

# Financial Results for the Fiscal Year ended March 31, 2017

**Hirokazu Hashimoto**

President and Group CEO  
Anritsu Corporation

April 28th, 2017



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. Outline of our business segments
- II. Consolidated performance review of fiscal year ended March 31, 2017
- III. Outlook for full year of the fiscal year ending March 31, 2018
- IV. Future initiatives in FY2017
- V. Expansion and advances in demand for “connection” opened up by 5G/IoT  
~ Mobile World Congress 2017 Report ~

# 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)

87.6 Billion Yen consolidated revenue in FY2016

T&M 68%			PQA 22%	Others 10%
Mobile 45%	Network Infrastructure 35%	Electronics 20%		

(Sales of T&M business by region in FY2016)

Japan 18%	Asia & Pacific 37%	Americas 27%	EMEA 18%
-----------	--------------------	--------------	----------

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

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

 **Both profit and revenue were down**

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2015	FY2016	YoY	YoY (%)	(For reference) Oct.27 Forecast
Order Intake	94.6	88.9	(5.7)	-6%	87.5
Revenue	95.5	87.6	(7.9)	-8%	87.5
Operating profit (loss)	5.9	4.2	(1.7)	-28%	2.2
Profit (loss) before tax	5.4	3.6	(1.8)	-33%	1.4
Profit (loss)	3.8	2.7	(1.1)	-27%	1.0
Comprehensive income	0.6	3.3	2.7	417%	-

Note : Numbers are rounded off in each column

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

Unit: Billion Yen


International Financial Reporting Standards (IFRS)		FY2015	FY2016	YoY	YoY (%)	(For reference) Oct.27 Forecast
T&M	Revenue	67.7	59.3	(8.4)	-12%	58.5
	Op. profit (loss)	4.7	2.1	(2.6)	-55%	0.5
	Adjusted operating profit (loss) *	5.4	2.5	(2.9)	-54%	-
PQA	Revenue	18.9	19.6	0.7	4%	20.0
	Op. profit (loss)	1.2	1.3	0.1	9%	1.4
Others	Revenue	8.9	8.7	(0.2)	-2%	9.0
	Op. profit (loss)	(0.0)	0.8	0.8	-	0.3
Total	Revenue	95.5	87.6	(7.9)	-8%	87.5
	Op. profit (loss)	5.9	4.2	(1.7)	-28%	2.2
	Adjusted operating profit (loss)	6.6	4.6	(2.0)	-30%	-

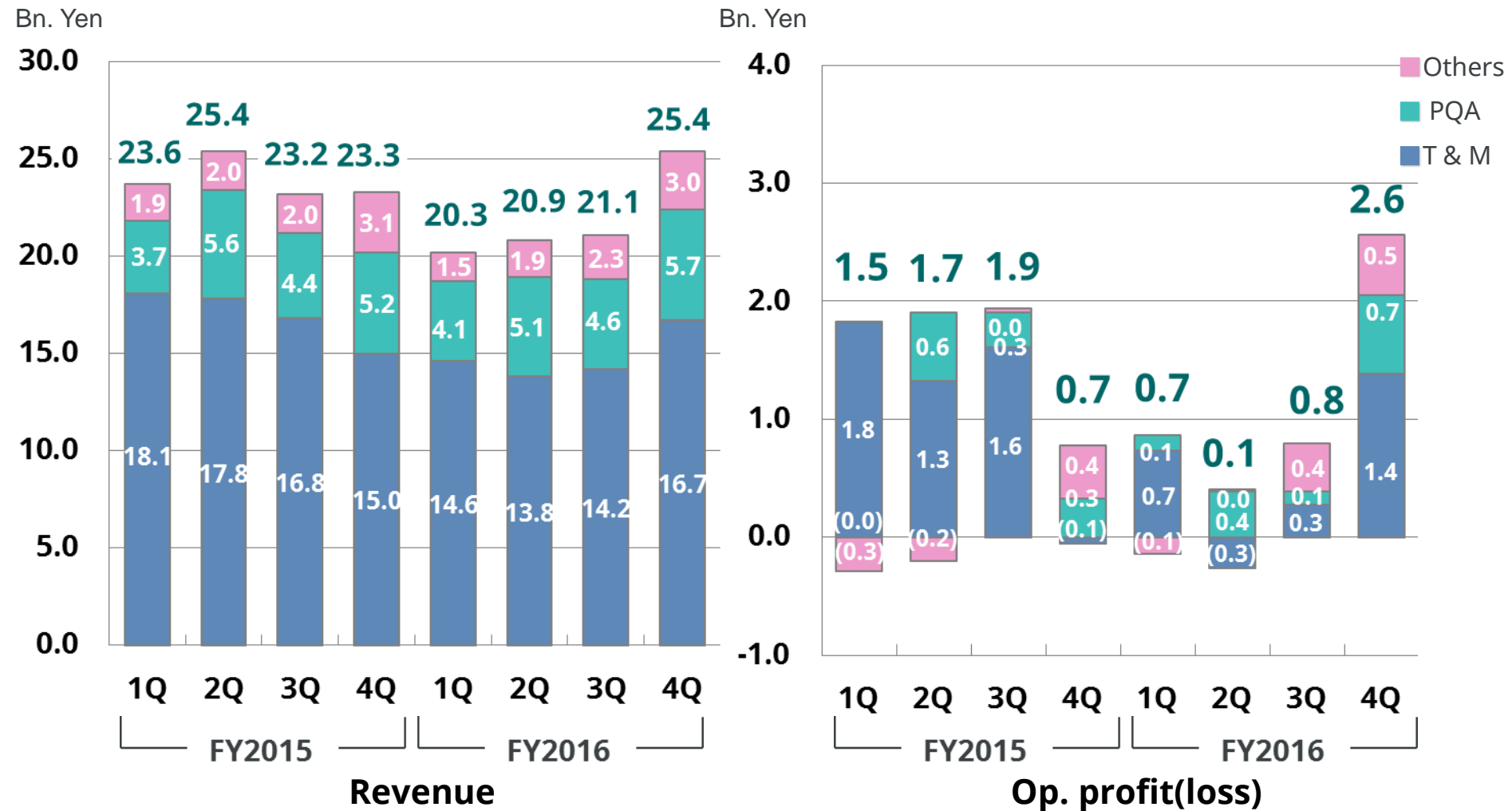
Note : Numbers are rounded off in each column

