

# Financial Results for 3<sup>rd</sup> quarter of the Fiscal Year ending March 31, 2011

January 28th, 2011

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TSE code : 6754  
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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.

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# Agenda

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- 1. Outline of our business**
- 2. Consolidated performance review of 3Q ended December 31st, 2010**
- 3. Outlook of full year of fiscal year ending March, 2011**
- 4. Market trend and actions**  
**-T&M business mobile markets-**

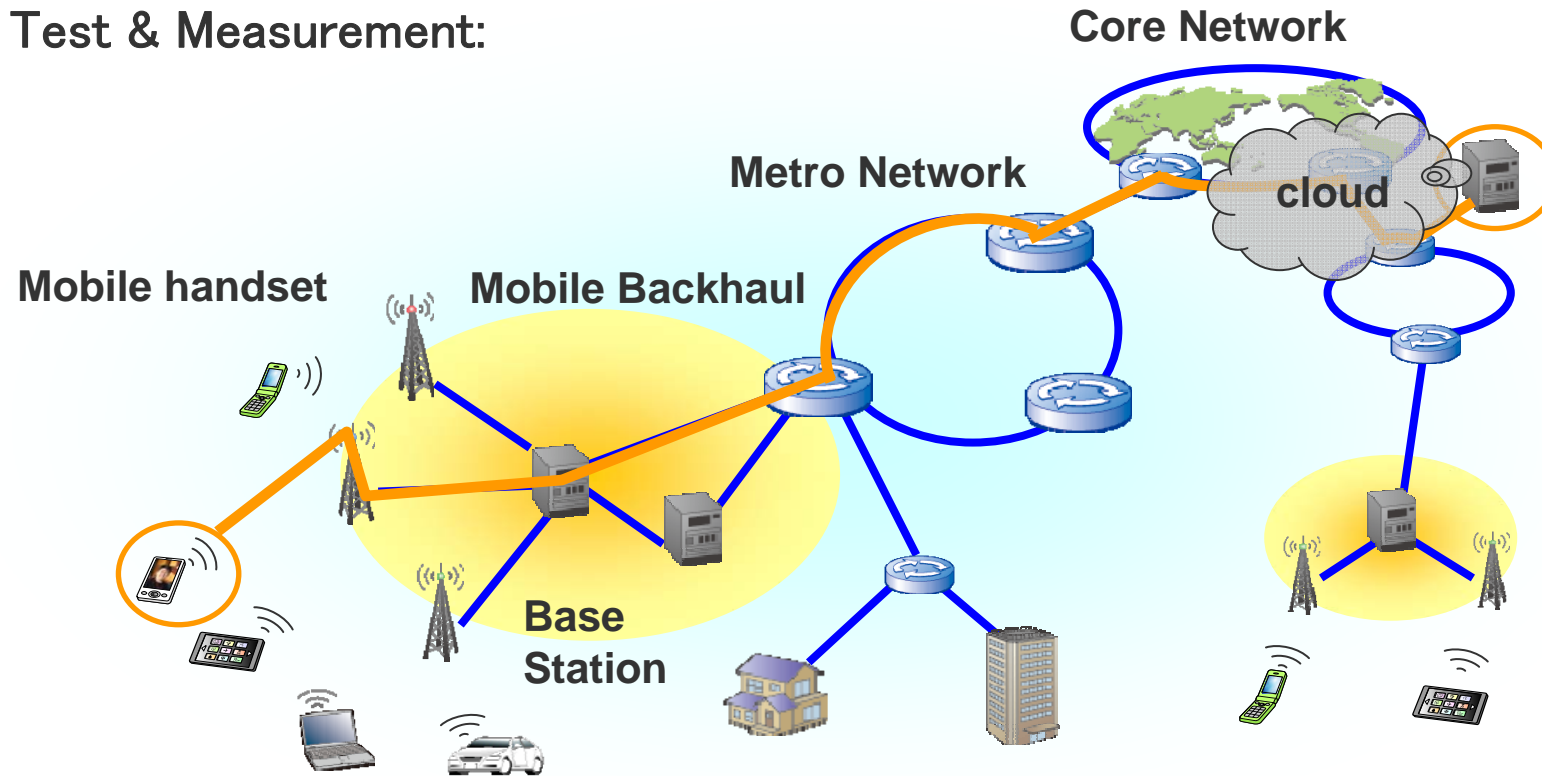
# 1. Outline of our business -Segments-

Segment	Sub segment	Main business
T&M	Mobile	R&D and manufacturing tester for 3G and LTE.
	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.
	Electronics	Testers for general electronics components and emerging wireless technologies
Information and communication		Video image distribution system, communication equipment, IP switches and related systems
Industrial automation		Weigher and detectors of foreign material for food and pharmaceutical industry
Others		Precision measurement business, optical devices

