Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2015

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October 31, 2014

FASF MEMBERSHIP

http://www.anritsu.com

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(No notes here)

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.

(No notes here)

Agenda

Ⅰ. Consolidated performance review of 2Q ended September 30, 2014

Ⅰ-1. Outline of our business segments
Ⅰ-2. Consolidated performance
Ⅰ-3. Outlook for full year of the fiscal year ending March, 2015

Ⅱ. Others

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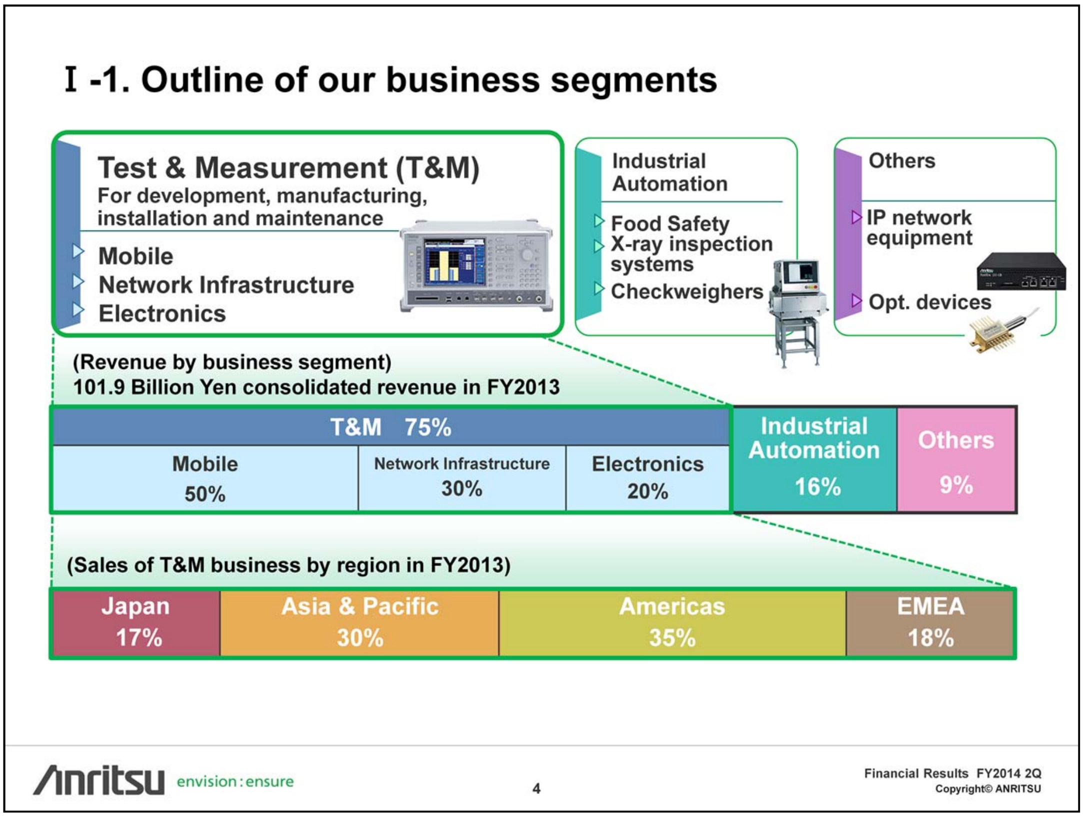

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Ⅰ-2. Consolidated Performance -Business Segments-

T&M: Asian markets showed solid performances
Industrial Automation: Orders unchanged from previous fiscal year

Segment	FY2014 2Q (April to September, 2014)
Test & Measurement (T&M)	・Mobile: Strong demands for LTE-Advanced R&D purpose ・Network infrastructure: Competition over optical and digital measuring instruments intensifies ・Electronics: Continue to reduce capital investment by customers
	・Japan: Overall capital investment down ・Asia: Strong investment in development for TD-LTE Products for manufacturing remain on par with previous year ・Customers in Americas: Stronger trend toward distributing investments over worldwide development centers
Industrial Automation	Strong performance overseas, while revenue in Japan declined year on year

