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FY2013 Information Meeting

(Amended)*

Advantest Corporation

* Amended figures appear in **red** throughout.

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 FY2013

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

Summary of Results

(¥B)

	FY2012 Full Year	FY2013								
		1Q	2Q	3Q	Fore- cast (Jan. '14)	4Q	Q on Q (%)	Fore- cast (Jan. '14)	Full Year	Y on Y (%)
Orders	125.7	39.5	21.4	27.4	31.7	39.1	42.3	120.0	127.4	1.3
Sales	132.9	30.1	29.5	19.7	30.7	32.6	66.4	110.0	111.9	-15.8
Cost of Sales	64.0	14.8	16.0	15.2	-	16.6	10.0	-	62.6	-2.2
Gross Profit	68.9	15.3	13.5	4.5	-	16.0	256.0	-	49.3	-28.4
Operating Income	0.1	-3.3	-4.7	-26.4	-1.6	-2.0	-	-36.0	-36.4	-
Non-Operating Income	-1.4	0.5	0.1	-0.5	-	0.8	-	-	0.9	-
Income Before Tax	-1.3	-2.8	-4.6	-26.9	-1.6	-1.2	-	-35.9	-35.5	-
Net Income	-3.8	-3.6	-5.7	-24.8	-1.8	-1.4	-	-35.9	-35.5	-
Backlog	16.4	25.8	17.7	25.5	26.4	32.0	25.2	26.4	32.0	94.3

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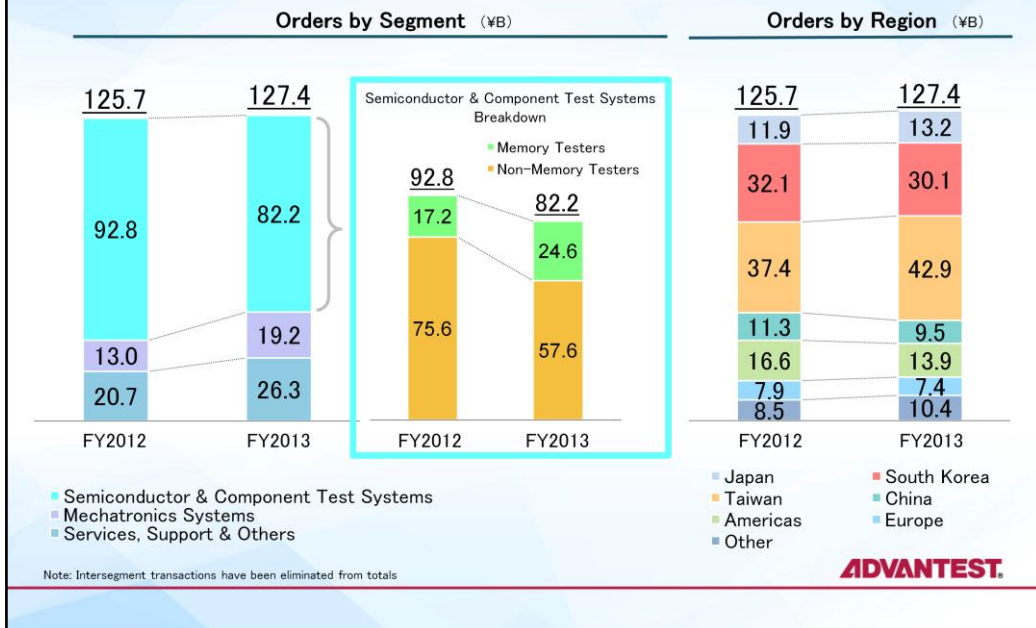
○ FY2013 Full Year Results Summary

- Orders ¥127.4 billion +1.3% YoY
 - Sales ¥111.9 billion -15.8% YoY
 - Operating Loss ¥36.4 billion
 - Loss Before Tax ¥35.5 billion
 - Net Loss ¥35.5 billion
- While tester sales were suppressed by the dramatic shrinkage of the semiconductor test equipment market in 2013, continuing yen depreciation raised currency-related costs.
 - Addressing this deterioration in performance, Advantest booked inventory valuation losses and impairment losses for long-lived assets in Q3.
 - Non-operating income of ¥0.9 billion represents a gain on the sale of investment securities of ¥1.4 billion.

○ FY2013 Q4 Results Summary

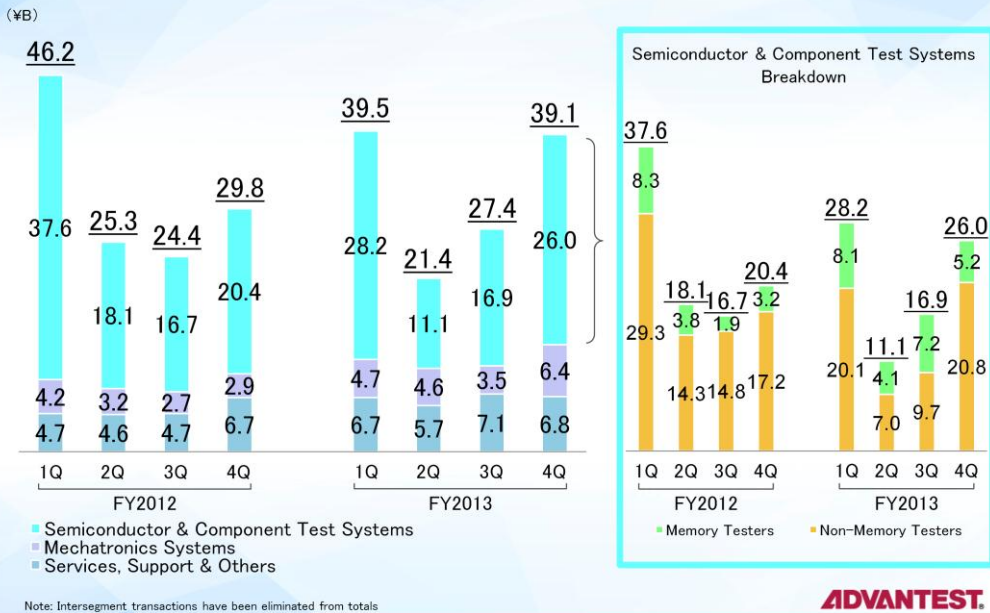
- Orders ¥39.1 billion +42.3% QoQ
 - Sales ¥32.6 billion +66.4% QoQ
 - Operating Loss ¥2.0 billion
 - Loss Before Tax ¥1.2 billion
 - Net Loss ¥1.4 billion
- Backlog ¥32.0 billion
Approximately doubled from end FY2012

FY2013 Orders by Segment / Region



- FY2013 Orders by Segment / Region
- By Segment
 - Semiconductor & Component Test Systems
 - -11% YoY ¥82.2 billion
 - Demand for non-memory testers fell from the middle of 2013 through the end of the year, amid slacker demand for high-end smartphones and weakness in the MPU tester segment due to the soft PC market.
 - Memory tester demand grew, with device supply continuing to tighten.
 - Mechatronics
 - +47% YoY ¥19.2 billion
 - Growth was generated by customer wins in the device interface segment and positive performance by new nanotechnology products.
 - Services, Support & Others
 - +27% YoY ¥26.3 billion
 - Maintenance contracts increased
- By Region
 - Orders from Taiwanese customers increased due to healthy smartphone-related demand at the beginning and end of the period.

Orders by Quarter and Business Segment



○ FY2013 4Q Orders by Business Segment

○ Semiconductor & Component Test Systems

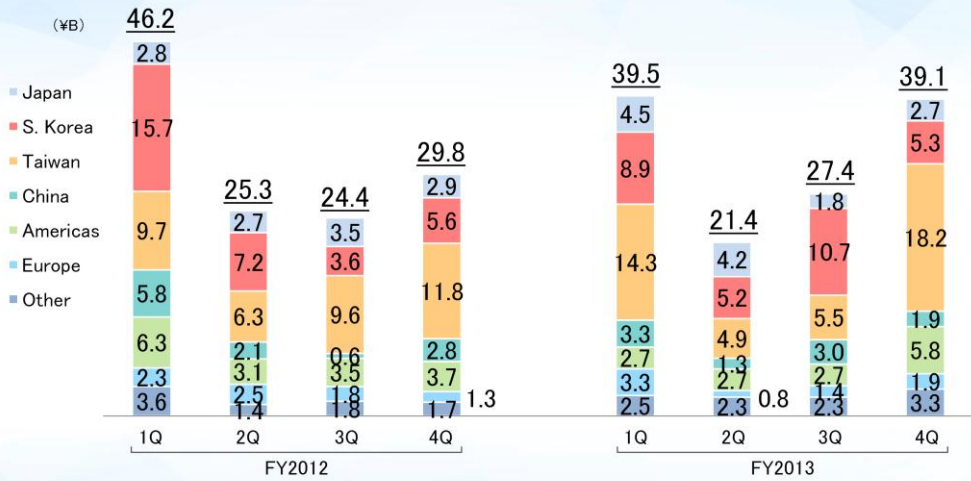
- +53% YoY ¥26.0 billion
of which, non-memory testers: ¥20.8 billion
of which, memory testers: ¥5.2 billion

- The communications IC test segment saw strong demand, thanks to expanded LTE-related investment in China. Orders for the V93000 non-memory tester increased, and a certain volume of orders also came in from other segments, including MCU test and automotive test, which are currently rebounding.

