

# INTEVAC INC

## **FORM 8-K** (Current report filing)

Filed 01/11/06 for the Period Ending 01/11/06

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



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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**

**January 11, 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**

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(Address of principal executive offices)

**(408) 986-9888**

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(Registrant's telephone number, including area code)

**N/A**

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(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 January 2006 Needham Financial Conference 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.

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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: January 11, 2006

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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## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation

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8<sup>th</sup> Annual Needham & Company  
LLC Growth Conference  
New York, *January 2006*



**I N T E V A C**

**Kevin Fairbairn**  
*President & CEO*

**Charles Eddy**  
*Chief Financial Officer*



## Cautionary Disclaimer

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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.



## Equipment Products

**Leader in Media Manufacturing Systems for Hard Disk Drive Industry**

**2004: 126% Growth YTY**  
**2005: >100% Growth YTY**  
**2006: Further Growth Projected**

- Hard Disk Drive Market Growing
- New Media Technology Requires Re-Tooling of Installed Base
- Technology and Expertise Applicable to New Growing Markets

## Low Light Imaging

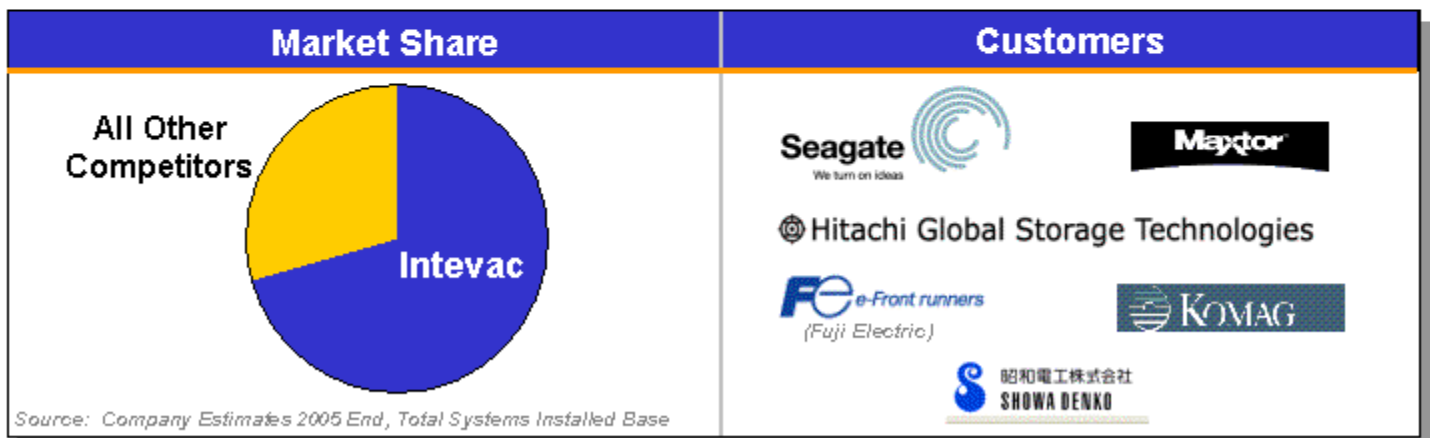
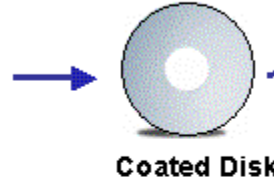
**Leader in Advanced Low Light Video Imaging Technology**

**Major Growth Opportunity**  
**2006: Ramp Product Revenues**

- Video Based Military Night Vision
- Cost Effective Long Distance Target Identification Systems
- Medical, Scientific and Industrial Cameras

# Equipment Products Business

## Leading Provider of Media Manufacturing Systems



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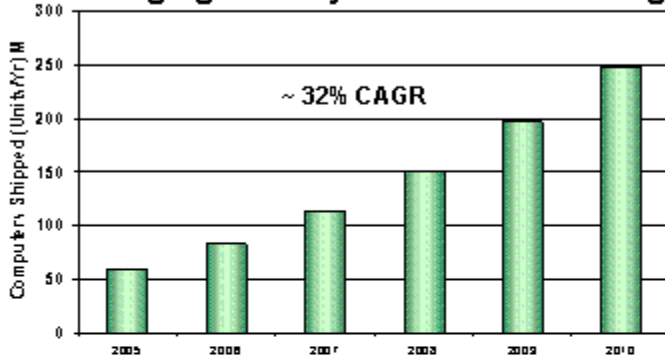
# Equipment Products Business

