



**ADVANTEST®**

**FY2023 2Q**  
**(Three month ended September 30<sup>th</sup>, 2023)**  
**Financial Briefing**

October 31<sup>st</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 2Q

Yasuo Mihashi

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

Executive Vice President, Corporate Strategy Group

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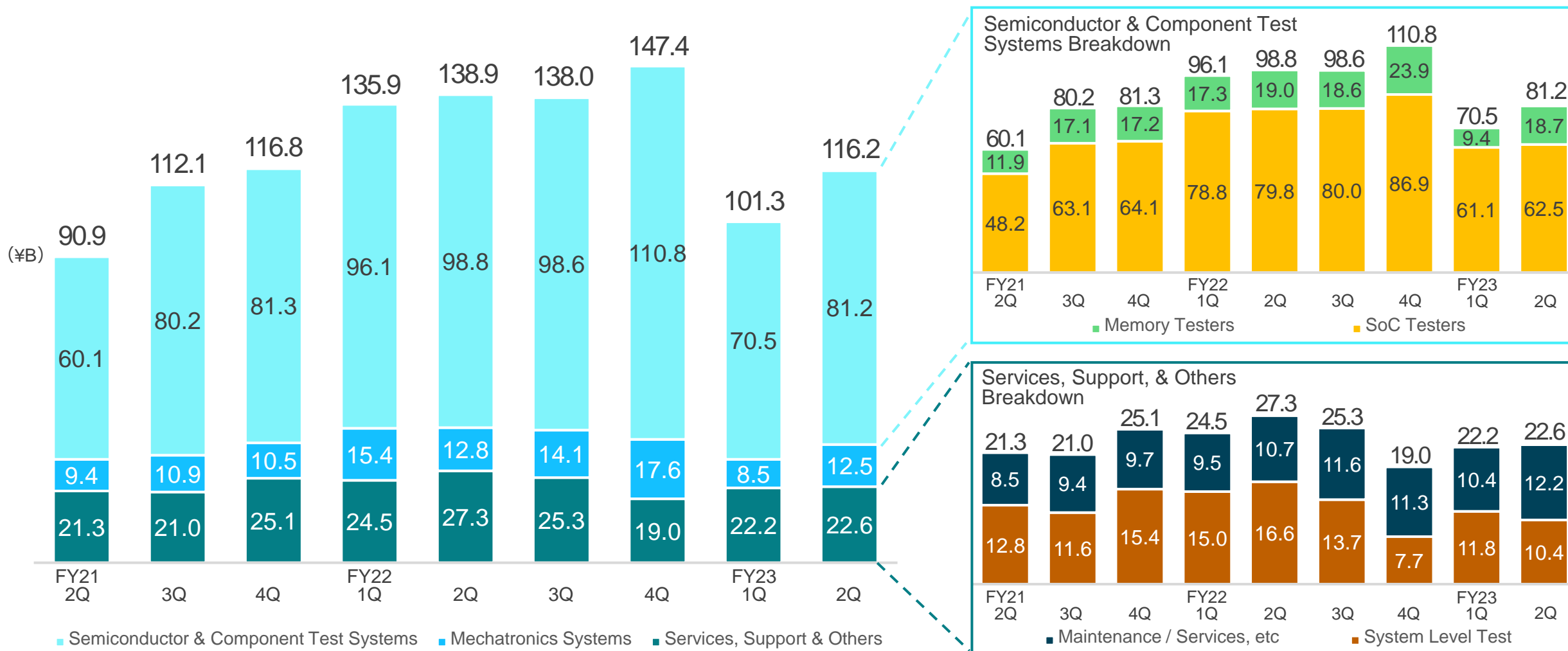
# FY23 2Q Summary of Results

(¥B)

	FY22				FY23						
	1Q	2Q	3Q	4Q	1Q	2Q		QoQ		YoY	
						Forecast	Results	Change	(%)	Change	(%)
Sales	135.9	138.9	138.0	147.4	101.3	112.7	116.2	+15.0	+14.8%	-22.6	-16.3%
Gross Profit	78.9	79.9	81.6	78.7	51.0	-	58.0	+7.1	+13.9%	-21.8	-27.3%
Gross Margin	58.1%	57.5%	59.1%	53.4%	50.3%	-	49.9%	-0.4pts		-7.6pts	
Operating Income	44.8	43.1	41.2	38.6	14.3	22.3	21.0	+6.7	+47.2%	-22.1	-51.3%
Operating Margin	32.9%	31.1%	29.9%	26.2%	14.1%	19.8%	18.1%	+4.0pts		-13.0pts	
Income Before Tax	48.4	46.8	37.7	38.4	13.0	22.2	20.3	+7.4	+57.1%	-26.5	-56.5%
Net Income	36.5	34.7	28.6	30.6	9.2	16.8	16.7	+7.5	+81.9%	-17.9	-51.7%
Net Income Margin	26.8%	25.0%	20.8%	20.8%	9.1%	14.9%	14.4%	+5.3pts		-10.6pts	
Exchange Rate	1 US\$	¥124	¥135	¥144	¥133	¥135	¥135	¥142	¥7 Depreciation		¥7 Depreciation
	1 Euro	¥134	¥139	¥144	¥142	¥146	¥150	¥156	¥10 Depreciation		¥17 Depreciation
Dividend Per Share*1	-	¥65	-	¥70	-	¥65	¥65	-		-	-

