Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2014

August 1st, 2013

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Anritsu Corporation

FASF MEMBERSHIP

http://www.anritsu.com

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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, 2013

Ⅰ-1. Outline of our business segments

Ⅰ-2. Consolidated performance

Ⅰ-3. Outlook of full year of the fiscal year ending March, 2014

Ⅱ. The growth driver for T&M business

Appendix

Ⅰ-1. Outline of our business segments

Test & Measurement (T&M)
For development, manufacturing, construction and maintenance

- Mobile
- Network Infrastructure
- Electronics

Industrial Automation

- Food Safety
- X-ray inspection systems
- Checkweighers

Others

- IP network equipment

- Opt. devices

(Revenue by business segment)
94.7 Billion Yen consolidated revenue in FY2012

T&M 75%			Industrial	Others
Mobile 50%	Network Infrastructure 30%	Electronics 20%	15%	10%

(Sales of T&M business by region)

Japan	Asia & Pacific	Americas	EMEA
25%	30%	30%	15%

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(No notes here)

Ⅰ-2. Consolidated Performance –Business Segments-

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

Segment	FY2013 Q1 (April to June, 2013)
Test & Measurement (T&M)	・Mobile: Demand for LTE Development and for smartphone manufacturing remained strong. ・Network infrastructure: Investment for base station development remained strong ・Electronics: Continue to reduce capital investment
	・Japan: Mobile-related investment greatly reduced ・Asia: Mobile-related demand for development and manufacturing remained strong ・Americas: Driven by smartphone development and base station development investment
Industrial Automation	The segment remained firm in general

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Accounting for roughly 50% of our T&M Business, the mobile T&M Business continues to drive the Anritsu's performance. The growth drivers are development demand for LTE, development and manufacturing applications market for smartphone, and maintenance investment such as frequency realignment and improving the connection quality of wireless networks.
Meanwhile, major changes and differences in investment trends and investment scale have appeared in different markets and among different customer groups.
As in FY2012, major activity was seen in the markets for LTE development applications, handset development, and manufacturing in North America and Asia. In contrast, smartphone vendors and operators in the Japanese market both greatly reduced their capital investment compared with the corresponding period of the previous year.

The performance of the Industrial Automation business was strong, especially in Japan and North America.

In our other businesses, Information and Communications Business remained unchanged from the previous year, due to the large impact of public-sector investment budgets execution schedule on this business.

