

Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2020

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Beyond
2020



TSE code : 6754

<https://www.anritsu.com>

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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.

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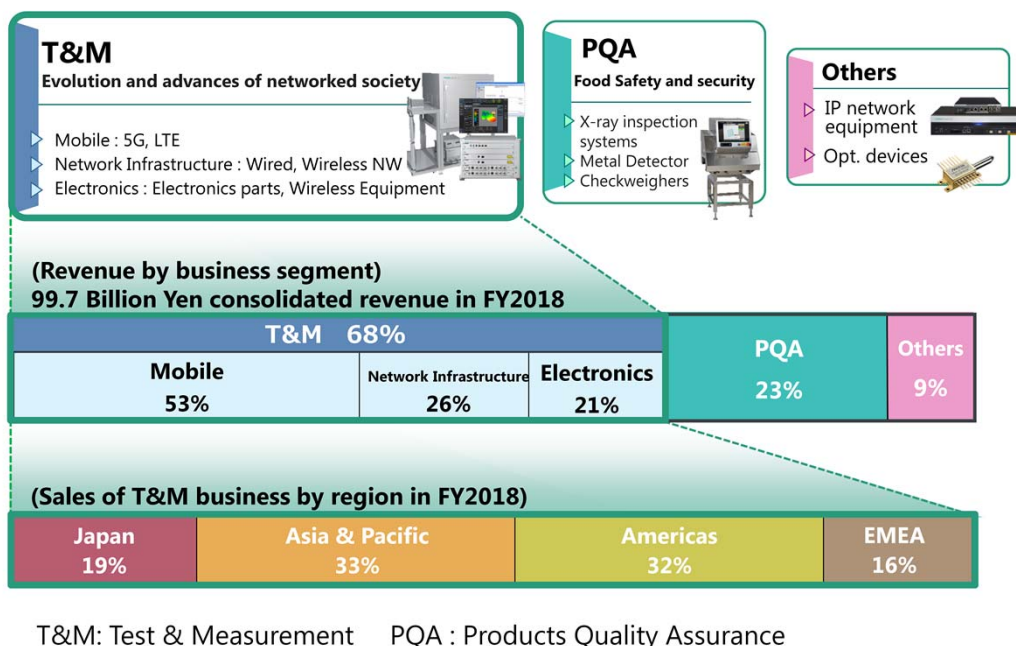
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Agenda

- I. Outline of our business segments
- II. Consolidated performance review of the 1st quarter of the Fiscal Year ending March 31, 2020
- III. Outlook for full year of the fiscal year ending March 31, 2020(Consolidated)
- IV. 5G Service Roadmap and Test Solutions

(No notes here)

I . Outline of our business segments




(Revenue by business segment) FY2019 (Three Months Ended June 30, 2019)

T&M : 74%			PQA	Others
Mobile	Network Infrastructure	Electronics		
53%	25%	22%	18%	8%

(Sales of T&M business by region) FY2019 (Three Months Ended June 30, 2019)

Japan	Asia & Pacific	Americas	EMEA
18%	39%	30%	13%

II -1. Consolidated performance - Financial results -

 Year-on-year growth in revenue and profit

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2018 (Apr. to Jun.)	FY2019 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	22.6	27.2	4.6	20%
Revenue	21.0	23.2	2.2	11%
Operating profit (loss)	1.6	2.7	1.1	65%
Profit (loss) before tax	1.8	2.5	0.7	44%
Profit (loss)	1.7	1.8	0.1	5%
Comprehensive income	2.1	0.8	(1.3)	-61%

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

The Group's consolidated order intake increased by 20% year on year to 27.2 billion yen and revenue increased by 11% year on year to 23.2 billion yen. Operating profit increased by 65% year on year to 2.7 billion yen .

Profit was 1.8billion yen, an increase of 0.1 billion yen year on year, and comprehensive income was 0.8 billion yen.

