

NOVA MEASURING INSTRUMENTS LTD
Form 6-K
August 03, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2016

Commission File No.: 000-30668

NOVA MEASURING INSTRUMENTS LTD.
(Translation of registrant's name into English)

Building 22 Weizmann Science Park, Rehovot
P.O.B 266
Israel
(Address of principal executive offices)

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

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):

Attached hereto and incorporated by way of reference herein is a press release issued by the Registrant and entitled: "Nova Reports Second Quarter 2016 Financial Results".

The GAAP financial statements tables included in the press release attached hereto are hereby incorporated by reference into the Registrant's registration statements on Form S-8, filed with the Securities and Exchange Commission on the following dates: November 5, 2007 (File No. 333-147140); October 25, 2012 (File No. 333-184585) and March 6, 2015 (File No. 333-202550).

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.

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NOVA MEASURING INSTRUMENTS LTD.
(Registrant)

Date: August 3, 2016

By: /s/ Dror David

Dror David
Chief Financial Officer

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Company Press Release

Nova Reports Second Quarter 2016 Financial Results

Record quarterly bookings expected to result in record Q3 revenues

Rehovot, Israel, August 3, 2016 - Nova Measuring Instruments (Nasdaq: NVMI), a leading innovator and a key provider of metrology solutions for advanced process control used in semiconductor manufacturing, today reported financial results for the second quarter of 2016, the period ended June 30, 2016.

Second Quarter 2016 Highlights:

- Revenues grew sequentially to \$35.6 million, within guidance
- GAAP net income of \$3.2 million, or \$0.11 per diluted share, within guidance
- Non-GAAP net income of \$4.7 million, or \$0.17 per diluted share, exceeding guidance
 - Multiple competitive wins yield record quarterly Optical CD bookings of \$45 million
- Received repeat order from a leading memory customer for X-Ray solution

| | GAAP Results (\$K) | | |
|----------------------------|------------------------|----------|----------|
| | Q2 | Q1 | Q2 |
| | 2016 | 2016 | 2015 |
| Revenues | \$35,575 | \$34,056 | \$40,552 |
| Net Income | \$3,153 | \$2,905 | \$2,150 |
| Earnings per Diluted Share | \$0.11 | \$0.11 | \$0.08 |
| | NON-GAAP Results (\$K) | | |
| | Q2 | Q1 | Q2 |
| | 2016 | 2016 | 2015 |
| Net Income | \$4,703 | \$4,450 | \$5,402 |
| Earnings per Diluted Share | \$0.17 | \$0.16 | \$0.20 |

A reconciliation between GAAP operating results and non-GAAP operating results is provided following the financial statements that are part of this release. Non-GAAP results exclude amortization of acquired intangible assets, deferred tax assets adjustments (net), stock-based compensation expenses and acquisition related expenses.

Management Comments

“Strong demand for our Optical CD solutions, across the entire breadth of our product offering, drove the increase in revenues and bookings,” commented Eitan Oppenheim, President and Chief Executive Officer of Nova. “Booking levels in the second quarter reached a record high, bolstering our confidence in the third quarter and the second half performance. In parallel, our well-managed operational model allowed us to once again reach high levels of profitability while continuing our investment in the long-term technology roadmap.”

“The strength of our recent new bookings has been driven by the value proposition we offer our customers via an expanded and a unique product portfolio, which is utilized by now across multiple Foundry and Memory customers,” added Mr. Oppenheim. “Our partnership with key customers and leading semiconductor research centers early in the R&D stage, based on our innovative combined offering of Optical CD and X-Ray technologies, improve our technology position and increase our confidence in the company’s long-term strategic plan.”

2016 Third Quarter Financial Outlook

Management provided an outlook for the third quarter, the period ending September 30, 2016. Based on current estimates, management expects record revenues in the quarter:

- \$42 million to \$44 million in revenue
- \$0.16 to \$0.19 in diluted GAAP EPS
- \$0.24 to \$0.27 in diluted non-GAAP EPS

2016 Second Quarter Results

Total revenues for the second quarter of 2016 were \$35.6 million, an increase of 4% compared to the first quarter of 2016, and a decrease of 12% relative to the second quarter of 2015.

Gross margin for the second quarter of 2016 was 53%. This is compared with 54% in the first quarter of 2016 and compared with 47% in the second quarter of 2015.

Operating expenses in the second quarter of 2016 were \$15.4 million, and included \$0.6 million of amortization of acquired intangible assets. This is compared with \$15.7 million in the first quarter of 2016 and compared with \$18.7 million in the second quarter of 2015.

