

Financial Results for the Fiscal Year ended March 31, 2020

Akifumi Kubota

Director
Executive Vice President
CFO
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April 27th, 2020



TSE cord : 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.

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.

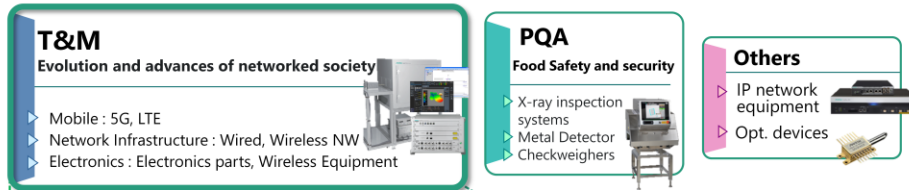
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Agenda

- I. Outline of our business segments
- II. Consolidated performance review of the Fiscal Year ended March 31, 2020
- III. Outlook for full year of the Fiscal Year ending March 31, 2021(Consolidated)
- IV. 5G Service Roadmap and Anritsu Initiatives

(No notes here)

I . Outline of our business segments



(Revenue by business segment)
107.0 Billion Yen consolidated revenue in FY2019

T&M 70%			PQA	Others
Mobile 56%	Network Infrastructure 25%	Electronics 19%	21%	9%

(Sales of T&M business by region in FY2019)

Japan 22%	Asia & Pacific 44%	Americas 22%	EMEA 12%
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T&M: Test & Measurement PQA : Products Quality Assurance

(No notes here)

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 Mar.)	FY2019 (Apr. to Mar.)	YoY	YoY (%)
Order Intake	100.8	107.7	6.9	7%
Revenue	99.7	107.0	7.3	7%
Operating profit (loss)	11.2	17.4	6.2	55%
Profit (loss) before tax	11.4	17.2	5.8	51%
Profit (loss)	9.0	13.4	4.4	49%
Comprehensive income	9.4	11.9	2.5	27%

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

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The Group's consolidated order intake increased by 7% year on year to 107.7 billion yen and revenue increased by 7% year on year to 107.0 billion yen. Operating profit increased by 55% year on year to 17.4 billion yen . Profit increased by 49% year on year to 13.4 billion yen.

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

 T&M: 5G development demand is strong, especially in Asia

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2018 (Apr. to Mar.)	FY2019 (Apr. to Mar.)	YoY	YoY (%)
T&M	Revenue	68.2	75.2	7.0	10%
	Op. profit (loss)	9.4	15.1	5.7	61%
PQA	Revenue	23.1	22.6	(0.5)	-2%
	Op. profit (loss)	1.6	1.3	(0.3)	-20%
Others	Revenue	8.4	9.3	0.9	10%
	Op. profit (loss)	1.1	1.9	0.8	66%
Adjustment	Op. profit (loss)	(0.9)	(0.9)	0.0	-
Total	Revenue	99.7	107.0	7.3	7%
	Op. profit (loss)	11.2	17.4	6.2	55%

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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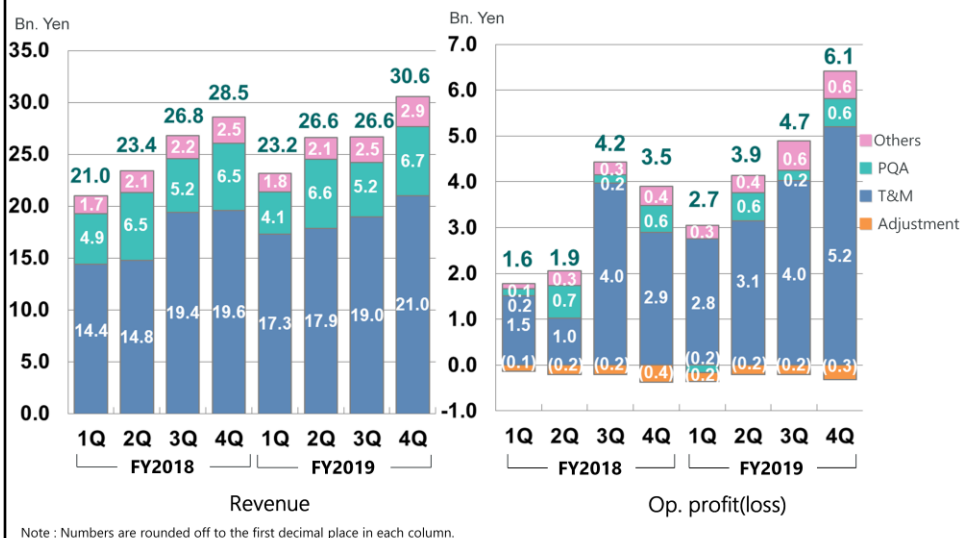
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In the T&M business segment, 5G development demand remained strong, especially in Asia, during 4Q as well, and both revenue and profit increased year on year, with revenue increased by 10% year on year to 75.2 billion yen, and operating profit increased by 61% year on year to 15.1 billion yen (operating margin: 20.2%).

