

Financial Results for the 3rd quarter of the Fiscal Year ending March 31, 2019

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TSE code : 6754

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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 3rd quarter of the Fiscal Year ending March 31, 2019
- III. Outlook for full year of the fiscal year ending March 31, 2019 (Consolidated)

Appendix

Latest Trends in 5G and Anritsu's Test Solutions

I . Outline of our business segments

T&M

Evolution and advances of networked society

- ▶ Mobile : 5G, LTE
- ▶ Network Infrastructure : Wired, Wireless NW
- ▶ Electronics : Electronics parts, Wireless Equipment



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

T&M 63%			PQA 26%	Others 11%
Mobile 45%	Network Infrastructure 32%	Electronics 23%		

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

Japan 20%	Asia & Pacific 38%	Americas 23%	EMEA 19%
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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)	3Q FY2017 (Apr. to Dec.)	3Q FY2018 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	64.2	73.9	9.7	15%
Revenue	62.3	71.1	8.8	14%
Operating profit (loss)	2.7	7.7	5.0	189%
Profit (loss) before tax	2.6	7.9	5.3	198%
Profit (loss)	1.5	6.3	4.8	326%
Comprehensive income	3.0	6.5	3.5	118%

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)		3Q FY2017 (Apr. to Dec.)	3Q FY2018 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	40.1	48.6	8.5	21%
	Op. profit (loss)	0.9	6.5	5.6	631%
	Adjusted operating profit (loss)	1.2 *	6.5	5.3	453%
PQA	Revenue	16.1	16.6	0.5	3%
	Op. profit (loss)	1.3	1.0	(0.3)	-23%
Others	Revenue	6.0	5.9	(0.1)	-2%
	Op. profit (loss)	0.9	0.7	(0.2)	-19%
Adjustment	Op. profit (loss)	(0.4)	(0.6)	(0.2)	-
Total	Revenue	62.3	71.1	8.8	14%
	Op. profit (loss)	2.7	7.7	5.0	189%

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.

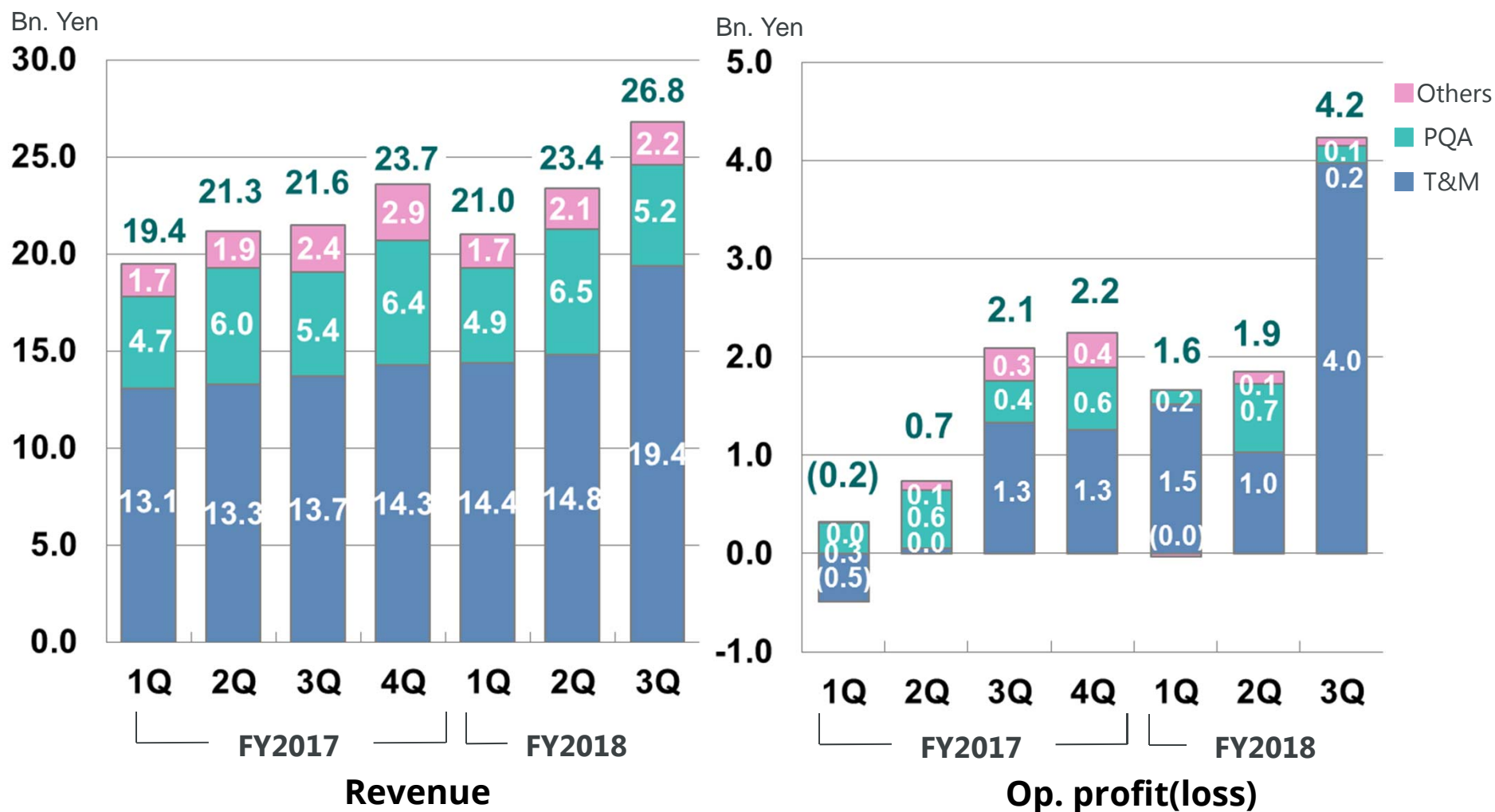
Note3 : Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

