

Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2016

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Anritsu
envision : ensure

(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 . Consolidated performance review of the 1st quarter of the fiscal year ending March 31, 2016

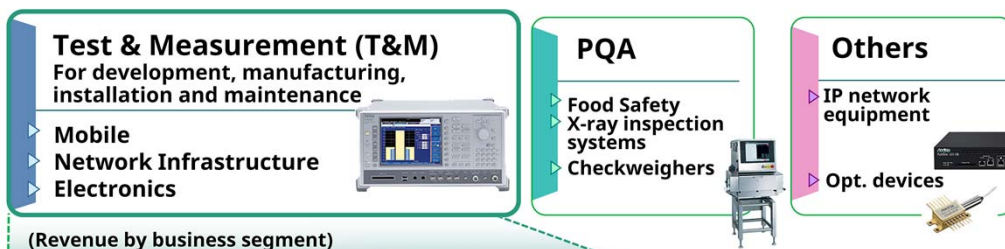
- I -1. Outline of our business segments
- I -2. Consolidated performance
- I -3. Outlook for full year of the fiscal year ending March 31, 2016

II . Others

- II - 1~5. Growth Driver and Business Opportunities in T&M
- II - 6 . Change of segment name to PQA

(No notes here)

I -1. Outline of our business segments



(Revenue by business segment)
98.8 Billion Yen consolidated revenue in FY2014

T&M 74%			PQA 16%	Others 10%
Mobile 50%	Network Infrastructure 30%	Electronics 20%		



(Sales of T&M business by region in FY2014)

Japan 15%	Asia & Pacific 35%	Americas 30%	EMEA 20%
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PQA : Products Quality Assurance (The former segment name: Industrial Automation)

(No notes here)

I -2. Consolidated performance -Business Segments-

Segment	FY2015Q1 (April to June, 2015)
 T&M	Demand for carrier aggregation development continued
Mobile	LTE-Advanced related business was steady
NW	Capital investment in optical/digital related business was strong
Electronics	Signs of recovery in module development and business-use wireless device
Asia	Mobile development and optical/digital related business, etc. were strong, but the demand for equipment renewal in mobile manufacturing business was slow
Americas	Investment in construction of LTE network seemed to run its course
 PQA	Revenue and profit increased as new products captured the demand for equipment renewal

NW: Network infrastructure

PQA : Products Quality Assurance

The demand related to carrier aggregation development, the core technology for LTE-Advanced, has driven the performance of the T&M business. Meanwhile, the annual growth rate for the number of mobile terminal units shipped worldwide is expected to slow down. In addition, Chinese terminal vendors showed prudence in their capital investment in mobile device manufacturing market.

In the network infrastructure market, demand for measuring instruments for optical/digital device was robust. Meanwhile, investment in construction of LTE network seemed to run its course in North America.

In Products Quality Assurance (PQA) business, X-ray inspection systems and metal detectors introduced in the previous period captured the renewal demand, resulting in increase of order intake in Japanese market. Moreover, we aggressively implemented R&D investments and sales promotion activities in order to expand sales in both Japanese and overseas markets.

The formerly called "Industrial Automation business" was renamed to "Products Quality Assurance business" starting in the current fiscal year.

I -2. Consolidated performance -Financial results-



Ensured a year on year increase in revenue and profit

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	1Q FY2014 (Apr. to Jun.)	1Q FY2015 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	23.8	24.0	0.2	1%
Revenue	22.2	23.6	1.4	7%
Operating profit (loss)	1.4	1.5	0.1	8%
Profit (loss) before tax	1.4	1.7	0.3	24%
Profit (loss)	0.8	1.1	0.3	41%
Comperhensive Income	0.7	2.5	1.8	260%
Free Cash Flow	2.6	1.4	(1.2)	-47%

Note : Numbers are rounded off in each column

The Group's consolidated order intake increased by 1% year on year to 24.0 billion yen and revenue increased by 7% year on year to 23.6 billion yen.

Operating profit increased by 8% year on year to 1.5 billion yen.

