Financial Results for the 3rd Quarter of the Fiscal Year ending March 31, 2014

January 31, 2014

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FASF MEMBERSHIP

http://www.anritsu.com

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

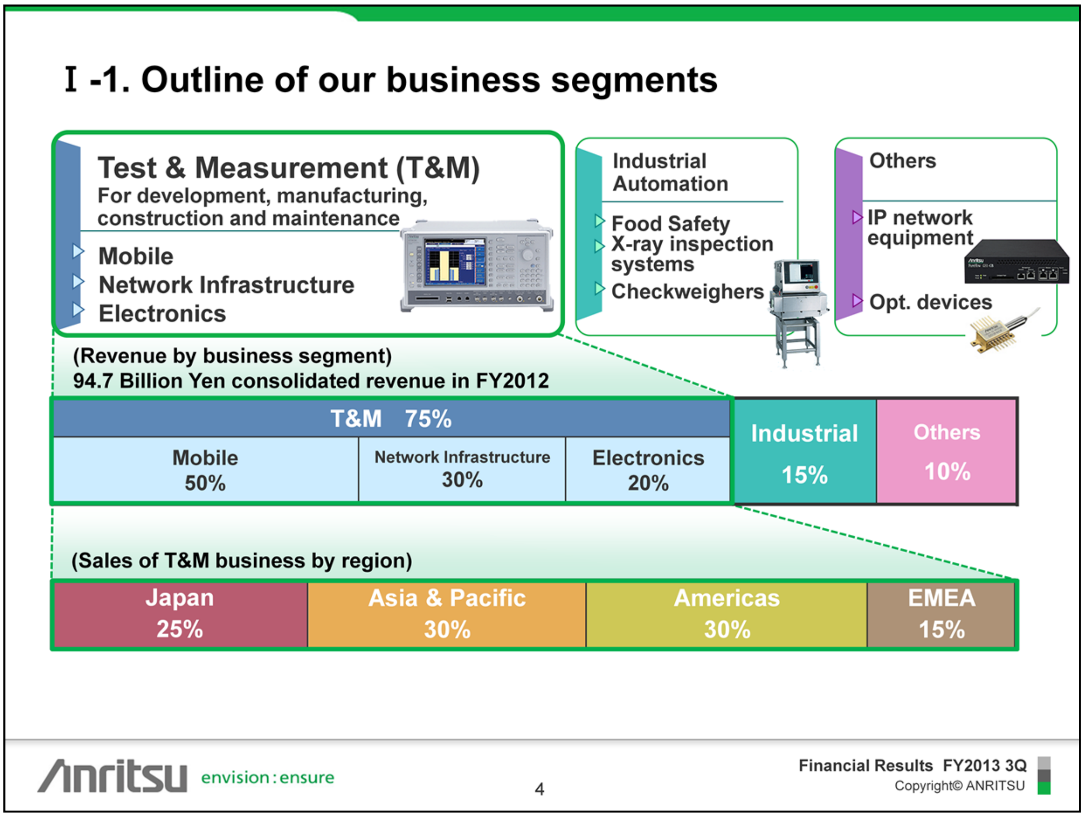
Ⅰ. Consolidated performance review of Q3 ended Dec.31st, 2013

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. Challenge of achieving the **Long-term business plan GLP2014**



(No notes here)

Ⅰ-2. Consolidated Performance –Business Segments-

T&M: In contrast to substantial expansion in the Americas and Asia, demand in the Japanese market continues to flounder
Industrial Automation: Strong performance in the Japanese market and business expansion in North America

Segment	FY2013 Q3 (April to December, 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	Strong results both domestically and overseas

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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, corporate acquisitions including key players in the mobile communications field such as operators, chipset vendors and smartphone vendors, the contraction and withdrawal of these businesses and other such movements have become more prominent as the value chain and market mix continues to change.

