



ADVANTEST®

FY2021
(Period Ended March 31st, 2022)

Financial Briefing

April 27th, 2022

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

Atsushi Fujita

Director, Senior Executive Officer, CFO & CCO

(Chief Financial Officer & Chief Compliance Officer),

Executive Vice President, Corporate Administration Group

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FY21 Results Highlights

- Achieved record high orders, sales, operating income, and net income for the full year of FY21
- FY21 orders topped ¥700 billion amidst expanding semiconductor demand and higher device performance
- Gross profit margin improved due to increased ratio of high value-added testers in our sales mix
- ROE 30.4%

FY21 Summary of Results

(¥B)

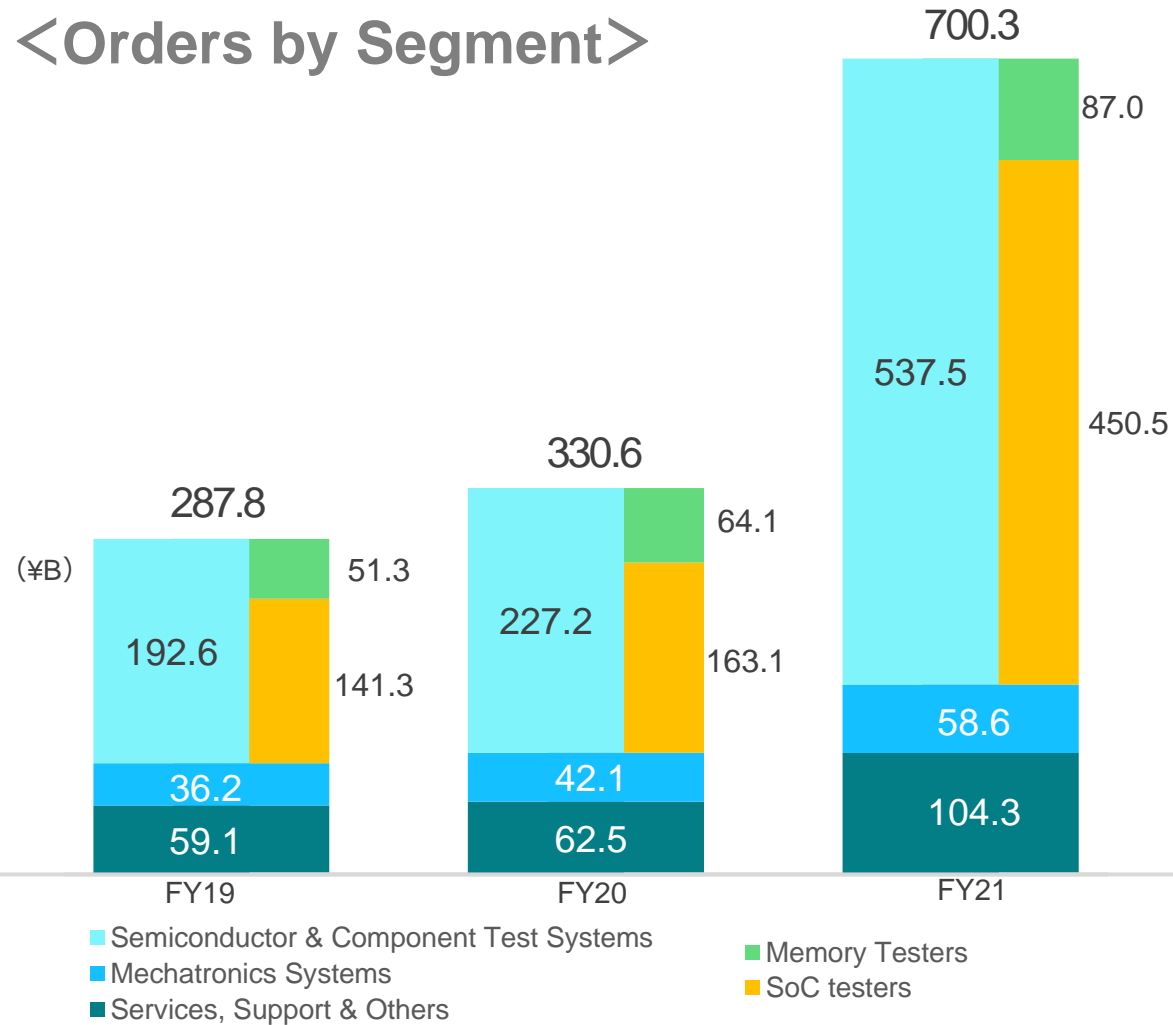
	FY20		FY21		
	Results	Forecast as of Jan. 2022	Results	vs. FY20	
				(Δ)	(%)
Orders	330.6	650.0	700.3	+369.7	2.1x
Sales	312.8	410.0	416.9	+104.1	+33.3%
Operating Income	70.7	115.0	114.7	+44.0	+62.2%
Operating Margin	22.6%	28.0%	27.5%	+4.9pts	
Income Before Tax	69.6	115.0	116.3	+46.7	+67.1%
Net Income	69.8	86.3	87.3	+17.5	+25.1%
Net Income Margin	22.3%	21.0%	20.9%	-1.4pts	
Backlog	108.8	351.2	394.7	+285.8	3.6x
Exchange Rate	1 US\$	¥106	¥112	¥112	¥6 Depreciation
	1 Euro	¥123	¥131	¥130	¥7 Depreciation
Dividend Per Share	¥118	-	¥120*1	+¥2	
Share Repurchase	13.1	-	70.0	+56.9	
Total Shareholder Return Ratio*2	52%	-	107%	+55pts	

*1: The year-end dividends for FY21 will be formally resolved at the Board of Directors' meeting held on May 20, 2022

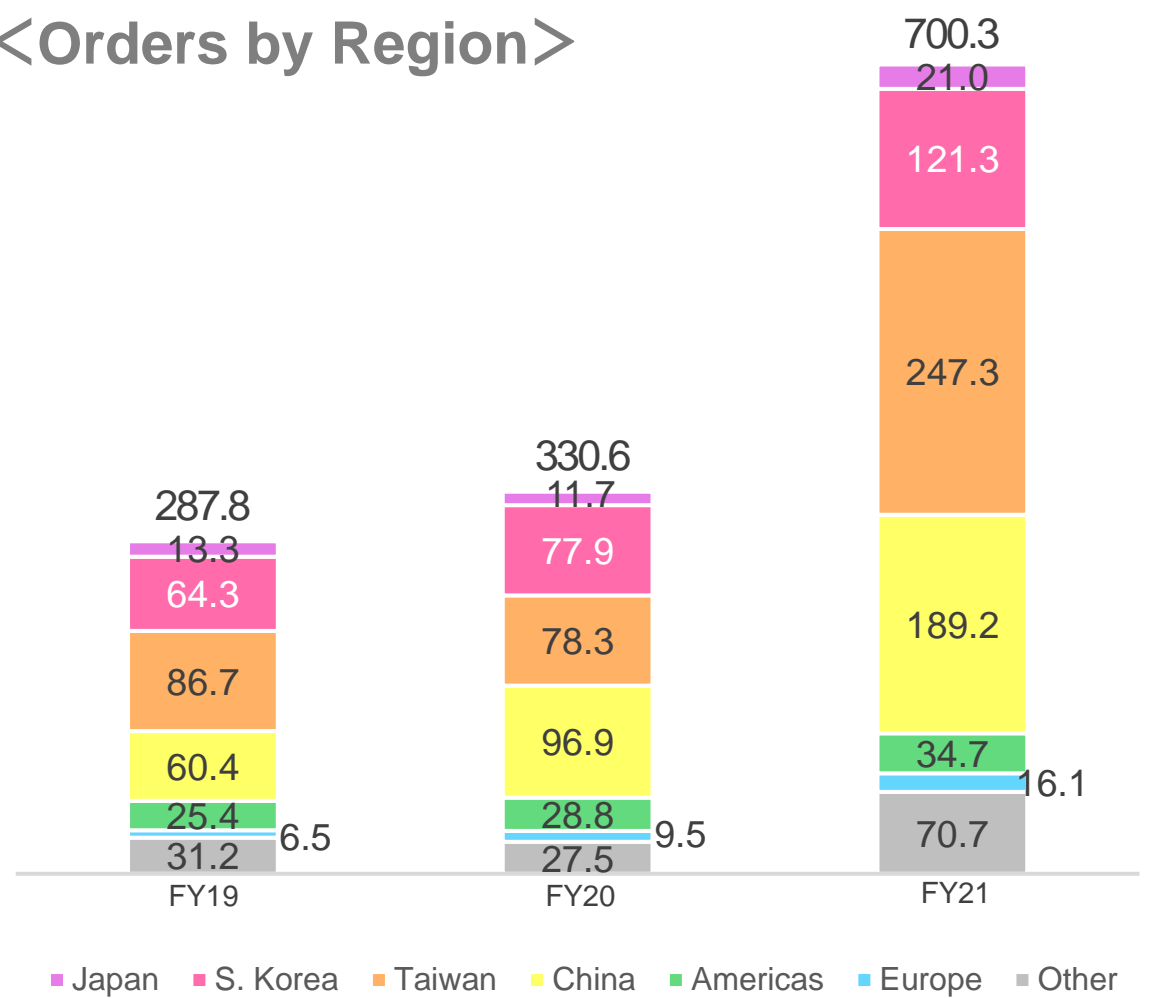
*2: Total shareholder return ratio = (Total dividends + Total share repurchases) ÷ Net Income

