

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2013

November 1st, 2012

Hirokazu Hashimoto
President and Group CEO
Anritsu Corporation



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Financial Results FY2012 2Q
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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 2Q ended Sep. 30th, 2012

I -1. Outline of our business segments

I -2. Consolidated performance

I -3. Financial structure

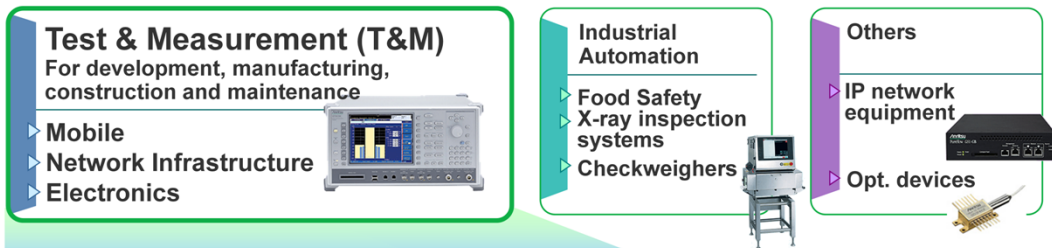
I -4. Outlook for full year of the fiscal year ending March, 2013

I -5. Dividend

II . Topics

II Mobile Broadband Test & Measurement Business

I -1. Outline of our business segments



(Sales by business segment : 93.6 Billion Yen net sales in FY2011)

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

(Sales of T&M business by region)

Japan 30%	Asia & Pacific 30%	Americas 25%	EMEA 15%
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(No notes here)

I -2. Consolidated Performance -Segments-

Mobile broadband service has been becoming a growth driver for T&M business, which continues to show solid performance

Segment	2Q (Apr. to Sep. 2012) conditions
Test & Measurement (T&M)	<ul style="list-style-type: none">• Mobile: continuing demand for LTE development and smart phone manufacture• Network infrastructure: Steady, with wireless infrastructure at the center• Japan: Concentrated investment in mobile-related areas• Asia: Healthy investment for manufacturing• Americas: LTE development and wireless infrastructure are strong
Industrial Automation	The segment remained firm in Japan and other regions
Others	The segment remained firm in general.

Q2 results overall showed that, continuing from the previous fiscal year and Q1, demand in the mobile broadband services field was the driving force of the Anritsu Group's performance. Namely, the Mobile T&M business, which posted remarkable growth in FY2011, also performed well throughout this H1.

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

(1) The ratio of smartphones within the total number of mobile terminal units shipped has been increasing since last year. This has stimulated competition in the development and sales of new models, as was reflected in strong capital investment in the mobile terminal manufacturing market.

In particular, Japanese mobile handset vendors, who are trying to recoup lost ground with the launch of new smartphone models, renewed their production equipment in Q1.

(2) Demand for R&D measurement systems for LTE, the 4th generation new ultrahigh-speed mobile communications protocol, grew steadily centering on chipset vendors.

(3) Regarding operators, strong performance was seen in the construction of base station networks and investment related to frequency realignment in the Japanese and North American markets.

Meanwhile, the industrial-use electronics market on the whole reflected the current state of macroeconomic stagnation, with a movement towards the further curbing of capital investment seen when entering Q2, among other factors.

The Industrial Automation business overall performed favorably in both domestic and overseas markets, which is attributable to various factors including the upward trend seen in the Japanese market.

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

I -2. Consolidated performance -Financial results-

Increase of revenue and profits

Unit: Billion Yen

	2Q FY2011 (Apr. to Sep.)	2Q FY2012 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	44.9	47.3	2.4	5%
Revenue	44.7	46.3	1.6	4%
Operating profit (loss)	7.5	8.7	1.2	17%
Profit (loss) before tax	6.5	8.1	1.6	25%
Profit (loss)	4.7	6.9	2.2	47%
Comperhensive Income	3.5	6.1	2.6	75%
Free Cash Flow	6.3	4.7	(1.6)	-25%

Note : Numbers are rounded off in each column

Thanks to T&M business outstanding increase in both revenue and profit, whole Anritsu group operating profit 8.7 billion yen, profit before tax 8.1 billion yen, and net profit 6.9 billion yen, showed a significant improvement in comparison to the corresponding period of the previous year.

