

FY2015 1Q Information Meeting

**July 28th, 2015
Advantest Corporation**

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.

ADVANTEST.

**Financial Results
for 1st Quarter of FY2015
(Period ended June 30, 2015)**

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

Summary of Results

(¥B)

	FY2014				FY2015				
	1Q	2Q	3Q	4Q	1Q				
					YoY		QoQ		
Results	¥B	%	¥B	%	¥B	%			
Orders	49.2	38.2	38.7	50.2	44.0	-5.2	-10.6%	-6.3	-12.5%
Sales	36.8	42.1	41.0	43.4	40.3	+3.4	+9.4%	-3.2	-7.3%
Gross Profit	20.3	22.9	23.4	23.8	22.6	+2.4	+11.7%	-1.3	-5.2%
Operating Income	2.4	4.0	3.4	4.8	2.7	+0.3	+12.8%	-2.1	-43.7%
Income Before Tax	3.2	4.8	5.3	5.6	2.8	-0.4	-12.2%	-2.8	-49.5%
Net Income	1.3	3.3	4.6	3.7	1.9	+0.6	+42.1%	-1.8	-48.7%
Backlog	44.4	40.4	38.1	45.0	48.7	+4.4	+9.8%	+3.7	+8.3%

ADVANTEST.

2015/7/28

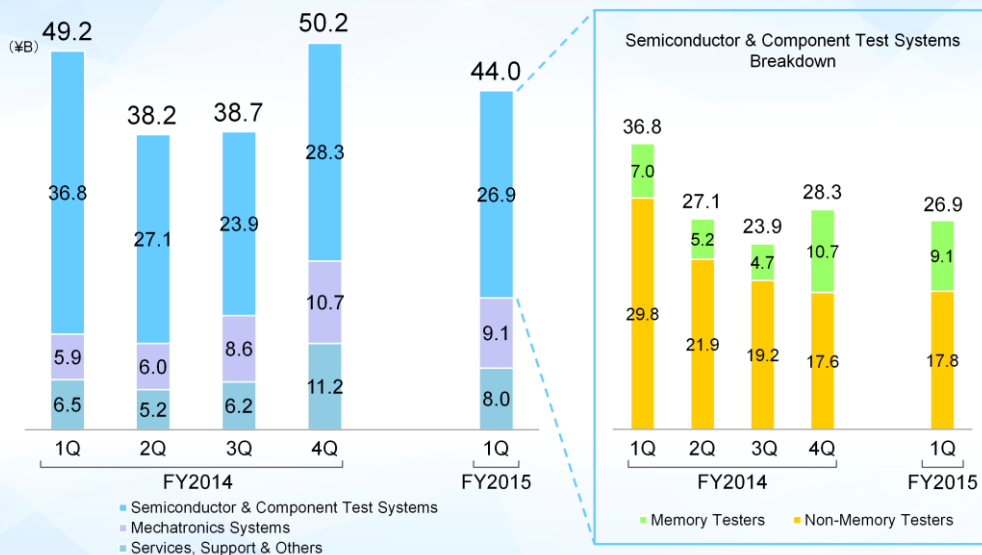
All Rights Reserved - ADVANTEST CORPORATION

4

○ FY2015 1Q Results Summary

- Orders ¥44.0 billion -10.6% YoY
 - Sales ¥40.3 billion +9.4% YoY
 - Operating Income ¥2.7 billion +12.8% YoY
 - Income Before Tax ¥2.8 billion -12.2% YoY
 - Net Income ¥1.9 billion +42.1% YoY
- Advantest achieved profitability for a fifth straight quarter.
 - Orders and sales were in line with targets announced at the beginning of the period, getting the fiscal year off to a solid start.
 - Orders of ¥48.7 billion were up ¥4.4 billion YoY.

Orders by Quarter and Business Segment



Note: Intersegment transactions have been eliminated from totals

ADVANTEST.

