

May 9, 2013



Amtech Reports Second Quarter Fiscal 2013 Results

TEMPE, Ariz., May 9, 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 second fiscal quarter ending March 31, 2013.

Second Quarter Fiscal 2013 Financial Summary:

- Net revenue of \$8.1 million
- Quarterly bookings of \$9.6 million
- Quarter-end backlog of \$14.2 million
- Gross margin of 30%
- Operating loss of \$3.5 million
- Net loss of \$2.1 million, or \$(0.22) per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "Our results reflect the difficult environment in which we are operating. We are taking actions to further reduce costs across our global operations as we see this difficult environment continuing into at least fiscal 2014. We are focused on preserving cash while we very selectively invest in advancing our technology solutions to meet the future needs of our top-tier customers."

Net revenue for the second quarter of fiscal 2013 was \$8.1 million compared to \$9.4 million in the preceding quarter and \$21.6 million in the second 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 second quarter of fiscal 2013 were \$9.6 million (\$5.8 million solar), up from total orders of \$5.0 million (\$0.2 million solar) in the preceding quarter.

At March 31, 2013, the Company's total order backlog was \$14.2 million, compared to total backlog of \$14.7 million at December 31, 2012. Total backlog at March 31, 2013 includes \$10.7 million in solar orders and deferred revenue, compared to solar backlog of \$10.1 million at December 31, 2012. Foreign exchange caused a \$0.4 million decrease in backlog in the March 2013 quarter due to the weakening 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 second quarter of fiscal 2013 was 30%, compared to 15% sequentially and 19% in the second quarter of fiscal 2012. The improvement in gross margin reflects a higher proportion of previously-deferred profit recognized at higher gross margins.

Selling, general and administrative (SG&A) expenses in the second quarter of fiscal 2013

were \$4.0 million compared to \$4.3 million in the preceding quarter, decreasing primarily due to company-wide cost control initiatives. SG&A expenses decreased \$2.0 million from \$6.0 million in the second quarter of fiscal 2012 due primarily to lower commissions and shipping costs, related to lower revenues, as well as company-wide cost control.

Research and Development (R&D) expense was \$1.9 million in the second quarter of fiscal 2013 compared to \$1.2 million in the preceding quarter. The increase is due primarily to the recognition of a significant amount of government grant funding which offset spending in the first quarter of fiscal 2013. R&D expense decreased \$1.4 million from \$3.3 million in the second quarter of fiscal 2012 due primarily to a decrease in development-related activities compared to previous quarters.

Depreciation and amortization in the second quarter of fiscal 2013 was \$683,000, compared to \$699,000 in the preceding quarter and \$760,000 in the second quarter of fiscal 2012.

Included in the second quarter of fiscal 2013 results is \$327,000 of stock option expense, compared to \$433,000 in the fiscal first quarter and \$437,000 in the second quarter of fiscal 2012.

Income tax in the second quarter of fiscal 2013 was a benefit of \$0.8 million, resulting in an effective tax rate of approximately 23%.

The net loss for the second quarter of fiscal 2013 was \$2.1 million, or (\$0.22) per share, compared to a net loss of \$4.2 million, or (\$0.44) per share, for the first quarter of fiscal 2013. The net loss for the second quarter of fiscal 2012 was \$5.1 million, or (\$0.54) per share.

Total unrestricted cash and cash equivalents at March 31, 2013 were \$38.8 million, compared to \$42.6 million at December 31, 2012 and \$46.7 million at September 30, 2012.

Conference Call

Amtech Systems will host a conference call and webcast today at 5:00pm ET to discuss second 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 May 17, 2013. To access the replay please dial US toll free (877) 344-7529 and enter code 10027993. 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

