

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 or a similar mechanical component, with concentric rings and intricate internal details. The overall color palette is light gray and white, with the text in a dark red/maroon color.

**ADVANTEST®**

**FY2020 2Q**  
**(Three months ended September 30th, 2020)**  
**Financial Briefing**

October 29th, 2020  
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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# Financial Results for FY2020 2Q

Atsushi Fujita

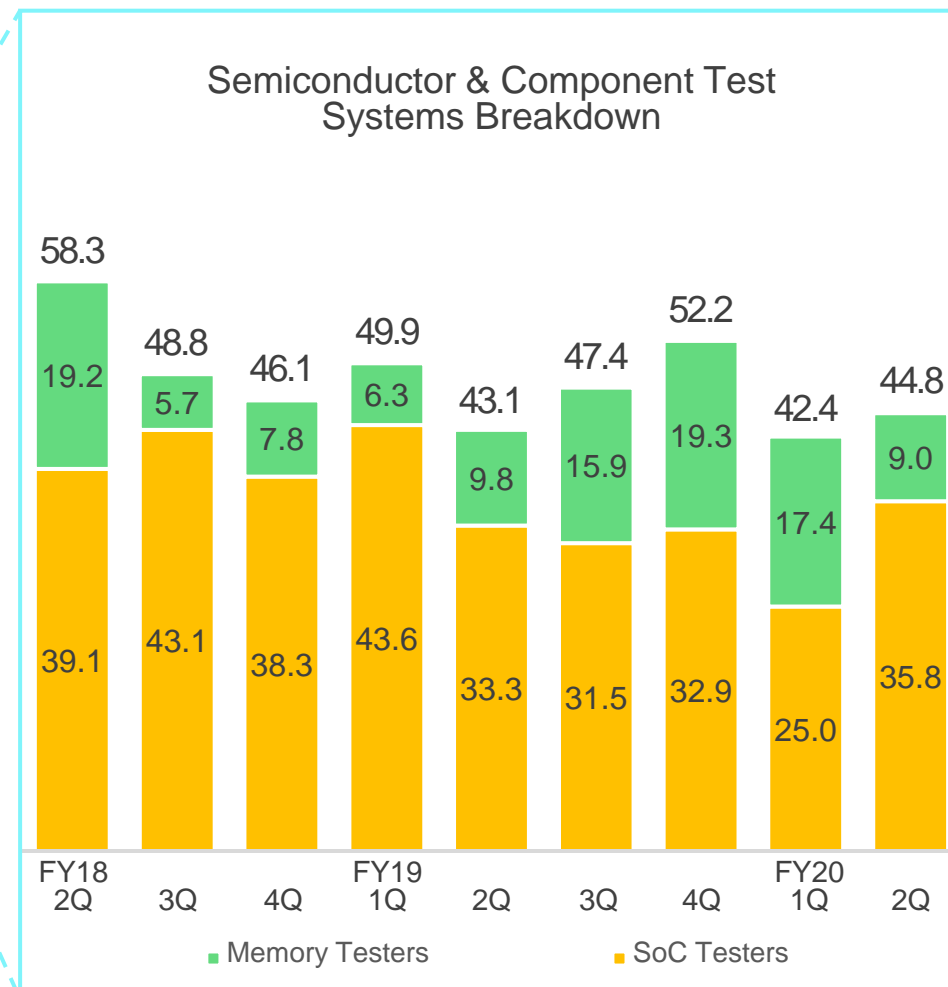
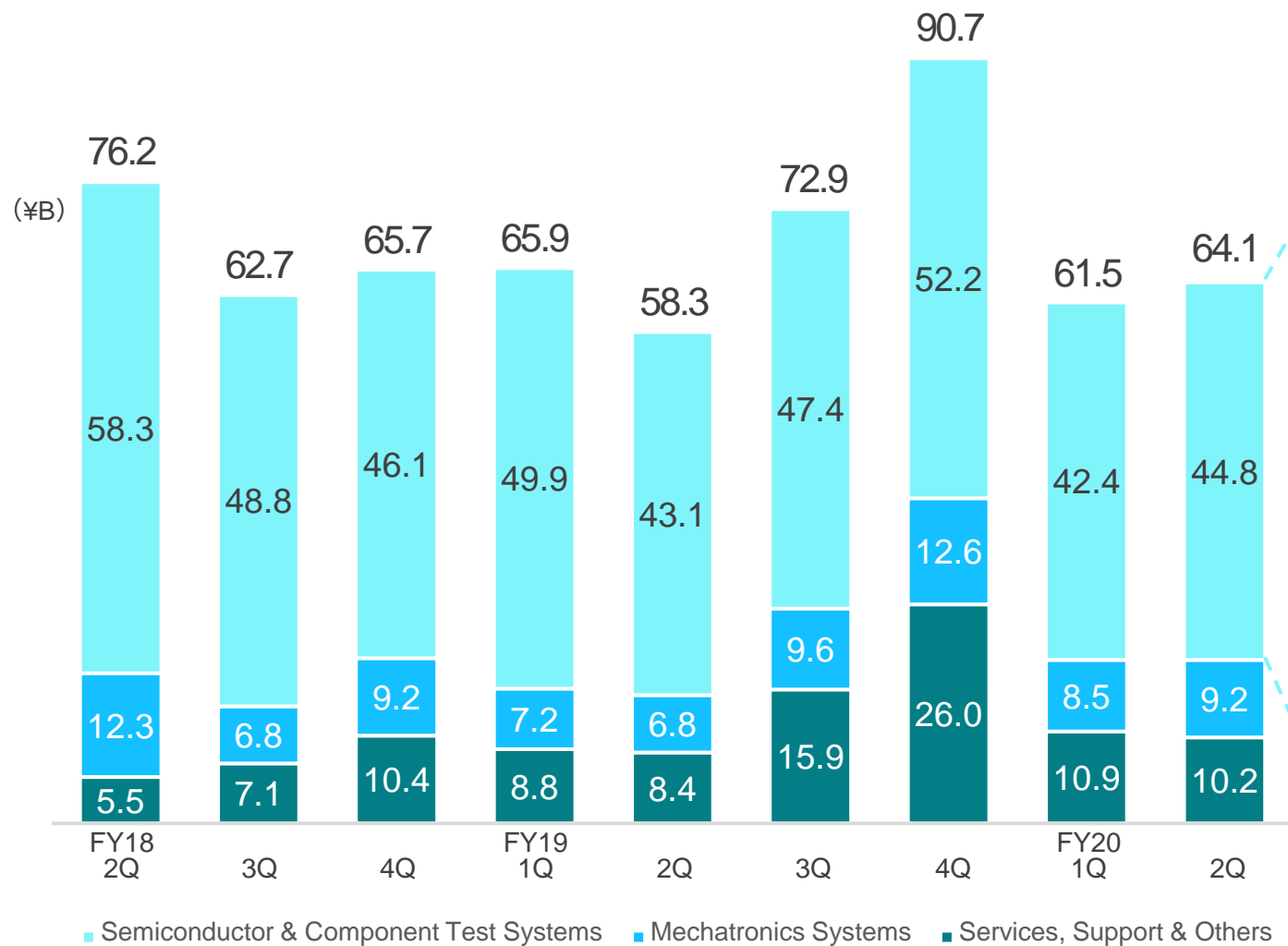
Director, Managing Executive Officer (CFO)

