

FY2019 First Quarter Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)
(Period ended June 30, 2019)

July 24, 2019

Company Name : **Advantest Corporation**
(URL <https://www.advantest.com/investors>)

Stock Exchange on which shares are listed : First section of the Tokyo Stock Exchange

Stock Code Number : 6857

Company Representative : Yoshiaki Yoshida, Representative Director, President and CEO

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Quarterly Report Filing Date (as planned) : August 13, 2019

Dividend Payable Date (as planned) : —

Quarterly Results Supplemental Materials : Yes

Quarterly Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2019 Q1 (April 1, 2019 through June 30, 2019)

(1) Consolidated Financial Results (Accumulated)

(% changes as compared to the corresponding period of the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2019 Q1	66,165	(6.7)	15,160	(4.2)	14,949	(9.6)	12,084	(13.0)	12,084	(13.0)	8,702	(44.8)
FY2018 Q1	70,931	74.3	15,818	610.5	16,537	955.0	13,892	1,301.9	13,892	1,301.9	15,772	1,311.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 Q1	61.07	60.93
FY2018 Q1	76.99	70.17

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
FY2019 Q1	310,789	199,399	199,399	64.2
FY2018	304,580	198,731	198,731	65.2

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2018	—	50.00	—	42.00	92.00
FY2019	—	N/A	N/A	N/A	N/A
FY2019 (forecast)	N/A	—	—	—	—

(Note) Revision of dividends forecast for this period: **No**

3. Projected Results for FY2019 (April 1, 2019 through March 31, 2020)

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	230,000	(18.6)	30,000	(53.6)	31,000	(53.2)	26,000	(54.4)	26,000	(54.4)

(Note) Revision of dividends forecast for this period: **No**

4. Others

(1) Material changes in subsidiaries during this period (changes in scope of consolidation resulting from changes in subsidiaries): None

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS: Yes

2) Changes arising from factors other than 1: None

3) Changes in accounting estimates: None

For details, please refer to the (5) Notes to the Condensed Consolidated Financial Statements (Changes in Accounting Policies), page 12.

(3) Number of issued and outstanding share (ordinary share):

1) Number of issued and outstanding share at the end of each fiscal period (including treasury share):

FY2019 Q1 199,566,770 shares; FY2018 199,566,770 shares.

2) Number of treasury share at the end of each fiscal period:

FY2019 Q1 1,636,661 shares; FY2018 1,732,515 shares.

3) Average number of outstanding share for each period (cumulative term):

FY2019 Q1 197,881,414 shares; FY2018 Q1 180,438,062 shares.

(Note) Advantest's share (FY2019 Q1 272,446 shares, FY2018 272,446 shares), which is being kept as performance share option compensation in trust account, is included in the number of treasury share at the end of each fiscal period. Moreover, the Advantest's share that mentioned above is also included in the treasury share which is deducted during the calculation of average number of outstanding share for each period.

Status of Audit Procedures

This quarterly financial results report is not subject to quarterly review procedures by independent auditors.

Explanation on the Appropriate Use of Future Earnings Projections and Other Special Instructions

This document contains "forward-looking statements" that are based on Advantest's current expectations, estimates and projections. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause Advantest's actual results, levels of activities, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These factors include: (i) changes in demand for the products and services produced and offered by Advantest's customers, including semiconductors, communications services and electronic goods; (ii) circumstances relating to Advantest's investment in technology, including its ability to timely develop products that meet the changing needs of semiconductor manufacturers, communications network equipment and components makers and service providers; (iii) significant changes in the competitive environment in the major markets where Advantest purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; and (iv) changes in economic conditions, currency exchange rates or political stability in the major markets where Advantest procures materials, components and supplies for the production of its principal products or where its products are produced, distributed or sold.

