

FY2018 2Q
(Three months ended September 30th, 2018)
Information Meeting

October 30th, 2018
Advantest Corporation

Agenda

- **Financial Results for FY2018 2Q**

Atsushi Fujita
Managing Executive Officer

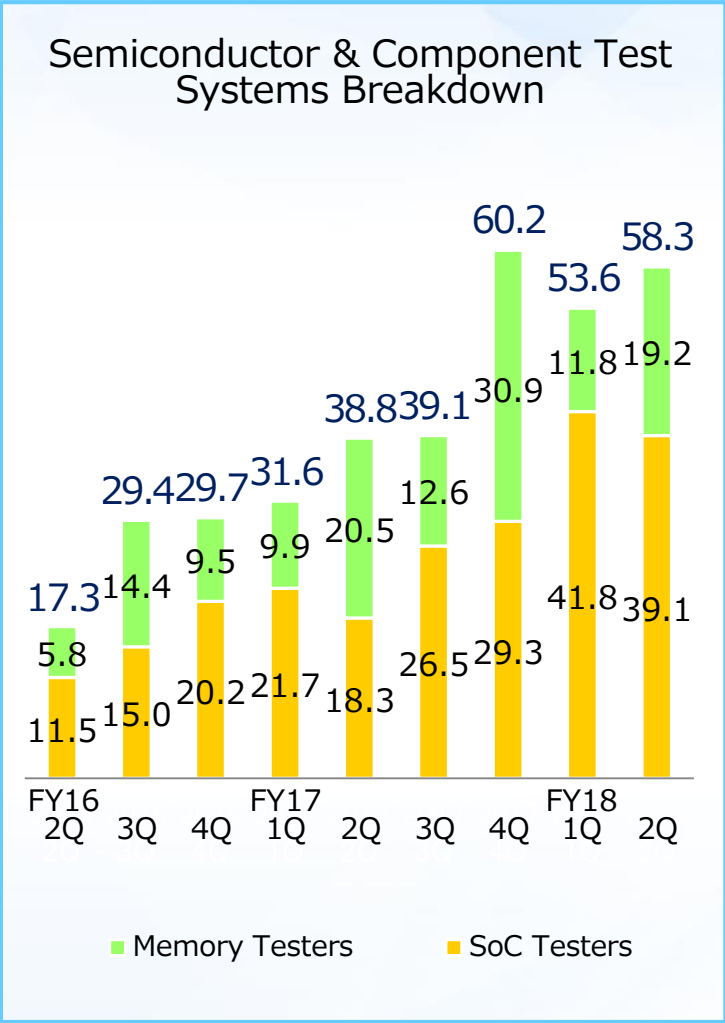
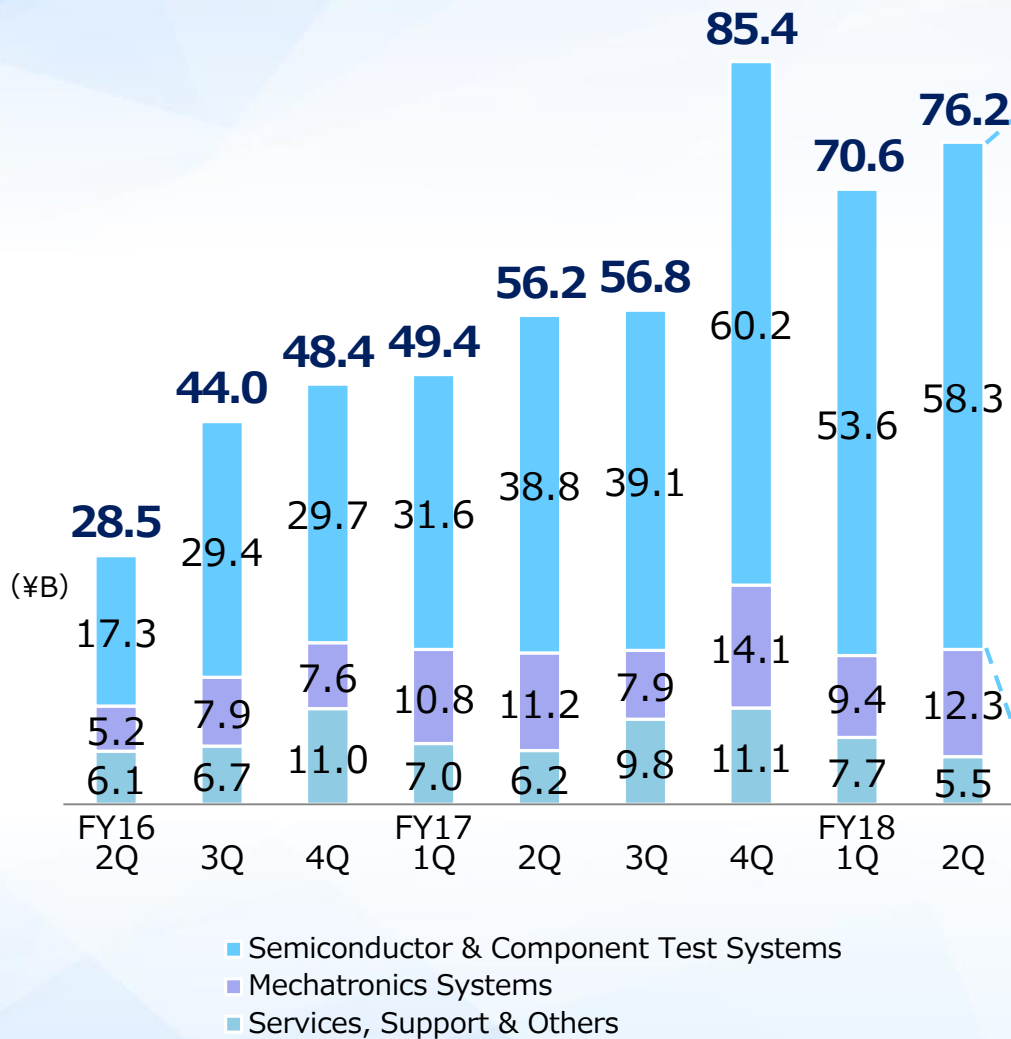
- **FY2018 Business Outlook**

