

May 7, 2014



Amtech Reports Second Quarter Fiscal 2014 Results

TEMPE, Ariz., May 7, 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 second fiscal quarter ending March 31, 2014.

Second Quarter Fiscal 2014 Financial Highlights:

- Unrestricted Cash of \$36.7 million, up \$6.3 million from December 31, 2013
- Customer orders of \$21.5 million (solar \$13.6 million), up 125% from a year ago
- Book to bill ratio of 1.7:1 (solar 2.2:1)
- Quarter-end backlog of \$31.0 million; solar backlog of \$20.5 million
- Net revenue of \$12.7 million, up 57% from a year ago
- Net loss of \$3.8 million, or \$0.39 per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "We are pleased to see much progress in the quarter. We booked \$21.5 million in orders which is the highest level we have had in three years. We have a healthy backlog as we move into the second half of our fiscal year. Furthermore, as part of our ongoing R&D partnership, we shipped our Kingstone ion implant system to ECN and expect to install and start development efforts on higher efficiency cell technology in the coming months. Plus, in February we received our second production order for our PECVD product from a global technology leader indicating the value of its capabilities. Our semiconductor/LED business continues to add value and has greatly improved during the first six months of fiscal 2014 compared to the same period a year ago as evidenced by an 85% increase in orders."

Pentinga continued, "We continue to operate with a strong focus on corporate-wide expense control and diligent cash management. When the solar market turned down in 2012, we responded quickly and continuously adjusted corporate and manufacturing expenses as market demand weakened. As a result, we are financially strong today and remain well-positioned to be highly responsive to the improved demand in the global marketplace. We are also proud of our well executed solar research and development programs in the midst of the down-cycle, which resulted in doubling the size of the market we serve. We are optimistic that the second half of 2014 will reflect improved demand for our products."

Net revenue for the second quarter of fiscal 2014 was \$12.7 million compared to \$14.8 million in the preceding quarter and \$8.1 million in the second quarter of fiscal 2013. The increase compared to last year is due primarily to improved demand in all market segments, partially offset by lower recognition of previously-deferred revenue.

Customer orders in the second quarter of fiscal 2014 were \$21.5 million (\$13.6 million solar), compared to \$10.9 million (\$3.2 million solar) in the preceding quarter and \$9.6 million (\$5.8

million solar) in the second quarter of fiscal 2013.

At March 31, 2014, the Company's total order backlog was \$31.0 million, compared to total backlog of \$23.3 million at December 31, 2013. Total backlog at March 31, 2014, includes \$20.5 million in solar orders and deferred revenue, compared to solar backlog of \$14.1 million at December 31, 2013. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Gross margin in the second quarter of fiscal 2014 was 23%, compared to 30% in the second quarter of fiscal 2013. The lower margin resulted primarily from lower recognition of previously-deferred profit which was a high percentage of net revenue in the second quarter of fiscal 2013.

Selling, general and administrative (SG&A) expenses in the second quarter of fiscal 2014 were \$5.3 million compared to \$4.0 million in the second quarter of fiscal 2013. SG&A expenses include \$0.2 million and \$0.3 million of stock-based compensation expense in the second quarter of fiscal 2014 and fiscal 2013, respectively. Included in SG&A expense in the second quarter of fiscal 2014 is approximately \$1.4 million of bad debt expense.

Research and Development (R&D) expense was \$2.2 million in the second quarter of fiscal 2014 compared to \$1.9 million in the second quarter of fiscal 2013. The increase in R&D expense is primarily due to higher activity in the development of additional markets for the ion implant technology.

Depreciation and amortization in the second quarter of fiscal 2014 was \$583,000, compared to \$683,000 in the second quarter of fiscal 2013.

Income tax expense in the second quarter of fiscal 2014 was approximately zero, due to the effect of book/tax differences and valuation allowances on net operating losses in certain tax jurisdictions in which the company operates. This compares to a tax benefit of \$800,000 in the second quarter of fiscal 2013.

The net loss for the second quarter of fiscal 2014 was \$3.8 million, or \$0.39 per share, compared to a net loss for the second quarter of fiscal 2013 of \$2.1 million, or \$0.22 per share.

Total unrestricted cash and cash equivalents at March 31, 2014 were \$36.7 million, compared to \$30.3 million at December 31, 2013. The increase in cash and cash equivalents is due primarily to the receipt of a tax refund of \$5.5 million and proceeds of \$1.1 million from exercise of stock options.

Conference Call

Amtech Systems will host a conference call and webcast today at 5:00pm ET to discuss second 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 May 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. is a leading global provider of production and automation systems and related consumables used in fabricating solar cells, LEDs and semiconductor devices. These products 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 in the fabrication of solar cells, LEDs, semiconductors, MEMS and the polishing of newly sliced sapphire and silicon wafers. Amtech's products are recognized under the leading brand names Tempress Systems™, Bruce Technologies™, PR Hoffman™, R2D Automation™ and Kingstone Semiconductor. Amtech is leveraging its proven technology, established brands and strong industry presence to further expand its penetration into the large and growing solar, LED and semiconductor markets.

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.

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AMTECH SYSTEMS, INC.