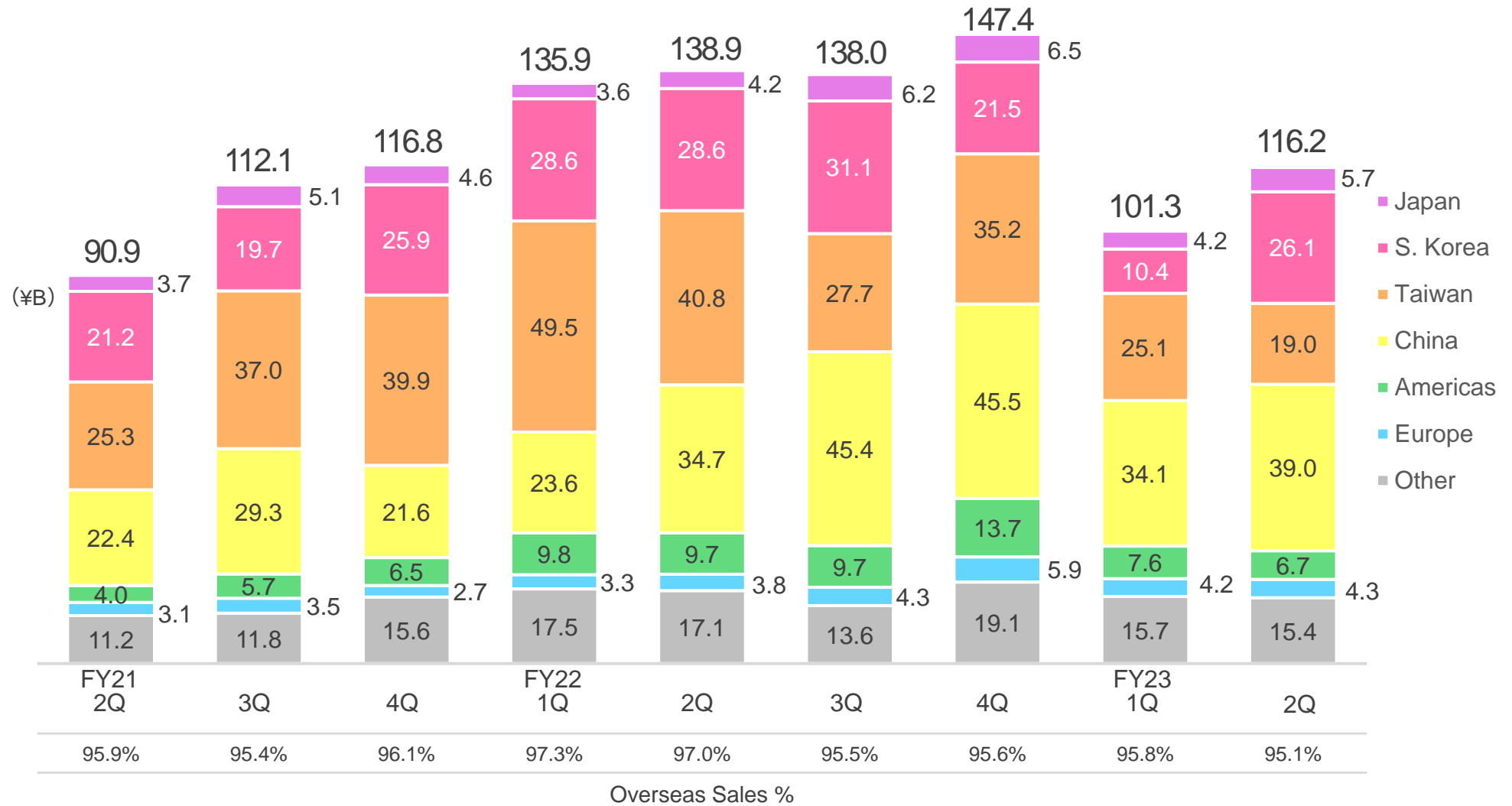
\*1: Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. FY22 dividend and FY23 interim dividend present the amount prior to the share split.

