

# Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2020

Akifumi Kubota

Director  
Executive Vice President  
CFO  
Anritsu Corporation

October 31st, 2019

*Beyond*  
**2020**



**5G** Testing  
Anritsu



MEMBERSHIP

TSE code : 6754

<https://www.anritsu.com>

**Anritsu**  
envision : ensure

# 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.

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 2nd quarter of the Fiscal Year ending March 31, 2020
- III. Outlook for full year of the fiscal year ending March 31, 2020(Consolidated)
- IV. 5G Service Roadmap and Anritsu initiatives

# I . Outline of our business segments

## T&M

Evolution and advances of networked society

- ▶ Mobile : 5G, LTE
- ▶ Network Infrastructure : Wired, Wireless NW
- ▶ Electronics : Electronics parts, Wireless Equipment



## PQA

Food Safety and security

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



## Others

- ▶ IP network equipment
- ▶ Opt. devices



(Revenue by business segment)

99.7 Billion Yen consolidated revenue in FY2018

<b>T&amp;M 68%</b>			<b>PQA 23%</b>	<b>Others 9%</b>
<b>Mobile 53%</b>	<b>Network Infrastructure 26%</b>	<b>Electronics 21%</b>		

(Sales of T&M business by region in FY2018)

<b>Japan 19%</b>	<b>Asia &amp; Pacific 33%</b>	<b>Americas 32%</b>	<b>EMEA 16%</b>
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T&M: Test & Measurement

PQA : Products Quality Assurance

## 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 Sep.)	FY2019 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	47.9	53.6	5.7	12%
Revenue	44.3	49.8	5.5	12%
Operating profit (loss)	3.5	6.6	3.1	90%
Profit (loss) before tax	3.7	6.4	2.7	73%
Profit (loss)	3.1	4.7	1.6	49%
Comprehensive income	4.4	3.4	(1.0)	-23%

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

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

 T&M : Steady development demand for 5G

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2018 (Apr. to Sep.)	FY2019 (Apr. to .Sep.)	YoY	YoY (%)
T&M	Revenue	<b>29.2</b>	<b>35.2</b>	<b>6.0</b>	<b>21%</b>
	Op. profit (loss)	<b>2.5</b>	<b>5.9</b>	<b>3.4</b>	<b>132%</b>
PQA	Revenue	<b>11.4</b>	<b>10.7</b>	<b>(0.7)</b>	<b>-6%</b>
	Op. profit (loss)	<b>0.9</b>	<b>0.5</b>	<b>(0.4)</b>	<b>-46%</b>
Others	Revenue	<b>3.7</b>	<b>3.9</b>	<b>0.2</b>	<b>5%</b>
	Op. profit (loss)	<b>0.4</b>	<b>0.7</b>	<b>0.3</b>	<b>52%</b>
Adjustment	Op. profit (loss)	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>-</b>
Total	Revenue	<b>44.3</b>	<b>49.8</b>	<b>5.5</b>	<b>12%</b>
	Op. profit (loss)	<b>3.5</b>	<b>6.6</b>	<b>3.1</b>	<b>90%</b>

