FY2011 3rd Quarter Financial Results
### Summary of Results

#### FY2011

<table>
<thead>
<tr>
<th>(¥B)</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q Actual</th>
<th>1-3Q Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>38.4</td>
<td>27.6</td>
<td><strong>25.9</strong></td>
<td><strong>91.9</strong></td>
</tr>
<tr>
<td>Sales</td>
<td>26.8</td>
<td>37.7</td>
<td><strong>30.7</strong></td>
<td><strong>95.2</strong></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>13.7</td>
<td>20.5</td>
<td><strong>17.3</strong></td>
<td><strong>51.5</strong></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>13.1</td>
<td>17.2</td>
<td><strong>13.4</strong></td>
<td><strong>43.7</strong></td>
</tr>
<tr>
<td>Operating Income</td>
<td>0.8</td>
<td>-3.1</td>
<td><strong>-3.0</strong></td>
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<tr>
<td>Non-operating income</td>
<td>-0.4</td>
<td>-2.0</td>
<td><strong>-0.4</strong></td>
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<tr>
<td>Income Before Tax</td>
<td>0.4</td>
<td>-5.1</td>
<td><strong>-3.4</strong></td>
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<tr>
<td>Net Income</td>
<td>0.3</td>
<td>-4.8</td>
<td><strong>-3.2</strong></td>
<td><strong>-7.7</strong></td>
</tr>
<tr>
<td>Operating Income(excluding integration-related expenses)</td>
<td>1.6</td>
<td>1.0</td>
<td><strong>-0.5</strong></td>
<td><strong>2.1</strong></td>
</tr>
<tr>
<td>Backlog</td>
<td>41.2</td>
<td>40.0</td>
<td><strong>35.2</strong></td>
<td><strong>35.2</strong></td>
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<tr>
<td>3Q on Q (%)</td>
<td>-6.1</td>
<td>-15.3</td>
<td>-22.0</td>
<td>-65.4</td>
</tr>
<tr>
<td>Y on Y (%)</td>
<td>21.8</td>
<td>27.6</td>
<td>17.4</td>
<td></td>
</tr>
</tbody>
</table>

#### 3rd Quarter (3Q) and 1-3Q Cumulative Results Summary

- **In 3Q**
  - Orders down 6% QoQ to 25.9 billion yen
    - Orders from MPU makers slowed and production adjustments and restrictions on new CapEx continued at customers
  - Sales down 18% QoQ to 30.7 billion yen
    - MPU and memory-related sales slowed
  - For income:
    - Operating loss 3.0 billion yen
    - Loss before tax 3.4 billion yen
    - Net loss 3.2 billion yen
  - Verigy integration expenses in Q3 2.5 billion yen
    - Excluding integration expenses, operating loss 0.5 billion yen
  - Backlog 35.2 billion yen Verigy accounts for about 30%

- **In 1-3Q**
  - Orders 91.9 billion yen YoY up 22%
  - Sales 95.2 billion yen YoY up 23%
    - Both figures flat YoY excluding Verigy accretion
## Summary of Results (excluding Verigy & integration costs)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th></th>
<th></th>
<th></th>
<th>FY2011</th>
<th></th>
<th></th>
<th></th>
<th>Q on Q (%)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>Q</td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>30.8</td>
<td>23.3</td>
<td>21.3</td>
<td>33.6</td>
<td>38.4</td>
<td>18.6</td>
<td>17.0</td>
<td>-8.8</td>
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<tr>
<td>Sales</td>
<td>23.5</td>
<td>28.6</td>
<td>25.4</td>
<td>22.1</td>
<td>26.8</td>
<td>30.2</td>
<td>22.0</td>
<td>-26.8</td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>11.9</td>
<td>14.9</td>
<td>13.5</td>
<td>10.8</td>
<td>13.7</td>
<td>15.3</td>
<td>11.9</td>
<td>-22.0</td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>11.6</td>
<td>13.7</td>
<td>11.9</td>
<td>11.3</td>
<td>13.1</td>
<td>14.9</td>
<td>10.1</td>
<td>-31.7</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>1.8</td>
<td>2.9</td>
<td>1.2</td>
<td>0.2</td>
<td>1.6</td>
<td>1.5</td>
<td>-0.9</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Backlog</td>
<td>27.6</td>
<td>22.3</td>
<td>18.2</td>
<td>29.6</td>
<td>41.2</td>
<td>29.7</td>
<td>24.7</td>
<td>-17.1</td>
<td></td>
</tr>
</tbody>
</table>
### Orders by Business Segment