Yoshiaki Yoshida
Representative Director, President & CEO

FY18 2Q Summary of Results

	(¥B)										
	FY17				FY18		QoQ		YoY		
	1Q	2Q	3Q	4Q	1Q	2Q	(Δ)	(%)	(Δ)	(%)	
Orders	49.4	56.2	56.8	85.4	70.6	76.2	5.5	7.8%	19.9	35.5%	
Sales	40.7	47.7	50.9	67.9	70.9	72.7	1.7	2.4%	24.9	52.2%	
Gross Profit	20.6	24.9	23.2	37.9	38.2	38.9	0.7	1.9%	14.0	56.4%	
Gross Margin	50.6%	52.1%	45.8%	55.7%	53.9%	53.6%	▲0.3pts		1.5pts		
Operating Income	2.2	5.2	3.2	13.9	15.8	18.0	2.1	13.4%	12.8	x3.5	
Operating Margin	5.5%	10.9%	6.4%	20.4%	22.3%	24.7%	2.4pts		13.8pts		
Income Before Tax	1.6	4.8	3.4	14.5	16.5	18.6	2.0	12.2%	13.8	x3.9	
Net Income	1.0	3.9	2.6	10.6	13.9	16.2	2.4	17.0%	12.3	x4.1	
Net Income Margin	2.4%	8.2%	5.0%	15.6%	19.6%	22.4%	2.8pts		14.2pts		
IFRS15 Backlog adjustment					▲3.0						
Backlog	50.9	59.4	65.3	82.8	79.5	83.0	3.5	4.4%	23.6	39.7%	
Exchange Rate	1 US\$	¥112	¥111	¥112	¥111	¥108	¥111	¥3 Depreciation	¥0 Appreciation		
	1 Euro	¥121	¥128	¥132	¥134	¥131	¥129	¥2 Appreciation	¥1 Depreciation		

