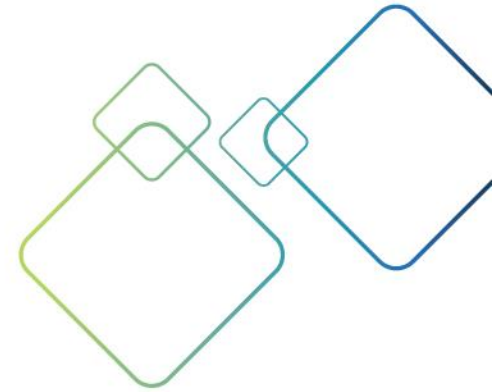


TERADYNE



Financial Results for Q2 2018

July 25, 2018





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, 2017 and the Quarterly Report on Form 10-Q for the period ended April 1, 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

Q2'18 Summary

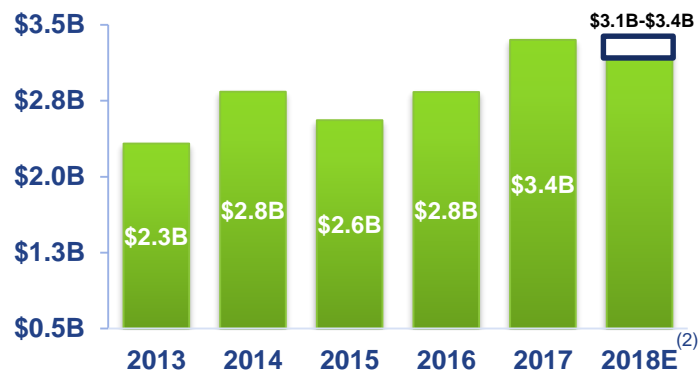
1H'18 Sales of \$1,014M, Non-GAAP EPS of \$1.04



Sales



Non-GAAP EPS⁽¹⁾



ATE Test Market

- Strength in Memory, Analog and Wireless Test

- Universal Robots Q2'18 sales up 45% from Q2'17

- 58% non-GAAP gross margin in Q2'18

- 25% non-GAAP operating margin in Q2'18

- Expect 2018 SOC Test market to be at high end of \$2.2B-\$2.4B range

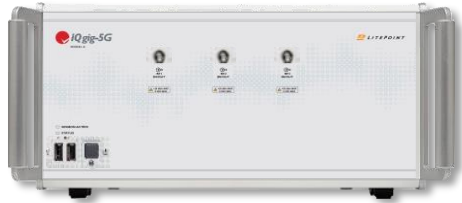
- Expect 2018 Memory Test market in the \$0.9B-\$1B range

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

(2) 2018E ATE market size range of \$3.1B-\$3.4B with a mid-point of \$3.25B; market data from SEMI WWSEMS report and internal estimates



New Products to Drive Future Growth



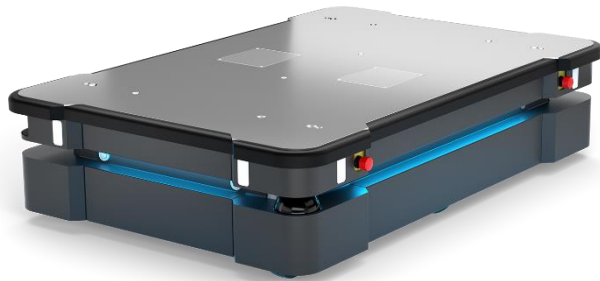
LitePoint IQgig5G
5G mmWave Development Test



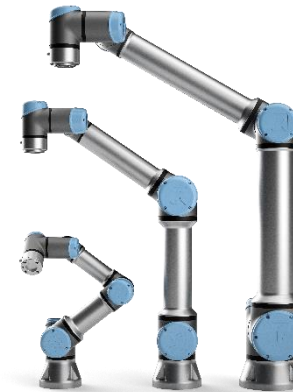
LitePoint 802.11ad/ay
mmWave Production
Test



