

May 5, 2016



Amtech Reports Second Quarter Fiscal 2016 Results

TEMPE, Ariz., May 5, 2016 /PRNewswire/ -- Amtech Systems, Inc. (NASDAQ: ASYS), a global supplier of production equipment and related supplies for the solar, semiconductor, and LED markets, today reported results for its second fiscal quarter ending March 31, 2016.

Second Quarter Fiscal 2016 Financial and Operational Highlights:

- Customer orders of \$45.0 million (solar \$28.0 million)
- Quarter-end backlog of \$67.3 million (solar \$51.3 million)
- Net revenues of \$22.5 million (solar \$9.8 million)
- Book to bill ratio of 2.1:1 (solar 3.0:1)
- Gain on the sale of sales and service rights of \$2.6 million (pre-tax)
- Net loss of \$1.5 million, or \$0.11 per share
- Unrestricted cash of \$31.8 million

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "We are pleased with our \$45 million of total bookings in the second quarter, including \$28 million of solar orders, which is the highest solar bookings since the March quarter of 2011. With those bookings, we now have a backlog of \$67 million which is a 57 percent increase since December 31, 2015 and the highest in four years. We are positioning for the next wave of growth in solar with expectations to continue to expand our market reach, develop current and new customer relationships, and continue to be recognized as a market leader for our distinguishable technology solutions.

Pentinga continued, "New orders and backlog for our electronics and LED businesses reflect sequential and year-over-year improvements. We look forward to continued improvement in semiconductor capex spending in the second half of calendar 2016 and the opportunity to more fully optimize our operating efficiency in a more robust marketplace."

Customer orders in the second quarter of fiscal 2016 were \$45.0 million (\$28.0 million solar), compared to \$35.6 million (\$23.0 million solar) in the preceding quarter and \$30.9 million (\$16.7 million solar) in the second quarter of fiscal 2015.

At March 31, 2016, the Company's total order backlog was \$67.3 million (solar \$51.3 million), compared to total backlog of \$42.9 million (solar \$31.3 million) at December 31, 2015. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Net revenue for the second quarter of fiscal 2016 was \$22.5 million compared to \$22.1 million in the preceding quarter and \$24.3 million in the second quarter of fiscal 2015. The decrease from the prior year quarter is due primarily to lower shipments caused by the cyclical nature of the semiconductor industry and the polishing segment.

Gross margin in the second quarter of fiscal 2016 was 27%, compared to 27% in the preceding quarter and 28% in the second quarter of fiscal 2015. The slightly lower margin in Q2 2016 compared to a year ago resulted primarily from lower usage of previously reserved inventory in the solar segment and lower sales volumes in the polishing segment.

Selling, general and administrative (SG&A) expenses in the second quarter of fiscal 2016 were \$7.4 million compared to \$7.6 million in the preceding quarter and \$8.1 million in the second quarter of fiscal 2015. The decrease compared to a year ago results primarily from lower legal and consulting expenses related to activity that led to the Company's acquisition of BTU in January 2015, as well as lower commission expenses, partially offset by the inclusion of BTU for a full quarter in Q2 2016 compared to a partial quarter in Q2 2015.

Research, development and engineering (RD&E) expense was \$2.2 million in the second quarter of fiscal 2016 compared to \$2.3 million in the preceding quarter and \$0.8 million in the second quarter of fiscal 2015. The higher RD&E expense compared to a year ago is primarily due to lower grants earned resulting from the deconsolidation of Kingstone in fiscal 2015, and increases in spending resulting from inclusion of BTU and SoLayTec RD&E since acquisition, partially offset by lower spending due to the deconsolidation of Kingstone.

Depreciation and amortization in the second quarter of fiscal 2016 was \$0.7 million, compared to \$0.8 million in the preceding quarter and \$0.9 million in the second quarter of fiscal 2015.

