



ADVANTEST®

FY2021 1Q
(Three months ended June 30th, 2021)
Financial Briefing

July 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.

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- 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 FY2021 1Q

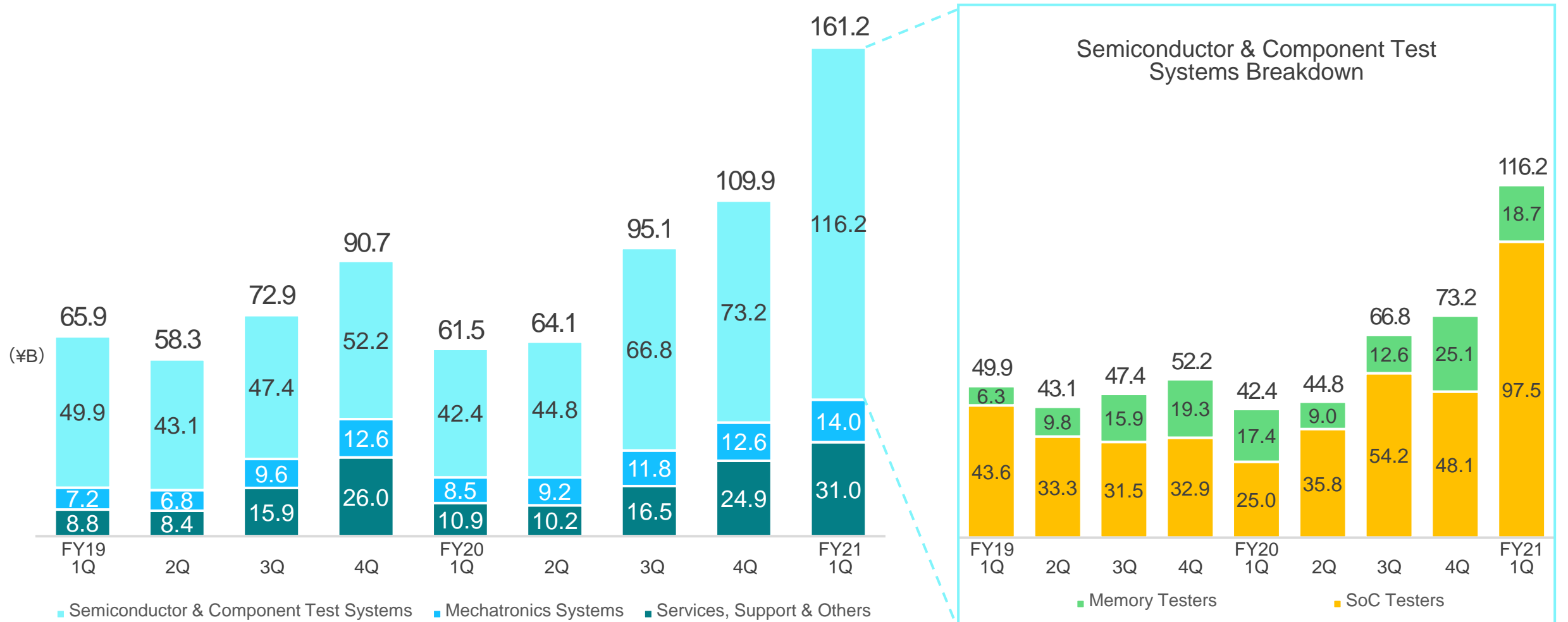
Atsushi Fujita
Director, Senior Executive Officer

FY21 1Q Summary of Results

(¥B)

