

Corporate Profile

Cognex Corporation (NASDAQ: CGNX) is the world's leading supplier of machine vision products for manufacturing and industrial identification. Cognex vision and ID systems are used throughout the production and distribution process to optimize product quality, reduce manufacturing costs and track items throughout the supply chain. Since its founding in 1981, Cognex has:

- Generated over \$5 billion in cumulative revenue;
- Shipped more than 1.5 million vision systems;
- Received 571 U.S. and international patents, with 443 additional patents pending and allowed.

Cognex has 1,771 employees, with offices and distributors located throughout the Americas, Europe and Asia. The company's corporate headquarters is located in Natick, Massachusetts.

Recent Developments

October

Cognex increased its quarterly cash dividend by 6% to \$0.045 per share and approved a two-for-one split of the company's common stock, both of which were paid in December 2017.

Cognex promoted 25-year employee Sheila DiPalma to Senior Vice President of Corporate Employee Services and named her a Corporate Officer. Sheila joined Cognex in 1992 and served in a series of increasingly responsible financial roles, including six years as Cognex Treasurer, before transitioning to Corporate Employee Services (CES) in 2016. Leading CES, Sheila will focus on overseeing the global teams responsible for recruiting and hiring new talent, managing employee retention, compensation and benefits, and implementing corporate culture and communications programs at Cognex.

December

Cognex recognized more than 350 Cognoids for persevering with the company and achieving significant career service milestones. These Persevernoids were presented with gifts, trips, and awards of increasing value to reflect their years of career service.

Stock Data: December 31, 2017

52 Week High	52 Week Low	Close
\$72.99	\$31.18	\$61.16
Market Capitalization		Shares Outstanding
\$10.6 Billion		173,507,588

Strategy

Cognex offers a full range of vision products that meet customer needs across a variety of applications and industries. Products range from low-cost presence and measurement sensors to hardware-independent vision software. Cognex also offers a range of ID code readers that deliver fast and accurate reading of both 1-D and 2-D barcodes.

Cognex products are used across the industrial sector, which Cognex believes provides the greatest growth potential for the company over the long term. The core opportunity for Cognex machine vision is manufacturing, where the technology is widely recognized as an essential component of automated production and quality assurance. Outside of manufacturing, customers are also increasingly turning to machine vision to improve warehousing and distribution efficiency, such as using ID products in logistics automation for package sorting and distribution.

Applications

Typical applications for Cognex machine vision include:

- Reading unique ID codes marked directly on items such as engine parts and semiconductor wafers
- Guiding robots that manipulate car body panels
- Ensuring that safety seals are present on pharmaceutical packaging
- Verifying the fill level on beverage containers
- Guiding placement of electronic components onto printed circuit boards
- High-speed reading of 1-D barcodes on parcels

Financial Highlights⁽¹⁾ (In thousands, except per share amounts)

Year Ended December 31	2017 ⁽²⁾	2016	2015
Revenue	\$747,950	\$520,753	\$450,557
Net Income From Continuing Operations	177,178	149,827	107,664
Net Income Per Diluted Share From Continuing Operations	0.99	0.86	0.61
Cash Dividend Per Common Share	0.17	0.15	0.11
Book Value Per Common Share	6.31	5.60	4.87
Total Assets	1,287,870	1,038,604	887,756
Shareholders' Equity	1,095,353	962,599	825,667
Long-Term Debt	0	0	0
Diluted Weighted-Average Number of Shares Outstanding	179,551	174,144	175,982
Working Capital	517,036	460,571	390,806
Selected Ratios			
Percent Growth Revenue	44%	16%	6%
Gross Margin	77%	78%	77%
Operating Profit Margin	35%	31%	27%
Net Income From Continuing Operations	24%	29%	24%

Quarter Ended	12/31/17 ⁽²⁾	10/1/17	7/2/17	4/2/17	12/31/16
Revenue	\$180,365	\$259,739	\$172,904	\$134,942	\$129,322
Net Income(Loss) From Continuing Operations	(26,897)	102,348	56,072	45,655	38,253
Net Income(Loss) Per Diluted Share From Continuing Operations	(0.16)	0.57	0.31	0.26	0.22
Cash Dividend Per Common Share	0.0450	0.0425	0.0425	0.0375	0.0375
Book Value Per Common Share	6.31	6.55	6.08	5.84	5.60
Total Assets	1,287,870	1,258,517	1,160,998	1,096,244	1,038,604
Shareholders' Equity	1,095,353	1,133,523	1,051,976	1,011,212	962,599
Long-Term Debt	0	0	0	0	0
Diluted Weighted-Average Number of Shares Outstanding	173,397	179,354	179,228	178,354	176,502
Working Capital	517,036	535,557	493,444	518,428	460,571
Selected Ratios					
Operating Profit Margin	29%	42%	34%	28%	31%
Net Income From Continuing Operations	(15%)	39%	32%	34%	30%

1) The Financial Highlights do not include "Net Income from Discontinued Operations," which relates to the company's Surface Inspection Systems Division that was sold on July 6, 2015.

2) The Tax Cuts and Jobs Act of 2017 resulted in a one-time charge of \$83 million, or \$0.46 per share, to tax expense in Q4 2017.

Cognex Senior Management:

Robert J. Shillman
Chairman

Robert J. Willett
President and
Chief Executive Officer

John J. Curran
Chief Financial Officer

Sheila M. DiPalma
Senior Vice President,
Corporate Employee
Services

NASDAQ Listing:

CGNX

COGNEX

Companies around the world rely on Cognex vision and barcode reading to optimize quality, drive down costs and control traceability.

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