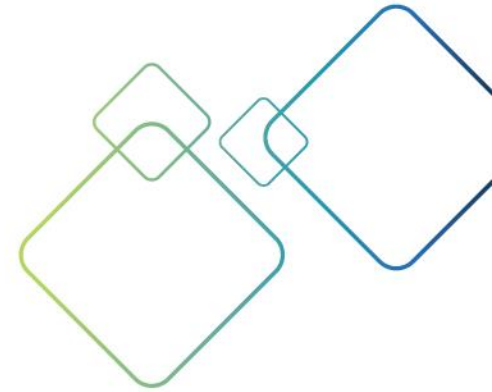


TERADYNE



Financial Results for Q1 2019

April 24, 2019





SAFE HARBOR

This presentation contains forward-looking statements regarding Teradyne's future business prospects, 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, use of proceeds and potential dilution from the senior convertible notes offering, potential borrowings under a senior secured credit facility, and the impact of the U.S. tax reform, 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, availability of, or borrowing under, the credit facility, or the impact of the U.S. tax reform, 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. Important factors that could cause actual results, earnings per share, use of cash, dividend payments, repurchases of common stock, payment of the senior convertible notes, 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 from one of 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 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, the repurchase of common stock or borrowing under the credit facility is not in the Company's best interest; additional U.S. tax regulations or IRS guidance; the impact of any tariffs or export controls imposed in the U.S. or China; 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, 2018. 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.

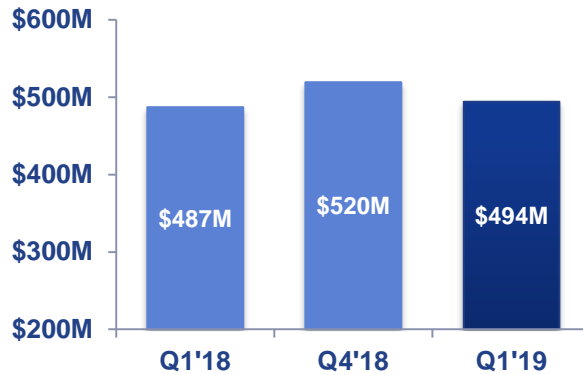
Business Update and Outlook

Mark Jagiela, Teradyne President and CEO



Q1'19 Summary

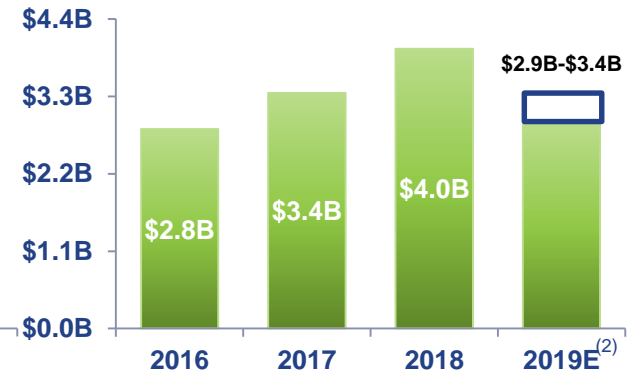
1% Sales Growth and 20% Non-GAAP Earnings Growth vs Q1'18



Quarterly Sales



Non-GAAP EPS⁽¹⁾



SemiTest Market

- Semiconductor strength in image sensor & 5G network infrastructure test
- Strength in System Test in all three groups

- Non-GAAP EPS above guidance on higher sales, favorable mix
- Repurchased 4.5 million shares / \$156 million

- Expect Semiconductor Test market to soften 20% at mid-point of 2019 forecast
- Expect 35-40% Industrial Automation sales growth in 2019

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

(2) 2019E SemiTest market size range of \$2.9B-\$3.4B with a mid-point of \$3.15B; market data from SEMI WWSEMS report and internal estimates



