

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



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Financial Results FY2012Q1
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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)	-The demand for mobile related business continued. (R&D testers and production testers for smart phones) -Sales of general purpose testers in the industrial electronics market is slowing down.
Industrial Automation	The segment remained firm in Japan and other regions.
Others	The segment remained firm in general.

Q1 results overall showed the same trends and features continuing from the previous fiscal year. Namely, the Mobile T&M business, which posted remarkable growth in FY2011, also performed well in this Q1. In comparison, the industrial electronics market (excluding the Japanese market) reflected the stagnant macro economy with a halt in capital investment and other factors

Market conditions in the Mobile T&M market are as follows.

(1) The mobile terminal manufacturing market, with its bustling competition in the development and sales of new smartphone models, saw positive capital investment that exceeded year-on-year levels. Notably, Japanese mobile handset vendors are renewing production equipment as they regain lost ground in the launch of new smartphone models.

(2) Demand from chipset vendors and operators expanded for R&D measurement systems for LTE, the 4th generation new ultrahigh-speed mobile communications protocol.

The Industrial Automation business performed in line with the previous fiscal year in both domestic and overseas markets.

Movements of Information & Communications business in other businesses also matched those of the previous fiscal year.

I -2. Consolidated performance -Financial results-

Significant increase of revenue and profits

Unit: Billion Yen

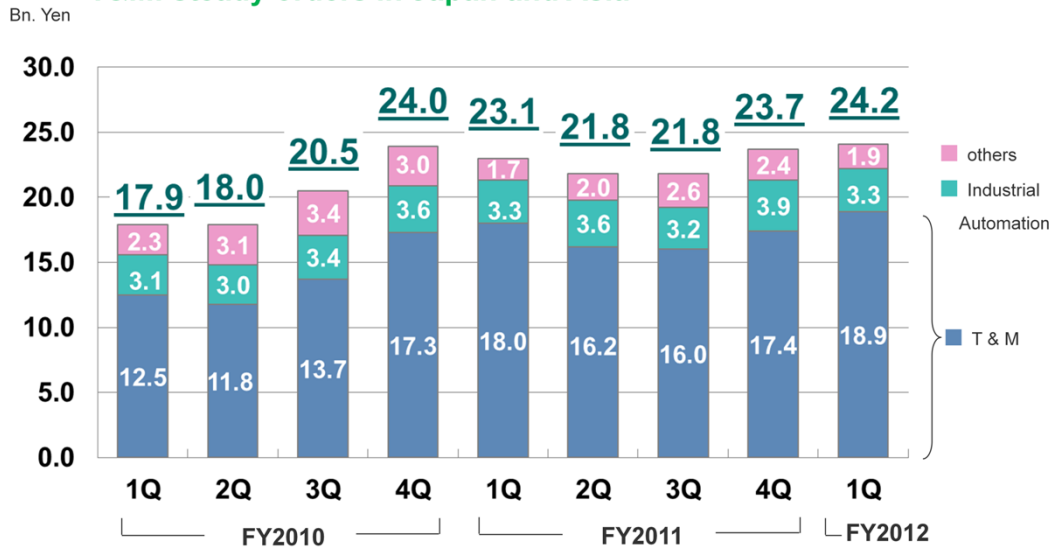
	1Q FY2011 (Apr. to Jun.)	1Q FY2012 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	23.1	24.2	1.1	5%
Revenue	19.6	21.6	2.0	10%
Operating profit (loss)	2.8	4.0	1.2	43%
Profit (loss) before tax	2.5	3.6	1.1	44%
Profit (loss)	1.7	2.5	0.8	47%
Comperhensive Income	1.5	1.7	0.2	16%
Free Cash Flow	3.2	4.1	0.9	28%

Note : Numbers are rounded off in each column

Thanks to T&M business outstanding increase in both revenue and profits, whole Anritsu group operating profit 4.0 billion yen, profit before tax 3.6 billion yen, and profit 2.5 billion yen, showed a significant improvement in comparison to the corresponding period of the previous year.

