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FY2017 2Q Information Meeting

October 25th, 2017
Advantest Corporation

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, 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 "Risk Factors" section of Advantest's Annual Financial Report.

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Financial Results for 2nd Quarter of FY2017 (Period ended September 30th, 2017)

Advantest Corporation
Atsushi Fujita
Managing Executive Officer

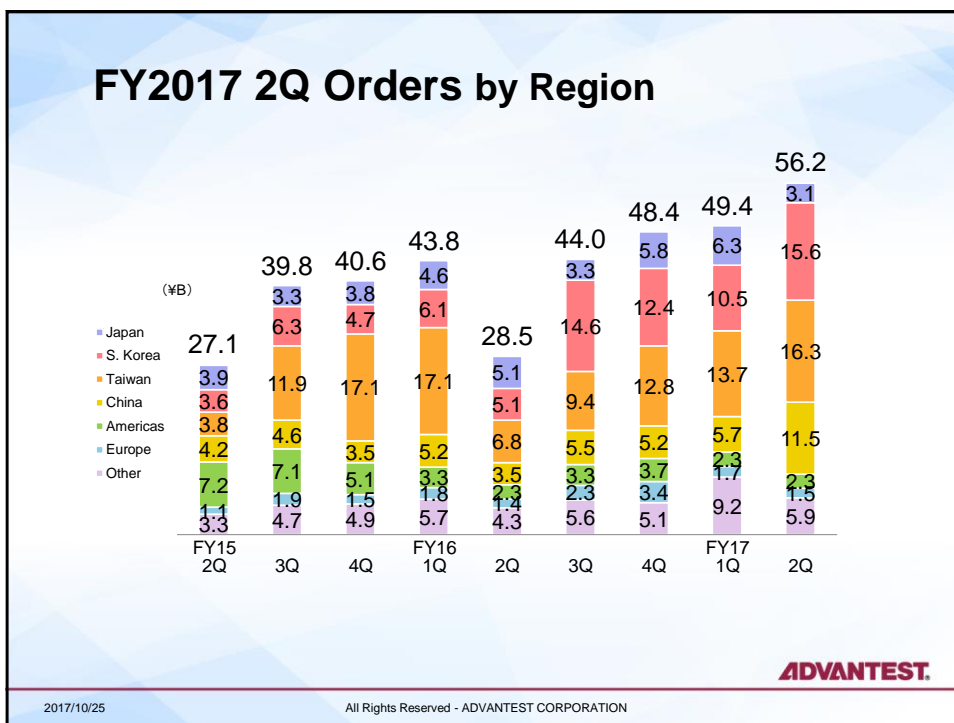
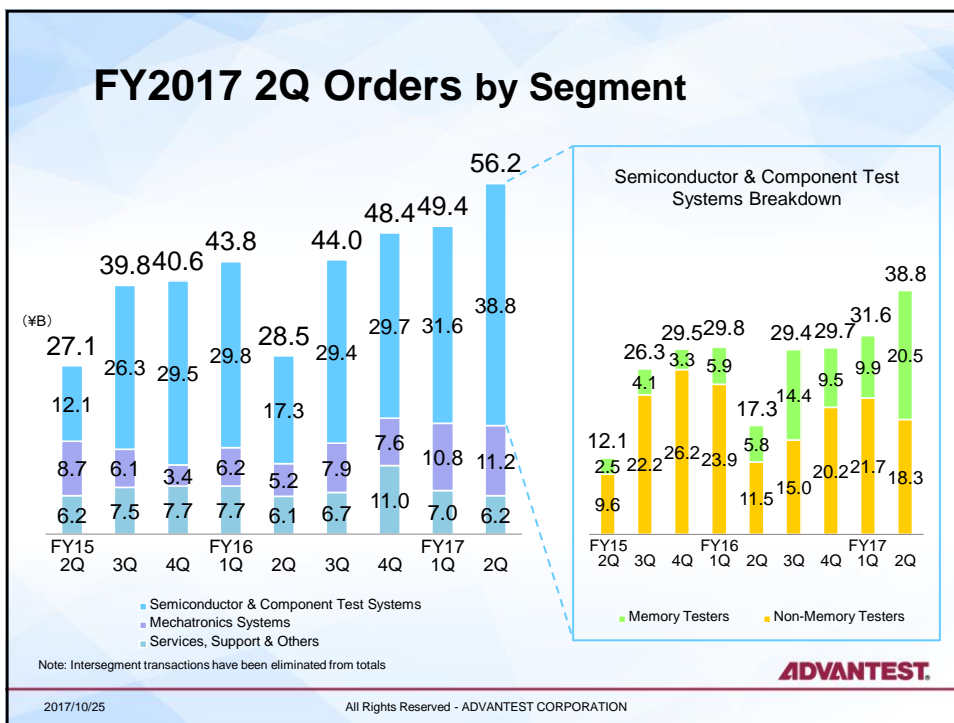
FY2017 2Q Summary of Results

