

INTEVAC INC

FORM 8-K (Current report filing)

Filed 09/24/03 for the Period Ending 09/24/03

| | |
|-------------|---|
| 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 9/24/2003 For Period Ending 9/24/2003

| | |
|-------------|--|
| Address | 356O BASSETT ST SANTA CLARA, California 95054 |
| Telephone | 408-986-9888 |
| CIK | 0001001902 |
| Industry | Computer Storage Devices |
| Sector | Technology |
| 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 24, 2003
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)

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Item 9.

Item 7. Financial Statements and Exhibits

Exhibit Index

EXHIBIT 99.1

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Item 9.

Please find the September 2003 Business Presentation attached as Exhibit 99.1.

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Investor Presentation.

Table of Contents

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 24, 2003

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 | Investor Presentation. |

Intevac, Inc.



Charles B. Eddy
Chief Financial Officer
September 2003

030923-24-26_KF

Innovation at the Speed of Light

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Cautionary Disclaimer

During the course of this presentation, we will comment upon future events and make projections about the future financial performance of the Company, including statements related to the Company's expected sales, product shipments and acceptance, gross margins, operating expenses, profits, cash flow, and income tax expense. We will discuss our products, the markets they address and acceptance of those products by the market. 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 and technologies 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; and other risk factors discussed in documents filed by the Company with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company undertakes no obligation to update the forward-looking statements made during this presentation.

Intevac

| | |
|---------------------------|----------------|
| NASDAQ NM | IVAC |
| Shares Outstanding | 12.3M |
| Market Cap | \$ 117M |

Equipment Products Business

- Hard Disk Drive Media Coating Equipment
- Market Share Leader
 - Top 6 customers use Intevac Equipment
- Significant Recovery and Growth Opportunity
 - New tools driven by capacity and technology upgrades

Short Term
Potential > \$100 Million/year

Intensified Imaging Business

- Unique Next Generation Digital Imaging Systems for Night Vision
- Transitioning From Contract R&D to Product Revenues
- Significant Growth Opportunity
 - Multiple Military applications already in qualification
 - Commercial market in development

Medium Term
Potential > \$200 Million/year

Equipment Products Business

Mission

To Be the Leading Supplier of Equipment and Services to the Hard Disk Drive Industry Built Upon:

- **Winning Our Customer's Trust By Delivering Timely Results**
- **Enabling Our Customer to Improve Their Business Results Through Our Product Innovation and Enhancement of Customer Productivity**

Opportunity

- **The HDD Industry is a \$20B Business With Significant Technology and Cost Challenges**
 - **Capital spending is > \$1B**
 - **Intevac share today is < 5%**



Hard Drive Disk Industry 1995–1998 H1 Great Years For Intevac

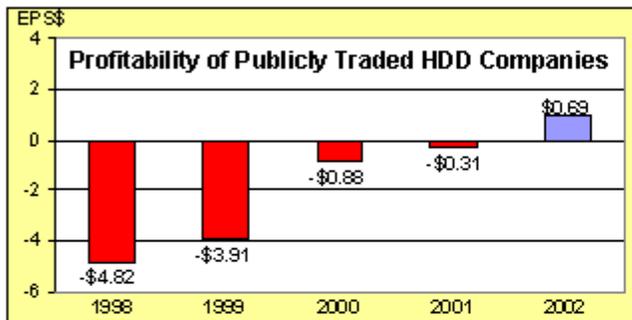
■ Intevac Wins 50% of Business

- Total Revenue \$ 303M
- Peak Revenue \$ 125M
- Cash Generated \$ 33M
- Peak Valuation \$ 282M
- Peak Share Price \$ 22.50

