

February 7, 2013



Amtech Reports First Quarter Fiscal 2013 Results

TEMPE, Ariz., Feb. 7, 2013 /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, 2012.

First Quarter Fiscal 2013 Financial Summary:

- Net revenue of \$9.4 million
- Solar revenue of \$4.3 million
- Semiconductor revenue of \$5.1million
- Quarterly bookings of \$5.0 million
- Quarter-end backlog of \$14.7 million; solar backlog of \$10.1 million
- Gross margin of 15%
- Operating loss of \$4.8 million
- Net loss of \$4.2 million, or \$(0.44) per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "We currently expect 2013 to be a difficult year throughout the solar value chain. However, we do expect to see selective capacity expansions and limited technology buying. While visibility of the timing of a market upturn continues to be limited, we are working very closely with our customers to support both their current needs as well as their ongoing pursuit of technology differentiation through lower costs and higher cell efficiency. We have continued to invest in advancing our technologies through this cycle and are confident that as a result we have further strengthened our position in the marketplace. Given our leading-edge technology solutions including our new ion implant system, batch PECVD and N-type technologies, and our ongoing relationships with industry-leading customers, we look forward to renewed growth in the next investment cycle."

Pentinga added, "During the quarter we took additional actions to further lower our operating costs resulting in a restructuring charge in the quarter. Cost management and preservation of cash are high priorities as we manage through this cycle."

Net revenue for the first quarter of fiscal 2013 was \$9.4 million compared to \$10.9 million in the preceding quarter and \$24.7 million in the first quarter of fiscal 2012. The changes reflect the continued unfavorable market conditions in the solar industry as well as lower activity in the semiconductor portion of Amtech's business.

Total customer orders in the first quarter of fiscal 2013 were \$5.0 million (\$0.2 million solar), down from total orders of \$5.6 million (\$2.1 million solar) in the fourth quarter of fiscal 2012.

At December 31, 2012, the Company's total order backlog was \$14.7 million, compared to

total backlog of \$18.7 million at September 30, 2012. Total backlog at December 31, 2012 includes \$10.1 million in solar orders and deferred revenue, compared to solar backlog of \$13.8 million at September 30, 2012. Foreign exchange caused a \$0.4 million increase in backlog in the December 2012 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 2013 was 15%, compared to negative 63% sequentially and 29% in the first quarter of fiscal 2012. The negative gross margin in the fourth quarter of fiscal 2012 reflects \$9.2 million of inventory write-downs and losses on inventory purchase commitments. The lower margins compared to the first quarter of fiscal 2012 resulted primarily from lower sales volumes.

Selling, general and administrative (SG&A) expenses in the first quarter of fiscal 2013 were \$4.3 million compared to the preceding quarter's \$4.4 million. The SG&A expenses decreased \$2.0 million from \$6.3 million in the first quarter of fiscal 2012 due primarily to lower commissions and shipping costs, related to lower revenues, as well as lower consulting and legal expenses and company-wide cost control initiatives.

Restructuring expense was \$0.7 million in the first quarter of fiscal 2013 reflecting severance costs related to reductions-in-force actions at certain operations.

Research and Development (R&D) expense was \$1.2 million in the first quarter of fiscal 2013 compared to \$3.9 million in the preceding quarter and \$2.8 million in the first quarter of fiscal 2012. The reduction in R&D expense is primarily due to a decrease in development-related activities and the recognition of a significant amount of government grant funding during the first quarter of fiscal 2013 compared to previous quarters.

Depreciation and amortization in the first quarter of fiscal 2013 was \$699,000, compared to \$670,000 in the preceding quarter and \$769,000 in the first quarter of fiscal 2012.

Included in the first quarter of fiscal 2013 results is \$433,000 of stock option expense, compared to \$465,000 in the fiscal first quarter a year ago and \$422,000 in the fourth quarter of fiscal 2012.

Income tax in the first quarter of fiscal 2013 was a benefit of \$0.5 million, resulting in an effective tax rate of approximately 10%.

The net loss for the first quarter of fiscal 2013 was \$4.2 million, or (\$0.44) per share, compared to a net loss of \$14.1 million, or (\$1.49) per share, for the fourth quarter of fiscal 2012. The fourth quarter loss included charges for impairment, inventory write-downs and loss on inventory purchase commitments. The net loss for the first quarter of fiscal 2012 was \$0.9 million, or (\$0.09) per diluted share.

Total unrestricted cash and cash equivalents at December 31, 2012 were \$42.6 million, compared to \$46.7 million at September 30, 2012 and \$54.9 million at December 31, 2011.

