

Mid term Business Plan GLP2020

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Agenda

1. Basic Policy of GLP2020
2. Basic Policy of medium and long term business strategy
3. GLP2020: Revenue and operating profit plan
4. GLP2020: Financial strategy
5. GLP2020: T&M business
6. GLP2020: PQA business

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1. Basic Policy of New Mid-term business Plan (GLP2020)

- ✓ Prosecute the policy "Continuous profitable growth"
- ✓ Make our best to accomplish 2020VISION



2. Basic Policy of medium and long term business strategy

Capture growth drivers without fail, and realize “continuous profitable growth”

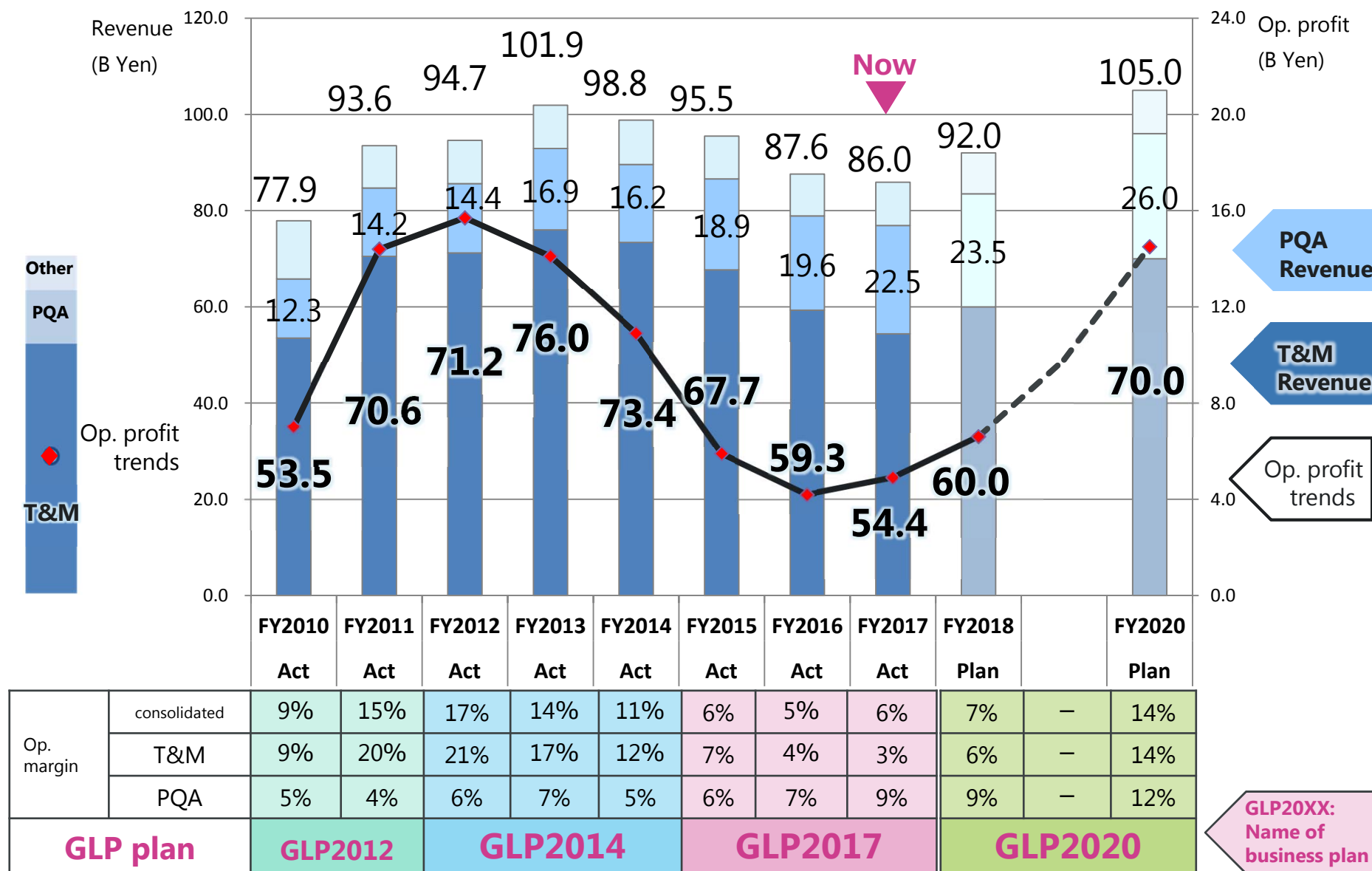
		Market average annual growth rate (estimated by Anritsu)	Vision/growth driver	Medium & long –term guideline	
				Sales growth rate	Operating margin
	T&M	3-5%	Become a leading company supporting 5G/IoT society (1) 5G, LTE-Advanced (2) IoT/Automotive, Connectivity (3) IP Data traffic/Cloud Services	$\geq 7\%$	$\geq 20\%$
	PQA	3-5%	Become a world-class partner in quality assurance solution Expansion from contaminant inspection into the quality assurance market	$\geq 7\%$	$\geq 12\%$
	Consolidated	—	—	—	$\geq 18\%$
	ROE	—	—	$\geq 15\%$	

