

# Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2013

August 1st, 2012

**Hirokazu Hashimoto**  
**President and Group CEO**  
**Anritsu Corporation**



---

# 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.

---



---

# Agenda

---

## **I . Consolidated performance review of Q1 ended June 30th, 2012**

**I -1. Outline of our business segments**

**I -2. Consolidated performance**

**I -3. Outlook of full year of the fiscal year ending March, 2013**

## **II . IFRS and strengthening management capabilities**

**II -1. Introduction of IFRS**

**II -2. Advanced redemption of Euro-Yen convertible bonds**

**II -3. Mid-long term goal for sound financial structure**

## **Appendix**

---

# I -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 electronics components and emerging wireless technologies
Industrial automation		Weigher and detectors of foreign material for food and pharmaceutical industry Precision measurement business
Others		Information and communications, devices, logistics, welfare services, real estate leasing and other businesses

Note : Others segment includes Information & Communication segment in FY2012.

FY2011 Net Sales		T&M 75%		Industrial	Others
Mobile 45%		Network Infrastructure 30%	Electronics 25%	15%	10%

## I -2. Consolidated performance - Segments -

**Mobile broadband service has been becoming a growth driver for Anritsu T&M business, which continues to perform well**

Segment		1Q (Apr. to Jun. 2012)
	Test & Measurement (T&M)	<ul style="list-style-type: none"><li>-The demand for mobile related business continued. (R&amp;D testers and production testers for smart phones)</li><li>-Sales of general purpose testers in the industrial electronics market is slowing down.</li></ul>
	Industrial Automation	The segment remained firm in Japan and other regions.
	Others	The segment remained firm in general.

## I -2. Consolidated performance -Financial results-

### Significant increase of revenue and profits

Unit: Billion Yen

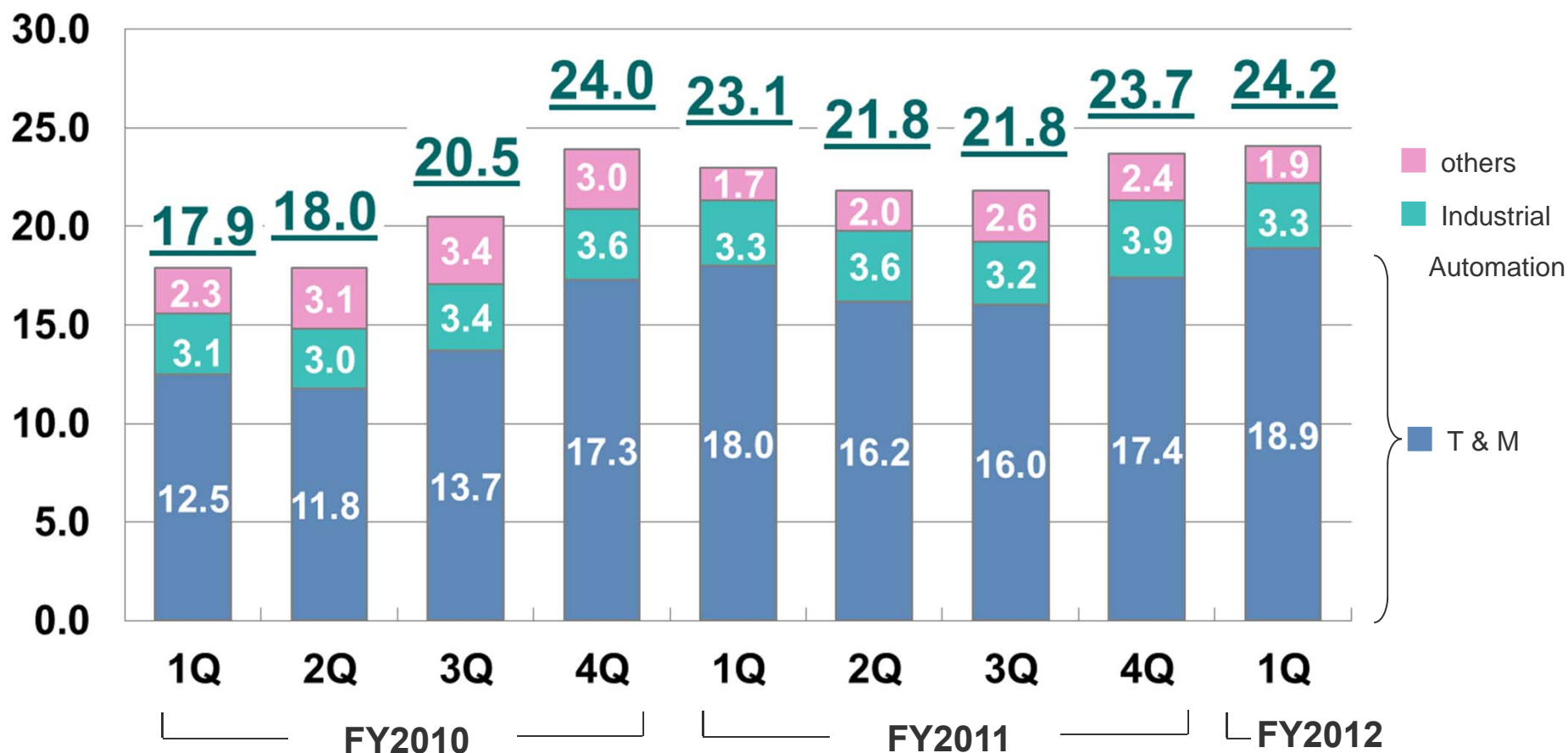
	1Q FY2011 (Apr. to Jun.)	1Q FY2012 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	23.1	24.2	1.1	5%
Revenue	19.6	21.6	2.0	10%
Operating profit (loss)	2.8	4.0	1.2	43%
Profit (loss) before tax	2.5	3.6	1.1	44%
Profit (loss)	1.7	2.5	0.8	47%
Comperhensive Income	1.5	1.7	0.2	16%
Free Cash Flow	3.2	4.1	0.9	28%

