

Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2021

Akifumi Kubota

Director
Executive Vice President
CFO
Anritsu Corporation
July 30th, 2020



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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 1st quarter of the Fiscal Year ending March 31, 2021
- III. Outlook for full year of the Fiscal Year ending March 31, 2021(Consolidated)
- IV. 5G market trends 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 & Others 44%	Americas 22%	EMEA 12%
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T&M: Test & Measurement PQA : Products Quality Assurance

(No notes here)

(Revenue by business segment) FY2020 (Three Months Ended June 30, 2020)

T&M : 75%			PQA	Others
Mobile	Network Infrastructure	Electronics		
61%	24%	15%	17%	8%

(Sales of T&M business by region) FY2020 (Three Months Ended June 30, 2020)

Japan	Asia & Others	Americas	EMEA
15%	52%	23%	10%

II -1. Consolidated performance - Financial results -

 Year-on-year growth in revenue and profit

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2019 (Apr. to Jun.)	FY2020 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	27.2	29.0	1.8	7%
Revenue	23.2	25.7	2.5	11%
Operating profit (loss)	2.7	5.1	2.4	90%
Profit (loss) before tax	2.5	5.1	2.6	102%
Profit (loss)	1.8	3.5	1.7	97%
Comprehensive income	0.8	3.7	2.9	348%

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

The Group's consolidated order intake increased by 7% year on year to 29.0 billion yen and revenue increased by 11% year on year to 25.7 billion yen. Operating profit increased by 90% year on year to 5.1 billion yen. Profit increased by 97% year on year to 3.5 billion yen. Comprehensive income is 3.7 billion yen.

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

 T&M: Robust demand amid move to 5G commercialization

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2019 (Apr. to Jun.)	FY2020 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	17.3	19.3	2.0	11%
	Op. profit (loss)	2.8	4.9	2.1	79%
PQA	Revenue	4.1	4.4	0.3	8%
	Op. profit (loss)	(0.2)	0.1	0.3	-
Others	Revenue	1.8	2.0	0.2	10%
	Op. profit (loss)	0.3	0.2	(0.1)	-32%
Adjustment	Op. profit (loss)	(0.2)	(0.2)	0.0	-
Total	Revenue	23.2	25.7	2.5	11%
	Op. profit (loss)	2.7	5.1	2.4	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

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6

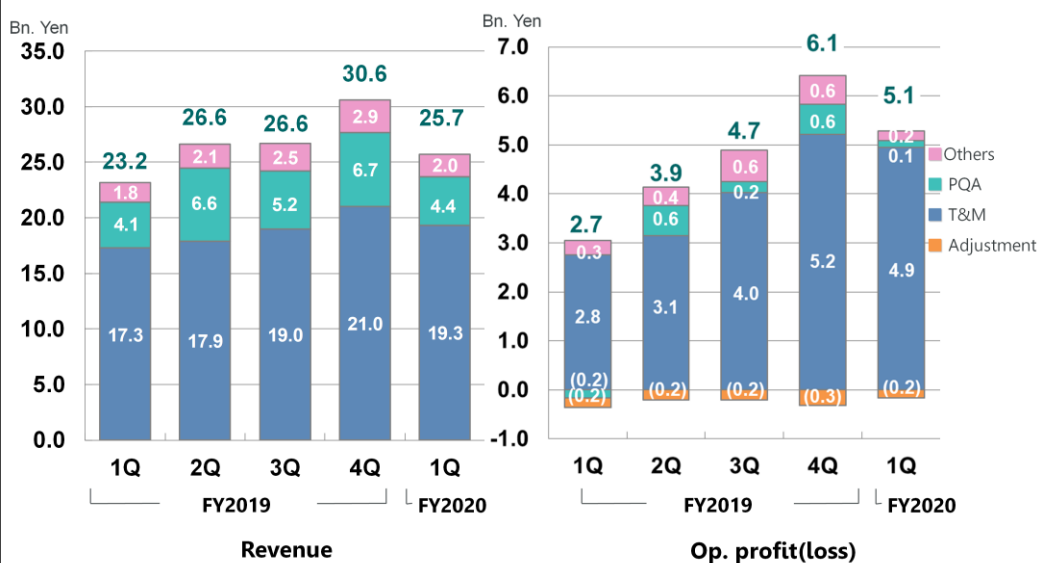
Financial Results FY2020Q1
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In the T&M business, initial development demand for 5G as well as data center related demand were steady, and both revenue and profit increased year on year by 11% to 19.3 billion yen, and operating profit increased by 79% year on year to 4.9 billion yen (operating margin: 25.7%).

