

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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Industry	Industrial Machinery & Equipment
Sector	Industrials
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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**

July 31, 2012

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 July 31, 2012, Intevac, Inc. issued a press release reporting its financial results for the three and six months ended June 30, 2012. 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

(d) 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: July 31, 2012

/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 SECOND QUARTER 2012 FINANCIAL RESULTS

Santa Clara, Calif.—July 31, 2012—Intevac, Inc. (Nasdaq: IVAC) today reported financial results for the quarter and six months ended June 30, 2012.

“We are pleased to report that we met the high end of our second quarter guidance, with better than forecasted operating results, through a combination of higher-margin upgrades and prudent management of expenses,” commented Kevin Fairbairn, president and chief executive officer of Intevac. “As we look to the remainder of 2012, expectations for hard drive unit growth have softened, due principally to the difficult global economic environment. While expectations for hard drive capacity additions have certainly diminished since earlier this year, the long term business opportunities for our hard drive business remain intact.

“We continued to make positive progress in diversifying our equipment business into the solar cell market, as we recognized revenue on our first LEAN SOLAR NanoTexture TM system and shipped our first two ion implant systems to well-capitalized solar cell manufacturers. Our Photonics business continued to gain momentum in the first half of this year and achieved a record level of orders and backlog during the quarter.”

Second Quarter 2012 Summary

The net loss for the quarter was \$1.5 million, or \$0.06 per share, and includes a \$1.1 million unfavorable tax rate adjustment, as compared to a net loss of \$2.6 million, or \$0.11 per share, in the second quarter of 2011.

Revenues were \$31.8 million, including \$25.1 million of Equipment revenues and Intevac Photonics revenues of \$6.7 million. Equipment revenues included two 200 Lean [®] systems and one LEAN SOLAR NanoTexture TM system. Intevac Photonics revenues consisted of \$3.2 million of research and development contracts and \$3.6 million of product sales. In the second quarter of 2011, revenues were \$27.6 million, including \$19.8 million of Equipment revenues and Intevac Photonics revenues of \$7.8 million, which included \$5.9 million of product sales.

Equipment gross margin improved to 47.1% compared to 38.3% in the second quarter of 2011. The increase in gross margin was primarily as a result of higher system margins and a higher mix of upgrade and spares shipments. Intevac Photonics gross margin improved to 36.3% compared to 32.7% in the second quarter of 2011. The increase was primarily a result of improving yields related to our night vision products. Consolidated gross margin was 44.8%, compared to 36.7% in the second quarter of 2011. Operating expenses were flat as compared to the second quarter of 2011, and represented a sequential decrease of 6.6% compared to first quarter 2012 operating expenses.

Order backlog totaled \$43.3 million on June 30, 2012, compared to \$41.3 million on March 31, 2012 and \$36.9 million on July 2, 2011. Backlog as of June 30, 2012 does not include any 200 Lean systems or Solar systems, compared to two 200 Lean systems and one Solar system on March 31, 2012 and two Solar systems on July 2, 2011.

Our balance sheet remains strong, with \$103.5 million of cash and investments and \$165.7 million in tangible book value, equivalent to \$4.45 and \$7.12 per share, respectively, based upon 23.3 million shares outstanding at quarter end.

First Six Months 2012 Summary

The net loss was \$4.7 million, or \$0.20 per share, compared to a net loss of \$9.7 million, or \$0.42 per share, for the first six months of 2011.

Revenues were \$49.1 million, including \$35.8 million of Equipment revenues and Intevac Photonics revenues of \$13.3 million, compared to revenues of \$45.0 million, including \$30.0 million of Equipment revenues and Intevac Photonics revenues of \$15.0 million, for the first six months of 2011.

Equipment gross margin was 46.5%, compared to 40.7% in the first six months of 2011, primarily as a result of higher system margins and a higher mix of upgrades and spares. Intevac Photonics gross margin improved to 33.2% compared to 28.7% in the first six months of 2011, reflecting improved yields related to our night vision products. Consolidated gross margin was 42.9%, compared to 36.7% in the first six months of 2011. Operating expenses were \$30.9 million, essentially flat as compared to the first six months of 2011.

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 (877) 334-0811 prior to the start time. For international callers, the dial-in number is (408) 427-3734. 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 replay by calling (800) 642-1687 or, for international callers, (706) 645-9291, and providing Replay Passcode 98309867.

About Intevac

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

In our Equipment business, we are a leader in the design, development and manufacturing of high-productivity, vacuum process equipment solutions. Our systems are production-proven for high-volume manufacturing of small substrates with precise thin film properties, such as those required in the hard drive and solar cell markets we currently serve.

