

ADVANTEST®

FY2019 1Q
(Three months ended June 30th, 2019)
Information Meeting

July 24th, 2019
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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Financial Results for FY2019 1Q

Atsushi Fujita

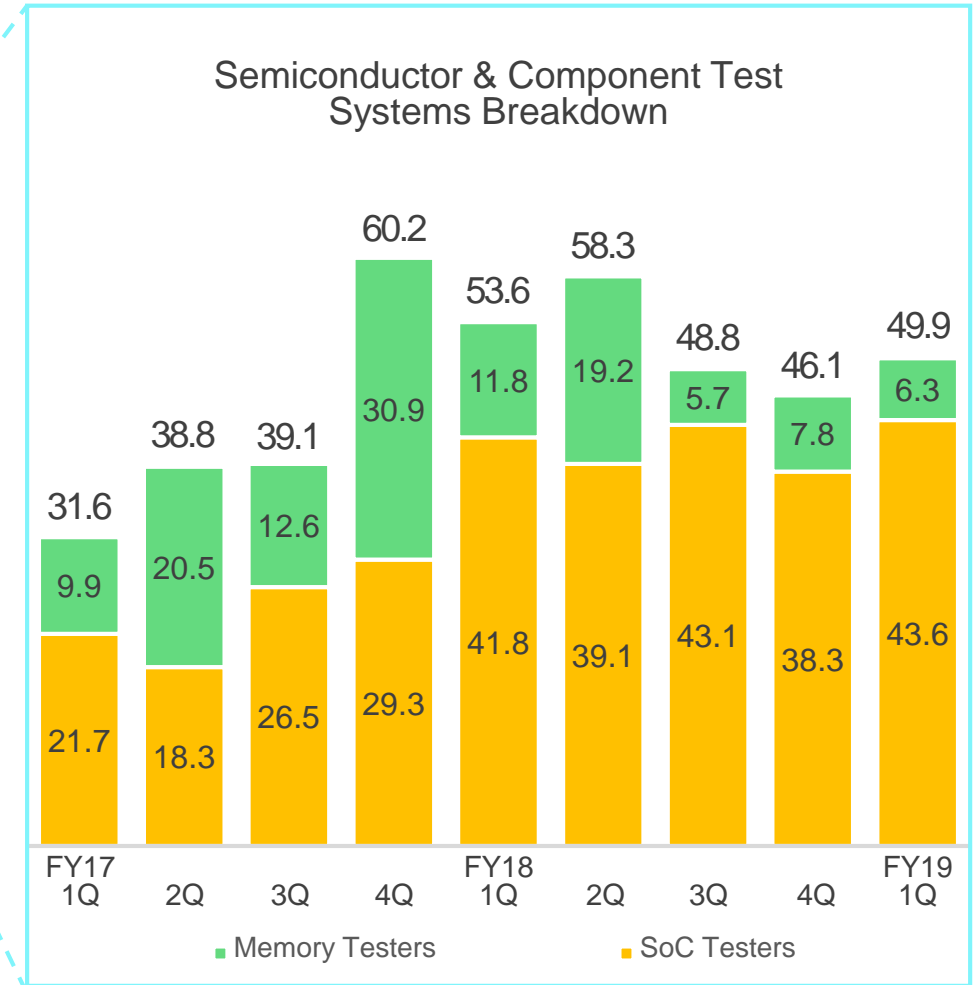
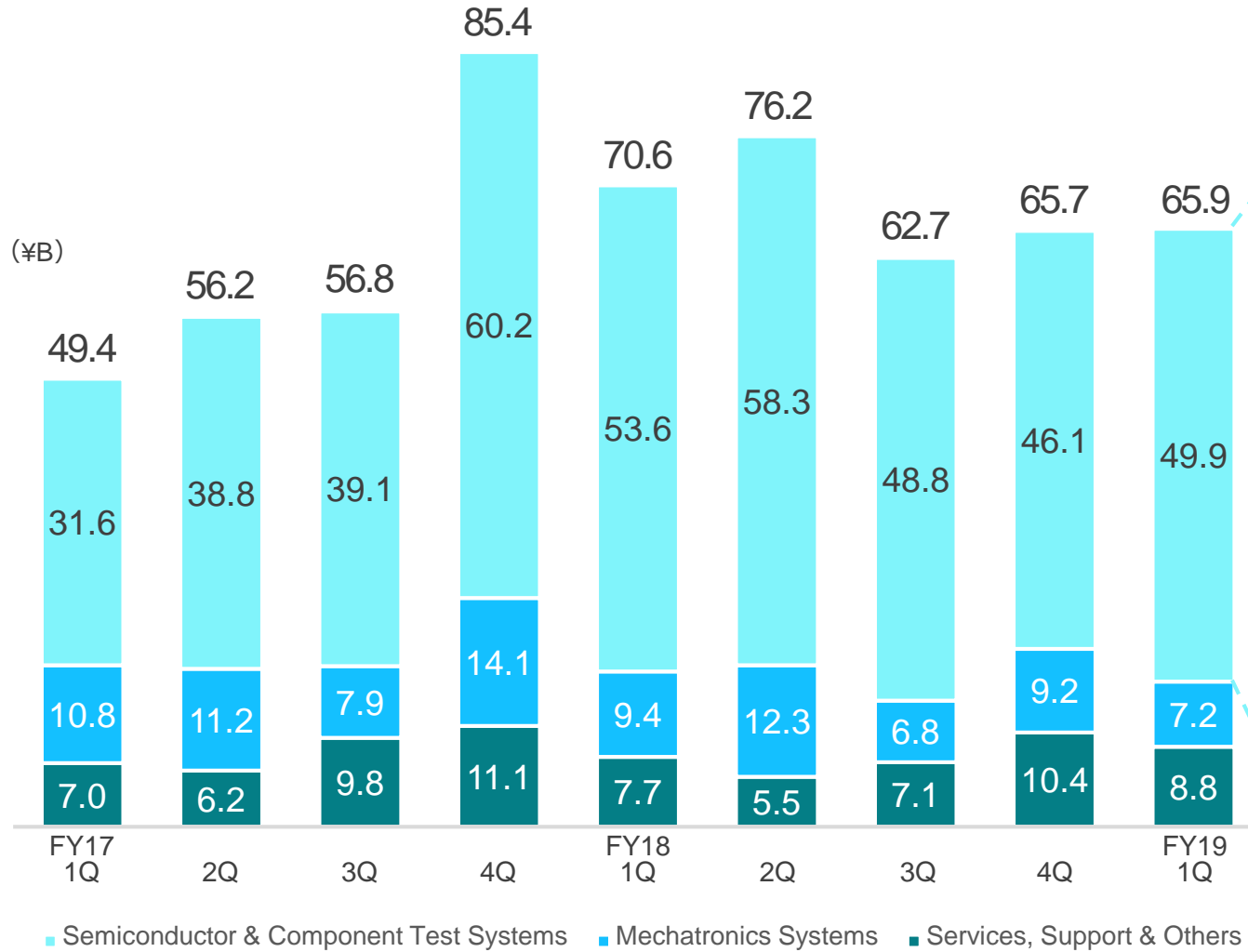
Director, Managing Executive Officer (CFO)