In the PQA business, needs for capital-investment towards automation and higher efficiency in the food market are strong, and both revenue and profit increased year on year by 8% to 4.4 billion yen, and operating profit increased by 0.3 billion yen to 0.1 billion yen (operating margin: 3.1%).

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

➡ 1Q(Apr.-Jun.) Operating margin : Consolidated 20%, T&M 26%, PQA 3%



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 : 5.1 billion yen (Operating margin : 19.9%)

T&M : 4.9 billion yen (Operating margin : 25.7%)

PQA : 0.1 billion yen (Operating margin : 3.1%)

II -4. Overview of operations by business segment

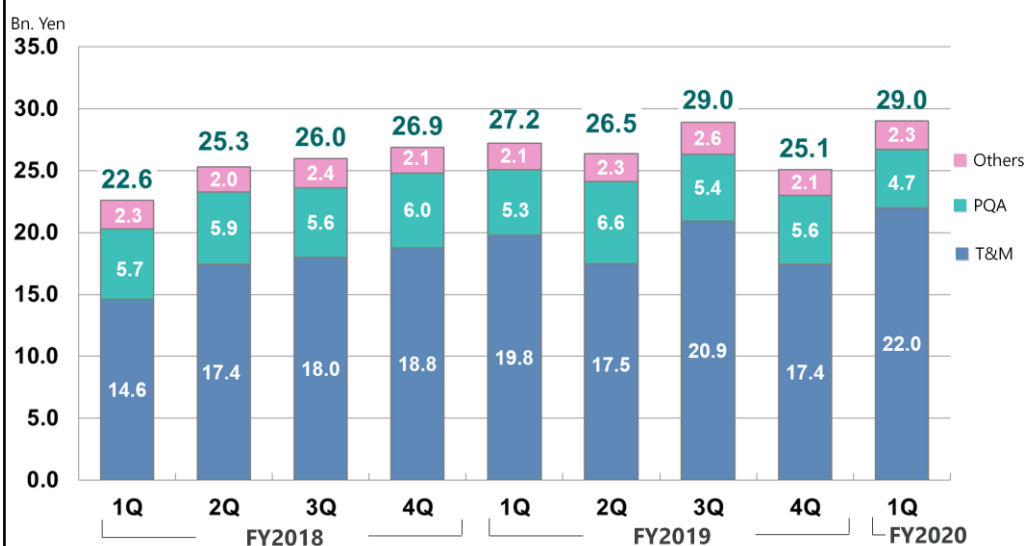
Segment FY2020 (April to June)	
➡ T&M : Steady progress of 5G commercialization schedule	
Mobile	5G development demand remains steady
Network Infrastructure	Increased investment in data centers, etc.
Asia & Others/Japan	Expansion in investment aimed at 5G commercialization
Americas	Greater focus on 5G service area expansion
➡ PQA : Capital investment in food market to introduce automation and to enable higher efficiency is robust. However, we need to watch carefully the impact of COVID-19.	

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

(No notes here)

II -5. Transition of Order intake

➡ T&M : 12% growth year on year



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9

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In the first quarter, order intake of the T&M Business increased year on year by 2.2 billion yen (11.6%) to 22.0 billion yen, mainly by absorbing delayed order intake originally expected in the previous quarter, and also thanks to strong performance in capturing demand for 5G commercialization as well as demand related to data centers.