<b>FY2009 Net Sales</b>	T&M 66%	Info. 7%	Industrial 16%	Others 11%
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# 1. Outline of our business -Test & Measurement-

Test & Measurement:



Test & Measurement solutions for  
handset : R&D, production, conformance test and interoperability test,  
network infra. : installation & maintenance and service assurance  
devices : R&D and production

# 1. Outline of our business -Info.&Comm. Industrial Automation-

## Info. & Comm.:

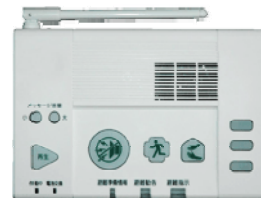
Video monitoring system and telemetering system for rivers and dams,

Bandwidth controller for keeping the high quality in IP network ,

Disaster mitigation communication system for safety confirmation, etc.



Bandwidth controller



Receiving terminal disaster mitigation Comm. system

## Industrial Automation :

X-ray inspection system and check-weigher for foods, pharmaceuticals and cosmetics







Foods, pharmaceuticals, etc.

X-Ray inspection system



## 2. Consolidated performance - key topics for Q3-

Driven by T&M business for the LTE and smartphone.  
North American and Asian markets showed solid performances.

	Segment	3Q FY2010	Actual
	Test & Measurement (T&M)	The demand of T&M for LTE development is strong. The demand of T&M for smartphone production is increasing.	
	Information & Communications	This business is slack due to the reduction of public investment.	
	Industrial Automation	Food inspection business is firm in ASEAN and North America, while sluggish in Japan due to seasonality.	
	Others	Demand for optical devices due to popularization of broadband waned.	

