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## **CAMTEK ANNOUNCES RECORD FULL YEAR 2011 RESULTS**

*22% year over year growth in revenue, strong annual operating cash flow of \$9.8 million*

**MIGDAL HAEMEK, Israel – February 21, 2012** – Camtek Ltd. (NASDAQ and TASE: CAMT), today announced its financial results for the full year and fourth quarter ended December 31, 2011.

### **Highlights of the Full Year 2011**

- Revenues of \$107 million;
- Non-GAAP net income of \$8.8 million; GAAP net income of \$5.4 million;
- Non-GAAP operating income of \$10.5 million; GAAP operating income of \$9.0 million
- Positive operating cash flow of \$9.8 million in the year

### **Highlights of the Fourth Quarter 2011**

- Revenues of \$21.1 million;
- Non-GAAP operating income of \$0.1 million; GAAP operating loss of \$0.7 million
- Non-GAAP net loss of \$0.5 million; GAAP net loss of \$1.9 million;
- Positive operating cash flow of \$8.2 million in the quarter

*Results for the three-month period and full year ended December 31, 2011 on a non-GAAP basis, exclude the following items: (i) amortization of acquired intangible assets and revaluation of liabilities with respect to the acquisitions of Sela and Printar; (ii) share based compensation expenses; (iii) write off of inventory primarily related to a discontinued product lines. A reconciliation between the GAAP and non-GAAP results appears in the tables at the end of this press release.*

**Roy Porat, Camtek's Chief Executive Officer, commented,** "We are very pleased with our overall performance in 2011, presenting an all time record year on the top line. We maintained a strong market position in our two core product lines and saw growing market acceptance of our new growth engines."

**Continued Mr. Porat,** "Like our industry, our business has softened at the end of 2011 and the beginning of 2012. For the first quarter, we believe revenues will range between \$17 and \$19 million. Looking ahead, we are well positioned for resuming our growth once more positive market conditions return."

## Fourth Quarter 2011 Financial Results

**Revenues** for the fourth quarter of 2011 were \$21.1 million, a decrease of 17% compared to \$25.4 million in the fourth quarter of 2010.

**Gross profit** on a GAAP basis in the quarter totaled \$8.1 million (38.5% of revenues), compared with \$11.7 million (46.0% of revenues) in the fourth quarter of 2010. Gross profit on a non-GAAP basis in the quarter totaled \$8.9 million (42.1% of revenues), compared with \$12.0 million (47.0% of revenues) in the fourth quarter of 2010.

**Operating loss** on a GAAP basis in the quarter was \$0.7 million compared with an operating income of \$1.8 million (6.9% of revenues) in the fourth quarter of 2010. Non-GAAP operating income in the quarter was \$0.1 million (0.5% of revenues) compared with an operating income of \$2.1 million (8.4% of revenues) in the fourth quarter of 2010.

**Net loss** on a GAAP basis in the quarter totaled \$1.8 million, or \$0.06 per diluted share, compared to a net income of \$1.3 million, or \$0.04 per share in the fourth quarter of 2010. On a non-GAAP basis, net loss in the quarter was \$0.5 million, or loss of \$0.02 per share, compared with a net income of \$1.9 million, or \$0.06 per diluted share in the fourth quarter of 2010.

## Full Year 2011 Results Summary

**Revenues** for 2011 were \$107.0 million, an increase of 22% compared to \$87.8 million, as reported in 2010.

**Gross profit** on a GAAP basis for 2011 was \$47.5 million (44.3% of revenues) compared to gross profit of \$38.4 million (43.7% of revenues) in 2010. Gross profit on a non-GAAP basis for 2011, was \$48.6 million (45.4% of revenues), compared to \$38.7 million (44.1% of revenues) in 2010.

**Operating income** on a GAAP basis for 2011, was \$9.0 million (8.4% of revenues) compared to an operating income of \$4.9 million (5.5% of revenues) in 2010. Non-GAAP operating income in 2011 was \$10.5 million (9.8% of revenues) compared to an operating income of \$5.7 million (8.4% of revenues) in 2010.

**Net income** on a GAAP basis for 2011 was \$5.4 million compared to a net income of \$2.8 million in 2010. Net income on a non-GAAP basis for 2011 was \$8.8 million, compared to a net income of \$4.4 million in 2010.