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Demand for measuring instruments for R&D in the mobile market has driven strong performance in the T&M business, especially in Asia. Regarding demand from smartphone vendors for measuring instruments for manufacturing, despite the continuing trend of facility expansion and reinforcement especially in China, performance was unchanged from the previous fiscal year due to increasingly fierce competition. Turning to measuring instruments for the network infrastructure market, although demand for measuring instruments for the installation and maintenance of base stations recovered compared to 1Q, competition over optical and digital measuring instruments intensified.

In the Industrial Automation business, performance was strong in the overseas market, while revenue in the Japanese market declined from the previous year. The business invested actively to accelerate its expansion overseas and to develop new products.

Ⅰ-2. Consolidated performance -Financial results-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	2Q FY2013 (Apr. to Sep.)	2Q FY2014 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	50.6	48.9	(1.7)	-3%
Revenue	48.1	48.0	(0.1)	-0%
Operating profit (loss)	6.3	4.6	(1.7)	-27%
Profit (loss) before tax	6.6	5.0	(1.6)	-24%
Profit (loss)	4.3	3.5	(0.8)	-19%
Comperhensive Income	5.6	5.1	(0.5)	-9%
Free Cash Flow	4.5	5.1	0.6	14%

Note : Numbers are rounded off in each column

The Group’s consolidated order intake has decreased by 3% year on year to 48.9 billion yen and revenue was 48.0 billion yen, remaining almost at the same level as the corresponding period of the previous fiscal year.

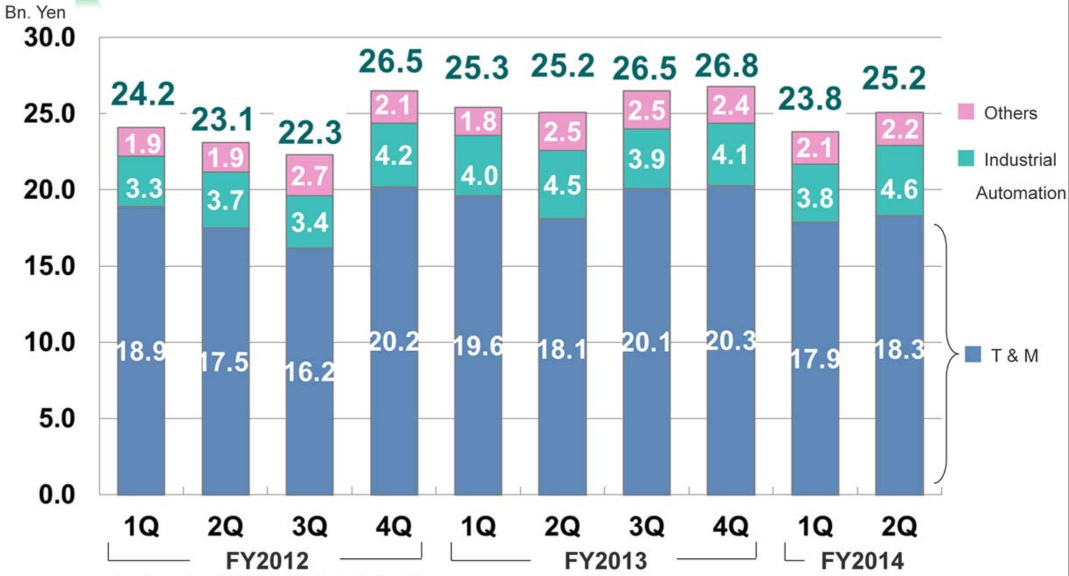
Operating profit declined by 27% year on year to 4.6 billion yen.

The main causes for this were increased investment in R&D in both the T&M and Industrial Automation businesses, and the rise in expenses incurred by the T&M business for enhancing its overseas customer support capabilities over the past year.

