

Financial Results for Q1 2021

April 28, 2021



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This presentation contains forward-looking statements regarding Teradyne's future business prospects, the impact of the COVID-19 pandemic, results of operations, market conditions, earnings per share, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program, and the impact of U.S. and Chinese export and tariff laws. Such statements are based on the current assumptions and expectations of Teradyne's management and are neither promises nor guarantees of future performance, events, earnings per share, use of cash, payment of dividends, repurchases of common stock, payment of the senior convertible notes, the impact of the COVID-19 pandemic, or the impact of U.S. and Chinese export and tariff laws. 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.

On May 16, 2019, Huawei and 68 of its affiliates, including HiSilicon, were added to the U.S. Department of Commerce Entity List under U.S. Export Administration Regulations (the "EAR"). This action by the U.S. Department of Commerce imposed new export licensing requirements on exports, re-exports, and in-country transfers of all U.S. - regulated products, software and technology to the designated Huawei entities. While most of Teradyne's products are not subject to the EAR and therefore were not affected by the Entity List restrictions, some of its products are currently manufactured in the U.S. and thus subject to the Entity List restrictions. On August 17, 2020, the U.S. Department of Commerce published final regulations expanding the scope of the U.S. EAR to include additional products that became subject to export restrictions relating to Huawei entities including HiSilicon. These new regulations restrict the sale to Huawei and the designated Huawei entities of certain non-U.S. made items, such as semiconductor devices, manufactured for or sold to Huawei entities including HiSilicon under specific, detailed conditions set forth in the new regulations. These new regulations have impacted our sales to Huawei, HiSilicon and their suppliers. Teradyne is taking appropriate actions, including filing for licenses with the U.S. Department of Commerce and working with the U.S. regulators to clarify the scope of the restrictions. However, Teradyne cannot be certain that the actions it takes will mitigate the risks associated with the new export controls that impact its business. It is uncertain the extent these new regulations and any other additional regulations that may be implemented by the U.S. Department of Commerce or other government agency may have on Teradyne's business and financial results. On April 28, 2020, the U.S. Department of Commerce published new export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China, Russia and Venezuela. The definition of military end user is broad. The regulations went into effect on June 29, 2020. In December 2020, the U.S. Department of Commerce issued a list of companies in China and other countries that it considered to be military end users. Teradyne does not expect that compliance with the new export controls will significantly impact its ability to sell products to its customers in China or to manufacture products in China. The new export controls, however, could disrupt the Company's supply chain, increase compliance costs and impact the demand for the Company's products in China and, thus, have a material adverse impact on Teradyne's business, financial condition or results of operations. In addition, while the Company maintains an export compliance program, its compliance controls could be circumvented, exposing the Company to legal liabilities. Teradyne continues to assess the potential impact of the new export controls on its business and operations and take appropriate actions, including filing for licenses with the U.S. Department of Commerce, to minimize any disruption. However, Teradyne cannot be certain that the actions it takes will mitigate all the risks associated with the new export controls that may impact its business. In response to the regulations issued by the U.S. Department of Commerce, the Chinese government has passed new laws that may impact Teradyne's business activities in China. The Company is assessing the potential impact of these new Chinese laws and monitoring relevant laws and regulations issued by the Chinese government.

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The global pandemic of the novel strain of the coronavirus (COVID-19) has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact Teradyne's workforce and operations, the operations of its customers, and those of its contract manufacturers and suppliers. The COVID-19 pandemic has adversely impacted the Company's results of operations, including increased costs company-wide and decreased sales in its industrial automation businesses. The Company cannot accurately estimate the amount of the impact on Teradyne's 2021 financial results and to its future financial results. The COVID-19 outbreak has significantly increased economic and demand uncertainty in Teradyne's markets. This uncertainty resulted in a significant decrease in demand for certain Teradyne products and could continue to impact demand for an uncertain period of time. The spread of COVID-19 has caused Teradyne to modify its business practices (including employee travel, employees working remotely, and cancellation of physical participation in meetings, events and conferences) and the Company may take further actions as may be required by government authorities or that it determines are in the best interests of its employees, customers, contract manufacturers and suppliers. There is uncertainty that such measures will be sufficient to mitigate the risks posed by the virus, and Teradyne's ability to perform critical functions could be impacted. The degree to which COVID-19 impacts Teradyne's results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and continued surge of the virus, its severity, the actions to contain the virus or the availability and impact of vaccines in countries where the Company does business, and how quickly and to what extent normal economic and operating conditions can resume.