**Semiconductor & Component Test Systems Breakdown**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>QoQ down 17%</td>
<td>18.2</td>
<td>18.2</td>
</tr>
<tr>
<td>Verigy contribution 6.4 billion yen</td>
<td>6.4</td>
<td>6.4</td>
</tr>
</tbody>
</table>

*Main factors in decline*
- Non-memory Testers
- T2000 orders from MPU makers declined,
- Overall low utilization at semiconductor makers
- Memory Testers
- Falling DRAM prices on stagnant PC demand,
- Many memory makers restricting new CapEx

**Mechtronics Systems**
- QoQ up 45% 4.4 billion yen

*Main factor in rise*
- Recovery in handler orders

**Services, Support & Others**
- QoQ up 15% 5.2 billion yen

*Main factor in rise*
- Increased service contracts due to seasonality

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**FY 3Q Orders by Business Segment**
- **Semiconductor & Component Test Systems**
  - QoQ down 17% 18.2 billion yen
  - Verigy contribution 6.4 billion yen

  *(Main factors in decline)*
  - Non-memory Testers
  - T2000 orders from MPU makers declined,
  - Overall low utilization at semiconductor makers
  - Memory Testers
  - Falling DRAM prices on stagnant PC demand,
  - Many memory makers restricting new CapEx

- **Mechtronics Systems**
  - QoQ up 45% 4.4 billion yen

  *(Main factor in rise)*
  - Recovery in handler orders

- **Services, Support & Others**
  - QoQ up 15% 5.2 billion yen

  *(Main factor in rise)*
  - Increased service contracts due to seasonality

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Orders by Region

FY2011 3Q Orders by Region

- Taiwan
  - QoQ up 5 times 5.7 billion yen

  (Main factors in rise)
  - Higher orders from communications chip makers,
  - Memory testers orders canceled in Q2 – comparison effects

- Japan
  - QoQ up 44% 5.2 billion yen

  (Main factor in rise)
  - Higher T2000 orders from micro controller makers

- China
  - QoQ down 88% 0.5 billion yen

  (Main factor in decline)
  - Lower demand for memory and non-memory testers

- Americas
  - QoQ down 54% 3.7 billion yen

  (Main factor in decline)
  - Lower T2000 orders from MPU makers
○ FY2011 3Q Sales by Business Segment

○ Semiconductor & Component Test Systems
  • QoQ down 30%  20.6 billion yen
    (Main factor in decline)
    • Non-memory testers
      • Lower T2000 sales to MPU makers

○ Mechatronics Systems
  • QoQ down 26%  4.4 billion yen
    (Main factor in decline)
    • Investment restrictions at customers

○ Services, Support & Others
  • QoQ up 21%  5.8 billion yen
○ FY2011 3Q Sales by Region

- Sales fell in Taiwan and the Americas
  - Americas
    - QoQ down 56% 5.0 billion yen
      (Main factor in decline)
      - Lower T2000 sales to MPU makers
  - Taiwan
    - QoQ down 31% 5.7 billion yen
      (Main factor in decline)
      - Lower memory tester sales
FY2011 3Q Operating Income

