Financial Results
for FY2012 Full Year

April 25, 2013
Hiroshi Nakamura
Director and Managing Executive Officer
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.
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.

### Analysis of 4Q Results vs. Forecast

<table>
<thead>
<tr>
<th></th>
<th>4Q Forecast</th>
<th>4Q Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Announced 3Q)</td>
<td>P/L Excluding Exchange Rate Impact</td>
</tr>
<tr>
<td>Sales</td>
<td>348</td>
<td>329</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>165</td>
<td>169</td>
</tr>
<tr>
<td>Gross Profit (Ratio)</td>
<td>183 (52.7%)</td>
<td>160 (48.6%)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>167</td>
<td>173</td>
</tr>
<tr>
<td>Operating Income</td>
<td>17</td>
<td>▲13</td>
</tr>
</tbody>
</table>
○ 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

#### By Segment
- **Semiconductor & Component Test Systems**
  - **FY2011:** ¥105.6B
  - **FY2012:** ¥141.0B
    - **% YoY:** 4%

- **Mechatronics Systems**
  - **FY2011:** ¥18.8B
  - **FY2012:** ¥20.6B
    - **% YoY:** 34%

- **Services, Support & Others**
  - **FY2011:** ¥20.1B
  - **FY2012:** ¥20.1B
    - **% YoY:** 7%

As with orders, sales of test system and mechatronics products fell due to weakness in PCs and digital consumer electronics.

#### By Region
- **Japan**
  - **FY2011:** ¥16.1B
  - **FY2012:** ¥14.0B

- **S Korea**
  - **FY2011:** ¥29.7B
  - **FY2012:** ¥31.8B

- **Taiwan**
  - **FY2011:** ¥27.6B
  - **FY2012:** ¥35.8B

- **China**
  - **FY2011:** ¥11.6B
  - **FY2012:** ¥12.0B

- **Americas**
  - **FY2011:** ¥29.7B
  - **FY2012:** ¥20.6B

- **Europe**
  - **FY2011:** ¥7.0B
  - **FY2012:** ¥9.1B

- **Others**
  - **FY2011:** ¥19.3B
  - **FY2012:** ¥9.6B

Sales to Taiwan and S. Korea grew for mobile device-use ICs.

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**Notes:**
- Intersegment transactions have been eliminated from totals.
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**Questions:**
- **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
- **Sales by Region**
  - Sales to Taiwan and S. Korea grew for mobile device-use ICs.
### FY2012 4Q Orders by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>2011 (¥B)</th>
<th>2012 (¥B)</th>
<th>Increase QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductor &amp; Component Test Systems</td>
<td>32.6</td>
<td>46.2</td>
<td>+23%</td>
</tr>
<tr>
<td>Non-Memory Test Systems</td>
<td>22.0</td>
<td>25.3</td>
<td>+23%</td>
</tr>
<tr>
<td>Memory Test Systems</td>
<td>4.7</td>
<td>4.4</td>
<td>-7%</td>
</tr>
<tr>
<td>Mechatronics Systems</td>
<td>4.5</td>
<td>4.7</td>
<td>+8%</td>
</tr>
<tr>
<td>Services, Support &amp; Others</td>
<td>19.5</td>
<td>21.9</td>
<td>+12%</td>
</tr>
</tbody>
</table>

#### (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.

- Service contract sales increased seasonally
**Orders per Quarter by Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>38.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S Korea</td>
<td></td>
<td>27.6</td>
<td>25.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>4.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>13.1</td>
<td>6.6</td>
<td>6.7</td>
<td>12.4</td>
</tr>
<tr>
<td>Europe</td>
<td>1.7</td>
<td>4.3</td>
<td>4.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Others</td>
<td>9.3</td>
<td>8.1</td>
<td>5.7</td>
<td>4.7</td>
</tr>
</tbody>
</table>

**FY2012 Q4 Orders by Region**

- Taiwan
  - Higher LCD driver IC tester demand

- S Korea
  - Higher DRAM tester demand
- FY2012 Q4 Sales by Segment
  - Higher revenue overall due to mobile device-related applications

- Semiconductor & Component Test Systems
  - +57% QoQ: ¥27.3B
    - Non-Memory Test Systems: ¥22.9B
    - 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
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  ¥67.8B

- 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
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 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.
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
Based on the outlined above, our forecast for FY2013 is:

- Orders ¥165B
- Sales ¥160B
- Operating profit ¥13B
- Net profit ¥9.8B

As explained previously, we will seek growth in sales and orders via share gains and reinforcement of our test peripherals business.

The ongoing yen depreciation is basically a benefit, however its impact on results may vary depending on our business situation. For reference, our current outlook is:

- Approx. ¥0.34B increase in annual operating income per ¥1 depreciation vs the USD
- Approx. ¥0.1B decrease in annual operating income per ¥1 depreciation vs the Euro

Taking the above into account, we expect operating income margin of approx. 8% and a net margin of approx. 6% in FY2013.

Annual dividend is scheduled to be ¥20 per share.

We are far from complacent about our business environment. However, we will continue to proactively invest in plant and equipment and R&D in our priority sectors, taking a mid-to-long-term perspective. This fiscal year we will aggressively boost probe card-related capex and our new business portfolio.
NOTE

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