Magnum XV
Memory Wafer Test



MiR500
Autonomous Mobile Robot
(500 kg payload)



e-Series
New standard for Collaborative Robots



Second Quarter 2018 Financial Results and Third Quarter Guidance

Greg Beecher, Teradyne Vice President and Chief Financial Officer



Segment Summary

	Semiconductor Test	Industrial Automation	System Test	Wireless Test
2nd Quarter Sales	\$360M	\$62M	\$70M	\$35M
Key Highlights	<p>Record 1st half Memory Test shipments</p> <p>Analog and Microcontroller demand strong</p>	<p>Q2'18 UR sales up 45% from Q2'17</p> <p>UR record gross margin in Q2'18; on track to achieve 60% gross margin for the full year</p> <p>MiR Q2'18 sales up over 85% from Q2'17 on a standalone basis</p>	<p>Operated above model 15% profit rate</p> <p>Defense and Aerospace demand outlook improving</p>	<p>1H'18 sales up 9% from 1H'17 on strong Connectivity demand</p> <p>802.11ax rollout expected in 2019</p> <p>5G cellular volume expected in 2020</p>

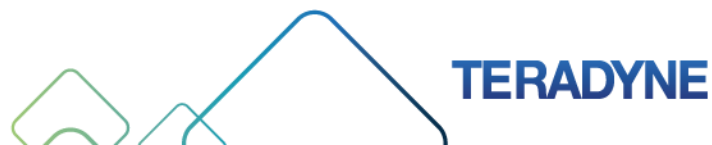
Sales Detail	SemiTest Sales		UR Sales - \$57M		MiR Sales - \$4.5M ⁽¹⁾	
	SOC Product	\$226M	6%	23%	2%	28%
Memory Product	\$62M	27%	44%	26%	44%	
Service	\$72M					

- Asia
- Europe
- North America
- Rest of world

- Asia
- Europe
- North America
- Rest of world

Energid Sales - \$0.5M

⁷ (1) Sales within Teradyne from the date of acquisition



Balance Sheet & Capital Return

	Q2'17 Actual	Q1'18 Actual	Q2'18 Actual	
Cash and Marketable Securities	\$1,620M	\$1,588M	\$1,304M	
Inventory	\$154M	\$132M	\$136M	
DSO	53 Days	77 Days	78 Days	
Capital Additions	\$24M	\$35M	\$28M	
Depreciation and Amortization ⁽¹⁾	\$36M	\$35M	\$36M	
Free Cash Flow ⁽²⁾	\$206M	(\$117M)	\$102M	
Capital Return {	Buybacks	\$57M	\$134M	\$227M
	Dividends	\$14M	\$18M	\$17M

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

(2) 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.

Q2'18 Non-GAAP Results

\$s in millions, except EPS		Q2'17 Actual ⁽¹⁾		Q1'18 Actual ⁽¹⁾		Q2'18 Actual ⁽¹⁾
Sales		\$697M		\$487M		\$527M
Gross Margin	56.0%	\$391M	55.3%	\$270M	58.4%	\$308M
R&D	11.8%	\$82M	15.3%	\$74M	14.3%	\$75M
SG&A	12.9%	\$90M	18.5%	\$91M	18.9%	\$99M
OPEX	<u>24.8%</u>	<u>\$172M</u>	<u>33.8%</u>	<u>\$165M</u>	<u>33.2%</u>	<u>\$175M</u>
Operating Profit	31.3%	\$218M	21.5%	\$105M	25.2%	\$133M
Income Taxes (& effective tax rate)	17%	\$36M	16%	\$17M	17%	\$23M
EPS		\$0.90		\$0.45		\$0.59
Diluted Shares		201M		197M		192M

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

Q3'18 Non-GAAP Guidance

\$s in millions, except EPS	Q2'18 Actual ⁽¹⁾	Q3'18 Guidance ⁽¹⁾
Sales	\$527M	\$540M - \$570M
Gross Margin	58%	57%
OPEX	33%	31% - 33%
Operating Profit	25%	24% - 26%
Net Interest & Other Income	\$3M	\$3M
Effective Tax Rate	17%	16.5%
EPS	\$0.59	\$0.59 - \$0.66
Diluted Shares	192M	188M

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

July 2018 Update

- SOC Test market improved in Q2'18 on growing Analog Test demand.
- Memory Test sales up 34% from Q2'17, 1H'18 sales up 90% from 1H'17 on strength in Flash Final Test and growing Wafer Test business.
- Universal Robots sales up 45%, MiR pro forma sales up >85% compared with Q2'17 on a standalone basis.
- LitePoint Q2'18 sales up 27% from Q2'17. 1H'18 sales up 9% from 1H'17 on smartphone Wireless Test demand.
- Pipeline of new products in place to power future growth.
- Repurchased \$227M/5.9M shares in Q2'18 and paid \$17M in dividends. In 1H'18, repurchased \$361M/8.8M shares and paid \$35M in dividends.

