

# Financial Results for the Fiscal Year ended March 31, 2016

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President and Group CEO  
Anritsu Corporation

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<http://www.anritsu.com>

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# Cautionary Statement

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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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# Agenda

## **I . Consolidated performance review of fiscal year ended March 31, 2016**

I -1. Outline of our business segments

I -2. Consolidated performance

## **II . Outlook for full year of the fiscal year ending March 31, 2017**

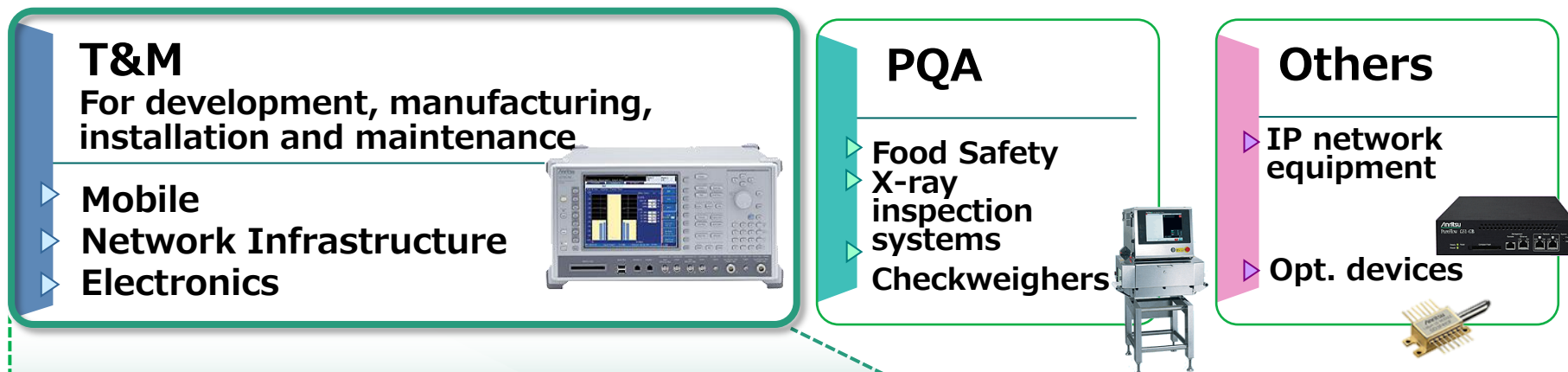
II -1. Outlook for full year of the fiscal year ending March 31, 2017

II -2. Dividend forecast

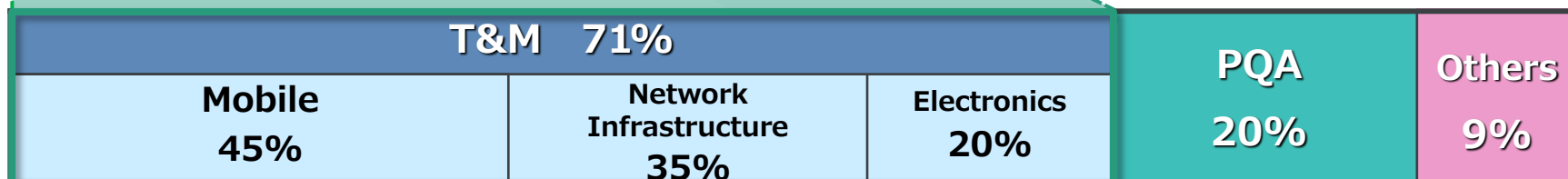
## **III . Initiatives for achievement of GLP2017**

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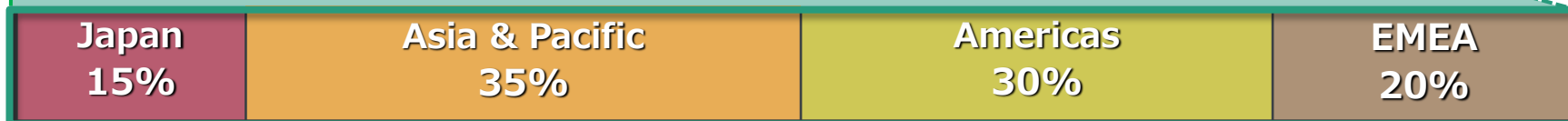
# I -1. Outline of our business segments



(Revenue by business segment)  
95.5 Billion Yen consolidated revenue in FY2015





(Sales of T&M business by region in FY2015)



T&M: Test & Measurement

PQA : Products Quality Assurance

## I -2. Consolidated performance -Business Segments-

Segment	FY2015 (April to March, 2016)
 <b>T&amp;M</b> : Restrained investment in the mobile market continued	
Mobile	Restraint in capital investment by chip and terminal vendors continued
NW	Capital investment in optical digital related business was strong
Electronics	Recovery trend for module development and business-use wireless device
Asia	Slowdown in growth rate of the Chinese smartphone market Increase in demand for optical digital manufacturing equipment
Americas	Trend of restraint in installation investment among communications carriers
 <b>PQA</b> Increase in capital investment, mainly in the Japanese convenience store market	

T&M: Test & Measurement

NW: Network Infrastructure

PQA : Products Quality Assurance

## I -2. Consolidated performance -Financial results-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2014 (Apr. to Mar.)	FY2015 (Apr. to Mar.)	YoY	YoY (%)
Order Intake	101.1	94.6	(6.5)	-6%
Revenue	98.8	95.5	(3.3)	-3%
Operating profit (loss)	10.9	5.9 <sup>*</sup>	(5.0)	-46%
Profit (loss) before tax	11.6	5.4 <sup>**</sup>	(6.2)	-53%
Profit (loss)	7.9	3.8	(4.1)	-52%
Comprehensive income	11.9	0.6	(11.3)	-95%
Free Cash Flow	1.5	1.2	(0.3)	-25%

