
UNITED STATES
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 27, 2005

MKS Instruments, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction
of incorporation)

000-23621

(Commission
File Number)

04-2277512

(I.R.S. Employer
Identification No.)

90 Industrial Way, Wilmington, Massachusetts

(Address of principal executive offices)

01887

(Zip Code)

Registrant's telephone number, including area code:

978-284-4000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On October 27, 2005, MKS Instruments, Inc. announced its financial results for the quarter ended September 30, 2005. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release dated October 27, 2005

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 hereunto duly authorized.

MKS Instruments, Inc.

October 27, 2005

By: */s/ Ronald C. Weigner*

*Name: Ronald C. Weigner
Title: Vice President & CFO*

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------------------------|
| 99.1 | Press Release dated October 27, 2005 |

Contact: Ronald C. Weigner
Vice President & Chief Financial Officer
Telephone: 978.284.4446

MKS Instruments Reports Third Quarter 2005 Results

Wilmington, Mass., October 27, 2005 — MKS Instruments, Inc. (NASDAQ: MKSI), a leading worldwide provider of process control technologies for improving productivity in semiconductor and other advanced manufacturing processes, today reported third quarter 2005 financial results. Net sales were \$122.5 million, down 6 percent from \$130.2 million in the second quarter of 2005 and down 12 percent from \$139.7 million in the third quarter of 2004.

Third quarter GAAP net earnings totaled \$7.2 million, or \$0.13 per diluted share, compared to \$9.8 million, or \$0.18 per diluted share, in the second quarter of 2005 and \$12.2 million, or \$0.22 per diluted share, in the third quarter of 2004. Non-GAAP earnings, which exclude amortization of acquired intangible assets and special items, were \$9.2 million, or \$0.17 per share, compared to \$10.2 million, or \$0.19 per share, in the second quarter of 2005 and \$15.8 million, or \$0.29 per share, in the third quarter of 2004.

Net sales for the nine months ended September 30, 2005 totaled \$380.1 million compared to \$424.2 million for the first nine months of 2004. GAAP net earnings totaled \$22.5 million, or \$0.41 per diluted share, compared to \$45.7 million, or \$0.83 per diluted share, for the nine months of 2004. Non-GAAP earnings totaled \$27.4 million, or \$0.50 per share, compared to \$51.8 million, or \$0.95 per share, for the nine months of 2004.

Leo Berlinghieri, Chief Executive Officer and President, said, "In the third quarter, we achieved higher than expected earnings on sales that were within our guidance. As we anticipated on the second quarter call, our third quarter sales reflected cautious order patterns by semiconductor OEM customers. At the same time, our sales to semiconductor device manufacturers and other markets remained relatively stable. Lower operating expenses and higher interest income contributed to our earnings performance, and we generated approximately \$9 million in cash from operations.

"We remain focused on improving process performance and productivity in semiconductor and other markets to continue to drive profitable growth. As processes become more complex, we are leveraging the power of information for process monitoring and control. In the quarter, we launched new products that are differentiated in the marketplace by delivering new levels of productivity. We expect these systems will generate new business, based on positive responses during customer evaluations.

"Looking ahead to the fourth quarter, market conditions remain unclear. Major semiconductor OEMs have guided for bookings to increase next quarter, which should represent increased production in future quarters. Based on current customer order patterns, we expect that fourth quarter sales could remain relatively stable and range from \$120 to \$126 million. At this volume, both GAAP net earnings and non-GAAP operating earnings could range from \$0.13 to \$0.17 per diluted share."

The financial results that exclude certain charges and special items are not in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). MKS has historically been acquisitive, and MKS' management believes the presentation of non-GAAP financial measures, which exclude the costs associated with acquisitions and other special items, is useful to investors for comparing prior periods and analyzing ongoing business trends and operating results.

Management will discuss third quarter financial results on a conference call today at 8:30 a.m. (EDT). Dial-in numbers are 1-800-257-1836 for domestic callers and 303-262-2125 for international callers. A live web cast and replay of the conference call will be available on the Investors homepage at www.mksinstruments.com. A telephone replay can be accessed for one week at 303-590-3000, pass code 11041348#.

