Financial Results for the Fiscal Year ended March 31, 2014

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MEMBERSHIP

http://www.anritsu.com

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Agenda

Ⅰ. Consolidated performance review of fiscal year ended March, 2014

Ⅰ-1. Outline of our business segments
Ⅰ-2. Consolidated performance

Ⅱ. Outlook for full year of the fiscal year ending March, 2015

Ⅱ-1. Outlook for full year of the fiscal year ending March, 2015
Ⅱ-2. Business environment and initiatives
Ⅱ-3. Dividend forecast

Ⅲ. Others

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)
101.9 Billion Yen consolidated revenue in FY2013

T&M 75%			Industrial Automation	Others
Mobile 50%	Network Infrastructure 30%	Electronics 20%	16%	9%

(Sales of T&M business by region)

Japan	Asia & Pacific	Americas	EMEA
17%	30%	35%	18%

(No notes here)

Ⅰ-2. Consolidated Performance –Business Segments-

T&M: Overseas sales drive demand, led by the Americas and Asia; investment declines in the Japanese market
Industrial Automation: Strong performance in the Japanese market and business expansion in North America

Segment	FY2013 (April to March, 2014)
Test & Measurement (T&M)	・Mobile: Strong demands for LTE R&D purpose ・Network infrastructure: Continue to expand base station network ・Electronics: Continue to reduce capital investment by customers
	・Japan: Mobile players reduce investments ・Asia: Mobile-related demand for R&D and manufacturing remained strong ・Americas: Driven by smartphone development and base station installation investment
Industrial Automation	Strong results both in Japan and overseas

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In the T&M business, although demand in Japan declined as smartphone vendors and others withdrew from the mobile business, the business was boosted by active investment in development of LTE and LTE-Advanced outside Japan, especially in the Americas and Asia.

The performance of the Industrial Automation business improved thanks to strong demand for equipment renewal in Japan, as well as progress in developing new customers in preparation for growth in the North American market for the detection of foreign objects.

I -2. Consolidated performance -Financial results-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2012	FY2013	YoY	YoY (%)
Order Intake	96.0	103.9	7.9	8%
Revenue	94.7	101.9	7.2	8%
Operating profit (loss)	15.7*	14.1	(1.6)	-10%
Profit (loss) before tax	16.1*	14.2	(1.9)	-12%
Profit (loss)	13.9	9.3	(4.6)	-33%
Comperhensive Income	16.4	13.5	(2.9)	-17%
Free Cash Flow	6.7	8.5	1.8	26%

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:15.8billion yen, Profit before tax16.2 billion yen)

