
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 21, 2015

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.)

2 Tech Drive, Suite 201, Andover, Massachusetts

(Address of principal executive offices)

01810

(Zip Code)

Registrant's telephone number, including area code:

978-645-5500

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 21, 2015, MKS Instruments, Inc. announced its financial results for the quarter ended September 30, 2015. 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 of the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release dated October 21, 2015

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 21, 2015

By: */s/ Seth H. Bagshaw*

*Name: Seth H. Bagshaw
Title: VP, CFO & Treasurer*

Exhibit Index

| Exhibit No. | Description |
|-------------|--------------------------------------|
| 99.1 | Press Release dated October 21, 2015 |

MKS Instruments Reports Q3 2015 Financial Results

Andover, Mass., October 21, 2015 — MKS Instruments, Inc. (NASDAQ: MKSI), a global provider of technologies that enable advanced processes and improve productivity; today reports third quarter 2015 financial results.

| | <u>GAAP Results</u> | <u>Non-GAAP Results</u> |
|----------------------------|---------------------|-------------------------|
| Net revenues (\$ millions) | \$ 209 | \$ 209 |
| Gross margin | 45.0% | 45.0% |
| Operating margin | 19.8% | 20.8% |
| Net income (\$ millions) | \$29.8 | \$31.5 |
| Diluted EPS | \$0.56 | \$0.59 |

Third Quarter Financial Results

Sales were \$209 million, a decrease of 4% from \$218 million in the second quarter of 2015, and an increase of 12% from \$187 million in the third quarter of 2014.

Third quarter net income was \$29.8 million, or \$0.56 per diluted share, compared to net income of \$33.2 million, or \$0.62 per diluted share in the second quarter of 2015, and \$29.1 million, or \$0.55 per diluted share in the third quarter of 2014.

Non-GAAP net earnings, which exclude special charges and credits, were \$31.5 million, or \$0.59 per diluted share, compared to \$33.1 million, or \$0.62 per diluted share in the second quarter of 2015, and \$22.8 million, or \$0.43 per diluted share in the third quarter of 2014.

In the third quarter, the board of directors authorized a quarterly cash dividend of \$0.17 per share, and paid a dividend of \$9.1 million on September 11th. In addition, during the quarter, the Company repurchased 129 thousand shares for \$4.5 million for an average price of \$35.21 per share.

Gerald Colella, Chief Executive Officer and President, said, “The third quarter came in largely as expected, with a modest decline in our semiconductor business off of a record second quarter, continued revenue growth in our other advanced markets, and operating performance aligned with the improved financial model targets announced in June. I am pleased to report that semiconductor revenue was up 11% for the first three quarters of 2015, however, recent capex reductions by some of the largest spenders in the semiconductor industry are affecting the near-term environment for our semiconductor business, as semiconductor OEMs adjust their inventory levels ahead of a downturn in industry spending. These swings in our semiconductor business are not new to us, and we anticipate that we will continue to deliver financial performance in line with our improved operating model targets.

“Based on these factors, and looking at current business levels, we anticipate that sales in the fourth quarter may range from \$150 million to \$170 million, and at these volumes, our non-GAAP net earnings could range from \$0.21 to \$0.33 per share and our GAAP net income could range from \$0.18 to \$0.30 per share.”

Conference Call Details

A conference call with management will be held on Thursday, October 22, 2015 at 8:30 a.m. (EDT). To participate in the conference call, please dial (877) 212-6076 for domestic callers and (707) 287-9331 for international callers, and an operator will connect you. Participants will need to provide the operator with the Conference ID of 39578407, which has been reserved for this call. A live and archived webcast of the call will be available on the company’s website at www.mksinst.com.

Use of Non-GAAP Financial Results

Non-GAAP amounts exclude amortization of acquired intangible assets, costs associated with completed acquisitions, income related to the sale of excess and obsolete inventory previously written down to net realizable value, an inventory step-up adjustment related to an acquisition, restructuring charges, discrete tax benefits and charges, and the related tax effect of these adjustments. These non-GAAP measures are not in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). MKS’ management believes the presentation of these non-GAAP financial measures is useful to investors for comparing prior periods and analyzing ongoing business trends and operating results.