## 2. Consolidated performance -Financial results-

8% increase in net sales,  
and operating income marked a sharp recovery

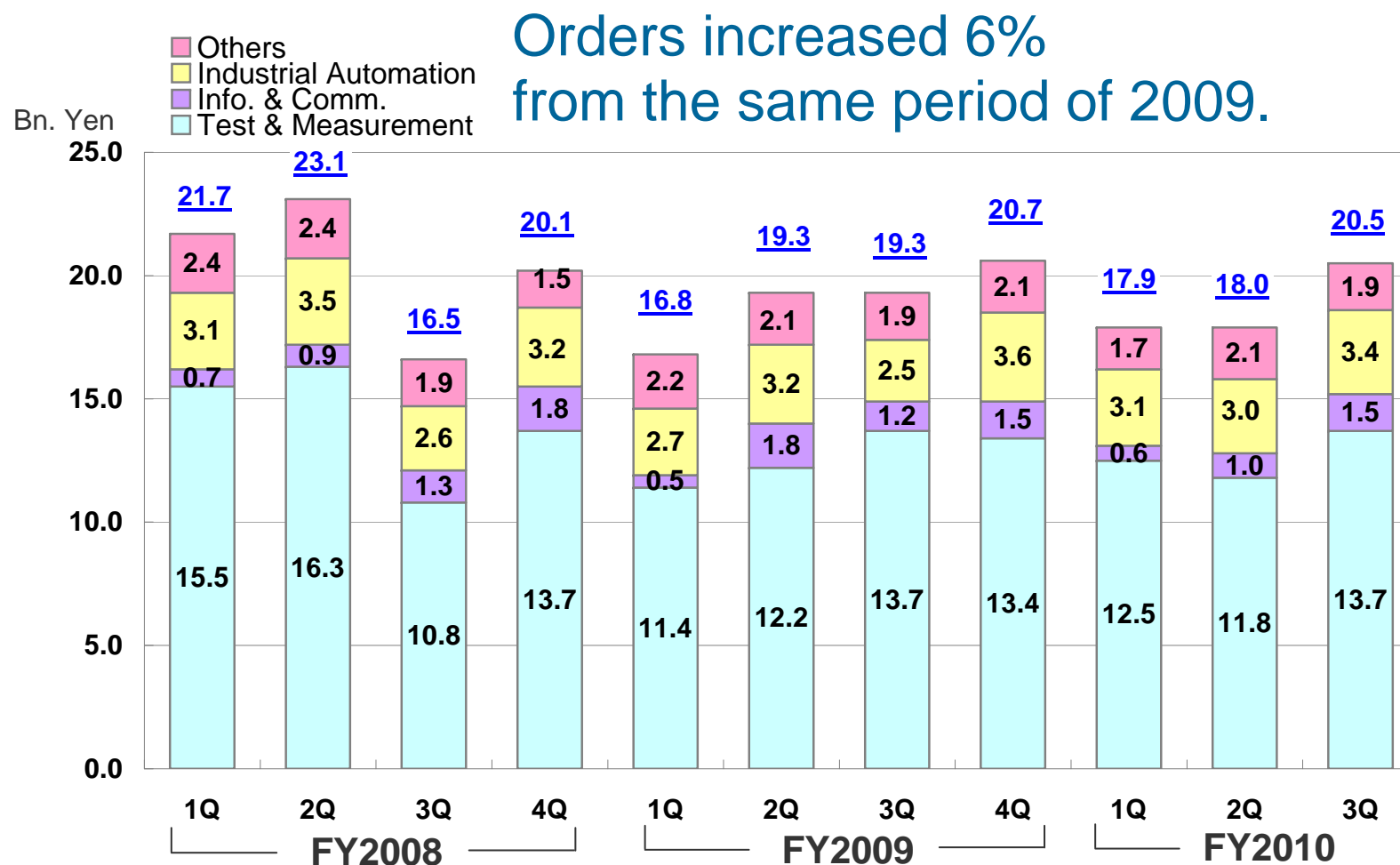
Unit: Billion Yen

	3Q FY2009 (Apr. to Dec.)	3Q FY2010 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	55.5	56.3	0.8	2%
Net Sales	50.1	53.9	3.8	8%
Operating Income (loss)	1.9	4.3	2.4	130%
Ordinary Income (loss)	1.0	2.9	1.9	191%
Income(loss) before income taxes	1.3	2.8	1.5	113%
Net Income (loss)	0.2	2.2	2.0	-
Free Cash Flow	5.8	6.6	0.8	13%

Note : Numbers are rounded off in each column



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



Note : Numbers are rounded off in each column

Orders in current quarter = backlog at the end of current quarter + net sales in current quarter  
- backlog at the end of the previous quarter

( The backlog is converted to Yen from the exchange rate at the end of each quarter. )

