

**ADVANTEST.**

# FY2017 3Q Information Meeting

January 30<sup>th</sup>, 2018  
Advantest Corporation

## NOTE

◆ **Accounting Standards**

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

◆ **Cautionary Statement with Respect to Forward-Looking Statements**

This presentation contains "forward-looking statements" that are based on Advantest's current expectations, estimates and projections. These statements include, among other things, a discussion of Advantest's business strategy, outlook and expectations as to market and business developments, production and capacity plans. These forward-looking statements can be identified by use of forward-looking terminology 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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## Financial Results for 3<sup>rd</sup> Quarter of FY2017 (Period ended December 31st, 2017)

Advantest Corporation  
Atsushi Fujita  
Managing Executive Officer

### FY2017 3Q Summary of Results

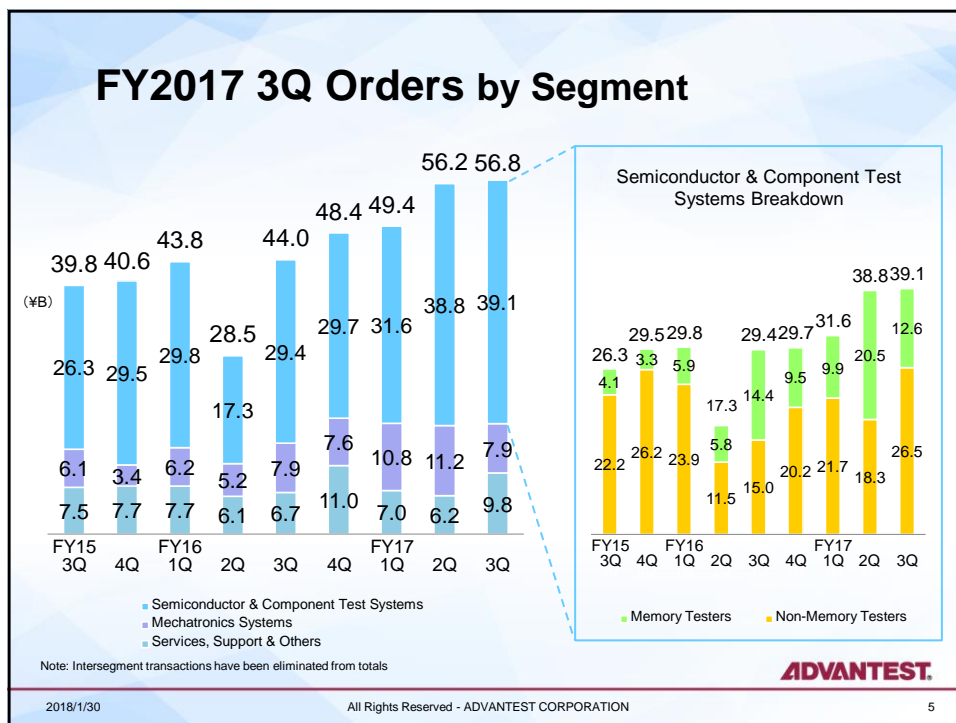
	FY2016				FY2017			QoQ		YoY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	(Δ)	(%)	(Δ)	(%)
Orders	43.8	28.5	44.0	48.4	49.4	56.2	56.8	+0.6	+1.0%	+12.8	+29.0%
Sales	40.7	35.5	31.4	48.3	40.7	47.7	50.9	+3.2	+6.6%	+19.5	+62.1%
Gross Profit	25.3	21.0	18.1	25.3	20.6	24.9	23.2	-1.6	-6.4%	+5.2	+29.0%
Gross Profit Margin	62.2%	59.3%	57.6%	52.4%	50.6%	52.1%	45.8%	-6.3pts		-11.8pts	
Operating Income	5.7	2.6	1.0	4.6	2.2	5.2	3.2	-2.0	-37.7%	+2.3	+232.3%
Operating Income Margin	14.1%	7.3%	3.1%	9.5%	5.5%	10.9%	6.4%	-4.5pts		+3.3pts	
Income Before Tax	6.2	2.9	0.6	5.3	1.6	4.8	3.4	-1.4	-29.3%	+2.8	+438.7%
Net Income	5.0	2.3	0.1	6.8	1.0	3.9	2.6	-1.4	-35.3%	+2.4	x22.7
Net Income Margin	12.2%	6.4%	0.4%	14.1%	2.4%	8.2%	5.0%	-3.2pts		+4.6pts	
Backlog	36.5	29.5	42.2	42.2	50.9	59.4	65.3	+5.9	+9.9%	+23.1	+54.9%
Exchange Rate	1 US\$	¥111	¥104	¥105	¥115	¥112	¥111	¥112	¥1 Depreciation	¥7 Depreciation	
	1 Euro	¥124	¥116	¥115	¥122	¥121	¥128	¥132	¥4 Depreciation	¥17 Depreciation	

