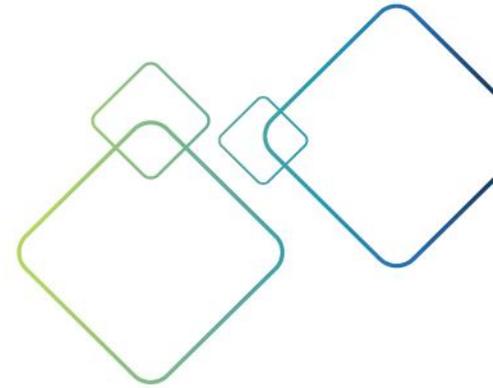


TERADYNE



Financial Results for Q1 2020

April 22, 2020



SAFE HARBOR

This presentation contains forward-looking statements regarding Teradyne's future business prospects, the impact of the COVID-19 outbreak, 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 the U.S. 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 outbreak, or the impact of the U.S. 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 program 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. Compliance with the current Entity List restrictions has not significantly impacted Teradyne's sales. There have been recent news reports that the U.S. Department of Commerce plans to modify the U.S. EAR to expand the scope of the regulations to include additional products that would become subject to the Entity List restrictions relating to Huawei and the designated Huawei entities including HiSilicon. These modified regulations, if implemented as currently reported, may impact Teradyne's sales to third party contract manufacturers used by Huawei and HiSilicon to manufacture and test semiconductor and other electronic devices. Because the business environment for Huawei is both fluid and uncertain, there are also risks that Huawei, HiSilicon and their third party contract manufacturers may have less demand for Teradyne's products and/or may purchase products from Teradyne's competitors who are not impacted by the U.S. regulations. Until these or any new regulations become public and effective, Teradyne will not know the extent of the impact on its business with Huawei, HiSilicon and their third party contract manufacturers. However, it is possible that these modified regulations and any other additional regulations that may be implemented by the U.S. Department of Commerce or other government agency would have a material impact on Teradyne's business and financial results. The global outbreak of the recent 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. Teradyne management believes COVID-19 has adversely impacted its results of operations, including increased costs, but cannot accurately estimate the amount of the impact for Teradyne's first quarter 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 could result in a significant decrease in demand for Teradyne's products 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 harmed. Due to the uncertainty regarding the length, severity and potential business impact of the COVID-19 pandemic, Teradyne has suspended its stock repurchase program. In January 2020, Teradyne announced its intention to repurchase \$250 million in shares in 2020. At this time, Teradyne does not know whether or when it will continue its 2020 repurchase plan or authorize future stock repurchase programs. 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 outbreak, its severity, the actions to contain the virus or treat its impact, 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 impact of the COVID-19 outbreak 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" section of Teradyne's Annual Report on Form 10-K for the fiscal year ended December 31, 2019. 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.

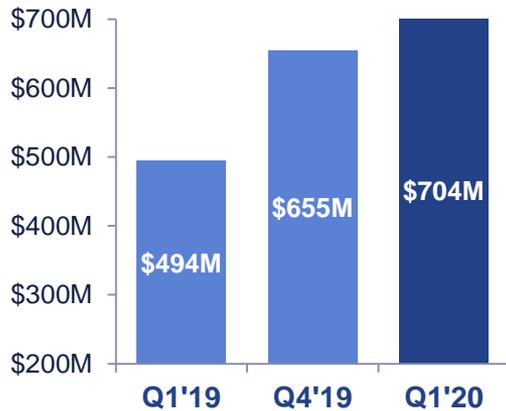


Business Update and Outlook

Mark Jagiela, Teradyne President and CEO



Q1'20 Summary



Quarterly Revenue



Non-GAAP EPS⁽¹⁾



Non-GAAP PBIT %⁽¹⁾

- Test strength in Semitest mobility and memory, Storage Test
- Industrial Automation weakness due to automotive and COVID-19 related headwinds

- Non-GAAP EPS \$0.04 above high-end guidance on favorable product mix and lower expenses
- Repurchased 1.3 million shares / \$79 million, \$58.81/sh average

