

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2019

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Director
Senior Vice President
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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 2nd 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



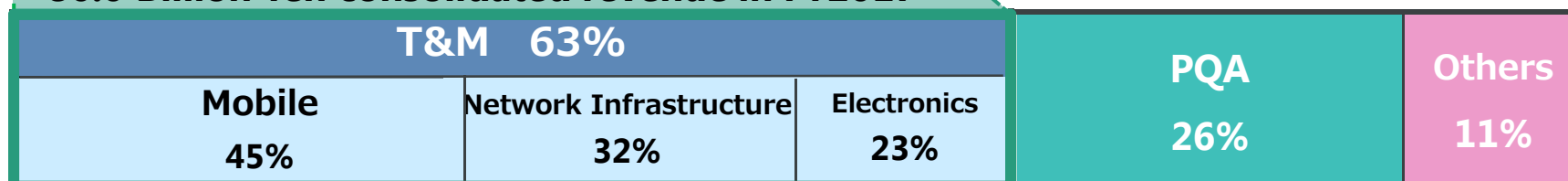
Others

- ▶ IP network equipment
- ▶ Opt. devices

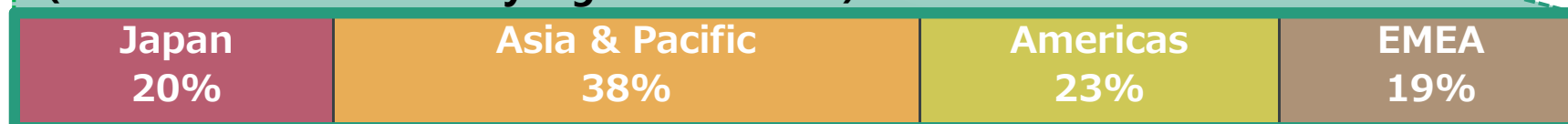


(Revenue by business segment)

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)	2Q FY2017 (Apr. to Sep.)	2Q FY2018 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	42.7	47.9	5.2	12%
Revenue	40.7	44.3	3.6	9%
Operating profit (loss)	0.6	3.5	2.9	507%
Profit (loss) before tax	0.5	3.7	3.2	669%
Profit (loss)	0.2	3.1	2.9	-
Comprehensive income	1.2	4.4	3.2	264%

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 through investment in initial development for 5G

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		2Q FY2017 (Apr. to Sep.)	2Q FY2018 (Apr. to .Sep)	YoY	YoY (%)
T&M	Revenue	26.4	29.2	2.8	11%
	Op. profit (loss)	(0.4)	2.5	2.9	-
	Adjusted operating profit (loss)	(0.2) *	2.5	2.7	-
PQA	Revenue	10.7	11.4	0.7	7%
	Op. profit (loss)	0.9	0.9	0.0	-7%
Others	Revenue	3.6	3.7	0.1	4%
	Op. profit (loss)	0.4	0.4	0.0	18%
Adjustment	Op. profit (loss)	(0.3)	(0.3)	0.0	-
Total	Revenue	40.7	44.3	3.6	9%
	Op. profit (loss)	0.6	3.5	2.9	507%

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.

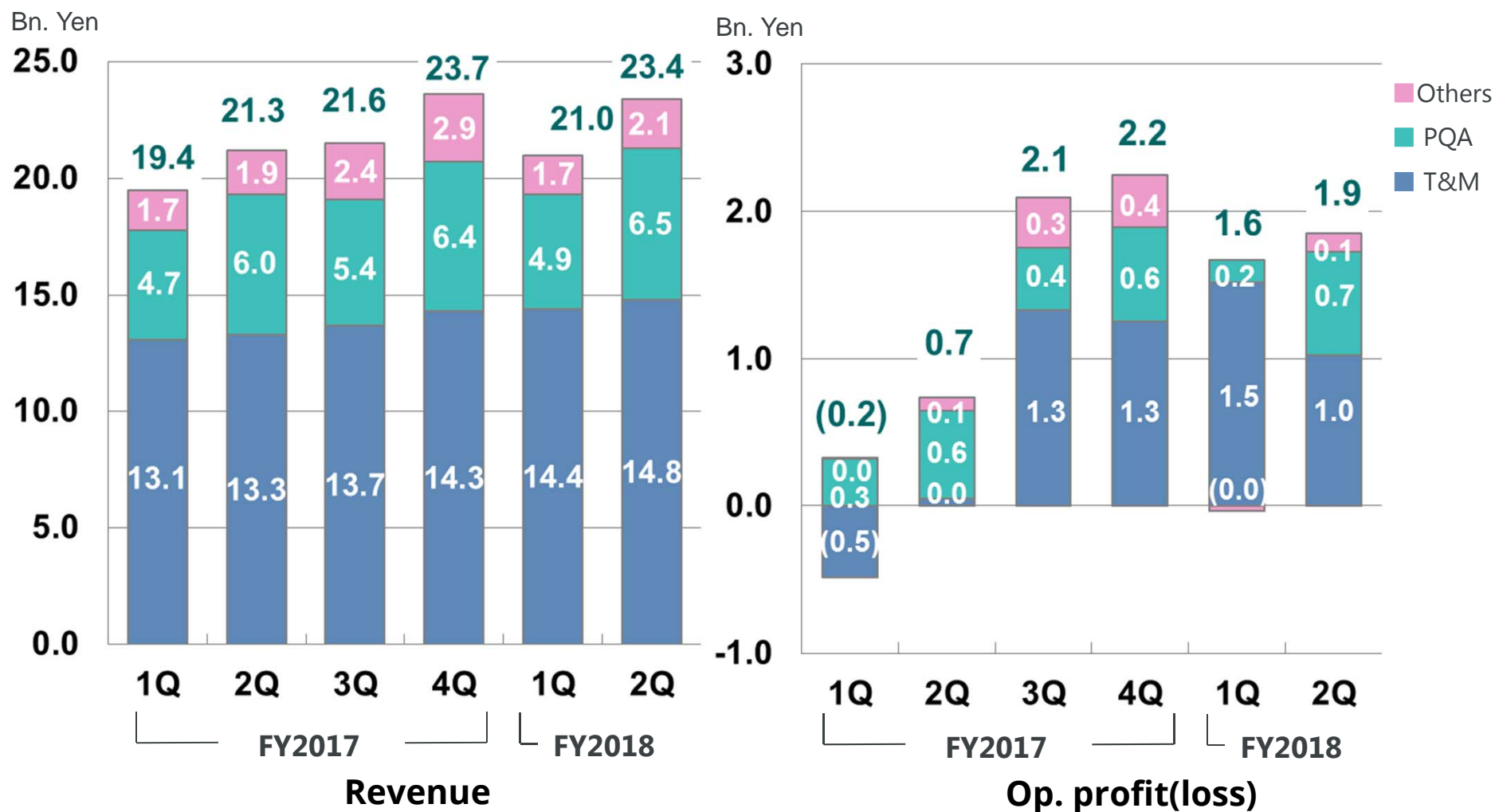
Note3 : Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

