

# Financial Results for the 3rd quarter of the Fiscal Year ending March 31, 2017

**Hirokazu Hashimoto**

President and Group CEO  
Anritsu Corporation

January 31st, 2017



MEMBERSHIP

<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.

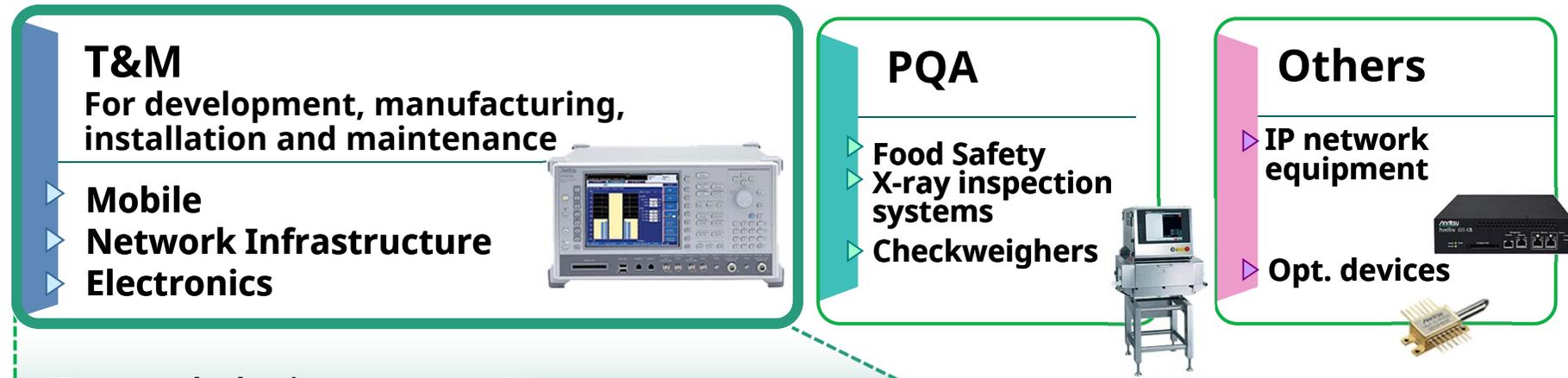
You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Anritsu disclaims any such obligation.

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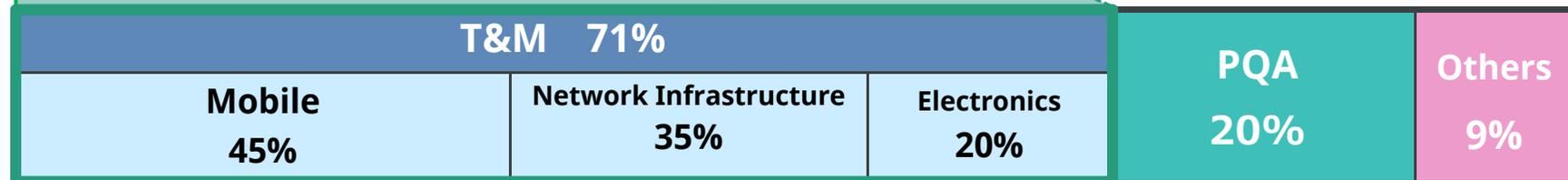
# Agenda

- I. Outline of our business segments
- II. Consolidated performance review of the 3rd quarter of the fiscal year ending March 31, 2017
- III. Outlook for full year of the fiscal year ending March 31, 2017
- IV. Others

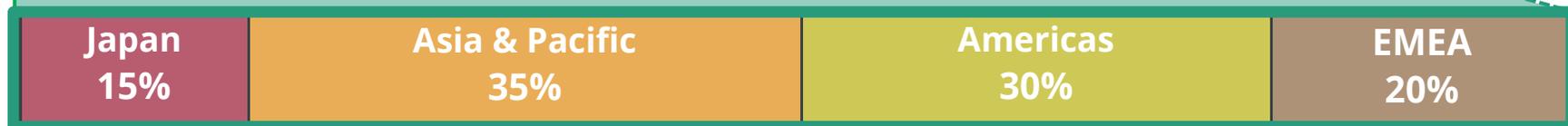
# I . Outline of our business segments



(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

## II -1. Consolidated performance -Financial results-

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	3Q FY2015 (Apr. to Dec.)	3Q FY2016 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	69.9	63.6	(6.3)	-9%
Revenue	72.2	62.3	(9.9)	-14%
Operating profit (loss)	5.2	1.7	(3.5)	-68%
Profit (loss) before tax	5.1	1.2	(3.9)	-76%
Profit (loss)	3.9	0.7	(3.2)	-82%
Comprehensive income	4.2	0.9	(3.3)	-80%

