

February 9, 2012



Amtech Reports First Quarter Fiscal 2012 Results

TEMPE, Ariz., Feb. 9, 2012 /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, 2011.

First Quarter Fiscal 2012 Financial Summary:

- Net revenue of \$24.7 million
- Solar revenue of \$15.6 million
- Semi revenue of \$9.1 million
- Quarterly bookings of \$11.1 million
- Quarter-end backlog of \$69.2 million; solar backlog \$55.8 million
- Gross margin of 29%
- Operating loss of \$1.8 million
- Net loss \$876,000, or \$(0.09) per diluted share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "Although macroeconomic and solar industry headwinds in the first quarter were in line with our expectations, we exceeded the high end of our revenue guidance by nearly seven percent. Importantly, our sales and service teams concentrated on staying current with our customers with respect to their immediate needs and their near and long-term objectives. As a result, we are better positioning ourselves for the next technology buying cycle. Also, we successfully completed several installations and had very strong acceptance activity during the quarter. While we continue to maintain a healthy backlog with minimal cancellations, there have been some extensions in shipment dates."

"At the onset of the downturn, we moved quickly to reduce expenses as sales came under pressure," added Mr. Pentinga. "We continued to make adjustments in the quarter and continue to reduce both variable and fixed costs with consideration of the current slow demand and the anticipated improved future demand. It is very important to note that the development of new technologies and expansion of our product offerings through both organic and inorganic growth opportunities continue to be our highest priorities. Our ion implant technology is progressing on schedule and our plan is to introduce the system this May at the Shanghai solar show. For the long term, we continue to stay on course to maintain our strong leadership position in the markets we serve."

Mr. J.S. Whang, Executive Chairman of the Board of Amtech, commented, "As we previously announced, Fokko became our Chief Executive Officer effective January 1, 2012, and is leading our global business. As Executive Chairman, I continue to participate in the

oversight of Amtech's global business but also have intensified the pursuit of external growth opportunities having strategic importance to our future success. The purpose of the management realignment we have adopted is to further sharpen our focus on all fronts during this down cycle, with the aim of coming out stronger than when we went in."

Net revenue for the first quarter of fiscal 2012 was \$24.7 million, down 59% sequentially from \$59.9 million for the preceding quarter, and down 54% from \$53.7 million for the first quarter of fiscal 2011. The decrease was driven by lower system shipments to customers in the solar industry. Semiconductor revenue totaled \$9.1 million a 16% increase from semiconductor revenue in the first quarter of fiscal 2011 and 19% higher than the fourth quarter of fiscal 2011.

Total orders in the first quarter of fiscal 2012 were \$11.1 million (\$3.1 million solar), down 34% compared to total orders of \$16.8 million (\$4.7 million solar) in the preceding quarter due primarily to overcapacity in the solar market.

At December 31, 2011, the Company's total order backlog was \$69.2 million, compared to total backlog of \$85.9 million at September 30, 2011. Total backlog at December 31, 2011 includes \$55.8 million in solar orders and deferred revenue, compared to solar backlog of \$71.2 million at September 30, 2011. The effect of foreign exchange on backlog was a negative \$3.1 million in the December quarter. 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 2012 was 29%, compared to 34% sequentially and 36% in the first quarter of fiscal 2011. The lower gross margin is primarily due to significantly lower capacity utilization partially offset by higher recognition of previously deferred revenue and cost reductions in manufacturing labor.

Selling, general and administrative (SG&A) expenses in the first quarter of fiscal 2012 were \$6.3 million, or 25% of revenue, compared to \$10.1 million, or 17% of revenue, in the preceding quarter and \$10.4 million, or 19% of revenue, in the first quarter of fiscal 2011. The decrease in SG&A expenses, as compared to the first quarter of fiscal 2011, was primarily due to lower commissions and shipping costs associated with lower volumes and lower legal and consulting fees associated with our acquisition activities.

Research and Development expense was \$2.8 million in the first quarter of fiscal 2012 compared to \$2.1 million in the preceding quarter and \$0.8 million in the first quarter of fiscal 2011. The year-over-year quarterly change is primarily due to investment in the Company's solar ion-implant project and development costs associated with other product and technology development programs.

Depreciation and amortization in the first quarter of fiscal 2012 was \$769,000, compared to \$818,000 in the fourth quarter of fiscal 2011.

Included in the first quarter of fiscal 2012 results is \$465,000 of stock option expense, compared to \$374,000 in the fiscal first quarter a year ago and \$371,000 in the fourth quarter of 2011.

The income tax benefit in the first quarter of fiscal 2012 is \$320,000, resulting in an effective tax rate of approximately 18%, which reflects non-deductible losses related to our research

and development investments in China.

The net loss for the first quarter of fiscal 2012 was \$876,000, or loss of \$0.09 diluted per share, compared to net income of \$5.0 million, or \$0.52 per diluted share, for the first quarter of fiscal 2011, and net income of \$3.1 million, or \$0.31 per diluted share, in the preceding quarter. The decrease was primarily due to lower sales volumes and increased investment in research and development.

Total cash and cash equivalents at December 31, 2011 were \$54.9 million, compared to \$67.4 million at September 30, 2011. The decrease in cash is primarily due to payments to vendors in excess of receipts from customers and payments made in October to shareholders of Kingstone Technology Hong Kong Limited (Kingstone) in connection with the amendment to the Kingstone stock purchase agreement.

Outlook

While visibility in 2012 continues to be limited, Amtech maintains a long-term positive outlook on the solar market. The current supply/demand imbalance and global economic conditions continue to impact solar cell manufacturers, Amtech's principal customer base.