# FY20 2Q Summary of Results

(¥B)

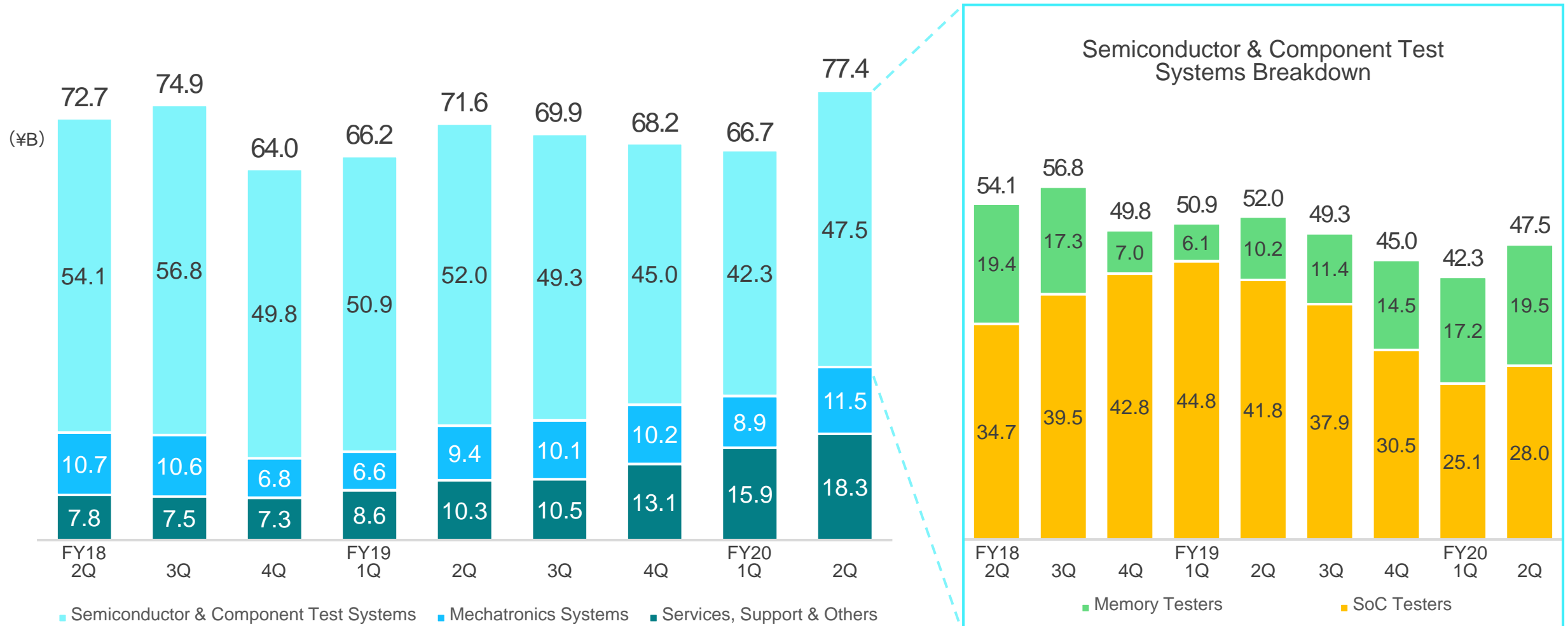
	FY19				FY20							
	1Q	2Q	3Q	4Q	1Q	2Q		QoQ		YoY		
						Forecast	Actual	(Δ)	(%)	(Δ)	(%)	
Orders	65.9	58.3	72.9	90.7	61.5	55.5	64.1	+2.7	+4.4%	+5.9	+10.0%	
Sales	66.2	71.6	69.9	68.2	66.7	73.3	77.4	+10.7	+16.0%	+5.8	+8.1%	
Gross Profit	39.4	41.0	39.4	36.7	38.0	-	41.6	+3.7	+9.8%	+0.7	+1.6%	
Gross Margin	59.5%	57.3%	56.4%	53.8%	56.9%	-	53.9%	-3.0pts		-3.4pts		
Operating Income	15.2	17.7	14.2	11.6	13.5	14.2	17.4	+4.0	+29.9%	-0.2	-1.3%	
Operating Margin	22.9%	24.8%	20.4%	17.0%	20.2%	19.4%	22.6%	+2.4pts		-2.2pts		
Income Before Tax	14.9	18.4	14.5	10.8	12.9	14.2	16.4	+3.5	+27.4%	-1.9	-10.4%	
Net Income	12.1	14.7	11.9	14.8	10.6	11.3	13.9	+3.4	+32.1%	-0.7	-5.1%	
Net Income Margin	18.3%	20.5%	17.1%	21.7%	15.8%	15.5%	18.0%	+2.2pts		-2.5pts		
Backlog increased due to M&A				+4.2								
Backlog	74.6	61.3	64.3	91.0	85.7	68.0	72.5	-13.2	-15.4%	+11.2	+18.3%	
Exchange Rate	1 US\$	¥111	¥108	¥108	¥110	¥108	¥105	¥107	¥1 Appreciation		¥1 Appreciation	
	1 Euro	¥125	¥121	¥119	¥121	¥118	¥120	¥123	¥5 Depreciation		¥2 Depreciation	

# Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

# Quarterly Sales by Segment

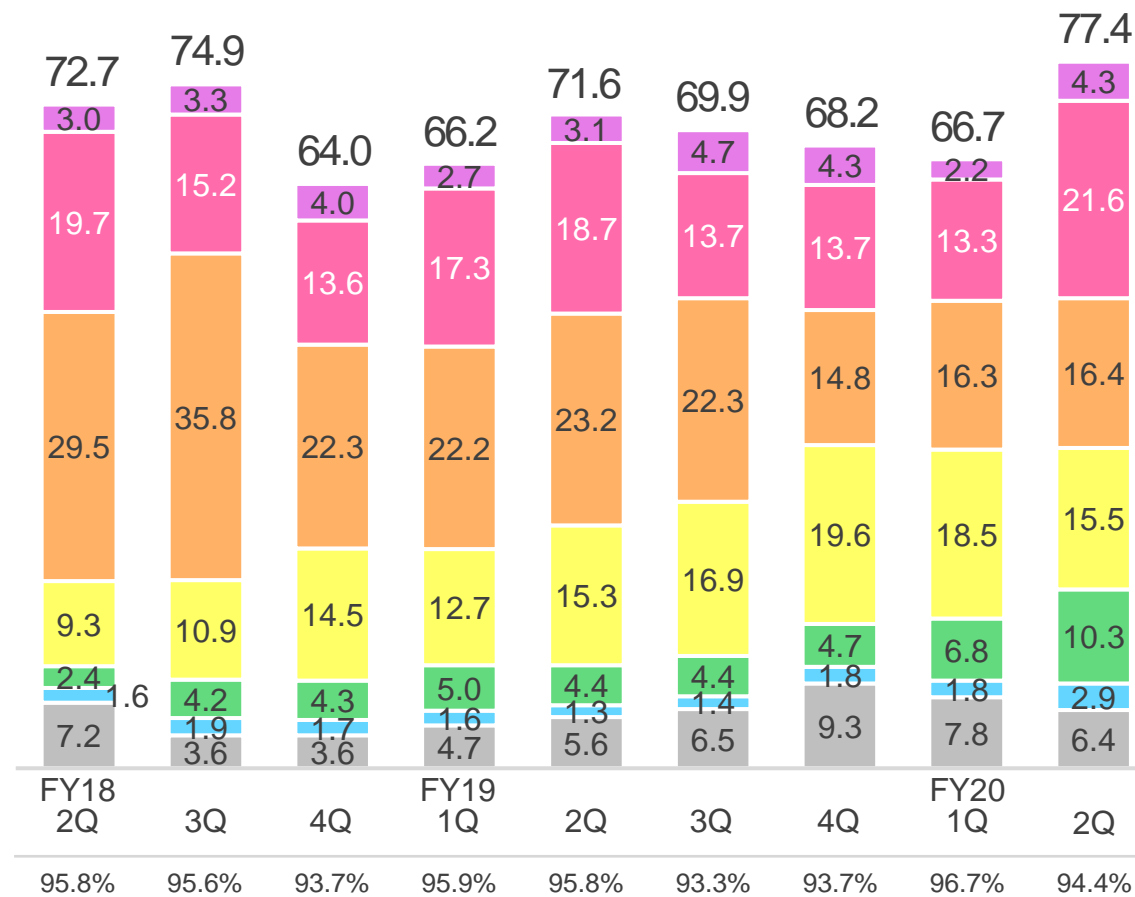
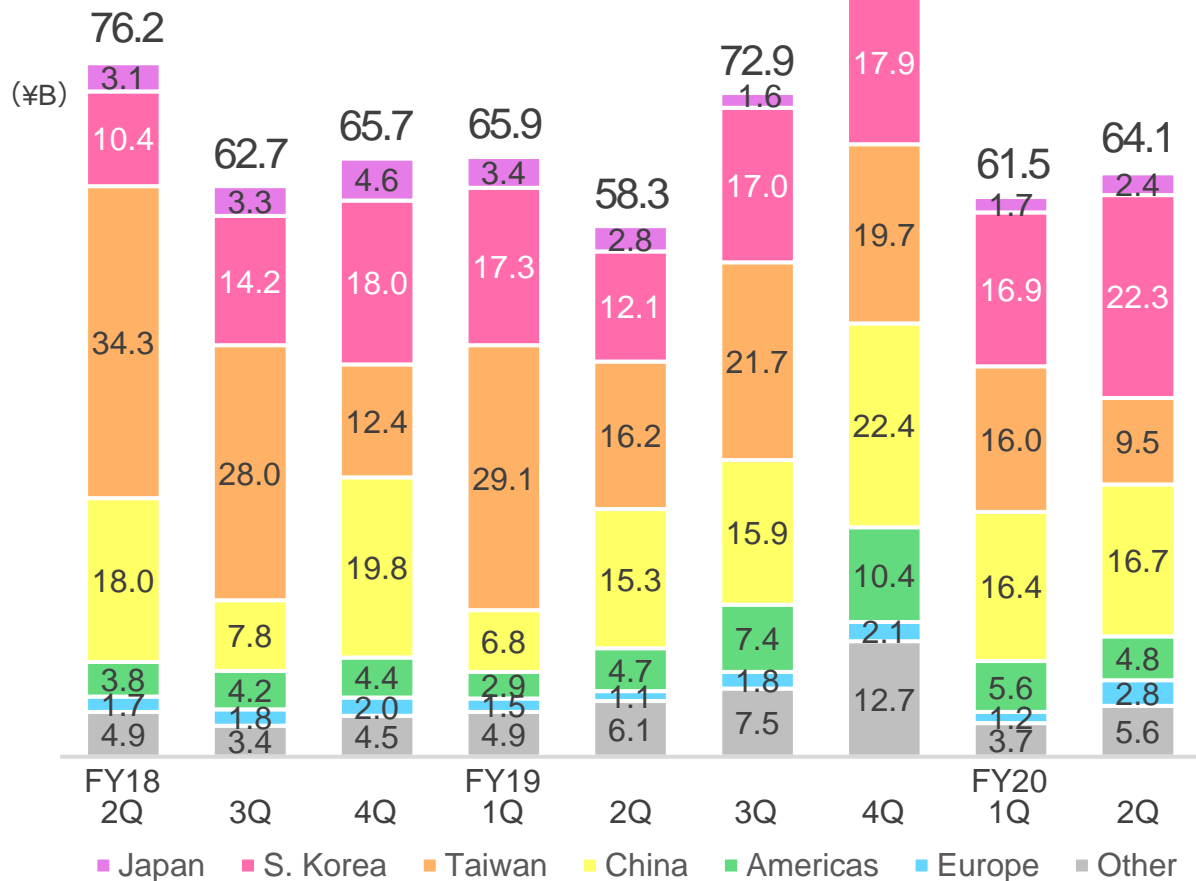


