

FY2018 1Q
(Three months ended June 30th, 2018)
Information Meeting

July 25th, 2018

Advantest Corporation

Agenda

- **Financial Results for FY2018 1Q**

Atsushi Fujita
Managing Executive Officer

- **FY2018 Business Outlook**

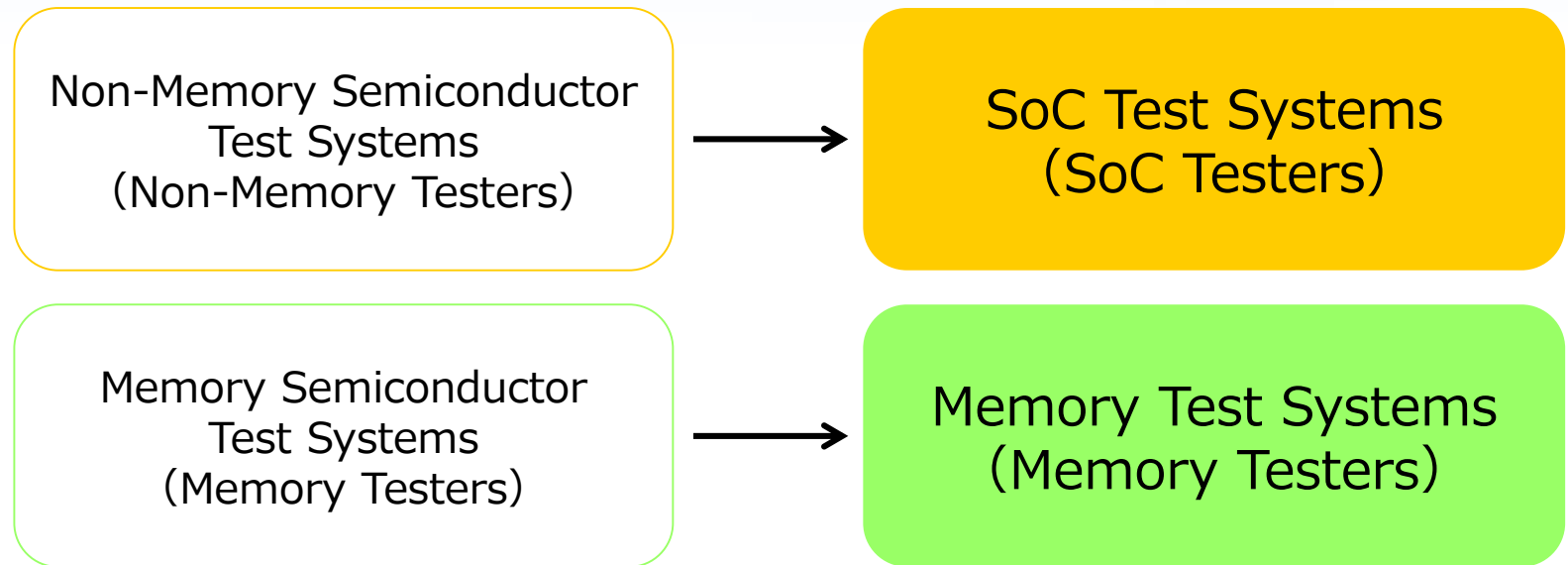
Yoshiaki Yoshida
Representative Director, President & CEO

FY18 1Q Summary of Results

	(¥B)									
	FY17				FY18		QoQ		YoY	
	1Q	2Q	3Q	4Q	1Q	(Δ)	(%)	(Δ)	(%)	
Orders	49.4	56.2	56.8	85.4	70.6	▲14.8	▲17.3%	21.2	43.0%	
Sales	40.7	47.7	50.9	67.9	70.9	3.0	4.4%	30.2	74.3%	
Gross Profit	20.6	24.9	23.2	37.9	38.2	0.4	1.0%	17.6	85.6%	
Gross Profit Margin	50.6%	52.1%	45.8%	55.7%	53.9%	▲1.8pts		3.3pts		
Operating Income	2.2	5.2	3.2	13.9	15.8	2.0	14.3%	13.6	x7.1	
Operating Income Margin	5.5%	10.9%	6.4%	20.4%	22.3%	1.9pts		16.8pts		
Income Before Tax	1.6	4.8	3.4	14.5	16.5	2.0	14.0%	15.0	x10.6	
Net Income	1.0	3.9	2.6	10.6	13.9	3.3	30.7%	12.9	x14.0	
Net Income Margin	2.4%	8.2%	5.0%	15.6%	19.6%	4.0pts		17.2pts		
Adjusted initial backlog following implementation of IFRS15					▲3.0					
Backlog	50.9	59.4	65.3	82.8	79.5	▲3.3	▲4.0%	28.6	56.2%	
Exchange Rate	1 US\$	¥112	¥111	¥112	¥111	¥108	¥3 Appreciation	¥4 Appreciation		
	1 Euro	¥121	¥128	¥132	¥134	¥131	¥3 Appreciation	¥10 Depreciation		

