

Advantest Corporation  
Information Meeting

# Financial Results for 1st Quarter Fiscal 2009

July 29, 2009

**Hiroshi Nakamura**  
Managing Executive Officer

Summary of Results						ADVANTEST.		
(In Billions of Yen)								
FY'08						FY'09		
	1Q	2Q	3Q	4Q	Total	1Q	Q on Q (%)	Y on Y (%)
Orders	18.2	18.1	8.9	4.9	50.1	<b>11.6</b>	+136.1	-35.9
Sales	26.5	26.0	14.6	9.6	76.7	<b>7.6</b>	-20.2	-71.2
Cost of Sales	12.8	12.8	12.7	18.6	56.9	3.3	-81.8	-73.6
Gross Profit	13.7	13.2	1.9	-9.0	19.8	<b>4.3</b>	-	-
Operating Income	-1.8	-2.1	-11.6	-34.0	-49.5	<b>-4.5</b>	-	-
Non-operating Income	1.5	-2.5	-1.5	-0.8	-3.3	0.8	-	-
Income before Tax	-0.3	-4.6	-13.1	-34.8	-52.8	<b>-3.7</b>	-	-
Net Income	-0.2	-2.7	-7.8	-64.2	-74.9	<b>-3.8</b>	-	-
Backlog	24.1	16.2	10.4	5.8		<b>9.8</b>	+69.5	-59.2

○ Results for 1Q FY2009:

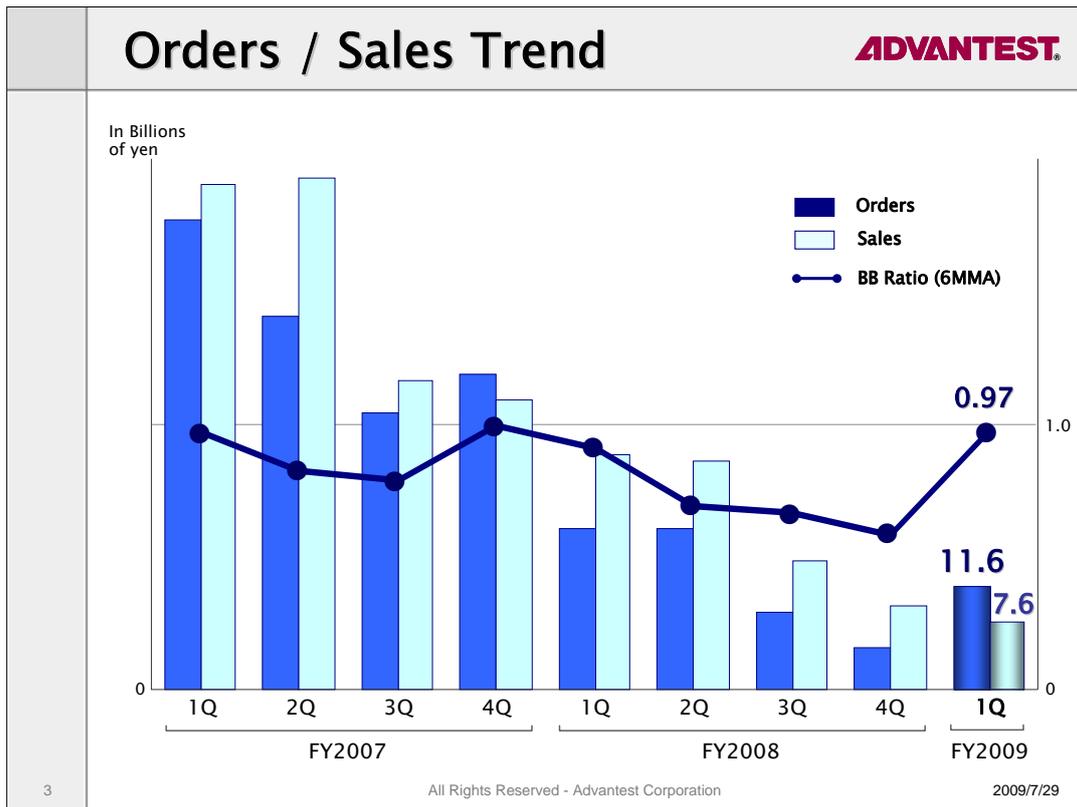
- Orders more than doubled sequentially to 11.6 billion yen
- Sales fell approximately 20% sequentially to 7.6 billion yen
- Order backlog rose approximately 70% to 9.8 billion yen