○ Mechatronics

- +81% YoY ¥6.4 billion
- Amid advancing semiconductor process shrinks, Advantest saw increasing interest in nanotechnology products.

Orders by Quarter and Region

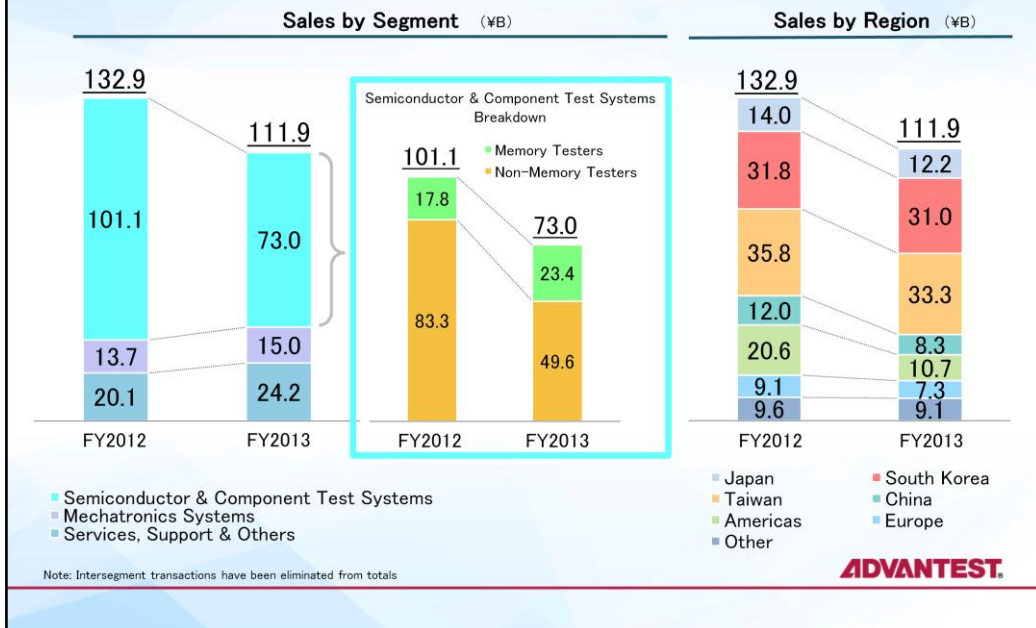


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○ FY2013 4Q Orders by Region

- Taiwan
Mobile-related demand, led by the shift to LTE in China, grew more vigorous during the period, increasing demand for non-memory testers.
- South Korea
Postponements of DRAM front end tester orders led to a decline.

FY2013 Sales by Segment / Region



○ FY2013 Sales by Segment / Region

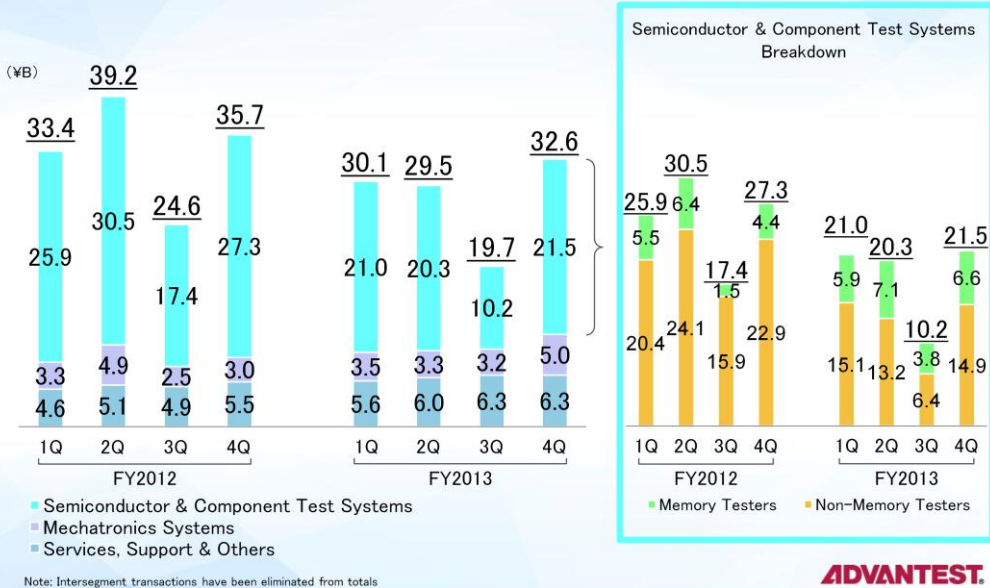
○ By Segment

- Factors underlying increase / decrease in sales are similar to those relating to orders.
- Semiconductor & Component Test Systems:
¥73.0 billion -28% YoY
- Mechatronics:
¥15.0 billion +10% YoY
- Services, Support & Other:
¥24.2 billion +20% YoY

○ By Region

- Sales decreased in all regions.

Sales by Quarter and Business Segment



○ FY2013 4Q Sales by Business Segment

○ Semiconductor & Component Test Systems

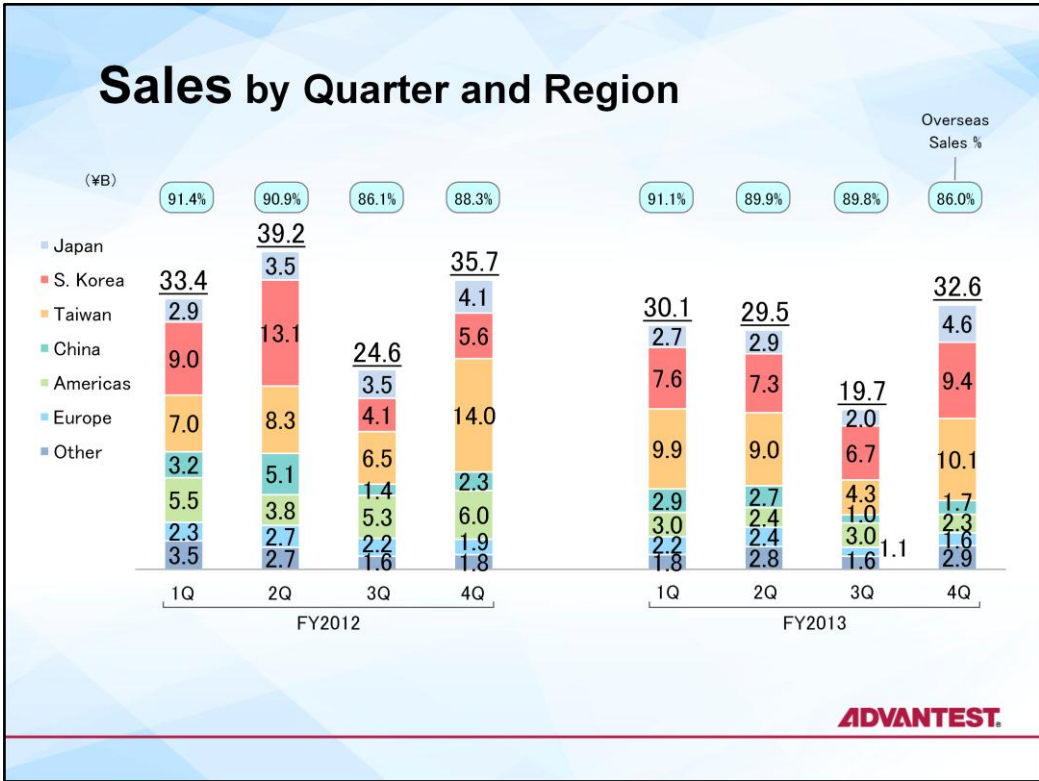
- Doubled YoY to ¥21.5 billion
 - of which, non-memory testers: ¥14.9 billion
 - of which, memory testers: ¥6.6 billion
- Factors underlying increase include non-memory customers' recovering appetite for capital investment amid a trend towards increased production of mobile-related devices.

