

The background features a complex digital and technical aesthetic. It includes a grid of small white plus signs, various white hexagons of different sizes, and faint circuit board traces. On the right side, there is a large, detailed circular graphic that resembles a cross-section of a hard drive platters or a similar mechanical component, with concentric rings and data tracks. The overall color palette is light gray and white, with the Advantest logo in a dark red color.

**ADVANTEST®**

**FY2018 3Q**  
**(Three months ended December 31th, 2018)**  
**Information Meeting**

January 30th, 2019  
Advantest Corporation

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# NOTE

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## 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, 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_mod.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 ...
..._ob.select= 1
..._ob.select=1
context.scene.objects.active
...("Selected" + str(modifier...
...mirror_ob.select = 0
... bpy.context.selected_ob

...OPERATOR CLASSES
```

# Financial Results for FY2018 3Q

Atsushi Fujita

Managing Executive Officer

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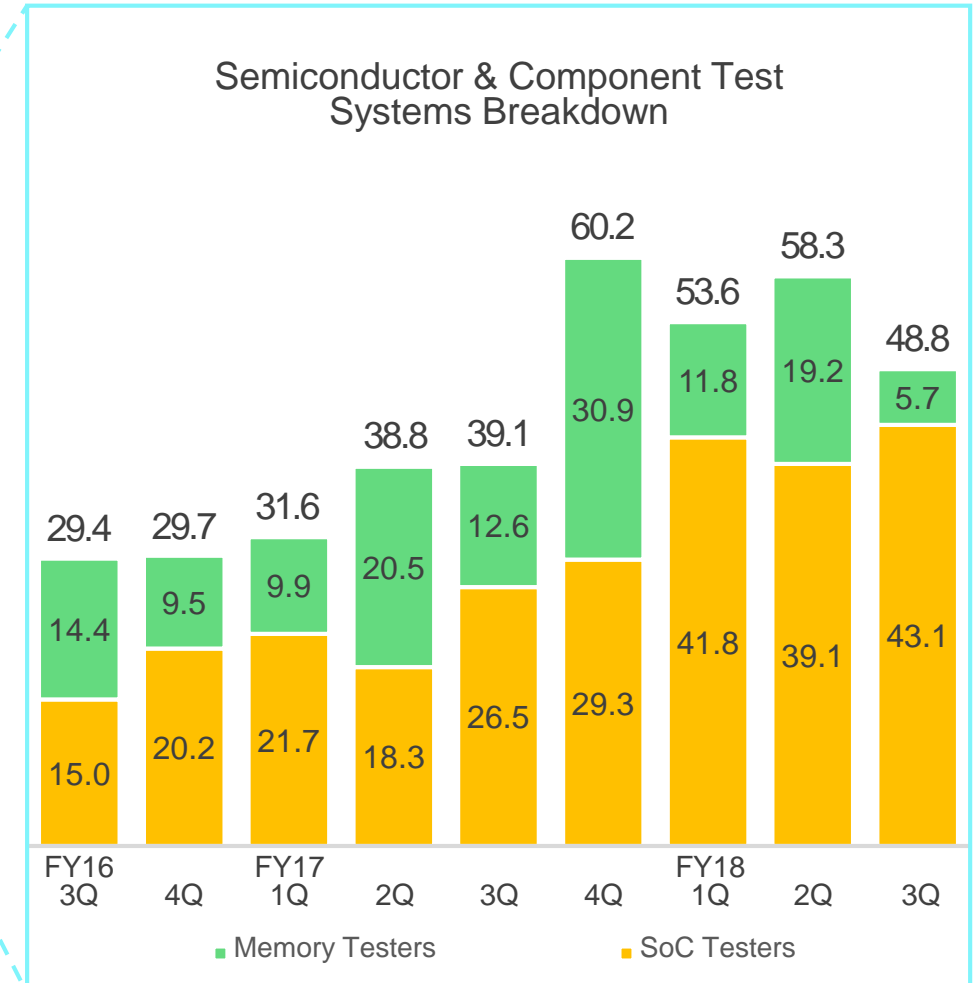
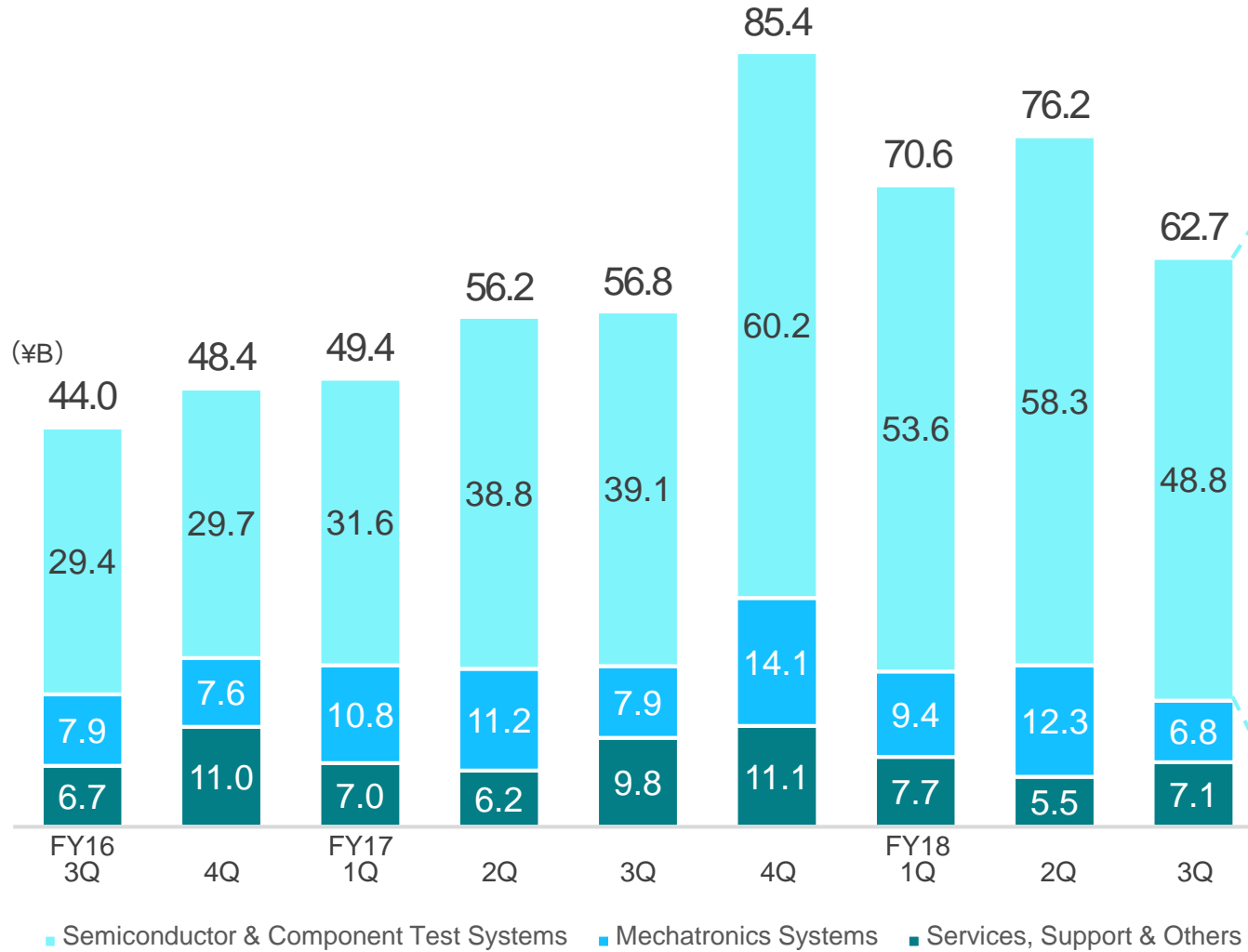
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# FY18 3Q Summary of Results

(¥B)

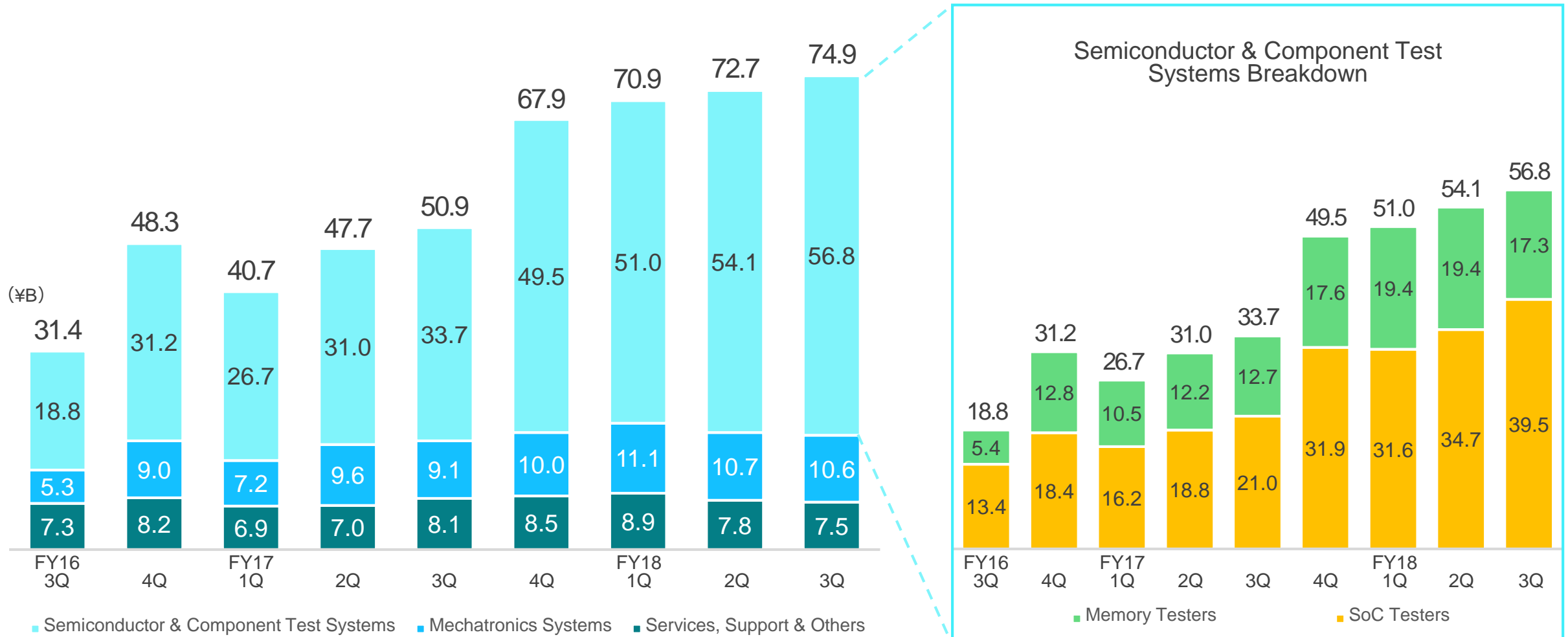
	FY17				FY18				QoQ		YoY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	(Δ)	(%)	(Δ)	(%)	
