

August 9, 2012



Amtech Reports Third Quarter Fiscal 2012 Results

TEMPE, Ariz., Aug. 9, 2012 /PRNewswire/ -- 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 results for its third fiscal quarter ending June 30, 2012.

Third Quarter Fiscal 2012 Financial Summary:

- Net revenue of \$24.3 million
- Solar revenue of \$15.2 million
- Semi revenue of \$9.1 million
- Quarterly bookings of \$6.1 million
- Quarter-end backlog of \$35.6 million; solar backlog \$26.1 million
- Gross margin of 20%
- Operating loss of \$5.3 million, including \$3.7 million of inventory write-down and other reserves, and \$3.7 million in R&D expense
- Net loss of \$3.0 million, or \$(0.31) per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "During this time of challenging conditions in the solar industry, we continue to work very closely with our customers to support their pursuit of lower costs and higher cell efficiencies. The number of system acceptances in the quarter reflects both the quality of our customers and the value of our relationships with them. We saw significant interest in the capabilities of our ion implanter and our other technologies when introduced to the market at the Shanghai solar trade show in May. We are pleased to report that discussions with our customers about these new offerings continue to move forward. We believe these technologies are positive advances in the ongoing pursuit of lower total cost of ownership for our customers.

Pentinga continued, "Visibility of a market upturn from this low point in the cycle is limited. Although we are cautious about near-term demand, we continue to invest in our longer-term opportunities. With respect to cash, we are operating within stringent cost control objectives to manage our cash and to fortify our position as a technology leader for the long term."

Net revenue for the third quarter of fiscal 2012 was \$24.3 million, up 13% sequentially from \$21.6 million for the preceding quarter, and down 66% from \$71.9 million for the third quarter of fiscal 2011. The sequential improvement was driven by recognition of previously-deferred revenue resulting from an increase in customer acceptances in the solar industry.

Semiconductor revenue totaled \$9.1 million, down 17% from semiconductor revenue in the second quarter of fiscal 2012 and 19% lower than the third quarter of fiscal 2011.

Total customer orders in the third quarter of fiscal 2012 were \$6.1 million (\$0.7 million solar), down from total orders of \$18.0 million (\$7.2 million solar) in the second quarter. Second

quarter orders benefited from selective capacity expansion plans by both solar and semiconductor customers.

At June 30, 2012, the Company's total order backlog was \$35.6 million, compared to total backlog of \$67.4 million at March 31, 2012. Total backlog at June 30, 2012 includes \$26.1 million in solar orders and deferred revenue, compared to solar backlog of \$54.1 million at March 31, 2012. Foreign exchange had a negative impact of \$3.2 million on backlog in the June 2012 quarter due to the weakening of the Euro versus the US dollar. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months. While there were no significant customer order cancellations in the fiscal third quarter, the reduction in backlog reflects the Company's estimate that certain customer orders will not be delivered within the next twelve months.

Gross margin in the third quarter of fiscal 2012 was 20%, compared to 19% sequentially and 36% in the third quarter of fiscal 2011. The slightly higher gross margin compared to the second quarter 2012 reflects higher recognition of previously-deferred revenue partially offset by higher inventory write downs, accruals for potential purchase order cancellation charges and warranty-related items.

Selling, general and administrative (SG&A) expenses in the third quarter of fiscal 2012 were \$6.4 million compared to the preceding quarter's \$6.0 million primarily due to higher sales and marketing costs associated with trade shows, sales commissions and shipping costs. SG&A expenses in the third quarter of fiscal 2011 were \$12.0 million. The decrease in SG&A compared to fiscal 2011 is due to lower commissions and shipping costs, related to lower revenues, as well as lower bonus, consulting and legal expenses and corporate-wide cost control initiatives.

Research and Development expense was \$3.7 million in the third quarter of fiscal 2012 compared to \$3.3 million in the preceding quarter and \$1.9 million in the third quarter of fiscal 2011. The year-over-year quarterly change is primarily due to investment in the Company's solar ion-implant project and development costs associated with other product and technology development for solar cell manufacturing.

Depreciation and amortization in the third quarter of fiscal 2012 was \$727,000, compared to \$760,000 in the second quarter of fiscal 2012.