Important factors that could cause actual results, earnings per share, use of cash, dividend payments, repurchases of common stock, or payment of the senior convertible notes to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; development, delivery and acceptance of new products; the ability to grow the Industrial Automation business; increased research and development spending; deterioration of Teradyne's financial condition; the continued impact of the COVID-19 pandemic and related government responses on the market and demand for Teradyne's products, on its contract manufacturers and supply chain, and on its workforce; the impact of the global semiconductor supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; unexpected cash needs; insufficient cash flow to make required payments and pay the principal amount on the senior convertible notes; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in the company's best interests; additional U.S. tax regulations or IRS guidance; the impact of any tariffs or export controls imposed in the U.S. or China; compliance with trade protection measures or export restrictions; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei and HiSilicon; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the "Risk Factors" sections of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2020. 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.

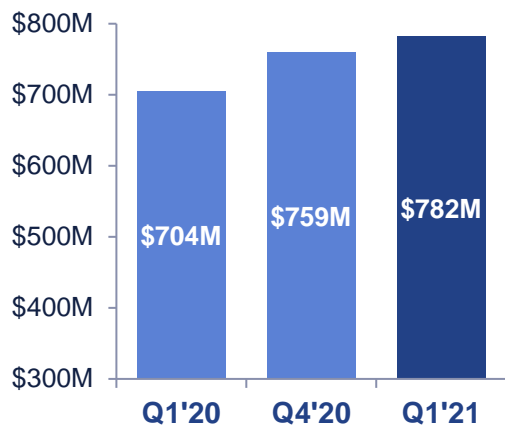
Business Update and Outlook

Mark Jagiela, Teradyne President and CEO

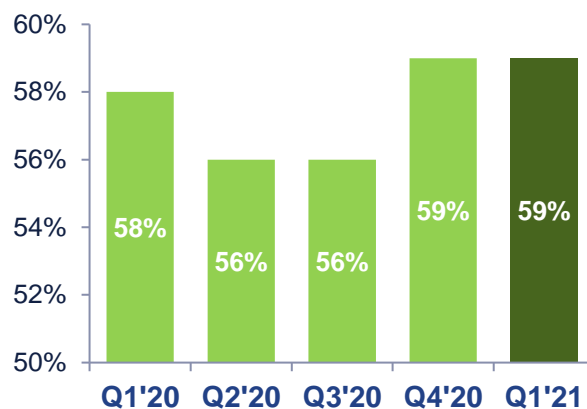


Q1'21 Summary

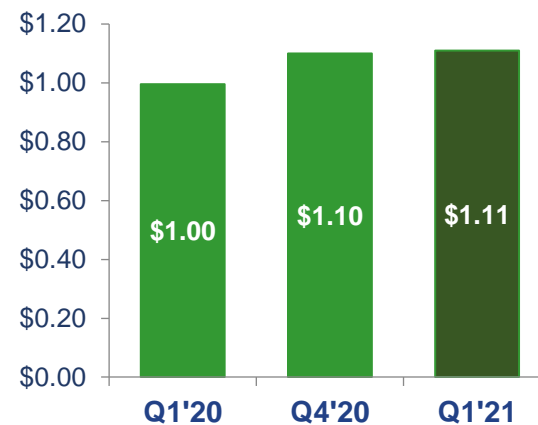
Q1'21 Test and Industrial Automation Segment Revenue Grew Year on Year
Sales of \$782M, Non-GAAP EPS of \$1.11



Quarterly Revenue



Non-GAAP GM%⁽¹⁾



Non-GAAP EPS⁽¹⁾

- Test Strength in Compute, Memory, Auto/Industrial, and Storage Test
- Industrial Automation sales grew 33% YoY on global manufacturing recovery

- Gross Margins improved 1 point vs Q1'20, roughly flat with Q4'20

- Non-GAAP EPS \$1.11
- Repurchased 0.4 million shares / \$45 million, \$120.73/sh average