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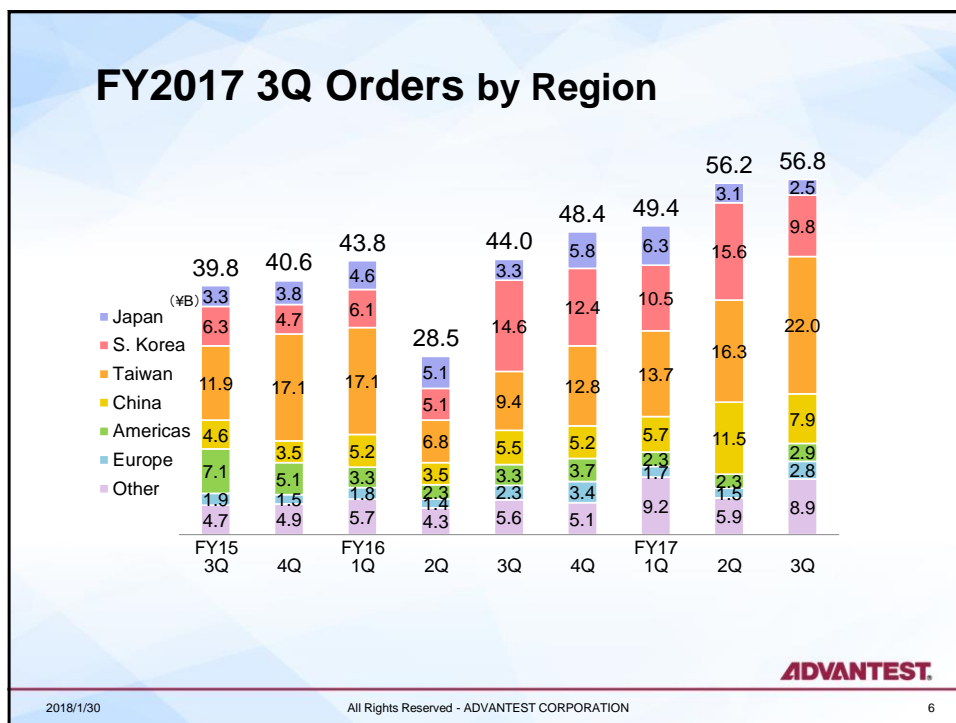
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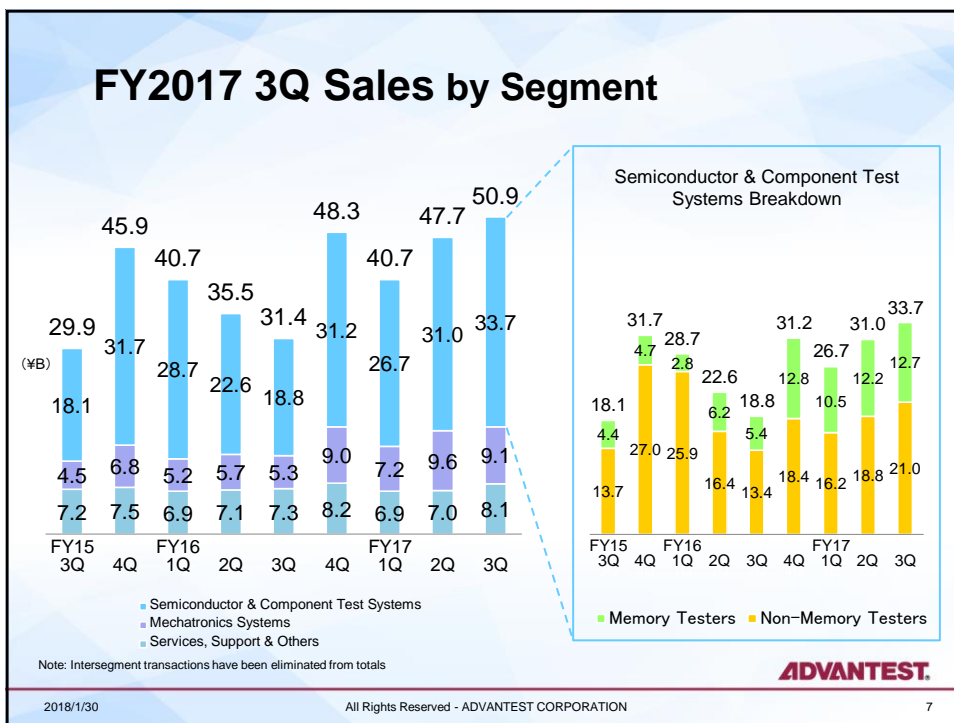