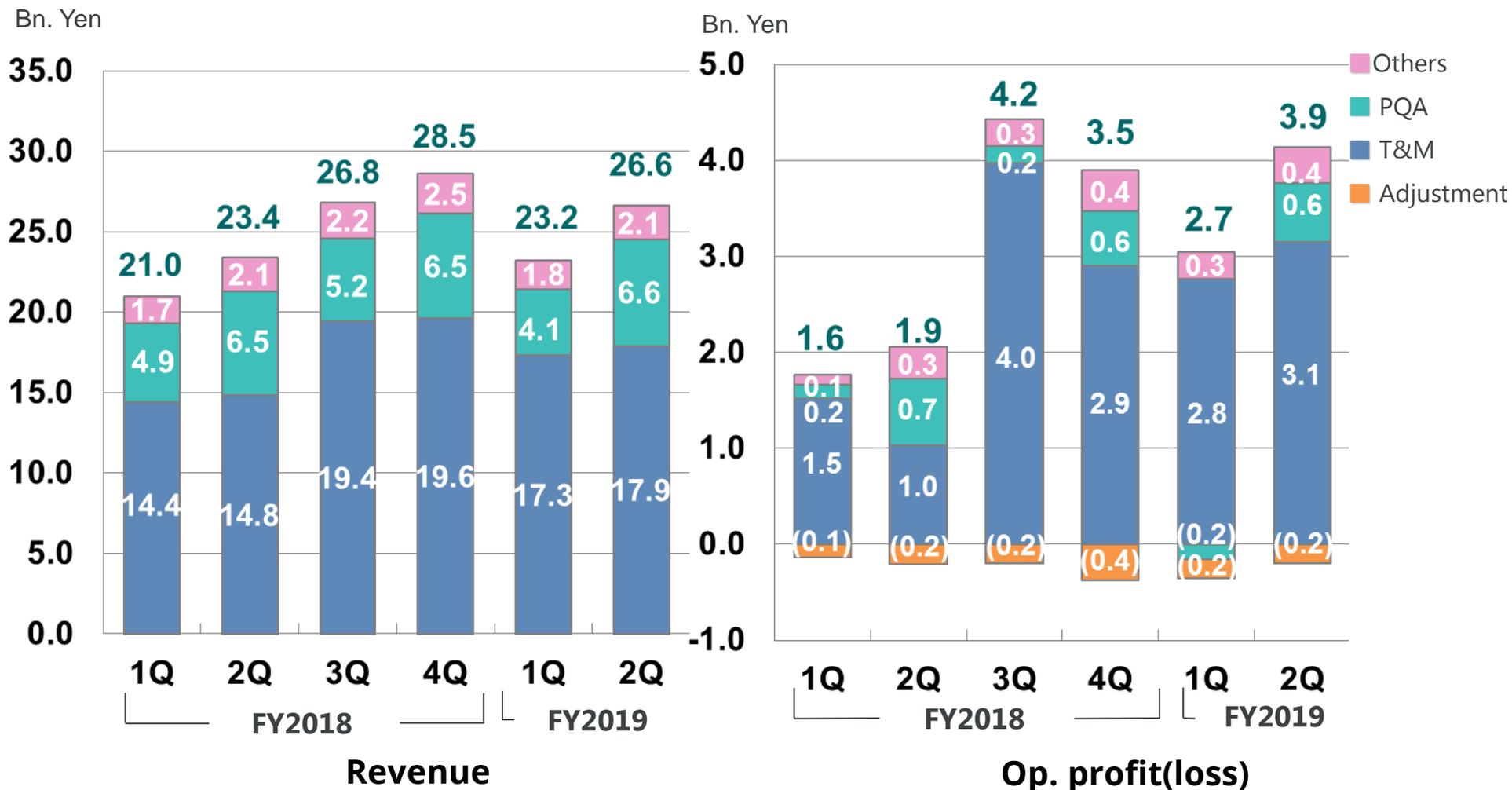
Note1 : Numbers are rounded off to the first decimal place in each column.

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

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

➡ 2Q(July-Sep.) Operating margin : Consolidated 15%, T&M 18%, PQA 9%



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

## II -4. Overview of operations by business segment

Segment	FY2019 2Q (April to Sep., 2019)	
 <b>T&amp;M</b> : 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		Launch of 5G network infrastructure
Asia	Expansion in investment from 5G pre-service in China	
Americas	Launch of 5G service . Will pay close attention to the future area expansion.	
 <b>PQA</b> : Strong investment by food market for quality assurance, automation, and labor saving both in Japan and overseas		