# Quarterly Sales by Segment

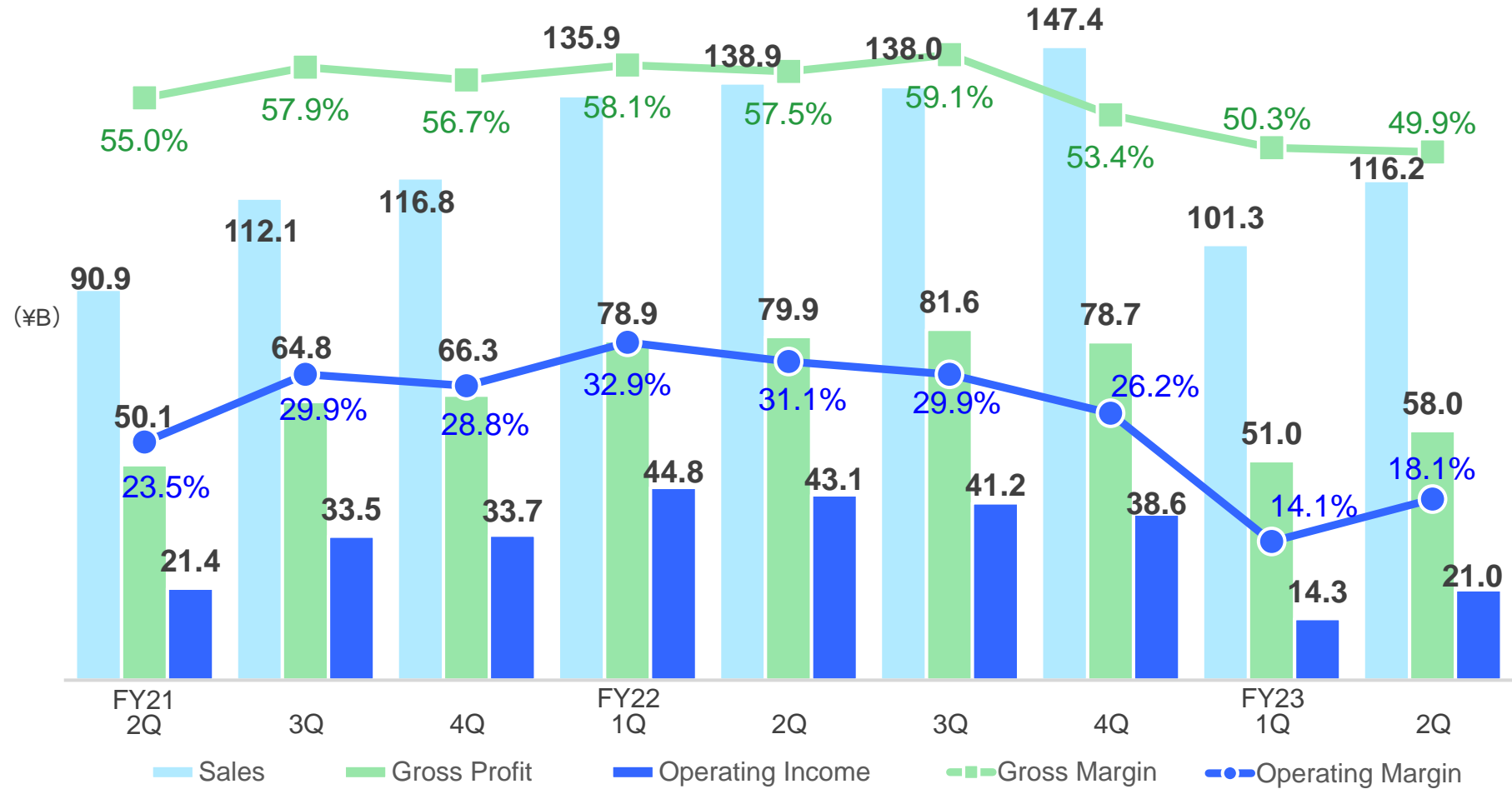


Note: Intersegment transactions have been eliminated from totals

# Quarterly Sales by Region



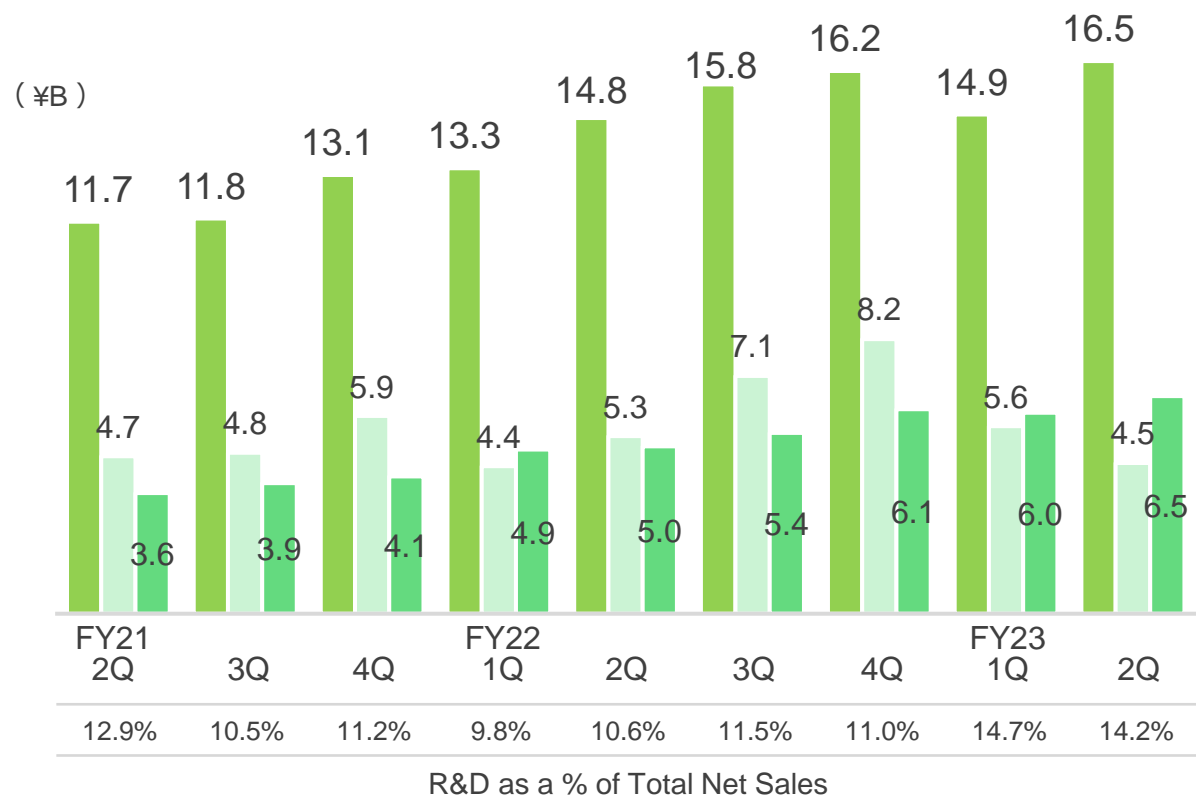
# Sales / Gross Profit / Operating Income