\* Including restructuring costs of approximately 0.7 billion yen

\*\*Including foreign exchange losses of approximately  
0.4 billion yen for the financial balance

Note : Numbers are rounded off in each column

## I -2. Consolidated performance

– Financial balance, Income tax expense, Comprehensive Income –  
Unit: Billion Yen

	FY2014 (Apr. to Mar.)	FY2015 (Apr. to Mar.)	YoY
Op. profit (loss)	10.9	5.9	(5.0)
Foreign exchange gain or loss *	0.8	(0.4)	(1.2)
Other financial income, expense, etc.	(0.1)	(0.1)	0.0
Profit (loss) before tax	11.6	5.4	(6.2)
Income tax expense	3.7	1.7	(2.0)
Profit (loss)	7.9	3.8	(4.1)
Other comprehensive Income	4.0	(3.1)	(7.1)
Remeasurements of defined benefit plans	1.3	(1.6)	(2.9)
Exchange difference on translation	2.7	(1.8)	(4.5)
Others	(0.0)	0.3	0.3
Comperhensive Income	11.9	0.6	(11.3)

\* Including mark-to-market valuation of foreign exchange forward contracts

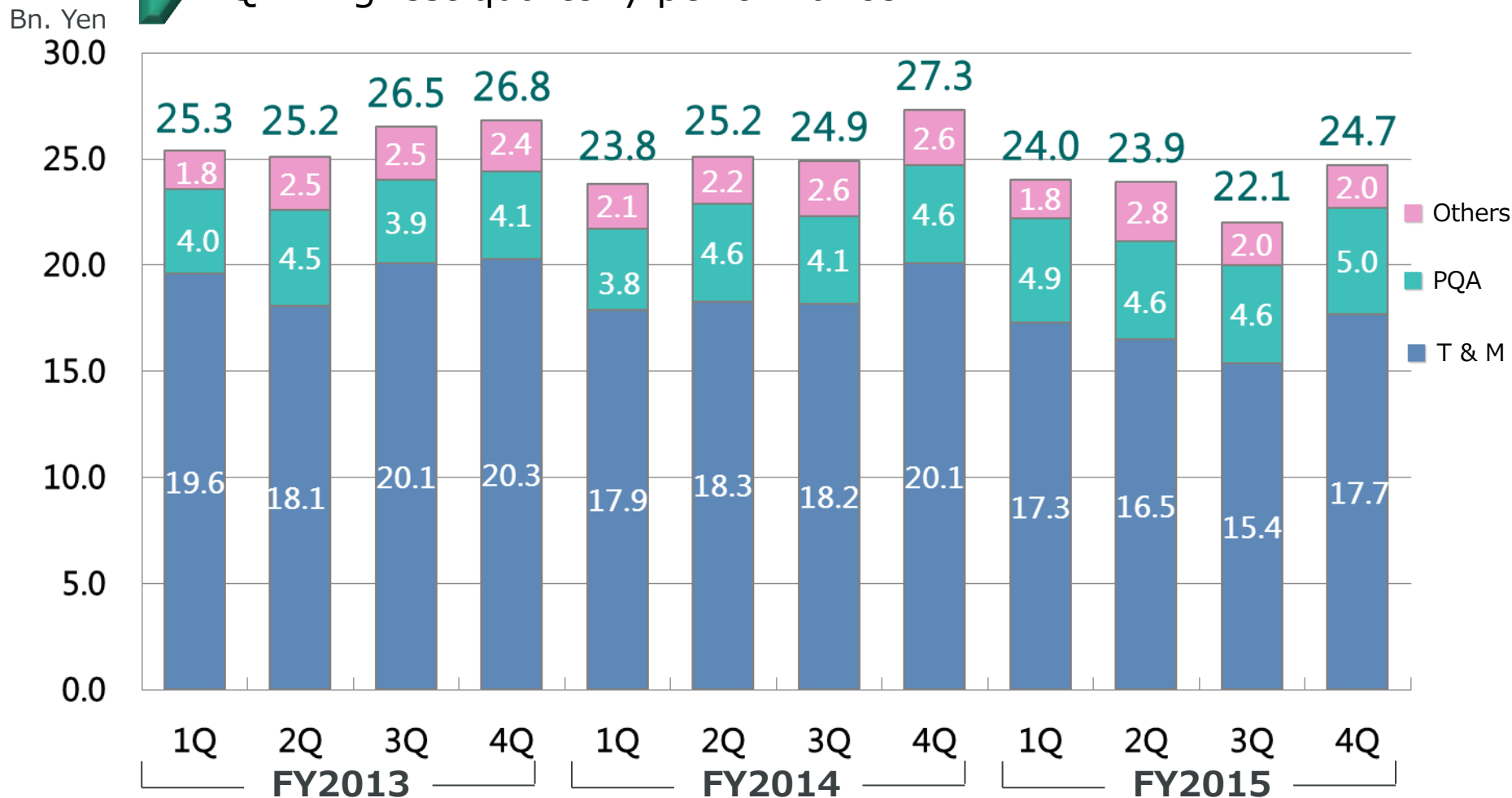
Note : Numbers are rounded off in each column



