

INTEVAC INC

FORM 8-K (Current report filing)

Filed 05/01/06 for the Period Ending 05/01/06

| | |
|-------------|---|
| 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 5/1/2006 For Period Ending 5/1/2006

| | |
|-------------|--|
| Address | 356O BASSETT ST SANTA CLARA, California 95054 |
| Telephone | 408-986-9888 |
| CIK | 0001001902 |
| Industry | Computer Storage Devices |
| Sector | Technology |
| Fiscal Year | 12/31 |

Powered By **EDGAR**Online

<http://www.edgar-online.com/>

© Copyright 2006. All Rights Reserved.

Distribution and use of this document restricted under EDGAR Onlines Terms of Use.

**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): May 1, 2006

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))
-
-

Item 2.02. Results of Operations and Financial Condition

On May 1, 2006, Intevac, Inc. issued a press release reporting its financial results for the three months ended April 1, 2006. 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: May 1, 2006

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 FINANCIAL RESULTS FOR FIRST-QUARTER 2006

Quarterly Backlog Rises 48% to \$125 Million on Orders for 200 Lean[®] Disk Sputtering Systems

Santa Clara, Calif.—May 1, 2006—Intevac, Inc. (Nasdaq: IVAC) reported financial results for the first quarter ended April 1, 2006.

Net income for the quarter was \$7.0 million, or 32 cents per diluted share on 21.9 million weighted-average shares outstanding. Included in these results is \$428,000 of non-cash stock based compensation expense. This compares to first-quarter 2005 net loss of \$3.9 million, or 19 cents per share on 20.2 million weighted-average shares outstanding, which did not include non-cash stock based compensation expense.

Revenues for the quarter were \$49.6 million, including \$47.6 million of Equipment revenues and \$2.0 million of Imaging revenues. Equipment revenues consisted of nine magnetic media manufacturing systems, disk lubrication systems, equipment upgrades, spares, consumables, and service. Imaging revenues consisted of \$1.5 million of research and development contracts and \$501,000 of product sales. In first-quarter 2005, net revenues were \$10.6 million, including \$8.5 million of Equipment revenues and \$2.1 million of Imaging revenues.

Equipment and Imaging gross margins for the quarter increased to 35.2% and 26.2%, respectively, from 19.7% and 15.0%, respectively, in first-quarter 2005. Equipment margins for the quarter improved primarily from lower manufacturing costs and higher average selling prices for 200 Lean[®] systems. Imaging margins improved primarily as the result of higher product sales compared to revenues from cost-sharing development contracts. Consolidated gross margins improved to 34.9% from 18.8% in first-quarter 2005.

Operating expenses for the quarter totaled \$10.7 million, or 22% of revenues, versus \$6.3 million, or 60% of revenues, in first-quarter 2005. Operating expenses increased as the result of higher R&D spending in Imaging and Equipment, provisions for employee profit sharing and bonus plans, the inclusion of stock compensation expense in first-quarter 2006 results, and higher costs in Equipment related to business development, customer service, and support.

Order backlog totaled \$124.8 million on April 1, 2006, compared to \$84.5 million on December 31, 2005, and \$66.0 million on April 2, 2005. Backlog increased primarily as a result of orders received for 200 Lean systems. Backlog at April 1, 2006, included twenty-seven 200 Lean systems, of which twenty-five are scheduled for delivery and revenue recognition in 2006.

Intevac Chief Executive Kevin Fairbairn commented: “I am pleased to report excellent first-quarter financial results. Revenues were higher than anticipated at the beginning of the quarter primarily as a result of delivery of an additional 200 Lean and strong orders during the quarter for 200 Lean spares and upgrades. We were able to “turn” these orders into significant revenue upside as the result of excellent execution by our operations group. Gross margin increased by 16 percentage points year-over-year, and we exceeded our beginning-of-quarter earnings

guidance while continuing to invest in new products in both our Equipment and Imaging businesses.”

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.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 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 7320518.

About Intevac

Intevac is the world’s leading supplier of disk sputtering equipment to manufacturers of magnetic media used in hard disk drives and a developer and provider of leading edge extreme low light imaging sensors, cameras and systems. For more information please visit our website at www.intevac.com.

