidated performance -Revenue and Op. profit by quarters-

 **Company posted 11.1% operating margin for 3Q (T&M: 10.1%)**

Bn. Yen



Bn. Yen



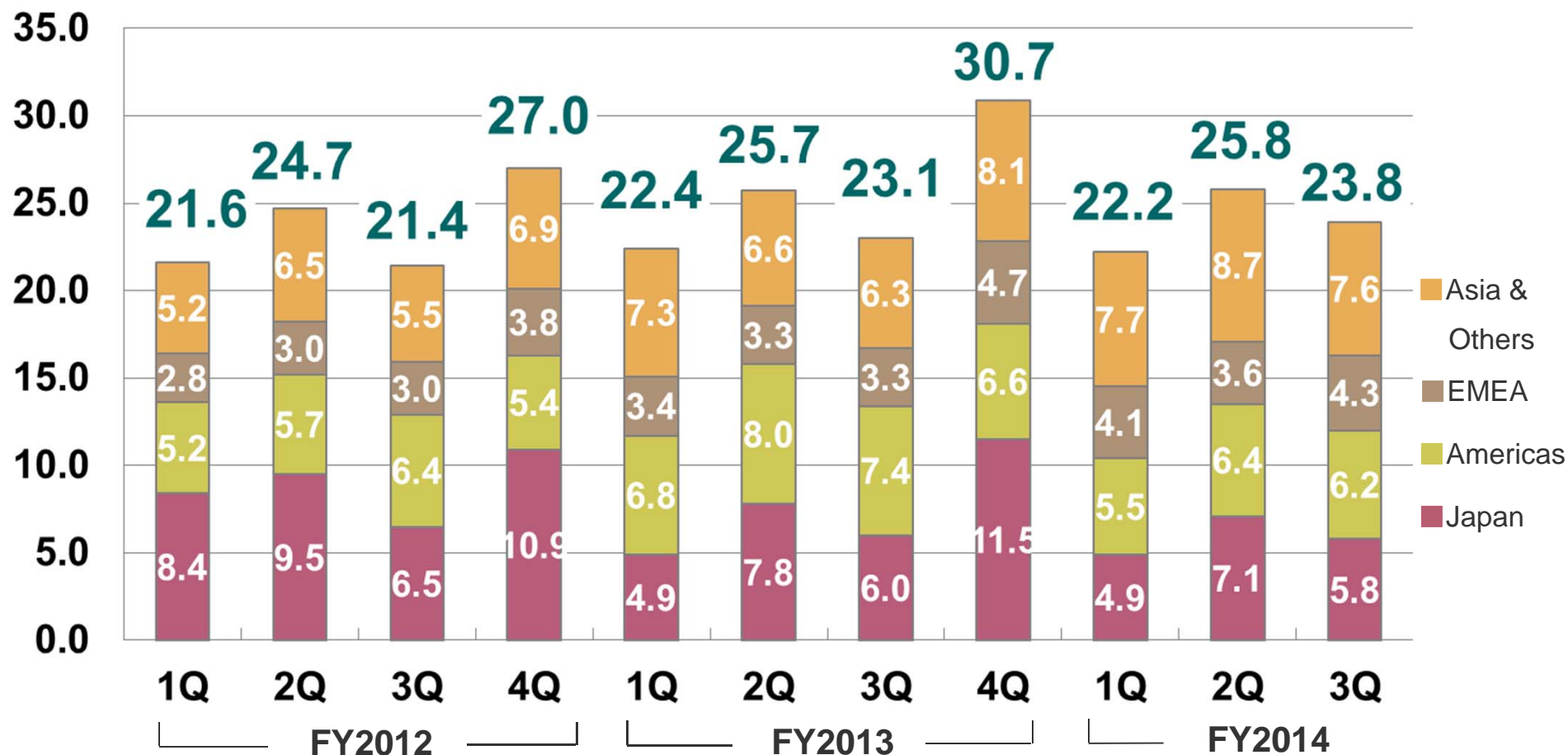
Note : Numbers are rounded off in each column

7-6. Consolidated performance -Revenue by region-



3Q revenue increased year on year in Asia and EMEA, while it decreased in Japan and the Americas