Within this, the large-scale improvement in net profit is attributed to decreased income tax expense. Estimated effective income tax rate has been changed after reviewing the recoverability of deferred tax assets, backed by the firm profitability of the main business.

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

Steady orders in T&M (+8.0% YoY)



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T&M business orders for the quarter surpassed those of the same quarter the previous year for the eighth consecutive quarter, beginning with the Q3 of FY2010.

A particular feature of this H1 is the uniformly steady stream of orders acquired from the Japanese, Asian and North American markets, excluding the European market.

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

Driven by mobile related business in T&M

Unit: Billion Yen

		2Q FY2011 (Apr. to Sep.)	2Q FY2012 (Apr. to Sep.)	YoY	YoY (%)
Test & Measurement	Revenue	34.0	35.4	1.4	4%
	Op. profit (loss)	7.4	8.5	1.1	16%
Industrial Automation	Revenue	7.2	7.2	0.0	0%
	Op. profit (loss)	0.4	0.5	0.1	32%
Others	Revenue	3.5	3.7	0.2	7%
	Op. profit (loss)	(0.2)	(0.2)	0.0	13%
Total	Revenue	44.7	46.3	1.6	4%
	Op. profit (loss)	7.5	8.7	1.2	17%

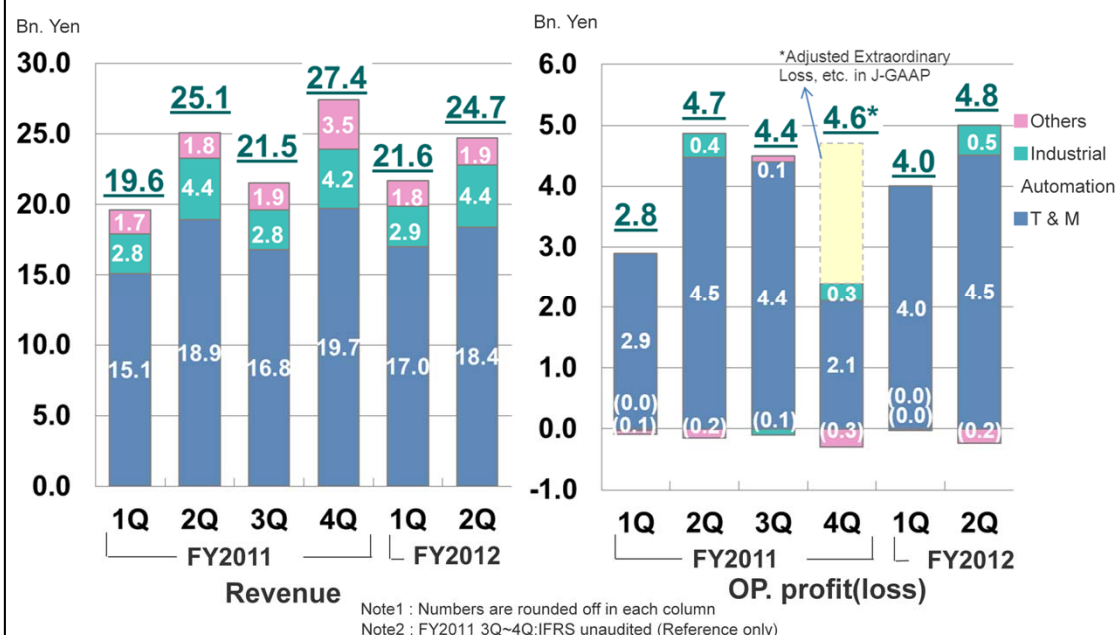
Note : Numbers are rounded off in each column

T&M business achieved 35.4 billion yen in revenue, up by 4% in comparison to the corresponding period of the previous year, 8.5 billion yen in operating profit and 24.1% of operating margin.

The Industrial Automation business posted revenue of 7.2 billion, which was the same amount year on year, operating profit of 0.5 billion yen and 6.6% of operating margin.

In other businesses, tangible results were seen from the management structural reform of the Information & Communications business.

I -2. Consolidated performance –Revenue and Op. profit by quarters- Steady progress in both revenue and op. profit in 2Q (Jul.-Sep.)