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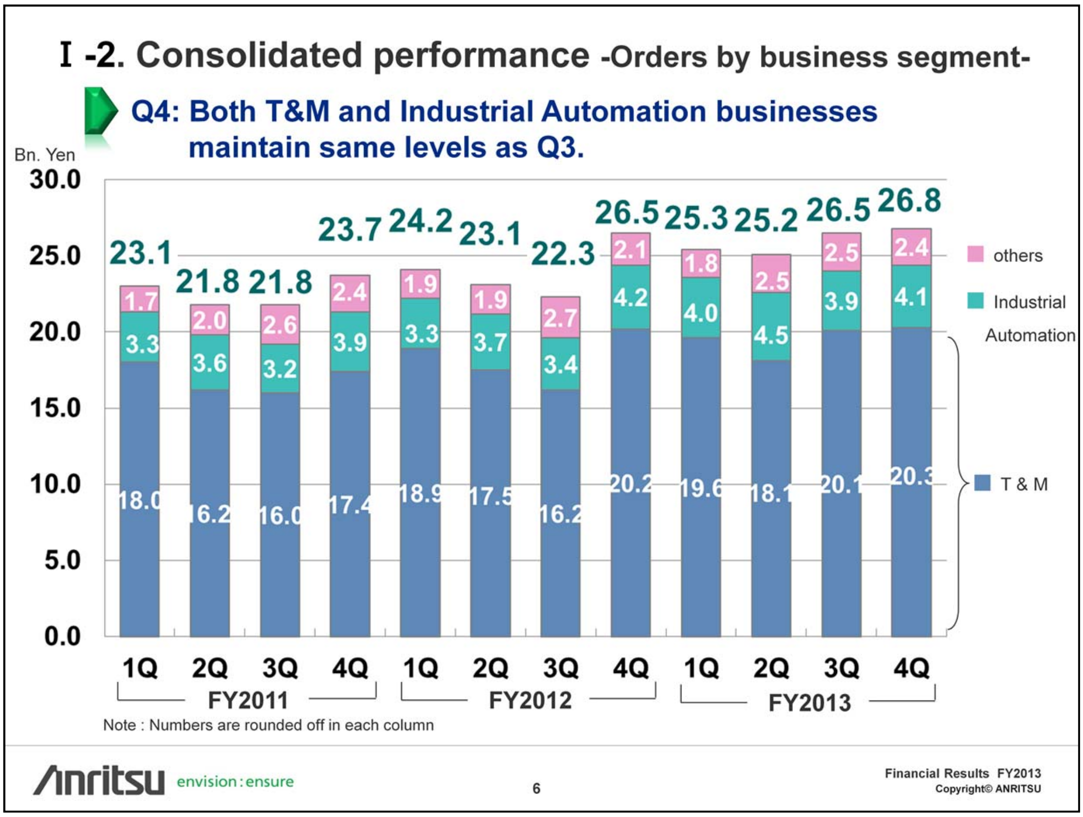
Order intake has increased by 8% to 103.9 billion yen and revenue also increased by 8% to 101.9 billion yen, compared to the previous fiscal year.

Meanwhile, operating profit declined by 10% year on year to 14.1 billion yen, owing mainly to the rapid shrinking of the Japanese T&M market, as well as increased development and support costs for overseas customers, and the effect of the weakening yen on increasing these costs.

Our profit before tax was 14.2 billion yen due to foreign exchange gain associated with the weak yen exceeded finance costs.

Profit decreased by 33% year on year to 9.3 billion yen. Comprehensive income decreased by 17% year on year to 13.5 billion yen.



In Q4, the T&M business had orders of 20.3 billion yen, while the Industrial Automation business had orders of 4.1 billion yen, with orders for the Group totaling 26.8 billion yen, maintaining the same level as Q3.

Orders for FY2013 increased by 7.4% year on year in the T&M business, to 78.2 billion yen, and by 12.7% in the Industrial Automation business, to 16.5 billion yen. Orders for the Group as a whole increased 8.2% year on year, to 103.9 billion yen. Orders in both the T&M and Industrial Automation businesses were driven largely by growth in overseas markets, with orders greatly increased from the previous year.

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2012	FY2013	YoY	YoY (%)
Test & Measurement	Revenue	71.2	76.0	4.8	7%
	Op. profit (loss)	15.0	13.0	(2.0)	-13%
Industrial Automation	Revenue	14.4	16.9	2.5	17%
	Op. profit (loss)	0.8	1.2	0.4	48%
Others	Revenue	9.0	9.0	0.0	-0%
	Op. profit (loss)	*1 (0.1)	(0.1)	0.0	-
Total	Revenue	94.7	101.9	7.2	8%
	Op. profit (loss)	*2 15.7	14.1	(1.6)	-10%

