

FY2014 Information Meeting

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.

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Financial Results FY2014

Advantest Corporation
Hiroshi Nakamura
Director and Managing Executive Officer

Summary of Results

(¥B)

	FY2013	FY2014								
	Full Year	1Q	2Q	3Q	4Q			Full Year		
					Forecast (Jan. '15)	Results	Q on Q	Forecast (Jan. '15)	Results	Y on Y
Orders	127.4	49.2	38.2	38.7	39.9	50.2	+30.0%	166.0	176.3	+38.4%
Sales	111.9	36.8	42.1	41.0	42.1	43.4	+6.0%	162.0	163.3	+46.0%
Gross Profit	49.3	20.3	22.9	23.4	-	23.8	+2.4%	-	90.4	+83.3%
Operating Income	-36.4	2.4	4.0	3.4	4.2	4.8	+40.6%	14.0	14.6	-
Income Before Tax	-35.5	3.2	4.8	5.3	4.2	5.6	+5.0%	17.5	18.9	-
Net Income	-35.5	1.3	3.3	4.6	3.3	3.7	-20.4%	12.5	12.9	-
Backlog	32.0	44.4	40.4	38.1	36.0	45.0	+18.0%	36.0	45.0	+40.7%

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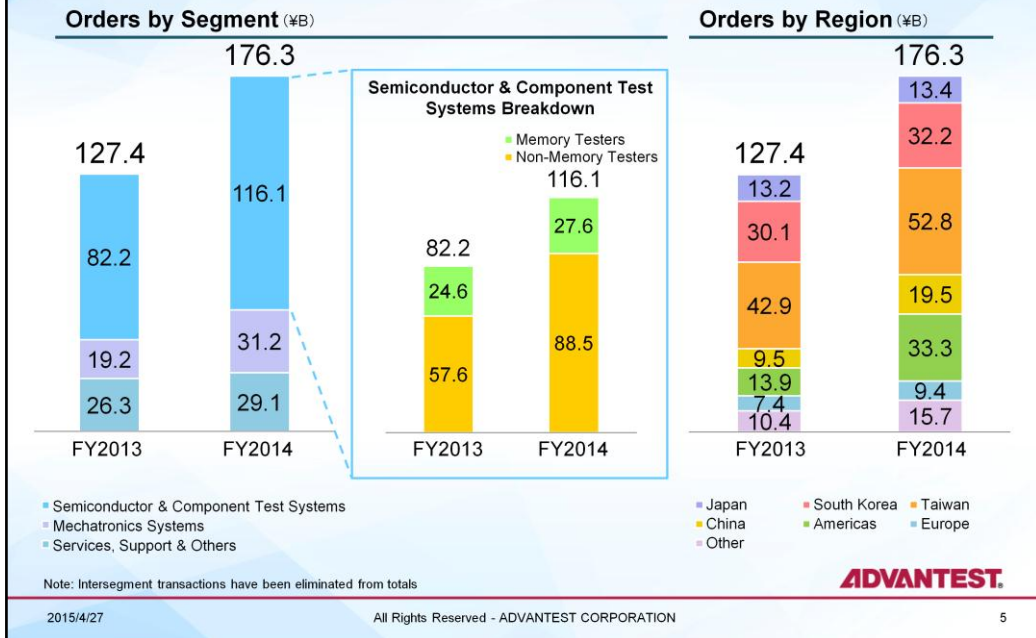
○ FY2014 Full Year Results Summary

- Orders ¥176.3 billion +38.4% YoY
- Sales ¥163.3 billion +46.0% YoY
- Operating Income ¥14.6 billion
- Income Before Tax ¥18.9 billion
- Net Income ¥12.9 billion
- Orders and sales grew while cost growth was suppressed, leading results to recover.

○ FY2014 4Q Results Summary

- Orders ¥50.2 billion +30.0% QoQ
- Sales ¥43.4 billion +6.0% QoQ
- Operating Income ¥4.8 billion +40.6% QoQ
- Income Before Tax ¥5.6 billion +5.0% QoQ
- Net Income ¥3.7 billion -20.4% QoQ
- Backlog ¥45.0 billion
- Advantest is entering FY2015 with a backlog ¥13.0 billion greater than one year earlier.