FY19 1Q Summary of Results

(¥B)

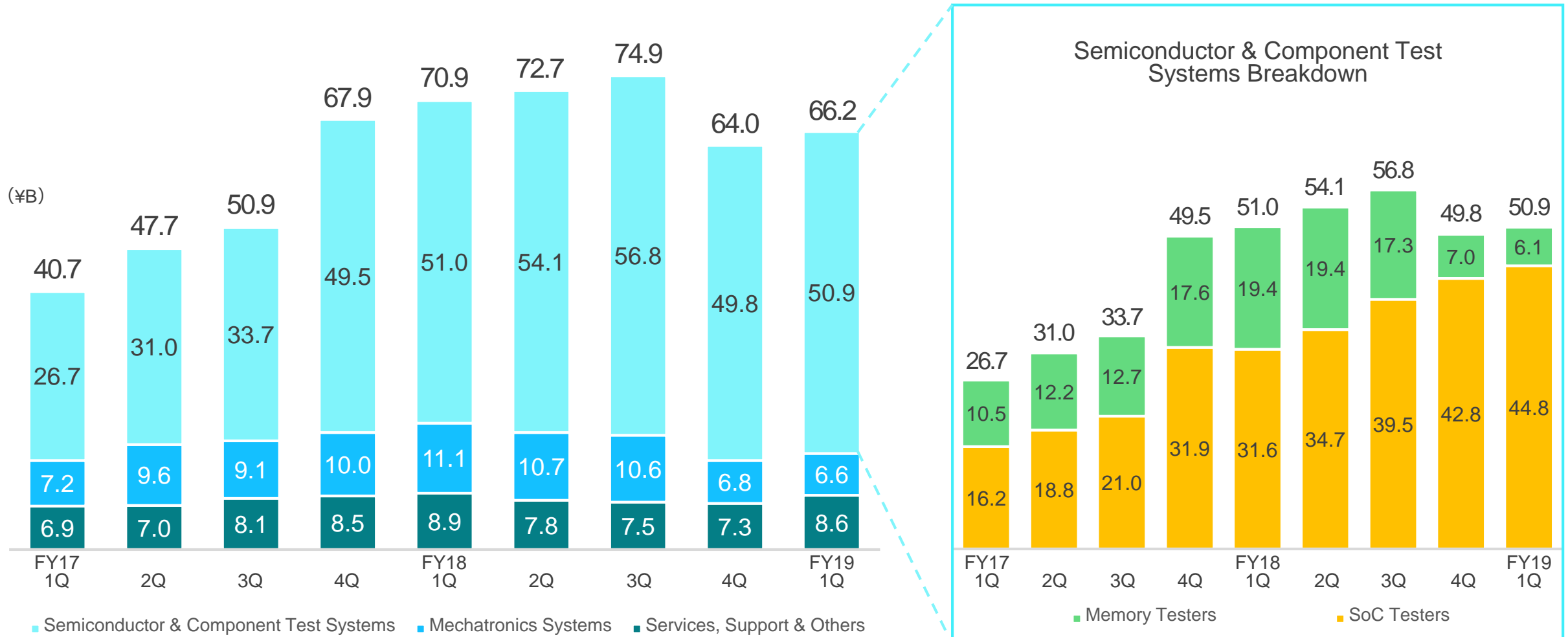
	FY18				FY19				
	1Q	2Q	3Q	4Q	1Q	QoQ		YoY	
						(Δ)	(%)	(Δ)	(%)
Orders	70.6	76.2	62.7	65.7	65.9	+0.2	+0.3%	▲4.7	▲6.7%
Sales	70.9	72.7	74.9	64.0	66.2	+2.2	+3.4%	▲4.8	▲6.7%
Gross Profit	38.2	38.9	42.5	34.4	39.4	+4.9	+14.4%	+1.2	+3.0%
Gross Margin	53.9%	53.6%	56.8%	53.8%	59.5%	+5.7pts		+5.6pts	
Operating Income	15.8	18.0	20.7	10.2	15.2	+5.0	+48.7%	▲0.7	▲4.2%
Operating Margin	22.3%	24.7%	27.6%	15.9%	22.9%	+7.0pts		+0.6pts	
Income Before Tax	16.5	18.6	20.6	10.5	14.9	+4.5	+42.4%	▲1.6	▲9.6%
Net Income	13.9	16.2	17.9	9.0	12.1	+3.1	+35.1%	▲1.8	▲13.0%
Net Income Margin	19.6%	22.4%	23.9%	14.0%	18.3%	+4.3pts		▲1.3pts	
IFRS15 Backlog adjustment	▲3.0								
Increase in backlog due to acquisition of Astronics SLT business				+2.4					
Backlog	79.5	83.0	70.8	74.9	74.6	▲0.3	▲0.4%	▲4.9	▲6.1%
Exchange Rate	1 US\$	¥108	¥111	¥113	¥111	-		¥3 Depreciation	
	1 Euro	¥131	¥129	¥130	¥126	¥1 Appreciation		¥6 Appreciation	

