



**ADVANTEST®**

**FY2023 1Q**  
**(Three month ended June 30<sup>th</sup>, 2023)**  
**Financial Briefing**

July 26<sup>th</sup>, 2023  
Advantest Corporation

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# NOTE

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

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# Financial Results for FY2023 1Q

Yasuo Mihashi

Senior Executive Officer, CFO & CSO (Chief Financial Officer & Chief Strategy Officer)

Executive Vice President, Corporate Strategy Group

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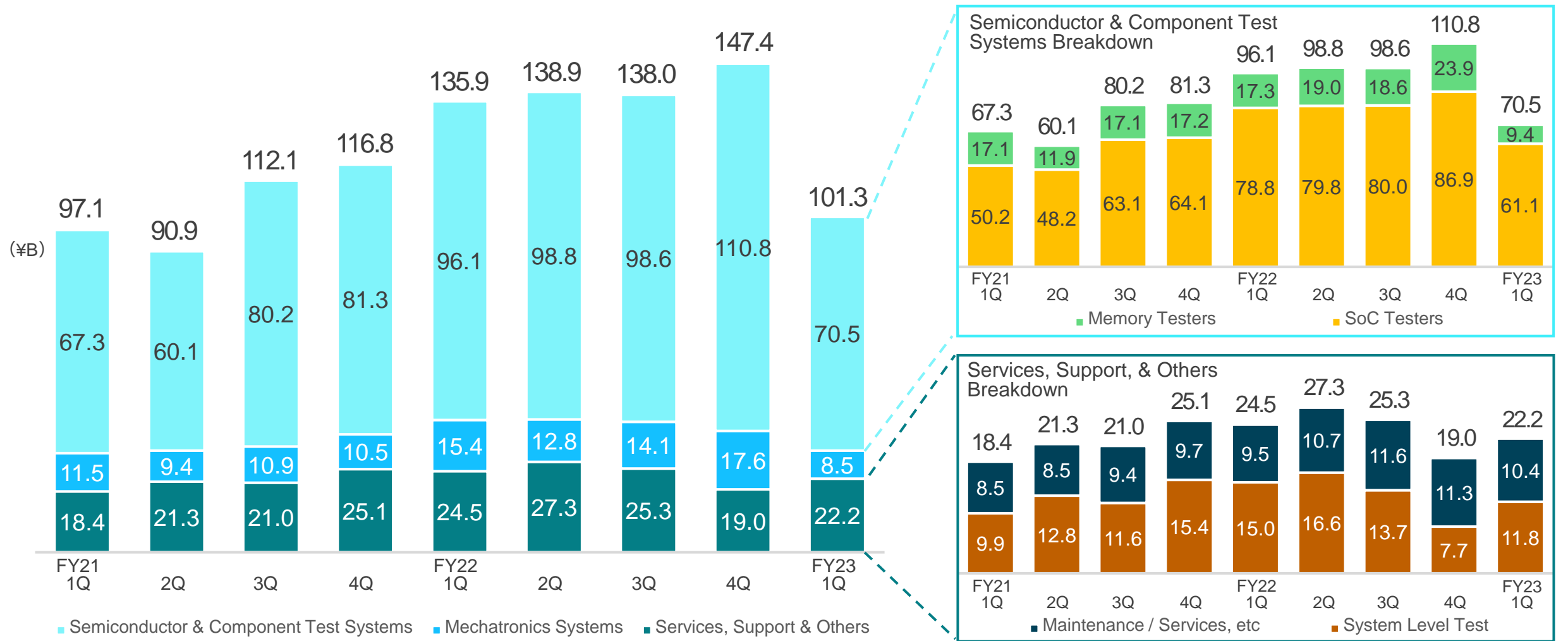
**ADVANTEST**<sup>®</sup>

# FY23 1Q Summary of Results

(¥B)