On a GAAP basis, the company reported net income of \$3.2 million, or \$0.11 per diluted share, in the second quarter of 2016. This is compared with net income of \$2.9 million, or \$0.11 per diluted share, in the first quarter of 2016. The company reported net income of \$2.2 million, or \$0.08 per diluted share, in the second quarter of 2015.

On a Non-GAAP basis, which excludes amortization of acquired intangible assets, adjustments of deferred tax assets net, stock-based compensation expenses and acquisition related expenses, the company reported net income of \$4.7 million, or \$0.17 per diluted share, in the second quarter of 2016. This is compared with net income of \$4.5 million, or \$0.16 per diluted share, in the first quarter of 2016, and compared with net income of \$5.4 million, or \$0.20 per diluted share, in the second quarter of 2015.

Conference Call Information

Nova will host a conference call today, August 3, 2016, at 9 a.m. Eastern Time, to discuss the financial results and future outlook. To attend the conference call, please dial one of the following teleconferencing numbers. Please begin by placing your calls five minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

U.S. Dial-in Number: 1-888-430-8709

ISRAEL Dial-in Number: 1 80 924 5906

INTERNATIONAL Dial-in Number: 1-719-325-2464

At:

9 a.m. Eastern Time

6 a.m. Pacific Time

4 p.m. Israeli Time

Please reference conference ID 5472687

The conference call will also be webcast live from a link on Nova's website at <http://ir.novameasuring.com>.

About Nova: Nova Measuring Instruments delivers continuous innovation by providing advanced metrology solutions for the semiconductor manufacturing industry. Deployed with the world's largest integrated-circuit manufacturers, Nova's products deliver state-of-the-art, high-performance metrology solutions for effective process control throughout the semiconductor fabrication lifecycle. Nova's product portfolio, which combines high-precision hardware and cutting-edge software, supports the development and production of the most advanced devices in today's high-end semiconductor market. Nova's technical innovation and market leadership enable customers to improve process performance, enhance products' yields and accelerate time to market. Nova acts as a partner to semiconductor manufacturers from its offices around the world. Additional information may be found at www.novameasuring.com.

Nova is traded on the NASDAQ & TASE under the symbol NVMI.

This press release provides financial measures that exclude non-cash charges for amortization of acquired intangible assets, deferred tax assets adjustments (net), stock-based compensation expenses and acquisition related expenses and are therefore not calculated in accordance with generally accepted accounting principles (GAAP). Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding Nova's performance because they reflect our operational results and enhances management's and investors' ability to evaluate Nova's performance before charges or benefits considered by management to be outside Nova's ongoing operating results. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management believes that it is in the best interest of its investors to provide financial information that will facilitate comparison of both historical and future results and allows greater transparency to supplemental information used by management in its financial and operational decision making. A reconciliation of each GAAP to non-GAAP financial measure discussed in this press release is contained in the accompanying financial tables.

This press release contains forward-looking statements within the meaning of safe harbor provisions of the Private Securities Litigation Reform Act of 1995 relating to future events or our future performance, such as statements regarding, but are not limited to, anticipated growth opportunities and projections about our business and its future revenues, expenses and profitability. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in those forward looking statements. Factors that may affect our results, performance, circumstances or achievements include, but are not limited to, the following: our dependency on three product lines; our dependency on a small number of large customers and small number of suppliers; the highly cyclical and competitive nature of the markets we target and we operate in; our inability to reduce spending during a slowdown in the semiconductor industry; our ability to respond effectively on a timely basis to rapid technological changes; our ability to recognize the benefits of ReVera acquisition and risks that the acquisition may disrupt current plans and operations and impact relationships with customers, distributors and suppliers; our dependency on PEMs; risks related to exclusivity obligations and non-limited liability that may be included in our commercial agreements and arrangements; our ability to retain our competitive position despite the ongoing consolidation in our industry; risks related to our dependence on our manufacturing facilities; risks related to changes in our order backlog; risks related to the worldwide financial instabilities; risks related to our intellectual property; new product offerings from our competitors; unanticipated manufacturing or supply problems; risks related to government programs we participate in; risks related to taxation; changes in customer demand for our products; risks related to currency fluctuations, risks related to acquisitions we may pursue and risks related to our operations in Israel. We 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 Annual Report on Form 20-F for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 29, 2016. 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.
CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands) - (Unaudited)

