

# Financial Results for 1st quarter of the Fiscal Year ending March 31, 2011

July 29th, 2010

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TSE code : 6754  
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Financial Results FY2010Q1

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# Cautionary Statement

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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.

# Agenda

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- **Our business lines and respective segments**
- **Summary**
- **Consolidated performance review of Q1 ended June 30th, 2010**
- **Outlook of 1st half and full year of fiscal year ending March, 2011**

## Our business lines and respective segments

Segment	Sub segment	Main business	Country of division
T&M	Mobile	R&D and manufacturing tester for 3G and beyond 3G.	Japan, UK, USA
	Network Infrastructure	Testers to verify optical/digital/IP networks or its equipment. Handheld tester for wireless infrastructures. Wireless/VoIP network monitoring software packages and related services etc.	Japan, USA, Denmark, Italy
	Electronics	Testers for general electronics components and emerging wireless technologies	Japan, USA, UK
Information and communication		Video image distribution system, communication equipment, IP switches and related systems	Japan
Industrial automation		Weigher and detectors of foreign material for food and pharmaceutical industry	Japan, Thailand
Others		Precision measurement business, optical devices	Japan

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## Summary (1)

### 1. Financial results of Q1 FY2010 (Consolidated)

Unit: Billion Yen

	1Q FY2009 (Apr. to Jun.)	1Q FY2010 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	16.8	17.9	1.1	6%
Net Sales	14.3	16.8	2.5	18%
Operating Income (loss)	(0.9)	0.9	1.8	-
Ordinary Income (loss)	(1.1)	0.3	1.4	-
Income(loss) before income taxes	(0.9)	0.2	1.1	-
Net Income (loss)	(1.8)	0.1	1.9	-
Free Cash Flow	1.9	4.2	2.3	119%

Note : Numbers are rounded off in each column

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#### 18% increase in net sales, and operating profit in first quarter

The increase in our net sales was from some measuring instruments for LTE development, and was due to some customers investing in development ahead of our expectations.

These forward purchases resulted in increased operating income, ordinary income, and net income.

Our free cash flow improved thanks to improved income and collection of receivables.

## Summary (2)

### Overall business conditions

Test & Measurement (T&M)	Although some customers are still holding off on capital investment, sales are strong, in part because customers are investing in LTE development ahead of schedule, and the LTE business is strong overall. China Mobile: order for TD-SCDMA conformance test system Verizon: BTS master for LTE certified as recommended product
Information & Communications	As planned. Sales of bandwidth controllers were firm, centered on financial institution networks.
Industrial Automation	Capital investment in Asia has been recovering; overall performance was in line with projections
Others	Demand for optical devices due to popularization of broadband was strong due to some customers' orders in Q1. The precision measurement business has been lackluster due to customers' reduced capital investments.

Note) LTE (Long Term Evolution): A wireless standard for the next-generation mobile phones.

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### **Some customers are still holding back on capital investment. Investment in LTE development is strong.**

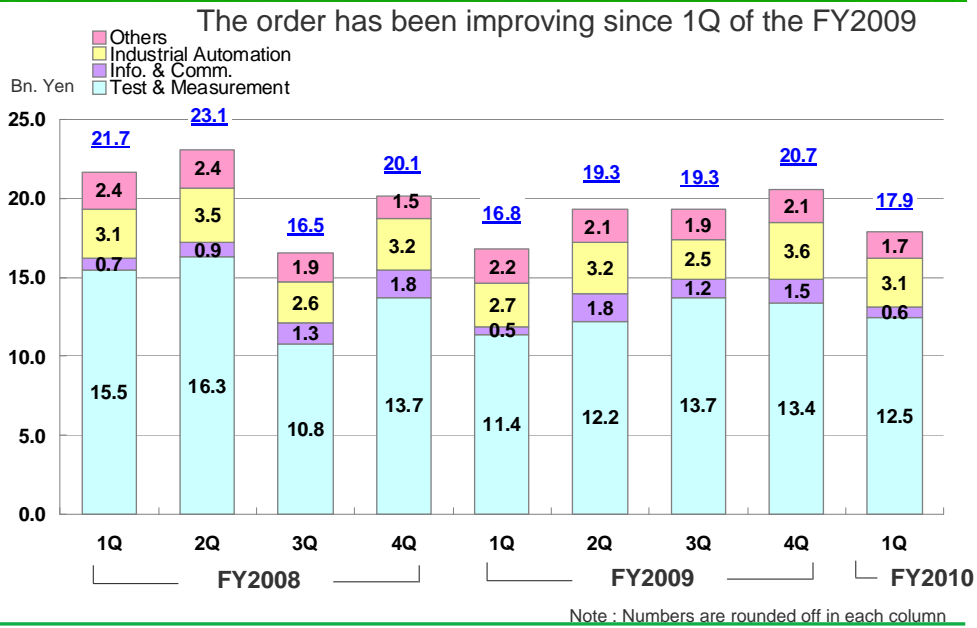
Demand for LTE-related measurement is strong everywhere.

