

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

January 10, 2020

Cohu, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-04298
(Commission
File Number)

95-1934119
(I.R.S. Employer
Identification No.)

12367 Crosthwaite Circle, Poway, California
(Address of principal executive offices)

92064
(Zip Code)

Registrant's telephone number, including area code:

858-848-8100

Not Applicable

Former name or former address, if changed since last report

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$1.00 par value

Trading Symbol(s)
COHU

Name of each exchange on which registered
The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure

Beginning on January 10, 2020, Cohu, Inc. (“Cohu”) is participating in various analyst meetings associated with the 22nd Annual Needham Growth Conference, being held in New York City, NY. Cohu is furnishing on this Form 8-K the presentation to be referenced in our remarks at the conference and associated meetings.

Item 9.01 Financial Statements and Exhibits.

The exhibit listed below is being furnished with this Current Report on Form 8-K.

(d) Exhibit

Exhibit No.	Description
99.1	January 2020 Cohu Investor Presentation

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 hereunto duly authorized.

Cohu, Inc.

January 10, 2020

*By: /s/ Jeffrey D. Jones
Name: Jeffrey D. Jones
Title: VP Finance and Chief Financial Officer*

January 2020

Cohu Investor Presentation



Cautionary Statement Regarding Forward Looking Statements

Use of Non-GAAP Financial Information:

Included in this presentation are non-GAAP financial measures, including non-GAAP Gross Margin, Income and Income (adjusted earnings) per share, Adjusted EBITDA, and Operating Expense that supplement our Condensed Consolidated Statements of Operations 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 and sales 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 Operations. These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. Management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management also 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 presentation 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, 5G driving increase in RF test cell utilization; mobility expected to lead sales growth in 2020; new opportunities for China mobility business in 2020 despite trade tensions; strength in Data Center, Cloud & AI segments; Auto and Industrial slow recovery in 2020; growing with broader product portfolio; end-market growth rates; incremental growth opportunities; est. of incremental revenue falling to Op. Inc; semiconductor market conditions in 2020; Cohu's fourth quarter 2019 sales forecast, guidance, non-GAAP operating expenses, gross margin, adjusted EBITDA and effective tax rate, and cash and outstanding shares; business model for FY'20 and mid-term model; 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; trade wars and Huawei export restrictions; ERP system implementation issues; the seasonal, volatile and unpredictable nature of capital expenditures by semiconductor manufacturers and the late 2018 and 2019 significantly 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, product return issues 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 and potential inability to pay cash dividends due to 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 downgrade 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 SEC, 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.

Global Technology and Market Leader

...in Semiconductor and PCB Test and Inspection Markets

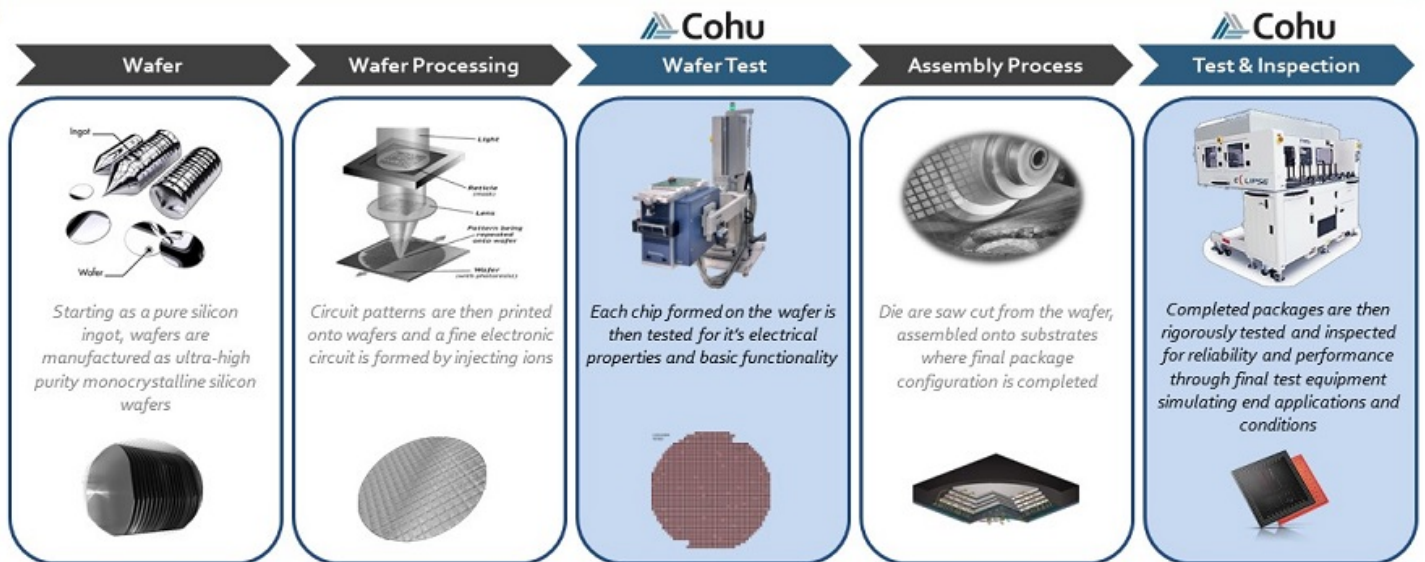
We create leading-edge solutions for back-end semiconductor equipment and services, and printed circuit board test



