

**Advantest Corporation Information Meeting  
Financial Results  
for 3rd Quarter of FY2010**

**January 27, 2011**

**Hiroshi Nakamura  
Managing Executive Officer**

# **Financial Results for 3rd Quarter of FY2010**

**Fiscal Year-to-Date Revenues: +150% YoY  
Operating Profit + ¥6 Billion**

# Summary of Results

**ADVANTEST.**

**Fiscal Year-to-Date Revenues: +150% YoY  
Operating Profit + ¥6 Billion**

(¥B)

	FY2009	FY2010						
	Fiscal Year-to-Date	1Q	2Q	3Q	Q on Q (%)	Y on Y (%)	Fiscal Year-to-Date	Y on Y (%)
<b>Orders</b>	44.7	30.8	23.3	21.3	-8.1	14.7	75.4	68.9
<b>Sales</b>	31.7	23.5	28.6	25.4	-10.9	97.5	77.5	144.9
Cost of Sales	17.3	11.9	14.9	13.5	-9.0	57.1	40.3	133.4
<b>Gross Profit</b>	14.4	11.6	13.7	11.9	-13.0	178.8	37.2	158.9
<b>Operating income</b>	-13.0	1.8	2.9	1.2	-58.6	-	6.0	-
Non-operating Income	1.6	-0.2	-0.4	-0.2	-	-	-0.9	-
<b>Income before Tax</b>	-11.4	1.6	2.5	1.0	-58.5	-	5.1	-
<b>Net Income</b>	-12.8	0.8	1.8	0.7	-62.4	-	3.3	-
<b>Backlog</b>	18.8	27.6	22.3	18.2	-18.4	-3.3	18.2	-3.3

4

All Rights Reserved - Advantest Corporation

2011/1/27

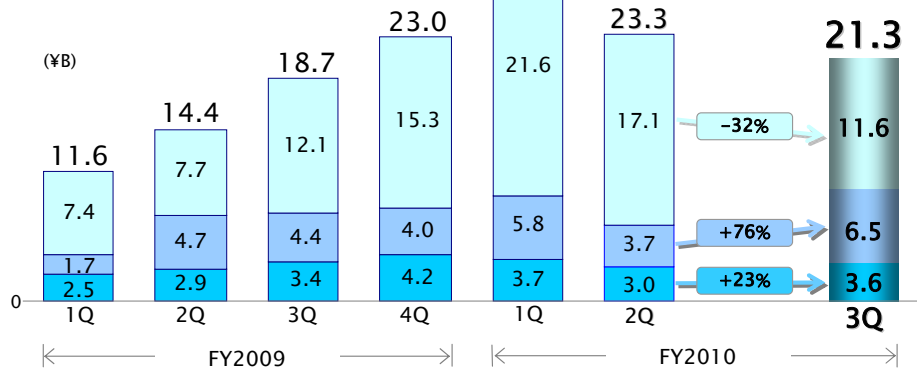
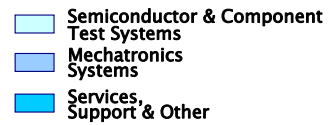
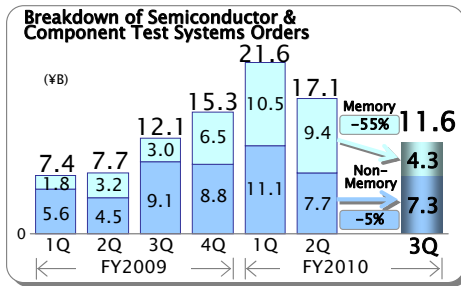
## ○ Results for 3Q FY2010:

- Orders 21.3 billion yen,  
down 8.1% from the previous quarter
- Sales 25.4 billion yen,  
down 10.9% from the previous quarter
- Operating income 1.2 billion yen
- Income before Tax 1.0 billion yen
- Net income 0.7 billion yen

Revenues, orders, and earnings declined sequentially. However, results for the third quarter and for the first nine months of fiscal 2010 improved significantly in comparison to the same periods in the previous year.

