

Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2019

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CFO

Anritsu Corporation

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TSE code : 6754

<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 1st quarter of the Fiscal Year ending March 31, 2019
- III. Outlook for full year of the fiscal year ending March 31, 2019 (Consolidated)
- IV. Latest Trends in 5G and Anritsu's Solutions

I . Outline of our business segments

T&M

Evolution and advances of networked society

- ▶ Mobile
- ▶ Network Infrastructure
- ▶ Electronics



PQA

Food Safety and security

- ▶ X-ray inspection systems
- ▶ Metal Detector
- ▶ Checkweighers



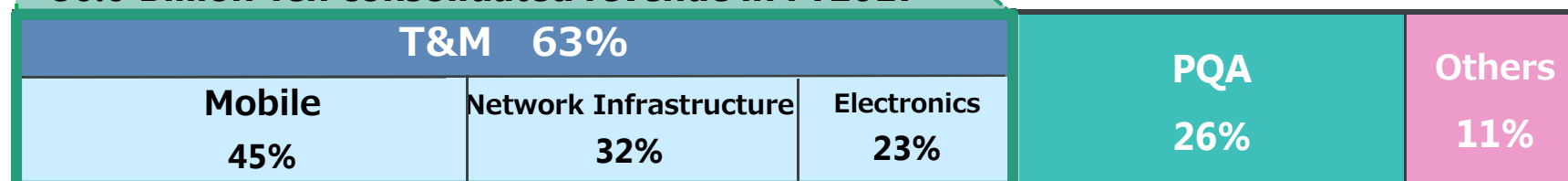
Others

- ▶ IP network equipment
- ▶ Opt. devices



(Revenue by business segment)

86.0 Billion Yen consolidated revenue in FY2017



(Sales of T&M business by region in FY2017)



T&M: Test & Measurement

PQA : Products Quality Assurance

II -1. Consolidated performance - Financial results -



Year-on-year growth in revenue and profit

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	1Q FY2017 (Apr. to Jun.)	1Q FY2018 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	20.2	22.6	2.4	12%
Revenue	19.4	21.0	1.6	8%
Operating profit (loss)	(0.2)	1.6	1.8	-
Profit (loss) before tax	(0.2)	1.8	2.0	-
Profit (loss)	(0.2)	1.7	1.9	-
Comprehensive income	0.2	2.1	1.9	745%

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

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

 T&M: Increase in revenue and profit from demand for 5G and LTE-A Pro

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		1Q FY2017 (Apr. to Jun.)	1Q FY2018 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	13.1	14.4	1.3	10%
	Op. profit (loss)	(0.5)	1.5	2.0	-
PQA	Revenue	4.7	4.9	0.2	5%
	Op. profit (loss)	0.3	0.2	(0.1)	-52%
Others	Revenue	1.7	1.7	0.0	-1%
	Op. profit (loss)	0.1	0.1	0.0	-27%
Adjustment	Op. profit (loss)	(0.1)	(0.1)	0.0	-
Total	Revenue	19.4	21.0	1.6	8%
	Op. profit (loss)	(0.2)	1.6	1.8	-

Note1 : Numbers are rounded off to the first decimal place in each column.