3. GLP2020 : Revenue and Op. profit Plan (1/2)

Indicators		FY2017	FY2018	FY2020
Revenue		86.0 B Yen	92.0 B Yen	105.0 B Yen
OP. profit		4.9 B Yen	6.6 B Yen	14.5 B Yen
Op. margin		6 %	7 %	14 %
Profit		2.9 B Yen	5.0 B Yen	11.0 B Yen
ROE		3.7%	7%	12%
T&M	Revenue	54.4 B Yen	60.0 B Yen	70.0 B Yen
	Op. profit	1.8 B Yen	3.5 B Yen	10.0 B Yen
	Op. margin	3 %	6 %	14 %
PQA	Revenue	22.5 B Yen	23.5 B Yen	26.0 B Yen
	Op. profit	2.0 B Yen	2.0 B Yen	3.0 B Yen
	Op. margin	9 %	9 %	12 %

(Note) Exchange rate for GLP2020 : 1USD=105Yen、1Euro=125Yen)

3. GLP2020 : Revenue and Op. profit Plan (2/2)

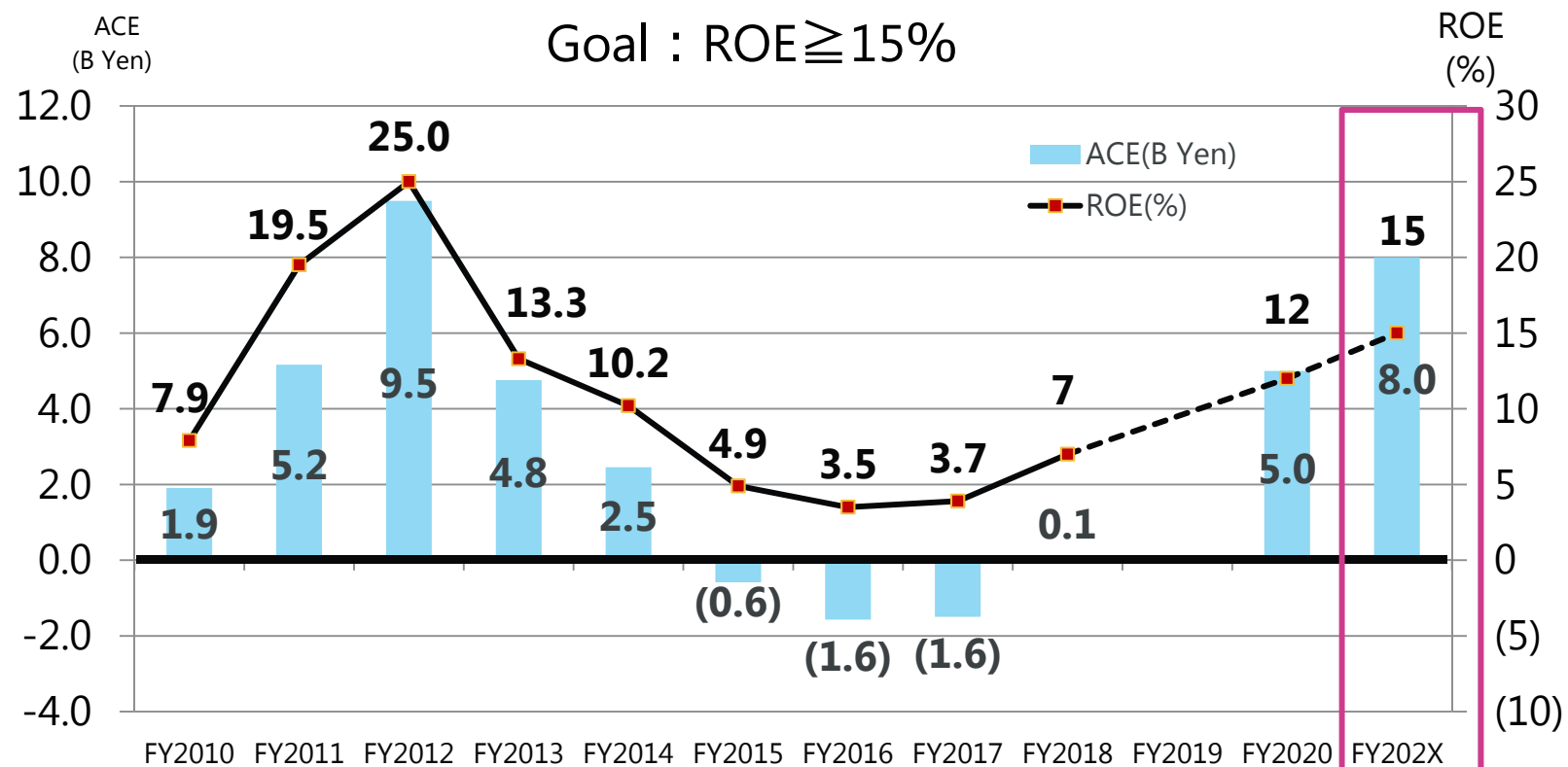


4. GLP2020 : Financial strategy

Basic policy

Improve corporate value KPI (ACE & ROE) through growth investment (including M&As) with a return of more than 7% of equity cost and capital efficiency improvements

* ACE (Anritsu Capital-cost Evaluation) : Operating income after tax-Capital Cost (WACC,5%)



5. GLP2020 T&M business

Representative Director, President,
Measurement Business Group President
Anritsu Corporation

Hirokazu Hamada

5-1. T&M : Mid term business plan(GLP2017) Review

Business environment	Measures and Results
