

**Advantest Corporation
Information Meeting**

Financial Results for 3rd Quarter of FY2012

January 30, 2013

**Hiroshi Nakamura
Director and Managing Executive Officer**

Summary of Results

ADVANTEST

(¥B)

	FY2011				FY2012					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		1Q-3Q Total	
							Results	QoQ (%)	Results	YoY (%)
Orders	38.4	27.6	25.9	34.3	46.2	25.3	24.4	-3.7	95.9	+4.3
Sales	26.8	37.7	30.7	45.8	33.4	39.2	24.6	-37.2	97.2	+2.1
Cost of Sales	13.7	20.5	17.3	20.8	15.8	18.7	11.6	-38.2	46.1	-10.6
Gross Profit	13.1	17.2	13.4	25.0	17.6	20.5	13.0	-36.2	51.1	17.1
Operating Income	0.8	-3.1	-3.0	6.1	0.8	2.6	-2.6	-	0.8	-
Non-Operating Income	-0.4	-2.0	-0.4	-1.4	0.5	-0.8	-0.4	-	-0.7	-
Income Before Tax	0.4	-5.1	-3.4	4.7	1.3	1.8	-3.0	-	0.1	-
Net Income	0.3	-4.8	-3.2	5.5	0.4	1.1	-3.4	-	-1.9	-
Order Backlog	41.2	40.0	35.2	23.6	36.4	22.5	22.3	-1.1	22.3	-36.6

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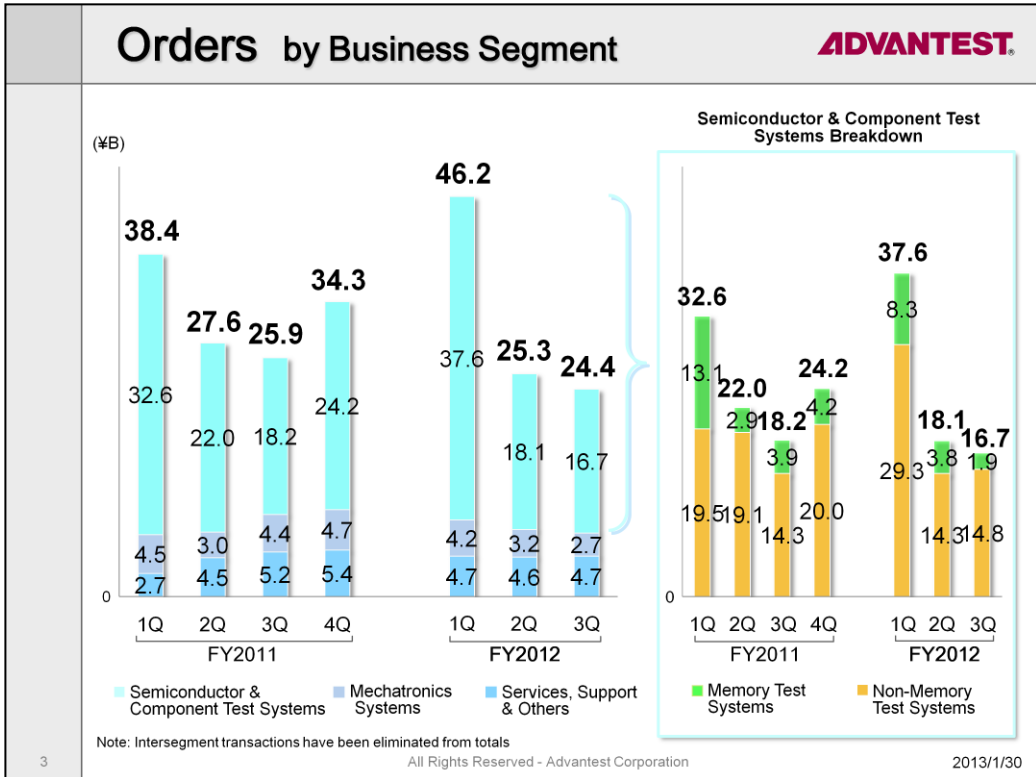
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○ FY2012 3Q Results Summary

- Orders ¥24.4B -4% QoQ
- Sales ¥24.6B -37% QoQ
- Operating Income -¥2.6B
- Income Before Tax -¥3.0B
- Net Income -¥3.4B

Non-Operating loss mainly consisted of FX valuation losses of ¥0.5B.

