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Information Meeting

Advantest Corporation

October 28, 2014

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.

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Financial Results for 2nd Quarter of FY2014

**Advantest Corporation
Hiroshi Nakamura
Director and Managing Executive Officer**

Summary of Results

(¥B)

	FY2013				FY2014					
	1Q	2Q	3Q	4Q	1Q	2Q				
						Results	QoQ		YoY	
					¥B		%	¥B	%	
Orders	39.5	21.4	27.4	39.1	49.2	38.2	-11.0	-22.4%	+16.8	78.4%
Sales	30.1	29.5	19.7	32.6	36.8	42.1	+5.3	14.4%	+12.6	42.5%
Gross Profit	15.3	13.5	4.5	16.0	20.3	22.9	+2.7	13.5%	+9.4	69.7%
Operating Income	-3.3	-4.7	-26.4	-2.0	2.4	4.0	+1.6	66.1%	+8.7	-
Income Before Tax	-2.8	-4.6	-26.9	-1.2	3.2	4.8	+1.6	51.2%	+9.4	-
Net Income	-3.6	-5.7	-24.8	-1.4	1.3	3.3	+1.9	142.5%	+8.9	-
Backlog	25.8	17.7	25.5	32.0	44.4	40.4	-3.9	-8.9%	+22.7	128.5%

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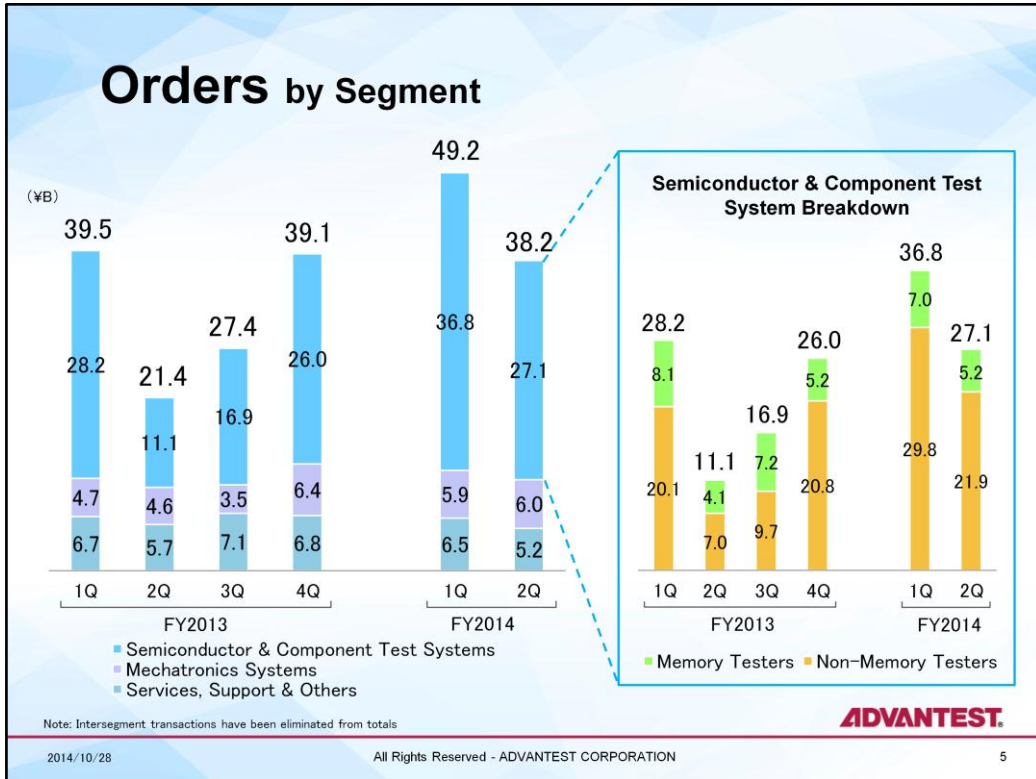
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○ Summary of Results for FY2014 2Q