As for trends by region, overall performance in the overseas market excluding Japan was brisk in the markets for LTE and terminal development. The business withdrawal of smartphone vendors and curbing of investment saw the Japanese market shrink substantially year on year.

The Industrial Automation business maintained a steady expansion in demand in the Japanese and North American markets, and surpassed levels of the same period in the previous year.

In Other businesses, Information & Communications business remained at the same level year on year, due to numerous elements involved in implementing the public investment budget.

I -2. Consolidated performance -Financial results-

Unit: Billion Yen

	3Q FY2012 (Apr. to Dec.)	3Q FY2013 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	69.6	77.0	7.4	11%
Revenue	67.7	71.1	3.4	5%
Operating profit (loss)	11.5*	8.9	(2.6)	-23%
Profit (loss) before tax	11.5	9.3	(2.2)	-19%
Profit (loss)	9.3*	6.1	(3.2)	-35%
Comperhensive Income	10.7*	9.6	(1.1)	-11%
Free Cash Flow	6.6	5.8	(0.8)	-12%

Note : Numbers are rounded off in each column

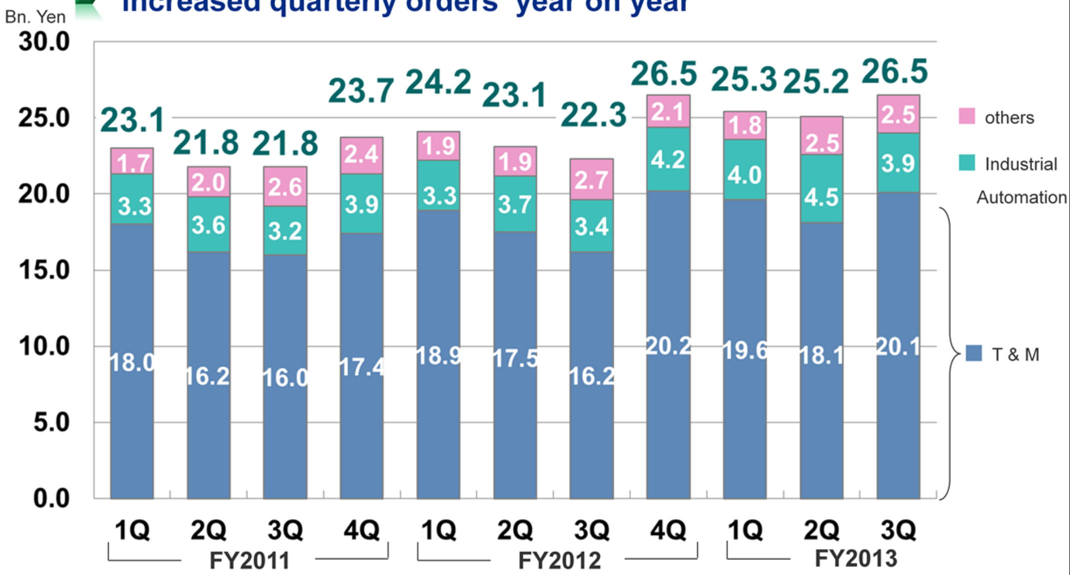
*With an amendment of IAS19, figures have been restated based on the revised accounting policies retrospectively.
(Old figures for Op. profit:11.6 billion yen, Profit:9.4 billion yen, Comprehensive income:10.8 billion yen)

Order intake has increased 11% to 77.0 billion yen and revenue increased 5% to 71.1 billion yen, compared to the same period of the previous fiscal year.

Regarding strengthening the network for supporting overseas customers and maintenance investment, we were able to steadily increase the volume of order intake and revenue, as well as boost gross profit. Meanwhile, in addition to the effect of a sharp contraction in the domestic measurement market, an increase in procurement costs from our international group (including development investment) due to the correction of the strong yen (weakening yen) resulted in operating profit declining by 23% year on year to 8.9 billion yen. Our profit before tax was 9.3 billion yen due to foreign exchange gain associated with the weak yen exceeded financial expenses. Profit decreased by 35% year on year to 6.1 billion yen. Comprehensive income decreased by 11% year on year to 9.6 billion yen, as a result of recording 3.2 billion yen in exchange differences of foreign operations.

