

# Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2017

**Hirokazu Hashimoto**

President and Group CEO  
Anritsu Corporation

July 29th, 2016



MEMBERSHIP

<http://www.anritsu.com>

**Anritsu**  
envision : ensure

# 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 the 1st quarter of the fiscal year ending March 31, 2017

I -1. Outline of our business segments

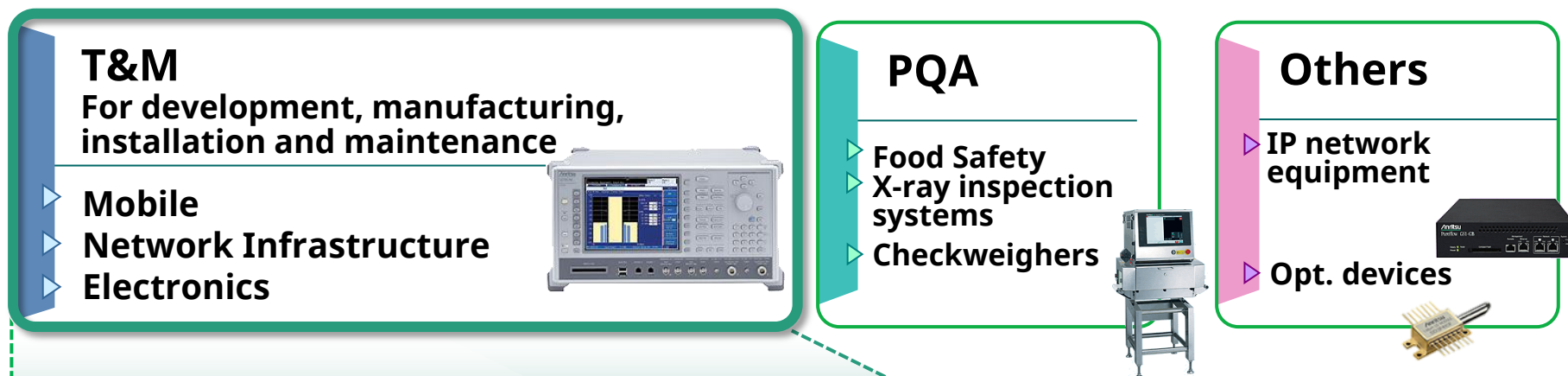
I -2. Consolidated performance

I -3. Outlook for full year of the fiscal year ending March 31, 2017

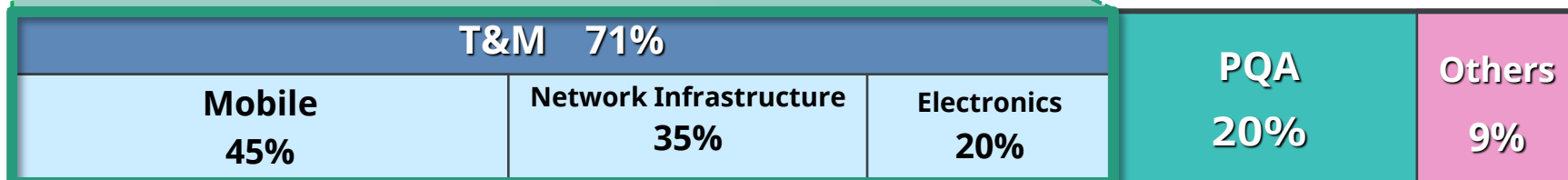
## II . Business Opportunities in T&M

**Blank slide**

# 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	FY2016Q1 (April to June, 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	Strong demand for module development and business-use wireless devices
Asia	Slowdown in growth rate of the Chinese smartphone market Steady demand for optical digital manufacturing equipment
Americas	Capital investment in optical digital-related business is on a recovery trend
 <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)	1Q FY2015 (Apr. to Jun.)	1Q FY2016 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	24.0	20.9	(3.1)	-13%
Revenue	23.6	20.3	(3.3)	-14%
Operating profit (loss)	1.5	0.7	(0.8)	-52%
Profit (loss) before tax	1.7	0.0	(1.7)	-100%
Profit (loss)	1.1	0.0	(1.1)	-98%
Comprehensive income	2.5	(2.8)	(5.3)	-
Free Cash Flow	1.4	3.8	2.4	175%