(1) See appendix for GAAP to Non-GAAP reconciliation

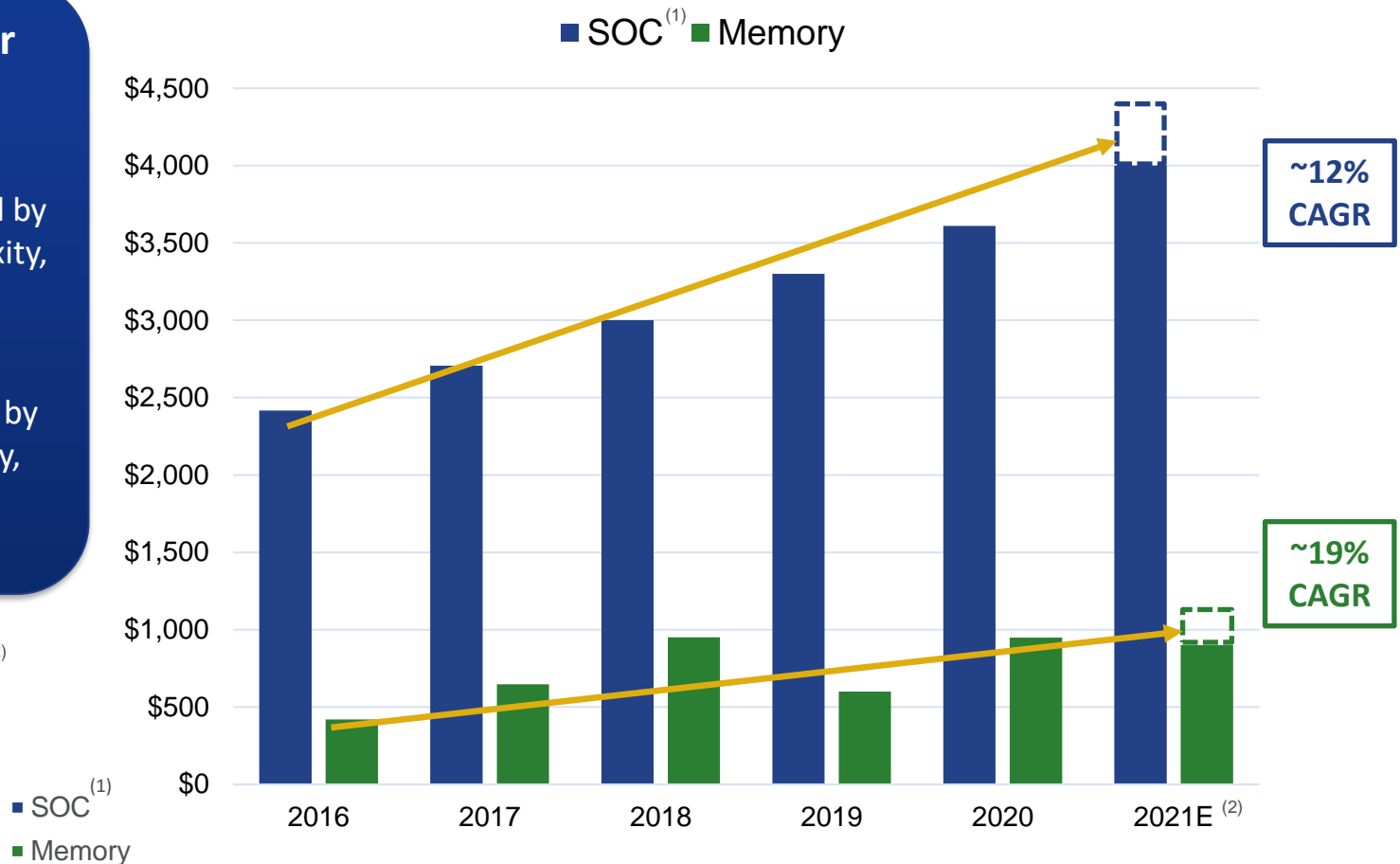
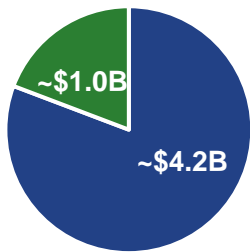
Semiconductor Test Markets are Growing

Semiconductor Test

SOC market powered by unit growth, complexity, new technology adoption

Memory test driven by bit growth, diversity, higher bandwidth

2021 Market Sizes⁽²⁾



1) SOC data includes product and service; market data from SEMI WWSEMS report and internal estimates

2) 2021 represents midpoint of guided range, CAGR's based on midpoint of 2021 range