*Adjusted operating profit for T&M is the amount after deducting 0.3 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 -



➡ 3Q(Oct.-Dec.) Operating margin : Consolidated 16%, T&M 20%, PQA 4%



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 3Q (April to December, 2018)	
 T&M : Concrete roadmap for 5G commercialization			
Mobile	LTE-Advanced	Trend toward focusing investments on LTE-Advanced Pro	
	5G	Development demand materialized for chipsets and devices	
Network Infrastructure		Capital investment within US market was strong	
Asia	Commercialization testing seen in China 5G (Sub6GHz)		
Americas	Initial 5G development demand grew steadily		
 PQA : Continued strong investment by food market for quality assurance, automation, and labor saving both in Japan and overseas			

T&M: Test & Measurement

PQA : Products Quality Assurance

II -5. Transition of Order intake

➡ T&M : 34% growth year on year

➡ PQA : Same level as the previous year

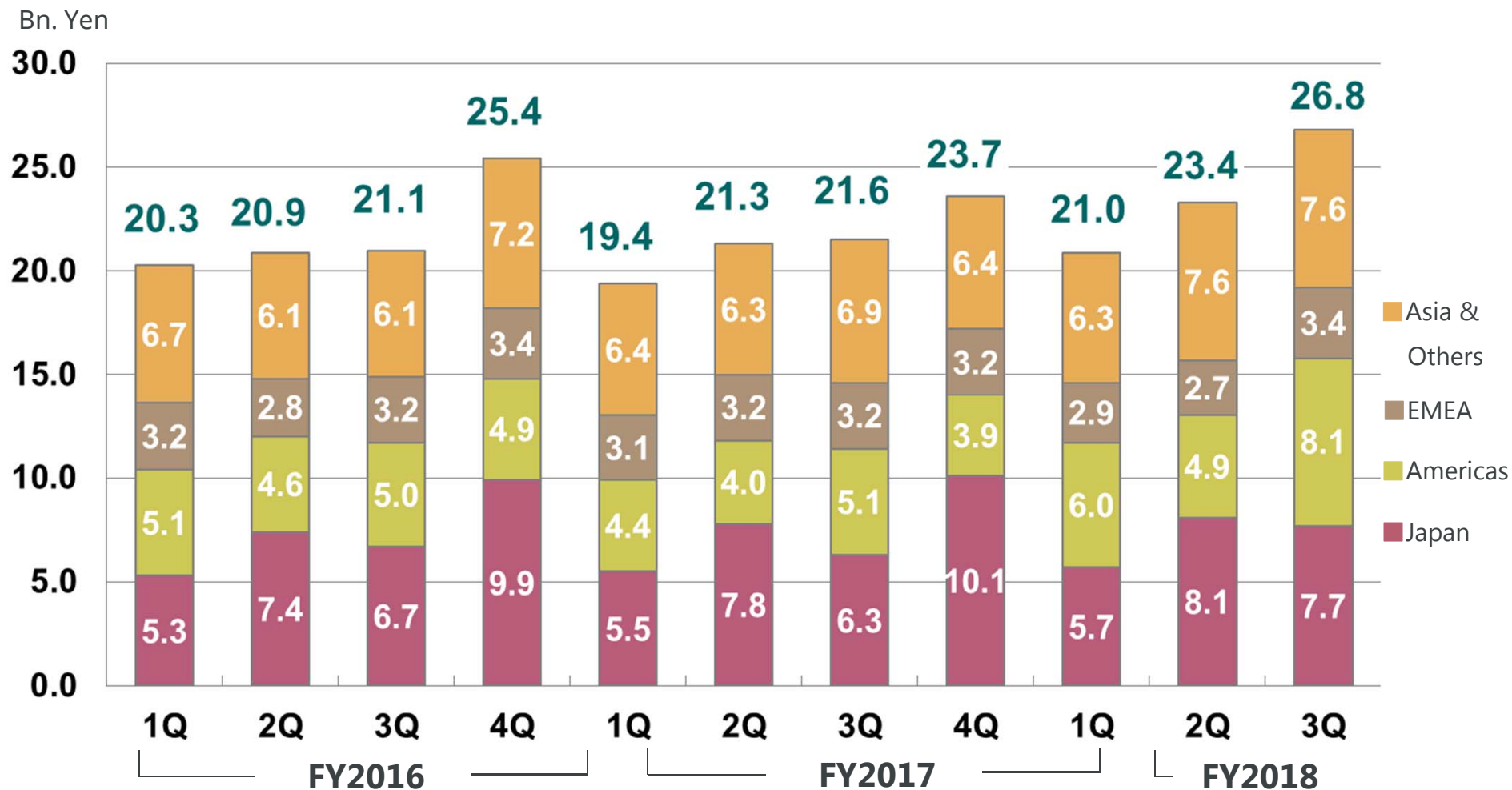
Bn. Yen



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


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

 **Operating cash flow margin ratio was 13.2%**

FY2018 3Q(9 months)

Operating CF : 9.4 Bn. Yen

Investing CF : (1.1) Bn. Yen

Financing CF : (1.7) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 8.3 Bn. Yen

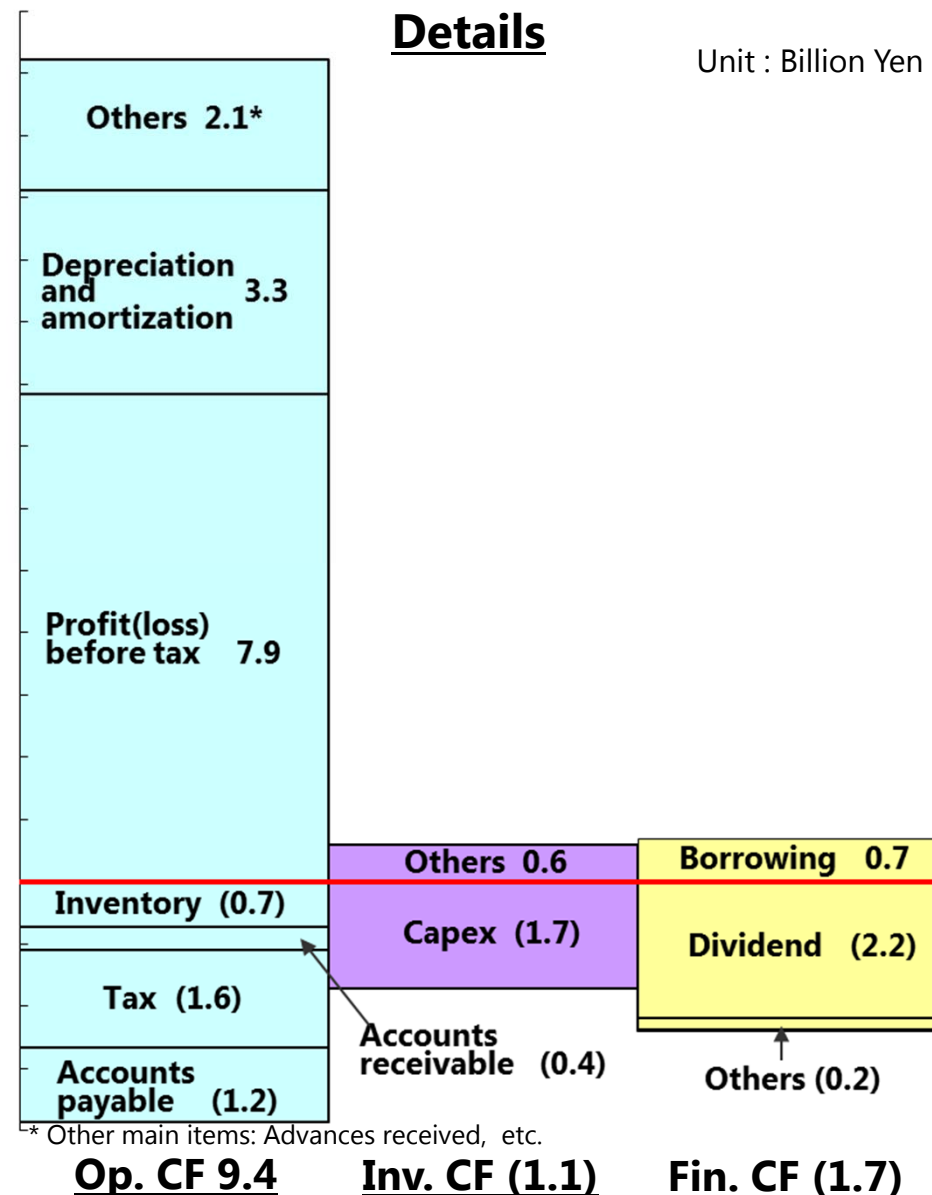
Cash at the end of period

42.1 Bn. Yen

Interest-bearing debt.