Note: Intersegment transactions have been eliminated from totals

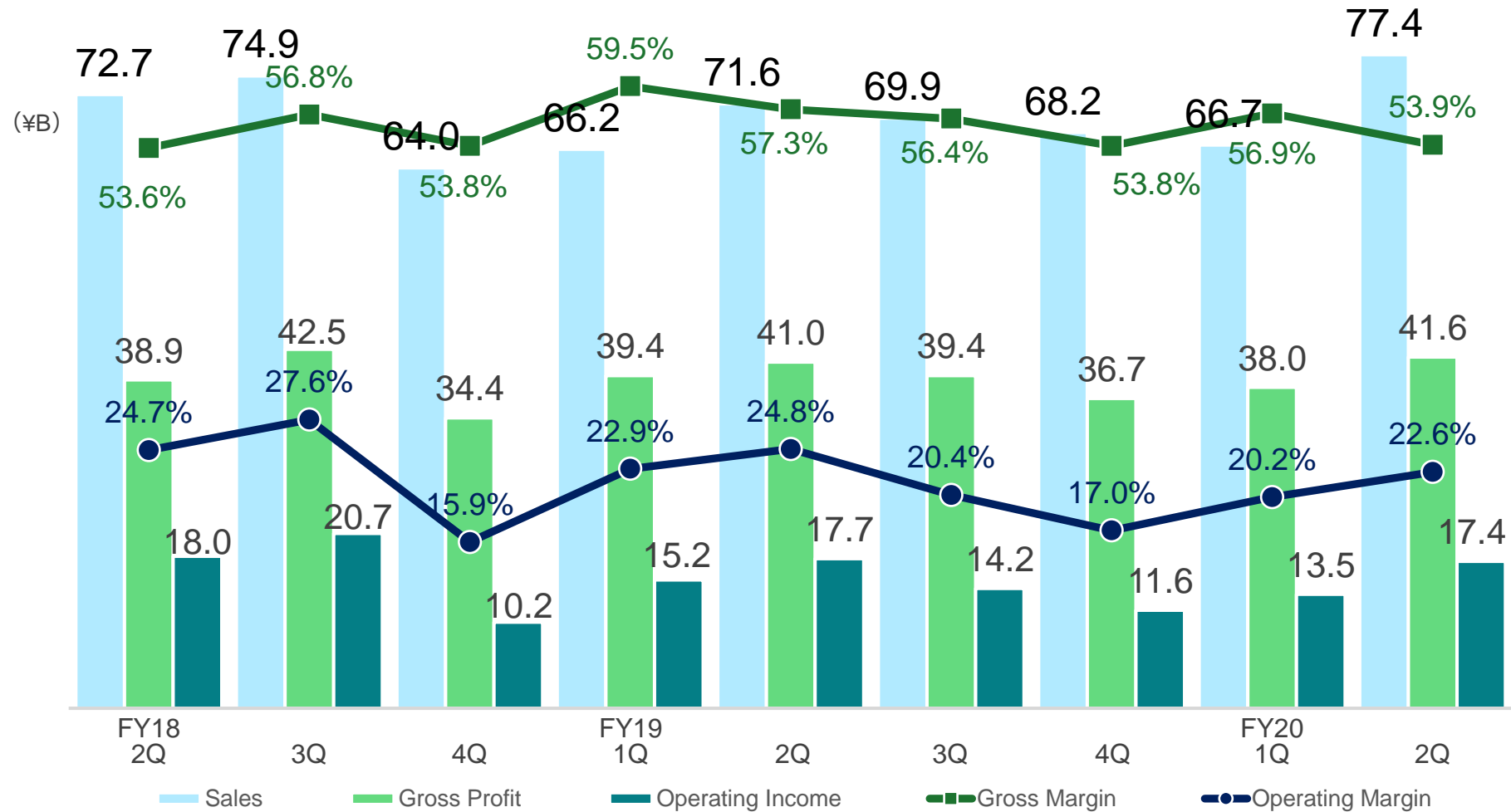
# Quarterly Orders / Sales by Region

< Orders > 90.7

< Sales >



# Sales / Gross Profit / Operating Income

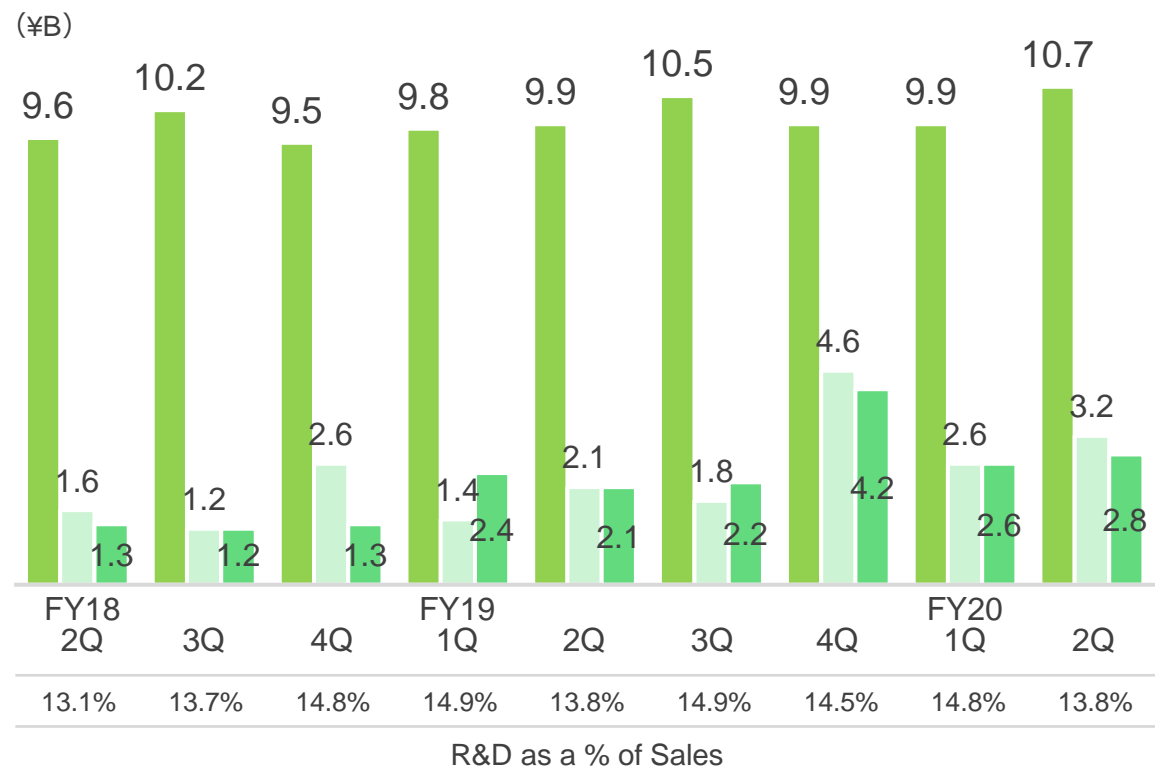