FY21 Orders by Segment / Region

<Orders by Segment>



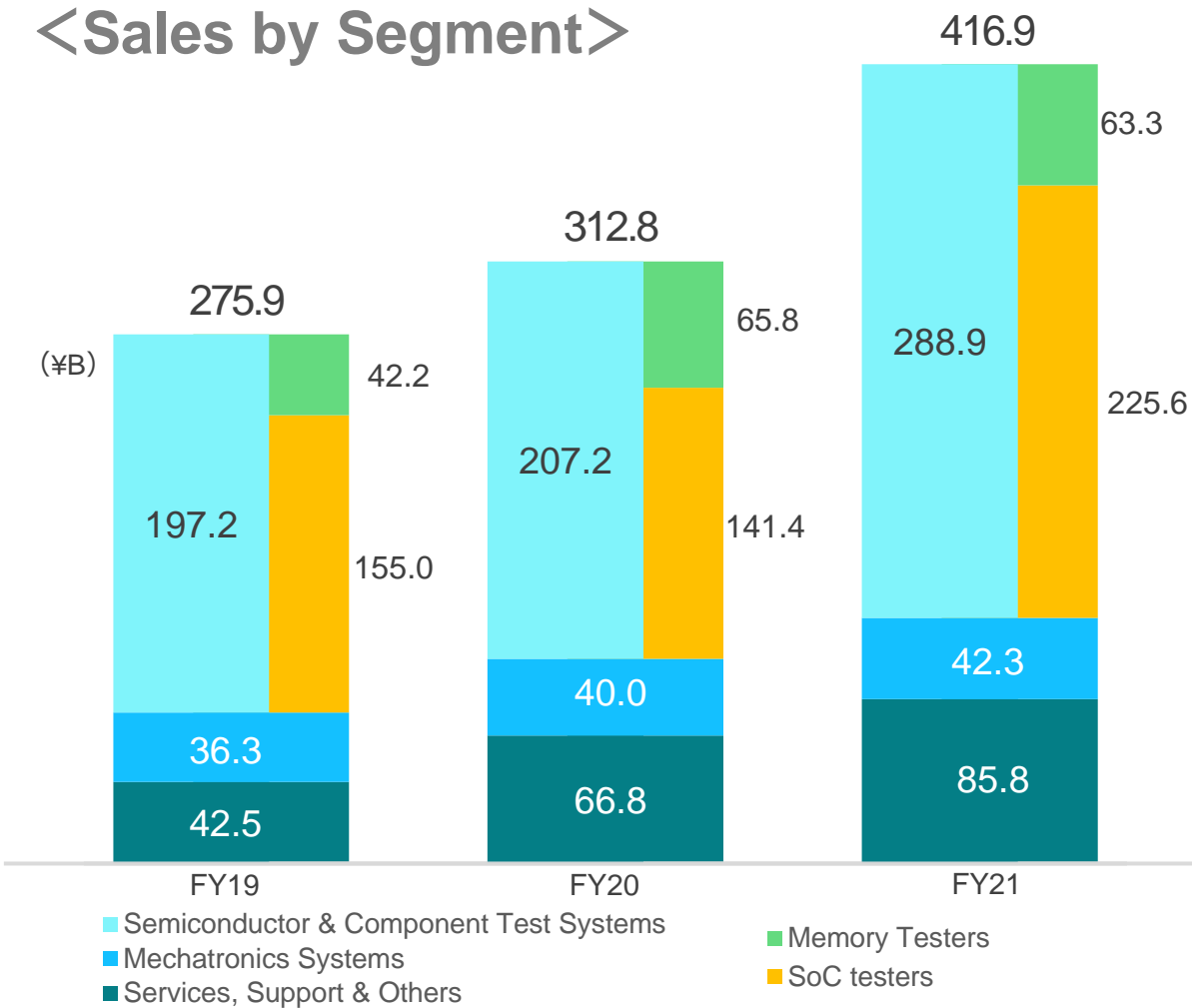
<Orders by Region>



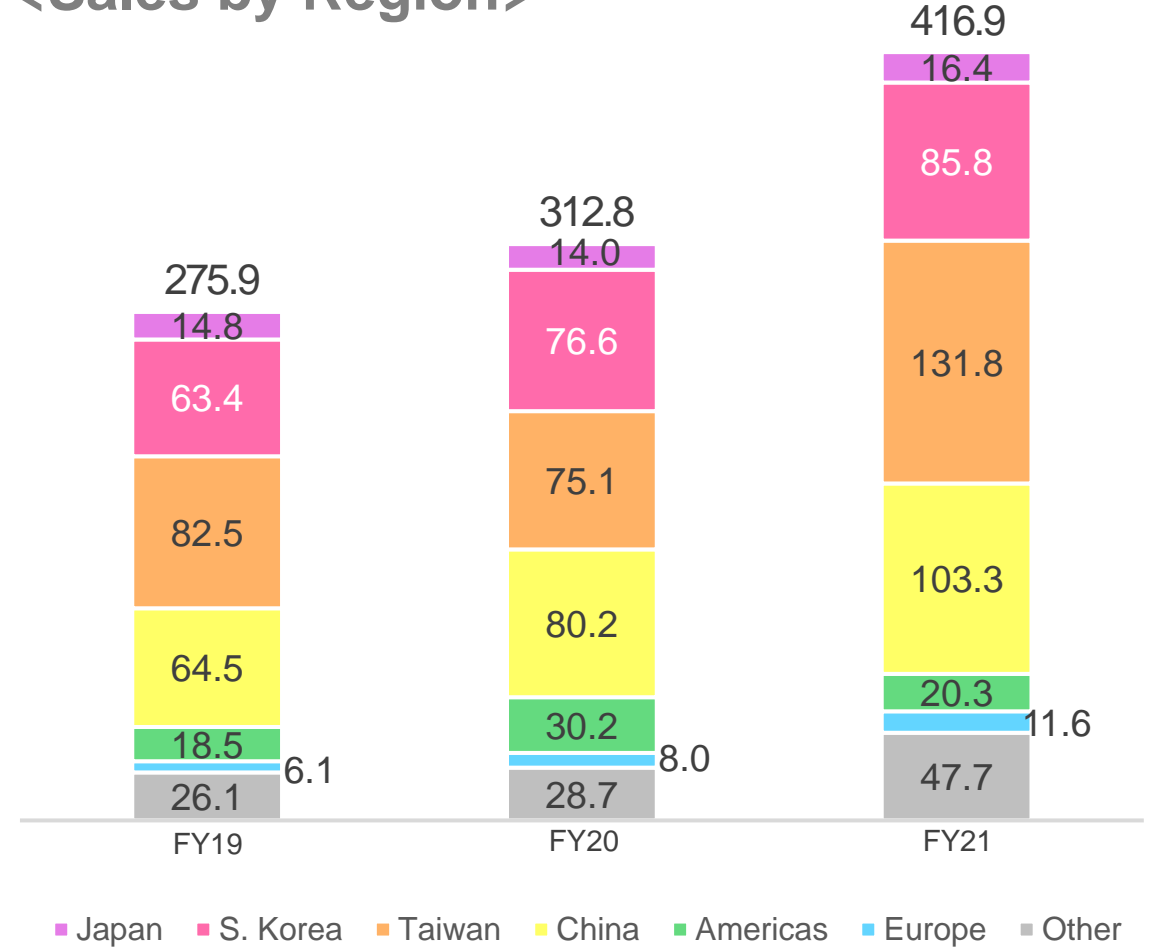
Note: Intersegment transactions have been eliminated from totals