Q1'21 Highlights

- Q1 sales and non-GAAP EPS up 11% vs Q1'20
- Test revenue grew 9% on broad based demand in SemiTest and System Test
- Unit growth and device complexity driving estimated SOC TAM range to \$4.0B to \$4.4B and Memory TAM range to \$900M to \$1.1B in 2021, up 16% and 5% from 2020 at mid-point, respectively (combined 14%)
- Growth in Wafer Fab Equipment (WFE) investments continue to benefit the SemiTest market
- Storage Test up 26% from Q1'20 on data center HDD demand and continued SLT strength
- IA Shipments grew 33% from Q1'20 on UR and MiR strength
 - Expanding range of tasks supported, global recovery powering growth
 - AutoGuide expectations lowered, focusing on product enhancements in 2021

First Quarter 2021 Financial Results and Second Quarter 2021 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Q1'21 Non-GAAP Results

\$s in millions, except EPS	Q1'20 Actual ⁽¹⁾		Q4'20 Actual ⁽¹⁾		Q1'21 Actual ⁽¹⁾	
Sales		\$704M		\$759M		\$782M
Gross Margin	57.6%	\$406M	59.3%	\$450M	59.1%	\$462M
R&D	12.1%	\$85M	13.2%	\$100M	12.8%	\$100M
SG&A	<u>15.8%</u>	<u>\$111M</u>	<u>16.3%</u>	<u>\$124M</u>	<u>16.6%</u>	<u>\$130M</u>
OPEX	27.9%	\$197M	29.5%	\$224M	29.5%	\$230M
Operating Profit	29.7%	\$209M	29.7%	\$226M	29.6%	\$231M
Income Taxes (& effective tax rate)	15%	\$30M	14.5%	\$33M	14.8%	\$34M
EPS		\$1.00		\$1.10		\$1.11
Diluted Shares		173M		177M		177M

Q1'21 Segment Summary

Semiconductor Test

\$528M

Sales up 9% from Q1'20

Compute, Industrial, and Automotive related test demand strong.

Memory test shipments strong, especially in Flash final test

System Test

\$133M

Sales up 14% from Q1'20

Storage Test grew 26% year on year.

Defense & Aerospace softened on DoD program timing, Production Board Test grew on recovery in automotive electronics demand

Wireless Test

\$41M

Sales down 6% from record Q1'20

WiFi 6e and connectivity demand strong

Cellular demand softened

Industrial Automation

\$80M

Sales up 33% from Q1'20

UR sales up 32%, MiR sales up 55%, AG sales declined year on year

Sales improving in all regions; China sales more than doubled vs Q1'20, up more than 50% from Q1'19

SemiTest Sales

Semi Product	\$430M
Semi Service	\$98M

Total Company Service: \$121M

Balance Sheet & Capital Return

	Q1'20 Actual	Q4'20 Actual	Q1'21 Actual
Cash and Marketable Securities	\$905M	\$1,554M	\$1,425M
Inventory	\$183M	\$222M	\$262M
DSO	62 Days	62 Days	70 Days
Acquisition Earn-out Accruals ⁽¹⁾	\$20M	\$7M	\$0M
Capital Additions	\$37M	\$38M	\$39M
Depreciation and Amortization ⁽²⁾	\$42M	\$44M	\$46M
Free Cash Flow ⁽³⁾	\$6M	\$222M	(\$1M)
Capital Return	Buybacks	\$79M	\$45M
	Dividends	\$17M	\$17M

(1) Includes AutoGuide for Q1'21 and AutoGuide and MiR for Q1'20 & Q4'20

(2) Includes depreciation, stock based compensation, amortization of acquired intangible assets and amortization of the non-cash convertible debt discount

(3) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions; see GAAP to non-GAAP reconciliations.



Q2'21 Non-GAAP Guidance

\$s in millions, except EPS	Q1'21 Actual ⁽¹⁾	Q2'21 Guidance ⁽¹⁾
Sales	\$782M	\$1,010M - \$1,090M
Gross Margin	59.1%	58%
OPEX	29.5%	23% - 25%
Operating Profit	29.6%	33% - 35%
Net Interest & Other Income/(Expense)	(\$1M)	(\$2M)
Effective Tax Rate	14.75%	14.75%
EPS	\$1.11	\$1.62 - \$1.83
Diluted Shares	177M	177M

