

**ADVANTEST®**



**FY2023**  
**(Period Ended March 31<sup>st</sup>, 2024)**  
**Financial Briefing**

April 26<sup>th</sup>, 2024  
Advantest Corporation

# NOTE

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## Accounting Standards

- Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

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- This presentation and any information provided orally by Advantest representatives 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 FY2023

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Yasuo Mihashi

Senior Executive Officer, CFO & CSO (Chief Strategy Officer)

Executive Vice President, Corporate Strategy Group

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# FY23 Results

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- FY2023 sales, operating income, and net income were down year-on-year
- However, we gained market share in both SoC and memory testers
- Sales for high-performance DRAM related to generative AI increased, while the SoC tester market was slower than expected
- In terms of product mix, the sales ratio of the high margin SoC testers for leading-edge processes declined
- The magnitude of the decline for sales was within the range of our guidance <sup>\*1</sup> announced in July 2022, despite soft market conditions

\* 1: FY 23 sales guidance range as part of the revised Second Mid-Term Management Plan announced in July 2022: Approx. -15% to Approx +10% year-on-year)

# FY23 Summary of Results

(¥B)

	FY22		FY23		
	Results	Forecast as of Jan. 2024	Results	vs. FY22	
				Change	(%)
Sales	560.2	480.0	486.5	-73.7	-13.2%
Operating Income	167.7	85.0	81.6	-86.1	-51.3%
Operating Margin %	29.9%	17.7%	16.8%	-13.1pts	
Income Before Tax	171.3	82.5	78.2	-93.1	-54.4%
Net Income	130.4	64.5	62.3	-68.1	-52.2%
Net Income Margin %	23.3%	13.4%	12.8%	-10.5pts	
Exchange Rate	1 US\$	¥134	¥143	¥143	¥9 Depreciation
	1 Euro	¥140	¥154	¥155	¥15 Depreciation
Dividend Per Share* <sup>1</sup>	¥33.75	-	¥34.25* <sup>2</sup>	+¥0.5	
Share Repurchase	50.0	-	-	-	
Total Return Ratio* <sup>3</sup>	58%	-	41%	-17pts	

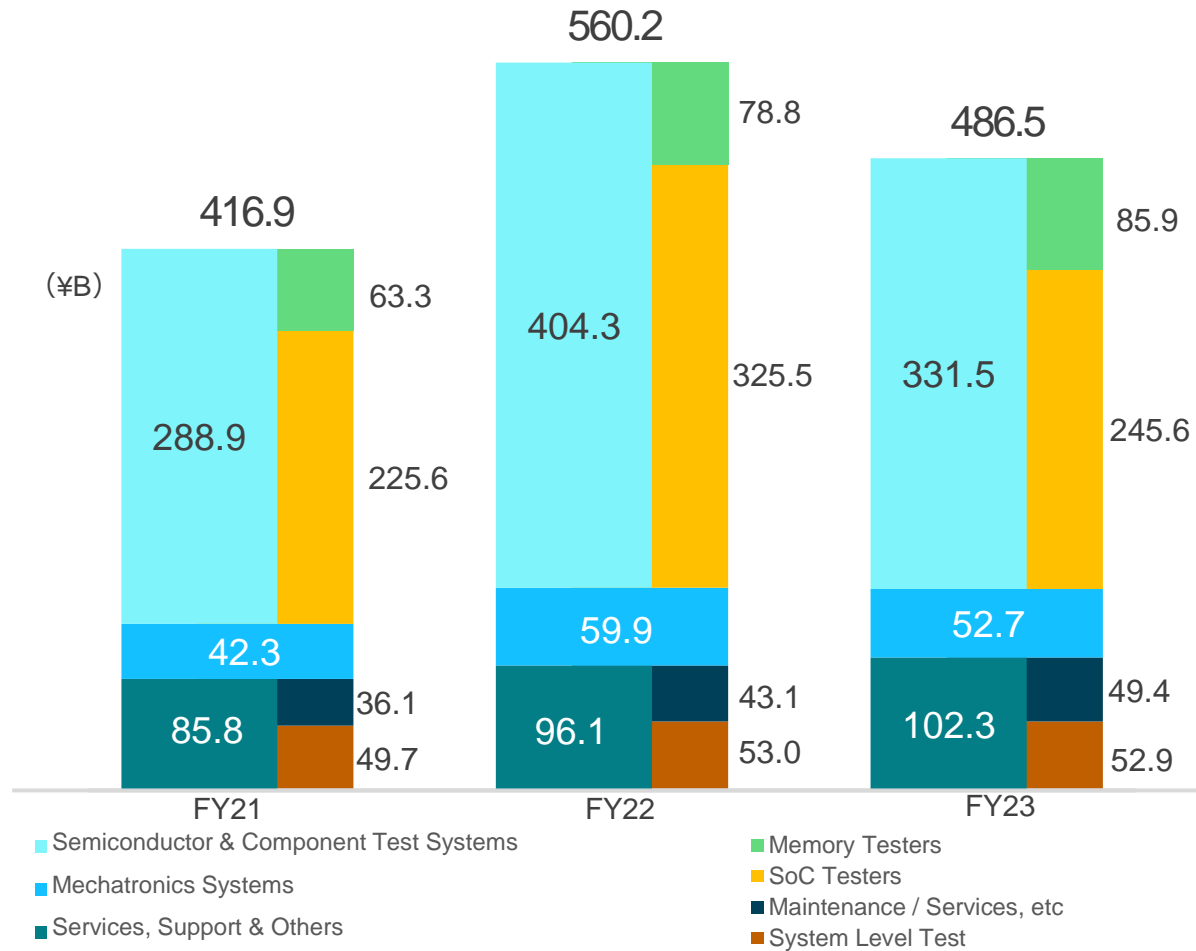
\*1: Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The above dividend per share figures are based on the assumption that the stock split had been issued at the beginning of FY22.

\*2: The year-end dividends for FY23 will be formally resolved at the Board of Directors' meeting held on May 21, 2024

