Financial Results for the Fiscal Year ended March 31, 2018

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Anritsu Corporation

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FASF MEMBERSHIP

TSE code : 6754

https://www.anritsu.com

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(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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Agenda

I. Outline of our business segments

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

III. Outlook for full year of the fiscal year ending March 31, 2019

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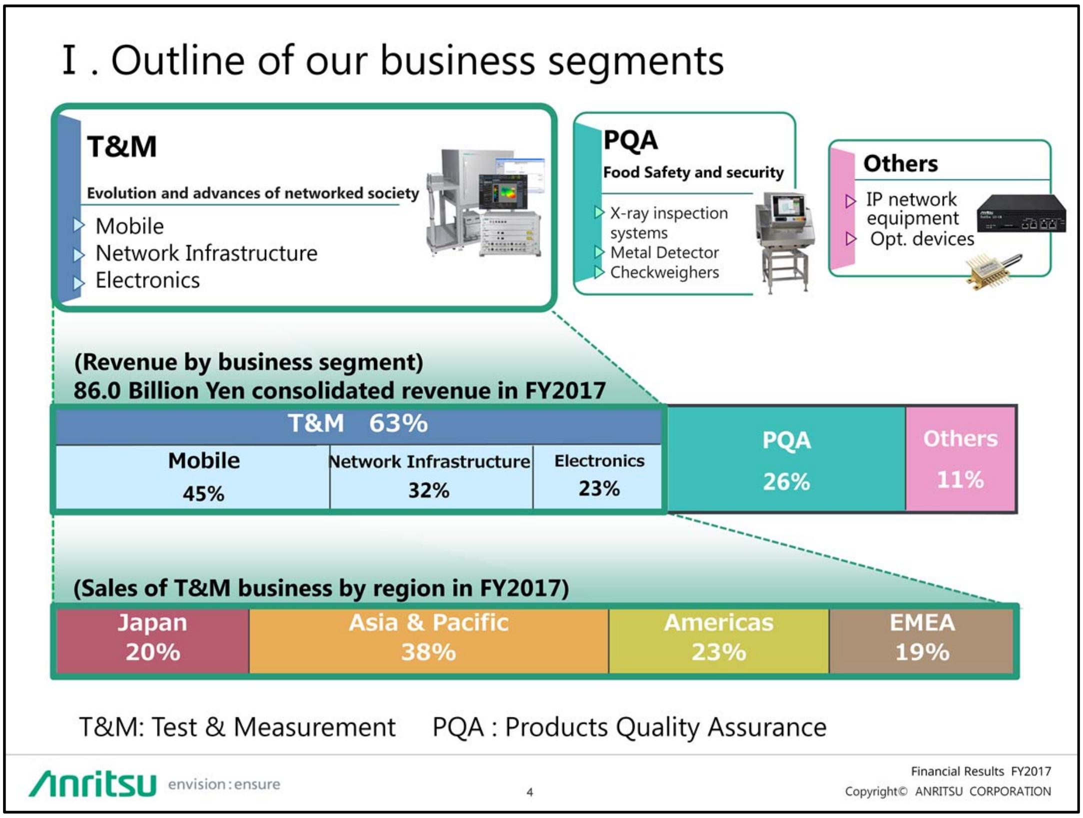

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Ⅱ-1. Consolidated performance - Financial results -

Although revenue decreased, the Group secured an increase in profit through PQA business growth

Unit : Billion Yen

International Financial Reporting Standards (IFRS)	FY2016	FY2017	YoY	YoY (%)	(For reference) FY2017 Forecast announced on Apr. 2017
Order Intake	**88.9**	**88.5**	**(0.4)**	**-0%**	91.0
Revenue	**87.6**	**86.0**	**(1.6)**	**-2%**	91.0
Operating profit (loss)	**4.2**	**4.9**	**0.7**	**16%**	4.4
Profit (loss) before tax	**3.6**	**4.6**	**1.0**	**27%**	4.2
Profit (loss)	**2.7**	**2.9**	**0.2**	**6%**	3.0
Comprehensive income	**3.3**	**3.9**	**0.6**	**18%**	-

Note : Numbers are rounded off to the first decimal place in each column.

The Group’s consolidated order intake remained almost flat year on year at 88.5 billion yen and revenue decreased by 2% year on year to 86.0 billion yen. Operating profit increased by 16% year on year to 4.9 billion yen .

