

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

July 11, 2017

Cohu, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-04298

95-1934119

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

12367 Crosthwaite Circle, Poway,  
California

92064

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

858-848-8100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On July 11, 2017, Cohu, Inc. (the “Company”) issued a press release regarding its announcement of certain preliminary unaudited financial results for the second quarter ended June 24, 2017. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

In addition to financial results determined in accordance with generally accepted accounting principles (“GAAP”), this press release refers to forward-looking non-GAAP guidance for gross margin and operating expenses. Company non-GAAP financial measures exclude stock compensation expense, amortization of acquired intangible assets, manufacturing transition and severance costs, and Kita acquisition and related inventory step-up costs. The use of non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company’s management believes that this information can assist investors in evaluating the Company’s operational trends, financial performance, and cash generating capacity. Management believes these non-GAAP measures allow investors to evaluate the Company’s financial performance using some of the same measures as management. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. A full GAAP to non-GAAP reconciliation will be provided as part of the Company’s second quarter 2017 earnings release, on July 27, 2017.

**Item 7.01 Regulation FD Disclosure.**

As previously announced, the Company will be hosting and presenting at its Corporate Access Day to be held July 13, 2017, in Santa Clara, California. The event will include a slide presentation, which is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated by reference in this Item 7.01.

Interested investors, analysts and the general public are also invited to access the Company’s slide presentation via our website at [www.cohu.com](http://www.cohu.com). The presentation will be webcast and can be accessed during or after the event at <http://ir.cohu.com/>. The information contained on our website is not part of this Form 8-K and is not incorporated by reference into this Form 8-K.

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, and the Exhibits attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

The exhibits listed below are being furnished with this Current Report on Form 8-K.

(d) Exhibits

Exhibit No. - 99.1

Description – Press Release, dated July 11, 2017, of Cohu, Inc.

Exhibit No. 99.2

Description – Investor Presentation of Cohu, Inc., dated July 11, 2017.

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cohu, Inc.

July 11, 2017

By: */s/ Jeffrey D. Jones*

---

*Name: Jeffrey D. Jones*

*Title: VP Finance and Chief Financial Officer*

---

Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated July 11, 2017, of Cohu, Inc.
99.2	Investor Presentation of Cohu, Inc., dated July 11, 2017.



## **Cohu Announces Strong Preliminary Second Quarter 2017 Results**

### **Net Sales 8% Above Guidance; Schedules Earnings Call for Thursday, July 27, 2017**

POWAY, Calif., July 11, 2017-- Cohu, Inc. (NASDAQ: COHU), a leading supplier of semiconductor equipment, today announced certain preliminary unaudited financial results for its second quarter of 2017:

- Sales of approximately \$93 million, above prior guidance of approximately \$86 million, representing a 22% increase as compared to prior year second quarter sales of \$76.4 million.
- Gross margin in-line with previous non-GAAP guidance of approximately 40%.
- Operating expenses approximately \$1 million higher than previous non-GAAP guidance of approximately \$22 million, due to foreign currency losses.
- Looking forward, Cohu projects second half 2017 sales to be approximately the same as first half 2017, with the typical seasonality between the third and fourth quarters.

Luis Müller, President and Chief Executive Officer of Cohu, commented, "Our stronger than expected revenue in the second quarter was driven by continued momentum in the automotive and mobility markets, further highlighted by record orders in the quarter. These results reflect early acceptance of new products with existing customers as well as an increase in recurring revenue due to higher utilization across the installed base and particularly from computing applications. Our business continues to benefit from the growing trends of increased semiconductor content in automotive as well as greater device complexity in mobile handsets and IoT products, all of which drive the need for more advanced test handling equipment with extensive thermal and vision inspection capabilities. We look forward to discussing our complete financial results on our conference call in late July and also showcasing our newest products at our upcoming Corporate Access Day."

Preliminary results remain subject to the completion of customary quarter-end financial close and review procedures and are subject to change. This press release refers to forward-looking non-GAAP guidance for gross margin and operating expenses. Cohu non-GAAP financial measures exclude stock compensation expense, amortization of acquired intangible assets, manufacturing transition and severance costs, and Kita acquisition and related inventory step-up costs. A full GAAP to non-GAAP reconciliation will be provided as part of Cohu's second quarter 2017 earnings release.

As previously announced, Cohu will be hosting and presenting at its Corporate Access Day to be held July 13, 2017, in Santa Clara, California. Interested investors can access Cohu's slide presentation and webcast beginning at 9:00 a.m. (Pacific Time) on July 13<sup>th</sup> in the Investor Information section of Cohu's website at [www.cohu.com](http://www.cohu.com).

---

**Second Quarter 2017 Earnings Release and Conference Call:**

Cohu will release its full second quarter 2017 financial results on Thursday, July 27, 2017 after the market close. Following the press release, Luis Müller, President and Chief Executive Officer, and Jeff Jones, Chief Financial Officer, will host a live audio webcast and conference call at 1:30 p.m. Pacific Time/4:30 p.m. Eastern Time to discuss Cohu's second quarter financial results and third quarter business outlook. Interested investors should access the webcast at [www.cohu.com](http://www.cohu.com) and click on "Investor Information" at least five minutes before the call begins.

The teleconference replay will be available through August 27, 2017 and can be accessed by dialing 1-877-481-4010 and using passcode 16197. International callers should dial 1-919-882-2331 and enter the same pass code at the prompt. The webcast replay will be available on the Company's website through July 27, 2018.

**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.

**Forward Looking Statements:**

Certain matters discussed in this release, including statements regarding preliminary sales, gross margin and operating expenses, strength of markets and results, expectations of business, orders, second half 2017 sales and operating results, 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 recognize revenue and accounts receivable collection problems; 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; 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 speak only as of the date hereof, and Cohu does not undertake any obligation to update these forward-looking statements to reflect subsequent events or circumstances.

**Contact Information:**

Cohu: Jeffrey D. Jones – Investor Relations (858) 848-8106

# Cohu, Inc. Corporate Access Day

Event to be Held July 13, 2017

9:00 am – 12:00 pm

Marriott, Santa Clara, CA



# Safe Harbor Statement

Certain matters discussed in this presentation, including statements concerning market growth rates for IoT, auto semiconductor, processor and advanced packaging; “Cohu400” and “Cohu500” strategy goals and financial targets; market share gain targets; SLT platform market opportunity; contactor market growth and Cohu sales goals; estimated 2017 financial results and balance sheet; and strategic investment goals 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, our ability to convert new products under development into production on a timely basis and to meet customer delivery and acceptance requirements for new products; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; market adoption of new products; intense competition in the test handler industry; our reliance on patents and intellectual property; failure of critical suppliers; customer concentration; compliance with U.S. export regulations; our ability to successfully integrate acquired businesses and operations; 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. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof, based on information currently available to us. Cohu assumes no obligation to update the information in this presentation.

This presentation includes certain non-GAAP financial measures, including non-GAAP EBITDA, Adj. EBITDA, gross margin and diluted earnings per share. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by Cohu may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable U.S. GAAP measure is included in the Appendix to these slides.



