Q1'19 Financial Results

A Leading Supplier of Back-end Semiconductor and PCB Test Equipment

May 6, 2019

Cohu

Cautionary Statement Regarding Forward Looking Statements

Use of Non-GAAP Financial Information:

Included within this press release and accompanying materials are non-GAAP financial measures, including non-GAAP Gross Margin, Income and Income (adjusted earnings) per share, Adjusted EBITDA, and Operating Expense 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 including favorable/unfavorable lease adjustments, restructuring costs, manufacturing transition and severance costs, acquisition-related costs and associated professional fees, fair value adjustment to contingent consideration, reduction of indemnification receivable, depreciation of purchase accounting adjustments to property, plant and equipment and purchase accounting inventory step-up included in cost of sales. 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.

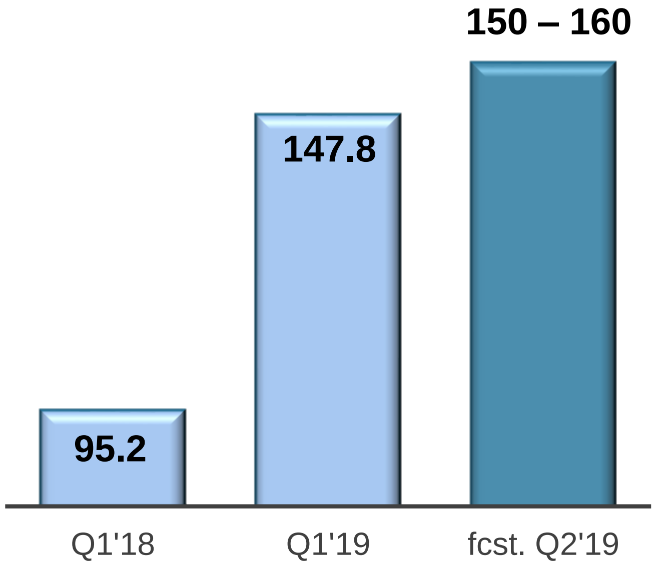
These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. 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.

Forward Looking Statements:

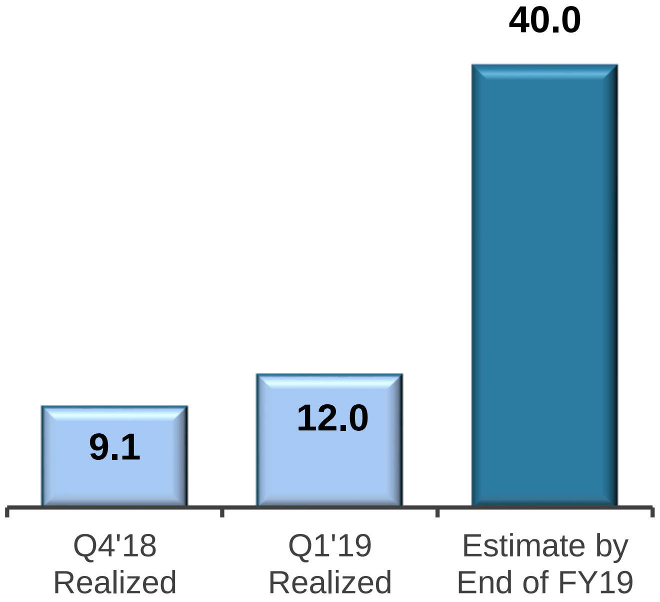
Certain statements contained in this release and accompanying materials may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding integration and cost synergy savings, timing and targets; design-wins; contactor sales growth; semiconductor market conditions in 2019 and mid-term growth; Cohu's second quarter 2019 sales forecast, guidance, non-GAAP operating expenses, gross margin, EBITDA and effective tax rate, and cash and outstanding shares; business model for FY'20; and any other 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: 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 and ongoing tax examinations; geopolitical issues and trade wars; ERP system implementation issues; the seasonal, volatile and unpredictable nature of capital expenditures by semiconductor manufacturers and the late 2018 and early 2019 weakened demand in this market; ongoing weakness in Greater China market; rapid technological change; and significant risks associated with the Xcerra acquisition including but not limited to (i) the ability of Cohu and Xcerra to integrate their businesses successfully and to achieve anticipated synergies and cost savings, (ii) the possibility that other anticipated benefits of the acquisition will not be realized, (iii) litigation relating to the acquisition that still could be instituted against Cohu and/or Xcerra, (iv) the possibility that restructuring charges will significantly exceed estimates, (v) the ability of Cohu or Xcerra to retain, attract and hire key personnel, (vi) potential adverse reactions or changes to relationships with customers, employees, suppliers or other parties resulting from the acquisition, (vii) potential disruptions, expenses and lost revenue associated with the transition to direct sales in China and Taiwan; (viii) the discovery of liabilities or deficiencies associated with Xcerra that were not identified in advance, (ix) potential failures to maintain adequate internal controls over financial reporting given the significant increase in size, number of employees, global operations and complexity of Cohu's business, (x) mandatory ongoing impairment evaluation of goodwill and other intangibles whereby Cohu could be required to write off some or all of this goodwill and other intangibles, (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, and limited market access given our high debt levels. 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 the other filings made by Cohu with the SEC from time to time, which are available via the SEC's website at www.sec.gov. Except as required by applicable law, Cohu does not undertake 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.