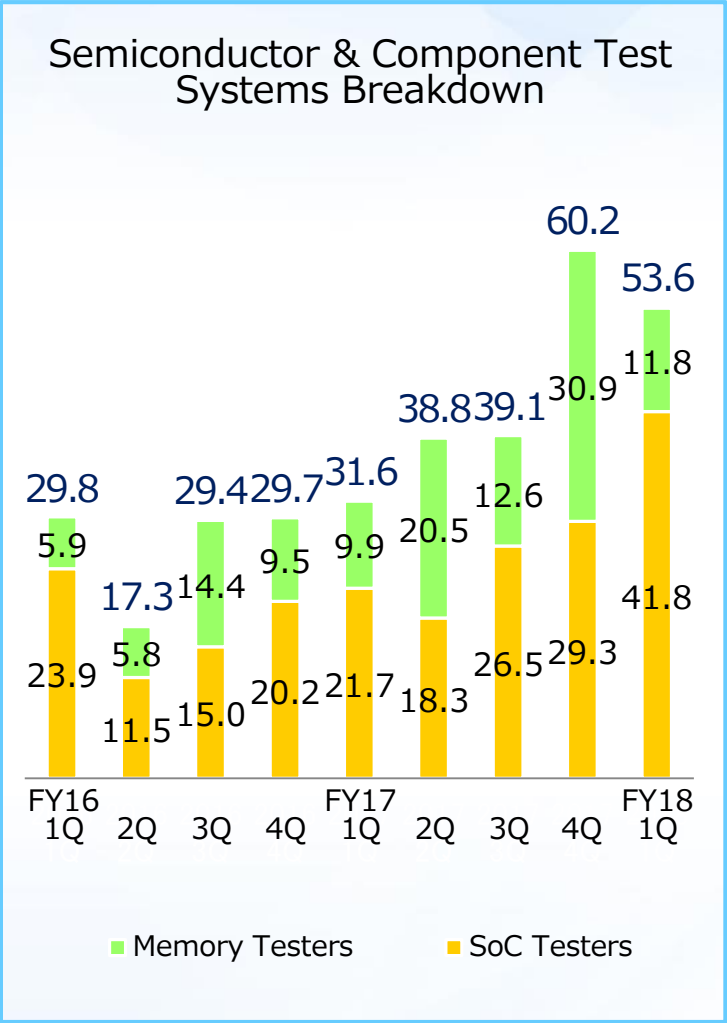
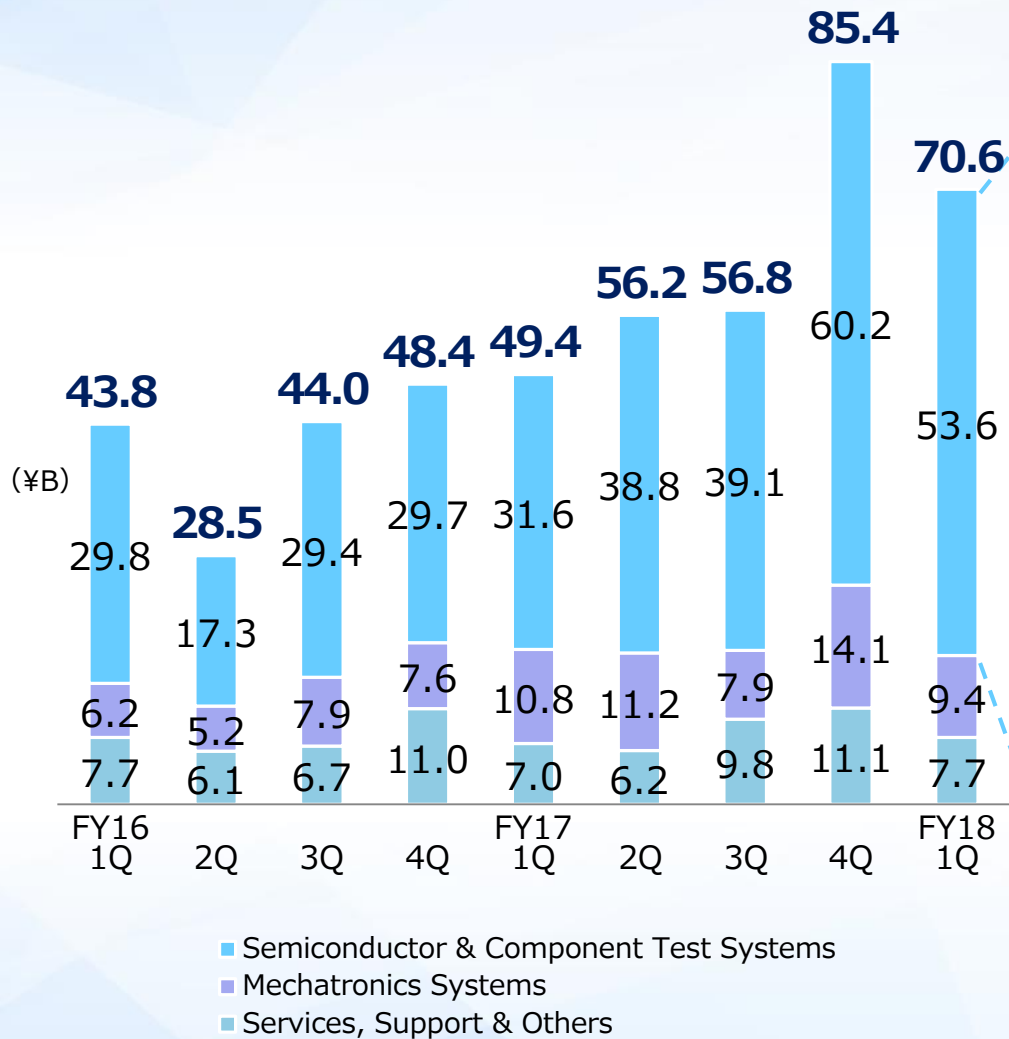
Business Domains Renamed

