

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 more than 1,000 U.S. and international patents, issued and pending.

Cognex has 2,018 employees, with offices and distributors located throughout the Americas, Europe and Asia. The company's corporate headquarters is located in Natick, Massachusetts.

Recent Developments

Cognex placed into service its new Enterprise Resource Planning (ERP) system, a management information system that integrates the company's manufacturing, order fulfillment, and financial activities. The system combines new technology with new business processes that will scale easily as the company grows.

Cognex received the first large purchase order for its MX series vision-enabled mobile terminals. A Fortune 100 company will deploy nearly \$1 million of the Cognex mobile terminals to track products through the manufacturing process, the supply chain and ultimately delivery to retail locations.

Cognex offices around the globe helped the company share its success by making charitable donations to local community organizations that support the company's philosophy of working hard, playing hard, and enhancing vision. Recipients included guide dog training organizations, high school robotics clubs, middle school math teams, education programs for the blind and visually impaired, and an education institute for training future engineers.

Stock Data: September 30, 2018

52 Week High	52 Week Low	Close
\$72.99	\$39.90	\$55.82
Market Capitalization		Shares Outstanding
\$9.6 Billion		172,191,187

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	\$766,083	\$529,515	\$470,991
Net Income From Continuing Operations	176,712	143,949	107,594
Net Income Per Diluted Share From Continuing Operations	0.98	0.83	0.61
Cash Dividend Per Common Share	0.17	0.15	0.11
Book Value Per Common Share	6.31	5.61	4.90
Total Assets	1,287,753	1,038,361	887,421
Shareholders' Equity	1,095,673	963,385	832,331
Long-Term Debt	0	0	0
Diluted Weighted-Average Number of Shares Outstanding	179,551	174,144	175,982
Working Capital	517,356	461,357	397,470
Selected Ratios			
Percent Growth Revenue	45%	12%	2%
Gross Margin	76%	75%	74%
Operating Profit Margin	34%	29%	26%
Net Income Margin From Continuing Operations	23%	27%	23%

Quarter Ended	9/30/18	7/1/18	4/1/18	12/31/17 ⁽²⁾	10/1/17
Revenue	\$232,221	\$211,264	\$169,567	\$182,922	\$266,042
Net Income(Loss)	80,436	56,196	37,217	(27,747)	102,493
Net Income(Loss) Per Diluted Share	0.45	0.32	0.21	(0.16)	0.57
Cash Dividend Per Common Share	0.0450	0.0450	0.0450	0.0450	0.0425
Book Value Per Common Share	6.68	6.27	6.23	6.31	6.55
Total Assets	1,324,696	1,276,310	1,268,915	1,287,753	1,257,972
Shareholders' Equity	1,149,444	1,079,132	1,077,099	1,095,673	1,134,693
Long-Term Debt	0	0	0	0	0
Diluted Weighted-Average Number of Shares Outstanding	177,245	177,149	179,641	173,397	179,354
Working Capital	687,345	634,947	557,531	517,356	536,727
Selected Ratios					
Operating Profit Margin	34%	30%	20%	28%	42%
Net Income Margin	35%	27%	22%	(15%)	39%

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,
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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