# Investments / Cash Flow

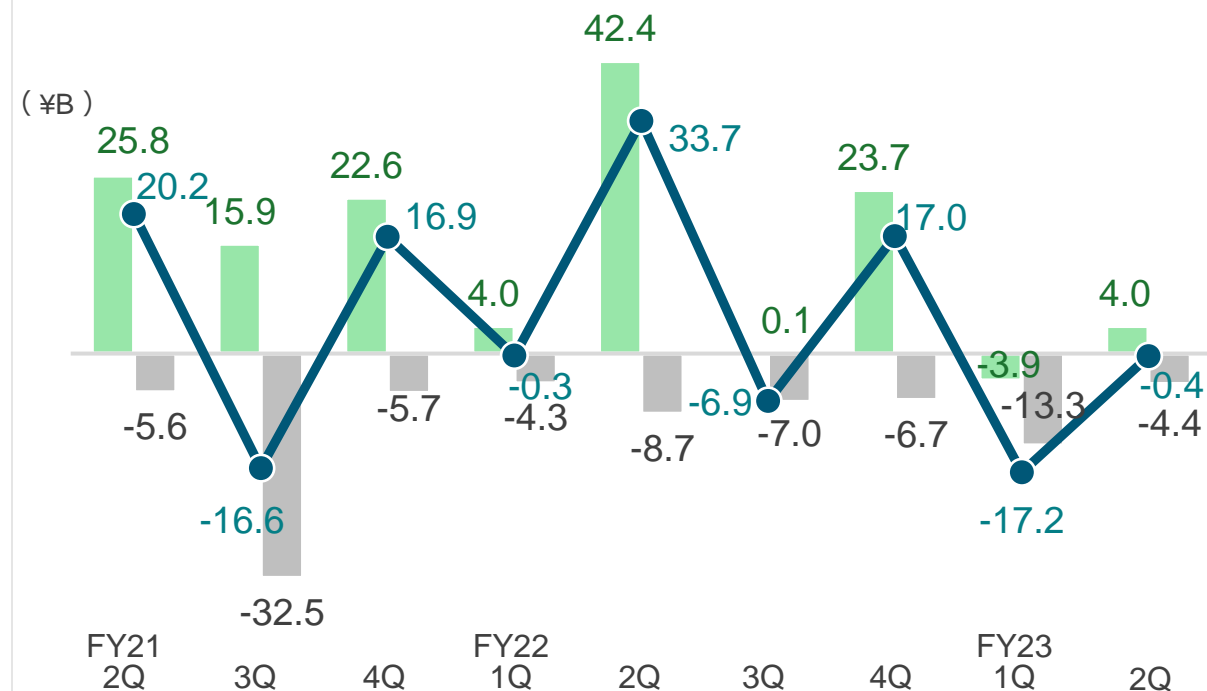
## <Investments>

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



## <Cash Flow>

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

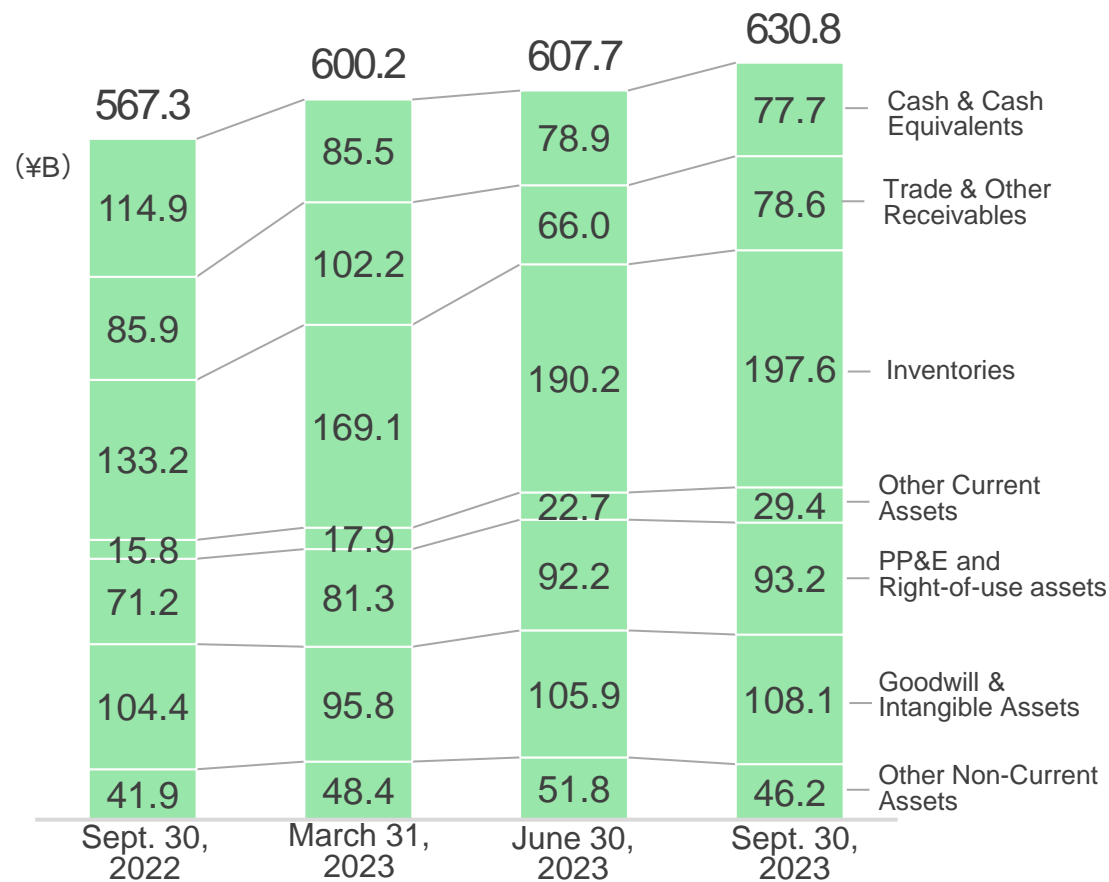


\* Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

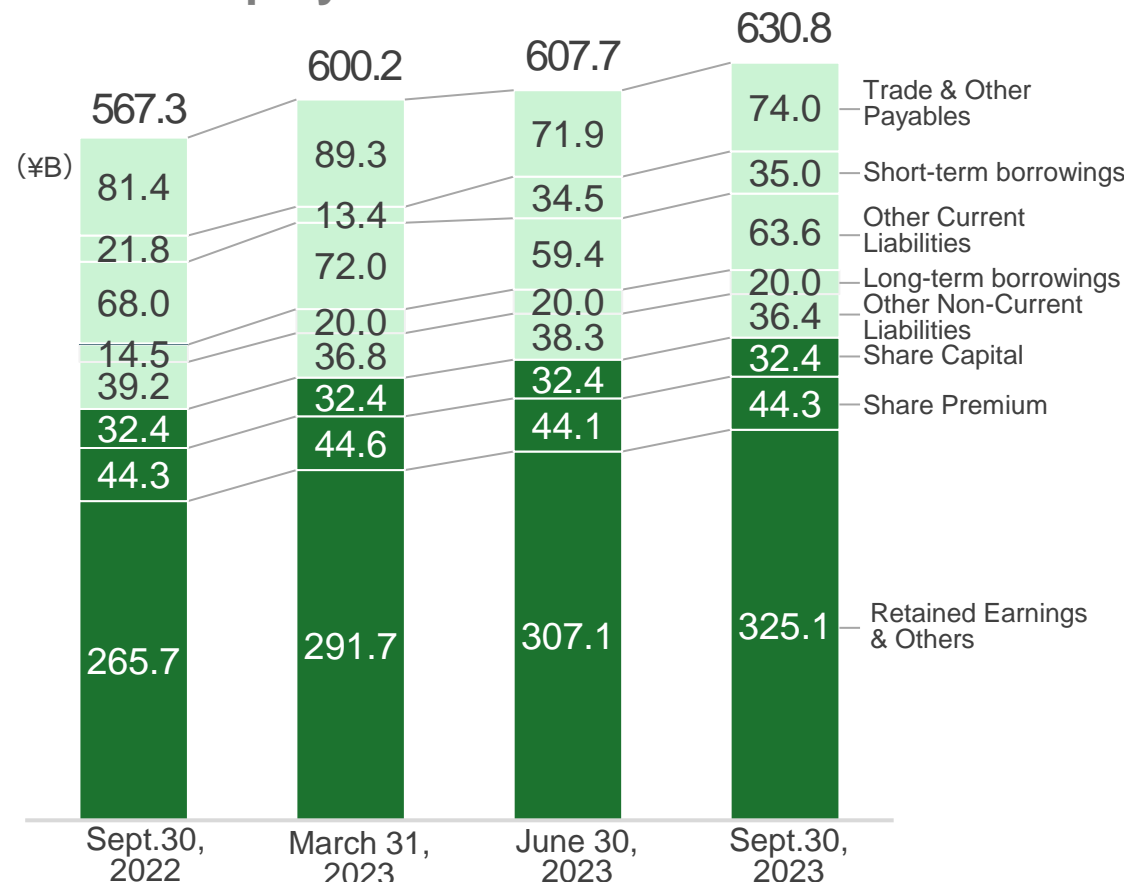


# Financial Position

## < Assets >



## < Liabilities & Equity >



Equity Attributable to Owners of the Parent	342.4	368.7	383.6	401.8
Ratio of Equity Attributable to Owners of the Parent	60.4%	61.4%	63.1%	63.7%



# FY2023 Outlook

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Yoshiaki Yoshida  
Representative Director, President, Group CEO

# Business Environment / Semiconductor Tester Market Trends: Oct. 2023 Outlook

## < Business Environment >

- Recovery of global economy is lagging, including the economic slowdown in China. In addition, business environment remains highly uncertain due to factors such as the expansion of geopolitical risks, rising prices of natural resources, and the risk of sharp exchange rate fluctuations
- Some semiconductors, such as those used in automotive and industrial equipment, were firm. However, the slowdown in investments in data centers, in addition to a decline in demand for semiconductors used in major consumer electronics products such as smartphones, has led to continued capital investment restraints at related semiconductor manufacturers

## < Semiconductor Tester Market >

- In the SoC tester market, demand for automotive and industrial applications remains resilient. For high-performance semiconductors, while tester utilization rate in our customers' supply chains is improving, recovery is likely to take longer than expected