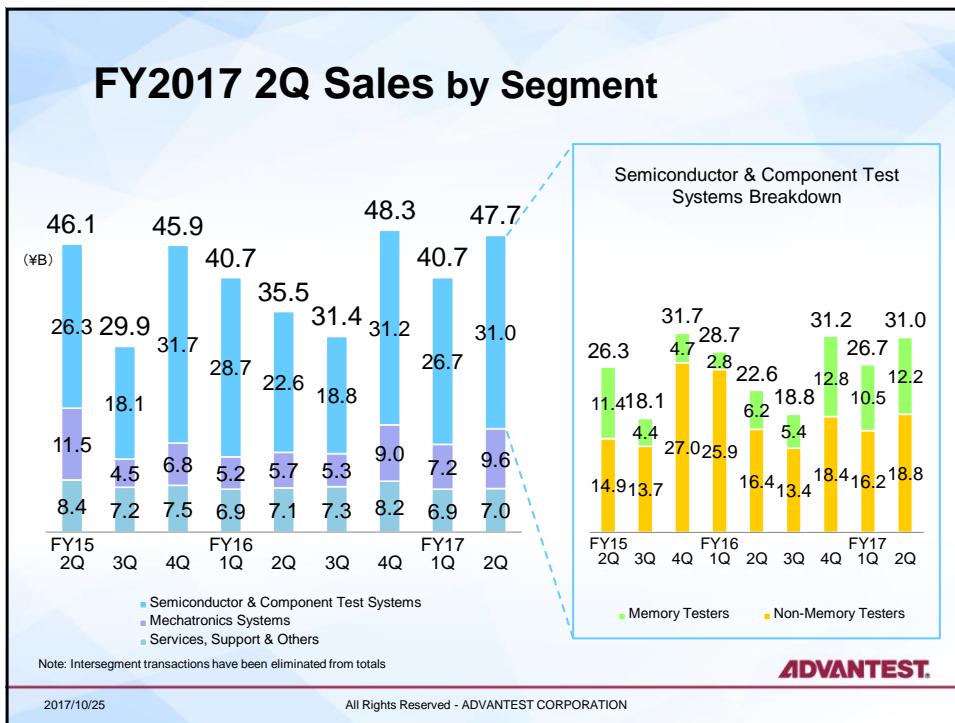
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q	QoQ(¥)	QoQ(%)	YoY(¥)	YoY(%)
Orders	43.8	28.5	44.0	48.4	49.4	56.2	+6.8	+13.8%	+27.7	+97.2%
Sales	40.7	35.5	31.4	48.3	40.7	47.7	+7.0	+17.2%	+12.2	+34.3%
Gross Profit	25.3	21.0	18.1	25.3	20.6	24.9	+4.3	+20.9%	+3.8	+18.1%
Gross Profit Margin	62.2%	59.3%	57.6%	52.4%	50.6%	52.1%	+1.5pts		-7.2pts	
Operating Income	5.7	2.6	1.0	4.6	2.2	5.2	+3.0	+133.0%	+2.6	+101.0%
Operating Income Margin	14.1%	7.3%	3.1%	9.5%	5.5%	10.9%	+5.4pts		+3.6pts	
Income Before Tax	6.2	2.9	0.6	5.3	1.6	4.8	+3.2	+206.6%	+1.9	+63.7%
Net Income	5.0	2.3	0.1	6.8	1.0	3.9	+2.9	+297.1%	+1.6	+72.1%
Net Income Margin	12.2%	6.4%	0.4%	14.1%	2.4%	8.2%	+5.8pts		+1.8pts	
Backlog	36.5	29.5	42.2	42.2	50.9	59.4	+8.5	+16.7%	+29.8	+101.1%
Exchange Rate	1 US\$	¥111	¥104	¥105	¥115	¥112	¥111	¥1 Appreciation	¥7 Depreciation	
	1 Euro	¥124	¥116	¥115	¥122	¥128	¥128	¥7 Depreciation	¥12 Depreciation	