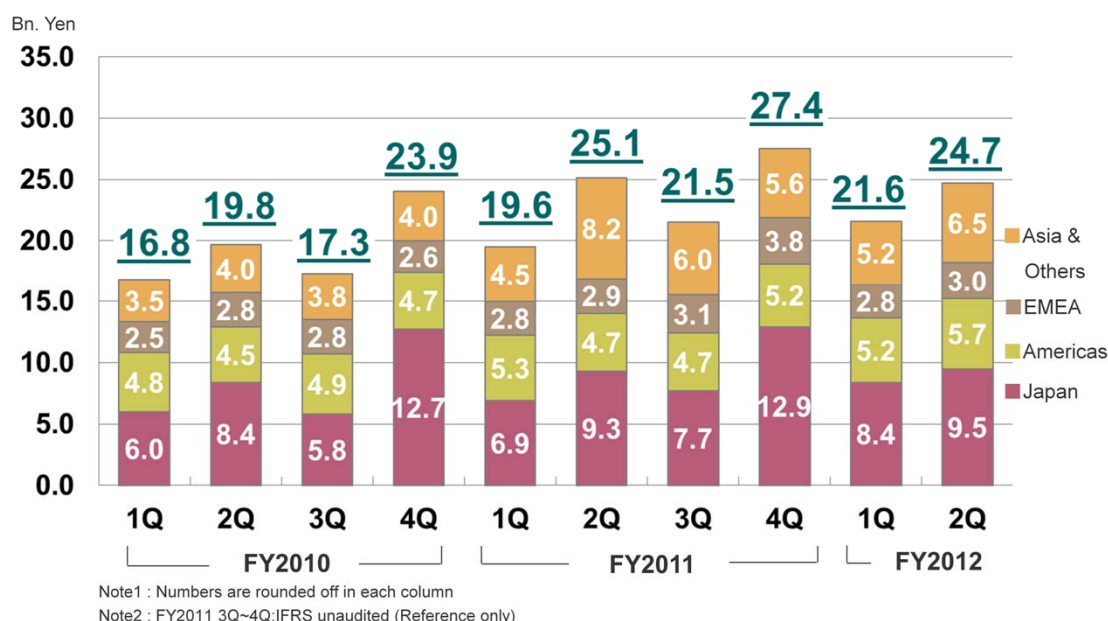


Consolidated operating profit margin of previous Q1 and current Q2 have become 18.5% and 19.3%, and those of T&M business have become 23.6% and 24.5% respectively.

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

I -2. Consolidated performance -Revenue by region-

Steady progress in all regions



In Q2, growth was seen in the American market while the Japanese and European markets performed in line with the corresponding period of the previous year. Although the Asian market declined considerably year on year, it showed the highest levels within the most recent 4 quarters and is seen to be performing steadily.

The main features throughout H1 are as listed below.

1. In Americas, investment is expanding in LTE-related markets, and also investment growth is moving 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, led by the mobile terminal manufacturing market.
4. In the Japanese market, the launch of new smartphone models by mobile terminal vendors and active investment by operators in wireless network maintenance and development were particularly notable in Q1.

I -2. Consolidated performance -Cash Flow-

We are creating stable cash flow.

Cash Flow (Apr. – Sep.)

Operating CF : 7.2 Bn. Yen
Investing CF : (2.5) Bn. Yen
Financial CF : (5.8) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.7Bn. Yen

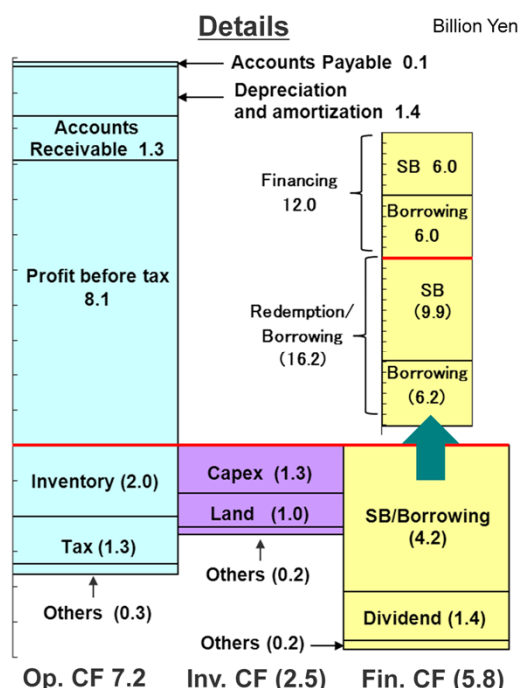
Cash at the end of period

37.9 Bn. Yen

Interest-bearing dept.