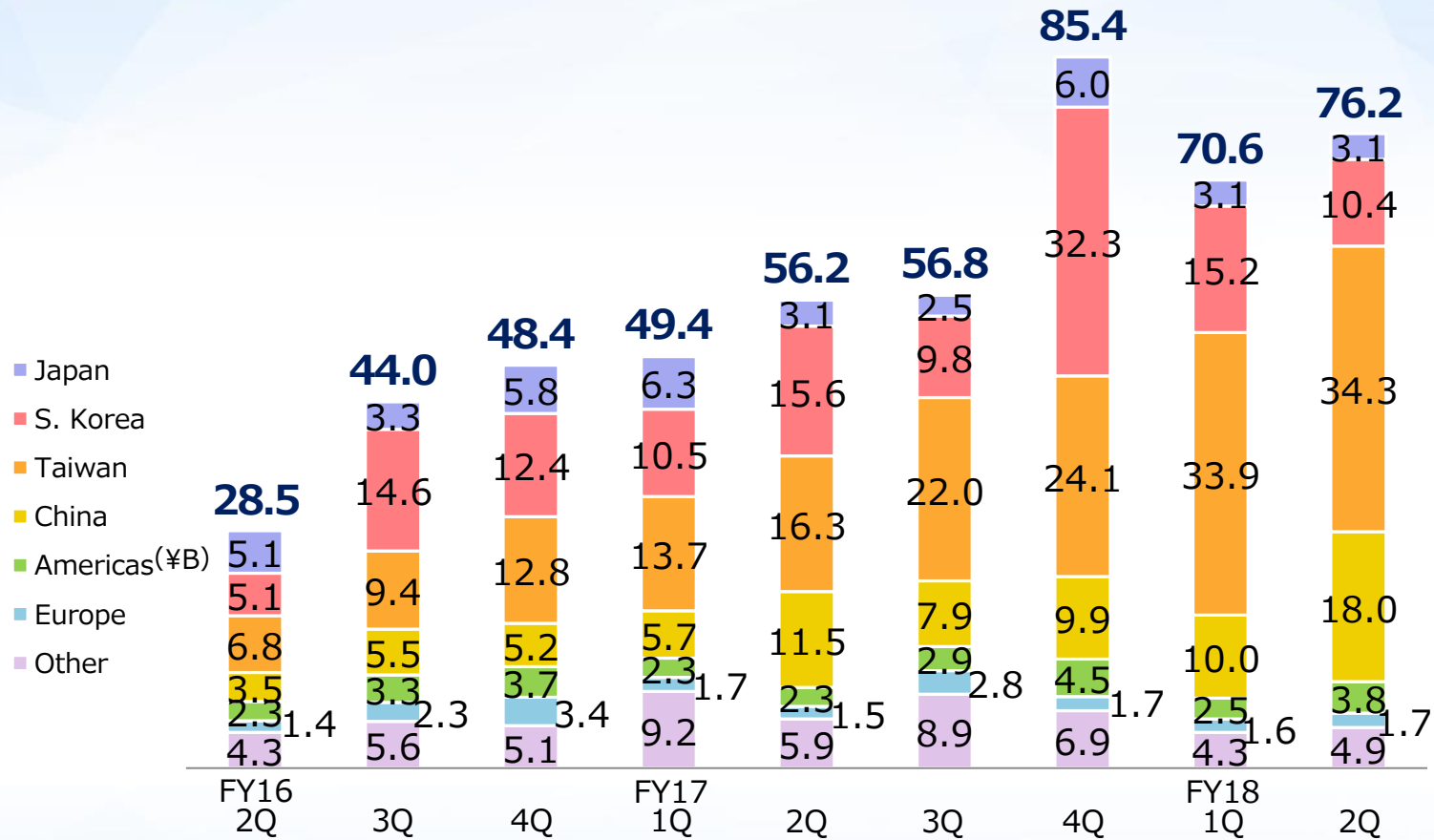
Orders by Segment



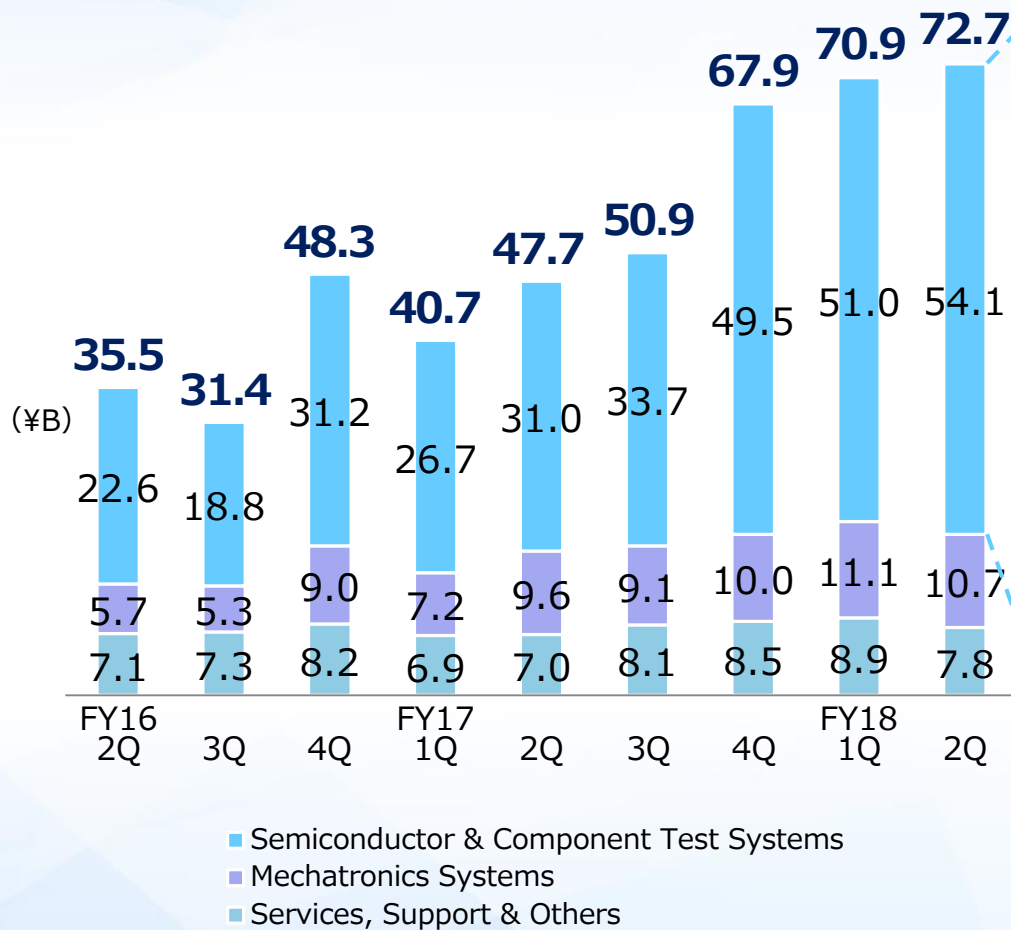
Note: Intersegment transactions have been eliminated from totals