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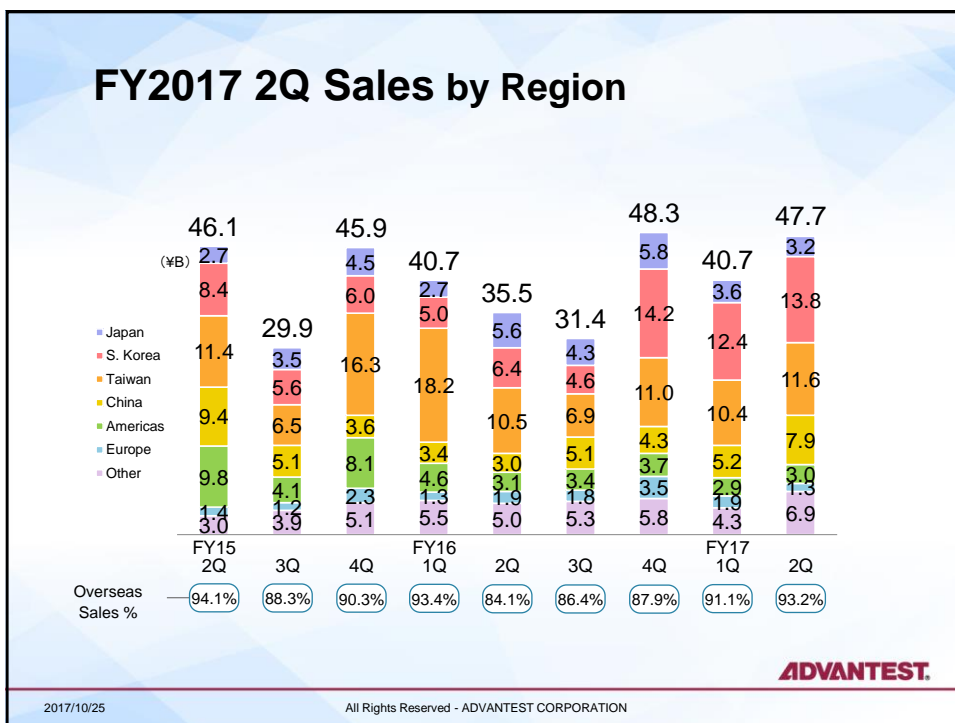
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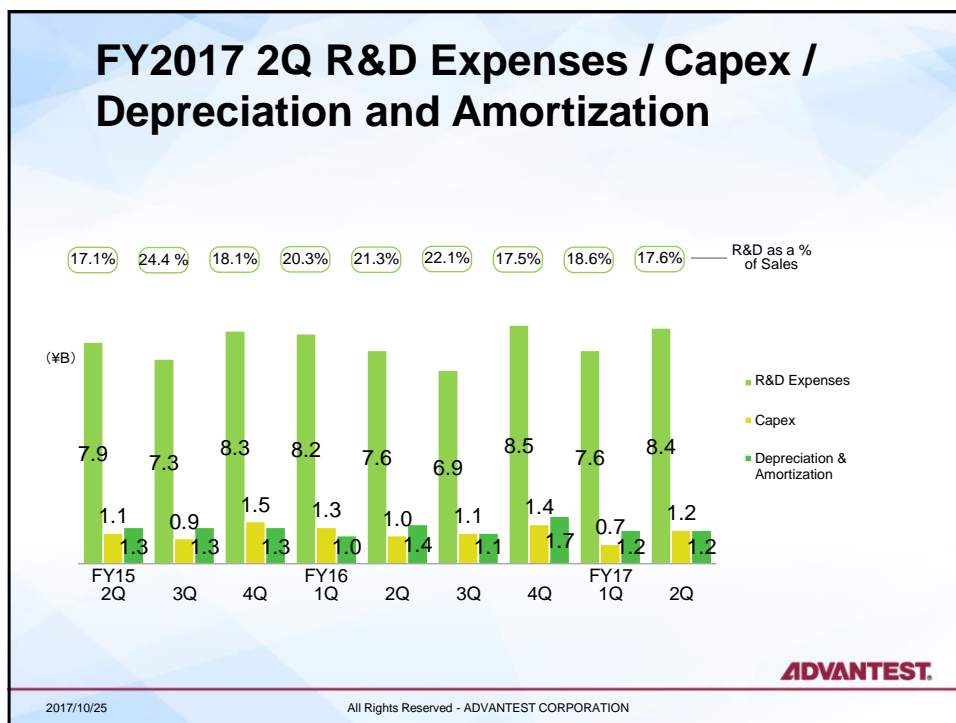
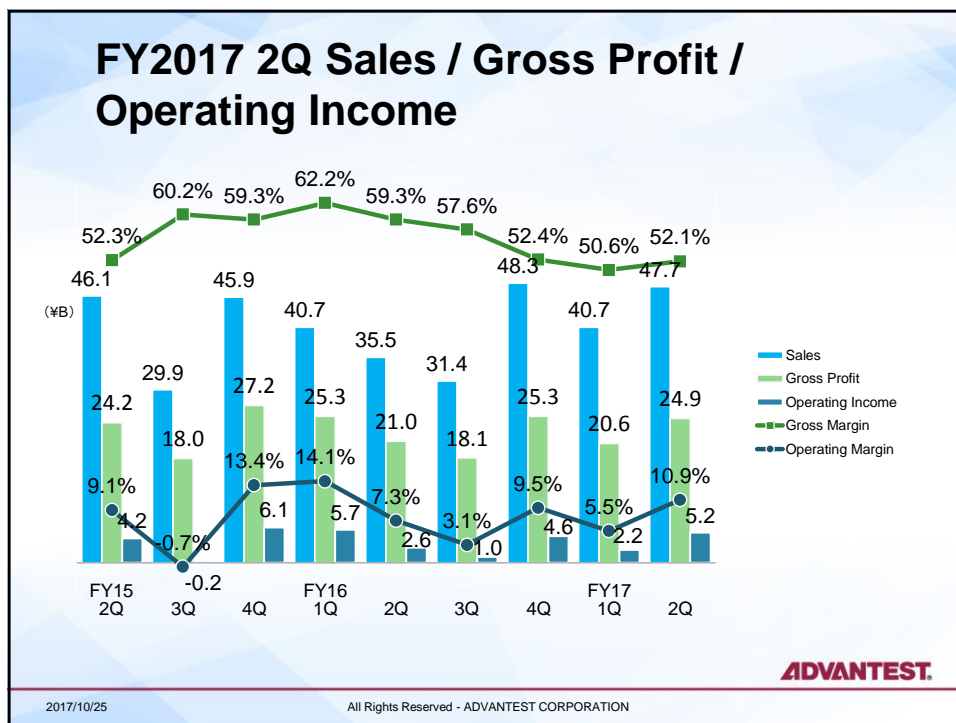
