Teradyne Inc. (TER): First Take: Strong quarter and guidance likely clears an elevated bar

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Key stock takeaways: We expect the stock to trade higher following a quarter and guidance that came in well above the Street relative to bullish investor expectations. We believe investor positioning was relatively bullish heading into the quarter, supported by expectations for an initial merchant GPU tester ramp (with guidance excluding any contribution here), plus continued strength in networking and memory test spending. We expect the following topics to be in focus on the earnings call: (1) merchant GPU qualification progress, (2) visibility into 2H26 demand, (3) potential tailwinds from HBM-related testing demand, and the (4) CPO testing opportunity.

Quarterly results are above the Street: Teradyne reported revenue of $1.33 bn, above GS at $1.24 bn and the Street at $1.22 bn. Gross margin of 59.8% was above GS at 58.9% and the Street at 58.7%. Non-GAAP EPS of $2.47 was well above GS at $2.13 and the Street at $2.05. Semi Test revenue of $1.12 bn was above GS at $1.07 bn and the Street at $1.04 bn, Product Test revenue of $107 mn was above GS and the Street at $90 mn, and Robotics revenue of $100 mn was above GS at $87 mn and the Street at $88 mn.

3Q revenue guidance is well above the Street. Teradyne guided 3Q well above the Street on revenue and EPS. Revenue was guided to $1.25 bn at the midpoint, which is above GS at $1.08 bn and the Street at $1.03 bn. Non-GAAP EPS guidance of $1.85 - $2.15 (midpoint of $2.00) was far above GS at $1.48 and the Street at $1.46.

Price target and risks: Our 12-month target price of $465 is based on a 37X P/E multiple applied to normalized EPS of $12.50. Key downside risks: (1) delays or failure in the merchant GPU qualification process, (2) significant volatility due to the lumpy nature of AI-driven revenue, (3) slower-than-expected recovery in Mobile.

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Exhibit 1: Teradyne – Variance summary

Financials ($ mn, except EPS)	2Q26 Actual	GS	Street	Actual/GS	Actual/Street
Semiconductor Test	1,122	1,065	1,043	5.3%	7.6%
Product Test	107	90	90	18.9%	19.2%
Robotics	100	87	87	14.9%	15.2%
Total Revenue	1,329	1,242	1,215	7.0%	9.4%
QoQ	*3.6%*	*-3.1%*	*-5.2%*		
YoY	*103.9%*	*90.6%*	*86.5%*		
Gross Margin	59.8%	58.9%	58.7%	*+88 bps*	*+111 bps*
Operating Margin	33.7%	32.0%	31.8%	*+168 bps*	*+186 bps*
Non-GAAP EPS	$2.47	$2.13	$2.05	16.0%	20.5%

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Exhibit 2: Teradyne – Guidance

Financials ($ mn, except EPS)	3Q26E High	Low	Guidance (midpoint)	GS	Street	Guidance/GS	Guidance/Street
Total Revenue	1,300	1,200	1,250	1,083	1,034	15.4%	20.9%
QoQ			*-5.9%*	*-12.8%*	*-14.9%*		
YoY			*62.5%*	*40.8%*	*34.4%*		
Non-GAAP EPS	$2.15	$1.85	$2.00	$1.48	$1.46	35.5%	37.2%

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

TER	12m Price Target: **$465.00**	Price: **$334.77**	Upside: **38.9%**

Buy

Market cap: $52.8bn
Enterprise value: $51.8bn
3m ADTV: $1.7bn
United States
Americas Semiconductors & IT Services
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	3,190.0	4,699.4	5,561.1	5,991.9
EBITDA ($ mn)	837.9	1,544.1	1,981.7	2,176.4
EBIT ($ mn)	709.9	1,413.5	1,851.0	2,045.8
EPS ($)	3.97	7.55	10.00	11.00
P/E (X)	29.8	44.4	33.5	30.4
EV/EBITDA (X)	22.1	33.4	25.7	22.8
FCF yield (%)	2.4	2.0	2.6	3.2
Dividend yield (%)	0.4	0.2	0.2	0.2
Net debt/EBITDA (X)	(0.4)	(0.6)	(0.8)	(1.2)

	3/26	6/26E	9/26E	12/26E
EPS ($)	2.56	2.13	1.48	1.38

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 27 Jul 2026 close.

