

INTEVAC INC

FORM 8-K (Current report filing)

Filed 04/27/09 for the Period Ending 04/27/09

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|-------------|---|
| 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 |

**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**

Date of Report (date of earliest event reported): April 27, 2009

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 27, 2009, Intevac, Inc. issued a press release reporting its financial results for the three months ended March 28, 2009. 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.

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 27, 2009

By: /s/ JEFFREY ANDRESON

Jeffrey Andreson

Executive Vice President, Finance and Administration,
Chief Financial Officer, Treasurer and Secretary



3560 Bassett Street, Santa Clara CA 95054

Jeff Andreson
Chief Financial Officer
(408) 986-9888

Claire McAdams
Investor Relations
(530) 265-9899

INTEVAC ANNOUNCES FIRST QUARTER 2009 FINANCIAL RESULTS

Santa Clara, Calif.—April 27, 2009—Intevac, Inc. (Nasdaq: IVAC) today reported financial results for the quarter ended March 28, 2009.

The net loss for the quarter was \$5.8 million, or \$0.26 per diluted share, on 21.9 million weighted-average shares outstanding. The net loss included \$1.4 million of pre-tax equity-based compensation expense, equivalent to \$0.05 per diluted share. For the first quarter of 2008, net income was \$1.6 million, or \$0.07 per diluted share, on 22.1 million weighted-average shares outstanding, which included \$1.6 million of pre-tax equity-based compensation expense, equivalent to \$0.05 per diluted share.

Revenues for the quarter were \$12.3 million, including \$6.1 million of Equipment revenues and Intevac Photonics revenues of \$6.2 million. Equipment revenues consisted of disk lubrication systems, equipment upgrades, spares and service and did not include any 200 Lean[®] systems. Intevac Photonics revenues consisted of \$3.6 million of research and development contracts and a record \$2.6 million of product sales. In the first quarter of 2008, revenues were \$33.2 million, including \$27.0 million of Equipment revenues and \$6.2 million of Intevac Photonics revenues, which included \$2.0 million of product sales.

Equipment gross margins were 29.9%, compared to 41.4% in the fourth quarter of 2008 and 47.1% in the first quarter of 2008. The decrease in Equipment gross margin reflected lower revenues, changes in product mix and lower factory utilization. Intevac Photonics gross margins were 39.4%, compared to 19.5% in the fourth quarter of 2008 and 42.0% in the first quarter of 2008. The sequential improvement in Photonics gross margin reflected lower warranty expense and improved factory utilization, while the year-over-year decrease in Photonics gross margin was due to changes in product mix. Consolidated gross margins were 34.7%, compared to 46.2% in the first quarter of 2008.

Operating expenses for the quarter totaled \$13.7 million, or 112% of revenues, versus \$16.5 million, or 50% of revenues, in the first quarter of 2008. Total operating expenses decreased versus the first quarter of 2008 as a result of cost savings from the global cost reduction plan initiated in the fourth quarter of 2008.

Order backlog totaled \$17.0 million on March 28, 2009, compared to \$20.2 million on December 31, 2008 and \$43.5 million on March 29, 2008. Backlog at quarter end includes one 200 Lean[®] system, compared to one on December 31, 2008 and seven on March 29, 2008.

“As expected, our Equipment business had a challenging quarter due to the global economic environment. However, on the positive side, our Photonics business had a strong quarter with record product sales, driven by the proliferation of our unique digital low light sensors and cameras into multiple programs,” commented Kevin Fairbairn, president and chief executive officer of Intevac. “While our Photonics business is strong and growing, we have implemented further cost reductions in 2009 in response to the continued downturn in our Equipment business. The global cost reduction plan that began in the fourth quarter of 2008 is expected to realize over \$15 million in annualized cost savings. For the remainder of 2009, we expect technology system orders to drive our Equipment business with continued strong growth in our Photonics business.”

Conference Call Information

The company will discuss its financial results and outlook 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.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. EDT. You may access the playback by calling (800) 642-1687, or for international callers (706) 645-9291, and providing conference ID 93129953.

About Intevac

Intevac was founded in 1991 and has two businesses: Equipment and Intevac Photonics.

Equipment Business: We are a leader in the design, manufacture and marketing of high-productivity lean manufacturing systems and have 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 advanced etch technology systems to the semiconductor industry.

Intevac Photonics: We are a leader in the development and manufacture of leading edge, high-sensitivity imaging products and vision systems, as well as table-top and portable Raman instruments. Markets addressed include military, law enforcement, industrial, physical science and life science.