- Backlog 18.2 billion yen

# Orders by Business Segment



All Rights Reserved - Advantest Corporation

2011/1/27

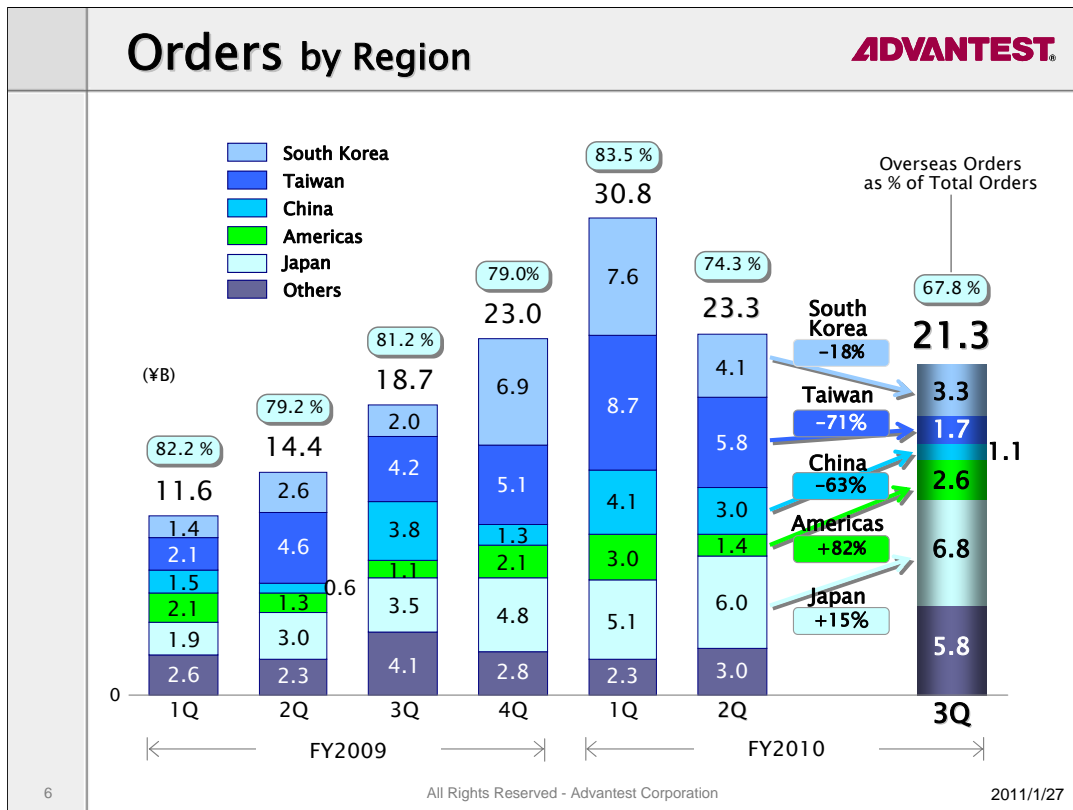
## ○ 3Q FY2010 Orders by Segment:

### ○ Semiconductor and Component Test Systems:

- 11.6 billion yen, down 32% from the previous quarter
- Orders of memory testers declined 55% sequentially, amid softness in the DRAM market and the continuing slide in DRAM prices. Customer restrictions on capacity investments exceeded our estimates.
- Orders of non-memory testers declined 5% sequentially, weighed down by faltering demand for consumer electronics and other end-user products.

### ○ Mechatronics Systems:

- 6.5 billion yen, up 76% from the previous quarter
- Advantest secured a large handler order during the period.



○ 3Q FY2010 Orders by Region:

- Orders from Japan and the Americas increased

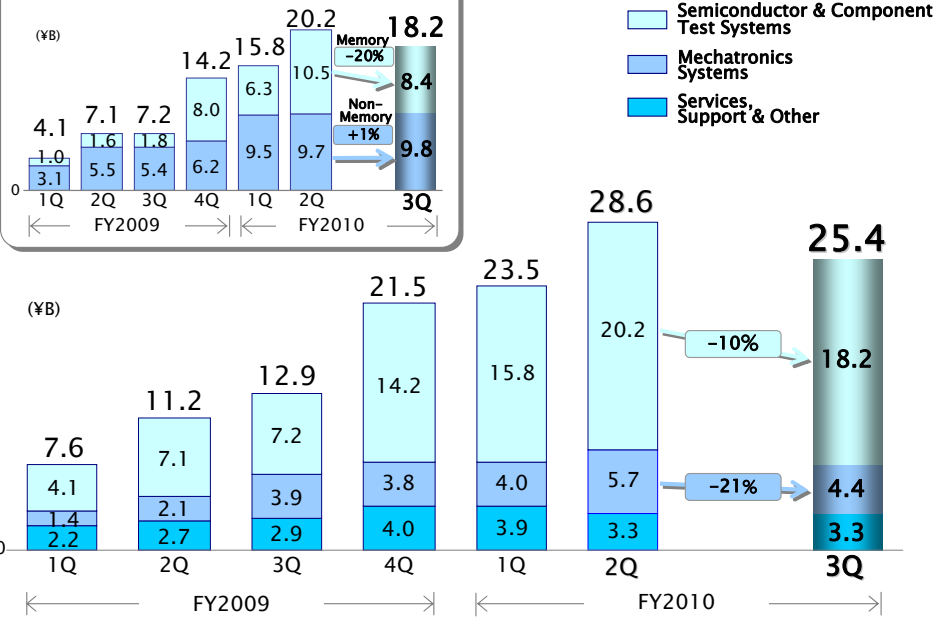
○ Broad regional trends were as follows:

- Japan:  
Orders for non-memory testers for MCUs increased
- Americas:  
Orders for non-memory testers for next generation MPU increased
- Taiwan & China:  
Orders for memory testers for DRAM decreased sharply
- Other Regions:  
In Southeast Asia, orders for test handlers increased

# Sales by Business Segment

**ADVANTEST**

**Breakdown of Semiconductor & Component Test Systems Sales**



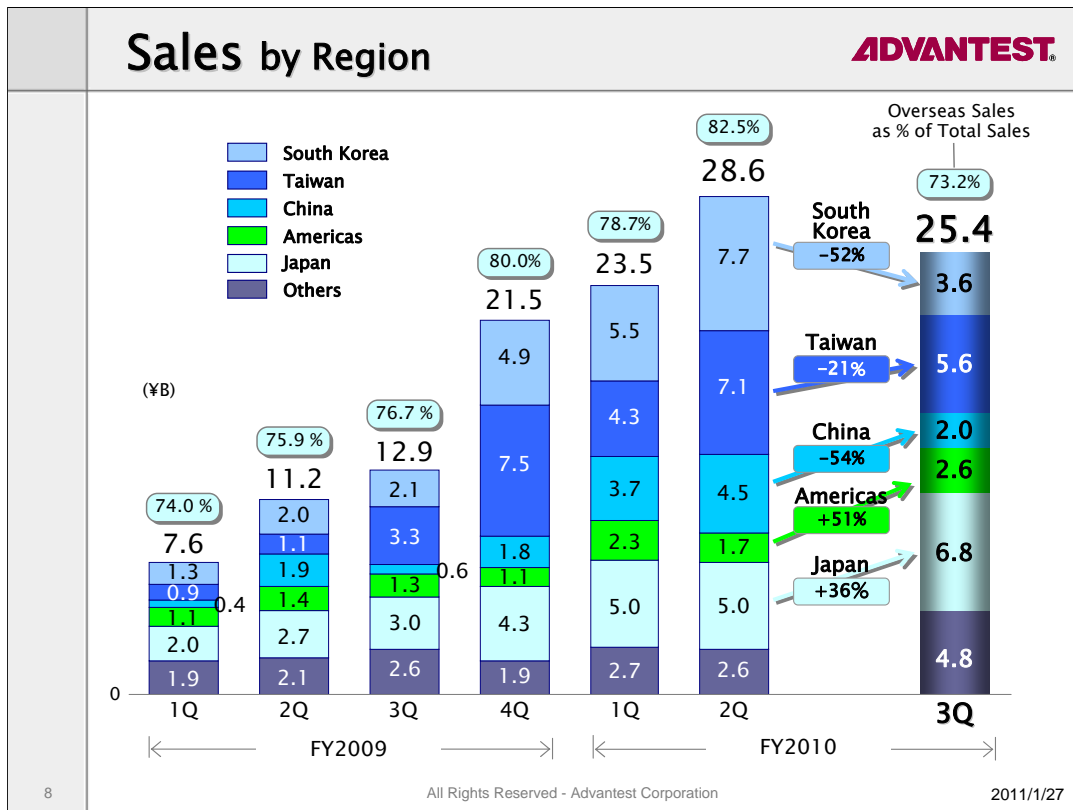
## ○ 3Q FY2010 Sales by Segment:

### ○ Semiconductor and Component Test Systems:

- 18.2 billion yen, down 10% from the previous quarter
- Sales of memory testers declined 20%
- Sales of non-memory testers improved 1%, led by demand for the T2000 for MPU test

### ○ Mechatronics Systems:

- 4.4 billion yen, down 21% from the previous quarter
- Sales of device interfaces and test handlers declined in step with testers, due to memory test CapEx push outs.

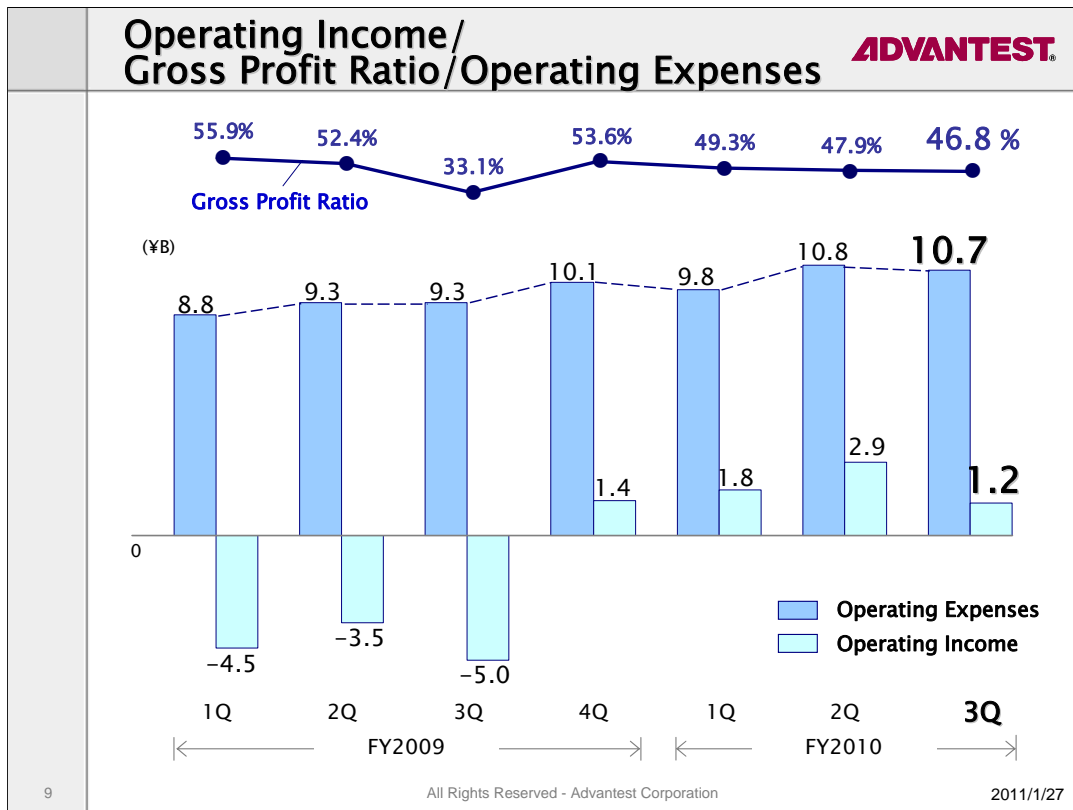


○ 3Q FY2010 Sales by Region:

- Sales to Japan and the Americas increased

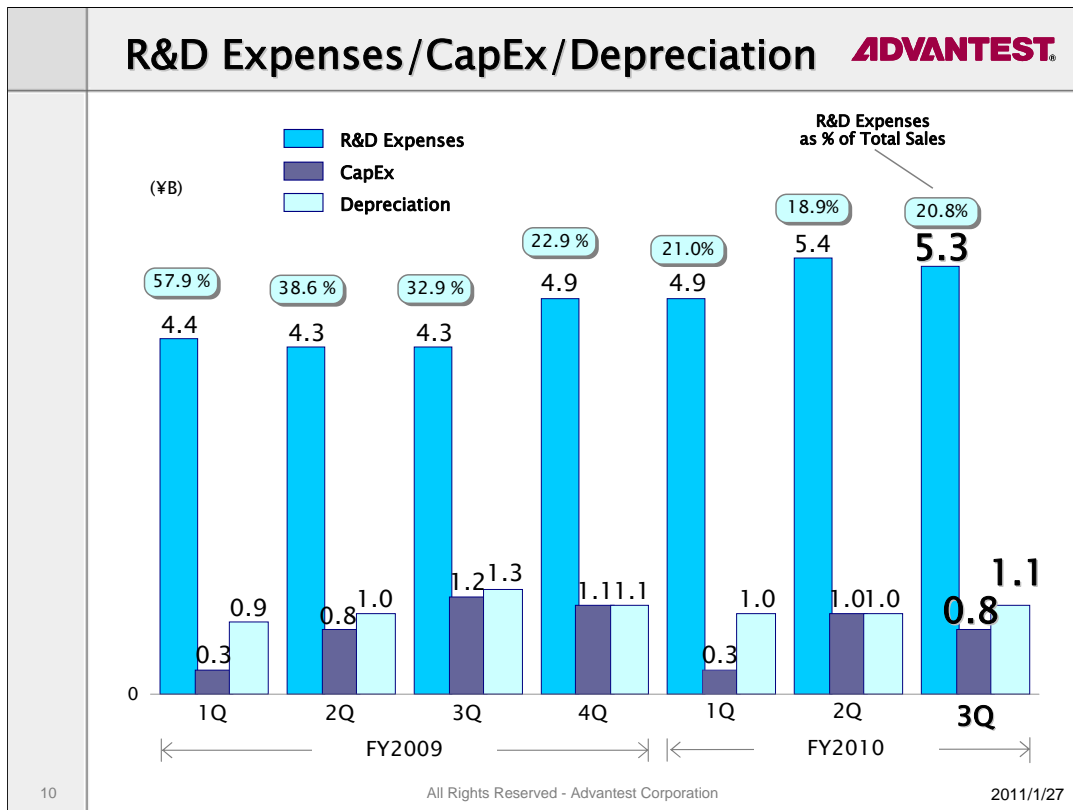
○ Broad regional trends were as follows:

- Korea:
  - 3.6 billion yen, down 52% sequentially
  - Sales of memory testers declined
- Taiwan:
  - 5.6 billion yen, down 21% sequentially
  - Sales of memory testers and test handlers declined
- China:
  - 2.0 billion yen, down 54% sequentially
  - Sales of memory testers declined
- Other Regions:
  - In Southeast Asia, sales of non-memory testers increased



○ 3Q FY2010 Operating Income /  
Gross Profit Ratio/ Operating Expenses

- Gross Profit Ratio:
  - down 1.1 points sequentially to 46.8%,  
due to a less favorable product mix
- Operating Expenses:
  - 10.7 billion yen, a sequential decrease of 0.1 billion yen
- Operating Income:
  - 1.2 billion yen, a sequential decrease of 1.7 billion yen