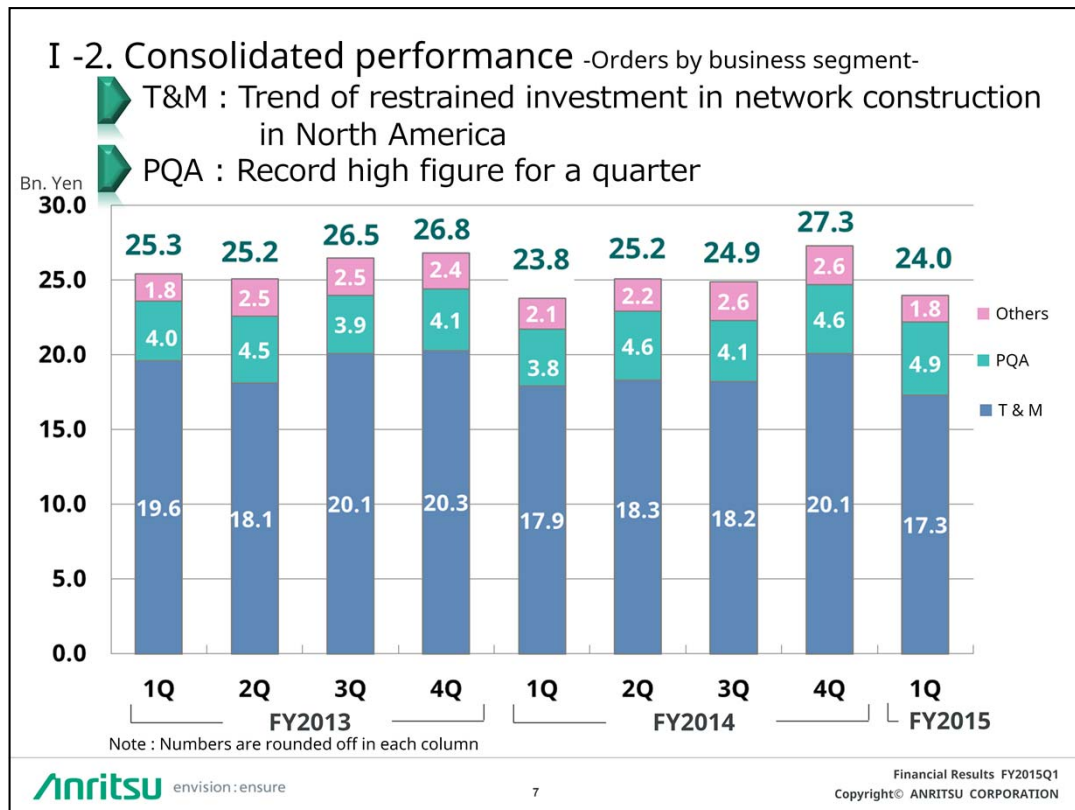
Additionally, the special factor for the 1Q was initial cost relating to the commencement of operations at our Global Headquarters building.

In addition, foreign exchange gain associated with the weak yen resulted in profit before tax of 1.7 billion yen.

Profit increased by 41% year on year to 1.1 billion yen.

Comprehensive income increased by 260% year on year to 2.5 billion yen.

Free cash flow was plus 1.4 billion yen, partly due to the impact of payments relating to the Global Headquarters building.



Order intake for 1Q in the T&M business decreased by 3% year on year to 17.3 billion yen due to restrained investment for operators' LTE network construction in the network infrastructure market in North America, despite a growth in demand for measuring instruments for LTE-Advanced development in the Asian market.

Order intake in the PQA business increased by 30% year on year to 4.9 billion yen, a record high for a quarter, as it strongly increased in the domestic market due mainly to the effects of new product launch.

Orders in the Others business remained at almost the same level year on year.

Backlog of group-wide orders was 20.0 billion yen (2% increase year on year), and of T&M business orders was 14.7 billion yen (5% decrease year on year).

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

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		1Q FY2014 (Apr. to Jun.)	1Q FY2015 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	17.6	18.1	0.5	3%
	Op. profit (loss)	2.0	1.8	(0.2)	-7%
PQA	Revenue	2.8	3.7	0.9	30%
	Op. profit (loss)	(0.4)	(0.0)	0.4	-
Others	Revenue	1.8	1.9	0.1	7%
	Op. profit (loss)	(0.2)	(0.3)	(0.1)	-
Total	Revenue	22.2	23.6	1.4	7%
	Op. profit (loss)	1.4	1.5	0.1	8%

Note : Numbers are rounded off in each column

The T&M business resulted in a fall in operating profit despite of revenue increase. Operating margin was 10.1%.