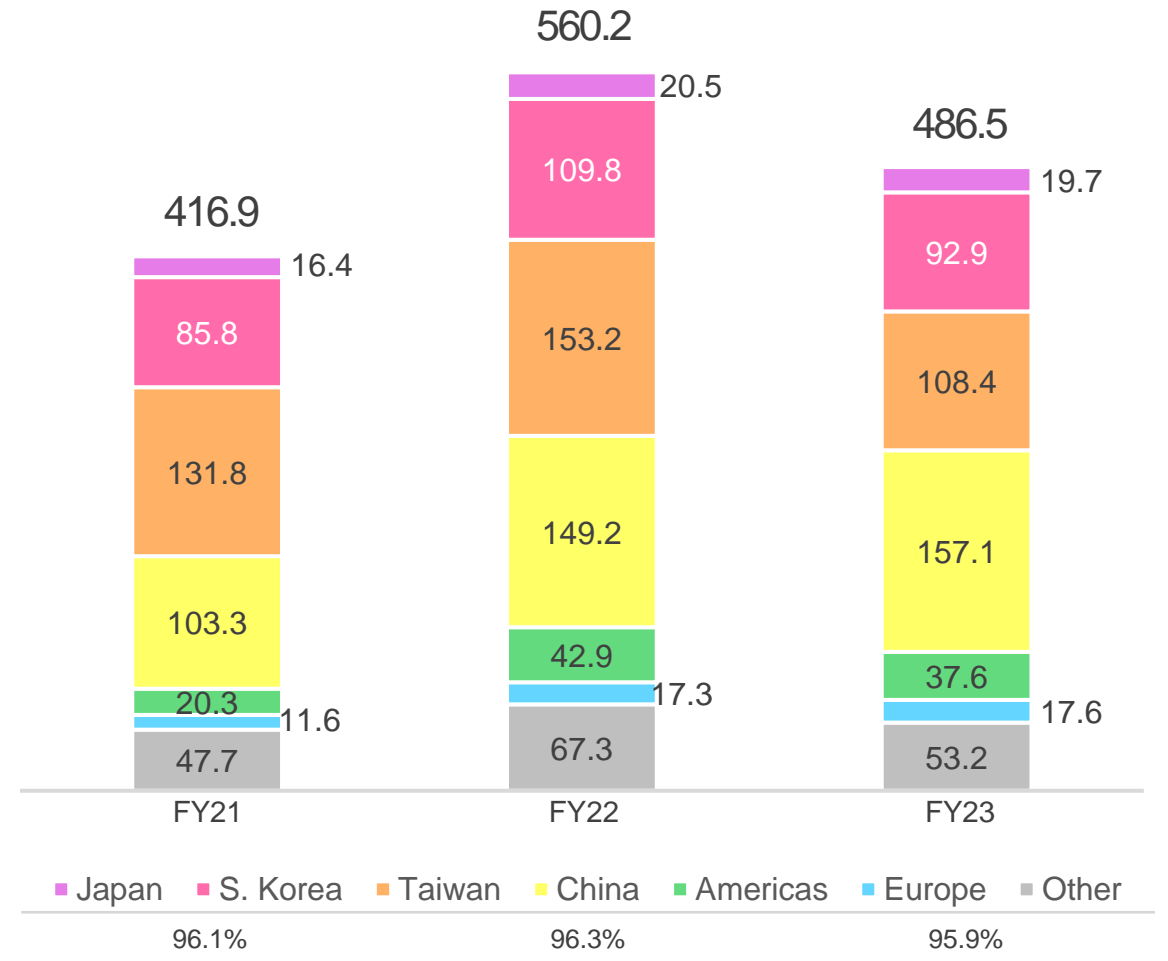
\*3: Total return ratio = (Total dividends + Total share repurchases) ÷ Net Income

# FY23 Sales by Segment / Region

## <Sales by Segment>



## <Sales by Region>



Note: Intersegment transactions have been eliminated from totals

Overseas Sales %

Region: the location of customers' facilities to which products were shipped

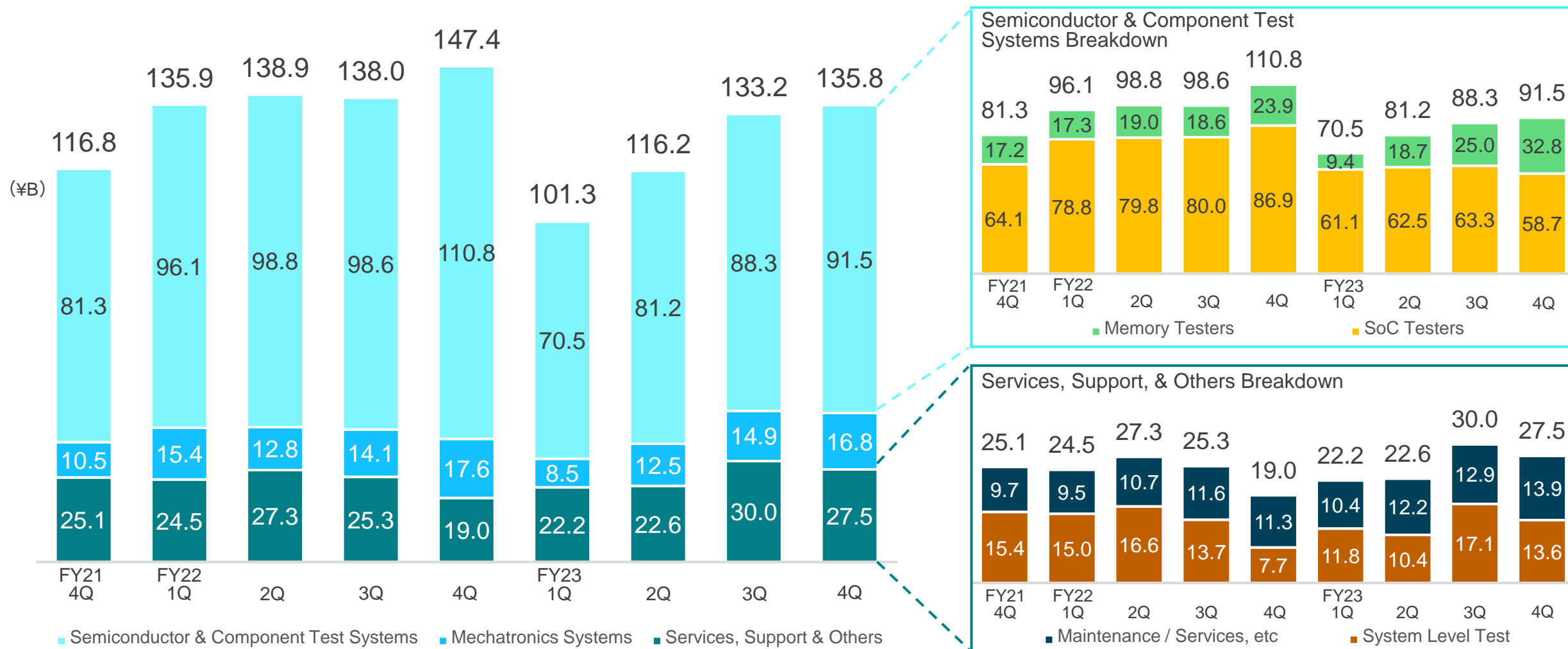
# FY23 4Q Summary of Results

(¥B)

	FY22				FY23				QoQ		YoY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Change	(%)	Change	(%)
Sales	135.9	138.9	138.0	147.4	101.3	116.2	133.2	135.8	+2.5	+1.9%	-11.6	-7.9%
Gross Profit	78.9	79.9	81.6	78.7	51.0	58.0	67.4	69.6	+2.2	+3.3%	-9.1	-11.5%
Gross Margin %	58.1%	57.5%	59.1%	53.4%	50.3%	49.9%	50.6%	51.3%	+0.7pts		-2.1pts	
Operating Income	44.8	43.1	41.2	38.6	14.3	21.0	26.8	19.5	-7.3	-27.2%	-19.0	-49.3%
Operating Margin %	32.9%	31.1%	29.9%	26.2%	14.1%	18.1%	20.1%	14.4%	-5.7pts		-11.8pts	
Income Before Tax	48.4	46.8	37.7	38.4	13.0	20.3	26.3	18.6	-7.6	-29.1%	-19.8	-51.6%
Net Income	36.5	34.7	28.6	30.6	9.2	16.7	21.2	15.2	-6.1	-28.6%	-15.4	-50.5%
Net Income Margin %	26.8%	25.0%	20.8%	20.8%	9.1%	14.4%	15.9%	11.2%	-4.7pts		-9.6pts	
Exchange Rate	1 US\$	¥124	¥135	¥144	¥133	¥135	¥142	¥149	¥147	¥2 Appreciation		¥14 Depreciation
	1 Euro	¥134	¥139	¥144	¥142	¥146	¥156	¥159	¥159	-		¥17 Depreciation
Dividend Per Share*1	-	¥16.25 (¥65)	-	¥17.50 (¥70)	-	¥16.25 (¥65)	-	¥18	-	+¥0.5		

\*1: Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The above dividend per share figures are based on the assumption that the stock split had been issued at the beginning of FY22. (values in parentheses are those before the split).

