

**ADVANTEST.**

Advantest Corporation

# Information Meeting

April 27, 2011

**Haruo Matsuno**  
Representative Director  
President and CEO

Financial Results for Fiscal 2010  
**Returned to profitability  
for the first time in 3 years**

Summary of Results											ADVANTEST.
											(¥B)
	FY 2009	FY 2010									
		1Q	2Q	3Q	4Q			FY			
					Guidance (as of Jan.)	Results	Q on Q (%)	Guidance (as of Jan.)	Results	Y on Y (%)	
Orders	67.7	30.8	23.3	21.3	19.6	33.6	+57.3	95.0	109.0	+60.9	
Sales	53.2	23.5	28.6	25.4	22.5	22.1	-13.2	100.0	99.6	+87.2	
Cost of Sales	27.3	11.9	14.9	13.5	-	10.8	-20.1	-	51.1	+87.4	
Gross Profit	25.9	11.6	13.7	11.9	-	11.3	-5.3	-	48.5	+86.9	
Operating Income	-11.6	1.8	2.9	1.2	0.5	0.2	-87.0	6.5	6.1	-	
Non-operating Income	1.7	-0.2	-0.4	-0.2	-	0.3	-	-	-0.5	-	
Income before Tax	-9.9	1.6	2.5	1.0	0.7	0.5	-59.5	5.8	5.6	-	
Net Income	-11.5	0.8	1.8	0.7	0.2	-0.1	-	3.5	3.2	-	
Backlog	20.3	27.6	22.3	18.2	15.3	29.6	+63.3	15.3	29.6	+46.1	

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### ○ Results for FY2010:

- Orders 109 billion yen,  
improved by a significant 61% year-on-year.  
4Q orders were especially strong,  
led by non-memory testers.
- Sales 99.6 billion yen,  
also up a significant 87% year-on-year,  
despite a slight drop-off in 2H, following the 2Q peak,  
as the DRAM market softened.
- Operating Income 6.1 billion yen
- Net Income 3.2 billion yen

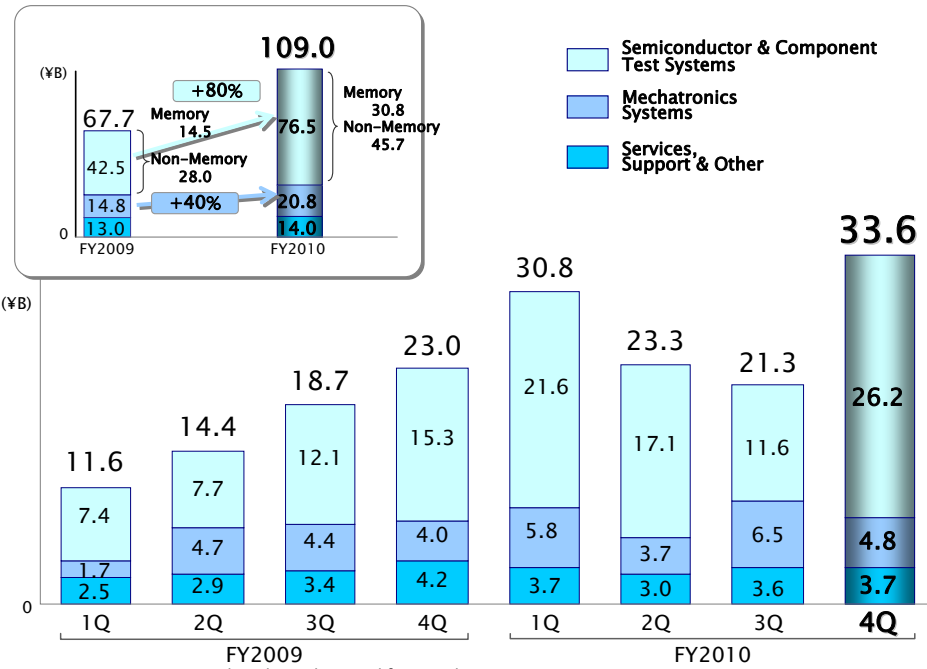
### ○ Advantest returned to profitability in FY2010 for the first time in 3 years.

- Backlog 29.6 billion yen  
Increased significantly from 2010 Q4 by order increase

### ○ Due to the unclear visibility beyond 2011 Q1, Advantest has not announced guidance for FY2011 at this time. Forecasts will be announced as available.