○ Order Backlog fell ¥0.2B over September 30 level to ¥22.3B



○ FY2012 3Q Orders by Segment

In the 2Q earnings release, Advantest commented that it believed orders bottomed in 2Q. However, demand for smartphone-related production fell sharply at the end of December 2012, thus overall orders failed to grow as planned. PC-related tester demand also fell further.

○ Semiconductor & Component Test Systems

- ¥16.7B -8% QoQ
- Non-memory testers ¥14.8B
- Memory testers ¥1.9B

(Main factors in the decrease)

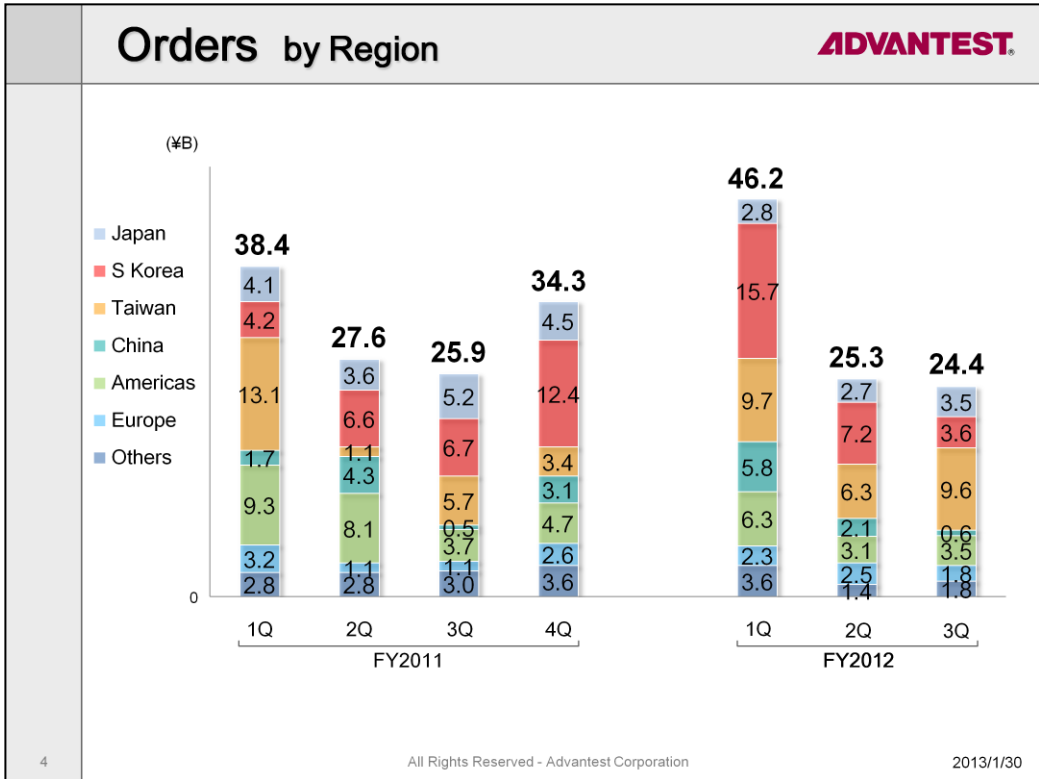
- Memory testers
Demand for both DRAM and NAND remained stagnant, therefor new tester orders failed to grow.

○ Mechatronics Systems

- ¥2.7B -15% QoQ
- Orders dropped in step with the fall in memory tester demand.

