



MEMBERSHIP

An Anritsu MT88470A handheld device is shown in the background, displaying a software interface on its screen. The device has a white and green color scheme with various buttons and ports on the left side.

# Challenges from stabilization to growth

February 25th, 2010 – CLSA Japan Forum

**Hiromichi Toda**  
**President**  
**Anritsu Corporation**

TSE symbol : 6754  
(<http://www.anritsu.co.jp/e/ir>)

# Cautionary Statement

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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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# Agenda

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-  **Overview of business**
-  **Mid-term goal**
-  **Test & Measurement (T&M) Market and actions**

# Overview of business



Segment	Business area
Test & Measurement	Telecommunication Infrastructure
	Mobile Handset
	General Purpose :RF device/component, etc
Information and communication	
Industrial automation for food and pharmaceutical industry	
Others : Optical device, Precision measurement, etc	



Industrial Automation  
16%

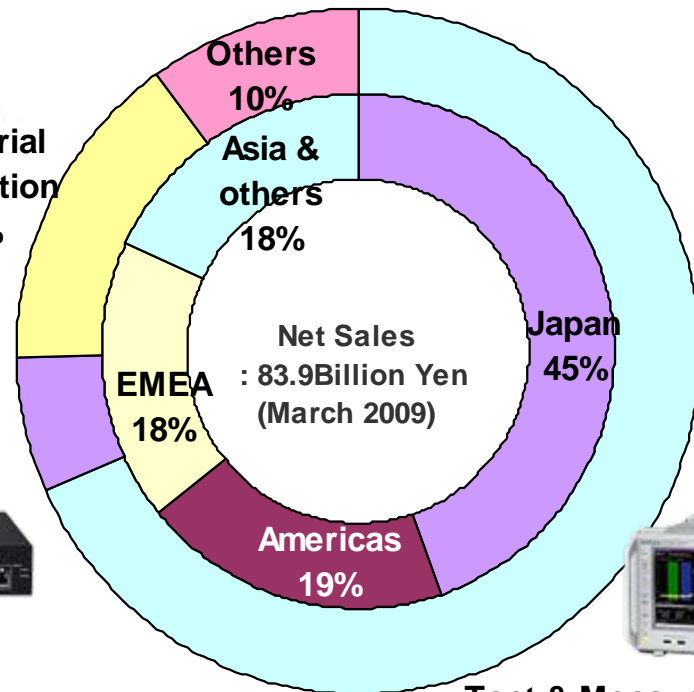


Info. & Comm.  
6%

## Consolidated (FY2008)

Sales: 83.9 Bn. Yen

Op. income: 0.9 Bn. Yen



Test & Measurement  
68%

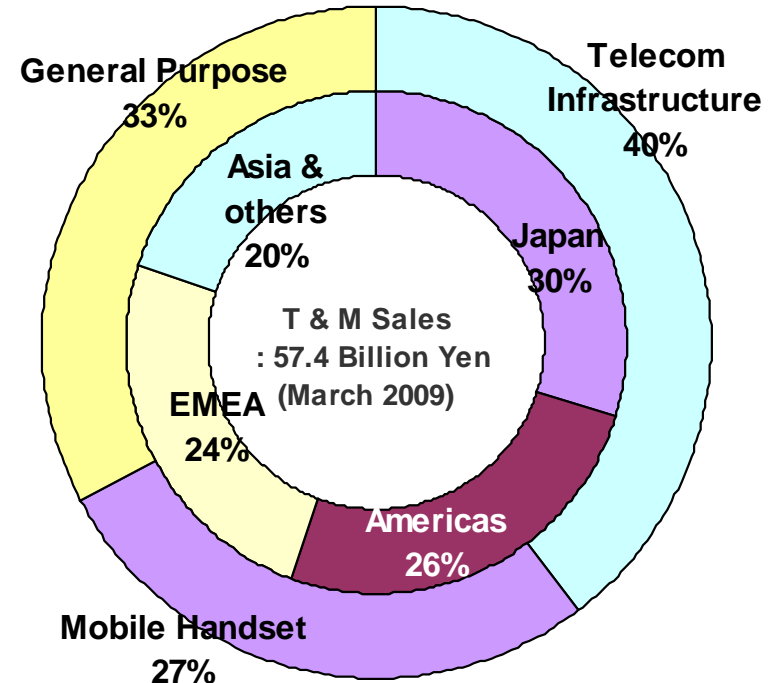
Inside Circle : Sales by region

Outside Circle : Sales by business segment

## Test & Measurement Business

Sales: 57.3 Bn. Yen  
Op. loss: 0.8 Bn. Yen

Main business of T&M	Customers
<b>Telecom Infrastructure</b> Testers for optical/digital/IP networks. Handheld tester for base station Network monitoring system.	Telecom. carriers, Telecom. Equip. vendors, Telecom. network construction companies
<b>Mobile Handset</b> Testers for R&D and manufacturing handset	Handset vendors, Chipset vendors
<b>General Purpose</b> Testers for general electronics components and emerging wireless technologies	Device & component, Handset vendors, Car elec. Vendors etc

