

The background of the slide features a complex, light gray graphic design. It includes a stylized world map, a circuit board pattern, binary code (0s and 1s), and a large circular element resembling a camera lens or a multi-layered disk. The Advantest logo is positioned in the top left corner.

ADVANTEST[®]

FY2018 3Q
(Three months ended December 31th, 2018)
Information Meeting

January 30th, 2019
Advantest Corporation

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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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```
...mirror_object = obj
operation == "MIRROR_X":
    mirror_mod.use_x = True
    mirror_mod.use_y = False
    mirror_mod.use_z = False
operation == "MIRROR_Y":
    mirror_mod.use_x = False
    mirror_mod.use_y = True
    mirror_mod.use_z = False
operation == "MIRROR_Z":
    mirror_mod.use_x = False
    mirror_mod.use_y = False
    mirror_mod.use_z = True

@selection at the end -add
obj.select= 1
mirror_ob.select=1
context.scene.objects.active
obj["Selected"] + str(modifier)
mirror_ob.select= 1
```

Financial Results for FY2018 3Q

Atsushi Fujita
Managing Executive Officer

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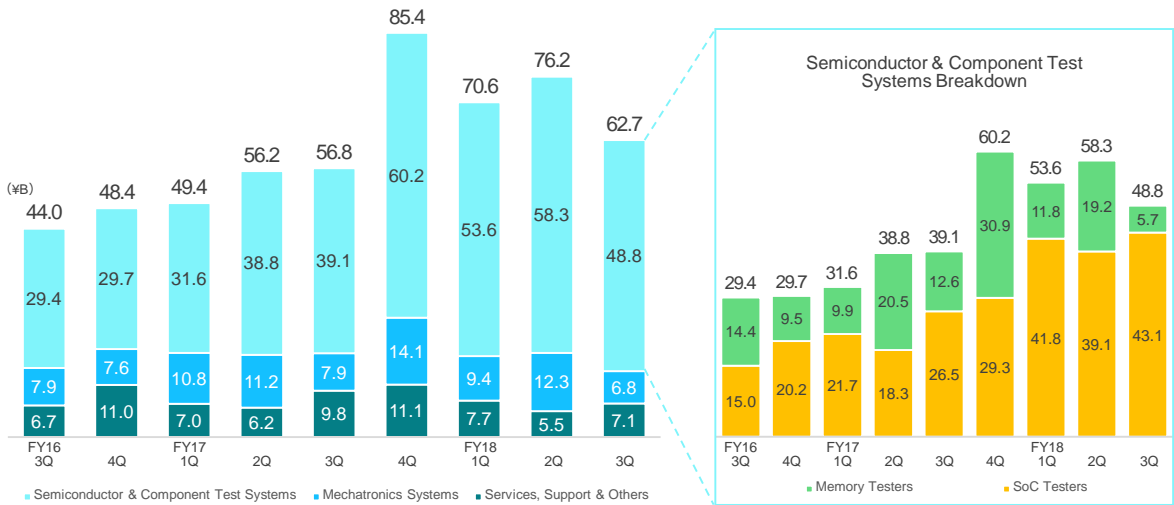
FY18 3Q Summary of Results

	FY17				FY18							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ		YoY		
								(Δ)	(%)	(Δ)	(%)	
Orders	49.4	56.2	56.8	85.4	70.6	76.2	62.7	▲13.4	▲17.6%	+6.0	+10.5%	
Sales	40.7	47.7	50.9	67.9	70.9	72.7	74.9	+2.3	+3.1%	+24.0	+47.3%	
Gross Profit	20.6	24.9	23.2	37.9	38.2	38.9	42.5	+3.6	+9.3%	+19.2	+82.6%	
Gross Margin	50.6%	52.1%	45.8%	55.7%	53.9%	53.6%	56.8%	+3.2pts		+11.0pts		
Operating Income	2.2	5.2	3.2	13.9	15.8	18.0	20.7	+2.8	+15.4%	+17.5	+6.4x	
Operating Margin	5.5%	10.9%	6.4%	20.4%	22.3%	24.7%	27.6%	+2.9pts		+21.2pts		
Income Before Tax	1.6	4.8	3.4	14.5	16.5	18.6	20.6	+2.1	+11.1%	+17.2	+6.1x	