Orders	49.4	56.2	56.8	85.4	70.6	76.2	62.7	▲13.4	▲17.6%	+6.0	+10.5%	
Sales	40.7	47.7	50.9	67.9	70.9	72.7	74.9	+2.3	+3.1%	+24.0	+47.3%	
Gross Profit	20.6	24.9	23.2	37.9	38.2	38.9	42.5	+3.6	+9.3%	+19.2	+82.6%	
Gross Margin	50.6%	52.1%	45.8%	55.7%	53.9%	53.6%	56.8%	+3.2pts		+11.0pts		
Operating Income	2.2	5.2	3.2	13.9	15.8	18.0	20.7	+2.8	+15.4%	+17.5	+6.4x	
Operating Margin	5.5%	10.9%	6.4%	20.4%	22.3%	24.7%	27.6%	+2.9pts		+21.2pts		
Income Before Tax	1.6	4.8	3.4	14.5	16.5	18.6	20.6	+2.1	+11.1%	+17.2	+6.1x	
Net Income	1.0	3.9	2.6	10.6	13.9	16.2	17.9	+1.6	+10.1%	+15.4	+7.0x	
Net Income Margin	2.4%	8.2%	5.0%	15.6%	19.6%	22.4%	23.9%	+1.5pts		+18.9pts		
IFRS15 Backlog adjustment					▲3.0							
Backlog	50.9	59.4	65.3	82.8	79.5	83.0	70.8	▲12.2	▲14.7%	+5.5	+8.4%	