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

 T&M : Steady initial development demand for 5G

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2018 (Apr. to Jun.)	FY2019 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	14.4	17.3	2.9	20%
	Op. profit (loss)	1.5	2.8	1.3	82%
PQA	Revenue	4.9	4.1	(0.8)	-17%
	Op. profit (loss)	0.2	(0.2)	(0.4)	-
Others	Revenue	1.7	1.8	0.1	9%
	Op. profit (loss)	0.1	0.3	0.2	176%
Adjustment	Op. profit (loss)	(0.1)	(0.2)	(0.1)	-
Total	Revenue	21.0	23.2	2.2	11%
	Op. profit (loss)	1.6	2.7	1.1	65%

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.

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

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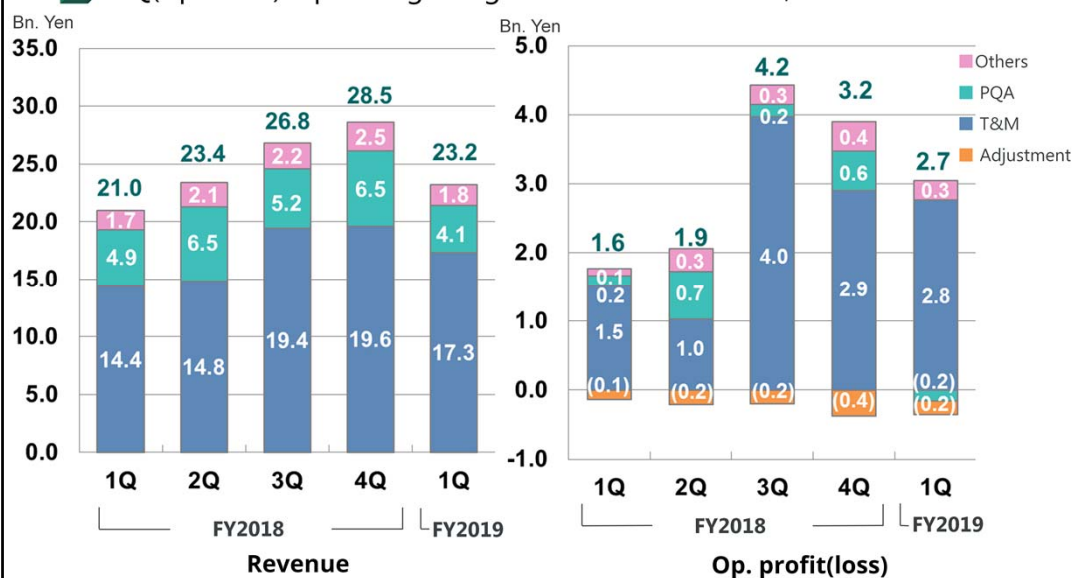
Financial Results FY2019 1Q
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In the T&M business, initial development demand for 5G was steady, and both revenue and profit increased year on year, with increased by 20% year on year to 17.3 billion yen, and operating increased by 82% year on year to 2.8 billion yen (operating margin: 15.9%).

In the PQA business, although there is a strong willingness to invest in the food market both in Japan and overseas, investment by major customers has entered a lull between investments. This and other factors have contributed to a year-on-year fall in revenue and profit, with revenue declining by 0.8 billion yen to 4.1 billion yen, and operating profit falling by 0.4 billion yen to (0.2) billion yen.

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

➡ 1Q(Apr.-Jun.) Operating margin : Consolidated 12%, T&M 16%



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



The operating profit and the operating margin for consolidated and each business segment for 1Q are as follows:

Consolidated : 2.7 billion yen (Operating margin : 11.6%)

T&M : 2.8 billion yen (Operating margin : 15.9%)

PQA : -0.2 billion yen

II -4. Overview of operations by business segment

Segment		FY2019 1Q (April to June, 2019)
 T&M : Steady progress of 5G commercialization schedule		
Mobile	LTE	Continued curbing and reduction of investment in LTE-A
	5G	5G development demand remains steady
Network Infrastructure		Initial launch of 5G network infrastructure
Asia	Expansion in 5G-related investments	
Americas	Launch of 5G service by major operators	
 PQA : Investment by major customers has entered a lull between investments in the food market in both Japan and overseas		