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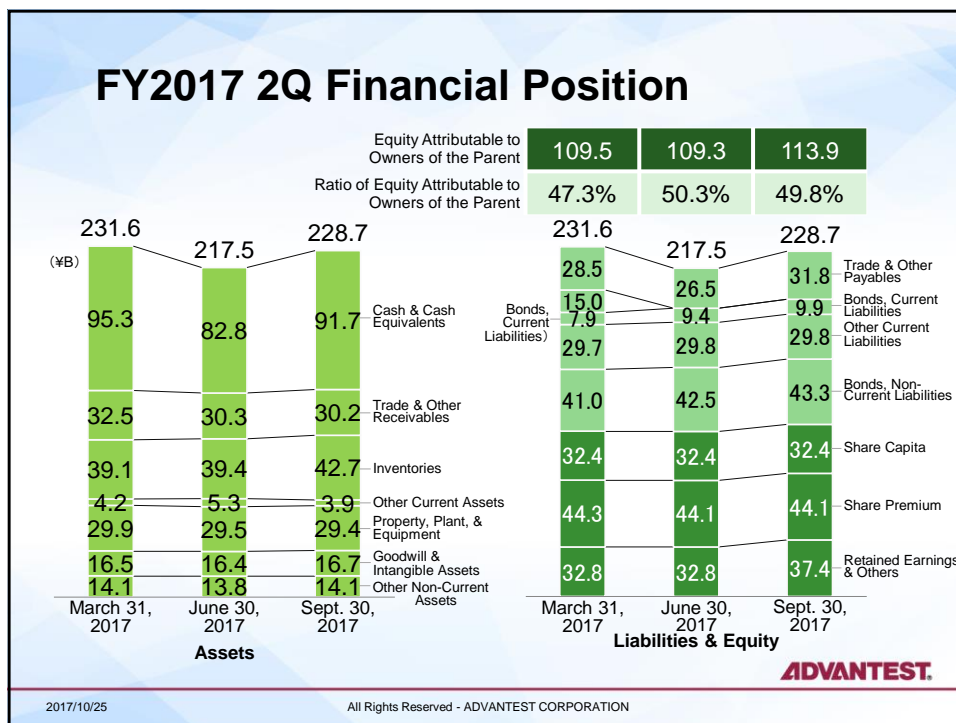
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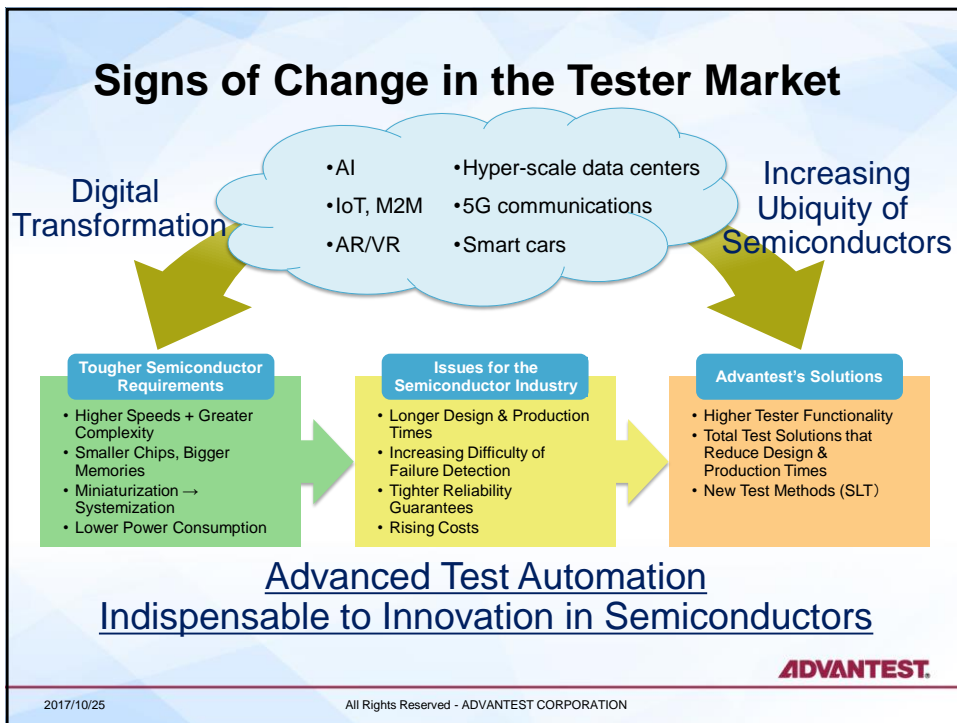




