

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2018

Hirokazu Hashimoto

President and Group CEO
Anritsu Corporation

Oct. 31st, 2017



MEMBERSHIP

<https://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.

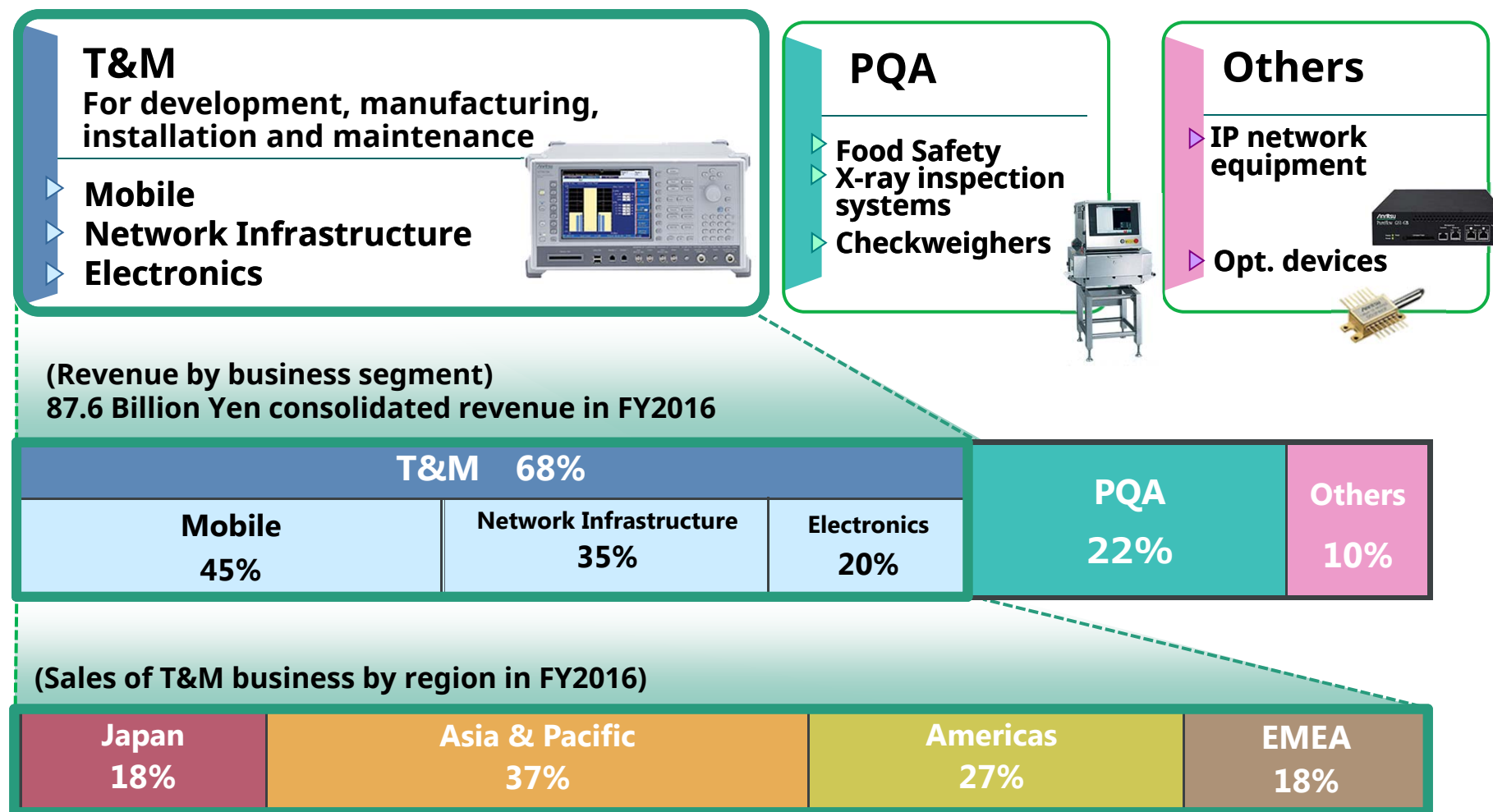
Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases 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 the 2nd quarter of the fiscal year ending March 31, 2018
- III. Outlook for full year of the fiscal year ending March 31, 2018
- IV. Introducing PQA Business

I . Outline of our business segments



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

Ⅱ -1. Consolidated performance - Financial results -



Posted profit in 2Q

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	2Q FY2016 (Apr. to Sep.)	2Q FY2017 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	41.7	42.7	1.0	2%
Revenue	41.2	40.7	(0.5)	-1%
Operating profit (loss)	0.9	0.6	(0.3)	-34%
Profit (loss) before tax	0.1	0.5	0.4	752%
Profit (loss)	(0.1)	0.2	0.3	-
Comprehensive income	(3.2)	1.2	4.4	-

Note : Numbers are rounded off in each column

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

➡ Restructuring carried out at T&M (U.S.)

