FY2015 2Q
Information Meeting

October 26th, 2015
Advantest Corporation
• 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.
Financial Results for 2nd Quarter of FY2015
(Period ended September 30, 2015)

Advantest Corporation
Hiroshi Nakamura
Director and Managing Executive Officer
Summary of Results

<table>
<thead>
<tr>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>2Q</td>
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<tr>
<td>Orders</td>
<td>49.2</td>
</tr>
<tr>
<td>Sales</td>
<td>36.8</td>
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<tr>
<td>Gross Profit</td>
<td>20.3</td>
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<tr>
<td>Operating Income</td>
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<tr>
<td>Income Before Tax</td>
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<tr>
<td>Net Income</td>
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</tr>
<tr>
<td>Backlog</td>
<td>44.4</td>
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<tr>
<td>Orders</td>
<td>44.0</td>
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<tr>
<td>Sales</td>
<td>40.3</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>22.6</td>
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<tr>
<td>Operating Income</td>
<td>2.7</td>
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<tr>
<td>Income Before Tax</td>
<td>2.8</td>
</tr>
<tr>
<td>Net Income</td>
<td>1.9</td>
</tr>
<tr>
<td>Backlog</td>
<td>48.7</td>
</tr>
</tbody>
</table>

FY2015 2Q Results Summary

- Orders ¥27.1 billion -38.5% QoQ
- Sales ¥46.4 billion +15.2% QoQ
- Operating Income ¥4.0 billion +49.1% QoQ
- Income Before Tax ¥3.5 billion +25.0% QoQ
- Net Income ¥2.5 billion +32.9% QoQ

- As the slowdown in the semiconductor market intensified, we were able to exceed our sales targets, despite lower orders QoQ.
- Our growing customer base and a stronger focus on non-tester segments contributed to this achievement.

- Backlog ¥29.4 billion -¥19.3 billion QoQ
Orders by Quarter and Business Segment

- **FY2015 2Q Orders by Segment**
  - **Semiconductor & Component Test System**
    - -55% QoQ $¥12.1$ billion
      - Non-memory Testers: $¥9.6$ billion
      - Memory Testers: $¥2.5$ billion
    - Non-memory tester orders were suppressed by weakening end-product demand, notably in the Chinese smartphone market.
    - Memory tester orders also sagged, owing to the DRAM / NAND tester investment cycle and production line ramp postponements by some customers.
  - **Mechatronics System**
    - -4% QoQ $¥8.7$ billion
    - Weaker tester orders also restrained orders of handlers and device interfaces.
  - **Services, Support & Others**
    - -22% QoQ $¥6.2$ billion
    - Seasonality in annual maintenance contracts played a role in lower orders.
FY2015 2Q Orders by Region

- Taiwan
  The slowdown in smartphone sales depressed orders of non-memory testers for applications processors, display driver ICs, and other devices.

- South Korea and China
  Memory tester orders slumped due to the NAND investment cycle and DRAM customers’ revisions to their investment plans.

- Americas
  Nanotechnology orders grew.
FY2015 2Q Sales by Segment

Semiconductor & Component Test System
- +7% QoQ
- Non-memory Testers: ¥26.5 billion
- Memory Testers: ¥15.1 billion
- Momentum was lacking in non-memory tester sales, due to the smartphone market slowdown, but growth in memory tester sales compensated.

Mechatronics System
- +30% QoQ
- Device interface and nanotechnology sales grew.

Services, Support & Others
- +24% QoQ
- Increased services revenues and SSD testers contributed to higher sales.
FY2015 2Q Sales by Region

- **Taiwan**: Although orders declined, our order backlog for smartphone-related non-memory testers converted solidly into sales.

- **China**: Sales increased, reflecting growth in NAND demand.

- **Americas**: Nanotechnology and SSD tester sales grew.

- As a result of the above, 94.1% of sales in the period were to customers outside Japan.
FY2015 2Q Sales / Gross Profit / Operating Income

- Gross Profit  +¥1.7 billion QoQ  ¥24.4 billion
  Due to fewer highly profitable non-memory testers in our sales mix, our gross profit ratio declined by 3.6 points QoQ.

- Operating Income  +¥1.3 billion QoQ  ¥4.0 billion

- Operating Margin  8.7%
FY2015 2Q R&D Expenses / Capex / Depreciation and Amortization

- No significant change from the previous quarter.
- R&D Expenses: ¥8.0 billion
- Capex: ¥1.1 billion
- Depreciation and Amortization: ¥1.3 billion
### Balance Sheet as of September 30, 2015

#### Assets:
- **Cash & Cash Equivalents**
  - ¥86.5 billion (QoQ: ¥86.5 billion)
- **Inventories**
  - ¥36.6 billion (QoQ: ¥36.6 billion)
- **Total Assets**
  - ¥259.8 billion (QoQ: ¥259.8 billion)

#### Liabilities & Equity:
- **Shareholders’ Equity**
  - ¥143.7 billion
- **Equity-to-Assets Ratio**
  - 55.3% (QoQ: +1.6 points)

