

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

HEI INC

CIK: **351298** | IRS No.: **410944876** | State of Incorporation: **MN** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **000-10078** | Film No.: **04969424**
SIC: **3674** Semiconductors & related devices

Mailing Address

*P O BOX 5000
1495 STEIGER LAKE LANE
VICTORIA MN 55386*

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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): August 12, 2004

HEI, Inc.

(Exact name of Registrant as Specified in Charter)

Minnesota

(State or Other Jurisdiction
of Incorporation)

0-10078

(Commission
File Number)

41-0944876

(IRS Employer
Identification No.)

PO Box 5000, 1495 Steiger Lake Lane, Victoria, Minnesota 55386

(Address of Principal Executive Offices, including Zip Code)

(952) 443-2500

(Registrant's telephone number, including area code)

N/A

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

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Item 5. OTHER EVENTS.

On August 12, 2004, the Chief Executive Officer and President of HEI, Mack V. Traynor, III, made a presentation to certain investors in New York, NY. A copy of such presentation is attached as exhibit 99.1.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements.

Not Applicable.

(b) Pro Forma Financial Information.

Not Applicable

(c) Exhibits:

99.1 Presentation dated August 12, 2004, presented by Mack V. Traynor, III.

Forward-Looking Statements

Some of the Information included in this Form 8-K contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "intend," "estimate," "continue," and similar words. You should read statements that contain these words carefully for the following reasons: such statements discuss our future expectations, such statements contain projections of future earnings or financial condition and such statements state other forward-looking information. Although it is important to communicate our expectations, there may be events in the future that we are not accurately able to predict or over which we have no control. The risk factors included in Item 7 of our Annual Report on Form 10-K for the fiscal year ended August 31, 2003 provide examples of such risks, uncertainties and events that may cause actual results to differ materially from our expectations and the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, as we undertake no obligation to update these forward-looking statements to reflect ensuing events or circumstances, or subsequent actual results.

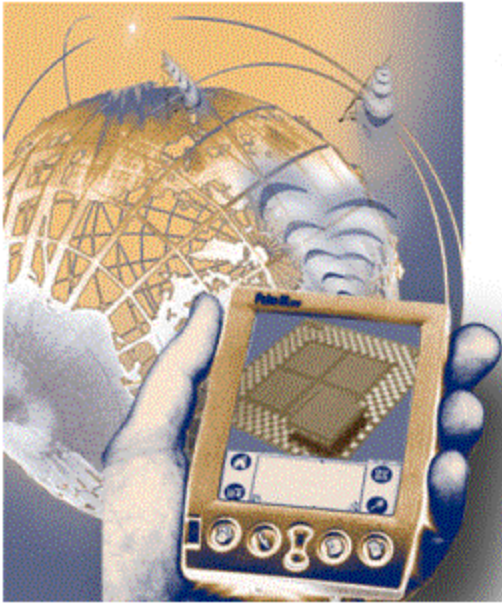
SIGNATURES

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.

HEI, INC.

Dated: August 12, 2004

By: /s/ Douglas J. Nesbit
Douglas J. Nesbit
Its: Chief Financial Officer, Treasurer, Secretary



HEI INC

**TURNING TECHNOLOGY
TO YOUR ADVANTAGE**

Forward-Looking Information

Information in this presentation, which is not historical, includes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A number of forward-looking statements are contained in this presentation, including, but not limited to, HEI's Q3 2004 Operating Plan, Q4 2004 Operating Plan, 2005 Operating Plan, estimated growth in HEI-served markets, anticipated sales growth and market share growth, and estimated revenue. All such forward-looking statements involve risks and uncertainties—including, without limitation, adverse business or market conditions, the ability of HEI to secure and satisfy customers, the availability and cost of materials from HEI's suppliers, adverse competitive developments, changes in or cancellation of customer requirements, and other risks detailed from time to time in HEI's SEC filings—which could cause actual results to differ materially from the forward-looking statements.

Turning Technology to Your Advantage  **HEI INC**

HEI Purpose:

Deploying advanced technology to make a positive difference in people's lives.


HEI Mission:

To be the premier one-stop shop for high technology design, development and manufacturing for our target markets.

