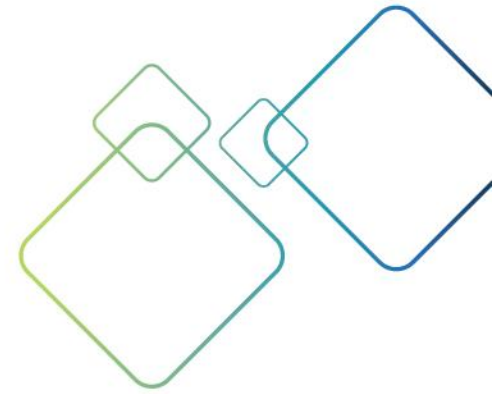


TERADYNE



Financial Results for Q3 2017
October 26, 2017





SAFE HARBOR

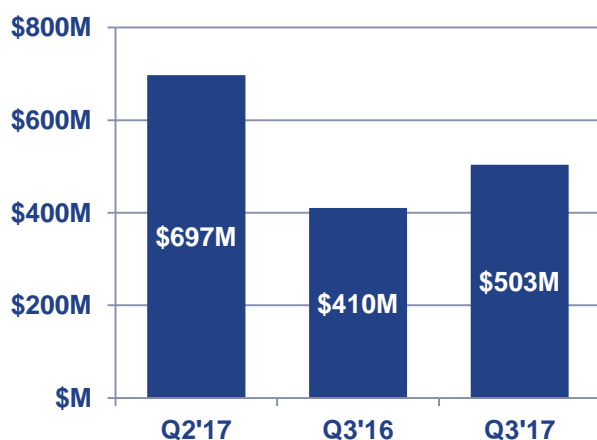
This presentation contains forward-looking statements regarding Teradyne's future business prospects, results of operations, market conditions, earnings per share, the payment of a quarterly dividend, the repurchase of Teradyne common stock pursuant to a share repurchase program, use of proceeds and potential dilution from the senior convertible notes offering and potential borrowings under a senior secured credit facility. 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, or availability of, or borrowing under, the credit facility. 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 Universal Robots' business; increased research and development spending; deterioration of Teradyne's financial condition; the consummation or 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; 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, 2016 and the Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2017. 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

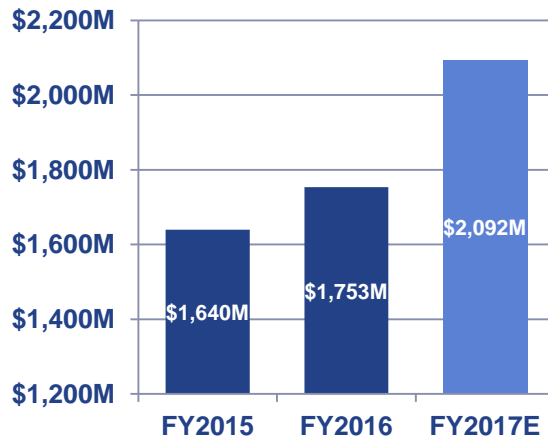
Mark Jagiela, Teradyne President and CEO



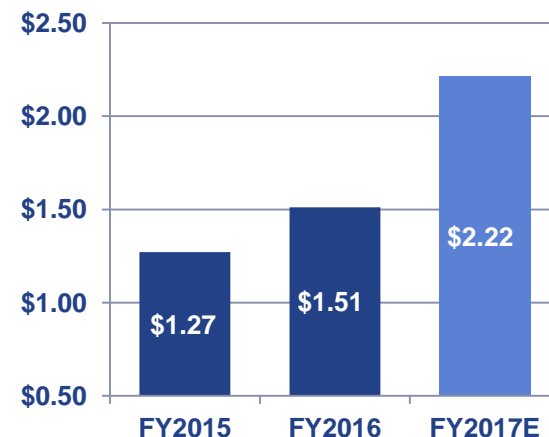
Q3'17 Summary



Quarterly Sales



Full Year Sales⁽²⁾



Full Year Non-GAAP EPS^(1,2)

- Q3'17 sales of \$503M, up 23% from Q3'16
- Strength in Mobility, Analog, MCU, Image Sensor and Memory in SemiTest
- Q3'17 UR sales of \$40M, up 70% from Q3'16

- Full year sales up 19% at the mid-point of 4th qtr guidance vs 2016
- Expect SOC Test market of ~\$2.6B and Memory Test market of \$650M in 2017
- UR 1st 9 month sales up 77% from 1st 9 months 2016