○ Mechatronics

- +52% YoY ¥5.0 billion
- Factors underlying increase include new nanotechnology products' contribution to sales

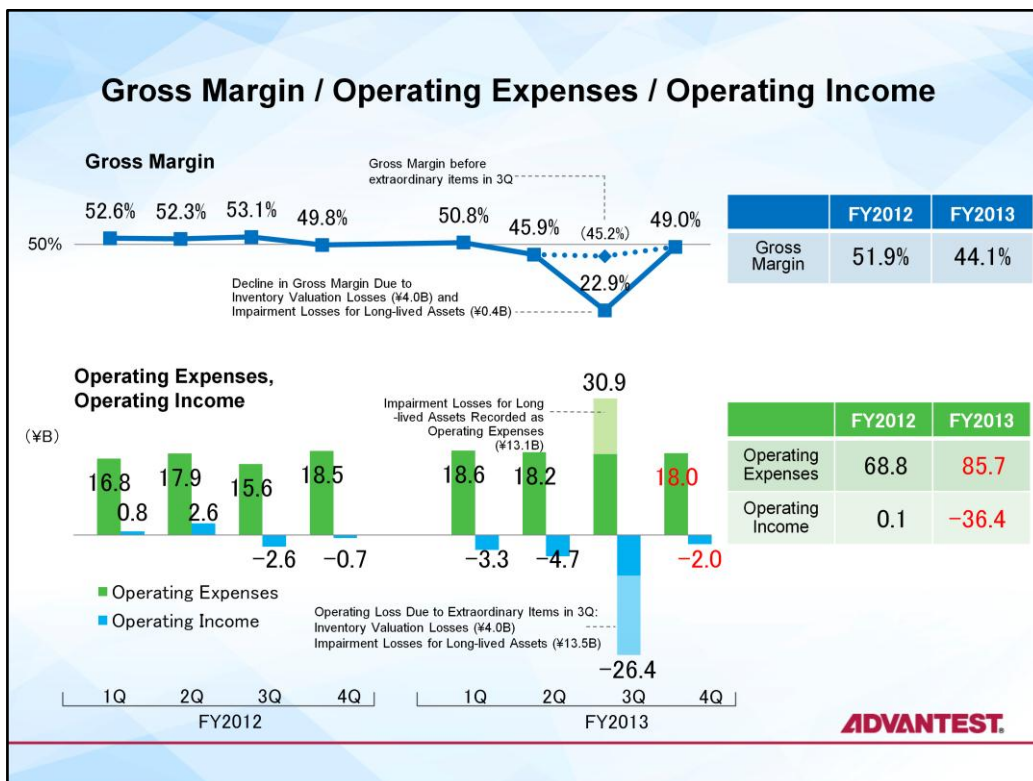
○ Services, Support & Others

- Flat YoY at ¥6.3 billion



○ FY2013 4Q Sales by Region

- Taiwan
Sales of non-memory testers for mobile-related products increased.
- South Korea
DRAM tester sales increased.
- Japan
Nanotechnology products contributed to sales.



○ FY2013 Full Year Gross Margin / Operating Expenses / Operating Income

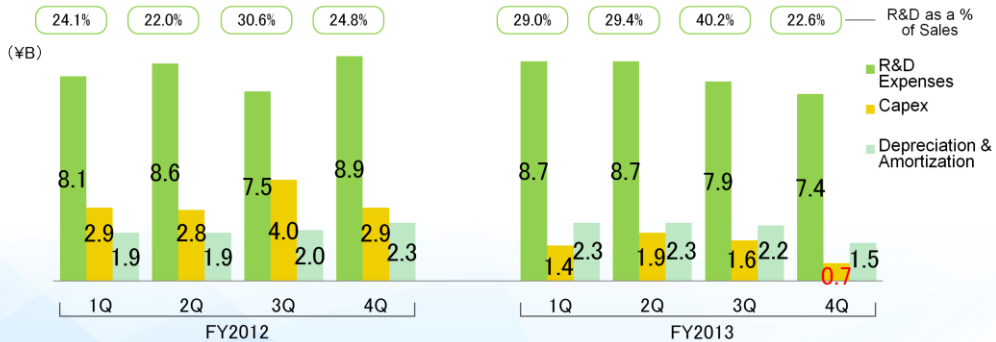
- Gross Margin Down 7.8 points from 51.9% in the previous period to 44.1%
- Operating Expenses Up ¥16.9 billion from ¥68.8 billion in the previous period to ¥85.7 billion
- Operating Loss ¥36.4 billion
- Inventory valuation losses of ¥4.0 billion and impairment losses for long-lived assets of ¥13.5 billion were posted in Q3.

○ FY2013 4Q Gross Margin / Operating Expenses / Operating Income

- Gross Margin 49.0%
In addition to the absence of extraordinary items posted in Q3, product mix also improved in Q4.
- Operating Expenses ¥18.0 billion
- Operating Loss ¥2.0 billion

R&D Expenses / Capex / Depreciation and Amortization

	FY2012	FY2013
R&D Expenses (as % of sales)	33.1 (24.9%)	32.7 (29.2%)
Capex	12.6	5.6
Depreciation & Amortization	8.1	8.3



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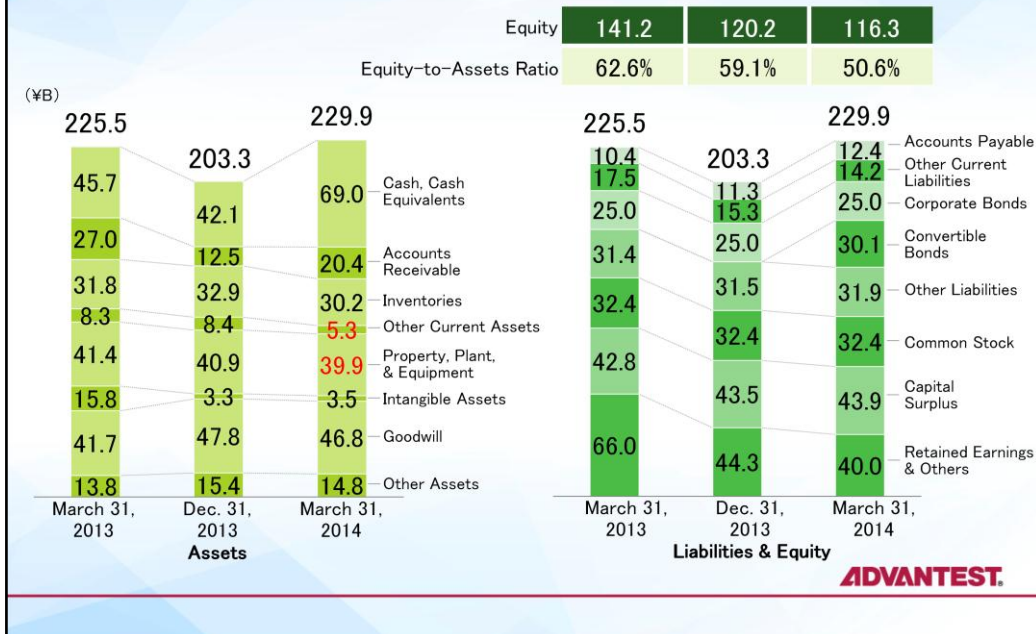
○ FY2013 Operating Expense Breakdown

- As a part of the efforts to improve our cost structure mentioned above, Advantest now allows greater variability in the timing of investments.
- R&D Expenses ¥32.7 billion
- Capex ¥5.6 billion
- Depreciation & Amortization ¥8.3 billion

○ FY2013 4Q Operating Expenses Breakdown:

- R&D Expenses ¥7.4 billion
- Capex ¥0.7 billion
- Depreciation & Amortization ¥1.5 billion

Balance Sheet



○ Balance Sheet for FY2013, ending March 31, 2014

○ Assets:

- Cash & Cash Equivalents

In March 2014 Advantest issued ¥30.0 billion worth of euro-denominated convertible bonds with subscription rights to shares. Up ¥26.9 billion from December 31, 2013, to ¥69.0 billion

Regarding convertible bonds: Multiple ways of raising cash were investigated, and convertible bonds decided upon, after due and comprehensive consideration of and the size of Advantest's capital requirements. Strengthening our capital foundation for future growth. The cash raised will be applied to further advancement of our growth strategies.