⁽¹⁾ Twelve months ending September 28, 2019

⁽²⁾ 2019 sales reflects actual results Q1'19 – Q3'19 plus mid-point of Q4'19 sales guidance from the November 4, 2019 earnings call

Value-Add Test & Inspection to Semiconductor Manufacturing



Semiconductor manufacturing process from wafer production to test and inspection

~\$5 Billion¹ Market Provides Opportunity for Expansion

Semiconductor Test & Inspection

PCB Test

Test Handlers



\$0.9B

#1

Thermal and Vision Inspection
technologies enabling higher yield

Inspection



\$0.5B

#5

Test Interface



\$0.7B

#1

High fidelity measurement instruments
Compact, low power systems → Scalability

Semi Test



\$2.7B²

#3

Bare Board Test



\$0.2B

#2

High-speed, precision
measurement

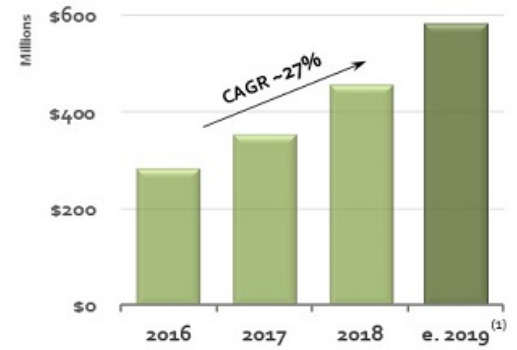
⁽¹⁾ Company est. 2018 market size, expect total market for 2019 declined 20-25%