Some companies continue to hold off on investing in non-LTE measurement.

In June, we won a contract for a TD-SCDMA Conformance Test system from China Mobile. As of end-June, there are about 10 million TD-SCDMA subscribers, and progress has been more gradual than we expected.

In the United States, demand for wireless-infrastructure measurement is strong.

## Orders by business segment



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### The order has been improving since 1Q of the FY2009.

The order in the 1Q increased by 6% YoY on the whole. Restraining trends in capital investment other than the mobile segment of the T&M business are still continuing.

## Earnings by business segment

Increase of sales and income of T&M due to LTE and the recovery of the North American market

Unit: Billion Yen

		1Q FY2009 (Apr. to Jun.)	1Q FY2010 (Apr. to Jun.)	YoY	YoY (%)
Test & Measurement	Sales	10.0	11.8	1.8	18%
	Op. Income	(1.0)	0.7	1.7	-
Info. & Comm.	Sales	0.3	0.5	0.2	99%
	Op. Income	(0.4)	(0.2)	0.2	-
Industrial Automation	Sales	2.3	2.6	0.3	14%
	Op. Income	0.0	0.0	0.0	-19%
Service & Others	Sales	1.8	1.9	0.1	8%
	Op. Income	0.6	0.5	(0.1)	-18%
Total	Sales	14.3	16.8	2.5	18%
	Op. Income	(0.9)	0.9	1.8	-

Note : Numbers are rounded off in each column

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**We had an operating profit in the T&M business. Other businesses were on a par with last year.**

We had increased revenues and an operating profit in the T&M business, due to orders for LTE-development measuring instruments being placed ahead of schedule, and the recovery of the North American market.

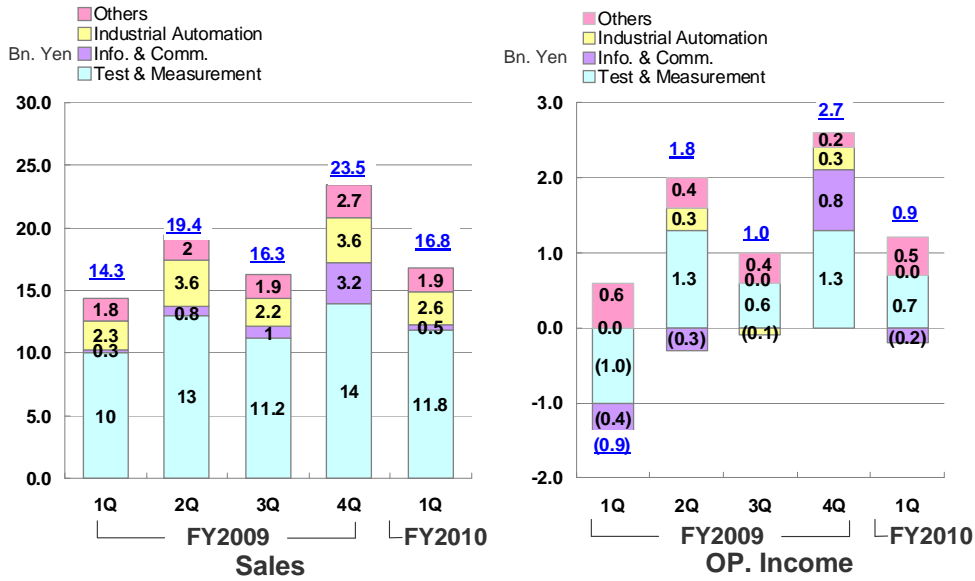
In our Info. & Comm. business, sales of bandwidth control devices were strong, and we had increased revenue and cut down on the deficit operating loss.

