

Amtech Reports Fiscal 2008 Fourth Quarter and Year-End Financial Results

Q4 Record Revenue up 104% Year-over-Year and 11% Sequentially

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 2008 fourth quarter and year ended September 30, 2008.

Fourth Quarter and Fiscal Year Highlights:

- Record fourth quarter net revenue of \$26.8 million, up 104% from the prior year fourth quarter and up 11% sequentially
- Fourth quarter solar revenue of \$17.0 million, compared to \$4.4 million in the prior year fourth quarter
- Fourth quarter operating income of \$2.2 million, or 8.1% of revenue, compared to \$0.8 million, or 5.9% in the prior year fourth quarter
- Fourth quarter net income of \$1.4 million, or \$0.16 per diluted share, compared to \$1.1 million, or \$0.17 per diluted share, for the prior year fourth quarter
- Fourth quarter bookings of \$17.6 million (\$13.7 million solar, \$3.9 million semiconductor)
- Record FY2008 net revenue of \$80.3 million, up 75% from FY2007
- FY2008 solar revenue of \$50.1 million, up approximately 300% compared to FY2007
- FY2008 net income of \$2.9 million, or \$0.32 per diluted share, compared to \$2.4 million, or \$0.44 per diluted share, in FY2007
- Record FY2008 bookings of \$106.6 million, up 93% compared to FY2007
- FY2008 solar bookings of \$73.2 million, compared to \$22.2 million in FY2007
- Total backlog at September 30, 2008 of \$46.7 million, compared to \$22.9 million in prior year
- Solar backlog of \$36.7 million at September 30, 2008, compared to \$17.4 million in prior year

J.S. Whang, President and Chief Executive Officer of Amtech, commented: "We made tremendous progress in fiscal 2008 with the execution of our solar growth strategy and ended the year with a solid fourth quarter that we believe demonstrates our ability to generate significant growth while also delivering to the bottom line. For a second consecutive year, we generated growth in annual solar revenue of approximately 300 percent, reflecting our successful transition from a semi-dominant to a solar-dominant equipment supplier.

"While current economic conditions remain challenging, we maintain a positive long-term outlook for solar industry growth and an upturn in activity within the semiconductor industry. We enter the year with a healthy backlog and are carefully managing our business with the goal of achieving positive cash flow from operations in fiscal 2009. We have a strong cash position to weather the current economy and remain focused on further expanding our

market opportunities by offering multiple front-end solar manufacturing products. This includes promoting our existing offerings, including our solar Diffusion, PECVD and PSG dry etch products, to leverage our presence in worldwide markets."

Net revenue for the fourth quarter of fiscal 2008 totaled \$26.8 million, up 104% compared to fiscal 2007 fourth quarter net revenue of \$13.1 million and up 11% sequentially from \$24.1 million in the third quarter of fiscal 2008. The revenue increase was driven primarily by higher sales to the solar industry.

At September 30, 2008, the Company's order backlog was \$46.7 million, compared to backlog of \$22.9 million at September 30, 2007, and includes \$36.7 million in solar orders, representing a 112% increase over the Company's solar backlog of \$17.4 million at September 30, 2007. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Gross margin in the fourth quarter was 31%, compared to 31% in the fourth quarter of fiscal 2007 and 29% in the preceding quarter. The sequential improvement primarily reflects lower net deferred profit in the fourth quarter compared to the third quarter of fiscal 2008. Amtech deferred \$1.3 million of profit for the quarter ended September 30, 2008, net of acceptances, compared to a net deferral of \$1.8 million in the third quarter, and a net deferral of \$0.3 million for the quarter ended September 30, 2007.

Selling, general and administrative (SG&A) expenses in the fourth quarter were \$5.6 million, or 21% of revenues compared to \$3.2 million, or 24% in the fourth quarter of 2007. The increase in SG&A expenses was due primarily to increased selling expense related to commissions on higher revenues and other selling costs due to increased shipping volumes and increased marketing activities, general and administrative expenses at R2D (which was acquired in the first quarter of fiscal 2008), higher reserves for accounts receivable balances, stock-based compensation expense, increased depreciation and operating costs for the Company's new building in The Netherlands and increased personnel and consulting costs.

Depreciation and amortization was \$244,000 in the fourth quarter of fiscal 2008, compared to \$130,000 in the same period a year ago. Included in the fourth quarter fiscal 2008 and 2007 results is \$119,000 of stock option expense.

