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Article From Photonics.com, February 2010

Zygo Reports Loss, But Sees Recovery

MIDDLEFIELD, Conn., Feb. 5, 2010 – While it reported a net loss of \$1.9 million, or 11 cents a share, for the second quarter of fiscal 2010, Zygo Corp. said a 67 percent surge in Optical Systems bookings during the quarter show continuing recovery in its core optical and metrology markets.

Zygo, a supplier of optical metrology instruments, precision optics, and electro-optical manufacturing services, reported revenue of \$26.1 million for the second quarter of fiscal 2010, which ended Dec. 31, 2009—an increase of 22 percent over the first quarter, but down 25 percent over the same time period one year ago.

The company also reported \$28.6 million in Metrology Solutions and Optical Systems bookings for the second quarter of FY2010, an increase of 26 percent over the previous quarter and 27 percent higher than one year ago. The 67 percent increase in Optical Systems bookings for the quarter included \$3.4 million from a large laser fusion customer for delivery within 12 months, \$3.1 million for a helmet-mounted display product, and \$3 million for a contract manufacturing medical product.

The \$1.9 million second-quarter loss was attributed to reorganization efforts and severance costs associated with the retirement of its former CEO and the search for a replacement, the company said. Excluding those items, Zygo says that it would have reported a net profit from continuing operations of \$358,000. During the same time period a year ago the company posted a \$4 million loss.

“Zygo performed well in the (second) quarter, generating significant sequential growth in bookings and revenues, supporting our belief in the continuing recovery in the company's markets and growing demand for Zygo's leading technologies and products,” said Walter Shephard, chief financial officer of Zygo. “As a result of cost reduction efforts, the company also had a marked improvement in financial performance as compared with the second quarter of fiscal 2009. We also realized a significant improvement in gross profit, which increased to 42 percent for the quarter, and, similarly, our operating expenses declined significantly compared with the prior year period.”

For the first six months of fiscal 2010, the company posted a net loss of \$7.7 million, or 45 cents a share, compared with a net loss of \$3.5 million, or 21 cents a share, one year ago.