

ADVANTEST®

FY2020 3Q
(Three months ended December 31st, 2020)
Financial Briefing

January 28th, 2021
Advantest Corporation

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NOTE

Accounting Standards

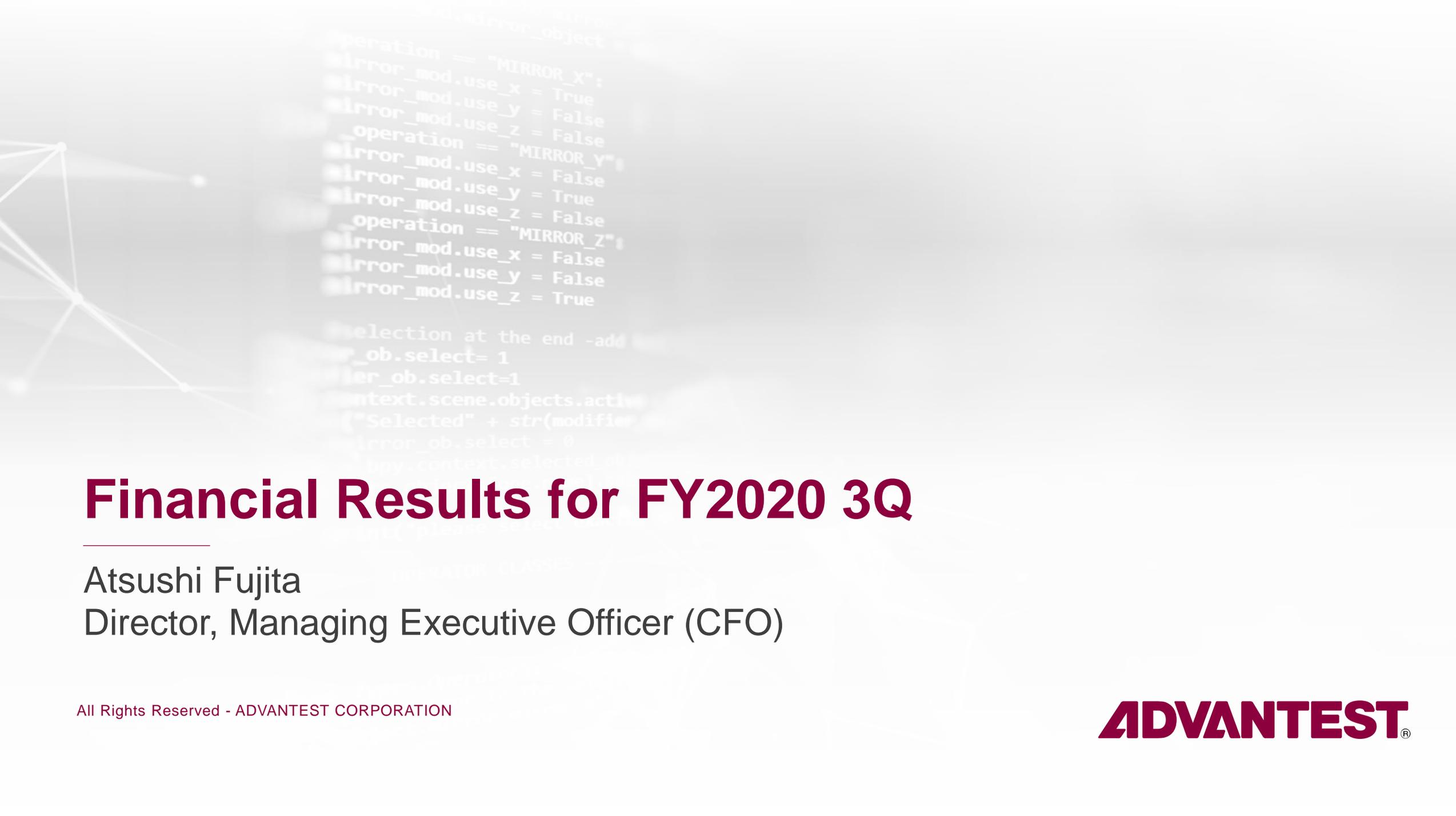
- Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

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, 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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Financial Results for FY2020 3Q

Atsushi Fujita

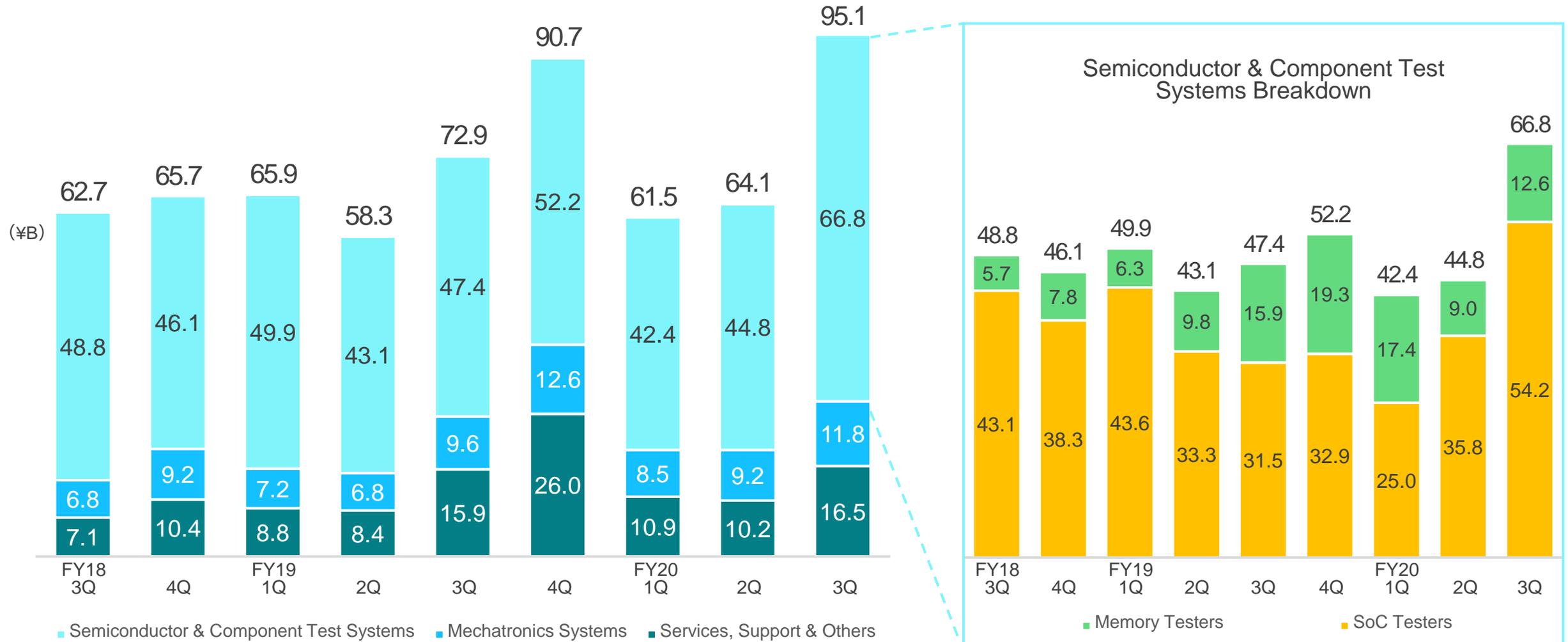
Director, Managing Executive Officer (CFO)

