Financial Results for the Fiscal Year ended March 31, 2019

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Executive Vice President
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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.

(No notes here)

Agenda

I. Outline of our business segments

II. Consolidated performance review of the Fiscal Year ended March 31, 2019

III. Outlook for full year of the fiscal year ending March 31, 2020 (Consolidated)

(No notes here)

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)
99.7 Billion Yen consolidated revenue in FY2018

T&M 68%			PQA	Others
Mobile 53%	Network Infrastructure 26%	Electronics 21%	23%	9%

(Sales of T&M business by region in FY2018)

Japan	Asia & Pacific	Americas	EMEA
19%	33%	32%	16%

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

(No notes here)

Ⅱ-1. Consolidated performance - Financial results -

Achieved first-year targets of GLP2020

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2017 (Apr. to Mar.)	FY2018 (Apr. to .Mar.)	YoY	YoY (%)
Order Intake	**88.5**	**100.8**	**12.3**	**14%**
Revenue	**86.0**	**99.7**	**13.7**	**16%**
Operating profit (loss)	**4.9**	**11.2**	**6.3**	**129%**
Profit (loss) before tax	**4.6**	**11.4**	**6.8**	**147%**
Profit (loss)	**2.9**	**9.0**	**6.1**	**210%**
Comprehensive income	**3.9**	**9.4**	**5.5**	**143%**

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

The Group's consolidated order intake increased by 14% year on year to 100.8 billion yen and revenue increased by 16% year on year to 99.7 billion yen. Operating profit was 11.2 billion yen, an increase of 6.3 billion yen year on year.

Profit was 9.0 billion yen, an increase of 6.1 billion yen year on year, and comprehensive income was 9.4 billion yen.

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

T&M: 25% growth by capturing wave of investment in initial development for 5G

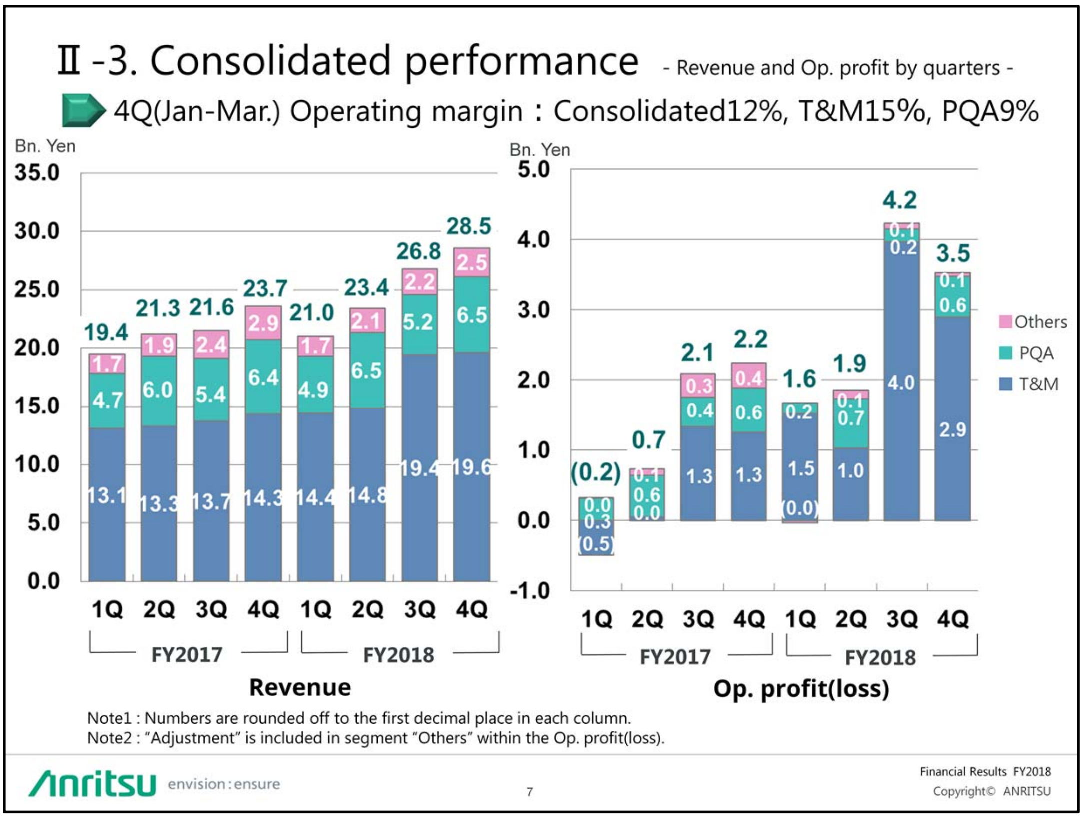
Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2017 (Apr. to Mar.)	FY2018 (Apr. to .Mar.)	YoY	YoY (%)
T&M	Revenue	**54.4**	**68.2**	**13.8**	**25%**
	Op. profit (loss)	**2.1**	**9.4**	**7.3**	**338%**
	Adjusted operating profit (loss)	*2.5* *	*9.4*	*6.9*	*274%*
PQA	Revenue	**22.5**	**23.1**	**0.6**	**2%**
	Op. profit (loss)	**2.0**	**1.6**	**(0.4)**	**-18%**
Others	Revenue	**9.0**	**8.4**	**(0.6)**	**-6%**
	Op. profit (loss)	**1.5**	**1.1**	**(0.4)**	**-21%**
Adjustment	Op. profit (loss)	**(0.7)**	**(0.9)**	**(0.2)**	**-**
Total	Revenue	**86.0**	**99.7**	**13.7**	**16%**
	Op. profit (loss)	**4.9**	**11.2**	**6.3**	**129%**