Quarterly Orders by Segment



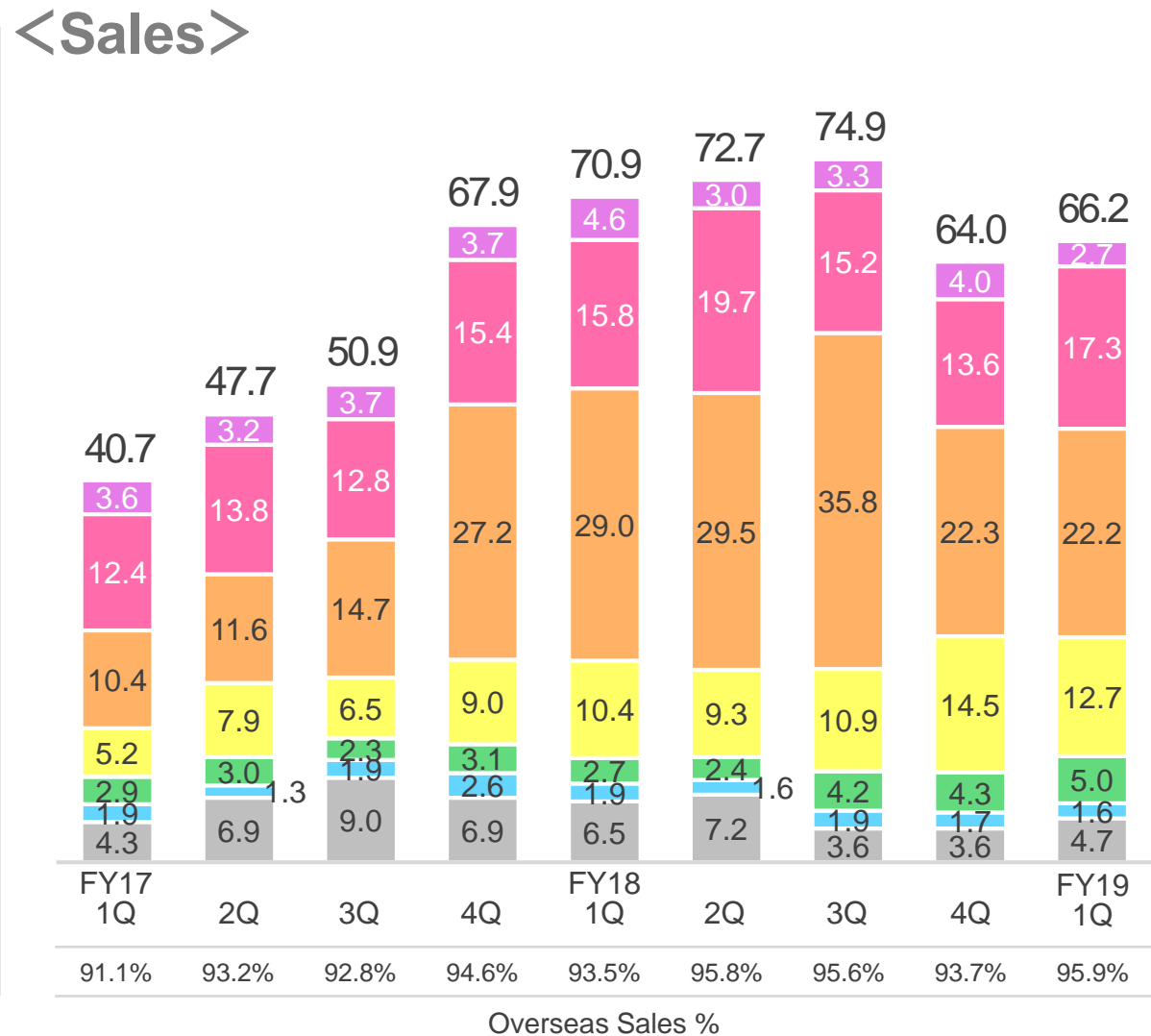
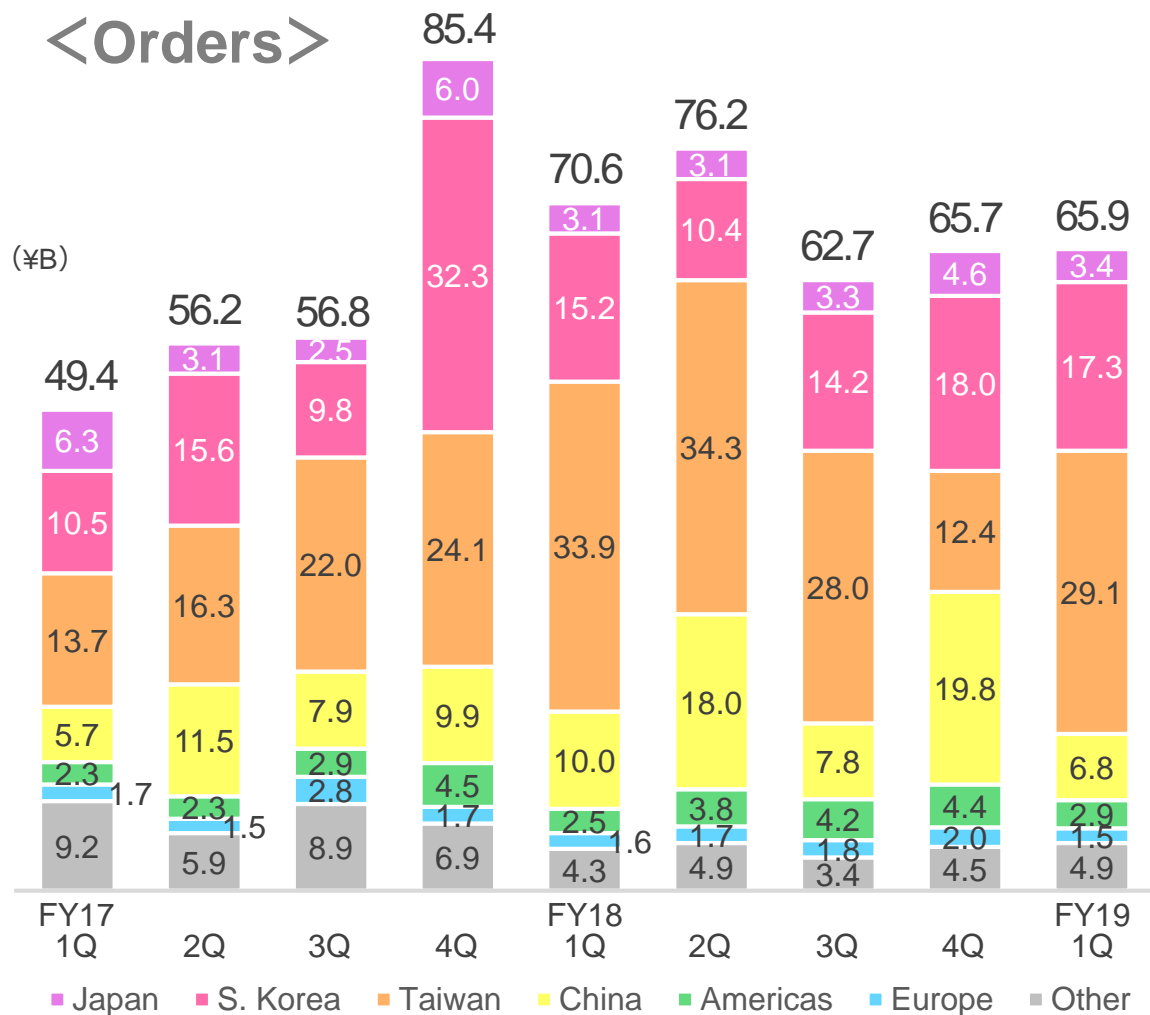
Note: Intersegment transactions have been eliminated from totals