FY20 3Q Summary of Results

(¥B)

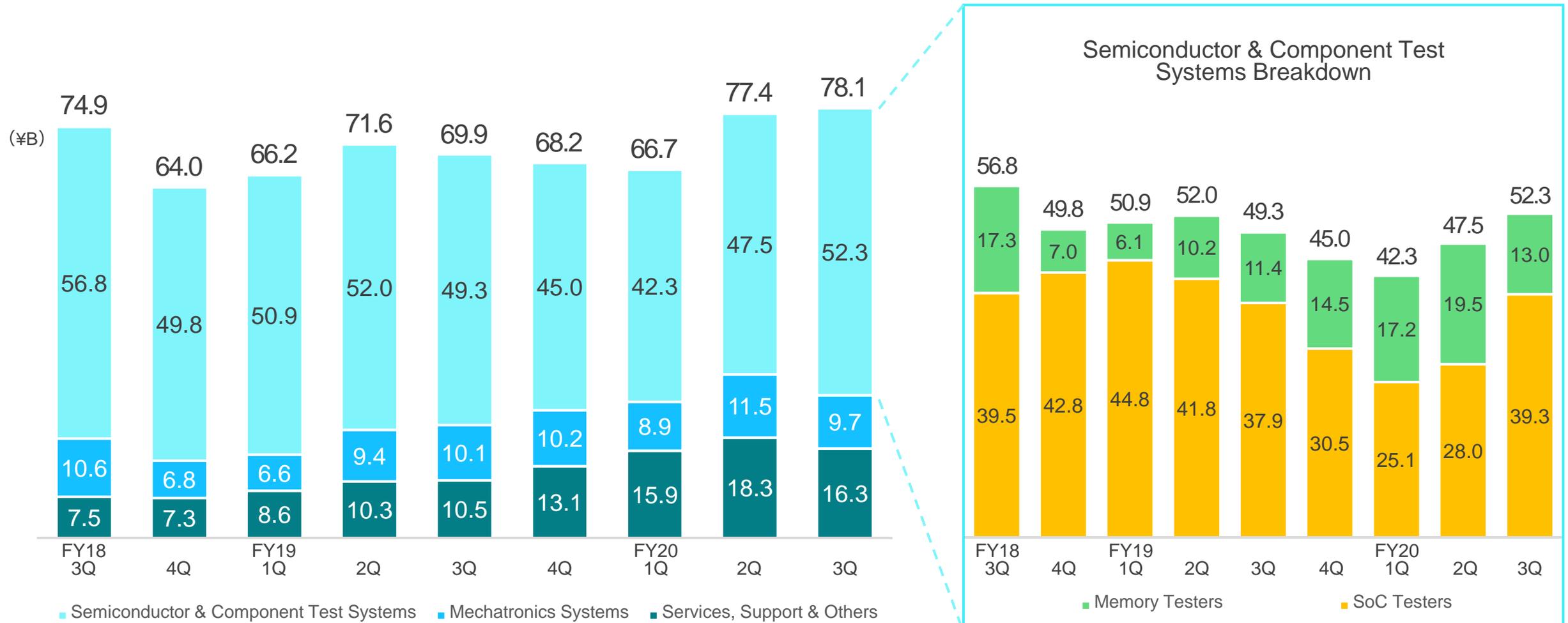
	FY19				FY20							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ		YoY		
								(Δ)	(%)	(Δ)	(%)	
Orders	65.9	58.3	72.9	90.7	61.5	64.1	95.1	+30.9	+48.2%	+22.1	+30.4%	
Sales	66.2	71.6	69.9	68.2	66.7	77.4	78.1	+0.7	+0.9%	+8.2	+11.7%	
Gross Profit	39.4	41.0	39.4	36.7	38.0	41.6	40.2	-1.5	-3.6%	+0.8	+2.0%	
Gross Margin	59.5%	57.3%	56.4%	53.8%	56.9%	53.9%	51.5%	-2.4pts		-4.9pts		
Operating Income	15.2	17.7	14.2	11.6	13.5	17.4	15.3	-2.2	-12.8%	+1.0	+6.9%	
Operating Margin	22.9%	24.8%	20.4%	17.0%	20.2%	22.6%	19.5%	-3.1pts		-0.9pts		
Income Before Tax	14.9	18.4	14.5	10.8	12.9	16.4	13.9	-2.6	-15.7%	-0.6	-4.4%	
Net Income	12.1	14.7	11.9	14.8	10.6	13.9	12.0	-1.9	-13.7%	+0.1	+0.7%	
Net Income Margin	18.3%	20.5%	17.1%	21.7%	15.8%	18.0%	15.4%	-2.6pts		-1.7pts		
Backlog increased due to M&A				+4.2								
Backlog	74.6	61.3	64.3	91.0	85.7	72.5	89.5	17.0	23.4%	+25.2	+39.2%	
Exchange Rate	1 US\$	¥111	¥108	¥108	¥110	¥108	¥107	¥105	¥2 Appreciation		¥3 Appreciation	
	1 Euro	¥125	¥121	¥119	¥121	¥118	¥123	¥124	¥1 Depreciation		¥5 Depreciation	

Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

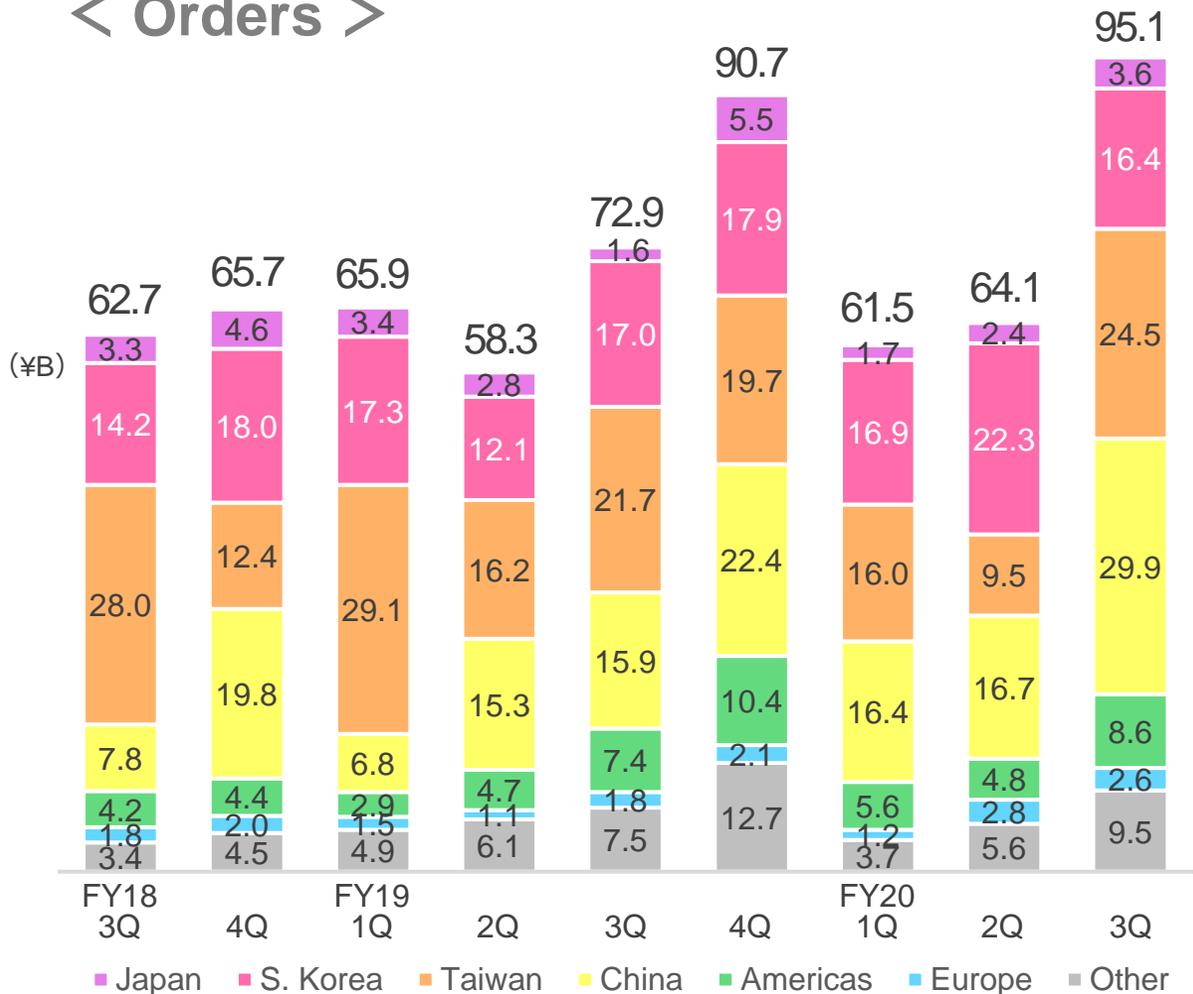
Quarterly Sales by Segment



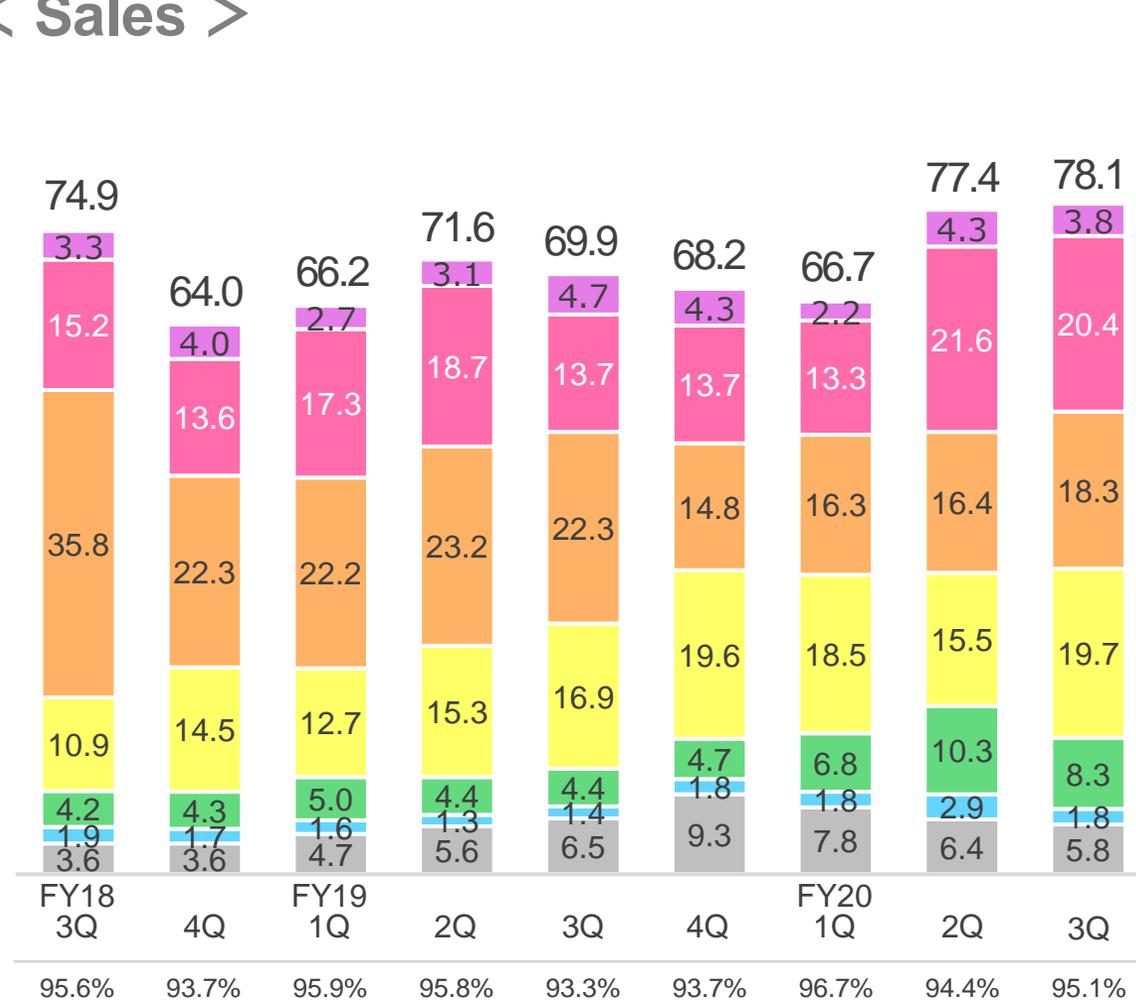
Note: Intersegment transactions have been eliminated from totals