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 ended 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

The T&M business achieved year on year increases in both revenue and profit by capturing the wave of investment in initial development for 5G, with revenue up by 25% to 68.2 billion yen, and operating profit increasing by 7.3 billion yen to 9.4 billion yen (operating margin:13.8%). In the PQA business, revenue increased by 0.6 billion yen year on year due to solid investment in the food market both in Japan and overseas, but operating profit declined by 0.4 billion yen to 1.6 billion yen year on year (operating margin 7.0%) as a result of making investments to strengthen sales capabilities in overseas markets.



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

Consolidated : 3.5 billion yen (Operating margin : 12.4%)

T&M : 2.9 billion yen (Operating margin : 14.8%)

PQA : 0.6 billion yen (Operating margin : 9.0%)

Ⅱ-4. Overview of operations by business segment

Segment		FY2018 (April 2018 to March 2019)
T&M: Steady progress of 5G commercialization schedule		
Mobile	LTE	Continued curbing and reduction of investment in LTE-A
	5G	Series of releases of 5G devices at MWC19
Network Infrastructure		Capital investment within US market was strong
Asia		Launch of 5G service in South Korea, preparations for 5G commercialization testing in China
Americas		Launch of 5G service by major operators
PQA: Continued strong investment by food market for quality assurance, automation, and labor saving both in Japan and overseas		

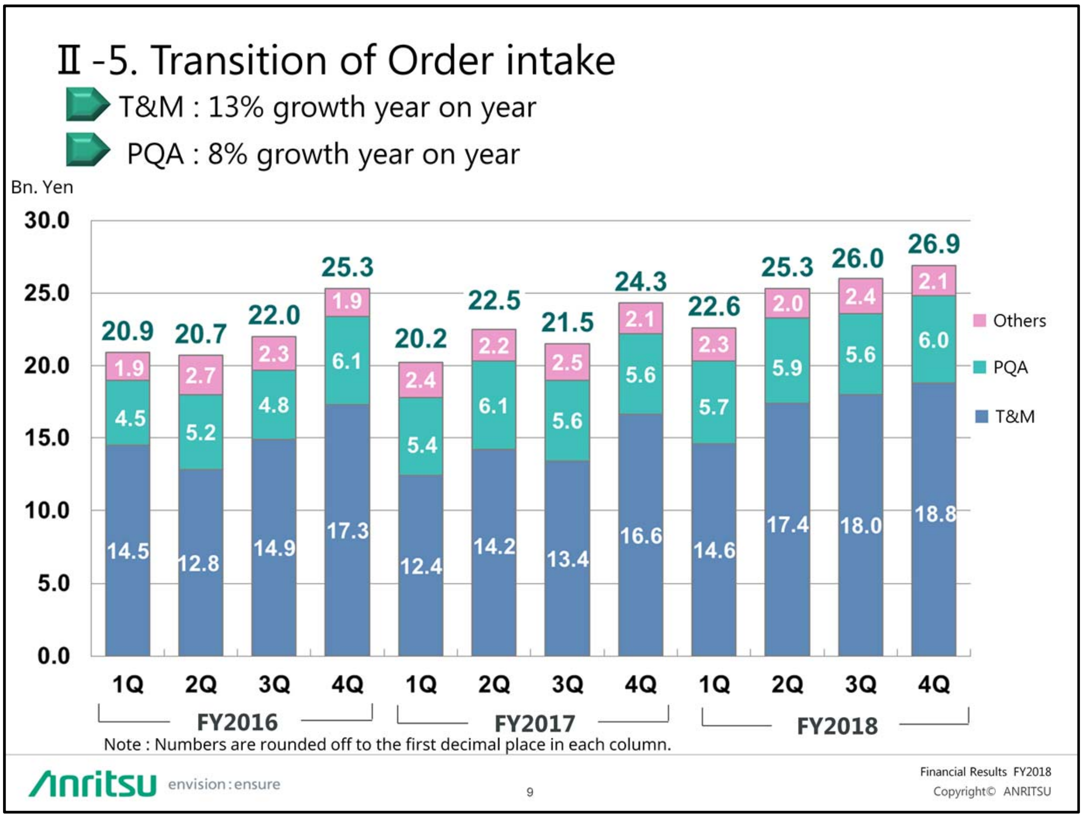
T&M: Test & Measurement PQA : Products Quality Assurance