Note : Numbers are rounded off in each column

## I -2. Consolidated performance

– Financial balance, Income tax expense, Comprehensive Income –

Unit: Billion Yen

	1Q FY2015 (Apr. to Jun.)	1Q FY2016 (Apr. to Jun.)	YoY
Op. profit (loss)	1.5	0.7	(0.8)
Foreign exchange gain or loss *	0.1	(0.7)	(0.8)
Other financial income, expense, etc.	0.1	0.0	(0.1)
Profit (loss) before tax	1.7	0.0	(1.7)
Income tax expense	0.5	(0.0)	(0.5)
Profit (loss)	1.1	0.0	(1.1)
Other comprehensive Income	1.4	(2.8)	(4.2)
Exchange difference on translation	1.0	(2.8)	(3.8)
Others	0.4	0.0	(0.4)
Comperhensive Income	2.5	(2.8)	(5.3)

\* 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-

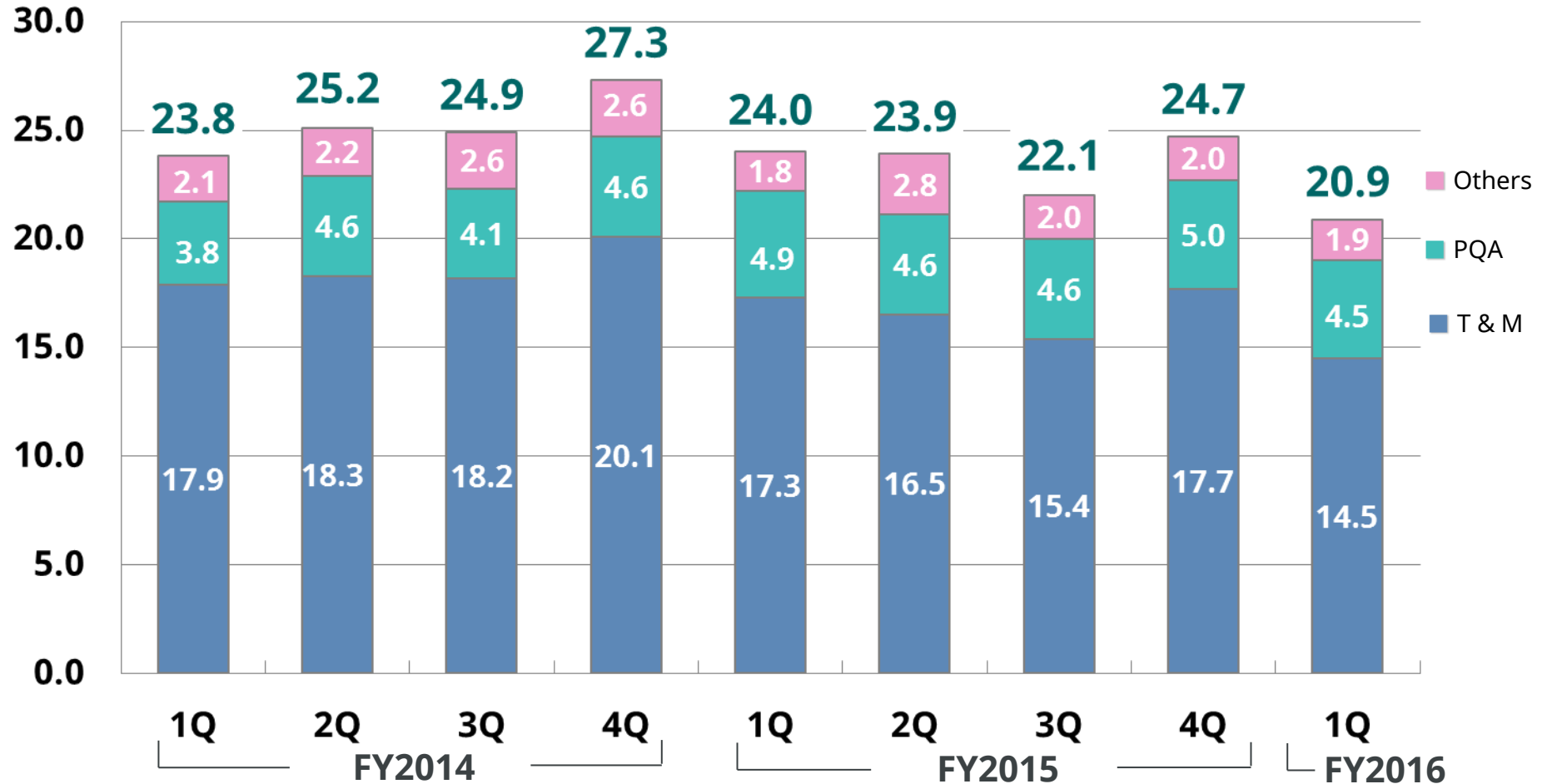


T&M: 16% decrease from the previous 1Q



PQA: Progressing as per the plan

Bn. Yen



Note : Numbers are rounded off in each column

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		1Q FY2015 (Apr. to Jun.)	1Q FY2016 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	18.1	14.6	(3.5)	-19%
	Op. profit (loss)	1.8	0.7	(1.1)	-60%
PQA	Revenue	3.7	4.1	0.4	11%
	Op. profit (loss)	(0.0)	0.1	0.1	-
Others	Revenue	1.9	1.5	(0.4)	-18%
	Op. profit (loss)	(0.3)	(0.1)	0.2	-
Total	Revenue	23.6	20.3	(3.3)	-14%
	Op. profit (loss)	1.5	0.7	(0.8)	-52%

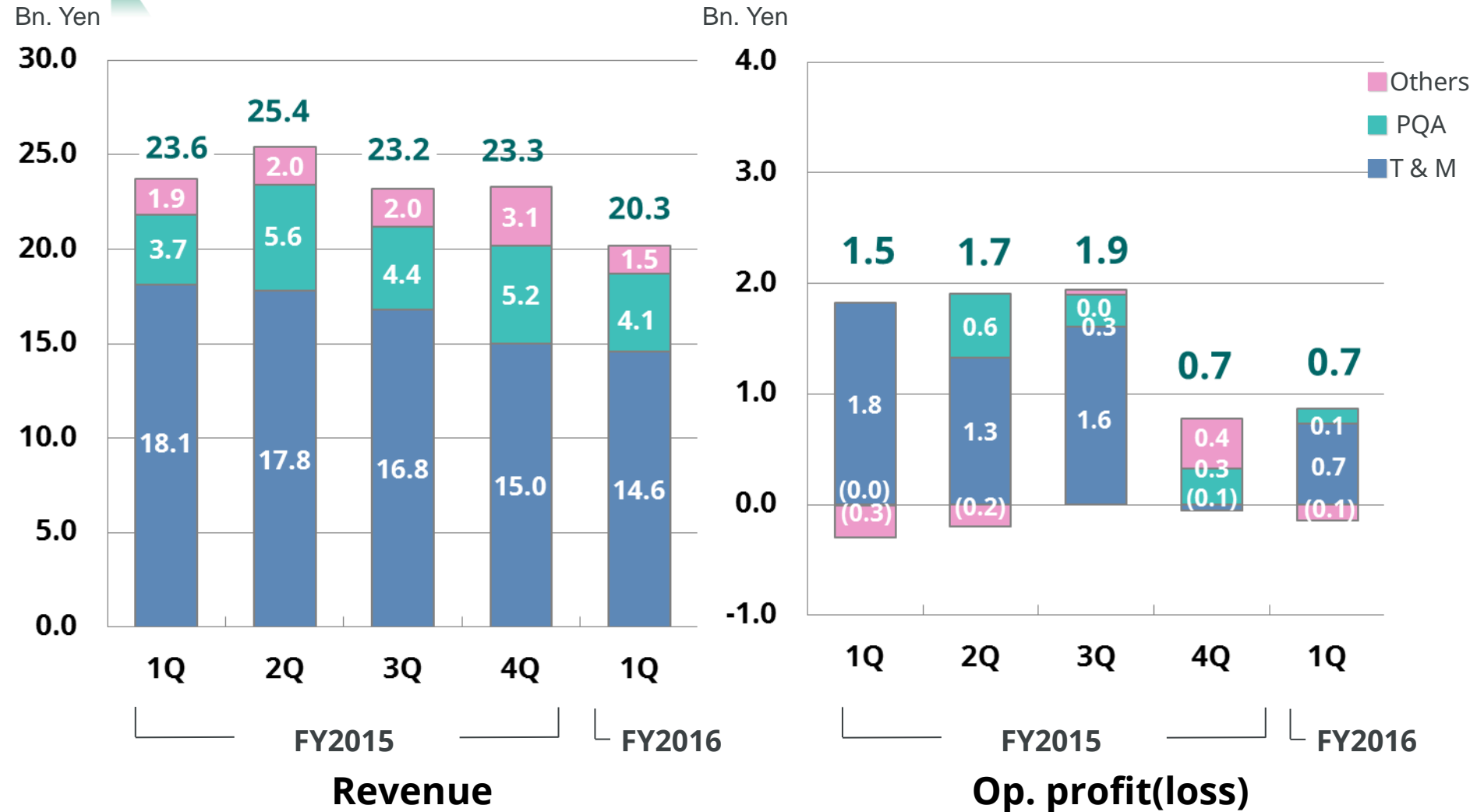
Note : Numbers are rounded off in each column