- Orders ¥38.2 billion down 22.4% QoQ
 - Sales ¥42.1 billion up 14.4% QoQ
 - Operating Income ¥4.0 billion up 66.1% QoQ
 - Income Before Tax ¥4.8 billion up 51.2% QoQ
 - Net Income ¥3.3 billion up 142.5% QoQ
-
- Orders shrank from 1Q, when multiple large-scale orders inflated totals, but grew dramatically YoY
 - Sales grew for a third straight quarter
 - Operating income and net income also grew, in step with higher sales
 - Backlog at the end of 2Q stood at ¥40.4 billion, down from ¥3.9 billion at the end of 1Q, but higher by ¥22.7 billion YoY



○ FY2014 2Q Orders by Segment

○ Semiconductor & Component Test Systems

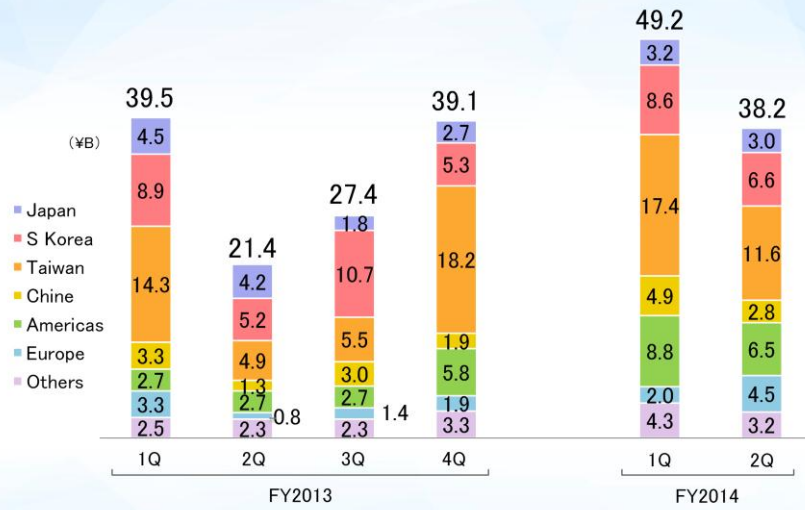
- Down 27% QoQ to ¥27.1 billion, of which:

Non-memory testers	¥21.9 billion
Memory testers	¥5.2 billion
- Non-memory tester orders shrank QoQ in contrast to 1Q, when multiple large orders were received. However, MPU and display driver IC tester demand has outstripped expectations, leading to a shallower overall decline than expected
- Memory tester orders posted a slight dip reflecting changes in customer investment schedules

○ Services, Support & Others

- Down 19% QoQ to ¥5.2 billion
- Seasonality caused maintenance contract numbers to decline

Orders by Region

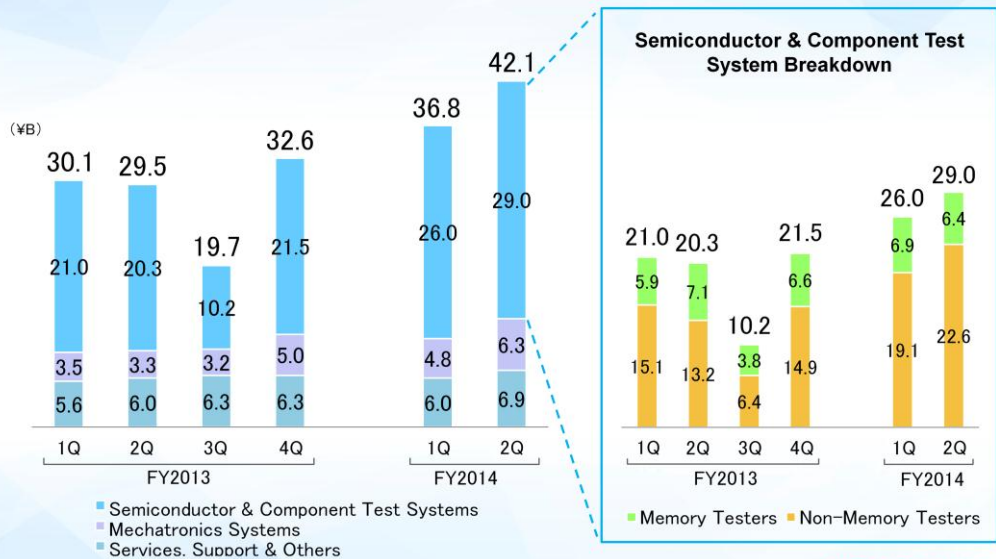


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○ FY2014 2Q Orders by Region