# Orders by Business Segment

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Note: Intersegment transactions have been eliminated from totals

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## ○ FY2010 Orders by Business Segment:

### ○ Semiconductor and Component Test Systems:

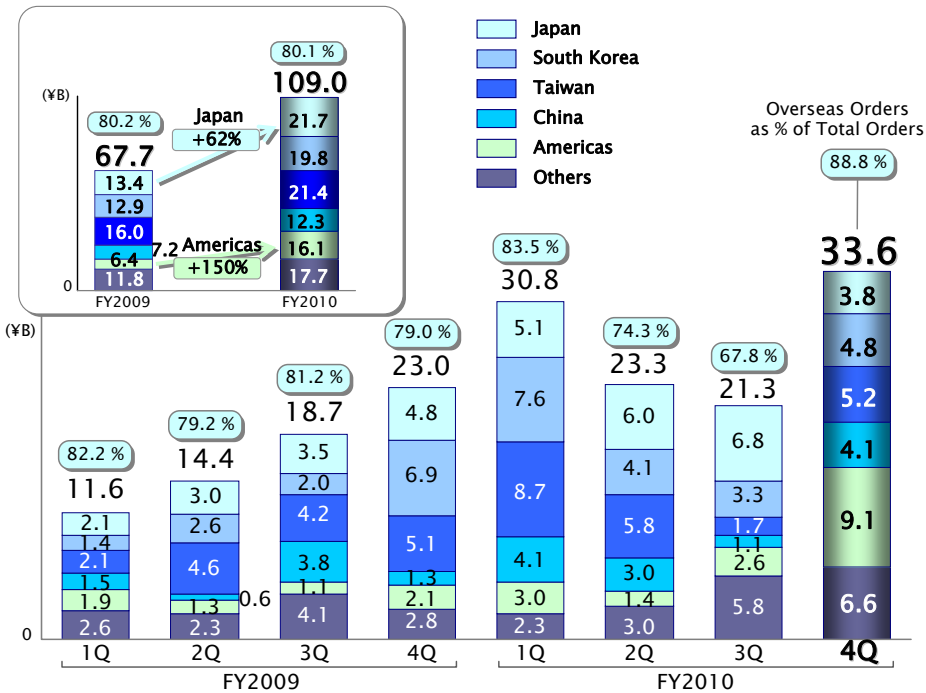
- 76.5 billion yen, up 80% from the previous fiscal year
- Non-Memory Testers
  - The T2000 for MPU saw strong orders.
- Memory testers
  - Supported by strong PC DRAM order in 1H, while mobile DRAM demand growth picked up in 2H.

### ○ Mechatronics Systems:

- 20.8 billion yen, up 40% from the previous fiscal year
- Orders for device interfaces tracked robust tester orders.
- Test handler demand in the analog segment was healthy.

# Orders by Region

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○ FY2010 Orders by Region:

- Orders from the Americas, Japan, and other regions increased.

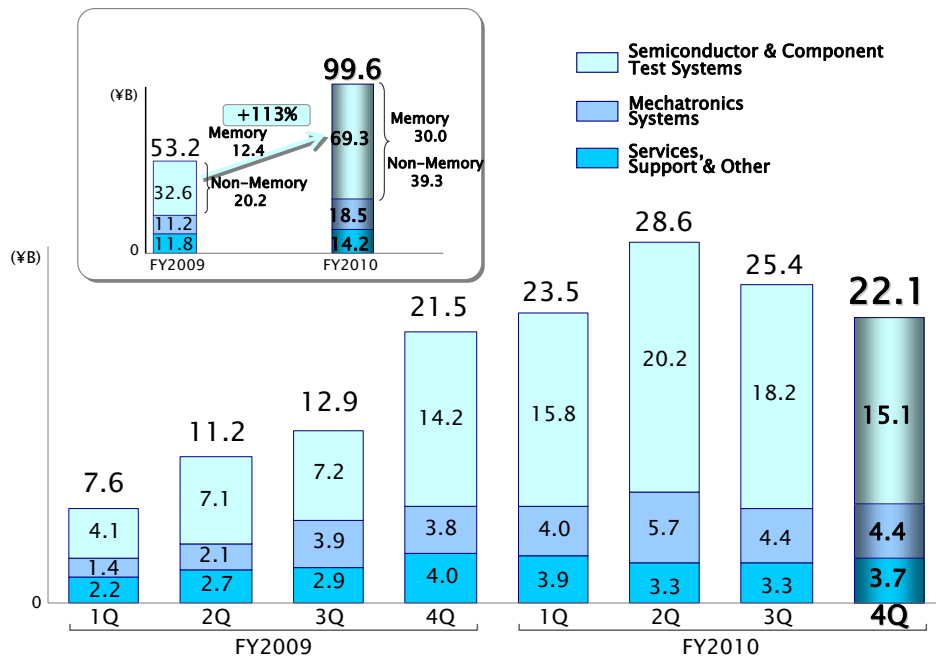
○ Americas:

- 16.1 billion yen, up 150% from the previous fiscal year, driven by the T2000 for MPU test

○ Japan:

- 21.7 billion yen, up 62% from the previous year, driven by mobile DRAM memory tester demand growth

