(No notes here)

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.

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(No notes here)

Agenda

I. Outline of our business segments

II. Consolidated performance review of fiscal year ending March 31, 2018

III. Outlook for full year of the fiscal year ending March 31, 2018

IV. Anritsu solutions to support 5G networks

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(No notes here)

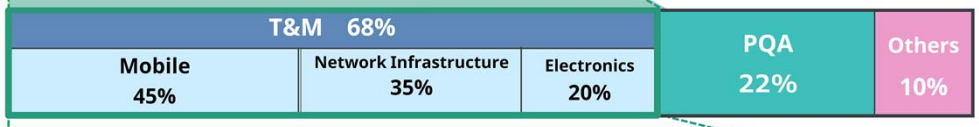
Ⅰ. Outline of our business segments

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



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

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

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(No notes here)

Ⅱ-1. Consolidated performance - Financial results -

Both profit and revenue were down

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	1Q FY2016 (Apr. to Jun.)	1Q FY2017 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	20.9	20.2	(0.7)	-4%
Revenue	20.3	19.4	(0.9)	-4%
Operating profit (loss)	0.7	(0.2)	(0.9)	-
Profit (loss) before tax	0.0	(0.2)	(0.2)	-
Profit (loss)	0.0	(0.2)	(0.2)	-
Comprehensive income	(2.8)	0.2	3.0	-

Note : Numbers are rounded off in each column

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The Group's consolidated order intake decreased by 4% year on year to 20.2 billion yen and revenue decreased by 4% year on year to 19.4 billion. Operating loss was 0.2 billion yen, a decrease of 0.9 billion yen year on year.

Loss was 0.2 billion yen, and comprehensive income was 0.2 billion yen.

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		1Q FY2016 (Apr. to Jun.)	1Q FY2017 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	14.6	13.1	(1.5)	-11%
	Op. profit (loss)	0.7	(0.6)	(1.3)	-
PQA	Revenue	4.1	4.7	0.6	14%
	Op. profit (loss)	0.1	0.3	0.2	137%
Others	Revenue	1.5	1.7	0.2	10%
	Op. profit (loss)	(0.1)	0.1	0.2	-
Total	Revenue	20.3	19.4	(0.9)	-4%
	Op. profit (loss)	0.7	(0.2)	(0.9)	-

Note : Numbers are rounded off in each column

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

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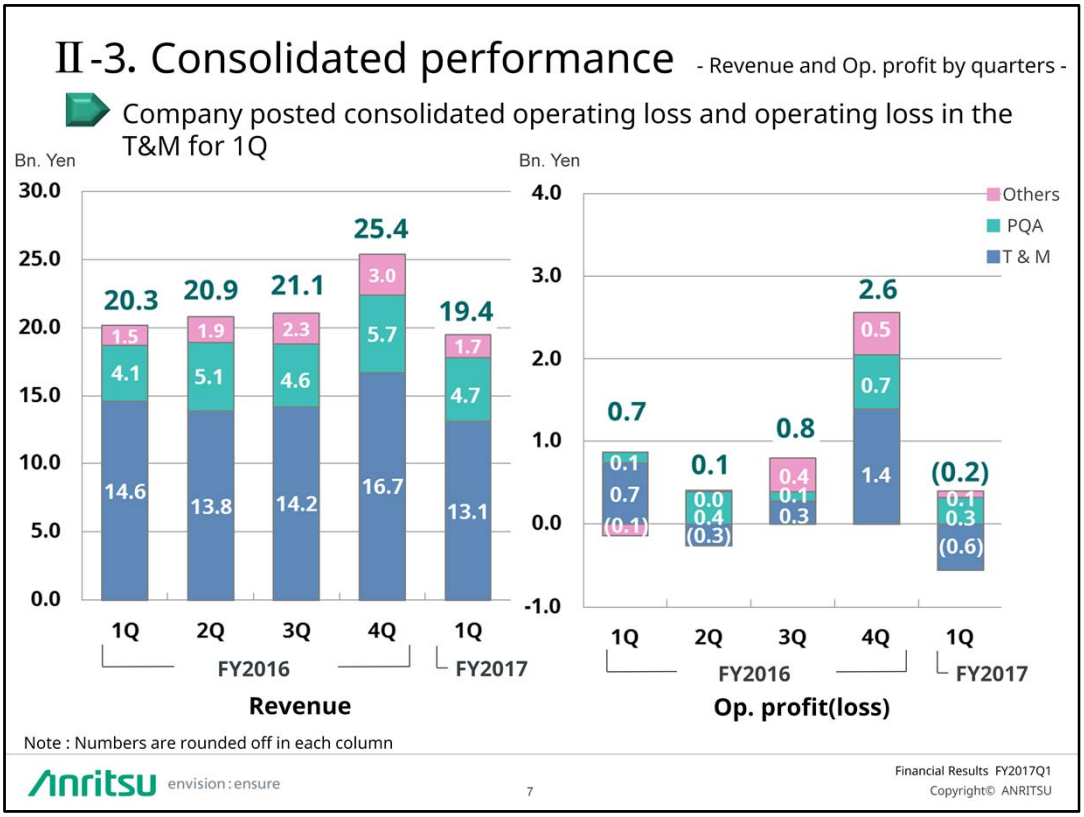
Both revenue and profit were down for the T&M business, and the operating loss was 0.6 billion yen.