○ Gross profit on sales was 4.3 billion yen, and gross profit margin was 55.9%.

Advantest launched sweeping structural reforms in FY2008, and continues to implement cost-cutting measures.

However, revenues remain low.

- Operating loss was 4.5 billion yen
- Net loss before taxes was 3.7 billion yen
- Net loss was 3.8 billion yen

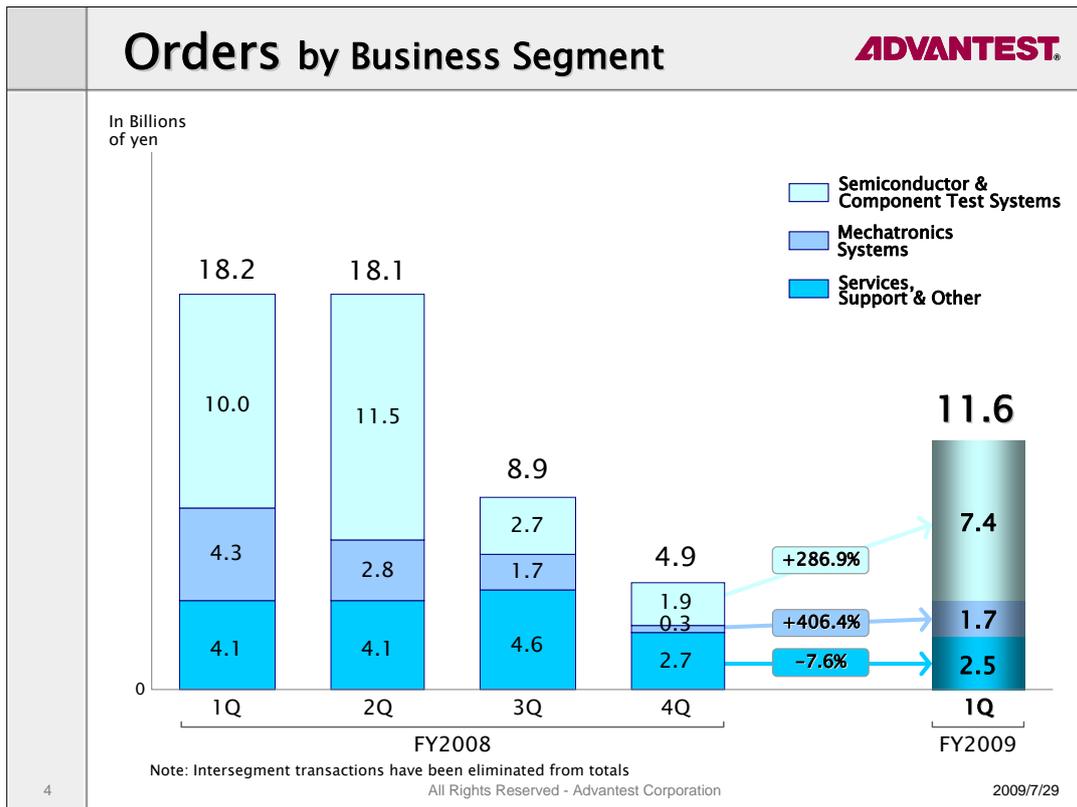


○ Sales trend, FY2007 to the present

○ Sales have exceeded bookings since 1Q FY2008.

In the present quarter, signs of economic improvement have been seen in the semiconductor market. Inventories have been restored to appropriate levels, and increased production is boosting equipment utilization rates.