About MKS Instruments

MKS Instruments, Inc. is a global provider of instruments, subsystems and process control solutions that measure, control, power, monitor and analyze critical parameters of advanced manufacturing processes to improve process performance and productivity. Our products are derived from our core competencies in pressure measurement and control, materials delivery, gas composition analysis, control and information technology, power and reactive gas generation, and vacuum technology. Our primary served markets are manufacturers of capital equipment for semiconductor devices, and for other thin film applications including

flat panel displays, solar cells, light emitting diodes, data storage media, and other advanced coatings. We also leverage our technology in other markets with advanced manufacturing applications including medical equipment, pharmaceutical manufacturing, energy generation and environmental monitoring.

Forward-Looking Statements

This release contains projections or other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27 of the Securities Act, and Section 21E of the Securities Exchange Act 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, and other advanced manufacturing markets, 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 Annual Report on Form 10-K and Quarterly Reports 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, 2015 | September 30, 2014 | June 30, 2015 |
| Net revenues: | | | |
| Products | \$179,441 | \$158,520 | \$188,281 |
| Services | 29,891 | 28,278 | 29,685 |
| Total net revenues | <u>209,332</u> | <u>186,798</u> | <u>217,966</u> |
| Cost of revenues: | | | |
| Products | 95,710 | 89,181 | 99,849 |
| Services | 19,393 | 18,292 | 19,319 |
| Total cost of revenues | <u>115,103</u> | <u>107,473</u> | <u>119,168</u> |
| Gross profit | 94,229 | 79,325 | 98,798 |
| Research and development | 17,217 | 15,827 | 17,567 |
| Selling, general and administrative | 33,396 | 32,365 | 33,269 |
| Restructuring | 562 | 1,223 | 219 |
| Amortization of intangible assets | <u>1,691</u> | <u>1,760</u> | <u>1,709</u> |
| Income from operations | 41,363 | 28,150 | 46,034 |
| Interest income, net | 721 | 394 | 790 |
| Income from operations before income taxes | <u>42,084</u> | <u>28,544</u> | <u>46,824</u> |
| Provision (benefit) for income taxes | <u>12,315</u> | <u>(573)</u> | <u>13,604</u> |
| Net income | <u>\$ 29,769</u> | <u>\$ 29,117</u> | <u>\$ 33,220</u> |
| Net income per share: | | | |
| Basic | \$ 0.56 | \$ 0.55 | \$ 0.62 |
| Diluted | \$ 0.56 | \$ 0.55 | \$ 0.62 |
| Cash dividends per common share | \$ 0.170 | \$ 0.165 | \$ 0.170 |
| Weighted average shares outstanding: | | | |
| Basic | 53,314 | 53,054 | 53,384 |
| Diluted | 53,568 | 53,310 | 53,589 |

The following supplemental Non-GAAP earnings information is presented to aid in understanding MKS' operating results:

| | | | |
|--|-----------|-----------|-----------|
| Net income | \$ 29,769 | \$ 29,117 | \$ 33,220 |
| Adjustments (net of tax, if applicable): | | | |
| Release of tax reserves (Note 1) | — | (6,109) | — |
| Tax benefit (Note 2) | — | (3,343) | — |
| Sale of previously written down inventory (Note 3) | — | — | (2,098) |
| Acquisition inventory step-up (Note 4) | — | 1,634 | — |
| Restructuring (Note 5) | 562 | 1,223 | 219 |

