

# ADVANCED ENERGY INDUSTRIES INC

## FORM 8-K

(Unscheduled Material Events)

Filed 11/8/1999 For Period Ending 10/11/1999

Address	1625 SHARP POINT DR FT COLLINS, Colorado 80525
Telephone	970-221-4670
CIK	0000927003
Industry	Electronic Instr. & Controls
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**

Date of Report (Date of earliest event reported): OCTOBER 11, 1999

**ADVANCED ENERGY INDUSTRIES, INC.**

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(Exact Name of Registrant as Specified in Charter)

DELAWARE	0-26966	84-0846841
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

**1625 SHARP POINT DRIVE, FORT COLLINS, COLORADO 80525**

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: 970-221-4670 N/A

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(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS.

On October 11, 1999, Advanced Energy Industries, Inc. reported its financial results for the third quarter and nine-month period ended September 30, 1999. The text of the press release is filed with this Form 8-K as Exhibit 99.1 and is incorporated herein by this reference.

ITEM 7.	FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.	
	EXH. NO.	DESCRIPTION
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	99.1	Press Release dated October 11, 1999

SIGNATURE

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: November 5, 1999 Advanced Energy Industries, Inc.

By: /s/ Richard P. Beck  
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Name: Richard P. Beck  
  
Title: Senior Vice President,  
  
Chief Financial Officer

**FOR IMMEDIATE RELEASE**

**ADVANCED ENERGY REPORTS THIRD QUARTER REVENUES  
UP 95 PERCENT FROM THIRD QUARTER OF 1998**

FORT COLLINS, CO (OCTOBER 11, 1999) -- Advanced Energy Industries, Inc. (Nasdaq NM: AEIS) today reported financial results for the third quarter and nine-month period ended September 30, 1999. Advanced Energy is an industry-leading manufacturer of critical power delivery systems to original equipment manufacturers to make semiconductors, compact disks, data storage, flat panel displays, and industrial products.

For the third quarter of 1999, revenues were \$51.1 million, up 95 percent from \$26.3 million for the third quarter of 1998 and up 23 percent from \$41.5 million for the second quarter of 1999. "Revenue growth was driven primarily by increasing demand from our core customers in the semiconductor equipment industry," said Douglas S. Schatz, chairman and CEO. "Shipments to semiconductor equipment manufacturing clients are more than three times what they were a year ago as this global market continues to strengthen. We have seen greater demand for blank CDs, driven by the adoption of the MP3 format. DRAM overcapacity issues are fading, and computer prices are firming slightly. Additionally, we are seeing a proliferation of DVD drives in both TV and PC platforms. These factors have contributed to rapid growth in our data storage and flat panel display applications business, which now accounts for approximately 17 percent of revenue."

Net income for third quarter of 1999 was \$5.5 million, or \$0.20 per diluted share, compared to a net loss of \$3.5 million, or \$0.13 per share in the third quarter of 1998. 1999 third quarter income almost doubled from 1999 second quarter income of \$2.8 million, or \$0.10 per diluted share.

"The level of products shipped from our Voorhees facility exceeded our expectations and suppressed our gross margin at 44 percent which is below our goal. We believe that we have continued upside potential in the gross margin at that facility as we continue our materials management program implementation. R&D expenditures for the quarter were \$6.9 million, or 13.6 percent of revenue, reflecting our continued investment in developing new products that enable our customers to maximize the value of their process equipment, and the expansion of our Silicon Valley design facility to meet the needs of customers in that region. We are committed to making the necessary R&D investments to maintain our leadership position in the power conversion and control marketplace. At the same time, we believe we have the operations discipline, infrastructure, and expanding product portfolio to continue to meet our profitability and growth plans," concluded Mr. Schatz.

For the nine months ended September 30, 1999, revenues were \$125.4 million compared with \$102.1 million for the same period of 1998. Gross profit for the 1999 nine-month period improved measurably to \$53.9 million, or 43 percent, compared with \$30.1 million, or 29.5 percent, for the 1998 period. Net income for the 1999 nine-month period was \$8.8 million, or \$0.31 per diluted share, compared to a net loss of \$5.7 million, or \$0.22 per diluted share, for the nine-month period ended September 30, 1998.

1998 third quarter and nine-month financial results have been restated to reflect the 1998 fourth quarter acquisition of RF Power Products, Inc. (RFPP), using the pooling of interests method of accounting.

**SAFE HARBOR STATEMENT**

Except for any historical information contained herein, the matters discussed in this news release are forward-looking statements that reflect our current beliefs and expectations including the achievement of goals established by the Company to improve gross margin and maintain operating expenses in line with revenue and continued sales growth in non-semiconductor areas. Actual results may differ materially from the forward-looking statements which by their nature are subject to risks and uncertainties including fluctuations in quarterly and annual revenues and operating results, the volatility of the semiconductor and semiconductor capital equipment industries and other risks detailed from time to time in the Company's Form 10-K, Forms 10-Q and other reports and statements filed with the Securities and Exchange Commission. The Company continues to be susceptible to fluctuations in quarterly and annual revenues and operating results and the volatility of the semiconductor and semiconductor capital equipment industries. The Company assumes no obligation to update the information in this release.