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

T&M: steady orders in Japan and Asia



T&M business orders for the quarter surpassed those of the same quarter the previous year for the seventh consecutive quarter, beginning with the Q3 of FY2010. In particular, the T&M business recorded its highest level of quarterly business orders since the global financial crisis—the Lehman shock—, at 18.9 billion yen (5% year-on-year increase).

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%

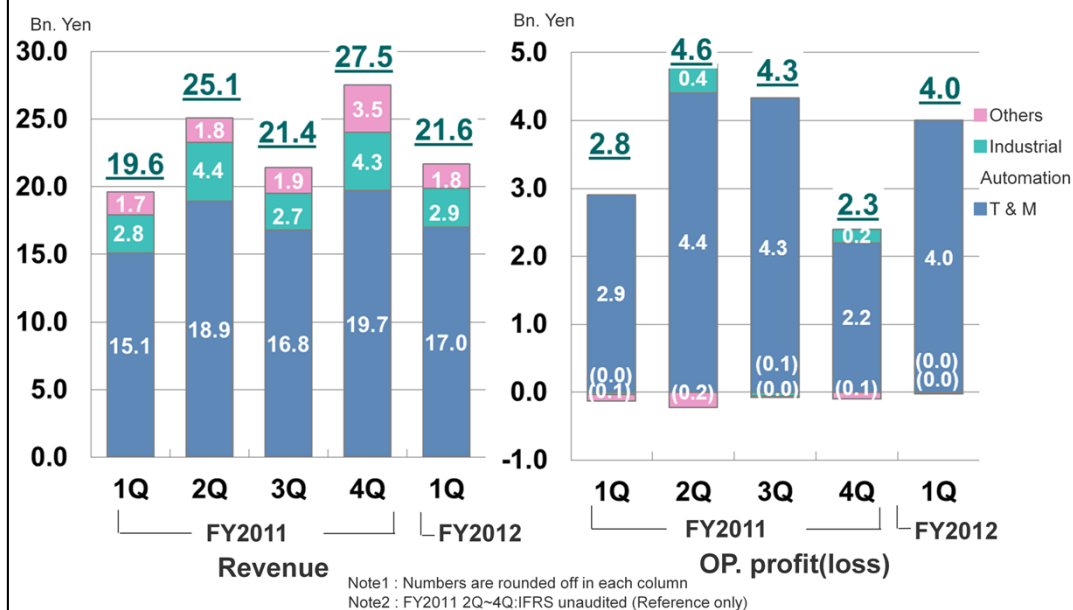
Note : Numbers are rounded off in each column

As mentioned before, T&M business achieved 17 billion yen in revenue, up by 12% in comparison to the corresponding period of the previous year, 4 billion yen in operating profit and 23.6% of operating profit ratio.

Industrial Automation business was about the same level in both revenue and operating profit as in the corresponding period of previous year.