Hard Drive Disk Industry 1998 H2 - 2002

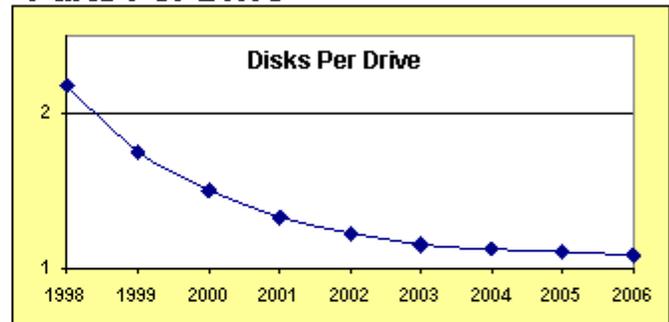
The Desert Years

■ Industry Financials In Bad Shape



Source: H&A Diskcon 2003

■ Rapid Growth in Areal Density Enables Lower Costs By Reducing Number of Parts Per Drive



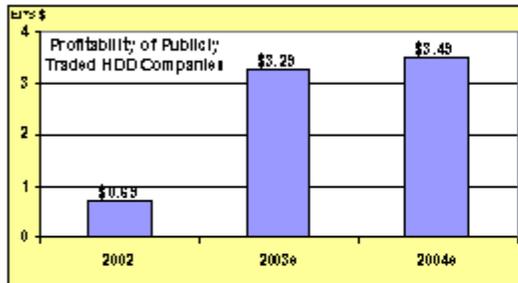
Source: TrendFocus

- Major Customer and Supplier Consolidation
 - Companies providing media coating systems decline from four to just Intevac and one other
- No Intevac Production System Sales
- Intevac HDD Related Revenues Limited to Upgrades and Spares (~\$20M per year)

Hard Drive Disk Industry 2003 – 2006

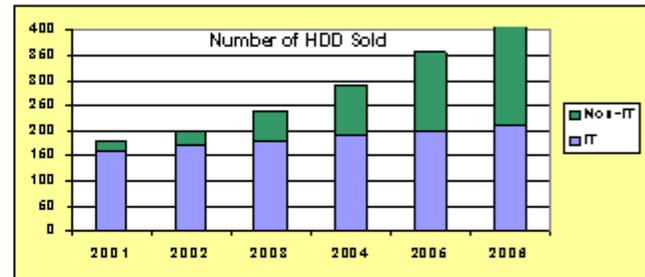
Multiple Factors Aligning for Bright Future for Intevac

Our Customers Are Profitable

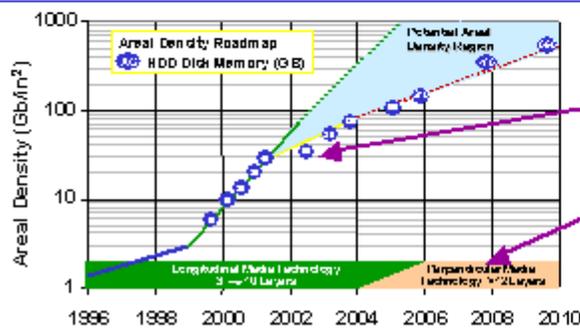


Source: H&A Diskcon 2003

Additional Capacity Required to Meet Growth of Market



Source: HGST Diskcon 2003



Areal Density Growth Slowing Enabling Customers to Achieve Improved ROI

Technology Change Requires New Generation Equipment With >12 Layer Capability

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Next Generation System Market Opportunity

Top Down Analysis

Today

240 Million HDDs/Year = 180 Equivalent "MDP 250Bs"
 - 1.3 Disks/HDD
 - 550 Disks/Hr.

2006

400 Million HDDs/Year = 277 Equivalent "MDP 250Bs"
 - 1.2 Disks/HDD
 - 550 Disks/Hr.
 = 218 Equivalent "200 Leans"
 - 1.2 Disks/HDD
 - 700 Disks/Hr.