April 2019 Update

- Demand for RF Semi-Test capacity to support next generation standards growing
- Analog and micro-controller demand softened in Q1'19 on weakness in automotive and industrial end markets
- Acquired Lemsys in Q1'19 to strengthen high power Semi-Test capabilities
- Memory Test sales in Q1'19 flat with Q4'18; expect small uptick in sales in Q2'19 on steady NAND and DRAM wafer test demand
- Expect 2019 SOC Test market to be \$2.3-2.7B and Memory Test market to be \$600-700M
- LitePoint sales up 29% in Q1'19 compared with Q1'18 on demand related to new wireless standards
- Industrial Automation grew 35% from Q1'18 on 16% growth at Universal Robots and the addition of MiR & Energid

First Quarter 2019 Financial Results and Second Quarter 2019 Guidance

Greg Beecher, Teradyne Vice President and Chief Financial Officer

Q1'19 Segment Summary

1Q'19 Sales

Q1'19 Key Highlights

Q1'19 Sales Detail

Semiconductor Test

\$341M

Record image sensor tester sales

5G related demand growing, analog & microcontroller demand soft

Memory Test sales flat with Q4'18

Industrial Automation

\$66M

IA grew 35% from Q1'18 with 16% UR growth and addition of MiR/Energid

Increasing number of enterprise scale deployments of UR Cobots

System Test

\$58M

35% growth from Q1'18

Growth from Q1'18 in Defense/Aero, Production Board Test, and Storage Test

Wireless Test

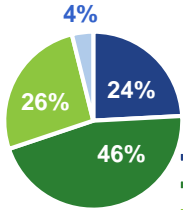
\$29M

Sales up 29% from Q1'18 on UltraWideBand, WiFi6, and 5G test demand

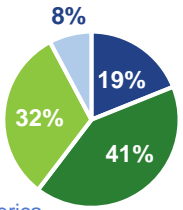
SemiTest Sales

Semi Product	\$263M
Semi Service	\$78M

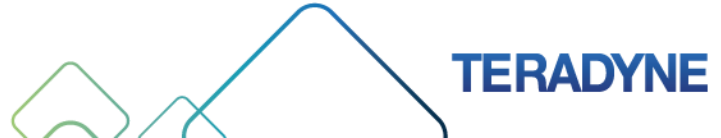
UR Sales - \$56M



MiR Sales - \$9M



Energid Sales - \$1M



Q1'19 Non-GAAP Results

\$s in millions, except EPS		Q1'18 Actual ⁽¹⁾		Q4'18 Actual ⁽¹⁾		Q1'19 Actual ⁽¹⁾
Sales		\$487M		\$520M		\$494M
Gross Margin	55.3%	\$270M	59.6%	\$310M	58.2%	\$288M
R&D	15.3%	\$74M	14.4%	\$75M	15.6%	\$77M
SG&A	18.5%	\$91M	19.4%	\$101M	20.6%	\$102M
OPEX	<u>33.8%</u>	<u>\$165M</u>	<u>33.8%</u>	<u>\$175M</u>	<u>36.2%</u>	<u>\$179M</u>
Operating Profit	21.5%	\$105M	25.8%	\$134M	22.0%	\$109M
Income Taxes (& effective tax rate) ⁽²⁾	16%	\$17M	15%	\$20M	16%	\$18M
EPS		\$0.45		\$0.63		\$0.54
Diluted Shares		197M		181M		175M

(1) See attached appendix for GAAP to non-GAAP reconciliations

(2) Income tax rate in Q4'18 is lower than the full year 2018 rate of 16% due to a cumulative catch up for the year recorded in Q4'18 to bring the YTD rate to 16%

Balance Sheet & Capital Return

	Q1'18 Actual	Q4'18 Actual	Q1'19 Actual	
Cash and Marketable Securities	\$1,588M	\$1,205M	\$997M	
Inventory	\$132M	\$154M	\$161M	
DSO	77 days	52 Days	61 Days	
Acquisition Earn-out Accruals ⁽¹⁾	\$16M	\$71M	\$38M	
Capital Additions	\$35M	\$26M	\$26M	
Debt ⁽²⁾	\$369M	\$380M	\$384M	
Depreciation and Amortization ⁽³⁾	\$35M	\$39M	\$39M	
Free Cash Flow ⁽⁴⁾	(\$117M)	\$160M	(\$8M)	
Capital Return {	Buybacks	\$134M	\$261M	\$156M
	Dividends	\$18M	\$16M	\$16M

(1) Q1'18 includes UR, Q4'18 and Q1'19 include UR and MiR

(2) Face value of debt is \$460M

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

(4) 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.

