



FY2020 **(Period Ended March 31st, 2021)** **Financial Briefing**

April 27th, 2021
Advantest Corporation

All Rights Reserved - ADVANTEST CORPORATION

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.

Use of These Materials

- The information contained in this presentation is protected under intellectual property laws, such as copyright law, patent law, trademark law and design law, and other laws and statutes of each country and various treaties. Any use (modification, copying, diversion, etc.) of this information that goes beyond that which is clearly authorized by law and statutes, and is not approved in writing by our company in advance, is forbidden.



Financial Results for FY2020

Atsushi Fujita
Director, Managing Executive Officer (CFO)

FY20 Results Highlights

- From the beginning of FY20 through the summer, uncertainty in the tester market increased due to external factors such as the COVID-19 pandemic and US-China conflict
- However, due to demand related to WFH (Work from Home) and competition among 5G smartphone makers, customers' appetite for investment rapidly recovered in the second half
- As a result, in FY20 Advantest achieved record-high orders, sales, and net income
- Full-year sales exceeded ¥300.0 billion for the first time in the company's history. We revised our dividend forecast to a year-end dividend of ¥80, including a commemorative dividend of ¥10 per share
- We significantly exceeded all the management metrics of our three-year mid-term management plan

FY20 Summary of Results

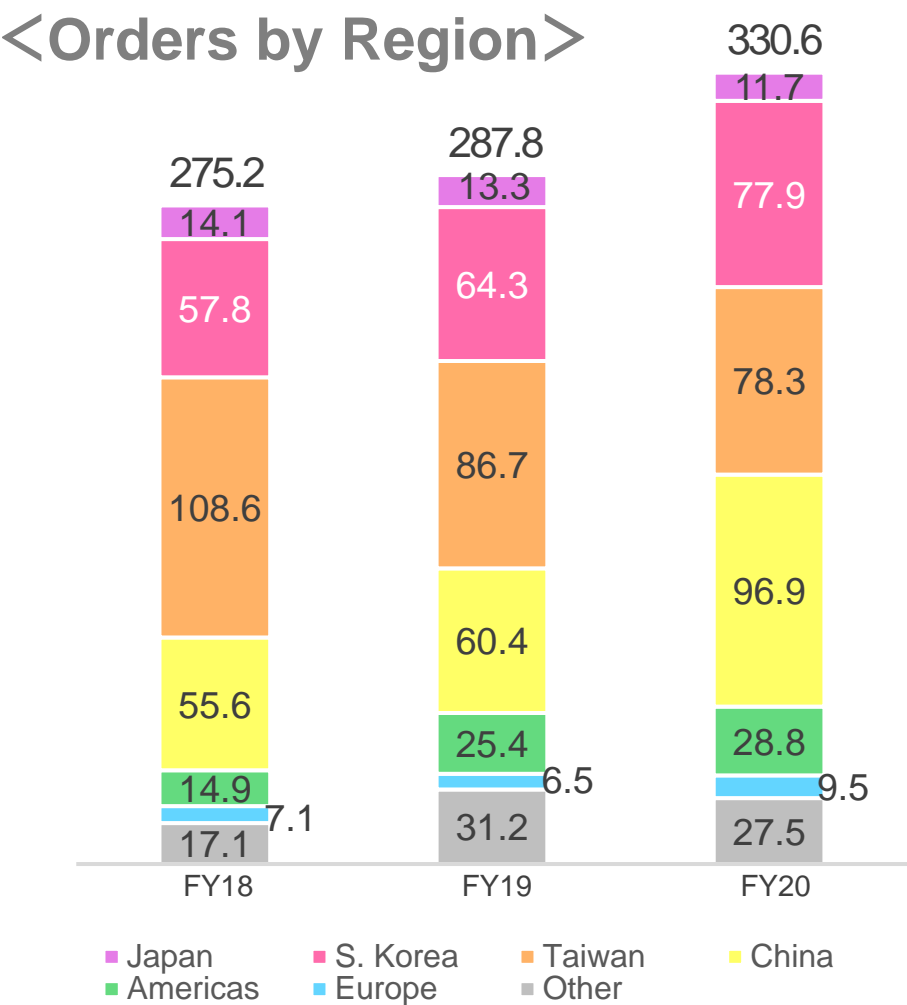
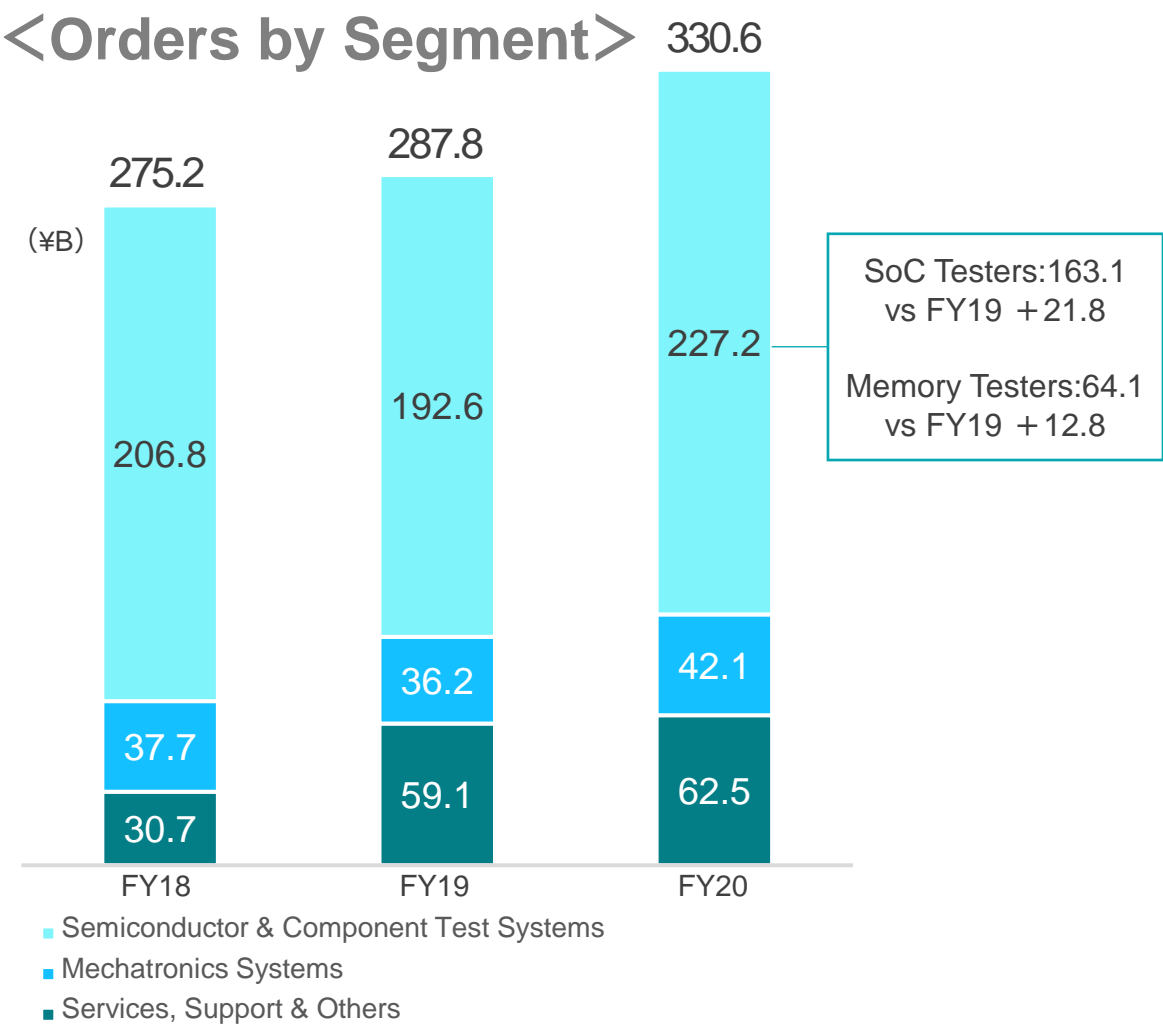
(¥B)