- Full year 2017 Non-GAAP EPS of \$2.22 at mid-point of 4th quarter guidance up 47% from 2016 and achieves 2020 \$2 EPS plan 3 years early

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

(2) FY 2017E includes mid-guidance for Q4'17

Q3'17 Update

- Broad strength in SemiTest (Mobility, Automotive, Analog, Image Sensor, Microcontroller, Memory Test) driving ATE market growth of ~15% YTD 2017; TER SemiTest sales up 23% YTD
- Expect 2017 SOC market size of ~\$2.6B and Memory market size of ~\$650M
- Universal Robots 1st 9 month sales up 77% vs 1st 9 months 2016; Expect about 65% growth for the full year 2017, up from 62% in 2016 and 57% in 2015
- Universal Robots' expanding range of applications and distribution driving growth
- Expect 2018 SOC market size of \$2.3B to \$2.7B and 2018 Memory market size of \$700M-\$800M

Third Quarter Financial Results and Fourth Quarter Guidance

Greg Beecher, Teradyne Vice President and Chief Financial Officer



Semiconductor Test Segment Summary

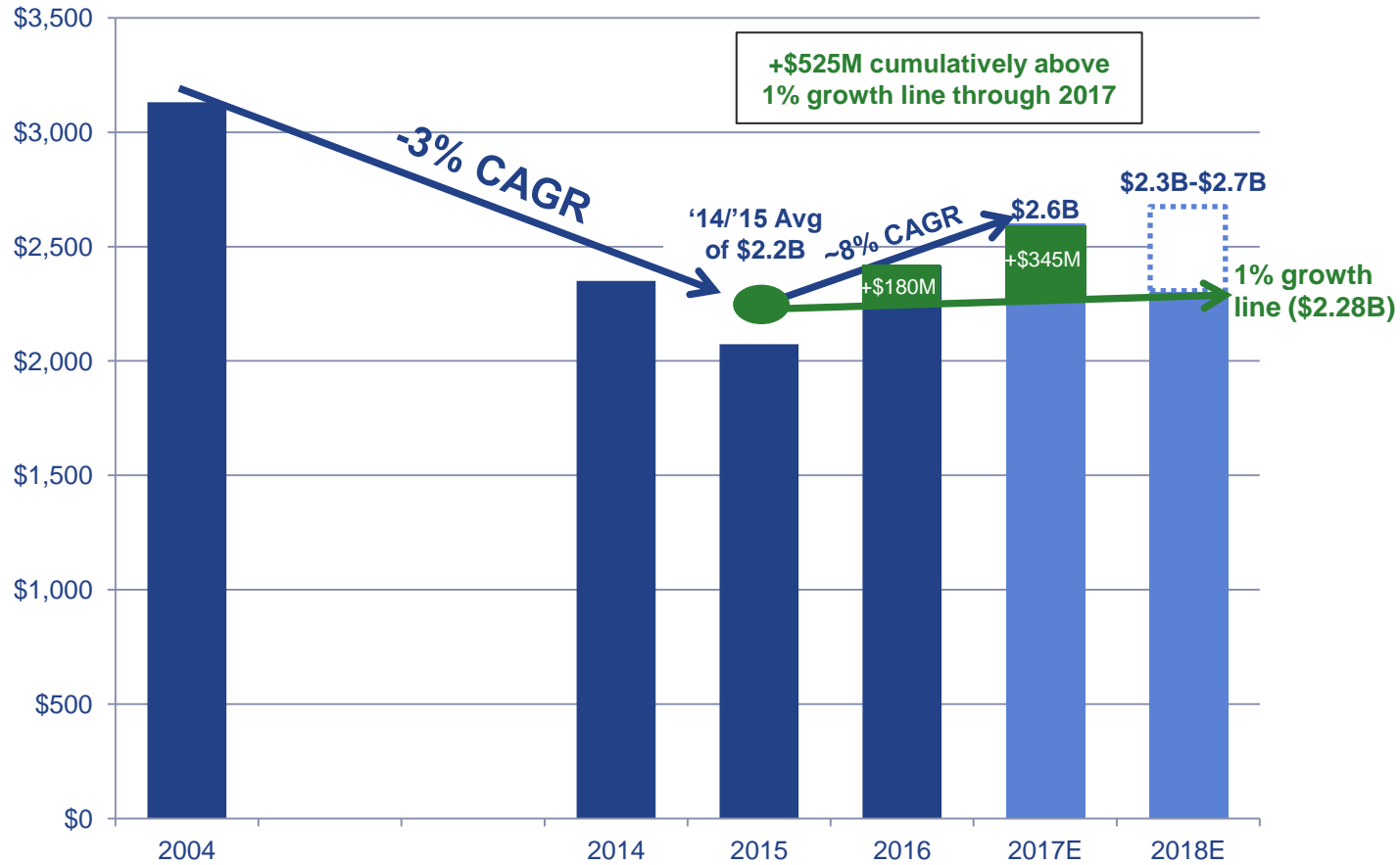
Semiconductor Test

3rd Qtr Orders: \$295M
3rd Qtr Sales: \$397M

SOC market continues to be powered by unit growth and complexity

Expect to gain 2 pts of ATE share in 2017 to 50%

SOC Test Market



Segment Summary

Industrial Automation	System Test	Wireless Test
<p>3rd Qtr Orders: \$40M 3rd Qtr Sales: \$40M</p> <p>1st 9 month sales of \$116M up 77% vs 1st 9 months '16</p> <p>Existing channel partner velocity growing at ~50%⁽¹⁾</p> <p>Expanding number of plug and play solutions available on UR+</p>	<p>3rd Qtr Orders: \$42M 3rd Qtr Sales: \$35M</p> <p>Defense/Aerospace & Production Board Test growing 3% vs 2016; operating at model profitability</p> <p>Storage Test bringing new product to market; expect to return to model operating profits in Q4</p>	<p>3rd Qtr Orders: \$33M 3rd Qtr Sales: \$31M</p> <p>Operating at model profit rate</p> <p>Preparing for next generation WiFi standard 802.11ax in 2018/2019, 5G cellular in 2020</p>

