

Mid-Term Business Plan

2020VISION

To be a global market leader

● Creating the value that only Anritsu can deliver

To create new business through emerging business

● Driving innovation in new

Looking Back on the Mid-Term Business Plan

	GLP2012 (FY2010-FY2012)	GLP2014 (FY2012-FY2014)	GLP2017 (FY2015-FY2017)
Vision	<ul style="list-style-type: none"> Achieve continuous growth with profit Achieve consolidated operating margin of 10% by reinforcing Test and Measurement Business 	<ul style="list-style-type: none"> Becoming a cutting-edge, trusted global market leader Capture growth drivers without fail, and realize "continuous profitable growth" 	<ul style="list-style-type: none"> On-going "Growth & Global" improvement and strengthening of Group management capabilities Capture growth drivers without fail, and realize "continuous profitable growth"
Outline of the Mid-Term Business Plan	<p>FY2012 Consolidated revenue of ¥90.0 billion and operating profit of ¥9.0 billion</p> <ul style="list-style-type: none"> Expand the profitable base businesses Increase profit in growing business, make mainly current profit Establish businesses in new growing fields Improve cost structure through continual management innovations Strengthen financial position and maximize corporate value 	<p>FY2014 Consolidated revenue of ¥110.0 billion and operating profit of ¥19.0 billion</p> <p>Test and Measurement Business</p> <ul style="list-style-type: none"> Strive to boost competitiveness, focusing on the mobile broadband service market and the Asian market, while achieving a 7% or higher sales growth rate <p>PQA Business</p> <ul style="list-style-type: none"> In the food and pharmaceuticals quality assurance field, focus on Asia and North America—areas expected to grow into large markets—and achieve a 7% or higher sales growth rate 	<p>FY2017 Consolidated revenue of ¥120.0 billion and operating profit of ¥17.0 billion</p> <p>Test and Measurement Business</p> <ul style="list-style-type: none"> Capture global business opportunities through solutions with high added value and solidify our position as a global market leader Customer-focus and business development through the strengthening of global management capabilities Leverage Anritsu's strengths in technologies and customer base in integrated solutions for wireless, optics, and systems <p>PQA Business</p> <ul style="list-style-type: none"> Expand overseas businesses Develop markets in North America and Asia with X-ray inspection systems as a key solution
Looking Back	<ul style="list-style-type: none"> Recovery from the drop in Test & Measurement demand accompanying the global financial crisis Spread of smartphones and vitality in the market for measuring instruments for manufacturing Launch of LTE service in Japan and the U.S. gives rise to the development market Favorable changes in competitive conditions; launch of very competitive products in the LTE development market Slump in measuring instruments for wired networks 	<ul style="list-style-type: none"> As smartphones rapidly proliferate, they simultaneously rise in functions and spread as everyday devices; increasingly intense competition among smartphone players amid mergers and acquisitions, reorganization, and participant withdrawal. Japanese market contracts as other Asian players make gains. Continuous evolution of mobile broadband. Anritsu seizes development demand by providing superior, cutting-edge solutions PQA Business reaches a 40% overseas sales ratio by strengthening local manufacturing and sales support 	<ul style="list-style-type: none"> Mobile test and measurement market sees a 40% slump (over the 2012 peak) amid structural changes in the smartphone market Progress in standardization of 5G and concrete moves toward 5G commercialization with the release of new 5G products in February 2018 Establishment of the Philippines Development Center and finalization of preparations for delivering high-cost-performance 5G support services Aggressive expansion in the PQA Business (launch of new X-ray inspection systems, strengthening of local manufacturing framework and sales support framework) leads to 1.4x revenue gain and 4.0x operating profit increase.
Results & Challenges	<p>Plan</p> <p>FY2010: revenue of ¥77.0 billion, operating profit of ¥3.8 billion, operating profit margin of 5%</p> <p>FY2012: revenue of ¥90.0 billion, operating profit of ¥9.0 billion, operating profit margin of 10%</p> <p>Result</p> <p>FY2010: revenue of ¥77.9 billion, operating profit of ¥7.0 billion, operating profit margin of 9%</p> <p>FY2011: revenue of ¥93.6 billion, operating profit of ¥14.4 billion, operating profit margin of 15%</p> <p>Achieved key management indicators of GLP2012 one year early</p> <p>Challenges</p> <ul style="list-style-type: none"> Price competition from commodification and digitization of general-purpose measuring instruments Concerns over the sustainability of strength in the mobile market; necessity to avoid over-reliance on mobile Sluggish growth in measuring instruments for construction and maintenance 3G base stations; necessity to consider new solutions 	<p>Plan</p> <p>FY2012: revenue of ¥94.5 billion, operating profit of ¥15.5 billion, operating profit margin of 16%</p> <p>FY2014: revenue of ¥110.0 billion, operating profit of ¥19.0 billion, operating profit margin of 17%</p> <p>Result</p> <p>FY2012: revenue of ¥94.7 billion, operating profit of ¥15.7 billion, operating profit margin of 17%</p> <p>FY2014: revenue of ¥98.8 billion, operating profit of ¥10.9 billion, operating profit margin of 11%</p> <p>Challenges</p> <ul style="list-style-type: none"> On-going "Growth & Global" improvements for the Anritsu Group Optimal utilization of overseas business resources within the Group Further improve our leading position in the mobile market Setting Japan and North America Test and Measurement Business back on a growth trajectory Developing new markets in China and India Enhancement of management resources for achieving North American PQA market strategies Profit improvement scenarios for the PQA Business 	<p>Plan</p> <p>FY2015: revenue of ¥103.0 billion, operating profit of ¥11.0 billion, operating profit margin of 11%</p> <p>FY2017: revenue of ¥120.0 billion, operating profit of ¥17.0 billion, operating profit margin of 14%</p> <p>Result</p> <p>FY2015: revenue of ¥95.5 billion, operating profit of ¥5.9 billion, operating profit margin of 6%</p> <p>FY2017: revenue of ¥86.0 billion, operating profit of ¥4.9 billion, operating profit margin of 6%</p> <p>Challenges</p> <p>Test and Measurement Business</p> <ul style="list-style-type: none"> Thorough implementation of the management restructuring program Investment in 5G business Establishment of a division focusing on the IoT business Introduction of new optical and digital products in TTM <p>PQA Business</p> <ul style="list-style-type: none"> Active investments in cutting-edge technologies to overcome quality assurance issues Development of new products that contribute to quality assurance Strengthening relationships with global companies

