

INTEVAC INC

FORM 8-K (Current report filing)

Filed 09/13/06 for the Period Ending 09/13/06

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

**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**

September 13, 2006
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 7.01 Regulation FD Disclosure

Please find the September 2006 Investor Update Presentation attached as Exhibit 99.1. This Current Report on Form 8-K and the attached exhibit are furnished to, but not filed with, the Securities Exchange Commission (“SEC”) and shall not be deemed to be incorporated by reference into any of the Company’s filings with the SEC under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Investor Presentation.

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: September 13, 2006

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

Exhibit Index

99.1 Investor Presentation.

Investor Update
September 2006



Charles Eddy
Chief Financial Officer

Cautionary Disclaimer



INTEVAC

During the course of this presentation, we will comment upon future events and may make projections about our future financial performance, including statements related to our expected sales, product shipments and acceptance, gross margin, operating expense, profit, cash flow and income tax expense. We will discuss our business strategy, our products, the markets our products address, our position in those markets, expected market acceptance of those products and production capacity. We wish to caution you that these are forward looking statements that are based upon our current expectations, and that actual results could differ materially as a result of various risks and uncertainties, including, without limitation, the following: inability to develop and deliver new products as planned; inability to accurately forecast the demand for our products and services; the possibility that orders in backlog may be cancelled, delayed or rescheduled; inability to achieve gross margin and expense goals and other risk factors discussed in documents filed by us with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We undertake no obligation to update the forward-looking statements made during this presentation.



Our Businesses

Equipment Products

▲ Leader in Media Manufacturing Systems for Hard Disk Drive Industry

2004: 126%

2005: 114%

2006: 63% - 78% Projected

- **Hard Disk Drive Market Increasing Driven by Digital Data Growth**
- **New Media Technology Requires Re-Tooling of Installed Base**
- ▲ **Developing Products to Serve Semiconductor Equipment Market**

Low Light Imaging

▲ Leader in Advanced Low Light Video Imaging Technology

- **Patented Leading Edge Sensor Technology**
- **Business Transitioning From Paid Contract R&D to Product Revenues**
- **Opportunities in Military, Medical, Scientific and Industry Markets**