Note : Numbers are rounded off in each column

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

**T&M: steady orders in Japan and Asia**

Bn. Yen



Note : Numbers are rounded off in each column

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

Driven by mobile related business in T&M

Unit: Billion Yen

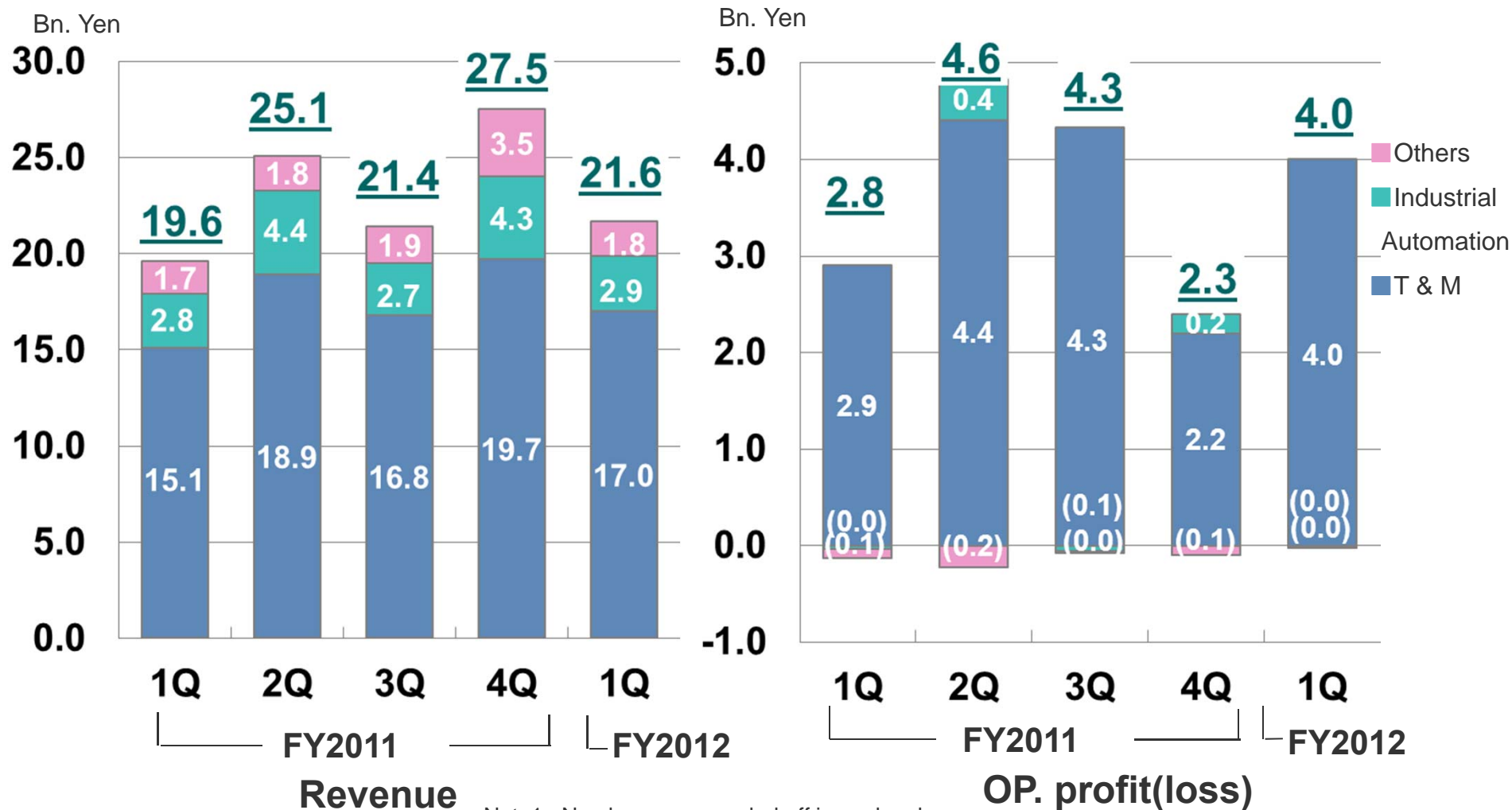
		1Q FY2011 (Apr. to Jun.)	1Q FY2012 (Apr. to Jun.)	YoY	YoY (%)
Test & Measurement	Revenue	15.1	17.0	1.9	12%
	Op. profit (loss)	2.9	4.0	1.1	39%
Industrial Automation	Revenue	2.8	2.9	0.1	1%
	Op. profit (loss)	(0.0)	(0.0)	0.0	-
Others	Revenue	1.7	1.8	0.1	6%
	Op. profit (loss)	(0.1)	(0.0)	0.1	-
Total	Revenue	19.6	21.6	2.0	10%
	Op. profit (loss)	2.8	4.0	1.2	43%

