

Advantest Corporation

Information Meeting

October 29th, 2013

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 2nd Quarter of FY2013**

October 29th, 2013

Hiroshi Nakamura
Director and Managing Executive Officer

Summary of Results

ADVANTEST

(¥B)

	FY2012				FY2013			
	1Q	2Q	3Q	4Q	1Q	2Q	Q on Q (%)	Y on Y (%)
Orders	46.2	25.3	24.4	29.8	39.5	21.4	-45.8	-15.4
Sales	33.4	39.2	24.6	35.7	30.1	29.5	-1.8	-24.6
Cost of Sales	15.8	18.7	11.6	17.9	14.8	16.0	8.1	-14.5
Gross Profit	17.6	20.5	13.0	17.8	15.3	13.5	-11.4	-33.9
Operating Income	0.8	2.6	-2.6	-0.7	-3.3	-4.7	-	-
Non-Operating Income	0.5	-0.8	-0.4	-0.7	0.5	0.1	-71.1	-
Income Before Tax	1.3	1.8	-3.0	-1.4	-2.8	-4.6	-	-
Net Income	0.4	1.1	-3.4	-1.9	-3.6	-5.7	-	-
Backlog	36.4	22.5	22.3	16.4	25.8	17.7	-31.5	-21.5

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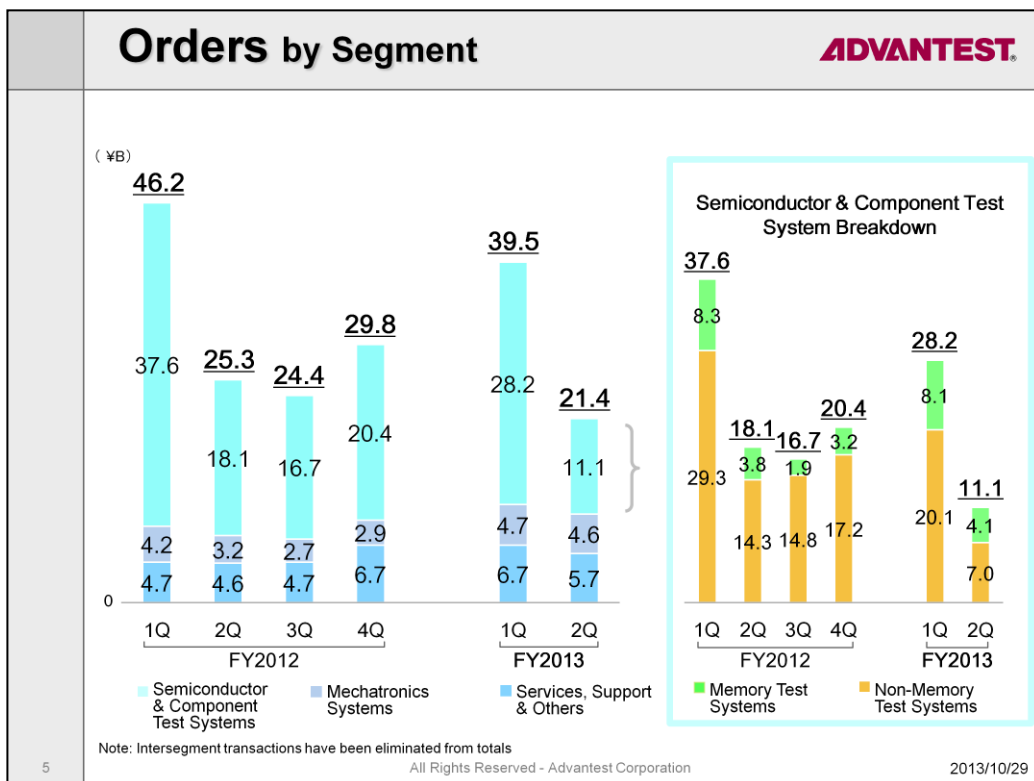
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○ FY2013 Q2 Results Summary

- Orders ¥21.4B -45.8% QoQ
- Sales ¥29.5B -1.8% QoQ
- Operating Income -¥4.7B
- Income Before Tax -¥4.6B
- Net Income -¥5.7B

- Backlog ¥17.7B down ¥8.1B from end June

Factors underlying increase / decrease of sales and orders will be explained in the following slides.



