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FY2017 1Q Information Meeting

July 26th, 2017

Advantest Corporation

NOTE

◆ Accounting Standards

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

◆ Cautionary Statement with Respect to Forward-Looking Statements

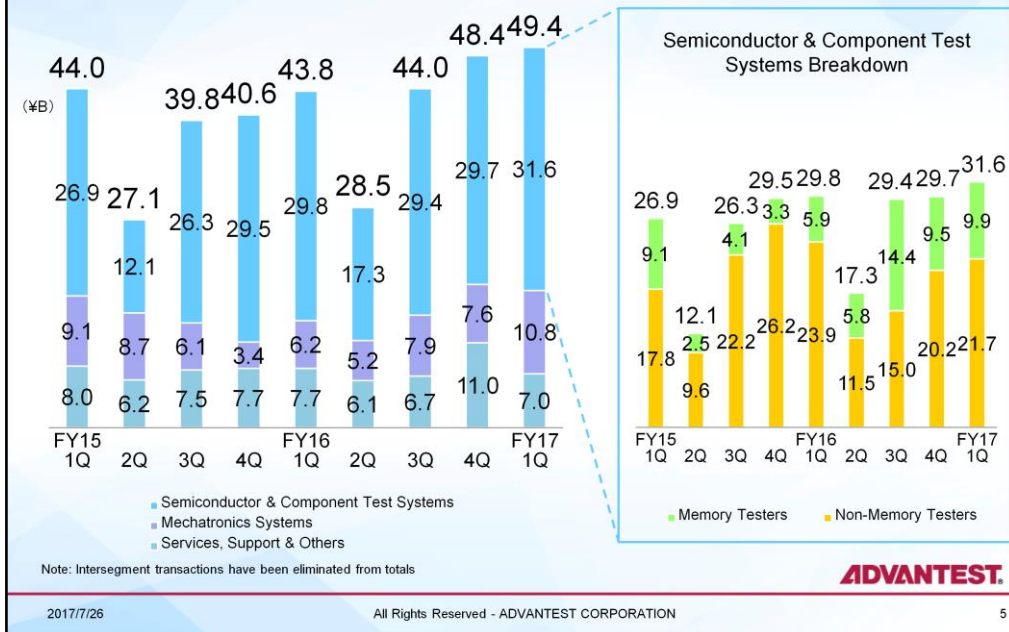
This presentation contains "forward-looking statements" that are based on Advantest's current expectations, estimates and projections. These statements include, among other things, a discussion of Advantest's business strategy, outlook and expectations as to market and business developments, production 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 "Risk Factors" section of Advantest's Annual Financial Report.

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**Financial Results
for 1st Quarter of FY2017
(Period ended June 30th, 2017)**

**Advantest Corporation
Atsushi Fujita
Managing Executive Officer**

FY2017 1Q Orders by Segment



○ FY2017 1Q Orders by Segment

○ Semiconductor & Component Test Systems

- ¥31.6 billion +6% QoQ
of which, non-memory testers ¥21.7 billion
memory testers ¥9.9 billion
- For non-memory testers, semiconductor makers reduced tester-related investment due to inventory adjustments in the Chinese smartphone sector, but orders for automotive semiconductors and other applications increased, driving QoQ growth.
- Memory tester orders remained strong.

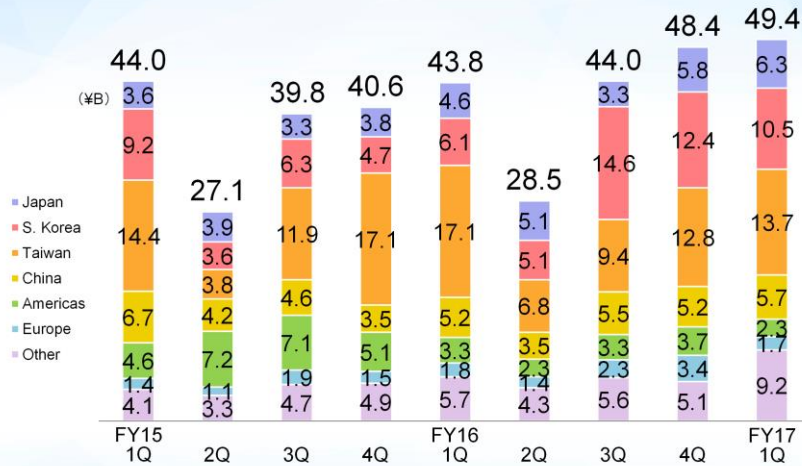
○ Mechatronics Systems

- ¥10.8 billion +41% QoQ
- Growth was mainly from device interfaces, correlated with strong demand for memory testers.