22.3 Bn. Yen

Note : Numbers are rounded off in each column



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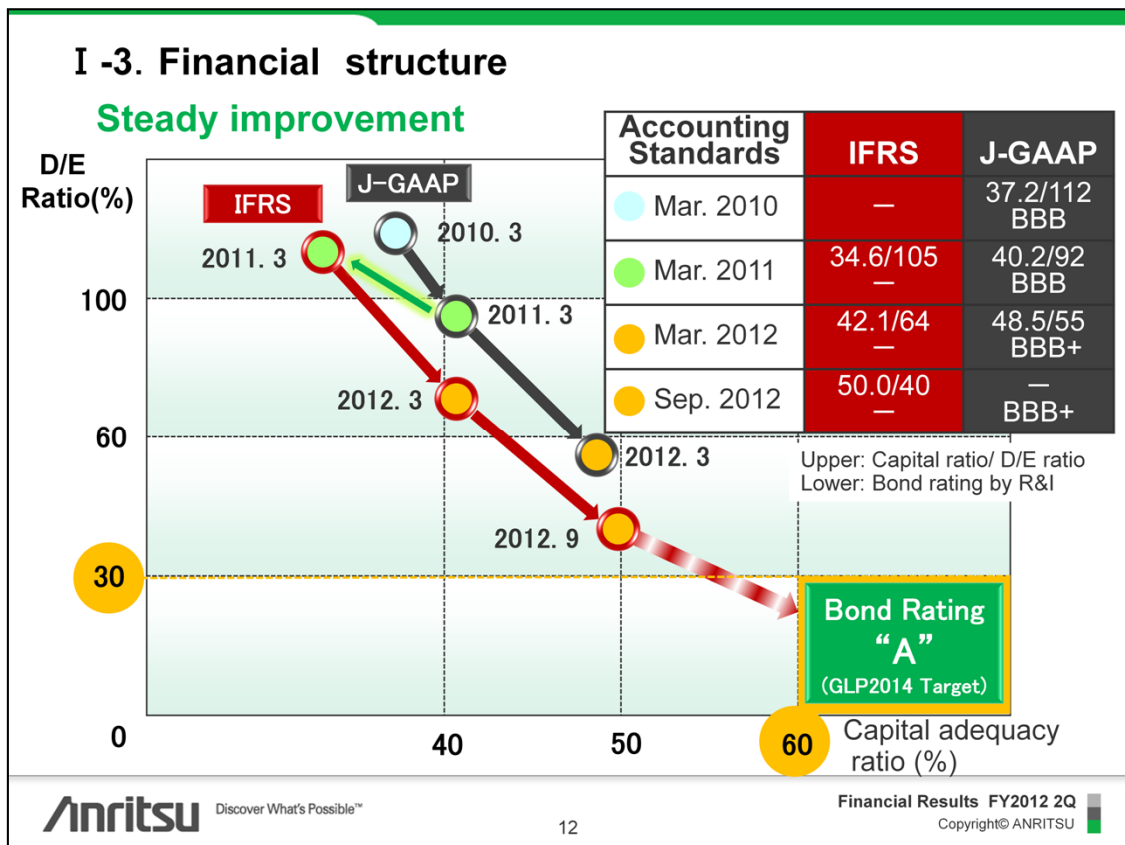
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Operating cash flow exceeded the same period of the previous year, amounting 7.2 billion yen in capital acquired and an operating cash flow margin ratio was 15.7%.

This was mainly attributed to the increase in ordinary income and improvement in working capital. As for investment cash flow, in addition to 1.3 billion in capital investment to bolster the T&M business among other areas, the major factor was 1 billion yen to acquire land for building a new factory in Koriyama city, Fukushima prefecture.

