

CAMTEK LTD
Form 6-K
July 29, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the Month of June 2014

CAMTEK LTD.
(Translation of Registrant's Name into English)

Ramat Gavriel Industrial Zone
P.O. Box 544
Migdal Haemek 23150
ISRAEL
(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of 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 and Exchange Act of 1934.

Yes No

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, thereunto duly authorized.

CAMTEK LTD.
(Registrant)

By: /s/ Moshe Eisenberg

Moshe Eisenberg,
Chief Financial Officer

Dated: July 29, 2014

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FOR IMMEDIATE RELEASE

CAMTEK ANNOUNCES SECOND QUARTER 2014 RESULTS

\$23.2 million Revenue ; \$2.7 million Operating Income on a Non GAAP basis; On track with the 3D Inkjet product

MIGDAL HAEMEK, Israel – July 29, 2014 – Camtek Ltd. (NASDAQ and TASE: CAMT), today announced its financial results for the quarter ended June 30, 2014.

Highlights of the Second Quarter of 2014

- Revenues of \$23.2 million;
- Non-GAAP and GAAP Gross margins of \$11.5 million, representing 49.5% of revenues;
- Non-GAAP and GAAP operating income of \$2.7 million and \$2.6 million, respectively, representing 11.5% and 11.1% of revenues, respectively; and
- Non-GAAP net income of \$2.3 million; GAAP net income of \$2.0 million.

Rafi Amit, Camtek's Chairman and CEO, commented, "We are pleased with the results and the progress we have made during the second quarter."

Continued Mr. Amit, "Our new product strategy is progressing well. With regard to the commercialization process of our 3D Functional Ink-Jet Technology product, Gryphon, our two beta sites have been ongoing for a few months and so far, we are happy with the results. The more we run the machine in a production environment, as well as meeting with potential customers, the more confident we become in our belief that Ink-Jet technology for solder-mask will be the dominant technology in the PCB industry for years to come. We remain on track and expect initial commercial Gryphon installations at customers to begin in the fourth quarter, with revenues expected in 2015. Our other recently launched next-generation semiconductor inspection and metrology platform for the advanced packaging market, Eagle, is also gaining strong traction especially among leading OSATs. We look forward to unleashing and realizing the potential within our new products and expect them to increasingly contribute to our future revenues."

Concluded Mr. Amit, "Our existing business continues to show solid performance, and overall Camtek is on track for a good year. In the third quarter, we expect revenues to remain around the same level as that of the second quarter."

Second quarter 2014 Financial Results

Revenues for the second quarter of 2014 were \$23.2 million. This is a 4% improvement compared to revenues of \$22.3 million in the second quarter of 2013.

Gross profit on a GAAP basis in the quarter totaled \$11.5 million (49.5% of revenues), a 17% improvement compared to \$9.8 million (44.0% of revenues) in the second quarter of 2013. The improved gross margin is mainly due to a favorable revenue mix in the quarter.

Gross profit on a non-GAAP basis in the quarter was \$11.5 million (49.5% of revenues), a 16% improvement compared to \$9.9 million (44.4% of revenues) in the second quarter of 2013.

Operating income on a GAAP basis in the quarter was \$2.6 million (11.1% of revenues), compared with an operating income of \$1.0 million (4.5% of revenues) in the second quarter of 2013.

Operating income on a non-GAAP basis in the quarter was \$2.7 million (11.5% of revenues) compared with non-GAAP operating income of \$1.2 million (5.4% of revenues) in the second quarter of 2013.

Net income on a GAAP basis in the quarter totaled \$2.0 million (8.7% of revenues) or \$0.07 per share, compared to a net income of \$0.3 million (1.5% of revenues) or \$0.01 per share in the second quarter of 2013.

Net income on a non-GAAP basis in the quarter was \$2.3 million (10.0% of revenues) or \$0.08 per share, compared to non-GAAP net income of \$1.0 million (4.5% of revenues) or \$0.03 per share in the second quarter of 2013.

Cash, cash equivalents and short-term deposits as of June 30, 2014 were \$20.0 million compared to \$22.5 million as of December 31, 2013. The company used \$3.0 million in cash flow for operating activities during the second quarter of 2014 mainly as a result of collection timing.

Conference Call

Camtek will host a conference call today, July 29, 2014, at 9:00 am ET.

Rafi Amit, Chairman and CEO, and Moshe Eisenberg, Chief Financial Officer, will host the call and will be available to answer questions after presenting the results. To participate, please call one of the following telephone numbers a few minutes before the start of the call.

US: 1 888 668 9141 at 9:00 am Eastern Time
Israel: 03 918 0609 at 4:00 pm Israel Time
International: +972 3 918 0609

For those unable to participate, the teleconference will be available for replay on Camtek's website at <http://www.camtek.co.il/> beginning 24 hours after the call.