Net Income	1.0	3.9	2.6	10.6	13.9	16.2	17.9	+1.6	+10.1%	+15.4	+7.0x	
Net Income Margin	2.4%	8.2%	5.0%	15.6%	19.6%	22.4%	23.9%	+1.5pts		+18.9pts		
IFRS15 Backlog adjustment					▲3.0							
Backlog	50.9	59.4	65.3	82.8	79.5	83.0	70.8	▲12.2	▲14.7%	+5.5	+8.4%	
Exchange Rate	1 US\$	¥112	¥111	¥112	¥111	¥108	¥111	¥113	¥2 Depreciation		¥1 Depreciation	
	1 Euro	¥121	¥128	¥132	¥134	¥131	¥129	¥130	¥1 Depreciation		¥2 Appreciation	

○ FY2018 3Q Results Summary

- Orders -17.6% QoQ +10.5% YoY ¥62.7 billion
- Sales +3.1% QoQ +47.3% YoY ¥74.9 billion
- Operating Income +15.4% QoQ 6.4x YoY ¥20.7 billion
- Net Income +10.1% QoQ 7.0x YoY ¥17.9 billion
- At our previous results briefing in October 2018, we had a cautious forward outlook in view of the possibility that Sino-American trade friction would affect our business.
- As foreseen, uncertainty surrounding trade friction between the US and China is considerably dampening enthusiasm for tester investment, and the whole semiconductor industry is undertaking inventory adjustments. Within that trend, orders for memory testers declined considerably from the previous quarter, and overall orders decreased year-on-year.
- On the other hand, with respect to SoC testers, chipmakers actively invested in reinforcement of their semiconductor test capability in 3Q, against a backdrop of advancing smartphone performance.
- Due to this continued high demand for SoC testers, both sales and profits exceeded our initial assumptions.

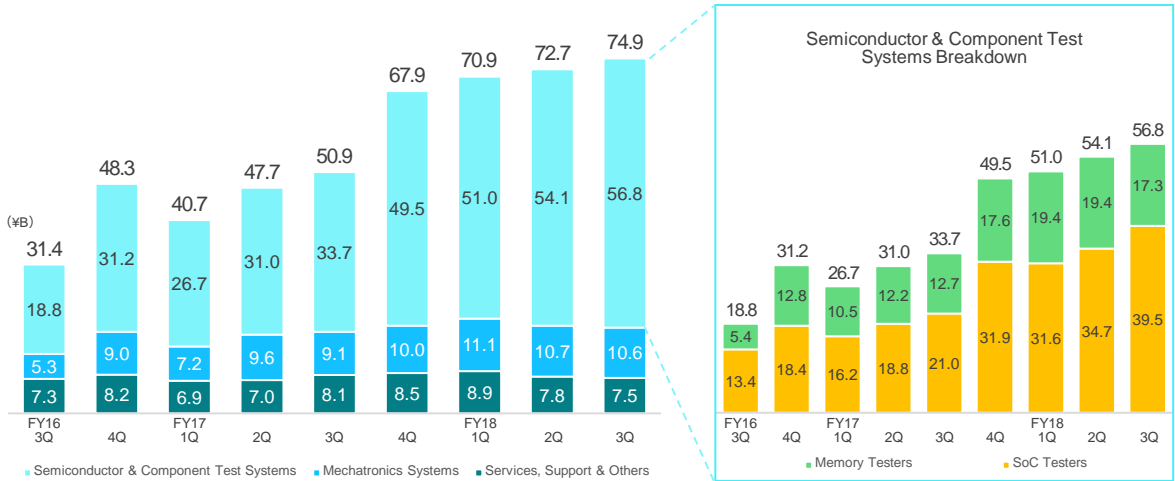
Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

- FY2018 3Q Orders by Segment
- Semiconductor & Component Test Systems
 - ¥48.8 billion -16.2% QoQ
 - SoC testers continued to see a high level of orders, particularly for application processors and display driver ICs, which are becoming more sophisticated, leading to orders of ¥43.1 billion.