In the PQA business, while 4Q results exceeded those of the previous year, it was not enough to make up for the decline in 1Q. Revenue and profit fell year-on-year, with revenue declining by 0.5 billion yen to 22.6 billion yen, and operating profit falling by 0.3 billion yen to 1.3 billion yen.

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

4Q(Jan.-Mar.) Operating margin : Consolidated 20%, T&M 25% ,PQA 9%



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

Consolidated : 6.1 billion yen (Operating margin : 19.9%)

T&M : 5.2 billion yen (Operating margin : 24.8%)

PQA : 0.6 billion yen (Operating margin : 9.1%)

II -4. Overview of operations by business segment

Segment		FY2019 (April to March, 2020)
 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		5G infrastructure investment grew
Asia	Expansion in investment aimed at 5G commercialization	
Americas	Greater focus on 5G service area expansion	
 PQA : Strong investment by food market for quality assurance, automation, and labor saving both in Japan and overseas		

T&M: Test & Measurement

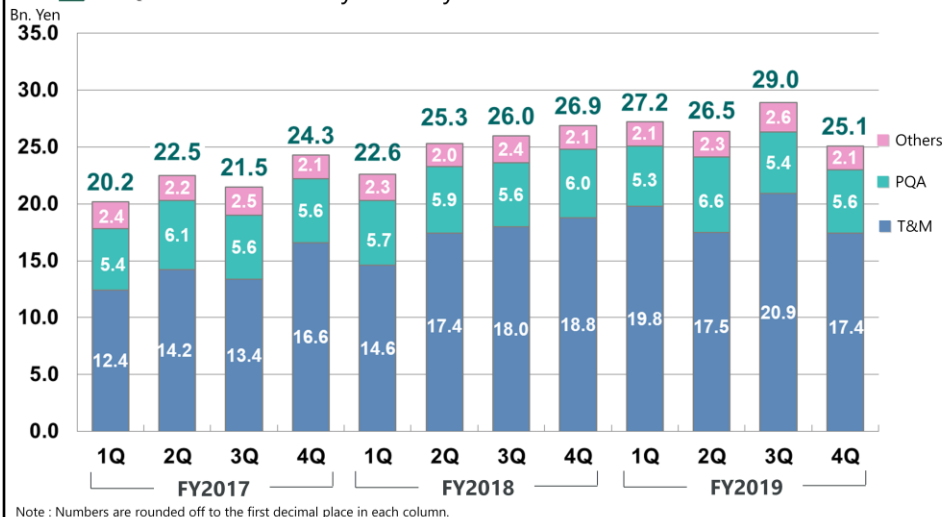
PQA : Products Quality Assurance

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II -5. Transition of Order intake