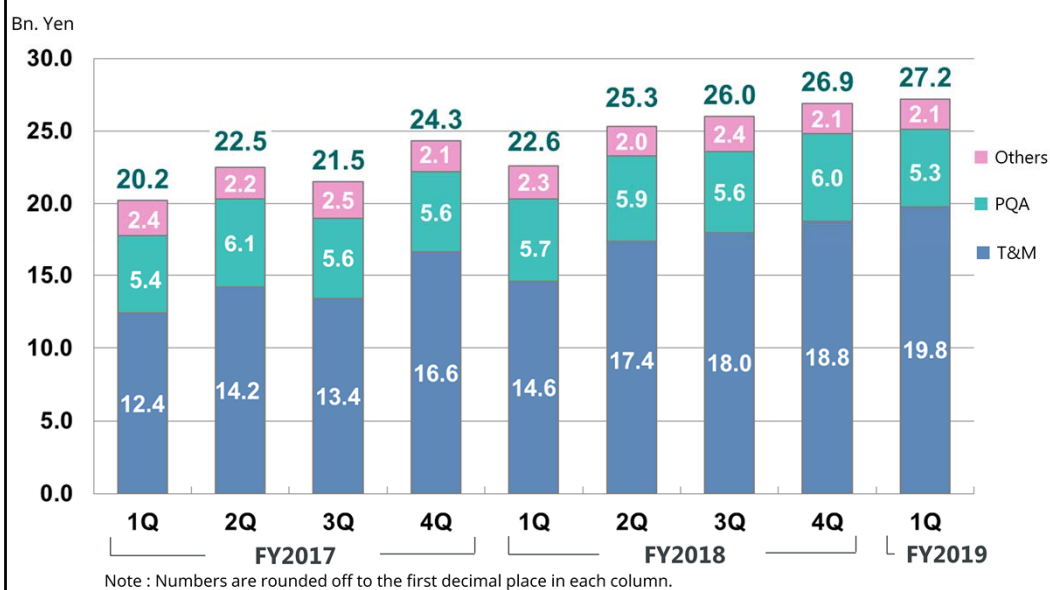
T&M: Test & Measurement

PQA : Products Quality Assurance

(No notes here)

II -5. Transition of Order intake

➡ T&M : 35% growth year on year



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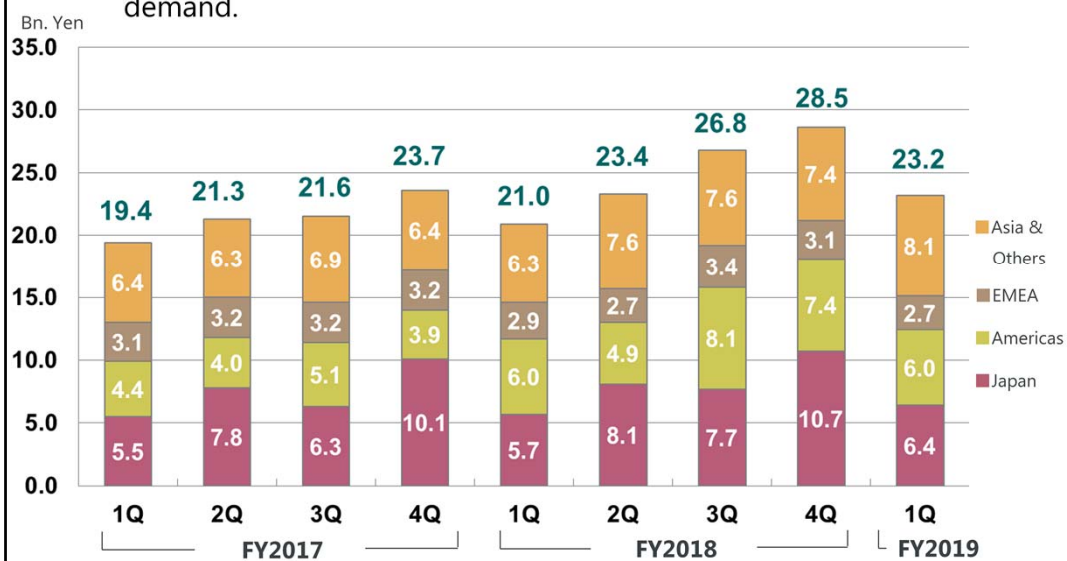
Order intake of the T&M business in 1Q was 19.8 billion yen, which represents a year-on-year increase of 5.2 billion yen (35%), due to the capturing of steady demand related to the development of 5G.

