

INTEVAC INC

FORM 8-K (Current report filing)

Filed 05/02/05 for the Period Ending 05/02/05

Address	3560 BASSETT STREET SANTA CLARA, CA, 95054
Telephone	4089869888
CIK	0001001902
Symbol	IVAC
SIC Code	3559 - Special Industry Machinery, Not Elsewhere Classified
Industry	Industrial Machinery & Equipment
Sector	Industrials
Fiscal Year	12/31

INTEVAC INC

FORM 8-K (Unscheduled Material Events)

Filed 5/2/2005 For Period Ending 5/2/2005

Address	356O BASSETT ST SANTA CLARA, California 95054
Telephone	408-986-9888
CIK	0001001902
Industry	Computer Storage Devices
Sector	Technology
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**

May 2, 2005
Date of Report (date of earliest event reported)

INTEVAC, INC.

(Exact name of Registrant as specified in its charter)

State of California
(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 May 2, 2005, Intevac, Inc. issued a press release reporting its financial results for the three months ended April 2, 2005. 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.

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: May 2, 2005

By: /s/ CHARLES B. EDDY III
Charles B. Eddy III
Vice President, Finance and Administration,
Chief Financial Officer, Treasurer and Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release.



3560 Bassett Street, Santa Clara CA 95054

Charles Eddy
Chief Financial Officer
(408) 986-9888

Dan Matsui/Gene Heller
Silverman Heller Associates
(310) 208-2550

INTEVAC INC. REPORTS
FIRST-QUARTER 2005 FINANCIAL RESULTS

Order Backlog Grows to \$66 Million on Record Bookings for Disk Manufacturing Equipment

Santa Clara, Calif.—May 2, 2005—Intevac, Inc. (Nasdaq: IVAC) reported financial results for the three-month period ended April 2, 2005.

Revenues were \$10.6 million, including \$8.5 million of Equipment revenues and \$2.1 million of Imaging revenues. Equipment revenues consisted of one 200 Lean system and equipment upgrades, spares, consumables and service. Imaging revenues consisted primarily of research and development contracts. In the first quarter of 2004, revenues were \$6.4 million, including \$4.1 million of Equipment revenues and \$2.3 million of Imaging revenues.

Gross margin was 19% versus 25% for first-quarter of 2004. The decline was primarily due to establishment of a \$510,000 reserve for costs the Company expects to incur related to obtaining final customer acceptance of a flat panel manufacturing system shipped in 2003 and recognition of revenue on a 200 Lean disk manufacturing system that was built early in 2004 prior to the completion of cost reduction activities.

Operating expenses were \$6.3 million, compared to \$5.2 million in first-quarter 2004. The primary reasons for the growth were increased costs related to customer service and support in the equipment business and Sarbanes-Oxley related audit costs.

Net loss for the quarter was \$3.9 million or \$0.19 per diluted share, compared to a net loss of \$3.4 million, or \$0.18 per diluted share, in the first quarter of 2004.

Order backlog totaled \$66.0 million on April 2, 2005, compared to \$10.5 million on December 31, 2004, and \$52.0 million on March 27, 2004. The increase in backlog was primarily the result of orders for 16 disk manufacturing systems.

Intevac Chief Executive Kevin Fairbairn commented: "Q1 was an exciting quarter in which we achieved record bookings for disk manufacturing equipment, gained additional major customers for the 200 Lean, and made excellent progress on our next-generation head-mounted night-vision system. As a result of record bookings, order backlog increased to \$66 million, all of which is scheduled for 2005 delivery and positions us for significant growth in revenues, compared to 2004.

"Just as important, our materials cost reduction activities are on track, and we expect the combination of higher volume and higher gross margins to significantly improve financial performance relative to 2004 and lead to significant profits in 2005," Fairbairn added. "We continue to be busy with quotation activity and expect to receive additional orders for 200 Leans for delivery this year."

Conference Call Information

The Company will discuss its financial results in a conference call today at 1:30 p.m. PDT (4:30 p.m. EDT). 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.FullDisclosure.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 3:30 p.m. PDT. You may access the playback by calling (800) 642-1687 or, for international callers (706) 645-9291, and providing conference ID 5585748.

About Intevac

Intevac is the world's leading supplier of disk sputtering equipment for the thin-film disk industry and a provider of leading edge extreme low light imaging sensors, cameras and systems. For more information please visit our website at www.intevac.com.

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, projected growth in annual revenues relative to 2004, projected reduction in 2005 200 Lean manufacturing costs relative to 2004, projected increase in 2005 gross margin relative to 2004, projected profitability in 2005 and projected increase in backlog of orders shippable for revenue in 2005. 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 achieve projected growth in revenues, failure to achieve projected reductions in 200 Lean cost and increases in gross margin, or failure to achieve projected levels of revenue and profitability. Any of these risks could have a material impact on our business, our financial results and our 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	
	April 2, 2005 (Unaudited)	March 27, 2004 (Unaudited)
Net revenues		
Equipment	\$ 8,536	\$ 4,153
Imaging	2,069	2,282
Total net revenues	10,605	6,435
Gross profit (loss)	1,995	1,619
Gross margin		
Equipment	19.7%	31.2%
Imaging	15.0%	14.1%
Consolidated	18.8%	25.2%
Operating expenses		
Research and development	3,125	3,058
Selling, general and administrative	3,191	2,170
Total operating expenses	6,316	5,228
Operating income/(loss)		
Equipment Products	(2,671)	(2,200)
Imaging	(1,181)	(889)
Corporate	(469)	(520)
Total operating loss	(4,321)	(3,609)
Other income (expense)	431	237
Profit/(Loss) before provision for income taxes	(\$3,890)	(\$3,372)
Provision for (Benefit from) income taxes	7	(12)
Net Income/(Loss)	(\$3,897)	(\$3,360)
Income (loss) per share		
Basic	(\$0.19)	(\$0.18)
Diluted ^a	(\$0.19)	(\$0.18)
Weighted average common shares outstanding		
Basic	20,243	18,736
Diluted ^a	20,243	18,736

^a Diluted earnings per share exclude "as converted" treatment of the Company's 6 1/2% Convertible Subordinated Notes Due 2009 and the effect of outstanding stock options when these potentially dilutive securities are anti-dilutive to earnings per share

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	April 2, 2005 (Unaudited)	Dec. 31, 2004
ASSETS		
Current assets		
Cash, cash equivalents and short term investments	\$ 43,045	\$ 42,034
Accounts receivable, net	22,068	4,775
Inventories — production	17,082	9,120
Inventories — pending acceptance at customer site	3,153	6,255
Prepaid expenses and other current assets	1,064	956
Total current assets	86,412	63,140
Property, plant and equipment, net	5,904	5,996
Long-term investments	5,015	8,052
Investment in 601 California Avenue LLC	2,431	2,431
Other long-term assets	3	3
Total assets	<u>\$ 99,765</u>	<u>\$ 79,622</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	7,491	\$ 1,647
Accrued payroll and related liabilities	1,556	1,617
Other accrued liabilities	3,011	2,943
Customer advances	21,496	3,833
Total current liabilities	33,554	10,040
Other long-term liabilities	232	207
Shareholders' equity		
Common stock	95,319	94,802
Accumulated other comprehensive income	237	253
Retained earnings (deficit)	(29,577)	(25,680)
Total shareholders' equity	65,979	69,375
Total liabilities and shareholders' equity	<u>\$ 99,765</u>	<u>\$ 79,622</u>

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