

February 6, 2014



Amtech Reports First Quarter Fiscal 2014 Results

TEMPE, Ariz., Feb. 6, 2014 /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 first fiscal quarter ending December 31, 2013.

First Quarter Fiscal 2014 Financial Summary:

- Net revenue of \$14.8 million, up 58% from a year ago
- Solar revenue of \$6.6 million, up 54% from a year ago
- Non-solar revenue of \$8.2 million, up 61% from a year ago
- Customer orders of \$9.8 million, up 98% from a year ago
- Quarter-end backlog of \$23.3 million; solar backlog of \$14.1 million
- Gross margin of 31%
- Operating loss of \$0.5 million
- Net loss of \$0.8 million, or \$0.08 per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "Excellent execution of our order backlog resulted in strong shipments of over \$24 million of products and services during the quarter. Our financial results reflect deferral of revenue and cost related to our new PECVD systems which we expect to recognize upon customer acceptance of the systems. Activity in the market has increased and we continue to have discussions with current and potential customers about our leading-edge technology solutions including our ion implant system, PECVD and N-type technologies. We are optimistic that the second half of 2014 will reflect a renewed demand for our products."

Net revenue for the first quarter of fiscal 2014 was \$14.8 million compared to \$9.4 million in the first quarter of fiscal 2013. The increase is due primarily to the large shipment of n-type cell technology partially offset by deferred revenues. Contributing to the increased revenues was an upturn in shipments to semiconductor customers.

Customer orders in the first quarter of fiscal 2014 were \$9.8 million, up from orders of \$5.0 million in the first quarter of fiscal 2013.

At December 31, 2013, the Company's total order backlog was \$23.3 million, compared to total backlog of \$26.8 million at September 30, 2013. Total backlog at December 31, 2013, includes \$14.1 million in solar orders and deferred revenue, compared to solar backlog of \$17.1 million at September 30, 2013. Foreign exchange caused a \$0.4 million increase in backlog in the December 2013 quarter due to the strengthening of the Euro versus the US dollar. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Gross margin in the first quarter of fiscal 2014 was 31%, compared to 15% in the first quarter of fiscal 2013. The higher margin resulted primarily from increased sales volumes, expense reductions from company-wide cost control initiatives and use of previously-written down inventory.

Selling, general and administrative (SG&A) expenses in the first quarter of fiscal 2014 were \$4.1 million compared to \$4.3 million in the first quarter of fiscal 2013. SG&A expenses include \$0.2 million and \$0.4 million of stock-based compensation expense in the first quarter of fiscal 2014 and fiscal 2013, respectively. Savings from company-wide cost-control initiatives, including lower salaries and benefits, were offset by higher commission expense related to higher revenues.

Research and Development (R&D) expense was \$0.9 million in the first quarter of fiscal 2014 compared to \$1.2 million in the first quarter of fiscal 2013. The lower R&D expense is primarily due to the recognition of a significant amount of government grant funding during the first quarter of fiscal 2014.

Depreciation and amortization in the first quarter of fiscal 2014 was \$623,000, compared to \$699,000 in the first quarter of fiscal 2013.

Income tax expense in the first quarter of fiscal 2014 was \$560,000, compared to a tax benefit of \$480,000 in the first quarter of fiscal 2013.

The net loss for the first quarter of fiscal 2014 was \$0.8 million, or \$0.08 per share, compared to a net loss for the first quarter of fiscal 2013 of \$4.2 million, or \$0.44 per share.

Total unrestricted cash and cash equivalents at December 31, 2013 were \$30.3 million, compared to \$37.2 million at September 30, 2013. The decline in cash and cash equivalents is due primarily to the high volume of shipments in the last month of the quarter that resulted in an increase in receivables. In January 2014 the company received a tax refund of approximately \$5.4 million.

Conference Call

Amtech Systems will host a conference call and webcast today at 5:00pm ET to discuss first quarter fiscal 2014 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 call through February 14, 2014. To access the replay please dial US toll free (877) 344-7529 and enter code 10040655. 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 and ion implant 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, 2013 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.

