



ADVANTEST[®]

FY2019
(Period Ended March 31st, 2020)
Financial Briefing

April 24th, 2020
Advantest Corporation

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NOTE

Accounting Standards

– Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

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– This presentation contains “forward-looking statements” that are based on Advantest’s current expectations, estimates and projections. These statements include, among other things, the discussion of Advantest’s business strategy, outlook and expectations as to market and business developments, production and capacity plans. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “project,” “should” and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause Advantest’s actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

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```
...mirror_object = ...
operation == "MIRROR_X":
mirror_mod.use_x = True
mirror_mod.use_y = False
mirror_mod.use_z = False
operation == "MIRROR_Y":
mirror_mod.use_x = False
mirror_mod.use_y = True
mirror_mod.use_z = False
operation == "MIRROR_Z":
mirror_mod.use_x = False
mirror_mod.use_y = False
mirror_mod.use_z = True

selection at the end -add
obj.select= 1
obj.select= 1
context.scene.objects.active
= "Selected" + str(modifier)
mirror_ob.select = 0
...context.selected
```

Financial Results for FY2019

Atsushi Fujita
Managing Executive Officer (CFO)

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FY19 Results Highlights

- Strong demand for high-end SoC testers continued in response to growing demand for higher-performance semiconductors and enhanced reliability assurance. Memory also recovered from 2H
- Advantest's system-level test business, classified as a new business, saw steady order growth
- Despite prolonged inventory adjustments in some semiconductor sectors, Advantest achieved record-high orders for the second year in a row
- Business activities have been restricted since the end of the fiscal year due to the spread of COVID-19, but internal and external efforts enabled Advantest to exceed our most recent sales estimates
- For a second consecutive year, Advantest achieved the numerical targets of the mid-term management plan that started in FY18

○ FY2019 Results

- FY19 performance highlights.
- Strong tester demand for high-end SoCs such as 5G devices continued in response to growing demand for higher-performance semiconductors and enhanced reliability assurance.
- Memory tester demand also recovered from 2H.
- Advantest's system-level test business, classified as a new business, saw steady order growth.
- Despite prolonged inventory adjustments in the memory and automotive-related sectors since CY2018 2H, Advantest achieved record-high orders for the second year in a row.
- Business activities have been restricted due to the spread of COVID-19, but internal and external efforts enabled Advantest to exceed the sales estimates announced in January.
- FY19 was the second year of our mid-term management plan, and we exceeded the targets set forth in the plan for a second consecutive year.

FY19 Summary of Results

(¥B)

	FY18		FY19		
	Results	Forecast as of Jan. 2020	Results	vs. FY18	
				(Δ)	(%)
Orders	275.2	270.0	287.8	+12.7	+4.6%
Sales	282.5	270.0	275.9	-6.6	-2.3%
Operating Income	64.7	56.0	58.7	-6.0	-9.2%
Operating Margin	22.9%	20.7%	21.3%	-1.6pts	
Income Before Tax	66.2	56.7	58.6	-7.6	-11.5%
Net Income	57.0	49.0	53.5	-3.5	-6.1%
Net Income Margin	20.2%	18.1%	19.4%	-0.8pts	
IFRS15 Backlog adjustment	-3.0				
Backlog increased due to business transfer and M&A	+2.4		+4.2		
Backlog	74.9	74.9	91.0	+16.1	+21.6%
Exchange Rate	1 US\$	¥110	¥108	¥109	¥1 Appreciation
	1 Euro	¥129	¥121	¥121	¥8 Appreciation
Dividend per share	¥92	¥75	¥82	-¥10	

[Payout ratio: 30%] [Payout ratio: 30%]

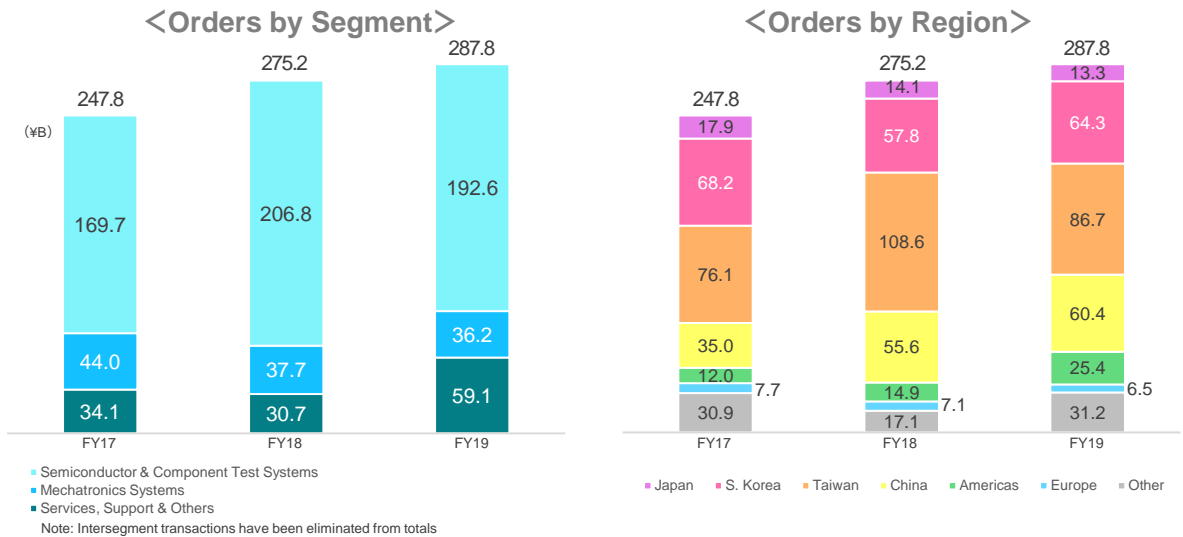
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○ FY2019 Summary of Results

- Orders +4.6% YoY ¥287.8 billion
- Sales -2.3% YoY ¥275.9 billion
- Operating Income -9.2% YoY ¥58.7 billion
- Net Income -6.1% YoY ¥53.5 billion
- Backlog increased by ¥16.1 billion YoY to ¥91.0 billion, due to growth in orders.
