

The 76th Ordinary General Meeting of Shareholders

June 27, 2018

ADVANTEST CORPORATION

Overall Conditions

Global Economy

- U.S.: Solid growth
- Europe, Japan: Accelerating recovery
- China, Emerging Economies: Continual growth

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2

In the 2017 fiscal year, the global economy continued its overall recovery trend.

In developed countries, in addition to the strong U.S. economy, signs of an accelerating recovery were seen in Europe and Japan.

Growth also continued in emerging economies such as China.

Overall Conditions

Semiconductor Industry

- Slow investment into smartphone semiconductor equipment
- Strong demand for automotive semiconductors and sensors
- Strong investment for expanding production capacity by memory semiconductor manufacturers

Foreign Exchange

- Average exchange rates
1 USD = 111 JPY (108 JPY for previous year)
1 EUR = 129 JPY (119 JPY for previous year)

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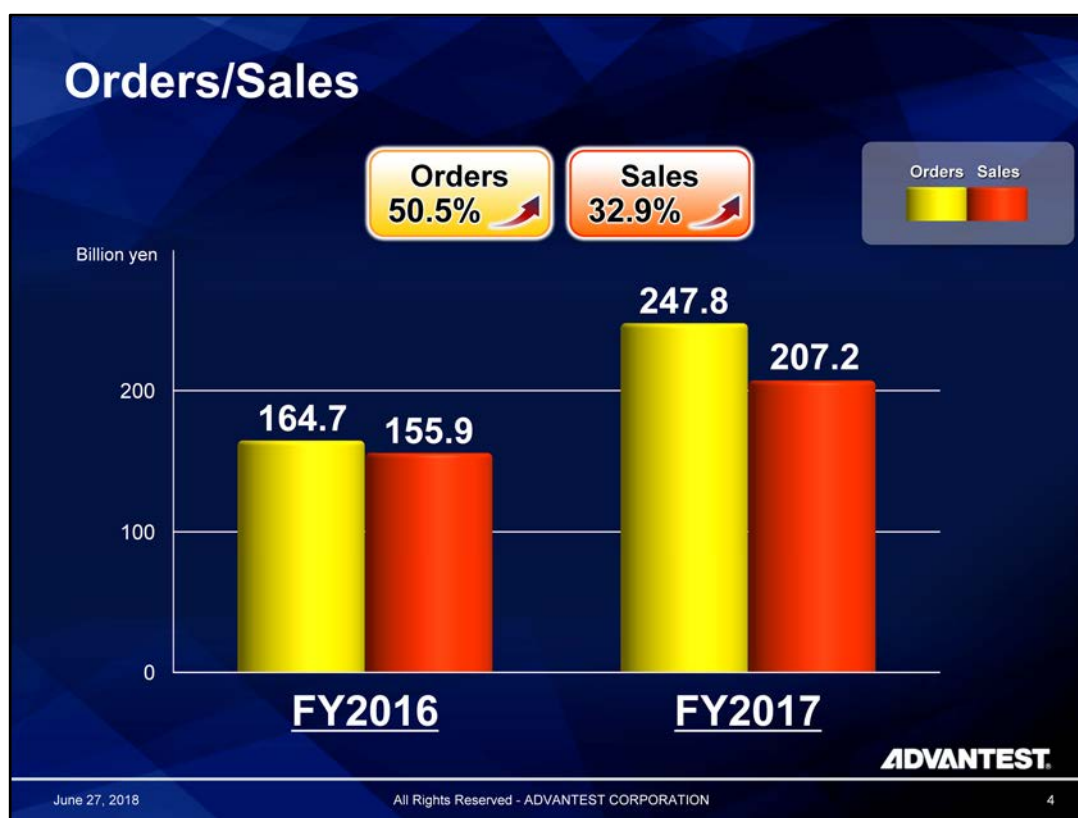
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3

In Semiconductor markets, due to prolonged Chinese smartphone inventory adjustments, CAPEX in smartphone related applications experienced a general slump. However, automotive semiconductors and sensors saw solid growth in demand owing to advances in automotive electronics.

Moreover, vigorous growth in demand for data center-related semiconductors continued, especially for 3D NAND flash and DRAM, prompting memory semiconductor manufacturers to actively invest in expanding production capacity.

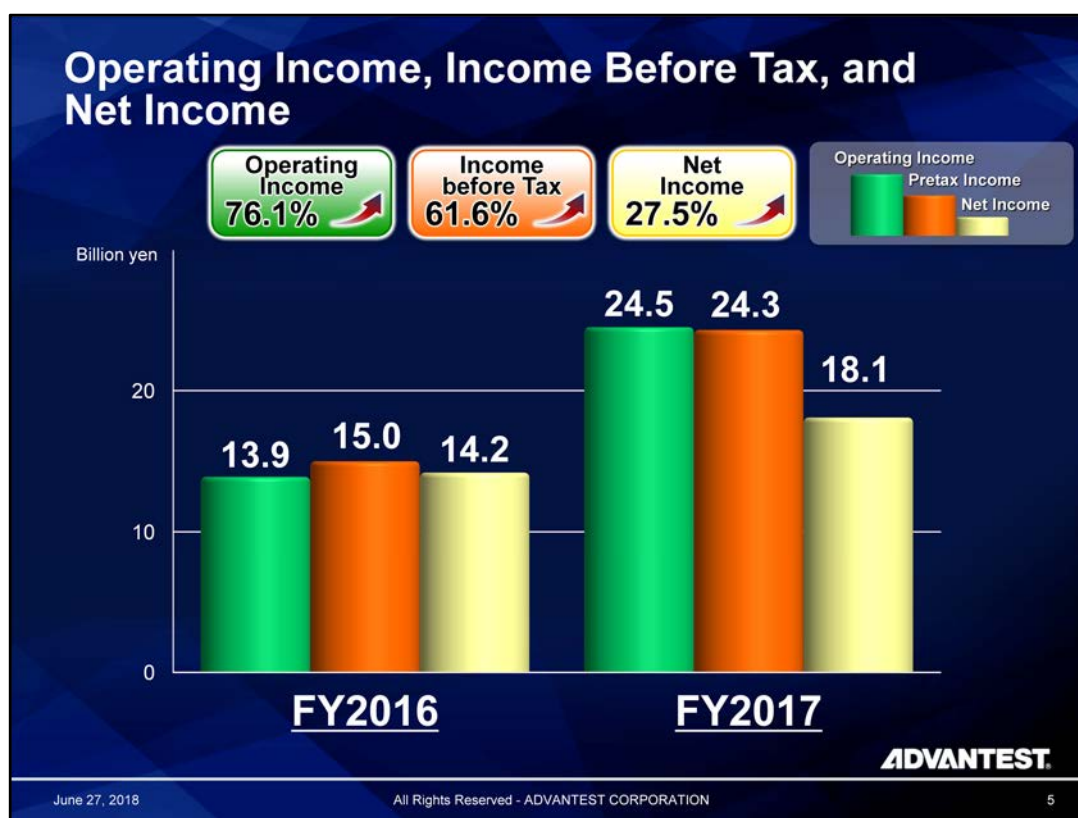
The average foreign exchange rates for this fiscal year were 111 Japanese yen to the US dollar and 129 Japanese yen to the euro.



