

AXCELIS TECHNOLOGIES INC  
Form 10-Q  
May 09, 2007

**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 March 31, 2007

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 000-30941

**AXCELIS TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**34-1818596**

(IRS Employer Identification No.)

**108 Cherry Hill Drive  
Beverly, Massachusetts 01915**

(Address of principal executive offices, including zip code)

**(978) 787-4000**

(Registrant's telephone number, including area code)

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 or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

For the quarterly period ended March 31, 2007

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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 ☒

As of May 7, 2007 there were 101,646,992 shares of the registrant's common stock outstanding.

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**PART I - FINANCIAL INFORMATION**

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## PART 1 - FINANCIAL INFORMATION

## Item 1. Financial Statements.

**Axcelis Technologies, Inc.**  
**Consolidated Statements of Income**  
(In thousands, except per share amounts)  
(Unaudited)

|   | Three months ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2007                            | 2006      |
| Revenue   |                                 |           |
| Systems   | \$ 51,065                       | \$ 52,404 |
| Services  | 44,402                          | 44,081    |
| Royalties, primarily from SEN                                   | 2,059                           | 1,436     |
|   | 97,526                          | 97,921    |
| Cost of revenue   | 56,276                          | 58,879    |
| Gross profit  | 41,250                          | 39,042    |
| Operating expenses  |                                 |           |
| Research and development  | 18,228                          | 18,212    |
| Sales and marketing   | 12,938                          | 10,607    |
| General and administrative                                      | 10,476                          | 10,853    |
| Amortization of intangible assets                               | 656                             | 612       |
| Restructuring credits   |                                 | (305 )    |
|   | 42,298                          | 39,979    |
| Loss from operations  | (1,048 )                        | (937 )    |
| Other income (expense)  |                                 |           |
| Equity income of SEN  | 4,667                           | 2,216     |
| Interest income   | 1,454                           | 1,651     |
| Interest expense  | (1,668 )                        | (1,641 )  |
| Other net   | (24 )                           | (655 )    |
|   | 4,429                           | 1,571     |
| Income before income taxes                                      | 3,381                           | 634       |
| Income taxes  | 709                             | 89        |
| Net income  | \$ 2,672                        | \$ 545    |
| Net income per share  |                                 |           |
| Basic   | \$ 0.03                         | \$ 0.01   |
| Diluted   | 0.03                            | 0.01      |
| Shares used in computing basic and diluted net income per share |                                 |           |
| Basic   | 101,492                         | 100,883   |
| Diluted   | 102,421                         | 101,823   |

See accompanying Notes to Consolidated Financial Statements

**Axcelis Technologies, Inc.**  
**Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

|   | March 31,<br>2007 | December 31,<br>2006 |
|---|-------------------|----------------------|
| <b>ASSETS</b>                               |                   |                      |
| Current assets                              |                   |                      |
| Cash and cash equivalents                   | \$ 45,412         | \$ 140,451           |
| Marketable securities                       | 34,000            | 63,200               |
| Restricted cash                             | 12,194            | 11,019               |
| Accounts receivable, net                    | 80,040            | 73,635               |
| Inventories, net                            | 173,967           | 160,107              |
| Prepaid expenses and other current assets   | 33,353            | 26,639               |
| Total current assets                        | 378,966           | 475,051              |
| Property, plant & equipment, net            | 68,063            | 66,678               |
| Investment in SEN                           | 126,988           | 126,688              |
| Goodwill                                    | 46,773            | 46,773               |
| Intangible assets                           | 12,893            | 13,549               |
| Restricted cash, long-term portion          |                   | 1,137                |
| Other assets                                | 27,972            | 24,117               |
|   | \$ 661,655        | \$ 753,993           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |                   |                      |
| Current liabilities                         |                   |                      |