<p>Significant decline in the mobile-related market</p> <ul style="list-style-type: none"> ■ Decline in the scale of the mobile market to 40% compared with the peak in 2012 ■ Subsiding of investment in LTE base station equipment ■ Continued evolution of LTE <ul style="list-style-type: none"> - LTE-Advanced/ Pro ■ Progress in initial development for 5G ahead of schedule <ul style="list-style-type: none"> - 5G NSA standards fixed at the end of March 2018 ■ Investment in IoT is in its infancy <p>Strong optics and digital measurement market</p> <ul style="list-style-type: none"> ■ Increase in demand for optical modules to achieve the development of higher speed, higher capacity data centers 	<p>Management restructuring program and strengthening 5G development investments</p> <ul style="list-style-type: none"> ■ Thorough implementation of the management restructuring program "REBORN-M" ■ Implementation of organizational slimming measures in North America ■ Investment in 5G business <ul style="list-style-type: none"> - Release of 5G new products in February 2018 - Acquisition of Azimuth Systems, Inc. - Strengthening support service structure: Establishment of the Philippines Development Center ■ Establishment of a business division focusing on the IoT business <p>Introduction of new optical and digital products in TTM</p> <ul style="list-style-type: none"> ■ Introduction of new products for R&D (400G support) and manufacturing (100G support) to meet market demands