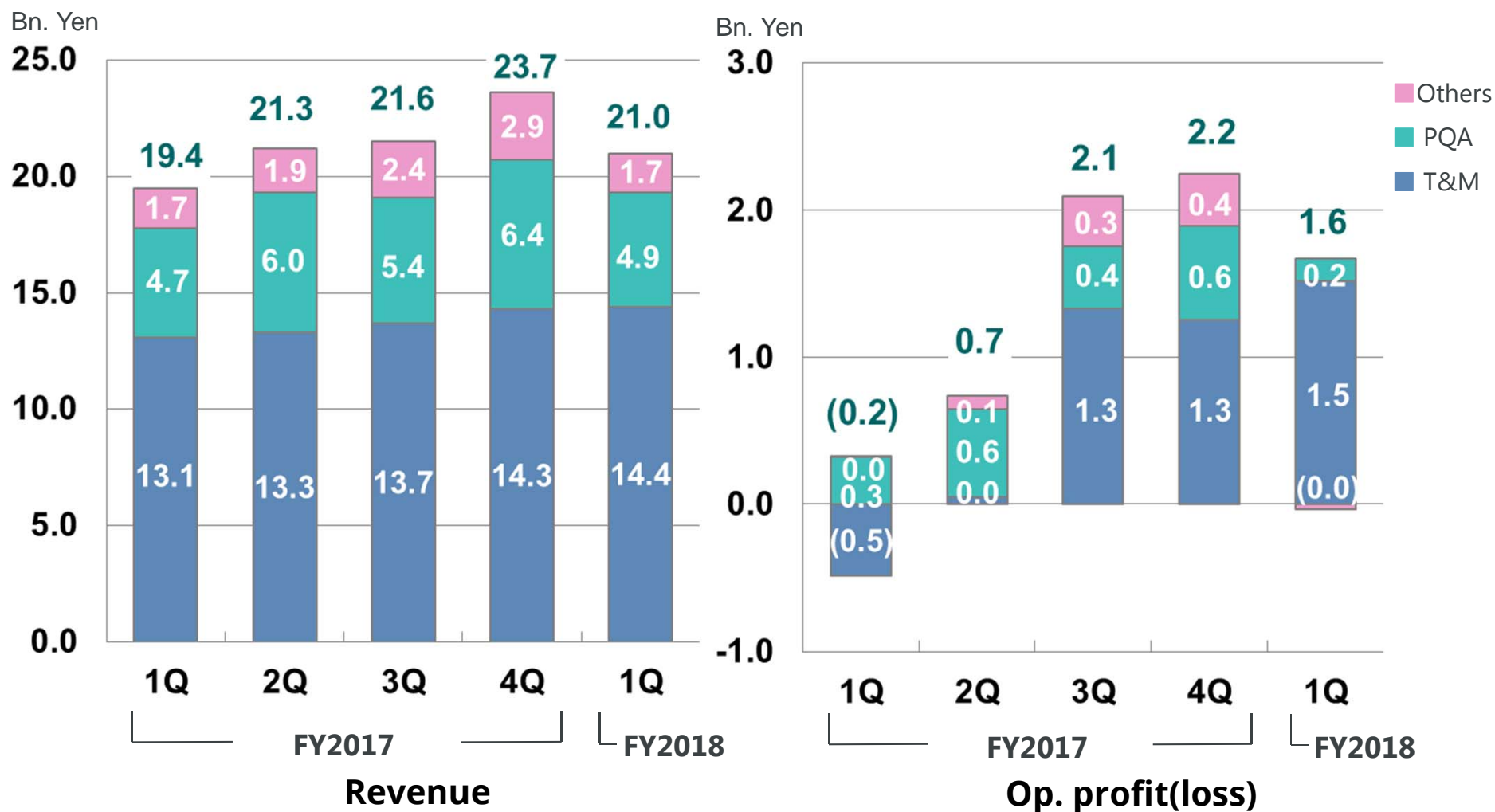
Note2 : Adjustment includes elimination of inter-segment transactions and non distributed company-wide expenses of each business segment.

Note3 : Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

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

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



➡ 1Q(Apr.-Jun.) Operating margin : Consolidated 8%, T&M 11%, PQA 3%



Note1 : Numbers are rounded off to the first decimal place in each column.

Note2 : "Adjustment" is included in segment "Others" within the Op. profit(loss).

II -4. Overview of operations by business segment

Segment		FY2018 1Q (April to June, 2018)	
 T&M : Concrete roadmap for 5G commercialization			
Mobile	LTE-Advanced	Investment shifted to LTE-Advanced Pro.	
	5G, IoT, Connectivity	Initial demand for 5G NSA picked up	
NW	Capital investment in optical digital related business was strong		
Asia	Strong performance despite slower growth in the smartphone manufacturing market		
Americas	LTE-A Pro and initial 5G development demand picked up		
 PQA : Continued strong investment by food market for quality assurance, automation, and labor saving both in Japan and overseas			