As a result, the free cash flow amounted to 4.7 billion yen.

Funding within the financial cash flow came to a net minus of 4.2 billion yen. This is comprised of a total of 12 billion yen in funding consisting of 6 billion yen in the issue of straight bonds and 6 billion yen in long-term borrowing from financial institutions, offset against the compression of 16.2 billion yen in interest-bearing debt made up of 9.9 billion yen in the redemption of bonds and 6.2 billion yen in the repayment of borrowings.



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

Put simply, the aim of this is based on the view that global management needs to be on a global level for both business development and management capabilities.

Consequently, although there were adverse effects financially such as the actualization of retirement benefit obligations, Anritsu will step up efforts to make its financial structure sounder under the motto of realizing a highly transparent management.

As a result of adopting IFRS, the capital adequacy ratio fell from 48.5% to 42.1% at the end of March 2012; although it managed to recover up to 50.0% as of the end of September 2012.

Under the International Accounting Standards, Anritsu will set achieving a sound financial structure as its mid-to-long term goal, and work toward realizing a capital adequacy ratio of at least 60% and a D/E ratio of no more than 30%.

I -4. Outlook for full year of FY2012 (IFRS based)

Upward revision of T&M op. profit

Unit: Billion Yen

		FY2011	FY2012			
		Actual (IFRS : Audit)	Full Year Previous Forecast	Full Year Revised Forecast	YoY	YoY(%)
Revenue		93.6	94.5	94.5	0.9	1%
Operating profit (loss)		14.0	15.5	16.5	2.5	18%
Profit (loss) before tax		13.1	14.5	15.5	2.4	18%
Profit (loss)		8.0	10.0	12.0	4.0	51%
Test & Measurement	Revenue	70.6	70.0	70.0	(0.6)	-1%
	Op. profit (loss)	13.8	14.0	15.0	1.2	8%
Industrial Automation	Revenue	14.2	15.0	15.0	0.8	6%
	Op. profit (loss)	0.6	1.0	1.0	0.4	75%
Others*	Revenue	8.9	9.5	9.5	0.6	7%
	Op. profit (loss)	(0.4)	0.5	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.



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The outlook for FY2012 full year results is the same as the forecast figures announced in April for sales, although income has been revised upwards.

At the time of the Q1 earnings announcement, H1 revenue and income were expected to be almost in line with the H1FY2011 figures; these figures were met, as H1 results for the T&M business exceeded the forecast.

Therefore, incorporating the portion of H1 operating profit in excess of the forecast, the full year results are as follows: operating profit of 16.5 billion yen, profit before tax of 15.5 billion yen, and net profit of 12.0 billion yen.

As for the environment surrounding the Mobile T&M business, which is driving the Anritsu Group's performance, there are no major changes in the macro forecast, which sees increased investment in LTE along with expansion and intensifying competition in the smartphone market, etc.

However, due to the outlook of a fall in T&M business income in H2 in comparison with H1, full year revenue estimate will be set at 70 billion yen. This can be attributed to various factors including the trend toward further prolongation of the deteriorating global business sentiment that started around the latter half of Q2, the impact of the boycotting of Japanese products in China, and uncertainty in the willingness to investment by Japanese mobile terminal vendors.

As for profit, due to incorporating factors such as an increase in strategic investment costs for enhancing customer support capabilities and falling sales in the Japanese market, the full year operating margin will be set at a target of 20% for the T&M business.

Despite the outlook for such a severe business environment, Anritsu is fully committed to achieving its revised performance forecast.

I -5. Dividend

Increase of full year dividend per share

upward revision from 15 yen to 17 yen

(interim dividend 7.5 yen and year- end dividend 9.5 yen)

[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.

Number of shares (Sep. 30, 2012) after exercising the call option of CB:143,956,194 shares

Anritsu's basic policy concerning the distribution of surplus to shareholders is to raise the level of DOE, or consolidated dividends on equity ratio of Japanese Accounting Standards, as a function of the amount of increased consolidated net profit for the relevant fiscal year.

Following the upward revision, we are increasing the full-year dividend per share by 2 yen, from the previously announced on April 26, 2012, at the FY2011 financial announcement, of 15 yen (including an interim dividend of 7.5 yen per share) to 17 yen per share (year end dividend of 9.5 yen including an interim dividend of 7.5 yen.).

