

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): February 10, 2005

MKS Instruments, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

0-23621

04-2277512

(State or other jurisdiction of
incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

90 Industrial Way, Wilmington, Massachusetts

01887

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (978) 284-4000

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

Check the appropriate box below if the Form 8-K is intended to simultaneously
satisfy the filing obligation of the registrant under any of the following
provisions (see General Instruction A.2. below):

- 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 240.13e4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 10, 2005, MKS Instruments, Inc. announced its financial results for the quarter and year ended December 31, 2004. 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.

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 10, 2005

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
978.284.4446

MKS INSTRUMENTS REPORTS FOURTH QUARTER AND YEAR 2004 RESULTS

Wilmington, Mass. -- February 10, 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 fourth quarter and full year 2004 financial results. Fourth quarter net sales were \$130.9 million, up 29 percent from \$101.8 million in the fourth quarter of 2003 and down 6 percent from \$139.7 million in the third quarter of 2004.

Fourth quarter 2004 GAAP net earnings were \$24.1 million, or \$0.44 per diluted share, which included a non-cash adjustment of \$16.7 million, or \$0.31 per share, to reverse a previously established valuation allowance against net deferred tax assets. Excluding this adjustment, net earnings were \$7.4 million, or \$0.14 per diluted share, compared to GAAP net earnings of \$2.1 million, or \$0.04 per diluted share, for the fourth quarter of 2003 and \$12.2 million, or \$0.22 per diluted share, for the third quarter of 2004.

Non-GAAP net earnings, which exclude amortization of acquired intangible assets and special items, were \$11.1 million, or \$0.20 per diluted share, for the fourth quarter of 2004, compared to \$5.9 million, or \$0.11 per diluted share, for the fourth quarter of 2003 and \$15.8 million, or \$0.29 per diluted share, for the third quarter of 2004.

For the calendar year 2004, net sales increased by 65 percent to \$555.1 million from \$337.3 million for the calendar year 2003. GAAP net earnings were \$69.8 million, or \$1.28 per diluted share, on 54.7 million weighted average shares outstanding in 2004, compared to a net loss of \$16.4 million, or \$0.32 per basic share, on 51.6 million weighted average shares outstanding in 2003. Non-GAAP net earnings were \$62.9 million, or \$1.15 per diluted share, in 2004 compared to a loss of \$1.0 million, or \$0.02 per basic share, in 2003.

John Bertucci, Chairman and Chief Executive Officer, said, "A slowdown in semiconductor capital spending began in the second half of 2004. Our fourth quarter sales to semiconductor OEMs decreased by 9 percent sequentially, while sales to other, non-semiconductor markets increased by 11 percent.

"Our visibility is limited because of our short lead times, making it difficult to estimate business levels beyond the current quarter. Based on current customer order patterns, we estimate that first quarter 2005 sales could range from \$115 to \$125 million, or a sequential decrease of 5 to 12 percent. GAAP net earnings could range from \$0.02 to \$0.08 per diluted share, and non-GAAP net earnings, which exclude amortization of acquired intangible assets of approximately \$3.7 million, could range from \$0.06 to \$0.12 per diluted share. We will continue to look closely at order levels and manage the business to increase profitability at all sales levels. At the same time, we will continue to invest in R&D for products that enhance the performance and productivity of process tools.

"It is clear that world-class device manufacturers are not delaying strategic projects that provide competitive advantage, as shown by recent announcements for higher capital spending at the leading edge in 2005. We believe that an increasing percent of the capital spending dollar will be invested in process control, as fabs strive to improve uptime, yield, and throughput. We are well positioned to address these requirements. While near-term challenges may continue in the semiconductor capital equipment market, we see good momentum in many of our process control products targeted at this growing opportunity."

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 fourth quarter financial results on a conference call today at 5:00 p.m. (Eastern Time). A live web cast and replay of the conference call will be

available at www.mksinstruments.com in the "Investors" section. To hear a telephone replay through February 17, 2005, dial 303-590-3000, pass code 11021310#.

