

PFEIFFER VACUUM TECHNOLOGY AG

Form 6-K

November 01, 2004

Table of Contents

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of September 2004

PFEIFFER VACUUM TECHNOLOGY AG
(Translation of registrant's name into English)

**Berliner Strasse 43
D-35614 Asslar
Federal Republic of Germany**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Yes ☐ No ☒

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If ☒ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-_____

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG

Table of Contents

	Page
<u>Consolidated Statements of Income for the periods ended September 30, 2004 and September 30, 2003</u>	3
<u>Consolidated Balance Sheets at September 30, 2004 and December 31, 2003</u>	4
<u>Consolidated Statements of Shareholders' Equity for the periods ended September 30, 2004, and December 31, 2003</u>	5
<u>Consolidated Statements of Cash Flows for the periods ended September 30, 2004 and September 30, 2003</u>	6
<u>Notes to the Consolidated Financial Statements</u>	7
<u>Basis of Presentation</u>	7
<u>Business Overview</u>	7
<u>New U.S. Legislation and Accounting Rules</u>	7
<u>Inventories</u>	8
<u>Stock-Based Compensation - Convertible Bonds</u>	8
<u>Accounting for Stock-Based Compensation</u>	8
<u>Share Ownership</u>	9
<u>Employees</u>	9
<u>Earnings per Ordinary and Diluted Share and ADR</u>	10
<u>Pension-Plans</u>	10
<u>Warranty</u>	11
<u>Segment Information</u>	11
<u>Income Tax Expense</u>	12
<u>Management's Discussion and Analyses of Financial Condition and Results of Operations</u>	13
<u>Signatures</u>	20

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED STATEMENT OF INCOME
(in thousands other than per share amounts)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Net sales	39,205	35,639	117,492	102,276
Cost of sales	(22,763)	(20,602)	(66,379)	(60,009)
Gross profit	16,442	15,037	51,113	42,267
Selling and marketing expenses	(5,025)	(4,980)	(14,900)	(15,782)
General and administrative expenses	(3,018)	(2,967)	(10,136)	(9,715)
Research and development expenses	(2,213)	(2,056)	(6,875)	(6,996)
Operating profit	6,186	5,034	19,202	9,774
Interest expense	(2)	(6)	(21)	(206)
Interest income	112	336	773	1,186
Foreign exchange gain	94	424	824	1,834
Income before taxes	6,390	5,788	20,778	12,588
Income taxes	(2,469)	(2,720)	(8,311)	(5,916)
Net income	3,921	3,068	12,467	6,672
Net income per ordinary share and ADR (in):				
Basic	0.45	0.35	1.43	0.76
Diluted	0.45	0.35	1.43	0.76

See notes to the consolidated financial statements.

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED BALANCE SHEETS
(in thousands, unaudited)

	September 30, 2004	December 31, 2003
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	40,751	29,432
Trade accounts receivable net	22,753	22,224
Other accounts receivable	1,962	2,125
Inventories net	23,496	20,360
Prepaid expenses	625	593
Deferred tax assets net	1,066	1,016
Other current assets	284	920
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	90,937	76,670
Property, plant and equipment net	25,849	25,734
Note receivable	9,000	9,000
Deferred tax assets net	3,312	3,323
Goodwill	1,037	1,037
Prepaid pension cost	2,819	2,819
Other assets	1,109	1,197
	<hr/>	<hr/>
TOTAL LONG-TERM ASSETS	43,126	43,110
TOTAL ASSETS	<hr/> 134,063	<hr/> 119,780
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade accounts payable	3,961	4,153
Other payables	4,814	2,252
Accrued other liabilities	9,585	8,758
Income tax liabilities	9,949	6,643
Customer deposits	1,698	1,051
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	30,007	22,857
Accrued pension	1,823	1,041
Convertible bonds payable	819	845
	<hr/>	<hr/>
TOTAL LONG-TERM LIABILITIES	2,642	1,886
SHAREHOLDERS' EQUITY		
Share capital (13,459,350 no par value ordinary shares authorized, 8,790,600)	22,504	22,504

Edgar Filing: PFEIFFER VACUUM TECHNOLOGY AG - Form 6-K

issued and 8,690,524 outstanding at September 30, 2004

Additional paid-in-capital	2,821	2,821
Treasury stock (100,076 ordinary shares)	(2,438)	(2,438)
Retained earnings	80,097	73,713
Accumulated other comprehensive income (loss)	(1,570)	(1,563)
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	101,414	95,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	134,063	119,780
	<hr/>	<hr/>

See accompanying notes to consolidated financial statements.