Total Opportunity @ \$4.5 Million ASP

| | | | |
|---------------------|----------------------|------------|-------------------|
| New Capacity | \$342 Million | 76 | 200 Lean's |
| Upgrade/Replacement | \$639 Million | 142 | 200 Lean's |
| Total | \$981 Million | 218 | 200 Lean's |

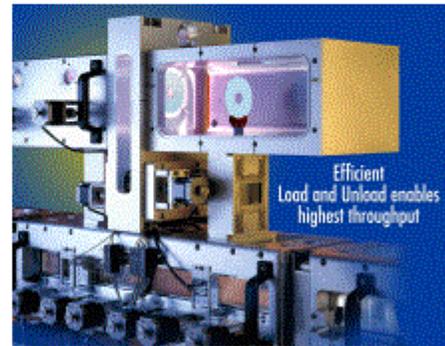
Equipment Products Business Strategy

- **Develop Competitive Next Generation System**
- **Win Majority of Technology and Capacity Hard Disk Drive Media Coating Tool Buys in 2003 - 2006 Timeframe**
- **Build Service, Spares and Consumable Business**
 - **Protect against cyclic nature of system buys**
 - **Establish larger presence in Asia to manage after system sales business**
- **Expand Served Available Market by Developing Equipment for Other Hard Disk Drive Manufacturing Applications**

Equipment Products Business Strategy Execution

■ Intevac® 200 Lean: Next Generation Media Coating System

- 40% higher productivity than previous system
- High flexibility to enable customers to rapidly change configuration for future media technologies
- No practical limit on number of process steps that can be accommodated
- 200% more factory space efficient than competitor's product



- Q3 03: 200 Lean wins first major competition for next generation media factory
- First shipments Q4 03

Equipment Business Model

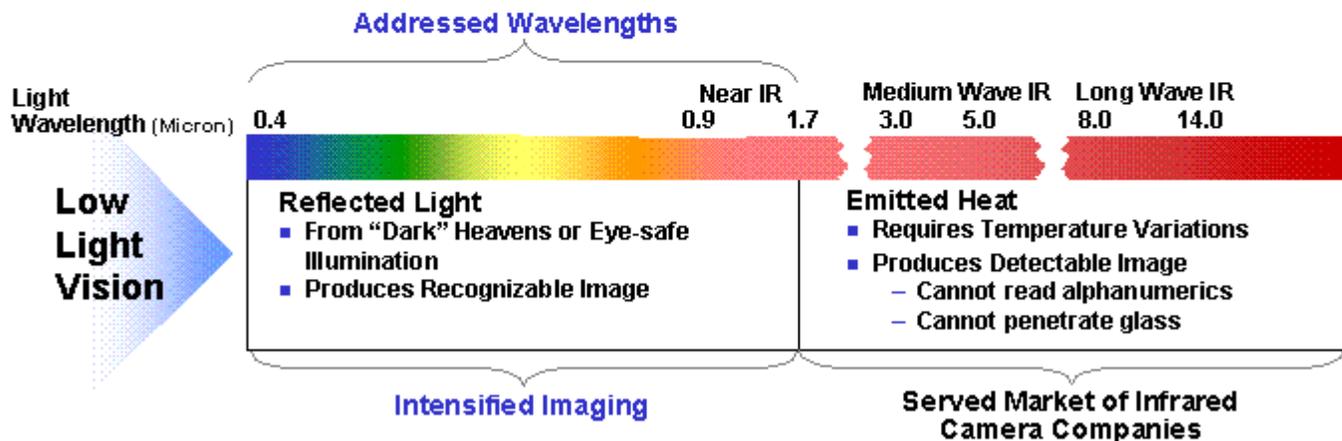
| | |
|--------------------------|-------------|
| Revenue | 100% |
| Gross Margin | 35% |
| Operating Expense | |
| - R&D | 12% |
| - MG&A | 8% |
| Operating Expense | 20% |
| Operating Income | 15% |

2004 Goal – Significant Profits

Imaging Business Mission

To Be The Global Leader in Low Light High Performance Imaging Products Built Upon:

- Intevac's extremely sensitive low noise photon detectors in the sub 1.7 micron wavelength
- Leveraging advances from the digital world to provide cost effective, smart imaging solutions
- Strategic partnerships with major system providers to address multiple markets