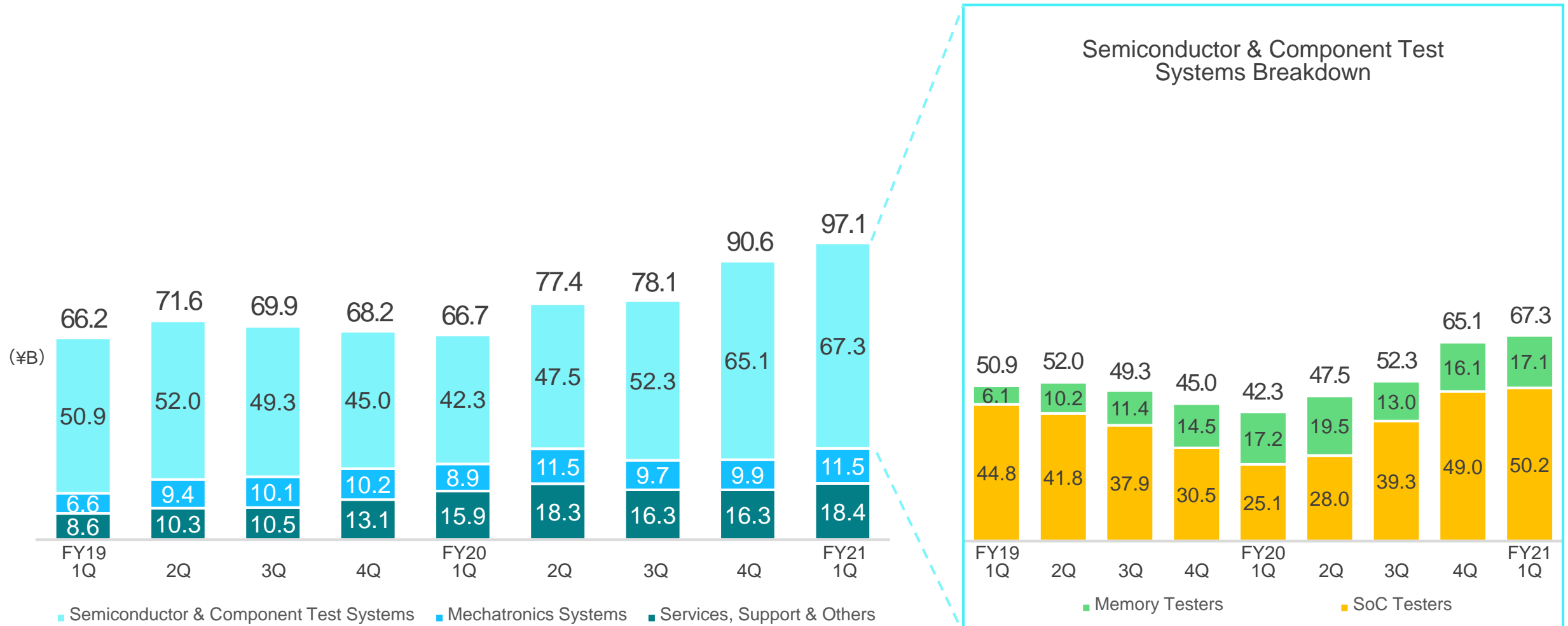
	FY20				FY21				
	1Q	2Q	3Q	4Q	1Q	QoQ		YoY	
						(Δ)	(%)	(Δ)	(%)
Orders	61.5	64.1	95.1	109.9	161.2	+51.3	+46.6%	+99.8	+2.6x
Sales	66.7	77.4	78.1	90.6	97.1	+6.5	+7.2%	+30.4	+45.5%
Gross Profit	38.0	41.6	40.2	48.5	54.7	+6.3	+12.9%	+16.8	+44.2%
Gross Margin	56.9%	53.9%	51.5%	53.5%	56.4%	+2.9pts		-0.5pts	
Operating Income	13.5	17.4	15.3	24.5	26.1	+1.6	+6.4%	+12.7	+94.1%
Operating Margin	20.2%	22.6%	19.5%	27.1%	26.9%	-0.2pts		+6.7pts	
Income Before Tax	12.9	16.4	13.9	26.4	25.7	-0.7	-2.7%	+12.8	+99.6%
Net Income	10.6	13.9	12.0	33.3	19.3	-13.9	-41.9%	+8.8	+83.4%
Net Income Margin	15.8%	18.0%	15.4%	36.7%	19.9%	-16.8pts		+4.1pts	
Backlog	85.7	72.5	89.5	108.8	172.9	+64.1	+58.9%	+87.2	+2.0x
Exchange Rate	1 US\$	¥108	¥107	¥105	¥104	¥109	¥5 Depreciation		¥1 Depreciation
	1 Euro	¥118	¥123	¥124	¥127	¥131	¥4 Depreciation		¥13 Depreciation

Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

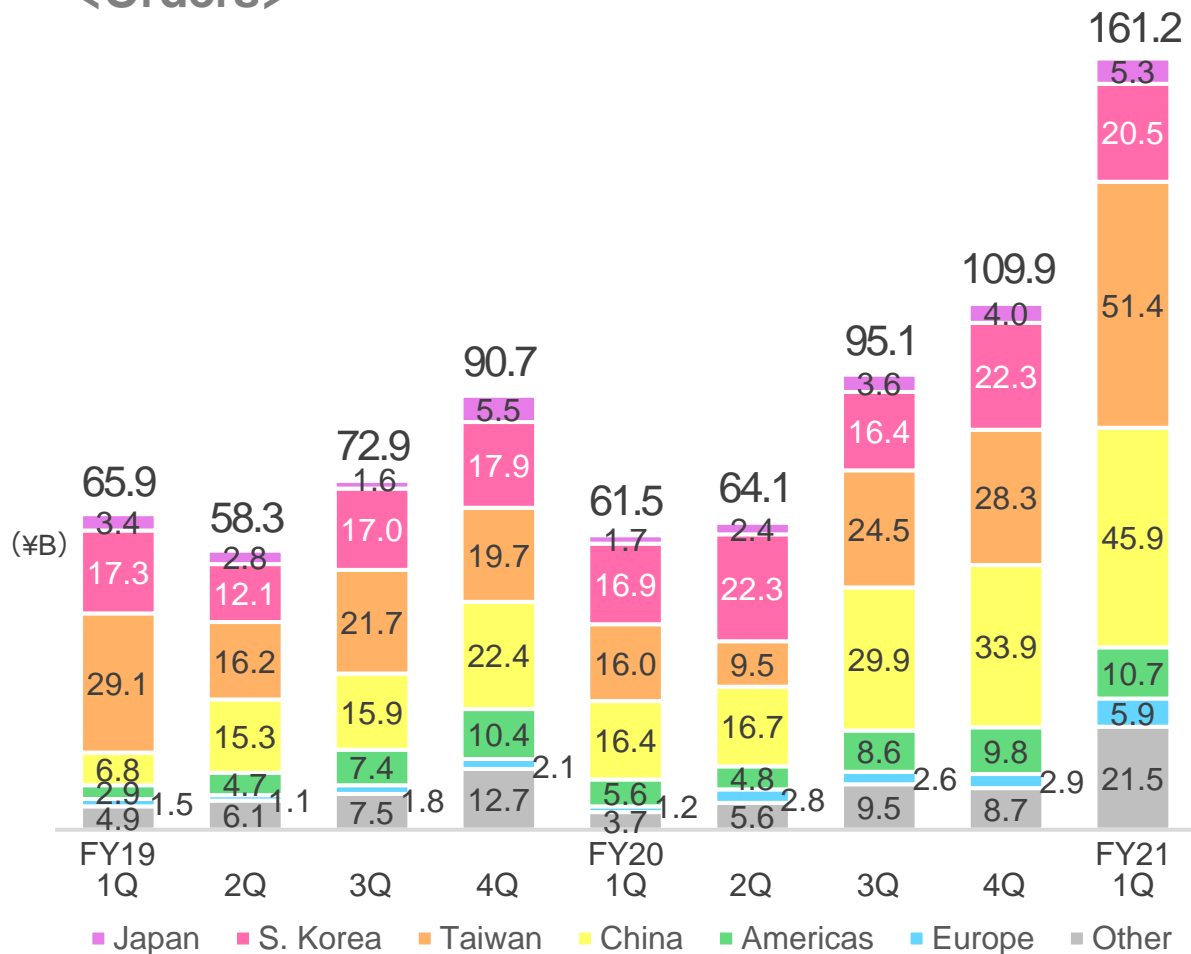
Quarterly Sales by Segment



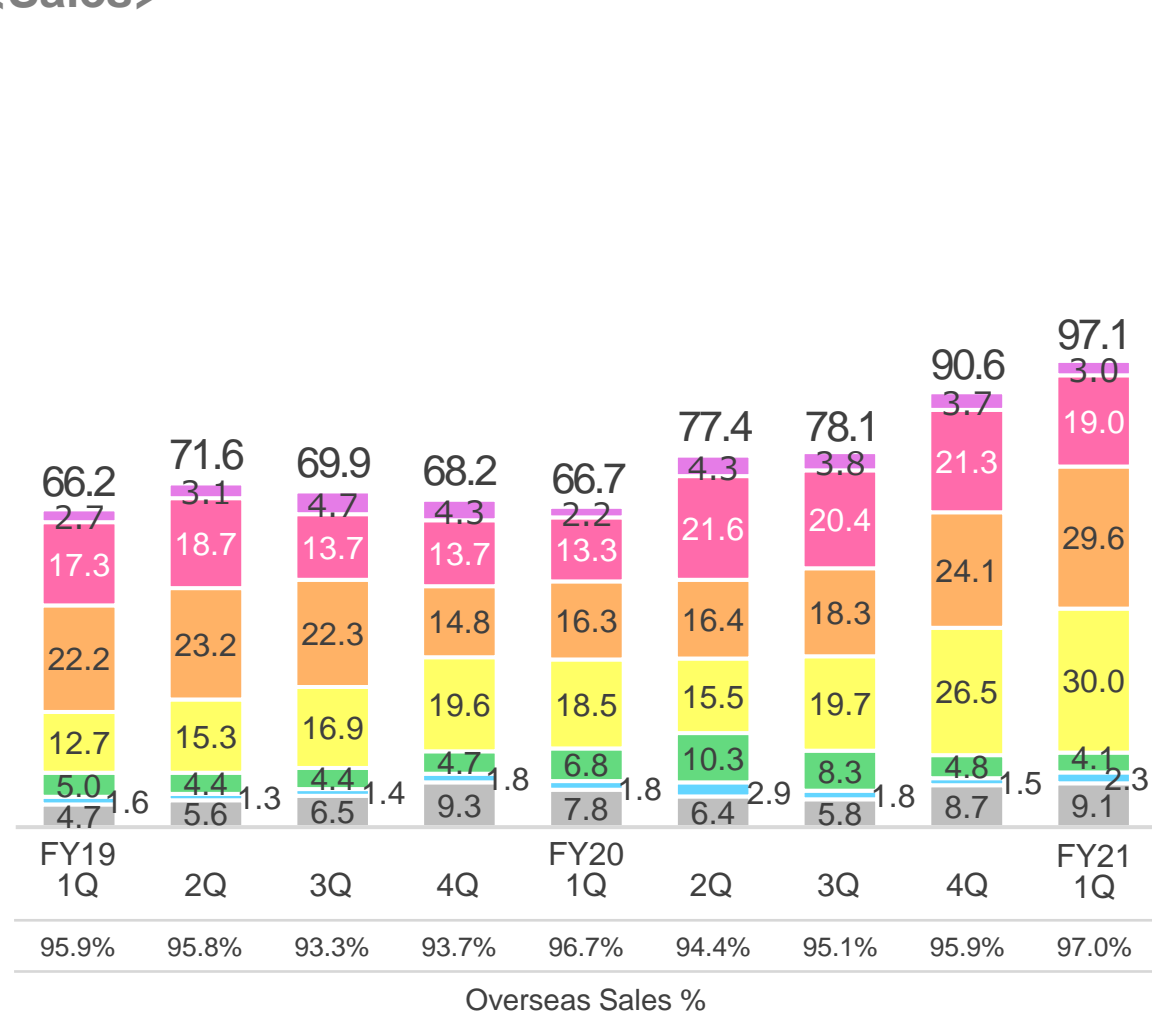
Note: Intersegment transactions have been eliminated from totals