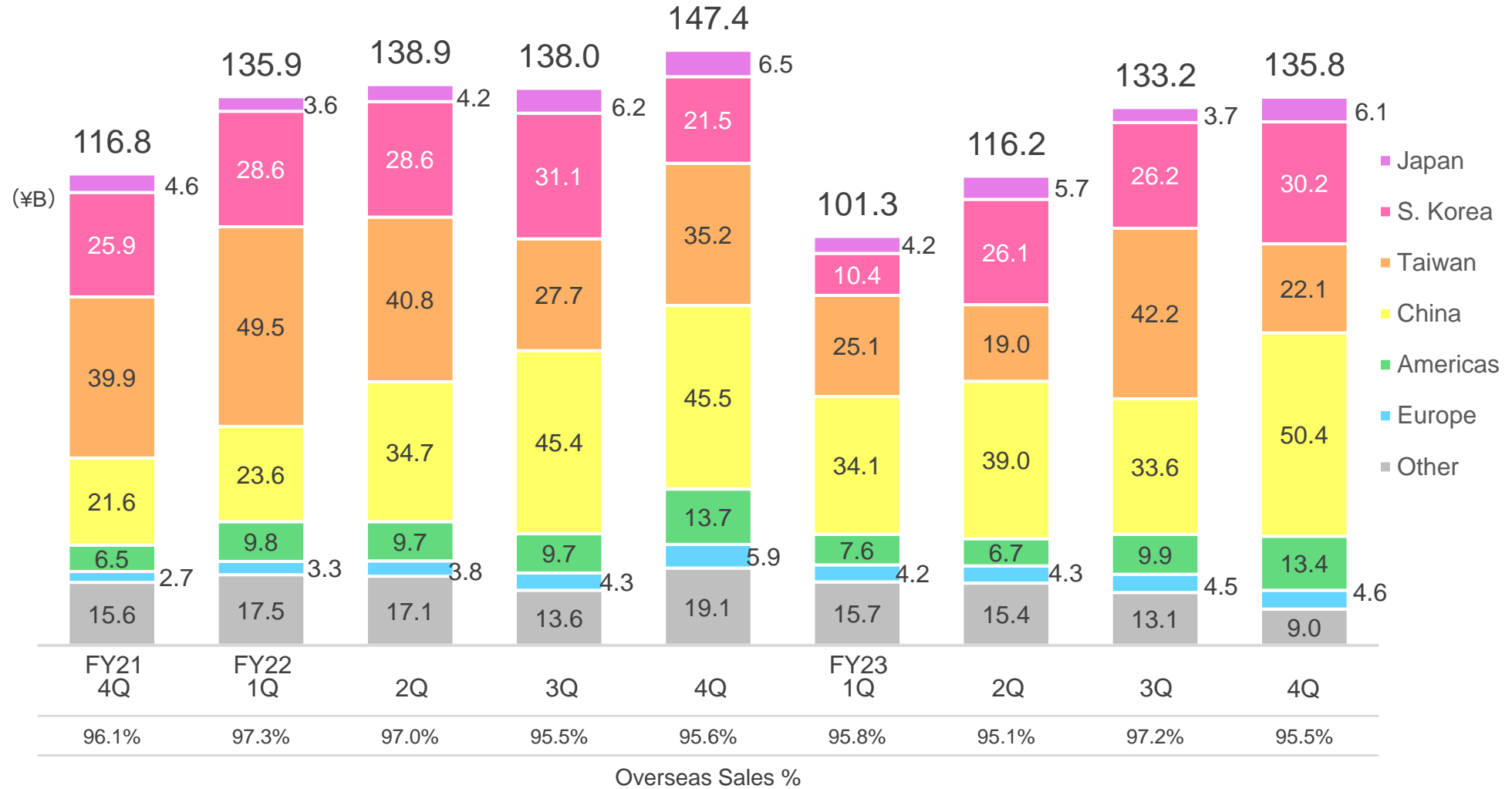
# Quarterly Sales by Segment



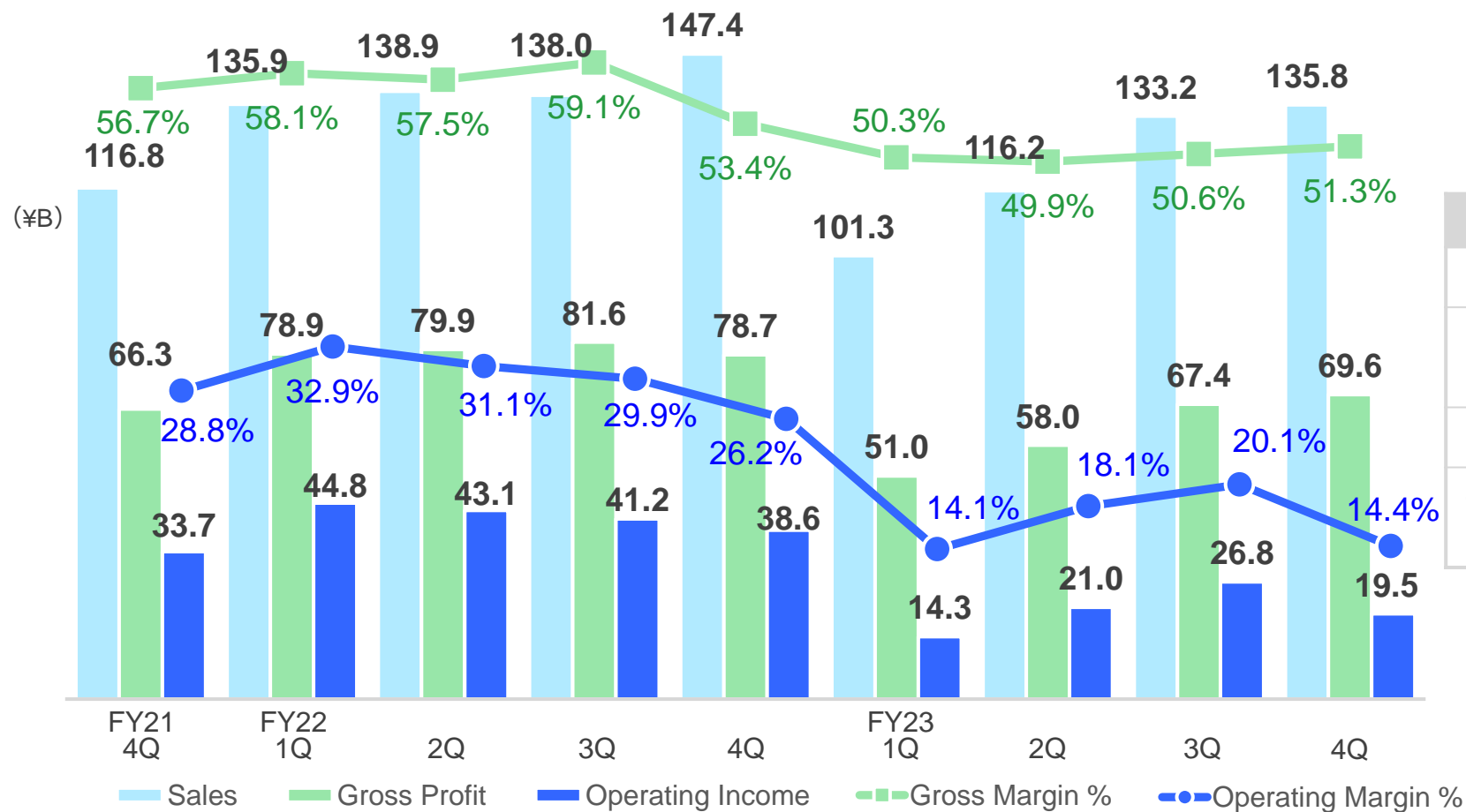
Note: Intersegment transactions have been eliminated from totals



