

Financial Results for the Fiscal Year ended March 31, 2021

Akifumi Kubota

Director, Executive Vice President, CFO
Anritsu Corporation

April 27th , 2021



TSE cord : 6754
<https://www.anritsu.com>

(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


1. Outline of our business segments
2. Consolidated performance review of the Fiscal Year ended March 31, 2021
3. Outlook for full year of the Fiscal Year ending March 31, 2022(Consolidated)

(No notes here)

1. Outline of our business segments


T&M
Evolution and advances of networked society

- ▶ Mobile : 5G, 5G Utilization
- ▶ Network Infrastructure : Data center, Optical NW, Wireless NW
- ▶ Electronics : Base station construction and maintenance, Electronics parts, Wireless Equipment





PQA
Food safety

- ▶ X-ray inspection systems
- ▶ Metal Detector
- ▶ Checkweighers



Others

- ▶ IP network equipment
- ▶ Opt. devices

(Revenue by business segment)
105.9 billion Yen consolidated revenue in FY2020

T&M 71%			PQA 20%	Others 9%
Mobile 59%	Network Infrastructure 25%	Electronics 16%		

(Revenue of T&M business by region in FY2020)

Japan 18%	Asia & Others 47%	Americas 23%	EMEA 12%
-----------	-------------------	--------------	----------

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

(No notes here)

2 - 1 . Consolidated performance - Financial results -

▶ Year-on-Year: A slight decrease in revenue, but an increase in profit

Unit: Billion Yen

International Financial Reporting Standards(IFRS)	FY2019 (Apr. to Mar.)	FY2020 (Apr. to Mar.)	YoY	YoY (%)
Order Intake	107.7	107.6	(0.1)	-0%
Revenue	107.0	105.9	(1.1)	-1%
Operating profit (loss)	17.4	19.7	2.3	13%
Profit (loss) before tax	17.2	19.8	2.6	15%
Profit (loss)	13.4	16.1	2.7	20%
Comprehensive income	11.9	19.9	8.0	66%

(Note) Numbers for FY2019 and FY2020 are rounded off to the first decimal place in each column.

The Group's consolidated order intake was around the same level as previous year of 107.6 billion yen and revenue decreased by 1% year on year to 105.9 billion yen. Operating profit increased by 13% year on year to 19.7 billion yen.

Profit increased by 20% year on year to 16.1 billion yen.

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

▶ T&M : Profit increased due to a higher proportion of 5G products

▶ PQA : Revenue decreased while operating profit remained at the same level year on year

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2019 (Apr. to Mar.)	FY2020 (Apr. to Mar.)	YoY	YoY (%)
T&M	Revenue	75.2	74.8	(0.4)	-0%
	Op. profit (loss)	15.1	17.7	2.6	17%
PQA	Revenue	22.6	21.4	(1.2)	-5%
	Op. profit (loss)	1.3	1.3	0.0	4%
Others	Revenue	9.3	9.7	0.4	5%
	Op. profit (loss)	1.9	1.8	(0.1)	-5%
Adjustment	Op. profit (loss)	(0.9)	(1.2)	(0.3)	-
Total	Revenue	107.0	105.9	(1.1)	-1%
	Op. profit (loss)	17.4	19.7	2.3	13%

(Note 1) : Numbers for FY2019 and FY2020 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

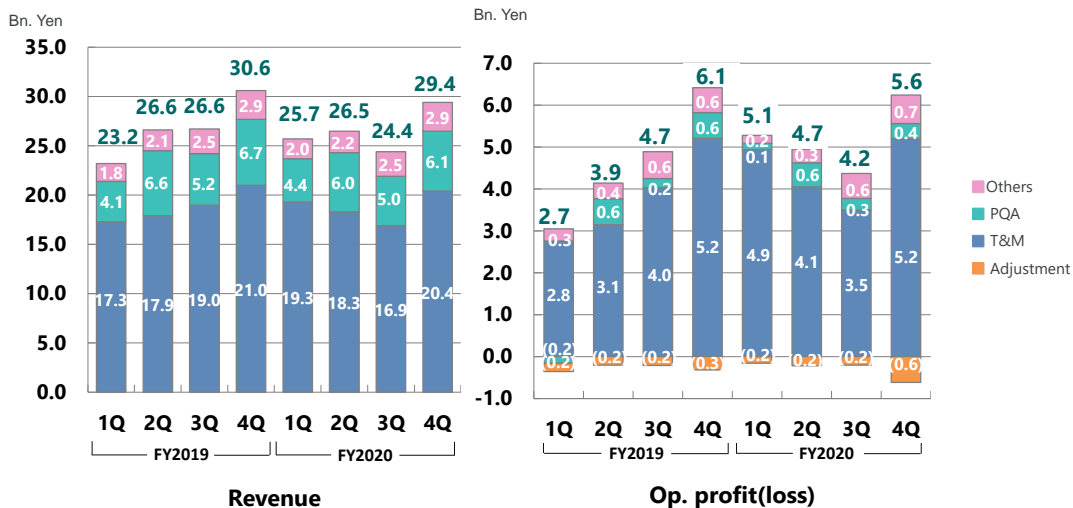
In the T&M business, development demand for 5G in Asia remained strong in the fourth quarter.