Quarterly Orders / Sales by Region

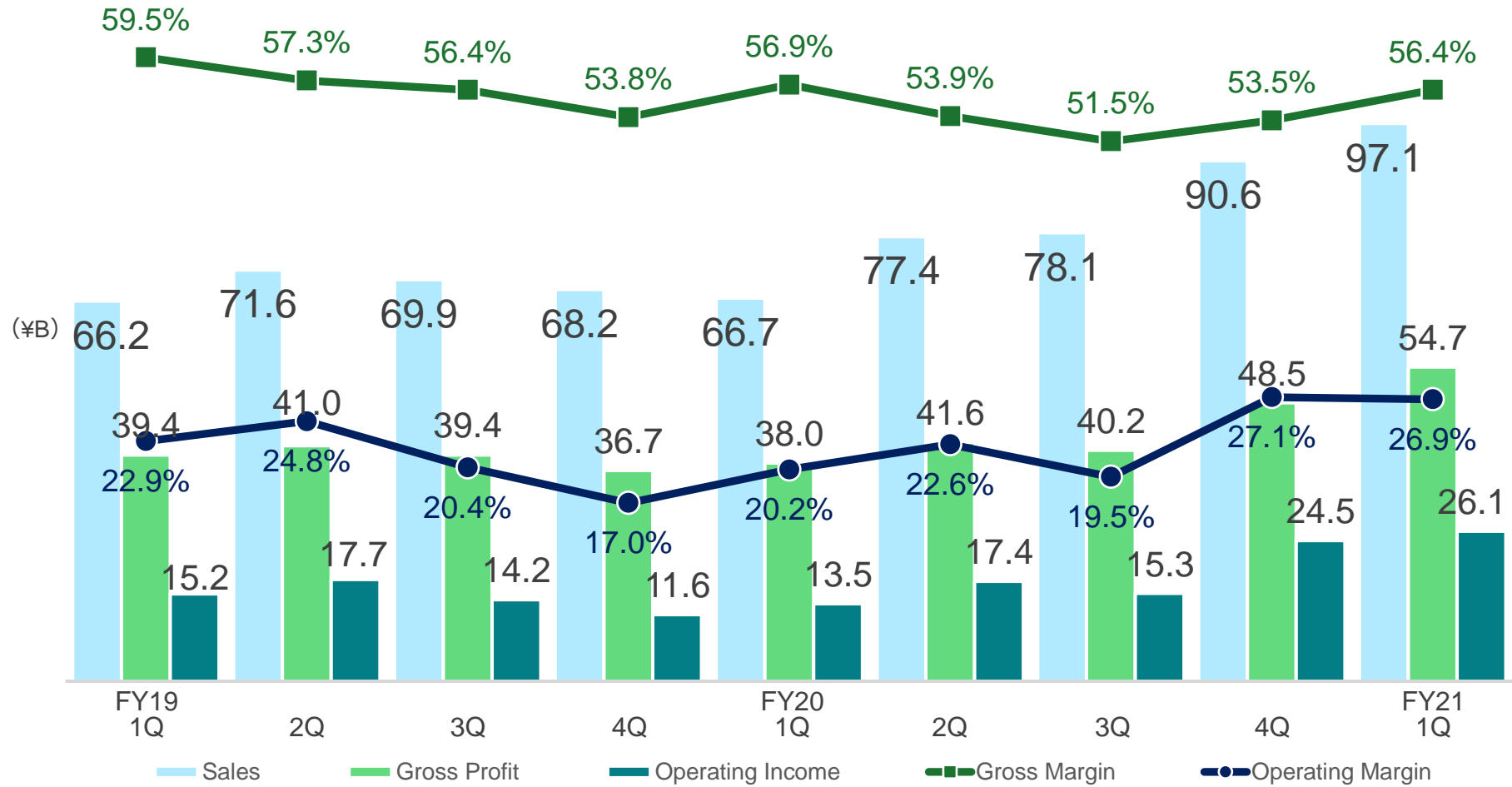
<Orders>



<Sales>



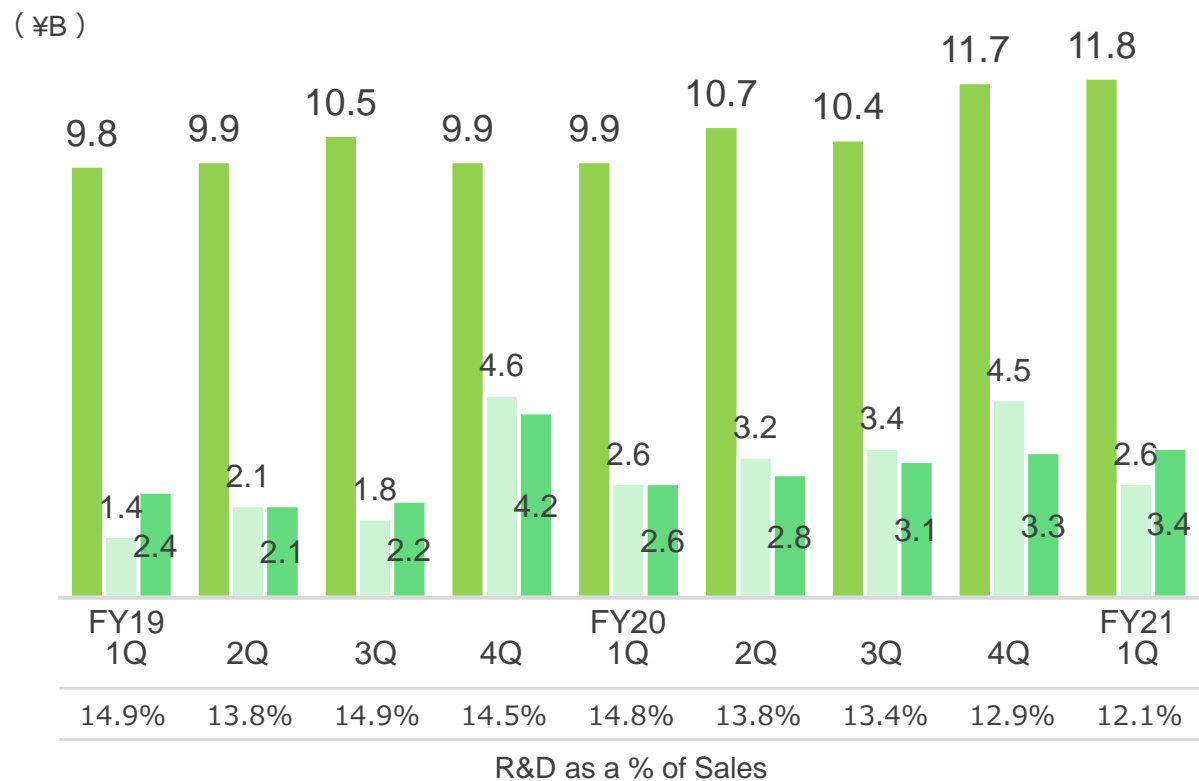
Sales / Gross Profit / Operating Income



Investments / Cash Flow