Order intake of the PQA business in 1Q was 5.3 billion yen, an decrease of 0.4 billion yen year-on-year .

The order backlog for the entire Group was 25.7 billion yen (13% year-on-year increase) and 18.3 billion yen (1.5% year-on-year increase) for the T&M business and 5.7 billion yen (11% year-on-year increase) for the PQA business.


II -6. Transition of Revenue by region

Revenue rose year on year in Asia and Japan, backed by the rise in 5G demand.



(No notes here)

II -7. Cash Flow

 **Operating cash flow margin ratio was 20.4%**

FY2019 1Q

Operating CF : 4.7 Bn. Yen
Investing CF : (0.7) Bn. Yen
Financing CF : (1.8) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.0 Bn. Yen

Cash at the end of period

46.7Bn. Yen

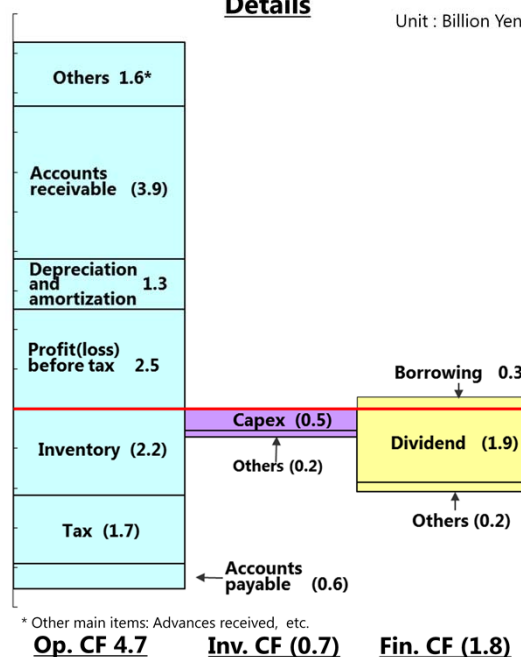
Interest-bearing debt.

16.5 Bn. Yen

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

Details

Unit : Billion Yen



The operating cash flow was inflow of 4.7 billion yen.

The investing cash flow was outflow of 0.7 billion yen.

As a result, the free cash flow amounted to an inflow of 4.0 billion yen.

The financial cash flow was outflow of 1.8 billion yen. The main outflows were bank loans of 0.3 billion yen and dividends paid of 1.9 billion yen (Dividend per share: Fiscal year end dividend: 13.5 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 1.6 billion yen from the beginning of the fiscal year to 46.7 billion yen.

