

Advantest Corporation

Information Meeting

April 25, 2013

**ADVANTEST
ADVANTEST
ADVANTEST**

Financial Results for FY2012 Full Year

April 25, 2013

**Hiroshi Nakamura
Director and Managing Executive Officer**

Summary of Results

ADVANTEST

(¥B)

	FY2011 Full Year	FY2012								
		1Q	2Q	3Q	Jan 2013 Fcast	4Q	QoQ (%)	Jan 2013 Fcast	Full Year	YoY (%)
Orders	126.2	46.2	25.3	24.4	32.1	29.8	+22.6	128.0	125.7	-0.4
Sales	141.0	33.4	39.2	24.6	34.8	35.7	+45.0	132.0	132.9	-5.8
Cost of Sales	72.3	15.8	18.7	11.6	-	17.9	+55.3	-	64.0	-11.5
Gross Profit	68.7	17.6	20.5	13.0	-	17.8	+36.0	-	68.9	+0.3
Operating Income	0.8	0.8	2.6	-2.6	1.7	-0.7	-	2.5	0.1	-90.5
Non-Operating Income	-4.2	0.5	-0.8	-0.4	-	-0.7	-	-	-1.4	-
Income Before Tax	-3.4	1.3	1.8	-3.0	-	-1.4	-	-	-1.3	-
Net Income	-2.2	0.4	1.1	-3.4	-	-1.9	-	-	-3.8	-
Order Backlog	23.6	36.4	22.5	22.3	19.6	16.4	-26.2	19.6	16.4	-30.3

3

※ Former Verigy result is consolidated from 2011 2nd quarter on wards

All Rights Reserved - Advantest Corporation

2013/4/25

○ FY2012 Full Year Results Summary

- Orders ¥125.7B YoY - 0.4%
- Sales ¥132.9B YoY - 5.8%
- Operating Income ¥0.1B
- Income Before Tax -¥1.3B
- Net Income -¥3.8B

Non-operating loss mainly consisted of:
Forex -¥1.4B

○ Order Backlog -¥5.8B over Dec 31 2012 ¥16.4B

- Our full year results forecast as of Jan 30, 2013 was:
Orders: ¥128B; sales: ¥132B; operating income: ¥2.5B.
Sales surpassed our forecast, but orders and operating income fell short.

- The next slide analyzes the reasons operating income fell short of our forecast in the fourth quarter.

Analysis of 4Q Results vs. Forecast

ADVANTEST

(¥0.1B)

	4Q Forecast (Announced 3Q)	4Q Results		
		P/L Excluding Exchange Rate Impact	Exchange Rate Impact	
Sales	348	329	+28	357
Cost of Sales	165	169	+10	179
Gross Profit	183	160	+18	178
(Ratio)	(52.7%)	(48.6%)		(49.8%)
Operating Expenses	167	173	+12	185
Operating Income	17	▲13	+6	▲7

4

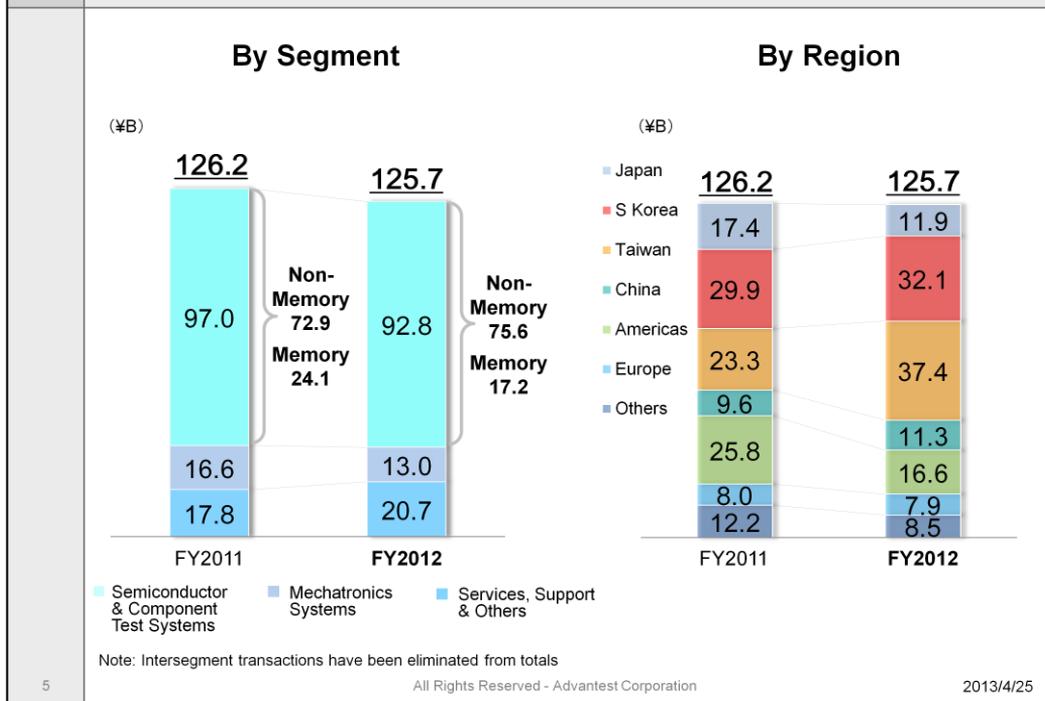
All Rights Reserved - Advantest Corporation