5-2. T&M : GLP2020 Basic strategy

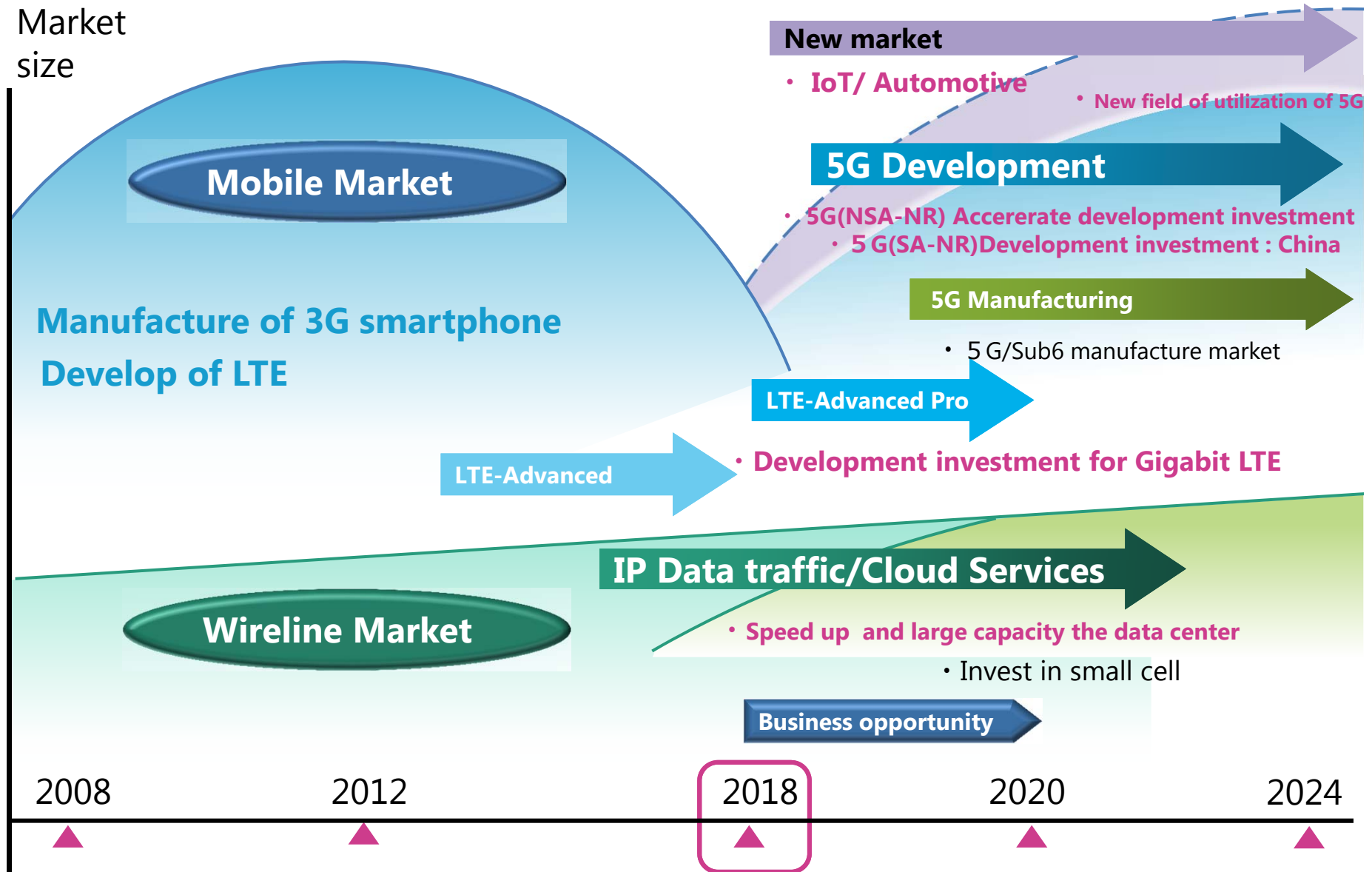
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Become a leading company that supports the 5G/IoT society