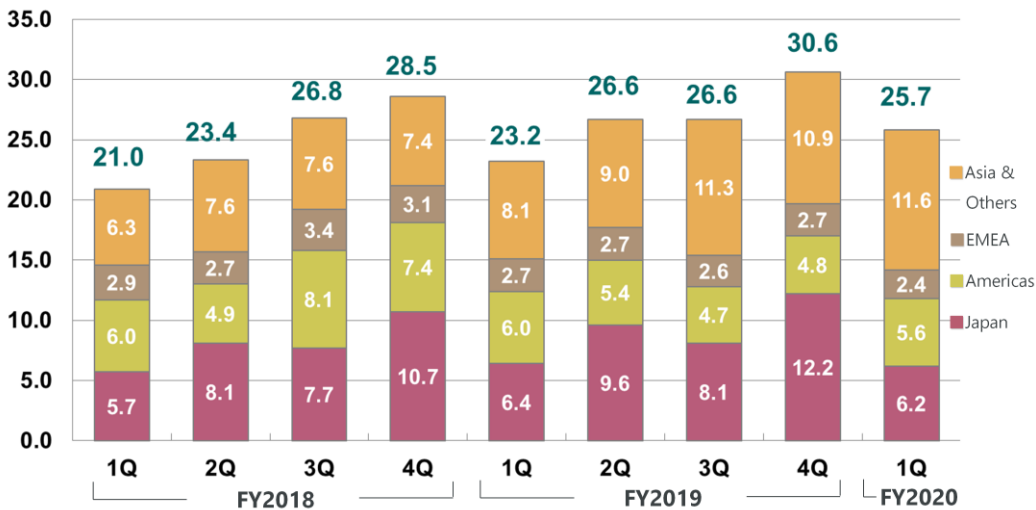
In the first quarter, due to some effect by COVID-19, the order intake of the PQA business decreased year on year by 0.6 billion yen (11.9%) to 4.7 billion yen.

The order backlog for the entire Group was 25.2 billion yen (1.6% year-on-year decrease) and 18.2 billion yen (0.5% year-on-year decrease) for the T&M business and 5.2 billion yen (9% year-on-year decrease) for the PQA business.

II -6. Transition of Revenue by region

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

Bn. Yen



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 19.1% ¥

FY2020 1Q

Operating CF : 4.9 Bn. Yen
Investing CF : (1.1) Bn. Yen
Financing CF : (11.0) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 3.8 Bn. Yen

Cash at the end of period

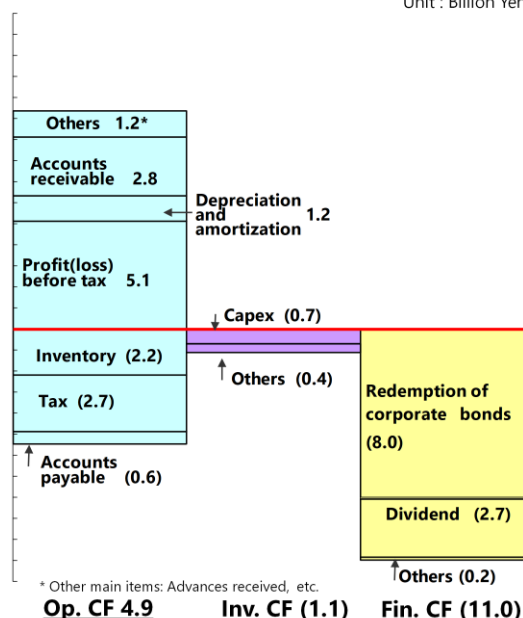
40.5 Bn. Yen

Interest-bearing debt

6.6 Bn. Yen

Details

Unit : Billion Yen



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

Op. CF 4.9

Inv. CF (1.1)

Fin. CF (11.0)

The operating cash flow was inflow of 4.9 billion yen.

The investing cash flow was outflow of 1.1 billion yen.

As a result, the free cash flow amounted to an inflow of 3.8 billion yen.

The financial cash flow was outflow of 11.0 billion yen.

The main outflows were redemption of corporate bonds 8 billion yen and dividends paid of 2.7 billion yen (Dividend per share: Fiscal year end dividend: 20.0 yen).

Consequently, the balance of cash equivalents at the end of the period decreased by 7.2 billion yen from the beginning of the fiscal year to 40.5 billion yen.