- In the memory tester market, while demand remains weak for consumer applications, test demand for high-performance memory such as HBM for generative AI and DDR5 is increasing in conjunction with customers' increased production plans and efforts to strengthen quality assurance

	CY22 Actual	CY23 Estimate
SoC Tester Market	Approx. \$4.0B	Approx. \$3.3B-3.4B (July estimate: approx. \$3.2B - 3.5B)
Memory Tester Market	Approx. \$1.2B	Approx. \$1.0B-1.1B (July estimate: approx. \$0.9B - 1.1B)

Source: Advantest

# FY23 Forecast

(¥B)

	FY22		FY23						Change vs. Prior Full-Year Forecast	
	Results	1H Results		2H Forecast	Full-year Forecast	vs. FY22		FY23 Forecast as of July	Change	
		1Q Results	2Q Results			Change	(%)			
Sales*1	560.2	101.3	116.2	217.5	252.5	470.0	-90.2	-16.1%	480.0	-10.0
Operating Income	167.7	14.3	21.0	35.3	44.7	80.0	-87.7	-52.3%	105.0	-25.0
Operating Margin	29.9%	14.1%	18.1%	16.2%	17.7%	17.0%	-12.9pts		21.9%	-4.9pts
Income Before Tax	171.3	13.0	20.3	33.3	45.2	78.5	-92.8	-54.2%	103.5	-25.0
Net Income	130.4	9.2	16.7	25.9	34.1	60.0	-70.4	-54.0%	78.0	-18.0
Net Income Margin	23.3%	9.1%	14.4%	11.9%	13.5%	12.8%	-10.5pts		16.3%	-3.5pts
R&D Expenses	60.1	14.9	16.5	31.4	32.6	64.0	+3.9	+6.5%	63.0	+1.0
CapEx	25.0	5.6	4.5	10.1	10.9	21.0	-4.0	-16.0%	21.0	-
D&A	21.4	6.0	6.5	12.5	13.5	26.0	+4.6	+21.5%	24.0	+2.0
Exchange Rate*2	1US\$	¥134	¥135	¥142	¥139	¥145	¥142	¥8 Depreciation	¥135	¥7 Depreciation
	1Euro	¥140	¥146	¥156	¥151	¥155	¥153	¥13 Depreciation	¥149	¥4 Depreciation