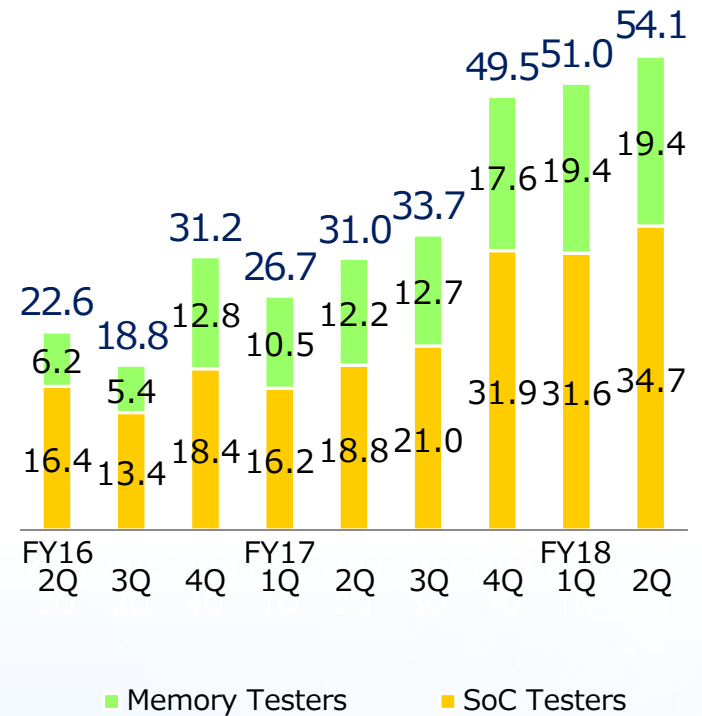
Orders by Region



Sales by Segment



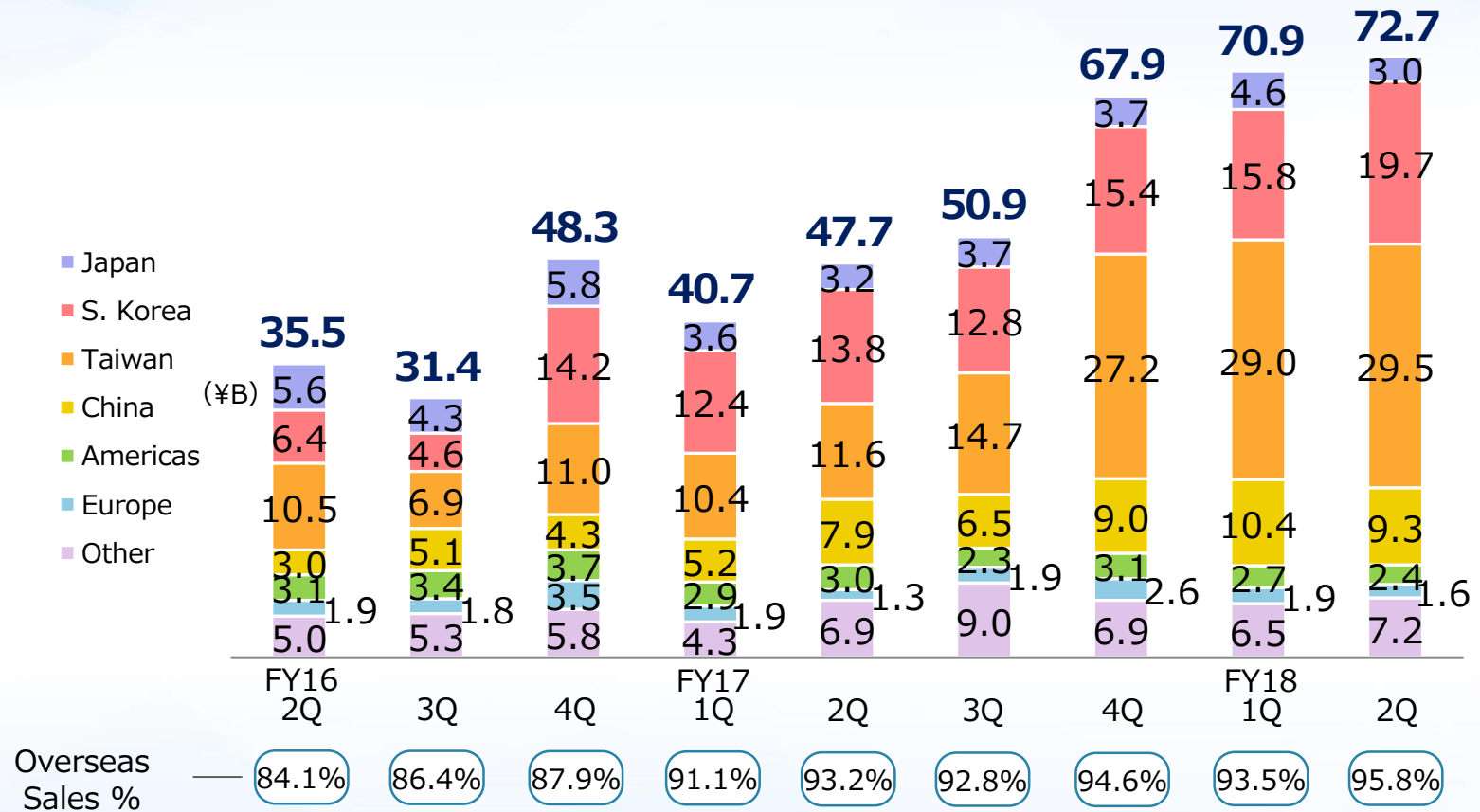
Semiconductor & Component Test Systems Breakdown



