

## Financial Results for 1st Half of FY 2002

October 30th, 2002

**ADVANTEST®**

### 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 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. 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 timely develop 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 registration statement on Form 20-F, which is on file with the United States Securities and Exchange Commission.

2002-10-30

**ADVANTEST®**

**ADVANTEST®**

# Contents

1. Financial Results (1H FY2002)
2. Business Overview and Outlook

2002-10-30

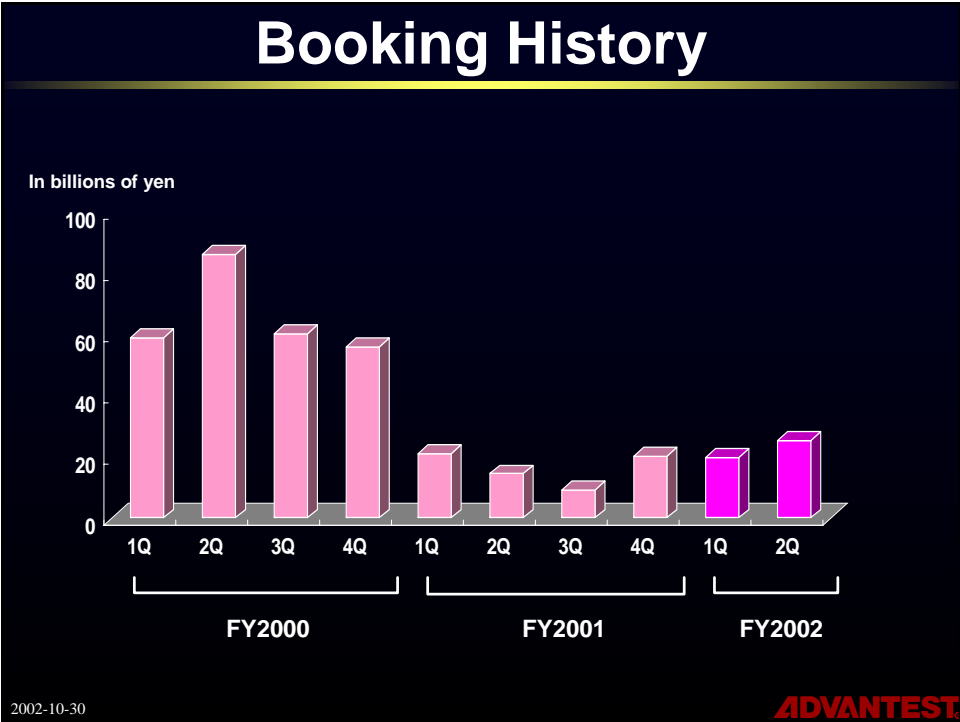
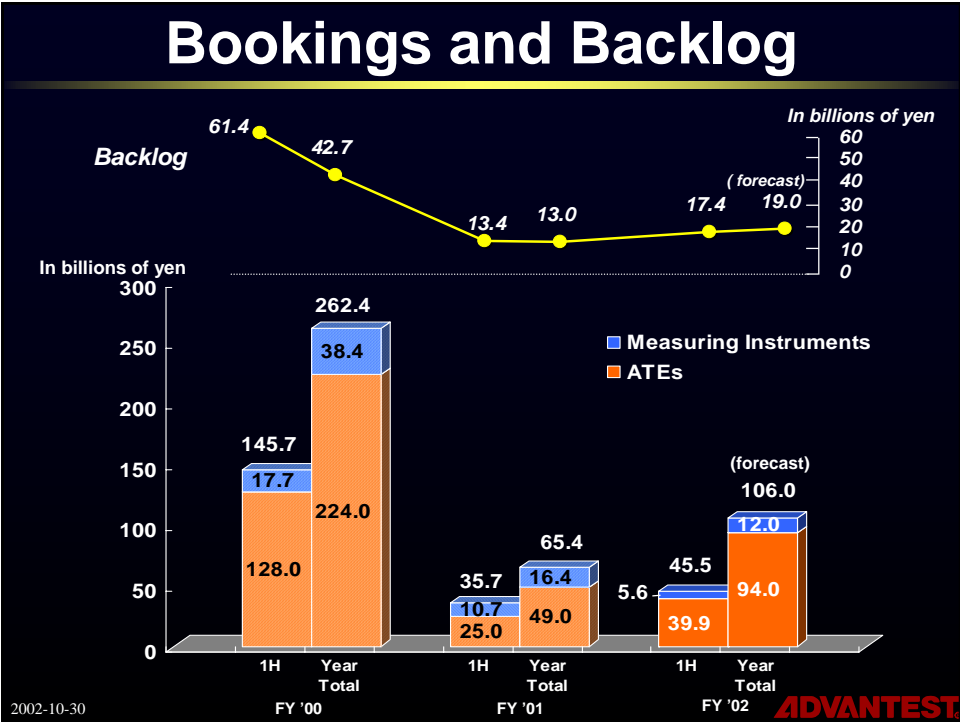
**ADVANTEST**

