



Because Technology Never Stops

TERADYNE FINANCIAL RESULTS FOR Q1 2016

April 28, 2016

SAFE HARBOR

This presentation contains forward-looking statements regarding future business prospects, Teradyne's results of operations, market conditions, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program and a senior secured credit facility. Such statements are based on the current assumptions and expectations of Teradyne's management and are neither promises nor guarantees of future performance, future events, future payment of dividends, future repurchases of common stock or future availability of, or borrowing under, a credit facility. There can be no assurance that management's estimates of Teradyne's future results or other forward looking statements will be achieved. Additionally, the current dividend and share repurchase programs may be modified, suspended or discontinued at any time. Important factors that could cause actual results, dividend payments, repurchases of common stock or borrowings under the credit facility to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand; market acceptance of new products; the ability to grow Universal Robots' business; increased research and development spending; deterioration of Teradyne's financial condition; the business judgment of the board of directors that a declaration of a dividend, the repurchase of common stock or debt under the credit facility is not in the Company's best interest; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the "Risk Factors" section of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The forward-looking statements provided by Teradyne in this presentation represent management's views as of the date of this presentation. Teradyne anticipates that subsequent events and developments may cause management's views to change. However, while Teradyne may elect to update these forward-looking statements at some point in the future, Teradyne specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Teradyne's views as of any date subsequent to the date of this presentation.

BUSINESS UPDATE AND OUTLOOK

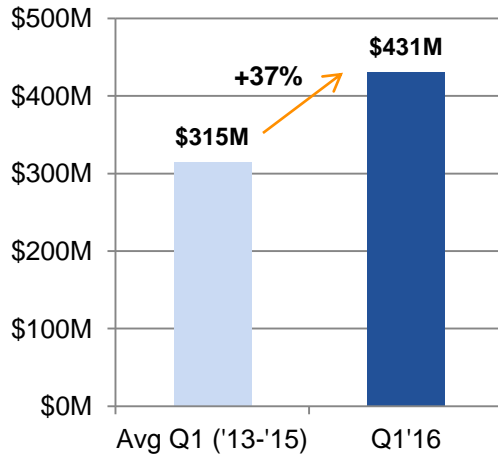


Mark Jagiela, Teradyne President and CEO

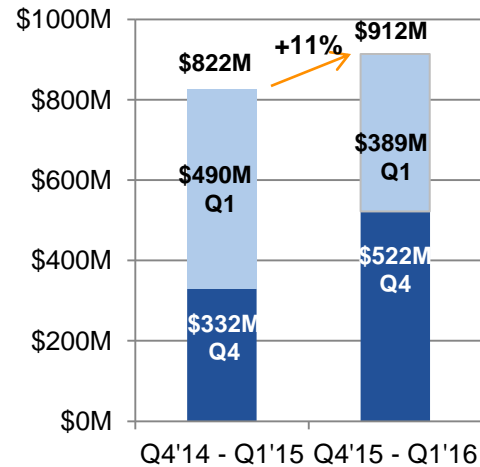


SEMICONDUCTOR TEST STRENGTH POWERED TERADYNE'S Q1'16 RESULTS

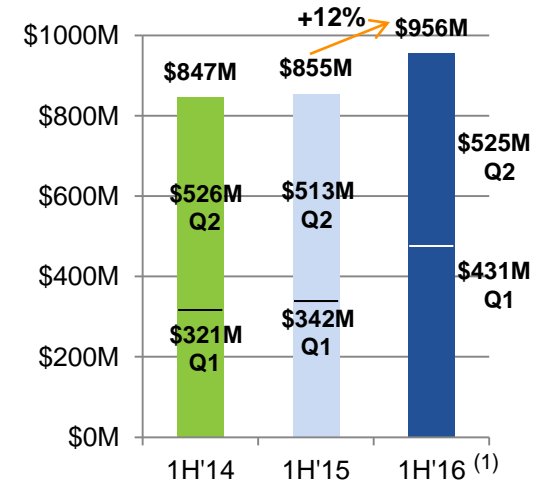
Q1 Sales



6 Month Orders



1st Half Sales



Q1'16 sales up over \$100M from prior 3 year average

Q1 orders down 25% sequentially, but 6 month orders up \$90M, 11% from Q4'14/Q1'15

1st half 2016 sales expected to be up ~\$100M, ~12%, from comparable periods in 2014, 2015

