

# Cognex Q1 2025 Earnings

April 30, 2025

# Forward Looking Statements

Certain statements made in this presentation, as well as oral statements made by the Company from time to time, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Readers can identify these forward-looking statements by our use of the words "expects," "anticipates," "estimates," "potential," "believes," "projects," "intends," "plans," "will," "may," "shall," "could," "should," "opportunity," "goal" and similar words and other statements of a similar sense. These statements are based on our current estimates and expectations as to prospective events and circumstances, which may or may not be in our control and as to which there can be no firm assurances given. These forward-looking statements, which include statements regarding business and market trends, future financial performance and financial targets, the impact of tariffs, customer demand and order rates and timing of related revenue, future product or revenue mix, research and development activities, sales and marketing activities, new product offerings, innovation and product development activities, customer acceptance of our products, capital expenditures, cost and working capital management activities, investments, liquidity, dividends and stock repurchases, strategic and growth plans and opportunities, acquisitions, and estimated tax benefits and expenses and other tax matters, involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include: (1) the technological obsolescence of current products and the inability to develop new products; (2) the impact of competitive pressures; (3) the inability to attract and retain skilled employees, effectively plan for succession including managing the change of our Chief Executive Officer, all while maintaining our unique corporate culture; (4) the failure to properly manage the distribution of products and services; (5) economic, political, and other risks associated with international sales and operations, including the impact of trade disputes, the imposition of tariffs, the economic climate in China, and the wars involving Ukraine and Israel; (6) the challenges in integrating and achieving expected results from acquired businesses; (7) uncertainty surrounding our future capital needs; (8) information security breaches and other cybersecurity threats; (9) the failure to comply with laws or regulations relating to data privacy or data protection; (10) the inability to protect our proprietary technology and intellectual property; (11) the failure to manufacture and deliver products in a timely manner; (12) the inability to obtain, or the delay in obtaining, components for our products at reasonable prices; (13) the inability to design and manufacture high-quality products; (14) the loss of, or curtailment of purchases by, large customers in the logistics, consumer electronics, or automotive industries; (15) challenges in accurately forecasting our financial results due to seasonal and cyclical variations in customer purchasing patterns and economic and market volatility; (16) potential impairment charges with respect to our investments or acquired intangible assets; (17) exposure to additional tax liabilities, increases and fluctuations in our effective tax rate, and other tax matters; (18) fluctuations in foreign currency exchange rates and the use of derivative instruments; (19) unfavorable global economic conditions, including increases in interest rates, elevated inflation rates, and recession risks; (20) business disruptions from natural or man-made disasters, public health crises, or other events outside our control; (21) stock price volatility; and (22) our involvement in time-consuming and costly litigation or activist shareholder activities. The foregoing list should not be construed as exhaustive and we encourage readers to refer to the detailed discussion of risk factors included in Part I - Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as updated by Part II - Item 1A of this Quarterly Report on Form 10-Q. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company disclaims any obligation to subsequently revise forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date such statements are made.

# Matt Moschner

PRESIDENT AND CHIEF OPERATING OFFICER



**COGNOID SINCE 2017**

## **Held key leadership positions in:**

- Technology and Innovation
- Product and Engineering
- Logistics
- Operations and Supply Chain

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## **Led the successful integration of Moritex**

## **PRIOR TO COGNEX**

- Boston Consulting Group & Boeing
- MBA from Northwestern's Kellogg School of Management
- BS in Electrical Engineering & Economics from Duke University

**The right leader to become the next CEO of Cognex**

## Five-Year Strategic Objectives

**#1**

AI technology for industrial  
machine vision applications

**#1**

in Customer Experience  
across the industry

**2x**

Customers served

**#1 or #2**

Market Position in all major markets<sup>1</sup>

**COGNEX**

INVESTOR DAY 2025

**Advanced  
machine vision  
made easy\***

*\*Easy is Hard to Do!*

## **June 9: Customer Engagement and Cocktail Reception**

## **June 10: Management Presentations and Product Demos**

*9 AM-2 PM at Cognex Headquarters  
2 Vision Drive, Natick, MA 01760*

- **8-9 AM:** Breakfast and Registration
- **9-11 AM:** Strategy, Technology, and Q&A
- **11 AM-1 PM\*:** Product Demos and Lunch
- **1-2 PM:** Financial Framework and Q&A