Note : Numbers are rounded off in each column



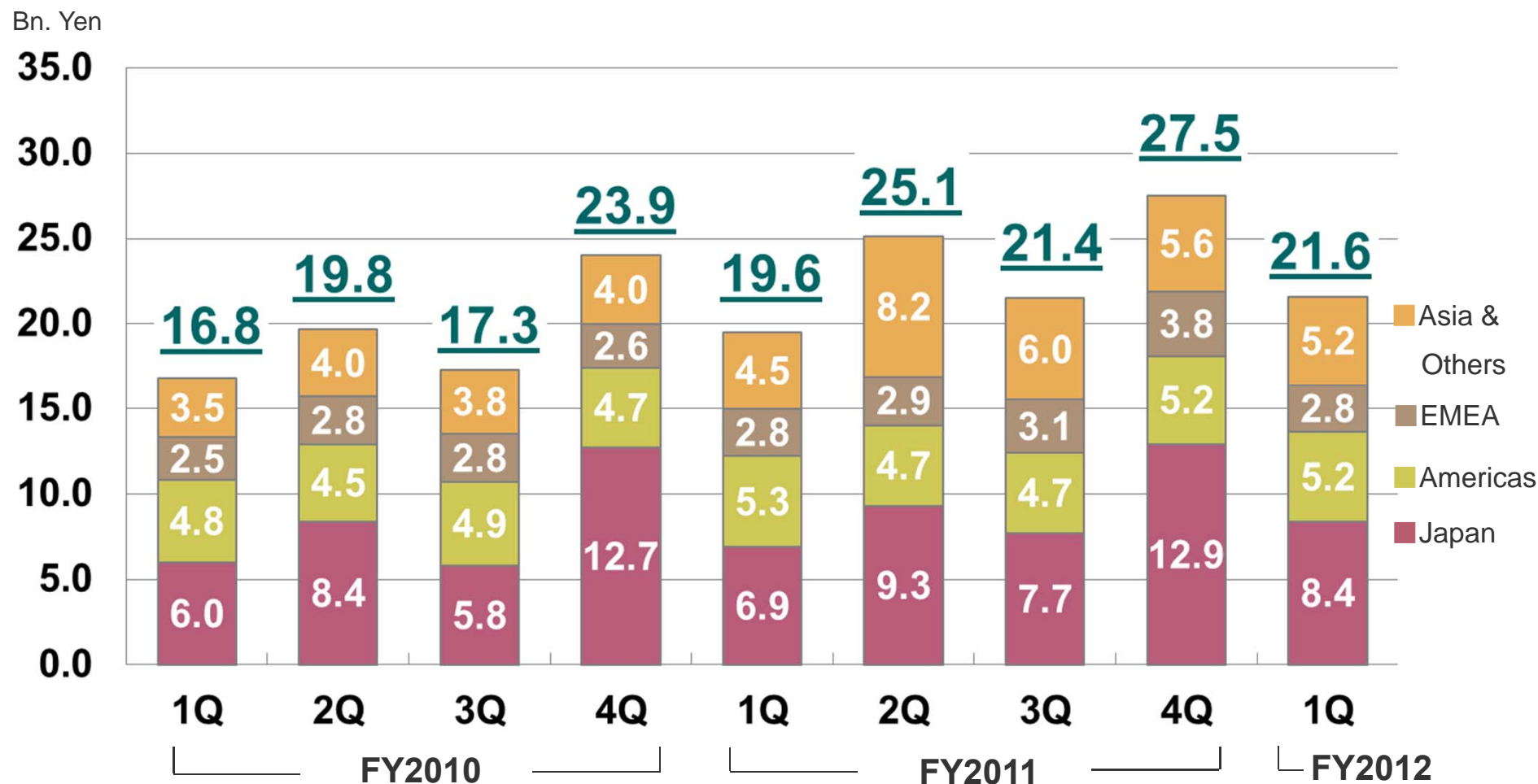
## I -2. Consolidated performance –Revenue and Op. profit by quarters-

Consolidated Op. profit ratio: 18.5%, T&M Op. profit ratio: 23.6%



## I -2. Consolidated performance -Revenue by region-

### YoY revenue increase in Japan and Asia



Note1 : Numbers are rounded off in each column

Note2 : FY2011 2Q-4Q:IFRS unaudited (Reference only)

## I -2. Consolidated performance -Cash Flow-

**We are creating stable cash flow.**

### Cash Flow (CF)

Operating CF : 5.0 Bn. Yen  
Investing CF : (0.9) Bn. Yen  
Financial CF : (1.5) Bn. Yen