Profit increased by 6% year on year to 2.9 billion yen, and comprehensive income was 3.9 billion yen.

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2016	FY2017	YoY	YoY (%)	(For reference) FY2017 Forecast announced on Apr. 2017
T&M	Revenue	**59.3**	**54.4**	**(4.9)**	**-8%**	61.0
	Op. profit (loss)	**2.1**	**1.8**	**(0.3)**	**-14%**	2.2
	Adjusted operating profit (loss)	*2.5*	*2.2* *	*(0.3)*	*-12%*	-
PQA	Revenue	**19.6**	**22.5**	**2.9**	**15%**	21.5
	Op. profit (loss)	**1.3**	**2.0**	**0.7**	**51%**	1.5
Others	Revenue	**8.7**	**9.0**	**0.3**	**3%**	8.5
	Op. profit (loss)	**0.8**	**1.1**	**0.3**	**39%**	0.7
Total	Revenue	**87.6**	**86.0**	**(1.6)**	**-2%**	91.0
	Op. profit (loss)	**4.2**	**4.9**	**0.7**	**16%**	4.4
	Adjusted operating profit (loss)	*4.6*	*5.3*	*0.7*	*15%*	-

Note : Numbers are rounded off to the first decimal place in each column.

*Adjusted operating profit for T&M is the amount after deducting 0.4 billion yen in restructuring expenses in the U.S. ,etc..

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

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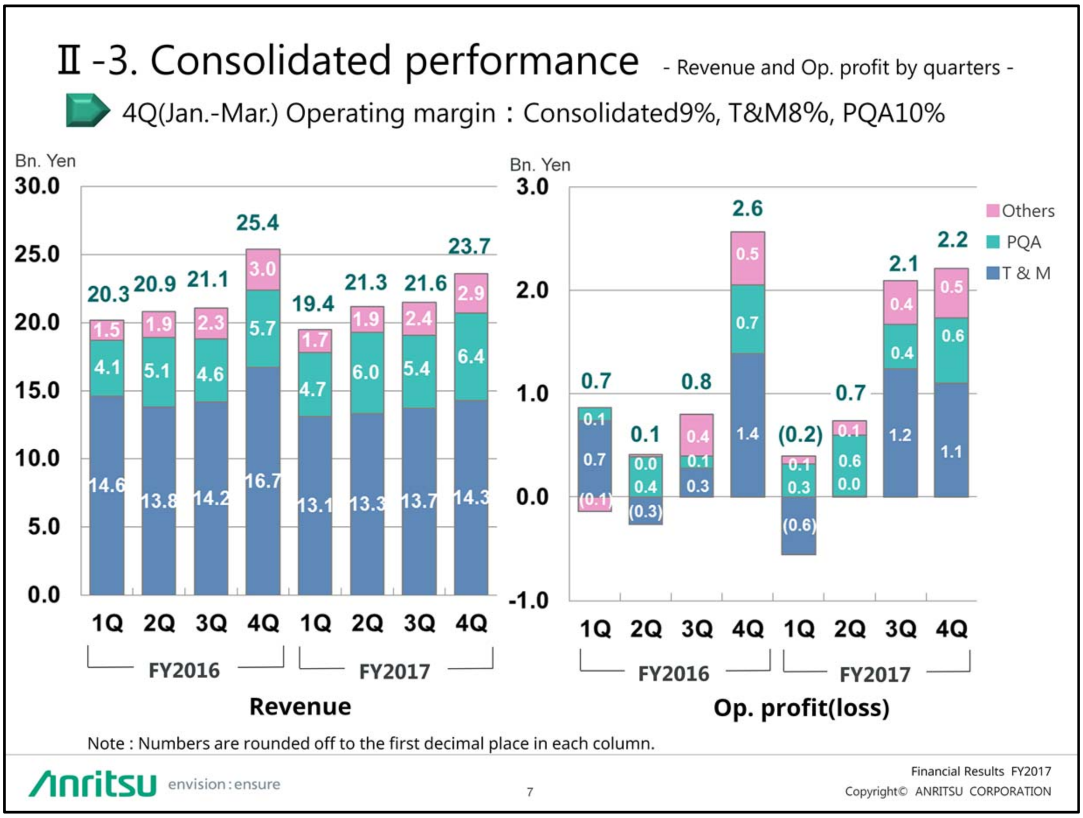
Both revenue and profit decreased in the T&M business , and operating profit was 1.8 billion yen. (Operating margin: 3.4%) However, despite a decline in revenue, the Group worked to secure an adjusted operating profit of 2.2 billion yen, which is the same as our announced figure.