Note : Numbers are rounded off in each column

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		3Q FY2015 (Apr. to Dec.)	3Q FY2016 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	<b>52.7</b>	<b>42.6</b>	<b>(10.1)</b>	<b>-19%</b>
	Op. profit (loss)	<b>4.8</b>	<b>0.7</b>	<b>(4.1)</b>	<b>-84%</b>
	<i>Adjusted operating profit (loss)*</i>	5.2	1.0	(4.2)	-80%
PQA	Revenue	<b>13.7</b>	<b>13.9</b>	<b>0.2</b>	<b>1%</b>
	Op. profit (loss)	<b>0.9</b>	<b>0.6</b>	<b>(0.3)</b>	<b>-27%</b>
Others	Revenue	<b>5.8</b>	<b>5.8</b>	<b>0.0</b>	<b>-1%</b>
	Op. profit (loss)	<b>(0.5)</b>	<b>0.3</b>	<b>0.8</b>	<b>-</b>
Total	Revenue	<b>72.2</b>	<b>62.3</b>	<b>(9.9)</b>	<b>-14%</b>
	Op. profit (loss)	<b>5.2</b>	<b>1.7</b>	<b>(3.5)</b>	<b>-68%</b>
	<i>Adjusted operating profit (loss)</i>	5.6	2.0	(3.6)	-65%

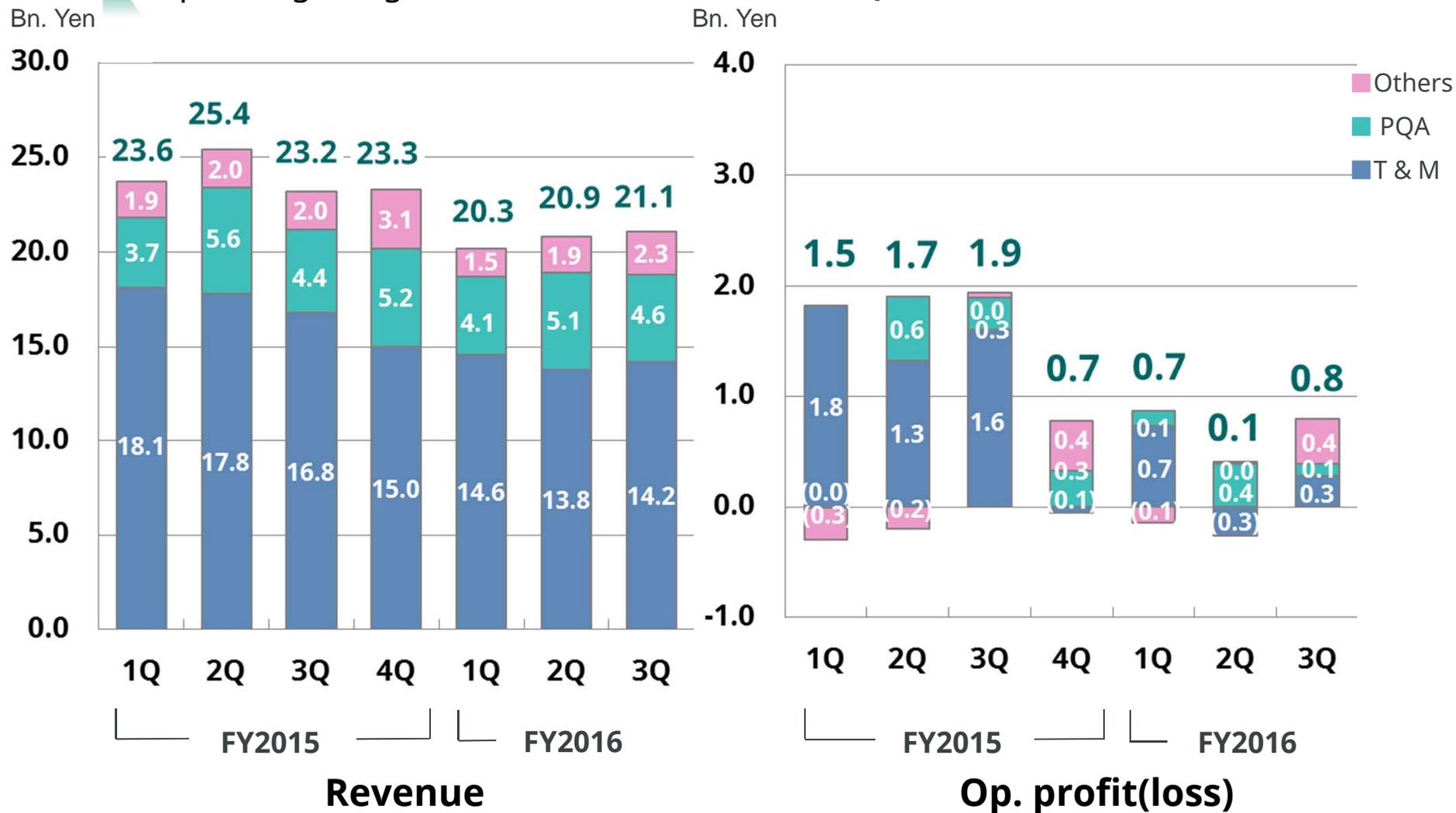
Note : Numbers are rounded off in each column