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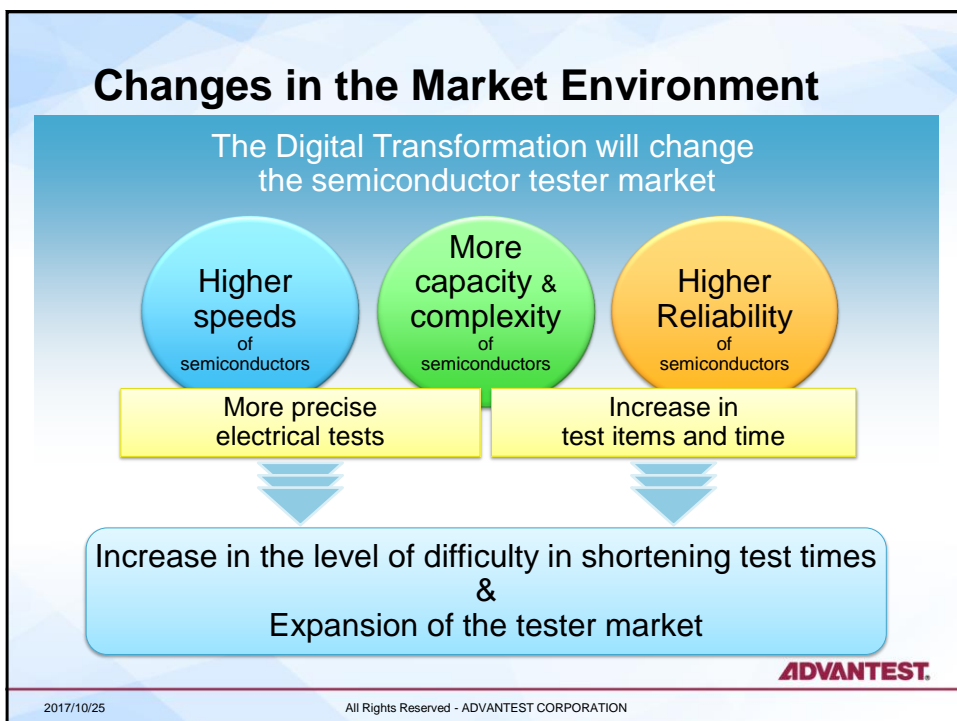
Business Outlook

