

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2017

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October 28th, 2016



MEMBERSHIP

<http://www.anritsu.com>

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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 . Outline of our business segments
- II . Consolidated performance review of the 2nd quarter of the fiscal year ending March 31, 2017
- III . Outlook for full year of the fiscal year ending March 31, 2017
- IV . Future initiatives in T&M

I . Outline of our business segments

T&M

For development, manufacturing, installation and maintenance

- ▶ Mobile
- ▶ Network Infrastructure
- ▶ Electronics



PQA

- ▶ Food Safety
- ▶ X-ray inspection systems
- ▶ Checkweighers



Others

- ▶ IP network equipment
- ▶ Opt. devices



(Revenue by business segment)

95.5 Billion Yen consolidated revenue in FY2015

T&M 71%			PQA 20%	Others 9%
Mobile 45%	Network Infrastructure 35%	Electronics 20%		

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

Japan 15%	Asia & Pacific 35%	Americas 30%	EMEA 20%
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T&M: Test & Measurement PQA : Products Quality Assurance

Ⅱ -1. Consolidated performance -Financial results-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	2Q FY2015 (Apr. to Sep.)	2Q FY2016 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	47.8	41.7	(6.1)	-13%
Revenue	49.0	41.2	(7.8)	-16%
Operating profit (loss)	3.2	0.9	(2.3)	-73%
Profit (loss) before tax	3.2	0.1	(3.1)	-98%
Profit (loss)	2.4	(0.1)	(2.5)	-
Comprehensive income	2.5	(3.2)	(5.7)	-

Note : Numbers are rounded off in each column

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		2Q FY2015 (Apr. to Sep.)	2Q FY2016 (Apr. to Sep.)	YoY	YoY (%)
T&M	Revenue	35.9	28.5	(7.4)	-21%
	Op. profit (loss)	3.2	0.5	(2.7)	-85%
	Adjusted operating profit (loss)*	3.5	0.6	(2.9)	-83%
PQA	Revenue	9.3	9.2	(0.1)	-0%
	Op. profit (loss)	0.6	0.5	(0.1)	-10%
Others	Revenue	3.9	3.5	(0.4)	-10%
	Op. profit (loss)	(0.5)	(0.1)	0.4	-
Total	Revenue	49.0	41.2	(7.8)	-16%
	Op. profit (loss)	3.2	0.9	(2.3)	-73%
	Adjusted operating profit (loss)	3.6	1.0	(2.6)	-72%

Note : Numbers are rounded off in each column

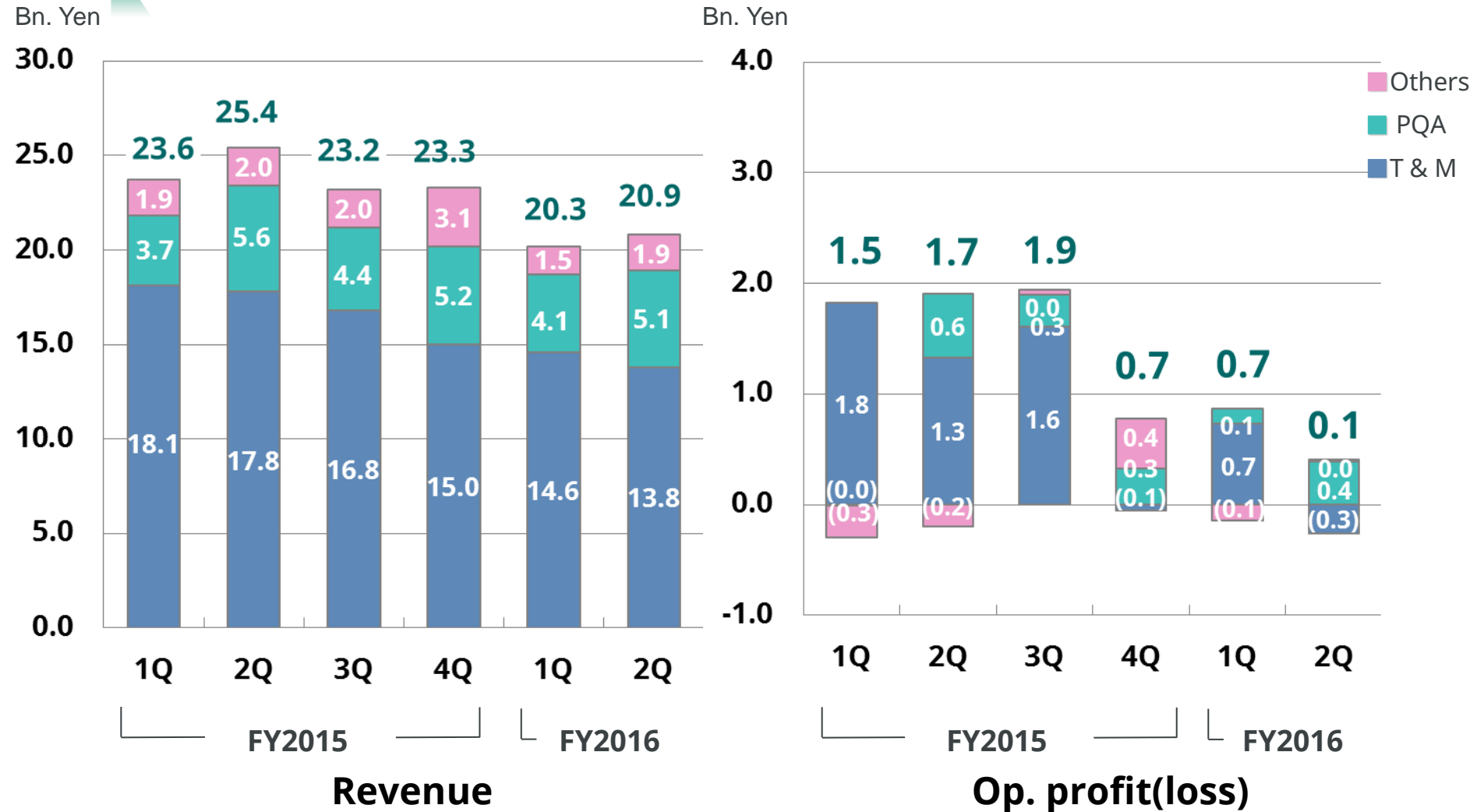
* Adjusted operating profit is Anritsu's original profit indicator to measure results of its recurring business by excluding profit and loss items with a transient nature from operating profit. No items were adjusted for PQA and Others segments