ABOUT CAMTEK LTD.

Camtek Ltd. provides automated and technologically advanced solutions dedicated to enhancing production processes, increasing products yield and reliability, enabling and supporting customer's latest technologies in the Semiconductors, Printed Circuit Boards (PCB) and IC Substrates industries.

Camtek addresses the specific needs of these interconnected industries with dedicated solutions based on a wide and advanced platform of technologies including intelligent imaging, image processing and functional 3D inkjet printing.

This press release is available at www.camtek.co.il.

This press release may contain projections or other forward-looking statements regarding future events or the future performance of the Company. These statements are only predictions and may change as time passes. We do not assume any obligation to update that information. Actual events or results may differ materially from those projected, including as a result of changing industry and market trends, reduced demand for our products, the timely development of our new products and their adoption by the market, increased competition in the industry, intellectual property litigation, price reductions as well as due to risks identified in the documents filed by the Company with the SEC.

Use of non-GAAP Measures

This press release provides financial measures that exclude certain items such as: (i) amortization of acquired intangible assets and revaluation of liabilities with respect to the acquisitions of Sela and Printar; and (ii) share based compensation 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 our performance. 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 uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it is important to make these non-GAAP adjustments available to investors. A reconciliation between the GAAP and non-GAAP results appears in the tables at the end of this press release.

Consolidated Balance Sheets

(In thousands)

| | June 30, 2014 | December 31, 2013 |
|---|--------------------------------|-------------------------|
| | U.S. Dollars (In thousands) | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 11,563 | 16,495 |
| Short-term deposits | 8,500 | 6,000 |
| Trade accounts receivable, net | 31,579 | 27,048 |
| Inventories | 19,041 | 17,911 |
| Due from affiliated companies | 231 | 233 |
| Other current assets | 2,201 | 1,913 |
| Deferred tax asset | 788 | 938 |
| Total current assets | 73,903 | 70,538 |
| Fixed assets, net | | |
| Long term inventory | 1,979 | 2,225 |
| Long-term deposit | 729 | 729 |
| Deferred tax asset | 975 | 975 |
| Other assets, net | 339 | 339 |
| Intangible assets, net | 1,028 | 1,008 |
| Goodwill | 1,555 | 1,555 |
| | 6,605 | 6,831 |
| Total assets | 94,345 | 91,850 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Trade accounts payable | 8,375 | 7,753 |
| Other current liabilities | 15,967 | 15,585 |
| Total current liabilities | 24,342 | 23,338 |
| Long term liabilities | | |
| Liability for employee severance benefits | 939 | 858 |
| Other long term liabilities | 4,218 | 5,758 |
| | 5,157 | 6,616 |
| Total liabilities | 29,499 | 29,954 |

Shareholders' equity

| | | |
|--|----------|----------|
| Ordinary shares NIS 0.01 par value, authorized 100,000,000 shares, 32,564,626 issued as of June 30, 2014 and 32,497,902 issued as of December 31, 2013, outstanding 30,472,250 as of June 30, 2014 and 30,405,526 as of December 31, 2013 | 134 | 134 |
| Additional paid-in capital | 63,265 | 62,966 |
| Retained earnings | 3,345 | 694 |
| | 66,744 | 63,794 |
| Treasury stock, at cost (2,092,376 as of June 30, 2014 and December 31, 2013) | (1,898) | (1,898) |
| Total shareholders' equity | 64,846 | 61,896 |
| Total liabilities and shareholders' equity | 94,345 | 91,850 |

Consolidated Statements of Operations

(in thousands, except share data)

| | Six Months ended | | Three Months | | Year ended |
|---|------------------|---------|----------------|--------|--------------|
| | June 30, | | ended June 30, | | December |
| | 2014 | 2013 | 2014 | 2013 | 31, |
| | U.S. dollars | | U.S. dollars | | 2013 |
| | U.S. dollars | | U.S. dollars | | U.S. dollars |
| Revenues | 45,270 | 40,339 | 23,161 | 22,266 | 85,405 |
| Cost of revenues | 23,672 | 22,317 | 11,693 | 12,447 | 51,003 |
| Gross profit | 21,598 | 18,022 | 11,468 | 9,819 | 34,402 |
| Research and development costs | 6,964 | 7,208 | 3,530 | 3,558 | 14,370 |
| Selling, general and administrative expenses | 10,900 | 9,974 | 5,374 | 5,268 | 22,362 |
| Reorganization and impairment | - | - | - | - | (3,466) |
| | 17,864 | 17,182 | 8,904 | 8,826 | 33,266 |
| Operating income | 3,734 | 840 | 2,564 | 993 | 1,136 |
| Financial expenses, net | 694 | 1,078 | 329 | 512 | 1,738 |
| Income (loss) before income taxes | 3,040 | (238) | 2,235 | 481 | (602) |
| Income tax | (389) | (293) | (223) | (146) | 609 |
| Net income (loss) | 2,651 | (531) | 2,012 | 335 | 7 |
| Net income (loss) per ordinary share: | | | | | |
| Basic | 0.09 | (0.02) | 0.07 | 0.01 | 0.00 |
| Diluted | 0.09 | (0.02) | 0.07 | 0.01 | 0.00 |
| Weighted average number of ordinary shares outstanding: | | | | | |
| Basic | 30,447 | 29,966 | 30,467 | 30,034 | 30,040 |
| Diluted | 30,534 | 29,971 | 30,534 | 30,044 | 30,094 |