Industrial Auto. progressed as planned due to a recovery of sales, especially in Asia.

Our income decreased in our other businesses: although demand for optical devices increased in applications for video streaming, demand for precision measurement business slumped.



## Net sales and op. income by business segment



Note : Numbers are rounded off in each column

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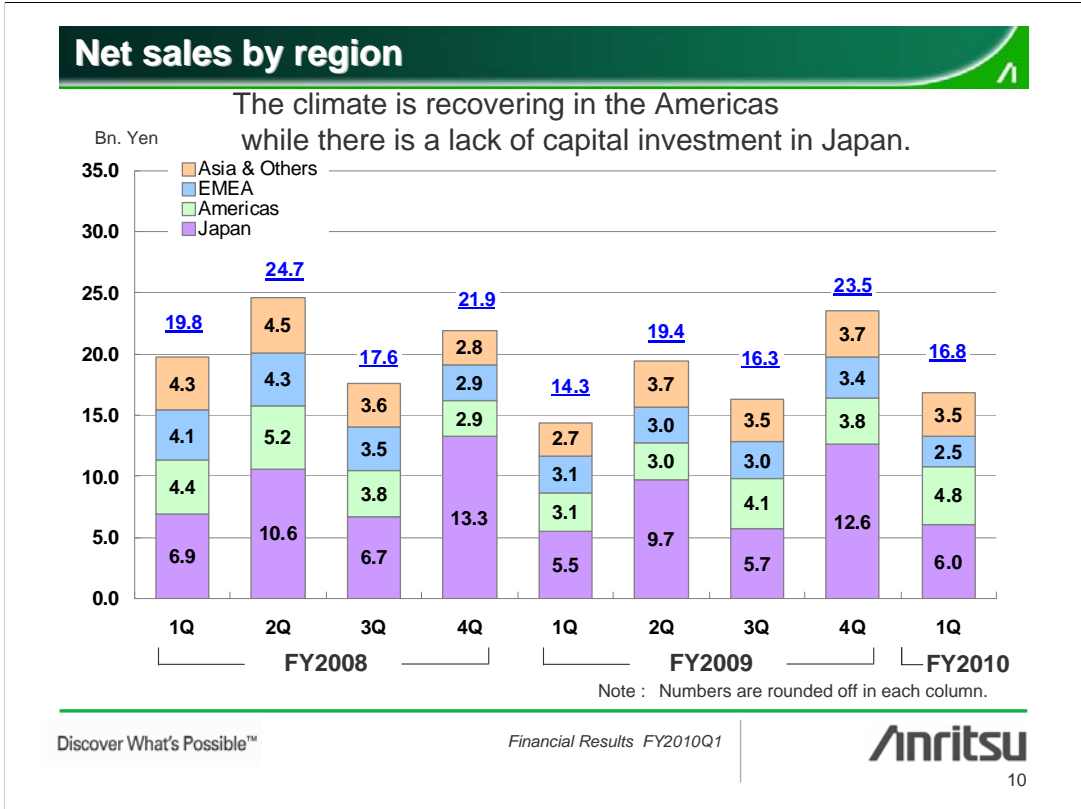
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### Performance is gradually improving each quarter.

Despite the increase of expenses due to the termination of fixed cost reduction measures, profits have been improving steadily since Q1 of FY2009 as the bottom.

We had an operating profit in the T&M business for four (4) consecutive quarters.



**The climate is recovering in the Americas while there is a lack of capital investment in Japan.**

The American markets have recovered to levels before the Lehman shock, due to such factors as increased government demand for wireless infrastructure.

The market climate in Japan has remained challenging since the shock of the Lehman Brothers collapse, especially for general purpose measuring instruments.

In the EMEA market, companies are still holding off on capital investment, due to such factors as unstable credit in finance.

Other Asian markets are strong, due to such factors as creation of infrastructure, and demand for measuring instruments for the development and manufacture of mobile terminals.