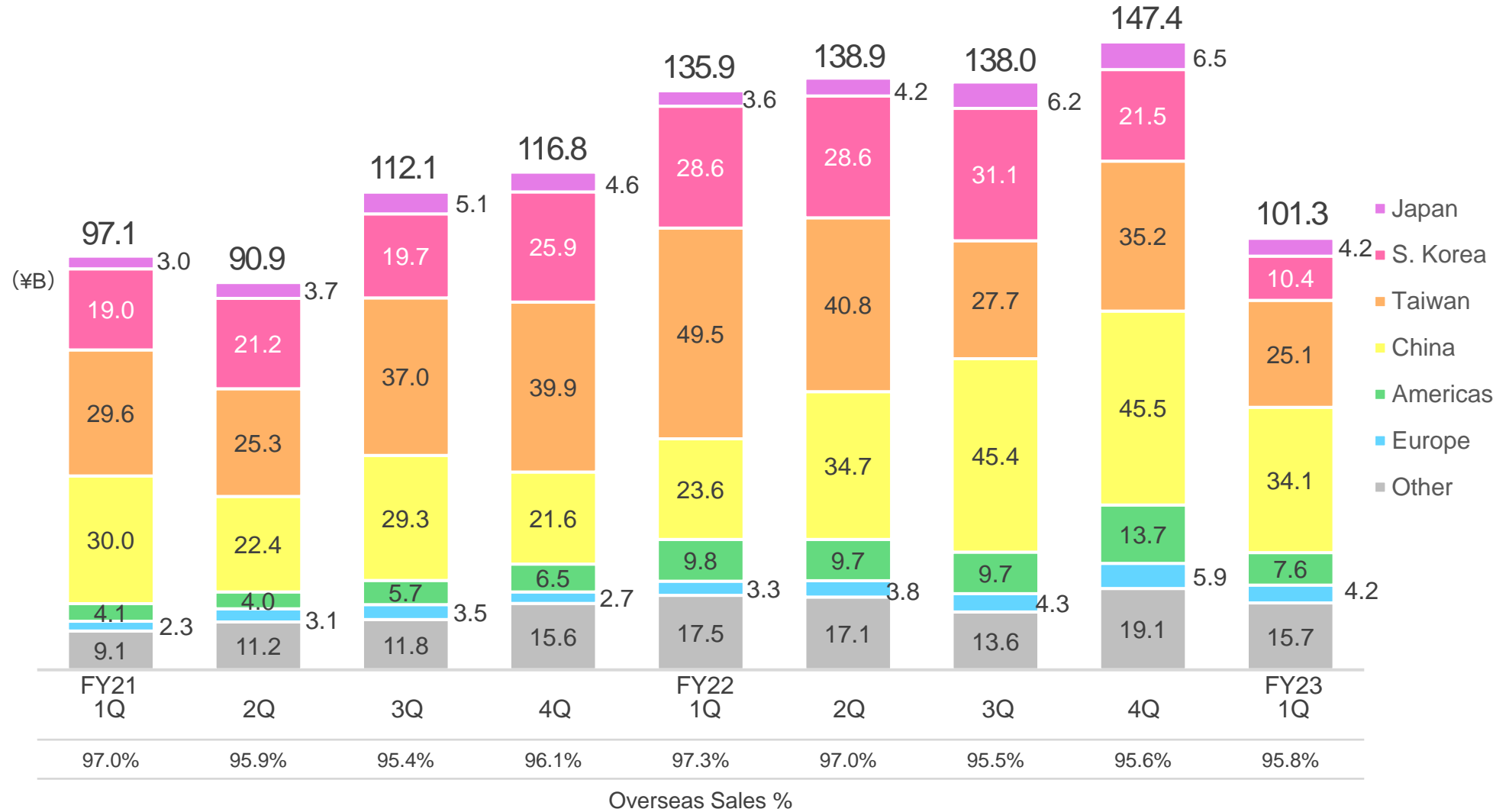
	FY22				FY23				
	1Q	2Q	3Q	4Q	1Q	QoQ		YoY	
						(Δ)	(%)	(Δ)	(%)
Sales	135.9	138.9	138.0	147.4	101.3	-46.1	-31.3%	-34.7	-25.5%
Gross Profit	78.9	79.9	81.6	78.7	51.0	-27.7	-35.3%	-28.0	-35.4%
Gross Margin	58.1%	57.5%	59.1%	53.4%	50.3%	-3.1pts		-7.8pts	
Operating Income	44.8	43.1	41.2	38.6	14.3	-24.3	-63.0%	-30.5	-68.1%
Operating Margin	32.9%	31.1%	29.9%	26.2%	14.1%	-12.1pts		-18.8pts	
Income Before Tax	48.4	46.8	37.7	38.4	13.0	-25.5	-66.3%	-35.5	-73.2%
Net Income	36.5	34.7	28.6	30.6	9.2	-21.4	-69.9%	-27.3	-74.8%
Net Income Margin	26.8%	25.0%	20.8%	20.8%	9.1%	-11.7pts		-17.7pts	
Exchange Rate	1 US\$	¥124	¥135	¥144	¥133	¥135	¥2 Depreciation		¥11 Depreciation
	1 Euro	¥134	¥139	¥144	¥142	¥146	¥4 Depreciation		¥12 Depreciation

