

# Teradyne Reports Second Quarter 2024 Results

NORTH READING, Mass. – (BUSINESS WIRE) – Teradyne, Inc. (NASDAQ: TER):

- Revenue and earnings above the high-end of Q2 guidance
- Revenue of \$730 million in Q2'24, up 7% from Q2'23
- 14% YoY Growth in Q2 for Semiconductor Test driven by continued strength in memory and demand recovery in SoC

	Q2'24		Q2'23		Q1'24	
Revenue (mil)	\$	730	\$	684	\$	600
GAAP EPS	\$	1.14	\$	0.73	\$	0.40
Non-GAAP EPS	\$	0.86	\$	0.79	\$	0.51

Teradyne, Inc. (NASDAQ: TER) reported revenue of \$730 million for the second quarter of 2024 of which \$543 million was in Semiconductor Test, \$61 million in System Test, \$36 million in Wireless Test and \$90 million in Robotics. GAAP net income for the second quarter of 2024 was \$186.3 million or \$1.14 per diluted share. On a non-GAAP basis, Teradyne's net income in the second quarter of 2024 was \$140.0 million, or \$0.86 per diluted share, which excluded acquired intangible asset amortization, restructuring and other charges, gains on foreign exchange options in connection with acquisitions and divestitures, gain on sale of business, and included the related tax impact on non-GAAP adjustments.

"In the second quarter, AI applications drove accelerated demand from both compute and memory customers, and our robotics business grew sequentially and year-over-year," said Teradyne CEO Greg Smith. "Overall, 2024 is shaping up as we expected, and we believe the deployment of edge AI will strengthen demand in our test and robotics businesses over the mid-term."

Guidance for the third quarter of 2024 is revenue of \$680 million to \$740 million, with GAAP net income of \$0.62 to \$0.82 per diluted share and non-GAAP net income of \$0.66 to \$0.86 per diluted share. Non-GAAP guidance excludes acquired intangible asset amortization and amortization on our investment in Technoprobe, as well as the related tax impact on non-GAAP adjustments.

## Webcast

A conference call to discuss the second quarter results, along with management's business outlook, will follow at 8:30 a.m. ET, Thursday, July 25, 2024. Interested investors should access the webcast at [www.teradyne.com](http://www.teradyne.com) and click on "Investors" at least five minutes before the call begins. Presentation materials will be available starting at 8:30 a.m. ET. A replay will be available on the Teradyne website at [www.teradyne.com/investors](http://www.teradyne.com/investors).

## Non-GAAP Results

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses 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. Non-GAAP income from operations and non-GAAP net income exclude acquired intangible assets amortization, restructuring and other, pension actuarial gains and losses, stock compensation modification expense, gains and losses on foreign exchange options in connection with acquisitions and divestitures, gain on sale of business, discrete income tax adjustments, and includes the related tax impact on non-GAAP adjustments. GAAP requires that these items be included in determining income from operations and net income. Non-GAAP income from operations, non-GAAP net income, non-GAAP income from operations as a percentage of revenue, non-GAAP net income as a percentage of revenue, and non-GAAP net income per share are non-GAAP performance measures presented to provide meaningful supplemental information regarding Teradyne's baseline performance before gains, losses or other charges that may not be indicative of Teradyne's current core business or future outlook. These non-GAAP performance measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with Teradyne's business plan, historical operating results and the operating results of Teradyne's competitors. Non-GAAP diluted shares include the impact of Teradyne's call option on its shares. 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 Teradyne's financial and operational performance, as well as facilitating meaningful comparisons of Teradyne'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 press release is contained in the attached exhibits and on the Teradyne website at [www.teradyne.com](http://www.teradyne.com) by clicking on "Investor Relations" and then selecting "Financials" and the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP performance measures discussed in this press release 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.

## About Teradyne

Teradyne (NASDAQ:TER) test technology helps bring high-quality innovations such as smart devices, life-saving medical equipment and data storage systems to market, faster. Its advanced test solutions for semiconductors, electronic systems, wireless devices and more ensure that products perform as they were designed. Its robotics offerings include collaborative and mobile robots that help manufacturers of all sizes increase productivity, improve safety, and lower costs. In 2023, Teradyne had revenue of \$2.7 billion and today employs over 6,200 people worldwide. For more information, visit [www.teradyne.com](http://www.teradyne.com). Teradyne® is a registered trademark of Teradyne, Inc., in the U.S. and other countries.