Planned Sales and Operating Profit

Indicator	GLP2020			2020 (Plan)
	FY2018 (*)	FY2018 (Actual)	FY2020 (*)	
Revenue	¥92.0 billion	¥99.7 billion	¥105.0 billion	¥110.0 billion
Operating profit	¥6.6 billion	¥11.2 billion	¥14.5 billion	¥17.5 billion
Operating margin	7%	11%	14%	16%
Profit	¥5.0 billion	¥9.0 billion	¥11.0 billion	¥13.5 billion
ROE	7%	11%	12%	14%
T&M Business	Revenue	¥60.0 billion	¥68.2 billion	¥70.0 billion
	Operating profit	¥3.5 billion	¥9.4 billion	¥10.0 billion
	Operating margin	6%	14%	14%
PQA Business	Revenue	¥23.5 billion	¥23.1 billion	¥26.0 billion
	Operating profit	¥2.0 billion	¥1.6 billion	¥3.0 billion
	Operating margin	9%	7%	12%

(Reference) Expected exchange rates for GLP2020: 1 USD=105 yen, 1 euro=125 yen * Planned in April 2018

Basic Policy of Medium- to Long-Term Business Strategy

Capture growth drivers without fail, and realize "continuous profitable growth"

	Market average annual growth rate (estimated by Anritsu)	Vision/growth driver	Medium- to long-term guideline	
			Sales growth rate	Operating profit margin
T&M	3-5%	Become a leading company supporting 5G/IoT society ① 5G, LTE-Advanced ② IoT/Automotive, Connectivity ③ IP Data Traffic/Cloud Services	≥7%	≥20%
PQA	3-5%	Become a world-class partner in quality assurance solution Expansion from contaminant inspection into the quality assurance market	≥7%	≥12%
Consolidated	—	—	—	≥18%
ROE	—	—	—	≥15%

● Building a world-class, robust income structure

business areas

GLP2020

GLP2020 (FY2018-FY2020)

- Prosecute the policy "Continuous profitable growth"
- Make our best to accomplish 2020VISION

Capture growth drivers without fail, and realize "continuous profitable growth"

FY2020

Consolidated revenue of ¥105.0 billion and operating profit of ¥14.5 billion

Test and Measurement Business

- Become the No. 1 Test and Measurement vendor ahead of competitors in 5G
- Develop new profit bases in the IoT/automotive field, where growth is expected through the utilization of 5G
- Create test solutions that support the expansion of cloud services

PQA Business

- Develop the advanced market in Europe and North America with X-ray inspection systems as a key solution
- Accurately respond to market needs through localization and global business reform
- Strengthen profitability through value-added solutions and expansion of global business

Basic Policy of Management Strategy

- Prosecute the policy "Continuous profitable growth"
- Make our best to accomplish 2020VISION/GLP2020