*\*Not available via webcast.*

# Q1 2025 Highlights

## Continuous progress on strategic priorities:

- Launched the In-Sight 8900 – bringing the power of AI to OEMs
- Transforming and expanding our sales force to reach a broader customer base and acquire new customers

## Revenue up 5% Y/Y in constant currency:

- Growth in Logistics & Semi continued into 2025; broader Factory Automation, excluding Auto, remained stable
- As expected, Auto weakness continued into 2025

**Expect to mitigate direct cost impact from tariffs currently in effect**

As per tariffs in effect as of April 30<sup>th</sup>, 2025

Q1 2025 Revenue

**\$216 Million**

+5% Y/Y in constant currency

Q1 2025 Adj. EBITDA Margin

**16.8%**

+490bps Y/Y

Q1 2025 Free Cash Flow

**\$38 Million**



# New In-Sight 8900 – Powered by AI

## COMPACT, FULLY EMBEDDED VISION SYSTEM POWERED BY AI

- Performs a wide range of critical inspection processes for OEMs
- Most powerful smart camera available in compact form factor

## KEY FEATURES

- Embedded AI
- Fast processing and acquisition
- Enhanced security features for highly regulated industries



# Q1 2025 End Market Results

END MARKET	% OF REVENUE Full-year 2024	Q1 DRIVERS	2025 TRENDS
<b>Logistics</b>	23%	↑ Continued strong growth	↑ Continued momentum driven by e-commerce
<b>Automotive</b>	22%	↓ Continued softness as expected	↓ Decline driven by lower project activity and investment levels
<b>Packaging*</b>	21%	↔ Remained stable	↔ Stable with penetration opportunity enabled by sales transformation
<b>Consumer Electronics</b>	17%	↓ Project timing of large customers geared to Q2 and Q3	↑ Modest growth; revenue similar in Q2 and Q3
<b>Semiconductor</b>	11%	↑ Broad-based momentum	↔ More cautious outlook due to the increasing uncertainty from trade policy
OTHER	6%		

# Q1 2025 Financial Highlights

Adj. EBITDA Margin

**16.8%**

+490bps Y/Y

Free Cash Flow Conversion<sup>1</sup>

**120%**

Trailing twelve months rate

Share Repurchase

**\$102 Million**

Highest value since Q1 2022

1) Defined as Free Cash Flow divided by Adjusted Net Income

Please see the appendix of this presentation for a description of certain Non-GAAP measures and a full GAAP to Non-GAAP reconciliation

# Q1 2025 Financial Highlights

*All figures in \$ million, except per share amounts*

	Q1 2025	Q1 2024	Y/Y Change
<b>Revenue</b>	<b>216</b>	<b>211</b>	<b>+2%</b>
<b>Adjusted Gross Profit</b>	<b>146</b>	<b>145</b>	<b>+1%</b>
Adjusted Gross Margin	67.6%	68.8%	-120 bps
Adjusted Operating Expenses	115	125	-8%
<b>Adjusted EBITDA</b>	<b>36</b>	<b>25</b>	<b>+44%</b>
Adjusted EBITDA Margin	16.8%	11.9%	+490 bps
<b>Adjusted Net Income</b>	<b>27</b>	<b>19</b>	<b>+39%</b>
<b>Adjusted Diluted EPS</b>	<b>0.16</b>	<b>0.11</b>	<b>+41%</b>
<b>Free Cash Flow</b>	<b>38</b>	<b>10</b>	<b>+297%</b>

1. Revenue increased 2% as reported and 5% excluding FX headwinds.
2. Constant-currency revenue was up materially in the Americas, offset by declines in Europe (Auto) and Greater China (timing).
3. Adjusted gross margin contracted 120 basis points primarily due to unfavorable mix and FX.
4. Adjusted EBITDA margin expanded 490 basis points primarily due to disciplined cost management.
5. Adjusted diluted EPS increased by \$0.05 or 41% due to the increase in Adjusted EBITDA.
6. Continued strong cash generation with \$38 million of Free Cash Flow in the quarter. Returned \$116 million to shareholders.