Profit decreased by 19% year on year to 3.5 billion yen. Comprehensive income decreased by 9% year on year to 5.1 billion yen.

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

T&M : Orders increased by 1% year on year



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In 2Q, orders for the T&M business increased 1% year on year to 18.3 billion yen and orders for the Industrial Automation business was on par year on year at 4.6 billion yen. Orders for the Group as a whole were 25.2 billion yen.

Order intakes for the T&M business were lower than our initial expectations. This was because some customers held back on investment regarding demand for mobile R&D, and also because of slower than expected demand for measurement for TD-LTE manufacturing.

Backlog of orders grew year on year, to 18.4 billion yen group-wide, and 14.0 billion yen in the T&M business.

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

Unit: Billion Yen

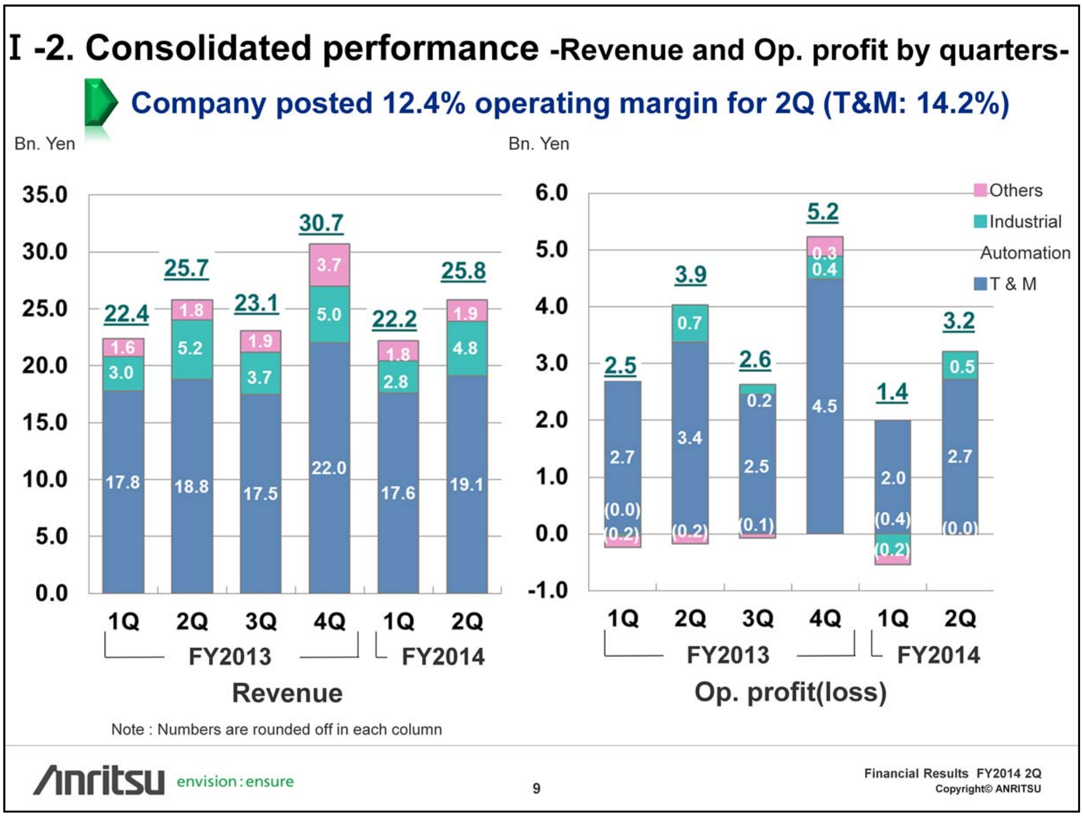
International Financial Reporting Standards (IFRS)		2Q FY2013 (Apr. to Sep.)	2Q FY2014 (Apr. to Sep.)	YoY	YoY (%)
Test & Measurement	Revenue	36.5	36.7	0.2	0%
	Op. profit (loss)	6.1	4.7	(1.4)	-23%
Industrial Automation	Revenue	8.2	7.7	(0.5)	-6%
	Op. profit (loss)	0.6	0.1	(0.5)	-79%
Others	Revenue	3.4	3.7	0.3	9%
	Op. profit (loss)	(0.4)	(0.2)	0.2	-
Total	Revenue	48.1	48.0	(0.1)	-0%
	Op. profit (loss)	6.3	4.6	(1.7)	-27%

