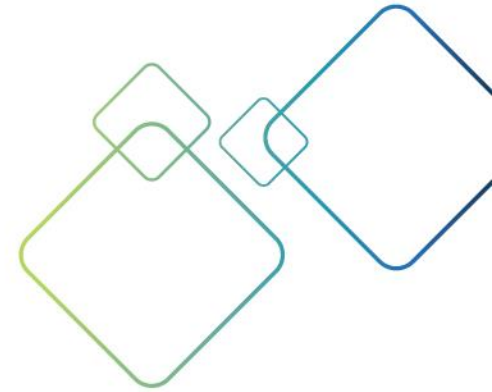


**TERADYNE**



## Financial Results for Q3 2021

October 27, 2021



# SAFE HARBOR, page 1 of 2

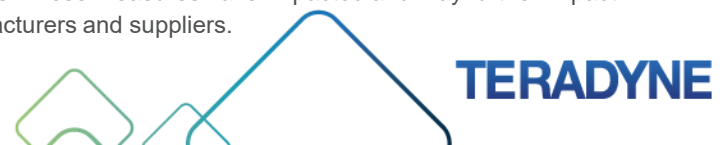
This presentation contains forward-looking statements regarding Teradyne's future business prospects, the impact of the COVID-19 pandemic, results of operations, market conditions, earnings per share, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase 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 were not affected by the Entity List restrictions, some of its products are currently manufactured in the U.S. and thus subject to the Entity List restrictions.

On August 17, 2020, the U.S. Department of Commerce published final regulations expanding the scope of the U.S. EAR to include additional products that became subject to export restrictions relating to Huawei entities including HiSilicon. These new regulations restrict the sale to Huawei and the designated Huawei entities of certain non-U.S. made items, such as semiconductor devices, manufactured for or sold to Huawei entities including HiSilicon under specific, detailed conditions set forth in the new regulations. These new regulations have impacted our sales to Huawei, HiSilicon and their suppliers. Teradyne is taking appropriate actions, including filing for licenses with the U.S. Department of Commerce. However, Teradyne cannot be certain that the actions it takes will mitigate the risks associated with the new export controls that impact its business. It is uncertain the extent these new regulations and any other additional regulations that may be implemented by the U.S. Department of Commerce or other government agency may have on Teradyne's business and financial results.

On April 28, 2020, the U.S. Department of Commerce published new export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China, Russia and Venezuela. The definition of military end user is broad. The regulations went into effect on June 29, 2020. In December 2020, the U.S. Department of Commerce issued a list of companies in China and other countries that it considered to be military end users. Teradyne does not expect that compliance with the new export controls will significantly impact its ability to sell products to its customers in China or to manufacture products in China. The new export controls, however, could disrupt the Company's supply chain, increase compliance costs and impact the demand for the Company's products in China and, thus, have a material adverse impact on Teradyne's business, financial condition or results of operations. In addition, while the Company maintains an export compliance program, its compliance controls could be circumvented, exposing the Company to legal liabilities. Teradyne continues to assess the 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. 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, shutdowns, and vaccination mandates. 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.

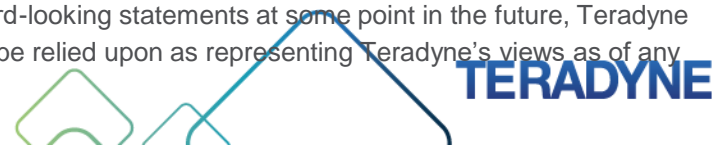




# SAFE HARBOR, page 2 of 2

Most recently, on September 9, 2021, President Biden issued Executive Order 14042 requiring covered employees of certain Federal contractors and subcontractors to be “fully vaccinated,” unless legally entitled to an accommodation due to a disability or religious belief, practice, or observance. Additionally on September 9, 2021, President Biden announced that he has directed the Occupational Safety and Health Administration (OSHA) to develop a rule mandating vaccination or weekly testing for employers with 100+ employees. As Teradyne implements measures to comply with these new regulations, the Company may experience increased compliance costs, increased risk of non-compliance and increased risk of employee attrition. The COVID-19 pandemic has adversely impacted the Company’s results of operations, including increased costs company-wide. The Company cannot accurately estimate the amount of the impact on Teradyne’s 2021 financial results and to its future financial results. The COVID-19 outbreak has significantly increased economic and demand uncertainty in Teradyne’s markets. This uncertainty resulted in a significant decrease in demand for certain Teradyne products and could continue to impact demand for an uncertain period of time. The spread of COVID-19 has caused Teradyne to modify its business practices (including employee travel, employees working remotely, and cancellation of physical participation in meetings, events and conferences) and the Company may take further actions as may be required by government authorities or that it determines are in the best interests of its employees, customers, contract manufacturers and suppliers. There is uncertainty that such measures will be sufficient to mitigate the risks posed by the virus, and Teradyne’s ability to perform critical functions could be impacted. The degree to which COVID-19 impacts Teradyne’s results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration of the virus, its severity, the actions to contain the virus or the availability and impact of vaccines in countries where the Company does business, and how quickly and to what extent normal economic and operating conditions can resume.