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of \$, unaudited)

				Accumulated other comprehensive income (loss)				
	Share	Additional	Retained	Minimum	Cumulative	Unrealized	Treasury	Total
	capital	paid-in	earnings	pension	translation	gain/(loss)	stock	shareholders'
		capital		liability	adjustment	on		equity
						hedges		
Balance at January 1, 2003	22,504	2,821	65,870	(656)	1,560	409		92,508
Dividends paid			(4,903)					(4,903)
Acquisition of treasury stock							(2,438)	(2,438)
Net income			12,746					12,746
Components of other comprehensive income (loss)								
net of tax of (305)				592	(3,609)	141		(2,876)
Total comprehensive income								<u>9,870</u>
Balance at December 31, 2003	22,504	2,821	73,713	(64)	(2,049)	550	(2,438)	95,037
Subtotal accumulated other comprehensive loss					(1,563)			
Dividends paid			(6,083)					(6,083)
Net income			12,467					12,467
Components of other comprehensive income (loss)								
net of tax of (57)					381	(388)		(7)
Total comprehensive income								<u>12,460</u>
Balance at September 30, 2004	22,504	2,821	80,097	(64)	(1,668)	162	(2,438)	101,414
					(1,570)			

Subtotal accumulated other
comprehensive loss

—

See accompanying notes to consolidated financial statements.

5

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands, unaudited)

	Nine months ended September 30,	
	2004	2003
Cash flow from operating activities:		
Net income	12,467	6,672
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,653	3,057
Gain on disposal of fixed assets	(48)	(98)
Change in deferred taxes	60	18
Provision for doubtful accounts	897	574
Effects of changes in operating assets and liabilities:		
Trade accounts receivable	(1,298)	(158)
Other accounts receivable	169	1,650
Inventories	(3,065)	(654)
Prepaid expenses	(29)	9
Other current assets	588	(62)
Other long-term assets	(284)	(167)
Accrued pension liabilities	770	2,268
Accounts payable trade	(199)	629
Other payables	2,547	1,843
Income tax liabilities	3,241	287
Accrued other liabilities	784	(1,010)
Customer deposits	643	(615)
Net cash provided by operating activities	19,896	14,243
Cash flow from investing activities:		
Proceeds from disposal of fixed assets	132	170
Capital expenditures	(2,852)	(627)
Minority interests		(130)
Net cash used in investing activities	(2,720)	(587)
Cash flow from financing activities:		
Dividend payment	(6,083)	(4,903)
Repayment of loan		(9,037)
Purchase of treasury stock		(1,792)
Bonds payable converted (repayments)		(13)
Net cash used in financing activities	(6,083)	(15,745)
Effects of foreign exchange rate changes on cash and cash equivalents	226	(1,285)

	<u> </u>	<u> </u>
Net increase (decrease) in cash and cash equivalents	11,319	(3,374)
Cash and cash equivalents at beginning of year	29,432	72,264
	<u> </u>	<u> </u>
Cash and cash equivalents at end of period	40,751	68,890
	<u> </u>	<u> </u>
Non-cash transactions:		
Repayments of convertible bonds and employee loans	(26)	(153)
	<u> </u>	<u> </u>

See notes to the consolidated financial statements.

Table of Contents

**PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

September 30, 2004

Basis of Presentation

The accompanying unaudited consolidated financial statements of Pfeiffer Vacuum Technology AG and its subsidiaries (herein called the Company) have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for the periods presented. They do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations have been included. Operating results for the three and nine month periods ended September 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004. All amounts in the accompanying unaudited consolidated financial statements are presented in euros (). For further information, refer to the consolidated financial statements and footnotes thereto included in the Pfeiffer Vacuum Technology AG annual report on Form 20-F for the year ended December 31, 2003, and the Company s homepage (www.pfeiffer-vacuum.net).

The presentation of certain prior year information has been reclassified to conform to the current year presentation.

Business Overview

Pfeiffer Vacuum is a full-line manufacturer in the vacuum technology business offering solutions for a variety of customer applications relating to the generation, control and measurement of vacuum. The products developed and manufactured at the main production facility in Asslar/Germany include turbomolecular pumps, a range of backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as customized vacuum systems.

Pfeiffer Vacuum distributes its products through a network of its own sales offices and subsidiaries, as well as independent marketing agents. Moreover, there are also service support centers in most major industrial locations throughout the world. The Company s primary markets are located in Europe, the United States and Asia.

New U.S. Legislation and Accounting Rules

As a result of the Company s listing at New York Stock Exchange, it is subject not only to the provisions of German law (corporation, codetermination and capital market legislation) and of its own Articles of Association but also to the licensing requirements of the New York Stock Exchange. American capital market legislation specifically the Sarbanes-Oxley Act and the rules and regulations of the Securities and Exchange Commission (SEC) also apply to Pfeiffer.

In December 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 46R, Consolidation of Variable Interest Entities an interpretation of ARB No. 51 which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN No. 46R replaces FIN No. 46, Consolidation of Variable Interest Entities , which was issued in January 2003. The provisions of FIN No. 46R had to be applied to

special-purpose entities as of December 31, 2003, and to all other entities as of March 15, 2004. The Company does not hold variable interests in special-purpose entities. The adoption of FIN No. 46R to all other variable interests did not have any impact on the consolidated financial statements of the Company.