I -2. Consolidated performance -Financial results-

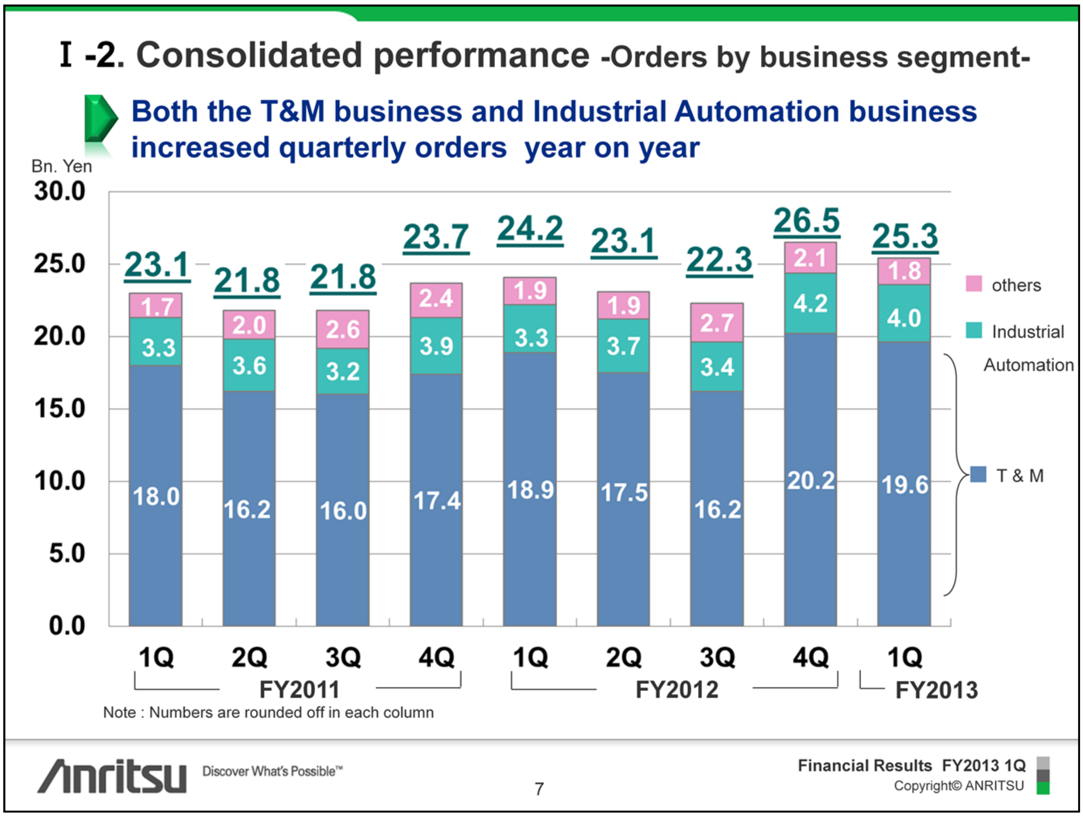
Unit: Billion Yen

	1Q FY2012 (Apr. to Jun.)	1Q FY2013 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	24.2	25.3	1.1	5%
Revenue	21.6	22.4	0.8	4%
Operating profit (loss)	4.0	2.5	(1.5)	-38%
Profit (loss) before tax	3.5 *	2.7	(0.8)	-24%
Profit (loss)	2.5	1.6	(0.9)	-36%
Comperhensive Income	1.7	2.7	1.0	62%
Free Cash Flow	4.1	2.9	(1.2)	-28%

Note : Numbers are rounded off in each column

*With an amendment of IAS19, figures for prior 1Q have been restated based on the revised accounting policies retrospectively.
(Old figure for Profit before tax: 3.6 billion yen)

Order intake has increased 5% of 25.3 billion yen and Revenue increased 4% of 22.4 billion yen, compared to the same period of the previous fiscal year (year on year). Operating profit decreased 38% year on year, to 2.5 billion yen. This was due to increased costs relating to enhancements to our organization to support international customers, and increased procurement costs by our international group resulting from the correction of the excessively strong yen (weakening yen). Our Profit before tax was 2.7 billion yen, with foreign exchange gain due to the weak yen exceeding finance costs. Quarterly profit decreased 36% year on year, to 1.6 billion yen. Exchange differences on translation recorded 1.0 billion yen in profit. As a result, Comprehensive income increased 62% year on year, to 2.7 billion yen.



Orders for the T&M business in Q1 grew by 4% year on year, to 19.6 billion yen.

Orders for the Industrial Automation business in Q1 grew by 21% year on year, to 4.0 billion yen. Accordingly the whole group grew by 5% year on year, to 25.3 billion yen.

In Q1, the amount of orders accepted by the T&M Business grew year on year. Anritsu's strong markets in North America and Asia covered for the drop in orders accepted in Japan. The trends in accepted orders by market varied greatly compared to FY2012 Q1, in part due to the active capital investment at the time in the mobile field in Japan.

There was strong demand in the Industrial Automation business by large food producers in Japan, who sought to upgrade and refresh equipment.

