

INTEVAC INC

FORM 8-K (Current report filing)

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Address	3560 BASSETT STREET SANTA CLARA, CA, 95054
Telephone	4089869888
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SIC Code	3559 - Special Industry Machinery, Not Elsewhere Classified
Industry	Industrial Machinery & Equipment
Sector	Industrials
Fiscal Year	12/31

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**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**

April 28, 2008

Date of Report (date of earliest event reported)

INTEVAC, INC.

(Exact name of Registrant as specified in its charter)

State of Delaware
(State or other jurisdiction
of incorporation or organization)

0-26946
(Commission File Number)

94-3125814
(IRS Employer
Identification Number)

**3560 Bassett Street
Santa Clara, CA 95054**
(Address of principal executive offices)

(408) 986-9888
(Registrant's telephone number, including area code)

N/A
(Former name or former address if changed since last report)

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))
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Item 2.02. Results of Operations and Financial Condition

On April 28, 2008, Intevac, Inc. issued a press release reporting its financial results for the three months ended March 29, 2008. A copy of the press release issued by the Company concerning the foregoing results is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The foregoing information is intended to be furnished under Item 2.02 of Form 8-K, "Results of Operations and Financial Condition." This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release.

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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.

INTEVAC, INC.

Date: April 28, 2008

By: /s/ JEFFREY ANDRESON
Jeffrey Andreson
Vice President, Finance and Administration,
Chief Financial Officer, Treasurer and Secretary



Jeff Andreson
Chief Financial Officer
(408) 986-9888

Claire McAdams
Headgate Partners LLC
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INTEVAC ANNOUNCES FIRST QUARTER 2008 FINANCIAL RESULTS

Profitable Quarter Exceeding Expectations

Santa Clara, Calif.—April 28, 2008—Intevac, Inc. (Nasdaq: IVAC) today reported financial results for the quarter ended March 29, 2008.

Net income for the quarter was \$1.6 million, or \$0.07 per diluted share, on 22.1 million weighted-average shares outstanding. Net income included \$1.6 million of pre-tax stock-based compensation expense, equivalent to \$0.04 per diluted share. First quarter earnings included a \$1.3 million net tax benefit, equivalent to \$0.06 per diluted share. For the first quarter of 2007, net income was \$9.8 million, or \$0.44 per diluted share, on 22.2 million weighted average shares outstanding, which included \$1.4 million of pre-tax stock-based compensation expense, equivalent to \$0.04 per diluted share.

Revenues for the quarter were \$33.2 million, including \$27.0 million of Equipment revenues and record Imaging revenues of \$6.2 million. Equipment revenues consisted of two 200 Lean[®] systems as well as disk lubrication systems, equipment upgrades, spares, consumables and service. Imaging revenues consisted of \$4.1 million of research and development contracts and a record \$2.1 million of product sales. In the first quarter of 2007, revenues were \$76.4 million, including \$72.5 million of Equipment revenues and \$3.9 million of Imaging revenues, which included \$1.1 million of product sales.

Equipment gross margins grew to 47.1%, from 43.3% in the first quarter of 2007, primarily due to the high proportion of technology upgrades and spares relative to system sales. Imaging gross margins increased to 42.0%, from 36.6% in the first quarter of 2007, primarily as a result of securing higher-margin development contracts and an increased percentage of revenue derived from higher-margin product shipments. Consolidated gross margins improved to 46.2%, from 42.9% in the first quarter of 2007.

Operating expenses for the quarter totaled \$16.5 million, or 50% of revenues, versus \$19.7 million, or 26% of revenues, in the first quarter of 2007. Total operating expenses decreased versus the first quarter of 2007 as a result of lower R&D expenditures and legal costs as well as overall cost-reduction initiatives.

Order backlog totaled \$43.5 million on March 29, 2008, compared to \$34.2 million on December 31, 2007 and \$92.8 million on March 31, 2007. Backlog at quarter end includes seven 200 Lean[®] systems, compared to two on December 31, 2007 and fourteen on March 31, 2007.

“In this challenging business environment, we delivered strong results for the first quarter. We increased our backlog for 200 Leans[®] from two to seven systems and announced orders for our first 200 Lean[®] Gen II systems,” commented Kevin Fairbairn, president and chief executive officer of Intevac. “Imaging continues to grow and achieve record revenues for the business. We continue to work to fully integrate Creative Display Systems and expect this acquisition to be accretive to our Imaging Instrumentation business within a year.”

Conference Call Information

The Company will discuss its financial results and outlook in a conference call today at 1:30 p.m. PT (4:30 p.m. ET). To participate in the teleconference, please call toll-free (800) 291-8929 prior to the start time. For international callers, the dial-in number is (706) 634-0478. You may also listen live via the Internet at the Company's website, www.Intevac.com, under the Investors link, or at www.earnings.com. For those unable to attend, these web sites will host an archive of the call. Additionally, a telephone replay of the call will be available for 48 hours beginning today at 7:30 p.m. ET. You may access the playback by calling (800) 642-1687, or for international callers (706) 645-9291, and providing conference ID 41854048.

About Intevac

Intevac was founded in 1991 and has two businesses: Equipment Products and Imaging Instrumentation.