Contents

1. Overview of Business Results	P. 2
(1) Overview of Business Results	P. 2
(2) Overview of Financial Condition	P. 4
(3) Overview of Cash Flows	P. 4
(4) Near-term Prospects	P. 4
2. Condensed Consolidated Financial Statements	P. 6
(1) Condensed Consolidated Statement of Financial Position	P. 6
(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statements of Comprehensive Income	P. 8
(3) Condensed Consolidated Statement of Changes in Equity	P. 10
(4) Condensed Consolidated Statement of Cash Flows	P. 11
(5) Notes to the Condensed Consolidated Financial Statements	P. 12
(Notes on Going Concern)	P. 12
(Changes in Accounting Policies)	P. 12
(Segment Information)	P. 13
FY2019 First Quarter Consolidated Financial Results Overview	P. 14

1. Overview of Business Results

(1) Overview of Business Results

Consolidated Financial Results of FY2019 Q1 (April 1, 2019 through June 30, 2019)

(in billion yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	70.6	65.9	(6.7%)
Net sales	70.9	66.2	(6.7%)
Operating income	15.8	15.2	(4.2%)
Income before income taxes	16.5	14.9	(9.6%)
Net income	13.9	12.1	(13.0%)

During Advantest's first quarter, steady economic growth was maintained in the United States, but in the global economy an overall sense of stagnation and concerns about a future slowdown continued to strengthen due to escalating trade disputes stemming from protectionist trade policies.

In the electronics industry, where Advantest does business, demand had declined broadly since the latter half of 2018 due to the trade dispute between the United States and China, and intensification of the trade conflict further exacerbated confusion in the smartphone market. Additionally, the memory semiconductor market continued to deteriorate due to prolonged weak demand for data center servers and smartphones. This was accompanied by further inventory reductions and a review of capital investment plans by semiconductor manufacturers. At the same time, major semiconductor manufacturers have led the continuous technological evolution of SoC semiconductors to support electronic device performance improvements.

Demand for semiconductor test equipment is influenced by not only change in device production volume but also technological evolution trends in semiconductors. Miniaturization further improves the performance of semiconductors, reduces their power consumption, and increase semiconductor test time and the complexity of functional test processes.

Advantest has a strong customer base that covers the global supply chain involved in leading-edge semiconductor design and manufacturing processes. Advantest also have a broad product portfolio capable of responding to increased demand for any type of semiconductor device. Thus, as the adoption of advanced process nodes for SoC semiconductors used in smartphones has expanded, we have been able to fully exploit this opportunity to leverage our strengths to capture new semiconductor test equipment demand from many SoC semiconductor customers, even as the industry environment has deteriorated.

As a result, orders received were (Y) 65.9 billion (6.7% decrease in comparison to the corresponding period in the previous fiscal year) and net sales were (Y) 66.2 billion (6.7% decrease in comparison to the corresponding period in the previous fiscal year). Even as net sales declined, the gross margin increased in comparison to the corresponding period in the previous fiscal year due to a positive shift in the product mix, but operating income was (Y) 15.2 billion (4.2% decrease in comparison to the corresponding period in the previous fiscal year) as a result of an increase in selling and general administrative expenses associated with reinforcement of customer support capabilities. Income before income taxes was (Y) 14.9 billion (9.6% decrease in comparison to the corresponding period in the previous fiscal year) and net income was (Y) 12.1 billion (13.0% decrease in comparison to the corresponding period in the previous fiscal year). Average currency exchange rates for this quarter were 1 USD to 111 JPY (108 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 125 JPY (131 JPY in the corresponding period of the previous fiscal year). The percentage of net sales to overseas customers was 95.9% (93.5% in the corresponding period in the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	53.6	49.9	(6.9%)
Net sales	51.0	50.9	(0.1%)
Segment income	15.5	17.7	14.0%

In this segment, our SoC test systems business reached record-high orders received and net sales, driven by factors such as smartphone performance gains, increased efforts to expand smartphone sales, and acceleration of efforts aimed at the 5G next-generation communications standard. However, orders received and net sales both declined significantly in our memory test business as a result of inventory adjustments and reduced investment by memory semiconductor manufacturers.

As a result of the above, orders received were (Y) 49.9 billion (6.9% decrease in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 50.9 billion (0.1% decrease in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 17.7 billion (14.0% increase in comparison to the corresponding period in the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	9.4	7.2	(23.1%)
Net sales	11.1	6.6	(40.0%)
Segment income (loss)	0.4	(1.0)	—

In this segment, sales of device interface products, which are strongly correlated with memory test demand, were generally weak as memory semiconductor manufacturers continued to show restraint in capital spending.