Note : Numbers are rounded off in each column

The T&M business achieved 36.7 billion yen in revenue, remaining almost at the same level as the corresponding period of the previous fiscal year. Operating profit declined 23% year on year to 4.7 billion yen, and operating profit to revenue ratio was 12.7%.

Revenue was on a par with the previous year, with the strong demand for mobile R&D making up for sluggish performance in the network infrastructure and electronics markets. Operating profit declined due to increased investment in R&D and increased selling expenses overseas.

In the Industrial Automation business, despite the strong performance in overseas markets, revenue in the Japanese market declined, resulting in a year-on-year decline in revenue to 7.7 billion yen. Operating profit was 0.1 billion yen, going ahead with investments in R&D and overseas expansion.

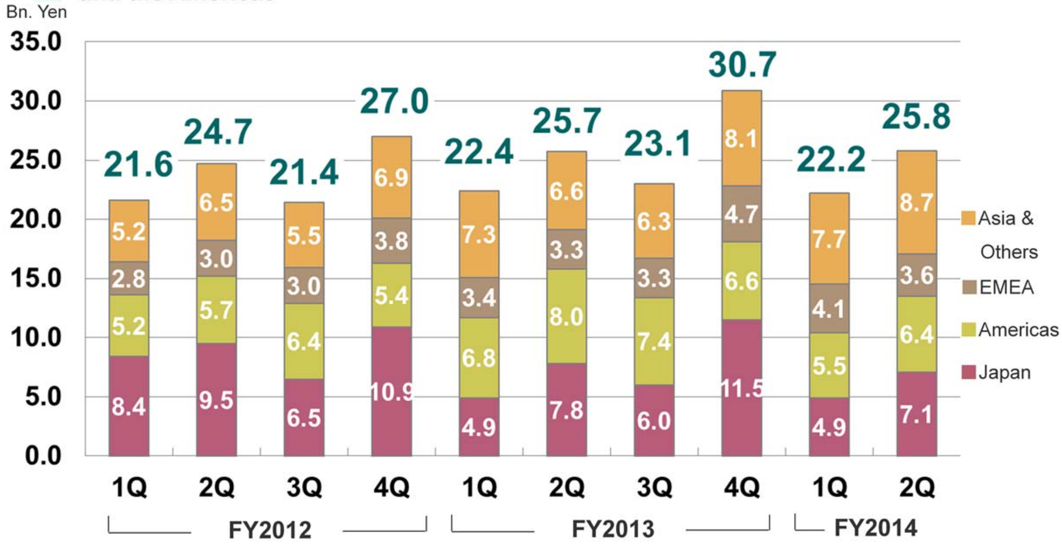


The consolidated revenue in 2Q was 25.8 billion yen, and T&M revenue was 19.1 billion yen.

The consolidated operating profit to revenue ratio (operating margin) for 2Q was 12.4%, while the T&M business had an operating margin of 14.2%.