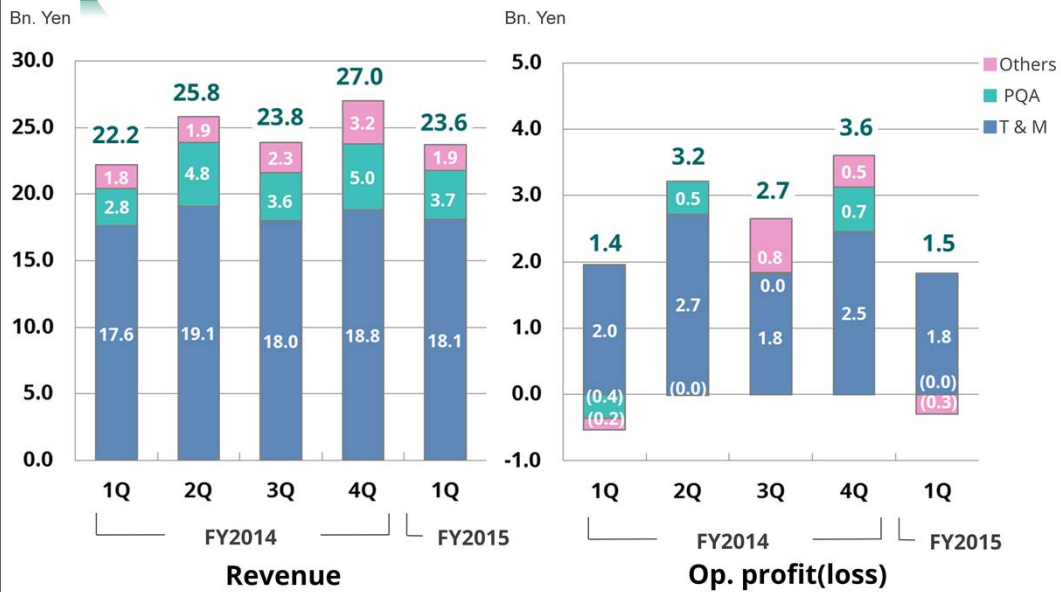
The main factor for the year-on-year decrease in operating profit was increased selling and general administrative expenses. Research and development expenses remained at the same level as last year.

In the PQA business, though revenue expanded in the domestic market, the aggressive investment in R&D and overseas operation, resulted 3 million yen in operating loss .

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



Company posted 6.5% operating margin for 1Q (T&M: 10.1%)



The consolidated operating margin and the operating margin for the T&M business in 1Q were as follows:

Consolidated: 6.5%

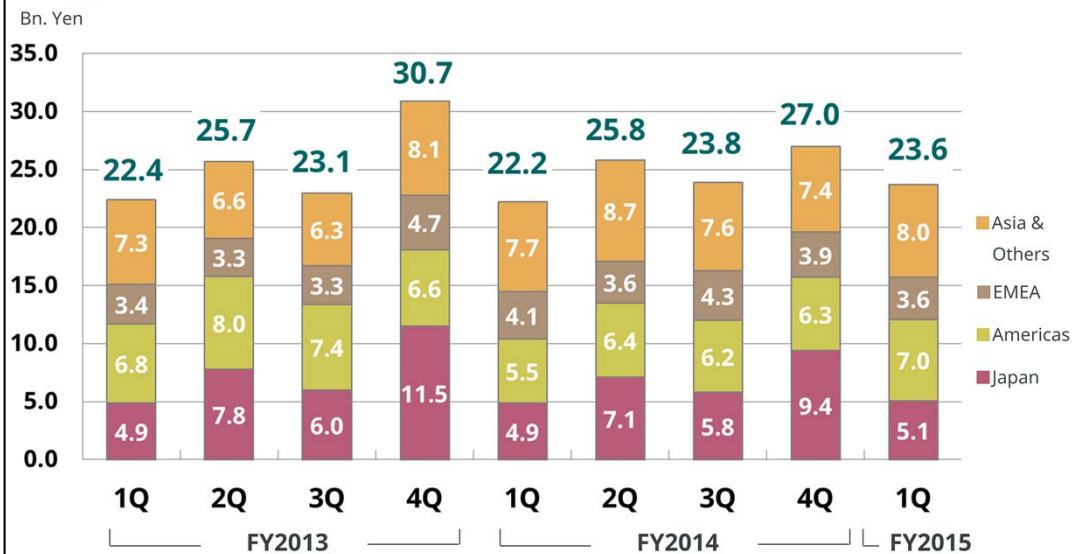
T&M: 10.1%

The factor for the year-on-year decrease in operating profit for the T&M business in 1Q was increased selling, general and administrative expenses.