Quarterly Orders / Sales by Region

< Orders >

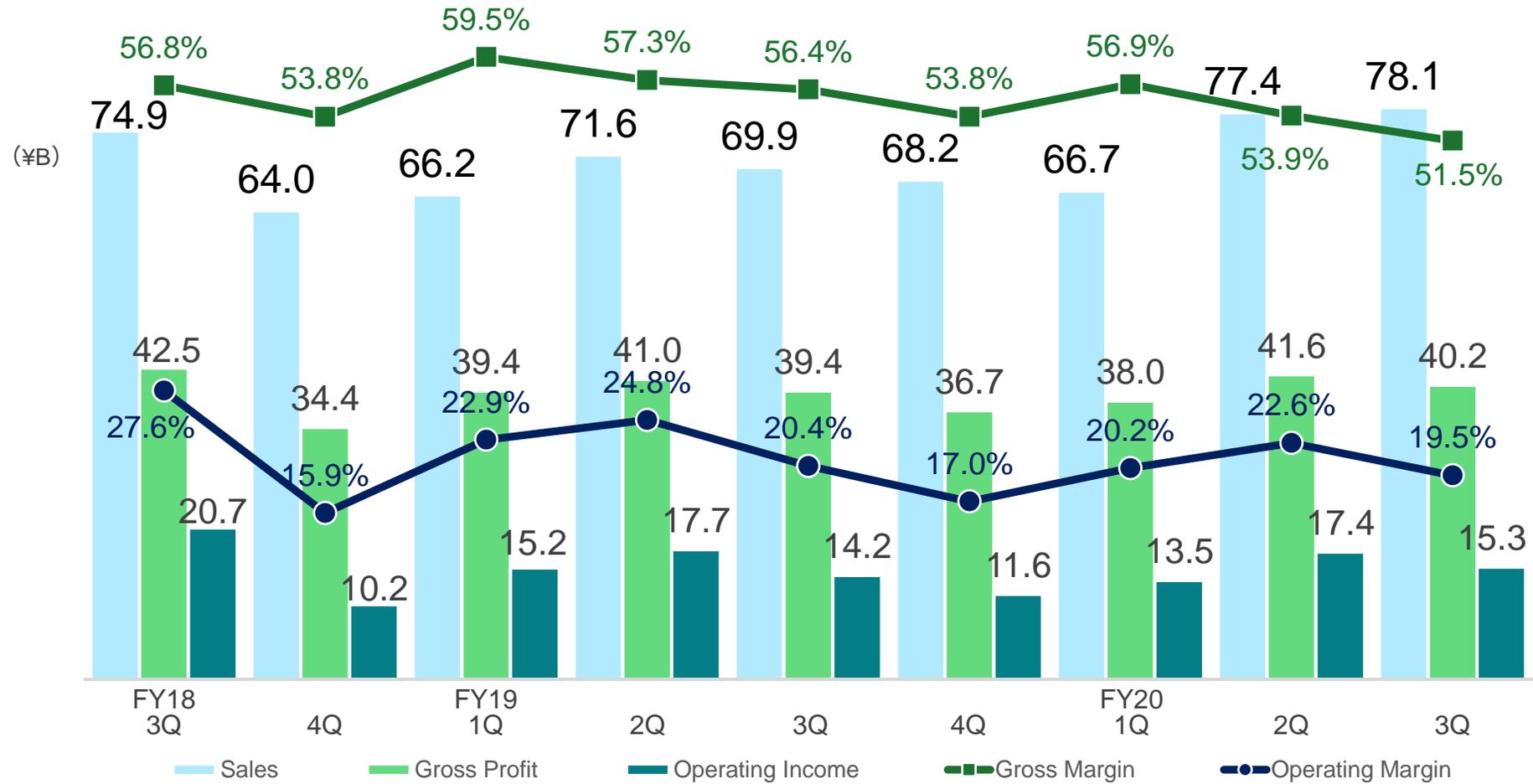


< Sales >



Overseas Sales %

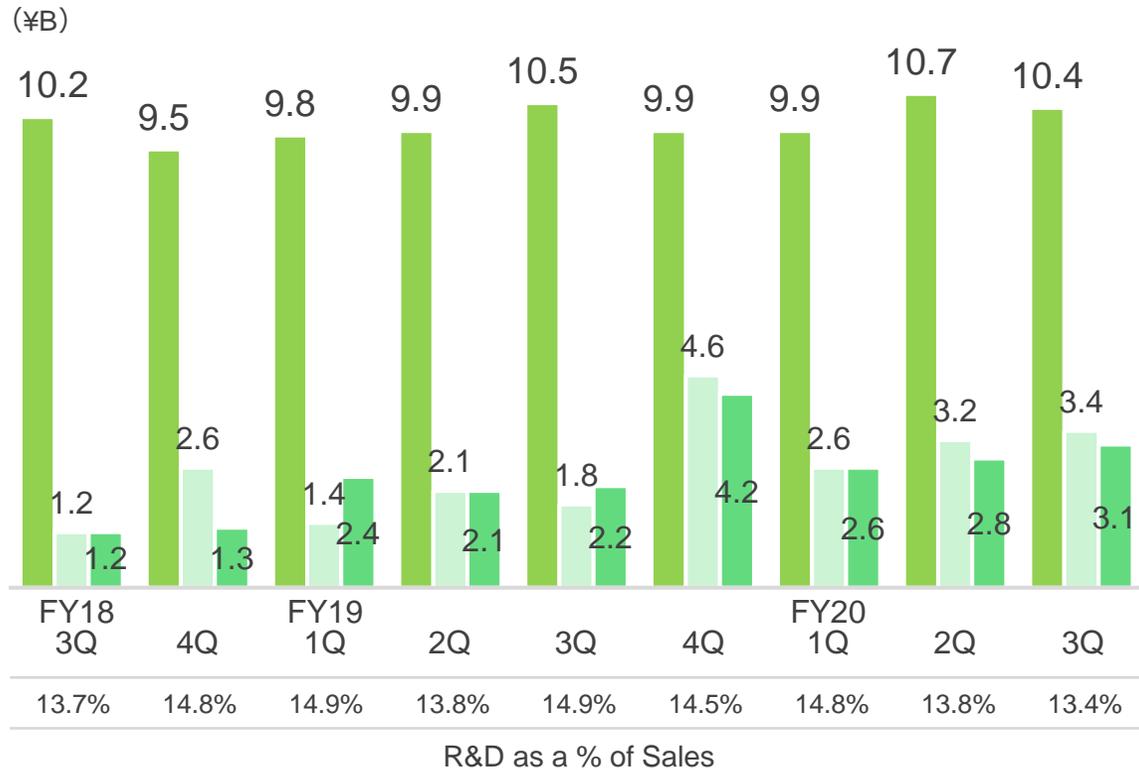
Sales / Gross Profit / Operating Income



