

# Annual Meeting of Stockholders

May 11, 2016

Poway, CA



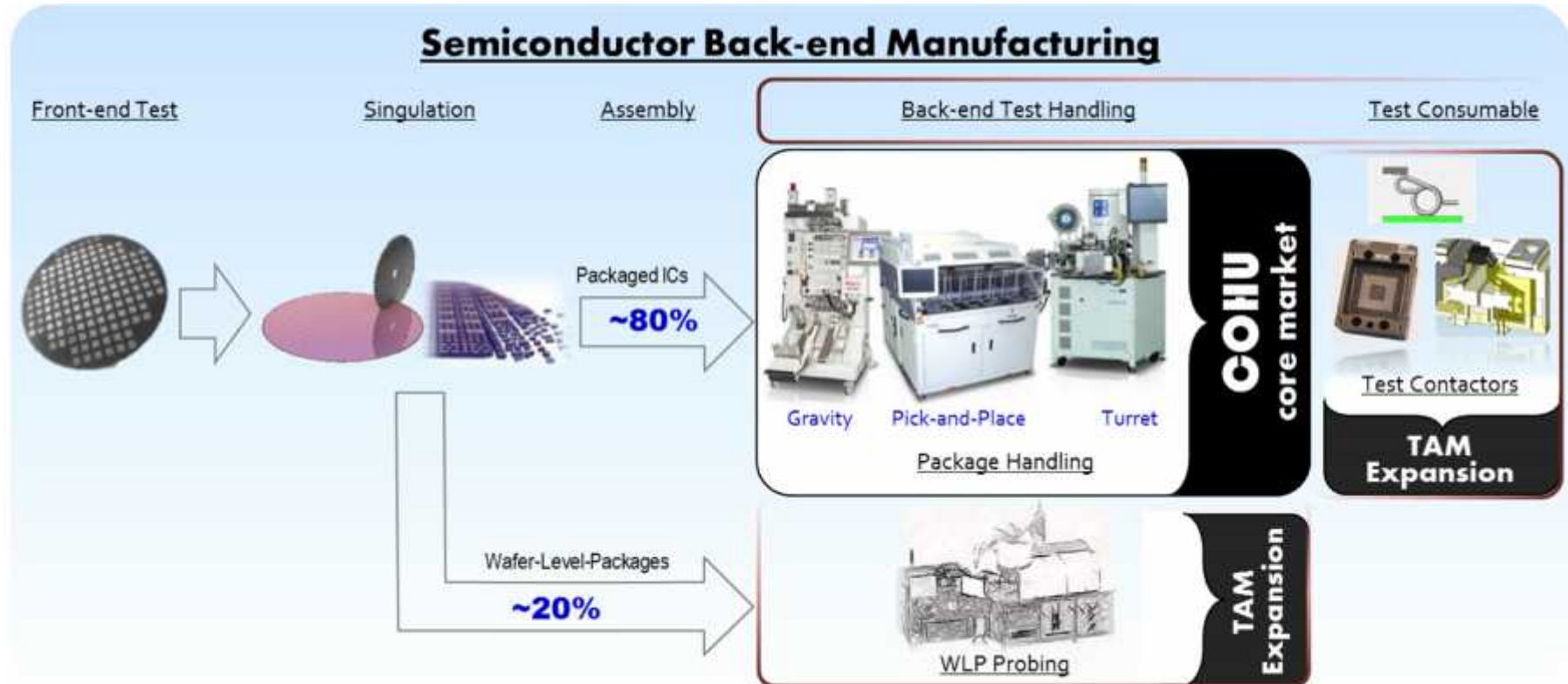
 **Cohu**

# Forward Looking Statements and Regulation FD

Certain matters discussed in this presentation, including statements regarding our growth strategy, market expansion, revenue growth rate, near and mid-term financial models, orders, sales, revenues and operating 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, risks associated with our ability to penetrate new markets and market growth rates, 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; acquisitions; inventory, goodwill and other intangible asset write-downs; our reliance on third-party contract manufacturers; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; customer orders may be canceled or delayed; 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; compliance with U.S. export regulations; and the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers. 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. Cohu assumes no obligation to update the information in this presentation.