○ Services, Support & Others

- Orders rose slightly to ¥4.7B

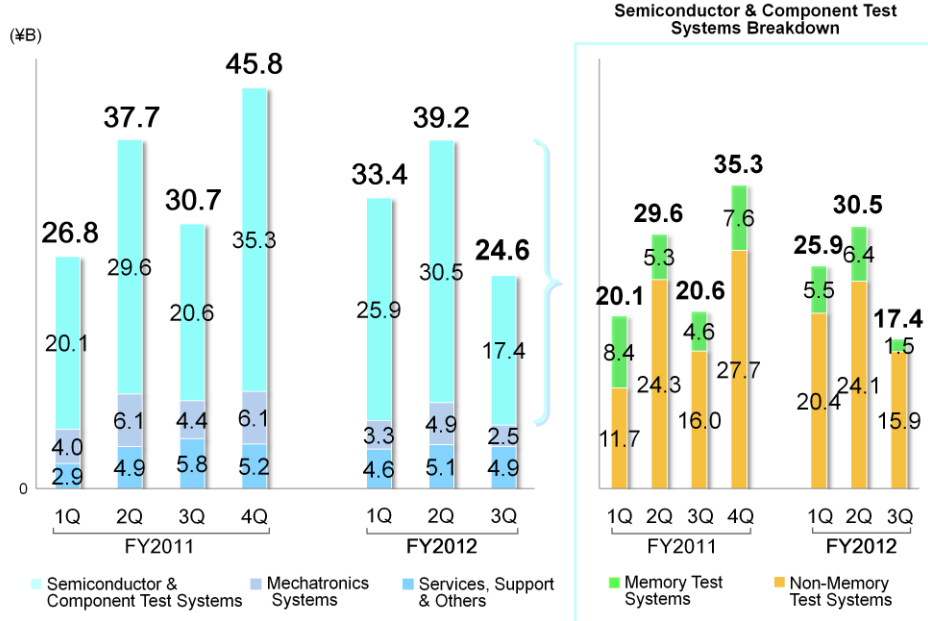


○ FY2012 3Q Orders by Region

- Taiwan
Orders for LCD driver testers grew strongly.
- South Korea
Demand slowed for memory testers and telecommunications chip testers.
- China
Memory tester orders dropped.

Sales by Business Segment

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Note: Intersegment transactions have been eliminated from totals

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- FY2012 3Q Sales by Segment
 - 3Q is seasonally a slow period, but sales were hindered by the lack of 3Q order growth.

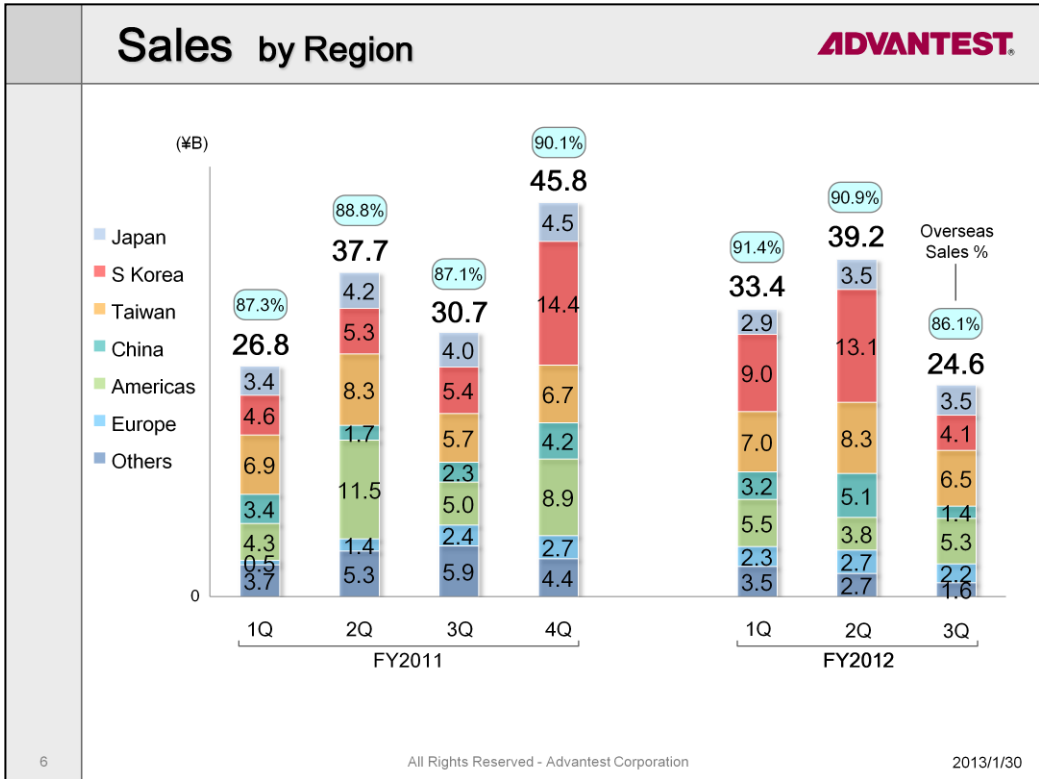
- Semiconductor & Component Test Systems
 - ¥17.4B -43% QoQ
 - Non-memory testers ¥15.9B
 - Memory testers ¥1.5B