*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 -



➡ 2Q(Apr.-Sep.) Operating margin : Consolidated 8%, T&M 7%, PQA 11%



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 2Q (April to September, 2018)	
 T&M : Concrete roadmap for 5G commercialization			
Mobile	LTE-Advanced	Trend toward focusing investments on LTE-Advanced Pro	
	5G, IoT, Connectivity	Development demand materialized for 5G pilot terminals	
Network Infrastructure		Capital investment within US market was strong	
Asia	Commercialization testing seen in China 5G (Sub6GHz)		
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			

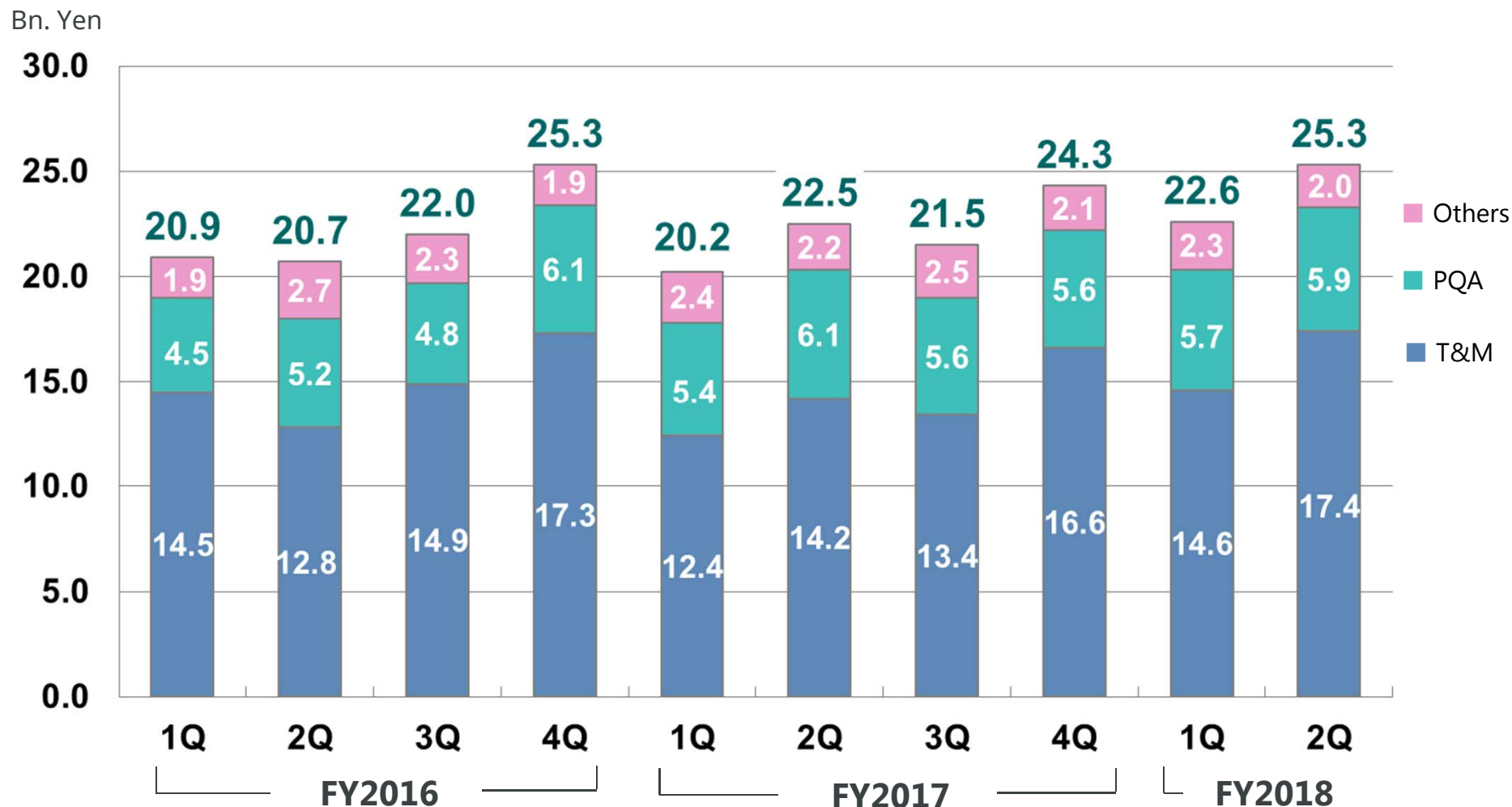
T&M: Test & Measurement

NW: PQA : Products Quality Assurance

II -5. Transition of Order intake

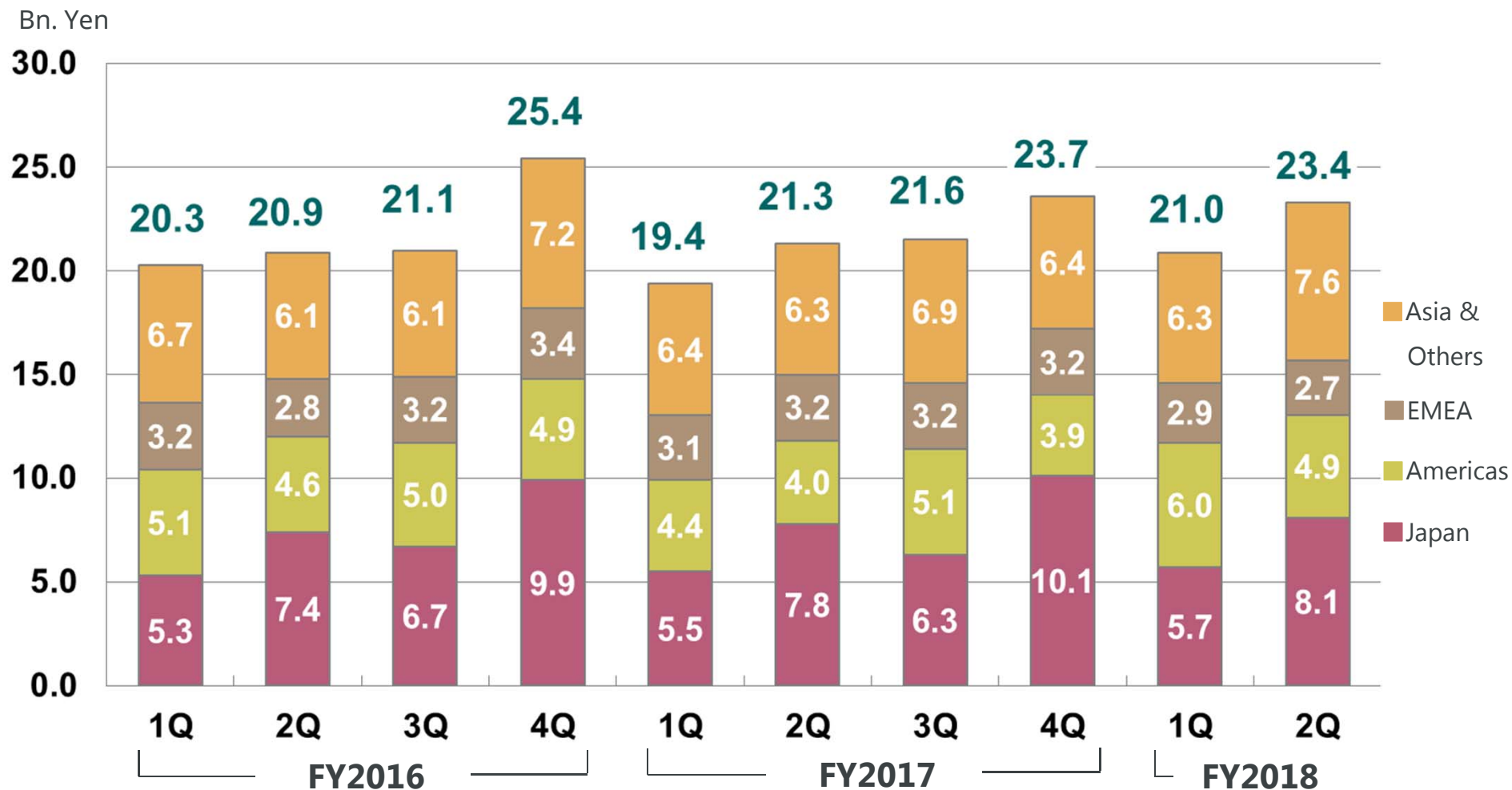
➡ T&M : 23% growth year on year

➡ PQA : Same level as the previous year



Ⅱ -6. Transition of Revenue by region

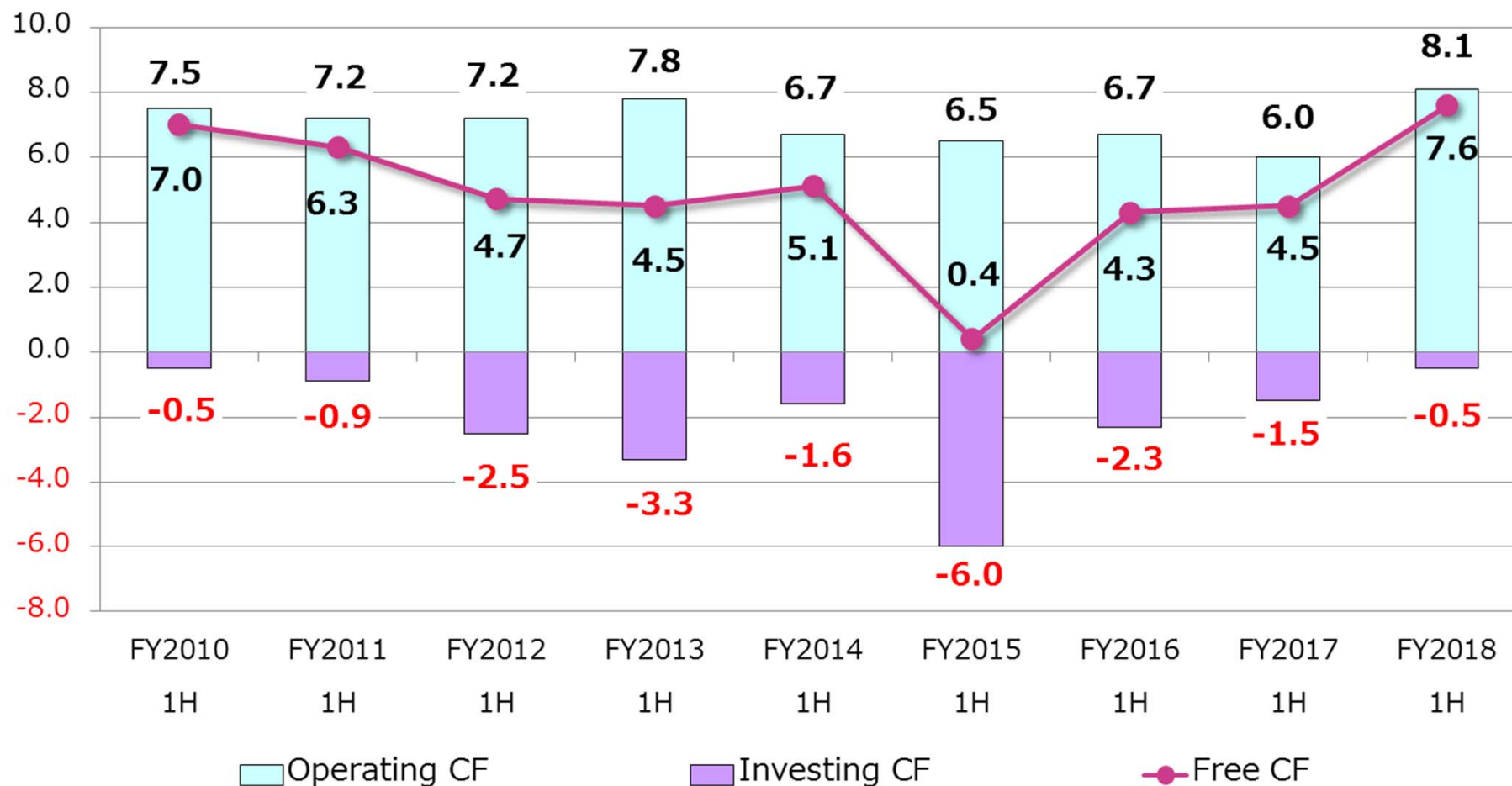