- Total assets were up ¥26.6 billion from December 31, 2013, to ¥229.9 billion

○ Liabilities & Equity

- Convertible Bonds: ¥30.1 billion
- Equity: ¥116.3 billion
- Equity-to-assets ratio:
Down 8.5 points from December 31, 2013, to 50.6%



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Outlook for FY2014

***V-Shaped Recovery:
Sales to Increase by 30%***

Advantest Corporation

Haruo Matsuno

Representative Director & CEO

FY2014 Financial Results Forecast

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

	2013	2014 forecast	YoY	Growth YoY
(Backlog at end of previous period)	(16.4)	(32.0)	(+15.5)	(+94.3%)
Orders	127.4	147.0	+19.6	+15.4%
Backlog	32.0	34.0	+2.0	+6.3%
Sales	111.9	145.0	+33.1	+29.6%
Semiconductor & Component Test Systems	73.0	90.0	+17.0	+23.3%
Mechatronics	15.0	25.0	+10.0	+66.8%
Services, Support & Others	24.2	30.0	+5.8	+24.2%
Operating Income	-36.4	10.0	+46.4	-
Net Income	-35.5	7.5	+43.0	-

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○ FY2014 Financial Results Forecast

- Orders ¥147.0 billion
- Sales ¥145.0 billion
- Operating Income ¥10.0 billion
- Net Income ¥7.5 billion
- I will explain details in following slides

Tester Business Outlook

• Overall

- Advantest enters the new fiscal year with a backlog up ¥10B YoY and robust momentum in orders
- Tester market in 2014 estimated to reach US\$2.1B
- Building on these positive shifts in climate, we foresee ¥90 billion in tester sales in FY2014

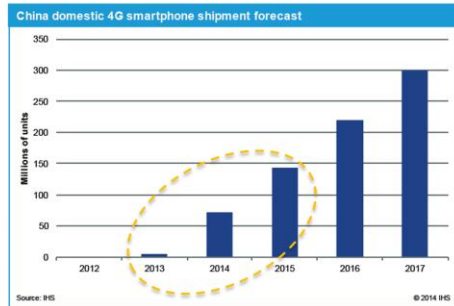
• Non-Memory Tester Market

- Estimated to expand to US\$1.7B in 2014
- Market expansion to be fueled principally by Chinese LTE smartphone growth, MCUs, and automotive demand

• Memory Tester Market

- Estimated to be US\$400M in 2014
- Demand for mobile DRAM testers remains strong amid Chinese smartphone growth

Forecast for LTE smartphone shipments within China (IHS)



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○ Tester Business Outlook

- In 2013, the tester market contracted, but this slump has already come to an end, with orders recovering strongly. As a result, Advantest enters the new fiscal year with a backlog of orders approx. ¥10 billion greater than at the start of the previous period.
- Market-watchers estimate that with the tester demand correction over, the market will grow 14% in 2014 to a scale of US\$2.1 billion.
- These positive shifts in Advantest's business climate are expected to power our tester sales in FY2014 to ¥90 billion, a 23% annual gain.
- The non-memory tester market is expected to grow 17% on year to US\$1.7 billion. This market expansion will be fueled principally by Chinese LTE smartphone growth, MCUs, and automotive demand.
- Predictions call for the 2014 memory tester market to be flat on year at US\$ 400 million. A principal demand driver will be Chinese smartphone growth, as for the non-memory tester market.

Tester Market Outlook by Device

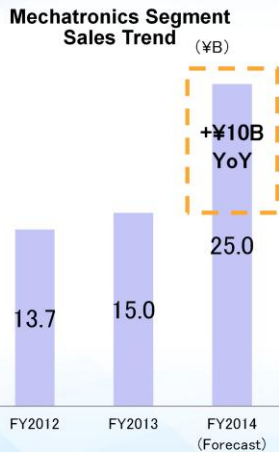
Device Type	Growth Forecast	Advantest's Market Position	2013→2014 Change
Digital Processors		Currently we are the underdog in high-end smartphones, we are strong in mid / low-end smartphones and game console device test.	High-End Smartphones Low-End Smartphones
Baseband / RF		We prize our close bonds with Chinese LTE smartphone customers. Amid a flat market, we expect to grow sales through share gains.	
MCU		Tester demand is growing, chiefly for high-functionality MCUs for smartphones. We chalked up several large customer wins in this space last fiscal year, further strengthening our position.	
Automotive / Analog		Overcoming hurdles, this sector, we made progress with customer capture last fiscal year. We expect to grow our market share at a healthy pace.	
DRAM		With a shift to higher-speed mobile DRAM nearing, investment in the back end, where Advantest holds a commanding share, is set to expand.	
NAND Flash		Amid process shrinks, adoption of 3D architectures, and higher device speeds, we foresee increased opportunities for high-speed NAND tester sales.	

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○ Tester Market Outlook by Device

- This slide offers an overview of the outlook for major device categories in 2014, and Advantest's position in each category.
- Digital processors: Advantest has a strong customer base in low-end smartphone device test. Currently we are the underdog in high-end smartphones, our overall position in this category is favorable.
- Baseband / RF: Market-watchers expect this category to be flat on year, but Advantest is well positioned to take advantage of upcoming growth in Chinese LTE smartphones through close bonds with customers in this sector.
- MCUs: These semiconductor devices are seeing growth driven mainly by high-functionality MCUs for smartphones. Advantest chalked up several large customer wins in this space last fiscal year. In FY2014, we expect this category to deliver greater share growth than any other.
- Automotive / Analog: Advantest has had hurdles for overcoming in this category. Long-term reinforcement has begun to pay off with the gradual expansion of our customer base. We now foresee solid growth in this category.
- DRAM: In 2014, front-end demand, strong in 2013, is predicted to give way to increasing back-end demand. Advantest is well-positioned to support a shift to higher-speed DRAM for mid / low-end smartphones.
- NAND Flash: While the scale of the NAND flash tester market is modest, process shrinks, adoption of 3D architectures, and higher device speeds are set to generate increased opportunities for high-speed NAND tester sales.

Mechatronics Business Outlook



• Nanotechnology

- Advantest is aggressively promoting new EB lithography products for advanced process R&D
- We expect a sharp increase in demand this year for photomask CD-SEM, in step with upcoming process shrinks. Already in FY2013 Q4 we received a large-scale order for these products

• Device Interfaces

- We expect demand growth to track the recovery of the tester market
- We are reinforcing our efforts to capture DI demand from customers who use Advantest testers but not DI products, and have already logged a number of wins

• Test Handlers

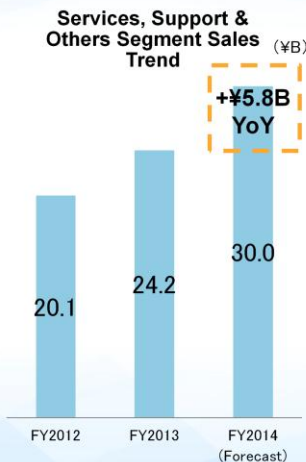
- New handlers for non-memory devices such as communications chips and automotive ICs are expected to deliver growth

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○ Mechatronics System Segment Business Outlook

- Nanotechnology products represent Advantest's most promising growth opportunities in FY2014 within the Mechatronics segment. Our lineup comprises two product families: EB lithography and Multi Vision Metrology SEM.
- In EB lithography, our new F7000 got off to a good start in FY2013. We hope to further expand sales of this product for advanced R&D processes in FY2014.
- In Multi Vision Metrology SEM, our core product is photomask CD-SEM. Already in FY2013 Q4 we received a large-scale order for these products, and we expect to raise revenues further in FY2014. With advancing process shrinks in the semiconductor industry, growth possibilities for these products are multiplying.
- Device interface demand fundamentally tracks new tester sales. We thus expect positive growth to follow the upturn in the tester market, and already have major customer wins under our belt.
- Advantest recently launched a new SoC handler for non-memory devices such as communications chips and automotive ICs, which is expected to deliver growth in FY2014.
- Our backlog for the Mechatronics segment stood approx. ¥4 billion higher at the end of FY2013 than at the end of the previous period, thanks in part to large-scale orders for nanotechnology products. Based on this positive start, we expect revenue gains of ¥10 billion in FY2014.

Service & Support Business Outlook



• Services & Support

- Advantest grew sales in FY2013 by winning an increased number of maintenance contracts. We plan to build further gains in FY2014
- We are also maximizing our post-sales revenues by offering solutions to help customers boost productivity

• Terahertz Systems

- Currently expanding into markets where terahertz spectroscopy and analysis has far-ranging potential for adoption
- Advantest is creating a market for terahertz measurement for industrial and basic research applications



• System Level Test

- SSD tester sales to be launched in FY2014, with initial revenue contribution to follow

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○ Service, Support & Others Business Outlook

- Advantest grew sales in FY2013 by winning an increased number of maintenance contracts. We plan to build further gains in FY2014. In parallel, we are offering solutions to help customers boost productivity, aiming to maximize our post-sales tester-related profit base.
- We continue to develop our new businesses across a broad front encompassing many opportunities, and foresee revenue gains of approximately ¥3B on year in FY2014. The outlook for terahertz systems and SSD testers is especially promising.
- Our terahertz systems, which utilize terahertz waves to perform non-destructive analysis, are steadily raising expectations as awareness of these systems grows. We have developed a deeper understanding of market needs and expanded our product range to address the needs of the industrial and basic research sectors, with the goal of creating a larger market.
- In step with the growth of the SSD market, customers' need for efficient SSD test solutions is becoming more acute. Advantest plans to commercialize an SSD tester. Development is progressing smoothly and this promising product is scheduled for launch in FY2014.