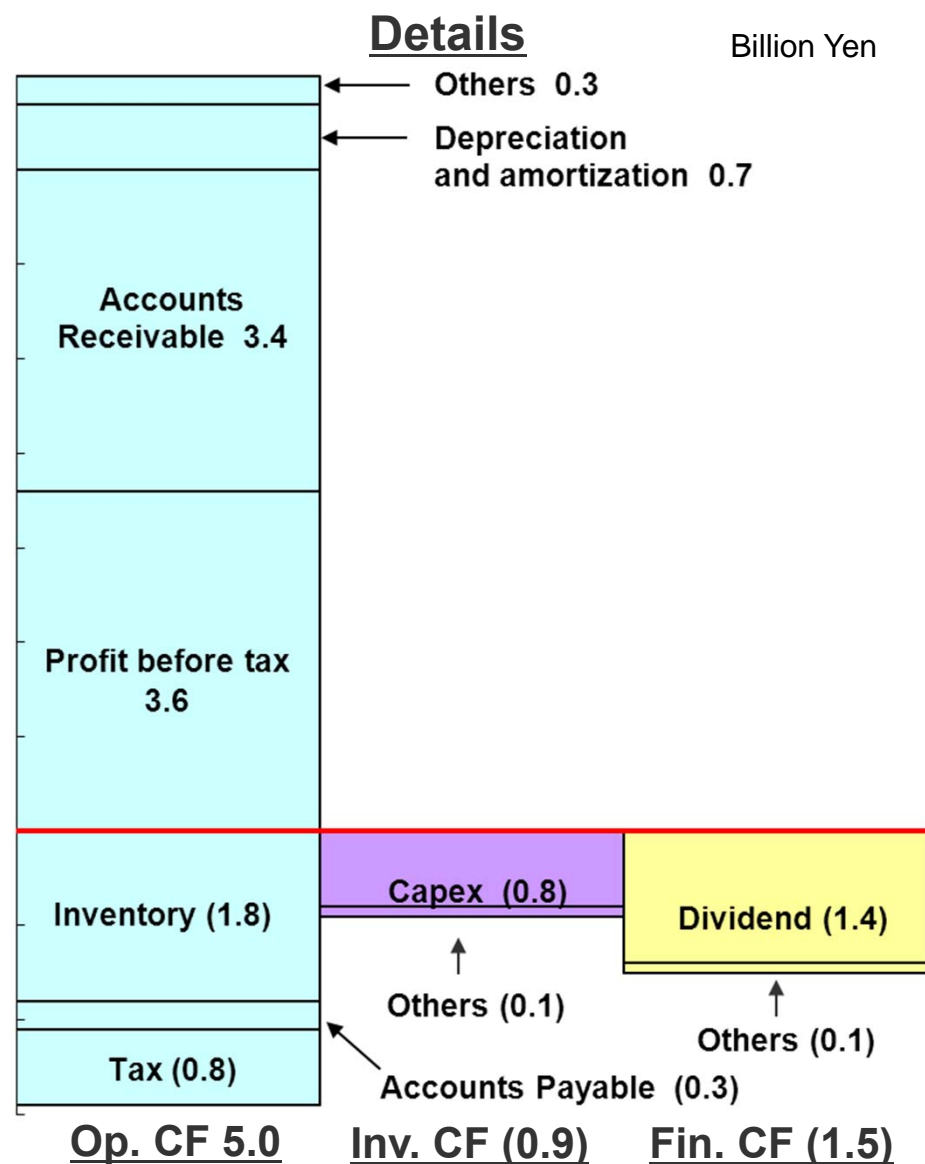
### Free Cash Flow

Op. CF + Inv. CF : 4.1Bn. Yen

### Cash at the end of period

41.6 Bn. Yen

Note : Numbers are rounded off in each column



# I -3. Outlook for full year of FY2012 (IFRS based)

Unit: Billion Yen

		FY2011	FY2012	
		Actual (IFRS: Audit)	Forecast (IFRS)	YoY YoY(%)
Revenue		93.6	94.5	0.9 1%
Operating profit (loss)		14.0	15.5	1.5 11%
Profit (loss) before tax		13.1	14.5	1.4 11%
Profit (loss)		8.0	10.0	2.0 25%
Test & Measurement	Revenue	70.6	70.0	(0.6) -1%
	Op. profit (loss)	13.8	14.0	0.2 1%
Industrial Automation	Revenue	14.2	15.0	0.8 6%
	Op. profit (loss)	0.6	1.0	0.4 75%
Others*	Revenue	8.9	9.5	0.6 7%
	Op. profit (loss)	(0.4)	0.5	0.9 -

Note 1 : Exchange rate for FY2012(estimate) 1USD = 80 yen, 1EURO=100yen

Note 2 : Numbers are rounded off in each column

Note 3 : Others segment includes Information & Communication segment in FY2012.