Note : Numbers are rounded off in each column

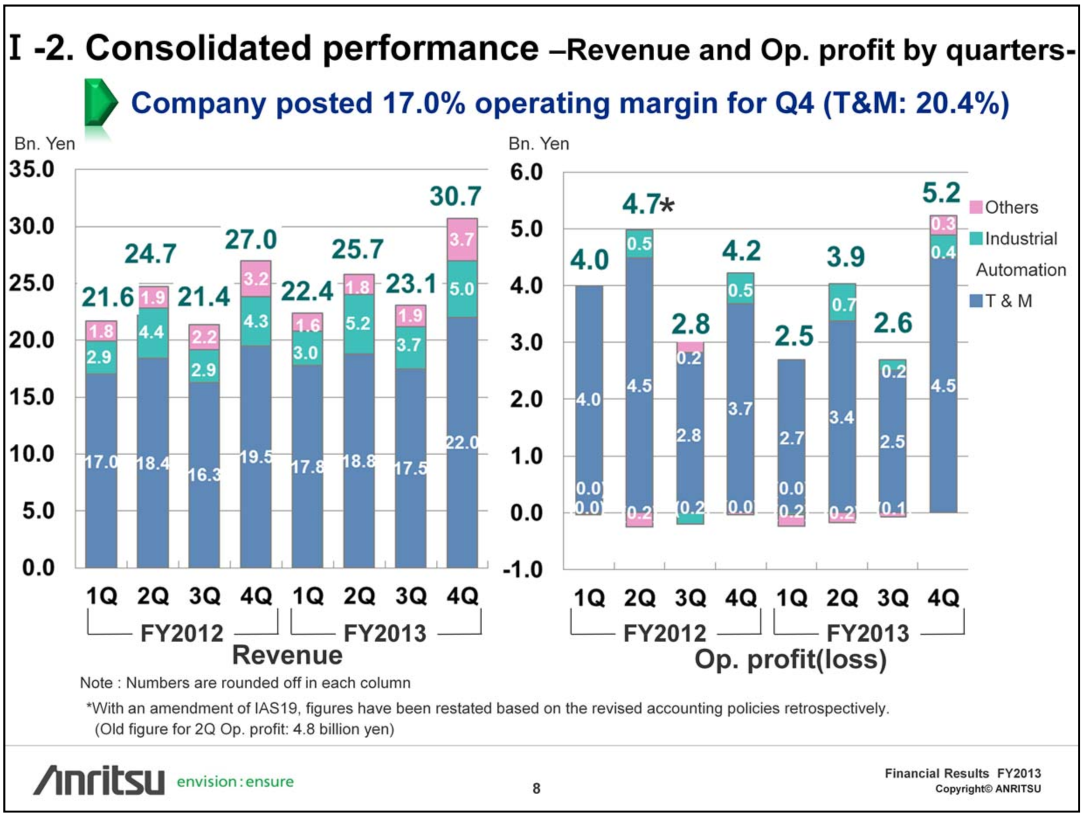
*1 The operating profit of the previous fiscal year in the Others segment includes an impairment loss of 588 million yen relating to unutilized a portion of the Company's facilities.

*2 With an amendment of IAS19, figures have been restated based on the revised accounting policies retrospectively. (Old figures for Total Anritsu operating profit :15.8billion yen)

The T&M business achieved 76.0 billion yen in revenue, up by 7% year on year. Operating profit declined 13% year on year to 13.0 billion yen, and operating profit to revenue ratio is 17.1%.

Although increased orders in overseas markets were able to stem the decline in revenue of the Japanese market, the operating profit to revenue ratio fell year on year due to increases in personnel costs and expenses of strategic structural growth aimed at improving our support for international customers.

Performance in the Industrial Automation business was driven by growth in orders in Japan and North America. Revenue grew by 17% year on year, to 16.9 billion yen, while operating profit grew by 48% year on year to 1.2 billion yen, for a massive growth in operating profit to revenue ratio to 7.1%.