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

II -3. Consolidated performance -Revenue and Op. profit by quarters-





Company posted operating loss in the T&M for 2Q



Note : Numbers are rounded off in each column

II -4. Overview of operations by business segment

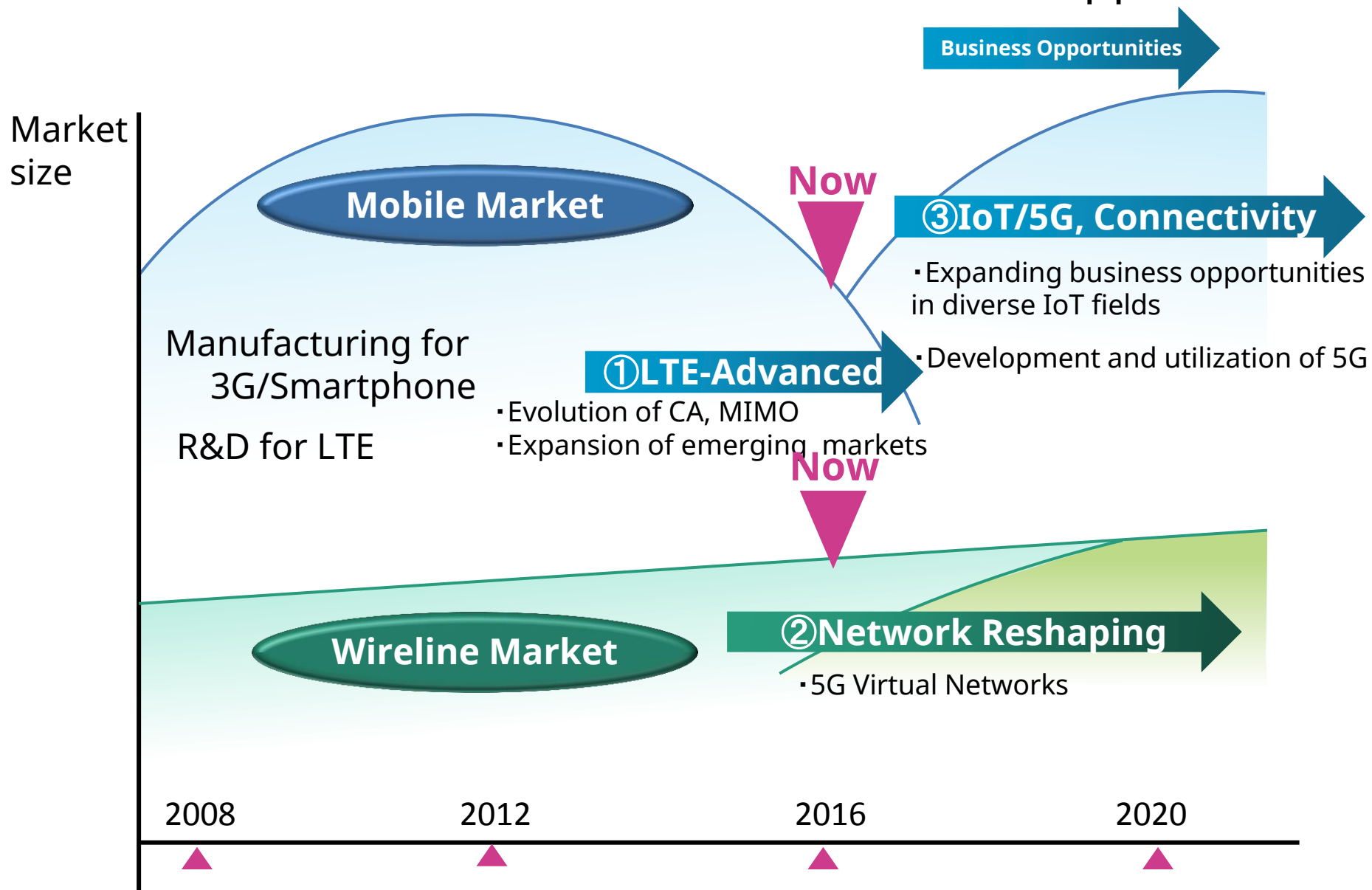
Segment		FY2016Q2 (April to September, 2016)	
 T&M :		Restrained investment in the smartphone-related market continued	
Mobile	LTE-Advanced	Restraint in capital investment by chip and terminal vendors continued	
	IoT, 5G, Connectivity	Signs of investment in development of Automotive/Cellular IoT were seen	
NW	Capital investment in optical digital related business was strong		
Asia	Postponement of investment in LTE-Advanced (3CA) development Slowdown in growth of overall smartphone manufacturing market		
Americas	Capital investment in optical digital related business is on a recovery trend		
 PQA :		Strong demand for X-rays both in Japan and overseas	