**Cash and cash equivalents and short-term deposits** as of December 31, 2011 were \$26.3 million (\$19.5 million net of bank loans) compared with \$14.8 million (\$12.2 million net of bank loans), which included \$5.2 million in restricted deposits, as of December 31, 2010. The company generated a positive operating cash flow of \$8.2 million during the fourth quarter of 2011. For the year, the Company generated a positive operating cash flow of \$9.8 million.

## Conference Call

Camtek will host a conference call today, February 21, 2012, at 10:00 am ET.

Roy Porat, Chief Executive Officer 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:** 1 866 860 9642 at 10:00 am Eastern Time  
**Israel:** 03 918 0685 at 5:00 pm Israel Time  
**International:** +972 3 918 0685

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 and increasing yields, 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, adaptive ion milling (AIM) and digital material deposition (DMD). Camtek's solutions range from micro-to-nano by applying its technologies to the industries' specific requirements.

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 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.*

## Consolidated Balance Sheets

(In thousands)

	December 31,	
	2011	2010
	U.S. Dollars (In thousands)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	22,185	9,577
Short term deposits	4,100	-
Accounts receivable, net	25,451	28,817
Inventories	24,277	24,034
Due from affiliates	619	384
Other current assets	3,201	2,414
Deferred tax asset	90	54
Total current assets	<u>79,923</u>	<u>65,280</u>
Fixed assets, net	<u>14,577</u>	<u>15,077</u>
Long term inventory	1,954	2,304
Restricted deposits *	-	5,182
Deferred tax asset	152	152
Other assets, net	460	460
Intangible assets **	4,191	4,163
Goodwill	3,653	3,653
	<u>10,410</u>	<u>15,914</u>
<b>Total assets</b>	<b><u>104,910</u></b>	<b><u>96,271</u></b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Short term bank loans	3,000	1,409
Long term bank loans – current portion	1,700	433
Accounts payable – trade	7,052	9,761
Other current liabilities	21,536	21,408
Total current liabilities	<u>33,288</u>	<u>33,011</u>
<b>Long term liabilities</b>		
Long term bank loans	2,092	758
Liability for employee severance benefits	652	626
Other long term liabilities **	8,945	7,884
	<u>11,689</u>	<u>9,268</u>
Total liabilities	<u>44,977</u>	<u>42,279</u>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Ordinary shares NIS 0.01 par value, authorized 100,000,000 shares, issued 31,810,340 as of December 31, 2011 and 31,370,359 as of December 31, 2010, outstanding 29,717,964 as of December 31, 2011 and 29,277,983 as of December 31, 2010	133	132
Additional paid-in capital	61,014	60,452
Accumulated losses	684	(4,694)
	<u>61,831</u>	<u>55,890</u>
Treasury stock, at cost (2,092,376 as of December 31, 2011 and 2010)	<u>(1,898)</u>	<u>(1,898)</u>
Total shareholders' equity	<u>59,933</u>	<u>53,992</u>
<b>Total liabilities and shareholders' equity</b>	<b><u>104,910</u></b>	<b><u>96,271</u></b>

(\*) Bank guarantee against credit line related to the Rudolph Technologies appeal

(\*\*) Relates to Printar and SELA acquisitions

## Consolidated Statements of Operations

(in thousands, except share data)

	Year ended December 31,		Three months ended December 31,	
	2011	2010	2011	2010
	U.S. dollars		U.S. dollars	
<b>Revenues</b>	<b>107,028</b>	87,780	<b>21,104</b>	25,432
Cost of revenues	<b>59,588</b>	49,361	<b>13,006</b>	13,745
<b>Gross profit</b>	<b>47,440</b>	38,419	<b>8,098</b>	11,687
Research and development costs	<b>14,077</b>	12,906	<b>3,189</b>	3,594
Selling, general and administrative expenses	<b>24,341</b>	20,662	<b>5,626</b>	6,343
	<b>38,418</b>	33,568	<b>8,815</b>	9,937
<b>Operating profit (loss)</b>	<b>9,022</b>	4,851	<b>(717)</b>	1,750
Financial expenses, net	<b>(2,900)</b>	(1,478)	<b>(1,089)</b>	(234)
<b>Income (loss) before income taxes</b>	<b>6,122</b>	3,373	<b>(1,806)</b>	1,516
Income tax	<b>(744)</b>	(557)	<b>(77)</b>	(203)
<b>Net income (loss)</b>	<b>5,378</b>	2,816	<b>(1,883)</b>	1,313
<b>Net income (loss) per ordinary share:</b>				
<b>Basic</b>	<b>0.18</b>	0.10	<b>(0.06)</b>	0.04
<b>Diluted</b>	<b>0.18</b>	0.09	<b>(0.06)</b>	0.04
<b>Weighted average number of ordinary shares outstanding:</b>				
<b>Basic</b>	<b>29,599</b>	29,259	<b>29,712</b>	29,278
<b>Diluted</b>	<b>30,007</b>	30,360	<b>29,992</b>	29,991