Both revenue and profit increased in the PQA business, and operating profit was 2.0 billion yen. (Operating margin: 8.7%)



The operating profit and the operating margin for consolidated and each business segment for 4Q are as follows:

Consolidated : 2.2 billion yen (Operating margin : 9.5%)

T&M : 1.1 billion yen (Operating margin : 7.9%)

PQA : 0.6 billion yen (Operating margin : 9.8%)

Ⅱ-4. Overview of operations by business segment

Segment		FY2017 (April 2017 to March 2018)
T&M : 5G business started despite a stagnant mobile market		
Mobile	LTE-Advanced	Investment shifted to LTE-Advanced Pro.
	5G, IoT, Connectivity	Market launch of new 5G products
NW		Capital investment in optical digital related business was strong
Asia		Restrained investment continued due to slower growth in the smartphone manufacturing market overall.
Americas		Base station-related investment by North American operators shrank
PQA : Motivation for investment by food manufacturers remained strong both in Japan and overseas		

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

In the T&M business, while the mobile T&M market remained stagnant, standardization of 5G NSA was completed, and demand for measuring instruments for 5G R&D became more concrete.
In February 2018, measurement instruments for 5G NSA R&D were launched in order to capture the initial 5G development demand.

Ⅱ-5. Transition of Orders

- **T&M :** New 5G products contributed to 4Q order intake
- **PQA :** Record high for annual orders, both in Japan and overseas

Note : Numbers are rounded off to the first decimal place in each column.

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Financial Results FY2017

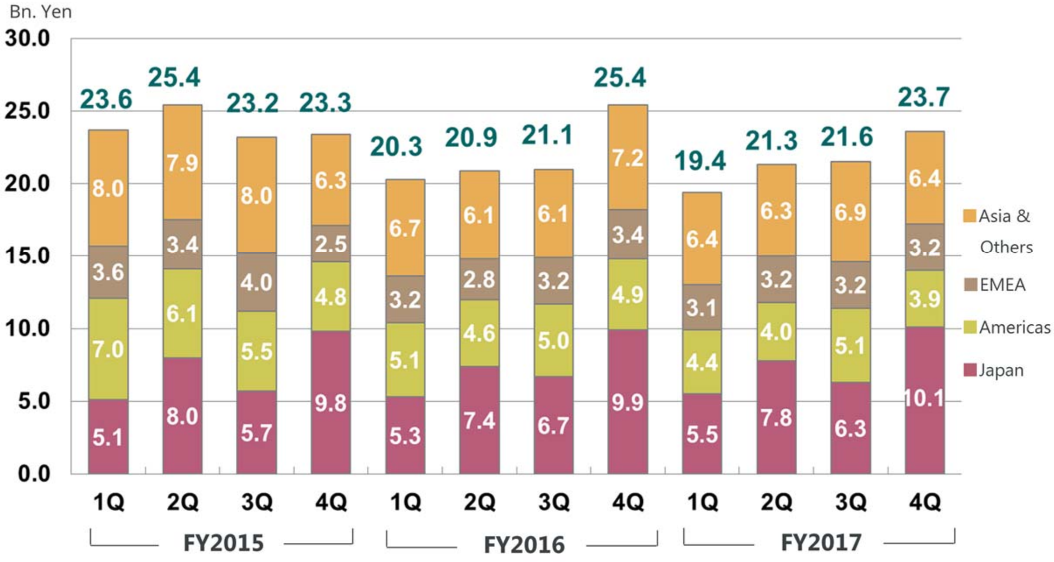
4Q order intake in the T&M business was 16.6 billion yen (4% year-on-year decrease), increase of 3.2 billion yen (24%) from 3Q, mainly due to orders for new 5G products.

4Q order intake in the PQA business was almost the same as 3Q levels.

The order backlog for the entire Group was 21.1 billion yen (16% year-on-year increase) and 15.9 billion yen (21% year-on-year increase) for the T&M business and 4.3 billion yen (4% year-on-year increase) for the PQA business.