Ⅰ-2. Consolidated performance -Revenue by region-

2Q revenue increased year on year in Asia and EMEA, while it decreased in Japan and the Americas



Note : Numbers are rounded off in each column

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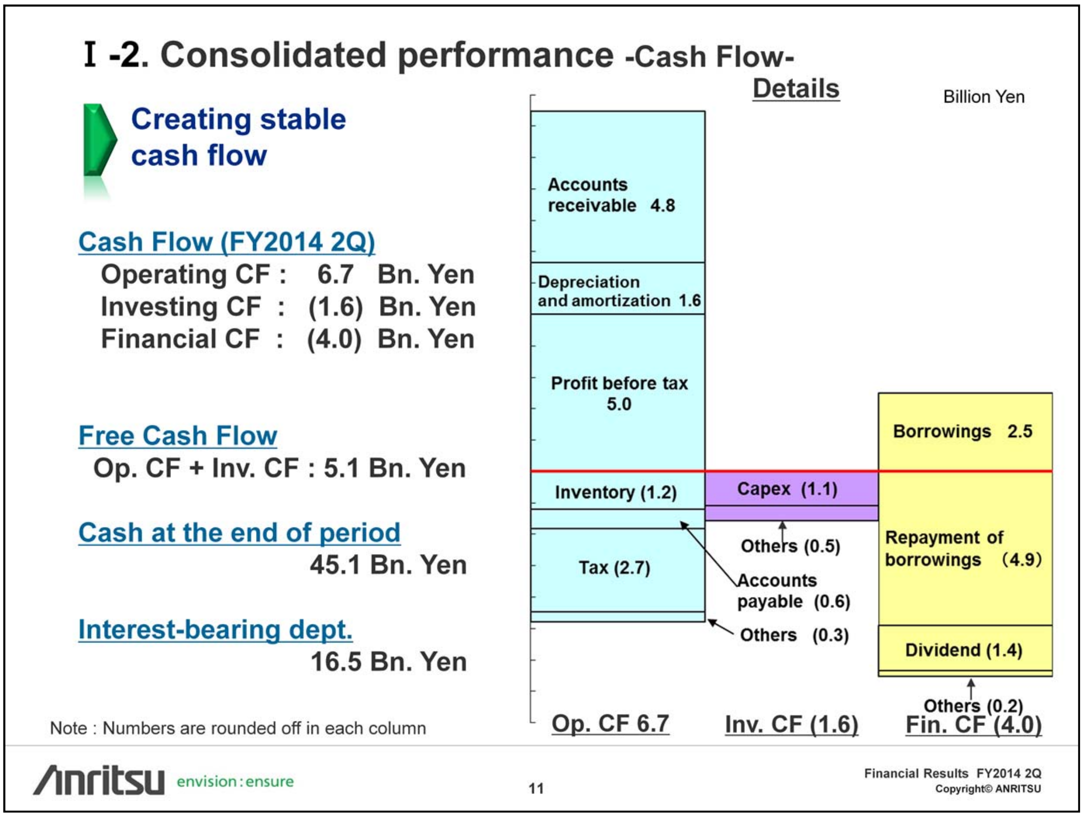
By region, although revenue was strong in Asia and EMEA as in 1Q, revenue declined year on year in Japan and the Americas.

In Japan, demand for the mobile market in the T&M business grew year on year, while customers continued to hold back on investments in other markets.

There were two main causes for the decline in revenue in the Americas:

(1) Regarding demand in mobile R&D, customers are not only investing in North America but also distributing their investments in the development bases of Asia and Europe.

(2) Demand for measuring instruments for the installation and maintenance of base stations declined from the corresponding period of the previous fiscal year, and competition intensified over optical and digital measuring instruments.



As for operating cash flow, a cash inflow of 6.7 billion yen was generated primarily from an improvement in working capital, and operating cash flow margin turned out to be 13.9%.

The investing cash flow amounted to 1.6 billion yen. We expect to record expenditures of 3 billion yen in a later period for the new “Global Headquarters building” at our Atsugi site, which is under construction.

As a result, the free cash flow amounted to 5.1 billion yen.

The payment of 1.4 billion yen in dividends (10 yen per share) and the balance of 2.4 billion yen between the borrowing of loans and loan repayments accounted for the major part of cash outflow of 4.0 billion yen in financial cash flow.