⁽²⁾ Excludes Memory

Update and Market Conditions

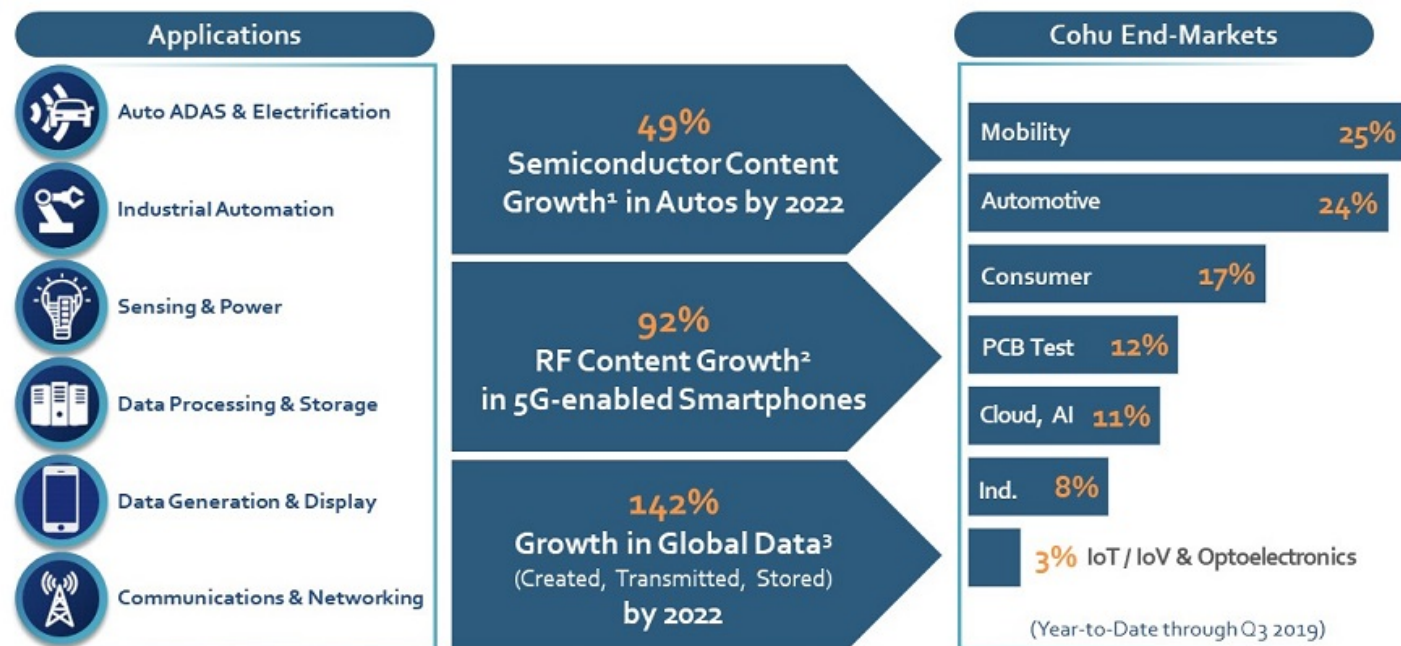
- 5G-driven orders accelerated in late Q4
- Automotive order uptick in late December
- ~55% of sales is recurring; ~45% capital equipment
- Broader product portfolio; delivering test cell solutions for next generation RF test
- Expanding opportunities for cross-selling test cell products and services

Sales Growth



- 5G driving increase in RF test cell utilization; Mobility to lead sales growth in 2020
- 2019 growth in China mobility and new opportunities for 2020 despite trade tensions
- Strength in Data Center, Cloud & AI segments
- Automotive & Industrial stabilized; 2020 driven by ADAS and EV

Driving Growth in Select End-Markets



5G & Autonomous Applications Fueling Semi Demand

Growing demand for **wireless communication** and **instantaneous data transfer** linking the real to the digital world



Emerging need for **energy efficient autonomous vehicles**, **industrial robotics** and more, creating a flood of data

L0	L1	L2	L3	L4	L5
No Automation	Driver Assistance	Partial Automation	Conditional Automation	High Automation	Full Automation



Cohu Delivers Higher Yield Faster

One-stop-shop with leading edge solutions reduces integration risk and accelerates "time to yield"