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

Both T&M business and Industrial Automation business increased quarterly orders year on year



Note : Numbers are rounded off in each column

Orders for the T&M business increased by 24% year on year to 20.1 billion yen, while orders for the Industrial Automation business grew by 13% year on year to 3.9 billion yen. Orders for the entire Group rose by 19% year on year to 26.5 billion yen.

The volume of orders for the T&M business continued to exceed year-on-year levels for all three quarters in this fiscal year, although the expansion in orders for the overseas market supplemented the slump in the Japanese market. Compared to the same period in the previous year, there were significant changes in order trends by market, including brisk mobile-related capital investment in the Japanese market during H1 of FY2012.

The Industrial Automation business saw strong demand for equipment renewal from major Japanese food manufacturers, and substantial growth in the North American market for the detection of foreign objects.

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

Unit: Billion Yen

		3Q FY2012 (Apr. to Dec.)	3Q FY2013 (Apr. to Dec.)	YoY	YoY (%)
Test & Measurement	Revenue	51.7	54.0	2.3	4%
	Op. profit (loss)	11.3*	8.5	(2.8)	-25%
Industrial Automation	Revenue	10.1	11.9	1.8	18%
	Op. profit (loss)	0.3	0.8	0.5	196%
Others	Revenue	5.9	5.2	(0.7)	-11%
	Op. profit (loss)	(0.0)	(0.4)	(0.4)	-
Total	Revenue	67.7	71.1	3.4	5%
	Op. profit (loss)	11.5*	8.9	(2.6)	-23%

Note : Numbers are rounded off in each column

*With an amendment of IAS19, figures have been restated based on the revised accounting policies retrospectively.
(Old figures for T&M operating profit :11.4 billion yen, Total Anritsu operating profit :11.6 billion yen)

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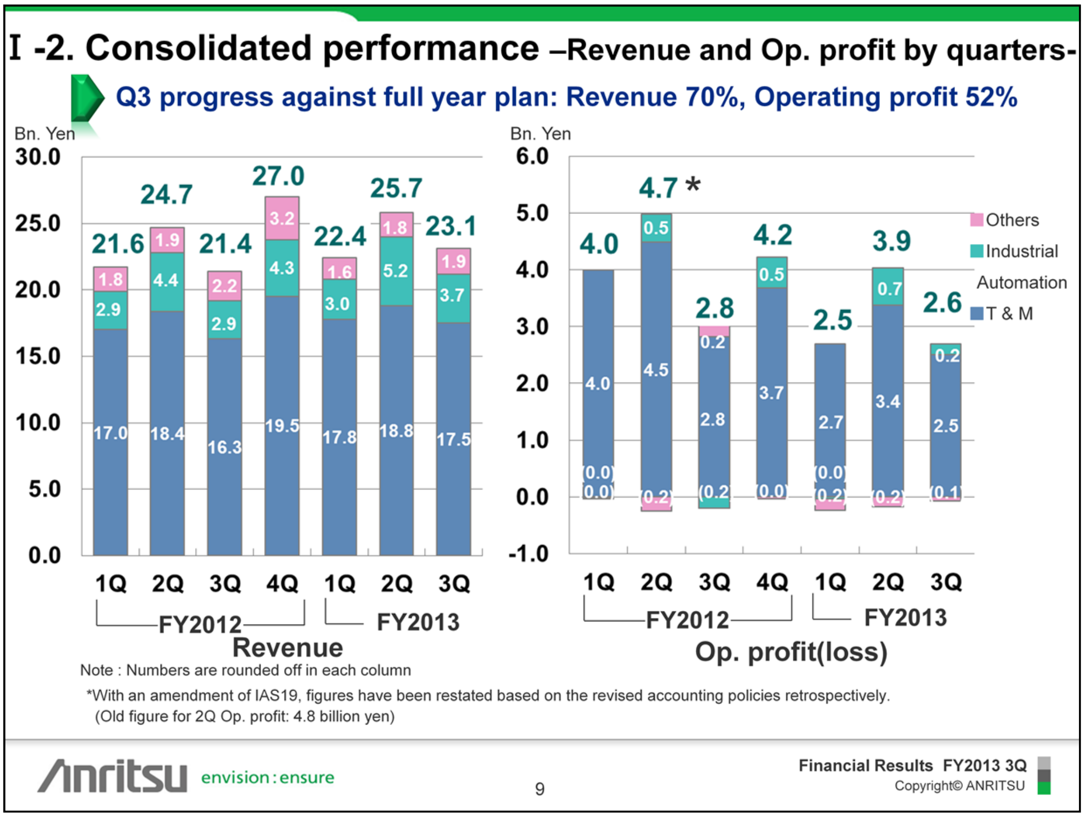
T&M business achieved 54.0 billion yen in revenue, up by 4% year on year, 8.5 billion yen in operating profit and 15.8% of operating profit to revenue ratio.