2013/4/25

- This slide presents an analysis of our 4Q results vs. our forecast published at the end of the third quarter.
 - Our 4Q forecast was calculated primarily on the basis of the following cumulative figures for 1Q-3Q:
Sales: ¥34.8B; operating income: ¥1.7B.
(Exchange rate assumptions: 1US\$: ¥80, 1€ : ¥101)
 - Excluding the impact of exchange rate fluctuations, sales would have reached ¥32.9B, missing our forecast by ¥1.9B. Gross profit was also negatively affected by a less profitable product mix in the quarter, deteriorating by 4.1 points to 48.6%.
 - Yen depreciation since the end of 2012 affected our results as follows:
Sales improved by ¥2.8B; cost of sales increased by ¥1.0B;
operating expenses increased by ¥1.2B; operating income grew by ¥0.6B.
(Exchange rate assumptions: 1US\$: ¥92, 1€ : ¥122)
 - As a result, despite sales of ¥35.7B, exceeding our forecast by ¥0.9B, operating income missed our forecast by ¥2.4B, leading to an operating loss of ¥0.7B.

FY2012 Results: Orders

ADVANTEST



○ Full Year Orders by Segment and Region

○ Orders by Segment

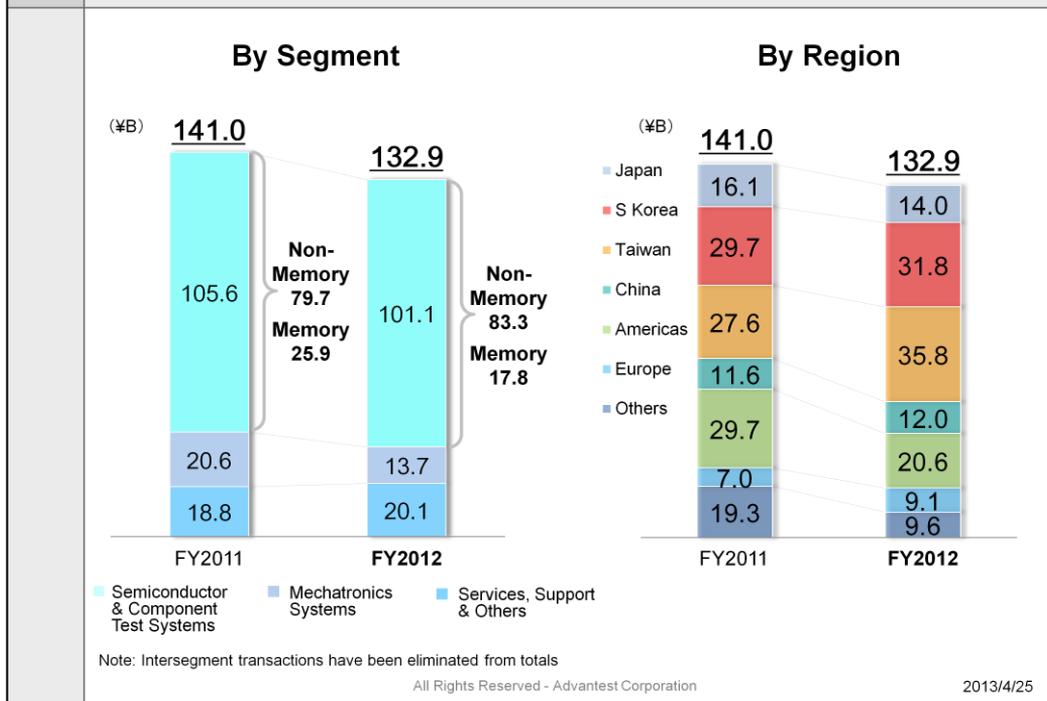
- Semiconductor & Component Test Systems ¥92.8B -4% YoY
 - Demands for non-memory testers especially strong in 1H due to market expansion in, and advancements in technology and functionality in smartphones and tablet computers. However, from mid-CY2012 PC sales fell sharply, thus demand for memory testers and non-memory testers for MPUs decreased markedly. Orders overall therefore fell
- Mechatronics Systems ¥13.0B -22% YoY
 - Lower test handler and device interface product demand in step with weakness in memory tester demand
- Services, Support & Others ¥20.7B +16% YoY
 - Increased service contract sales in step with higher tester sales