\* 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 10.1%, operating margin for the T&M was 8.3% for 4Q



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

Segment		FY2016 (April, 2016 to March, 2017)	
 <b>T&amp;M</b> :		Restrained investment in the smartphone-related market continued	
Mobile	LTE-Advanced	Investment was restrained during this transition period from LTE to 5G	
	5G, IoT, Connectivity	Automotive and 5G / IoT 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	

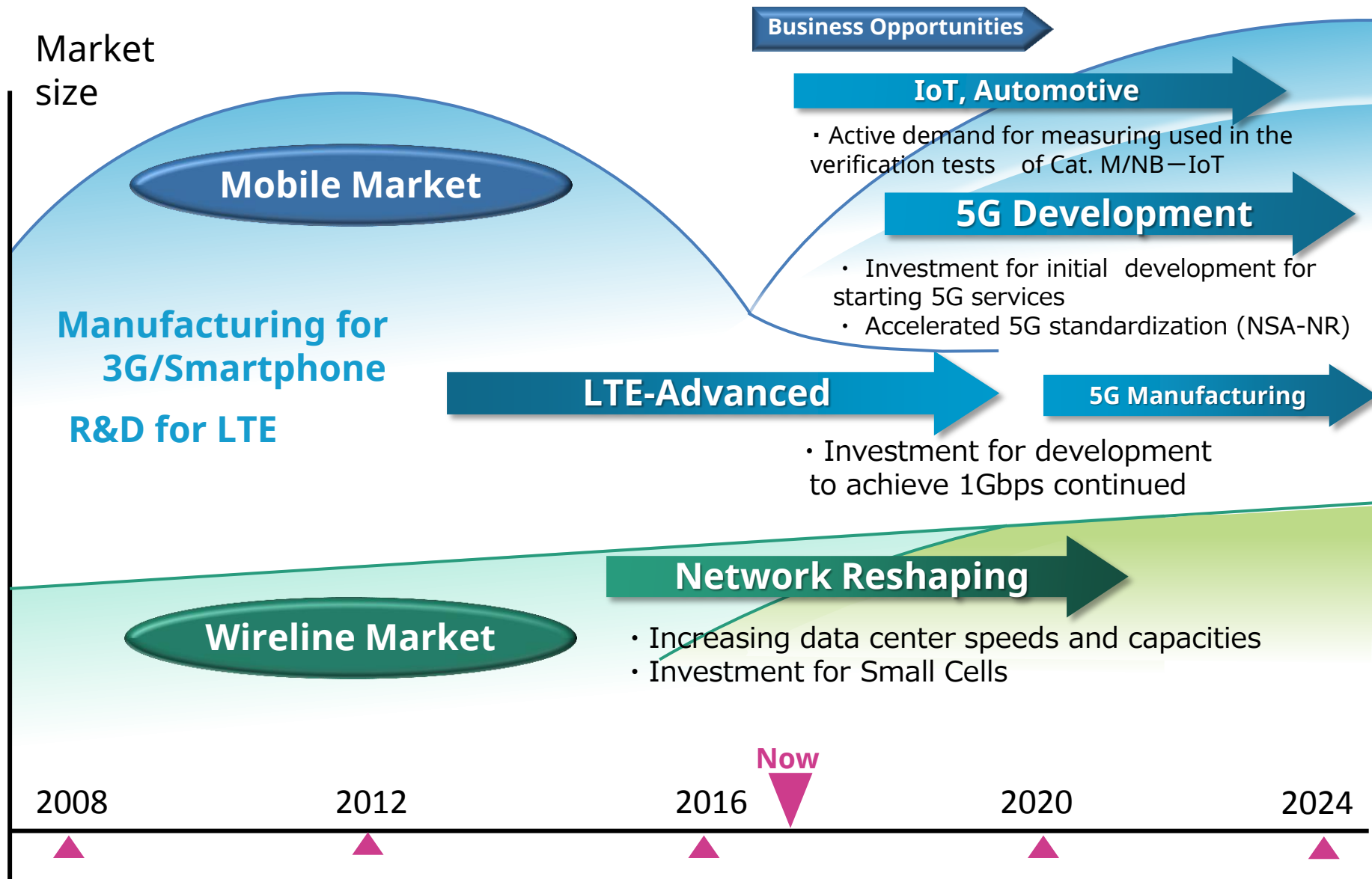
T&M: Test & Measurement

NW: Network Infrastructure

PQA : Products Quality Assurance



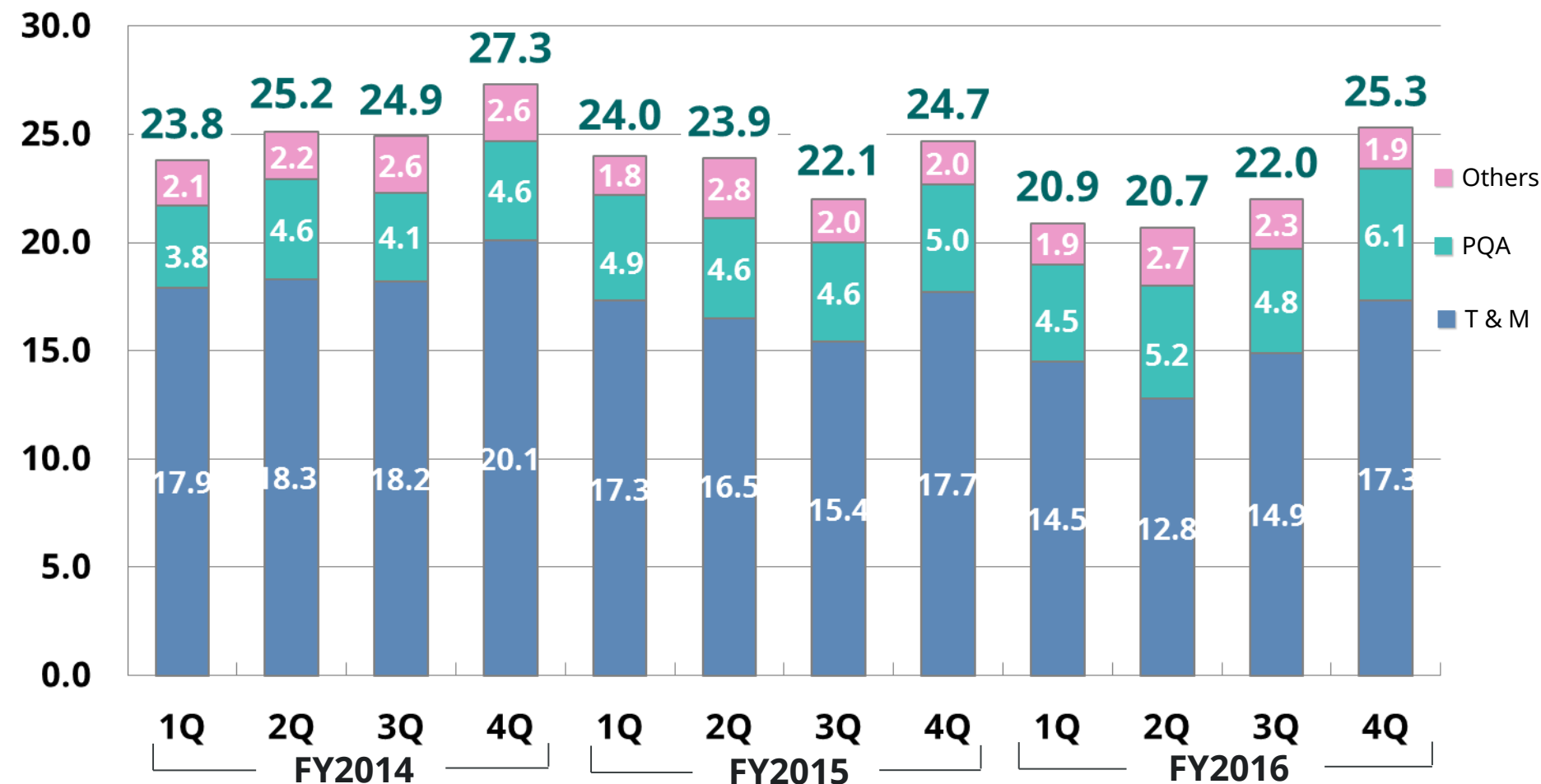
## II-5. T&M T&M market trends and business opportunities



## II-6. Transition of Orders

- ➡ T&M :Results continued to be below previous fiscal year levels for all quarters.
- ➡ PQA :Record high for any quarter. Reached 20.6 billion yen for the full year.