- Advantest's year-end dividend is ¥41, the same amount as the interim dividend, an increase of ¥7 from the forecast announced in January. The annual dividend is ¥82.
- ROE (not shown in the graph) was 24.9%.

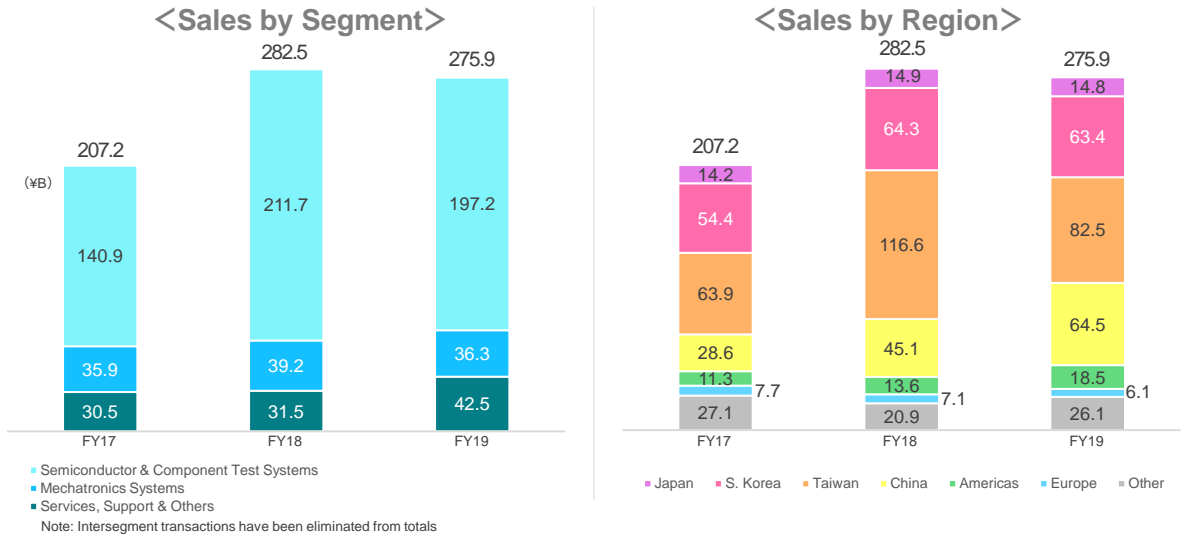
FY19 Orders by Segment / Region



○ FY2019 Orders by Segment / Region

- Annual orders by business and region.
- Tester orders decreased YoY mainly due to a decline in display-related orders, but stayed at a healthy level.
- In addition, due to growth in system level test, orders overall increased.

FY19 Sales by Segment / Region



○ FY2019 Sales by Segment / Region

- Annual sales results.
- Our regional mix changed slightly.
- Sales in Taiwan shrank due to softening demand in the display and memory markets. On the other hand, sales continued to grow in China, where the semiconductor industry is ramping up.

FY19 4Q Summary of Results

(¥B)

	FY18				FY19				QoQ		YoY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	(Δ)	(%)	(Δ)	(%)
Orders	70.6	76.2	62.7	65.7	65.9	58.3	72.9	90.7	+17.8	+24.4%	+25.1	+38.2%
Sales	70.9	72.7	74.9	64.0	66.2	71.6	69.9	68.2	-1.7	-2.4%	+4.3	+6.7%
Gross Profit	38.2	38.9	42.5	34.4	39.4	41.0	39.4	36.7	-2.7	-6.8%	+2.3	+6.7%
Gross Margin	53.9%	53.6%	56.8%	53.8%	59.5%	57.3%	56.4%	53.8%	-2.6pts		+0.0pts	
Operating Income	15.8	18.0	20.7	10.2	15.2	17.7	14.2	11.6	-2.7	-18.8%	+1.4	+13.5%
Operating Margin	22.3%	24.7%	27.6%	15.9%	22.9%	24.8%	20.4%	17.0%	-3.4pts		+1.1pts	
Income Before Tax	16.5	18.6	20.6	10.5	14.9	18.4	14.5	10.8	-3.7	-25.3%	+0.3	+3.1%
Net Income	13.9	16.2	17.9	9.0	12.1	14.7	11.9	14.8	+2.9	+24.1%	+5.9	+65.7%
Net Income Margin	19.6%	22.4%	23.9%	14.0%	18.3%	20.5%	17.1%	21.7%	4.6pts		7.7pts	