Q1 HIGHLIGHTS & MARKET OUTLOOK

- Strong semiconductor test demand from mobile device market
- Increasing SOC test times and reduced impact of parallel test are market tailwinds
- Universal Robots revenue up 58% from Q1'15
- 2016 SOC test market size unchanged from January estimate at \$2.1B - \$2.5B (+10% from prior year at mid pt)
- Expect UR, cobot market to continue 50%+ growth in 2016
- Strong core business with efficient operating model provides power to drive growth

FIRST QUARTER FINANCIAL RESULTS AND SECOND QUARTER GUIDANCE



Greg Beecher, Teradyne Vice President and Chief Financial Officer



TERADYNE SEGMENT HIGHLIGHTS

Q1'16 Sales of \$431 million, up 26% from Q1'15

Semiconductor Test

Mobile device complexity driving increased SOC test demand

Memory strength in NAND Flash and DRAM wafer test

1st Qtr Orders: \$306M
1st Qtr Sales: \$340M

System Test

All groups delivering model or greater profitability

Improved Defense and Aerospace demand

Automotive demand growing in Production Board Test

1st Qtr Orders: \$46M
1st Qtr Sales: \$54M

Wireless Test

Slowing handset growth and lull in new wireless standards reducing test demand in 2016

Two new Wi-Fi standards expected to drive 2017 demand

1st Qtr Orders: \$20M
1st Qtr Sales: \$20M

Industrial Automation

Q1 sales increased 58% from Q1'15

45% of sales in Europe, 30% Americas, 25% Asia

Added over 20 new distributors in Q1

1st Qtr Orders: \$18M
1st Qtr Sales: \$17M

2016 CAPITAL RETURN SUMMARY

Repurchased 1.9 million shares YTD for \$37M through April 27, 2016

	Cash Position		
	<u>U.S.</u>	<u>Offshore</u>	<u>Total</u>
Cash Balance at 4/3/2016	\$461M	\$514M	\$975M
Minimum Operating Balance	\$300M	\$100M	\$400M
Available Cash	\$161M	\$414M	\$575M
Minimum 2016 Cash Return:	\$150M		
Cash Returned Q1'16	\$40M		

U.S. vs. Foreign Free Cash Flow					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
U.S. FCF	\$171M	\$181M	\$40M	\$68M	
Foreign FCF	\$113M	(\$19M)	\$283M	\$255M	
Total FCF	\$284M	\$162M	\$323M	\$323M	
					<u>'12-'15 Weighted Average</u>
U.S. % of FCF	60%	112%	12%	21%	42%
Foreign % of FCF	40%	-12%	88%	79%	58%

