

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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE
--- ACT OF 1934

For the quarterly period ended June 30, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934

Commission file number 1-4298

COHU, INC

(Exact name of registrant as specified in its charter)

Delaware

95-1934119

(State or other jurisdiction of
Incorporation or Organization)

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

5755 Kearny Villa Road, San Diego, California

92123

(Address of principal executive office)

(Zip Code)

Registrant's telephone number, including area code

(619) 277-6700

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

8,977,330

(Number of shares of common stock outstanding as of June 30, 1995)

COHU, INC.
INDEX

Part I

Financial Information:

Consolidated Balance Sheets (Unaudited) June 30, 1995 and December 31, 1994	3
Consolidated Statements of Income (Unaudited) Three and Six Months Ended June 30, 1995 and 1994	4
Consolidated Statements of Cash Flows (Unaudited) Six Months Ended June 30, 1995 and 1994	5
Notes to Unaudited Consolidated Financial Statements	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7

Part II

Other Information	8
-----------------------------	---

COHU, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	June 30, 1995 ----- (Unaudited)	December 31, 1994 -----
Current assets:		
Cash and cash equivalents	\$11,719	\$ 3,096
Accounts receivable, less allowance for doubtful accounts	24,959	20,487
Inventories, at lower of average cost or market:		
Finished goods	2,501	3,920
Work in process	11,113	8,800
Material and parts	13,830	15,721
	-----	-----
	27,444	28,441
Deferred income taxes	3,250	3,250
Prepaid expenses	614	638
	-----	-----
Total current assets	67,986	55,912
Property, plant and equipment, at cost:		
Land and land improvements	150	150
Buildings and building improvements	7,779	7,721
Machinery and electronic test equipment	7,447	7,314
Office furniture and fixtures	3,430	3,251
	-----	-----
	18,806	18,436

Less accumulated depreciation and amortization	9,879	9,357
	-----	-----
Net property, plant and equipment	8,927	9,079
Goodwill, net	2,979	3,315
Other assets	61	62
	-----	-----
	\$79,953	\$68,368
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$11,772	\$ 6,382
Income taxes payable	988	1,930
Other accrued liabilities	9,793	9,520
	-----	-----
Total current liabilities	22,553	17,832
Long-term note payable to bank	-	1,400
Accrued retiree medical benefits	830	801
Deferred income taxes	964	964
Stockholders' equity:		
Preferred stock	-	-
Common stock	8,977	8,810
Paid in excess of par	2,425	2,105
Retained earnings	44,204	36,456
	-----	-----
Total stockholders' equity	55,606	47,371
	-----	-----
	\$79,953	\$68,368
	=====	=====

See accompanying notes

3

4

COHU, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
	-----		-----	
	(Unaudited)		(Unaudited)	
Net sales	\$45,212	\$22,612	\$77,394	\$40,130
Cost and expenses:				
Cost of sales	27,317	14,010	46,676	24,462
Research and development	2,690	1,715	4,925	3,249
Selling, general and administrative	7,156	3,400	12,088	6,370
	-----	-----	-----	-----
Income from operations	8,049	3,487	13,705	6,049
Interest income	93	1	127	20
Interest expense	(2)	(25)	(12)	(25)
	-----	-----	-----	-----
Income before income taxes	8,140	3,463	13,820	6,044
Provision for income taxes	3,200	1,290	5,400	2,240
	-----	-----	-----	-----
Net income	\$ 4,940	\$ 2,173	\$ 8,420	\$ 3,804
	=====	=====	=====	=====
Net income per share	\$.52	\$.26	\$.89	\$.45
	=====	=====	=====	=====