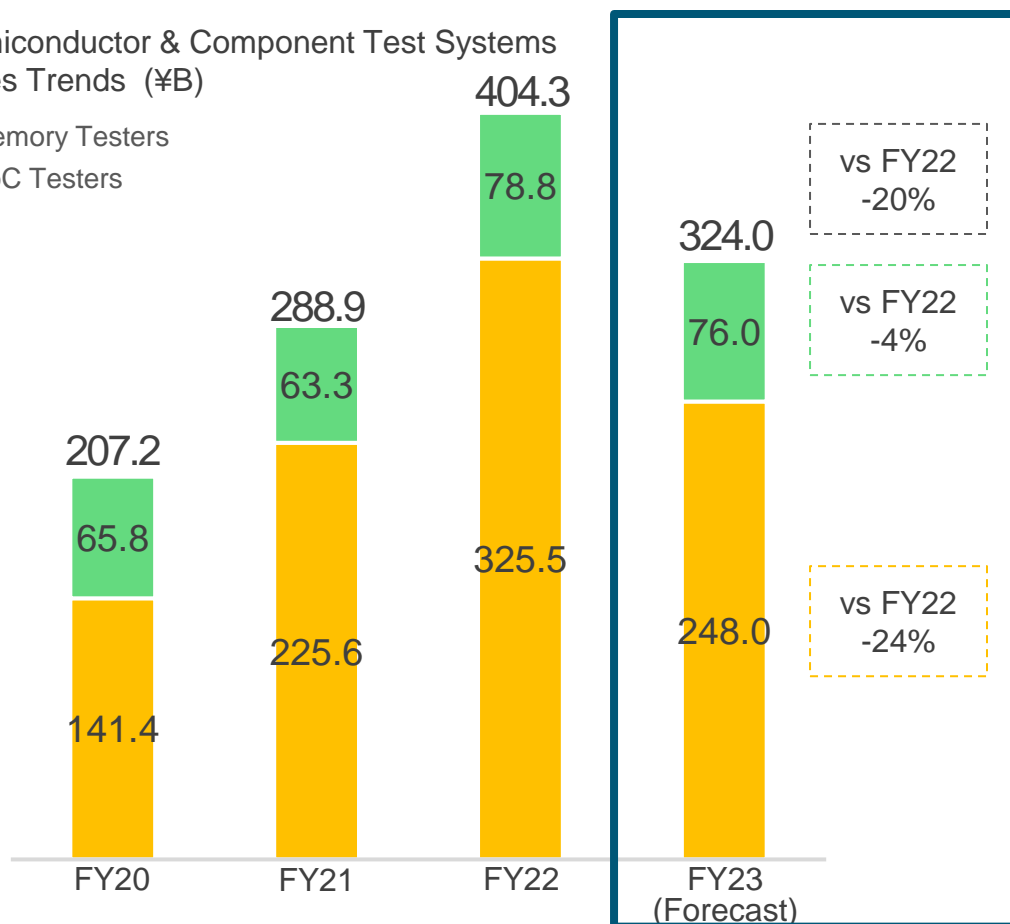
\*1: Intersegment transactions have been eliminated from totals

\*2: Our latest forecast for the impact of exchange rate fluctuations on FY23 operating income is plus ¥0.9 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 > (-¥20.0B vs July forecast)

- Despite a solid trend for mature processes, demand for advanced processes is expected to decline significantly due to weakness in the smartphone market

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

Numbers are rounded to the nearest 5%

### < Memory Testers > (+¥6.0B vs July forecast)

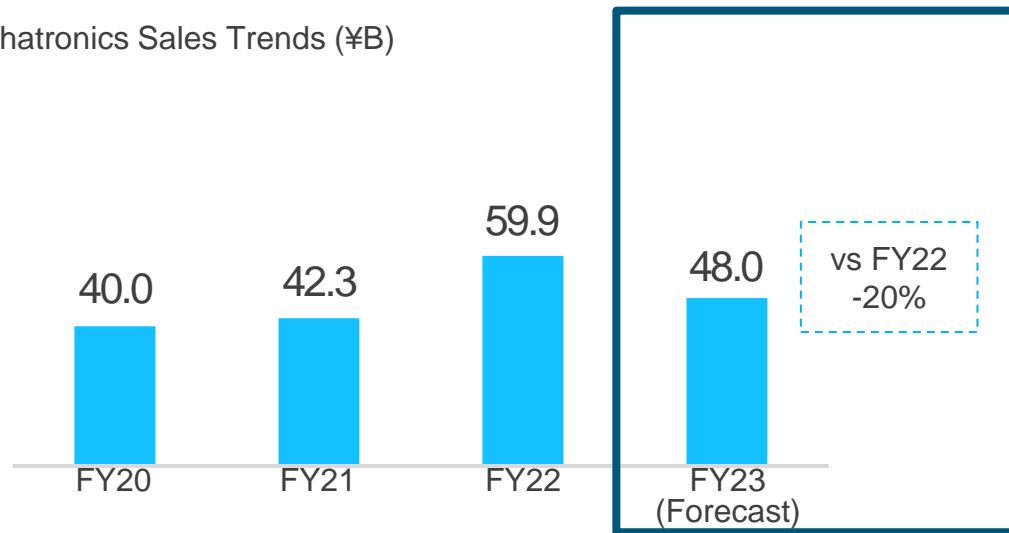
- Despite lack of signs of recovery for non-volatile memory testers, robust investment from customers is expected for DRAM testers mainly by high-end devices