Advantest Corporation
Yoshiaki Yoshida
Representative Director, President & CEO

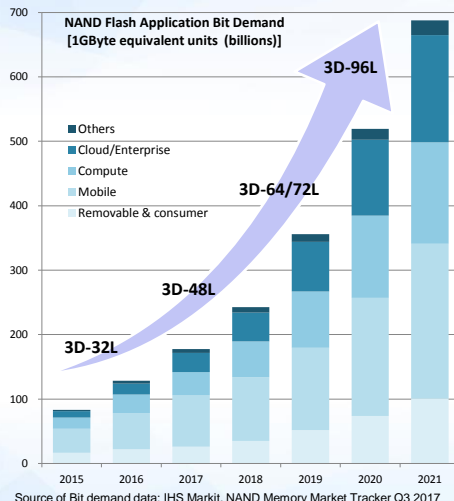


Advanced Test Automation
Indispensable to Innovation in Semiconductors

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Example : 3D NAND Flash Memory



Source of Bit demand data: IHS Markit, NAND Memory Market Tracker Q3 2017
 Results based on IHS Markit, NAND Memory Market Tracker Q3 2017. Results are not an endorsement. Any reliance on results at the third party's own risk. Visit technology.ihs.com.

The Case of 3D NAND

- ✓ In response to the growth of data storage demands, increases in memory capacity are proceeding through more layers and multi-bit-per-cell architecture
- ✓ Testing time is proportional to memory capacity, and it increases along with the number of layers and higher bit counts
- ✓ For the high reliability required for cloud/enterprise applications, it is necessary to increase the intensity of testing even further

Increased demand for testers

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Market Forecast for CY2018

	Market size	YoY change
Non-memory tester market	\$2,200M~2,300M	ca. +10% to +15%
Memory tester market	ca. \$800M	ca. +5% to +10%

- ✓ In the non-memory tester market, the growth drivers will be miniaturization and improved functionality of logic IC chips
- ✓ As in 2017, the demand for memory testers will continue to be at a high level for several years

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Key Points for 2H FY2017

■ Preparing for business expansion

- <Strengthening R&D investment>
Aggressive investment in promising medium-term R&D themes
- <Strengthening of support resources>
Strengthening of sales and customer support for growing markets
- <Increasing production capacity>
Expanding production capacity for higher demand in the next year

■ Outlook for investments in FY17

- ✓ R&D expenses : ¥34.0B (FY2016 actual : ¥31.2B)
- ✓ Capex : ¥6.5B (FY2016 actual : ¥4.8B)
- ✓ Depreciation and amortization : ¥5.0B (FY2016 actual : ¥5.2B)

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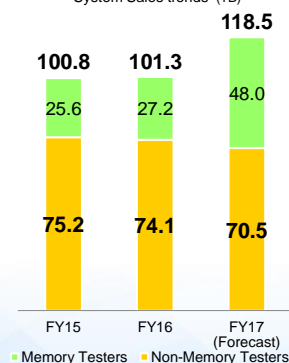
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Outlook by Segment