- Starting in FY18, Advantest has renamed our business domains



Note: The definitions of these markets remain unchanged

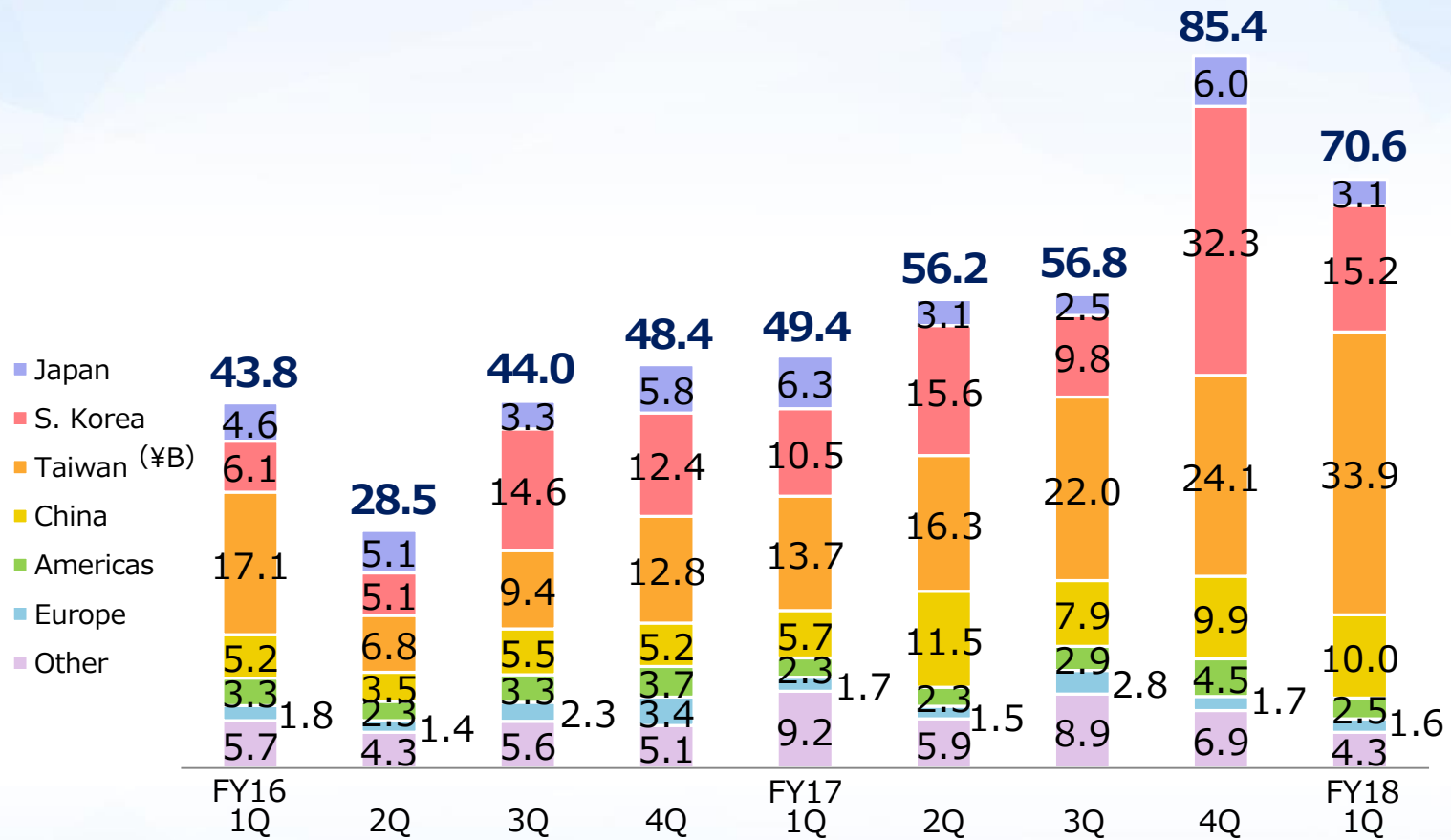
Orders by Segment



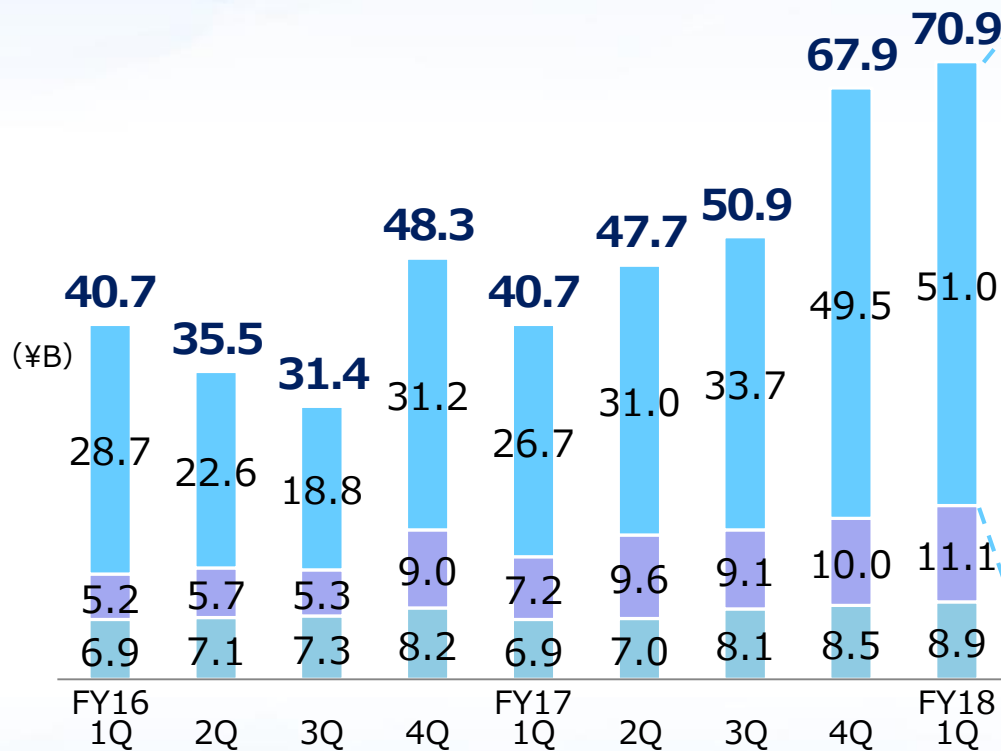
Note: Intersegment transactions have been eliminated from totals