Q1'21 Summary

- Q1 sales and non-GAAP EPS up 11% vs Q1'20 to a new Q1 company record,
- Test shipments grew 9% on broad based demand in SemiTest and System Test
- Unit growth and device complexity driving estimated SOC TAM to \$4.0B to \$4.4B and Memory TAM to \$900M to \$1.1B in 2021, up 16% and 5% from 2020 at mid-point, respectively (14% combined)
- Growth in Wafer Fab Equipment (WFE) investments expected to benefit the SemiTest market
- Storage Test up 26% from Q1'20 on data center HDD demand and continued SLT strength
- IA Shipments grew 33% from Q1'20 on UR and MiR strength
 - Expanding range of tasks supported, global recovery powering growth
 - AutoGuide expectations lowered, focusing on product enhancements in 2021
- Q2'21 sales up 25% and Non-GAAP EPS up 30% at mid-point of guidance from Q2'20
- 1H'21 sales up 19% and Non-GAAP EPS up 21% at mid-point of guidance from 1H'20

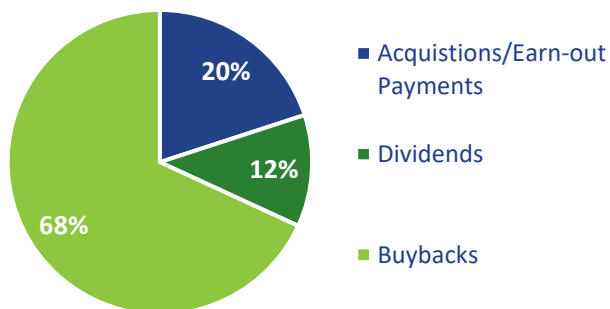
Supplemental Information



History of Balanced Capital Allocation

	2015	2016	2017	2018	2019	2020	Q1'21	Cumulative
Buybacks	\$300M	\$146M	\$200M	\$823M	\$500M	\$88M	\$45M ⁽¹⁾	\$2,103M ⁽¹⁾
Dividends	\$51M	\$49M	\$55M	\$67M	\$61M	\$66M	\$17M	\$367M
Acquisitions	<u>\$283M</u>	<u>\$15M</u>	<u>\$1M</u>	<u>\$194M</u>	<u>\$115M</u>	<u>\$9M</u>	<u>\$0M</u>	<u>\$617M</u>
Total	\$633M	\$210M	\$257M	\$1,085M	\$676M	\$164M	\$62M	\$3,087M
Free Cash Flow ⁽²⁾	\$323M	\$370M	\$521M	\$370M	\$444M	\$684M	(\$1M)	\$2,711M

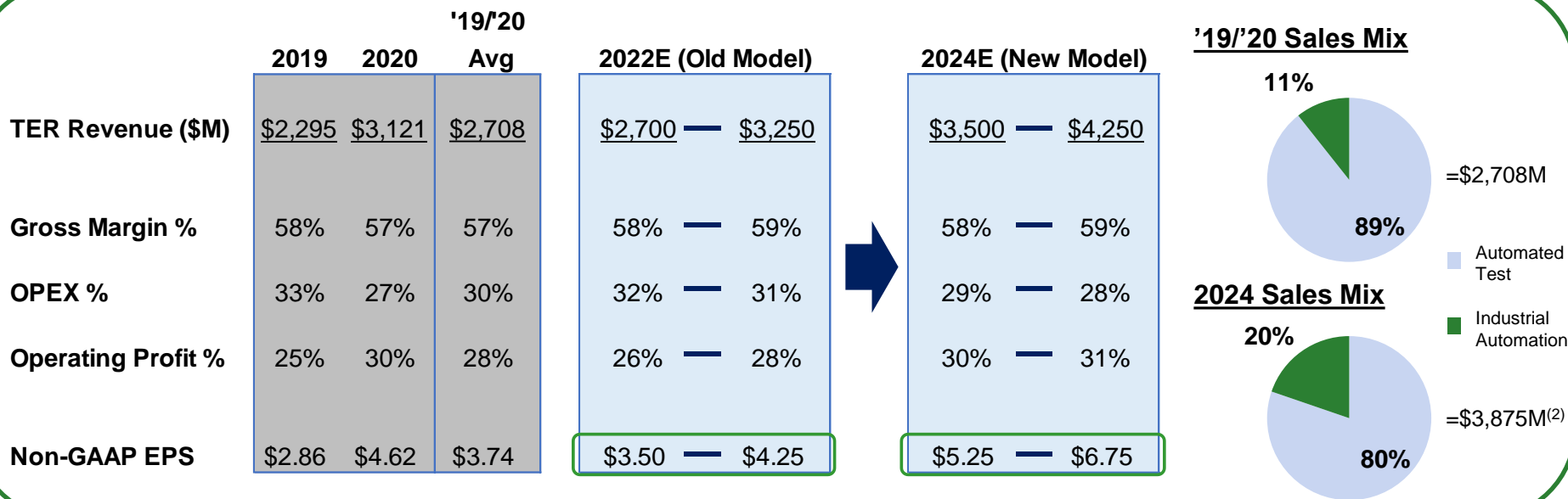
**Cumulative Capital Allocation
Breakdown 2015 – Q1'21**