Turning Technology to Your Advantage 

Key Statistics

NasdaqNM Ticker	HEII
Stock Price (8.6.04)	\$1.29
Market Capitalization	\$12 M
52 Week Price Range	\$1.19 - \$5.20 (Based on closing prices)
Average Volume (3 months)	30,727 shares
Cash	\$898K
Short Term Debt	\$1,151K

Turning Technology to Your Advantage 

Company Overview

- Founded in 1968
- New management 2003
- Leading specialty Electronics Manufacturing Services company
- Markets include: Medical, Hearing, Broadband and RFID solutions
- Headquartered in Victoria, MN
 - Additional facilities in:
 - Boulder, CO
 - Tempe, AZ
- 360 FTE employees worldwide
- Fiscal Year End – August 31

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Flex Substrate Manufacturing

- Facility in Tempe, AZ
- Thin core transport on all conveyORIZED process lines down to .001" (25 microns)
- Class 10,000 photo clean room
- Line widths and spacing down to .002"
- AOI - automatic optical inspection
- Via holes down to .004"
- Laser drill 10,000 vias per minute
- Core thickness down to .001" film with 5 micron copper
- Blind vias plated with proprietary spray eductor system
- Electrical test with fixtureless flying probe system

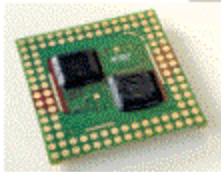
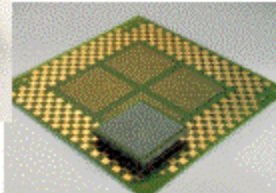
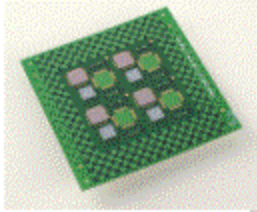


Turning Technology to Your Advantage **HEI INC**

Microelectronics Solutions

HEI uses its technical capabilities to provide advanced solutions such as:

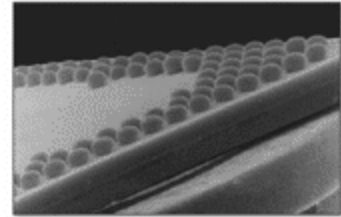
- Miniature, high-density, stacked-chip solutions for hearing aid circuits
- Multi-layer flexible and rigid-flex, or ceramic circuits for implantable and non-implantable medical devices
- Multi-chip modules for high frequency telecommunication devices
- Low-inductance chip-interconnect for medical imaging applications
- Fabrication of cards, tags, and labels for RF-Identification applications
- Mixed technology assemblies, such as flip-chip, wirebonding, stud-bumping for various applications



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Subassemblies

- HEI produces subsystems for applications in demanding microminiature interconnect applications
- Capabilities include:
 - Flip chip processes
 - Direct chip attach (DCA)
 - Microwave integrated circuit design
 - Hearing instrument circuit design
 - High density laminate layout and design
 - Chip stacking, chip-scale packaging, and ball-grid array packaging
 - Blind and buried micro-via's



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System Solutions



- HEI manufactures complex electronic and electromagnetic medical devices in a Class III Medical facility.
- We provide the following services when manufacturing the entire system solution:
 - Project management and planning
 - Gap assessment
 - Re-engineering of client design issues
 - Assembly and test procedures
 - Fixtures and tooling
 - FDA pre-market submission support
 - Product cost reduction
 - Electronic and mechanical assembly
 - Environmental testing
 - Distribution and fulfillment
 - Vendor selection and qualification
 - Verification and validation services
 - Repair and service

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Focus Markets

The components and subassemblies we manufacture are targeted at the following markets:

- Hearing:** Hearing Aids and Implantable Hearing Devices
- Medical:** Therapeutic & Diagnostic Hardware, Implantable Device Electronics, Imaging Hardware and Software
- Broadband:** Optical Processors and High Frequency Chip Carriers
- RFID:** Anti-Theft, Industrial, Inventory Control, Manufacturing, Medical, and Financial