Quarterly Sales by Segment

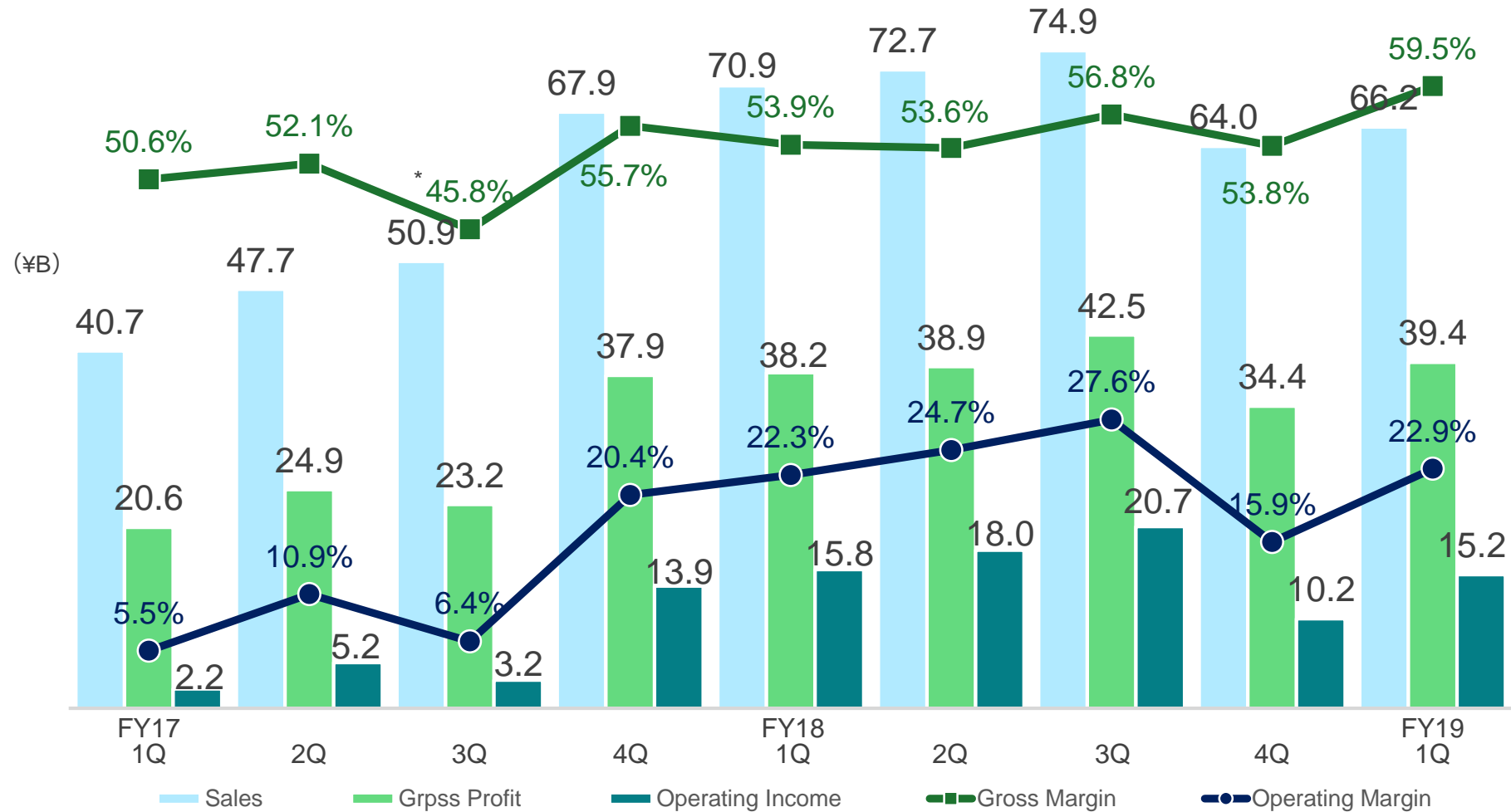


Note: Intersegment transactions have been eliminated from totals

Quarterly Orders / Sales by Region



Sales / Gross Profit / Operating Income

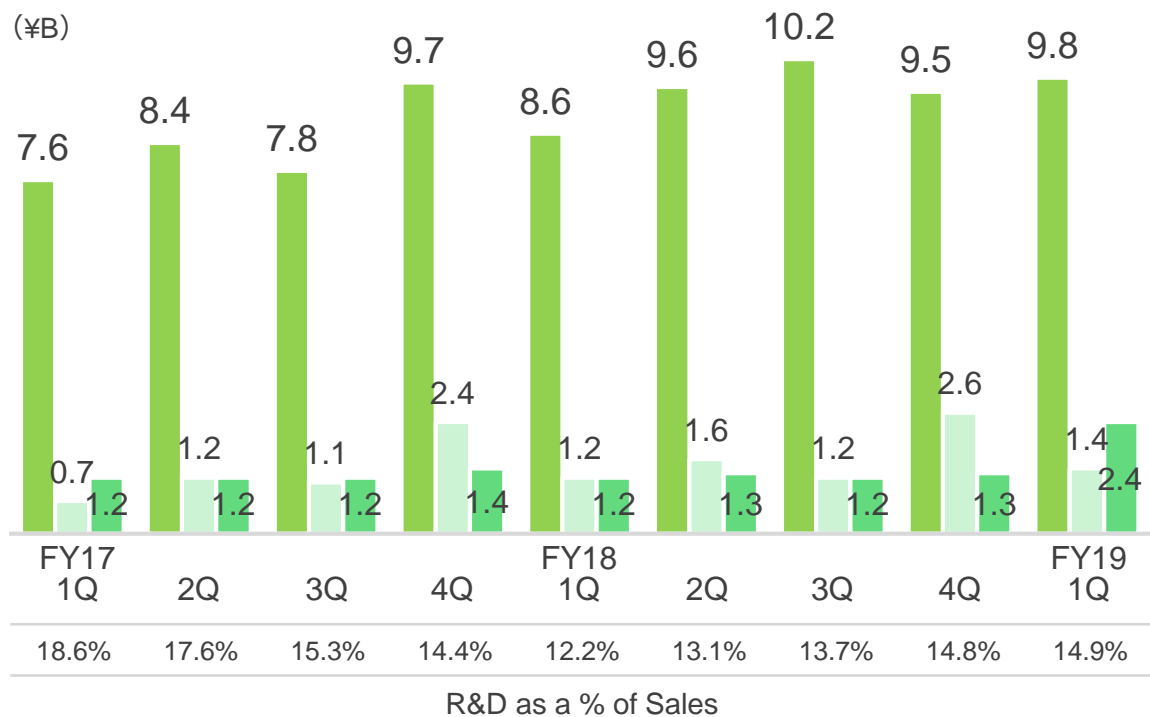


*In FY17 3Q, a ¥3.3 billion write-down of inventories was recorded in our nanotechnology