As a result of the above, orders received were (Y) 7.2 billion (23.1% decrease in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 6.6 billion (40.0% decrease in comparison to the corresponding period in the previous fiscal year), and segment loss was (Y) 1.0 billion ((Y) 1.4 billion declines in comparison to the corresponding period in the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	7.7	8.8	14.7%
Net sales	8.9	8.6	(3.0%)
Segment income	1.9	0.5	(73.0%)

In this segment, despite the slowdown in semiconductor capital investment, the level of demand for maintenance services from Advantest customers remained stable due to their solid pace of production.

As a result of the above, orders received were (Y) 8.8 billion (14.7% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 8.6 billion (3.0% decrease in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 0.5 billion (73.0% decrease in comparison to the corresponding period in the previous fiscal year).

(2) Overview of Financial Condition

Total assets at June 30, 2019 amounted to (Y) 310.8 billion, an increase of (Y) 6.2 billion compared to March 31, 2019, primarily due to an increase of (Y) 9.9 billion in right-of-use-assets, and (Y) 4.4 billion in trade and other receivables, offsetting by a decrease of (Y) 8.6 billion in cash and cash equivalents. The amount of total liabilities was (Y) 111.4 billion, an increase of (Y) 5.5 billion compared to March 31, 2019, primarily due to an increase of (Y) 9.9 billion in lease liabilities, offsetting by a decrease of (Y) 5.3 billion in trade and other payables. Total Equity was (Y) 199.4 billion. Ratio of equity attributable to owners of the parent was 64.2%, a decrease of 1.0 percentage points from March 31, 2019.

(3) Overview of Cash Flows

Cash and cash equivalents held at June 30, 2019 were (Y) 111.4 billion, a decrease of (Y) 8.6 billion from March 31, 2019. Significant cash flows during the three-month period of this fiscal year and their causes are described below.

Net cash provided by operating activities was (Y) 3.3 billion (net cash inflow of (Y) 6.5 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 5.6 billion in trade and other receivables, a decrease of (Y) 4.8 billion in trade and other payables and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 14.9 billion.

Net cash used in investing activities was (Y) 1.5 billion (net cash outflow of (Y) 1.4 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to purchases of property, plant and equipment in the amount of (Y) 1.7 billion.

Net cash used in financing activities was (Y) 8.4 billion (net cash outflow of (Y) 3.7 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to dividends paid of (Y) 8.0 billion.

(4) Near-term Prospects

Advantest anticipates that semiconductor manufacturers will maintain a cautious stance toward new investment in test equipment due to increasing sense of global economic deceleration caused by concerns that the trade dispute between the United States and China will be prolonged.

Advantest's performance exceeded initial expectations during this quarter, but due to industry and international economic trends, it has become even more difficult to forecast when semiconductor demand and semiconductor production equipment demand will rebound. Amidst this business environment, our forecast for FY2019 consolidated results is unchanged from our forecast published in April 2019. Our forecast calls for orders received of (Y) 230.0 billion, net sales of (Y) 230.0 billion, operating income of (Y) 30.0 billion, income before income taxes of (Y) 31.0 billion, and net income of (Y) 26.0 billion. This forecast is based on foreign exchange rates of 1 USD to 110 JPY and 1 EUR to 130 JPY, which are also unchanged.

As described above, uncertainty is increasing in our current business environment, but growing public demand for greater semiconductor performance and reliability continues to emphasize the importance of semiconductor test. Moreover, semiconductor manufacturers are making aggressive efforts to deliver new products compliant with the 5G next-generation communications standard, as well as higher performance servers and storage and

network devices. In light of these factors, our medium- to long-term forecast that the market for semiconductor test equipment will grow as the semiconductor market expands, despite repeated short-term fluctuations in demand, remains unchanged.