- Gross Profit Margin 43.6%
  - Margin excluding integration expenses 49.3%
- Operating Expenses 16.4 billion yen
  - Integration expenses 0.8 billion yen
  - Verigy operating exp. 4.6 billion yen
- Operating Loss 3.0 billion yen
### R&D Expenses/CapEx/Depreciation

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R&amp;D</strong></td>
<td>2.9</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>CapEx</strong></td>
<td>0.8</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Depreciation/Amortization</strong></td>
<td>0.7</td>
<td>0.8</td>
</tr>
</tbody>
</table>

#### Observations
- **R&D Expenses**
  - QoQ down 4% 7.7 billion yen
  - Verigy R&D 2.2 billion yen
- **CapEx**
  - 1.0 billion yen
- **Depreciation & Amortization**
  - 2.1 billion yen
  - Intangible asset amortization within integration expenses 0.7 billion yen
## Balance Sheet as of Dec. 31 2011

### Assets
- **Cash, cash equivalents and short-term investments**
  - Up 0.2 billion yen vs. Sept. 30 2011 65.4 billion yen

- **Inventories**
  - Down 2.1 billion yen vs. Sept. 30 2011 33.3 billion yen

- **As of Dec. 31 2011**
  - Intangible Assets 15.6 billion yen
  - Goodwill 34.6 billion yen

### Total Assets
- Down 9.4 billion yen vs. Sept. 30 2011 219.5 billion yen
### Liabilities & Equity

- **Equity** 125.0 billion yen
- **Equity-to-Assets Ratio**
  - Up 1.3% points 57.0%
The next section provides an overview of Advantest’s outlook for FY2011 Q4 onward
Business Outlook Going Forward

◆ Overall

- Recovery in demand on the horizon from major US and S. Korean IC makers
- Market share building efforts in non-memory chip testers to bear fruit
- Move from DRAM-based to SoC-based business structure completed

![SoC Tester Sales as a % of Overall Sales](chart)

- Consumer demand has slowed, and with exception of a few major customers, customers are cautious on new tester investment. Particularly in testers for PC DRAM, continued price declines mean severe conditions persist. In non-memory testers, end-product demand remains weak and utilization rates at customers remains low

- However, Advantest has received business inquires, from major US and South Korean communications IC makers, for testers for chips used in smart phones and tablet computers. Recovery in orders is in sight

- In this environment, efforts to increase market share in non-memory testers are bearing fruit. According to an internal study, non-memory tester market share increased to around 50% as of 2011 year end. Shifting the business focus going forward, the move from an DRAM-based to SoC-based business structure is complete

- Moreover, terahertz wave spectroscopic/imaging analysis system and external sales of MEMS relays, which previously were only used in-house, launched from FY2012. Advantest’s commitment to actively cultivating new business fields, for further operating stability, is un-wavered.
## Business Outlook Going Forward (Tester Market)

### Non-memory Testers
- Growth expected in communications IC market – a strongpoint of Verigy’s products
- Demand growth also expected in testers for MPUs and APs, for which move to higher sophistication and multi-functionality is quickening pace
- Strong inquiries for image sensor solutions
  Adoption of solutions for power chips at key customers globally continuing

### Memory Testers
- Mobile DRAM to become investment focus with speeds continuing to increase
- T5773 for high-speed NAND flash memory also expected to do well

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Tester Market Outlook Going Forward

- In non-memory testers, driven by increased demand for communication equipment such as smart phones, Advantest expects increased demand for communications IC testers – a strongpoint of Verigy products
- Advantest also expects growth in MPU and AP testers, particularly for APs fitted to smart phones and tablet computers
- As a new market in non-memory testers, inquiries for image sensor solutions has been strong. Advantest also expects further adoption globally by major customers of power chip testers
- In the memory test market, the main driver of demand is expected to be testers for mobile DRAM, for which speed continues to increase
- Along with higher speeds in NAND flash memory, the T5773 for NAND flash memory, announced last year, is also expected to see strong demand
Verigy Integration Progress