Incremental Growth Opportunities

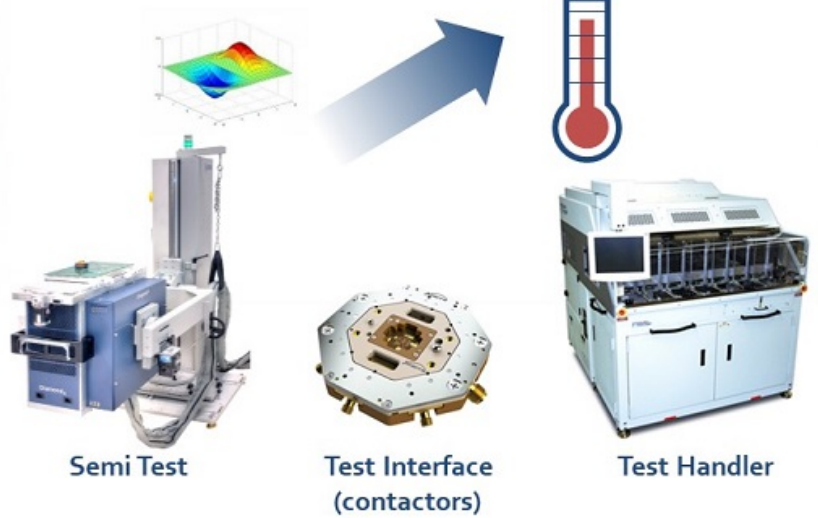
~\$160M/year

higher contactor attachment rates

~\$200M/year

target system growth
in select end-markets

Time to Yield



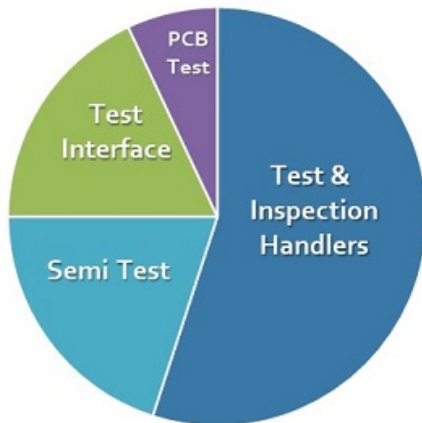


Financial Profile

Recurring Provides a Strong Foundation

Recurring revenue is **higher margin** and **less susceptible** to seasonal and cyclical trends

Revenue Distribution



TTM Allocation⁽¹⁾



⁽¹⁾ Twelve months ending September 28, 2019

Business Model Delivers Strong Leverage

Business Model for FY20					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%
Non-GAAP EPS ⁽¹⁾	\$0.16	\$0.30	\$0.45	\$0.60	\$0.75

Delivering ~\$40M of annual run-rate cost synergies ahead of plan, starting in Q1'20

Approximately 40% of revenue increase falls through to operating income

Assumes 22% income tax rate and 41.7 million shares outstanding

Mid-Term Target is 3 - 5 years

⁽¹⁾ Non-GAAP:

The "Model for FY20" 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.

Q4'19 Outlook

	Q3'19 Actual	Q4'19 Guidance
Sales	\$143.5M	\$134 - \$144M
Gross Margin ⁽¹⁾	42.3%	41% - 43%
Operating Expenses ⁽¹⁾	\$49.5M	~ \$50M
Adjusted EBITDA ⁽¹⁾	11.2%	8% (mid-point of guidance)

Operating Expenses with fcst. Q4'19 realized synergies of ~\$9M (\$36M / year)

Fully diluted shares outstanding estimated at 41.7M

(1) See Appendix for Q3'19 GAAP to non-GAAP reconciliations. The Q4'19 guidance for non-GAAP Gross Margin, Operating Expenses and Adjusted EBITDA exclude estimated pre-tax charges related to stock based compensation of \$0.2M (CoS) and \$2.9M (Opex), and amortization of purchased intangibles of \$10.3M (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.

Balance Sheet

<i>[\$Million]</i>	Q2'19	Q3'19
Cash and Investments	\$144	\$146
Accounts Receivable	\$134	\$126
Total Debt	\$356	\$359
Capital Additions	\$4.0	\$5.0
Cash Flow From Operations	\$(9.5)	\$8.2



Appendix

GAAP to Non-GAAP Reconciliation

Earnings Reconciliation	3 Months Ending		3 Months Ending	
	Jun 29,	Diluted	Sep 28,	Diluted
	2019	EPS	2019	EPS
Income From Continuing Operations - GAAP	\$ (19,383)	\$ (0.47)	\$ (10,480)	\$ (0.25)
Share Based Compensation	3,662	0.09	3,506	0.08
Amortization of Purchased Intangible Assets	9,987	0.24	9,969	0.24
Manufacturing Transition and Severance Costs	1,148	0.03	568	0.01
Restructuring Costs related to inventory in COS	(1,259)	(0.03)	1,114	0.03
Restructuring Costs	8,545	0.21	814	0.02
PP&E step-up included in COS and SG&A	1,257	0.03	1,257	0.03
Other Acquisition Costs	180	0.00	0	0.00
Tax Effect of Non-GAAP Adjustments	(3,348)	(0.08)	(1,836)	(0.04)
Income From Continuing Operations - Non-GAAP	\$789	\$0.02	\$4,912	\$0.12
Weighted Average Shares - GAAP	Diluted	41,125	Diluted	41,229
Weighted Average Shares - Non-GAAP	Diluted	41,534	Diluted	41,587