- Taiwan & China
Smartphone-related orders declined
- South Korea
Memory tester orders declined

Sales by Segment



Note: Intersegment transactions have been eliminated from totals

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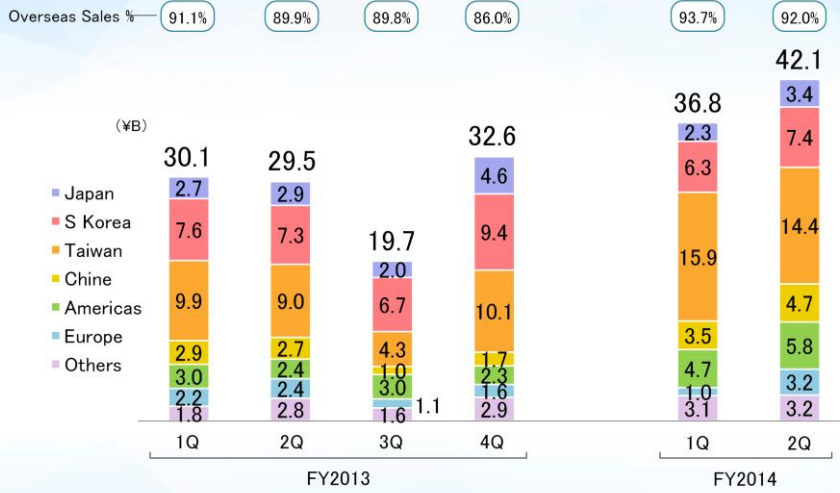
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- FY2014 2Q Sales by Segment
- Semiconductor & Component Test Systems
 - Up 11% QoQ to ¥29.0 billion, of which:
 - Non-memory testers: ¥22.6 billion
 - Memory testers: ¥6.4 billion
 - Sales of non-memory testers, the V93000 and the T2000, which both saw strong orders in 1Q, rose this quarter