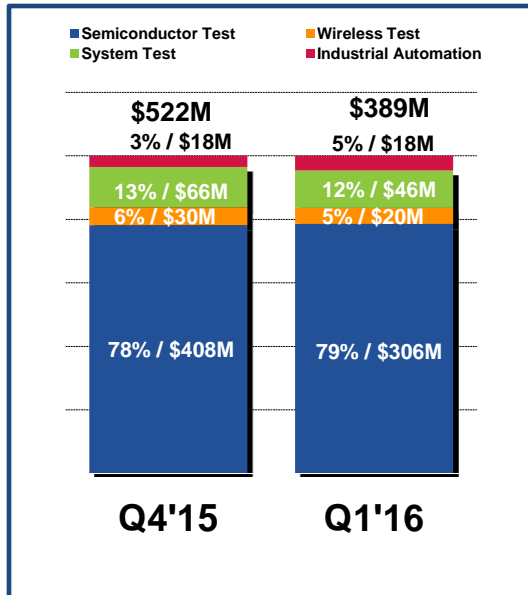
COBOTS SOLVE MANUFACTURING CHALLENGES ACROSS A BROAD RANGE OF INDUSTRIES

✓ = Important ✓✓ = Very Important

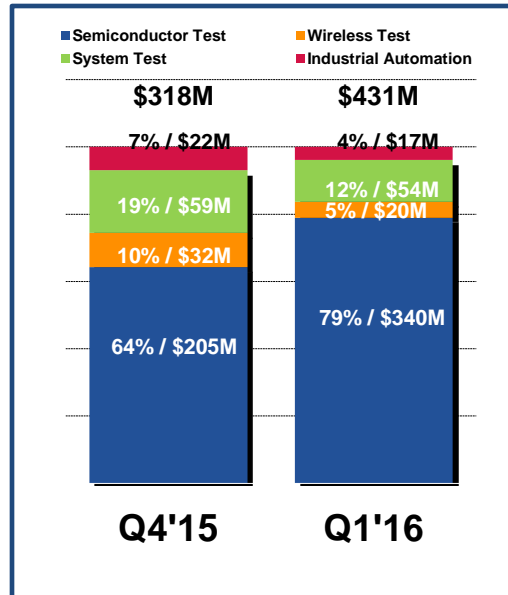
Industry	Greater Flexibility	Rising Labor Costs	Work Force Shortages	Highly Precise Tasks	Highly Repeatable Tasks	Sterile/Cleanliness	Safety/Ergonomics
Automotive		✓		✓	✓✓		✓✓
Electronics	✓✓	✓✓	✓	✓✓	✓	✓✓	✓
Machinery	✓✓	✓	✓	✓✓	✓		✓✓
Textiles & Apparel	✓	✓			✓		
Wood & Paper		✓			✓✓		✓
Metals Processing	✓	✓		✓✓	✓		✓✓
Food & Beverage, Tobacco	✓	✓			✓	✓✓	✓
Chemicals & Plastics		✓		✓	✓	✓✓	✓
Pharmaceutical & Healthcare		✓		✓	✓✓	✓✓	✓✓

SALES & ORDERS DETAIL

Orders



Sales



Orders/Region

	Q4'15	Q1'16
Asia	81%	70%
US	9%	13%
Japan	2%	8%
Europe	7%	6%
Rest of World	<u>1%</u>	<u>3%</u>
	100%	100%

Sales/Region

	Q4'15	Q1'16
Asia	60%	69%
US	18%	12%
Japan	12%	11%
Europe	8%	7%
Rest of World	<u>2%</u>	<u>1%</u>
	100%	100%

Book to Bill	Q4'15	Q1'16
Semiconductor Test	2.0	0.9
System Test	1.1	0.9
Wireless Test	0.9	1.0
Industrial Automation	<u>0.8</u>	<u>1.1</u>
Total	1.6	0.9

	Q4'15		Q1'16	
Sales				
Product	77%	\$244M	83%	\$358M
Service	23%	<u>\$74M</u>	17%	<u>\$73M</u>
Total		\$318M		\$431M

	Q4'15		Q1'16	
Orders				
Product	84%	\$441M	79%	\$306M
Service	16%	<u>\$81M</u>	21%	<u>\$83M</u>
Total		\$522M		\$389M

Backlog	
Ending Q1'16	\$574M
Shippable within 6 months	~82%

Q2'16 NON-GAAP GUIDANCE

\$s in millions, except EPS	Q1'16 Actual⁽¹⁾	Q2'16 Guidance⁽¹⁾
Sales	\$431M	\$510M - \$540M
Gross Margin	53%	53-54%
OPEX	36%	30% - 31%
Operating Profit	18%	22% - 24%
Net Interest & Other Income	\$1M	\$1M
Effective Tax Rate	17%	17%
EPS	\$0.31	\$0.46- \$0.53
Diluted Shares	206M	205M

Q1'16 TERADYNE HIGHLIGHTS

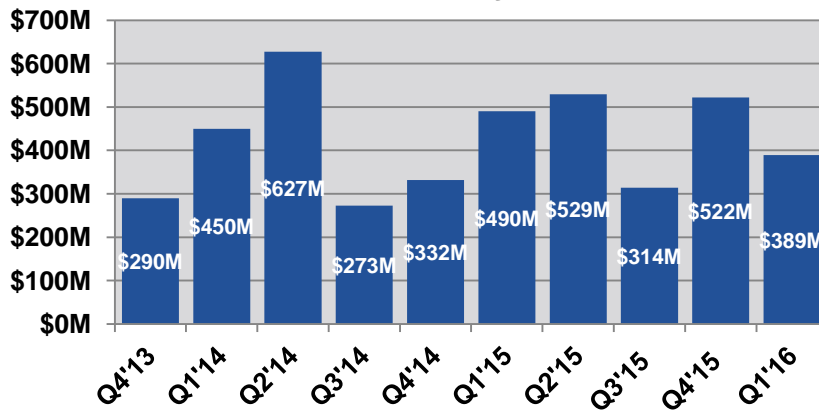
- Highest Q1 sales since Q1'01, highest Q1 non-GAAP EPS since Q1'11
- 6 month orders up \$90M from Q4'14/Q1'15 on Semitest strength
- UR revenues up 58% from Q1'15. Expect 50%+ UR and cobot market growth in 2016
- Expect SOC test market to be \$2.1B - \$2.5B in 2016
- 1H-2016 sales expected to be up ~\$100M, ~12% from comparable periods in 2014, 2015
- Repurchased \$28M of Teradyne shares, paid \$12M in dividends in Q1; on track to repurchase between \$100M and \$200M of shares and make ~\$50M of dividend payments in 2016

