Cohu Increases First Quarter Guidance and Announces Acceptance of New Eclipse XTA Handler by Large Korean Customer

March 21, 2018

Expecting Sales of Approximately $93 Million with Higher Gross Margin in the First Quarter

POWAY, Calif.--(BUSINESS WIRE)--Mar. 21, 2018-- Cohu, Inc. (NASDAQ: COHU), a leading supplier of semiconductor equipment, today announced that a major Korean customer has qualified the new Eclipse XTA handler, generating earlier than anticipated revenue recognition. As a result, the company now expects the following revisions to first quarter 2018 guidance:

- Sales increasing to approximately $93 million from prior guidance of approximately $89 million.
- Non-GAAP gross margin expanding from prior guidance to a range of 43% to 43.5%.
- Non-GAAP research and development costs expected to be approximately $1 million lower than prior guidance.
- Foreign currency loss estimated to be approximately $1.5 million, based on information currently available to the company.
- Cohu continues to project approximately 10% growth in the first half of 2018 compared to the same period last year.

Luis Müller, President and Chief Executive Officer of Cohu, commented, “We are encouraged by the accelerated qualification and product acceptance of our Eclipse XTA handler by this major customer in Korea. This is the second significant customer success in the first quarter, following our January announcement that a large automotive semiconductor leader selected the MATRiX handler and our multi-beam test contactors. Together, these two customers are expected to add 2-3 points of handler share gains in 2018, while also providing increased confidence in our growth projections for our contactor business.”

The Eclipse XTA handler delivers scalable performance for testing a wide range of semiconductors, from analog ICs to high performance mobile processors, in a fully automated semiconductor test operation. This handler’s capabilities include interface to factory robots, new diagnostics and process monitoring systems, sophisticated communications interface as well as data acquisition to support Industry 4.0 standards.

Christopher Bohrson, Vice President and General Manager of Cohu’s Digital Test Handler business, stated, “The Eclipse XTA is the first handler in the industry to enable operation in a lights-out automated factory. We are excited to be on the forefront of the robotics revolution in semiconductor test, working alongside this leading Korean customer. The initial target application for this customer is testing analog semiconductors, with potential follow-on business for Cohu and applicability for this technology in additional device segments. Further, the know-how and technologies utilized to develop the Eclipse XTA can be implemented over time across our product portfolio as customers participate in the Industry 4.0 revolution.”

About Cohu:

Cohu is a leading supplier of semiconductor test and inspection handlers, micro-electro mechanical system (MEMS) test modules, test contactors and thermal sub-systems used by global semiconductor manufacturers and test subcontractors.

Discussion of Non-GAAP Financial Measures:

This release includes presentation of preliminary estimates of certain non-GAAP financial measures for the quarter ended March 31, 2018, including non-GAAP gross margin and research and development expense. These non-GAAP estimated financial measures adjust the Company's forecasts prepared under GAAP to exclude charges and the related income tax effect for share-based compensation, the amortization of acquired intangible assets, manufacturing transition costs, employee severance costs, acquisition related costs, fair value adjustment to contingent consideration, purchase accounting inventory step-up included in cost of sales, the reduction of an uncertain tax position liability and related indemnification receivable and U.S. Tax Reform. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company’s results prepared in accordance with GAAP. In addition, the non-GAAP measures the company is using may differ from non-GAAP measures used by other companies. Because GAAP financial measures on a forward-looking basis are neither accessible nor deemed to be significantly different from the non-GAAP financial measures, and reconciling information is not available at this time without unreasonable effort, with regard to the non-GAAP financial measures in this release, the company has not provided that information.

Forward-Looking Statements:

Certain matters discussed in this release, including statements regarding revised first quarter 2018 financial guidance, increased sales and gross margin; decreased operating expenses; estimated foreign currency loss; meeting first half 2018 year-over-year growth projections; business prospects, growth and revenue recognition with a major Korean customer; growth projections in the contactor market; and specific handler share gain projections are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected or forecasted. Such risks and uncertainties include, but are not limited to, risks associated with acquisitions; inventory, goodwill and other asset write-downs; our ability to convert new products into production on a timely basis and to support product development and meet customer delivery and acceptance requirements for new products; our reliance on third-party contract manufacturers and suppliers; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; revenue recognition impacts due to ASC 606; market demand and adoption of our new products; customer orders may be canceled or delayed; the concentration of our revenues from a limited number of customers; intense competition in the semiconductor equipment industry; our reliance on patents and intellectual property; compliance with U.S. export regulations; impacts from the Tax Cuts and Jobs Act of 2017; geopolitical issues; ERP system implementation issues; the seasonal, volatile and unpredictable nature of capital expenditures by semiconductor manufacturers; and rapid technological change. These and other risks and uncertainties are discussed more fully in Cohu's filings with the Securities and Exchange Commission, including the most recently filed Form 10-K and Form 10-Q. The forward-looking statements included in this release are not assurances, and speak only as of the date of this release, and Cohu does not undertake any obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Source: Cohu, Inc.

Cohu
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