Bn. Yen

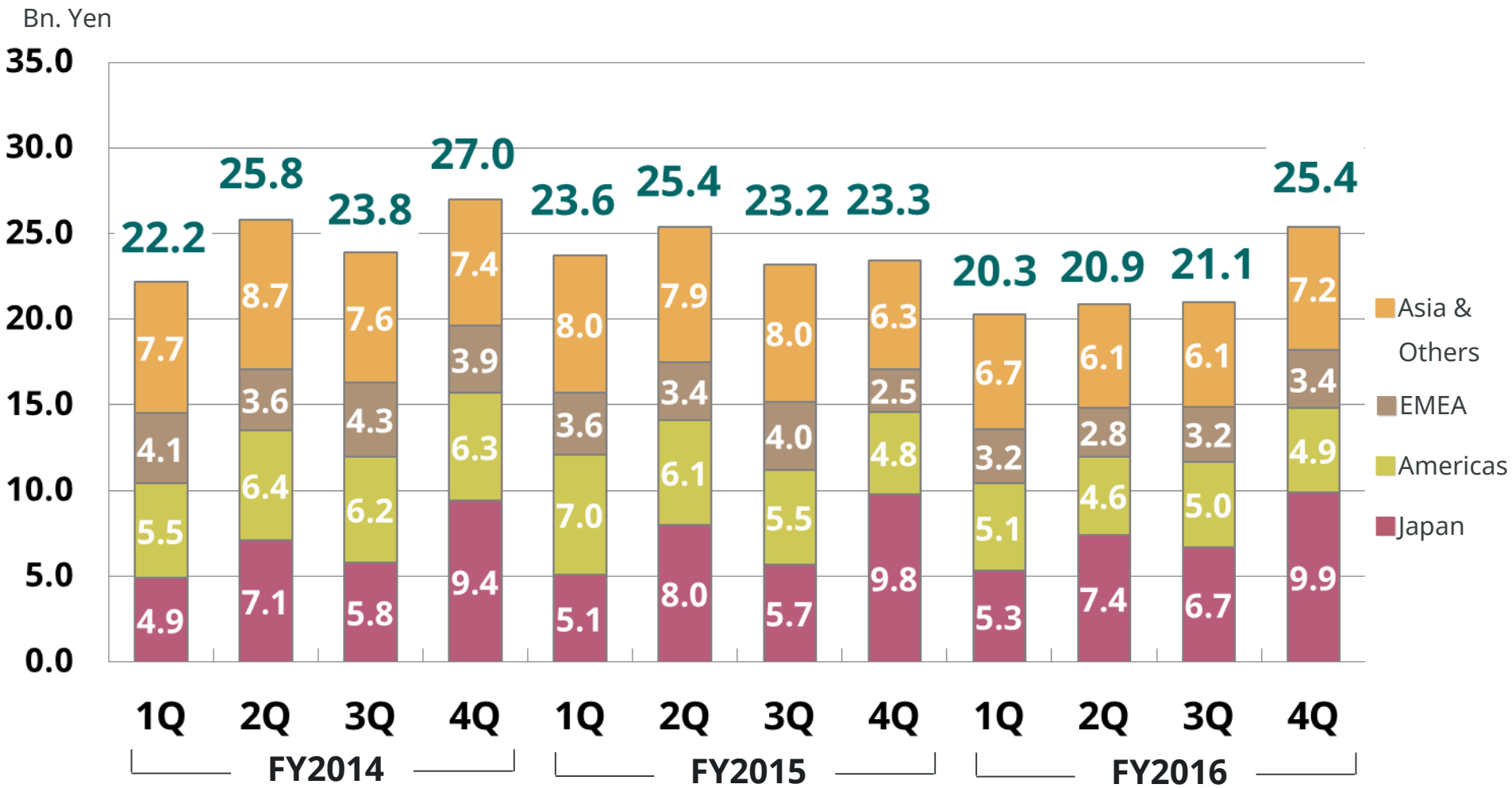


Note : Numbers are rounded off in each column

## II-7. Transition of Revenue by region



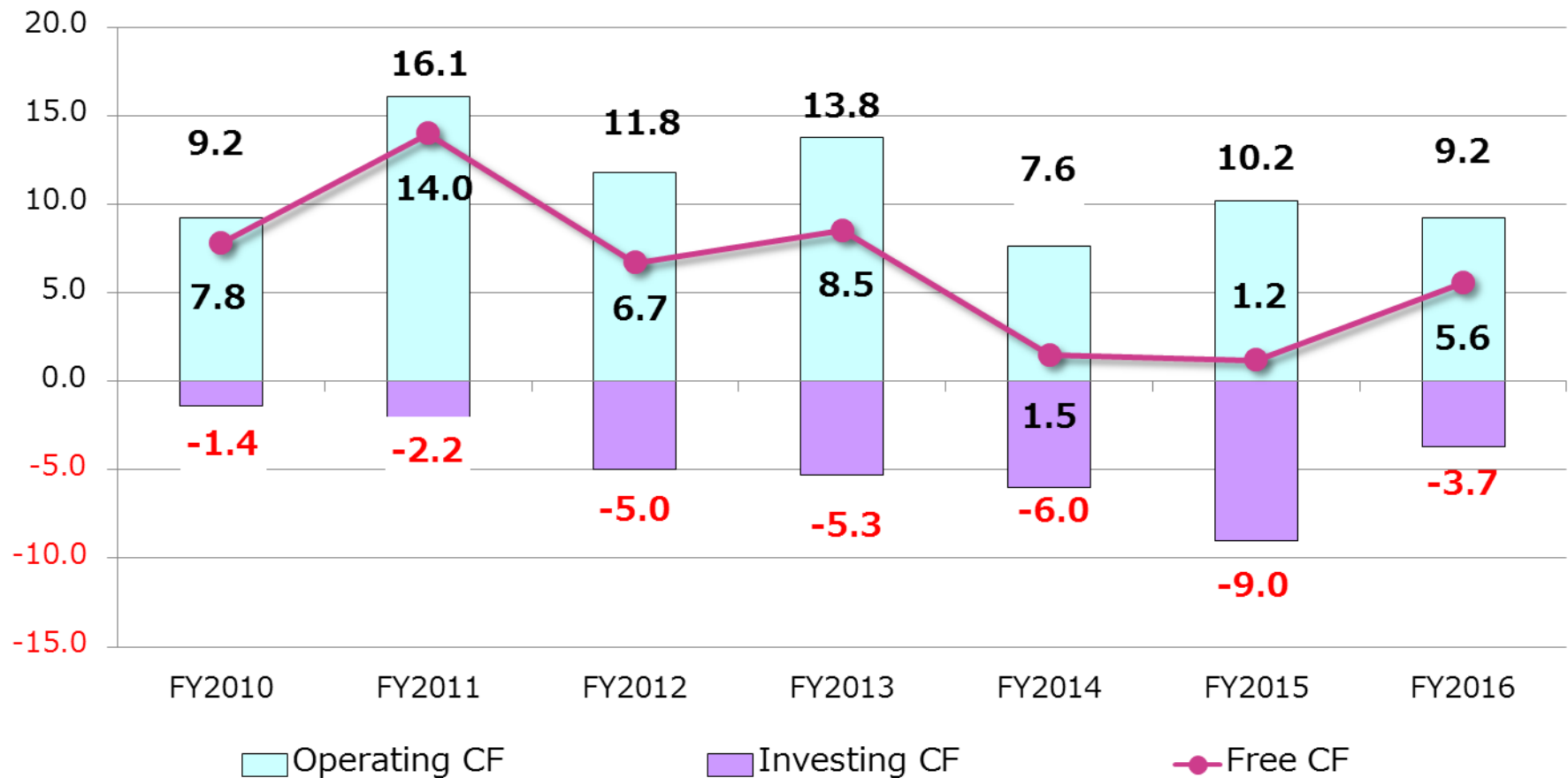
Full year figures were lower than those for the previous fiscal year in all overseas regions



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)

FY2011~FY2016 :International Financial Reporting Standards (IFRS)