○ FY2013 Q2 Orders by Segment

○ Semiconductor & Component Test Systems

- -61% QoQ ¥11.1B
- of which, non-memory testers ¥7.0B
- of which, memory testers ¥4.1B

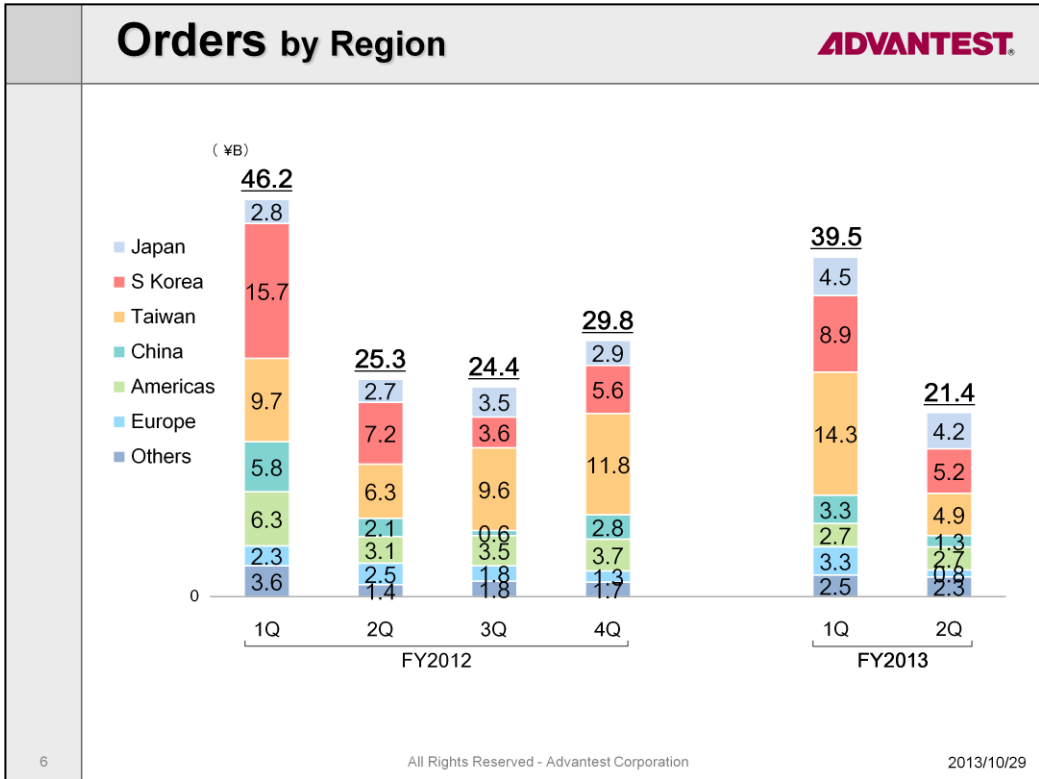
Large decreases were posted on both a quarterly and a yearly basis.

- Regarding non-memory testers, enquiries were robust in Q1. Investment in high-end smartphone-related capacity has sharply decelerated. Demand for new logic IC testers has hit a trough.
- Regarding memory testers, investment in DRAM capacity expansions has fallen off since Q1. However, market sentiment is markedly improved in comparison to the same period last year.