2015/7/28

All Rights Reserved - ADVANTEST CORPORATION

5

○ FY2015 1Q Orders by Segment

○ Semiconductor & Component Test Systems

- -26.9% YoY ¥26.9 billion
 - Non-memory testers: ¥17.8 billion
 - Memory testers: ¥9.1 billion
- Non-memory tester orders slowed to the corresponding period of the previous year, when the Chinese LTE smartphone market grew rapidly, but orders continued at a robust level, supported by increasing smartphone sales volumes and performance gains.
- Memory tester orders grew YoY, against a backdrop of aggressive capital investment in both DRAM and NAND production.

○ Mechatronics

- +54.5% YoY ¥9.1 billion
- Robust demand for device interfaces tracked vibrant memory tester investment.
- Our nanotechnology business also posted solid results amid ongoing semiconductor process shrinks.

○ Services, Support & Others

- +23.3% YoY ¥8.0 billion
- Our maintenance contract portfolio expanded.

Orders by Quarter and Region



ADVANTEST.

2015/7/28

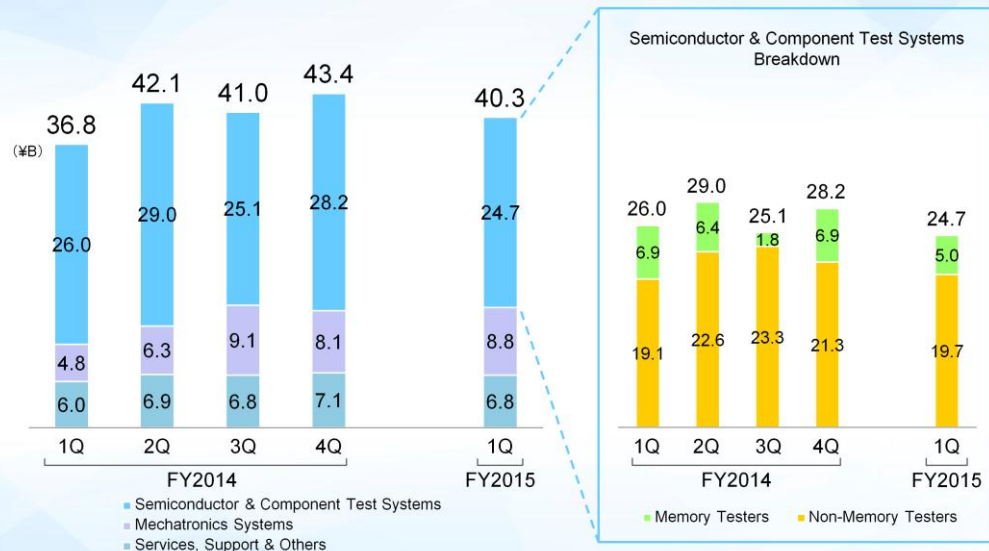
All Rights Reserved - ADVANTEST CORPORATION

6

○ FY2015 1Q Orders by Region

- Taiwan
Non-memory tester demand for smartphone-related applications was strong, notably in the display driver IC sector.
- South Korea and China
Memory tester demand was vibrant.
- Americas
Demand from logic IC suppliers entered a lull.

Sales by Quarter and Business Segment



Note: Intersegment transactions have been eliminated from totals

ADVANTEST.

2015/7/28

All Rights Reserved - ADVANTEST CORPORATION

7

○ FY2015 1Q Sales by Segment

○ Semiconductor & Component Test Systems

- -5.2% YoY ¥24.7 billion
 - Non-memory testers: ¥19.7 billion
 - Memory testers: ¥5.0 billion
- Non-memory tester sales met our estimates, as did orders. Smartphone-related demand anchored a brisk level of sales.
- Memory tester sales declined YoY, but this was due to lumpiness in customer demand, so we anticipate that sales will hold to a satisfactory pace.