III. Forecast for full year of FY2021 (Consolidated)

 No Change since April 27th disclosures

Unit: Billion Yen

		FY2019	FY2020	
		Actual	Forecast	YoY
				YoY(%)
Revenue		107.0	110.0	3.0
Operating profit (loss)		17.4	17.5	0.1
Profit (loss) before tax		17.2	17.5	0.3
Profit (loss)		13.4	13.5	0.1
T&M	Revenue	75.2	77.0	1.8
	Op. profit (loss)	15.1	15.5	0.4
PQA	Revenue	22.6	24.0	1.4
	Op. profit (loss)	1.3	1.8	0.5
Others	Revenue	9.3	9.0	(0.3)
	Op. profit (loss)	1.9	1.2	(0.7)
Adjustment	Op. profit (loss)	(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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12

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The forecast for the full year results of FY2020 remains unchanged from the plan announced on April 27.

Uncertainty of the social and economic situation continues due to the spread of COVID-19. The forecast assumes that COVID-19 will be settled within the first half of the fiscal year. Consequently, the situation of the spread of the COVID-19 infection and the time of convergence could have additional impact on Anritsu Group's performance, including a further prolongation of the slump in economic activity. The Company will swiftly publish information when it is expected material impacts that should be disclosed.

IV. 5G Market trends and Anritsu Initiatives

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

(No notes here)

IV-1. Main initiatives for COVID-19

Major events		Main Initiatives by Anritsu
Jan.	WHO state of emergency declared	Established COVID-19 Prevention Task Force (1/31) <ul style="list-style-type: none"> Prohibited business trip to China and those non-urgent ones to other overseas areas. Enforced questionnaires and temperature check upon receiving visitors.
Feb.		<ul style="list-style-type: none"> Remote work, Time shifted commuting, Commuting by cars(temporary parking), Lunch break in multiple shifts
Apr.	Japan state of emergency declared	4/9~ Remote work + Refraining use of public transportation for commuting Commute reduction ratio 60% <ul style="list-style-type: none"> Masks are distributed to all employees. Wearing a mask is mandated during work. 4/20~Increased application of remote work & Only those in manufacturing teams Permitted to commute : Commute reduction ratio 80% <ul style="list-style-type: none"> Enhanced VPN, 2 weeks company shutdown for Golden Week, Holidays alternation
May	Japan state of emergency lifted	Relaxed application of Remote Work : Commute reduction ratio 60% "Team New Normal" activities commenced <ul style="list-style-type: none"> Social distances, Conference Rooms, Office Desks, Disinfectants, Non-contacts Health seminar streaming video (available for remote workers)
Jun.	Tokyo alert issued	Remote work(rotation) + Refraining use of public transportation for commuting from or through 23 wards of Tokyo : Commute reduction ratio kept to 30%
Jul.	Kanagawa alert issued	Remote work + Refraining use of public transportation for commuting : Commute reduction ratio 60% (70% excluding manufacturing teams) <ul style="list-style-type: none"> Started operation of dedicated company bus for commuting

The Group established COVID-19 Prevention Task Force at the end of January. When the state of emergency was declared in April, we reduced the number of people commuting to work by 80% and expanded remote work.