SUPPLEMENTAL INFORMATION

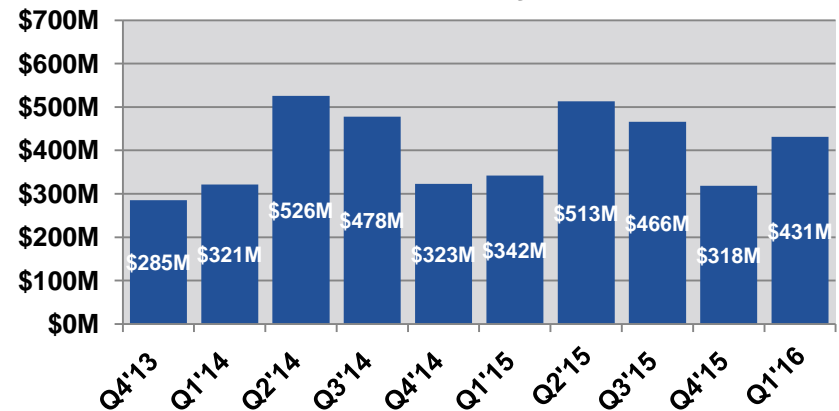


Q1'16 COMPANY ORDERS AND SALES

Total Company Orders



Total Company Sales



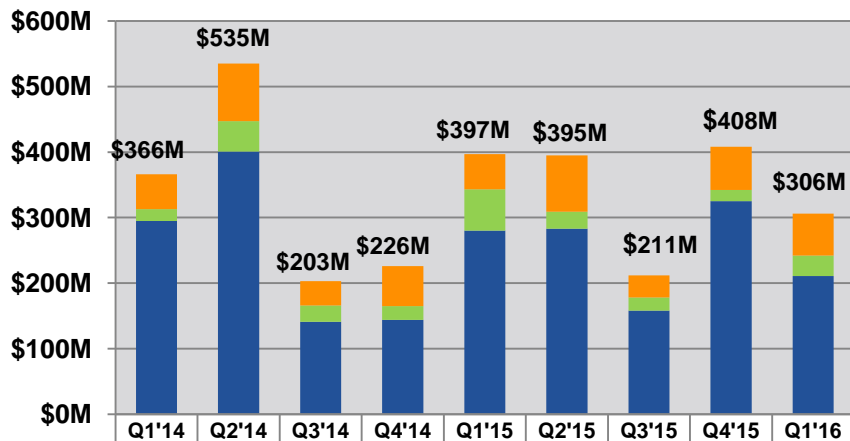
- Q1 sales up 26% year on year
- Highest Q1 sales since 2001

Q1'16 NON-GAAP RESULTS

\$s in millions, except EPS	Q1'15 Actual ⁽¹⁾		Q4'15 Actual ⁽¹⁾		Q1'16 Actual ⁽¹⁾	
Sales		\$342M		\$318M		\$431M
Gross Margin	56.2%	\$192M	54.7%	\$174M	53.3%	\$230M
R&D	20.9%	\$71M	20.8%	\$66M	17.1%	\$74M
SG&A	21.0%	\$72M	23.5%	\$75M	18.5%	\$80M
OPEX	<u>41.9%</u>	<u>\$143M</u>	<u>44.3%</u>	<u>\$141M</u>	<u>35.6%</u>	<u>\$153M</u>
Operating Profit	14.3%	\$49M	10.4%	\$33M	17.7%	\$77M
Income Taxes (& effective tax rate)	27%	\$14M	21%	\$8M	17%	\$13M
EPS		\$0.17		\$0.13		\$0.31
Diluted Shares		219M		207M		206M
Net Orders		\$490M		\$522M		\$389M

