

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 3, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-6462

TERADYNE, INC.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or Other Jurisdiction of  
Incorporation or Organization)

04-2272148

(I.R.S. Employer  
Identification No.)

321 Harrison Avenue, Boston, Massachusetts 02118  
(Address of principal executive offices) (Zip Code)

617-482-2700  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes X No \_

The number of shares outstanding of the registrant's only class of Common Stock as of April 29, 1994 was 35,823,371 shares.

TERADYNE, INC.

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TERADYNE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

	April 3, 1994	December 31, 1993
	-----	-----
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents .....	\$ 127,969	\$ 143,578
Accounts receivable - trade .....	114,449	101,669
Inventories:		
Parts .....	42,630	43,452
Assemblies in process .....	36,456	34,258
	-----	-----
	79,086	77,710
Refundable income taxes .....	313	2,049
Deferred tax assets .....	10,973	10,973
Prepayments and other current assets .....	9,198	4,596
	-----	-----
Total current assets .....	341,988	340,575
Property, at cost .....	382,383	380,182
Less accumulated depreciation .....	(198,890)	(194,103)
	-----	-----
Net property .....	183,493	186,079
Other assets .....	17,137	17,789
	-----	-----
Total assets .....	\$ 542,618	\$ 544,443
	=====	=====
LIABILITIES		
Current liabilities:		
Notes payable - banks .....	\$ 8,207	\$ 7,574
Current portion of long-term debt .....	376	521
Accounts payable - trade .....	13,948	10,972
Accrued employees' compensation and withholdings .....	25,918	34,856
Unearned service revenue and customer advances .....	25,435	22,665
Other accrued liabilities .....	23,059	28,942
Income taxes payable .....	2,167	1,024
	-----	-----
Total current liabilities .....	99,110	106,554
Deferred tax liabilities .....	8,643	8,643
Long-term debt .....	9,940	9,138
	-----	-----
Total liabilities .....	117,693	124,335
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock \$.125 par value, authorized 75,000,000 shares, issued and outstanding after deduction of reacquired shares 35,806,004 shares (35,687,256 in 1993) .....	4,476	4,461
Additional paid-in capital .....	239,177	247,843
Retained earnings .....	181,272	167,804
	-----	-----
Total shareholders' equity .....	424,925	420,108
	-----	-----
Total liabilities and shareholders' equity .....	\$ 542,618	\$ 544,443
	=====	=====

<FN>

The accompanying notes, together with the Notes to Consolidated Financial Statements included in the

Company's Form 10-K for the year ended December 31, 1993 are an integral part of the condensed consolidated financial statements.

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TERADYNE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	For the Quarters Ended	
	April 3, 1994	April 4, 1993
	-----	
	(Dollars in thousands except per share amounts)	
Net sales .....	\$ 152,012	\$ 127,779
Expenses:		
Cost of sales .....	85,662	73,476
Engineering and development .....	15,857	15,154
Selling and administrative .....	31,871	31,141
	-----	-----
	133,390	119,771
	-----	-----
Income from operations .....	18,622	8,008
Other income (expense):		
Interest income .....	1,088	714
Interest expense .....	(470)	(1,028)
	-----	-----
Income before income taxes .....	19,240	7,694
Provision for income taxes .....	5,772	2,308
	-----	-----
Net income .....	\$ 13,468	\$ 5,386
	=====	=====
Net income per common share .....	\$0.36	\$0.16
	=====	=====
Shares used in calculations of net income per common share .....	37,226,000	34,733,000
	=====	=====

<FN>

The accompanying notes, together with the Notes to Consolidated Financial Statements included in the Company's Form 10-K for the year ended December 31, 1993 are an integral part of the condensed consolidated financial statements.

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TERADYNE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Quarters Ended	
	April 3, 1994	April 4, 1993
	-----	
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income .....	\$ 13,468	\$ 5,386
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation .....	7,908	7,452
Amortization .....	743	991
Deferred income taxes .....		912

Other non-cash items, net .....	967	1,182
Changes in operating assets and liabilities:		
Accounts receivable .....	(12,780)	9,844
Inventories .....	(1,376)	(2,022)
Refundable income taxes .....	1,736	1,048
Other assets .....	(4,293)	(818)
Accounts payable and accruals .....	(8,935)	2,412
Income taxes payable .....	1,143	(294)
	-----	-----
Net cash provided by (used in) operating activities ..	(1,419)	26,093
	-----	-----
Cash flows from investing activities:		
Additions to property .....	(4,813)	(5,102)
Increase in equipment manufactured by the Company .....	(518)	(4,994)
	-----	-----
Net cash used in investing activities .....	(5,331)	(10,096)
	-----	-----
Cash flows from financing activities:		
Payments of long-term debt .....	(208)	(190)
Issuance of common stock under employee stock option and stock purchase plans .....	9,141	10,578
Tax benefit from stock options .....	2,744	1,088
Acquisition of treasury stock .....	(20,536)	
	-----	-----
Net cash flows provided by (used in) financing activities ..	(8,859)	11,476
	-----	-----
Increase (decrease) in cash and cash equivalents .....	(15,609)	27,473
Cash and cash equivalents at beginning of period .....	143,578	67,383
	-----	-----
Cash and cash equivalents at end of period .....	\$ 127,969	\$ 94,856
	=====	=====
Supplementary disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest .....	\$ 753	\$ 1,874
Income taxes .....	149	(446)