T&M: Test & Measurement    PQA : Products Quality Assurance

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



Company posted 3.6% operating margin for 1Q

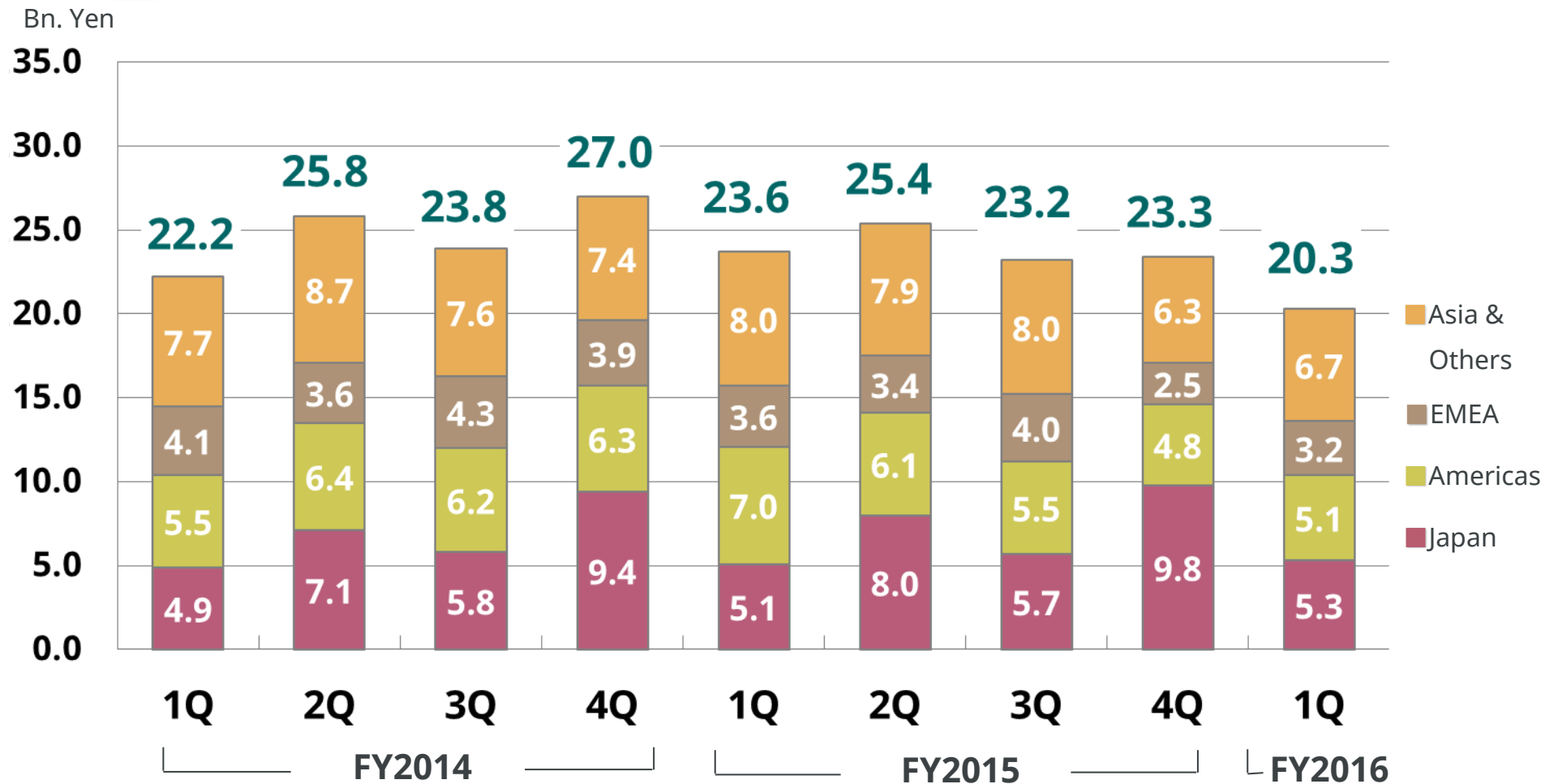


Note : Numbers are rounded off in each column

## 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 24%

### Cash Flow (FY2016Q1 )

Operating CF : 4.8 Bn. Yen