---

## Ⅱ . International Financial Reporting Standard (IFRS) and Strengthening management capabilities

### Ⅱ -1.Introduction of IFRS

### Ⅱ -2. Advanced redemption of Euro-Yen convertible bonds

### Ⅱ -3. Mid-long term goal for sound financial structure



## II -1. Introduction of IFRS

Increasing transparency and challenging the targets to improve a new financial structure

**Applying the IFRS since April 1, 2012**

- Disclosure based on a global standard
- Adapt to global markets, customers and competitors
- Recognize risk in advance

**Decrease in equity**

- Decrease in equity by 8.5 B yen
  - Retirement benefit accounting: - 9.3 B yen
  - R&D capitalization etc.
- Decline in the capital adequacy ratio (48.5%→42.1%)  
(Effect as of March 31, 2012)

**Strengthening the financial structure**

- ROE 20% or more
- Further improvement of the capital adequacy ratio
- Back to an A rating

## II -2. Advanced redemption of Euro-Yen convertible bonds

Exercise the “right of advanced redemption”  
for a 3.1 billion yen outstanding bond

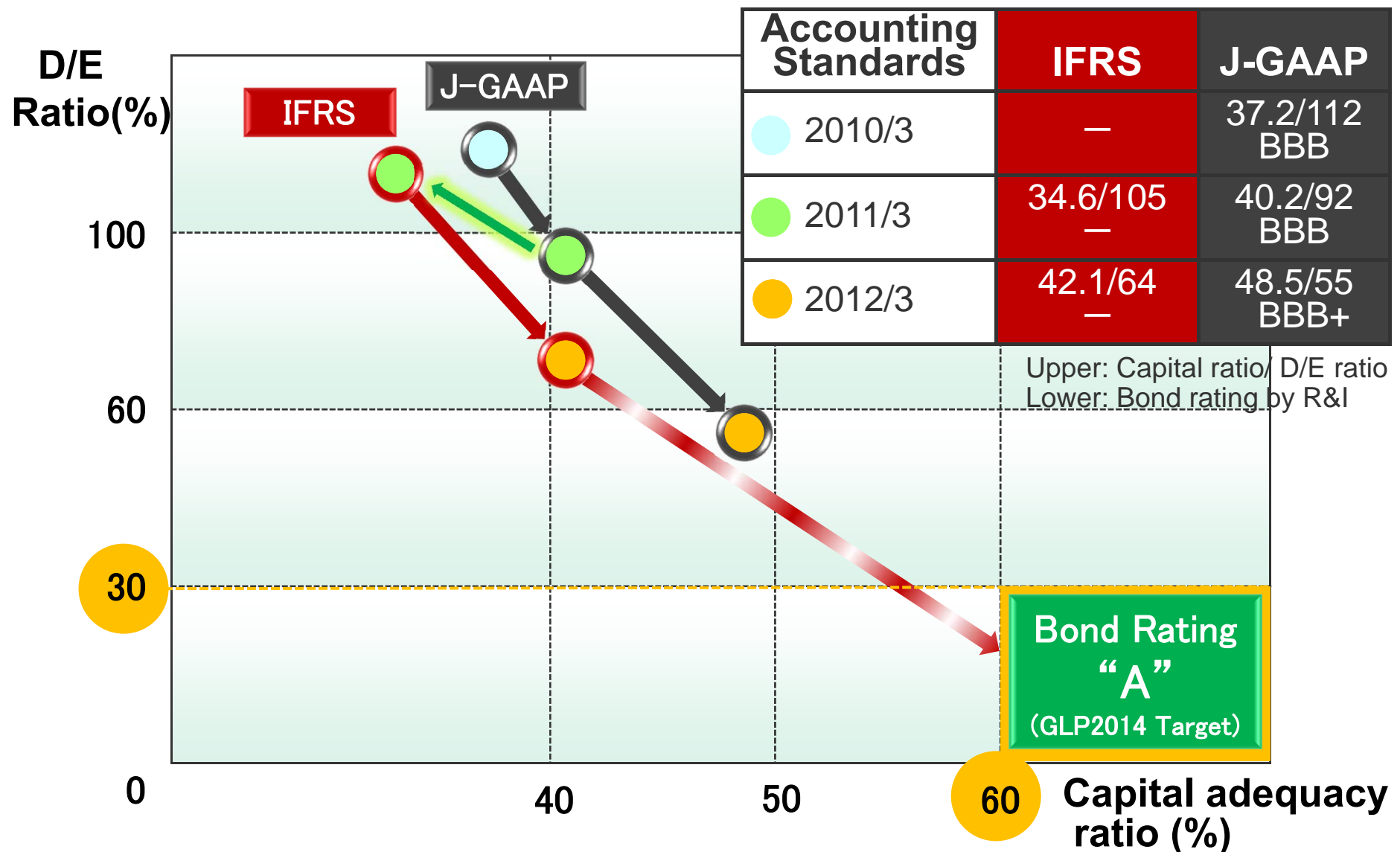
Date	Conversion Price	Converted amount	Number of shares
March 2011			128,042,848 shares
March 2012	629.0yen	6.1 B yen	+9,697,933 shares
June 2012	627.4yen	0.74 B yen	+1,179,470 shares
Sept. 2012 (Estimate)	627.4yen	3.16 B yen	+5,036,659 shares
Total* (Estimate)		10.0 B yen	144,004,897 shares

(Note): Total number of shares includes the increase from exercising the other stock acquisition right.

