

August 8, 2013



Amtech Reports Third Quarter Fiscal 2013 Results

TEMPE, Ariz., Aug. 8, 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 third fiscal quarter ending June 30, 2013.

Third Quarter Fiscal 2013 Highlights:

- Quarterly bookings of \$20.7 million (Solar \$15.1 million)
- Book-to-bill ratio of 2.2 (Solar 2.7)
- Quarter-end backlog of \$24.8 million; solar backlog of \$19.3 million
- Unrestricted cash of \$38.8 million; unchanged from March 31, 2013
- Net revenue of \$10.4 million (Solar \$6.5 million)
- Non-cash charges:
 - Inventory write-downs of \$4.4 million
 - Stock compensation expense of \$1.6 million
 - Valuation allowance on deferred tax assets of \$4.7 million
- Net loss of \$12.1 million, or \$(1.27) per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "Our healthy bookings for the quarter include a significant order for the Nexolon project in San Antonio, Texas, which we expect to ship in the first half of fiscal 2014. Obtaining the second customer for n-PASHA cell technology and a production order for our new PECVD system is a great milestone for Amtech, underscoring that Amtech is on the right technology path as the solar market progresses towards higher value solutions."

"While we experienced a significant loss in the quarter due primarily to non-cash charges, we were able to maintain our unrestricted cash balance through solid collections of our receivables, utilization of existing inventory, and cost control measures. During the quarter we took additional actions to reduce our costs and are currently implementing further cost reduction programs at our Tempress subsidiary that we expect to be in place by the end of this fiscal year. Cost management and preservation of cash are high priorities as we manage through this cycle. While progress continues to be made in rationalizing supply and demand in the solar market, we see a soft sales environment continuing into fiscal 2014."

Net revenue for the third quarter of fiscal 2013 was \$10.4 million compared to \$8.1 million in the preceding quarter and \$24.3 million in the third quarter of fiscal 2012. The sequential increase reflects a large shipment to a single customer during the latest fiscal quarter partially offset by lower recognition of previously deferred revenue.

Total customer orders in the third quarter of fiscal 2013 were \$20.7 million (\$15.1 million solar), up from total orders of \$9.6 million (\$5.8 million solar) in the preceding quarter.

At June 30, 2013, the Company's total order backlog was \$24.8 million, compared to total backlog of \$14.2 million at March 31, 2013. Total backlog at June 30, 2013 includes \$19.3 million in solar orders and deferred revenue, compared to solar backlog of \$10.7 million at March 31, 2013. Foreign exchange caused a \$0.2 million increase in backlog in the June 2013 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 third quarter of fiscal 2013 was negative 26%, reflecting \$4.4 million of inventory write-downs and lower margins on product shipped during the quarter, compared to 30% sequentially and 20% in the third quarter of fiscal 2012.

Selling, general and administrative (SG&A) expenses in the third quarter of fiscal 2013 were \$5.5 million compared to \$4.0 million in the preceding quarter, increasing primarily due to increased stock compensation expense related to the acceleration of vesting and cancellation of certain stock options in the June 2013 quarter. Despite the higher stock compensation expense, SG&A expenses decreased \$0.9 million from \$6.4 million in the third quarter of fiscal 2012 due to lower commissions and shipping costs related to lower revenues, as well as company-wide cost control initiatives to reduce salaries, professional fees, travel and insurance expense.

Research and Development (R&D) expense was \$1.9 million in the third quarter of fiscal 2013 compared to \$1.9 million in the preceding quarter. R&D expense decreased \$1.7 million from \$3.7 million in the third quarter of fiscal 2012 due primarily to a decrease in solar research and development.

Depreciation and amortization in the third quarter of fiscal 2013 was \$632,000, compared to \$683,000 in the preceding quarter and \$727,000 in the third quarter of fiscal 2012.

Included in the third quarter of fiscal 2013 results is \$1,553,000 of stock option expense, compared to \$327,000 in the fiscal second quarter and \$438,000 in the third quarter of fiscal 2012. The increase in stock option expense is due to the acceleration of vesting and cancellation of certain stock options in the June 2013 quarter.

Income tax in the third quarter of fiscal 2013 was a provision of \$2.6 million due to a valuation allowance of approximately \$4.7 million established on our deferred tax assets in The Netherlands, primarily related to net operating losses in that country.

The net loss for the third quarter of fiscal 2013 was \$12.1 million, or (\$1.27) per share, compared to a net loss of \$2.1 million, or (\$0.22) per share, for the second quarter of fiscal 2013. The net loss for the third quarter of fiscal 2012 was \$3.0 million, or (\$0.31) per share.

Total unrestricted cash and cash equivalents were \$38.8 million at June 30, 2013, unchanged from March 31, 2013.

Conference Call

Amtech Systems will host a conference call and webcast today at 5:00pm ET to discuss third 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 August 16, 2013. To access the replay please dial US toll free (877) 344-7529 and enter code10032095. 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.