In this business environment, Advantest captured demand for test equipment for memory semiconductors and automotive semiconductors, both of which have shown remarkable growth, as well as a boost sales of peripheral devices for semiconductor testing. Advantest also took steps to increase production capacity in order to keep up with the steep increase in product demand.

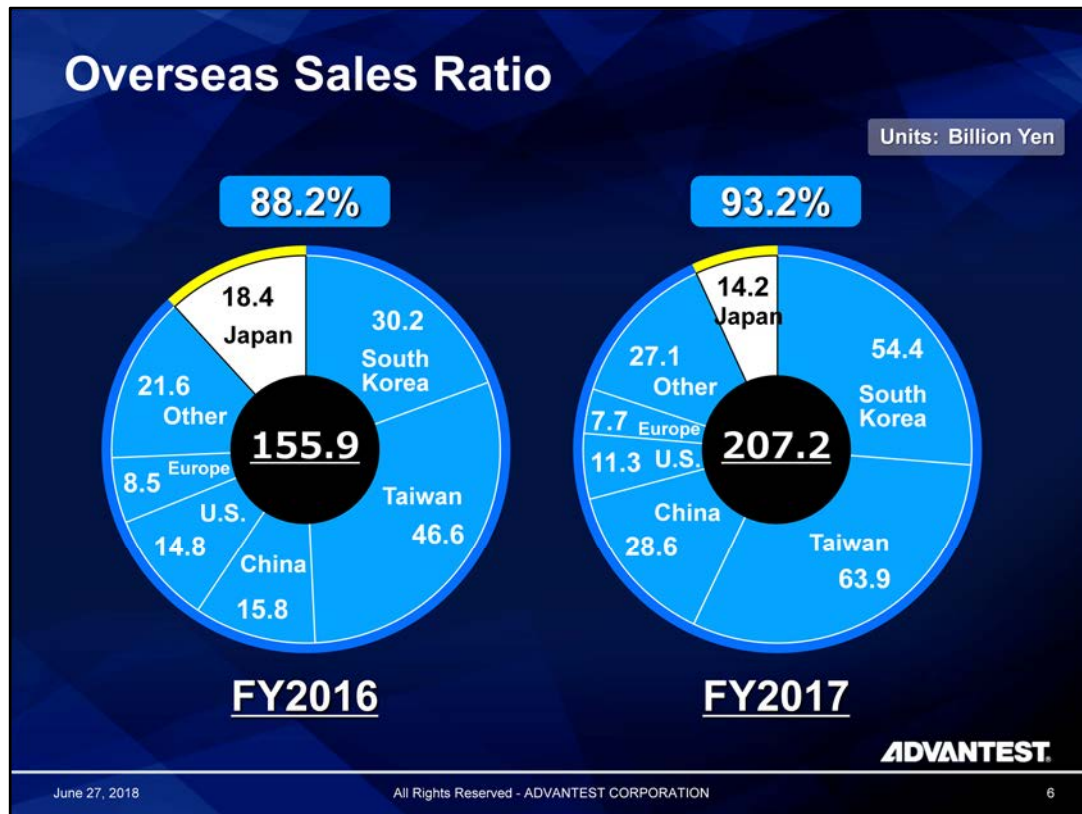
As a result, orders received were 247.8 billion yen, a 50.5% increase from the previous fiscal year, and net sales were 207.2 billion yen, a 32.9% increase from the previous fiscal year.

Both results marked their highest level in 11 years, since fiscal 2006.

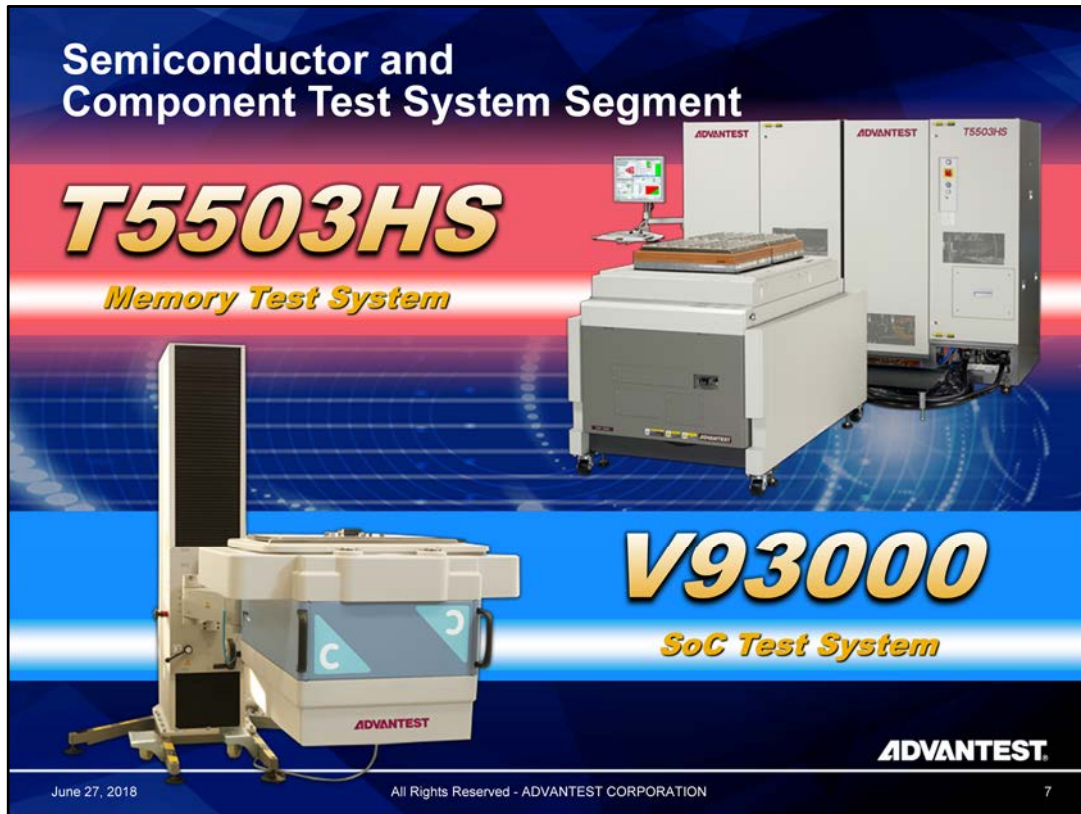


Gross margin was less than that of the previous fiscal year due to factors such as a product mix having a lower proportion of higher profitable products and the recording of write-down to inventories in nanotechnology. Nonetheless, our concerted efforts to improve operational efficiency led to operating income reaching 24.5 billion yen, a 76.1% increase from the previous fiscal year.

