

GLP2020 Progress Status

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Beyond
2020



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(No notes here)

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Agenda

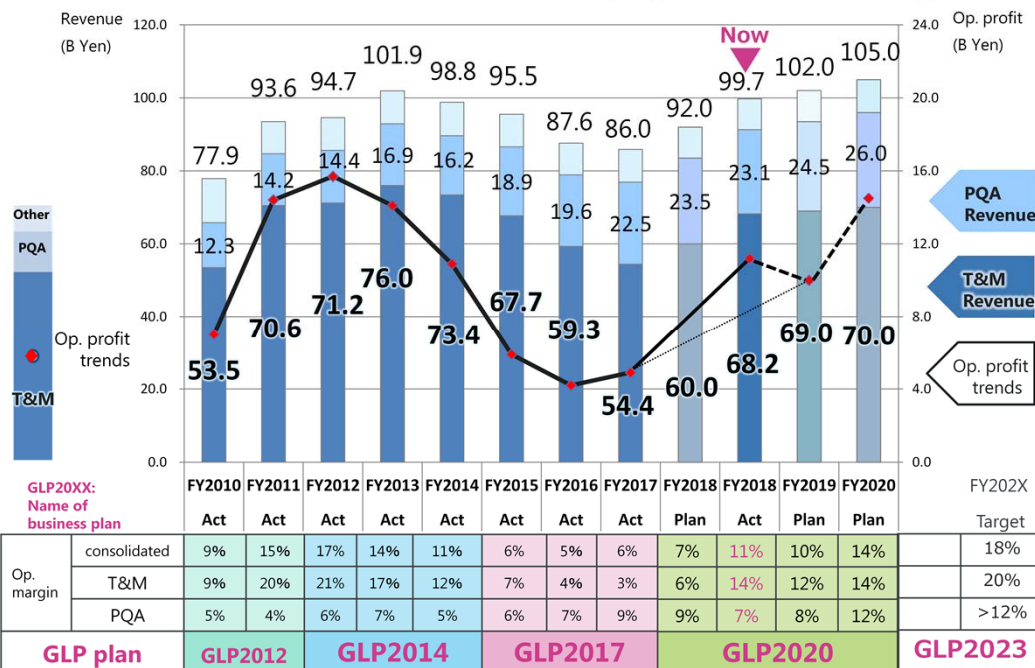
- I. GLP2020 Progress Status and FY2019 Initiatives
- II. MWC 2019 Report
- III. Roadmap of 5G

Appendix

Latest Trends in 5G and Anritsu's Test Solutions

(No notes here)

