

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



MEMBERSHIP

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



Anritsu
envision : ensure

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.

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

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)

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

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.

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%

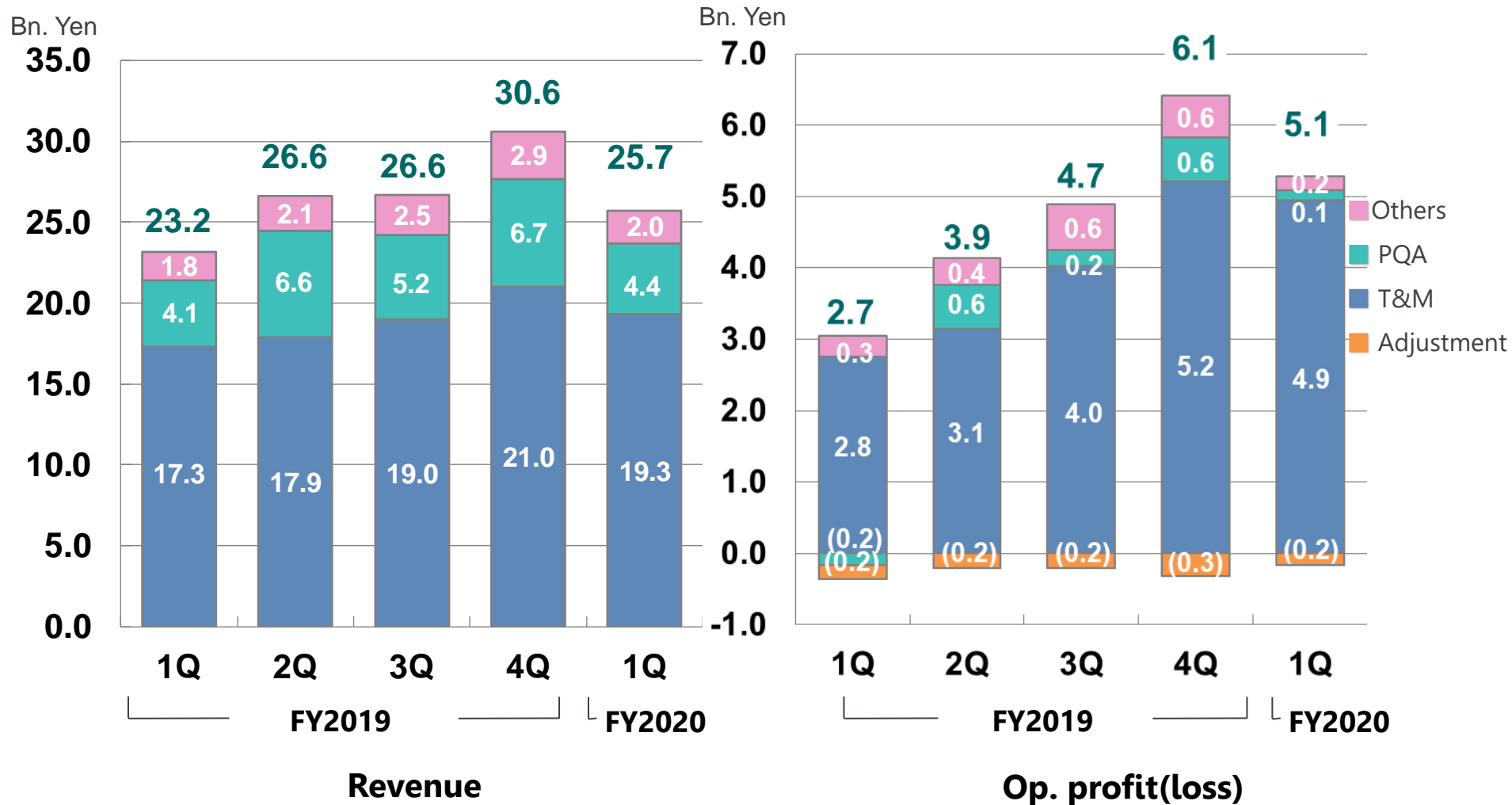
Note1 : Numbers are rounded off to the first decimal place in each column.

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



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.