Applications	FY20	FY21	FY22	FY23*2
DRAM	60%	60%	60%	90%
Non-Volatile Memory	40%	40%	40%	10%

Numbers are rounded to the nearest 5%

# FY23 Outlook by Segment

Mechatronics Sales Trends (¥B)

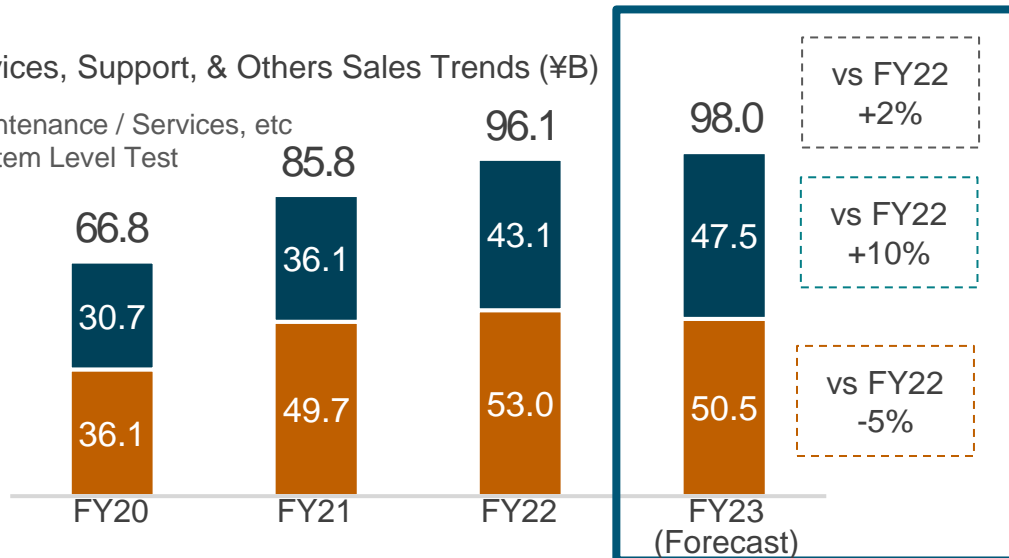


## Mechatronics Systems (+¥6.0B vs July forecast)

- Sales are expected to exceed the July forecast, as sales forecast has been revised upward for device interface products and test handlers in conjunction with an increase in the sales forecast for memory testers

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

■ Maintenance / Services, etc  
■ System Level Test

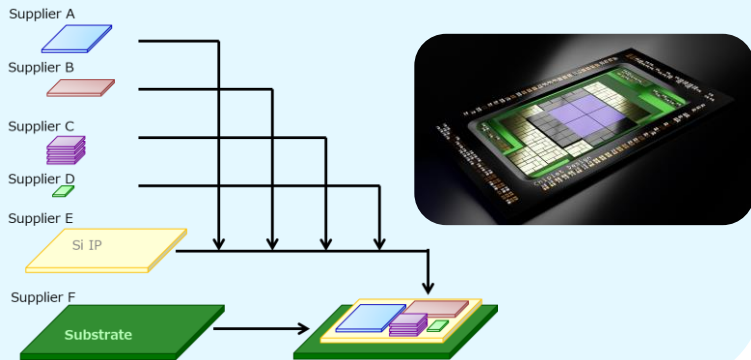


## Services, Support, & Others (-¥2.0B vs July forecast)

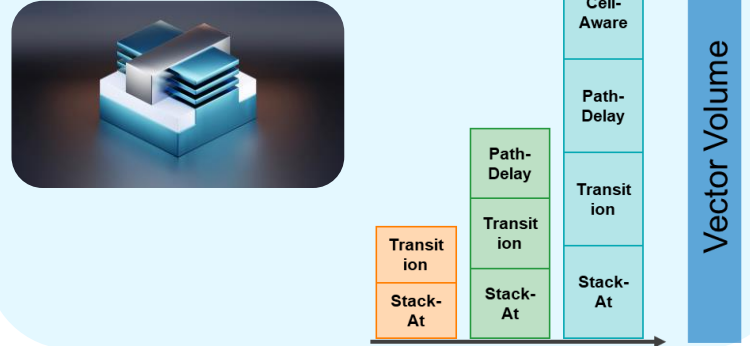
- We expect solid demand for maintenance services due to the steady growth of our installed base
- System level test business is expected to see a year-on-year decline in sales due to the impact of customers' investment trends affected by the sluggish semiconductor market conditions

# Business Opportunities Arising from Generative AI (I)

**Advanced Packages such as 2.5D/3D**  
**Increase in test time**  
 due to greater emphasis on testing



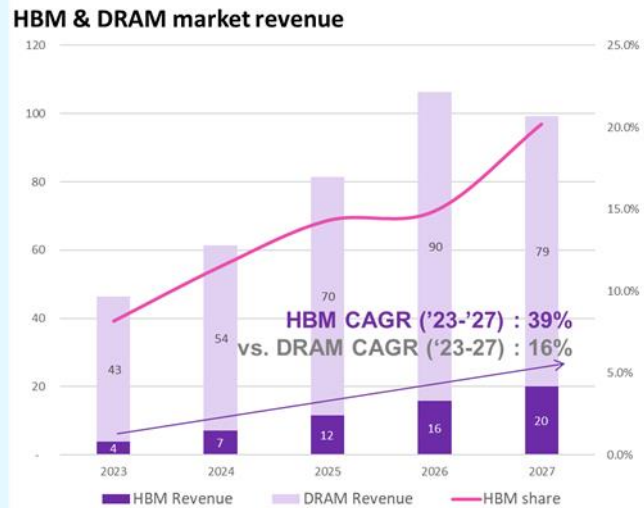
**Miniaturization/Scaling leading to Complexity**  
**Response to new challenges such as**  
**new failure models leading to**  
**Increase in test time**