 - Memory tester orders declined sharply as major customers proceeded with memory chip inventory adjustments, coming in at only ¥5.7 billion.
- Mechatronics Systems
 - ¥6.8 billion -45.4% QoQ
 - Device interface orders declined in step with memory testers
- Services, Support & Others
 - ¥7.1 billion +30.7% QoQ
 - Annual maintenance contract orders recovered.

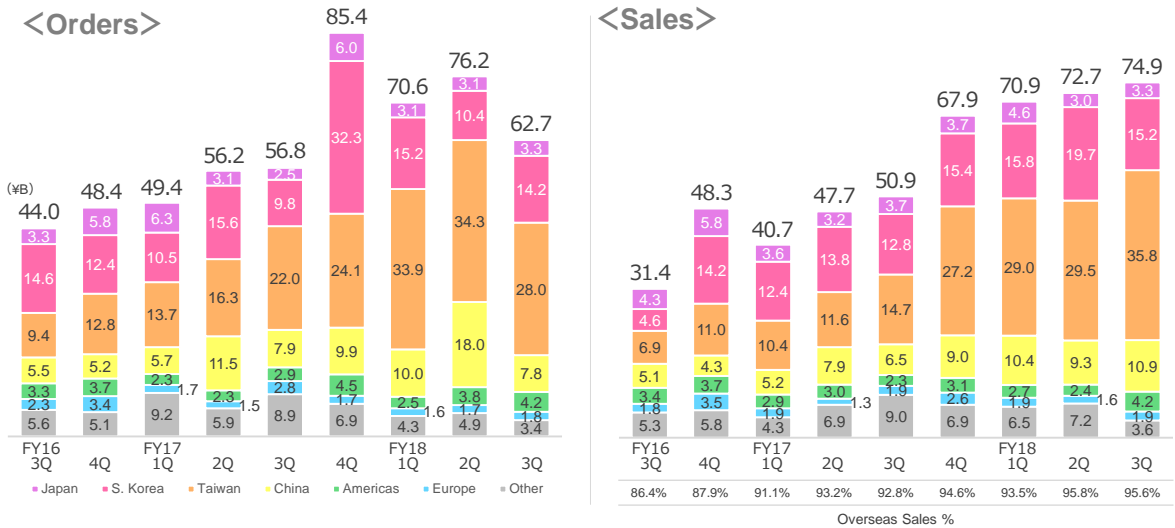
Quarterly Sales by Segment



Note: Intersegment transactions have been eliminated from totals

- FY2018 3Q Sales by Segment
- Semiconductor & Component Test Systems
 - +4.8% QoQ ¥56.8 billion
 - SoC tester sales were strong , thanks to growth in smartphone-related areas, leading to another quarterly sales record of ¥39.5 billion.
 - Memory tester sales plateaued as we worked through our order backlog, coming in at ¥17.3 billion.
- Mechatronics Systems
 - Flat QoQ ¥10.6 billion
- Services, Support, & Others
 - Also flat QoQ ¥7.5 billion

Quarterly Orders / Sales by Region



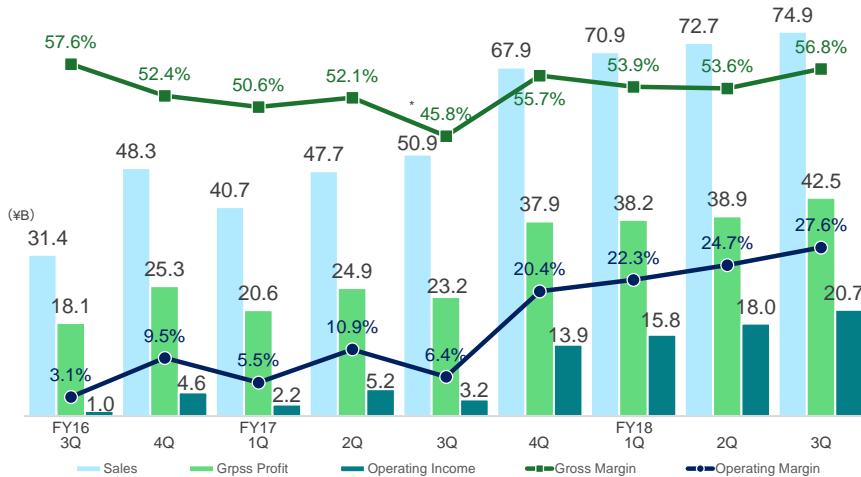
○ FY2018 3Q Orders by Region

- Order trends in major regions
- Korea
 - Memory tester orders have been sluggish since 2Q, but orders for SoC testers, such as for display driver ICs and image sensors, increased.