➡ Revenue and profit increased in PQA

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		2Q FY2016 (Apr. to Sep.)	2Q FY2017 (Apr. to Sep.)	YoY	YoY (%)
T&M	Revenue	28.5	26.4	(2.1)	-7%
	Op. profit (loss)	0.5	(0.6)	(1.1)	-
	Adjusted operating profit (loss)	0.6	(0.3)	(0.9)	-
PQA	Revenue	9.2	10.7	1.5	16%
	Op. profit (loss)	0.5	0.9	0.4	76%
Others	Revenue	3.5	3.6	0.1	3%
	Op. profit (loss)	(0.1)	0.2	0.3	-
Total	Revenue	41.2	40.7	(0.5)	-1%
	Op. profit (loss)	0.9	0.6	(0.3)	-34%
	Adjusted operating profit (loss)	1.0	0.8	(0.2)	-18%

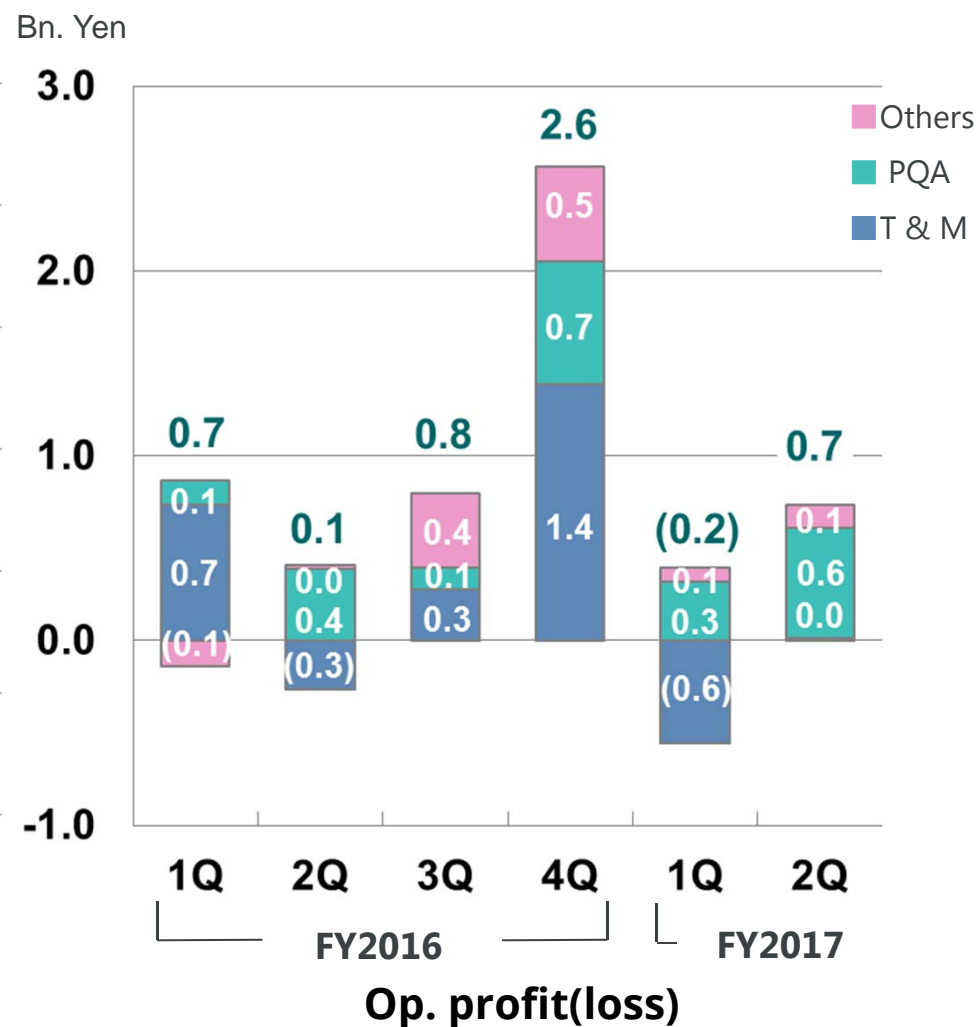
Note : Numbers are rounded off in each column

*Adjusted operating profit for T&M is the amount after deducting 0.2 billion yen in restructuring expenses in the U.S.

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



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

➡ T&M achieved profitability in 2Q (Adjusted operating profit :0.2 billion yen)