| | | | |
|--|------------------|------------------|------------------|
| Amortization of intangible assets | 1,691 | 1,760 | 1,709 |
| Pro forma tax adjustments | (543) | (1,500) | 74 |
| Non-GAAP net earnings (Note 6) | <u>\$ 31,479</u> | <u>\$ 22,782</u> | <u>\$ 33,124</u> |
| Non-GAAP net earnings per share (Note 6) | <u>\$ 0.59</u> | <u>\$ 0.43</u> | <u>\$ 0.62</u> |
| Weighted average shares outstanding | 53,568 | 53,310 | 53,589 |
| Income from operations | \$ 41,363 | \$ 28,150 | \$ 46,034 |
| Adjustments: | | | |
| Sale of previously written down inventory (Note 3) | — | — | (2,098) |
| Acquisition inventory step-up (Note 4) | — | 1,634 | — |
| Restructuring (Note 5) | 562 | 1,223 | 219 |
| Amortization of intangible assets | 1,691 | 1,760 | 1,709 |
| Non-GAAP income from operations (Note 7) | <u>\$ 43,616</u> | <u>\$ 32,767</u> | <u>\$ 45,864</u> |
| Non-GAAP operating margin percentage (Note 7) | <u>20.8%</u> | <u>17.5%</u> | <u>21.0%</u> |
| Gross profit | \$ 94,229 | \$ 79,325 | \$ 98,798 |
| Sale of previously written down inventory (Note 3) | — | — | (2,098) |
| Acquisition inventory step-up (Note 4) | — | 1,634 | — |
| Non-GAAP gross profit (Note 8) | <u>\$ 94,229</u> | <u>\$ 80,959</u> | <u>\$ 96,700</u> |
| Non-GAAP gross profit percentage (Note 8) | <u>45.0%</u> | <u>43.3%</u> | <u>44.4%</u> |

Note 1: For the three months ended September 30, 2014, we recorded \$6.1 million in credits for reserve releases related to the settlement of audits and expiration of the statute of limitations.

Note 2: For the three months ended September 30, 2014, we recorded a tax benefit of \$3.3 million related to a one time foreign dividend to the U.S.

Note 3: Cost of sales for the three months ended June 30, 2015 includes income related to the sale of excess and obsolete inventory previously written down to net realizable value.

Note 4: Inventory step-up adjustment related to the Granville-Phillips acquisition which closed during the second quarter of 2014.

Note 5: The three months ended September 30, 2015 and June 30, 2015, includes restructuring charges related to the outsourcing of an international manufacturing operation and the consolidation of certain other foreign manufacturing locations. The three months ended September 30, 2014 includes restructuring charges primarily for severance costs related to a reduction in work force at one of our foreign subsidiaries.

Note 6: The Non-GAAP net earnings and Non-GAAP net earnings per share amounts exclude discrete tax benefits, income related to the sale of excess and obsolete inventory previously written down to net realizable value, an inventory step-up adjustment related to an acquisition, restructuring costs, amortization of intangible assets and the related tax effect of these adjustments to reflect the expected full year effective tax rate in the related quarter.

Note 7: The Non-GAAP income from operations and Non-GAAP operating margin percentages exclude income related to the sale of excess and obsolete inventory previously written down to net realizable value, an inventory step-up adjustment related to an acquisition, restructuring costs and amortization of intangible assets.

Note 8: The Non-GAAP gross profit amounts and Non-GAAP gross profit percentages exclude income related to the sale of excess and obsolete inventory previously written down to net realizable value and an inventory step-up adjustment related to an acquisition.

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

| | Nine Months Ended | |
|--|-------------------|------------------|
| | September 30, | |
| | 2015 | 2014 |
| Net revenues: | | |
| Products | \$553,818 | \$497,172 |
| Services | 87,319 | 80,676 |
| Total net revenues | <u>641,137</u> | <u>577,848</u> |
| Cost of revenues: | | |
| Products | 294,211 | 276,905 |
| Services | 56,853 | 52,611 |
| Total cost of revenues | <u>351,064</u> | <u>329,516</u> |
| Gross profit | 290,073 | 248,332 |
| Research and development | 51,464 | 46,866 |
| Selling, general and administrative | 97,532 | 99,195 |
| Acquisition costs | 30 | 499 |
| Restructuring | 1,569 | 1,970 |
| Amortization of intangible assets | 5,071 | 3,214 |
| Income from operations | <u>134,407</u> | <u>96,588</u> |
| Interest income, net | 2,015 | 860 |
| Income from operations before income taxes | <u>136,422</u> | <u>97,448</u> |
| Provision for income taxes | 39,647 | 15,862 |
| Net income | <u>\$ 96,775</u> | <u>\$ 81,586</u> |
| Net income per share: | | |
| Basic | \$ 1.82 | \$ 1.53 |
| Diluted | \$ 1.81 | \$ 1.52 |
| Cash dividends per common share | \$ 0.505 | \$ 0.49 |