Turning Technology to Your Advantage 

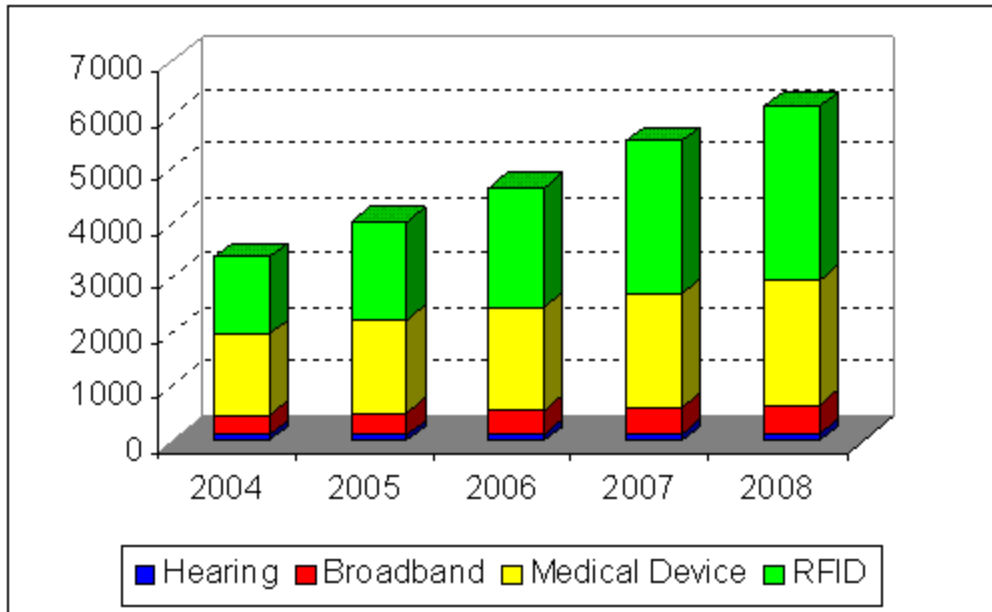
HEI Competitors

HEI Segments	Competition
Flex	<ul style="list-style-type: none"> • Dyconnex, Switzerland • Cicorel, Switzerland • PLC, Bloomington, MN • Dynamic Details, Anaheim CA
Microelectronics	<ul style="list-style-type: none"> • RTI, Plymouth, MN • TASK, ONT, CAN • Valtronic, Switzerland • Natel, Chatsworth, CA • Teledyne, Los Angeles, CA • Gennum, ONT • Crane-Interpoint, Seattle, WA • Maxtek, Beaverton, OR • Crystalaid, Brisbane, AUS
EMS Box Assembly	<ul style="list-style-type: none"> • Sparton, Jackson, MI • Plexus, WI • KMC, NH • PEMSTAR, MN • TrVirix, MN • Teledyne, CA • Benchmark, TX • SCI-Sanmina, CA • Solectron, CA • Flextronics, CA

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HEI Markets

HEI-served available markets are estimated at **\$3.37 Billion in 2004**,
growing to **\$6.16 Billion in 2008**

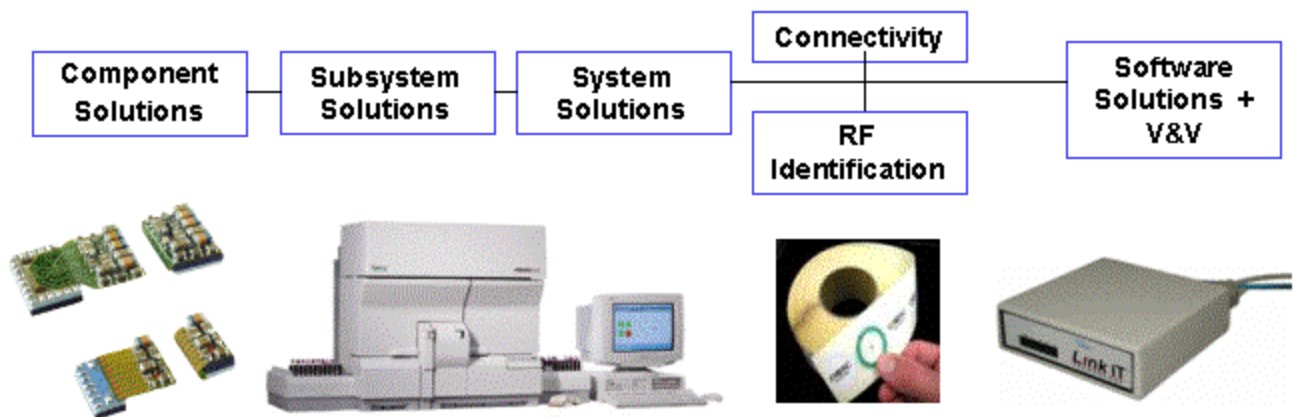


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HEI Advantages / Core Competencies

Fully integrated medical-oriented outsource business from substrate through hardware to software:

- Reduced time risk to market – integrated supply chain
- Cost effective – no margin stacking
- Technical leverage – design engineering talent, proprietary IP and platforms



