

## **Amtech Reports Fiscal 2010 Q3 Record Revenue of \$43.1 Million and Record EPS of \$0.42**

*Third quarter revenue up 168% sequentially and up 244% year-over-year*

**TEMPE, Arizona – August 5, 2010** – 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 record financial results for its fiscal 2010 third quarter ended June 30, 2010.

### **Fiscal Third Quarter Financial Highlights:**

- Record net revenue of \$43.1 million, up 168% sequentially from Q2 2010 (\$16.1 million)
- Solar revenue of \$37.6 million, compared to \$10.9 million sequentially
- Third quarter bookings of \$44.7 million (\$37.3 million solar)
- Fiscal year-to-date bookings of \$138 million (\$120 million solar)
- Quarter-end backlog of \$81.1 million (\$73.9 million solar), compared to \$87.2 million (\$81.6 million solar) at March 31, 2010
- Gross margin increased to 37%, compared to 29% sequentially
- Operating income of \$6.4 million, compared to operating income of \$422,000 sequentially
- Net income of \$3.9 million, or \$0.42 per diluted share, compared to net income of \$206,000, or \$0.02 per diluted share, sequentially
- Third quarter book-to-bill of 0.9:1 (Solar 0.9:1, Semi 1.3:1)
- Ending cash balance of \$42.7 million at June 30, 2010, compared to \$43.1 at March 31, 2010

J.S. Whang, Chief Executive Officer of Amtech, commented: “Our third quarter includes record revenue and a record number of orders, along with very strong bottom line results that reflect our operational capability to manage and service this record-breaking order momentum and profitably manage our rapid growth. We are very pleased with the substantial increase in orders we are generating for our solar diffusion technology from our growing solar customer base and increasing number of new customers, further expanding our market share. We remain on track to continue to produce and ship at a high volume in our fiscal fourth quarter. And we continue to have a healthy order pipeline and remain focused on successful execution of our solar growth strategy. Based on this continued strong momentum, we have increased our full-year revenue guidance for fiscal 2010.”

Net revenue for the third quarter of fiscal 2010 totaled \$43.1 million, up 168% from \$16.1 million for the preceding quarter, and a 244% increase over net revenue of \$12.5 million for the third quarter of fiscal 2009. The increase was driven primarily by higher shipments to customers in the solar industry.

Total orders in the third quarter of fiscal 2010 were \$44.7 million (\$37.3 million solar), up 32% compared to total orders of \$34 million (\$27.6 million solar) in the preceding quarter. Fiscal 2010 year-to-date orders total a record \$138 million (\$120.2 million solar). At June 30, 2010, the Company’s total order backlog was \$81.1 million, compared to total backlog of \$87.2 million at March 31, 2010. Total backlog at June 30, 2010 includes \$73.8 million in solar orders, compared to solar backlog of \$81.6 million at March 31, 2010. The effect of foreign exchange on backlog was negative \$7.7 million in the third quarter and contributed to the sequential decrease. 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 2010 increased to 37%, compared to 29% sequentially and 29% in the third quarter of fiscal 2009, primarily due to more efficient capacity utilization from higher shipment volumes, partially offset by higher deferral of revenue, net of acceptances.

Selling, general and administrative (SG&A) expenses in the third quarter of fiscal 2010 were \$8.2 million, or 19% of revenue, compared to \$3.7 million, or 30% of revenue, in the third quarter of fiscal 2009, and \$4.1 million, or 25% of revenue, in the preceding quarter. The increase in SG&A expenses over the prior year period was due primarily to increased sales commissions on higher revenues, higher compensation expenses, and a valuation reserve on a note receivable. An impairment charge of \$610,000 was recorded in the third quarter of fiscal 2010 relating to one of the Company's license agreements.

Depreciation and amortization in the third quarter of fiscal 2010 was \$439,000, compared to \$391,000 in the third quarter of fiscal 2009. Included in the third quarter fiscal 2010 results is \$187,000 of stock option expense, compared to \$165,000 in the fiscal third quarter a year ago.