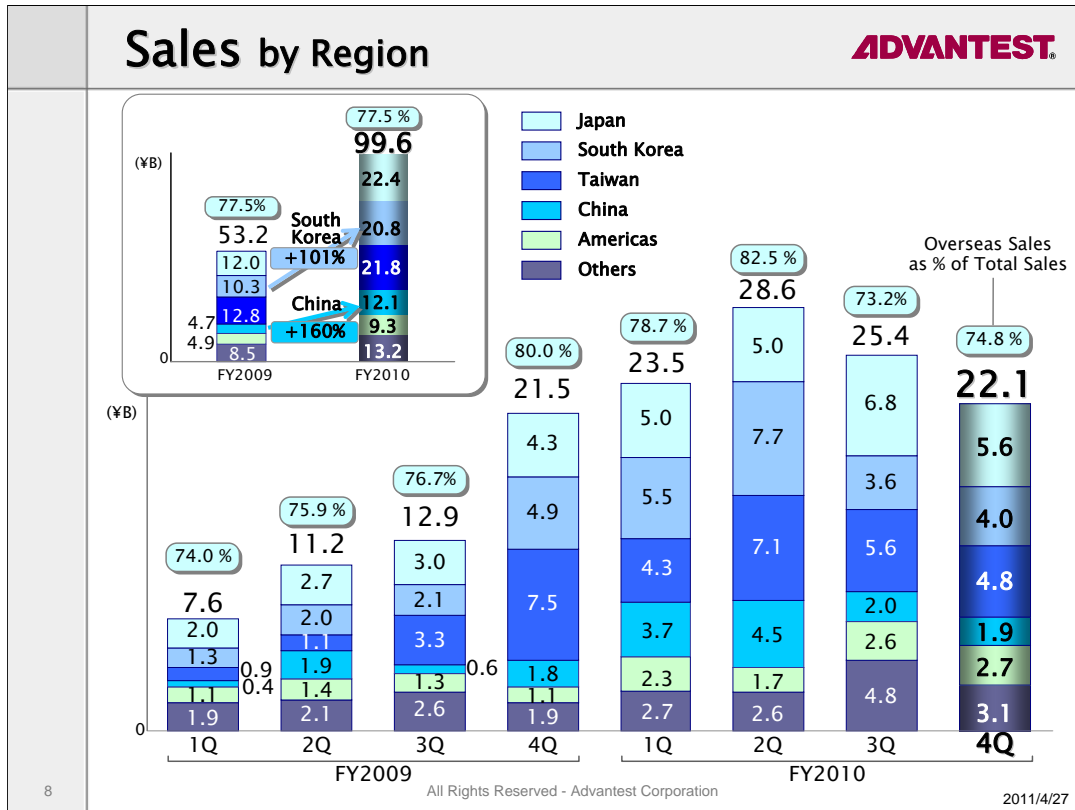
# Sales by Business Segment



## ○ FY2010 Sales by Business Segment:

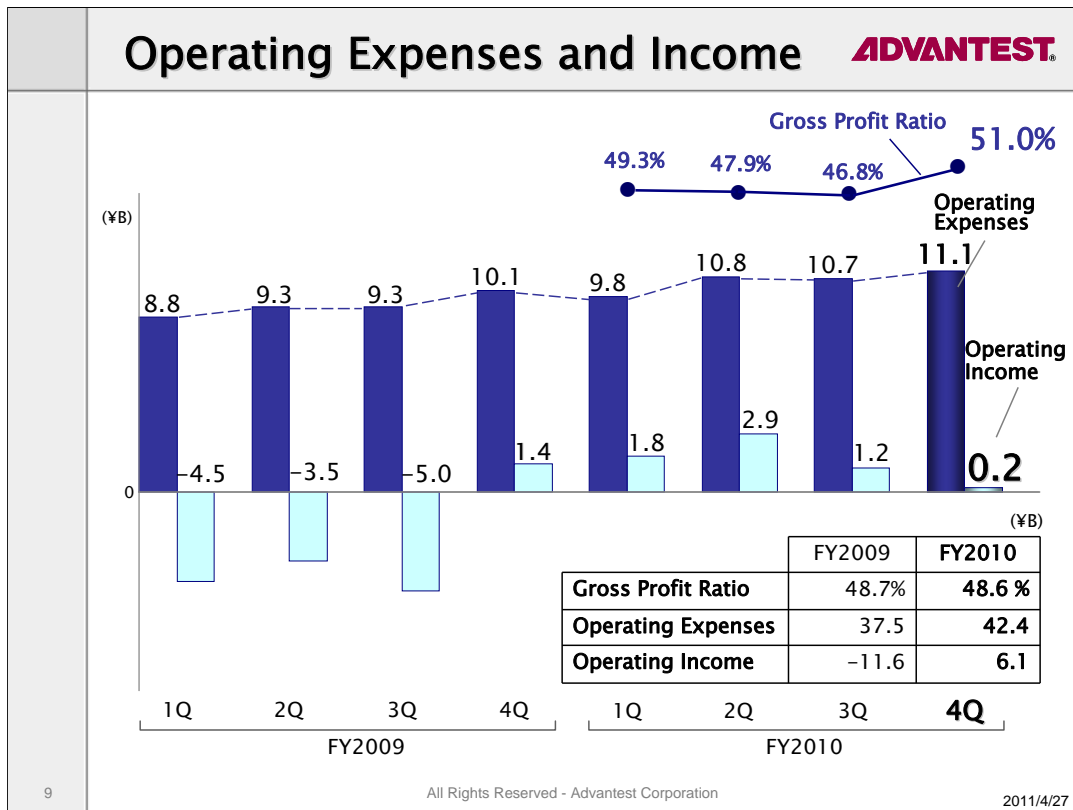
### ○ Semiconductor and Component Test Systems:

- 69.3 billion yen, up 113% from the previous fiscal year
- Sales of non-memory testers in the MPU and MCU segments were robust.
- Memory tester sales also doubled from the previous fiscal year on increasing mobile and PC DRAM capex.



