FY2015 3Q Information Meeting

January 27th, 2016
Advantest Corporation
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.
Financial Results
for 3rd Quarter of FY2015
(Period ended December 31, 2015)

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

<table>
<thead>
<tr>
<th>FY2014</th>
<th>FY2015</th>
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<tbody>
<tr>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>Orders</td>
<td>49.2</td>
</tr>
<tr>
<td>Sales</td>
<td>36.8</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>20.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2.4</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>3.2</td>
</tr>
<tr>
<td>Net Income</td>
<td>1.3</td>
</tr>
<tr>
<td>Backlog</td>
<td>44.4</td>
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</tbody>
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<table>
<thead>
<tr>
<th>FY2015 3Q Results Summary</th>
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<tbody>
<tr>
<td>Orders: 39.8 billion +47.0% QoQ</td>
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<tr>
<td>Sales: 29.9 billion -35.4% QoQ</td>
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<tr>
<td>Operating Income: -0.5 billion -¥4.6 billion QoQ</td>
</tr>
<tr>
<td>Income Before Tax: 0.2 billion -¥3.3 billion QoQ</td>
</tr>
<tr>
<td>Net Income: -0.8 billion -¥3.3 billion QoQ</td>
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- Customer investment in testers grew, chiefly for non-memory semiconductors, and orders improved significantly over the previous quarter.
- Sales of ¥29.9 billion reflected lower orders in 2Q.
- Operating income sank into the red, due to lower sales, but an improved gross profit margin and slimmer operating costs kept the decline relatively slight.
- Backlog 39.2 billion +¥9.8 billion QoQ
  Backlog growth lays the foundation for an expected sales recovery.
FY2015 3Q Orders by Segment

Semiconductor & Component Test System
- +117% QoQ \(¥26.3\) billion
  - Non-memory Testers: \(¥22.2\) billion
  - Memory Testers: \(¥4.1\) billion

- Non-memory tester orders greatly surpassed the previous quarter and the same quarter in the previous fiscal year, fuelled by smartphone and Chinese 4G base station demand.

- Memory tester orders recovered from the previous period, but the relatively low level of smartphone sales in the period, as well as lumpiness in customer production line ramp schedules, held orders below our expectations.

Mechatronics System
- -30% QoQ \(¥6.1\) billion

- Device interface orders declined, in step with the pause in the memory tester market.

- Although customer interest in nanotechnology products remains high, business results did not achieve the levels seen in 1H.

Services, Support & Others
- +19% QoQ \(¥7.5\) billion

- Maintenance contract numbers rose.
**FY2015 3Q Orders by Region**

- **Taiwan**
  Non-memory tester orders for applications processors and other devices recovered.

- **South Korea**
  DRAM tester orders grew.
○ FY2015 3Q Sales by Segment

○ Semiconductor & Component Test System
  • -31% QoQ ¥18.2 billion
    • Non-memory Testers: ¥13.7 billion
    • Memory Testers: ¥4.5 billion
  • Reflecting lower orders in 2Q, both non-memory and memory tester sales declined.

○ Mechatronics System
  • -60% QoQ ¥4.6 billion
  • Device interface sales were impacted by the pause in the memory tester market.
  • As with orders, nanotechnology sales did not achieve the levels seen in 1H.

○ Services, Support & Others
  • -15% QoQ ¥7.2 billion
  • SSD tester sales leveled off.
O FY2015 3Q Sales by Region

- Americas
  Nanotechnology and non-memory tester sales slumped.

- Taiwan
  Display driver IC tester sales slowed.

- China
  Sales of memory testers and device interfaces declined.

- South Korea
  Memory tester sales declined.

- As a result of the above, 88.3% of sales in the period were to customers outside Japan.
FY2015 3Q Sales / Gross Profit / Operating Income

- **Gross Profit**
  - ¥6.3 billion QoQ
  - ¥18.0 billion
  - Gross profit declined in step with lower sales.

- **Gross Margin**
  - +7.5 points QoQ
  - 60.0%
  - Highly profitable non-memory testers rose in our sales mix.

- **Operating Expenses**
  - -¥1.7 billion QoQ
  - ¥18.5 billion
  - Accrued bonuses were lower, in line with P/L.