- (1) Cumulative 62.7 million shares repurchased at an average price of \$33.53. Q1'21 buyback price at \$120.73/share
- (2) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions net of gov't subsidies; see GAAP to non-GAAP reconciliations.

Teradyne Non-GAAP Earnings Model

Financial Model



2024E Model Assumptions

- Test revenues grow from 2019/2020 average result of \$2,420M at 4-8% CAGR
- Industrial Automation revenues grow from 2019/2020 average result of \$289M at 20-35% CAGR
- Tax rate assumes current laws

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 performance 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 performance 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 performance 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

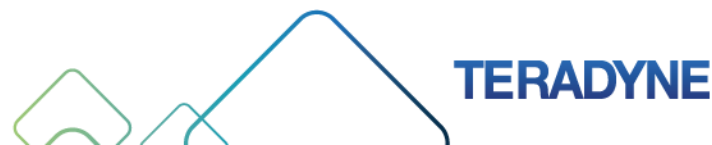
(In millions, except per share amounts)

	Quarter Ended		Quarter Ended		Quarter Ended	
	April 4, 2021	% of Net Revenues	December 31, 2020	% of Net Revenues	March 29, 2020	% of Net Revenues
Net revenues	\$ 781.6		\$ 759.0		\$ 704.4	
Gross profit GAAP	\$ 461.6	59.1%	\$ 449.8	59.3%	\$ 405.6	57.6%
Inventory step-up	-	-	-	-	0.1	0.0%
Gross profit non-GAAP	\$ 461.6	59.1%	\$ 449.8	59.3%	\$ 405.7	57.6%
Income from operations - GAAP	\$ 233.0	29.8%	\$ 234.1	30.8%	\$ 206.7	29.3%
Restructuring and other (1)	(7.1)	-0.9%	(15.1)	-2.0%	(7.6)	-1.1%
Acquired intangible assets amortization	5.5	0.7%	5.8	0.8%	9.9	1.4%
Equity modification charge	-	-	0.8	0.1%	-	-
Inventory step-up	-	-	-	-	0.1	0.0%
Income from operations - non-GAAP	\$ 231.4	29.6%	\$ 225.6	29.7%	\$ 209.1	29.7%

	Net Income per Common Share		Net Income per Common Share		Net Income per Common Share	
	April 4, 2021	% of Net Revenues	December 31, 2020	% of Net Revenues	March 29, 2020	% of Net Revenues
Net income - GAAP	\$ 205.5	26.3%	\$ 196.3	25.9%	\$ 176.2	25.0%
Restructuring and other (1)	(7.1)	-0.9%	(15.1)	-2.0%	(7.6)	-1.1%
Acquired intangible assets amortization	5.5	0.7%	5.8	0.8%	9.9	1.4%
Loss on convertible debt conversions (2)	4.1	0.5%	-	-	-	-
Interest and other (2)	3.6	0.5%	3.7	0.5%	3.5	0.5%
Pension mark-to-market adjustment (2)	-	-	7.7	1.0%	-	-
Equity modification charge	-	-	0.8	0.1%	-	-
Inventory step-up	-	-	-	-	0.1	0.0%
Exclude discrete tax adjustments	(15.1)	-1.9%	(2.1)	-0.3%	(7.7)	-1.1%
Non-GAAP tax adjustments	(0.3)	0.0%	(3.9)	-0.5%	(1.9)	-0.3%
Convertible share adjustment (3)	-	-	-	-	-	-
Net income - non-GAAP	\$ 196.2	25.1%	\$ 193.2	25.5%	\$ 172.5	24.5%