As a result, Advantest's orders rose significantly compared to the previous quarter, and the company's book-to-bill ratio exceeded parity for the first time in five quarters.



○ 1Q FY2009 Orders by Segment:

○ Semiconductor and Component Test Systems

- Orders almost quadrupled sequentially to 7.4 billion yen

In memory test, Advantest received increasing orders for the T5503 test system for DDR3, which is expected to see increasingly widespread use in PCs.

In non-memory test, orders for T2000 modules increased, chiefly for production testing of new MPUs.

○ Mechatronics Systems

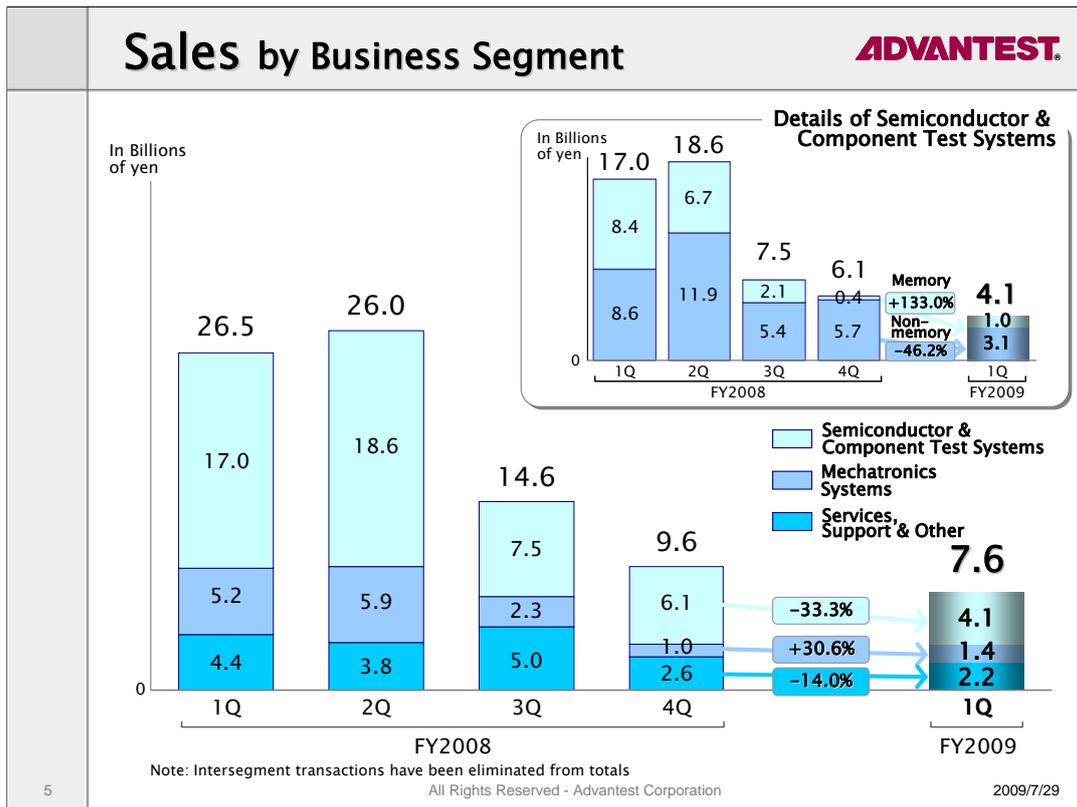
- Orders more than quintupled sequentially to 1.7 billion yen

Improving tester utilization rates drove increasing demand for device interfaces in the first quarter.

○ Services, Support & Other

- Orders were flat sequentially at 2.5 billion yen

Although semiconductor manufacturers' utilization rates have risen, they are still not high enough to produce any increase in demand for maintenance and other services.



○ 1Q FY2009 Sales by Segment:

○ Semiconductor and Component Test Systems

- Sales fell 33% sequentially to 4.1 billion yen

Memory tester sales more than doubled to 1 billion yen, as leading semiconductor manufacturers began to ramp up DDR3 volume production.