# Quarterly Sales by Segment

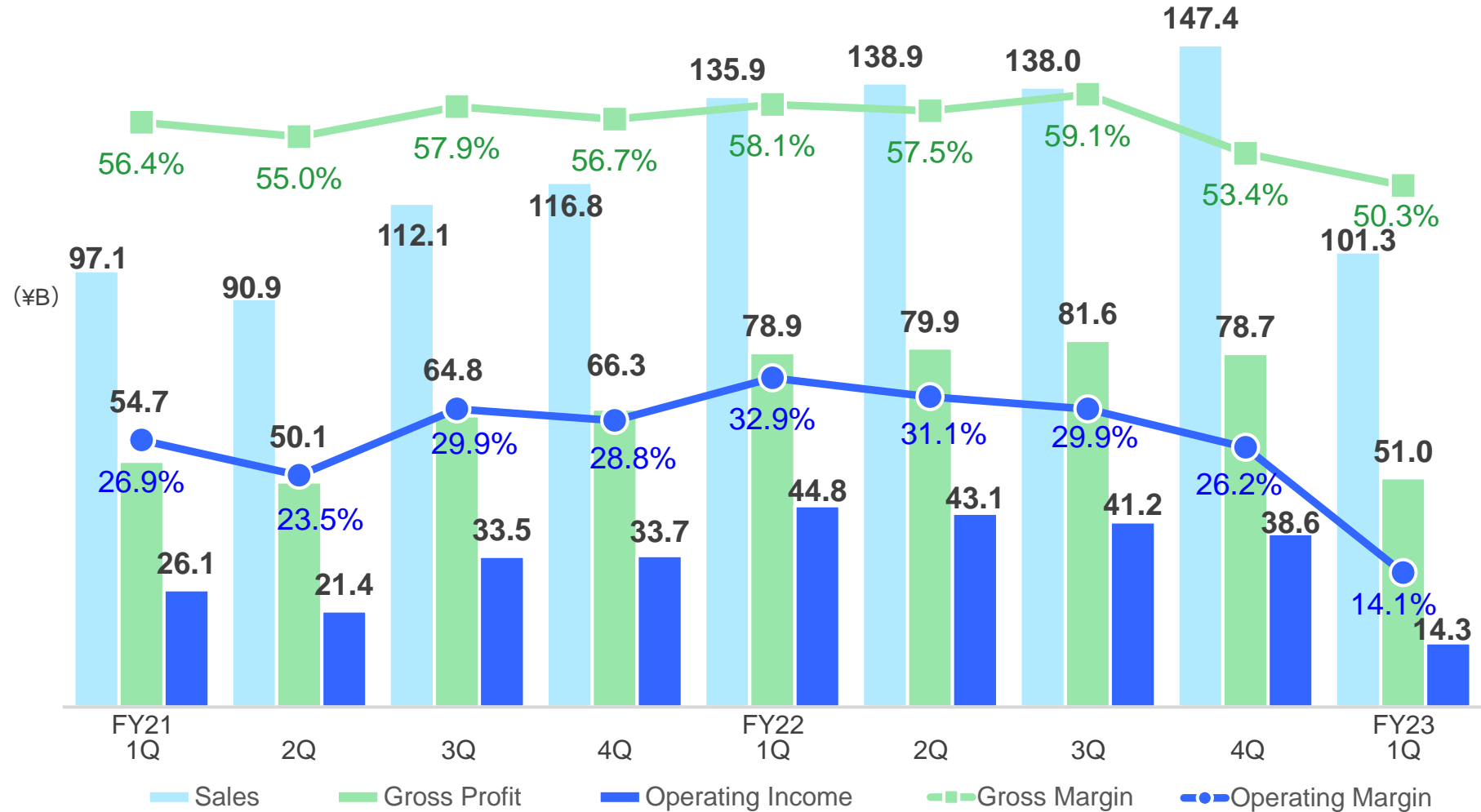


Note: Intersegment transactions have been eliminated from totals

# Quarterly Sales by Region



# Sales / Gross Profit / Operating Income

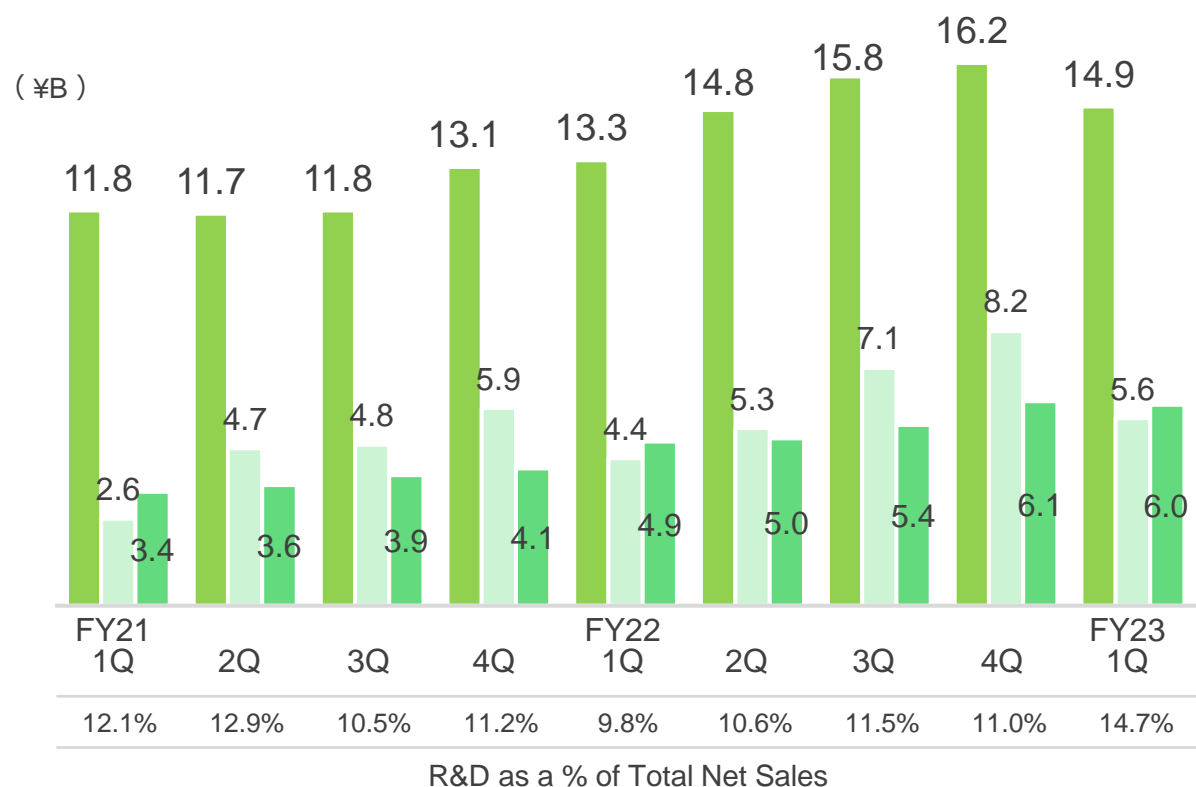


\* SG&A includes total other income and expenses

# Investments / Cash Flow

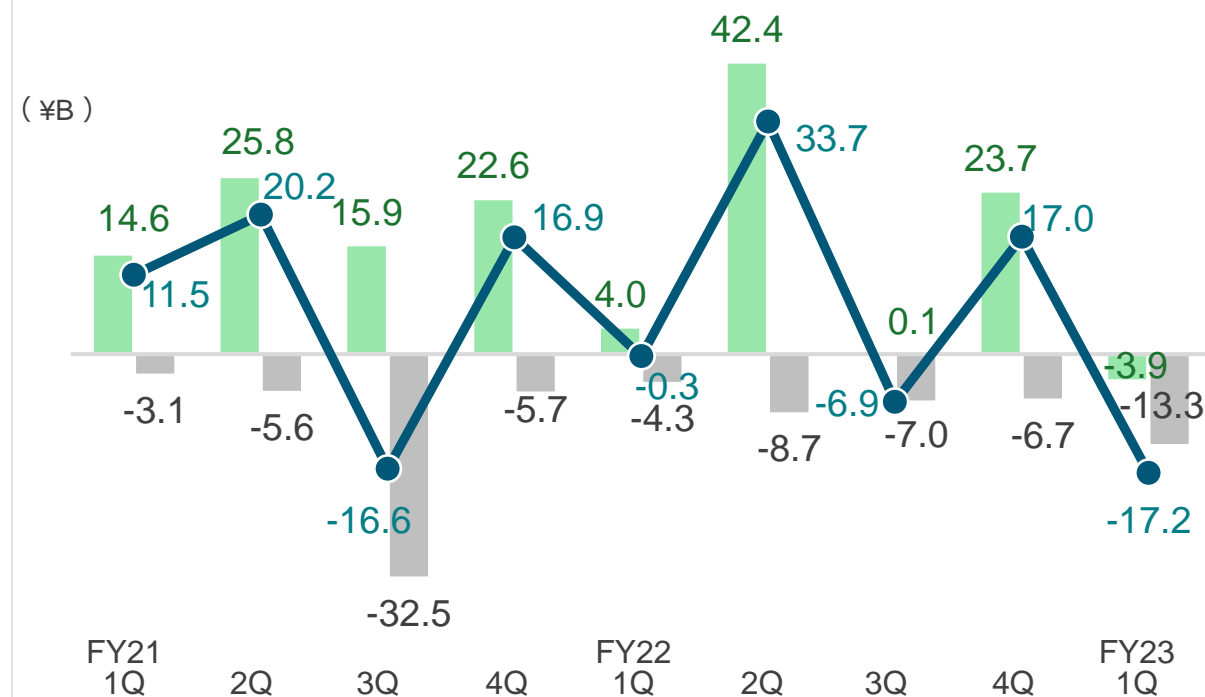
## <Investments>

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



## <Cash Flow>

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

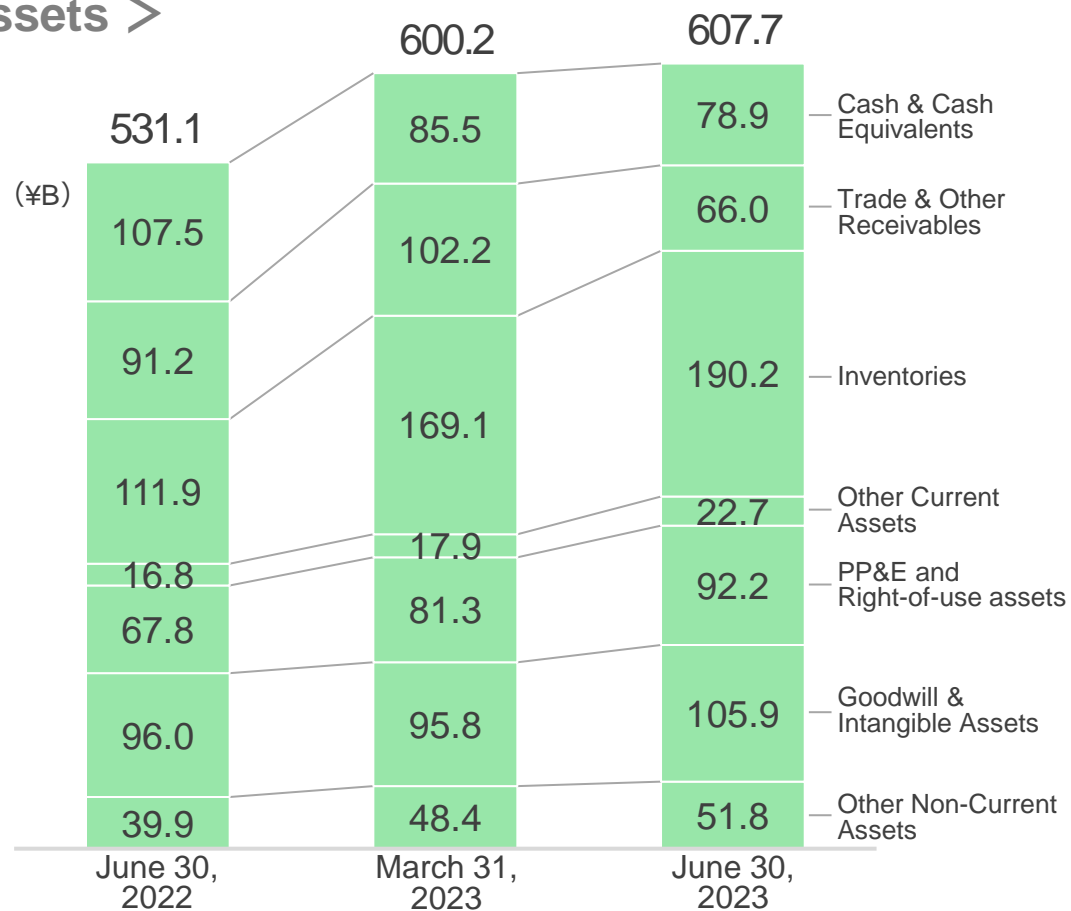


\* Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

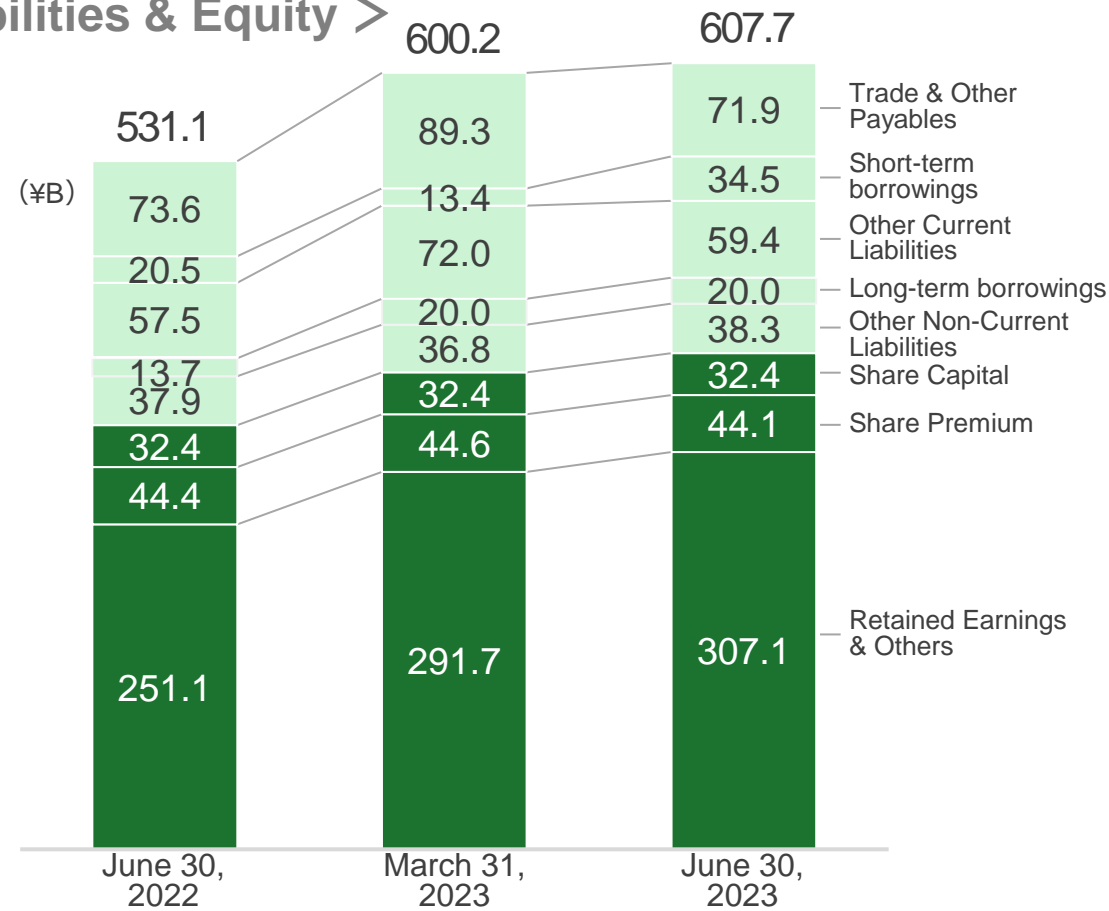


# Financial Position

## < Assets >



## < Liabilities & Equity >



Equity Attributable to Owners of the Parent	327.9	368.7	383.6
Ratio of Equity Attributable to Owners of the Parent	61.7%	61.4%	63.1%



# FY2023 Outlook

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Yoshiaki Yoshida  
Representative Director, President, Group CEO

# Business Environment / Semiconductor Tester Market Trends: July 2023 Outlook

## < Business Environment : Highly uncertain conditions persist >

- Business environment remains highly uncertain with recessionary concerns due to inflation and rising interest rates as well as risks around geopolitical factors and pronounced exchange rate fluctuations.

## < Semiconductor Market : Demand remains weak for major consumer electronics applications >

- Production adjustment are expected to continue for the time being due to a slow down in investments in data centers combined with a decline in demand for chips used in major consumer electronic products, although some semiconductors, such as those used in automotive and industrial equipment, are firm.

## < Semiconductor Tester Market : Contraction expected for the second straight year >

- While test volumes for high-performance semiconductors are increasing, the recovery in tester demand is likely to be milder than originally expected due to excess capacity in customers' supply chains.