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

Unit: Billion Yen

		1Q FY2012 (Apr. to Jun.)	1Q FY2013 (Apr. to Jun.)	YoY	YoY (%)
Test & Measurement	Revenue	17.0	17.8	0.8	5%
	Op. profit (loss)	4.0	2.7	(1.3)	-32%
Industrial Automation	Revenue	2.9	3.0	0.1	5%
	Op. profit (loss)	(0.0)	(0.0)	0.0	-
Others	Revenue	1.8	1.6	(0.2)	-10%
	Op. profit (loss)	(0.0)	(0.2)	(0.2)	-
Total	Revenue	21.6	22.4	0.8	4%
	Op. profit (loss)	4.0	2.5	(1.5)	-38%

Note : Numbers are rounded off in each column

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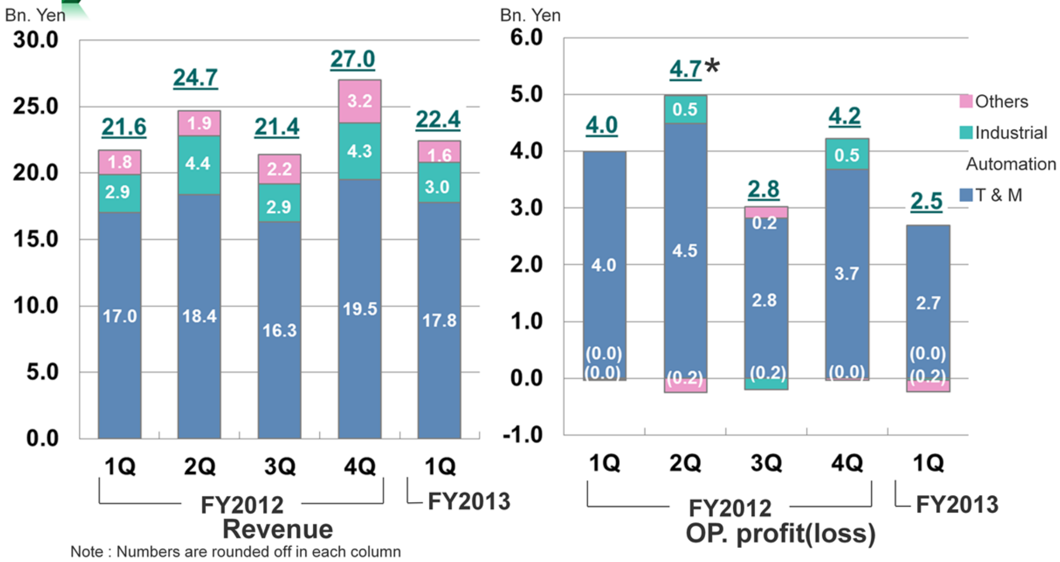
T&M business achieved 17.8 billion yen in Revenue, up by 5% year on year, 2.7billion yen in Operating profit and 15.2% of Operating profit to revenue ratio.

The Operating profit to revenue ratio of 15.2% in the T&M business was due to the fact that although the correction of the excessively strong yen (weakening yen) was one factor in increased profits, we increased our numbers of local hires and expenses to support customers outside Japan, and these costs surpassed the effect of weakening yen. These strategic investments are an up-front investment.

Revenue and Operating profit were about the same as the previous year in both the Industrial Automation business and Other businesses.

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

Q1 progress against full year plan: Revenue 22%, Operating profit 15%



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*With an amendment of IAS19, figures have been restated based on the revised accounting policies retrospectively. (Old figure for 2Q OP. profit: 4.8 billion yen)