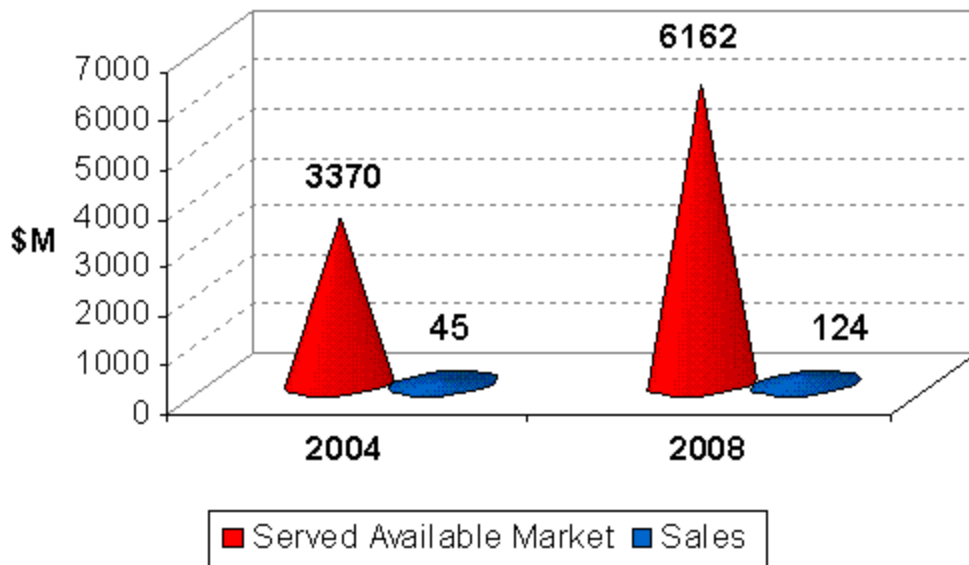
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Tier 1 Customers



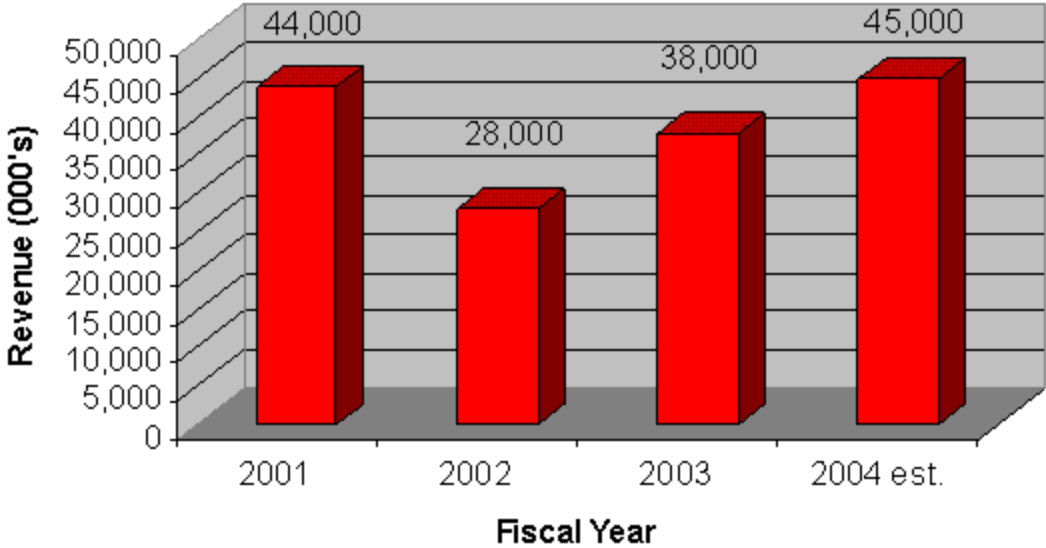
HEI Sales Growth & Market Share

HEI forecasts sales to increase from \$45M in 2004 to \$124M in 2008.
HEI's share of its served available markets is forecast to grow from 1.6% in 2004 to 2.4% in 2008



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HEI Revenue 2001 - 2004



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Target Operating Model

	2004 Est	% of Rev	2005 Target	% of Rev
Revenue	\$44M	100%	\$52 – 56M	100%
COGS	39.6M	90%		75 – 80%
S	3M	7%		4 – 6%
G & A	4.8M	11%		6 – 8%
R & D	3M	7%		4 – 6%
Operating Income	(6.5M)	(14.7%)	2 – 3M	5+%

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Why HEI?

- Strong, experienced management team
- Playing in robust, expanding markets
- Achieving customer acquisition & growth by leveraging the benefits of a fully integrated HEI
- Focused on profitable and sustainable growth
- Costs under control
- Selectively hiring and capitalizing to fuel growth
- Offering real shareholder value

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