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#### **FOR IMMEDIATE RELEASE**

### **CAMTEK ANNOUNCES THIRD QUARTER 2014 RESULTS**

*\$22.4 million revenue; \$1.1 million operating income on a non-GAAP basis;  
Gryphon demonstration center launched in Southern California*

**MIGDAL HAEMEK, Israel – October 29, 2014** – Camtek Ltd. (NASDAQ and TASE: CAMT), today announced its financial results for the quarter ended September 30, 2014.

#### **Highlights of the Third Quarter of 2014**

- Revenues of \$22.4 million;
- Non-GAAP and GAAP operating income of \$1.1 million and \$1.0 million, respectively, representing 5.1% and 4.6% of revenues, respectively;
- Non-GAAP net income of \$0.9 million; GAAP net income of \$0.6 million;
- Camtek opened a Gryphon demonstration center for potential customers, based in Orange County, California; and
- Positive market feedback for Camtek's new semiconductor product line, Eagle, focused on advanced packaging; installed first systems at major semiconductor manufacturers.

**Rafi Amit, Camtek's Chairman and CEO, commented,** "Strategically the third quarter was very important for us and sets the stage for 2015. We opened a demonstration center for the Gryphon, our 3D Functional InkJet Technology system for PCB solder mask applications, at which potential customers can see the system in action. This will support our efforts to capitalize on the industry interest we are seeing in this product. We remain on track and expect initial commercial Gryphon installations to begin in the fourth quarter, with revenues expected in 2015.

"Additionally, our semiconductor systems achieved qualification at leading semiconductor manufacturers, some of which we had not significantly penetrated in the past. These are large vendors that are getting ready to ramp up with their new manufacturing facilities and their capabilities. As the demand for their products picks up we expect to see the potential for getting multiple orders and selling significant quantities of tools."

**Concluded Mr. Amit,** "For the fourth quarter, we expect revenues of around \$20.5-\$22.5 million. Looking further out to 2015, we believe the tailwinds are in place for solid year-over-year growth in both revenue and profit."

#### **Third Quarter 2014 Financial Results**

**Revenues** for the third quarter of 2014 were \$22.4 million. This is a 3% improvement compared to revenues of \$21.7 million in the third quarter of 2013.

**Gross profit** on a GAAP basis in the quarter totaled \$10.0 million (44.4% of revenues), a 3% improvement compared to \$9.7 million (44.6% of revenues) in the third quarter of 2013.

Gross profit on a non-GAAP basis in the quarter was \$10.0 million (44.5% of revenues), a 2% improvement compared to \$9.8 million (45.0% of revenues) in the third quarter of 2013.

**Operating income** on a GAAP basis in the quarter was \$1.0 million (4.6% of revenues), compared with an operating income of \$0.6 million (2.8% of revenues) in the third quarter of 2013.

Operating income on a non-GAAP basis in the quarter was \$1.1 million (5.1% of revenues) compared with non-GAAP operating income of \$0.8 million (3.8% of revenues) in the third quarter of 2013.

**Net income** on a GAAP basis in the quarter totaled \$0.6 million (2.8% of revenues) or \$0.02 per share, compared to a net loss of \$0.1 million or (\$0.00) per share in the third quarter of 2013.

Net income on a non-GAAP basis in the quarter was \$0.9 million (4.2% of revenues) or \$0.03 per share, compared to non-GAAP net income of \$0.5 million (2.5% of revenues) or \$0.02 per share in the third quarter of 2013.

**Cash, cash equivalents and short-term deposits** as of September 30, 2014 were \$24.2 million compared to \$20.0 million as of June 30, 2014. The company generated \$4.3 million in cash flow for operating activities during the third quarter of 2014.

## **Conference Call**

Camtek will host a conference call today, October 29, 2014, at 10:00 am ET.

Rafi Amit, Chairman and CEO, and Moshe Eisenberg, Chief Financial Officer, will host the call and will be available to answer questions after presenting the results. To participate, please call one of the following telephone numbers a few minutes before the start of the call.

**US:** 1 888 281 1167 at 10:00 am Eastern Time  
**Israel:** 03 918 0644 at 4:00 pm Israel Time  
**International:** +972 3 918 0644

For those unable to participate, the teleconference will be available for replay on Camtek's website at <http://www.camtek.co.il/> beginning 24 hours after the call.

## **ABOUT CAMTEK LTD.**

Camtek Ltd. provides automated and technologically advanced solutions dedicated to enhancing production processes, increasing products yield and reliability, enabling and supporting customer's latest technologies in the Semiconductors, Printed Circuit Boards (PCB) and IC Substrates industries.