IFRS15 Backlog adjustment	-3.0											
Backlog increased due to business transfer and M&A				+2.4				+4.2				
Backlog	79.5	83.0	70.8	74.9	74.6	61.3	64.3	91.0	+26.7	+41.5%	+16.1	+21.6%
Exchange Rate	1 US\$	¥108	¥111	¥113	¥111	¥111	¥108	¥108	¥110	¥2 Depreciation		¥1 Appreciation
	1 Euro	¥131	¥129	¥130	¥126	¥125	¥121	¥119	¥121	¥2 Depreciation		¥5 Appreciation

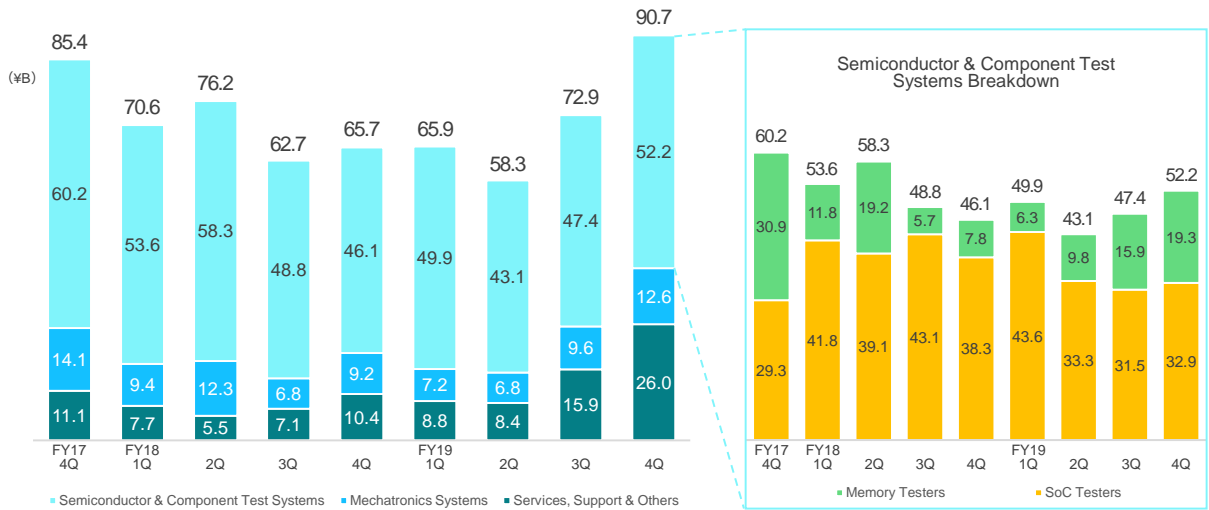
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○ FY2019 4Q Summary of Results

- Three months ago, we expected 4Q orders to be about the same as 3Q, but due to memory-related and system level test growth, and the addition of Essai, Inc., which Advantest acquired at the end of January, to consolidated results, we achieved record-high quarterly orders.
- As a result of recording deferred tax assets in anticipation of a tax reduction effect on future tax expenses, net income is higher than income before tax.

Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

○ FY2019 4Q Orders by Segment

○ Semiconductor & Component Test Systems

- ¥52.2 billion +10.1% QoQ
- SoC tester orders were ¥32.9 billion, flat QoQ. Orders for mobile and HPC (high performance computing) devices were strong.
- In the memory sector, in addition to solid DRAM-related orders, flash memory investment grew further, resulting in orders of ¥19.3 billion.

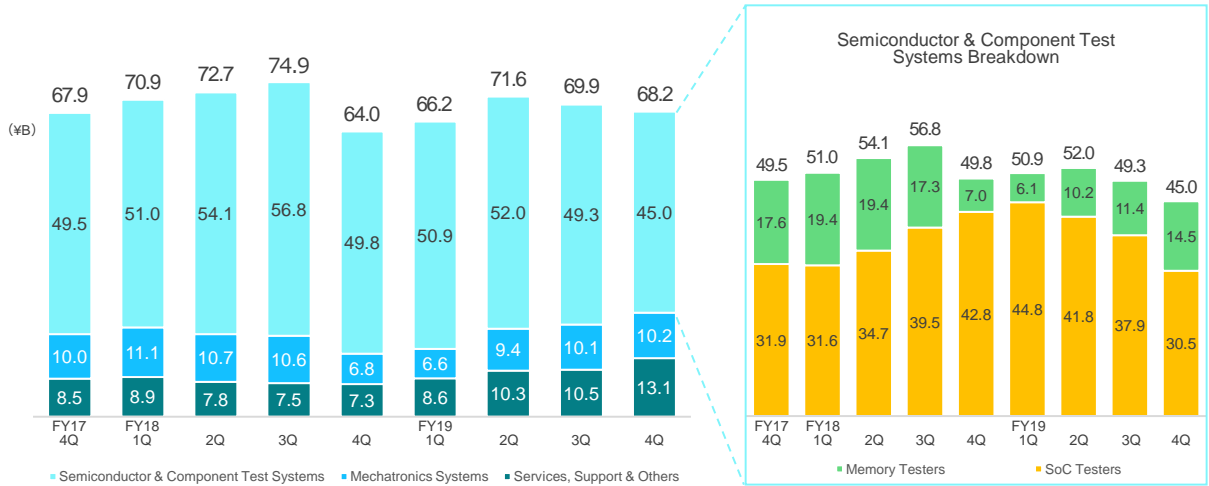
○ Mechatronics Systems

- ¥12.6 billion +31.6% QoQ
- Correlated with memory tester orders in excess of estimates.

○ Services, Support & Others

- ¥26.0 billion +63.3% QoQ
- In addition to strong system level test-related orders, maintenance contract orders also grew.