○ Orders by Region

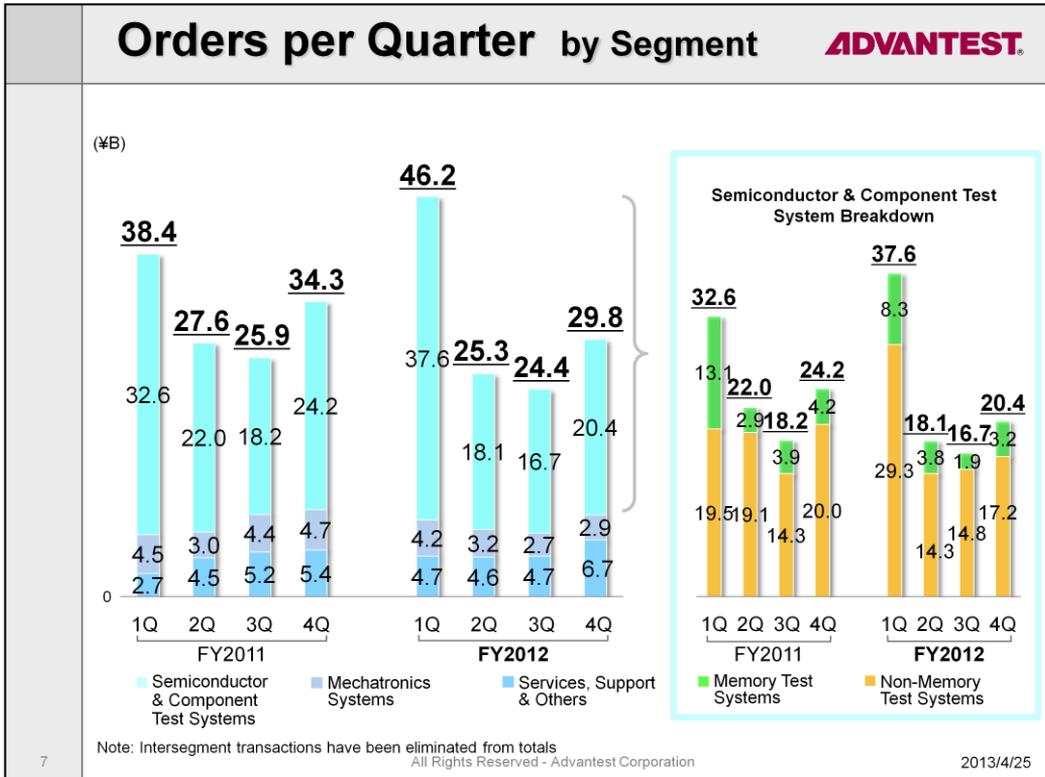
- Orders from Taiwan and S. Korea grew as many ICs used in mobile devices are manufactured in Asia. Orders from the US and Japan fell, as ICs for PCs and digital consumer electronics are made in these markets in high quantities

FY2012 Results: Sales

ADVANTEST



- Full Year Sales by Segment and Region
- Sales by Segment
 - Semiconductor & Component Test Systems ¥101.1B -4% YoY
 - Mechatronics Systems ¥13.7B -34% YoY
 - Services, Support & Others ¥20.1B +7% YoY
 - As with orders, sales of test system and mechatronics products fell due to weakness in PCs and digital consumer electronics
- Sales by Region
 - Sales to Taiwan and S. Korea grew for mobile device-use ICs.



○ FY2012 4Q Orders by Segment

○ Semiconductor & Component Test Systems

- +23% QoQ ¥20.4B
- Non-Memory Test Systems ¥17.2B
- Memory Test Systems ¥3.2B

(Main factors in increase)

- Overall driver was improved demand in the mobile device sector.
In memory testers, recovery in certain applications was seen.
In non-memory testers, test systems for LCD driver ICs for LCD display used in mobile devices performed well

○ Mechatronics Systems

- +8% QoQ ¥2.9B

(Main factors in increase)

- Gradual increase in step with improved memory-tester demand

○ Services, Support & Others

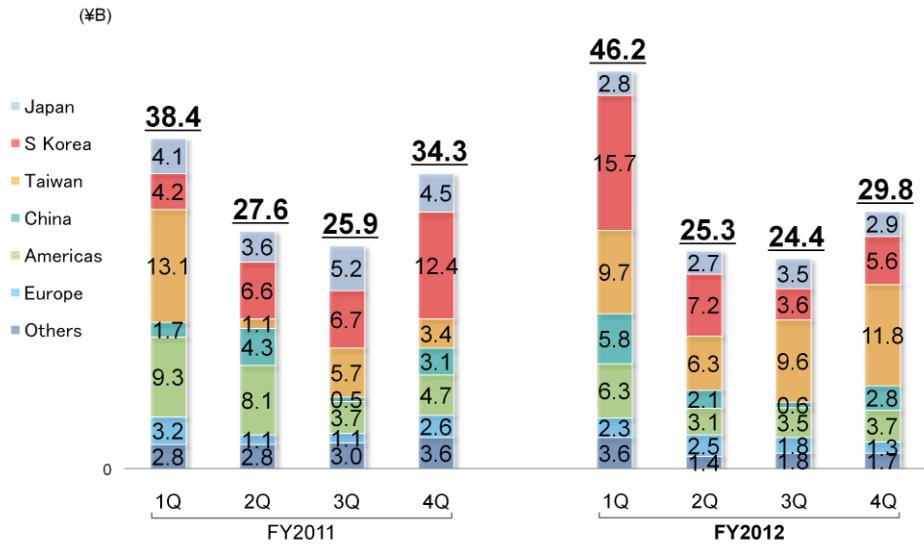
- +39% QoQ ¥6.7B

(Main factors in increase)

- Service contract sales increased seasonally

Orders per Quarter by Region

ADVANTEST



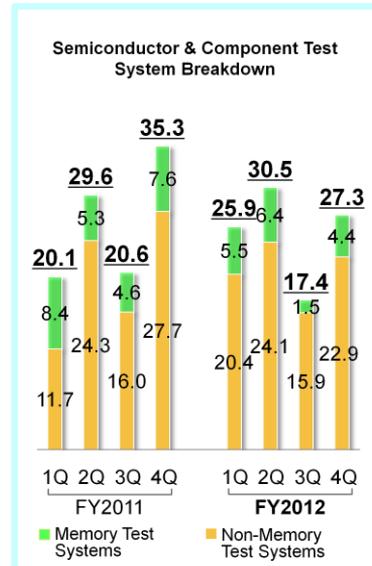
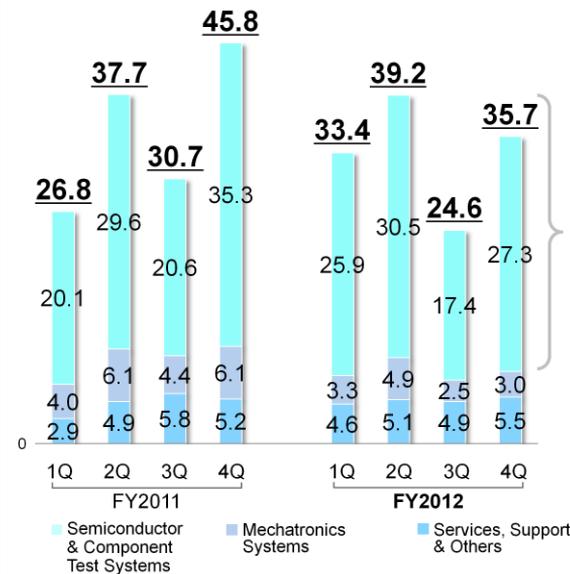
○ FY2012 Q4 Orders by Region