Investing CF : (1.0) Bn. Yen

Financial CF : (1.7) Bn. Yen

### Free Cash Flow

Op. CF + Inv. CF : 3.8 Bn. Yen

### Cash at the end of period

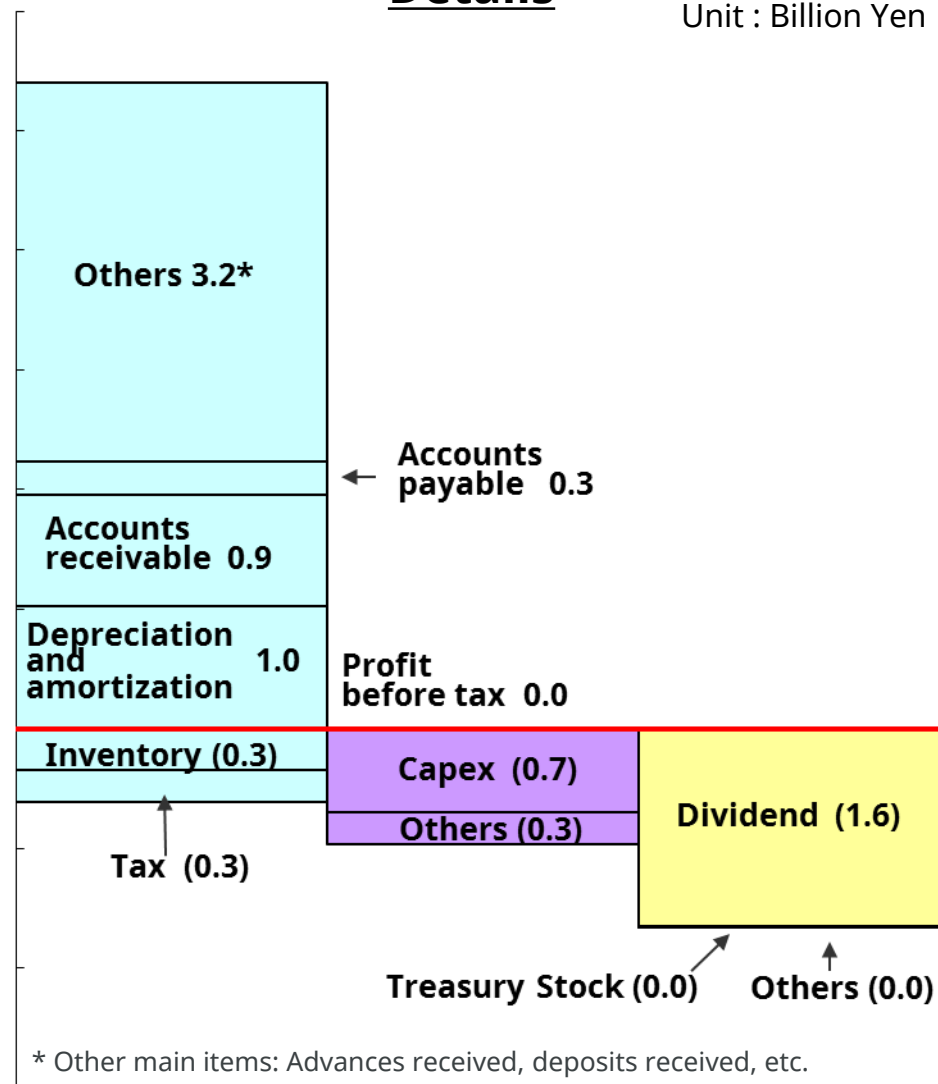
37.8 Bn. Yen

### Interest-bearing debt.

22.0 Bn. Yen

### Details

Unit : Billion Yen