This press release should be read in conjunction with our consolidated financial statements and the related notes and Management's Discussion and Analysis included in Amtech Systems, Inc.'s filing on Form 10-Q or Form 10-K for the fiscal periods referred to above. 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		Six Months Ended	
	March 31,		March 31,	
	2013	2012	2013	2012
Revenues, net of returns and allowances	\$ 8,118	\$ 21,566	\$ 17,475	\$ 46,294
Cost of sales	5,665	17,518	13,644	35,045
Gross profit	2,453	4,048	3,831	11,249
Selling, general and administrative	3,968	6,046	8,238	12,338
Restructuring and impairment charges	-	688	697	688
Research and development	1,946	3,299	3,108	6,052
Operating loss	(3,461)	(5,985)	(8,212)	(7,829)
Interest and other income, net	39	39	44	126
Loss before income taxes	(3,422)	(5,946)	(8,168)	(7,703)
Income tax benefit	(800)	(220)	(1,280)	(540)
Net loss	(2,622)	(5,726)	(6,888)	(7,163)
Add: Net loss attributable to noncontrolling interest	530	647	603	1,208
Net loss attributable to Amtech Systems, Inc.	\$ (2,092)	\$ (5,079)	\$ (6,285)	\$ (5,955)
Loss Per Share:				
Basic loss per share attributable to Amtech shareholders	\$ (0.22)	\$ (0.54)	\$ (0.66)	\$ (0.63)
Weighted average shares outstanding	9,539	9,479	9,516	9,462
Diluted loss per share attributable to Amtech shareholders	\$ (0.22)	\$ (0.54)	\$ (0.66)	\$ (0.63)
Weighted average shares outstanding	9,539	9,479	9,516	9,462

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

	March 31,	September 30,
	2013 (Unaudited)	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 38,807	\$ 46,726
Restricted cash	6,710	4,644
Accounts receivable		

Trade (less allowance for doubtful accounts of \$516 and \$517 at March 31, 2013 and September 30, 2012, respectively)	7,213	7,486
Unbilled and other	5,169	10,807
Inventories	24,929	25,670
Deferred income taxes	3,460	3,460
Prepaid income taxes	1,400	1,400
Other	1,954	2,650
Total current assets	89,642	102,843
Property, Plant and Equipment - Net	11,517	12,387
Deferred Income Taxes - Long Term	480	470
Intangible Assets - Net	3,747	4,096
Goodwill	8,348	8,355
Other Assets - Long Term	1,084	871
Total Assets	\$ 114,818	\$ 129,022

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	\$ 3,044	\$ 5,780
Accrued compensation and related taxes	4,600	5,311
Accrued warranty expense	2,065	2,687
Deferred profit	5,054	10,236
Customer deposits	3,190	3,958
Other accrued liabilities	10,781	7,499
Income taxes payable	5,880	7,140
Total current liabilities	34,614	42,611

Income Taxes Payable Long-term

	2,360	2,360
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Total liabilities	36,974	44,971
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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 March 31, 2013 and September 30, 2012, respectively	95	95
Additional paid-in capital	78,136	77,377
Accumulated other comprehensive loss	(6,877)	(6,817)
Retained earnings	5,780	12,065
Total stockholders' equity	77,134	82,720
Noncontrolling interest	710	1,331
Total Equity	77,844	84,051
Total Liabilities and Stockholders' Equity	\$ 114,818	\$ 129,022

Condensed Consolidated Statements of Cash Flows
Unaudited
(in thousands)

	Six Months Ended	
	March 31,	
	2013	2012
Operating Activities		
Net loss	(6,888)	(7,163)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,382	1,528
Write-down of inventory	392	1,330
Impairment of long-lived assets		688
Deferred income taxes	(12)	-
Non-cash stock based compensation expense	758	903
Provision for allowance for doubtful accounts	63	133
Changes in operating assets and liabilities:		
Restricted cash	48	2,878
Accounts receivable	5,901	12,009
Inventories	60	(2,487)
Accrued income taxes	(1,262)	(4,105)
Prepaid expenses and other assets	493	198
Accounts payable	(2,762)	(2,073)
Accrued liabilities and customer deposits	(689)	(8,379)
Deferred profit	(5,255)	(8,115)
Net cash used in operating activities	<u>(7,771)</u>	<u>(12,655)</u>
Investing Activities		
Purchases of property, plant and equipment	<u>(162)</u>	<u>(1,062)</u>
Net cash used in investing activities	<u>(162)</u>	<u>(1,062)</u>
Financing Activities		
Repurchase of common stock	-	(4,080)
Payments on long-term obligations	-	(22)
Payment for license fee	<u>-</u>	<u>(44)</u>
Net cash used in financing activities	<u>-</u>	<u>(4,146)</u>
Effect of Exchange Rate Changes on Cash	<u>14</u>	<u>(750)</u>
Net Decrease in Cash and Cash Equivalents	<u>(7,919)</u>	<u>(18,613)</u>
Cash and Cash Equivalents, Beginning of Period	<u>46,726</u>	<u>67,382</u>
Cash and Cash Equivalents, End of Period	<u>\$ 38,807</u>	<u>\$ 48,769</u>

SOURCE Amtech Systems, Inc.