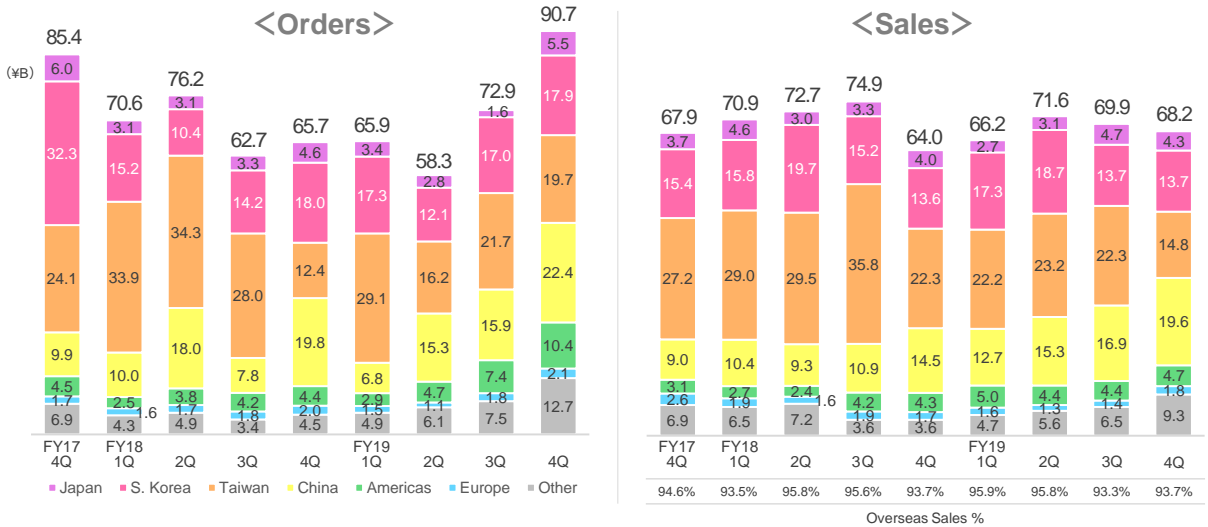
Quarterly Sales by Segment



Note: Intersegment transactions have been eliminated from totals

- FY2019 4Q Sales by Segment
- Semiconductor & Component Test Systems
 - ¥45.0 billion -8.8% QoQ
 - SoC tester sales came in on plan.
 - Memory tester sales exceeded expectations set three months ago due to stronger customer focus on servers.
- Mechatronics Systems
 - ¥10.2 billion Flat QoQ
- Services, Support & Others
 - In this segment, Essai's business results began to be added to consolidated results in 4Q.
 - Essai's business of high-end IC sockets was strong in HPC-related applications.

Quarterly Orders / Sales by Region



○ FY2019 4Q Orders / Sales by Region

- China became the largest source of both orders and sales.

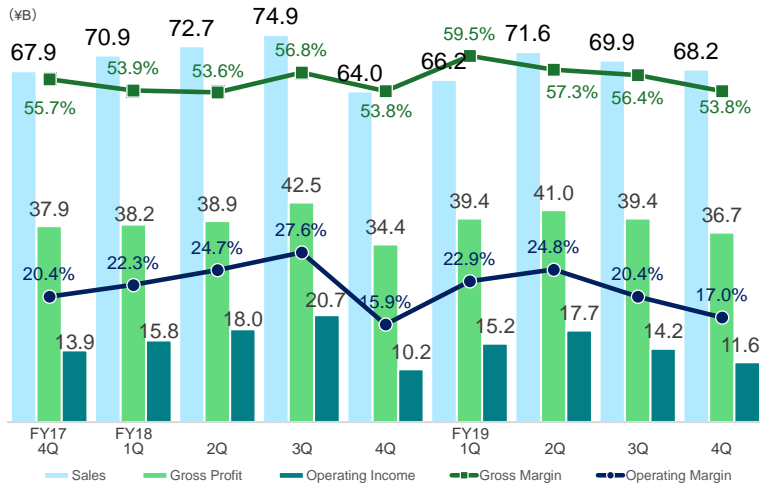
○ FY2019 4Q Orders by Region

- China
In addition to continued robust orders from memory customers, mobile-related orders also increased.
- Americas / Other
High-end SoC orders increased in the US and Southeast Asia
- Japan
Orders for flash memory testers increased.

○ FY2019 4Q Sales by Region

- Taiwan / China
Mobile-related sales decreased in Taiwan but increased in China.

Sales / Gross Profit / Operating Income



	(¥B)	
	FY18	FY19
Sales	282.5	275.9
Gross Profit	154.0	156.5
Gross Margin	54.5%	56.7%
SG&A	89.3	97.8
Operating Income	64.7	58.7
Operating Margin	22.9%	21.3%

○ FY2019 4Q Sales / Gross Profit / Operating Income

- Gross margin 53.8%
While the sales of Essai, which we acquired in January, are progressing, we recognized amortization of intangible assets related to orders inherited from the company's prior ownership. Excluding this impact, we were able to maintain gross margin above the 55% mark.
- SG&A ¥25.1 billion
- Operating income ¥11.6 billion
- Operating margin 17.0%

○ FY2019 Full Year Operating Income

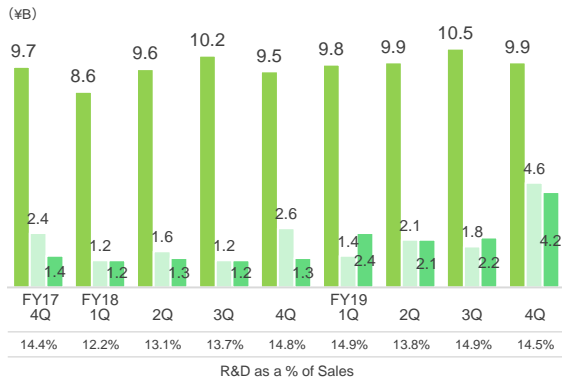
- Operating Income -9.2% YoY ¥58.7 billion
- SG&A expenses increased due to securing additional human resources for R&D and support as a foundation for future growth.