Income taxes in the fourth quarter of fiscal 2008 were \$750,000, compared to a net tax benefit of \$347,000 recorded in the fourth quarter of fiscal 2007. Overall, for fiscal 2008 the effective tax rate was 37% compared to a net tax benefit in fiscal 2007 resulting from reductions in the valuation allowance on deferred tax assets.

Net income for the fourth quarter of fiscal 2008 was \$1.4 million, or \$0.16 per diluted share, compared to net income of \$1.1 million, or \$0.17 per diluted share, for the fourth quarter of fiscal 2007, with the decline in earnings per share being caused by a 38% increase in the average diluted shares outstanding.

For the fiscal 2008 year, net revenue totaled \$80.3 million, a 75% increase over \$46.0 million for fiscal 2007. Net income was \$2.9 million, or \$0.32 per diluted share, compared to \$2.4 million, or \$0.44 per diluted share, for fiscal 2007.

Fiscal 2009 Outlook

While the current global economic and credit crisis has negatively impacted growth in the solar market in the near-term and prolonged the downturn in the semiconductor market, Amtech continues to have a long-term positive outlook on both industries. And with a strong balance sheet and cash position, Amtech expects to emerge from this down cycle even stronger with its multi-product solar offerings. However, fiscal 2009 visibility is currently unclear as the recent tightening of the credit markets and the deterioration of the global economic environment have caused solar cell manufacturers, Amtech's principal solar customer base, to slow or push out their capacity expansion plans. Despite the anticipated downturn in revenues, Amtech expects to generate positive cash flow from operations in fiscal 2009.

For the first quarter of fiscal 2009, Amtech anticipates revenue to be in the range of \$15 to \$17 million, representing growth of approximately 28% to 45% over the first quarter of fiscal 2008. Sequentially, the first quarter fiscal 2009 revenue outlook represents a decrease of 37% to 44% compared to the fourth quarter of fiscal 2008, reflecting lower shipment volumes and push out of some orders and customer acceptances into future quarters.

Operating results for the quarter 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.

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 fourth quarter and year-end results. Those wishing to participate in the live call should dial (800) 366-7449 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 11123302 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.

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, 2008.

AMTECH SYSTEMS, INC.

(NASDAQ:ASYS)

December 10, 2008

SELECTED INCOME STATEMENT DATA -
CONSOLIDATED

(amounts in thousands, except per share
data)

	QUARTERS ENDED		TWELVE MONTHS ENDED	
	September 30, (Unaudited)		September 30, (Unaudited)	
	2008	2007	2008	2007
Net revenues	\$ 26,817	\$ 13,120	\$ 80,296	\$ 45,984
Cost of sales	18,621	8,994	57,335	33,174
Gross profit	8,196	4,126	22,961	12,810
Gross margin	31 %	31 %	29 %	28 %
Selling, general and administrative	5,606	3,169	17,709	10,505
Restructuring charge	-	-	356	-
Research and development	408	188	1,094	564
Operating Income	2,182	769	3,802	1,741
Interest and other income (expense), net	(4)	23	745	336
Income before income taxes	2,178	792	4,547	2,077
Income tax provision (benefit)	\$ 750	\$ (347)	\$ 1,690	\$ (340)

Net Income	\$ 1,428	\$ 1,139	\$ 2,857	\$ 2,417
Earnings Per Share:				
Basic	\$ 0.16	\$ 0.17	\$ 0.33	\$ 0.45
Diluted	\$ 0.16	\$ 0.17	\$ 0.32	\$ 0.44
Weighted Average Shares Outstanding:				
Basic	9,094	6,514	8,719	5,419
Diluted	9,184	6,654	8,846	5,498

SELECTED BALANCE SHEET DATA -
CONSOLIDATED

(in thousands)

	September 30 2008	September 30 2007
Cash and cash equivalents	\$ 37,501	\$ 18,370
Restricted cash	970	443
Accounts receivable - net	23,015	13,079
Inventories	15,902	7,289
Deferred income taxes	4,500	1,690
Prepaid and other	1,511	1,339
Total Current Assets	83,399	42,210
Property, plant and equipment - net	8,409	6,245
Goodwill, intangible assets and other - net	10,547	2,211
Total Assets	\$ 102,355	\$ 50,666
Current liabilities	26,159	11,718
Long-term obligations	1,663	744
Total stockholders' equity	74,533	38,204
Total Liabilities and Stockholders' Equity	\$ 102,355	\$ 50,666

Source: Amtech Systems, Inc.