Income tax expense was \$1.7 million for the three months ended March 31, 2016 compared to \$0.3 million in the preceding quarter and \$0.2 million in the second quarter of fiscal 2015. Income tax expense in Q2 2016 is primarily related to tax on the \$2.6 million pre-tax gain on the sale of the exclusive sales and service rights for the Kingstone ion implanter.

The net loss for the second quarter of fiscal 2016 was \$1.5 million, or \$0.11 per share, compared to a net loss of \$4.0 million or \$0.31 per share in the preceding quarter and a net loss of \$2.3 million, or \$0.19 per share for the second quarter of fiscal 2015.

Unrestricted cash and cash equivalents at March 31, 2016 were \$31.8 million, compared to \$22.6 million at December 31, 2015. The increase in cash and cash equivalents is primarily due to cash received from the sale of our exclusive sales and service rights for the Kingstone ion implanter, as well as customer deposits, partially offset by operating losses.

Outlook

The company expects revenues for the quarter ending June 30, 2016 to be in the range of \$30 to \$33 million. Gross margin for the quarter ending June 30, 2016 is expected to be in the mid 20s percent range, negatively impacted by product mix, with operating margin slightly negative.

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 5:00pm ET to discuss second quarter fiscal 2016 financial results. Those in the USA wishing to participate in the live call should dial (844)-868-9329. From Canada, dial (866)-605-3852, and internationally, dial (412) 317-6703. 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 May 16, 2016. To access the replay please dial US toll free (877) 344-7529 and enter code 10084716. 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.

About Amtech Systems, Inc.

Amtech Systems, Inc. is a global supplier of advanced thermal processing equipment to the solar, semiconductor / electronics, and LED manufacturing markets. Amtech's equipment includes diffusion, ALD and PECVD systems and solder reflow systems. Amtech also supplies wafer handling automation and polishing equipment and related consumable products. The Company's wafer handling, thermal processing and consumable products currently address the diffusion, oxidation, and deposition steps used in the fabrication of solar cells, LEDs, semiconductors, MEMS, printed circuit boards, semiconductor packaging, and the polishing of newly sliced sapphire and silicon wafers. Amtech's products are recognized under the leading brand names Tempress Systems™, Bruce Technologies™, PR Hoffman™, R2D Automation™, SoLayTec, and BTU International.

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 ("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 or our management are intended to identify such forward-looking statements. 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 Amtech and its management for future operations. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. The Form 10-K that Amtech filed with the Securities and Exchange Commission (the "SEC") for the year-ended September 30, 2015, listed various important factors that could affect the company'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-Ks 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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AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
May 5, 2016

Condensed Consolidated Statements of Operations
Unaudited
(in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Revenues, net of returns and allowances	\$ 22,483	\$ 24,273	\$ 44,557	\$ 36,669
Cost of sales	16,482	17,384	32,601	26,352
Gross profit	6,001	6,889	11,956	10,317
Selling, general and administrative	7,448	8,075	15,044	14,459
Research, development and engineering	2,160	750	4,447	2,586
Operating loss	(3,607)	(1,936)	(7,535)	(6,728)
Gain on sale of other assets	2,576	-	2,576	-
Income from equity method investment	688	-	671	-
Interest expense and other income, net	33	(217)	(169)	(120)
Loss before income taxes	(310)	(2,153)	(4,457)	(6,848)
Income tax provision	1,670	170	1,970	350
Net loss	(1,980)	(2,323)	(6,427)	(7,198)
Add: net loss (income) attributable to noncontrolling interest	481	2	914	(317)
Net loss attributable to Amtech Systems, Inc.	\$ (1,499)	\$ (2,321)	\$ (5,513)	\$ (7,515)
Loss Per Share:				
Basic loss per share attributable to Amtech shareholders	\$ (0.11)	\$ (0.19)	\$ (0.42)	\$ (0.69)
Weighted average shares outstanding	13,169	11,997	13,161	10,914
Diluted loss per share attributable to Amtech shareholders	\$ (0.11)	\$ (0.19)	\$ (0.42)	\$ (0.69)