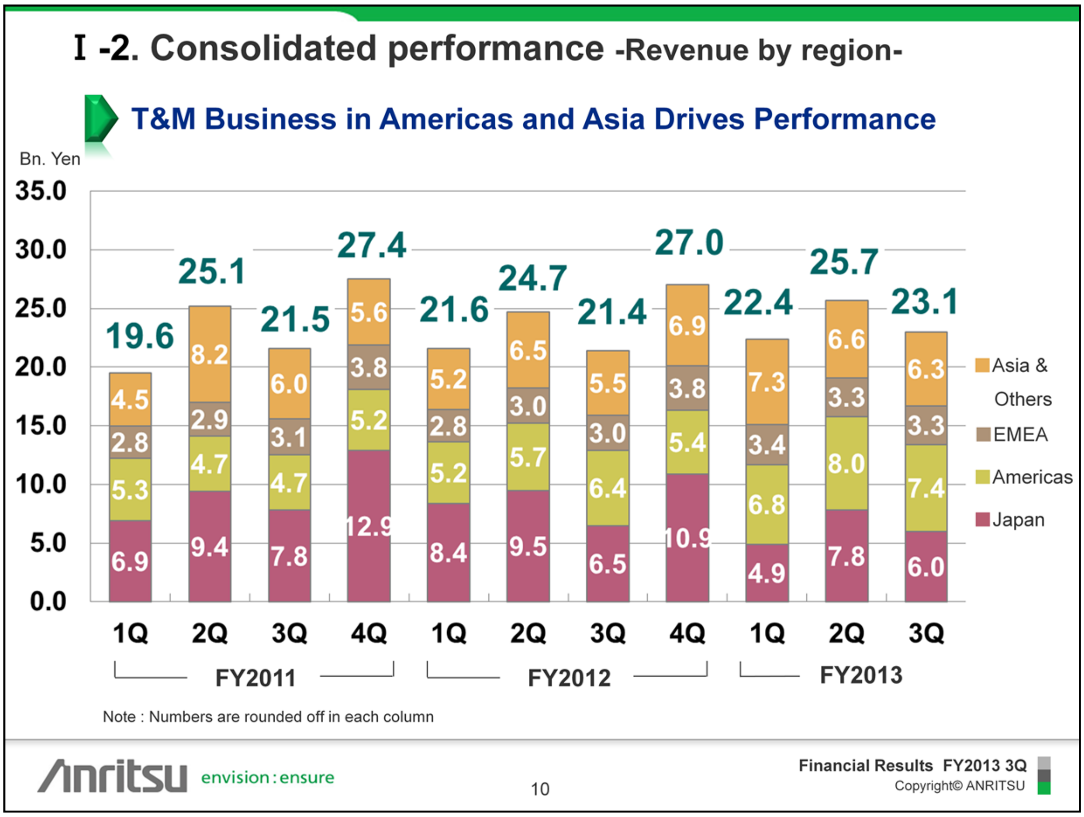
The year on year decline in the operating margin for the T&M business is mainly attributable to the effect of a considerable contraction in the Japanese market despite expanding orders in the overseas market and increased profit from an adjustment for the correction of the strong yen (weak yen). Other factors include rising expenses and personnel costs associated with enhancing the local system for overseas customers support.