- PBIT up by 3 points from Q4'19
- PBIT up 8 points from Q1'19

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



April 2020 Update

- Q1'20 sales up 43%, Non-GAAP EPS up 85% compared with Q1'19
- Test shipments strong in Q1 while Industrial Automation (IA) declined
- SemiTest grew 42% y/y on mobility and memory strength; automotive and industrial remain weak
- 2019 memory and mobility design wins continue to ramp
- Expect strong mobility demand in Q2
- R&D investments delivering new products
 - MiR250 and AutoGuide MaxN10 introduced in March
 - ActiNav Industrial Bin Picking solution introduced in early April
- Suspended share repurchase program to preserve cash, maintain M&A flexibility
- Long term outlook for both Test and IA remains positive, short term uncertainty

First Quarter 2020 Financial Results and Second Quarter 2020 Guidance

Sanjay Mehta, Teradyne Vice President and Chief Financial Officer



Balance Sheet & Capital Return

	Q1'19 Actual	Q4'19 Actual	Q1'20 Actual
Cash and Marketable Securities	\$997M	\$1,016M	\$905M
Inventory	\$161M	\$197M	\$183M
DSO	61 Days	51 Days	62 Days
Acquisition Earn-out Accruals ⁽¹⁾	\$38M	\$40M	\$20M
Capital Additions	\$26M	\$39M	\$37M
Depreciation and Amortization ⁽²⁾	\$39M	\$41M	\$42M
Free Cash Flow ⁽³⁾	(\$8M)	\$178M	\$6M
Capital Return { Buybacks Dividends	\$156M	\$131M	\$79M
	\$16M	\$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.

Q1'20 Segment Summary

Semiconductor Test

\$484M

Sales up 42% vs Q1'19

Mobility test demand, including 5G handset and infrastructure strong

FLASH test demand strong. Ramping LPDDR5 DRAM design win

Industrial Automation

\$60M

Sales down 9% vs Q1'19

UR sales down 14% vs Q1'19
MiR sales ~flat vs Q1'19

Introduced new products in all IA businesses in 2020 YTD

System Test

\$116M

Sales up 99% vs Q1'19

Storage Test grew over 3X vs Q1'19 on higher capacity HDDs and increased System Level Test demand

Wireless Test

\$43M

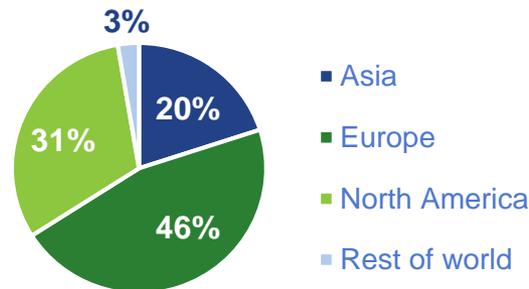
Sales up 50% vs Q1'19

Connectivity and 5G demand strong
Advanced connectivity and 5G driving 2020 demand

SemiTest Sales

Semi Product	\$414M
Semi Service	\$71M

Industrial Automation Revenue



1st Quarter Sales

Key Highlights

1st Quarter Sales Detail

Q1'20 Non-GAAP Results

\$s in millions, except EPS		Q1'19 Actual ⁽¹⁾		Q4'19 Actual ⁽¹⁾		Q1'20 Actual ⁽¹⁾
Sales		\$494M		\$655M		\$704M
Gross Margin	58.2%	\$288M	58.5%	\$383M	57.6%	\$406M
R&D	15.6%	\$77M	13.3%	\$87M	12.1%	\$85M
SG&A	20.6%	\$102M	17.9%	\$117M	15.8%	\$111M
OPEX	<u>36.2%</u>	<u>\$179M</u>	<u>31.2%</u>	<u>\$204M</u>	<u>27.9%</u>	<u>\$197M</u>
Operating Profit	22.0%	\$109M	27.4%	\$179M	29.7%	\$209M
Income Taxes (& effective tax rate)	16%	\$18M	17%	\$30M	15%	\$30M
EPS		\$0.54		\$0.88		\$1.00
Diluted Shares		175M		175M		173M