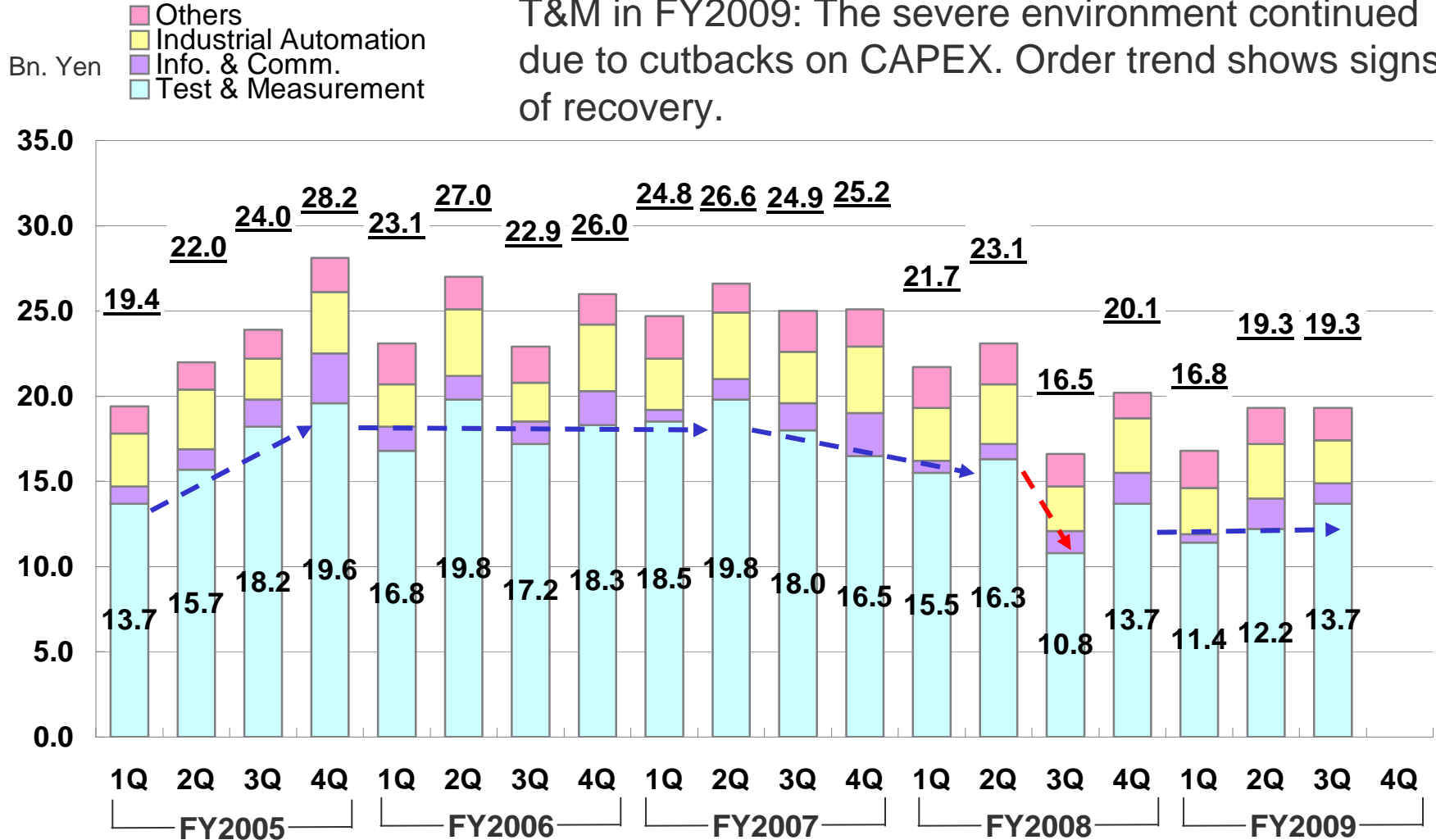


Inside Circle : Sales by region in T&M  
Outside Circle : Sales by sub-segment of T&M