T&M : 7% decrease year-on-year

PQA : 7% decrease year-on-year



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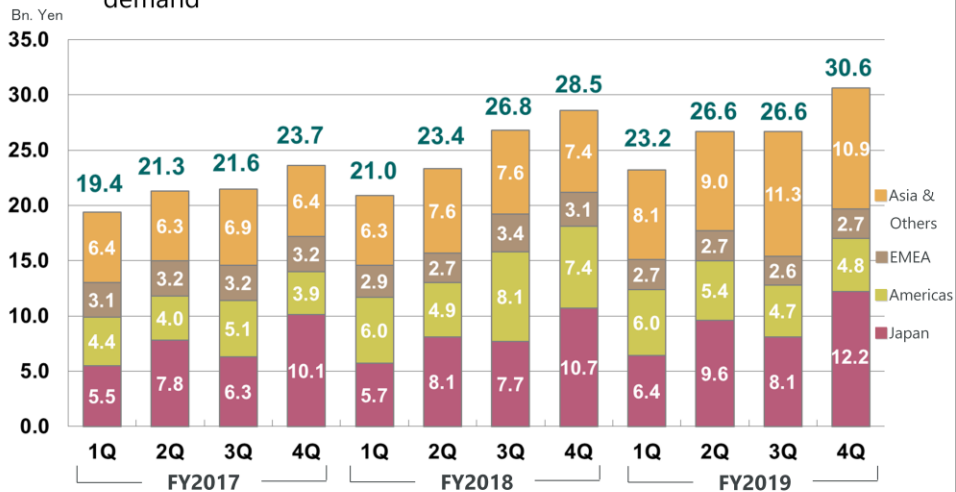
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Customer order activities were limited due to the spread of the COVID-19. As a result, the order intake of the T&M business fell to 17.4 billion yen, a year-on-year decrease of 1.4 billion yen (7%), and the order intake of the PQA business fell to 5.6 billion yen, a year-on-year decrease of 0.4 billion yen (7%).

The order backlog for the entire Group was 23.0 billion yen (5% year-on-year increase) and 16.7 billion yen (4% year-on-year increase) for the T&M business and 4.9 billion yen (8% 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 strong 5G demand



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

(No notes here)

II -7. Cash Flow

 **Operating cash flow margin ratio was 13.8%**

FY2019

Operating CF : 14.7 Bn. Yen
Investing CF : (3.7) Bn. Yen
Financing CF : (7.6) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 11.0 Bn. Yen

Cash at the end of period

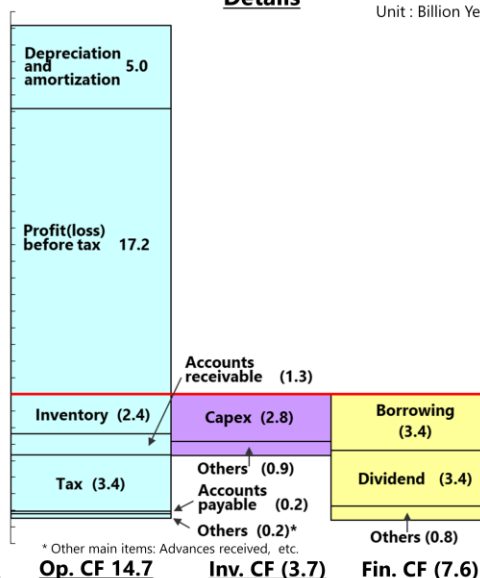
47.7 Bn. Yen

Interest-bearing debt (including lease liabilities)

14.6 Bn. Yen

Details

Unit : Billion Yen



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The operating cash flow was inflow of 14.7 billion yen.

The investing cash flow was outflow of 3.7 billion yen.

As a result, the free cash flow amounted to an inflow of 11.0 billion yen.

The financial cash flow was outflow of 7.6 billion yen.

The main outflows were repayment of long-term borrowing of 3.5 billion yen and dividends paid of 3.4 billion yen (Dividend per share: Fiscal year end dividend: 13.5 yen, Interim dividend: 11 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 2.6 billion yen from the beginning of the fiscal year to 47.7 billion yen.