## Safe Harbor Statement

This release contains forward-looking statements including statements regarding Teradyne's future business prospects, financial performance or position and results of operations. You can identify forward-looking statements by their use of forward-looking words such as "anticipate," "expect," "plan," "could," "may," "will," "believe," "estimate," "goal" or other comparable terms. Forward-looking statements in this press release address various matters, including statements regarding Teradyne's financial guidance. Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements due to known and unknown risks, uncertainties, assumptions, and other factors. Such factors include, but are not limited to, macroeconomic factors and slowdowns or downturns in economic conditions generally and in the markets in which Teradyne operates; decreased or delayed product demand from one or more significant customers; a slowdown or inability in the development, delivery and acceptance of new products; the ability to grow the Robotics business; the impact of increased research and development spending; the impact of epidemics or pandemics such as COVID-19; the impact of a supply shortage on our supply chain and contract manufacturers; the consummation and success of any mergers or acquisitions; unmet cash needs; the business judgment of the board of directors that a declaration of a dividend or the repurchase of common stock is not in Teradyne's best interests; changes to U.S. or global tax regulations or guidance; the impact of any tariffs or export controls imposed by the U.S. or China; the impact of U.S. Department of Commerce or other government agency regulations relating to Huawei, HiSilicon and other customers or potential customers; the impact of U.S. Department of Commerce export control regulations for certain U.S. products and technology sold to military end users or for military end-use in China; the impact of the Israel-Hamas conflict; the impact of regulations published by the U.S. Department of Commerce relating to semiconductors and semiconductor manufacturing equipment destined for certain end uses in China.

The risks included above are not exhaustive. For a more detailed description of the risk factors associated with Teradyne, please refer to Teradyne's 2023 Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Many of these factors are macroeconomic in nature and are, therefore, beyond Teradyne's control. We caution readers not to place undue reliance on any forward-looking statements included in this press release which speak only as to the date of this press release. Teradyne specifically disclaims any obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

## TERADYNE, INC. REPORT FOR SECOND FISCAL QUARTER OF 2024

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended			Six Months Ended													
	June 30,	March 31,	July 2,	June 30,	July 2,												
	2024	2024	2023	2024	2023												
Net revenues	\$	729,879	\$	599,819	\$	684,437	\$	1,329,698	\$	1,301,966							
Cost of revenues (exclusive of acquired intangible assets amortization shown separately below) (1)		304,035		260,537		281,945		564,572		543,054							
Gross profit		425,844		339,282		402,492		765,126		758,912							
Operating expenses:																	
Selling and administrative (2)		154,470		149,188		145,895		303,658		296,659							
Engineering and development		111,816		103,189		105,706		215,015		211,468							
Acquired intangible assets amortization		4,664		4,687		4,825		9,351		9,807							
Restructuring and other (3)		2,012		4,427		6,358		6,440		8,395							
Gain on sale of business (4)		(57,486)		—		—		(57,486)		—							
Operating expenses		215,476		261,511		292,584		476,988		526,140							
Income from operations		210,368		77,771		139,908		288,138		232,772							
Interest and other (income) expense (5)		(9,035)		4,869		(4,494)		(4,167)		(8,714)							
Income before income taxes		219,403		72,902		144,402		292,305		241,486							
Income tax provision		33,130		8,705		24,352		41,835		37,905							
Net income		\$	186,273		\$	64,197		\$	120,050		\$	250,470		\$	203,581		
Net income per common share:																	
Basic		\$	1.18		\$	0.42		\$	0.78		\$	1.61		\$	1.31		
Diluted		\$	1.14		\$	0.40		\$	0.73		\$	1.54		\$	1.23		
Weighted average common shares - basic			157,804		153,047		154,760		155,426		155,332						
Weighted average common shares - diluted (6)			163,470		162,348		164,751		162,909		165,530						
Cash dividend declared per common share		\$	0.12		\$	0.12		\$	0.11		\$	0.24		\$	0.22		

(1) Cost of revenues includes:

	Quarter Ended			Six Months Ended						
	June 30,	March 31,	July 2,	June 30,	July 2,					
	2024	2024	2023	2024	2023					
Provision for excess and obsolete inventory	\$	3,261	\$	6,177	\$	5,731	\$	9,438	\$	11,341
Sale of previously written down inventory		(592)		(722)		(2,453)		(1,214)		(2,848)
	\$	2,669	\$	5,455	\$	3,278	\$	8,124	\$	8,493

(2) For the quarter ended March 31, 2024, and the six months ended June 30, 2024, selling and administrative expenses included an equity charge of \$1.7 million for the modification of Teradyne executives' retirement agreements. For the six months ended July 2, 2023, selling and administrative expenses included an equity charge of \$5.9 million for the modification of Teradyne's retired CEO's outstanding equity awards in connection with his February 1, 2023, retirement.

(3) Restructuring and other consists of:

	Quarter Ended			Six Months Ended						
	June 30,	March 31,	July 2,	June 30,	July 2,					
	2024	2024	2023	2024	2023					
Employee severance	\$	2,012	\$	2,026	\$	5,140	\$	4,038	\$	7,177
Acquisition and divestiture related expenses		—		2,214		—		2,214		—
Other		—		187		1,218		187		1,218
	\$	2,012	\$	4,427	\$	6,358	\$	6,440	\$	8,395

(4) On May 27, 2024, Teradyne sold Teradyne's Device Interface Solution ("DIS") business, a component of the Semiconductor Test segment, to Technoprobe S.p.A. ("Technoprobe"), for \$85.0 million, net of cash and cash equivalents sold and a working capital adjustment.