○ FY2010 Sales by Region:

- Sales in all regions increased
- Sales growth in the East Asia region, where most memory chips are manufactured, was especially marked.

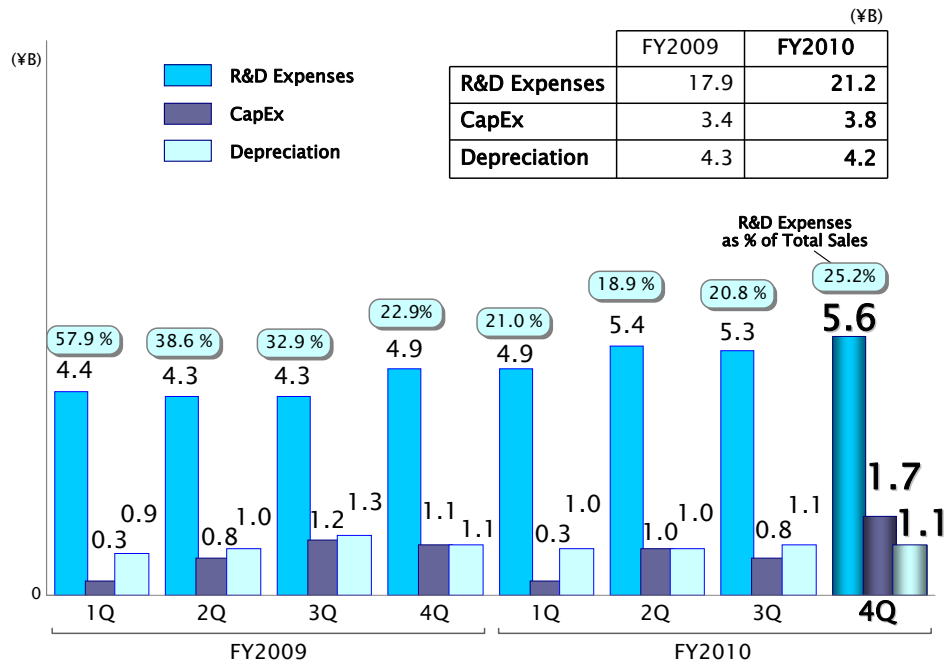


○ FY2010 Operating Income / Gross Profit Ratio / Operating Expenses

- Gross Profit Ratio:  
48.6%, flat from the previous fiscal year
- Operating Expenses:  
Tracked sales growth at 42.4 billion yen,  
up 13% from the previous fiscal year
- Operating Income  
6.1 billion yen, an improvement of 17.7 billion yen  
over the previous fiscal year

○ Advantest returned to profitability in FY2010.

## R&D Expenses/CapEx/Depreciation **ADVANTEST.**



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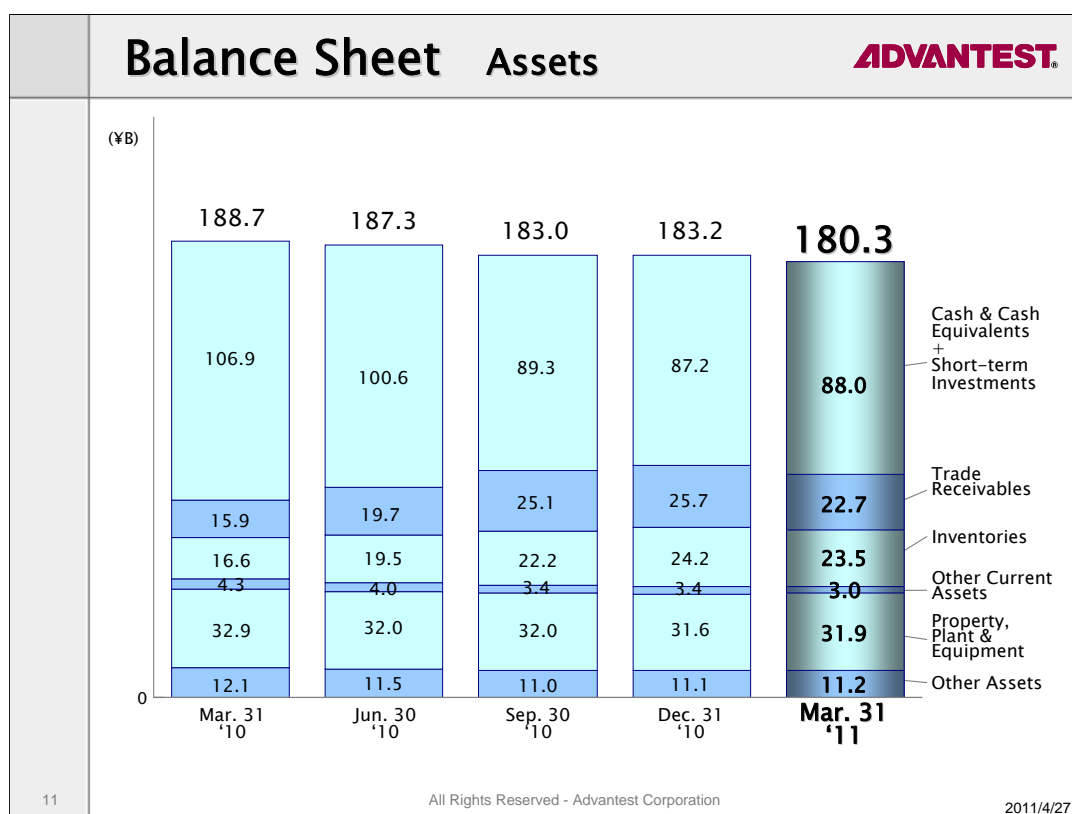
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### ○ FY2010 R&D Expenses:

- 21.2 billion yen, up 18% from the previous fiscal year
- As a technology company, Advantest is committed to a consistent level of R&D investment.

### ○ CapEx:

- 3.8 billion yen, restrained to approximately the same level as the previous fiscal year
- Investment primarily went to facility upgrades for enhanced R&D and production efficiency.

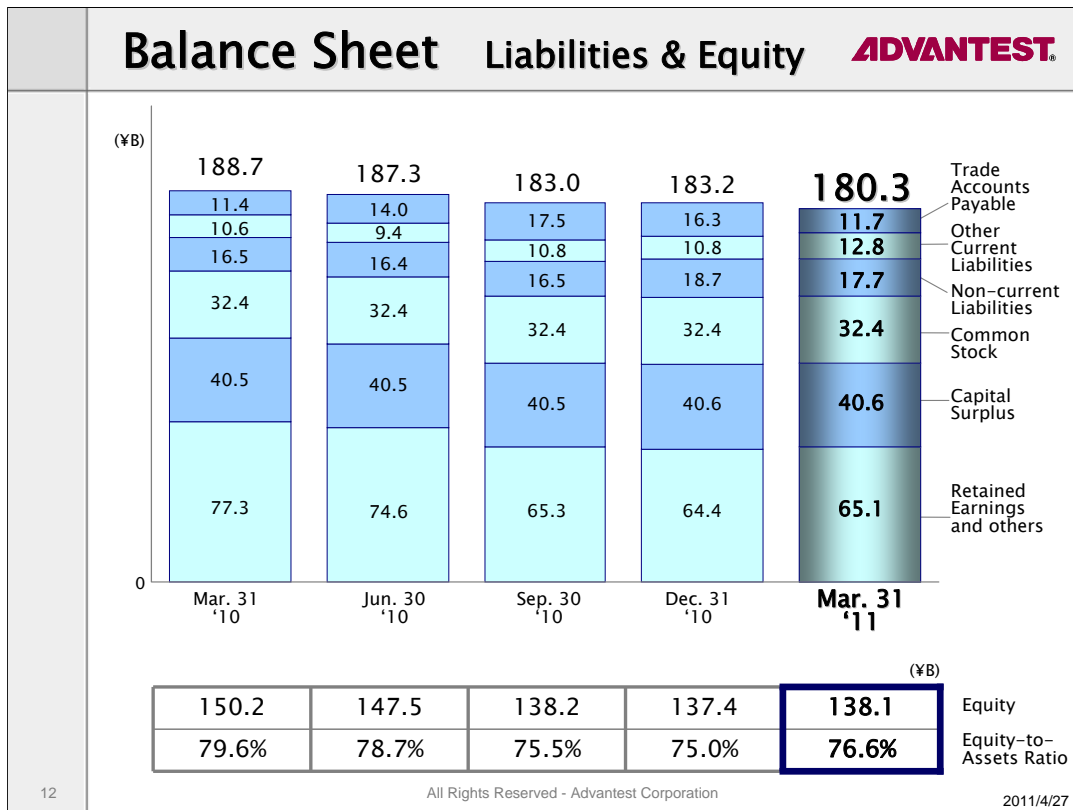


○ FY2011 Balance Sheet:

○ Assets:

- Cash & cash equivalents decreased 18.9 billion yen sequentially, primarily due to a 10.3 billion yen share buyback executed in August 2010.
- Trade receivables stood at 22.7 billion yen, 40% greater than the previous fiscal year, following increased sales.
- Inventories also increased 40% sequentially to 23.5 billion yen, following increased production as a result of greater orders.

○ Thus, total assets reached 180.3 billion yen, a sequential decrease of 8.4 billion yen.



○ FY2011 Balance Sheet:

○ Liabilities & Equity:

- Equity was 138.1 billion yen, a decrease of 12.1 billion yen sequentially, primarily due to the share buyback executed in August 2010.
- Equity-to-assets ratio:  
down 3 points from the previous fiscal year to 76.6%

This completes our discussion of financial results for FY2010.

