

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2020

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Director
Executive Vice President
CFO
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Beyond
2020



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, 2020
- III. Outlook for full year of the fiscal year ending March 31, 2020(Consolidated)
- IV. 5G Service Roadmap and Anritsu initiatives

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 23% | Others 9% |
|------------|----------------------------|-----------------|---------|-----------|
| Mobile 53% | Network Infrastructure 26% | Electronics 21% | | |

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

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

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) | FY2018 (Apr. to Sep.) | FY2019 (Apr. to Sep.) | YoY | YoY (%) |
|--|--------------------------|--------------------------|-------|---------|
| Order Intake | 47.9 | 53.6 | 5.7 | 12% |
| Revenue | 44.3 | 49.8 | 5.5 | 12% |
| Operating profit (loss) | 3.5 | 6.6 | 3.1 | 90% |
| Profit (loss) before tax | 3.7 | 6.4 | 2.7 | 73% |
| Profit (loss) | 3.1 | 4.7 | 1.6 | 49% |
| Comprehensive income | 4.4 | 3.4 | (1.0) | -23% |

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

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

 T&M : Steady development demand for 5G

Unit: Billion Yen

| International Financial Reporting Standards (IFRS) | | FY2018 (Apr. to Sep.) | FY2019 (Apr. to Sep.) | YoY | YoY (%) |
|--|-------------------|--------------------------|--------------------------|-------|---------|
| T&M | Revenue | 29.2 | 35.2 | 6.0 | 21% |
| | Op. profit (loss) | 2.5 | 5.9 | 3.4 | 132% |
| PQA | Revenue | 11.4 | 10.7 | (0.7) | -6% |
| | Op. profit (loss) | 0.9 | 0.5 | (0.4) | -46% |
| Others | Revenue | 3.7 | 3.9 | 0.2 | 5% |
| | Op. profit (loss) | 0.4 | 0.7 | 0.3 | 52% |
| Adjustment | Op. profit (loss) | (0.3) | (0.4) | (0.1) | - |
| Total | Revenue | 44.3 | 49.8 | 5.5 | 12% |
| | Op. profit (loss) | 3.5 | 6.6 | 3.1 | 90% |