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; our hard disk customers' investments in technology, impact of the company's global cost reduction plan, and new product development success. 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 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. 28, 2009 (Unaudited) | Mar. 29, 2008 (Unaudited) |
| Net revenues | | |
| Equipment | \$ 6,118 | \$ 26,973 |
| Intevac Photonics | 6,190 | 6,202 |
| Total net revenues | 12,308 | 33,175 |
| Gross profit | 4,265 | 15,311 |
| Gross margin | | |
| Equipment | 29.9% | 47.1% |
| Intevac Photonics | 39.4% | 42.0% |
| Consolidated | 34.7% | 46.2% |
| Operating expenses | | |
| Research and development | 8,030 | 9,388 |
| Selling, general and administrative | 5,709 | 7,064 |
| Total operating expenses | 13,739 | 16,452 |
| Operating income (loss) | | |
| Equipment | (6,811) | 496 |
| Intevac Photonics | (1,221) | (821) |
| Corporate | (1,442) | (816) |
| Total operating loss | (9,474) | (1,141) |
| Interest and other income | 430 | 1,411 |
| Profit (loss) before income taxes | (9,044) | 270 |
| Benefit from income taxes | 3,271 | 1,293 |
| Net income (loss) | <u>\$ (5,773)</u> | <u>\$ 1,563</u> |
| Income (loss) per share | | |
| Basic | \$ (0.26) | \$ 0.07 |
| Diluted | \$ (0.26) | \$ 0.07 |
| Weighted average common shares outstanding | | |
| Basic | 21,882 | 21,647 |
| Diluted | 21,882 | 22,053 |

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| | Mar. 28, 2009 (Unaudited) | Dec. 31, 2008 (see Note) |
|---|---------------------------------|--------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash, cash equivalents and short-term investments | \$ 33,869 | \$ 39,201 |
| Accounts receivable, net | 9,217 | 15,014 |
| Inventories | 17,178 | 17,674 |
| Deferred tax assets | 3,801 | 3,204 |
| Prepaid expenses and other current assets | 4,803 | 4,806 |
| Total current assets | 68,868 | 79,899 |
| Long-term investments | 66,961 | 66,328 |
| Property, plant and equipment, net | 14,417 | 14,886 |
| Deferred tax assets | 17,227 | 14,765 |
| Goodwill | 7,905 | 7,905 |
| Other intangible assets, net | 3,813 | 4,054 |
| Other long-term assets | 1,202 | 1,332 |
| Total assets | <u>\$ 180,393</u> | <u>\$ 189,169</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Note payable | \$ — | \$ 2,000 |
| Accounts payable | 4,305 | 4,214 |
| Accrued payroll and related liabilities | 2,927 | 3,395 |
| Other accrued liabilities | 2,504 | 3,175 |
| Customer advances | 1,071 | 2,807 |
| Total current liabilities | 10,807 | 15,591 |
| Other long-term liabilities | 384 | 509 |
| Stockholders' equity | | |
| Common stock (\$0.001 par value) | 22 | 22 |
| Paid in capital | 130,485 | 128,686 |
| Accumulated other comprehensive loss | (4,701) | (4,808) |
| Retained earnings | 43,396 | 49,169 |
| Total stockholders' equity | 169,202 | 173,069 |
| Total liabilities and stockholders' equity | <u>\$ 180,393</u> | <u>\$ 189,169</u> |

Note: Amounts as of December 31, 2008 are derived from the December 31, 2008 audited consolidated financial statements.

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SUPPLEMENTAL INFORMATION REGARDING EQUITY-BASED COMPENSATION EXPENSE

(In thousands, except per share amounts)

(Unaudited)

The effect of recording equity-based compensation expense for the three-month periods ended March 28, 2009 and March 29, 2008 were as follows:

| | Three Months Ended | |
|---|---------------------------------|---------------------------------|
| | Mar. 28, 2009 (Unaudited) | Mar. 29, 2008 (Unaudited) |
| Equity-based compensation by type of award: | | |
| Stock options | \$ 1,112 | \$ 1,325 |
| Employee Stock Purchase Plan | 234 | 202 |
| Amounts charged from inventory | 51 | 69 |
| Total equity-based compensation | 1,397 | 1,596 |
| Tax effect on equity-based compensation | 404 | 493 |
| Net effect on net income (loss) | <u>\$ 993</u> | <u>\$ 1,103</u> |
| Effect on income (loss) per share: | | |
| Basic | \$ 0.05 | \$ 0.05 |
| Diluted | \$ 0.05 | \$ 0.05 |