

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

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(No notes here)

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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.

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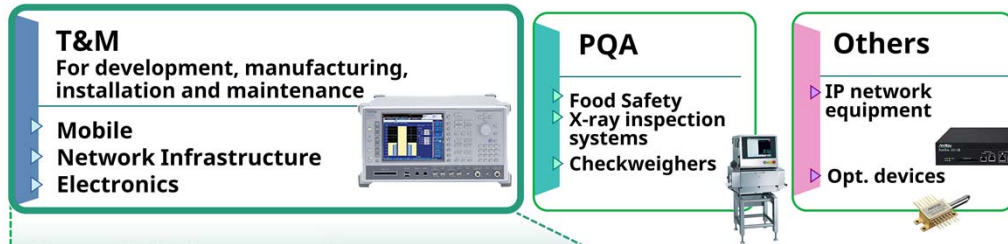
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Agenda

- 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

(No notes here)

I . Outline of our business segments



(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% |
|-----------|--------------------|--------------|----------|

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

(No notes here)

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

The Group's consolidated order intake decreased by 9% year on year to 63.6 billion yen and revenue decreased by 14% year on year to 62.3 billion. Operating profit decreased by 68% year on year to 1.7 billion yen.

Profit for the period was 0.7 billion yen, and comprehensive income was 0.9 billion yen.

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 | 52.7 | 42.6 | (10.1) | -19% |
| | Op. profit (loss) | 4.8 | 0.7 | (4.1) | -84% |
| | Adjusted operating profit (loss)* | 5.2 | 1.0 | (4.2) | -80% |
| PQA | Revenue | 13.7 | 13.9 | 0.2 | 1% |
| | Op. profit (loss) | 0.9 | 0.6 | (0.3) | -27% |
| Others | Revenue | 5.8 | 5.8 | 0.0 | -1% |
| | Op. profit (loss) | (0.5) | 0.3 | 0.8 | - |
| Total | Revenue | 72.2 | 62.3 | (9.9) | -14% |
| | Op. profit (loss) | 5.2 | 1.7 | (3.5) | -68% |
| | Adjusted operating profit (loss) | 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

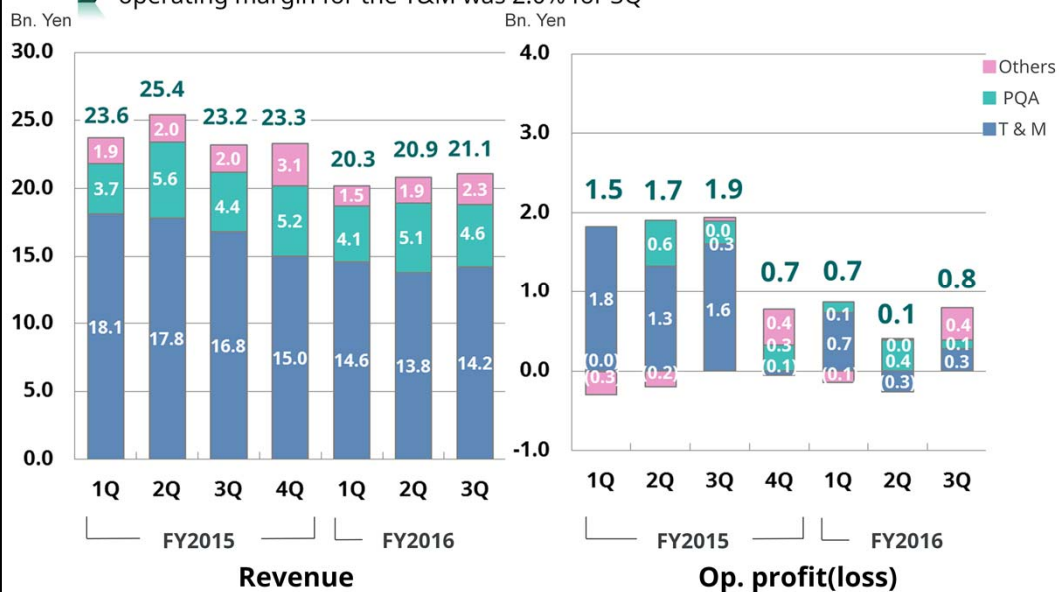
T&M: Test & Measurement PQA : Products Quality Assurance

Both revenue and profit were down for the T&M business, and the operating margin was 1.8%.

