

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):

March 31, 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	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value	COHU	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

Cohu, Inc. (“Cohu”) is furnishing on Form 8-K the presentation in response to ongoing investor questions regarding potential business impacts surrounding the COVID-19 pandemic.

The information furnished in this Item 7.01 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Forward Looking Statements:

Certain statements herein may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding business continuity during the COVID-19 pandemic; keeping factories open; supplier operations and supply chain; temporary cost reductions; estimated break-even EBITDA; market positioning and leadership in various market segments; 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, 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 risk factors, including, without limitation: Our future performance will depend on the duration and spread of the recent outbreak of the COVID-19 virus, as well as any future government restrictions placed on us, our customers or suppliers due to the outbreak, whether mandated or recommended. Our factories may be forced to close. Customers may experience significant losses or weak demand due to the COVID-19 outbreak and may terminate their existing contracts or postpone or ultimately cancel future planned orders and contracts due to those losses or weak demand. We may have more difficulty collecting receivables. Suppliers may fail to deliver critical components and there may not be alternate sources. Travel may be restricted to certain areas which may limit our ability to obtain new customers or jurisdictions, or to provide support services in those areas in which our customers are currently located. We may incur significant costs in retaining idle employees. We may experience a shortage of labor due to government restrictions, quarantine or prolonged illness within our own organization or at supplier or customer locations. We may face IT issues that prevent productive work from home efforts. As this is a constantly changing and fluid situation, the full impact of COVID-19 cannot be measured at this time and might not become apparent until sometime in the next few months and beyond. These and other risks and uncertainties are discussed in Cohu’s filings with the SEC, including the most recently filed Form 10-K and Form 10-Q, and the other SEC filings made 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.

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
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99.1	<u>Business Conditions under COVID-19 Pandemic, Dated March 31, 2020</u>
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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.

March 31, 2020

By: /s/ Jeffrey D. Jones

Name: Jeffrey D. Jones

Title: VP Finance and Chief Financial Officer

March 31, 2020

Business Conditions under COVID-19 Pandemic



Cautionary Statement Regarding Forward Looking Statements

Use of Non-GAAP Financial Information:

This presentation includes non-GAAP financial measures, including non-GAAP Adjusted EBITDA. 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, any of 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. Non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. We believe that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity, and that such 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.

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Certain statements herein may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding business continuity during the COVID-19 pandemic; keeping factories open; supplier operations and supply chain; temporary cost reductions; estimated break-even EBITDA; market positioning and leadership in various market segments; 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, 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 risk factors, including, without limitation: Our future performance will depend on the duration and spread of the recent outbreak of the COVID-19 virus, as well as any future government restrictions placed on us, our customers or suppliers due to the outbreak, whether mandated or recommended. Our factories may be forced to close. Customers may experience significant losses or weak demand due to the COVID-19 outbreak and may terminate their existing contracts or postpone or ultimately cancel future planned orders and contracts due to those losses or weak demand. We may have more difficulty collecting receivables. Suppliers may fail to deliver critical components and there may not be alternate sources. Travel may be restricted to certain areas which may limit our ability to obtain new customers or jurisdictions, or to provide support services in those areas in which our customers are currently located. We may incur significant costs in retaining idle employees. We may experience a shortage of labor due to government restrictions, quarantine or prolonged illness within our own organization or at supplier or customer locations. We may face IT issues that prevent productive work from home efforts. As this is a constantly changing and fluid situation, the full impact of COVID-19 cannot be measured at this time and might not become apparent until sometime in the next few months and beyond. These and other risks and uncertainties are discussed in Cohu's filings with the SEC, including the most recently filed Form 10-K and Form 10-Q, and the other SEC filings made 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.

Operational Status and Business Update

- ❑ **Cohu remains open worldwide** – manufacturing facilities, development sites and field offices with reduced staffing on-site and in compliance with local government restrictions
 - Safeguarding the well-being of our employees; “work from home” for those who productively can
 - Maintaining business continuity for our customers during this unprecedented COVID-19 pandemic
 - Some disruption to our supply chain; key suppliers are open or are in process of reopening
- ❑ **Strong Q1 orders approaching highest since acquiring Xcerra on October 1, 2018 and driven by 5G technology transition and cloud / datacenter applications**
- ❑ **Cash balance ~\$170M at end of March; Term Loan is “*covenant lite*” with no minimum coverage ratios or maximum leverage ratio requirements**
- ❑ **Implementing precautionary measures to maintain ample liquidity and financial flexibility ahead; temporary cost reductions starting in April 2020**
 - Reduced non-essential operating expenses and capital expenditures
 - Our Board of Directors have agreed to a 20% reduction to their cash compensation
 - The salary of our Chief Executive Officer will be reduced by 20% and other Named Executive Officers by 15%
 - Proportional reduction to all other employees’ salaries worldwide
- ❑ **EBITDA break-even revenue of approximately \$110M**
- ❑ **Well positioned in mobility, computing and network semiconductor & PCB test segments; maintaining leadership with customers supplying to automotive and industrial applications**

FY19 End-Markets *(system only orders)*