# Quarterly Sales by Region



# Sales / Gross Profit / Operating Income



(¥B)

	FY22	FY23
Sales	560.2	486.5
Gross Profit	319.1	246.0
Gross Margin %	57.0%	50.6%
SG&A*	151.4	164.4
Operating Income	167.7	81.6
Operating Margin %	29.9%	16.8%

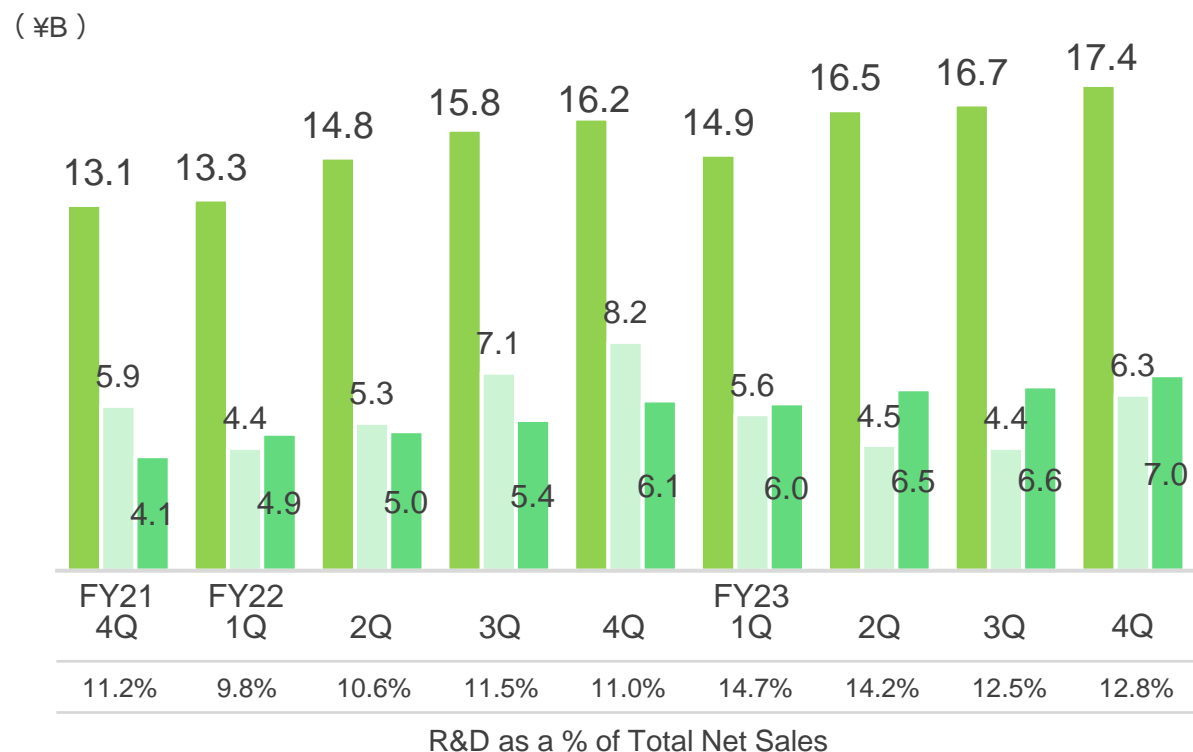
\* SG&A includes total other income and expenses

# Investments / Cash Flow

## <Investments>

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

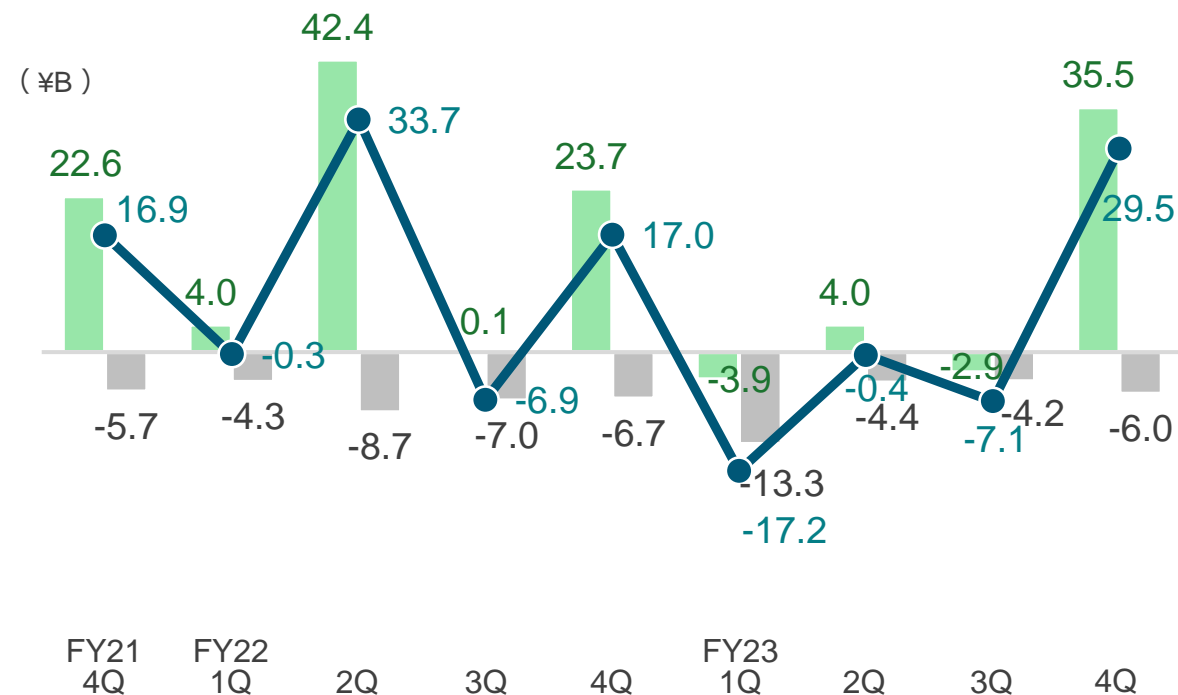
	FY22	FY23
R&D Expenses	60.1	65.5
R&D as a % of Sales	10.7%	13.5%
CapEx	25.0	20.8
D&A	21.4	26.1