# Orders by business segment

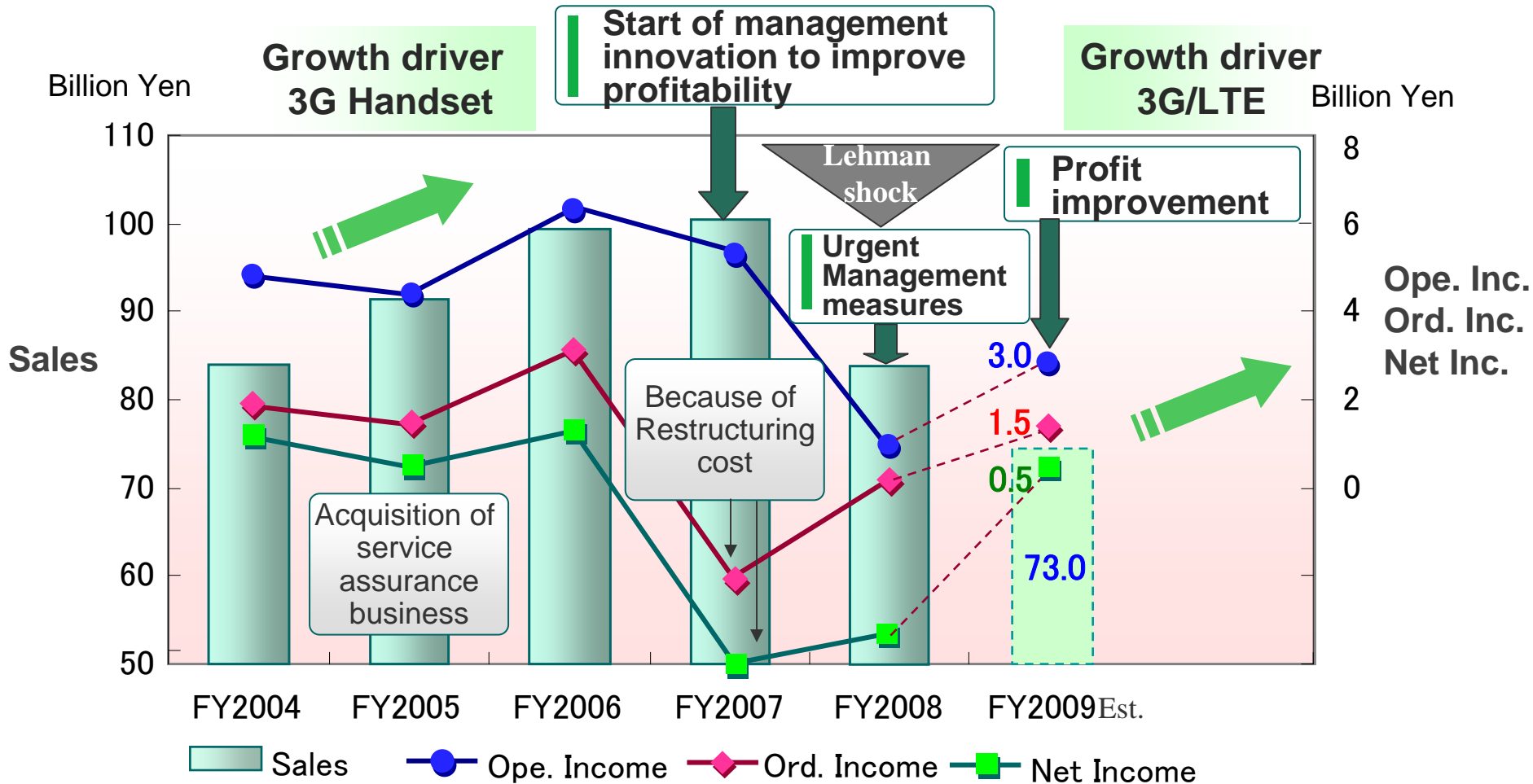


T&M in FY2009: The severe environment continued due to cutbacks on CAPEX. Order trend shows signs of recovery.



Note : Numbers are rounded off in each column

# Record of Sales and Incomes



[Note] 3G: 3<sup>rd</sup> generation mobile phone、LTE: Long Term Evolution (next-generation mobile phone)

# Outlook for FY2009 (Apr. 2009 – Mar. 2010)



Unit: Billion Yen

		FY2008	FY2009 (Apr.2009 - Mar. 2010)		
		Actual	Forecast	YoY	YoY(%)
<b>Net Sales</b>		<b>83.9</b>	<b>73.0</b>	<b>(10.9)</b>	<b>-13%</b>
<b>Operating Income (loss)</b>		<b>0.9</b>	<b>3.0</b>	<b>2.1</b>	<b>231%</b>
<b>Ordinary Income (loss)</b>		<b>0.2</b>	<b>1.5</b>	<b>1.3</b>	<b>779%</b>
<b>Net Income (loss)</b>		<b>(3.5)</b>	<b>0.5</b>	<b>4.0</b>	<b>-</b>
Test & Measurement	Sales	57.4	48.5	(8.9)	-16%
	Op. Income	(0.8)	1.3	2.1	-
Info. & Comm.	Sales	5.2	5.0	(0.2)	-4%
	Op. Income	0.1	0.0	(0.1)	-
Industrial Automation	Sales	13.0	12.0	(1.0)	-8%
	Op. Income	0.6	0.4	(0.2)	-33%
Others	Sales	8.3	7.5	(0.8)	-10%
	Op. Income	1.0	1.3	0.3	26%

**Non-dividend for FY2009**

Note 1 : Assumed Exchange rate 1USD = 90 Yen

Note 2 : Numbers are rounded off in each column



# Mid-term goal

1. Keep leading positions in **Telecom market** of 3G/LTE and broadband network
2. Increase **Base business** for stable profit

## Telecom

Broadband network  
3G/3.5G  
LTE etc.

for R&D and  
production

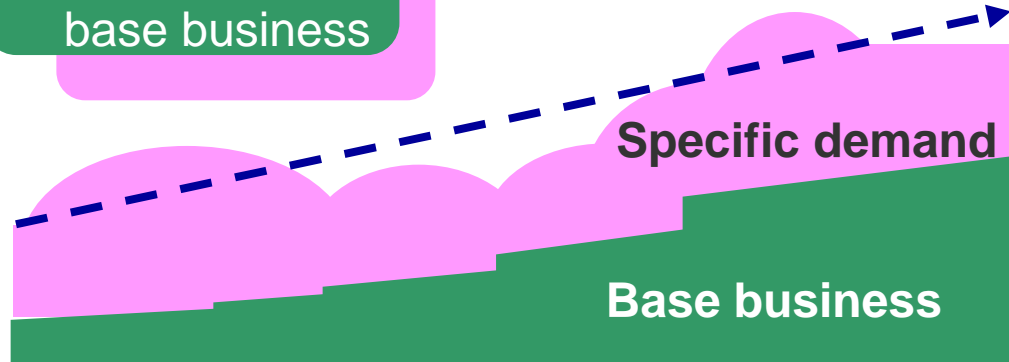
for maintenance and  
network QoS monitoring  
base business

## Electronics

General purpose  
Devices/modules  
Car electronics etc.

for R&D and  
production  
base business

Stable  
Growth



## Targets

Op. margin : 10%

ROE : 10%

# T&M Market trend and actions

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**Mobile Phone evolution to Broadband Access**

**Handset and Smartphone**

**3G in China**

**LTE**

**Carrier CAPEX and Data traffic, RF device**

# Mobile Phone evolution to Broadband Access



## Trends

Expected CAGR : 5%

## Actions

### New appliances

Smartphone, Netbook, Home electronics, Car

### Industry convergence and new services

New OS Platform, Cloud computing, Game, Broadcasting, Music, Publishing, Smart Grid

### Expansion to emerging countries

### Increase of mobile backhaul capacity

40G, 100GE, Undersea cable

3G and LTE solutions for new appliances and players

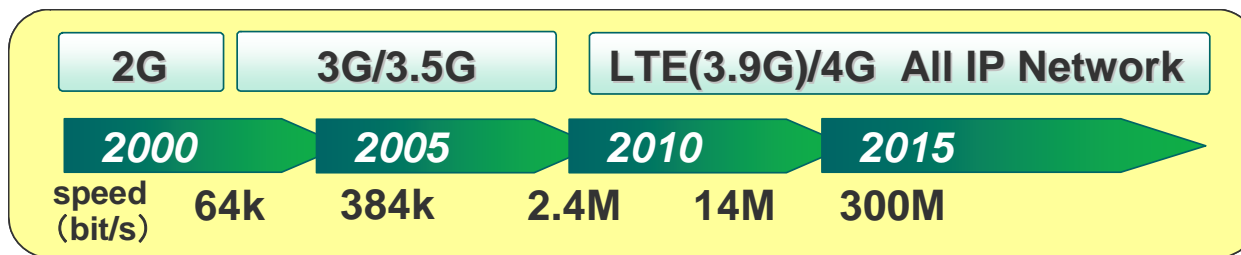
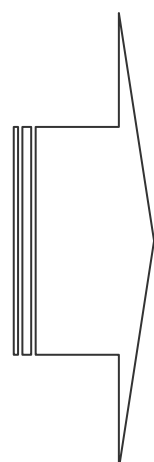
General Purpose Instrument with mobile broadband solutions