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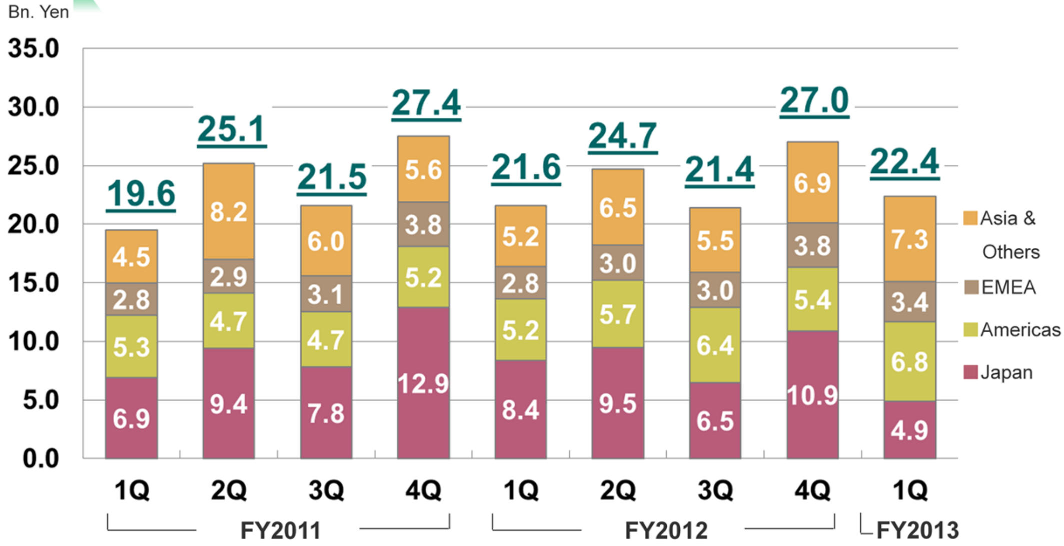
Quarterly operating profit margin vary depending on such factors as the market mix, business mix, product mix, and seasonal fluctuations. Revenue for FY2013 Q1 account for 22% of the total for FY2013, and Operating profit accounts for 15% of the total.

I -2. Consolidated performance -Revenue by region-

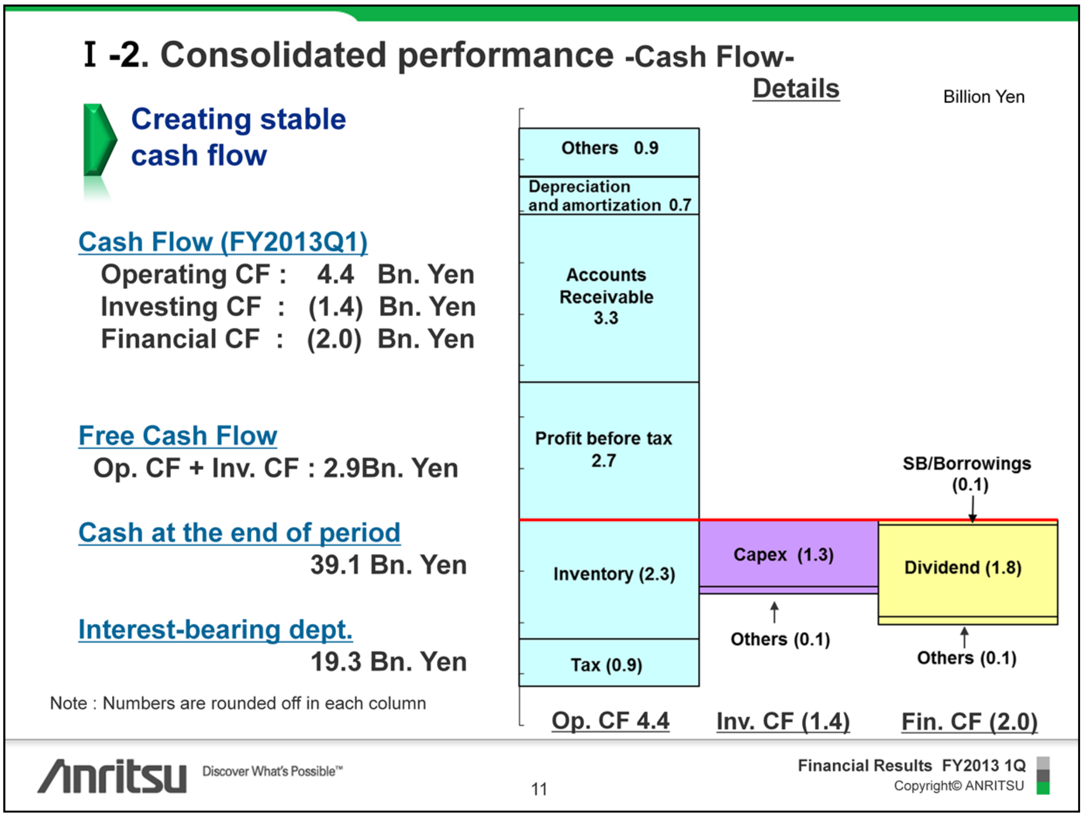
T&M Business in Asia and Americas Drives Performance



Note : Numbers are rounded off in each column

In FY2012, Japanese market accounted for 37% of annual Revenue worldwide. Its share of overall Revenue fell greatly from 39% in FY2012 Q1 to 22% in FY2013 Q1. Revenue in the Japanese market fell 42% year on year.