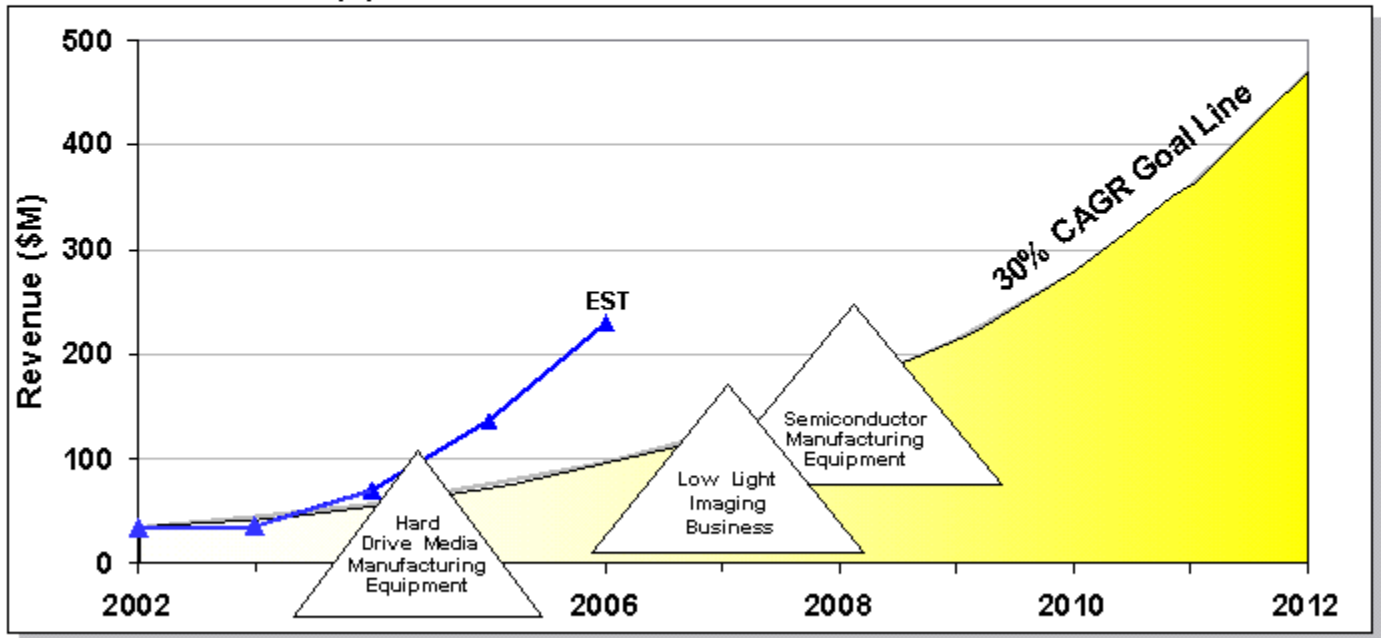
Intevac Growth Vectors

Goal: 30% Compound Annual Growth Over 10 Years



INTEVAC

- Ahead of Goal Today
- Progress May Be Lumpy, Especially Quarter to Quarter
- 3 Growth Vectors
 - Hard Drive Media Manufacturing Equipment
 - Low Light Imaging
 - Semiconductor Equipment



▲ Actual Plus 2006 Estimate Per August 1, 2006 Conference Call

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Equipment Products Business

Leading Provider of Media Manufacturing Systems



Market Share	Customers
<p>All Other Competitors</p> <p>Intevac</p> <p><small>Source: Company Estimates 2005 End, Total Systems Installed Base</small></p>	<p>Seagate We turn on ideas</p> <p>Hitachi Global Storage Technologies</p> <p>FE e-Front runners (Fuji Electric)</p> <p>KOMAG</p> <p>昭和電工株式会社 SHOWA DENKO</p>

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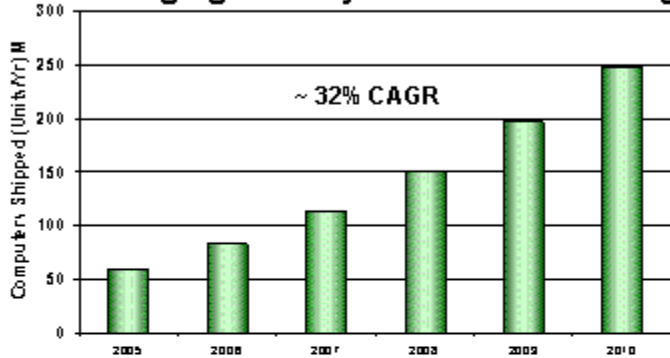
Equipment Products Business

Growing End Market for Hard Drives Requires Additional Systems



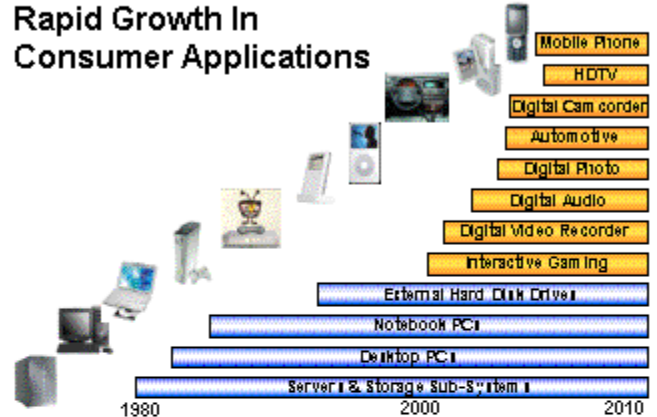
INTEVAC

Emerging Country PC Markets Growing



Source: Forrester Research

Rapid Growth In Consumer Applications

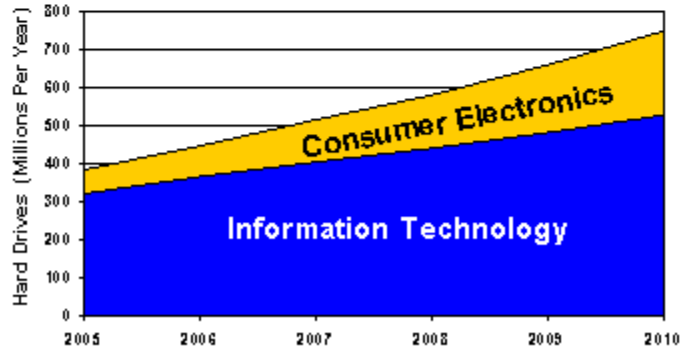


Disks Per Hard Drive Increasing Areal Density Growth Slowing

Year	Areal Density Growth	Disks Per Drive
1999 – 2002	100 %	2.4 → 1.4
2002 – 2003	60 %	1.4 → 1.3
2004 – 2010	40 %	1.3 → 1.6 (Est.)