○ Services, Support and Others

- ¥7.0 billion -37% QoQ
- The decline in orders represents a cyclical dip, following strong field service contract orders at the end of the previous fiscal year.

FY2017 1Q Orders by Region



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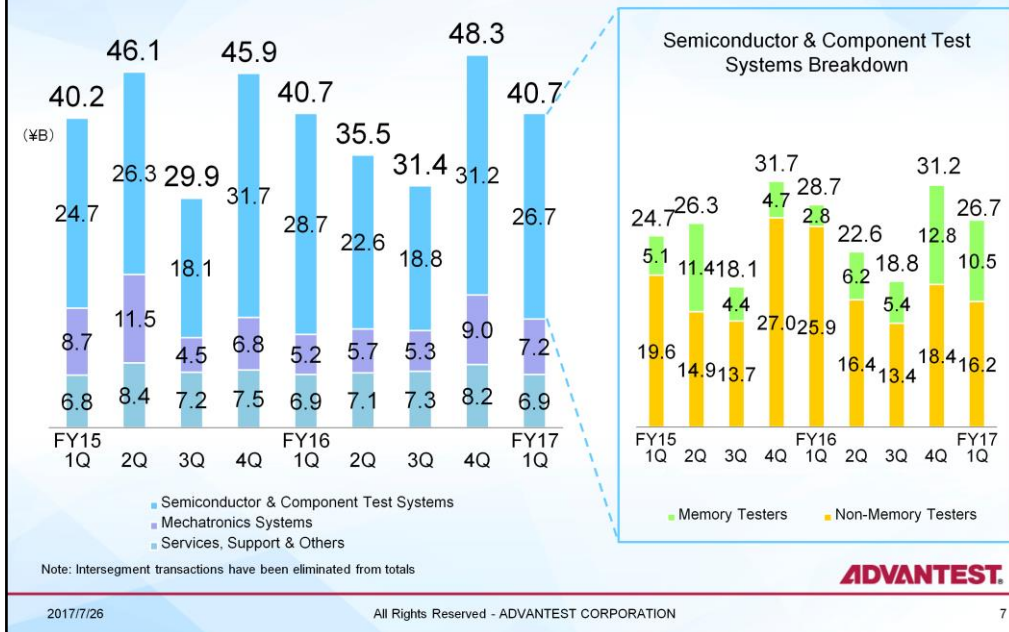
○ FY2017 1Q Orders by Region

- Regions where orders fluctuated considerably QoQ:

Other Regions

Advantest won automotive semiconductor test-related orders from Southeast Asia.

FY2017 1Q Sales by Segment



○ FY2017 1Q Sales by Segment

○ Semiconductor & Component Test Systems

- ¥26.7 billion -14% QoQ
of which, non-memory testers ¥16.2 billion
memory testers ¥10.5 billion
- Non-memory tester sales growth weakened due to inventory adjustments in the Chinese smartphone sector.
- In memory testers, DRAM tester sales declined temporarily, reflecting lumpiness in the timing of customer investments, and NAND tester sales held steady QoQ. We expect DRAM related growth to resume from 2Q.

