

NOVA MEASURING INSTRUMENTS LTD
Form 6-K
February 17, 2005

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

February 17th, 2005

NOVA MEASURING INSTRUMENTS LTD.

Building 22 Weitzmann Science Park, Rehovoth
P.O.B 266

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

Form 20-F Form 40-F

[Indicate by check mark whether the registrant by furnishing the
information contained in this Form 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): N/A.

Attached hereto and incorporated by way of reference herein the Registrants notice regarding 2004 Fourth Quarter and Annual Results.

Signatures

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, thereunto duly authorized.

Nova Measuring Instruments Ltd
Nova Measuring Instruments Ltd (the "Registrant")

February 17th, 2005

BY: /S/ Chai Toren

Chai Toren
Chief Financial Officer

Company Contact:

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Company Press Release

**NOVA MEASURING INSTRUMENTS ANNOUNCES 2004 FOURTH
QUARTER AND ANNUAL RESULTS**

Growth of 53% year over year in Revenue and \$1.5M Yearly Profit

Rehovoth, Israel, February 17, 2004 Nova Measuring Instruments, Ltd. (Nasdaq: NVMI), the market leader in integrated measurement and process control for the semiconductor industry, today reported results for 2004 fourth quarter and annual results.

2004 Fourth Quarter Results

Total revenues for the fourth quarter of 2004 were \$10.8 million, a 34% increase over revenues of \$8.1 million reported for the fourth quarter of 2003 and a 1% sequential increase over revenues of \$10.7 million reported for the third quarter of 2004. Total revenues for 2004 were \$40.9 million, a 53% increase over revenues of \$26.7 million reported in 2003.

The Company reported a gross profit of \$5.0 million compared with gross profit of \$3.1 million for the fourth quarter of 2003 and gross profit of \$5.1 million for the previous quarter. Gross margin for the fourth quarter of 2004 was 46% compared with 39% for the fourth quarter of 2003 and 47% for the previous quarter.

Research and development expenses were \$2.4 million for the fourth quarter of 2004 (22% of revenues) compared with \$3.0 million (37% of revenues) in the fourth quarter of 2003, and \$2.1 million (20% of revenues) in the third quarter of 2004. Sales and marketing expenses were \$1.9 million (18% of revenues) compared with \$1.5 million (19% of revenues) in the fourth quarter of 2003, and \$1.8 million (16% of revenues) in the third quarter of 2004. General and Administrative expenses \$0.6 million (6% of revenues) during the fourth quarter of 2004, compared with \$0.4 million (4% of revenues) in the fourth quarter of 2003 and \$0.6 million (6% of revenues) during the previous quarter.

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Operating income for the quarter was \$7 thousand, compared with operating profit of \$0.5 million for the fourth quarter of 2003 and operating profit of \$0.6 million as reported in the previous quarter.

Net income for the quarter was \$0.2 million or \$0.01 per share, compared with a net profit of \$0.6 million, or \$0.04 per share, for the fourth quarter of 2003 and net profit of \$0.8 million, or \$0.05 per share, for the third quarter of 2004.

Cash and cash equivalents, bank deposits and held to maturity securities at the end of the quarter were \$30.8 million, a decrease of \$0.1 million compared to the previous quarter.

Year 2004 Annual Results

The Company reported total revenues for the year 2004 of \$40.9 million, a 53% sequential increase of revenues compared with \$26.7 million revenues in 2003. Gross profit was \$18.8 million (46% of revenues) in 2004, compared with gross profit of \$10.1 million (38% of revenues) in 2003. Service revenues for the year 2004 were \$7.5 million (18% of revenues) as compared with \$5.5 million (21% of revenues) in 2003.

Net profit for the year was \$1.5 million, or \$0.10 per share, compared with a loss of \$(4.2) million, or \$(0.28) per share, in 2003. Year 2004 financial results include stock-based compensation expenses of approximately \$0.1 million.

Net research and development expenses relating to the development of the existing and new generations of process control systems for copper CMP, Photolithography and Etch were \$8.7 million (21% of revenues), as compared with \$8.6 million (32% of revenues) in 2003.

Sales & Marketing expenses were \$6.9 million (17% of revenues), as compared with \$6.5 million (24% of revenues) in 2003. These expenses represent the Company's efforts in the penetration of new products, increasing penetration in Japan, China and the Asia-Pacific region, along with focused efforts to increase collaboration with the leading process equipment manufacturers.

Dr. Giora Dishon, President & CEO of Nova commented, "Overall, our 2004 results reflect a recovery in the semiconductor equipment industry after two and a half years of slowdown (according to Dataquest's report from January 2005: -28% in 2001, -33% in 2002, +4% in 2003 and about +60% in 2004). 2004 was a very good year for the company, with our results showing a 53% increase in revenues over 2003 with improved gross margins from 38% in 2003 to 46% in 2004. Furthermore, achieving net profit in each of the last 4 quarters and the resulting yearly net profit of \$1.5M in 2004 is a significant development for the company."