In the T&M business, 5G commercialization schedules for major operators in each country have progressed steadily following completion of standardization of the 5G standard (NSA (Non Stand Alone) and SA (Stand Alone)) by 3GPP. 5G service was launched in the U.S. and South Korea in December 2018, and 5G smartphone service began in April 2019. Major device vendors in the U.S. and Asia developed devices using 5G smartphone service, and these were released one after another at MWC2019.

Against this backdrop, our new product, the "5G Radio Communication Test Station" MT8000A captures initial development demand for 5G chipsets and devices.

Meanwhile, curbing and reduction of investment in LTE continues. Going forward, the trend will be toward expanded investment in 5G, but LTE investment is expected to shrink further.

In the PQA business, the food market continues to make strong capital investments toward strengthening quality assurance process improvement, automation, and labor saving, both in Japan and overseas, with a focus on X-ray foreign body detection solutions.



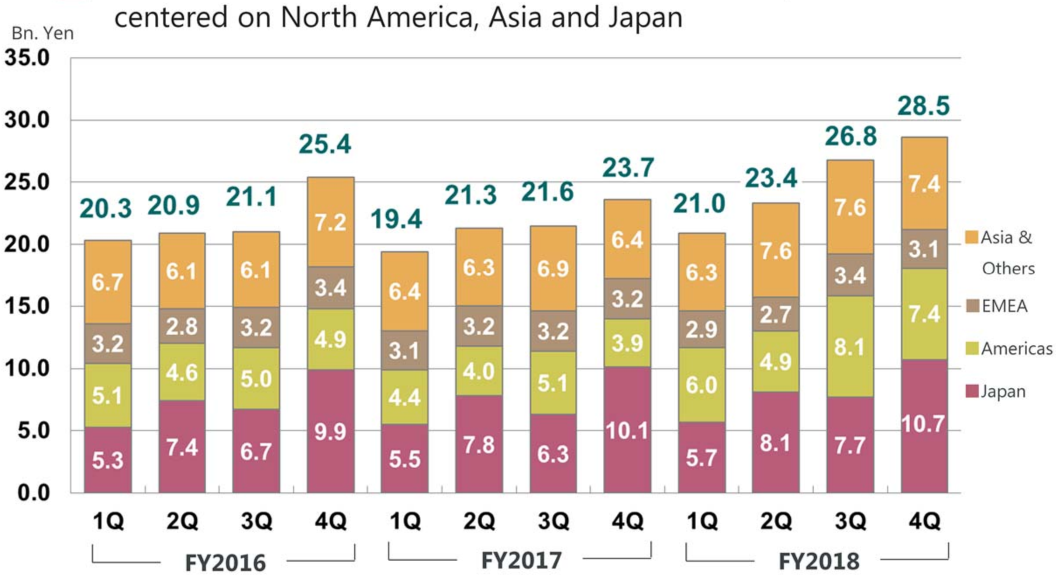
Order intake of the T&M business in 4Q was 18.8 billion yen, which represents a year-on-year increase of 2.2 billion yen (13%), primarily due to the capturing of initial 5G development demand.

Order intake of the PQA business in 4Q was 6.0 billion yen, an increase of 0.4 billion yen (8%) year-on-year .

The order backlog for the entire Group was 21.9 billion yen (4% year-on-year increase) and 16.0 billion yen (0.4% year-on-year increase) for the T&M business and 4.6 billion yen (7% year-on-year increase) for the PQA business.