- Note that operating income in FY18 included a one-time profit of approximately ¥3.5 billion due to the sale of fixed assets and the transition of a part of Advantest's pension system to a defined contribution pension plan.
On a so-called core operating margin basis, which excludes one-time profits and losses, operating margin would be 21.3% in FY2019, at about the same level as FY2018 when it was 21.6%.

Investments / Cash Flow

<Investments>

- R&D Expenses
- Capital Expenditure
- Depreciation & Amortization

	FY18	FY19
R&D Expenses	37.9	40.1
R&D as a % of Sales	13.4%	14.5%
Capex	6.6	9.9
D&A	5.0	10.9



<Cash flow>

- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows

	FY18	FY19
Cash flows from operating activities	44.8	66.5
Cash flows from investing activities	-15.9	-38.8
Free cash flows	28.9	27.7



*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

○ FY2019 4Q R&D Expenses/Capex/D&A

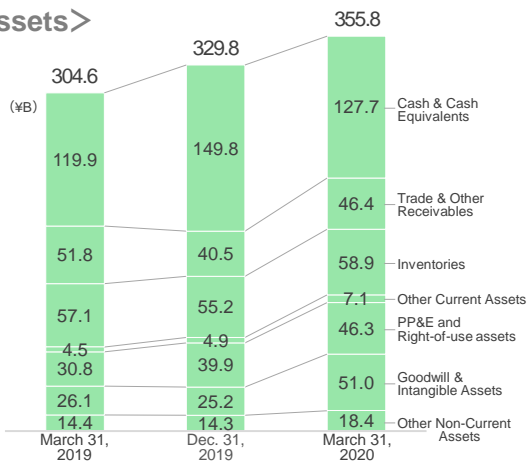
- R&D Expenses ¥9.9 billion
- R&D to sales ratio 14.5%
- Capex ¥4.6 billion
Capital investment aimed at improving R&D and production efficiency was concentrated at the end of the fiscal year.
- Depreciation and Amortization ¥4.2 billion
In addition to applying the new IFRS lease accounting standard from FY19, amortization of intangible assets increased due to recent M&A, though this will be a temporary expense.

○ FY2019 4Q Cash Flow

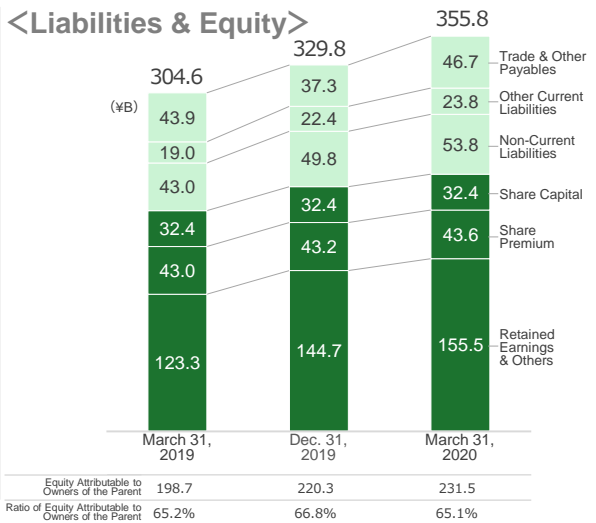
- Free cash flow -¥20.7 billion
- Due to the acquisition of Essai, investment cash flow expenditures increased in 4Q and free cash flow became negative.

Financial Position

<Assets>



<Liabilities & Equity>



○ Balance Sheet for Period Ending March 31st, 2020

- Total Assets **¥355.8 billion**
- Cash & Cash Equivalents **¥127.7 billion**
 ¥7.8 billion up from the end of the previous fiscal year
- Equity Attributable to Owners of the Parent **¥231.5 billion**
- Ratio of Equity Attributable to Owners of the Parent **65.1%**
 Down 0.1 points from the end of the previous fiscal year
- The business environment is entering a period of increased uncertainty, but as this balance sheet demonstrates, Advantest continues to maintain financial stability.



FY2020 Outlook & Mid-Term Business Plan Progress Report

Yoshiaki Yoshida
Representative Director, President & CEO

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Mid/Long-Term Management Policy

Grand Design (Long-Term Management Policy: FY18-27)

<Long-Term Management Goals>

¥300B - ¥400B in annual sales

- Improve market share by 1% a year by focusing on growth areas and strengthening partnerships with customers (CY17 results: 36% → CY27 target: 46%)
- Develop new business around our core business area

<Cost / Profit Structure>

- Balancing sales growth with cost efficiency

	Cost structure model @ ¥300B
Sales	¥300.0B
Cost of Sales	46%
SG&A as % of Sales	32%
(of which R&D expenses)	13%
Operating Margin	22%



Mid-Term Management Plan (FY18-20)

- Product demand inevitably fluctuates on year, so numerical targets are three-year averages
- Expand our sales and market share by providing outstanding solutions for the next generation of test needs
- Aggressively invest in R&D and M&A for mid-to long-term sales growth
- While maintaining a consolidated payout ratio of 30%, based on our growth investment outlook, we will consider flexibility in our total shareholder return policy

	Mid-Term Plan (FY18-FY20 Average)	
	Conservative	Base
Yearly tester market growth ratio	0%	4%
Sales	¥230.0B	¥250.0B
Operating Margin	15%	17%
ROE	15%	18%
EPS	¥135	¥170

○ Advantest's Management Policy

- First, a look at our mid- to long-term management policy.