	FY19		FY20		
	Results	Forecast as of Jan. 2021	Results	vs. FY19	
				(Δ)	(%)
Orders	287.8	310.0	330.6	+42.8	+14.9%
Sales	275.9	305.0	312.8	+36.9	+13.4%
Operating Income	58.7	67.0	70.7	+12.0	+20.5%
Operating Margin	21.3%	22.0%	22.6%	+1.3pts	
Income Before Tax	58.6	64.0	69.6	+11.0	+18.9%
Net Income	53.5	61.5	69.8	+16.3	+30.4%
Net Income Margin	19.4%	20.2%	22.3%	+2.9pts	
Backlog	91.0	96.0	108.8	+17.8	+19.6%
Exchange Rate	1 US\$	¥109	¥106	¥3 Appreciation	
	1 Euro	¥121	¥123	¥2 Depreciation	
Dividend Per Share	¥82	¥95	¥118* ¹	+¥36* ¹	
Share Repurchase	-	-	13.1	+ 13.1	
Total Shareholder Return Ratio* ²	30%	-	52%	+22%	

*1: The year-end dividends for FY20 will be formally resolved at the Board of Directors' meeting held on May 21, 2021

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

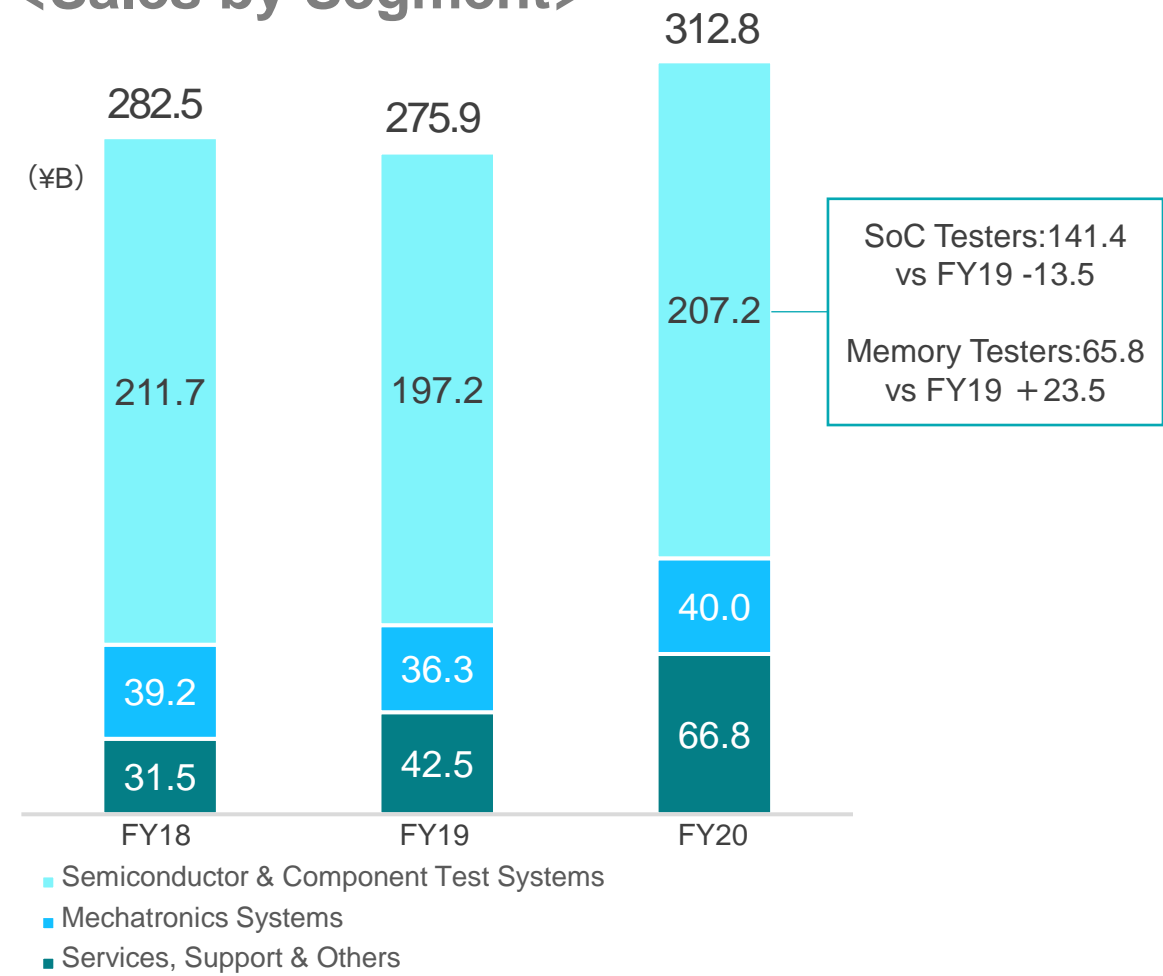
FY20 Orders by Segment / Region



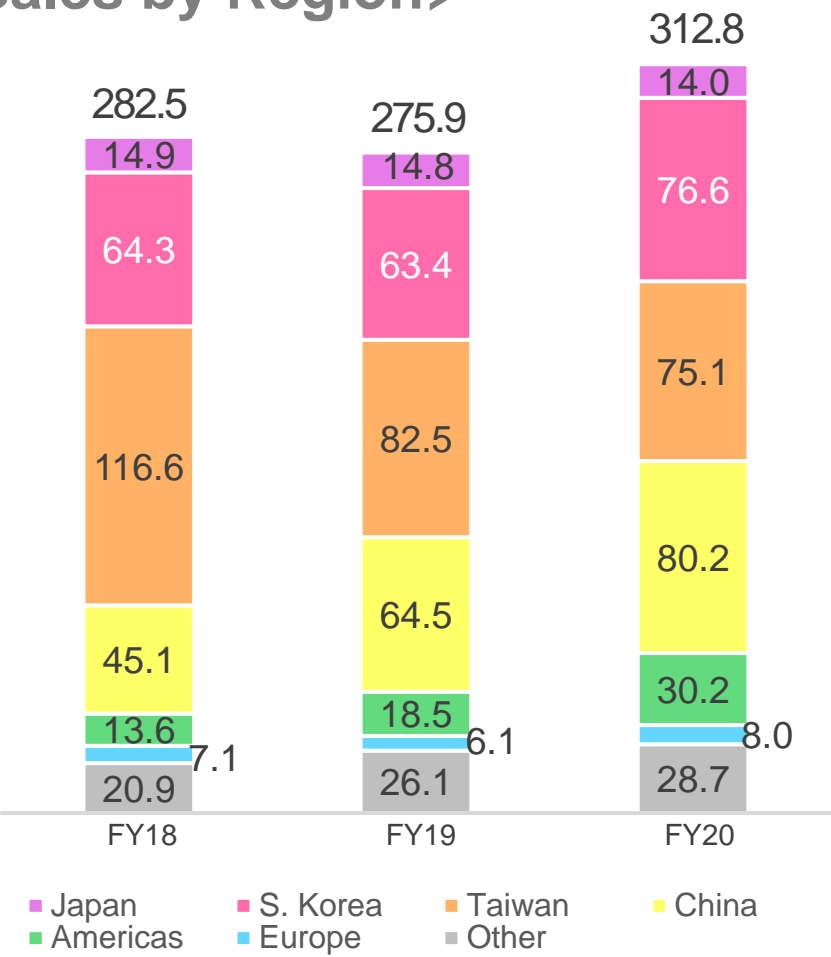
Note: Intersegment transactions have been eliminated from totals