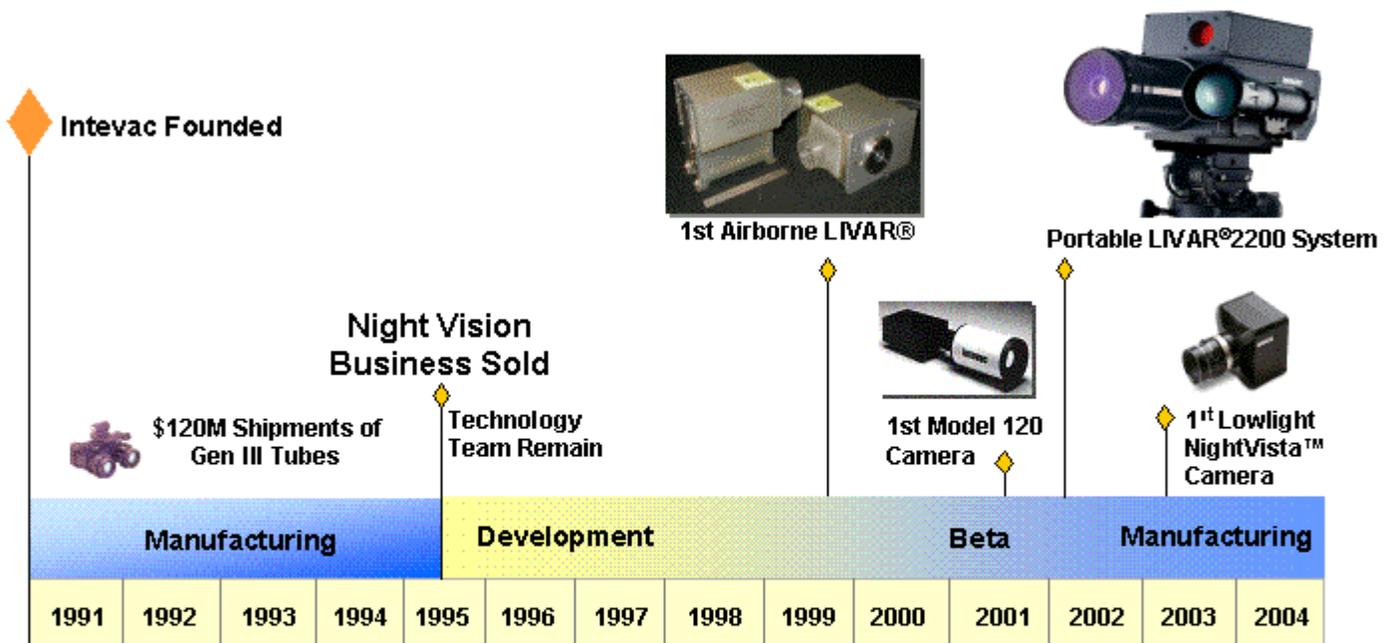


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Intensified Imaging History



>\$60 Million Spent On Development Of Next Generation Technology

Intensified Imaging Products & Applications

Long Range

Medium to Short Range

Airborne



Airborne Laser
Anti-Missile



Security Cameras



NightVista™



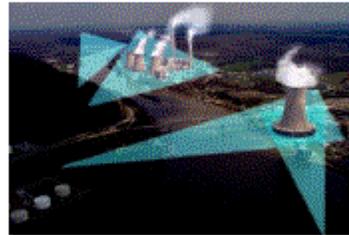
Photon-Processor™
Solid State Sensor



Head Mounted Display



LIVAR®



Homeland Security



Ground Vehicle



Maritime



Manportable

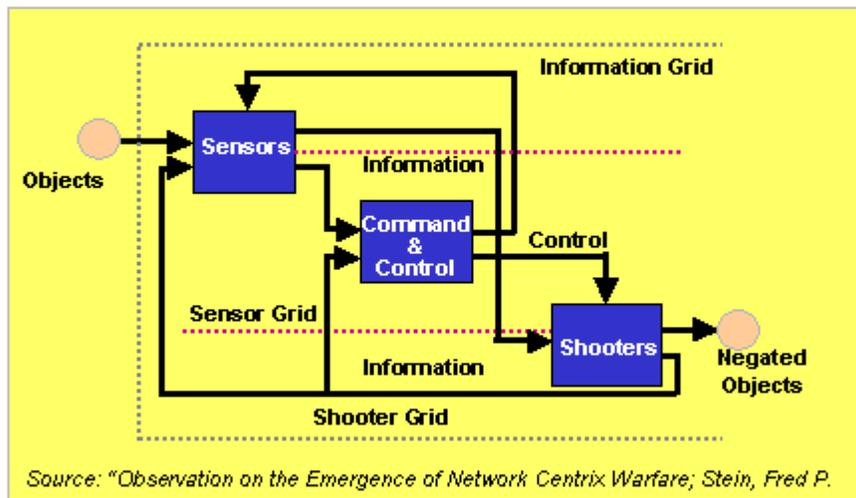
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Military Intensified Imaging Products

- Military Prefers to Fight In The Dark
- Military Is Evolving to “Network Centric” Warfare



Intevac Has Developed Revolutionary Digital Based Intensified Imaging Products That Address The Imaging Sensor Inputs to Command & Control

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Cost Effective Long Range Imaging

LIVAR®



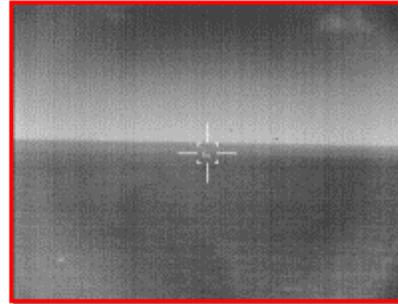
LIVAR®2200

- Covert Target Identification at Long Range
- Eye-Safe
- Compact and Light Weight
 - Man Portable
 - Retrofitable to Existing Targeting Systems

How LIVAR® Works

■ Detect

Forward Looking Infra Red
Or Radar
Or GPS Coordinates

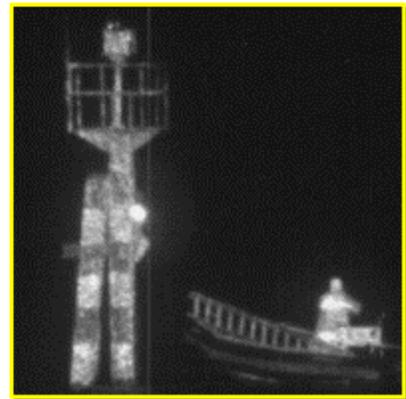


■ Range and Illuminate

- Eye Safe Laser
- Covert

■ Image

- 5x Increase in ID Range



■ Communicate

- Digital Information

LIVAR® Technology Breakthrough



Alphanumeric