Accelerating Synergies to Enhance Business Model

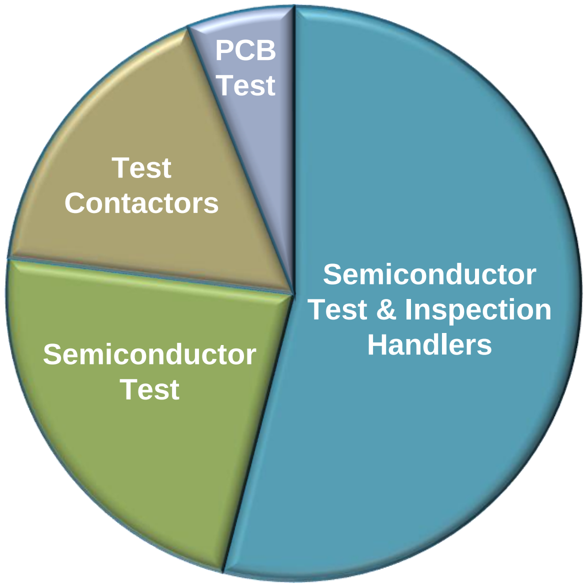
Quarter Revenue ($M)



Annual Run-Rate Synergies ($M)



Plan 2019 Revenue



Market Segment (systems)	Q4'18	Q1'19
Automotive	18%	26%
Consumer	13%	15%
Data Center, Cloud & AI	22%	8%
Industrial & Medical	11%	17%
IoT/IoV & Optoelectronics	7%	6%
Mobility	22%	17%
PCB Manufacturing	7%	11%

- Direct Sales & Service model will deliver ~$7.5M/year
- Restructuring in Germany adds another ~$10M/year
- Consolidating manufacturing operations in 2H'19

- Leader in test Handlers, Contactors and PCB Test
- Growing Inspection revenue
- Market recovery initially benefiting Semi Test and Contactors

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Gaining Confidence of a Stronger Second Half 2019

Business conditions remain challenging near-term but visibility is improving for 2H'19

- Projected capacity additions in the Mobility market starting late Q2 and into Q3
- Communications infrastructure ramping in 2H'19
- Strong recurring business in Data Center, Cloud & AI and uptick in Automotive
- 5G infrastructure business beginning in 2019 and forecasting mobile device volume starting in 2020
- Continued softness in Consumer, IoT / IoV & Optoelectronics, also Industrial

Achieved record revenue in Q1 for mmWave contactor applications

Major progress in Germany with restructuring plan to deliver ~$10 million annual run-rate cost synergies, some already benefiting Q2 guidance

Implementing transition to direct customer model in China and Taiwan to deliver cost synergies starting in Q3 and building to annual run-rate of ~$7.5 million by Q4

Strong PCB Test business driven by server and communications infrastructure applications

Q1'19 Results and Q2'19 Guidance

May 6, 2019

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Q1’19 Non-GAAP Results

	Q4’18 Actual	Q1’19 Guidance[2]	Q1’19 Actual
Sales	$170.6M	$145M	$147.8M
Gross Margin[1]	44.5%	~40%	41.5%
Operating Expenses[1]	$56.6M	~$54M	$55.4M
Non-GAAP EPS[1]	$0.24		($0.03)
Adjusted EBITDA[1]	13.7%	6%	6.6%

