

August 9, 2011



## Amtech Reports Record Revenue of \$71.9 Million; EPS of \$0.74 for Q3 Fiscal 2011

TEMPE, Ariz.--(BUSINESS WIRE)-- Amtech Systems, Inc. (NASDAQ: ASYS), a global supplier of production and automation systems and related supplies for the manufacture of solar cells, semiconductors, and sapphire and silicon wafers, today reported financial results for its third quarter fiscal 2011 ended June 30, 2011.

### Third Quarter Financial Highlights:

- Record net revenue of \$71.9 million, up 67% from \$43.1 million in Q3 Fiscal 2010
- Record solar revenue of \$60.7 million, up 61% from \$37.6 million in Q3 Fiscal 2010
- Gross margin of 36%, compared to 37% in Q3 Fiscal 2010
- Operating income of \$12.1 million, up 89% from \$6.4 million in Q3 Fiscal 2010
- EPS of \$0.74 per diluted share, up 76% from EPS of \$0.42 per diluted share in Q3 Fiscal 2010
- Quarterly bookings of \$13.5 million (\$7.2 million solar); fiscal year-to-date bookings of \$223 million (\$196 million solar)
- Quarter-end backlog of \$140.5 million (\$130.0 million solar)

J.S. Whang, Chief Executive Officer of Amtech, commented, "For the third quarter, we achieved a fifth consecutive quarter of record revenue, reflecting our technology leadership in high efficiency solar diffusion, and continued strong bottom line results that further demonstrate our operational capability to manage and service the high growth cycles of the solar market. While our order pipeline has slowed significantly given the near-term uncertainty in the broader PV market, we maintain a healthy backlog of \$140 million, remain on track to produce and ship at a significant volume in the September quarter, and expect to achieve our full-year revenue guidance for fiscal 2011. During this solar down cycle, we are intensifying our efforts to increase our diffusion market share and execute on our key solar development programs, including our solar ion implant project."

Net revenue for the third quarter of fiscal 2011 was a record \$71.9 million, up 17% sequentially from \$61.3 million for the preceding quarter, and up 67% from \$43.1 million for the third quarter of fiscal 2010. The increase was driven primarily by higher system shipments to customers in the solar industry, partially offset by an increase in the amount of revenue deferred.

Total orders in the third quarter of fiscal 2011 were \$13.5 million (\$7.2 million solar), compared to total orders of \$72.5 million (\$60.3 million solar) in the preceding quarter. At June 30, 2011, the Company's total order backlog was \$140.5 million, including \$130.0 million in solar orders. The effect of foreign exchange on backlog was a positive \$3.8 million

in the third quarter. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Gross margin in the third quarter of fiscal 2011 was 36%, compared to 40% sequentially and 37% in the third quarter of fiscal 2010. The decrease in gross margin is primarily attributed to higher material costs and increased field service and related travel costs.

Selling, general and administrative (SG&A) expenses in the third quarter of fiscal 2011 were \$12.0 million, or 17% of revenue, compared to \$11.2 million, or 18% of revenue, in the preceding quarter and \$8.2 million, or 19% of revenue, in the third quarter of fiscal 2010. The increase in SG&A expenses was primarily due to increased commissions and shipping costs related to higher revenues, and higher legal and consulting fees.

Depreciation and amortization in the third quarter of fiscal 2011 was \$774,000, compared to \$439,000 in the third quarter of fiscal 2010. Included in the third quarter fiscal 2011 results is \$356,000 of stock option expense, compared to \$187,000 in the fiscal third quarter a year ago.

Income taxes in the third quarter of fiscal 2011 were \$5.2 million, reflecting an effective tax rate of approximately 42%. The increase in the effective tax rate between the current and prior year periods is due primarily to increases in uncertain tax positions, valuation allowances on certain foreign net operating losses, and permanent differences.

Net income for the third quarter of fiscal 2011 was \$7.3 million, or \$0.74 per diluted share, compared to net income of \$3.9 million, or \$0.42 per diluted share, for the third quarter of fiscal 2010, and net income of \$7.5 million, or \$0.77 per diluted share, in the preceding quarter.

## **Outlook**

Amtech is reiterating its financial guidance for fiscal 2011 full year revenue to be in the range of \$240-\$243 million, a 100% increase from fiscal 2010. For its fiscal 2011 fourth quarter, Amtech expects revenues in the range of \$53 to \$56 million. Operating margins in the fourth quarter are expected to be negatively impacted by: (i) lower shipment volumes; (ii) expected higher material costs; and (iii) substantially higher research and development costs resulting from the Company's solar development programs, including its solar ion implant project.

Operating results could also be impacted by the timing of system shipments, the net impact of revenue deferral on those shipments, and recognition of revenue based on customer acceptances, all of which can have a significant effect on operating results.