➡ Increased revenue from investment in initial development for 5G



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

Ⅱ -7. Cash Flow (1/2)

Unit : Billion Yen




Note1 : Numbers are rounded off in each column

Note2 : FY2010 : Japanese Generally Accepted Principles (J-GAAP)

FY2011~FY2016 :International Financial Reporting Standards (IFRS)

II -7. Cash Flow (2/2)

 **Operating cash flow margin ratio was 18.3%**

Cash Flow (FY2018 2Q)

Operating CF : 8.1 Bn. Yen
Investing CF : (0.5) Bn. Yen
Financial CF : 0.1 Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 7.6 Bn. Yen

Cash at the end of period
43.6Bn. Yen

Interest-bearing debt.
17.1 Bn. Yen

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

Details Unit : Billion Yen

Others 3.4*		
Accounts receivable 1.9		
Depreciation and amortization 2.2		
	← Inventory 0.1	
Profit(loss) before tax 3.7		
	Others 0.7	Borrowing 1.1
Tax (1.1)	Capex (1.2)	Dividend (1.0)
		↑ Others (0.0)
Accounts payable (2.1)		
Op. CF 8.1	Inv. CF (0.5)	Fin. CF 0.1

* Other main items: Advances received, etc.

III. Forecast for full year of FY2018 (Consolidated)



Upward revision in profit forecast for T&M

Unit: Billion Yen

			FY2017	FY2018		
International Financial Reporting Standards (IFRS)			Actual	Full Year		YoY
				Previous Forecast	Revised Forecast	
Revenue			86.0	92.0	92.0	6.0
Operating profit (loss)			4.9	6.6	7.0	2.1
Profit (loss) before tax			4.6	6.6	7.0	2.4
Profit (loss)			2.9	5.0	5.5	2.6
T&M	Revenue		54.4	60.0	60.0	5.6
	Op. profit (loss)		2.1	3.5	5.0	2.9
PQA	Revenue		22.5	23.5	23.5	1.0
	Op. profit (loss)		2.0	2.0	2.0	0.0
Others	Revenue		9.0	8.5	8.5	(0.5)
	Op. profit (loss)		1.5	1.1	0.7	(0.8)
Adjustment	Op. profit (loss)		(0.7)		(0.7)	0.0

Note 1: Numbers are rounded off to the first decimal place in each column.

Note 2: "Others" and "Adjustments" in this segment information are displayed together as "Others" in the previously announced forecast.