16.6 Bn. Yen

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



III-1. Forecast for full year of FY2018 (Consolidated)



Upward revision in revenue and profit forecast for T&M

Unit: Billion Yen

International Financial Reporting Standards (IFRS)			FY2017	FY2018				
			Actual	Full Year			YoY	YoY(%)
				Previous Forecast <small>(as of Apr. 26 2018)</small>	Previous Forecast <small>(as of Oct. 31 2018)</small>	Revised Forecast		
Revenue			86.0	92.0	92.0	98.0	12.0	14%
Operating profit (loss)			4.9	6.6	7.0	11.0	6.1	124%
Profit (loss) before tax			4.6	6.6	7.0	11.0	6.4	139%
Profit (loss)			2.9	5.0	5.5	8.5	5.6	193%
	T&M	Revenue	54.4	60.0	60.0	66.0	11.6	21%
		Op. profit (loss)	2.1	3.5	5.0	9.0	6.9	319%
	PQA	Revenue	22.5	23.5	23.5	23.5	1.0	4%
		Op. profit (loss)	2.0	2.0	2.0	2.0	0.0	2%
	Others	Revenue	9.0	8.5	8.5	8.5	(0.5)	-5%
		Op. profit (loss)	1.5	1.1	0.7	0.7	(0.8)	-52%
	Adjustment	Op. profit (loss)	(0.7)			(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 previous forecast (announced on April 26, 2018).

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

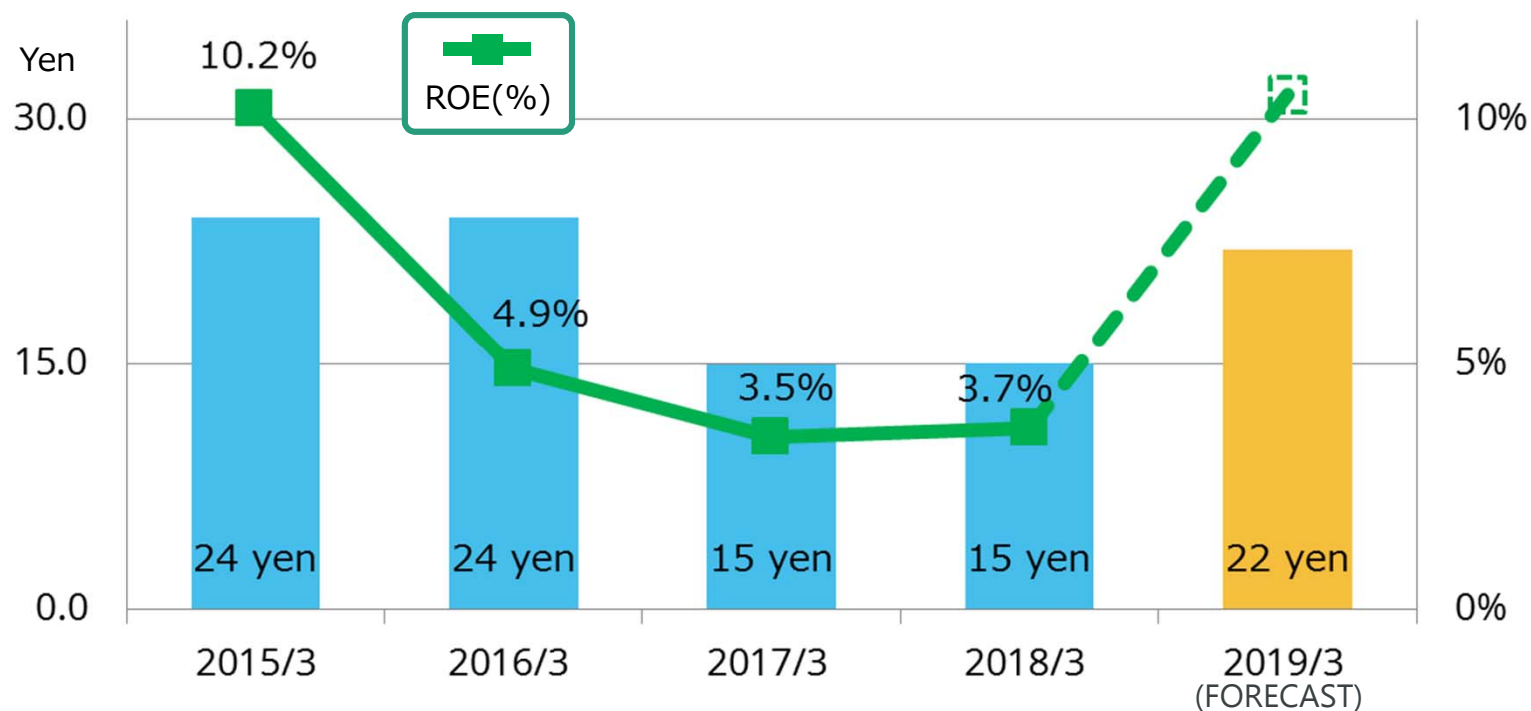
Ⅲ-2. Dividend forecast, ROE

Annual Dividend
**Increase
in dividend**

17 yen → 22 yen

(Interim dividend 8.5 yen, Year-end dividend 13.5 yen)