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

▶ T&M : 12% decrease from the previous 4Q

▶ PQA :Highest quarterly performance



Note : Numbers are rounded off in each column

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2014 (Apr. to Mar.)	FY2015 (Apr. to Mar.)	YoY	YoY (%)
T&M	Revenue	73.4	67.7	(5.7)	-8%
	Op. profit (loss)	8.9	4.7 *	(4.2)	-47%
	Core Op. profit (loss)	8.8	5.4	(3.4)	-39%
PQA	Revenue	16.2	18.9	2.7	17%
	Op. profit (loss)	0.8	1.2	0.4	45%
	Core Op. profit (loss)	0.7	1.2	0.5	62%
Others	Revenue	9.2	8.9	(0.3)	-3%
	Op. profit (loss)	1.1	(0.0)	(1.1)	-
	Core Op. profit (loss)	0.6	(0.0)	(0.6)	-
Total	Revenue	98.8	95.5	(3.3)	-3%
	Op. profit (loss)	10.9	5.9 *	(5.0)	-46%
	Core Op. profit (loss)	10.1	6.5	(3.6)	-35%

Note1 :Core operating profit is the Company's unique profit indicator to measure constant business performance,  
calculated by eliminating from the IFRS-based operating profit temporary factors

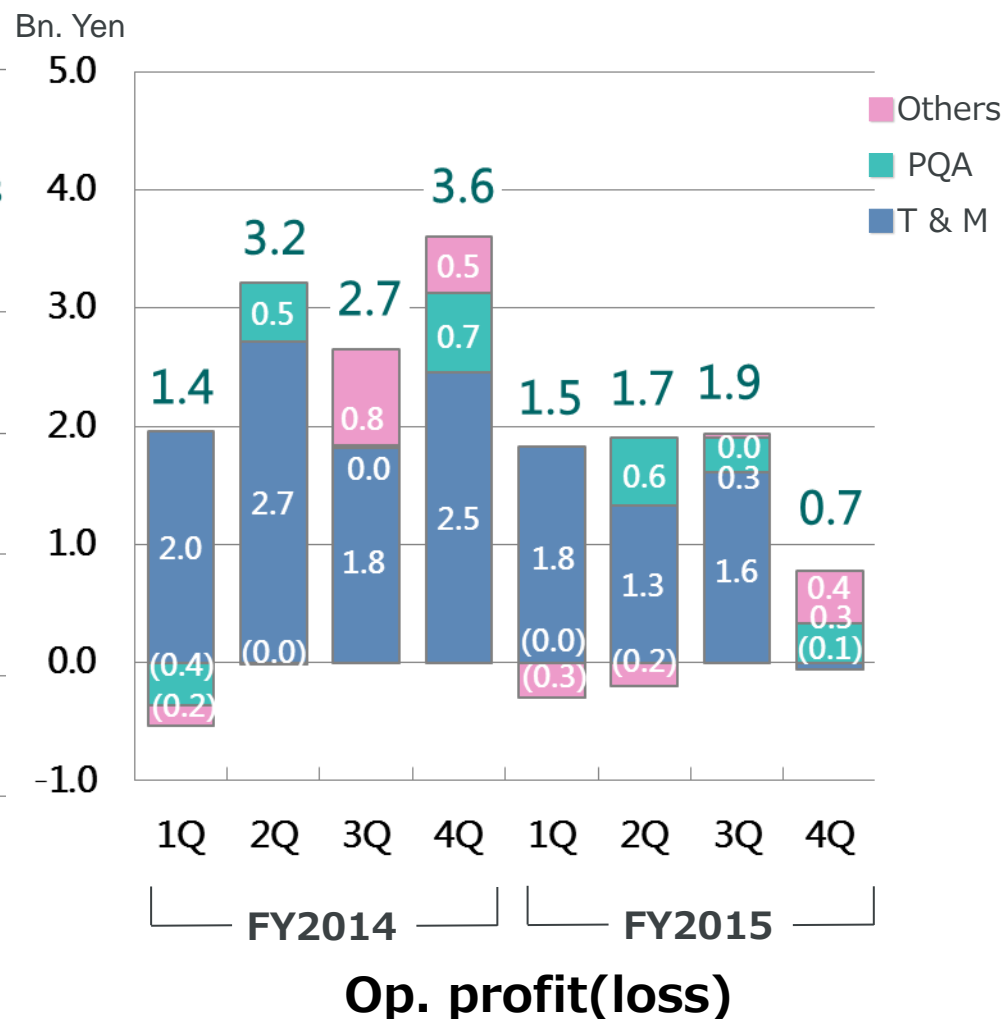
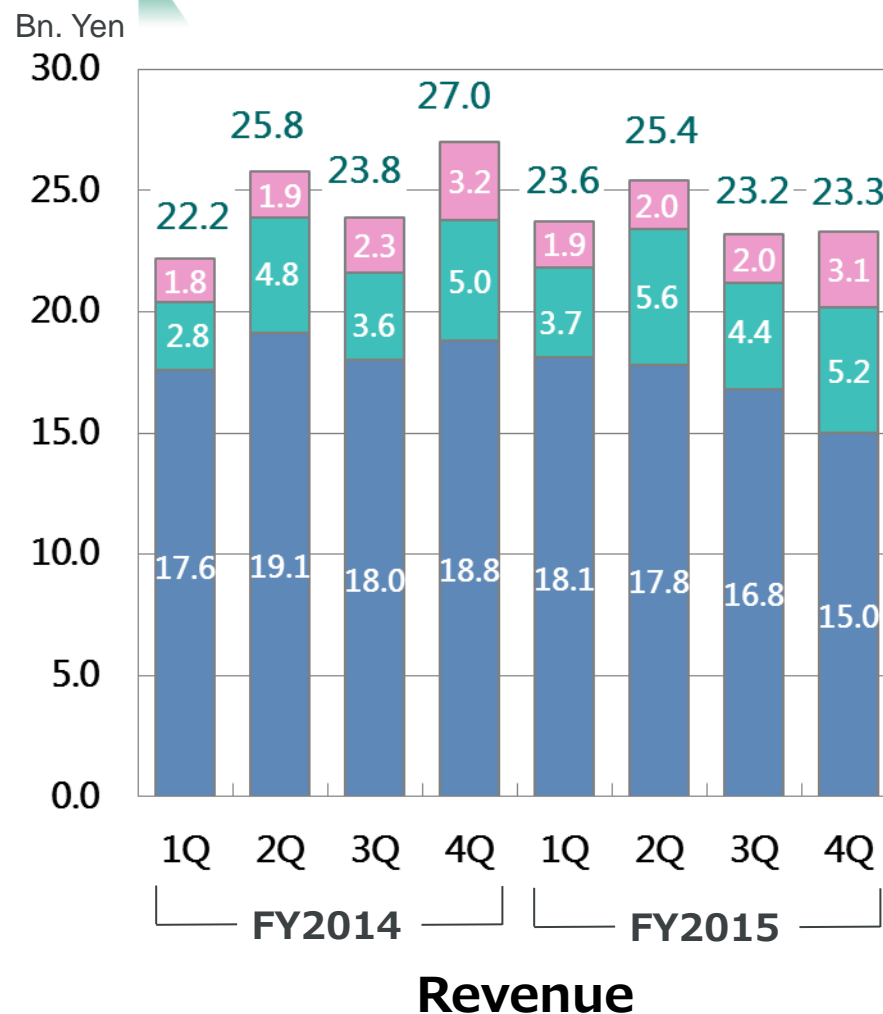
Note2 : Numbers are rounded off in each column