Sees Through Glass

Range = 11km
over water at Night



Range = 28 km at Night



Range = 10 km at Night



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NEWS From:

Congressman Mike Honda

FIFTEENTH DISTRICT - CALIFORNIA



For Immediate Release
October 23, 2002

Contact: Ruben Pulido Jr.
202.225.3327 ruben.pulido@mail.house.gov

Rep. Honda Secures Funding for Silicon Valley Companies in Defense Bill Signed by President

WASHINGTON, October 23, 2002 — Today, President Bush signed into law a \$355.1 billion defense appropriations bill for fiscal year 2003 that includes provisions that Representative Mike Honda (D-San Jose) lobbied for. "This defense bill gives the federal government the necessary resources to continue to fight the war against terrorism," said Rep. Honda. "We will increase national security by allowing the military to continue to take advantage of technological advancements, many of which are developed in Silicon Valley." Following are earmarks that Rep. Honda secured for Department of Defense programs with a Silicon Valley impact:

LIVAR Sensor Development Program – \$4.2 million

Laser Illuminated Viewing and Ranging (LIVAR) technology enables target identification at longer ranges than presently possible. This capability will give U.S. forces more effective systems by increasing targeting effectiveness and reducing collateral damage. Intevac, a Santa Clara-based manufacturer of complex capital equipment, produces LIVAR technology.