III-1. Forecast for full year of FY2020 (Consolidated)

➡ The market will stagnate during the first half of the year due to COVID-19

Unit: Billion Yen

		FY2019	FY2020	
		Actual	Forecast	YoY
				YoY(%)
Revenue		107.0	110.0	3.0
				3%
Operating profit (loss)		17.4	17.5	0.1
				0%
Profit (loss) before tax		17.2	17.5	0.3
				2%
Profit (loss)		13.4	13.5	0.1
				1%
T&M	Revenue	75.2	77.0	1.8
				2%
PQA	Op. profit (loss)	15.1	15.5	0.4
				2%
PQA	Revenue	22.6	24.0	1.4
				6%
PQA	Op. profit (loss)	1.3	1.8	0.5
				40%
Others	Revenue	9.3	9.0	(0.3)
				-3%
Others	Op. profit (loss)	1.9	1.2	(0.7)
				-37%
Adjustment	Revenue	(0.9)	(1.0)	(0.1)
				-

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

Reference : Exchange rate : FY2019 (Actual) 1USD=109yen, 1EURO=121 yen
FY2020 (Forecast) 1USD=105 yen, 1EURO=120yen

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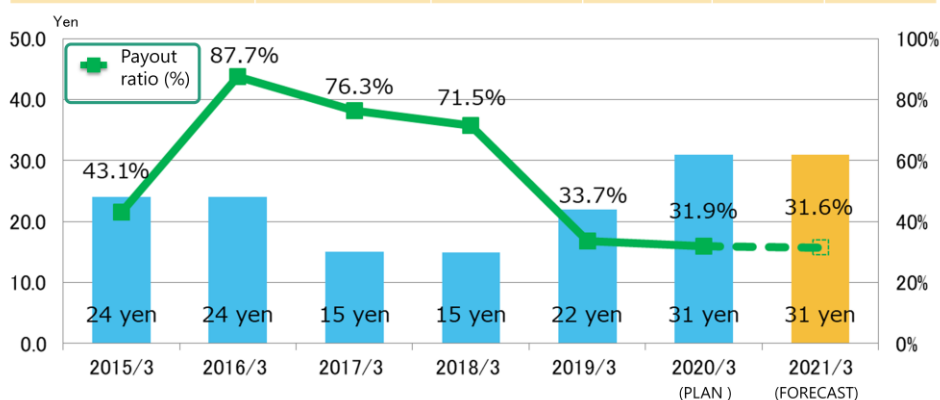
The outlook for the global economy remains unclear due to factors such as the spread of COVID-19 and the prolongation of US-China trade friction. Depending on how the spread of COVID-19 progresses, it could impede the smooth operation of corporate activities over the long term, including disruption of supply chains and restrictions on various business activities.

The forecast assumes that COVID-19 will be contained within the first half of the fiscal year, and expects Anritsu Group's performance to hit its lowest point in the second quarter, and then recover starting in the third quarter. Consequently, the status of the spread of the virus and when it is contained could have additional impact on Anritsu Group's performance, including a further prolongation of the slump in economic activity. Going forward, the Company will swiftly publish any expectations of material impacts that should be disclosed.

Ⅲ-2. Dividend forecast

Annual dividend

	Dividend per share	Profit	Payout ratio	DOE	ROE
FY2020 (Forecast)	31 yen	13.5 B yen	31.6%	4.4%	14%
FY2019 (Plan)	31 yen	13.4 B yen	31.9%	4.7%	14.9%



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We plan to pay an annual dividend of 31 yen per share (including an interim dividend of 15.5 yen per share) for FY2020, based on the assumption to achieve the business results forecast.

IV. 5G Service Roadmap and Anritsu Initiatives

Hirokazu Hamada
Representative Director, President,
Group CEO,
Anritsu Corporation

(No notes here)