| | As of | December |
|---|----------|-----------|
| | June 30, | 31, |
| | 2016 | 2015 |
| | | (Audited) |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 19,455 | 27,733 |
| Short-term interest-bearing bank deposits | 75,230 | 69,298 |
| Trade accounts receivable | 22,775 | 19,046 |
| Inventories | 30,661 | 27,683 |
| Deferred tax assets | 3,615 | 3,540 |
| Other current assets | 2,611 | 2,888 |
| Total current assets | 154,347 | 150,188 |
| Long-term assets | | |
| Long-term interest-bearing bank deposits | 750 | 750 |
| Deferred tax assets | 4,979 | 5,735 |
| Severance pay funds | 1,461 | 1,514 |
| Property and equipment, net | 9,872 | 11,062 |
| Identifiable intangible assets, net | 16,634 | 17,906 |
| Goodwill | 20,114 | 20,114 |
| Total long-term assets | 53,810 | 57,081 |
| Total assets | 208,157 | 207,269 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Trade accounts payable | 13,134 | 14,378 |
| Deferred revenues | 3,722 | 5,828 |
| Deferred tax liabilities | 1,305 | 956 |
| Other current liabilities | 13,344 | 15,996 |
| Total current liabilities | 31,505 | 37,158 |
| Long-term liabilities | | |
| Deferred tax liabilities | 5,148 | 5,760 |
| Liability for employee severance pay | 2,512 | 2,469 |
| Other long-term liabilities | 887 | 822 |
| Total long-term liabilities | 8,547 | 9,051 |
| Shareholders' equity | 168,105 | 161,060 |
| Total liabilities and shareholders' equity | 208,157 | 207,269 |

NOVA MEASURING INSTRUMENTS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Three months ended | | Six months ended | |
|--|--------------------|---------------|------------------|---------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 |
| Revenues: | | | | |
| Products | 25,427 | 30,861 | 49,689 | 50,185 |
| Services | 10,148 | 9,691 | 19,942 | 17,861 |
| Total revenues | 35,575 | 40,552 | 69,631 | 68,046 |
| Cost of revenues: | | | | |
| Products | 10,092 | 13,343 | 19,953 | 21,982 |
| Services | 6,584 | 5,598 | 12,249 | 10,030 |
| Amortization of acquired intangible assets in cost of products | - | 2,442 | - | 2,442 |
| Total cost of revenues | 16,676 | 21,383 | 32,202 | 34,454 |
| Gross profit | 18,899 | 19,169 | 37,429 | 33,592 |
| Operating expenses: | | | | |
| Research and development expenses, net | 8,684 | 10,904 | 16,592 | 17,903 |
| Sales and marketing expenses | 4,535 | 4,260 | 9,902 | 7,066 |
| General and administration expenses | 1,521 | 1,413 | 3,331 | 2,637 |
| Acquisition related expenses | - | 1,549 | - | 2,655 |
| Amortization of acquired intangible assets | 636 | 569 | 1,272 | 569 |
| Total operating expenses | 15,376 | 18,695 | 31,097 | 30,830 |
| Operating income | 3,523 | 474 | 6,332 | 2,762 |
| Financing income, net | 256 | 154 | 725 | 365 |
| Income before tax on income | 3,779 | 628 | 7,057 | 3,127 |
| Income tax expenses (benefit) | 626 | (1,522) | 999 | (2,000) |
| Net income for the period | 3,153 | 2,150 | 6,058 | 5,127 |
| Earnings per share: | | | | |
| Basic | 0.12 | 0.08 | 0.22 | 0.19 |
| Diluted | 0.11 | 0.08 | 0.22 | 0.19 |
| Shares used for calculation of earnings per share: | | | | |
| Basic | 27,123 | 27,291 | 27,120 | 27,250 |
| Diluted | 27,422 | 27,677 | 27,253 | 27,426 |

NOVA MEASURING INSTRUMENTS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands) - (Unaudited)

