

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):

May 8, 2018

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 8.01. Other Events.

On May 8, 2018, Cohu, Inc., a Delaware corporation (“Cohu”), and Xcerra Corporation, a Massachusetts corporation (“Xcerra”), issued a joint press release announcing the execution of an Agreement and Plan of Merger, dated as of May 7, 2018, by and among Cohu, Xcerra, and Xavier Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Cohu. A copy of such joint press release is furnished herewith as Exhibit 99.1.

Also, on May 8, 2018, Cohu disseminated an investor presentation to be used in connection with a conference call to discuss the proposed acquisition. A copy of such investor presentation is furnished herewith as Exhibit 99.2.

### Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this filing may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding the proposed transaction involving Cohu, Inc. (“Cohu”) and Xcerra Corporation (“Xcerra”) and the ability to consummate the proposed transaction. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as “may,” “will,” “should,” “would,” “expect,” “anticipate,” “plan,” “likely,” “believe,” “estimate,” “project,” “intend,” and other similar expressions among others. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: (i) the risk that the conditions to the closing of the proposed transaction are not satisfied, including the failure to timely or at all obtain stockholder approval for the proposed transaction or the failure to timely or at all obtain any required regulatory clearances, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR); (ii) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each of Cohu and Xcerra to consummate the proposed transaction, including as a result of the failure of Cohu to obtain or provide on a timely basis or at all the necessary financing; (iii) the ability of Cohu and Xcerra to integrate their businesses successfully and to achieve anticipated synergies; (iv) the possibility that other anticipated benefits of the proposed transaction will not be realized, including without limitation, anticipated revenues, expenses, earnings and other financial results, and growth and expansion of the combined company’s operations, and the anticipated tax treatment of the combination; (v) potential litigation relating to the proposed transaction that could be instituted against Cohu, Xcerra, or their respective directors; (vi) possible disruptions from the proposed transaction that could harm Cohu’s and/or Xcerra’s respective businesses; (vii) the ability of Cohu or Xcerra to retain, attract and hire key personnel; (viii) potential adverse reactions or changes to relationships with customers, employees, suppliers or other parties resulting from the announcement or completion of the proposed transaction; (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the proposed transaction that could affect Cohu’s or Xcerra’s financial performance; (x) certain restrictions during the pendency of the proposed transaction that may impact Cohu’s or Xcerra’s ability to pursue certain business opportunities or strategic transactions; (xi) the adverse impact to Cohu’s operating results from interest expense on the financing debt, rising interest rates, and any restrictions on operations related to such debt; (xii) continued availability of capital and financing and rating agency actions; (xiii) legislative, regulatory and economic developments; (xiv) unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as management’s response to any of the aforementioned factors; and (xv) such other factors as are set forth in (A) Cohu’s periodic public filings with the Securities and Exchange Commission (the “SEC”), including but not limited to those described under the heading “Risk Factors” in Cohu’s Form 10-K for the fiscal year ended December 31, 2017, (B) Xcerra’s periodic public filings with the SEC, including but not limited to those described under the heading “Risk Factors” in Xcerra’s Form 10-K for the fiscal year ended July 31, 2017, (C) in the Registration Statement on Form S-4 (the “Registration Statement”) that has or will be filed by Cohu with the SEC containing a prospectus with respect to the Cohu common stock to be issued in the proposed transaction and a joint proxy statement of Cohu and Xcerra in connection with the proposed transaction (the “Joint Proxy Statement/Prospectus”) that is or will be contained therein, and (D) the other filings made by Cohu or Xcerra with the SEC from time to time, which are available via the SEC’s website at [www.sec.gov](http://www.sec.gov). Neither Cohu nor Xcerra can give no assurance that the conditions to the proposed transaction will be satisfied. Except as required by applicable law, neither Cohu nor Xcerra undertakes any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

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## Participants in the Solicitation

Cohu, Xcerra, certain of their respective directors, executive officers, members of management and employees may, under the rules of the SEC, be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed “participants” in the solicitation of proxies in connection with the proposed transaction, and a description of their direct and indirect interests in the proposed transaction, which may differ from the interests of Xcerra stockholders or Cohu stockholders generally, is set forth in the Joint Proxy Statement/Prospectus filed with the SEC. Information regarding Xcerra’s directors and executive officers and their beneficial ownership of Xcerra common stock is also set forth in Xcerra’s proxy statement on Schedule 14A filed with the SEC on September 5, 2017, and in its Annual Report on Form 10-K for the year ended July 31, 2017, and is supplemented by other public filings made, and to be made, with the SEC by Xcerra. These documents are available free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov) or by visiting the Xcerra Investor Relations page on its corporate website at <https://Xcerra.com/investors>. Information concerning Cohu’s directors and executive officers and their beneficial ownership of Cohu’s common stock is set forth in Cohu’s annual proxy statement on Schedule 14A filed with the SEC on April 3, 2018, and in its Annual Report on Form 10-K for the year ended December 31, 2017. These documents are available free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov) or by visiting the Cohu Investor Relations page on its corporate website at <https://Cohu.gcs-web.com>. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the Joint Proxy Statement/Prospectus regarding the proposed transaction and other relevant materials that have been or will be filed with the SEC when they become available. You may obtain copies of the documents described in the preceding sentence when they become available free of charge by visiting the SEC’s website at [www.sec.gov](http://www.sec.gov).

## Additional Information and Where You Can Find It

Cohu will file with the SEC the Registration Statement containing the Joint Proxy Statement/Prospectus and other documents concerning the proposed transaction. The definitive Joint Proxy Statement/Prospectus will be delivered to the stockholders of Xcerra and Cohu after the Registration Statement is declared effective by the SEC. This communication is not a substitute for the Registration Statement, the definitive Joint Proxy Statement/Prospectus or any other documents that Xcerra or Cohu may file or may have filed with the SEC, or will send or have sent to stockholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of these documents (when they become available) and other documents filed by Xcerra and Cohu with the SEC at the SEC’s website at [www.sec.gov](http://www.sec.gov). The Joint Proxy Statement/Prospectus and other documents filed by Xcerra or Cohu may also be obtained free of charge by visiting the Xcerra Investor Relations page on its corporate website at <https://Xcerra.com/investors> or by contacting Xcerra Investor Relations by telephone at (781) 467-5063 or by mail at Xcerra Investor Relations, Xcerra Corporation, 825 University Avenue, Norwood, MA 02062, attention Rich Yerganian or by visiting the Cohu Investor Relations page on its corporate website at <https://Cohu.gcs-web.com> or by contacting Cohu Investor Relations by telephone at (858) 848-8106 or by mail at Cohu Corporate Headquarters, 12367 Crosthwaite Circle, Poway, CA 92064, attention Jeffrey D. Jones.

### Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The exhibits to this report are listed in Item 8.01 above and in the Index of Exhibits that precedes the signature line.

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## Index of Exhibits

| EXHIBIT<br>NO. | DESCRIPTION  |
|----------------|--|
| 99.1           | <a href="#">Joint Press Release of Cohu, Inc. and Xcerra Corporation, dated as of May 8, 2018.</a> |
| 99.2           | <a href="#">Investor Presentation dated May 8, 2018.</a>   |

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**SIGNATURE**

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.

Date: May 8, 2018

Cohu, Inc.

By:

/s/ Jeffrey D. Jones

Name: Jeffrey D. Jones

Title: VP Finance and Chief Financial Officer



COHU, INC.  
 12367 CROSTHWAITE CIRCLE  
 POWAY, CA 92064  
 FAX (858) 848-8185  
 PHONE (858) 858-8100  
 www.cohu.com

## **Cohu to Acquire Xcerra Creating Global Leader in Back-end Semiconductor Equipment**

*Immediately Accretive Transaction Diversifies Revenue Base and Increases TAM to ~ \$5 Billion*

- *Combined last twelve months (“LTM”) reported revenue of approximately \$828 million and non-GAAP operating income of approximately \$124 million*
- *Complementary acquisition expected to create diversified revenue base and expand addressable market to \$5 billion*
- *Increases footprint in high growth end-markets of automotive, IoT, industrial and mobility*
- *Estimated to deliver over \$20 million in annual run-rate cost synergies within 2 years*
- *Expected to be immediately accretive to non-GAAP earnings per share after closing*

POWAY, Calif., and NORWOOD, Mass., May 8, 2018 -- Cohu, Inc. (NASDAQ: COHU), and Xcerra Corporation (NASDAQ: XCRA) today announced they have entered into a definitive merger agreement pursuant to which Cohu will acquire Xcerra for a combination of cash and stock. The acquisition is expected to make Cohu a global leader in semiconductor test, with combined sales for Cohu and Xcerra in excess of \$800 million for the last twelve months.

Upon the closing of the transaction, Xcerra shareholders will be entitled to receive \$9.00 in cash and 0.2109 of a share of Cohu common stock, subject to the terms of the definitive agreement. Based on the closing price of Cohu common stock as of May 7, 2018, the transaction values Xcerra at \$13.92 per share, or approximately \$796 million in equity value, with a total enterprise value of approximately \$627 million, after excluding Xcerra's cash and marketable securities net of the debt on its balance sheet as of January 31, 2018. The transaction value represents a premium of 8.4% to Xcerra's closing price on May 7, 2018, and a premium of 15.4% to Xcerra's 30-day average closing price.

"This proposed acquisition is a powerful combination of two complementary companies that will accelerate our strategy to diversify our product offerings and strengthen Cohu's position as a global leader in back-end semiconductor equipment. The depth and breadth of the combined product portfolios, engineering and product development resources, as well as the global customer support platforms will enable us to deliver comprehensive semiconductor back-end solutions that better meet the future needs of our customers," commented Luis Müller, Cohu's President and CEO.

Mr. Müller continued, "The acquisition of Xcerra increases our addressable market to approximately \$5 billion across handlers, contactors, test and inspection, further strengthening our ability to fully capitalize on the secular growth opportunities in the automotive, IoT, industrial and mobility markets. We are excited to welcome the Xcerra team to Cohu and look forward to an efficient completion of the transaction, with a focus on delivering long-term value to our customers, employees and shareholders."

Commenting on the proposed acquisition, David Tacelli, Xcerra's President and CEO, stated, "We are very pleased to be joining forces with Cohu to create a global leader in back-end semiconductor test. Together, we will be an even stronger and more competitive company with far reaching long-term benefits to our customers and employees. I am extremely proud of what the Xcerra team has accomplished over the past several years and look forward to the exciting possibilities we can achieve together with Cohu."

The transaction is expected to be immediately accretive to non-GAAP earnings per share and generate over \$20 million of annual run-rate cost synergies within 2 years of closing, excluding stock-based compensation and other charges.

## Transaction Details

Cohu intends to fund the cash payable to Xcerra shareholders with a combination of cash on hand from the combined companies' balance sheets and approximately \$350 million in debt financing. The transaction is expected to close in the second half of calendar year 2018, subject to approval by both companies' respective shareholders, antitrust regulatory approvals and other customary closing conditions.

Xcerra shareholders are expected to own approximately 30% of the combined company upon the closing of the transaction. The transaction has been unanimously approved by the Boards of Directors of both companies.

## Management and Board of Directors

Luis Müller will remain president and chief executive officer and lead the combined company, and Jeff Jones will continue to serve as vice president of finance and chief financial officer. Two members of Xcerra's board of directors will join Cohu's board upon the closing of the transaction.

## Advisors

Deutsche Bank Securities served as the exclusive financial advisor to Cohu and Cleary Gottlieb Steen & Hamilton LLP served as Cohu's legal advisor. Cowen served as exclusive financial advisor to Xcerra and Latham & Watkins LLP served as Xcerra's legal advisor.

## Conference Call and Slide Presentation Information

Cohu will host a conference call and webcast on Tuesday, May 8, 2018 at 5:30 a.m. PDT/8:30 a.m. EDT in conjunction with its announcement of first quarter 2018 results. The conference call will be simulcast over the Internet with an accompanying slide presentation and can be accessed by all interested parties on the Investor Information section of the Company's website at [www.Cohu.com](http://www.Cohu.com). Interested investors and analysts may also dial into the conference call by using 1-877-407-8031 (domestic) or +1-201-689-8031 (international).

The teleconference replay will be available through June 8, 2018. The replay dial-in number is 1-877-481-4010 (domestic) or +1-919-882-2331 (international) using pass code 28490. The webcast replay will be available on the website through May 8, 2019.