T&M: Test & Measurement

NW: Network Infrastructure

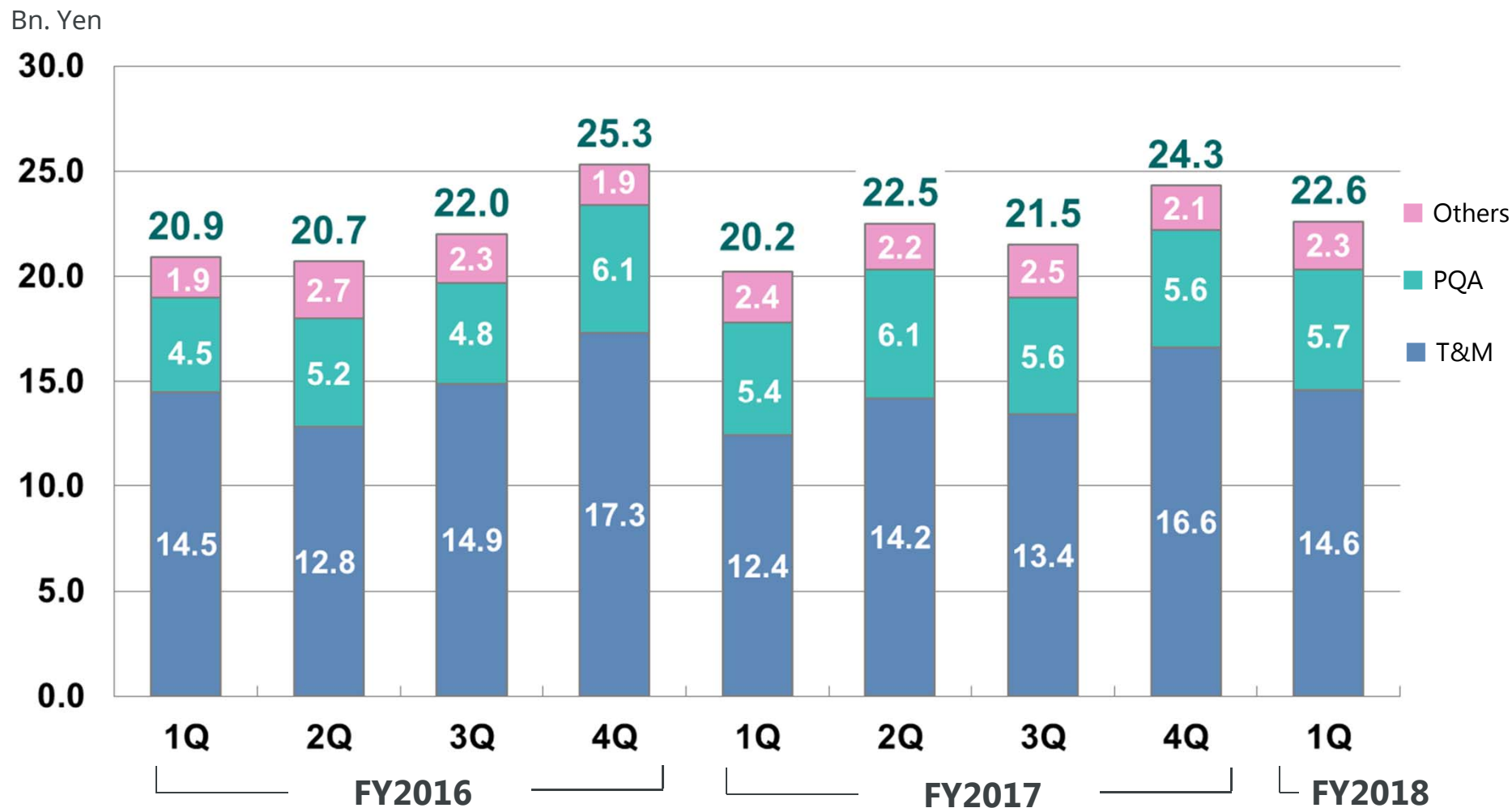
PQA : Products Quality Assurance

NSA: Non Stand Alone

II -5. Transition of Orders

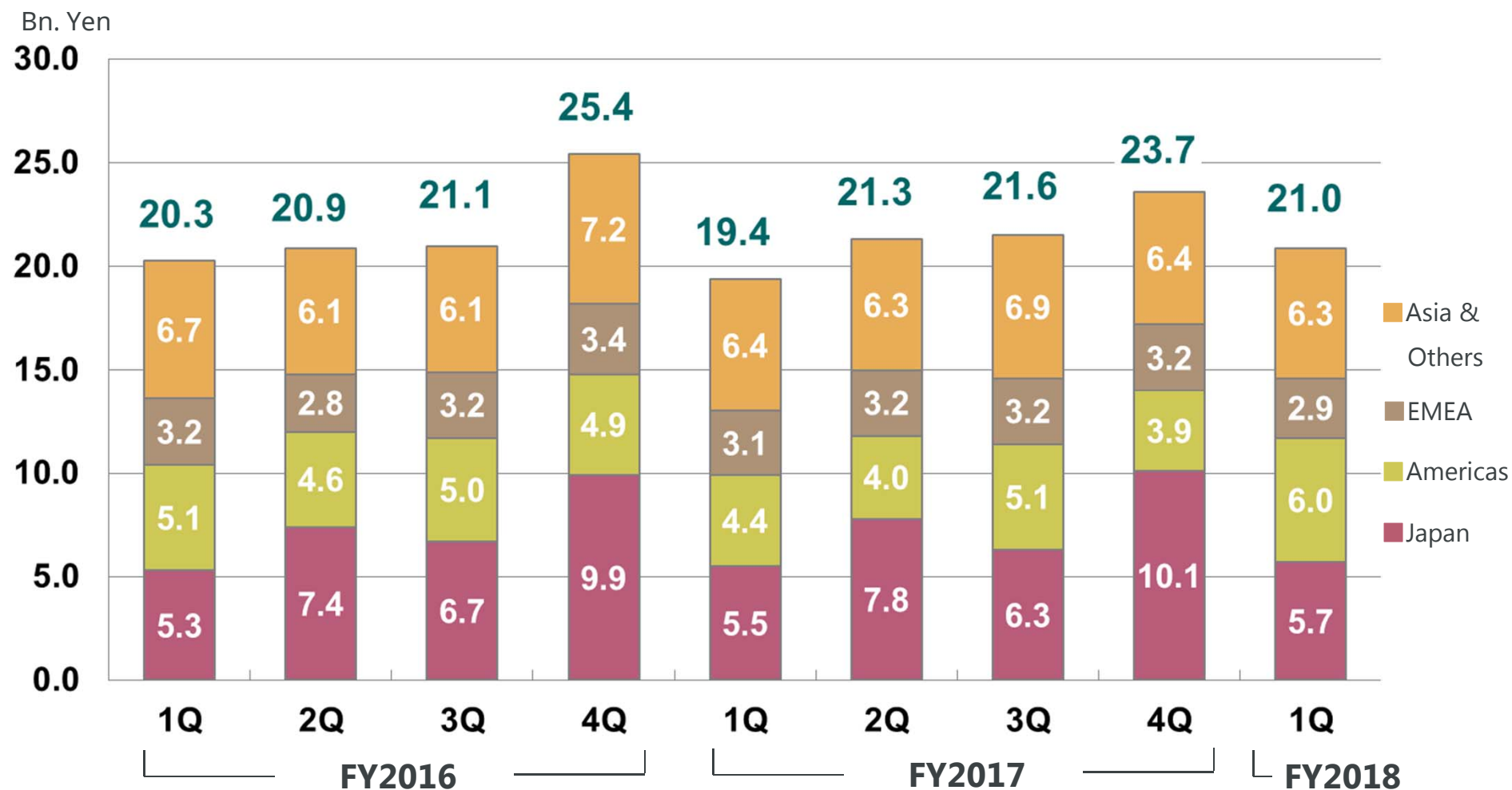
➡ T&M : 18% growth year on year

➡ PQA : 6% growth year on year




Ⅱ -6. Transition of Revenue by region

➡ Initial 5G development demand picked up



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

II -7. Cash Flow

 **Operating cash flow margin ratio was 24.1%**

Cash Flow (FY2018 Q1)

Operating CF : 5.0 Bn. Yen
 Investing CF : (0.6) Bn. Yen
 Financial CF : (0.5) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.4 Bn. Yen