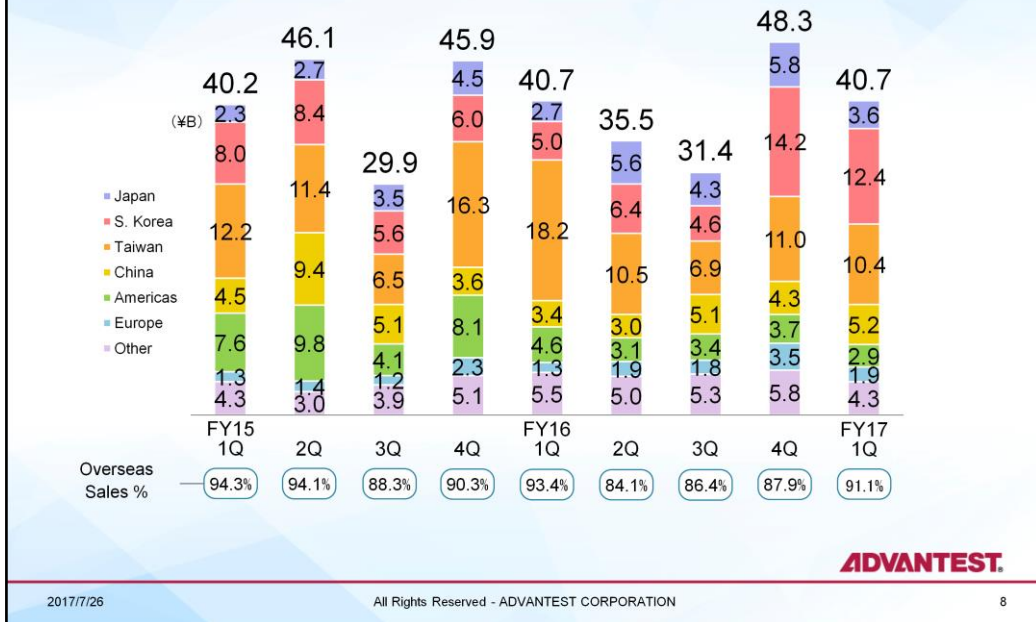
○ Mechatronics Systems

- ¥7.2 billion -20% QoQ
- Nanotechnology product sales declined.
- Sales rose YoY as device interface demand increased.

○ Service, Support and Others

- ¥6.9 billion -17% QoQ
- Sales decreased QoQ due largely to a drop-off in SSD tester sales, but they held steady YoY, supported by robust service sales.

FY2017 1Q Sales by Region



○ FY2017 1Q Sales by Region

- Sales declined in almost all regions as non-memory tester and mechatronics sales fell QoQ.
- Regions with large declines QoQ:

South Korea

Non-memory tester sales were depressed due to sluggish smartphone-related demand.

As a result, Advantest's overseas sales ratio in 1Q was 91.1%.

FY2017 1Q Sales / Gross Profit / Operating Income



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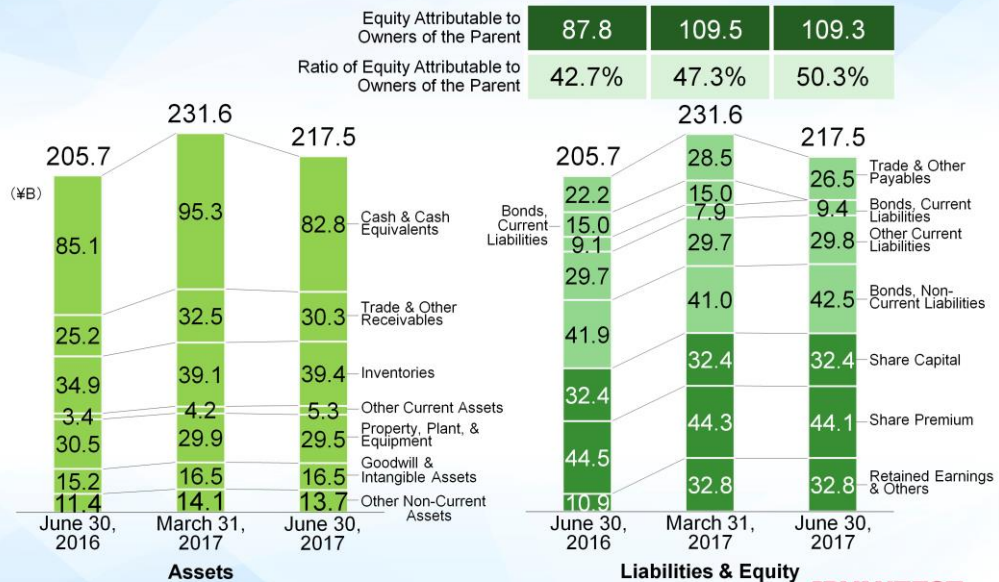
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○ FY2017 1Q Sales / Gross Profit / Operating Income

