

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): February 3, 2004

MKS Instruments, Inc.

(Exact name of registrant as specified in charter)

Massachusetts

0-23621

04-2277512

(State or other
jurisdiction of
incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

Six Shattuck Road, Andover, Massachusetts

01810

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (978) 975-2350

(Former name or former address, if changed since last report)

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 3, 2004, MKS Instruments, Inc. announced its financial results for the quarter ended December 31, 2003. The full text of the press release issued in connection with the announcement 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.

SIGNATURE

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.

Date: February 3, 2004

MKS Instruments, Inc.

By: /s/ Ronald C. Weigner

Ronald C. Weigner,
Vice President & Chief Financial Officer

FOR IMMEDIATE RELEASE

Contact: Ron Weigner
Vice President and Chief Financial Officer
978.975.2350

MKS INSTRUMENTS REPORTS FOURTH QUARTER 2003 RESULTS

25% SEQUENTIAL REVENUE INCREASE TO \$102 MILLION AND RETURN TO PROFITABILITY

Andover, Mass. -- February 3, 2004 -- 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 fourth quarter and full year 2003 results. Fourth quarter 2003 revenues totaled \$101.8 million, a 25 percent increase from \$81.6 million in the third quarter of 2003 and a 31 percent increase from \$77.6 million in the fourth quarter of 2002.

On a GAAP basis, net earnings were \$2.1 million, or \$0.04 per diluted share, in the fourth quarter of 2003 compared to a net loss of \$5.6 million, or \$0.11 per basic share, in the third quarter of 2003 and a net loss of \$19.2 million, or \$0.37 per basic share, in the fourth quarter of 2002. The prior year fourth quarter included a special non-cash charge of \$13.4 million, or \$0.26 per share, for the reversal of MKS' net deferred tax assets.

On an ongoing operating or non-GAAP basis, which excludes amortization of acquired intangible assets, the tax charge and other special items, net earnings were \$5.9 million, or \$0.11 per diluted share, in the fourth quarter of 2003 compared to a net loss of \$1.7 million, or \$0.03 per basic share, in the third quarter of 2003 and a net loss of \$3.3 million, or \$0.06 per basic share, in the fourth quarter of 2002.

For the full year of 2003, net sales increased by 7 percent to \$337.3 million from \$314.8 million in 2002. The GAAP net loss was reduced to \$16.4 million, or \$0.32 per basic share, in 2003 from \$39.5 million, or \$0.79 per basic share, in 2002.

"We are pleased with our strong revenue growth and return to profitability at the beginning of what we see as a cyclical upturn. Fourth quarter revenues increased across our product groups, as an improving economy and higher utilization at the leading edge

drove semiconductor capital equipment investment," said John R. Bertucci, Chairman, Chief Executive Officer and President.

"Given the accelerating demand for our broad portfolio of sophisticated process control and information management solutions, we estimate first quarter 2004 revenues could increase by approximately 20 percent sequentially to a range of \$120 to \$125 million, and GAAP net earnings could range from \$0.10 to \$0.15 per share. On an ongoing operating or non-GAAP basis, first quarter net earnings could range from \$0.20 to \$0.25 per share, excluding amortization of acquired intangible assets and restructuring charges."

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' management uses these non-GAAP measures internally to evaluate the company's performance and manage its operations, and believes that these measures provide useful information for understanding operating results and comparing prior periods.

Management will host a conference call on February 3, 2004 at 5:00 p.m. (Eastern Time) to discuss these financial results. Interested parties can access the live call and a rebroadcast at www.mksinstruments.com. To hear a replay through February 10, 2004, dial 303-590-3000, passcode 563854#.

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 failure of MKS and acquired companies to realize the anticipated benefits of their combined businesses, the challenges and risks involved with integrating the operations of MKS and 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 December 31,	
	2003	2002
Net sales	\$ 101,778	\$ 77,558
Cost of sales	64,242	52,523
Gross profit	37,536	25,035
Research and development	12,931	12,164
Selling, general and administrative	17,523	19,596
Amortization of acquired intangible assets	3,685	3,777
Restructuring, asset impairment and other charges	959	318
Income (loss) from operations	2,438	(10,820)
Interest income, net	271	235
Other (income) expenses	(927)	--
Income (loss) before income taxes	3,636	(10,585)
Provision for income taxes (NOTE 1)	1,500	8,646
Net income (loss)	\$ 2,136	\$ (19,231)
Net income (loss) per share (NOTE 2)	\$ 0.04	\$ (0.37)
Weighted average shares outstanding (NOTE 2)	54,006	51,299
THE FOLLOWING SUPPLEMENTAL NON-GAAP EARNINGS INFORMATION IS PRESENTED TO AID IN UNDERSTANDING MKS' OPERATING RESULTS:		
GAAP net income (loss)	\$ 2,136	\$ (19,231)
Adjustments:		
Amortization of acquired intangible assets	3,685	3,777
Restructuring, asset impairment and other charges	959	318
Gain from insurance repayment (NOTE 3)	(927)	--
Tax effect of adjustments	--	(1,534)
Special deferred tax charge (NOTE 1)	--	13,378
Non-GAAP net income (loss) (NOTE 4)	\$ 5,853	\$ (3,292)
Non-GAAP net income (loss) per share (NOTE 4)	\$ 0.11	\$ (0.06)
Weighted average shares outstanding (NOTE 2)	54,006	51,299

NOTE 1: The provision for income taxes for the quarter ended December 31, 2002 includes a special deferred tax charge of \$13,378 to establish a valuation allowance for the Company's net deferred tax assets. These assets remain available for use as deductions against future taxable income.