T&M: Test & Measurement

NW: Network Infrastructure

PQA : Products Quality Assurance

II - 5.T&M T&M market trends and business opportunities



II -6. Transition of Orders

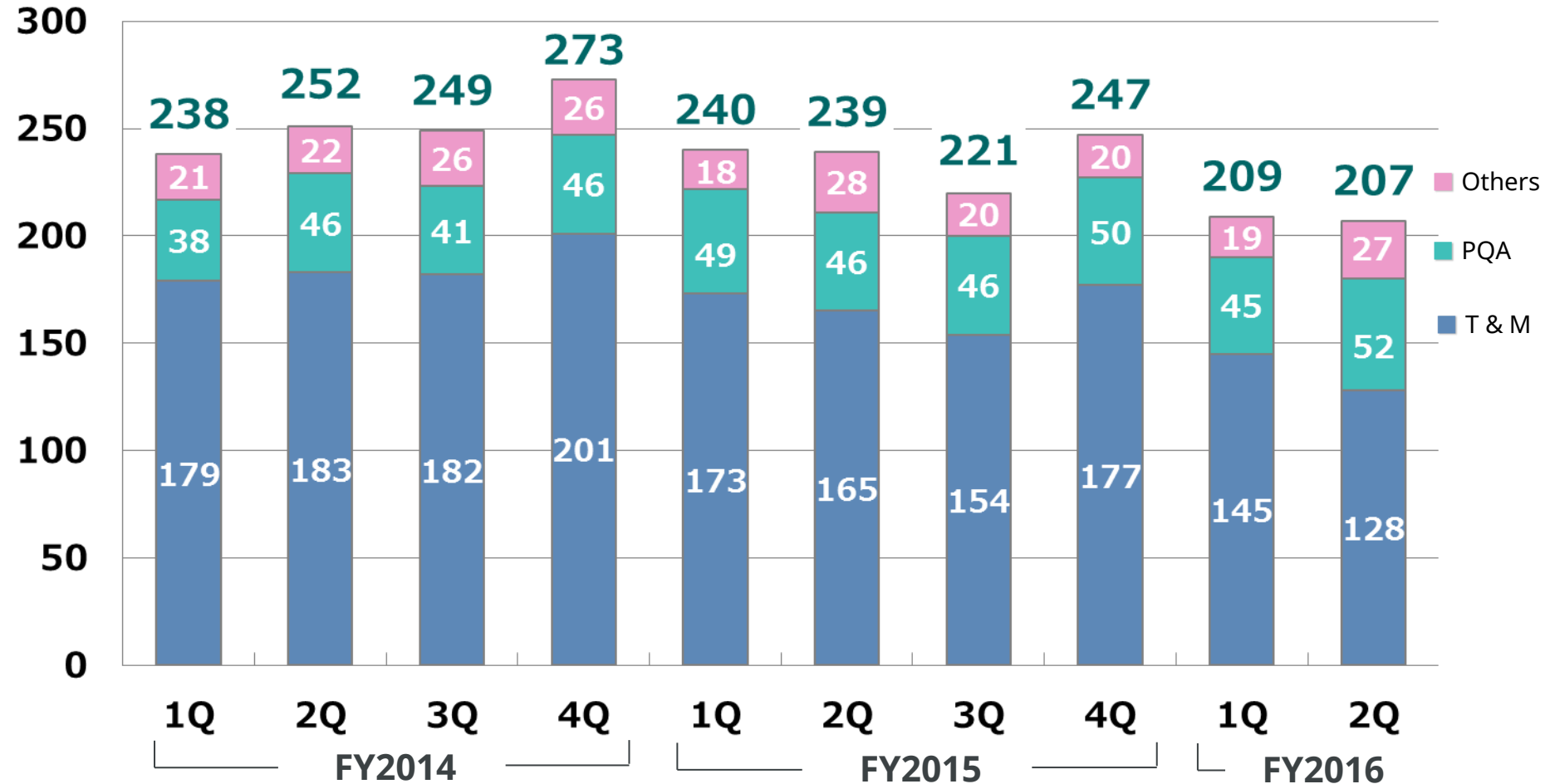


T&M: 23% decrease from the previous 2Q



PQA: Progressing as per the plan

Bn. Yen



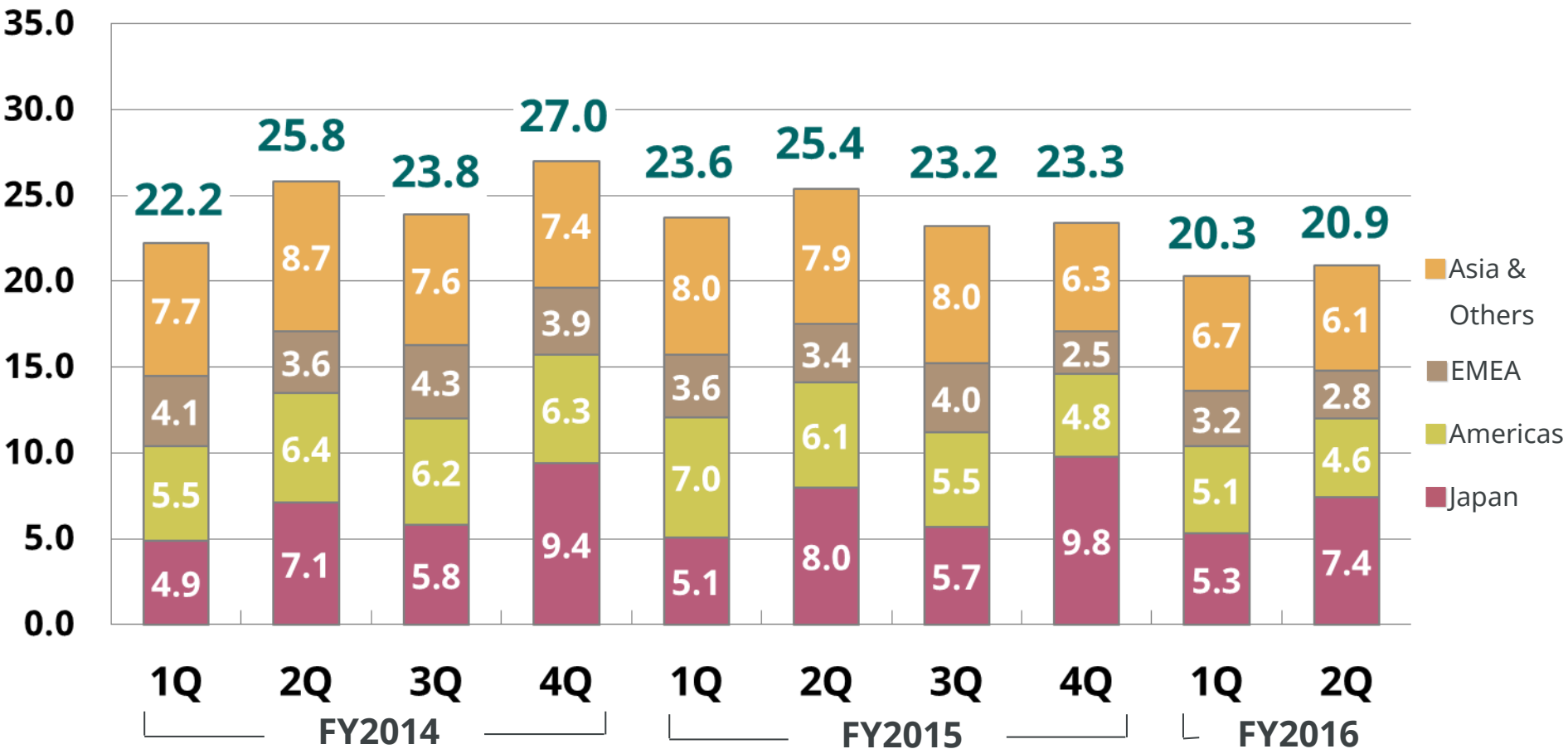
Note : Numbers are rounded off in each column