- Gross Profit -¥4.8 billion QoQ ¥20.6 billion
- Gross Margin -1.8 points QoQ 50.6%
 - Gross margin was restrained by declining sales and a less profitable product mix, owing to lower sales of non-memory testers for logic ICs.
 - Gross margin bottomed out in 1Q, and we expect it to improve going forward.
- SG&A -¥2.4 billion QoQ ¥18.4 billion
 - Accrued bonuses decreased
- Operating Income -¥2.4 billion QoQ ¥2.2 billion
- Operating Margin -4.0 points QoQ 5.5%

FY2017 1Q Financial Position



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○ Balance Sheet for Period Ending June 30th, 2017

- Cash & Cash Equivalents: ¥82.8 billion
¥12.5 billion down from the end of the previous fiscal year
Straight Bond Redemptions in May : ¥15.0 billion
- Equity Attributable to Owners of the Parent: ¥109.3 billion
- Ratio of Equity Attributable to Owners of the Parent: 50.3%
3.0 points up from the end of the previous fiscal year

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FY2017 Business Outlook

Advantest Corporation
Yoshiaki Yoshida
Representative Director, President & CEO

FY2017 Financial Results Forecast

	(¥B)			
	FY2016	FY2017 Forecast	vs. FY2016 (¥)	vs. FY2016 (%)
Orders	164.7	175.0	+10.3	+6.3%
Backlog	42.2	45.2	+3.0	+7.1%
Sales	155.9	172.0	+16.1	+10.3%
Semiconductor & Component Test systems	101.3	114.0	+12.7	+12.6%
Mechatronics	25.2	27.0	+1.8	+7.2%
Services, Support & Others	29.5	31.0	+1.5	+5.1%
Operating Income	13.9	18.0	+4.1	+29.4%
Operating Income Margin	8.9%	10.5%	+1.6pts	
Income Before Tax	15.0	18.2	+3.2	+21.0%
Net Income	14.2	15.0	+0.8	+5.6%
Net Income Margin	9.1%	8.7%	-0.4pts	
Exchange Rate	1 US\$	¥108	¥110	¥2 Depreciation
	1 Euro	¥119	¥120	¥1 Depreciation

Note: Intersegment transactions have been eliminated from totals

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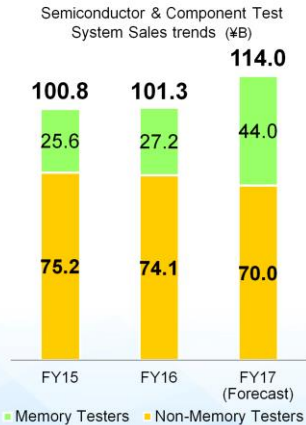
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○ FY2017 Forecast

- 1Q orders surpassed our forecast at the beginning of the fiscal year. We attribute this to a more favorable business environment.
- However, at the present time there is a lack of visibility regarding our full-year results. Our full-year forecast remains unchanged from that announced in April.
 - Orders ¥175 billion
 - Sales ¥172 billion
 - Operating income ¥18 billion
 - Net Income ¥15 billion
- We expect the pace of profits to increase through the rest of the fiscal year and achieve the level set out in our full-year forecast.
- Forecasts are premised on exchange rates of 1 US\$ = ¥110 and 1 Euro = ¥120, the same as in our April forecasts.
- Amid order growth, we unfortunately continue to experience delays in the supply of some products in Q1, an issue which has persisted since the end of FY2016.
- As noted in April, product supply capacity is being increased with the goal of reaching current demand levels in September. We have secured production-floor, personnel, and other capacity, including the use of subcontractors, and are ensuring our supply of parts that are at risk of procurement shortfalls.

Outlook by Segment

■ Semiconductor & Component Test Systems



Non-Memory Testers

- ✓ Logic IC tester demand set to recover from the second half as smartphone inventory adjustments proceed
- ✓ Business for automotive, analog IC, MCU to grow steadily
- ✓ Demand for organic EL driver IC testers could exceed expectations
- ✓ From 2018, non-memory tester demand should be bolstered by technological innovation such as logic IC miniaturization.