We appreciate the support and cooperation of all our shareholders and investors in the year to come. This concludes our Q2 business report for FY2012.

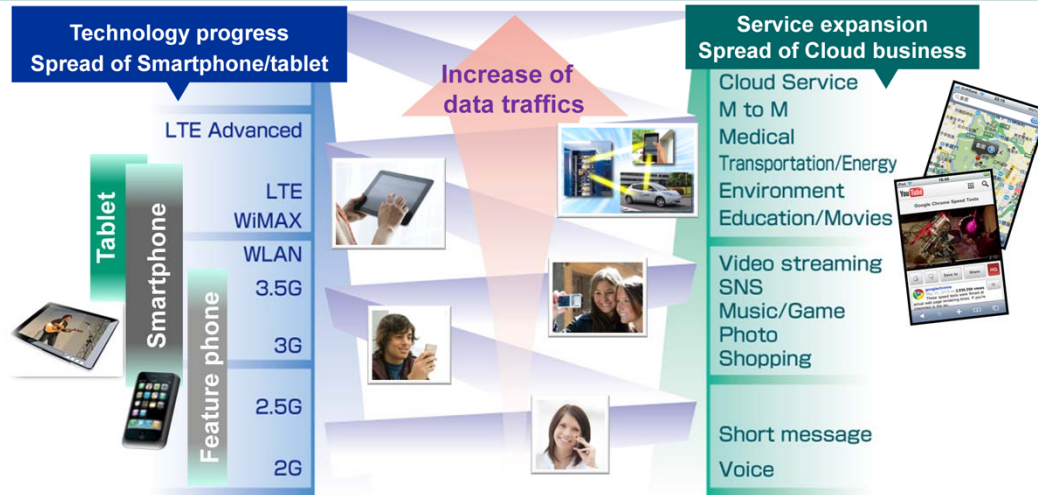
II . Mobile T&M Business

- II - 1. Rapid growth in the mobile broadband market**
 - II - 2. Numerous LTE-related development themes and
LTE commercialization**
 - II - 3. Smartphone development themes and
measurement solutions**
 - II - 4. Business for mobile development**
 - II - 5. Manufacturing themes and measurement solutions**
 - II - 6. Business for mobile manufacturing**
-

II - 1. Rapid growth in the mobile broadband market

Evolution of communications protocols
Spread of smartphones
Expansion of services and contents
Increase in data traffic

Rapid growth in the mobile broadband services market through interactions
(smartphones act as substitutes for PC functions)
Business chance: **LTE, data offload, etc.**



(No notes here)

II - 2. Numerous LTE-related development themes and LTE commercialization

Development themes that have become an issue at present		Event
LTE	VoLTE*	Launch of FDD/TDD by 195 vendors by the end of 2013 with continuing commercialization
	TDD-LTE	China Mobile: commercialization in 2013
LTE Advanced	Carrier aggregation (CA)*	AT&T and Sprint commercialization in 2013 NTT DoCoMo commercialization in FY2016

(Note) VoLTE (Voice over LTE): Voice calls using LTE communications protocols. Voice calls on current LTE smartphones use 3G communications protocols.

Carrier aggregation (CA): Communications functions with bundled frequency bands to enable even more high-speed communications.

MIMO (Multiple Input Multiple Output): Communications technology to broaden communications bands using multiple input/output antennas.

(No notes here)

II - 3. Smartphone development themes and measurement solutions

Development themes		Trends
Smartphones	Performance tests for commercial development (throughput, consumption current, ...)	Spread and growth of smartphones and tablet terminals Wireless modules etc. used in many devices
Tablet terminals	Operation verification during OS upgrades	