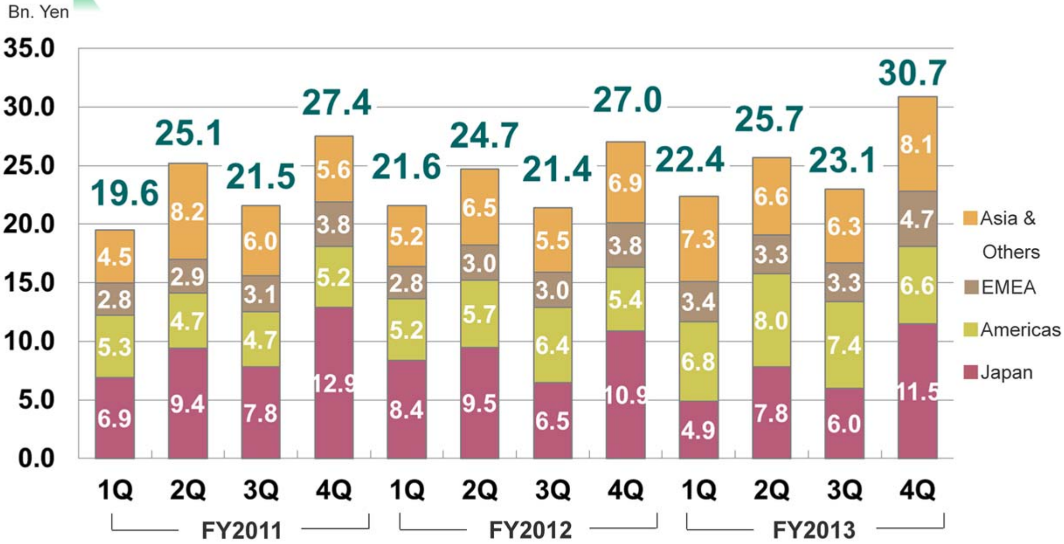


The consolidated revenue in Q4 increased by 13.7% year on year to 30.7 billion yen, and T&M revenue increased by 12.5% year on year to 22.0 billion yen.

The consolidated operating profit to revenue ratio (operating margin) for Q4 was 17.0%, while the T&M business had an operating margin of 20.4%. These ratios are in line with the quarterly plan formed at the beginning of FY2013, as well as the targets in the GLP2014 Long-term Business Plan.

Ⅰ-2. Consolidated performance -Revenue by region-

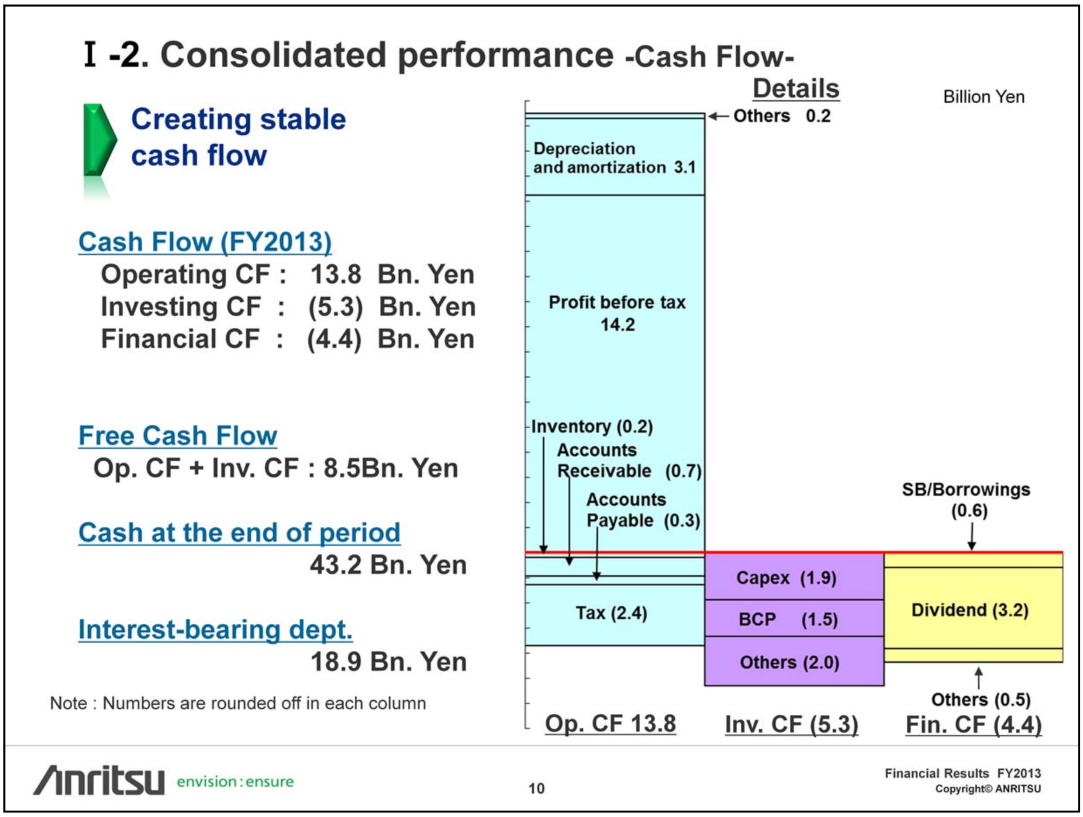
Quarterly revenue increases year on year in all regions