Orders by Region

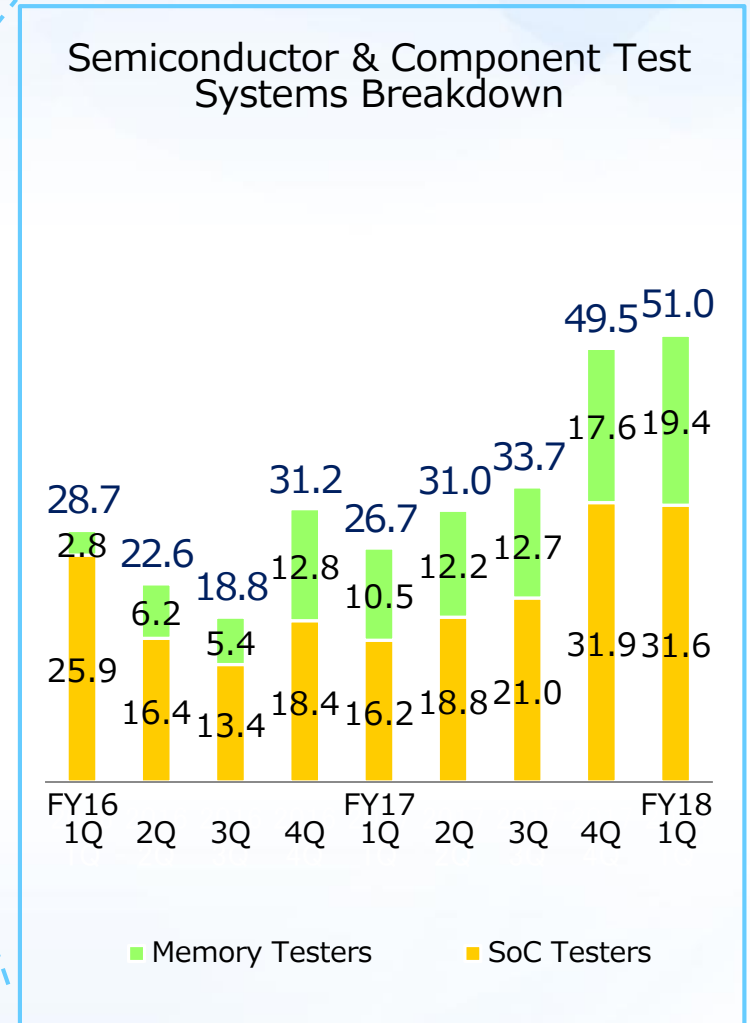


Sales by Segment



- Semiconductor & Component Test Systems
- Mechatronics Systems
- Services, Support & Others

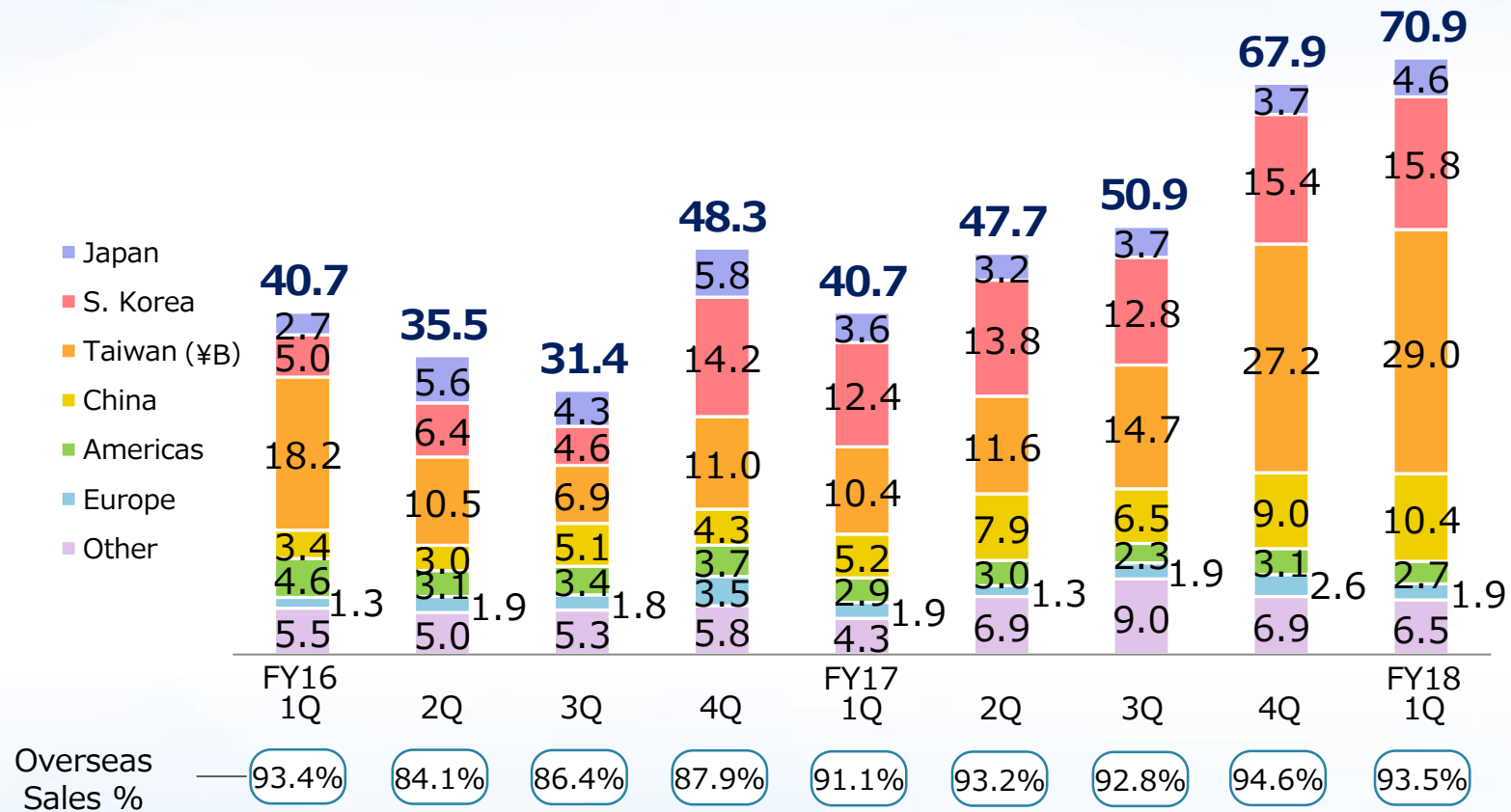
Note: Intersegment transactions have been eliminated from totals