	CY22 Actual	CY23 Estimate	New CY23 Estimate vs April Estimate
SoC Tester Market	Approx. \$4.0B	Approx. \$3.2B-3.5B (April estimate: approx. \$3.4B - 3.8B)	Revised estimate downward mainly for smartphone-related applications
Memory Tester Market	Approx. \$1.2B	Approx. \$0.9B-1.1B (April estimate: approx. \$0.9B - 1.1B)	–

Source: Advantest

# FY23 Forecast

(¥B)

	FY22		FY23						Change vs. Prior Full-Year Forecast	
	Results	1H Forecast		2H Forecast		Full-year Forecast	vs. FY22		FY23 Forecast as of April	(Δ)
		1Q Results	2Q Forecast	(Δ)	(%)					
Sales*1	560.2	101.3	112.7	214.0	266.0	480.0	-80.2	-14.3%	480.0	-
Operating Income	167.7	14.3	22.3	36.6	68.4	105.0	-62.7	-37.4%	105.0	-
Operating Margin	29.9%	14.1%	19.8%	17.1%	25.7%	21.9%	-8.0pts		21.9%	-
Income Before Tax	171.3	13.0	22.2	35.2	68.3	103.5	-67.8	-39.6%	103.5	-
Net Income	130.4	9.2	16.8	26.0	52.0	78.0	-52.4	-40.2%	78.0	-
Net Income Margin	23.3%	9.1%	14.9%	12.1%	19.5%	16.3%	-7.0pts		16.3%	-
R&D Expenses	60.1	14.9	16.1	31.0	32.0	63.0	+2.9	+4.8%	63.0	-
CapEx	25.0	5.6	5.2	10.8	10.2	21.0	-4.0	-16.0%	21.0	-
D&A	21.4	6.0	5.8	11.8	12.2	24.0	+2.6	+12.1%	23.0	+1.0
Exchange Rate*2	1US\$	¥134	¥135	¥135	¥135	¥135	¥135	¥1 Depreciation	¥130	¥5 Depreciation
	1Euro	¥140	¥146	¥150	¥148	¥150	¥149	¥9 Depreciation	¥140	¥9 Depreciation

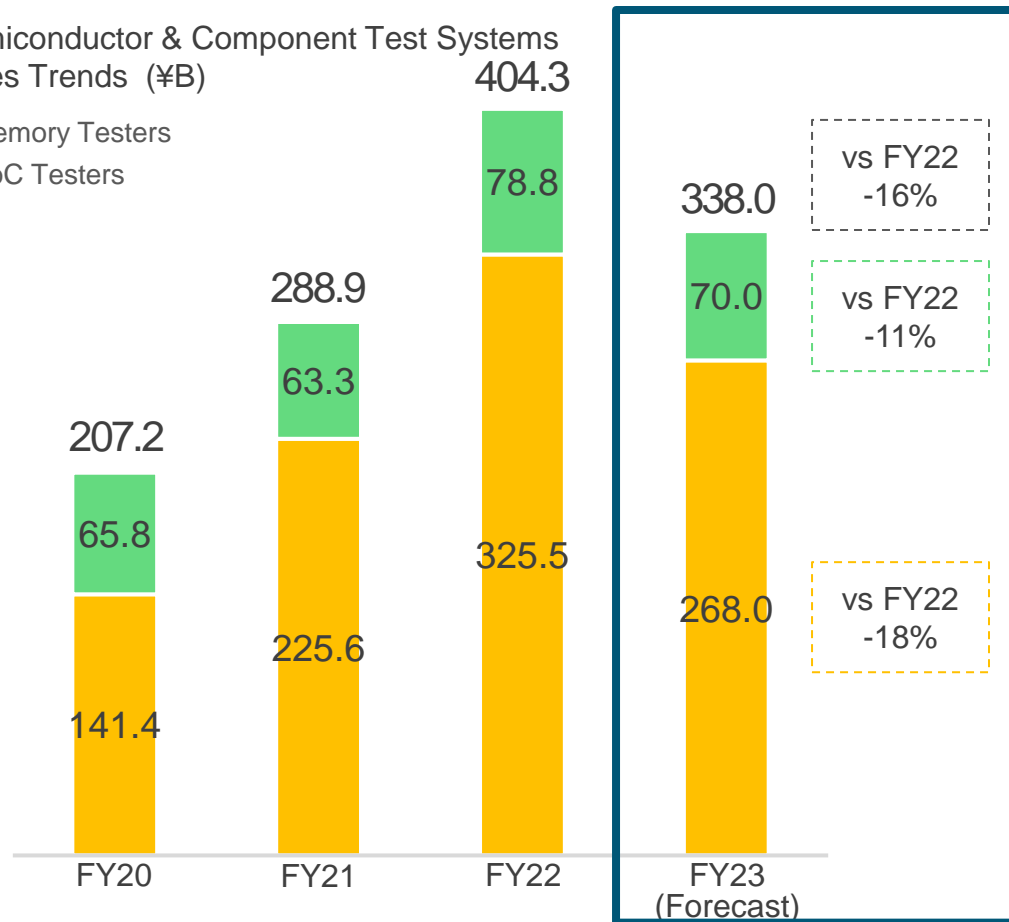
\*1: Intersegment transactions have been eliminated from totals

\*2: Our latest forecast for the impact of exchange rate fluctuations on FY23 operating income is plus ¥1.1 billion per 1 yen of JPY depreciation vs USD, and minus ¥0.3 billion per 1 yen of JPY depreciation vs the Euro