■ Semiconductor & Component Test Systems

Semiconductor & Component Test System Sales trends (¥B)



Non-Memory Testers

- ✓ Although there is a trend of recovery in Chinese smartphone-related test business, it remains somewhat slow. From 4Q onward, it will recover and begin to grow
- ✓ Customers continue to invest aggressively in testers used for automotive semiconductors and OLED drivers
- ✓ Over the next several years, the promising technologies such as AI, 5G telecommunication, and ADAS that are able to showcase the strengths of our company will arrive

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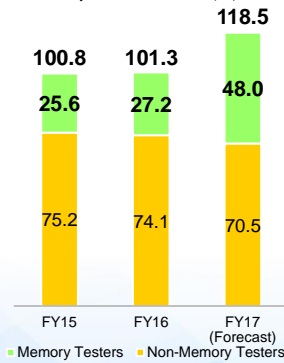
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Outlook by Segment

■ Semiconductor & Component Test Systems

Semiconductor & Component Test System Sales trends (¥B)



Memory Testers

- ✓ As the number of layers on NAND flash memory increases, testing time will also increase, and aggressive investment in testers will continue
- ✓ In DRAM, we expect that the demand for high-speed memory testers and investments to replace older DRAM testers to improve productivity will continue
- ✓ Demand for memory testers is expected to increase in FY2018 as well

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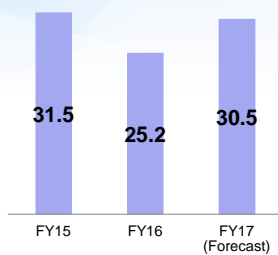
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Outlook by Segment

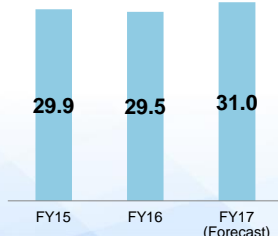
■ Mechatronics

Mechatronics Sales Trends (¥B)



- ✓ Demand for device interfaces and handlers will rise in response to the rise in demand for memory testers
- ✓ Demand for SoC handlers will rise as well
- ✓ Demand for nanotechnology products will fall YoY and remain stagnant

Services, Support, & Others Sales Trends (¥B)



■ Services, Support, & Others

- ✓ Demand for services will be robust thanks to conditions in the semiconductor market

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FY2017 Financial Results Forecast

(¥B)

	FY2016	FY2017 Forecast (July)	FY2017 Forecast (October)	vs. FY2016 (Δ)	vs. FY2016 (%)
Orders	164.7	175.0	188.0	+23.3	+14.2%
Backlog	42.2	45.2	50.2	+8.0	+19.0%
Sales	155.9	172.0	180.0	+24.1	+15.4%
Semiconductor & Component Test systems	101.3	114.0	118.5	+17.2	+17.0%
Mechatronics	25.2	27.0	30.5	+5.3	+21.1%
Services, Support & Others	29.5	31.0	31.0	+1.5	+5.1%
Operating Income	13.9	18.0	18.0	+4.1	+29.4%
Operating Income Margin	8.9%	10.5%	10.0%	+1.1pts	
Income Before Tax	15.0	18.2	17.0	+2.0	+13.2%
Net Income	14.2	15.0	14.5	+0.3	+2.1%
Net Income Margin	9.1%	8.7%	8.1%	-1.0pts	
Exchange Rate					
1 US\$	¥108	¥110	¥110	¥2 Depreciation	
1 Euro	¥119	¥120	¥130	¥11 Depreciation	

Forex sensitivity towards annual operating income:
for US\$ is ¥400 million, for Euro is -¥100 million, in the case of a ¥1 depreciation

Note: Intersegment transactions have been eliminated from totals

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Summary

- ✓ Greater functionality, increased complexity, and higher semiconductor reliability requirements will drive the tester market expansion
- ✓ The demand for memory testers will continue to be at a high level for several years
- ✓ We expect demands for non-memory testers to fully recover in the 4Q and then grow in the next fiscal year
- ✓ Promising technologies such as AI, 5G telecommunication, and ADAS that are able to showcase the strengths of our company will arrive
- ✓ With these promising opportunities for growth, we will increase R&D investment, strengthen support resources, and expand production capacity

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