This was due to moves by the major players in Japan to reorganize their businesses, downsize their smartphone development teams, and hold back on capital investment in manufacturing lines. Meanwhile, development demand relating to LTE continued to grow strongly in the Americas. The Asian market grew from the previous year, due to such factors as activity in both LTE development applications and the smartphone-manufacturing market.



Cash flow from operating activities was 4.4 billion yen. Part of this was due to seasonal factors (Q1 falling in the new fiscal year period); part was due to advance collection of trade receivables; and part was due to the increase in Profit before tax. The Operating cash flow margin was 19.5%.

The 0.8 billion-yen investment in the construction of a new plant in the city of Koriyama, in Japan's Fukushima prefecture, accounted for the major part of the 1.3 billion yen of Cash flow from investment activities spent on capital investment. The new plant began operation in the beginning of July 2013.

As a result, the free cash flow amounted to 2.9 billion yen.

The payment of 1.8 billion yen in dividends accounted for the major part of the 2.0 billion yen in funding within the Cash flow from financial activities. The dividend paid was a year-end dividend for the previous fiscal year of 12.50 yen per share.

Consequently, the balance of Cash and cash equivalents at the end of the period grew by 1.5 billion yen from the beginning of the fiscal year, to 39.1 billion yen.

Ⅰ-3. Outlook for full year of FY2013

No change since April disclosures

Unit: Billion Yen

		FY2012	FY2013		
		Actual	Forecast	YoY	YoY(%)
Revenue		94.7	102.0	7.3	8%
Operating profit (loss)		15.7 *	17.0	1.3	8%
Profit (loss) before tax		16.1 *	16.5	0.4	2%
Profit (loss)		13.9	11.5	(2.4)	-17%
Test & Measurement	Revenue	71.2	77.0	5.8	8%
	Op. profit (loss)	15.0	15.5	0.5	3%
Industrial Automation	Revenue	14.4	15.5	1.1	7%
	Op. profit (loss)	0.8	1.0	0.2	23%
Others	Revenue	9.0	9.5	0.5	5%
	Op. profit (loss)	(0.1)	0.5	0.6	-

Note 1 : Exchange rate for FY2013(forecast) 1USD = 90 yen, 1EURO=120yen
Note 2 : Numbers are rounded off in each column

*With an amendment of IAS19, figures for FY2012 Actual has been restated based on the revised accounting policies retrospectively. (Old figures: OP. profit: 15.8 billion yen, Profit before tax: 16.2 billion yen)

The outlook for FY2013 has not changed since the plan that was published on April 25.

As described below, although some factors are currently different from the assumptions when the plan was drawn up, the entire Anritsu organization is committed to achieving the targets in the initial yearly plan.

The mobile T&M Business is a performance driver for the Anritsu Group. The macro trends in this business have not changed substantially. However, there have been major changes in external factors—particularly, in the competitive rankings of our customers, and in their attitudes toward investment. Investment in LTE development and popularization is expected to continue to grow. In particular, a TDD-LTE service is expected to launch in China this fiscal year. While the growth of the higher-priced high-end smartphone market is slowing in the Americas, Japan, Europe, and elsewhere, the market for mid and low-priced smartphones is growing rapidly in China, India, and the emerging economies. While some markets are growing, the situation is difficult for the Japanese market, with greater than expected cutbacks on investment and media reports of business reorganizations.

Thus although this is a growth market, the market and customer trends are changing at a dizzying pace. Changes in the external environment are both a risk and an opportunity for Anritsu's business. Anritsu will turn this business risk into growth opportunities by responding to such market changes swiftly and accurately, and executing appropriate strategies and investments.