Revenue for the PQA business remained at approximately the same level year on year. However, operating margin was 4.6% due to a decline in profit resulting from upfront investment in development, etc.

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





The consolidated operating margin and the operating margin for the T&M and PQA businesses in 3Q were as follows respectively:

Consolidated: 3.8%

T&M: 2.0%

PQA: 2.4%

II -4. Overview of operations by business segment

| Segment | | FY2016Q3 (April to December, 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 | 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 | |
|  PQA : | | Strong demand for X-rays both in Japan and overseas | |

T&M: Test & Measurement

NW: Network Infrastructure

PQA : Products Quality Assurance

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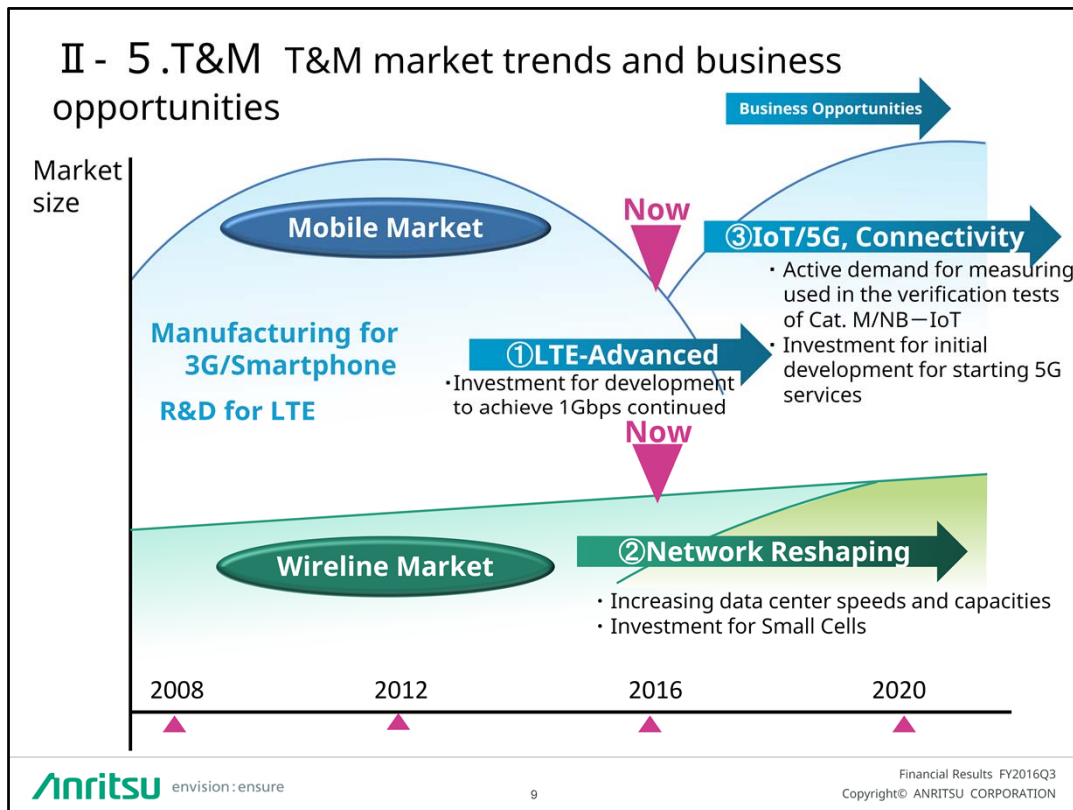
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In the T&M business, restrained investment by customers continued in the smartphone market overall. A cautious stance was seen, especially in the LTE-Advanced-related R&D market. On the other hand, projects are beginning to materialize for development in the automotive market, where competition in the development of automated driving is intensifying, as well as in the operator-driven IoT field including Category M and NB-IoT. Also, the commercialization of 5G is beginning to materialize, as domestic and overseas major operators are announcing plans for verification tests of 5G.