Both revenue and profit increased in the PQA business, and operating profit was 0.3 billion yen.(Operating margin : 6.8%)



The consolidated operating profit as well as the operating profit and the operating margin for each business segment for 1Q are as follows:

Consolidated: (0.2) billion yen

T&M: (0.6) billion yen

PQA: 0.3billion yen (Operating profit : 6.8%)

Ⅱ-4. Overview of operations by business segment

Segment		FY2017Q1 (April to June, 2017)
T&M : Restrained investment in the smartphone-related market further continued		
Mobile	LTE-Advanced	Cautious investment continued in spite of expectations for 1Gbps
	5G, IoT, Connectivity	Automotive and 5G / IoT development projects are beginning to materialize
NW		Capital investment in optical digital related business was strong
Asia		Investment was restrained due to a slowdown in growth of the overall smartphone manufacturing market
Americas		Base station-related investment by North American operators shrank
PQA : Appetite for investment by food manufacturers remained strong both in Japan and overseas		

T&M: Test & Measurement NW: Network Infrastructure PQA : Products Quality Assurance

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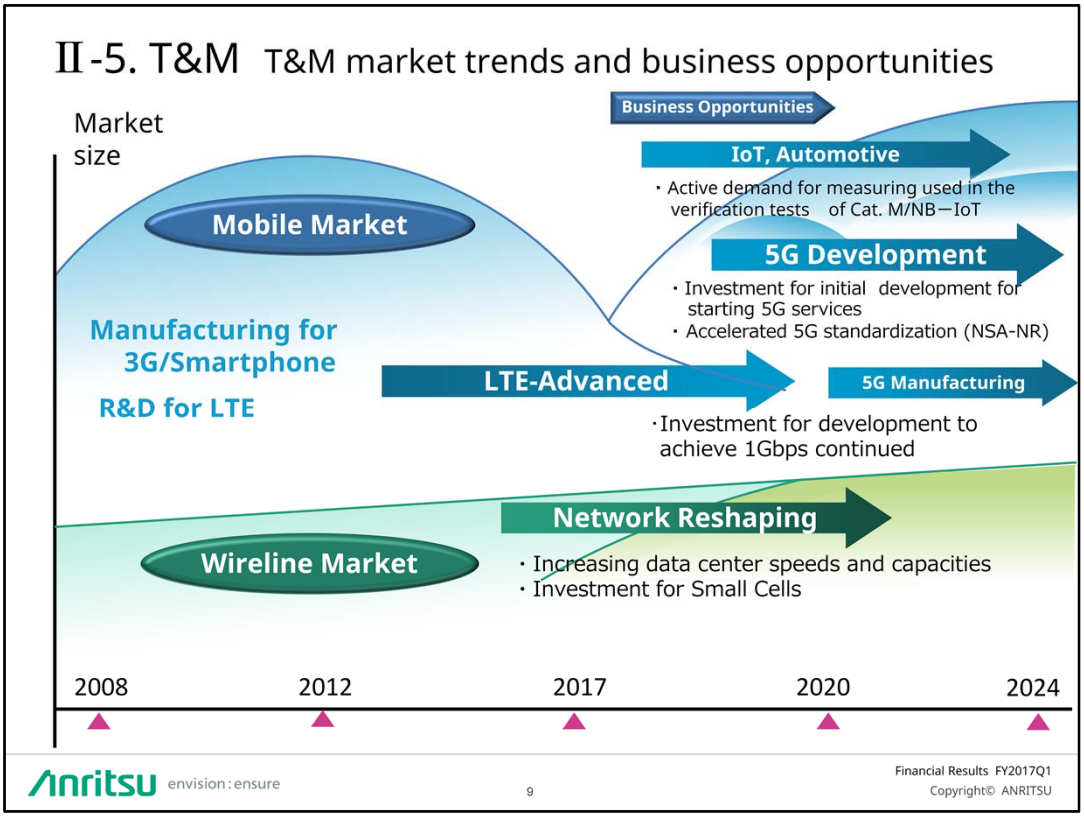
In the T&M business, a stricter investment attitude by customers is seen in wireless T&M market.

