



Cohu Reports Second Quarter 2007 Operating Results

July 26, 2007

POWAY, Calif., July 26, 2007 -- Cohu, Inc. (NASDAQ:COHU) today announced that net sales were \$66.4 million for the second quarter ended June 30, 2007 compared to \$61.9 million for the second quarter ended June 24, 2006 and \$53.4 million for the first quarter ended March 31, 2007. Net income for the second quarter of 2007 was \$2.0 million, or \$0.09 per share compared to \$4.7 million or \$0.21 per share for the second quarter of 2006 and \$1.7 million or \$0.07 per share in the first quarter of 2007. Income from continuing operations for the second quarter of 2007 was \$2.0 million or \$0.09 per share compared to \$5.2 million or \$0.23 per share for the second quarter of 2006 and \$1.7 million or \$0.07 per share for the first quarter of 2007. Net income for the second quarter of 2006 benefited from a gain on the sale of our Littleton facility of approximately \$3.0 million.

Net sales for the first six months of 2007 were \$119.8 million with income from continuing operations of \$3.8 million or \$0.16 per share compared to net sales of \$118.7 million with income from continuing operations of \$8.8 million or \$0.38 per share for the first six months of 2006. Net income for the first six months of 2007 was \$3.7 million or \$0.16 per share compared to \$8.1 million or \$0.36 per share for 2006.

Sales of semiconductor equipment accounted for 86% of total second quarter 2007 sales. Microwave communications equipment contributed 8% of sales and closed circuit television cameras and related equipment were 6% of sales for the same period.

Cohu consolidated orders for the second quarter of 2007 were \$62.6 million compared to \$46.5 million for the first quarter of 2007. Second quarter 2007 orders for semiconductor equipment increased to \$52.6 million from \$37.9 million in the first quarter of 2007. Backlog was \$75.6 million at June 30, 2007 compared to \$79.4 million at March 31, 2007. Cohu expects third quarter 2007 sales to be approximately \$60 million to \$65 million.

James A. Donahue, President and Chief Executive Officer stated, "Sales increased due to the recognition of significant deferred revenue associated with burn-in related thermal sub-systems. Gross margin was lower as a result of the expected decrease in shipments of thermal test handlers and lower margins on sales of thermal sub-systems. Margins on sales of thermal sub-systems in the third quarter are expected to improve as a result of product mix."

Donahue concluded, "Orders in the second quarter increased 35% overall and 39% for semiconductor equipment, largely due to increased orders for thermal sub-systems. The decline in orders for thermal test handlers in recent quarters has been partially offset by an increase in orders for our new thermal sub-systems; based on current customer forecasts, we expect this trend to continue."

Cohu's Board of Directors approved a quarterly cash dividend of \$0.06 per share payable on November 2, 2007 to shareholders of record on September 7, 2007. Cohu has paid consecutive quarterly cash dividends since 1977.

Certain matters discussed in this release, including statements concerning Cohu's expectations of 2007 gross margins, orders and revenues are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected or forecasted. Such risks and uncertainties include, but are not limited to, the concentration of our revenues from a limited number of customers; our ability to convert new products under development into production on a timely basis, support product development and meet customer delivery and acceptance requirements for next generation equipment; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; inventory write-offs; intense competition in the semiconductor test handler industry; our reliance on patents and intellectual property; compliance with U.S. export regulations; the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers; difficulties in integrating acquisitions and new technologies and other risks addressed in Cohu's filings with the Securities and Exchange Commission, including the most recently filed Form 10-K and Form 10-Q. Cohu assumes no obligation to update the information in this release.

Cohu is a supplier of test handling, burn-in and thermal solutions used by the global semiconductor industry, microwave communications and closed circuit television equipment.

Cohu will be conducting their conference call on Thursday, July 26, 2007 at 2:00 p.m. Pacific Time. The call will be webcast at www.cohu.com. Replays of the call can be accessed at www.cohu.com.

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

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