



Teradyne Inc (TER) — Research Summary

Technology | Semiconductor Equipment & Materials | 2026-08-04

Price: \$403.56

Signal: BUY (7.62/10)

Market: bull_tech

Teradyne Inc (TER) — Equity Research Summary

Sector: Technology | Semiconductor Equipment & Materials

Price: \$403.56 | **Market Cap:** \$57.6B | **Rating:** BUY (7.62/10)

1. Company Overview & Investment Thesis

Teradyne designs and builds automated test equipment used to verify semiconductors and other electronics, and it also owns a growing industrial robotics business. The company is compelling right now because the global build-out of AI data centers is driving surging demand for advanced chip testing — the exact area where Teradyne dominates — fueling record revenue and triple-digit earnings growth.

2. Fundamental Snapshot

Valuation: The stock trades at a rich premium: trailing P/E of ~50x and forward P/E of ~39x, with a price-to-sales ratio near 12.8x and EV roughly matching its \$57B market cap. These are demanding multiples versus the broader semiconductor equipment group, reflecting high growth expectations already baked into the price.

Earnings trend: Teradyne has beaten estimates for four straight quarters, and recent beats have been large — Q2 2026 EPS of \$2.47 topped estimates by 21%, up over 300% year-over-year. Management raised its forward outlook meaningfully, a strong signal of confidence.

Revenue & margins: Q2 2026 revenue hit \$1.33B, more than doubling (+104%) versus the prior year. Gross margin is healthy at ~60%, operating margin near 33%, and net profit margin at ~26% — a very profitable business.

Balance sheet: Rock-solid. With just \$0.1B of debt against \$0.4B cash and a debt-to-equity ratio of 0.03, Teradyne is essentially in a net-cash position and generates strong free cash flow (~\$0.6B).

3. Technical Outlook

The stock sits near the top of its enormous 52-week range (\$103 – \$488), currently around \$403.56 — roughly 82% off its lows and about 17% below its recent high. Momentum has been powerfully positive: shares jumped 12.5% on strong Q2 results and hold roughly 91% year-to-date gains, comfortably outpacing the market even through a choppy July.

Levels to watch: Resistance sits near the \$488 high; a break above would signal renewed strength. Support can be expected on pullbacks toward prior consolidation zones well below current levels. Given a high beta (~1.79), expect sharp swings in both directions.

4. News & Sentiment

Overall sentiment: Bullish

Three key themes dominate recent coverage:

- **AI is the growth engine.** Management framed record Q2 results as the start of a multiyear, AI-driven expansion, with demand tied directly to data center and custom-silicon chip complexity.
- **Broad-based strength.** Both the core Semiconductor Test segment and the Robotics business are benefiting, and forward guidance dramatically exceeded Wall Street expectations.
- **Valuation caution.** Some commentators flag the stock as "overvalued" on a price-to-sales basis, the main pushback against an otherwise very positive narrative.

The market story is clear: Teradyne is viewed as a prime beneficiary of the AI infrastructure boom, with the debate centered not on whether growth is real, but on whether the elevated share price already reflects it.

5. Bottom Line

Aerondight Systems Signal: BUY (7.62/10)

Thesis: Teradyne is a high-quality, cash-rich leader riding the AI chip-testing wave, delivering record growth that justifies continued attention despite a premium valuation.

Key upcoming catalyst: The next quarterly earnings report and updated guidance — given the recent streak of large beats and raised outlooks, this remains the most important near-term driver.

Risk level: High. While fundamentals are excellent, the stretched valuation (~50x trailing earnings) and high beta (~1.79) mean the stock is vulnerable to sharp corrections if AI-related demand slows or expectations reset. Analyst consensus (11 Buy, 4 Hold, 2 Sell) points to a modest ~11.5% upside to the \$450 target.

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