See accompanying notes

4

5
COHU, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	1995	1994
	-----	-----
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 8,420	\$ 3,804
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	870	492
Increase in accrued retiree medical benefits	29	29
Changes in assets and liabilities, net of effects from purchase of Daymarc:		
Accounts receivable	(4,472)	(7,907)
Inventories	997	(5,042)
Prepaid expenses	24	(90)
Accounts payable	5,390	6,241
Income taxes payable	(942)	(632)
Other accrued liabilities	273	130
	-----	-----
Net cash provided from (used by) operating activities	10,589	(2,975)
Cash flows from investing activities:		
Purchase of equipment	(382)	(417)
Other assets	1	(30)
Purchase of Daymarc, net of cash acquired	-	(3,506)
	-----	-----
Net cash used for investing activities	(381)	(3,953)
Cash flows from financing activities:		
Proceeds from long-term borrowings	-	4,000
Reduction in long-term borrowings	(1,400)	-
Issuance of stock	487	156
Dividends paid	(672)	(490)
	-----	-----
Net cash provided by (used for) financing activities	(1,585)	3,666
	-----	-----
Net increase (decrease) in cash and cash equivalents	8,623	(3,262)
Cash and cash equivalents at beginning period	3,096	3,911
	-----	-----
Cash and cash equivalents at end of period	\$11,719	\$ 649
	=====	=====

See accompanying notes

6
COHU, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1 - The accompanying financial information is unaudited but includes all adjustments (consisting of normal recurring adjustments) which the Company considers necessary for a fair statement of the results for the period. The operating results for the three and six months ended June

30, 1995 are not necessarily indicative of the operating results to be expected for the entire year.

2 - Per share information is based on the weighted average common and common equivalent shares outstanding during each period. All share and per share amounts have been retroactively restated for a two-for-one stock split effective June 6, 1995. Shares used in the calculation of net income per share for the three and six month periods ended June 30, 1995 were 9,538,000 and 9,467,000 shares, respectively.

3 - On June 22, 1994 the Company acquired Daymarc Corporation, a privately-held manufacturer of gravity feed semiconductor test handling equipment that complements the pick and place test handling equipment manufactured by Delta Design. The Company's consolidated financial statements include the results of Daymarc from June 22, 1994 forward.

Assuming that the acquisition of Daymarc had occurred on the first day of the Company's year ended December 31, 1994, pro forma condensed consolidated results of operations for 1994 would be as follows:

Pro Forma Results of Operations
(in thousands, except per share data)
(unaudited)

	Six Months Ended June 30, 1994 -----
Net sales	\$52,392
Net income	5,374
Net income per share	.59

These results give effect to pro forma adjustments that include the amortization of goodwill, issuance of shares of Cohu common stock and interest expense on long-term debt.

This pro forma information is not necessarily indicative of the actual results that would have been achieved had Daymarc been acquired the first day of the Company's year ended December 31, 1994.

6

7
COHU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's results are substantially dependent on the operations of the semiconductor test handling equipment business conducted by its wholly-owned subsidiaries, Delta Design and Daymarc. This capital equipment business is in turn highly dependent on the overall strength of the semiconductor industry. Worldwide demand for semiconductors has historically been subject to substantial cyclical swings of varying duration and magnitude, and is currently in a period of relative strength. The Company's favorable results in recent periods are in part reflective of this current strength in the semiconductor industry. The Company cannot predict how long the current period of relative strength will continue. The Company's backlog can be expected to decline concurrently with or possibly in advance of the next period of relative weakness in worldwide demand for semiconductors. The Company attempts to keep its production capacity, labor force and other aspects of its cost structure in

line with expected demand.

SECOND QUARTER 1995 COMPARED TO SECOND QUARTER 1994

Net sales increased 100% to \$45,212,000 in 1995 compared to sales of \$22,612,000 in 1994. Sales of semiconductor test handling equipment increased 142% in 1995 due to increased sales of pick and place handling equipment by Delta Design and the addition of Daymarc's operating results for the entire 1995 period. Sales of this equipment accounted for 82% of consolidated sales. Sales of television cameras and equipment increased 14% while the combined sales of metal detection and microwave equipment increased slightly in 1995. Gross Margin as a percentage of sales increased to 40% for 1995 compared to 38% for 1994, due to a larger percentage of total sales derived from test handling equipment that has a higher gross margin than other products. Research and development expense increased from \$1,715,000 to \$2,690,000, however, as a percentage of net sales, decreased to 6% in 1995 from 8% in 1994. Selling, general and administrative expense increased to 16% in 1995 from 15% in 1994 due to higher commissions and selling expenses on semiconductor test handling equipment. The provision for income taxes expressed as a percentage of pre-tax income was 39% in 1995 and for the year ended December 31, 1994. Net income increased 127% to \$4,940,000 in 1995 from \$2,173,000 in 1994.