○ Services, Support & Others

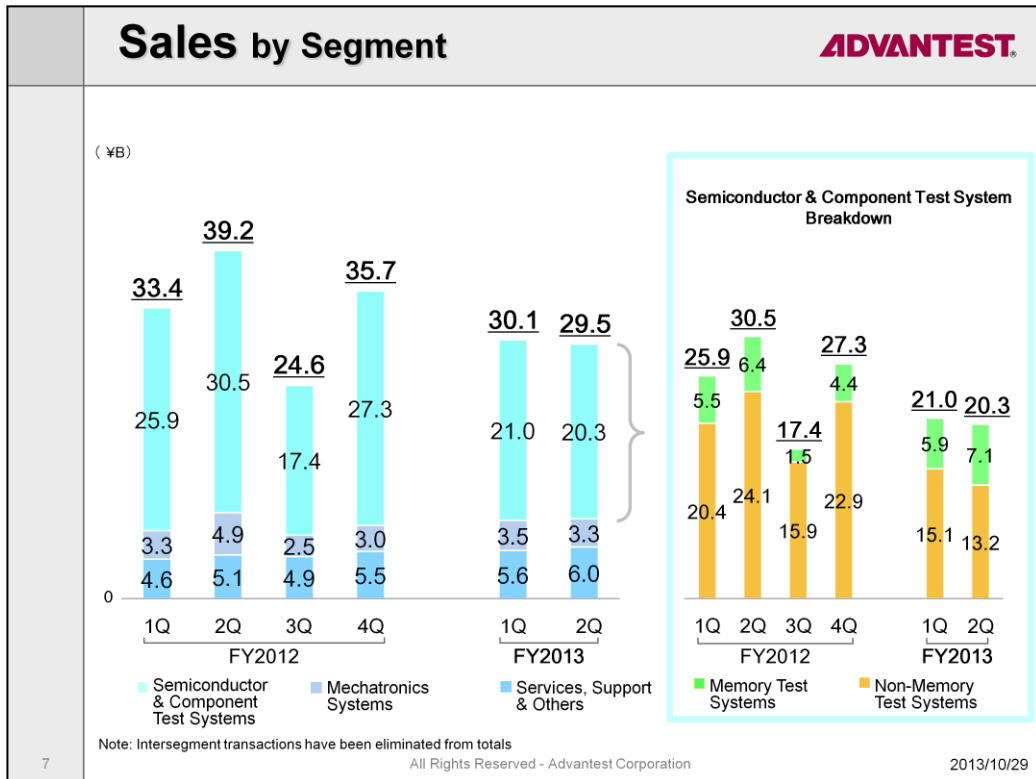
- -14% QoQ ¥5.7B

A seasonal decline in maintenance contract demand impacted orders.



○ FY2013 Q2 Orders by Region

- Taiwan
Demand for logic IC testers waned as smartphone-related demand turned sluggish.
- South Korea
DRAM production capacity expansion capex contracted.



○ FY2013 Q2 Sales by Segment

○ Semiconductor & Component Test Systems

- -3% QoQ ¥20.3B
- of which, non-memory testers ¥13.2B
- of which, memory testers ¥7.1B

Non-memory testers:

- Advanced logic-related demand, robust in previous quarter, decreased sharply.
- Sales of LCD driver IC testers increased, but logic IC tester sales fell.

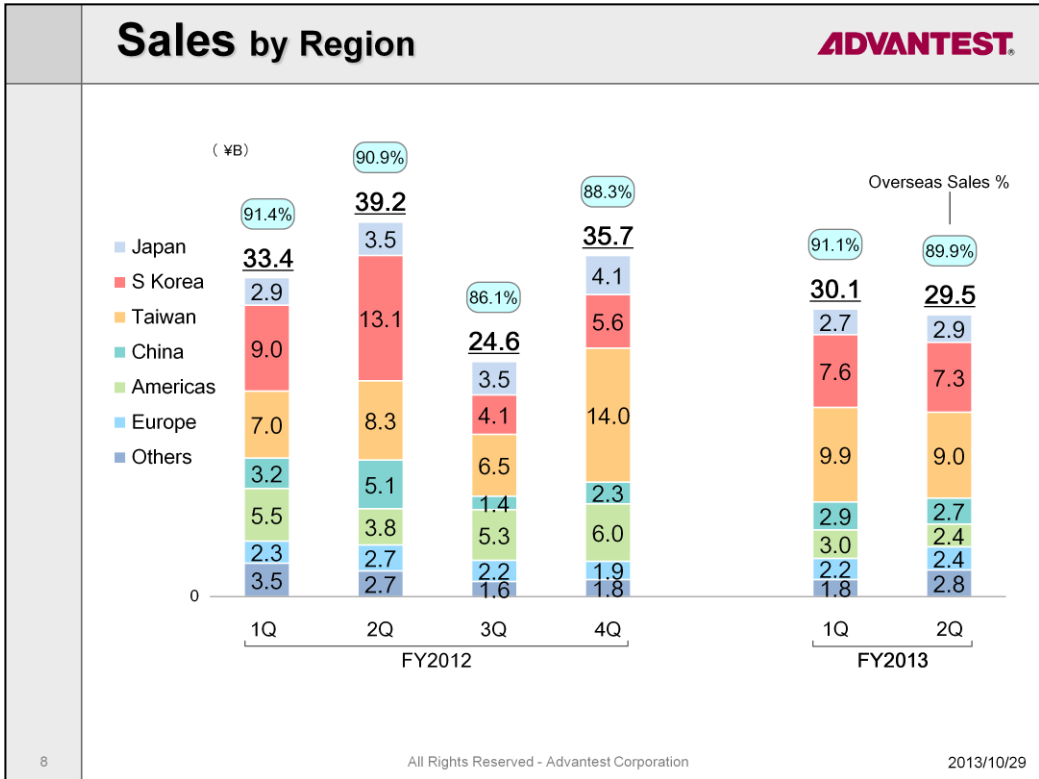
Memory testers:

- Sales rose, reflecting higher orders in Q1.

○ Services, Support & Others

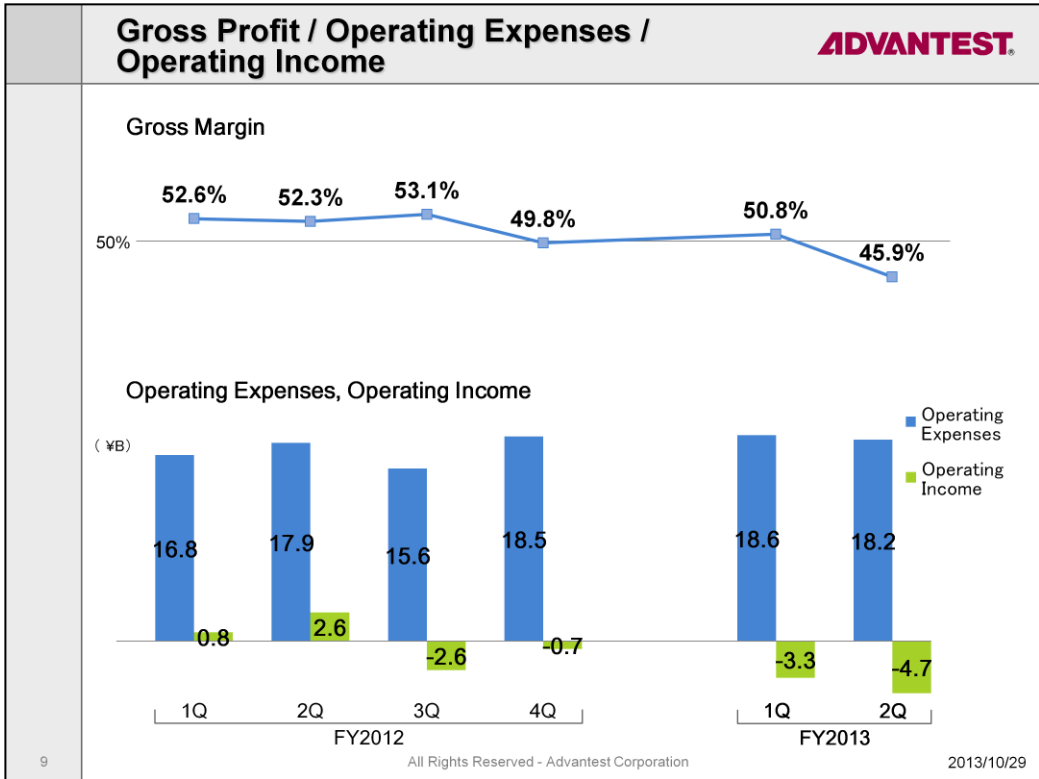
- +7% QoQ ¥6.0B

Service revenue level has risen, following growth of installed base over the past few years.