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

Q2'20 Non-GAAP Guidance

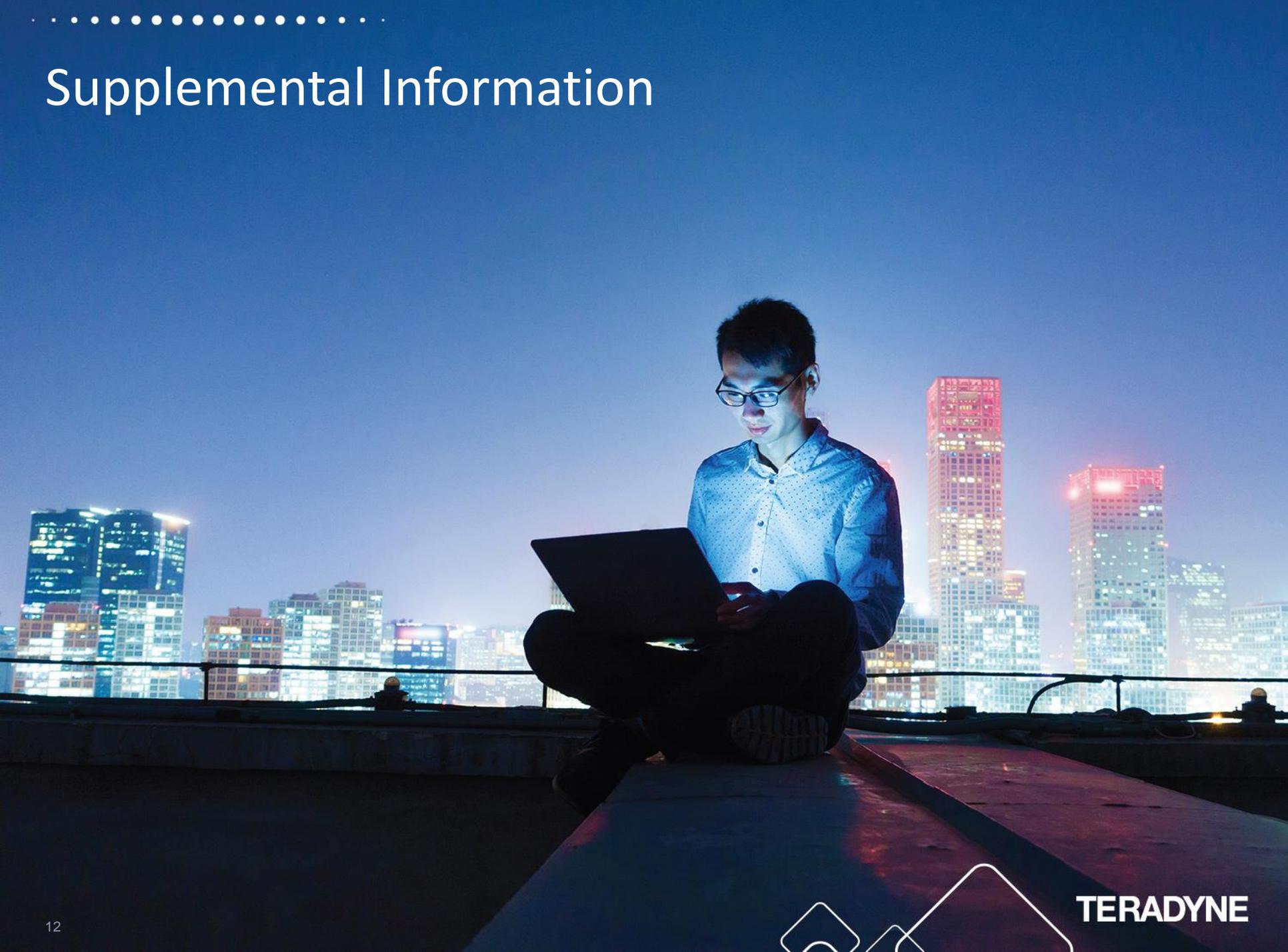
\$s in millions, except EPS	Q1'20 Actual ⁽¹⁾	Q2'20 Guidance ⁽¹⁾
Sales	\$704M	\$690M - \$800M
Gross Margin	58%	55% - 56%
OPEX	28%	30% - 27%
Operating Profit	30%	25% - 29%
Net Interest & Other Income/(Expense)	(\$6M)	\$0M
Effective Tax Rate	15%	15%
EPS	\$1.00	\$0.86 - \$1.16
Diluted Shares	173M	173M