- In April 2018, Advantest formulated a 10-year mid- to long-term management policy and a 3-year mid-term management plan, both starting in FY18, which lay out where we want to be in the mid- to long-term and how we should get there. The company is striving as one to achieve the goals of the plan.
- FY20 marks the third and final year of this mid-term management plan.

Mid-Term Management Plan Progress Report

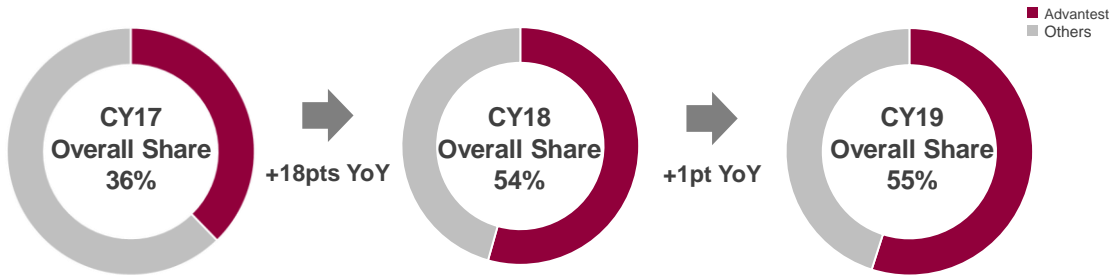
	FY15-17 Average	Mid-Term Plan (FY18-FY20 Average)		FY18 Results	FY19 Results	FY18-19 Average
		Conservative	Base			
Sales	¥175.1B	¥230.0B	¥250.0B	¥282.5B	¥275.9B	¥279.2B
Operating Margin	9%	15%	17%	22.9%	21.3%	22.1%
ROE	12%	15%	18%	35.3%	24.9%	30.1%
EPS	¥74	¥135	¥170	¥302	¥270	¥286

- Over the past two years, results have exceeded the targets set for all KPIs under our base scenario, due to the expansion of the tester market and Advantest's market share gains
- Although progress has been good so far, initial targets remain unchanged due to considerable uncertainty going forward amidst the COVID-19 pandemic

○ Mid-Term Management Plan: Year 2 Progress Report

- A summary of the progress of our mid-term management plan to date.
- As shown on the right-hand side of the slide, over the past two years, due to the expansion of the tester market and Advantest's market share gains, results have exceeded the target values of all KPIs under our base scenario. These targets were set as high hurdles at the time of formulating the plan. This indicates that we have made good progress in the last two years.
- We would like to raise our goals even higher in FY20, but because it is extremely unclear how deep and lasting an effect the COVID-19 pandemic will have on the global economy, we are keeping the initial target values of our mid-term management plan unchanged, and aiming to meet or exceed those target values.

Market Share Report



	Market Size	Advantest Share		Market Size	Advantest Share		Market Size	Advantest Share
SoC Testers	Approx. \$2,200M	30%	SoC Testers	Approx. \$2,550M	52%	SoC Testers	Approx. \$2,700M	55%
Memory Testers	Approx. \$750M	57%	Memory Testers	Approx. \$1,150M	58%	Memory Testers	Approx. \$650M	55%

Source: Advantest

○ Market Share Report

- Our Grand Design and mid-term management plan also set forth the aim of increasing our market share by 1% each year.
- We set an objective of increasing our market share from 36% in CY17 to 46% by CY27.
- In CY19, we were able to increase our share by 1 point, coming after CY18 when our share expanded significantly.
- Amidst growing investment in semiconductor development and volume production for 5G, we have effectively met customer needs for SoC testers, enabling Advantest to further increase our market share. As a general rule, it is a fact that our share fluctuates markedly in step with the investment trends of major customers, but we have made notable gains in the last two years.
- The memory tester market has slowed down, and our customer mix led to deterioration YoY. As a result, our market share in this sector fell in CY19, but Advantest still commands a majority share.
- Although the outlook for CY20 and beyond is uncertain, we expect the high-performance semiconductor tester market for 5G and HPC to continue to grow, based on mid- to long-term technology roadmaps.

Initiatives for Mid- to Long-Term Growth

Important Measures Executed in FY19

- Actively added human resources to strengthen the foundation of our high-end SoC test business, which stands out among our core businesses for high growth expectations
- Promoted strategies for mid- to long-term business growth
 - Expanded SoC system level test solution portfolio and developed new customers
 - Added high-precision IC sockets / thermal control units to business portfolio in line with future high-end semiconductor test demand growth
- Revised corporate philosophy “The Advantest Way” and issued Integrated Annual Report 2019

Important Measures for FY20

- Continue to invest for long-term growth while flexibly responding to recent changes in our business environment
- While the market trends that will support our medium- to long-term growth, such as semiconductor performance gains and the increasing importance of test, remain unchanged, Advantest will promote measures to deepen engagement with important customers and maintain and expand market share
 - Maintain and expand market share in the 5G millimeter-wave range semiconductor and high-end memory sectors
 - Strengthen partnerships through comprehensive quality improvement proposals such as factory automation
- Enhance ESG management with climate change response measures

○ Initiatives for Mid- to Long-Term Growth

- In FY19, the second year of our mid-term plan, we also made efforts targeted at mid- to long-term growth.