Camtek addresses the specific needs of these interconnected industries with dedicated solutions based on a wide and advanced platform of technologies including intelligent imaging, image processing and functional 3D inkjet printing.

This press release is available at [www.camtek.co.il](http://www.camtek.co.il).

*This press release may contain projections or other forward-looking statements regarding future events or the future performance of the Company. These statements are only predictions and may change as time passes. We do not assume any obligation to update that information. Actual events or results may differ materially from those projected, including as a result of changing industry and market trends, reduced demand for our products, the timely development of our new products and their adoption by the market, increased competition in the industry, intellectual property litigation, price reductions as well as due to risks identified in the documents filed by the Company with the SEC.*

#### *Use of non-GAAP Measures*

*This press release provides financial measures that exclude certain items such as: (i) revaluation of liabilities and other expenses with respect to the acquisitions of Sela and Printar; and (ii) share based compensation expenses, and are therefore not calculated in accordance with generally accepted accounting principles (GAAP). Management believes that these Non-GAAP financial measures provide meaningful supplemental information regarding our performance. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it is important to make these non-GAAP adjustments available to investors. A reconciliation between the GAAP and non-GAAP results appears in the tables at the end of this press release.*

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## Consolidated Balance Sheets

(In thousands)

	September 30, 2014	December 31, 2013
	U.S. Dollars (In thousands)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,418	16,495
Short-term deposits	9,800	6,000
Trade accounts receivable, net	25,415	27,048
Inventories	21,637	17,911
Due from affiliated companies	-	233
Other current assets	2,889	1,913
Deferred tax asset	638	938
Total current assets	<u>74,797</u>	<u>70,538</u>
Fixed assets, net	<u>13,318</u>	<u>14,481</u>
Long term inventory	2,131	2,225
Long-term deposit	729	729
Deferred tax asset	975	975
Other assets, net	339	339
Intangible assets, net	1,020	1,008
Goodwill	1,555	1,555
	<u>6,749</u>	<u>6,831</u>
<b>Total assets</b>	<u><b>94,864</b></u>	<u><b>91,850</b></u>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Trade accounts payable	7,470	7,753
Due to affiliated companies	118	-
Other current liabilities	16,355	15,585
Total current liabilities	<u>23,943</u>	<u>23,338</u>
<b>Long term liabilities</b>		
Liability for employee severance benefits	913	858
Other long term liabilities	4,418	5,758
	<u>5,331</u>	<u>6,616</u>
Total liabilities	<u>29,274</u>	<u>29,954</u>
<b>Shareholders' equity</b>		
Ordinary shares NIS 0.01 par value, authorized 100,000,000 shares, 32,574,626 issued as of September 30, 2014 and 32,497,902 issued as of December 31, 2013, outstanding 30,482,250 as of September 30, 2014 and 30,405,526 as of December 31, 2013	134	134
Additional paid-in capital	63,391	62,966
Retained earnings	3,963	694
	<u>67,488</u>	<u>63,794</u>
Treasury stock, at cost (2,092,376 as of September 30, 2014 and December 31, 2013)	<u>(1,898)</u>	<u>(1,898)</u>
Total shareholders' equity	<u>65,590</u>	<u>61,896</u>
<b>Total liabilities and shareholders' equity</b>	<u><b>94,864</b></u>	<u><b>91,850</b></u>

## Consolidated Statements of Operations

(in thousands, except share data)

	Nine Months ended September 30,		Three Months ended September 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	U.S. dollars		U.S. dollars		U.S. dollars
<b>Revenues</b>	<b>67,713</b>	62,072	<b>22,443</b>	21,733	85,405
Cost of revenues	<b>36,146</b>	34,363	<b>12,474</b>	12,046	51,003
<b>Gross profit</b>	<b>31,567</b>	27,709	<b>9,969</b>	9,687	34,402
Research and development costs	<b>10,705</b>	10,715	<b>3,741</b>	3,507	14,370
Selling, general and administrative expenses	<b>16,086</b>	15,554	<b>5,186</b>	5,580	22,362
Reorganization and impairment	-	-	-	-	(3,466)
	<b>26,791</b>	26,269	<b>8,927</b>	9,087	33,266
<b>Operating income</b>	<b>4,776</b>	1,440	<b>1,042</b>	600	1,136
Financial expenses (income), net	<b>(861)</b>	(1,681)	<b>(167)</b>	(603)	1,738
<b>Income (loss) before income taxes</b>	<b>3,915</b>	(241)	<b>875</b>	(3)	(602)
Income tax	<b>(646)</b>	(412)	<b>(257)</b>	(119)	609
<b>Net income (loss)</b>	<b>3,269</b>	(653)	<b>618</b>	(122)	7
<b>Net income (loss) per ordinary share:</b>					
<b>Basic</b>	<b>0.11</b>	(0.02)	<b>0.02</b>	0.00	0.00
<b>Diluted</b>	<b>0.11</b>	(0.02)	<b>0.02</b>	0.00	0.00
<b>Weighted average number of ordinary shares outstanding:</b>					
<b>Basic</b>	<b>30,457</b>	29,993	<b>30,476</b>	30,046	30,040
<b>Diluted</b>	<b>30,542</b>	29,993	<b>30,556</b>	30,046	30,044

