

INTEVAC INC
Form 10-Q
July 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(MARK ONE)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 29, 2013

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-26946

INTEVAC, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-3125814
(IRS Employer Identification No.)

3560 Bassett Street

Santa Clara, California 95054

(Address of principal executive office, including Zip Code)

Registrant's telephone number, including area code: (408) 986-9888

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

On July 30, 2013, 23,793,138 shares of the Registrant's Common Stock, \$0.001 par value, were outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****INTEVAC, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 29, 2013	December 31, 2012
	(Unaudited)	
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,250	\$ 24,261
Short-term investments	46,344	40,591
Trade and other accounts receivable, net of allowances of \$0 at both June 29, 2013 and at December 31, 2012	17,542	19,822
Inventories	25,625	26,193
Prepaid expenses and other current assets	1,289	2,120
Total current assets	113,050	112,987
Property, plant and equipment, net	12,328	13,426
Long-term investments	19,701	27,317
Intangible assets, net of amortization of \$2,926 at June 29, 2013 and \$2,887 at December 31, 2012	5,459	5,868
Deferred income taxes and other long-term assets	14,114	12,905
Total assets	\$ 164,652	\$ 172,503
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 6,491	\$ 4,479
Accrued payroll and related liabilities	4,663	4,194
Other accrued liabilities	4,520	8,489
Customer advances	8,317	2,193
Deferred income taxes	1,281	1,281
Total current liabilities	25,272	20,636
Other long-term liabilities	9,328	9,232
Stockholders' equity:		
Common stock, \$0.001 par value	24	23
Additional paid-in capital	154,187	151,996
Accumulated other comprehensive income	670	769
Accumulated deficit	(24,829)	(10,153)
Total stockholders' equity	130,052	142,635
Total liabilities and stockholders' equity	\$ 164,652	\$ 172,503

Note: Amounts as of December 31, 2012 are derived from the December 31, 2012 audited consolidated financial statements.

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See accompanying notes to the condensed consolidated financial statements.

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	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
	(Unaudited)			
	(In thousands, except			
	per share amounts)			
Net revenues:				
Systems and components	\$ 13,234	\$ 28,634	\$ 22,120	\$ 43,402
Technology development	3,749	3,157	7,845	5,705
Total net revenues	16,983	31,791	29,965	49,107
Cost of net revenues:				
Systems and components	10,173	15,266	16,480	24,086
Technology development	2,981	2,271	6,142	3,943
Total cost of net revenues	13,154	17,537	22,622	28,029
Gross profit	3,829	14,254	7,343	21,078
Operating expenses:				
Research and development	5,584	8,263	11,943	17,476
Selling, general and administrative	5,235	6,669	11,206	13,442
Total operating expenses	10,819	14,932	23,149	30,918
Gain (loss) on divestitures			(208)	2,207
Loss from operations	(6,990)	(678)	(16,014)	(7,633)
Interest income and other, net	92	48	172	420
Loss before income taxes	(6,898)	(630)	(15,842)	(7,213)
Provision for (benefit from) income taxes	(486)	863	(1,166)	(2,559)
Net loss	\$ (6,412)	\$ (1,493)	\$ (14,676)	\$ (4,654)
Net loss per share:				
Basic and diluted	\$ (0.27)	\$ (0.06)	\$ (0.62)	\$ (0.20)
Weighted average common shares outstanding:				
Basic and diluted	23,785	23,265	23,724	23,241

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**INTEVAC, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
	(Unaudited)			
	(In thousands, except per share amounts)			
Net loss	\$ (6,412)	\$ (1,493)	\$ (14,676)	\$ (4,654)
Other comprehensive income (loss), before tax				
Change in unrealized net loss on available-for-sale investments	(74)	101	(89)	232
Foreign currency translation losses	(4)	(26)	(10)	(14)
Other comprehensive income (loss), before tax	(78)	75	(99)	218
Income tax benefit related to items in other comprehensive income		(35)		(81)
Other comprehensive income (loss), net of tax	(78)	40	(99)	137
Comprehensive loss	\$ (6,490)	\$ (1,453)	\$ (14,775)	\$ (4,517)

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**INTEVAC, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended	
	June 29, 2013	June 30, 2012
	(Unaudited)	
	(In thousands)	
Operating activities		
Net loss	\$ (14,676)	\$ (4,654)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	2,093	2,299
Net amortization of investment premiums and discounts	431	758
Net loss on sale of investments		210
Equity-based compensation	1,082	1,998
Change in the fair value of acquisition-related contingent consideration	(209)	643
Deferred income taxes	(1,324)	(2,373)
Loss (gain) on divestitures	208	(2,207)
Changes in operating assets and liabilities	8,242	(7,108)
Total adjustments	10,523	(5,780)