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Inventories

Inventories consist of the following:

	September 30, 2004	December 31, 2003
	(in thousands)	
Raw materials	8,467	7,648
Work-in-process	9,861	8,848
Finished products	10,161	8,749
Reserves	(4,993)	(4,885)
	<hr/>	<hr/>
Total inventories net	23,496	20,360
	<hr/>	<hr/>

Stock-Based Compensation Convertible Bonds***Accounting for Stock-Based Compensation***

As permitted under SFAS No. 123, Accounting for Stock-Based Compensation, as amended, the Company applies the intrinsic value-based method in accordance with APB No. 25 for its stock-based compensation plans. Under APB No. 25, Accounting for Stock Issued to Employees, compensation expense is recorded on the measurement date only if the current market price of the underlying stock exceeds the exercise price.

A summary of option shares related to the convertible bonds is as follows:

	Number of Shares Outstanding	Weighted Average Exercise Price per Share
	<hr/>	<hr/>
Convertible shares outstanding January 1, 2003	395,000	45.22
Granted		
Exercised		

Forfeited	(65,000)	47.63
	<hr/>	
Convertible shares outstanding December 31, 2003.	330,000	44.74
Granted		
Exercised		
Forfeited	(10,000)	42.86
	<hr/>	
Convertible shares outstanding September 30, 2004	320,000	44.80
	<hr/>	

Shares exercisable at September 30, 2004 totaled 180,000.

SFAS 123 requires disclosure of pro forma information regarding net income and earnings per share as if the Company had accounted for its stock-based compensation to employees using the fair value method. For pro forma purposes, using the fair value method the Company's net income would have been K 11,959 for the nine months ended September 30, 2004 and K 3,752 for the three months ended September 30, 2004; earnings per share would have been 1.38 and 0.43, respectively.

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Share Ownership

The following table shows (known to the Company) the number of Ordinary Shares, ADR and Convertible Bonds of the Company as of September 30, 2004 by all members of the Supervisory Board and the Management Board:

Members of the Supervisory Board

	Ordinary Shares	ADRs	Convertible Bonds
Dr. Michael Oltmanns	100	0	0
Michael J. Anderson	0	0	0
Prof. Dr. Klaus Jürgen Kügler	0	0	0
Götz Timmerbeil	0	0	0
Edgar Keller	0	0	0
Günter Schneider	80	0	0

Members of the Management Board

	Ordinary Shares	ADRs	Convertible Bonds
Wolfgang Dondorf	56,000	200	0
Manfred Bender	400	0	750

Employees

As of September 30, 2004, the Company employed 747 people, of which 565 are in Germany and 182 in other countries.

Headcount

	September 30,			
	2004	2003	2004	2003
	Germany		Other Countries	
Production	301	293	57	57
Research and Development	96	93	0	2
Selling and Marketing	103	116	91	93

Administration	<u>65</u>	<u>83</u>	<u>34</u>	<u>34</u>
Total	<u>565</u>	<u>585</u>	<u>182</u>	<u>186</u>

The Company's manpower dropped in 2004 by 3.1% primarily due to turnover; for example, termination of temporary personnel contracts, individual retirements or terminations for which new staff was not hired.

Table of Contents

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Earnings per Ordinary and Diluted Share and ADR

The following table sets forth the computation of basic and diluted earnings per share and ADR:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
<i>Numerator:</i>				
Net income (in thousands)	3,921	3,068	12,467	6,672
<i>Denominator:</i>				
Denominator for basic earnings per share weighted-average shares	8,690,524	8,742,158	8,690,524	8,769,003
<i>Effect of dilutive securities:</i>				
Convertible bonds				
Denominator for diluted earnings per share adjusted weighted average shares and assumed conversions	8,690,524	8,742,158	8,690,524	8,769,003
Basic earnings per share and ADR ()	0.45	0.35	1.43	0.76
Diluted earnings per share and ADR ()	0.45	0.35	1.43	0.76

Pension Plans

Most employees of the Company are entitled to receive pension benefits from Pfeiffer Vacuum, which are covered by defined benefit plans.

In November 2003, the Company established for the German Pension Plans the Pfeiffer Vacuum Trust e.V. (the Trust), a registered association. It is an independent, bankruptcy-protected, separate legal entity whose sole purpose is to act in a fiduciary capacity as trustee for the assets held. In connection with the formation of the trust, the Company in December 2003 made a cash contribution of K 35,955. The trust has invested this cash in a mutual fund managed by an unrelated third party that pursues a target allocation of not more than 30% in equities and 70% in fixed-income securities and cash.

Effective January 1, 2004 the Company adopted SFAS No. 132 (Revised), Employers Disclosures about Pension and Other Postretirement Benefits. This standard requires the disclosure of the components of net periodic benefit cost recognized during interim periods.

Table of Contents

**PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

Pension expense for all plans included the following components:

Three months ended September 30,		Nine months ended September 30,	
2004	2003	2004	2003
(in thousands)			