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

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



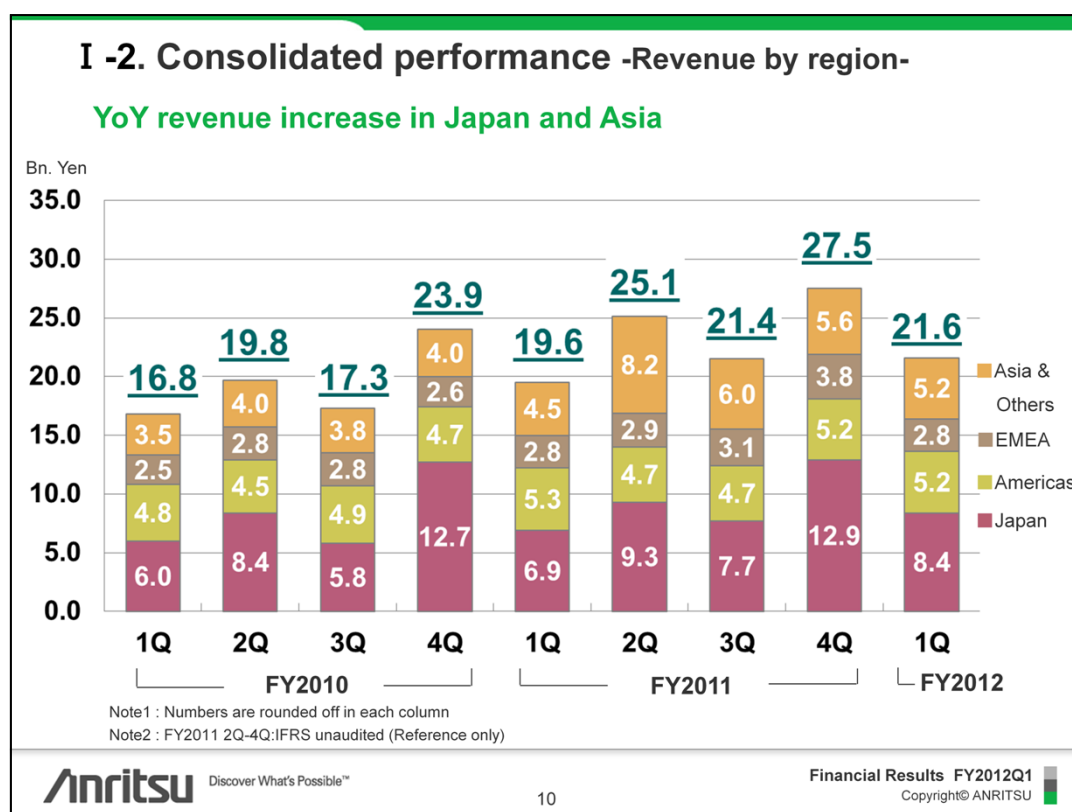
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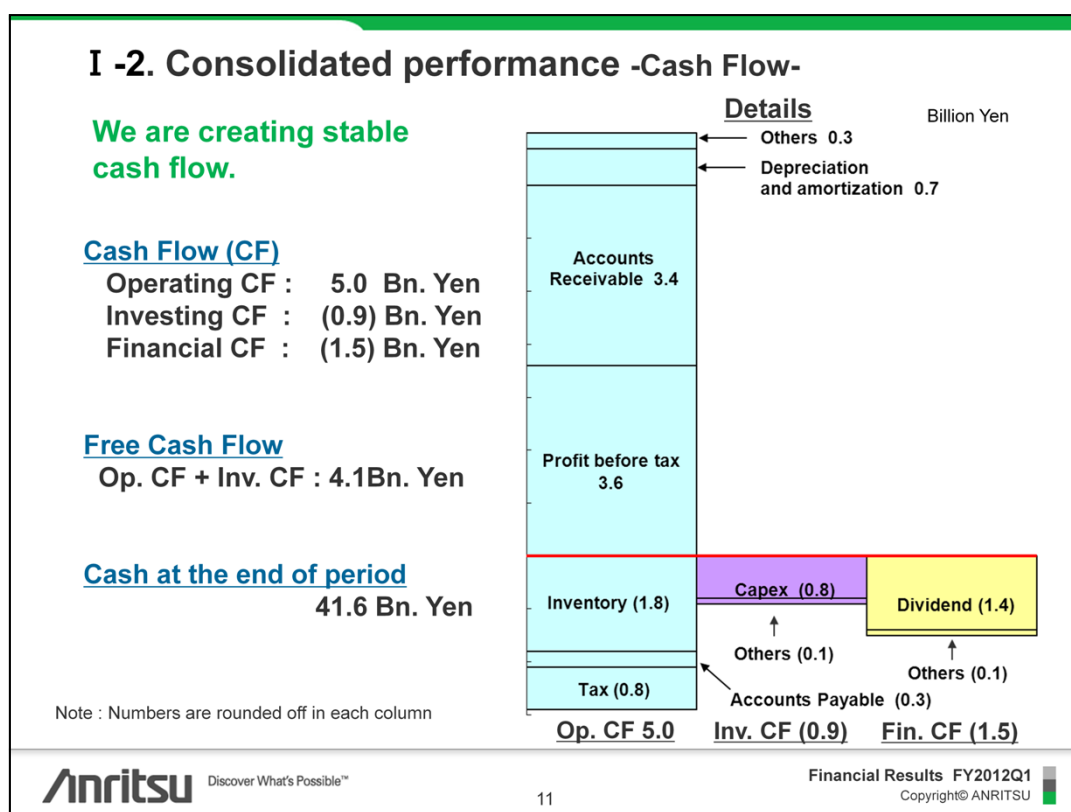
Consolidated operating profit ratio of current Q1 has become 18.5%, and that of T&M business become 23.6% .