II. The growth driver for T&M business

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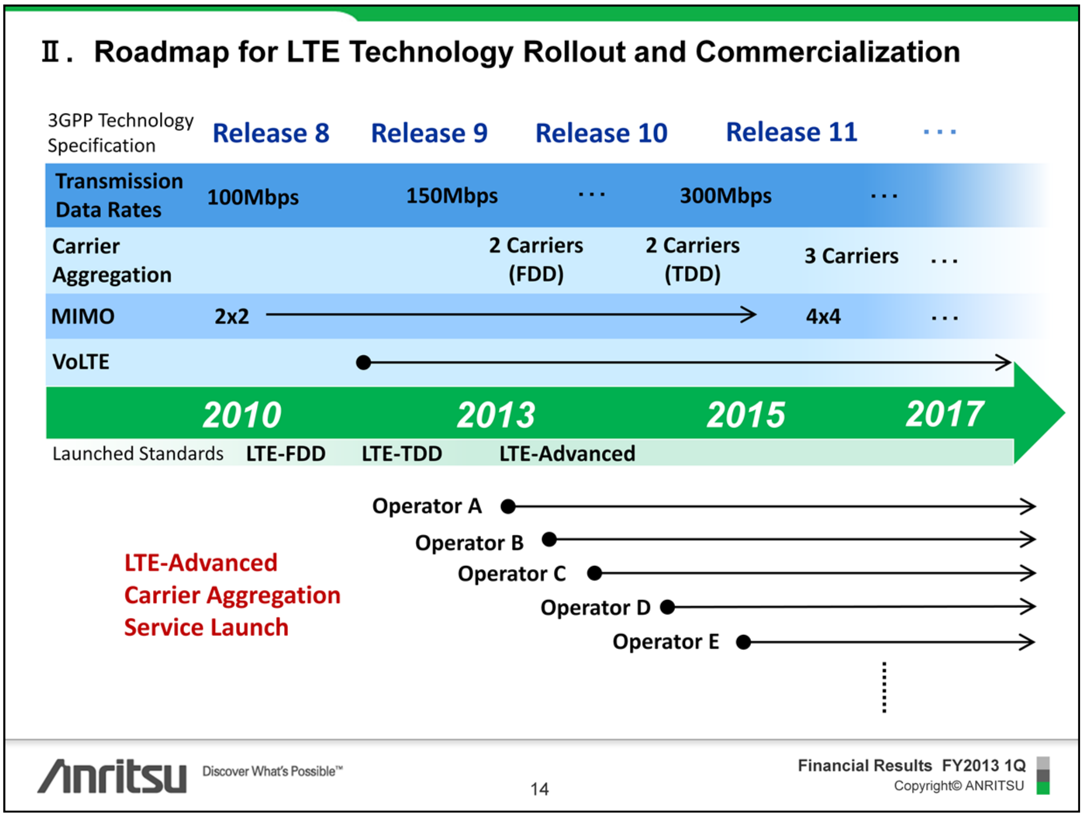
The following slides outline the latest trends in the LTE development market. We hope that they will help you understand the growth drivers of the T&M business.

We appreciate the support and cooperation of all our shareholders and investors in the year to come. This concludes our Q1 business report for the fiscal year ending March 2014.



(No notes here)

Ⅱ. Full-Scale Launch of TDD-LTE Service

18 operators worldwide have launched commercial service, and 41 operators are planning to introduce this technology.

■Trends in Chinese Market

- ➢ TDD-LTE license will be approved in 2013
- ➢ China Mobile has opened bidding for 200,000 TDD-LTE base stations. It plans to build an LTE network covering roughly 100 cities in China, and reaching 500 million people.
- ➢ Domestic shipments of smartphones in China were 2.3 times compared with the same period of last year (about 180 million units shipped between January and May), and TD-SCDMA handsets were shipped 2.7 times (about 80 million units shipped during same period). Demand of smartphones in China is expected 320 million units in 2013 (About 30% of the global market).