Bn. Yen



Note : Numbers are rounded off in each column

7-7. Consolidated performance -Cash Flow-



Made BCP-related payments

Cash Flow (FY2014 3Q)

Operating CF : 5.6 Bn. Yen
Investing CF : (4.7) Bn. Yen
Financial CF : (11.2) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 0.9 Bn. Yen

Cash at the end of period

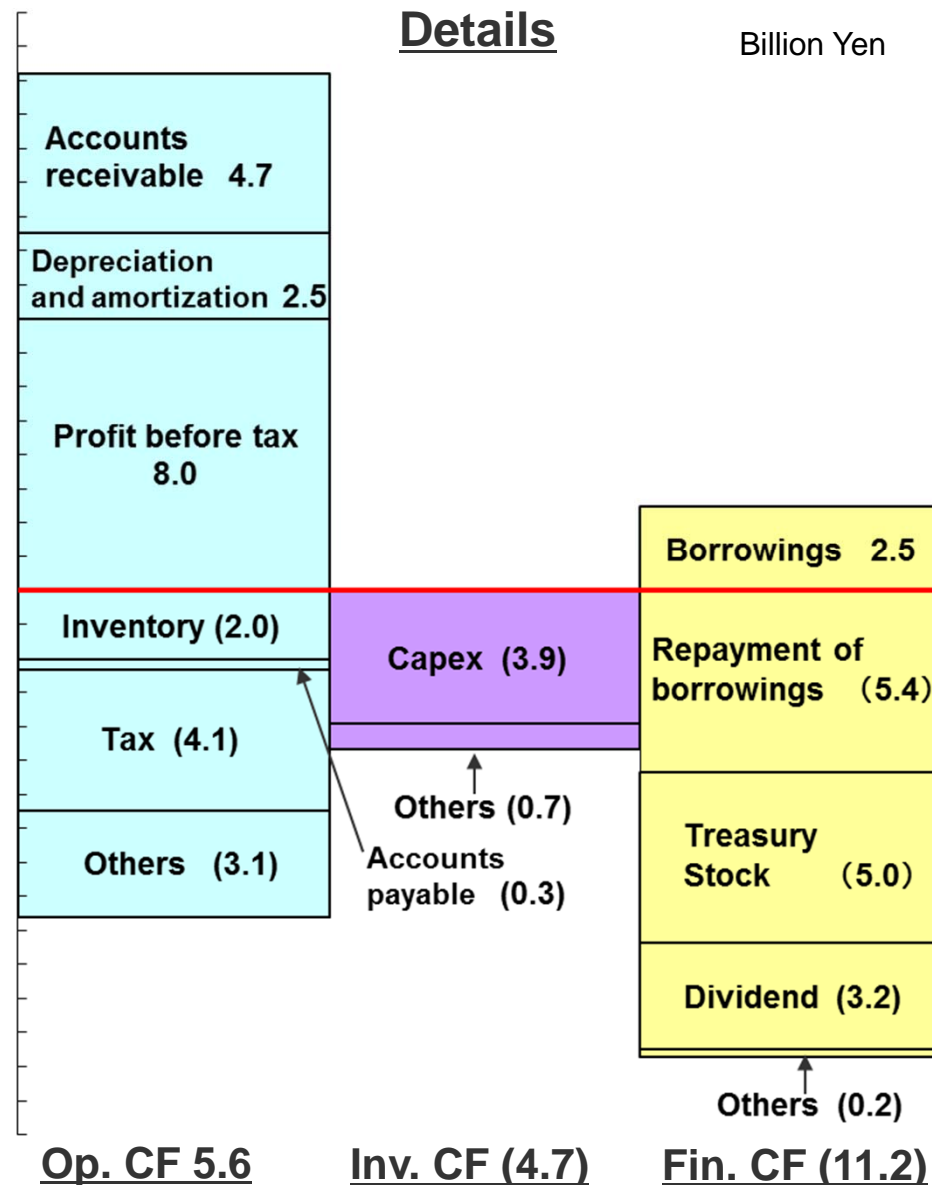
34.8 Bn. Yen

Interest-bearing dept.