I -2. Consolidated performance -Revenue by region-



Increased revenue in Asia, Americas and Japan

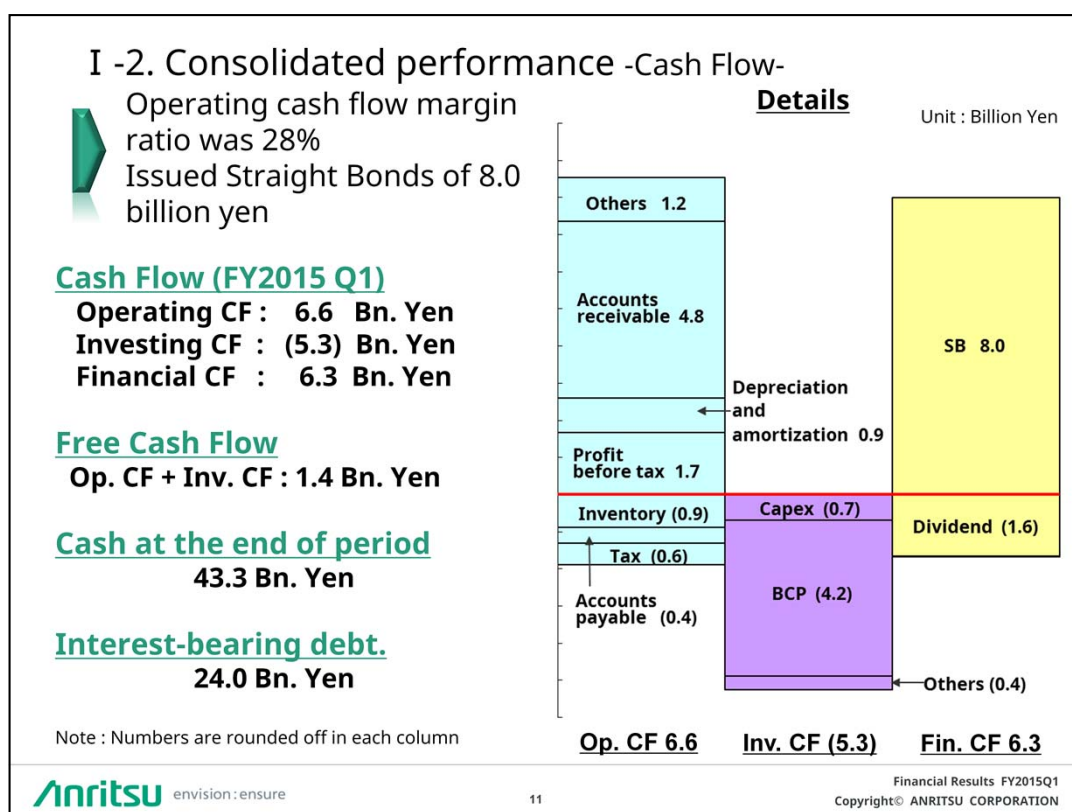


Revenue in the Japanese market resulted in 5% increase, due to revenue increase in the PQA business.

In the Asian market, mainly in China and Taiwan, the T&M mobile market performed well, resulting in 3% increase in revenue.

In the EMEA market, investment slowed down due to customers' business restructuring and withdrawal, resulting in 12% decrease in revenue.

In the North American market, revenue increased by 28% year on year, due mainly to the demand for measuring instruments for the mobile development.



As for operating cash flow, a cash inflow of 6.6 billion yen was generated primarily from collecting account receivable. Operating cash flow margin was 28.1%.

Investing cash flow of 5.3 billion yen includes payments of 4.2 billion yen in construction-related expenses for the new "Global Headquarters building" at our Atsugi site.

As a result, the free cash flow amounted to 1.4 billion yen.