# Agenda - July 13, 2017

---

Schedule	Event	Presenter
9:00 a.m. – 9:05 a.m.	Welcome	J. Jones
9:05 a.m. – 9:15 a.m.	Opportunities for Growth and Differentiation	L. Müller
9:15 a.m. – 9:35 a.m.	Keynote Speaker Secure Connections for a Smarter World	K. Keshvari, NXP
9:35 a.m. – 9:50 a.m.	Digital Test Handlers	C. Bohrson
9:50 a.m. – 10:05 a.m.	Test Contactors	G. Gschwendtberger
10:05 a.m. – 10:20 a.m.	Analog Test Handlers	I. von Fellenberg
10:20 a.m. – 11:30 a.m.	Equipment Demonstrations	
11:30 a.m. – 11:45 a.m.	Delivering Profitability and Shareholder Value	J. Jones
11:45 a.m. – 12:00 p.m.	Closing Remarks and Q&A	J. Jones

# Opportunities for Growth and Differentiation

**Luis Müller**  
President & CEO



# Corporate Profile

Global technology and market leader in \$1.5 billion\*  
Semiconductor Final Test Handlers and Contactors



Company  
NASDAQ

COHU



Revenue  
(LTM\*\*)

\$297M



EBITDA  
(LTM\*\*)

12%



Net Cash  
(1Q17)

\$96M



Employees  
(Worldwide)

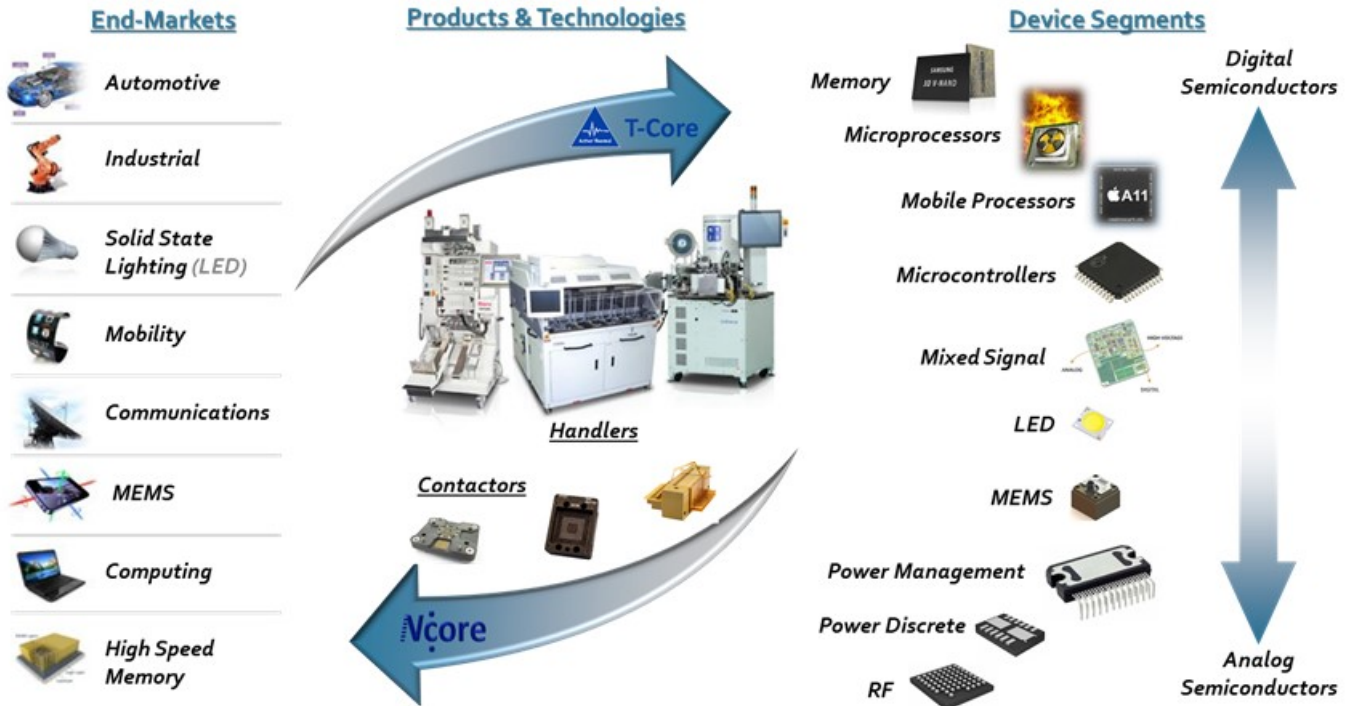
~1,750

*We create leading-edge solutions for  
semiconductor test and inspection*

\*VLSI Research and Company estimates  
\*\*LTM as of 1Q17; EBITDA reflects non-GAAP

# Multiple Markets – Leading Solutions

Thermal and Vision Inspection technologies enabling higher yield ⇒ customer value

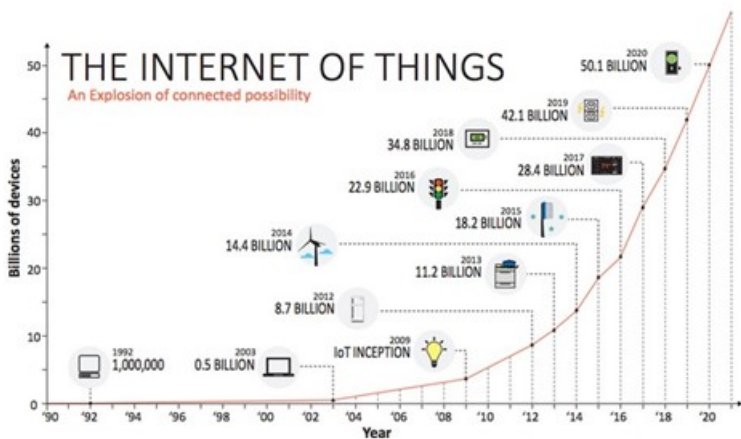


# Key Industry Trends

Increasing integration ⇒ test and inspection challenges

## Unit Growth

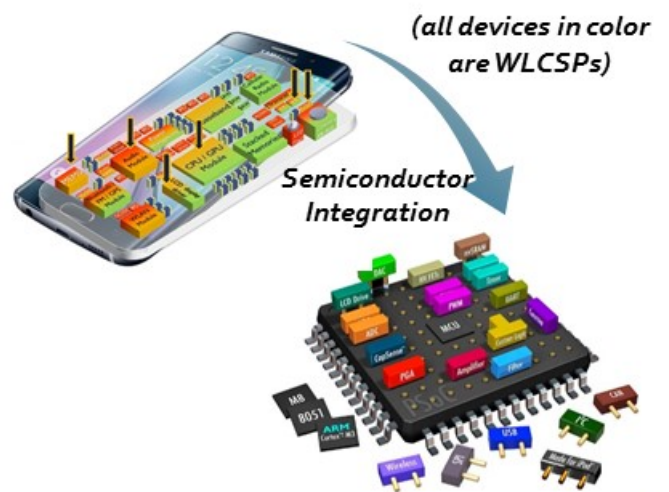
Increasing IC content in vehicles, factory automation (robotics) and exponential increase in connectivity (Internet-of-Things)