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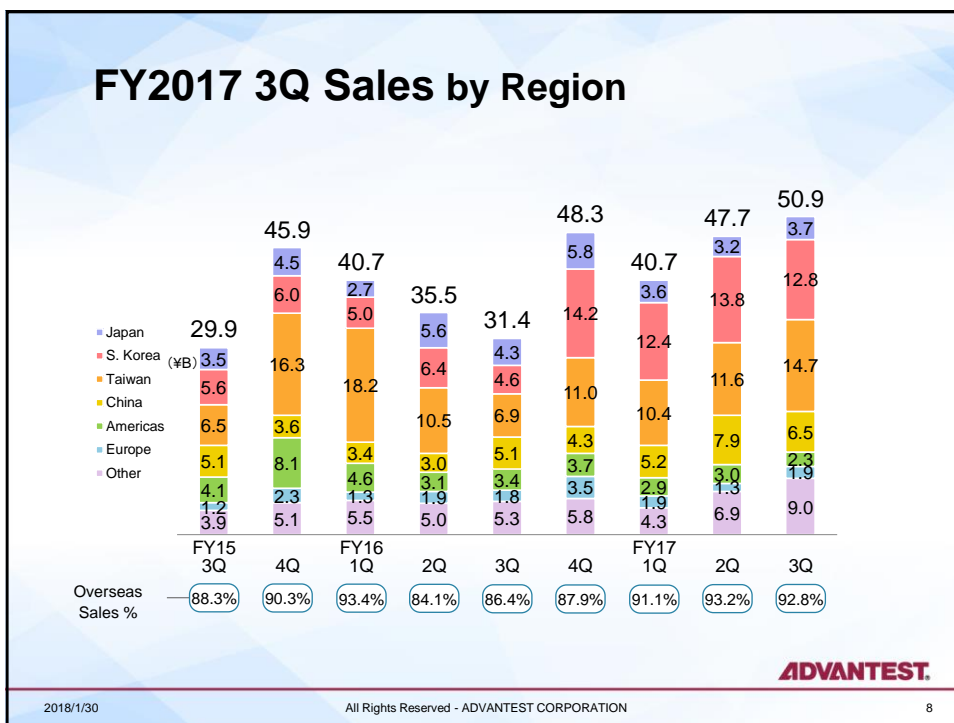
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