T&M: Test & Measurement      PQA : Products Quality Assurance      \* Including restructuring costs of approximately 0.7billion yen

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



Company posted 3.1% operating margin for 4Q



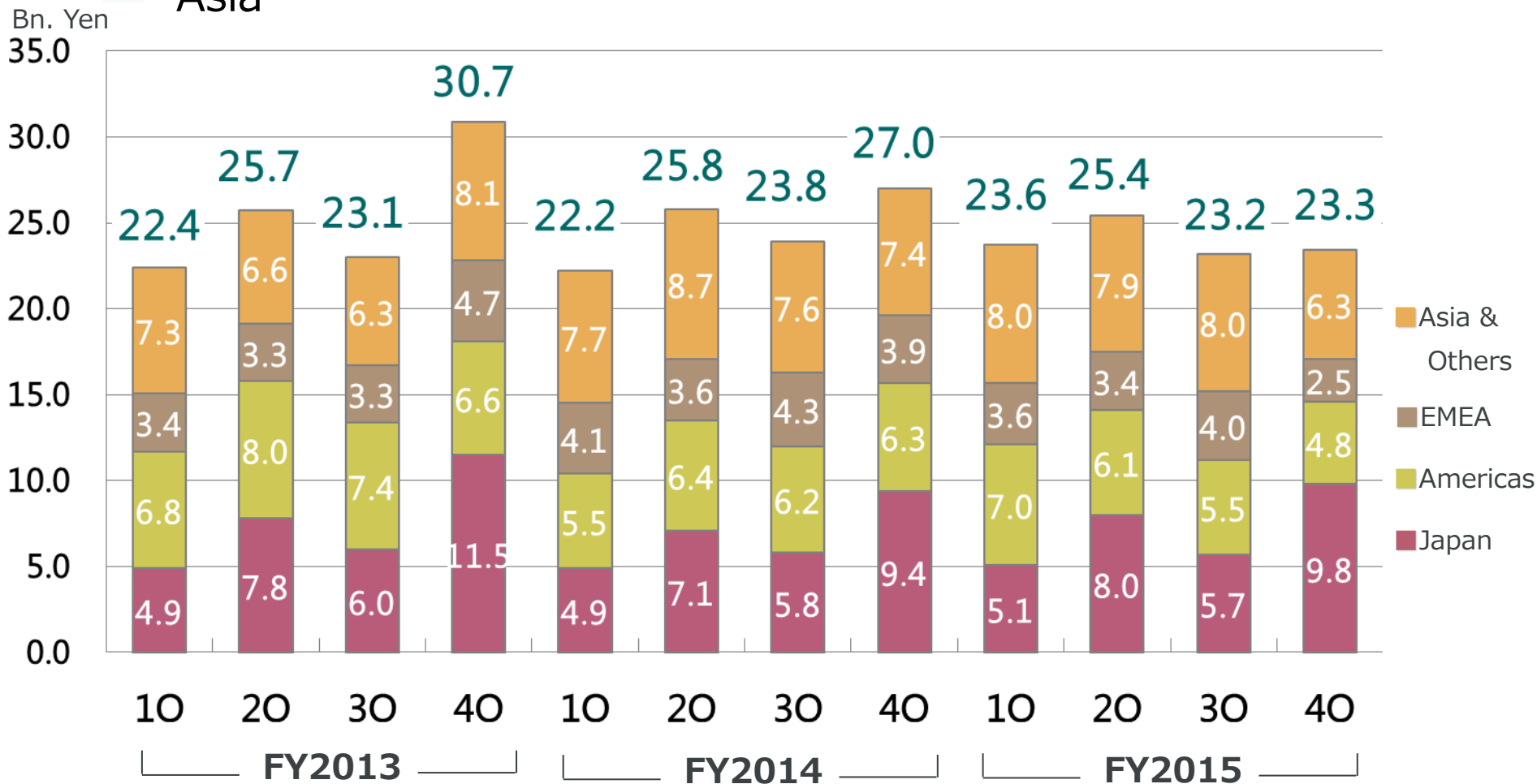
Note : Numbers are rounded off in each column

FY15 T&M operating profit including restructuring costs  
2Q: 0.4 billion yen, 3Q: 0.1 billion yen, 4Q: 0.2 billion yen