## About Cohu

Cohu (NASDAQ: 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. For more information, visit <http://www.Cohu.com/>.

## About Xcerra

Xcerra Corporation (NASDAQ: XCRA) is comprised of four businesses in the semiconductor and electronics manufacturing test markets: atg-Luther & Maelzer, Everett Charles Technologies, LTX-Credence and Multitest. The combination of these businesses creates a company with a broad spectrum of semiconductor and PCB test expertise that drives innovative new products and services, and the ability to deliver to customers fully integrated semiconductor test cell solutions. Xcerra addresses the broad, divergent requirements of the mobility, industrial, automotive and consumer end markets, offering a comprehensive portfolio of solutions and technologies, and a global network of strategically deployed applications and support resources. Additional information can be found at [www.Xcerra.com](http://www.Xcerra.com) or at each product group's website; [www.atg-lm.com](http://www.atg-lm.com), [www.ectinfo.com](http://www.ectinfo.com), [www.ltxc.com](http://www.ltxc.com) and [www.multitest.com](http://www.multitest.com)

## Use of Non-GAAP Financial Information

Included within this press release are references to non-GAAP financial measures, including non-GAAP Operating Income and earnings per share, that supplement the Company's Condensed Consolidated Statements of Income prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company's actual results 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. Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this release and should be considered together with the Condensed Consolidated Statements of Income.

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These 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 Cohu's financial performance using some of the same measures as management. However, the non-GAAP financial measures should not be regarded as a replacement for (or superior to) corresponding, similarly captioned, GAAP measures.

| <b><u>Operating Income Reconciliation</u></b> | <b>Cohu</b>                              |                           | <b>Xcerra</b>                              |                           | <b>Combined</b>   |                           |
|---|--|---------------------------|--|---------------------------|-------------------|---------------------------|
|   | <b>LTM Ending<br/>March 31,<br/>2018</b> | <b>% of Net<br/>Sales</b> | <b>LTM Ending<br/>January 31,<br/>2018</b> | <b>% of Net<br/>Sales</b> | <b>LTM</b>        | <b>% of Net<br/>Sales</b> |
| <b>Income From Operations - GAAP</b>          | \$ 36,741                                | 10.0%                     | \$ 58,279                                  | 12.6%                     | \$ 95,020         | 11.5%                     |
| Amortization of Purchased Intangible Assets   | 4,767                                    | 1.3%                      | 601  | 0.1%                      | 5,368             | 0.6%                      |
| Share Based Compensation                      | 6,364                                    | 1.7%                      | 7,296                                      | 1.6%                      | 13,660            | 1.6%                      |
| Manufacturing Transition and Severance Costs  | 385                                      | 0.1%                      | 0  | 0.0%                      | 385               | 0.0%                      |
| Restructuring and Related Provisions          | 0  | 0.0%                      | 1,590                                      | 0.3%                      | 1,590             | 0.2%                      |
| Other Acquisition Costs                       | 479                                      | 0.1%                      | 3,754                                      | 0.8%                      | 4,233             | 0.5%                      |
| Inventory Step-Up                             | 1,057                                    | 0.3%                      | 0  | 0.0%                      | 1,057             | 0.1%                      |
| Impairment of Land Held for Sale              | 0  | 0.0%                      | 100  | 0.0%                      | 100               | 0.0%                      |
| Reduction of Indemnification Receivable       | 1,172                                    | 0.3%                      | 0  | 0.0%                      | 1,172             | 0.1%                      |
| Adjustment to Contingent Consideration        | 1,276                                    | 0.3%                      | 0  | 0.0%                      | 1,276             | 0.2%                      |
| <b>Income From Operations - Non-GAAP</b>      | <b>\$ 52,241</b>                         | <b>14.2%</b>              | <b>\$ 71,620</b>                           | <b>15.5%</b>              | <b>\$ 123,861</b> | <b>15.0%</b>              |

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For press releases and other information of interest to investors, please visit Cohu’s website at [www.Cohu.com](http://www.Cohu.com).

Investor Contacts:  
Cohu, Inc.  
Jeffrey D. Jones, CFO  
(858) 848-8106

# Cohu First Quarter 2018 Financial Results and Xcerra Acquisition Conference Call

May 8, 2018



# Cautionary Statement Regarding Forward Looking Statements

Certain matters discussed in this presentation, including statements regarding capturing new customers; progress and growth in contactor business; launch of Eclipse XTA, first half 2018 order momentum and visibility; first half 2018 year-over-year growth projections; Cohu's second quarter 2018 sales forecast, guidance and effective tax rate; and all statements regarding the acquisition of Xcerra 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; rapid technological change; and significant risks associated with the Xcerra transaction including but not limited to (i) the risk that the conditions to the closing of the proposed transaction are not satisfied, (ii) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each of Cohu and Xcerra to consummate the proposed transaction, including as a result of the failure of Cohu to obtain or provide on a timely basis or at all the necessary financing, (iii) the ability of Cohu and Xcerra to integrate their businesses successfully and to achieve anticipated synergies, (iv) the possibility that other anticipated benefits of the proposed transaction will not be realized, (v) potential litigation relating to the proposed transaction that could be instituted against Cohu, Xcerra, or their respective directors, (vi) possible disruptions from the proposed transaction that could harm Cohu's and/or Xcerra's respective businesses, (vii) the ability of Cohu or Xcerra to retain, attract and hire key personnel, (viii) potential adverse reactions or changes to relationships with customers, employees, suppliers or other parties resulting from the announcement or completion of the proposed transaction, (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the proposed transaction that could affect Cohu's or Xcerra's financial performance, (x) certain restrictions during the pendency of the proposed transaction that may impact Cohu's or Xcerra's ability to pursue certain business opportunities or strategic transactions, (xi) the adverse impact to Cohu's operating results from interest expense on the financing debt, rising interest rates, and any restrictions on operations related to such debt, and (xii) continued availability of capital and financing and rating agency actions. 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, and in the Registration Statement on Form S-4 that has or will be filed by Cohu with the SEC containing a prospectus with respect to the Cohu common stock to be issued in the proposed Xcerra transaction and a joint proxy statement of Cohu and Xcerra in connection with the proposed transaction that is or will be contained therein. 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.