\* Source: Zephyr. IoT and Its Impact on Testing

## System in Package Integration

Growing integration of wafer-level CSP in complex packages (2.5D – 3D technologies)



# Competitive Differentiation

Solutions that result in higher test and inspection yield  
1% better yield on \$300 billion semiconductor industry = \$3 billion

Scale ⇒ Largest R&D (~\$35 million) in the industry

Global Operations meeting production ramp requirements

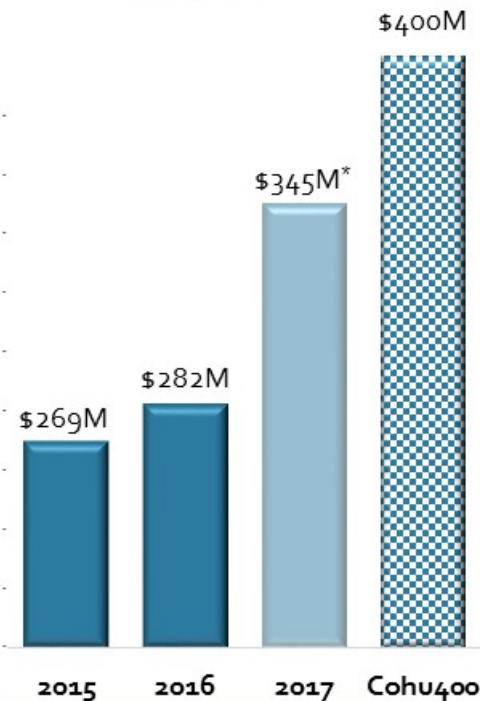
Sales & Service to support customers 24/7 globally



# Delivering Positive Results

Achieving growth ⇒ *share gain in core handlers, new WLCSP prober, expansion in test contactors*

## Revenue



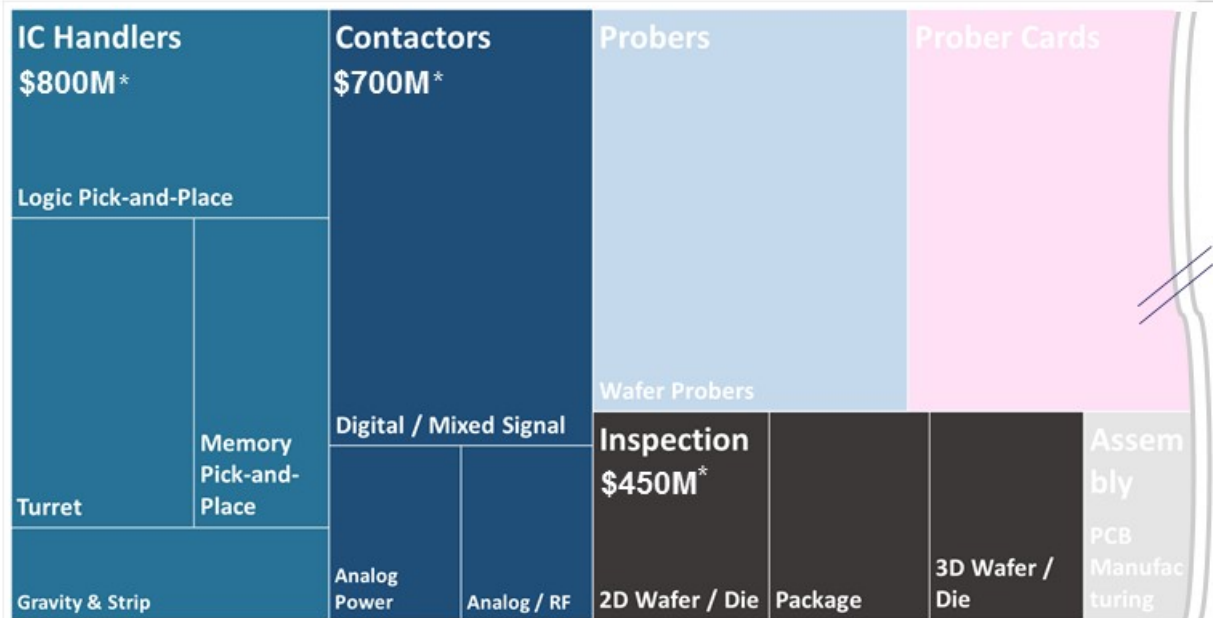
Cohu400 Strategy	Results to-date**
<i>4 to 6 points handler share gain</i>	<i>+2 points share in mobility and automotive markets***</i>
<i>4 to 8 points test contactor share gain</i>	<i>+3 points share inc. Kita acquisition, new RF product***</i>
<i>Enter WLCSP probe for 30-50% share</i>	<i>Unveiling PANTHER today, WLCSP prober</i>
<i>Ship 90% handlers from Asia Operations</i>	<i>90%+ handlers shipping from Malaysia since 1Q17</i>

\* Analyst consensus estimates

\*\* Since introduction of Cohu400 in June 2015  
\*\*\* Company estimates

# Cohu500 Strategy

Extending mid-term (3-5 years) target to **Revenue of \$500 million** on expanded ~\$2 billion\* Addressable Market that includes Inspection



\*VLSI Research and Company estimates



# Digital Test Handlers

## Device Segments

Microprocessors



Mobile Processors



MixedSignal



Microcontrollers



Memory



**Chris Bohrson**  
General Manager



# Attractive Growth Markets



## CAGR through 2020\*

- ❑ Mixed signal: 7%
  - ASIC (application specific IC)
  - DSP (digital signal processor)
- ❑ Automotive Processors: 12%
  - Microprocessor Unit (MPU)
  - Microcontroller Unit (MCU)
- ❑ Growth of autonomous vehicles will benefit Graphics Processor Units



## CAGR through 2020\*

- ❑ Mobile: 10%
- ❑ Server/cloud 2.2%
- ❑ PCs growing at less than 1%
- ❑ Rise of AI (10X growth)
- ❑ Advanced wireless 5%
- ❑ Internet of a trillion things 27%
- ❑ Gaming 25%, AR/VR 200%+

\* Sources: McKinsey, Gartner, IC Insights, Bank of America & company estimates

# Increasing Thermal Related Yield Challenges

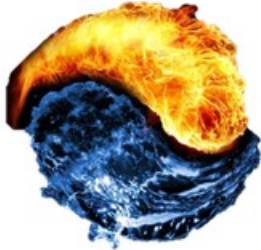
## Automotive

Extreme temperature control range

Market:

+150°C

-45°C



Handler:

+175°C

-55°C

With high test parallelism



## Processors



Processors Heat up During Test



Yield Loss (\$\$)