I - 1. GLP2020 : Revenue and Op. profit Plan Progress



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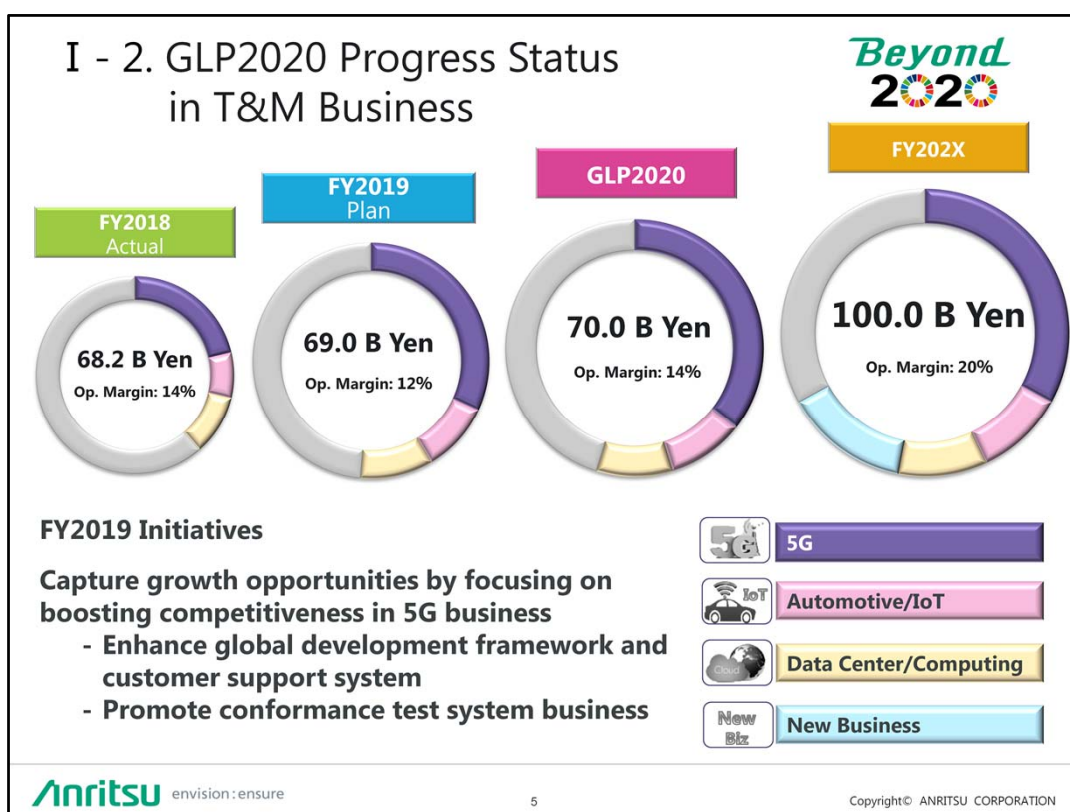
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FY2018, the first year of GLP2020, got off to a favorable start. Revenue and operating profit were both above the initial forecast due to the T&M business steadily capturing initial development demand for 5G.

On a consolidated basis, revenue was 99.7 billion yen, compared to the revenue forecast of 92.0 billion yen, and the operating margin was 11%, exceeding the forecast of 7%. This was driven by the T&M business, which recorded revenue of 68.2 billion yen compared to the forecast of 60.0 billion yen, and an operating margin of 14%, exceeding the forecast of 6%.

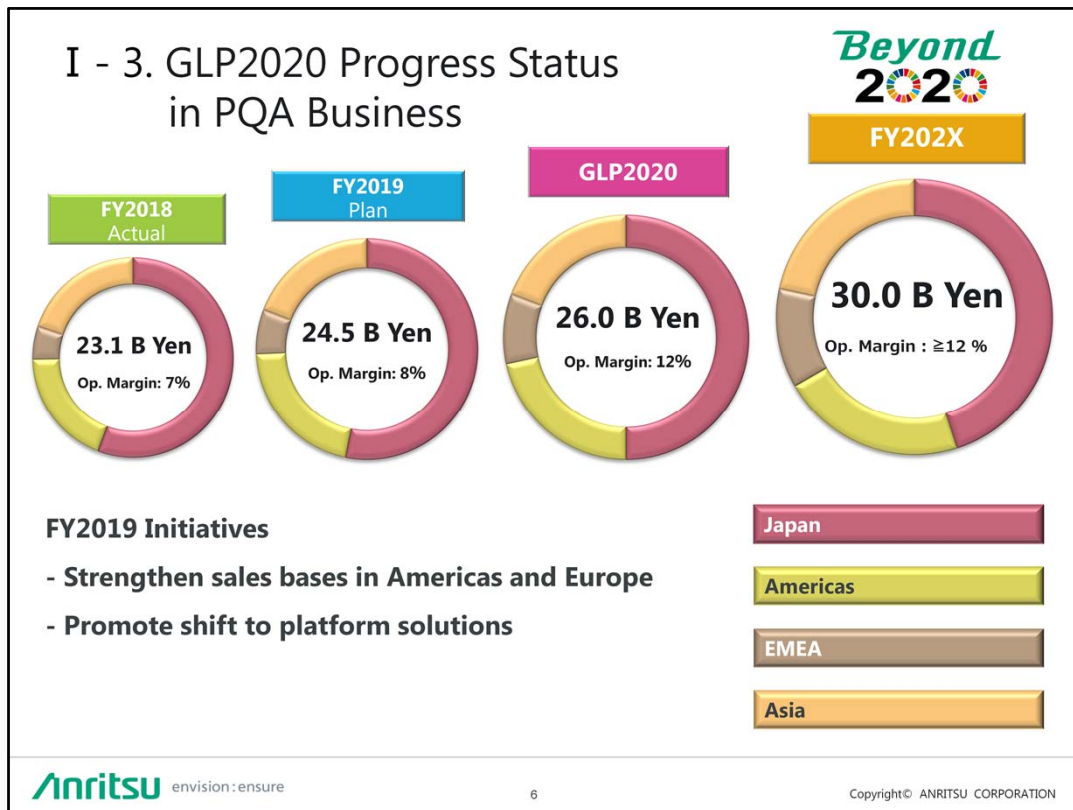
We will continue to work to achieve the GLP2020 targets of consolidated revenue of 105.0 billion yen and a consolidated operating margin of 14%.