Supplemental Information



Teradyne OPEX History and Outlook

Annual Non-GAAP OPEX ⁽¹⁾				
	2015	2016	2017	2018LE
Industrial Automation ⁽²⁾	\$14M	\$43M	\$62M	~\$120M
Test	\$514M	\$513M	\$510M	➡ ~Flat
Variable Comp	<u>\$61M</u>	<u>\$53M</u>	<u>\$86M</u>	➡
Total OPEX	\$589M	\$609M	\$658M	⬆

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

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					
	July 1, 2018		April 1, 2018		July 2, 2017 (1)	
	July 1, 2018	% of Net Revenues	April 1, 2018	% of Net Revenues	July 2, 2017 (1)	% of Net Revenues
Net revenues	\$ 526.9		\$ 487.5		\$ 696.9	
Gross profit GAAP	\$ 307.3	58.3%	\$ 269.8	55.3%	\$ 390.6	56.0%
Inventory step-up	0.4	0.1%	-	-	-	-
Gross profit non-GAAP	\$ 307.7	58.4%	\$ 269.8	55.3%	\$ 390.6	56.0%
Income from operations - GAAP	\$ 120.4	22.9%	\$ 97.5	20.0%	\$ 207.8	29.8%
Acquired intangible assets amortization	9.8	1.9%	7.7	1.6%	8.2	1.2%
Restructuring and other (2)	2.4	0.5%	(0.3)	-0.1%	2.3	0.3%
Inventory step-up	0.4	0.1%	-	-	-	-
Income from operations - non-GAAP	\$ 133.0	25.2%	\$ 104.9	21.5%	\$ 218.3	31.3%

	July 1, 2018		Net Income per Common Share		April 1, 2018		Net Income per Common Share		July 2, 2017		Net Income per Common Share	
	July 1, 2018	% of Net Revenues	Basic	Diluted	April 1, 2018	% of Net Revenues	Basic	Diluted	July 2, 2017	% of Net Revenues	Basic	Diluted
Net income - GAAP	\$ 101.0	19.2%	\$ 0.53	\$ 0.52	\$ 87.0	17.8%	\$ 0.45	\$ 0.43	\$ 175.0	25.1%	\$ 0.88	\$ 0.87
Acquired intangible assets amortization	9.8	1.9%	0.05	0.05	7.7	1.6%	0.04	0.04	8.2	1.2%	0.04	0.04
Interest and other (3)	3.2	0.6%	0.02	0.02	3.2	0.7%	0.02	0.02	3.1	0.4%	0.02	0.02
Restructuring and other (2)	2.4	0.5%	0.01	0.01	(0.3)	-0.1%	(0.00)	(0.00)	2.3	0.3%	0.01	0.01
Inventory step-up	0.4	0.1%	0.00	0.00	-	-	-	-	-	-	-	-
Pension mark-to-market adjustment (3)	(0.1)	0.0%	(0.00)	(0.00)	-	-	-	-	(2.5)	-0.4%	(0.01)	(0.01)
Exclude discrete tax adjustments (4)	(0.5)	-0.1%	(0.00)	(0.00)	(6.3)	-1.3%	(0.03)	(0.03)	0.5	0.1%	0.00	0.00
Non-GAAP tax adjustments	(3.4)	-0.6%	(0.02)	(0.02)	(1.9)	-0.4%	(0.01)	(0.01)	(5.1)	-0.7%	(0.03)	(0.03)
Convertible share adjustment	-	-	-	0.01	-	-	-	0.01	-	-	-	-
Net income - non-GAAP	\$ 112.8	21.4%	\$ 0.59	\$ 0.59	\$ 89.4	18.3%	\$ 0.46	\$ 0.45	\$ 181.5	26.0%	\$ 0.91	\$ 0.90

	July 1, 2018	April 1, 2018	July 2, 2017
GAAP and non-GAAP weighted average common shares - basic	190.7	195.3	198.8
GAAP weighted average common shares - diluted	194.9	203.5	201.5
Exclude dilutive shares related to convertible note transaction	(2.6)	(6.2)	(0.7)
Non-GAAP weighted average common shares - diluted	192.3	197.3	200.8

Appendix | GAAP to Non-GAAP Reconciliation

(1) Certain prior period amounts were reclassified to conform with the first quarter 2018 adoption of new accounting guidance for the presentation of pension and post retirement costs.