FY2014 Orders by Segment / Region



○ FY2014 Full Year Orders by Segment / Region

○ Semiconductor & Component Test Systems

- +41% YoY ¥116.1 billion
- Customer investment picked up on gains in smartphone performance and unit sales growth.
- Non-memory tester orders grew, as Advantest captured test demand associated with the growth of the Chinese LTE smartphone market.
- PC and server-related demand recovered, and worldwide sales of high-end smartphones were healthy, contributing to robust orders.

○ Mechatronics

- +63% YoY ¥31.2 billion
- Our nanotechnology business posted strong results amid more exacting fine-pitch processing and inspection needs driven by the shift to smaller semiconductor process nodes.
- Initiatives to boost the revenues and profits of our device interface business also generated results.

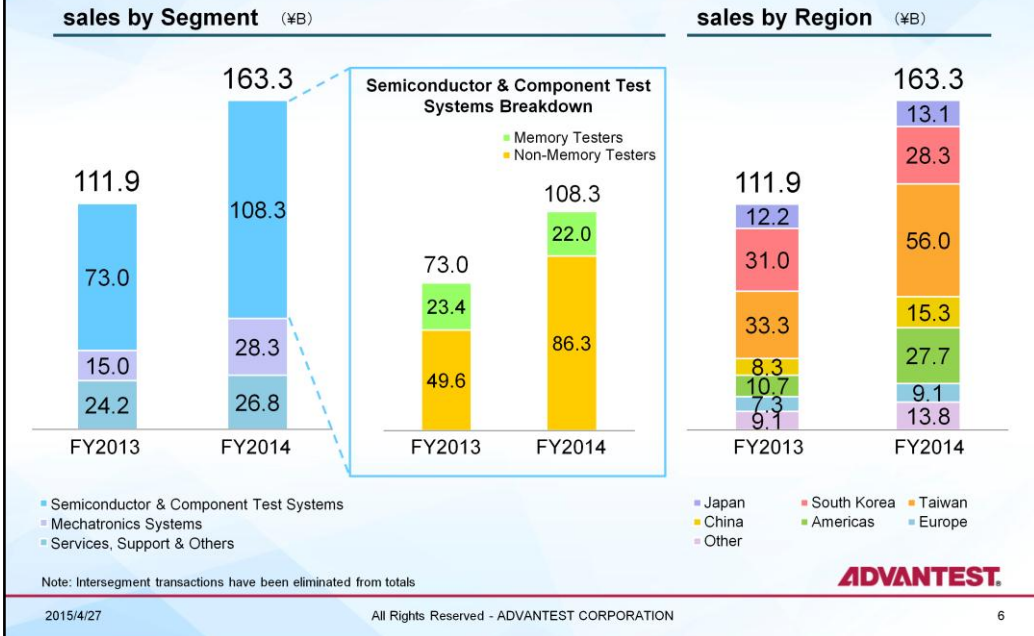
○ Services, Support & Others

- +11% YoY ¥29.1 billion
- Maintenance contracts continued to grow, and contributions from new businesses increased.

○ By Region

- Greater gains were made in North America, Taiwan, and China, where many chipmakers who play key roles in the smartphone market are located.