FY20 Sales by Segment / Region

<Sales by Segment>



<Sales by Region>

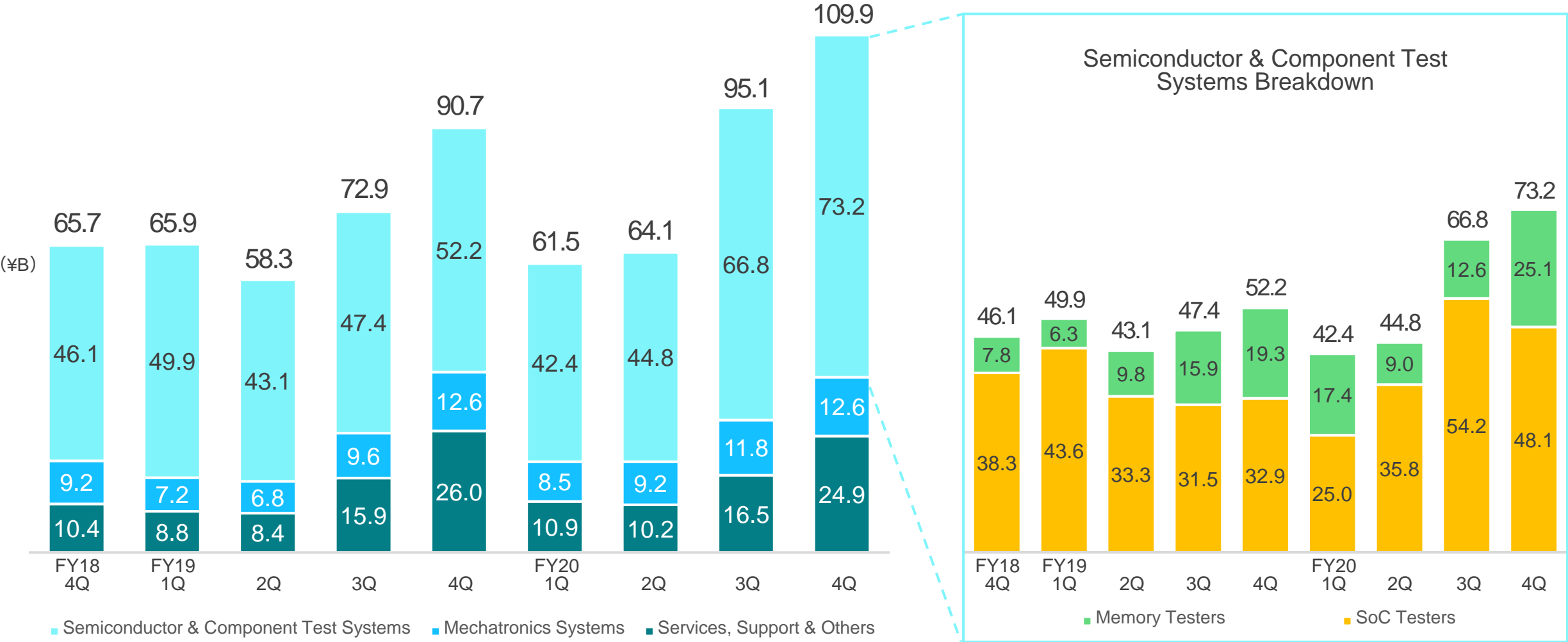


Note: Intersegment transactions have been eliminated from totals

FY20 4Q Summary of Results

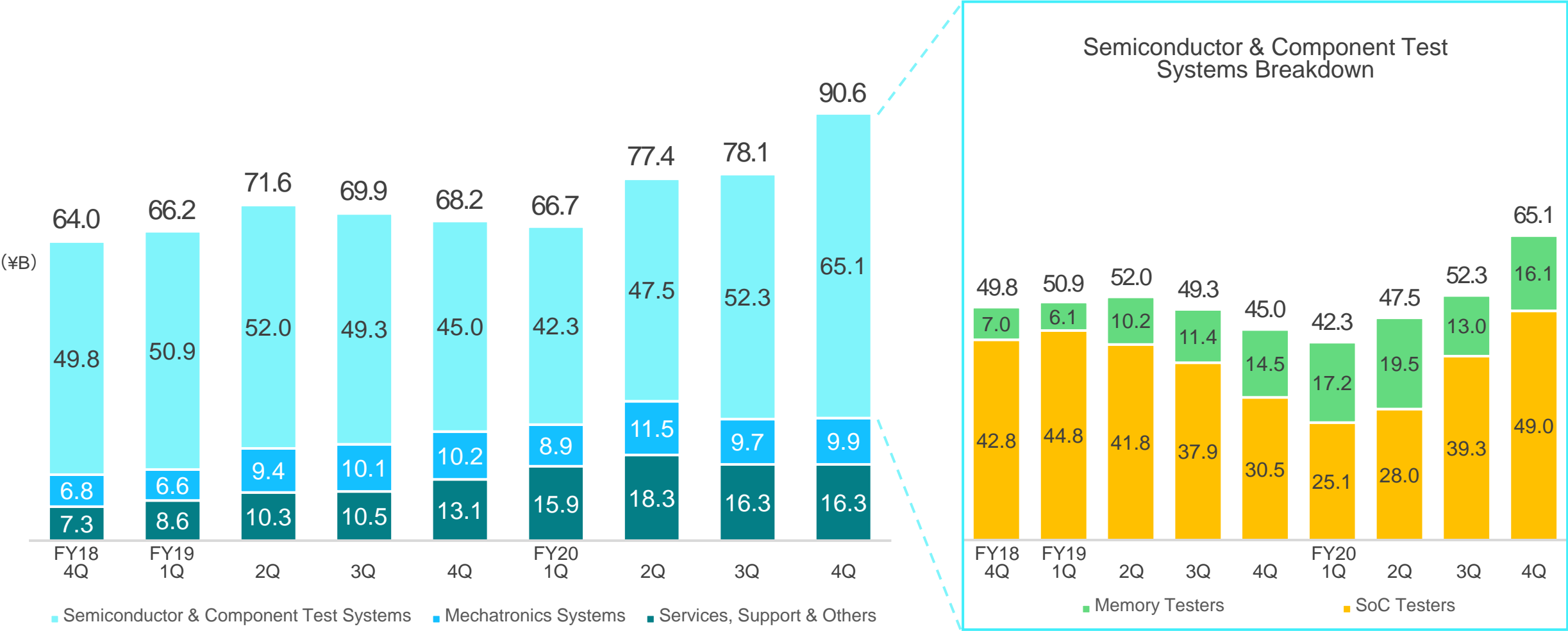
(¥B)													
	FY19				FY20								
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		QoQ		YoY	
								Forecast	Actual	(Δ)	(%)	(Δ)	(%)
Orders	65.9	58.3	72.9	90.7	61.5	64.1	95.1	89.3	109.9	+14.9	+15.7%	+19.2	+21.2%
Sales	66.2	71.6	69.9	68.2	66.7	77.4	78.1	82.8	90.6	+12.5	+16.1%	+22.4	+32.8%
Gross Profit	39.4	41.0	39.4	36.7	38.0	41.6	40.2	-	48.5	+8.3	+20.6%	+11.8	+32.0%
Gross Margin	59.5%	57.3%	56.4%	53.8%	56.9%	53.9%	51.5%	-	53.5%	+2.0pts		-0.3pts	
Operating Income	15.2	17.7	14.2	11.6	13.5	17.4	15.3	20.8	24.5	+9.3	+61.1%	+13.0	+112.0%
Operating Margin	22.9%	24.8%	20.4%	17.0%	20.2%	22.6%	19.5%	25.1%	27.1%	+7.6pts		+10.1pts	
Income Before Tax	14.9	18.4	14.5	10.8	12.9	16.4	13.9	20.8	26.4	+12.6	+91.0%	+15.6	+144.5%
Net Income	12.1	14.7	11.9	14.8	10.6	13.9	12.0	25.0	33.3	+21.2	+176.6%	+18.4	+124.5%
Net Income Margin	18.3%	20.5%	17.1%	21.7%	15.8%	18.0%	15.4%	30.2%	36.7%	+21.3pts		+15.0pts	
Backlog increased due to M&A				+4.2									
Backlog	74.6	61.3	64.3	91.0	85.7	72.5	89.5	96.0	108.8	+19.3	+21.6%	+17.8	+15.6%
Exchange Rate	1 US\$	¥111	¥108	¥108	¥110	¥108	¥107	¥105	¥105	¥104	¥1 Appreciation		¥6 Appreciation
	1 Euro	¥125	¥121	¥119	¥121	¥118	¥123	¥124	¥125	¥127	¥3 Depreciation		¥6 Depreciation

Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

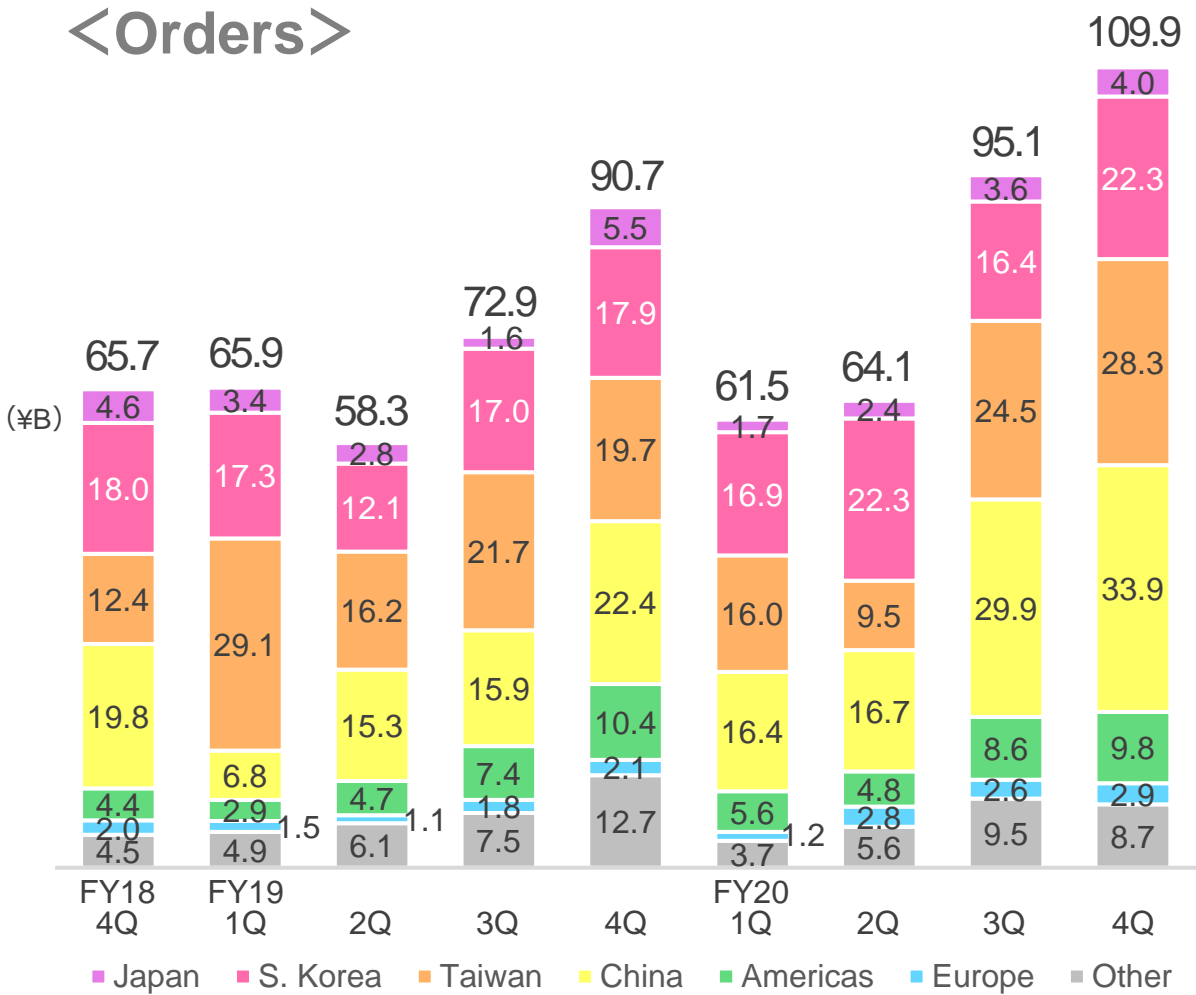
Quarterly Sales by Segment



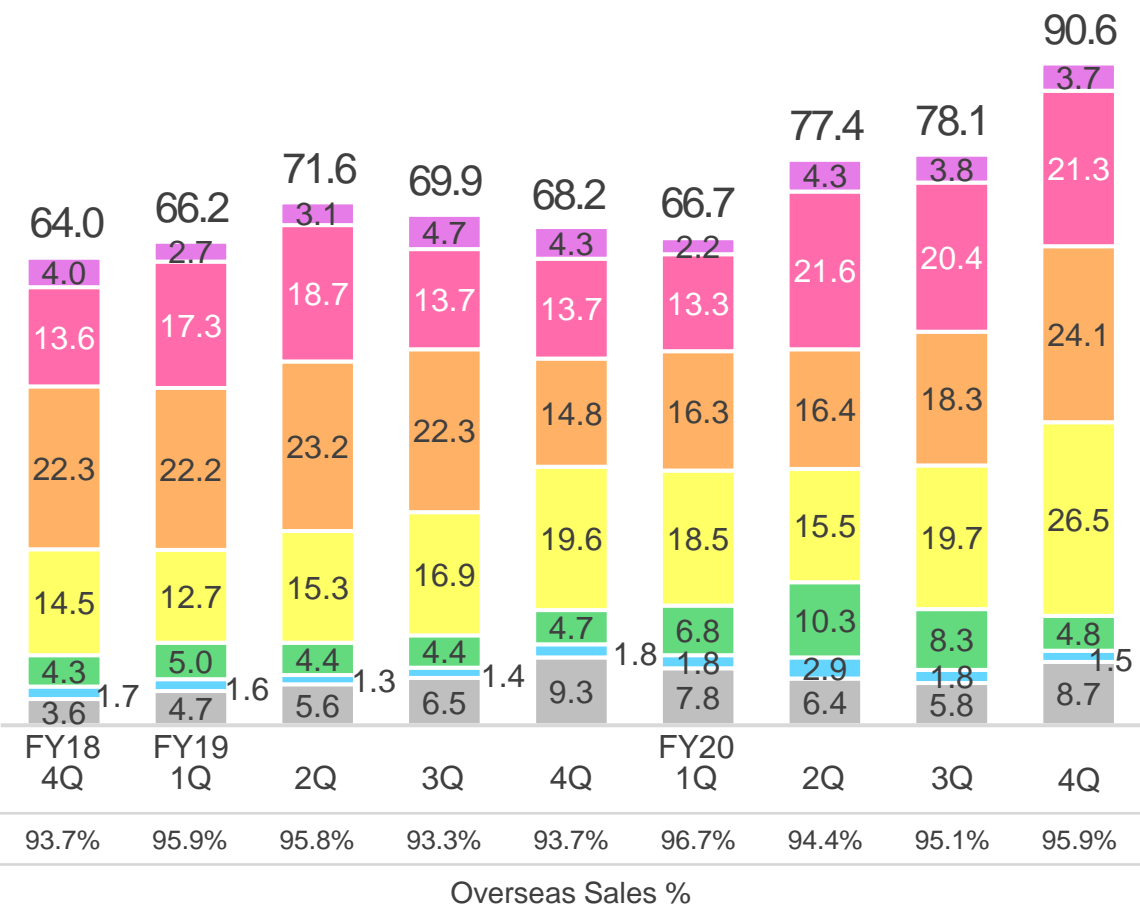
Note: Intersegment transactions have been eliminated from totals