- Taiwan
Higher LCD driver IC tester demand
- S Korea
Higher DRAM tester demand

Sales per Quarter by Segment

ADVANTEST

(¥B)



Note: Intersegment transactions have been eliminated from totals

All Rights Reserved - Advantest Corporation

2013/4/25

○ FY2012 Q4 Sales by Segment

- Higher revenue overall due to mobile device-related applications

○ Semiconductor & Component Test Systems

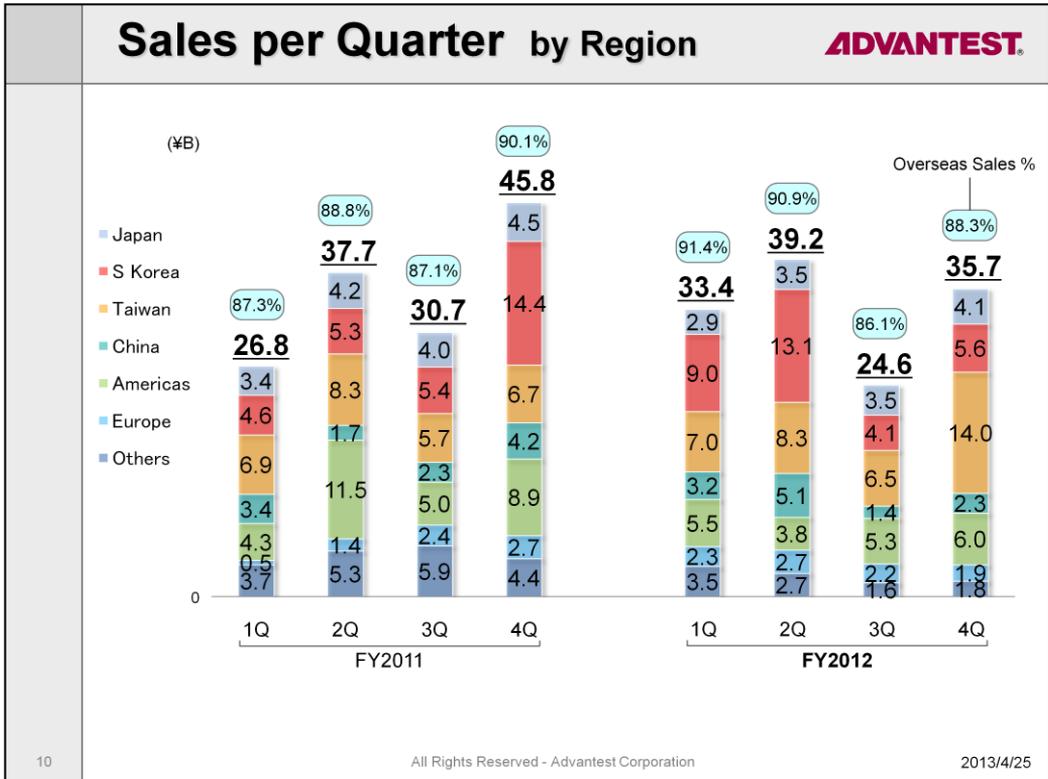
- +57% QoQ
- Non-Memory Test Systems ¥27.3B
- Memory Test Systems ¥4.4B

○ Mechatronics Systems

- +20% QoQ
- ¥3.0B

○ Services, Support & Others

- +12% QoQ
- ¥5.5B

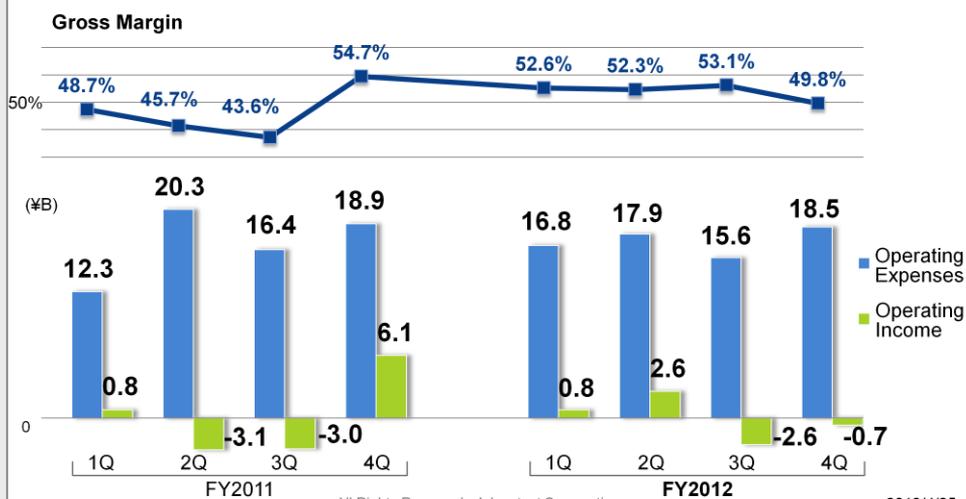


○ FY2012 4Q Sales by Region

- Taiwan
Non-memory testers for mobile device applications grew sharply for telecommunications application ICs and LCD driver ICs
- S Korea
Higher DRAM tester sales