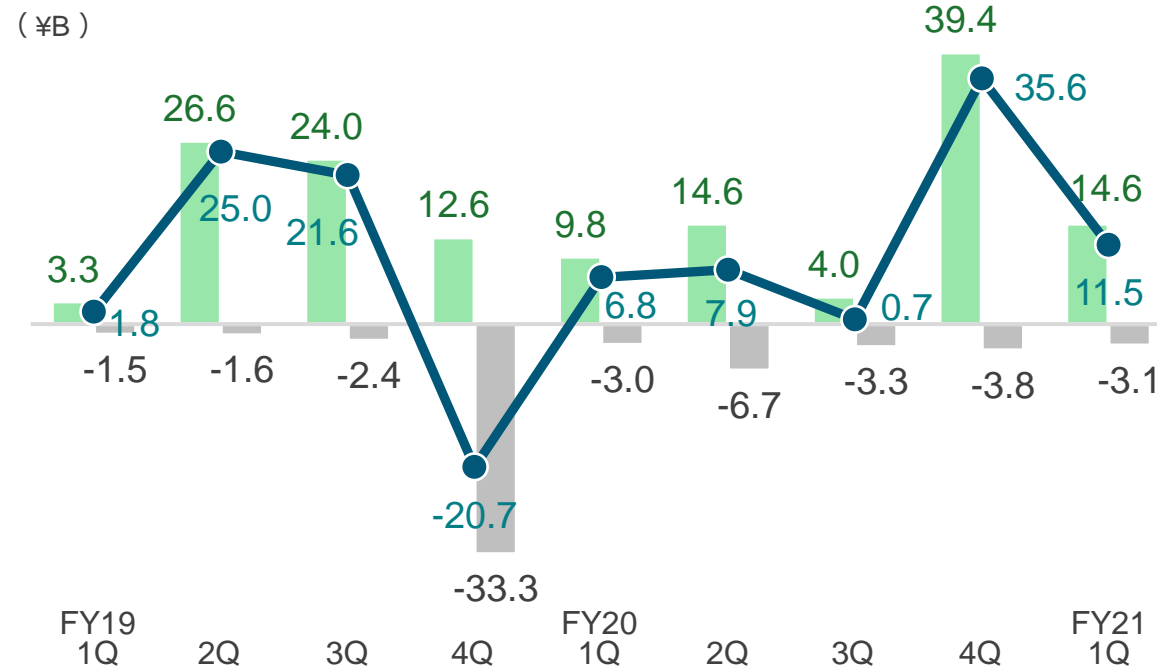
<Investments>

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



<Cash flow>

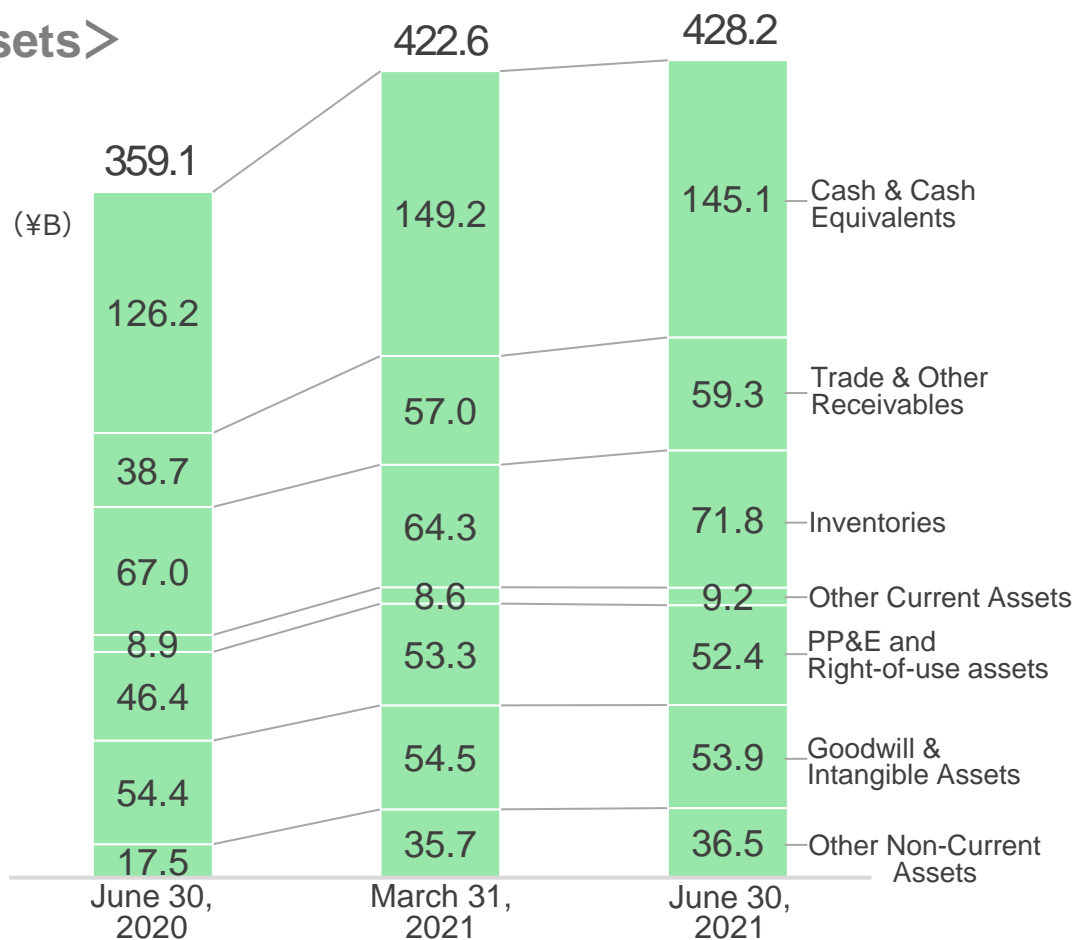
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows



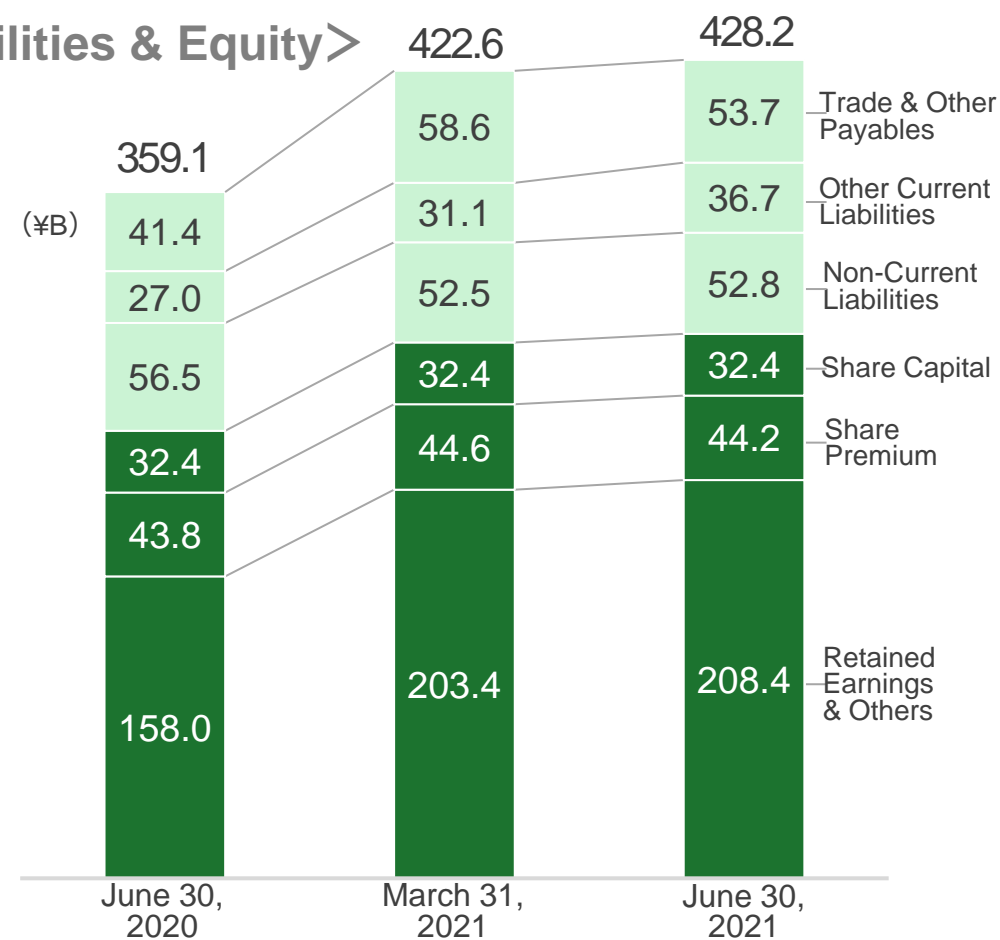
*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

Financial Position

<Assets>



<Liabilities & Equity>



Equity Attributable to Owners of the Parent	234.2	280.4	285.0
Ratio of Equity Attributable to Owners of the Parent	65.2%	66.3%	66.6%

FY2021 Outlook

Yoshiaki Yoshida

Representative Director, President & CEO

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Semiconductor Tester Market Trends: July 2021 Outlook

CY21 Estimate

Amidst the ongoing "digital revolution" and the push to improve energy efficiency, customers are actively forging ahead with investments in production capacity enhancements and higher semiconductor performance in major regions

– SoC Tester Market Size: Approximately \$3.8B

- The rollout of new APU and HPC devices, and the increasing complexity of these and other devices, should support continuing high tester utilization ratios for the time being. We anticipate further increases in investments to expand test capacity, mainly for high-end SoCs
- Demand for automotive and other applications is trending more strongly than expected, another factor in our decision to raise our market size outlook

– Memory Tester Market Size: Approximately \$1.4B

- Device evolution in areas such as miniaturization, multilayer NAND, and higher speeds / bandwidths, impelled by the "digital revolution," is continuing to drive tester demand

	CY20 Actual	CY21 Estimate
SoC Tester Market	Approx. \$3.0B	Approx. \$3.8B (April estimate: \$3.4B~)
Memory Tester Market	Approx. \$1.2B	Approx. \$1.4B (April estimate: \$1.3B~)