## 2. Consolidated performance -Earnings by bus. segment-

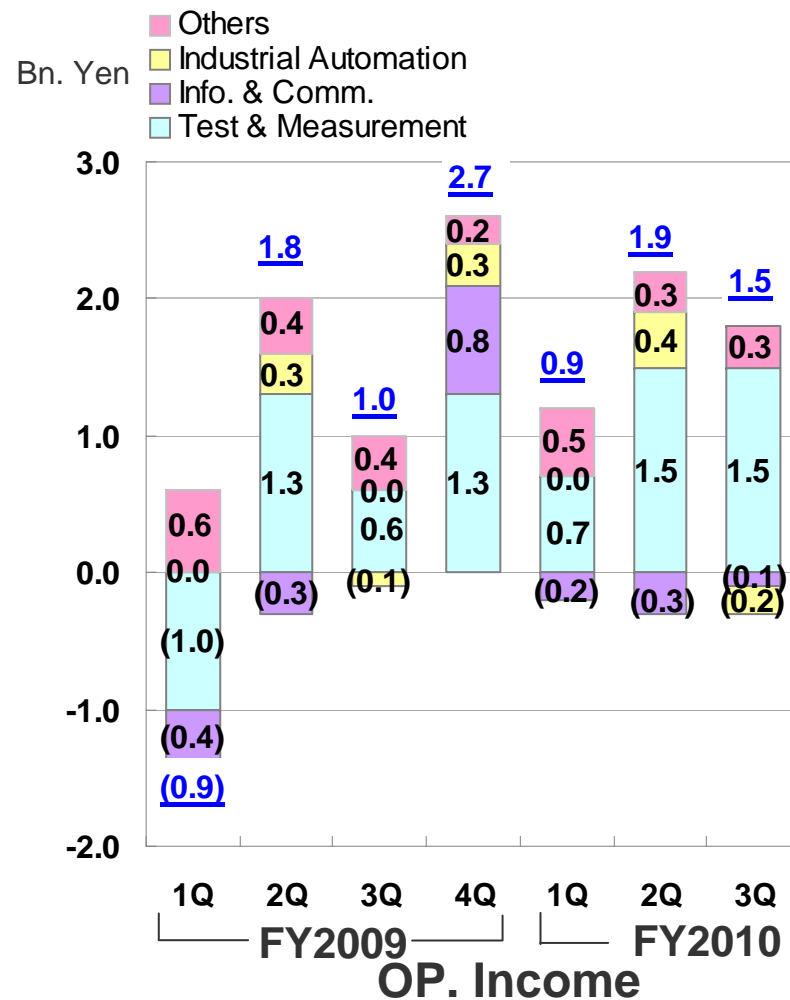
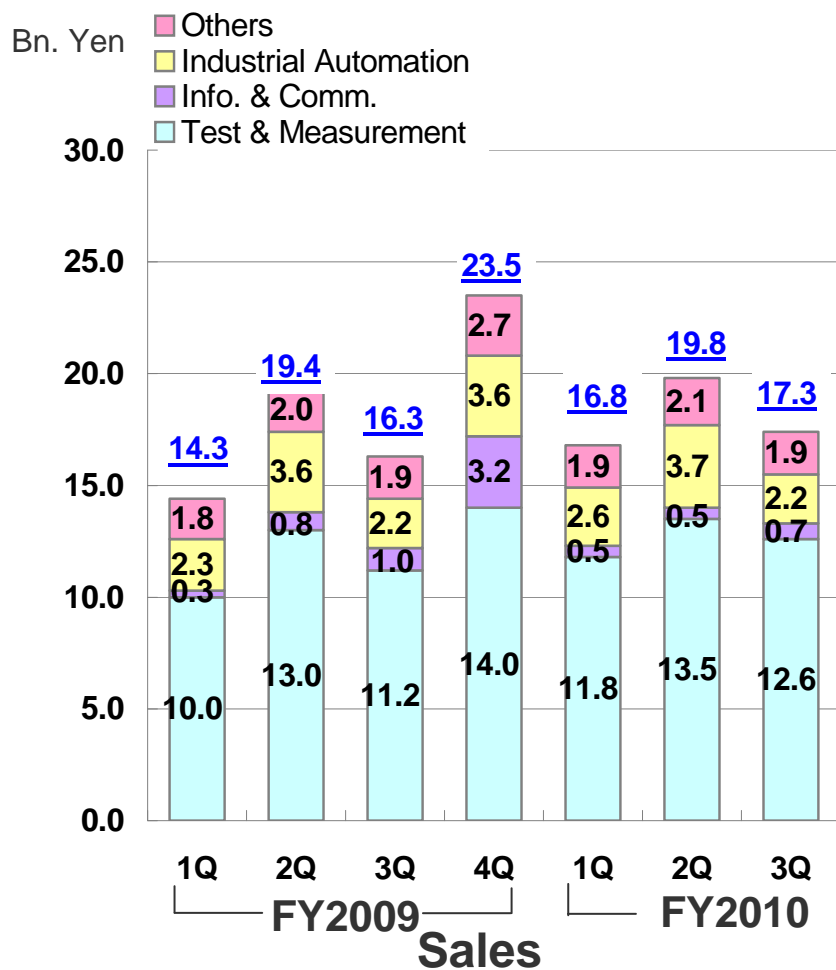
T&M business increased YoY both sales and op. income, that pulled the whole performance.

Unit: Billion Yen

		3Q FY2009 (Apr. to Dec.)	3Q FY2010 (Apr. to Dec.)	YoY	YoY (%)
Test & Measurement	Sales	34.2	37.9	3.7	11%
	Op. Income	0.9	3.6	2.7	297%
Info. & Comm.	Sales	2.1	1.7	(0.4)	-21%
	Op. Income	(0.7)	(0.6)	0.1	-
Industrial Automation	Sales	8.1	8.5	0.4	6%
	Op. Income	0.3	0.2	(0.1)	-13%
Service & Others	Sales	5.7	5.9	0.2	4%
	Op. Income	1.3	1.1	(0.2)	-20%
Total	Sales	50.1	53.9	3.8	8%
	Op. Income	1.9	4.3	2.4	130%