Strengthen Service Assurance

### China 3G and LTE

TD-SCDMA and TD-LTE

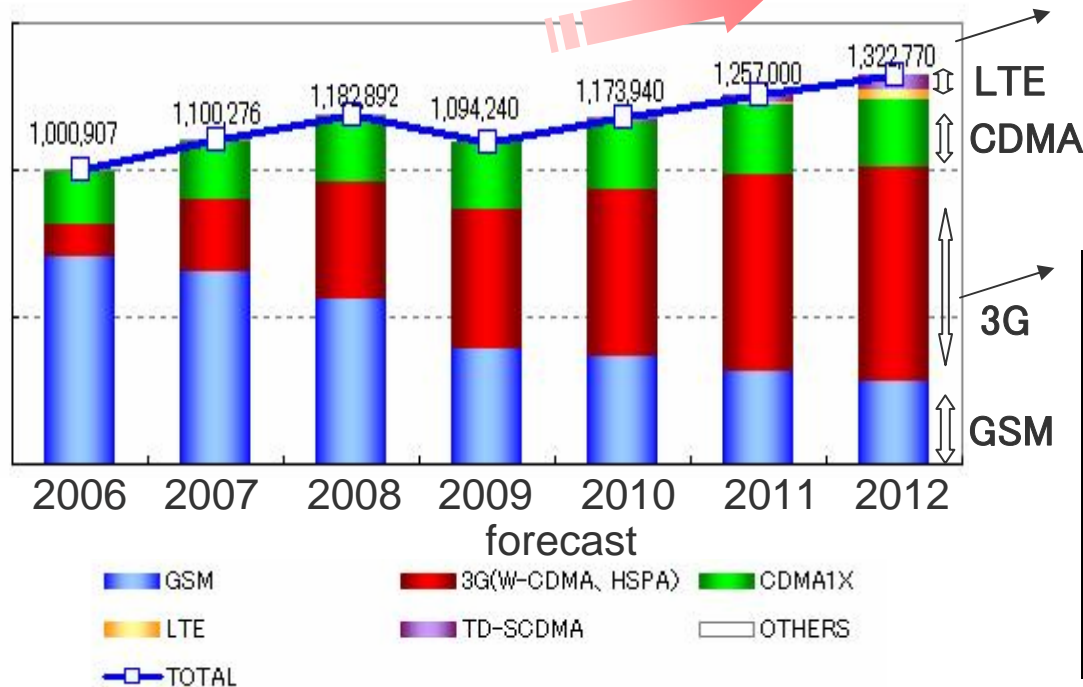
New generation instruments for manufacturing optical devices



# Market trend : Handset and smartphone

Share of 3G handset including smart-phone and netbook etc. will increase

The number of mobile phone production  
(unit : thousand)



Mobile phone subscriber :  
around 4.6 billions in 2009

Global Smartphone Vendor Shipments  
(Millions of Units)

	2008	2009	Growth %
Nokia	60.5	67.8	11.9
RIM	23.5	34.5	46.2
Apple	13.7	25.1	81.9
HTC	7.5	8.1	8
Samsung	5.4	5.7	5.6
Others	40.6	33.1	-18.5
<b>Total</b>	<b>151.1</b>	<b>173.8</b>	<b>15.1</b>

Source: Yano Research Institute Ltd.

Source : IDC

# Market trend : 3G in China

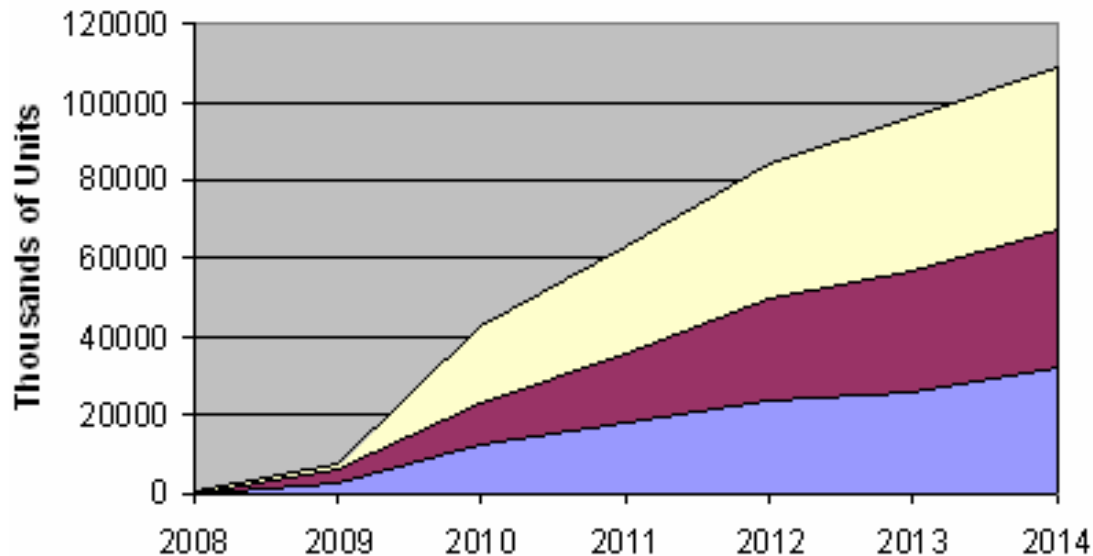


Installation of 3G network infrastructure progressed as planned in 2009

Global vendors have been entering TD-SCDMA handset market

Development of TD-LTE has started (to be shown at Shanghai EXPO)