Industrial Automation business achieved 11.9 billion yen in revenue, up by 18% year on year, 0.8 billion yen in operating profit, up by 196% year on year.



Profit margins by quarters vary depending on such factors as the market mix, business mix, product mix, and seasonal fluctuations. Revenue for the first nine months of FY2013 account for 70% and operating profit accounts for 52% of the FY2013 full year plan.

T&M quarterly operating profit margin is 15.2% in Q1, 18.0% in Q2, and 14.1% in Q3.



This sizeable decline in revenue in the Japanese market has also relatively lowered its position. Incidentally, the ratio of revenue by region occupied by the Japanese market has significantly dropped from 36% in Q3 of FY2012 (cumulative total from April – December) to 26% in Q3 of FY2013 (cumulative total from April – December). Revenue for Q3 (cumulative total from April – December) in the Japanese market fell by 23% compared to the corresponding period of the previous year.

This was due to the effects of the withdrawal or contraction of smartphone business and hold back on capital investment in manufacturing lines by the major players in Japan.

Meanwhile, development demand relating to LTE continued to grow strongly in the Americas. In the Asian market, there are apparent moves in both the LTE development applications and smartphone manufacturing markets, and revenue increased year on year.

Ⅰ-2. Consolidated performance -Cash Flow-

Creating stable cash flow

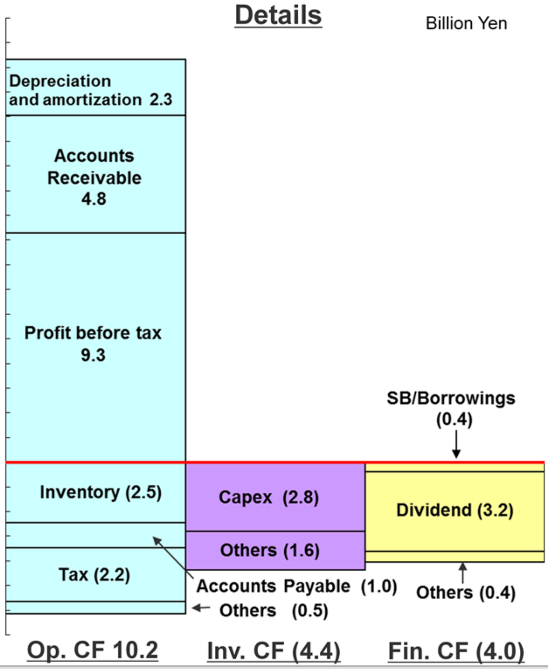
Cash Flow (Apr.-Dec.)
Operating CF : 10.2 Bn. Yen
Investing CF : (4.4) Bn. Yen
Financial CF : (4.0) Bn. Yen

Free Cash Flow
Op. CF + Inv. CF : 5.8Bn. Yen

Cash at the end of period
41.4 Bn. Yen

Interest-bearing dept.
19.1 Bn. Yen

Note : Numbers are rounded off in each column



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As for operating cash flow, efforts in efficient management of working capital, including an increase in recovery of accounts receivable, which is mainly a seasonal factor for operating cash flow, led to a cash inflow of 10.2 billion yen. As a result, operating cash flow margin turned out to be 14.4%.