(NASDAQ: ASYS)

May 7, 2014

Condensed Consolidated Statements of Operations

Unaudited

(in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Revenues, net of returns and allowances	\$ 12,717	\$ 8,118	\$ 27,488	\$ 17,475
Cost of sales	9,819	5,665	20,055	13,644
Gross profit	2,898	2,453	7,433	3,831
Selling, general and administrative	5,277	3,968	9,402	8,238
Restructuring charges	-	-	-	697
Research and development	2,155	1,946	3,044	3,108
Operating loss	(4,534)	(3,461)	(5,013)	(8,212)
Interest and other income (loss), net	(20)	39	87	44
Loss before income taxes	(4,554)	(3,422)	(4,926)	(8,168)
Income tax provision (benefit)	-	(800)	560	(1,280)
Net loss	(4,554)	(2,622)	(5,486)	(6,888)
Add: net loss attributable to noncontrolling interest	803	530	941	603
Net loss attributable to Amtech Systems, Inc.	\$ (3,751)	\$ (2,092)	\$ (4,545)	\$ (6,285)
Loss Per Share:				
Basic loss per share attributable to Amtech shareholders	\$ (0.39)	\$ (0.22)	\$ (0.47)	\$ (0.66)
Weighted average shares outstanding	9,679	9,539	9,619	9,516
Diluted loss per share attributable to Amtech shareholders	\$ (0.39)	\$ (0.22)	\$ (0.47)	\$ (0.66)
Weighted average shares outstanding	9,679	9,539	9,619	9,516

AMTECH SYSTEMS, INC.**(NASDAQ: ASYS)****May 7, 2014**

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

Assets	March 31, 2014	September 30, 2013
	(unaudited)	
Current Assets		
Cash and cash equivalents	\$ 36,650	\$ 37,197
Restricted cash	2,330	5,134
Accounts receivable		
Trade (less allowance for doubtful accounts of \$3,154 and \$638 at March 31, 2014 and September 30, 2013, respectively)	7,381	4,829
Unbilled and other	7,049	3,194
Inventories	17,348	22,001
Deferred income taxes	1,340	1,330
Refundable income taxes	1,380	7,580
Other	2,042	2,930
Total current assets	75,520	84,195
Property, Plant and Equipment - Net	10,538	11,066
Deferred Income Taxes - Long Term	1,260	1,260
Intangible Assets - Net	3,180	3,502
Goodwill	8,525	8,481
Other Assets - Long Term	2,646	2,443
Total Assets	\$ 101,669	\$ 110,947
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 5,992	\$ 5,472
Accrued compensation and related taxes	4,377	3,778
Accrued warranty expense	758	1,454
Deferred profit	5,401	3,067
Customer deposits	4,893	11,253
Other accrued liabilities	8,112	10,140
Income taxes payable	5,590	6,170
Total current liabilities	35,123	41,334
Income Taxes Payable Long-Term	2,900	2,810
Total liabilities	38,023	44,144
Stockholders' Equity		

Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 9,842,363 and 9,550,809 at March 31, 2014 and September 30, 2013, respectively

	98	96
Additional paid-in capital	81,196	79,610
Accumulated other comprehensive loss	(3,833)	(4,556)
Retained deficit	(12,549)	(8,004)
Total stockholders' equity	64,912	67,146
Noncontrolling interest	(1,266)	(343)
Total equity	63,646	66,803
Total Liabilities and Stockholders' Equity	\$ 101,669	\$ 110,947

AMTECH SYSTEMS, INC.

(NASDAQ: ASYS)

May 7, 2014

Condensed Consolidated Statements of Cash Flows

Unaudited

(in thousands)

	Six Months Ended March 31,	
	2014	2013
Operating Activities		
Net loss	\$ (5,486)	\$ (6,888)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,206	1,382
Write-down of inventory	93	392
Deferred income taxes	-	(12)
Non-cash share based compensation expense	373	758
Provision for allowance for doubtful accounts	1,408	63
Changes in operating assets and liabilities:		
Restricted cash	2,846	48
Accounts receivable	(9,646)	5,901
Inventories	4,860	60
Income tax refundable and payable, net	5,849	(1,262)
Prepaid expenses and other assets	716	493
Accounts payable	456	(2,762)
Accrued liabilities and customer deposits	(8,799)	(689)
Deferred profit	4,234	(5,255)
Net cash used in operating activities	<u>(1,890)</u>	<u>(7,771)</u>
Investing Activities		
Purchases of property, plant and equipment	(214)	(162)
Net cash used in investing activities	<u>(214)</u>	<u>(162)</u>
Financing Activities		
Proceeds from the exercise of stock options	1,116	-

Excess tax benefit of stock options	100	-
Net cash provided by financing activities	<u>1,216</u>	<u>-</u>
Effect of Exchange Rate Changes on Cash	<u>341</u>	<u>14</u>
Net Decrease in Cash and Cash Equivalents	(547)	(7,919)
Cash and Cash Equivalents, Beginning of Period	<u>37,197</u>	<u>46,726</u>
Cash and Cash Equivalents, End of Period	<u>\$ 36,650</u>	<u>\$ 38,807</u>

SOURCE Amtech Systems, Inc.