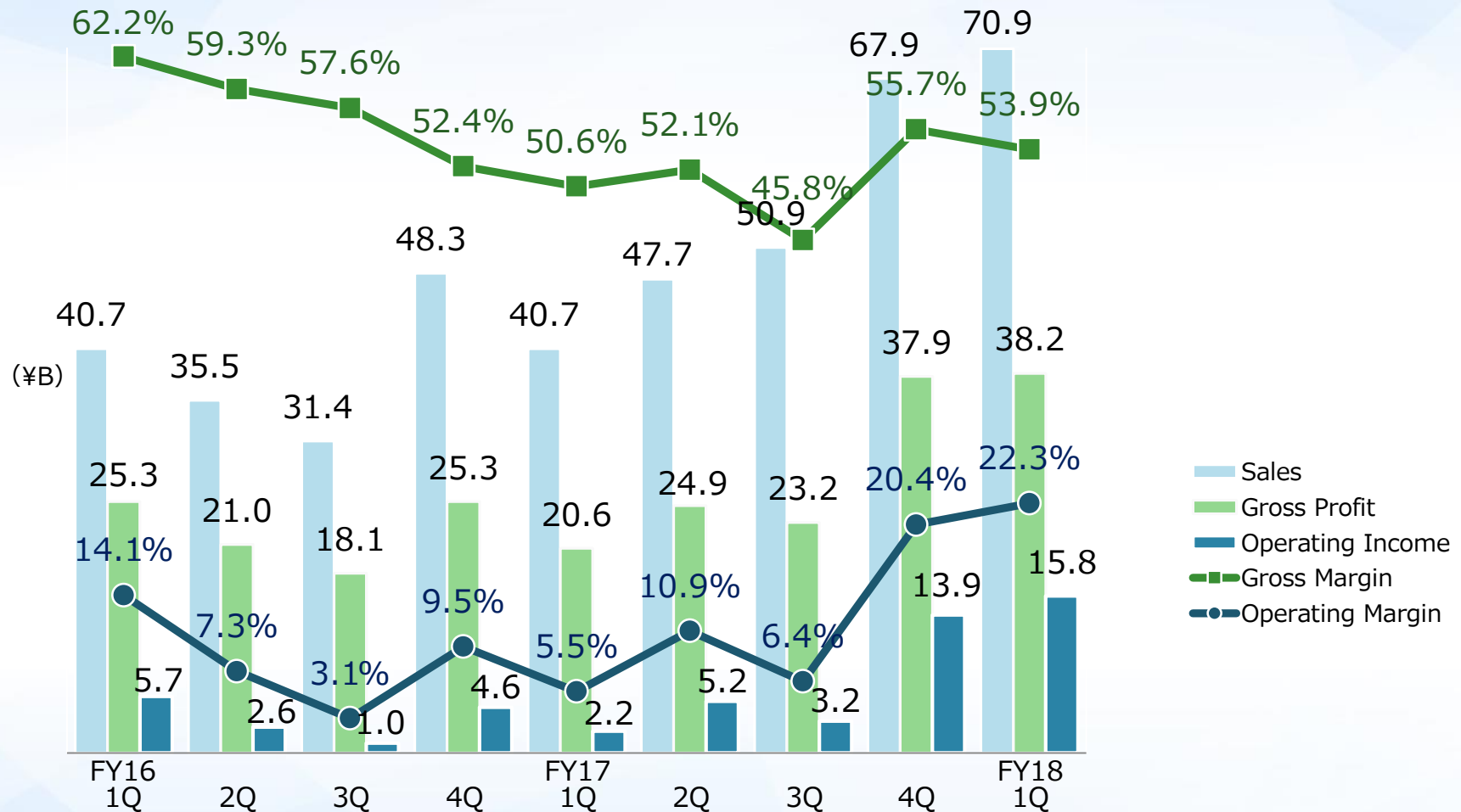
- Memory Testers
- SoC Testers

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Sales by Region



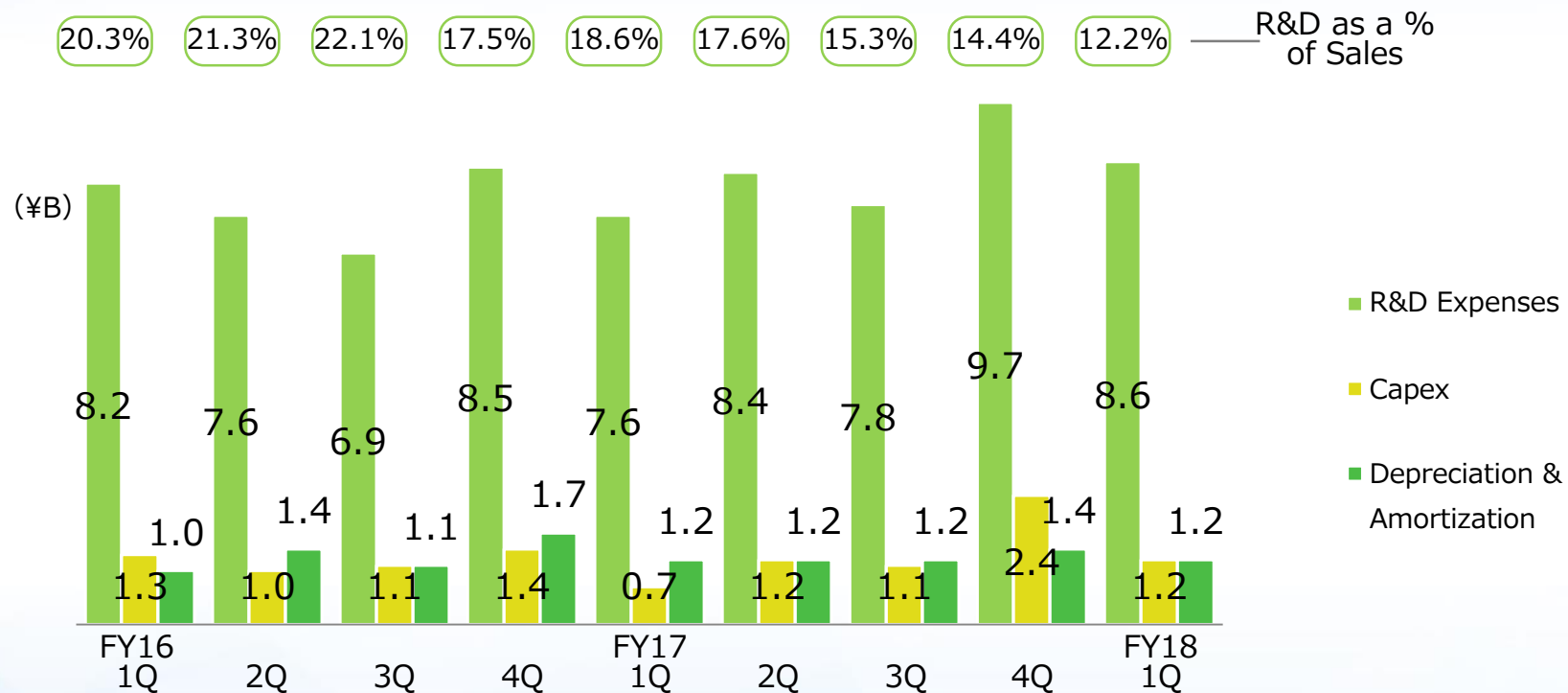
Sales / Gross Profit / Operating Income



※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%.