(Main factor in the decrease)

 - Smartphone-related tester demand dropped in both memory and non-memory testers.

- Mechnronics Systems
 - ¥2.5B -48% QoQ
 - Orders dropped in step with the fall in memory tester demand.

- Services, Support & Others
 - Sales dropped slightly to ¥4.9B

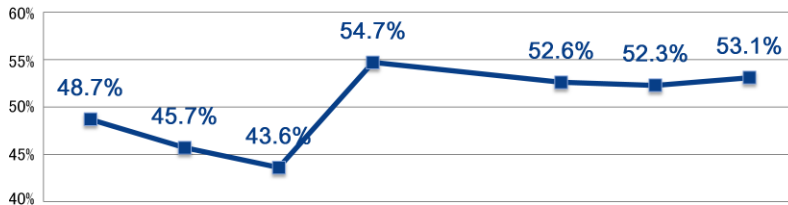


○ FY2012 3Q Sales by Region

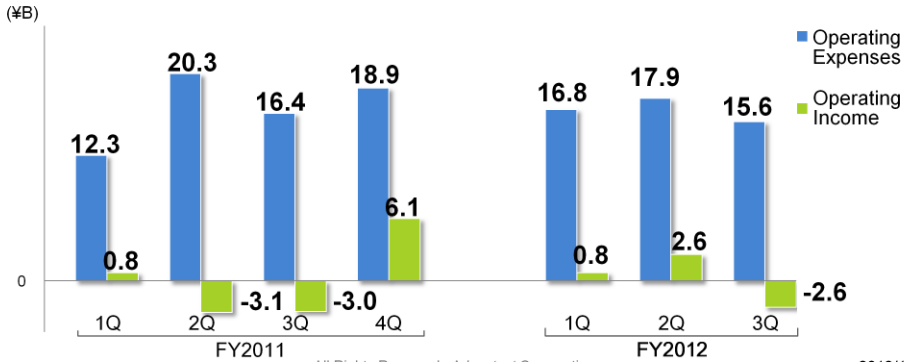
- South Korea, Taiwan
Sales fell due to softening smartphone-related demand.
- China
Lower sales for NAND flash memory testers.