Q1’19 actual results

- Gross Margin higher than guidance primarily due to higher recurring revenue
- Realized cost synergies of ~$2.9M (~$12M / year)
- Q1’19 diluted shares outstanding at 40.9M[3]

(1) Non-GAAP: See Appendix for Q1’19, Q4’18 GAAP to non-GAAP reconciliations
(2) Guidance as provided on March 12, 2019 press release and earnings call
(3) For the three-month period ended March 30, 2019, potentially dilutive securities were excluded from the per share computations due to their antidilutive effect

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Business Model Delivers Strong Leverage

	Business Model for FY'20				Mid-Term Target
Quarterly Sales	$150M	$170M	$190M	$210M	$235M
Gross Margin[1]	43%	44%	45%	46%	48%
Operating Expenses[1]	$52M	$54M	$57M	$59M	~$64M
Adjusted EBITDA[1]	12%	15%	17%	20%	22%

Model includes ~$40M of annual run-rate cost synergies from the Xcerra acquisition starting in Q1'20

Approximately 40% of revenue increase falls through to operating income

Mid-Term Target is 3 - 5 years

(1) Non-GAAP numbers exclude stock-based compensation expense, amortization, restructuring and other one-time charges

See Appendix for Q1'19 GAAP to non-GAAP reconciliations. The "Model" and "Mid-Term Target" assumptions exclude estimated charges related to stock based compensation, amortization of purchased intangibles, restructuring costs, acquisition-related costs, manufacturing transition/severance costs, inventory step-up costs or other non-operational or unusual items which we are not able to predict at this time without unreasonable efforts due to their inherent uncertainty. As a result, we are unable to provide, at this time, a GAAP to non-GAAP reconciliation of any forward-looking figures.

Balance Sheet

[$Million]	Q4'18	Q1'19
Cash and Investments	$165	$160
Accounts Receivable	$149	$131
Total Debt	$359	$357
Capital Additions	$2.5	$3.5
Cash Flow From Operations	$5.2	$4.7

Capital allocation strategy – cash above $125M expect to pay down debt[1]

(1) Pay down of debt dependent on current business environment and synergy cash requirements

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Q2'19 Outlook

	Q1'19 Actual	Q2'19 Guidance
Sales	$147.8M	$150 - $160M
Gross Margin(1)	41.5%	~40%
Operating Expenses(1)	$55.4M	~$54M
Adjusted EBITDA(1)	6.6%	~7%

Q2'19 guidance includes projected synergies of ~$4.2M ($17M / year)

Lower Gross Margin due to handler product mix sale in mobility market

Fully diluted shares outstanding estimated at 41.7M

(1) See Appendix for Q1'19 GAAP to non-GAAP reconciliations. The Q2'19 guidance for non-GAAP Gross Margin, Operating Expenses and EBITDA exclude estimated pre-tax charges related to stock based compensation of $0.1M (CoS) and $3.2M (Opex), amortization of purchased intangibles of $9.3M (Opex), and Germany operations severance costs of $7.8 to $8.8M (Opex). Also, these figures do not reflect restructuring costs, acquisition-related costs, other manufacturing transition/severance costs, inventory step-up costs or other non-operational or unusual items which we are not able to predict at this time without unreasonable efforts due to their inherent uncertainty. As a result, we are unable to provide, at this time, a GAAP to non-GAAP reconciliation of any forward-looking figures.