Income before tax was 24.3 billion yen, a 61.6% increase from the previous fiscal year, and net income was 18.1 billion yen, a 27.5% increase from the previous fiscal year.



The percentage of net sales to overseas customers was 93.2%.

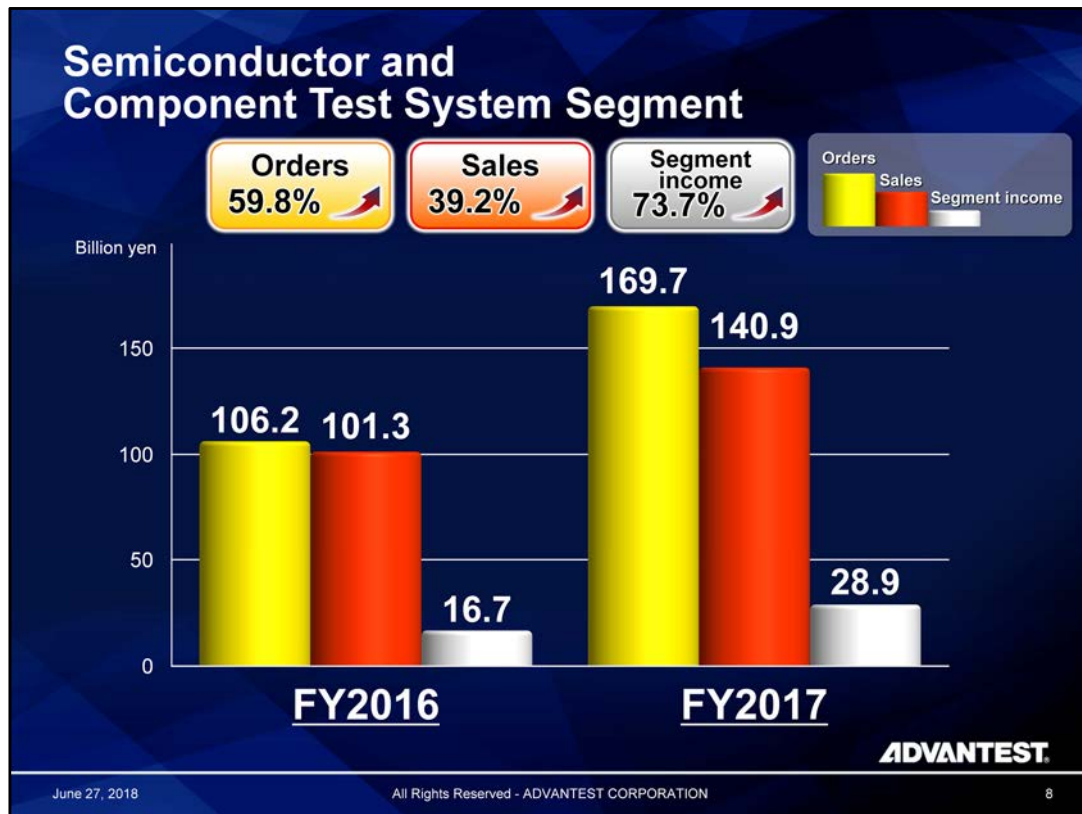


following are the results for each business segment.

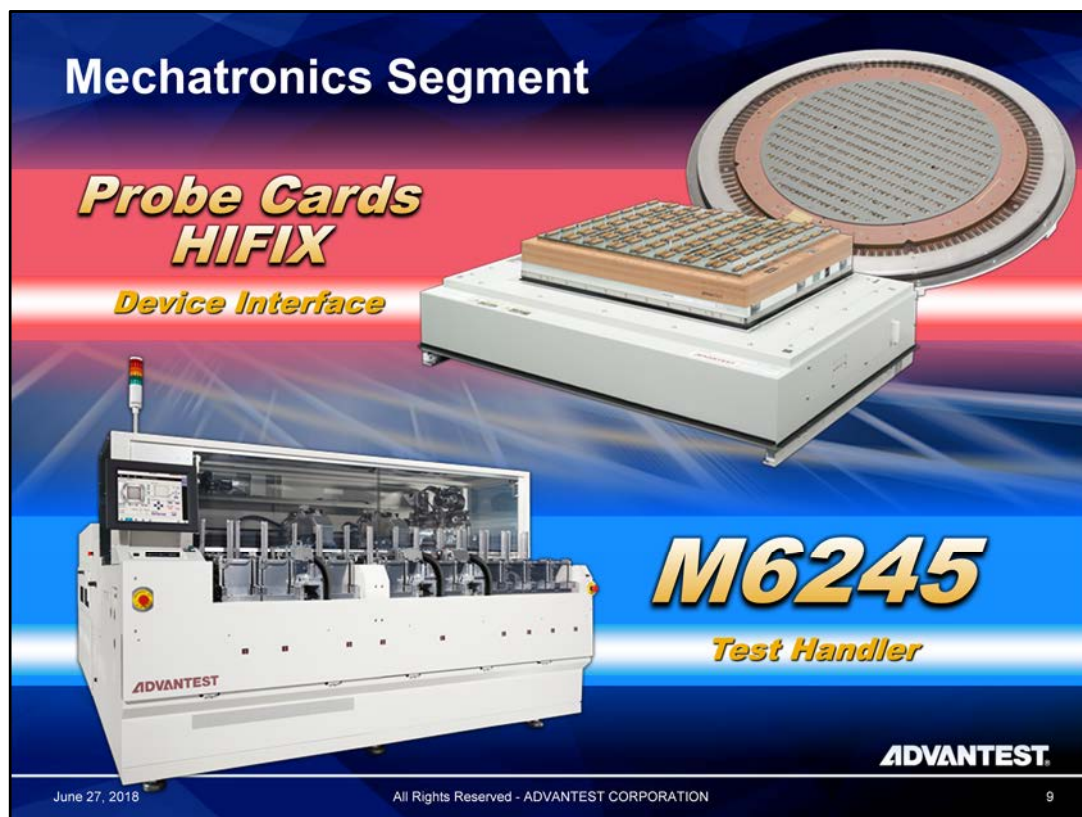
In the semiconductor and component test system segment, non-memory semiconductor test system business was strong throughout the year driven by strong demand from automotive semiconductors, OLED display drivers, and LCD display drivers.

