

December 12, 2007



# Amtech Reports Fiscal 2007 Fourth Quarter and Year-End Financial Results

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 silicon wafers, today reported results for its fiscal 2007 fourth quarter and year ended September 30, 2007.

## Fourth Quarter and Fiscal Year Highlights:

- Record fourth quarter net revenue of \$13.1 million, up 16% from the prior year fourth quarter
- Fourth quarter solar revenue of \$4.4 million, compared to \$0.5 million in the prior year fourth quarter
- Fourth quarter net income of \$1.1 million, or \$0.17 per diluted share, compared to \$0.5 million, or \$0.14 per diluted share, for the prior year fourth quarter
- Record FY2007 net revenue of \$46.0 million, up 14% from FY2006
- FY2007 solar revenue of \$12.5 million, up more than 300% compared to FY2006
- FY2007 net income of \$2.4 million, or \$0.44 per diluted share, compared to \$1.3 million, or \$0.38 per diluted share in FY2006
- Record FY2007 bookings of \$55.5 million, up 40% compared to FY2006
- FY2007 solar bookings of \$21.4 million, compared to \$8.0 million in FY2006
- Total backlog at September 30, 2007 of \$23.2 million, up 70% compared to prior year
- Solar backlog of \$17.4 million at September 30, 2007, compared to \$7.6 million at September 30, 2006
- FY2007 book-to-bill of 1.2, compared to 1.0 in prior year

"We are pleased with the significant accomplishments made in 2007 and tremendous progress achieved with our solar growth strategy, which was particularly aided by our R2D automation that enabled us to nearly double the number of our solar customers from eight in 2006," said J.S. Whang, President and Chief Executive Officer of Amtech. "Our strong solar backlog and bookings include both new and follow-on orders and reflect continued strong interest in our solar products with current and potential new customers."

"We remain focused on our strategic objective to increase the products that we offer and more fully participate in the rapidly growing solar market as a multi-product supplier to solar cell manufacturers. Our PECVD product is currently scheduled to launch towards the end of March 2008, which is our fiscal second quarter, and we expect PECVD to begin contributing to our order booking in fiscal 2008. We are excited to introduce this additional product, as it provides entry into a significant segment of the solar market that we expect will double the total available market we currently serve. As part of our longer-term strategy, we are actively seeking to add additional front end manufacturing steps to the solar product portfolio we provide. Looking ahead, we believe we are well positioned to continue the strong market momentum we are generating and to capitalize on the growth opportunities ahead."

At September 30, 2007, the Company's order backlog was \$23.2 million, a 70% increase over the September 30, 2006 backlog, and includes approximately \$17.4 million in solar orders, representing a 128% increase over \$7.6 million of solar backlog at September 30, 2006. The \$17.4 million in solar backlog does not include an additional \$15 million solar order received shortly after the fiscal year-end. Backlog includes deferred revenue and customer orders that are expected to ship within the next 6-12 months.

Net revenue for the fourth quarter of fiscal 2007 totaled a record \$13.1 million, up 2% sequentially and up 16% compared to prior year fourth quarter net revenue of \$11.3 million. The increase was driven primarily by higher solar revenues.

Gross margin in the fourth quarter was 31%, up from 24% in the fourth quarter of fiscal 2006, and was positively impacted by a favorable product mix and the spreading of fixed and semi-fixed costs over the higher revenue, which were partially offset by the increase in deferred profit. The Company's contracts typically include holdbacks of 10-20% of revenue, which are recognized at the time of customer acceptance. During the fourth quarter of fiscal 2007, the amount of profit deferred (representing the net of deferred revenue and deferred costs) to future periods increased \$0.3 million, compared to a decrease of \$0.3 million in the fourth quarter of fiscal 2006.

Selling, general and administrative expenses were \$3.2 million in the fourth quarter of fiscal 2007, compared to \$2.0 million in fourth quarter of 2006. The increase in SG&A resulted mainly from commissions on shipments to regions where third-party sales representatives are utilized and from additional personnel and consulting resources to supplement financial resources and improve manufacturing operations. Included in the fourth quarter fiscal 2007 results is approximately \$119,000 of stock option expense, compared to \$22,000 in the fourth quarter of fiscal 2006.

Net income for the fourth quarter of fiscal 2007 was \$1.1 million, or \$0.17 per diluted share, compared to net income of \$0.5 million, or \$0.14 per diluted share, for the fourth quarter of fiscal 2006. Net income was positively impacted in the quarter by the recording of a net tax benefit of approximately \$0.3 million resulting from a reduction in the valuation allowance on deferred tax assets of approximately \$0.6 million, compared to zero tax expense in the same period a year ago.

Net revenue in fiscal 2007 totaled \$46.0 million, a 14% increase over the \$40.4 million net revenue for fiscal 2006. Net income was \$2.4 million, or \$0.44 per diluted share, compared to \$1.3 million, or \$0.38 per diluted share, for fiscal 2006. Stock option expense in fiscal 2007 totaled \$0.3 million, compared to \$0.2 million in fiscal 2006. Net income in fiscal 2007

was positively impacted by the recording of a net tax benefit of approximately \$0.3 million resulting from a reduction in the valuation allowance on deferred tax assets of approximately \$1.2 million, compared to tax expense of \$0.3 million in fiscal 2006. Fiscal 2007 operating results do not include the results of R2D Ingenierie, which was acquired at the beginning of fiscal 2008.