# First Quarter Business Highlights

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**Sales up 17% year-over-year to \$95.2 million**

**Secured new European automotive customer for MATRIX handler and test contactors**

**Large Korean mobility customer qualified Eclipse XTA platform**

**Strong recurring sales in computing; increasing demand for contactors and spring probes**

**Five key contactor designs-wins in the quarter**

**System Orders: Processors 33%, Power Mgmt. & Discrete 18%, Small Signal Discrete 13%, Mixed-Signal & RF 11%, Sensors 10%, LED 8% and Digital & Mixed-Signal 7%**

# 1Q18 Financial Overview and 2Q18 Guidance

|                           | 1Q18   | 4Q17   | 1Q17   | Change<br>Sequential | Change<br>YoY | 2Q18<br>Guidance |
|---------------------------|--------|--------|--------|----------------------|---------------|------------------|
| <b>Sales</b>              | \$95.2 | \$84.1 | \$81.1 | 13.2%                | 17.4%         | \$99.0           |
| <b>Gross Margin</b>       | 42.4%  | 41.9%  | 41.3%  | +70bp                | +130bp        | 41.5%            |
| <b>Operating Expenses</b> | \$27.5 | \$25.8 | \$22.0 | \$1.8                | \$5.6         | \$24.5           |
| <b>Diluted EPS</b>        | \$0.36 | \$0.28 | \$0.35 | 28.6%                | 2.9%          |                  |
| <b>EBITDA Margin</b>      | 15.0%  | 12.9%  | 15.5%  | +200bp               | -100bp        |                  |

## Expecting 11% revenue growth 1H18 vs 1H17

\* Figures in millions of dollars excluding diluted EPS. Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition related costs, restructuring, manufacturing transition and severance costs. For a reconciliation of GAAP to non-GAAP items, please see the appendix at the end of this presentation as well as our first quarter 2018 earnings release on our website [www.cohu.com](http://www.cohu.com)

# Appendix

May 8, 2018



# GAAP to Non-GAAP Reconciliation

|   | 3 Months Ending |                | 3 Months Ending |                | 3 Months Ending |                |
|---|-----------------|----------------|-----------------|----------------|-----------------|----------------|
|   | Mar 25, 2017    | Diluted EPS    | Dec 30, 2017    | Diluted EPS    | Mar 31, 2018    | Diluted EPS    |
| <b>Earnings Reconciliation</b>                  |                 |                |                 |                |                 |                |
| Income (Loss) From Continuing Operations - GAAP | \$6,763         | \$0.24         | \$6,895         | \$0.23         | \$8,122         | \$0.28         |
| Share Based Compensation                        | 1,717           | 0.06           | 1,671           | 0.06           | 1,669           | 0.06           |
| Amortization of Purchased Intangible Assets     | 1,110           | 0.04           | 1,044           | 0.04           | 1,074           | 0.04           |
| Manufacturing Transition and Severance Costs    | 104             | 0.00           | 50              | 0.00           | (13)            | (0.00)         |
| Other Acquisition Costs                         | 187             | 0.01           | 42              | 0.00           | 296             | 0.01           |
| Inventory Step-Up                               | 347             | 0.01           | 0               | 0.00           | 0               | 0.00           |
| Reduction of Indemnification Receivable         | 0               | 0.00           | 1,172           | 0.04           | 0               | 0.00           |
| Adjustment to Contingent Consideration          | 0               | 0.00           | 755             | 0.03           | (147)           | (0.00)         |
| U.S. Tax Reform                                 | 0               | 0.00           | (2,022)         | (0.07)         | 0               | 0.00           |
| Tax Effect of Non-GAAP Adjustments              | (376)           | (0.01)         | (1,460)         | (0.05)         | (501)           | (0.02)         |
| Income From Continuing Operations - Non-GAAP    | \$9,852         | \$0.35         | \$8,148         | \$0.28         | \$10,500        | \$0.36         |
| Weighted Average Shares - GAAP and Non-GAAP     | Diluted         | 28,252         | Diluted         | 29,584         | Diluted         | 29,531         |
| <b>Gross Profit Reconciliation</b>              |                 |                |                 |                |                 |                |
|   | Mar 25, 2017    | % of Net Sales | Dec 30, 2017    | % of Net Sales | Mar 31, 2018    | % of Net Sales |
| Net Sales                                       | \$81,097        |                | \$84,090        |                | \$95,150        |                |
| Gross Profit - GAAP                             | 32,256          | 39.8%          | 34,423          | 40.9%          | 39,551          | 41.6%          |
| Share Based Compensation                        | 83              | 0.1%           | 96              | 0.1%           | 121             | 0.1%           |
| Amortization of Purchased Intangible Assets     | 768             | 0.9%           | 674             | 0.8%           | 676             | 0.7%           |
| Inventory Step-Up                               | 347             | 0.4%           | 0               | 0.0%           | 0               | 0.0%           |
| Gross Profit - Non-GAAP                         | \$33,454        | 41.3%          | \$35,193        | 41.9%          | \$40,348        | 42.4%          |

# GAAP to Non-GAAP Reconciliation

| Operating Expense Reconciliation             | 3 Months Ending<br>Mar 25, % of Net<br>2017 Sales |              | 3 Months Ending<br>Dec 30, % of Net<br>2017 Sales |              | 3 Months Ending<br>Mar 31, % of Net<br>2018 Sales |              |
|--|---|--------------|---|--------------|---|--------------|
|  | Operating Expense - GAAP                          | \$24,236     | 29.9%   | \$29,757     | 35.4%   | \$29,538     |
| Share Based Compensation                     | (1,634)   | -2.0%        | (1,575)   | -1.9%        | (1,548)   | -1.6%        |
| Amortization of Purchased Intangible Assets  | (342)   | -0.4%        | (370)   | -0.4%        | (398)   | -0.4%        |
| Manufacturing Transition and Severance Costs | (104)   | -0.1%        | (50)  | -0.1%        | 13  | 0.0%         |
| Other Acquisition Costs                      | (187)   | -0.2%        | (42)  | 0.0%         | (296)   | -0.3%        |
| Adjustment to Contingent Consideration       | 0   | 0.0%         | (755)   | -0.9%        | 147   | 0.2%         |
| Reduction of Indemnification Receivable      | 0   | 0.0%         | (1,172)   | -1.4%        | 0   | 0.0%         |
| Operating Expense - Non-GAAP                 | <u>\$21,969</u>                                   | <u>27.1%</u> | <u>\$25,793</u>                                   | <u>30.7%</u> | <u>\$27,456</u>                                   | <u>28.9%</u> |