# Direct cost impact from current tariffs expected to be substantially mitigated; global supply chain recalibration is a growth opportunity

## WE MANAGE WHAT WE CAN CONTROL

1. We expect to substantially **mitigate the direct cost impact** of 145% tariffs on imports from China to the U.S. and the universal 10% tariff:
  - Neutral effect on EPS and Adj. EBITDA margin
  - (50 bps) dilution effect on Adj. Gross margin
2. 125% tariffs on imports from the U.S. to China does not have a material direct cost effect on Cognex

## THERE ARE ASPECTS WE CAN'T CONTROL

1. Near-term uncertainty on overall macroeconomic development.
2. Recent softness of U.S. Dollar reduces headwinds on top and bottom line, but FX rates may remain volatile.

As per tariffs in effect as of April 30<sup>th</sup>, 2025.

Re-shoring and recalibration of global supply chains is a **long-term growth opportunity for Cognex.**

# Q2 2025 Outlook

*All figures in \$ million, unless specified*

	<b>Q2 2025 Guidance</b>	<b>Q2 2024 Results</b>	<b>Y/Y Change*</b>
<b>Revenue</b>	<b>\$235 – \$255</b>	<b>\$239</b>	<b>+2.5%</b>
Adjusted Gross Margin %	High 60s%	70.3%	Slightly Down
<b>Adjusted EBITDA Margin %</b>	<b>18.5% – 21.5%</b>	<b>19.9%</b>	<b>+10 bps</b>
Adjusted Effective Tax Rate	16%	15%	+100 bps

\*At the midpoint of Revenue and Adjusted EBITDA Margin guidance

Cognex has provided the forward-looking non-GAAP measures of adjusted gross margin, adjusted EBITDA margin, and adjusted effective tax rate, but cannot, without unreasonable effort, forecast such items to present or provide a reconciliation to corresponding forecasted GAAP measures. These include special items such as reorganization charges, acquisition and integration charges, and amortization of acquisition-related intangible assets, all of which are subject to limitations in predictability of timing, ultimate outcome and numerous conditions outside of Cognex's control. Additionally, these items are outside of Cognex's normal business operations and not used by management to assess Cognex's operating results. Cognex believes these limitations would result in a range of projected values so broad as to not be meaningful to investors. For these reasons, Cognex believes that the probable significance of such information is low. Please see the appendix of this presentation for a description of certain Non-GAAP measures and a full GAAP to Non-GAAP reconciliation

## 2<sup>nd</sup> QUARTER EXPECTATIONS

1. Revenue growth reflects mixed macro backdrop.
2. Sequential step-up in revenue driven primarily by typical seasonality in Consumer Electronics.
3. Adjusted gross margin in the high 60s% as mix headwinds continue.
4. Comparable Adjusted EBITDA margin at the midpoint driven by operating expense discipline, offset by gross margin mix.

# Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including adjusted gross profit and margin, adjusted operating expense, adjusted operating income and margin, adjusted EBITDA and margin, adjusted net income, adjusted earnings per share of common stock, diluted, adjusted effective tax rate, and free cash flow. Cognex defines its non-GAAP metrics as follows:

- *Adjusted gross profit and margin:* Gross margin adjusted for amortization of acquisition-related intangible assets, as well as, if applicable, restructuring charges, reorganization charges, acquisition and integration costs and one-time discrete events.
- *Adjusted operating expense:* Operating expense adjusted for amortization of acquisition-related intangible assets, as well as, if applicable, restructuring charges, reorganization charges, acquisition and integration costs and one-time discrete events.
- *Adjusted operating income and margin:* Operating income adjusted for amortization of acquisition-related intangible assets, as well as, if applicable, restructuring charges, reorganization charges, acquisition and integration costs and one-time discrete events.
- *Adjusted EBITDA and margin:* Operating income adjusted for amortization of acquisition-related intangible assets and depreciation, as well as, if applicable, restructuring charges, reorganization charges, acquisition and integration costs and one-time discrete events.
- *Adjusted net income:* Net income adjusted for amortization of acquisition-related intangible assets, as well as, if applicable, restructuring charges, reorganization charges, acquisition and integration costs, discrete tax items and one-time discrete events, such as foreign currency (gain) loss on a forward contract to hedge the Moritex purchase price.
- *Adjusted earnings per share of common stock, diluted:* Adjusted net income divided by diluted weighted average common and common-equivalent shares.
- *Adjusted effective tax rate:* Effective tax rate adjusted for discrete tax items and the net impact of the other non-GAAP adjustments.
- *Free cash flow:* Cash provided by operating activities less cash for capital expenditures.
- *Free cash flow conversion rate:* Free cash flow divided by adjusted net income.

Cognex may also disclose results on a constant-currency basis as one measure to evaluate its performance and compare results between periods as if the exchange rates had remained constant period-over-period.

Cognex believes these non-GAAP financial measures are helpful because they allow investors to more accurately compare results over multiple periods using the same methodology that management employs in its budgeting process, in its review of operating results, and for forecasting and planning for future periods. Cognex's definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Furthermore, these measures have certain limitations in that they do not include the impact of certain non-recurring expenses that are reflected in our consolidated statement of operations that are necessary to run our business. Thus, our non-GAAP financial measures should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

# GAAP to Non-GAAP Tables

USD \$ in 000s unless noted as per share

	Three-months Ended		
	March 30, 2025	December 31, 2024	March 31, 2024
Gross profit (GAAP)	\$ 144,323	\$ 157,859	\$ 141,937
Acquisition and integration costs	242	213	1,568
Amortization of acquisition-related intangible assets	1,338	1,360	1,429
Reorganization charges	86	18	-
Adjusted gross profit	\$ 145,989	\$ 159,450	\$ 144,934
GAAP gross margin	66.8%	68.7%	67.3%
Adjusted gross margin	67.6%	69.4%	68.8%
Operating expense (GAAP)	\$ 118,231	\$ 127,019	\$ 127,733
Acquisition and integration costs	(538)	(761)	(1,303)
Amortization of acquisition-related intangible assets	(1,290)	(1,132)	(1,384)
Reorganization charges	(1,622)	(2,972)	-
Adjusted operating expense	\$ 114,781	\$ 122,154	\$ 125,046
Operating income (GAAP)	\$ 26,092	\$ 30,840	\$ 14,204
Acquisition and integration costs	780	974	2,871
Amortization of acquisition-related intangible assets	2,628	2,492	2,813
Reorganization charges	1,708	2,990	-
Adjusted operating income	\$ 31,208	\$ 37,296	\$ 19,888
GAAP operating margin	12.1%	13.4%	6.7%
Adjusted operating margin	14.4%	16.2%	9.4%
Depreciation (adjusted for amounts included in Acquisition and integration costs)	5,083	5,139	5,279
Adjusted EBITDA	\$ 36,291	\$ 42,435	\$ 25,167
Adjusted EBITDA margin	16.8%	18.5%	11.9%