Investment cash flow of 2.8 billion in capital investment mainly consisted of 1.1 billion yen for building a new factory in Koriyama city, Fukushima prefecture. This new factory started operation from the beginning of July 2013.

As a result, the free cash flow amounted to 5.8 billion yen.

The payment of 3.2 billion yen in dividends accounted for the major part of cash outflow of 4.0 billion yen in financial cash flow. The dividends paid were the year-end dividend for the previous fiscal year of 12.50 yen per share and the interim dividend of 10 yen per share.

Subsequently, the balance of cash equivalents at the end of the quarter increased 3.7 billion yen from the beginning of the fiscal year to 41.4 billion yen, mainly as a result of recording 1.9 billion yen in effect of exchange rate change on cash and cash equivalents.

I -3. Outlook for full year of FY2013

Downward revision of consolidated profits forecast
No change for annual dividend of 20.00 yen per share (including year-end dividend of 10.00 yen)

Unit: Billion Yen

		FY2012	FY2013			
			Full Year			
		Actual	Previous Forecast	Revised Forecast	YoY	YoY(%)
Revenue		94.7	102.0	102.0	7.3	8%
Operating profit (loss)		15.7 *	17.0	14.3	(1.4)	-9%
Profit (loss) before tax		16.1 *	16.5	14.3	(1.8)	-11%
Profit (loss)		13.9	11.5	9.5	(4.4)	-32%
Test & Measurement	Revenue	71.2	77.0	77.0	5.8	8%
	Op. profit (loss)	15.0	15.5	13.2	(1.8)	-12%
Industrial Automation	Revenue	14.4	15.5	16.0	1.6	11%
	Op. profit (loss)	0.8	1.0	1.1	0.3	35%
Others	Revenue	9.0	9.5	9.0	(0.0)	0%
	Op. profit (loss)	(0.1)	0.5	0.0	0.1	-

Note 1 : Exchange rate for FY2013 Q4(forecast) 1USD = 100 yen, 1EURO=135yen
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)

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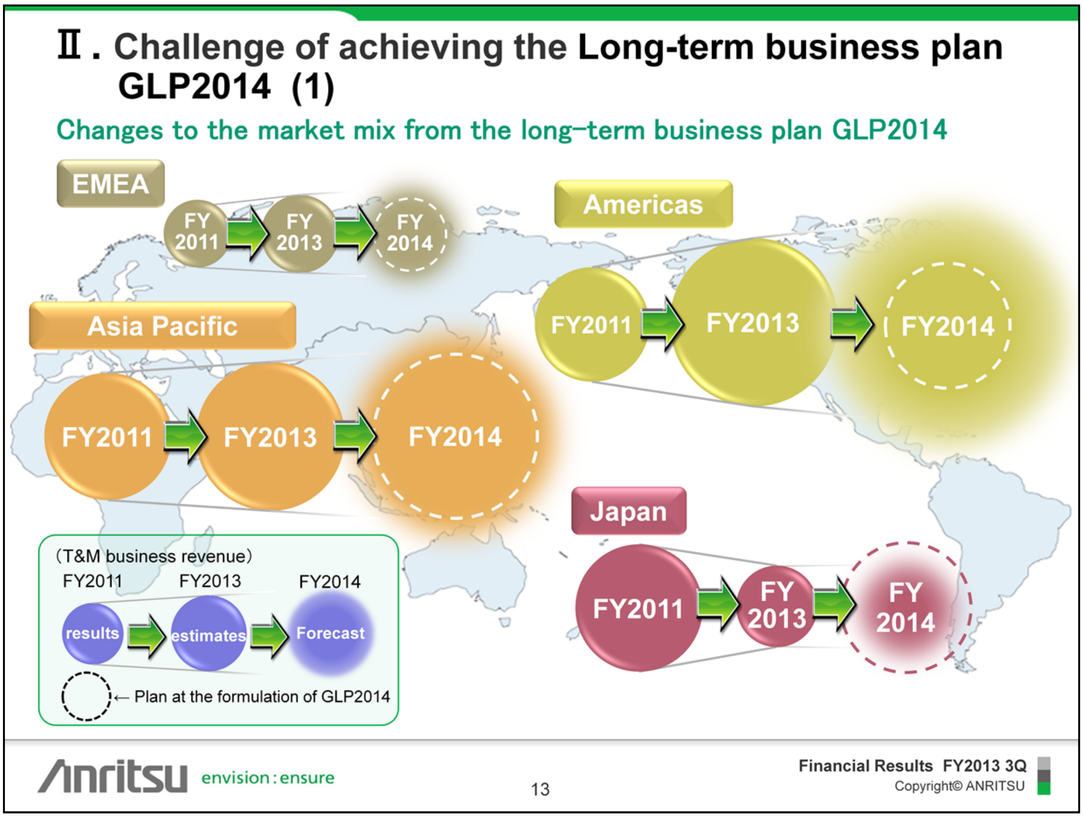
The outlook for the full year results of FY2013 has been changed from the plan announced on April 25th, for the following reasons.