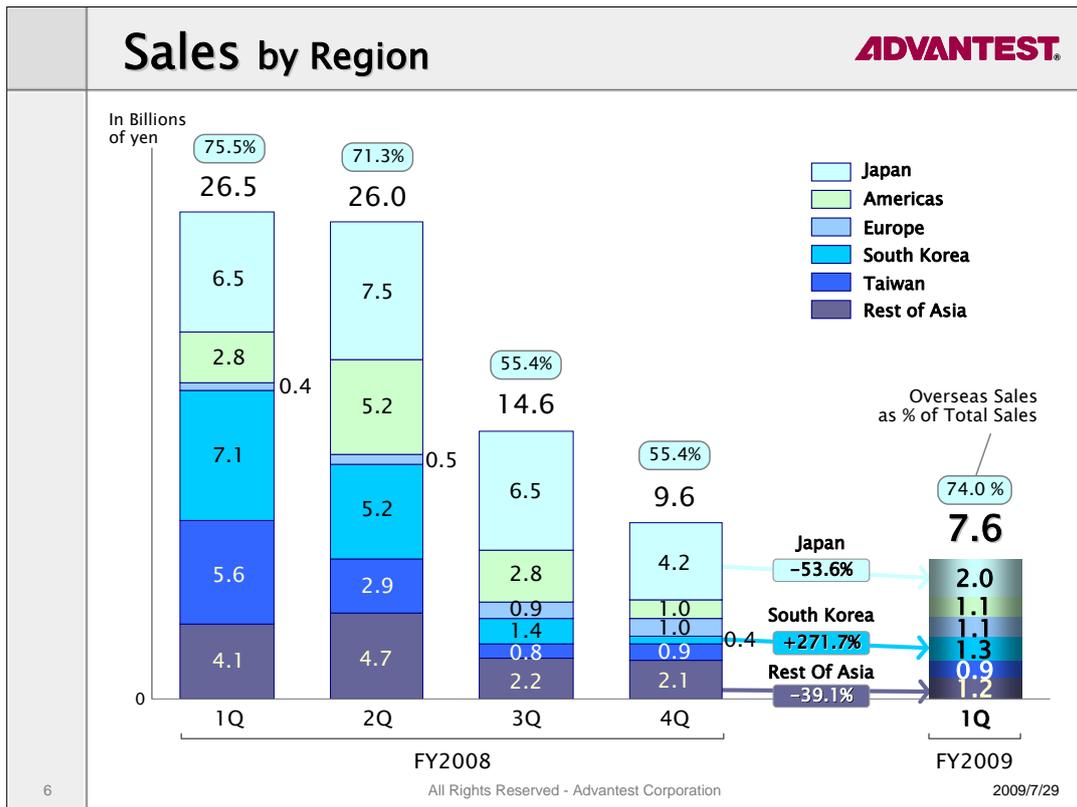
Non-memory tester sales fell 46% sequentially to 3.1 billion yen, as some of deliveries of the T2000 for next-generation MPUs have been scheduled in the following quarter, despite robust order volumes. Additionally, consumer demand for electronics and automobiles remains low.