| Adjusted EBITDA Reconciliation               | 3 Months Ending<br>Mar 25, % of Net<br>2017 Sales |              | 3 Months Ending<br>Dec 30, % of Net<br>2017 Sales |              | 3 Months Ending<br>Mar 31, % of Net<br>2018 Sales |              |
|--|---|--------------|---|--------------|---|--------------|
|  | Income From Operations - GAAP                     | \$8,020      | 9.9%  | \$4,666      | 5.5%  | \$10,013     |
| Depreciation Expense                         | 1,092   | 1.3%         | 1,420   | 1.7%         | 1,383   | 1.5%         |
| Amortization of Purchased Intangible Assets  | 1,110   | 1.4%         | 1,044   | 1.2%         | 1,669   | 1.8%         |
| Share Based Compensation                     | 1,717   | 2.1%         | 1,671   | 2.0%         | 1,074   | 1.1%         |
| Manufacturing Transition and Severance Costs | 104   | 0.1%         | 50  | 0.1%         | (13)  | 0.0%         |
| Other Acquisition Costs                      | 187   | 0.2%         | 42  | 0.0%         | 296   | 0.3%         |
| Inventory Step-Up                            | 347   | 0.4%         | 0   | 0.0%         | 0   | 0.0%         |
| Reduction of Indemnification Receivable      | 0   | 0.0%         | 1,172   | 1.4%         | 0   | 0.0%         |
| Adjustment to Contingent Consideration       | 0   | 0.0%         | 755   | 0.9%         | (147)   | -0.2%        |
| Adjusted EBITDA - Non-GAAP                   | <u>\$12,577</u>                                   | <u>15.5%</u> | <u>\$10,820</u>                                   | <u>12.9%</u> | <u>\$14,275</u>                                   | <u>15.0%</u> |



# Cohu to Acquire Xcerra

## Joining Forces in Back-end Semiconductor Equipment

May 8, 2018



# Cautionary Statement Regarding Forward Looking Statements

Certain statements contained in this presentation may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding the proposed transaction involving Cohu, Inc. ("Cohu") and Xcerra Corporation ("Xcerra") and the ability to consummate the proposed transaction. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and other similar expressions among others. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: (i) the risk that the conditions to the closing of the proposed transaction are not satisfied, including the failure to timely or at all obtain stockholder approval for the proposed transaction or the failure to timely or at all obtain any required regulatory clearances, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR); (ii) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each of Cohu and Xcerra to consummate the proposed transaction, including as a result of the failure of Cohu to obtain or provide on a timely basis or at all the necessary financing; (iii) the ability of Cohu and Xcerra to integrate their businesses successfully and to achieve anticipated synergies; (iv) the possibility that other anticipated benefits of the proposed transaction will not be realized, including without limitation, anticipated revenues, expenses, earnings and other financial results, and growth and expansion of the combined company's operations, and the anticipated tax treatment of the combination; (v) potential litigation relating to the proposed transaction that could be instituted against Cohu, Xcerra, or their respective directors; (vi) possible disruptions from the proposed transaction that could harm Cohu's and/or Xcerra's respective businesses; (vii) the ability of Cohu or Xcerra to retain, attract and hire key personnel; (viii) potential adverse reactions or changes to relationships with customers, employees, suppliers or other parties resulting from the announcement or completion of the proposed transaction; (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the proposed transaction that could affect Cohu's or Xcerra's financial performance; (x) certain restrictions during the pendency of the proposed transaction that may impact Cohu's or Xcerra's ability to pursue certain business opportunities or strategic transactions; (xi) the adverse impact to Cohu's operating results from interest expense on the financing debt, rising interest rates, and any restrictions on operations related to such debt; (xii) continued availability of capital and financing and rating agency actions; (xiii) legislative, regulatory and economic developments; (xiv) unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as management's response to any of the aforementioned factors; and (xv) such other factors as are set forth in (A) Cohu's periodic public filings with the Securities and Exchange Commission (the "SEC"), including but not limited to those described under the heading "Risk Factors" in Cohu's Form 10-K for the fiscal year ended December 31, 2017, (B) Xcerra's periodic public filings with the SEC, including but not limited to those described under the heading "Risk Factors" in Xcerra's Form 10-K for the fiscal year ended July 31, 2017, (C) in the Registration Statement on Form S-4 (the "Registration Statement") that has or will be filed by Cohu with the SEC containing a prospectus with respect to the Cohu common stock to be issued in the proposed transaction and a joint proxy statement of Cohu and Xcerra in connection with the proposed transaction (the "Joint Proxy Statement/Prospectus") that is or will be contained therein, and (D) the other filings made by Cohu or Xcerra with the SEC from time to time, which are available via the SEC's website at [www.sec.gov](http://www.sec.gov). Neither Cohu nor Xcerra can give no assurance that the conditions to the proposed transaction will be satisfied. Except as required by applicable law, neither Cohu nor Xcerra undertakes any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

# Strategic Rationale

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**Brings Together Complementary Products in Core Test and Inspection Handlers**

**Creates a Stronger Provider in Test Contactors to Drive Continued Innovation**

**Grows Product Portfolio into Automated Test Equipment (ATE)**

**Expands Footprint in High Growth Semi Areas: Automotive, IoT, Industrial and Mobility**

**Diversifies Revenue Base and Increases TAM to \$5 billion**

**Immediately EPS Accretive; Delivers Over \$20 Million\* Annual Cost Synergies within 2 Years**

**Highly Attractive Financials**

*\* Synergies exclude approximately \$7M of stock-based compensation*

# Companies at a Glance



**LTM Revenue of \$367M (+ 23%)**  
**LTM Op. Inc. of \$52M \*(14.3% of sales)**

- Headquarters: Poway, CA
- 1,800 Employees
- Product offerings:
  - Semiconductor test & inspection handlers
  - Test contactors
  - Thermal sub-systems