II -7. Transition of Revenue by region



Decreased revenue year on year both in Japan and overseas

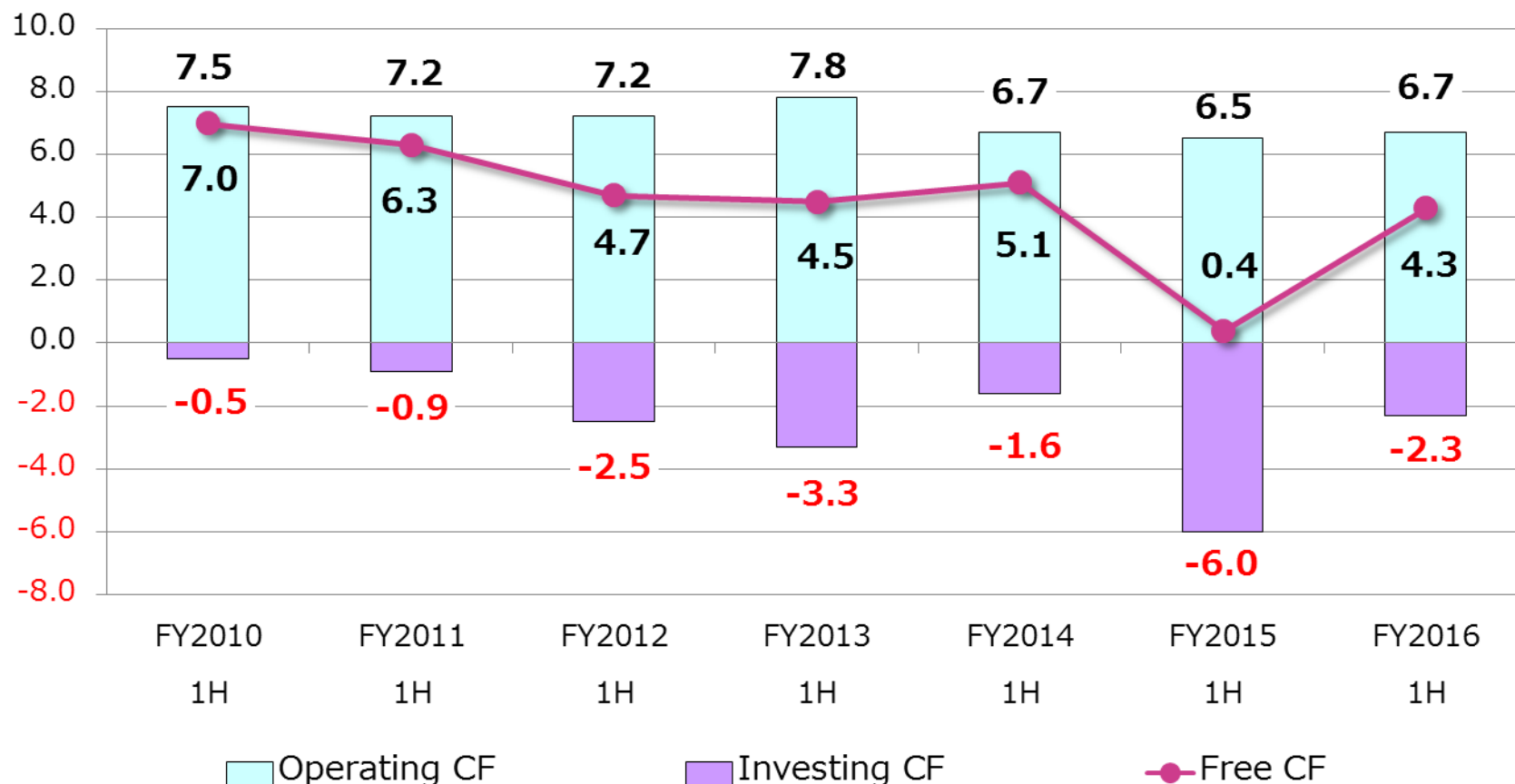
Bn. Yen



Note : Numbers are rounded off in each column

Ⅱ-8. Cash Flow (1/2)

Unit : Billion Yen




Note1 : Numbers are rounded off in each column

Note2 : FY2010 : Japanese Generally Accepted Principles (J-GAAP)

FY2012~FY2016 :International Financial Reporting Standards (IFRS)

II -8. Cash Flow (2/2)