Source: Konag Investor Relations Overview 12/05

Global Hard Disk Drive Forecast



Source: Trendfocus

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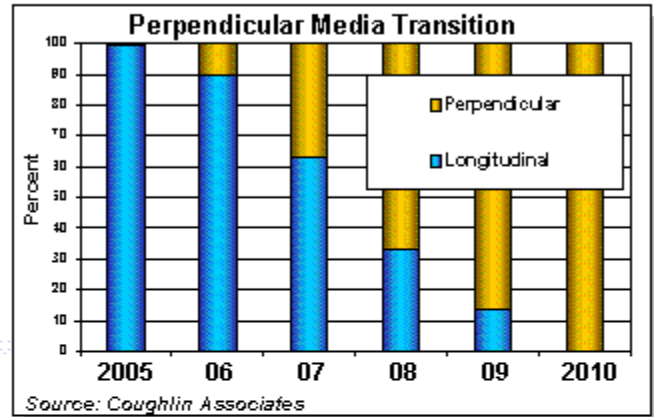
Equipment Products Business

Media Technology Change Requires New Systems



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< 2004	2006	>2010
< 80GB (Platter Capacity)	160	240
< 600GB		> 600GB
Longitudinal		Perpendicular
	→	
≤ 12 Process Steps		12-20+ Process Steps
Legacy System MDP 250B		Next Generation System 200 Lean
		
550 Disks/Hour		800 Disks/Hour
>110 Systems Installed Base		>40 Systems Installed by MAR '06
60% Market Share		>60% Market Share



**Large Number of Systems
Required For Transition To
Perpendicular Over Next 5 Years**

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- **Continued Focus on Gross Margin and Cycle Time Improvement**
 - **Transition more operational activities to Intevac Singapore**
 - Selected sub system module manufacturing
 - Expand service base in Asia

- **Co-Locate Close to Customer Sites in Asia for Service and Support**

- **Develop New Products That Build Upon Our Technology and Expertise to Address Significant Markets**

Expanding Served Available Market



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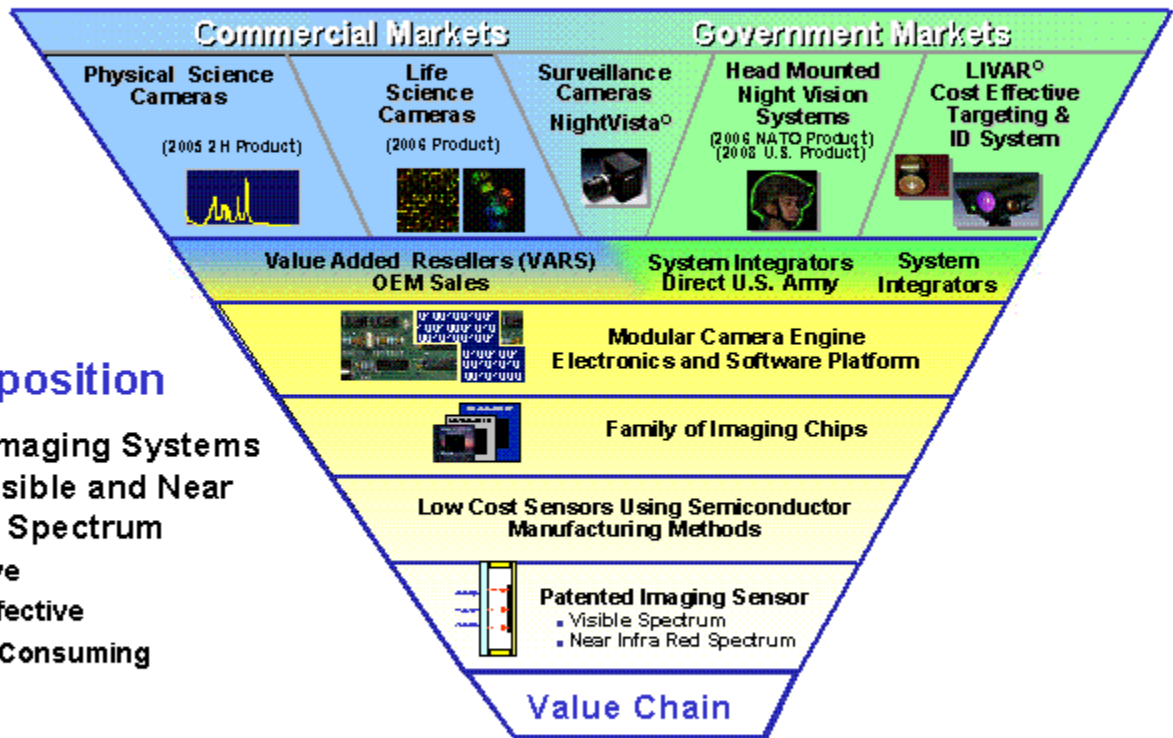
Today's Served Market:
Hard Drive Media Equipment
Market ~ \$ 350M