# Cohu at a Glance

- ❑ NASDAQ: **COHU** is the global technology and market leader in Semiconductor Final Test and Inspection Handlers
- ❑ **Leader in \$750M\* handler market: #1 in Served Markets**
- ❑ **TAM Expansion** – Wafer-level package (WLPs) probing and test contacting (consumables)



\* Company estimate

# 2015 Results



## Delivered Strong Financial Results

- GM of 35.3% and EPS of \$0.58 in-line with Financial Model
- Cash generated from operations of ~ \$22M
- Adjusted EBITDA of ~ \$24M



## Launched Innovative Products

- New industry leading products in each business unit
- Solving customer challenges with broadest technology portfolio
- Focused on requirements in growth segments



## Expanded Market Share

- Realized ~ \$25M of sales synergies from Ismeca acquisition
- Grew mobility share with key thermal technology
- Leader with ~ 42%\* SAM share; increased by 1 pt. in 2015

\* Company estimate

Note: All Cohu financial results in this presentation have been adjusted to exclude the results of BMS which was sold on June 10, 2015

Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, impairment of goodwill and other assets, inventory step-up costs, manufacturing transition and severance costs. See Appendix for reconciliation of GAAP to Non GAAP results.

# Multiple Markets – Leading Solutions

## Markets



**Automotive**



**Industrial**



**Solid State  
Lighting (LED)**



**Mobility**



**Communications**



**MEMS**



**Computing**



**High Speed  
Memory**

## Capital Equipment

- IC Test Handlers
- Package Inspection
- LED Test, Sort, Taping



~60%  
of  
sales

~40%  
of  
sales

## Recurring Business

- Device Kits
- Contactors
- Service & Spares

## Business Units



Pick-and-place test handlers and thermal sub-systems for burn-in and system-level test



Gravity-feed and test-in-strip handlers, and MEMS test solutions



Turret-based test and inspection handlers



High performance test contactors



# Sales Synergies

**Cross-selling works** – leveraging our leading customer support:

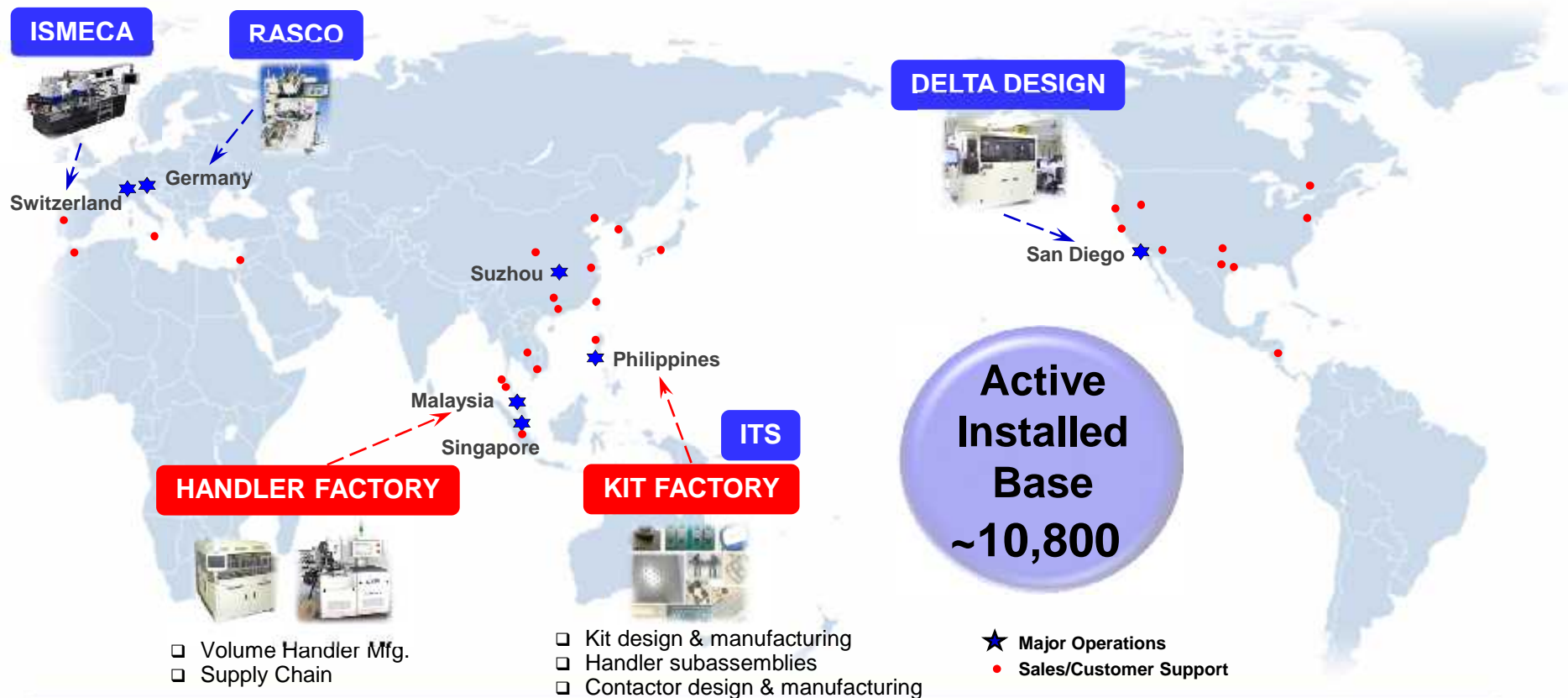
- More than doubled Rasco market share in the last 7 years
- Delivered \$25M incremental sales from the Ismeca acquisition