Ⅱ-6. Transition of Revenue by region

Increased revenue from investment in initial development for 5G centered on North America, Asia and Japan



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

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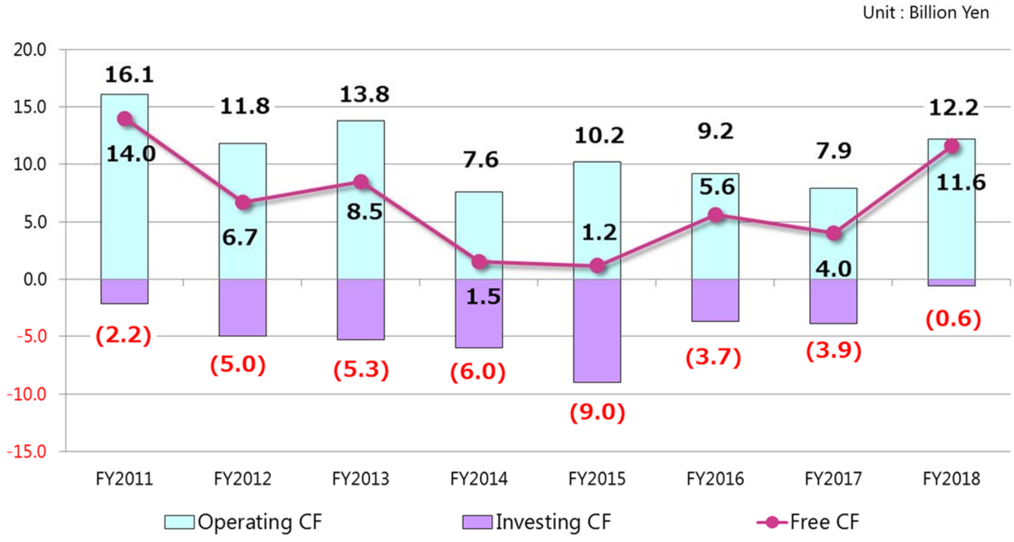
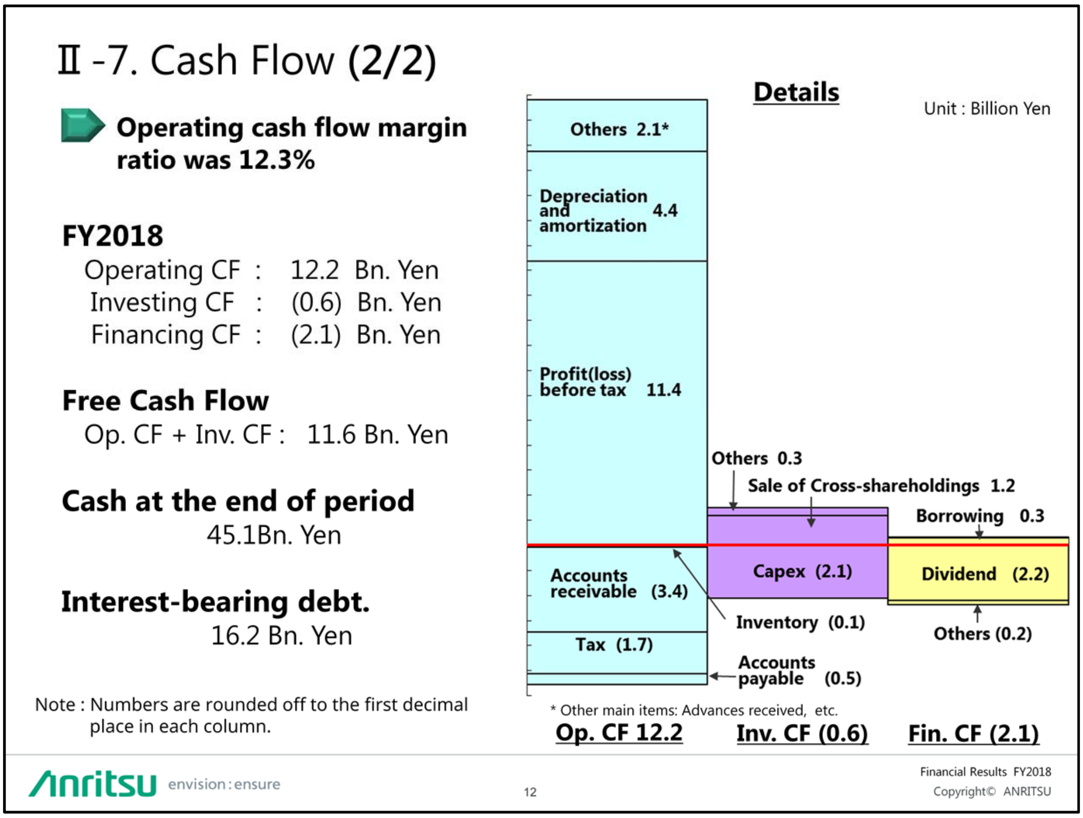
Regarding revenue in the fourth quarter by region, revenue related to investment in initial development for 5G increased in the North America, Asia and Japan regions.