Note : Numbers are rounded off in each column

II -4. Overview of operations by business segment

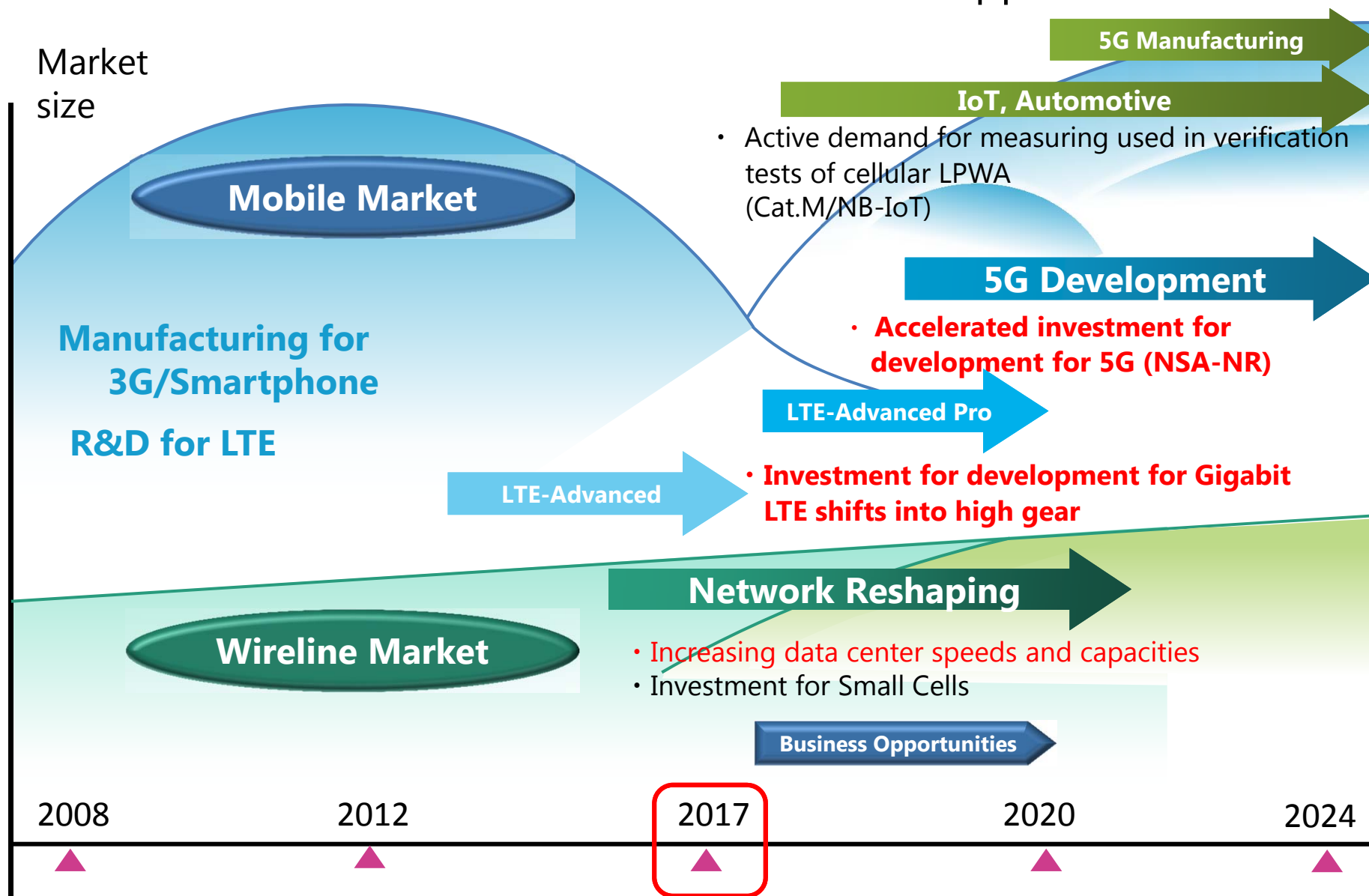
Segment		FY2017Q2 (April to September , 2017)	
 T&M : Restrained investment in the smartphone-related market further continued			
Mobile	LTE-Advanced	Investment seen in LTE-Advanced Pro	
	5G, IoT, Connectivity	Automotive and 5G / IoT development projects are beginning to materialize	
NW	Capital investment 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