Source: Advantest

FY21 Forecast

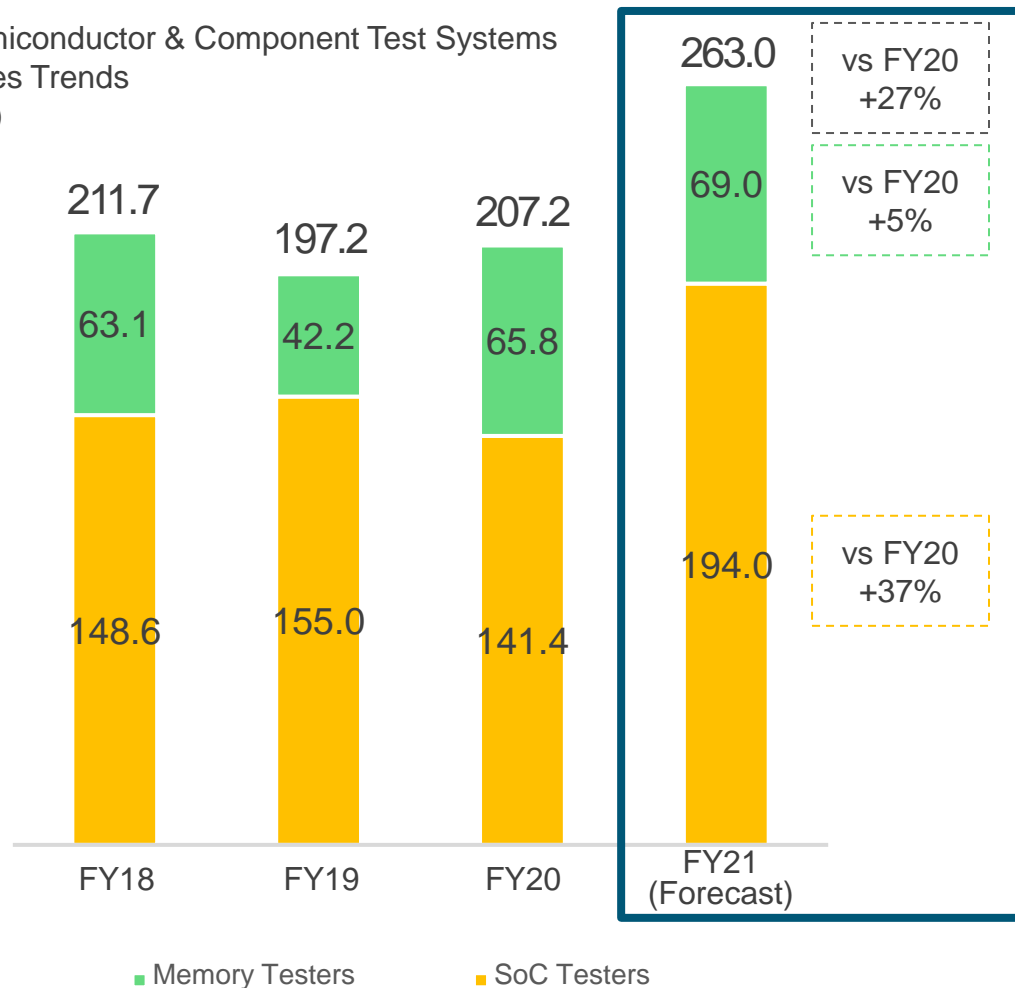
	FY20	FY21							(¥B)		
		Results	1H		2H		Full-Year Forecast	vs. FY20		vs. New Full-Year Forecast	
			1Q Results	2Q Forecast	Forecast	Forecast		(Δ)	(%)	FY21 Forecast as of April	(Δ)
Orders	330.6	161.2	98.8	260.0	140.0	400.0	+69.4	+21.0%	350.0	+50.0	
Sales*1	312.8	97.1	93.9	191.0	194.0	385.0	+72.2	+23.1%	350.0	+35.0	
Operating Income	70.7	26.1	23.5	49.6	50.4	100.0	+29.3	+41.4%	85.0	+15.0	
Operating Margin	22.6%	26.9%	25.0%	26.0%	26.0%	26.0%	+3.4pts		24.3%	+1.7pts	
Income Before Tax	69.6	25.7	23.5	49.2	50.8	100.0	+30.4	+43.6%	85.0	+15.0	
Net Income	69.8	19.3	17.6	36.9	38.1	75.0	+5.2	+7.5%	64.0	+11.0	
Net Income Margin	22.3%	19.9%	18.7%	19.3%	19.6%	19.5%	-2.8pts		18.3%	+1.2pts	
Backlog	108.8	172.9	177.8	177.8	123.8	123.8	+15.0	+13.8%	108.8	+15.0	
R&D Expenses	42.7	11.8	11.7	23.5	23.5	47.0	+4.3	+10.1%	46.0	+1.0	
Capex	13.7	2.6	5.4	8.0	7.0	15.0	+1.3	+9.5%	15.0	-	
D&A	11.8	3.4	3.3	6.7	6.8	13.5	+1.7	+14.4%	13.5	-	
Exchange Rate*2	1 US\$	¥106	¥109	¥110	¥110	¥110	¥110	¥4 Depreciation	¥105	¥5 Depreciation	
	1 Euro	¥123	¥131	¥135	¥133	¥135	¥134	¥11 Depreciation	¥130	¥4 Depreciation	

*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY21 operating income is plus ¥1,000 million per 1 yen of JPY depreciation vs USD, and minus ¥150 million per 1 yen of JPY depreciation vs the Euro

FY21 Outlook by Segment

Semiconductor & Component Test Systems
Sales Trends
(¥B)



Semiconductor & Component Test Systems

<SoC Testers> (+¥25.0B vs April forecast)

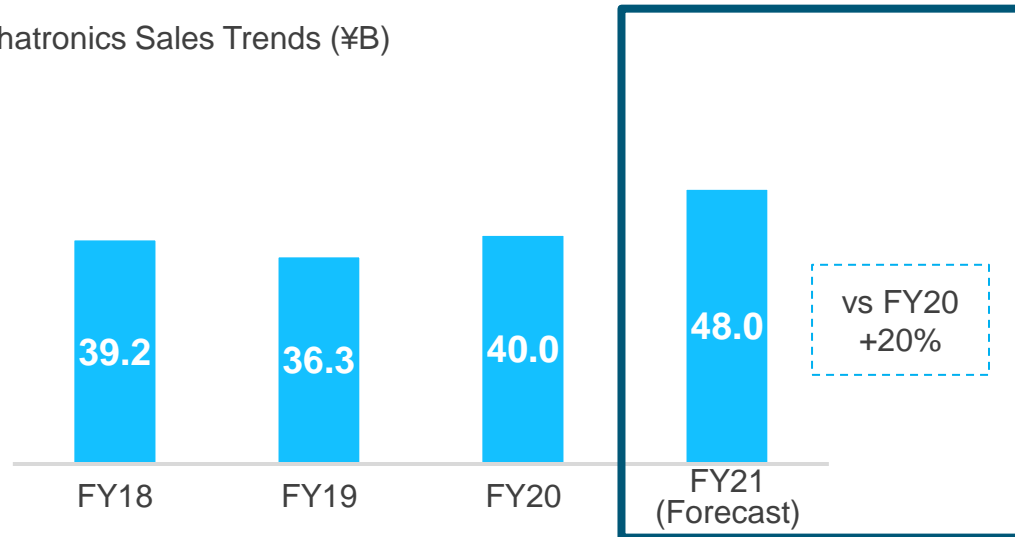
- Strides in semiconductor complexity through the adoption of advanced processes for APU and HPC devices are driving strong demand for testers
- Capacity expansion to solve semiconductor shortages, mainly in the automotive and industrial equipment sectors, also supports tester demand