\* 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-

Consolidated operating margin was 3.8%,  
operating margin for the T&M was 2.0% for 3Q



Note : Numbers are rounded off in each column

## II -4. Overview of operations by business segment

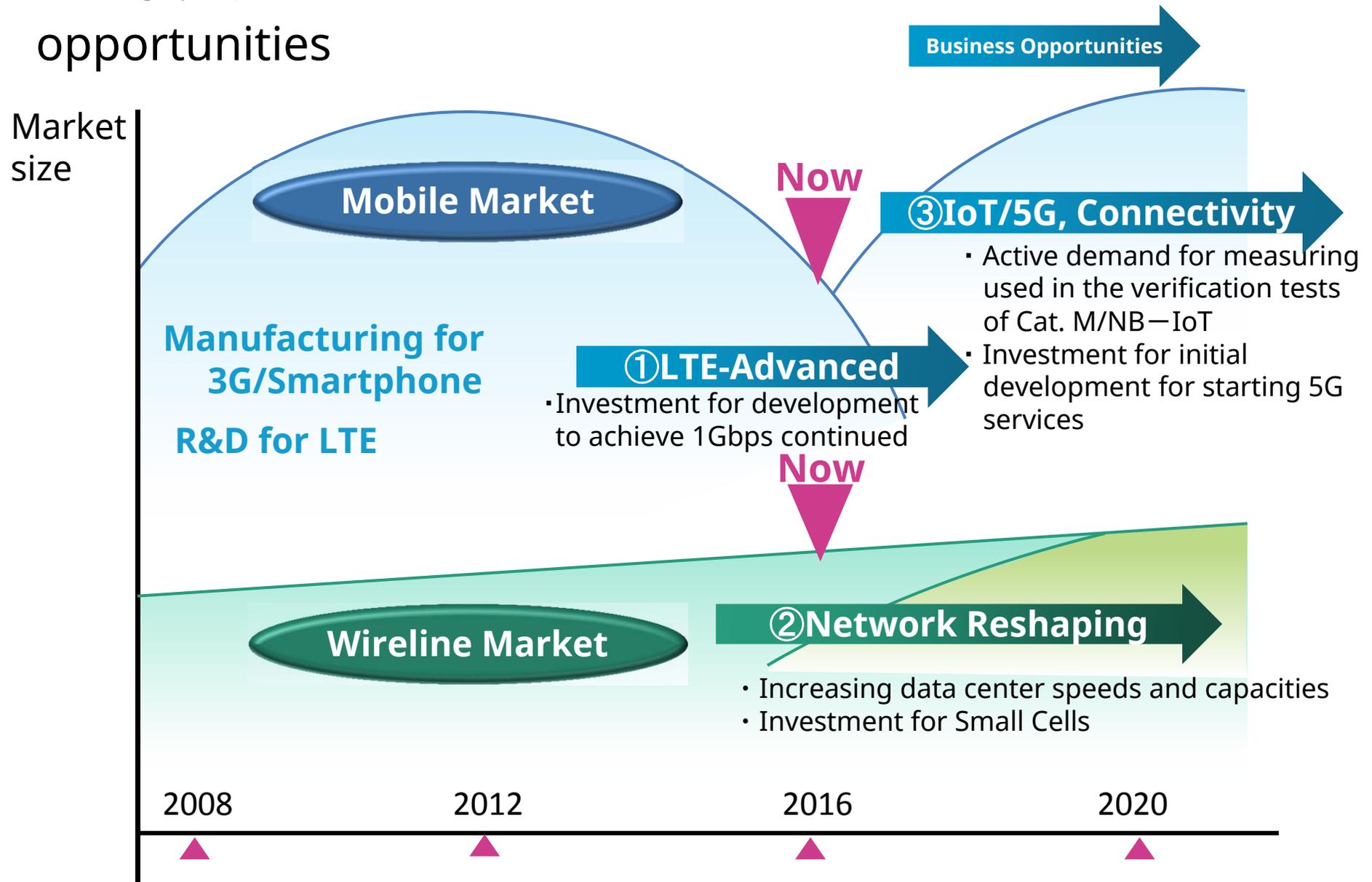
Segment	FY2016Q3 (April to December, 2016)	
 <b>T&amp;M</b> : Restrained investment in the smartphone-related market continued		
Mobile	LTE-Advanced	Restraint in capital investment by chip and terminal vendors continued
	IoT, 5G, Connectivity	Automotive and IoT/5G development projects are beginning to materialize
NW	Capital investment in optical digital related business was strong	
Asia	Restrained investment in LTE-Advanced development continued Competition intensified due to a slowdown in growth of the overall smartphone manufacturing market	
Americas	Capital investment in optical digital related business is on a recovery trend	
 <b>PQA</b> : Strong demand for X-rays both in Japan and overseas		