Equipment Products: Intevac is a leader in the design, manufacture and marketing of high-productivity "lean" manufacturing systems and has been producing "Lean Thinking" platforms since 1994. We are the leading supplier of magnetic media sputtering equipment to the hard disk drive industry and offer leading-edge, high-productivity etch systems to the semiconductor industry.

Imaging Instrumentation: Intevac is a leader in the development of compact, cost-effective, high-sensitivity digital-optical products for the capture and display of low-light images and the optical analysis of materials. We provide sensors, cameras and systems for commercial applications in the inspection, medical, scientific and security industries, and for government applications such as night vision and long-range target identification.

For more information call 408-986-9888, or visit the Company's website at www.intevac.com.

200 Lean[®] is a registered trademark of Intevac, Inc.

Safe Harbor Statement

This press release includes statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Intevac claims the protection of the safe-harbor for forward-looking statements contained in the Reform Act. These forward-looking statements are often characterized by the terms "may," "believes," "projects," "expects," or "anticipates," and do not reflect historical facts. Specific forward-looking statements contained in this press release include, but are not limited to; expected revenue growth of its products, success of the CDS acquisition and management of the Company's operating expenses. The forward-looking statements contained herein involve risks and uncertainties that could cause actual results to differ materially from the Company's expectations. These risks include, but are not limited to: failure to increase Imaging Instrumentation revenues, manage operating expenses or introduce new products, each of which could have a material impact on our business, our financial results, and the Company's stock price. These risks and other factors are detailed in the Company's regular filings with the U.S. Securities and Exchange Commission.

[Financial tables on following pages]

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	3 months ended	
	Mar. 29, 2008 (Unaudited)	March 31, 2007 (Unaudited)
Net revenues		
Equipment	\$26,973	\$72,446
Imaging	6,202	3,928
Total net revenues	33,175	76,374
Gross profit	15,311	32,782
Gross margin		
Equipment	47.1%	43.3%
Imaging	42.0%	36.6%
Consolidated	46.2%	42.9%
Operating expenses		
Research and development	9,388	12,192
Selling, general and administrative	7,064	7,513
Total operating expenses	16,452	19,705
Operating income (loss)		
Equipment	496	14,989
Imaging	(821)	(1,600)
Corporate	(816)	(312)
Total operating income (loss)	(1,141)	13,077
Other income	1,411	1,320
Income before income taxes	270	14,397
Provision for (benefit from) income taxes	(1,293)	4,552
Net income	<u>\$ 1,563</u>	<u>\$ 9,845</u>
Income per share		
Basic	\$ 0.07	\$ 0.46
Diluted	\$ 0.07	\$ 0.44
Weighted average common shares outstanding		
Basic	21,647	21,293
Diluted	22,053	22,188

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	Mar. 29, 2008	Dec. 31, 2007
	(Unaudited)	(see Note)
ASSETS		
Current assets		
Cash, cash equivalents and short term investments	\$ 46,163	\$138,658
Accounts receivable, net	22,831	14,142
Inventories	22,203	22,133
Deferred tax assets	4,450	3,609
Prepaid expenses and other current assets	3,266	4,162
Total current assets	98,913	182,704
Long term investments	78,788	2,009
Property, plant and equipment, net	15,604	15,402
Deferred tax assets	4,614	3,740
Goodwill	7,905	7,905
Other long-term assets	3,417	3,653
Total assets	<u>\$209,241</u>	<u>\$215,413</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ 1,929	\$ 1,992
Accounts payable	6,825	7,678
Accrued payroll and related liabilities	3,478	8,610
Other accrued liabilities	5,185	5,454
Customer advances	3,910	4,340
Total current liabilities	21,327	28,074
Other long-term liabilities	190	2,176
Shareholders' equity		
Common stock (\$0.001 par value)	22	22
Paid in capital	122,389	120,056
Accumulated other comprehensive income (loss)	(764)	571
Retained earnings	66,077	64,514
Total shareholders' equity	187,724	185,163
Total liabilities and shareholders' equity	<u>\$209,241</u>	<u>\$215,413</u>

Note: Amounts as of December 31, 2007 are derived from the December 31, 2007 audited consolidated financial statements.

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SUPPLEMENTAL INFORMATION REGARDING IMPACT OF THE ADOPTION OF SFAS 123(R)

The effect of recording stock-based compensation for the three-month periods ended March 29, 2008 and March 31, 2007 were as follows (in thousands, except per share amounts):

	Three Months Ended	
	Mar. 29, 2008 (Unaudited)	Mar. 31 2007 (Unaudited)
Stock-based compensation by type of award:		
Stock options	\$ 1,325	\$ 1,145
Employee Stock Purchase Plan	202	213
Amounts (capitalized to) charged from inventory	69	(4)
Total stock-based compensation	1,596	1,354
Tax effect on stock-based compensation	626	428
Net effect on net income	\$ 970	\$ 926
Effect on earnings per share:		
Basic	\$ 0.04	\$ 0.04
Diluted	\$ 0.04	\$ 0.04

Approximately \$69,000 of stock-based compensation was charged to cost of sales during the three-months ending March 29, 2008 and \$4,000 of stock-based compensation was capitalized to inventory during the three-months ending March 31, 2007.