Q2'19 Non-GAAP Guidance

\$s in millions, except EPS	Q1'19 Actual ⁽¹⁾	Q2'19 Guidance ⁽¹⁾
Sales	\$494M	\$520M - \$550M
Gross Margin	58%	58%
OPEX	36%	34% - 36%
Operating Profit	22%	22% - 24%
Net Interest & Other Income	\$4M	\$3M
Effective Tax Rate	16%	16%
EPS	\$0.54	\$0.56 - \$0.65
Diluted Shares	175M	173M

(1) See attached appendix for GAAP to non-GAAP reconciliations.

Teradyne OPEX History and Outlook

Annual Non-GAAP OPEX ⁽¹⁾					
	2015	2016	2017	2018	2019LE
Industrial Automation ⁽²⁾	\$14M	\$43M	\$62M	\$114M	↑
Test	\$514M	\$513M	\$509M	\$504M	→
Variable Comp	<u>\$61M</u>	<u>\$53M</u>	<u>\$85M</u>	<u>\$74M</u>	→
Total OPEX	\$589M	\$609M	\$656M	\$692M	↑

Test OPEX ~flat excluding changes in variable compensation tied to profitability levels

(1) See attached appendix for GAAP to non-GAAP reconciliations.

(2) Commencing from date of acquisitions: UR June 12th, 2015 onwards, Energid February 26th, 2018 onwards, MiR April 25th, 2018 onwards

April 2019 Update

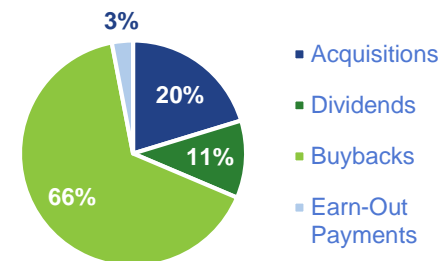
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- LitePoint sales up 29% in Q1'19 compared with Q1'18 on demand related to new wireless standards
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Supplemental Information



Balanced Capital Allocation Strategy

Cumulative Capital Allocation Breakdown



	2014	2015	2016	2017	2018	Q1'19	Cumulative
Buybacks	\$0M	\$300M	\$146M	\$200M	\$823M	\$156M	\$1,627M
Dividends	\$37M	\$51M	\$49M	\$55M	\$67M	\$16M	\$275M
Acquisitions	\$19M	\$283M	\$0M	\$0M	\$169M	\$7M	\$479M
Earn-out Payments ⁽¹⁾	<u>\$0M</u>	<u>\$0M</u>	<u>\$15M</u>	<u>\$1M</u>	<u>\$25M</u>	<u>\$35M</u>	<u>\$75M</u>
Total	\$57M	\$633M	\$210M	\$257M	\$1,085M	\$214M	\$2,455M
Free Cash Flow⁽²⁾	\$323M	\$323M	\$370M	\$521M	\$370M	(\$8M)	\$1,899M

(1) Earn-Out payments flow through both financing and operating sections of the cash flow statement.