Adjusted EBITDA Reconciliation	3 Months Ending		3 Months Ending	
	Jun 29,	% of Net	Sep 28,	% of Net
	2019	Sales	2019	Sales
Income From Continuing Operations - Non-GAAP	\$789	0.5%	\$4,912	3.4%
Net loss attributable to noncontrolling interest	36	0.0%	(142)	-0.1%
Income Tax Provision	(916)	-0.6%	1,277	0.9%
Interest and Other, Net	5,091	3.4%	4,810	3.4%
Depreciation	5,102	3.4%	5,231	3.6%
PP&E step-up included in COS & SG&A	(1,667)	-1.1%	(1,803)	-1.3%
Tax Effect of Non-GAAP Adjustments	3,348	2.2%	1,836	1.3%
Adjusted EBITDA - Non-GAAP Attributable to Cohu	\$11,783	7.9%	\$16,121	11.2%

GAAP to Non-GAAP Reconciliation

<u>Gross Profit Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	<u>Jun 29,</u>	<u>% of Net</u>	<u>Sep 28,</u>	<u>% of Net</u>
	<u>2019</u>	<u>Sales</u>	<u>2019</u>	<u>Sales</u>
Net Sales	\$ 150,011		\$ 143,498	
Gross Profit - GAAP	62,406	41.6%	58,933	41.1%
Share Based Compensation	208	0.1%	212	0.1%
Manufacturing Transition and Severance Costs	560	0.4%	416	0.3%
Restructuring Costs related to inventory in COS	(1,259)	-0.8%	1,114	0.8%
Gross Profit - Non-GAAP	\$61,915	41.3%	\$60,675	42.3%

<u>Operating Expense Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	<u>Jun 29,</u>	<u>% of Net</u>	<u>Sep 28,</u>	<u>% of Net</u>
	<u>2019</u>	<u>Sales</u>	<u>2019</u>	<u>Sales</u>
Operating Expense - GAAP	\$ 77,068	51.4%	\$ 64,956	45.3%
Share Based Compensation	(3,454)	-2.3%	(3,294)	-2.3%
Amortization of Purchased Intangible Assets	(9,987)	-6.7%	(9,969)	-6.9%
Manufacturing Transition and Severance Costs	(588)	-0.4%	(152)	-0.1%
Restructuring Costs	(8,545)	-5.7%	(814)	-0.6%
PP&E step-up included in SG&A	(1,257)	-0.8%	(1,257)	-0.9%
Other Acquisition Costs	(180)	-0.1%	0	0.0%
Operating Expense - Non-GAAP	\$53,057	35.4%	\$49,470	34.5%

<u>Operating Income Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	<u>Jun 29,</u>	<u>% of Net</u>	<u>Sep 28,</u>	<u>% of Net</u>
	<u>2019</u>	<u>Sales</u>	<u>2019</u>	<u>Sales</u>
Loss From Operations - GAAP basis	\$ (14,662)	-9.8%	\$ (6,023)	-4.2%
Share Based Compensation	3,662	2.4%	3,506	2.4%
Amortization of Purchased Intangible Assets	9,987	6.7%	9,969	6.9%
Manufacturing Transition and Severance Costs	1,148	0.8%	568	0.4%
Restructuring Costs related to inventory in COS	(1,259)	-0.8%	1,114	0.8%
Restructuring Costs	8,545	5.7%	814	0.6%
PP&E step-up included in COS and SG&A	1,257	0.8%	1,257	0.9%
Other Acquisition Costs	180	0.1%	0	0.0%
Income From Operations - Non-GAAP	\$ 8,858	5.9%	\$ 11,205	7.8%