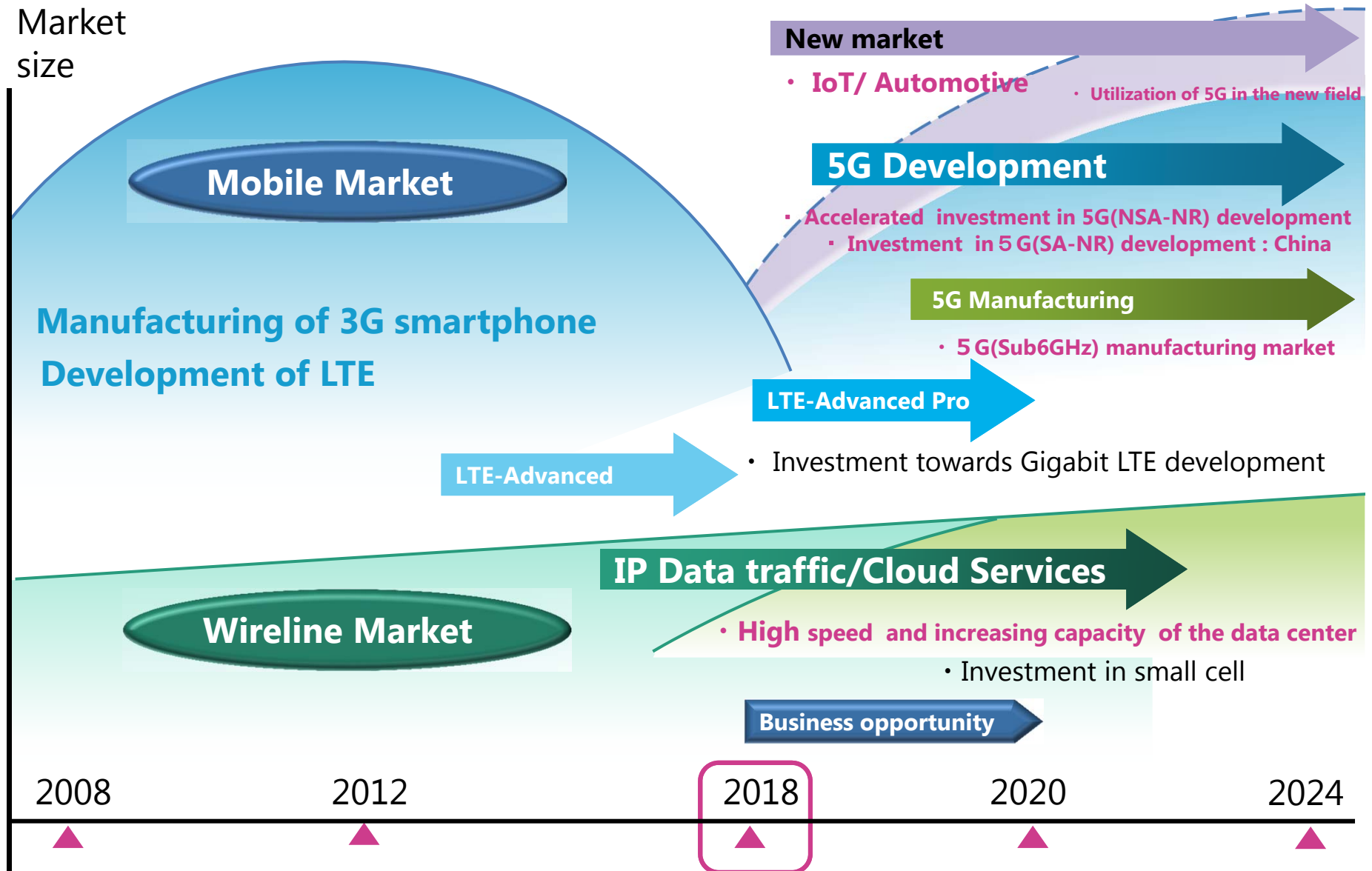
Reference : Exchange rate : FY2017 (Actual) 1USD=111 yen, 1EURO=130 yen
FY2018 (Initially Forecast) 1USD=105 yen, 1EURO=125 yen
FY2018 2H (Forecast) 1USD=105 yen, 1EURO=125 yen