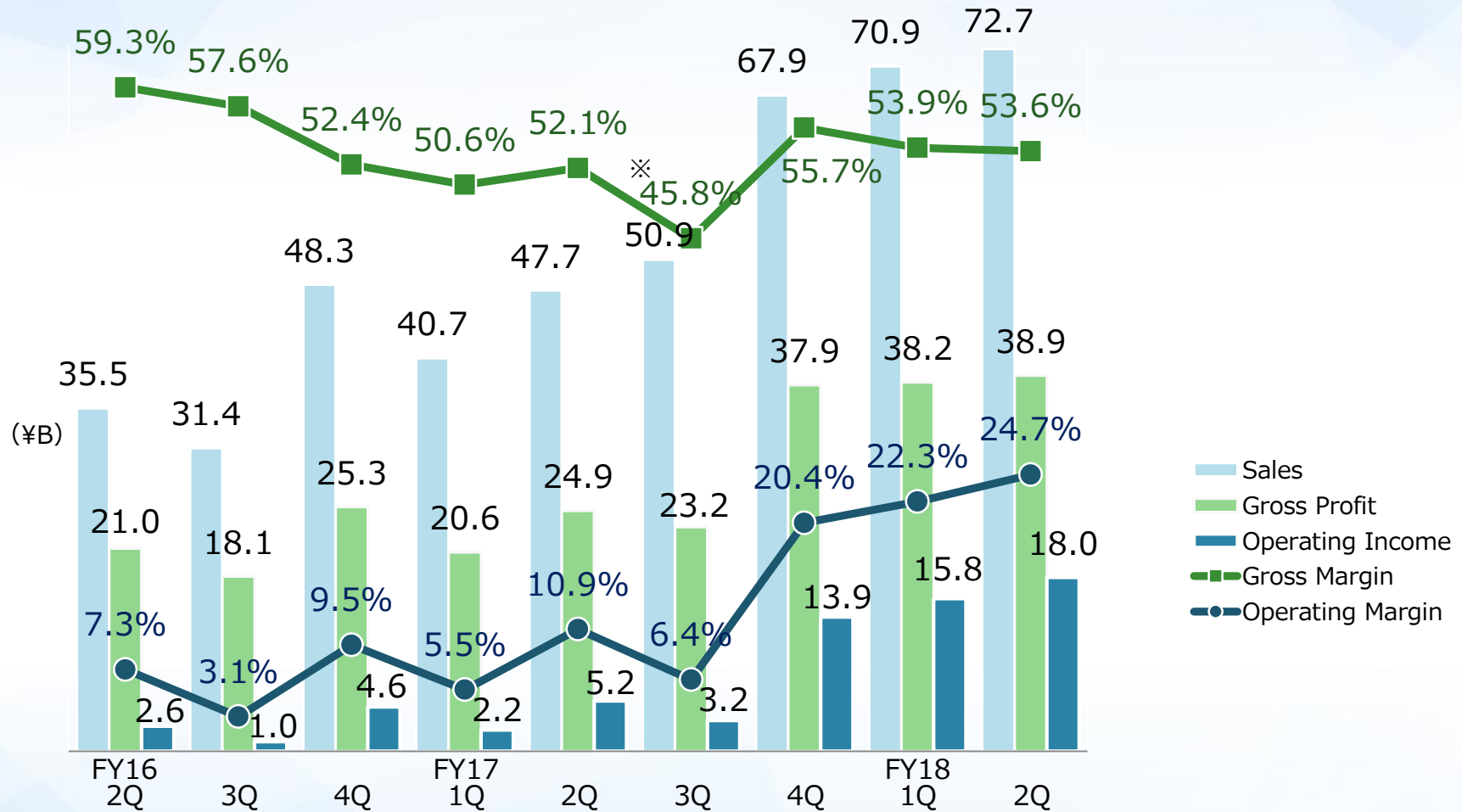
Note: Intersegment transactions have been eliminated from totals