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Dr. Giora Dishon continued: We continued our efforts in developing and maturing several new process control systems, widening our product portfolio to include systems for copper CMP and Optical CD. We believe that these systems represent a significant market opportunity over the long term, as these are the fastest growth segments in the semiconductor process control equipment market. The relative contribution of these systems, integrated and stand-alone, to the company's revenues continue to increase. We also experienced a higher growth rate this year in the Asia Pacific and Japan regions with half of our revenues coming from this region in the fourth quarter.

Dr. Dishon added, For the last twelve consecutive quarters the company has been increasing its revenues. In addition, given our continuing cost control measures and lean manufacturing, the company reached profitability at the beginning of 2004. In 2005, with the industry experiencing slowing market conditions, we expect some sequential revenue reduction and limited visibility in the next two quarters. However, we believe market conditions will improve in the second half of 2005. Further, we do expect to see continuing growth in the new products.

Dr. Dishon concluded The cash position (which includes cash and cash equivalents, bank deposits and held to maturity securities) at the end of the year was better than anticipated, standing at \$30.8 million. This gives us the strength to carry out our plans under these uncertain market conditions, focusing on new products, leveraging on our strong position with strategic customers and major process equipment manufacturers. Finally, I would like to assure our valued shareholders that we will continue our focused development, as well as our marketing and sales efforts to maintain our strong market share and grow our new product penetration and proliferation.

The Company will host a conference call today, February 17, 2005, at 09:00 EST. To participate please dial in the U.S: 1-866-500-4964 or internationally: +972-3-925-5910 at least 5 minutes before the start of the call. A conference call presentation will be available for download on the company's website www.nova.co.il, before and during the call.

About Nova

Nova Measuring Instruments Ltd. develops, designs and produces integrated process control systems in the semiconductor manufacturing industry. Nova provides a broad range of integrated process control solutions that link between different semiconductor processes and process equipment. The Company's website is www.nova.co.il.

This press release may contain forward-looking statements, including statements related to anticipated growth rates, manufacturing capacity and tax rate. Actual results may differ materially from those projected due to a number of risks, including changes in customer demands for our products, new product offerings from our competitors, changes in or an inability to execute our business strategy, unanticipated manufacturing or supply problems, or changes in tax requirements. Nova cannot guarantee future results, levels of activity, performance or achievements. The matters discussed in this press release also involve risks and uncertainties summarized under the heading "Risk Factors" in Nova's Form F-1 filed with the Securities and Exchange Commission on April 9, 2000. These factors are updated from time to time through the filing of reports and registration statements with the Securities and Exchange Commission. Nova Measuring Instruments Ltd. does not assume any obligation to update the forward-looking information contained in this press release.

(Tables to Follow)

NOVA MEASURING INSTRUMENTS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except per share data)

| | Year ended December 31, | | |
|--|--------------------------------|----------------|-----------------|
| | 2004 | 2003 | 2002 |
| REVENUES | | | |
| Revenues from product sales | 33,347 | 21,152 | 14,506 |
| Revenues from services | 7,532 | 5,536 | 5,865 |
| | <u>40,879</u> | <u>26,688</u> | <u>20,371</u> |
| COST OF REVENUES | | | |
| Cost of product sales | 15,361 | 10,270 | 6,752 |
| Cost of services | 6,715 | 6,265 | 6,601 |
| | <u>22,076</u> | <u>16,535</u> | <u>13,353</u> |
| GROSS PROFIT | <u>18,803</u> | <u>10,153</u> | <u>7,018</u> |
| OPERATING COSTS AND EXPENSES | | | |
| Research & Development expenses, net | 8,665 | 8,561 | 9,894 |
| Technology for use in Research & Development | - | - | 1,478 |
| Sales & Marketing expenses | 6,868 | 6,534 | 6,950 |
| General & Administrative expenses | 2,331 | 1,898 | 1,797 |
| Other Operating income | - | (2,203) | - |
| | <u>17,864</u> | <u>14,790</u> | <u>20,119</u> |
| OPERATING (LOSS) PROFIT | 936 | (4,637) | (13,101) |
| INTEREST INCOME, NET | 528 | 425 | 144 |
| | <u>1,467</u> | <u>(4,212)</u> | <u>(12,957)</u> |
| PROFIT (LOSS) FOR THE YEAR | <u>1,467</u> | <u>(4,212)</u> | <u>(12,957)</u> |
| Basic earning (Loss) per share | <u>0.10</u> | <u>(0.28)</u> | <u>(0.88)</u> |
| Diluted earning per share | <u>0.09</u> | | |
| Comments: | | | |
| 1. Employee stock-based compensation (SBC) expenses | 122 | 540 | 1,073 |
| | <u>15,259</u> | <u>14,994</u> | <u>14,786</u> |
| 2. Shares for calculation of basic earning (loss) per share: | | | |
| Shares for calculation of diluted earning per share: | 16,234 | | |
| 3. The adjusted results excluding employee SBC expenses: | | | |
| Gross profit | 18,818 | 10,218 | 7,147 |
| Operating expenses | 17,757 | 16,518 | 19,175 |
| Profit (Loss) for the year | 1,589 | (3,672) | (11,884) |
| Profi (Loss) per share | 0.10 | (0.24) | (0.80) |