Important factors that could cause actual results, earnings per share, use of cash, dividend payments, repurchases of common stock, or payment of the senior convertible notes to differ materially from those presently expected include: conditions affecting the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; development, delivery and acceptance of new products; the ability to grow the Industrial Automation business; increased research and development spending; deterioration of Teradyne’s financial condition; the continued impact of the COVID-19 pandemic and related government responses on the market and demand for Teradyne’s products, on its contract manufacturers and supply chain, and on its workforce; the impact of the global semiconductor supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; unexpected cash needs; insufficient cash flow to make required payments and pay the principal amount on the senior convertible notes; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in the company’s best interests; additional U.S. tax regulations or IRS guidance; the impact of any tariffs or export controls imposed in the U.S. or China; compliance with trade protection measures or export restrictions; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei and HiSilicon; and other events, factors and risks disclosed in filings with the SEC, including, but not limited to, the “Risk Factors” sections of Teradyne’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2021. 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.



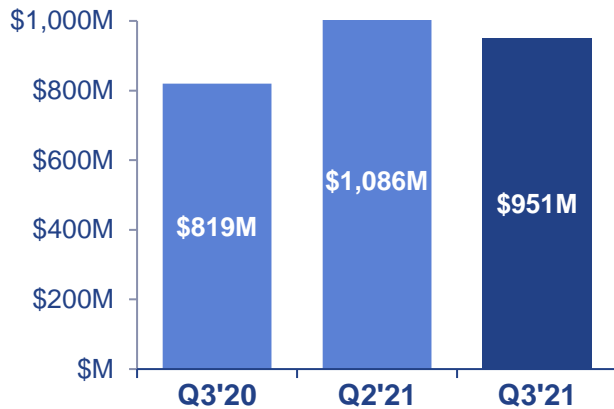
# Business Update and Outlook

Mark Jagiela, Teradyne President and CEO

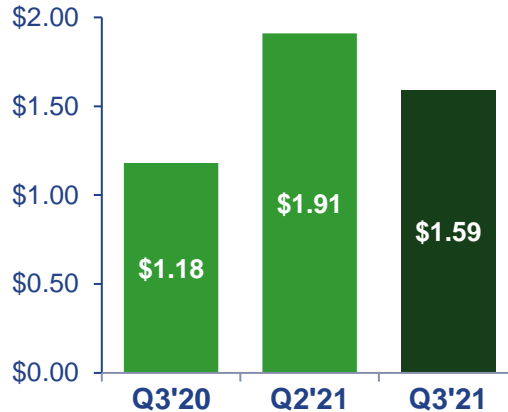


# Q3'21 Summary

## 16% Sales Growth and 35% Non-GAAP Earnings Per Share Growth vs Q3'20



Quarterly Sales



Non-GAAP EPS<sup>(1)</sup>



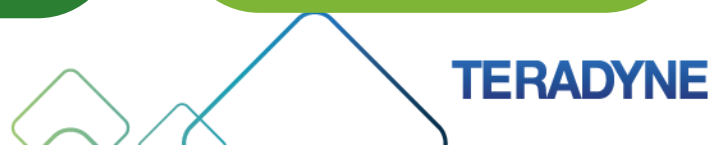
9 Month Sales and Non-GAAP EPS<sup>(1)</sup>

- Q3'21 sales of \$951M, up 16% from Q3'20
- System-on-a-Chip (SOC) sales up 28% on high demand from all device end markets
- Universal Robots sales up 46% from Q3'20

