

November 19, 2015



Amtech Reports Fourth Quarter Fiscal 2015 Results

TEMPE, Ariz., Nov. 19, 2015 /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 fourth quarter and fiscal year ended September 30, 2015.

Fourth Quarter Fiscal 2015 Operational and Financial Highlights

- Completed sale of majority interest in Kingstone bringing cash back to Amtech and new capital into ion implant business; \$8.8 million pre-tax gain
- Customer orders of \$18.8 million (solar \$2.8 million)
- Net revenue of \$28.2 million (solar \$12.8 million)
- Quarter-end backlog of \$34.6 million (solar \$19.6 million)
- Net income of \$1.3 million, or \$0.10 per share

Fiscal Year 2015 Financial Highlights

- Net revenue of \$104.9 million (\$50.2 million solar), up 86% from a year ago
- Bookings of \$109.9 million (\$52.7 million solar), up 79% from a year ago
- Net loss of \$7.8 million or \$0.65 per share, compared to a net loss of \$13.0 million or \$1.34 per share a year ago

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "Much progress was made during our fiscal year 2015 including the successful integration of BTU, the successful close of the Kingstone transaction, ongoing alignment of our costs with the evolving market environment and the important advancement of our technologies to build upon our strong product portfolio and leading market positions. Although we experienced an anticipated lull in fourth quarter equipment orders, we are pleased to report a 79 percent increase in bookings from one year ago and robust quoting activity with both current and prospective customers. While the marketplace is being selective in their capital expenditure plans, investment in next generation, higher efficiency cell and module solutions is necessary to address interest in residential, commercial and utility-scale solar solutions by both private and public interest groups around the globe. Amtech's ongoing research and development, innovation culture and product development capabilities position us well to be a choice partner in the pursuit of industry-leading, next-generation, higher efficiency solar cell and module solutions."

Financial Results

Customer orders in the fourth quarter of fiscal 2015 were \$18.8 million, compared to \$30.2 million in the preceding quarter and \$11.2 million in the fourth quarter of fiscal 2014.

At September 30, 2015, the Company's total order backlog was \$34.6 million compared to

total backlog of \$46.9 million at June 30, 2015 and \$28.5 million at September 30, 2014. Total backlog at September 30, 2015, includes \$19.6 million in solar orders and deferred revenue compared to solar backlog of \$32.4 million at June 30, 2015 and solar backlog of \$20.9 million at September 30, 2014. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Net revenue for the fourth quarter of fiscal 2015 was \$28.2 million, a decrease of 30% compared to \$40.0 million in the preceding quarter, and an increase of 42% compared to \$19.8 million in the fourth quarter of fiscal 2014. The sequential decrease is due primarily to lower volumes in the Company's solar segment following strong volumes in the third fiscal quarter. The increase from the fourth quarter of fiscal 2014 is due primarily to the inclusion of BTU revenues.

Gross margin in the fourth quarter of fiscal 2015 was 23%, compared to 25% in the previous quarter and 13% in the fourth quarter of fiscal 2014. The lower margins sequentially resulted primarily from lower volumes in our solar and polishing businesses offset by a slight improvement due to semiconductor product mix. Compared to the same quarter in fiscal 2014, gross margins improved primarily as a result of higher volumes in our solar business and was supplemented by the inclusion of BTU in the fiscal 2015 results.

Selling, general and administrative (SG&A) expenses in the fourth quarter of fiscal 2015 were \$9.1 million compared to \$10.1 million in the preceding quarter and \$4.9 million in the fourth quarter of fiscal 2014. Sequentially, the decrease results primarily from lower shipping expense and lower commissions on lower sales volume. Compared to the same quarter in fiscal 2014, the increase results primarily from inclusion of BTU's SG&A since January 30, 2015, and higher selling expenses related to higher revenues. SG&A expenses include \$0.3 million, \$0.3 million and \$0.2 million of stock-based compensation expense in the fourth quarter of fiscal 2015, third quarter of fiscal 2015 and fourth quarter of fiscal 2014, respectively.

