

February 9, 2009



## **Amtech Reports Fiscal 2009 Q1 Revenue of \$17.9 Million; EPS of \$0.09**

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 financial results for its fiscal 2009 first quarter ended December 31, 2008.

### **First Quarter Financial Highlights:**

- Net revenue of \$17.9 million, up 52% from the prior year quarter
- Solar revenue of \$11.1 million, up 113% from \$5.2 million in the prior year quarter
- Gross margin of 34% compared to 30% in the prior year quarter
- Operating income of \$1.4 million, or 7.7% of revenue, compared to \$25,000, or 0.2%, in the prior year quarter
- Net income of \$860,000, or \$0.09 per diluted share, compared to \$108,000, or \$0.01 per diluted share, in the prior year quarter
- Total orders of \$9.3 million (solar \$5.9 million); book-to-bill of 0.5 (solar 0.5)
- Quarter-end backlog of \$42.4 million (solar \$35.8 million)
- Ending cash balance of \$38.4 million at December 31, 2008, up \$910,000 from September 30, 2008
- Full-time equivalent (FTEs) headcount reduced 12% from September 30, 2008 to December 31, 2008

J.S. Whang, President and Chief Executive Officer of Amtech, commented: "We are pleased that we were able to produce solid financial results during the first quarter of fiscal 2009. Our gross margin improvement was driven by higher shipments of solar furnace and automation systems to existing customers and operational improvements at our R2D automation division in France.

"While we continue to maintain a long-term positive outlook for growth in the solar industry and an eventual upturn in activity within the semiconductor industry, the current global economic crisis is impacting our solar customers' expansion plans and dampening demand for our products. These current conditions are also negatively impacting our new product efforts to penetrate the market with our new solar PECVD deposition product. Total bookings for the next several quarters are expected to be noticeably lower than prior year quarters as a result of the lingering global economic downturn.

"Our operating results for the last several quarters have demonstrated our success in developing the skill sets and proper infrastructure to achieve a profitable operation given favorable product mix and volume. With a strong cash position, a continued focus on reducing costs, and an expanding solar product offering, we are well positioned to weather the current economic storm and plan to emerge as a stronger player in the solar equipment market."

Net revenue for the first quarter of fiscal 2009 totaled \$17.9 million, a 52% increase compared to fiscal 2008 first quarter net revenue of \$11.7 million. The increase in revenue over the prior year quarter primarily reflects higher sales to the solar industry.

Total orders for the quarter ended December 31, 2008 were \$9.3 million (\$5.9 million from solar), and were reduced by \$2.2 million due to foreign currency exchange effect on backlog.

At December 31, 2008, the Company's total order backlog was \$42.4 million, compared to backlog of \$46.7 million at September 30, 2008. Total backlog includes \$35.8 million in solar orders, compared to solar backlog of \$36.7 million at December 31, 2007. 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 2009 increased to 34%, compared to 30% in the first quarter of fiscal 2008, primarily reflecting higher shipment volumes to existing solar customers, improved capacity utilization, and improved operations at the Company's R2D facility. Amtech deferred \$0.8 million of profit for the quarter ended December 31, 2008, net of acceptances, compared to a net recognition of \$0.8 million for the quarter ended December 31, 2007.

Selling, general and administrative (SG&A) expenses in the first quarter of fiscal 2009 were \$4.5 million, or 25% of revenue, compared to \$3.3 million, or 28% of revenue, in the first quarter of fiscal 2008. The increase in expense is due to increased sales commissions on higher revenues, stock-based compensation expense, and professional fees including costs related to compliance with the provisions of the Sarbanes-Oxley Act.

Depreciation and amortization in the first quarter of 2009 was \$363,000, compared to \$313,000 in the first quarter of fiscal 2008. Included in the first quarter fiscal 2009 results is \$166,000 of stock option expense, compared to \$102,000 in the first quarter a year ago.

Income taxes in the first quarter of fiscal 2009 were \$580,000, reflecting an effective tax rate of approximately 40% compared to 39% in the first quarter of fiscal 2008.

Net income for the first quarter of fiscal 2009 was \$860,000, or \$0.09 per diluted share, compared to net income of \$108,000, or \$0.01 per diluted share, for the first quarter of fiscal 2008.

## 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 plans to emerge from this down cycle even stronger with its multi-product solar offerings. However, fiscal 2009 visibility is currently unclear as the continuing global economic downturn has 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 EBITDA in fiscal 2009.

For the second quarter of fiscal 2009, Amtech anticipates revenue to be in the range of \$12 to \$14 million and gross margin to be in the mid 20's as a result of lower shipment volumes,

lower margin product mix, and push out of some equipment acceptances into future quarters. With the anticipated lower revenues and gross margin, Amtech anticipates an operating loss and near break-even EBITDA in the second quarter of fiscal 2009.

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 2009 first quarter results. Those wishing to participate in the live call should dial (800) 257-2101 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 11125821 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).

#### About Amtech Systems, Inc.

Amtech Systems, Inc. manufactures capital equipment, including silicon wafer handling automation, thermal and PECVD 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 and PECVD 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.

(NASDAQ: ASYS)

February 9, 2008

SELECTED INCOME STATEMENT DATA - CONSOLIDATED

(amounts in thousands, except per share data)

|  | QUARTERS ENDED           |           |
|--|--------------------------|-----------|
|  | December 31, (Unaudited) |           |
|  | 2008                     | 2007      |
| Net revenues                             | \$ 17,872                | \$ 11,741 |
| Cost of sales                            | 11,786                   | 8,181     |
| Gross profit                             | 6,086                    | 3,560     |
| Gross margin                             | 34 %                     | 30 %      |
| Selling, general and administrative      | 4,483                    | 3,302     |
| Research and development                 | 224                      | 233       |
| Operating Income                         | 1,379                    | 25        |
| Interest and other income (expense), net | 61                       | 153       |
| Income before income taxes               | 1,440                    | 178       |
| Income tax provision                     | 580                      | 70        |
| Net Income                               | \$ 860                   | \$ 108    |
| Earnings Per Share:                      |                          |           |
| Basic                                    | \$ 0.09                  | \$ 0.01   |
| Diluted                                  | \$ 0.09                  | \$ 0.01   |
| Weighted Average Shares Outstanding:     |                          |           |
| Basic                                    | 9,098                    | 7,636     |
| Diluted                                  | 9,109                    | 7,818     |

SELECTED BALANCE SHEET DATA - CONSOLIDATED

(in thousands)

|                           | December 31,     | September 30, |
|---------------------------|------------------|---------------|
|                           | 2008 (unaudited) | 2008          |
| Cash and cash equivalents | \$ 38,411        | \$ 37,501     |
| Restricted cash           | 489              | 970           |
| Accounts receivable - net | 21,499           | 23,015        |

|   |            |            |
|---|------------|------------|
| Inventories                                 | 16,358     | 15,902     |
| Deferred income taxes                       | 4,700      | 4,500      |
| Prepaid and other                           | 2,210      | 1,511      |
| Total Current Assets                        | 83,667     | 83,399     |
| Property, plant and equipment - net         | 8,314      | 8,409      |
| Goodwill, intangible assets and other - net | 10,203     | 10,547     |
| Total Assets                                | \$ 102,184 | \$ 102,355 |
| Current liabilities                         | 25,474     | 26,159     |
| Long-term obligations                       | 1,611      | 1,663      |
| Total stockholders' equity                  | 75,099     | 74,533     |
| Total Liabilities and Stockholders' Equity  | \$ 102,184 | \$ 102,355 |

Source: Amtech Systems, Inc.