The quarterly figures for Q2, Q3 and Q4 in FY2011 have been listed with reference to the pre-audit values of the International Financial Reporting Standard (IFRS).



Business in Japanese and Asian markets has been improved in comparison to the corresponding period of the previous year.

1. In Americas, investment is expanding in LTE-related markets, and also investment growth has been upward in the installation and maintenance market of wireless base stations.
2. EMEA has maintained its year-on-year performance levels, despite the continuing harsh economic climate that has seen leading mobile terminal and chipset vendors cutback on staff and close down development bases and manufacturing sites.
3. The Asian market performed positively compared to the same period of the previous year, led by the mobile terminal manufacturing market.
4. The Japanese market continued to grow steadily, thanks to active investment by operators in wireless network maintenance and development and the launch of new smartphone models by mobile terminal vendors.



Operating cash flow was positive with 5.0 billion yen in capital acquired and an operating cash flow margin ratio was 23.1% (18.2% in the same period of the previous year)

This was mainly attributed to the collection of receivables at the previous fiscal year end, which was a notable feature of Q1, and also growth in quarterly profits. The 0.8 billion yen slated for capital investment will mainly focus on bolstering the T&M business and redevelopment of the Atsugi site, a main business site in Japan.

As a result, the free cash flow amounted to 4.1 billion yen.

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.

The outlook for FY2012 full year results is the same as the forecast figures announced in April. The performance figures for FY2011 are the post-audit International Financial Reporting Standards (IFRS) values.

Orders for the T&M business in Q1 grew by 5% year on year, with Q2 results expected to be in line with the figures for the same period of the previous year. Meanwhile, outstanding orders at the end of June fell by 4.1 billion yen year on year to reach 16.6 billion yen. As a result, FY2012 H1 revenue and profit results are forecast to be almost on par with the FY2011 H1 figures.

Regarding the economic climate in the first half of FY2012, as the European financial crisis continues indefinitely, it has been exacerbate financial uncertainty and lead to the forecast economic performance of each country to be below that of the previous year. These and other factors have increased the unclear outlook for capital investment. Despite the outlook for such a severe business environment, Anritsu is fully committed to achieving its initial performance forecast from the start of the year.