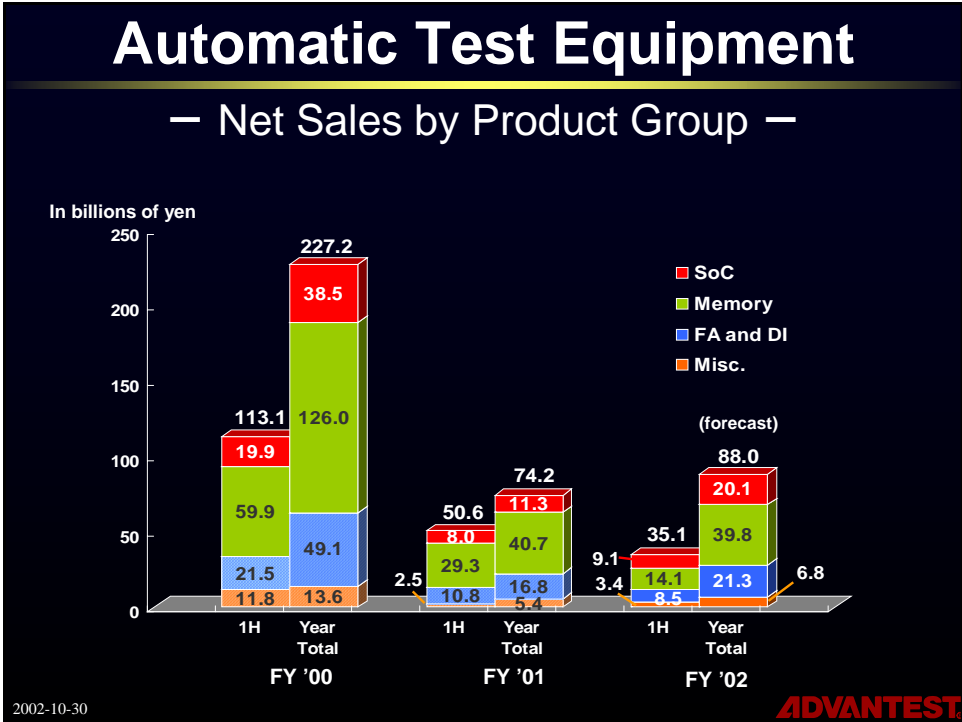
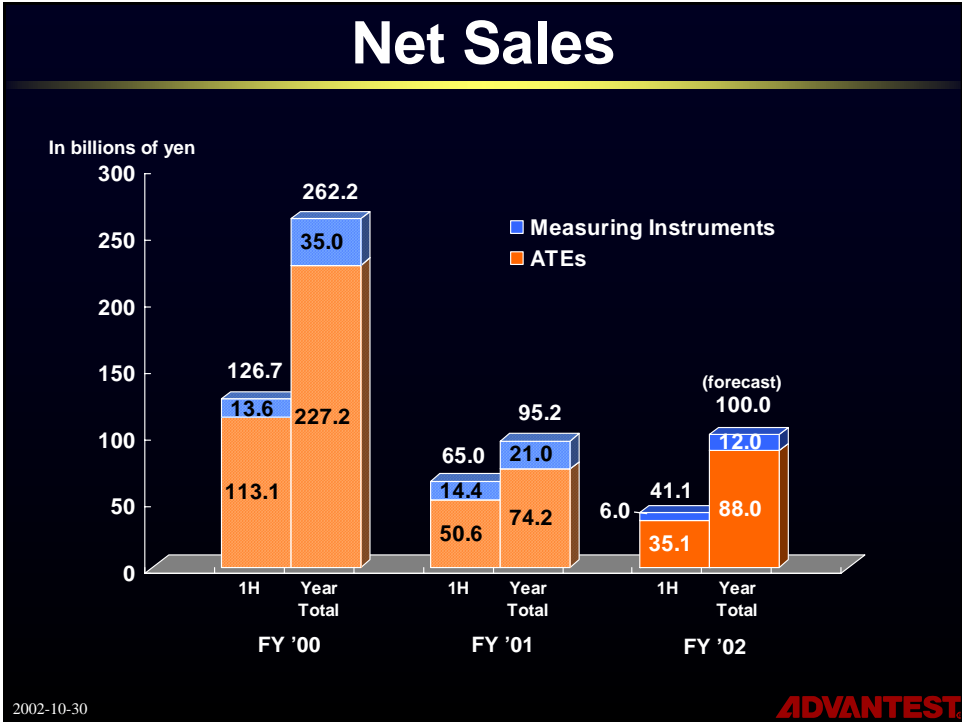
## 1. Financial Results (1H FY2002)