- Non-GAAP EPS of \$1.59, up 35% from Q3'20
- 60% Gross Margin, up from 56% in Q3'20
- 35% Non-GAAP operating margin, up from 30% in Q3'20

- 9M'21 sales of \$2.8B up 19% from 9M'20
- 9M'21 Non-GAAP EPS up 31% from 9M'20

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



# October 2021 Summary

- The Q3 Headlines:
  - Test and Industrial Automation demand remained strong
  - Test shipments higher than expected
  - Supply constraints held back IA growth
- Test shipments sales grew 14% from Q3'20, grew 17% in first 9 months vs '20.
- SOC Compute, Automotive, and Analog test segments growing faster than Mobility in '21, expect these segments to remain above pre-'21 levels.
- Industrial Automation (IA) sales grew 32% from Q3'20, supply constraints limited growth in the quarter; sales grew 40% in first 9 months vs '20.
- IA Market penetration is <3%, supports long-term, high growth for UR and MiR
- Universal Robots continues to expand end markets served and eco-system partners.
- MiR new products (MiR250, MiR Hook 250, MiR600/1350) driving '21 growth.

## Low Penetration Rate Highlights Growth Opportunity For UR and MiR



- Cobots are used in fewer than 1.5% of 9 million potential applications<sup>(1)</sup>
- UR 50% year to date growth vs 9mo20

- AMRs are used in fewer than 2.5% of 7 million potential applications<sup>(1)</sup>
- MiR 40% year to date growth vs 9mo20



1) Penetration rates based on US BLS data and company estimates



# Third Quarter 2021 Financial Results and Fourth Quarter 2021 Guidance

**Sanjay Mehta, Teradyne Vice President and Chief Financial Officer**





# Q3'21 Non-GAAP Results

\$s in millions, except EPS	Q3'20 Actual <sup>(1)</sup>		Q2'21 Actual <sup>(1)</sup>		Q3'21 Actual <sup>(1)</sup>	
Sales		\$819M		\$1,086M		\$951M
Gross Margin	56.0%	\$459M	59.6%	\$647M	60.1%	\$571M
R&D	11.6%	\$95M	10.1%	\$110M	11.3%	\$107M
SG&A	14.1%	\$116M	12.9%	\$140M	14.2%	\$135M
OPEX	<u>25.7%</u>	<u>\$211M</u>	<u>23.0%</u>	<u>\$250M</u>	<u>25.5%</u>	<u>\$242M</u>
Operating Profit	30.3%	\$248M	36.5%	\$397M	34.6%	\$329M
Income Taxes (& effective tax rate)	17.4%	\$43M	14.8%	\$58M	14.8%	\$48M
EPS		\$1.18		\$1.91		\$1.59
Diluted Shares		175M		177M		176M



# Balance Sheet & Capital Return

	Q3'20 Actual	Q2'21 Actual	Q3'21 Actual
Cash and Marketable Securities	\$1,341M	\$1,418M	\$1,450M
Inventory	\$191M	\$226M	\$224M
DSO	65 Days	73 Days	57 Days
Capital Additions	\$63M	\$35M	\$29M
Depreciation and Amortization <sup>(2)</sup>	\$42M	\$42M	\$42M
Free Cash Flow <sup>(3)</sup>	\$280M	\$172M	\$493M
Capital Return {	Buybacks	\$0M	\$210M
	Dividends	\$17M	\$16M

(1) Balance is fair value amount for AutoGuide and MiR earn-outs calculated using Monte Carlo valuation methodology

(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.