| | | |
|--|------------------|------------------|
| Weighted average shares outstanding: | | |
| Basic | 53,304 | 53,276 |
| Diluted | 53,562 | 53,541 |
| The following supplemental Non-GAAP earnings information is presented to aid in understanding MKS' operating results: | | |
| Net income | \$ 96,775 | \$ 81,586 |
| Adjustments (net of tax, if applicable): | | |
| Release of tax reserves (Note 1) | — | (11,188) |
| Tax benefit (Note 2) | — | (3,343) |
| Sale of previously written down inventory (Note 3) | (2,098) | — |
| Acquisition costs (Note 4) | 30 | 499 |
| Acquisition inventory step-up (Note 5) | — | 2,179 |
| Restructuring (Note 6) | 1,569 | 1,970 |
| Amortization of intangible assets | 5,071 | 3,214 |
| Pro forma tax adjustments | (1,241) | (2,569) |
| Non-GAAP net earnings (Note 7) | <u>\$100,106</u> | <u>\$ 72,348</u> |
| Non-GAAP net earnings per share (Note 7) | <u>\$ 1.87</u> | <u>\$ 1.35</u> |
| Weighted average shares outstanding | 53,562 | 53,541 |
| Income from operations | \$134,407 | \$ 96,588 |
| Adjustments: | | |
| Sale of previously written down inventory (Note 3) | (2,098) | — |
| Acquisition costs (Note 4) | 30 | 499 |
| Acquisition inventory step-up (Note 5) | — | 2,179 |
| Restructuring (Note 6) | 1,569 | 1,970 |
| Amortization of intangible assets | 5,071 | 3,214 |
| Non-GAAP income from operations (Note 8) | <u>\$138,979</u> | <u>\$104,450</u> |
| Non-GAAP operating margin percentage (Note 8) | <u>21.7%</u> | <u>18.1%</u> |
| Gross profit | \$290,073 | \$248,332 |
| Sale of previously written down inventory (Note 3) | (2,098) | — |
| Acquisition inventory step-up (Note 5) | — | 2,179 |
| Non-GAAP gross profit (Note 9) | <u>\$287,975</u> | <u>\$250,511</u> |
| Non-GAAP gross profit percentage (Note 9) | <u>44.9%</u> | <u>43.4%</u> |

Note 1: For the nine months ended September 30, 2014, we recorded \$11.2 million in credits for reserve releases related to the settlement of audits and expiration of the statute of limitations.

Note 2: For the nine months ended September 30, 2014, we recorded a tax benefit of \$3.3 million related to a one time foreign dividend to the U.S.

Note 3: Cost of sales for the nine months ended September 30, 2015 includes income related to the sale of excess and obsolete inventory previously written down to net realizable value.

Note 4: The nine months ended September 30, 2015 includes acquisition costs related to the Precise LLC acquisition which closed during the first quarter of 2015. The nine months ended September 30, 2014 includes acquisition costs comprised of legal fees and filing fees related to the Granville-Phillips acquisition which closed during the second quarter of 2014.

Note 5: Inventory step-up adjustment related to the Granville-Phillips acquisition which closed during the second quarter of 2014.

Note 6: The nine months ended September 30, 2015 includes restructuring charges related to the outsourcing of an international manufacturing operation and the consolidation of certain other foreign manufacturing locations. The nine months ended September 30, 2014 includes restructuring charges primarily for severance related costs related to a reduction in work force at one of our foreign subsidiaries.

Note 7: The Non-GAAP net earnings and Non-GAAP net earnings per share amounts exclude discrete tax benefits, income related to the sale of excess and obsolete inventory previously written down to net realizable value, an inventory step-up adjustment related to an acquisition, restructuring costs, amortization of intangible assets and the related tax effect of these adjustments to reflect the expected full year effective tax rate in the related quarter.

Note 8: The Non-GAAP income from operations and Non-GAAP operating margin percentages exclude income related to the sale of excess and obsolete inventory previously written down to net realizable value, an inventory step-up adjustment related to an acquisition, restructuring costs and amortization of intangible assets.