## II-8. Cash Flow (2/2)

 **Operating cash flow margin ratio was 10.5%**

### Cash Flow ( FY2016 )

Operating CF : 9.2 Bn. Yen

Investing CF : (3.7) Bn. Yen

Financial CF : (2.8) Bn. Yen

### Free Cash Flow

Op. CF + Inv. CF : 5.6 Bn. Yen

### Cash at the end of period

39.7 Bn. Yen

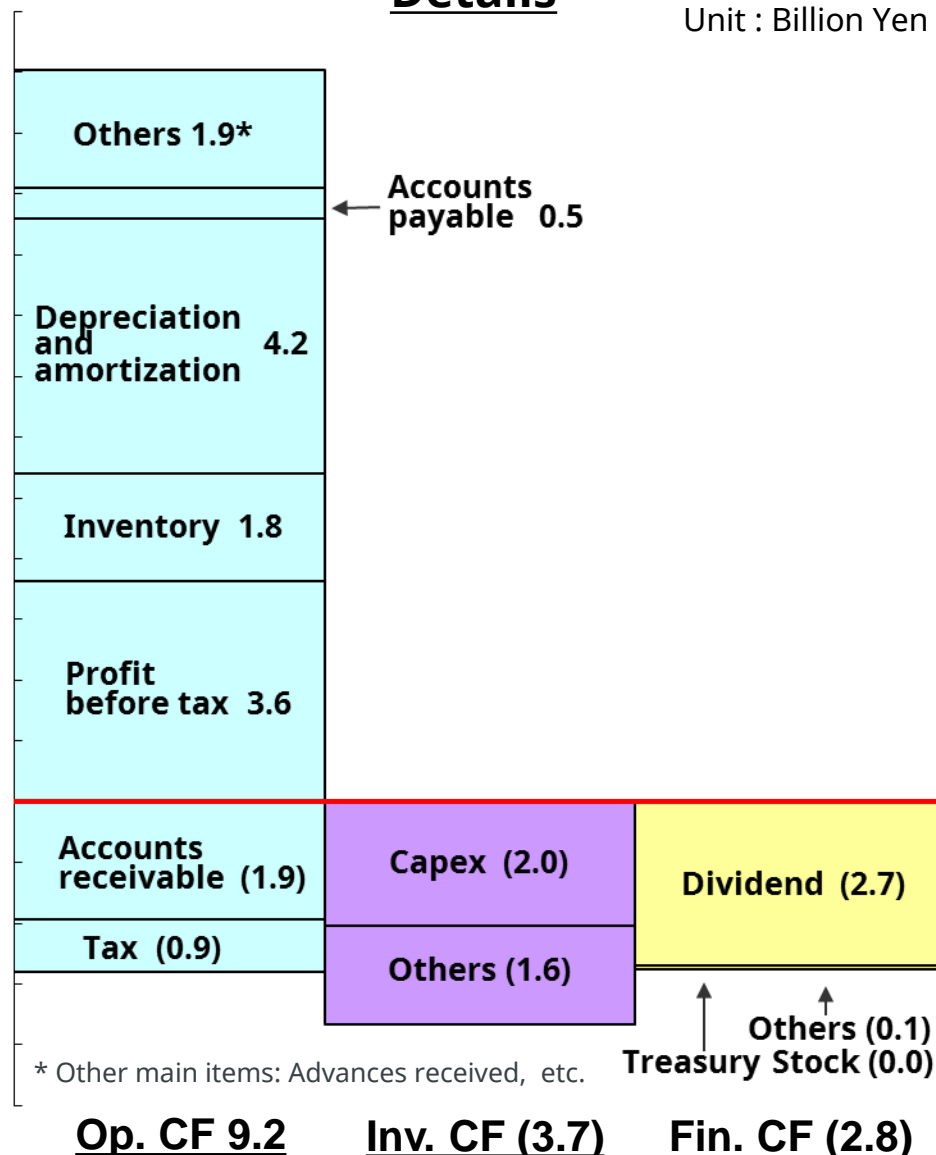
### Interest-bearing debt.

22.0 Bn. Yen

Note : Numbers are rounded off in each column

### Details

Unit : Billion Yen



# III-1. Forecast for full year of FY2017

 Focus on capturing growth drivers to ensure better results than the previous fiscal year level.

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2016	FY2017	
		Actual	Forecast	YoY
				YoY(%)
Revenue		87.6	91.0	3.4
Operating profit (loss)		4.2	4.4	0.2
Profit (loss) before tax		3.6	4.2	0.6
Profit (loss)		2.7	3.0	0.3
T&M	Revenue	59.3	61.0	1.7
	Op. profit (loss)	2.1	2.2	0.1
PQA	Revenue	19.6	21.5	1.9
	Op. profit (loss)	1.3	1.5	0.2
Others	Revenue	8.7	8.5	(0.2)
	Op. profit (loss)	0.8	0.7	(0.1)

Note 1 : Exchange rate : FY2016 (Actual) 1USD=108 yen, 1EURO=119 yen  
FY2017 (Forecast) 1USD=110 yen, 1EURO=120 yen

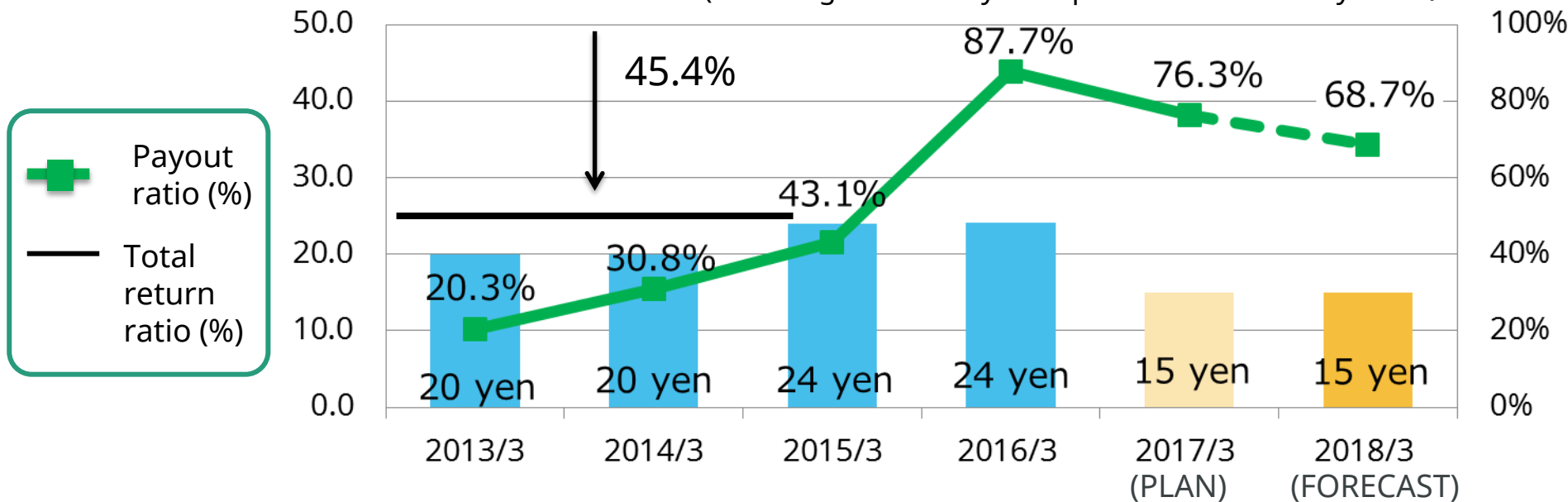
Note 2 : Numbers are rounded off in each column