# Q3'21 Segment Summary

## Semiconductor Test

\$688M

Sales up 16% vs Q3'20

Mobile applications processor, RF, Analog test demand strong

FLASH Memory test shipments remain strong

## System Test

\$103M

Sales down 13% vs Q3'20

Combined, Defense/Aerospace and Board Test grew y/y

Storage Test lower on timing of shipments

## Wireless Test

\$69M

Sales up 70% vs Q3'20

Wi-Fi 6/6E, UWB and legacy cellular demand high

Wi-Fi 7 pre-production demand growing

## Industrial Automation

\$91M

Sales up 32% vs Q3'20

UR sales up 46% from Q3'20, Europe recovering

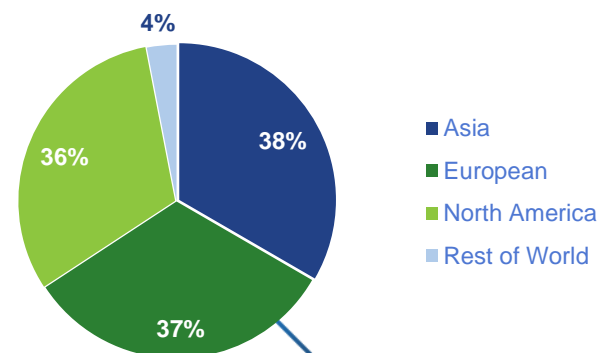
MiR sales up 27%, all regions growing

### SemiTest Sales

Semi Product	\$588M
Semi Service	\$100M

Total Company Service: \$125M

### Industrial Automation Revenue



TERADYNE

# Q4'21 Non-GAAP Guidance

\$s in millions, except EPS	Q3'21 Actual <sup>(1)</sup>	Q4'21 Guidance <sup>(1)</sup>
Sales	\$951M	<b>\$820M - \$900M</b>
Gross Margin	60%	<b>59% - 60%</b>
OPEX	25%	<b>31% - 28%</b>
Operating Profit	35%	<b>28% - 32%</b>
Effective Tax Rate	14.8%	<b>14.8%</b>
EPS	\$1.59	<b>\$1.14 - \$1.40</b>
Diluted Shares	176M	<b>174M</b>

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

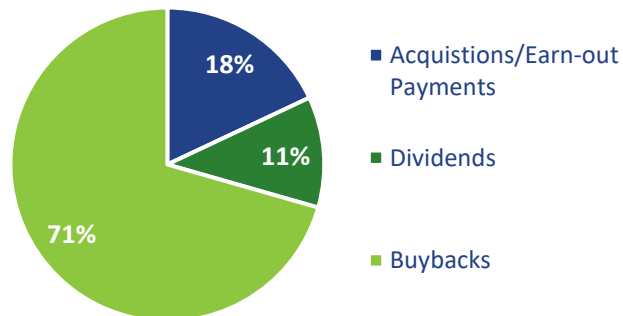
# History of Capital Allocation

- Since 2015, 65.6M shares repurchased at an average price of ~\$38 per share

	2015	2016	2017	2018	2019	2020	9mo21	Cumulative
Buybacks	\$300M	\$146M	\$200M	\$823M	\$500M	\$88M	\$406M <sup>(1)</sup>	\$2,465M <sup>(1)</sup>
Dividends	\$51M	\$49M	\$55M	\$67M	\$61M	\$66M	\$50M	\$399M
Acquisitions	<u>\$283M</u>	<u>\$15M</u>	<u>\$1M</u>	<u>\$194M</u>	<u>\$115M</u>	<u>\$9M</u>	<u>\$12M</u>	<u>\$629M</u>
Total	\$633M	\$210M	\$257M	\$1,085M	\$676M	\$164M	\$468M	\$3,493M

Free Cash Flow <sup>(2)</sup>	\$323M	\$370M	\$521M	\$370M	\$444M	\$684M	\$664M	\$3,376M
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## Cumulative Capital Allocation Breakdown 2015 - Q3'21



- (1) Cumulative 65.6 million shares repurchased at an average price of ~\$38/share. 9mo21 buyback price at ~\$124/share
- (2) Teradyne calculates free cash flow as: GAAP Cash flow from operations, excluding discontinued operations, less property, plant and equipment additions net of gov't subsidies; see GAAP to non-GAAP reconciliations.

# October 2021 Summary

- The Q3 Headlines:
  - Test and Industrial Automation demand remained strong
  - Test shipments higher than expected
  - Supply constraints held back IA growth
- Test shipments sales grew 14% from Q3'20, grew 17% in first 9 months vs '20.
- SOC Compute, Automotive, and Analog test segments growing faster than Mobility in '21, expect these segments to remain above pre-'21 levels over the mid-term.
- Industrial Automation (IA) sales grew 32% from Q3'20, supply constraints limited growth in the quarter; sales grew 40% in first 9 months vs '20.
- IA Market penetration is <3%, supports long-term, high growth for UR and MiR
- Universal Robots continues to expand end markets served and eco-system partners.
- MiR new products (MiR250, MiR Hook 250, MiR600/1350) driving '21 growth.
- Q4'21 sales expected to be in the range of \$820-900M and GAAP EPS of \$1.08-\$1.33, non-GAAP EPS of \$1.14-1.40.
- At mid-point of Q4 guidance, sales of \$3.7B, up 18% y/y, GAAP and non-GAAP EPS of \$5.47 and \$5.88, up 28% and 27% respectively.