A substantial portion of Amtech's revenues is denominated in Euros. The revenue outlook provided in this press release is based on an assumed exchange rate between the United States Dollar and the Euro. A significant decrease in the value of the Euro in relation to the United States Dollar could cause actual revenues to be lower than anticipated.

## **Conference Call**

Amtech Systems will host a conference call and webcast today at 2:00 p.m. Pacific Time (5:00 p.m. ET) to discuss its third quarter fiscal 2011 results. Those wishing to participate in the live call should dial (877) 941-8631 and request the "Amtech" call. From international

locations, dial (480) 629-9723. A replay of the call will be available for one week beginning approximately one hour after the call's conclusion by dialing (800) 406-7325 and entering 4463217 followed by the “#” key when prompted for a code. To access the replay from international locations, dial (303) 590-3030 using the same code. A live and archived web cast of the conference call can be accessed from the investors section of Amtech’s website at [www.amtechsystems.com/](http://www.amtechsystems.com/).

## About Amtech Systems, Inc.

Amtech Systems, Inc. manufactures capital equipment, including silicon wafer handling automation, thermal processing equipment and related consumables used in fabricating solar cells, LED and semiconductor devices. Semiconductors, or semiconductor chips, are fabricated on silicon wafer substrates, sliced from ingots, and are part of the circuitry, or electronic components, of many products including solar cells, computers, telecommunications devices, automotive products, consumer goods, and industrial automation and control systems. The Company’s wafer handling, thermal processing and consumable products currently address the diffusion, oxidation, and deposition steps used in the fabrication of solar cells, semiconductors, MEMS and the polishing of LEDs and newly sliced silicon wafers.

*Statements contained in this press release that are not historical facts may be forward-looking statements within the meaning of the Private Litigation Reform Act. Such statements may use words such as “proposed,” “anticipate,” “believe,” “estimate,” “expect,” “goal,” “guidance,” “intend,” “outlook,” “predict,” “project” and similar expressions as they relate to Amtech Systems, Inc. or our management. When we make forward-looking statements, we are basing them on our management's beliefs and assumptions, using information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions including the risks discussed in our 10-K and 10-Q reports and our other filings with the Securities and Exchange Commission. If one or more of these risks materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements contained in this press release reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.*

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### SELECTED INCOME STATEMENT DATA - CONSOLIDATED

(amounts in thousands, except per share data)

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	THREE MONTHS ENDED		NINE MONTHS ENDED	
	June 30, (Unaudited)		June 30,	
	2011	2010	2011	2010
Net revenues	\$ 71,871	\$ 43,072	\$186,836	\$74,606

Cost of sales	45,755	27,320	116,421	49,546
Gross profit	26,116	15,752	70,415	25,060
Gross margin	36%	37%	38%	34%
Selling, general and administrative	12,034	8,179	33,680	16,217
Restructuring charge	-	610	-	610
Research and development	1,935	538	3,717	1,260
Operating Income	12,147	6,425	33,018	6,973
Interest and other income (expense), net	73	(219)	118	(293)
Income before income taxes	12,220	6,206	33,136	6,680
Income tax provision	5,160	2,330	13,590	2,520
Net Income	7,060	3,876	19,546	4,160
Add: net loss attributable to the noncontrolling interest	238	-	261	-
Net income attributable to Amtech Systems, Inc.	\$ 7,298	\$ 3,876	\$ 19,807	\$ 4,160

Earnings Per Share:

Basic	\$ 0.76	\$ 0.43	\$ 2.10	\$ 0.46
Diluted	\$ 0.74	\$ 0.42	\$ 2.03	\$ 0.45

Weighted Average Shares

Outstanding:

Basic	9,576	9,021	9,446	9,004
Diluted	9,852	9,231	9,754	9,184

**SELECTED BALANCE SHEET DATA - CONSOLIDATED**  
**(in thousands)**

	June 30, 2011 (unaudited)	September 30, 2010
Cash and cash equivalents	\$ 60,232	\$ 56,764
Restricted cash	13,024	6,192
Accounts receivable - net	54,461	24,483

Inventories	46,311	24,317
Deferred income taxes	5,700	2,130
Prepaid and other	5,468	2,543
Total Current Assets	<u>185,196</u>	<u>116,429</u>

Property, plant and equipment - net	13,442	9,577
Goodwill, intangible assets and other - net	18,767	7,435
Deferred Income Taxes - Long Term	3,044	2,660
Total Assets	<u>\$ 220,449</u>	<u>\$ 136,101</u>

Current liabilities	96,844	50,816
Long-term obligations	2,103	1,042
Total stockholders' equity	121,502	84,243
Total Liabilities and Stockholders' Equity	<u>\$ 220,449</u>	<u>\$ 136,101</u>

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