business. The gross margin in FY17 3Q excluding the effect of the write-down was 52.3%.

Investments / Cash Flow

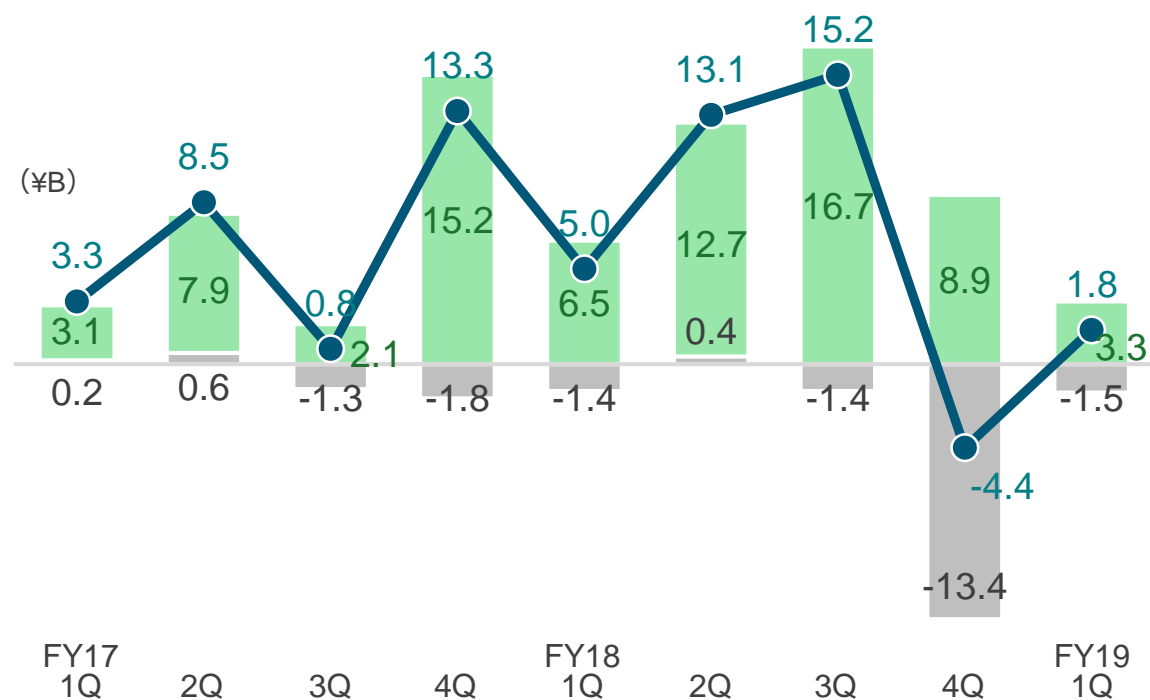
<Investments>

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



<Cash flow>

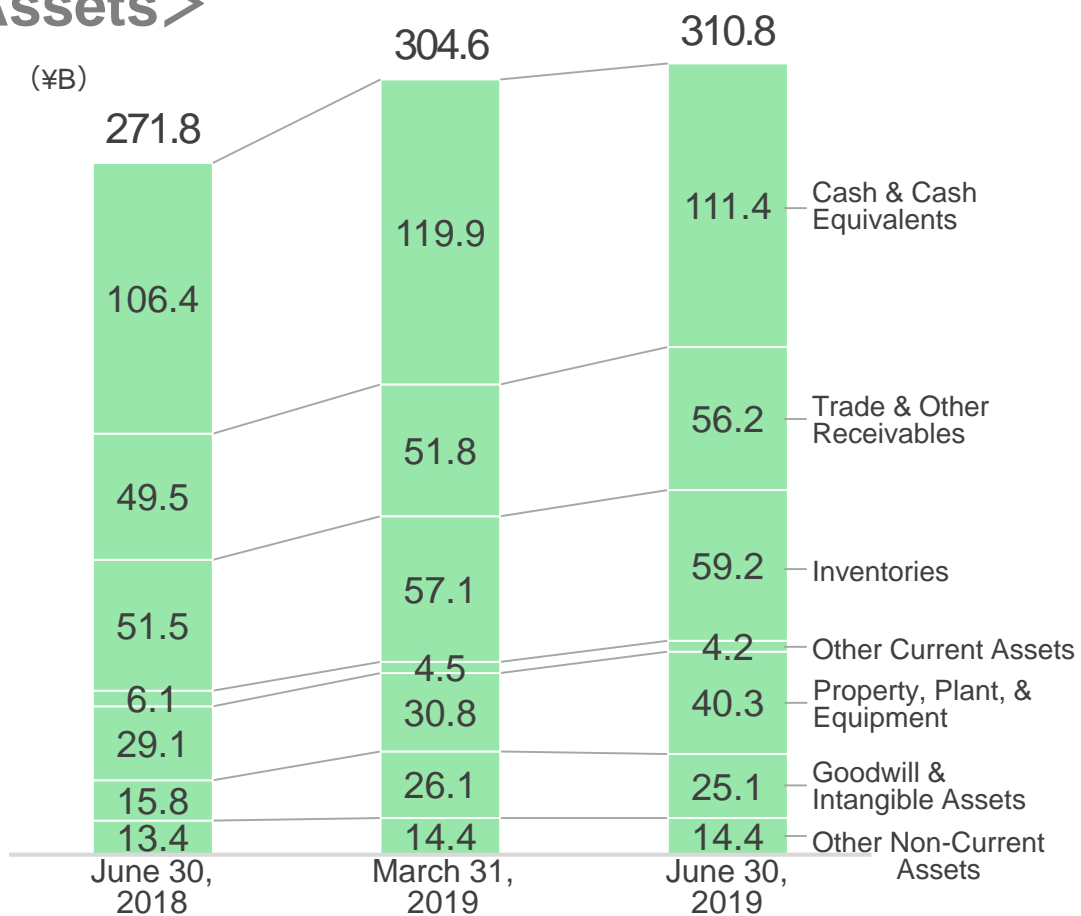
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flow