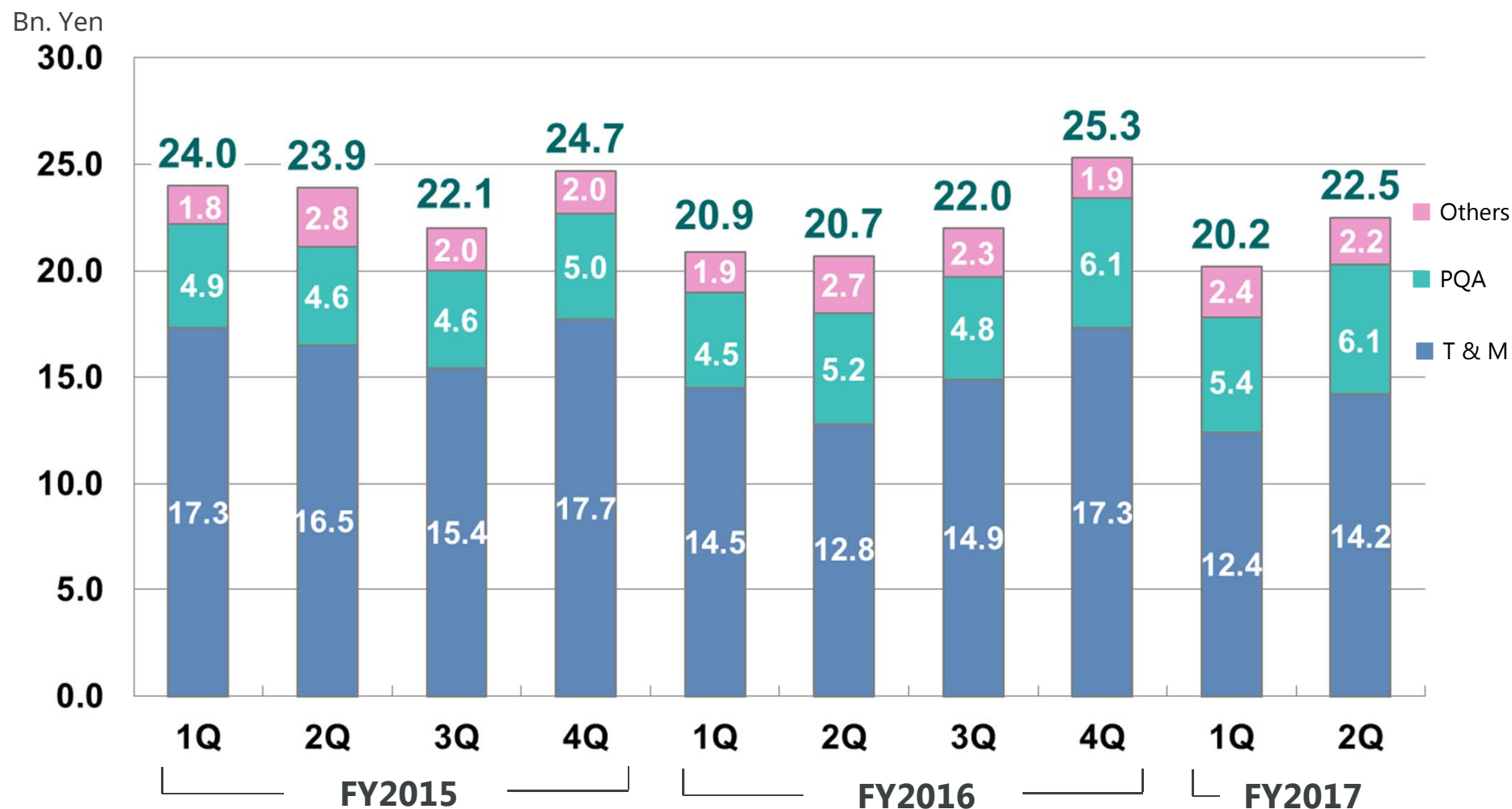
II -5. T&M T&M market trends and business opportunities



II -6. Transition of Orders

T&M : Despite an increase from 1Q, orders decreased compared to the previous first half.

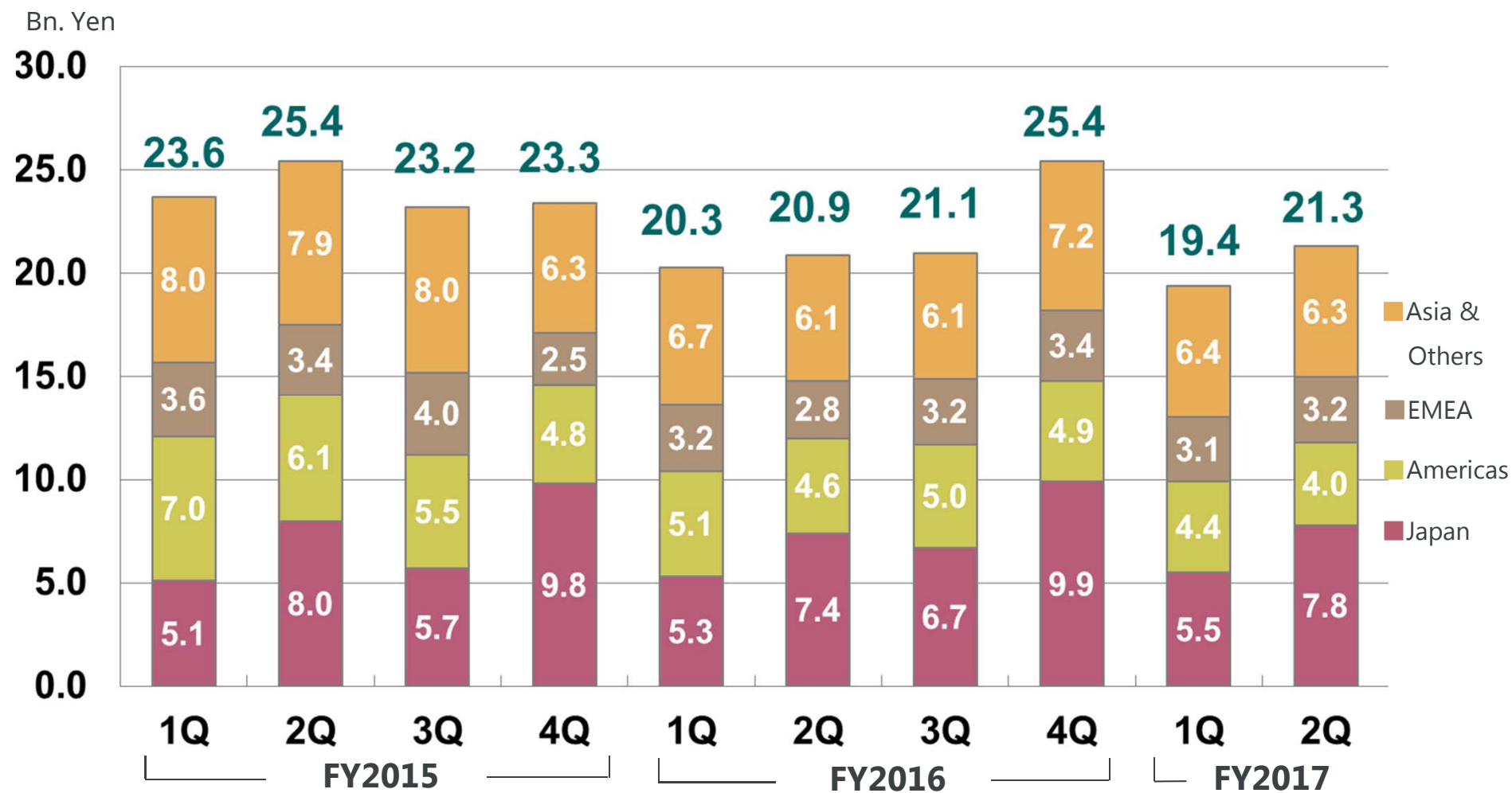
PQA : Year-on-year increase for fifth consecutive quarter