# High Performance Solutions

## MATRiX for Automotive



### Higher yield

- -55 C to +175 C test
- Control down to +/- 2 C

### High throughput

- x32 parallelism
- 16K units per hour



## Eclipse for Processors



### Higher yield

- Active Thermal Control
- Control down to +/- 2 C

### High productivity

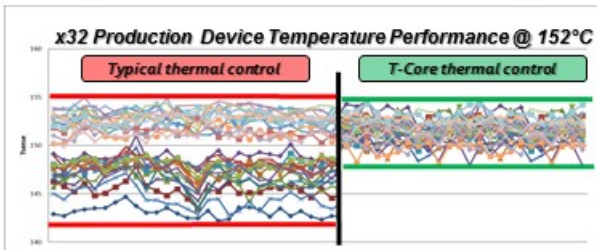
- x16 parallelism
- 13K units per hour



*T-Core: Best in class temperature control  
for high volume production*

# T-Core Delivers Yield Advantage

## MATRiX with T-Core

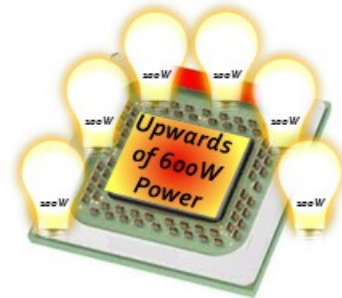


**2X** improvement in device temperature accuracy

Higher yield w/ down to  $\pm 2$  C control in high parallelism



## Eclipse with T-Core



Active heat dissipation to maintain down to  $\pm 2$  C temperature accuracy  
→ increases yield



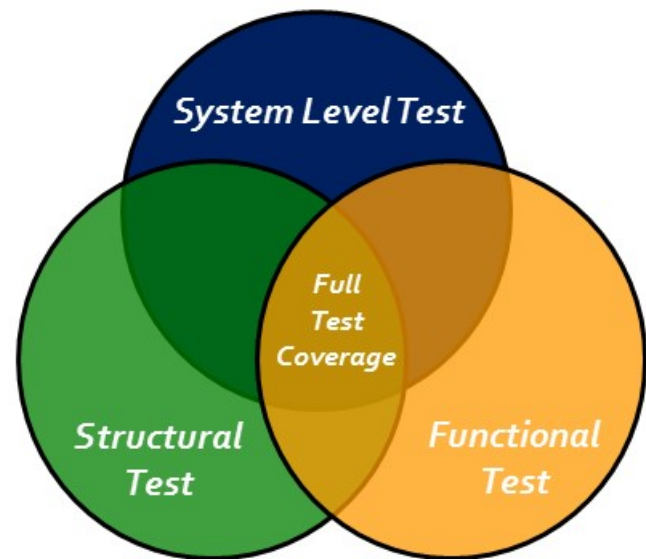
# What is System Level Testing; why is it needed?

**Discontinuity:** denser devices (< 10 nm devices) & higher quality levels driving changes in testing

**Gap:** traditional test coverage from [Functional](#) and [Structural](#) testing no longer adequate for testing complex devices

## Solution:

- ❑ [System Level Test](#) emulates real-world device configuration (boot test, high speed interfaces...)
- ❑ Combination of [Structural](#), [Functional](#) and [System Level Testing](#) leads to highest quality
- ❑ Testing requires thermal management



# High Density SLT Platform

---

## High volume manufacturing

- ❑ Massively parallel test architecture
- ❑ Lower CAPEX/OPEX
- ❑ T-Core Thermal architecture

~\$150M market opportunity

- ❑ Application Processors
- ❑ Entry into Memory test



# Integrated Test Solutions

**Gerhard Gschwendtberger**  
General Manager





# Growing Contactor Market

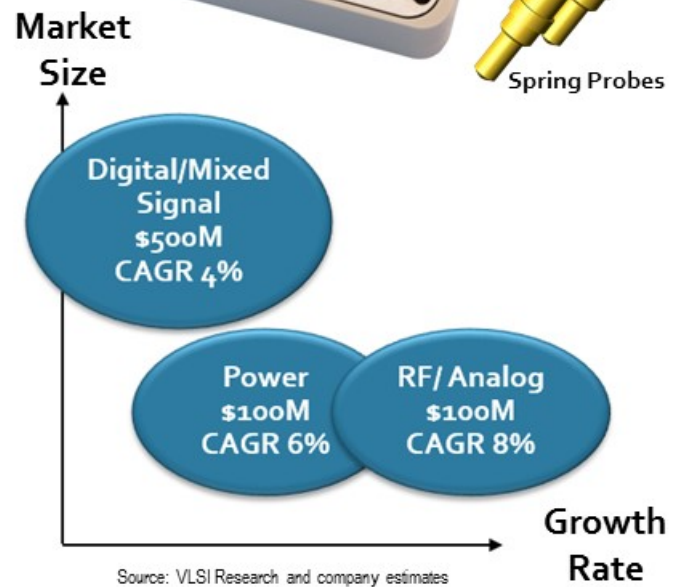
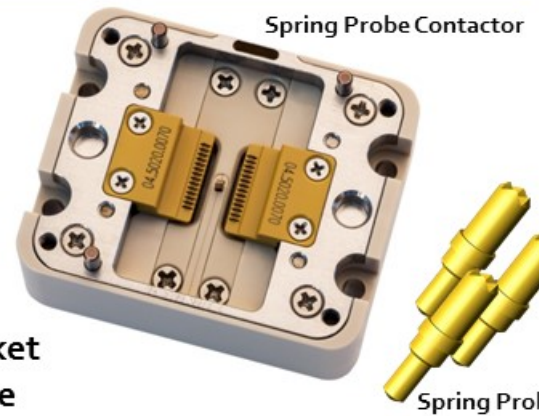
\$700M growing at 5% CAGR