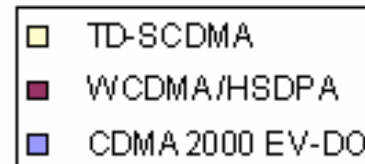
China 3G handset shipment forecast



## China Mobile

**Construction of Base station :**  
85K out of 180K in 2009

**Subscriber of TD-SCDMA :**  
5M out of 500M in 2009







Source : iSuppli

# Actions : 3G in China



**Our solutions cover all 3G systems ; TD-SCDMA, W-CDMA and CDMA2000  
Strength in wide coverage of TD-SCDMA test and expansion to TD-LTE**

- **Telecom. Carriers : T&M instruments for installation and maintenance**
- **Chipset and handset vendors : T&M instruments for development of TD-SCDMA/TD-LTE**

MT8820		<b>NEW</b>	One-box tester
			Manufacturing for handset, esp. TD-SCDMA
MD8470		<b>NEW</b>	Conformance test system
			Certification for Handset protocol
MS272x			Signaling tester
			R&D for handset and chipset, esp. TDS-CDMA
MS269x			Area tester, base station analyzer, spectrum analyzer
			Construction and maintenance for base station
			Signal analyzer, signal generator
			Manufacturing for base station



## Demand for LTE development is increasing globally

(as was main issue at MWC 2010 in Barcelona)

Countries and telecom carriers planning to introduce LTE :  
24 countries and 51 carriers (2009)

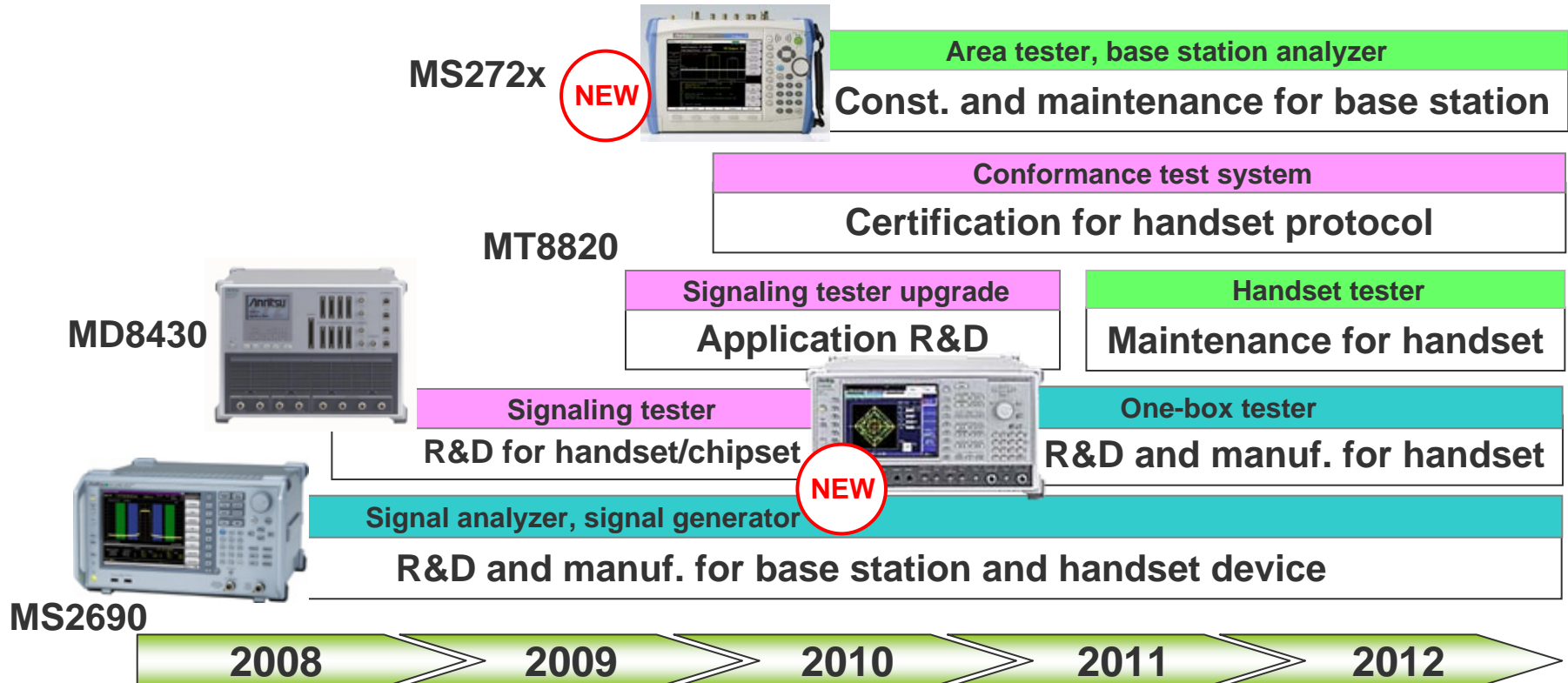
	2010	2011	2012	20xx
Japan	DoCoMo	SoftBank	KDDI	Becomes widely used  Full-scale commercialization
US	Verizon	AT&T	+ + +	
EMEA	TeliaSonera Vodafone de	T-Mobile de	+ + +	
APAC	KT, SK	China Mobile	+ + +	

Source : compiled from media reports.