R&D Expenses / Capex / Depreciation & Amortization



Financial Position

Equity Attributable to Owners of the Parent

109.3

124.6

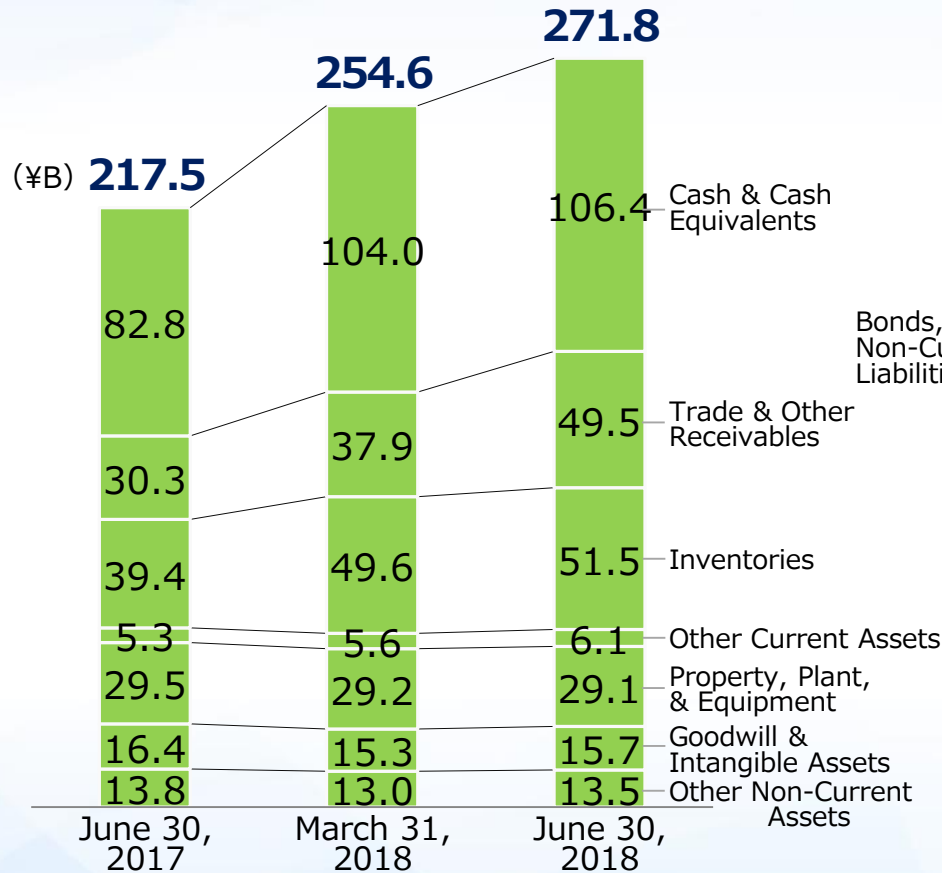
142.5

Ratio of Equity Attributable to Owners of the Parent

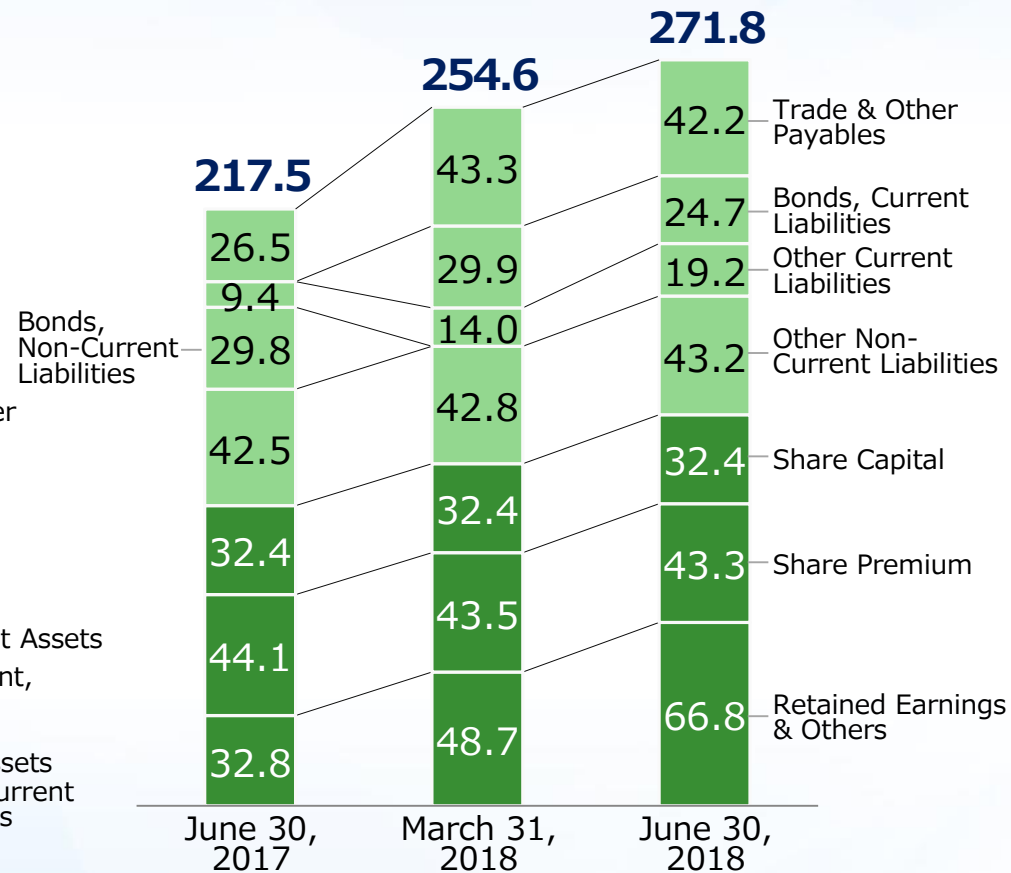
50.3%

49.0%

52.4%



Assets



Liabilities & Equity

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Agenda

- **Financial Results for FY2018 1Q**

Atsushi Fujita
Managing Executive Officer

- **FY2018 Business Outlook**

Yoshiaki Yoshida
Representative Director, President & CEO

CY18 Market Forecast

	CY17	CY18 estimate	YoY Change
SoC tester market	Approx. \$2,200M	Approx. \$2,200~\$2,300M	+0%~5%
Memory tester market	Approx. \$750M	Approx. \$900M	Approx. +20%

- ✓ We maintain our market outlook of 3 months ago. We expect tester investment development in line with our existing outlook
- ✓ SoC tester demand in CY2H will center on smartphones and display-related devices
- ✓ Our outlook for memory tester demand expansion remains unchanged

FY18 Forecast

(¥B)

	FY17	FY18 Forecast	vs. FY17	
			(Δ)	(%)
Orders	247.8	220.0	▲27.8	▲11.2%