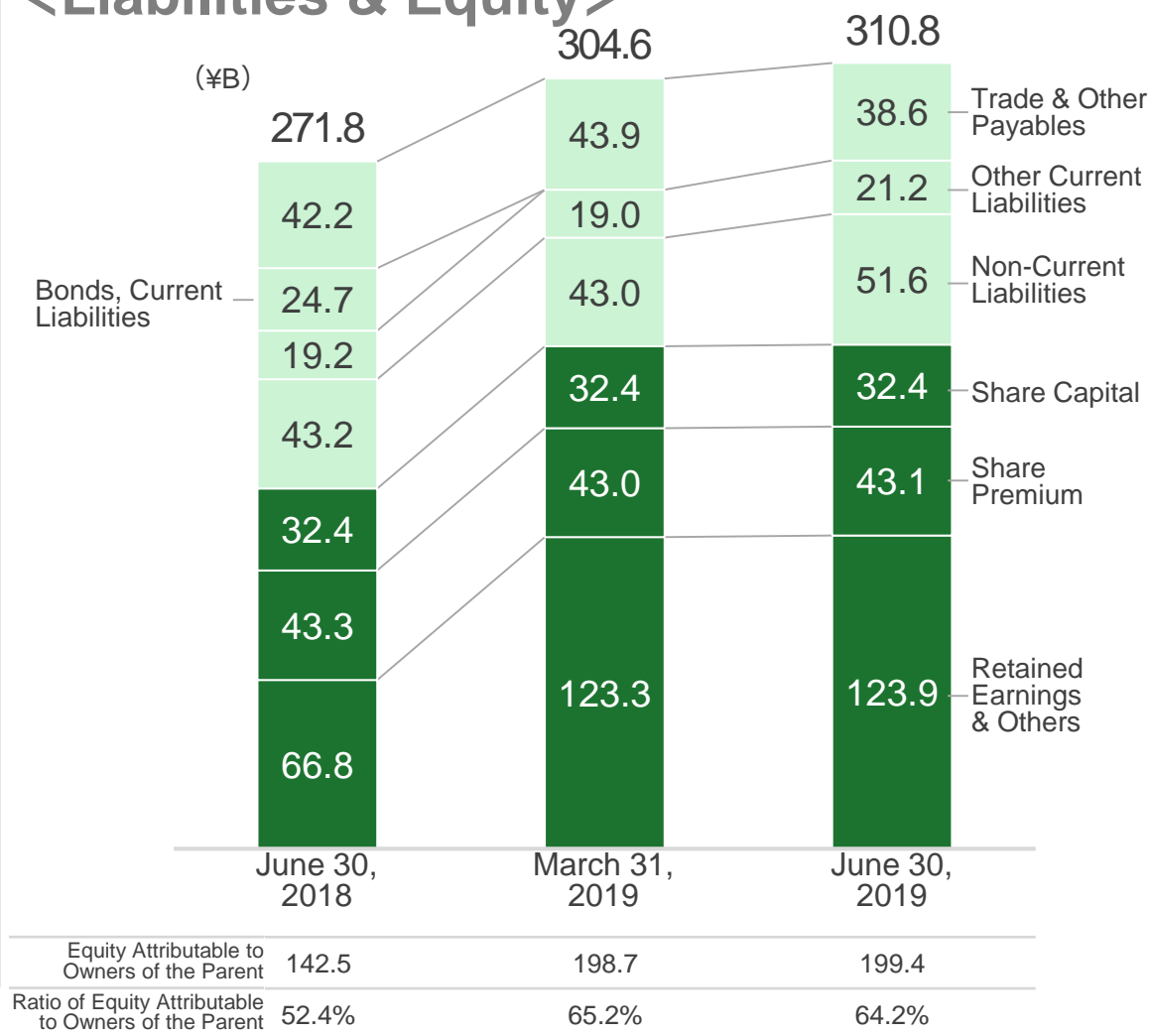
*Free Cash Flow = Cash flows from operating activities + Cash flows from investing activities

Financial Position

<Assets>



<Liabilities & Equity>





FY2019 Outlook

Yoshiaki Yoshida

Representative Director, President & CEO

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FY19 Forecast (Unchanged from Forecast Announced April 25)

(¥B)