Exchange Rate	1 US\$	¥112	¥111	¥112	¥111	¥108	¥111	¥113	¥2 Depreciation		¥1 Depreciation	
	1 Euro	¥121	¥128	¥132	¥134	¥131	¥129	¥130	¥1 Depreciation		¥2 Appreciation	

# Quarterly Orders by Segment



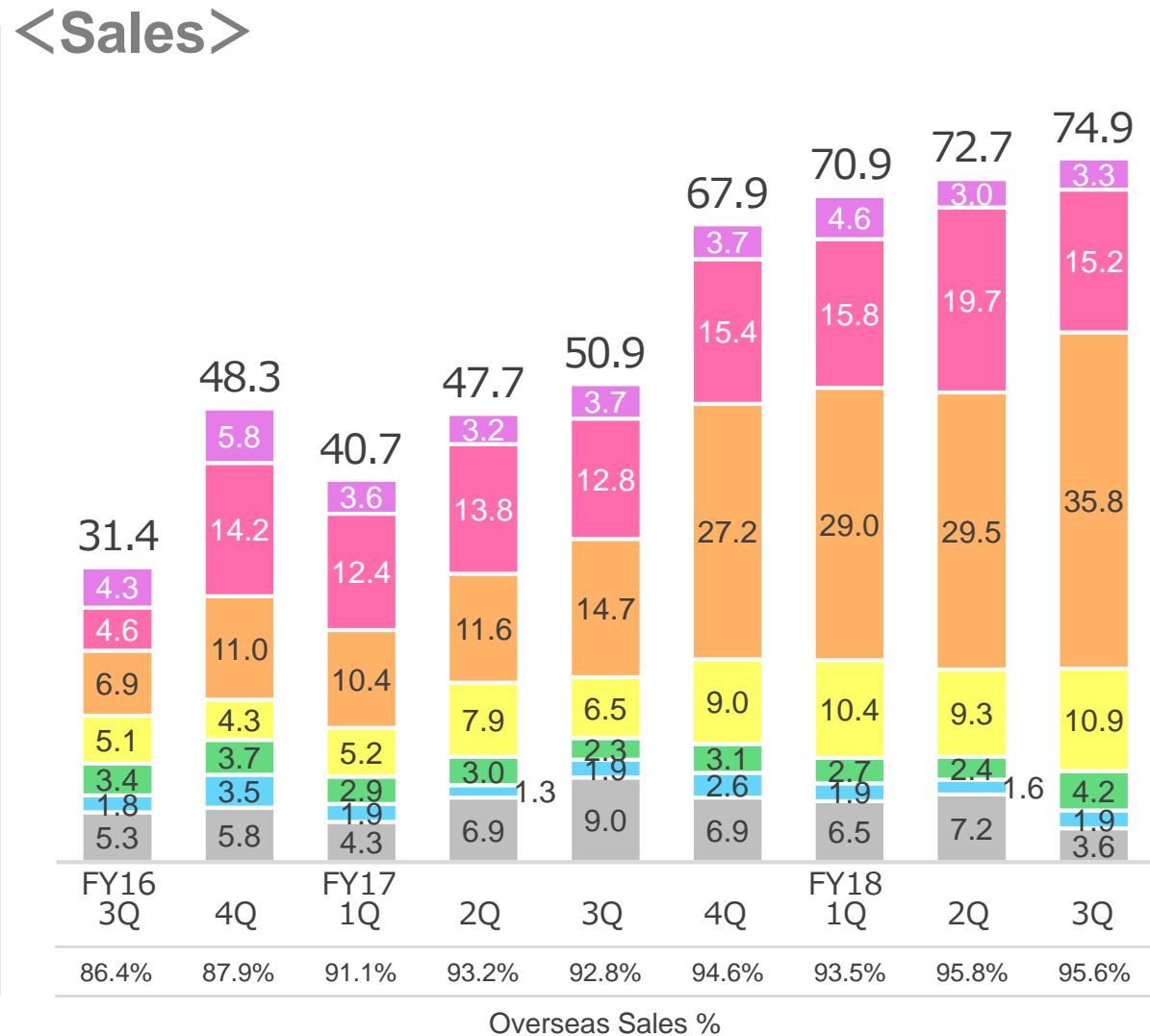
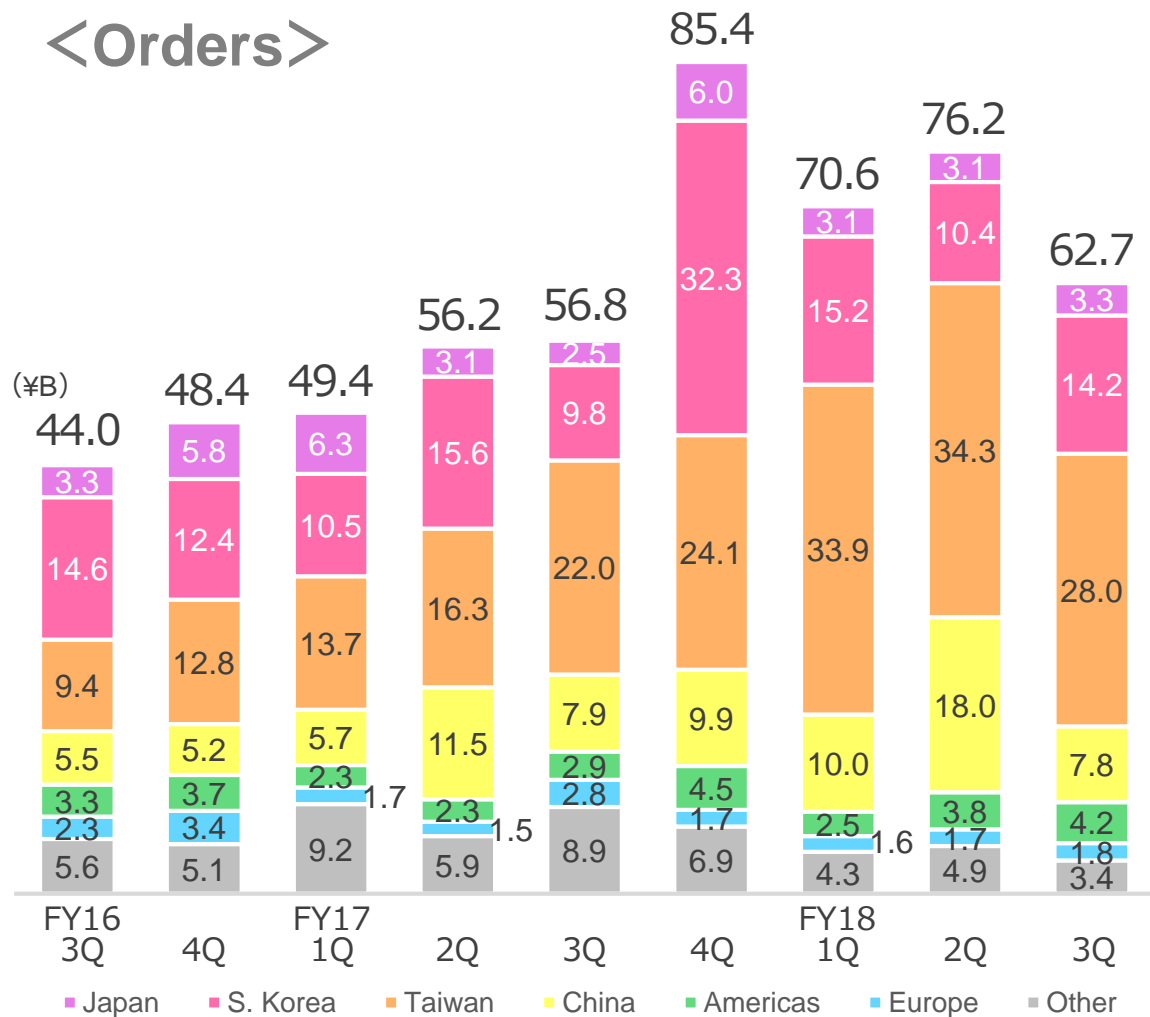
Note: Intersegment transactions have been eliminated from totals

# Quarterly Sales by Segment

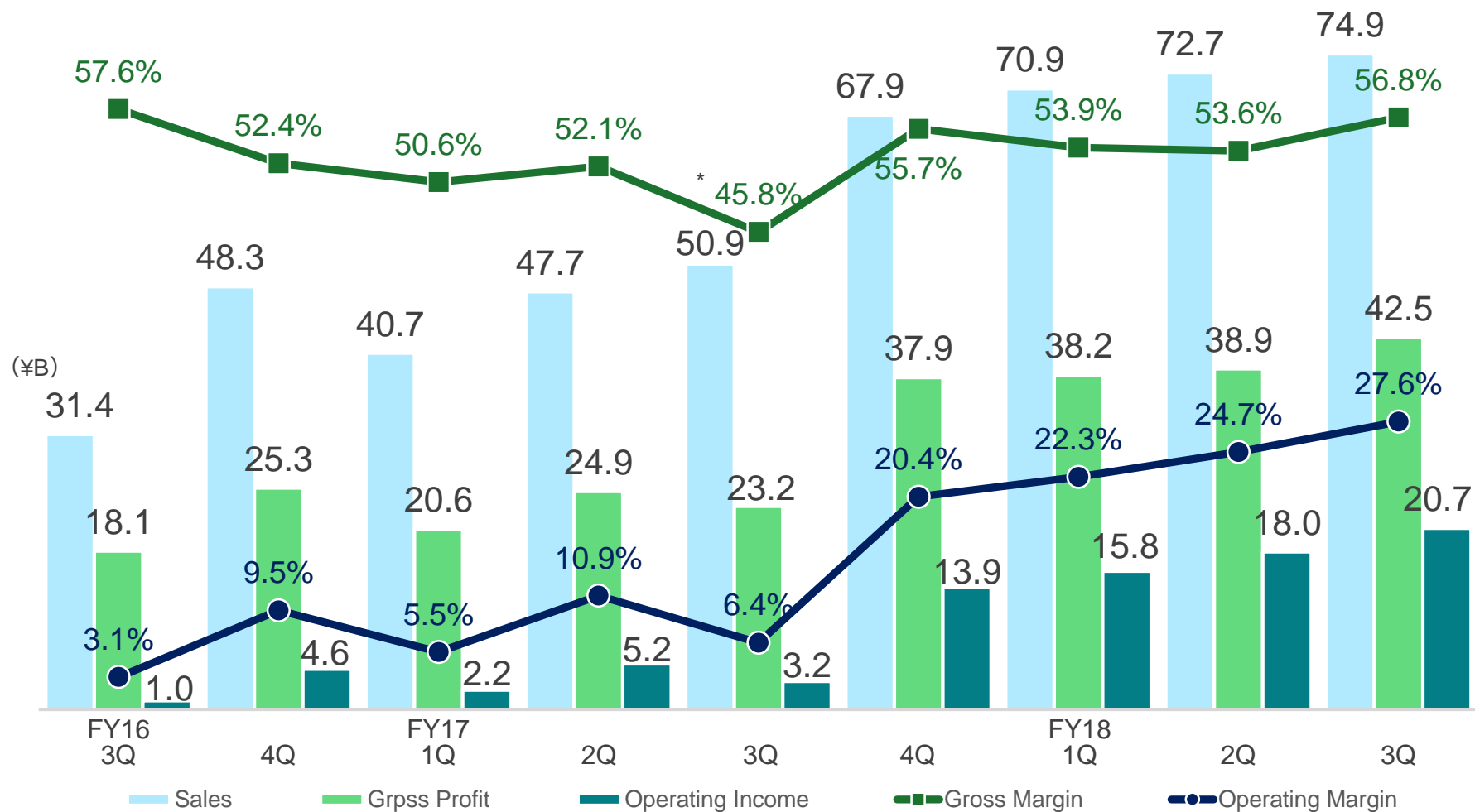


Note: Intersegment transactions have been eliminated from totals

# Quarterly Orders / Sales by Region



# Sales / Gross Profit / Operating Income



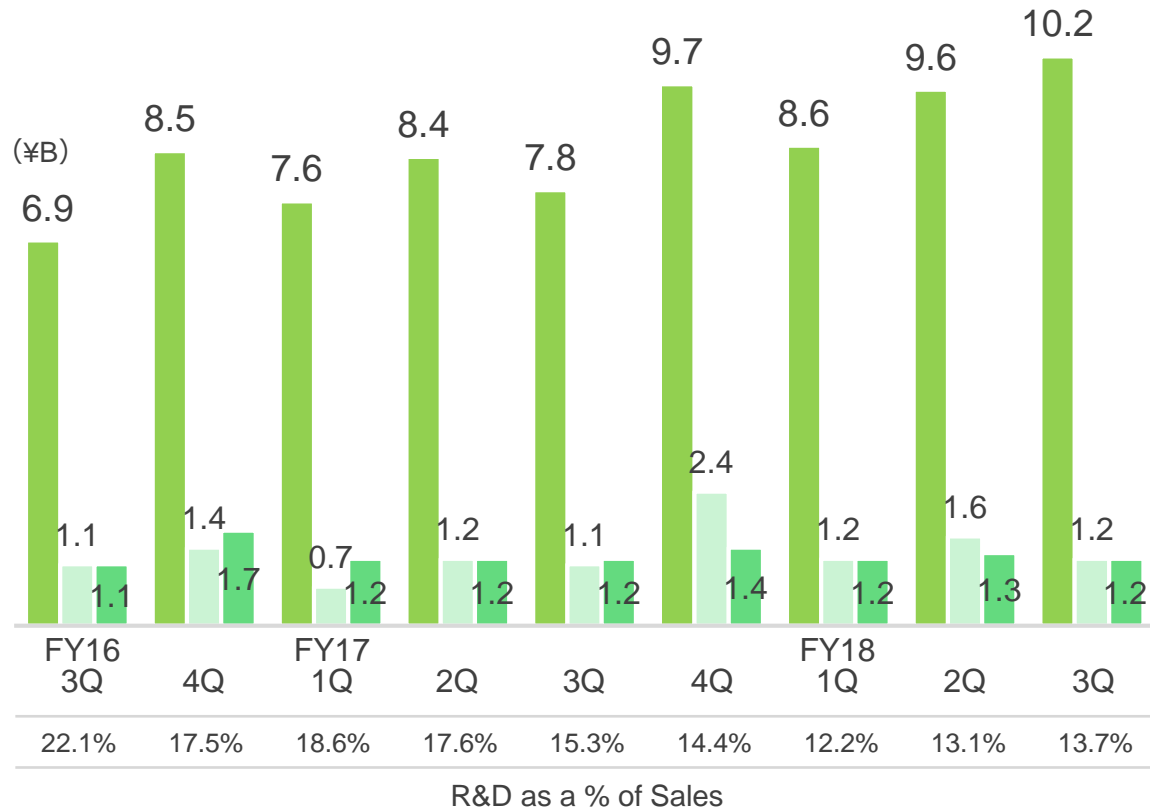
\*In FY17 3Q, a ¥3.3 billion write-down of inventories was recorded in our nanotechnology business. The gross margin in FY17 3Q excluding the effect of the write-down was 52.3%.



