

INTEVAC INC

FORM 8-K (Current report filing)

Filed 10/21/03 for the Period Ending 10/21/03

| | |
|-------------|---|
| 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 10/21/2003 For Period Ending 10/21/2003

| | |
|-------------|--|
| 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**

October 21, 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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EXHIBIT 99.1

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Item 9. Regulation FD Disclosure (pursuant to Item 12)

In accordance with SEC Release No. 33-8216, the following information, intended to be furnished under “Item 12. Results of Operations and Financial Condition,” is instead furnished under “Item 9. Regulation FD Disclosure.”

On October 21, 2003 Intevac, Inc. issued a press release announcing its results for the three and nine months ended September 27, 2003. The press release is attached as Exhibit 99.1.

Item 7. 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.

Date: October 21, 2003

INTEVAC, INC.

By: /s/ CHARLES B. EDDY III

Charles B. Eddy III
Vice President, Finance and Administration,

Chief Financial Officer, Treasurer and
Secretary

EXHIBIT INDEX

| Exhibit Number | Description |
|-----------------------|--------------------|
| 99.1 | Press Release |

3560 Bassett Street , Santa Clara CA 95054

Charles Eddy
Chief Financial
Officer
(408) 986-9888

Dan Matsui/Eugene
Heller
Silverman Heller
Associates
(310) 208-2550

INTEVAC REPORTS THIRD-QUARTER 2003 FINANCIAL RESULTS

Santa Clara, Calif.—October 21, 2003 —Intevac, Inc. (Company) (Nasdaq: IVAC), today reported financial results for the three and nine-month periods ended September 27, 2003.

Revenues for the third quarter were \$7.6 million, compared to \$6.7 million for third quarter of 2002. The increase in revenues was primarily due to the increase in photonics technology sales to \$2.7 million from \$2.0 million in the year-ago period.

Net loss for the quarter was \$2.9 million, or \$(0.24) per diluted share, and included the effect of establishing \$210,000 of inventory reserves. For the third quarter of 2002, Intevac reported a net loss of \$3.8 million, which included \$508,000 of other expense related to the exchange of \$36.3 million of its 6 1/2% convertible notes due 2004 for a combination of cash and its 6 1/2% convertible notes due 2009, and a \$26,000 credit to inventory reserves.

Revenues for the nine months ended September 27, 2003 were \$24.2 million, versus \$21.8 million for the comparable period in 2002. The increase in nine-month revenues was attributable to an increase in equipment products revenue to \$17.8 million from \$16.3 million in the year-ago period and an increase in photonics technology sales to \$6.4 million from \$5.5 million in the year-ago period. Equipment revenues during these periods included flat panel display manufacturing equipment sales of \$7.3 million in 2003, and \$5.2 million in 2002.

Net loss for the nine months ended September 27, 2003, was \$11.7 million, or \$(0.96) per diluted share, and included the effects of establishing a \$638,000 reserve for disposition of fixed assets and \$942,000 of inventory reserves. For the year-earlier period, the Company reported a loss of \$5.1 million, or \$(0.42) per diluted share, which included the effect of a \$6.4 million tax refund and the effect of establishing \$678,000 of inventory reserves.

Backlog totaled \$24.1 million on September 27, 2003, compared to \$14.3 million on June 28, 2003, and \$30.3 million on September 28, 2002. The increase in backlog relative to the prior quarter was primarily the result of orders received during the quarter for two Intevac®200 Lean and two Intevac®MDP-250 hard disk drive media deposition systems. Following the end of third quarter 2003 Intevac received orders for an additional eight 200 Lean systems, which are not included in the \$24.1 million backlog of September 27, 2003.

Intevac Chief Executive Kevin Fairbairn commented: “The upturn in the hard disk drive market is now clearly upon us and should enable Intevac to achieve significantly better business results next year. Expansions of hard disk drive production capacity have been announced by three of our customers, and in the last few months we have received orders for two MDP-250 systems and ten next generation 200 Lean systems. Forecasters are projecting significant growth in hard drive shipments over the next three years driven by large growth in consumer applications like DVRs, or digital video recorders, and large capacity MP3 players like iPod™.”

