



## Cohu Reports Third Quarter 2005 Operating Results

October 20, 2005

### Income Before Income Taxes Increases 98% over Q2

POWAY, Calif., October 20, 2005 -- Cohu, Inc. (NASDAQ:COHU) today announced that net sales were \$68.6 million for the third quarter ended September 24, 2005 compared to \$54.9 million for the third quarter ended September 30, 2004 and \$51.8 million for the second quarter ended June 25, 2005. Net income for the third quarter of 2005 was \$9.6 million or \$0.42 per share compared to net income of \$5.2 million or \$0.24 per share for the third quarter of 2004 and net income of \$5.6 million or \$0.25 per share for the second quarter of 2005.

Net sales for the first nine months of 2005 were \$164.8 million with net income of \$21.7 million and net income per share of \$0.97 compared to net sales of \$138.1 million with net income of \$14.2 million and net income per share of \$0.65 for the first nine months of 2004. The tax benefit for the nine months ended September 24, 2005 includes approximately \$3.0 million from the reversal of accrued taxes as a result of the completion of a tax examination in March 2005 and a reduction in the valuation allowance on deferred tax assets of approximately \$3.3 million.

Orders for the third quarter of 2005 were \$72.7 million compared to \$71.0 million for the second quarter of 2005. Backlog was \$85.9 million at September 24, 2005 and \$81.8 million at June 25, 2005. Third quarter 2005 sales of semiconductor test handling equipment accounted for 87.0% of total sales. Sales of television cameras and related equipment were 5.6% of sales and metal detection and microwave communications equipment contributed 7.4% of sales for the same period.

James A. Donahue, President and Chief Executive Officer, commented, "Sales, orders and net income were the highest since 2000. Orders for our high-performance thermal IC handlers set a record for the second consecutive quarter. We also benefited from higher orders for general purpose IC test handlers, which increased 51% from the second quarter and represented 36% of handler unit orders for the quarter."

Donahue continued, "For several quarters, we have expected revenue from our microwave equipment contract with the United Arab Emirates (UAE) Armed Forces to be recognized. However, we have encountered repeated delays in the acceptance and payment process and we understand that this is not unusual. Our equipment is performing well and we remain confident that we will recognize this revenue. We plan to announce when the acceptance and revenue recognition process for this contract is complete." Donahue concluded, "Near term prospects for sales of general purpose pick and place handlers are volatile, as customer forecasts are as dynamic as we've seen. Demand for our proprietary thermal systems has been excellent and we expect to report strong operating results for the fourth quarter." Cohu's Board of Directors approved a quarterly cash dividend of \$0.06 per share payable on January 6, 2006 to shareholders of record on December 2, 2005. Cohu has paid consecutive quarterly cash dividends since 1977.

Certain matters discussed in this release, including statements concerning Cohu's expectations of industry conditions and fourth quarter 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, the concentration of our revenues from a limited number of customers; intense competition in the semiconductor test handler industry; our reliance on patents and intellectual property; inventory write-offs; failure to obtain customer acceptance and recognize revenue; the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers; Cohu's ability to convert new products under development into production on a timely basis, support product development and meet customer delivery and acceptance requirements for next generation equipment; 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 leading supplier of test handling solutions used by the global semiconductor industry as well as a supplier of closed circuit television, metal detection and microwave communications equipment.

Cohu will be conducting its conference call on Thursday, October 20, 2005 at 2:00 p.m. Pacific Time. The call will be webcast at [www.cohu.com](http://www.cohu.com). Replays of the call can be accessed at [www.cohu.com](http://www.cohu.com).

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

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