# Supplemental Information

# Teradyne Non-GAAP Earnings Model

## Financial Model

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



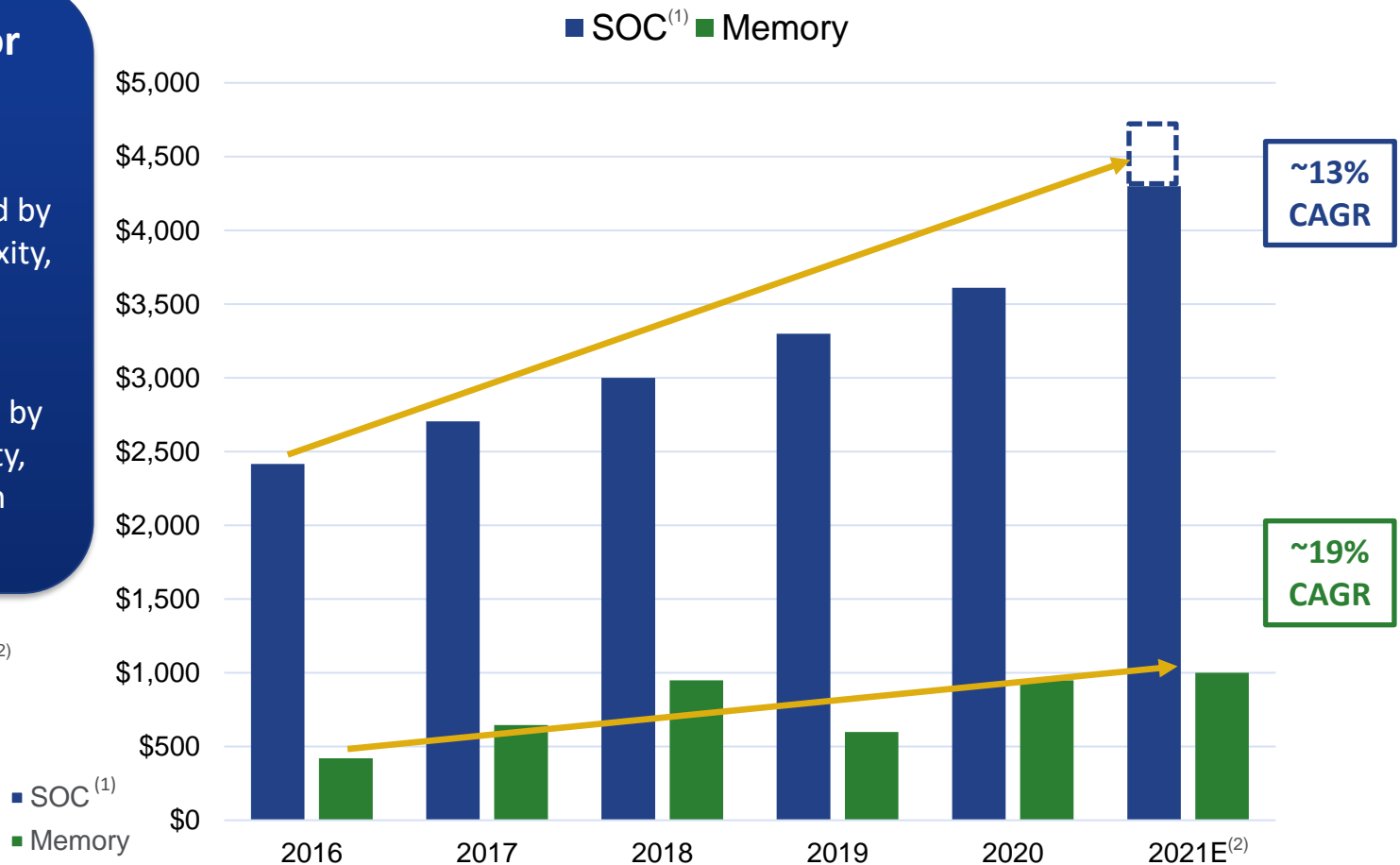
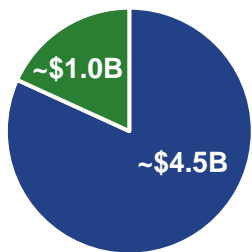
# Semiconductor Test Markets are Growing