Sales	207.2	230.0	22.8	11.0%
Semiconductor & Component Test systems	140.9	160.0	19.1	13.5%
Mechatronics Systems	35.9	38.0	2.1	5.9%
Services, Support & Others	30.5	32.0	1.5	5.0%
Operating Income	24.5	34.5	10.0	40.9%
Operating Income Margin	11.8%	15.0%	3.2pts	
Income Before Tax	24.3	34.8	10.5	43.2%
Net Income	18.1	27.8	9.7	53.6%
Net Income Margin	8.7%	12.1%	3.4pts	
Adjusted initial backlog following implementation of IFRS15		▲3.0		
Backlog	82.8	69.8	▲13.0	▲15.7%
Exchange Rate	1 US\$	¥111	¥105	¥6 Appreciation
	1 Euro	¥129	¥135	¥6 Depreciation

Note: Intersegment transactions have been eliminated from totals

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FY18 Key Measures

■ Towards Business Expansion

<Reinforce product supply capability>

- ✓ We will strive to continue to ensure a stable parts supply that tracks tester demand

<Measures aimed at mid-term growth>

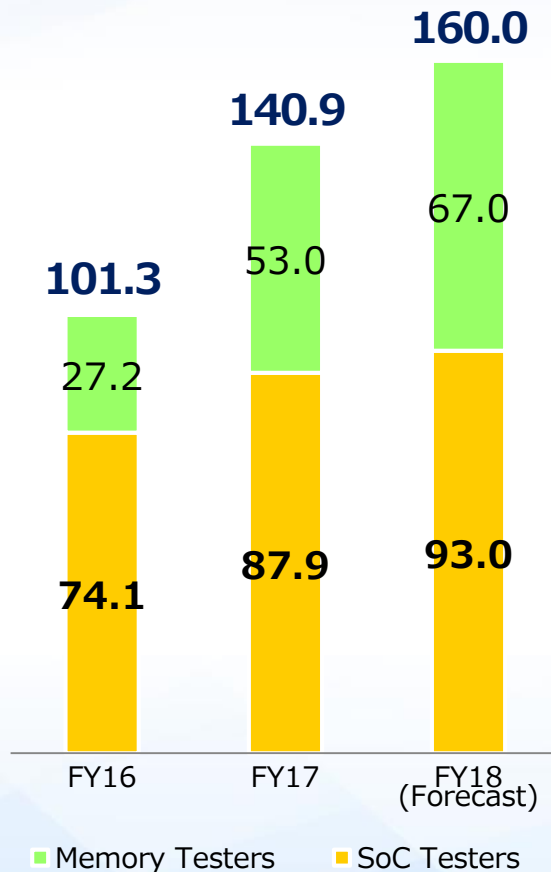
- ✓ In June 2018, we globally integrated our semiconductor test equipment business
- ✓ The new organization will enhance our competitiveness in promising areas such as AI, 5G comms and ADAS

