

Financial Results for Q4 and Full Year 2020

January 28, 2021



SAFE HARBOR (page 1 of 2)

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 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 would become 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 will continue 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.

SAFE HARBOR (page 2 of 2)

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 2020 financial results and to its future financial results. There is considerable uncertainty regarding the impact on Teradyne's business from the measures in place and potential future measures, and restrictions on Teradyne's access to its manufacturing facilities or on its support operations or workforce, or similar limitations for its contractor manufacturers and suppliers, and restrictions or disruptions of transportation, such as reduced availability of transportation and increased border controls or closures, could limit Teradyne's capacity to meet customer demand and have a material adverse effect on its financial condition and results of operations. The COVID-19 outbreak has significantly increased economic and demand uncertainty in Teradyne's markets. This uncertainty has 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 spread of the virus, its severity, the actions to contain the virus or the availability and impact of vaccines, 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 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, 2019 and Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 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.

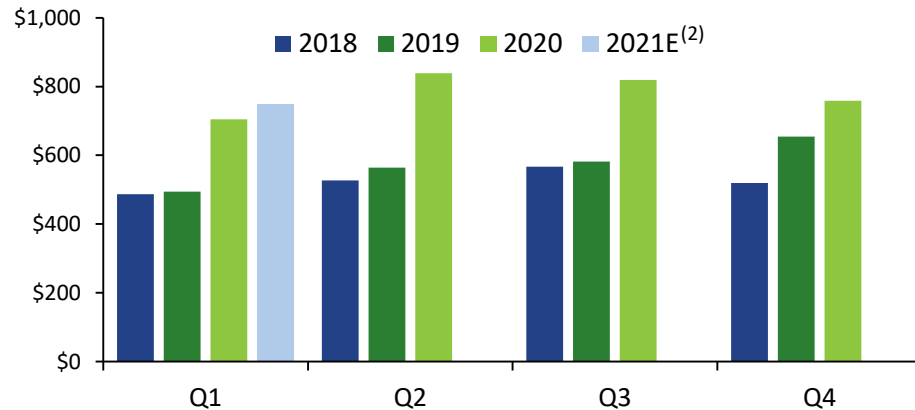
Business Update and Outlook

Mark Jagiela, Teradyne President and CEO

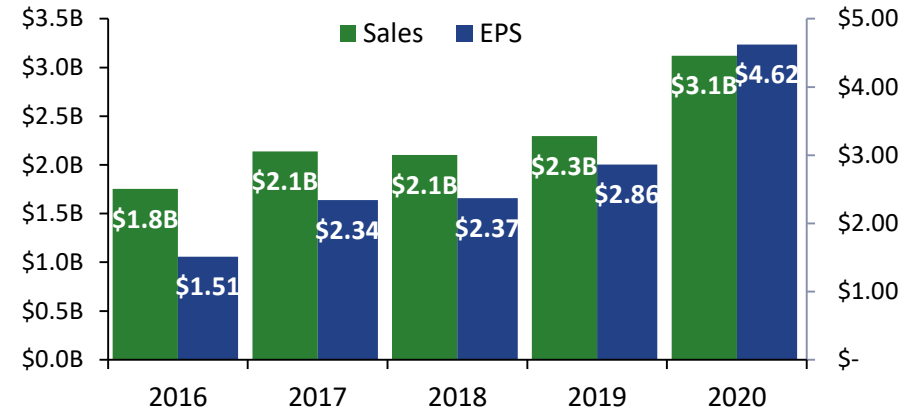


Q4'20 and 2020 Summary

Q4'20 Semiconductor Test and Industrial Automation Segment Revenue Grew Quarter on Quarter and Year on Year
2020 Sales of \$3,121M, Non-GAAP EPS of \$4.62



Quarterly Sales by Year



Full Year Sales/Non-GAAP EPS⁽¹⁾

- Q4'20 sales up 16% and non-GAAP EPS up 25% from Q4'19
- Q4'20 Semiconductor test strength in mobility
- IA up 4% vs Q4'19 and 34% from Q3'20
- Q4'20 Universal Robots sales up 6% from Q4'19, 41% from Q3'20

- Sales up 36% from 2019
- Full year 2020 Non-GAAP EPS of \$4.62 up 62% from 2019
- Four year sales CAGR of 16%
- Four year Non-GAAP EPS CAGR of 32%