Operating Income/Gross Margin/Operating Exp. **ADVANTEST**

Gross Profit Margin



Operating Expenses/Operating Income



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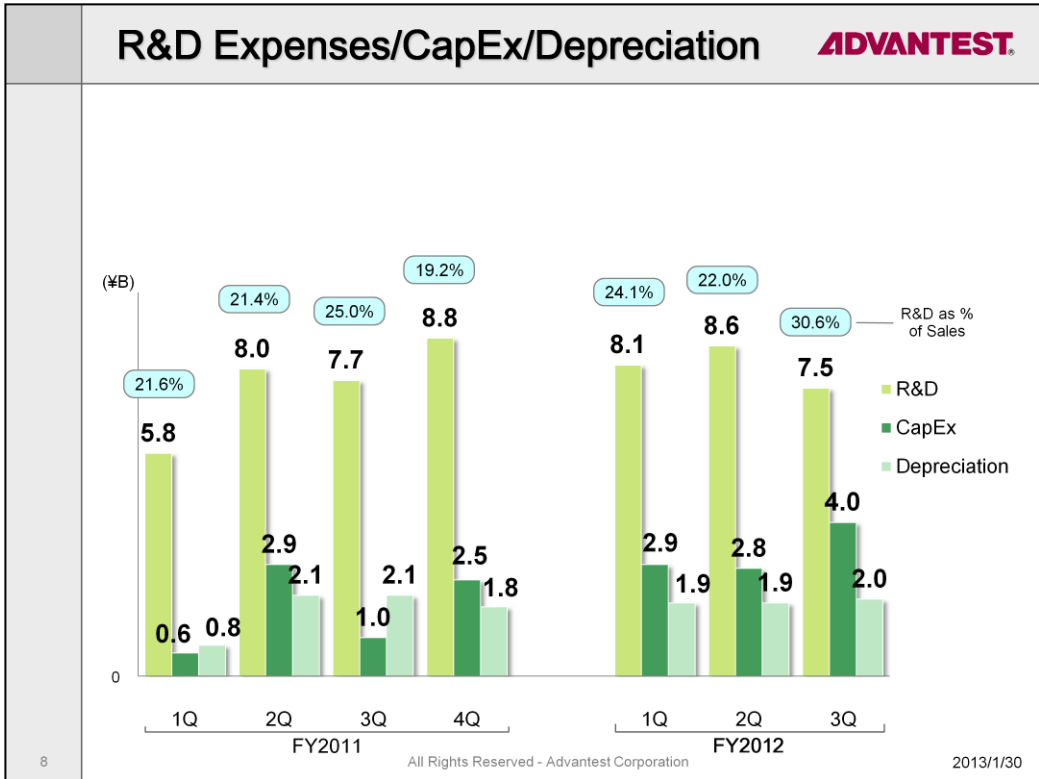
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○ FY2012 3Q Operating Income

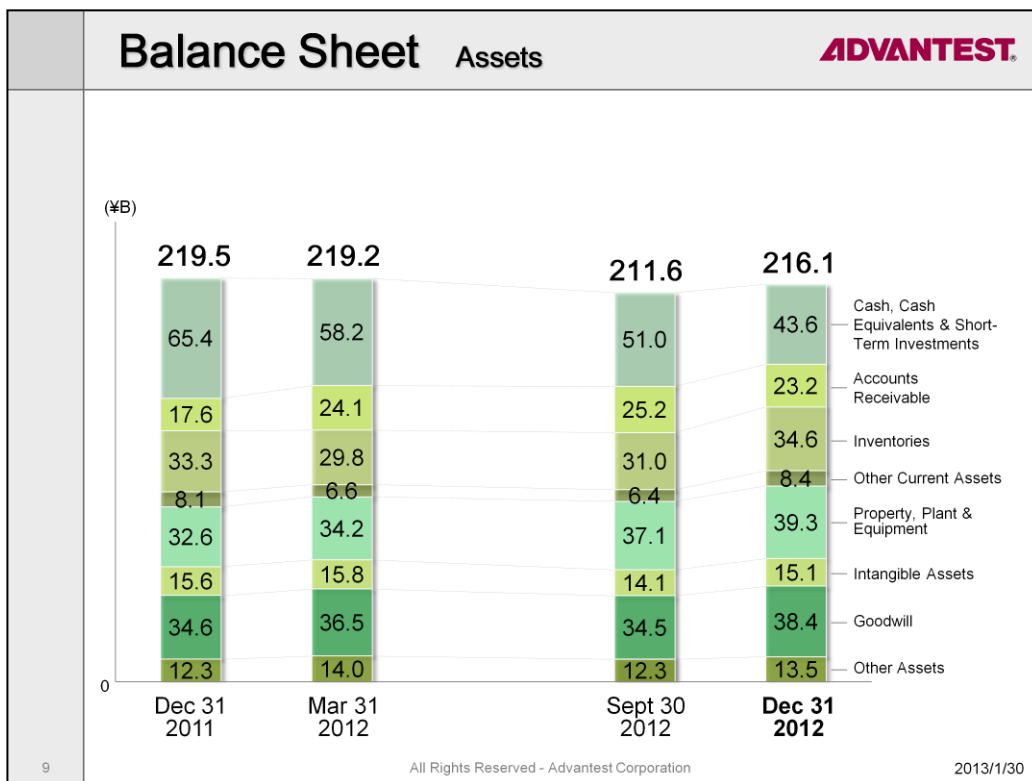
○ In FY2012 3Q,

- Gross profit margin 53.1%
Sales dropped, but higher margin products made up a larger part of the sales mix.
- Operating expenses ¥15.6B -¥2.3B QoQ
Main reason for the reduction was lower earnings-based employee bonuses.
- Operating loss ¥2.6B