T&M: Test & Measurement

NW: Network Infrastructure

PQA : Products Quality Assurance

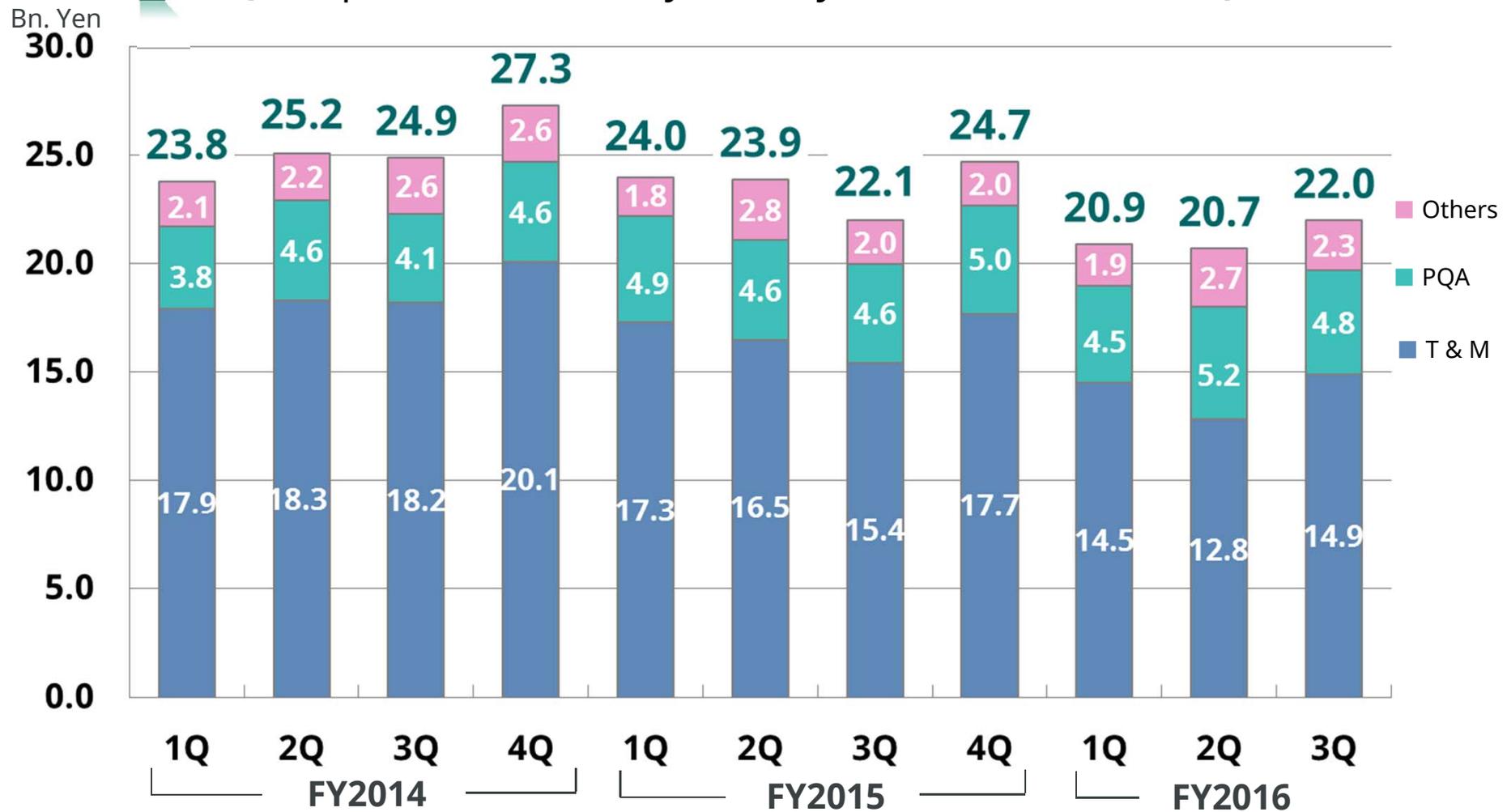
# II - 5.T&M T&M market trends and business opportunities