MKS Instruments, Inc. is a leading worldwide provider of process control solutions for advanced manufacturing processes such as semiconductor device manufacturing; thin-film manufacturing for flat panel displays, data storage media, architectural glass and electro-optical products; and technology for medical imaging equipment. Our instruments, components and subsystems incorporate sophisticated technologies to power, measure, control, and monitor increasingly complex gas-related semiconductor manufacturing processes, thereby enhancing our customers' uptime, yield and throughput, and improving their productivity and return on invested capital.

This release contains projections or other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding MKS' future growth and the future financial performance of MKS. These projections or statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements set forth herein. Among the important factors that could cause actual events to differ materially from those in the projections or other forward-looking statements are the fluctuations in capital spending in the semiconductor industry, fluctuations in net sales to MKS' major customers, potential fluctuations in quarterly results, the challenges, risks and costs involved with integrating the operations of MKS and any acquired companies, dependence on new product development, rapid technological and market change, acquisition strategy, manufacturing and sourcing risks, volatility of stock price, international operations, financial risk management, and future growth subject to risks. Readers are referred to MKS' filings with the Securities and Exchange Commission, including its most recent Quarterly Report on Form 10-Q, for a discussion of these and other important risk factors concerning MKS and its operations. MKS is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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MKS Instruments, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share data)

| | Three Months Ended | | |
|--|--------------------|--------------------|------------------|
| | September 30, 2005 | September 30, 2004 | June 30, 2005 |
| Net sales | \$122,520 | \$139,651 | \$130,193 |
| Cost of sales | 74,863 | 84,045 | 78,407 |
| Gross profit | 47,657 | 55,606 | 51,786 |
| Research and development | 13,684 | 14,201 | 14,689 |
| Selling, general and administrative | 22,341 | 22,971 | 23,040 |
| Amortization of acquired intangible assets | 3,382 | 3,689 | 3,693 |
| Restructuring (NOTE 1) | (278) | — | — |
| Income from operations | 8,528 | 14,745 | 10,364 |
| Interest income, net | 1,811 | 442 | 1,348 |
| Other income | — | — | — |
| Income before income taxes | 10,339 | 15,187 | 11,712 |
| Provision for income taxes | 3,115 | 3,037 | 1,934 |
| Net income | <u>\$ 7,224</u> | <u>\$ 12,150</u> | <u>\$ 9,778</u> |
| Net income per share: | | | |
| Basic | \$ 0.13 | \$ 0.23 | \$ 0.18 |
| Diluted | \$ 0.13 | \$ 0.22 | \$ 0.18 |
| Weighted average shares outstanding: | | | |
| Basic | 54,146 | 53,602 | 53,975 |
| Diluted | 54,743 | 54,302 | 54,451 |
| The following supplemental Non-GAAP earnings information is presented to aid in understanding MKS' operating results: | | | |
| GAAP net income | \$ 7,224 | \$ 12,150 | \$ 9,778 |
| Adjustments (net of tax, if applicable): | | | |
| Amortization of acquired intangible assets | 2,114 | 3,689 | 2,308 |
| Restructuring (NOTE 1) | (174) | — | — |
| Other income | — | — | — |
| Benefit for income taxes (NOTE 2) | — | — | (1,901) |
| Non-GAAP net income (NOTE 3) | <u>\$ 9,164</u> | <u>\$ 15,839</u> | <u>\$ 10,185</u> |
| Non-GAAP net income per share (NOTE 3) | <u>\$ 0.17</u> | <u>\$ 0.29</u> | <u>\$ 0.19</u> |
| Weighted average shares outstanding — diluted | 54,743 | 54,302 | 54,451 |

NOTE 1: Restructuring for the three months ended September 30, 2005 includes \$278 for the favorable lease settlement related to a previously vacated facility.

NOTE 2: The three months ended June 30, 2005 includes a benefit of \$1,901 in connection with closing an IRS audit.

NOTE 3: The Non-GAAP net income and Non-GAAP net income per share amounts exclude amortization of acquired intangible assets, acquisition and disposition related charges and special items, net of applicable income taxes.