Note : Numbers are rounded off in each column

Although quarterly revenues in Japan market fell year on year until Q3, in Q4 they increased against the corresponding period of the previous fiscal year.

In overseas markets, performance in the Americas and EMEA was driven by demand for mobile R&D, while demand for both mobile R&D and manufacturing was strong in Asia. As a result, quarterly revenues grew year on year in each region.



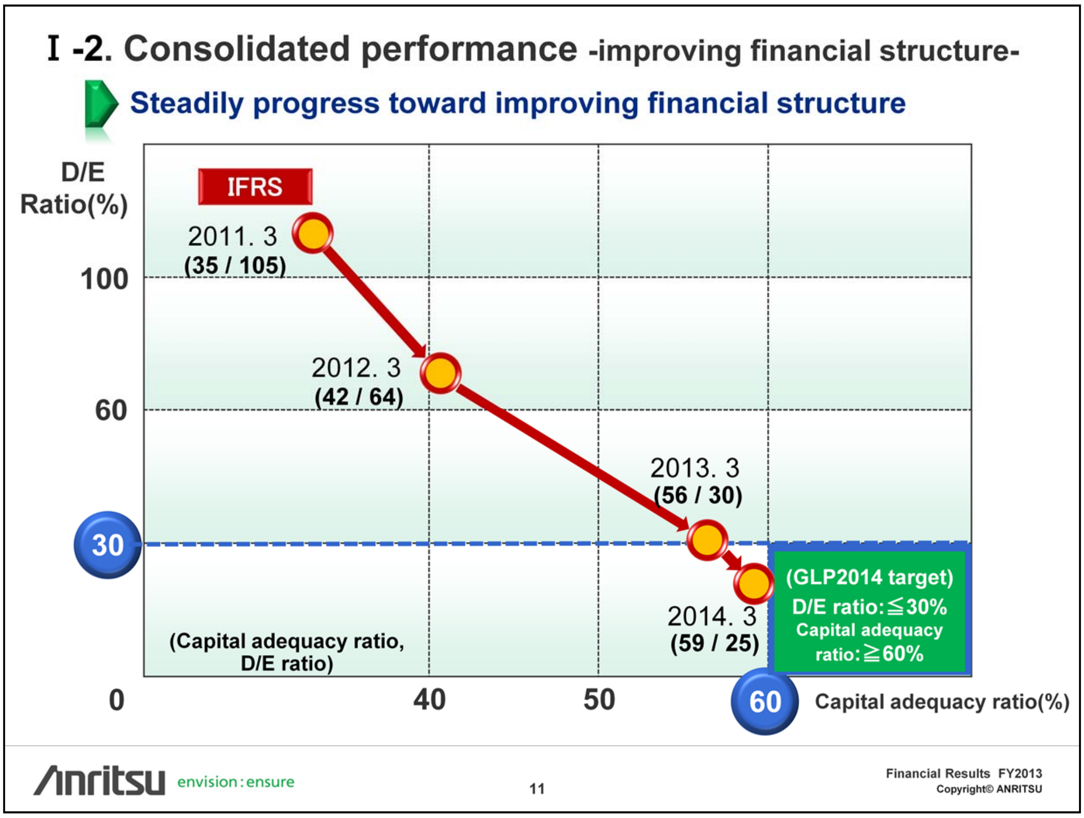
As for operating cash flow, an improvement in working capital and an increase in profit before tax, led to a cash inflow of 13.8 billion yen. As a result, operating cash flow margin turned out to be 13.5%.