Income taxes in the third quarter of fiscal 2010 were \$2.3 million, reflecting an effective tax rate of approximately 38%.

Net income for the third quarter of fiscal 2010 was \$3.9 million, or \$0.42 per diluted share, compared to a net loss of \$235,000, or a loss of \$0.03 per share, for the third quarter of fiscal 2009, and net income of \$206,000, or \$0.02 per diluted share, in the preceding quarter.

Total cash and cash equivalents at June 30, 2010 were \$42.7 million, compared to \$43.1 million at March 31, 2010.

### **Outlook**

Amtech is increasing its revenue guidance for fiscal 2010, now anticipated to be in the range of \$112-\$114 million, representing a 111% to 115% increase from fiscal 2009, based on its strong solar backlog and continued success in ramping up operations. In line with this full-year guidance, the Company expects revenue for its fiscal fourth quarter to be in the range of \$38-\$40 million.

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 2:00 p.m. Pacific Time (5:00 p.m. ET) to discuss its fiscal 2010 third quarter results. Those wishing to participate in the live

call should dial (877) 941-2332 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) 406-7325 and entering 4331873 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 <http://www.amtechsystems.com/>.

### **About Amtech Systems, Inc.**

Amtech Systems, Inc. manufactures capital equipment, including silicon wafer handling automation, thermal, plasma and etch 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 and processing equipment and consumable products currently address the diffusion, oxidation, deposition, PECVD and PSG removal 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,” “goal,” “guidance,” “intend,” “outlook,” “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.*

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*Financial Tables to Follow*

**AMTECH SYSTEMS, INC.**  
**(NASDAQ: ASYS)**  
**June 30, 2010**

**SELECTED INCOME STATEMENT DATA - CONSOLIDATED**  
**(amounts in thousands, except per share data)**

	QUARTERS ENDED		NINE MONTHS ENDED	
	June 30, (Unaudited)		June 30, (Unaudited)	
	2010	2009	2010	2009
Net revenues	\$ 43,072	\$ 12,528	\$ 74,606	\$ 41,304
Cost of sales	27,320	8,946	49,546	29,279
Gross profit	15,752	3,582	25,060	12,025
Gross margin	37%	29%	34%	29%
Selling, general and administrative	8,179	3,733	16,217	11,318
Impairment and restructuring charges	610	-	610	1,682
Research and development, net of grants earned	538	151	1,260	527
Operating Income (loss)	6,425	(302)	6,973	(1,502)
Interest and other income (expense), net	(219)	(33)	(293)	14
Income (loss) before income taxes	6,206	(335)	6,680	(1,488)
Income tax provision (benefit)	2,330	(100)	2,520	(100)
Net Income (loss)	\$ 3,876	\$ (235)	\$ 4,160	\$ (1,388)
<u>Earnings (loss) Per Share:</u>				
Basic	\$ 0.43	\$ (0.03)	\$ 0.46	\$ (0.15)
Diluted	\$ 0.42	\$ (0.03)	\$ 0.45	\$ (0.15)
<u>Weighted Average Shares Outstanding:</u>				
Basic	9,021	8,960	9,004	9,038
Diluted	9,231	8,960	9,184	9,038

**SELECTED BALANCE SHEET DATA - CONSOLIDATED**  
**(in thousands)**

	June 30	September 30
	2010 (unaudited)	2009
Cash and cash equivalents	\$ 42,664	\$ 42,298
Restricted cash	4,927	1,496
Accounts receivable - net	24,216	13,565
Inventories	20,514	13,455
Deferred income taxes	2,900	2,290
Note receivable, net	500	-
Prepaid and other	2,659	841
Total Current Assets	98,380	73,945
Property, plant and equipment - net	9,145	8,477
Goodwill, intangible assets and other - net	6,831	8,964
Deferred Income Taxes - Long Term	1,670	1,140
Total Assets	\$ 116,026	\$ 92,526
Current liabilities	42,850	18,077
Long-term obligations	720	644
Total stockholders' equity	72,456	73,805
Total Liabilities and Stockholders' Equity	\$ 116,026	\$ 92,526