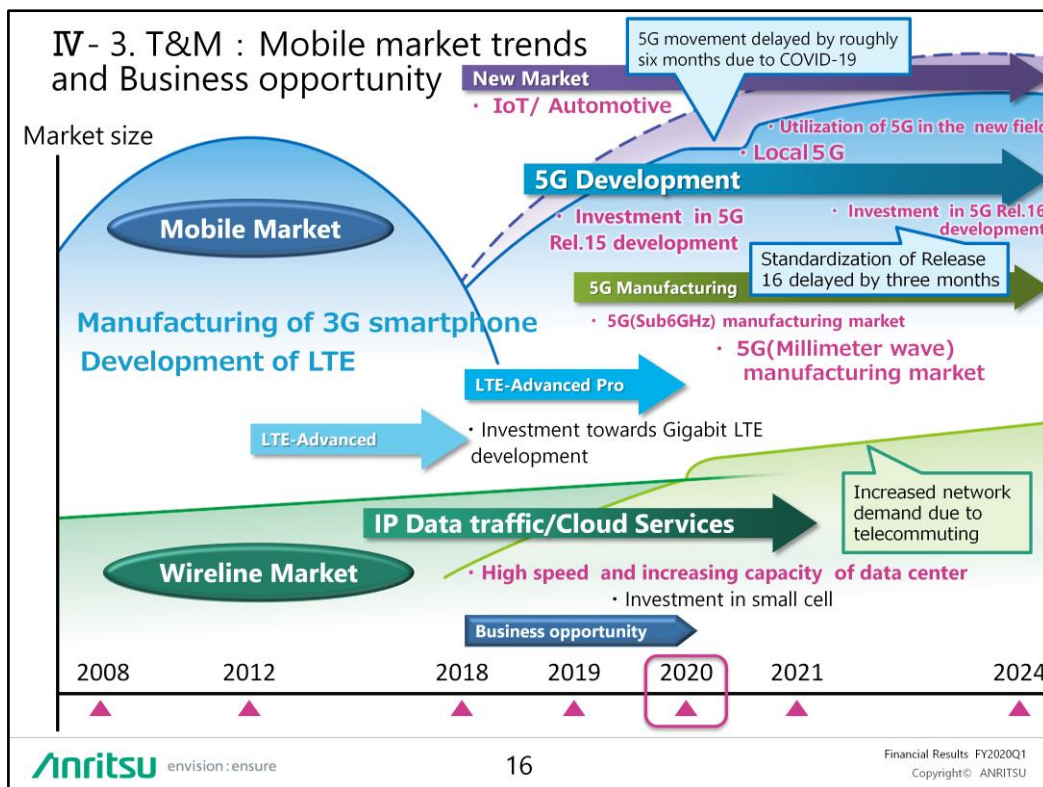
Since the state of emergency was lifted, we have continued to carry out initiatives to reach a new state of normalcy while maintaining a certain level of remote work, including ensuring social distancing in conference rooms, elevators, cafeterias, and elsewhere, and thoroughly disinfecting workplaces as well as eliminating contact. Currently, we have achieved a 70% reduction in staff attendance at work by increasing the number of days of remote work by rotation.

While the future outlook remains uncertain, the Group will continue to strive to minimize the impact on its business by means such as optimizing the scope of remote work in accordance with the risk level, establishing and expanding IT infrastructure, and diversifying procurement.

IV-2. Business conditions amid COVID-19

	Status of Sales Activities
Japan	Just starting to see some restriction for customer visit due to concerns for the second wave of infection
Americas	Though economic activities have been restarted in some areas, there are some movements for restriction again. Limited sales activities such as remote promotion are taken place.
EMEA	Economic activities have been restarted. Sales activities have been restarted accordingly but still have much restriction for customer visits.
Asia& Others	Business activities have almost returned to normal. However, there are certain areas such as India where we have not been able to resume sales activities.

(No notes here)



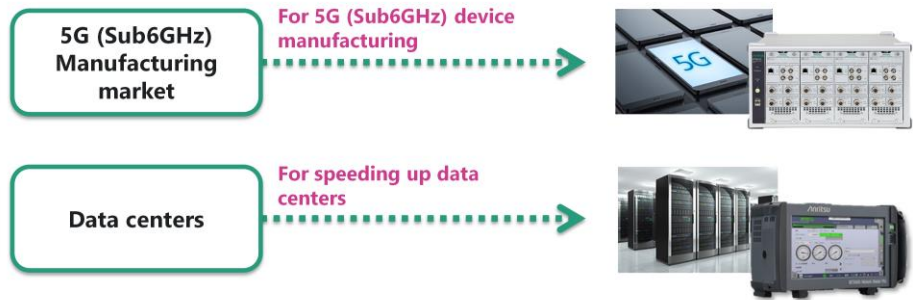
The impact of COVID-19 has led to a slowdown in economic activity in many countries.

The mobile measurement market is no exception: the rollout of 5G service is slowing down in many regions.