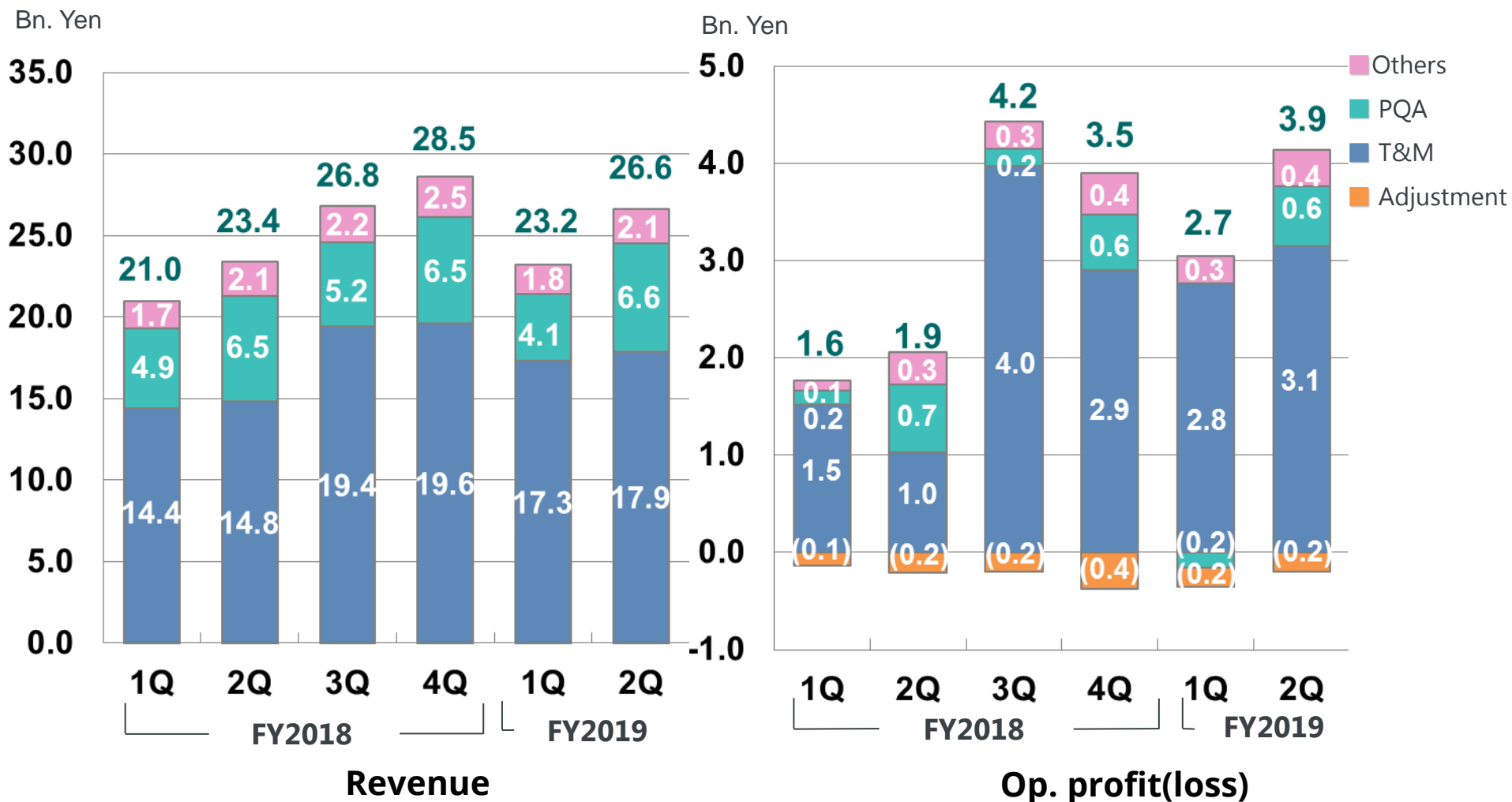
Note1 : Numbers are rounded off to the first decimal place in each column.

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



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

➡ 2Q(July-Sep.) Operating margin : Consolidated 15%, T&M 18%, PQA 9%



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

II -4. Overview of operations by business segment

| Segment | | FY2019 2Q (April to Sep., 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 | | Launch of 5G network infrastructure |
| Asia | Expansion in investment from 5G pre-service in China | |
| Americas | Launch of 5G service . Will pay close attention to the future area expansion. | |
|  PQA : Strong investment by food market for quality assurance, automation, and labor saving both in Japan and overseas | | |