## Growing End Market for Hard Drives Requires Additional Systems



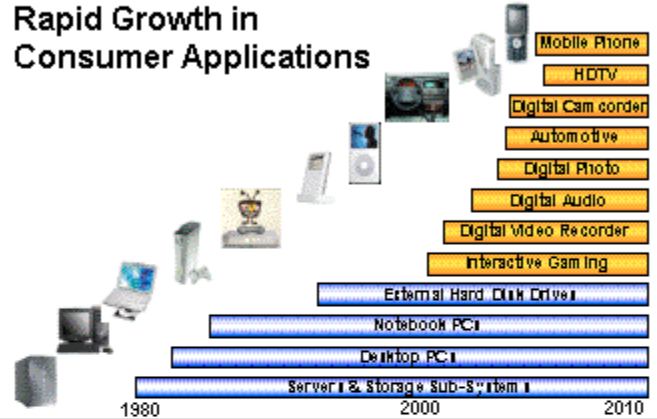
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### Emerging Country PC Markets Growing



Source: Forrester Research

### Rapid Growth in Consumer Applications

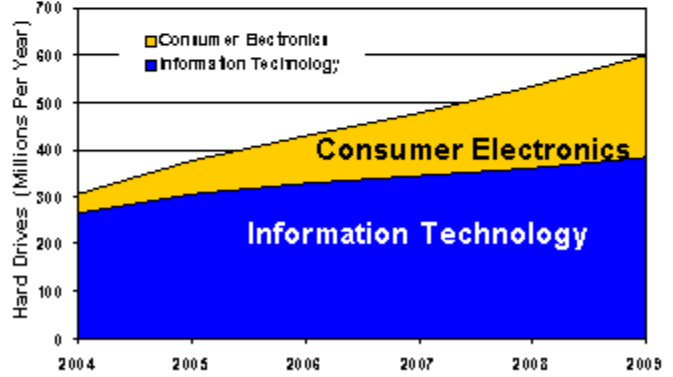


### Disks Per Hard Drive Increasing Areal Density Growth Slowing

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: Konig Investor Relations Overview 12/05

### Global Hard Disk Drive Forecast



Source: TrendFocus 2005

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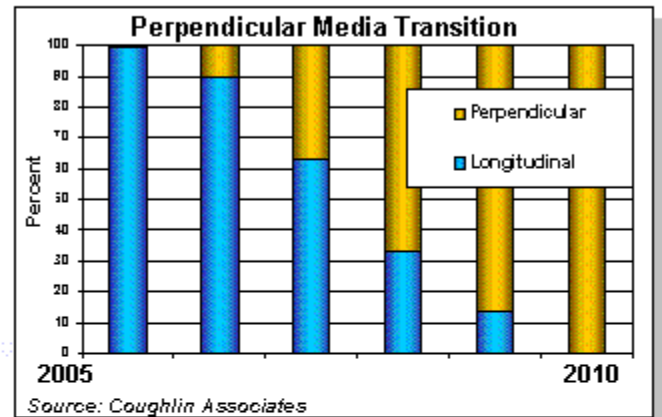
# Equipment Products Business

## Media Technology Change Requires New Systems



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< 2004	2006	>2010
< 80GB (Platter Capacity)	160	240
< 600GB		> 600GB
<b>Longitudinal</b>		<b>Perpendicular</b>
	→	
≤ 12 Process Steps		12-20+ Process Steps
<b>Legacy System</b> MDP 250B		<b>Next Generation System</b> 200 Lean
		
550 Disks/Hour		800 Disks/Hour
>110 Systems Installed Base		>30 Systems Installed 2005 End
60% Market Share		>60% Market Share



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

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■ **June 8, 2005 Seagate** SCOTTS VALLEY, Calif.— *Seagate Introduces World's First 2.5-inch Perpendicular Recording Hard Drive; First Major HDD Maker To Deliver Notebook PC Drive With Hardware-based Full Disc Encryption Security.*

■ **January 3, 2006 Seagate** SCOTTS VALLEY, Calif.— *Seagate Introduces First-Ever 160GB Portable Hard Drive Using Perpendicular Recording.*

■ **January 9, 2006 (Forbes “Drive fast Drive Hard”) Seagate** *Seagate Will Begin Selling Its First So-Called Perpendicular Drive for Notebooks in Early 2006. By 2007 Every Seagate Disk Will Go Vertical.*