Ⅱ-6. Transition of Revenue by region

4Q : Revenue decreased year on year in all overseas regions

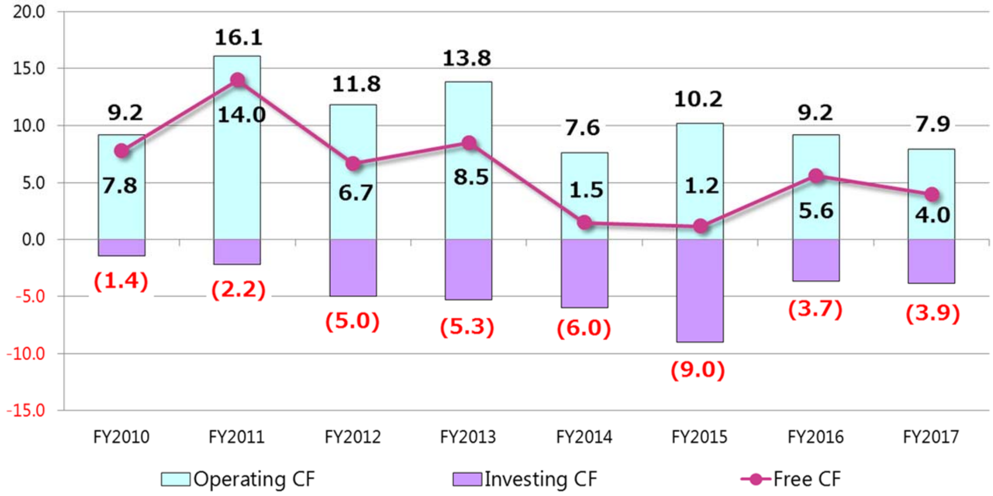


Note : Numbers are rounded off to the first decimal place in each column.

Revenue increased year on year by 2% in the Japanese market, while it decreased year on year by 20% in Americas, 5% in EMEA, and 11% in Asia.

Ⅱ-7. Cash Flow (1/2)

Unit : Billion Yen



Note1 : Numbers are rounded off to the first decimal place in each column.
Note2 : FY2010 : Japanese Generally Accepted Principles (J-GAAP)
FY2011~FY2016 :International Financial Reporting Standards (IFRS)

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Financial Results FY2017

A steady inflow of operating cash flow has been generated mainly through improved working capital efficiency. Outflow in FY2015 was mainly due to the acquisition of property, plant and equipment, including the construction of the Global Headquarters Building.

Ⅱ-7. Cash Flow (2/2)

Operating cash flow margin ratio was 9.2%

Cash Flow (FY2017)

Operating CF : 7.9 Bn. Yen
Investing CF : (3.9) Bn. Yen
Financial CF : (8.2) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.0 Bn. Yen

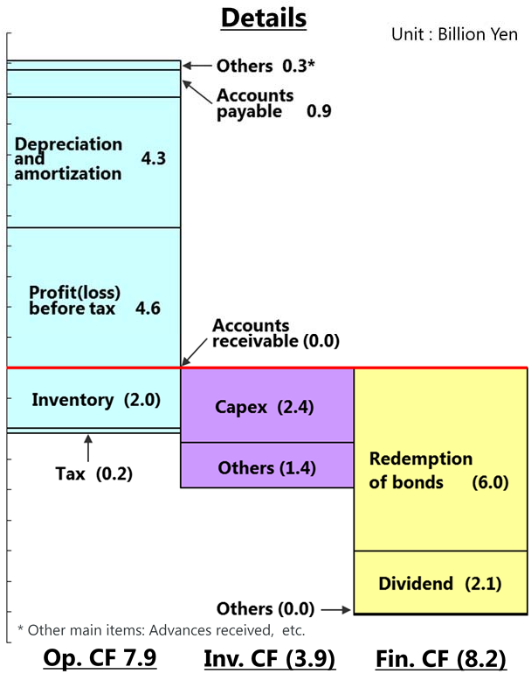
Cash at the end of period

35.5 Bn. Yen

Interest-bearing debt.

15.9 Bn. Yen

Note : Numbers are rounded off to the first decimal place in each column.



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The operating cash flow was inflow of 7.9 billion yen.