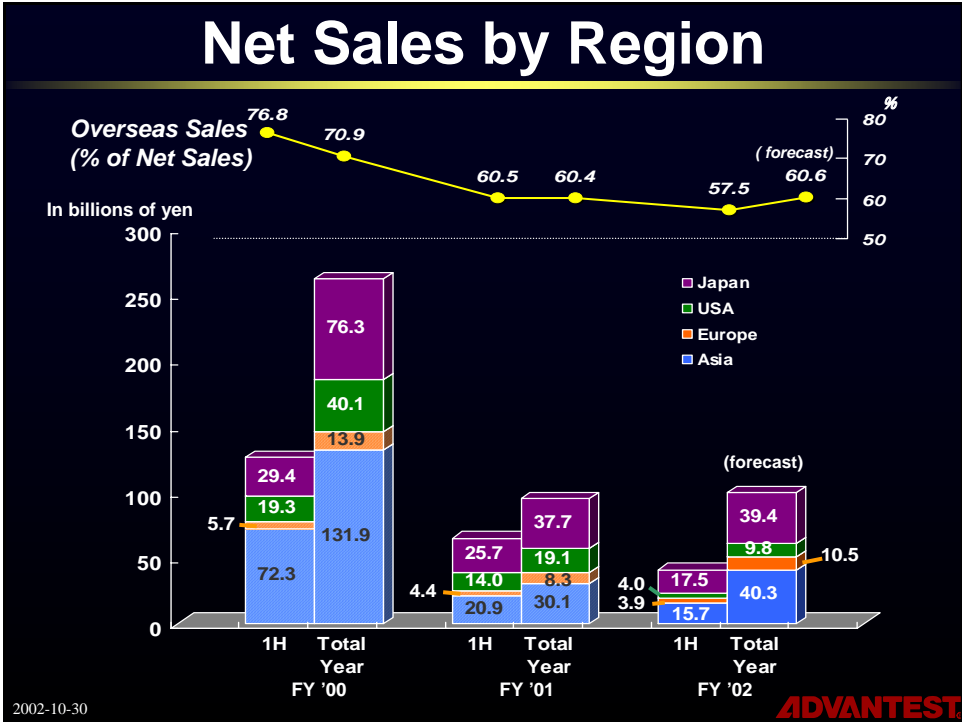
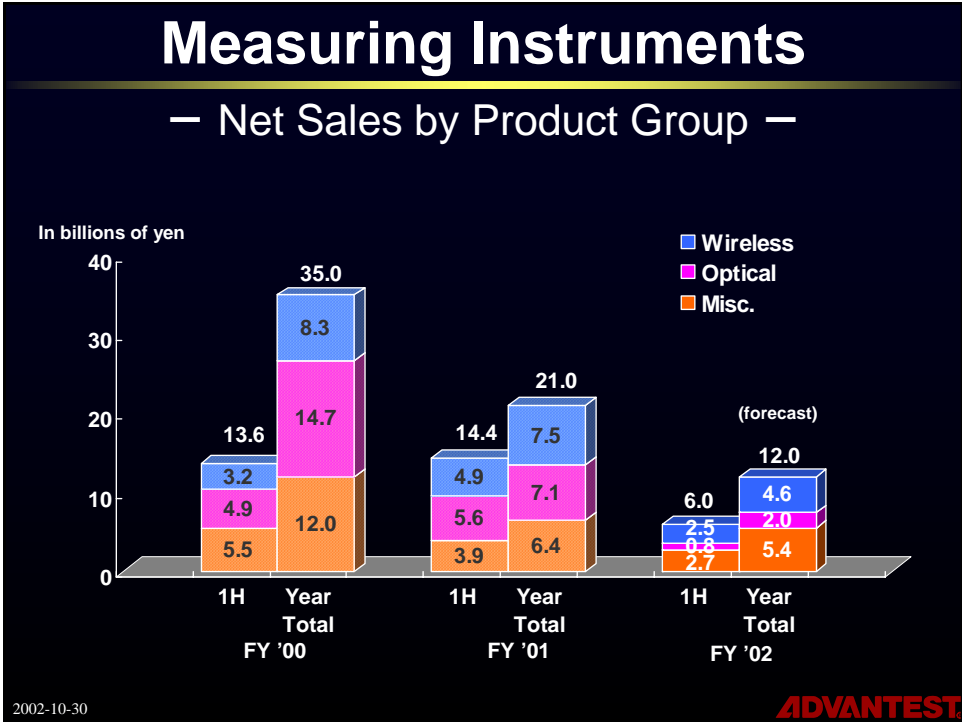
Note: Starting from the first half of fiscal year 2002, Advantest has been preparing its financial statements under U.S. GAAP. Figures provided in this presentation in regards to the Company's financial results up until fiscal year 2001 were prepared under Japanese GAAP.

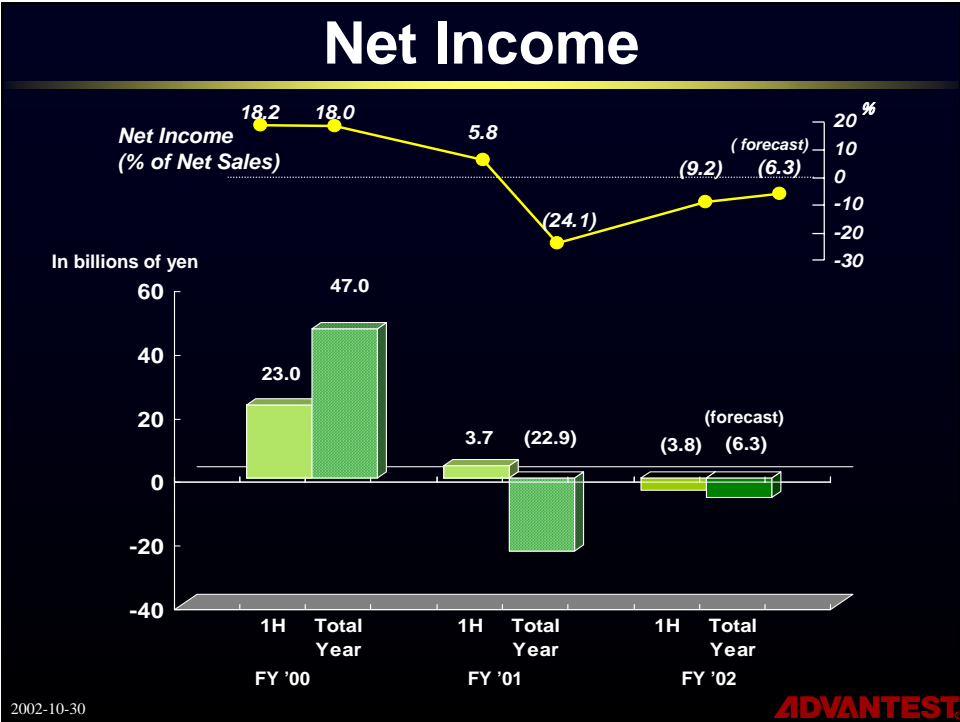
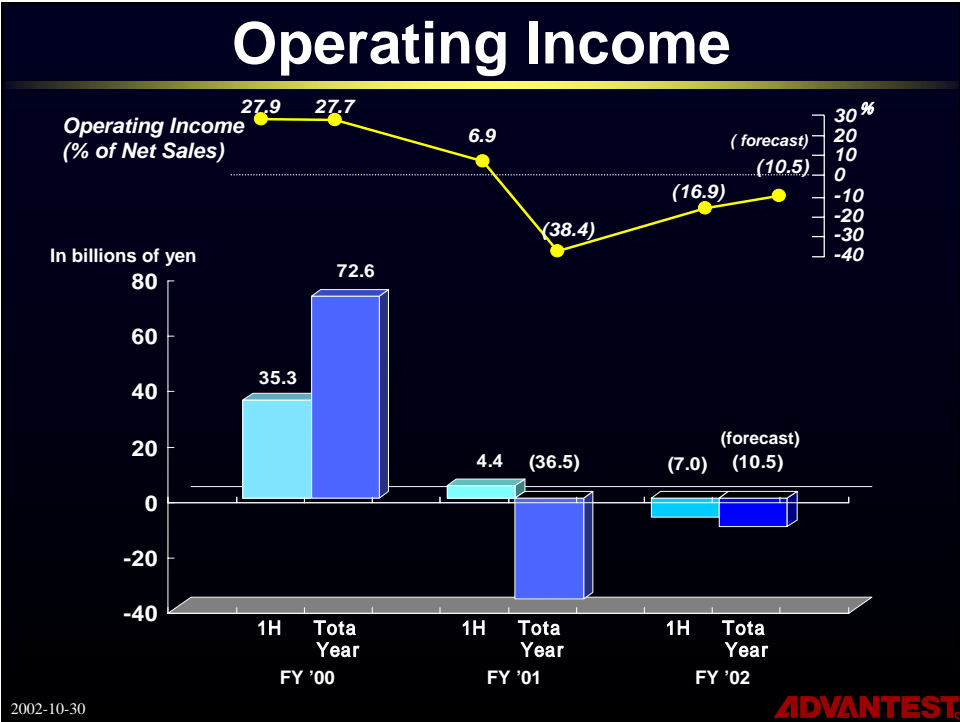
2002-10-30