# Investments / Cash Flow

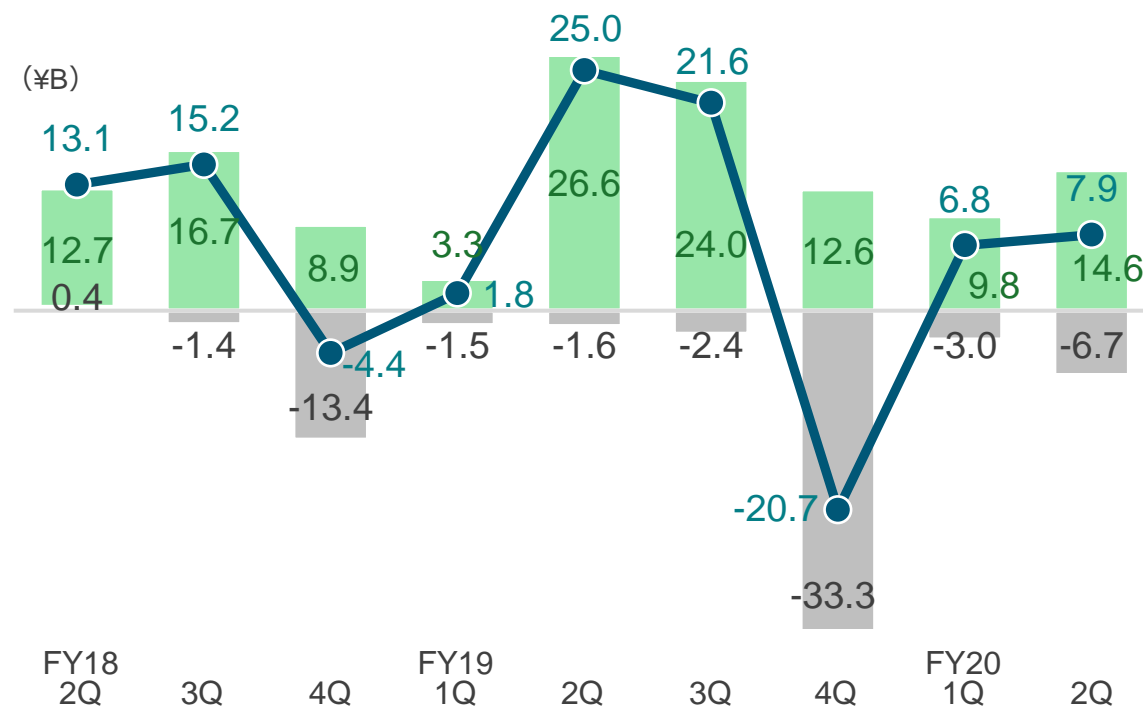
## <Investments>

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



## <Cash flow>

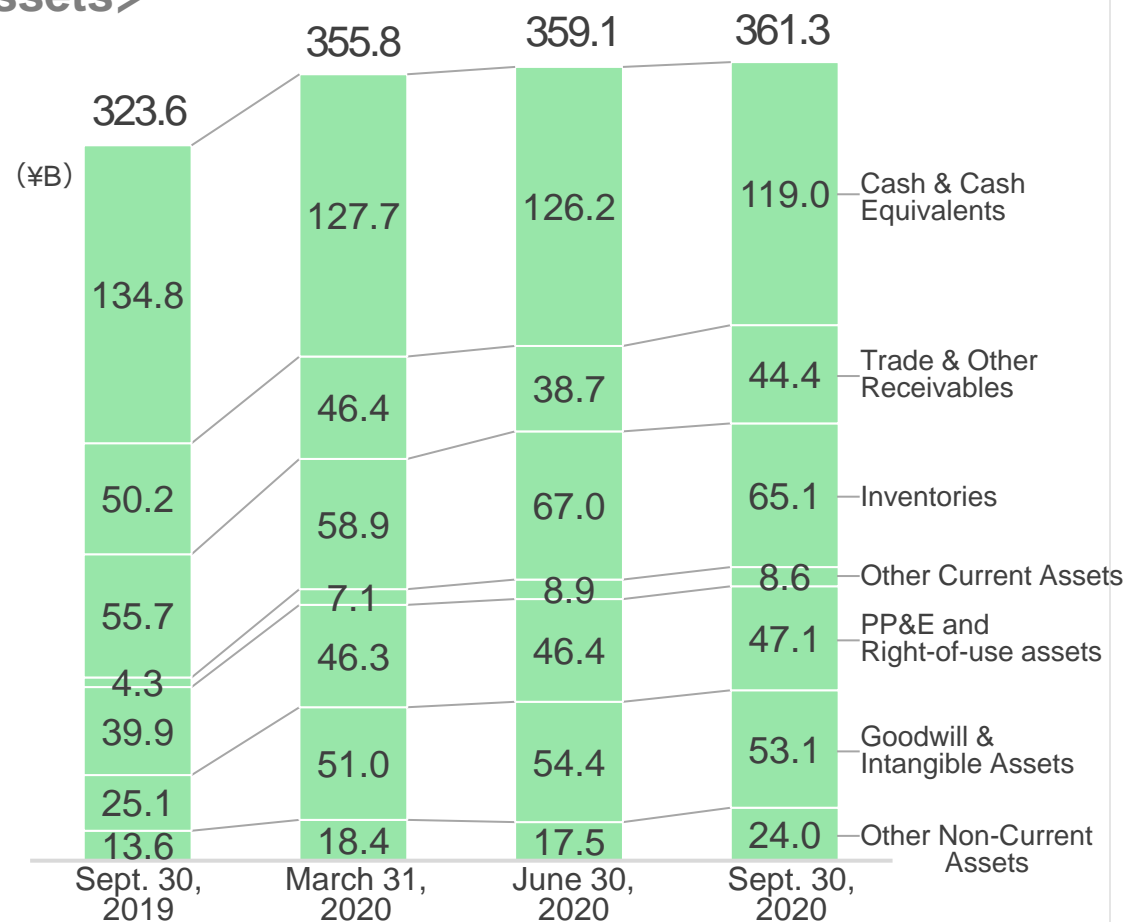
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows



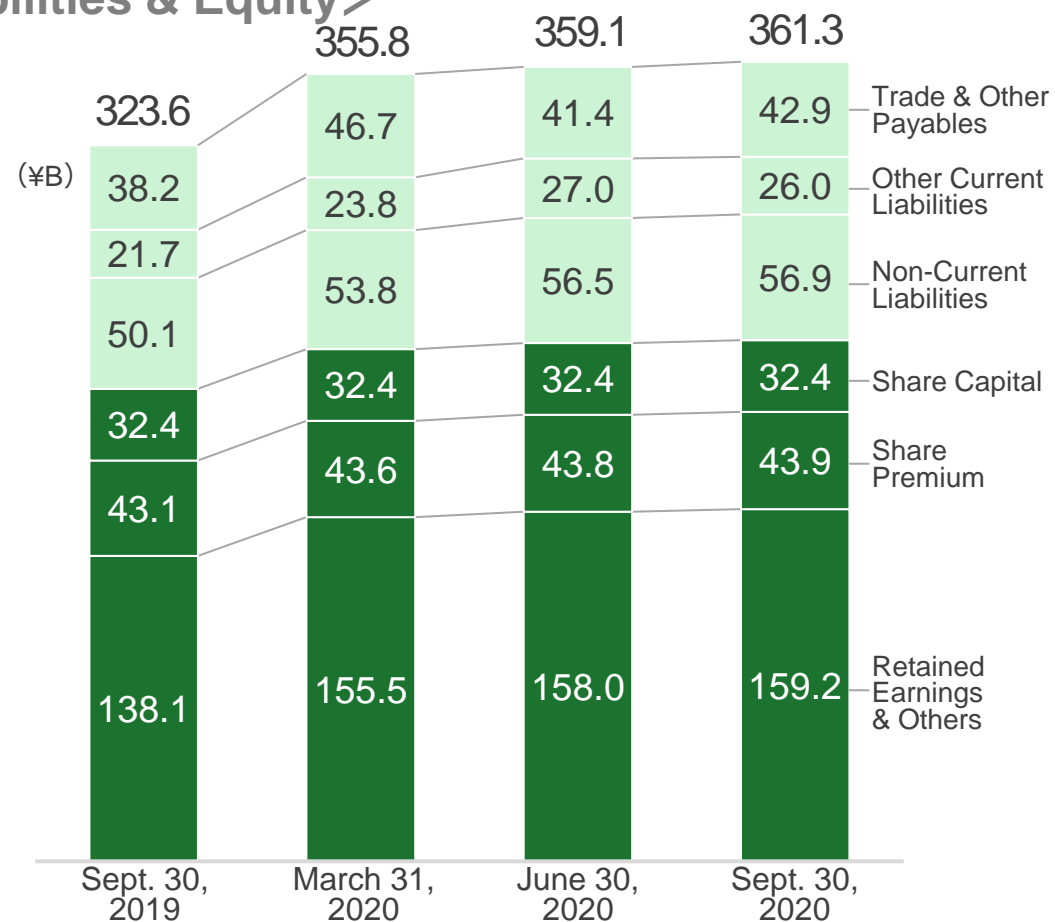
\*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

# Financial Position

## <Assets>



## <Liabilities & Equity>



Equity Attributable to Owners of the Parent	213.6	231.5	234.2	235.5
Ratio of Equity Attributable to Owners of the Parent	66.0%	65.1%	65.2%	65.2%

# FY2020 Outlook

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Yoshiaki Yoshida

Representative Director, President & CEO

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# Semiconductor Tester Market Trends: October 2020 Outlook

## CY20 Forecast

–SoC Tester Market: Upward revision to approx. \$2,700M

- Demand for testers for advanced process devices has been stronger than expected. Investment in testers for HPC / AI applications as well as smartphone-related semiconductors, such as application processors, image sensors, and display driver ICs, is also growing more than anticipated.
- The surplus of testers at OSATs caused by the tightening of US regulations on a major Chinese smartphone maker is likely to turn the corner by the end of CY20. In addition to proactive test capacity reallocation, test demand from advanced process devices is also expected to grow in CY21.

–Memory Tester Market: No Change to July Outlook

- In the first half of the calendar year, tester investment in both DRAM and NVM progressed more than previously expected, thanks to active data center investment. Despite an expected pause in the second half of the calendar year, CY21 should see further market growth as memory density and speed increase.

	CY17 Actual	CY18 Actual	CY19 Actual	CY20 Estimates
SoC Tester Market	Approx. \$2,200M	Approx. \$2,550M	Approx. \$2,700M	Approx. \$2,700M (July estimate: approx. \$2,400M)
Memory Tester Market	Approx. \$750M	Approx. \$1,150M	Approx. \$650M	Approx. \$1,000M (July estimate: approx. \$1,000M)