(1) Measures YTD 2017 sales growth for distributors that were on board during same time period in 2016



Cash and Capital Return Summary

- 1.7M shares repurchased for \$57M at avg price of \$34.23, and \$14M in dividends in Q3'17
- 4.6M shares repurchased for \$152M at avg price of \$32.66 through 1st 3 quarters of 2017

	Cash Resources ⁽¹⁾		
	<u>U.S.</u>	<u>Offshore</u>	<u>Total</u>
Gross Cash Resources at 10/01/2017	\$742M	\$1,106M	\$1,848M
Minimum Operating Balance	<u>\$300M</u>	<u>\$100M</u>	<u>\$400M</u>
Available Cash Resources	\$442M	\$1,006M	\$1,448M

U.S. vs. Foreign Cash Generation History ⁽²⁾						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>YTD 2017</u>
Total	\$302M	\$180M	\$344M	\$343M	\$380M	\$430M
U.S. %	<u>63%</u>	<u>111%</u>	<u>18%</u>	<u>26%</u>	<u>20%</u>	<u>23%</u>
Foreign %	<u>37%</u>	<u>-11%</u>	<u>82%</u>	<u>74%</u>	<u>80%</u>	<u>77%</u>

(1) Includes cash, cash equivalents and marketable securities

(2) Includes free cash flow plus approximately \$20M-\$25M annually for cash received from Teradyne's Employee Stock Purchase Plan. 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.

Q3'17 Non-GAAP Results

\$s in millions, except EPS		Q3'16 Actual ⁽¹⁾		Q2'17 Actual ⁽¹⁾		Q3'17 Actual ⁽¹⁾
Sales		\$410M		\$697M		\$503M
Gross Margin	55.5%	\$228M	56.0%	\$391M	58.6%	\$295M
R&D	17.3%	\$71M	11.8%	\$82M	15.3%	\$77M
SG&A	19.2%	\$79M	12.9%	\$90M	17.1%	\$86M
OPEX	<u>36.5%</u>	<u>\$150M</u>	<u>24.8%</u>	<u>\$173M</u>	<u>32.4%</u>	<u>\$163M</u>
Operating Profit	19.0%	\$78M	31.3%	\$218M	26.1%	\$131M
Income Taxes (& effective tax rate) ⁽²⁾	17%	\$13M	16.7%	\$36M	19.1%	\$25M
EPS		\$0.33		\$0.90		\$0.54
Diluted Shares		204M		201M		200M
Net Orders		\$378M		\$462M		\$410M

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

(2) Income tax rate in Q3'17 is higher than the full year estimate of 17.25% due to a cumulative catch up for the year recorded in Q3 to bring the YTD rate to 17.25% .