## III-2. Dividend forecast

### Annual dividend

	Dividend per share	Profit	Payout ratio
<b>FY2017 (Plan)</b>	<b>15 yen</b>	<b>3.0 B yen</b>	<b>69%</b>
FY2016 (Forecast)	15 yen	2.7 B yen	76%

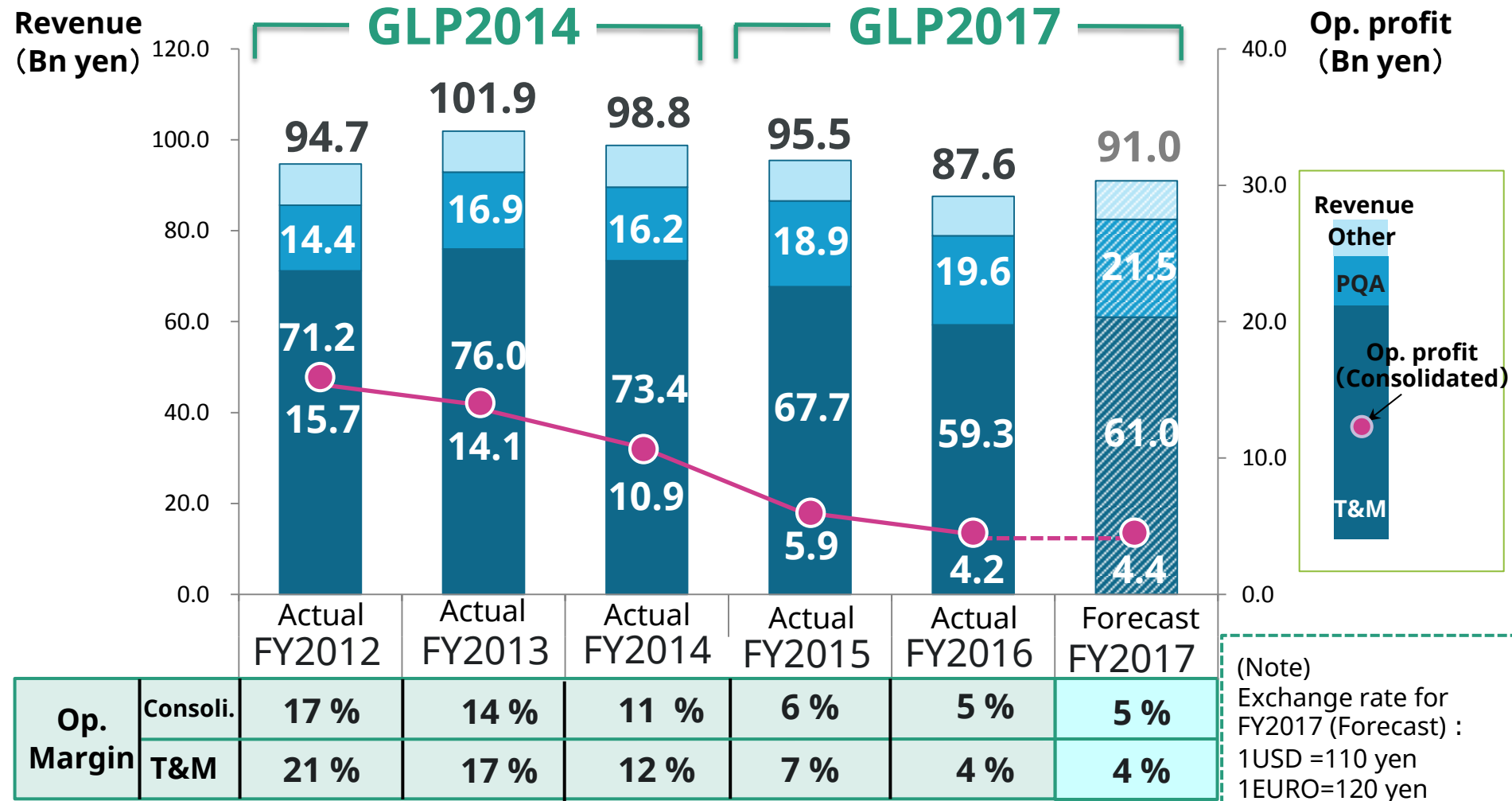
Total return ratio of FY2012~FY2014 : 45.4% (including 5.0 billion yen of purchase of treasury stock)



# **IV. Future initiatives in FY2017**



# IV-1. Trends of Results and Three-Year Plan GLP20xx



## IV-2. Towards GLP2020



# IV-3. Middle and long-term business basic strategy

Capture growth drivers ,  
and realize “continuous profitable growth”

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

# V. Expansion and advances in demand for “connection” opened up by 5G/IoT ～ Mobile World Congress 2017 Report ～

**Hirokazu Hamada**

Executive Vice President and M Group President  
Anritsu Corporation

# V-1. MWC2017 from the viewpoint of a measuring instrument manufacturer

Mobile World Congress 2017 is the world's biggest mobile event that was held in Barcelona, Spain from February 27 through March 2.