(5) Interest and other includes:

	Quarter Ended			Six Months Ended						
	June 30,	March 31,	July 2,	June 30,	July 2,					
	2024	2024	2023	2024	2023					
Loss (gain) on foreign exchange option	\$	(4,154)	\$	13,918	\$	—	\$	9,765	\$	—
Pension actuarial losses (gains)		(250)		—		53		(250)		53

(6) Under GAAP, when calculating diluted earnings per share, convertible debt must be assumed to have converted if the effect on EPS would be dilutive. Diluted shares assume the conversion of the convertible debt as the effect would be dilutive. Accordingly, for the quarters ended June 30, 2024, March 31, 2024, and July 2, 2023, diluted shares included 4.9 million, 8.9 million and 8.9 million shares, respectively, from the convertible note hedge transaction. For the six months ended June 30, 2024, and July 2, 2023, diluted shares included 6.0 million and 8.9 million shares, respectively, from the convertible note hedge transaction. For the quarter ended July 2, 2023, 0.7 million shares have also been included in diluted shares. For the six months ended July 2, 2023, 0.8 million shares have also been included in diluted shares.

### CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

	June 30,	December 31,		
	2024	2023		
<b>Assets</b>				
Cash and cash equivalents	\$	421,904	\$	757,571
Marketable securities		38,654		62,154
Accounts receivable, net		470,297		422,124
Inventories, net		288,748		309,974
Prepayments		515,906		548,970
Other current assets		20,884		37,992
Current assets held for sale		—		23,250
Total current assets		1,756,393		2,162,035
Property, plant and equipment, net		472,457		445,492
Operating lease right-of-use assets, net		72,381		73,417
Marketable securities		123,723		117,434
Deferred tax assets		192,901		175,775
Retirement plans assets		11,293		11,504
Equity method investment		—		524,069
Other assets		—		47,923
Acquired intangible assets, net		25,465		35,404
Goodwill		405,110		415,652
Assets held for sale		—		11,531
Total assets	\$	3,631,706	\$	3,486,824
<b>Liabilities</b>				
Accounts payable		160,808		180,131
Accrued employees' compensation and withholdings		161,187		191,750
Deferred revenue and customer advances		102,888		99,804
Other accrued liabilities		108,746		114,712
Operating lease liabilities		18,280		17,522
Income taxes payable		74,365		48,653
Current liabilities held for sale		—		7,379
Total current liabilities		626,374		659,951
Retirement plans liabilities		135,167		132,090
Long-term deferred revenue and customer advances		36,146		37,282
Long-term other accrued liabilities		16,632		19,998
Deferred tax liabilities		96		193
Long-term operating lease liabilities		—		61,883
Long-term income taxes payable		—		24,596
Liabilities held for sale		—		2,000
Total liabilities		900,894		960,927
Shareholders' equity		2,730,812		2,525,897
Total liabilities and shareholders' equity	\$	3,631,706	\$	3,486,824

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

	Quarter Ended			Six Months Ended				
	June 30,	March 31,	July 2,	June 30,	July 2,			
	2024	2024	2023	2024	2023			
<b>Cash flows from operating activities:</b>								
Net income	\$	186,273	\$	120,050	\$	250,470	\$	203,581
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation		25,573		22,551		48,927		45,231
Stock-based compensation		14,935		13,564		30,693		32,449
Amortization		4,631		4,654		9,397		9,580
Provision for excess and obsolete inventory		3,261		5,731		9,438		11,341
Losses (gains) on investments		2,624		(2,507)		13,090		(4,745)
Gain on sale of business		(57,486)		—		(57,486)		—
Deferred taxes		(7,161)		(5,937)		(16,830)		(13,571)
Retirement plan actuarial losses (gains)		250		—		250		—
Other		(453)		(201)		1,240		(92)
Changes in operating assets and liabilities								
Accounts receivable		(46,156)		(39,897)		(54,211)		(2,693)
Inventories		24,034		9,852		17,102		(13,845)
Prepayments and other assets		11,101		(14,204)		22,190		(29,584)
Accounts payable and other liabilities		52,539		59,894		(53,099)		(24,514)
Deferred revenue and customer advances		4,183		(2,233)		(4,359)		(2,739)
Retirement plans contributions		(1,253)		(1,249)		(2,774)		(2,483)
Income taxes		(1,132)		(26,102)		2,622		(13,614)
Net cash provided by operating activities		216,069		142,767		223,348		162,104
<b>Cash flows from investing activities:</b>								
Purchases of property, plant and equipment		(44,846)		(39,258)		(88,869)		(80,702)
Purchases of investment in a business		(524,653)		—		(524,653)		—
Purchases of marketable securities		(11,715)		(29,742)		(27,757)		(69,018)
Proceeds from the sale of a business, net of cash and cash equivalents sold		87,172		—		87,172		—
Proceeds from maturities of marketable securities		12,420		14,529		26,858		35,577
Proceeds from sales of marketable securities		555		27,848		21,289		21,997
Proceeds from life insurance		—		—		873		460
Net cash used for investing activities		(481,067)		(26,823)		(505,087)		(121,688)
<b>Cash flows from financing activities:</b>								
Payments of borrowings on revolving credit facility		(185,000)		—		(185,000)		—
Dividend payments		(19,000)						