Cash at the end of period

39.4 Bn. Yen

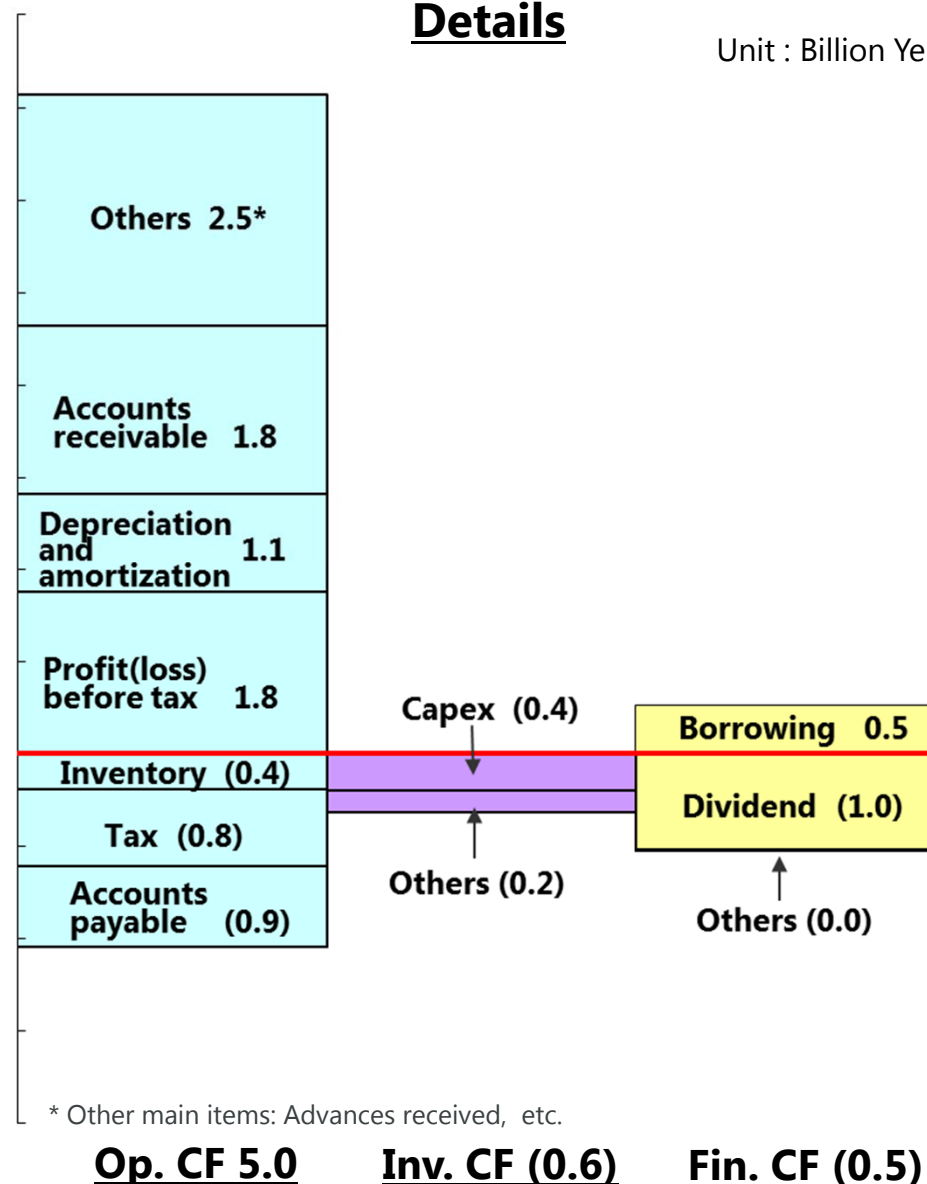
Interest-bearing debt.

16.5 Bn. Yen

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

Details

Unit : Billion Yen



III. Forecast for full year of FY2018 (Consolidated)

 No change since April 26th disclosures

Unit: Billion Yen

International Financial Reporting Standards (IFRS)			FY2017	FY2018	
			Actual	Forecast	YoY
					YoY(%)
Revenue			86.0	92.0	6.0
Operating profit (loss)			4.9	6.6	1.7
Profit (loss) before tax			4.6	6.6	2.0
Profit (loss)			2.9	5.0	2.1
T&M	Revenue		54.4	60.0	5.6
	Op. profit (loss)		2.1	3.5	1.4
PQA	Revenue		22.5	23.5	1.0
	Op. profit (loss)		2.0	2.0	0.0
Others +Adjustment	Revenue		9.0	8.5	(0.5)
	Op. profit (loss)		0.8	1.1	0.3