16.1 Bn. Yen

Details

Billion Yen



Note : Numbers are rounded off in each column

7-8. Forecast for full year of FY2014



Downward revision of consolidated profits forecast
No change for annual dividend of 24.00 yen per share
(including interim dividend of 12.00 yen)

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2013	FY2014			
		Actual	Full Year		Change (B-A)	Change (%)
			Previous Forecast (A)	Revised Forecast (B)		
Revenue		101.9	104.5	100.5	(4.0)	-1%
Operating profit (loss)		14.1	14.1	11.1	(3.0)	-21%
Profit (loss) before tax		14.2	14.2	11.6	(2.6)	-19%
Profit (loss)		9.3	9.5	7.5	(2.0)	-19%
Test & Measurement	Revenue	76.0	78.5	74.5	(4.0)	-2%
	Op. profit (loss)	13.0	13.0	9.5	(3.5)	-27%
Industrial Automation	Revenue	16.9	16.5	16.5	0.0	-3%
	Op. profit (loss)	1.2	0.9	0.9	0.0	-34%
Others	Revenue	9.0	9.5	9.5	0.0	6%
	Op. profit (loss)	(0.1)	0.2	0.7	0.5	398%

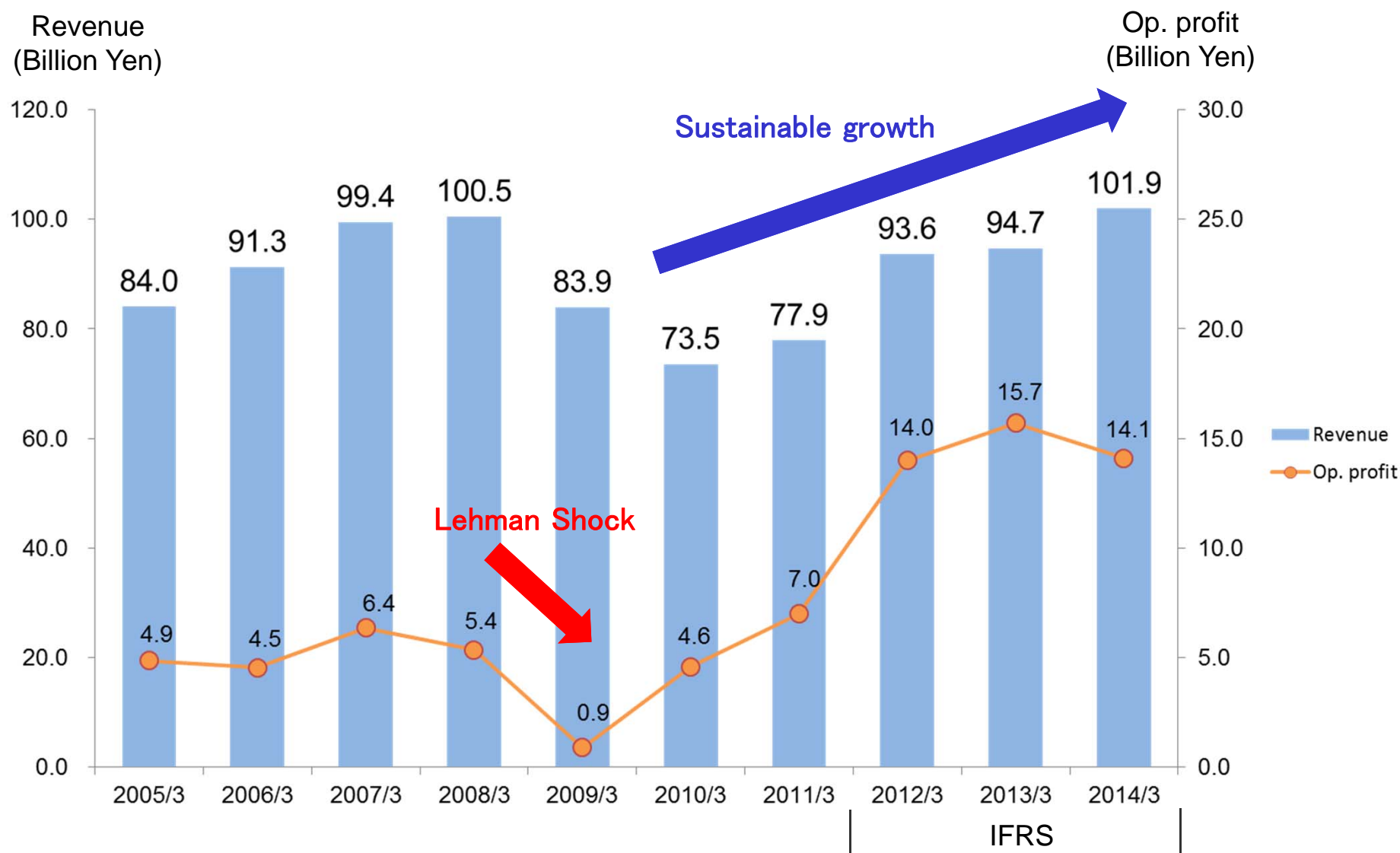
Note 1 : Exchange rate for FY2014 4Q (forecast) 1USD = 115 yen, 1EURO=135yen