As a result, the Company expects revenues in its fiscal 2012 second quarter ending March 31 to be in the range of \$20 - \$22 million, and gross margins to be in-line or slightly lower than the December quarter. With research and development expenses expected to be significantly higher in the March quarter due primarily to the solar ion implant project, Amtech expects to incur a higher net loss in the second quarter.

Operating results 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.

A substantial portion of Amtech's revenues are denominated in Euros. The revenue outlook provided in this press release is based on an assumed exchange rate between the United States Dollar and the Euro. A significant decrease in the value of the Euro in relation to the United States Dollar could cause actual revenues to be lower than anticipated.

Conference Call

Amtech Systems will host a conference call and webcast today at 5:00pm EST to discuss first quarter fiscal 2012 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 through February 16. To access the replay please dial US toll free (877) 344-7529 and enter code 10009437. 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 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, 2011 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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INCOME STATEMENT - CONSOLIDATED

Unaudited

(amounts in thousands, except per share data)

	Three Months Ended	
	December 31,	
	2011	2010
Revenues, net of returns and allowances	\$ 24,728	\$ 53,712
Cost of sales	17,527	34,115
Gross profit	7,201	19,597
Selling, general and administrative	6,292	10,397
Research and development	2,753	848
Operating income (loss)	(1,844)	8,352
Interest and other income (expense), net	87	(30)
Income (loss) before income taxes	(1,757)	8,322
Income tax provision (benefit)	(320)	3,330
Net income (loss)	(1,437)	4,992
Add: Net Loss Attributable to noncontrolling interest	561	-
Net income (loss) attributable to Amtech Systems, Inc.	\$ (876)	\$ 4,992

Earnings (Loss) Per Share:

Basic income (loss) per share attributable to Amtech shareholders	\$ (0.09)	\$ 0.54
Weighted average shares outstanding	9,446	9,278
Diluted income (loss) per share attributable to Amtech shareholders	\$ (0.09)	\$ 0.52
Weighted average shares outstanding	9,446	9,609

BALANCE SHEET - CONSOLIDATED

(in thousands)

Assets	December 31, September 30,	
	2011 (Unaudited)	2011
Current Assets		
Cash and cash equivalents	\$ 54,936	\$ 67,382
Restricted cash	6,854	6,571
Accounts receivable		
Trade (less allowance for doubtful accounts of \$298 and \$246 at December 31, 2011 and September 30, 2011, respectively)	10,560	14,447
Unbilled and other	22,950	30,822
Inventories	37,451	37,162
Deferred income taxes	9,530	9,560

Prepaid income taxes	4,400	4,260
Other	4,729	4,647
Total current assets	151,410	174,851
Property, Plant and Equipment - Net	12,059	12,680
Intangible Assets - Net	4,738	5,021
Goodwill	13,117	13,313
Total Assets	<u>\$ 181,324</u>	<u>\$ 205,865</u>

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	\$ 6,510	\$ 8,928
Accrued compensation and related taxes	6,600	10,686
Accrued warranty expense	2,313	2,265
Deferred profit	21,633	27,608
Customer deposits	5,646	7,862
Other accrued liabilities	2,357	6,775
Income taxes payable	16,220	16,670
Total current liabilities	61,279	80,794

Income Taxes Payable Long-term	2,360	2,630
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Deferred Income Taxes Long-term	60	110
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Total liabilities	63,699	83,534
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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: 9,478,457 and 9,431,393 at December 31, 2011 and September 30, 2011, respectively	95	94
Additional paid-in capital	83,672	83,207
Accumulated other comprehensive (loss)	(5,809)	(2,078)
Retained earnings	34,222	35,096
Total Amtech Systems Inc. stockholders' equity	112,180	116,319
Noncontrolling interest	5,445	6,012
Total Equity	117,625	122,331
Total Liabilities and Stockholders' Equity	<u>\$ 181,324</u>	<u>\$ 205,865</u>

STATEMENT OF CASH FLOWS - CONSOLIDATED

Unaudited

(in thousands)

Three Months Ended

December 31,

	<u>2011</u>	<u>2010</u>
Operating Activities		
Net income (loss)	\$ (1,437)	\$ 4,992
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	769	647
Write-down of inventory	20	499
Deferred income taxes	-	(2,075)
Non-cash share based compensation expense	465	374
Provision for allowance for doubtful accounts	78	47
Changes in operating assets and liabilities:		
Restricted cash	(420)	3,495
Accounts receivable	10,128	(23,569)
Inventories	(1,886)	(3,476)
Accrued income taxes	(752)	2,469
Prepaid expenses and other assets	(251)	(1,838)
Accounts payable	(2,164)	3,678
Accrued liabilities and customer deposits	(5,757)	5,358
Deferred profit	(4,906)	5,098
	<u>(6,113)</u>	<u>(4,301)</u>
Net cash used in operating activities		
Investing Activities		
Purchases of property, plant and equipment	(465)	(609)
Net cash used in investing activities	<u>(465)</u>	<u>(609)</u>
Financing Activities		
Proceeds from issuance of common stock, net	-	1,223
Repurchase of common stock	(4,080)	-
Payments on long-term obligations	(11)	(31)
Excess tax benefit of stock options	-	727
Net cash provided by (used in) financing activities	<u>(4,091)</u>	<u>1,919</u>
Effect of Exchange Rate Changes on Cash	<u>(1,777)</u>	<u>(566)</u>
Net Decrease in Cash and Cash Equivalents	(12,446)	(3,557)
Cash and Cash Equivalents, Beginning of Period	67,382	56,764
Cash and Cash Equivalents, End of Period	<u>\$ 54,936</u>	<u>\$ 53,207</u>

SOURCE Amtech Systems, Inc.