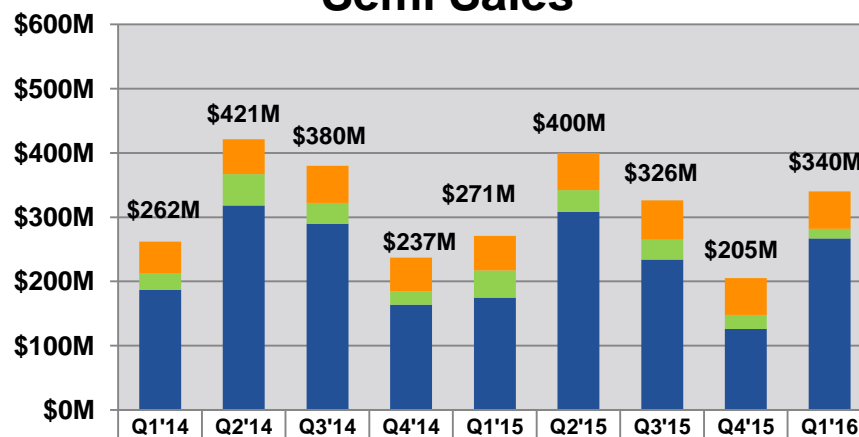
SEMICONDUCTOR TEST HIGHLIGHTS

Semi Orders



Total Service	\$53M	\$88M	\$37M	\$61M	\$54M	\$86M	\$34M	\$66M	\$64M
Mem Product	\$18M	\$46M	\$25M	\$21M	\$63M	\$26M	\$20M	\$17M	\$31M
SOC Product	\$295M	\$401M	\$141M	\$144M	\$280M	\$283M	\$158M	\$325M	\$211M

Semi Sales



Total Service	\$49M	\$54M	\$58M	\$52M	\$54M	\$58M	\$61M	\$57M	\$58M
Mem Product	\$26M	\$49M	\$32M	\$21M	\$42M	\$34M	\$31M	\$22M	\$15M
SOC Product	\$187M	\$318M	\$290M	\$164M	\$175M	\$308M	\$234M	\$126M	\$267M

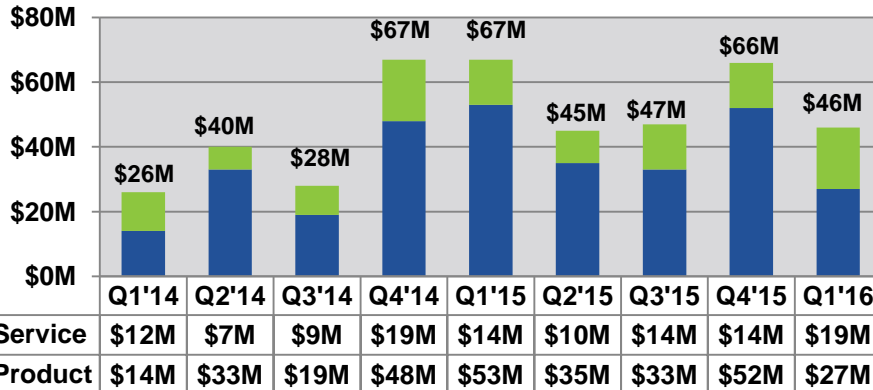
Q4-Q1 2 qtr. period
SOC orders over
\$100 million higher
than like '13/'14 and
'14/'15 periods

Mobility demand
remains strong

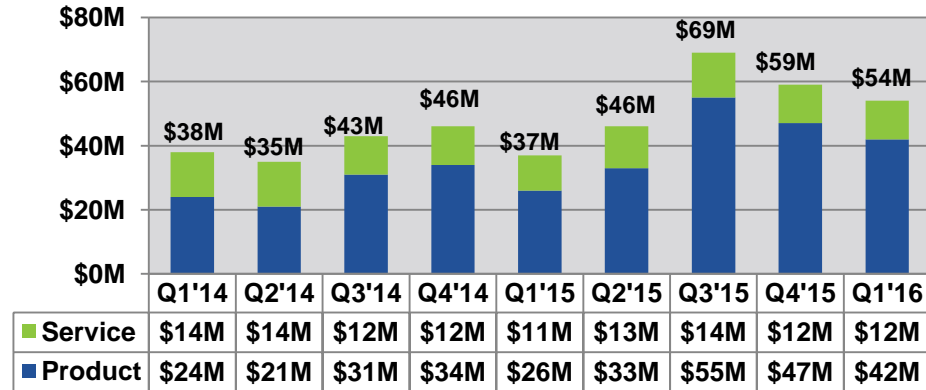
Memory strength in
NAND and DRAM
wafer test