A cautious stance for investment continues in the LTE-Advanced-related R&D market due to a period of transition from LTE to 5G, even though demand for higher speeds toward 1Gbps can be expected. Also, capital investment by operators is decreasing in the base station construction and maintenance market.

Meanwhile, development projects in the automotive market and cellular IoT fields and a move toward 5G commercialization are materializing.

Data center-related investment in increasing speeds has been active, and demand for measuring instruments for the development and manufacture of optical modules has remained strong.

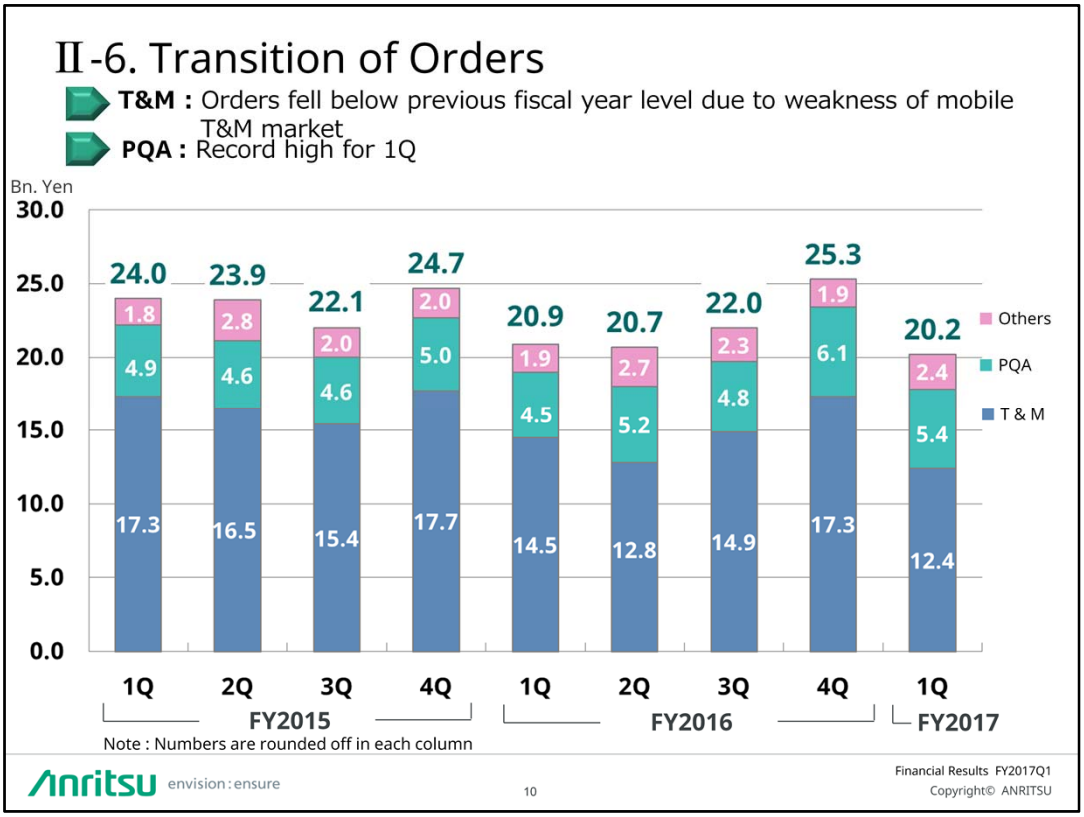
In the PQA business, demand for X-ray inspection systems is strong both in Japan and overseas and growing in all markets.



As shown in the overview of operations, in the T&M business environment, investment in the smartphone-related market has continued to be restrained.

