

## Amtech Reports Third Quarter Fiscal 2014 Results

TEMPE, Ariz., Aug. 7, 2014 /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, 2014.

### Operational and Financial Highlights for Third Quarter Fiscal 2014

- Shipped new PECVD systems to respected Korean customer
- Shipped new high density, high throughput diffusion system to key customer in Taiwan
- Installed new solar implant system at European solar research center
- Customer orders of \$17.9 million; solar \$12.3 million
- Shipments of \$14.6 million; solar \$7.3 million
- Book to bill ratio of 1.2:1; solar 1.7:1
- Net revenue of \$9.2 million (net of \$5.4 million of deferred revenue)
- Quarter-end backlog of \$39.4 million (solar \$30.6 million); solar backlog up 59 percent from one year ago
- Net loss of \$5.3 million, or \$0.53 per share

### Financial Highlights for Nine Months Ended June 30, 2014

- Customer orders of \$50.2 million; solar \$29.1 million; up 43 and 37 percent respectively compared to the same period a year ago
- Shipments of \$51.8 million; solar \$29.2 million
- Book to bill ratio of 1.0:1; solar 1.0:1
- Net revenue of \$36.7 million (net of \$15.1 million of deferred revenue) up 32% from the same period a year ago
- Net loss of \$9.8 million compared to \$18.4 million in FY 2013, or \$1.01 net loss per share compared to a net loss per share of \$1.93

### Comments

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "We are pleased with the progress made in the quarter on many fronts. We shipped our new PECVD system to a highly respected Korean customer, our new high density, high throughput diffusion system to a key customer in Taiwan, and the Kingstone ion implant system, which shipped in April to the Energy Research Centre of The Netherlands, has been installed. We are now positioned to start joint development efforts on next generation, higher efficiency cell technology with this highly respected partner. We have also made excellent progress on our n-type cell line with our US customer in San Antonio, Texas. Furthermore, we announced today the first production order for our solar implant system from a customer in China."

Pentinga continued, "Year-to-date, we have booked over \$50 million in orders, including \$29 million in solar orders. This represents a healthy backlog as we move into the second half of calendar 2014. Our selective investment in solar research and development programs through the down-cycle not only doubled the size of the market we can serve, but is delivering new business as reflected in the third quarter's 59 percent increase in our solar backlog compared to the third quarter of 2013. We believe we have successfully participated in pre-recovery solar business opportunities and continue to believe the real recovery will start in 2015."

Brad Anderson, Chief Financial Officer, commented "Due to the significant amount of new products we have shipped in the last several quarters, we have high deferrals of revenue which lower the amount reported on our income statement. For the quarter ended June 30, 2014, we shipped approximately \$14.6 million of products and services and had a net revenue deferral of approximately \$5.4 million, resulting in net revenues of \$9.2 million. We expect to see recognition of these deferrals in the coming quarters. We continue to manage our cash while prudently investing in what we believe to be a significant market opportunity, the advancement of our technologies and the future profitable growth of the Company."

### Financial Results

Net revenue for the third quarter of fiscal 2014 was \$9.2 million compared to \$12.7 million in the preceding quarter and \$10.4 million in the third quarter of fiscal 2013. The decrease is due primarily to the high level of revenue deferred in the latest quarter, resulting from the shipment of new products, including our PECVD and ion implant equipment.

Customer orders in the third quarter of fiscal 2014 were \$17.9 million (\$12.3 million solar), compared to \$21.5 million (\$13.6 million solar) in the preceding quarter and \$20.7 million (\$15.1 million solar) in the third quarter of fiscal 2013.

At June 30, 2014, the Company's total order backlog was \$39.4 million, an increase of 27% compared to total backlog of \$31.0 million at March 31, 2014. Total backlog at June 30, 2014, includes \$30.6 million in solar orders and deferred revenue, a 49% increase compared to solar backlog of \$20.5 million at March 31, 2014. 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 2014 was 18%, compared to 23% in the previous quarter and negative margins in the third quarter of fiscal 2013. The lower margins sequentially resulted primarily from higher profit deferrals in the most recent quarter. Negative margins in the third quarter of fiscal 2013 resulted primarily from inventory write-downs.

Selling, general and administrative (SG&A) expenses in the third quarter of fiscal 2014 were \$4.1 million compared to \$5.4 million in the

third quarter of fiscal 2013. The decrease is primarily due to lower stock-based compensation expense. SG&A expenses include \$0.2 million and \$1.6 million of stock-based compensation expense in the third quarter of fiscal 2014 and fiscal 2013, respectively.

Research and Development (R&D) expense was \$1.4 million in the third quarter of fiscal 2014 compared to \$1.9 million in the third quarter of fiscal 2013. The reduction in R&D expense is primarily due to the recognition of government grant funding during the third quarter of fiscal 2014. Partially offsetting the higher grant recognition was increased spending on the development of equipment for the solar industry, as well as higher activity in the development of the ion implant technology for additional markets.