Demand for smartphone-related semiconductor test equipment, which had been stagnant since the beginning of the fiscal year, began to recover at the end of 2017.

In our memory semiconductor test system business, both orders received and sales grew significantly compared to the previous fiscal year due to the vigorous growth in capex by memory semiconductor manufacturers and we captured larger market share.

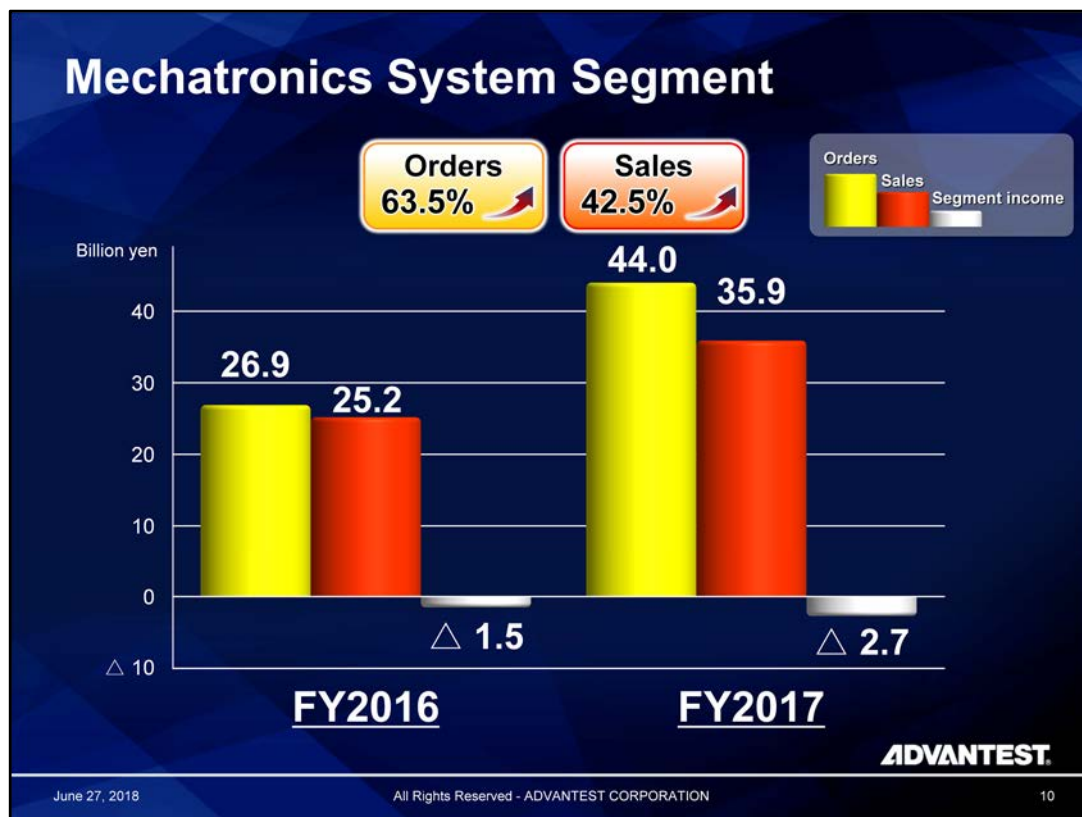


As a result, orders received for this segment were 169.7 billion yen, a 59.8% increase from the previous fiscal year, net sales were 140.9 billion yen, a 39.2% increase from the previous fiscal year, and segment income was 28.9 billion yen, a 73.7% increase from the previous fiscal year.

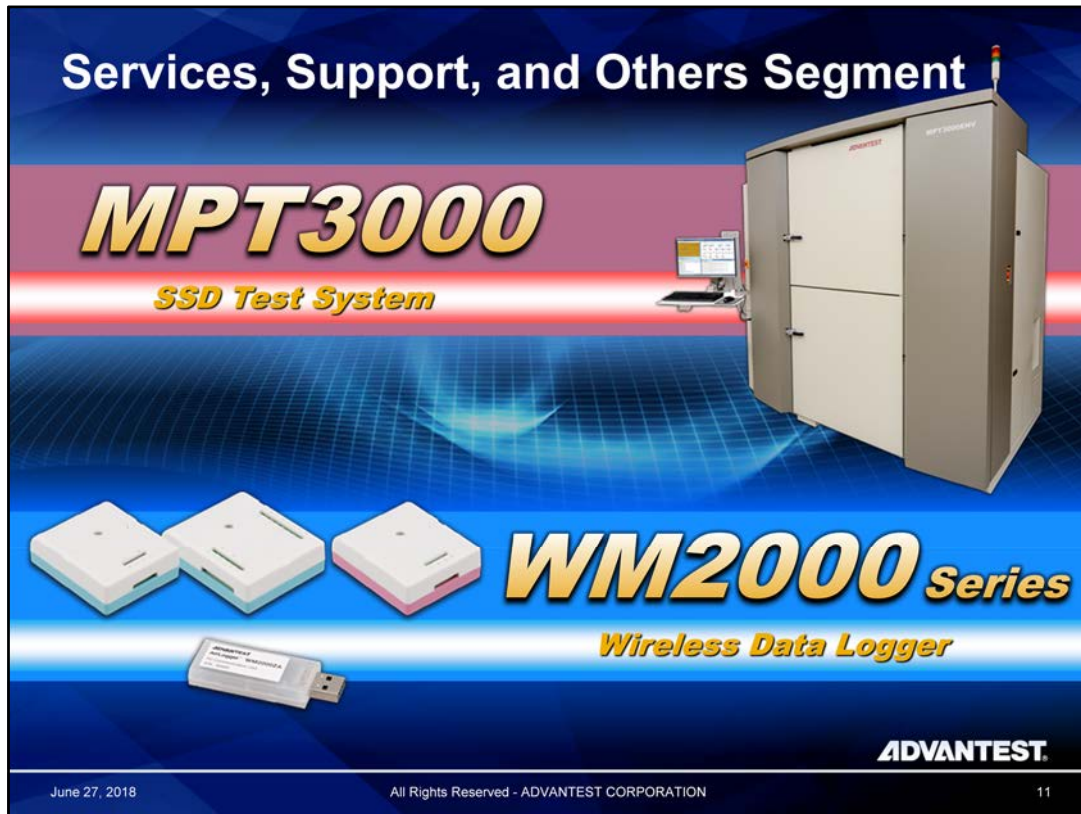


In the mechatronics segment, Sales of device interfaces, which correlate highly with memory semiconductor test system demand, increased due to aggressive investment by memory semiconductor manufacturers in capacity expansion. As investment for mass production of automotive semiconductors expanded, the demand for test handlers also showed strong growth.