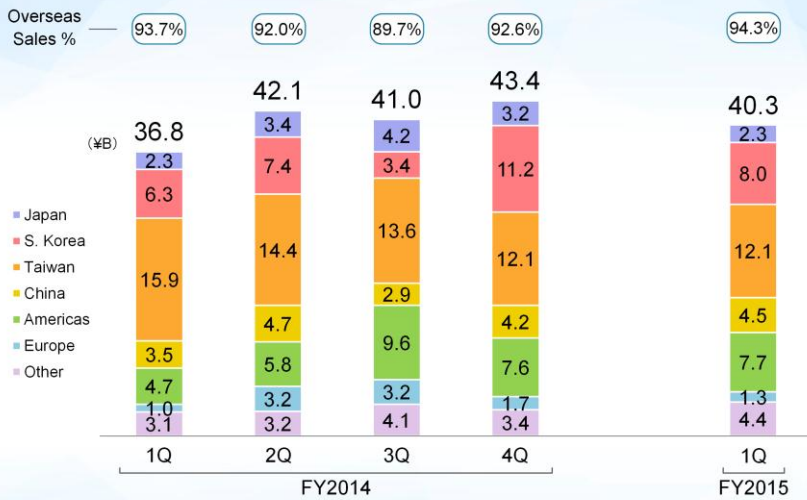
○ Mechatronics

- +83.8% YoY ¥8.8 billion
- As with orders, device interfaces and nanotechnology products drove growth in sales.

○ Services, Support & Others

- +13.4% YoY ¥6.8 billion
- Sales growth reflects a higher number of maintenance contracts signed.

Sales by Quarter and Region



ADVANTEST.

2015/7/28

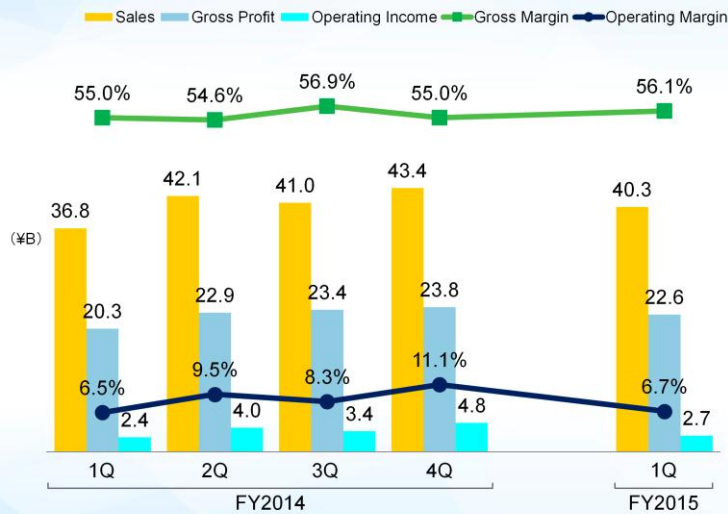
All Rights Reserved - ADVANTEST CORPORATION

8

○ FY2015 1Q Sales by Region

- Taiwan
Smartphone-related applications drove robust non-memory tester sales.
- Americas
Demand from logic IC suppliers was strong.
- These factors raised our percentage of sales to overseas customers during the quarter to 94.3%.

Sales / Gross Profit / Operating Income



ADVANTEST.