Research, development and engineering (RD&E) expense was \$3.0 million in the fourth quarter of fiscal 2015 compared to \$1.3 million in the preceding quarter and \$1.8 million in the fourth quarter of fiscal 2014. The sequential increase in RD&E expense is primarily due to lower recognition of government grant funding during the fourth fiscal quarter compared to the third fiscal quarter. Compared to the same quarter in fiscal 2014, RD&E expense increased due primarily to the inclusion of RD&E expense of BTU and SoLayTec.

In September 2015 the Company recognized a pre-tax gain of approximately \$8.8 million resulting from the previously announced Kingstone transaction. The gain was the result of the sale of shares and the fair value of the Company's remaining interests in Kingstone.

Depreciation and amortization in the fourth quarter of fiscal 2015 was \$869,000, compared to \$847,000 in the preceding quarter and \$613,000 in the fourth quarter of fiscal 2014. The increase compared to the same quarter in fiscal 2014 is primarily due to amortization of intangible assets related to the acquisitions of BTU and SoLayTec.

Income tax expense in the fourth quarter of fiscal 2015 was \$1.3 million compared to \$0.3 million in the preceding quarter. The sequential increase is due primarily to taxes on the Kingstone gain. The Company had an income tax benefit in the fourth quarter of fiscal 2014 of \$645,000.

Net income for the fourth quarter of fiscal 2015 was \$1.3 million, or \$0.10 per share, compared to a net loss of \$1.6 million or \$0.12 per share in the preceding quarter and a net loss for the fourth quarter of fiscal 2014 of \$3.2 million, or \$0.33 per share.

Total unrestricted cash and cash equivalents at September 30, 2015 were \$25.9 million, compared to \$23.7 million at June 30, 2015. The increase in cash is due primarily to strong fiscal year-end collections of accounts receivable and partial payment on the sale of a portion of the company's investments in Kingstone.

Outlook

The company expects revenues for the quarter ending December 31, 2015, to be in the range of \$22 to \$24 million. Gross margin for the quarter ending December 31, 2015, is expected to be in the mid 20s percent range, with operating margin negative due primarily to lower shipment volumes.

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 fourth quarter and fiscal 2015 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 Nov. 26, 2015. To access the replay please dial US toll free (877) 344-7529 and enter code 10075060. 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 SystemsTM, Bruce TechnologiesTM, PR HoffmanTM, R2D AutomationTM, 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)
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Condensed Consolidated Statements of Operations
Unaudited
(in thousands, except per share data)

	Quarters Ended September 30,		Years Ended September 30,	
	2015 (unaudited)	2014 (unaudited)	2015	2014
Revenues, net of returns and allowances	\$ 28,198	\$ 19,822	\$ 104,883	\$ 56,501
Cost of sales	21,635	17,260	77,875	44,875

Gross profit	6,563	2,562	27,008	11,626
Selling, general and administrative	8,516	4,919	33,028	18,424
Research, development and engineering	3,024	1,848	6,918	6,291
Restructuring charges	583	-	583	-
Operating loss	(5,560)	(4,205)	(13,521)	(13,089)
Gain on deconsolidation of Kingstone	8,814	-	8,814	-
Interest and other income (expense), net	35	(90)	(100)	40
Income (loss) before income taxes	3,289	(4,295)	(4,807)	(13,049)
Income tax provision (benefit)	1,270	(645)	1,910	1,240
Net income (loss)	2,019	(3,650)	(6,717)	(14,289)
Add: net (income) loss attributable to noncontrolling interest	(670)	405	(1,054)	1,242
Net income (loss) attributable to Amtech Systems, Inc.	\$ 1,349	\$ (3,245)	\$ (7,771)	\$ (13,047)
Income (Loss) Per Share:				
Basic income (loss) per share attributable to Amtech shareholders	\$ 0.10	\$ (0.33)	\$ (0.65)	\$ (1.34)
Weighted average shares outstanding	13,150	9,846	12,022	9,732
Diluted income (loss) per share attributable to Amtech shareholders	\$ 0.10	\$ (0.33)	\$ (0.65)	\$ (1.34)
Weighted average shares outstanding	13,259	9,846	12,022	9,732