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

(2) Q1'21 Revenue is Mid-Guidance

(3) CAGR reflects 2016-2020

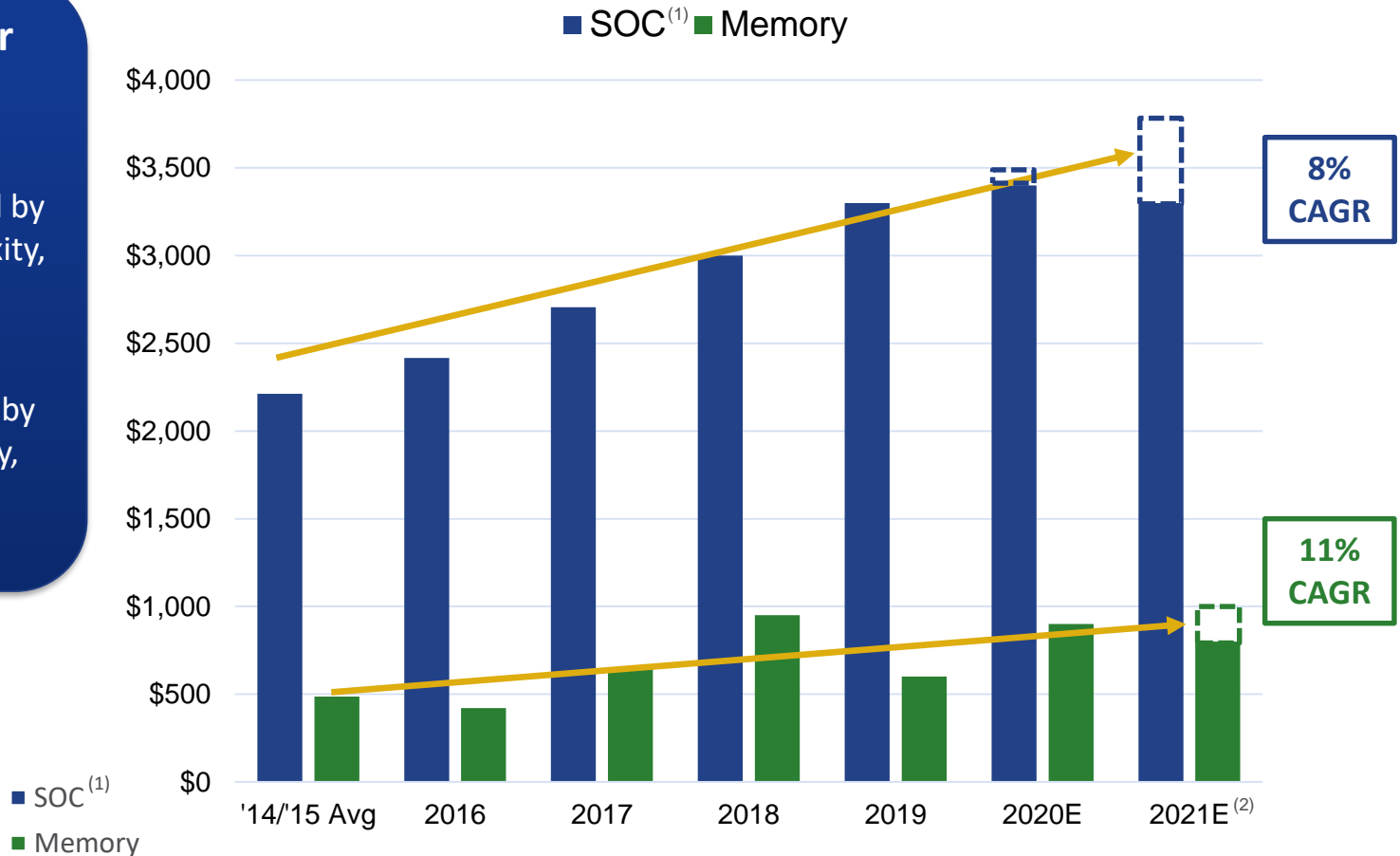
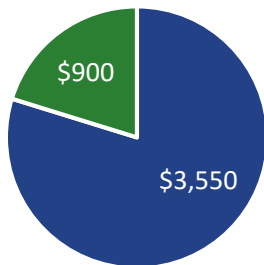
Semiconductor Test Markets are Growing

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

2020 Highlights & 2021 Outlook

- 2020 Highlights:
 - Smartphone chip complexity growth, including 5G cellular, drove higher test demand
 - Ramped UltraFLEXplus shipments to serve the growing compute segment of the SOC market
 - Record Memory Test revenue from LPDDR-5 DRAM production ramp and continued NAND test demand
 - HDD and System Level Test revenue more than doubled in '20 on HDD density and chip complexity growth
 - Wireless test revenue grew 10% in '20 on increased connectivity and 5G cellular test demand
 - Industrial Automation (IA) sales in 2020 softened 6% from 2019 on global slowdown in industrial activity but returned to year-on-year quarterly growth in 'Q4
- 2021 Outlook:
 - Expect SOC Test market to be \$3.3-3.8B, Memory Test market \$0.8-1.0B
 - Automotive test demand in SOC surging in Q1
 - Memory test expected to remain strong in '21
 - IA demand is strong entering '21, expect return to 30%+ growth for the full year
 - Record Q1 Universal Robots, MiR, AutoGuide shipments planned

Fourth Quarter and Full Year 2020 Financial Results and First Quarter 2021 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Q4'20 Non-GAAP Results