Amtech Systems, Inc.	Christensen
Bradley C. Anderson	Investor Relations
Chief Financial Officer	Patty Bruner
(480) 967-5146	(480) 201-6075
irelations@Amtechsystems.com	pbruner@christensenir.com

Condensed Consolidated Statement of Operations

Unaudited

(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Revenues, net of returns and allowances	\$ 10,398	\$ 24,300	\$ 27,873	\$ 70,594
Cost of sales	8,648	17,146	22,639	50,861
Write-down of inventory	4,427	2,350	4,080	3,680
Gross profit	(2,677)	4,804	1,154	16,053
Selling, general and administrative	5,443	6,360	13,682	18,698
Restructuring and impairment charges	182	-	879	688
Research and development	1,947	3,694	5,055	9,746
Operating loss	(10,249)	(5,250)	(18,462)	(13,079)
Interest and other income, net	143	69	187	195
Loss before income taxes	(10,106)	(5,181)	(18,275)	(12,884)
Income tax provision (benefit)	2,560	(1,110)	1,280	(1,650)
Net loss	(12,666)	(4,071)	(19,555)	(11,234)
Add: Net loss attributable to noncontrolling interest	565	1,106	1,169	2,314

Net loss attributable to Amtech Systems, Inc.	<u>\$ (12,101)</u>	<u>\$ (2,965)</u>	<u>\$ (18,386)</u>	<u>\$ (8,920)</u>
--	--------------------	-------------------	--------------------	-------------------

Loss Per Share:

Basic loss per share attributable to Amtech shareholders	\$ (1.27)	\$ (0.31)	\$ (1.93)	\$ (0.63)
Weighted average shares outstanding	9,539	9,479	9,524	9,462
Diluted loss per share attributable to Amtech shareholders	\$ (1.27)	\$ (0.31)	\$ (1.93)	\$ (0.94)
Weighted average shares outstanding	9,539	9,479	9,524	9,468

Condensed Consolidated Balance Sheets

(in thousands, except share data)

	June 30,	September 30,
Assets	2013 (Unaudited)	2012
Current Assets		
Cash and cash equivalents	\$ 38,814	\$ 46,726
Restricted cash	5,073	4,644
Accounts receivable		
Trade (less allowance for doubtful accounts of \$751 and \$517 at June 30, 2013 and September 30, 2012, respectively)	7,333	7,486
Unbilled and other	4,533	10,807
Inventories	17,533	25,670
Deferred income taxes	1,640	3,460
Prepaid income taxes	1,400	1,400
Other	1,808	2,650
Total current assets	<u>78,134</u>	<u>102,843</u>
Property, Plant and Equipment - Net	11,155	12,387
Deferred Income Taxes - Long Term	1,010	470

Intangible Assets - Net	3,604	4,096
Goodwill	8,384	8,355
Other Assets - Long Term	1,168	871
Total Assets	\$ 103,455	\$ 129,022

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	\$ 2,767	\$ 5,780
Accrued compensation and related taxes	3,968	5,311
Accrued warranty expense	1,766	2,687
Deferred profit	4,301	10,236
Customer deposits	3,597	3,958
Other accrued liabilities	10,169	7,499
Income taxes payable	7,120	7,140
Total current liabilities	33,688	42,611

Income Taxes Payable Long-term

Total liabilities

2,360	2,360
36,048	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 June 30, 2013 and September 30, 2012, respectively	95	95
Additional paid-in capital	79,689	77,377
Accumulated other comprehensive loss	(6,163)	(6,817)
Retained Earnings (Deficit)	(6,321)	12,065
Total stockholders' equity	67,300	82,720
Noncontrolling interest	107	1,331

Total Equity	67,407	84,051
Total Liabilities and Stockholders' Equity	\$ 103,455	\$ 129,022

Condensed Consolidated Statements of Cash Flows

Unaudited

(in thousands)

	Nine Months Ended	
	June 30,	
	2013	2012
Operating Activities		
Net loss	(19,555)	(11,234)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,014	2,255
Write-down of inventory	4,080	3,680
Deferred income taxes	1,287	(4)
Impairment of long-lived assets		688
Non-cash stock based compensation expense	2,313	1,341
Provision for allowance for doubtful accounts	305	194
Changes in operating assets and liabilities:		
Restricted cash	(374)	3,025
Accounts receivable	6,334	12,504
Inventories	3,591	(2,751)
Accrued income taxes	(12)	(5,931)
Prepaid expenses and other assets	570	1,485
Accounts payable	(3,070)	(2,518)
Accrued liabilities and customer deposits	597	(5,401)
Deferred profit	(6,079)	(14,847)

Net cash used in operating activities	(7,999)	(17,514)
Investing Activities		
Purchases of property, plant and equipment	(156)	(1,229)
Other	-	(239)
Net cash used in investing activities	(156)	(1,468)
Financing Activities		
Proceeds from issuance of common stock	-	3
Repurchase of common stock	-	(4,080)
Payments on long-term obligations	-	(30)
Net cash used in financing activities	-	(4,107)
Effect of Exchange Rate Changes on Cash	243	(1,967)
Net Decrease in Cash and Cash Equivalents	(7,912)	(25,056)
Cash and Cash Equivalents, Beginning of Period	46,726	67,382
Cash and Cash Equivalents, End of Period	\$ 38,814	\$ 42,326

SOURCE Amtech Systems, Inc.