However, as customers became more cautious in their investments in the US and Japan due to a worsening of the situation regarding COVID-19, revenue decreased by 0.5% year on year to 74.8 billion yen. Operating profit increased by 17% to 17.7 billion yen (operating margin of 23.7%) due to an increase in the proportion of 5G products.

In the PQA business, uncertainty regarding the future due to the spread of COVID-19 caused some customers to take a cautious approach toward capital investment, and revenue decreased by 5% year on year to 21.4 billion yen. However, operating profit increased by 4% year on year to 1.3 billion yen (operating margin of 6.3%), as a result of a reduction in selling, general and administrative expenses.

2 - 3 . Consolidated performance - Revenue and Op. profit by quarters -

▶ 4Q(Jan.-Mar.) Operating margin : Consolidated 19%, T&M 25% ,PQA 6%



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 4Q are as follows:

Consolidated : 5.6 billion yen (Operating margin : 19.0%)
 T&M : 5.2 billion yen (Operating margin : 25.4%)
 PQA : 0.4 billion yen (Operating margin : 6.0%)

2 - 4 . Overview of operations by business segment

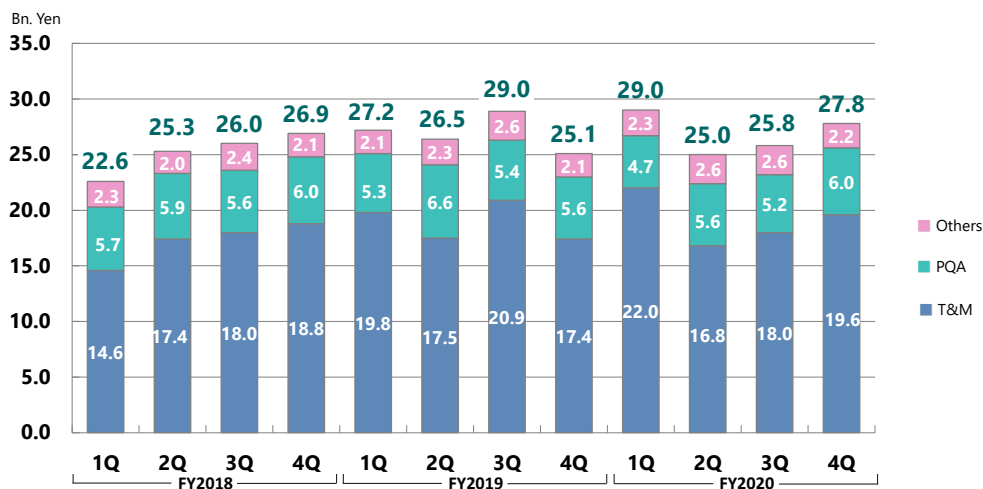
Segment FY2020 (April to March)	
<p>➤ T&M : Steady progress for both 5G commercialization schedule and development of high-speed data centers</p>	
Mobile	5G development demand remains steady
Network Infrastructure	Increased investment in data centers, etc.
Asia & Others/ Japan	Expansion in investment aimed at 5G commercialization Japan is sluggish due to the spread of the COVID-19
Americas	Greater focus on 5G service area expansion
<p>➤ PQA : In the food market, uncertainty about the future due to the spread of the COVID-19 caused some customers to remain cautious to capital expenditures</p>	

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

(No notes here)