## II -6. Transition of Orders

➤ T&M : Downward trend with continued year-on-year decrease

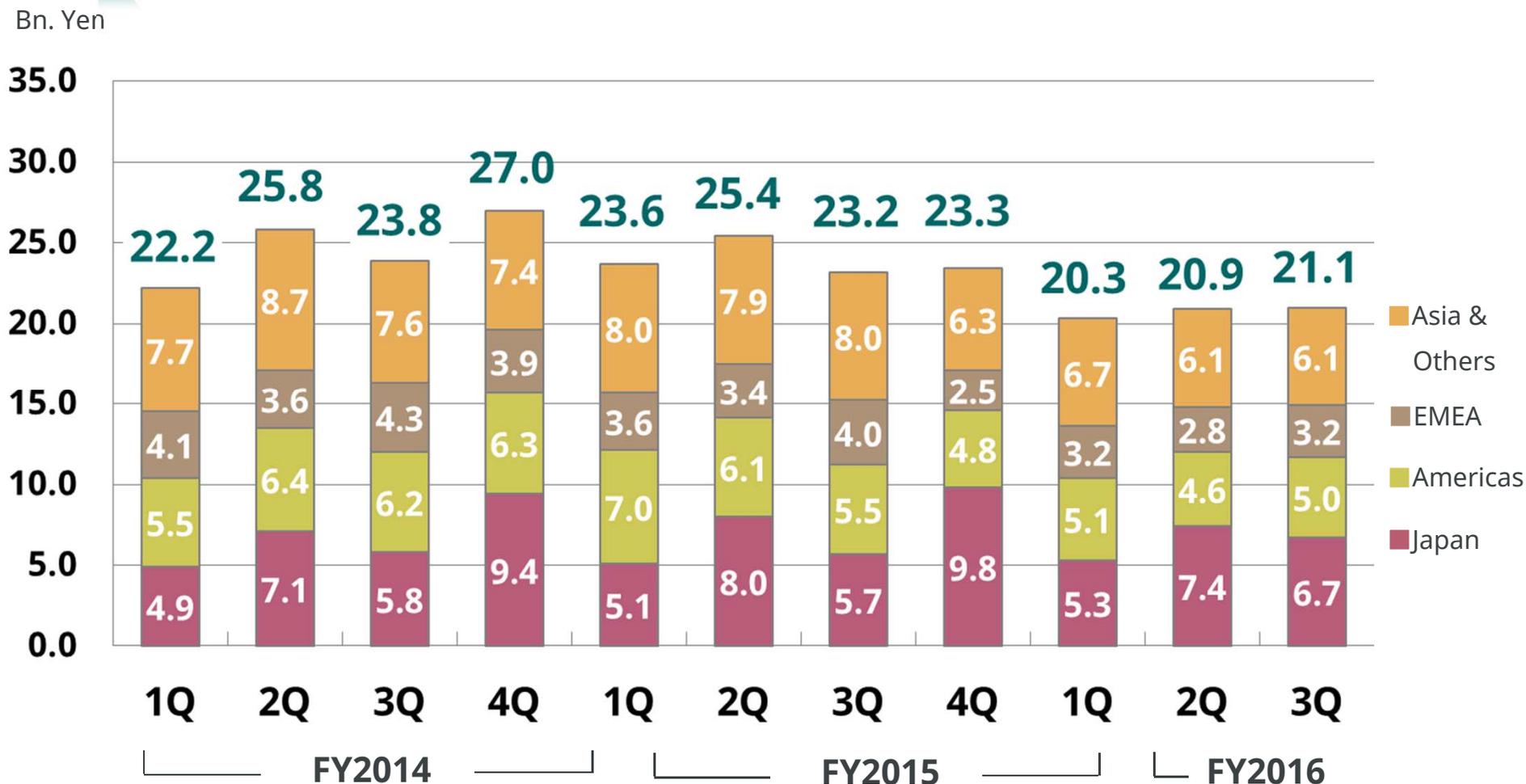
➤ PQA : Upward trend with year-on-year increase, since 2Q