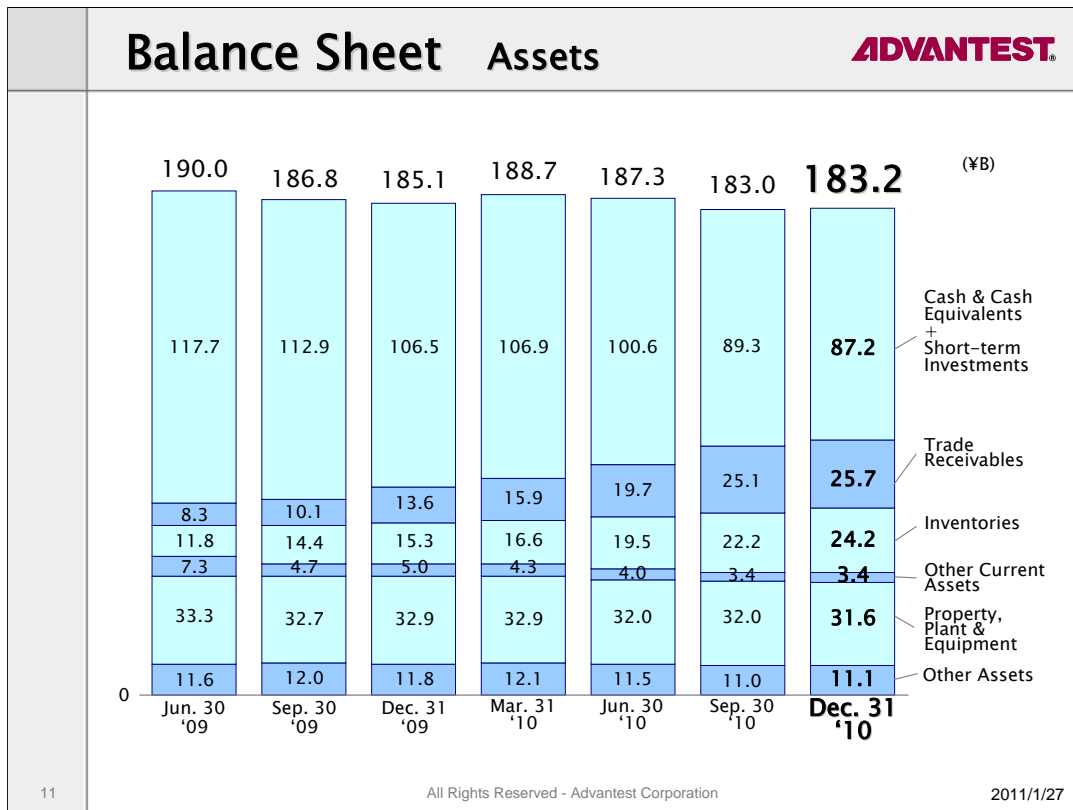


○ R&D Expenses:

- 5.3 billion yen, a sequential decrease of 0.1 billion yen

○ CapEx:

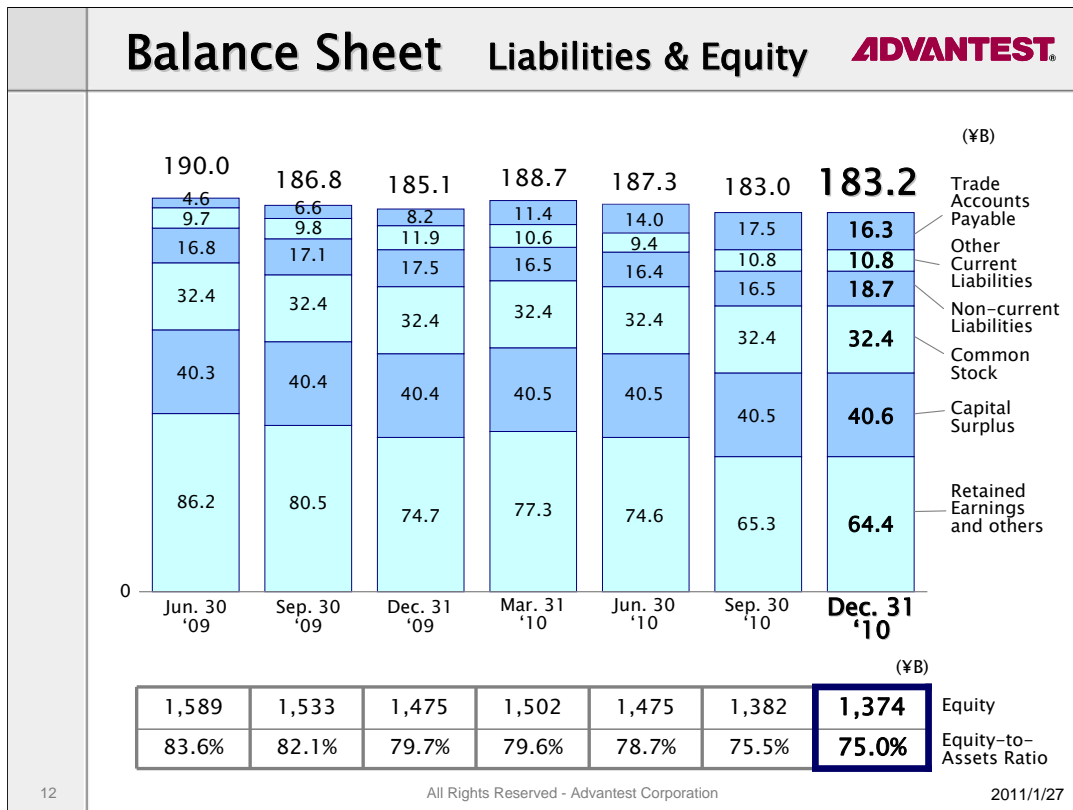
- 0.8 billion yen, a sequential decrease of 0.2 billion yen