- We continued to actively add human resources to strengthen the foundation of our high-end SoC test business, which stands out among our core businesses for high growth expectations. We also worked to further deepen engagement with customers and maintain and expand our market share.
- As part of our mid- to long-term growth strategy, we expanded our SoC system-level test business and reinforced our test peripherals business.
- A review of "The Advantest Way" clearly defined our core values and clarified the vectors for Advantest's growth. We believe that The Advantest Way gives our global operations the strength needed to minimize the adverse impact on product installation and customer support from COVID-19-related restrictions on movement.
- Regarding FY20, although at present the outlook is uncertain, feedback from customers supports our confidence in the unchanged market trends driving our mid- to long-term growth, such as semiconductor performance gains and an increased emphasis on the importance of test.
- Not only COVID-19, but other risk factors, such as trade friction and natural disasters, are increasing. In FY20, we will of course respond flexibly to these environmental changes, and also continue to invest in long-term growth.
- We will promote measures to strengthen engagement with important customers and increase market share in sectors such as 5G millimeter-wave range semiconductors and high-end memory, which hold great future promise.

System-Level Test Business Status Report

Advantest's Solutions

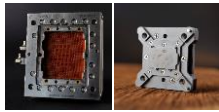
– We have combined resources gained through M&A in recent years with basic technologies accumulated organically to provide test solutions that offer broad module and system level test coverage across the memory and SoC sectors



High-end SoC system-level tester



Thermal control unit



IC socket

SSD system-level tester



Advantest's Opportunities & Strengths

- Trends towards high-end semiconductor performance gains, greater circuit integration, and increased emphasis on reliability assurance continue
- Semiconductor manufacturers are increasingly interested in system level test (SLT) that can solve these issues efficiently
- Similar solutions are already available from measurement instrument manufacturers, but Advantest's wide-ranging know-how and performance differentiate our offerings. We are best positioned to become the de facto standard for SLT
- Enquiries are especially strong not only for storage but also for HPC, communication modules, and automotive modules
- Advantest's acquisition of Essai aims to further differentiate our SLT business

○ System-Level Test Business Status Report

- Advantest's system-level test business has been touched on many times during this briefing. This is a report on its current status.
- Advantest has combined resources gained through M&A in recent years with basic technologies accumulated organically to provide efficient functional test solutions for modules and systems that incorporate all kinds of memory and SoC semiconductors.
- The concept of system-level test is now attracting attention from semiconductor manufacturers due to improvements in the performance of high-end semiconductors, greater circuit integration, and an increased emphasis on reliability assurance.
- Although similar solutions already exist in-house at customers, and are available from measurement instrument manufacturers, Advantest aims to grow our SLT business by differentiating our portfolio on the basis of our wide-ranging know-how and superior performance.

Semiconductor Tester Market Trends (Outlook as of April 2020)

CY19 Actual

- Although the semiconductor market slowed down due to intensifying US-China trade friction, active investment in testers for 5G semiconductors drove growth in the SoC tester market
- The memory tester market also picked up in 2H, supported by a better supply / demand balance in the memory sector and large-scale investment by Chinese companies

CY20 Estimate

- Demand for testers for high-end semiconductors, which are needed for 5G and data centers, is firm, and we expect a certain level of demand to continue through 1H CY20
- On the other hand, the COVID-19 pandemic has increased uncertainty about future automotive / industrial, display, and mobile-related demand, and we are currently reviewing our market forecast

○ Tester Market Trends

- In previous years we have given our full-year outlook on the tester market, but this time we will describe how it looks to us at present.
- Although the CY19 tester market declined YoY, 5G-related test demand was strong, and test demand for DRAM and NAND flash for data centers regained its growth trajectory.
- We believe that the structural market factors, such as higher semiconductor performance and greater device complexity, which are driving increased demand for testers, remain unchanged. Tester demand related to 5G smartphones and data centers, which require high-end semiconductors, is firm, and we expect it will continue at a certain level through CY20 1H.
- However, the COVID-19 pandemic is increasing uncertainty about future automotive / industrial, display, and mobile-related tester demand, and we are currently reviewing our market forecast for CY20 once again.

Managing the Impact of COVID-19

Major Business Risks

- Interruptions to business / reduced efficiency due to possible infection of employees
- Product / service supply capacity issues caused by long-term restrictions on movement and lockdowns around the world
 - Difficulties in securing manufacturing personnel in-house or at outsourcing partners
 - Decreased ability to provide customer support
 - Procurement difficulties due to global supply chain disruptions
- Decreases in end-product demand due to the rapid deterioration of the world economy and the spread of the impact to the electronics industry as a whole, and a slowdown in the semiconductor and semiconductor manufacturing equipment markets
- Potential mid- to long-term market changes in the post-coronavirus period
 - Structural changes in the semiconductor industry triggered by changes in customer supply chains
 - Changes in Advantest's business environment due to individual and society-wide behavioral shifts

Advantest's Policy

- Prioritize the health of stakeholders by utilizing remote work to reduce the risk of fatalities among customers, suppliers and employees
- Promote reallocation of production to other areas and maintain product supply and support capabilities to reduce the effects of restrictions on movement and urban lockdowns
- Re-examine mid- and long-term BCP to plan for secure materials and parts procurement amidst supply chain disruption risks
- Monitor demand trends by attentively exchanging detailed information with customers
- Mid- to long- term, closely watch changes in customer supply chains and industrial structures

○ Managing the Impact of COVID-19

- An organized view of the risks COVID-19 poses to Advantest's business.