	Net Income per Common Share		Net Income per Common Share		Net Income per Common Share	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income - GAAP	\$ 1.23	\$ 1.09	\$ 1.18	\$ 1.05	\$ 1.06	\$ 0.97
Restructuring and other (1)	(0.04)	(0.04)	(0.09)	(0.08)	(0.05)	(0.04)
Acquired intangible assets amortization	0.03	0.03	0.03	0.03	0.06	0.05
Loss on convertible debt conversions (2)	0.02	0.02	-	-	-	-
Interest and other (2)	0.02	0.02	0.02	0.02	0.02	0.02
Pension mark-to-market adjustment (2)	-	-	0.05	0.04	-	-
Equity modification charge	-	-	0.00	0.00	-	-
Inventory step-up	-	-	-	-	0.00	0.00
Exclude discrete tax adjustments	(0.09)	(0.08)	(0.01)	(0.01)	(0.05)	(0.04)
Non-GAAP tax adjustments	(0.00)	(0.00)	(0.02)	(0.02)	(0.01)	(0.01)
Convertible share adjustment (3)	-	0.06	-	0.06	-	0.04
Net income - non-GAAP	\$ 1.18	\$ 1.11	\$ 1.16	\$ 1.10	\$ 1.04	\$ 1.00

GAAP and non-GAAP weighted average common shares - basic	166.5	166.1	166.6
GAAP weighted average common shares - diluted	187.7	186.8	180.7
Exclude dilutive shares related to convertible note transaction	(10.3)	(10.0)	(7.3)
Non-GAAP weighted average common shares - diluted	177.4	176.8	173.4



Appendix | GAAP to Non-GAAP Reconciliation

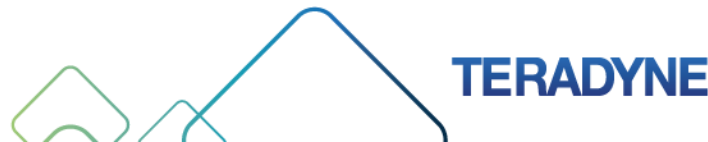
(1) Restructuring and other consists of:

	Quarter Ended	
	April 4, 2021	December 31, 2020
Contingent consideration fair value adjustment	\$ (7.2)	\$ (15.3)
Acquisition related expenses and compensation	(0.2)	(0.9)
Employee severance	0.2	1.1
Other	0.1	-
	<u>\$ (7.1)</u>	<u>\$ (15.1)</u>

(2) For the quarters ended April 4, 2021, December 31, 2020, and March 29, 2020, Interest and other included non-cash convertible debt interest expense. For the quarter ended April 4, 2021, adjustment to exclude loss on convertible debt conversions. For the quarter ended December 31, 2020, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarters ended April 4, 2021, December 31, 2020, and March 29, 2020, the non-GAAP diluted EPS calculation adds back \$1.2 million, \$1.3 million, and \$1.3 million of convertible debt interest expense to non-GAAP net income, and non-GAAP weighted average diluted common shares include 9.4 million, 8.9 million and 5.5 million shares, respectively, from the convertible note hedge transaction.

(In millions, except per share amounts)

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Appendix | GAAP to Non-GAAP Reconciliation

	Q1'20		Q4'20		Q1'21		Q2'21 Low Guidance		Q2'21 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	\$199	28%	\$216	28%	\$229	29%	\$261	26%	\$264	24%
Intangible Asset Amortization	-\$10	-1%	-\$6	-1%	-\$6	-1%	-\$10	-1%	-\$10	-1%
Restructuring and Other	\$8	1%	\$15	2%	\$7	1%				
Equity Modification Charge			-\$1	0%						
Non GAAP Operating Expenses	\$197	28%	\$225	30%	\$230	29%	\$251	25%	\$255	23%

	Q1'20		Q4'20		Q1'21	
	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>	<u>\$'s</u>	<u>%</u>
GAAP Income Tax	\$21	10%	\$27	11%	\$18	8%
Exclude discrete tax adjustments	\$8	4%	\$2	1%	\$15	6%
Tax effect of non-GAAP adjustments	\$2	1%	\$4	2%	\$0	0%
Effect of Higher Non-GAAP PBT		0%		1%		0%
Non GAAP Income Tax	\$30	15%	\$33	14%	\$34	15%

Q1'21:

GAAP net interest and other income	-\$9.0
Exclude non cash convertible debt interest	\$3.6
Loss on convertible debt conversions	\$4.1
Non-GAAP net interest and other income	-\$1.3