Key points of segment strategy

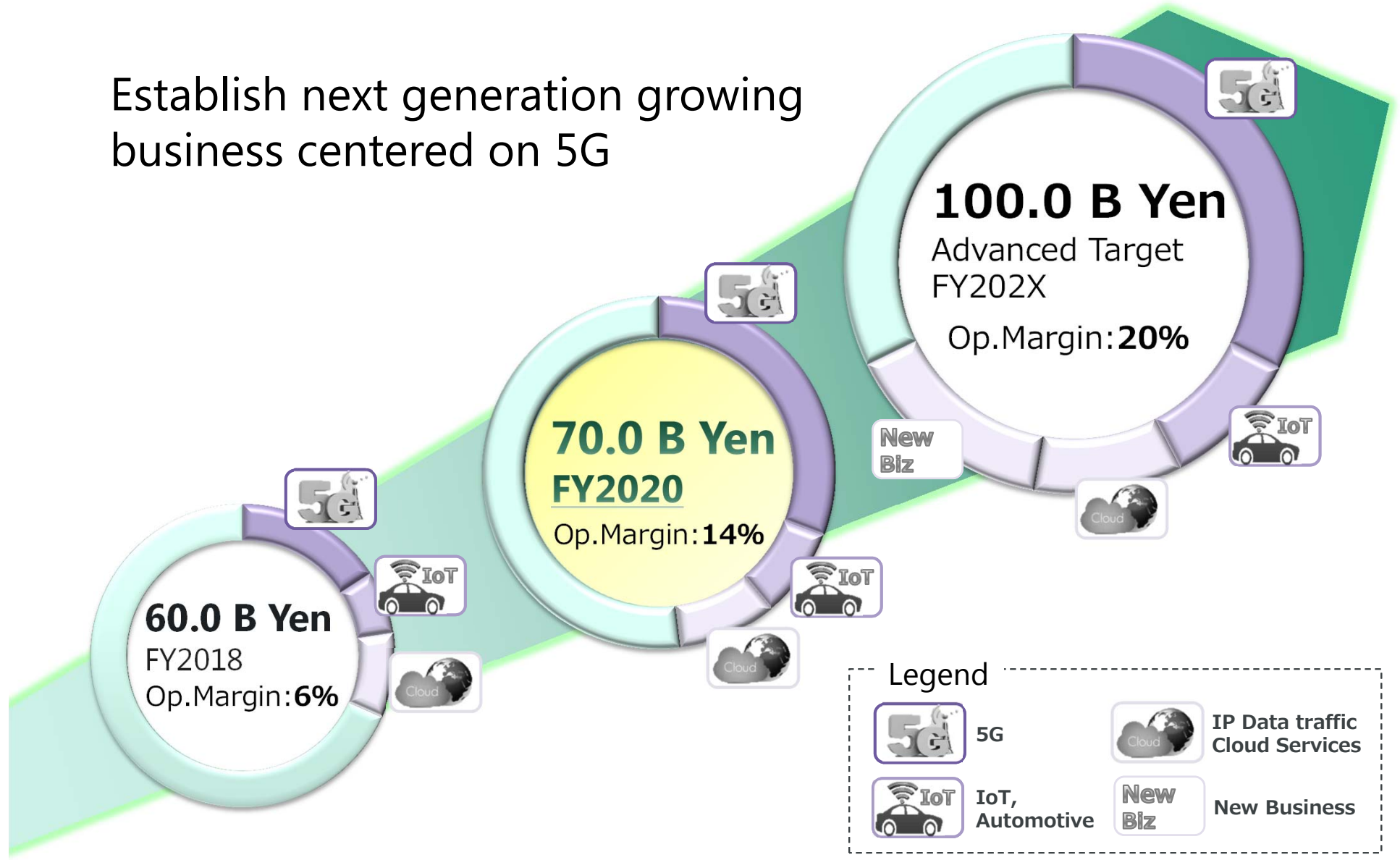
- Become the No. 1 T&M vendor ahead of competitors in 5G while maintaining business in the 4G market.
- Develop new profit bases in the IoT/automotive field, where growth is expected through the utilization of 5G.
- Create test solutions that support the expansion of cloud services.