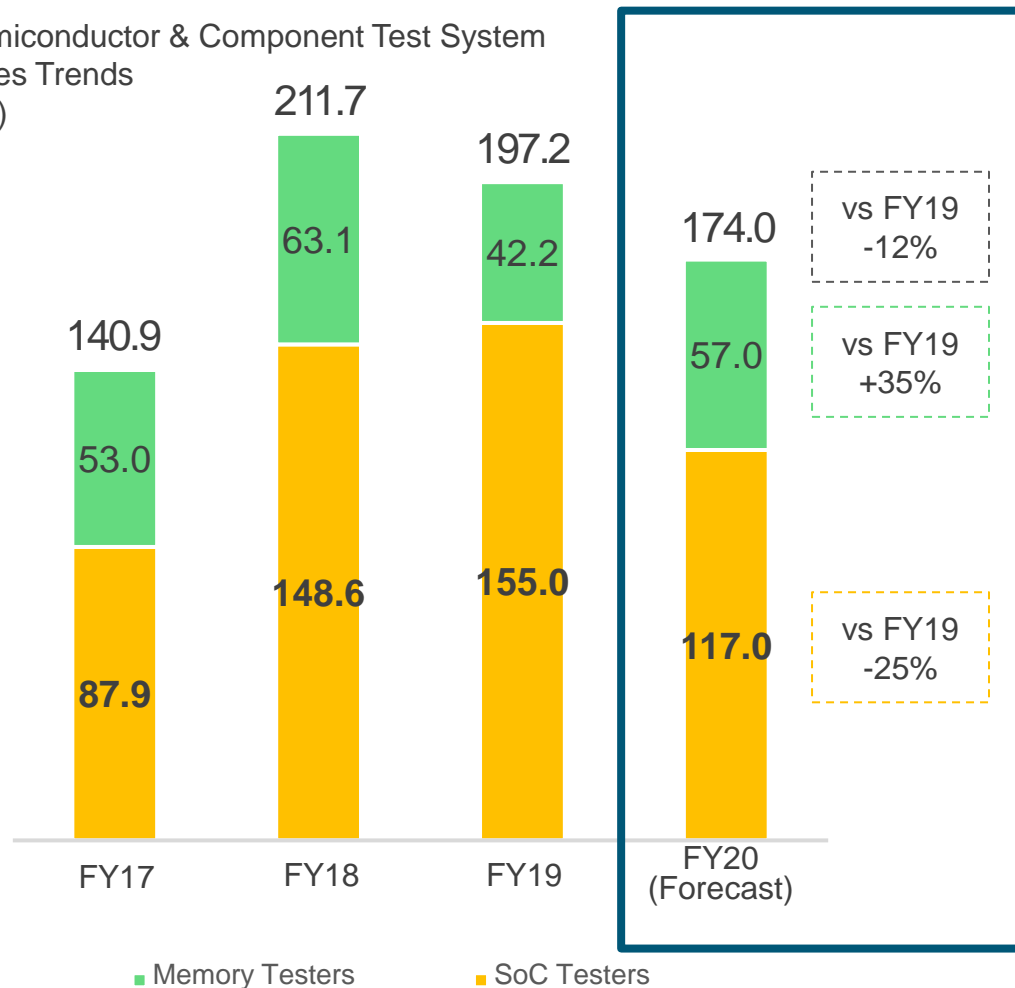
# FY20 Forecast

							(¥B)		
		FY19	FY20				Vs. New Full-Year Forecast		
		Results	1H Results	2H Forecast	Full-Year Forecast	vs. FY19		FY20 Forecast as of July	(Δ)
						(Δ)	(%)		
Orders		287.8	125.6	134.4	260.0	-27.8	-9.7%	240.0	+20.0
Sales		275.9	144.1	130.9	275.0	-0.9	-0.3%	260.0	+15.0
Operating Income		58.7	30.9	21.6	52.5	-6.2	-10.6%	45.0	+7.5
Operating Margin		21.3%	21.5%	16.5%	19.1%	-2.2pts		17.3%	+1.8pts
Income Before Tax		58.6	29.3	21.6	50.9	-7.7	-13.1%	44.4	+6.5
Net Income		53.5	24.5	18.0	42.5	-11.0	-20.6%	35.8	+6.7
Net Income Margin		19.4%	17.0%	13.8%	15.5%	-3.9pts		13.8%	+1.7pts
Backlog		91.0	72.5	76.0	76.0	-15.0	-16.5%	71.0	+5.0
R&D Expenses		40.1	20.6	20.4	41.0	+0.9	+2.2%	41.0	-
Capex		9.9	5.8	6.2	12.0	+2.1	+21.2%	10.0	+2.0
D&A		10.9	5.4	5.6	11.0	+0.1	+0.9%	11.0	-
Exchange Rate	1 US\$	¥109	¥107	¥105	¥106	¥3 Appreciation		¥106	-
	1 Euro	¥121	¥120	¥120	¥120	¥1 Appreciation		¥119	¥1 Depreciation

Our latest forecast for the impact of exchange rate fluctuations on FY20 operating income is plus ¥600 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> (+¥13.0B vs July forecast)

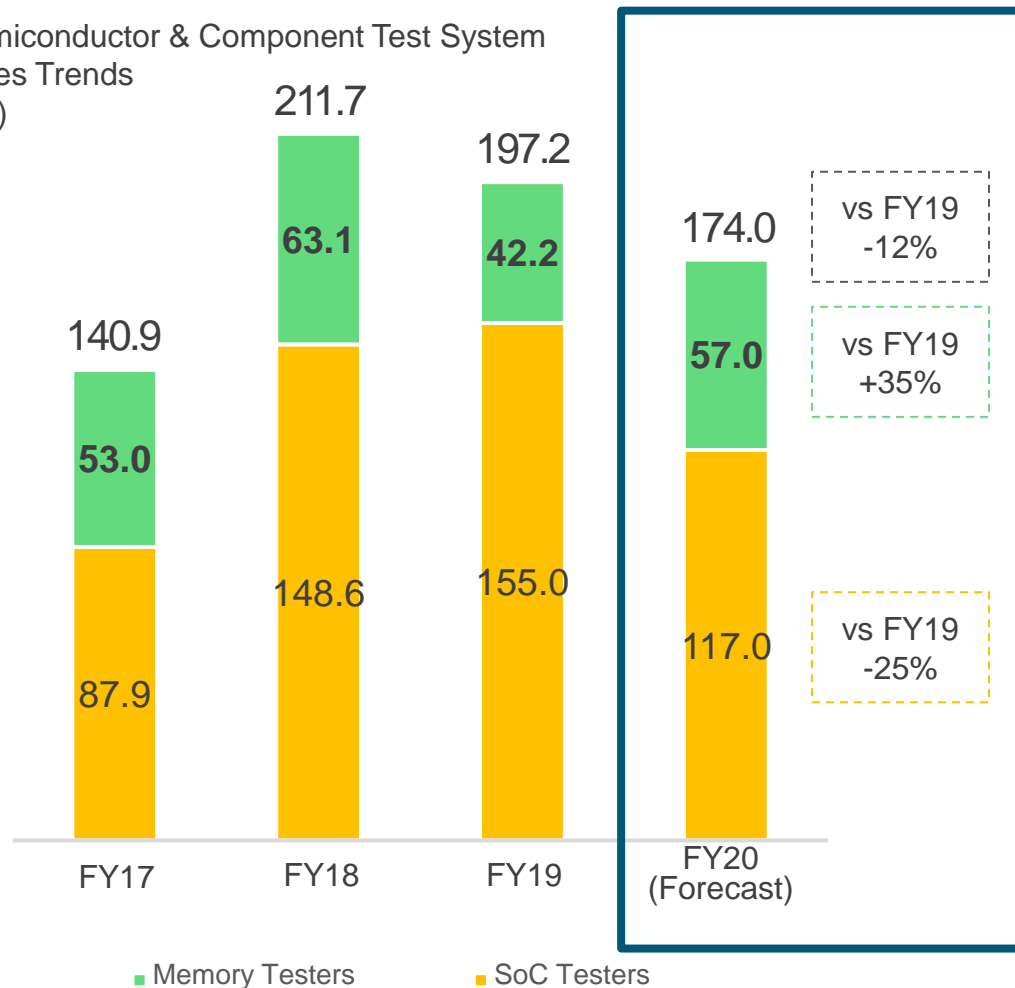
- OSATs are adjusting new investment plans due to the impact of the US-China conflict, although the trend toward higher-performance semiconductors continues
- Meanwhile, competition among smartphone players has sparked higher-than-expected tester demand. In addition, reallocation of surplus testers to other uses will accelerate the reconstruction of customer supply chains
- End demand is recovering in the automotive, industrial machinery, and consumer arenas, and Advantest is closely watching for the return to investment in testers