- Taiwan / China
 - There was a rebound slump after a strong 2Q for memory testers and display driver IC testers. We expect orders for display driver IC testers to recover in 4Q.

○ FY2018 3Q Sales by Region

- Sales trends in major regions
- High levels of sales continued in the Asian countries where semiconductor volume production processes are concentrated, including South Korea, Taiwan, and China.
- Sales jumped up in Taiwan, where many customers are performing high-end SoC test.
- Our overseas sales ratio in 3Q was 95.6%.

Sales / Gross Profit / Operating Income



*In FY17 3Q, a ¥3.3 billion write-down of inventories was recorded in our nanotechnology business.
The gross margin in FY17 3Q excluding the effect of the write-down was 52.3%.

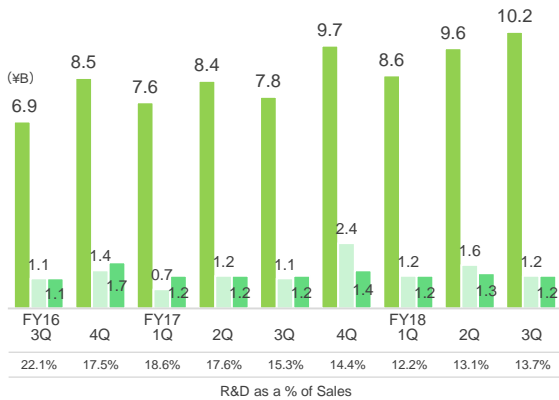
○ FY2018 3Q Sales / Gross Profit / Operating Income

- Gross margin 56.8%
Owing to an improved product mix
- SG&A ¥24.4 billion
An increase of 2.5 billion yen QoQ, primarily driven by an increase in accrued bonuses due to 3Q sales and profit growth
- Operating income ¥20.7 billion
Includes a profit of ¥2.5 billion from the transition of a part of Advantest Corporation's pension plan for employees in Japan to a defined contribution plan.
- Operating margin 27.6%, an improvement of 2.9 points

Investments / Cash Flow Condition

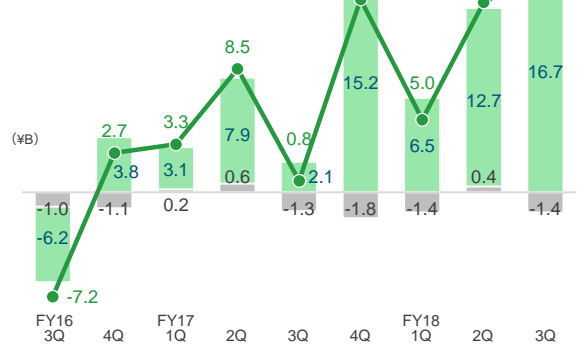
<Investments>

- R&D Expenses
- Capital Expenditure
- Depreciation & Amortization



<Cash flows>

- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows



*Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

○ FY2018 3Q R&D Expenses/Capex/D&A

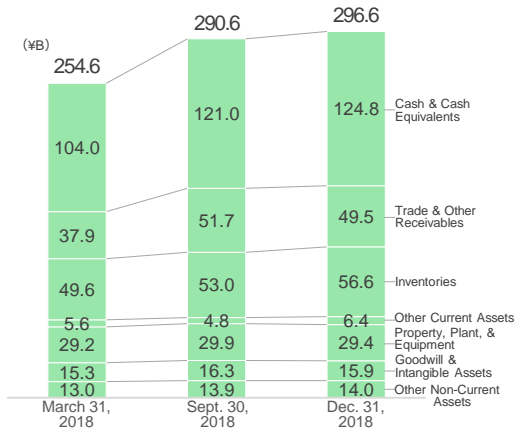
- R&D Expenses ¥10.2 billion
Investment in R&D-focused human resources grew.