- ❑ Consumable, recurring business
- ❑ Fragmented, small regional suppliers

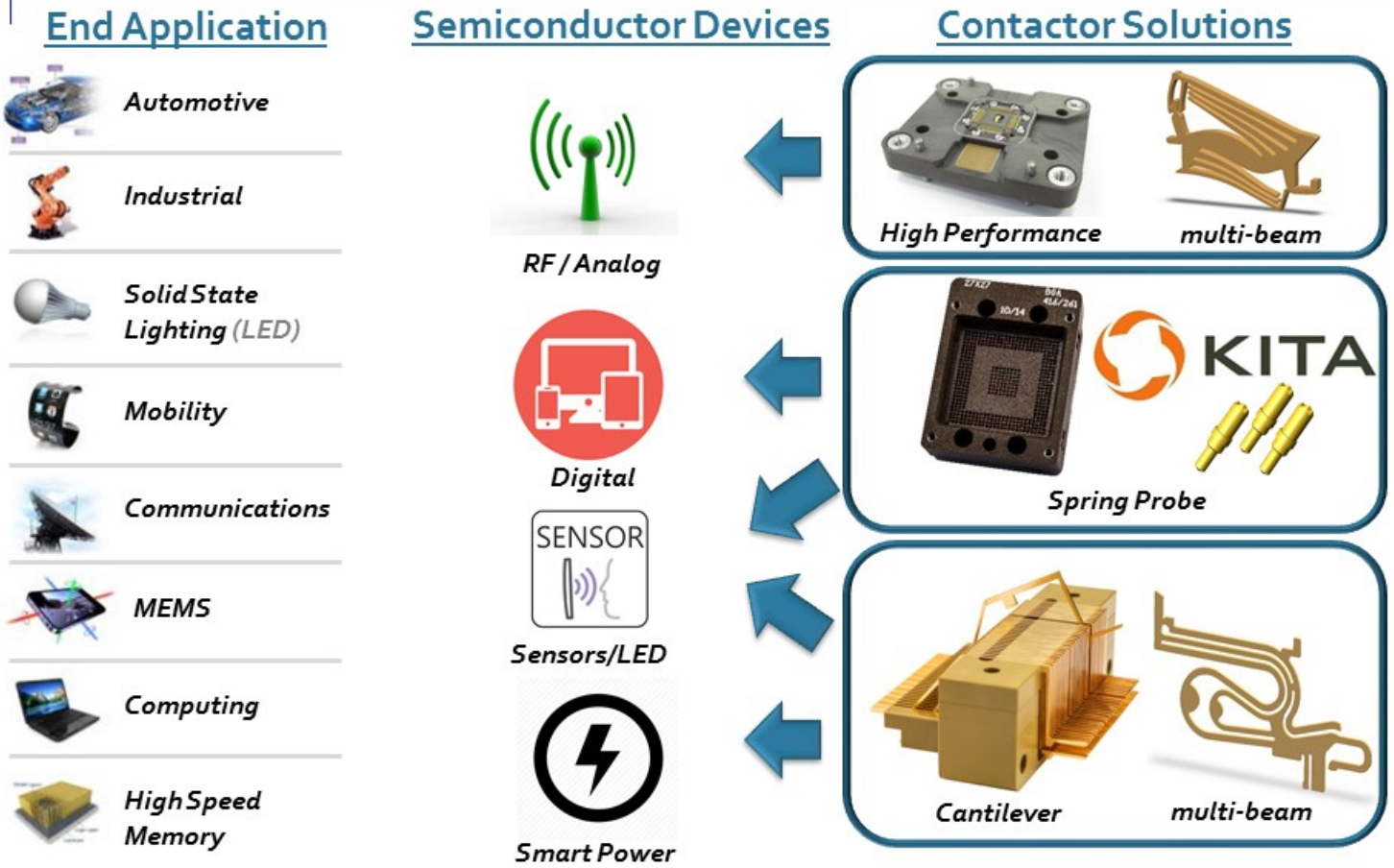
Unique *multi-beam* and *spring probe* technologies deliver better thermal & signal performance

Leveraging handler market share and global customer support

Targeting rapid 20% CAGR to become a leader in 5 years



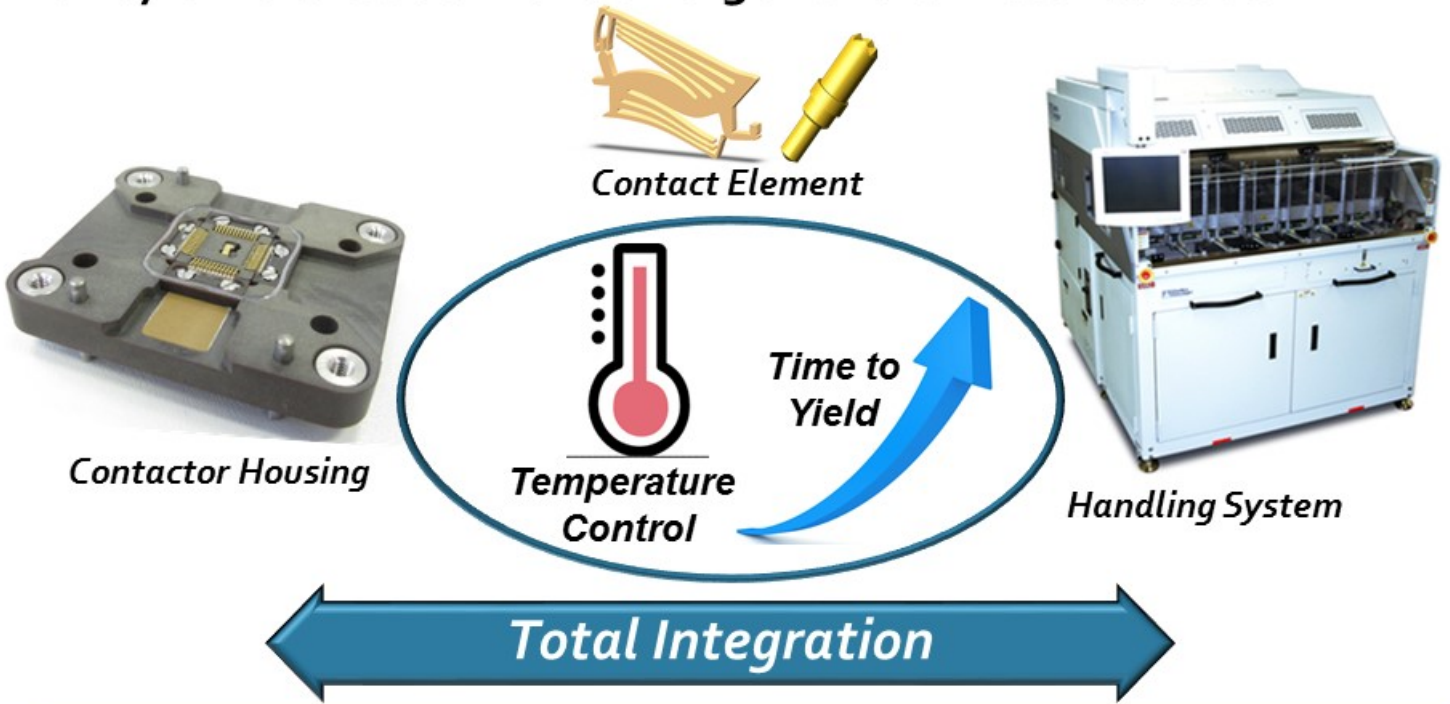
# Multiple Markets & Solutions



# Achieving Higher Yield Faster

Accurate temperature control, integration with Coahu handlers

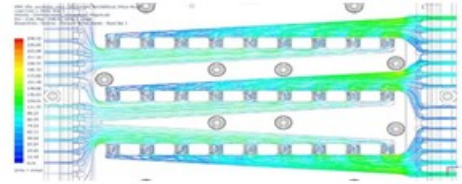
One-stop-shop reduces integration & setup time – “time to yield” is key differentiation for our large handler installed base



# Differentiating Technologies

## Best in Class Temperature Control

- ❑ Embedded temperature sensing
- ❑ Integration with T-Core enabled Cohu handlers