Note 9: The Non-GAAP gross profit amounts and Non-GAAP gross profit percentages exclude income related to the sale of excess and obsolete inventory previously written down to net realizable value and an inventory step-up adjustment related to an acquisition.

MKS Instruments, Inc.
Reconciliation of GAAP Income Tax Rate to Non-GAAP Income Tax Rate
(In thousands)

| | Three Months Ended September 30, 2015 | | | Three Months Ended September 30, 2014 | | |
|----------------------------------|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| | Income Before Income Taxes | Provision (benefit) for Income Taxes | Effective Tax Rate | Income Before Income Taxes | Provision (benefit) for Income Taxes | Effective Tax Rate |
| GAAP | \$ 42,084 | \$ 12,315 | 29.3% | \$ 28,544 | \$ (573) | -2.0% |
| Adjustments: | | | | | | |
| Release of tax reserves (Note 1) | — | — | | — | 6,109 | |
| Tax benefit (Note 2) | — | — | | — | 3,343 | |
| Restructuring (Note 6) | 562 | — | | 1,223 | — | |

| | | | | | | |
|--|------------------|------------------|-------|------------------|------------------|-------|
| 3) | | | | | | |
| Acquisition inventory step-up (Note 4) | — | — | | 1,634 | — | |
| Amortization of intangible assets | 1,691 | — | | 1,760 | — | |
| Tax effect of pro forma adjustments | — | 755 | | — | 1,680 | |
| Adjustment to pro forma tax rate | — | (212) | | — | (180) | |
| Non-GAAP | <u>\$ 44,337</u> | <u>\$ 12,858</u> | 29.0% | <u>\$ 33,161</u> | <u>\$ 10,379</u> | 31.3% |

| Three Months Ended June 30, 2015 | | | | | | |
|---|----------------------------|---------|--|--------------------------------------|-------|--------------------|
| | Income Before Income Taxes | | | Provision (benefit) for Income Taxes | | Effective Tax Rate |
| GAAP | \$ 46,824 | | | \$ 13,604 | | 29.1% |
| Adjustments: | | | | | | |
| Restructuring (Note 3) | | 219 | | | — | |
| Amortization of intangible assets | | 1,709 | | | — | |
| Sales of previously written down inventory (Note 5) | | (2,098) | | | — | |
| Tax effect of pro forma adjustments | | — | | | 311 | |
| Adjustment to pro forma tax rate | | — | | | (385) | |
| Non-GAAP | <u>\$ 46,654</u> | | | <u>\$ 13,530</u> | | 29.0% |

| Nine Months Ended September 30, 2015 | | | | Nine Months Ended September 30, 2014 | | |
|---|----------------------------|--------------------------------------|--------------------|--------------------------------------|--------------------------------------|--------------------|
| | Income Before Income Taxes | Provision (benefit) for Income Taxes | Effective Tax Rate | Income Before Income Taxes | Provision (benefit) for Income Taxes | Effective Tax Rate |
| GAAP | \$ 136,422 | \$ 39,647 | 29.1% | \$ 97,448 | \$ 15,862 | 16.3% |
| Adjustments: | | | | | | |
| Release of tax reserves (Note 1) | — | — | | — | 11,188 | |
| Tax benefit (Note 2) | — | — | | — | 3,343 | |
| Restructuring (Note 3) | 1,569 | — | | 1,970 | — | |
| Acquisition inventory step-up (Note 4) | — | — | | 2,179 | — | |
| Sales of previously written down inventory (Note 5) | (2,098) | — | | — | — | |
| Acquisition costs (Note 6) | 30 | — | | 499 | — | |
| Amortization of intangible assets | 5,071 | — | | 3,214 | — | |
| Tax effect of pro forma adjustments | — | 1,883 | | — | 2,790 | |
| Adjustment to pro forma tax rate | — | (642) | | — | (221) | |
| Non-GAAP | <u>\$ 140,994</u> | <u>\$ 40,888</u> | 29.0% | <u>\$ 105,310</u> | <u>\$ 32,962</u> | 31.3% |

Note 1: For the three and nine months ended September 30, 2014, we recorded \$6.1 million and \$11.2 million in credits, respectively, for reserve releases related to the settlement of audits and expiration of the statute of limitations.