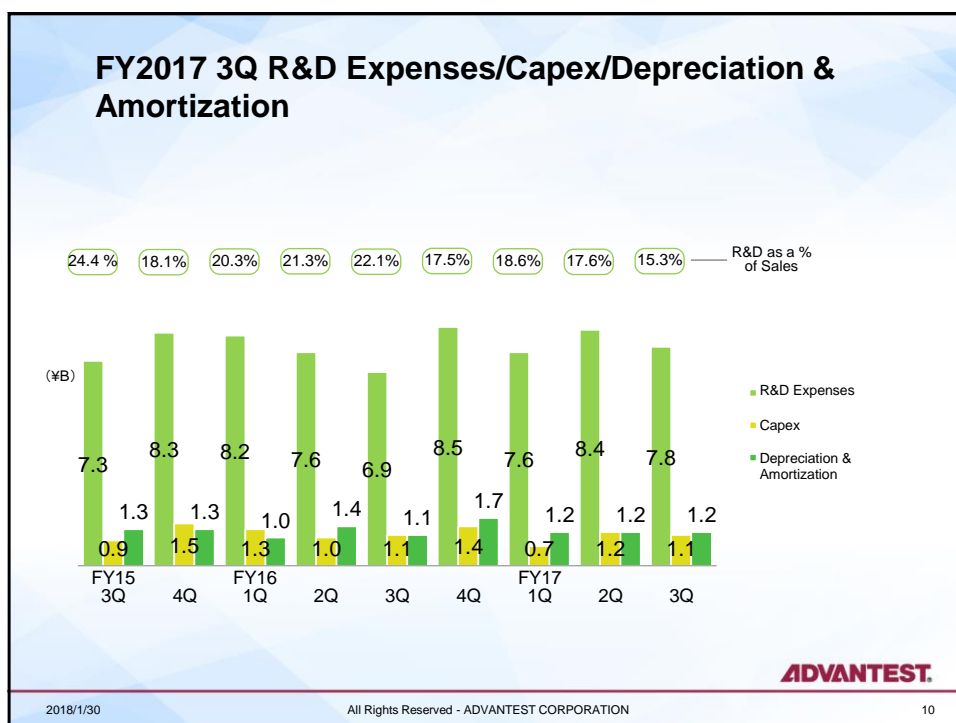
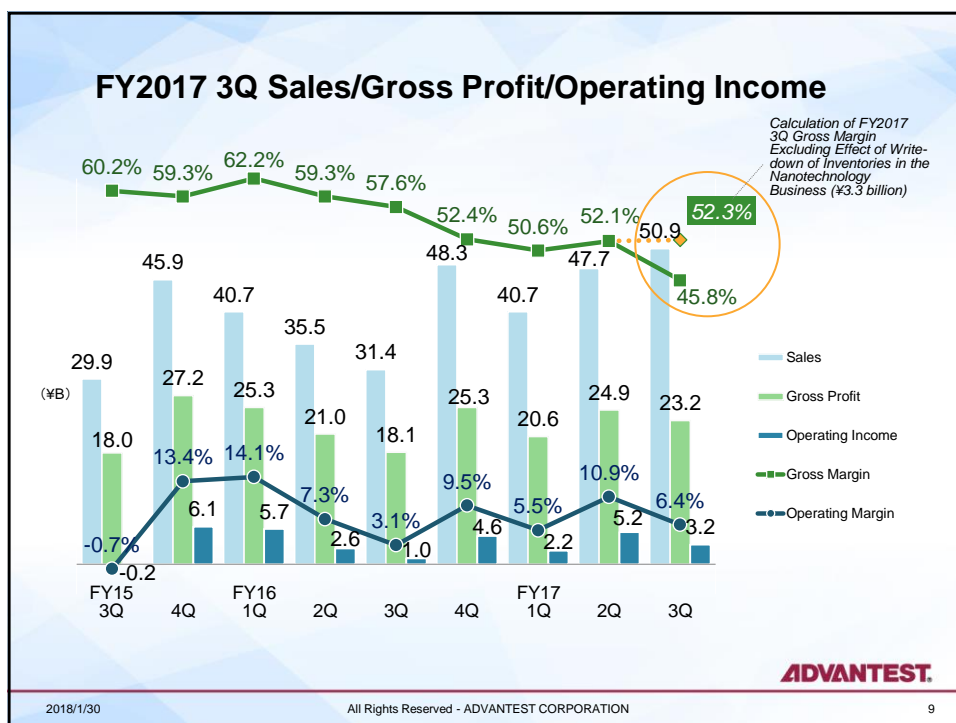
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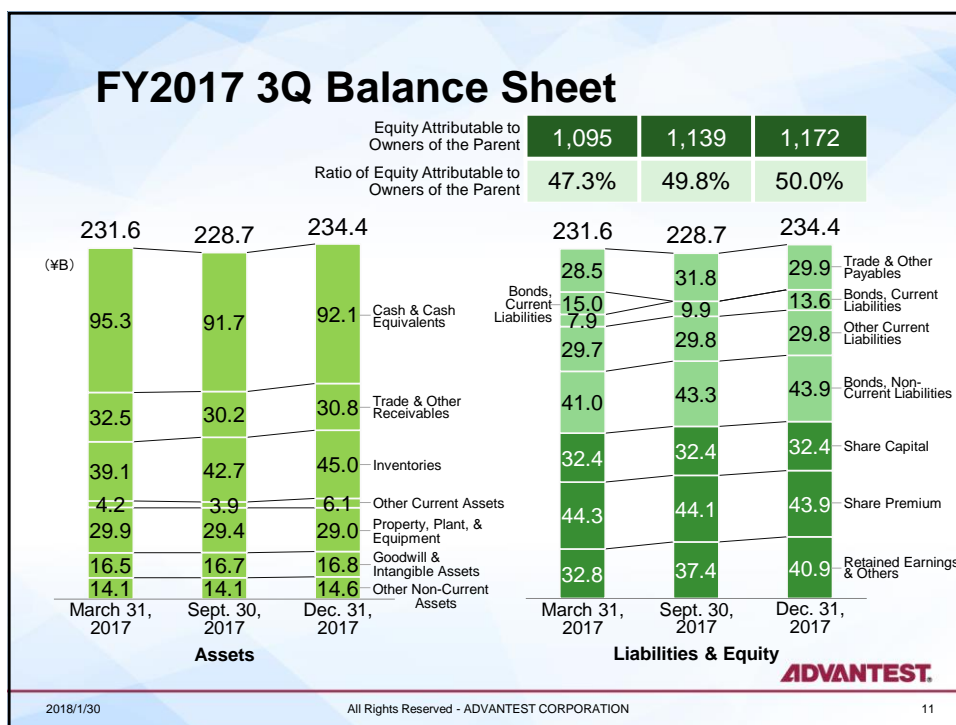