# Actions : LTE



New solutions by sharing development roadmap with customers



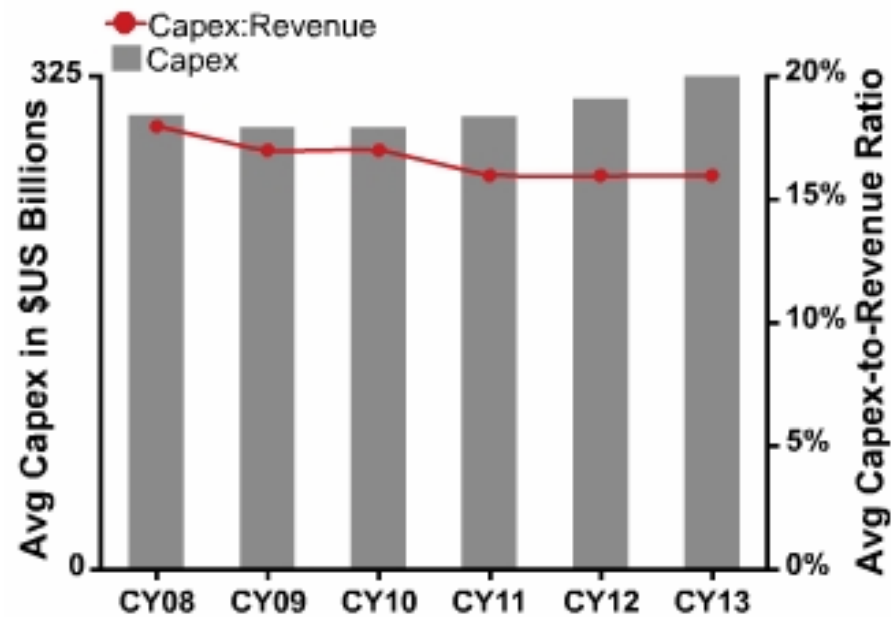


# Market trend : Carrier CAPEX and Data traffic



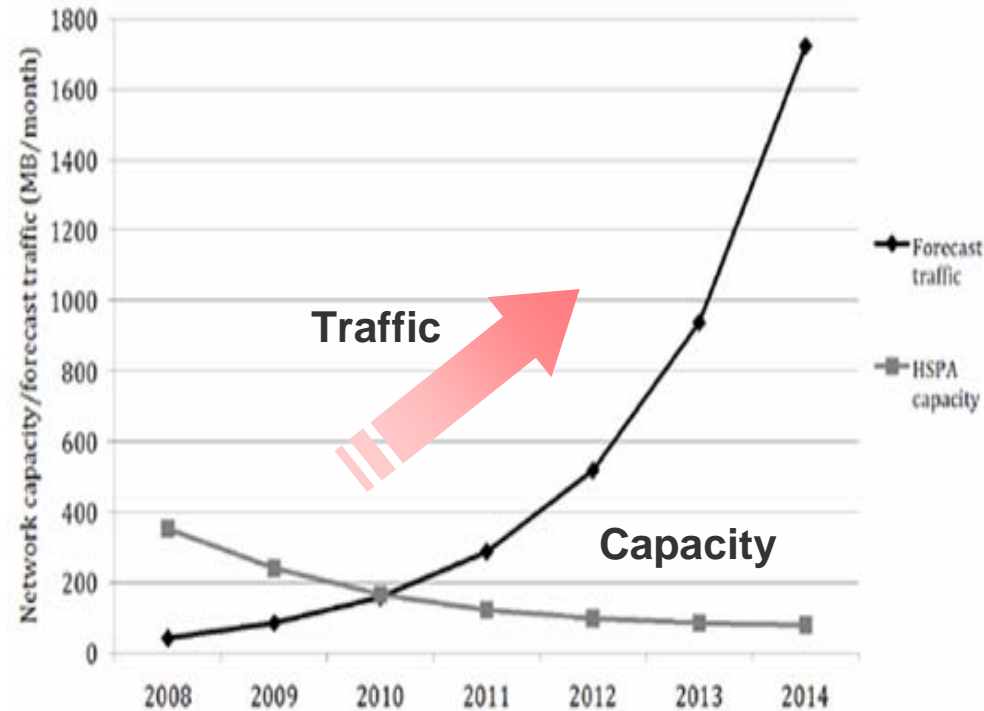
## Telecom carriers need CAPEX to increase network capacity

Service provider CAPEX worldwide



Source : Infonetics Research

HSPA network capacity per device and forecast traffic per device for a 3G operator