Meanwhile, accelerated 5G standardization in 3GPP has led to the materialization of moves toward commercialization in 2019 by carriers in each country. 5G standardization in 3GPP is two tiered. Accordingly, demand cycles through two different roadmaps, one for NSA-NR and one for SA-NR, are expected for measuring instrument for 5G development. Furthermore, measurement demand for development of LAA (Licensed Assisted Access using LTE) using CA (4 CA to 8 CA) in response to high speed LTE-Advanced (1 Gbps) and 5GHz Unlicensed Band service is expected by the start of 5G commercialization.

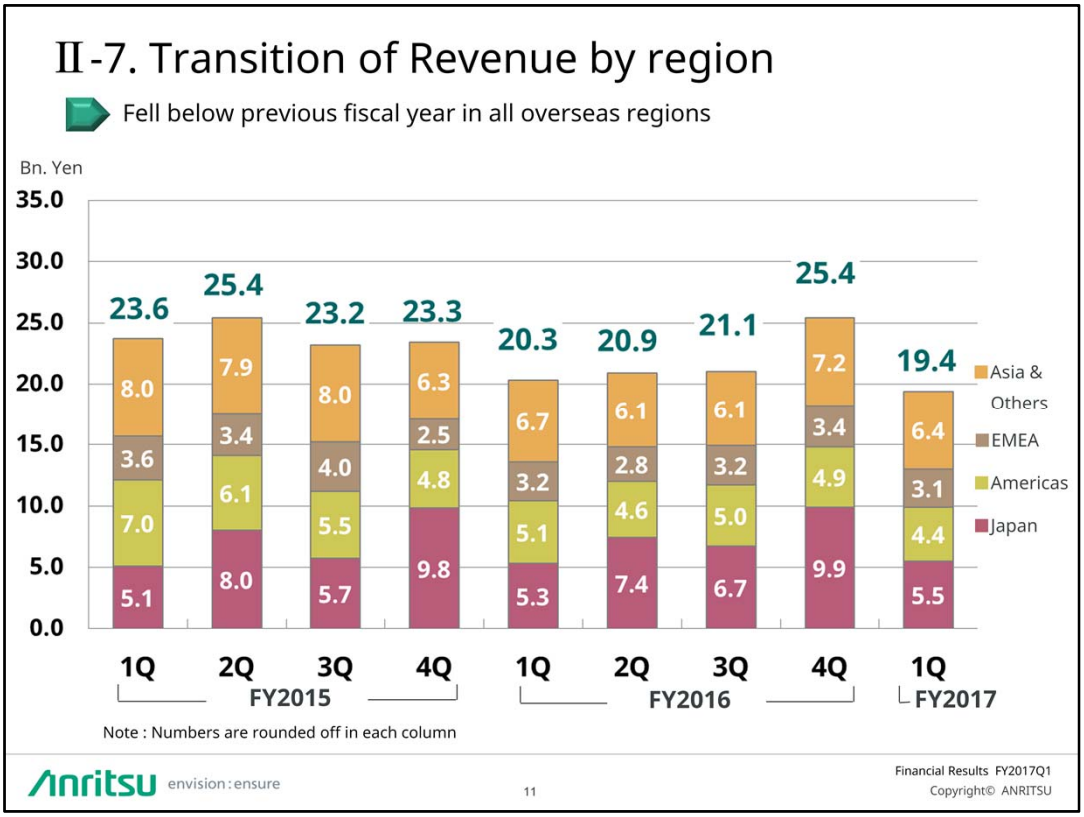
In the Network Reshaping-related market, there is strong demand for optical-module evaluation solutions for increasing data center speeds and capacities. There is strong measurement demand in the manufacture of 100 Gbps optical modules, and for development of 400 Gbps optical modules to attain even higher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