## Semiconductor Test

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

Memory test driven by bit growth, diversity, higher bandwidth

### 2021 Market Sizes<sup>(2)</sup>



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



# 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](http://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:

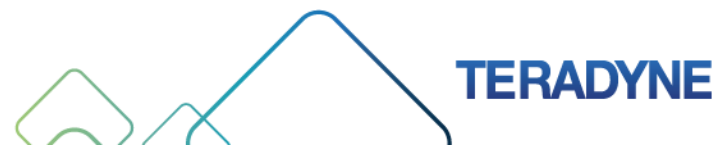
	October 3, 2021	Quarter Ended July 4, 2021	September 27, 2020
Employee severance	\$ 0.6	\$ 0.4	\$ 0.5
Acquisition related expenses and compensation	0.3	0.3	(1.1)
Contingent consideration fair value adjustment	-	-	(27.2)
Contract termination settlement fee	-	-	-
Other	0.3	1.8	0.1
	<u>\$ 1.2</u>	<u>\$ 2.5</u>	<u>\$ (27.7)</u>

(2) For the quarters ended October 3, 2021, July 4, 2021, and September 27, 2020, Interest and other included non-cash convertible debt interest expense. For the quarters ended October 3, 2021 and July 4, 2021, adjustment to exclude loss on convertible debt conversions. For the quarters ended July 4, 2021 and September 27, 2020, adjustments to exclude actuarial (gain) recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarters ended October 3, 2021, July 4, 2021, and September 27, 2020, the non-GAAP diluted EPS calculation adds back \$0.4 million, \$0.9 million, and \$1.3 million, respectively, of convertible debt interest expense to non-GAAP net income, and non-GAAP weighted average diluted common shares include 9.8 million, 10.1 million and 7.8 million shares, respectively, from the convertible note hedge transaction.

# Appendix | GAAP to Non-GAAP Reconciliation

	Nine Months Ended							
	October 3, 2021	% of Net Revenues	Net Income		September 27, 2020	% of Net Revenues	Net Income	
			Basic	Diluted			Basic	Diluted
Net Revenues	\$ 2,817.8				\$ 2,362.5			
Gross profit GAAP	\$ 1,679.6	59.6%			\$ 1,336.0	56.6%		
Inventory step-up	-	-			0.4	0.0%		
Gross profit non-GAAP	\$ 1,679.6	59.6%			\$ 1,336.4	56.6%		
Income from operations - GAAP	\$ 944.3	33.5%			\$ 694.3	29.4%		
Restructuring and other (1)	(3.4)	-0.1%			1.9	0.1%		
Acquired intangible assets amortization	16.3	0.6%			25.1	1.1%		
Inventory step-up	-	-			0.4	0.0%		
Income from operations - non-GAAP	\$ 957.2	34.0%			\$ 721.7	30.5%		
Net income - GAAP	\$ 790.5	28.1%	\$ 4.77	\$ 4.26	\$ 587.8	24.9%	\$ 3.54	\$ 3.23
Restructuring and other (1)	(3.4)	-0.1%	(0.02)	(0.02)	1.9	0.1%	0.01	0.01
Acquired intangible assets amortization	16.3	0.6%	0.10	0.09	25.1	1.1%	0.15	0.14
Loss on convertible debt conversions (2)	25.4	0.9%	0.15	0.14	-	-	-	-
Interest and other (2)	9.1	0.3%	0.05	0.05	10.8	0.5%	0.07	0.06
Pension mark-to-market adjustment (2)	(0.6)	0.0%	(0.00)	(0.00)	2.6	0.1%	0.02	0.01
Inventory step-up	-	-	-	-	0.4	0.0%	0.00	0.00
Exclude discrete tax adjustments	(22.1)	-0.8%	(0.13)	(0.12)	(13.1)	-0.6%	(0.08)	(0.07)
Non-GAAP tax adjustments	(3.2)	-0.1%	(0.02)	(0.02)	(8.0)	-0.3%	(0.05)	(0.04)
Convertible share adjustment (3)	-	-	-	0.22	-	-	-	0.16
Net income - non-GAAP	\$ 812.0	28.8%	\$ 4.90	\$ 4.61	\$ 607.5	25.7%	\$ 3.66	\$ 3.52
GAAP and non-GAAP weighted average common shares - basic	165.7				166.1			
GAAP weighted average common shares - diluted	185.5				181.8			
Exclude dilutive shares from convertible note	(8.8)				(8.0)			
Non-GAAP weighted average common shares - diluted	176.7				173.8			