# GAAP to Non-GAAP Tables

USD \$ in 000s unless noted as per share

	Three-months Ended		
	March 30, 2025	December 31, 2024	March 31, 2024
Net income (GAAP)	\$ 23,603	\$ 28,346	\$ 12,022
Acquisition and integration costs	780	974	2,871
Amortization of acquisition-related intangible assets	2,628	2,492	2,813
Reorganization charges	1,708	2,990	-
Discrete tax (benefit) expense	(307)	2,220	3,085
Tax impact of reconciling items	(1,365)	(2,008)	(1,354)
Adjusted net income	\$ 27,047	\$ 35,014	\$ 19,437
Earnings per share of common stock, diluted (GAAP)	\$ 0.14	\$ 0.16	\$ 0.07
Acquisition and integration costs	0.00	0.01	0.02
Amortization of acquisition-related intangible assets	0.02	0.01	0.02
Reorganization charges	0.01	0.02	-
Discrete tax (benefit) expense	(0.00)	0.01	0.02
Tax impact of reconciling items	(0.01)	(0.01)	(0.01)
Adjusted earnings per share of common stock, diluted	\$ 0.16	\$ 0.20	\$ 0.11
Effective tax rate (GAAP)	15.1%	20.8%	31.6%
Discrete tax benefit (expense)	1.1%	-6.2%	-17.6%
Net Impact of other reconciling items	1.6%	2.5%	2.4%
Adjusted effective tax rate	17.8%	17.1%	16.4%
Cash provided by operating activities (GAAP)	\$ 40,502	\$ 51,404	\$ 13,643
Capital expenditures	(2,501)	(2,073)	(4,061)
Free cash flow	\$ 38,001	\$ 49,331	\$ 9,582

# Description of Certain Adjustments

## 1. Depreciation

The company incurs expense related to its normal use of property, plant and equipment

## 2. Acquisition and integration costs

The Company has incurred charges related to the purchase and integration of acquired businesses. During the periods presented, these costs were primarily related to the ongoing integration of Moritex Corporation.

## 3. Reorganization charges

The Company has incurred charges related to the reorganization of its employees. During the three-month period ended March 30, 2025, these costs consisted primarily of severance.

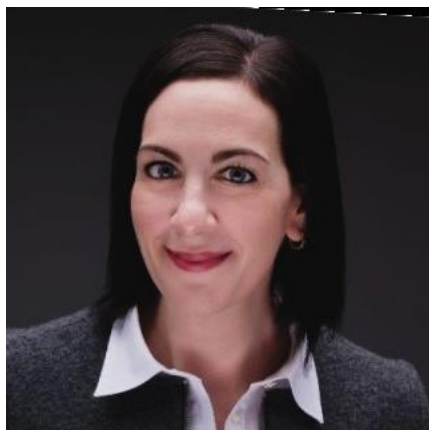
## 4. Amortization of acquisition-related intangible assets

The Company excludes the amortization of acquired intangible assets from non-GAAP expense and income measures. These items are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions, and include the amortization of customer relationships, completed technologies, and trademarks that originated from prior acquisitions. The largest driver of intangible asset amortization was the acquisition of Moritex Corporation.

## 5. Discrete tax (benefit) expense

Items unrelated to current period ordinary income or (loss) that generally relate to changes in tax laws, adjustments to prior period's actual liability determined upon filing tax returns, adjustments to previously recorded reserves for uncertain tax positions, establishments and adjustments of valuation allowances, stock-based compensation, and adjustments to deferred tax positions. We estimate the tax effect of items identified in the reconciliation by applying the statutory tax rate to the pre-tax amount.

# Investor Relations Team & Upcoming Activity



**Greer  
Aviv**

SENIOR IR  
CONSULTANT



**Jordan  
Bertier**

SENIOR  
MANAGER, IR

INVESTOR RELATIONS CONTACT:

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## 2025 Cognex Investor Day

June 9-10  
Natick, MA Headquarters  
Register [HERE](#)



## Upcoming Conferences

May	Truist Securities Industrials Conference	Philadelphia
May	Automate 2025	Detroit
May	TD Cowen Annual TMT Conference	NYC
May	Bernstein Strategic Decisions Conference	NYC
June	UBS SMID-Cap Multisector Conference	Virtual