In FY2018, the first year of GLP2020, among our three growth drivers, we steadily captured initial development demand for 5G. As a result, revenue was 68.2 billion yen and the operating margin was 14%, both exceeding the initial forecasts.

In FY2020, we aim to expand the revenue ratio of our three growth drivers, namely 5G, IoT/Automotive, and IP Data Traffic/Cloud Services, and achieve revenue of 70.0 billion yen and an operating margin of 14%.

Under the next Mid-Term Business Plan GLP2023, we will launch a new test and measurement business as a new growth driver. We plan to achieve revenue of 100.0 billion yen and our medium- to long-term operating margin target of 20% by expanding the revenue ratio of four businesses, comprising our three growth drivers plus the new test and measurement business.



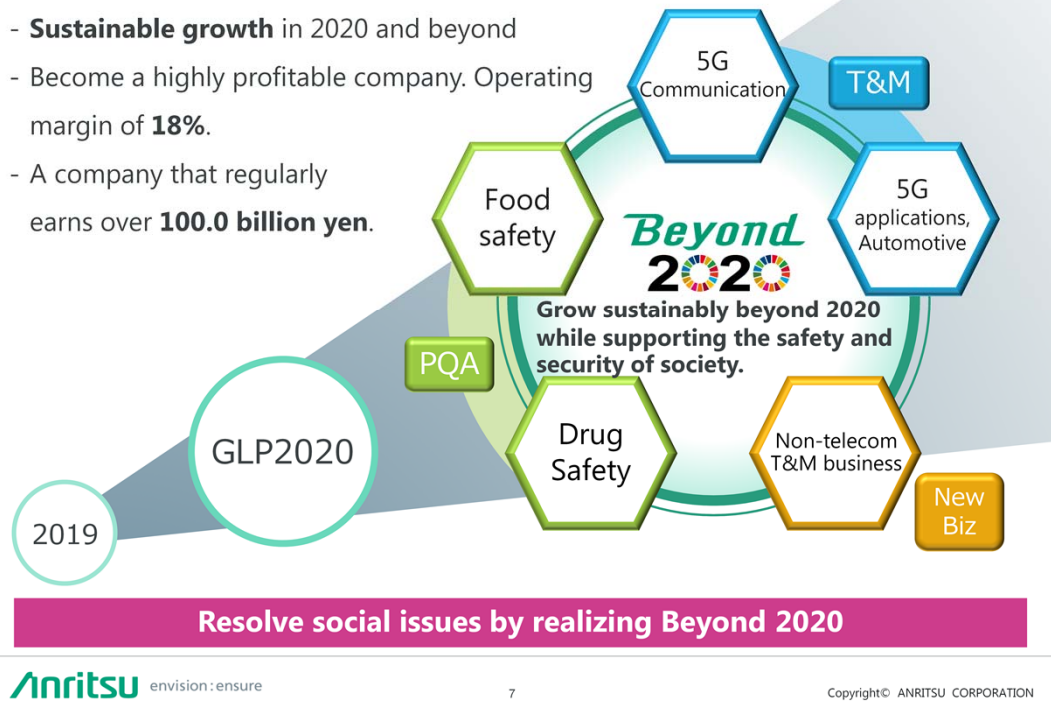
In FY2018, the first year of GLP2020, revenue and operating margin both fell below the initial forecast, but the overseas revenue ratio was largely as planned.