OPEX

Annual Non-GAAP OPEX ⁽¹⁾				
	2015	2016	2017E	2018E
UR ⁽²⁾	\$14M	\$43M	\$64M	↑
Test	\$514M	\$513M	\$513M	→ ~Flat
Variable Comp	<u>\$61M</u>	<u>\$53M</u>	<u>\$80M</u>	→
Total OPEX	\$589M	\$609M	\$657M	↑

- 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 acquisition - June 12th, 2015 onwards

Q4'17 Non-GAAP Guidance

\$s in millions, except EPS	Q3'17 Actual ⁽¹⁾	Q4'17 Guidance ⁽¹⁾
Sales	\$503M	\$420M - \$450M
Gross Margin	59%	55%
OPEX	32%	35% - 38%
Operating Profit	26%	17% - 20%
Net Interest & Other Income	\$2M	\$1M
Effective Tax Rate ⁽²⁾	19%	17.25%
EPS	\$0.54	\$0.31 - \$0.37
Diluted Shares	200M	199M

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

(2) Income tax rate in Q3'17 is higher than the full year estimate of 17.25% due to a cumulative catch up for the year recorded in Q3 to bring the YTD rate to 17.25%



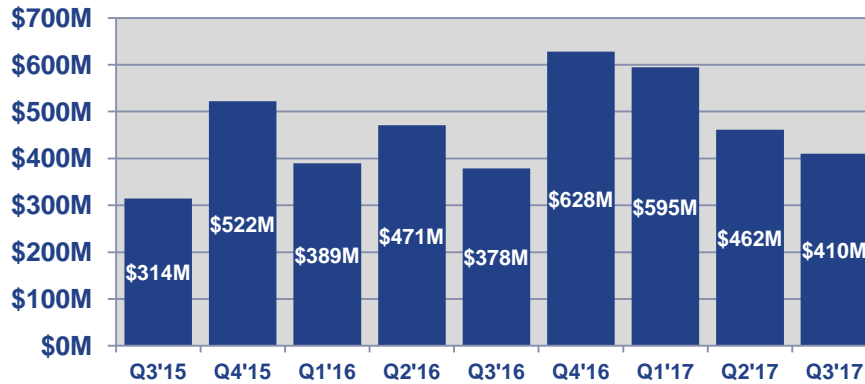
Q3'17 Update

- Broad strength in SemiTest (Mobility, Automotive, Analog, Image Sensor, Microcontroller, Memory Test) driving ATE market growth of ~15% YTD 2017; TER SemiTest sales up 23% YTD
- Expect 2017 SOC market size of ~\$2.6B and Memory market size of ~\$650M
- Universal Robots 1st 9 month sales up 77% vs 1st 9 months 2016; Expect about 65% growth for the full year 2017, up from 62% in 2016 and 57% in 2015
- Universal Robots' expanding range of applications and distribution driving growth
- Expect 2018 SOC market size of \$2.3B to \$2.7B and 2018 Memory market size of \$700M-\$800M
- In 2017, plan to repurchase a minimum of \$200M in TER shares and pay \$56M in dividends

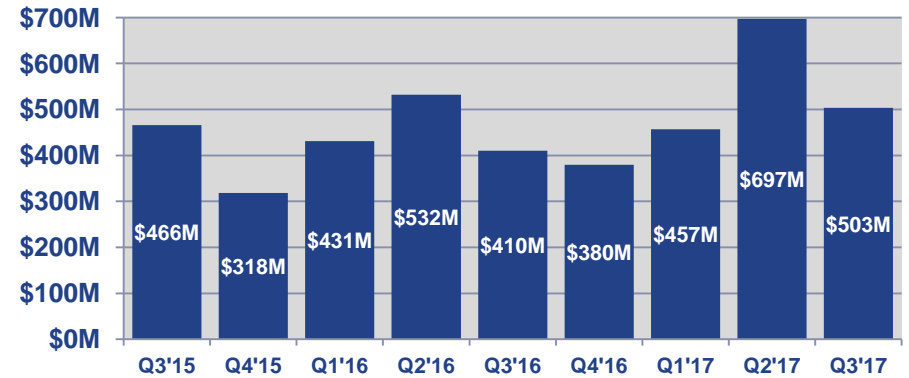
Supplemental Information

Q3'17 Company Orders and Sales

Total Company Orders



Total Company Sales



- Q3'17 Memory orders of \$65M a quarterly record
- SemiTest sales strength in Q3'17 driven by Mobility, Analog, MCU, Image Sensor and Memory
 - Universal Robots Q3'17 sales of \$40M up 70% vs the year ago period