Investments / Cash Flow

<Investments>

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



<Cash flow>

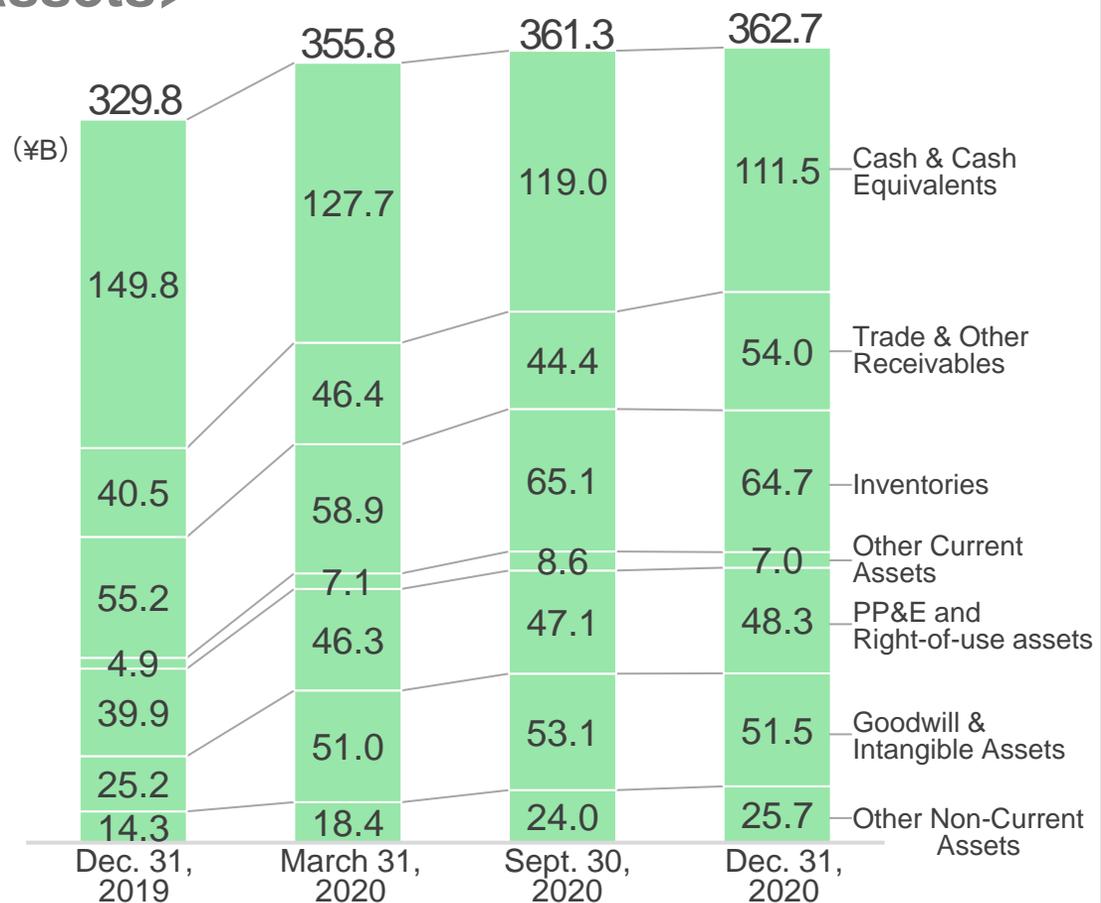
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows



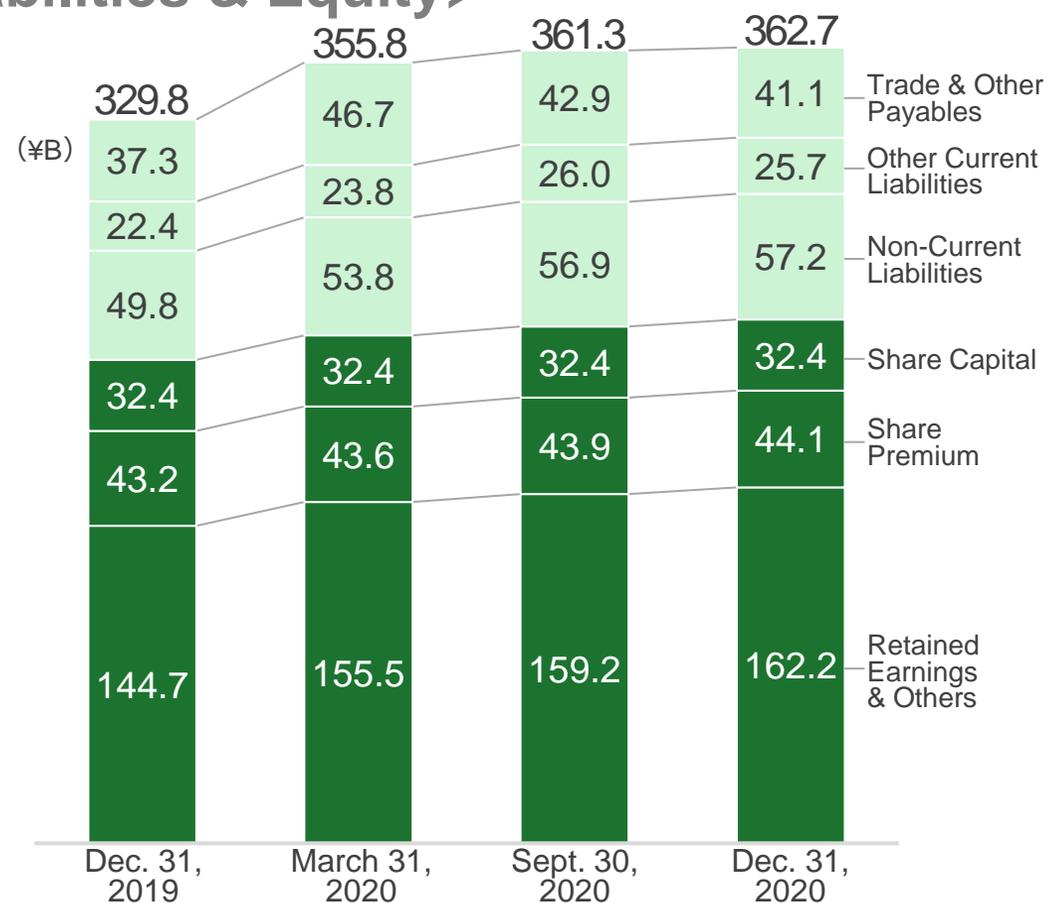
*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

Financial Position

<Assets>



<Liabilities & Equity>



Equity Attributable to Owners of the Parent	220.3	231.5	235.5	238.7
Ratio of Equity Attributable to Owners of the Parent	66.8%	65.1%	65.2%	65.8%

FY2020 Outlook

Yoshiaki Yoshida

Representative Director, President & CEO

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Semiconductor Tester Market Trends: January 2021 Outlook

CY20 Actual (Provisional)

- SoC tester market: 5G / North American smartphone-related demand and HPC tester demand remained strong and offset the impact of US-China friction
- Memory tester market: Recovery is progressing on growth in data center investment, rising demand for WFH, and expanding Chinese memory investments

CY21 Estimate

- SoC tester market: No change to the big-picture market drivers of investments in test capacity improvement, progressing in tandem with the evolution of semiconductors. Expectations for reinforcement of test for advanced-node semiconductors for HPC and 5G smartphones, as well as display driver ICs (DDI)
- Memory tester market: We expect that the trends towards advanced nodes, greater device density, and higher speeds / broader bandwidth will continue to increase demand for testers

	CY18 Actual	CY19 Actual	CY20 Actual (Provisional)	CY21 Estimate
SoC Tester Market	Approx. \$2,550M	Approx. \$2,700M	Approx. \$2,800M (October estimate: approx. \$2,700M)	Approx. \$2,800M-3,000M
Memory Tester Market	Approx. \$1,150M	Approx. \$650M	Approx. \$1,100M (October estimate: approx. \$1,000M)	Approx. \$1,100M-1,300M

FY20 Forecast

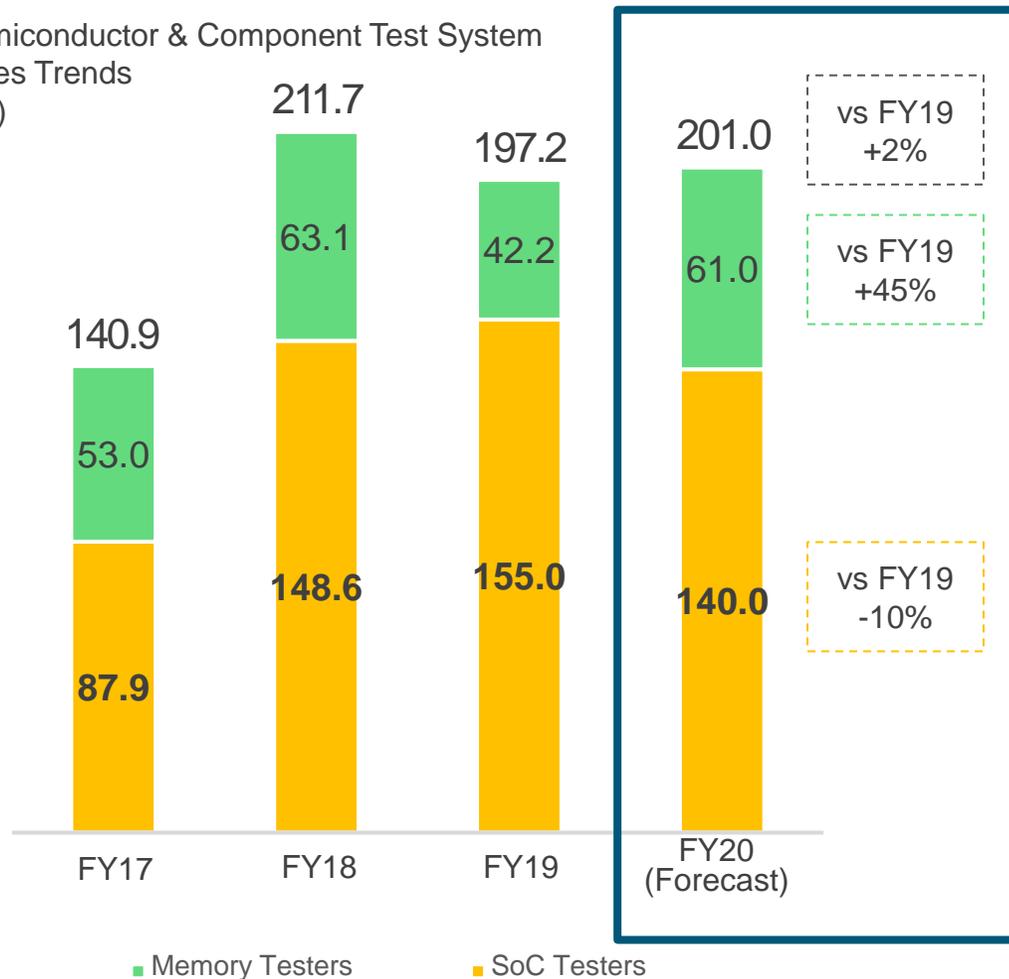
									(¥B)		
		FY19	FY20				vs. FY19		Vs. New Full-Year Forecast		
		Results	1Q Results	2Q Results	3Q Results	4Q Forecast	Full-Year Forecast	(Δ)	(%)	FY20 Forecast as of Oct.	(Δ)
Orders		287.8	61.5	64.1	95.1	89.3	310.0	+22.2	+7.7%	260.0	+50.0
Sales* ¹		275.9	66.7	77.4	78.1	82.8	305.0	+29.1	+10.5%	275.0	+30.0
Operating Income		58.7	13.5	17.4	15.3	20.8	67.0	+8.3	+14.1%	52.5	+14.5
Operating Margin		21.3%	20.2%	22.6%	19.5%	25.1%	22.0%	+0.7pts		19.1%	+2.9pts
Income Before Tax		58.6	12.9	16.4	13.9	20.8	64.0	+5.4	+9.3%	50.9	+13.1
Net Income		53.5	10.6	13.9	12.0	25.0	61.5	+8.0	+14.9%	42.5	+19.0
Net Income Margin		19.4%	15.8%	18.0%	15.4%	30.2%	20.2%	+0.8pts		15.5%	+4.7pts
Backlog		91.0	85.7	72.5	89.5	96.0	96.0	+5.0	+5.5%	76.0	+20.0
R&D Expenses		40.1	9.9	10.7	10.4	11.0	42.0	+1.9	+4.7%	41.0	+1.0
Capex		9.9	2.6	3.2	3.4	3.8	13.0	+3.1	+31.3%	12.0	+1.0
D&A		10.9	2.6	2.8	3.1	3.0	11.5	+0.6	+5.5%	11.0	+0.5
Exchange Rate* ²	1 US\$	¥109	¥108	¥107	¥105	¥105	¥106	¥3 Appreciation		¥106	-
	1 Euro	¥121	¥118	¥123	¥124	¥125	¥122	¥1 Depreciation		¥120	¥2 Depreciation