NOTE 2: Due to the net loss for the quarter ended December 31, 2002, net loss per share is based on the basic number of weighted average shares outstanding. For the quarter ended December 31, 2003, the Company reported net income and therefore, used the diluted weighted average shares outstanding.

NOTE 3: The Company recorded a gain of \$927 from the early repayment of premiums related to a split dollar life insurance policy covering the Chairman and CEO of the Company.

NOTE 4: The Non-GAAP net income (loss) and non-GAAP net income (loss) 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)

	Year Ended December 31,	
	2003	2002
Net sales	\$ 337,291	\$ 314,773
Cost of sales	219,182	208,978
Gross profit	118,109	105,795
Research and development	47,650	45,999
Selling, general and administrative	69,891	77,830
Amortization of acquired intangible assets	14,692	13,897
Restructuring, asset impairment and other charges	1,593	2,726
Purchase of in-process technology	--	8,390
Loss from operations	(15,717)	(43,047)
Interest income, net	1,056	1,450
Income from litigation settlement	--	4,200
Other (income) expenses	(927)	4,121
Loss before income taxes	(13,734)	(41,518)
Provision (benefit) for income taxes (NOTE 1)	2,651	(1,981)
Net loss	\$ (16,385)	\$ (39,537)
Net loss per share (NOTE 2)	\$ (0.32)	\$ (0.79)
Weighted average shares outstanding (NOTE 2)	51,581	50,000

THE FOLLOWING SUPPLEMENTAL NON-GAAP EARNINGS INFORMATION IS PRESENTED TO AID IN UNDERSTANDING MKS' OPERATING RESULTS:

GAAP net loss	\$ (16,385)	\$ (39,537)
Adjustments:		
Amortization of acquired intangible assets	14,692	13,897
Restructuring, asset impairment and other charges	1,593	2,726
Gain from insurance repayment (NOTE 3)	(927)	--
Charge to reserve note and warrants (NOTE 4)	--	4,121
Income from litigation settlement	--	(4,200)
Purchase of in-process technology	--	8,390
Tax effect of adjustments	--	(6,147)
Special deferred tax charge (NOTE 1)	--	13,378
Non-GAAP net loss (NOTE 5)	\$ (1,027)	\$ (7,372)
Non-GAAP net loss per share (NOTE 5)	\$ (0.02)	\$ (0.15)
Weighted average shares outstanding (NOTE 2)	51,581	50,000

NOTE 1: In the three months ended December 31, 2002, MKS recorded a full valuation allowance against its net deferred tax assets. Accordingly, MKS has not recorded a deferred tax benefit from the net operating loss incurred in the year ended December 31, 2003. The provision for income taxes of \$2,651 in 2003 includes tax expense from foreign operations and state taxes.

NOTE 2: Due to the net loss for the periods, net loss per share is based on the basic number of weighted average shares outstanding.

NOTE 3: The Company recorded a gain of \$927 from the early repayment of premiums related to a split dollar life insurance policy covering the Chairman and CEO of the Company.

NOTE 4: During 2001 MKS sold certain non-strategic assets for approximately \$9,000, including a note receivable of \$3,928 and warrants valued at \$193. In the third quarter of 2002, MKS recorded a charge of \$4,121 to establish a reserve against the note and warrants.

NOTE 5: The non-GAAP net loss and non-GAAP net loss 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)

	December 31, 2003 -----	December 31, 2002 -----
ASSETS		
Cash and short-term investments	\$129,178	\$128,714
Trade accounts receivable	65,454	45,505
Inventories	82,013	73,235
Other current assets	5,631	6,098
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Total current assets	282,276	253,552
Property, plant and equipment, net	76,121	82,595
Long-term investments	13,625	15,980
Goodwill	259,924	259,781
Other acquired intangible assets	56,192	67,720
Other assets	4,724	5,995
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Total assets	\$692,862 =====	\$685,623 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	\$ 20,196	\$ 18,472
Accounts payable	25,302	15,301
Other accrued expenses	26,310	27,771
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Total current liabilities	71,808	61,544
Long-term debt	8,924	11,726
Other long-term liabilities	3,820	1,663
Stockholders' equity:		
Common stock	113	113
Additional paid-in capital	587,910	579,175
Retained earnings	12,238	28,623
Other stockholders' equity	8,049	2,779
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Total stockholders' equity	608,310	610,690
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Total liabilities and stockholders' equity	\$692,862 =====	\$685,623 =====