Cash & Balance Sheet

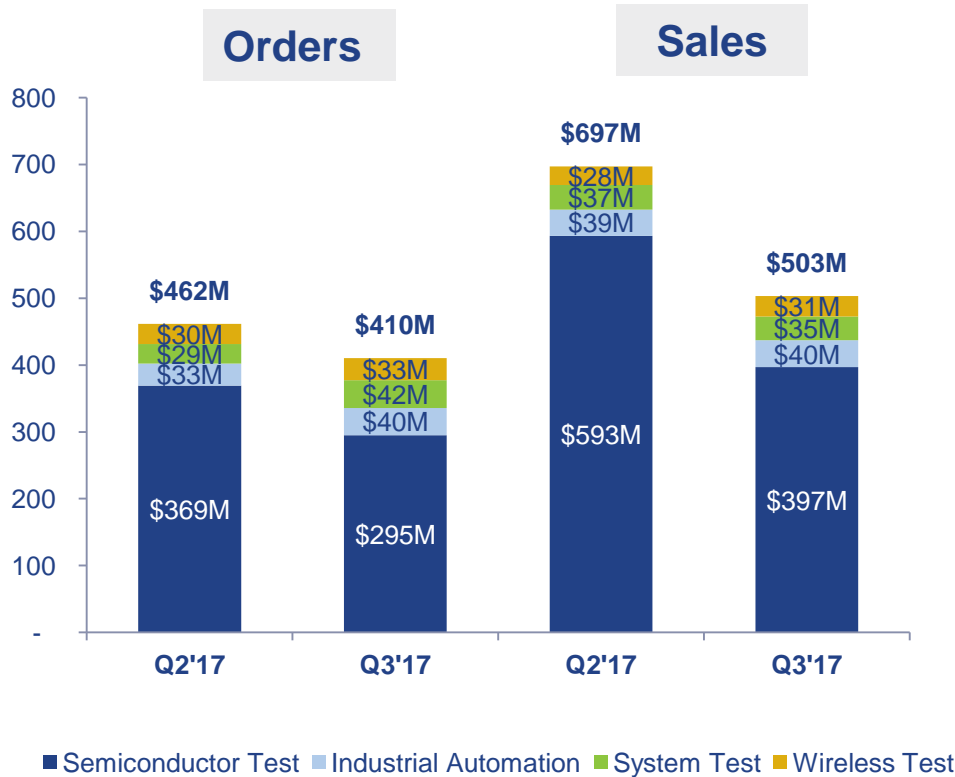
	Q3'16 Actual	Q2'17 Actual	Q3'17 Actual
Cash and Marketable Securities	<u>\$1,254M</u>	<u>\$1,620M</u>	<u>\$1,848M</u>
• U.S.	\$428M	\$751M	\$742M
• Off-Shore	\$826M	\$869M	\$1,106M
Inventory	\$115M	\$154M	\$125M
DSO	36 days	53 days	48 Days
Capital Additions	\$20M	\$24M	\$27M
Depreciation and Amortization ⁽¹⁾	\$33M	\$36M	\$35M
Free Cash Flow ⁽²⁾	\$182M	\$206M	\$283M

(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.



Sales & Order Detail



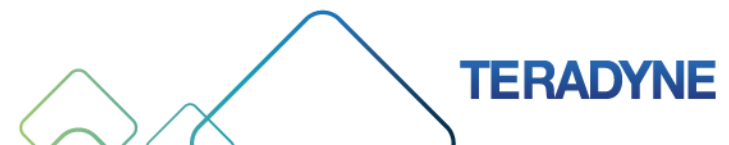
Book to Bill	Q2'17	Q3'17
Semiconductor Test	0.6	0.7
Industrial Automation	0.8	1.0
System Test	0.8	1.2
Wireless Test	<u>1.1</u>	<u>1.1</u>
Total	0.7	0.8

Sales	Q2'17		Q3'17	
Product	88%	\$610M	82%	\$413M
Service	12%	<u>\$87M</u>	18%	<u>\$91M</u>
Total		\$697M		\$503M