 Operating cash flow margin ratio was 16%

Cash Flow (FY2016 Q2)

Operating CF : 6.7 Bn. Yen

Investing CF : (2.3) Bn. Yen

Financial CF : (1.7) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.3 Bn. Yen

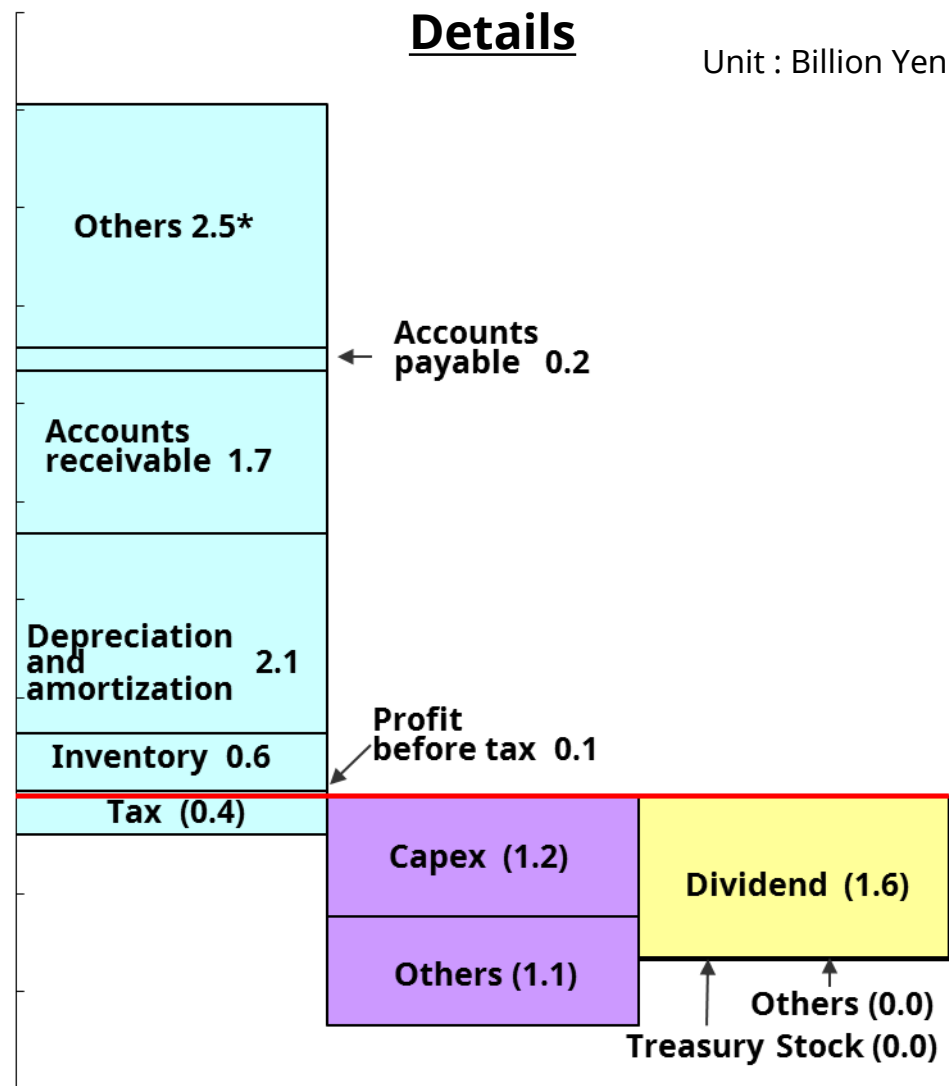
Cash at the end of period

38.0 Bn. Yen

Interest-bearing debt.

22.0 Bn. Yen

Note : Numbers are rounded off in each column




* Other main items: Advances received, deposits received, etc.