2015/7/28

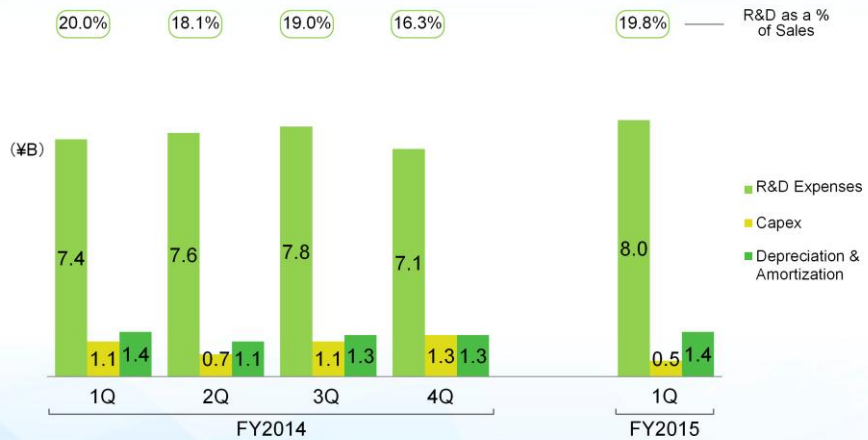
All Rights Reserved - ADVANTEST CORPORATION

9

○ FY2015 1Q Gross Profit / Operating Income / Operating Margin

- Gross Profit** ¥22.6 billion +¥2.4 billion YoY
 In addition to sales ¥3.4 billion greater than in the corresponding period of the previous fiscal year, excellent results from our mechatronics division boosted our gross margin by 1.1 points.
- Operating Income** ¥2.7 billion +¥0.3 billion YoY
 Yen depreciation inflated overseas operating expenses in yen terms. Additionally, higher R&D expenses held operating income to a slight gain.
- Operating Margin** 6.7%

R&D Expenses / Capex / Depreciation and Amortization



ADVANTEST.

2015/7/28

All Rights Reserved - ADVANTEST CORPORATION

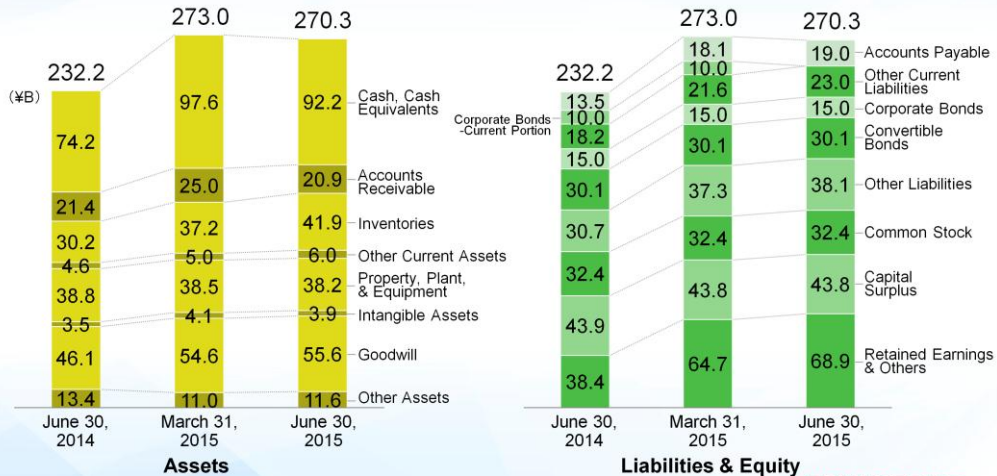
10

○ FY2015 1Q R&D Expenses / Capex / Depreciation and Amortization

- R&D Expenses ¥8.0 billion +0.6 billion YoY
Nanotechnology-related expenses rose.
- Capex ¥0.5 billion
- Depreciation and Amortization ¥1.4 billion

Balance Sheet

(Shareholders' Equity)	114.7	140.9	145.1
(Equity-to-Assets Ratio)	49.4%	51.6%	53.7%



2015/7/28

All Rights Reserved - ADVANTEST CORPORATION

11

○ Balance Sheet as of June 30, 2015

○ Assets:

- Cash & Cash Equivalents
-¥5.4 billion from end FY2014 ¥92.2 billion
Bond redemption: ¥10.0 billion
- Inventories
+¥4.7 billion from end FY2014 ¥41.9 billion
Inventories increased to cover a large order backlog.
- Total Assets
-¥2.7 billion from end FY2014 ¥270.3 billion

