

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): July 20, 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.)

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)

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 20, 2004, MKS Instruments, Inc. announced its financial results for the quarter ended June 30, 2004. 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: July 20, 2004

MKS Instruments, Inc.

By: /s/ Ronald C. Weigner

Ronald C. Weigner,
Vice President & Chief Financial
Officer

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press release dated July 20, 2004

FOR IMMEDIATE RELEASE

Contact: Ron Weigner
Vice President and Chief Financial Officer
978.284.4446

MKS INSTRUMENTS REPORTS SECOND QUARTER 2004 RESULTS

Wilmington, Mass. -- July 20, 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 second quarter 2004 financial results that were within the Company's guidance for the quarter. Net sales were \$151.6 million, up 87 percent from \$81.2 million in the second quarter of 2003 and up 14 percent from \$133.0 million in the first quarter of 2004.

GAAP net earnings were \$20.9 million, or \$0.38 per diluted share, compared to a net loss of \$5.5 million, or \$0.11 per basic share, in the second quarter of 2003, and net earnings of \$12.7 million, or \$0.23 per diluted share, in the first quarter of 2004. Second quarter 2004 net earnings included other income of \$5.4 million. On a non-GAAP basis, which excludes amortization of acquired intangible assets and special items, net earnings were \$20.3 million, or \$0.37 per diluted share, compared to a net loss of \$1.5 million, or \$0.03 per basic share, in the second quarter of 2003, and net earnings of \$16.8 million, or \$0.31 per diluted share, in the first quarter of 2004.

John Bertucci, Chairman and Chief Executive Officer, said, "I'm pleased to report ongoing penetration of higher growth semiconductor applications in the second quarter and 14 percent sequential sales growth. Our 86 percent sales growth from the third quarter of 2003 reflects the success of our strategy of leveraging a broad portfolio of process control solutions for semiconductor and thin-film processes. I want to thank the MKS team for continuing to deliver the technical solutions and service performance that our customers require.

"Looking ahead to the third quarter, I believe we are in what I have described as a 'third inning stretch', as shipments of 200mm tools are absorbed and prior to the anticipated ramp of equipment for strategic 300mm fabs. Therefore, we currently expect

that our third quarter revenues could be flat and range from \$150 to \$155 million. GAAP net earnings could range from \$0.31 to \$0.34 per diluted share, which excludes \$.08 per share in other income, net of tax, recorded in the second quarter. Third quarter non-GAAP earnings, which exclude amortization of acquired intangible assets, could range from \$0.37 to \$0.40 per share.

"Looking beyond the third quarter, we see opportunity for growth -- particularly at 300mm, where our product development and acquisition strategies have been focused. With greater breadth and depth in process control around the chamber, we are providing more solutions for improving our customers' manufacturing yields as their process steps increase. I believe we are in an excellent position to capture an increasing share of future semiconductor capital equipment spending."

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 discuss second quarter financial results on a conference call today at 5:00 p.m. (Eastern Time). A webcast of the conference call will be available at www.mksinstruments.com in the "Investors" section. To hear a replay through July 27, 2004, dial 303-590-3000, passcode 11001249#.

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		
	June 30, 2004	June 30, 2003	March 31, 2004
Net sales	\$ 151,585	\$ 81,168	\$ 132,985
Cost of sales	90,192	53,723	78,756
Gross profit	61,393	27,445	54,229
Research and development	14,620	11,453	14,336
Selling, general and administrative	22,661	17,459	20,152
Amortization of acquired intangible assets	3,691	3,617	3,693
Restructuring, asset impairment and other charges	--	304	437
Income (loss) from operations	20,421	(5,388)	15,611
Interest income, net	326	282	272
Other Income (NOTE 1)	5,402	--	--
Income (loss) before income taxes	26,149	(5,106)	15,883
Provision (benefit) for income taxes	5,281	364	3,177
Net income (loss)	\$ 20,868	\$ (5,470)	\$ 12,706
Net income (loss) per share:			
Basic	\$ 0.39	\$ (0.11)	\$ 0.24
Diluted	\$ 0.38	\$ (0.11)	\$ 0.23
Weighted average shares outstanding:			
Basic	53,540	51,419	53,255
Diluted	54,967	51,419	55,085

