

VEECO INSTRUMENTS INC
Form 10-Q
October 29, 2008
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 September 30, 2008

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 0-16244

VEECO INSTRUMENTS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of

11-2989601
(I.R.S. Employer

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Incorporation or Organization)

Identification Number)

Terminal Drive
Plainview, New York
(Address of Principal Executive Offices)

11803
(Zip Code)

Registrant's telephone number, including area code: **(516) 677-0200**

Website: **www.veeco.com**

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

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.

Large accelerated filer Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller

reporting company)

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

32,187,122 shares of common stock, \$0.01 par value per share, were outstanding as of the close of business on October 27, 2008.

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SAFE HARBOR STATEMENT

This Quarterly Report on Form 10-Q (the **Report**) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Discussions containing such forward-looking statements may be found in Items 2 and 3 hereof, as well as within this Report generally. In addition, when used in this Report, the words **believes, anticipates, expects, estimates, plans, intends, and similar expressions** are intended to identify forward-looking statements. All forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from projected results. These risks and uncertainties include, without limitation, the following:

- The recent turmoil in the world's credit markets may have a protracted adverse impact on capital spending in the markets we serve and, as a result, could have a material adverse effect on our business and our results of operations.

- The cyclical nature of the industries we serve directly affects our business.

- We operate in an industry characterized by rapid technological change.

- We face significant competition.

- We depend on a limited number of customers that operate in highly concentrated industries.

- The timing of our orders, shipments, and revenue recognition may cause our quarterly operating results to fluctuate significantly.

- Changes in our product mix may cause our quarterly operating results to fluctuate significantly.

- Our customers may cancel or reschedule their orders with us.

- Our sales cycle is long and unpredictable.
- Our outsourcing strategy could adversely affect our results of operations.
- We rely on a limited number of suppliers.
- Our inability to attract, retain, and motivate key employees could have a material adverse effect on our business.
- We are exposed to the risks of operating a global business.
- We are subject to foreign currency exchange risks.
- Our success depends on protection of our intellectual property rights.
- We may be subject to claims of intellectual property infringement by others.
- Our acquisition strategy subjects us to risks associated with evaluating and pursuing these opportunities and integrating these businesses.
- We may not obtain sufficient affordable funds to finance our future needs.
- We are subject to risks of non-compliance with environmental and safety regulations.
- We have adopted certain measures that may have anti-takeover effects which may make an acquisition of our company by another company more difficult.

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- The other matters discussed under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Report and in the Annual Report on Form 10-K for the year ended December 31, 2007 of Veeco Instruments Inc. (Veeco, the Company, or we).

Consequently, such forward-looking statements should be regarded solely as our current plans, estimates and beliefs. We do not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

Available Information

We file annual, quarterly and current reports, information statements and other information with the Securities and Exchange Commission (the SEC). The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Internet Address

We maintain a website where additional information concerning our business and various upcoming events can be found. The address of our website is www.veeco.com. We provide a link on our website, under Investors' Financial Information - SEC Filings, through which investors can access our filings with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to such reports. These filings are posted to our Internet site, as soon as reasonably practicable after we electronically file such material with the SEC.

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Veeco Instruments Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

(In thousands, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net sales	\$ 115,709	\$ 97,718	\$ 332,465	\$ 295,653
Cost of sales	69,626	61,824	196,026	173,819
Gross profit	46,083	35,894	136,439	121,834
Operating expenses:				
Selling, general, and administrative expense	23,589	22,723	70,528	69,347
Research and development expense	15,302	15,049	45,173	46,341
Amortization expense	3,148	1,959	7,530	8,236
Restructuring expense	4,120	529	6,995	1,974
Asset impairment charge			285	
Other income, net	(213)	(179)	(591)	(605)
Total operating expenses	45,946	40,081	129,920	125,293
Operating income (loss)	137	(4,187)	6,519	(3,459)
Interest expense, net	1,052	665	2,913	2,256
Gain on extinguishment of debt				(738)
(Loss) income before income taxes and noncontrolling interest	(915)	(4,852)	3,606	(4,977)
Income tax provision	812	954	2,860	3,490
Noncontrolling interest	(54)	(123)	(200)	(482)
Net (loss) income	\$ (1,673)	\$ (5,683)	\$ 946	\$ (7,985)
(Loss) income per common share:				
Net (loss) income per common share	\$ (0.05)			