Note : Numbers are rounded off in each column

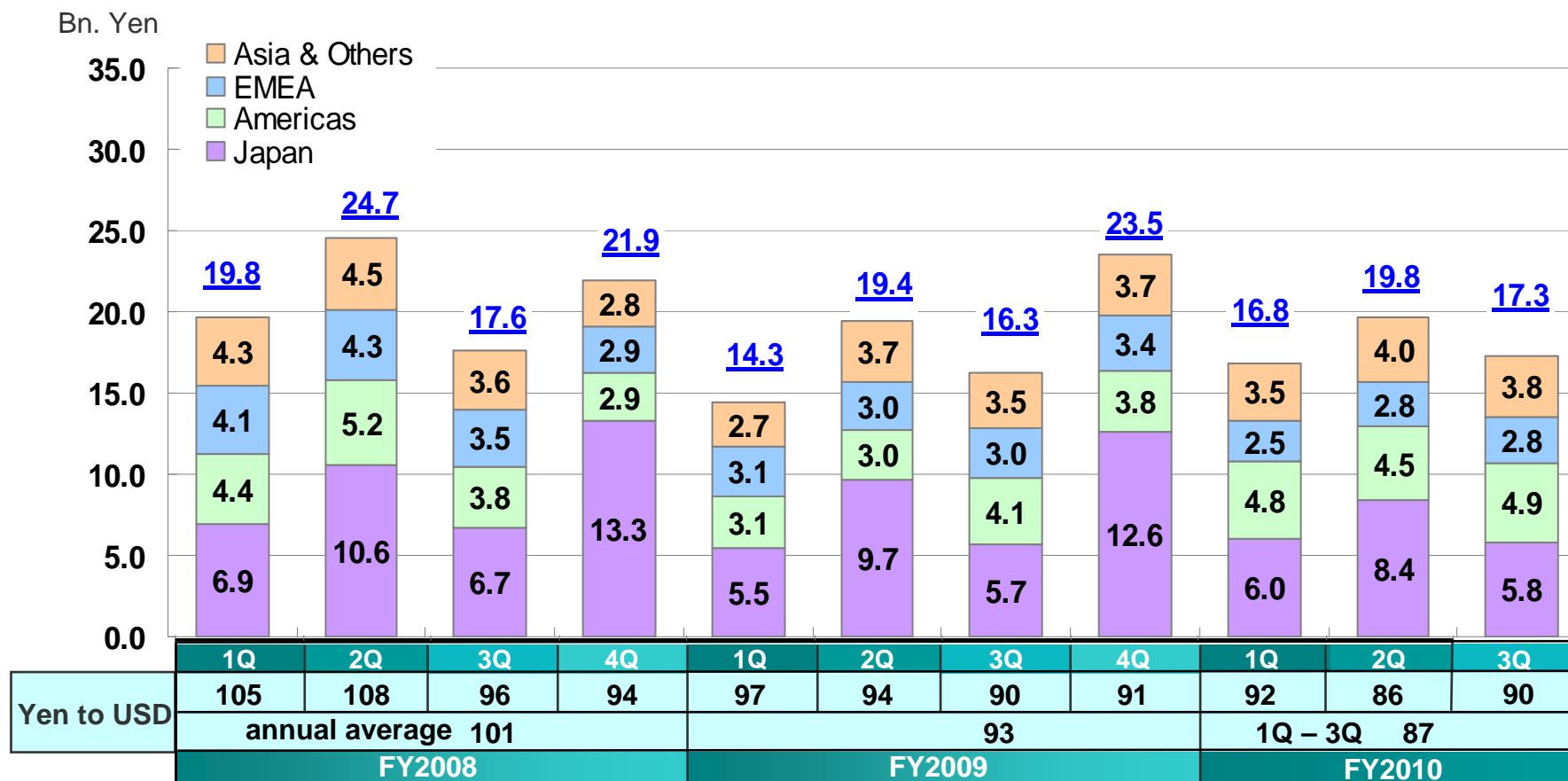
## 2. Consolidated performance -Sales & op. income by bus. segment- T&M (in Apr. to Dec.) increased sales and income for the two consecutive years



Note : Numbers are rounded off in each column

## 2. Consolidated performance -Sales by region-

The Americas showed solid performances in the wireless infrastructure market and the mobile market.



Note : Numbers are rounded off in each column.

## 2. Consolidated performance -Other incomes and expenses -

Non-operating expenses for 3Q was 333 million yen due to the factors of foreign exchange losses and interest, etc.