# Investments / Cash Flow Condition

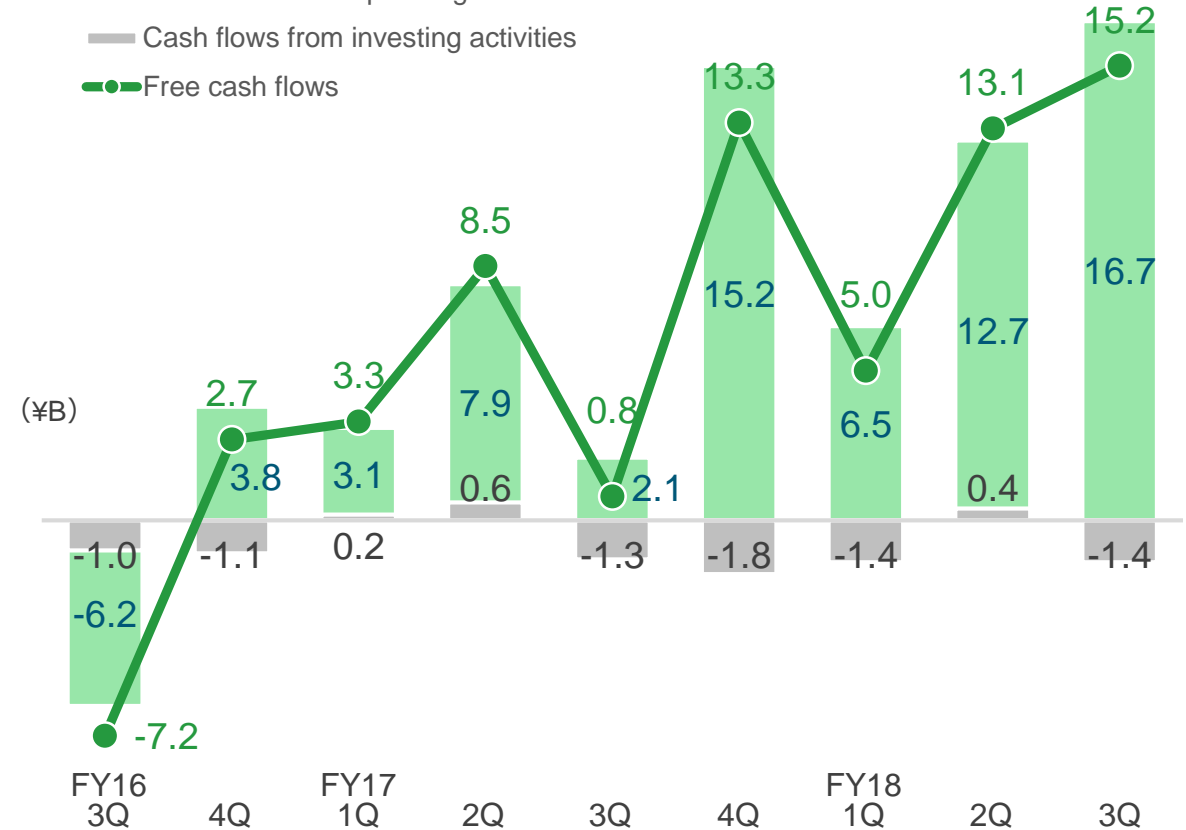
## <Investments>

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



## <Cash flows>

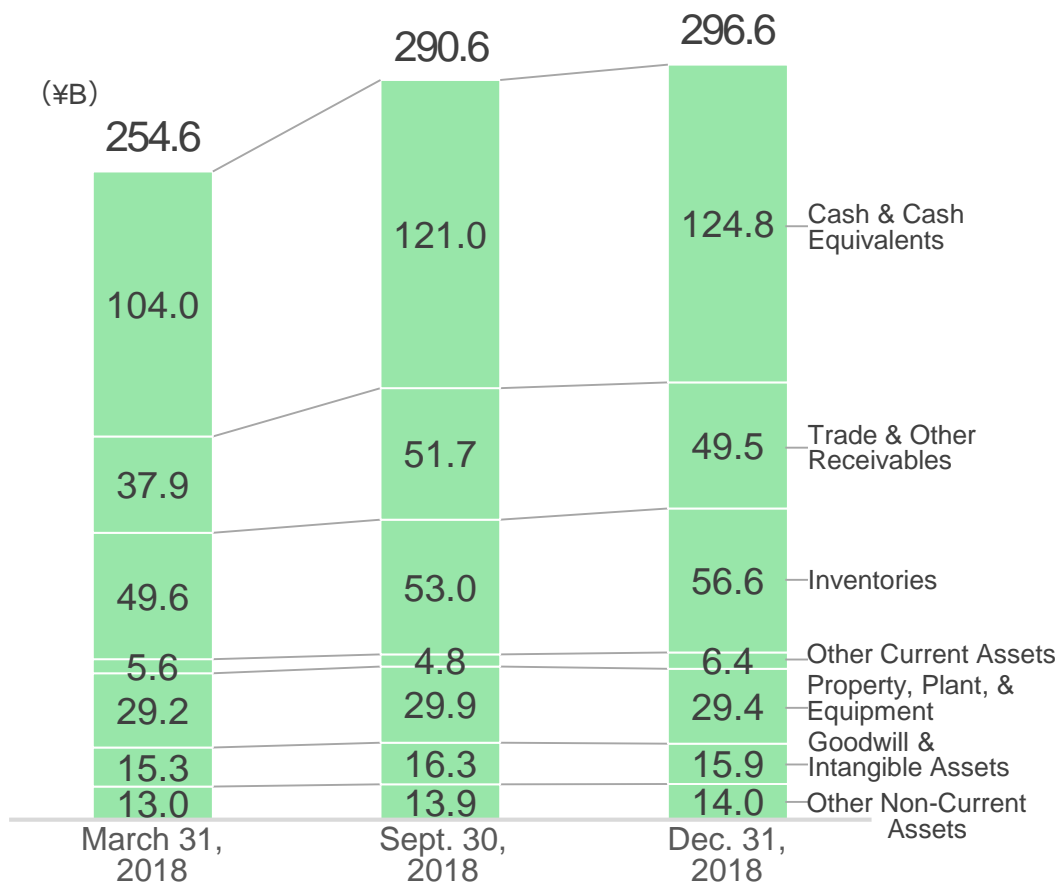
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows



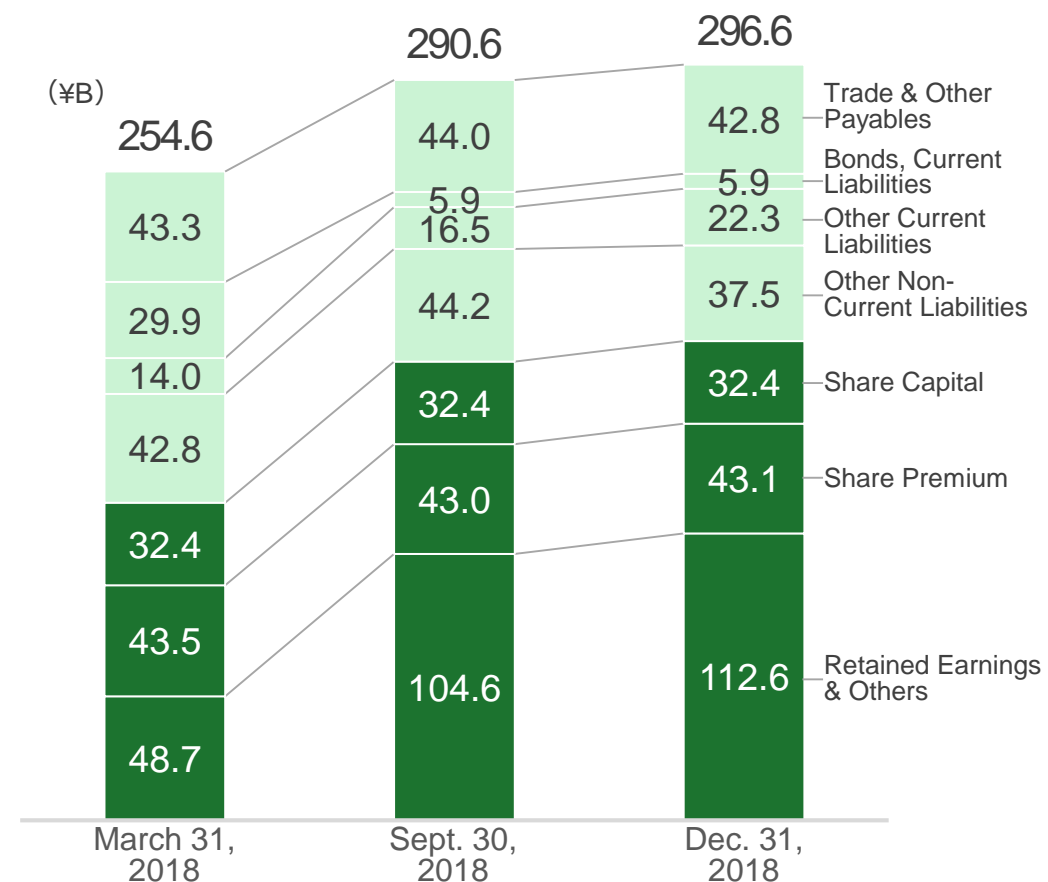
\*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

# Financial Position

## <Assets>



## <Liabilities & Equity>



Equity Attributable to Owners of the Parent	1,246	1,800	1,881
Ratio of Equity Attributable to Owners of the Parent	49.0%	61.9%	63.4%

# FY2018 Business Outlook

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Yoshiaki Yoshida

Representative Director, President & CEO

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# FY18 Forecast