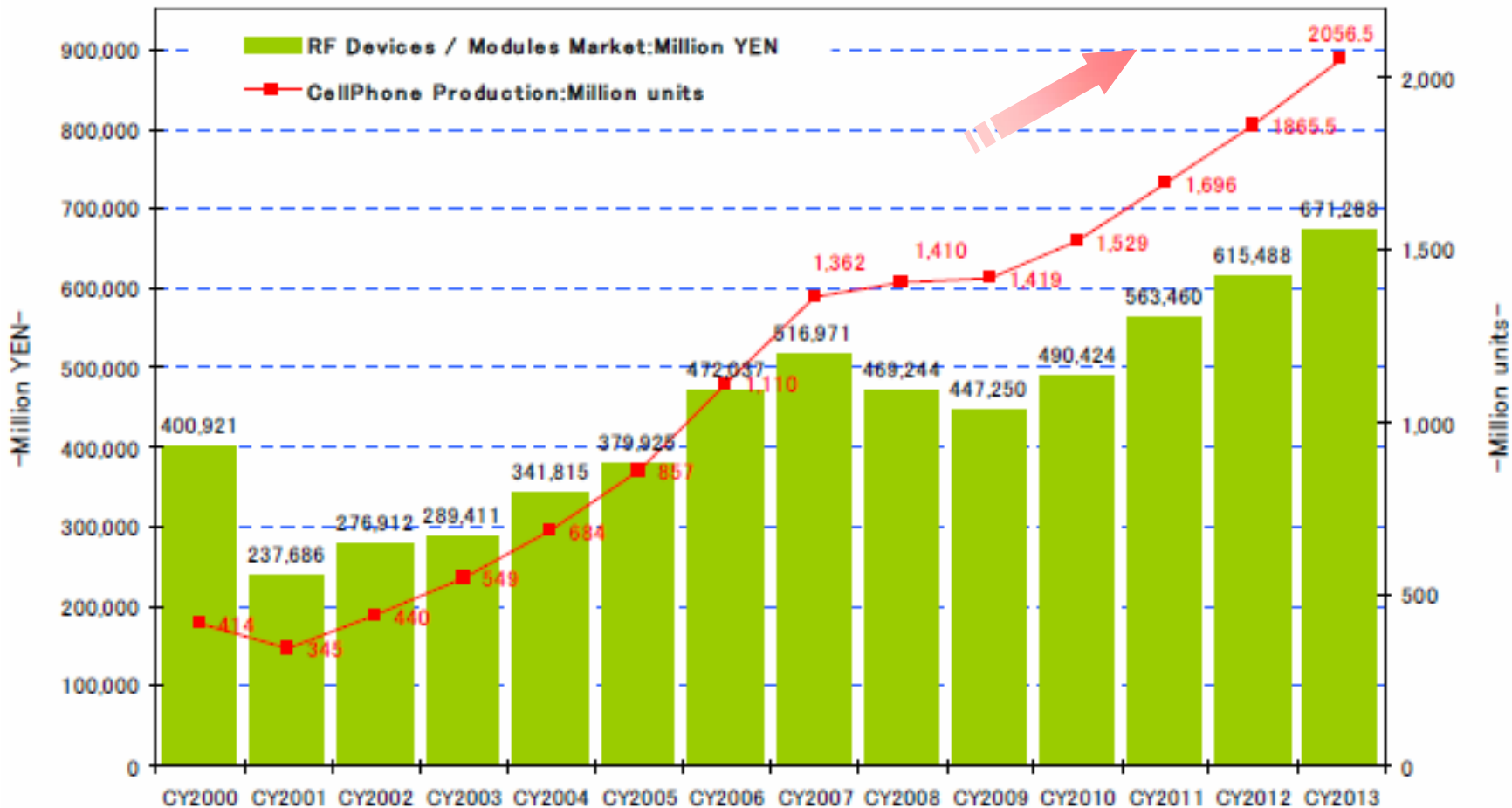
Source : 3G Newsletter

# Market trend : RF devices



Market size of RF devices will grow with increase of mobile phone production

Market size for RF devices/modules and forecast



Source :Navian Inc.

# Actions : Devices



Enhance new T&M line-up for development and manufacturing of RF and optical devices/modules

**Optical telecom. Line /  
Optical submarine cable**

【for installation & maintenance】



CMA5000

**Optical device / module**

【for development & manufacturing】



MP2100

MS9740

**RF device / module, automotive electronics, etc.**

【for development & manufacturing】



MS2830

# Appendix

# Company Profile



## ANRITSU CORPORATION

5-1-1 Onna, Atsugi-shi, Kanagawa, 243-8555 Japan  
Tel : (046) 223 -1111  
[www.anritsu.com](http://www.anritsu.com)

- First founded as Sekisan-sha in 1895.
- Established as Anritsu Electric Corporation on March 17, 1931.
- Paid-up capital:  
14,049 million yen (as of March 31, 2009)
- Sales:  
83,940 million yen (consolidated)  
(Year ended March 31, 2009)
- Employees:  
3,697 (Anritsu Group)  
(as of March 31, 2009)

# Global Network

- 
- Anritsu Company (U.S.A.)
  - Anritsu Instruments Company (U.S.A)
  - Anritsu Electronics,Ltd. (Canada)
  - Anritsu Company S.A. de C.V. (Mexico)
  - Anritsu Eletrônica Ltda. (Brazil)
  - Anritsu Ltd. (U.K.)
  - Anritsu EMEA Ltd. (U.K.)
  - Anritsu EMEA Ltd. - Representation Office (Russia)
  - Anritsu S.A. (France)
  - Anritsu GmbH (Germany)
  - Anritsu S.p.A. (Italy)
  - Anritsu Solutions S.p.A. (Italy)
  - Anritsu AB (Sweden / Finland)
  - Anritsu A/S (Denmark)
  - Anritsu Company Ltd. (Hong Kong)
  - Anritsu Company Inc. (Taiwan)
  - Anritsu Corporation,Ltd. (Korea)
  - Anritsu Private Ltd. (Singapore)
  - Anritsu Proprietary Ltd. (Australia)
  - Anritsu Corporation India Liaison Office (India)
  - Anritsu EMEA Ltd. - Dubai Liaison Office (UAE)

# Development, Manufacturing, Engineering, and Service Locations (Overseas)



## Anritsu Company (U.S.A.)

- Location: Morgan Hill, California
- ISO 9001 acquisition: 6495
- ISO14001 acquisition: EN12275



## Anritsu Limited. (U.K.)

- Location: Bedfordshire
- ISO 14001 acquisition: EMS 54120
- ISO 9001 acquisition: FS 22679



## Anritsu A/S (Denmark)

- Location: Broendby, Copenhagen
- ISO 9001 acquisition: DSC00128

## Anritsu Industrial Solutions (Thailand) Co., Ltd.



< Engineering and service >

## Anritsu Electronics (Shanghai) Co., Ltd.

- Location: Shanghai
- ISO 9001: NQA 14882

# Mid-term strategy to achieve financial strength

Establish profitable growth models

- (1) T&M business related to LTE
- (2) T&M business related to 3G ( esp. in China )
- (3) General purpose T&M
- (4) Service Assurance business

Improve sensitivity to profit

- (1) Downsize fixed costs : done in 2008
- (2) Low-cost designing/manufacturing

Effectively manage working capital

- (1) Minimize working capital
- (2) Reduce Inventory (demonstration units)