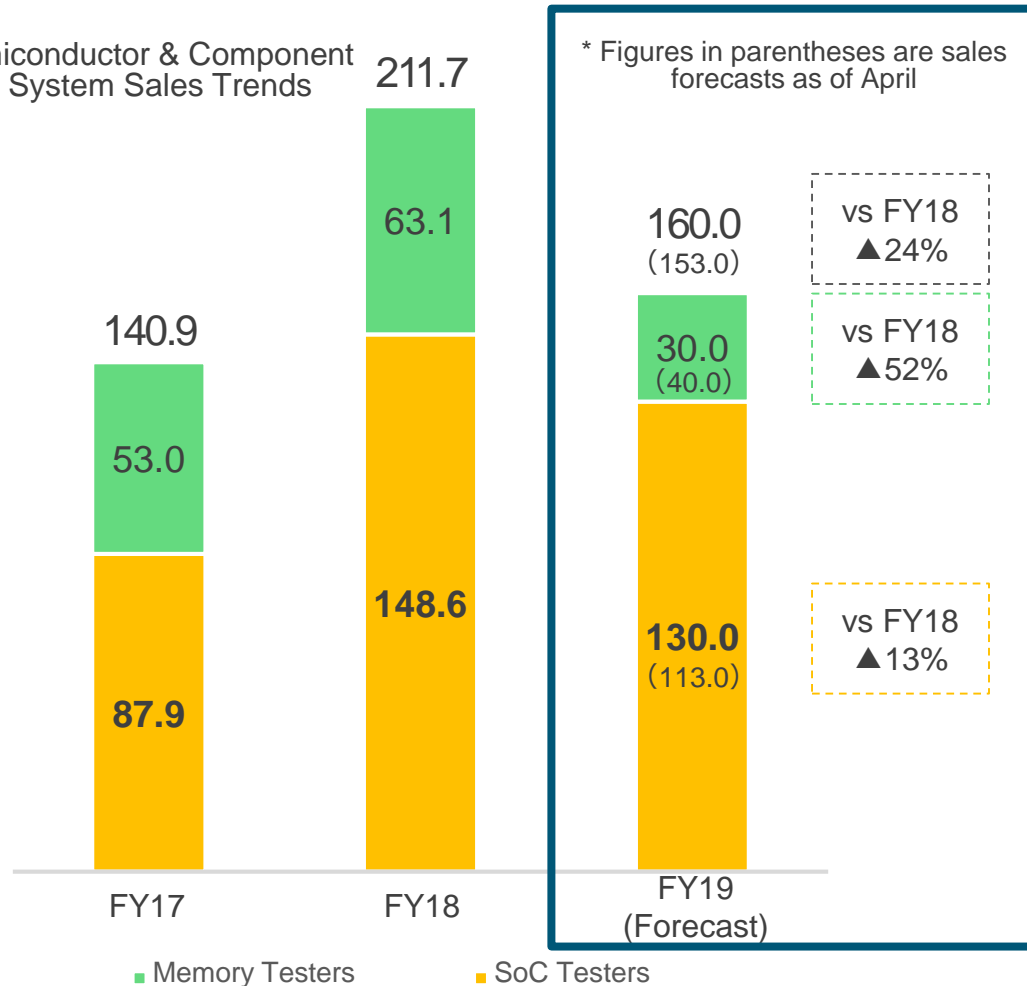
	FY18 Results	Forecast	FY19	
			vs. FY18	
			(Δ)	(%)
Orders	275.2	230.0	▲45.2	▲16.4%
Sales	282.5	230.0	▲52.5	▲18.6%
Operating Income	64.7	30.0	▲34.7	▲53.6%
Operating Margin	22.9%	13.0%	▲9.9pts	
Income Before Tax	66.2	31.0	▲35.2	▲53.2%
Net Income	57.0	26.0	▲31.0	▲54.4%
Net Income Margin	20.2%	11.3%	▲8.9pts	
Backlog	74.9	74.9	-	-
Exchange Rate*1	1 US\$	¥110	¥110	-
	1 Euro	¥129	¥130	¥1 Depreciation
ROE	35.3%	12.6%	▲22.7pts	
Dividend per share*2	¥92	TBD	-	

*1: Our latest outlook for the impact of exchange rate fluctuations on FY19 operating income is plus 500 million yen for each 1 yen of yen depreciation vs USD, and minus 100 million yen for each 1 yen of yen depreciation vs the euro.

*2: Our dividends forecast for FY2019 hasn't been decided. We will disclose promptly after considering the results based on the business performance. Dividend payouts are based on semi-annual business performance with a target semi-annual payout ratio of 30%.

FY19 Outlook by Segment

Semiconductor & Component Test System Sales Trends (¥B)