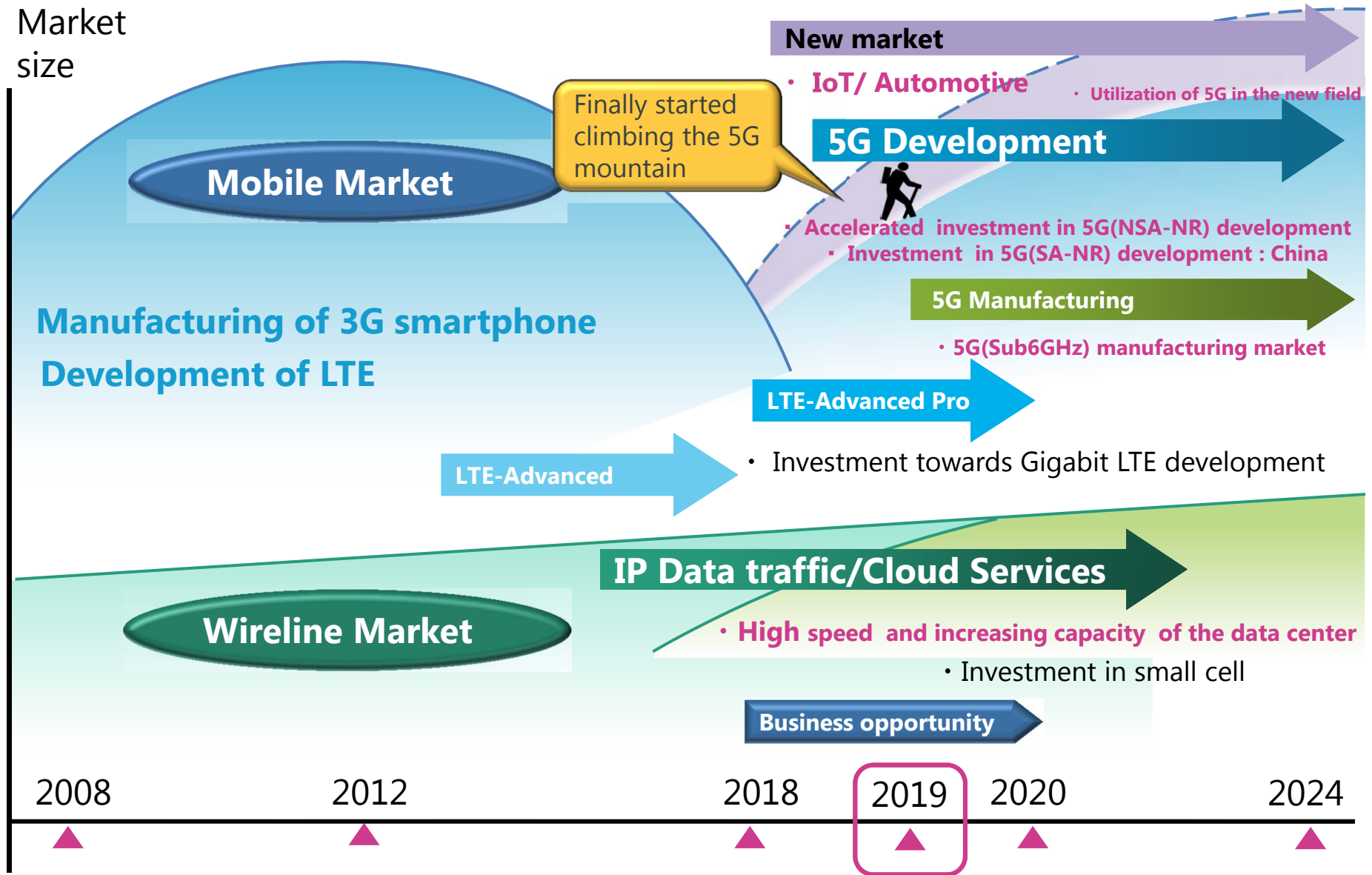
	Dividend per share	Profit	Payout ratio
FY2018 (Forecast)	22yen	8.5 B yen	35.5%