## Other incomes and expenses

Unit: Million Yen

	1Q FY2009 (Apr. to Jun.)	1Q FY2010 (Apr. to Jun.)
<b>Operating income (loss)</b>	<b>(867)</b>	<b>914</b>
Interest & dividends	(92)	(144)
Foreign exchange	(139)	(514)
Others	30	(4)
<b>Other income (loss)</b>	<b>(201)</b>	<b>(661)</b>
<b>Ordinary income (loss)</b>	<b>(1,068)</b>	<b>253</b>
Gain on sales of Investment securities	140	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(68)
Loss on valuation of investment securities	(1)	(0)
<b>Extraordinary income (loss)</b>	<b>139</b>	<b>(68)</b>
<b>Income (loss) before income taxes</b>	<b>(929)</b>	<b>184</b>

Note : Numbers are rounded off in each column

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**Non-operating loss increased due to the impact of foreign exchange losses.**  
 Appreciation of yen to the dollar and euro caused a foreign exchange loss.  
 The expected rate was 90 yen to the dollar and 125 yen to the euro, but we have revised it to 110 yen to the euro.

# Cash Flow

## Q1 Cash Flow (CF)

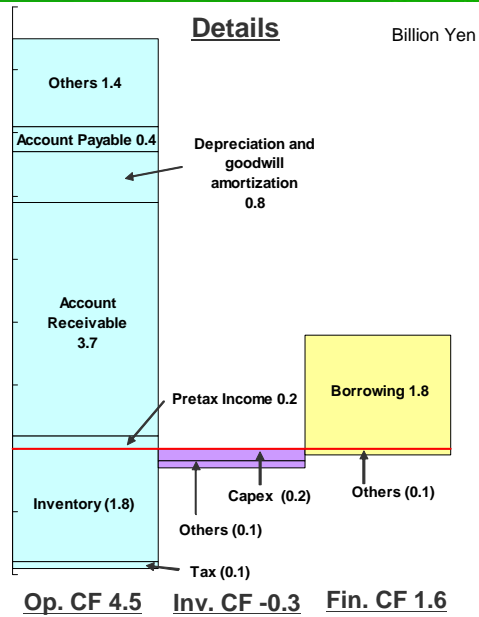
Operating CF : 4.5 Bn. Yen  
 Investing CF : -0.3 Bn. Yen  
 Financial CF : 1.6 Bn. Yen

## Free Cash Flow

Op. CF + Inv. CF : 4.2 Bn. Yen

## Cash at the end of period

31.9 Bn. Yen



Note : Numbers are rounded off in each column

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## We are creating cash flow steadily.

Our operating cash flow was 4.5B yen (a 2.6B yen year-on-year increase), due to such factors as improved income and collection of receivables.

## Outlook for H1 and full year of FY2010

Upward revision of H1 for incomes, No revision of full-year of FY2010  
Dividend : 4 yen / share a year planned as dividend (2 yen in H1)

Unit: Billion Yen

		FY2010			FY2009	
		1st Half Previous Forecast	1st Half Revised Forecast	Full Year Forecast	1st Half Actual	Full Year Actual
Net Sales		35.0	35.0	77.0	33.8	73.5
Operating Income (loss)		(0.2)	0.8	3.8	0.9	4.6
Ordinary Income (loss)		(0.8)	0.0	2.5	0.1	3.6
Net Income (loss)		(1.3)	(0.3)	1.5	(0.1)	0.4
Test & Measurement	Sales		24.0	51.5	23.0	48.3
	Op. Income		0.7	2.3	0.3	2.3
Info. & Comm.	Sales		1.0	5.5	1.1	5.3
	Op. Income		(0.6)	0.0	(0.7)	0.1
Industrial Automation	Sales		6.3	12.5	5.8	11.6
	Op. Income		0.3	0.6	0.3	0.6
Others	Sales		3.7	7.5	3.8	8.3
	Op. Income		0.4	0.9	1.0	1.6

Note 1 : Exchange rate (estimate) 1USD = 90 yen, 1EURO=110 yen (125 yen in Q1)

Note 2 : Numbers are rounded off in each column

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**We revised our performance estimate for the first half year upward.  
There is no change in the outlook for the fiscal year.**

We revised our performance estimate for the first half upward as a result of improved income, due to such factors as orders for LTE-development measuring instruments being won ahead of our initial expectations.

We have not changed our outlook for the fiscal year, because trends in our customers' capital investment are still in line with our initial estimates.

We expect the exchange rates to be 90 yen to the dollar, and 110 yen to the euro.

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