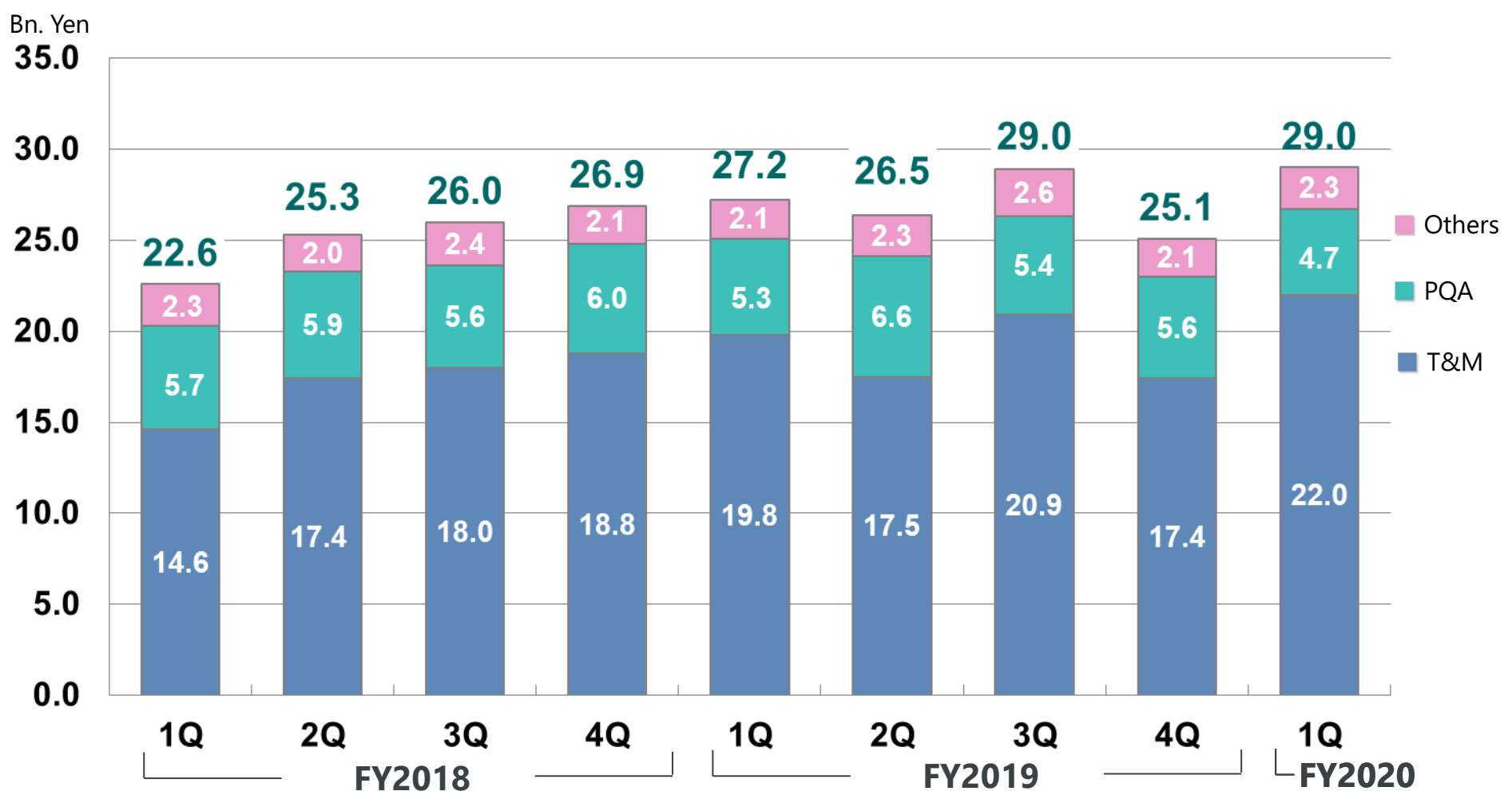
Ⅱ -4. Overview of operations by business segment