**ADVANTEST**









## Balance Sheet

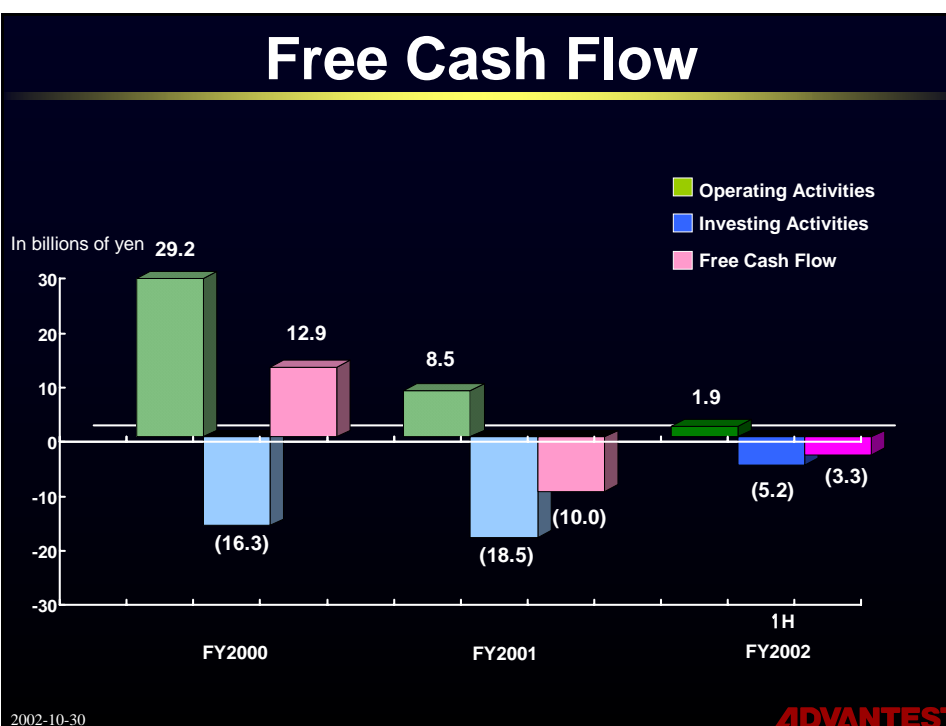
In billions of yen

	Mar. '01	Mar. '02	Sep. '02
<b>Current assets</b>	<b>327.8</b>	<b>211.3</b>	<b>185.5</b>
(Cash & cash equivalent)	(123.5)	(105.9)	(89.4)
(Accounts receivable)	(105.4)	(33.7)	(33.6)
(Inventories)	(81.7)	(52.8)	(46.5)
<b>Fixed &amp; other assets</b>	<b>75.9</b>	<b>93.7</b>	<b>101.1</b>
<b>Total assets</b>	<b>403.7</b>	<b>305.0</b>	<b>286.6</b>
<b>Current liabilities</b>	<b>95.8</b>	<b>23.1</b>	<b>20.0</b>
<b>Fixed &amp; other liabilities</b>	<b>38.4</b>	<b>39.1</b>	<b>44.5</b>
<b>Shareholders' equity</b>	<b>269.5</b>	<b>242.8</b>	<b>222.1</b>
(% of total assets)	(66.8%)	(79.6%)	(77.5%)