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## Business Outlook

**Advantest Corporation**  
**Yoshiaki Yoshida**  
 Representative Director, President & CEO

## Market Forecast for CY2018

	CY17 estimate	CY18 estimate	YoY change
Non-memory tester market	ca. \$2,200M	ca. \$2,200~2,300M	ca. +0% to +5%
Memory tester market	ca. \$750M	ca. \$850~900M	ca. +10% to +20%

- ✓ We expect the brisk pace of the semiconductor tester market to continue in 2018
- ✓ In addition to steady non-memory tester demand from the automotive and display-related sectors, chip-makers will increase their investments in miniaturization and functionality improvements of logic ICs
- ✓ Demand for memory testers is also expected to continue at a high level

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## FY2017 Financial Results Forecast

	FY2016	FY2017 Forecast (October)	FY2017 Forecast (January)	vs. FY2016	
				(Δ)	(%)
Orders	164.7	188.0	220.0	+55.3	+33.6%
Sales	155.9	180.0	195.0	+39.1	+25.1%
Semiconductor & Component Test systems	101.3	118.5	133.0	+31.7	+31.3%
Mechatronics	25.2	30.5	33.0	+7.8	+31.0%
Services, Support & Others	29.5	31.0	29.0	-0.5	-1.7%
Operating Income	13.9	18.0	20.0	+6.1	+43.8%
Operating Income Margin	8.9%	10.0%	10.3%	+1.4pts	
Income Before Tax	15.0	17.0	19.0	+4.0	+26.5%
Net Income	14.2	14.5	15.0	+0.8	+5.6%
Net Income Margin	9.1%	8.1%	7.7%	-1.4pts	
Backlog	42.2	50.2	67.2	+25.0	+59.2%
Annual Dividend Per Share	¥25	¥26	¥26	+¥1	
Exchange Rate	1 US\$	¥108	¥110	¥111	¥3 Depreciation
	1 Euro	¥119	¥130	¥129	¥10 Depreciation