Gross Profit/Operating Exp./Operating Income **ADVANTEST**

	FY2011	FY2012
Gross Margin	48.7%	51.9%
Operating Expenses (¥B)	67.9	68.8
Operating Income (¥B)	0.8	0.1

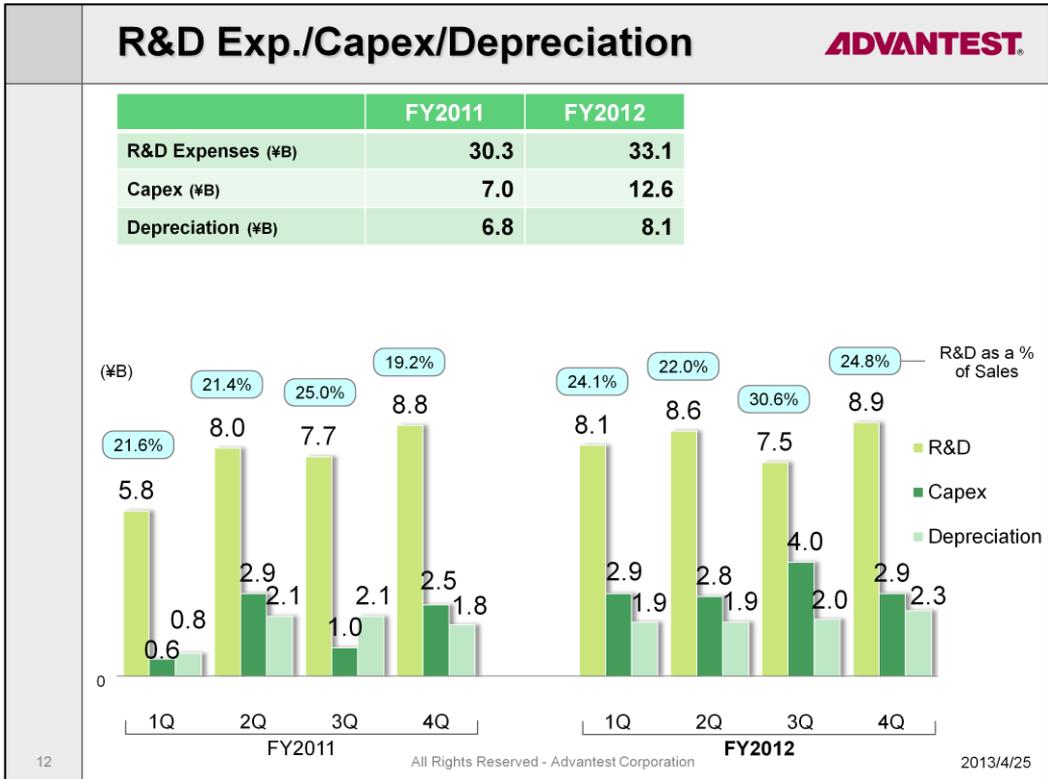


11

All Rights Reserved - Advantest Corporation

2013/4/25

- FY2012 Full Year Operating Income
- As a result of the foregoing factors, in FY2012 4Q we posted results as followed:
 - Gross Margin 49.8% (-3.3% QoQ)
 - Operating Expenses ¥18.5B (+¥2.9B QoQ)
 - Operating Loss ¥0.7B
- FY2012 Full Year:
 - Gross Margin 51.9%
 - Operating Expenses ¥68.8B
 - Operating Income ¥0.1B
- Gross margin improved as high-end non-memory testers performed well particularly in 1H, due to increasing functionality in mobile devices