(2) Restructuring and other consists of:

	Quarter Ended		
	July 1, 2018	April 1, 2018	July 2, 2017
Employee severance	\$ 2.4	\$ 3.9	\$ 0.8
Acquisition related expenses	2.5	0.8	-
Other	0.9	-	-
Contingent consideration fair value adjustment	(3.5)	(5.0)	1.5
	<u>\$ 2.4</u>	<u>\$ (0.3)</u>	<u>\$ 2.3</u>

(3) For the quarters ended July 1, 2018, April 1, 2018 and July 2, 2017, adjustment to exclude non-cash convertible debt interest expense. For the quarters ended July 1, 2018 and July 2, 2017, adjustments to exclude actuarial gains recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(4) For the quarters ended July 1, 2018, April 1, 2018 and July 2, 2017, adjustment to exclude discrete income tax items.

Appendix | GAAP to Non-GAAP Reconciliation

	Six Months Ended							
	July 1, 2018	% of Net Revenues	Net Income per Common Share		July 2, 2017 (1)	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted
Net Revenues	\$ 1,014.4				\$ 1,153.8			
Gross profit GAAP	\$ 577.2	56.9%			\$ 655.7	56.8%		
Inventory step-up	0.4	0.0%			-	-		
Gross profit non-GAAP	\$ 577.6	56.9%			\$ 655.7	56.8%		
Income from operations - GAAP	\$ 217.9	21.5%			\$ 301.6	26.1%		
Acquired intangible assets amortization	17.5	1.7%			16.1	1.4%		
Restructuring and other (2)	2.1	0.2%			4.8	0.4%		
Inventory step-up	0.4	0.0%			-	-		
Income from operations - non-GAAP	\$ 237.9	23.5%			\$ 322.5	28.0%		
Net income - GAAP	\$ 188.0	18.5%	\$ 0.97	\$ 0.94	\$ 260.2	22.6%	\$ 1.30	\$ 1.29
Acquired intangible assets amortization	17.5	1.7%	0.09	0.09	16.1	1.4%	0.08	0.08
Interest and other (3)	6.5	0.6%	0.03	0.03	6.1	0.5%	0.03	0.03
Restructuring and other (2)	2.1	0.2%	0.01	0.01	4.8	0.4%	0.02	0.02
Inventory step-up	0.4	0.0%	0.00	0.00	-	-	-	-
Pension mark-to-market adjustment (3)	(0.1)	0.0%	(0.00)	(0.00)	(2.5)	-0.2%	(0.01)	(0.01)
Exclude discrete tax adjustments (4)	(6.8)	-0.7%	(0.04)	(0.03)	(6.5)	-0.6%	(0.03)	(0.03)
Non-GAAP tax adjustments	(5.3)	-0.5%	(0.03)	(0.03)	(8.2)	-0.7%	(0.04)	(0.04)
Convertible share adjustment	-	-	-	0.02	-	-	-	-
Net income - non-GAAP	\$ 202.3	19.9%	\$ 1.05	\$ 1.04	\$ 270.0	23.4%	\$ 1.35	\$ 1.34
GAAP and non-GAAP weighted average common shares - basic	193.0				199.4			
GAAP weighted average common shares - diluted	199.2				201.7			
Exclude dilutive shares from convertible note	(4.4)				(0.3)			
Non-GAAP weighted average common shares - diluted	194.8				201.4			

Appendix | GAAP to Non-GAAP Reconciliation

(1) Certain prior period amounts were reclassified to conform with the first quarter 2018 adoption of new accounting guidance for the presentation of pension and post retirement costs.

(2) Restructuring and other consists of:

	Six Months Ended	
	July 1, 2018	July 2, 2017
Employee severance	\$ 6.3	\$ 1.4
Acquisition related expenses	3.3	-
Other	0.9	1.3
Contingent consideration fair value adjustment	(8.5)	2.1
	<u>\$ 2.1</u>	<u>\$ 4.8</u>

(3) For the six months ended July 1, 2018 and July 2, 2017, Interest and other included non-cash convertible debt interest expense. For the six months ended July 1, 2018 and July 2, 2017, adjustments to exclude actuarial gains recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(4) For the six months ended July 1, 2018 and July 2, 2017, adjustment to exclude discrete income tax items.

Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Reconciliation of Third Quarter 2018 guidance:

GAAP and non-GAAP third quarter revenue guidance:	\$540 million	to	\$570 million
GAAP net income per diluted share	\$ 0.51		\$ 0.59
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	0.01		0.01
Non-GAAP net income per diluted share	<u>\$ 0.59</u>		<u>\$ 0.66</u>

Appendix | GAAP to Non-GAAP Reconciliation

	Q2'17		Q1'18		Q2'18		Q3'18 Low Guidance	Q3'18 High Guidance
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	% of sales	% of sales
GAAP Operating Expenses	\$183	26%	\$172	35%	\$187	35%	36%	34%
Intangible Asset Amortization	-\$8	-1%	-\$8	-2%	-\$10	-2%	-2%	-2%
Restructuring and Other	-\$2	0%	\$0	0%	-\$2	0%	0%	0%
Non GAAP Operating Expenses	\$172	25%	\$165	34%	\$175	33%	33%	31%

	Q2'17		Q1'18		Q2'18	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$32	15%	\$9	9%	\$19	16%
Exclude discrete tax adjustments	-\$1	0%	\$6	7%	\$1	0%
Tax effect of non-GAAP adjustments	\$5	2%	\$2	2%	\$3	3%
Effect of Higher Non-GAAP PBT		-1%		-2%		-2%
Non GAAP Income Tax	\$36	17%	\$17	16%	\$23	17%

Q2'18:

GAAP net interest and other income	-\$0.4
Exclude non cash convertible debt interest	\$3.2
Non-GAAP net interest and other income	\$2.8

Q3'18 Guidance

GAAP net interest and other income	-\$0.7
Exclude non cash convertible debt interest	\$3.2
Non-GAAP net interest and other income	\$2.5

Third Quarter Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	22%	23%
Acquired intangible asset amortization	2%	2%
Restructuring and Other	0%	0%
Non-GAAP Operating Profit as % of Sales	24%	26%

Q3'18 GAAP Guidance Shares

Exclude dilutive shares related to convertible note transaction	-3
Q3'18 Non-GAAP Guidance Shares	188

in M's

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>Q2'17</u>	<u>Q1'18</u>	<u>Q2'18</u>
GAAP Cash Flow From Operations, Excl Disc Ops	\$230	-\$82	\$130
Less Property, Plant and Equipment Additions	-\$24	-\$35	-\$28
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$206	-\$117	\$102

Appendix | GAAP to Non-GAAP Reconciliation

	<u>2017</u>	<u>2016</u>	<u>2015</u>
GAAP Operating Expenses	694	1,020	673
Less Goodwill Impairment Charge	-	(255)	-
Less Intangible Asset Impairment	-	(83)	-
Less Intangible Asset Amortization	(31)	(53)	(69)
Less Restructuring and Other	(9)	(22)	(5)
Pension Mark to Market Adjustment	4	2	(10)
Less Equity Modification Charge	-	-	-
Non GAAP Operating Expenses	658	609	589

	<u>2017</u>	<u>2016</u>	<u>2015</u>
IA GAAP Operating Expenses	93	84	28
Less Intangible Asset Amortization	(24)	(25)	(14)
Less Restructuring and Other	(7)	(16)	-
IA non GAAP Operating Expenses	62	43	14

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Test GAAP Operating Expenses (1)	601	936	645
Less Goodwill Impairment Charge	-	(255)	-
Less Intangible Asset Impairment	-	(83)	-
Less Intangible Asset Amortization	(7)	(28)	(55)
Less Restructuring and Other	(2)	(6)	(5)
Pension Mark to Market Adjustment	4	2	(10)
Less Equity Modification Charge	-	-	-
Test Non GAAP Operating Expenses (1)	596	566	575

	<u>2018E</u>
IA GAAP Operating Expense	148
Less Intangible Asset Amortization	(33)
Less Restructuring and Other	5
IA non GAAP Operating Expenses	120

(1) = Includes Variable Compensation of \$86M, \$53M and \$61M for 2017, 2016 and 2015 respectively.