In the T&M business, although steady business in the overseas mobile market centering on North America are covering the slump in the domestic market, continual floundering demand in the Japanese market has resulted in a downward revision of operating profit. We forecast the results for revenue to be in line with the initial plan.

Regarding the Industrial Automation business, both revenue and operating profit have been revised upward due to strong domestic demand and an expansion of sales in the U.S. In the Others business, revenue and operating profit have been revised downward as a result of a slump in the devices business.

Profit before tax, profit, and profit attributable to owners of parent have been revised factoring in the revision of operating profit, improvement in finance income due to recognition of foreign exchange gains, and the effect on income tax expenses due to the abolition of special corporation tax for reconstruction, among other factors.

As for dividend, annual dividend of 20.00 yen per share (including year-end dividend of 10.00 yen) is scheduled as initially planned.



Regarding the FY2014 Plan for the final year of the long-term business plan GLP2014, the effect of the changes to the forecast results for FY2013 will be announced along with a recovery strategy at the FY2013 full year outlook briefing. As disclosed in this announcement as well, extensive changes have occurred in the market mix since formulating the GLP2014. Specifically, it is likely that the Japanese market plan will not be able to meet the GLP2014 targets. Meanwhile, demand in excess of the GLP2014 targets is anticipated in North America with its cluster of leading players in the mobile broadband market and corresponding R&D regions, and also in the Chinese market, which was granted a TDD-LTE license last December and is now seeing the full-fledged spread of LTE.

Ⅱ. Challenge of achieving the Long-term business plan GLP2014 (2)

Dramatic changes in the mobile market

(1) The commoditization of smartphones, and chipset vendors leading the terminal manufacturing market by offering reference designs

(2) Over The Top (OTT) players determining control of the mobile services market

(3) Shift in key players due to intensifying competition and global realignment

*OTT players :companies providing contents services on the broad band network without using network operator

(1) Providing solutions to meet diverse customer needs

(2) Capturing key customers in the market and expanding market share

(3) Strengthening and maintaining global customer support capabilities

The following events have led to these changes in the market mix.

(1) The commoditization of smartphones, and chipset vendors leading the terminal manufacturing market by offering reference designs

(2) Over The Top (OTT) players determining control of the mobile services market

(3) This change in the mobile broadband market value chain from upstream and downstream is intensifying competition and facilitating a global realignment of the market including operators and others, as well as causing a shift in key market players.