In FY2020, we will enhance global business framework and increase the overseas revenue ratio and aim to achieve 26.0 billion Yen, a 12% operation margin.

In the next Mid-term Business Plan GLP2023, we will increase overseas revenue ratio and aim to achieve 30.0 billion Yen, over 12% operation margin.

I - 4. Set out for Beyond2020

- **Sustainable growth** in 2020 and beyond
- Become a highly profitable company. Operating margin of **18%**.
- A company that regularly earns over **100.0 billion yen**.



Currently, the “5G communications” related business in the T&M business and the “food safety” related business in the PQA business are our main pillars of the company. To ensure sustainable growth in 2020 and beyond, as we further strengthen our current business, we will develop the “5G utilization” related business in the automotive market and others by the T&M business, the “pharmaceuticals safety” related business by the PQA business, and the “New businesses area outside telecom field”, thus creating five business pillars through the addition of these three new business areas. In doing so, we aim to become a highly profitable company with stable revenue of over 100.0 billion yen and an operating margin of 18% on a consolidated basis.

II . MWC 2019 Report



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II -1. Overview of MWC19

MWC 2019, the largest mobile event in the world held in Barcelona, Spain, from February 25 to 28.

The spotlight was on 5G smartphones and foldables.

► Many device vendors exhibited 5G smartphones.



► Foldable smartphones were the center of attention.



Many device vendors released 5G smartphones at MWC 2019. Foldable smartphones were a particular draw for visitors.

II -2. xR a Standout Among 5G Use Cases



- ▶ The name “xR” is catching on as an umbrella term for AR, VR, MR and SR. New expressions and uses are growing.
- ▶ Industrial IoT proposals that take advantage of low latency 5G are increasing.

AR : Augmented Reality

VR : Virtual Reality

MR : Mixed Reality

SR : Substitutional Reality

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10

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xR (umbrella term for AR, VR, MR and SR) was the highlight of this year’s event, and the market growth is expected in the future for xR contents in fields using 5G.

II -3. Anritsu Booth



MS2090A
Field Master Pro
9kHz – 54GHz

First showcase of
handheld spectrum
analyzer for 5G



First showcase of CATR
chamber



Performance test for
commercial devices



RF Conformance test



Protocol
conformance test

- Anritsu display covered our full lineup from 5G development to conformance tests, manufacturing and maintenance.

CATR : Compact Antenna Test Range

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11

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At the Anritsu booth, we presented solutions for 5G core development, conformance tests, mass production and maintenance.

We also held individual meetings with many customers, which were a useful opportunity to provide deeper understanding of Anritsu's 5G measuring solutions.

II -4. All Eyes on 5G Live Demonstration Example Using MT8000

Anritsu Booth



Connectivity tests were conducted with Qualcomm, Sony, MediaTek and Inseego devices.