## II -7. Transition of Revenue by region



A downward trend continued overseas with lower revenue year on year



Note : Numbers are rounded off in each column

## II -8. Cash Flow

 Operating cash flow margin ratio was 10%

### Cash Flow (FY2016 Q3 )

Operating CF : 6.4 Bn. Yen  
 Investing CF : (2.9) Bn. Yen  
 Financial CF : (2.7) Bn. Yen

### Free Cash Flow

Op. CF + Inv. CF : 3.5 Bn. Yen

### Cash at the end of period

38.0 Bn. Yen

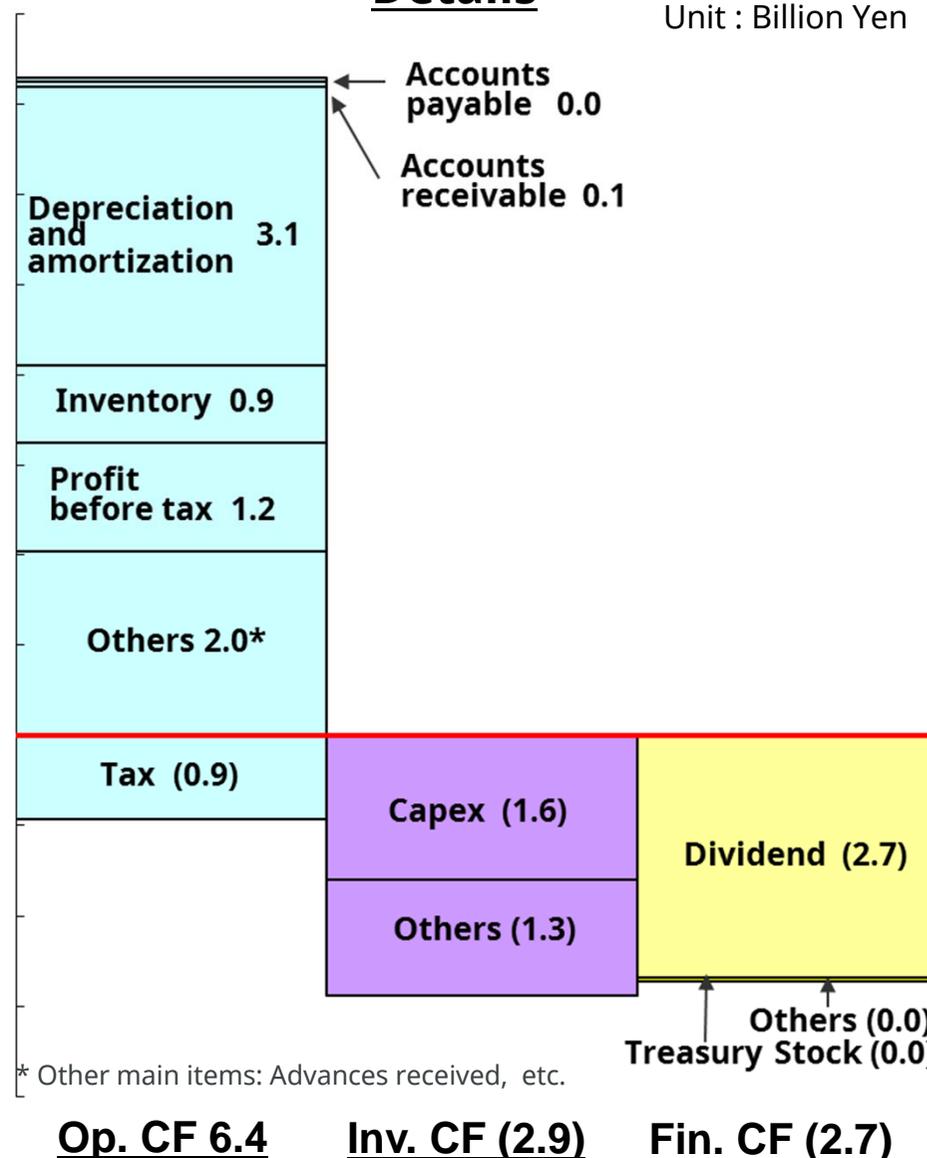
### Interest-bearing debt.