FY2014 Sales by Segment / Region



○ FY2014 Full Year Sales by Segment / Region

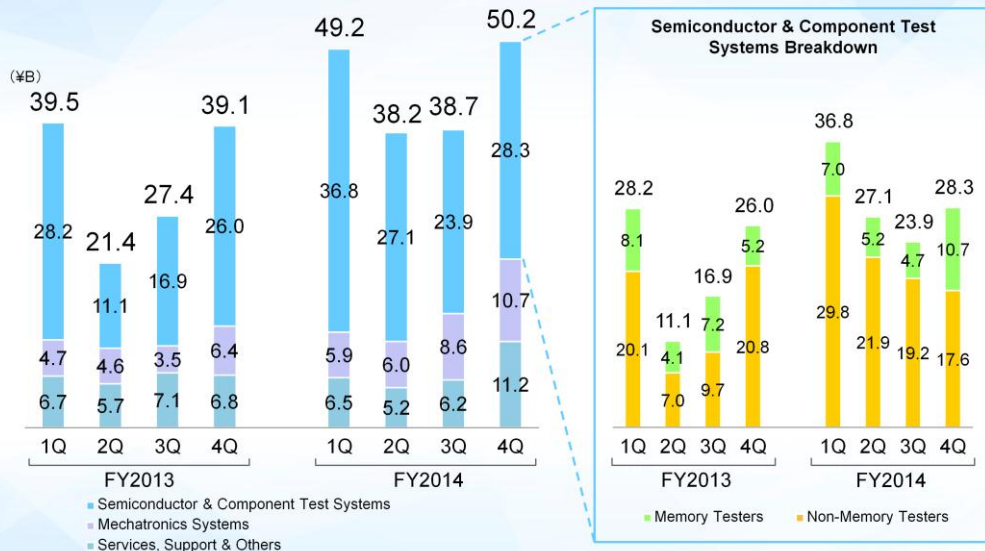
○ By Segment

- Factors behind sales increases/decreases were the same as for orders.
- Semiconductor & Component Test Systems: +48% YoY ¥108.3 billion
- Mechatronics: +89% YoY ¥28.3 billion
- Services: +11% YoY ¥26.8 billion

○ By Region

- Sales grew in virtually all regions.

Orders by Quarter and Business Segment



Note: Intersegment transactions have been eliminated from totals

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○ FY2014 4Q Orders by Business Segment

○ Semiconductor & Component Test Systems

- +18% QoQ ¥28.3 billion
- of which, non-memory testers: ¥17.6 billion
- of which, memory testers: ¥10.7 billion

- Memory tester demand recovered strongly on active DRAM and NAND investment.
- In non-memory testers, systems for smartphone semiconductors did well, while PC semiconductor test systems declined.

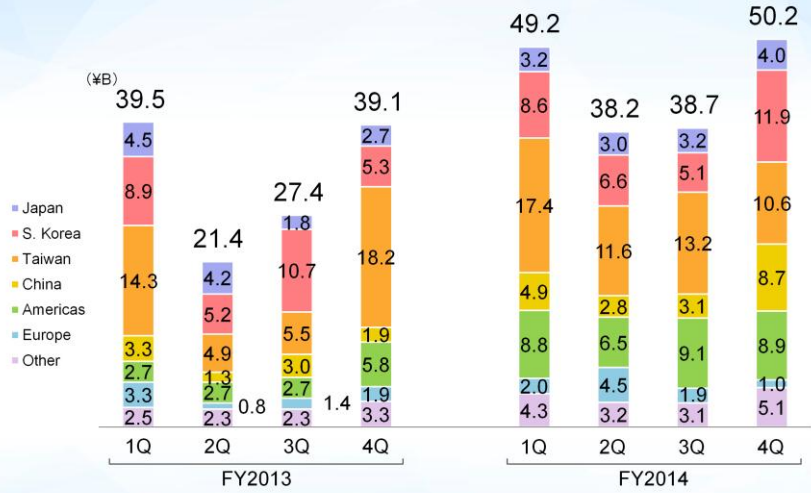
○ Mechatronics

- +26% QoQ ¥10.7 billion
- Nanotechnology orders slackened, but handler and device interface orders grew.

○ Services, Support & Others

- +81% QoQ ¥11.2 billion
- Seasonality drove maintenance contracts higher. Results also reflect our growing contract base.

