

METRON TECHNOLOGY N V
Form DEFA14A
August 17, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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Metron Technology N.V.

(Name of Registrant as Specified In Its Charter)

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This transcript contains statements about Metron Technology N.V. and a proposed sale of assets and a cash distribution to Metron's shareholders that are not historical facts and are considered forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as expected, believes, anticipates, plans, expects, would and similar expressions are intended to indicate forward-looking statements. These statements are based upon current expectations, forecasts and assumptions that are subject to risks, uncertainties and other factors that could cause actual outcomes and results to differ materially from those indicated by these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: the satisfaction of the conditions to closing, including receipt of shareholder and regulatory approvals; the expected closing date of the transaction; the risk that the transaction will not close; the risk that the timing and amount of the actual cash distribution to be distributed to Metron's shareholders will differ from what is presently anticipated; the risk that the costs and expenses of Metron following the closing of the proposed transaction exceed management's current expectations; the risk that continuity of Metron's operations will be disrupted prior to the closing of the transaction; the risk that continuity of Metron's operations will be disrupted in the event the transaction does not close; the reactions of our customers, distributors and suppliers to the proposed transactions; whether the costs of completing the transactions and winding up of the company exceed management's estimates; Metron's ability to retain existing customers, distributors and suppliers and to obtain new customers, distributors and suppliers; Metron's ability to attract and retain qualified personnel; and risks detailed from time to time in Metron's SEC reports, including its Annual Report on Form 10-K, for the year ended May 31, 2004. Metron does not undertake any obligation to update forward-looking statements.

In connection with the proposed transaction, Metron intends to file a proxy statement and other relevant materials with the Securities and Exchange Commission (SEC). BEFORE MAKING ANY VOTING DECISION WITH RESPECT TO THE PROPOSED TRANSACTION, SHAREHOLDERS OF METRON ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT MATERIALS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The proxy statement and other relevant materials, and any other documents filed by Metron with the SEC, may be obtained free of charge at the SEC 's website at www.sec.gov. In addition, shareholders of Metron may obtain copies of the documents filed with the SEC free of charge at the Metron investor relations website <http://www.investor.metrontech.com>. You may also read and copy any reports, statements and other information filed by Metron with the SEC at the SEC public reference room at 450 Fifth Street, N.W. Room 1200, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC 's website for further information on its public reference room.

Metron and its executive officers and directors may be deemed to be participants in the solicitation of proxies from Metron shareholders in favor of the proposed transaction. Certain executive officers and directors of Metron have interests in the transaction that may differ from the interests of shareholders generally, including acceleration of vesting

of stock options, employment arrangements with Applied Materials following the closing of the transaction, participation in a retention plan to be implemented by Applied Materials following the closing of the transaction and continuation of director and officer insurance and indemnification. These interests will be described in the proxy statement when it becomes available.

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On August 16, 2004, Metron Technology N.V. conducted the following conference call:

Doug: Thank you, operator, and good afternoon everyone. Thank you for joining us today.

I want to remind listeners that any remarks that are made on this call or in today's press release that are not historical in nature constitute forward-

looking statements that are dependent on certain risk factors and uncertainties discussed in the Company's Annual Report on Form 10-K for the Company's fiscal year ended May 31, 2004, and other public filings with the SEC.

I'll now turn the call over to Ed Segal, Chairman and Chief Executive Officer of Metron.

Ed: Thank you, Doug. And thank you, everyone, for joining us in our discussion of today's event.

I am happy to announce that today Metron entered into a definitive agreement with Applied Materials regarding a proposed acquisition of the worldwide operating subsidiaries and business of Metron Technology by Applied Materials. The proposed transaction is an acquisition of Metron's business and assets, not a merger, and is subject to regulatory and Metron shareholder approval, as well as other closing conditions. We expect that the acquisition will close in Metron Technology's second quarter of fiscal 2005, which ends November 30th, 2004. Doug McCutcheon will provide you with the available financial terms of the agreement in a moment.

We believe that this transaction is in the best interest of our shareholders, employees, customers, and suppliers and that the price is fair to the Company. We believe that Applied Materials realizes the value that Metron offers for them to take a large step toward achieving their goals in the semiconductor outsource solutions market.