\$s in millions, except EPS	Q4'19 Actual ⁽¹⁾		Q3'20 Actual ⁽¹⁾		Q4'20 Actual ⁽¹⁾	
Sales		\$655M		\$819M		\$759M
Gross Margin	58.5%	\$383M	56.0%	\$459M	59.3%	\$450M
R&D	13.3%	\$87M	11.6%	\$95M	13.2%	\$100M
SG&A	<u>17.9%</u>	<u>\$117M</u>	<u>14.1%</u>	<u>\$116M</u>	<u>16.3%</u>	<u>\$124M</u>
OPEX	31.2%	\$204M	25.7%	\$211M	29.5%	\$224M
Operating Profit	27.4%	\$179M	30.3%	\$248M	29.7%	\$226M
Income Taxes (& effective tax rate)	17.0%	\$30M	17.4%	\$43M	14.5%	\$33M
EPS		\$0.88		\$1.18		\$1.10
Diluted Shares		175M		175M		177M

Q4'20 and 2020 Segment Summary

Semiconductor Test

\$524M

Mobility and Compute related test demand strong. Analog demand grew through year end

Record memory test shipments driven by success in LPDDR5 DRAM test market

Industrial Automation

\$92M

UR sales down 12%,
MiR sales up 1% in 2020 vs 2019

IA sales troughed in Q2'20 and returned to y/y growth in Q4'20

System Test

\$104M

Sales up 43% in 2020 vs 2019

Storage Test grew 110% in 2020 vs 2019 on higher capacity HDDs and increased System Level Test demand

Wireless Test

\$40M

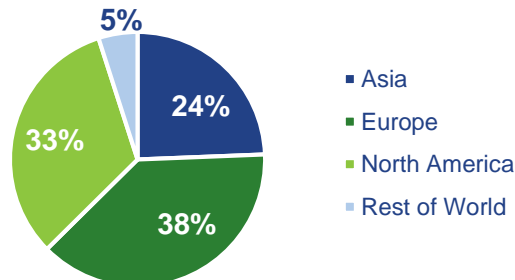
Sales growth of 10% in 2020 vs 2019 on strong Connectivity and early 5G demand

WiFi 6, UWB, and other connectivity standards along with 5G expected to drive demand in 2021

SemiTest Sales

Semi Product	\$438M
Semi Service	\$86M

Industrial Automation Revenue



Total Company Service: \$111M



Q1'21 Non-GAAP Guidance

\$s in millions, except EPS	Q4'20 Actual ⁽¹⁾	Q1'21 Guidance ⁽¹⁾
Sales	\$759M	\$720M - \$780M
Gross Margin	59%	58% - 59%
OPEX	30%	31% - 29%
Operating Profit	30%	28% - 30%
Net Interest & Other Income/(Expense)	\$0.2M	(\$2M)
Effective Tax Rate	14.5%	16.0%
EPS	\$1.10	\$0.95 - \$1.11
Diluted Shares	177M	179M

Teradyne OPEX History and Outlook

Annual Non-GAAP OPEX ⁽¹⁾					
	2017	2018	2019	2020	2021E
Industrial Automation ⁽²⁾	\$62M	\$114M	\$149M	\$157M	➔
Test	\$507M	\$502M	\$523M	\$553M	➔
Variable Comp	<u>\$87M</u>	<u>\$76M</u>	<u>\$86M</u>	<u>\$129M</u>	~flat
Total OPEX	\$656M	\$692M	\$758M	\$839M	➔

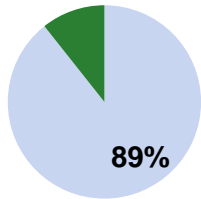
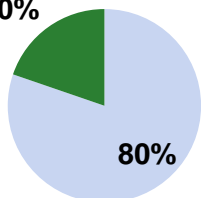
OPEX increasing 8%-10% in 2021 to further drive mid-term earnings growth

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

(2) Commencing from date of acquisitions. Energid February 26th, 2018 onwards, MiR April 25th, 2018 onwards, AutoGuide November 13th, 2019 onwards

Teradyne Non-GAAP Earnings Model

Financial Model

	2019	2020	'19/'20 Avg	2022E (Old Model)	2024E (New Model)	'19/'20 Sales Mix
TER Revenue (\$M)	\$2,295	\$3,121	\$2,708	\$2,700 — \$3,250	\$3,500 — \$4,250	 = \$2,708M
Gross Margin %	58%	57%	57%	58% — 59%	58% — 59%	2024 Sales Mix  = \$3,875M ⁽²⁾
OPEX %	33%	27%	30%	32% — 31%	29% — 28%	
Operating Profit %	25%	30%	28%	26% — 28%	30% — 31%	
Non-GAAP EPS	\$2.86	\$4.62	\$3.74	\$3.50 — \$4.25	\$5.25 — \$6.75	

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

January 2021 Summary

- Q4 Sales up 16% and non-GAAP EPS up 25% from Q4'19
- 2020 sales of \$3.1B, up 36%; Non-GAAP EPS of \$4.62, up 62% on strength in all test segments
- Generated \$684 million in free cash in 2020
- Expect 2021 SOC Test market to be \$3.3-3.8B, Memory Test market \$0.8-1.0B
- Semiconductor Test demand trends favorable entering '21
- Industrial Automation demand improved significantly in Q4'20 and is expected to continue in '21, driving 30%+ segment growth
- Increased mid-term earnings model targets; project growth in both test and IA leading to \$5.25-6.75 in non-GAAP EPS in 2024
- \$2B share repurchase program announced with minimum of \$600 million in repurchases planned in 2021