*High parallel, temperature controlled contactor solution*

## Manufacturing Technology

- ❑ Enabling fine pitch WLCSP probes
- ❑ Long lifespan and stable yield



*E-barrel line*



*Fine pitch WLCSP probes*

## Unique *multi-beam* Architecture

- ❑ Signal integrity up to 80 GHz
- ❑ Lowering cost of test



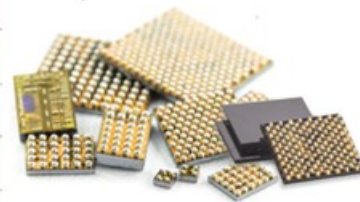
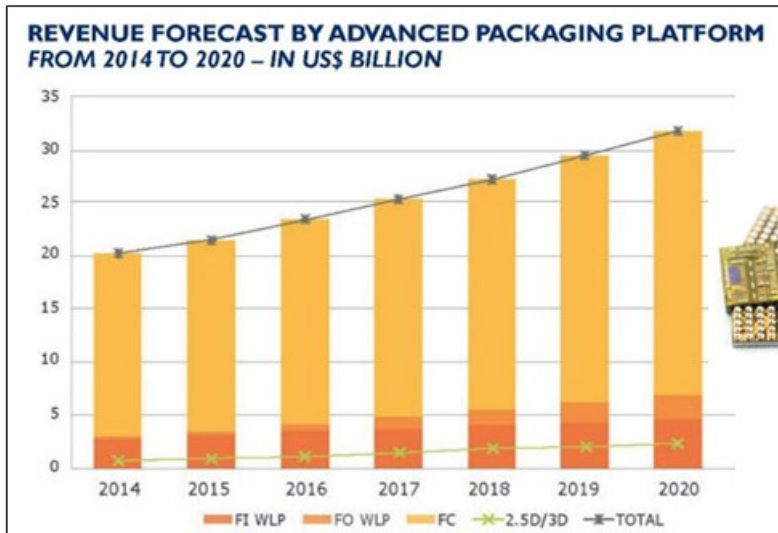
*multi-beam contact springs for RF & Power applications*

# Solving Next Generation Test Challenges

Unique WLCSP solution for 5G / WiGig high frequency test

Traceability & recipe management enabling Industry 4.0

Optimized for stringent quality requirements in Automotive radar

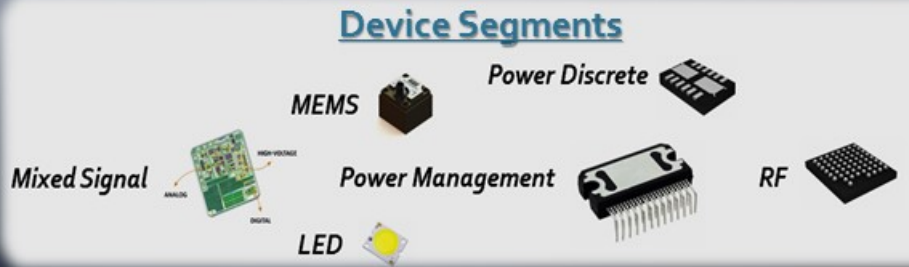


**CAGR (2017-2020) ~10%**

Source: Yole Development and company estimates

# Analog Test Handlers

Ian von Fellenberg  
General Manager



# Attractive Growth Markets



## CAGR through 2020\*

- ❑ **Mixed Signal, RF, Sensors: 10%**
  - ADAS, drivers, converters, Infotainment, connectivity, low-gyro, pressure
- ❑ **MEMS: 10%**
  - Inertial, Environmental, Optical
- ❑ **Power Management, Discrete: 7%**
  - Power sequencing, DC/DC converters, battery charging
- ❑ **LED: 12%** – Headlamp, DRL, Interior



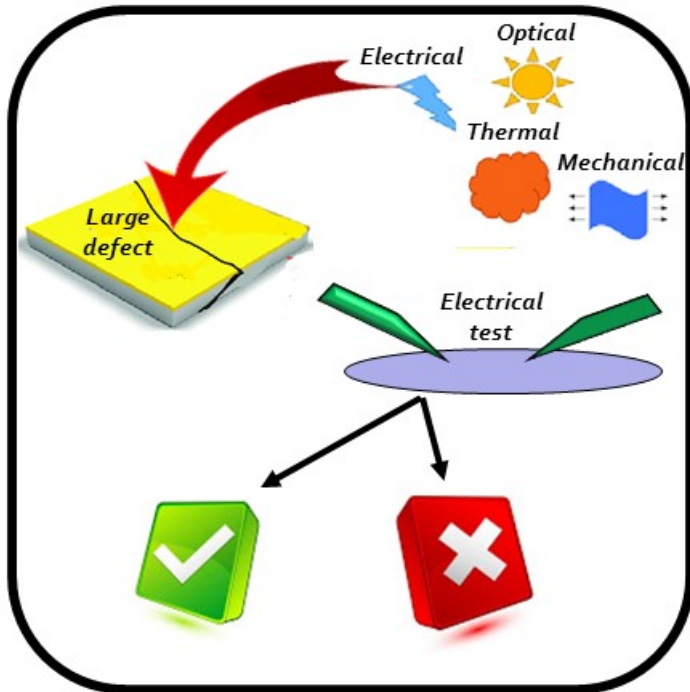
## CAGR through 2020\*

- ❑ **Mixed signal: 8%**
  - Converters, comparators, drivers, amplifiers
- ❑ **RF & Sensors, MEMS: 12%**
  - SAW/BAW filters, transmitters, receivers, Hall-effect, microphone
- ❑ **Small Signal Discrete: 2%**
  - Diodes, transistors, signal conditioning

\* Sources: Semico, IC Insight, Yole, BofA/Gartner, HIS Market and company estimates

# Increasing Quality Requirements

*Micro-scale defect detection in thin & fragile devices and WLCSPs is a growing challenge*





# Broad Product Solutions

## NY Turret – Jaguar Mobile & IoT



### Higher yield

- Test contact solutions
- Hi-Resolution vision inspection
- Thin & Fragile device handling

### High throughput

- 50K units per hour
- Fully integrated Back-end processes, optimized footprint
- WLCSP test
- High parallelism



## NY Turret – Gravity – Jaguar Automotive & Industrial



### Higher yield

- High power test
- Vision inspection
- Tri-Temperature testing

### High productivity

- High parallelism
- Process traceability
- Configurable platform



*NVCore: Highest resolution vision inspection at production throughput*

# Growing Revenue in Vision Inspection

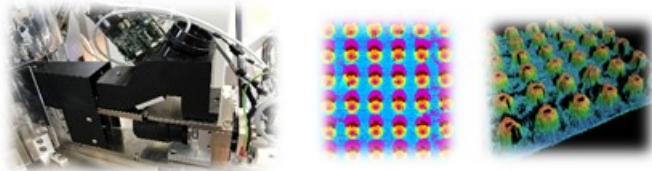
Introducing new Aquilae module

Expanding addressable share of \$450M inspection market

Focused R&D investments to meet challenge of increasing quality

## Package and die inspection

3D Inspection "3D-Flex"



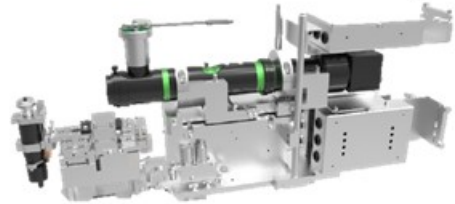
Full 3D metrology of ball grid array

Hi-resolution – Modular system

Tooling-less system

## WLCSP inspection

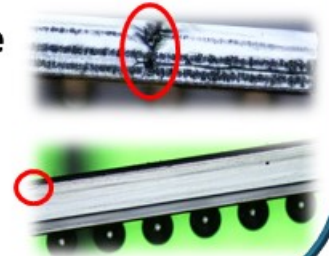
Micro-crack detection "Aquilae"



High resolution inspection

Detects micro-scale cracks / defects

High throughput



# Disruptive Solution for Advanced Packages

## Unveiling PANTHER

The first prober optimized for test and inspection of singulated wafer-level chip scale packages (WLCSPs) and bumped dies