**Next** – grow Contactors and WLP Probing



# Global Operations & Customer Support

- ❑ **Largest installed base** – drives recurring business • 40% of sales
- ❑ **Asia manufacturing** – optimizing operations to deliver model profitability, infrastructure flexibility and scalability
- ❑ **Global support** – a key competitive advantage



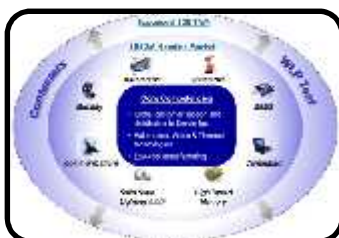
# Our Growth Strategy

## Mid-term Strategy



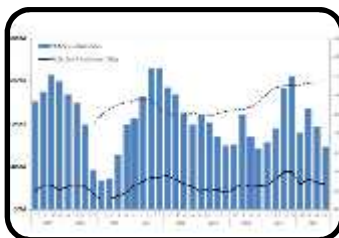
### Expand Share in Core Markets

- Mobility, Automotive and LED
- Optimizing test yield [1% yield improvement ~ 3x Handler Capex]
- Innovative technologies for growing segments – thermal, vision



### Increase TAM to \$2B

- New business unit (ITS) to drive growth in contactor market
- Opportunity to uniquely solve customer challenges and increase yield testing singulated Wafer-Level-Packages



### Deliver Profitable Growth

- Increasing financial targets
- Investing in new markets
- Reducing product cost

	Near-Term		Mid-Term
Revenue	\$220M (\$55M/yr)	\$340M (\$85M/yr)	\$400M
Gross Margin	33%	38%	40%
Adjusted EBITDA	0%	15%	17%
EPS	-	\$1.40	\$1.80

Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, impairment of goodwill and other assets, inventory step-up costs, manufacturing transition and severance costs.  
See Appendix for reconciliation of GAAP to Non GAAP results.



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# Appendix



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# Reconciliation of GAAP to Non-GAAP Results

(In thousands except per share amounts)

<u>Earnings Reconciliation</u>	<u>12 Months Ending</u>	
	<u>Dec 26,</u>	<u>Diluted</u>
	<u>2015</u>	<u>EPS</u>
Income From Continuing Operations - GAAP	\$5,792	\$0.22
Share Based Compensation	6,755	0.25
Amortization of Purchased Intangible Assets	7,032	0.26
Manufacturing Transition and Severance Costs	970	0.04
Impairment of Goodwill and Other Assets	273	0.01
Gain on Sale of Facility	(3,198)	(0.12)
Tax Effect of Non-GAAP Adjustments	(1,961)	(0.07)
Income From Continuing Operations - Non-GAAP	<u>\$15,663</u>	<u>\$0.58</u>
Weighted Average Shares - GAAP and Non-GAAP	Diluted	26,788

<u>Gross Profit Reconciliation</u>	<u>12 Months Ending</u>	
	<u>Dec 26,</u>	<u>% of Net</u>
	<u>2015</u>	<u>Sales</u>
Net Sales	\$269,654	
Gross Profit - GAAP	89,038	33.0%
Share Based Compensation	566	0.2%
Amortization of Purchased Intangible Assets	5,420	2.0%
Manufacturing Transition and Severance Costs	0	0.0%
Inventory Step-Up	0	0.0%
Gross Profit - Non-GAAP	<u>\$95,024</u>	<u>35.3%</u>

<u>Operating Expense Reconciliation</u>	<u>12 Months Ending</u>	
	<u>Dec 26,</u>	<u>% of Net</u>
	<u>2015</u>	<u>Sales</u>
Operating Expense - GAAP	\$84,302	31.3%
Share Based Compensation	(6,189)	-2.3%
Amortization of Purchased Intangible Assets	(1,612)	-0.6%
Manufacturing Transition and Severance Costs	(970)	-0.4%
Other Acquisition Costs	0	0.0%
Impairment of Goodwill and Other Assets	(273)	-0.1%
Operating Expense - Non-GAAP	<u>\$75,258</u>	<u>27.9%</u>