Quarterly Orders / Sales by Region

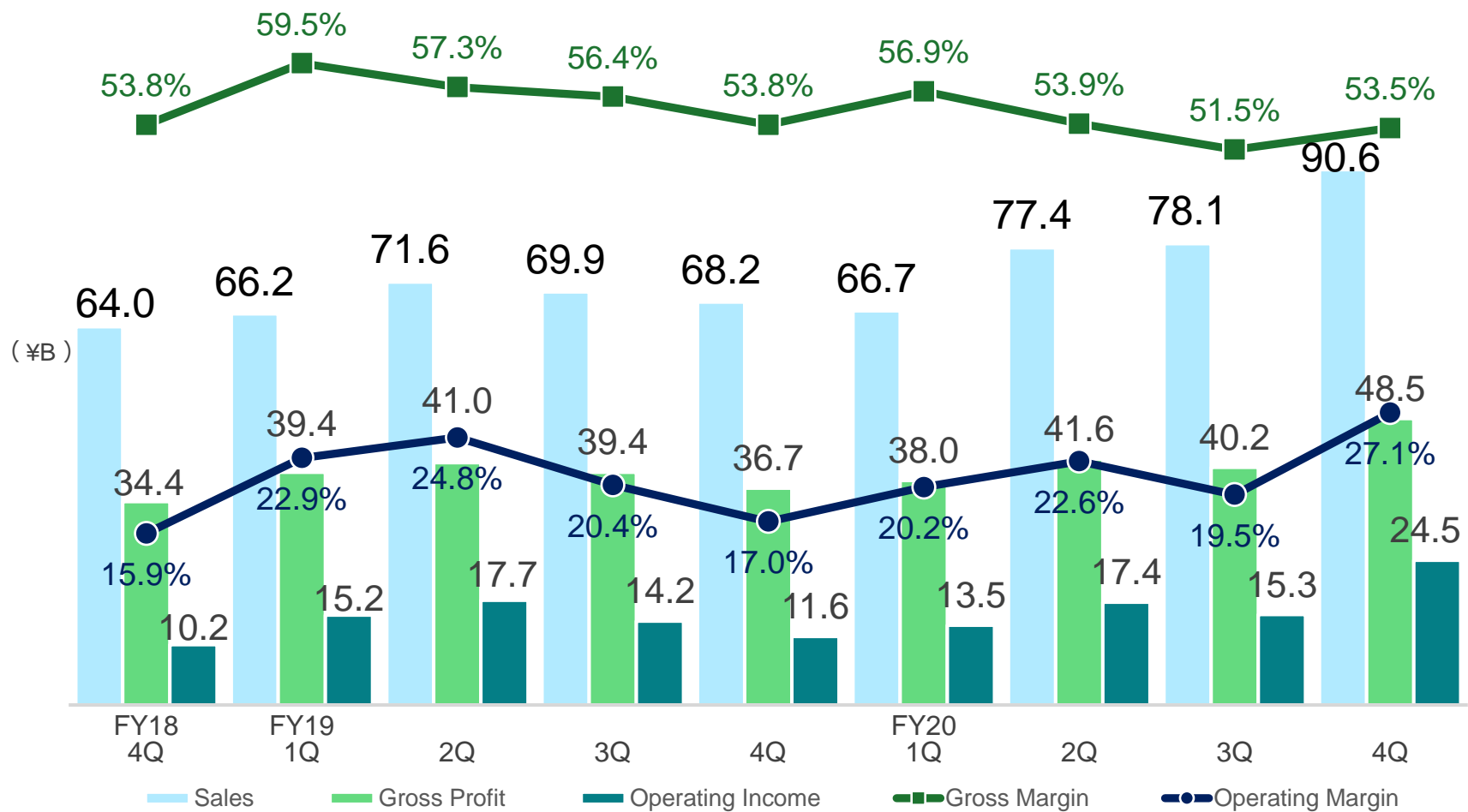
<Orders>



<Sales>



Sales / Gross Profit / Operating Income



(¥B)

	FY19	FY20
Sales	275.9	312.8
Gross Profit	156.5	168.3
Gross Margin	56.7%	53.8%
SG&A	97.8	97.6
Operating Income	58.7	70.7
Operating Margin	21.3%	22.6%

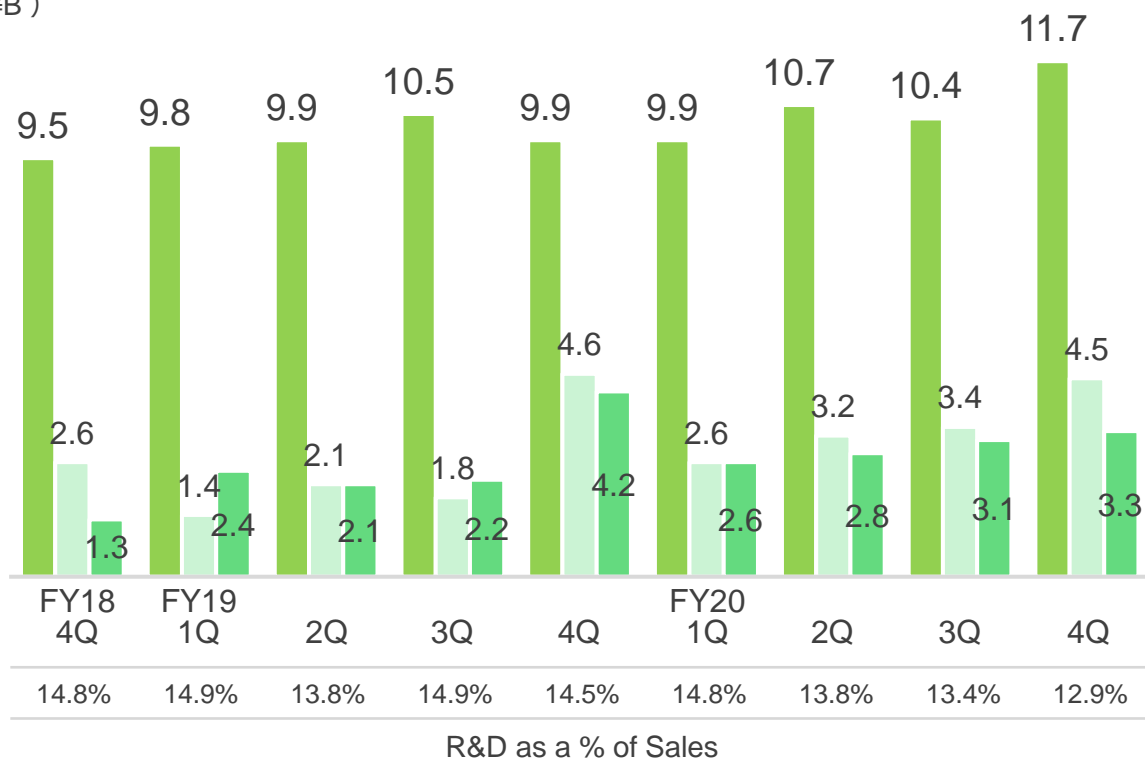
Investments / Cash Flow

<Investments>

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

	FY19	FY20
R&D Expenses	40.1	42.7
R&D as a % of Sales	14.5%	13.6%
Capex	9.9	13.7
D&A	10.9	11.8