However, our nanotechnology business recorded a loss of 3.3 billion yen in write-down to inventories during the third quarter as a result of our decision to cancel some projects.



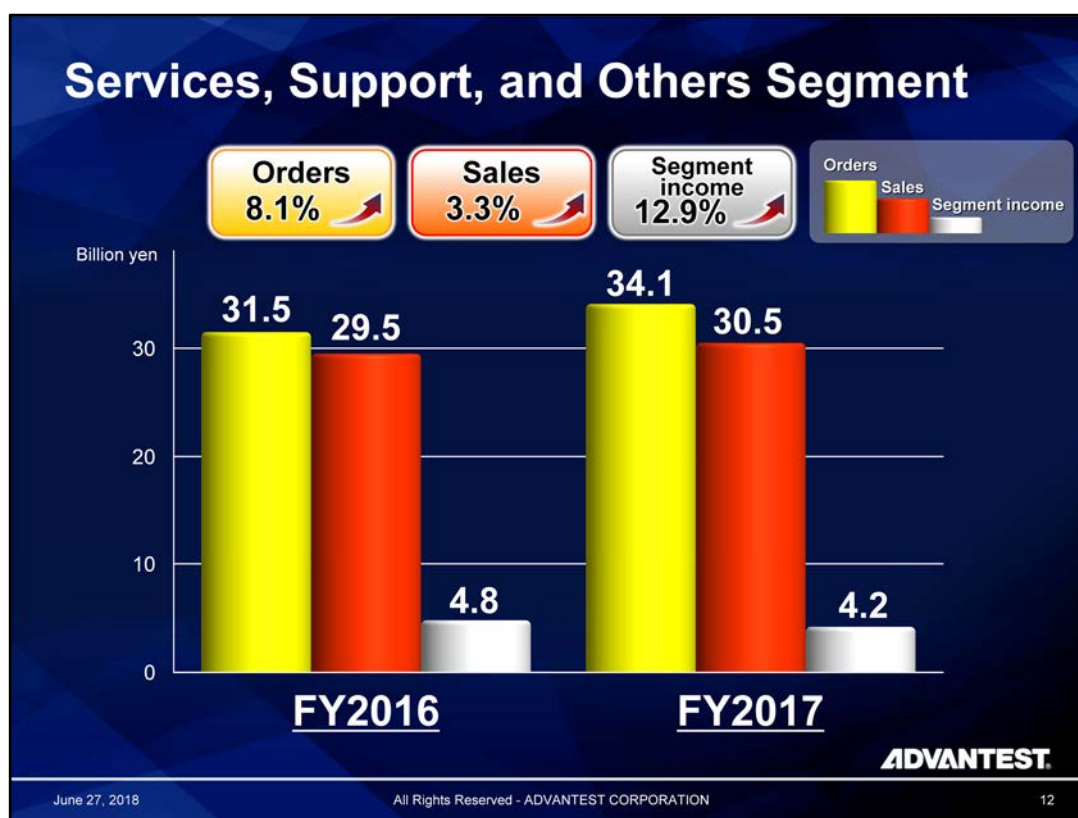
As a result, orders received for this segment were 44.0 billion yen, a 63.5% increase from the previous fiscal year, net sales were 35.9 billion yen, a 42.5% increase from the previous fiscal year, and segment income fell by 1.2 billion yen to record a loss of 2.7 billion yen.



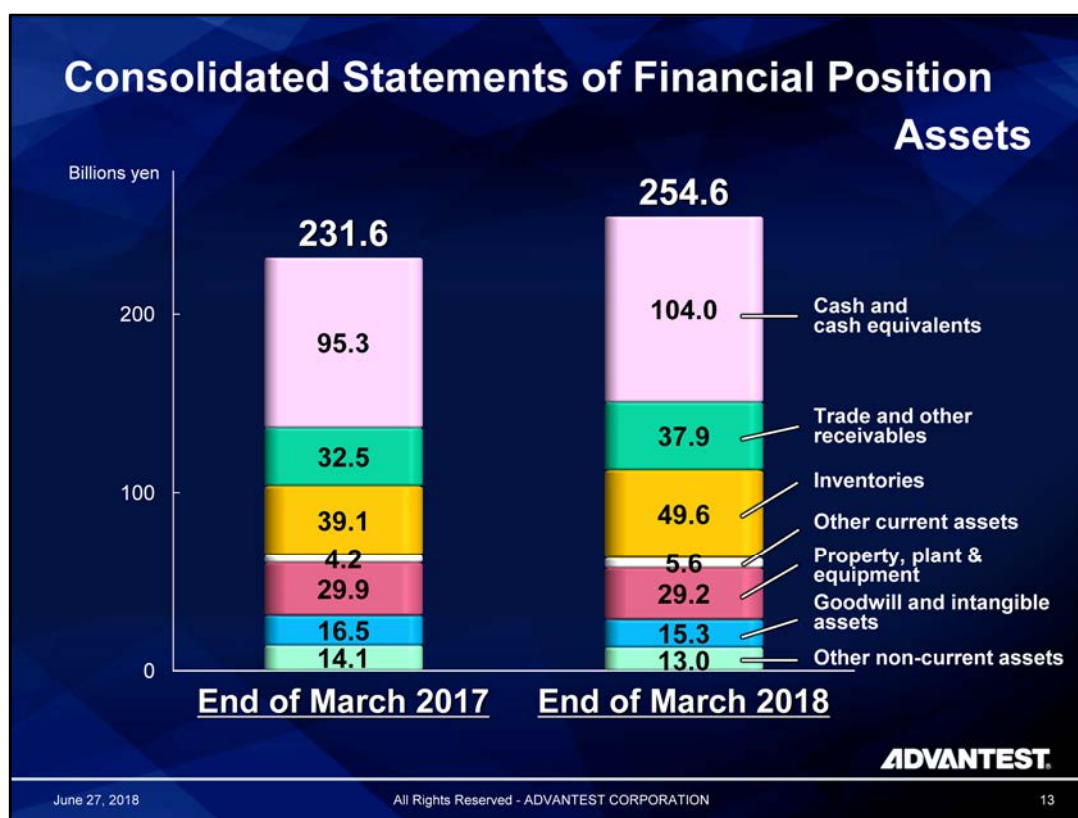
In the Services, Support, and Others segment, Demand was stable for maintenance services, supported by an upswing in the semiconductor market.

Inquiries for SSD testers also increased, driven by strong growth in investment related to data centers.

This prompted us to increase the resources of our field service business and SSD tester business to facilitate future expansion of our business.