22.0 Bn. Yen

Note : Numbers are rounded off in each column

### Details

Unit : Billion Yen



### III. Forecast for full year of FY2016

 No changes from the previously announced forecast

Unit: Billion Yen

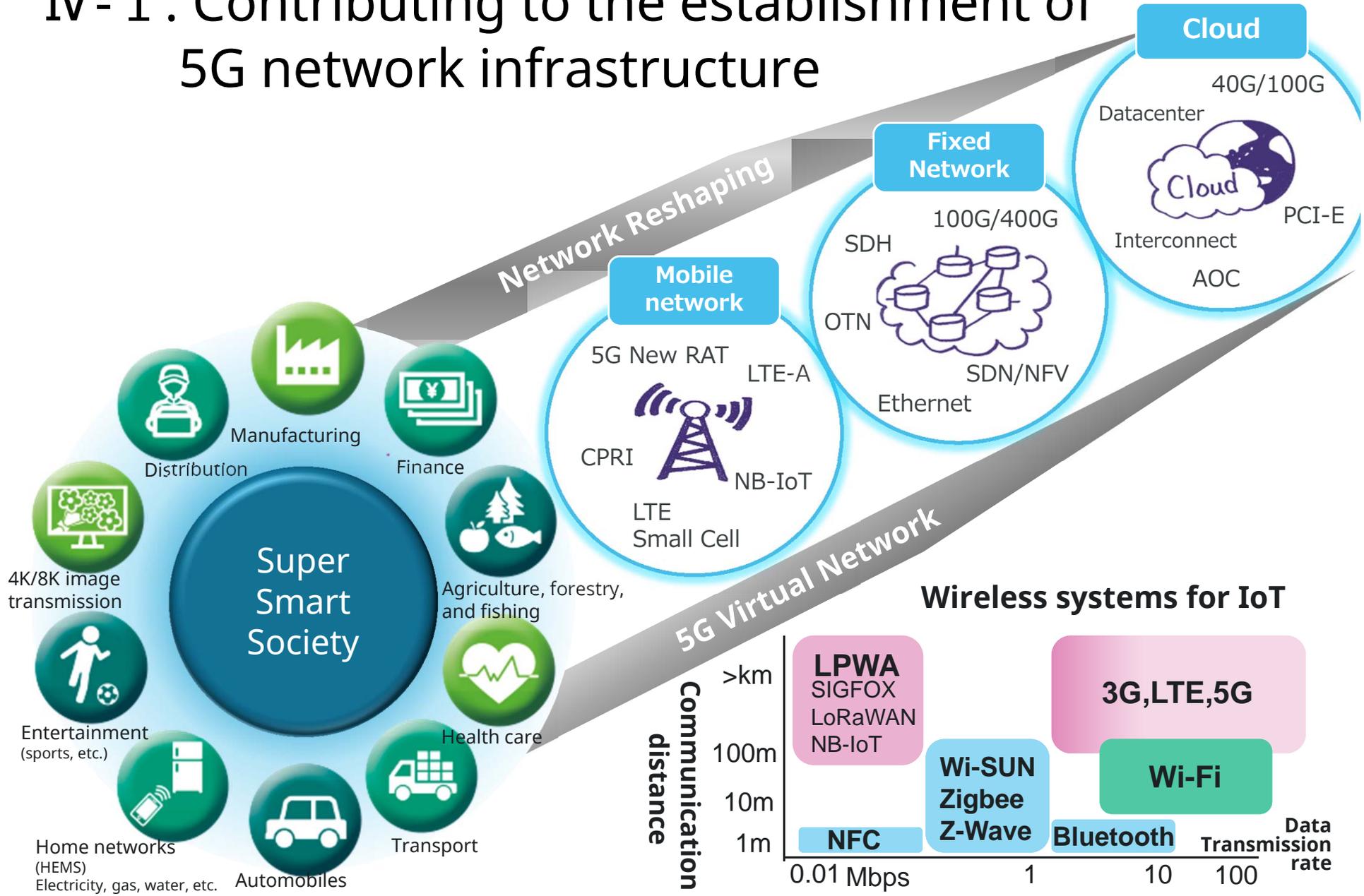
International Financial Reporting Standards (IFRS)		FY2015	FY2016		
		Actual	Forecast	YoY	YoY(%)
Revenue		<b>95.5</b>	<b>87.5</b>	<b>(8.0)</b>	<b>-8%</b>
Operating profit (loss)		<b>5.9</b>	<b>2.2</b>	<b>(3.7)</b>	<b>-63%</b>
Profit (loss) before tax		<b>5.4</b>	<b>1.4</b>	<b>(4.0)</b>	<b>-74%</b>
Profit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