2-5. Transition of Order Intake

- ▶ T&M : 13% increase year on year, 9% increase quarter on quarter
- ▶ PQA : 7% increase year on year



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

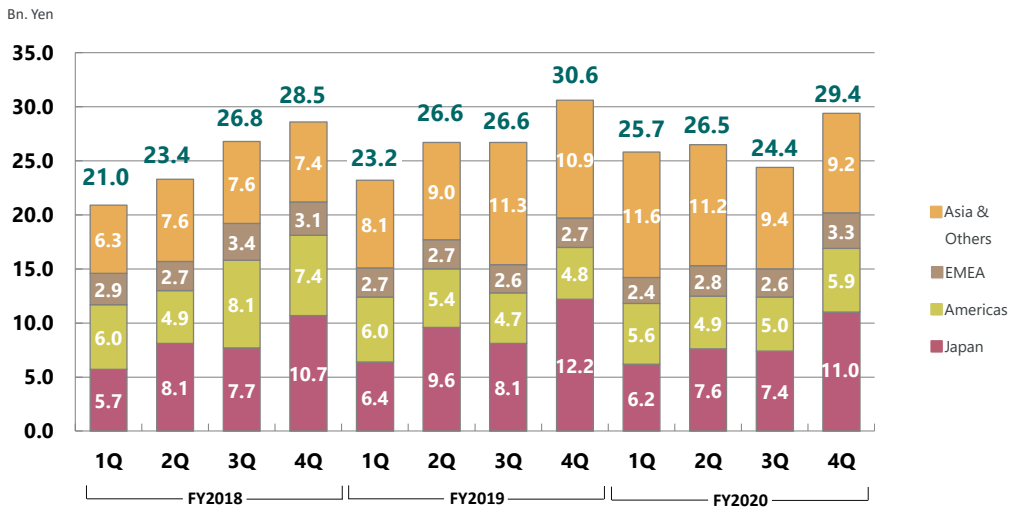
Order intake for the T&M business in the fourth quarter increased to 19.6 billion yen from 18.0 billion yen in the third quarter.

In the fourth quarter, order intake for the PQA business increased year-on-year by 7% to 6.0 billion yen, although uncertainty about the future due to the spread of the COVID-19 caused some customers to remain cautious to capital expenditures.

The order backlog for the entire Group was 22.6 billion yen (2% year-on-year decrease) and 15.9 billion yen (4% year-on-year decrease) for the T&M business and 5.2 billion yen (5% year-on-year increase) for the PQA business.

2 - 6 . Transition of Revenue by Region

▶ 5G commercialization and steady demand for data centers in Asia



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

(No notes here)

2-7. Cash Flow

▶ Operating cash flow margin ratio was 19.3%

Details

Unit : Billion Yen

FY2020

Operating CF : 20.5 Bn. Yen
Investing CF : (5.0) Bn. Yen
Financing CF : (14.5) Bn. Yen

Free Cash Flow

Op.CF+Inv. CF : 15.5 Bn. Yen

Cash at the end of period

49.8 Bn. Yen

Interest-bearing debt

5.8 Bn. Yen

↓ Others 1.1*		
Depreciation and amortization 4.9		
	← Inventory (1.0)	
Profit(loss) before tax 19.8		
Tax (5.2)	Capex (2.7)	Redemption of corporate bonds (8.0)
	Others (2.3)	
↑ Accounts payable (1.1)		Dividend (4.9)
		Others (1.6)
Op. CF 20.5	Inv. CF (5.0)	Fin. CF (14.5)

* Other main items: Advances received, etc.

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

The operating cash flow was inflow of 20.5 billion yen.
The investing cash flow was outflow of 5.0 billion yen.
As a result, the free cash flow amounted to an inflow of 15.5 billion yen.
The financial cash flow was outflow of 14.5 billion yen.
The main outflows were redemption of corporate bonds of 8 billion yen and dividends paid of 4.9 billion yen (Dividend per share: Fiscal year end dividend: 20 yen, Interim dividend: 15.5 yen).
Consequently, the balance of cash equivalents at the end of the period increased by 2.1 billion yen from the beginning of the fiscal year to 49.8 billion yen.