T&M: Test & Measurement

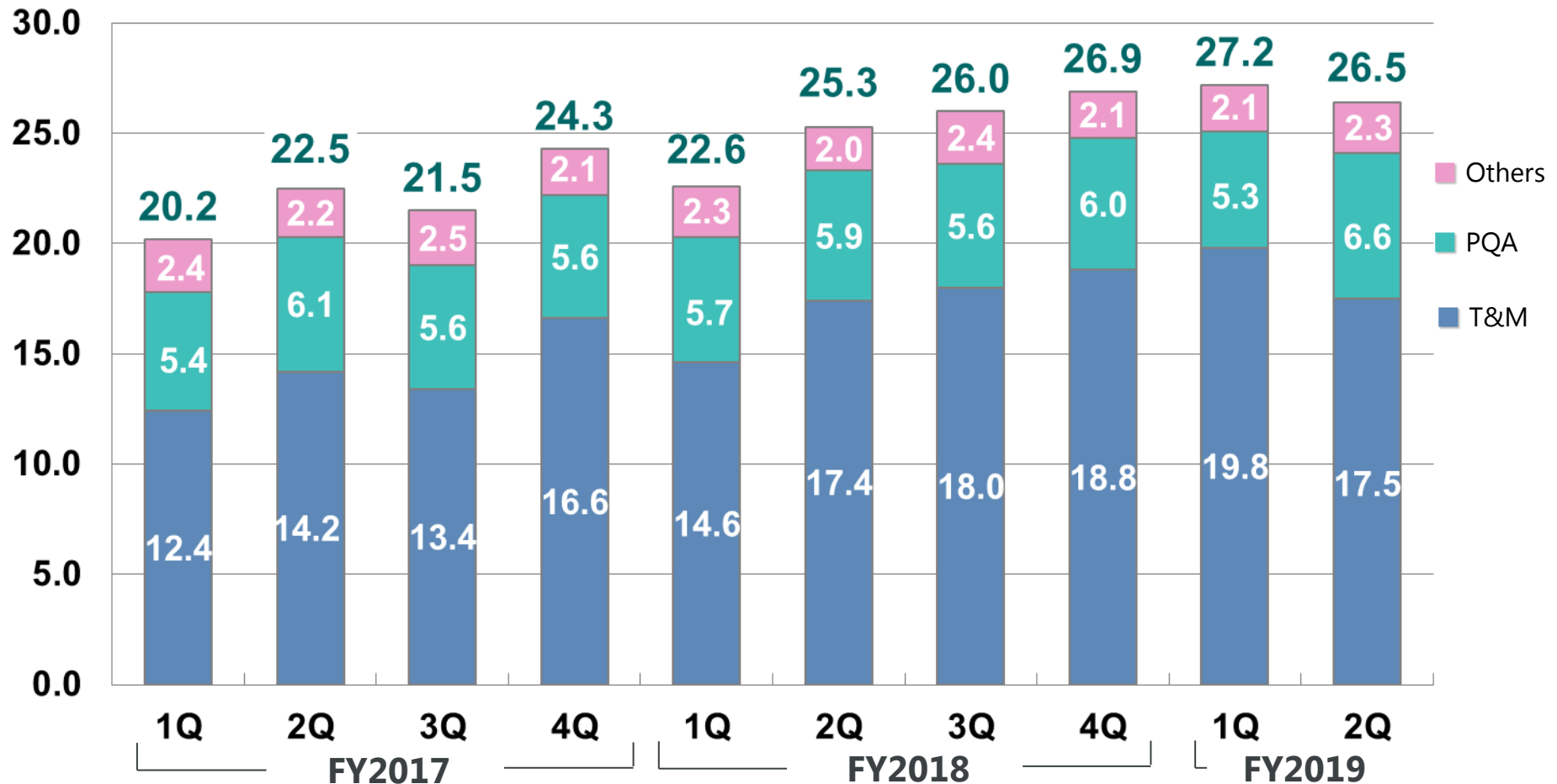
PQA : Products Quality Assurance

Ⅱ -5. Transition of Order intake

➡ T&M : 16% growth year on year

➡ PQA : 3% growth year on year

Bn. Yen

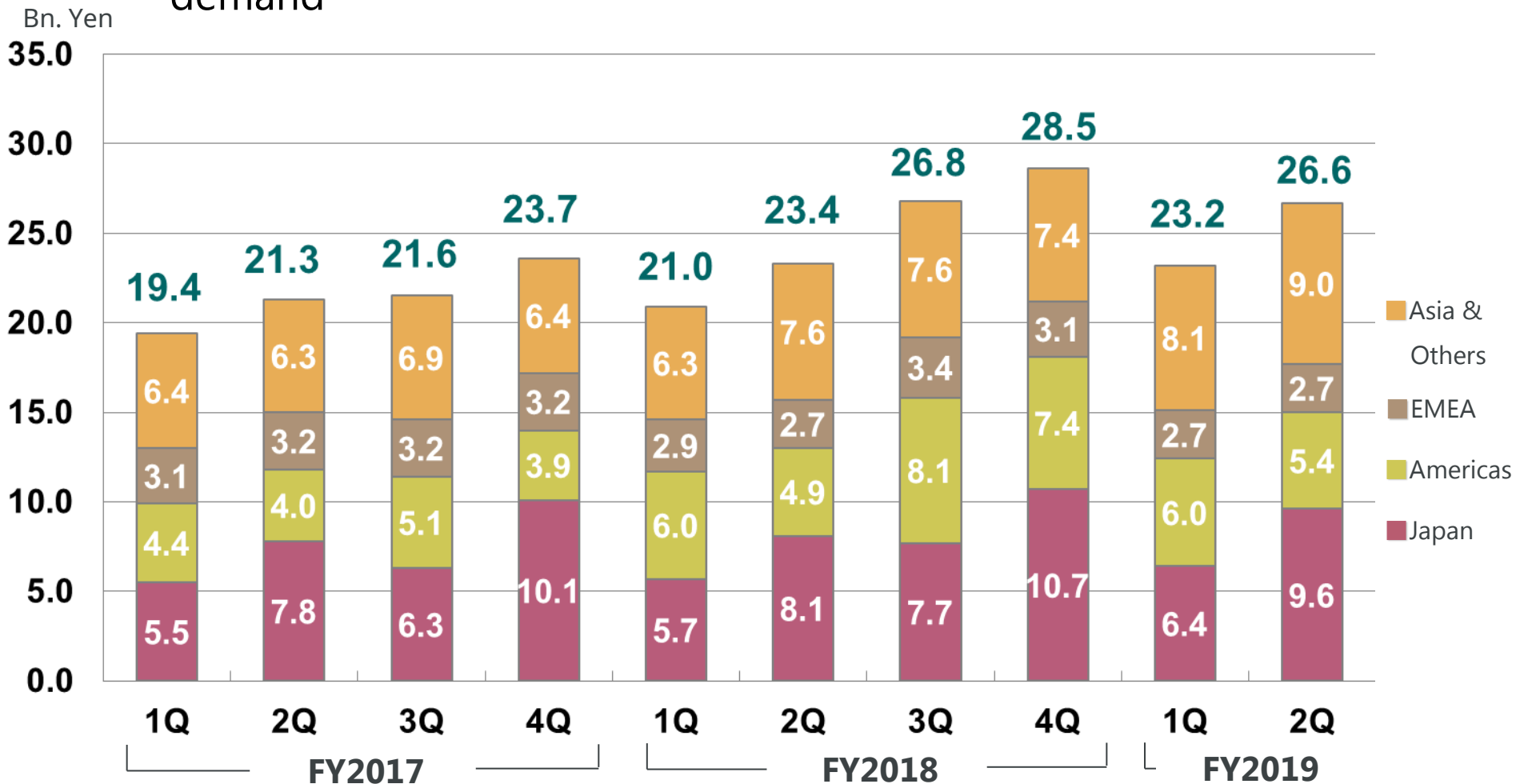


Note : Numbers are rounded off to the first decimal place in each column.


Ⅱ -6. Transition of Revenue by region



Revenue rose year on year in Asia and Japan, backed by strong 5G demand



II -7. Cash Flow

 **Operating cash flow margin ratio was 17.4%**

FY2019 2Q

Operating CF : 8.7 Bn. Yen
Investing CF : (1.1) Bn. Yen
Financing CF : (5.7) Bn. Yen

Free Cash Flow

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

Cash at the end of period

46.1 Bn. Yen

Interest-bearing debt (including lease liabilities)

14.7 Bn. Yen

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

Details

Unit : Billion Yen

| | | |
|-----------------------------------|------------------------|------------------------------|
| Others 1.6* | | |
| Accounts receivable 3.5 | | |
| Depreciation and amortization 2.4 | | |
| Profit(loss) before tax 6.4 | | |
| | Others 0.1 | |
| Inventory (2.6) | Capex (1.3) | Repayment of Borrowing (3.5) |
| Tax (2.1) | Accounts payable (0.5) | Dividend (1.9) |
| | Others (0.4) | |

* Other main items: Advances received, etc.