SYSTEM TEST HIGHLIGHTS

System Test Orders



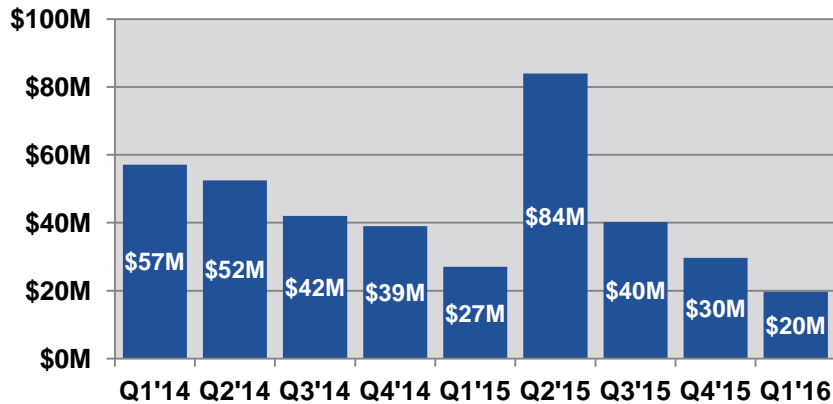
System Test Sales



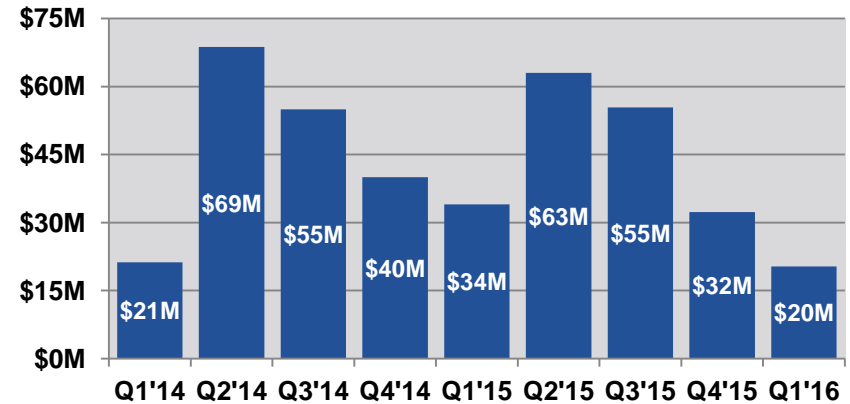
- Record AIT orders in Defense & Aerospace
- Automotive demand for Production Board Test expanding

WIRELESS TEST HIGHLIGHTS

Wireless Test Orders



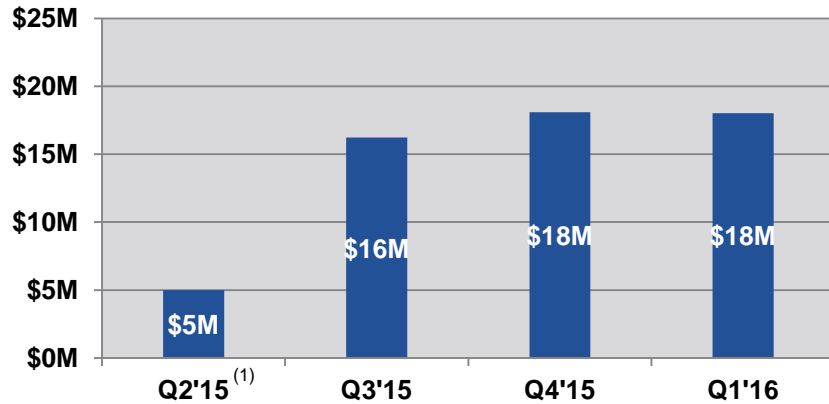
Wireless Test Sales



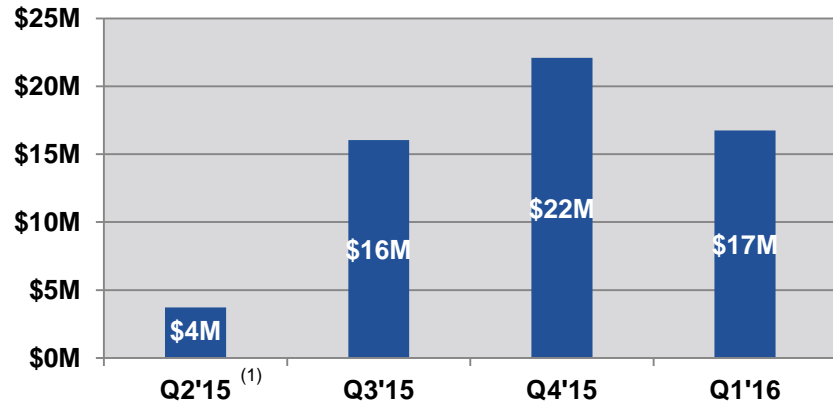
- Market headwinds from slowing handset growth, lull in release of new wireless standards
- 802.11ad, 802.11ax expected to drive demand in 2017