# Appendix | GAAP to Non-GAAP Reconciliation

- (1) Restructuring and other consists of:

	Nine Months Ended	
	October 3, 2021	September 27, 2020
Contingent consideration fair value adjustment	\$ (7.2)	\$ (8.0)
Employee severance	1.2	1.2
Acquisition related expenses and compensation	0.3	3.4
Contract termination settlement fee	-	4.0
Other	2.2	1.2
	<u>\$ (3.4)</u>	<u>\$ 1.9</u>

- (2) For the nine months ended October 3, 2021 and September 27, 2020, Interest and other included non-cash convertible debt interest expense. For the nine months ended October 3, 2021, adjustment to exclude loss on convertible debt conversions. For the nine months ended October 3, 2021 and September 27, 2020, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.
- (3) For the nine months ended October 3, 2021 and September 27, 2020, the non-GAAP diluted EPS calculation adds back \$2.6 million and \$3.9 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 9.8 million and 6.4 million shares, respectively, related to the convertible debt hedge transaction.

# Appendix | GAAP to Non-GAAP Reconciliation

## Nine Months Ended

	September 27, 2020		September 29, 2019							
		% of Net Revenues	Net Income per Common Share		Net Income per Common Share					
			September 27, 2020	% of Net Revenues	September 29, 2019	% of Net Revenues	Basic	Diluted	Basic	Diluted
Net Revenues	\$ 2,362.5		\$ 587.8	24.9%	\$ 342.4	20.9%	\$ 2.00	\$ 1.92	\$ 1.99	\$ 1.97
Gross profit GAAP	\$ 1,336.0	56.6%	25.1	1.1%	30.4	1.9%	0.18	0.17	0.18	0.17
Inventory step-up	0.4	0.0%	10.8	0.5%	10.2	0.6%	0.06	0.06	0.06	0.06
Gross profit non-GAAP	\$ 1,336.4	56.6%	2.6	0.1%	0.4	0.0%	0.00	0.00	0.00	0.00
Income from operations - GAAP	\$ 694.3	29.4%	1.9	0.1%	(11.8)	-0.7%	(0.07)	(0.07)	(0.07)	(0.07)
Acquired intangible assets amortization	25.1	1.1%	0.4	0.0%	0.4	0.0%	0.00	0.00	0.00	0.00
Restructuring and other (1)	1.9	0.1%	-	-	2.1	0.1%	-	-	-	-
Inventory step-up	0.4	0.0%	(13.1)	-0.6%	(23.9)	-1.5%	(0.14)	(0.13)	(0.14)	(0.13)
Equity modification charge (2)	-	-	8.0	-0.3%	(9.0)	-0.5%	(0.05)	(0.05)	(0.05)	(0.05)
Income from operations - non-GAAP	\$ 721.7	30.5%	-	-	-	-	-	0.06	-	0.06
			\$ 607.5	25.7%	\$ 341.2	20.8%	\$ 1.99	\$ 1.97	\$ 1.99	\$ 1.97
GAAP and non-GAAP weighted average common shares - basic	166.1		166.1		171.5					
GAAP weighted average common shares - diluted	181.8		181.8		178.7					
Exclude dilutive shares from convertible note	(8.0)		(8.0)		(5.9)					
Non-GAAP weighted average common shares - diluted	173.8		173.8		172.8					

# Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	<b>Nine Months Ended</b>	
	<b>September 27, 2020</b>	<b>September 29, 2019</b>
Contingent consideration fair value adjustment	\$ (8.0)	\$ (16.5)
Contract termination settlement fee	4.0	-
Acquisition related expenses and compensation	3.4	2.3
Employee severance	1.2	2.4
Other	1.2	-
	<u>\$ 1.9</u>	<u>\$ (11.8)</u>

(2) For the nine months ended September 29, 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 nine months ended September 27, 2020 and September 29, 2019, Interest and other included non-cash convertible debt interest expense. For the nine months ended September 27, 2020 and September 29, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(4) For the nine months ended September 27, 2020 and September 29, 2019, adjustment to exclude discrete income tax items. For the nine months ended September 29, 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 of

(5) For the nine months ended September 27, 2020, the non-GAAP diluted EPS calculation adds back \$3.9 million of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 6.4 million shares related to the convertible debt hedge transaction.