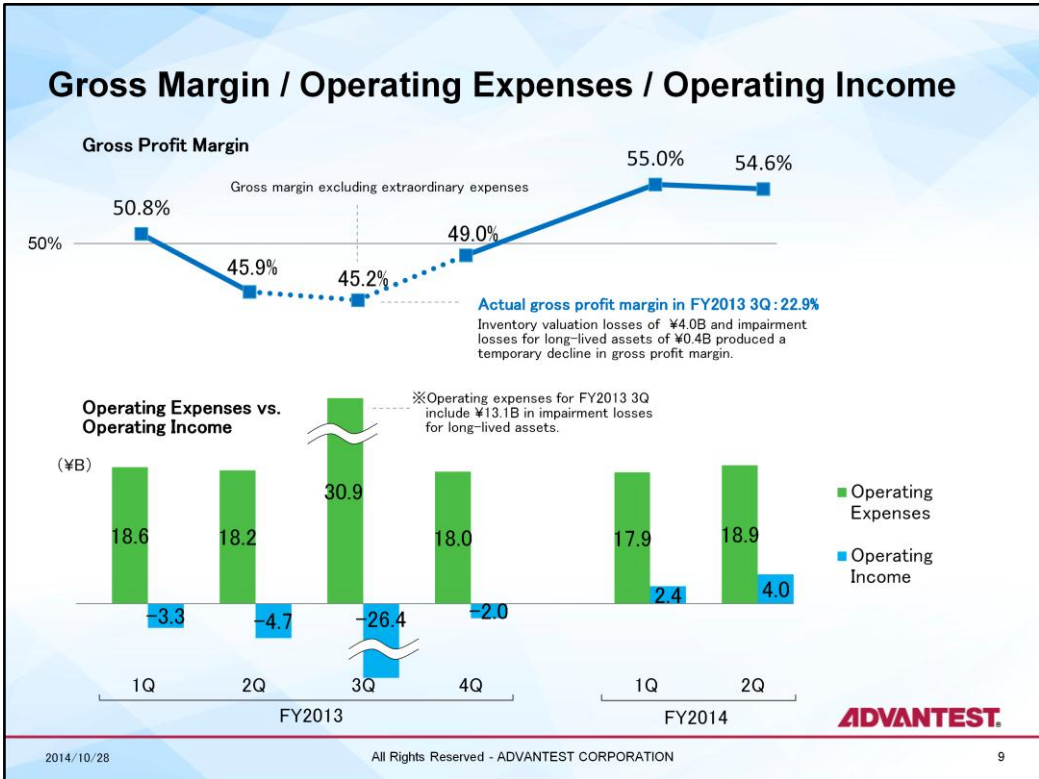
Sales by Region



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○ FY2014 2Q Sales by Region

- Nearly all regions contributed increased sales, due to higher smartphone and PC-related demand since 1Q



○ FY2014 2Q Gross Margin / Operating Expenses / Operating Income

- Gross Profit Margin: 54.6%
More profitable test systems continued higher in our sales mix, as in 1Q
- Operating Expenses: ¥18.9 billion
Operating expenses increased in step with sales, while bonuses tied to results also increased
- Operating Income: ¥4.0 billion

R&D Expenses/Capex/Depreciation and Amortization



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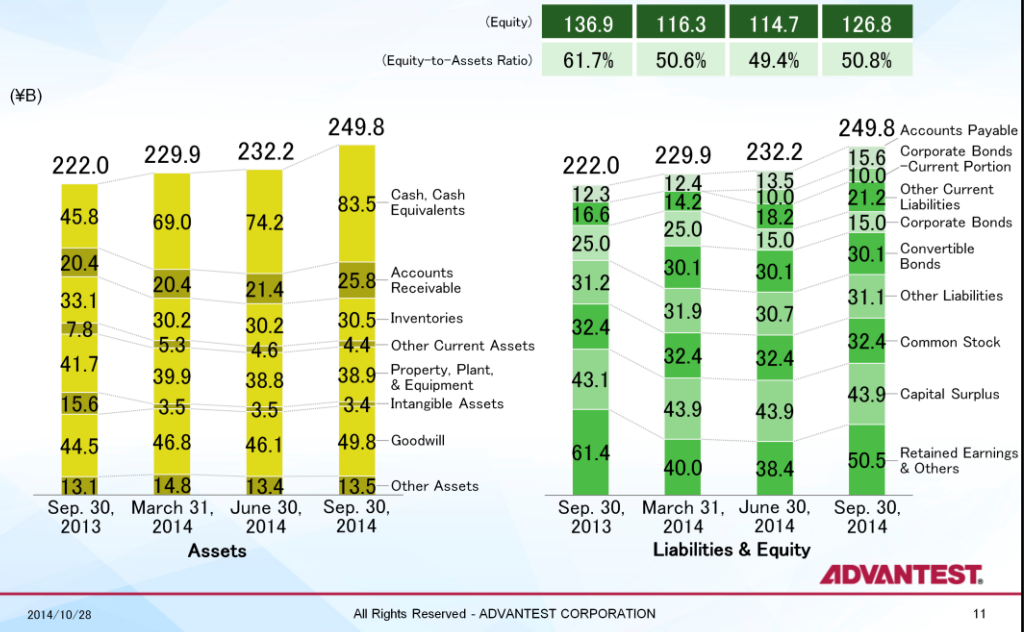
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○ FY2014 2Q R&D Expenses/Capex/Depreciation and Amortization