Operating P/L YoY Comparison



○ Towards Improved Profitability

- After posting an operating loss of ¥36.4 billion in FY2013, Advantest adopted initiatives to improve profitability.
- In arriving at our target of an operating profit of ¥10 billion in FY2014, we first eliminated the impact of inventory valuation losses and impairment losses for long-lived assets booked in FY2013.
- Depreciation expenses are on track to shrink by ¥2.1 billion from last year.
- In addition to ¥15.9 billion in profit due to higher sales, an improved cost of sales is expected to raise profits by ¥7.5 billion.
 - While we plan to rebalance our tester lineup towards new products, we also expect to see our sales distribution shift to emphasize new products with higher profit margins.
 - In Mechatronics and new businesses, new products with better profit margins are generating increased sales.
- Management expenses are set to shrink, even after bonuses tied to results have been paid, adding another ¥3.4 billion to the profit side of the ledger.
- Through these measures we will leverage the tester market recovery, as well as gains in our mechatronics and service businesses, to achieve our target of an operating profit of ¥10 billion in FY2014.



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2014/4/24

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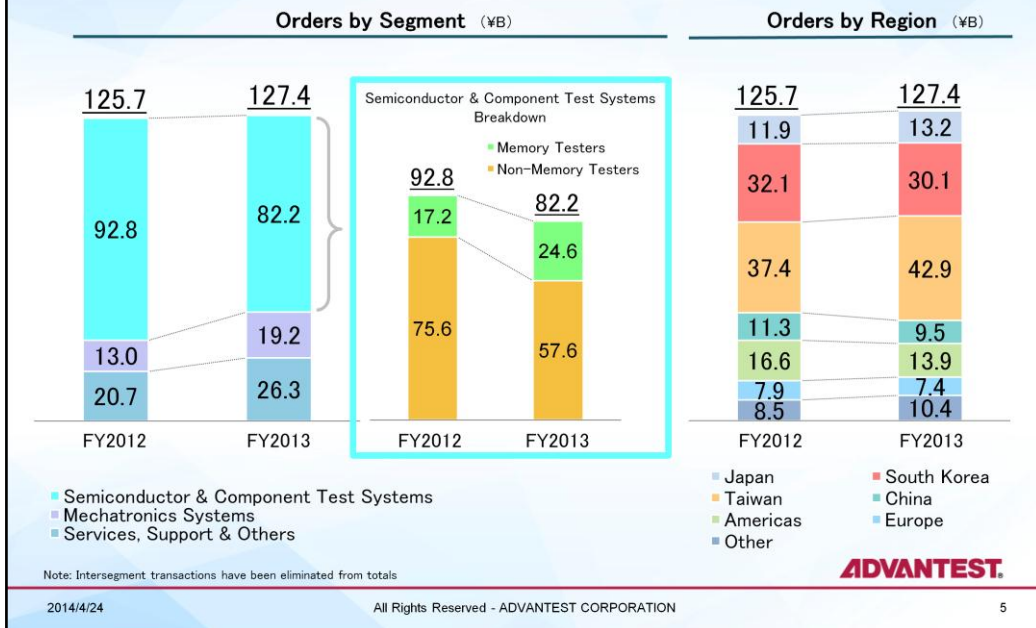
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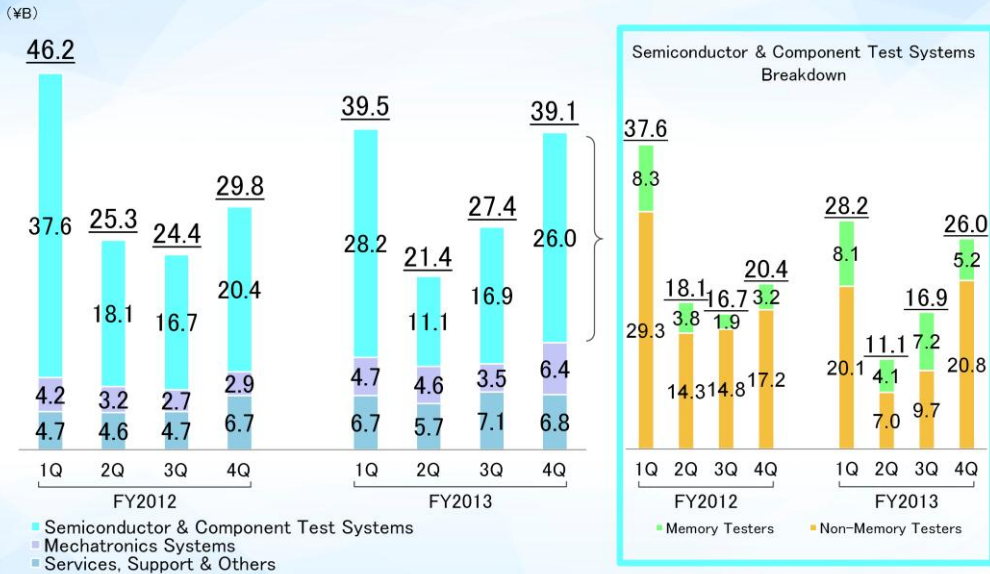
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Orders by Quarter and Business Segment



Note: Intersegment transactions have been eliminated from totals

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2014/4/24

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○ FY2013 4Q Orders by Business Segment

○ Semiconductor & Component Test Systems

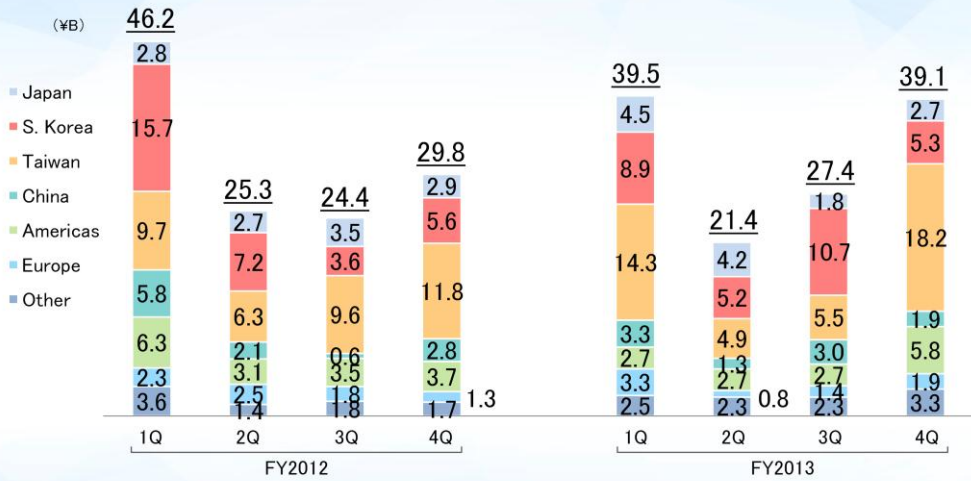
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- Amid advancing semiconductor process shrinks, Advantest saw increasing interest in nanotechnology products.

Orders by Quarter and Region

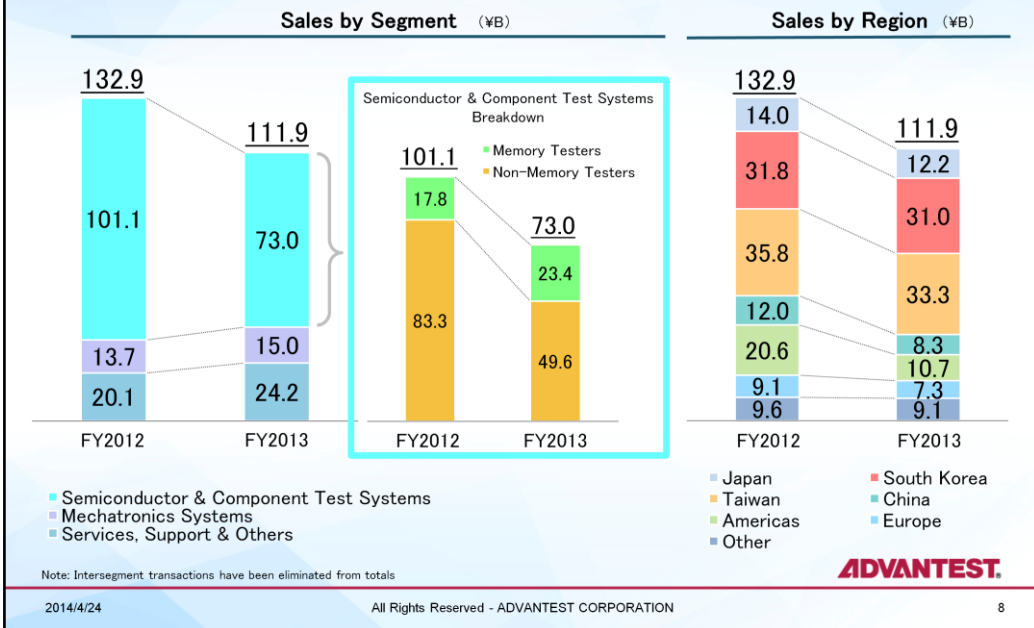


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○ FY2013 4Q Orders by Region

- Taiwan
Mobile-related demand, led by the shift to LTE in China, grew more vigorous during the period, increasing demand for non-memory testers.
- South Korea
Postponements of DRAM front end tester orders led to a decline.