## <Cash Flow>

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

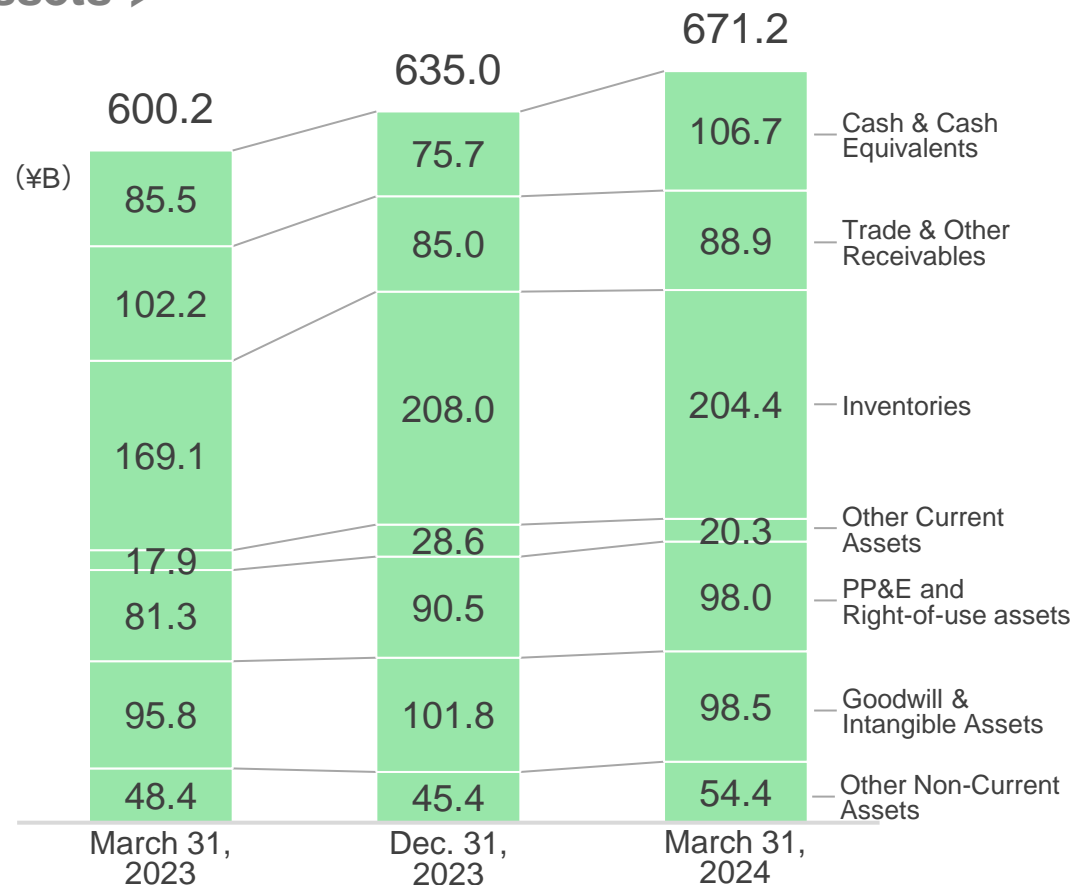
	FY22	FY23
Cash flows from operating activities	70.2	32.7
Cash flows from investing activities	-26.7	-27.9
Free cash flows*	43.5	4.8



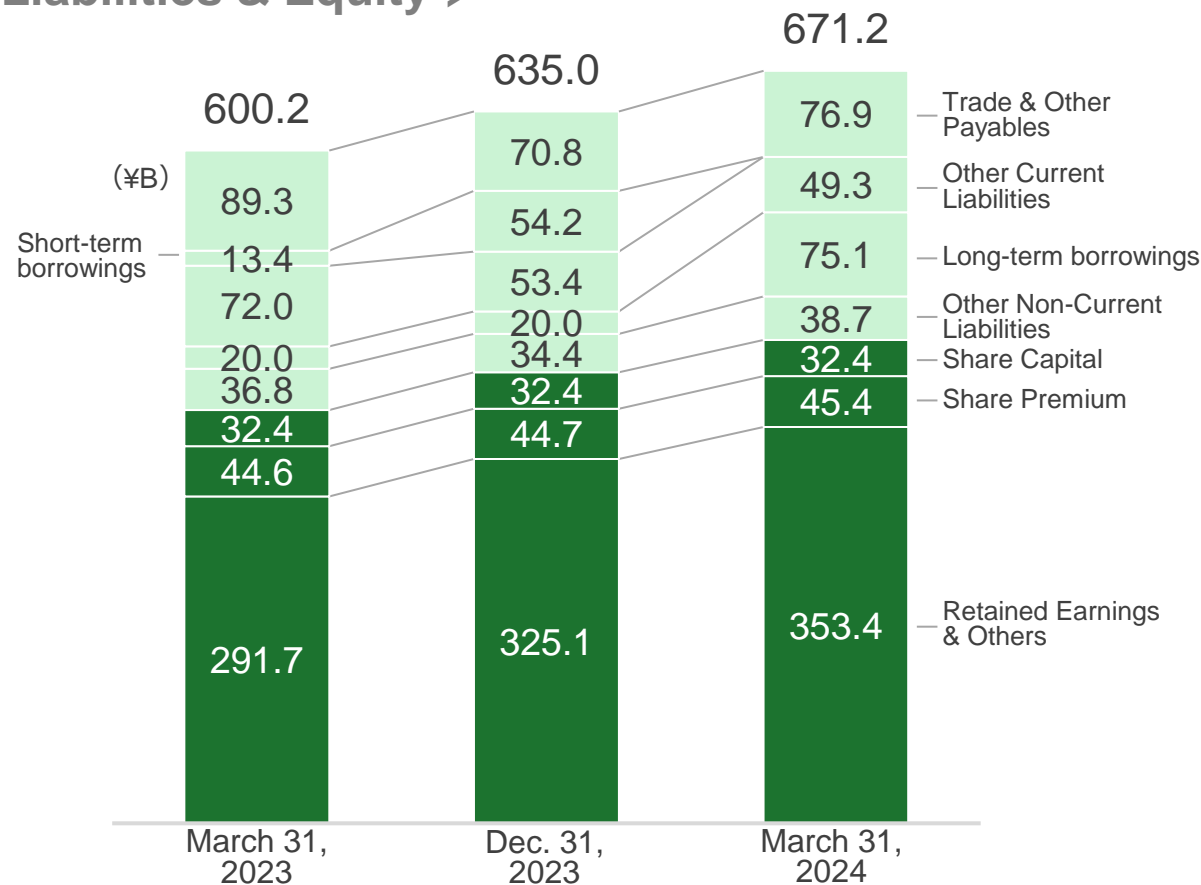
\* Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

# Financial Position

## < Assets >



## < Liabilities & Equity >



Equity Attributable to Owners of the Parent	368.7	402.2	431.2
Ratio of Equity Attributable to Owners of the Parent	61.4%	63.3%	64.2%
ROE	39.3%	-	15.6%

# Second Mid-Term Management Plan (MTP2, FY21-23) Results

- Sales exceeded the lower end of the target range
- Profitability and capital efficiency targets were not achieved due to a more pronounced than expected slowdown of the market and a change in mix

	MTP1 Results Avg. of FY18-20	Original MTP2 Targets (announced May 2021) Avg. of FY21-23	MTP2 Targets (revised July 2022) Avg. of FY21-23		FY21 Results	FY22 Results	FY23 Results	MTP2 Results Avg. of FY21-23
Sales	¥290.4B	¥350-380B	¥480-520B		¥416.9B	¥560.2B	¥486.5B	¥487.9B
Operating Margin	22.3%	23-25%	27-30%		27.5%	29.9%	16.8%	24.7%
Net Income	¥60.1B	¥62-70B	¥98-120B		¥87.3B	¥130.4B	¥62.3B	¥93.3B
ROE	29.1%	20% or more	30-35%		30.4%	39.3%	15.6%	28.4%
EPS*1	¥77	¥80-93	¥128-158		¥112	¥174	¥84	¥124
Capital Expenditure*2	¥30.2B	¥40B	¥70B		¥18.0B	¥25.0B	¥20.8B	¥63.9B
Strategic Investments e.g. M&A*2	¥47.7B	¥100B	¥100B		¥29.0B	¥3.5B	¥8.3B	¥40.7B
Shareholder Returns*2 (Dividend + Share buybacks)	¥61.7B	Estimate: ¥150B or more	Estimate: ¥210B or more		¥93.0B	¥75.0B	¥25.3B	¥193.4B
Total Return Ratio	39%	Total annual return ratio of 50% or more			107%	58%	41%	69%

\*1: EPS figures are different from the previously announced figures due to a 4-for-1 stock split of shares of common stock, effective October 1, 2023

\*2: The MTP2 targets represent a three-year cumulative figure for capital expenditure and strategic investments e.g. M&A, and shareholder returns