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

GAAP net Income (loss)	\$ 20,868	\$ (5,470)	\$ 12,706
Adjustments:			
Amortization of acquired intangible assets	3,691	3,617	3,693
Restructuring, asset impairment and other charges	--	304	437
Other income, net of tax (NOTE 1)	(4,272)	--	--
Non-GAAP net income (loss) (NOTE 2)	\$ 20,287	\$ (1,549)	\$ 16,836
Non-GAAP net income (loss) per share (NOTE 2)	\$ 0.37	\$ (0.03)	\$ 0.31
Weighted average shares outstanding (NOTE 3)	54,967	51,419	55,085

NOTE 1: The GAAP amount represents primarily the collection of a note receivable of \$5.0 million which had been written off in 2002 and the gain on the sale of an asset. The Non-GAAP adjustment is net of applicable income taxes.

NOTE 2: 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.

NOTE 3: Due to the net loss for the quarter ended June 30, 2003, net loss per share is based on the basic number of weighted average shares outstanding. For the quarters ended June 30, 2004 and March 31, 2004, respectively, the Company

reported net income and therefore, used the diluted weighted average shares outstanding.

MKS INSTRUMENTS, INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	Six Months Ended June 30,	
	2004	2003
Net sales	\$ 284,570	\$ 153,945
Cost of sales	168,948	101,094
Gross profit	115,622	52,851
Research and development	28,956	22,685
Selling, general and administrative	42,813	35,278
Amortization of acquired intangible assets	7,384	7,395
Restructuring, asset impairment and other charges	437	304
Income (loss) from operations	36,032	(12,811)
Interest income, net	598	562
Other Income (NOTE 1)	5,402	--
Income (loss) before income taxes	42,032	(12,249)
Provision (benefit) for income taxes	8,458	651
Net income (loss)	\$ 33,574	\$ (12,900)
Net income (loss) per share:		
Basic	\$ 0.63	\$ (0.25)
Diluted	\$ 0.61	\$ (0.25)
Weighted average shares outstanding:		
Basic	53,398	51,399
Diluted	55,026	51,399
THE FOLLOWING SUPPLEMENTAL NON-GAAP EARNINGS INFORMATION IS PRESENTED TO AID IN UNDERSTANDING THE MKS OPERATING RESULTS:		
GAAP net Income (loss)	\$ 33,574	\$ (12,900)
Adjustments:		
Amortization of acquired intangible assets	7,384	7,395
Restructuring, asset impairment and other charges	437	304
Other income, net of tax (NOTE 1)	(4,272)	--
Non-GAAP net income (loss) (NOTE 2)	\$ 37,123	\$ (5,201)
Non-GAAP net income (loss) per share (NOTE 2)	\$ 0.67	\$ (0.10)
Weighted average shares outstanding (NOTE 3)	55,026	51,399

NOTE 1: The GAAP amount represents primarily the collection of a note receivable of \$5.0 million which had been written off in 2002 and the gain on the sale of an asset. The Non-GAAP adjustment is net of applicable income taxes.

NOTE 2: 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.

NOTE 3: Due to the net loss for the six months ended June 30, 2003, net loss per share is based on the basic number of weighted average shares outstanding. For the six months ended June 30, 2004, the Company reported net income and therefore, used the diluted weighted average shares outstanding.

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

	June 30, 2004 -----	December 31, 2003 -----
ASSETS		
Cash and short-term investments	\$190,113	\$129,178
Trade accounts receivable	89,251	65,454
Inventories	105,681	82,013
Other current assets	9,286	5,631
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Total current assets	394,331	282,276
Property, plant and equipment, net	78,003	76,121
Long-term investments	8,865	13,625
Goodwill	259,818	259,924
Other acquired intangible assets	48,732	56,192
Other assets	4,075	4,724
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Total assets	\$793,824 =====	\$692,862 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	\$ 24,066	\$ 20,196
Accounts payable	31,003	25,302
Other accrued expenses	48,327	26,310
	-----	-----
Total current liabilities	103,396	71,808
Long-term debt	7,477	8,924
Other long-term liabilities	4,047	3,820
Stockholders' equity:		
Common stock	113	113
Additional paid-in capital	624,347	587,910
Retained earnings	45,812	12,238
Other stockholders' equity	8,632	8,049
	-----	-----
Total stockholders' equity	678,904	608,310
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Total liabilities and stockholders' equity	\$793,824 =====	\$692,862 =====