T&M: Test & Measurement

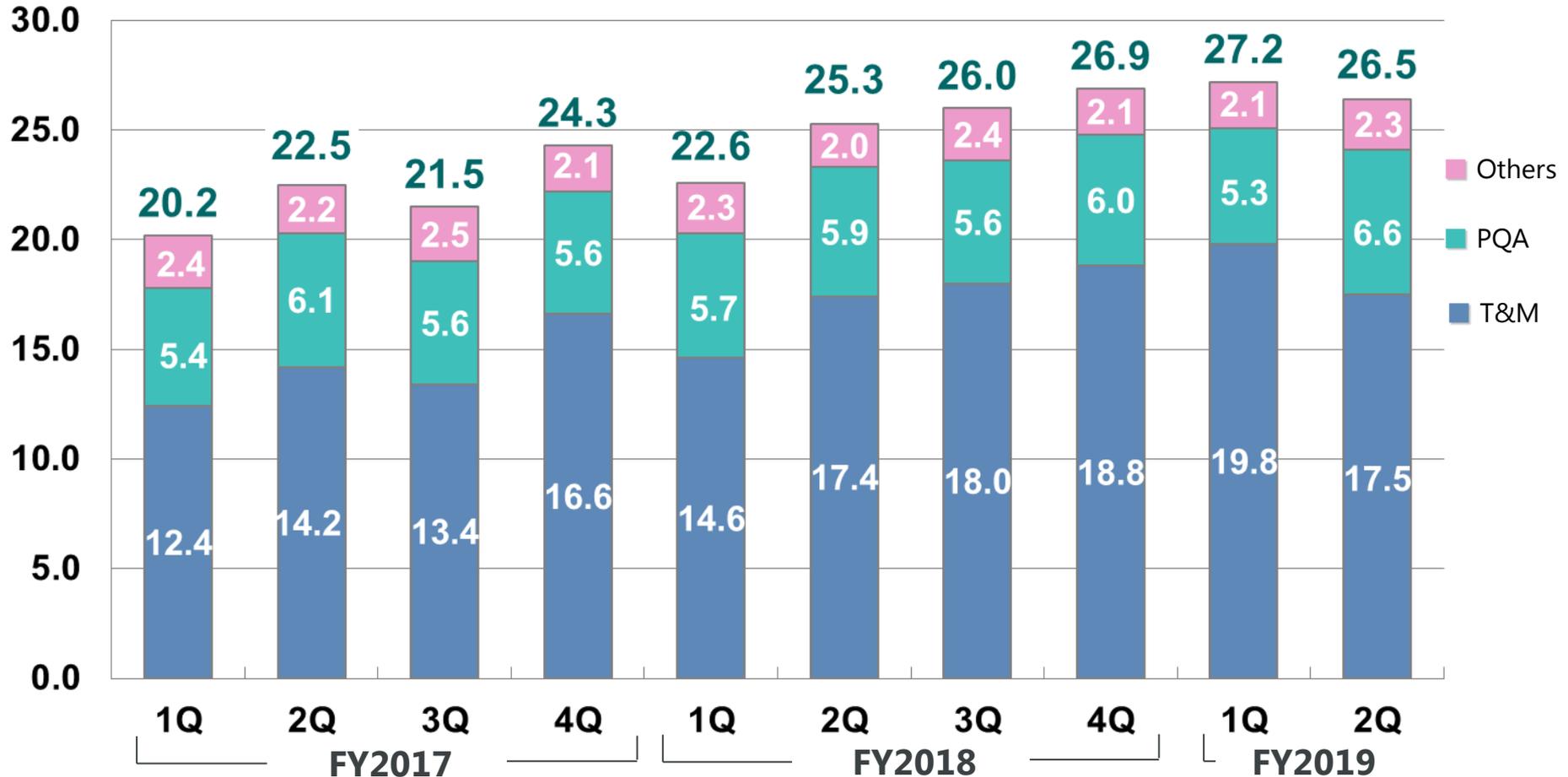
PQA : Products Quality Assurance

## II -5. Transition of Order intake

➡ T&M : 16% growth year on year

➡ PQA : 3% growth year on year

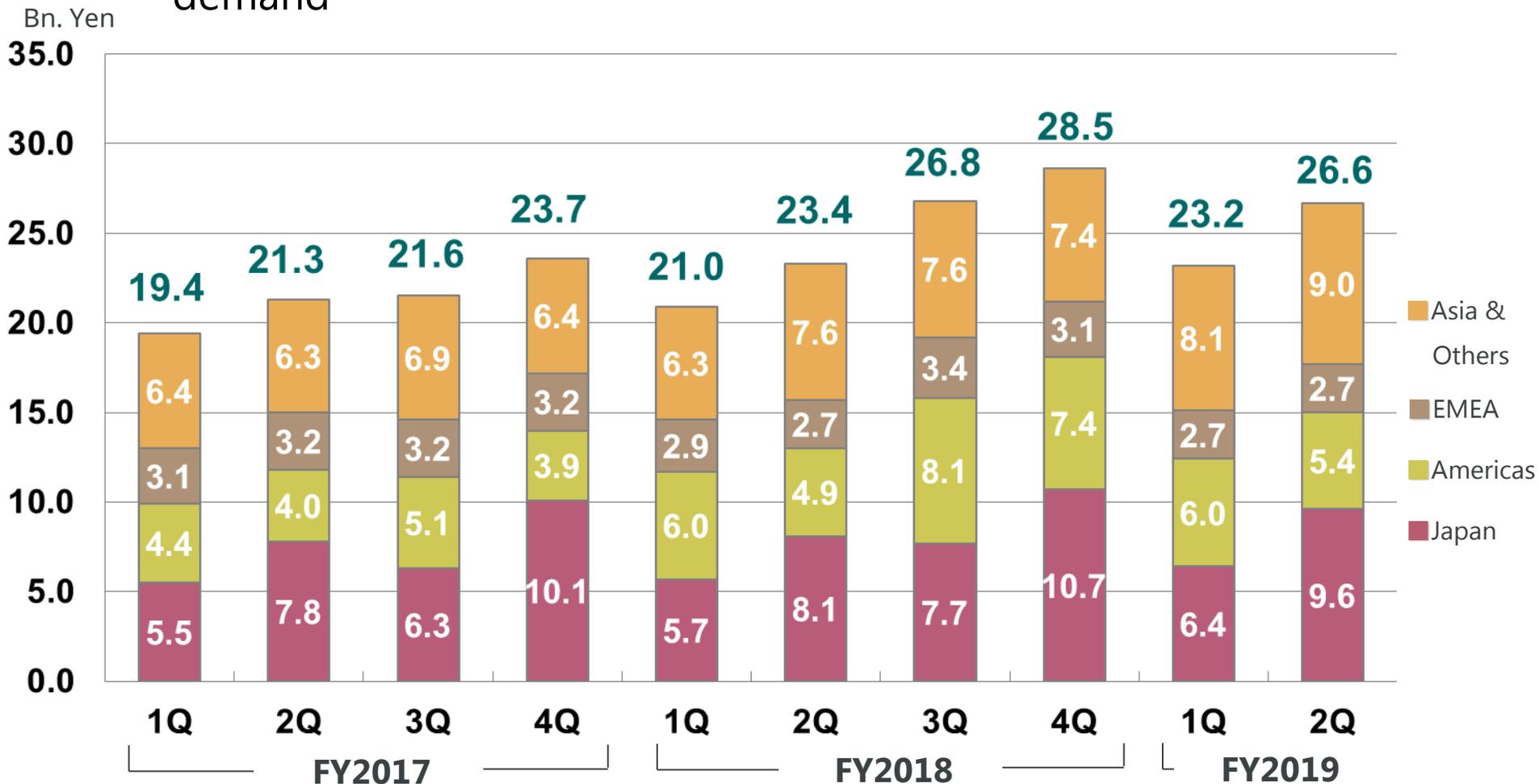
Bn. Yen



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

## 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.

## II -7. Cash Flow

 **Operating cash flow margin ratio was 17.4%**

### FY2019 2Q

Operating CF : 8.7 Bn. Yen  
 Investing CF : (1.1) Bn. Yen  
 Financing CF : (5.7) Bn. Yen