Note 2 : Numbers are rounded off in each column

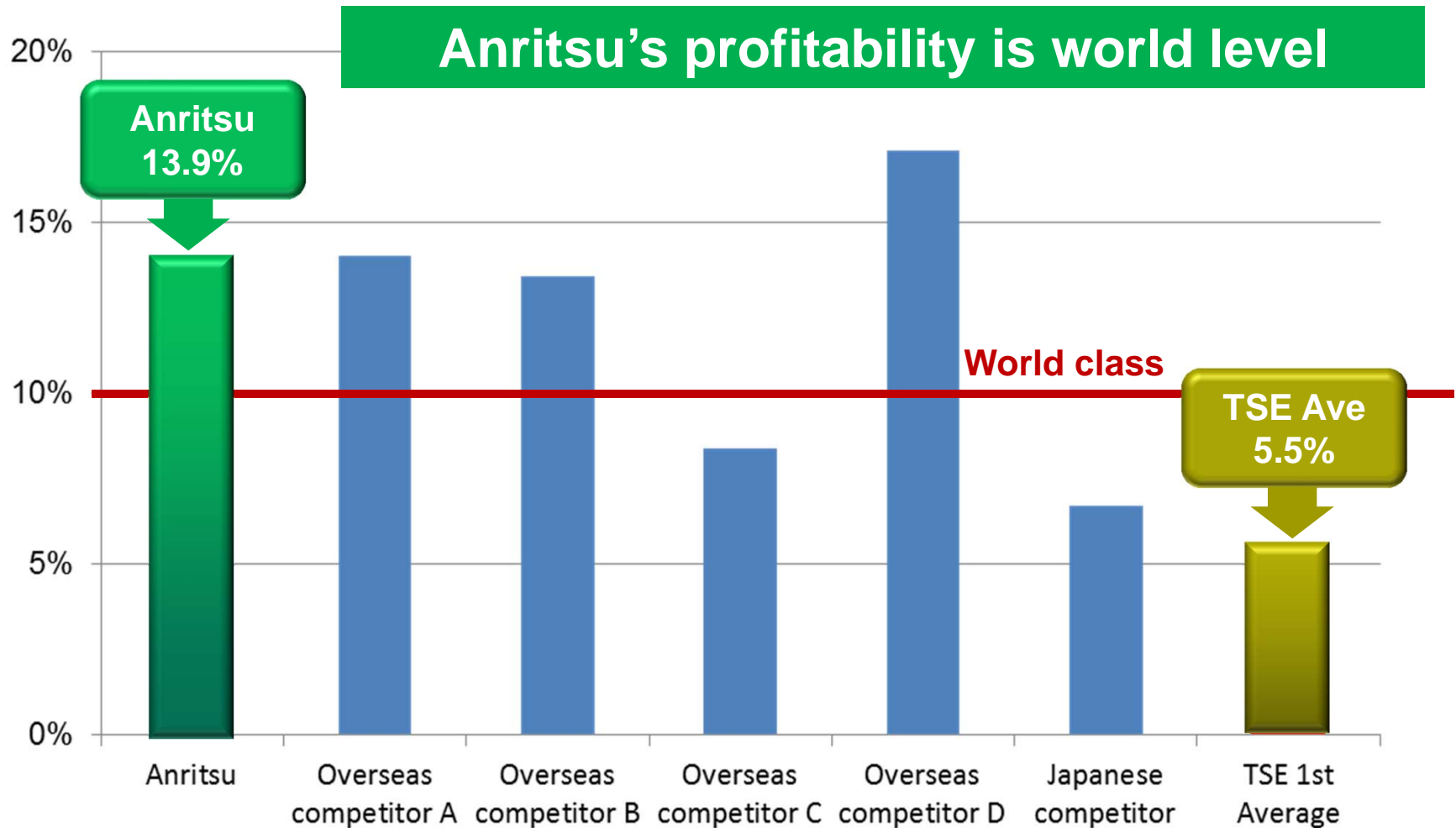
Appendix

Appendix(1)