Included in the third quarter of fiscal 2012 results is \$438,000 of stock option expense, compared to \$356,000 in the fiscal third quarter a year ago and \$437,000 in the second quarter of 2012.

Income tax in the third quarter of fiscal 2012 was a benefit of \$1.1 million, resulting in an effective tax rate of approximately 21%.

The net loss for the third quarter of fiscal 2012 was \$3.0 million, or (\$0.31) per share, compared to a net loss of \$5.1 million, or (\$0.54) per share, for the second quarter of fiscal 2012. The lower loss was primarily due to higher revenue associated with customer acceptances, partially offset by higher inventory write-downs and increased investment in research and development. Net income for the third quarter of fiscal 2011 was \$7.3 million, or \$0.74 per diluted share.

Total unrestricted cash and cash equivalents at June 30, 2012 were \$42.3 million, compared to \$48.8 million at March 31, 2012 and \$54.9 million at December 31, 2011.

Outlook

The supply/demand imbalance for solar cells and modules continues to negatively impact the entire solar supply chain. The Company expects revenues in its fiscal 2012 fourth quarter ending September 30, 2012 to be in the range of \$15-17 million. Gross margin percentage in the September quarter is expected to be similar to the June quarter. Total SG&A and R&D expenses are expected to be lower. The company expects to incur a net loss in the fourth quarter.

Operating results could 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 are 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 5:00pm ET to discuss third quarter fiscal 2012 financial results. Those in the USA wishing to participate in the live call should dial (877) 317-6789. From Canada, dial (866)-605-3852, and internationally, dial (412) 317-6789. Request "Amtech" when connected to the operator. A replay of the call will be available one hour after the end of the conference through August 17, 2012. To access the replay please dial US toll free (877) 344-7529 and enter code 10016956. Internationally, dial (412) 317-0088 and use the same code. A live and archived web cast of the conference call can be accessed in the investor relations section of Amtech's website at 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, LEDs, semiconductors, MEMS and the polishing of newly sliced silicon wafers.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this press release is forward-looking in nature. All statements in this press release, or made by management of Amtech Systems, Inc. and its

subsidiaries ("the Company" or "Amtech"), other than statements of historical fact, are hereby identified as "forward-looking statements" (as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "would," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. Examples of forward-looking statements include statements regarding Amtech's future financial results, operating results, business strategies, projected costs, products under development, competitive positions and plans and objectives of the Company and its management for future operations.

We cannot guarantee that any forward-looking statement will be realized, although we believe that the expectations reflected in the forward-looking statements are reasonable. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. The Form 10-K that we filed with the Securities and Exchange Commission for the year-ended September 30, 2011 listed various important factors that could affect Amtech's future operating results and financial condition and could cause actual results to differ materially from historical results and expectations based on forward-looking statements made in this document or elsewhere by Amtech or on its behalf. These factors can be found under the heading "Risk Factors" in the Form 10-K and investors should refer to them. Because it is not possible to predict or identify all such factors, any such list cannot be considered a complete set of all potential risks or uncertainties. Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise.

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INCOME STATEMENT - CONSOLIDATED
Unaudited
(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Revenues, net of returns and allowances	\$ 24,300	\$ 71,871	\$ 70,594	\$ 186,836
Cost of sales	19,496	45,755	54,541	116,421
Gross profit	4,804	26,116	16,053	70,415
Selling, general and administrative	6,360	12,034	18,698	33,680
Impairment charges	-	-	688	-

Research and development	3,694	1,935	9,746	3,717
Operating income (loss)	(5,250)	12,147	(13,079)	33,018
Interest and other income (expense), net	69	73	195	118
Income (loss) before income taxes	(5,181)	12,220	(12,884)	33,136
Income tax provision (benefit)	(1,110)	5,160	(1,650)	13,590
Net income (loss)	(4,071)	7,060	(11,234)	19,546
Add: Net Loss Attributable to noncontrolling interest	1,106	238	2,314	261
Net income (loss) attributable to Amtech Systems, Inc.	<u>\$ (2,965)</u>	<u>\$ 7,298</u>	<u>\$ (8,920)</u>	<u>\$ 19,807</u>

Earnings (Loss) Per Share:

Basic income (loss) per share attributable to Amtech shareholders	\$ (0.31)	\$ 0.76	\$ (0.94)	\$ 2.10
Weighted average shares outstanding	9,479	9,576	9,468	9,446
Diluted income (loss) per share attributable to Amtech shareholders	\$ (0.31)	\$ 0.74	\$ (0.94)	\$ 2.03
Weighted average shares outstanding	9,479	9,852	9,468	9,754

BALANCE SHEET - CONSOLIDATED (in thousands)

Assets	June 30, 2012 (Unaudited)	September 30, 2011
Current Assets		
Cash and cash equivalents	\$ 42,326	\$ 67,382
Restricted cash	3,330	6,571
Accounts receivable		
Trade (less allowance for doubtful accounts of \$455 and \$246 at June 30, 2012 and September 30, 2011, respectively)	16,608	14,447
Unbilled and other	13,331	30,822
Inventories	33,075	37,162
Deferred income taxes	9,520	9,560
Prepaid income taxes	970	4,260
Other	2,969	4,647
Total current assets	122,129	174,851
Property, Plant and Equipment - Net	11,980	12,680
Intangible Assets - Net	4,221	5,021
Goodwill	13,006	13,313
Total Assets	\$ 151,336	\$ 205,865

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	\$ 6,024	\$ 8,928
Accrued compensation and related taxes	5,680	10,680

Accrued warranty expense	3,271	2,265
Deferred profit	11,396	27,608
Customer deposits	3,447	7,862
Other accrued liabilities	4,354	6,775
Income taxes payable	7,680	16,670
Total current liabilities	41,852	80,794
Income Taxes Payable Long-term	2,390	2,630
Deferred Income Taxes Long-term	40	110
Total liabilities	44,282	83,534

Commitments and Contingencies

Stockholders' Equity

Preferred stock; 100,000,000 shares authorized; none issued	-	-
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 9,479,007 and 9,431,393 at June 30, 2012 and September 30, 2011, respectively	95	94
Additional paid-in capital	84,550	83,207
Accumulated other comprehensive loss	(7,458)	(2,078)
Retained Earnings	26,176	35,096
Total Amtech Systems Inc. stockholders' equity	103,363	116,319
Noncontrolling interest	3,691	6,012
Total Equity	107,054	122,331
Total Liabilities and Stockholders' Equity	\$ 151,336	\$ 205,865

STATEMENT OF CASH FLOWS - CONSOLIDATED

Unaudited
(in thousands)

	Nine Months Ended	
	June 30,	
	2012	2011
Operating Activities		
Net income (loss)	(11,234)	19,546
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,255	1,996
Write-down of inventory	3,680	591
Impairment of long-lived assets	688	-
Deferred income taxes	(4)	(3,798)
Non-cash stock based compensation expense	1,341	1,099
Provision for allowance for doubtful accounts	194	58
Changes in operating assets and liabilities:		
Restricted cash	3,025	(6,458)
Accounts receivable	12,504	(27,880)
Inventories	(2,751)	(20,547)

Accrued income taxes	(5,931)	9,461
Prepaid expenses and other assets	1,485	(2,321)
Accounts payable	(2,518)	6,318
Accrued liabilities and customer deposits	(5,401)	13,592
Deferred profit	(14,847)	13,704
Net cash provided by (used in) operating activities	(17,514)	5,361
Investing Activities		
Purchases of property, plant and equipment	(1,229)	(4,543)
Other	(239)	
Investments in acquisitions, net of cash	-	(1,055)
Net cash used in investing activities	(1,468)	(5,598)
Financing Activities		
Proceeds from issuance of common stock	3	1,330
Repurchase of common stock	(4,080)	-
Payments on long-term obligations	(30)	(94)
Excess tax benefit of stock options	-	728
Net cash provided by (used in) financing activities	(4,107)	1,964
Effect of Exchange Rate Changes on Cash	(1,967)	1,741
Net Increase (Decrease) in Cash and Cash Equivalents	(25,056)	3,468
Cash and Cash Equivalents, Beginning of Period	67,382	56,764
Cash and Cash Equivalents, End of Period	<u>\$ 42,326</u>	<u>\$ 60,232</u>

SOURCE Amtech Systems, Inc.