## Differentiating Features

- ❑ **Integrated final test, inspection and tape-and-reel – smallest footprint**
- ❑ **Tri-temperature test capability**
- ❑ **Stress-free handling – no mechanical clamping**
- ❑ **High parallel test – 100% touch-down efficiency**
- ❑ **Full process in one system – reduced material work-in-process**
- ❑ **Delivers higher yield**

***PANTHER: Higher yield – Higher quality – More throughput***

# Delivering Profitability and Shareholder Value

**Jeff Jones**  
VP Finance & CFO



# Preliminary Q2 and 1H17 Results

## Unaudited Prelim. Results

2Q17\*

1H17\*\*

Sales	~ \$93M	~ \$174M
Gross Margin***	~ 40%	~ 41%
Operating Expense***	~ \$23M	~ \$45M

### Record orders in 2Q17

Strong 2Q17 results reflects early customer acceptance of new products and increased recurring revenue due to higher utilization

Projecting second half 2017 sales to be approximately the same as first half sales, with typical seasonality in Q3 and Q4

\* Preliminary 2Q17 results announced on July 11, 2017

\*\* 1H17 amounts consist of 1Q17 actual results combined with 2Q17 preliminary results

\*\*\* Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition and inventory mark-up costs, manufacturing transition and severance costs.

# Strategy & Execution Yielding Results



**Share gain in handler automotive and mobility markets**  
**Growth in contactors with Kita acquisition**  
**Gross margin expansion from Asia manufacturing**  
**Tight Opex control while investing for growth**

\* Analyst consensus estimates

\*\* Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition costs, manufacturing transition and severance costs.

July 11, 2017

Page 32



# Expanding Mid-Term Target – Cohu500

	2015	2016	2017 Est.*	Cohu400	Cohu500
Sales	\$269M	\$282M	\$345M (\$86M/qtr)	\$400M (\$100M/qtr)	\$500M (\$125M/qtr)
Gross Margin**	35%	36%	40%	42%	45%
Adj. EBITDA**	9%	10%	16%	18%	20%

## On track to Cohu400

- ~ 2 pts handler share gain: automotive and mobility
- ~ 3 pts contactor share gain: new products and sales synergies
- ~ \$15M from new WLCSP Probe with deliveries starting 2H17

## Increasing Gross Margin target to 45%

Growing share and expanding in inspection market

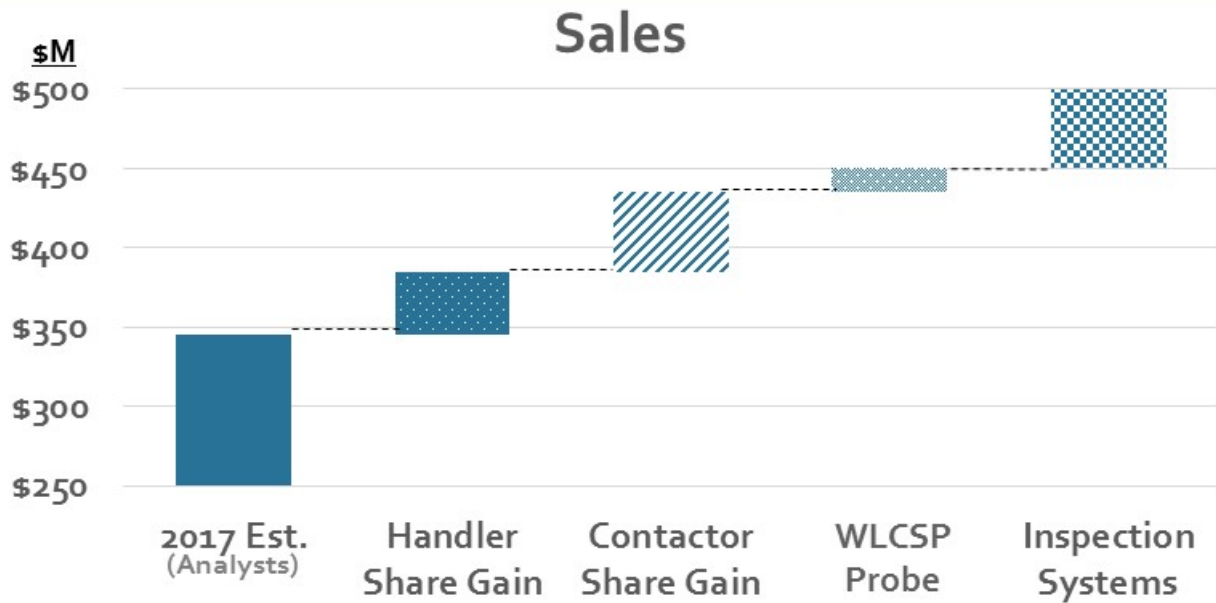
New products provide greater differentiation, higher margins

\* Analyst consensus estimates

\*\* Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition costs, manufacturing transition and severance costs.

\*\*\* Cohu400 mid-term targets were announced June 2015; mid-term is 3 to 5 years

# Path to Cohu500



**Approx. 6 pts handler share gain in growing automotive and mobility**  
**Grow to #1/#2 in contactors: product performance, global support**  
**Expand in inspection market with automotive and advanced packages**



# Accelerating Growth with Acquisitions

## Strong track record of successful acquisitions

Criteria	Rasco Dec 2008	Ismecca Jan 2013	Kita Jan 2017
<b>Market Expansion</b>	Gravity, Test-in-Strip, MEMS	Turret, Inspection, LED	Spring Probe Contactor
<b>Market Share</b>	#2 in 2008, grew to #1 in 2014	#1, acquired the leader	Top 5 leader and growing
<b>Infrastructure Leverage</b>	100% complementary products; Common sales and customer support	100% complementary products; Common sales and customer support; Malaysia Mfg. and Supply Chain	100% complementary products; Japan Mfg. and Customer Relationships
<b>Realized Synergies</b>	Sales ~ \$16M; Costs ~ \$2M	Sales ~ \$25M; Costs ~\$14M	Mid-Term Target Sales ~ \$16M