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Condensed Consolidated Balance Sheets
(in thousands)

Assets	September 30, 2015	September 30, 2014
Current Assets		
Cash and cash equivalents	\$ 25,852	\$ 27,367
Restricted cash	638	2,380
Accounts receivable		
Trade (less allowance for doubtful accounts of \$5,009 and \$2,846 at September 30, 2015 and September 30, 2014, respectively)	14,488	8,896
Unbilled and other	8,494	6,880
Inventories	23,329	16,760
Deferred income taxes	2,050	1,060
Notes and other receivable	7,079	-
Other	3,772	2,082

Total current assets	85,702	65,425
Property, Plant and Equipment - Net	17,761	9,752
Deferred Income Taxes - Long Term	430	1,300
Other Assets - Long Term	3,356	2,426
Investments	2,733	-
Intangible Assets - Net	4,939	2,678
Goodwill	10,535	8,323
Total Assets	\$ 125,456	\$ 89,904

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	\$ 15,646	\$ 6,003
Current maturities of long-term debt	919	-
Accrued compensation and related taxes	5,605	4,269
Accrued warranty expense	793	628
Deferred profit	4,873	6,908
Customer deposits	7,154	4,992
Other accrued liabilities	3,551	5,346
Income taxes payable	830	4,990
Total current liabilities	39,371	33,136

Long-term Debt	8,448	-
Income Taxes Payable - Long-Term	4,990	3,180
Total Liabilities	52,809	36,316

Stockholders' Equity

Common stock; \$0.01 par value; 100,000,000 shares authorized;
shares issued and outstanding: 13,150,469 and 9,848,253
at September 30, 2015 and September 30, 2014, respectively

	131	98
Additional paid-in capital	110,191	81,884
Accumulated other comprehensive loss	(8,666)	(5,790)
Retained deficit	(28,822)	(21,051)
Total Stockholders' Equity	72,834	55,141
Noncontrolling interest	(187)	(1,553)
Total Equity	72,647	53,588
Total Liabilities and Stockholders' Equity	\$ 125,456	\$ 89,904

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

Year Ended

	2015	2014
Operating Activities		
Net loss	\$ (6,717)	\$ (14,289)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,357	2,410
Write-down of inventory	138	294
(Reversal of) provision for allowance for doubtful accounts	(194)	1,304
Deferred income taxes	454	194
Gain on deconsolidation of Kingstone	(8,814)	-
Non-cash share based compensation expense	1,162	795
Changes in operating assets and liabilities:		
Restricted cash	(1,731)	2,662
Accounts receivable	1,700	(11,786)
Inventories	(1,308)	3,636
Accrued income taxes	(4,329)	6,849
Other assets	2,119	782
Accounts payable	939	766
Accrued liabilities and customer deposits	4,647	(10,805)
Deferred profit	(1,490)	6,107
Net cash used in operating activities	(10,067)	(11,081)
Investing Activities		
Purchases of property, plant and equipment	(610)	(462)
Investment in acquisitions, net of cash	8,191	-
Proceeds from partial sale of subsidiary	700	-
Net cash provided by (used in) investing activities	8,281	(462)
Financing Activities		
Proceeds from issuance of common stock, net	523	1,136
Payments on long-term debt	(482)	-
Borrowings on long-term debt	734	-
Excess tax benefit of stock options	30	345
Net cash provided by financing activities	805	1,481
Effect of Exchange Rate Changes on Cash	(534)	232
Net Decrease in Cash and Cash Equivalents	(1,515)	(9,830)
Cash and Cash Equivalents, Beginning of Period	27,367	37,197
Cash and Cash Equivalents, End of Period	\$ 25,852	\$ 27,367

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