Demand remained strong for measuring instruments used in the development and manufacture of optical modules, as investment for increasing speeds of network infrastructure is picking up.

In the PQA business, demand for X-ray inspection systems is strong both in Japan and overseas and growing in all markets.



As shown in the overview of operations, there have been no major changes to the T&M business environment, and investment in the smartphone-related market remains restrained.

In the LTE-Advanced-related market, some customers have started development aimed at achieving throughputs of 1 Gbps (MIMO, 256QAM, CA). However, they are not in a position to pull up the entire segment.

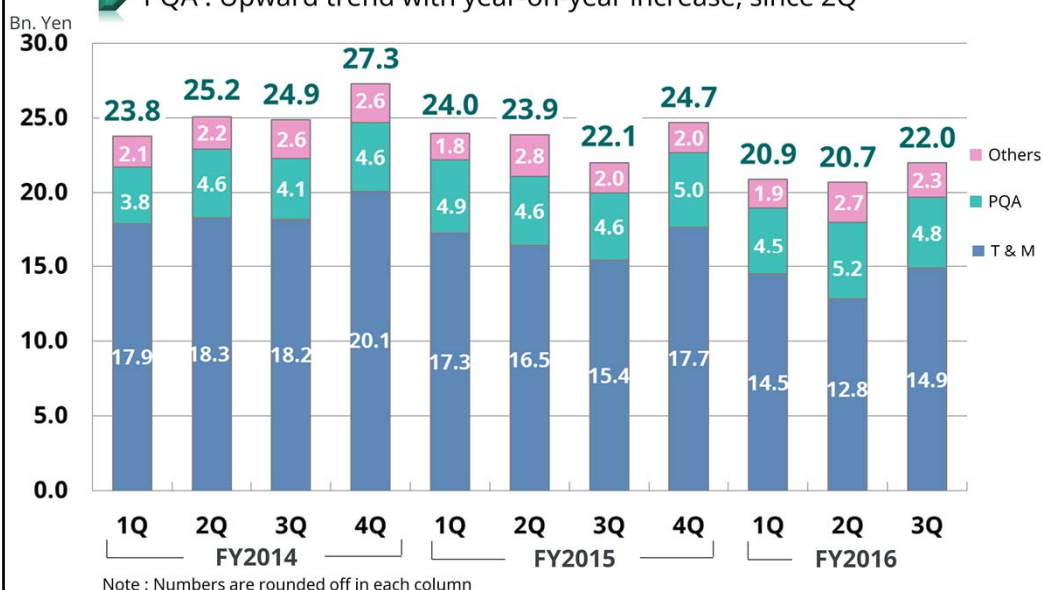
In the Network Reshaping-related market, there is strong demand for optical-module evaluation solutions for increasing data center speeds and capacities. There is strong measurement demand in the manufacture of 100 Gbps optical modules, and for development of 400 Gbps optical modules to attain even higher speeds.

In the IoT/5G and Connectivity-related markets, demand for development projects is beginning to materialize. With regard to IoT, a 3GPP standard has been created for cellular IoT, and verification tests of Cat. M and NB-IoT have begun.

With regard to 5G, operators worldwide are announcing schedules for verification tests and commercialization, and initial development topics for the start of 5G services have materialized.

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



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Orders for 3Q in the T&M business decreased by 3% year on year to 14.9 billion yen. This was attributable to a decline in demand for measuring instruments used in the development and manufacturing of smartphones.