Transition of consolidated performance



Appendix(2) OP margin level of Anritsu



Source: Disclosure material, TSE statistics

* TSE: Tokyo Stock Exchange

Appendix(3)

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)	1,549	3,165	3,200	4,562	5,355	7,000
Depreciation (*2)	2,589	2,555	2,469	2,562	2,863	3,000
R&D Expenses (*3)	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%	12.9%

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

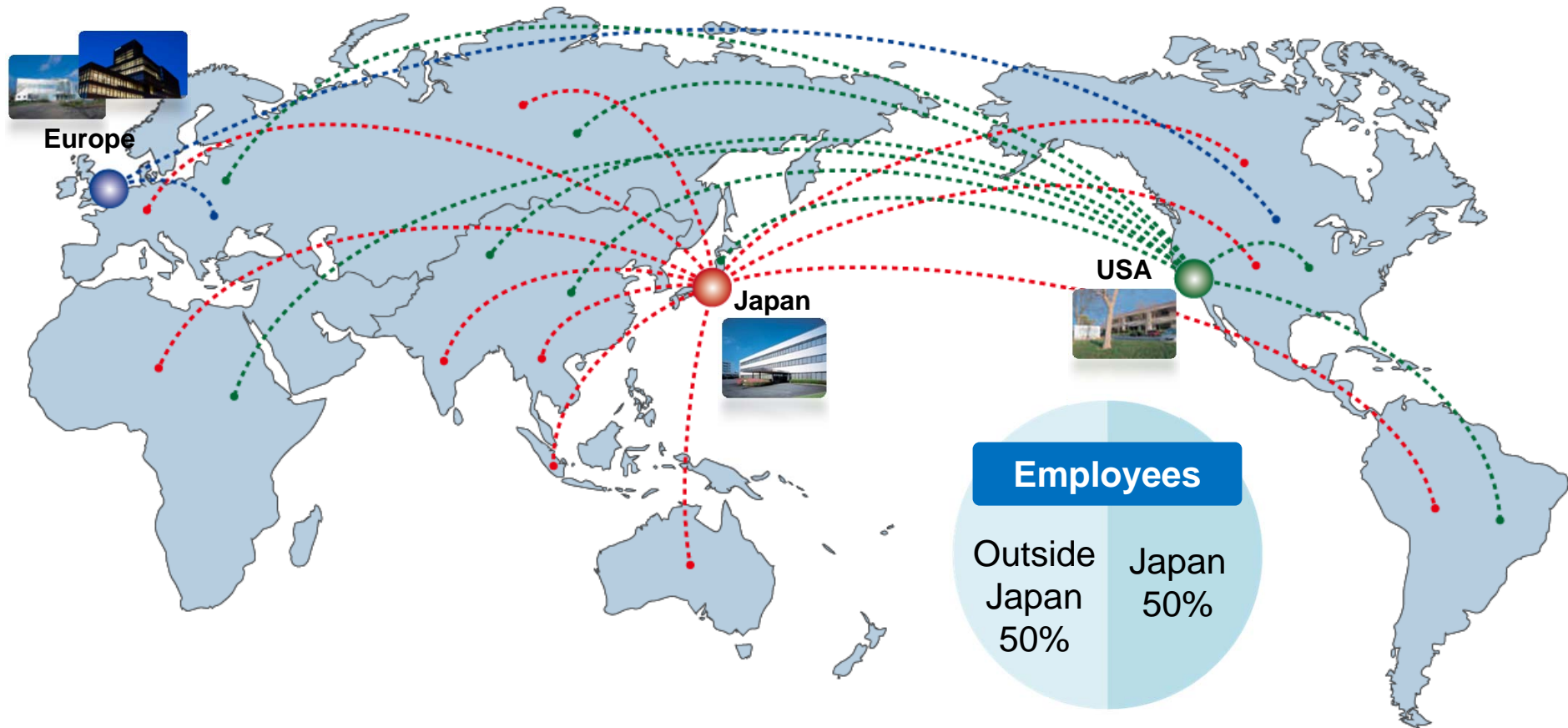
(*2) Amortization of capitalized development cost is not included.