Ⅱ -7. Transition of Revenue by region




Revenue decreased year on year in the Americas due to a slump in T&M.



Note : Numbers are rounded off in each column

II -8. Cash Flow

 **Operating cash flow margin ratio was 14.7%**

Cash Flow (FY2017 Q2)

Operating CF : 6.0 Bn. Yen
Investing CF : (1.5) Bn. Yen
Financial CF : (7.1) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.5 Bn. Yen

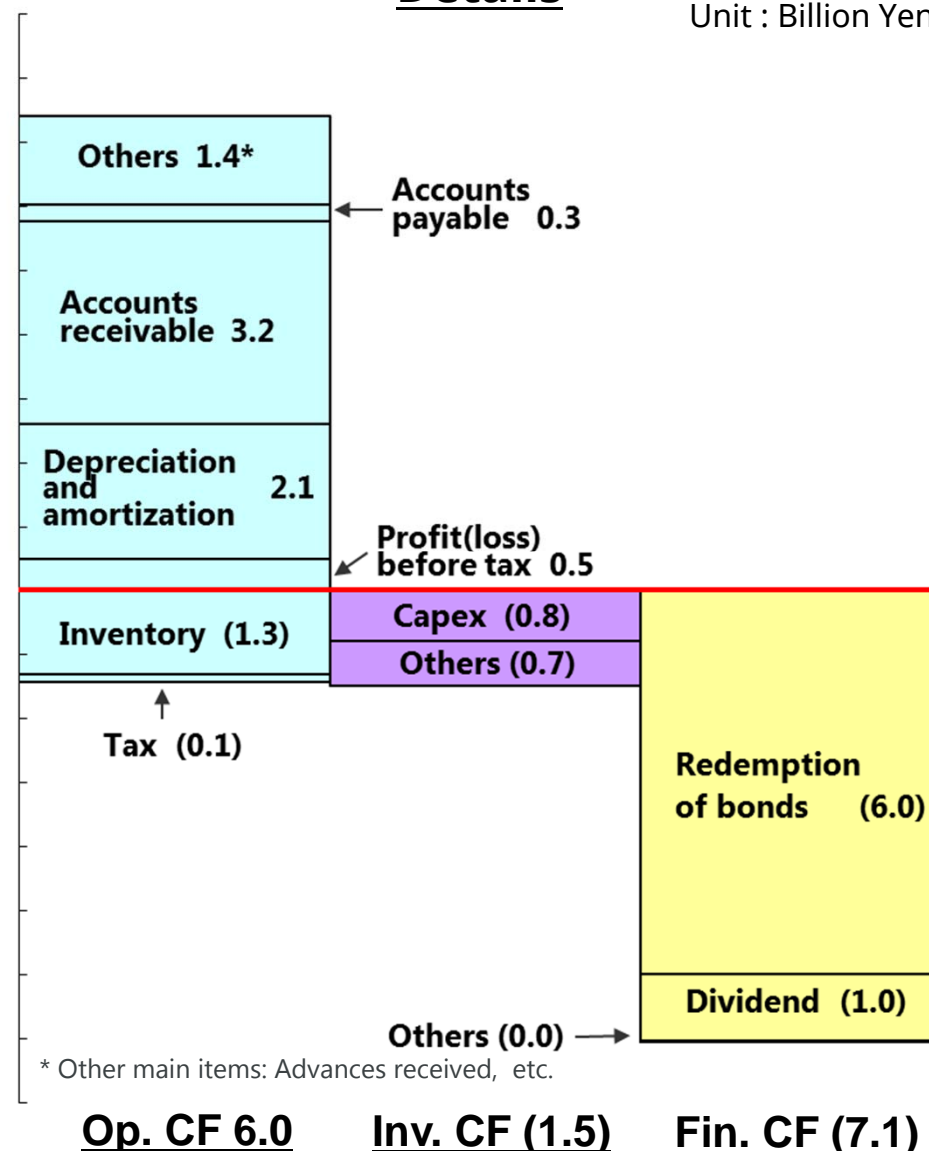
Cash at the end of period
37.5 Bn. Yen

Interest-bearing debt.
16.0 Bn. Yen