○ FY2013 Q2 Sales by Region

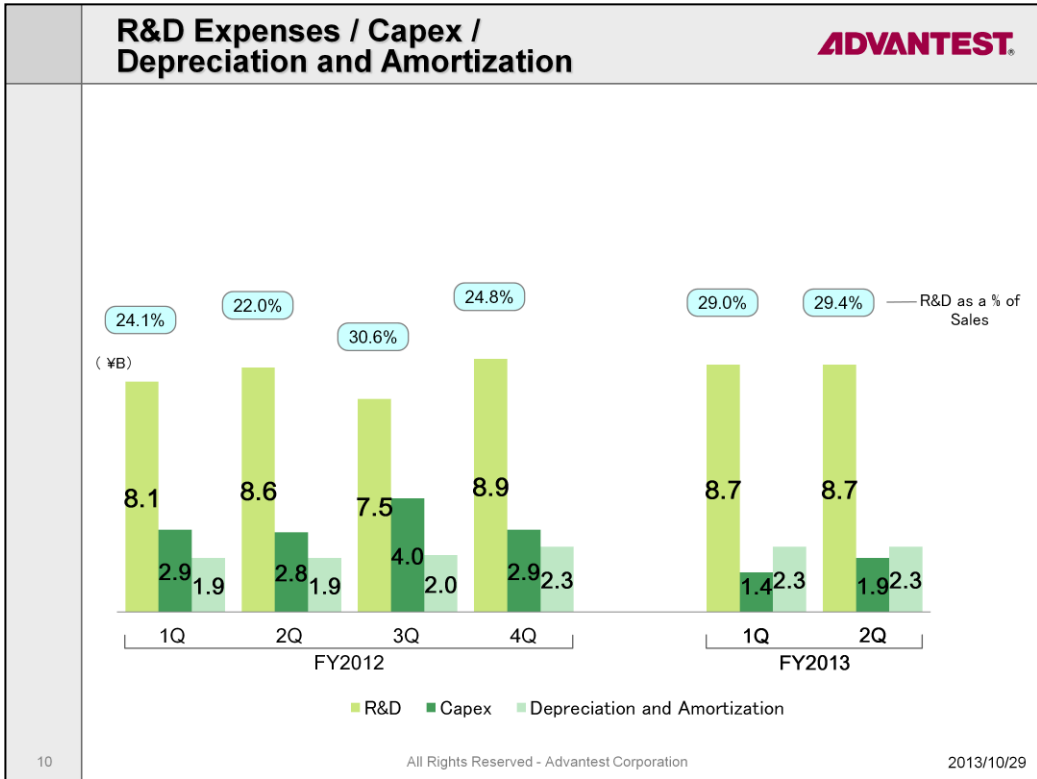
- No major shift in regional breakdown on a quarterly basis.
- Significant yearly decline in logic IC tester sales to South Korean customers is related to the slowdown in smartphone-related demand.



○ Q2 FY2013 Gross Profit / Operating Expenses / Operating Income

- Gross Margin
Down 4.9 points QoQ 45.9%
Several products with less favorable profit ratios took a more prominent role in product mix.

- Operating Loss ¥4.7B



○ Q2 FY2013 Operating Expenses Breakdown

- R&D Expenses: ¥8.7B
- CapEx: ¥1.9B
- Depreciations and Amortization: ¥2.3B
- All figures were flat on a quarterly basis.

FY2013 2Q Business Update

***Core Strategy Unchanged
Focus on Future Growth***

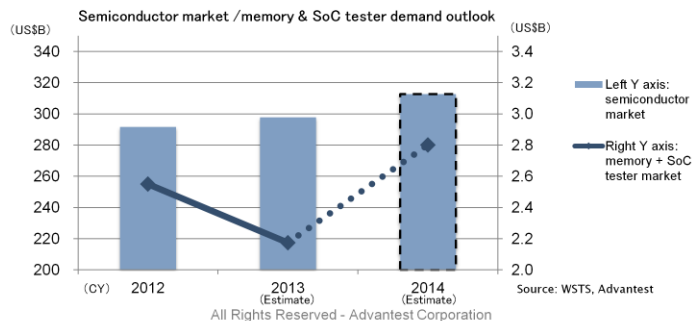
—Technology is a Marathon, Not a Sprint Race—

October 29th, 2013

**Haruo Matsuno
Representative Director & CEO**

■ Overall Business Environment

- Starting in FY2012 2H and going into 2013, major chipmakers are forecast to enter a new spending phase for both memory and logic production.
- Semiconductor production capacity expansions and technological advances will revive tester demand.