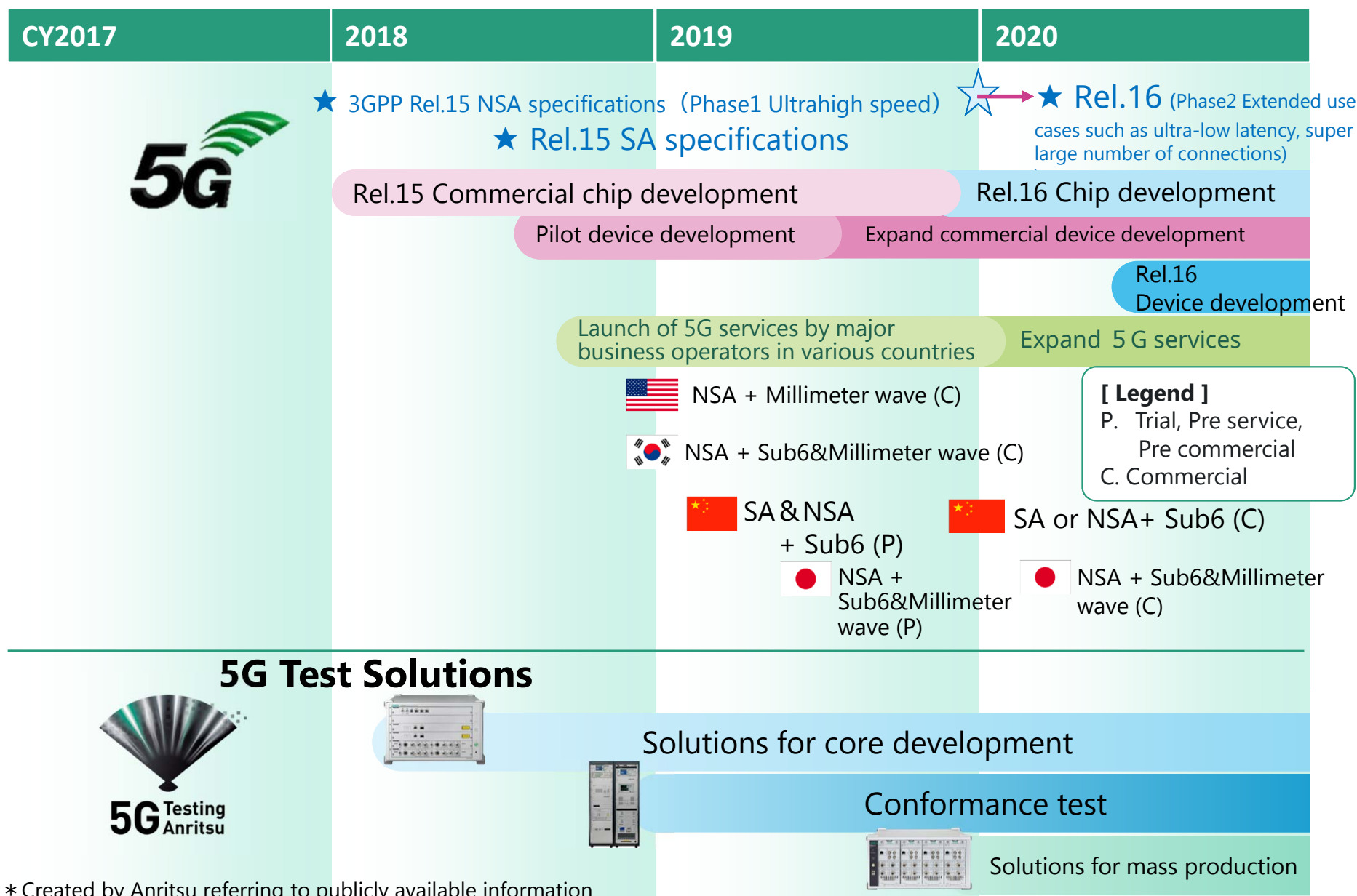
Appendix

Latest Trends in 5G and Anritsu's Test Solutions

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