Note : Numbers are rounded off in each column

Details

Unit : 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
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 (Initially Forecast) 1USD=110 yen, 1EURO=120 yen
FY2017 2H(Forecast) 1USD=110 yen, 1EURO=130 yen

Note 2 : Numbers are rounded off in each column

IV. Introducing

PQA Business solutions

Masami Niimi

Vice President

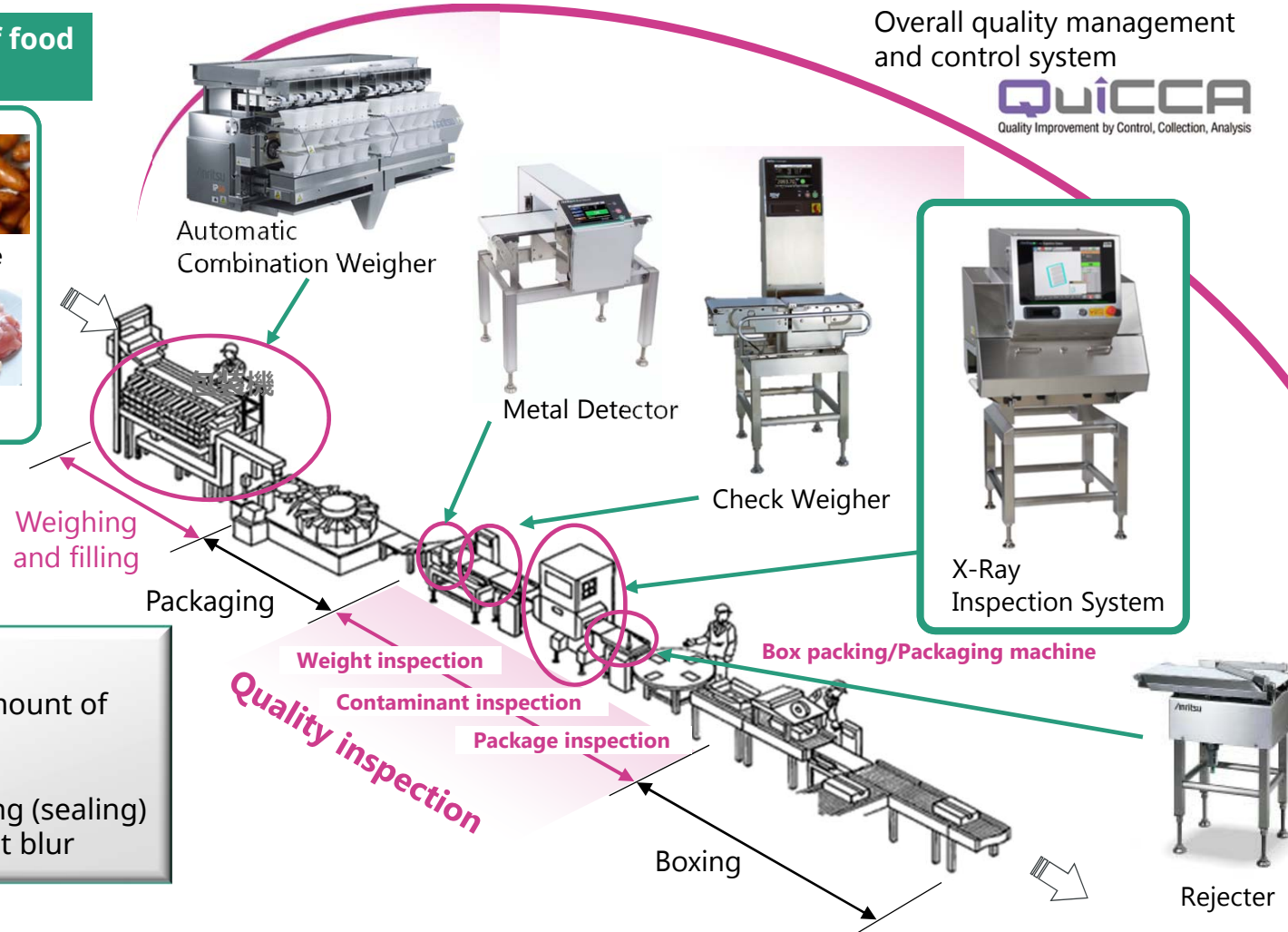
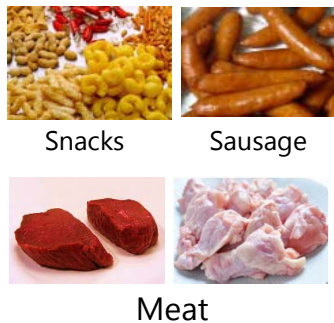
PQA Business Group President