Supplemental Information



Annual Non-GAAP Results

\$s in millions, except EPS	2019 ⁽¹⁾		2020 ⁽¹⁾	
Sales		\$2,295M		\$3,121M
Gross Margin	58%	\$1,340M	57%	\$1,786M
R&D	14%	\$323M	12%	\$375M
SG&A	<u>19%</u>	<u>\$435M</u>	<u>15%</u>	<u>\$464M</u>
OPEX	33%	\$758M	27%	\$839M
Operating Profit	25%	\$582M	30%	\$948M
Income Taxes (& effective tax rate)	17.0%	\$98M	15.25%	\$144M
EPS		\$2.86		\$4.62
Diluted Shares		175M		175M

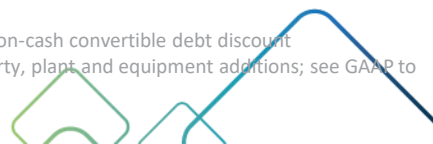
Balance Sheet & Capital Return

	Q4'19 Actual	Q3'20 Actual	Q4'20 Actual
Cash and Marketable Securities	\$1,016M	\$1,341M	\$1,554M
Inventory	\$197M	\$191M	\$222M
DSO	51 Days	65 Days	62 Days
Acquisition Earn-out Accruals ⁽¹⁾	\$40M	\$23M	\$7M
Capital Additions	\$39M	\$63M	\$38M
Depreciation and Amortization ⁽²⁾	\$41M	\$42M	\$44M
Free Cash Flow ⁽³⁾	\$178M	\$280M	\$222M
Capital Return	Buybacks	\$131M	\$0M
	Dividends	\$15M	\$17M

(1) Includes MiR and AutoGuide

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

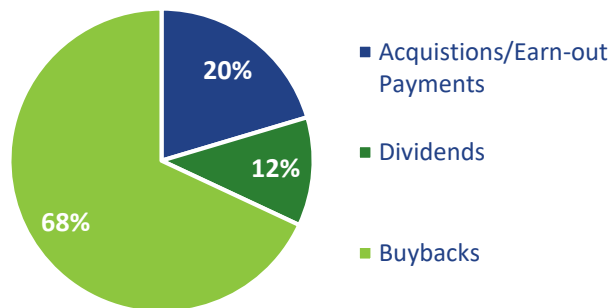
(3) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions; see GAAP to non-GAAP reconciliations.



History of Balanced Capital Allocation

	2015	2016	2017	2018	2019	2020	Cumulative
Buybacks	\$300M	\$146M	\$200M	\$823M	\$500M	\$88M	\$2,058M ⁽¹⁾
Dividends	\$51M	\$49M	\$55M	\$67M	\$61M	\$66M	\$350M
Acquisitions	<u>\$283M</u>	<u>\$15M</u>	<u>\$1M</u>	<u>\$194M</u>	<u>\$115M</u>	<u>\$9M</u>	<u>\$617M</u>
Total	\$633M	\$210M	\$257M	\$1,085M	\$676M	\$164M	\$3,025M
Free Cash Flow ⁽²⁾	\$323M	\$370M	\$521M	\$370M	\$444M	\$684M	\$2,712M

**Cumulative Capital Allocation
Breakdown 2015 - 2020**



(1) 62.4 million shares repurchased at an average price of \$33.01

(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.

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

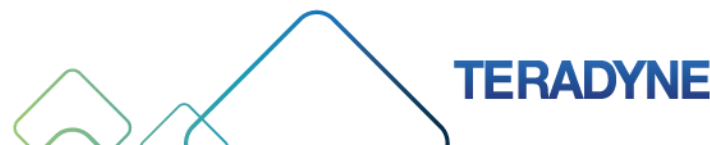
GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended	
	December 31, 2020	% of Net Revenues	September 27, 2020	% of Net Revenues	December 31, 2019	% of Net Revenues	September 27, 2020	% of Net Revenues	December 31, 2019	% of Net Revenues
Net revenues	\$ 759.0		\$ 819.5		\$ 654.7					
Gross profit GAAP	\$ 449.8	59.3%	\$ 458.9	56.0%	\$ 383.2	58.5%				
Inventory step-up	-	-	0.1	0.0%	0.1	0.0%				
Gross profit non-GAAP	\$ 449.8	59.3%	\$ 459.0	56.0%	\$ 383.3	58.5%				
Income from operations - GAAP	\$ 234.1	30.8%	\$ 269.7	32.9%	\$ 171.7	26.2%				
Restructuring and other (1)	(15.1)	-2.0%	(27.7)	-3.4%	(2.1)	-0.3%				
Acquired intangible assets amortization	5.8	0.8%	6.2	0.8%	9.8	1.5%				
Equity modification charge	0.8	0.1%	-	-	-	-				
Inventory step-up	-	-	0.1	0.0%	0.1	0.0%				
Income from operations - non-GAAP	\$ 225.6	29.7%	\$ 248.3	30.3%	\$ 179.5	27.4%				

