

INTEVAC INC

FORM 8-K (Current report filing)

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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

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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**

April 30, 2007
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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EXHIBIT 99.1

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Item 2.02. Results of Operations and Financial Condition

On April 30, 2007, Intevac, Inc. issued a press release reporting its financial results for the three months ended March 31, 2007. 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.

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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 30, 2007

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

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99.1 Press Release.



3560 Bassett Street, Santa Clara CA 95054

Charles Eddy
Chief Financial Officer
(408) 986-9888

Phil Bourdillon/Gene Heller
Silverman Heller Associates
(310) 208-2550

INTEVAC, INC. REPORTS FIRST-QUARTER FINANCIAL RESULTS

Achieves Record Gross Margin of 42.9%

Santa Clara, Calif.—April 30, 2007—Intevac, Inc. (Nasdaq: IVAC) reported financial results for the quarter ended March 31, 2007.

Net income for the first quarter was a \$9.8 million, or \$0.44 per diluted share, on 22.2 million weighted-average shares outstanding. Net income included \$1.4 million of stock-based compensation expense, equivalent to \$0.04 per diluted share; \$1.4 million of flat panel license fees, equivalent to \$0.04 per diluted share; and \$101,000 of intangible amortization expense, related to the Company's acquisition of certain assets of Delta Nu, LLC on January 31, 2007. For first-quarter 2006, net income was \$7.0 million, or \$0.32 per diluted share, on 21.8 million weighted average shares outstanding, which included \$428,000 of stock-based compensation expense, equivalent to \$0.02 per diluted share.

Revenues for the quarter were \$76.4 million, including \$72.5 million of Equipment revenues and record Imaging revenues of \$3.9 million. Equipment revenues consisted of thirteen magnetic media manufacturing systems, equipment upgrades, spares, consumables, and service. Imaging revenues consisted of \$2.8 million of research and development contracts and \$1.1 million of product sales. In first-quarter 2006, net revenues were \$49.6 million, including \$47.6 million of Equipment revenues and \$2.0 million of Imaging revenues, which included \$501,000 of product sales.

Equipment gross margins for the quarter rose to a record 43.3% from 35.2% in first quarter 2006, and Imaging gross margins increased to 36.6% from 26.2% in first-quarter 2006. Equipment margins improved primarily due to lower manufacturing costs, and higher sales of spares and upgrades. Imaging margins improved primarily as the result of higher margins on development contracts and favorable adjustments related to contract closeouts. Consolidated gross margins improved to 42.9% from 34.9% in first-quarter 2006.

Operating expenses for the quarter totaled \$19.7 million, or 25.8% of revenues, versus \$10.7 million, or 21.5% of revenues, in first-quarter 2006. Operating expenses grew primarily as the result of increased spending on development of new Equipment products, increased business development expense and higher stock based compensation expense.

Order backlog totaled \$92.8 million on March 31, 2007, compared to \$125.0 million on December 31, 2006, and \$124.8 million on April 1, 2006. Backlog as of March 31, 2007 includes fourteen 200 Lean systems.

Intevac Chief Executive Kevin Fairbairn commented: "We are pleased to report another solid quarter of financial results with earnings per share exceeding expectations. We delivered all 200 Lean[®] systems on time and continued to generate cash. The integration of our new DeltaNu subsidiary went smoothly and DeltaNu is executing ahead of plan. We continue to make good progress developing new Imaging and semiconductor products for the future growth of the business. The expansion of our Asian operations continues to track according to plan."

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 5955930.

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	
	March 31, 2007 (Unaudited)	April 1, 2006 (Unaudited)
Net revenues		
Equipment	\$ 72,446	\$ 47,573
Imaging	3,928	2,047
Total net revenues	76,374	49,620
Gross profit		
Gross margin		
Equipment	43.3%	35.2%
Imaging	36.6%	26.2%
Consolidated	42.9%	34.9%
Operating expenses		
Research and development	12,192	5,561
Selling, general and administrative	7,513	5,114
Total operating expenses	19,705	10,675
Operating income/(loss)		
Equipment Products	14,989	8,480
Imaging	(1,600)	(1,869)
Corporate	(312)	20
Total operating profit	13,077	6,631
Other income	1,320	598
Profit before provision for income taxes	14,397	7,229
Provision for income taxes	4,552	218
Net income	<u>\$ 9,845</u>	<u>\$ 7,011</u>
Income per share		
Basic	\$ 0.46	\$ 0.34
Diluted	\$ 0.44	\$ 0.32
Weighted average common shares outstanding		
Basic	21,293	20,832
Diluted	22,188	21,793

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	March 31, 2007 (Unaudited)	Dec. 31, 2006
ASSETS		
Current assets		
Cash, cash equivalents and short term investments	\$ 102,496	\$ 95,035
Accounts receivable, net	33,298	39,927
Inventories	33,926	37,942
Deferred tax assets	4,100	3,269
Prepaid expenses and other current assets	2,134	2,506
Total current assets	175,954	178,679
Long term investments	12,000	8,000
Property, plant and equipment, net	14,511	13,546
Investment in 601 California Avenue LLC	2,431	2,431
Deferred tax assets	1,312	1,312
Goodwill	5,434	—
Other long-term assets	2,653	2,035
Total assets	<u>\$ 214,295</u>	<u>\$ 206,003</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Notes payable	\$ 1,921	—
Accounts payable	16,287	\$ 15,994
Accrued payroll and related liabilities	5,189	11,769
Other accrued liabilities	9,796	6,612
Customer advances	20,404	26,243
Total current liabilities	53,597	60,618
Other long-term liabilities	2,892	1,075
Shareholders' equity Common stock	101,096	99,468
Paid in Capital	9,321	7,319
Accumulated other comprehensive income	375	354
Retained earnings	47,014	37,169
Total shareholders' equity	157,806	144,310
Total liabilities and shareholders' equity	<u>\$ 214,295</u>	<u>\$ 206,003</u>

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SUPPLEMENTAL INFORMATION REGARDING IMPACT OF THE ADOPTION OF SFAS 123(R)

(In Thousands, except per share amounts)

(Unaudited)

The effect of recording stock-based compensation for the three-month periods ended March 31, 2007 and April 1, 2006 were as follows:

	Three Mos. ended <u>Mar. 31, 2007</u>	Three Mos. ended <u>Apr. 1, 2006</u>
Stock-based compensation by type of award:		
Stock options	\$ 1,145	\$ 344
Employee stock purchase plan	213	116
Amounts capitalized as inventory	<u>(4)</u>	<u>(32)</u>
Total stock-based compensation	1,354	428
Tax effect on stock-based compensation	<u>(428)</u>	<u>(13)</u>
Net effect on net income	\$ 926	\$ 415
Effect on earnings per share:		
Basic	\$ 0.04	\$ 0.02
Diluted	\$ 0.04	\$ 0.02

Approximately \$73 and \$32 of stock-based compensation is included in inventory as of March 31, 2007 and April 1, 2006, respectively.