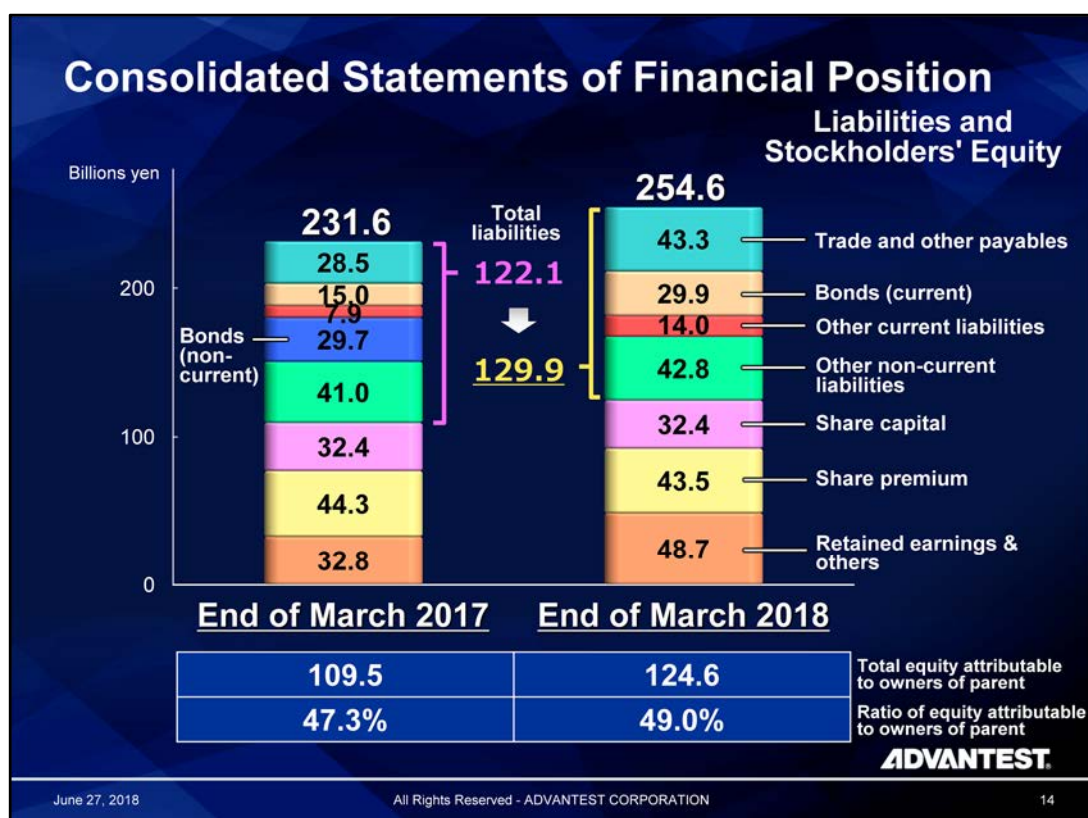


As a result, orders received for this segment were 34.1 billion yen, a 8.1% increase from the previous fiscal year, net sales were 30.5 billion yen, a 3.3% increase from the previous fiscal year, and segment income was 4.2 billion yen, a drop of 12.9% from the previous fiscal year.



The consolidated statements of financial position are shown on page 44 of the Convocation Notice.

First, total assets increased by 23.0 billion yen from the end of the previous fiscal year to 254.6 billion yen. This was primarily due to an increase of 10.5 billion yen in inventories, increase of 8.6 billion yen in cash and cash equivalents, and increase of 5.5 billion yen in trade and other receivables.



While redemption of corporate bond resulted in a decrease of 15.0 billion yen in liabilities, this was offset by an increase of 14.8 billion yen in trade and other payables, an increase of 2.5 billion yen in other current liabilities due primarily to an increase in advances received, and an increase of 2.3 billion yen in unpaid corporate income tax, and the end result was total liabilities of 129.9 billion yen, an increase of 7.9 billion yen compared to the previous fiscal year.

Total equity was 124.6 billion yen. The ratio of equity attributable to owners of the parent increased by 1.7 points to 49.0%.

Distribution of Surplus

76th Term

Interim dividend ¥ 9 per share

Year-end dividend ¥ 23 per share

Annual dividend ¥ 32 per share

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15

The board of directors held a meeting on May 22, 2018 and approved a dividend of 23 yen per share as the year-end dividend for the 76th term, and dividend-related documents have been sent out together with the convocation notice for this meeting. Together with the interim dividend, the total annual dividend will be 32 yen per share.

Business Outlook Grand Design and Mid-term plan

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16

FY2018 Financial Results Forecast			
	(Billion yen)		
	FY2017 Results	FY2018 Forecast	YoY Change (%)
Orders	247.8	220.0	-11.2%
Sales	207.2	230.0	+11.0%
Operating Income	24.5	34.5	+40.9%
Net Income	18.1	27.8	+53.6%

* Foreign exchange assumptions: 1 USD = 105 JPY, 1 EUR = 135 JPY

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Fiscal 2018 forecast:

Orders of 220 billion yen,
 Net sales of 230 billion yen,
 Operating income of 34.5 billion yen
 Net income of 27.8 billion yen.

Orders are expected to drop from the previous fiscal year, due to approximately 15 billion yen of orders that were pushed forward to fiscal 2017, and when this is taken into account, orders for fiscal 2018 are at about the same level as fiscal 2017.

Income is expected to increase as a result of backlog orders from fiscal 2017 and the order forecast for fiscal 2018.

Semiconductor and Component Test System Segment

Non-memory Test Systems Business

- Higher performance of devices
- Longer test times and more complex testing
- Favorable business environment for automotive semiconductors and display drivers

Higher Sales of Testers

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Let's take a look at each business segment.

The Semiconductor and Component Test System Segment:

In the non-memory test system business, high-end SoCs and logic ICs used in smartphones and AI servers has resulted in longer test times and more complex testing.

Also, continuing from fiscal 2017, the business environment for automotive semiconductors and display drivers is expected to remain strong.

Under this environment, Advantest is striving to achieve higher sales in non-memory testers.

Semiconductor and Component Test System Segment

Memory Test Systems Business

- Continued capex in DRAM back-end process testers
- Continued capex in 3D NAND testers and burn-in testers

Utilize our top market position to further increase sales

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In our memory test system business, equipment investment into DRAM back-end process testers is expected to be stable due to strong demand for server DRAM.

For NAND Flash Memory, equipment investment into semiconductor testers and burn-in testers for 3D NAND mass production is forecast to continue to remain strong.

In this favorable business environment where the memory tester market will continue to grow in fiscal 2018, we plan to use our number one position in the market to further increase our sales.