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

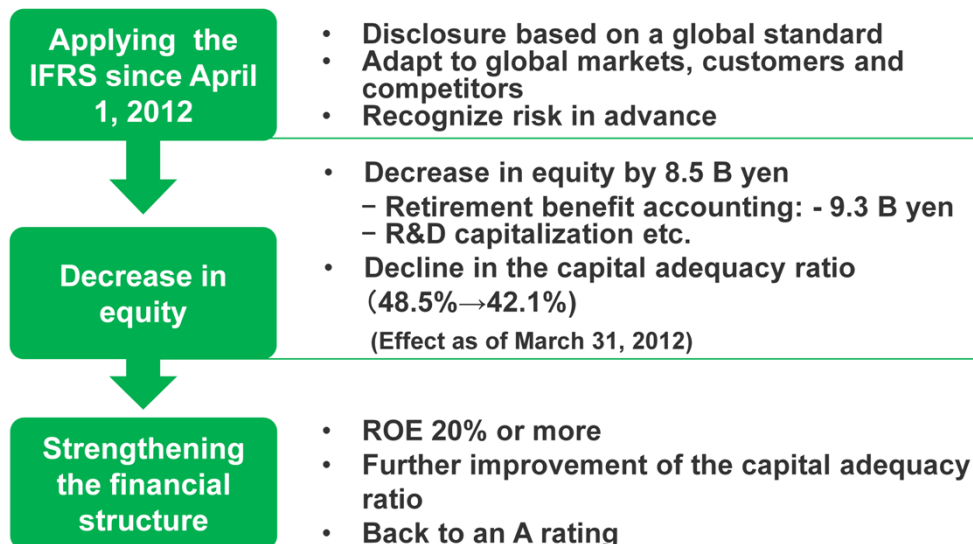
Ⅱ -1.Introduction of IFRS

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



The Anritsu Group has applied the International Financial Reporting Standard (IFRS) as its consolidated financial accounting standard since April 1, 2012.

The main reason for the early voluntary application of International Financial Reporting Standard (IFRS) is that the major factors affecting our business, including markets, customers and competitors, are all on a global level. So in such a business environment it's necessary to build a management system based on global standards for financial reporting.

The main items which will affect consolidated accounting as a result of applying the IFRS are:

- (1) Unrecognized liabilities in retirement benefit accounting actuarial calculations are collectively recognized
- (2) Some R&D expenses are no longer handled as expenses, but posted as deferred assets
- (3) Foreign currency translation adjustments are included in retained earnings, resulting in a decrease in equity, etc.

Especially due to the actualization of retirement benefit obligations, net assets posted a large-scale decline and the capital adequacy ratio as of the end of March 2012 has fallen from 48.5% to 42.1%. Meanwhile, the acknowledgement of unrecognized liabilities has allowed for greater transparency in information disclosure. In light of this, Anritsu will step up efforts to make its financial structure sounder.

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

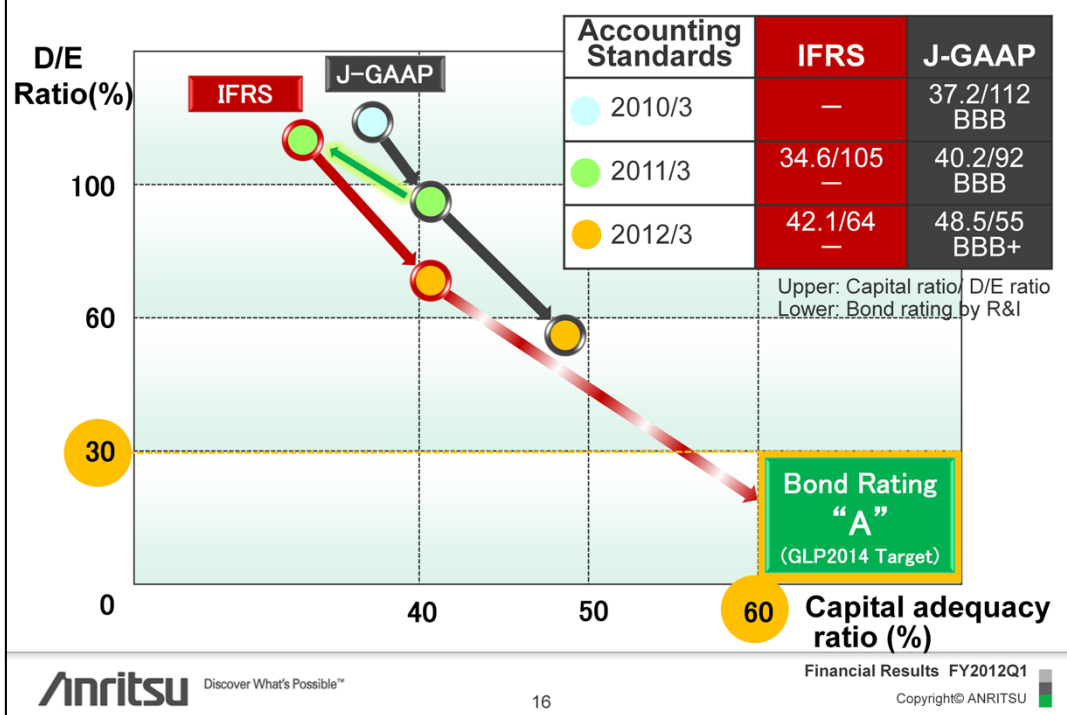
(Note): Total number of shares includes the increase from exercising the other stock acquisition right.