IV- 1. Our COVID-19-related activities

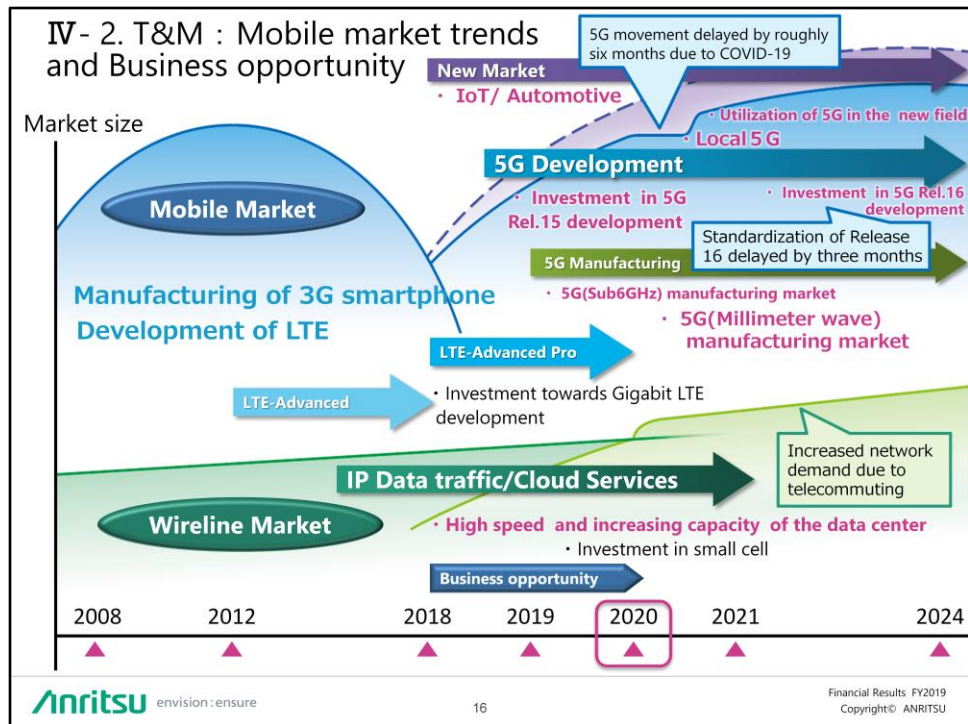
We would like to express our sympathy for all those who have been infected with COVID-19, as well as their family members, friends, and colleagues, and our sincere condolences for all those who have lost their lives to this disease.

Due to continued spread of COVID-19 Anritsu Group is further strengthening prevention efforts globally by those such as expanding the application of telecommute. Under such circumstances, however, we continue provision of products and services with the highest priority on health and safety of employees and business partners, in order to fulfill critical social responsibilities such as maintaining network infrastructures and ensuring food safety.

Below are the main efforts in Japan.

- As a general rule, telecommuting and at-home standby are being used for all employees within the special alert prefectures, including the headquarters.
- When working at company sites is unavoidable, the utmost care is taken to prevent the further spread of the disease. This includes the thorough use of temperature measurement, gargling, handwashing, and mask use.
- The Golden Week holidays have been extended into a longer break period of April 25 to May 10.
(Tohoku Anritsu Co., Ltd., located in Koriyama City, Fukushima Prefecture, will be closed from April 29 to May 6)

(No notes here)