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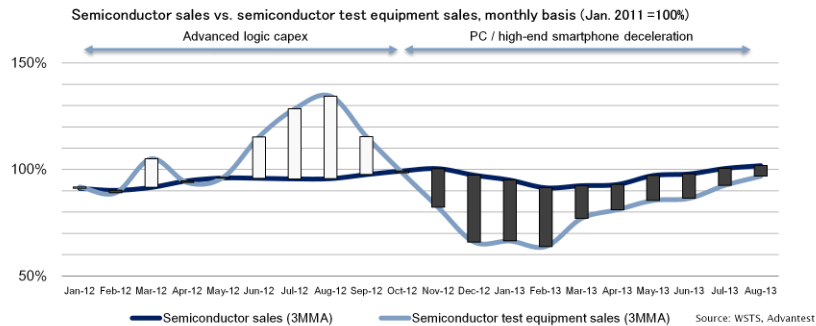
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○ Overall tester business outlook:

- In 2013, the pause in advanced process capex that began in 2012 and the softening of PC and smartphone demand led tester demand to fall below estimated levels.
- Major semiconductor manufacturers are currently investing in front-end process technology, leading us to expect that production capacity expansions and technology advances will notably accelerate in 2014. Process shrinks and increasing device integration are predicted to boost tester demand.
- Memory processes are set to shrink from the 3Xnm node to the 2Xnm node, driving greater tester demand in 2014 than was seen in 2013. With DRAM prices already soaring, chipmakers are displaying a renewed appetite for memory tester investment. Meanwhile, production of DDR4 and LPDDR4 is scheduled to start in FY2013 2H, creating a new need for testers.
- Moreover, non-memory tester demand is expected to benefit from the shift to the 2Xnm process node in 2014, and from the ongoing trend towards higher integration and “one-chip” devices.
- We expect a full-scale recovery of tester demand to accompany the trend towards high integration and advancing process shrinks.

■ Current Status of Tester Market

- The tester market continues sluggish under the influence of sagging demand for end products including high-end smartphones.
- However, tester demand is in the process of realigning with semiconductor demand



○ Current status of tester market

- Historically, the growth rate of the tester market has correlated with major semiconductor manufacturers' capital spending on advanced technology and semiconductor production volumes.
- For the past year, the softening of growth in smartphones and PCs, which drive the tester market from both a technological and a production volume perspective, has led Advantest's customers to take a cautious stance on capex.
- However, the tester market is now coming out of the pause induced by the downswing in end-product demand.
- We are optimistic that the tester market is moving in a positive direction.

■ Memory Tester Business

- Dominant share will give Advantest a head-start when market conditions improve
- DRAM supply continues tight. Moves towards production capacity expansion are accelerating, driven by process shrink trends.
- Demand for high-speed memory & next-generation memory test expected to grow with launch of new game consoles
- New T5831 NAND flash tester set to grab share in NAND market which is expected to for 1xnm process.



T5831 NAND Flash Memory Tester

○ Memory tester business outlook:

- The business environment has improved markedly since last fiscal year. Going into 2014, DRAM processes are due to shrink from the 3Xnm to the 2Xnm node, while NAND processes shrink to the 1Xnm node. These trends are expected to drive new production capacity expansions.
- DRAM supply has tightened, leading to expectations that investment in testers will revive as manufacturers move to expand capacity.
- The shift to 1.6Gbps LPDDR3 for mobile devices is expected to gather momentum from 2H. Further, the continued shift to DDR4 and LPDDR4 in 2014 underpins our expectations for tester demand.
- Demand for high-speed memory testers required to test next-generation and high-speed memory chips for game consoles is expected to grow with the launch of new consoles, which may expand the scale of the high-speed memory test market.
- Our new T5831 NAND tester, formally announced in July, should enable us to win share in the NAND flash test market. The NAND tester market is growing, and we aim to strategically capture customers to take advantage of its expansion.