**With accelerated 5G standardization, commercialization in 2019 is now in sight!**

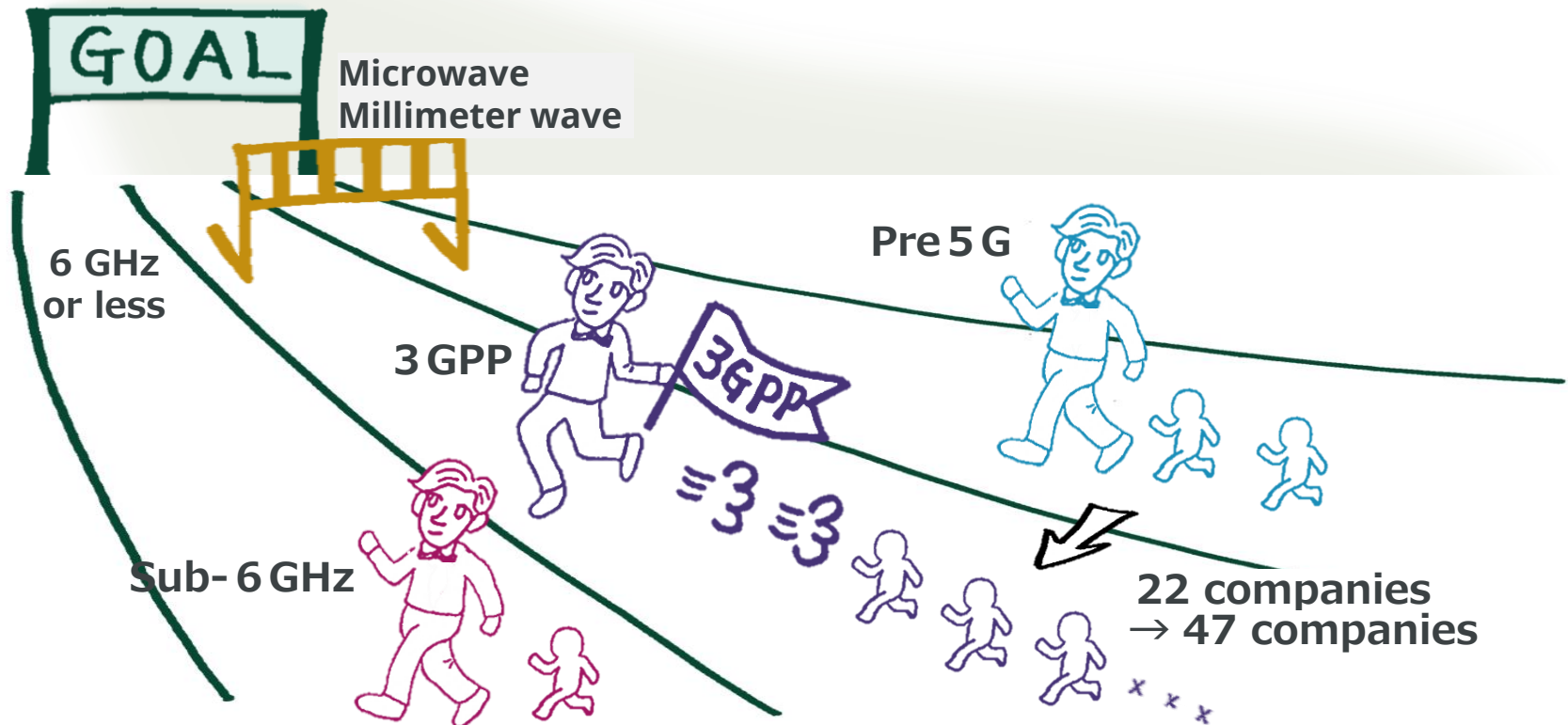
**Appearance of Gigabit LTE terminals, and further increasing speeds and capacities**

**Focus is on Cellular V2X, and the day will come when Cellular will be useful in safety and security for cars**

**Highlights of Anritsu, connection with IoT module of various companies, appearance of new WLAN product**

## V-2. With accelerated 5G standardization, commercialization in 2019 is now in sight!

- Complete formulation of specifications for NSA-NR by March 2018. Normally commercialize in 1.5 - 2 years from determination of specifications.
- Demand for measuring instruments will start from the end of CY2017.



- There are various technical challenges in the practical application of microwave and millimeter wave.
- Focus on moves in 5G development in the sub-6 GHz spectrum bands (using frequency of 6 GHz or less).