5-3. T&M : Mobile market trends and Business opportunity

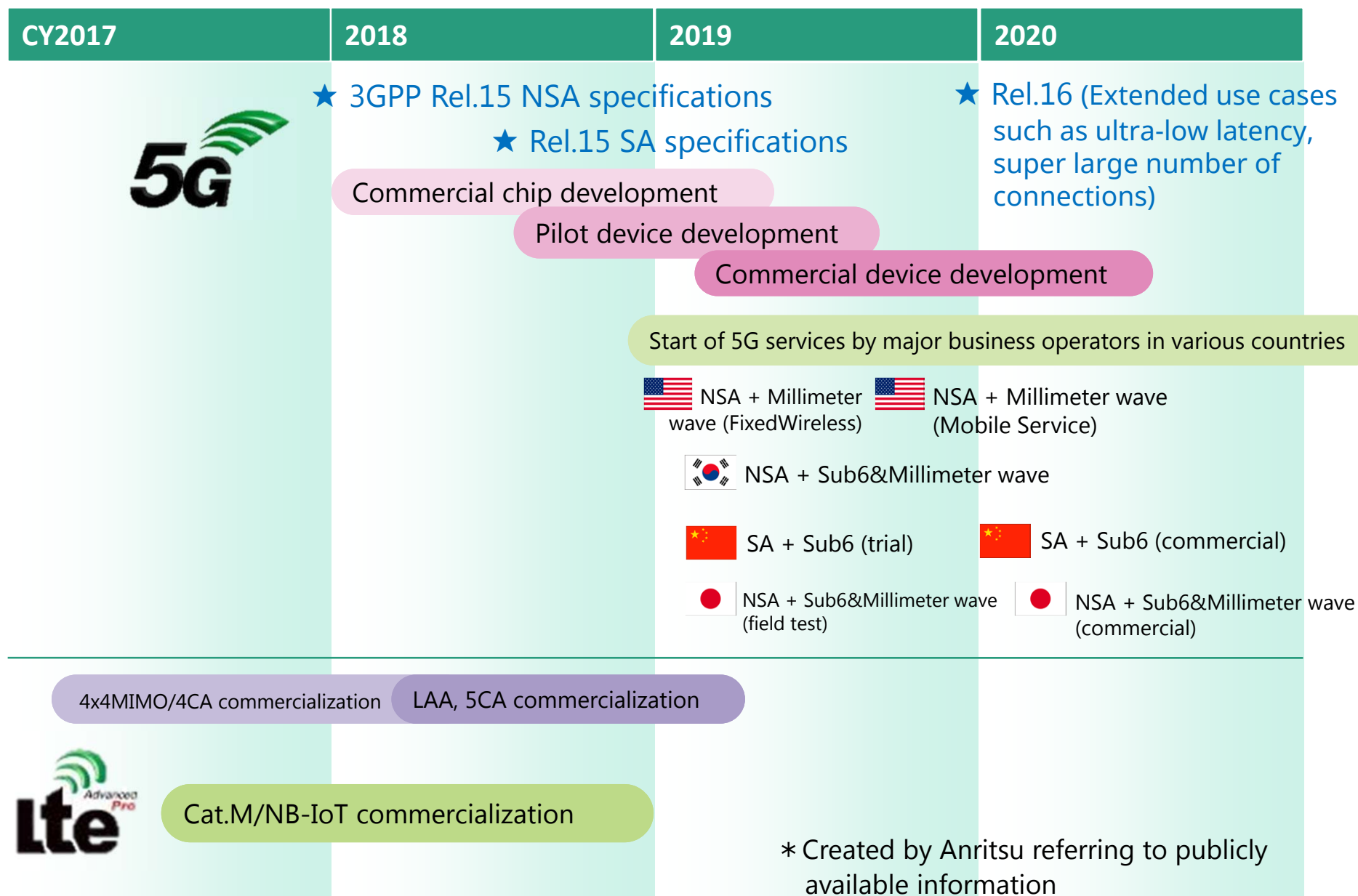


5-4. T&M : GLP2020 Revenue and Operating profit plan

Establish next generation growing business centered on 5G



5-5. T&M : Roadmap of 5 G



6. GLP2020 PQA Business

Masumi Niimi

Senior Vice President

PQA Business Group President

Anritsu Corporation

6-1. PQA Business : Mid term business plan(GLP2017) Review

Business environment	Measures and results
<p>Interest in safe and secure food is growing around the world</p> <ul style="list-style-type: none"> ■ Increase in demand for processed food and prolongation of expiration date ■ Penetration of sanitary management practices such as HACCP ■ Shift from sampling inspections to full inspections Shift from human inspections to automated inspections <p>Global advance of inspection automation that pursues both quality improvements and productivity</p> <ul style="list-style-type: none"> ■ Expansion of production volume, increased line speeds ■ Chronic manpower shortage, rising personnel expenses ■ Rising raw material prices, reduction of food loss 	<p>Active investments in cutting-edge technologies to overcome quality assurance issues</p> <ul style="list-style-type: none"> ■ Sharing issues with advanced customers working on quality assurance, including major food companies and convenience store vendors ■ Investment in automated inspections for insects, resins, small bones, etc. <p>Development of new products that contribute to quality assurance</p> <ul style="list-style-type: none"> ■ Long-life, low-cost X-ray inspection devices ■ X-ray inspection devices for detection of packaging and seal defects ■ Metal detectors with radically improved detection performance ■ Data management systems that contribute to the establishment of traceability and improvements in productivity <p>Strengthening relationships with global companies</p> <ul style="list-style-type: none"> ■ Strengthen relationships and increase business with major global food and beverage companies and confectionery companies