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

April 2020 Summary

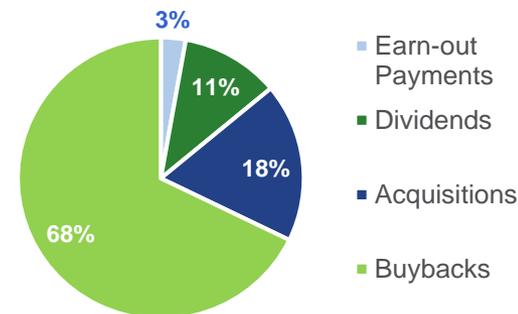
- Q1'20 sales up 43% from Q1'19 on strong Semiconductor and Storage Test demand
- Non-GAAP EPS up 85% compared with Q1'19
- 2019 LPDDR5 and SOC new product design win ramps began in Q1 and will continue in Q2
- Industrial Automation slowed in Q1 on global manufacturing weakness and COVID-19
- Resolved supply constraints in Q1 tied to COVID-19, working through COVID-19 constraints in Q2. Risk of 2nd waves impacting global supply chain. Guidance reflects outlook as of 4/21/20
- Expect strong Test demand to continue in Q2'20 while IA demand remains weak
- Flexible operating model; positioned to meet strong Q2 test demand and market uncertainty
- Long term outlook for both Test and IA remains positive, short term outlook uncertain

Supplemental Information



History of Balanced Capital Allocation

Cumulative Capital Allocation Breakdown 2014 - Q1'20



	2014	2015	2016	2017	2018	2019	Q1'20	Cumulative
Buybacks	\$0M	\$300M	\$146M	\$200M	\$823M	\$500M	\$79M	\$2,049M ⁽¹⁾
Dividends	\$37M	\$51M	\$49M	\$55M	\$67M	\$61M	\$17M	\$338M
Acquisitions	\$19M	\$283M	\$0M	\$0M	\$169M	\$80M	\$0M	\$551M
Earn-out Payments ⁽²⁾	<u>\$0M</u>	<u>\$0M</u>	<u>\$15M</u>	<u>\$1M</u>	<u>\$25M</u>	<u>\$35M</u>	<u>\$9M</u>	<u>\$85M</u>
Total	\$57M	\$633M	\$210M	\$257M	\$1,085M	\$676M	\$105M	\$3,023M
Free Cash Flow⁽³⁾	\$323M	\$323M	\$370M	\$521M	\$370M	\$444M	\$6M	\$2,357M

(1) 62.2 million shares repurchased at an average price of \$32.95

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

(3) 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

(1) Restructuring and other consists of:

	Quarter Ended		
	March 29, 2020	December 31, 2019	March 31, 2019
Contingent consideration fair value adjustment	\$ (10.0)	\$ (2.8)	\$ 3.0
Acquisition related expenses and compensation	1.7	0.2	1.3
Employee severance	0.7	0.5	0.8
	<u>\$ (7.6)</u>	<u>\$ (2.1)</u>	<u>\$ 5.1</u>

(2) For the quarters ended March 29, 2020, December 31, 2019, and March 31, 2019, adjustment to exclude non-cash convertible debt interest expense. For the quarter ended December 31, 2019 adjustment to exclude actuarial gains recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting and adjustment to exclude RealWear \$15.0 million investment impairment.

(3) For the quarters ended March 29, 2020, December 31, 2019, and March 31, 2019, 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.

(4) For the quarters ended March 29, 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 5.5 million and 5.4 million shares, respectively, related to the convertible debt hedge transaction.

Appendix | GAAP to Non-GAAP Reconciliation

	Q1'19		Q4'19		Q1'20		Q2'20 Low Guidance		Q2'20 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$195	39%	\$212	32%	\$199	28%	\$217	31%	\$222	28%
Intangible Asset Amortization	-\$11	-2%	-\$10	-1%	-\$10	-1%	-\$10	-1%	-\$10	-1%
Restructuring and Other	-\$5	-1%	\$2	0%	\$8	1%				
Non GAAP Operating Expenses	\$179	36%	\$204	31%	\$197	28%	\$207	30%	\$212	27%

	Q1'19		Q4'19		Q1'20	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	-\$15	-16%	\$24	15%	\$21	11%
Exclude discrete tax adjustments	\$30	32%	-\$1	-1%	\$8	4%
Tax effect of non-GAAP adjustments	\$4	4%	\$8	5%	\$2	1%
Effect of Higher Non-GAAP PBT		-3%		-1%	\$0	0%
Non GAAP Income Tax	\$18	16%	\$30	17%	\$31	15%