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

 No change since April 25th disclosures

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2018	FY2019	
		Actual	Forecast	YoY
				YoY(%)
Revenue		99.7	102.0	2.3
Operating profit (loss)		11.2	10.0	(1.2)
Profit (loss) before tax		11.4	10.0	(1.4)
Profit (loss)		9.0	7.5	(1.5)
T&M	Revenue	68.2	69.0	0.8
	Op. profit (loss)	9.4	8.0	(1.4)
PQA	Revenue	23.1	24.5	1.4
	Op. profit (loss)	1.6	2.0	0.4
Others	Revenue	8.4	8.5	0.1
	Op. profit (loss)	1.1	0.9	(0.2)
Adjustment	Op. profit (loss)	(0.9)	(0.9)	0.0

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

Reference : Exchange rate : FY2018 (Actual)
FY2019(Forecast)

1USD=111 yen, 1EURO=128 yen
1USD=105 yen, 1EURO=125 yen

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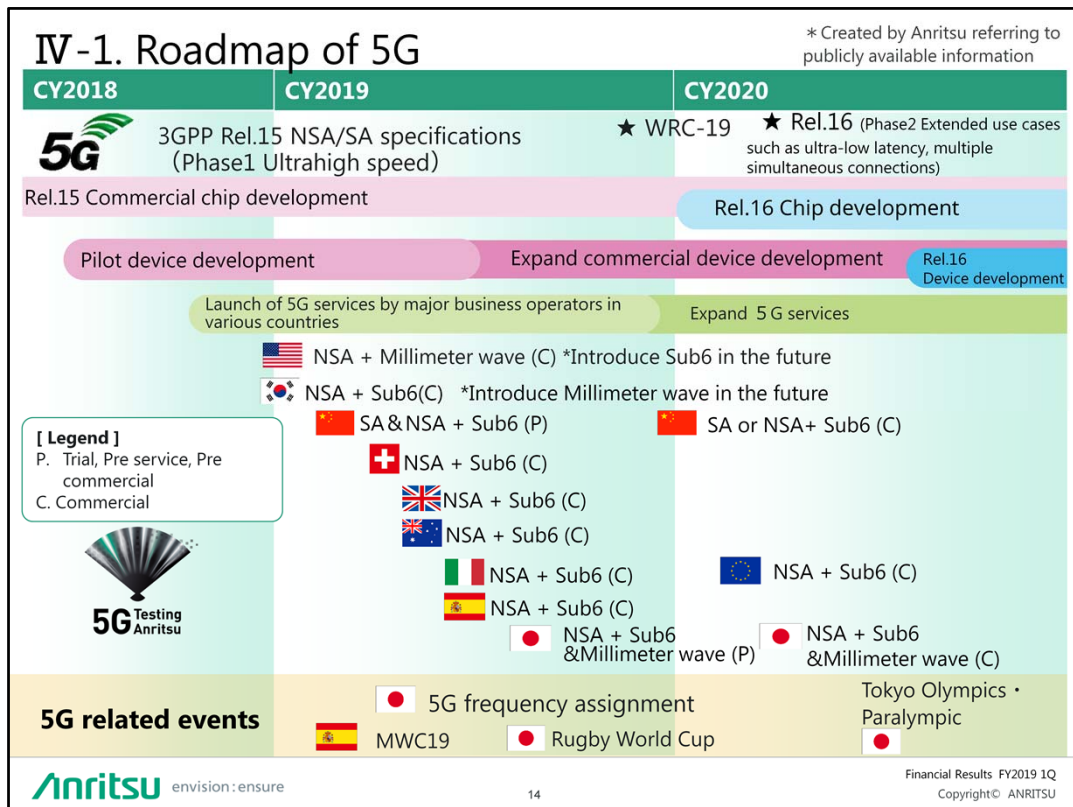
The forecast for the full year results of FY2019 remains unchanged from the plan announced on April 25.

