

TERADYNE, INC  
Form 10-Q  
November 10, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended October 2, 2016**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission File No. 001-06462**

**TERADYNE, INC.**

**(Exact name of registrant as specified in its charter)**

**Massachusetts**  
**(State or Other Jurisdiction of**

**04-2272148**  
**(I.R.S. Employer**

**Incorporation or Organization)**

**Identification No.)**

**600 Riverpark Drive, North Reading,**

**Massachusetts**  
**(Address of Principal Executive Offices)**

**01864**  
**(Zip Code)**

**978-370-2700**

**(Registrant's Telephone Number, Including Area Code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's only class of Common Stock as of November 4, 2016 was 201,222,112 shares.

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	<b>October 2, 2016</b>	<b>December 31, 2015</b>
	<b>(in thousands,</b>	
	<b>except per share amount)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 297,937	\$ 264,705
Marketable securities	598,501	477,696
Accounts receivable, less allowance for doubtful accounts of \$2,372 and \$2,407 at October 2, 2016 and December 31, 2015, respectively	163,213	211,293
Inventories, net:		
Parts	59,498	73,117
Assemblies in process	22,517	32,825
Finished goods	33,051	47,646
	115,066	153,588
Deferred tax assets		54,973
Prepayments	104,078	91,519
Other current assets	6,393	6,194
Total current assets	1,285,188	1,259,968
Property, plant and equipment, net	261,821	273,414
Marketable securities	357,751	265,928
Deferred tax assets	90,546	7,404
Other assets	12,777	13,080
Retirement plans assets	4,869	636
Intangible assets, net	114,146	239,831
Goodwill	238,589	488,413
Total assets	\$ 2,365,687	\$ 2,548,674

**LIABILITIES**

Current liabilities:

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Accounts payable	\$ 61,890	\$ 92,358
Accrued employees compensation and withholdings	89,723	113,994
Deferred revenue and customer advances	138,916	85,527
Other accrued liabilities	56,580	43,727
Contingent consideration	1,050	15,500
Accrued income taxes	20,925	21,751
<b>Total current liabilities</b>	<b>369,084</b>	<b>372,857</b>
Long-term deferred revenue and customer advances	26,336	25,745
Retirement plans liabilities	108,095	103,531
Deferred tax liabilities	16,837	26,663
Long-term other accrued liabilities	31,354	32,156
Long-term contingent consideration	31,837	21,936
<b>Total liabilities</b>	<b>583,543</b>	<b>582,888</b>

Commitments and contingencies (See Note P)

**SHAREHOLDERS EQUITY**

Common stock, \$0.125 par value, 1,000,000 shares authorized; 201,643 and 203,641 shares issued and outstanding at October 2, 2016 and December 31, 2015, respectively	25,205	25,455
Additional paid-in capital	1,517,957	1,480,647
Accumulated other comprehensive income (loss)	3,385	(8,144)
Retained earnings	235,597	467,828
<b>Total shareholders equity</b>	<b>1,782,144</b>	<b>1,965,786</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 2,365,687</b>	<b>\$ 2,548,674</b>

The accompanying notes, together with the Notes to Consolidated Financial Statements included in Teradyne's Annual Report on Form 10-K for the year ended December 31, 2015, are an integral part of the condensed consolidated financial statements.

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## TERADYNE, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2016	October 4, 2015	October 2, 2016	October 4, 2015
	(in thousands, except per share amount)			
Revenues:				
Products	\$ 334,610	\$ 386,488	\$ 1,149,581	\$ 1,096,056
Services	75,865	79,506	223,680	225,077
Total revenues	410,475	465,994	1,373,261	1,321,133
Cost of revenues:				
Cost of products	148,266	170,963	531,616	471,450
Cost of services	34,850	36,405	101,084	100,067
Total cost of revenues (exclusive of acquired intangible assets amortization shown separately below)	183,116	207,368	632,700	571,517
Gross profit	227,359	258,626	740,561	749,616
Operating expenses:				
Engineering and development	71,400	74,027	220,973	221,309
Selling and administrative	78,794	77,481	239,393	226,595
Acquired intangible assets amortization	8,487	20,053	44,725	49,119
Acquired intangible assets impairment			83,339	
Goodwill impairment			254,946	
Restructuring and other	12,177	261	16,372	(124)
Total operating expenses	170,858	171,822	859,748	496,899
Income (loss) from operations	56,501	86,804	(119,187)	252,717
Non-operating (income) expense:				
Interest income	(2,892)	(1,708)	(6,201)	(5,198)
Interest expense	633	508	2,034	1,114
Other (income) expense, net	(921)	596	(1,075)	(5,180)
Income (loss) before income taxes	59,681	87,408	(113,945)	261,981
Income tax (benefit) provision	(4,113)	15,955	(4,178)	54,863
Net income (loss)	\$ 63,794	\$ 71,453	\$ (109,767)	\$ 207,118

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Net income (loss) per common share:

Basic	\$ 0.32	\$ 0.34	\$ (0.54)	\$ 0.97
Diluted	\$ 0.31	\$ 0.34	\$ (0.54)	\$ 0.96
Weighted average common shares basic	202,211	210,032	203,167	213,688
Weighted average common shares diluted	203,929	211,736	203,167	215,348
Cash dividend declared per common share	\$ 0.06	\$ 0.06	\$ 0.18	\$ 0.18

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## TERADYNE, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	October 2, 2016	October 4, 2015	October 2, 2016	October 4, 2015
	(in thousands)			
Net income (loss)	\$ 63,794	\$ 71,453	\$ (109,767)	\$ 207,118
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax of \$0, \$0, \$0, \$0	1,843	3,267	7,072	(3,000)
Available-for-sale marketable securities:				
Unrealized (losses) gains on marketable securities arising during period, net of tax of \$51, \$48, \$2,405, \$(896), respectively	(336)	283	5,110	(593)
Less: Reclassification adjustment for gains included in net income, net of tax of \$(150), \$(126), \$(152), \$(335), respectively	(334)	(247)	(468)	(808)
	(670)	36	4,642	(1,401)
Defined benefit pension and post-retirement plans:				
Amortization of net prior service (credit) cost included in net periodic pension and post-retirement expense/income, net of tax of \$(46), \$(42), \$(139), \$(127), respectively	(81)	(74)	(244)	(221)
Prior service income arising during period, net of tax of \$0, \$0, \$34, \$0, respectively			59	
	(81)	(74)	(185)	(221)
Other comprehensive income (loss)	1,092	3,229	11,529	(4,622)
Comprehensive income (loss)	\$ 64,886	\$ 74,682	\$ (98,238)	\$ 202,496

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	<b>For the Nine Months Ended</b>	
	<b>October 2, 2016</b>	<b>October 4, 2015</b>
	<b>(in thousands)</b>	
Cash flows from operating activities:		
Net (loss) income	\$ (109,767)	\$ 207,118
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	48,437	52,531
Amortization	46,275	52,159
Stock-based compensation	23,012	23,080
Provision for excess and obsolete inventory	15,148	18,939