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Sales by Region



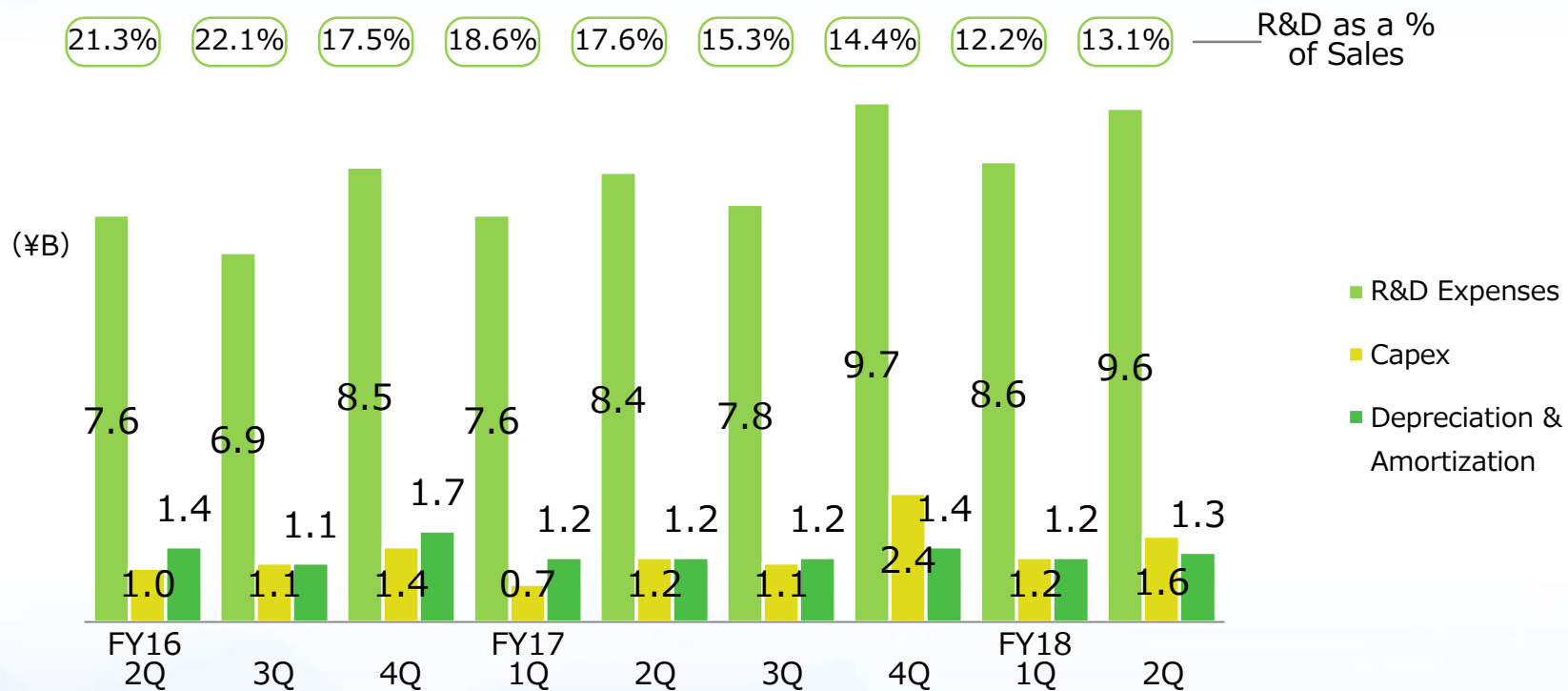
Sales / Gross Profit / Operating Income



※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%.

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R&D Expenses / Capex / Depreciation & Amortization