Media Tek Booth



Sub6GHz throughput demonstration
Achieved stable over 4 Gbps

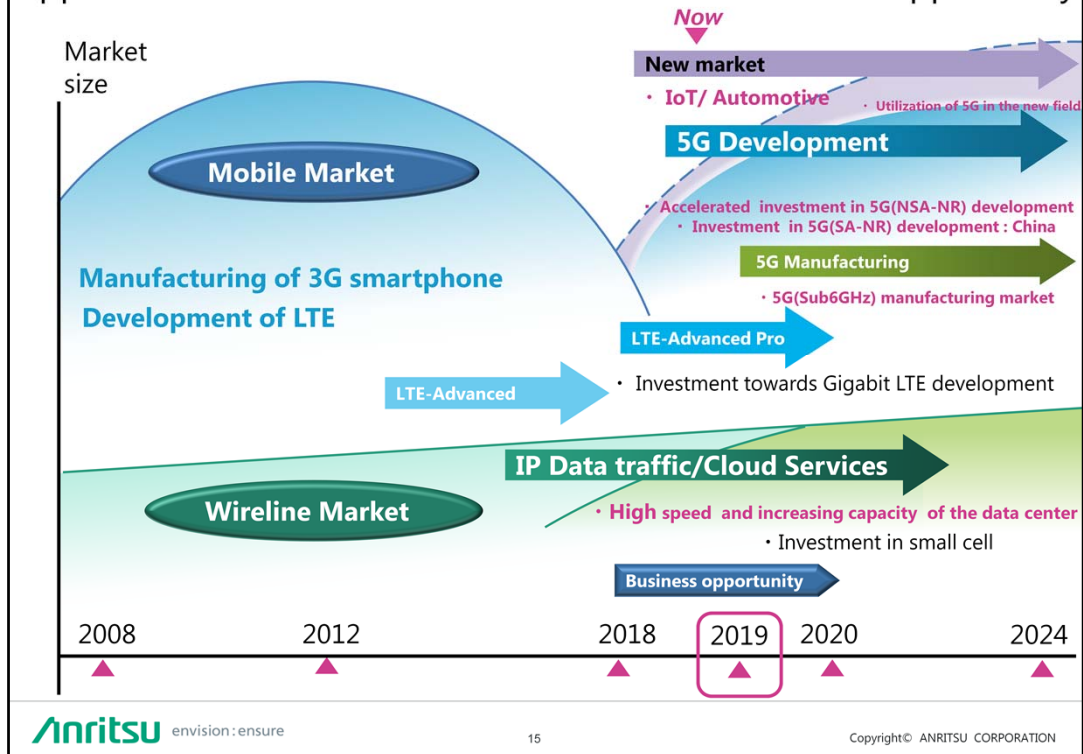
We also held 5G live demonstrations using our MT8000A in collaboration with customers at our booth and their booths.

Appendix

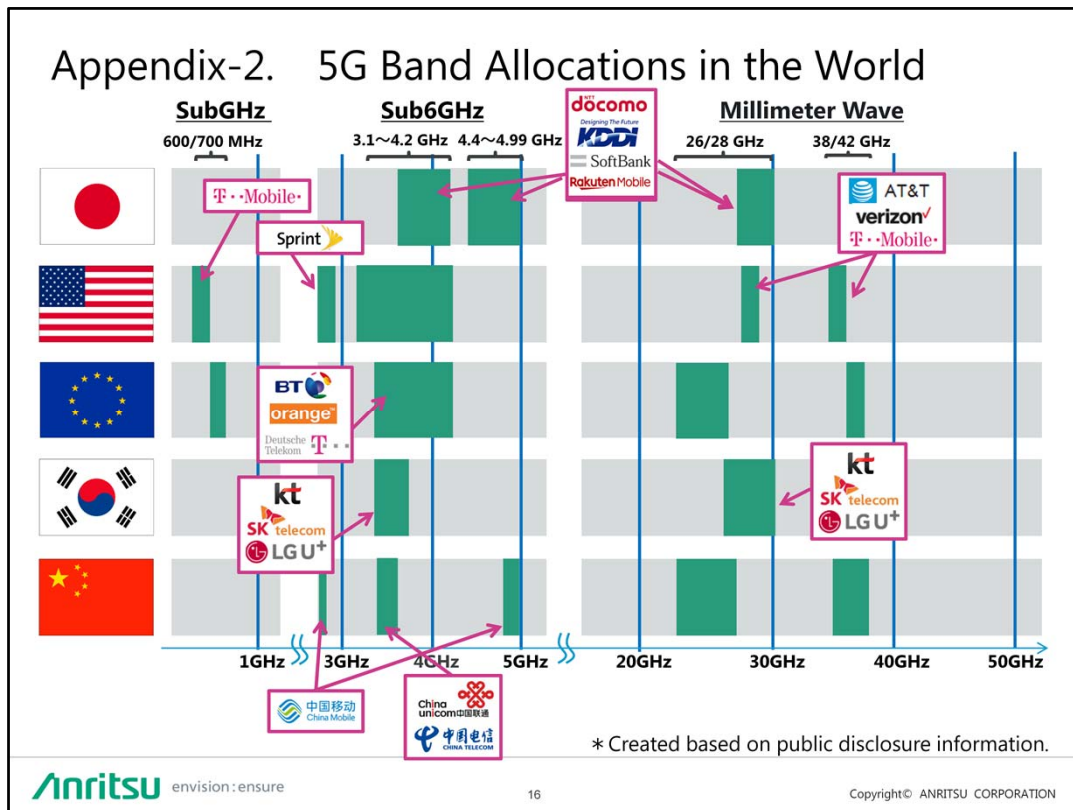
Latest Trends in 5G and Anritsu's Test Solutions