INDUSTRIAL AUTOMATION HIGHLIGHTS

Industrial Automation Orders



Industrial Automation Sales



- Q1 sales up 58% from Q1'15
- Expanding distribution with over 20 new distributors, 7 new offices in Q1

CASH & BALANCE SHEET

	Q1'15 Actual	Q4'15 Actual	Q1'16 Actual
Cash and Marketable Securities	<u>\$1,271M</u>	<u>\$1,008M</u>	<u>\$975M</u>
• U.S.	\$621M	\$420M	\$461M
• Off-Shore	\$650M	\$588M	\$514M
Inventory	\$121M	\$154M	\$161M
DSO	49 days	58 days	55 days
Capital Additions	\$21M	\$23M	\$20M
Depreciation, Amortization, SBC	\$42M	\$43M	\$45M
Free Cash Flow ⁽¹⁾	\$16M	\$18M	\$6M

(1) Teradyne calculates free cash flow as: Cash flow from operations, excluding discontinued operations, less capital additions; see GAAP to non-GAAP reconciliations.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses in this presentation and on the earnings call non-GAAP results of operations that exclude certain income items and charges. These results are provided as a complement to results provided in accordance with GAAP. These non-GAAP measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with the Company's business plan, historical operating results and the operating results of the Company's competitors. Management believes each of these non-GAAP measures provides useful supplemental information for investors, allowing greater transparency to the information used by management in its operational decision making and in the review of the Company's financial and operational performance, as well as facilitating meaningful comparisons of the Company's results in the current period compared with those in prior and future periods. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this presentation is contained in the following slides and on the Teradyne website at www.teradyne.com by clicking on "Investors" and then selecting the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP financial measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended					
	April 3, 2016		December 31, 2015		April 5, 2015	
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Net revenues	\$	431.0	\$	318.4	\$	342.4
Gross profit - GAAP	\$	230.3	53.4%	\$	166.0	52.1%
Pension mark-to-market adjustments (1)		(0.4)	-0.1%		8.3	2.6%
Gross profit - non-GAAP	\$	229.9	53.3%	\$	174.3	54.7%
Income (loss) from operations - GAAP	\$	56.1	13.0%	\$	(9.7)	-3.0%
Acquired intangible assets amortization		20.0	4.6%		19.9	6.3%
Restructuring and other (2)		1.6	0.4%		5.2	1.6%
Pension mark-to-market adjustments (1)		(1.2)	-0.3%		17.8	5.6%
Income from operations - non-GAAP	\$	76.5	17.7%	\$	33.2	10.4%
	\$			\$		
	\$			\$		

	Net Income per Common Share				Net Income per Common Share				Net Income per Common Share				
	April 3, 2016		December 31, 2015		April 5, 2015		April 3, 2016		December 31, 2015		April 5, 2015		
		% of Net Revenues	Basic	Diluted		% of Net Revenues	Basic	Diluted		% of Net Revenues	Basic	Diluted	
Net income (loss) - GAAP	\$	50.0	11.6%	\$ 0.24	\$ 0.24	\$	(0.6)	-0.2%	\$ (0.00)	\$ (0.00)	\$	32.8	9.6%
Acquired intangible assets amortization		20.0	4.6%	0.10	0.10		19.9	6.3%	0.10	0.10		13.8	4.0%
Pension mark-to-market adjustments (1)		(1.2)	-0.3%	(0.01)	(0.01)		17.8	5.6%	0.09	0.09		-	-
Restructuring and other (2)		1.6	0.4%	0.01	0.01		5.2	1.6%	0.03	0.03		-	-
Exclude discrete tax items (3)		(2.5)	-0.6%	(0.01)	(0.01)		(6.3)	-2.0%	(0.03)	(0.03)		(1.8)	-0.5%
Tax effect of non-GAAP adjustments		(3.5)	-0.8%	(0.02)	(0.02)		(9.9)	-3.1%	(0.05)	(0.05)		(2.4)	-0.7%
Interest and other (4)		-	-	-	-		-	-	-	-		(4.8)	-1.4%
Net income - non-GAAP	\$	64.4	14.9%	\$ 0.32	\$ 0.31	\$	26.1	8.2%	\$ 0.13	\$ 0.13	\$	37.6	11.0%