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

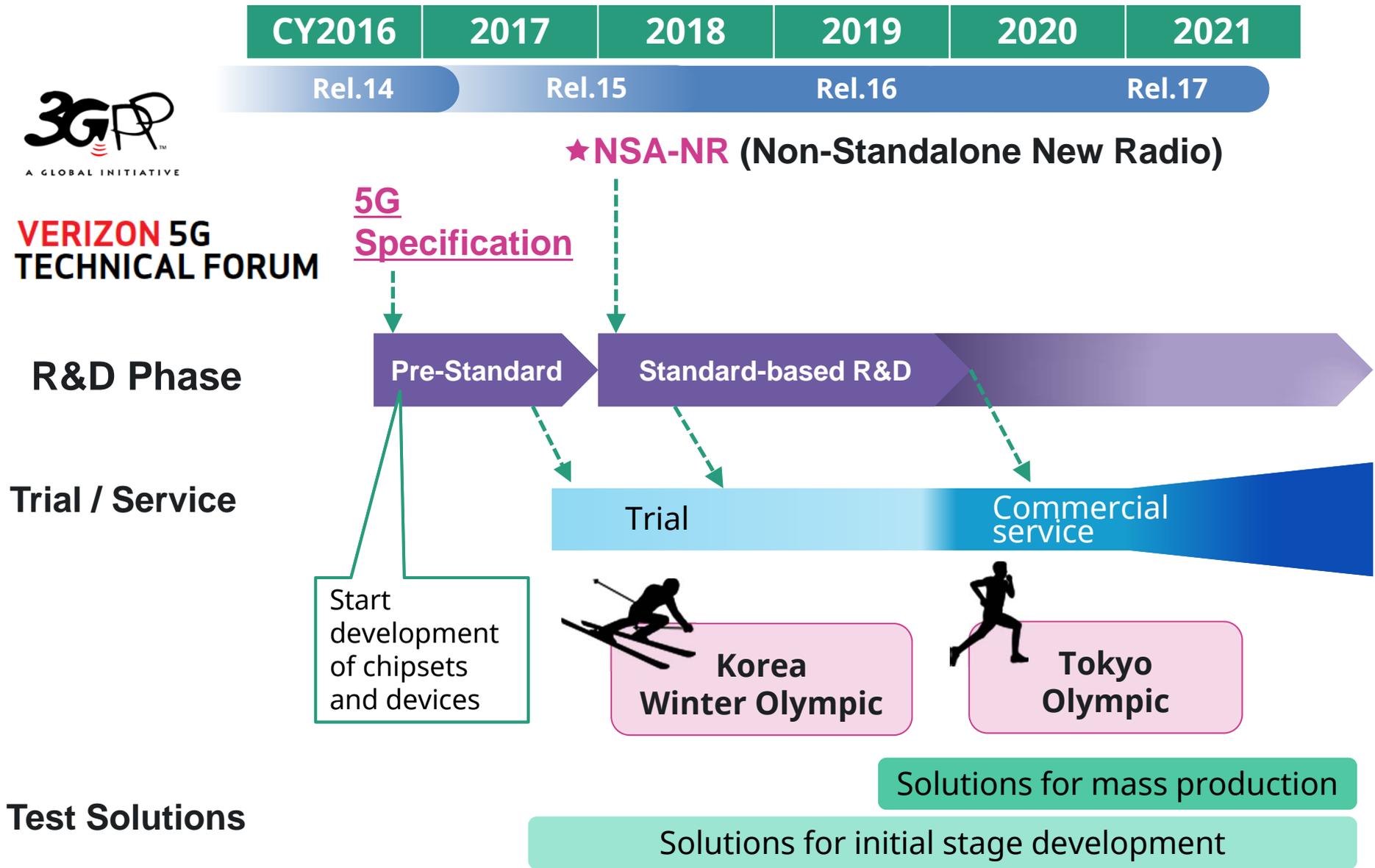
Note 2 : Numbers are rounded off in each column

# IV. Others

# IV- 1 . Contributing to the establishment of 5G network infrastructure



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





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