Semiconductor & Component Test Systems

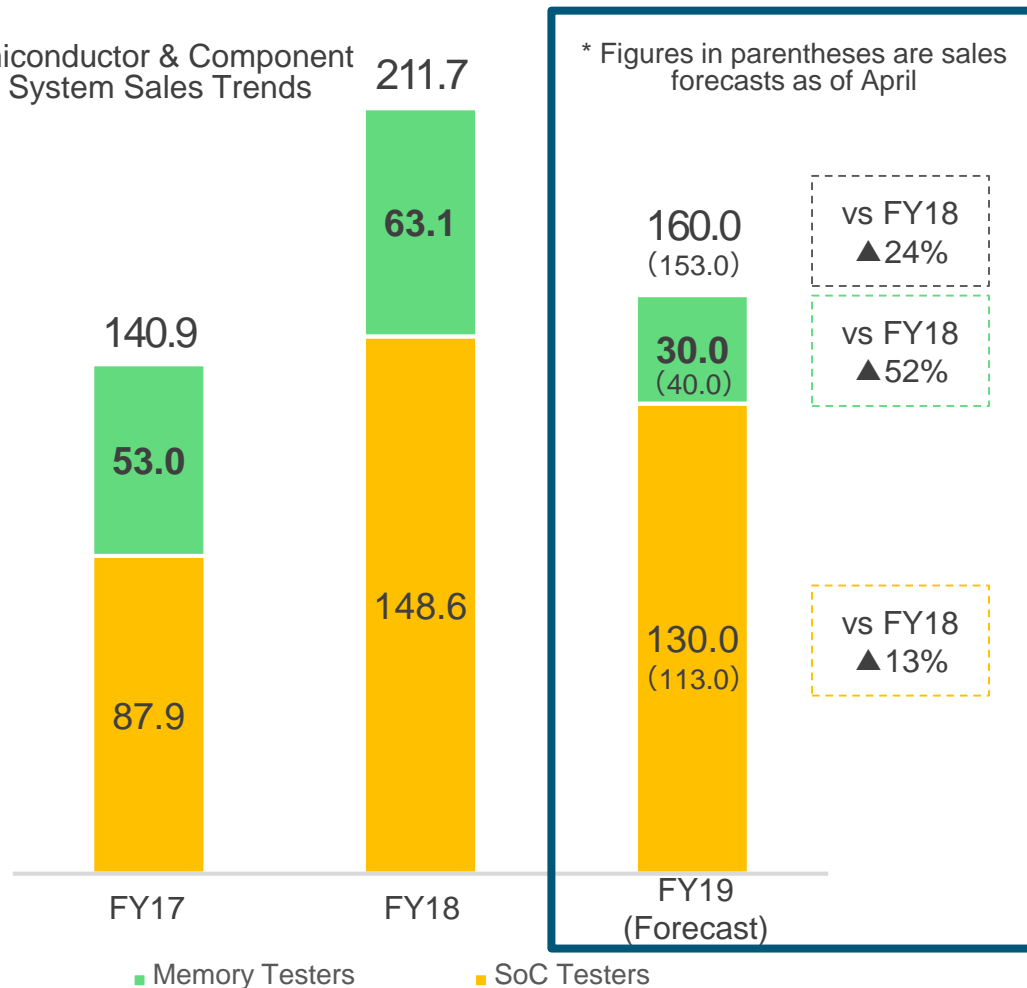
<SoC Testers>

- Advancing semiconductor performance has underpinned demand for SoC testers, leading to an increase in our sales forecast for the fiscal year
- Customers continue to expand test capacity for semiconductors supporting higher-performance smartphones, such as application processors and image sensors
- 5G-related demand appeared in 1Q. Our original view that this demand will ramp up from CY2020 remains unchanged

Market forecast	Estimate as of April	View as of July
Size of SoC tester market in CY19	Approx. \$2,000M	 Market size and Advantest's share may be larger than anticipated

FY19 Outlook by Segment


Semiconductor & Component Test System Sales Trends (¥B)



Semiconductor & Component Test Systems

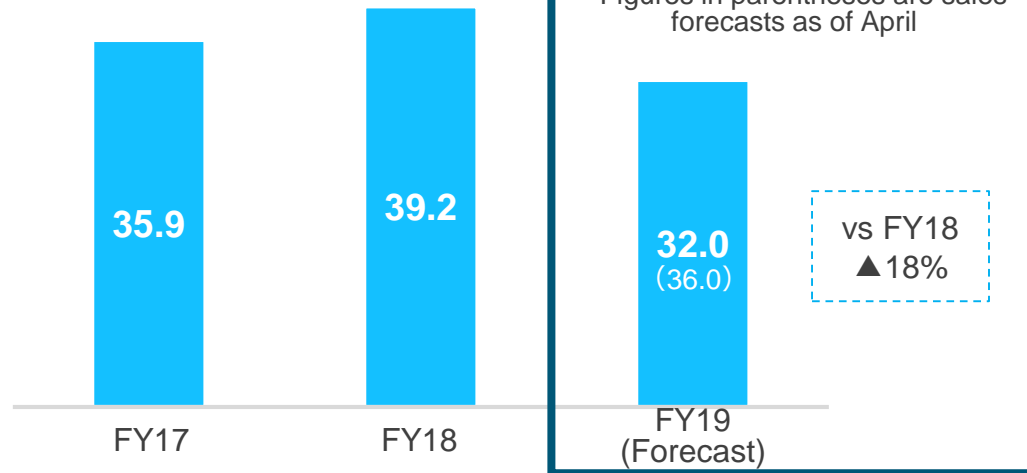
<Memory Testers>

- Due to adjustments in memory inventory, demand for memory testers is expected to remain weak for longer than expected, reducing our sales forecast for the fiscal year
- Tester demand is expected to recover in FY19 4Q
- There are clear technological drivers in DRAM not easily affected by memory market conditions, such as the shift to DDR5 and an increase in demand for high-speed products for HPC. This will support tester demand

Market forecast	Estimate as of April	View as of July
Size of Memory tester market in CY19	Approx. \$550-650M	 May fall below the low end of this range

FY19 Outlook by Segment

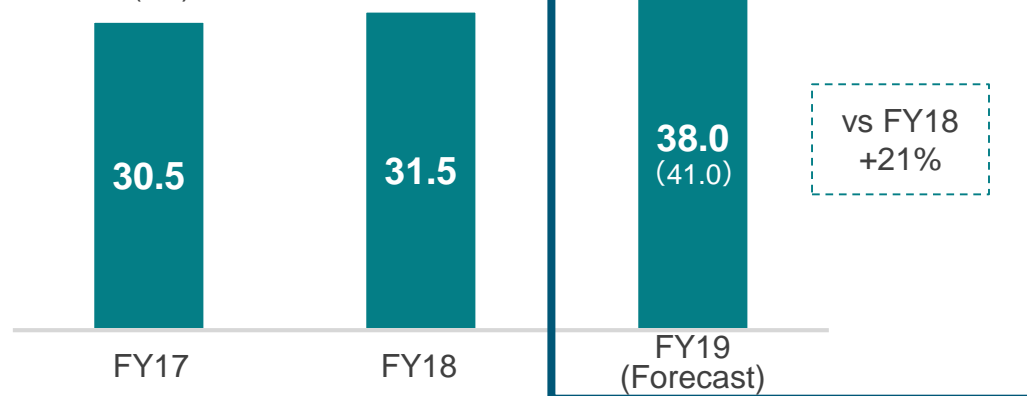
Mechatronics Sales Trends (¥B)



Mechatronics Systems

- Due to the delayed recovery in memory tester investment, we have lowered our forecast for this segment, principally due to lower expectations for interface product sales
- Capture of EUV-related demand is expected to boost sales of nanotechnology products

Services, Support, & Others Sales Trends (¥B)



Services, Support, & Others

- Customers are maintaining a steady level of tester utilization, driving expectations of stable trends in field service income, the core business of this segment
- SSD tester sales are weak, but we are reinforcing our SLT business by targeting SoCs

Summary

- There is a growing sense of uncertainty in the semiconductor market and the semiconductor production equipment market, due to the trade dispute between the United States and China, geopolitical risks, and fluctuations in the semiconductor supply chain
- Supported by increases in SoC tester investment, 1Q results exceeded initial expectations
- Although we expect a recovery in 2H, any revision to our forecast will be contingent on confirmation of order trends in 2Q and 3Q
- The tester market has leveled off, but we will strive to achieve our mid-term management targets by capturing demand related to advanced technology and increasing our market share