Cash inflow of 6.3 billion yen in financial cash flow includes issuance of Straight Bonds of 8.0 billion yen (redemption date : June 2020, rating : A-) and dividends paid of 1.6 billion yen (dividend per share: 12 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 8.4 billion yen from the beginning of the fiscal year to 43.3 billion yen.

I -3. Forecast for full year of FY2015



No change since April disclosures

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2014	FY2015		
		Actual	Forecast	YoY	YoY(%)
Revenue		98.8	103.0	4.2	4%
Operating profit (loss)		10.9	11.0	0.1	1%
Profit (loss) before tax		11.6	10.9	(0.7)	-6%
Profit (loss)		7.9	8.0	0.1	2%
T&M	Revenue	73.4	75.0	1.6	2%
	Op. profit (loss)	8.9	9.0	0.1	1%
PQA	Revenue	16.2	18.0	1.8	11%
	Op. profit (loss)	0.8	1.1	0.3	33%
Others	Revenue	9.2	10.0	0.8	9%
	Op. profit (loss)	1.1	0.9	(0.2)	-19%

Note 1 : Exchange rate for FY2015 (forecast) 1USD = 115 yen, 1EURO=130 yen

Note 2 : Numbers are rounded off in each column

The forecast for the full year results of FY2015 remains unchanged from the plan announced on April 27. The progress in 1Q was as planned at the beginning of the year. We will continue our company-wide efforts to attain the goal.

In the mobile T&M business, which is driving the T&M business, the investment in development of LTE-advanced, including mainly the expansion of carrier aggregation, is expected to expand. In addition to that, the investment for expansion of small cells in the mobile network is expected.

In the PQA business, we will ensure to achieve results for strong demand in Japanese and overseas market by offering most suitable solutions.