## I -2. Consolidated performance -Revenue by region-



Decreased revenue year on year in the Americas, EMEA and Asia



Note : Numbers are rounded off in each column

## I -2. Consolidated performance -Cash Flow-



Operating cash flow margin ratio was 11%

### Cash Flow (FY2015 )

Operating CF : 10.2 Bn. Yen  
Investing CF : (9.0) Bn. Yen  
Financial CF : 2.5 Bn. Yen

### Free Cash Flow

Op. CF + Inv. CF : 1.2 Bn. Yen

### Cash at the end of period

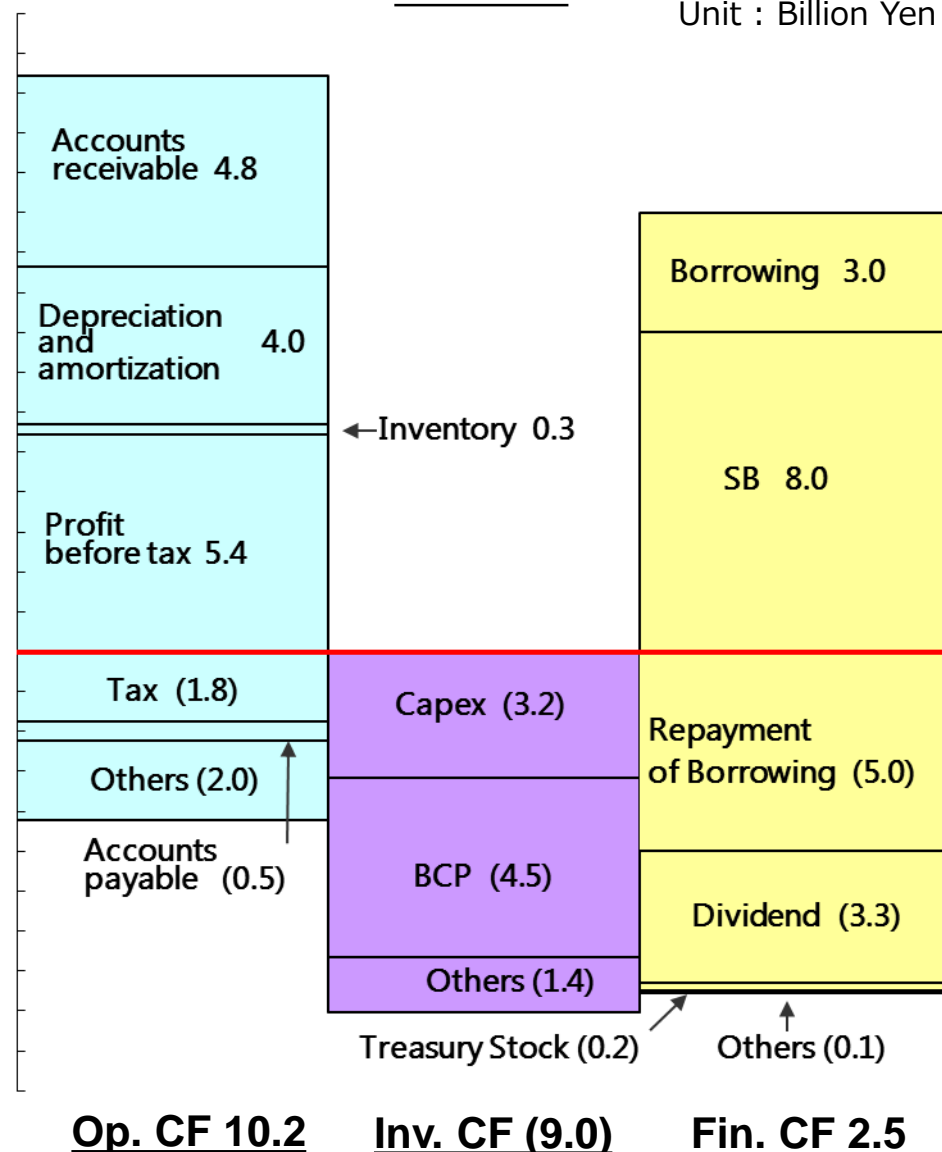
37.4 Bn. Yen

### Interest-bearing debt.

22.0 Bn. Yen


### Details

Unit : Billion Yen



Note : Numbers are rounded off in each column

# I -3. Forecast for full year of FY2016

 Ensure better results than the previous fiscal year level amid expectation of strong yen

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2015	FY2016	
		Actual	Forecast	YoY
Revenue		95.5	97.0	1.5
Operating profit (loss)		5.9 *	7.2	1.3
Profit (loss) before tax		5.4 **	7.1	1.7
Profit (loss)		3.8	5.3	1.5
T&M	Revenue	67.7	68.0	0.3
	Op. profit (loss)	4.7 *	5.5	0.8
PQA	Revenue	18.9	20.0	1.1
	Op. profit (loss)	1.2	1.4	0.2
Others	Revenue	8.9	9.0	0.1
	Op. profit (loss)	0.0	0.3	0.3

Note 1 : Exchange rate for FY2015 1USD=120 yen, 1EURO=133 yen , FY2016 (forecast) 1USD=110 yen, 1EURO=125 yen