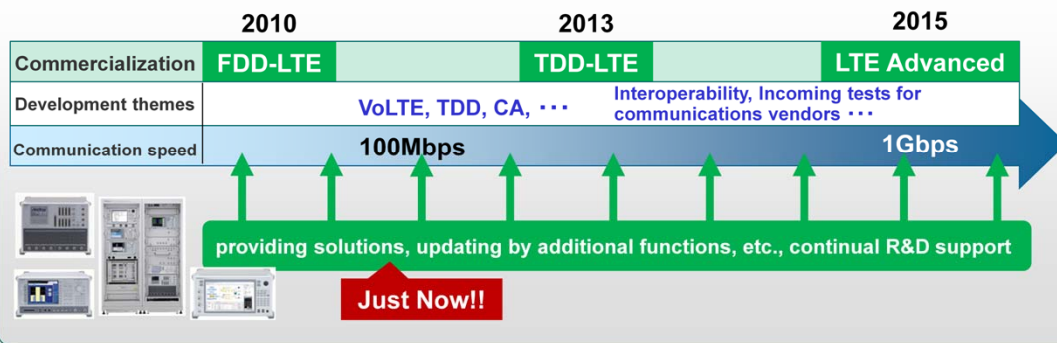
Compatible with multi-communications standards of 2G/3G/LTE.
Simple operation by a user-friendly interface enables a multifaceted evaluation of the situation for communications.

(No notes here)

II - 4. Business for mobile development : ongoing demand

Ensuring ongoing business through support for customers' development

Main customers: vendors (chip sets, hand sets)



(No notes here)

II - 5. Manufacturing themes and measurement solutions

	Themes	Trends
Manufacturing	Mass production/enhanced productivity of smartphones, tablets, wireless modules Sequence measurements	In addition to 3G/LTE measurement, installation of GPS, SRW* (wireless LAN, Bluetooth) and NFC on a single board and single chip

(Notes) SRW: Short Range Wireless communications such as wireless LAN and Bluetooth, around 10m-100m
 NFC: Near Field wireless Communications, non-contact communications with a shorter distance than SRW



Call processing-based wireless equipment tests dedicated for cellular standards. (3G/LTE, etc.)
Covering FDD-LTE and TDD-LTE.

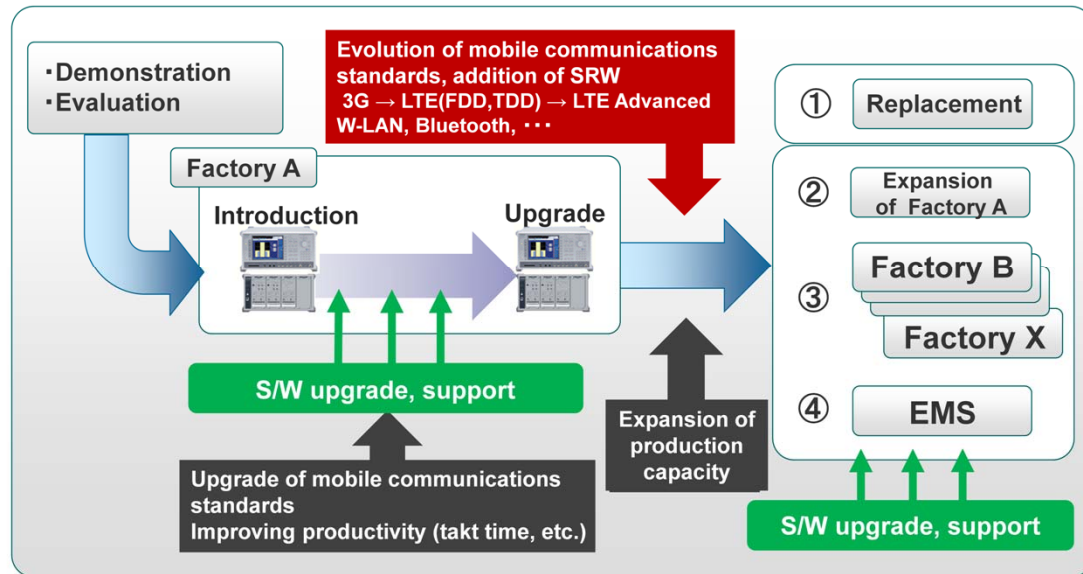


Enable the measurement of SRW and 3G/LTE and the simultaneous measurement of 4 modules.
Measuring instrument with superior takt (cycle) time via sequence measurements.

(No notes here)

II - 6. Business for mobile manufacturing: expanding demand

Securing repeat business by improved customers' productivity



(No notes here)

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

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