(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

¹⁴ 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 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											
	March 31, 2019	% of Net Revenues	Net Income per Common Share		December 31, 2018	% of Net Revenues	Net Income per Common Share		April 1, 2018	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted			Basic	Diluted
Net revenues	\$ 494.1				\$ 519.6				\$ 487.5			
Gross profit GAAP and non-GAAP	\$ 287.6	58.2%			\$ 309.5	59.6%			\$ 269.8	55.3%		
Income from operations - GAAP	\$ 93.1	18.8%			\$ 112.3	21.6%			\$ 97.5	20.0%		
Acquired intangible assets amortization	10.6	2.1%			10.6	2.0%			7.7	1.6%		
Restructuring and other (1)	5.1	1.0%			11.4	2.2%			(0.3)	-0.1%		
Income from operations - non-GAAP	\$ 108.8	22.0%			\$ 134.3	25.8%			\$ 104.9	21.5%		
Net income - GAAP	\$ 109.1	22.1%	\$ 0.63	\$ 0.62	\$ 143.8	27.7%	\$ 0.80	\$ 0.79	\$ 87.0	17.8%	\$ 0.45	\$ 0.43
Acquired intangible assets amortization	10.6	2.1%	0.06	0.06	10.6	2.0%	0.06	0.06	7.7	1.6%	0.04	0.04
Interest and other (2)	3.4	0.7%	0.02	0.02	3.3	0.6%	0.02	0.02	3.2	0.7%	0.02	0.02
Restructuring and other (1)	5.1	1.0%	0.03	0.03	11.4	2.2%	0.06	0.06	(0.3)	-0.1%	-	-
Pension mark-to-market adjustment (2)	-	-	-	-	(3.5)	-0.7%	(0.02)	(0.02)	-	-	-	-
Exclude discrete tax adjustments (3)	(30.1)	-6.1%	(0.17)	(0.17)	(52.9)	-10.2%	(0.30)	(0.29)	(6.3)	-1.3%	(0.03)	(0.03)
Non-GAAP tax adjustments	(3.5)	-0.7%	(0.02)	(0.02)	0.3	0.1%	0.00	0.00	(1.9)	-0.4%	(0.01)	(0.01)
Convertible share adjustment	-	-	-	0.01	-	-	-	-	-	-	-	0.01
Net income - non-GAAP	\$ 94.6	19.1%	\$ 0.55	\$ 0.54	\$ 113.0	21.7%	\$ 0.63	\$ 0.63	\$ 89.4	18.3%	\$ 0.46	\$ 0.45
GAAP and non-GAAP weighted average common shares - basic	173.5				179.0				195.3			
GAAP weighted average common shares - diluted	177.0				181.5				203.5			
Exclude dilutive shares related to convertible note transaction	(2.2)				(0.9)				(6.2)			
Non-GAAP weighted average common shares - diluted	174.8				180.6				197.3			

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Quarter Ended		
	March 31, 2019	December 31, 2018	April 1, 2018
Contingent consideration fair value adjustment	\$ 3.0	\$ 10.2	\$ (5.0)
Acquisition related expenses and compensation	1.3	0.8	0.8
Employee severance	0.8	0.5	3.9
	<u>\$ 5.1</u>	<u>\$ 11.4</u>	<u>\$ (0.3)</u>

(2) For the quarters ended March 31, 2019, December 31, 2018, and April 1, 2018, adjustment to exclude non-cash convertible debt interest expense and adjustment to exclude actuarial (gains) losses recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarters ended March 31, 2019, December 31, 2018, and April 1, 2018, adjustment to exclude discrete income tax items. For the quarter ended March 31, 2019, income tax (benefit) provision includes a \$26 million tax benefit from the release of uncertain tax position reserves due to the IRS completion of its audit of Teradyne's 2015 Federal tax return. For the quarter ended December 31, 2018, adjustment to treat the \$52 million tax benefit related to the finalization of our toll tax charge as a discrete item.