- R&D to sales ratio 13.7%
- Capex ¥1.2 billion
- Depreciation and Amortization ¥1.2 billion

○ Cash Flow Condition

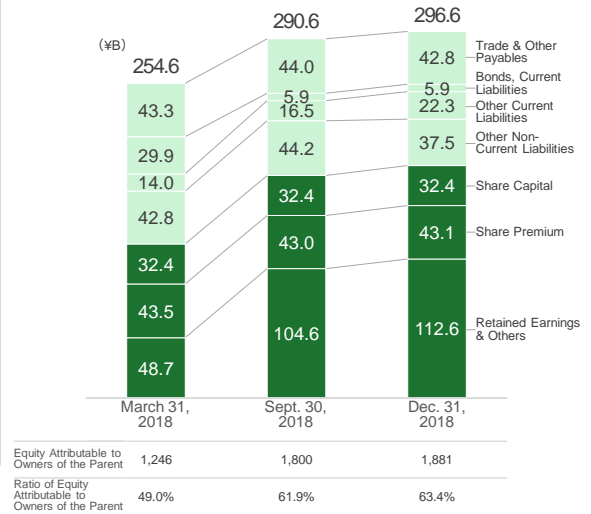
- For the past two years we have been able to expand sales without major investments in production equipment.
- Free cash flows in 3Q resulted in a net cash in-flow of ¥15.2 billion.

Financial Position

<Assets>



<Liabilities & Equity>



○ Balance Sheet for Period Ending December 31st, 2018

- Total Assets ¥296.6 billion
- Cash and cash equivalents ¥124.8 billion
- Bonds (current) ¥5.9 billion
Virtually unchanged QoQ. The conversion rate of convertible bonds exercisable by February 2019 was about 80% at the end of December.
- Equity attributable to owners of the parent ¥188.1 billion
- Ratio of equity attributable to owners of the parent increased by 1.5 points to 63.4%



FY2018 Business Outlook

Yoshiaki Yoshida
Representative Director, President & CEO

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FY18 Forecast

	FY17		FY18		(¥B)	
	Results	New Forecast	vs. FY17		FY18 forecast as of Oct. 2018	(Δ)
			(Δ)	(%)		
Orders	247.8	265.0	+17.2	+7.0%	255.0	+10.0
Sales	207.2	278.0	+70.8	+34.2%	265.0	+13.0
Operating Income	24.5	63.0	+38.5	+2.6x	53.0	+10.0
Operating Margin	11.8%	22.7%	+10.9pts		20.0%	+2.7pts
Income Before Tax	24.3	64.0	+39.7	+2.6x	54.5	+9.5
Net Income	18.1	54.5	+36.4	+3.0x	46.0	+8.5
Net Income Margin	8.7%	19.6%	+10.9pts		17.4%	+2.2pts
IFRS15 Backlog adjustment		▲3.0			▲3.0	
Backlog	82.8	66.8	▲16.0	▲19.3%	69.8	▲3.0
Exchange Rate*	1 US\$	¥111	¥110	¥1 Appreciation	¥110	-
	1 Euro	¥129	¥130	¥1 Depreciation	¥132	¥2 Appreciation
Dividend per share	¥32	¥88	up ¥56		¥75	+¥13

*Exchange rate assumptions for FY18 4Q: USD \$1 = ¥110, 1 Euro = ¥130.
Regarding our foreign exchange sensitivity, annual operating income will rise by ¥500 million yen for each ¥1 of yen depreciation versus USD and will decline by ¥100 million yen for ¥1 of yen depreciation versus Euro.