	Net Income per Common Share		Net Income per Common Share		Net Income per Common Share		Net Income per Common Share		Net Income per Common Share	
	December 31, 2020	% of Net Revenues	Basic	Diluted	September 27, 2020	% of Net Revenues	Basic	Diluted	December 31, 2019	% of Net Revenues
Net income - GAAP	\$ 196.3	25.9%	\$ 1.18	\$ 1.05	\$ 222.7	27.2%	\$ 1.34	\$ 1.21	\$ 125.1	19.1%
Restructuring and other (1)	(15.1)	-2.0%	(0.09)	(0.08)	(27.7)	-3.4%	(0.17)	(0.15)	(2.1)	-0.3%
Acquired intangible assets amortization	5.8	0.8%	0.03	0.03	6.2	0.8%	0.04	0.03	9.8	1.5%
Interest and other (2)	3.7	0.5%	0.02	0.02	3.6	0.4%	0.02	0.02	18.5	2.8%
Pension mark-to-market adjustment (2)	7.7	1.0%	0.05	0.04	2.7	0.3%	0.02	0.01	7.7	1.2%
Equity modification charge	0.8	0.1%	0.00	0.00	-	-	-	-	-	-
Inventory step-up	-	-	-	-	0.1	0.0%	0.00	0.00	0.1	0.0%
Exclude discrete tax adjustments (3)	(2.1)	-0.3%	(0.01)	(0.01)	(4.4)	-0.5%	(0.03)	(0.02)	1.4	0.2%
Non-GAAP tax adjustments	(3.9)	-0.5%	(0.02)	(0.02)	2.2	0.3%	0.01	0.01	(7.7)	-1.2%
Convertible share adjustment (4)	-	-	-	0.06	-	-	-	0.06	-	-
Net income - non-GAAP	\$ 193.2	25.5%	\$ 1.16	\$ 1.10	\$ 205.4	25.1%	\$ 1.24	\$ 1.18	\$ 152.8	23.3%

GAAP and non-GAAP weighted average common shares - basic	166.1		166.0		167.3	
GAAP weighted average common shares - diluted	186.8		184.3		181.8	
Exclude dilutive shares related to convertible note transaction	(10.0)		(9.2)		(7.3)	
Non-GAAP weighted average common shares - diluted	176.8		175.2		174.5	



Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	December 31, 2020	Quarter Ended September 27, 2020	December 31, 2019
Contingent consideration fair value adjustment	\$ (15.3)	\$ (27.2)	\$ (2.8)
Acquisition related expenses and compensation	(0.9)	(1.1)	0.2
Employee severance	1.1	0.5	0.5
Contract termination settlement fee	-	-	-
Other	-	0.1	-
	<u>\$ (15.1)</u>	<u>\$ (27.7)</u>	<u>\$ (2.1)</u>

- (2) For the quarters ended December 31, 2020, September 27, 2020, and December 31, 2019, Interest and other included non-cash convertible debt interest expense. For the quarters ended December 31, 2020, September 27, 2020, and December 31, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting. For the quarter ended December 31, 2019, adjustment to exclude impairment charge
- (3) For the quarters ended December 31, 2020, September 27, 2020, and December 31, 2019, adjustment to exclude discrete income tax items.
- (4) For the quarters ended December 31, 2020, September 27, 2020, and December 31, 2019, the non-GAAP diluted EPS calculation adds back \$1.3 million of convertible debt interest expense to non-GAAP net income, and non-GAAP weighted average diluted common shares include 8.9 million, 7.8 million, and 5.4 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2020	% of Net Revenues	December 31, 2019	% of Net Revenues
Net Revenues	\$ 3,121.5		\$ 2,295.0	
Gross profit GAAP	\$ 1,785.7	57.2%	\$ 1,339.8	58.4%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	\$ 1,786.1	57.2%	\$ 1,340.2	58.4%
Income from operations - GAAP	\$ 928.4	29.7%	\$ 553.7	24.1%
Acquired intangible assets amortization	30.8	1.0%	40.1	1.7%
Restructuring and other (1)	(13.2)	-0.4%	(13.9)	-0.6%
Inventory step-up	0.4	0.0%	0.4	0.0%
Equity modification charge (2)	0.8	0.0%	2.1	0.1%
Income from operations - non-GAAP	\$ 947.2	30.3%	\$ 582.4	25.4%

	Net Income per Common Share				Net Income per Common Share			
	December 31, 2020	% of Net Revenues	Basic	Diluted	December 31, 2019	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 784.1	25.1%	\$ 4.72	\$ 4.28	\$ 467.5	20.4%	\$ 2.74	\$ 2.60
Acquired intangible assets amortization	30.8	1.0%	0.19	0.17	40.1	1.7%	0.24	0.22
Interest and other (3)	14.4	0.5%	0.09	0.08	28.7	1.3%	0.17	0.16
Pension mark-to-market adjustments (3)	10.3	0.3%	0.06	0.06	8.2	0.4%	0.05	0.05
Restructuring and other (1)	(13.2)	-0.4%	(0.08)	(0.07)	(13.9)	-0.6%	(0.08)	(0.08)
Inventory step-up	0.4	0.0%	0.00	0.00	0.4	0.0%	0.00	0.00
Equity modification charge (2)	0.8	0.0%	0.00	0.00	2.1	0.1%	0.01	0.01
Exclude discrete tax adjustments (4)	(15.2)	-0.5%	(0.09)	(0.08)	(22.6)	-1.0%	(0.13)	(0.13)
Non-GAAP tax adjustments	(11.9)	-0.4%	(0.07)	(0.07)	(16.7)	-0.7%	(0.10)	(0.09)
Convertible share adjustment (5)	-	-	-	0.25	-	-	-	0.11
Net income - non-GAAP	\$ 800.5	25.6%	\$ 4.82	\$ 4.62	\$ 493.8	21.5%	\$ 2.90	\$ 2.86