**Diversification of Supply Chains**  
 Geopolitical risks leading to  
 capacity expansion worldwide

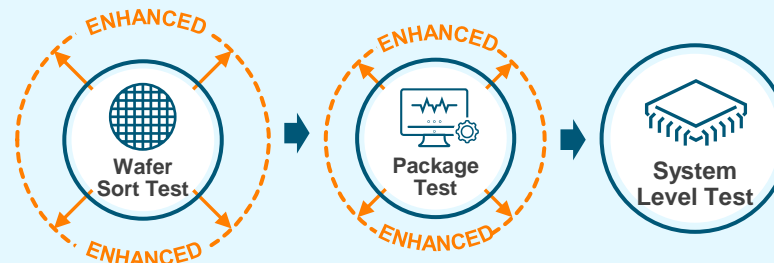


**High-performance memory such as HBM/DDR5**



Source: Omdia DRAM Market Tracker Q2,23.  
 Results are not an endorsement of Advantest. Any reliance on these results is at the third-party's own risk

**Greater needs for quality assurance**  
 due to increasing functions and complexity  
**Increase in test insertions**

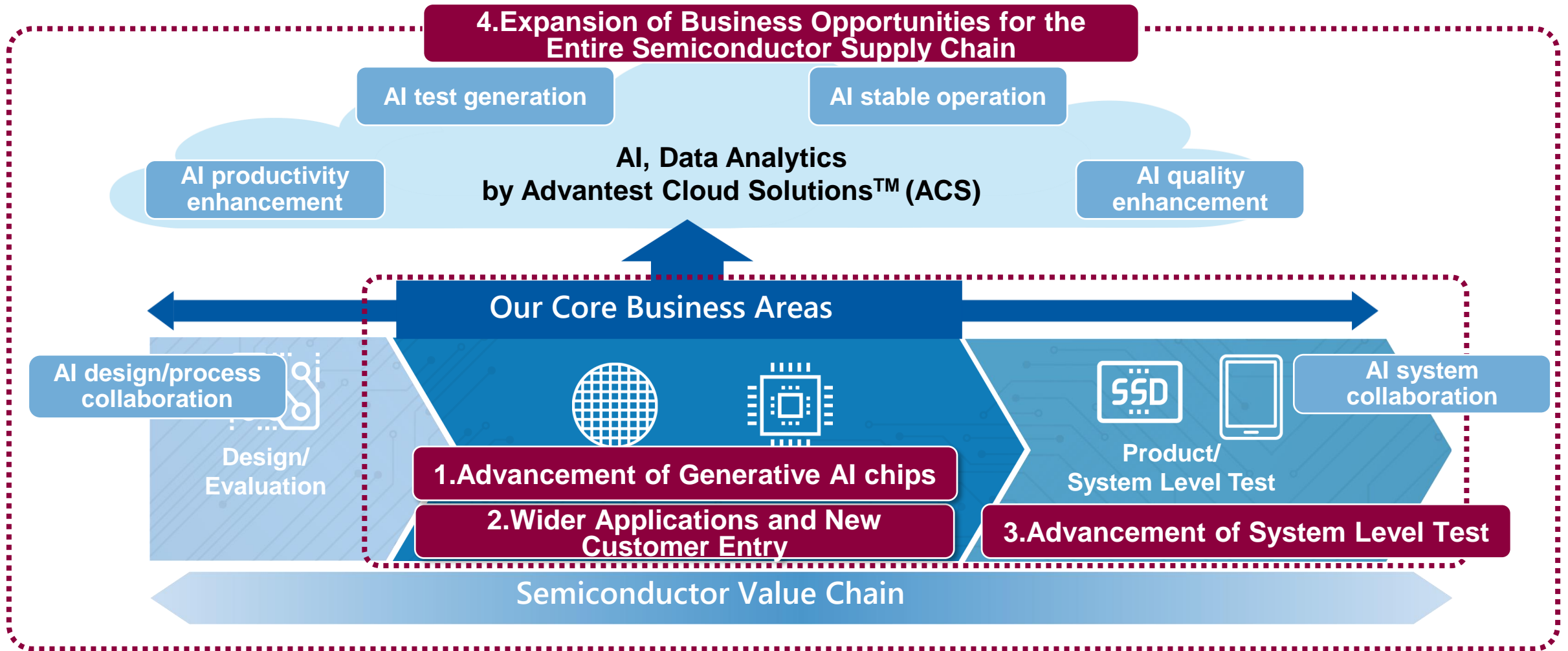


**Increasing Number of New Entrants**  
 Intensifying competition  
 over various application development  
 ranging from AI to servers





# Business Opportunities Arising from Generative AI (II)





# Summary

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- **Full-year earnings forecast is revised downward**
  - Sales forecast is lowered by ¥10.0 billion from the July forecast due to slower recovery in smartphone-related demand
  - Despite improvement in tester demand for high-performance semiconductors such as HPC/AI, digestion of excess tester capacity will take time
- **Business opportunities arising from generative AI are steadily appearing, positioning tester demand to grow over the medium-term**
  - Sustain R&D investment to address future technology (FY2022 result ¥ 60.1 billion → FY2023 forecast ¥ 64.0 billion)
- **Reinforce measures to improve profitability**
  - Refine our supply chain management to improve responsiveness to demand fluctuations
  - Improve gross margin profit by reviewing sales prices, implementing COGS reduction activities, etc.
  - Review pricing and business processes while controlling non-essential costs
  - Strengthen efforts to improve operational efficiency company-wide by actively utilizing DX

# Other Topics

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- **Integrated Annual Report 2023 Published**

※ Web Link : <https://www.advantest.com/about/annual.html>

- **Sustainability Data Book 2023 Published**

※ Web Link : <https://www.advantest.com/sustainability/report/>

- **IR Technical Briefing on Memory Tester Business scheduled for November 29<sup>th</sup>**

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