Orders by Quarter and Region

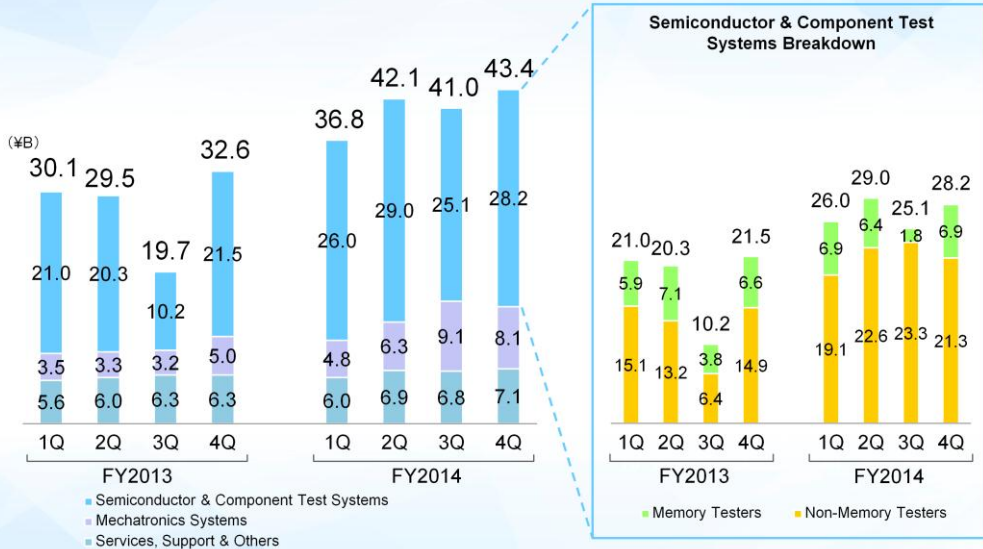


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○ FY2014 4Q Orders by Region

- South Korea, China
Memory tester orders grew.
- Taiwan
Memory tester orders declined in comparison to our strong 3Q.

Sales by Quarter and Business Segment



Note: Intersegment transactions have been eliminated from totals

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○ FY2014 4Q Sales by Region

○ Semiconductor & Component Test Systems

- +13% QoQ
- of which, non-memory testers: ¥28.2 billion
- of which, memory testers: ¥21.3 billion
- ¥6.9 billion

- DRAM memory tester sales grew.
- As with orders, sales of non-memory testers for smartphone semiconductors were strong, while PC semiconductor tester sales declined.

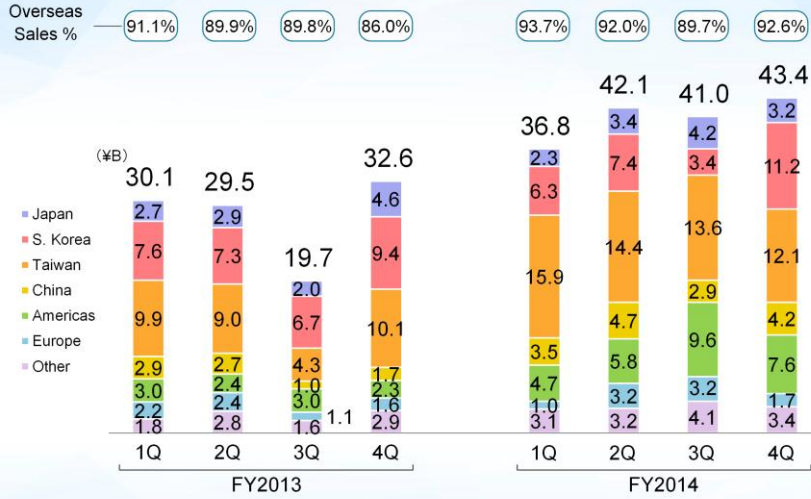
○ Mechatronics

- -11% QoQ ¥8.1 billion
- Nanotechnology sales slackened.