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### Balance Sheet Diagram

#### Assets
- Cash & Cash Equivalents
- Inventories
- Total Assets

#### Liabilities & Equity
- Shareholders’ Equity
- Equity-to-Assets Ratio

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FY2015 Business Outlook

Advantest Corporation
Shinichiro Kuroe
Representative Director, President & CEO
FY2015 Financial Results Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY2014 Full Year</th>
<th>FY2015 1Q</th>
<th>FY2015 2Q</th>
<th>FY2015 1H</th>
<th>FY2015 2H (forecast)</th>
<th>FY2015 Full Year (forecast) vs. FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>176.3</td>
<td>44.0</td>
<td>27.1</td>
<td>71.1</td>
<td>78.9</td>
<td>150.0</td>
</tr>
<tr>
<td>Backlog</td>
<td>45.0</td>
<td>48.7</td>
<td>29.4</td>
<td>35.0</td>
<td>35.0</td>
<td>-22.2%</td>
</tr>
<tr>
<td>Sales</td>
<td>163.3</td>
<td>40.3</td>
<td>46.4</td>
<td>86.7</td>
<td>73.3</td>
<td>160.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>14.6</td>
<td>2.7</td>
<td>4.0</td>
<td>6.7</td>
<td>3.3</td>
<td>10.0</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>9.0%</td>
<td>6.7%</td>
<td>8.7%</td>
<td>7.8%</td>
<td>4.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>18.9</td>
<td>2.6</td>
<td>3.5</td>
<td>6.3</td>
<td>3.2</td>
<td>9.5</td>
</tr>
<tr>
<td>Net Income</td>
<td>12.9</td>
<td>1.9</td>
<td>2.5</td>
<td>4.4</td>
<td>2.3</td>
<td>6.7</td>
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<tr>
<td>Net Income Margin</td>
<td>7.9%</td>
<td>4.7%</td>
<td>5.5%</td>
<td>5.1%</td>
<td>3.1%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Based on customer enquiries, orders bottomed out in 2Q, and will recover in 3Q and 4Q.

We estimate that 3Q will mark the bottom for sales.
Non-Memory Testers

- The drop-off in smartphone sales triggered by the slowdown of the Chinese economy has delayed key customers’ tester orders.
- From the end of 2015 through the beginning of 2016, predicted growth in high-end smartphone logic IC production should touch off a full recovery of non-memory tester demand.
- With increasing device complexity in view, Advantest will continue to focus on partnerships with MCU, automotive IC, and IoT device companies.
At present, the key theme of customers’ tester investment in both the DRAM and NAND sectors alike is support for the trend towards faster, higher-capacity memory devices. Orders scheduled to be posted in 2Q were instead postponed to the second half, causing 1H orders to come in below expectations. However, robust tester demand is expected to continue, due to the tangible growth in further-miniaturized, higher-speed, and higher-capacity DRAM and NAND devices. Following this development, we expect to expand our market share in 2H with sales led by the T5503HS and T5833. New product launches planned for 2H will support UFS/PCIe interfaces for NAND flash memory, as well as NOR flash, helping to ensure we meet targets in 2H.
O Mechatronics System

- In nanotechnology, expectations around our EB technologies continue to rise in step with needs for high-precision process and measurement tools. New customer wins contributed to a strong 1H. We aim to increase full-year revenues 40% YoY.

- In device interfaces, memory DI products trended strongly in 1H. We aim to grow revenues by more than 20% YoY this period by expanding our non-memory DI business, among other measures.

- In test handlers, we are seeing strong interest from high-end logic and memory device suppliers in our fine-pitch package support and thermal control technology for device-generated heat and low-temperature test support.
Our field services business, the heart of this segment, has continuously grown its profits over the last several years on a policy of increasing annual maintenance contracts. In 2H, we will further reinforce the profitability of this business by rounding out our lineup of post-sales offerings, among other measures.

In SSD testers, we will seek to leverage the momentum of high-speed I/F SSD adoption to gain more customer contacts and grow this business.

In terahertz analysis solutions, our solution for 2.1/2.5/3D semiconductor mold thickness measurement generated results in 1H. We see further opportunities in the evolution of semiconductor assembly process technologies, especially for high-end devices, which is generating production difficulties that our solutions can resolve.

We also plan to launch a photoacoustic microscope in 2H, opening a new market for our amassed technological expertise.
Takeaways

✓ Although we predicted that the tester market would shrink in 2015, the demand environment deteriorated more than foreseen.

✓ This gloomier business environment has led to a revision of our semiconductor and component test systems sales forecast, down 15% from our original forecast to ¥91.5 billion.

✓ However, the strong performance of our mechatronics and services segments support a full-year sales forecast of ¥160.0 billion, down just 3% in comparison to our original forecast.

✓ Our most pressing challenge is further growth of our mechatronics and services businesses, and this will be a focus of our efforts going forward.