Q2'21 Guidance

GAAP net interest and other income	-\$5.5
Exclude non cash convertible debt interest	\$3.5
Non-GAAP net interest and other income	-\$2.0

Q2'21 Guidance:

	<u>Low End</u>	<u>High End</u>
GAAP Operating Profit as % of Sales	33%	34%
Acquired intangible asset amortization	<u>1%</u>	<u>1%</u>
Non-GAAP Operating Profit as % of Sales	33%	35%
Q2'21 GAAP Guidance Diluted Shares		188
Exclude dilutive shares from convertible note		<u>-10</u>
Q'21 Non-GAAP Guidance Diluted Shares		177
FY 2021 GAAP estimated tax rate	14.75%	
Adjustment for Non GAAP items	<u>0.00%</u>	
FY 2021 Non GAAP estimated tax rate	14.75%	

GAAP to Non-GAAP Reconciliation of Second Quarter 2021 guidance:

GAAP and non-GAAP second quarter revenue guidance:

GAAP net income per diluted share	
Exclude acquired intangible assets amortization	
Exclude non-cash convertible debt interest	
Tax effect of non-GAAP adjustments	
Convertible share adjustment	
Non-GAAP net income per diluted share	

\$1,010 million	to	\$1,090 million
\$ 1.48		\$ 1.68
0.03		0.03
0.02		0.02
(0.01)		(0.01)
0.10		0.11
\$ 1.62		\$ 1.83

Appendix | GAAP to Non-GAAP Reconciliation

	Q4'20	Q3'20	Q4'19	FY2020	FY2019
GAAP SG&A expense	124	116	117	465	437
Exclude stock compensation expense related to equity modification	(1)	-	-	(1)	(2)
Non-GAAP SG&A expense	124	116	117	464	435

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.

	2014	2015	2016	2017	2018	2019	2020	Q1'20	Q4'20	Q1'21
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 492	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 43	\$ 260	\$ 38
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (169)	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (37)	\$ (38)	\$ (39)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 6	\$ 222	\$ (1)

Appendix | GAAP to Non-GAAP Reconciliation

	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Operating Expenses as a % of Sales	29%	29%
Less Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Expenses as a % of Sales	<u>29%</u>	<u>28%</u>

	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Operating Profit as a % of Sales	29%	31%
Add back Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Profit as a % of Sales	<u>30%</u>	<u>31%</u>

	<u>FY 2024 Low</u>	<u>FY 2024 High</u>
2024 Estimated GAAP Diluted EPS	\$ 5.15	\$ 6.65
Add back Intangible Asset Amortization	\$ 0.10	\$ 0.10
2024 Estimates Non-GAAP Diluted EPS	<u>\$ 5.25</u>	<u>\$ 6.75</u>

Appendix | GAAP to Non-GAAP Reconciliation

	<u>FY 2022 Low</u>	<u>FY 2022 High</u>
2022 Estimated GAAP Operating Expenses as a % of Sales	33%	32%
Less Intangible Asset Amortization as a % of Sales	<u>1%</u>	<u>1%</u>
2022 Estimated Non-GAAP Operating Expenses as a % of Sales	<u>32%</u>	<u>31%</u>

	<u>FY 2022 Low</u>	<u>FY 2022 High</u>
2022 Estimated GAAP Operating Profit as a % of Sales	25%	27%
Add back Intangible Asset Amortization as a % of Sales	<u>1%</u>	<u>1%</u>
2022 Estimated Non-GAAP Operating Profit as a % of Sales	<u>26%</u>	<u>28%</u>

	<u>FY 2022 Low</u>	<u>FY 2022 High</u>
2022 Estimated GAAP Diluted EPS	\$ 3.18	\$ 3.87
Add back Intangible Asset Amortization	\$ 0.09	\$ 0.10
Add back Non Cash Convertible Debt Interest	\$ 0.07	\$ 0.07
Convertible share adjustment	<u>\$ 0.15</u>	<u>\$ 0.21</u>
2022 Estimated Non-GAAP Diluted EPS	<u>\$ 3.50</u>	<u>\$ 4.25</u>

	<u>FY 2022 High Old</u>
2022 Estimated GAAP Diluted EPS (Old)	\$ 3.73
Add back Intangible Asset Amortization	\$ 0.07
Add back Non Cash Convertible Debt Interest	\$ 0.08
Convertible share adjustment	<u>\$ 0.13</u>
2022 Estimated Non-GAAP Diluted EPS	<u>\$ 4.00</u>