■ Non-Memory Tester Business

- Mid-range / low-end smartphones & new game consoles to drive near-term demand
- High-end smartphone-related demand expected to revive as manufacturers shift to 2Xnm process technology
- High-end tester demand also expected to grow with wider embrace of one-chip solutions
- New & major customer wins accumulating in markets outside the applications processor segment. Non-logic business fundamentals improving.



○ Non-memory tester business outlook

- In the second half, the main drivers of non-memory tester demand are expected to be mid-range and low-end smartphone demand in emerging economies, and new game consoles.
- Expanding adoption of 2Xnm process technology and growing production volumes should revive high-end smartphone-related demand once inventory in the channel has cleared.
- Semiconductors used in smartphones are generally high-performance devices, regardless of the price point of the end product. Ongoing process shrinks will further enable the functions of multiple devices to be combined into one-chip solutions. This is expected to stimulate demand for our high-end testers.
- We have also continued to accumulate customer wins outside the applications processor segment. The fundamentals of our RF, image sensor, microcontroller, automotive, and power IC tester businesses have steadily improved, setting the stage for higher revenues in these segments.

■ Mechatronics Business

- **Test Handlers(FA)**
Production of finer-pitch devices to drive new demand.
- **Device Interfaces(DI)**
Business environment improving with acceleration of memory-related investment .
- **Sales Synergies**
Both FA and DI products should enjoy an additional boost from fully realized sales synergies with former Verigy products starting in 2H.
- **Nanotechnology**
Healthy volume of enquiries about EB lithography products received.
CDSEM product lineup to be enriched.



F7000 EBLithography System

○ Mechatronics business outlook:

- Test handler sales were somewhat weak in the first half, impacted by the downturn in high-end smartphone sales. However, we anticipate that in the second half, manufacturers will proceed towards production of finer-pitch semiconductors for mobile devices, driving new demand for the superior performance of Advantest handlers.
- Device interface products should also benefit from a greatly improved market environment when memory-related investment accelerates.
- Both test handlers and device interface products will benefit from the sales synergies with former Verigy products that we expect to fully realize in the near term.
- The sales record of our nanotechnology products has not notably shone to date, but our e-beam technology is now receiving highly positive evaluations from customers, principally for our CDSEM photomask tool.
- Utilizing this technology, we aim to grow our nanotechnology business around the two pillars of CDSEM and lithography equipment. We are receiving a positive volume of enquiries for our new e-beam lithography tool which supports 1Xnm node pattern etching, and are also expanding our CDSEM product lineup. We look forward to share gains in this sector.

FY2013 Full-Year Forecast		ADVANTEST	
(¥B)			
	FY2012	FY2013 Forecast (as of Sep. 25 th)	YoY Change
Orders	125.7	148.5	22.8
Sales	132.9	143.0	10.1
Operating Income	0.1	0	-0.1
Net Income	-3.8	-2.5	1.3
<p>※Forecast figures for sales, operating income, and net income are unchanged from those announced on 09/25/2013. ※Exchange rate assumptions have been revised. Assumptions published on 09/25/2013: US\$1=¥90, 1 Euro=¥120. New assumptions: US\$1=¥98, 1 Euro=¥129</p> <ul style="list-style-type: none"> • Further cost cuts currently being implemented • Full market recovery expected to gather momentum from 4Q • Annual dividend forecast: ¥20 /share (¥10 distributed in 1H, ¥10 to be distributed in 2H) 			
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○ FY2013 results forecast:

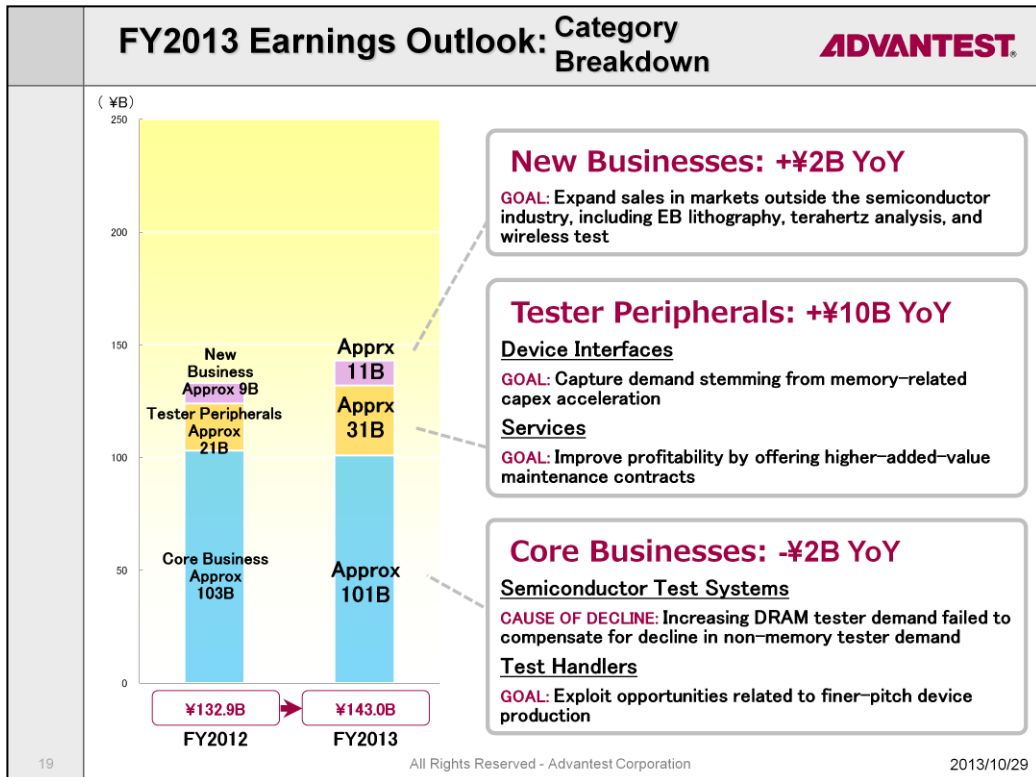
- We predicted that the tester market would shrink in this year, but the weakness in smartphone sales in 1H was worse than expected, and has caused a major contraction in non-memory tester demand. Hence, on September 25th we announced revisions to our yearly forecast.

○ Our forecast for FY2013 is unchanged from the figures announced in September, as follows:

- Orders ¥148.5B
- Sales ¥143.0B
- Operating Income ¥0
- Net loss ¥2.5B
- Our exchange rate assumptions have been revised in line with the prevailing forex trends.

Original assumptions:	US\$1=¥90, 1 Euro=¥120
New assumptions:	US\$1=¥98, 1 Euro=¥129
- The foreign exchange sensitivity of our results varies depending on the volume of sales made in each currency, but due to the fact that a high proportion of Advantest's operations are conducted in countries other than Japan, yen depreciation is not necessary a positive factor for us. In calculating the above forecast, we assumed that ¥1 of yen depreciation vs. the dollar adds ¥0.2B to our operating income, and ¥1 of yen depreciation vs. the euro subtracts ¥0.1B from it.

○ Advantest places great importance on the stability of our dividend. We plan to return ¥20 per share to shareholders in FY2013.



○ Category breakdown of results (forecast):

- Advantest aims to shift to a business structure conducive to generating stable earnings, independent of trends in the tester market or end-product markets. This structure relies on three major initiatives:

- ① Core business growth ② Tester peripherals growth ③ New businesses

Our core strategy of pursuing these three initiatives remains unchanged.

- Taking into account our challenging profit outlook for FY2013, we are redoubling our cost-cutting efforts and further reviewing our capital spending plans. However, we remain committed to an R&D program geared to achieving the mid-term goals associated with the above three initiatives. Technological development is a marathon, not a sprint. We will continue to conduct essential R&D and future-oriented investment, based on a need-sensitive understanding of tomorrow's growth markets.
- We have enriched the product and service lineups of our device interface and service businesses, and in FY2013 2H we expect growing revenues from these two businesses.
- Both of these businesses benefit from leveraging our installed base, which has grown steadily over the years, to deliver added value to customers. For us, growing these businesses contributes directly to a reinforced foundation for stable earnings, and as their profitability is relatively high, they are also expected to make significant contributions in future to overall earnings.
- Our new businesses are expected to formally ramp up in FY2014. We are currently working on a number of fronts to maximize revenue from this category.