## Reconciliation of GAAP To Non-GAAP results

(In thousands, except share data)

	Year ended December 31,		Three Months ended December 31,	
	2011	2010	2011	2010
	U.S. dollars		U.S. dollars	
<b>Reported net income (loss) attributable to Camtek Ltd. on GAAP basis</b>	<b>5,378</b>	2,816	<b>(1,883)</b>	1,313
Acquisition of Sela and Printar related expenses (1)	<b>2,377</b>	2,093	<b>645</b>	386
Inventory write-downs	<b>685</b>	159	<b>685</b>	159
Share-based compensation	<b>416</b>	155	<b>55</b>	32
Restructuring expenses (2)	-	544	-	187
<b>Non-GAAP net income (loss)</b>	<b>8,856</b>	<b>5,767</b>	<b>(498)</b>	<b>2,077</b>
<b>Non-GAAP net income (loss) per share, basic and diluted</b>	<b>0.30</b>	0.19	<b>(0.02)</b>	0.07
<b>Gross margin on GAAP basis</b>	<b>44.3%</b>	43.8%	<b>38.4%</b>	46.0%
<b>Reported gross profit on GAAP basis</b>	<b>47,440</b>	38,419	<b>8,098</b>	11,687
Acquisition of Sela and Printar related expenses (1)	<b>331</b>	731	<b>92</b>	160
Inventory write off	<b>685</b>	159	<b>685</b>	159
Share-based compensation	<b>97</b>	-	<b>14</b>	-
<b>Non-GAAP gross margin</b>	<b>45.4%</b>	44.8%	<b>42.1%</b>	47.2%
<b>Non-GAAP gross profit</b>	<b>48,553</b>	<b>39,309</b>	<b>8,889</b>	<b>12,006</b>
<b>Reported operating income (loss) attributable to Camtek Ltd. on GAAP basis</b>	<b>9,022</b>	4,851	<b>(717)</b>	1,750
Acquisition of Sela and Printar related expenses (1)	<b>331</b>	731	<b>92</b>	160
Inventory write-downs	<b>685</b>	159	<b>685</b>	159
Share-based compensation	<b>416</b>	155	<b>55</b>	32
Restructuring expenses (2)	-	544	-	186
<b>Non-GAAP operating income</b>	<b>10,454</b>	<b>6,440</b>	<b>115</b>	<b>2,287</b>

- (1) During the three and twelve months ended December 31, 2011 and 2010, the Company recorded acquisition expenses of \$0.6 million, \$2.4 million, \$0.4 million and \$2.1 million, respectively, consisting of: (1) inventory written-up to fair value in purchase accounting charges of \$0 million, \$0 million, \$0 million and \$0.4 million, respectively. These amounts are recorded under cost of revenues line item. (2) Revaluation adjustments of \$0.6 million, \$2.0 million, \$0.2 million and \$1.4 million, respectively, of contingent consideration and certain future liabilities recorded at fair value. These amounts are recorded under finance expenses line item and (3) \$0.09

million, \$0.31 million, \$0.16 million and \$0.3 million, respectively, with respect to amortization of intangible assets acquired recorded under cost of revenues line item.

- (2) During the three and twelve months ended December 31, 2011 and 2010, the Company recorded inventory write down in the amount of \$0.7 million, \$0.7 million, \$0.16 million and \$0.16 million, respectively.
- (3) The Company has entered into a Memorandum of Understanding with a Belgian company, according to which, commencing June 2010, this company began to distribute the Company's products for the PCB industry in Europe, subject to and in accordance with terms and conditions referred to in the agreement. Therefore, the Company implemented a restructuring plan in its Belgium subsidiary which includes mainly a reduction in workforce and recorded \$0.3 million as restructuring expenses under selling, general and administrative expenses line item.

During the three and twelve months ended December 31, 2010 the Company recorded \$0.18 million and \$0.28 million, respectively, of restructuring expense with respect to reorganization in its subsidiaries in China.