Anritsu Corporation

IV-1. Solutions of PQA business segments

As a partner for quality assurance, we embrace the challenge of resolving customers' quality assurance issues.

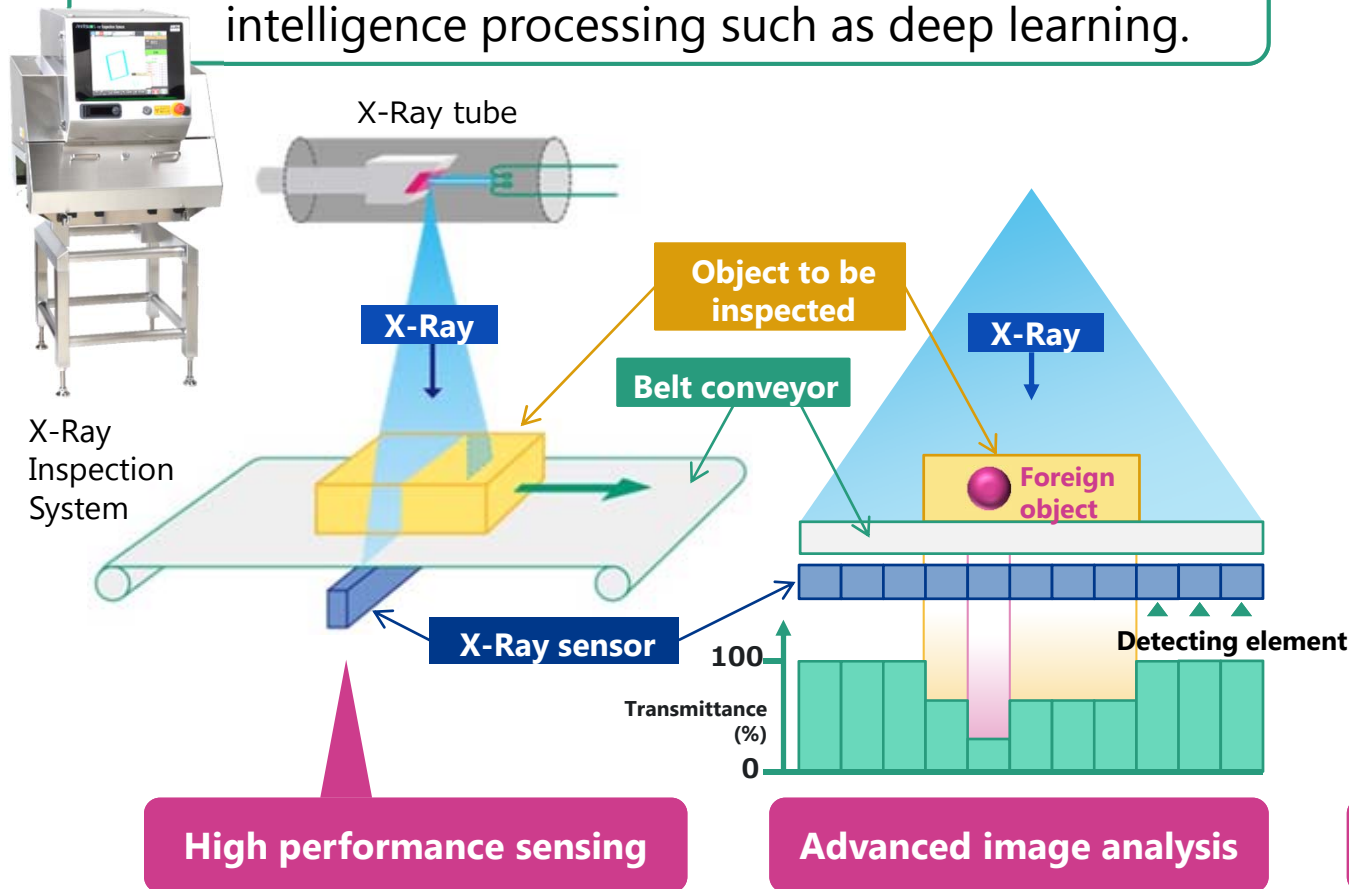
General examples of food production process



- Contamination
- Variation in the amount of contents
- Breaks and chips
- Defective packaging (sealing)
- Printing error/Print blur

IV-2. Introducing X-ray inspection systems

X-ray inspection systems will evolve as even more advanced quality assurance solutions based on technologies of high performance sensing and advanced image analysis, combined with artificial intelligence processing such as deep learning.