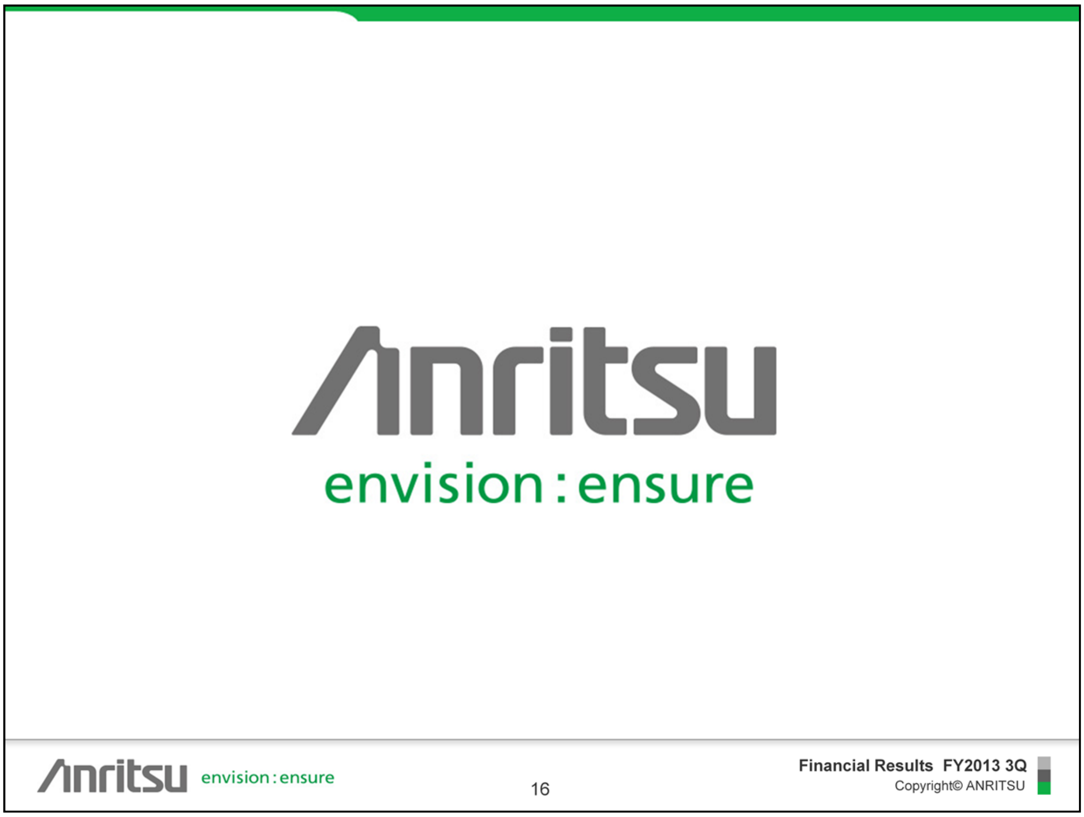
Based on the basic policy and strategies outlined in the slides, Anritsu will take appropriate action to deal with these market changes and become global market leader that customers can trust. We will continue to meet the challenge of achieving the GLP2014 targets.

Anritsu has been working on project for rebuilding its brand, and we will now announce a new brand statement reflecting these efforts. The official debut of the new brand will be at the Mobile World Congress (MWC) to be held on February 24 in Barcelona, Spain.

Embedded in the concept of “envision:ensure” is the following pledge from Anritsu:

We will share dreams with customers, create a vision together, and develop this vision into solutions that exceed our customers’ expectations. Through this innovation of an endless cycle of value creation, Anritsu will continue to grow as a company that customers can trust.

In 2015, Anritsu will mark the 120th anniversary since its foundation. Since its inception, Anritsu has taken on the challenge of providing solutions for issues faced by customers, markets and society, centering on the fields of information communications and electronics, and has earned customers’ trust. We will carry on the Anritsu DNA in the new brand statement of continuing business as an “Original & High-level” company with high social value that creates customer value with “Sincerity, Harmony and Enthusiasm.”



We appreciate the support and cooperation of all our shareholders and investors. This concludes our performance report for the 3rd quarter of the Fiscal Year ending March 31, 2014.