# FY2024 Outlook

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Douglas Lefever

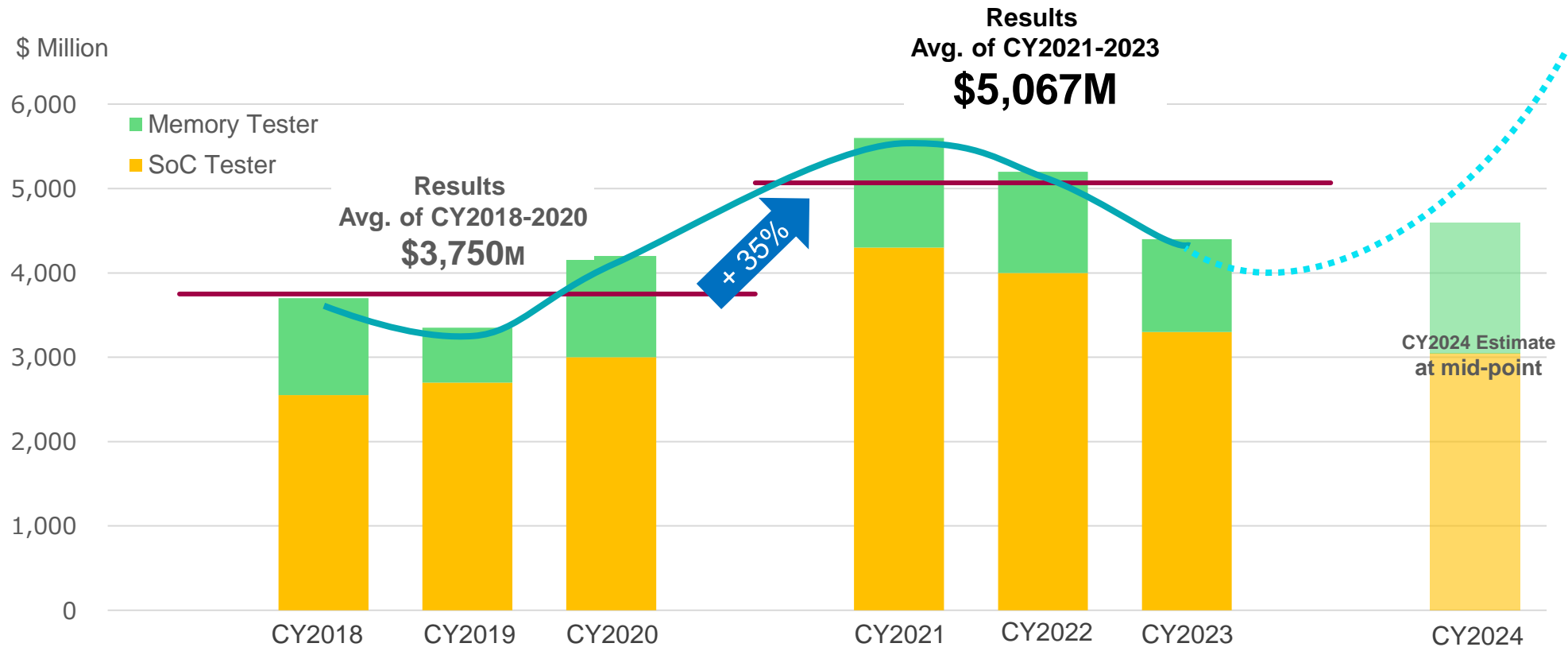
Representative Director, Senior Executive Officer, Group CEO

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# Tester Market Trend

- ✓ From MTP1 to MTP2, the tester market size in terms of a three-year average increased by 35%
- ✓ The market size assumption for MTP3 is currently under formulation. After having hit a bottom in CY23, tester demand will be driven by complexity growth of semiconductors triggered by AI from CY24 onwards and will be cyclically up



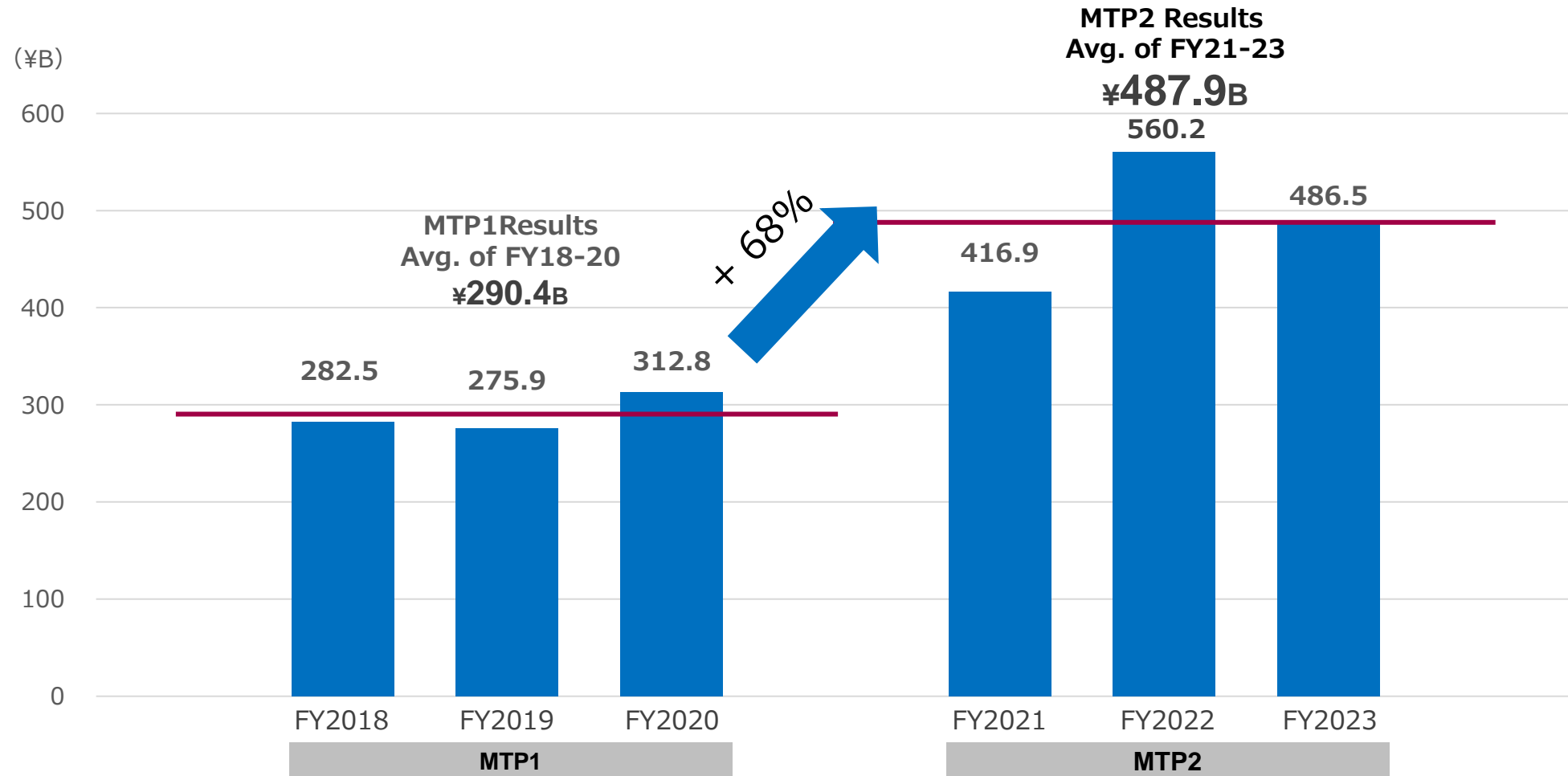
Source: Advantest

First Mid-Term Management Plan (MTP1)

Second Mid-Term Management Plan (MTP2)