Q1'20:

GAAP net interest and other income	-\$9.6
Exclude non cash convertible debt interest	\$3.5
Non-GAAP net interest and other income	-\$6.2

Q2'20 Guidance

GAAP net interest and other income	-\$3.5
Exclude non cash convertible debt interest	\$3.5
Non-GAAP net interest and other income	\$0.0

Q2'20 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	24%	28%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	25%	29%

Q2'20 GAAP Guidance Diluted Shares	180
Exclude dilutive shares from convertible note	-7
Q2'20 Non-GAAP Guidance Diluted Shares	173

GAAP to Non-GAAP Reconciliation of Second Quarter 2020 guidance:

	\$690 million	to	\$800 million
GAAP net income per diluted share	\$ 0.76	\$	1.05
Exclude acquired intangible assets amortization	0.06		0.06
Exclude non-cash convertible debt interest	0.02		0.02
Tax effect of non-GAAP adjustments	(0.02)		(0.02)
Convertible share adjustment	0.04		0.05
Non-GAAP net income per diluted share	\$ 0.86	\$	1.16

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	Q1'19	Q4'19	Q1'20
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 492	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 18	\$ 216	\$ 43
Less Property, Plant, and Equipment Additions net of Gov't Subsidy	\$ (169)	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (26)	\$ (39)	\$ (37)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ (8)	\$ 178	\$ 6

Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	September 29, 2019		June 30, 2019		September 29, 2019		June 30, 2019	
		% of Net Revenues			% of Net Revenues			
Net revenues	\$ 582.0		\$ 564.2					
Gross profit GAAP	\$ 345.0	59.3%	\$ 323.9	57.4%				
Inventory step-up	-	-	0.4	0.1%				
Gross profit non-GAAP	\$ 345.0	59.3%	\$ 324.3	57.5%				
Income from operations - GAAP	\$ 154.9	26.6%	\$ 134.0	23.8%				
Acquired intangible assets amortization	9.6	1.6%	10.1	1.8%				
Equity modification charge (1)	2.1	0.4%	-	-				
Restructuring and other (2)	(6.5)	-1.1%	(10.4)	-1.8%				
Inventory step-up	-	-	0.4	0.1%				
Income from operations - non-GAAP	\$ 160.1	27.5%	\$ 134.1	23.8%				

	September 29, 2019		June 30, 2019		September 29, 2019		June 30, 2019	
		% of Net Revenues	Basic	Diluted	% of Net Revenues	Basic	Diluted	
Net income - GAAP	\$ 135.9	23.4%	\$ 0.80	\$ 0.75	\$ 97.4	17.3%	\$ 0.57	\$ 0.55
Acquired intangible assets amortization	9.6	1.6%	0.06	0.05	10.1	1.8%	0.06	0.06
Interest and other (3)	3.5	0.6%	0.02	0.02	3.4	0.6%	0.02	0.02
Equity modification charge (1)	2.1	0.4%	0.01	0.01	-	-	-	-
Restructuring and other (2)	(6.5)	-1.1%	(0.04)	(0.04)	(10.4)	-1.8%	(0.06)	(0.06)
Pension mark-to-market adjustment (3)	-	-	-	-	0.4	0.1%	0.00	0.00
Inventory step-up	-	-	-	-	0.4	0.1%	0.00	0.00
Exclude discrete tax adjustments (4)	(7.7)	-1.3%	(0.05)	(0.04)	13.9	2.5%	0.08	0.08
Non-GAAP tax adjustments	(3.5)	-0.6%	(0.02)	(0.02)	(2.0)	-0.4%	(0.01)	(0.01)
Convertible share adjustment	-	-	-	0.02	-	-	-	0.02
Net income - non-GAAP	\$ 133.4	22.9%	\$ 0.79	\$ 0.77	\$ 113.2	20.1%	\$ 0.66	\$ 0.66

GAAP and non-GAAP weighted average common shares - basic	169.6	171.2
GAAP weighted average common shares - diluted	180.5	178.6
Exclude dilutive shares related to convertible note transaction	(5.8)	(6.2)
Non-GAAP weighted average common shares - diluted	174.7	172.4