**FY2011 Outlook**  
**Entering a New Growth Phase**  
**Leveraging Existing Strengths**

## 1 Improve Semiconductor Tester Market Share

- Non-Memory Testers    Exploit Growing T2000 Coverage to Gain Share
- Memory Testers        Maintain Dominant Share

## 2 Further Improve Profitability

- Conversion of design assets into shorter R&D lead times
- Procurement optimization and a globalized manufacturing structure
- Lower production costs, ongoing administrative cost control efforts

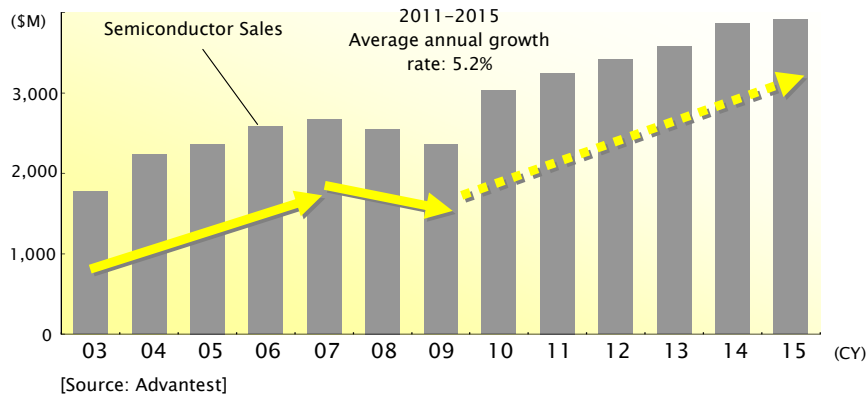
## 3 Cultivate New Businesses for Consistent Growth

- In FY 2010, memory tester revenues were slightly weaker than expected, owing to the slowdown in the PC market and softening DRAM prices. However, non-memory tester revenues were robust, contributing to solid results for Advantest overall.
- In FY2011, the global economy is expected to grow at a healthy pace, despite uncertainty linked to the economic impact of the Great Eastern Japan Earthquake. Advantest sees a business environment conducive to further growth.
- The second half of this presentation will outline our principal policies for the coming fiscal year.

## Semiconductor Market Outlook

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- **As applications and end products multiply, semiconductor capacities and production volumes continue to grow. Additionally, product penetration into the emerging economies is expected to support a solid growth trend going forward.**
- **Meanwhile, market demands for device reliability are growing more stringent.**



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### ○ Regarding Advantest's business environment,

- Against a background of factors including
  - expanding applications and end products,
  - increasing chip densities, higher semiconductor content per application
  - and product penetration into the emerging economies,the semiconductor market has been growing steadily – a trend expected to continue into the future, in our increasingly connected society.
- Meanwhile, market demands for semiconductor reliability are growing more stringent and widespread as more and more chips are used in automobiles, infrastructure, and other crucial sectors.  
Those factors will lead to higher tester demand to assure higher reliability.

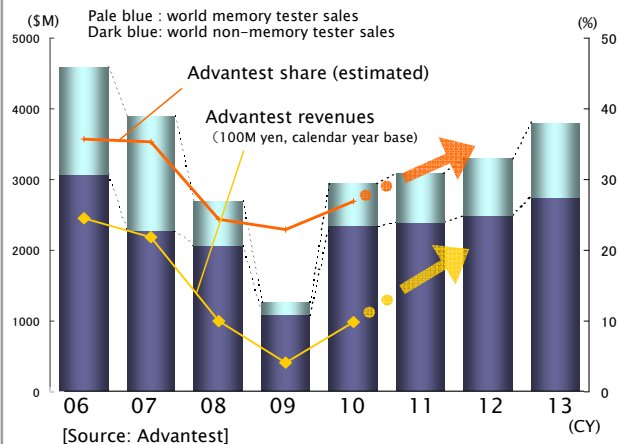
# Semiconductor Tester Market OverView

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■ The semiconductor tester market recovered sharply in 2010. Gradual growth is predicted to continue.

Demand driven by PCs, consumer electronics

Diversifying applications



Semiconductor market drivers include:

- expanding adoption of smartphones and other handheld devices, and demand for better performance (higher speed, more memory capacity)
- the further development of automotive electronics
- tighter energy efficiency standards

Advantest has product presence in each of these growth areas, and expects them to drive near-term revenue growth.

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○ Our view of the semiconductor tester market is as follows:

- The graph shows global semiconductor tester revenues compared with Advantest's revenues and market share.
- For the last few years, the memory tester market in particular has been shrinking. However, it recovered sharply in 2010.
- From 2011, although forecasts remain uncertain, gradual growth is expected.