Appendix | GAAP to Non-GAAP Reconciliation

	Q1'18		Q4'18		Q1'19		Q2'19 Low Guidance	Q2'19 High Guidance
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	% of sales	% of sales
GAAP Operating Expenses	\$172	35%	\$197	38%	\$195	39%	39%	37%
Intangible Asset Amortization	-\$8	-2%	-\$11	-2%	-\$11	-2%	-3%	-2%
Restructuring and Other	\$0	0%	-\$11	-2%	-\$5	-1%	0%	0%
Non GAAP Operating Expenses	\$165	34%	\$175	34%	\$179	36%	36%	34%

	Q1'18		Q4'18		Q1'19	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$9	9%	-\$33	-29%	-\$15	-16%
Exclude discrete tax adjustments	\$6	7%	\$53	48%	\$30	32%
Tax effect of non-GAAP adjustments	\$2	2%	\$0	0%	\$4	4%
Effect of Higher Non-GAAP PBT		-2%		-3%		-3%
Non GAAP Income Tax	\$17	16%	\$20	15%	\$18	16%

Q1'19:

GAAP net interest and other income	\$0.9
Exclude non cash convertible debt interest	\$3.4
Non-GAAP net interest and other income	\$4.3

Q2'19 Guidance

GAAP net interest and other income	-\$0.4
Exclude non cash convertible debt interest	\$3.4
Non-GAAP net interest and other income	\$3.0

Q2'19 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	19%	21%
Acquired intangible asset amortization	3%	3%
Non-GAAP Operating Profit as % of Sales	22%	24%

Q2'19 GAAP Guidance Diluted Shares

Q2'19 GAAP Guidance Diluted Shares	177
Exclude dilutive shares from convertible note	-4
Q2'19 Non-GAAP Guidance Diluted Shares	173

GAAP to Non-GAAP Reconciliation of Second Quarter 2019 guidance:

GAAP and non-GAAP second quarter revenue guidance:	\$520 million	to	\$550 million
GAAP net income per diluted share	\$ 0.48	\$	0.56
Exclude acquired intangible assets amortization	0.06		0.06
Exclude non-cash convertible debt interest	0.02		0.02
Exclude restructuring and other	0.01		0.01
Tax effect of non-GAAP adjustments	(0.02)		(0.02)
Convertible share adjustment	0.02		0.02
Non-GAAP net income per diluted share	\$ 0.56	\$	0.65

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>Q1'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GAAP Cash Flow From Operations, Excl Disc Ops	-\$82	\$186	\$18	\$492	\$413	\$455	\$626	\$477
Less Property, Plant and Equipment Additions net of Gov't Subsidy	-\$35	-\$26	-\$26	-\$169	-\$90	-\$85	-\$105	-\$107
Non-GAAP Operating Cash Flow ("Free Cash Flow")	-\$117	\$160	-\$8	\$323	\$323	\$370	\$521	\$370

Appendix | GAAP to Non-GAAP Reconciliation

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GAAP Operating Expenses	747	696	1,020	673
Less Goodwill Impairment Charge		-	(255)	-
Less Intangible Asset Impairment		-	(83)	-
Less Intangible Asset Amortization	(39)	(31)	(53)	(69)
Less Restructuring and Other	(15)	(9)	(22)	(5)
Pension Mark to Market Adjustment			2	(10)
Less Equity Modification Charge	-	-	-	-
Non GAAP Operating Expenses	692	656	609	589
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
IA GAAP Operating Expenses	153	93	84	28
Less Intangible Asset Amortization	(32)	(24)	(25)	(14)
Less Restructuring and Other	(7)	(7)	(16)	-
IA non GAAP Operating Expenses	114	62	43	14
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Test GAAP Operating Expenses (1)	594	603	936	645
Less Goodwill Impairment Charge		-	(255)	-
Less Intangible Asset Impairment		-	(83)	-
Less Intangible Asset Amortization	(7)	(7)	(28)	(55)
Less Restructuring and Other	(9)	(2)	(6)	(5)
Pension Mark to Market Adjustment		-	2	(10)
Less Equity Modification Charge	-	-	-	-
Test Non GAAP Operating Expenses (1)	578	594	566	575

(1) = Includes Variable Compensation of \$74M, \$85M, \$53M and \$61M for 2018, 2017, 2016 and 2015 respectively.