Note 2 : Numbers are rounded off in each column

\* Including restructuring costs of approximately 0.7 billion yen

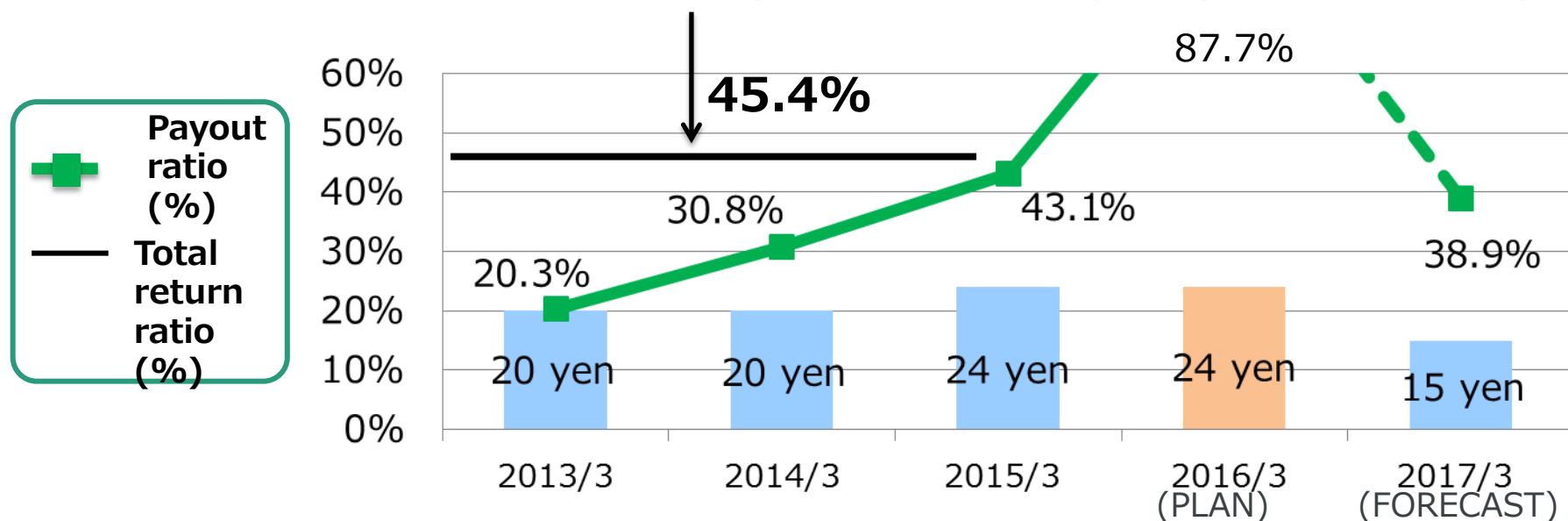
\*\*Including foreign exchange losses of approximately 0.4 billion yen for the financial balance

## II . Dividend forecast

### Annual dividend

	Dividend per share	Profit	Payout ratio
<b>FY2016 (Forecast)</b>	<b>15 yen</b>	<b>5.3 B yen</b>	<b>39%</b>
FY2015 (Plan)	24 yen	3.8 B yen	88%

Total return ratio of FY2015~FY2014 : 45.4% (including 5.0 billion yen of purchase of treasury stock)



## Ⅲ. Initiatives for achievement of GLP2017



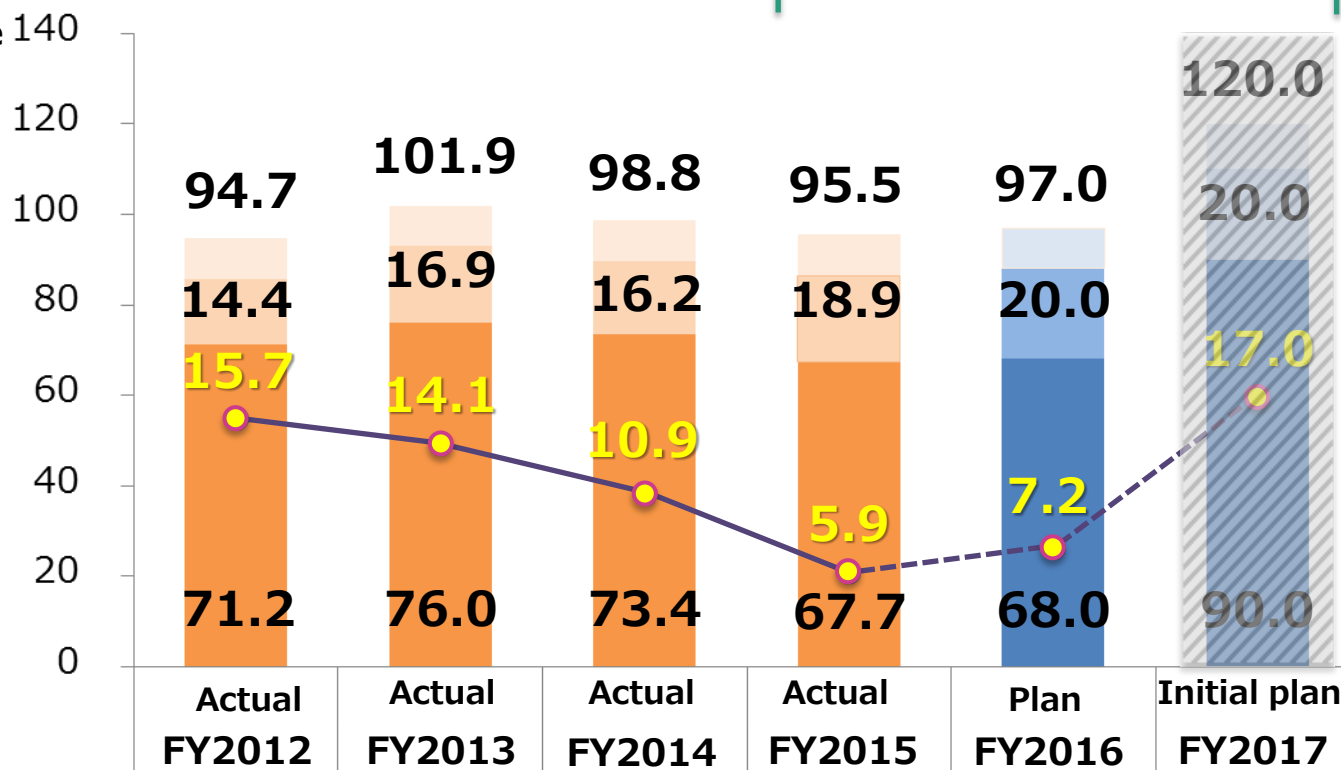
# Middle and long-term management basic strategy