- R&D Expenses: ¥7.6 billion
Slight increase reflects increase in performance bonuses
- Capex: ¥0.7 billion
- Depreciation and Amortization: ¥1.1 billion

Balance Sheet



○ Balance Sheet as of end September 2014

○ Assets

- Cash & Cash Equivalents
¥83.5 billion, up ¥9.3 billion QoQ
- Total Assets
¥249.8 billion, up ¥17.6 billion QoQ

○ Liabilities & Equity

- Equity
¥126.8 billion
- Capital-to-Asset Ratio
Up 1.4 points from end June 2014 to 50.8%



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FY2014 Business Update

Smooth Sailing Foreseen in 2H
Momentum of 1H Continues
Sales Momentum to Carry Through to 2H

Advantest Corporation

Shinichiro Kuroe

Representative Director, President & CEO

FY2014 Financial Results Forecast

(¥B)

Exchange Rate Assumptions for FY2014 Forecast: US\$1 = ¥105, 1 Euro = ¥140

	FY13 1H	FY13 2H	FY13	FY14 1H	FY14 2H Revised Forecast	FY14 Revised Forecast	FY14 Previous Forecast	Change
Orders	60.9	66.5	127.4	87.4	67.6	155.0	147.0	+8.0
Sales	59.6	52.3	111.9	78.9	73.1	152.0	145.0	+7.0
Semiconductor & Component Test Systems	41.3	31.7	73.0	55.0	42.0	97.0	90.0	+7.0
Mechatronics	6.8	8.2	15.0	11.1	16.9	28.0	25.0	+3.0
Services, Support, & Others	11.6	12.6	24.2	12.9	14.1	27.0	30.0	-3.0
Operating Income	-8.0	-28.4	-36.4	6.4	5.6	12.0	10.0	+2.0
Income Before Tax	-7.4	-28.1	-35.5	8.0	5.7	13.7	10.0	+3.7
Net Income	-9.3	-26.2	-35.5	4.6	3.4	8.0	7.5	+0.5
Backlog	17.7	32.0	32.0	40.4	35.0	35.0	34.0	+1.0

Note: Intersegment transactions have been eliminated from totals

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○ FY2014 Financial Results Forecast

- Based on the solidity of tester demand, we have revised our full-year forecast upwards:

Orders: Previous: ¥147.0 billion Current: ¥155.0 billion
Sales: Previous: ¥145.0 billion Current: ¥152.0 billion

- In 2H, despite seasonal fluctuations in tester demand, we now expect:

Orders: Previous: ¥63.0 billion Current: ¥67.6 billion
Sales: Previous: ¥70.0 billion Current: ¥73.1 billion

- Seasonality will restrain 3Q orders below the level of 2Q, but orders are expected to pick up again from the beginning of CY2015
- Mechatronics and service business sales should increase in 2H
- Gross profit margin in 2H is expected to sustain its 1H level of ±55%.
- Regarding operating expenses, no significant outlays are anticipated.
- With a revision to full year sales forecast, we have also revised our full-year profit forecasts:

Operating profit: Previous: ¥10.0 billion Current: ¥12.0 billion
Income Before Tax: Previous: ¥10.0 billion Current: ¥13.7 billion
Net Income: Previous: ¥7.5 billion Current: ¥8.0 billion

Highlights

■ Testers selling steadily, led by non-memory systems

- While Chinese LTE-related demand drove overall sales in 1H, demand for MPU and display driver IC testers is also topping estimates
- Tester sales in 2H are expected to climb YoY

■ Non-tester businesses gaining traction

- Mechatronics and services continue to increase revenues
- Further revenue increases for both segments anticipated in 2H

■ Current management policies to be maintained

- Aggressive follow-through on cost-cutting and sales maximization measures planned; further profitability gains sought

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○ Business Outlook Highlights:

- 2Q orders shrank QoQ, but demand for MPU and display driver IC testers is topping estimates, resulting in a larger-than-expected order backlog entering 2H
- Strength in the tester market is predicted to continue for another six months. We therefore expect full-year tester sales to climb YoY
- Our mechatronics and service businesses continued to increase their revenue contributions in 1H. Thanks to ongoing initiatives, we estimate these two segments should log further revenue increases in 2H
- Advantest's top priority for the full year is to sustain our aggressive cost-cutting and sales-boosting measures designed to maximize sales and improve profitability