**ABOUT THE COMPANY**

Founded in 1981, Advanced Energy Industries, Inc. is a leading manufacturer of power delivery systems that are critical in the manufacturing of semiconductors, data storage media, flat panel displays, and other products using thin-film technology. The Company also manufactures ion beam sources and plasma abatement systems for applications in data storage and semiconductor manufacturing. Within its comprehensive product portfolio of direct current (DC), low/mid-frequency and radio frequency (RF) solutions, the Company sells hundreds of different products critical in applications ranging from compact disks, digital video disks, flat panel displays, the most popular logic semiconductor devices, among many other applications. The Company's stock is traded on the Nasdaq National Market under the symbol AEIS.

	Quarter Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales	\$51,142	\$26,292	\$125,385	\$102,142
Cost of sales	28,598	18,317	71,450	72,046
Gross profit	22,544	7,975	53,935	30,096
Operating expenses:				
Research and development	6,935	5,722	19,545	17,951
Sales and marketing	4,187	3,255	11,471	10,331
General and administrative	3,715	2,353	9,673	7,980
Restructuring charge	--	1,000	--	1,000
Income (loss) from operations	7,707	(4,355)	13,246	(7,166)
Other income (loss)	1,131	(214)	1,148	13
Net income (loss) before income taxes	8,838	(4,569)	14,394	(7,153)
Provision (benefit) for income taxes	3,303	(1,089)	5,555	(1,422)
Net income (loss)	\$ 5,535	\$(3,480)	\$ 8,839	\$ (5,731)
Basic earnings (loss) per share	\$ 0.20	\$ (0.13)	\$ 0.33	\$ (0.22)
Diluted earnings (loss) per share	\$ 0.20	\$ (0.13)	\$ 0.31	\$ (0.22)
Basic weighted-average common shares outstanding	27,048	26,585	26,940	26,536
Diluted weighted-average common shares outstanding	28,318	26,585	28,172	26,536
ADDITIONAL INFORMATION:				
Earnings (loss) before interest, taxes, depreciation and amortization	\$10,561	\$(2,982)	\$ 19,275	\$ (2,838)

**ADVANCED ENERGY INDUSTRIES, INC.**  
**CONSOLIDATED BALANCE SHEET**  
(in thousands)

	September 30, 1999 (unaudited)	December 31, 1998 (unaudited)
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents	\$ 11,261	\$ 12,295
Marketable securities - trading	17,329	15,839
Accounts receivable	37,176	15,604
Income tax receivable	539	3,576
Inventories	23,465	21,412
Other current assets	1,377	797
Deferred income tax assets, net	4,768	4,112
Total current assets	95,915	73,635
Property and equipment, net	15,565	15,320
Other assets	3,597	3,494
Goodwill and intangibles, net	7,550	8,586
Total assets	\$122,627	\$101,035
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable, trade	\$ 11,414	\$ 5,675
Other current liabilities	8,280	5,123
Accrued income taxes payable	1,508	567
Current portion of long-term debt	613	211
Total current liabilities	21,815	11,576

Long-term debt	203	326
Stockholders' equity	100,609	89,133
Total liabilities and stockholders' equity	\$122,627	\$101,035

**ADVANCED ENERGY INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(in thousands)

	Nine Months Ended September 30, 1999 (unaudited)	1998 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 8,839	\$(5,731)
Depreciation and amortization	5,511	4,886
Accounts receivable	(21,572)	16,903
Inventories	(2,053)	8,226
Accounts payable, trade	5,739	(9,269)
Other	4,873	(5,613)
Net cash provided by operating activities	1,337	9,402
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(3,000)	(1,000)
Sale of marketable securities	1,928	2,500
Purchase of stock investment	--	(1,000)
Purchase of property and equipment, net	(4,215)	(4,565)
Acquisition of assets of FST, Inc.	--	(2,500)
Net cash used in investing activities	(5,287)	(6,565)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change from notes payable and capital lease obligations	279	(4,415)
Proceeds from sale of common stock	2,960	393
Other	--	67
Net cash provided by (used in) financing activities	3,239	(3,955)
EFFECT OF CURRENCY TRANSLATION ON CASH FLOW	(323)	(115)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,034)	(1,233)
CASH AND EQUIVALENTS, beginning of period	12,295	12,041
CASH AND EQUIVALENTS, end of period	\$ 11,261	\$10,808

**End of Filing**

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