○ Services, Support & Others

- +4% QOQ ¥7.1 billion

Sales by Quarter and Region

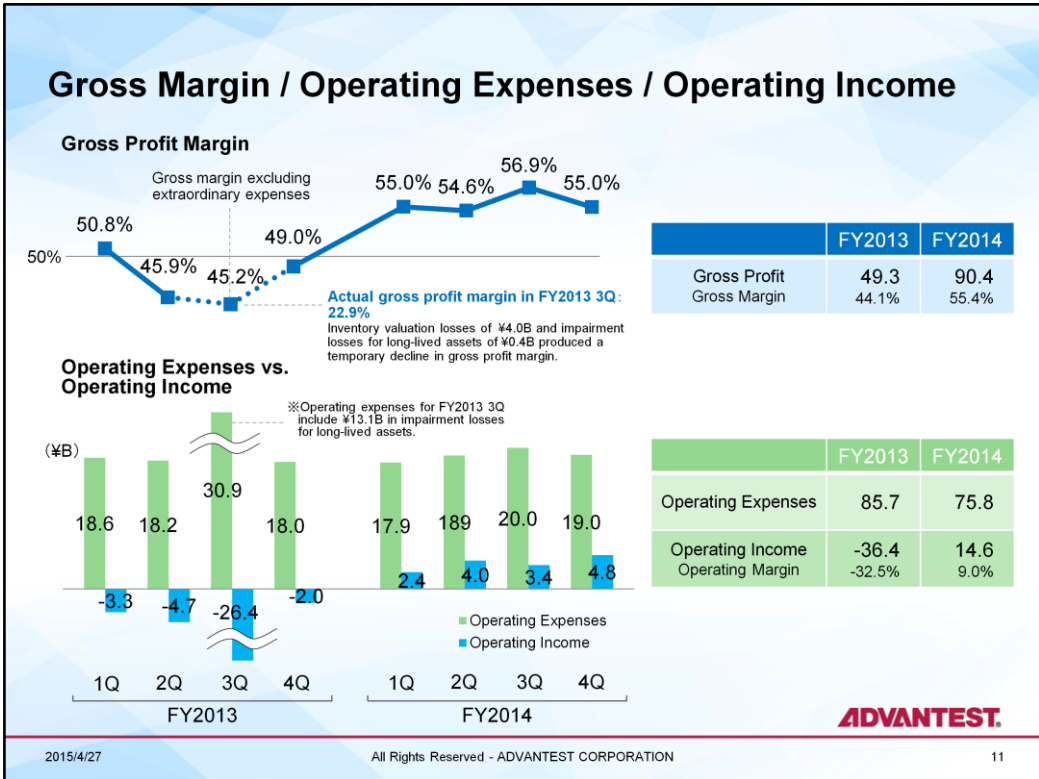


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○ FY2014 4Q Sales by Region

- South Korea
Memory tester sales grew.
- North America, Europe
Logic IC tester sales declined.

○ FY2014 proportion of sales to customers outside Japan: 92.0% Up from 89.1% at the end of FY2013.



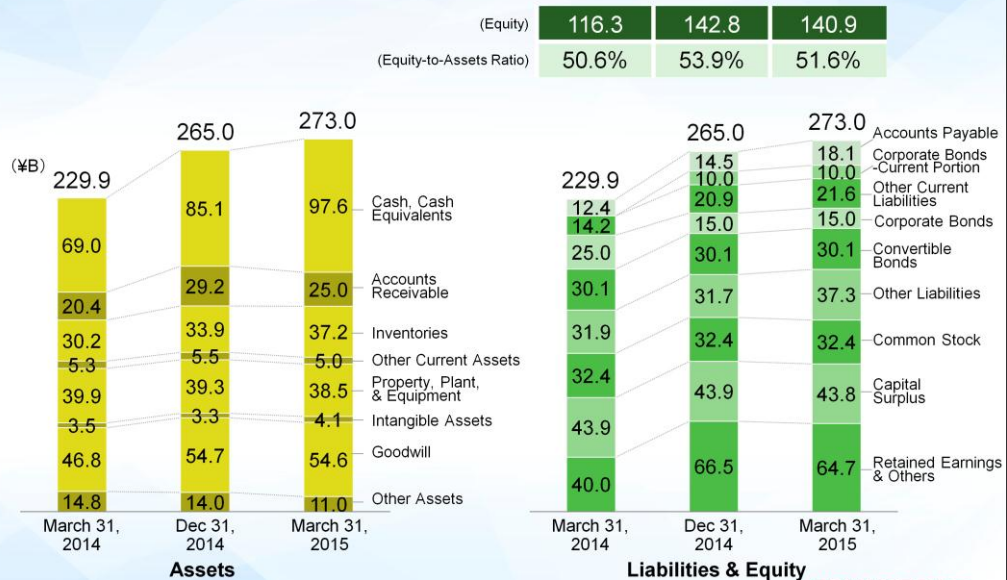
○ FY2014 Full Year Gross Margin / Operating Expenses / Operating Income

- Gross Margin
Up 11.3 points from 44.1% in the previous fiscal year to 55.4%
- Operating Expenses
Down ¥9.9 billion from the previous fiscal year to ¥75.8 billion
- Operating Income ¥14.6 billion
- Inventory valuation losses of ¥4.0 billion and impairment losses for long-lived assets of ¥13.5 billion were posted in FY2013 Q3.