○ FY2018 Forecast

- With SoC testers compensating for the deceleration in memory testers, 3Q orders and sales progressed considerably better than we expected 3 months ago.
- Based on this, we will again raise our annual forecast for our semiconductor and component test systems segment as well as our company-wide FY2018 financial forecast.
- We anticipate 4Q orders of about 55 billion yen and 4Q sales of about 60 billion yen.
- Our full-year forecast for orders, sales and net profit will be the highest ever, setting a new record for the first time since FY2000.
- Our dividend policy calls for a half-year consolidated payout ratio of 30%. Our forecast three months ago anticipated a year-end dividend of 25 yen, which would make a total dividend of 75 yen for the full year. We now expect a year-end dividend of 38 yen, making a total dividend of 88 yen for the full year. This will be an increase of 56 yen YoY.
- We anticipate earnings per share for the full year to be slightly less than 290 yen and ROE to exceed the 30% level.

CY19 Market Forecast as of Jan. 2019

- The CY18 tester market steadily grew amidst improvements in performance and reliability for various semiconductors.
- As uncertainty in the global economy increases, customers will prioritize inventory adjustments, causing a temporary slowdown in the tester market.
- We expect a market recovery in the second half of CY19, with inventory adjustments easing and customer sentiment improving.

	CY18 estimate	CY19 estimate	YoY Change
SoC tester market	Approx. \$2.4B	Approx. \$2.0B	Approx. -15%
Memory tester market	Approx. \$1.0B	Approx. \$700~800M	Approx. -20%~-30%

○ CY2019 Market Forecast

- In 2018, the performance of a variety of semiconductors used in various applications such as data centers, smartphones, industrial equipment, automobiles, and displays was improved.
- We closely monitored trade friction between the U.S. and China in case of negative impact on semiconductor demand. However, despite a sense that it was running out of steam in 2H, the semiconductor market was basically steady in 2018.
- As a result, various semiconductor manufacturers reinforced their test capabilities this year, driving very good results for us.
- However, as trade friction between the U.S. and China intensifies, uncertainty in the global economy is increasing. This has affected customer sentiment and customers' corporate activities, including inventory control and capital investment.
- Many product supply chains and customers are currently undergoing inventory adjustments. Demand for new testers is expected to decrease until this inventory adjustment cycle closes.
- It is very difficult to make predictions at this time, but we think that demand will bottom out in the first half of the calendar year, and will recover in the second half. Tester investment should pick up again from 2020.
- The SoC tester market increased in 2018 to approximately \$2.4 billion, up 9% YoY, but it is estimated to be approximately \$2.0 billion in 2019, a YoY decline of about 15%.
- The memory tester market grew 33% YoY to approximately \$1.0 billion in 2018, but we now think that it will shrink to approximately \$700-800 million in 2019, down about 20% to 30% YoY.

Key Measures

Our Continued Commitment to Customers

- Major customers are developing and evaluating high-end SoC and memory devices with better performance.
- We are collaborating with them from the development stage to assure advanced performance and reliability by providing new test technologies and solutions.
- From CY19 2H, new devices with higher performance and reliability will go into volume production, driving tester market growth.
- We are partnering with customers to capture the next wave of demand for testers.

Towards Mid to Long-term Business Growth

- We will boost competitiveness in promising arenas such as AI, 5G communications, and ADAS.
- We will also focus on technology and human resources as sources of mid to long-term corporate value creation.
- Regarding the acquisition of the system-level test business of US company Astronics, which was announced in November 2018, we are proceeding toward early completion of closing procedures.