Orders	Q2'17		Q3'17	
Product	79%	\$366M	87%	\$356M
Service	21%	<u>\$96M</u>	13%	<u>\$54M</u>
Total		\$462M		\$410M

Backlog	
Ending Q3'17	\$539M
Shippable within 6 months	~82%

Bookings/Region	Q2'17		Q3'17	
	Q2'17	Q3'17	Q2'17	Q3'17
Asia	69%	63%	79%	71%
US	15%	13%	9%	13%
Europe	8%	9%	6%	8%
Japan	7%	13%	5%	6%
Rest of World	<u>1%</u>	<u>2%</u>	<u>1%</u>	<u>2%</u>
	100%	100%	100%	100%





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) Actuarial (gains) losses recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(2) Restructuring and other consists of:

	October 1, 2017	Quarter Ended July 2, 2017	October 2, 2016
Employee severance	\$ 0.6	\$ 0.8	\$ 4.2
Contingent consideration fair value adjustment	(0.3)	1.5	8.0
Facility related	(0.4)	-	-
Property insurance recovery	(5.1)	-	-
Expenses and Impairment of fixed assets related to Japan earthquake	0.8	-	-
	<u>\$ (4.4)</u>	<u>\$ 2.3</u>	<u>\$ 12.2</u>

(3) For the quarters ended October 1, 2017 and July 2, 2017, interest and other included non-cash convertible debt interest expense.

(4) For the quarters ended October 1, 2017, July 2, 2017 and October 2, 2016 adjustment to exclude discrete income tax items.

(5) For periods after December 31, 2016, the non-GAAP annual effective tax rate is based on a with and without calculation with respect to non-GAAP reconciling items.

Appendix | GAAP to Non-GAAP Reconciliation

(1) Actuarial gains recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(2) Restructuring and other consists of:

	Nine Months Ended	
	October 1, 2017	October 2, 2016
Employee severance	\$ 2.0	\$ 5.9
Contingent consideration fair value adjustment	1.8	10.5
Facility related	0.9	-
Expenses and impairment of fixed assets related to Japan earthquake	0.8	5.1
Property insurance recovery	(5.1)	(5.1)
	<u>\$ 0.4</u>	<u>\$ 16.4</u>

(3) Goodwill and acquired intangible assets impairment related to Teradyne's Wireless Test business segment.

(4) For the nine months ended October 1, 2017, Interest and other included non-cash convertible debt interest expense.

(5) For the nine months ended October 1, 2017 and October 2, 2016, adjustment to exclude discrete income tax items. For the nine months ended October 2, 2016, adjustment to treat Wireless Test business segment goodwill and intangible assets impairments as discrete tax items.

(6) For periods after December 31, 2016, the non-GAAP annual effective tax rate is based on a with and without calculation with respect to non-GAAP reconciling items.

Appendix | GAAP to Non-GAAP Reconciliation

	Q3'16		Q2'17		Q3'17		Q4'17 Low Guidance	Q4'17 High Guidance
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales	% of sales	% of sales
GAAP Operating Expenses	\$171	42%	\$181	26%	\$166	33%	39%	37%
Intangible Asset Amortization	-\$9	-2%	-\$8	-1%	-\$7	-1%	-2%	-2%
Restructuring and Other	-\$12	-3%	-\$2	0%	\$4	1%		
Pension MTM	\$0	0%	\$2	0%	\$0	0%		
Non GAAP Operating Expenses	\$150	37%	\$173	25%	\$163	32%	38%	35%

	Q3'16		Q2'17		Q3'17	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP SG&A Expense	\$80	19%	\$89	13%	\$86	17%
Pension MTM	\$0	0%	\$1	0%	\$0	0%
Non GAAP SG&A Expense	\$79	19%	\$90	13%	\$86	17%

	Q3'16		Q2'17		Q3'17	
	\$'s	% of sales	\$'s	% of sales	\$'s	% of sales
GAAP R&D Expense	\$71	17%	\$82	12%	\$77	15%
Pension MTM	\$0	0%	\$1	0%	\$0	0%
Non GAAP R&D Expense	\$71	17%	\$82	12%	\$77	15%