(¥B)

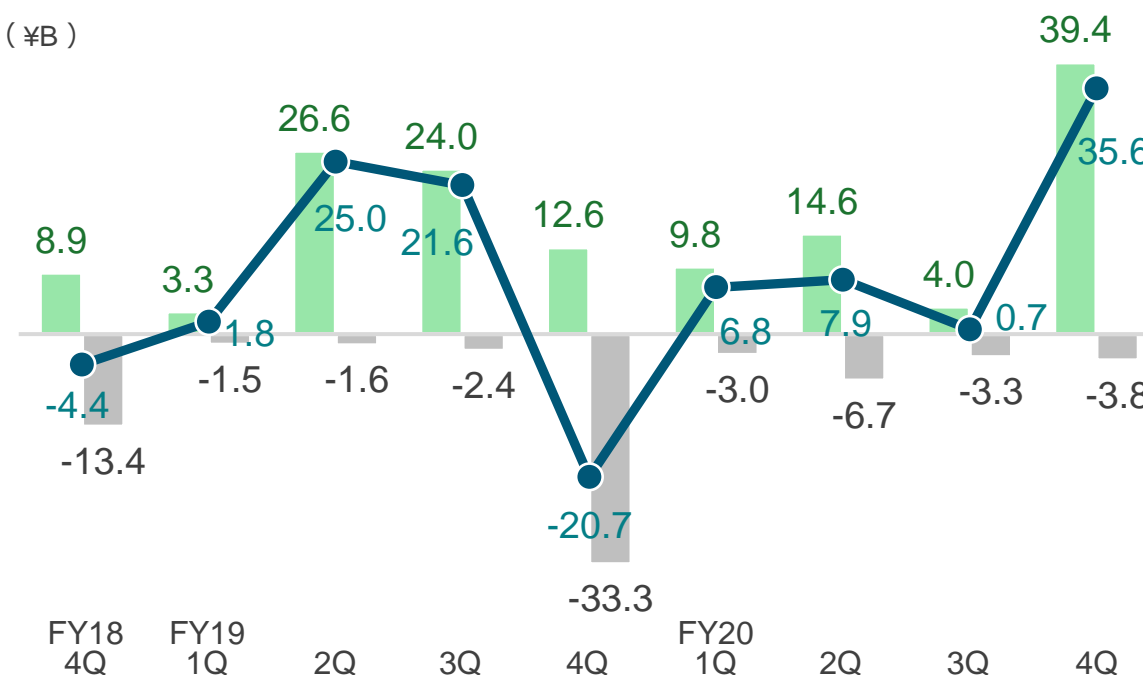


<Cash flow>

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

	FY19	FY20
Cash flows from operating activities	66.5	67.8
Cash flows from investing activities	-38.8	-16.8
Free cash flows	27.7	51.0

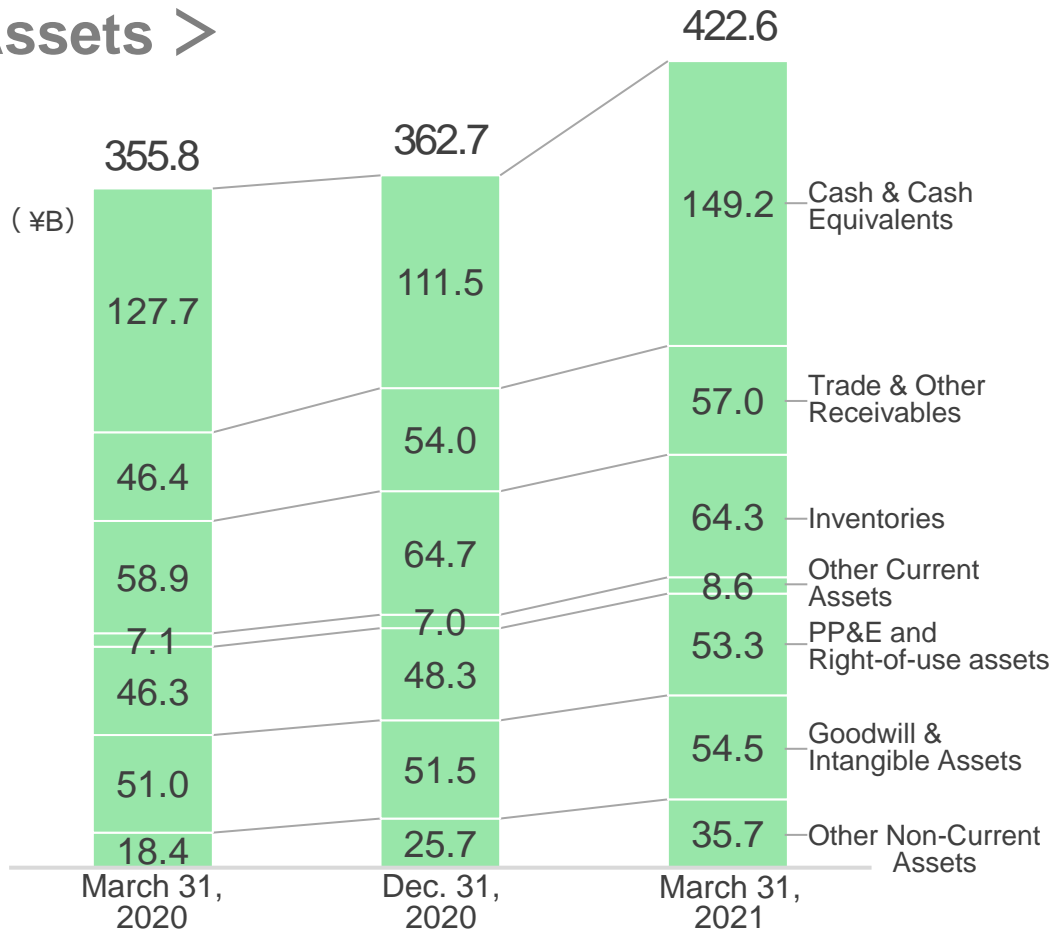
(¥B)