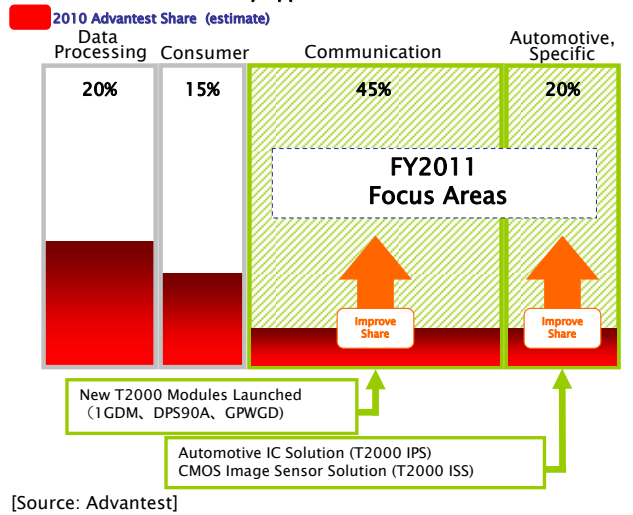
○ Our strategy going forward is to reinforce our presence in high-growth segments to expand our market share, which we consider crucial to revenue growth.

## Non-Memory Test Systems: Improve Share

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- Focus on communications, CMOS image sensors (CIS), automotive, and power management ICs (PMIC)

2010 World Non-Memory Tester Sales (approx. US\$2,400 million)  
By Application



In FY2010 Advantest developed solutions with superlative cost-performance for the communications, automotive / PMIC, and CIS segments.

In FY2011, we will strive to improve our market share by leveraging these highly competitive new products.

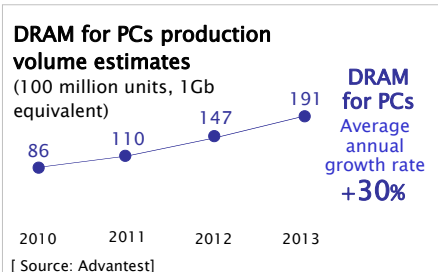
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- In the non-memory tester market, we continue to seek share growth.
  - We estimate that our current share of the non-memory tester market is slightly less than 20%.
- As the graph shows, we have struggled to gain share in communications ICs and the automotive and specialty IC tester segments.
  - In FY2010, we developed and launched an array of highly competitive solutions targeting these markets, with superior cost performance.
  - In FY2011, Advantest will strive to improve market share by leveraging our new products in the communications, automotive and power management, and CMOS image sensor markets.

## Memory Test Systems: Maintain Superiority

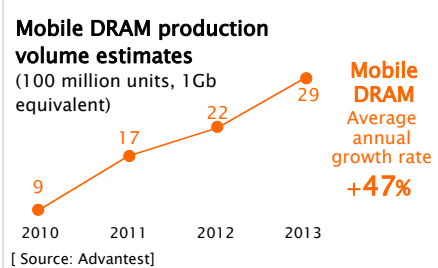
**ADVANTEST**

### ■ FY2011 DRAM tester demand expected to be robust, led by mobile DRAM



Mobile DRAM tester demand is expected to grow significantly, as device production volumes are increasing, test times are growing longer, and device speeds are improving.

Advantest has launched high-speed memory testers complying these trends ahead of our competitors, positioning us to maintain superiority and further improve our share in this market.




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- In the memory tester market, Advantest aims to maintain and further grow its currently dominant share.
  - The memory tester market is presently driven by increasing demand for mobile DRAM for portable applications such as smartphones and tablet PCs.
  - Mobile DRAM production volumes are expected to expand by 3 times (1Gb equivalent) in the 2010-2013 period.
  - A notable characteristic of mobile DRAM is that test times are relatively long compared to PC DRAM.
  - Furthermore, as mobile DRAM speeds improve, it is increasingly crucial for memory testers to support both volume production and high-speed test requirements.
- Advantest's products lead the industry in throughput, unmatched by any products available from our competitors. We will aim to improve our share of the memory market on the superiority of our products.

	<b>Further Improve Profitability</b> 
19	<p>■ <b>With faster responses and a more streamlined structure, Advantest is boosting its ability to align operations in real time with the changing business environment.</b></p> <ul style="list-style-type: none"> <li>• <b>Conversion of design assets into shorter R&amp;D lead times</b></li> <li>• <b>Procurement optimization and a globalized manufacturing structure</b></li> <li>• <b>Lower production costs, ongoing administrative cost control efforts</b></li> </ul> <p style="text-align: center; font-size: small;">All Rights Reserved - Advantest Corporation</p> <p style="text-align: right; font-size: x-small;">2011/4/27</p>

- Advantest's drive to improve profitability continues.
- In parallel with expanding sales, we consistently strive to boost profitability through *kaizen* measures:
  - R&D: we are striving to enhance our response to customer needs by converting our rich stock of design assets into shorter development lead times
  - Production: optimization of our procurement operations is contributing to lower costs, while globalization of our manufacturing structure will enable us to respond to customer needs faster
  - Meanwhile, the entire Advantest Group is united in striving to expand earnings and prevent opportunity losses, as profitability *kaizen* efforts continue.

## Cultivating New Business for Consistent Growth

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- Multiple ongoing projects cover a broad spectrum of business opportunities. Advantest plans to solidify its foothold in each of these markets in FY2011.

### Probe Cards

Now in use by a major manufacturer.  
Flexibly support a variety of devices.  
Expanded sales foreseen.