II . Others

II - 1~5. Growth Driver and

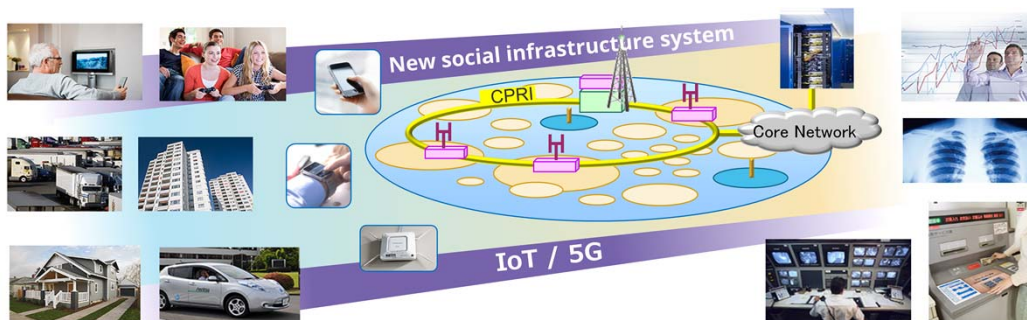
Business Opportunities in T&M

II - 6 . Change of segment name to PQA

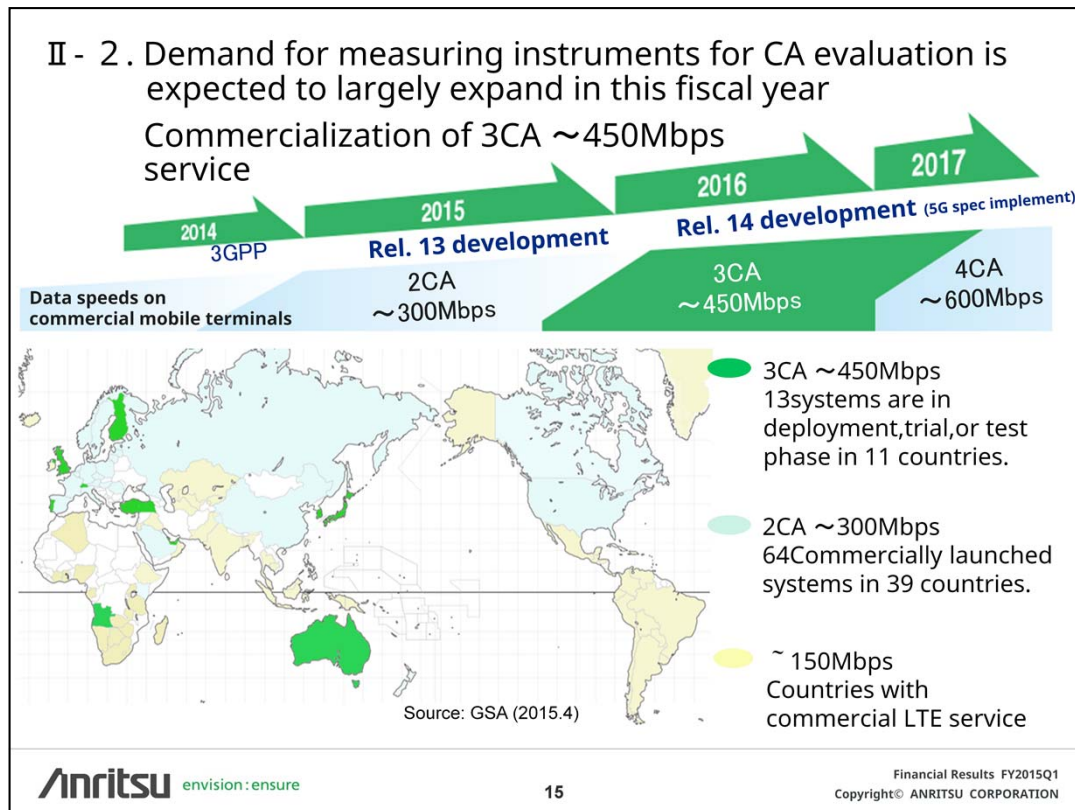
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II - 1. Growth Driver and Business Opportunities in T&M

GLP2017 Growth Driver	Business Opportunities	Slide
LTE-Advanced 5G	Start of use of 3-5GHz band Start of 3CA (450Mbps) service Start of standardization of 5G	15 16
New base station Network	Start of investment in conversion to small cells	17 18



We will introduce currently anticipated business opportunities among growth drivers, proposed in GLP2017.



For 3 Carrier Aggregation (3CA) of LTE-Advanced using three down link carriers, 13 systems have already been tested in verification tests in 11 countries.

In Japan, the preparation to start the 3CA service using new frequency (3.5GHz band) certified in December last year is in progress. North America is aggressive to start the LTE-U (LAA) service, which uses frequency band not requiring license as LTE system. In Korea, commercialization of aggregation of LTE and WiFi is being considered.

Competition to develop chip sets and terminals for those new services will rapidly expand in this fiscal year.




In last December, we announced that we "succeeded in data communication at 450Mbps using a 3CA function first in the industry." We have subsequently continued verification processes in cooperation with leading companies in the industry to expand the line-up ahead of our competitors.

* LTE-U: LTE-Unlicensed

* LAA: Licensed Assisted Access

II - 3. Anritsu will fulfill its role as a pioneer by offering LTE-Advanced solutions

Continue to launch new products for expansion of demand for development and evaluation of 3CA (FDD & TDD)