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.

Anritsu will exercise the “call option (call redemption) right” to facilitate the conversion of Euro-Yen convertible bonds CB issued in September 2010 to 10 billion yen worth of shares. As of June 30, 2012 the conversion rate was 68.4% and balance was 3.16 billion yen. The conversion of this balance into shares and meeting the full-year forecast is expected to raise the capital adequacy ratio and improve financial health.

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



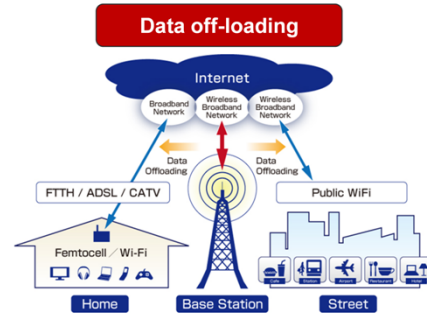
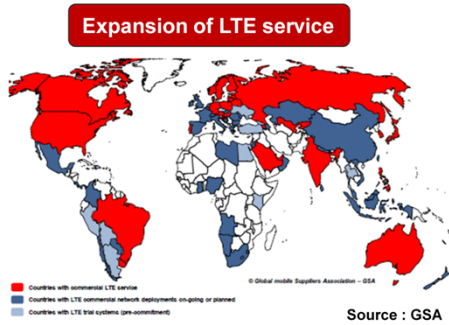
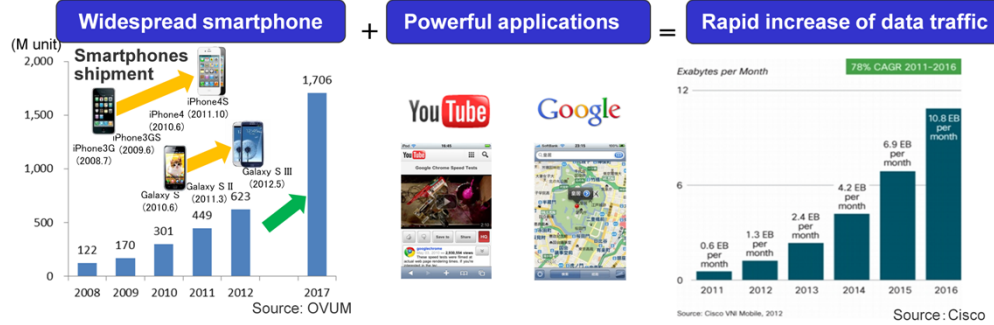
Anritsu has taken up the capital adequacy ratio and D/E ratio as key indicators of financial health, and has reported them in comparison with movements in the Japan GAAP and IFRS base indicators. The effect of changes in accounting standards has already been incorporated into the BBB+ grade rank, which was raised this May by the rating agency R&I. Under the International Financial Reporting Standard (IFRS), Anritsu will set a sound financial structure as a mid-long term goal and work on achieving a capital adequacy ratio of at least 60% and D/E ratio of 30% or less.

2020 VISION








We hope for the continued patronage and support of all shareholders and investors.