GAAP and non-GAAP weighted average common shares - basic	204.3	205.1	217.2
GAAP weighted average common shares - diluted	205.7	205.1	218.8
Include dilutive shares	-	2.1	-
Non-GAAP weighted average common shares - diluted	205.7	207.2	218.8

(1) Actuarial (gains) losses recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(2) Restructuring and other consists of:

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	Quarter Ended		
	April 3, 2016	December 31, 2015	April 5, 2015
Contingent consideration fair value adjustment	\$ 1.2	\$ 5.1	\$ -
Employee severance	0.4	0.1	-
	<u>\$ 1.6</u>	<u>\$ 5.2</u>	<u>\$ -</u>

(3) For the quarters ended April 3, 2016, December 31, 2015, and April 5, 2015, adjustment to exclude discrete income tax items.

(4) For the quarter ended April 5, 2015, Interest and other included a gain from the sale of an equity investment.

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	Q1'15		Q4'15		Q1'16		Q2'16 Low Guidance		Q2'16 High Guidance	
	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>
GAAP Operating Expenses	\$157	46%	\$176	55%	\$174	40%	\$179	35%	\$180	33%
Intangible Asset Amortization	-\$14	-4%	-\$20	-6%	-\$20	-5%	-\$20	-4%	-\$20	-4%
Restructuring and Other			-\$5	-2%	-\$2	0%				
Pension MTM			-\$9	-3%	\$0	0%				
Goodwill Impairment										
Non GAAP Operating Expenses	\$143	42%	\$141	44%	\$153	36%	\$159	31%	\$160	30%

	Q1'15		Q4'15		Q1'16	
	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>
GAAP SG&A Expense	\$72	21%	\$80	25%	\$79	18%
Pension MTM			-\$5	-2%	\$0	0%
Non GAAP SG&A Expense	\$72	21%	\$75	24%	\$80	18%

	Q1'15		Q4'15		Q1'16	
	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>	<u>\$'s</u>	<u>% of sales</u>
GAAP R&D Expense	\$71	21%	\$71	22%	\$73	17%
Pension MTM			-\$5	-1%	\$0	0%
Non GAAP R&D Expense	\$71	21%	\$66	21%	\$74	17%

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

	<u>Q1'15</u>		<u>Q4'15</u>		<u>Q1'16</u>	
	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>
GAAP Income Tax	\$10	27%	-\$8	93%	\$7	13%
Exclude discrete tax adjustments	\$2	5%	\$6	-71%	\$3	4%
Tax effect of non-GAAP adjustments	\$2	7%	\$10	-112%	\$4	6%
Effect of Higher Non-GAAP PBT		-12%		112%		-6%
Non GAAP Income Tax	<u>\$14</u>	<u>27%</u>	<u>\$8</u>	<u>21%</u>	<u>\$13</u>	<u>17%</u>

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

GAAP to Non-GAAP Reconciliation of Second Quarter 2016 guidance:

GAAP and non-GAAP second quarter revenue guidance:	\$510 million to \$540 million	
GAAP net income per diluted share	\$ 0.38	\$ 0.45
Exclude acquired intangible assets amortization	0.10	0.10
Tax effect of non-GAAP adjustment	(0.02)	(0.02)
Non-GAAP net income per diluted share	\$ 0.46	\$ 0.53

Second Quarter Guidance:

	<u>Low End</u>	<u>High End</u>
GAAP Operating Profit as % of Sales	18%	20%
Acquired intangible asset amortization	<u>4%</u>	<u>4%</u>
Non-GAAP Operating Profit as % of Sales	22%	24%

APPENDIX | GAAP TO NON-GAAP RECONCILIATION

- Teradyne determines non-GAAP operating cash flow (“Free Cash Flow”) by adjusting GAAP cash flow from operations excluding discontinued operations, less property, plant and equipment additions. Free cash flow is considered a non-GAAP financial measure. Teradyne believes that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating Teradyne’s financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income (loss) from continuing operations or net income (loss) as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.
- Teradyne believes it is important to view free cash flow as a measure that provides supplemental information to Teradyne’s entire statement of cash flows.
- Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Teradyne to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow.
- The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow.

	<u>Q1'15</u>	<u>Q4'15</u>	<u>Q1'16</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
GAAP Cash Flow From Operations, Excl Disc Ops	\$38	\$41	\$27	\$403	\$269	\$492	\$413
Less Property, Plant and Equipment Additions	-\$21	-\$23	-\$20	-\$119	-\$107	-\$169	-\$90
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$16	\$18	\$6	\$284	\$162	\$323	\$323