IV. 5G Service Roadmap and Test Solutions

Representative Director, President
Anritsu Corporation

Hirokazu Hamada

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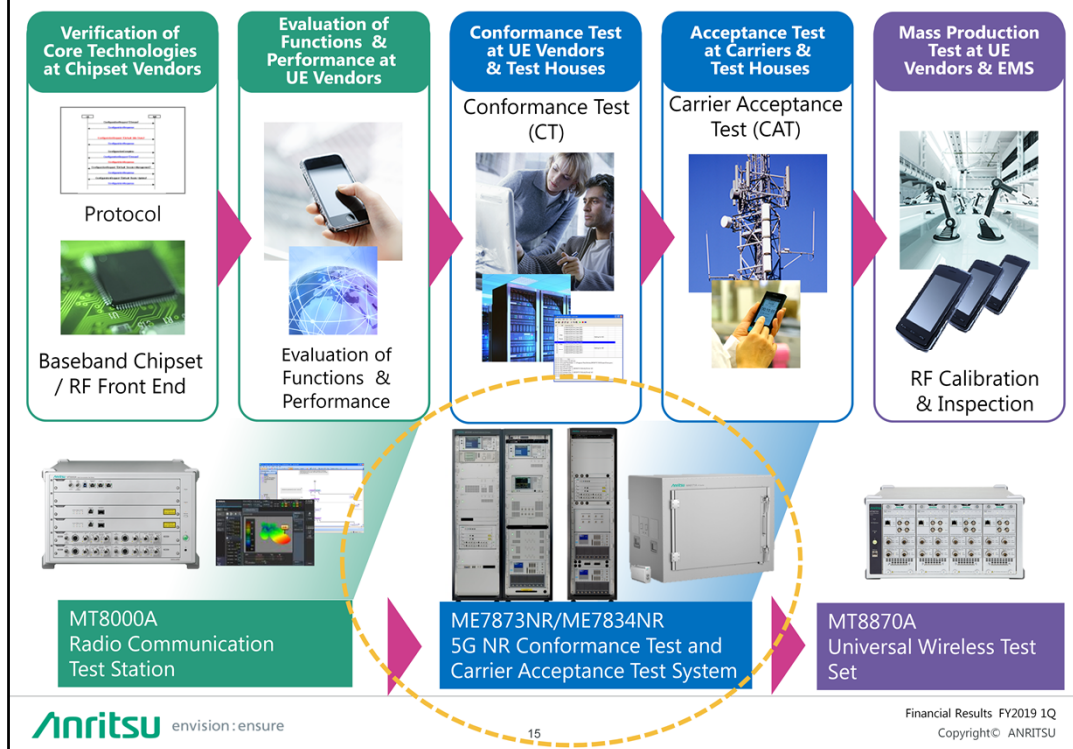
The standardization of 5G Release 15 (ultrahigh speed communications) by 3GPP was completed in 2018. This facilitated the launch of 5G services in the U.S. and South Korea in December 2018. 5G services are being successively launched in Europe (April 2019: Switzerland, May 2019: U.K., June 2019: Italy and Spain), Australia (May 2019), and other countries around the world.

Meanwhile in China, there will be no change in the schedule for the launch of services in 2020, such as the issuance of 5G sales licenses to four domestic carriers.