Financial Position

Equity Attributable to Owners of the Parent

124.6

142.5

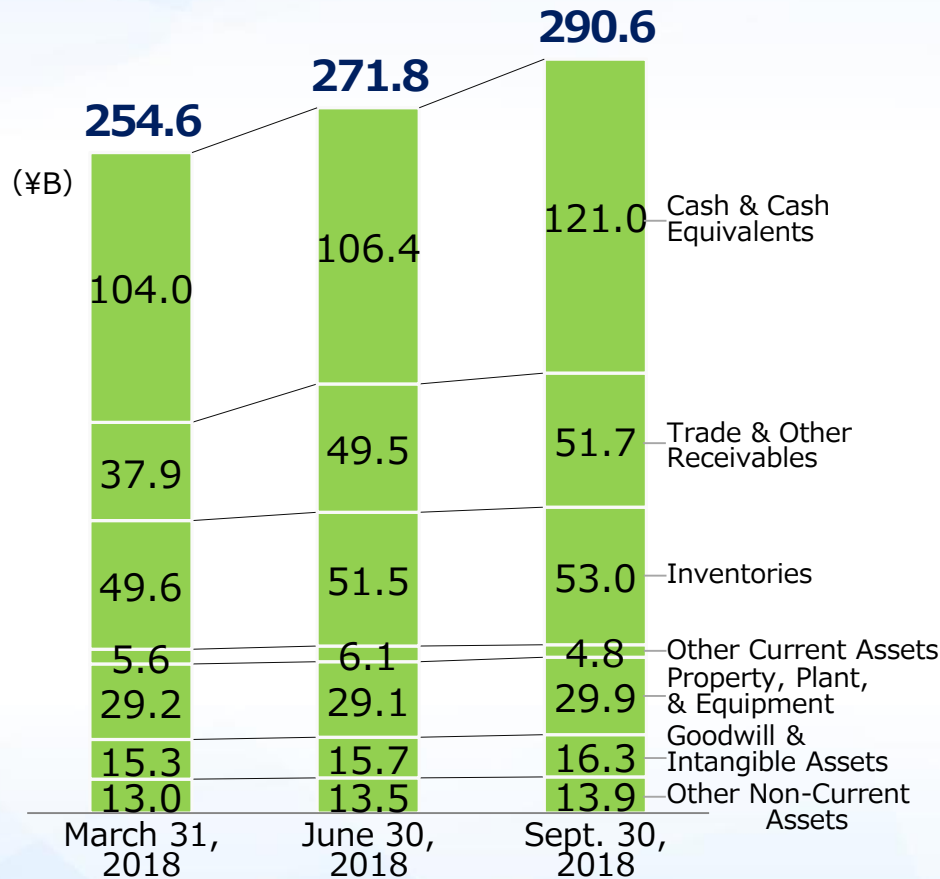
180.0

Ratio of Equity Attributable to Owners of the Parent

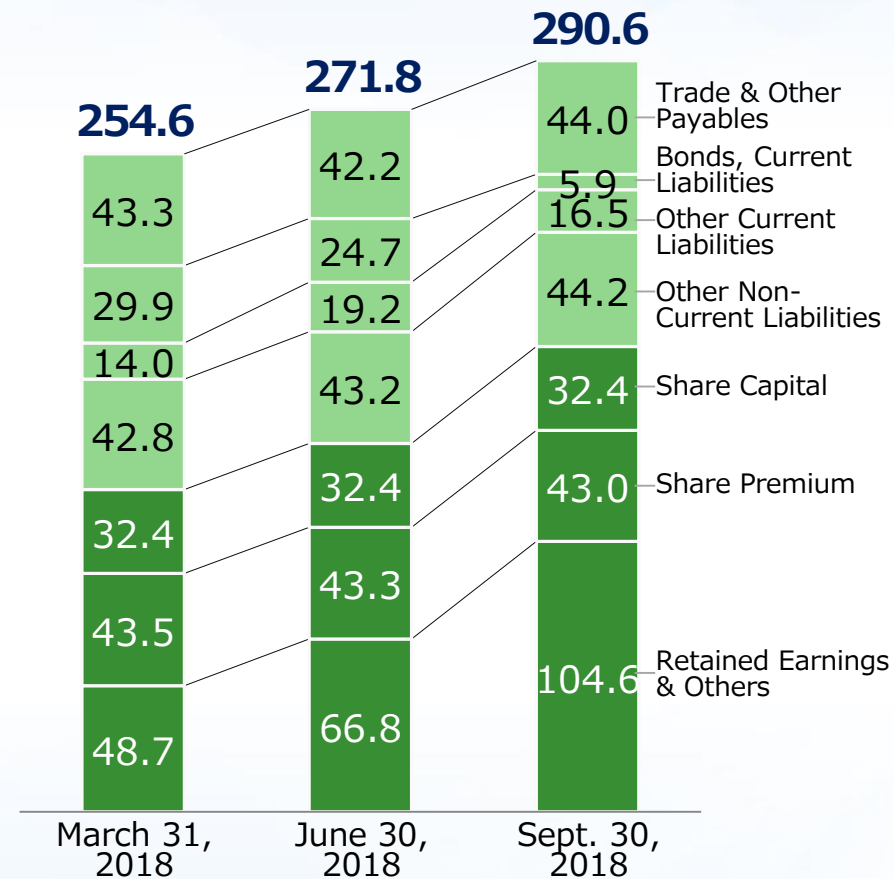
49.0%

52.4%

61.9%



Assets



Liabilities & Equity

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Agenda

- **Financial Results for FY2018 2Q**

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. \$2.2B	Approx. \$2.4B (Previous Forecast in July: Approx. \$2.2B~2.3B)	Approx. +9%
Memory tester market	Approx. \$750M	Approx. \$1.0B (Previous Forecast in July: Approx. \$900M)	Approx. +33%

- ✓ The 2018 tester market is healthy.
- ✓ In the SoC tester market, test capabilities are being reinforced across a wide variety of customers and devices, raising the floor of the market.
- ✓ In the memory tester market, data-center related demand is driving steady growth centered on DRAM.
- ✓ Amidst growing demand in all arenas, our market share will greatly increased.

FY18 Forecast

(¥B)

	FY17	FY18 Forecast	vs. FY17		FY18 forecast
			(Δ)	(%)	as of July
Orders	247.8	255.0	7.2	2.9%	220.0
Sales*	207.2	265.0	57.8	27.9%	230.0
Semiconductor & Component Test systems	140.9	191.0	50.1	35.5%	160.0
Mechatronics Systems	35.9	42.0	6.1	17.0%	38.0
Services, Support & Others	30.5	32.0	1.5	5.0%	32.0
Operating Income	24.5	53.0	28.5	x2.2	34.5
Operating Margin	11.8%	20.0%	8.2pts		15.0%
Income Before Tax	24.3	54.5	30.2	x2.2	34.8
Net Income	18.1	46.0	27.9	x2.5	27.8
Net Income Margin	8.7%	17.4%	8.7pts		12.1%
IFRS15 Backlog adjustment		▲3.0			▲3.0
Backlog	82.8	69.8	▲13.0	▲15.7%	69.8
Exchange Rate**	1 US\$	¥111	¥110	¥1 Appreciation	¥105
	1 Euro	¥129	¥132	¥3 Depreciation	¥135
Dividend per share	¥32	¥75	up ¥43		—

* Intersegment transactions have been eliminated from totals

** Exchange rate assumptions for FY18 2H: USD \$1 = ¥110, 1 Euro = ¥135.
FY18 1H rates were USD \$1 = ¥109 and 1 Euro = ¥130.

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FY18 Key Measures

■ Towards Further Business Growth

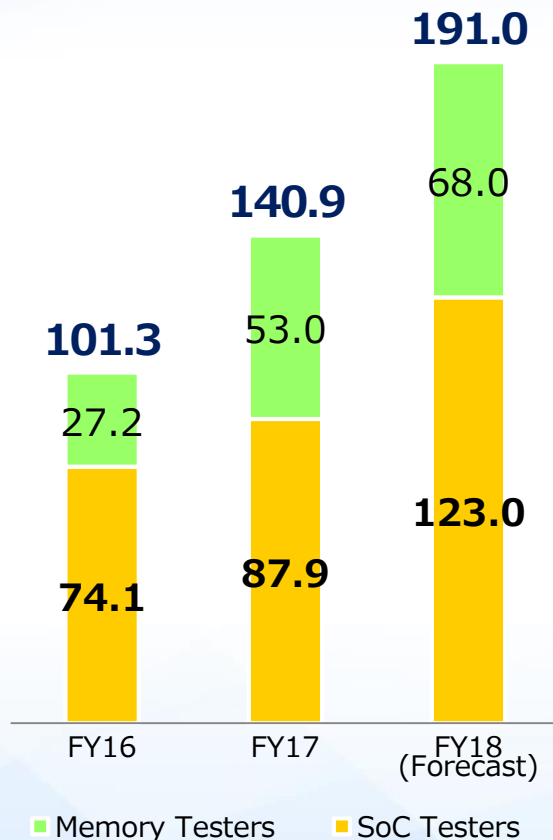
- ✓ Advantest globally integrated our semiconductor test business in June 2018.
- ✓ The new organization will boost competitiveness in promising arenas such as AI, 5G communications, and ADAS.
- ✓ We will also focus on technology and human resources as sources of mid- and long-term corporate value creation.