○ Mechatronics Systems

- Sales rose 31% sequentially to 1.4 billion yen

○ Services, Support & Other

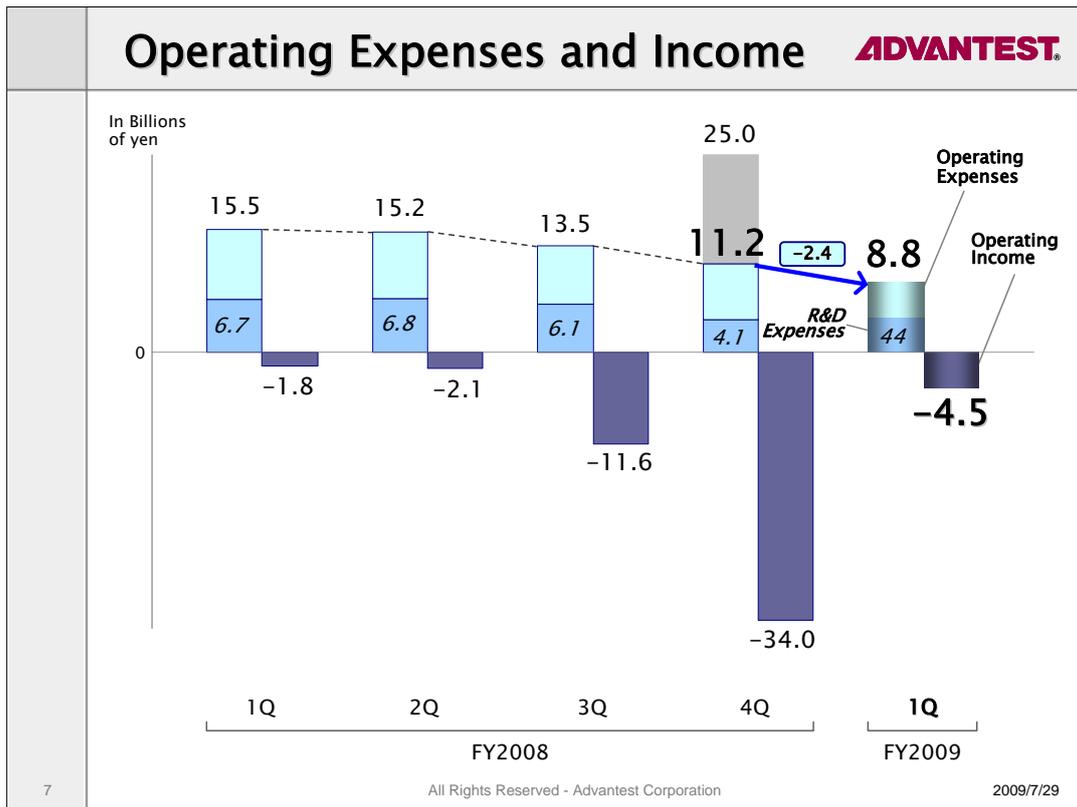
- Sales fell 14% sequentially to 2.2 billion yen



○ 1Q FY2009 Sales by Region:

○ Demand for DDR3 testers increased unevenly in the first quarter  
Pockets of sales growth appeared in South Korea, but sales remained low in other areas.

Consumer demand for electronics and automobiles has not yet recovered. In Japan the picture is especially bleak, and chip-makers show no sign of loosening their restrictions on capital investment in testers.