(No notes here)

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

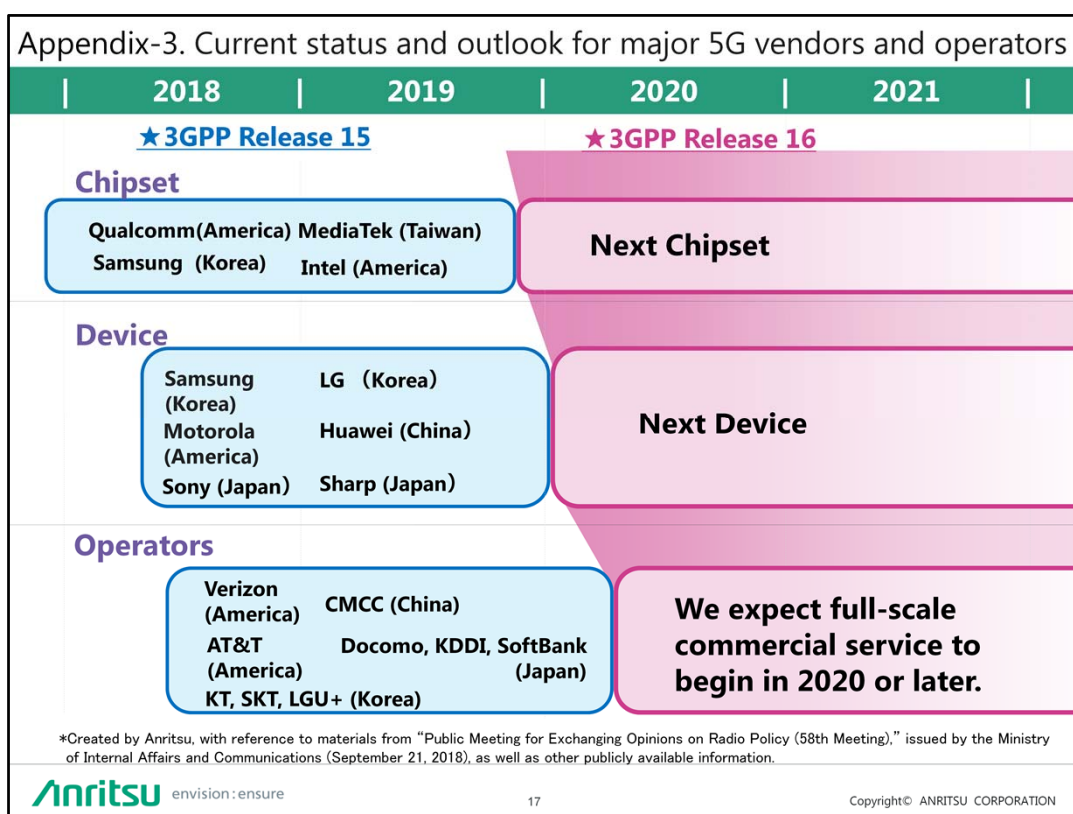


In the mobile T&M market, although there has been a decline in demand for measuring instruments related to LTE and those targeting smartphone manufacturing, the market is expected to grow gradually, with initial development investment for 5G as the growth driver.