We believe that our employees would benefit and realize many growth opportunities as part of the leading equipment company in our industry. The skill sets that we have within the employee base of Metron are focused on sales, marketing & support of legacy equipment, spare parts, services and fab materials. It should be clear that we will continue to use the classical distribution model for products including cleanroom

integrated solutions and gas & fluid handling solutions. Combining this business with Applied Materials' industry leading operations and the capital provided by Applied Materials, gives the business the opportunity to secure additional products that can provide our customers with a myriad of global integrated support solutions that improve supply chain management and also reduce operational costs. We believe this offers many more growth opportunities for our employees and at the same time new potential account penetration for our suppliers.

Applied Materials has informed us that upon closing, Metron would be managed as an independent organization and become a wholly-owned subsidiary of Applied Materials, retaining the Metron Technology name and brand. Together with Applied Materials this is a formidable next step for building out an outsource solutions segment in our industry.

For those of you on the call who are not familiar with Metron, I'd like to offer a brief summary of our business. Metron is a leading global provider of outsource solutions to the semiconductor industry. We are focused on delivering outsourcing alternatives to semiconductor device manufacturers, original equipment manufacturers, and suppliers of production materials.

Metron is organized into two worldwide operating groups: Fab Solutions and Equipment Solutions. Our Fab Solutions Group represents a new outsourcing model for the semiconductor industry, and is focused on the critical, non-core functions of the fab. Our Equipment Solutions Group is focused on providing OEMs with a comprehensive outsource package for all stages of the life cycle of capital equipment.

The last three years have been a period of restructuring, reorganization, and refinancing for our company. Metron has taken a leadership position as a global provider of outsource solutions to the semiconductor industry, achieving 7 consecutive quarters of increasing gross margins, and a return

to operating profitability in our last reported quarter. Metron has the resources needed to succeed as a global provider of outsourced solutions to the semiconductor industry, but is challenged by the need for capital in order to grow at a faster rate.

As we have transitioned Metron from an equipment distribution business to an outsource solutions business, we established the leadership position and secured a foothold in a market that offered us higher growth and higher gross margin opportunities.

The effect of today's agreement with Applied Materials validates the work we have done over the past several years to establish Metron as The Outsource Solutions Company.

I will now turn the call over to Doug McCutcheon, our chief financial officer, to discuss the financial terms of the acquisition.

Doug: Thank you, Ed. To reiterate, under the terms of the agreement that we announced this afternoon, Applied Materials would acquire the worldwide operating subsidiaries and business of Metron. Applied Materials would pay approximately \$84.6 million in cash to Metron for the outstanding shares of capital of Metron's worldwide operating subsidiaries and other business assets of its operating subsidiaries, and would assume certain Metron liabilities.

Following the close of the acquisition, Metron Technology N.V. would plan to announce cash distributions to its shareholders in the range of approximately \$4.74 to approximately \$4.80 per share (depending on the tax attributes of the Metron shareholders). Metron anticipates the distributions will be made in at least two tranches, in an approximately six-month period following the closing of the acquisition. A significant portion of the distribution would expect to be made as soon as practicable following the closing. In connection with the final cash distribution to its

shareholders, it is anticipated that Metron Technology would conclude its business, delist its shares from NASDAQ and be dissolved and liquidated.

Metron has not set a record or payment date for such distributions, and the timing and final amount of the distributions is dependent upon a variety of factors, including the timing and costs of winding up and dissolving Metron Technology N.V.

Metron shareholders will be asked to approve the proposed acquisition of Metron by Applied Materials. Metron has not yet set a date for the shareholder meeting but intends to file a proxy statement and other relevant materials with the Securities and Exchange Commission, which would contain that information.

I will now turn the call over to Dennis Riccio to discuss the operational issues.

Dennis: Thank you and good afternoon. As Ed stated earlier, we are very pleased with today's announcement. We believe that the combination of Metron and Applied Materials would offer our customers new integrated products and services that would improve supply chain management and reduce operational costs.

Many elements of Metron's business are a good fit for Applied Materials and offer an expanded market potential. Applied Materials has informed us that synergies are expected to come from the combined products and services offered to customers of both companies. Applied Materials would be able to offer OEM product offerings for non-Applied equipment through Metron's Legends Product Line, which is focused on early generation semiconductor equipment.

Additionally, Applied Materials would be able to offer a broader range of products and services for the fab through Metron's Fab Solutions. Fab Solutions is centered around the critical non-core areas of the fab.

Through Metron's customer interface platform, which we have branded as Outsource Solutions Centers, we continue to offer seamless delivery of products and services to customers on a global basis.