Tester Business Outlook

■ Non-Memory Test Systems

- Low-end and mid-range smartphone market expansion in China and other countries continues to anchor tester demand
- New T6391 display driver IC tester scheduled for sales launch at year-end
- The T6391 will capture display driver IC test market growth driven by higher-performance display driver ICs with integrated touch sensors and other embedded functions
- New EVA100 solution plants a beachhead in the analog measurement market



EVA100
mixed signal measurement system

■ Memory Test Systems

- 2H should see robust demand for back-end testers driven by next-generation DRAM volume production ramps
- Investment in DRAM front-end and NAND testers is expected to revive in early 2015



T5503HS
memory test system for DDR4/LPDDR4

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○ Tester Business Outlook

- Low-end and mid-range smartphone market expansion in China and other countries will continue to drive orders and sales of non-memory testers in 2H
- Advantest will reinforce its non-memory tester business by launching two new systems in 2H:
- The new T6391 targets higher-performance display driver ICs with advanced functionality such as integrated touch sensors
- Our new EVA100 mixed signal measurement systems provides a test and measurement solution for increasingly diverse and advanced devices such as automotive Electronic Control Units (ECUs)
- Memory tester orders and sales also look solid going forward
- In the DRAM segment, investment in back-end testers should continue throughout 2H to support volume production ramps of next-generation devices such as DDR4 and LPDDR4
- Customer investment in DRAM front-end and NAND flash testers is expected to revive in early 2015

Mechatronics Business Outlook



E3640
MASK MVM-SEM®



M4871
SoC Test Handler

■ Nanotechnology Products

- Further revenue increases expected in 2H, led by CD-SEM products
- Sales activities targeting advanced process development and nanoscale product manufacturing/ inspection segments to lay groundwork for future business expansion

■ Device Interface Products

- Steady demand trend correlated to robust tester utilization ratios is expected to continue

■ Test Handlers

- New M4871 SoC test handler will ship in 2H

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○ Mechatronics Business Outlook

- Nanotechnology products are turning in the best performance within our mechatronics business portfolio this year
- Inquiries for photomask CD-SEM continue strong, in step with ongoing semiconductor process shrinks. These products anchor revenue growth in this segment
- Advantest aims to seek business expansion by garnering more orders for EB lithography and CD-SEM products for advanced process development and nanoscale product manufacturing / inspection
- As device interface product sales are correlated to tester demand, we expect to see stable demand continuing in 2H
- In test handlers, Advantest expects synergies with our well-received flagship non-memory tester, the V93000 for communications and automotive devices, when our new M4871 SoC test handler ships in 2H

Services & Other Business Outlook

■ Field Services

- Annual maintenance contract sign-up rates continue to improve steadily

■ Terahertz Systems

- Advantest's terahertz technology for non-destructive inspection is attracting interest from a broad spectrum of industries, including the pharmaceutical industry
- New TS9000 chip mold thickness analysis system will address semiconductor industry needs for non-destructive measurement



TS9000 Chip Mold Thickness Analysis System

■ SSD Test Systems

- Target market is enterprise SSD test, a segment powered by growing data center demand
- Increased sales expected in 2H

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○ Services & Other Business Outlook

- Our 2H outlook calls for sales to climb, based on increasing numbers of annual maintenance contracts secured by our field services business, and contributions from two new businesses: terahertz systems and SSD testers
- A broad spectrum of industries, starting with pharmaceuticals, is showing increasing interest in Advantest's non-destructive inspection equipment utilizing terahertz waves. We also expect a rewarding performance from our new terahertz system for non-destructive chip mold thickness measurement, the TS9000
- Launched in 1Q, our SSD tester business has already won several large customers and is off to a thriving start. We expect steady orders and sales growth in 2H