Mechatronics Segment

- Higher sales from stronger demand for test handlers for memory and automotive semiconductors

Services, Support, and Others Segment

- Increased segment income due to growth in SSD tester market



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20

In the mechatronics segment, strong demand for test handlers for memory and automotive semiconductors is expected to be a driver of higher sales.

In the services, support, and others segment, although income from our used sales business is expected to increase slightly, we are aiming for higher segment income as a result of continued strong market growth for maintenance services and SSD testers.

Key Measures for Fiscal 2018

**Improve sourcing capabilities
for better responding to
increases in tester demand**

**Strengthen partnerships
with customers for ensuring
sustained growth**

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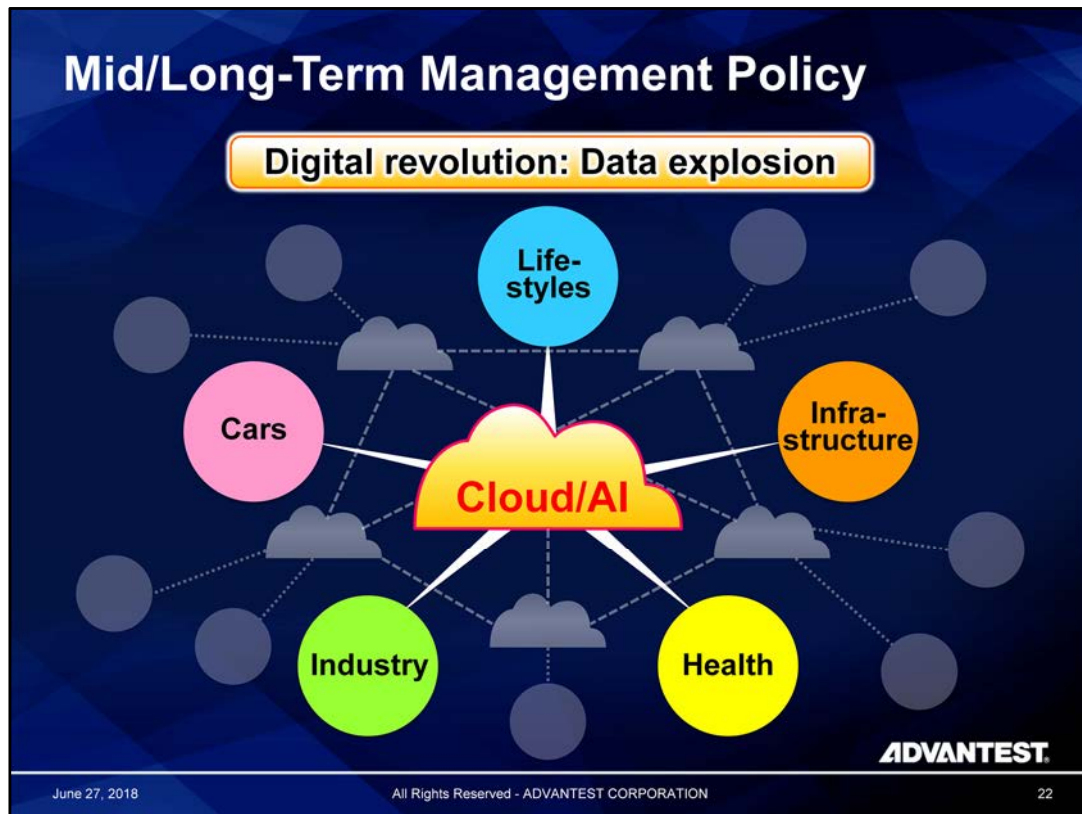
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21

For our key policies for fiscal 2018:

We will improve our sourcing capabilities to enable us to better respond to sudden increases in tester demand.

We will also develop stronger partnerships with our customers in the promising fields of AI, 5G communications, advanced driving support systems, and more, for ensuring our sustained growth.



Our mid- and long-term management policy was announced in April this year.

To enable Advantest to continue to embody our management philosophy of "Enabling the Leading-Edge Technology," we have prepared a 10-year Grand Design and 3-year Mid-term Management Plan starting in fiscal 2018.

When we look at our expected management environment, we see a digital revolution unfolding that will use technology to resolve a wide array of social issues. The foundation of the digital revolution is Big Data. The events of our daily lives are in the process of being converted into data, and the data from a wide range of venues will be collected in the cloud, where it will be examined and analyzed for providing feedback.

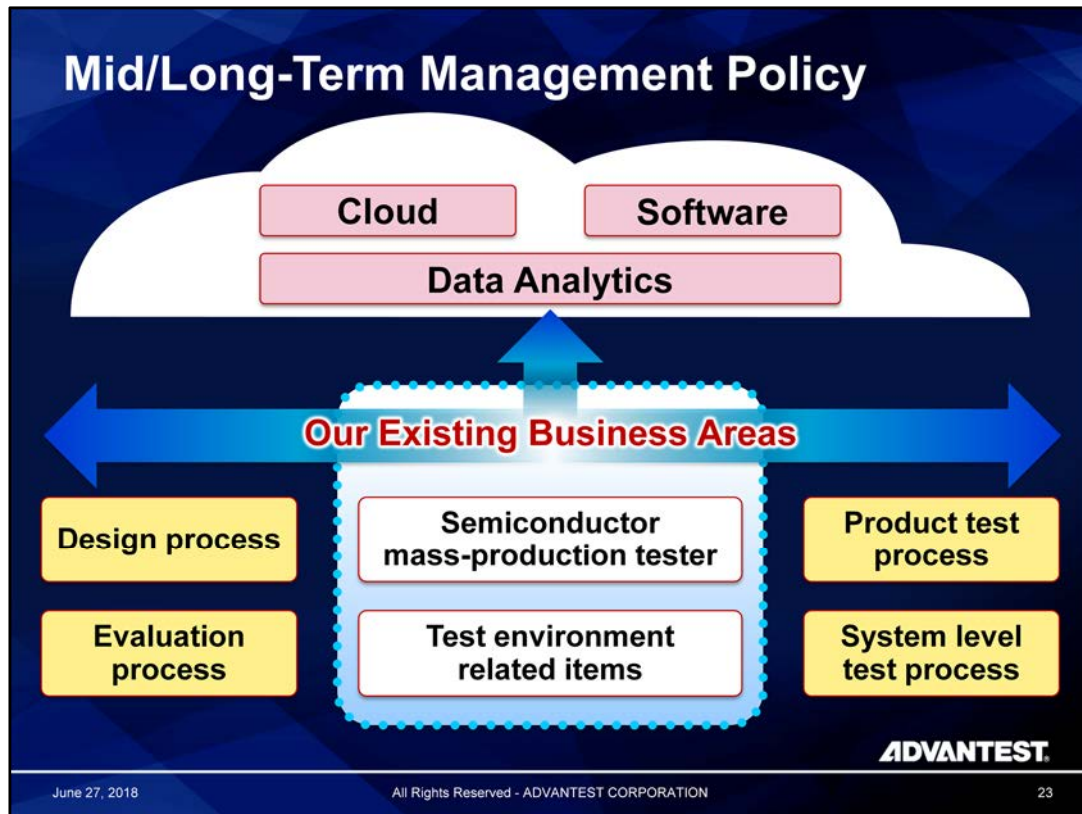
In this way, data and networks will become significantly broader and deeper, and as a result, the volume of data will increase dramatically. This is what is referred to as the "data explosion."