Exercising the call option right :

As the conversion value rose to more than 130% over 20 consecutive days of trading (June 18 – July 13), Anritsu exercised the right of advanced redemption at 100% of the outstanding bond's nominal value.

## Ⅱ -3. Mid-long term goal for improving the financial structure





# 2020 VISION



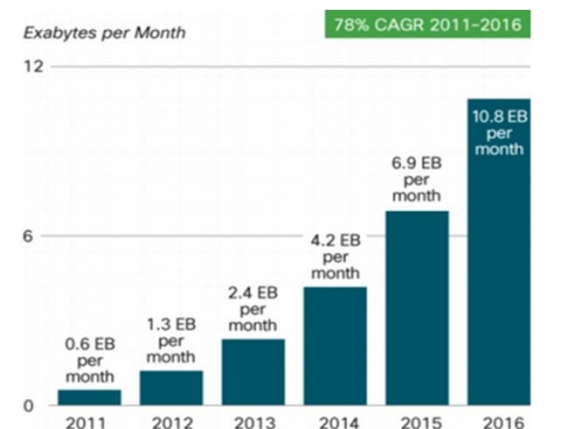
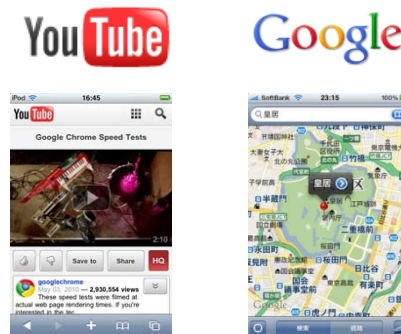
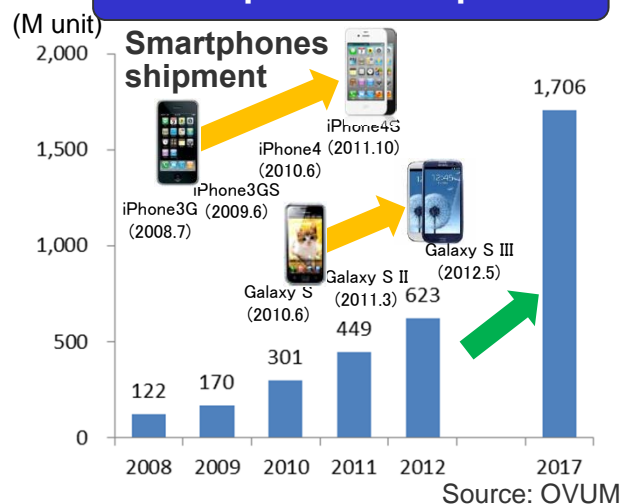