■ 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)

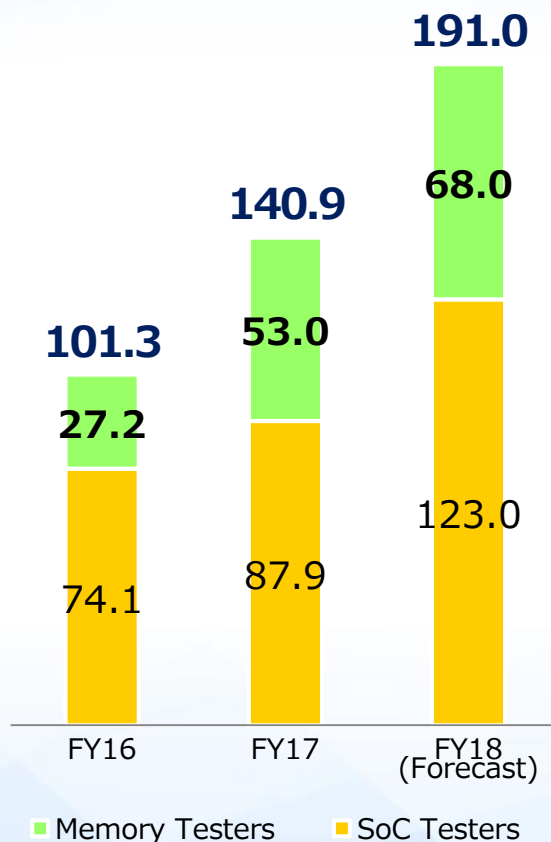


■ Semiconductor & Component Test Systems <SoC Testers>

- ✓ Higher handset performance is driving strong demand for smartphone processors and sensors.
- ✓ The display sector, currently undergoing immense technological progress, is producing a high and sustained level of customer demand in our products.

FY18 Outlook by Segment

Semiconductor & Component Test System Sales trends (¥B)

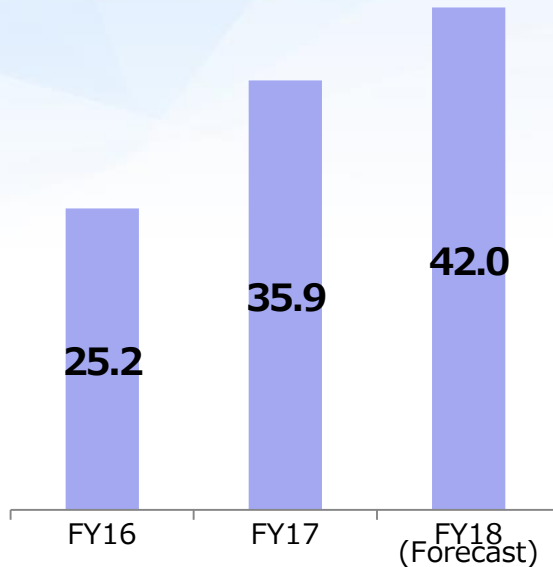


■ Semiconductor & Component Test Systems <Memory Testers>

- ✓ In DRAM, extremely strong demand for back-end test process is expected to last throughout the year.
- ✓ In non-volatile memory, 2H tester is on track with our expectations, although set to decline compared with 1H. We expect demand to recover as soon as device market conditions improve.
- ✓ Tester demand creation in the NAND flash sector will continue in 2019, driven by higher performance including faster I/F protocol adoption and larger capacity enabled by 3D technology evolution.

FY18 Outlook by Segment

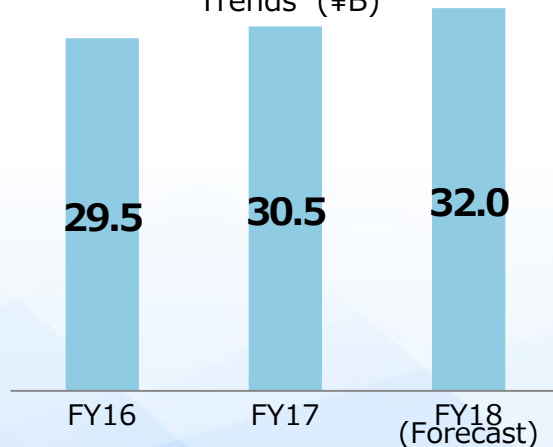
Mechatronics Sales Trends (¥B)



■ Mechatronics Systems

- ✓ In 1H, demand for memory device interfaces and test handlers was strong.
- ✓ We anticipate 2H demand comparable to 1H, mainly for memory products.

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



■ Services, Support, & Others

- ✓ We expect field services sales growth, in line with robust customer tester utilization ratios.

Summary

- ✓ The 2018 tester market is healthy.
- ✓ The competitive product portfolio we have amassed, and the breadth of our customer base, have driven a significant increase in Advantest's market share this year.
- ✓ The tester market is changing:
 - ① Applications for semiconductors are diversifying
 - ② The public is demanding, and customers are seeking to provide, greater semiconductor reliability
- ✓ We are boosting our investments in technology and human resources to achieve further sustainable business growth.

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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