# Our Sales Trend

- ✓ From MTP1 to MTP2, our sales in terms of a three-year average increased by 68%
- ✓ Our sales growth outpaced the tester market mainly due to market share gains and partial FX impact



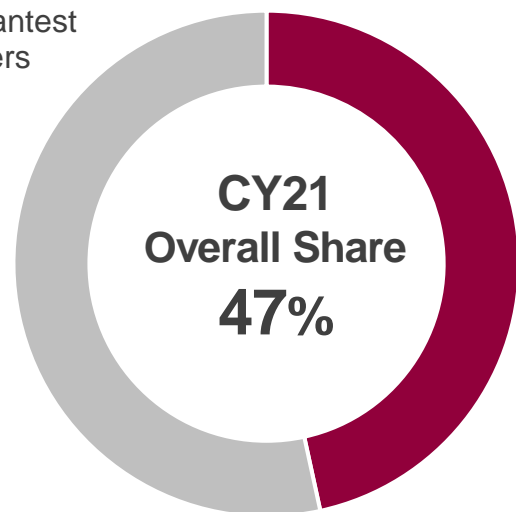


# Semiconductor Tester Market and Market Share Report

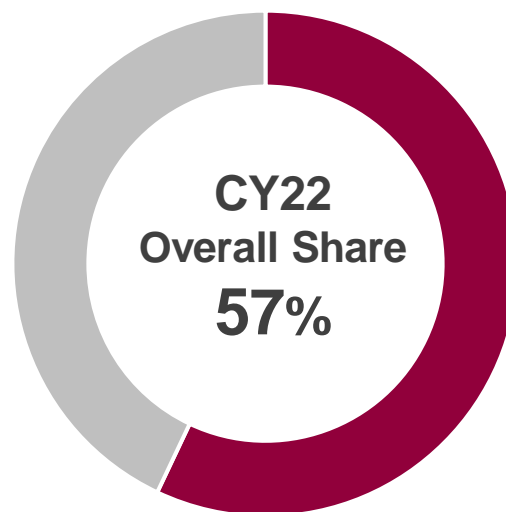
## Market Size

Approx. \$5.6B  $\xrightarrow{-6\% \text{ YoY}}$  Approx. \$5.2B  $\xrightarrow{-15\% \text{ YoY}}$  Approx. \$4.4B

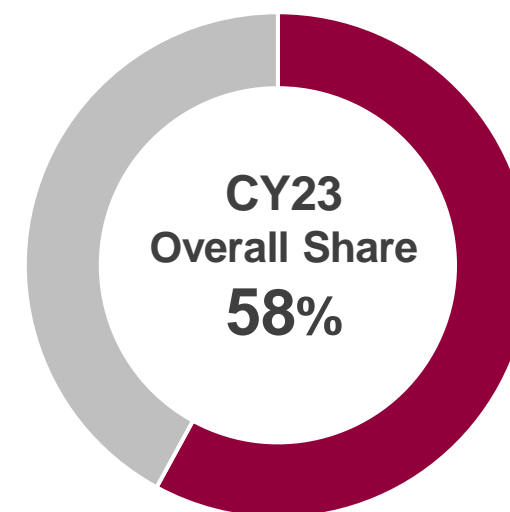
■ Advantest  
■ Others



$\xrightarrow{+10\text{pts YoY}}$



$\xrightarrow{+1\text{pt YoY}}$



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

	Market Size	Advantest Share
SoC Testers	Approx. \$4.0B	58%
Memory Testers	Approx. \$1.2B	53%

	Market Size	Advantest Share
SoC Testers	Approx. \$3.3B	59%
Memory Testers	Approx. \$1.1B	56%

Source: Advantest

# Business Environment / Semiconductor Tester Market Trends: April 2024 Outlook

## < Business Environment >

- Global recessionary concerns are lingering. In addition, uncertainty remains high in CY24 due to growing geopolitical risks and the risk of sharp exchange rate fluctuations.
- The semiconductor market is expected to pick up from the second half of the calendar year with an improved outlook for the semiconductor supply-demand balance and a more active investment related to generative AI.

## < Semiconductor Tester Market >

- In CY24, the timing of a recovery in the semiconductor tester market remains uncertain. While tester demand is expected to increase in line with rising demand for generative AI, demand from key consumer electronics applications such as smartphones and PCs has remained sluggish for a prolonged period.
- The SoC tester market outlook is revised down due to weakness in the automotive / industrial / consumer applications despite an expected pick up in demand for HPC/AI in the second half of CY24. The memory tester market outlook is revised up, as demand for high performance DRAM is expected to remain robust.

	CY22 Actual	CY23 Actual	CY24 Estimate
SoC Tester Market	Approx. \$4.0B	Approx. \$3.3B (January estimate: approx. \$3.3B - 3.4B)	Approx. \$2.9B - 3.2B (January estimate: approx. \$3.3B - 3.6B)
Memory Tester Market	Approx. \$1.2B	Approx. \$1.1B (January estimate: approx. \$1.1B)	Approx. \$1.4B - 1.7B (January estimate: approx. \$1.3B - 1.6B)

Source: Advantest

# FY24 Forecast

(¥B)

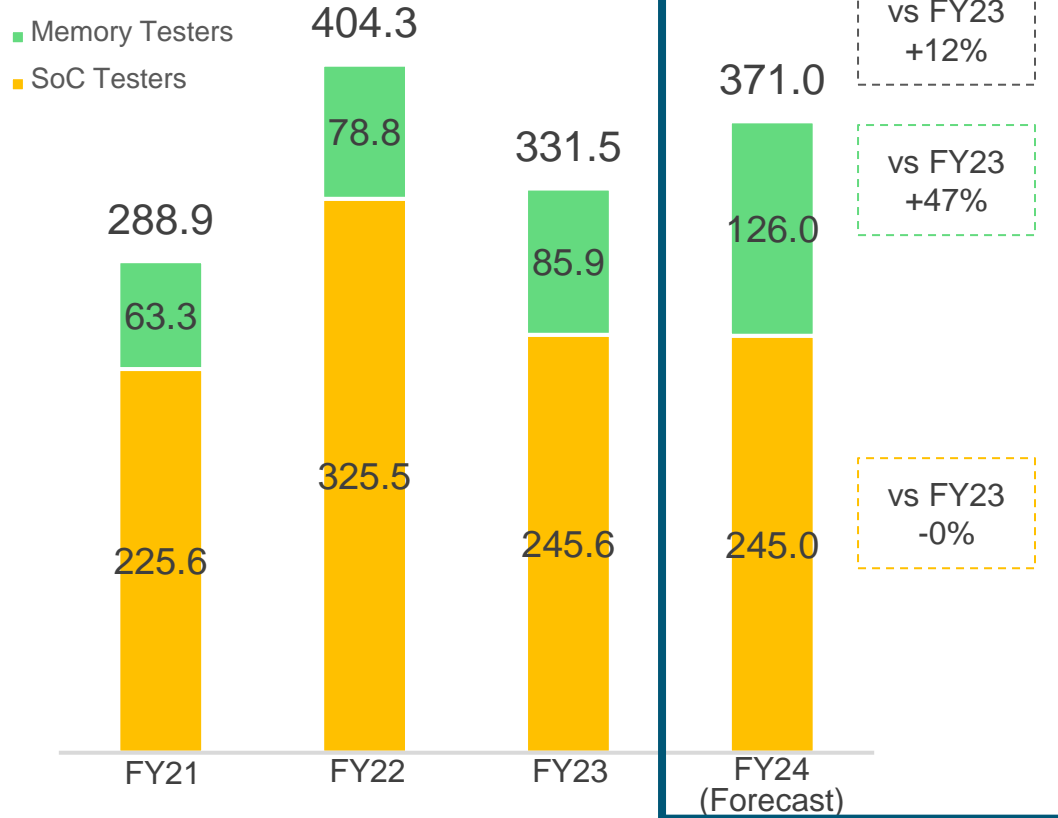
	FY23 Results	FY24 Forecast	FY24 vs. FY23	
			Change	(%)
			Sales*1	486.5
Operating Income	81.6	90.0	+8.4	+10.3%
Operating Margin %	16.8%	17.1%	+0.3pts	
Income Before Tax	78.2	89.0	+10.8	+13.9%
Net Income	62.3	67.0	+4.7	+7.6%
Net Income Margin %	12.8%	12.8%	+0.0pts	
R&D Expenses	65.5	67.0	+1.5	+2.3%
CapEx	20.8	22.0	+1.2	+5.8%
D&A	26.1	27.0	+0.9	+3.4%
Exchange Rate*2	1 US\$	¥143	¥140	¥3 Appreciation
	1 Euro	¥155	¥155	—