# Appendix (1) - Market trend of mobile and 5 keywords -

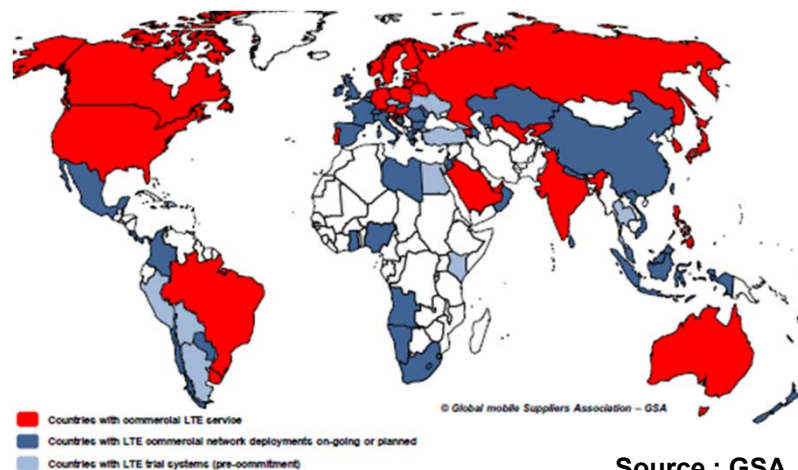
**Widespread smartphone**

**Powerful applications**

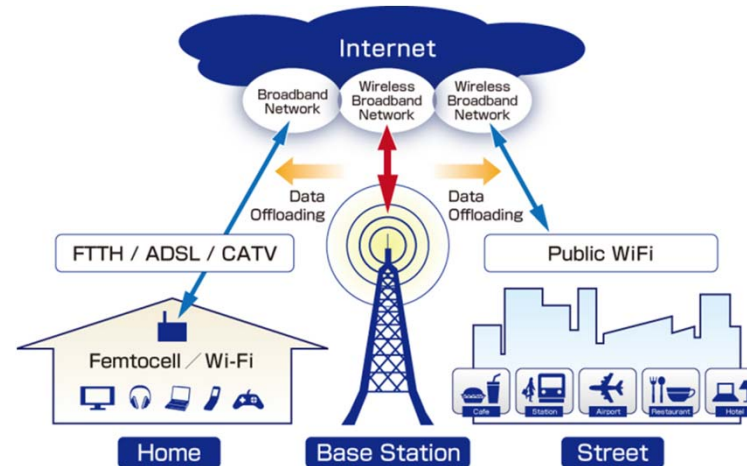
**= Rapid increase of data traffic**








**Expansion of LTE service**



**Data off-loading**



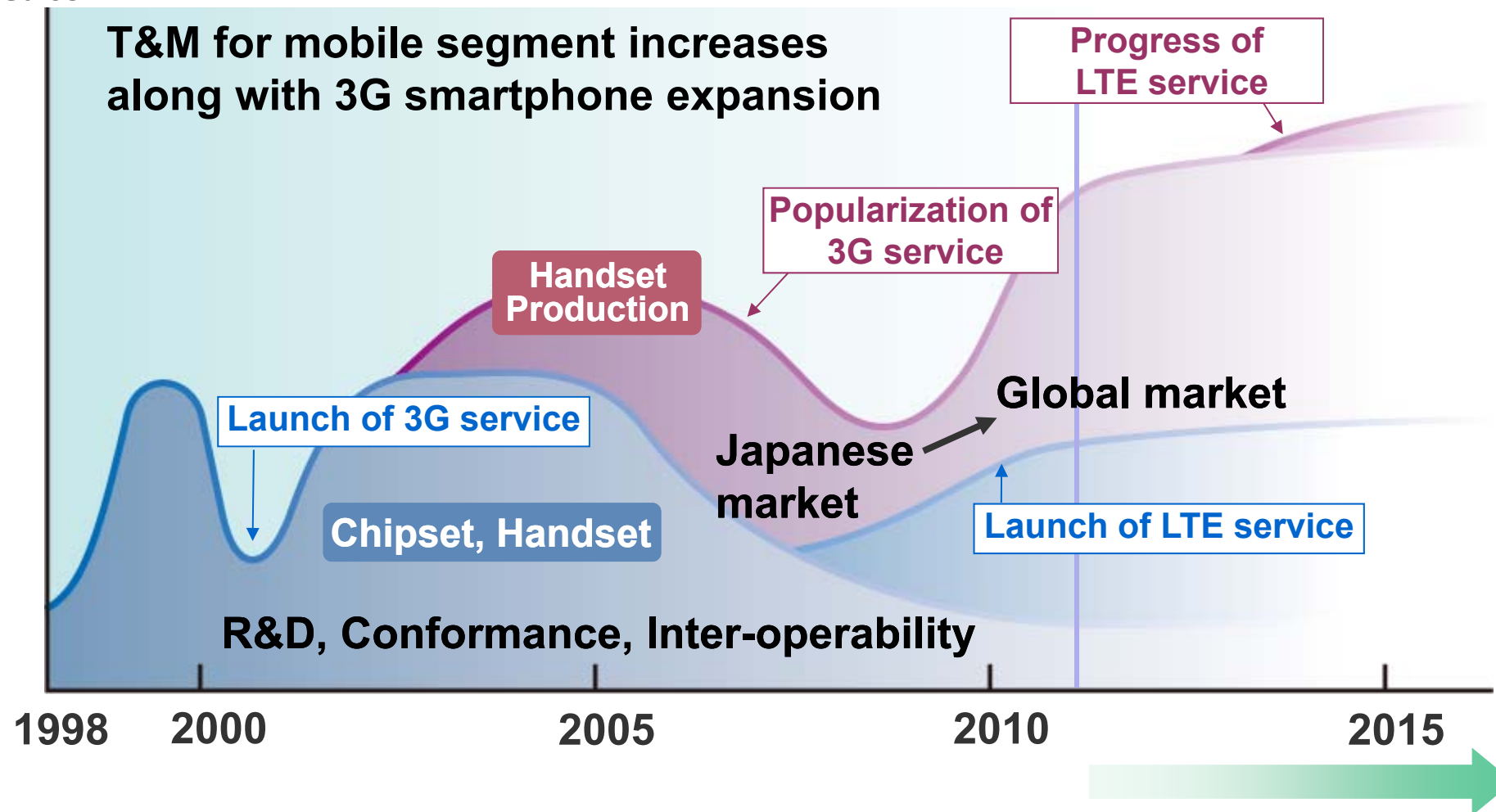
## Appendix (2) - Feature of mobile T&M business : R&D / production -

	for R&D				for Handset production	
	Protocol Develop. and standards Develop. for Chipset and Handset			Commercial Develop.		
Categories	Core R&D	Conformance test Inter operability test	Operator acceptance test	Performance test for application development -Throughput performance -Battery consumption etc.	Specialized one box testers	Standard testers with dedicated software
Current Telecom. Protocol	<b>LTE</b> (FDD-LTE, TDD-LTE)			<b>3G/LTE</b>	<b>2G/3G/3.5G</b> (GSM/EDGE, CDMA, W-CDMA, HSPA, TD-SCDMA)	
Customer	Chipset and handset vendors	Chipset and handset vendors, test house and telecom. operators	Test house and telecom. operators	Handset vendors and application developers	Handset vendors and EMS (electronics manufacturing services)	
Business area	US, EU, Japan, Korea and China				Asia	
Products						—