Building a Structure to Maximize Synergies

- To strengthen the business, overseas subsidiaries/affiliates to be reorganized in April 2012. With a general principal of one region-one company, offices to be consolidated in each region

- Sales and service engineering staff reallocation already started

- Melding Advantest’s and Verigy’s technological strong points, begin R&D of overwhelmingly superior new products

- To lower costs, start working on parts commonization

Verigy Integration Progress

- Advantest is building an operating structure to maximize synergies

- Verigy is currently a wholly-owned subsidiary of Advantest
  From FY2012, the two companies will be merged as one
  From April 2012, with a general principal of one region-one company, offices will be consolidated and operations strengthened in each region

- Reallocation of sales and service engineering staff has already begun; the integration has started even before the legal integration

- In R&D, overlapping development themes at the two companies are being adjusted
  R&D processes are already being combined
  Combing strong points of both companies’ technologies, R&D started for overwhelmingly superior new products

- To improve margins, Advantest started working on parts commonization
Verigy Integration Progress

Integration Expenses

- Integration-related expenses
  - 2.5 billion yen booked in Q3
  - 0.9 billion yen expected for Q4, full-year total expected to reach 8.3 billion
- As of Q3 end, goodwill impairment not foreseen

Tester Market Share CY2011 base

Source: Advantest estimates

Verigy Integration Progress (continued)

- 2.5 billion yen booked in Q3 for integration expenses
  - 0.9 billion yen expected in Q4
  - 8.3 billion yen expected in total for the full year
- Goodwill impairment not foreseen this FY
- According to Advantest estimates, overall tester market share grew sharply to about 49% at CY2011 end. Fusing the power of Advantest and Verigy, Advantest will furthermore raise share greatly
## FY2011 Earnings Forecasts

### Advantest Plans Annual Dividend of 15 yen per share

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>1-3Q</th>
<th>4Q (fcast)</th>
<th>Total (fcast)</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>109.0</td>
<td>91.9</td>
<td>33.1</td>
<td>125.0</td>
<td>14.7</td>
</tr>
<tr>
<td>Sales</td>
<td>99.6</td>
<td>95.2</td>
<td>42.8</td>
<td>138.0</td>
<td>38.5</td>
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<tr>
<td>Operating Income</td>
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<td>-5.3</td>
<td>6.3</td>
<td>1.0</td>
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<tr>
<td>Net Income</td>
<td>3.2</td>
<td>-7.7</td>
<td>6.7</td>
<td>-1.0</td>
<td>-</td>
</tr>
</tbody>
</table>

### Operating Income (excluding integration-related expenses)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>1-3Q</th>
<th>4Q (fcast)</th>
<th>Total (fcast)</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>6.1</td>
<td>2.1</td>
<td>7.2</td>
<td>9.3</td>
<td>52.5</td>
</tr>
<tr>
<td>Backlog</td>
<td>29.6</td>
<td>35.2</td>
<td>25.5</td>
<td>25.5</td>
<td>-14.1</td>
</tr>
</tbody>
</table>

### FY2011 Q4 Forecasts
- Orders: 33.1 billion yen
- Sales: 42.8 billion yen
- Operating income: 6.3 billion yen
- Net income: 6.7 billion yen

### FY2011 Full Year Forecasts
- Orders: 125.0 billion yen (YoY up 14.7%)
- Sales: 138.0 billion yen (YoY up 38.5%)
- Operating Income: 1.0 billion yen (YoY down 83.6%)
- Net loss: 1.0 billion yen (YoY down 4.2 billion yen)

### In step with business expansion, Advantest plans a FY2011 full-year dividend of 15 yen per share

### Mid-term Management Targets
- Sales: 250.0 billion yen
- Operating margin: 20% or higher
- Tester & handler combined market share: 50% or higher

Advantest is working to meet these targets in FY2014.
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.