\*1: Intersegment transactions have been eliminated from totals

\*2: Our latest forecast for the impact of exchange rate fluctuations on FY24 operating income is plus ¥0.7 billion per 1 yen of JPY depreciation vs USD, and minus ¥0.3 billion per 1 yen of JPY depreciation vs the euro

# FY24 Outlook by Segment

Semiconductor & Component Test Systems Sales Trends (¥B)



## Semiconductor & Component Test Systems

### < SoC Testers >

For HPC/AI, robust demand is expected for generative AI-related applications. On the other hand, sales are expected to decline further for automotive/industrial/consumer applications.

Applications	FY21	FY22	FY23	FY24e
Computing / Comms	60%	65%	60%	65%
Automotive / Industrial / Consumer / DDIC*1	40%	35%	40%	35%

\*1 DDIC : Display Driver IC

Numbers are rounded to the nearest 5%

### < Memory Testers >

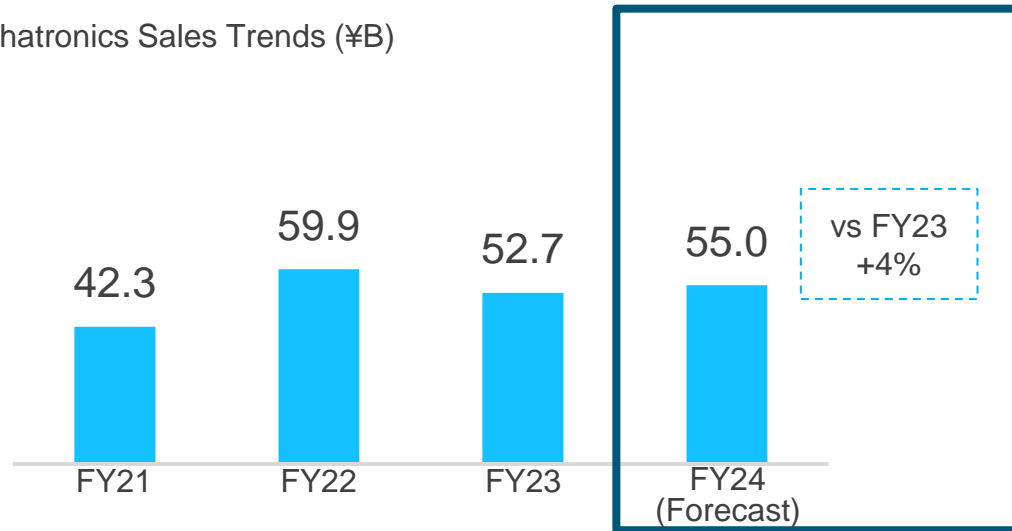
Sales growth is expected, driven by high-performance DRAM related to generative AI.

Applications	FY21	FY22	FY23	FY24e
DRAM	60%	60%	90%	95%
Non-Volatile Memory	40%	40%	10%	5%

Numbers are rounded to the nearest 5%

# FY24 Outlook by Segment

Mechatronics Sales Trends (¥B)

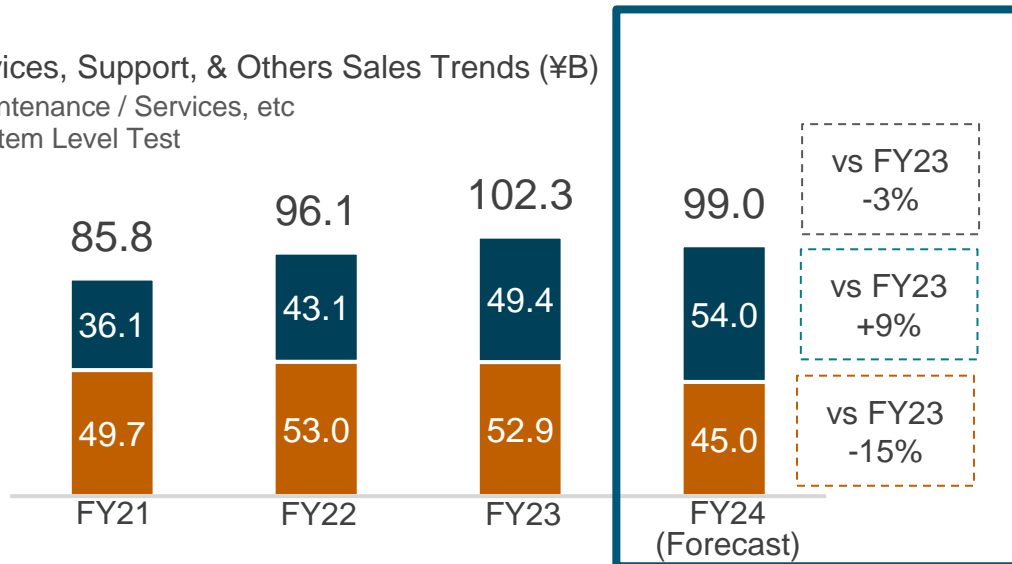


## Mechatronics Systems

- Solid sales are expected across all businesses including device interfaces, test handlers, and nanotechnology products.

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

■ Maintenance / Services, etc  
■ System Level Test



## Services, Support, & Others

- Demand for maintenance service is firm due to steady growth of our installed base
- In the system level test business, sales are expected to decline year-on-year due to continued uncertainty in the consumer electronics application

# Key Measures for FY24

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- **Focus on complexity-driven high growth areas with our value-added solutions and expanded supply structure**
  - ✓ Expand supply of testers for high growth devices such as HBM, to meet rapidly growing demand
  - ✓ Accelerate our development of integrated test solutions, to enable our leading customers to overcome challenges in developing cutting-edge technology
  - ✓ Create customer value through “Automation” initiatives for end-to-end test processes ranging from complex semiconductor design to system level test to data analytics
- **Pursue profitability improvement initiatives**
  - ✓ Maintain our advantage in high-performance devices such as HPC/AI and leading-edge memory
  - ✓ Upgrade supply chain management to keep up with future demand fluctuations and enhance our production structure

# Revision of Our Mid-/long-term Management Policy

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- **Through MTP1 and MTP2: We have reinforced foundations for growth, including an enhanced product portfolio, expanded business domain, and enriched engineering support**
- **Our Mid-/Long-Term management policy including MTP3 is currently under formulation**
  - Continue to outpace growth in our core market by driving “Automation” to provide more efficiency for increasingly complex semiconductor devices
  - Drive operational excellence throughout the organization to ensure earnings growth
  - Continue to explore adjacent / new businesses
  - Enhance sustainability initiatives with a focus on net zero transition
- **Briefing on Mid-/Long-Term Management Policy**
  - Scheduled for the afternoon of Tuesday June 25, 2024 (Japan time)



*Facing the future together*