

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

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**

January 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 January 31, 2012, Intevac, Inc. issued a press release reporting its financial results for the three months and full year ended December 31, 2011. 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.

Date: January 31, 2012

INTEVAC, INC.

/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 FOURTH QUARTER AND FULL YEAR 2011 FINANCIAL RESULTS

Santa Clara, Calif.—January 31, 2012—Intevac, Inc. (Nasdaq: IVAC) today reported financial results for the fourth quarter and year ended December 31, 2011.

“2011 was a challenging year for our equipment business, driven first by reduced capital investments in the hard disk drive industry due to the announced consolidations, and compounded by the effects of the devastating flooding in Thailand,” commented Kevin Fairbairn, president and chief executive officer of Intevac. “As we look ahead to 2012, we are projecting revenue growth in each of our businesses. We expect to see a recovery in our hard drive equipment business in the second half of the year as the consolidations are completed and as the industry recovers from the effects of the flooding. Additionally, we anticipate increasing sales of our solar manufacturing systems, and also expect a return to growth in our Photonics business, as the impacts of the military budget delays in 2011 are now behind us.

“During the fourth quarter, we achieved two key milestones in our equipment diversification strategy. First, we recognized revenue on our first LEAN SOLAR™ crystalline silicon deposition system, and second, we shipped our first LEAN SOLAR etch system to a leading Asian solar cell manufacturer. In our Photonics business, we have improved our gross margins by 500 basis points as compared to fiscal year 2010, as we continue to improve our sensor yields,” concluded Mr. Fairbairn.

Fourth Quarter 2011 Summary

The net loss was \$6.2 million, or \$0.27 per diluted share, compared to net income of \$1.1 million, or \$0.05 per diluted share, in the fourth quarter of 2010.

Revenues were \$18.6 million, including \$12.5 million of Equipment revenues and Intevac Photonics revenues of \$6.1 million. Equipment revenues consisted of one LEAN SOLAR system, upgrades, spares and service. Intevac Photonics revenues consisted of \$1.8 million of research and development contracts and \$4.3 million of product sales or 71% of Photonics revenues. In the fourth quarter of 2010, revenues were \$36.2 million, including \$26.8 million of Equipment revenues and Intevac Photonics revenues of \$9.4 million, which included \$5.1 million of product sales.

Equipment gross margin was 36.4%, compared to 47.7% in the fourth quarter of 2010, primarily as a result of decreased revenues and lower factory utilization. Intevac Photonics gross margin of 30.0% improved compared to 19.1% in the fourth quarter of 2010. The increase was primarily a result of improved manufacturing and warranty costs related to our night vision camera module for our NATO customer. Consolidated gross margin was 34.3%, compared to 40.3% in the fourth quarter of 2010. Operating expenses were \$14.9 million, compared to \$14.5 million in the fourth quarter of 2010 and increased primarily as a result of additional R&D investments in new equipment products.

Order backlog totaled \$32.9 million on December 31, 2011, compared to \$26.2 million on October 1, 2011 and \$46.7 million on December 31, 2010. Backlog as of December 31, 2011 and of October 1, 2011 included one Solar system and no 200 Lean systems. Backlog as of December 31, 2010 included two 200 Lean systems.

Fiscal Year 2011 Summary

The net loss was \$22.0 million, or \$0.96 per diluted share, compared to net income of \$28.0 million, or \$1.22 per diluted share, for 2010.

Revenues were \$83.0 million, including \$54.9 million of Equipment revenues and Intevac Photonics revenues of \$28.1 million, compared to revenues of \$202.5 million, including \$168.3 million of Equipment revenues and Intevac Photonics revenues of \$34.3 million, for 2010.

Equipment gross margin was 40.7%, compared to 47.2% in 2010, primarily as a result of lower revenues and lower factory utilization. Intevac Photonics gross margin of 28.9% improved compared to 23.9% in 2010, reflecting lower manufacturing and warranty costs related to our night vision camera module for our NATO customer. Consolidated gross margin was 36.7%, compared to 43.3% in 2010. Operating expenses were \$61.2 million, compared to \$56.4 million in 2010, and increased primarily as a result of additional R&D investments in new equipment products.