LIVAR® 2200

Congress Makes LIVAR® a Budget Line Item to Accelerate Its Deployment

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CETS: Cost Effective Targeting System



Santa Clara, California, July 3, 2002 - Intevac, Inc. (NASDAQ: IVAC), today announced an order from DRS Sensor Systems, Inc. ("DRS") for the Phase 2 System Development of a LIVAR® sub-system to be incorporated into Cost Effective Targeting System ("CETS"). CETS is an autonomous gimbal-mounted sensor suite for Unmanned Ground Vehicle ("UGV") applications designed to provide target detection, location and identification.

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Airborne Laser Program

Wednesday July 18, 2002 8:01 am Eastern

Time Press Release

Modified Airborne Laser Aircraft Completes First Flight From Boeing Flight Line in Wichita

ST. LOUIS, July 18, 2002 -- The first Airborne Laser (ABL) aircraft, extensively modified by Boeing [NYSE: BA] to house the revolutionary ABL ballistic missile-defense system, successfully flew for the first time today.



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Short To Medium Range Night Vision

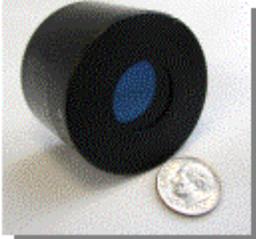
Today
(1970's Technology)



Heavy, Cumbersome

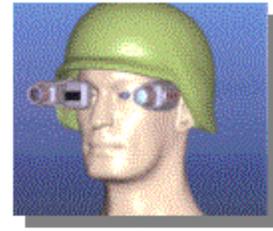


Direct View
(Blinded by Light)



Vacuum Tube Technology
Expensive

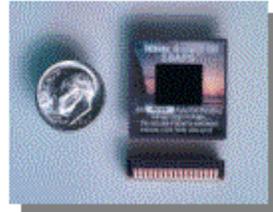
Tomorrow



Light, Compact



Video Output
(Day/Night Operation)



Solid State Intevac Device
Low Cost, Low Power

Market Opportunity
> \$200M / Year

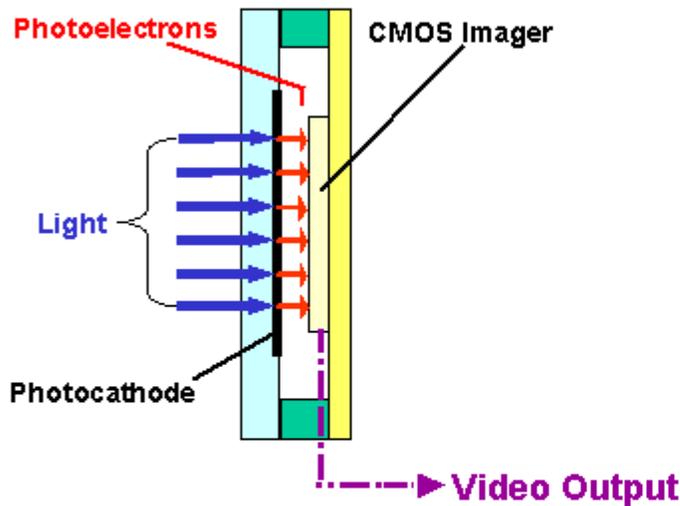
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Photon-Processor™