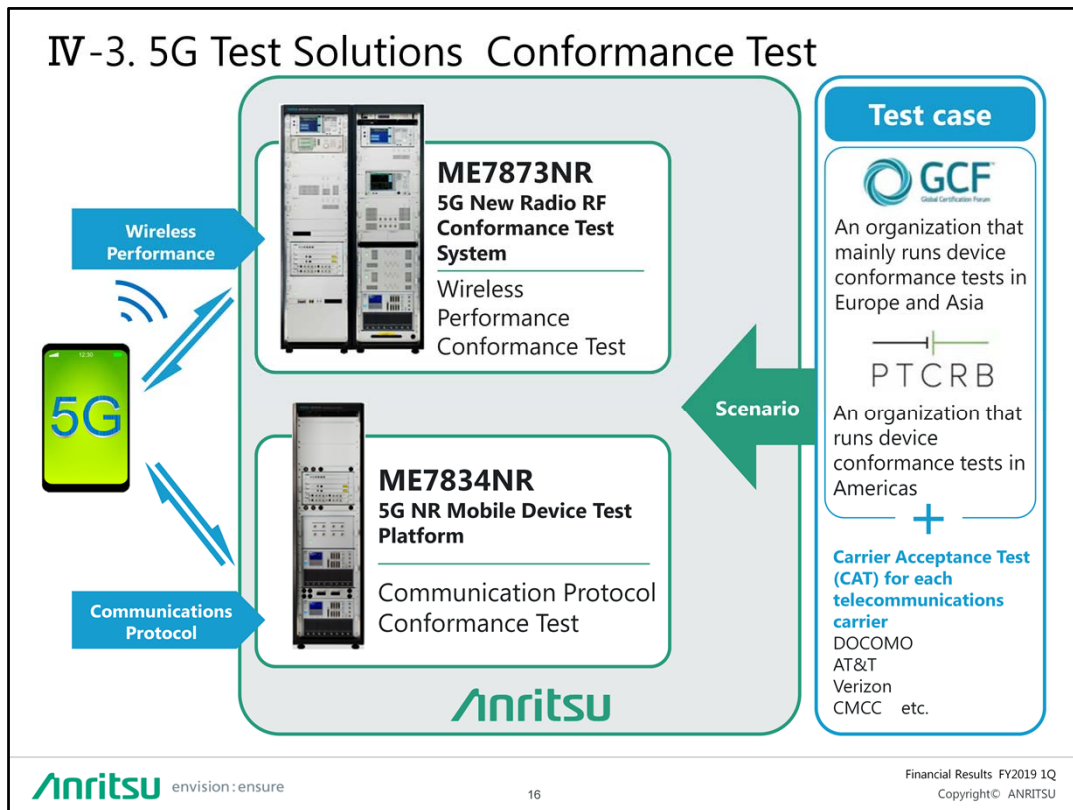
In Japan, 5G pre-services in operation at 8 of the 12 stadiums in the Rugby World Cup in September.

I would like to introduce two of our 5G test solutions that will eventually be required in this market environment. One is our conformance test system that is essential for the commercialization of 5G devices, and the other is the hand-held RF spectrum analyzer to support the construction of 5G base stations.

IV-2. 5G Test Solutions



The MT8000A Radio Communication Test Station will be used in the early development of 5G chipsets and terminals. As we move into the 5G commercialization phase from hereon, there will be a growing demand for a standards conformance test system for devices.



There are two types of conformance tests.

The first is the ME7873NR 5G NR RF Conformance Test System. This is a solution for running a 3GPP compliant conformance test of wireless performance.

The second is the ME7834NR 5G NR Mobile Device Test Platform. This supports the 3GPP compliant conformance test of communications protocols.

We prepare scenarios and provide conformance test system for wireless performance or communications protocol in accordance with test items defined by GCF mainly participated by European and Asian telecom carriers and those defined by PTCRB participated by Americas telecom carriers. Our ME7873NR 5G NR RF Conformance Test System received GCF certification for the first time in the industry.

Anritsu boasts an industry's top-class number of authentication test cases handled, and through our alliances with major chipset and device manufacturers and test houses, we will be the first to meet latest standards and handle new test cases.

IV-4. 5G Test Solutions Base-Station Installation and Maintenance

5G NR Base-Station Field Performance Measurements and Coverage Mapping

Field Master Pro MS2090A

- Frequency Range: 9 kHz to 9/14/20/26.5/32/43.5/54 GHz
- Supports RF measurements of GSM, LTE, and 5G base stations, as well as 5G demods.
- TX spurious up to 54 GHz



Usage: 5G NR Base Station Measurement

3GPP TS 38.104 V15 gNB Base Station Performance Evaluation

- Frequency error · Occupied bandwidth
- Time offset · Adjacent channel leakage ratio
- Cell/Sector ID · Tx spurious up to 12.75 GHz
- Modulation quality · EIRP
- Unwanted emissions · Synchronization Signal Block (SSB)
- FR1 & FR2 · Up to 64 beams supported



Usage: 5G Coverage Mapping

Plot indoor and outdoor coverage maps from 5G NR gNB. Displayed measurements include channel power, EIRP, and RSRP.



(No notes here)



(No notes here)