

May 14, 2008



# **Amtech Reports Fiscal 2008 Q2 Financial Results; Record Backlog of Approximately \$64 Million**

## **New Solar Product to Launch in Fiscal Q3**

TEMPE, Arizona--(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 2008 second quarter ended March 31, 2008.

### Second Quarter Financial Highlights:

- Quarter-end backlog of approximately \$64 million, up 296% from the prior year quarter
- Quarter-end solar backlog of \$53 million, compared to \$7 million in the prior year quarter
- Solar orders totaled \$22 million, over 600% increase from prior year quarter
- Semiconductor orders totaled \$10 million, compared to \$5 million in the prior year quarter
- Quarter-end book-to-bill of 1.8, compared to 0.8 in the prior year quarter
- Net revenue of \$17.6 million, up 67% from the prior year quarter and up 50% sequentially
- Solar revenue of \$11.4 million, compared to \$1.8 million in the prior year quarter
- Net income of \$0.2 million, or \$0.02 per diluted share, compared to \$0.3 million, or \$0.05 per diluted share, in the prior year quarter

J.S. Whang, President and Chief Executive Officer of Amtech, commented: "We generated strong growth in solar revenue and order bookings during the quarter, reflecting broader penetration of the solar market with both new and existing customers, particularly in the Asia-Pacific market. We expect to launch our newest solar product, PECVD (anti-reflective coating), in the fiscal third quarter and begin testing wafers for key solar customers. We also continue to be active in further expanding our solar product offerings, and believe we are well positioned to achieve solid growth in the quarters ahead.

"In the second quarter, we made additional investments in our infrastructure reflecting

increased personnel and overhead to support our current solar growth and future initiatives, which resulted in higher costs that impacted our bottom line results. Operating results were also impacted by lower utilization within our semiconductor sector, at Bruce Technologies, which has been affected by the slowdown in the semiconductor industry. During the third quarter we will take a restructuring charge of approximately \$360,000 for the reorganization of that division, which will result in pretax annual savings of approximately \$700,000, beginning in the fourth quarter. We are encouraged by a rebound in semiconductor orders that we saw in the fiscal second quarter, but remain cautious about the timing of a turnaround in the semiconductor industry."

At March 31, 2008, the Company's order backlog was \$64 million, a 296% increase over the March 31, 2007 backlog of \$16 million, and includes \$53 million in solar orders, representing a more than 600% increase compared to \$7 million of solar backlog at March 31, 2007. Backlog includes deferred revenue and customer orders that are expected to ship within the next 6-12 months.

Net revenue for the second quarter of fiscal 2008 totaled \$17.6 million, up 67% compared to the fiscal 2007 second quarter and up 50% sequentially. The increase resulted from higher sales to the solar industry and recognition of deferred revenue, partially offset by lower shipments to the semiconductor industry.

Gross margin in the second quarter was 23.5% compared to 27.2% in the second quarter of fiscal 2007, reflecting the net impact of deferred revenue and profit activity during the second quarter, which included the recognition of \$1.1 million of deferred revenue with no gross profit because there was an equal amount of revenue and cost previously deferred. Lower capacity utilization at Bruce Technologies also negatively impacted margins during the second quarter along with a ramp up of production personnel at the Company's Tempress and R2D facilities. Excluding the net impact of deferred revenue and profit activity, gross margin improved in the second quarter compared to the same quarter in the prior year, primarily due to higher shipment volumes.

Selling, general and administrative expenses were \$4.0 million in the second quarter of fiscal 2008, compared to \$2.4 million in the second quarter of 2007. The increase in SG&A reflects increased selling expense for higher revenues generated in regions where third party sales agents are utilized, SG&A expense at R2D (which was acquired in the first quarter of fiscal 2008), stock based compensation expense and increased depreciation, and operating and personnel costs for the Company's new building in The Netherlands. Costs associated with the Company's assessment of internal controls under the Sarbanes-Oxley Act totaled \$146,000 in the second quarter of fiscal 2008; there were no similar costs in the same period a year ago. Depreciation and amortization was \$371,000 in the second quarter of fiscal 2008, compared to \$161,000 in the same period a year ago. Included in the second quarter fiscal 2008 results is \$128,000 of stock option expense, compared to \$77,000 in the second quarter of fiscal 2007.

Net income for the second quarter of fiscal 2008 was \$0.2 million, or \$0.02 per diluted share, compared to net income of \$0.3 million, or \$0.05 per diluted share, for the second quarter of fiscal 2007.

Outlook

For the third quarter of fiscal 2008, Amtech anticipates revenue to be in the range of \$21 to \$23 million, representing growth of approximately 63% to 79% over the fiscal 2007 third quarter, and 19% to 31% growth sequentially.

For the entire fiscal year 2008, Amtech anticipates revenue to be in the range of \$71 to \$75 million, representing growth of 54% to 63% over fiscal 2007. Solar revenues are expected to be the primary growth driver while semiconductor revenues are expected to be lower, tracking fairly closely to semiconductor capital equipment industry trends.

Operating results for the third quarter and the remainder of fiscal 2008 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. Additionally, the third quarter will include a restructuring charge associated with the restructuring of the Company's Bruce Technologies division.

#### 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 2008 second quarter results. Those wishing to participate in the live call should dial (800) 240-7305 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 11114276 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 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 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 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," "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 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, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.

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SELECTED INCOME STATEMENT DATA - CONSOLIDATED  
(amounts in thousands, except per share data)  
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	QUARTERS ENDED March 31, (Unaudited)		SIX MONTHS ENDED March 31, (Unaudited)	
	2008	2007	2008	2007
Net revenues	\$ 17,591	\$ 10,539	\$ 29,332	\$19,990
Cost of sales	13,464	7,671	21,645	14,730
Gross profit	4,127	2,868	7,687	5,260
Gross margin	23%	27%	26%	26%
Selling, general and administrative	3,966	2,417	7,268	4,636
Research and development	243	141	476	259
Operating Income (Loss)	(82)	310	(57)	365
Interest and other income (expense), net	348	122	501	143
Income before income taxes	266	432	444	508
Income tax provision	105	170	175	240
Net Income	\$ 161	\$ 262	\$ 269	\$ 268

Earnings Per Share:

Basic	\$ 0.02	\$ 0.05	\$ 0.03	\$ 0.06
Diluted	\$ 0.02	\$ 0.05	\$ 0.03	\$ 0.06

Weighted Average  
Shares Outstanding:

Basic	9,072	5,193	8,350	4,325
Diluted	9,185	5,255	8,501	4,371

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SELECTED BALANCE SHEET DATA - CONSOLIDATED  
(in thousands)

	March 31, 2008 (Unaudited)	September 30, 2007
Cash and cash equivalents	\$ 37,848	\$ 18,370
Restricted cash	-	443
Accounts receivable - net	17,477	13,079
Inventories	16,570	7,289
Deferred income taxes	2,768	1,690
Prepaid and other	2,558	1,339
Total Current Assets	77,221	42,210
Property, plant and equipment - net	8,559	6,245
Goodwill, intangible assets and other - net	9,013	2,211
Total Assets	\$ 94,793	\$ 50,666
Current liabilities	19,254	11,718
Long-term obligations and other	1,722	744
Total stockholders' equity	73,817	38,204
Total Liabilities and Stockholders' Equity	\$ 94,793	\$ 50,666

Source: Amtech Systems, Inc.