# 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>

# 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%

	December 31, 2020		Net Income per Common Share		December 31, 2019		Net Income per Common Share	
	% of Net Revenues		Basic	Diluted	% 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

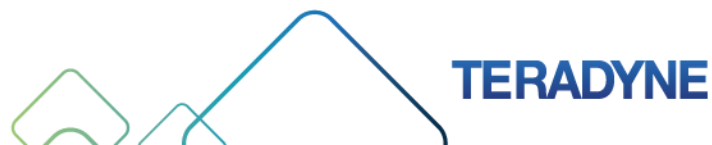
  

GAAP and non-GAAP weighted average common shares - basic	166.1	170.4
GAAP weighted average common shares - diluted	183.0	179.5
Exclude dilutive shares from convertible note	(8.5)	(4.9)
Non-GAAP weighted average common shares - diluted	174.5	174.6

# Appendix | GAAP to Non-GAAP Reconciliation

- 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.

	2015	2016	2017	2018	2019	2020	9mo21	Q3'20	Q2'21	Q3'21
GAAP Cash Flow from Operations, Excl Disc Ops	\$ 413	\$ 455	\$ 626	\$ 477	\$ 579	\$ 869	\$ 767	\$ 343	\$ 206	\$ 523
Less Property, Plant, and Equipment Additions net of Govt Subsidy	\$ (90)	\$ (85)	\$ (105)	\$ (107)	\$ (135)	\$ (185)	\$ (103)	\$ (63)	\$ (35)	\$ (29)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$ 323	\$ 370	\$ 521	\$ 370	\$ 444	\$ 684	\$ 664	\$ 280	\$ 172	\$ 493



# Appendix | GAAP to Non-GAAP Reconciliation

	Q3'20		Q2'21		Q3'21		Q4'21 Low Guidance		Q4'21 High Guidance	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP Operating Expenses	\$189	23%	\$258	24%	\$249	26%	\$256	31%	\$259	29%
Intangible Asset Amortization	-\$6	-1%	-\$5	0%	-\$5	-1%	-\$5	-1%	-\$5	-1%
Restructuring and Other	\$28	3%	-\$3	0%	-\$1	0%				
Equity Modification Charge				0%						
Non GAAP Operating Expenses	\$211	26%	\$250	23%	\$242	25%	\$251	31%	\$254	28%

	Q3'20		Q2'21		Q3'21	
	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	\$41	16%	\$56	15%	\$41	14%
Exclude discrete tax adjustments	\$4	2%	\$1	0%	\$1	0%
Tax effect of non-GAAP adjustments	-\$2	-1%	\$2	0%	\$6	2%
Effect of Higher Non-GAAP PBT		1%		0%		-2%
Non GAAP Income Tax	\$43	17%	\$58	15%	\$48	15%

## Q4'21 Guidance:

	Low End	High End
GAAP Operating Profit as % of Sales	27%	31%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	28%	32%

Q4'21 GAAP Guidance Diluted Shares	177
Exclude dilutive shares from convertible note	-3
Q4'21 Non-GAAP Guidance Diluted Shares	174

## GAAP to Non-GAAP Reconciliation of Fourth Quarter 2021 guidance:

GAAP and non-GAAP four quarter revenue guidance:	\$820 million	to	\$900 million
GAAP net income per diluted share	\$ 1.08		\$ 1.33
Exclude acquired intangible assets amortization	0.03		0.03
Exclude non-cash convertible debt interest	0.01		0.01
Tax effect of non-GAAP adjustments	(0.01)		(0.01)
Convertible share adjustment	0.02		0.03
Non-GAAP net income per diluted share	\$ 1.14		\$ 1.40

	Net Income FY 2021 Diluted EPS
Net income - GAAP	\$ 5.47
Restructuring and other	(0.02)
Acquired intangible assets amortization	0.12
Loss on convertible debt conversions	0.14
Interest and other	0.05
Exclude discrete tax adjustments	(0.12)
Non-GAAP tax adjustments	(0.02)
Convertible share adjustment	0.26
Net income - non-GAAP	\$ 5.88