NOVA MEASURING INSTRUMENTS LTD.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

| | Three months ended | |
|--|--------------------|--------------------|
| | December 31, 2004 | September 30, 2004 |
| | (unaudited) | |
| REVENUES | | |
| Product sales | 9,353 | 8,602 |
| Services | 1,452 | 2,083 |
| | 10,805 | 10,685 |
| COST OF REVENUES | | |
| Product sales | 4,056 | 3,916 |
| Services | 1,782 | 1,702 |
| | 5,838 | 5,618 |
| GROSS PROFIT | 4,967 | 5,067 |
| OPERATING COSTS AND EXPENSES | | |
| Research & Development expenses, net | 2,370 | 2,124 |
| Sales & Marketing expenses | 1,948 | 1,751 |
| General & Administration expenses | 642 | 591 |
| | 4,960 | 4,466 |
| OPERATING PROFIT | 7 | 601 |
| INTEREST INCOME | 180 | 160 |
| PROFIT FOR THE PERIOD | 187 | 761 |
| EARNINGS PER SHARE | 0.01 | 0.05 |
| Comments: | | |
| 1. Employee Stock Based Compensation expenses | - | 134 |
| 2. Shares for calculation of earnings per share | | |
| Basic | 15,309 | 15,268 |
| Diluted | 15,979 | |
| 3. The adjusted results excluding Employee Stock Based Compensation: | | |

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| | Three months ended |
|---------------------------|---------------------------|
| Gross profit | 3,088 |
| Operating expenses | 3,888 |
| Profit (Loss) | (800) |
| Earnings (Loss) per share | (0.05) |

NOVA MEASURING INSTRUMENTS LTD.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

| | Three months ended | |
|--|---------------------------|--------------------------|
| | December 31, 2004 | December 31, 2003 |
| | (unaudited) | |
| REVENUES | | |
| Product sales | 9,353 | 6,508 |
| Services | 1,452 | 1,582 |
| | 10,805 | 8,090 |
| COST OF REVENUES | | |
| Product sales | 4,056 | 3,141 |
| Services | 1,782 | 1,807 |
| | 5,838 | 4,948 |
| GROSS PROFIT | 4,967 | 3,142 |
| OPERATING COSTS AND EXPENSES | | |
| Research & Development expenses, net | 2,370 | 2,991 |
| Sales & Marketing expenses | 1,948 | 1,516 |
| General & Administration expenses | 642 | 358 |
| Other operating Income | - | (2,203) |
| | 4,960 | 2,662 |
| OPERATING PROFIT | 7 | 480 |
| INTEREST INCOME | 180 | 97 |
| PROFIT | 187 | 577 |
| EARNINGS PER SHARE | 0.01 | 0.04 |
| Comments: | | |
| 1. Employee Stock Based Compensation expenses | - | 133 |
| 2. Shares for calculation of earnings (loss) per share | | |
| Basic | 15,309 | 15,118 |
| Diluted | 15,979 | |
| 3. The adjusted results excluding employee | | |

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Three months ended

Stock Based Compensation:

| | |
|---------------------------|-------|
| Gross profit | 3,158 |
| Operating expenses | 2,545 |
| Profit (Loss) | 710 |
| Earnings (Loss) per share | 0.05 |

NOVA MEASURING INSTRUMENTS LTD.
CONSOLIDATED BALANCE SHEET
(U.S. dollars in thousands)

| | <u>As of December 31, 2004</u> | <u>As of December 31, 2003</u> |
|---|--------------------------------|--------------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 12,171 | 26,634 |
| Short-term interest-bearing deposits | 1,916 | 711 |
| Held to maturity securities | 8,583 | 4,296 |
| Trade accounts receivable | 7,461 | 5,804 |
| Inventories | 5,239 | 4,152 |
| Other current assets | 1,169 | 1,244 |
| | <u>36,539</u> | <u>42,841</u> |
| LONG-TERM ASSETS | | |
| Long-term interest-bearing bank deposits | 2,145 | 1,386 |
| Held to maturity securities | 5,989 | - |
| Other long term assets | 382 | 242 |
| Severance pay funds | 2,288 | 2,024 |
| Fixed assets, net | 2,119 | 1,425 |
| | <u>12,923</u> | <u>5,077</u> |
| | <u>49,462</u> | <u>47,918</u> |
| CURRENT LIABILITIES | | |
| Trade accounts payable | 5,016 | 5,389 |
| Other current liabilities | 6,389 | 7,102 |
| | <u>11,405</u> | <u>12,491</u> |
| LONG-TERM LIABILITIES | | |
| Liability for employee termination benefits | 3,075 | 2,653 |
| Deferred Income | 369 | 263 |
| Other long-term liability | 145 | 175 |
| | <u>3,589</u> | <u>3,091</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 46 | 46 |
| Additional paid- in capital | 73,333 | 72,785 |
| Deferred stock-based compensation | - | (122) |
| Accumulated other comprehensive income | 8 | 13 |
| Accumulated deficit | (38,919) | (40,386) |
| | <u>34,468</u> | <u>32,336</u> |
| | <u>49,462</u> | <u>47,918</u> |