- First and foremost, there is a risk that Advantest's business may suffer from infections among employees, suppliers, and / or customers.
- Although different restrictions have been imposed in each country, our production system is severely restricted at the moment due to travel bans and lockdowns. Our support capabilities have also declined due to the inability of our engineers to move freely. Supply chains around the world are also fragmented, and we have begun to encounter procurement problems.
- Problems on the supply side are leading indicators, but it is clear that the rapid deterioration of the global economy will eventually affect the semiconductor market and the semiconductor manufacturing equipment market. That said, it is still hard to predict how much impact it will have on demand.
- Regarding Advantest's response to these risks, first, from the perspective of business continuity and employee health, we have implemented bans on business trips since January and have now switched to remote work. This policy will continue for the time being to protect the health of our stakeholders.
- Regarding the impact of restrictions on movement, some countries are constrained in terms of production, but we do not anticipate that it will be a major obstacle because other countries are compensating for these declines, and because all countries appear to be treating the semiconductor industry as an essential business. Regarding customer support, we do not see major problems occurring, as we have enhanced our local support capabilities.
- Thus, our largest risk is in the realm of material procurement. Until the March quarter, we were able to avoid major problems, but starting in the current quarter we have encountered problems procuring some parts. These are currently being addressed.
- Regarding the impact on the demand side, there is no telling how deep and lasting an impact the pandemic will have, leaving us no choice but to monitor the situation carefully and respond flexibly. We are attentively exchanging detailed information with our customers on the situation.
- In the post-coronavirus period, we believe global supply chains will be reviewed and rebuilt. Aware that the pandemic may change the world in ways which pose both opportunities and threats to the development of our business, Advantest will closely watch the signs of change in parallel with a careful review of our BCP.

FY20 Forecast

	FY19				FY20	
	1Q	2Q	3Q	4Q	1Q Forecast	
Orders	65.9	58.3	72.9	90.7	62.0	
Sales	66.2	71.6	69.9	68.2	70.0	
Operating Income	15.2	17.7	14.2	11.6	13.0	
Operating Margin	22.9%	24.8%	20.4%	17.0%	18.6%	
Income Before Tax	15.2	17.7	14.2	10.8	13.0	
Net Income	12.1	14.7	11.9	14.8	10.5	
Net Income Margin	18.3%	20.5%	17.1%	21.7%	15.0%	
Backlog increased due to business transfer and M&A				+4.2		
Backlog	74.6	61.3	64.3	91.0	83.0	
Exchange Rate*	1 US\$	¥111	¥108	¥108	¥110	¥105
	1 Euro	¥125	¥121	¥119	¥121	¥120

*Forecast of the impact of exchange rate fluctuations on operating income (annual basis): plus 600 million yen for each 1 yen of yen depreciation vs USD, and minus 150 million yen for each 1 yen of yen depreciation vs the euro

○ FY2020 1Q Forecast

- So far, no major changes have been seen in semiconductor capital investment trends, but it is not possible to predict at present how the semiconductor and semiconductor manufacturing equipment markets will change in line with future changes in the global economy, making it difficult to forecast Advantest's business results for the full year of FY20.
- Under these circumstances, we are presenting only our 1Q earnings forecast.
- In 1Q, we expect orders of ¥62.0 billion, sales of ¥70.0 billion, operating income of ¥13.0 billion, income before tax of ¥13.0 billion, and net income of ¥10.5 billion. The forecast uses exchange rate assumptions of 1 USD to 105 JPY and 1 euro to 120 JPY.
- Although the impact of the COVID-19 pandemic is factored in as much as possible, we expect the situation will change drastically during the period, so this forecast should be considered for reference only. It may be revised upwards or downwards.
- By segment, SoC and Mechatronics sales are expected to slightly decrease QoQ, while Memory and Services & Support sales are on a growth trajectory.
- As of January, we wanted to aim for a record sales year, but given the uncertainty in the global economy at present, we consider that flexible response to changes in our external environment must be our top priority issue in FY20.

Summary

- The COVID-19 pandemic is causing losses and turmoil in the global economy, but major customers continue to invest
- As uncertainty grows, it is crucial to flexibly respond to environmental changes
- Mid- to long-term semiconductor evolution trends remain unchanged. Advantest will adhere to our mid- to long-term management policy and continue to invest in future growth
- Test demand for high-end products such as 5G / HPC and memory will continue to grow. We will sustain our lead in these fields and maintain and improve our market share

○ Summary

- The COVID-19 pandemic has raised many concerns, but as 4Q orders show, our major customers, large semiconductor manufacturers, has not changed their stance on continuing investment. We believe that our customers have a strong financial position, and that they will continue to invest to secure their advantages with a view to the post-coronavirus period.
- However, it is clear that the deterioration of the global economy will cause changes in semiconductor-related markets. This fiscal year, we will carefully monitor changes in our business environment and respond flexibly to them.
- Despite these circumstances, we believe that mid- to long-term semiconductor evolution trends remain unchanged, and we will continue to implement our mid- to long-term management policy by combining organic efforts with resources acquired through M&A.
- Test demand for high-end devices in sectors such as 5G / HPC and memory will continue to grow. We will secure our leading position in these arenas, aiming to maintain and improve our current market share.