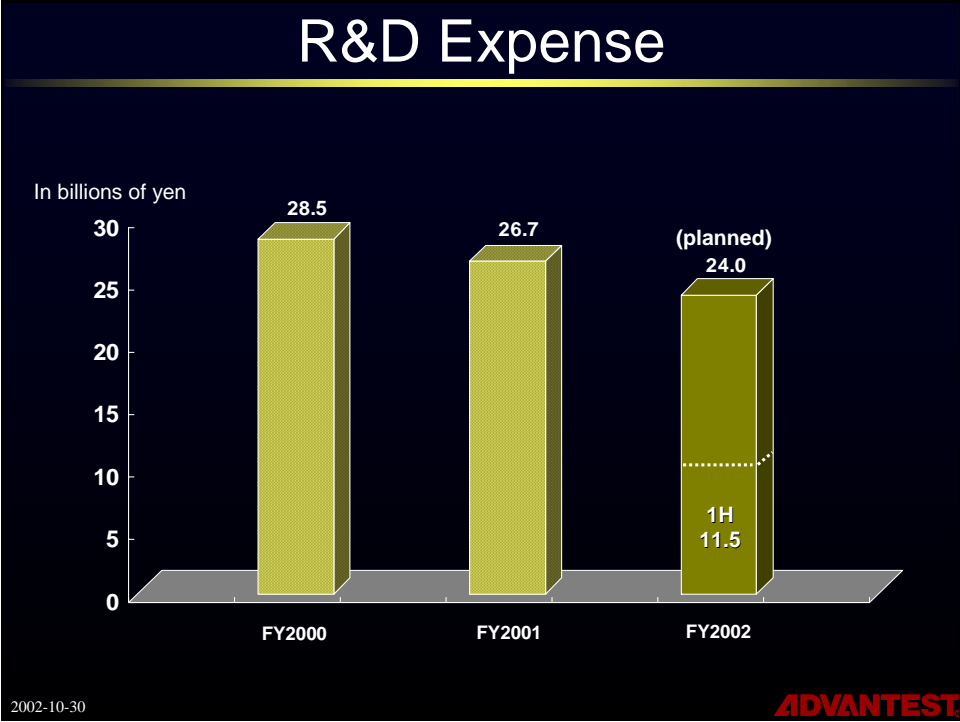
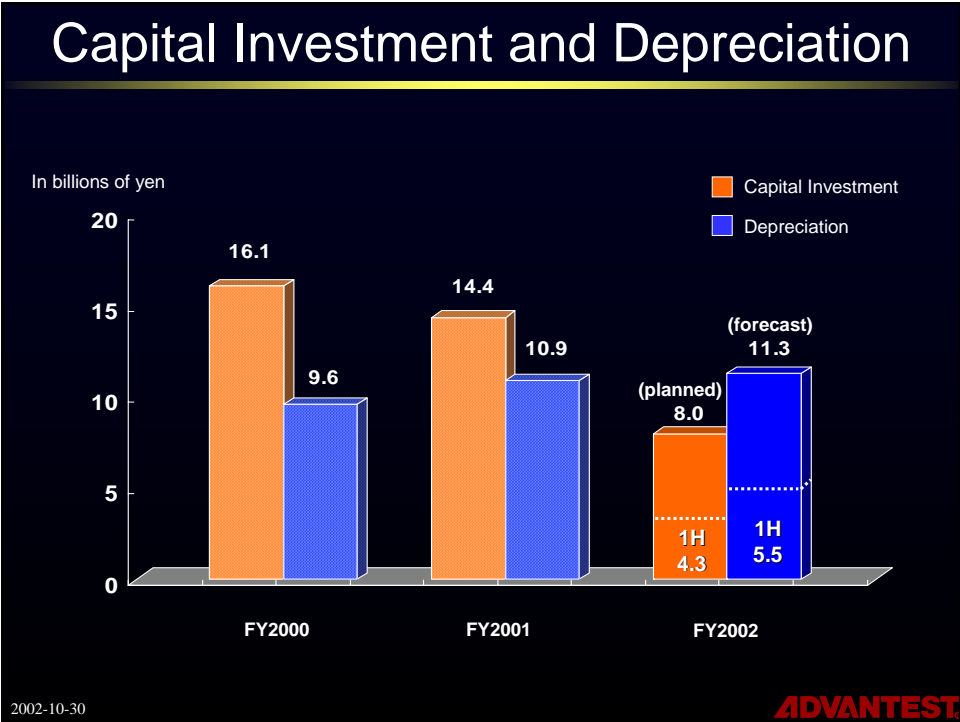
2002-10-30

ADVANTEST

## Free Cash Flow



ADVANTEST



## Business Overview and Outlook

1. Restructuring
2. Status of Main Products & Businesses
3. New Business Model

2002-10-30

**ADVANTEST**

## Restructuring - (1)

### FY2001 Initiatives and Results

- Workforce Reduction : Cut 855 jobs in FY2001
- Business Transfer : Transferred ownership of printed-circuit board business
- Outsourcing : Cable production, ATE assembly
- Manufacturing Process Innovation : Focused product lineup, reduced costs
- Strengthened Marketing Structure : Established new design centers
- New Distribution System : Global delivery of replacement parts within 48 hrs.
- Employee Training/Evaluation : Focused on building employee competencies
- Management Structure : Established Executive Council

2002-10-30

**ADVANTEST**

## Restructuring - (2)

- Will implement further restructuring to ensure profitability off of sales of ¥100bn

### Goal

- Reduce headcount from 4,500 to 3,900
- Cost Reduction: Approx. ¥10bn

FY'02 Forecast	Sales	¥100bn
	Restructuring costs	¥5.5bn
	Net loss	¥6.3bn

2002-10-30

ADVANTEST

## Restructuring - (3)

### ■ Concentrate on Strategic Businesses

- Restructuring of Instruments Business
  - Specialize on optical and wireless instruments
  - Reduce lineup from 220 to 110 products
  - Restructure sales org.: Adopt a matrix-style org.
- Abandon Electron beam tester business