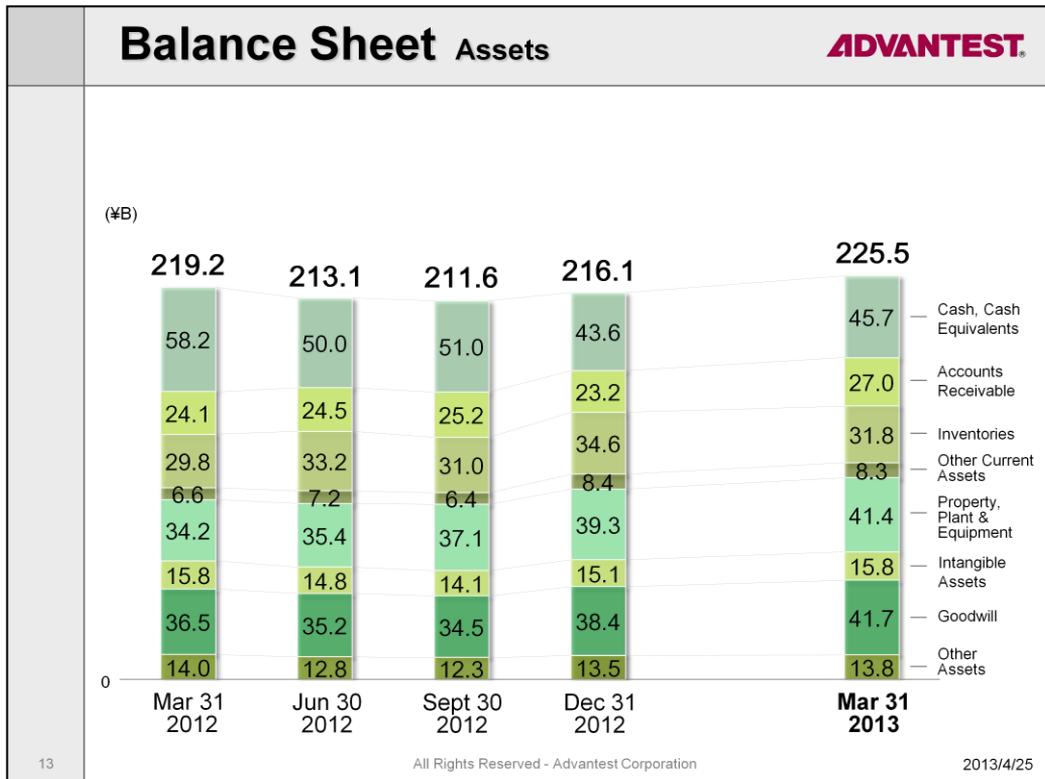
○ FY2012 Full Year Operating Expenses

○ FY2012 4Q:

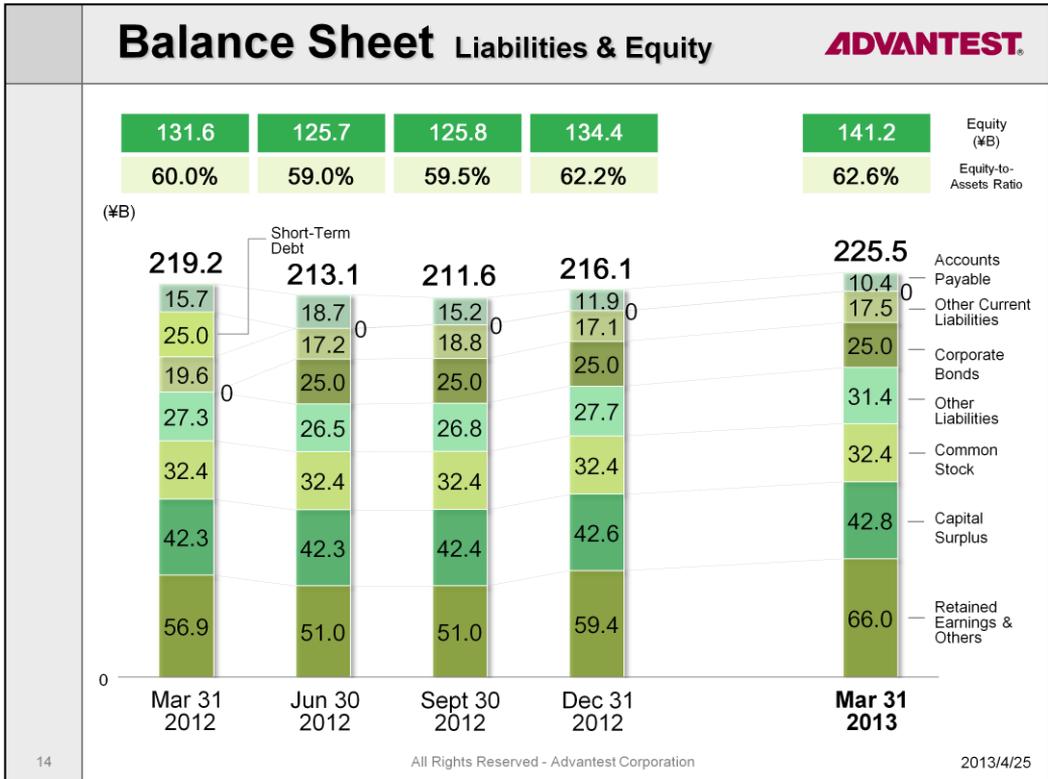
- R&D Expenses ¥8.9B +¥1.3B QoQ
Seasonal increase for payments to contractors.
- Capex ¥2.9B -¥1.1B QoQ
Main capex project is new factory in S Korea (under construction)
- Depreciation ¥2.3B

○ FY2012 Full Year:

- R&D Expenses ¥33.1B
- Capex ¥12.6B
- Depreciation ¥8.1B
- New S Korea factory, main reason for capex increase in FY2012, is scheduled for completion in May 2013. New factory will be a new operating base for test handlers and probe cards, to improve profitability in the mechatronics systems business



- Balance Sheet as of Mar 31, 2013
- Assets
 - Cash, Cash Equivalents & Short-Term Investments
+¥2.1B over Dec 31, 2012 ¥45.7B
 - Inventories
-¥2.8B over Dec 31, 2012 ¥31.8B
 - Property, Plant & Equipment
+¥2.1B over Dec 31, 2012 ¥41.4B
Increase in step with S Korea factory construction
 - Goodwill
+¥3.3B over Dec 31, 2012 ¥41.7B
Increase due to forex effects
- As a result, total assets:
+¥9.4B over Dec 31, 2012 ¥225.5B



○ Balance Sheet as of Mar 31, 2013

○ Liabilities & Equity

- Retained Earnings & Others
+¥6.6B over Dec 31, 2012 ¥67.B

- Equity ¥141.2B

- Equity-to-Assets Ratio
+0.4 percentage points over Dec 31, 2012 62.6%

FY2013 Business Outlook

**We Expect Reinvigoration in the
Memory Market**

April 25, 2013

**Haruo Matsuno
Representative Director, President & CEO**

■ Semiconductor Tester Market Outlook

- **Conditions to remain severe, but demand has bottomed with memory tester investment appetite higher**
- **Tester demand for high-end logic ICs likely to remain weak, but mobile device-related demand to strengthen from early summer; business environment to brighten. Especially good expectations for the memory tester market**