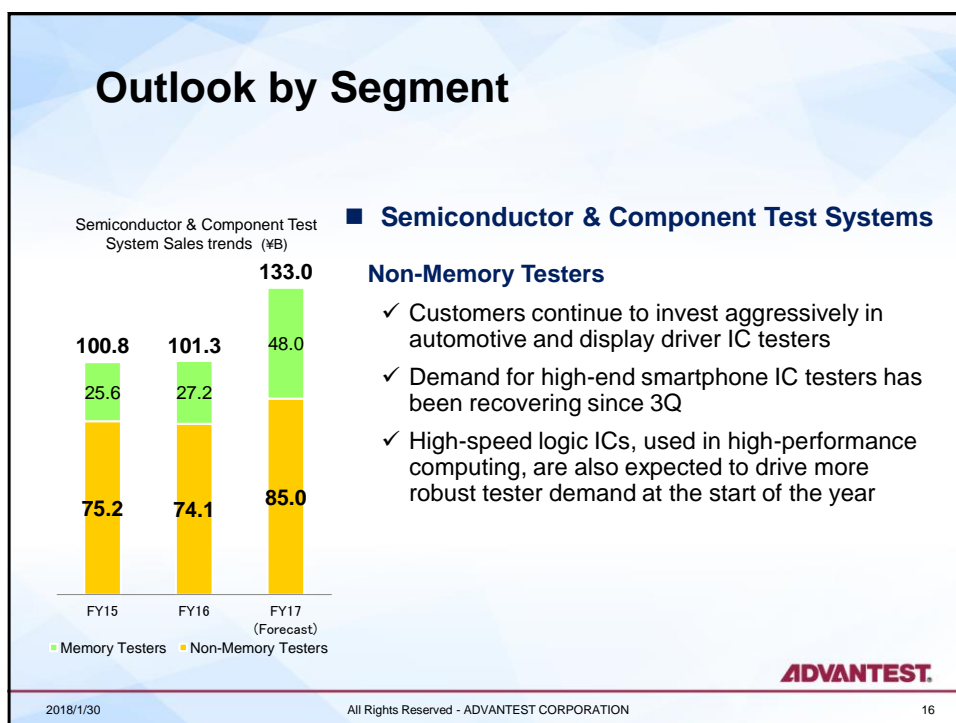
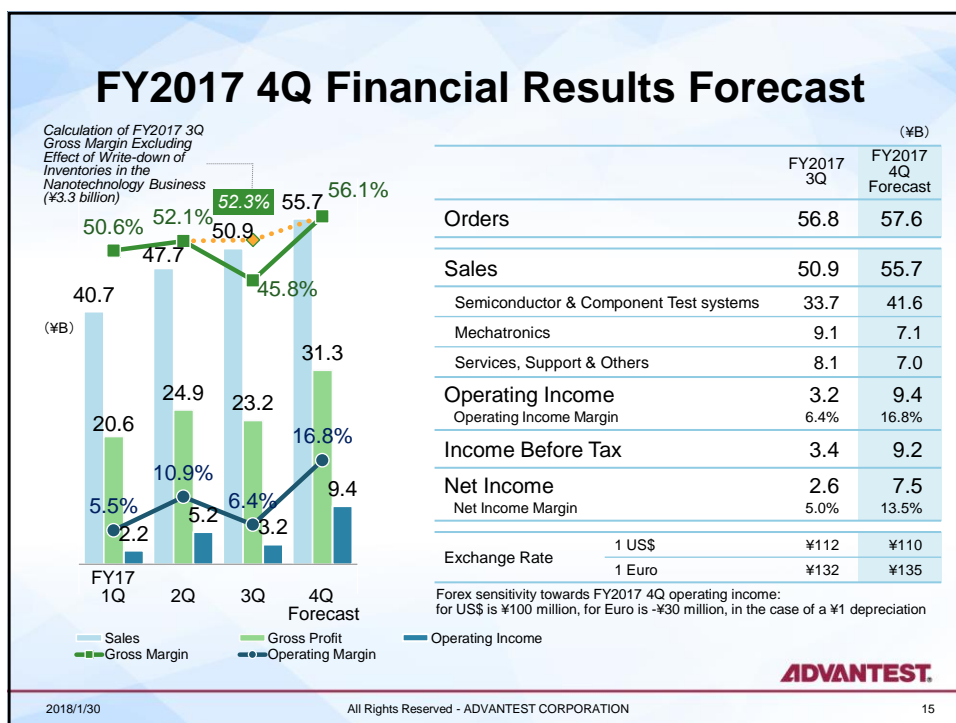
Note: Intersegment transactions have been eliminated from totals