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

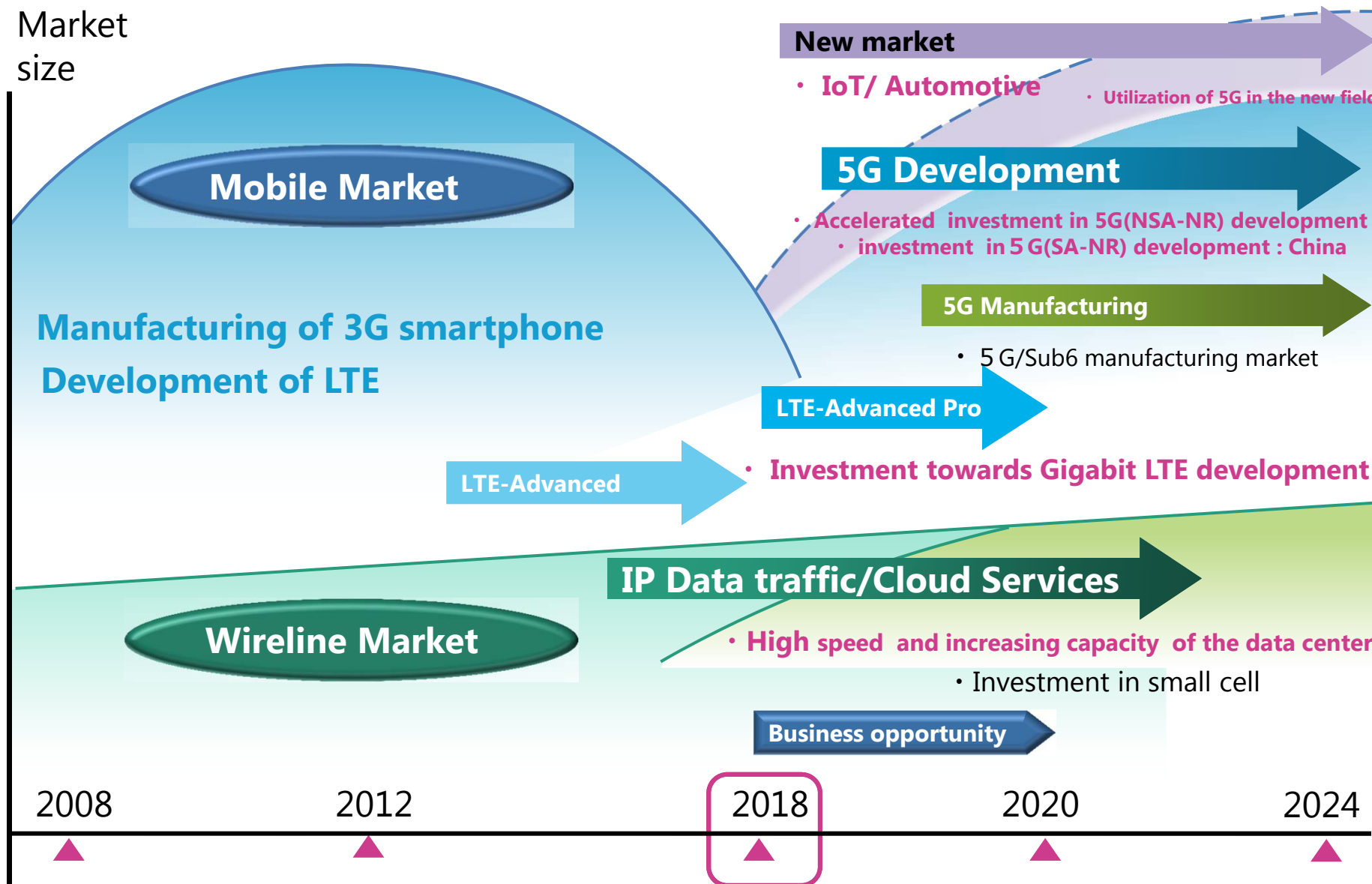
Note : Numbers are rounded off to the first decimal place in each column.