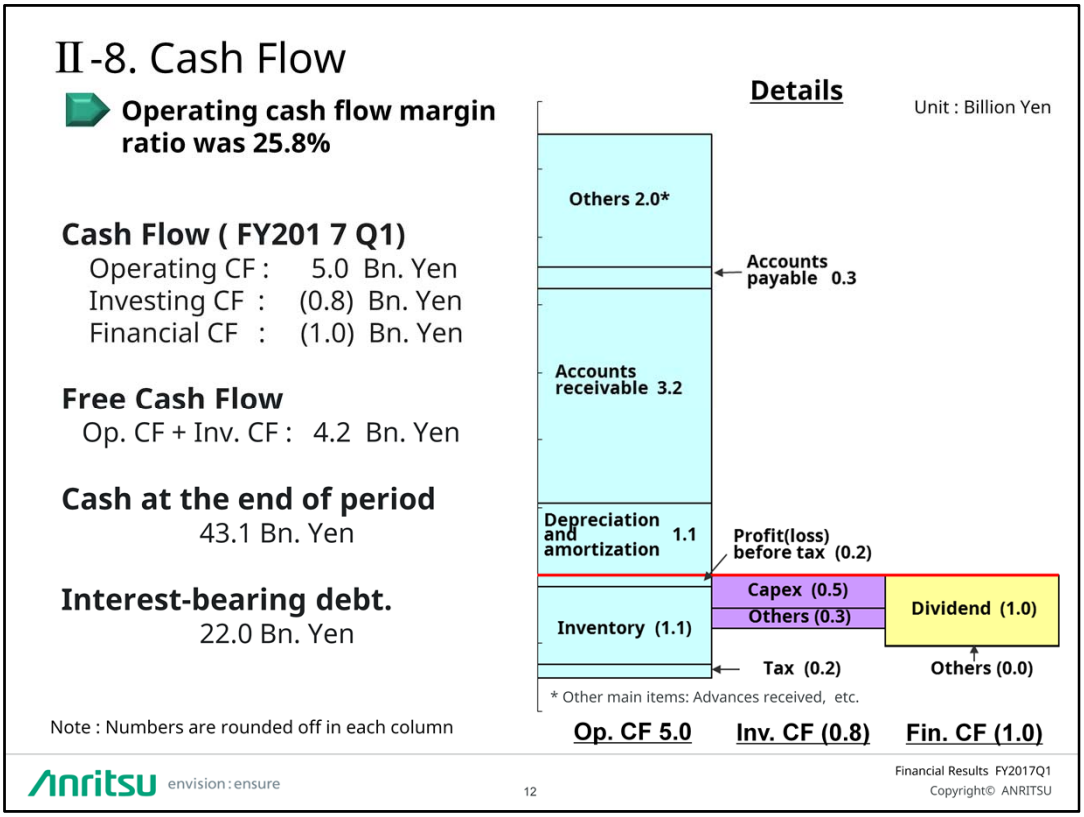
Order intake in the T&M business for 1Q decreased 15% year on year to 12.4 billion yen mainly as a result of a decrease in demand for measuring instrument for smartphone development and manufacture.

Order intake in the PQA business amounted to 5.4 billion yen, which is a record high for 1Q.

Meanwhile, the order backlog for the entire Group was 18.8 billion yen (8.8% year-on-year increase) and 12.5 billion yen (Flat year-on-year) for the T&M business.



In the Japanese market, revenue remained at the same level year on year. In overseas markets, however, revenue was lower than the previous fiscal year in all regions, with revenue decreasing year on year by 14% in the Americas, 3% in EMEA, and 4% in Asia.



The operating cash flow was inflow of 5.0 billion yen.

The investing cash flow was outflow of 0.8 billion yen.

As a result, the free cash flow amounted to an inflow of 4.2 billion yen.

A cash outflow of 1.0 billion yen in the financial cash flow primarily comprises dividends paid of 1.0 billion yen (year-end dividend per share: 7.5 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 3.4 billion yen from the beginning of the fiscal year to 43.1 billion yen.

Ⅲ. Forecast for full year of FY2017

No change since April disclosures

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2016	FY2017		
		Actual	Forecast	YoY	YoY(%)
Revenue		87.6	91.0	3.4	4%
Operating profit (loss)		4.2	4.4	0.2	4%
Profit (loss) before tax		3.6	4.2	0.6	16%
Profit (loss)		2.7	3.0	0.3	10%
T&M	Revenue	59.3	61.0	1.7	3%
	Op. profit (loss)	2.1	2.2	0.1	3%
PQA	Revenue	19.6	21.5	1.9	10%
	Op. profit (loss)	1.3	1.5	0.2	15%
Others	Revenue	8.7	8.5	(0.2)	-2%
	Op. profit (loss)	0.8	0.7	(0.1)	-13%

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

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The forecast for the full year results of FY2017 remains unchanged from the plan announced on April 27.