6-2. PQA Business : GLP2020 Basic strategy

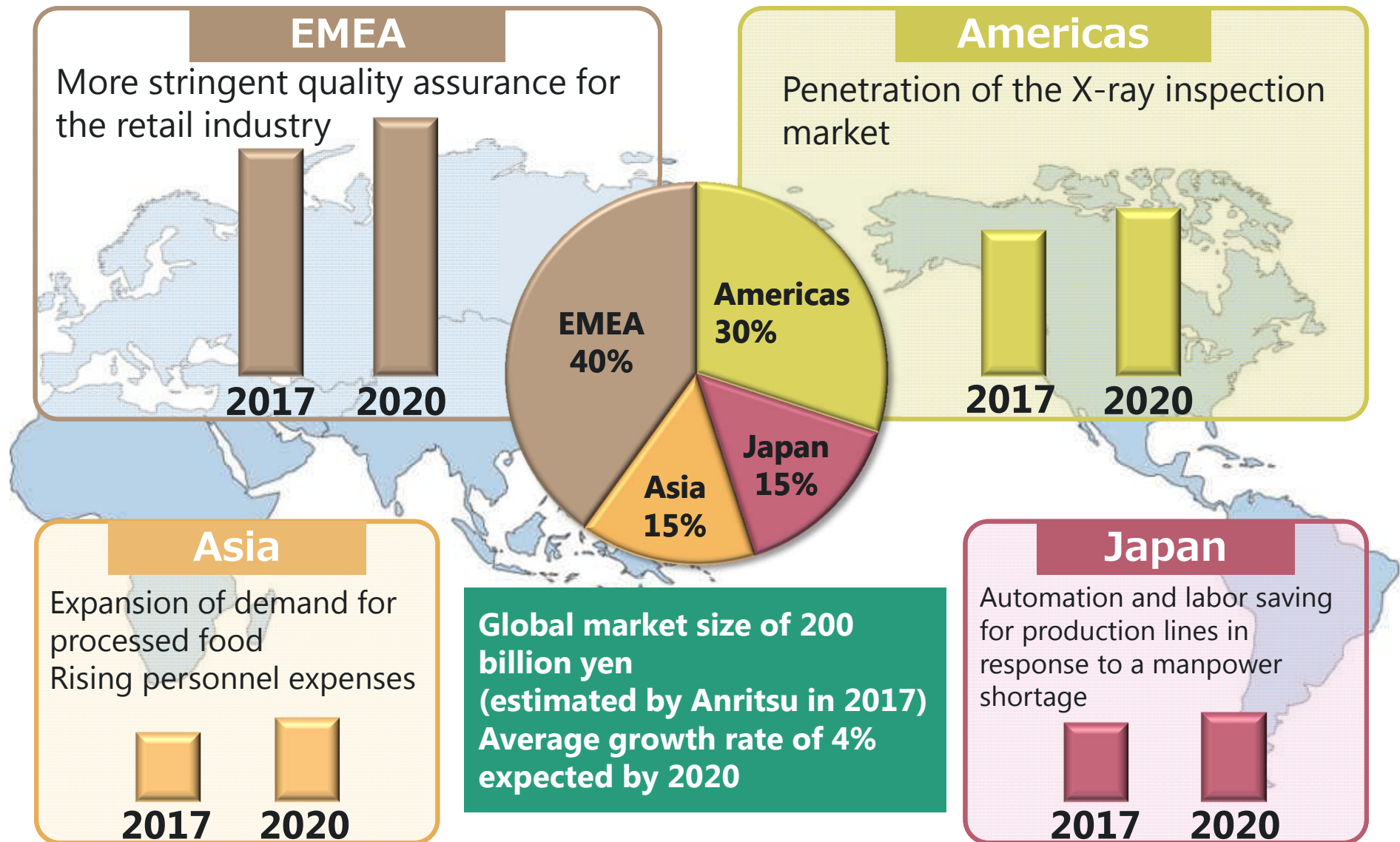
VISION

Establish position as a world-class quality assurance solutions partner

Basic strategy

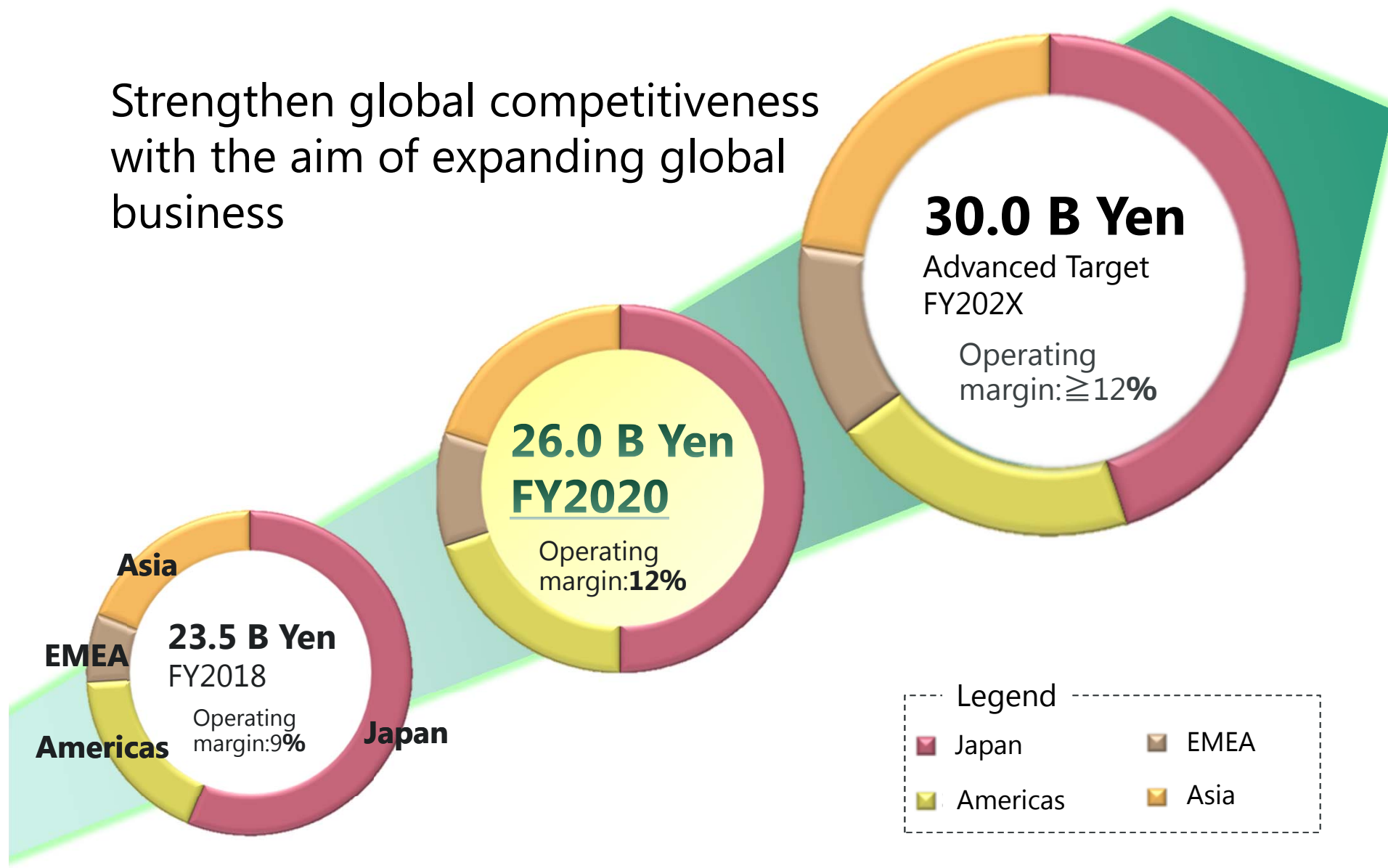
- Develop the advanced market in Europe and North America with X-ray inspection systems as a key solution
- Accurately respond to market needs through localization and global business reform
- Strengthen profitability through value-added solutions and expansion of global business

6-3. PQA Business: Current Status of the PQA Market and Outlook



6-4. PQA Business : GLP2020 Revenue and operating profit plan

Strengthen global competitiveness
with the aim of expanding global
business





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