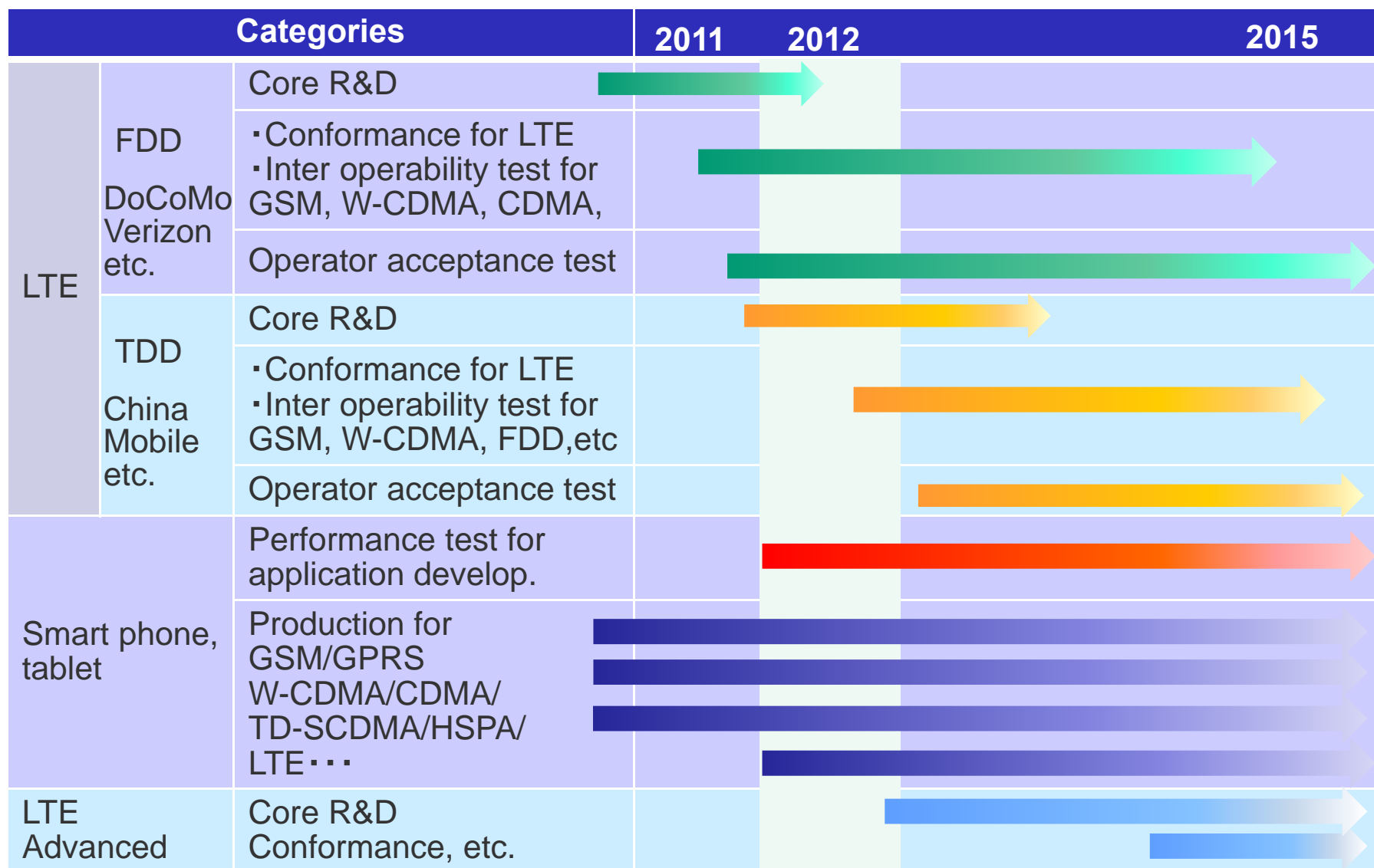
## Appendix (3) - Revenue trend of mobile T&M business -

Mobile T&M market (Anritsu Est.):100-110B Yen (Production:70-80B Yen, R&D:20-30B Yen)

Sales



## Appendix (4) – testing categories for mobile T&M business -





## Appendix (5) - 3-years business plan GLP2014 -

IFRS

GLP2014

Indicators		FY2011	FY2012	FY2014
Revenue		93.6 B Yen	94.5 B Yen	110.0 B Yen
Op. profit		14.0 B Yen	15.5 B Yen	19.0 B Yen
Profit		8.0 B Yen	10.0 B Yen	13.0 B Yen
ROE		19.5 %	20 %	20 %
ACE		5.2 B Yen	7.0 B Yen	9.0 B Yen
T&M	Revenue	70.6 B Yen	70.0 B Yen	80.0 B Yen
	Op. profit	13.8 B Yen	14.0 B Yen	16.0 B Yen
Indust Auto.	Revenue	14.2 B Yen	15.0 B Yen	18.0 B Yen
	Op. profit	0.6 B Yen	1.0 B Yen	1.5 B Yen

(Note) ACE (Anritsu Capital-cost Evaluation) : Operating profit after tax - Capital Cost

The Anritsu logo features the word "Anritsu" in a bold, dark grey sans-serif font. The letter 'A' is stylized with a diagonal stroke. A solid green horizontal line is positioned directly beneath the text.

**Anritsu**

Discover What's Possible™