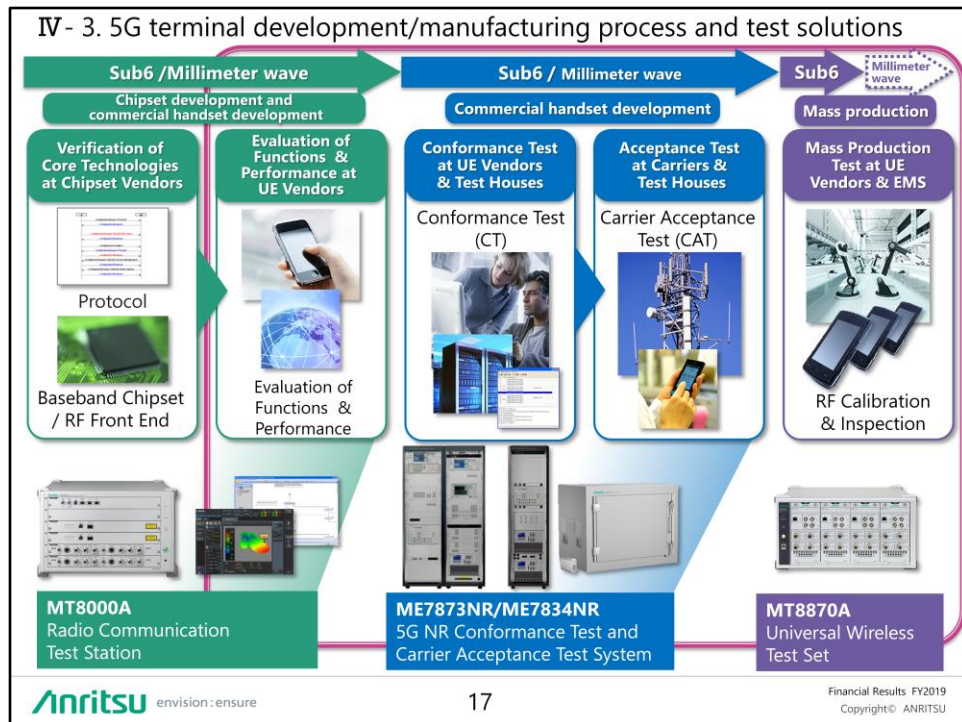


In the mobile measurement market, the launch of 5G service around the world is expected to result in further related-demand growth. However, the spread of COVID-19 has placed various limitations on business activities, such as interrupting supply chains.

The mobile market is no exception in terms of the effects of COVID-19, and some companies are taking a more circumspect approach to investment in order to maintain their corporate activities. On the other hand, there are pioneering companies that are keeping up the speed of their development investment with the aim of emerging as a victor in the 5G arena.

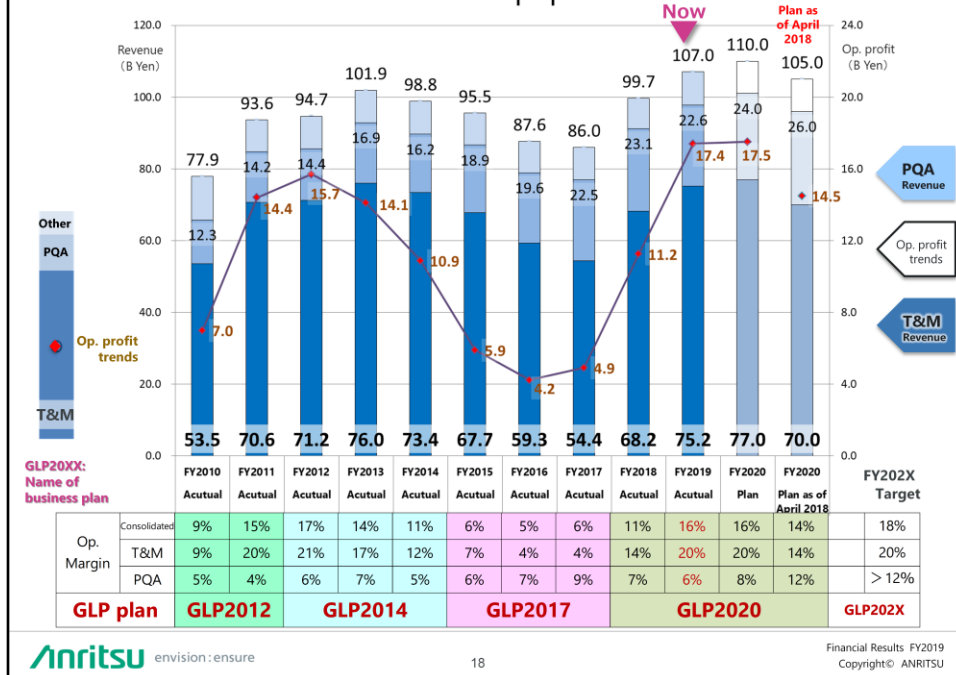
The COVID-19 situation has made the Internet an essential fixture of societal life and telecommuting, and has suggested that network expansion will become even more important for regional development and corporate growth. Plans for expanding 5G networks have been announced with the aim of boosting China's stagnating economy.

Recent 5G service deployment has slowed down due to the lack of economic activity, but in regions in which the severity of the COVID-19 situation has decreased, 5G service deployment and network expansion activities are expected to be resumed and to accelerate to make up for delays. The 5G mobile market is expected to peak in 2023 or 2024, as initially forecast.