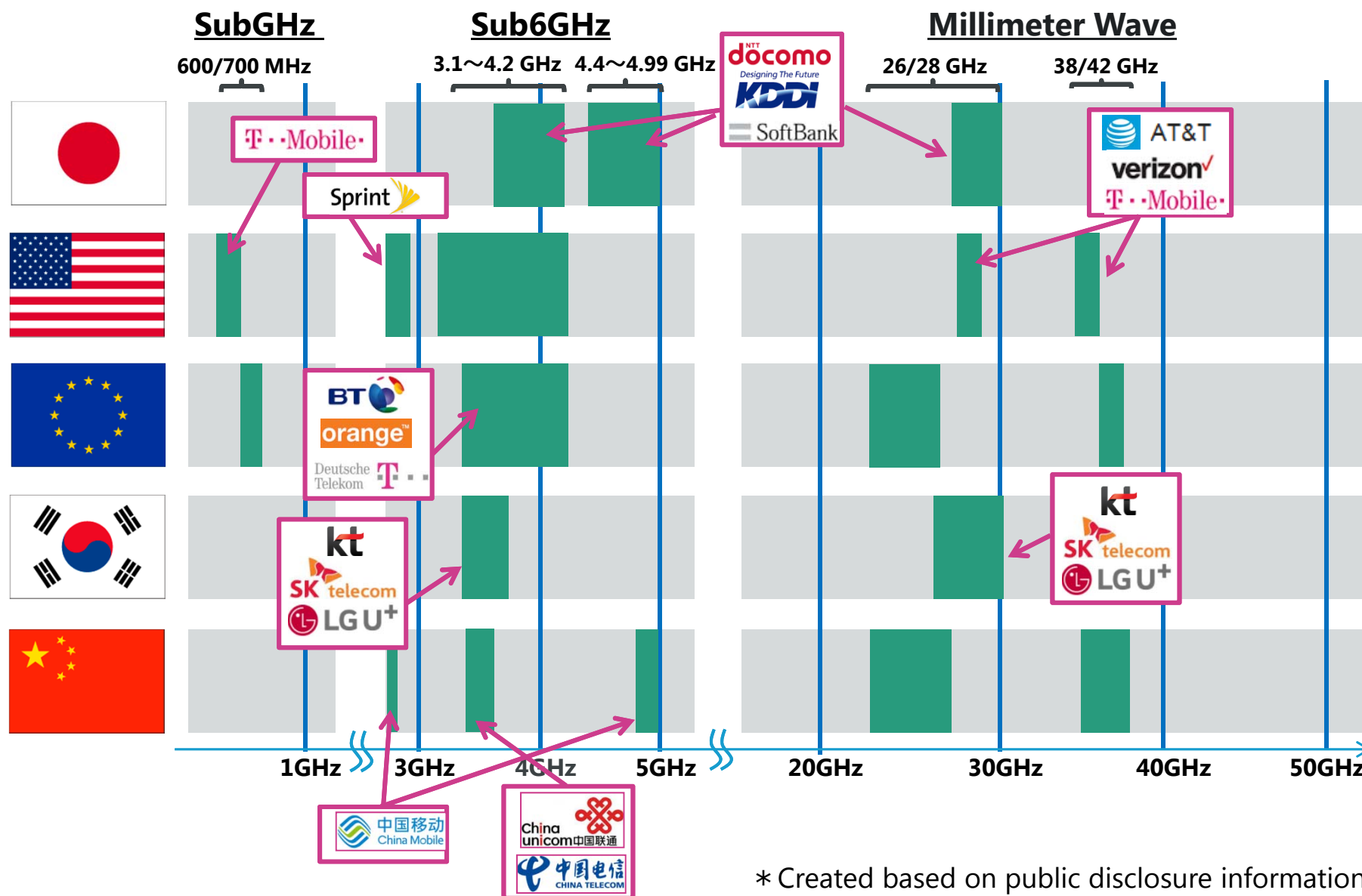


Appendix-2 Roadmap of 5G



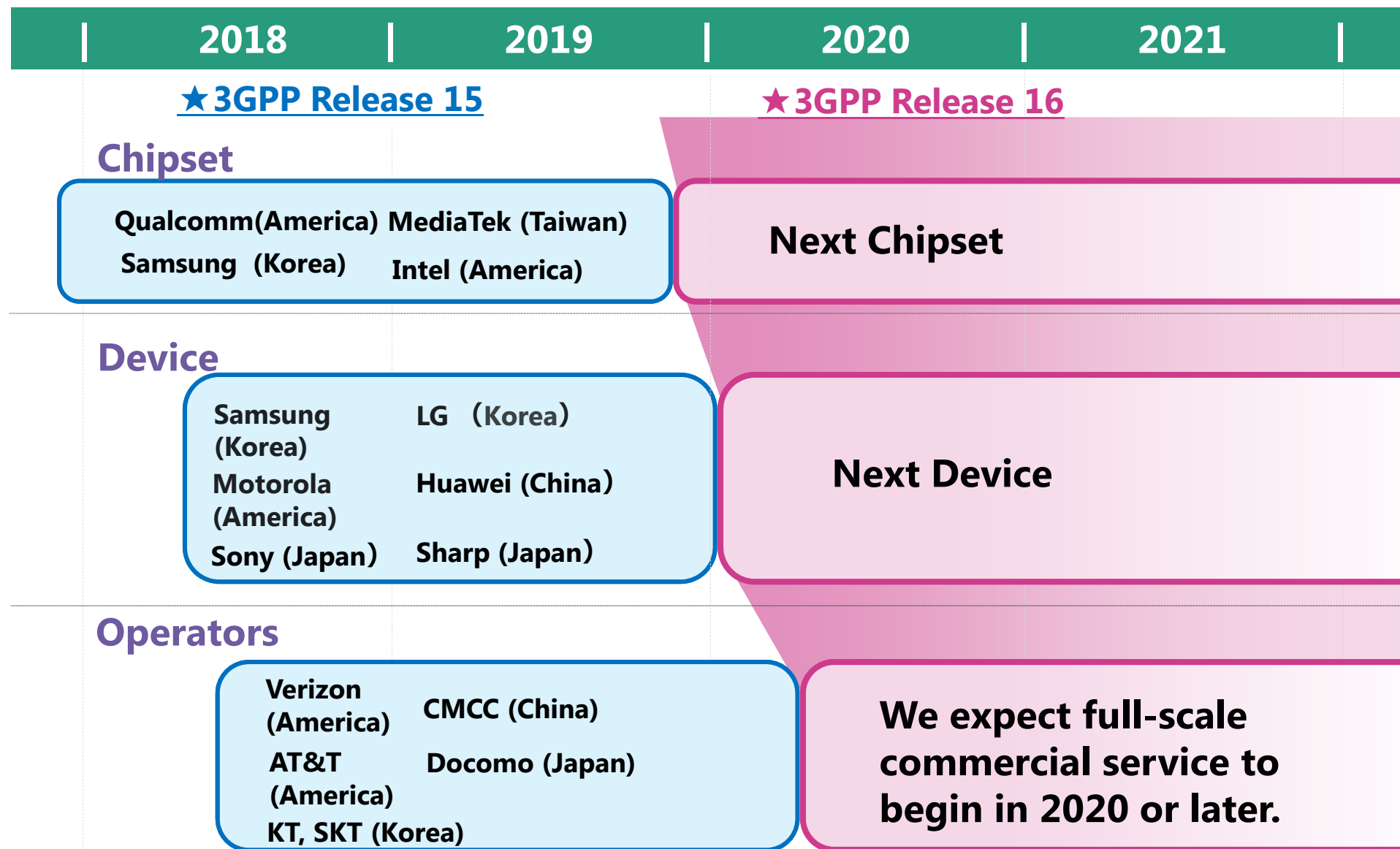
* Created by Anritsu referring to publicly available information