With this acquisition, Metron would have access to Applied Materials' robust global infrastructure, supplier network and capital resources. And, we anticipate increased opportunities from Applied Materials' services business.

Between the announcement today and closing, we expect that operational activities will remain status quo. In parallel we will be having discussions with Applied Materials regarding plans for integration after closing.

I will now turn the call back to Ed.

Ed: Metron is pleased with the prospect of combining forces with Applied Materials. Our own past acquisitions, which we successfully made in parts cleaning, fluid handling distribution, cleanroom products distribution, and legacy products formed a basis for our shift in business model to Outsource Solutions. We had identified a tremendous need for support by semiconductor manufacturers who wanted to focus on their core competencies. Metron has pioneered the area of outsourcing, and we are happy to see more evidence that the marketplace is recognizing this new market segment.

I would like to thank our employees, our shareholders, our suppliers, and board members for their continued dedication to Metron. We appreciate all of your efforts and we are excited about the opportunities presented by this new business.

We also appreciate the efforts made by Applied Materials and their team in making today's transaction a success. It is a combined team effort to make transactions like this work. We believe this is a great step for Metron and for Applied Materials.

Operator, please open up the call for questions from our audience.

Operator: Thank you, sir. At this time we are ready to begin the question and answer session. If you would like to ask a question, please press *1. You may need to lift your handset prior to pressing *1. You will be announced prior to asking your question. If you would like to withdraw your question, please press *2. Once again, to ask a question, please press *1. One moment please.

Our first question comes from Sid Parakh, you may ask your question, and please state your company name.

Q: This is Sid Parakh, at the Robins Group. Hey, congratulations, gentlemen. I have a few quick questions. Can you give me the share count on which this offer is being based?

Doug: Currently Sid, this is Doug, thank you for your question. The \$4.80 a share to arrive at the \$84.6 million obviously implies 17.6 million shares and other equity equivalents outstanding. So there are 12.8 million shares outstanding and then the balance is other equity equivalents.

Q: So those are like options, warrants outstanding and

Doug: Right.

Q: Okay. And now are there any excise or income taxes that are included in this? Or is this going to be like a net pay out? Like \$4.80, is that a net pay out to the shareholder?

Doug: Yes, that is the intended the \$4.74 to \$4.80, that's why there's a small range, depending on the tax status of the shareholder, there may be some withholding tax that is netted out. But our calculation is that wouldn't be more than that 6-cent difference.

Q: Okay.

- Doug: Other tax leakage in the transaction is being paid by Applied Materials.
- Q: Okay. Also, could you just talk about some conditions or requirements that you have to satisfy to ensure that the transaction is completed? Are there any milestones or certain conditions that have been laid down by Applied Materials?
- Doug: There certainly are a number of closing conditions, but nothing that I would describe as being out of the ordinary course of business of just continuing to manage the business.
- Q: Okay, so just the usual terms?
- Doug: Yes. With the proxy, we'll have all the relevant material.
- Q: Okay, and I think I missed the date by when you said the transaction would be completed. Could you just say that again?
- Doug: We said that we expect closing within 60 to 90 days, but there can be other delays in it. But the normal time would be 60 to 90 days. But again, it is uncertain because of certain regulatory filings and possible reviews and things like that.
- Q: Okay. Do any of the regulatory filings concern you as in any issues there?
- Doug: Not aware of any issues, no.
- Q: Okay. So I would think that the first tranche of payment goes out within you say maybe in the next whatever, after 90 days, immediately after that?
- Doug: What we said was following closing, as soon as practicable, and I can't put a time frame on that, but hopefully sooner rather than later. And then the continuing, during the remainder of that 6 month period, the continuing wind down of the N.V. and then the determination of the final cash distribution and closing N.V.

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Q: Okay. Thank you, gentlemen.

Doug: Thank you, Sid.

Operator: Our next question comes from Tom Diffely. You may ask your question and please state your company name.

Q: Yeah, hi, Merrill-Lynch. Congratulations on the good news, Ed. Quick question for you. Are there any issues with Applied Materials acquiring the legacy product lines of their competitors?

Ed: There are none that we're aware of.

Q: Okay.

Ed: But Applied said that they would be in the legacy business for other people's equipment to service it, manufacture it. We don't know of any.

Q: Okay. And do you get the feeling that Applied is committed to both your distribution as well your service and spares business?

Ed: We think they're very much comm