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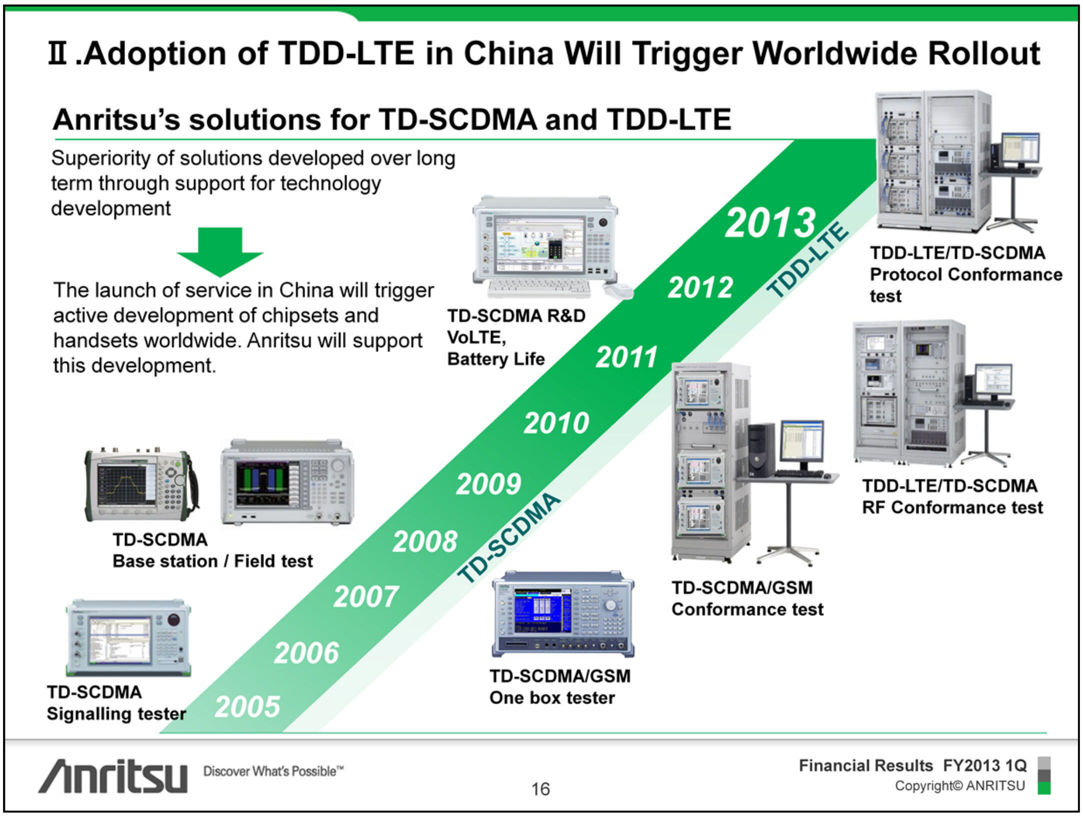
(No notes here)



(No notes here)

Ⅱ. Trends in LTE-Advanced (LTE-A) Market

17 Operators in 12 Countries Worldwide Are Planning or Preparing to Introduce Service

■In June 2013, Korean SK Telecom launched a commercial LTE-A service using carrier aggregation technology.

■Japan: Commercialization expected in 2015

➢ NTT Docomo, Softbank, and KDDI have begun validation testing.

(No notes here)

Ⅱ. Anritsu's LTE-Advanced Solution Initiatives

We will enhance our solutions to support the fields including such as core development, standards-conformance testing, operator acceptance testing, and handset manufacturing.

- We were the first in the industry to obtain PTCRB (a North American certification body) certification for RF standard conformance testing of carrier-aggregation features for LTE-Advanced.

(No notes here)

(Appendix)
Established Koriyama 2nd Business Office and Anritsu Industrial Solutions Shanghai Factory in July, 2013.

Koriyama 2nd Business Office

Anritsu Industrial Solutions Shanghai Factory

(No notes here)

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