Based on this outlook, Advantest will continue our efforts to establish and maintain a foundation for growth, improve periodic profitability, and use capital efficiently, to achieve the targets set forth in our mid-term management plan launched in FY2018.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	119,943	111,358
Trade and other receivables	51,786	56,213
Inventories	57,099	59,151
Other current assets	4,423	4,324
Total current assets	233,251	231,046
Non-current assets		
Property, plant and equipment, net	30,786	30,409
Right-of-use assets	—	9,892
Goodwill and intangible assets, net	26,119	25,090
Other financial assets	2,861	2,660
Deferred tax assets	11,209	11,298
Other non-current assets	354	394
Total non-current assets	71,329	79,743
Total assets	304,580	310,789

	As of March 31, 2019	As of June 30, 2019
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	43,942	38,636
Income tax payables	8,650	4,844
Provisions	2,886	2,880
Other financial liabilities	905	5,302
Other current liabilities	6,465	8,127
Total current liabilities	<u>62,848</u>	<u>59,789</u>
Non-current liabilities		
Lease liabilities	—	8,226
Retirement benefit liabilities	37,528	37,554
Deferred tax liabilities	1,680	1,745
Other non-current liabilities	3,793	4,076
Total non-current liabilities	<u>43,001</u>	<u>51,601</u>
Total liabilities	<u>105,849</u>	<u>111,390</u>
Equity		
Share capital	32,363	32,363
Share premium	43,018	43,111
Treasury shares	(6,262)	(5,899)
Retained earnings	125,927	129,632
Other components of equity	3,685	192
Total equity attributable to owners of the parent	<u>198,731</u>	<u>199,399</u>
Total equity	<u>198,731</u>	<u>199,399</u>
Total liabilities and equity	<u><u>304,580</u></u>	<u><u>310,789</u></u>

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	70,931	66,165
Cost of sales	(32,733)	(26,814)
Gross profit	38,198	39,351
Selling, general and administrative expenses	(22,450)	(24,215)
Other income	93	46
Other expenses	(23)	(22)
Operating income	15,818	15,160
Financial income	752	232
Financial expenses	(33)	(443)
Income before income taxes	16,537	14,949
Income taxes	(2,645)	(2,865)
Net income	<u>13,892</u>	<u>12,084</u>
Net income attributable to:		
Owners of the parent	13,892	12,084
Earnings per share:	Yen	Yen
Basic	76.99	61.07
Diluted	70.17	60.93

Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net income	13,892	12,084
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	37	(18)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,843	(3,364)
Total other comprehensive income (loss)	<u>1,880</u>	<u>(3,382)</u>
Total comprehensive income for the period	<u>15,772</u>	<u>8,702</u>
Comprehensive income attributable to:		
Owners of the parent	15,772	8,702

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2018

	Millions of Yen						
	Equity attributable to owners of the parent					Total	Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity		
Balance at April 1, 2018	32,363	43,466	(77,724)	125,204	1,301	124,610	124,610
Impact of change in accounting policy				788		788	788
Beginning balance after retrospective restatement	32,363	43,466	(77,724)	125,992	1,301	125,398	125,398
Net income				13,892		13,892	13,892
Other comprehensive income					1,880	1,880	1,880
Total comprehensive income for the period	—	—	—	13,892	1,880	15,772	15,772
Purchase of treasury shares			(0)			(0)	(0)
Disposal of treasury shares		(57)	594	(320)		217	217
Conversion of convertible bonds		(125)	12,146	(6,818)		5,203	5,203
Dividends				(4,118)		(4,118)	(4,118)
Share-based payments		64				64	64
Total transactions with the owners	—	(118)	12,740	(11,256)	—	1,366	1,366
Balance at June 30, 2018	32,363	43,348	(64,984)	128,628	3,181	142,536	142,536

Three months ended June 30, 2019

	Millions of Yen						
	Equity attributable to owners of the parent					Total	Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity		
Balance at April 1, 2019	32,363	43,018	(6,262)	125,927	3,685	198,731	198,731
Net income				12,084		12,084	12,084
Other comprehensive income					(3,382)	(3,382)	(3,382)
Total comprehensive income for the period	—	—	—	12,084	(3,382)	8,702	8,702
Purchase of treasury shares			(0)			(0)	(0)
Disposal of treasury shares		(35)	363	(181)		147	147
Dividends				(8,309)		(8,309)	(8,309)
Share-based payments		128				128	128
Transfer from other components of equity to retained earnings				111	(111)	—	—
Total transactions with the owners	—	93	363	(8,379)	(111)	(8,034)	(8,034)
Balance at June 30, 2019	32,363	43,111	(5,899)	129,632	192	199,399	199,399