Op. CF 6.7

Inv. CF (2.3)

Fin. CF (1.7)

III. Forecast for full year of FY2016

 Downward revision in revenue and profit forecast for T&M
Dividend maintained at 15 yen for the full year (Interim dividend: 7.50 yen)

Unit: Billion Yen

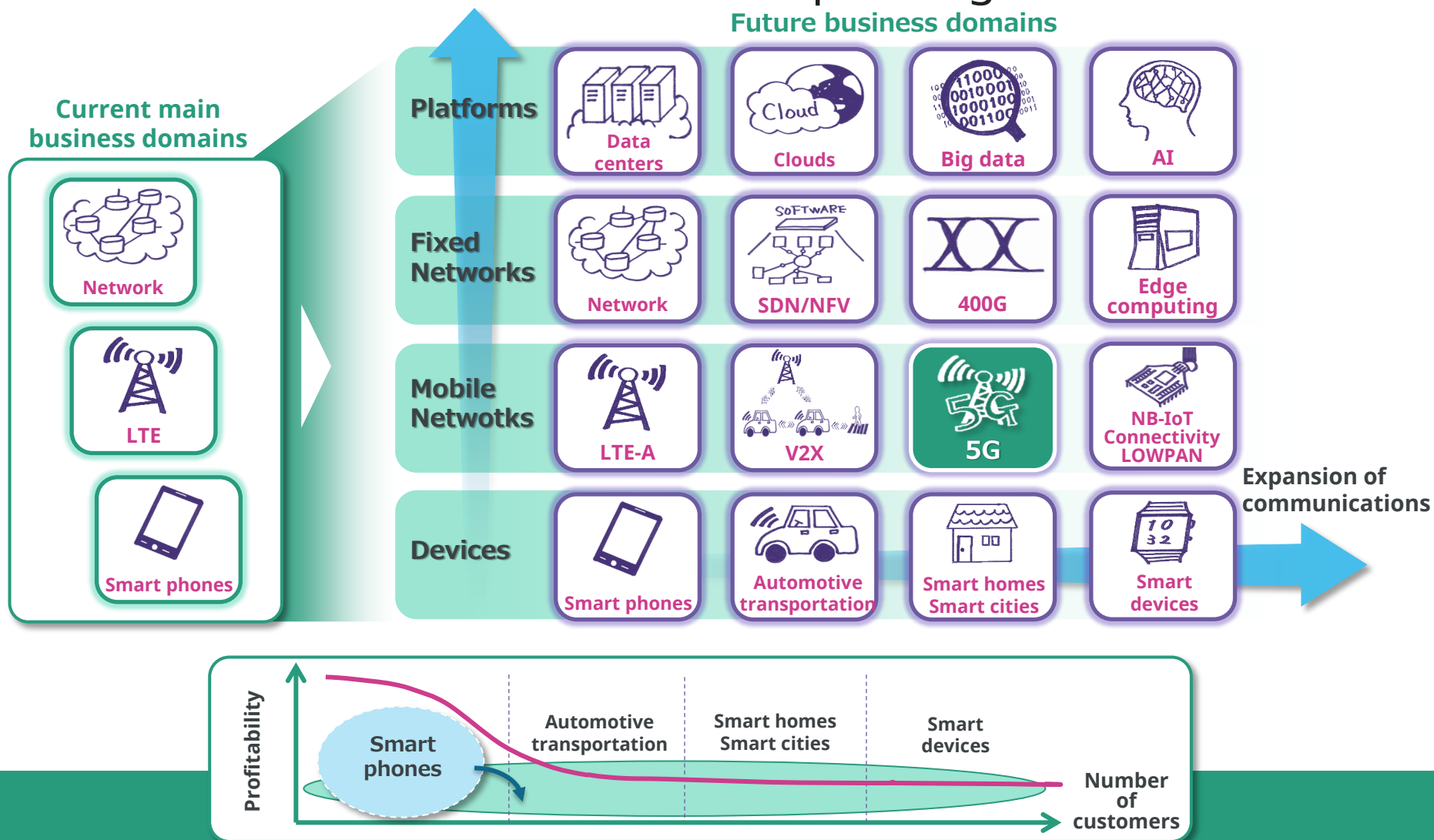
International Financial Reporting Standards (IFRS)			FY2015	FY2016			
			Actual	Full Year		YoY	YoY(%)
				Previous Forecast	Revised Forecast		
Revenue			95.5	97.0	87.5	(8.0)	-8%
Operating profit (loss)			5.9	7.2	2.2	(3.7)	-63%
Profit (loss) before tax			5.4	7.1	1.4	(4.0)	-74%
Profit (loss)			3.8	5.3	1.0	(2.8)	-73%
	T&M	Revenue	67.7	68.0	58.5	(9.2)	-14%
		Op. profit (loss)	4.7	5.5	0.5	(4.2)	-89%
	PQA	Revenue	18.9	20.0	20.0	1.1	6%
		Op. profit (loss)	1.2	1.4	1.4	0.2	17%
	Others	Revenue	8.9	9.0	9.0	0.1	1%
		Op. profit (loss)	(0.0)	0.3	0.3	0.3	-

Note 1 : Exchange rate : FY2015 (Actual) 1USD=120 yen, 1EURO=133 yen
FY2016 (Initially Forecast) 1USD=110 yen, 1EURO=125 yen
FY2016 2H(Forecast) 1USD=100 yen, 1EURO=110 yen

Note 2 : Numbers are rounded off in each column

IV. Future initiatives in T&M

IV-1. Anritsu's business areas are expanding toward IoT and 5G



We will contribute to the development of 5G networks as a comprehensive platform for IoT.