Note : Numbers are rounded off in each column

**Op. CF 4.8**

**Inv. CF (1.0)**

**Fin. CF (1.7)**

# I -3. Forecast for full year of FY2016



No change since April disclosures

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

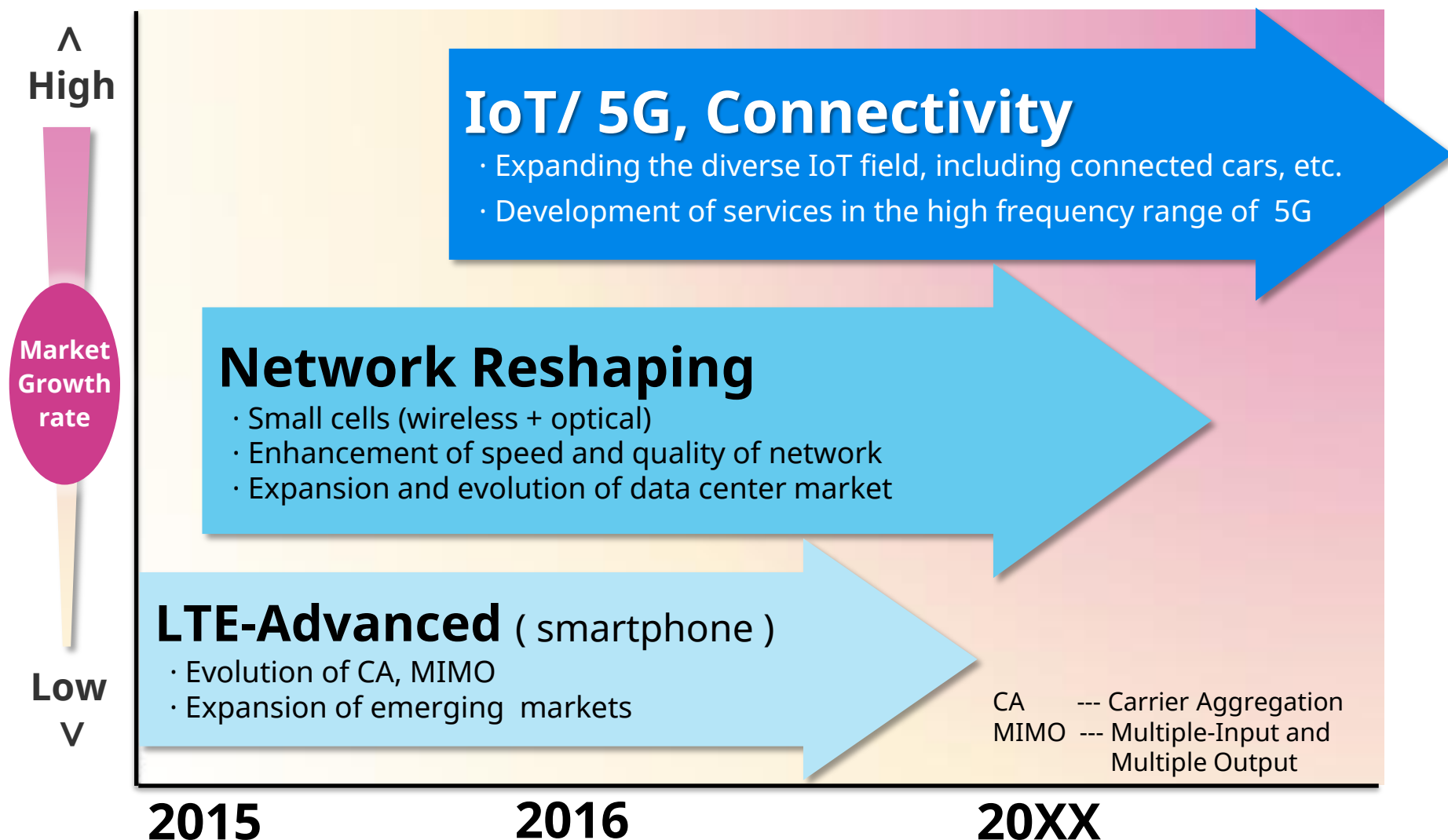
Note 2 : Numbers are rounded off in each column