Increase operating profit

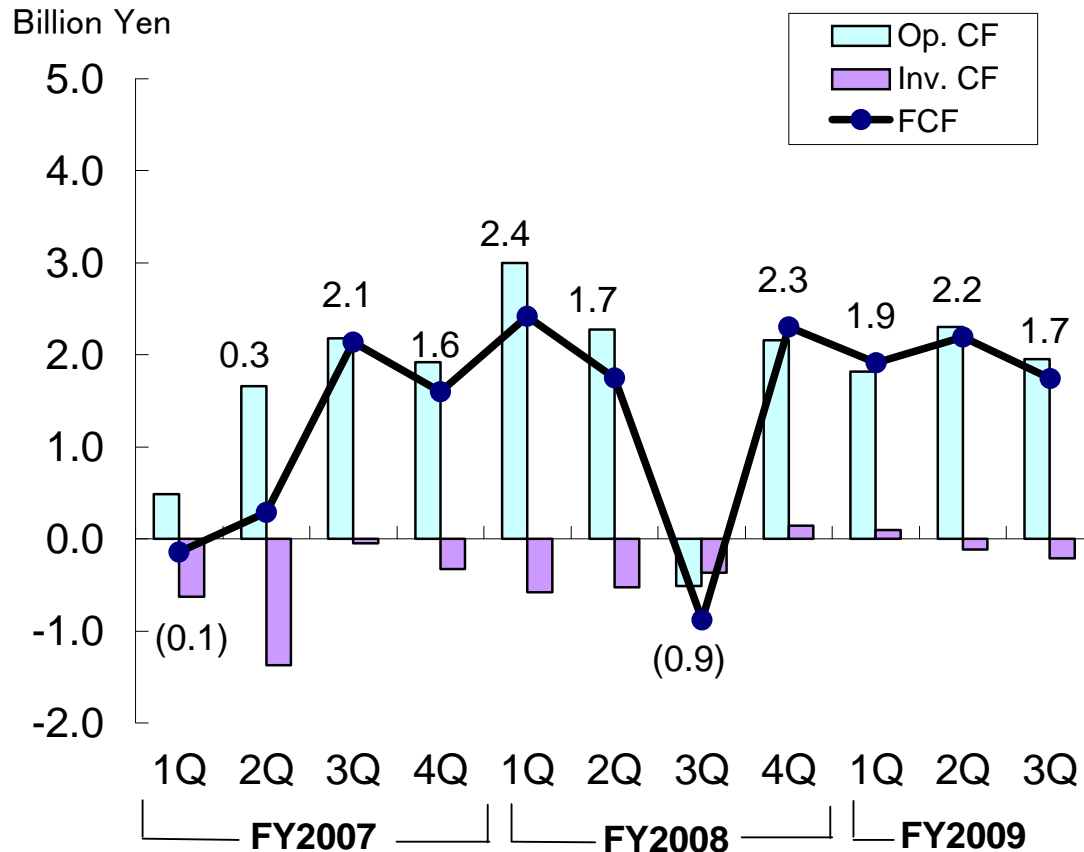
Increase operating cash flow

Rebuild and increase equity capital

Achieve solid financial strength



## Continuous cash flow generation



Quick  
Recovery  
after  
Lehman  
Shock

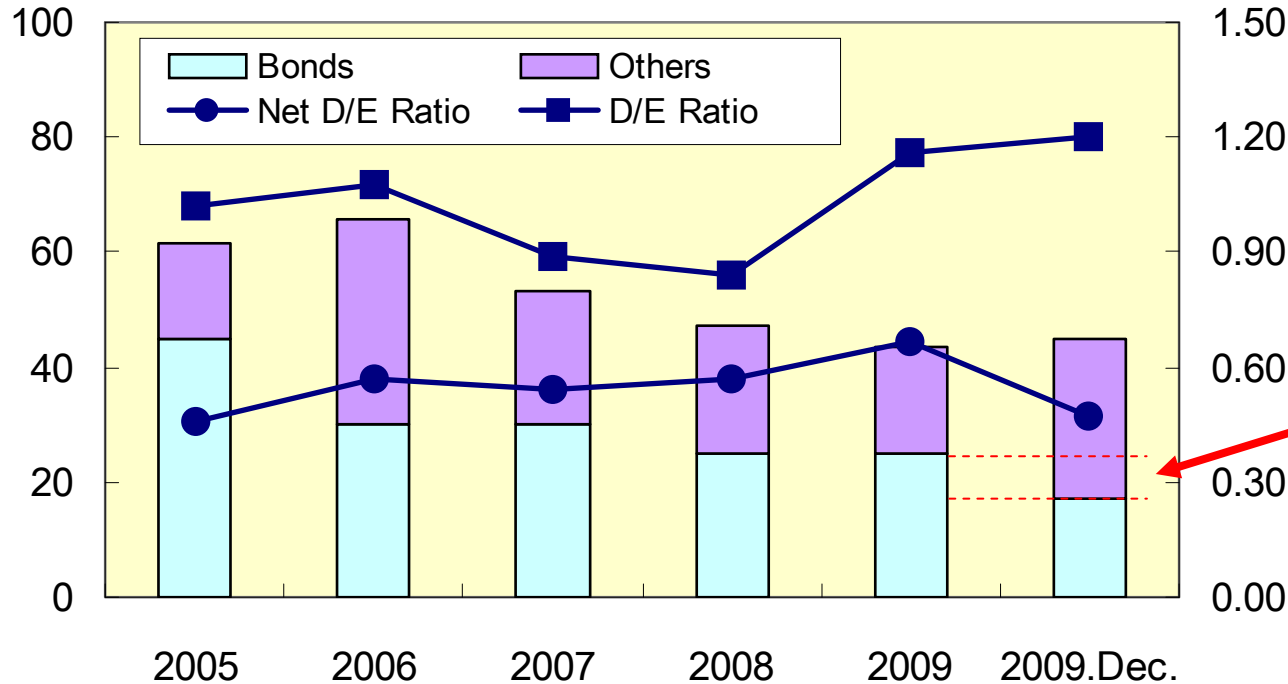
# Interest-bearing debt, D/E and net D/E ratio



Target : Debt equity ratio = less than 0.5 in mid-term.

Interest-bearing debt  
[ Billion Yen ]

D/E, Net D/E  
[ times ]



Purchase and cancellation of 8 billion yen of the convertible bonds in Q3

**Debt Rating by Rating and Investment Information, Inc.**  
 long-term debt : **BBB**  
 short-term debt : **a-2**

# Anritsu

Discover What's Possible™