Ⅳ. Anritsu solutions to support 5G networks

Hirokazu Hamada
Director and Executive Vice President
M Group President
Anritsu Corporation

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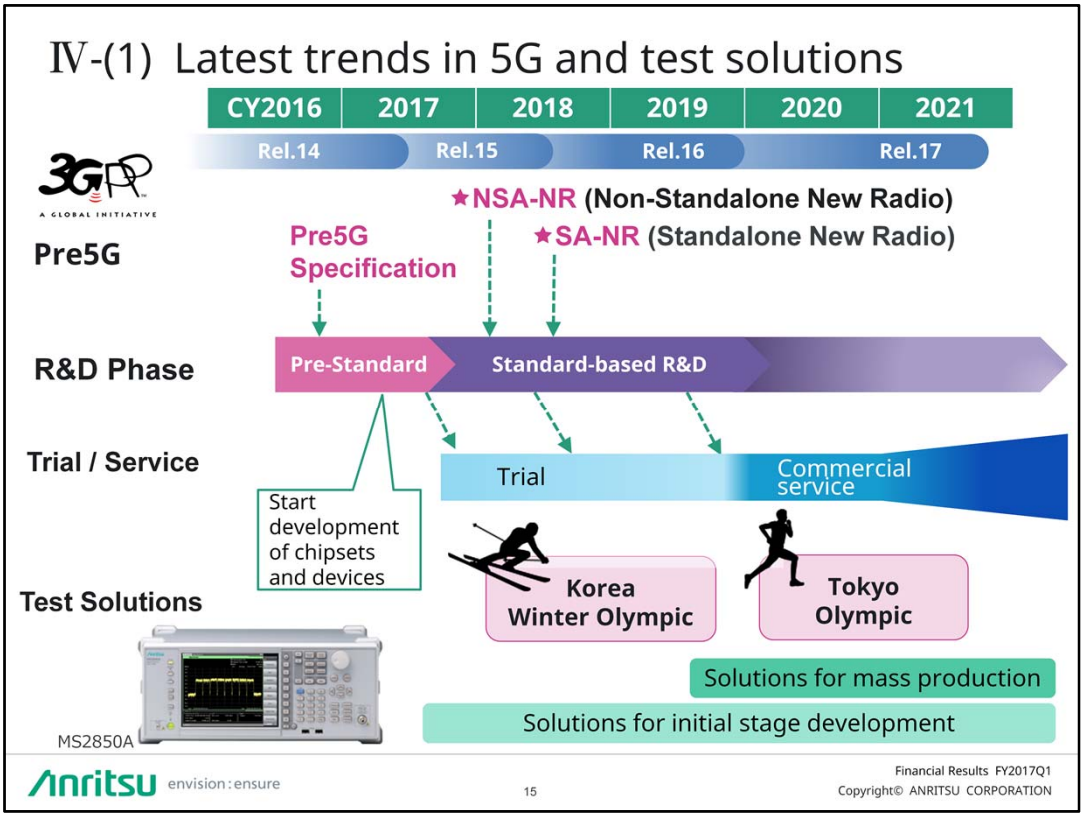

Latest roadmap for 5G.

In 3GPP, specifications for 5G are being formulated.

Standardization of NSA-NR (Non Standalone New Radio), an operational mode through interworking of existing LTE and 5G, is scheduled to be completed in March 2018. Following that, specifications for SA-NR (Standalone New Radio), an operational mode for standalone 5G, are scheduled to be formulated in September 2018.

Ⅳ-(2) First solution for 5G

MS2850A Signal Analyzer

Signal analyzer that realizes millimeter-wave measurement solutions required for R&D and manufacture of 5G base stations and terminals at unprecedented low prices

Frequency range：9 kHz~32 GHz/44.5 GHz

Analysis bandwidth：255 MHz (standard), 510 MHz(option), 1GHz (option)

Conventional Signal Analyzer for LTE

- Frequency is mainly 6GHz or less
- Analysis bandwidth is 20MHz to several hundred MHz

Signal Analyzer for 5G

- Covers frequency up to 44.5GHz
- Coverage of analysis bandwidth is up to 1GHz
- Low price enables installation for commercial development and manufacture

Anritsu envision:ensure

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Financial Results FY2017Q1

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The MS2850A is a measuring instrument for development/manufacture of radio communications equipment supporting 5G. It is the industry's first instrument that is able to batch capture up to eight multicarrier signals at once and analyze them with a maximum analysis bandwidth of 1GHz to be used in 5G and modulation analysis software that can be built into the main unit. As such, compared with conventional signal analyzers for which analysis is required for each carrier, the MS2850A can reduce the measurement time to one-eighth the usual time.

In addition, the MS2850A, while being low-priced compared with models of competitors, can perform high-accuracy signal analysis with superior dynamic range and amplitude/phase flatness characteristics.

Anritsu will meet the needs of customers by means of the MS2850A's outstanding cost-performance and contribute to the realization of 5G.

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