FY21 Sales by Segment / Region

<Sales by Segment>



<Sales by Region>



Note: Intersegment transactions have been eliminated from totals

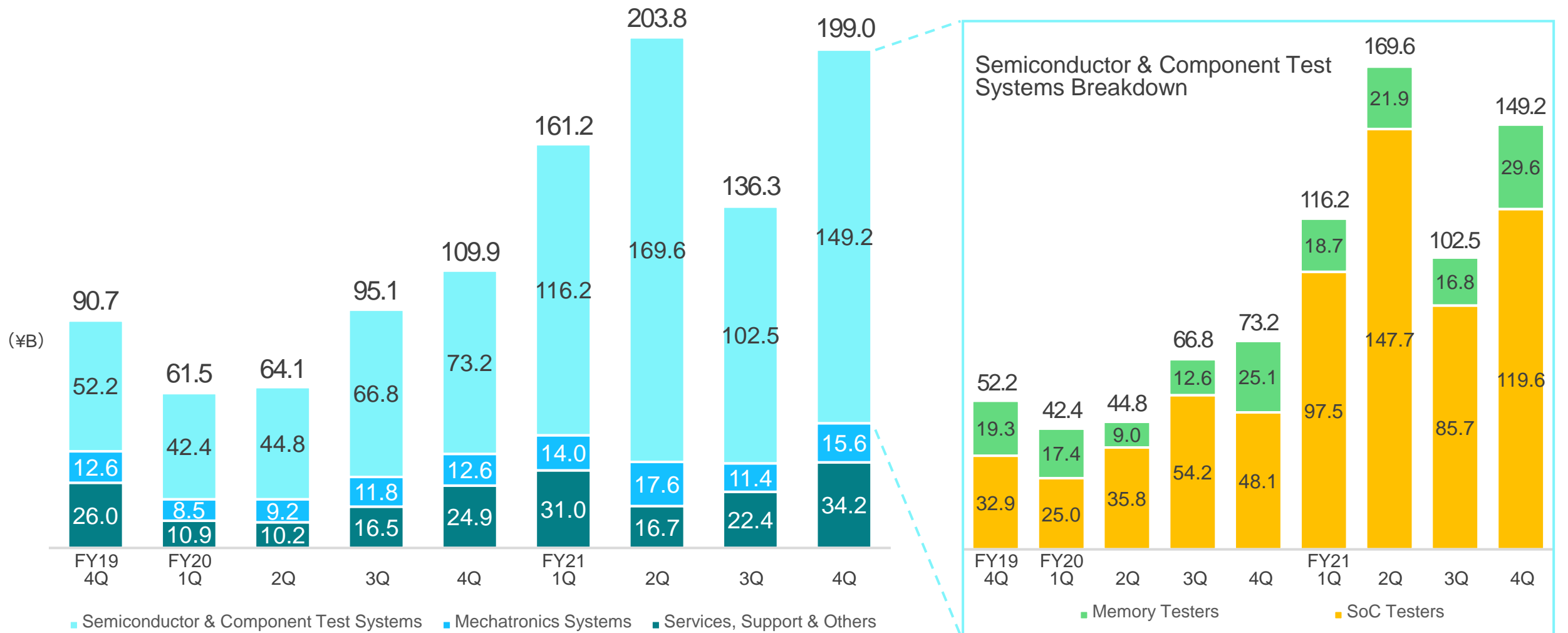
FY21 4Q Summary of Results

(¥B)

	FY20				FY21							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ		YoY	
									(Δ)	(%)	(Δ)	(%)
Orders	61.5	64.1	95.1	109.9	161.2	203.8	136.3	199.0	+62.7	+46.0%	+89.0	+81.0%
Sales	66.7	77.4	78.1	90.6	97.1	90.9	112.1	116.8	+4.8	+4.2%	+26.2	+28.9%
Gross Profit	38.0	41.6	40.2	48.5	54.7	50.1	64.8	66.3	+1.5	+2.2%	+17.8	+36.8%
Gross Margin	56.9%	53.9%	51.5%	53.5%	56.4%	55.0%	57.9%	56.7%	-1.2pts		+3.2pts	
Operating Income	13.5	17.4	15.3	24.5	26.1	21.4	33.5	33.7	+0.1	+0.4%	+9.1	+37.2%
Operating Margin	20.2%	22.6%	19.5%	27.1%	26.9%	23.5%	29.9%	28.8%	-1.1pts		+1.7pts	
Income Before Tax	12.9	16.4	13.9	26.4	25.7	21.6	34.0	35.0	+0.9	+2.7%	+8.6	+32.4%
Net Income	10.6	13.9	12.0	33.3	19.3	15.9	25.7	26.4	+0.8	+3.0%	-6.9	-20.6%
Net Income Margin	15.8%	18.0%	15.4%	36.7%	19.9%	17.5%	22.9%	22.6%	-0.3pts		-14.1pts	
Backlog*	85.7	72.5	89.5	108.8	172.9	285.8	312.5	394.7	+82.2	+26.3%	+285.8	3.6x
Exchange Rate	1 US\$	¥108	¥107	¥105	¥104	¥109	¥110	¥112	¥115	¥3 Depreciation		¥11 Depreciation
	1 Euro	¥118	¥123	¥124	¥127	¥131	¥131	¥130	¥130	-		¥3 Depreciation

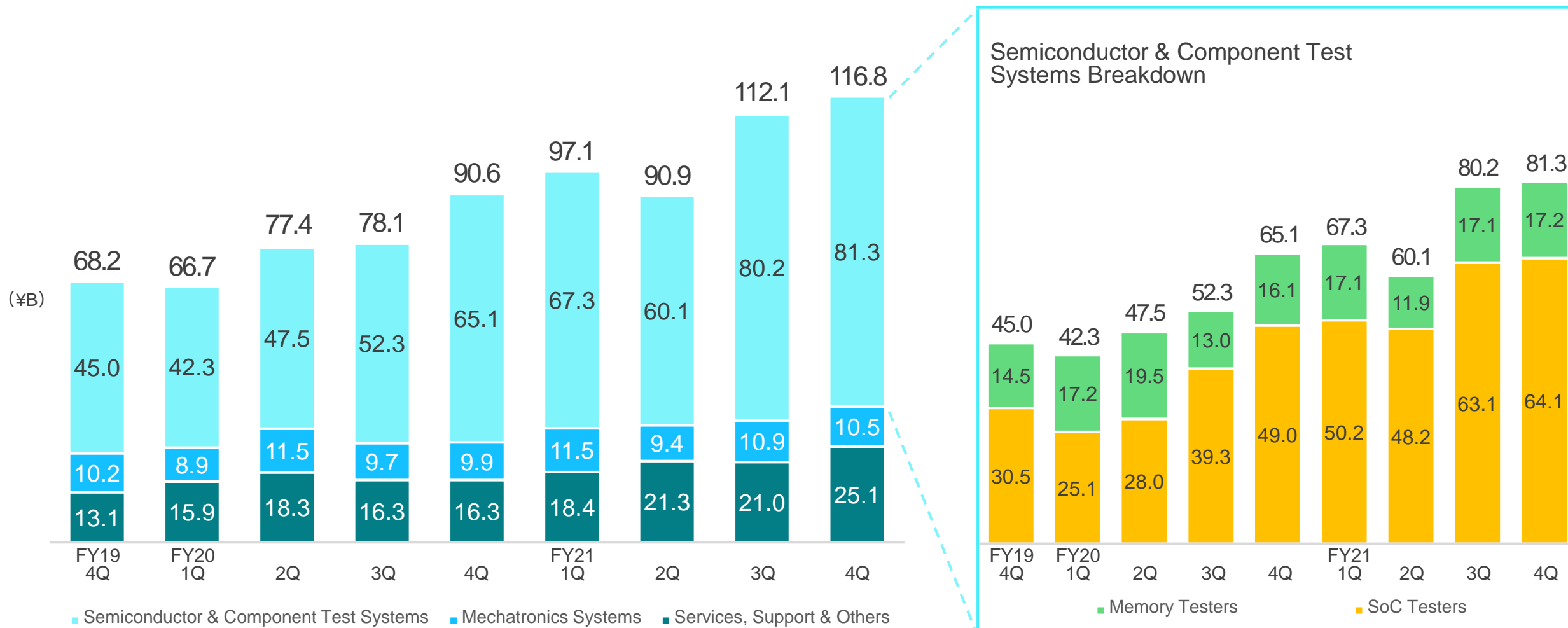
* FY21 3Q backlog includes ¥2.4 billion of backlog added through our acquisition of R&D Altanova

Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

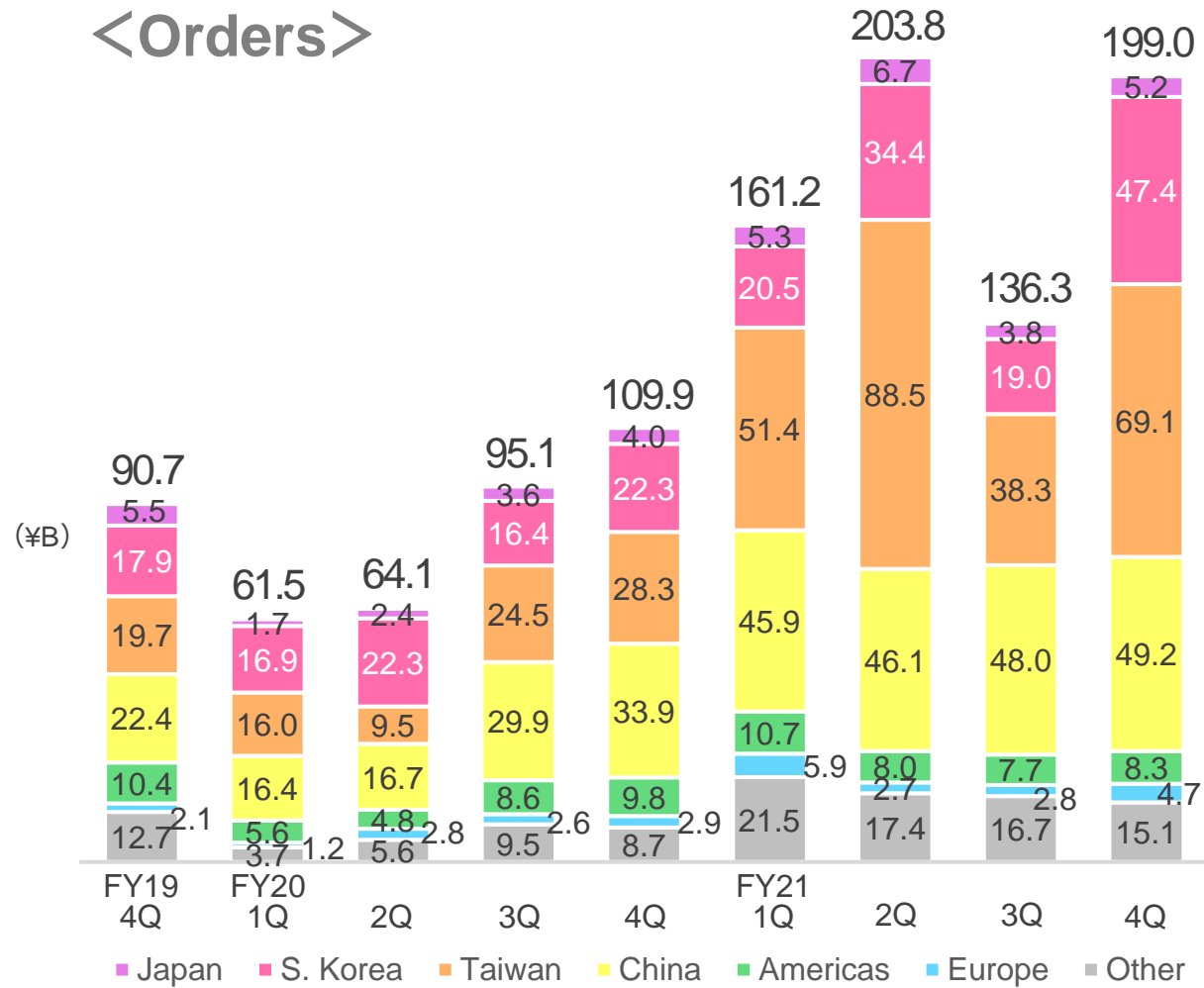
Quarterly Sales by Segment



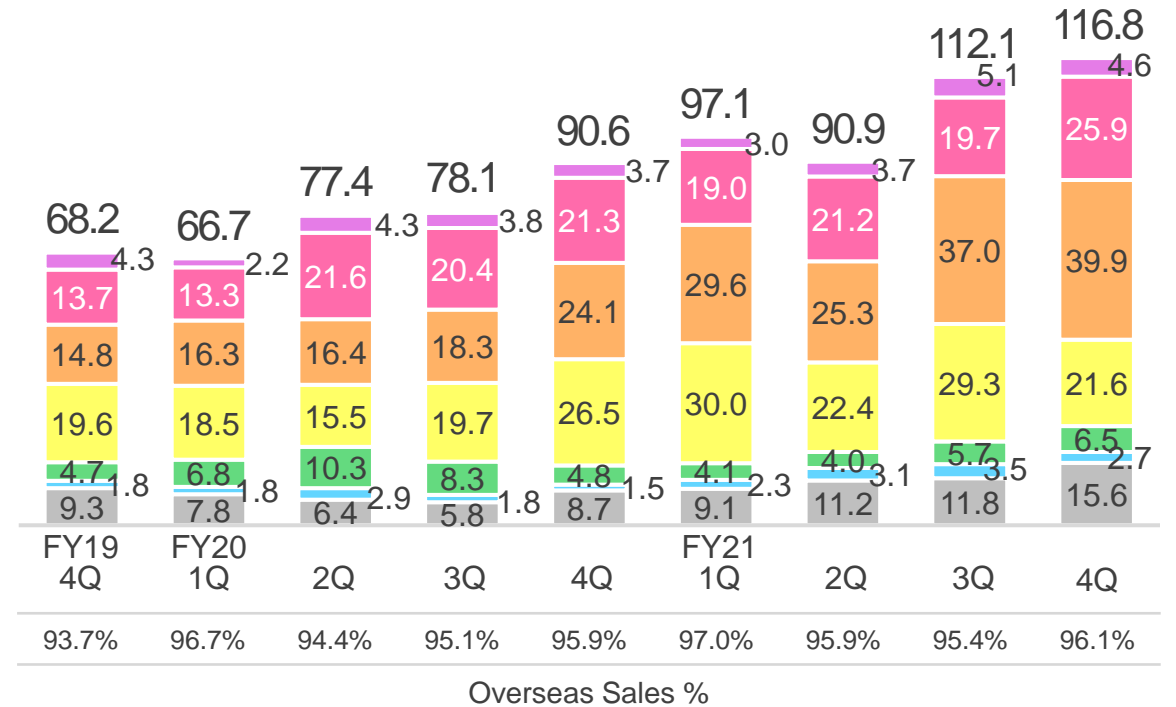
Note: Intersegment transactions have been eliminated from totals