Capture growth drivers without fail,  
and realize “**continuous profitable growth**”

		Market average annual growth rate	Growth driver	GLP2017 Operating Margin/ ROE (Initial plan )	Target	
					Sales growth rate	Operating margin
	T&M	3-5%	<b>Broadband expansion and innovation</b> (1) LTE-Advanced (2) IoT/5G, Connectivity (3) Network Reshaping	15%	≥7%	≥20%
	PQA	3-5%	<b>Improvement of safety, security and health</b> <b>Solutions with X-ray for quality assurance</b>	8%	≥7%	≥12%
Consoli.		—	—	14%	—	≥18%
ROE		—	—	14%	≥15%	

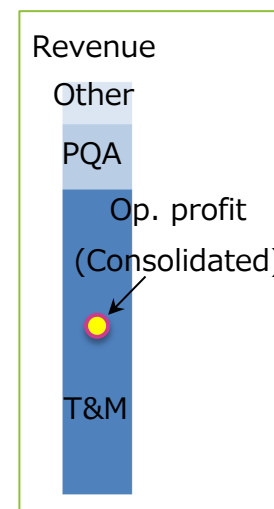
# Revision of GLP2017 management targets

Revenue  
(B yen)



International Financial  
Reporting Standards (IFRS)

Op. profit  
(B yen)



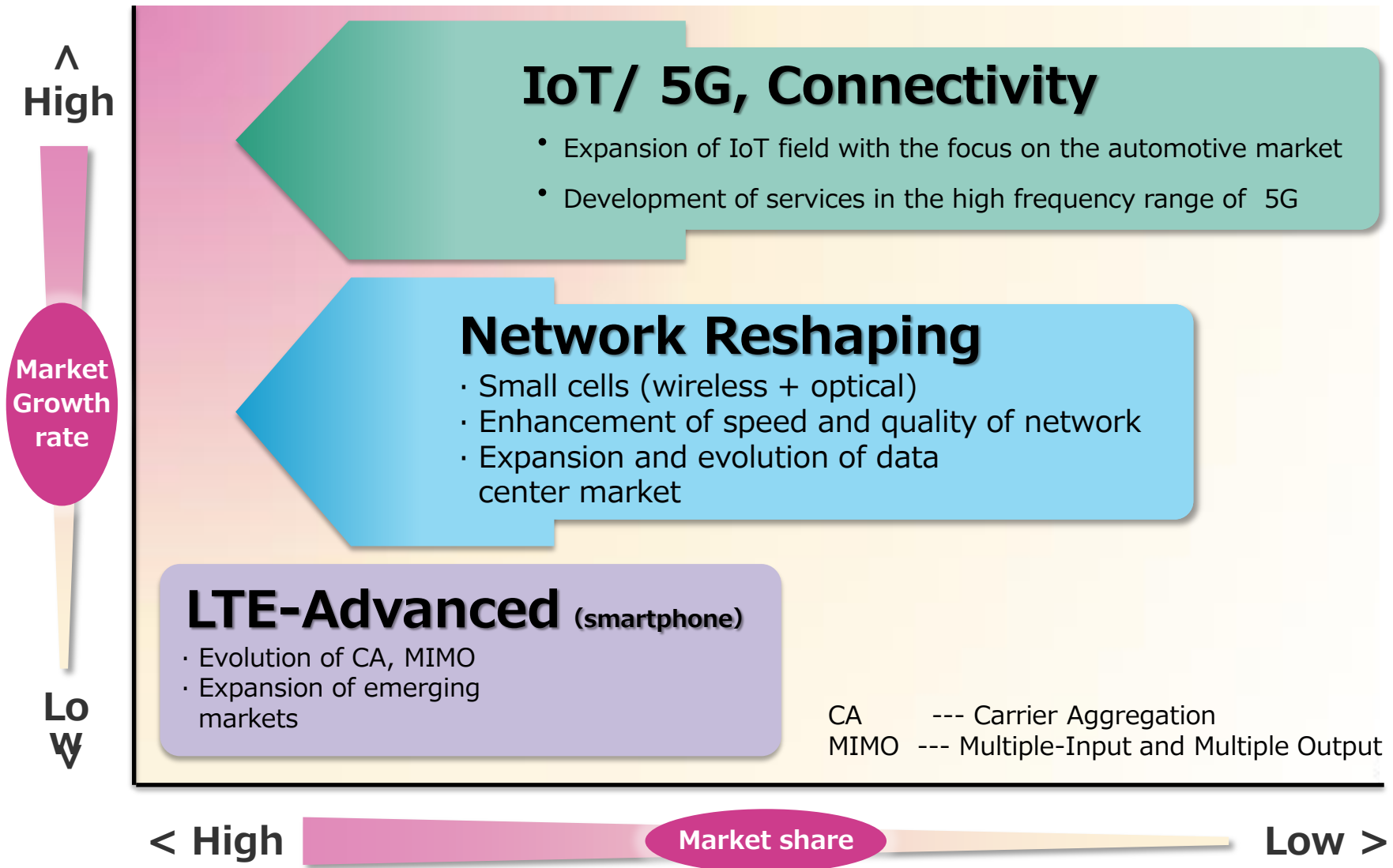
(Note) Exchange rate for  
FY2016(Forecast) :  
1USD =110 yen  
1EURO=125 yen