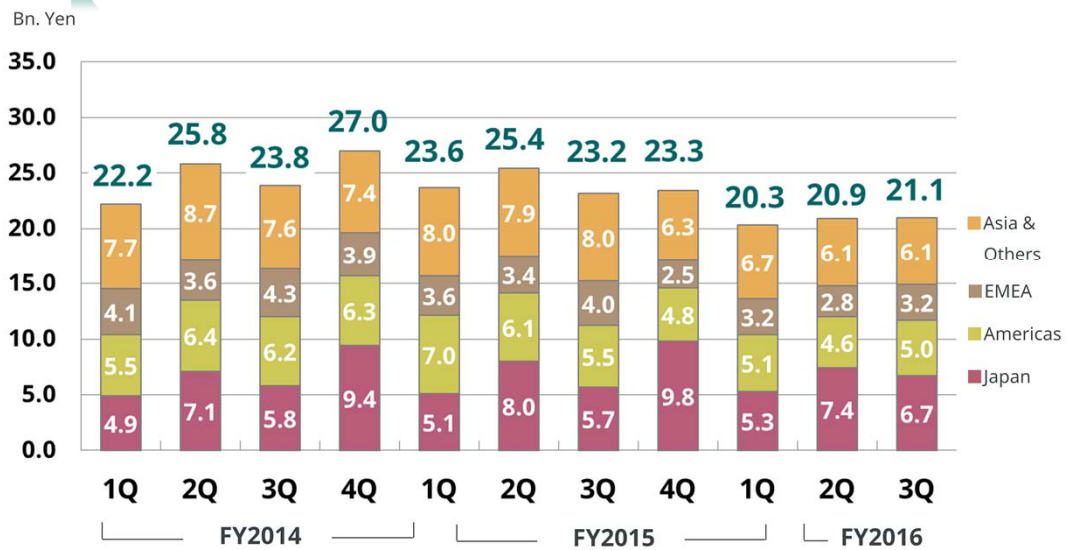
Order intake in the PQA business for 3Q was in line with the plan for both domestic and overseas markets.

Meanwhile, the order backlog for the entire Group was 18.9 billion yen (8% year-on-year increase) and 13.0 billion yen (9% year-on-year increase) for the T&M business.