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CHOUKRANE
DO JEH
SHUKRAN
ASANTE
SUKRIA
TODA
EFHARISTO
Teşekkürler
FALEMINDERIT
TAKK
Go raibh maith agaibh
OBRIGADO
PALDIES
KIITOS
SPASIBO
SALAMAT
XIE XIE
DEKUJI
DANKE
Hsieh hsieh
NA GODE
DO JEH
GRATIAS TIBI
THANK
YOU
SPASIBO
DANKE JE
KAMSA HAMNIDA
BALIKA
NGIYABONGA
Khob-kun
MERCI
GRACIAS
TRUGERE
Köszönöm
DANK U
FALEMINDERIT
HVALA
MAHALO
DEKUJI
TERIMA KASIH
GRAZIE
DZIEKUJE
Doumo Arigatou

GAAP to Non-GAAP Reconciliation

Earnings Reconciliation	3 Months Ending Dec 29, 2018	Diluted EPS	3 Months Ending Mar 30, 2019	Diluted EPS
Income From Continuing Operations - GAAP	($57,116)	($1.40)	($22,851)	($0.56)
Share Based Compensation	4,556	0.11	3,693	0.09
Amortization of Purchased Intangible Assets	14,080	0.35	10,019	0.25
Manufacturing Transition and Severance Costs	485	0.01	761	0.02
Restructuring Costs related to inventory in COS	19,053	0.46	466	0.01
Restructuring Costs	18,704	0.46	1,361	0.04
PP&E step-up included in COS and SG&A	1,257	0.03	1,257	0.03
Other Acquisition Costs	4,633	0.11	224	0.01
Inventory Step-Up	14,782	0.36	6,038	0.14
Reduction of Indemnification Receivable	879	0.02	0	0.00
Tax Effect of Non-GAAP Adjustments	(11,302)	(0.27)	(2,358)	(0.06)
Income From Continuing Operations - Non-GAAP	$10,011	$0.24	($1,390)	($0.03)
Weighted Average Shares - GAAP	Diluted	40,660	Diluted	40,872
Weighted Average Shares - Non-GAAP	Diluted	41,241 [a]	Diluted	40,872

(a) Due to reported loss for GAAP and income for non-GAAP dilulted equivelents were excluded for GAAP and included for non-GAAP.

Adjusted EBITDA Reconciliation	3 Months Ending Dec 29, 2018	% of Net Sales	3 Months Ending Mar 30, 2019	% of Net Sales
Income From Continuing Operations - Non-GAAP	$10,011	5.9%	($1,390)	-0.9%
Net loss attributable to noncontrolling interest	243	0.1%	44	0.0%
Income Tax Provision	(6,266)	-3.7%	(200)	-0.1%
Interest and Other, Net	4,670	2.7%	5,285	3.6%
Depreciation	4,691	2.7%	5,020	3.4%
PP&E step-up included in COS & SG&A	(1,257)	-0.7%	(1,394)	-0.9%
Tax Effect of Non-GAAP Adjustments	11,302	6.6%	2,358	1.6%
Adjusted EBITDA - Non-GAAP Attributable to Cohu	$23,394	13.7%	$9,723	6.6%

GAAP to Non-GAAP Reconciliation

Gross Profit Reconciliation	3 Months Ending Dec 29, 2018	% of Net Sales	3 Months Ending Mar 30, 2019	% of Net Sales
Net Sales	$ 170,637		$ 147,809	
Gross Profit - GAAP	41,919	24.6%	54,415	36.8%
Share Based Compensation	138	0.1%	125	0.1%
Manufacturing Transition and Severance Costs	0	0.0%	235	0.2%
Restructuring Costs related to inventory in COS	19,053	11.2%	466	0.3%
Inventory Step-Up	14,782	8.7%	6,038	4.1%
Gross Profit - Non-GAAP	$75,892	44.5%	$61,279	41.5%

Operating Expense Reconciliation	3 Months Ending Dec 29, 2018	% of Net Sales	3 Months Ending Mar 30, 2019	% of Net Sales
Operating Expense - GAAP	$ 101,070	59.2%	$ 72,399	49.0%
Share Based Compensation	(4,418)	-2.6%	(3,568)	-2.4%
Amortization of Purchased Intangible Assets	(14,080)	-8.3%	(10,019)	-6.8%
Manufacturing Transition and Severance Costs	(485)	-0.3%	(526)	-0.4%
Restructuring Costs	(18,704)	-11.0%	(1,361)	-0.9%
PP&E step-up included in SG&A	(1,257)	-0.7%	(1,257)	-0.9%
Other Acquisition Costs	(4,633)	-2.7%	(224)	-0.2%
Reduction of Indemnification Receivable	(879)	-0.5%	0	0.0%
Operating Expense - Non-GAAP	$56,614	33.2%	$55,444	37.5%

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