### CD-SEM

Industry-leading CD-SEM measurement system, indispensable for next-generation photomask metrology at advanced nodes.

### 3D Imaging & Analysis System

Adopted by a major automotive firm, currently being marketed in additional industries



**NPX**

### NAND Flash Memory tester

Currently under development

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- Advantest is also cultivating new businesses:
- Multiple projects are currently underway. A full explanation of each would take more time than we have today, but in brief, last fiscal year, we recorded contributions from the following projects:
  - Probe cards
  - CDSEM metrology
  - Terahertz 3D imaging & analysis
  - NAND Flash Memory Testers
- In fiscal 2011, Advantest will continue to reinforce its support of new business development projects to ensure consistent future growth.

	<p style="text-align: center;"><b>Corporate Initiative: "1000 Days"</b></p> <p style="text-align: right;"><b>ADVANTEST.</b></p>							
21	<p style="text-align: center;">■ <b>Goal : Cumulative profitability over the three-year span of the initiative (FY2009 - FY2011)</b></p> <div style="text-align: center; border: 1px solid gray; padding: 10px; margin: 20px auto; width: 80%;"> <p style="color: red; font-weight: bold;">The Challenge to Change!</p> <h1 style="margin: 0;">1000 Days</h1> <p style="color: red; font-weight: bold;">"7S" Principles</p> <table style="margin: 0 auto; border-collapse: separate; border-spacing: 5px;"> <tr> <td style="background-color: red; color: white; padding: 2px 5px;">Speed</td> <td style="background-color: red; color: white; padding: 2px 5px;">Simplicity</td> <td style="background-color: red; color: white; padding: 2px 5px;">Steadiness</td> <td style="background-color: red; color: white; padding: 2px 5px;">Skills</td> <td style="background-color: red; color: white; padding: 2px 5px;">Streamlining</td> <td style="background-color: red; color: white; padding: 2px 5px;">Surprise</td> <td style="background-color: red; color: white; padding: 2px 5px;">Smile</td> </tr> </table> <p style="color: red; font-weight: bold; margin-top: 10px;">ADVANTEST.</p> </div> <p style="text-align: center; font-size: small;">All Rights Reserved - Advantest Corporation</p> <p style="text-align: right; font-size: x-small;">2011/4/27</p>	Speed	Simplicity	Steadiness	Skills	Streamlining	Surprise	Smile
Speed	Simplicity	Steadiness	Skills	Streamlining	Surprise	Smile		

- Our corporate initiative "1000 Days" was launched in July 2009.
  - To achieve the initiative's goal of cumulative profitability over three years,
    - every Advantest group employee, under the slogan of the 7 "S"s, is instructed to treat each day as precious, and strive for *kaizen* improvements with a medium-term vision.
    - Employees have already submitted and carried out more than 1,000 *kaizen* proposals on their own initiative.
  
- In FY2010, Advantest returned to profitability. We will seek further revenue and earnings growth in FY2011, the final year of this corporate initiative.

	<h2 style="text-align: center;">Impact of the Great Eastern Japan Earthquake <span style="float: right;"><b>ADVANTEST.</b></span></h2>
22	<p><b>■ Advantest suffered little damage.</b>  <b>In future, extra effort will be put into securing production capacity and meeting shipment schedules.</b></p> <p><u>Details of Impact</u></p> <ul style="list-style-type: none"> <li>· No employees were injured. Damage to facilities was light. Facilities in Gunma and Saitama Prefectures resumed operations immediately after the quake. Facilities in the city of Sendai, Miyagi Prefecture, were reopened by the end of April.</li> <li>· Disruptions to Advantest's supply chain had a slight impact on Fy2010 revenues.</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><u>Measures Currently In Place</u></p> <ul style="list-style-type: none"> <li>· An emergency procurement structure is being established in cooperation with our suppliers.</li> <li>· Alternatives are being sought for components not readily available in the near term.</li> <li>· Additional work shifts during the summer season and adjustment of employee vacation schedules are being considered.</li> </ul> <p>⇒ While taking into account the changing situation and the needs of society, Advantest is striving to ensure sufficient production capacity and meet all shipment deadlines.</p> </div>
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○ On March 11<sup>th</sup>, the Great Eastern Japan Earthquake and tsunami struck the Tohoku region.

- Advantest suffered minimal direct impact:
  - Even our facilities in Sendai – a heavily damaged area – were once more operational by the end of April.
  - Disruptions to our supply chain had a limited impact on FY2010 revenues.
  
- However, many of our suppliers are located in the Tohoku and northern Kanto regions.  
 It is still unclear how deeply our procurement will be affected.
  - An emergency procurement structure has been set up to ensure supply and production capacity sufficient to meet our customers' needs.
  - Concerning forecasted energy shortages in the coming months, Advantest will respond as needed with flexible measures, taking into consideration the needs of society overall.

Advantest expresses heartfelt condolences  
to the victims and the bereaved survivors  
of the Great Eastern Japan Earthquake.  
We pray for a speedy recovery in the regions  
affected by this tragedy.

**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.