Unit: Million Yen

	3Q FY2009 (Apr. to Dec.)	3Q FY2010 (Apr. to Dec.)	3Q FY2010 (Oct. to Dec.)
<b>Operating income (loss)</b>	<b>1,873</b>	<b>4,311</b>	<b>1,492</b>
Interest & dividends	(363)	(444)	(146)
Foreign exchange	(432)	(843)	(177)
Others	(74)	(108)	(10)
<b>Other income (loss)</b>	<b>(869)</b>	<b>(1,395)</b>	<b>(333)</b>
<b>Ordinary income (loss)</b>	<b>1,004</b>	<b>2,916</b>	<b>1,158</b>
Gain on sales of noncurrent assets	149	-	-
Gain on sales of Investment securities	140	-	-
Gain on retirement by purchase of bonds	62	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(68)	-
Loss on valuation of investment securities	(17)	(1)	(0)
<b>Extraordinary income (loss)</b>	<b>334</b>	<b>(69)</b>	<b>(0)</b>
<b>Income (loss) before income taxes</b>	<b>1,338</b>	<b>2,847</b>	<b>1,158</b>

Note : Numbers are rounded off in each column

## 2. Consolidated performance -Cash Flow-

We are creating stable cash flow.

### Apr. – Dec. Cash Flow (CF)

Operating CF : 7.5 Bn. Yen  
 Investing CF : -0.9 Bn. Yen  
 Financial CF : 4.3 Bn. Yen

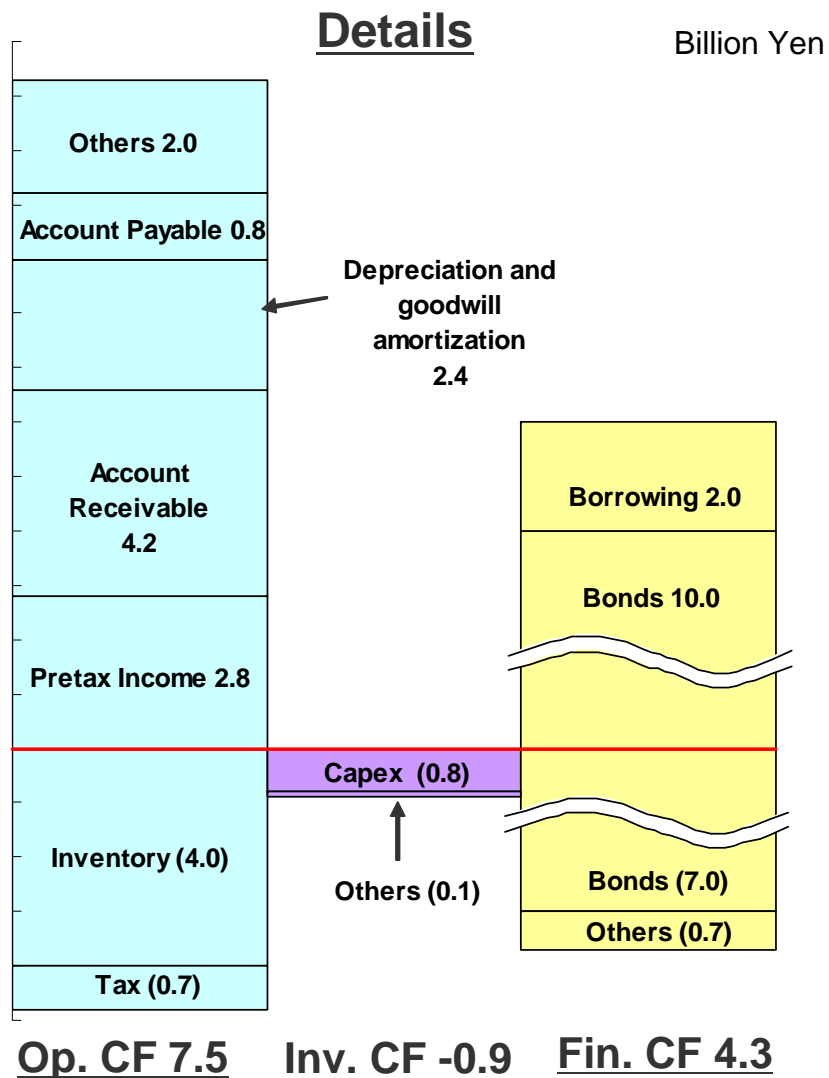
### Free Cash Flow

Op. CF + Inv. CF : 6.6 Bn. Yen

### Cash at the end of period

36.8 Bn. Yen

Note : Numbers are rounded off in each column



### 3. Outlook for full year of FY2010

We revised our forecast for FY2010 upward.