Extreme Low Light Level Digital Video Imager



Photon-Processor™

Uses Electron Bombardment Active Pixel Sensor (EBAPS™) Technology

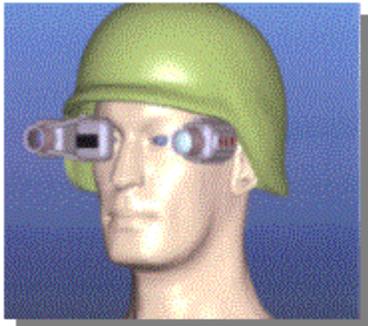
- Low Cost
- Patented Technology
- Camera Electronics On-chip
- Day/Night Operation
- SXGA (1024 X 1280) Resolution
- Low Power <600 Mw @ 3 VDC

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Head-Mounted Cameras



Military HMD

- Gen III Night Vision Performance Coupled with a High Resolution Miniature Display
- 1st Camera Shipments Q1 03
- Multiple Customers for Different Programs

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3560 Bassett Street, Santa Clara CA 95054

For Immediate Release

Contact: Charley Eddy, CFO
(408) 496-2259
ceddy@intevac.com

INTEVAC ANNOUNCES CONTRACT WITH SAIC FOR DEVELOPMENT OF A PROTOTYPE INTENSIFIED CMOS CAMERA FOR ARMY HEAD MOUNTED DISPLAY APPLICATIONS

Santa Clara, California, October 29, 2002 - Intevac, Inc. (NASDAQ: IVAC) today announced that it has been awarded an \$860,000 contract from SAIC for development of a miniature intensified CMOS camera based on Intevac's EBAPS™ technology. The program is funded by the U.S. Army and is managed by the Night Vision and Electronic Sensors Directorate (NVESD) at Ft. Belvoir, VA.