The investing cash flow of 5.3 billion yen includes 1.5 billion yen in construction costs for a new building at the Atsugi site, as part of business continuity planning (BCP). This construction is described in detail on a later slide.

As a result, the free cash flow amounted to 8.5 billion yen.

The payment of 3.2 billion yen in dividends accounted for the major part of cash outflow of 4.4 billion yen in financial cash flow.

Subsequently, the balance of cash equivalents at the end of the period increased 5.5 billion yen from the beginning of FY2013 to 43.2 billion yen.



As of end-March 2014, the Company's capital adequacy ratio was 59%, and its D/E ratio was 25%.

The Company has made steadily progress toward strengthening its financial structure, and has generally met the targets in the GLP2014 Long-term Business Plan.

Ⅱ. Outlook for full year of the fiscal year ending March, 2015

Ⅱ-1. Outlook for full year of FY2014

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2013 Actual	FY2014 Forecast	FY2014 YoY	FY2014 YoY(%)
Revenue		101.9	109.0	7.1	7%
Operating profit (loss)		14.1	16.0	1.9	13%
Profit (loss) before tax		14.2	16.0	1.8	12%
Profit (loss)		9.3	11.0	1.7	18%
Test & Measurement	Revenue	76.0	81.5	5.5	7%
	Op. profit (loss)	13.0	14.5	1.5	11%
Industrial Automation	Revenue	16.9	18.0	1.1	6%
	Op. profit (loss)	1.2	1.3	0.1	8%
Others	Revenue	9.0	9.5	0.5	6%
	Op. profit (loss)	(0.1)	0.2	0.3	-

Note 1 : Exchange rate for FY2014 (forecast) 1USD = 100 yen, 1EURO=135yen
Note 2 : Numbers are rounded off in each column

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Our targets for consolidated performance in FY2014 are as follows: a 7% year-on-year increase in revenue, to 109.0 billion yen, and a 13% year-on-year increase in operating profit, to 16.0 billion yen.

The Group is forecasting an 18% increase in profit, to 11.0 billion yen, based on the expectation that the Group’s effective tax rate will be approximately 30%.

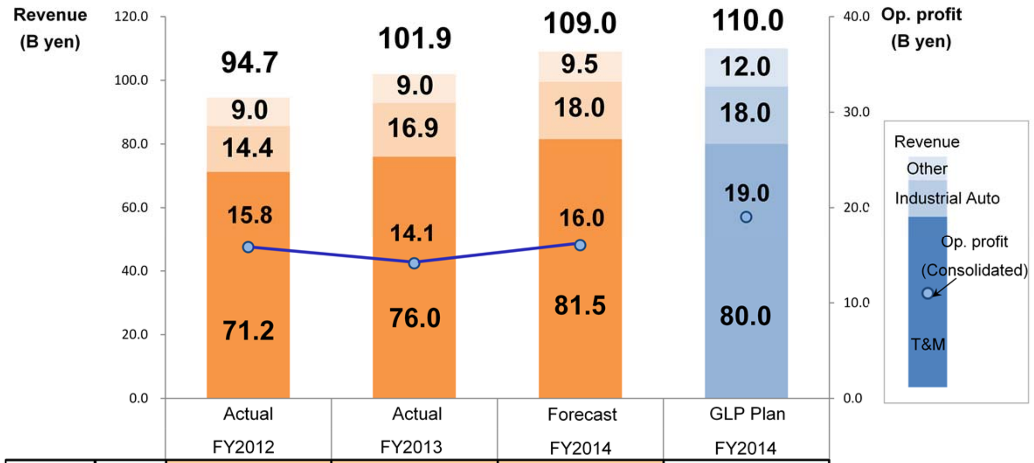
The forecast for the T&M business is as follows: a 7% year-on-year increase in revenue, to 81.5 billion yen; an 11% year-on-year increase in operating profit, to 14.5 billion yen; and operating profit to revenue ratio of 17.8%. The Group expects continued active worldwide demand for R&D relating to LTE Advanced, and TD-LTE service in China.