Op. CF 8.7

Inv. CF (1.1)

Fin. CF (5.7)

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



Upward revision in revenue and profit forecast for T&M

Unit: Billion Yen

| International Financial Reporting Standards (IFRS) | | FY2018 | FY2019 | | | |
|--|-------------------|--------|-------------------|------------------|-------|--------|
| | | Actual | Full Year | | YoY | YoY(%) |
| | | | Previous Forecast | Revised Forecast | | |
| Revenue | | 99.7 | 102.0 | 103.0 | 3.3 | 3% |
| Operating profit (loss) | | 11.2 | 10.0 | 11.5 | 0.3 | 2% |
| Profit (loss) before tax | | 11.4 | 10.0 | 11.5 | 0.1 | 1% |
| Profit (loss) | | 9.0 | 7.5 | 8.5 | (0.5) | -5% |
| T&M | Revenue | 68.2 | 69.0 | 70.0 | 1.8 | 3% |
| | Op. profit (loss) | 9.4 | 8.0 | 9.5 | 0.1 | 1% |
| PQA | Revenue | 23.1 | 24.5 | 24.5 | 1.4 | 6% |
| | Op. profit (loss) | 1.6 | 2.0 | 2.0 | 0.4 | 24% |
| Others | Revenue | 8.4 | 8.5 | 8.5 | 0.1 | 1% |
| | Op. profit (loss) | 1.1 | 0.9 | 0.9 | (0.2) | -21% |
| Adjustment | Op. profit (loss) | (0.9) | (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 (Initially Forecast)
FY2019 2H (Forecast)

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

IV. 5G Service Roadmap and Anritsu initiatives

Representative Director, President
Anritsu Corporation

Hirokazu Hamada

Impact of Typhoon 19 (Hagibis)

Typhoon 19 (Hagibis) crossed eastern Japan from the night of Saturday, October 12th, 2019 to the early morning hours of Sunday the 13th. We send our deepest condolences to all the victims and all the people who are affected by the typhoon.

A river flood caused by the typhoon 19 (Hagibis) inundated the first factory of Tohoku Anritsu Co., Ltd., which is our consolidated subsidiary located in Koriyama, Fukushima prefecture.