### ■ Reform engineering process, reduce fixed costs

- Consolidate R&D centers, careful selection of research themes

### ■ Lower Break Even Point

- Improve marginal profit ratio

### ■ Asset Reduction

- Inventory, idle assets

2002-10-30

ADVANTEST

## Status of Main Products & Businesses

- (1) Memory Testers
- (2) SoC Testers
- (3) Development of New Types of Testers  
& the Kitakyushu R&D Center
- (4) Changing ATE Business Model
- (5) Changing Measuring Instruments Business Model

2002-10-30

**ADVANTEST**

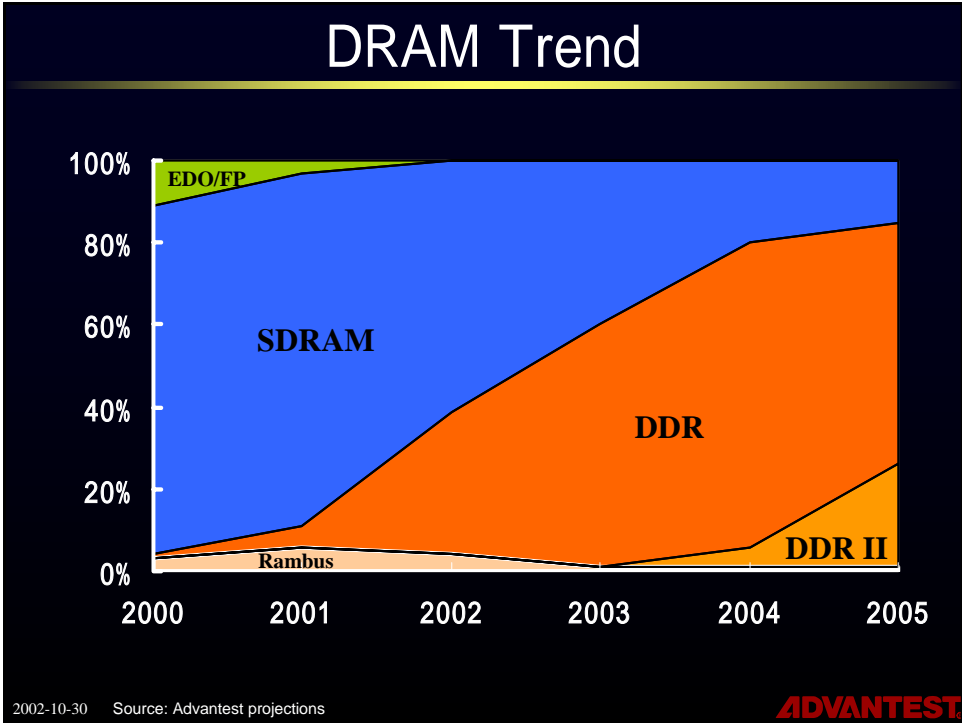
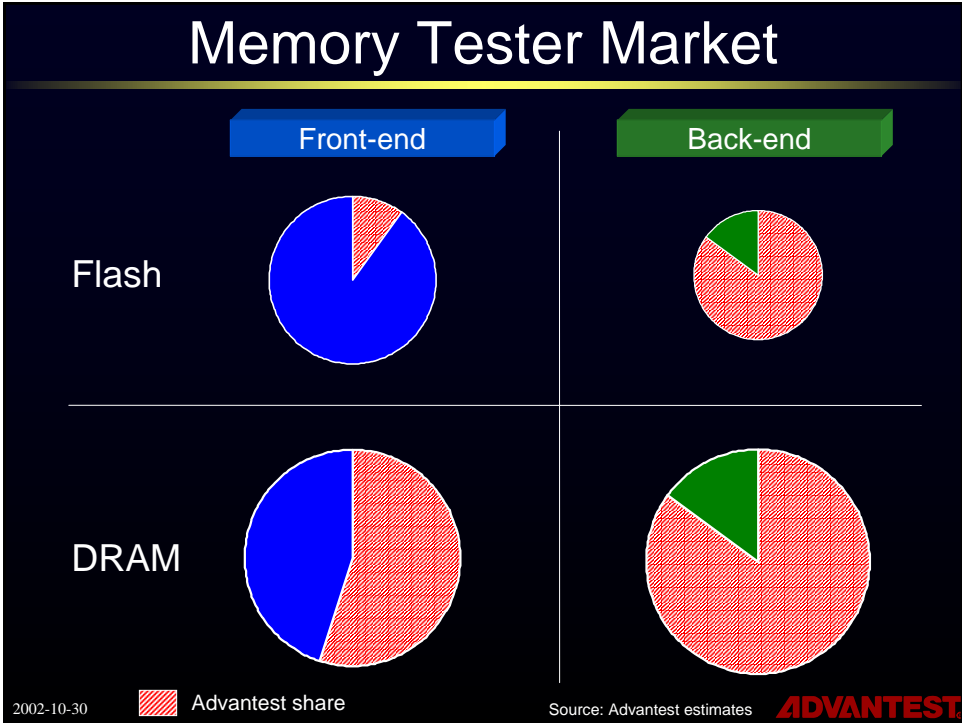
## Status of Main Products & Businesses – (1)