### Free Cash Flow

Op. CF + Inv. CF : 7.6 Bn. Yen

### Cash at the end of period

46.1 Bn. Yen

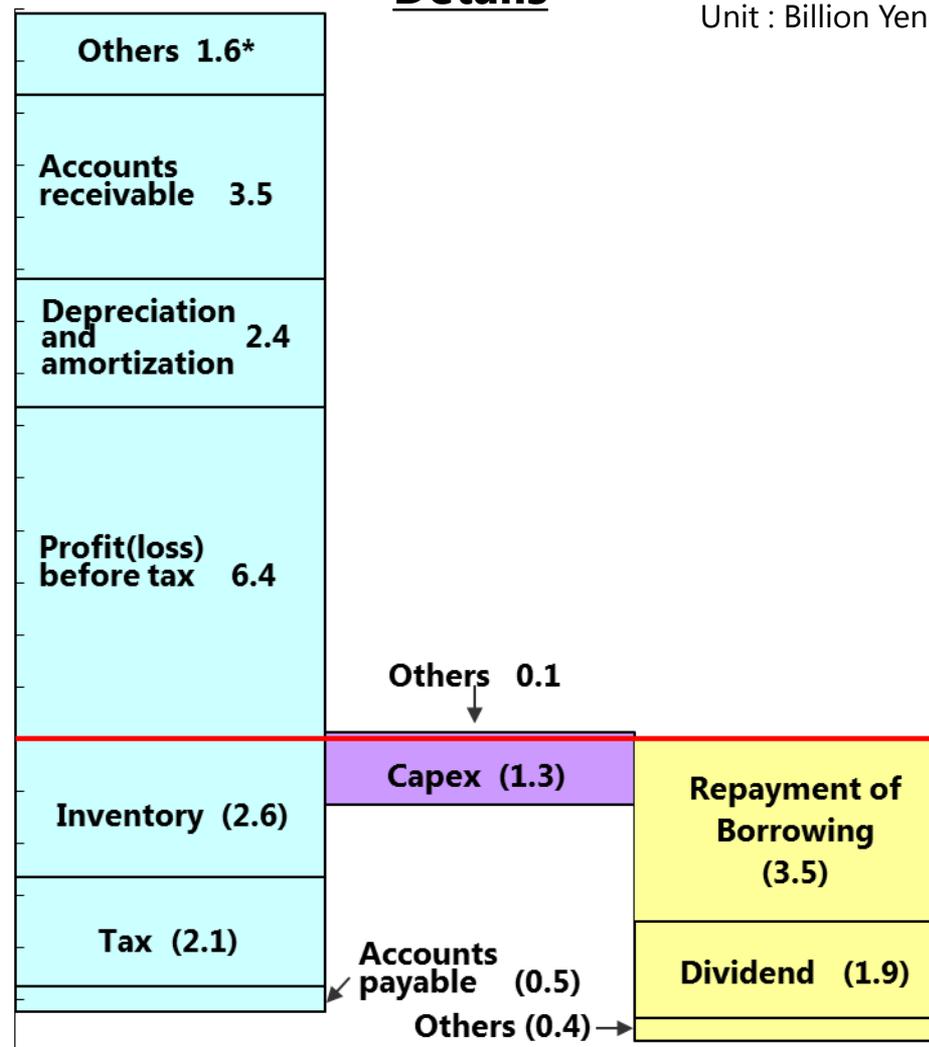
### Interest-bearing debt (including lease liabilities)

14.7 Bn. Yen

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

### Details

Unit : Billion Yen



\* Other main items: Advances received, etc.