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

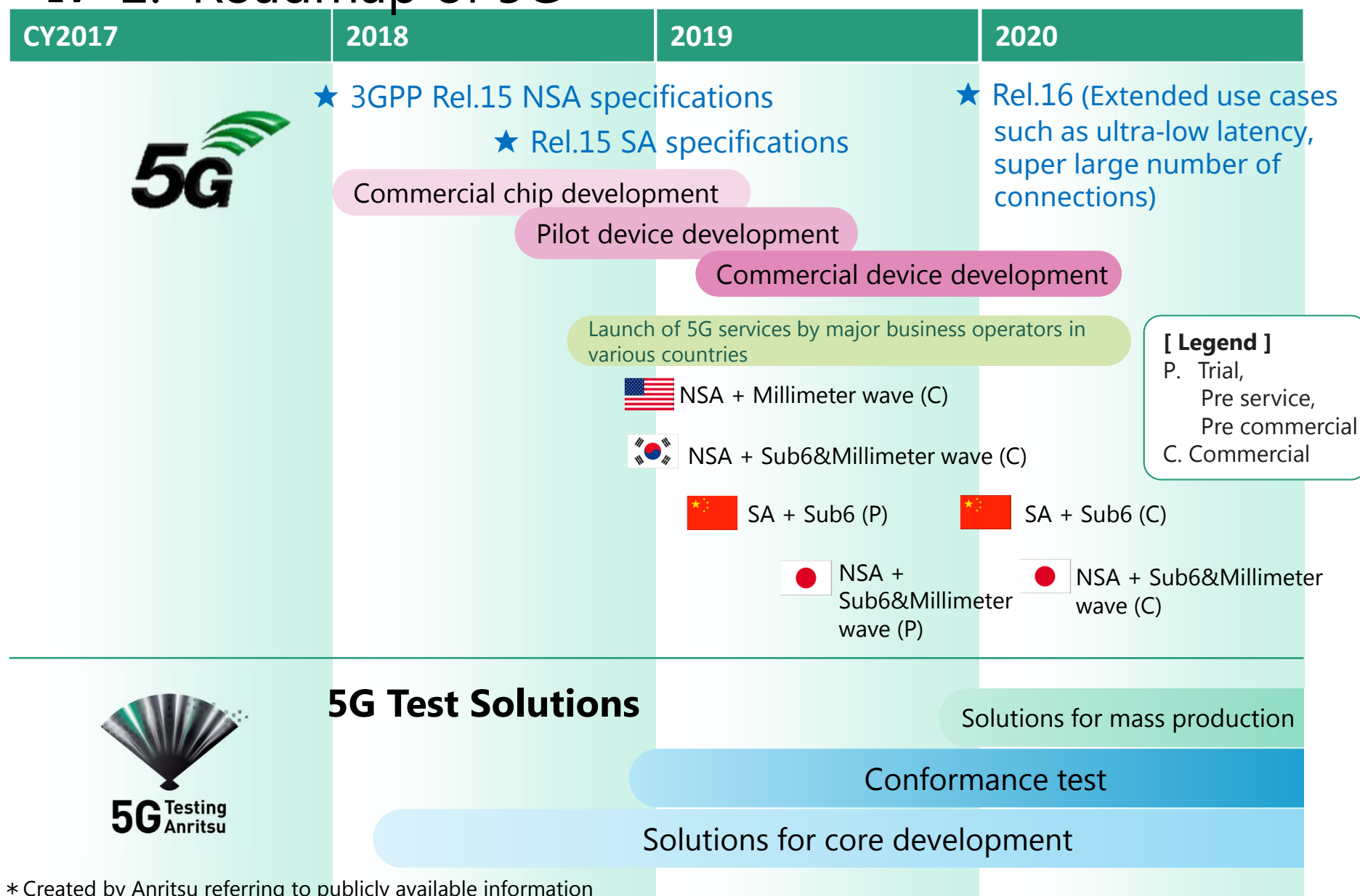
Representative Director, President,
Measurement Business Group President
Anritsu Corporation