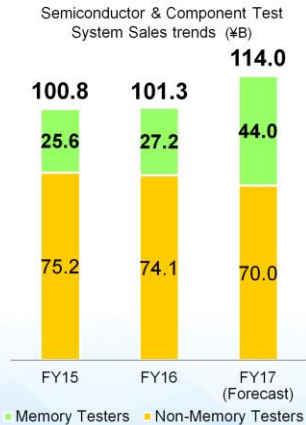
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○ Outlook by segment: Semiconductor & Component Test Systems

- Non-memory testers:
 - Investment in logic IC testers has slowed due to inventory adjustments in the Chinese smartphone sector, but customer plant utilization rates have rebounded since the end of 1Q. We expect the logic IC tester market to recover in line with our initial forecast in the second half when smartphone inventory adjustments are finished and new smartphone product sales begin.
 - Favorable conditions are already emerging in areas other than smartphones.
 - For MCU, analog IC, and automotive semiconductor applications, our market share continues to rise amid steady growth of our customer base.
 - Demand for organic EL-related testers should rise more than previously expected.
 - Given these conditions, we have revised up our forecast for FY2017 sales in the non-memory tester business to ¥70 billion.
 - In the non-memory tester market, starting from 2018, tester demand should be bolstered by advances in logic IC miniaturization, growth in AI and ADAS-related markets, practical 5G applications, and other factors. We will strive to ensure we capture the growth opportunities resulting from these trends.

Outlook by Segment

■ Semiconductor & Component Test Systems



Memory Testers

- ✓ NAND tester demand rising from growing investment in higher 3D NAND capacity
- ✓ For DRAM applications, expecting steady back-end tester investment as devices pick up speed
- ✓ In addition, replacement demand for older DRAM testers emerging to improve production capacity

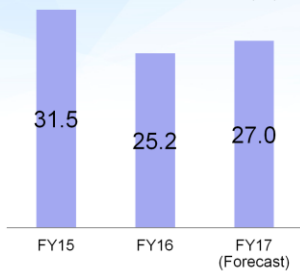
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○ Outlook by segment: Semiconductor & Component Test Systems

- Memory testers:
 - For NAND, we expect memory providers to expand their capacity for wafer test processes and burn-in test processes for ensuring 3D NAND reliability throughout the year.
 - For DRAM, as servers and smartphones gain in performance, demand is rising for high-speed DDR4 with low power consumption and faster data reading capabilities. Hence, we expect demand for high-speed memory testers to remain steady all year.
 - Moreover, conditions in the DRAM business suggest that leading memory makers will replace their older DRAM testers starting in 2Q to improve production capacity.
 - Judging from these trends, back-end DRAM demand should rise from 2Q. This market transition supports our forecast for memory tester sales in the current fiscal year to exceed ¥10 billion per quarter.

Outlook by Segment

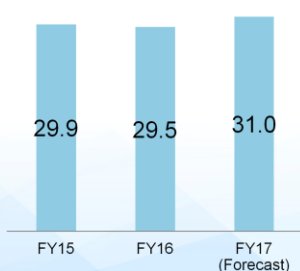
Mechatronics Sales Trends (¥B)



■ Mechatronics

- ✓ Handler and DI demand expected to increase in step with memory tester demand

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



■ Services, Support, & Others

- ✓ Solid field service demand is foreseen amid semiconductor market growth
- ✓ Advantest is promoting high-growth strategies for SSD testers

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○ Outlook by segment: Outlook for Mechatronics Segment and Services, Support & Other Segment

- Our Mechatronics Segment sales forecast for the full year is ¥27 billion.
- Device interface and test handler orders increased in 1Q, and we expect strong orders to continue on the back of demand for memory testers going forward.
- In nanotechnology, product development for advanced nodes is underway and should foster a sales recovery from FY2018.
- Our Services, Support & Other Segment forecast for the full year is ¥31 billion, down slightly from our previous forecast, as we have fine-tuned our outlooks for second-hand testers and other businesses included in this segment.
- We do not currently expect to see significant growth in SSD testers in this period. Therefore, we have reduced our outlook for this segment compared to that announced in April.