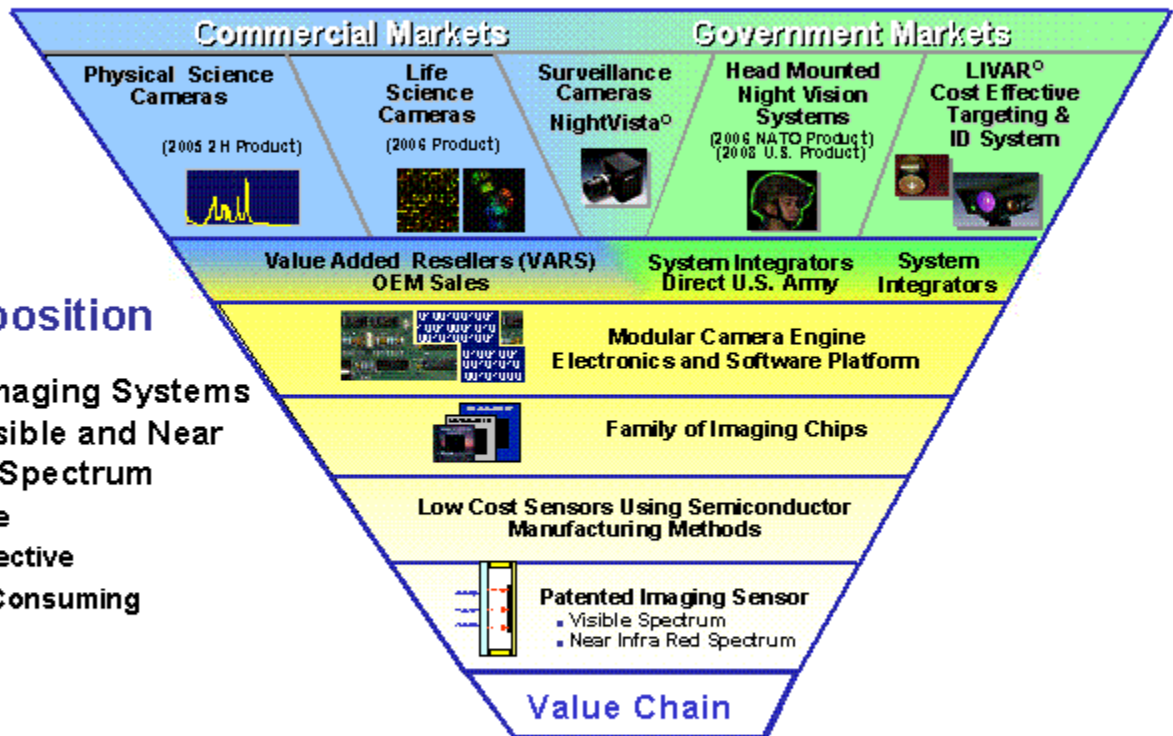
# Equipment Products Business Strategy

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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 New Growing Markets**

# 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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January 2006\_Slide 9



# Low Light Imaging Business

## Head Mounted Night Vision



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### Legacy



<b>Product</b>	<b>Night Vision Goggle</b>
<b>Technology</b>	Direct View Analog
<b>Prime Supplier</b>	ITT Northrop Grumman
<b>Recent Contracts</b>	2005 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 1<sup>st</sup> Major NATO Program (Night Vision Only)