3 - 1 . Forecast for full year of FY2021 (Consolidated)

▶ Although the impact of COVID-19 will remain, 5G-related demand is expected to grow

Unit: Billion Yen

		FY2020	FY2021		
		Actual	Forecast	YoY	YoY(%)
Revenue		105.9	114.0	8.1	8%
Operating profit (loss)		19.7	20.5	0.8	4%
Profit (loss) before tax		19.8	20.5	0.7	3%
Profit (loss)		16.1	16.2	0.1	0%
T&M	Revenue	74.8	82.0	7.2	10%
	Op. profit (loss)	17.7	18.5	0.8	4%
PQA	Revenue	21.4	23.0	1.6	7%
	Op. profit (loss)	1.3	1.8	0.5	34%
Others	Revenue	9.7	9.0	(0.7)	-7%
	Op. profit (loss)	1.8	1.2	(0.6)	-33%
Adjustment	Op. profit (loss)	(1.2)	(1.0)	0.2	-

Reference : Exchange rate : FY2020 (Actual) 1USD=106 yen, 1EURO=123 yen
FY2021(Forecast) 1USD=105 yen, 1EURO=125 yen

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

In the field of information and communication, 5G-related demand is expected to remain growing due to further technological innovation and utilization. Furthermore, demand for improved network infrastructure is also expected to grow. In this business environment, Anritsu Group will strive to establish a competitive advantage by offering timely solutions that accurately meet the needs of further 5G application and growing demand for network acceleration, and be a leading company supporting 5G and IoT society.

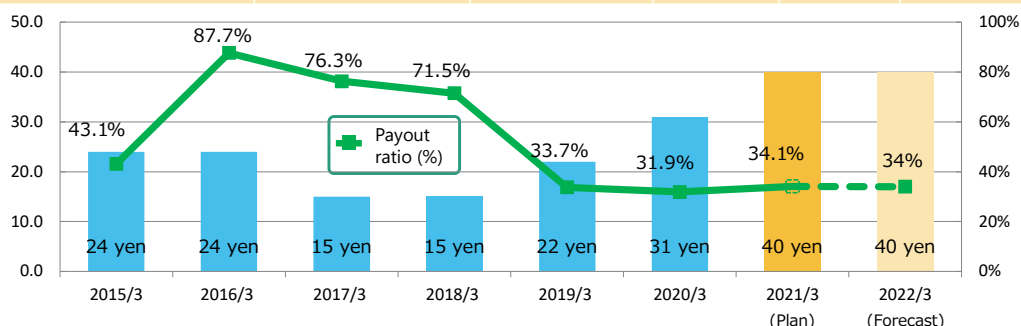
Business forecasts for the year ending March 31, 2022 are as above. The impact of the COVID-19 on economic activities varies from region to region, and the impact on our business also varies from region to region. This forecast assumes that COVID-19 infection status will remain the same in each region. Going forward, the Company will swiftly publish any expectations of material impacts that should be disclosed.

3-2. Dividend plan and forecast

**FY2020
Revise
dividend plan**

37 yen → 40 yen (FY2020 Plan)
(Interim dividend 15.5 yen, Year-end dividend 24.5 yen)

	Dividend per share	Profit	Payout ratio	DOE	ROE
FY2020(Plan)	40 yen	16.1 B yen	34.1%	5.4%	15.8%
FY2021(Forecast)	40 yen	16.2 B yen	34%	5%	14%



We plan to increase the annual dividend to 40 yen per share (an interim dividend of 15.5 yen and a year-end dividend of 24.5 yen), an increase of 3 yen from the annual dividend of 37 yen per share (including an interim dividend of 15.5 yen) announced on January 28, 2021 in the forecast for the full year results of FY2020. ROE is expected to be 15.8%.

We plan to pay an annual dividend of 40 yen per share (including an interim dividend of 20.0 yen) on the premise that we will achieve our business outlook for FY2021. We will continue to practice distribution of profits taking into account the total return ratio in order to enhance shareholder return.

[Dividend Policy]

The Company's core policy of returning profits to its shareholders is to distribute profits in accordance with its consolidated performance, taking into account the total return ratio. With regard to the distribution from surplus, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company's policy is to pay dividends twice a year as an interim dividend and a year-end dividend aiming at a consolidated dividend payout ratio of 30% or more by the resolution of the Board of Directors or the General Meeting of Shareholders. Our policy as to the acquisition of treasury stock is that we undertake such appropriately where necessary based on consideration of our financial performance and other factors such as stock price in order to perform expeditious capital strategy responding to the changes to corporate environment.



(No notes here)