**LTM Revenue of \$461M (+ 38%)**  
**LTM Op. Inc. of \$72M \*(15.5% of sales)**

- Headquarters: Norwood, MA
- 1,640 Employees
- Product offerings:
  - Semi testers and handlers
  - Test contactors
  - PCB testers
  - MEMS test modules
  - PCBA fixture business

*LTM reflects last twelve months ending March 31, 2018 and January 31, 2018 for Cohu and Xcerra, respectively*

*\* Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition related costs, restructuring, manufacturing transition and severance costs. See the Appendix to the presentation for a reconciliation of GAAP to Non-GAAP items.*

# Expands Portfolio of Best-in-Class Test Solutions

## Backend Semiconductor Manufacturing

## PCB Manufacturing

### Semiconductor Equipment

### Enabling Technologies

### Bare Board PCB Test

Pick-and-Place Handlers

Test Contactors

Flying Probe Testers

Gravity-feed Handlers

Probe Pins

Universal Grid Testers

Test-in-strip Handlers

Thermal Subsystems

PCBA Fixture Services

Turret Handlers

MEMS Test Modules

Automated Test Eqmt.

Vision Modules

Products

# Complementary Products in Core Test Handlers



## End-Markets

-  High Speed Memory
-  Computing
-  Automotive
-  Mobility
-  Communications
-  MEMS
-  Industrial
-  Solid State Lighting (LED)



x8-32 Pick-and-place

x4 Gravity

Turret



MEMS

Test-in-strip



Pick-and-place

x8 Gravity



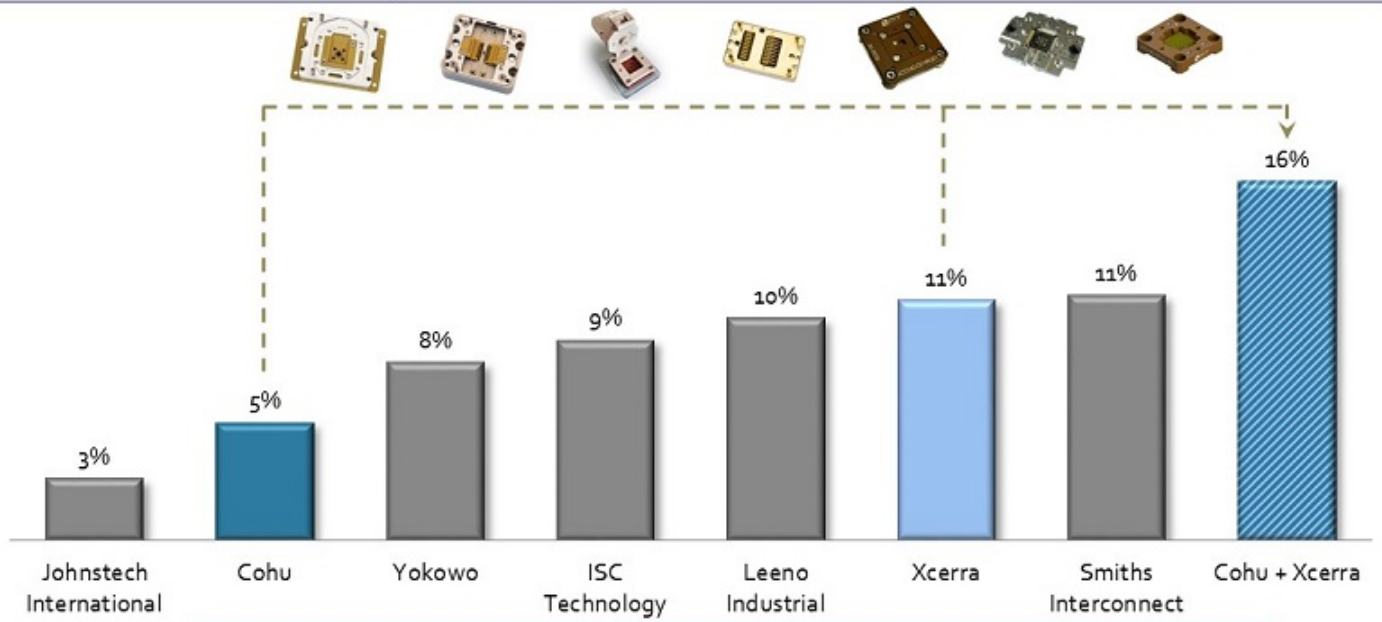
InMEMS

## Device Segments

-  Memory
-  Microprocessors
-  Mobile Processors
-  Microcontrollers
-  Mixed Signal
-  LED
-  MEMS
-  Power Mgmt.
-  Power Discrete
-  RF