— Usages —

Check for contamination

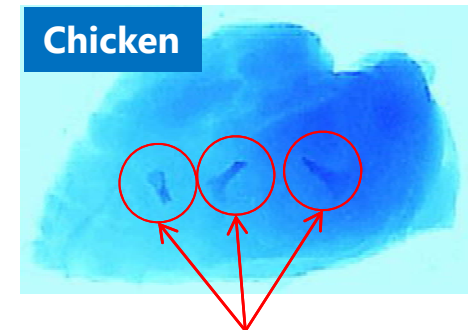
Check for defects in shape

Check for missing items after packaging

Check for defective packaging

Example of Contaminant detection

Chicken



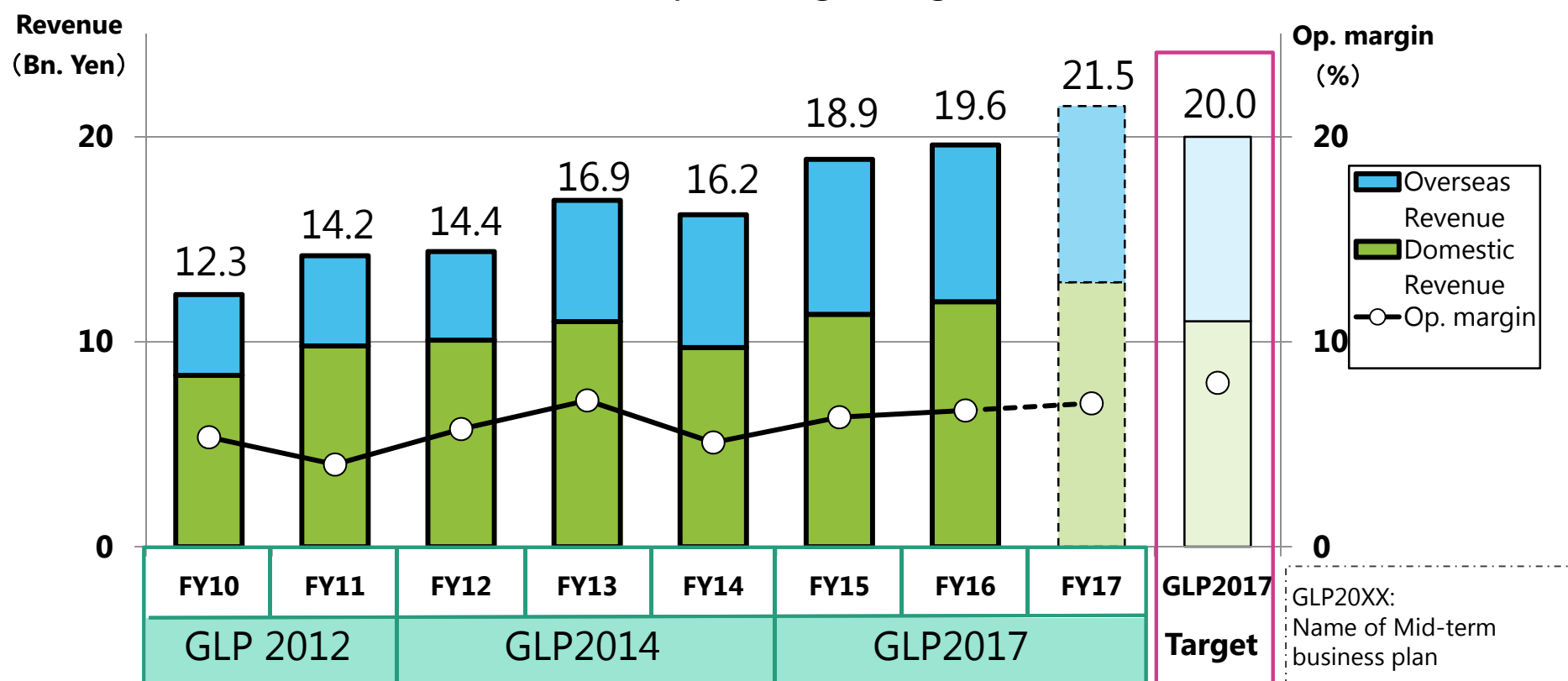
Detect small bones

Generate a transparent image

IV-3. Vision and performance of PQA business

Establish position as a **world-class partner in quality assurance solutions**, aiming for **revenue of 25 billion yen and operating margin of 12% in FY2020**.

<PQA Business : Revenue and Operating margin>



With you, whatever the challenge



No matter how your quality assurance demands increase, we will be a dependable partner, bringing peace of mind to every aspect of your production.

Over the years, we've built world-leading technological ability and global expertise in stringent QA fields such as food and medicine.

We never stop improving. We work continuously with you to develop even better inspection technologies, optimize performance, and deliver new value throughout the production process.

We will be by your side, from the first step to the completion of your manufacturing chain.

Together, we can realize the true potential of QA for everyone.

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