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

Ⅱ -5. Transition of Order intake

➡ T&M : 12% growth year on year

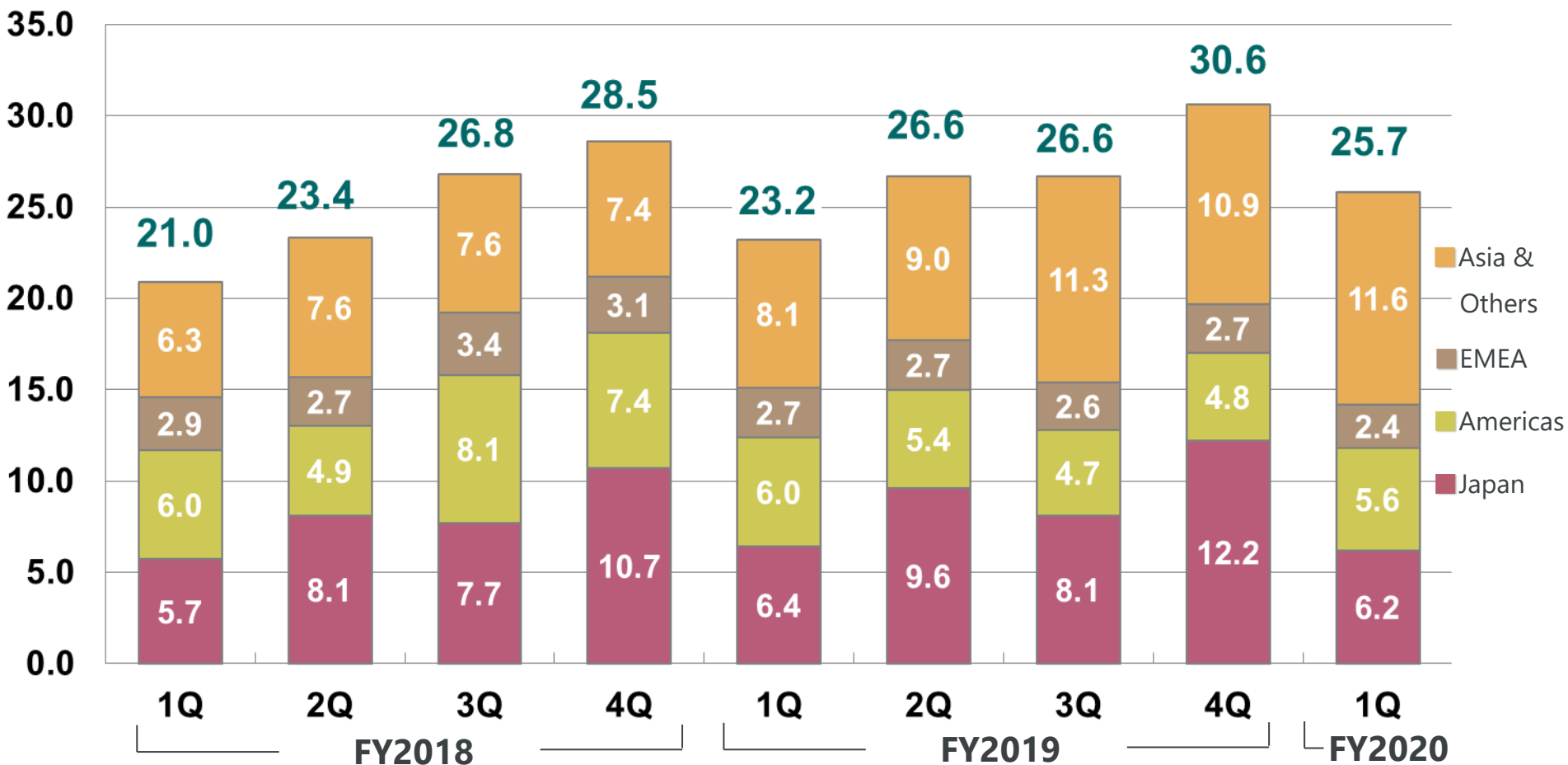


Note : Numbers are rounded off to the first decimal place in each column.