Subsequently, the balance of cash equivalents at the end of the period increased 1.9 billion yen from the beginning of FY2014 to 45.1 billion yen.

Ⅱ-3. Forecast for full year of FY2014

Downward revision of consolidated profits forecast
No change for annual dividend of 24.00 yen per share
(including interim dividend of 12.00 yen, Dividend payout ratio 35%)

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2013	FY2014			
			Full Year			
		Actual	Previous Forecast	Revised Forecast	YoY	YoY(%)
Revenue		101.9	109.0	104.5	2.6	3%
Operating profit (loss)		14.1	16.0	14.1	0.0	0%
Profit (loss) before tax		14.2	16.0	14.2	0.0	0%
Profit (loss)		9.3	11.0	9.5	0.2	2%
Test & Measurement	Revenue	76.0	81.5	78.5	2.5	3%
	Op. profit (loss)	13.0	14.5	13.0	0.0	0%
Industrial Automation	Revenue	16.9	18.0	16.5	(0.4)	-2%
	Op. profit (loss)	1.2	1.3	0.9	(0.3)	-26%
Others	Revenue	9.0	9.5	9.5	0.5	6%
	Op. profit (loss)	(0.1)	0.2	0.2	0.3	-

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

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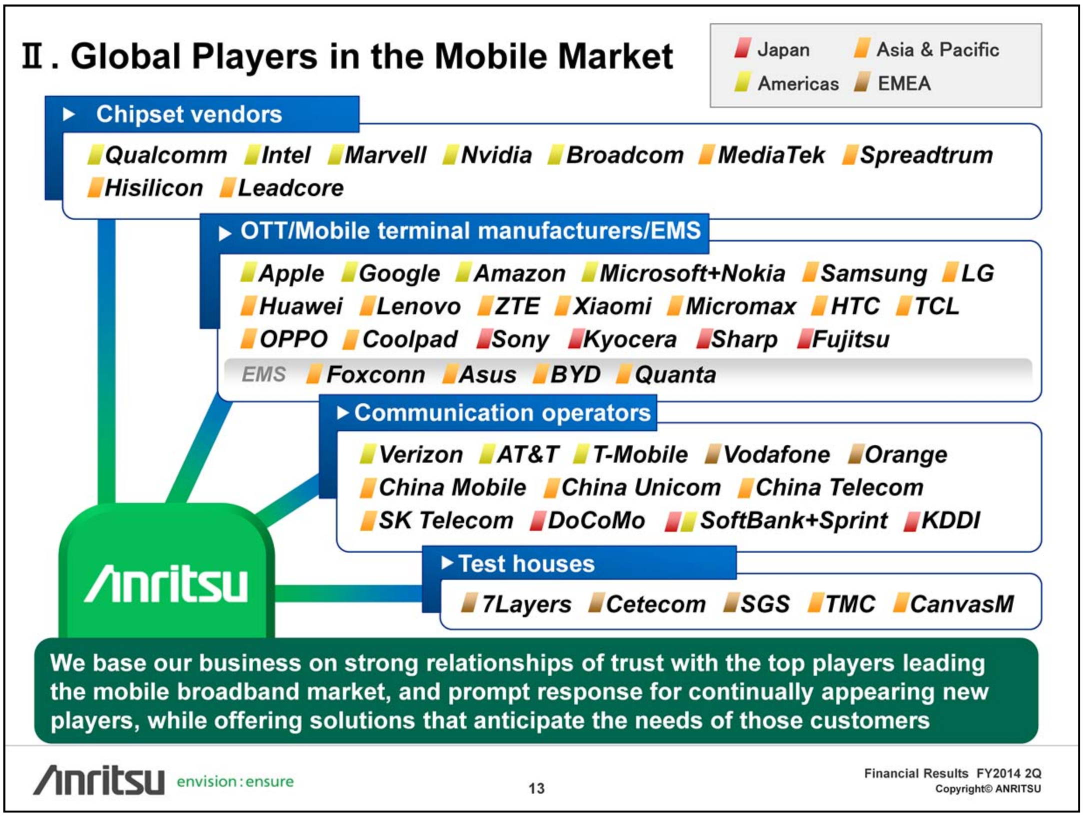
The forecast for the full year results of FY2014 will be changed from the plan announced on April 24th for the following reasons.