Conference Call

Amtech Systems will host a conference call and webcast today at 5:00pm ET to discuss first

quarter fiscal 2013 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 15, 2013. To access the replay please dial US toll free (877) 344-7529 and enter code 10024431. 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, 2012 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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Condensed Consolidated Statement of Operations
Unaudited
(amounts in thousands, except per share data)

	Three Months Ended	
	December 31,	
	2012	2011
Revenues, net of returns and allowances	\$ 9,357	\$ 24,728
Cost of sales	7,979	17,527
Gross profit	1,378	7,201
Selling, general and administrative	4,272	6,292
Restructuring charges	697	-
Research and development	1,161	2,753
Operating loss	(4,752)	(1,844)
Interest and other income, net	4	87
Loss before income taxes	(4,748)	(1,757)
Income tax benefit	(480)	(320)
Net loss	(4,268)	(1,437)
Add: Net Loss Attributable to noncontrolling interest	74	561
Net loss attributable to Amtech Systems, Inc.	\$ (4,194)	\$ (876)

Loss Per Share:

Basic loss per share attributable to Amtech shareholders	\$ (0.44)	\$ (0.09)
Weighted average shares outstanding	9,494	9,446

Diluted loss per share attributable to Amtech shareholders	\$ (0.44)	\$ (0.09)
Weighted average shares outstanding	9,494	9,446

Condensed Consolidated Balance Sheets
(in thousands, except share data)

Assets	December 31, 2012 (Unaudited)	September 30, 2012
Current Assets		
Cash and cash equivalents	\$ 42,615	\$ 46,726
Restricted cash	9,687	4,644
Accounts receivable		
Trade (less allowance for doubtful accounts of \$508 and \$517 at December 31, 2012 and September 30, 2012, respectively)	5,824	7,486
Unbilled and other	8,923	10,807
Inventories	24,730	25,670
Deferred income taxes	3,480	3,460
Prepaid income taxes	1,440	1,400
Other	2,076	2,650
Total current assets	98,775	102,843
Property, Plant and Equipment - Net	12,265	12,387
Deferred Income Taxes - Long Term	450	470
Intangible Assets - Net	3,982	4,096
Goodwill	8,423	8,355
Other Assets - Long Term	1,005	871
Total Assets	\$ 124,900	\$ 129,022

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable	\$ 2,729	\$ 5,780
Accrued compensation and related taxes	4,926	5,311
Accrued warranty expense	2,428	2,687
Deferred profit	8,023	10,236
Customer deposits	3,389	3,958
Other accrued liabilities	12,778	7,499
Income taxes payable	6,660	7,140
Total current liabilities	40,933	42,611
Income Taxes Payable Long-term	2,360	2,630
Total liabilities	43,293	44,971

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: 9,539,234 and 9,483,588 at December 31, 2012 and September 30, 2012, respectively	95	95
Additional paid-in capital	77,810	77,377
Accumulated other comprehensive loss	(5,414)	(6,817)
Retained earnings	7,871	12,065
Total stockholders' equity	80,362	82,720
Noncontrolling interest	1,245	1,331
Total Equity	81,607	84,051
Total Liabilities and Stockholders' Equity	\$ 124,900	\$ 129,022

Condensed Consolidated Statements of Cash Flows

Unaudited

(in thousands)

	Three Months Ended	
	December 31,	
	2012	2011
Operating Activities		
Net loss	(4,268)	(1,437)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	699	769
Write-down of inventory	194	20
Deferred income taxes	15	-
Non-cash stock based compensation expense	433	465
Provision for allowance for doubtful accounts	33	78
Changes in operating assets and liabilities:		
Restricted cash	(905)	(420)
Accounts receivable	3,911	10,128
Inventories	1,117	(1,886)
Accrued income taxes	(500)	(752)
Prepaid expenses and other assets	484	(251)
Accounts payable	(3,127)	(2,164)
Accrued liabilities and customer deposits	(178)	(5,757)
Deferred profit	(2,460)	(4,906)
Net cash used in operating activities	(4,552)	(6,113)

Investing Activities

Purchases of property, plant and equipment	(121)	(465)
Net cash used in investing activities	(121)	(465)
Financing Activities		
Repurchase of common stock	-	(4,080)
Payments on long-term obligations	-	(11)
Net cash used in financing activities	-	(4,091)
Effect of Exchange Rate Changes on Cash	562	(1,777)
Net Decrease in Cash and Cash Equivalents	(4,111)	(12,446)
Cash and Cash Equivalents, Beginning of Period	46,726	67,382
Cash and Cash Equivalents, End of Period	<u>\$ 42,615</u>	<u>\$ 54,936</u>

SOURCE Amtech Systems, Inc.