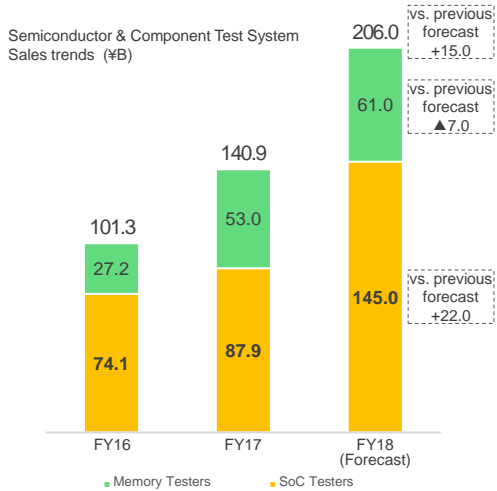
FY18 Investment Outlook

	FY17 actual	FY18 forecast
R&D Expenses	¥33.5 billion	¥38.0 billion
Capex	¥5.4 billion	¥7.0 billion
Depreciation and amortization	¥5.0 billion	¥5.5 billion

○ Key Measures

- Demand for testers is expected to slow down in the short term, but on the other hand, we and our customers are already preparing for the next growth phase.
- While inventory adjustments and capital investment restraint may temporarily depress demand, amidst the larger wave of the digital transformation, customers are working to develop the next generation of devices in order to achieve higher-performance semiconductors than ever before.
- To enable continued innovation together with our customers, we collaborate with them from the device development stage by developing and providing new test technologies and solutions.
- In fact, our collaboration with leading customers in the semiconductor market on technologies including AI, 5G, ADAS, and high-end memory has been successful, contributing to our growth in FY2018.
- From the second half of 2019, volume production of new devices is expected to start in a more sophisticated and reliable way. This will be affected by the length of the inventory adjustment cycle, but we are confident that the tester market will be driven by the adoption of these new devices, and will continue to grow.
- This is in line with our mid- to long-term management plan announced in April 2018. It is our view that the tester market will grow over the medium to long term despite repeated fluctuations. Therefore, without undue concern for the current sense of deceleration, we will continue to take the necessary measures for future growth.
- One early step was our announcement of the acquisition of the system-level test business of Astronics, an American company, in November. Unfortunately we have not closed the deal yet, but the two companies are proceeding towards closing. We will make a further announcement as soon as these procedures are completed.

FY18 Outlook by Segment



Semiconductor & Component Test Systems

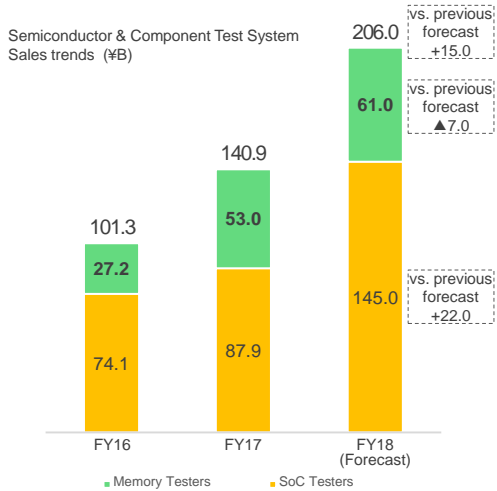
<SoC Testers>

- Amidst improving handset performance, the movement towards test capacity expansion for smartphone processors and sensors continues.
- Evolution in display technology, including TDDI, CoF, and higher definition panels, continues to drive robust test demand.
- Even when demand for end-products slows, our broad customer base supports SoC tester order levels. We have raised our full-year sales forecast.

○ FY2018 Outlook by Segment: SoC Testers

- In FY2018, higher performance, more miniaturization, and increased complexity of semiconductors for smartphones and display panels led many customers to strengthen their testing capabilities.
- Test demand for display driver ICs, which has been strong since last year, is expected to continue in 2019 as the current momentum continues.
- Although the growth of our SoC tester business has advances in semiconductor technology in the background, our successful capture of the wave of test reinforcement demand from many customers also owes a great deal to our broad customer base, rich product portfolios, and strong global support system.
- 4Q is expected to slow down a bit owing to slower demand for end-products such as smartphones. However, FY2018 SoC tester sales are expected to greatly exceed initial expectations, also due to our increased market share.
- Although our share of the SoC tester market in CY17 was over 30%, we believe we will be able to increase our share to about 50% in CY18.