IV. Latest Trends in 5G and Anritsu's Solutions

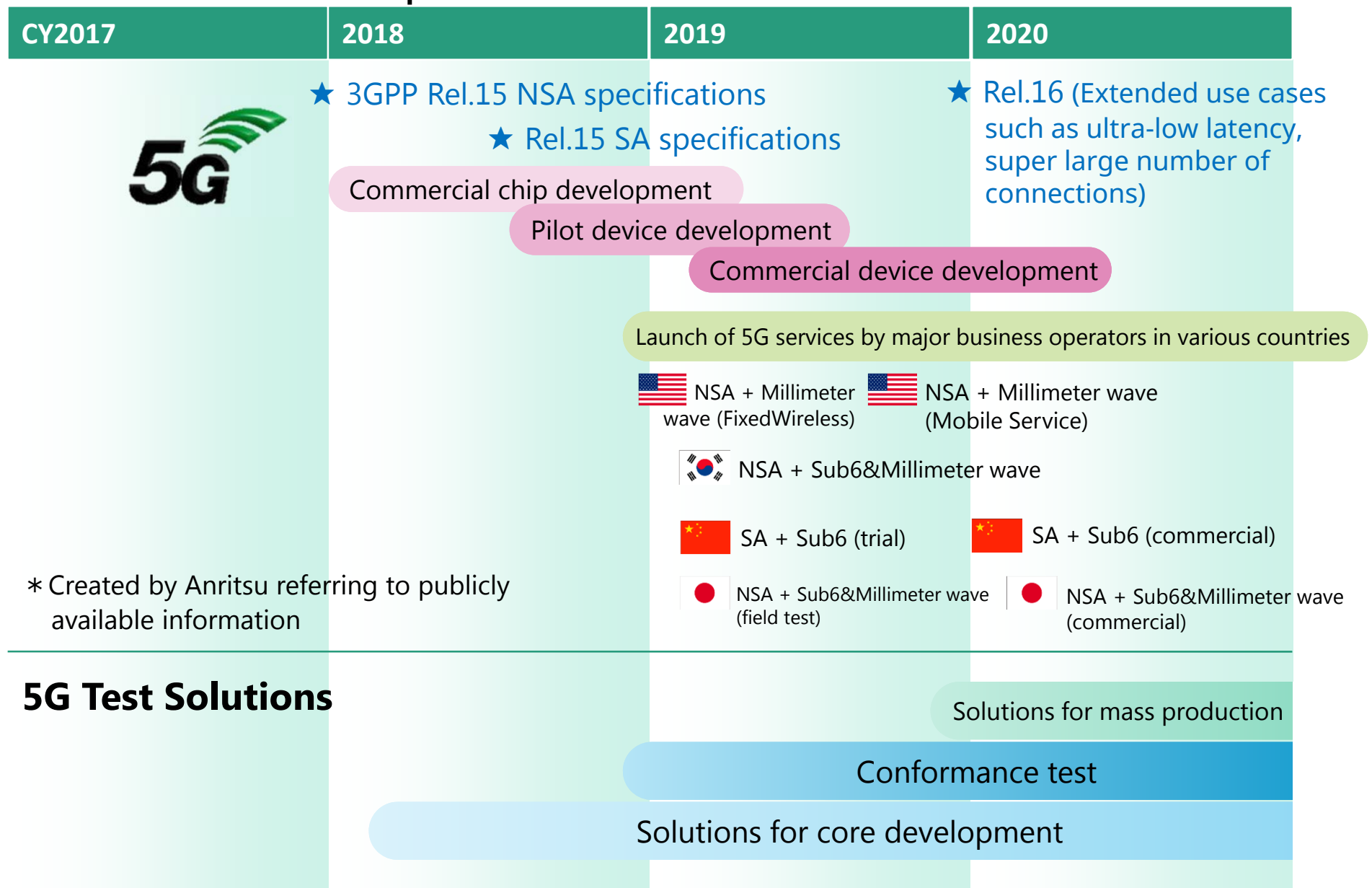
Representative Director, President,
Measurement Business Group President
Anritsu Corporation

Hirokazu Hamada

IV-1. T&M : Mobile market trends and Business opportunity



IV-2. Roadmap of 5G



IV-3. Solutions for 5G chipset/device development

We have begun shipments of the **Radio Communication Test Station MT8000A** for development of chipsets, devices, etc. for the 5G market