Quarterly Orders / Sales by Region

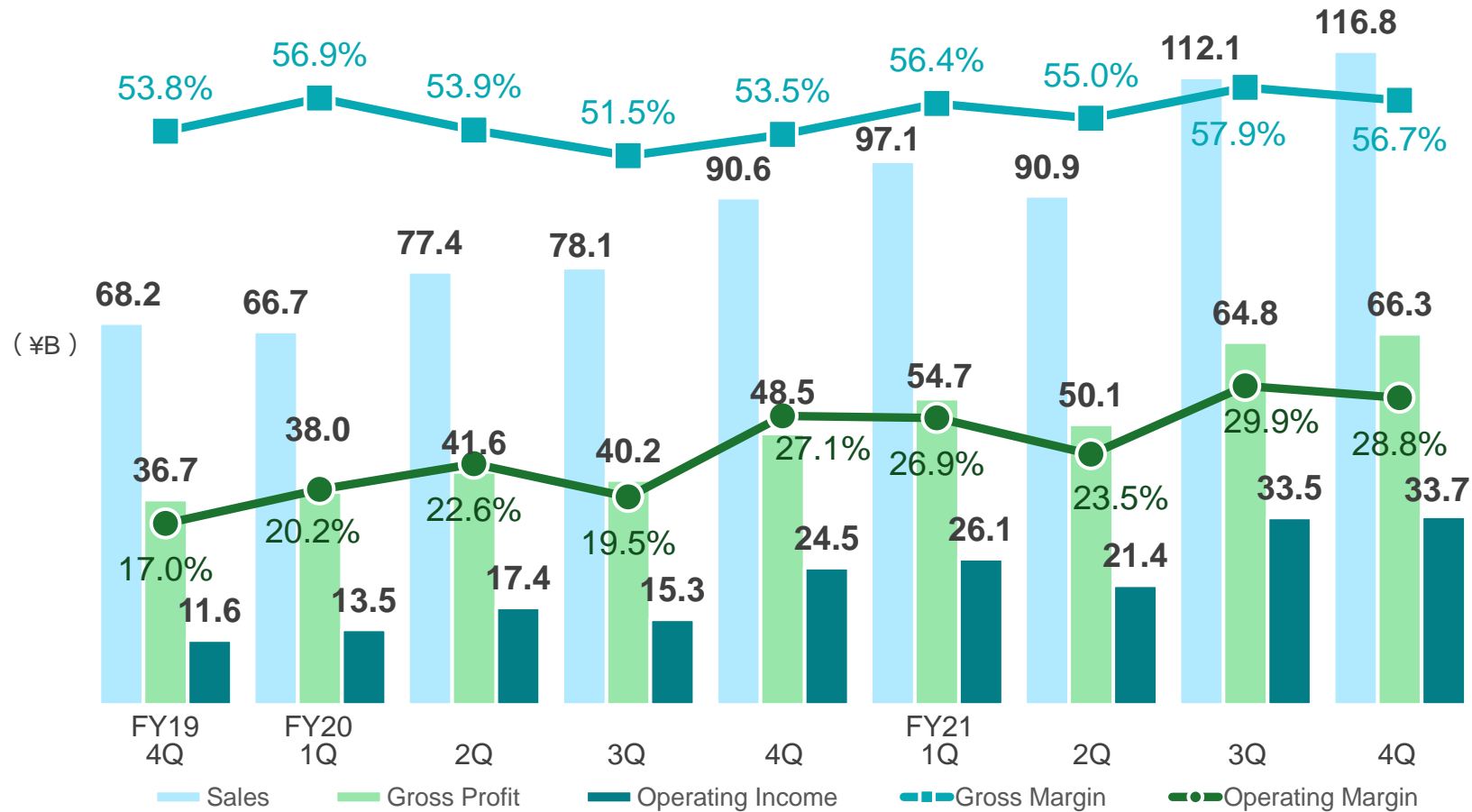
<Orders>



<Sales>



Sales / Gross Profit / Operating Income



	(¥B)	
	FY20	FY21
Sales	312.8	416.9
Gross Profit	168.3	235.9
Gross Margin	53.8%	56.6%
SG&A*	97.6	121.2
Operating Income	70.7	114.7
Operating Margin	22.6%	27.5%

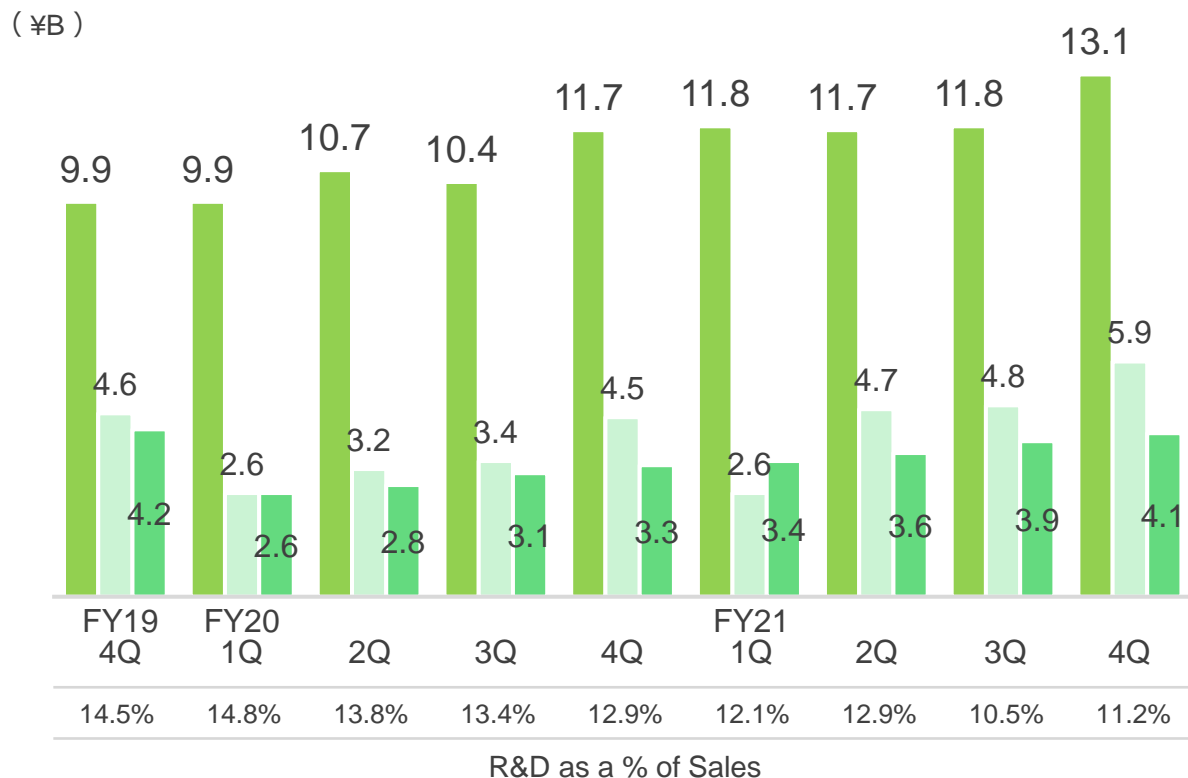
* SG&A includes total other income and expenses