Ⅱ -6. Transition of Revenue by region


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

Bn. Yen



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

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

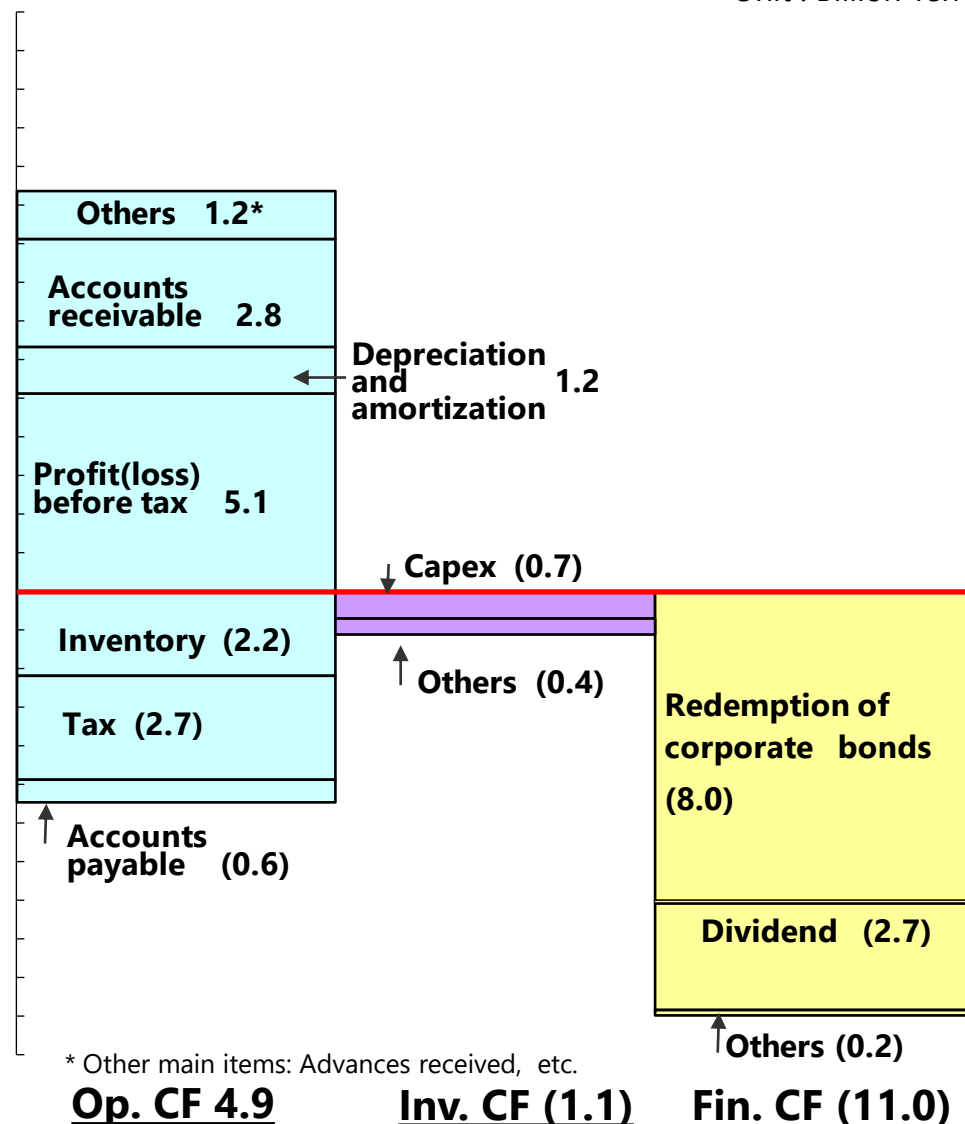
40.5 Bn. Yen

Interest-bearing debt

6.6 Bn. Yen

Details

Unit : Billion Yen



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

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	3%
Operating profit (loss)		17.4	17.5	0.1	0%
Profit (loss) before tax		17.2	17.5	0.3	2%
Profit (loss)		13.4	13.5	0.1	1%
T&M	Revenue	75.2	77.0	1.8	2%
	Op. profit (loss)	15.1	15.5	0.4	2%
PQA	Revenue	22.6	24.0	1.4	6%
	Op. profit (loss)	1.3	1.8	0.5	40%
Others	Revenue	9.3	9.0	(0.3)	-3%
	Op. profit (loss)	1.9	1.2	(0.7)	-37%
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