Hirokazu Hamada

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

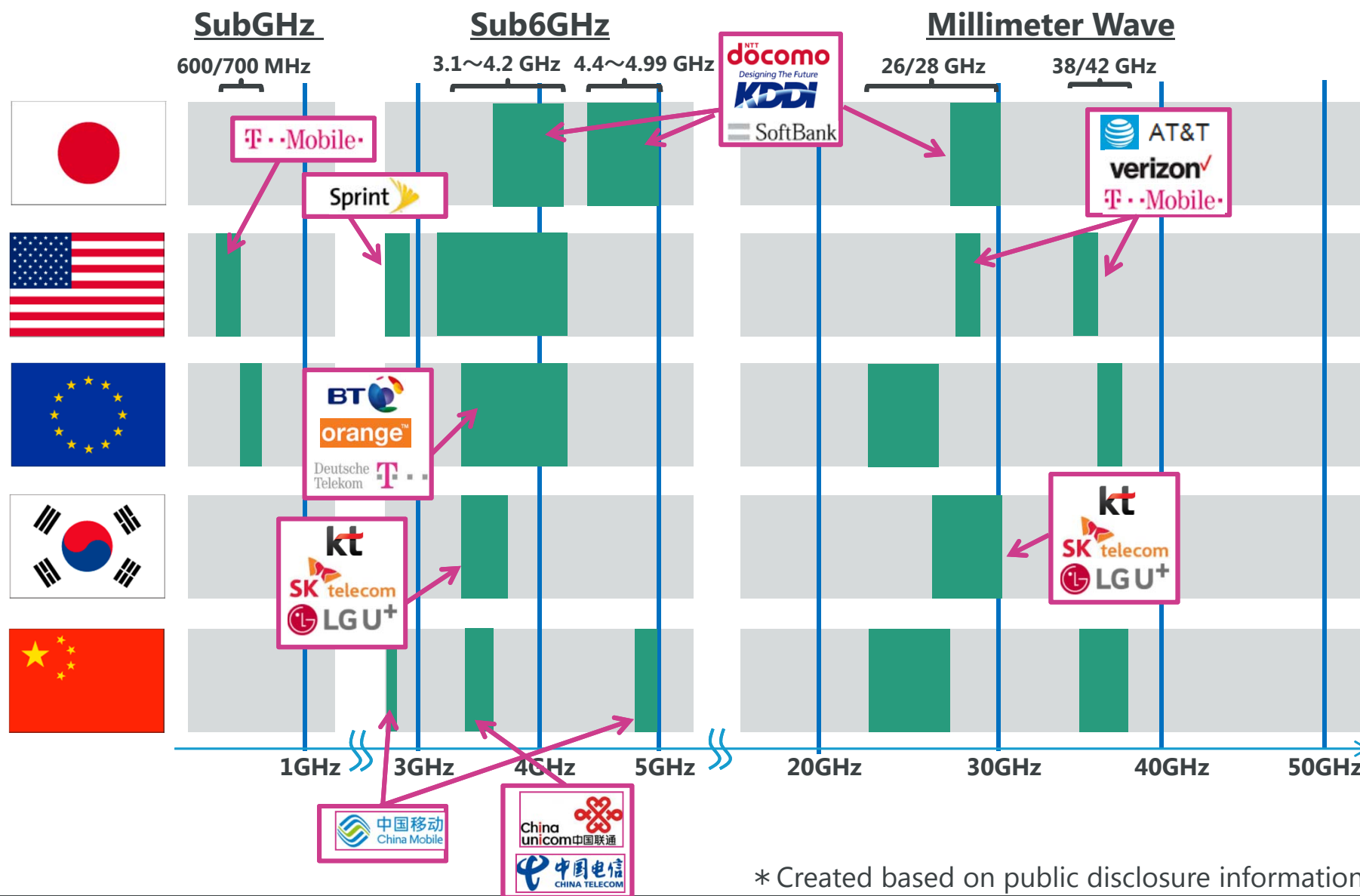


IV-2. Roadmap of 5G



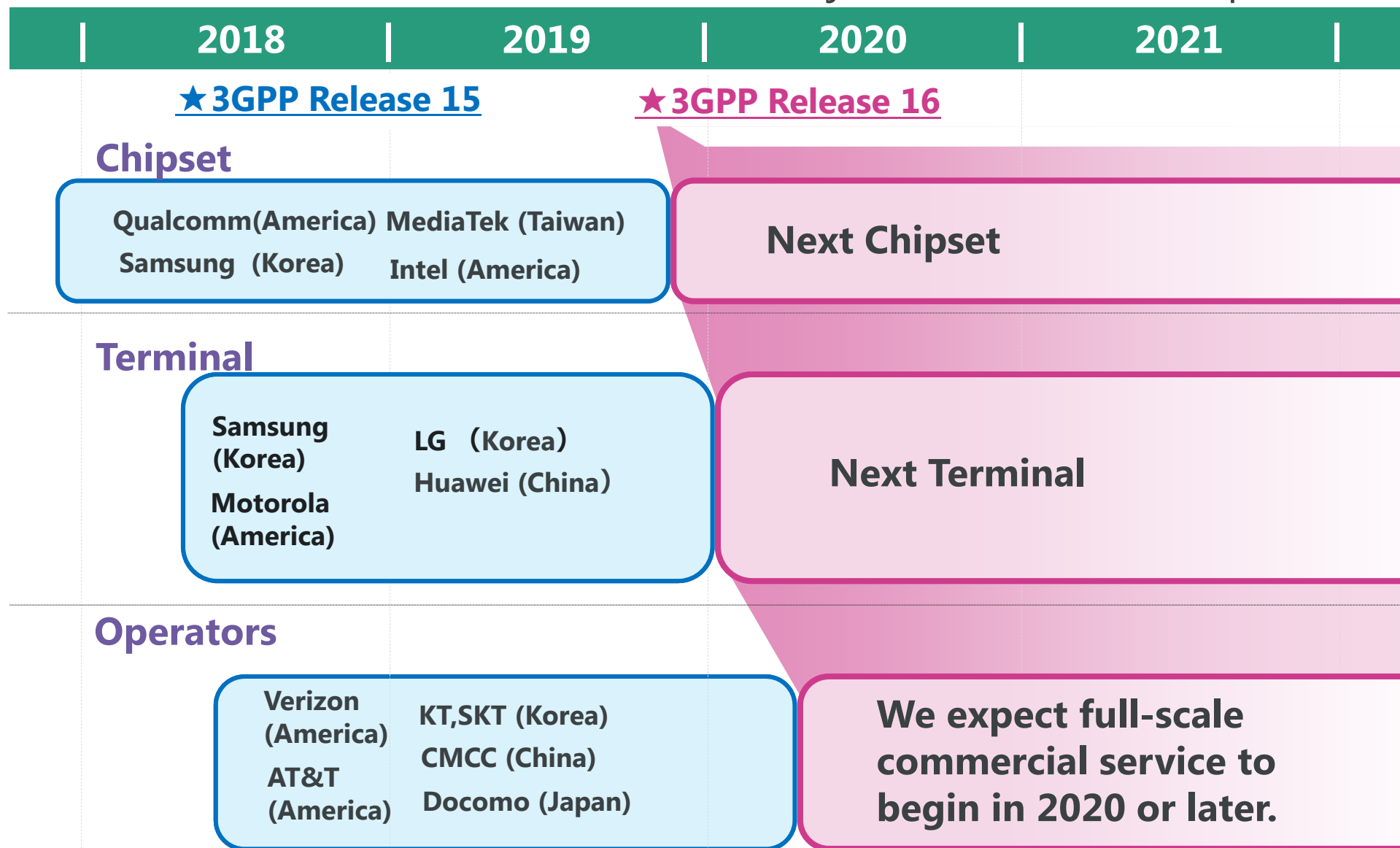
* Created by Anritsu referring to publicly available information

IV-3. 5G Band Allocations in the World



* Created based on public disclosure information.