### ○ 1Q FY2009 Operating Expenses and Operating Income

#### ○ Operating Expenses

- 8.8 billion yen

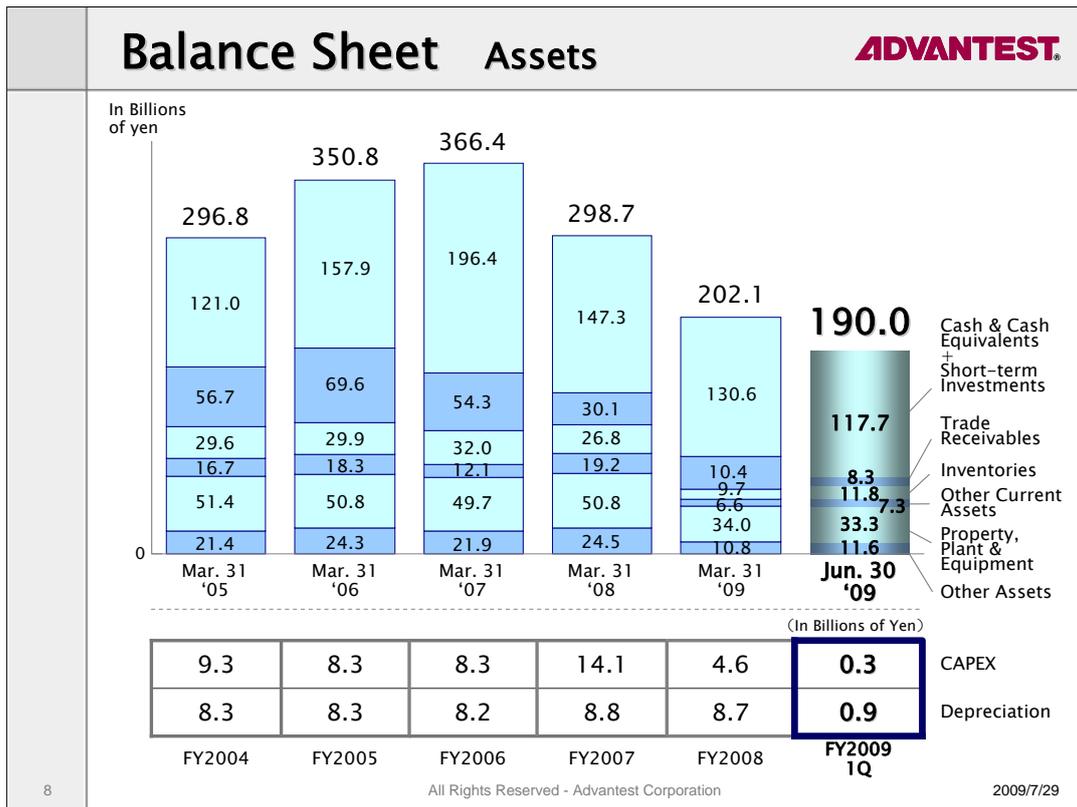
Operating costs fell by 2.4 billion yen, a decrease of approximately 20% from 4Q FY2008. (Operating expenses of 25 billion yen for 4Q FY2008 included 13.8 billion yen of expenses related to structural reforms. The comparison figure of 11.2 billion yen excludes these items.)

Lower operating expenses in 1Q FY2008 reflect the results of Advantest's FY2008 structural reforms and ongoing efforts to improve profitability via cost-reduction measures.

#### ○ Operating Loss

- 4.5 billion yen

Operating profit was negatively affected by persistent low sales volume in the quarter.



○ Balance Sheet as of June 30, 2009:

○ Assets

- Total assets declined 12.1 billion yen from the previous period to 190 billion yen.

Cash & cash equivalents, including short-term investments, declined 12.9 billion yen to 117.7 billion yen.