IV. 5G Market trends and Anritsu Initiatives

Hirokazu Hamada

Representative Director, President,
Group CEO,
Anritsu Corporation

IV-1. Main initiatives for COVID-19

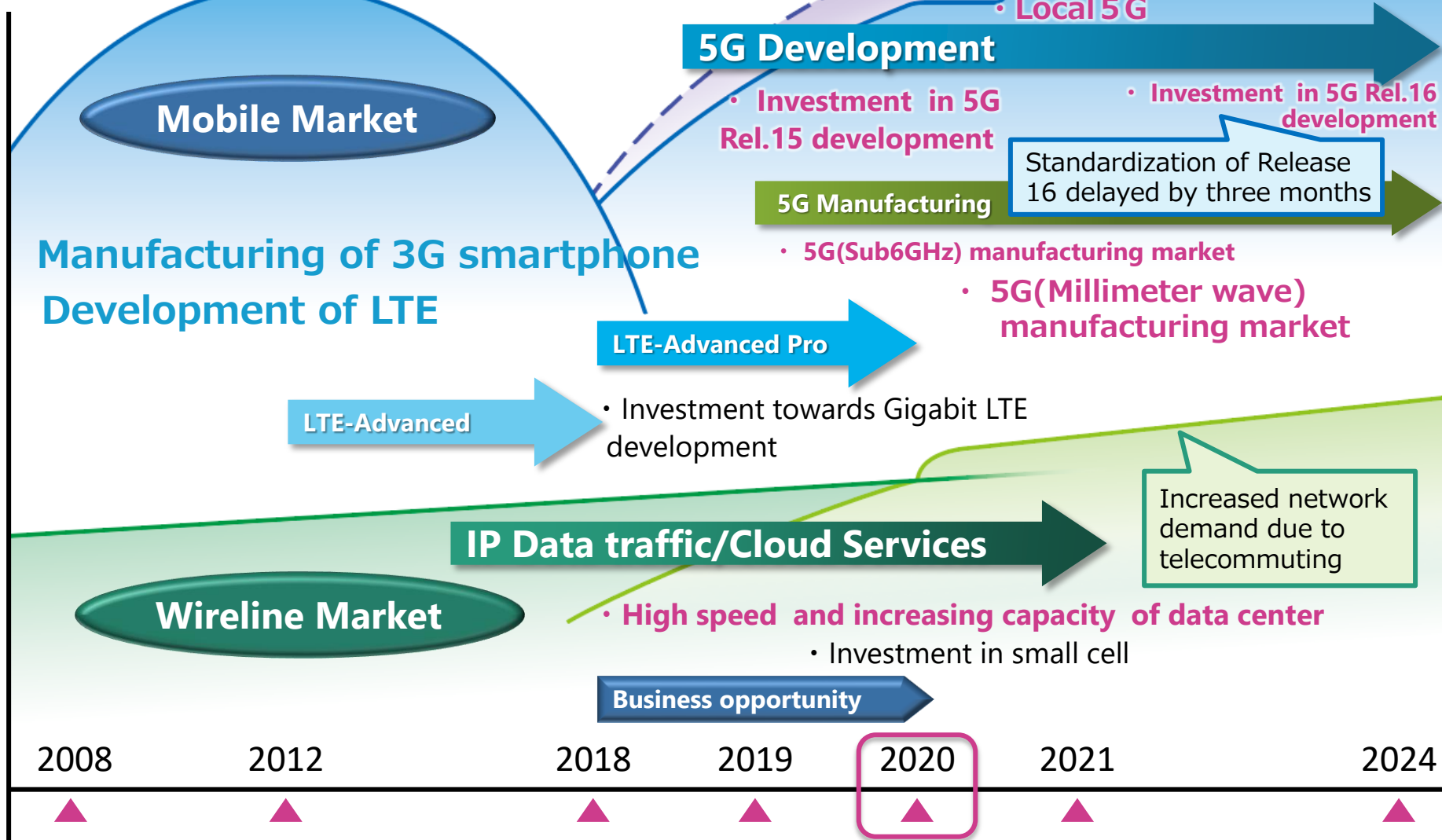
Major events		Main Initiatives by Anritsu
Jan.	WHO state of emergency declared	Established COVID-19 Prevention Task Force (1/31) <ul style="list-style-type: none"> Prohibited business trip to China and those non-urgent ones to other overseas areas. Enforced questionnaires and temperature check upon receiving 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

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.