MKS Instruments, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share data)

| | Nine Months Ended | |
|--|-------------------|------------------|
| | September 30, | |
| | 2005 | 2004 |
| Net sales | \$380,120 | \$424,221 |
| Cost of sales | 231,315 | 252,993 |
| Gross profit | 148,805 | 171,228 |
| Research and development | 42,922 | 43,157 |
| Selling, general and administrative | 69,230 | 65,784 |
| Amortization of acquired intangible assets | 10,765 | 11,073 |
| Restructuring | 176 | 437 |
| Income from operations | 25,712 | 50,777 |
| Interest income, net | 4,257 | 1,040 |
| Other income (NOTE 1) | — | 5,402 |
| Income before income taxes | 29,969 | 57,219 |
| Provision for income taxes | 7,509 | 11,495 |
| Net income | <u>\$ 22,460</u> | <u>\$ 45,724</u> |
| Net income per share: | | |
| Basic | \$ 0.42 | \$ 0.86 |
| Diluted | \$ 0.41 | \$ 0.83 |
| Weighted average shares outstanding: | | |
| Basic | 54,000 | 53,466 |
| Diluted | 54,529 | 54,785 |

The following supplemental Non-GAAP earnings information is presented to aid in

understanding MKS' operating results:

| | | |
|---|------------------|------------------|
| GAAP net income | \$ 22,460 | \$ 45,724 |
| Adjustments (net of tax, if applicable): | | |
| Amortization of acquired intangible assets | 6,728 | 11,073 |
| Restructuring | 98 | 437 |
| Other income (NOTE 1, NOTE 2) | — | (5,402) |
| Benefit for income taxes (NOTE 3) | (1,901) | — |
| Non-GAAP net income (NOTE 4) | <u>\$ 27,385</u> | <u>\$ 51,832</u> |
| Non-GAAP net income per share (NOTE 4) | <u>\$ 0.50</u> | <u>\$ 0.95</u> |
| Weighted average shares outstanding — diluted | 54,529 | 54,785 |

NOTE 1: The GAAP amount for September 30, 2004 represents primarily the collection of a note receivable of \$5.0 million during the three months ended June 30, 2004 which had been written off in 2002.

NOTE 2: The Non-GAAP adjustment for Other income for September 30, 2004 was originally reported net of tax at \$4,272. The amount currently reported as the Non-GAAP adjustment for Other income had been revised in the fourth quarter of 2004 to exclude tax in conjunction with the reversal of the previously established valuation allowance against net deferred tax assets and was reflected in our reported Non-GAAP net earnings of \$1.15 per share for 2004.

NOTE 3: The nine months ended September 30, 2005 includes a benefit of \$1,901 in connection with closing an IRS audit during the three months ended June 30, 2005.

NOTE 4: The Non-GAAP net income and Non-GAAP net income per share amounts exclude amortization of acquired intangible assets, acquisition and disposition related charges and special items, net of applicable income taxes.

MKS Instruments, Inc.
Unaudited Consolidated Balance Sheet
(In thousands)

| | September 30, 2005 | December 31, 2004 |
|---|--------------------|-------------------|
| ASSETS | | |
| Cash and short-term investments | \$271,365 | \$235,900 |
| Trade accounts receivable | 76,061 | 82,315 |
| Inventories | 97,776 | 99,633 |
| Other current assets | 25,660 | 22,037 |
| Total current assets | 470,862 | 439,885 |
| Property, plant and equipment, net | 79,699 | 80,917 |
| Long-term investments | 1,240 | 4,775 |
| Goodwill | 255,337 | 255,740 |
| Other acquired intangible assets | 30,560 | 41,604 |
| Other assets | 5,070 | 5,756 |
| Total assets | <u>\$842,768</u> | <u>\$828,677</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Short-term debt | \$ 21,242 | \$ 24,509 |
| Accounts payable | 20,319 | 23,338 |
| Accrued expenses and other liabilities | 41,736 | 44,338 |
| Total current liabilities | 83,297 | 92,185 |
| Long-term debt | 6,438 | 6,667 |
| Other long-term liabilities | 3,569 | 3,191 |
| Stockholders' equity: | | |
| Common stock | 113 | 113 |
| Additional paid-in capital | 636,648 | 631,760 |
| Retained earnings | 104,537 | 82,077 |
| Other stockholders' equity | 8,166 | 12,684 |
| Total stockholders' equity | <u>749,464</u> | <u>726,634</u> |
| Total liabilities and stockholders' equity | <u>\$842,768</u> | <u>\$828,677</u> |