IV- 4. Current status and outlook for major 5G vendors and operators

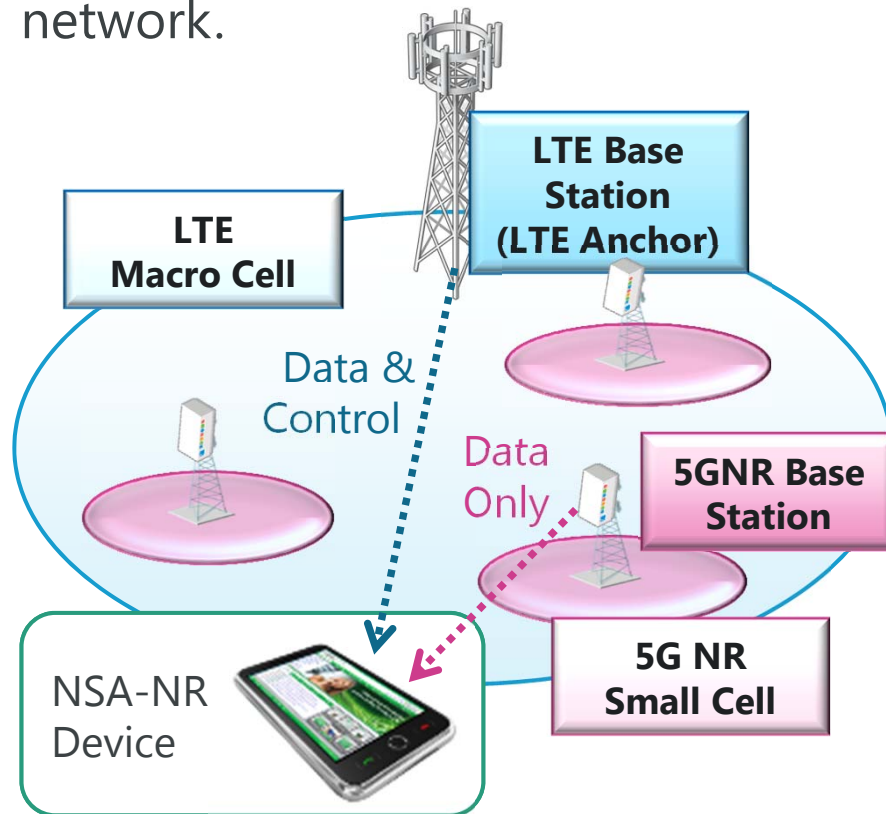


*Created by Anritsu, with reference to materials from “Public Meeting for Exchanging Opinions on Radio Policy (58th Meeting),” issued by the Ministry of Internal Affairs and Communications (September 21, 2018), as well as other publicly available information.

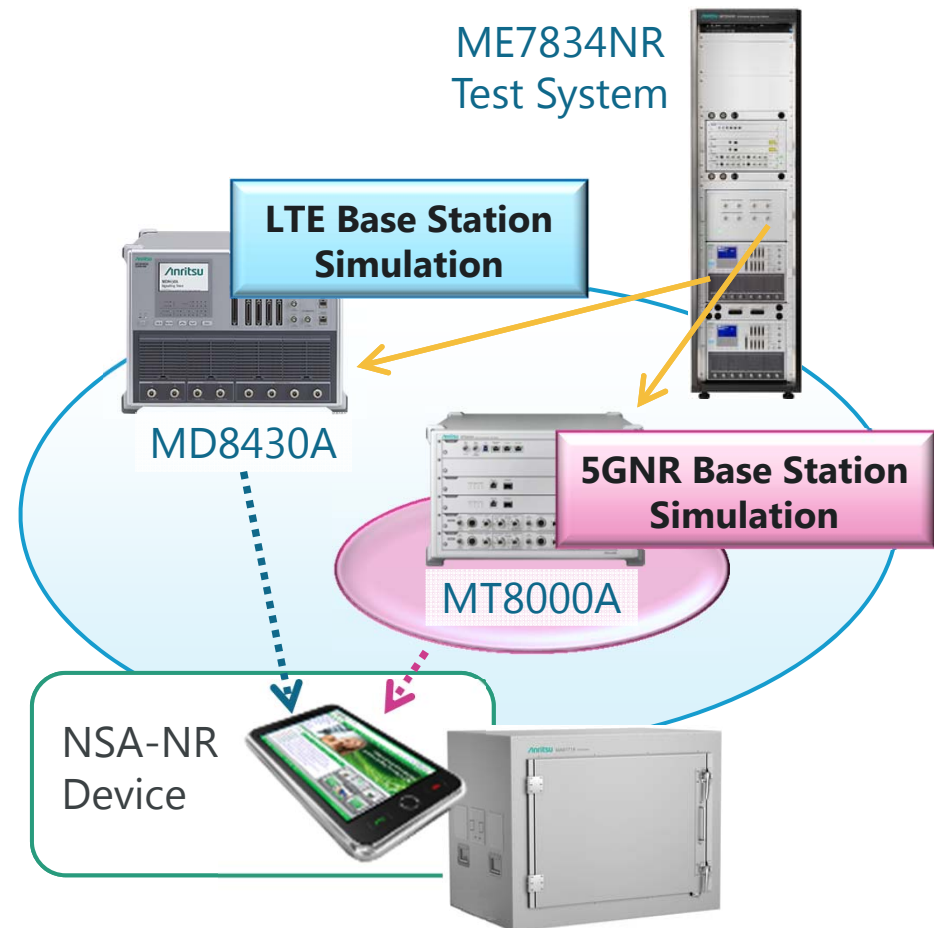
IV- 5. Test solution for 5G NSA-NR terminal development

NSA-NR Network Configuration

Introducing 5G utilizing the LTE core network.



NSA-NR Test Environment



IV-6. 5G terminal development/manufacturing process and test solutions

**Verification of
Core Technologies
at Chipset Vendors**

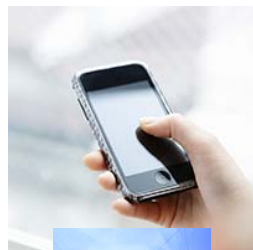


Protocol



Baseband Chipset
/ RF Front End

**Evaluation of
Functions &
Performance at
UE Vendors**



Evaluation of
Functions &
Performance

**Conformance Test
at UE Vendors
& Test Houses**

Conformance Test
(CT)



**Acceptance Test
at Carriers &
Test Houses**

Carrier Acceptance
Test (CAT)



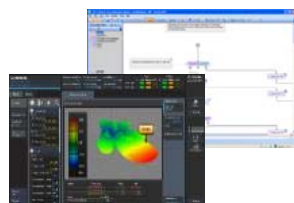
**Mass Production
Test at UE
Vendors & EMS**



RF Calibration
& Inspection



MT8000A
Radio Communication
Test Station



ME7834NR
5G NR Mobile Device Test
Platform



MT8870A
Universal Wireless Test
Set



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The logo features the word "Anritsu" in a large, white, sans-serif font. The letter "A" is stylized with a diagonal slash. Below it, the tagline "envision:ensure" is written in a smaller, white, sans-serif font. The entire logo is centered within a large teal rectangle that has rounded corners. A smaller teal shape, resembling a triangle with a rounded top, is located in the bottom-left corner of the overall image.