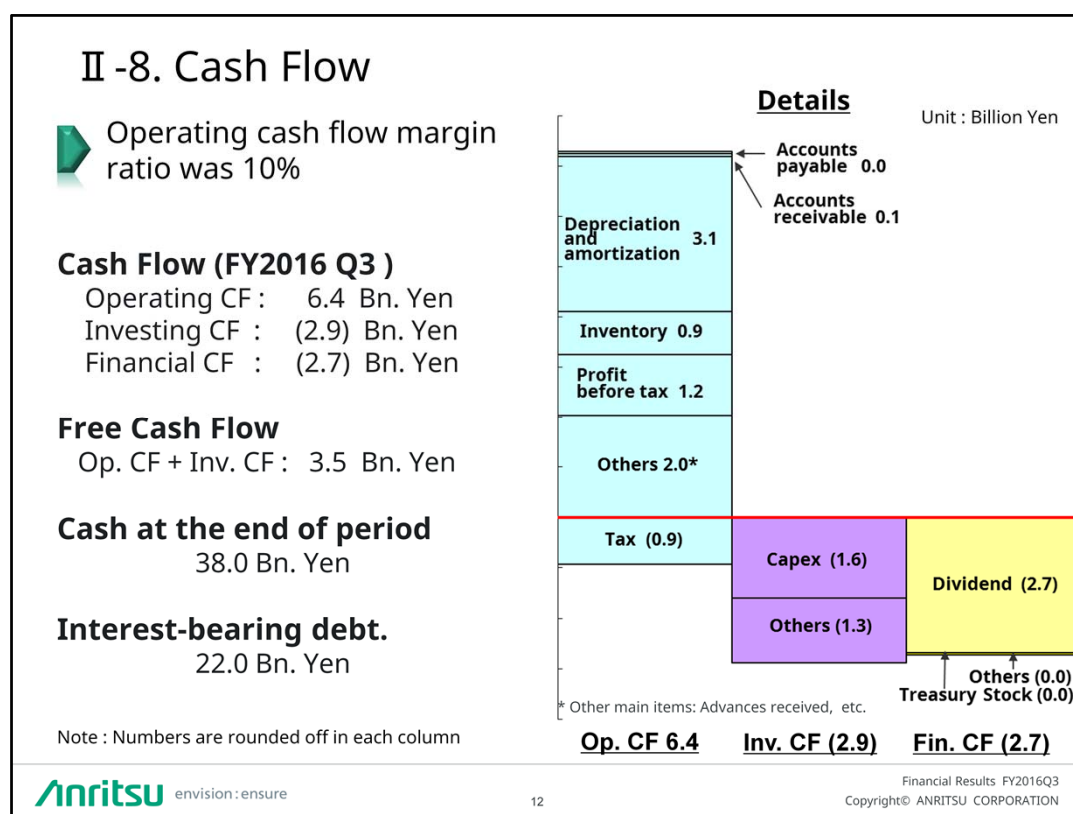
II -7. Transition of Revenue by region



A downward trend continued overseas with lower revenue year on year



Revenue increased in the Japanese market by 18%, but it decreased by 8% in the Americas, 20% in the EMEA, and 24% in Asia.



The operating cash flow was inflow of 6.4 billion.

The investing cash flow was outflow of 2.9 billion yen.

As a result, the free cash flow amounted to an inflow of 3.5 billion yen.

A cash outflow of 2.7 billion yen in the financial cash flow primarily comprises dividends paid of 2.7 billion yen (dividend per share: June: 12 yen, December: 7.5 yen).

Consequently, the balance of cash equivalents at the end of the period was 38.0 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 | | 95.5 | 87.5 | (8.0) |
| Operating profit (loss) | | 5.9 | 2.2 | (3.7) |
| Profit (loss) before tax | | 5.4 | 1.4 | (4.0) |
| Profit (loss) | | 3.8 | 1.0 | (2.8) |
| T&M | Revenue | 67.7 | 58.5 | (9.2) |
| | Op. profit (loss) | 4.7 | 0.5 | (4.2) |
| 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 : 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

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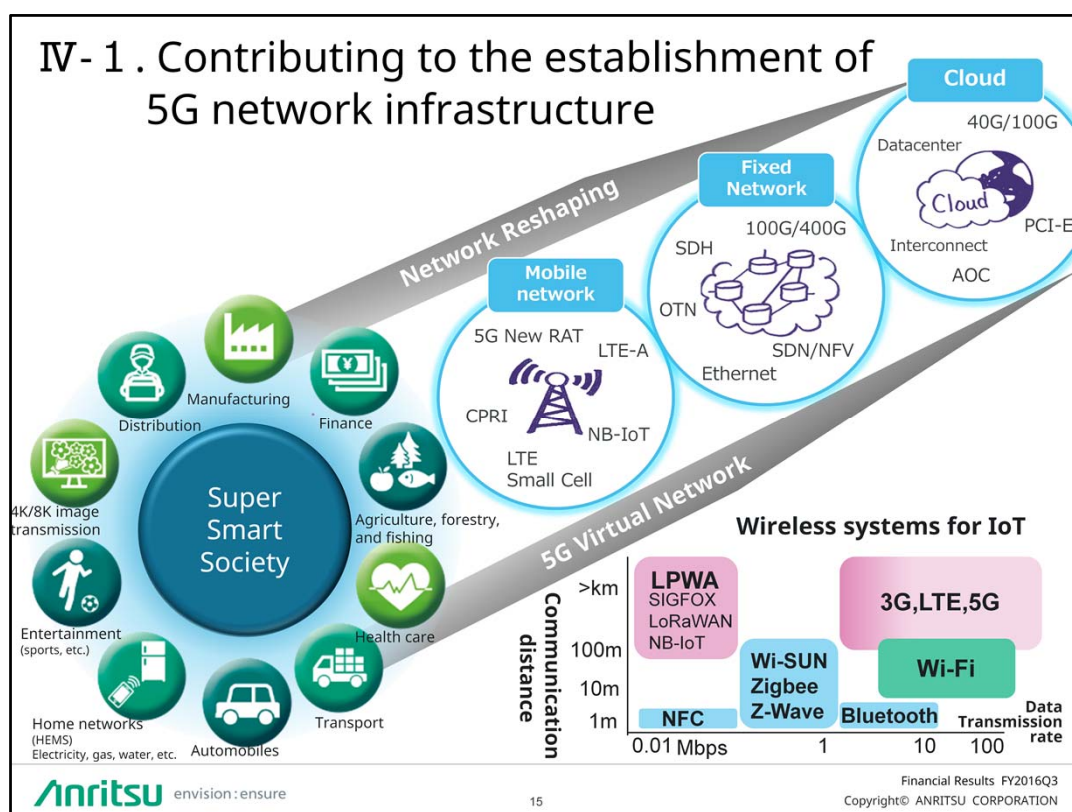
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The forecast for the full year results of FY2016 remains unchanged, since its announcement of revisions on October 27.