| | Three months ended | | Six months ended | |
|---|--------------------|---------------|------------------|---------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 |
| Cash flows from operating activities: | | | | |
| Net income for the period | 3,153 | 2,150 | 6,058 | 5,127 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,064 | 1,146 | 2,349 | 2,206 |
| Amortization of acquired intangible assets | 636 | 3,011 | 1,272 | 3,011 |
| Amortization of deferred stock-based compensation | 649 | 613 | 1,405 | 1,130 |
| Increase in liability for employee termination benefits, net | 30 | 100 | 96 | 84 |
| Deferred tax assets, net | 265 | (1,921) | 418 | (2,487) |
| Gain on securities | - | (110) | - | (68) |
| Increase in trade accounts receivable | (689) | (1,887) | (3,729) | (4,383) |
| Increase in inventories | (2,687) | (1,380) | (3,057) | (1,263) |
| Decrease (increase) in other current and long term assets | 739 | (373) | 392 | (43) |
| Increase (decrease) in trade accounts payable | 1,946 | 2,428 | (1,244) | 2,563 |
| Increase (decrease) in other current and other long-term liabilities | (2,490) | 207 | (2,607) | 682 |
| Increase (decrease) in short and long term deferred revenues | 851 | 259 | (2,106) | (843) |
| Net cash provided by (used in) operating activities | 3,467 | 4,243 | (753) | 5,716 |
| Cash flow from investment activities: | | | | |
| Decrease (increase) in short-term interest-bearing bank deposits | 1,098 | (11) | (5,932) | 48,486 |
| Acquisition of subsidiary, net of acquired cash | - | 1,156 | - | (45,344) |
| Additions to property and equipment | (503) | (767) | (1,080) | (1,524) |
| Net cash provided by (used in) investment activities | 595 | 378 | (7,012) | 1,618 |
| Cash flows from financing activities: | | | | |
| Purchases of treasury shares | (937) | (1,389) | (937) | (1,389) |
| Shares issued under employee stock-based plans | 132 | 857 | 424 | 1,949 |
| Net cash provided by (used in) financing activities | (805) | (532) | (513) | 560 |
| Increase (decrease) in cash and cash equivalents | 3,257 | 4,089 | (8,278) | 7,894 |
| Cash and cash equivalents – beginning of period | 16,198 | 17,454 | 27,733 | 13,649 |
| Cash and cash equivalents – end of period | 19,455 | 21,543 | 19,455 | 21,543 |

NOVA MEASURING INSTRUMENTS LTD.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS

(U.S. dollars in thousands, except percentage and per share data) - (Unaudited)

| | Three months ended | | |
|--|--------------------|--------|----------|
| | June | March | June |
| | 30, | 31, | 30, |
| | 2016 | 2016 | 2015 |
| GAAP cost of revenues | 16,676 | 15,526 | 21,383 |
| Amortization of acquired intangible assets in cost of products | - | - | (2,442) |
| Stock-based compensation in cost of products | (79) | (96) | (89) |
| Stock-based compensation in cost of services | (48) | (64) | (46) |
| Non-GAAP cost of revenues | 16,549 | 15,366 | 18,806 |
| GAAP gross profit | 18,899 | 18,530 | 19,169 |
| Gross profit adjustments | 127 | 160 | 2,577 |
| Non-GAAP gross profit | 19,026 | 18,690 | 21,746 |
| GAAP gross margin as a percentage of revenues | 53 % | 54 % | 47 % |
| Non-GAAP gross margin as a percentage of revenues | 53 % | 55 % | 54 % |
| GAAP operating expenses | 15,376 | 15,721 | 18,695 |
| Stock-based compensation in research and development | (230) | (306) | (254) |
| Stock-based compensation in sales and marketing | (237) | (210) | (166) |
| Stock-based compensation in general and administrative | (55) | (80) | (58) |
| Acquisition related expenses | - | - | (1,549) |
| Amortization of acquired intangible assets | (636) | (636) | (569) |
| Non-GAAP operating expenses | 14,218 | 14,489 | 16,099 |
| Non-GAAP operating income | 4,808 | 4,201 | 5,647 |
| GAAP operating margin as a percentage of revenues | 10 % | 8 % | 1 % |
| Non-GAAP operating margin as a percentage of revenues | 14 % | 12 % | 14 % |
| GAAP tax on income | 626 | 373 | (1,522) |
| Deferred tax assets adjustments, net | (265) | (153) | 1,921 |
| Non-GAAP tax on income | 361 | 220 | 399 |
| GAAP net income | 3,153 | 2,905 | 2,150 |
| Amortization of acquired intangible assets | 636 | 636 | 3,011 |
| Stock-based compensation expenses | 649 | 756 | 613 |
| Deferred tax assets adjustments, net | 265 | 153 | (1,921) |
| Acquisition related expenses | - | - | 1,549 |
| Non-GAAP net income | 4,703 | 4,450 | 5,402 |
| GAAP basic earnings per share | 0.12 | 0.11 | 0.08 |
| Non-GAAP basic earnings per share | 0.17 | 0.16 | 0.20 |
| GAAP diluted earnings per share | 0.11 | 0.11 | 0.08 |
| Non-GAAP diluted earnings per share | 0.17 | 0.16 | 0.20 |
| Shares used for calculation of earnings per share: | | | |
| Basic | 27,123 | 27,116 | 27,291 |

Diluted

27,422

27,351

27,677