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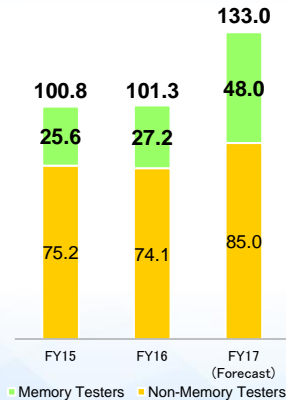
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## Outlook by Segment

Semiconductor & Component Test System Sales trends (¥B)



### ■ Semiconductor & Component Test Systems

#### Memory Testers

- ✓ As makers of NAND flash memory stack more and more layers into their chips, test time will increase and aggressive investment in testers will continue
- ✓ Enhancements in burn-in testing will advance in step with growing demand for 3D NAND reliability guarantees
- ✓ Investment in high-speed DRAM back-end testers will be strong
- ✓ Customers will also continue replacing older DRAM testers to improve their production capacity

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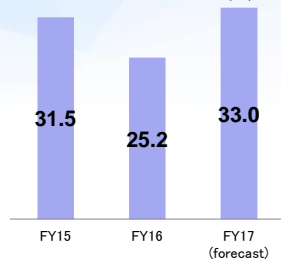
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## Outlook by Segment

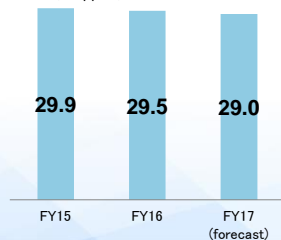
Mechatronics Sales Trends (¥B)



### ■ Mechatronics

- ✓ Demand for device interfaces will rise apace with memory tester demand
- ✓ Demand for automotive and high-end SoC handlers is also on the rise
- ✓ Demand for nanotechnology products will fall YoY in a cyclical decrease

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



### ■ Services, Support, & Others

- ✓ Amidst a second-hand tester shortage as a result of the booming semiconductor market, we are lowering our used tester business forecast

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## Key Measures

### ■ Preparing for business expansion

#### <Preparation for sustained growth>

Reinforcing development and support for high-potential applications such as AI, 5G communication, and ADAS

#### <Increasing production capacity>

Expanding production capacity to keep up with the pace of market growth

### ■ Outlook for investments in FY17: Unchanged

- ✓ R&D expenses : ¥34.0B (FY2016 actual : ¥31.2B)
- ✓ Capex : ¥ 6.5B (FY2016 actual : ¥4.8B)
- ✓ Depreciation and amortization : ¥ 5.0B (FY2016 actual : ¥5.2B)

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## Summary

- ✓ We expect brisk demand in the semiconductor tester market to continue in 2018
- ✓ The non-memory tester market is taking a favorable turn at present. Going forward, we expect overall high levels of demand for logic, automotive, and display driver ICs
- ✓ The memory tester market will similarly benefit from strong demand for non-volatile memory and DRAM test
- ✓ We are doing our utmost to increase our production capacity amid greater-than-expected increases in demand
- ✓ We will move forward on a continuing basis with foundational enhancements to address high-potential applications such as AI, 5G communication, and ADAS

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