FY2013 Sales by Segment / Region



○ FY2013 Sales by Segment / Region

○ By Segment

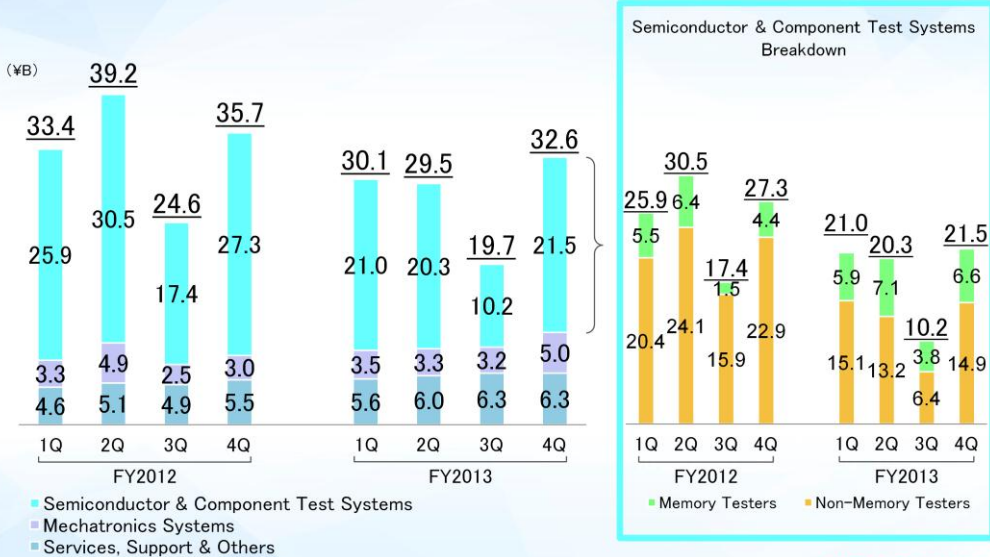
- Factors underlying increase / decrease in sales are similar to those relating to orders.
- Semiconductor & Component Test Systems:
¥73.0 billion -28% YoY
- Mechatronics:
¥15.0 billion +10% YoY
- Services, Support & Other:
¥24.2 billion +20% YoY

○ By Region

- Sales decreased in all regions.

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Sales by Quarter and Business Segment



Note: Intersegment transactions have been eliminated from totals

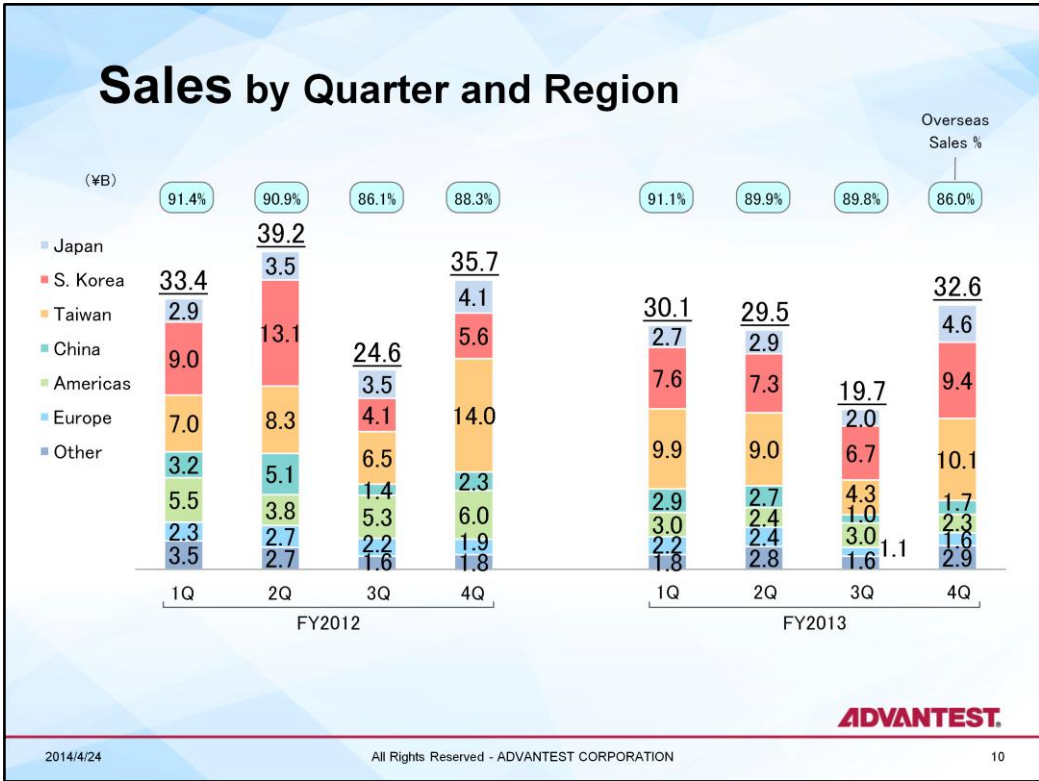
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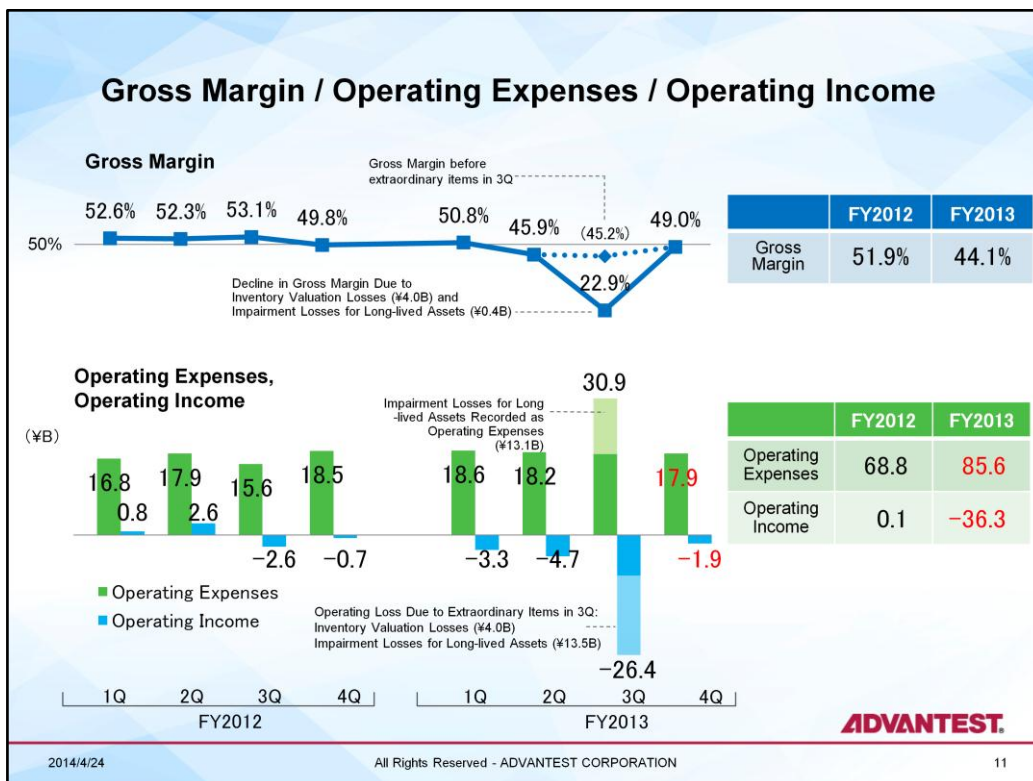
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- FY2013 4Q Sales by Business Segment
- Semiconductor & Component Test Systems
 - Doubled YoY to ¥21.5 billion
 - of which, non-memory testers: ¥14.9 billion
 - of which, memory testers: ¥6.6 billion
 - Factors underlying increase include non-memory customers' recovering appetite for capital investment amid a trend towards increased production of mobile-related devices.
- Mechatronics
 - +52% YoY ¥5.0 billion
 - Factors underlying increase include new nanotechnology products' contribution to sales
- Services, Support & Others
 - Flat YoY at ¥6.3 billion



○ FY2013 4Q Sales by Region

- Taiwan
Sales of non-memory testers for mobile-related products increased.
- South Korea
DRAM tester sales increased.
- Japan
Nanotechnology products contributed to sales.