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The accompanying notes, together with the Notes to Consolidated Financial Statements included in the Company's Form 10-K for the year ended December 31, 1993 are an integral part of the condensed consolidated financial statements.

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TERADYNE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

A. Financial Information

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The accompanying condensed consolidated financial statements are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring accrual entries) necessary for a fair presentation of such information have been made. Certain amounts contained in the accompanying condensed consolidated financial statements for 1993 have been reclassified to conform with the 1994 presentation.

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Management's Discussion and Analysis of Financial Condition  
and Results of Operations

Results of Operations:

SELECTED RELATIONSHIPS WITHIN THE CONDENSED CONSOLIDATED  
STATEMENTS OF INCOME

	For the Quarters Ended	
	-----	
	April 3, 1994	April 4, 1993
	-----	
	(Dollars in thousands)	
Net sales .....	\$ 152,012	\$ 127,779
	=====	=====
Net income .....	\$ 13,468	\$ 5,386
	=====	=====
Percentage of net sales:		
Net sales .....	100%	100%
Expenses:		
Cost of sales .....	56	58
Engineering and development .....	10	12
Selling and administrative .....	21	24
Interest, net .....	0	0
	---	---
	87	94
Income before income taxes .....	13	6
Provision for income taxes .....	4	2
	---	---
Net income .....	9%	4%
	===	===
Provision for income taxes as a percentage of income before income taxes ..	30%	30%
	===	===

Sales increased 19% to \$152.0 million in the first quarter of 1994 compared with the first quarter of 1993 as a result of increased sales of semiconductor test systems, backplane connection systems and circuit-board test systems. Sales of telecommunications test systems declined in the first quarter. Sales of semiconductor test systems increased as semiconductor manufacturers added capacity in response to rising demand for their products. Sales of backplane connection systems increased in response to the increasing demand for the high technology products of the Company's customer base. The increase in sales of circuit-board test systems resulted from increased sales to U.S. Government defense contractors. As a result of the increase in sales, income before taxes increased \$11.5 million in the first quarter of 1994 over the first quarter of 1993.

Incoming orders increased from \$129 million in the first quarter of 1993 to \$157 million in the first quarter of 1994. Backlog at the end of the first quarter of 1994 was \$293 million.

Cost of sales decreased from 58% of sales in the first quarter of 1993 to 56% of sales in the first quarter of 1994 as the fixed and semi-variable components of cost of sales did not increase at the same rate as the increase in sales.

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Engineering and development expenses decreased from 12% of sales in the first quarter of 1993 to 10% of sales in the first quarter of 1994. Selling and administrative expenses decreased from 24% of sales to 21% of sales over the same periods. In both of these expense categories, the actual dollar amount of expenses were essentially unchanged as a result of the Company's efforts to control the growth in these expenses while sales have risen.

In the first quarter of 1994, the Company had net interest income of \$.6 million compared to net interest expense of \$.3 million in the first quarter

of 1993. This change was due to interest earned on the increase in cash of \$33.1 million between April 4, 1993 and April 3, 1994, and lower interest expense as a result of the retirement of the Company's convertible debentures in the fourth quarter of 1993.

The Company's effective tax rate was 30% in both the first quarters of 1994 and 1993.

Changes in Financial Condition During the First Three Months of 1994  
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During the first three months of 1994, cash decreased \$15.6 million to a balance of \$128.0 million. Cash flow used by operations was \$1.4 million. The Company used cash of \$20.5 million to purchase stock from its shareholders on the open market and generated cash of \$11.9 million from employees under the Company's employee stock option and stock purchase plans, resulting in a net cash outflow of \$8.6 million for stock related activities. An additional \$5.3 million was used to fund property and equipment additions for the quarter.

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Item 6(b). Reports on Form 8-K  
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There have been no Form 8-K filings during the quarter ended April 3, 1994 as none were required.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TERADYNE, INC.  
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Registrant

OWEN W. ROBBINS  
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Owen W. Robbins  
Executive Vice President

May 6, 1994

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