Investments / Cash Flow

<Investments>

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

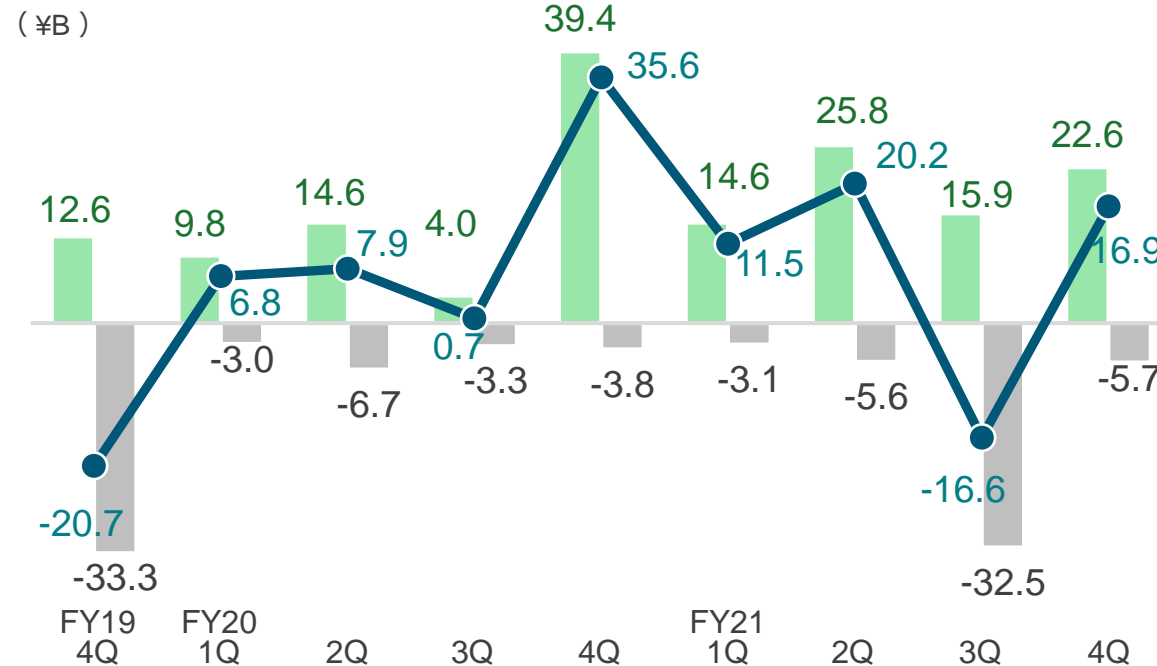
	FY20	FY21
R&D Expenses	42.7	48.4
R&D as a % of Sales	13.6%	11.6%
CapEx	13.7	18.0
D&A	11.8	15.0



<Cash flow>

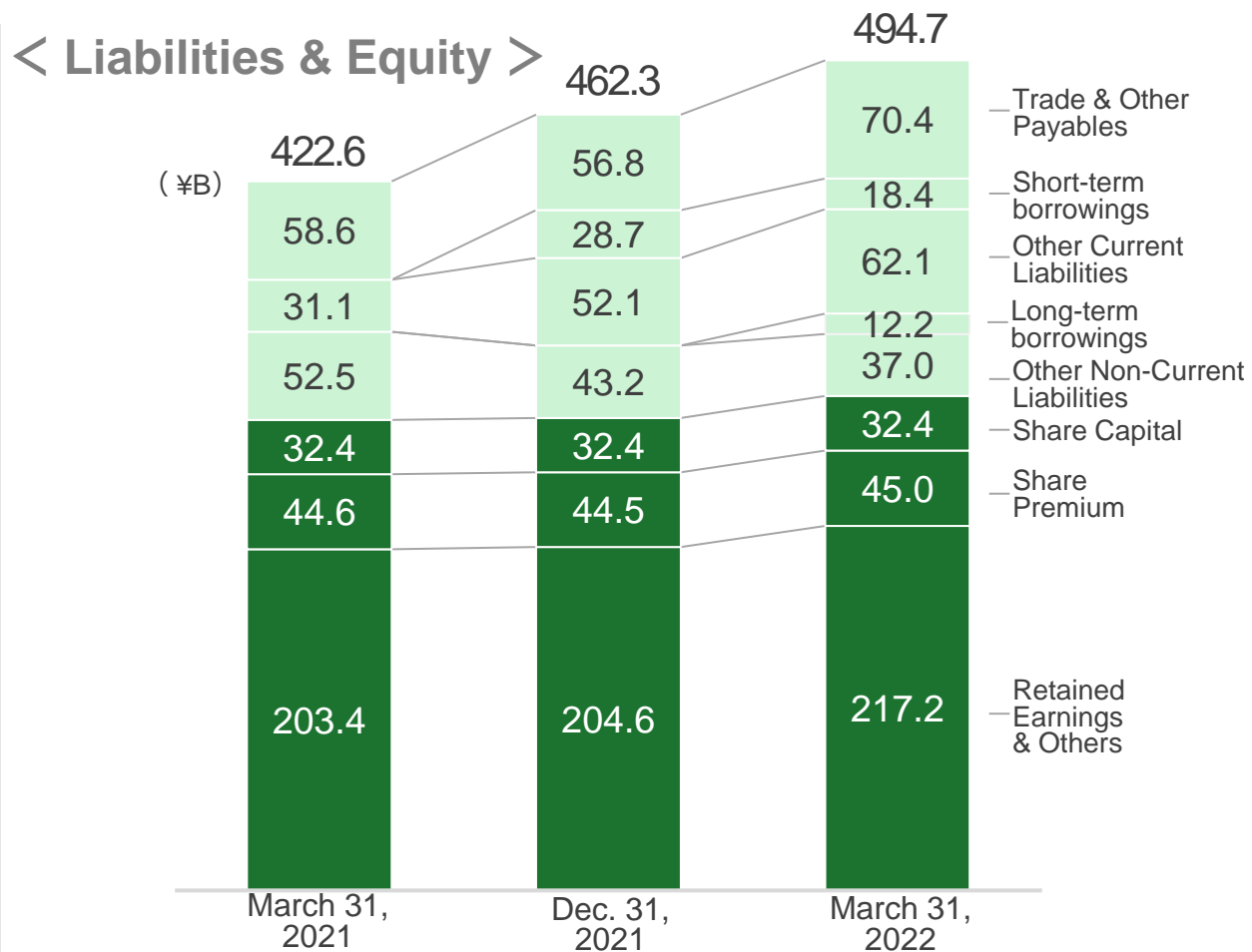
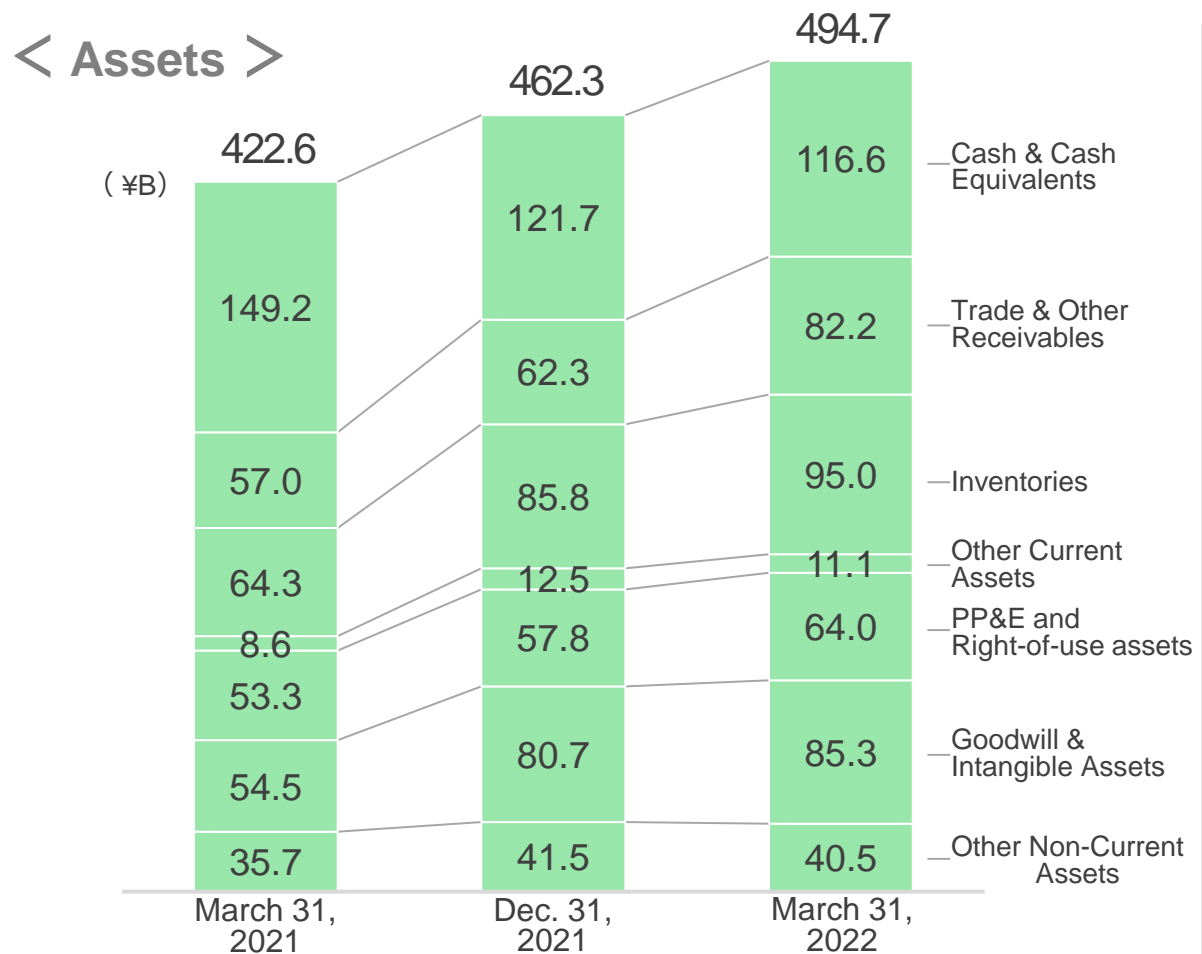
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows

	FY20	FY21
Cash flows from operating activities	67.8	78.9
Cash flows from investing activities	-16.8	-46.9
Free cash flows*	51.0	32.0



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

Financial Position



Equity Attributable to Owners of the Parent	280.4	281.5	294.6
Ratio of Equity Attributable to Owners of the Parent	66.3%	60.9%	59.6%
ROE	27.3%		30.4%

Second Mid-Term Business Plan Progress Report & FY2022 Outlook

Yoshiaki Yoshida
Representative Director, President and CEO

Results of 1st Year of 2nd Mid-Term Management Plan

	MTP1 Results Avg. of FY18-20	Targets of MTP2 Avg. of FY21-23	FY21 Results
Sales	¥290.4B	¥350-380B	¥416.9B
Operating Margin	22.3%	23-25%	27.5%
Net Income	¥60.1B	¥62-70B	¥87.3B
ROE	29.1%	20% or more	30.4%
EPS	¥309	¥320-370	¥450

<Growth Investment>

	FY21-23 Investment Targets	FY21 Results
Strategic Investments e.g. M&A	¥100B	¥29B
Capital Expenditure	¥40B	¥18B

<Shareholder Returns>

	FY21-23 (estimate)	FY21 Results
Shareholder Returns (Dividend + Share buybacks)	¥150B or more	¥93B

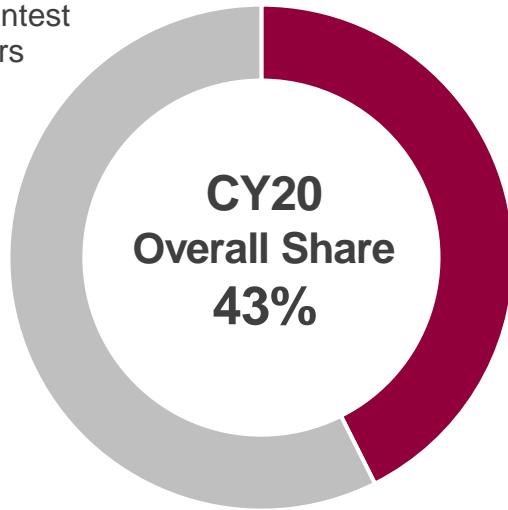
Market Share Report

Market Size **Approx. \$4.2B**

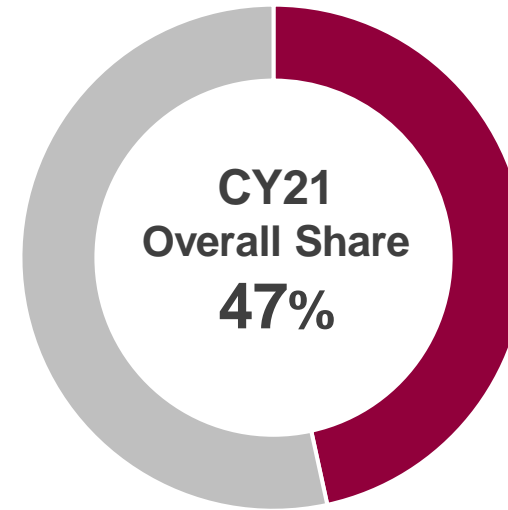
+32% YoY

Approx. \$5.6B

■ Advantest
■ Others



+4pts YoY



	Market Size	Advantest Share
SoC Testers	Approx. \$3.0B	38%
Memory Testers	Approx. \$1.2B	56%

	Market Size	Advantest Share
SoC Testers	Approx. \$4.3B	45%
Memory Testers	Approx. \$1.3B	51%

Source: Advantest

Semiconductor Tester Market Trends: April 2022 Outlook

CY21 Actual

- SoC tester market: Higher demand for automotive, industrial, and consumer devices, as well as performance gains and rising production volumes of high-end SoCs, drove an increase of approximately 43% YoY
- Memory tester market: The scale of the memory tester market is also growing due to improvements in device density, speed, and performance

CY22 Estimate

- SoC tester market: In addition to steady growth centered on leading-edge products such as HPC* devices, we also expect automotive, industrial, and consumer-related semiconductors to make further gains
- Memory tester market: Memory device performance gains including greater density, faster speed, and higher bandwidth will continue to drive growth of test demand

Source: Advantest

	CY20 Actual	CY21 Actual	CY22 Estimate
SoC Tester Market	Approx. \$3.0B	Approx. \$4.3B (January estimate: Approx. \$4.1B)	Approx. \$4.2-5.0B (January estimate: Approx. \$4.5B - 5.0B)
Memory Tester Market	Approx. \$1.2B	Approx. \$1.3B (January estimate: Approx. \$1.3B)	Approx. \$1.3-1.4B (January estimate: Approx. \$1.4B - 1.5B)

* HPC: High Performance Computing

Review of disclosure items

- Review of disclosure items:

FY21 4Q is our last disclosure in which orders and backlog information will be announced.

- Reasons for review:

- ✓ Due to longer product lead times, recent order trends are less comparable to past figures.
- ✓ Since orders are now fluctuating dramatically in the short term, they do not reflect our mid/long-term business growth trends, and are less material for corporate value evaluation.

Instead of disclosing orders, we will work to deepen our dialogue with the stock market by enhancing information that is material for medium- to long-term corporate value evaluation, such as our business environment and growth strategies.

FY22 Forecast

(¥B)

	FY21 Results	FY22 Forecast	FY22 vs. FY21	
			(Δ)	(%)
			Sales*1	416.9
Operating Income	114.7	150.0	+35.3	+30.7%
Operating Margin	27.5%	29.4%	+1.9pts	
Income Before Tax	116.3	150.0	+33.7	+28.9%
Net Income	87.3	112.5	+25.2	+28.9%
Net Income Margin	20.9%	22.1%	+1.2pts	
R&D Expenses	48.4	60.0	+11.6	+24.0%
CapEx	18.0	27.0	+9.0	+50.0%
D&A	15.0	16.8	+1.8	+12.0%
Exchange Rate*2	1 US\$	¥112	¥120	¥8 Depreciation
	1 Euro	¥130	¥135	¥5 Depreciation