\* Including restructuring costs of approximately 0.7 billion yen

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

# II . Business Opportunities in T & M

## Active investment in IoT/5G – the next growth drivers





# T & M : Business Opportunities (1)

## LTE-Advanced ( smartphone )

- Evolution of CA, MIMO
- Expansion of emerging markets

2015

2016

20XX

- Demand for development of 3CA/MIMO-compatible devices
- Enhancement to accommodate one giga throughput
- Development of emerging markets primarily including India



Solutions for development tests on devices



Solutions for smartphone manufacturing tests



Tablet



smartphone

# T & M : Business Opportunities (2)

## Network Reshaping

- Small cells (wireless + optical)
- Enhancement of speed and quality of network
- Expansion and evolution of data center market

2015

2016

20XX

- **Launch of services in the 3.5GHz bandwidth in Japan**
- **Investment by North American operators for conversion to small cells**
- **Realizing higher speed network (100Gbps)**
- **Emergence of data centers with higher speed and larger capacity (400Gbps)**



Service area evaluation for the 3.5GHz bandwidth

Base station analyzer + CPRI-based measurement solutions



Evaluation of quality in network installation and maintenance



Evaluation of optical modules for data centers

# T & M : Business Opportunities (3)

## IoT/ 5G, Connectivity

- Expanding the diverse IoT field, including connected cars, etc.
- Development of services in the high frequency range of 5G

2015

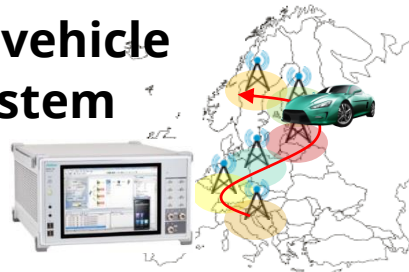
2016

20XX

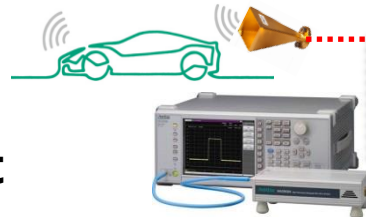
- Operator-oriented demand for development of IoT (Category M and NB-IoT)



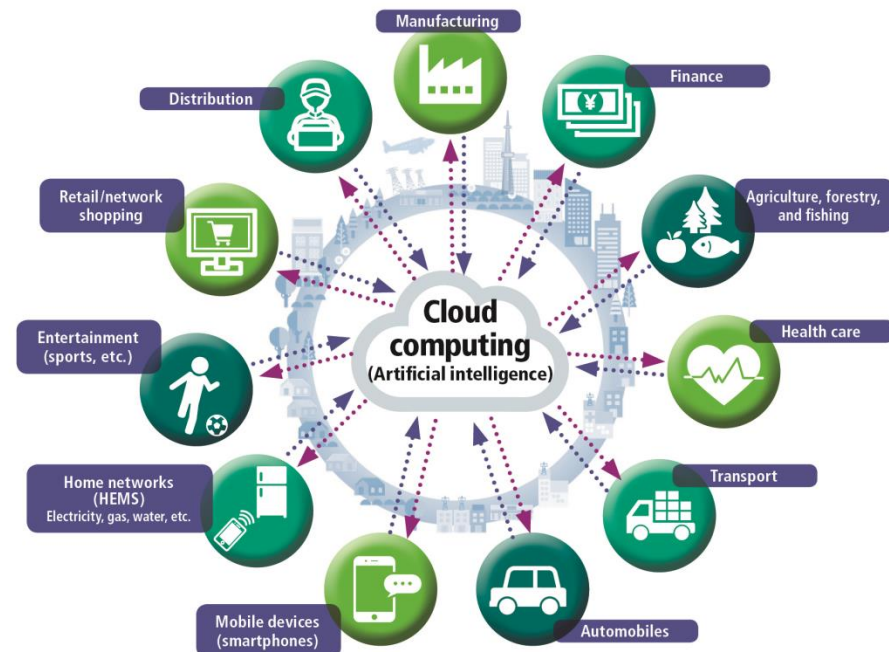
- Introduction of in-vehicle emergency call system



- Demand for development of modules for the automotive market



Development test for automotive modules



**Anritsu**  
envision : ensure