*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY20 operating income is plus ¥700 million per 1 yen of JPY depreciation vs USD, and minus ¥150 million per 1 yen of JPY depreciation vs the euro

FY20 Outlook by Segment

Semiconductor & Component Test System Sales Trends (¥B)



Semiconductor & Component Test Systems

<SoC Testers> (+¥23.0B vs Oct. forecast)

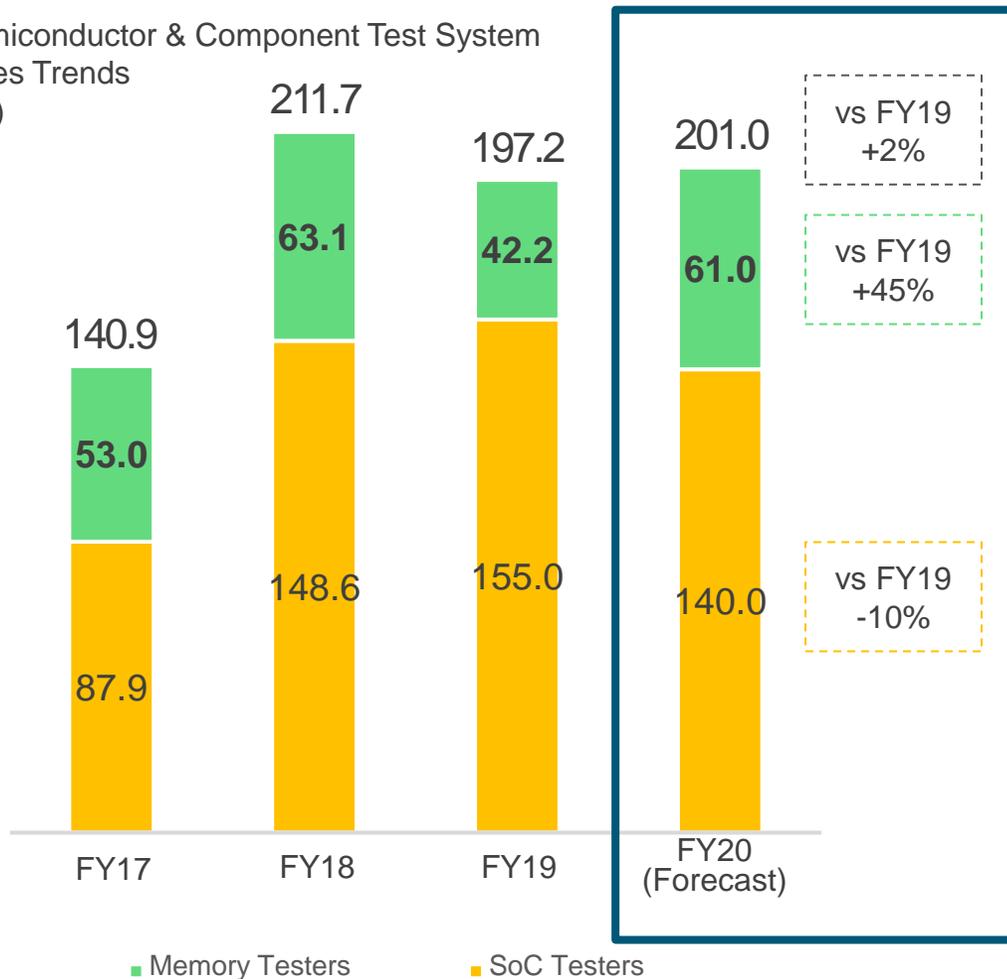
- Competition among smartphone players sparked higher-than expected tester demand for SoC semiconductors such as application processors (APU) and DDI products. We have significantly raised our full-year sales forecast
- In the DDI space, we are seeing growing demand related to the transition to TDDI, which is driven by the increasing functionality of display panels
- We also anticipate growth centered on HPC and 5G smartphones in 4Q