○ FY2012 3Q Operating Expenses

- R&D expenses ¥7.5B -¥1.1B QoQ
Main factor was fall in earnings-based bonuses paid to R&D employees.
- CapEx ¥4.0B +¥1.2B QoQ
Main projects were the new factory in S Korea (under construction).
- Depreciation expenses ¥2.0B flat QoQ



○ Balance Sheet as of Dec 31, 2012

○ Assets

- Cash, cash equivalents & short-term investments
¥43.6B -¥7.4B over Sept 30, 2012

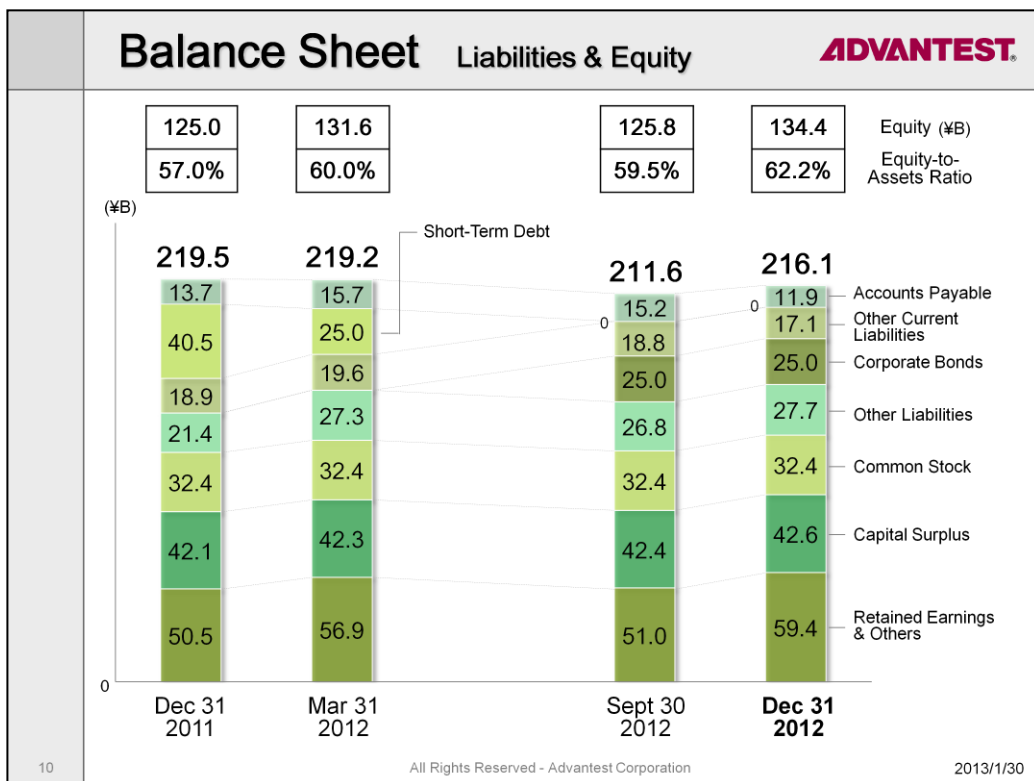
- Inventories
¥34.6B +¥3.6B over Sept 30, 2012

- Property, plant & equipment
¥39.3B +¥2.1B over Sept 30, 2012 due to South Korean factory construction