## Reconciliation of GAAP To Non-GAAP results

(In thousands, except share data)

	Nine Months ended September 30,		Three Months ended September 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	U.S. dollars		U.S. dollars		U.S. dollars
<b>Reported net income (loss) attributable to Camtek Ltd. on GAAP basis</b>	<b>3,269</b>	<b>(653)</b>	<b>618</b>	<b>(122)</b>	<b>7</b>
Acquisition of Sela and Printar related expenses (1)	639	1,517	227	523	(1,949)
Inventory and fixed asset write- downs (2)	-	-	-	-	4,433
Share-based compensation	233	429	102	144	377
Realization of deferred tax assets (3)	-	-	-	-	(1,287)
Employee related charges	-	-	-	-	490
<b>Non-GAAP net income</b>	<b>4,141</b>	<b>1,293</b>	<b>947</b>	<b>545</b>	<b>2,071</b>
<b>Non –GAAP net income per share , basic and diluted</b>	<b>0.14</b>	<b>0.04</b>	<b>0.03</b>	<b>0.02</b>	<b>0.07</b>
<b>Gross margin on GAAP basis</b>	<b>46.6%</b>	<b>44.6%</b>	<b>44.4%</b>	<b>44.6%</b>	<b>40.3%</b>
<b>Reported gross profit on GAAP basis</b>	<b>31,567</b>	<b>27,709</b>	<b>9,969</b>	<b>9,687</b>	<b>34,402</b>
Acquisition of Sela and Printar related expenses ( 1)	-	225	-	75	225
Inventory write-downs (2)	-	-	-	-	3,915
Share-based compensation	33	50	9	22	55
Employee related charges (4)	-	-	-	-	25
<b>Non- GAAP gross margin</b>	<b>46.7%</b>	<b>45.1%</b>	<b>44.5%</b>	<b>45.0%</b>	<b>45.2%</b>
<b>Non-GAAP gross profit</b>	<b>31,600</b>	<b>27,984</b>	<b>9,978</b>	<b>9,784</b>	<b>38,622</b>
<b>Reported operating income (loss) attributable to Camtek Ltd. on GAAP basis</b>	<b>4,776</b>	<b>1,440</b>	<b>1,042</b>	<b>600</b>	<b>1,136</b>
Acquisition of Sela and Printar related expenses (1)	-	225	-	75	(3,241)
Inventory and fixed asset write- downs (2)	-	-	-	-	4,433
Share-based compensation	200	429	93	144	377
Employee related charges	-	-	-	-	490
<b>Non-GAAP operating income</b>	<b>4,976</b>	<b>2,094</b>	<b>1,135</b>	<b>819</b>	<b>3,195</b>

- (1) During the three and nine months ended September 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded acquisition expenses (income) of \$0.2 million, \$0.6 million, \$0.5 million, \$1.5 million and \$(1.9) million, respectively, consisting of: (1) Revaluation adjustments of \$0.2 million, \$0.6 million, \$0.4 million, \$1.3 million and \$(2.2) million, respectively, of contingent consideration and certain future liabilities recorded at fair value. These amounts are recorded under the finance expenses line item and (2) \$0, \$0, \$0.07 million, \$0.23 million and \$0.2 million, respectively, with respect to amortization of intangible assets acquired recorded under the cost of revenues line item.
- (2) During the three months and nine months ended September 30, 2014 and 2013, and the twelve months ended December 31, 2013, the Company recorded inventory and fixed asset write downs in the amount of \$0 million, \$0 million, \$0 million, \$0 million, and \$4.4 million, respectively.
- (3) During the three and nine months ended September 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded net income of \$0, \$0, \$0, \$0 and \$1.3 million, respectively, as a result of a decrease in the valuation allowance on deferred tax assets following the evaluation of the realizability of the assets based on projected future earnings.
- (4) During the three and nine months ended September 30, 2014 and 2013 and the twelve months ended December 31, 2013, the Company recorded net employee related expenses of \$0, \$0, \$0, \$0 and \$0.5 million, respectively, as a result of internal reorganization.