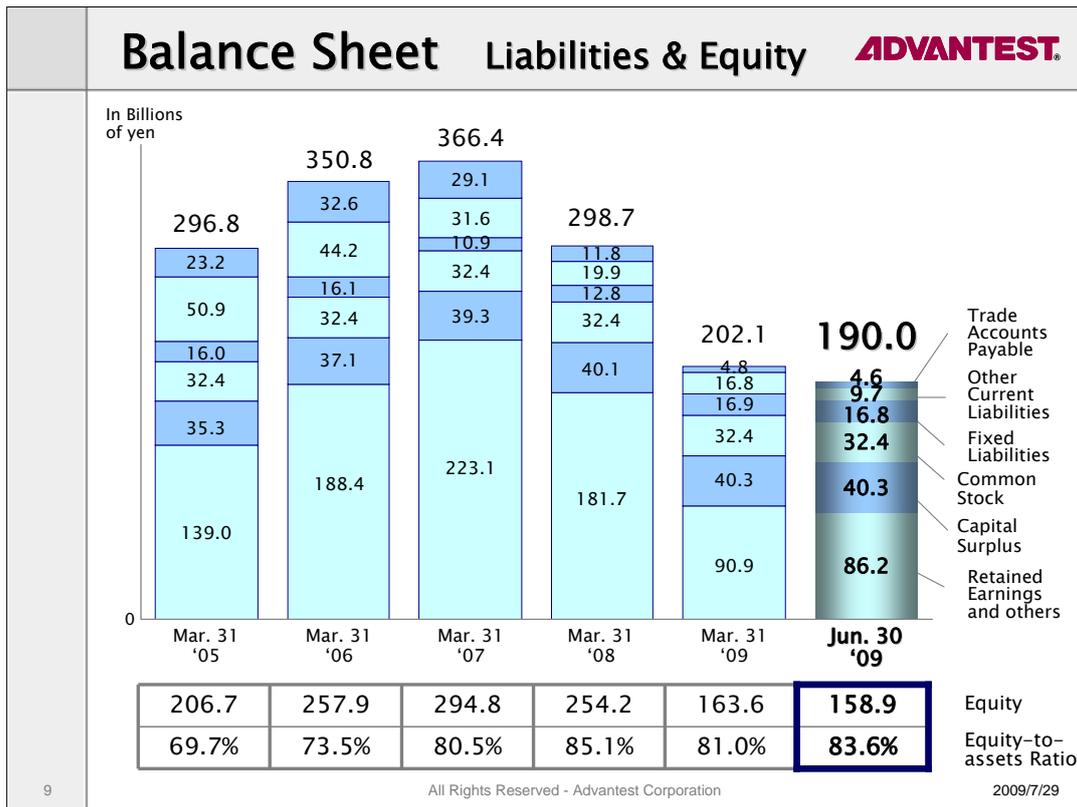
Factors chiefly contributing to these declines were a net loss of 3.8 billion yen in the first quarter, as well as expenditures related to Advantest's FY2008 structural reforms.

○ Capital Expenditures

- Capital expenditures were 0.3 billion yen

○ Depreciation

- Depreciation amounted to 0.9 billion yen as a result of impairment costs on fixed assets incurred in the previous fiscal year.



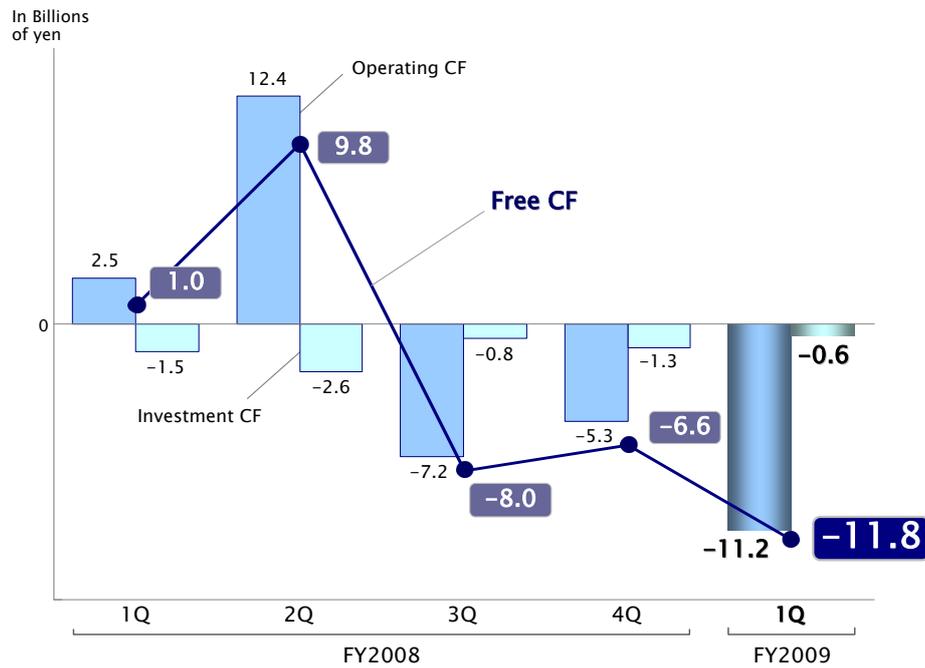
○ Balance Sheet as of June 30, 2009:

○ Liabilities and Equity

- Equity amounted to 158.9 billion yen, a decline of 4.7 billion yen from the previous period, as a result of a decrease in “Retained Earnings and Others.”
- Equity-to-assets ratio was 83.6%.