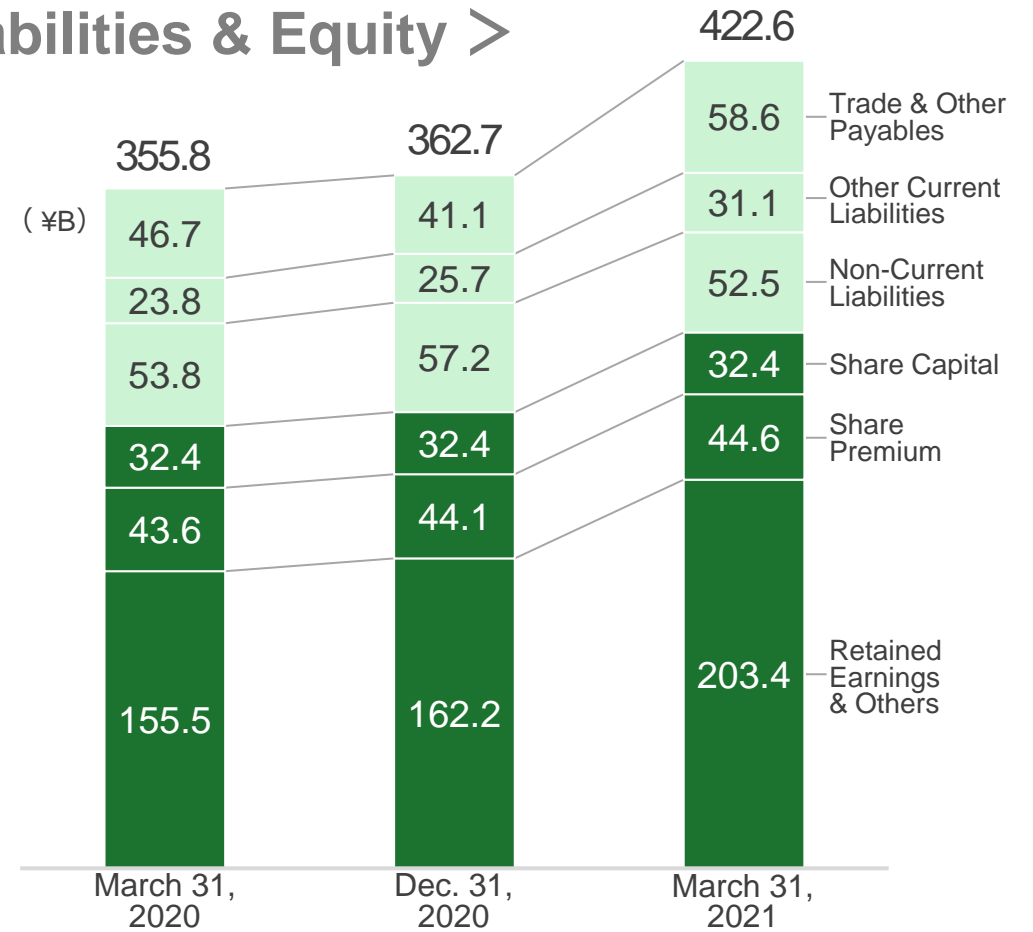
*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

Financial Position

< Assets >



< Liabilities & Equity >



Equity Attributable to Owners of the Parent	231.5	238.7	280.4
Ratio of Equity Attributable to Owners of the Parent	65.1%	65.8%	66.3%



Mid-Term Business Plan Results Report & FY2021 Outlook

Yoshiaki Yoshida
Representative Director, President & CEO

Mid/Long-Term Management Policy

Grand Design (Mid/Long-Term Management Policy: FY18-27)

<Long-Term Management Goals>

¥300B - ¥400B in annual sales

- Improve market share by 1% a year by focusing on growth areas and strengthening partnerships with customers (CY17 results: 36% → CY27 target: 46%)
- Develop new business around our core business area

<Cost / Profit Structure>

- Balancing sales growth with cost efficiency

	Cost structure model @ ¥300B
Sales	¥300.0B
Cost of Sales	46%
SG&A as % of Sales	32%
(of which R&D expenses)	13%
Operating Margin	22%



Mid-Term Management Plan (FY18-20)

- Product demand inevitably fluctuates on year, so numerical targets are three-year averages
- Expand our sales and market share by providing outstanding solutions for the next generation of test needs
- Aggressively invest in R&D and M&A for mid-to long-term sales growth
- While maintaining a consolidated payout ratio of 30%, based on our growth investment outlook, we will consider flexibility in our total shareholder return policy

	Mid-Term Plan (FY18-FY20 Average)	
	Conservative	Base
Yearly tester market growth ratio	0%	4%
Sales	¥230.0B	¥250.0B
Operating Margin	15%	17%
ROE	15%	18%
EPS	¥135	¥170

Mid-Term Management Plan Results

Results significantly exceeded base scenario targets

	FY15-17 Average	Mid-Term Plan (FY18-FY20 Average)			FY18 Results	FY19 Results	FY20 Results	FY18-20 Average
		Conservative	Base					
Sales	¥175.1B	¥230.0B	¥250.0B	→	¥282.5B	¥275.9B	¥312.8B	¥290.4B
Operating Margin	9%	15%	17%		22.9%	21.3%	22.6%	22.3%
ROE	12%	15%	18%		35.3%	24.9%	27.3%	29.1%
EPS	¥74	¥135	¥170		¥302	¥270	¥354	¥309

- Advantest's overall market share grew faster than originally anticipated, amidst semiconductor market and semiconductor tester market growth spurred by the digital revolution (CY17: 36%, CY18-20 average: 50%)
- We also expanded our business in line with our Grand Design and vision, including two M&As that boosted our SLT business to higher growth than expected, so that it was rapidly able to contribute to sales and profits

Semiconductor Tester Market Trends: April 2021 Outlook

CY20 Actual

- SoC tester market: In addition to strong HPC-related demand for testers, competition from smartphone makers stimulated demand for testers across a wide range of applications
- Memory tester market: The market grew and expanded on rising demand principally related to data centers and game consoles, and on growing Chinese memory investments

CY21 Estimate

- SoC tester market: Demand is expected to grow, mainly driven by smartphones and HPC, amidst ongoing active technological investment in leading-edge semiconductors
- Memory tester market: Technology investments in areas such as advanced nodes, multilayer NAND, and higher speeds / bandwidths are driving tester demand

	CY20 Actual	CY21 Estimate
SoC Tester Market	Approx. \$3,000M (January estimate: approx. \$2,800M)	Approx. \$3,400M~ (January estimate: \$2,800M-3,000M)
Memory Tester Market	Approx. \$1,200M (January estimate: approx. \$1,100M)	Approx. \$1,300M~ (January estimate: \$1,100M-1,300M)