Well-Established in Major Applications

# Creates a Stronger Supplier in Test Contactors



Source: VLSI Research

Established Suppliers with Complementary Products and Technologies

# Grows Portfolio in Automated Test Equipment



Diamond<sub>x</sub>

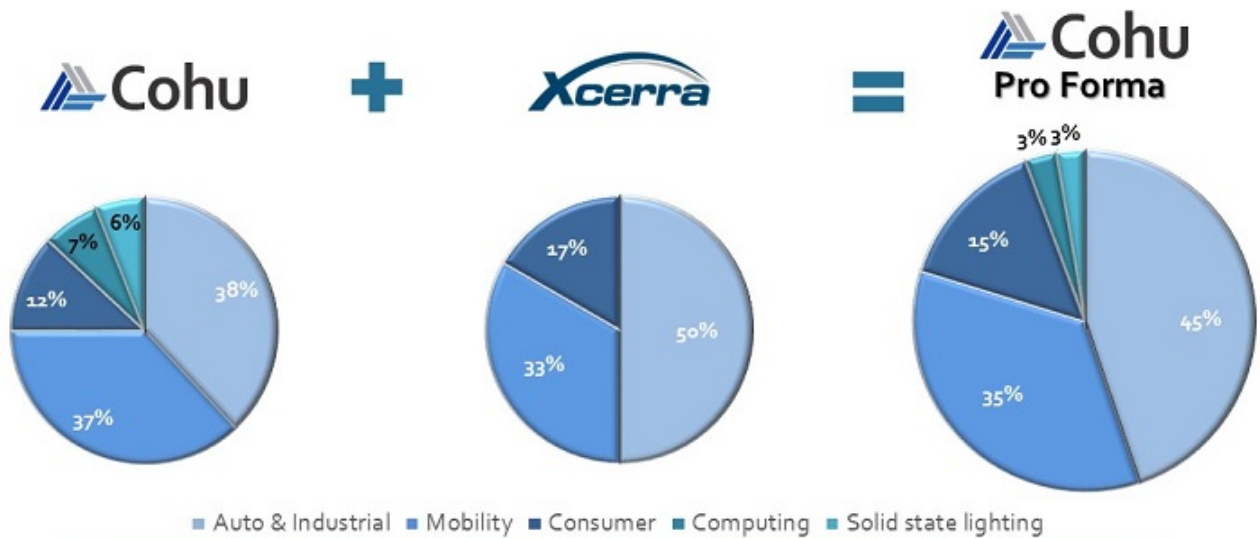


PAx

ATE Product Growth Up Over 50% in 2017 Compared to Industry Growth of 13%



# Pro Forma Revenue Mix



Leadership in Automotive, Industrial, IoT and Mobility

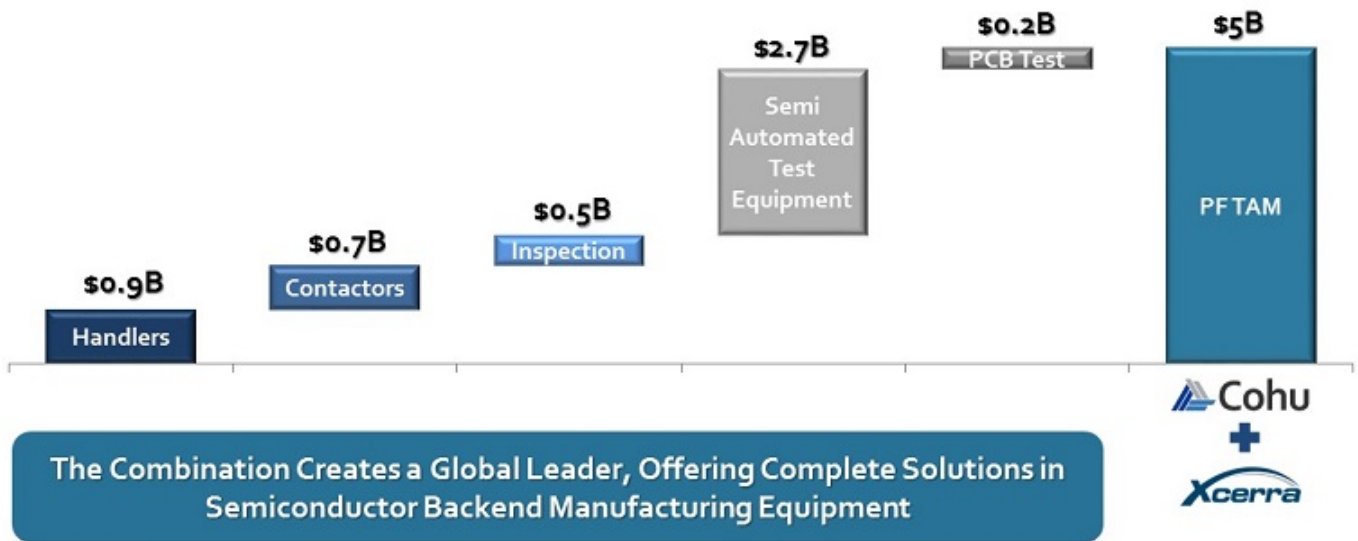
Source: Company estimates  
IoT applications are distributed across Automotive, Industrial and Mobility markets

# Expands Footprint in High-Growth Semi End-Markets



Source: Gartner

# Diversifies Revenue Base and Increases TAM to \$5B



Source: Company estimates



# Highly Attractive Financials

Combined revenue of ~\$800 million

Delivers over \$20M<sup>(2)</sup> annual run-rate cost synergies within 24 months of closing

Immediately EPS accretive

Creates significant shareholder value

|                                 |  Cohu |  Xcerra | Combined excl. synergies | Mid-term Cohu Model <sup>(1)</sup> |
|---------------------------------|--|---|--------------------------|------------------------------------|
| (\$ in millions)                | LTM  | LTM   |                          |                                    |
| Revenue                         | \$367  | \$461   | \$828                    |                                    |
| Gross Margin <sup>(1)</sup>     | 41.5%  | 46.4%   | 44.2%                    | 48%                                |
| Operating income <sup>(1)</sup> | \$52   | \$72  | \$124                    |                                    |
|                                 | 14.3%  | 15.5%   | 14.9%                    |                                    |
| EBITDA <sup>(1)</sup>           | \$58   | \$77  | \$135                    |                                    |
|                                 | 15.7%  | 16.8%   | 16.3%                    | 22%                                |

LTM reflects last twelve months ending March 31, 2018 and January 31, 2018 for Cohu and Xcerra, respectively

<sup>(1)</sup> Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition related costs, restructuring, manufacturing transition and severance costs. See the Appendix to the presentation for a reconciliation of GAAP to Non-GAAP items.

<sup>(2)</sup> Synergies exclude approximately \$7M of stock-based compensation

Source: Company filings

# Transaction Overview

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|                                       |   |
|---------------------------------------|---|
| <b>Transaction Consideration</b>      | <ul style="list-style-type: none"><li>▪ \$796 million total consideration</li><li>▪ Approximately 65% cash and 35% stock</li><li>▪ Xcerra shareholders expected to own ~30% of combined company</li></ul> |
| <b>Xcerra per share Consideration</b> | <ul style="list-style-type: none"><li>▪ \$13.92 per share implied value</li><li>▪ \$9.00 per share in cash</li><li>▪ 0.2109 CoHu shares</li></ul>   |
| <b>Sources of Financing</b>           | <ul style="list-style-type: none"><li>▪ \$179 million cash from combined balance sheets</li><li>▪ \$350 million fully committed term loan B</li></ul>   |
| <b>Approval Process</b>               | <ul style="list-style-type: none"><li>▪ Approval by CoHu and Xcerra shareholders</li><li>▪ Customary regulatory approvals</li></ul>   |
| <b>Expected Timeline</b>              | <ul style="list-style-type: none"><li>▪ Close transaction in 2H 2018, subject to customary closing conditions</li></ul>   |