IV- 2 . Latest trends in 5G and test solutions

CY2016	2017	2018	2019	2020	2021
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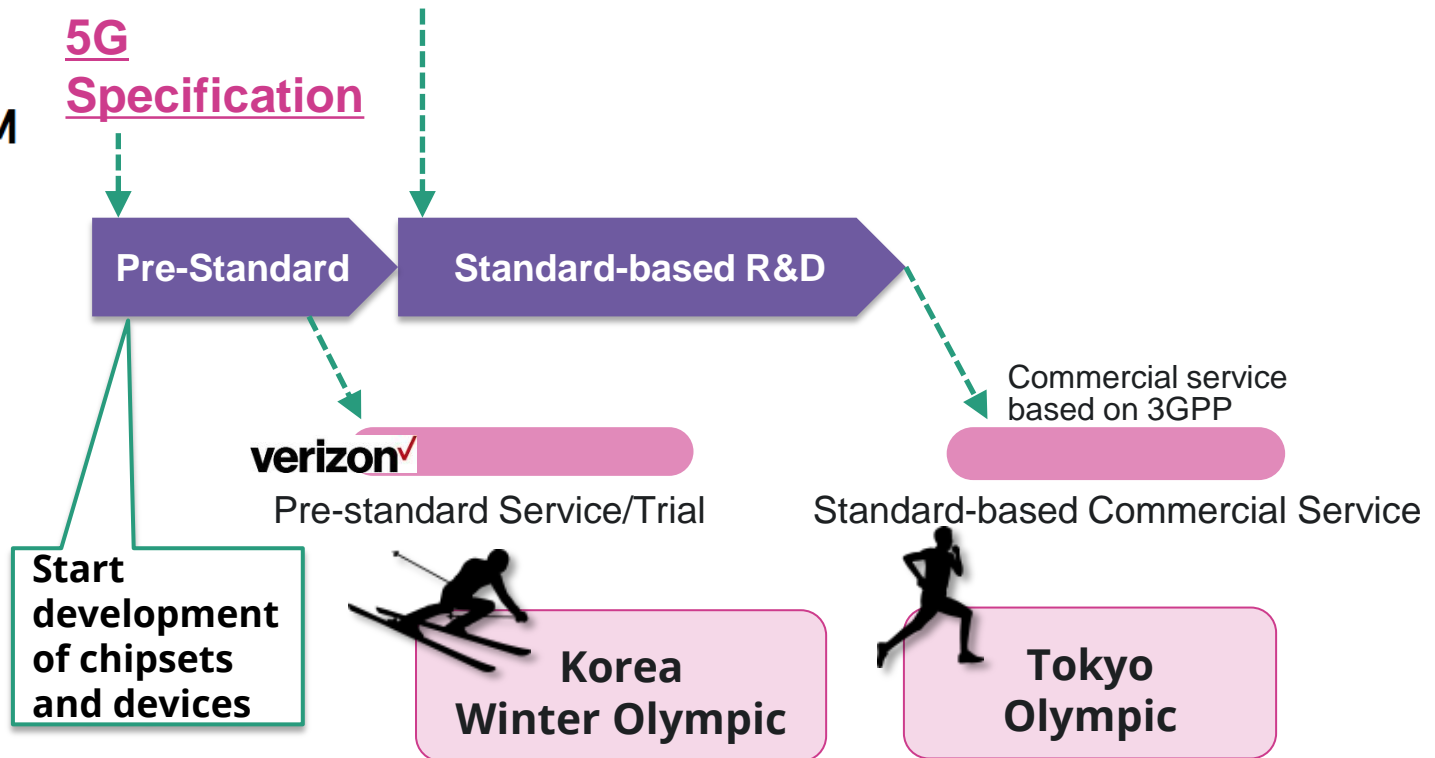
VERIZON 5G
TECHNICAL FORUM

★Rel.14 ★Rel.15 ★Rel.16
★NSA-NR (Non-Standalone New Radio)

5G
Specification

R&D Phase

Trial / Service



Test Solutions



IV- 3 . Acquisition of Azimuth Systems, Inc. (1/2)

- Company Name : Azimuth Systems, Inc.
- Headquarters : Boston, USA
- Business model: Development and sales of channel emulators, etc.
- Main customers : Operators, chipset vendors, network equipment vendors, UE vendors, etc. in the Americas, EMEA, Asia, and Japan

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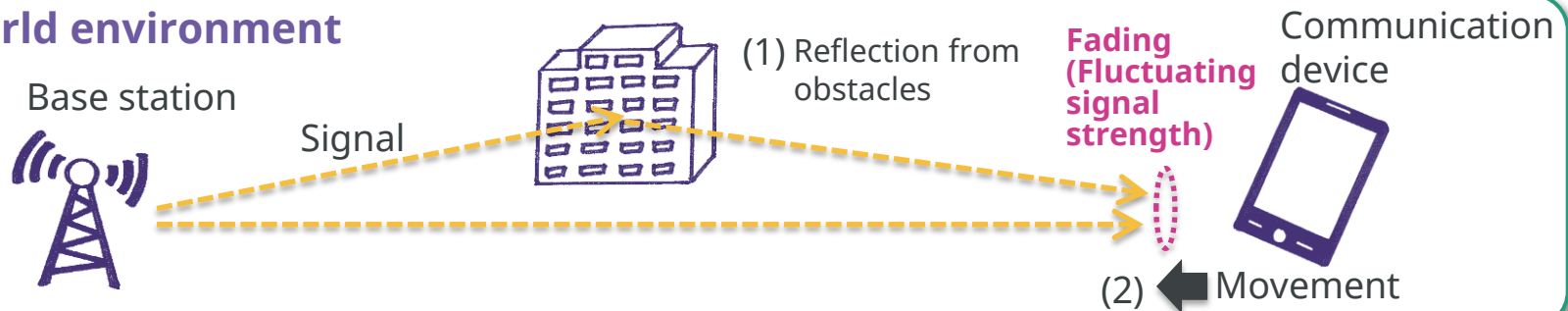
Mobile Devices
Protocol Technology



Azimuth

Network Infra.
RF Technology

Real-world environment



In the lab (e.g., communication device testing)