SIX MONTHS 1995 COMPARED TO SIX MONTHS 1994

Net sales increased 93% to \$77,394,000 in 1995 compared to sales of \$40,130,000 in 1994. The increase in sales was primarily attributable to increased shipments of semiconductor test handling equipment at Delta Design and the addition of Daymarc's operating results for the entire 1995 period. Sales of this equipment accounted for 79% of consolidated sales and increased 137% over the 1994 period. Sales of television cameras and equipment increased 19%, while the combined sales of metal detection and microwave equipment increased slightly in 1995. Gross margin increased to 40% of sales in 1995 from 39% of sales in 1994 due to a larger percentage of total sales derived from test handling equipment that has a higher gross margin than other products. Research and development expense increased from \$3,249,000 to \$4,925,000, however, as a percentage of sales decreased to 6% in 1995 from 8% in 1994. Selling, general and administrative expense as a percentage of sales remained constant at 16%. The provision for income taxes as a percentage of pre-tax income was 39% in 1995 and for the year ended December 31, 1994. Net income increased 121% to \$8,420,000 in 1995 from \$3,804,000 in 1994.

7

8

LIQUIDITY - The Company's net cash flows generated from operating activities totalled \$10,589,000 for the six months ended June 30, 1995. Accounts receivable increased \$4,472,000 due to higher sales. Inventory decreased \$997,000 as inventory turnover increased over prior periods. Accounts payable increased \$5,390,000 mainly due to purchases related to inventory. Net cash used for investing activities was \$381,000 primarily for the purchase of equipment. Net cash used for financing activities was \$1,585,000. Cash used by financing activities included a \$1,400,000 final payment on long-term borrowings and \$672,000 for dividends. The Company has \$3,000,000 available under its current short-term line of credit and working capital of \$45,433,000. It is anticipated that present working capital, profitable operations and available borrowings under the credit line will be sufficient to meet the Company's normal operating requirements and the anticipated capital expenditures for 1995 of approximately \$2,000,000.

PART II OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders was held on May 2, 1995. At the meeting, the following directors were elected:

Directors -----	Number of Common Shares Voted		
	For -----	Against -----	Abstain -----
James W. Barnes	3,997,849	1,564	21,411
William S. Ivans	3,997,849	1,564	21,411

The directors continuing in office until 1996 or 1997 are Harry L. Casari, Frank W. Davis, Gene E. Leary and Charles A. Schwan. In addition, the shareholders approved the following proposal:

Proposal -----	Number of Common Shares Voted		
	For -----	Against -----	Abstain -----
To adopt the Cohu, Inc. 1994 Employee Stock Option Plan	3,554,479	353,266	123,079

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- (a) Exhibits:
27.1 Financial Data Schedule
- (b) Reports on Form 8-K:
The Company did not file any reports on Form 8-K during the quarter ended June 30, 1995.

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 thereunto duly authorized.

COHU, INC.

(Registrant)

Date: August 10, 1995

/s/ J.W. Barnes

J. W. Barnes
President & Chief Executive Officer

Date: August 10, 1995

/s/ Charles A. Schwan

Charles A. Schwan
Vice President, Finance

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S CONSOLIDATED BALANCE SHEET AT JUNE 30, 1995 AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<MULTIPLIER> 1,000

<PERIOD-TYPE>	6-MOS	
<FISCAL-YEAR-END>		DEC-31-1994
<PERIOD-END>		JUN-30-1995
<CASH>		11,719
<SECURITIES>		0
<RECEIVABLES>		24,959
<ALLOWANCES>		0
<INVENTORY>		27,444
<CURRENT-ASSETS>		67,986
<PP&E>		18,806
<DEPRECIATION>		9,879
<TOTAL-ASSETS>		79,953
<CURRENT-LIABILITIES>		22,553
<BONDS>		0
<COMMON>		8,977
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<OTHER-SE>		46,629
<TOTAL-LIABILITY-AND-EQUITY>		79,953
<SALES>		77,394
<TOTAL-REVENUES>		77,394
<CGS>		46,676
<TOTAL-COSTS>		63,689
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		12
<INCOME-PRETAX>		13,820
<INCOME-TAX>		5,400
<INCOME-CONTINUING>		8,420
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		8,420
<EPS-PRIMARY>		.89
<EPS-DILUTED>		0