	FY17 Results	New Forecast	FY18		(¥B)	
			vs. FY17		vs. New Forecast	
			(Δ)	(%)	FY18 forecast as of Oct. 2018	(Δ)
Orders	247.8	265.0	+17.2	+7.0%	255.0	+10.0
Sales	207.2	278.0	+70.8	+34.2%	265.0	+13.0
Operating Income	24.5	63.0	+38.5	+2.6x	53.0	+10.0
Operating Margin	11.8%	22.7%	+10.9pts		20.0%	+2.7pts
Income Before Tax	24.3	64.0	+39.7	+2.6x	54.5	+9.5
Net Income	18.1	54.5	+36.4	+3.0x	46.0	+8.5
Net Income Margin	8.7%	19.6%	+10.9pts		17.4%	+2.2pts
IFRS15 Backlog adjustment		▲3.0			▲3.0	
Backlog	82.8	66.8	▲16.0	▲19.3%	69.8	▲3.0
Exchange Rate*	1 US\$	¥111	¥110	¥1 Appreciation	¥110	-
	1 Euro	¥129	¥130	¥1 Depreciation	¥132	¥2 Appreciation
Dividend per share	¥32	¥88	up ¥56		¥75	+¥13

\*Exchange rate assumptions for FY18 4Q: USD \$1 = ¥110, 1 Euro = ¥130.  