(*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.

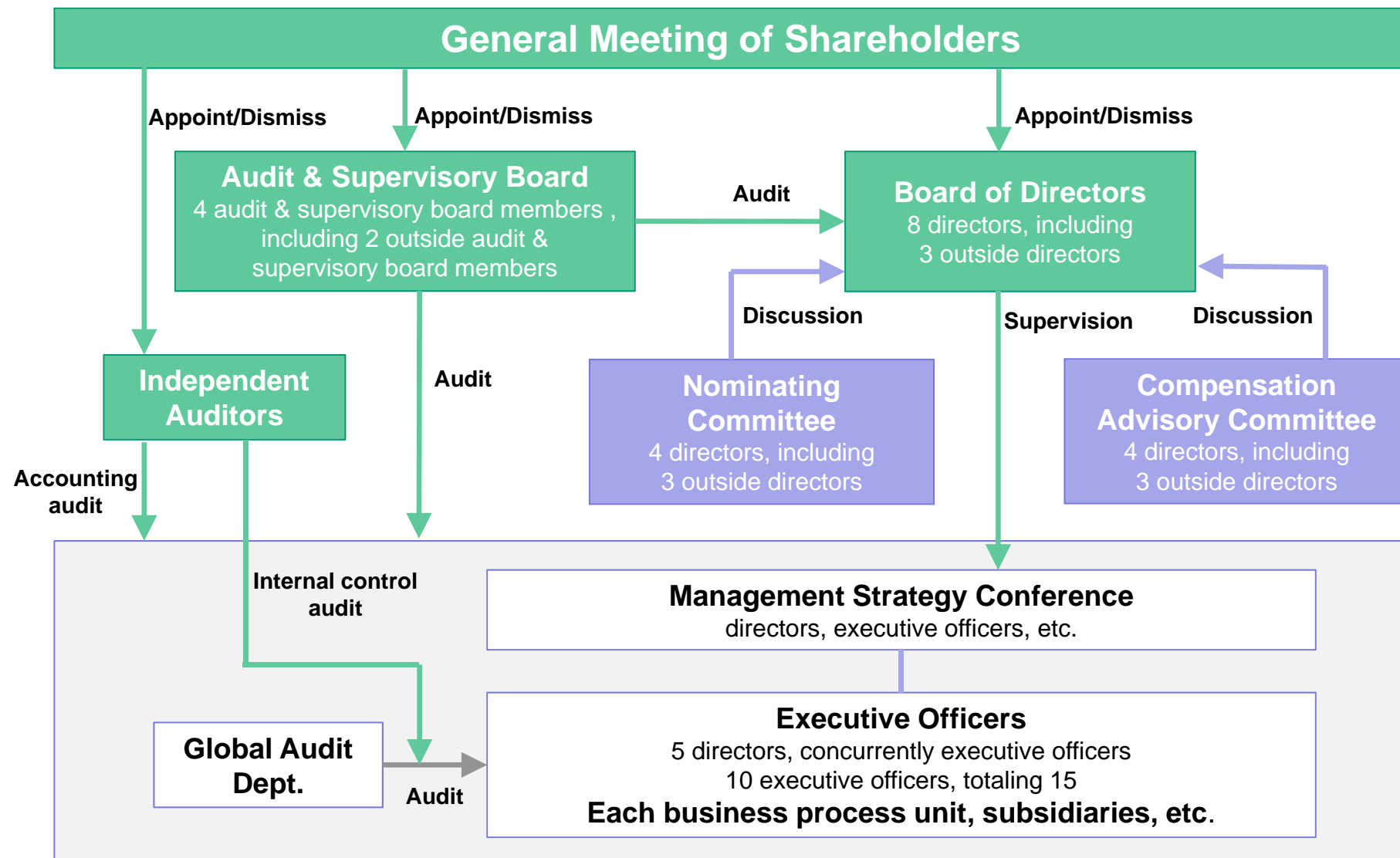
Appendix(4) Global Business Network (T&M)