- Goodwill
¥38.4B +¥3.9B over Sept 30, 2012 due to weaker Yen

○ Total Assets

¥216.1B +¥4.5B over Sept 30, 2012



○ Liabilities & Equity

- Accounts payable ¥11.9B
- Retained earnings & others ¥59.4B
FX translation adjustments account increased by ¥13.2B due to Yen weakness.
- Equity ¥134.4B
- Equity-to-assets ratio
62.2% +2.7 percentage points over Sept 30, 2012

FY2012 3Q Business Update

**Pushing Forward Strongly with
Growth Initiatives**

January 30, 2013

Haruo Matsuno
Representative Director, President & CEO

◆ Market Environment Changed Sharply

- **Market environment changed dramatically at 2012 year end in step with production adjustments for certain smartphone models. Advantest had expected a rise in orders in Q4, but many key customers are now revising CapEx plans**
- **PC market remains weak, recovery in MPU and DRAM tester demand is slow**
- **Tester demand in 2H is losing impetus, so Advantest is again revising estimates**

○ FY2012 Business Outlook

- In the past year, tester demand has been driven by mobile device-market growth, centered on smartphones. However, production adjustments for certain smartphone models are expected, and tester demand dropped at 2012 year end.
- Advantest had expected orders to rise in Q4 on smartphone-related tester demand. However, anticipating the above production adjustments, key customers are revising CapEx plans.
- Advantest also hoped for recovery in the PC market, which remains stagnant. The market remains in the doldrums, thus tester demand for microprocessors (MPUs) and DRAM remains severe.
- As above, tester demand in 2H is losing impetus, therefore Advantest is revising estimates.

FY2012 Earnings Forecast

ADVANTEST

Figures in brackets are estimates as of Oct 2012

(¥B)	FY2011 Actual	FY2012 1H Actual	FY2012 3Q Actual	FY2012 4Q Estimate	FY2012 Full Year Estimate
Orders	126.2	71.5	24.4	32.1	128.0 (142.0 - 168.0)
Sales	141.0	72.6	24.6	34.8	132.0 (140.0 - 160.0)
Operating Income	0.8	3.4	-2.6	1.7	2.5 (6.0 - 16.0)
Dividend per Share	¥15 (2H ¥10)	¥10			¥20 (2H ¥10)

○ 4Q & FY2012 Full Year Estimates

- Reflecting changing market conditions, 4Q estimates are set as follows:

- Orders ¥32.1B
- Sales ¥34.8B
- Operating Income ¥1.7B

- FY2012 full year estimates are revised as follows, reflecting results through 3Q and 4Q estimates

- Orders ¥128B
- Sales ¥132B
- Operating Income ¥2.5B

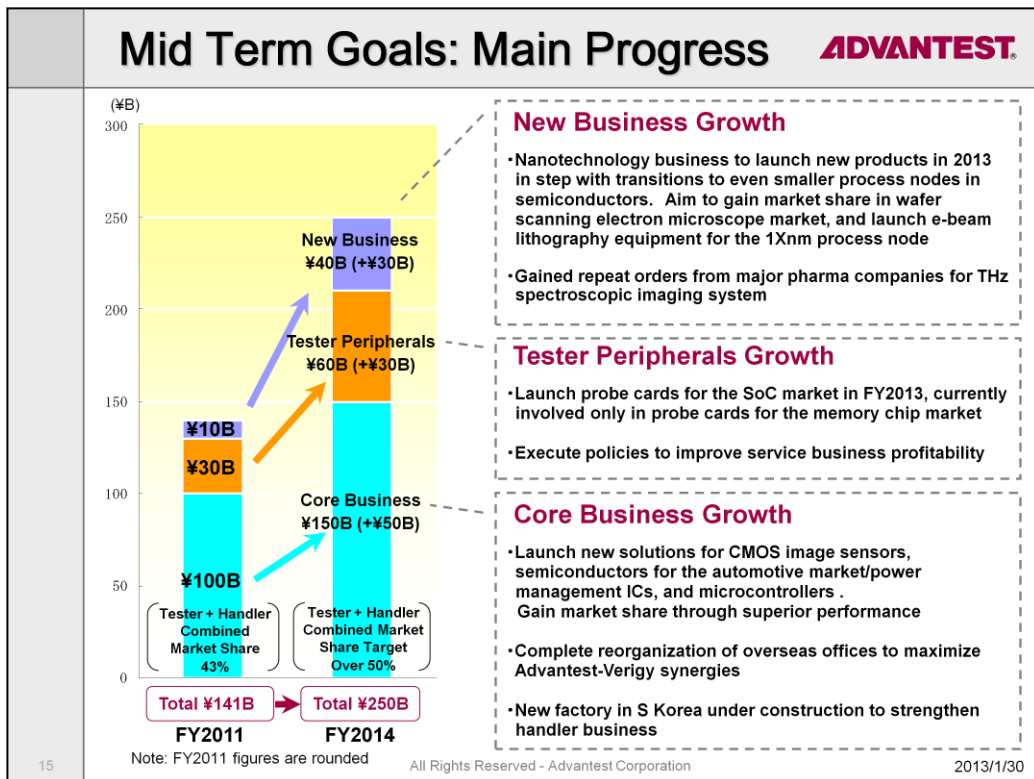
- Dividend estimate unchanged, ¥10 in 2H, total ¥20 for full year