GAAP and non-GAAP weighted average common shares - basic	166.1	170.4
GAAP weighted average common shares - diluted	183.0	179.5
Exclude dilutive shares from convertible note	(8.5)	(4.9)
Non-GAAP weighted average common shares - diluted	174.5	174.6

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Twelve Months Ended	
	December 31, 2020	December 31, 2019
Contingent consideration fair value adjustment	\$ (23.3)	\$ (19.3)
Contract termination settlement fee	4.0	-
Acquisition related expenses and compensation	2.5	2.5
Employee severance	2.3	2.9
Other	1.2	-
	<u>\$ (13.2)</u>	<u>\$ (13.9)</u>

(2) For the twelve months ended December 31, 2019, selling and administrative expenses include an equity charge for the modification of Teradyne's retired CFO's outstanding equity awards to allow continued vesting and maintain the original term in connection with his July 17, 2019 retirement.

(3) For the twelve months ended December 31, 2020 and December 31, 2019, Interest and other included non-cash convertible debt interest expense. For the twelve months ended December 31, 2020 and December 31, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting. For the twelve months ended December 31, 2019, adjustment to exclude impairment charge related to Realwear.

(4) For the twelve months ended December 31, 2020 and December 31, 2019, adjustment to exclude discrete income tax items. For the twelve months ended December 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 and includes a \$15 million tax provision related to the finalization

(5) For the twelve months ended December 31, 2020 and December 31, 2019, the non-GAAP diluted EPS calculation adds back \$5.3 million and \$5.2 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 7.0 million and 2.7 million shares, respectively, from the convertible note hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2019	% of Net Revenues	December 31, 2018	% of Net Revenues
Net Revenues	\$ 2,295.0		\$ 2,100.8	
Gross profit GAAP	\$ 1,339.8	58.4%	\$ 1,220.4	58.1%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	\$ 1,340.2	58.4%	\$ 1,220.8	58.1%
Income from operations - GAAP	\$ 553.7	24.1%	\$ 473.8	22.6%
Acquired intangible assets amortization	40.1	1.7%	39.2	1.9%
Equity modification charge (1)	2.1	0.1%	-	-
Restructuring and other (2)	(13.9)	-0.6%	15.2	0.7%
Inventory step-up	0.4	0.0%	0.4	0.0%
Income from operations - non-GAAP	\$ 582.4	25.4%	\$ 528.6	25.2%

	Net Income per common share		Net Income per common share	
	December 31, 2019	% of Net Revenues	December 31, 2018	% of Net Revenues
Net income - GAAP	\$ 467.5	20.4%	\$ 451.8	21.5%
Acquired intangible assets amortization	40.1	1.7%	39.2	1.9%
Interest and other (3)	28.7	1.3%	13.1	0.6%
Equity modification charge (1)	2.1	0.1%	-	-
Restructuring and other (2)	(13.9)	-0.6%	15.2	0.7%
Inventory step-up	0.4	0.0%	0.4	0.0%
Pension mark-to-market adjustment (3)	8.2	0.4%	(3.3)	-0.2%
Exclude discrete tax adjustments (4)	(22.6)	-1.0%	(59.4)	-2.8%
Non-GAAP tax adjustments	(16.7)	-0.7%	(8.4)	-0.4%
Convertible share adjustment (5)	-	-	-	-
Net income - non-GAAP (5)	\$ 493.8	21.5%	\$ 448.6	21.4%

Net Income per common share		Net Income per common share	
Basic	Diluted	Basic	Diluted
\$ 2.74	\$ 2.60	\$ 2.41	\$ 2.35
0.24	0.22	0.21	0.20
0.17	0.16	0.07	0.07
0.01	0.01	-	-
(0.08)	(0.08)	0.08	0.08
0.00	0.00	0.00	0.00
0.05	0.05	(0.02)	(0.02)
(0.13)	(0.13)	(0.32)	(0.31)
(0.10)	(0.09)	(0.04)	(0.04)
-	0.11	-	0.04
\$ 2.90	\$ 2.86	\$ 2.39	\$ 2.37

GAAP and non-GAAP weighted average common shares - basic	170.4	187.7
GAAP weighted average common shares - diluted	179.5	192.6
Exclude dilutive shares from convertible note	(4.9)	(3.2)
Non-GAAP weighted average common shares - diluted (5)	174.6	189.4

Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2017	% of Net Revenues	December 31, 2016	% of Net Revenues
Net Revenues	\$ 2,136.6		\$ 1,753.3	
Gross profit - GAAP	\$ 1,223.9	57.3%	\$ 959.6	54.7%
Pension mark-to-market adjustment (1)	(2.8)	-0.1%	(1.0)	-0.1%
Gross profit - non-GAAP	\$ 1,221.1	57.2%	\$ 958.6	54.7%
Income (loss) from operations - GAAP	\$ 530.0	24.8%	\$ (60.0)	-3.4%
Acquired intangible assets amortization	30.5	1.4%	52.6	3.0%
Restructuring and other (2)	9.4	0.4%	21.9	1.2%
Pension mark-to-market adjustment (1)	(6.3)	-0.3%	(3.2)	-0.2%
Goodwill impairment (3)	-	-	254.9	14.5%
Acquired intangible assets impairment (3)	-	-	83.3	4.8%
Income from operations - non-GAAP	\$ 563.6	26.4%	\$ 349.5	19.9%

	Net Income per Common Share		Net (Loss) Income per Common Share	
	December 31, 2017	% of Net Revenues	December 31, 2016	% of Net Revenues
Net income (loss) - GAAP	\$ 257.7	12.1%	\$ (43.4)	-2.5%
Acquired intangible assets amortization	30.5	1.4%	52.6	3.0%
Interest and other (4)	12.4	0.6%	0.6	0.0%
Restructuring and other (2)	9.4	0.4%	21.9	1.2%
Pension mark-to-market adjustment (1)	(6.3)	-0.3%	(3.2)	-0.2%
Goodwill impairment (3)	-	-	254.9	14.5%
Acquired intangible assets impairment (3)	-	-	83.3	4.8%
Exclude discrete tax adjustments (5)	178.3	8.3%	(4.5)	-0.3%
Non-GAAP tax adjustments (6)	(12.8)	-0.6%	(53.3)	-3.0%
Net income - non-GAAP	\$ 469.2	22.0%	\$ 308.9	17.6%

	December 31, 2017	December 31, 2016
GAAP and non-GAAP weighted average common shares - basic	198.1	202.6
GAAP weighted average common shares - diluted	201.6	202.6
Exclude dilutive shares from convertible note	(1.3)	-
Include dilutive shares	-	1.8
Non-GAAP weighted average common shares - diluted	200.3	204.4

Appendix | GAAP to Non-GAAP Reconciliation

	Year Ended			
	December 31, 2016	% of Net Revenues	December 31, 2015	% of Net Revenues
Net Revenues	\$ 1,753.3		\$ 1,639.6	
Gross profit - GAAP	\$ 959.6	54.7%	\$ 915.6	55.8%
Inventory step-up	-	-	1.6	0.1%
Pension mark-to-market adjustments (1)	(1.0)	-0.1%	8.3	0.5%
Gross profit - non-GAAP	\$ 958.6	54.7%	\$ 925.5	56.4%
(Loss) income from operations - GAAP	\$ (60.0)	-3.4%	\$ 243.0	14.8%
Goodwill impairment (2)	254.9	14.5%	-	-
Acquired intangible assets impairment (2)	83.3	4.8%	-	-
Acquired intangible assets amortization	52.6	3.0%	69.0	4.2%
Restructuring and other (3)	21.9	1.2%	5.1	0.3%
Pension mark-to-market adjustments (1)	(3.2)	-0.2%	17.7	1.1%
Inventory step-up	-	-	1.6	0.1%
Income from operations - non-GAAP	\$ 349.5	19.9%	\$ 336.4	20.5%

	Net (Loss) Income per Common Share				Net Income per Common Share			
	December 31, 2016	% of Net Revenues	Basic	Diluted	December 31, 2015	% of Net Revenues	Basic	Diluted
Net (loss) income - GAAP	\$ (43.4)	-2.5%	\$ (0.21)	\$ (0.21)	\$ 206.5	12.6%	\$ 0.98	\$ 0.97
Goodwill impairment (2)	254.9	14.5%	1.26	1.25	-	-	-	-
Acquired intangible assets impairment (2)	83.3	4.8%	0.41	0.41	-	-	-	-
Acquired intangible assets amortization	52.6	3.0%	0.26	0.26	69.0	4.2%	0.33	0.32
Restructuring and other (3)	21.9	1.2%	0.11	0.11	5.1	0.3%	0.02	0.02
Pension mark-to-market adjustments (1)	(3.2)	-0.2%	(0.02)	(0.02)	17.7	1.1%	0.08	0.08
Interest and other (4)	0.6	0.0%	0.00	0.00	(5.4)	-0.3%	(0.03)	(0.03)
Inventory step-up	-	-	-	-	1.6	0.1%	0.01	0.01
Exclude discrete tax adjustments (5)	(4.5)	-0.3%	(0.02)	(0.02)	(4.9)	-0.3%	(0.02)	(0.02)
Tax effect of non-GAAP adjustments	(53.3)	-3.0%	(0.26)	(0.26)	(18.5)	-1.1%	(0.09)	(0.09)
Net income - non-GAAP	\$ 308.9	17.6%	\$ 1.52	\$ 1.51	\$ 271.1	16.5%	\$ 1.28	\$ 1.27