■ FY18 Investment Outlook: Unchanged from Initial Plan

- ✓ R&D Expenses: ¥35.0 B (FY17 actual: ¥33.5 B)
- ✓ Capex: ¥7.0 B (FY17 actual: ¥5.4 B)
- ✓ Depreciation and amortization: ¥5.5 B (FY17 actual: ¥5.0 B)

FY18 Outlook by Segment

Semiconductor & Component Test System Sales trends (¥B)

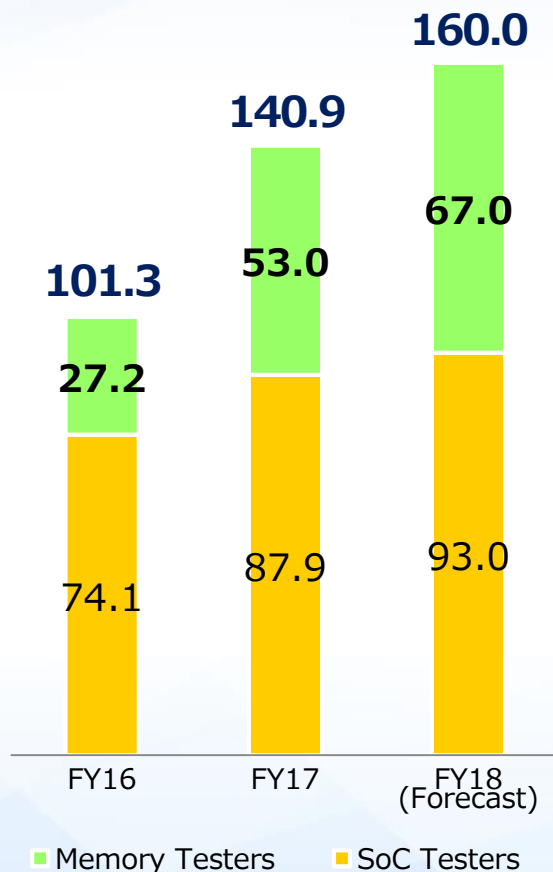


■ Semiconductor & Component Test Systems <SoC Testers>

- ✓ Smartphone-related demand to hold steady amid handset performance enhancements
- ✓ Automotive and display-related demand continues to be strong

FY18 Outlook by Segment

Semiconductor & Component Test System Sales trends (¥B)



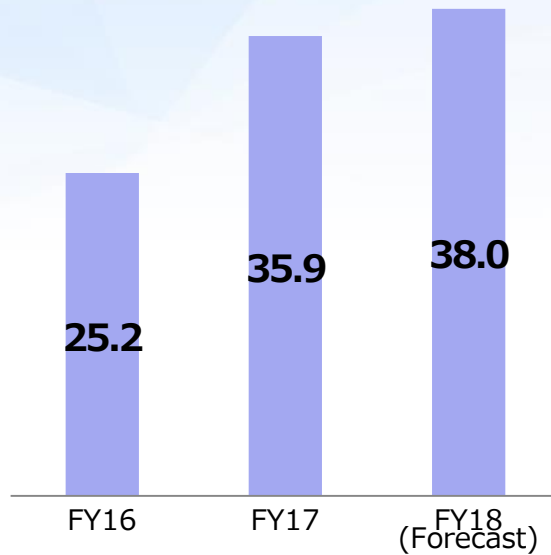
■ Semiconductor & Component Test Systems

<Memory Testers>

- ✓ Customers continue to invest in DRAM back-end testers to boost production capacity and support higher device speeds
- ✓ Higher flash memory stacks and increasing reliability needs will also drive NAND tester demand growth

FY18 Outlook by Segment

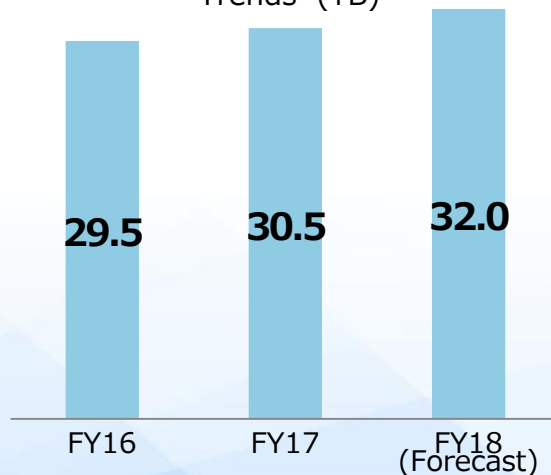
Mechatronics Sales Trends (¥B)



■ Mechatronics Systems

- ✓ Demand for memory device interfaces and test handlers will climb

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



■ Services, Support, & Others

- ✓ SSD tester expansion will contribute to higher income for this segment

Summary

- ✓ In 2018, Advantest aims for further business expansion amid growth in the tester market
- ✓ We will strive to continue to ensure a stable parts supply that tracks tester demand
- ✓ In June 2018, we globally integrated our semiconductor test equipment business. The new organization will enhance our competitiveness in promising areas such as AI, 5G comms and ADAS
- ✓ We are closely watching the risk of global economic stagnation due to Sino-American trade friction

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**

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