○ FY2014 4Q Gross Margin / Operating Expenses / Operating Income

- Gross Margin 55.0%
Product mix was slightly less favorable in comparison to Q3.
- Operating Expenses ¥19.0 billion
R&D expenses declined.
- Operating Income ¥4.8 billion

Balance Sheet



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○ Balance Sheet for FY2014, ending March 31, 2015

○ Assets:

- Cash & Cash Equivalents
+¥28.6 billion from end FY2013 ¥97.6 billion
- Inventories
+¥7.0 billion from end FY2013 ¥37.2 billion
- Goodwill
+¥7.7 billion from end FY2013 ¥54.6 billion
- Total Assets
+¥43.2 billion from end FY2013 ¥273.0 billion
- Assets denominated in other currencies gained value in JPY terms owing to yen depreciation.

○ Liabilities & Equity

- Equity ¥140.9 billion
- Equity-to-Assets Ratio
+1.0 points from end FY2013: 51.6%

FY2015 Business Outlook

**Advantest Corporation
Shinichiro Kuroe
Representative Director, President & CEO**

FY2014 In Review

- ✓ Returned to profitability after 3 years of losses
 - Growing Chinese LTE smartphone demand drove results throughout the period
 - Gross margin improved greatly on higher revenues, yen depreciation, and a more profitable product mix
 - Cost-cutting measures counteracted higher operating costs due to yen depreciation
- ✓ Measures to expand profit and revenues in each business segment continue to pay off
 - Semiconductor & Component Test Systems:
 - » Reinforced business ties with fabless customers occupying key positions in the mid/low-end smartphone market
 - » Reinforced position in sectors such as MCU, analog, automotive, and NAND flash
 - Mechatronics:
 - » Nanotechnology business grew strongly
 - » Device interface and handler divisions advanced measures to improve sales of test cells
 - Services, Support & Others:
 - » Continued to build a foundation of stable income from services
 - » New SSD tester was launched to positive acclaim

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○ FY2014 in review:

- Advantest returned to profitability after 3 years of losses.
- Key factor in sales growth was higher Chinese LTE smartphone demand. Additionally, the non-memory tester market enjoyed many growth factors including robust sales of high-end smartphones.
- In addition to higher revenues, yen depreciation and a more profitable product mix helped to significantly improve our gross margins.
- In our tester business, we reinforced business ties with fabless customers occupying key positions in the mid/low-end smartphone market, which is growing at an impressive clip. We also reinforced our position in sectors such as MCU, analog, automotive, and NAND flash by reinforcing our customer base.
- In our mechatronics business, our electron beam (EB) technology has been favorably received by the market and contributed to the dramatic growth of our nanotechnology business. Our device interface and handler divisions progressed with their measures to improve sales of test cells.
- We continued to build a foundation of stable income from services by advancing our efforts to win more maintenance contracts. Our new SSD tester was launched in FY2014 to positive acclaim.

2015 Tester Market Outlook

- ✓ **Market is expected to be worth approx. US\$2B in 2015**
 - Chinese LTE smartphone demand will continue to support the market
 - Memory tester market will expand on trends towards higher speeds and greater capacity of mobile devices and data centers

- ✓ **Non-memory tester market value: approx. US\$1.6B**
 - High-end logic IC sector to shrink
 - We estimate that from 2016, further semi process shrinks will expand the market again

- ✓ **Memory tester market value: approx. US\$0.4B**
 - Customers are investing in new production capacity and support for higher device speeds in both the DRAM and NAND sectors



Due to share gains, we foresee sales on a par with 2014, regardless of an estimated 10% contraction in the tester market

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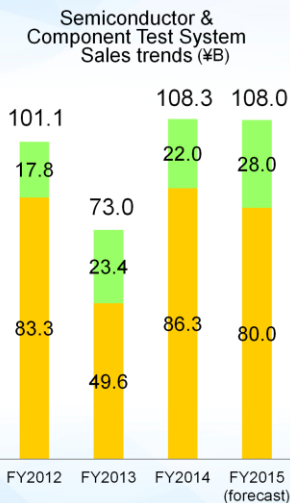
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○ 2015 Tester Market Outlook:

- This segment is the core of Advantest's business. In calendar year 2015, the tester market is expected to be worth approx. US\$2B, a year-on-year contraction of roughly 10%.
- Chinese LTE smartphone demand will continue to support the market, while trends towards higher speeds and greater capacity of DRAM and NAND for mobile devices and data centers drive ongoing memory tester investment.
- The non-memory tester market is expected to be worth approx. US\$1.6B this year, 15% down from its 2014 level, owing to an adjustment cycle following strong high-end logic IC tester investment in 2014.
- The memory tester market is expected to reach approx. US\$0.4B in 2015, up 15% on year, as customers are investing in new production capacity and support for higher device speeds in both the DRAM and NAND sectors.

FY2015 Test System Business Outlook



Non-Memory Testers

- In FY2014 we consolidated gains from efforts to build up our customer base, and responded to demand from a broad spectrum of users.
- We continued to reinforce our position in growth sectors such as MCUs, analog, PMIC, and image sensors.
- We sustained our dominance in the display driver test market.
- In FY2015, we will compensate for expected demand contractions in the high-end logic IC market by capitalizing on further customer base growth.

Memory Testers

- In FY2014 we extended our next-generation DRAM and NAND platforms to position us for market share gains.
- As a result, we expect to capture the robust DRAM and NAND demand foreseen for FY2015.

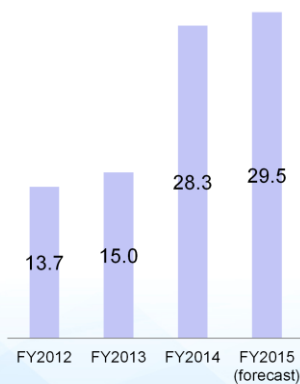
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○ FY2015 Test System Business Outlook:

- FY2014 was a year of consolidating gains from efforts to build up our customer base.
- We responded to demand from a broader spectrum of users, pushing V93000 sales to record levels.
- In FY2015 we will continue to reinforce our position in growth sectors such as MCUs, analog, PMIC, and image sensors.
- We also sustained our dominance in the display driver test market.
- Taking market trends into view, we will compensate for expected demand contractions in the high-end logic IC market in FY2015 by capitalizing on further customer base growth.
- In memory testers, FY2014 saw Advantest extending our next-generation DRAM and NAND platforms to solidify our position for market share gains in coming year.
- As a result, we expect to capture the robust demand for new DRAM and NAND testers foreseen in FY2015.

FY2015 Mechatronics Business Outlook

Mechatronics Segment
Sales Trends (¥B)



Nanotechnology

- In FY2014, all EB products contributed to higher revenues and profits by capturing growing demand for fine-pitch processing and flaw inspection.
- In FY2015, we foresee sustained demand for CD-SEM, DR-SEM for flaw review, and EB lithography systems.

Device Interfaces

- In FY2014, we continued to address demand for DI products for Advantest testers, which generated higher sales in the period.
- In FY2015, we expect to see higher demand correlated with memory tester sales.
- We plan to launch new DRAM and NAND probe cards.

Test Handlers

- We foresee higher demand for memory handlers and our new SoC handler, which possesses the competitive advantages of high-accuracy thermal control and visual alignment positioning.

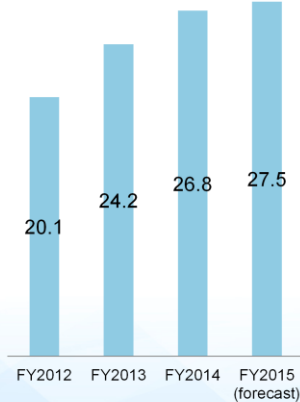
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○ FY2015 Mechatronics Business Outlook:

- In FY2014, all EB products contributed to higher revenues and profits by capturing growing demand for fine-pitch processing and flaw inspection.
- In FY2015, we foresee sustained demand for CD-SEM, DR-SEM for flaw review, and EB lithography systems.
- We expect to see higher DI product demand correlated with memory tester sales.
- Our handler revenues are expected to grow, thanks to higher demand for memory handlers correlated with memory tester market growth and higher sales of our new SoC handler, which possesses the competitive advantages of high-accuracy thermal control and visual alignment positioning.
- For expanding test cell sales, we will launch our new memory handler, which also incorporates high-accuracy visual alignment positioning.