	Q3'16		Q2'17		Q3'17		Q4'17 Guidance	
	\$'s	%	\$'s	%	\$'s	%	\$'s	%
GAAP Income Tax	-\$4	-7%	\$32	15%	\$24	19%	\$13	16%
Exclude discrete tax adjustments	\$11	19%	-\$1	0%	\$0	0%	\$0	0%
Tax effect of non-GAAP adjustments	\$7	12%	\$5	2%	\$2	1%	\$1	3%
Effect of Higher Non-GAAP PBT		-7%		-1%		-1%		-2%
Non GAAP Income Tax	\$13	17.2%	\$36	16.7%	\$25	19.1%	\$14	17.25%

Appendix | GAAP to Non-GAAP Reconciliation

	<u>2017E</u>	<u>2016</u>	<u>2015</u>
GAAP Operating Expenses	685	1,020	673
Less Goodwill Impairment Charge	-	(255)	-
Less Intangible Asset Impairment	-	(83)	-
Less Intangible Asset Amortization	(30)	(53)	(69)
Less Restructuring and Other	(0)	(22)	(5)
Pension Mark to Market Adjustment	2	2	(10)
Less Equity Modification Charge	-	-	-
Non GAAP Operating Expenses	657	609	589

	<u>2017E</u>	<u>2016</u>	<u>2015</u>
UR GAAP Operating Expenses	90	84	28
Less Intangible Asset Amortization	(23)	(25)	(14)
Less Restructuring and Other	(3)	(16)	-
UR non GAAP Operating Expenses	64	43	14

	<u>2017E</u>	<u>2016</u>	<u>2015</u>
Test GAAP Operating Expenses (1)	596	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	2	2	(10)
Less Equity Modification Charge	-	-	-
Non GAAP Operating Expenses (1)	593	566	575

(1) = Includes Variable Compensation of \$80M, \$53M and \$61M for 2017E, 2016 and 2015 respectively.

Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Reconciliation of Fourth Quarter 2017 guidance:

GAAP and non-GAAP fourth quarter revenue guidance:	\$420 million	to	\$450 million
GAAP net income per diluted share	\$ 0.27		\$ 0.33
Exclude acquired intangible assets amortization	0.04		0.04
Exclude non-cash convertible debt interest	0.02		0.02
Non-GAAP tax adjustment	<u>(0.01)</u>		<u>(0.01)</u>
Non-GAAP net income per diluted share	\$ 0.31		\$ 0.37

Fourth Quarter Guidance:

	<u>Low End</u>	<u>High End</u>
GAAP Operating Profit as % of Sales	16%	18%
Acquired intangible asset amortization	<u>2%</u>	<u>2%</u>
Non-GAAP Operating Profit as % of Sales	17%	20%

<u>Q4'17 GAAP Diluted Shares</u>	<u>200</u>
Exclude dilutive shares from convertible note	<u>-1</u>
Q4'17 Non-GAAP Diluted Shares	199

Q3'17

GAAP net interest and other income	-\$1.3
Exclude non cash convertible debt interest	<u>\$3.1</u>
Non-GAAP net interest and other income	\$1.8

Q4'17 Guidance

GAAP net interest and other income	-\$2.1
Exclude non cash convertible debt interest	<u>\$3.1</u>
Non-GAAP net interest and other income	\$1.0

<u>2017 GAAP EPS at Q4'17 Mid</u>	<u>\$2.11</u>
Exclude Acquired Intangible Asset Amortization	\$0.16
Exclude Restructuring and Other	\$0.00
Exclude non cash convertible debt interest	\$0.06
Exclude pension mark-to-market adjustments	-\$0.01
Exclude Discrete Tax Adjustments	-\$0.03
<u>Tax Effect of Non-GAAP Adjustments</u>	<u>-\$0.07</u>
2017 Non-GAAP EPS at Q4'17 Mid	\$2.22

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>Q3'16</u>	<u>Q2'17</u>	<u>Q3'17</u>
GAAP Cash Flow From Operations, Excl Disc Ops	\$201	\$230	\$310
Less Property, Plant and Equipment Additions	-\$20	-\$24	-\$27
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$182	\$206	\$283

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>YTD '17</u>
GAAP Cash Flow From Operations, Excl Disc Ops	\$403	\$269	\$492	\$413	\$446	\$479
Less Property, Plant and Equipment Additions	-\$119	-\$107	-\$169	-\$90	-\$85	-\$73
Non-GAAP Operating Cash Flow ("Free Cash Flow")	\$284	\$162	\$323	\$323	\$361	\$406
Include Cash From ESPP	\$18	\$18	\$21	\$20	\$20	\$25
Total Cash Generation	\$302	\$180	\$344	\$343	\$380	\$430