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

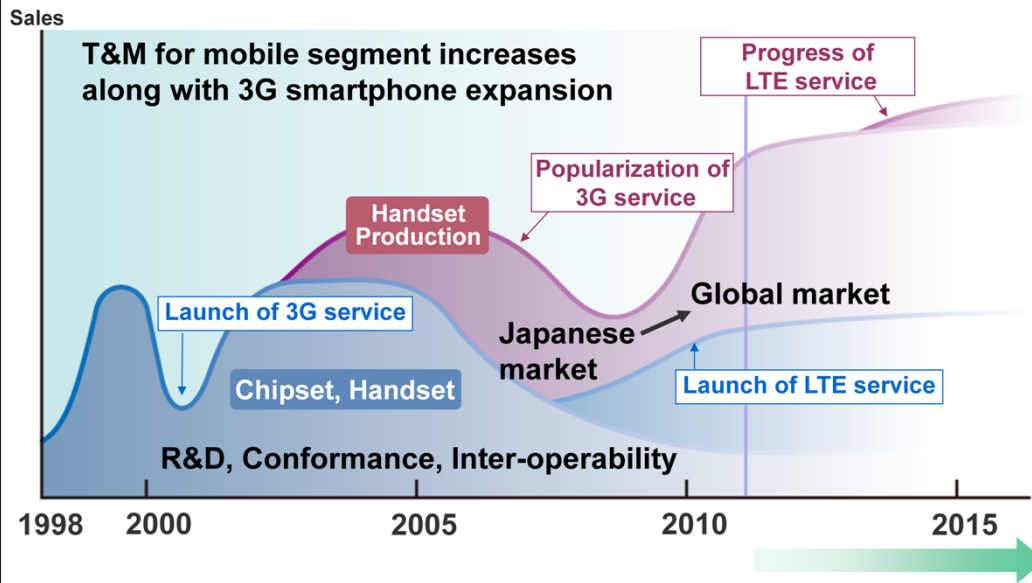


Appendix (2) - Feature of mobile T&M business : R&D / production -

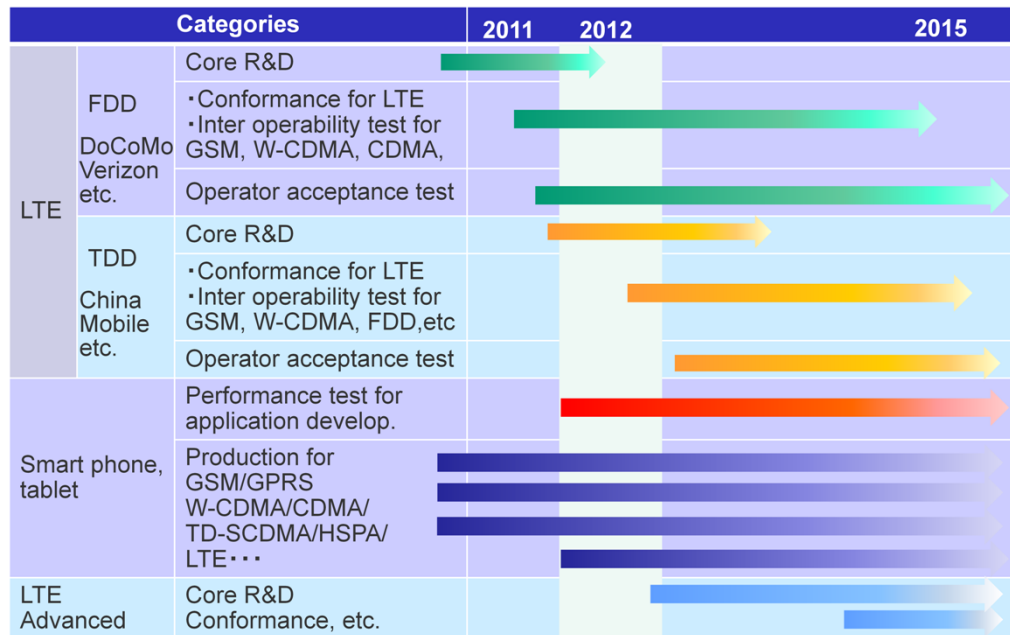
	for R&D				for Handset production	
	Protocol Develop. and standards Develop. for Chipset and Handset			Commercial Develop.		
Categories	Core R&D	Conformance test Inter operability test	Operator acceptance test	Performance test for application development -Throughput performance -Battery consumption etc.	Specialized one box testers	Standard testers with dedicated software
Current Telecom. Protocol	LTE (FDD-LTE, TDD-LTE)			3G/LTE	2G/3G/3.5G (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)



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