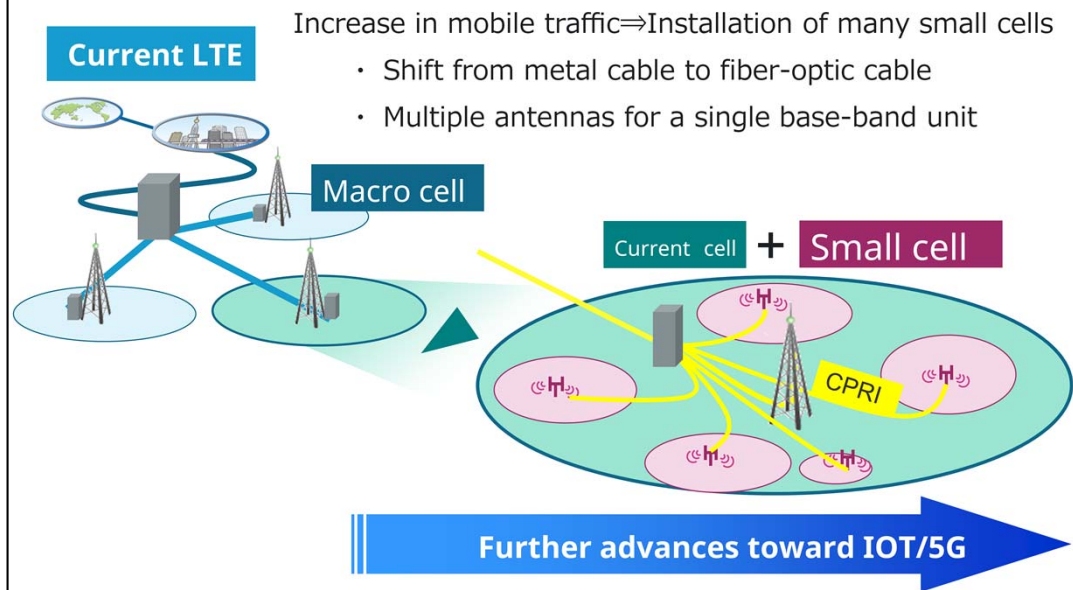
	Platform Core Development	RF Conformance Testing	Protocol Conformance Testing Carrier Acceptance Testing
Customer	Chip set vendor, Terminal vendor	Chip set vendor/Terminal vendor Network operator	
New solution	 <p>The only One Box compliant with 4CA MT8821C</p> <p>Succeeded in data communication using 3CA (450Mbps) first in the industry MD8430A</p>	 <p>No.1 global share ME7873 series</p>	 <p>Adopted in global Nnetwork operator conformance testing ME7834 series</p>

Let me introduce the new Anritsu's solutions for mobile R&D to accelerate the development of chipset and terminals supporting 3 Carrier Aggregation.

- MT8821C: Functions as a base station simulator, assisting with wireless signal characteristic evaluation. The industry's only solution that supports up to 4CA with a single box.
- MD8430A: Functions as a base station network simulator, assisting with comprehensive device operation verification.
- ME7873LA: Wireless (RF) signal standard conformance tester
- ME7834LA: Communication protocol standard conformance tester and operator acceptance tester

II - 4. Start of new base station network construction

Started construction of 3 to 5GHz band small cell network.









Construction of a new base station network using small cells has started to materialize new services.

In the new network, evaluations to introduce various new technology elements are in progress.

New measuring instruments have become necessary to improve network quality and to contribute to construction costs suppression by improving workability of construction works.

The Company has been releasing new products in succession starting in the second half of last year to successfully capture expanding demand for measuring instruments from the second half of the fiscal year.

II - 5. Aiming to capture increasing measurement demand at various phases of a shift from wired to wireless communications

Scope			 <p>Base Station Wireless Unit</p>
Customers	Operators, construction companies		
New solutions	 <p>SkyBridge Tools: Construction work efficiency improvement cloud</p>		
	 <p>Network Master Network and device evaluation</p>	 <p>ACCESS Master Fiber-optic cable evaluation</p>	 <p>BTS Master Wireless signal evaluation</p>

Let me introduce the Anritsu's solutions for construction of small cells network .

- SkyBridge Tools: Cloud solution to help improve network construction work efficiency
- Network Master: Contribute to maintaining and improving the quality of mobile backhaul ~ metro and core network
- ACCESS Master: Optical fiber tester contributing to the use of the existing fiber at high speed
- BTS Master: Contribute to maintaining and improving quality of wireless signal characteristics of base station network

II - 6. "Industrial Automation" business segment was renamed to PQA (Products Quality Assurance) business

Provide safe, secure and healthy life

Target Field



Foods



Processed foods



Pharmaceuticals



Cosmetics

Quality Assurance Solution (QA)



Automatic Combination Weigher



X-ray Inspection System



Metal Detector



Checkweigher

Overall quality management and control system (QuiCCA)

Subsidiary

Anritsu Industrial Solutions will change its company name to Anritsu Infivis (Scheduled on October 1, 2015)

The former "Industrial Automation business" was renamed to "Products Quality Assurance business" starting in the current fiscal year.

Safe and secure society for everyone to live healthy and in prosperity is a shared hope among all humankind.

Anritsu has nurtured advanced technologies of quality inspection and capabilities in the field together with our customers engaging in food and pharmaceuticals industries over a half century since the start of food industrialization.

We will continue to share the vision with our customers and strive to realize stable supply of safe foods and pharmaceuticals through sophistication of quality assurance.