# III-1. Forecast for full year of FY2019 (Consolidated)

 Upward revision in revenue and profit forecast for T&M

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2018	FY2019			
		Actual	Full Year		YoY	YoY(%)
			Previous Forecast	Revised Forecast		
Revenue		99.7	102.0	103.0	3.3	3%
Operating profit (loss)		11.2	10.0	11.5	0.3	2%
Profit (loss) before tax		11.4	10.0	11.5	0.1	1%
Profit (loss)		9.0	7.5	8.5	(0.5)	-5%
T&M	Revenue	68.2	69.0	70.0	1.8	3%
	Op. profit (loss)	9.4	8.0	9.5	0.1	1%
PQA	Revenue	23.1	24.5	24.5	1.4	6%
	Op. profit (loss)	1.6	2.0	2.0	0.4	24%
Others	Revenue	8.4	8.5	8.5	0.1	1%
	Op. profit (loss)	1.1	0.9	0.9	(0.2)	-21%
Adjustment	Op. profit (loss)	(0.9)	(0.9)	(0.9)	0.0	-

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

Reference : Exchange rate : FY2018 (Actual)  
 FY2019 (Initially Forecast)  
 FY2019 2H ( Forecast )

1USD=111 yen, 1EURO=128 yen  
 1USD=105 yen, 1EURO=125 yen  
 1USD=105 yen, 1EURO=125 yen

# IV. 5G Service Roadmap and Anritsu initiatives

Representative Director, President  
Anritsu Corporation

**Hirokazu Hamada**

# Impact of Typhoon 19 (Hagibis)

Typhoon 19 (Hagibis) crossed eastern Japan from the night of Saturday, October 12th, 2019 to the early morning hours of Sunday the 13th. We send our deepest condolences to all the victims and all the people who are affected by the typhoon.

A river flood caused by the typhoon 19 (Hagibis) inundated the first factory of Tohoku Anritsu Co., Ltd., which is our consolidated subsidiary located in Koriyama, Fukushima prefecture.

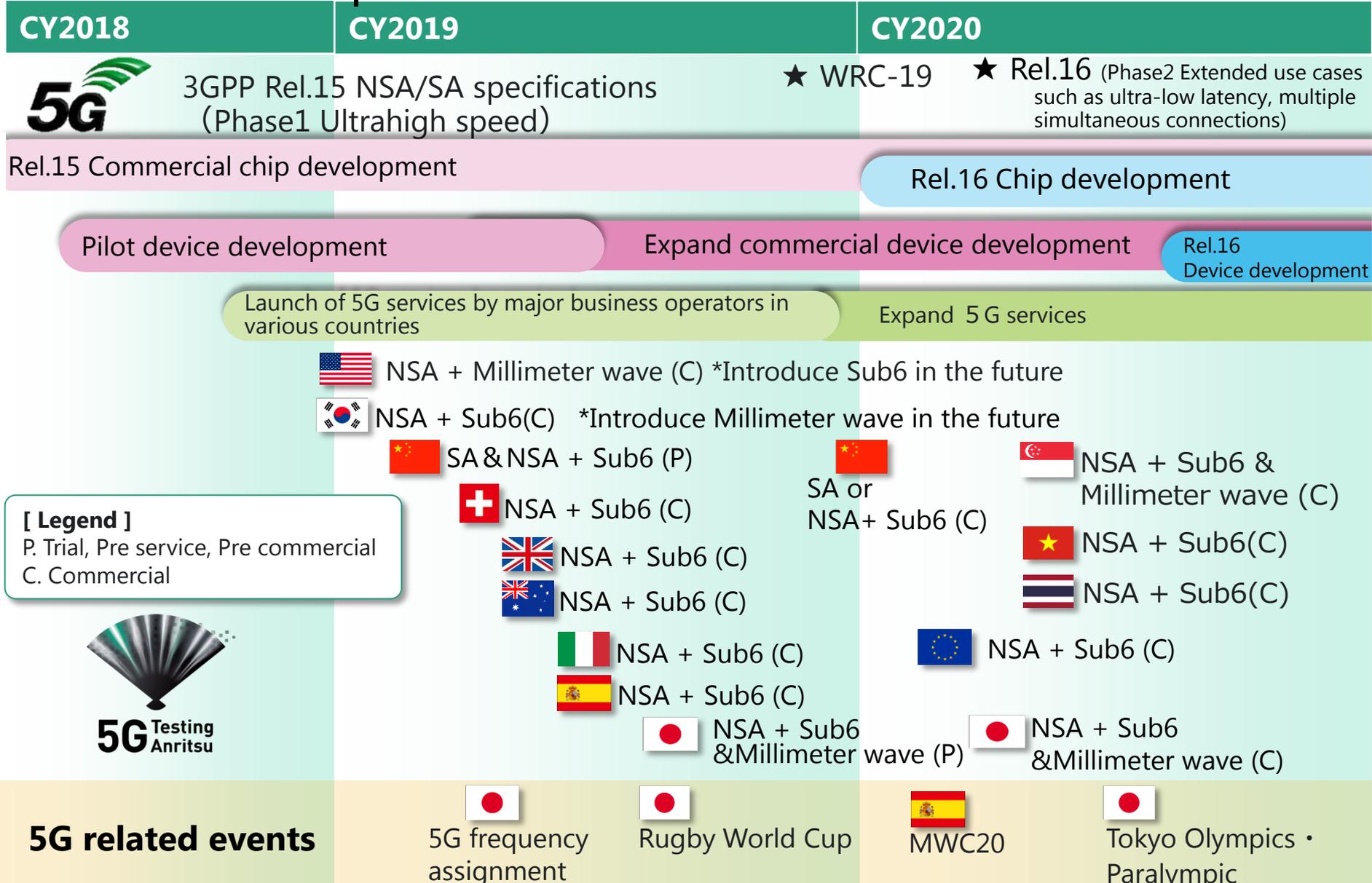
We cooperated in local relief efforts, and worked to recover the factory's production readiness with priority to the safety of our employees and their families. As a result, our shipments have been resumed.