In the Test and Measurement business, given the continuous trend of solid demand for measuring instruments for R&D in the mobile communication market, strong demand is expected to continue in 2H. On the other hand, the level of orders is expected to be lower than originally estimated in the mobile manufacturing market, network infrastructure market and electronics market. Accordingly, the forecast for revenue has been revised downward and also the forecast for operating profit has been revised downward to the same level as the previous fiscal year.

In the Industrial Automation business, both revenue and operating profit have been revised downward in view of stagnation in the Japanese market in 1H.

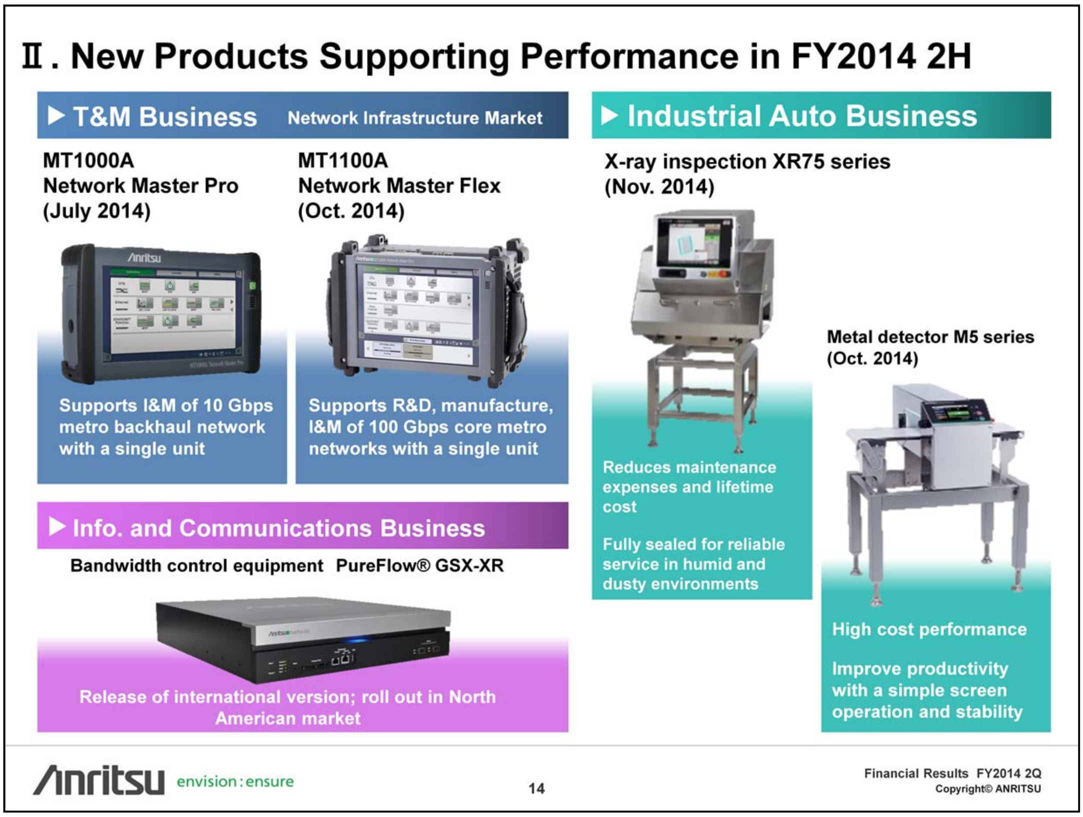
Profit before tax, profit and profit attributable to owners of the parent have all been revised reflecting the factors including the revision of operating profit and improvement in financial income due to the recording of foreign exchange gains.