#### Fiscal 2008 Outlook

For fiscal 2008, the Company anticipates revenue to be in the range of \$65 to \$75 million, representing growth of approximately 40% to 60% over fiscal 2007. Solar revenues are expected to be the primary growth driver while semiconductor revenues, relative to last fiscal year and consistent with overall industry trends, are expected to be flat or slightly down.

Gross margins are expected to remain at their annual historical rates through the first half of fiscal 2008, with improvement occurring in the second half of fiscal 2008. Overall for fiscal 2008, the Company expects gross margin to be in the range of 28%-30%.

The Company expects selling, general and administrative (SG&A) expenses in fiscal 2008 to continue at or slightly lower than their historical percentage of total revenues. The total dollar amount of SG&A will continue to increase as a result of (1) increased sales activity in the Asia-Pacific region where the Company utilizes third-party sales organizations, (2) Sarbanes-Oxley compliance costs, and (3) increased depreciation and amortization, primarily as a result of the intangible assets recorded in the R2D acquisition and the new manufacturing facility in The Netherlands. Fiscal 2008 is the first year that the Company will be required to comply with section 404 of the Sarbanes-Oxley Act which requires management's assessment of its internal controls over financial reporting and an additional assessment by the Company's external auditors.

Operating income for fiscal 2008 is expected to more than double compared to fiscal 2007 as result of higher revenues and improved gross margin.

The Company anticipates first quarter fiscal 2008 revenues to be in the range of \$11.0 to \$12.0 million, representing growth of approximately 16% to 27% over the first quarter of fiscal 2007. Revenues are expected to be down sequentially due to the timing of shipment and acceptance of several systems moving into the second quarter of fiscal 2008. Operating results for the first quarter of fiscal 2008 are expected to be break-even to negative due to lower revenues, the increase in higher operating costs discussed above, and an increase in production personnel.

Due to the nature of the capital equipment markets that Amtech serves and the holdbacks typically required under its customer contracts, revenues, gross margins and operating results have historically fluctuated significantly on a quarterly basis.

#### 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 fiscal 2007 fourth quarter and year-end results. Those wishing to participate in the live call should dial (800) 257-2101 and request the "Amtech" call. A replay of the call will be available for one week beginning approximately one hour after the call's conclusion by dialing (800) 405-2236 and entering 11104008 followed by the "#" key

when prompted for a 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) or at [www.mkr-group.com](http://www.mkr-group.com) (under featured events).

#### About Amtech Systems, Inc.

Amtech Systems, Inc. manufactures capital equipment, including silicon wafer handling automation, thermal semiconductor processing equipment and related consumables used in fabricating solar cells 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 computers, telecommunications devices, automotive products, consumer goods, and industrial automation and control systems. Amtech's semiconductor handling, thermal processing and consumable products currently address the polishing of newly sliced silicon wafers and reclaimed test wafers and the oxidation and deposition steps used in the fabrication of solar cells, semiconductors, and MEMS.

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," "intend," "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 risk that this offering does not close and the risks discussed in our 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.

This earnings release should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

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SELECTED INCOME STATEMENT DATA - CONSOLIDATED  
(amounts in thousands, except per share data)  
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	QUARTERS ENDED		TWELVE MONTHS ENDED	
	September 30, (Unaudited)		September 30, (Unaudited)	
	2007	2006	2007	2006
Net revenues	\$13,120	\$11,288	\$45,984	\$40,445

Cost of sales	8,994	8,630	33,174	29,870
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Gross profit	4,126	2,658	12,810	10,575
Gross margin	31%	24%	28%	26%
Selling, general and administrative	3,169	2,014	10,505	8,313
Restructuring charge	-	50	-	190
Research and development	188	65	564	437
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Operating Income	769	529	1,741	1,635
Interest and other income (expense), net	23	(32)	336	(37)
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Income before income taxes	792	497	2,077	1,598
Income tax provision (benefit)	\$ (347)	\$ -	\$ (340)	\$ 280
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Net Income	\$ 1,139	\$ 497	\$ 2,417	\$ 1,318
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Earnings Per Share:

Basic	\$ 0.17	\$ 0.14	\$ 0.45	\$ 0.40
Diluted	\$ 0.17	\$ 0.14	\$ 0.44	\$ 0.38

Weighted Average Shares Outstanding:

Basic	6,514	3,475	5,419	3,126
Diluted	6,654	3,518	5,498	3,484

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SELECTED BALANCE SHEET DATA - CONSOLIDATED  
(in thousands)  
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	September 30 2007	September 30 2006
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Cash and cash equivalents	\$18,370	\$ 6,433
Restricted cash	443	-
Accounts receivable - net	13,079	7,394
Inventories	7,289	4,979
Deferred income taxes	1,690	-
Prepaid and other	1,339	414
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Total Current Assets	42,210	19,220
Property, plant and equipment - net	6,245	2,382
Goodwill, intangible assets and other - net	2,211	1,961
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Total Assets	\$50,666	\$23,563
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Current liabilities	11,718	7,337

Long-term obligations	744	617
Total stockholders' equity	38,204	15,609
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Total Liabilities and Stockholders' Equity	\$50,666	\$23,563
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Source: Amtech Systems, Inc.