○ FY2013 Full Year Gross Margin / Operating Expenses / Operating Income

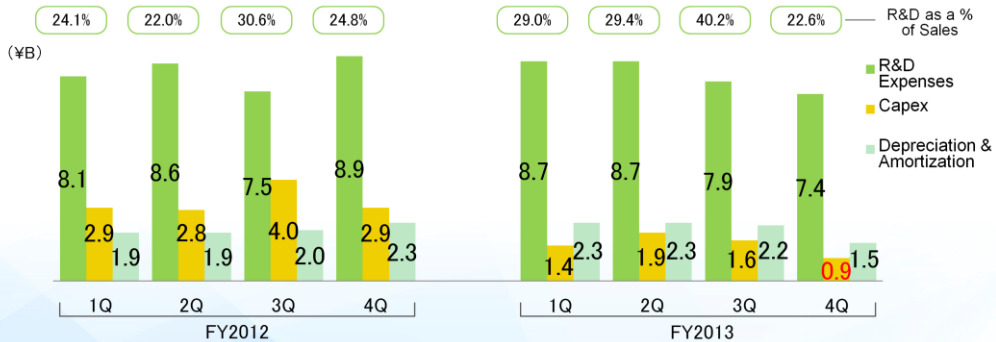
- Gross Margin Down 7.8 points from 51.9% in the previous period to 44.1%
- Operating Expenses Up ¥16.8 billion from ¥68.8 billion in the previous period to ¥85.6 billion
- Operating Loss ¥36.3 billion
- Inventory valuation losses of ¥4.0 billion and impairment losses for long-lived assets of ¥13.5 billion were posted in Q3.

○ FY2013 4Q Gross Margin / Operating Expenses / Operating Income

- Gross Margin 49.0%
In addition to the absence of extraordinary items posted in Q3, product mix also improved in Q4.
- Operating Expenses ¥17.9 billion
- Operating Loss ¥1.9 billion

R&D Expenses / Capex / Depreciation and Amortization

	FY2012	FY2013
R&D Expenses (as % of sales)	33.1 (24.9%)	32.7 (29.2%)
Capex	12.6	5.8
Depreciation & Amortization	8.1	8.3



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12

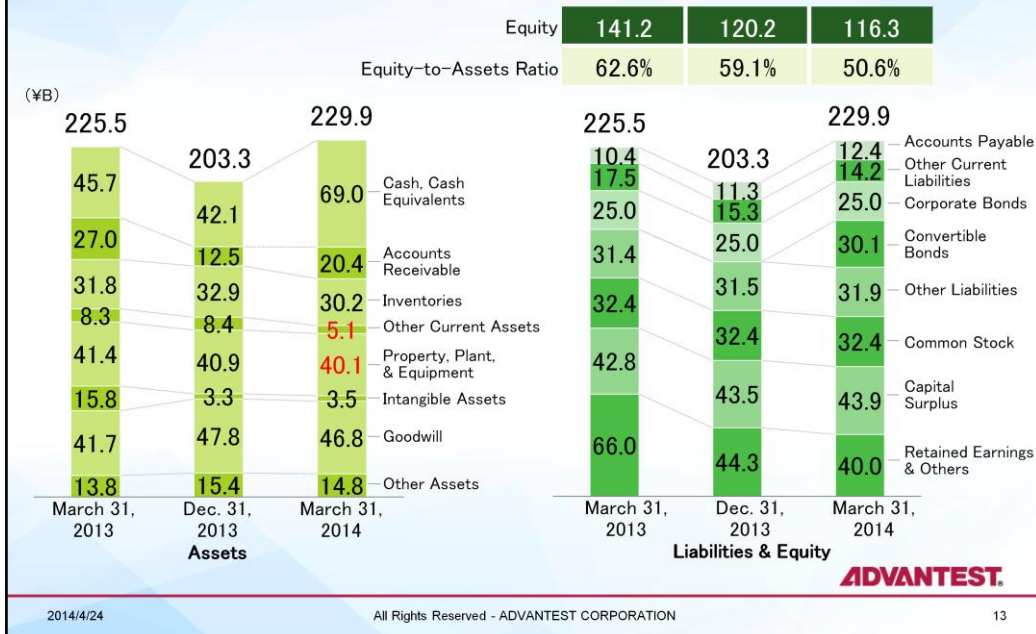
○ FY2013 Operating Expense Breakdown

- As a part of the efforts to improve our cost structure mentioned above, Advantest now allows greater variability in the timing of investments.
- R&D Expenses ¥32.7 billion
- Capex ¥5.8 billion
- Depreciation & Amortization ¥8.3 billion

○ FY2013 4Q Operating Expenses Breakdown:

- R&D Expenses ¥7.4 billion
- Capex ¥0.9 billion
- Depreciation & Amortization ¥1.5 billion

Balance Sheet



○ Balance Sheet for FY2013, ending March 31, 2014

○ Assets:

- Cash & Cash Equivalents

In March 2014 Advantest issued ¥30.0 billion worth of euro-denominated convertible bonds with subscription rights to shares. Up ¥26.9 billion from December 31, 2013, to ¥69.0 billion

Regarding convertible bonds: Multiple ways of raising cash were investigated, and convertible bonds decided upon, after due and comprehensive consideration of and the size of Advantest's capital requirements. Strengthening our capital foundation for future growth. The cash raised will be applied to further advancement of our growth strategies.

- Total assets were up ¥26.6 billion from December 31, 2013, to ¥229.9 billion

○ Liabilities & Equity

- Convertible Bonds: ¥30.1 billion
- Equity: ¥116.3 billion
- Equity-to-assets ratio:
Down 8.5 points from December 31, 2013, to 50.6%



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Outlook for FY2014

***V-Shaped Recovery:
Sales to Increase by 30%***

Advantest Corporation

Haruo Matsuno

Representative Director & CEO

FY2014 Financial Results Forecast

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

	2013	2014 forecast	YoY	Growth YoY
(Backlog at end of previous period)	(16.4)	(32.0)	(+15.5)	(+94.3%)
Orders	127.4	147.0	+19.6	+15.4%
Backlog	32.0	34.0	+2.0	+6.3%
Sales	111.9	145.0	+33.1	+29.6%
Semiconductor & Component Test Systems	73.0	90.0	+17.0	+23.3%
Mechatronics	15.0	25.0	+10.0	+66.8%
Services, Support & Others	24.2	30.0	+5.8	+24.2%
Operating Income	-36.3	10.0	+46.3	-
Net Income	-35.5	7.5	+43.0	-

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15

○ FY2014 Financial Results Forecast

- Orders ¥147.0 billion
- Sales ¥145.0 billion
- Operating Income ¥10.0 billion
- Net Income ¥7.5 billion
- I will explain details in following slides

Tester Business Outlook

• Overall

- Advantest enters the new fiscal year with a backlog up ¥10B YoY and robust momentum in orders
- Tester market in 2014 estimated to reach US\$2.1B
- Building on these positive shifts in climate, we foresee ¥90 billion in tester sales in FY2014

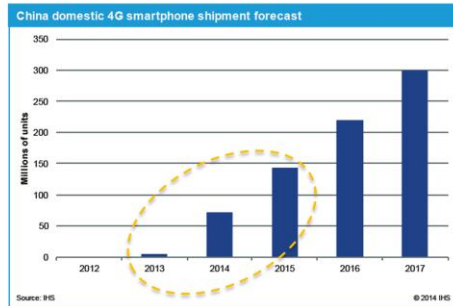
• Non-Memory Tester Market

- Estimated to expand to US\$1.7B in 2014
- Market expansion to be fueled principally by Chinese LTE smartphone growth, MCUs, and automotive demand

• Memory Tester Market

- Estimated to be US\$400M in 2014
- Demand for mobile DRAM testers remains strong amid Chinese smartphone growth

Forecast for LTE smartphone shipments within China (IHS)



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○ Tester Business Outlook

- In 2013, the tester market contracted, but this slump has already come to an end, with orders recovering strongly. As a result, Advantest enters the new fiscal year with a backlog of orders approx. ¥10 billion greater than at the start of the previous period.
- Market-watchers estimate that with the tester demand correction over, the market will grow 14% in 2014 to a scale of US\$2.1 billion.
- These positive shifts in Advantest's business climate are expected to power our tester sales in FY2014 to ¥90 billion, a 23% annual gain.
- The non-memory tester market is expected to grow 17% on year to US\$1.7 billion. This market expansion will be fueled principally by Chinese LTE smartphone growth, MCUs, and automotive demand.
- Predictions call for the 2014 memory tester market to be flat on year at US\$ 400 million. A principal demand driver will be Chinese smartphone growth, as for the non-memory tester market.