24 companies in **18** countries (7 R&D center, 3 factories)

Provides products to global customers from each regional site



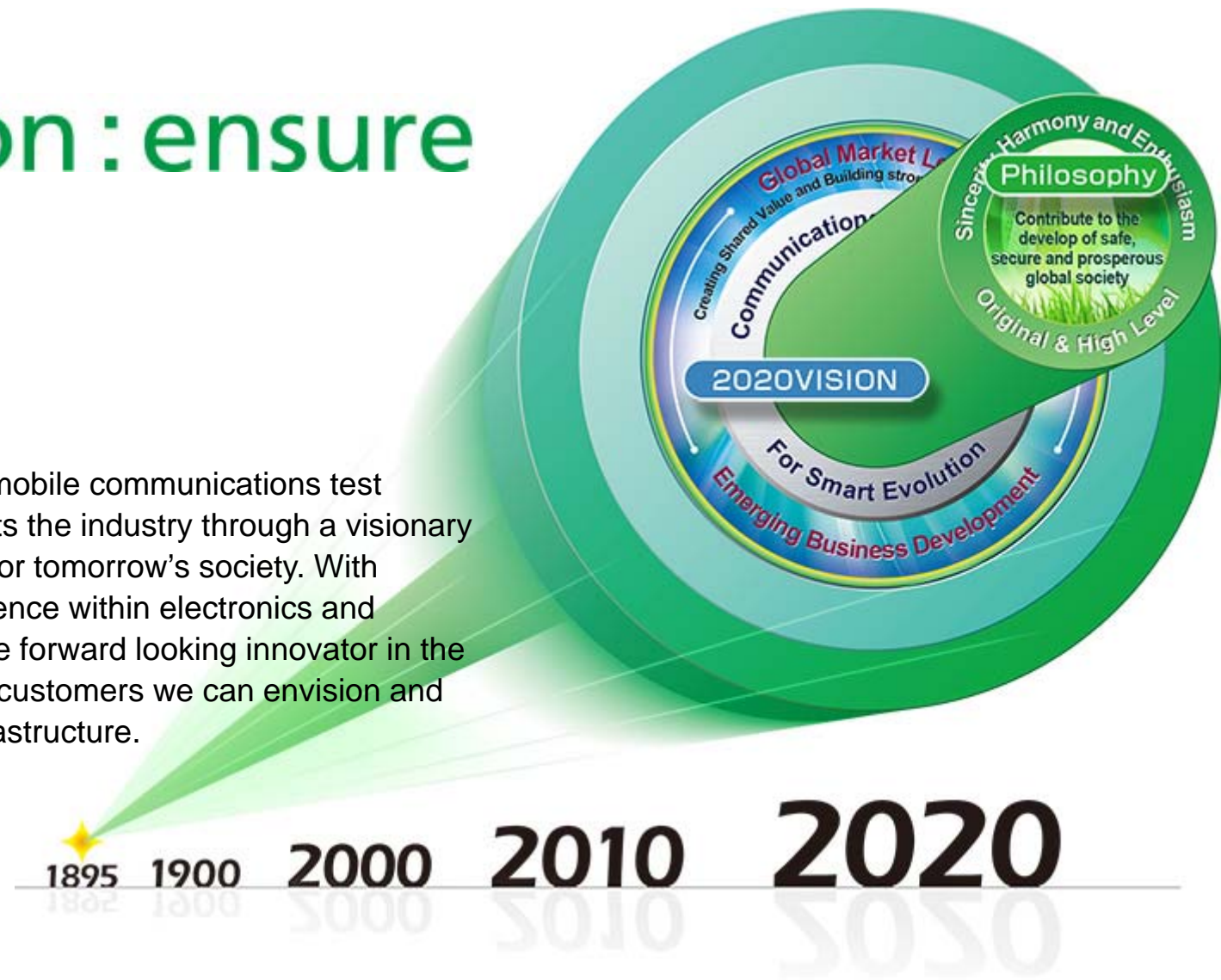
Appendix(5) Corporate Governance - Current -



Appendix(6) 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.



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.