○ Balance Sheet for 3Q FY2010

○ Assets:

- Cash & cash equivalents and short-term investments:  
87.2 billion yen



○ Balance Sheet for 1Q FY2010

○ Liabilities & Equity:

- Equity:

- 137.4 billion yen

- Equity-to-assets ratio:

- 75.0%

# FY2010 Financial Outlook

2010 total sales 100billion yen

**FY2010 full year forecast calls for return to profitability for 1<sup>st</sup>  
time since 2007, despite challenging business environment**

# FY2010 Forecast

**ADVANTEST.**

2010 total sales 100billion yen

FY2010 full year forecast calls for return to profitability for 1<sup>st</sup> time since 2007, despite challenging business environment

	FY2009	FY2010 (¥B)			
		Year-to-Date	4Q (Forecast)	FY (Forecast)	Y on Y (%)
Orders	67.7	75.4	19.6	95.0	40.3
Sales	53.2	77.5	22.5	100.0	87.9
Operating Income	-11.6	6.0	0.5	6.5	-
Net Income	-11.5	3.3	0.2	3.5	-
Backlog	20.3	18.2	15.3	15.3	-24.6

14

All Rights Reserved - Advantest Corporation

2011/1/27

## ○ 4Q FY2010 Forecast:

- Orders 19.6 billion yen
- Sales 22.5 billion yen
- Operating income 0.5 billion yen
- Net Income 0.2 billion yen

## ○ FY2010 Forecast:

- Orders 95.0 billion yen, up 40.3% sequentially
- Sales 100.0 billion yen, up 87.9% sequentially
- Operating income 6.5 billion yen , a increase of 18.1 billion yen from the previous fiscal year
- Net Income 3.5 billion yen , a increase of 15.0 billion yen from the previous fiscal year
- Advantest's FY2010 full year forecast calls for a return to profitability for the first time since 2007, despite the continuing challenges in our business environment.

## Outlook: Positioned for Growth **ADVANTEST.**

■ Softness in the electronics supply chain is presently depressing the tester market

■ However, Advantest foresees multiple positive changes in the market environment that will enable our tester business to deliver higher growth

### <Non-Memory>

- Greater demand for MPU test stimulated by the adoption of next-generation Micro processors
- Strong demand for the T2000 in new sectors following our launch of new solutions for CMOS image sensors, power management ICs, and other applications

### <Memory>

- The adoption of next-generation processors will drive DRAM volume and demand for higher-speed devices
- Mobile DRAM demand also increasing
- Near-term bottom in DRAM market to trigger renewed capacity expansion

15

All Rights Reserved - Advantest Corporation

2011/1/27

- From the 4<sup>th</sup> quarter of fiscal 2010, Advantest expects to see multiple positive factors for our tester business.
- New demand for testers is expected to follow on the completion of inventory adjustment in the end-user product supply chain.
- Outlook for the non-memory sector:  
The arrival of a new generation of processors for PCs should stimulate demand for effective test for these devices. From the autumn of 2010, Advantest expects sales of our recently announced T2000 solutions to gain in volume.
- Outlook for the memory sector:  
The adoption of next-generation processors is expected to drive DRAM volume and stimulate demand for higher-speed DRAM devices. Demand for mobile DRAM – used in tablets and smartphones – is also growing healthily. Additionally, recognizing that the DRAM market is at near or a near-term bottom, Advantest's customers are expected to resume capital investments.
- The above factors lead Advantest to expect gradually improving revenues and earnings, despite continuing market challenges in the short term.

## 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.