We expect that even in these regions, as the spread of COVID-19 levels off, the rollout of 5G service and network expansion will resume and then accelerate to make up for the slowdown.

IV-4. Solutions for focus markets

T & M



PQA



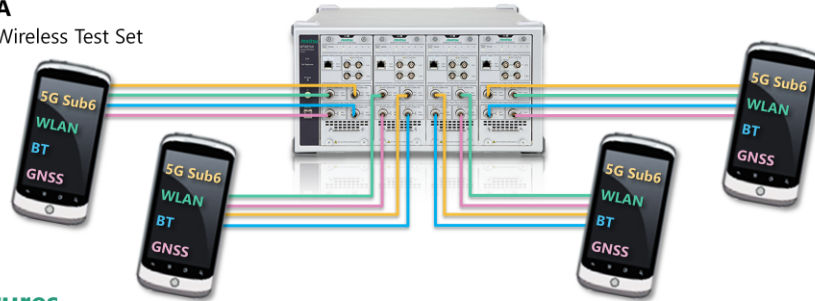
We would like to showcase solutions for markets we are focusing on.

IV-5. Manufacturing Solution for 5G Sub 6GHz devices

Test instruments for mass production of 5G Sub-6GHz smartphones

MT8870A

Universal Wireless Test Set



■ Features

Simultaneous testing of multiple antennas and parallel testing of 4 devices significantly increase production efficiency.

- Parallel testing of multiple radio technologies (Cellular/WLAN/BT/GNSS) embedded in a smartphone
- Simultaneous testing of up to 4 smartphones

■ Target Market

- Smartphone manufacturing market, Connectivity/IoT manufacturing market

■ Target Customers

- Smartphone/mobile device vendors, EMS

(No notes here)

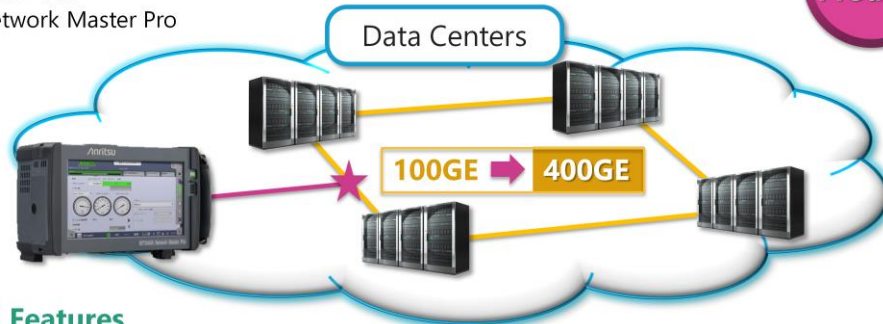
IV-6. Speeding Up Solutions for data centers

Portable measuring instrument supporting 400G Ethernet

MT1040A

Network Master Pro

New
Product



■ Features

Verification speeding up Data Centers upgrades 100G Ethernet ➡ 400G Ethernet

■ Target markets

- Communication networks and data centers

■ Target customers

- Telecom carriers, communication network installers, communication equipment maintainers, network device vendors

(No notes here)

IV-7. Solutions for pharmaceutical market

Metal detectors for pharmaceutical market

KDS1004PSW Metal detectors for pills and capsules



Quicca Pharma

Comprehensive quality control management system for pharmaceuticals



■ Features

Detects metal in pills and capsules with high sensitivity and determines pass/fail.

- Can detect metal fragments down to 0.1 mm

■ Customers

- Pharmaceutical companies

We would like to showcase solutions of the PQA Business.

KDS1004PSW: Metal detectors for pills and capsules

Metal detectors for pills, capsules, and tablets detect metal in pharmaceutical pills and capsules, as well as food in tablet form. We are aiming to enter the new pharmaceutical market with this device.

Quicca Pharma: Comprehensive quality control/control system for pharmaceuticals

The QUICCA comprehensive quality control management system is able to centrally manage measurement data logs and operation history of multiple inspection machines. This system is aimed at using IoT to improve quality and productivity. Quicca Pharma is a management system specialized for pharmaceutical production inspection lines.



(No notes here)