<Memory Testers> (+¥1.0B vs April forecast)

- We anticipate higher sales, mainly for high-speed DRAM testers, where Advantest is particularly competitive

FY21 Outlook by Segment

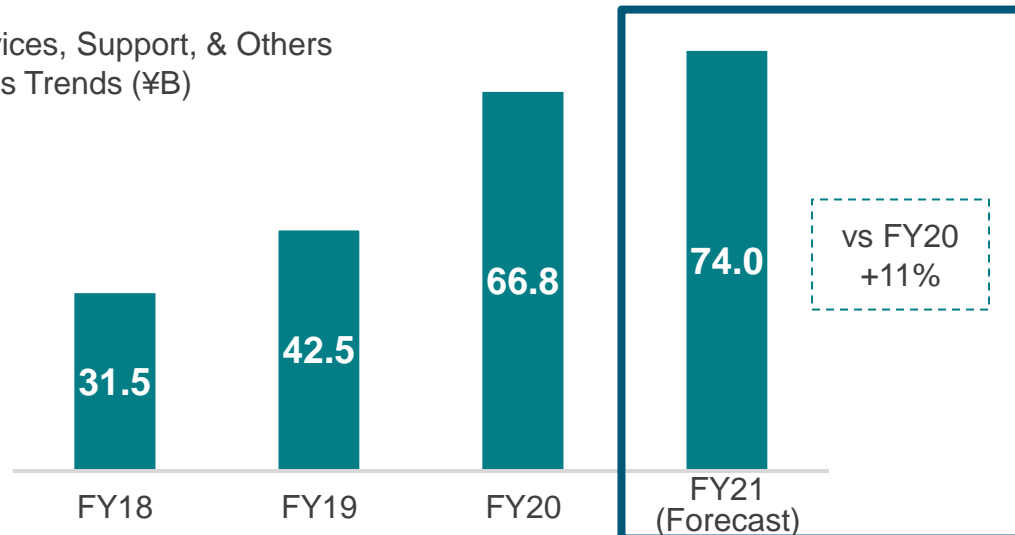
Mechatronics Sales Trends (¥B)



Mechatronics Systems (+¥6.0B vs April Forecast)

- Robust demand for device interfaces and test handlers is being supported by demand for memory testers
- Demand for nanotechnology products is increasing amidst the wider adoption of EUV lithography

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



Services, Support, & Others (+¥3.0B vs April Forecast)

- Demand for system-level test products has increased, mainly due to the mainstreaming of high-spec SSDs and the strength of the server and PC markets
- In addition, as our installed base increases, demand for field services is also steadily increasing

Concerning Share Repurchase

<Shareholder Return Policy Under the 2nd Mid-Term Management Plan (MTP2)>

- On the premise of a stable business environment during the MTP2 period, we have changed our return policy from the performance-linked semi-annual dividend payout ratio of 30% to a minimum amount of ¥50 per share semi-annually and ¥100 per share annually
- Our target is a total annual return ratio of 50% or more, including share repurchase
- On consideration of newly generated operating cash flow during the period, as well as cash on hand, we will flexibly consider share repurchase to enhance shareholder returns and improve capital efficiency

(However, there is a possibility that we may not be able to disburse the targeted level of shareholder returns due to the occurrence of investment growth opportunities that require more funds than expected, and / or the deterioration of business performance due to changes in our market.)



- Type of shares to be acquired: Shares of common stock
- Total number of shares to be acquired: Up to 10 million shares (Equivalent to 5.1% of outstanding shares excluding treasury stock)
- Total cost of acquisition: Up to ¥70 billion
- Period of acquisition: From August 2, 2021 to March 24, 2022

Summary

- The "digital revolution," accelerated by the global response to the COVID-19 pandemic, has greatly boosted semiconductor demand. Customers are actively forging ahead with investments in production capacity enhancements and higher semiconductor performance in major regions
- Based on a significant increase in 1Q orders and our future outlook, we have revised our full-year forecast upwards for orders by ¥50 billion, and for sales by ¥35 billion. We aim for operating income in excess of ¥100 billion, a record high
- The rollout of new APU and HPC devices, and the increasing complexity of these and other devices, should support continuing high tester utilization ratios for the time being. We foresee that strong demand for testers will continue in step with movements to solve the shortage of semiconductors
- To enhance shareholder returns and improve capital efficiency, we will repurchase up to 10 million shares at a cost of up to ¥70 billion
- Amidst strong demand, the first year of our second mid-term management plan is off to a good start, and we aim to achieve the targets of the plan while being fully alert to the following risks:
 - (1) Difficulty in parts / materials procurement due to supply chain bottlenecks
 - (2) Decrease in demand due to delays in the highly-anticipated global economic recovery
 - (3) Potential impacts from US-China conflict and economic security policies on the semiconductor industry