# Transaction Financing

## Credit facility

- \$350 million total consideration
  - 7-year senior secured Term Loan B
  - Secured leverage of 2.7x

## Pro forma capitalization statistics

|                         |        | x Pro Forma LTM EBITDA |
|-------------------------|--------|------------------------|
| Total debt              | \$362M | 2.7x                   |
| Cash <sup>(1)</sup>     | \$132M | -                      |
| Net debt <sup>(1)</sup> | \$230M | 1.7x                   |

(1) Pro forma Cash and Net debt are computed using the March 31, 2018 and January 31, 2018 Balance Sheets of Cohu and Xcerra, respectively

# Appendix

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# GAAP to Non-GAAP Reconciliation



|   | 12 Months Ending |                   | 12 Months Ending |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | Mar 31,<br>2018  | % of Net<br>Sales | Jan 31,<br>2018  | % of Net<br>Sales |
| <b>Gross Profit Reconciliation</b>                |                  |                   |                  |                   |
| Net Sales   | \$366,757        |                   | \$461,123        |                   |
| Gross Profit - GAAP                               | 148,013          | 40.4%             | 213,927          | 46.4%             |
| Share Based Compensation                          | 461              | 0.1%              | 103              | 0.0%              |
| Amortization of Purchased Intangible Assets       | 2,597            | 0.7%              | 0                | 0.0%              |
| Manufacturing Transition and Severance Costs      | 0                | 0.0%              | 0                | 0.0%              |
| Inventory Step-Up                                 | 1,057            | 0.3%              | 0                | 0.0%              |
| Gross Profit - Non-GAAP                           | \$152,128        | 41.5%             | \$214,030        | 46.4%             |
| <b>Operating Income and EBITDA Reconciliation</b> |                  |                   |                  |                   |
|   | 12 Months Ending | % of Net          | 12 Months Ending | % of Net          |
|   | Mar 31,<br>2018  | Sales             | Jan 31,<br>2018  | Sales             |
| Income From Operations - GAAP                     | \$36,741         | 10.0%             | \$58,279         | 12.6%             |
| Amortization of Purchased Intangible Assets       | 4,767            | 1.3%              | 601              | 0.1%              |
| Share Based Compensation                          | 6,364            | 1.7%              | 7,296            | 1.6%              |
| Manufacturing Transition and Severance Costs      | 385              | 0.1%              | 0                | 0.0%              |
| Restructuring and Related Provisions              | 0                | 0.0%              | 1,590            | 0.3%              |
| Other Acquisition Costs                           | 479              | 0.1%              | 3,754            | 0.8%              |
| Inventory Step-Up                                 | 1,057            | 0.3%              | 0                | 0.0%              |
| Reduction of Indemnification Receivable           | 1,172            | 0.3%              | 0                | 0.0%              |
| Adjustment to Contingent Consideration            | 1,276            | 0.3%              | 0                | 0.0%              |
| Income From Operations - Non-GAAP                 | 52,241           | 14.2%             | 71,520           | 15.5%             |
| Depreciation Expense                              | 5,278            | 1.4%              | 5,763            | 1.2%              |
| EBITDA - Non-GAAP                                 | \$57,519         | 15.7%             | \$77,283         | 16.8%             |



# Participants in the Solicitation; Additional Information

## Participants in the Solicitation

Cohu, Xcerra, certain of their respective directors, executive officers, members of management and employees may, under the rules of the SEC, be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed "participants" in the solicitation of proxies in connection with the proposed transaction, and a description of their direct and indirect interests in the proposed transaction, which may differ from the interests of Xcerra stockholders or Cohu stockholders generally, is set forth in the Joint Proxy Statement/Prospectus filed with the SEC. Information regarding Xcerra's directors and executive officers and their beneficial ownership of Xcerra common stock is also set forth in Xcerra's proxy statement on Schedule 14A filed with the SEC on September 5, 2017, and in its Annual Report on Form 10-K for the year ended July 31, 2017, and is supplemented by other public filings made, and to be made, with the SEC by Xcerra. These documents are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) or by visiting the Xcerra Investor Relations page on its corporate website at <https://Xcerra.com/investors>. Information concerning Cohu's directors and executive officers and their beneficial ownership of Cohu's common stock is set forth in Cohu's annual proxy statement on Schedule 14A filed with the SEC on April 3, 2018, and in its Annual Report on Form 10-K for the year ended December 31, 2017. These documents are available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) or by visiting the Cohu Investor Relations page on its corporate website at <https://Cohu.gcs-web.com>. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the Joint Proxy Statement/Prospectus regarding the proposed transaction and other relevant materials that have been or will be filed with the SEC when they become available. You may obtain copies of the documents described in the preceding sentence when they become available free of charge by visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

## Additional Information and Where You Can Find It

Cohu will file with the SEC the Registration Statement containing the Joint Proxy Statement/Prospectus and other documents concerning the proposed transaction. The definitive Joint Proxy Statement/Prospectus will be delivered to the stockholders of Xcerra and Cohu after the Registration Statement is declared effective by the SEC. This communication is not a substitute for the Registration Statement, the definitive Joint Proxy Statement/Prospectus or any other documents that Xcerra or Cohu may file or may have filed with the SEC, or will send or have sent to stockholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of these documents (when they become available) and other documents filed by Xcerra and Cohu with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The Joint Proxy Statement/Prospectus and other documents filed by Xcerra or Cohu may also be obtained free of charge by visiting the Xcerra Investor Relations page on its corporate website at <https://Xcerra.com/investors> or by contacting Xcerra Investor Relations by telephone at (781) 467-5063 or by mail at Xcerra Investor Relations, Xcerra Corporation, 825 University Avenue, Norwood, MA 02062, attention Rich Yerganian or by visiting the Cohu Investor Relations page on its corporate website at <https://Cohu.gcs-web.com> or by contacting Cohu Investor Relations by telephone at (858) 848-8206 or by mail at Cohu Corporate Headquarters, 12367 Crosthwaite Circle, Poway, CA 92064, attention Jeffrey D. Jones.