# V-3. Further increasing speeds and capacities of LTE services

**1Gbps**

**LAA  
5CA  
256QAM  
8X4 MIMO**



**Display of ZTE's Gigabit LTE terminals**

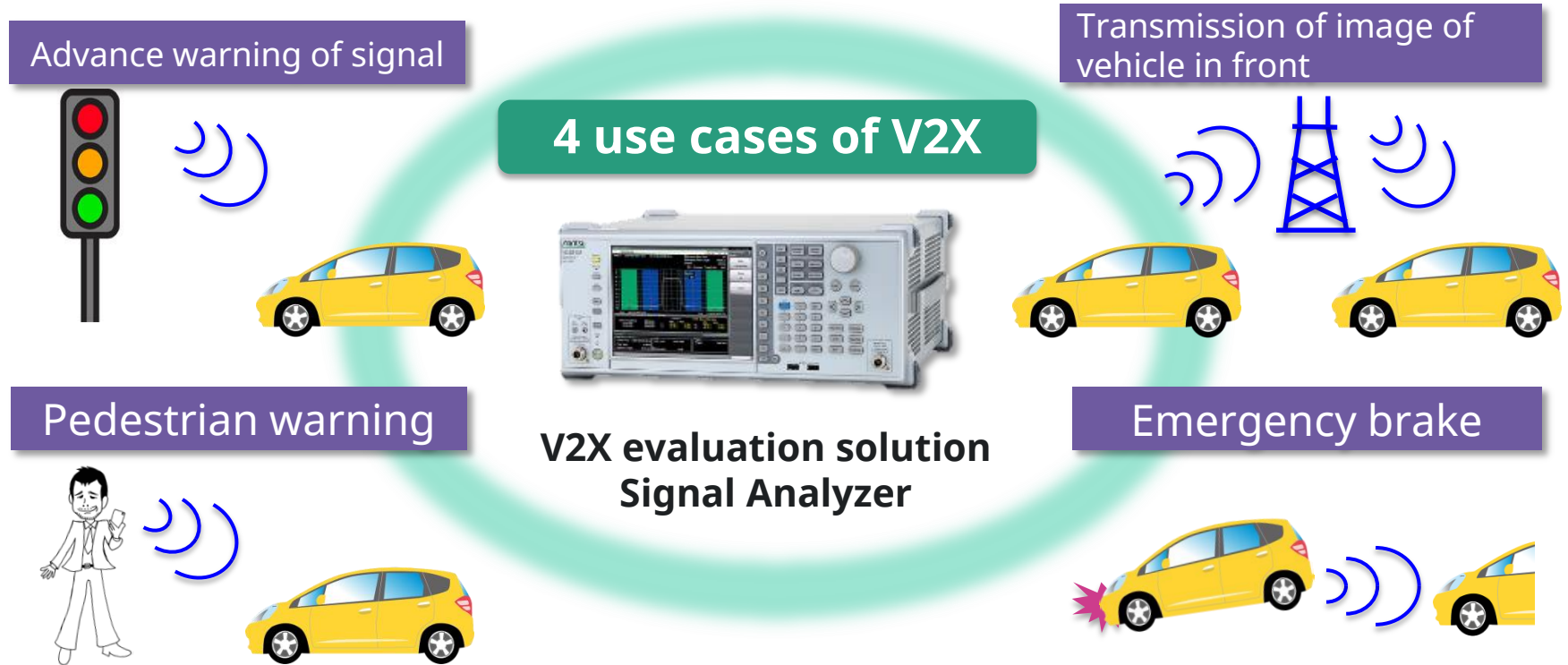


**Live demonstration of Qualcomm's LTE terminals supporting unlicensed band**



**Terminals with 4K high-definition displays**

# V-4. Focus on Cellular V2X, using Cellular for safety and security for cars





# V-5. Anritsu's MWC2017



The new product, WLAN tester, drew attention



Demonstration of actual device for wireless performance evaluation in cooperation with IoT device manufacturers



Leading-edge 5G millimeter wave measurement  
5G network evaluation



Industry-leading LTE-Advanced Pro development solution

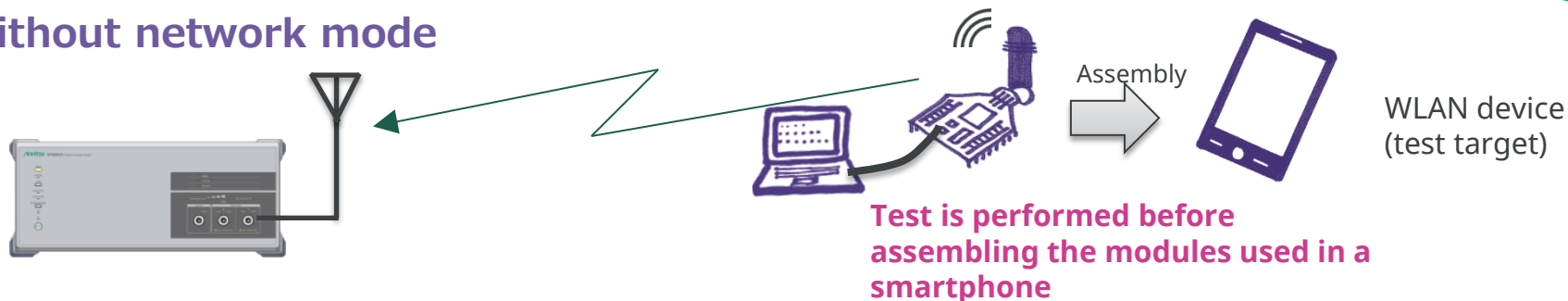
# V-6. New WLAN product attracts attention



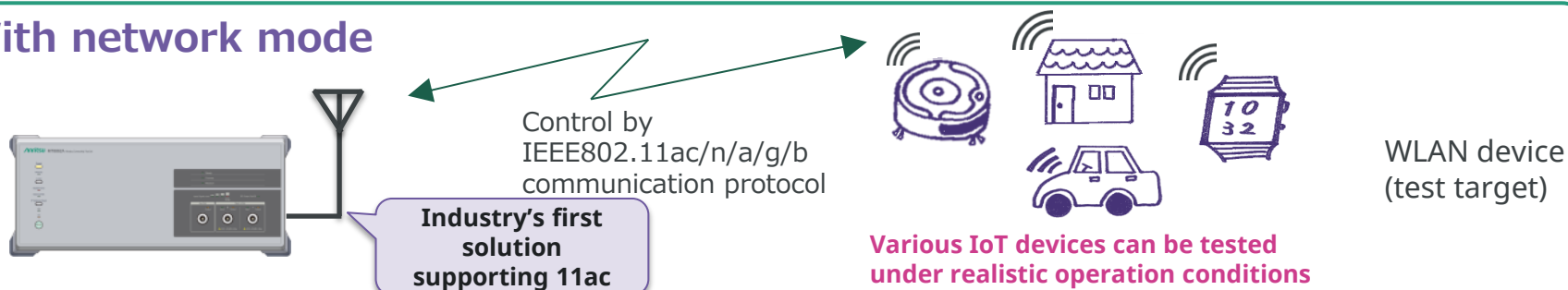
## Wireless Connectivity Test Set **MT8862A**

MT8862A implements communication protocols supporting IEEE802.11ac/n/a/g/b and has a built-in network mode that can measure the performance of WLAN devices under realistic operation conditions.

### Without network mode



### With network mode



**Anritsu**  
envision : ensure