Regarding our foreign exchange sensitivity, annual operating income will rise by ¥500 million yen for each ¥1 of yen depreciation versus USD and will decline by ¥100 million yen for ¥1 of yen depreciation versus Euro.

# CY19 Market Forecast as of Jan. 2019

- The CY18 tester market steadily grew amidst improvements in performance and reliability for various semiconductors.
- As uncertainty in the global economy increases, customers will prioritize inventory adjustments, causing a temporary slowdown in the tester market.
- We expect a market recovery in the second half of CY19, with inventory adjustments easing and customer sentiment improving.

	CY18 estimate	CY19 estimate	YoY Change
SoC tester market	Approx. \$2.4B	Approx. \$2.0B	Approx. -15%
Memory tester market	Approx. \$1.0B	Approx. \$700~800M	Approx. -20%~-30%

# Key Measures

## Our Continued Commitment to Customers

- Major customers are developing and evaluating high-end SoC and memory devices with better performance.
- We are collaborating with them from the development stage to assure advanced performance and reliability by providing new test technologies and solutions.
- From CY19 2H, new devices with higher performance and reliability will go into volume production, driving tester market growth.
- We are partnering with customers to capture the next wave of demand for testers.

## Towards Mid to Long-term Business Growth

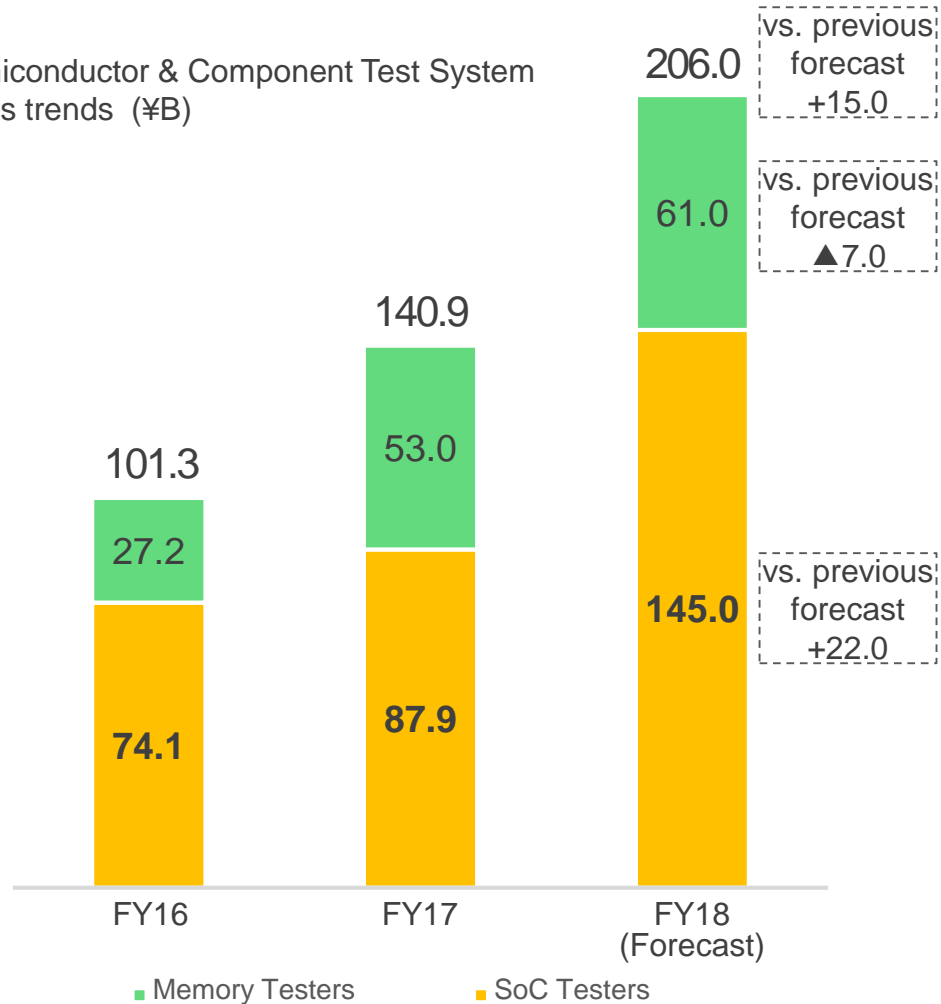
- We will boost competitiveness in promising arenas such as AI, 5G communications, and ADAS.
- We will also focus on technology and human resources as sources of mid to long-term corporate value creation.
- Regarding the acquisition of the system-level test business of US company Astronics, which was announced in November 2018, we are proceeding toward early completion of closing procedures.