Ⅱ-7. Cash Flow (1/2)



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

Operating cash flow is steadily generated by improving the efficiency of working capital and other factors.



The operating cash flow was inflow of 12.2 billion yen.

The investing cash flow was outflow of 0.6 billion yen. The main inflow was sale of Cross-shareholdings of 1.2 billion yen.

As a result, the free cash flow amounted to an inflow of 11.6 billion yen.

The financial cash flow was outflow of 2.1 billion yen. The main outflows were bank loans of 0.3 billion yen and dividends paid of 2.2 billion yen (Dividend per share: Fiscal year end dividend: 7.5 yen, Interim dividend: 8.5 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 9.6 billion yen from the beginning of the fiscal year to 45.1 billion yen.

Ⅲ-1. Forecast for full year of FY2019 (Consolidated)

Proactive strategic investments made to strengthen 5G competitiveness

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2018 Actual	FY2019 Forecast	FY2019 YoY	FY2019 YoY(%)
Revenue		99.7	102.0	2.3	2%
Operating profit (loss)		11.2	10.0	(1.2)	-11%
Profit (loss) before tax		11.4	10.0	(1.4)	-12%
Profit (loss)		9.0	7.5	(1.5)	-17%
T&M	Revenue	68.2	69.0	0.8	1%
	Op. profit (loss)	9.4	8.0	(1.4)	-15%
PQA	Revenue	23.1	24.5	1.4	6%
	Op. profit (loss)	1.6	2.0	0.4	24%
Others	Revenue	8.4	8.5	0.1	1%
	Op. profit (loss)	1.1	0.9	(0.2)	-21%
Adjustment	Op. profit (loss)	(0.9)	(0.9)	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 : FY2018 (Actual) 1USD=111 yen, 1EURO=128 yen
FY2019(Forecast) 1USD=105 yen, 1EURO=125 yen

The forecast for the full year results for FY2019 is as shown above.

The forecast for the full year results for FY2019 is as shown above.

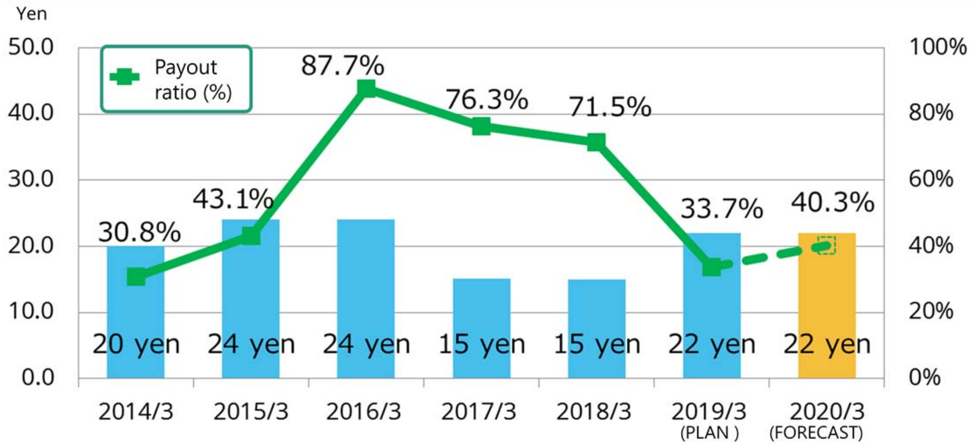
In the T&M business, we expect revenue of 69.0 billion yen, an increase of 0.8 billion year on year, by capturing demand for device development aimed at the full-fledged commercialization of 5G. We anticipate operating profit of 8.0 billion yen, a decrease of 1.4 billion yen from the previous fiscal year, owing to proactive strategic investments made to strengthen 5G competitiveness.

In the PQA business, we aim to increase revenue by 6% year on year to 24.5 billion yen and operating profit by 24% year on year to 2.0 billion yen by continuing to steadily capture quality assurance needs through the introduction of optimal solutions in the food and pharmaceuticals markets in Japan and overseas.

Ⅲ-2. Dividend forecast

Annual dividend

	Dividend per share	Profit	Payout ratio	DOE	ROE
FY2019 (Forecast)	**22 yen**	**7.5 B yen**	**40.3%**	**3.2%**	**8%**
FY2018 (Plan)	22 yen	9.0 B yen	33.7%	3.7%	10.9%



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 22 yen per share (including an interim dividend of 11 yen per share) for FY2019, based on the assumption to achieve the business results forecast.

We aim for ROE of over 8% in FY2019.

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