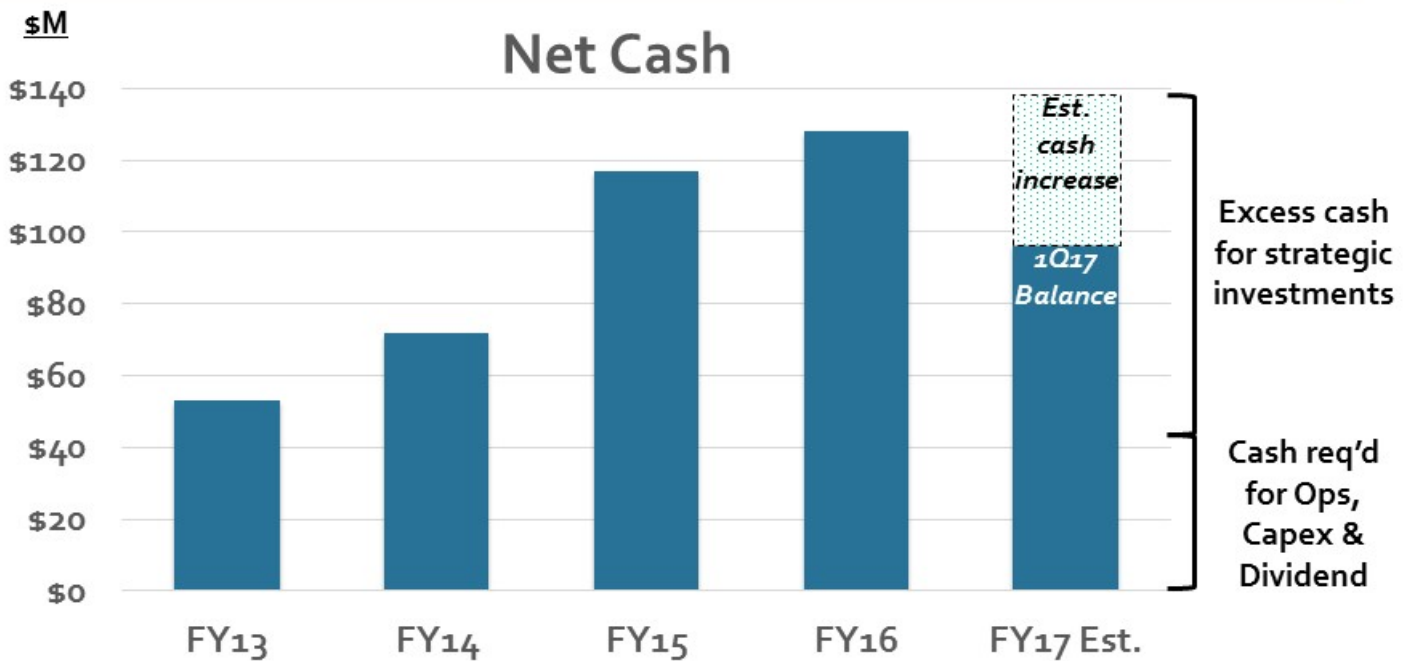
## Acquisition investment criteria

Expand into profitable, complementary markets

Deliver margin in-line with mid-term financial model

Leverage infrastructure: technology, operations, sales and support

# Strong Cash Balance to Support Growth



**\$15M deployed to acquire Kita in January 2017**

**Operating cash flow of >\$20M annually in last 3 years**

**Healthy cash conversion cycle at 114 days (1Q17)**

# Closing Remarks

**Jeff Jones**  
VP Finance & CFO



# Expanding Mid-Term Target to \$500M

## Increasing TAM to \$2 Billion

*with new WLCSP prober, investments in vision inspection and test contactors*

## Focused on Differentiation

*thermal control, vision inspection and integrated test solutions that enable higher customer yield*

## Gaining Share in Core Markets

*with growing automation, artificial intelligence and communications reqmts. in automotive, mobility & IoT*

## Strategic Acquisitions

*in profitable, complementary markets leveraging infrastructure and delivering synergies*

## Profitability & Cash Flow

*with low cost manufacturing structure and Opex leverage*

## Cohu500 Target

*delivers 45% gross margin\* and 20% EBITDA\* at \$500M*

\* Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition costs, manufacturing transition and severance costs.

July 11, 2017

Page 38



Thank You



# Appendix



# Reconciliation of GAAP to Non-GAAP Results

	12 Months Ending Dec 26, Diluted 2015		12 Months Ending Dec 31, Diluted 2016		12 Months Ending Mar 25, Diluted 2017	
	2015	EPS	2016	EPS	2017	EPS
<b>Earnings Reconciliation</b>						
Income (Loss) From Continuing Operations - GAAP	\$5,792	\$0.22	\$3,260	\$0.12	\$12,651	\$0.43
Share Based Compensation	6,755	0.25	7,143	0.26	6,888	0.25
Amortization of Purchased Intangible Assets	7,032	0.26	6,902	0.25	6,244	0.23
Manufacturing Transition and Severance Costs	970	0.04	1,498	0.05	1,462	0.05
Other Acquisition Costs	0	0.00	1,777	0.06	1,083	0.04
Inventory Step-Up	0	0.00	0	0.00	347	0.01
Impairment of Goodwill and Other Assets	273	0.01	0	0.00	0	0.00
Gain on Sale of Facility	(3,198)	(0.12)	0	0.00	0	0.00
Reduction of Indemnification Receivable	0	0.00	588	0.03	588	0.02
Tax Effect of Non-GAAP Adjustments	(1,961)	(0.07)	(2,408)	(0.09)	(2,347)	(0.08)
Income From Continuing Operations - Non-GAAP	<u>\$15,663</u>	<u>\$0.58</u>	<u>\$18,760</u>	<u>\$0.68</u>	<u>\$26,916</u>	<u>\$0.95</u>
Weighted Average Shares - GAAP and Non-GAAP	Diluted	26,788	Diluted	27,480	Diluted	27,695
<b>Gross Profit Reconciliation</b>						
	12 Months Ending Dec 26, 2015	% of Net Sales	12 Months Ending Dec 31, 2016	% of Net Sales	12 Months Ending Mar 25, 2017	% of Net Sales
Net Sales	\$269,654		\$282,084		\$297,403	
Gross Profit - GAAP	89,038	33.0%	94,828	33.6%	107,688	36.2%
Share Based Compensation	566	0.2%	398	0.1%	502	0.2%
Amortization of Purchased Intangible Assets	5,420	2.0%	5,170	1.8%	4,609	1.5%
Manufacturing Transition and Severance Costs	0	0.0%	75	0.0%	0	0.0%
Inventory Step-Up	0	0.0%	0	0.0%	347	0.1%
Gross Profit - Non-GAAP	<u>\$95,024</u>	<u>35.3%</u>	<u>\$100,471</u>	<u>35.6%</u>	<u>\$113,146</u>	<u>38.0%</u>
<b>Adjusted EBITDA Reconciliation</b>						
	12 Months Ending Dec 26, 2015	% of Net Sales	12 Months Ending Dec 31, 2016	% of Net Sales	12 Months Ending Mar 25, 2017	% of Net Sales
Income (Loss) From Operations - GAAP	\$7,959	3.0%	\$5,665	2.0%	\$15,533	5.2%
Depreciation Expense	4,240	1.6%	3,510	1.2%	3,701	1.2%
Amortization of Purchased Intangible Assets	7,032	2.6%	6,902	2.4%	6,244	2.1%
Share Based Compensation	6,755	2.5%	7,143	2.5%	6,888	2.3%
Manufacturing Transition and Severance Costs	970	0.4%	1,498	0.5%	1,462	0.5%
Other Acquisition Costs	0	0.0%	1,777	0.6%	1,083	0.4%
Impairment of Goodwill and Other Assets	273	0.1%	0	0.0%	0	0.0%
Gain on Sale of Facility	(3,198)	-1.2%	0	0.0%	0	0.0%
Reduction of Indemnification Receivable	0	0.0%	588	0.2%	588	0.2%
Adjusted EBITDA - Non-GAAP	<u>\$24,031</u>	<u>8.9%</u>	<u>\$27,083</u>	<u>9.6%</u>	<u>\$35,499</u>	<u>11.9%</u>