Weighted average shares outstanding	13,169	11,997	13,161	10,914
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AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
May 5, 2016

Condensed Consolidated Balance Sheets
(in thousands, except share data)

Assets	March 31, 2016	September 30, 2015
	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 31,818	\$ 25,852
Restricted cash	535	638
Accounts receivable		
Trade (less allowance for doubtful accounts of \$3,537 and \$5,009 at March 31, 2016 and September 30, 2015, respectively)	16,641	14,488
Unbilled and other	6,089	8,494
Inventories	24,054	23,329
Deferred income taxes	2,050	2,050
Notes and other receivable	-	7,079
Other	3,888	3,772
Total current assets	85,075	85,702
Property, Plant and Equipment - Net	16,896	17,761
Deferred Income Taxes - Long Term	430	430
Other Assets - Long Term	1,167	3,356

Investments	3,404	2,733
Intangible Assets - Net	4,568	4,939
Goodwill	11,188	10,535

Total Assets

\$	122,728	\$	125,456
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Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable

\$	15,021	\$	15,646
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Current maturities of long-term debt

747	919
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Accrued compensation and related taxes

5,242	5,605
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Accrued warranty expense

859	793
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Deferred profit

3,431	4,873
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Customer deposits

10,495	7,154
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Other accrued liabilities

2,180	3,551
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Income taxes payable

2,400	830
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Total current liabilities

40,375	39,371
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Long-term Debt

9,351	8,448
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Income Taxes Payable - Long-Term

5,960	4,990
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Total liabilities

55,686	52,809
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Stockholders' Equity

Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 13,173,197 and 13,150,469 at March 31, 2016 and September 30, 2015, respectively

132	131
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Additional paid-in capital

110,930	110,191
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Accumulated other comprehensive loss

(8,611) (8,666)

Retained deficit

(34,335) (28,822)

Total stockholders' equity

68,116 72,834

Noncontrolling interest

(1,074) (187)

Total equity

67,042 72,647

Total Liabilities and Stockholders' Equity

\$ 122,728 \$ 125,456

AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
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Condensed Consolidated Statements of Cash Flows
Unaudited
(in thousands)

Six Months Ended March 31,
2016 2015

Operating Activities

Net loss

\$ (6,427) \$ (7,198)

Adjustments to reconcile net loss to net

cash provided by (used in) operating activities:

Depreciation and amortization

1,529 1,641

Write-down of inventory

74 81

Deferred income taxes

(5) 901

Non-cash share based compensation expense

708 568

Gain on sale of other assets	(2,576)	-
Income from equity method investment	(671)	-
Reversal of allowance for doubtful accounts	(122)	(281)
Changes in operating assets and liabilities:		
Restricted cash	97	844
Accounts receivable	475	(1,406)
Inventories	(656)	(7,482)
Accrued income taxes	1,939	(922)
Other assets	(120)	(2,027)
Accounts payable	(707)	7,664
Accrued liabilities and customer deposits	1,515	5,269
Deferred profit	(1,440)	(643)
Net cash used in operating activities	(6,387)	(2,991)

Investing Activities

Purchases of property, plant and equipment	(192)	(125)
Acquisitions, net of cash acquired	-	8,595
Proceeds from partial sale of subsidiary	7,012	-
Proceeds from sale of other assets	4,884	-

Net cash provided by investing activities		
	11,704	8,470
Financing Activities		
Proceeds from the exercise of stock options	30	55
Payments on long-term debt	(259)	(121)
Borrowings on long-term debt	830	335
Net cash provided by financing activities	601	269
Effect of Exchange Rate Changes on Cash	48	(508)
Net Increase in Cash and Cash Equivalents	5,966	5,240
Cash and Cash Equivalents, Beginning of Period	25,852	27,367
Cash and Cash Equivalents, End of Period	\$ 31,818	\$ 32,607

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/amtech-reports-second-quarter-fiscal-2016-results-300263995.html>

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