Tester Market Outlook by Device

Device Type	Growth Forecast	Advantest's Market Position	2013→2014 Change
Digital Processors		Currently we are the underdog in high-end smartphones, we are strong in mid / low-end smartphones and game console device test.	High-End Smartphones Low-End Smartphones
Baseband / RF		We prize our close bonds with Chinese LTE smartphone customers. Amid a flat market, we expect to grow sales through share gains.	
MCU		Tester demand is growing, chiefly for high-functionality MCUs for smartphones. We chalked up several large customer wins in this space last fiscal year, further strengthening our position.	
Automotive / Analog		Overcoming hurdles, this sector, we made progress with customer capture last fiscal year. We expect to grow our market share at a healthy pace.	
DRAM		With a shift to higher-speed mobile DRAM nearing, investment in the back end, where Advantest holds a commanding share, is set to expand.	
NAND Flash		Amid process shrinks, adoption of 3D architectures, and higher device speeds, we foresee increased opportunities for high-speed NAND tester sales.	

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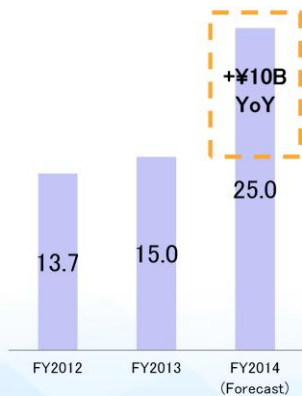
17

○ Tester Market Outlook by Device

- This slide offers an overview of the outlook for major device categories in 2014, and Advantest's position in each category.
- Digital processors: Advantest has a strong customer base in low-end smartphone device test. Currently we are the underdog in high-end smartphones, our overall position in this category is favorable.
- Baseband / RF: Market-watchers expect this category to be flat on year, but Advantest is well positioned to take advantage of upcoming growth in Chinese LTE smartphones through close bonds with customers in this sector.
- MCUs: These semiconductor devices are seeing growth driven mainly by high-functionality MCUs for smartphones. Advantest chalked up several large customer wins in this space last fiscal year. In FY2014, we expect this category to deliver greater share growth than any other.
- Automotive / Analog: Advantest has had hurdles for overcoming in this category. Long-term reinforcement has begun to pay off with the gradual expansion of our customer base. We now foresee solid growth in this category.
- DRAM: In 2014, front-end demand, strong in 2013, is predicted to give way to increasing back-end demand. Advantest is well-positioned to support a shift to higher-speed DRAM for mid / low-end smartphones.
- NAND Flash: While the scale of the NAND flash tester market is modest, process shrinks, adoption of 3D architectures, and higher device speeds are set to generate increased opportunities for high-speed NAND tester sales.

Mechatronics Business Outlook

Mechatronics Segment
Sales Trend (¥B)



• Nanotechnology

- Advantest is aggressively promoting new EB lithography products for advanced process R&D
- We expect a sharp increase in demand this year for photomask CD-SEM, in step with upcoming process shrinks. Already in FY2013 Q4 we received a large-scale order for these products

• Device Interfaces

- We expect demand growth to track the recovery of the tester market
- We are reinforcing our efforts to capture DI demand from customers who use Advantest testers but not DI products, and have already logged a number of wins

• Test Handlers

- New handlers for non-memory devices such as communications chips and automotive ICs are expected to deliver growth

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○ Mechatronics System Segment Business Outlook

- Nanotechnology products represent Advantest's most promising growth opportunities in FY2014 within the Mechatronics segment. Our lineup comprises two product families: EB lithography and Multi Vision Metrology SEM.
- In EB lithography, our new F7000 got off to a good start in FY2013. We hope to further expand sales of this product for advanced R&D processes in FY2014.
- In Multi Vision Metrology SEM, our core product is photomask CD-SEM. Already in FY2013 Q4 we received a large-scale order for these products, and we expect to raise revenues further in FY2014. With advancing process shrinks in the semiconductor industry, growth possibilities for these products are multiplying.
- Device interface demand fundamentally tracks new tester sales. We thus expect positive growth to follow the upturn in the tester market, and already have major customer wins under our belt.
- Advantest recently launched a new SoC handler for non-memory devices such as communications chips and automotive ICs, which is expected to deliver growth in FY2014.
- Our backlog for the Mechatronics segment stood approx. ¥4 billion higher at the end of FY2013 than at the end of the previous period, thanks in part to large-scale orders for nanotechnology products. Based on this positive start, we expect revenue gains of ¥10 billion in FY2014.

Service & Support Business Outlook

Services, Support & Others Segment Sales Trend (¥B)



• Services & Support

- Advantest grew sales in FY2013 by winning an increased number of maintenance contracts. We plan to build further gains in FY2014
- We are also maximizing our post-sales revenues by offering solutions to help customers boost productivity

• Terahertz Systems

- Currently expanding into markets where terahertz spectroscopy and analysis has far-ranging potential for adoption
- Advantest is creating a market for terahertz measurement for industrial and basic research applications



• System Level Test

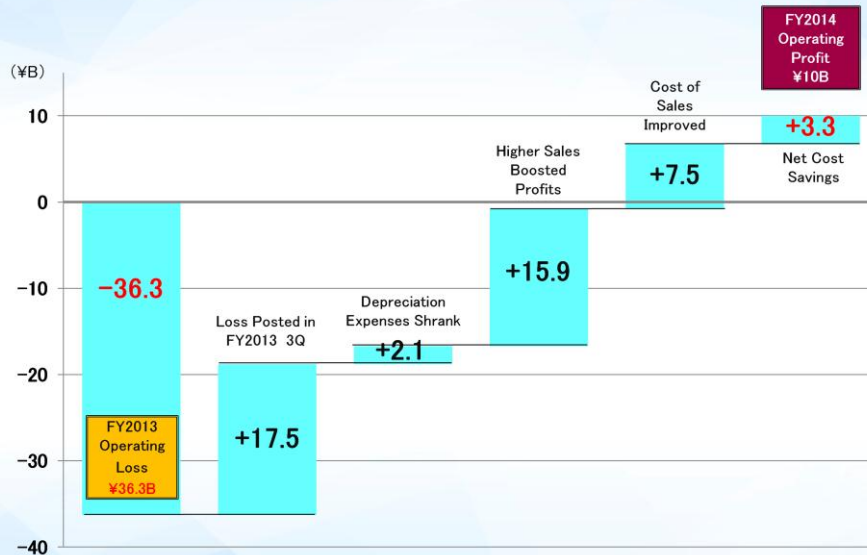
- SSD tester sales to be launched in FY2014, with initial revenue contribution to follow

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○ Service, Support & Others Business Outlook

- Advantest grew sales in FY2013 by winning an increased number of maintenance contracts. We plan to build further gains in FY2014. In parallel, we are offering solutions to help customers boost productivity, aiming to maximize our post-sales tester-related profit base.
- We continue to develop our new businesses across a broad front encompassing many opportunities, and foresee revenue gains of approximately ¥3B on year in FY2014. The outlook for terahertz systems and SSD testers is especially promising.
- Our terahertz systems, which utilize terahertz waves to perform non-destructive analysis, are steadily raising expectations as awareness of these systems grows. We have developed a deeper understanding of market needs and expanded our product range to address the needs of the industrial and basic research sectors, with the goal of creating a larger market.
- In step with the growth of the SSD market, customers' need for efficient SSD test solutions is becoming more acute. Advantest plans to commercialize an SSD tester. Development is progressing smoothly and this promising product is scheduled for launch in FY2014.

Operating P/L YoY Comparison



2014/4/24

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20

○ Towards Improved Profitability

- After posting an operating loss of ¥36.3 billion in FY2013, Advantest adopted initiatives to improve profitability.
- In arriving at our target of an operating profit of ¥10 billion in FY2014, we first eliminated the impact of inventory valuation losses and impairment losses for long-lived assets booked in FY2013.
- Depreciation expenses are on track to shrink by ¥2.1 billion from last year.
- In addition to ¥15.9 billion in profit due to higher sales, an improved cost of sales is expected to raise profits by ¥7.5 billion.
 - While we plan to rebalance our tester lineup towards new products, we also expect to see our sales distribution shift to emphasize new products with higher profit margins.
 - In Mechatronics and new businesses, new products with better profit margins are generating increased sales.
- Management expenses are set to shrink, even after bonuses tied to results have been paid, adding another ¥3.3 billion to the profit side of the ledger.
- Through these measures we will leverage the tester market recovery, as well as gains in our mechatronics and service businesses, to achieve our target of an operating profit of ¥10 billion in FY2014.