



Cohu Reports Third Quarter 2001 Operating Results

October 25, 2001

POWAY, Calif., October 25, 2001 -- Cohu, Inc. (NASDAQ:COHU) today announced that sales were \$25.4 million for the third quarter ended September 30, 2001 compared to \$74.2 million for the third quarter of 2000 and \$29.3 million for the second quarter of 2001. The net loss for the third quarter of 2001 was \$1.4 million, or \$.07 per share, compared to net income of \$9.0 million or \$.43 per share for the third quarter of 2000 and a net loss of \$2.8 million or \$.14 per share in the second quarter of 2001.

In the quarter ended September 30, 2001 the Company recorded pretax inventory related charges of approximately \$4.7 million primarily as a result of changes in customer forecasts. The Company recognized a pretax gain in the third quarter of approximately \$7.7 million from the previously announced sale of its San Diego facilities. The third quarter of 2001 was also impacted by a pretax charge of approximately \$2.1 million for acquired in-process research and development as a result of the Company's July 16, 2001 purchase of the assets of Schlumberger's Automated Systems business. The operating results of Automated Systems have been included since the acquisition date.

Net sales for the first nine months of 2001 were \$98.4 million with a net loss of \$5.6 million and a net loss per share of \$.28 compared to net sales of \$233.7 million with net income of \$29.1 million and earnings per share of \$1.37 for the first nine months of 2000.

Orders for the third quarter of 2001, including approximately \$1 million of backlog acquired from Automated Systems, were \$22.9 million compared to \$22.5 million for the second quarter of 2001. Backlog was \$32.2 million at September 30, 2001 compared to \$34.7 million at June 30, 2001. Backlog at September 30, 2001 may not be a reliable indicator of revenues in future periods due to possible customer requested changes to delivery schedules and order cancellations. Third quarter 2001 sales of semiconductor test handling equipment accounted for 71% of total sales. Sales of television cameras and related equipment were 19% of sales and metal detection and microwave equipment contributed 10% of sales.

James A. Donahue, President and Chief Executive Officer stated, "Results for the quarter reflect continuing weakness in the semiconductor industry and the economy in general. Equipment utilization on many IC test floors remained below fifty percent during the quarter and under these conditions customers cannot be expected to add capacity. During the quarter we further reduced our production capacity and headcount to align them with projected demand for our products and the current business environment. As is appropriate under these conditions, we are carefully controlling discretionary expenditures. Based upon ongoing dialog with customers, we expect no significant improvement in their equipment utilization, and therefore handler orders, for the next several quarters. Third quarter orders in our other businesses declined 25% from the second quarter."

Donahue continued, "A bright spot in an otherwise difficult quarter was Delta Design's Summit handler that provides precise temperature control and heat dissipation capability during IC test. We are proceeding with the integration into Summit of the proprietary thermal technology that we acquired in the purchase of Schlumberger's Automated Systems business in July. We believe this enhanced system, with active thermal control capability, will further reduce yield loss due to temperature rise within the IC as it is tested. We continued to aggressively invest in key product development programs and plan to do so during the fourth quarter."

The Company's Board of Directors also announced that it has approved a quarterly cash dividend of \$.05 per share payable on January 11, 2002 to shareholders of record on December 7, 2001.

Certain matters discussed in this report including statements concerning the Company's expectations of industry conditions, new product development, backlog and future revenues 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, the slowdown in the market for our products and our responses to the slowdown; order cancellations; risks associated with acquisitions; the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers; inventory write-offs; the Company's ability to convert new products under development into production on a timely basis, support product development and meet customer delivery and acceptance requirements for next generation equipment; the effect of competitive products; the concentration of revenues in a limited number of customers; and other risks addressed in the Company's filings with the Securities and Exchange Commission including the most recently filed Form 10-K and Form 10-Q. The Company assumes no obligation to update the information in this report.

Cohu is a leading supplier of test handling solutions used by the global semiconductor industry as well as a supplier of closed circuit television, metal detection and microwave radio equipment.

Cohu will be conducting their conference call on Thursday, October 25, 2001 at 2:00 PM PST. A webcast and replay of the call can be accessed at www.cohu.com.

[Full Press Release including Consolidated Statements of Operations and Consolidated Balance Sheets](#)

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