The forecast for the Industrial Automation business is as follows: a 6% year-on-year increase in revenue, to 18.0 billion yen; an 8% year-on-year increase in operating profit, to 1.3 billion yen; and operating profit to revenue ratio of 7.2%. The Group expects strong replacement demands in Japan, and growth in overseas markets, especially in North America.

Ⅱ-1. Outlook for full year of FY2014 (Summary)

Comparison with GLP2014 3-year Plan

International Financial Reporting Standards (IFRS)



OP. Margin		Actual FY2012	Actual FY2013	Forecast FY2014	GLP Plan FY2014
	Consoli.	17%	14%	15%	17%
	T&M	21%	17%	18%	20%

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The fiscal year ending March 2015(FY2014) is the final year of our GLP2014 Long-term Business Plan.

The T&M and Industrial Automation businesses expect to achieve their targets of revenue growth rates by the drivers of growth at the inception of GLP2014 and aggressive investments. However there is a gap between forecast and GLP Plan in the Others segment.

Meanwhile, there is a large gap between forecast and GLP plan in Japan market, due mainly to the withdrawal of Japanese mobile players, but the Group is working to improve its profit structure through the aggressive development of overseas markets.

Ⅱ-2. Business environment and initiatives (1)

T&M business

FY2013→FY2014
Revenue 7% increase
Op. profit 11% increase

Protocol Conformance test

Business environment

- Further progress in LTE-Advanced development
- Market expansion through growth of emerging terminal vendors
- Growth of TD-LTE market

Focal points for FY2014

- Increased orders for Conformance and Carrier Acceptance Testing through enhanced support readiness
- Strengthening relationships with chipset vendors and enhancement of solution for terminal production
- Responding to global demand for TD-LTE, centered on China

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The T&M business expects continued active investment in the mobile market.

In the R&D field, investment in LTE-Advanced is growing (especially Carrier Aggregation). The Group expects demand for such testing applications as Conformance Testing and Carrier Acceptance Testing.

In the manufacturing field, there is rapid growth among emerging terminal vendors who utilize reference designs provided by chipset vendors. We will expand our business by working more closely with chipset-vendor customers.

TD-LTE services in China have grown into a mass market, and global demand for TD-LTE can be expected to grow for both R&D and manufacturing.

Ⅱ-2. Business environment and initiatives (2)

Industrial Automation business

FY2013→FY2014
Revenue 6% increase
Op. profit 8% increase

X-ray Inspection System

Business environment

- Strong replace demand in Japanese market
- Increased demand for food inspection in overseas markets, especially North America

Focal points for FY2014

- Capture replace demand by function enhancement for solutions (Japanese market)
- Strengthen competitiveness of X-ray Inspection System and overseas sales network enhancement
- Enhance relationships with major global food manufacturers, and develop new customers

In the Industrial Automation business, the Group expects continued strong demand for equipment renewal in Japan, and increased demand for food inspection overseas, especially in North America.

In the Japanese market, we will make our products more competitive by enhancing solutions that meet customer needs, and leverage this to capture demand.

In overseas markets, we will focus on enhancing our local customer-support capabilities, cultivating our ties with major global food manufacturers while developing new customers in this field, and capturing demand, with a focus on X-ray inspection system.