We would like to express our sincere gratitude to all the people involved in supporting us with kind consideration during this disaster.



# IV-1. Roadmap of 5G

\* Created by Anritsu referring to publicly available information



**[ Legend ]**  
P. Trial, Pre service, Pre commercial  
C. Commercial

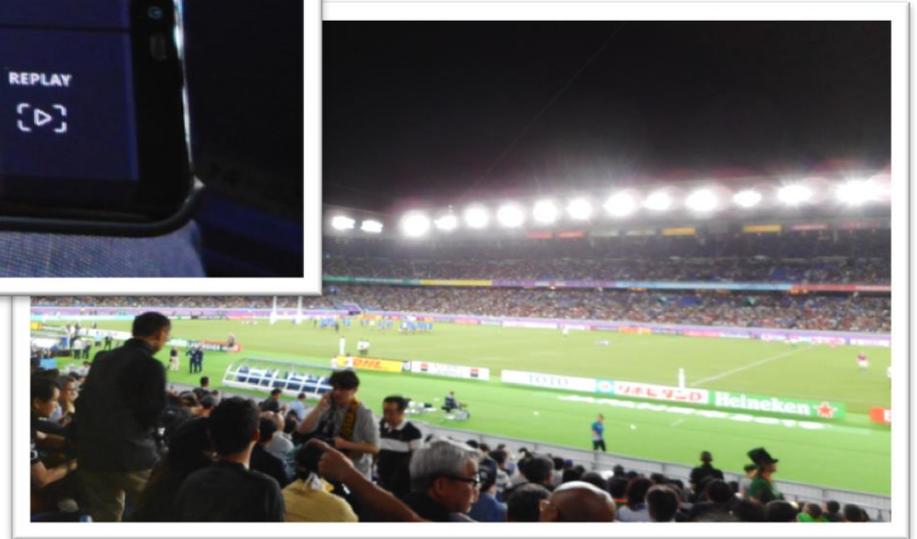




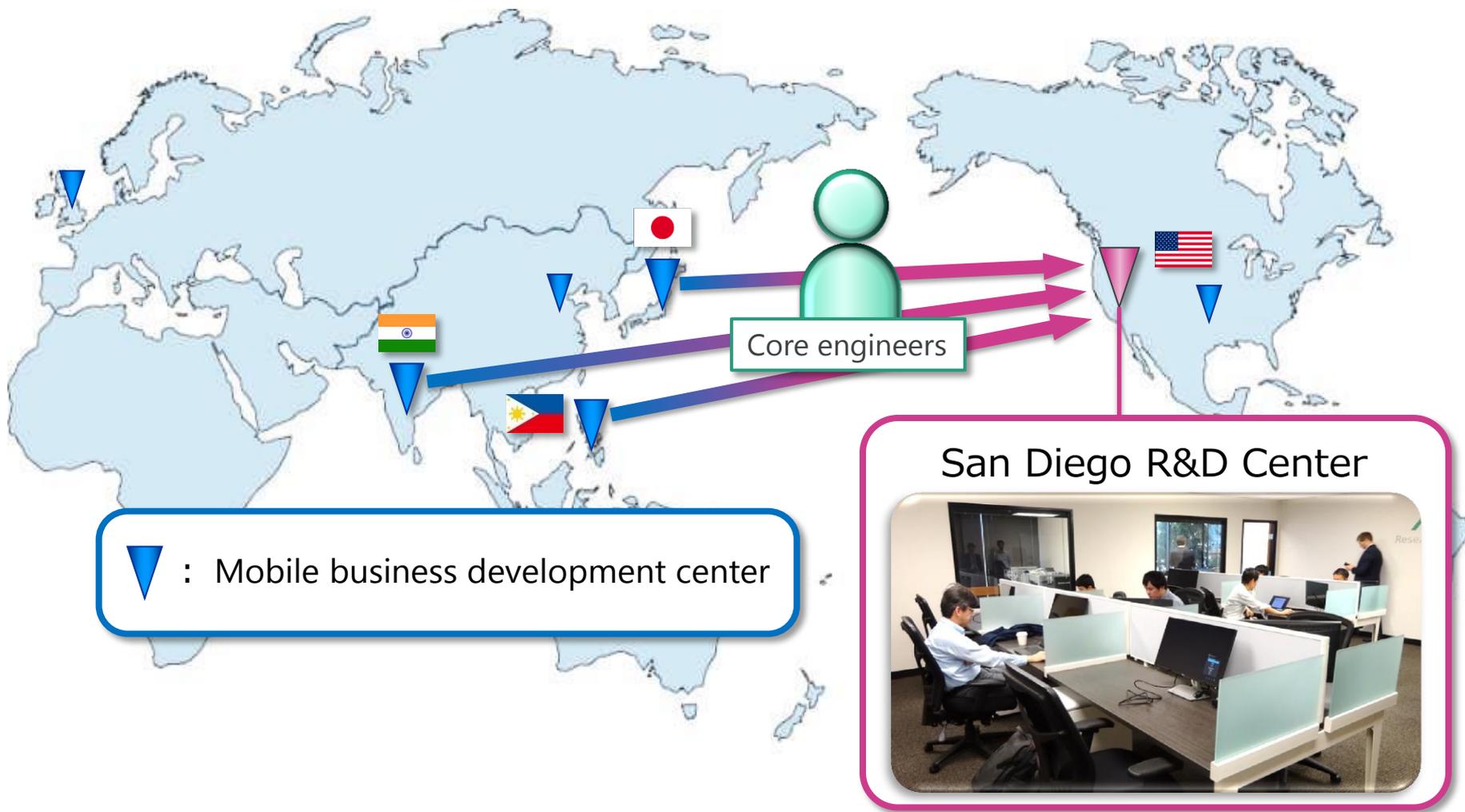
## IV-2. Rugby World Cup and 5G (2/2)



Multi-angle 4K video on dual-display device



# IV- 3 . San Diego R&D Center opens



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