 **Grow core tester business and tester peripherals business building upon a recovering memory tester market**

- Tester market outlook, the premise for our business story in FY2013
 - Tester demand is lagging our estimates, heavily impacted by PC market softness and smartphone production adjustment that began at 2012 year end. 1Q sales are likely to remain at a low level. However, movements to recommence DRAM investment mean that the bottom has likely been reached
 - We expect that demand high-end logic testers, which has grown robustly over the past few years, could struggle to grow further. However, the overall market should be brighter from early summer, enlivened by the ramp-up of mobile device-related demand
 - We are especially positive on the memory tester market
 - We believe that the memory tester market will fuel growth in our core business and tester peripherals business this fiscal year

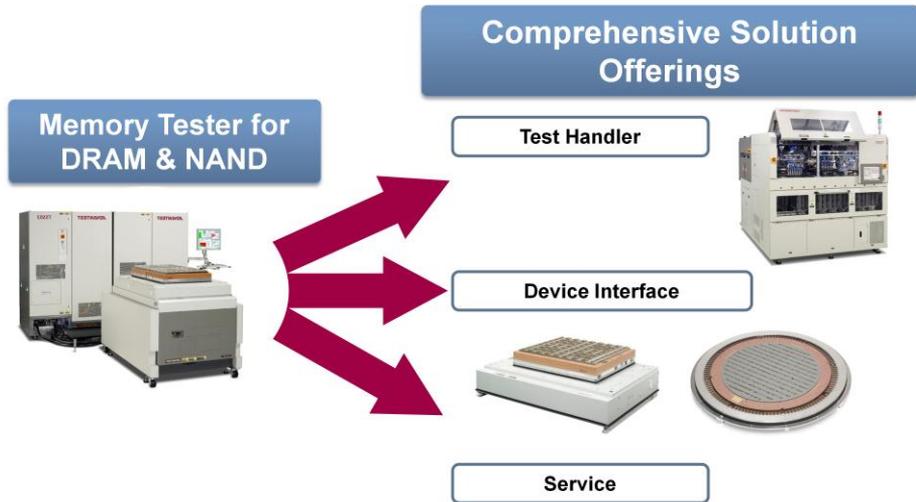
■ Memory Tester Business Environment to Improve

- **Memory IC makers have been cautious on new tester investments, but are starting to rekindle tester investment to expand supply**
- **In 2013, together with increasing functionality in mobile devices, memory IC will increase in speed and capacity**
- **Expect memory device production expansion and technological advancement to provide tailwind, and memory tester demand to recover**
- **Yen weakness also a positive from a price competitiveness standpoint**

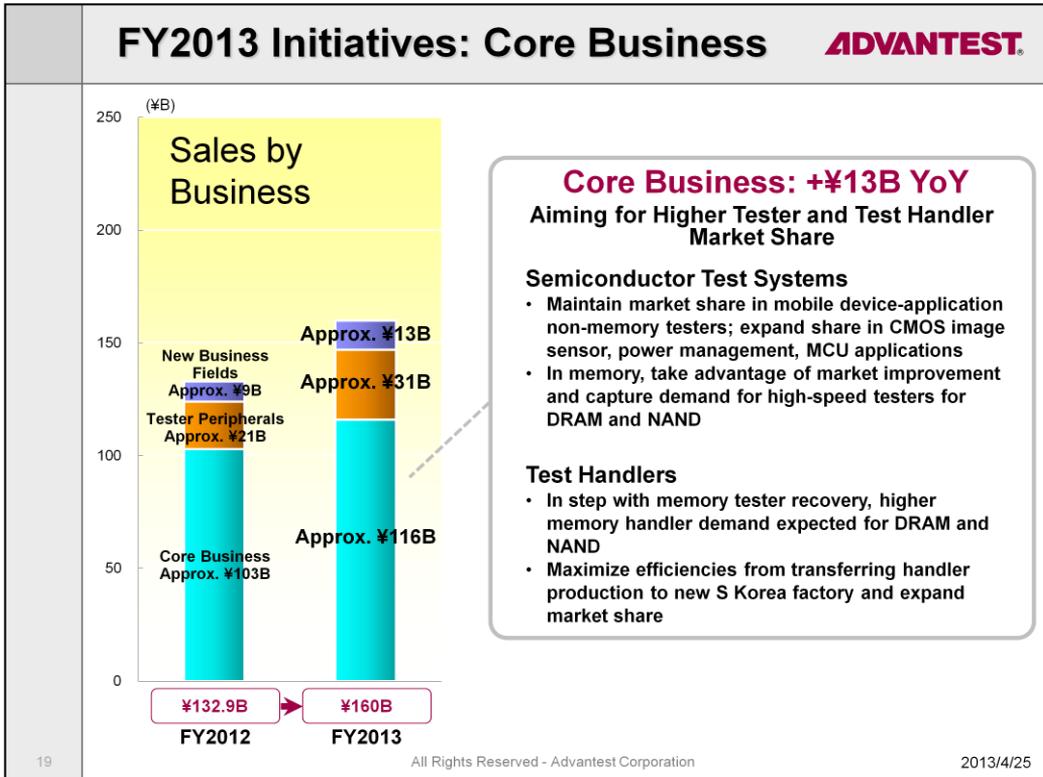
○ Memory tester market

- The memory tester market has been challenging for some time, with memory manufacturers cautious on capex. However, these firms now appear to be more optimistic, and are moving to recommence capital investments to expand capacity
- Also, higher-speed, larger-capacity DRAM and NAND flash memory ICs are expected to bloom in 2013, responding to the needs of higher-performance mobile devices
- Customers are expanding capacity and device technology is advancing. We thus expect demand for memory testers to expand on the strength of these trends
- We already command large market share in memory testers, particularly in DRAM, and yen depreciation is further boosting price competitiveness