In the hard drive industry, our 200 Lean[®] systems process approximately 60% of all magnetic disk media produced worldwide. In the solar cell manufacturing industry, our recently-introduced LEAN SOLAR[™] platform, with applications including deposition, texture etch and ion implant, increases the conversion efficiency of silicon solar cells.

In our Photonics business, we are a leader in the development and manufacture of leading-edge, high-sensitivity imaging products and vision systems as well as materials identification instruments utilizing Raman technology. Our products primarily address the defense markets in addition to the industrial, medical and scientific industries.

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

200 *Lean*® is a registered trademark , and *LEAN SOLAR*™ and *LEAN SOLAR NanoTexture*™ are trademarks, 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 demand for hard drives, the technology leadership and lead-time advantages of our systems, and the expansion of our product portfolio for the solar cell manufacturing market. 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: oversupply in the media industry, a slowdown in demand for hard drives and the failure to introduce new products for the solar market, 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 periodic filings with the U.S. Securities and Exchange Commission.

INTEVAC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share amounts)

	Three months ended		Six months ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Net revenues				
Equipment	\$25,059	\$19,815	\$35,778	\$ 29,995
Intevac Photonics	6,732	7,770	13,329	15,013
Total net revenues	31,791	27,585	49,107	45,008
Gross profit	14,254	10,137	21,078	16,518
Gross margin				
Equipment	47.1%	38.3%	46.5%	40.7%
Intevac Photonics	36.3%	32.7%	33.2%	28.7%
Consolidated	44.8%	36.7%	42.9%	36.7%
Operating expenses				
Research and development	8,263	8,290	17,476	17,302
Selling, general and administrative	6,669	6,508	13,442	13,394
Total operating expenses	14,932	14,798	30,918	30,696
Gain on sale of mainframe technology	—	—	2,207	—
Total operating loss	(678)	(4,661)	(7,633)	(14,178)
Income/(Loss) from operations				
Equipment	1,129	(2,794)	(5,196)	(9,064)
Intevac Photonics	(616)	(493)	(1,656)	(2,076)
Corporate ¹	(1,191)	(1,374)	(781)	(3,038)
Total operating loss	(678)	(4,661)	(7,633)	(14,178)
Interest and other income	48	169	420	298
Loss before income taxes	(630)	(4,492)	(7,213)	(13,880)
Provision for (benefit from) income taxes	863	(1,873)	(2,559)	(4,230)
Net loss	<u>\$ (1,493)</u>	<u>\$ (2,619)</u>	<u>\$ (4,654)</u>	<u>\$ (9,650)</u>
Loss per share				
Basic and Diluted	\$ (0.06)	\$ (0.11)	\$ (0.20)	\$ (0.42)
Weighted average common shares outstanding				
Basic and Diluted	23,265	22,851	23,241	22,789

¹ Six months ended June 30, 2012 includes the gain on sale of the mainframe technology of \$2.2 million.

INTEVAC, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	June 30, 2012 <u>(Unaudited)</u>	Dec. 31, 2011 <u>(see Note)</u>
ASSETS		
Current assets		
Cash, cash equivalents and short-term investments	\$ 66,141	\$ 82,145
Accounts receivable, net	25,945	18,561
Inventories	19,761	18,070
Deferred income tax assets	2,493	2,202
Prepaid expenses and other current assets	<u>8,418</u>	<u>7,114</u>
Total current assets	122,758	128,092
Long-term investments	37,323	32,677
Property, plant and equipment, net	13,911	14,449
Deferred income tax assets	24,176	21,717
Goodwill	18,389	18,389
Other intangible assets, net	6,169	6,441
Other long-term assets	<u>3,000</u>	<u>4,056</u>
Total assets	<u>\$225,726</u>	<u>\$225,821</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 5,839	\$ 4,857
Accrued payroll and related liabilities	4,693	4,205
Other accrued liabilities	12,842	9,887
Customer advances	<u>1,900</u>	<u>5,040</u>
Total current liabilities	25,274	23,989
Other long-term liabilities	10,179	9,922
Stockholders' equity		
Common stock (\$0.001 par value)	23	23
Additional paid in capital	149,187	146,307
Accumulated other comprehensive income	551	414
Retained earnings	<u>40,512</u>	<u>45,166</u>
Total stockholders' equity	<u>190,273</u>	<u>191,910</u>
Total liabilities and stockholders' equity	<u>\$225,726</u>	<u>\$225,821</u>

Note: Amounts as of December 31, 2011 are derived from the December 31, 2011 audited consolidated financial statements.