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

	FY15-17 average	FY18-20 average	Change
SoC Testers	¥79.1B	¥140.2B	+77%
Memory Testers	¥35.3B	¥54.1B	+53%
Total	¥114.2B	¥194.3B	+70%

# FY20 Outlook by Segment

Semiconductor & Component Test System  
Sales Trends  
(¥B)



## Semiconductor & Component Test Systems

### <Memory Testers> (Forecast unchanged from July)

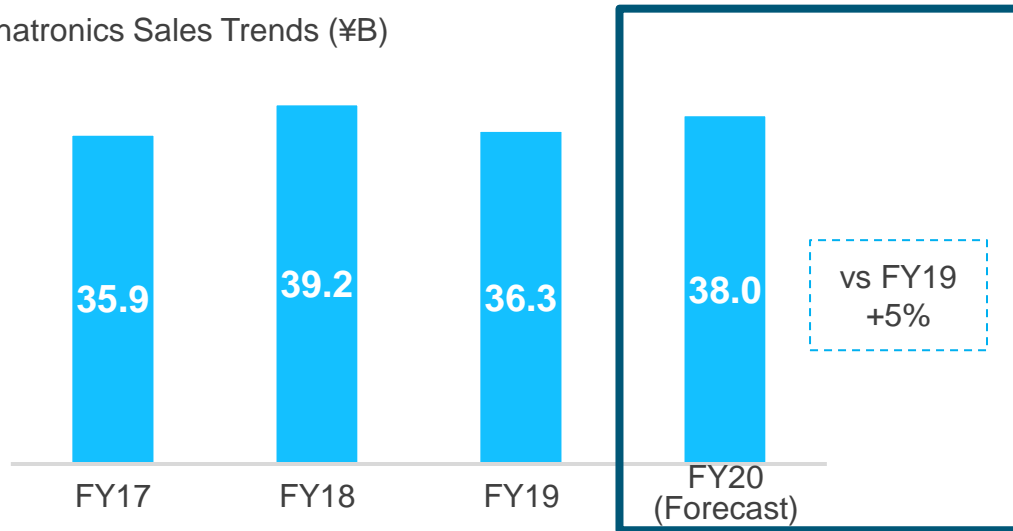
- Tester demand remained strong in 1H amidst increased demand for server memory linked to data center investment
- Sales are still expected to decline in 2H, but 2H orders are expected to remain firm against the backdrop of test reinforcement for DRAM process shrinks in CY21 and the trend toward higher 3D NAND layer counts

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

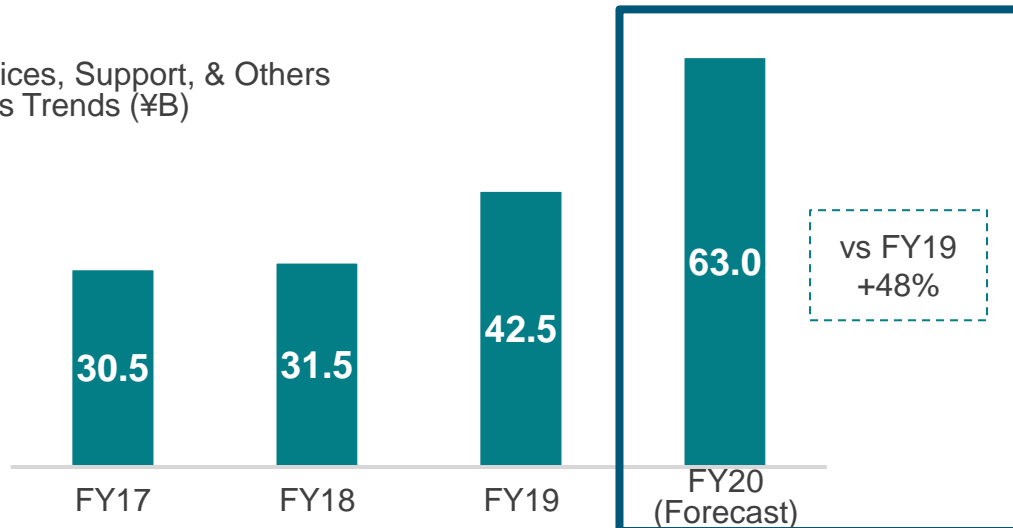
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Total	¥114.2B	¥194.3B	+70%

# FY20 Outlook by Segment

Mechatronics Sales Trends (¥B)



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



## Mechatronics Systems (Forecast unchanged from July)

- YoY sales forecasted to rise slightly, principally driven by DI products

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

	FY15-17 average	FY18-20 average	Change
Mechatronics Systems	¥30.9B	¥37.8B	+22%

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

- Efforts to grow the customer base of Advantest's system level test business have been successful, and significant sales growth is expected
- Field services also remained firm due to growth in Advantest's installed base

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

	FY15-17 average	FY18-20 average	Change
Services, Support & Others	¥30.0B	¥45.7B	+52%



# Summary

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- Despite the Covid-19 pandemic, customers' motivation to invest has stayed resilient. In light of strong 2Q results, which exceeded our plan, and our 2H outlook, Advantest has revised our full-year orders and sales forecasts upwards by ¥20.0 billion and ¥15.0 billion respectively.
- The impact of tighter US regulations on Chinese companies will continue to affect our flagship SoC test platform, but our diverse product portfolio will cover the decline whilst supply chain reconstruction progresses.
- It is expected that the impact of the US regulations, which had raised concern for Advantest's business, will turn the corner by the end of the year, and that end demand recovery in fields such as automotive, 5G-related products, and HPC will create new demand for SoC test equipment.
- Advantest's SLT business, which has been reinforced through M&A, is performing well, helping to boost sales.
- Advantest will continue to strengthen R&D investment and customer support capabilities to capture new tester demand.