◆ 5 Key Initiatives

1. **Expand Market Share**
2. **Grow Core Peripherals Business**
3. **Increase Profitability of Installed Base**
4. **Create Comprehensive New Markets**
5. **Nurture New Businesses**

○ Key Initiatives Going Forward

- Semiconductor testers are Advantest's core business, and this will not change. However, as noted earlier, tester demand is losing impetus due to demand slowing for PCs and certain smartphone models.
- In this weak market, to secure stable profitability going forward, moving away from Advantest's traditional business model of relying on tester sales will be critical.
- To speed Advantest's business structure transformation, all employees are working in unison on these 5 initiatives:
 - Expand Market Share
 - Grow Core Peripherals Business
 - Increase Profitability of Installed Base
 - Create Comprehensive New Markets
 - Nurture New Businesses
- For specific examples of these, please see the next slide.



○ Main Initiatives Toward Meeting Mid-Term Goals

- Increasing core business market share
 - In non-memory, Advantest launched new solutions for CMOS image sensors, power management ICs, and microcontrollers. In memory, new products to meet evolving memory IC device functionality have also been launched.
 - Office consolidation and reorganization in each region globally was completed in 2012, creating a unified business base that transcends departmental or regional boundaries.
 - New factory under construction in South Korea to strengthen handler business, which has much room for market share improvement.
- Growing tester peripherals business
 - Probecard business currently focuses on the memory market; probecards for the SoC market will be launched in FY2013.
 - In the service business, Advantest will rollout high-added-value services such as helping customers increase productivity. Through this, Advantest will expand profitability of its installed base.
- Nurturing new businesses
 - Projects are taking shape and advancing. The nanotechnology business will launch new products in step with the transition to even smaller process nodes in leading-edge semiconductors. The TAS7500 THz spectroscopic imaging system gained repeat orders from a major pharma company.
 - To bring sustainable growth over the mid-to-long term, Advantest will create new comprehensive markets and further strengthen initiatives to actively foster new business fields.

NOTE**•Prepared in accordance with US GAAP****•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, a discussion of Advantest's business strategy, outlook and expectations as to market and business developments, production and capacity plans. These forward-looking statements can be identified by use of forward-looking terminology 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. These factors include: (i) changes in demand for the products and services produced and offered by Advantest's customers, including semiconductors, communications services and electronic goods; (ii) circumstances relating to Advantest's investment in technology, including its ability to develop in a timely fashion products that meet the changing needs of semiconductor manufacturers and communications network equipment and component makers and service providers; (iii) significant changes in the competitive environment in the major markets where Advantest purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; and (iv) changes in economic conditions, currency exchange rates or political stability in the major markets where Advantest procures materials, components and supplies for the production of its principal products or where its products are produced, distributed or sold. A discussion of these and other factors which may affect Advantest's actual results, levels of activity, performance or achievements is contained in the "Operating and Financial Review and Prospects", "Key Information - Risk Factors" and "Information on the Company" sections and elsewhere in Advantest's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.