FY18 Outlook by Segment



Semiconductor & Component Test Systems

<Memory Testers>

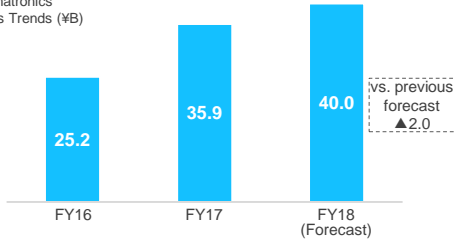
- One customer after another is revising tester investment plans, reflecting the softening of data center memory demand and uncertainty in the global economy.
- We have lowered our memory tester outlook for FY18.
- However, while tester investment is restrained at present, the trend towards increased device memory capacity is being sustained in both DRAM and non-volatile memory. In response to this, test capacity-building investments should revive in future.

○ FY2018 Outlook by Segment: Memory Testers

- In the memory market, there has been a growing trend of customer inventory adjustments since last autumn.
- We believe that ripple effects from the trade friction between the U.S. and China, the slowdown in data center investment, CPU shortages, and many other factors are having a complex impact.
- Memory inventory adjustments have reduced customers' willingness to invest, making it necessary for us to lower our tester sales outlook for the current fiscal year from the figure announced in October 2018.
- However, we believe the memory tester investment adjustment is not comparable to past downturns such as those that followed the bursting of the dot-com bubble and the financial crisis, and that it will not be too serious.
- This is because the increase in capacity of memory devices is expected to spark further investment in test capacity.
- Although we are lowering our memory tester sales forecast, the shortfall will be covered by SoC tester sales growth, and we are expecting a substantial increase in sales for our semiconductor and component test systems segment as a whole.

FY18 Outlook by Segment

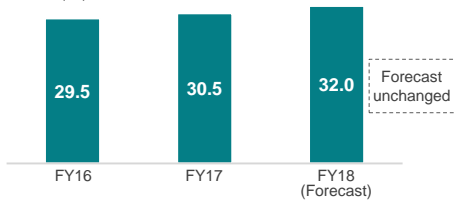
Mechatronics
Sales Trends (¥B)



Mechatronics Systems

- In 1H, there was strong demand for memory test device interfaces and memory test handlers.
- In 2H, we revised our October forecasts in accord with the decline in memory tester demand.

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



Services, Support, & Others

- As customer tester utilization rates were strong, field services sales held steady.

○ FY2018 Outlook by Segment: Mechatronics Systems, Services, Support, & Others

- Our Mechatronics Systems business saw strong demand for memory handlers and device interfaces used with memory testers in the first half.
- We anticipated 2H demand for this segment to be close to 1H demand, but have lowered the segment's outlook by ¥2 billion following memory tester demand revisions.
- We have not changed the outlook for our Services, Support, & Others segment.

Summary

- **CY18 was an excellent year for Advantest.**
- **Our FY18 results will set new orders, sales and net profit records.**
- **Results have been boosted by structural changes in the tester market and our strengthening of global operations.**
- **The CY19 tester market may slow down, but this is only a pause in the cyclical growth cycle. We will continue to invest in sustainable growth.**

○ Summary

- Although uncertainty increased in the second half of the year, we think that 2018 was an excellent year for Advantest.
- We were able to securely capture growth opportunities. In FY2018, we will achieve record high orders, sales and net profit.
- The background to this achievement is the structural changes in the tester market in the past few years. The diversification of semiconductor applications continues. Also, our customers are seeking to meet public demand for greater semiconductor reliability.
- Amidst these trends, we have successfully strengthened our global operations to support global customers. Our FY2018 financial performance has been buoyed by continuous research and development investment, our broad product portfolio, our global sales, development, and support structure, our global management structure, and a production system that can flexibly support increases in demand.
- The 2019 tester market is likely to slow down, but this is in line with our mid-term management plan. The structural changes in the tester market will continue. Without undue concern for slackening momentum in certain segments, we will continue to take the necessary measures for sustained growth.
- Specifically, we will actively build a development structure and allocate extra personnel to 5G, AI and other future growth markets. Looking further ahead, we plan to expand our new businesses. We will lay the necessary groundwork for these moves.