This explosive data growth will set the stage for a new era in the semiconductor market.

Data sensing, communications, data storage, computing processes, and more, are all done using semiconductors.

The semiconductors which related to all those data collection will be the source of value for infrastructure of various social application.

For this trend semiconductors will be required to incorporate higher and higher standards of reliability, and this will further increase the importance of testing.



Focusing on this long-term trend, the vision statement of our Grand Design is "Adding Customer Value in an Evolving Semiconductor Value Chain."

Currently, our primary business domain is testers and test environments for semiconductor mass production, but we hope to expand our business domain to include related markets such as semiconductor design and evaluation or product and system level processes, which are conducted before and after semiconductor mass production. We also want to incorporate technologies such as the cloud, software, and data analytics to use the data produced from testing to increase added value to the market.

Mid/Long-Term Management Policy

Grand Design
(10 years: FY2018 to FY2027)

■ Vision Statement

**"Adding Customer Value in an
Evolving Semiconductor Value Chain "**

■ Strategies

- 1. Reinforcing core businesses and investing strategically**
- 2. Seeking operational excellence**
- 3. Exploring value to reach the next level**
- 4. Pioneering new business fields**

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24

To achieve this long-term vision, Advantest is pursuing four key strategies:

- Reinforcing core businesses and investing strategically
- Seeking operational excellence
- Exploring value to reach the next level
- Pioneering new business fields

Mid/Long-Term Management Policy

Grand Design
(10 years: FY2018 to FY2027)

- **Long-Term Management Goal**
Reach JPY 300B to 400B in annual sales
- **Cost/Profit Structure**
 - **Cost structure model at JPY 300B sales level (estimated)**
 - **Cost of sales:** 46%
 - **SG&A as % of sales** 32%
 - **Operating margin** 22%



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25

Assuming 4% annual growth in the semiconductor tester market, putting all these factors together, we believe that our target of net sales of 400 billion yen in 10 years is within reach.

Even based on the conservative assumption that the tester market will not expand despite growth in the semiconductor market, we believe that we can still attain our target of net sales of 300 billion yen in 10 years.

The balance of the cost structure must also be taken into account in order to achieve growth in net sales. In our vision of our future cost structure, at the level of net sales of 300 billion yen, we are aiming for cost of sales at 46%, SG&A as percentage of sales at 32%, and an operating margin at 22%.

This completes my overview of our Grand Design.

Mid/Long-Term Management Policy

Mid-Term Management Plan (3 years: FY2018 to FY2020)

Management Metric

	FY2018 - FY2020 (Avg) Conservative Scenario	FY2018 - FY2020 (Avg) Base Scenario
Semiconductor tester market growth rate	Annual 0%	Annual 4%
Sales	JPY 230B	JPY 250B
Operating margin	15%	17%
Return on equity (ROE)	15%	18%
Earnings per share (EPS)	JPY 135	JPY 170

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26

Based on the grand design, we made three-year mid-term management plan which ends in fiscal 2020, Advantest focuses on enhancing corporate value while also working to improve profitability and efficiently use capital. Based on these priorities, Advantest has determined the key management metrics for improvement during the mid-term management plan period: Sales, operating margin, return on equity, and earnings per share.

Under the base scenario that projects tester market growth of 4%, the three-year average would be 250 billion yen for sales, 17% operating margin, 18% return on equity, and earnings per share of 170 yen.

Under the conservative scenario which is Tester market growth is not expected, sales are projected at 230 billion yen.

- * Foreign exchange assumptions for forecasts of future performance indicators under this mid- to long-term management policy are USD\$1 = 110 yen and 1 euro = 135 yen. Also, the target values given for return on equity (ROE) and earnings per share (EPS) assume the 2019 conversion of Euro yen convertible bonds worth 30 billion yen.

Mid/Long-Term Management Policy

Mid-Term Management Plan (3 years: FY2018 to FY2020)

- Financial Policy and Shareholder Returns
 - Strengthen business growth infrastructure
 - Maintain strong financial position
 - Semi-annual consolidated payout ratio of 30%
 - Set M&A budget of 100 billion yen
 - Examine measures to improve total shareholder returns if long-term residuals remain

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27

Continue to strive to strengthen our business growth infrastructure and maintain a strong financial position.

For shareholder returns, we will continue our policy of improving dividend levels through the growth of earnings per share based on a semi-annual consolidated payout ratio of 30%. Excess funds will be used preferentially for growth investments. In addition to continual investments of more than 30 billion yen annually into R&D, we will set an M&A budget of 100 billion yen.

However, if residuals are retained for a long time, we will consider flexibly reviewing our dividend payout ratio and improving total shareholder returns by repurchasing shares while taking growth investments into consideration.

Mid/Long-Term Management Policy

Mid-Term Management Plan (3 years: FY2018 to FY2020)

■ ESG (Environment, Society, and Governance) Initiatives

- Contribute to a safer, more secure, more comfortable, and more sustainable future
- Training human resources and promote innovative work styles to build a foundation for achieving long-term strategic goals and business expansion
- Promote further diversity of Board of Directors and enhance governance

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28

Semiconductors will play an increasingly important role in providing solutions for global social issues.

Through semiconductor testing, Advantest will contribute to a safer, more secure, more comfortable, and more sustainable future.

Also, by training global human resources, developing and courting “new frontier” skills, and promoting innovative work styles, Advantest aims to build a foundation for achieving long-term strategic goals and business expansion.

To effectively use our human capital at Advantest, we will strive to constantly reshape our organization's operation and structure to match our business environment and management strategy.

In terms of governance, four of the nine members of Advantest's Board of Directors are currently outside directors, and two are non-Japanese. Also, if the current proposal for election of members of the Board of Directors is approved, we will have a female member of the Board of Directors.

We will continue to promote further diversity of the Board of Directors and strive for governance-oriented management.

And so, we ask all of our shareholders for their continued support and guidance as we continue to move forward.

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, the discussion of Advantest’s business strategy, outlook and expectations as to market and business developments, production and capacity plans. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “project,” “should” and similar expressions. Forward-looking statements 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.

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