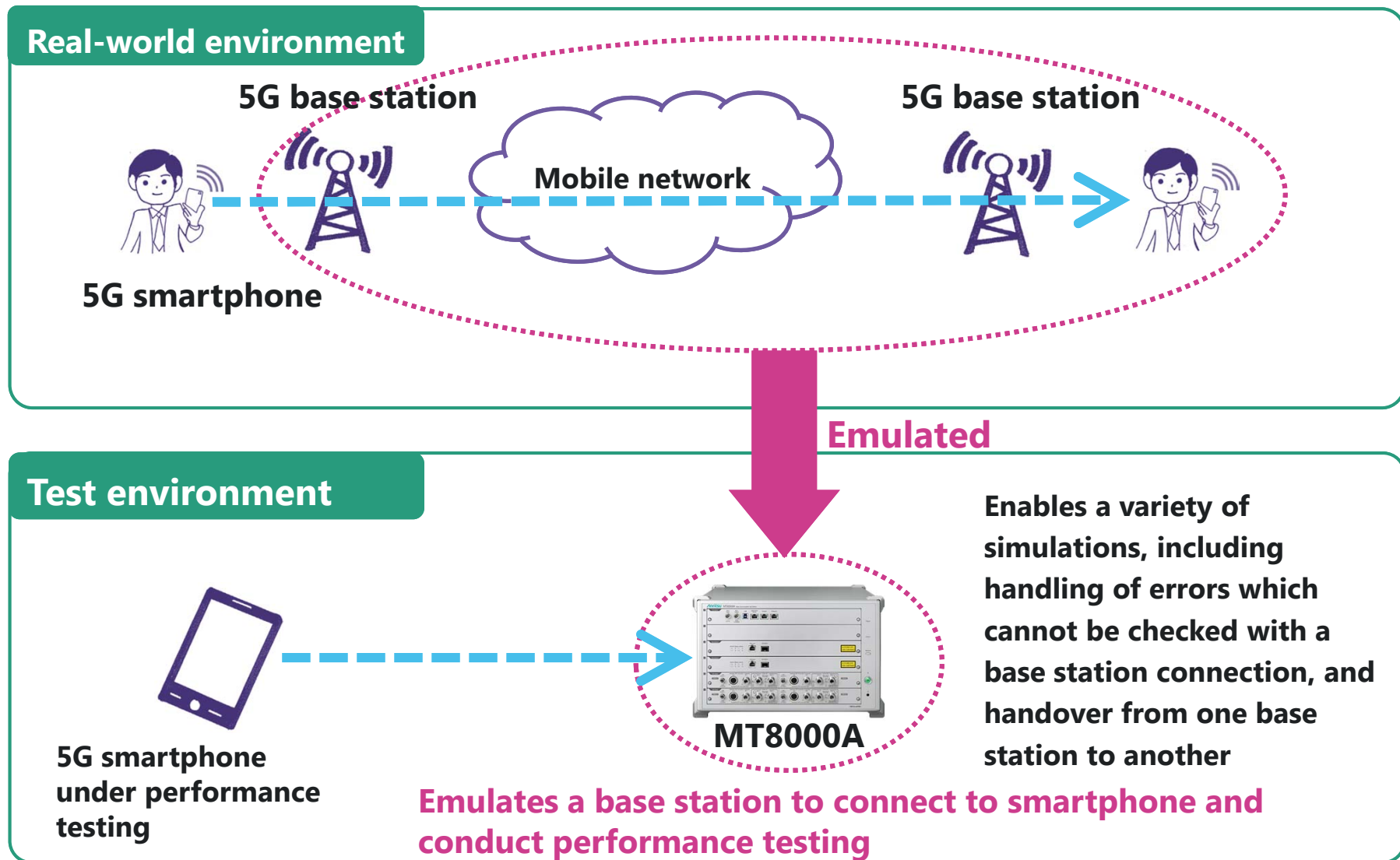
Chamber(Anechoic box)



MT8000A

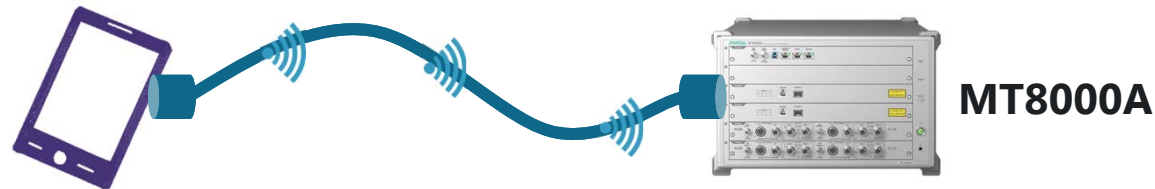


IV-4. Role of MT8000A



IV- 5. High-frequency (millimeter wave) measurement technology

For low-frequency



Accurate measurements are possible with a cable connection.

For high-frequency (millimeter wave)

Accurate measurements are possible with Over The Air (OTA) using chamber.





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