Appendix-3 5G Band Allocations in the World



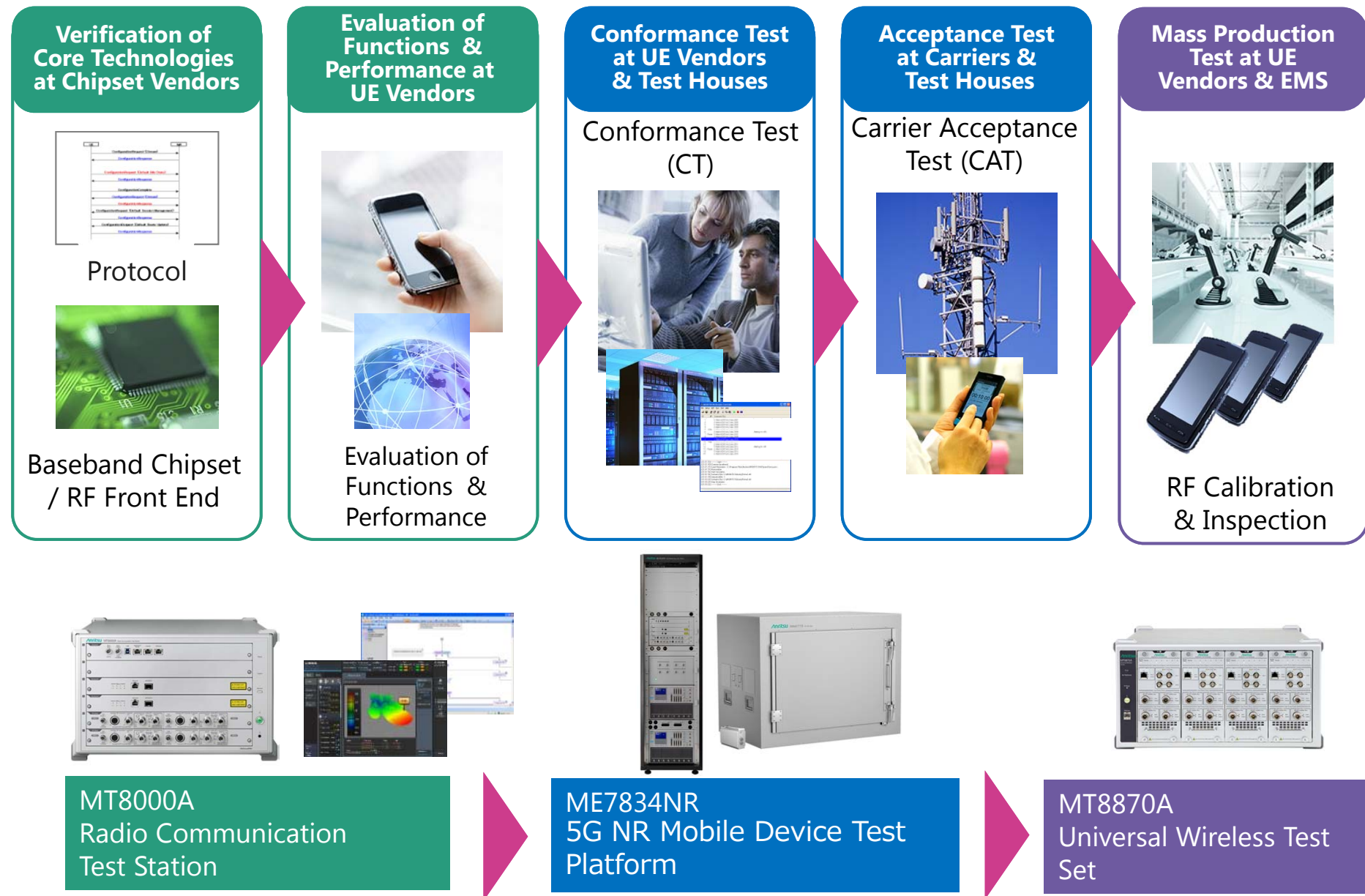
* Created based on public disclosure information.

Appendix-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.

Appendix-5 5G device development/manufacturing process and test solutions





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