In the T&M business, the Group's mainstay business, restrained investments by customers in the smartphone-related market are continuing overall. Although orders in the Test and Measurement business showed improvement during 3Q, orders remain weak. Meanwhile, our aggressive efforts to reform our management structure in a timely manner are improving our profit structure. Although our management environment in 4Q remains clouded and unstable, due to such factors as the outlook for exchange rates, we are united in our commitment to achieve our declared targets.

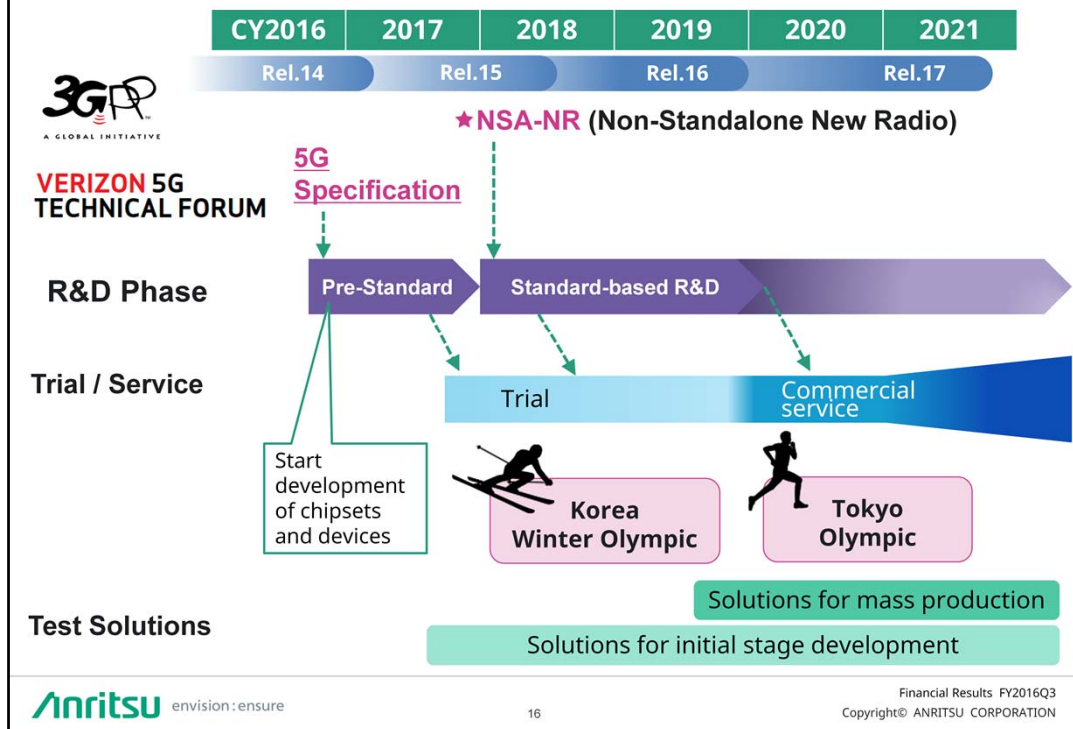
IV. Others

(No notes here)



Realizing a smart society will require improved customer experience with end-to-end quality assurance of the IoT/5G network overall, from smart devices to cloud computing. The ability to offer solutions by fully covering this network is Anritsu's feature and strength.

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



These are the latest trends in 5G.

Following basic research on 5G, major operators worldwide are announcing schedules for verification tests through commercialization. Most chipset and device vendors will respond by starting chipset development. This will tend to push overall schedules forward in preparation for 5G's commercialization. Anritsu will offer timely test solutions in accordance with these schedules. Therefore, demand for test and measurement related to 5G is expected to contribute to Anritsu's earnings in FY2017 onward.



(No notes here)