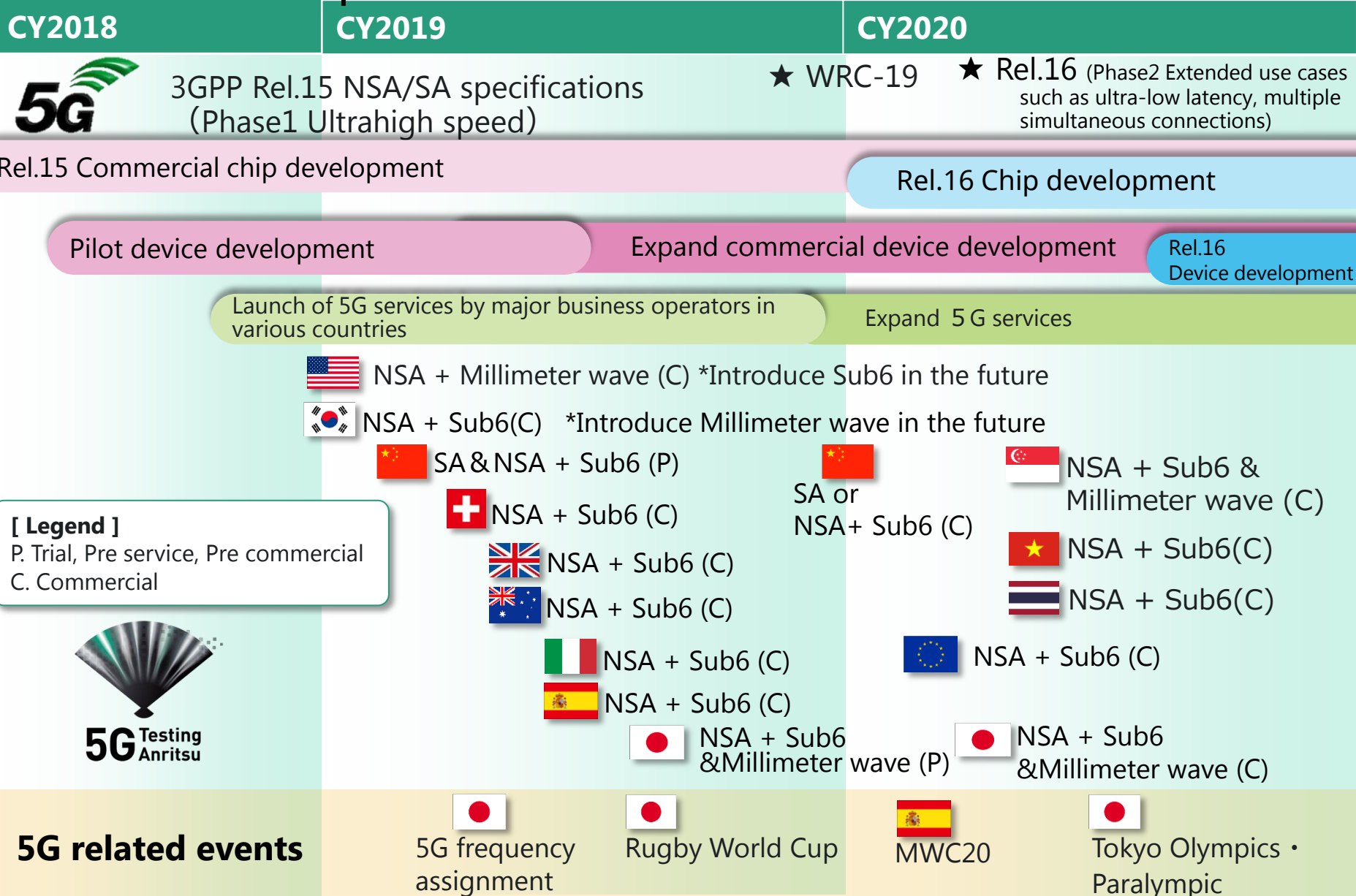
We cooperated in local relief efforts, and worked to recover the factory's production readiness with priority to the safety of our employees and their families. As a result, our shipments have been resumed.

We would like to express our sincere gratitude to all the people involved in supporting us with kind consideration during this disaster.



IV-1. Roadmap of 5G

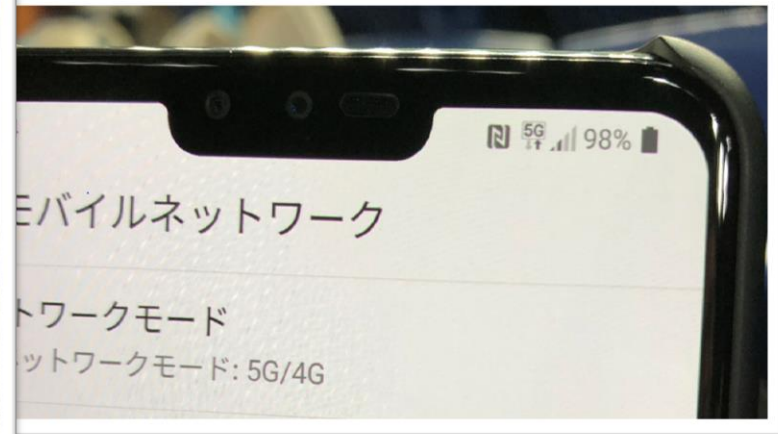
* Created by Anritsu referring to publicly available information



IV-2. Rugby World Cup and 5G (1/2)



◀ 5G smartphone
Dual-screen model (sub-6)