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 CONDENSED CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS)

	Three Months Ended		
	December 31, 2004	December 31, 2003	September 30, 2004
Net sales	\$ 130,859	\$ 101,778	\$ 139,651
Cost of sales	82,716	64,242	84,045
Gross profit	48,143	37,536	55,606
Research and development	13,816	12,931	14,201
Selling, general and administrative	21,500	17,523	22,971
Amortization of acquired intangible assets	3,691	3,685	3,689
Restructuring, asset impairment and other charges	--	959	--
Income from operations	9,136	2,438	14,745
Interest income, net	873	271	442
Other income (NOTE 1)	--	927	--
Income before income taxes	10,009	3,636	15,187
Provision (benefit) for income taxes (NOTE 2)	(14,106)	1,500	3,037
Net income	\$ 24,115	\$ 2,136	\$ 12,150
Net income per share:			
Basic	\$ 0.45	\$ 0.04	\$ 0.23
Diluted	\$ 0.44	\$ 0.04	\$ 0.22
Weighted average shares outstanding:			
Basic	53,680	51,899	53,602
Diluted	54,272	54,006	54,302

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

GAAP net Income	\$ 24,115	\$ 2,136	\$ 12,150
Adjustments:			
Benefit for income taxes (NOTE 2)	(16,729)	--	--
Amortization of acquired intangible assets	3,691	3,685	3,689
Restructuring, asset impairment and other charges	--	959	--
Gain from insurance repayment (NOTE 1)	--	(927)	--
Non-GAAP net income (NOTE 3)	\$ 11,077	\$ 5,853	\$ 15,839
Non-GAAP net income per share (NOTE 3)	\$ 0.20	\$ 0.11	\$ 0.29
Weighted average shares outstanding - diluted	54,272	54,006	54,302

NOTE 1: For the three months ended December 31, 2003, 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 2: The three month period ended December 31, 2004 includes a benefit of \$16,729 for the reversal of the previously established valuation allowance against net deferred tax assets.

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 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year ended December 31,	
	2004	2003
Net sales	\$ 555,080	\$ 337,291
Cost of sales	335,709	219,182
Gross profit	219,371	118,109
Research and development	56,973	47,650
Selling, general and administrative	87,284	69,891
Amortization of acquired intangible assets	14,764	14,692
Restructuring, asset impairment and other charges	437	1,593
Income (loss) from operations	59,913	(15,717)
Interest income, net	1,913	1,056
Other income (NOTE 1, 2)	5,402	927
Income (loss) before income taxes	67,228	(13,734)
Provision (benefit) for income taxes (NOTE 3)	(2,611)	2,651
Net income (loss)	\$ 69,839	\$ (16,385)
Net income (loss) per share:		
Basic	\$ 1.30	\$ (0.32)
Diluted	\$ 1.28	\$ (0.32)
Weighted average shares outstanding:		
Basic	53,519	51,581
Diluted	54,656	51,581

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

GAAP Net income (loss)	\$ 69,839	\$ (16,385)
Adjustments:		
Benefit for income taxes (NOTE 3)	(16,729)	--
Amortization of acquired intangible assets	14,764	14,692
Restructuring, asset impairment and other charges	437	1,593
Gain from insurance repayment (NOTE 1)	--	(927)
Other income (NOTE 2)	(5,402)	--
Non-GAAP net income (loss) (NOTE 4)	\$ 62,909	\$ (1,027)
Non-GAAP net income (loss) per share (NOTE 4, 5)	\$ 1.15	\$ (0.02)
Weighted average shares outstanding - diluted (NOTE 5)	54,656	51,581

NOTE 1: The Company recorded a gain of \$927 during 2003 from the early repayment of premiums related to a split dollar life insurance policy covering the Chairman and CEO of the Company.

NOTE 2: The GAAP amount for 2004 represents primarily the collection of a note receivable of \$5.0 million which had been written off in 2002.

NOTE 3: The year ended December 31, 2004 includes a benefit of \$16,729 for the reversal of the previously established valuation allowance against net deferred tax assets.

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.

NOTE 5: Due to the net loss for the year ended December 31, 2003, net loss per share is based on the basic number of weighted average shares outstanding. For the year ended December 31, 2004, the Company reported net income and, therefore, used the diluted weighted average shares outstanding.

MKS INSTRUMENTS, INC.
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS)

	December 31,	
	2004	2003
ASSETS		
Cash and short-term investments	\$235,900	\$129,178
Trade accounts receivable	83,942	65,454
Inventories	99,633	82,013
Other current assets	22,037	5,631
	441,512	282,276
Property, plant and equipment, net	80,917	76,121
Long-term investments	4,775	13,625
Goodwill	255,740	259,924
Other acquired intangible assets	41,604	56,192
Other assets	3,572	4,724
	\$828,120	\$692,862
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	\$ 24,509	\$ 20,196
Accounts payable	23,338	25,302
Accrued expenses and other liabilities	45,965	26,310
	93,812	71,808
Long-term debt	6,667	8,924
Other long-term liabilities	6,147	3,820
Stockholders' equity:		
Common stock	113	113
Additional paid-in capital	630,736	587,910
Retained earnings	82,077	12,238
Other stockholders' equity	8,568	8,049
	721,494	608,310
	\$828,120	\$692,862
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