Generally speaking, the frequencies used for 5G are 1 GHz and below, the Sub6GHz range using 3 GHz to 6 GHz, and the millimeter wave range using 20 GHz and above.

Following the U.S. and South Korea, Japan has also set frequency allocations for each carrier and preparations for 5G commercialization are approaching completion.



Most of the services that operators in each country are planning to provide in the latter half of 2018, which is the initial stage of 5G commercialization, will be centered on the high-speed, high-capacity communication standardized by 3GPP Release 15.

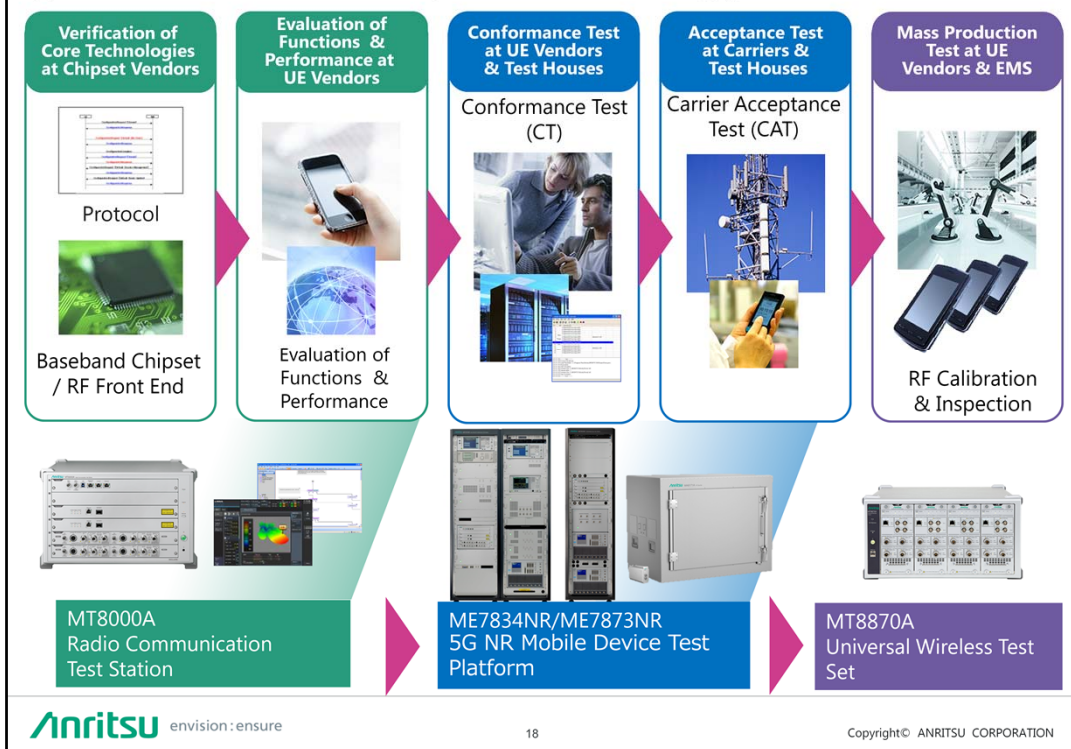
Currently, chipset and device vendors are working on development to implement the 5G high-speed, high-capacity communication standard.

The dissemination of services utilizing mission-critical applications, which are a feature of 5G, is expected to occur after completion of the 3GPP Release 16 standardization.

Consequently, we believe that investment in the development of chipsets and devices to implement 3GPP Release 16 will start in 2020, or later.

Afterwards, we expect the broad adoption of full-scale commercial 5G service to follow.

Appendix-4. 5G terminal development/manufacturing process and test solutions



Following the MT8000A, we will further enhance our 5G solutions. Just as with 3G and LTE, we will contribute to the development of the 5G/IoT society as the industry's number-one solution provider, by offering measurement solutions that meet all of our customers' needs, from core development to manufacturing for 5G.



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