5G wireless system
installed in ceiling ▶



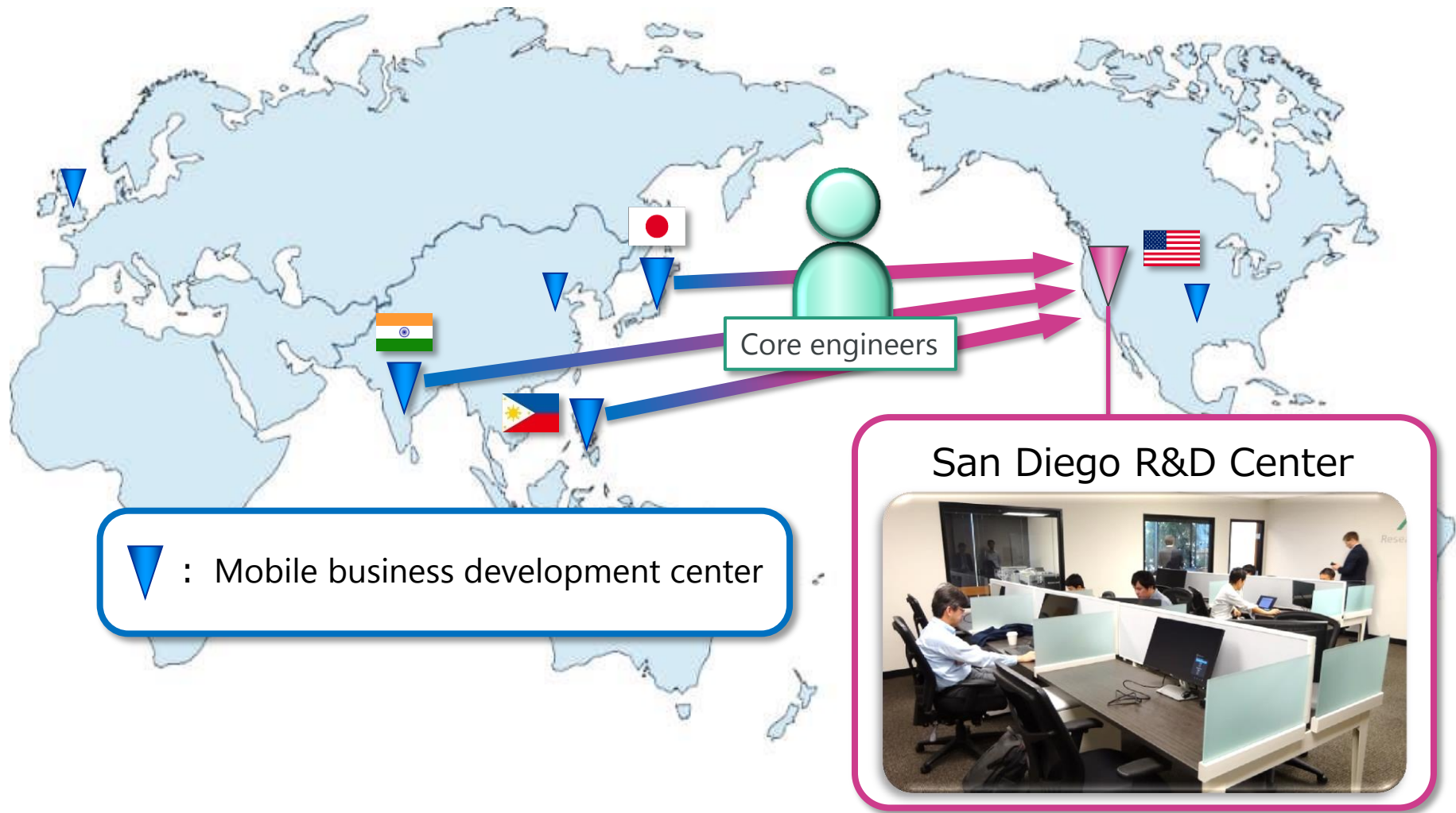
IV-2. Rugby World Cup and 5G (2/2)



Multi-angle 4K video
on dual-display device



IV- 3 . San Diego R&D Center opens



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