[Progress toward mid-term sales growth targets (forecast)]

	FY15-17 average	FY18-20 average	Change
SoC Testers	¥79.1B	¥147.9B	+87%
Memory Testers	¥35.3B	¥55.4B	+57%
Total	¥114.2B	¥203.3B	+78%

FY20 Outlook by Segment

Semiconductor & Component Test System Sales Trends (¥B)



Semiconductor & Component Test Systems

<Memory Testers> (+¥4.0B vs Oct. forecast)

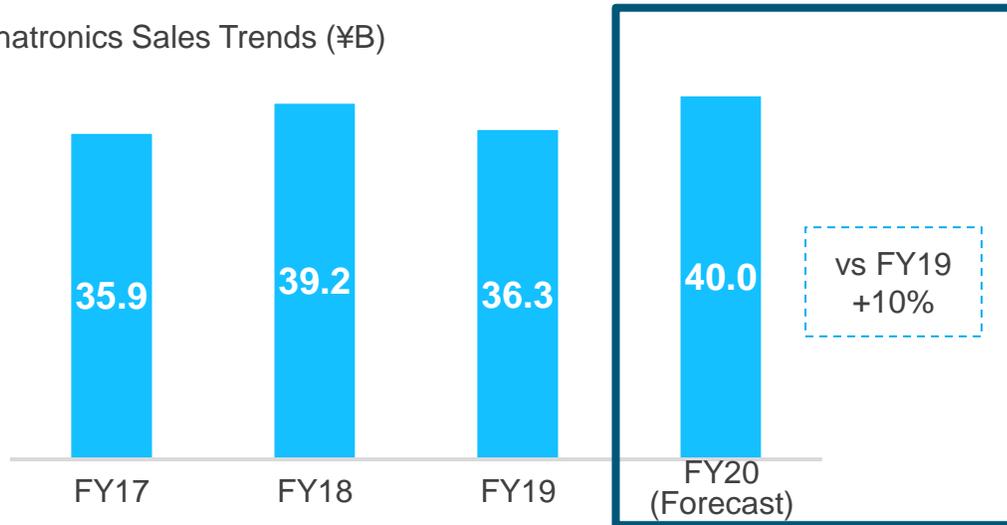
- Demand for server memory linked to data center investment and high-performance memory for game consoles is driving tester sales
- Chinese customers' capital investments in capacity expansion also remain firm
- In 4Q we expect strong inquiries for both DRAM and Non-Volatile Memory (NVM) testers

[Progress toward mid-term sales growth targets (forecast)]

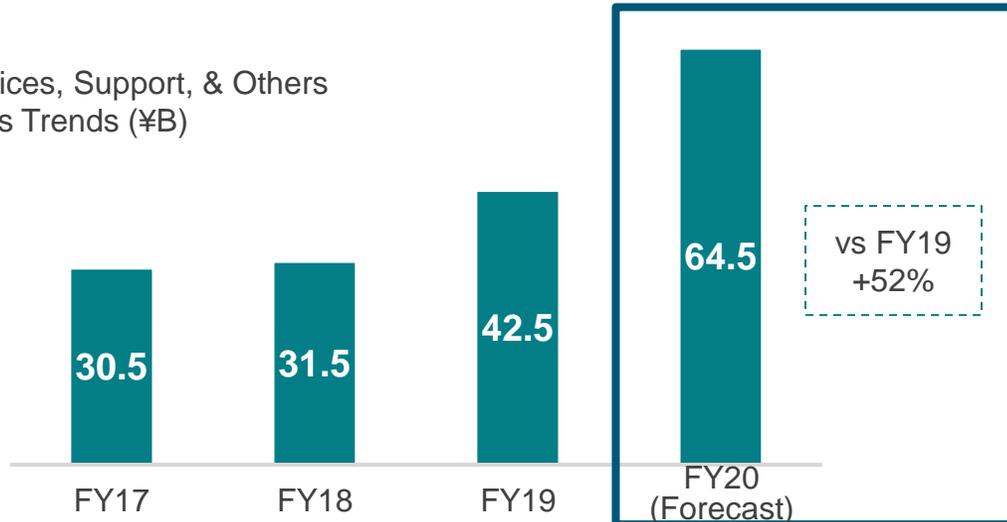
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Total	¥114.2B	¥203.3B	+78%

FY20 Outlook by Segment

Mechatronics Sales Trends (¥B)



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



Mechatronics Systems (+¥2.0B vs Oct. forecast)

- Sales of interface products, which are highly correlated with memory testers, are expanding

[Progress toward mid-term sales growth targets (forecast)]

	FY15-17 average	FY18-20 average	Change
Mechatronics Systems	¥30.9B	¥38.5B	+25%

Services, Support, & Others (+¥1.5B vs Oct. forecast)

- In addition to the effect of our Essai acquisition, the system level test business is performing well in general. Sales are expected to increase significantly YoY
- Our field service business also remains firm due to increasing installations

[Progress toward mid-term sales growth targets (forecast)]

	FY15-17 average	FY18-20 average	Change
Services, Support & Others	¥30.0B	¥46.2B	+54%

Summary

- In CY20, WFH-related demand, active investment in data centers, and continuing smartphone-related semiconductor performance gains buoyed the tester market, despite the COVID-19 pandemic
- Equipment surpluses in the smartphone-related supply chain caused by US-China conflict had been virtually cleared by 3Q
- The improving business environment encourages us to aim for record high orders and sales in FY20. We have raised our full-year orders forecast by (Y) 50.0 billion and our sales forecast by (Y) 30.0 billion. We expect to achieve all of the targets set under our current mid-term management plan
- The tester market is expected to grow again in CY21, although it is unclear when the COVID-19 pandemic will be deemed to be over and when the global economy will recover
- We will continue to stay alert for any impact on procurement or manufacturing due to lockdowns, or any slowdown in supply chains, and ensure that we remain able to provide products and services as normal

ESG & External Evaluation

Published “Integrated Annual Report 2020”



Advantest joined RE100, an international initiative that supports businesses in transitioning to 100% renewable energy sources

Advantest China was honored in the 2020-2021 Mercer China Healthiest Workplace Awards

Advantest was named as a "Winner Company" in the JACD Corporate Governance of the Year®* 2020 Awards



Corporate Governance of The Year