FY2015 Service Business Outlook

Service, Support & Others
Segment Sales Trends (¥B)



Field Services

- Maintenance contracts continued to grow in FY2014, driving higher segment revenues and profits.
- In FY2015, we will enrich our lineup of solutions to boost customer productivity, and grow post-sales revenues.

System Level Test

- Our new SSD tester, launched in FY2014, has been warmly received by customers
- In FY2015, we will grow our system level test customer base, focusing on the enterprise SSD sector

Terahertz Systems

- We aim to expand our track record in industrial applications, with the goal of creating a new market for non-destructive inspection utilizing terahertz waves.

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○ FY2015 Service Business Outlook:

- Our field services division continued to win more maintenance contracts in FY2014, driving higher sales. In FY2015, we will enrich our lineup of solutions to boost customer productivity, and grow post-sales revenues.
- Our new businesses target a wide range of potential revenue streams, and we foresee continued higher sales of SSD testers and terahertz systems.
- Amid the growth of the SSD market, we plan to expand our SSD tester customer base by principally targeting enterprise SSDs, which require more rigorous testing and hence generate high tester demand.
- We aim to establish a track record in industrial applications for terahertz technology by leveraging our existing product families of systems that utilize terahertz waves for non-destructive analysis.

FY2015 Financial Results Forecast

(B¥) Exchange Rate Assumptions for FY2015 Forecast: 1 US\$ = ¥ 115, 1 Euro = ¥135

	FY2014	FY2015 1H (forecast)	FY2015 2H (forecast)	FY2015 Full Year (forecast)	vs. FY2014
Orders	176.3	86.0	81.0	167.0	-5.3%
Sales	163.3	82.0	83.0	165.0	+1.0%
Operating Income	14.6	7.2	7.8	15.0	+2.6%
Operating Income Margin	9.0%	8.8%	9.4%	9.1%	+0.1pts
Income Before Tax	18.9	7.2	7.8	15.0	-20.5%
Net Income	12.9	5.8	6.2	12.0	-7.3%
Net Income Margin	7.9%	7.1%	7.5%	7.3%	-0.6pts
Backlog	45.0	49.0	47.0	47.0	+4.4%

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○ FY2015 Financial Results Forecast:

- Orders ¥167.0 billion
- Sales ¥165.0 billion
- Operating Income ¥15.0 billion
- Net Income ¥12.0 billion
- We will continue to streamline costs to achieve operating income at a level comparable with FY2014.

The Road to Future Growth

Measurement technology applications for new business territories

Pharmaceuticals, health care, biotechnology, energy, ultra-high-speed communications

System level measurement and quality assurance

For SSDs, smart devices, IoT devices, other modules

Fine-pitch processing and inspection

EB lithography, EB metrology, terahertz spectroscopy and analysis

A larger share of the semiconductor tester market Higher test cell sales

Our amassed expertise will fuel our expansion into the measurement businesses of the future

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○ The Road to Future Growth:

- In our core semiconductor tester business, we will win new customers and market share in the RF, MCU, PMIC, and image sensor sectors, while preserving our existing strength in processors, memory, and digital test.
- We will continue to reinforce sales of test cells, growing revenues from handlers and device interface products.
- Semiconductor production processes, materials, and packages are evolving to support higher performance, smaller device sizes, and lower power consumption, trends which are expected to present new manufacturing challenges. Advantest's electron beam and terahertz technology products are well positioned to meet these needs and expand our business.
- The now-popular acronyms of IoT, M2M (machine-to-machine) and V2V (vehicle-to-vehicle) represent markets which require large quantities of communications chips, controllers, and sensors. With sensor test needs expected to grow significantly, we want to offer system level test solutions.
- We plan to extend our measurement technologies into a wide range of new business territories. We already offer non-destructive analysis equipment utilizing terahertz waves, but we have also identified opportunities for our high-precision, high-speed signal measurement technologies in sectors such as energy, biotechnology, and ultra-high-speed communications.
- These opportunities map out a road for Advantest to achieve impressive future growth.