Reconciliation of GAAP To Non-GAAP results

(In thousands, except share data)

| | Six Months ended | | Three Months ended | | Year ended |
|--|------------------|--------|--------------------|--------|--------------|
| | June 30, | | June 30, | | December |
| | 2014 | 2013 | 2014 | 2013 | 2013 |
| | U.S. dollars | | U.S. dollars | | U.S. dollars |
| Reported net income (loss) attributable to Camtek Ltd. on GAAP basis | 2,651 | (531) | 2,012 | 335 | 7 |
| Acquisition of Sela and Printar related expenses (1) | 412 | 994 | 206 | 516 | (1,949) |
| Inventory and fixed asset write –downs (2) | - | - | - | - | 4,433 |
| Share-based compensation | 131 | 285 | 92 | 141 | 377 |
| Realization of deferred tax assets (3) | - | - | - | - | (1,287) |
| Employee related charges (4) | - | - | - | - | 490 |
| Non-GAAP net income | 3,194 | 748 | 2,310 | 992 | 2,071 |
| Non –GAAP net income per share , basic and diluted | 0.10 | 0.03 | 0.08 | 0.03 | 0.07 |
| Gross margin on GAAP basis | 47.7 % | 44.7 % | 49.5 % | 44.1 % | 40.3 % |
| Reported gross profit on GAAP basis | 21,598 | 18,022 | 11,468 | 9,819 | 34,402 |
| Acquisition of Sela and Printar related expenses (1) | - | 150 | - | 75 | 225 |
| Inventory and fixed asset write –downs (2) | - | - | - | - | 3,915 |
| Share-based compensation | 24 | 27 | 8 | 21 | 55 |
| Employee related charges (4) | - | - | - | - | 25 |
| Non- GAAP gross margin | 47.7 % | 45.1 % | 49.5 % | 44.4 % | 45.2 % |
| Non-GAAP gross profit | 21,622 | 18,199 | 11,476 | 9,915 | 38,622 |
| Reported operating income attributable to Camtek Ltd. on GAAP basis | 3,734 | 840 | 2,564 | 993 | 1,136 |
| Acquisition of Sela and Printar related expenses (1) | - | 150 | - | 75 | (3,241) |
| Inventory and fixed asset write-downs (2) | - | - | - | - | 4,433 |
| Share-based compensation | 123 | 285 | 84 | 141 | 377 |
| Employee related charges | - | - | - | - | 490 |
| Non-GAAP operating income | 3,857 | 1,275 | 2,648 | 1,209 | 3,195 |

- (1) During the three and the six months ended June 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded acquisition expenses of \$0.2 million, \$0.4 million, 0.5 million, 1.0 million and \$ (2.0) million, respectively, consisting of: (1) Revaluation adjustments of \$0.2 million, \$0.4 million, 0.4 million, 0.8 million and \$1.3 million, respectively, of contingent consideration and certain future liabilities recorded at fair value. These amounts are recorded under finance expenses line item; (2) Implication of re-organization and impairment charges of \$0, \$0, \$0, \$0 and \$(3.5) respectively; and (3) \$0, \$0, \$0.07, \$0.15 and \$0.2 million, respectively, with respect to amortization of intangible assets acquired recorded under cost of revenues line item.
- (2) During the three and six months ended June 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded inventory and fixed asset write downs in the amount of \$0 million, \$0 million, \$0 million, \$0 million and \$4.4 million, respectively, consisting of \$0, \$0, \$0, \$0 and \$3.9 million of inventory and fixed assets recorded under cogs of revenues line item and \$0, \$0, \$0, 4) and \$0.5 million of fixed assets in operating expenses.
- (3) During the three and six months ended June 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded net income of \$0, \$0, \$0, \$0 and \$1.3 million, respectively, as a result of a decrease in the valuation allowance on deferred tax assets following the evaluation of the realizability of the assets based on projected future earnings.
- (4) During the three and six months ended June 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded net employee related expenses of \$0, \$0, \$0, \$0 and \$0.5 million, respectively, as a result of internal reorganization.
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