Depreciation and amortization in the third quarter of fiscal 2014 was \$591,000, compared to \$632,000 in the third quarter of fiscal 2013.

Income tax expense in the third quarter of fiscal 2014 and 2013 was \$1.3 million and \$2.6 million, respectively. A provision was required, due to the effect of book/tax differences and valuation allowances on net operating losses in certain tax jurisdictions in which the company operates.

The net loss for the third quarter of fiscal 2014 was \$5.3 million, or \$0.53 per share, compared to a net loss for the third quarter of fiscal 2013 of \$12.1 million, or \$1.27 per share.

Total unrestricted cash and cash equivalents at June 30, 2014 were \$31.6 million, compared to \$36.6 million at March 31, 2014. The decrease in cash is due primarily to investment in new products and operating losses during the quarter.

### **Conference Call**

Amtech Systems will host a conference call and webcast today at 5:00pm ET to discuss third quarter fiscal 2014 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 Aug 15, 2014. To access the replay please dial US toll free (877) 344-7529 and enter code 10050498. 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](http://www.amtechsystems.com).

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

Amtech Systems, Inc. is a leading global provider of production and automation systems and related consumables used in fabricating solar cells, LEDs and semiconductor devices. These products 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 in the fabrication of solar cells, LEDs, semiconductors, MEMS and the polishing of newly sliced sapphire and silicon wafers. Amtech's products are recognized under the leading brand names Tempres Systems™, Bruce Technologies™, PR Hoffman™, R2D Automation™ and Kingstone Semiconductor. Amtech is leveraging its proven technology, established brands and strong industry presence to further expand its penetration into the large and growing solar, LED and semiconductor markets.

### **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, 2013 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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Refundable income taxes	-	7,580
Other	1,938	2,930
<b>Total current assets</b>	<b>71,178</b>	<b>84,195</b>
Property, Plant and Equipment - Net	10,087	11,066
Deferred Income Taxes - Long Term	1,260	1,260
Intangible Assets - Net	2,990	3,502
Goodwill	8,505	8,481
Other Assets - Long Term	2,499	2,443
<b>Total Assets</b>	<b>\$ 96,519</b>	<b>\$ 110,947</b>

#### Liabilities and Stockholders' Equity

##### Current Liabilities

Accounts payable	\$ 7,028	\$ 5,472
Accrued compensation and related taxes	4,071	3,778
Accrued warranty expense	766	1,454
Deferred profit	7,293	3,067
Customer deposits	4,123	11,253
Other accrued liabilities	5,889	10,140
Income taxes payable	6,040	6,170
<b>Total current liabilities</b>	<b>35,210</b>	<b>41,334</b>

##### Income Taxes Payable Long-Term

2,900 2,810

##### Total liabilities

38,110 44,144

##### Stockholders' Equity

Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 9,844,995 and 9,550,809 at June 30, 2014 and September 30, 2013, respectively

	98	96
Additional paid-in capital	81,447	79,610
Accumulated other comprehensive loss	(4,143)	(4,556)
Retained deficit	(17,806)	(8,004)
<b>Total stockholders' equity</b>	<b>59,596</b>	<b>67,146</b>
Noncontrolling interest	(1,187)	(343)
<b>Total equity</b>	<b>58,409</b>	<b>66,803</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 96,519</b>	<b>\$ 110,947</b>

#### Condensed Consolidated Statements of Cash Flows Unaudited (in thousands)

	Nine Months Ended June 30,	
	2014	2013
<b>Operating Activities</b>		
Net loss	\$ (10,639)	\$ (19,555)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,796	2,014
Write-down of inventory	199	4,080
Deferred income taxes	705	1,287
Non-cash share based compensation expense	603	2,313
Provision for allowance for doubtful accounts	1,309	305
Changes in operating assets and liabilities:		
Restricted cash	2,078	(374)

Accounts receivable	(10,798)	6,334
Inventories	3,700	3,591
Income tax refundable and payable, net	7,648	(12)
Prepaid expenses and other assets	958	570
Accounts payable	1,524	(3,070)
Accrued liabilities and customer deposits	(12,007)	597
Deferred profit	6,168	(6,079)
Net cash used in operating activities	<u>(6,756)</u>	<u>(7,999)</u>
<b>Investing Activities</b>		
Purchases of property, plant and equipment	<u>(214)</u>	<u>(156)</u>
Net cash used in investing activities	<u>(214)</u>	<u>(156)</u>
<b>Financing Activities</b>		
Proceeds from the exercise of stock options	1,136	-
Excess tax benefit of stock options	<u>100</u>	-
Net cash provided by financing activities	<u>1,236</u>	-
<b>Effect of Exchange Rate Changes on Cash</b>	<u>175</u>	<u>243</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(5,559)	(7,912)
<b>Cash and Cash Equivalents, Beginning of Period</b>	<u>37,197</u>	<u>46,726</u>
<b>Cash and Cash Equivalents, End of Period</b>	<u>\$ 31,638</u>	<u>\$ 38,814</u>