## Free Cash Flow Substantial basis

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### ○ 1Q FY2009 Cash Flow (CF):

- Operating CF  
Expenditures totaled 11.2 billion yen.
- Investment CF  
Excluding short-term investments, expenditures totaled 0.6 billion yen.
- Free CF:  
Free cash flow in the first quarter was minus 11.8 billion yen on a substantial basis.

# FY2009 2Q Financial Outlook

2Q Outlook: External Factors		ADVANTEST.	
		FY2009 2Q	FY2009 3Q ~
Positive	<ul style="list-style-type: none"> <li>○ Shift to DDR3 gaining traction               <ul style="list-style-type: none"> <li>→ T5503</li> <li>→ M6242</li> </ul> </li> <li>○ Next-generation MPUs scheduled to start volume ramp Expand T2000 customer base (focus on OSATs)               <ul style="list-style-type: none"> <li>→ T2000 platform</li> <li>→ T2000 modules</li> </ul> </li> </ul> <p>※OSAT: Outsourced Semiconductor Assembly and Test</p>	<ul style="list-style-type: none"> <li>○ New OS expected to trigger PC upgrades               <ul style="list-style-type: none"> <li>→ Increased demand for DDR3</li> </ul> </li> <li>○ New wireless network standards for telephony and mobile computing               <ul style="list-style-type: none"> <li>→ Growth in mobile broadband devices</li> </ul> </li> </ul> <p><b>Lack of visibility remains pronounced.</b></p>	
	Negative	<ul style="list-style-type: none"> <li>× Slumping global demand for semiconductor applications: consumer electronics, automobiles, etc.</li> </ul>	<ul style="list-style-type: none"> <li>× Continuing lack of end-user demand visibility               <ul style="list-style-type: none"> <li>→ Semiconductor Manufacturers may continue to restrict capital investment</li> </ul> </li> </ul>

○ FY2009 Outlook: External Factors

○ Positive Trends

• Memory Test Segment

Demand for DDR3 testers is expected to continue growing in the second quarter as manufacturers ramp volume production.

Inquiries were comparatively brisk in the first quarter, especially from South Korean manufacturers. In the second quarter, Advantest expects higher demand for production testers from chip-makers in Taiwan and other regions.

• Non-Memory Test Segment

Advantest expects a recovery in demand for testers for next-generation MPUs and peripheral devices, principally from MPU manufacturers and OSATs.

○ Negative Trends

There is a risk that semiconductor manufacturers may further reduce their capital expenditures due to the lack of macro-economic visibility, the prolonged global slump in consumer spending, and deceleration of new demand for consumer electronics in emerging markets.

## 2Q Financial Outlook

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(In Billions of Yen)

	FY2009				
	1Q Results	2Q Forecasts	Q on Q (%)	2Q Forecasts (Accumulated)	Y on Y (%)
Orders	11.6	10.0	-14.1	21.6	-40.4
Sales	7.6	10.0	+31.4	17.6	-66.5
Operating Income	-4.5	-3.7	-	-8.2	-
Income Before Tax	-3.7	-3.2	-	-6.9	-
Net Income	-3.8	-3.3	-	-7.1	-
Backlog	9.8	9.8	-		

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### ○ 2Q FY2009 Financial Outlook:

- Orders                    14% sequential decline to 10 billion yen
- Sales                     31% sequential increase to 10 billion yen
- Operating loss                    3.7 billion yen
- Net loss before taxes            3.2 billion yen
- Net loss                    3.3 billion yen

### ○ FY2009 Full Year Financial Outlook

Advantest has decided to refrain at this time from announcing its full-year forecast, due to a lack of visibility surrounding tester demand from 3Q onwards. The company will announce further guidance as soon as it is available.

## 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.