Contacts:

Amtech Systems, Inc.
Bradley C. Anderson
Chief Financial Officer
(480) 967-5146

Christensen
Investor Relations
Patty Bruner
(480) 201-6075

irelations@Amtechsystems.com

pbruner@christensenir.com

AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)

February 6, 2014

Condensed Consolidated Statements of Operations**Unaudited****(in thousands, except per share data)**

	Three Months Ended	
	December 31,	
	2013	2012
Revenues, net of returns and allowances	\$ 14,772	\$ 9,357
Cost of sales	10,237	7,979
Gross profit	4,535	1,378
Selling, general and administrative	4,124	4,272
Restructuring charges	-	697
Research and development	889	1,161
Operating loss	(478)	(4,752)
Interest and other income, net	106	4
Loss before income taxes	(372)	(4,748)
Income tax provision (benefit)	560	(480)
Net loss	(932)	(4,268)
Add: Net loss attributable to noncontrolling interest	138	74
Net loss attributable to Amtech Systems, Inc.	\$ (794)	\$ (4,194)
Loss Per Share:		
Basic loss per share attributable to Amtech shareholders	\$ (0.08)	\$ (0.44)
Weighted average shares outstanding	9,560	9,494
Diluted loss per share attributable to Amtech shareholders	\$ (0.08)	\$ (0.44)
Weighted average shares outstanding	9,560	9,494

AMTECH SYSTEMS, INC.**(NASDAQ: ASYS)****February 6, 2014**

Condensed Consolidated Balance Sheets**(in thousands)**

Assets	December 31,	September 30,
	2013	2013

	(unaudited)	
Current Assets		
Cash and cash equivalents	\$ 30,337	\$ 37,197
Restricted cash	4,236	5,134
Accounts receivable		
Trade (less allowance for doubtful accounts of \$683 and \$638 at December 31, 2013 and September 30, 2013, respectively)	10,496	4,829
Unbilled and other	7,390	3,194
Inventories	16,712	22,001
Deferred income taxes	1,340	1,330
Refundable income taxes	7,170	7,580
Other	1,801	2,930
Total current assets	79,482	84,195
Property, plant and equipment - net	10,929	11,066
Deferred income taxes - long term	1,260	1,260
Intangible assets - net	3,360	3,502
Goodwill	8,527	8,481
Other assets - long term	2,526	2,443
Total Assets	\$ 106,084	\$ 110,947
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 5,299	\$ 5,472
Accrued compensation and related taxes	4,137	3,778
Accrued warranty expense	1,065	1,454
Deferred profit	6,692	3,067
Customer deposits	4,903	11,253
Other accrued liabilities	8,299	10,140
Income taxes payable	6,030	6,170
Total current liabilities	36,425	41,334
Income taxes payable long-term	2,900	2,810
Total liabilities	39,325	44,144
Stockholders' Equity		
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 9,583,867 and 9,550,809 at December 31, 2013 and September 30, 2013, respectively	96	96
Additional paid-in capital	79,794	79,610
Accumulated other comprehensive loss	(3,827)	(4,556)
Retained deficit	(8,800)	(8,004)
Total stockholders' equity	67,263	67,146
Noncontrolling interest	(504)	(343)
Total equity	66,759	66,803
Total Liabilities and Stockholders' Equity	\$ 106,084	\$ 110,947

(NASDAQ: ASYS)

February 6, 2014

Condensed Consolidated Statements of Cash Flows

Unaudited

(in thousands)

	Three months ended	
	December 31,	
	2013	2012
Operating Activities		
Net loss	\$ (932)	\$ (4,268)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	623	699
Write-down of inventory	90	194
Deferred income taxes	-	15
Non-cash stock based compensation expense	176	433
Provision for allowance for doubtful accounts	33	33
Changes in operating assets and liabilities:		
Restricted cash	944	(905)
Accounts receivable	(9,748)	3,911
Inventories	5,498	1,117
Accrued income taxes	532	(500)
Prepaid expenses and other assets	1,078	484
Accounts payable	(237)	(3,127)
Accrued liabilities and customer deposits	(8,534)	(178)
Deferred profit	3,554	(2,460)
Net cash used in operating activities	<u>(6,923)</u>	<u>(4,552)</u>
Investing Activities		
Purchases of property, plant and equipment	<u>(154)</u>	<u>(121)</u>
Net cash used in investing activities	<u>(154)</u>	<u>(121)</u>
Financing Activities		
Proceeds from the issuance of common stock	<u>9</u>	<u>-</u>
Net cash provided by financing activities	<u>9</u>	<u>-</u>
Effect of Exchange Rate Changes on Cash	<u>208</u>	<u>562</u>
Net Decrease in Cash and Cash Equivalents	<u>(6,860)</u>	<u>(4,111)</u>
Cash and Cash Equivalents, Beginning of Year	<u>37,197</u>	<u>46,726</u>
Cash and Cash Equivalents, End of Year	<u>\$ 30,337</u>	<u>\$ 42,615</u>

SOURCE Amtech Systems, Inc.