■ Further Build Upon Market Improvement with Comprehensive Solutions

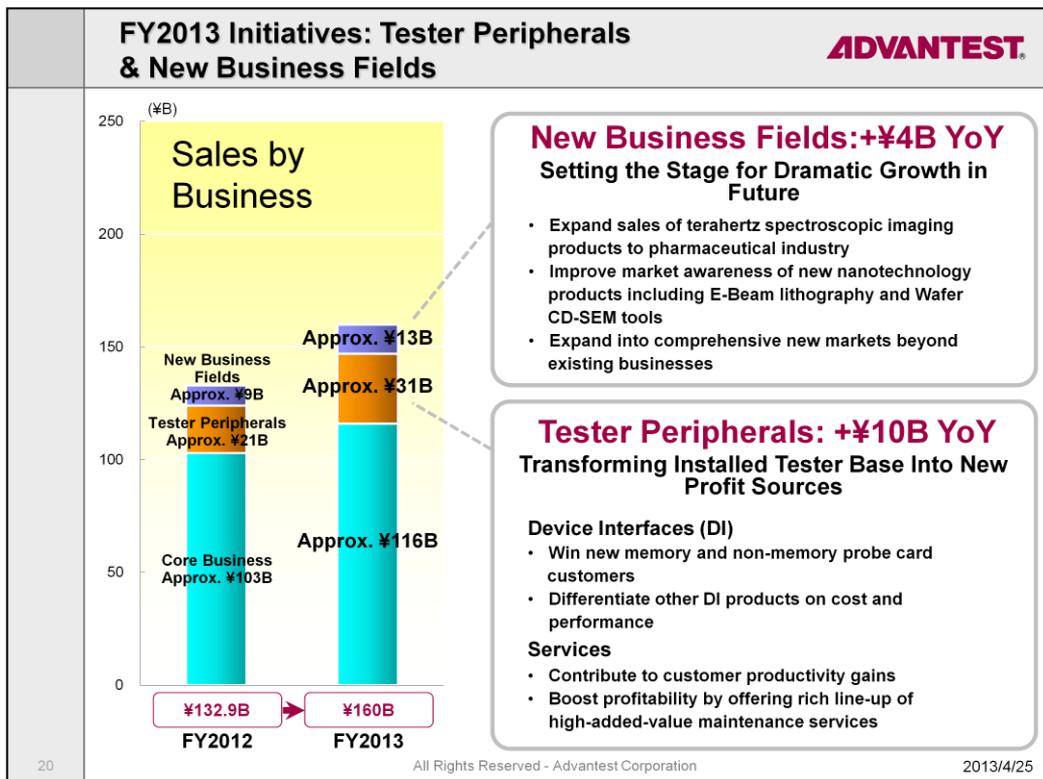


- Tester peripherals business, which is built upon the memory tester market
 - Advantest is poised to benefit from expected recovery in the memory tester market and expand DRAM and NAND flash memory tester sales with a line-up of optimized products
 - IC testing requires not only testers but also test handlers and device interface products such as probe cards. Demand for these tester peripherals is also expected to grow going forward. Demand for services, from tester installation to productivity improvement support, is also likely to expand
 - During recent years we have honed competitiveness and ability to offer comprehensive test solutions, positioning us to capture a broad swathe of demand for tester peripherals and services. We see FY2013 as a perfect opportunity for these investments to bear fruit



○ Our measure to improve results in FY2013.

- In these core business segments, we estimate that we hold 50%-55% market share in testers and 10%-15% share in test handles. We aim to further grow share, generating a ¥13 billion sales increase this fiscal year
- Goals for our tester business:
 - Maintain the past few years' market share gains in non-memory testers for mobile device-applications. Seek to capture market share in CMOS image sensors, power management devices, and MCU applications
 - Leverage memory tester recovery to further grow share, focusing on high-speed memory testers
- Goals for our test handler business:
 - Amid increasing demand for memory handlers, our technologically superior products have an opportunity created by the shift to advanced, finer-pitch devices beginning this year. We will seek to expand market share by exploiting our improved competitiveness gained by moving handler production to our new factory in South Korea



○ FY2013 new business fields and tester peripherals business outlook

- Goals for our new business fields:
 - Expand sales of terahertz products to the pharmaceutical industry
 - Improve market awareness of new nanotechnology products utilizing E-Beam technology
 - Expand into comprehensive new markets beyond semiconductor testing

These and other measures will set the stage for dramatic future growth in these sectors

- In the tester peripherals business, we aim to grow total sales from device interface products and services by ¥10 billion YoY
- Goals for our device interface business:
 - Our probe cards are at present under customer evaluation. We aim to win these customers' business and post initial results
 - We aim to grow market share for other device interface products by differentiating our products on cost and performance
- Goals for our services business:
 - Boost profitability by offering a rich line-up of high-added-value maintenance services such as support for customer productivity gains
- By reinforcing our tester peripherals business, we aim to generate further profits from our large installed tester base amassed over the years

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.