Conference Call Information

The company will discuss its financial results and outlook in a conference call today at 1:30 p.m. PST (4:30 p.m. EST). 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. EST. You may access the replay by calling (855) 859-2056 or, for international callers, (404) 537-3406, and providing Replay Passcode 41846930.

About Intevac

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

Equipment Business: We are a leader in the design, development and marketing of high productivity lean manufacturing systems and have been producing Lean Thinking platforms since 1994. We provide process manufacturing equipment solutions to the hard disk drive industry, and high-productivity process manufacturing equipment and inspection solutions to the solar photovoltaic 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 handheld Raman instruments. Markets addressed include military, industrial, medical and scientific.

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[™] is a 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 recovery of the hard drive and Photonics businesses, the demand for hard drives, the timing of shipments for our new products, and the future growth 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: adjustments to 2011 financial results in connection with preparation of the company’s 10-K, the completion of consolidation in the hard drive industry, a slowdown in demand for hard drives, significant changes in the hard drive industry supply chain, the failure to deliver new products for the solar market, and maintaining photonics gross margins, 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.

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

	Three months ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
Net revenues				
Equipment	\$ 12,499	\$ 26,799	\$ 54,878	\$ 168,252
Intevac Photonics	6,146	9,360	28,096	34,274
Total net revenues	18,645	36,159	82,974	202,526
Gross profit	6,395	14,576	30,431	87,672
Gross margin				
Equipment	36.4%	47.7%	40.7%	47.2%
Intevac Photonics	30.0%	19.1%	28.9%	23.9%
Consolidated	34.3%	40.3%	36.7%	43.3%
Operating expenses				
Research and development	8,374	7,300	34,287	27,918
Selling, general and administrative	6,511	7,243	26,885	28,516
Total operating expenses	14,885	14,543	61,172	56,434
Operating income (loss)				
Equipment	(5,899)	2,752	(20,321)	40,286
Intevac Photonics	(1,117)	(1,400)	(4,141)	(4,901)
Corporate	(1,474)	(1,319)	(6,279)	(4,147)
Total operating income (loss)	(8,490)	33	(30,741)	31,238
Interest and other income (expense)	198	394	635	773
Profit (loss) before income taxes	(8,292)	427	(30,106)	32,011
Provision (benefit) for income taxes	(2,083)	(676)	(8,131)	3,962
Net income (loss)	\$ (6,209)	\$ 1,103	\$ (21,975)	\$ 28,049
Income (loss) per share				
Basic	\$ (0.27)	\$ 0.05	\$ (0.96)	\$ 1.26
Diluted	\$ (0.27)	\$ 0.05	\$ (0.96)	\$ 1.22
Weighted average common shares outstanding				
Basic	23,084	22,497	22,903	22,340
Diluted	23,084	23,116	22,903	22,977

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

	December 31, 2011 (Unaudited)	December 31, 2010 (see Note)
ASSETS		
Current assets		
Cash, cash equivalents and short-term investments	\$ 82,145	\$ 114,514
Accounts receivable, net	18,561	25,911
Inventories	18,070	20,671
Deferred income tax assets	2,202	3,124
Prepaid expenses and other current assets	7,114	6,630
Total current assets	128,092	170,850
Long-term investments	32,677	22,866
Property, plant and equipment, net	14,449	13,918
Deferred income tax assets	21,717	14,594
Goodwill	18,389	18,389
Other intangible assets, net	6,441	6,984
Other long-term assets	4,056	4,170
Total assets	<u>\$ 225,821</u>	<u>\$ 251,771</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,857	\$ 5,562
Accrued payroll and related liabilities	4,205	11,365
Other accrued liabilities	9,887	11,104
Customer advances	5,040	4,867
Total current liabilities	23,989	32,898
Other long-term liabilities	9,922	11,630
Stockholders' equity		
Common stock (\$0.001 par value)	23	23
Additional paid in capital	146,307	139,824
Accumulated other comprehensive income	414	255
Retained earnings	45,166	67,141
Total stockholders' equity	<u>191,910</u>	<u>207,243</u>
Total liabilities and stockholders' equity	<u>\$ 225,821</u>	<u>\$ 251,771</u>

Note: Amounts as of December 31, 2010 are derived from the December 31, 2010 audited consolidated financial statements.