○ Liabilities & Equity

- Corporate bonds worth ¥10.0 billion were redeemed at maturity in May 2015.
- Shareholders' Equity: ¥145.1 billion
- Equity-to-Assets Ratio
+2.1 points from end FY2014: 53.7%

FY2015 Business Outlook

Advantest Corporation
Shinichiro Kuroe
Representative Director, President & CEO

FY2015 Financial Results Forecast

(¥B) Exchange Rate Assumptions for FY2015 Forecasts: 1 US\$ = ¥ 120, 1 Euro = ¥135 Forecast announced in April 2015

	FY2014 Full Year	FY2015 1Q	FY2015 2Q (forecast)	FY2015 1H (forecast)	FY2015 2H (forecast)	FY2015 Full Year (forecast)	vs. FY2014	FY2015 1H	FY2015 2H
Orders	176.3	44.0	38.0	82.0	85.0	167.0	-5.3%	86.0	81.0
Backlog	45.0	48.7	42.0	42.0	47.0	47.0	+4.4%	49.0	47.0
Sales	163.3	40.3	44.7	85.0	80.0	165.0	+1.0%	82.0	83.0
Operating Income	14.6	2.7	5.3	8.0	7.0	15.0	+2.6%	7.2	7.8
Operating Income Margin	9.0%	6.7%	11.8%	9.4%	8.8%	9.1%	+0.1pts	8.8%	9.4%
Income Before Tax	18.9	2.8	5.2	8.0	7.0	15.0	-20.5%	7.2	7.8
Net Income	12.9	1.9	4.3	6.2	5.8	12.0	-7.3%	5.8	6.2
Net Income Margin	7.9%	4.7%	9.6%	7.3%	7.3%	7.3%	-0.6pts	7.1%	7.5%
EPS (Yen)	74.31					68.75			
ROE (%)	10.1					8.3			

ADVANTEST.

2015/7/28

All Rights Reserved - ADVANTEST CORPORATION

13

○ FY2015 Financial Results Forecast

- FY2015 has started off in line with our estimates, and the full-year forecast we announced in April 2015 remains unchanged.
- Based on market shifts and order backlog trends, we have slightly altered our forecast for FY2015 1H.
- FY2015 1H Forecast
 - Orders ¥82.0 billion -4.0 billion from 86.0 billion
 - Sales ¥85.0 billion +3.0 billion from 82.0 billion
 - Operating Income ¥8.0 billion +0.8 billion from 7.2 billion
 - Net Income ¥6.2 billion +0.4 billion from 5.8 billion

These figures reflect an upwards revision to our sales and income forecast published in April, and a downwards revision of our orders forecast published on that date.

- Our orders outlook for 2Q has been revised downwards. Hence, we have also lowered our sales forecast for FY2015 2H.
- As the result of these combined factors, our full-year outlook remains unchanged:
 - Orders ¥167.0 billion
 - Sales ¥165.0 billion
 - Operating Income ¥15.0 billion
 - Net Income ¥12.0 billion

Highlights of Our Outlook for Each Segment

■ Semiconductor & Component Test Systems

Non-Memory Testers

- Based on near-term smartphone sales trends and the outlook for semiconductor production, we expect a temporary slowdown in new tester orders.
- From FY2015 2H through to FY2016, leading-edge logic IC production volume increases should stimulate tester demand.
- By reinforcing our relationships with Chinese and Taiwanese fabless customers, Advantest has achieved a position where we can expect stable demand regardless of the changing power balance in the AP/BB supply chains.
- To leverage our technological support for highly integrated devices, we will also strive to deepen our relationships with MCU, automotive IC, and IoT-related customers.



V93000 Test System

ADVANTEST.