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

[Financial tables on following pages]

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

| | 3 months ended | |
|---|--|--|
| | April 1, 2006 <u>(Unaudited)</u> | April 2, 2005 <u>(Unaudited)</u> |
| Net revenues | | |
| Equipment | \$47,573 | \$ 8,536 |
| Imaging | 2,047 | 2,069 |
| Total net revenues | 49,620 | 10,605 |
| Gross profit | 17,306 | 1,995 |
| Gross margin | | |
| Equipment | 35.2% | 19.7% |
| Imaging | 26.2% | 15.0% |
| Consolidated | 34.9% | 18.8% |
| Operating expenses | | |
| Research and development | 5,561 | 3,125 |
| Selling, general and administrative | 5,114 | 3,191 |
| Total operating expenses | 10,675 | 6,316 |
| Operating income/(loss) | | |
| Equipment Products | 8,480 | (2,671) |
| Imaging | (1,869) | (1,181) |
| Corporate | 20 | (469) |
| Total operating profit/(loss) | 6,631 | (4,321) |
| Other income | 598 | 431 |
| Profit/(Loss) before provision for income taxes | 7,229 | (3,890) |
| Provision for income taxes | 218 | 7 |
| Net income/(Loss) | <u>7,011</u> | <u>(\$3,897)</u> |
| Income (loss) per share | | |
| Basic | \$ 0.34 | (\$0.19) |
| Diluted | \$ 0.32 | (\$0.19) |
| Weighted average common shares outstanding | | |
| Basic | 20,832 | 20,243 |
| Diluted | 21,920 | 20,243 |

-more-

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| ASSETS | April 1, 2006 <u>(Unaudited)</u> | Dec. 31, 2005 <u></u> |
|---|--|-----------------------------|
| Current assets | | |
| Cash, cash equivalents and short term investments | \$ 45,576 | \$ 49,731 |
| Accounts receivable, net | 57,635 | 42,847 |
| Inventories – production | 31,465 | 21,373 |
| Inventories – pending acceptance at customer site | 440 | 3,464 |
| Prepaid expenses and other current assets | 1,888 | 1,814 |
| Total current assets | 137,004 | 119,229 |
| Property, plant and equipment, net | 8,494 | 7,980 |
| Investment in 601 California Avenue LLC | 2,431 | 2,431 |
| Other long-term assets | 1,105 | 804 |
| Total assets | <u>\$149,034</u> | <u>\$130,444</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 13,915 | \$ 7,049 |
| Accrued payroll and related liabilities | 3,438 | 5,509 |
| Other accrued liabilities | 4,598 | 6,182 |
| Customer advances | 29,185 | 23,136 |
| Total current liabilities | 51,136 | 41,876 |
| Other long-term liabilities | 816 | 694 |
| Shareholders' equity | | |
| Common stock | 98,873 | 97,165 |
| Paid in Capital – Stock Compensation | 460 | — |
| Accumulated other comprehensive income | 267 | 238 |
| Retained earnings (deficit) | (2,518) | (9,529) |
| Total shareholders' equity | 97,082 | 87,874 |
| Total liabilities and shareholders' equity | <u>\$149,034</u> | <u>\$130,444</u> |

-more-

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS RECONCILIATION
TO GAAP**

(in thousands, except per share data)
(Unaudited)

| | Three Months Ended April 1, 2006 | | |
|--|----------------------------------|------------------------|-----------------|
| | GAAP | Non-GAAP Adjustment | Non-GAAP |
| Revenues | \$49,620 | | \$49,620 |
| Cost of revenue | 32,314 | (46) A | 32,268 |
| Gross profit | 17,306 | 46 | 17,352 |
| Gross margin | 34.9% | | 35.0% |
| Operating expense | | | |
| Research and development | 5,561 | (204) A | 5,357 |
| Selling, general and administrative | 5,114 | (178) A | 4,936 |
| Total operating expense | 10,675 | (382) | 10,293 |
| Operating income | 6,631 | 428 | 7,059 |
| Other income | 598 | | 598 |
| Profit before provision for income taxes | 7,229 | 428 | 7,657 |
| Provision for income taxes | 218 | 13 | 231 |
| Net Income | <u>\$ 7,011</u> | <u>\$ 415</u> | <u>\$ 7,426</u> |
| Income per share | | | |
| Basic | \$ 0.34 | | \$ 0.36 |
| Diluted | \$ 0.32 | | \$ 0.34 |
| Weighted average common shares outstanding | | | |
| Basic | 20,832 | | 20,832 |
| Diluted | 21,920 | | 21,920 |

The non-GAAP measures provided herein exclude the impact of non-cash charges related to stock-based compensation expense. We believe these measures are useful to investors because they provide an alternative method for measuring the operating performance of the Company's business, excluding stock based compensation expense.

The non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Footnotes — for the three months ended April 1, 2006

A To exclude stock-based compensation expense (Cost of Revenue \$46, Research and Development \$204, Marketing and Administrative \$178 for the quarter ended April 1, 2006.

###