Future: Semiconductor
Equipment (Plasma Only)
Market ~ \$ 8B

- Intevac Has Expertise to Address Much Larger Market
- Many of Today's Successful Semiconductor Products Created by Intevac Staff in Prior Companies
- Intevac Staff Experienced in Supporting Major Semiconductor Customers

Low Light Imaging Business Overview



Value Proposition

Cameras and Imaging Systems Operating in Visible and Near Infra Red Light Spectrum

- Most Sensitive
- Most Cost Effective
- Least Power Consuming
- Mega Pixels

Goal: Multi-Hundred Million Dollar Global Business Split Between Government and Commercial Markets by 2010

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Low Light Imaging Business

Head Mounted Night Vision



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Legacy



Product	Night Vision Goggle
Technology	Direct View Analog
Prime Supplier	ITT Northrop Grumman
Recent Contracts	5 Year Award \$3.2B

Future



Digital Enhanced Night Vision Goggle

Digitally Fused Night Vision
& Infra Red

Intevac Solution

- Teamed For Complete Product
- OEM Supplier of Camera Module
- Won 1st Major NATO Program (Night Vision Only)

Low Light Imaging Business Commercial Products



INTEVAC



MOSIR™950 www.mosir950.com/
MOSIR™350/150
Intevac's low-light, NIR image intensified CCD platform designed for high performance imaging and spectroscopy

APPLICATIONS
LOW LIGHT SPECTROSCOPY
Raman
Fluorescence
Absorbance
Chemical Imaging
Silicon Wafer Inspection
LOW LIGHT IMAGING
Microscopy
Medical Imaging
Astronomy

THE MOSIR CAMERA FEATURES
Low Noise - Near Infrared Intensification
1024 x256 CCD with 26µm pixel pitch
16 bit Digitization
USB 2.0 for High Speed Connectivity
Application support for third party software
INTEK for LABVIEW
INTEK for MATLAB
VSPEC
VSPEC PRO

Single, Compact - Smart Camera Head Design
No External Controller is needed

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- Uniquely Designed For Commercial Markets
- First Delivered Q1-06
- Addresses \$30M Plus Physical Science Market

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Business Model Trends and Goals

Proforma Excluding Stock Option Expenses



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	2004	2005	2006 EST ¹	Long Term Goal*	Improvement Initiatives
Revenue (\$M)	\$70M	\$137M	\$220-240		
Gross Margin	23%	32%	35%	>45%	<ul style="list-style-type: none"> ■ Imaging Product and Semiconductor Equipment Margin Increase ■ Asia Manufacturing Expansion
Operating Expense	30%	21%	18-22%	25%	<ul style="list-style-type: none"> ■ Lean Thinking Business Principles <ul style="list-style-type: none"> - Consistently eliminate waste - Reduce cycle times
Other Income	1%	1%	1%		
Profit Before Tax (PBT)	6%	12%	14-18%	> 20%	

¹ Based Upon August 1, 2006 Conference Call

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Investment Rationale

■ Significant Opportunities in Growing Markets

- Hard Disk Equipment Capacity and Re-Tooling
- Equipment Expertise Applicable to Major New Market
- Military and Commercial Low Light Imaging Products

■ Management and Technology Team with Proven Track Record

- Developing and Managing Billion Dollar Businesses
- Developing Advanced Equipment Solutions
- Marketing to Industry Leaders
- Targeting Sustainable 30% Year Over Year Revenue Growth

■ Sound Balance Sheet

- No Debt, No Intangibles
- \$46 Million Cash and Equivalents
- Profitable, Generating Cash

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Investor Update

September 2006



I N T E V A C

Charles Eddy
Chief Financial Officer