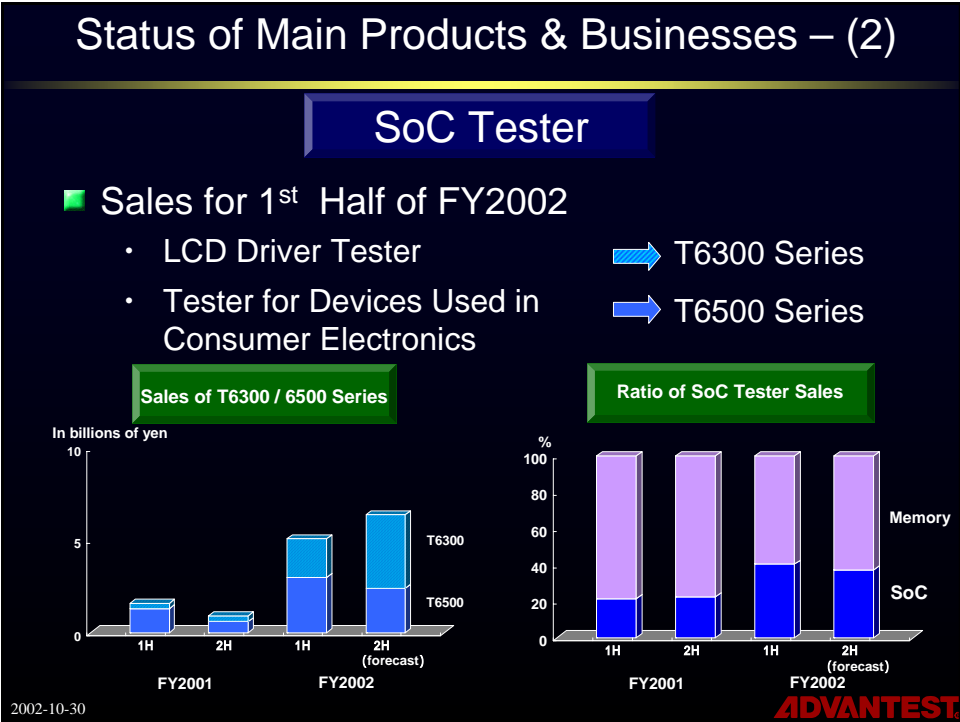
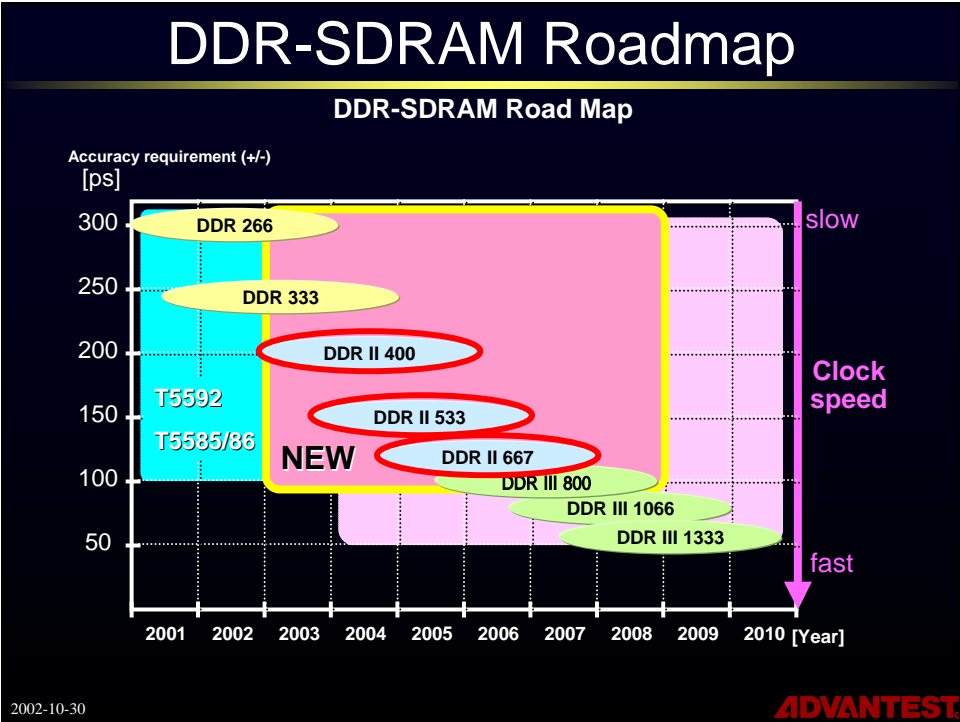
### Memory Testers

- Changing Customer Needs
  - Push for Dedicated Testers
- Changing Marketplace
  - Transition to DDR/DDR II
  - Start-up of 300mm wafer fabs
- Introduction of New Products
  - High-speed memory tester (back-end)
  - Front-end tester
  - Flash memory tester
  - Burn-in tester

2002-10-30

**ADVANTEST**

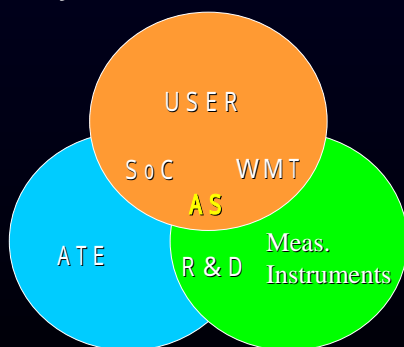




## Status of Main Products & Businesses – (3)

Development of New Types of Testers & the Kitakyushu R&D Center

Application Specific (AS)  
System Business Division



Laser Diode, DC, and  
Image Sensor Testers



Kitakyushu R&D Center

2002-10-30

**ADVANTEST**

## Status of Main Products & Businesses – (4)

Changing ATE Business Model

- Leasing and Rental Services
  - Response to customers' needs
  - Better utilization of cash on hand
  - Stabilizes sales and profits
  
- Support and Services Business
  - Established Advantest Customer Support (ACS)
  - Facilitates comprehensive after-sales support