Unit: Billion Yen

		FY2009	FY2010 (Apr.2010 - Mar. 2011)			
		Actual	Previously announced forecast (2010.10.27)	Forecast	YoY	YoY(%)
<b>Net Sales</b>		<b>73.5</b>	<b>77.0</b>	<b>77.0</b>	<b>3.5</b>	<b>5%</b>
<b>Operating Income (loss)</b>		<b>4.6</b>	<b>5.6</b>	<b>6.5</b>	<b>1.9</b>	<b>42%</b>
<b>Ordinary Income (loss)</b>		<b>3.6</b>	<b>4.0</b>	<b>4.8</b>	<b>1.2</b>	<b>34%</b>
<b>Net Income (loss)</b>		<b>0.4</b>	<b>2.5</b>	<b>3.0</b>	<b>2.6</b>	<b>679%</b>
<b>Test &amp; Measurement</b>	<b>Sales</b>	<b>48.3</b>	<b>51.5</b>	<b>52.0</b>	<b>3.7</b>	<b>8%</b>
	<b>Op. Income</b>	<b>2.3</b>	<b>3.9</b>	<b>4.8</b>	<b>2.5</b>	<b>113%</b>
<b>Info. &amp; Comm.</b>	<b>Sales</b>	<b>5.3</b>	<b>5.5</b>	<b>5.0</b>	<b>(0.3)</b>	<b>-6%</b>
	<b>Op. Income</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>-</b>
<b>Industrial Automation</b>	<b>Sales</b>	<b>11.6</b>	<b>12.5</b>	<b>12.5</b>	<b>0.9</b>	<b>7%</b>
	<b>Op. Income</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.0</b>	<b>-2%</b>
<b>Others</b>	<b>Sales</b>	<b>8.3</b>	<b>7.5</b>	<b>7.5</b>	<b>(0.8)</b>	<b>-10%</b>
	<b>Op. Income</b>	<b>1.6</b>	<b>1.1</b>	<b>1.1</b>	<b>(0.5)</b>	<b>-30%</b>

Note 1 : Exchange rate for Q4(estimate) 1USD = 85 yen, 1EURO=110 yen

Note 2 : Numbers are rounded off in each column

### 3. Increase of dividend

In light of the upward revision to the earnings forecast for the fiscal year ending March 2011, we will increase the year-end dividend from 4yen per share to 5yen per share.

When taken with the interim dividend of 2yen per share, the total dividend for the year will be 7yen per share.

#### [ Dividend policy ]

Anritsu's basic policy is to implement distribution of surplus as a measure to return profits to shareholders, based on the level of consolidated net profit for the relevant fiscal year.

We determine the amount of dividend with the aim of achieving the principal index of consolidated dividends on equity ratio (DOE), together with complementary factors such as dividend payout ratio.