“Our imaging business also made good progress this quarter,” Fairbairn added. “Revenues increased substantially and our new imaging operations group achieved record yields on our LIVAR camera sensors. We expect results in the imaging business to further improve in Q4 with the shipment of multiple LIVAR® cameras for development applications.”

Conference Call Information

The Company will discuss its financial results in a conference call October 21, 2003, at 8:00 a.m. PDT (11:00 a.m. EDT). To participate in the teleconference, please dial toll-free (800) 291-8929 prior to the start time. For international callers, the dial-in number is (706) 634-0478. Live and archived replays of the call will be available online at the Company’s website, www.Intevac.com.

Additionally, a telephone replay of the call will be available for 48 hours beginning at 11:00 a.m. PDT on October 21, 2003. You may access the playback by dialing (800) 642-1687 or, for international callers, by dialing (706) 645-9291, and providing Conference ID 3170499.

About Intevac

Intevac produces sophisticated manufacturing equipment used in the manufacture of high technology products. Intevac’s equipment products are designed to deposit or modify highly engineered thin-films of material on a variety of substrates. These systems are designed for continuous high volume manufacturing of precision thin-film products such as magnetic media for hard drives. Intevac is also developing revolutionary intensified imaging products that address potentially large commercial and military markets. Intevac’s intensified imaging products are high-speed electro-optical devices that detect light with extraordinary sensitivity. The Company’s proprietary technology makes possible products such as LIVAR®, a long-range target identification system, and video cameras with night-vision capability. For more information call 408-986-9888 or visit the Company’s website at www.intevac.com.

LIVAR®, Intevac® 200 Lean and Intevac® MDP-250 are registered trademarks of Intevac. iPod™ is a trademark of Apple Computer.

Safe Harbor Statement

This press release includes statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Intevac claims the protection of the safe-harbor for forward-looking statements contained in the Reform Act. These forward-looking statements are often characterized by the terms “may,” “believes,” “projects,” “expects,” or “anticipates,” and do not reflect historical facts. Specific forward looking statements contained in this press release include, but are not limited to, projected growth in shipment of hard disk drives, growth in consumer applications for hard disk drives, and projected improvement in business results for the equipment and imaging businesses. The forward-looking statements contained herein involve risks and uncertainties that could cause actual results to differ materially from the Company’s expectations. These risks and other factors are detailed the Company’s regular filings with the Securities and Exchange Commission.

[Financial tables on following pages]

CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

| | 3 months ended | | 9 months ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Sept. 27, 2003 (Unaudited) | Sept. 28, 2002 (Unaudited) | Sept. 27, 2003 (Unaudited) | Sept. 28, 2002 (Unaudited) |
| Net revenues | | | | |
| Equipment Products | \$ 4,853 | \$ 4,759 | \$ 17,666 | \$ 16,276 |
| Commercial Imaging | — | 8 | 6 | 37 |
| Photonics Technology | 2,653 | 1,970 | 6,436 | 5,479 |
| | <u>7,616</u> | <u>6,737</u> | <u>24,218</u> | <u>21,792</u> |
| Total net revenues | 7,616 | 6,737 | 24,218 | 21,792 |
| Gross profit (loss) | 2,880 | 1,342 | 5,159 | 4,308 |
| Gross margin | | | | |
| Equipment Products | 45.3% | 18.7% | 21.1% | 21.6% |
| Commercial Imaging | — | 100.0% | 100.0% | 100.0% |
| Photonics Technology | 23.8% | 22.5% | 21.8% | 13.7% |
| | <u>37.8%</u> | <u>20.0%</u> | <u>21.3%</u> | <u>19.8%</u> |
| Consolidated | 37.8% | 20.0% | 21.3% | 19.8% |
| Operating expenses | | | | |
| Research and development | 3,173 | 2,285 | 8,916 | 8,391 |
| Selling, general and administrative | 2,216 | 1,976 | 6,287 | 5,522 |
| | <u>5,389</u> | <u>4,261</u> | <u>15,203</u> | <u>13,913</u> |
| Total operating expenses | 5,389 | 4,261 | 15,203 | 13,913 |
| Operating income/(loss) | | | | |
| Equipment Products | (969) | (1,651) | (4,126) | (5,950) |
| Commercial Imaging | (736) | (567) | (2,532) | (970) |
| Photonics Technology | (176) | (167) | (1,401) | (1,071) |
| Corporate | (628) | (534) | (1,985) | (1,614) |
| | <u>(2,509)</u> | <u>(2,919)</u> | <u>(10,044)</u> | <u>(9,605)</u> |
| Total operating loss | (2,509) | (2,919) | (10,044) | (9,605) |
| Other income (expense) | (373) | (927) | (1,637) | (1,880) |
| | <u>(2,882)</u> | <u>(3,846)</u> | <u>(11,681)</u> | <u>(11,485)</u> |
| Profit/(Loss) before provision for income taxes | (2,882) | (3,846) | (11,681) | (11,485) |
| Provision for (Benefit from) income taxes | — | — | — | (6,369) |
| | <u>(2,882)</u> | <u>(3,846)</u> | <u>(11,681)</u> | <u>(5,116)</u> |
| Net Income/(Loss) | (\$2,882) | (\$3,846) | (\$11,681) | \$ (5,116) |
| Income (loss) per share | | | | |
| Basic | (\$0.24) | (\$0.32) | (\$0.96) | \$ (0.42) |
| Diluted ^a | (\$0.24) | (\$0.32) | (\$0.96) | \$ (0.42) |
| Weighted average common shares outstanding | | | | |
| Basic | 12,266 | 12,093 | 12,206 | 12,065 |
| Diluted ^a | 12,266 | 12,093 | 12,206 | 12,065 |

^a Diluted earnings per share exclude “as converted” treatment of the Company’s 6 1/2% Convertible Subordinated Notes Due 2004 and the Company’s 6 1/2% Convertible Subordinated Notes Due 2009 and the effect of outstanding stock options when these potentially dilutive securities are anti-dilutive to earnings per share.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| ASSETS | Sept. 27, 2003 | Dec. 31, 2002 |
|---|----------------|---------------|
| | (Unaudited) | |
| Current assets | | |
| Cash, cash equivalents and short term investments | \$ 21,148 | \$28,457 |
| Accounts receivable, net | 6,529 | 4,991 |
| Income taxes recoverable | — | 214 |
| Inventories – production | 6,642 | 5,957 |
| Inventories – pending acceptance at customer site | 3,222 | 9,914 |
| Prepaid expenses and other current assets | 607 | 961 |
| | ----- | ----- |
| Total current assets | 38,148 | 50,494 |
| Property, plant and equipment, net | 6,281 | 6,793 |
| Investment in 601 California Avenue LLC | 2,431 | 2,431 |
| Debt issuance costs and other | 506 | 580 |
| | ----- | ----- |
| Total assets | \$ 47,366 | \$60,298 |
| | ----- | ----- |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Convertible notes | 1,025 | — |
| Accounts payable | 3,006 | \$ 1,739 |
| Accrued payroll and related liabilities | 1,488 | 1,379 |
| Other accrued liabilities | 3,244 | 3,723 |
| Customer advances | 9,552 | 12,344 |
| | ----- | ----- |
| Total current liabilities | 18,315 | 19,185 |
| Convertible notes | 29,542 | 30,568 |
| Shareholders' equity | | |
| Common stock | 20,034 | 19,389 |
| Retained earnings (deficit) | (20,525) | (8,844) |
| | ----- | ----- |
| Total shareholders' equity | (491) | 10,545 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 47,366 | \$60,298 |
| | ----- | ----- |

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