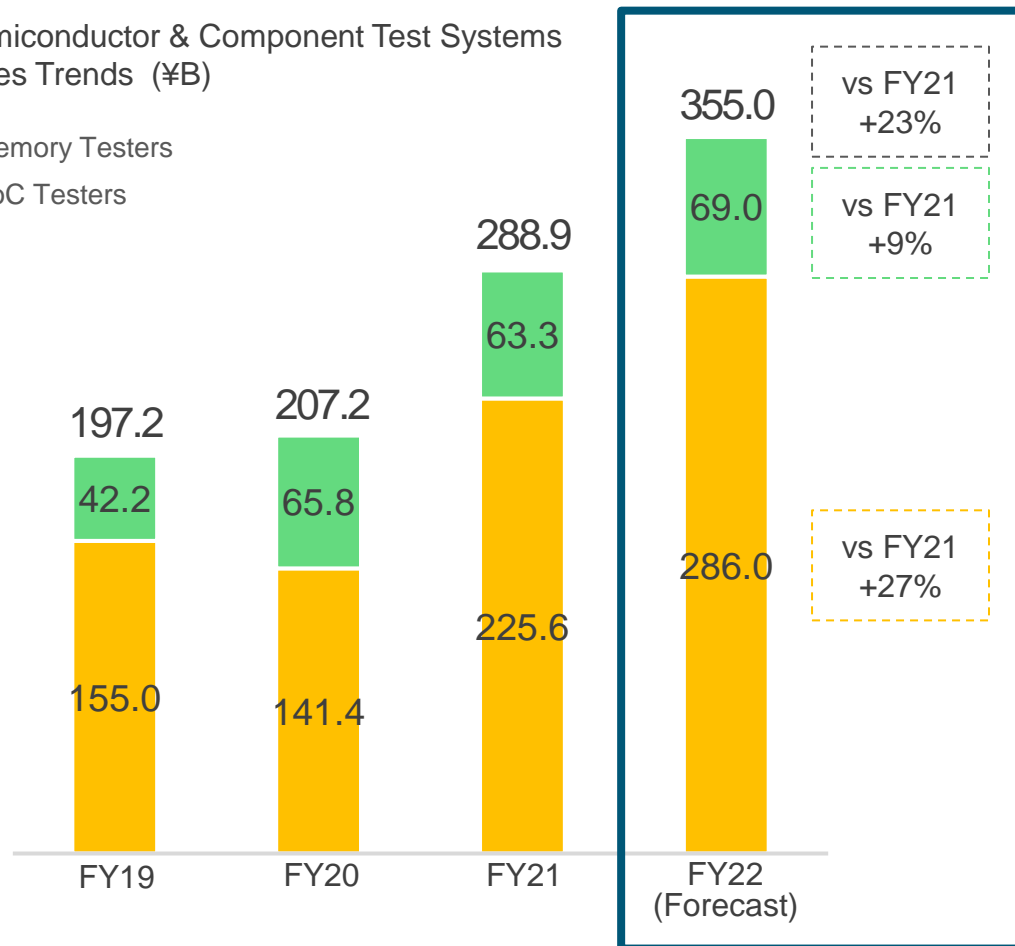
*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY22 operating income is plus ¥1.3 billion per 1 yen of JPY depreciation vs USD, and minus ¥0.2 billion per 1 yen of JPY depreciation vs Euro

FY22 Outlook by Segment

Semiconductor & Component Test Systems Sales Trends (¥B)

- Memory Testers
- SoC Testers



Semiconductor & Component Test Systems

< SoC Testers >

- As the trend toward further miniaturization extends test times, FY22 is expected to also see increases in the number and production volumes of HPC devices that utilize advanced processes, stimulating additional demand for testers

Applications	FY19	FY20	FY21	FY22*2
Computing / Comms	70%	55%	60%	70%
Automotive / Industrial / Consumer / DDIC*1	30%	45%	40%	30%

Numbers are rounded to the nearest 5%

< Memory Testers >

- Tester demand is steadily expanding due to demand for greater device densities resulting from progress in DRAM miniaturization, demand for higher-speed DRAM / wider bandwidths, etc.

Applications	FY19	FY20	FY21	FY22*2
DRAM	70%	60%	60%	60%
NVM	30%	40%	40%	40%

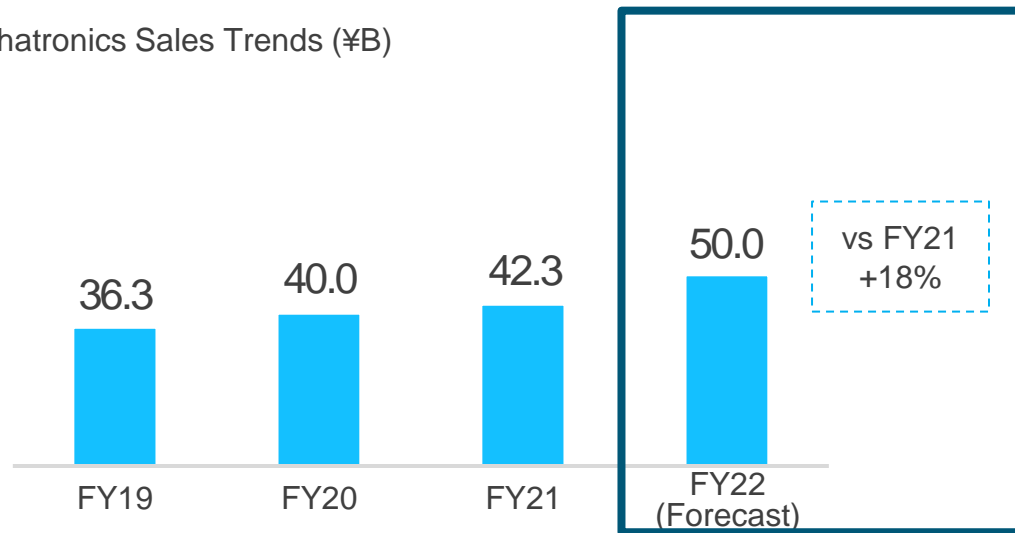
Numbers are rounded to the nearest 5%

*1 DDIC : Display Driver IC

*2 FY22 figures are forecasts

FY22 Outlook by Segment

Mechatronics Sales Trends (¥B)

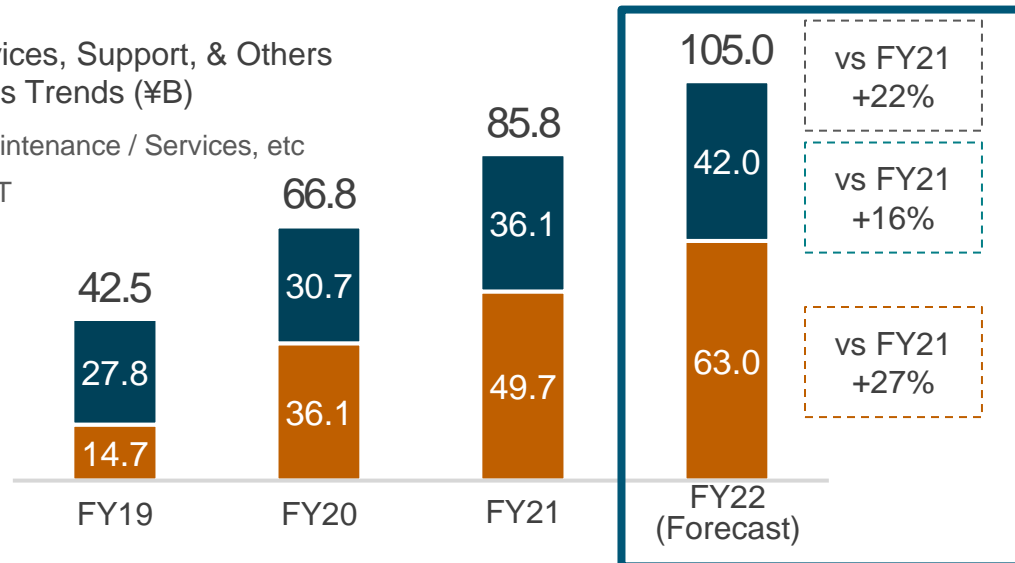


Mechatronics Systems

- Demand for high-level device interface products is expected to rise in line with tester demand
- With the spread of EUV lithography, sales of nanotechnology products should also trend favorably

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

- Maintenance / Services, etc
- SLT



Services, Support, & Others

- We expect our system level test business to grow steadily. Recurring business revenues, a target of our growth investments in recent years, are also expected to grow
- Demand for maintenance services is increasing amidst steady growth in our installed base and high customer utilization ratios

Key Measures for FY22

- Measures to ensure stable product supply in response to the industry's prolonged parts procurement difficulties will be our top priority.
- We will push forward the frontiers of test technology in collaboration with customers involved with leading-edge semiconductor technology R&D.
- We will strengthen our business foundation by enhancing our human resources and increasing CapEx from a medium- to long-term perspective to further expand our business.
- We will reinforce our data analytics initiatives to enable further growth amid the progress of digital transformation.
- In addition to semiconductor test processes, SLT demand is also growing steadily. We will not only expand test platform sales, but also reinforce our recurring business, including consumables.
- We will continue to promote climate measures and other ESG initiatives.
- We will respond flexibly to changes in our business environment amid the considerable uncertainties stemming from geopolitical risks, rising inflation, and other factors.