IV- 3 . Acquisition of Azimuth Systems, Inc. (2/2)

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Azimuth.
Channel Emulator



Solutions for the OTA*

- 3CA/4CA
 - 4x4MIMO
 - Cellular/WiFi Coexistence
- *OTA : Over The Air



Automotive solutions

- Telematics Drive emulation
- Evaluation of onboard reception for an automotive module
- Cellular/WiFi Coexistence



Channel Emulator for 5G



5 G R&D solutions

- 5G RF conformance testing
- 5G protocol conformance testing

Short
term

Grow revenue through collaboration in the strong markets of Anritsu and Azimuth

Medium
term

1. Offer solutions produced by a fusion of our protocol technologies with Azimuth Systems' RF technologies (start-up period for measuring instruments to develop 5G)
2. Roll out drive emulation and others for the automotive market

Long
term

Offer conformance testing for 5G devices

IV- 4 . Adoption of new technologies in the automotive market and Anritsu's initiatives

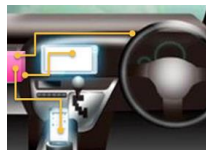


- Spread of 4G telematics
- Mandatory deployment of eCall
- Active verification testing of V2X
- Increasing use of 79GHz radar

Telematics/eCall * emergency calling system for vehicles



Mobile network simulator

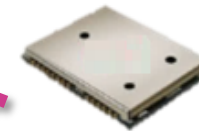


Millimeter wave signal transmitter tester



79GHz high resolution automotive radar

Mobile communication/connectivity



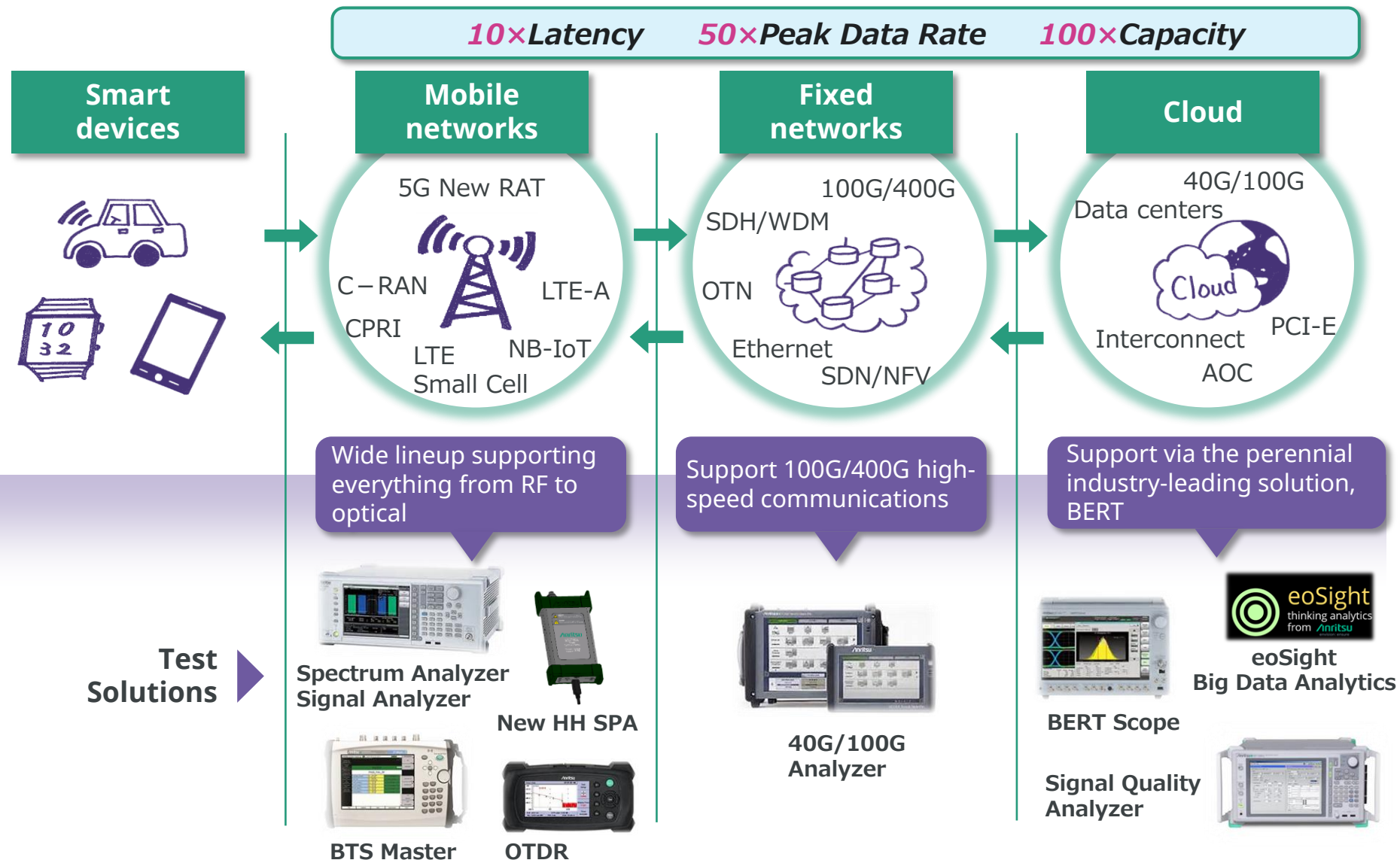
Wireless communication RF performance test



V2X communication quality assessment

V2X (802.11p) * vehicle-to-vehicle/road-to-vehicle communications

IV- 5 . Test solutions supporting 5G virtual networks



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