(4) Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities:		
Income before income taxes	16,537	14,949
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,232	2,389
Changes in assets and liabilities:		
Trade and other receivables	(11,574)	(5,635)
Inventories	(1,855)	(2,514)
Trade and other payables	(853)	(4,750)
Warranty provisions	346	1
Deposits received	1,868	2,463
Advance receipt	2,040	1,826
Retirement benefit liabilities	437	353
Other	602	342
Subtotal	<u>8,780</u>	<u>9,424</u>
Interest and dividends received	187	229
Interest paid	(2)	(38)
Income taxes paid	<u>(2,497)</u>	<u>(6,288)</u>
Net cash provided by (used in) operating activities	<u>6,468</u>	<u>3,327</u>
Cash flows from investing activities:		
Proceeds from sale of equity instruments	—	111
Purchases of property, plant and equipment	(1,399)	(1,652)
Purchases of intangible assets	(59)	(17)
Other	9	32
Net cash provided by (used in) investing activities	<u>(1,449)</u>	<u>(1,526)</u>
Cash flows from financing activities:		
Proceeds from disposal of treasury shares	217	147
Dividends paid	(3,943)	(7,981)
Payments for lease liabilities	—	(578)
Other	0	(0)
Net cash provided by (used in) financing activities	<u>(3,726)</u>	<u>(8,412)</u>
Net effect of exchange rate changes on cash and cash equivalents	<u>1,178</u>	<u>(1,974)</u>
Net change in cash and cash equivalents	<u>2,471</u>	<u>(8,585)</u>
Cash and cash equivalents at the beginning of period	<u>103,973</u>	<u>119,943</u>
Cash and cash equivalents at the end of period	<u><u>106,444</u></u>	<u><u>111,358</u></u>

(5) Notes to the Condensed Consolidated Financial Statements

(Notes on Going Concern): None

(Changes in Accounting Policies)

IFRS 16: Leases

Advantest has adopted IFRS 16 Leases from this quarter.

To apply IFRS 16, Advantest used the cumulative effect transition method which is recognizing the cumulative effect of applying the new standard at the beginning of the year of initial application.

In transitioning to IFRS16, Advantest has chosen the practical expedient detailed in paragraph C3 of IFRS 16 and grandfathered its assessments of whether contracts contain leases under IAS 17 “Leases” and IFRIC 4 “Determining whether an Arrangement contains a Lease.”

Advantest, as a lessee, recognized right-of-use assets and lease liabilities at the date of initial application for leases previously classified as an operation leases applying IAS 17. These lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application.

Right-of-use assets recognized at the date of initial application in the condensed consolidated statement of financial position amount to (Y) 10,344 million.

(Segment Information)

Three months ended June 30, 2018					Millions of Yen
	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	50,979	11,078	8,874	—	70,931
Inter-segment sales	—	—	—	—	—
Total	50,979	11,078	8,874	—	70,931
Segment income (loss) (operating income (loss) before share-based compensation expense)	15,497	441	1,902	(1,958)	15,882
Adjustment:					
Share-based compensation expense	—	—	—	—	(64)
Operating income	—	—	—	—	15,818
Financial income	—	—	—	—	752
Financial expenses	—	—	—	—	(33)
Income before income taxes	—	—	—	—	16,537

Three months ended June 30, 2019					Millions of Yen
	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	50,909	6,645	8,611	—	66,165
Inter-segment sales	10	—	—	(10)	—
Total	50,919	6,645	8,611	(10)	66,165
Segment income (loss) (operating income (loss) before share-based compensation expense)	17,659	(952)	513	(1,911)	15,309
Adjustment:					
Share-based compensation expense	—	—	—	—	(149)
Operating income	—	—	—	—	15,160
Financial income	—	—	—	—	232
Financial expenses	—	—	—	—	(443)
Income before income taxes	—	—	—	—	14,949

(Notes)

1. Advantest uses the operating income (loss) before share-based compensation expense for management's analysis of business segment results.
2. Share-based compensation expense represents expenses for stock options and performance-based stock remuneration expense.
3. Segment income (loss) is presented on the basis of operating income (loss) before share-based compensation expense.
4. Inter-segment sales are based on market prices.
5. Adjustments to segment income (loss) in Corporate principally represent corporate general and administrative expenses and research and development expenses related to fundamental research activities that are not allocated to operating segments.