\$200M Annual Potential Military Market Beginning 2007*

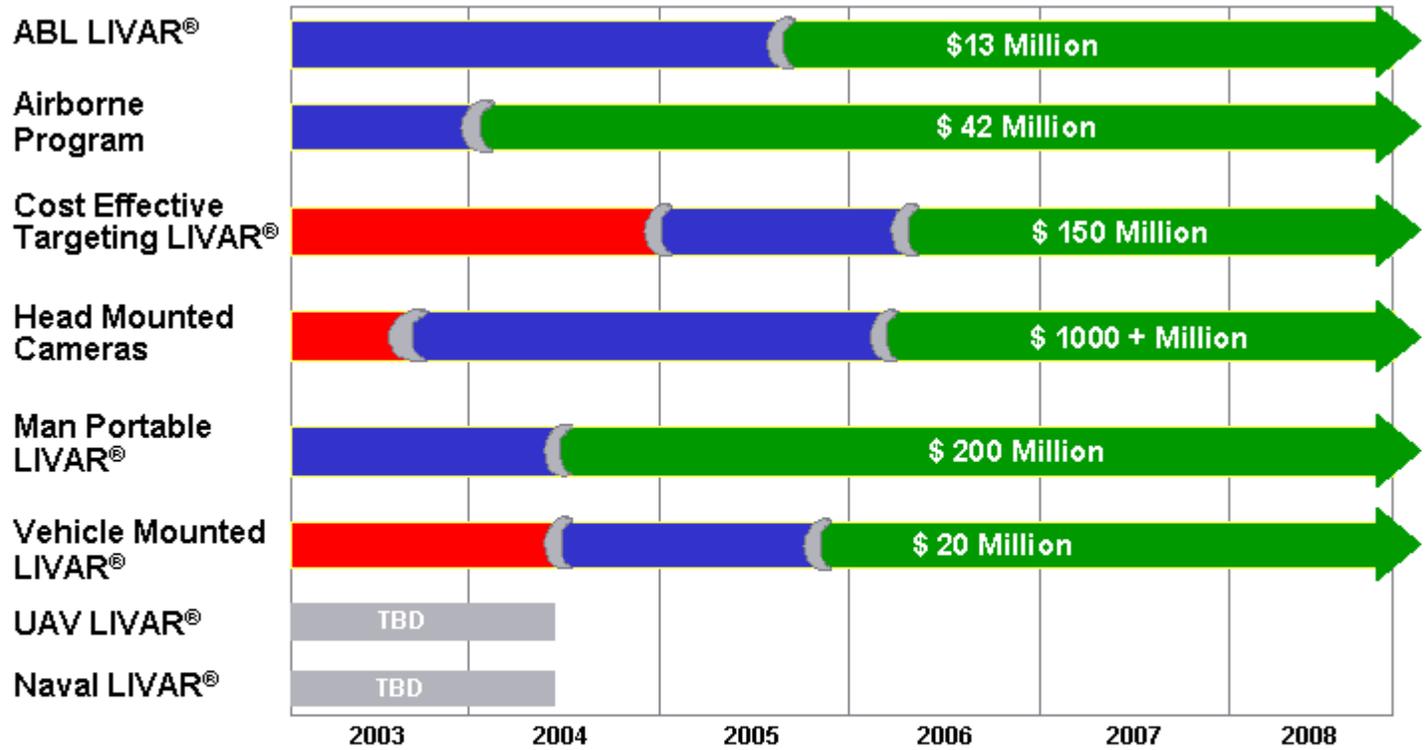
* Company Estimate

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Military Intensified Imaging Product Pipe Line



Typical Production Run: 8-10 years

Technology Demonstration

Engineering & Manufacturing Development Phase

Production Phase
\$\$

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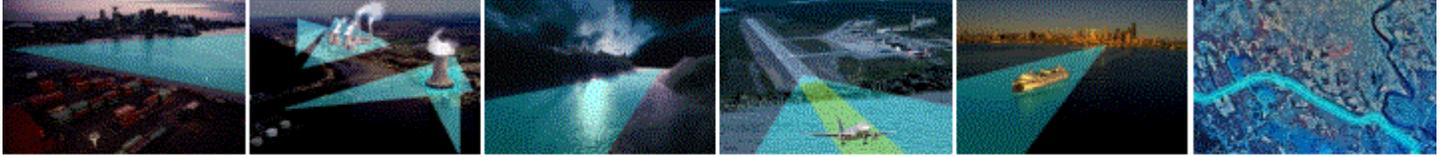
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Commercialized Intensified Imaging Business

Leveraging Technology Developed for Military both at Intevac and Elsewhere

Large Scale Infrastructure Security Using LIVAR®



Port Authority

Infrastructure Support

Water Watch

Extended Runway

Ferry or Tanker Watch

Border Control

- **LIVAR® Enables Automated Detection and Identification of Potential Threats Over Large Areas**
- **Available Q4 2003**

Short to Medium Range Night Time Security/Surveillance



- **NightVista™ Extreme Low Light Video Cameras**

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Imaging Business Model

| | <u>Military</u> | <u>Commercial</u> | <u>Blended</u> |
|-------------------|-----------------|-------------------|----------------|
| Revenue | 100% | 100% | 100% |
| Gross Margin | 35% | 55% | 45% |
| Operating Expense | | | |
| - R&D | 5% | 15% | 10% |
| - MG&A | 17% | 17% | 17% |
| Operating Expense | 3% | 3% | 3% |
| Operating Income | 10% | 20% | 15% |

2004 Goal – Breakeven

Intevac 2004 Financial Objectives

- **Equipment – Significant Profits**
- **Imaging – Breakeven**
- **Operating Cash Flow – Positive**
- **Conversion of \$29.5 Million of Convertible Notes to Equity**
 - **Increase Net Worth** – **\$29.5 Million**
 - **Increase Float** – **4.2 Million Shares**
 - **Reduce Interest Expense** – **\$1.9 Million/Year**

Intevac Summary

Equipment Products Business

- Major New Equipment Investment Cycle Starting
- Market Share Leader
- New System, 200 Lean, For Next Generation Media Technology
 - First Shipment Q4 03

**Short Term
Potential > \$100 Million/year**

Intensified Imaging Business

- Unique Technology to Address Significant and Growing Markets
- Significant Market
 - Military market development in process
 - Commercial market development starting

**Medium Term
Potential > \$200 Million/year**

Opportunity for Significant Revenue and Value Growth

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