In conjunction with the launch of 5G services, development has been conducted in parallel on numerous commercial handsets, and demand for handset standard conformance testing has rapidly risen. Companies have established manufacturing processes for the mass production of handsets, and mass production testing demand is also rising. Until now, investment has primarily been focused on initial 5G development, but in the future, the main focus of investment will be on commercialization. Anritsu will offer optimized solutions for the 5G commercialization phase as well.

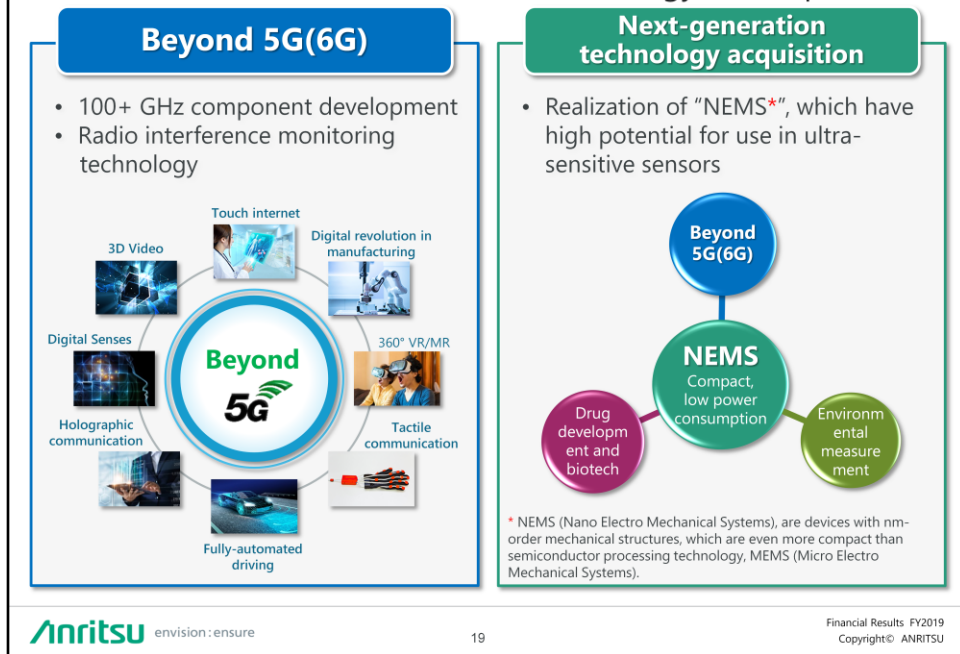
IV- 4. GLP2020 : Revenue and Op. profit Plan



As for the final fiscal year of “GLP2020”, the FY2020, we aim to grow T&M business revenue to 1.8 billion yen over those of FY2019 (2%), and for PQA business revenue to 1.4 billion yen over those of FY2019 (6%).

On a consolidated basis, we will aim to grow revenue to 3.0 billion yen over those of FY2019 (3%) and operating profit of 0.1 billion yen over those of FY2019 (0.5%).

IV- 5. Introduction to the Advanced Technology Development Lab



The Advanced Technology Research Lab was established as a research lab for fundamental technology in order to acquire measurement technologies that will support the solutions to societal problems a decade from now.

We will actively bring in external researchers, create a source for Anritsu's technical strengths, and reinforce our "Original & High Level" approach.

The Lab will engage in research regarding the following two themes:

1. Beyond 5G (6G) research

(1) Research aimed at creating components that support 100+ GHz frequency measurement

(2) Research of radio interference monitoring technologies, which are expected to be necessary for the realization of the Full-Duplex technologies whose adoption is being considered

2. Next-generation technology acquisition

Research of NEMS* which have high potential for creating compact, low power consumption, ultra-sensitive sensors

* NEMS (Nano Electro Mechanical Systems), are devices with nm-order mechanical structures, which are even more compact than semiconductor processing technology, MEMS (Micro Electro Mechanical Systems).



(No notes here)