# FY23 Outlook by Segment

Semiconductor & Component Test Systems Sales Trends (¥B)

■ Memory Testers  
■ SoC Testers



## Semiconductor & Component Test Systems

### < SoC Testers > (+¥3.0B vs April forecast)

–Despite relative strength in automotive/industrial applications, demand for advanced processes is expected to decline due to weakness in the smartphone market

Applications	FY20	FY21	FY22	FY23*2
Computing / Comms	55%	60%	65%	60%
Automotive / Industrial / Consumer / DDIC*1	45%	40%	35%	40%

Numbers are rounded to the nearest 5%

### < Memory Testers > (unchanged vs April forecast)

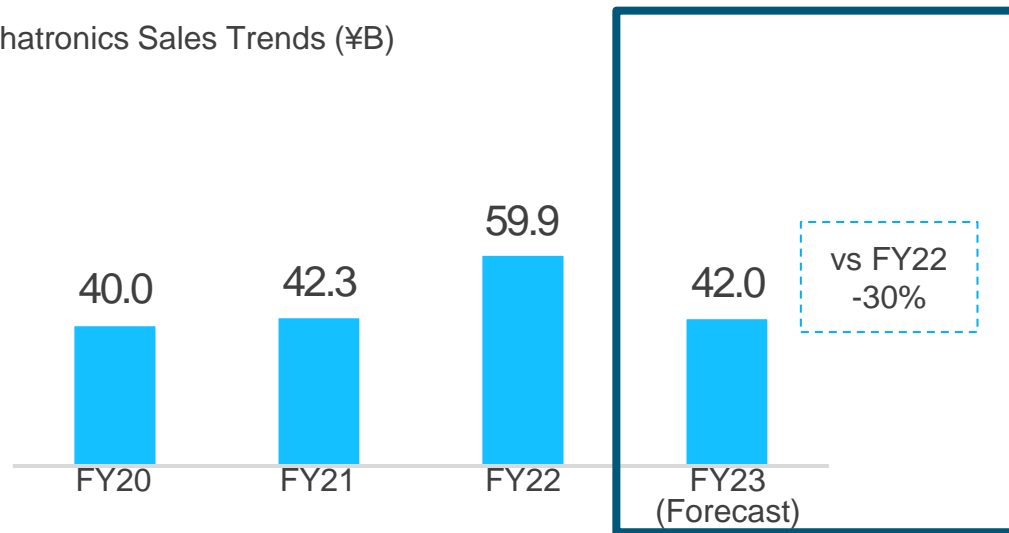
–Sales are expected to decline due to worsening memory market conditions for consumer applications despite a likely increase in demand for high performance memory

Applications	FY20	FY21	FY22	FY23*2
DRAM	60%	60%	60%	80%
Non-Volatile Memory	40%	40%	40%	20%

Numbers are rounded to the nearest 5%

# FY23 Outlook by Segment

Mechatronics Sales Trends (¥B)

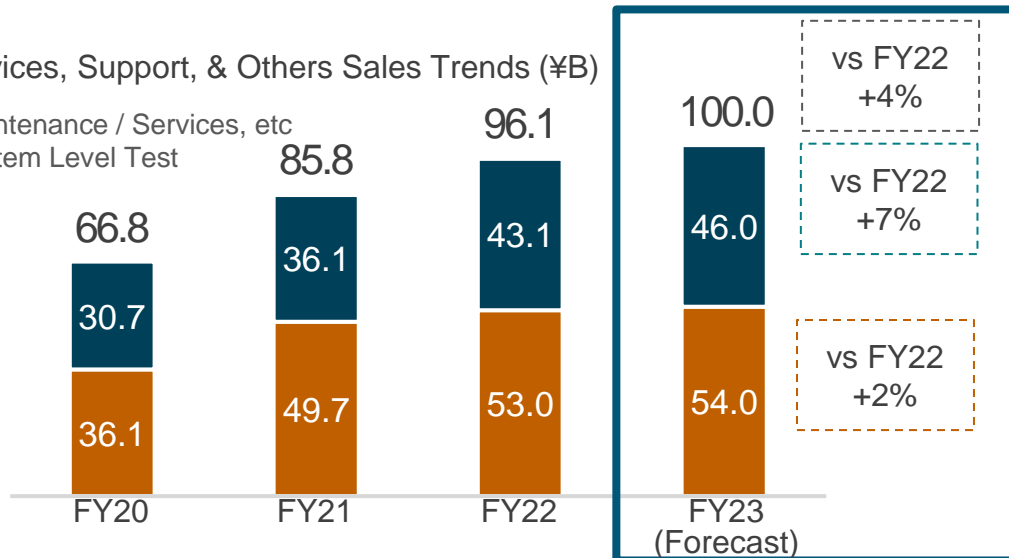


## Mechatronics Systems (-¥3.0B vs April forecast)

- Sales of device interface products and test handlers are expected to decline in step with the slowdown in tester investment