○ Highlights of Our Outlook for Each Segment

○ Non-Memory Testers

- Based on near-term smartphone sales trends and the outlook for semiconductor production, we expect a temporary slowdown in new orders for non-memory testers.
- However, this slowdown is not expected to last long. From FY2015 2H through to FY2016, leading-edge logic IC production volume increases should stimulate tester demand.
- Advantest has worked for several years to reinforce our relationships with Chinese and Taiwanese fabless companies in addition to our European and American customers.
- As a result, we expect to see stable demand, regardless of any changes to the power balance in the application processor and baseband processor supply chains.
- Additionally, we are working to deepen our relationships with MCU, automotive IC, and IoT-related customers. This will position Advantest to respond successfully to new tester demand driven by increasing device integration in the future.

Highlights of Our Outlook for Each Segment

■ Semiconductor & Component Test Systems

Memory Testers

- On the strength of higher speeds and larger capacity for memory devices used in smartphones and data centers, all customers are continuing to invest in DRAM and NAND production capacity expansion, as well as support for faster devices.
- We expect satisfactory growth in sales of the T5503HS for DDR4/LPDDR4.
- Advantest is gaining share in the NAND flash test market.
- The new T5833 for DRAM/NAND test has boosted our competitiveness in both of these sectors.



T5833 Memory Test System

ADVANTEST.

○ Highlights of Our Outlook for Each Segment

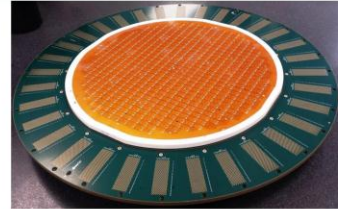
○ Memory Testers

- On the strength of trends towards higher speeds and larger capacity for memory devices used in smartphones and data centers, DRAM and NAND investment is continuing.
- We expect demand for the T5503HS for DDR4/LPDDR4 speed sorting to continue in 2Q and beyond.
- In NAND, higher device speeds and larger storage capacities stimulate memory tester investment. The new T5833, launched in 1Q, supports both DRAM and NAND production capacity increases and higher device speeds. A fulcrum of our evolving DRAM/NAND market strategy, this new product will drive share gains in both sectors.

Highlights of Our Outlook for Each Segment

■ Mechatronics

- **Test Handlers:** Advantest is working to increase market penetration of our new logic and memory handlers
- **Device Interfaces:** Customer evaluations of new probe cards are progressing. We expect to commence shipments in 2Q FY2015
- **Nanotechnology:** We will seek to capture new demand amid increasing customer interest in our EB technology.



New Probe Card

■ Services, Support & Others

- Our expanding portfolio of post-sales commodities is reinforcing the profit base of our services business.
- We are seeing repeat demand for SSD testers, while making strides in winning new customers.
- Our R&D and marketing continue to establish our terahertz measurement business in the pharmaceutical, automotive, and semiconductor industries.

ADVANTEST.

○ Highlights of Our Outlook for Each Segment

○ Mechatronics

- **Test handlers:** In both the logic and memory sectors, we offer new products that feature Active Thermal Control for high/low temperature test conditions, and support fine-pitch packages. We are striving to increase the market penetration of these new test handlers.
- **Device interfaces:** We expect favorable tailwinds for device interface products to continue, correlated with memory tester demand. Additionally, customer evaluations of new NAND probe cards are progressing, and we expect to commence shipments in 2Q.
- **Nanotechnology:** Customers requiring support for very fine processes and micro-measurement are showing increasing interest in our EB technology. We will seek to capture this demand profitably. We anticipate that our nanotechnology division will sustain the momentum it achieved in FY2014.

○ Services, Support & Others

- Our field services division, the heart of our Services & Others segment, has continuously grown its profits over the last few years with an emphasis on increasing maintenance contracts. Our expanding portfolio of post-sales commodities will further reinforce this division's profit base.
- Our SSD tester business is putting down strong roots, with repeat demand and new customer capture well timed to the expected growth of this market going forward.