**Revised**

\*PQA: Products Quality Assurance

OP. Margin	Consoli.	17%	14%	11%	6%	7%	10%
	T&M	21%	17%	12%	7%	8%	12%
ROE	Consoli.	25%	13%	10%	5%	7%	10%
Op.CF margin ratio		12%	14%	8%	11%	11%	13%

# <T&M> Restructuring of portfolio for capturing the next growth drivers



# <PQA> Reinforce global competitiveness for profitable growth



## Future Outlook

- Demand for delicatessen food (prepared foods, frozen foods, and boxed meals) of convenience stores and supermarkets will likely continue growing every year until for the next 10 years or more  
(Outlook of the Ministry of Agriculture, Forestry and Fisheries)
- Demand for meat inspection is growing in North America.
- The quality assurance market in Asia and emerging countries is expanding.



## Key Initiatives

- Strengthen lineup of X-ray inspection solutions to achieve high-value-added safety in the each regional market based on X-rays.
- Strengthen relations with global customers with the aim of achieving an overseas revenue rate of 50%.
- Expand sales in the non-food markets (pharmaceuticals, cosmetics, etc.).

# Appendix- 1. Roadmap of LTE-Advanced < T&M >

Chipset → UE → Operator

Expected demand for measuring instruments for R&D



Data speeds on  
Commercial  
mobile terminals

~ 300 Mbps

~ 450 Mbps

~ 600 Mbps

Carrier  
Aggregation

DL3CA

DL4CA

DL5CA

MIMO

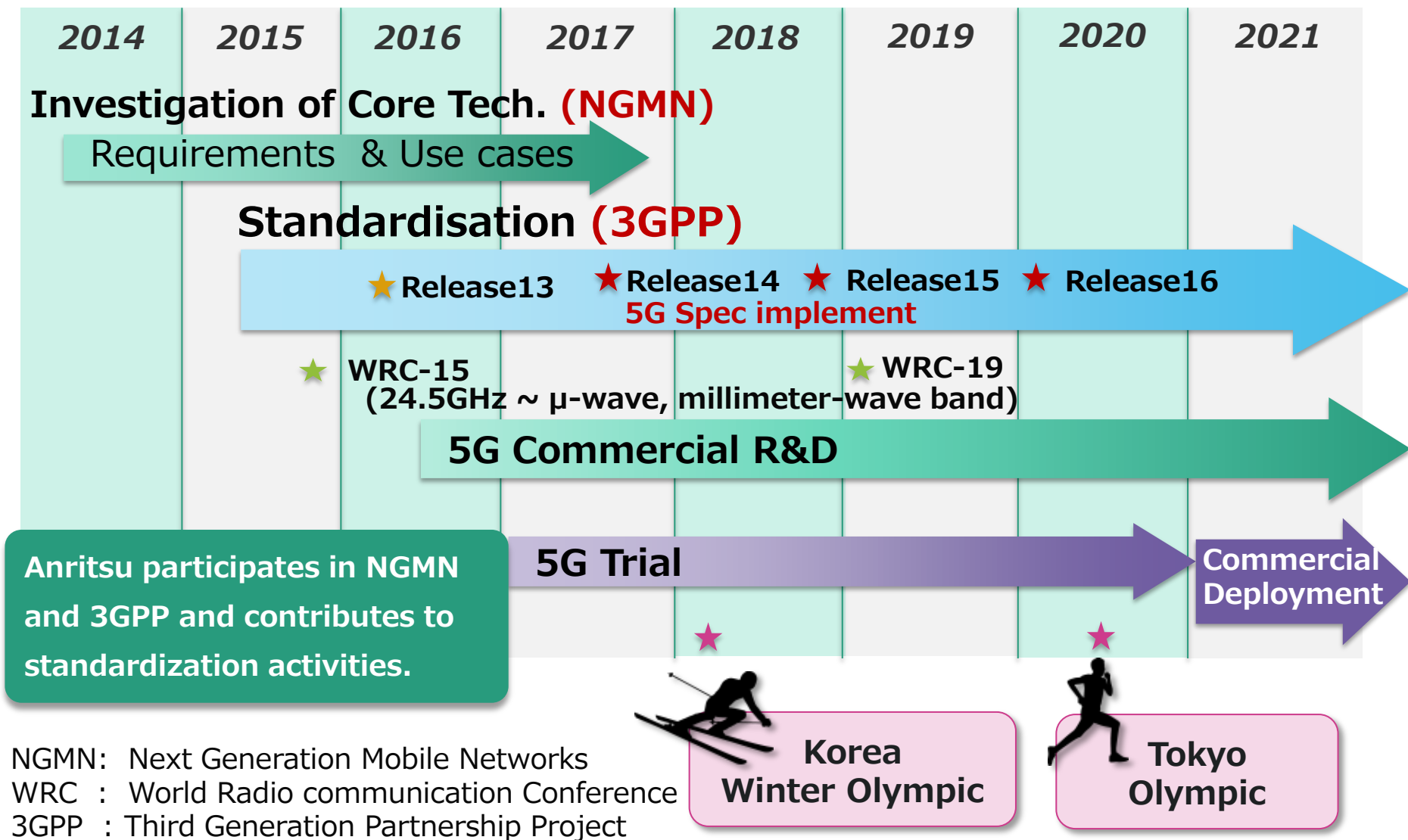
DL4 x 2

DL4 x 4

Frequency

3~4 GHz

# Appendix - 2. LTE-Advanced ~ 5G roadmap (CY2015~CY2020)



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