IV- 3. T&M : Mobile market trends and Business opportunity

Market size



IV-4. Solutions for focus markets

T & M

**5G (Sub6GHz)
Manufacturing
market**

For 5G (Sub6GHz) device
manufacturing



Data centers

For speeding up data
centers



PQA

**Pharmaceuticals
market**

For pharmaceuticals market

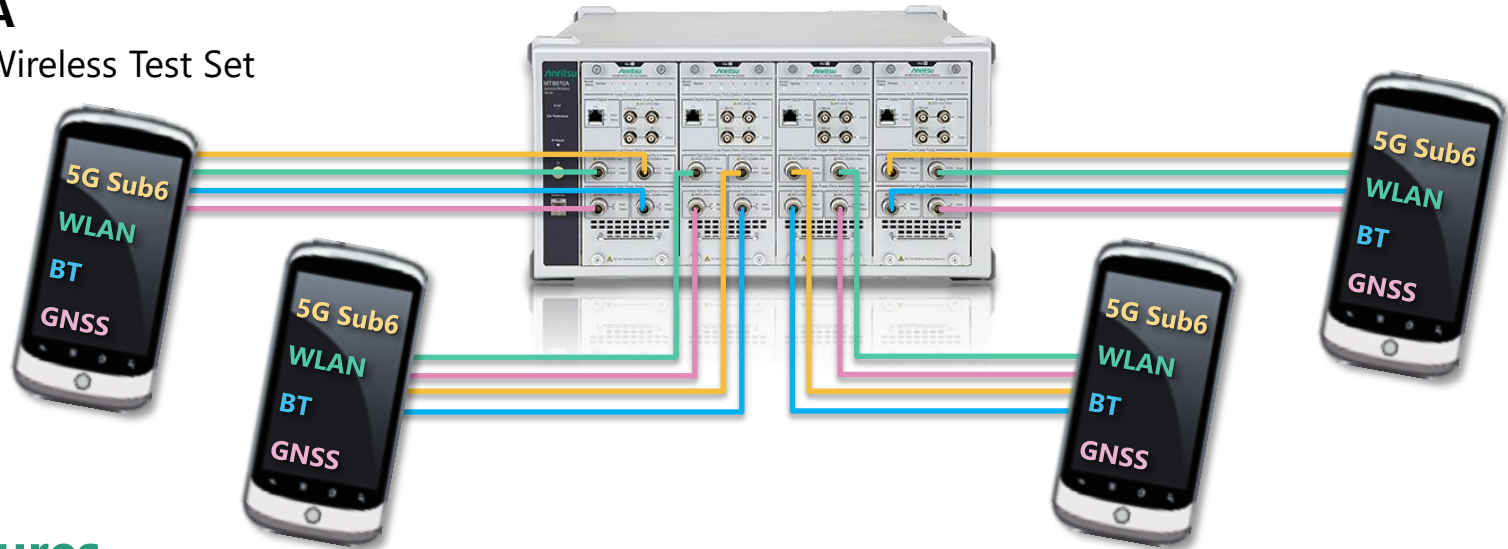


IV-5. Manufacturing Solution for 5G Sub 6GHz devices

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