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

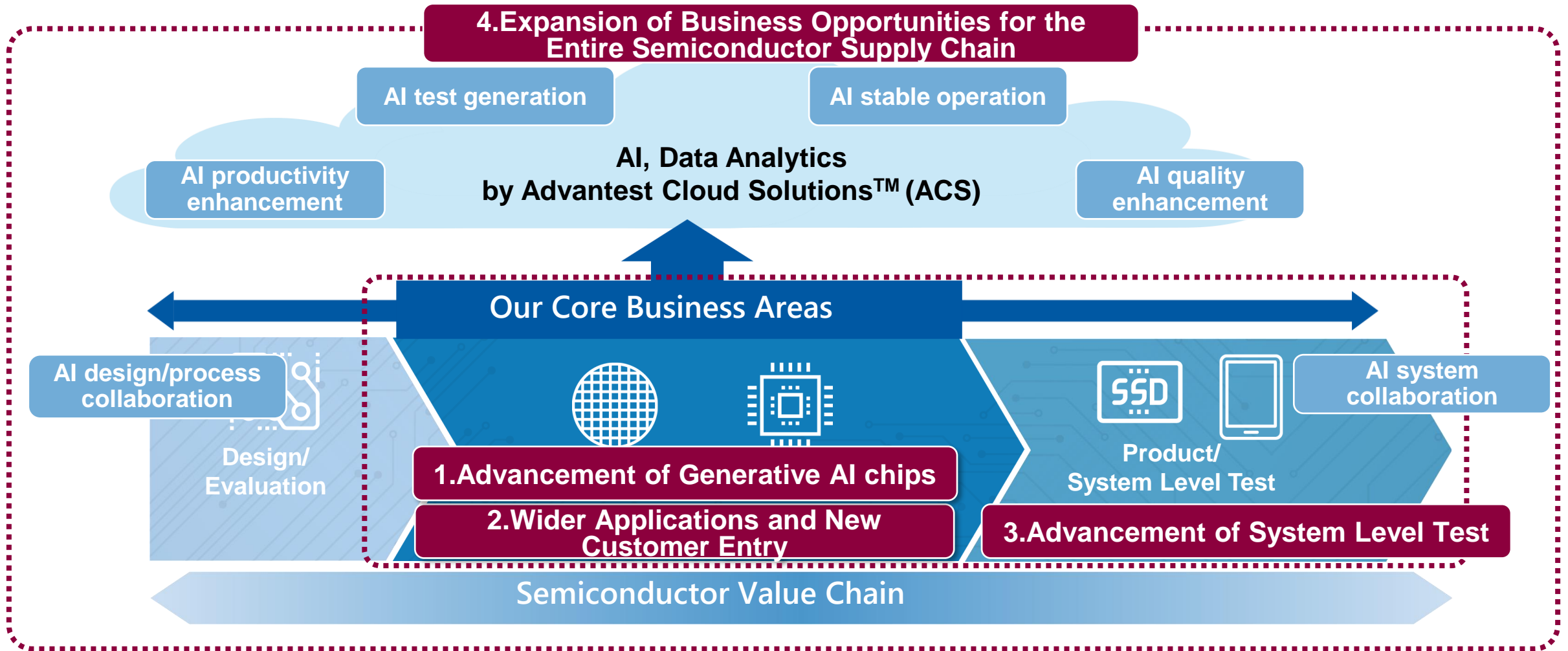
■ Maintenance / Services, etc  
■ System Level Test



## Services, Support, & Others (unchanged vs April forecast)

- We expect solid demand for maintenance services due to the steady growth of our installed base
- System level test sales are expected to be flat year-on-year, although it is impacted by sluggish market conditions in consumer applications

# Emerging Opportunities from Generative AI #1



# Emerging Opportunities from Generative AI #2

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- **Optimized product portfolio for testing high-performance devices for generative AI**
  - Extensive portfolio consisting of test platforms for SoC and memory devices necessary for complex, high-performance generative AI devices such as GPUs, CPUs and high-performance memories such as HBM
  - System-level test technology with demand driven by the adoption of advanced packaging such as 2.5D and 3 D
- **Solid customer base in AI/HPC market**
  - Well-established partnerships with entire supply chains of existing AI/HPC customers
  - Initiating collaboration with various emerging players to promote the adoption of generative AI in society
- **Data platform service utilizing generative AI to contribute to Time to Market, Time to Quality, Time to Volume in the semiconductor industry**
  - Data and analytics services developed with customers through Advantest Cloud Solutions™



# Summary

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- **Highly uncertain business environment persists**

- Downward pressure on global macro continues against a backdrop of inflation, rising interest rates, foreign exchange rate fluctuations, U.S. export controls on China, geopolitical risks, etc.

- **Semiconductor tester market demand is mixed depending on applications**

- Excess tester capacity is still likely to take time to digest, even as test demand for high performance SoC semiconductors is on the rise
- Tester demand for high performance memory as well as SoC semiconductors for automotive applications is firm

- **Staying focused to achieve the full-year forecast while simultaneously executing key measures to prepare for the waves of demand in the mid/long-term**

- The implementation of generative AI technologies in society is just getting started. Continue to invest in order to maximize business opportunities in the semiconductor supply chain
- Review the CxO structure and business processes to further increase the speed of management decision-making process

# ESG & External Evaluation (April-July 2023)

- **Global Customers Rank Advantest THE BEST Test Equipment Supplier in 2023 and the #1 Large Supplier of Chip Making Equipment in Annual Customer Satisfaction Survey**

※Advantest press release : <https://www.advantest.com/news/2023/20230522.html>



- **Advantest, NXP and Arizona State University Collaborate to Launch New Test Engineering Curriculum**

※Advantest press release : <https://www.advantest.com/news/2023/20230621.html>



※Checking test circuits developed for a new curriculum

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