GAAP and non-GAAP weighted average common shares - basic	202.6	211.5
GAAP weighted average common shares - diluted	202.6	213.3
Include dilutive shares	1.8	-
Non-GAAP weighted average common shares - diluted	204.4	213.3

Appendix | GAAP to Non-GAAP Reconciliation

	Q4'19		Q3'20		Q4'20		Q1'21 Low Guidance		Q1'21 High Guidance		2019		2020	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$212	32%	\$189	23%	\$216	28%	\$232	32%	\$234	30%	\$786	34%	\$857	27%
Intangible Asset Amortization	-\$10	-1%	-\$6	-1%	-\$6	-1%	-\$10	-1%	-\$10	-1%	-\$40	-2%	-\$31	-1%
Restructuring and Other	\$2	0%	\$28	3%	\$15	2%					\$14	1%	\$13	0%
Equity Modification Charge					-\$1	0%					-\$2	0%	-\$1	0%
Non GAAP Operating Expenses	\$204	31%	\$211	26%	\$224	30%	\$222	31%	\$224	29%	\$758	33%	\$839	27%

	Q4'19		Q3'20		Q4'20		2019		2020	
	\$'s	%	\$'s	%	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$24	15%	\$41	16%	\$27	11%	\$58	11%	\$117	13%
Exclude discrete tax adjustments	-\$1	-1%	\$4	2%	\$2	1%	\$23	4%	\$15	2%
Tax effect of non-GAAP adjustments	\$8	5%	-\$2	-1%	\$4	2%	\$17	3%	\$12	1%
Effect of Higher Non-GAAP PBT		-1%		1%		1%		-1%		0%
Non GAAP Income Tax	\$30	17%	\$43	17%	\$33	14%	\$98	17%	\$144	15%

Q4'20:

GAAP net interest and other income	-\$11.2
Exclude non cash convertible debt interest	\$3.7
Penstion Actuarial Loss	\$7.7
Non-GAAP net interest and other income	\$0.2

Q1'21 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

Q1'21 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	27%	29%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	28%	30%

Q1'21 GAAP Guidance Diluted Shares	190
Exclude dilutive shares from convertible note	-11
Q1'21 Non-GAAP Guidance Diluted Shares	179

FY 2021 GAAP estimated tax rate	15.5%
Adjustment for Non GAAP items	0.5%
FY 2021 Non GAAP estimated tax rate	16.0%

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

GAAP and non-GAAP first 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	

\$720 million	to	\$780 million
\$ 0.86	\$	1.00
0.03		0.03
0.02		0.02
(0.01)		(0.01)
0.06		0.06
\$ 0.95	\$	1.11

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	Q4'19	Q3'20	Q4'20
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 492	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 216	\$ 343	\$ 260
Less Property, Plant, and Equipment Additions net of Govt Subsidy	\$ (169)	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (39)	\$ (63)	\$ (38)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 178	\$ 280	\$ 222

Appendix | GAAP to Non-GAAP Reconciliation

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GAAP Operating Expenses	857	786	747	696
Less Goodwill Impairment Charge	-	-	-	-
Less Intangible Asset Impairment	-	-	-	-
Less Intangible Asset Amortization	(31)	(40)	(39)	(31)
Less Restructuring and Other	13	14	(15)	(9)
Pension Mark to Market Adjustment	-	-	-	-
Less Inventory Step Up	(0)	(0)	-	-
Less Equity Modification Charge	<u>(1)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Non GAAP Operating Expenses	839	758	692	656

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
IA GAAP Operating Expenses	189	184	153	93
Less Intangible Asset Amortization	(29)	(34)	(32)	(24)
Less Restructuring and Other	(2)	(1)	(7)	(7)
Less Equity Modification Charge	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
IA non GAAP Operating Expenses	157	149	114	62

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Test GAAP Operating Expenses (1)	668	602	594	603
Less Goodwill Impairment Charge	-	-	-	-
Less Intangible Asset Impairment	-	-	-	-
Less Intangible Asset Amortization	(2)	(6)	(7)	(7)
Less Restructuring and Other	16	15	(9)	(2)
Pension Mark to Market Adjustment	-	-	-	-
Less Equity Modification Charge	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Test Non GAAP Operating Expenses (1)	682	609	578	594

(1) = Includes Variable Compensation of \$129, \$86, \$76M, \$87M, for 2020, 2019, 2018, 2017 respectively.

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>

MiR's revenue increase for the period January 1, 2019 to December 31, 2019 compared to the period April 23, 2018 to December 31, 2018 is 84%. MiR's pro-forma revenue increase for the period January 1, 2019 to December 31, 2019 compared to the period January 1, 2018 to December 31, 2018 is 43%.

Industrial Automation GAAP revenue increase for the period January 1, 2019 to December 31, 2019 compared to the period January 1, 2018 to December 31, 2018 is 14%. Industrial Automation's pro-forma revenue increase for the period January 1, 2019 to December 31, 2019 compared to the period January 1, 2018 to December 31, 2018 is 12%.