2002-10-30

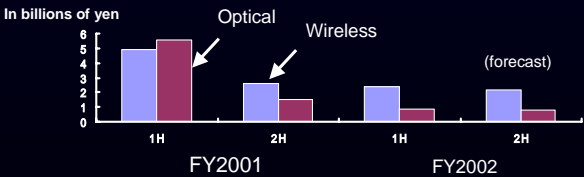
**ADVANTEST**

# Status of Main Products & Businesses – (5)

## Changing Measuring Instruments Business Model

■ Optical comm. weak; Wireless comm. relatively strong

Sales By Main Product Group



■ Progress of Wizard of Module Test (WMT) Architecture

- RF Component Analyzer : Released Jan. 2002
- Bluetooth Tester : Released Mar. 2002
- Planned release of future WMT-based products

2002-10-30



# Measuring Instruments



2002-10-30



## New Business Model (OAI/STC)

### Revolutionizing the SoC Tester Business Model

- Background & Advantest's Market Position
- Strategy Overview
- Business Model
- Status/Timetable

2002-10-30

**ADVANTEST**

## OAI/STC - Background & Advantest's Market Position

- Changing Customer Needs
  - Need for further reduction in test costs
  - Demand for both greater specialization and versatility
  - Flexibility with increasingly diverse test methodologies
  - Compatibility between ATEs from different vendors
- Past Initiatives by ATE Vendors
  - Differentiation of proprietary ATE architectures
  - Independently promoted solutions to customers' needs
- The OAI Solution
  - Formation of industry standard architecture
  - Disclosure of hardware and software interface
  - Module-based architecture

2002-10-30

**ADVANTEST**

# OAI/STC - Strategy Overview

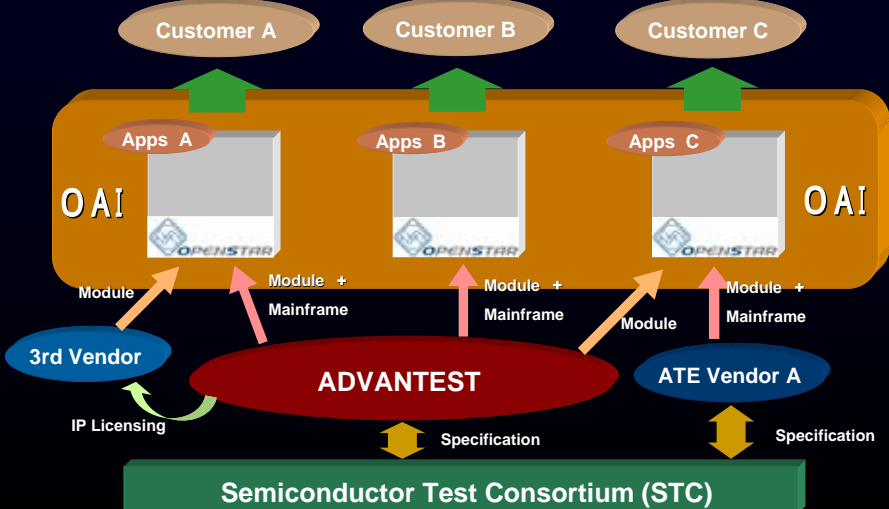
- Open Architecture Initiative (OAI)
  - Complete open industry standard for an ATE platform
  - Disclosure of hardware, software, and DI interfaces
  - Solution open for use by all vendors
  - Shared use of IP
- Semiconductor Test Consortium (STC)
  - Participation by both vendors and users
  - Working to promote an open architecture
  - Approve the standard and provide certification

2002-10-30



# OAI/STC - Business Model

The offering of integration services to provide the best mix of modules for the user's test solution.



2002-10-30



## OAI/STC - Status/Timetable

### ■ OAI / STC Members

- Advantest
- Chipmakers Intel, Motorola, etc.
- ATE/Instrument Vendors National Instruments, Wavecrest. etc.

### ■ Timetable

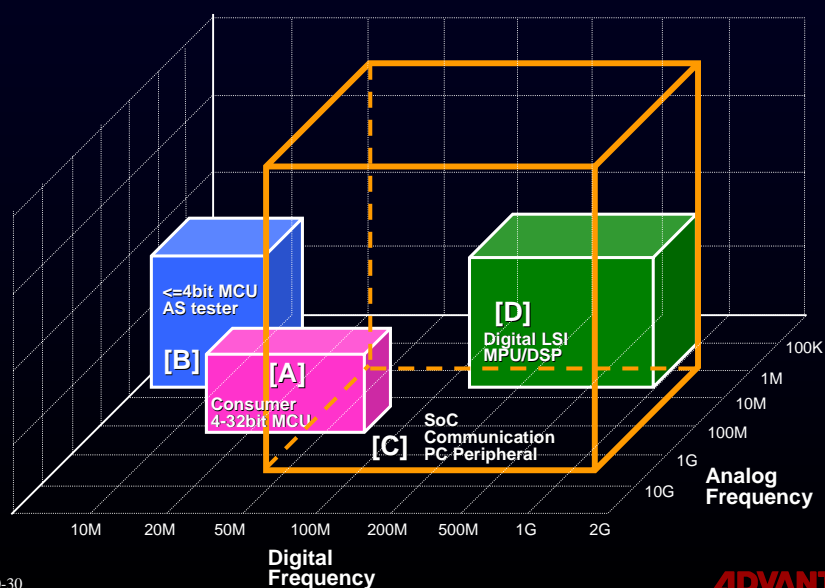
- July 2002 Promotion of the OAI at SEMICON West; announced plans to establish the STC
- April 2003 Scheduled startup of the STC
- 1H FY2003 Submission of official architecture spec to the STC
- Mid-2003 First shipment of tester based on the OAI spec

2002-10-30

**ADVANTEST**

## SoC Test System Market Map

Level of Innovation in Testing Methods



2002-10-30

**ADVANTEST**