- **Operating Loss**
  - ¥0.5 billion

- **Operating Margin**
  - -2.0%
O FY2015 3Q R&D Expenses / Capex / Depreciation and Amortization

- R&D Expenses ¥7.4 billion
- Capex ¥0.9 billion
- Depreciation and Amortization ¥1.3 billion
Balance Sheet for Period Ending December 31, 2015

Assets
- Cash & Cash Equivalents
  ¥80.9 billion - ¥5.6 billion QoQ
- Total Assets
  ¥252.0 billion - ¥7.8 billion QoQ

Liabilities & Equity
- Shareholder Equity ¥142.3 billion
- Equity-to-Assets Ratio 56.5% up 1.2 points QoQ
FY2015 Business Outlook

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

Based on 3Q consolidated results and near-term environmental factors, our forecast published in October 2015 remains virtually unchanged.

Orders and sales forecasts remain unchanged from the figures published in October 2015.

Expectations of a more profitable sales mix in 4Q have prompted a revision of our operating income and income before income tax forecasts.

Our net income forecast remains unchanged, taking into account increased tax expenses associated with overseas income.

An uptick in the Chinese smartphone market underpinned orders growth in 3Q. The outlook for the Chinese economy and the global economy remains murky, precluding optimism with regards to 4Q orders.

3Q sales hit a trough, reflecting 2Q order figures. Profit also slumped. However, our growing order backlog provides grounds to believe that our 2H profit targets can be achieved.
Non-Memory Testers

- Orders environment should rebound from 2Q trough with improving customer utilization ratios.
- Faster mobile networks, low-end / mid-range smartphone shipment growth, and better performance will stimulate demand for testers.
- We broadened our customer base in 2015, when customers adopted Advantest testers for PMIC, MCU, automotive IC, and sensor test.

Globally, the adoption of low-end and mid-range smartphones is proceeding. Unit growth in high-end smartphones may have slowed, but we predict an uptick in logic IC production utilizing leading-edge manufacturing processes.

Our goal of stable revenues makes it a priority for us to expand our presence in non-smartphone-linked markets. In 2015, we successfully won new customers in the PMIC, MCU, automotive IC, and sensor segments, increasing our share in these markets.

We will continue to broaden our customer base in a wide range of market segments.
Memory Testers

- The accelerating shift to LPDDR4 will promote adoption of high-speed DRAM testers.
- Expanding 3D NAND volume production is expected to drive NAND flash tester demand growth in 2016.
- New testers are needed to support high-speed NAND interfaces, with system-level testers in particular expected to see demand growth.

Memory Testers

- Memory tester orders and sales did not meet our initial expectations in 3Q. However, we anticipate heavier customer investment in the mid-range and high-end smartphone segments going forward.

- In the DRAM segment, LPDDR4, and in the NAND flash segment, 3D NAND and high-speed interfaces are shifting to the mainstream, raising expectations for production volume growth.

- The new generation of mobile NAND flash memory for smartphones utilizes high-speed interfaces such as UFS and PCIe. Like SSDs, these devices require system-level test that supports protocol test. A new tester market is taking shape to address the broad system-level test needs created by interface protocol advances.
Mechatronics Systems and Services, Support & Others

- **Our device interfaces business** is strongly correlated at present to the memory tester market. We aim to expand our non-memory DI business into a solid revenue-generator that is relatively immune to swings in the tester market.

- **Nanotechnology**: While maintaining our share of the photomask market, we will continue to explore a broad range of new non-semiconductor markets.

**Services, Support & Others**

- **Services**: We aim to further grow sales by enriching our line-up of services that comprehensively support customer productivity gains.

- **SSD Testers**: In addition to SSD shipment growth, the gradual introduction of advanced interface standards that cannot be tested in conventional measurement environments should drive demand for our SSD testers.
Takeaways

- Based on 3Q results and customer trends, 2H results are expected to closely match our forecast published in October.

- In 2015, our non-memory tester business continued to gain new customers, including in the PMIC, MCU, automotive IC, and sensor segments. We will further broaden our customer base to improve the profitability of this business.

- Our memory tester business is expected to grow on demand for DRAM back-end and NAND devices utilizing high-speed interfaces.

- Further expansion of our mechatronics and service, support, and others segments continues to be a priority.