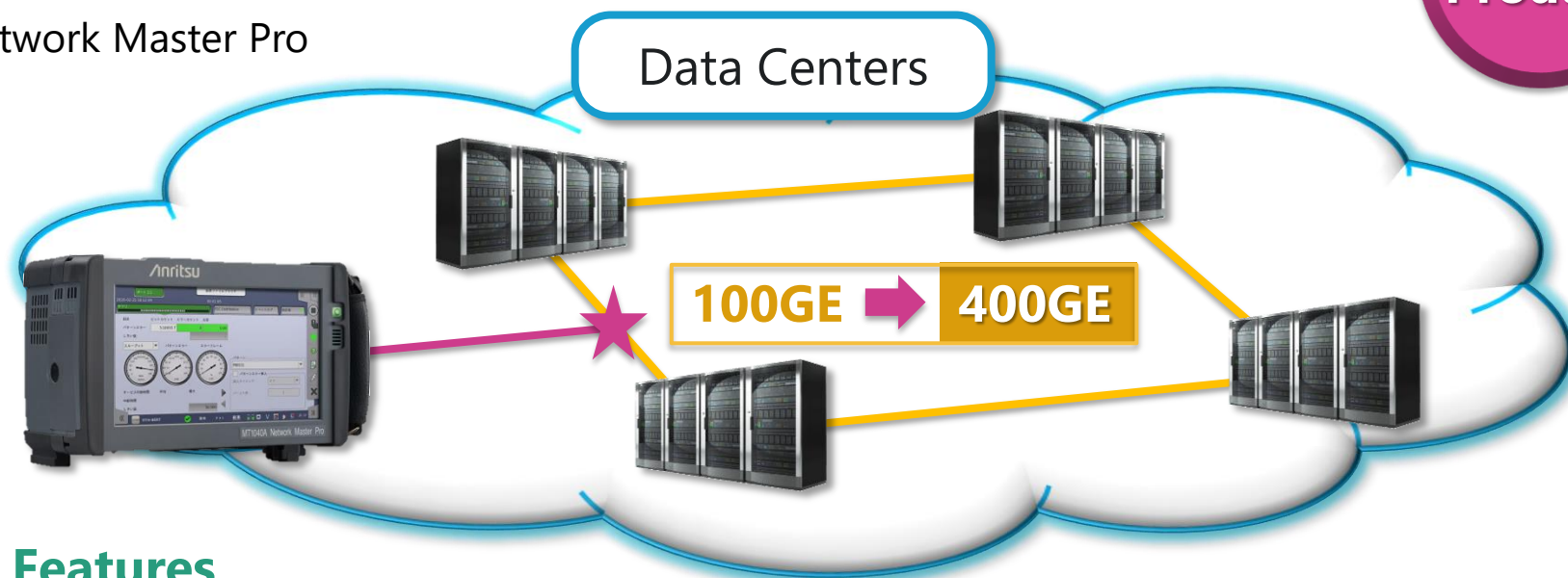
IV-6. Speeding Up Solutions for data centers

Portable measuring instrument supporting 400G Ethernet

New
Product

MT1040A

Network Master Pro



■ 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

IV-7. Solutions for pharmaceutical market

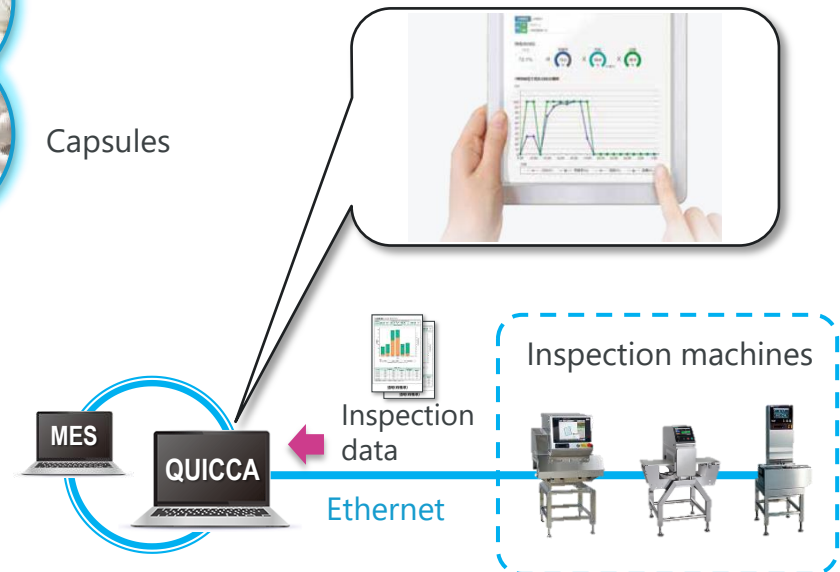
Metal detectors for pharmaceutical market

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

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