Note 2: For the three and nine months ended September 30, 2014, we recorded a tax benefit of \$3.3 million related to a one time foreign dividend to the U.S.

Note 3: The three and nine months ended September 30, 2015 includes restructuring charges related to the outsourcing of an international manufacturing operation and the consolidation of certain other foreign manufacturing locations. The nine months ended September 30, 2014 includes restructuring charges primarily for severance related costs related to a reduction in work force at one of our foreign subsidiaries.

Note 4: Inventory step-up adjustment related to the Granville-Phillips acquisition which closed during the second quarter of 2014.

Note 5: Cost of sales for the three months ended June 30, 2015 and nine months ended September 30, 2015 includes income related to the sale of excess and obsolete inventory previously written down to net realizable value.

Note 6: The nine months ended September 30, 2015 includes acquisition costs related to the Precise LLC acquisition, which closed during the first quarter of 2015. The nine months ended September 30, 2014 includes acquisition costs comprised of legal fees and filing fees related to the Granville-Phillips acquisition which closed during the second quarter of 2014.

MKS Instruments, Inc.
Reconciliation of Q4-15 Guidance — GAAP Net Income to Non-GAAP Net Earnings
(In thousands, except per share data)

| | The Months Ended December 31, 2015 | | | |
|-----------------|------------------------------------|--------------|---------------|--------------|
| | Low Guidance | | High Guidance | |
| | \$ Amount | \$ Per Share | \$ Amount | \$ Per Share |
| GAAP net income | \$ 9,800 | \$ 0.18 | \$16,300 | \$ 0.30 |
| Amortization | 1,700 | 0.03 | 1,700 | 0.03 |

| | | | | |
|------------------------------------|-----------------|----------------|-----------------|----------------|
| Restructuring | 500 | 0.01 | 500 | 0.01 |
| Tax effect of adjustments (Note 1) | <u>(600)</u> | <u>(0.01)</u> | <u>(600)</u> | <u>(0.01)</u> |
| Non-GAAP net earnings | <u>\$11,400</u> | <u>\$ 0.21</u> | <u>\$17,900</u> | <u>\$ 0.33</u> |
| Q4-15 forecasted shares | | 53,500 | | 53,500 |

Note 1: The Non-GAAP adjustments are tax effected at the estimated Q4-15 tax rate of 29%.

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

| | September 30, 2015 | December 31, 2014 |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 195,147 | \$ 305,437 |
| Short-term investments | 196,842 | 129,594 |
| Trade accounts receivable, net | 115,988 | 106,362 |
| Inventories | 168,079 | 155,169 |
| Deferred income taxes | 14,412 | 14,017 |
| Other current assets | <u>28,894</u> | <u>27,512</u> |
| Total current assets | 719,362 | 738,091 |
| Property, plant and equipment, net | 69,193 | 72,776 |
| Long-term investments | 240,908 | 157,201 |
| Goodwill | 199,562 | 192,381 |
| Intangible assets, net | 45,647 | 46,389 |
| Other assets | <u>18,673</u> | <u>17,206</u> |
| Total assets | <u>\$1,293,345</u> | <u>\$1,224,044</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Accounts payable | \$ 26,326 | \$ 34,166 |
| Accrued compensation | 29,172 | 26,970 |
| Income taxes payable | 9,279 | 6,702 |
| Other current liabilities | <u>42,835</u> | <u>35,789</u> |
| Total current liabilities | 107,612 | 103,627 |
| Other liabilities | 39,061 | 38,595 |
| Stockholders' equity: | | |
| Common stock | 113 | 113 |
| Additional paid-in capital | 741,423 | 734,732 |
| Retained earnings | 413,419 | 349,061 |
| Other stockholders' equity | <u>(8,283)</u> | <u>(2,084)</u> |
| Total stockholders' equity | <u>1,146,672</u> | <u>1,081,822</u> |
| Total liabilities and stockholders' equity | <u>\$1,293,345</u> | <u>\$1,224,044</u> |