FY18 Investment Outlook

	FY17 actual	FY18 forecast
R&D Expenses	¥33.5 billion	¥38.0 billion
Capex	¥5.4 billion	¥7.0 billion
Depreciation and amortization	¥5.0 billion	¥5.5 billion

# FY18 Outlook by Segment

Semiconductor & Component Test System  
Sales trends (¥B)



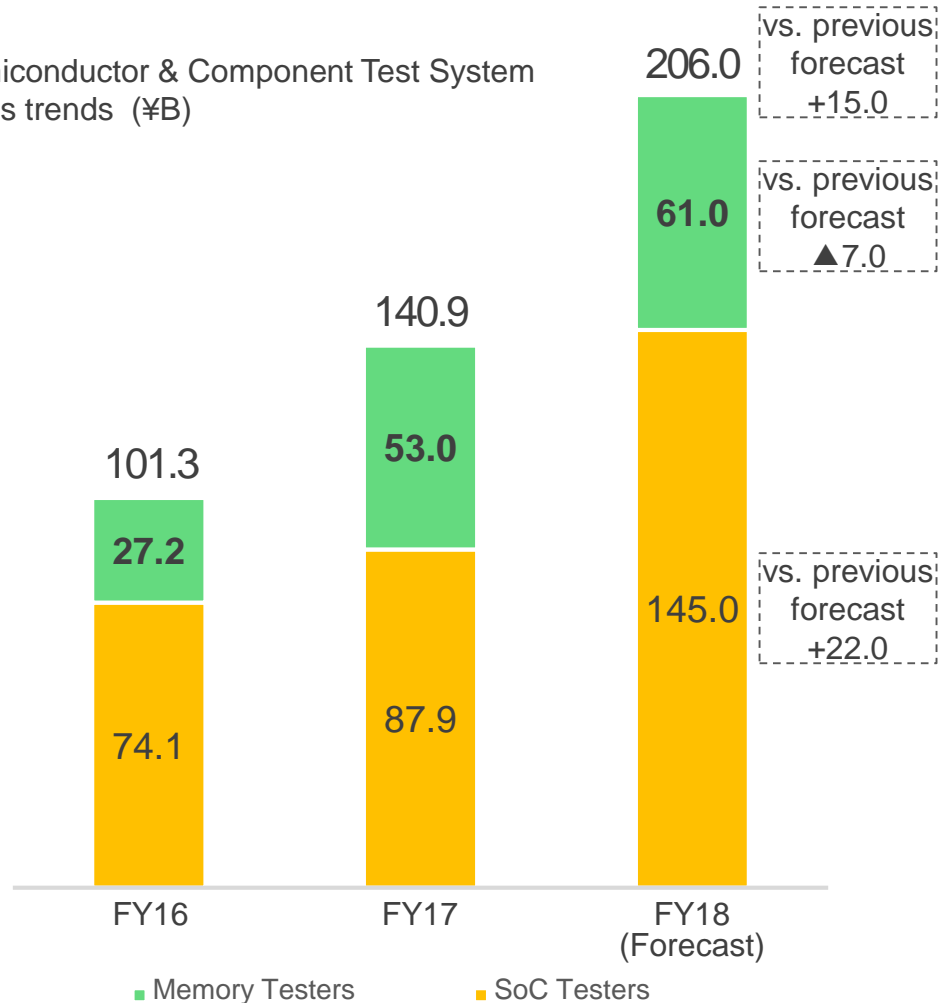
## Semiconductor & Component Test Systems

### <SoC Testers>

- Amidst improving handset performance, the movement towards test capacity expansion for smartphone processors and sensors continues.
- Evolution in display technology, including TDDI, CoF, and higher definition panels, continues to drive robust test demand.
- Even when demand for end-products slows, our broad customer base supports SoC tester order levels. We have raised our full-year sales forecast.

# FY18 Outlook by Segment

Semiconductor & Component Test System  
Sales trends (¥B)



## Semiconductor & Component Test Systems

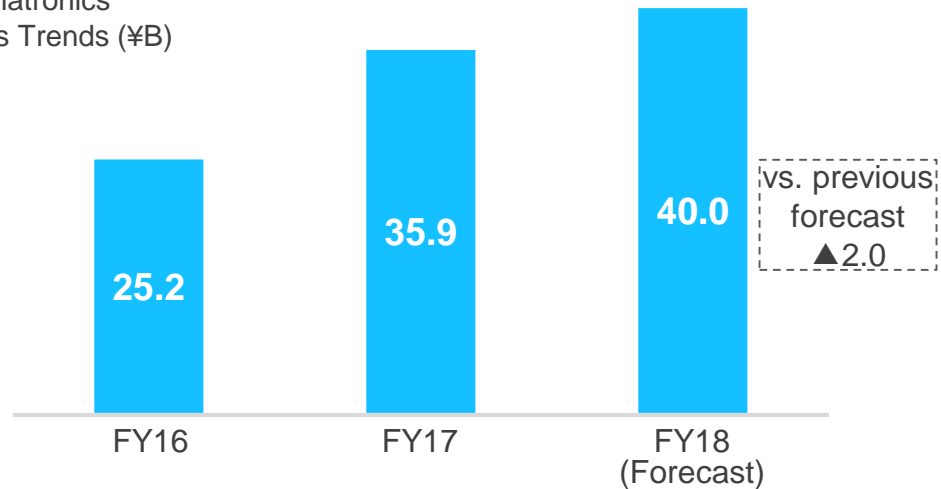
### <Memory Testers>

- One customer after another is revising tester investment plans, reflecting the softening of data center memory demand and uncertainty in the global economy.
- We have lowered our memory tester outlook for FY18.
- However, while tester investment is restrained at present, the trend towards increased device memory capacity is being sustained in both DRAM and non-volatile memory. In response to this, test capacity-building investments should revive in future.



# FY18 Outlook by Segment

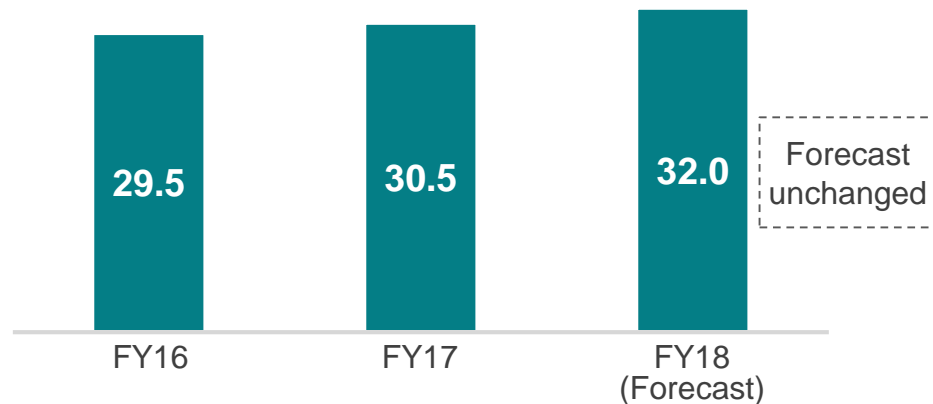
Mechatronics  
Sales Trends (¥B)



## Mechatronics Systems

- In 1H, there was strong demand for memory test device interfaces and memory test handlers.
- In 2H, we revised our October forecasts in accord with the decline in memory tester demand.

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



## Services, Support, & Others

- As customer tester utilization rates were strong, field services sales held steady.

# Summary

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- **CY18 was an excellent year for Advantest.**
- **Our FY18 results will set new orders, sales and net profit records.**
- **Results have been boosted by structural changes in the tester market and our strengthening of global operations.**
- **The CY19 tester market may slow down, but this is only a pause in the cyclical growth cycle. We will continue to invest in sustainable growth.**