FY2019 First Quarter Consolidated Financial Results Overview

1. Orders received • Backlog

(in billion yen)

	FY2018				FY2019			FY2019 Forecast	
	1Q	2Q	3Q	4Q	1Q	vs.FY2018 1Q increase (decrease)	vs.FY2018 4Q increase (decrease)	Annual total	vs. FY2018 increase (decrease)
Orders received	70.6	76.2	62.7	65.7	65.9	(6.7%)	0.3%	230.0 230.0	(16.4%)
Backlog	^(3.0) 79.5	83.0	70.8	^{2.4} 74.9	74.6	(6.1%)	(0.4%)	^{74.9} 74.9	0.0%

1. Upper data is the forecast amount released on Apr 25, 2019 and there will be no changes made this time.

2. Due to the adoption of IFRS 15, backlog at the beginning of FY2018 was adjusted with a negative amount of 3.0 billion yen.

3. Due to the acquisition of Semiconductor System Level Test Business, backlog in FY2018 4Q was adjusted with a positive amount of 2.4 billion yen.

2. Profit or Loss

(in billion yen)

	FY2018				FY2019			FY2019 Forecast	
	1Q	2Q	3Q	4Q	1Q	vs.FY2018 1Q increase (decrease)	vs.FY2018 4Q increase (decrease)	Annual total	vs. FY2018 increase (decrease)
Net sales	70.9	72.7	74.9	64.0	66.2	(6.7%)	3.4%	230.0 230.0	Δ18.6%
Cost of sales	(32.7)	(33.8)	(32.4)	(29.6)	(26.8)	(18.1%)	(9.3%)	-	-
Selling, general and administrative expenses	(22.5)	(21.9)	(24.4)	(24.2)	(24.2)	7.9%	(0.2%)	-	-
Other income - expenses	0.1	1.0	2.6	0.0	0.0	(65.7%)	(45.5%)	-	-
Operating income	15.8	18.0	20.7	10.2	15.2	(4.2%)	48.7%	30.0 30.0	Δ53.6%
Sales ratio	22.3%	24.7%	27.6%	15.9%	22.9%			13.0%	
Financial income - expenses	0.7	0.6	(0.1)	0.3	(0.3)	-	-	-	-
Income before income taxes	16.5	18.6	20.6	10.5	14.9	(9.6%)	42.4%	31.0 31.0	Δ53.2%
Sales ratio	23.3%	25.5%	27.5%	16.4%	22.6%			13.5%	
Income taxes	(2.6)	(2.4)	(2.7)	(1.5)	(2.8)	8.3%	84.5%	-	-
Net income	13.9	16.2	17.9	9.0	12.1	(13.0%)	35.1%	26.0 26.0	Δ54.4%
Sales ratio	19.6%	22.4%	23.9%	14.0%	18.3%			11.3%	

Upper data is the forecast amount released on Apr 25, 2019 and there will be no changes made this time.

3. Financial Condition

(in billion yen)

	FY2018				FY2019	
	1Q End	2Q End	3Q End	4Q End	1Q End	vs.FY2018 4Q increase (decrease)
Total assets	271.8	290.6	296.6	304.6	310.8	2.0%
Equity attributable to owners of the parent	142.5	180.0	188.1	198.7	199.4	0.3%
Ratio of equity attributable to owners of the parent	52.4%	61.9%	63.4%	65.2%	64.2%	-

4. Dividends

(in yen)

(Record Date)	FY2018			FY2019 Forecast		
	Interim	Year end	Annual total	Interim	Year end	Annual total
Dividend per share	50.00	42.00	92.00	N/A	N/A	N/A

The dividends forecast for FY2019 hasn't been decided. We will disclose promptly after considering the results based on the business performance.

Dividend payouts are based on semi-annual business performance with a target semi-annual payout ratio of 30%.