# Low Light Imaging Business Commercial Products



**MOSIR™950** [www.mosir950.com/](http://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

*Innovation at the Speed of Light*®

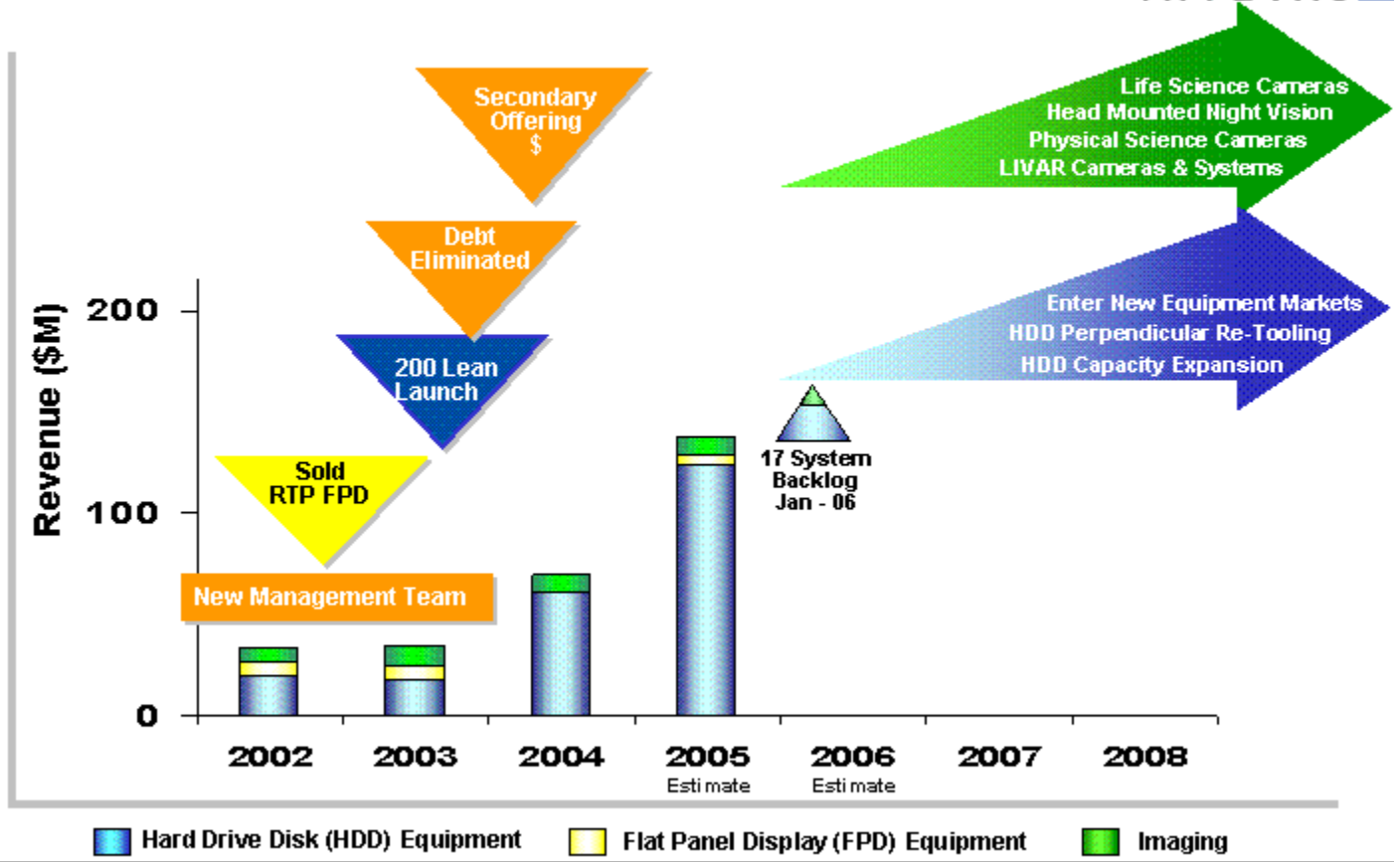


- Derived From LIVAR® Military Technology
- Q4 2005 Release
- Addresses \$30M Plus Physical Science Market

# Intevac Growth Drivers



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## Business Model Trends

### Percent of Revenue

	2004	2005* (Est.)	2006* (Est.)	Long Term Goal	
				Equipment	Imaging
Gross Margin	23%	31-32%	33-35%	45%	50%
R&D	16	11-12	10-12	15	10
MG&A	<u>14</u>	<u>10-11</u>	<u>10-12</u>	<u>10</u>	<u>20</u>
Operating Expense	30	21-22	20-24	25	30
Operating Income	<u>(7)</u>	<u>9-10</u>	<u>10-14</u>	<u>20</u>	<u>20</u>
Other Income	1	1	1	0	0
Taxes	<u>0</u>	<u>0</u>	<u>1</u>	<u>7</u>	<u>7</u>
Net Income	(6%)	10-11%	10-14%	13%	13%

— Performa, Excluding Stock Option Expenses —

\* Per October 31, 2005 Conference Call



## Investment Rationale

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- **Significant Opportunities in Growing Markets**
  - Hard Disk Equipment Capacity and Retooling
  - 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
  - \$45 Million Cash and Equivalents
  - Profitable, Generating Cash

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