Dividends will be as per the initial plan. An annual dividend of 24 yen per share (including an interim dividend of 12 yen) is scheduled to be paid.



The market for mobile broadband services is experiencing the most rapid changes in terms of technical innovation as well as the spread of these services throughout society. Consequently, the structures of the food chain and value chain are constantly changing. As a result, the players are continually forming and dissolving alliances, choosing businesses and changing their focus at a rapid pace. These movements by our customers present risks that affect performance as well as business opportunities for Anritsu.

As a global market leader supporting the development of mobile broadband, Anritsu will remain committed to unfailingly riding the wave of market change, and building strong relationships of trust with our customers, including continually emerging new players.



We will continue to release new products in FY2014 2H.

In the network infrastructure market of our T&M business, we have launched the sales of MT1100A following the release of MT1000A in July, ideal for the installation and maintenance of networks. This new platform is capable of conducting R&D, manufacturing, and maintaining ultra high-speed networks with a single unit, and its functionality can be easily extended in the future by adding modules.

In the Industrial Automation business, we will release two new products. We will release a new X-ray inspection system with better cost performance than any previous system. This product has high appeal to our customers. We will also release a new metal detector with improved operability to reduce problems on production lines.

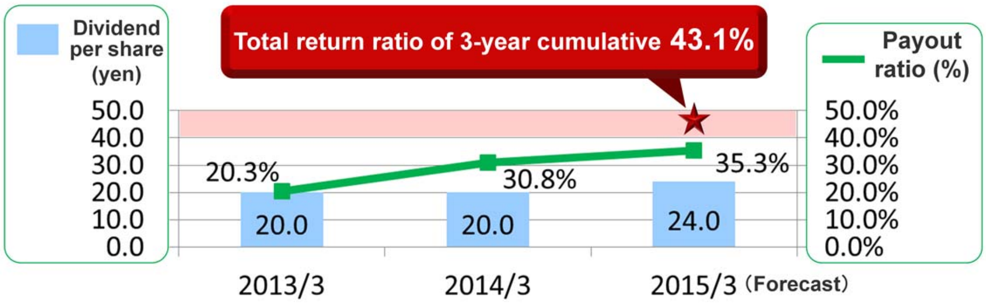
The Information and Communications business will release an international version of its existing PureFlow® bandwidth control equipment, as it aims to expand overseas.

We are committed to meeting our targets for FY2014 2H by adding these new products to the basis of our mainstay measuring instruments for the mobile market.

Ⅱ. Purchase of Treasury Stock
- Management focusing on cost of capital -

For enhancing capital efficiency as well as further substantial returns to shareholders

Class of the shares to be purchased	Common stock of Anritsu Corporation
Number of shares that can be purchased	7,000,000 shares (upper limit)
Total amount of purchase in yen	5 billion yen (upper limit)
Purchase period	From October 31, 2014 to December 22, 2014



We were able to meet our target for improving our financial structure in GLP2014 (3-year plan) ahead of schedule. Based on these results, we will acquire treasury stock in order to improve our capital efficiency and increase returns to our shareholders. The maximum scale of the acquisition will be a total of 5.0 billion yen (or 7 million shares).

With this acquisition, we plan for a total return ratio of 43.1% over the three-year period of GLP2014 (FY2012-FY2014). Through management focusing on cost of capital under the basic policy of “Continuous growth with sustainable superior profits,” we will remain committed to improving our ROE, ACE (Anritsu Capital-cost Evaluation: a KPI for improving corporate value developed independently by Anritsu, which is calculated by net operating profit after tax less cost of capital), and ROIC among others, aiming to enhance our corporate value.

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This concludes our financial report for the 2nd quarter of the Fiscal Year ending March 31, 2015.

We look forward to the continued cooperation and support of our shareholders and investors in the coming year.