## 4. Market trend and actions -Mobile-

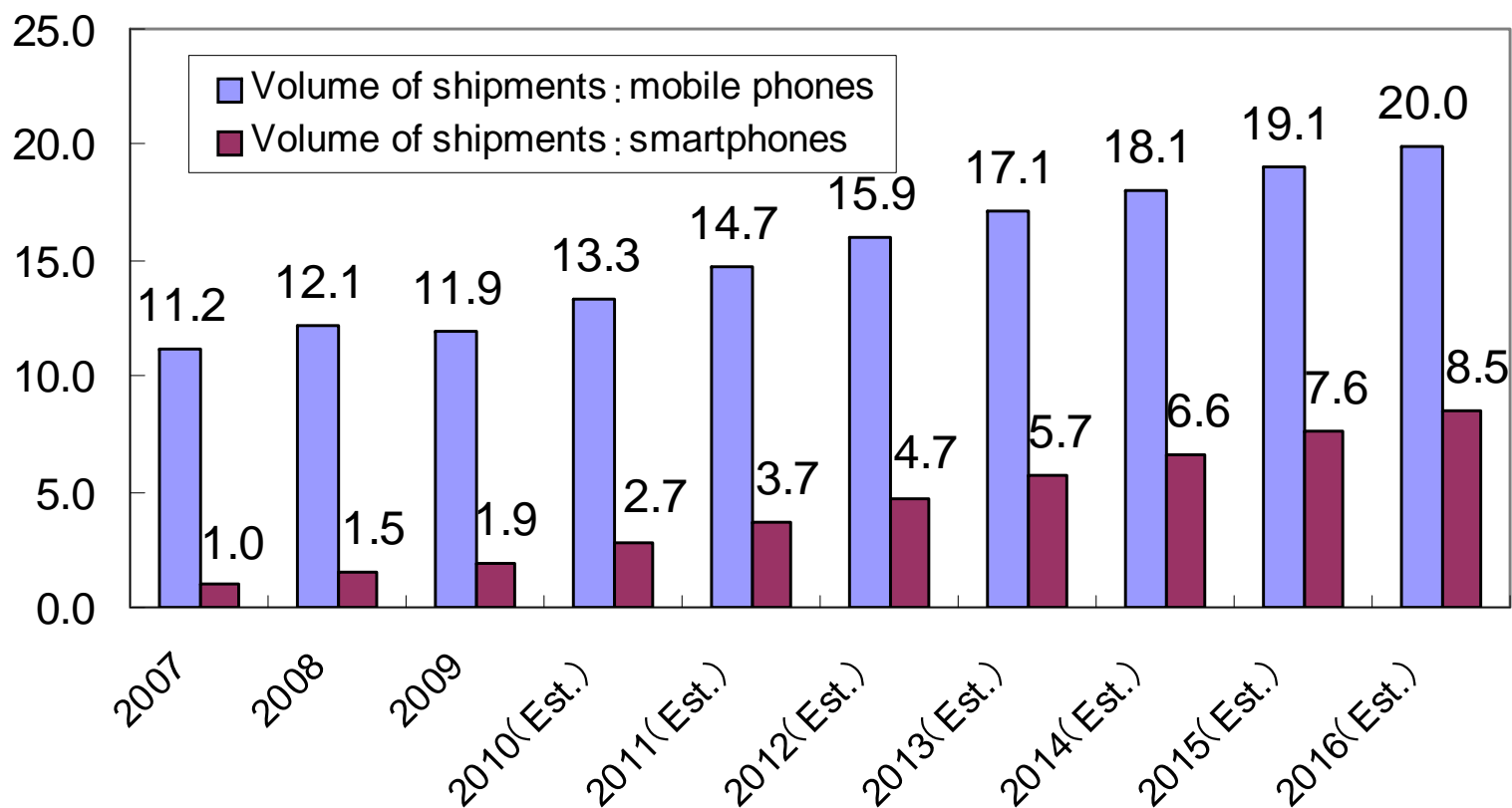
### (1) LTE Market Trend

- LTE service launched
  - Verizon: 38 cities on 5 December 2010
    - ⇒ 10 different LTE terminals are scheduled to be released in the first half of 2011
  - NTT docomo: 3 major cities on 24 December 2010
- Commercialization Schedule
  - AT&T in mid-2011
    - ⇒ 20 different terminals are scheduled to be released by the end of 2011
  - China Mobile in 2012
    - ⇒ TDD LTE trials will be conducted in full swing from 2011

## 4. Market trend and actions -Mobile-

### (2) The demand for T&M for production increases due to expansion of smartphone market

Unit : 100M



Source: Yano Research Institute Ltd.

## 4. Market trend and actions -Mobile market-

### (3) Actions

- **R&D** : Continue developments for LTE FDD and TDD system  
Shift investments from core development to conformance tests
- ⇒ Ongoing supply of T&M for R&D for both systems
- **Conformance Test**: Increase in demands of conformance tests for commercialization.
- ⇒ Expansion of test cases for demands in conformance tests  
Continue to acquire validations from global external certification bodies.
- **Terminal Mass Production** : Increase in test demands for various terminal manufacturing.
- ⇒ Expand functions of test for manufacturing for all sorts of systems.  
Ability to work with several transmission standards such as GSM, W-CDMA, CDMA2000, TD-SCDMA, HSPA+, LTE FDD, LTE TDD in one test system.
- **Base station installation and maintenance** : Creation of telecommunication infrastructure by operators
- ⇒ Expanding and providing of Hand-held measuring instruments
- Strengthen support for global operators and vendors.

**Anritsu**

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