Ⅱ-3. Dividend forecast

Full year dividend per share（increase by 4 yen）

24 yen（interim dividend 12 yen）

	Dividend per share	Profit	Payout ratio
FY2014（Forecast）	24 yen	11.0 B yen	31%

Profit Distribution Policy

The Company's core policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance. With regard to dividend, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 25% or more. Furthermore, the Company will incorporate total return ratio as its policy for returning profits and consider purchasing treasury stock in an effort to return profits to its shareholders.

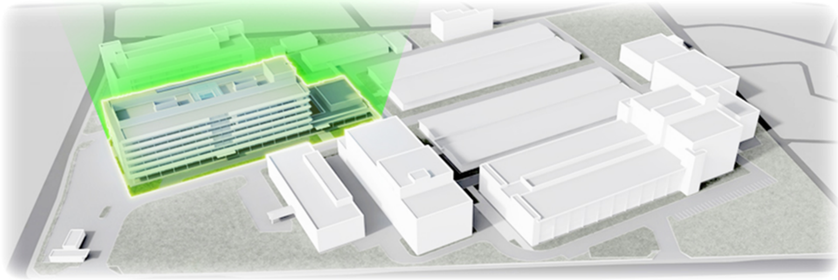
The annual dividend is 24 yen. This is the result of considering the DOE level and payout ratio with an assumption of 11.0 billion yen in profit for the fiscal year.

We will also incorporate a total return ratio as part of our strategy for providing returns to our shareholders. As of this time, the Board has not adopted a specific timeline for purchasing treasury stock.

Ⅲ-1. Investment Plan to Promote Business Continuity Planning (BCP)

Construction of new Global Headquarters building with headquarters and R&D capabilities, as part of BCP construction at Atsugi site (total investment: approx. 10.0 B yen)

Purpose	(1) Build BCP readiness for Anritsu Group as a whole (2) Expand and enhance functionality of R&D environment (3) Advance S&B* plan as 50 years passed from Atsugi site opening
Construction plan	Planned to complete construction in April, 2015
CAPEX	Total investment in BCP: Approx. 10.0 B yen (cost of Global Headquarters bldg.: approx. 8.0 B yen) FY2013: 1.5 B yen FY2015 and later: 5.5 B yen FY2014: 3.0 B yen



*S&B : Scrap & Build

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Fifty years have passed since the current headquarters opened at the Atsugi site. We are taking the lessons learned from the Great East Japan Earthquake and other disasters, and advancing a business continuity planning (BCP).

As part of this effort, we will build a new Global Headquarters building. The total investment in the building itself will be about 8.0 billion yen. Construction is scheduled to be completed in April 2015.

We will continue to advance our BCP at the Atsugi site, while building business environment that is both environmentally sound and capable of withstanding natural disasters.

Ⅲ-2. Simultaneously awarded two awards

We will continue to strengthen our business, standing on the twin pillars of integrity and enhancing corporate value.

Excellence Award of Corporate Value Improvement Award

Integrity Award for Excellence

We are proud to receive these two prestigious awards in FY2013.

The first award is presented to companies listed on the Tokyo Stock Exchange for advanced initiatives to improve corporate value. The Anritsu Group won the excellence award out of the 3,400 companies listed on the exchange.

The second award is for excellence in integrity. Firms are judged on such criteria as social responsibility, corporate ethics, compliance, and internal controls.

These awards have inspired us to further strengthen our business, standing on the twin pillars of integrity and enhancing corporate value.

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.

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Anritsu has published a new brand statement: “envision:ensure.” The intention behind this statement is creating a shared vision among all stakeholders, and together building an endless spiral of innovation. We will continue our initiatives aimed at scenarios of “Continuous growth with sustainable superior profits.”

This concludes our financial report for the fiscal year ended March 2014. We look forward to the continued cooperation and support of our shareholders and investors in the coming year.