

AMTECH SYSTEMS INC  
Form 10-Q  
August 07, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2014  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-11412

AMTECH SYSTEMS, INC.  
(Exact name of registrant as specified in its charter)

Arizona  
(State or other jurisdiction of  
incorporation or organization)

86-0411215  
(I.R.S. Employer  
Identification No.)

131 South Clark Drive, Tempe, Arizona  
(Address of principal executive offices)

85281  
(Zip Code)

Registrant's telephone number, including area code: 480-967-5146

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Smaller Reporting Company

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Non-accelerated filer  (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Shares of Common Stock outstanding as of August 1, 2014: 9,844,995

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES  
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## PART I. FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## AMTECH SYSTEMS, INC. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(in thousands except share data)

	June 30, 2014 (Unaudited)	September 30, 2013
Assets		
Current Assets		
Cash and cash equivalents	\$31,638	\$37,197
Restricted cash	3,084	5,134
Accounts receivable		
Trade (less allowance for doubtful accounts of \$3,041 and \$638 at June 30, 2014, and September 30, 2013, respectively)	7,466	4,829
Unbilled and other	8,124	3,194
Inventories	18,298	22,001
Deferred income taxes	630	1,330
Refundable income taxes	—	7,580
Other	1,938	2,930
Total current assets	71,178	84,195
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
Total Assets	\$96,519	\$110,947

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## AMTECH SYSTEMS, INC. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(in thousands except share data)

	June 30, 2014 (Unaudited)	September 30, 2013
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
Total current liabilities	35,210	41,334
Income Taxes Payable Long-Term	2,900	2,810
Total liabilities	38,110	44,144
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: 9,844,995 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 )
Total stockholders' equity	59,596	67,146
Noncontrolling interest	(1,187	) (343 )
Total equity	58,409	66,803
Total Liabilities and Stockholders' Equity	\$96,519	\$110,947

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## AMTECH SYSTEMS, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Operations

(Unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Revenues, net of returns and allowances	\$9,190	\$10,398	\$36,678	\$27,873
Cost of sales	7,453	8,648	27,416	22,639
Write-down of inventory	106	4,427	199	4,080
Gross profit (loss)	1,631	(2,677)	) 9,063	1,154
Selling, general and administrative	4,103	5,443	13,504	13,682
Restructuring charges	—	182	—	879
Research and development	1,399	1,947	4,443	5,055
Operating loss	(3,871)	) (10,249)	) (8,884)	) (18,462)
Interest and other income, net	43	143	130	187
Loss before income taxes	(3,828)	) (10,106)	) (8,754)	) (18,275)
Income tax provision	1,325	2,560	1,885	1,280
Net loss	(5,153)	) (12,666)	) (10,639)	) (19,555)
Add: net loss (income) attributable to noncontrolling interest	(104)	) 565	837	1,169
Net loss attributable to Amtech Systems, Inc.	\$(5,257)	) \$(12,101)	) \$(9,802)	) \$(18,386)
Loss Per Share:				
Basic loss per share attributable to Amtech shareholders	\$(0.53)	) \$(1.27)	) \$(1.01)	) \$(1.93)
Weighted average shares outstanding	9,843	9,539	9,694	9,524
Diluted loss per share attributable to Amtech shareholders	\$(0.53)	) \$(1.27)	) \$(1.01)	) \$(1.93)
Weighted average shares outstanding	9,843	9,539	9,694	9,524

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## AMTECH SYSTEMS, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,		
	2014	2013	2014	2013	
Net loss	\$(5,153	) \$(12,666	) \$(10,639	) \$(19,555	)
Foreign currency translation adjustment	(335	) 676	406	599	
Comprehensive loss	(5,488	) (11,990	) (10,233	) (18,956	)
Comprehensive (income) loss attributable to noncontrolling interest	(80	) 603	844	1,224	
Comprehensive loss attributable to Amtech Systems, Inc.	\$(5,568	) \$(11,387	) \$(9,389	) \$(17,732	)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)  
(in thousands)

	Nine Months Ended June 30,	
	2014	2013
Operating Activities		
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 taxes 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	(6,756	) (7,999
Investing Activities		
Purchases of property, plant and equipment	(214	) (156
Net cash used in investing activities	(214	) (156
Financing Activities		
Proceeds from the exercise of stock options	1,136	—
Excess tax benefit of stock options	100	—
Net cash provided by financing activities	1,236	—
Effect of Exchange Rate Changes on Cash	175	243
Net Decrease in Cash and Cash Equivalents	(5,559	) (7,912
Cash and Cash Equivalents, Beginning of Period	37,197	46,726
Cash and Cash Equivalents, End of Period	\$31,638	\$38,814
Supplemental Cash Flow Information:		
Income tax refunds	\$6,779	\$18
Income tax payments	\$178	\$21

The accompanying notes are an integral part of these condensed consolidated financial statements.



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AMTECH SYSTEMS, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED JUNE 30, 2014 AND 2013  
(UNAUDITED)

1. Basis of Presentation

Nature of Operations and Basis of Presentation – Amtech Systems, Inc. (the “Company” or “Amtech”) designs, assembles, sells and installs capital equipment and related consumables used in the manufacture of wafers, primarily for the solar and semiconductor industries. The Company is developing an ion implanter to provide its customers with a more complete solution for their next-generation high-efficiency solar cell production. The Company sells these products t