FY21 Forecast

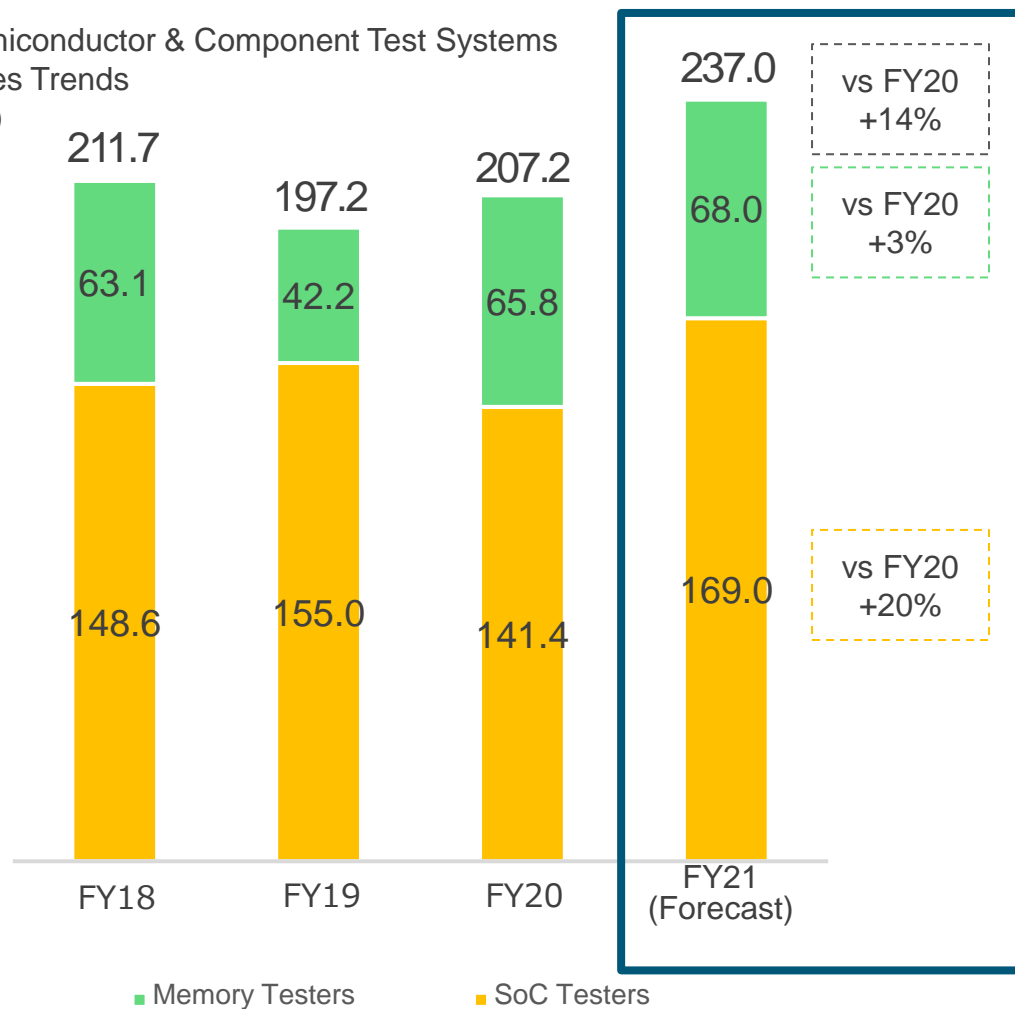
(¥B)				
	FY20 Results	Forecast	FY21	
			vs. FY20	
			(Δ)	(%)
Orders	330.6	350.0	+19.4	+5.9%
Sales*1	312.8	350.0	+37.2	+11.9%
Operating Income	70.7	85.0	+14.3	+20.2%
Operating Margin	22.6%	24.3%	+1.7pts	
Income Before Tax	69.6	85.0	+15.4	+22.1%
Net Income	69.8	64.0	-5.8	-8.3%
Net Income Margin	22.3%	18.3%	-4.0pts	
Backlog	108.8	108.8	-	-
R&D Expenses	42.7	46.0	+3.3	+7.7%
Capex	13.7	15.0	+1.3	+9.5%
D&A	11.8	13.5	+1.7	+14.4%
Exchange Rate*2	1 US\$	¥106	¥105	¥1 Appreciation
	1 Euro	¥123	¥130	¥7 Depreciation

*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY21 operating income is plus ¥800 million per 1 yen of JPY depreciation vs USD, and minus ¥150 million per 1 yen of JPY depreciation vs the euro

FY21 Outlook by Segment

Semiconductor & Component Test Systems
Sales Trends
(¥B)



Semiconductor & Component Test Systems

< SoC Testers >

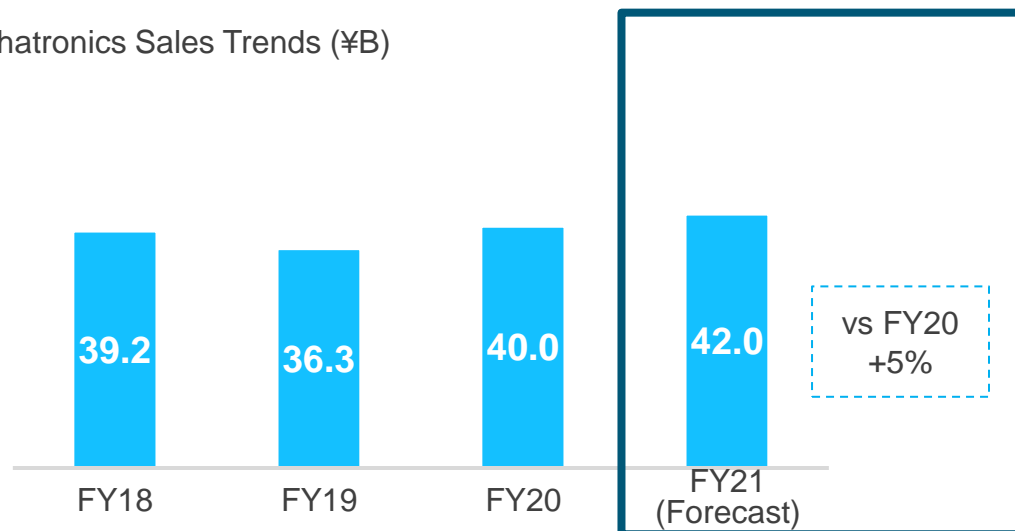
- Competition among smartphone players will drive growth in tester demand via migration to application processors produced on advanced nodes and the adoption of organic EL displays (OLED)

< Memory Testers >

- Customers will continue to make technology investments in areas such as miniaturization and multilayer NAND in 2021, which should sustain a high level of tester demand

FY21 Outlook by Segment

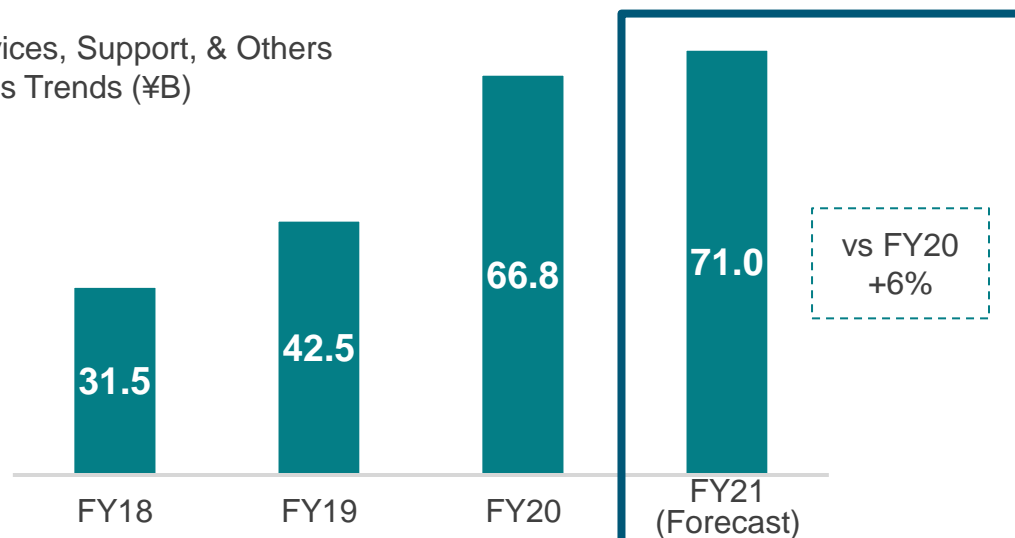
Mechatronics Sales Trends (¥B)



Mechatronics Systems

- High-level demand for device interface products is expected to continue in line with the performance of Advantest's memory tester business

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



Services, Support, & Others

- Strong SoC-related system-level test demand is expected
- Our field services business should also perform solidly due to increasing installations

Key Measures for FY21

- Promote the development of high value-added semiconductor test solutions and explore the test solution space at the system / module level amidst increasing needs for the higher-performance, higher-reliability semiconductors that are set to drive test demand over the medium to long term
- Build out our production and support system to meet the current high level of orders and anticipated demand growth
- Strengthen the foundations of operational excellence at the global level through inculcation of The Advantest Way and further human resources development
- Continue to enhance ESG management
- A briefing session will be held next month to announce the new mid-term management plan starting this year