The investing cash flow was outflow of 3.9 billion yen.

As a result, the free cash flow amounted to an inflow of 4.0 billion yen.

A cash outflow of 8.2 billion yen in the financial cash flow primarily comprises redemption of corporate bonds of 6.0 billion yen and dividends paid of 2.1 billion yen (dividend per share: June: 7.5 yen, December: 7.5 yen).

Consequently, the balance of cash equivalents at the end of the period decreased by 4.2 billion yen from the beginning of the fiscal year to 35.5 billion yen.

Ⅲ-1. Forecast for full year of FY2018

Establishing a platform for growth in the first year of GLP2020

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2017 Actual	FY2018 Forecast	FY2018 YoY	FY2018 YoY(%)
Revenue		86.0	92.0	6.0	7%
Operating profit (loss)		4.9	6.6	1.7	34%
Profit (loss) before tax		4.6	6.6	2.0	43%
Profit (loss)		2.9	5.0	2.1	72%
T&M	Revenue	54.4	60.0	5.6	10%
	Op. profit (loss)	1.8	3.5	1.7	92%
PQA	Revenue	22.5	23.5	1.0	4%
	Op. profit (loss)	2.0	2.0	0.0	2%
Others	Revenue	9.0	8.5	(0.5)	-5%
	Op. profit (loss)	1.1	1.1	0.0	-1%

Reference : Exchange rate : FY2017 (Actual) 1USD=111 yen, 1EURO=130 yen
FY2018 (Forecast) 1USD=105 yen, 1EURO=125 yen

Note : Numbers are rounded off to the first decimal place in each column.

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Financial Results FY2017

The forecast for the full year results for FY2018 is as shown above.

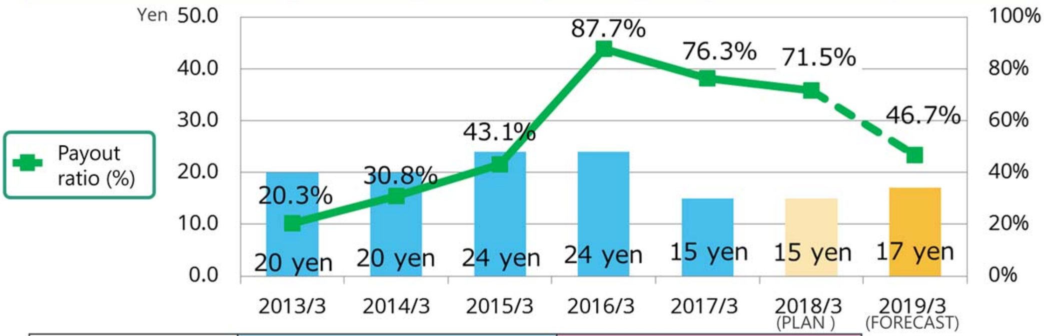
Revenue in the T&M business is expected to increase 10% year on year, and operating profit to increase by 92%, due to a steady capture of initial 5G development demand.

In the PQA business, as in the previous fiscal year, the Group will aim to achieve 23.5 billion yen in revenue by steadily capturing quality assurance needs in the Japanese and overseas food and pharmaceutical markets through offering optimal solutions. Operating profit is expected to be at a level on par with the previous fiscal year, due to focused investment aimed at overseas market expansion.

Ⅲ-2. Dividend forecast

Annual dividend

	Dividend per share	Profit	Payout ratio	DOE
FY2018 (Forecast)	**17 yen**	**5.0 B yen**	**46.7%**	**3.0%**
FY2017 (Plan)	15 yen	2.9 B yen	71.5%	2.7%



	GLP2014 (FY2012～FY2014)	GLP2017 (FY2015～FY2017)
Total return ratio of 3years	**45.4%** (including 5.0 billion yen of purchase of treasury stock)	**79.4%**

The Company's core policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance, taking into account the total return ratio.
With regard to the distribution from surplus, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company's policy is to pay dividends twice a year as an interim dividend and a year-end dividend aiming at a consolidated dividend payout ratio of 30% or more by the resolution of the Board of Directors or the General Meeting of Shareholders.

We plan to pay an annual dividend of 17 yen per share (including an interim dividend of 8.5 yen per share) for FY2017, based on the assumption to achieve the business results forecast for the next fiscal year.

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