

May 7, 2015



Amtech Reports Second Quarter Fiscal 2015 Results

TEMPE, Ariz., May 7, 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 second fiscal quarter ending March 31, 2015.

Second Quarter Fiscal 2015 Financial and Operational Highlights:

- Successful close of BTU acquisition
- Integration of BTU and SoLayTec progressing as planned
- Cost synergies on target
- Customer orders of \$30.9 million (solar \$15.8 million)
- Quarter-end backlog of \$56.0 million (solar \$41.4 million)
- Net revenue of \$24.3 million (solar \$7.9 million)
- Book to bill ratio of 1.2:1 (solar 1.9:1)
- Net loss of \$2.3 million, or \$0.19 per share

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "We made much progress in the quarter including the successful close of the BTU acquisition and the integration of both BTU and SoLayTec is progressing according to plan. Bookings continued at a healthy rate in the quarter and our backlog is at the highest level in the last three years. The mix of product in our backlog, including PECVD, ion implant, and atomic layer deposition systems (ALD), is a direct result of our decision several years ago to invest in expanding the size of our served available markets through product development and acquisition. Global solar installations continue to grow and the balance between supply and demand continues to improve. With strong growth of the market in 2015 and beyond, we see an increase in activity among top tier solar cell manufacturers to expand production both inside and outside of China and we are pleased to fully participate in the industry's selective capacity expansion and technology adaptation."

Customer orders in the second quarter of fiscal 2015 were \$30.9 million (\$15.8 million solar), compared to \$30.0 million (\$21.1 million solar) in the preceding quarter and \$21.5 million (\$13.6 million solar) in the second quarter of fiscal 2014.

At March 31, 2015, the Company's total order backlog was \$56.0 million (solar \$41.4 million), compared to total backlog of \$48.3 million (solar \$37.5 million) at December 31, 2014. 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 2015 was \$24.3 million compared to \$12.4 million in the preceding quarter and \$12.7 million in the second quarter of fiscal 2014. The increase is due primarily to higher solar revenues and the inclusion of BTU revenues since January 30, 2015.

Gross margin in the second quarter of fiscal 2015 was 28%, compared to 28% in the preceding quarter and 23% in the second quarter of fiscal 2014. The higher margin compared to a year ago resulted primarily from inclusion of BTU's gross margin since the acquisition date and higher volumes in the company's other semiconductor business.

Selling, general and administrative (SG&A) expenses in the second quarter of fiscal 2015 were \$8.1 million compared to \$6.4 million in the preceding quarter and \$5.3 million in the second quarter of fiscal 2014. The increase results primarily from inclusion of BTU's SG&A since January 30, 2015, and acquisition related expenses. Partially offsetting the increase is a decrease in bad debt expense.

Research, development and engineering (RD&E) expense was \$0.8 million in the second quarter of fiscal 2015 compared to \$1.8 million in the preceding quarter and \$2.2 million in the second quarter of fiscal 2014. The lower RD&E expense is primarily due to an increase in the recognition of government grant funding, partially offset by increases in spending resulting from inclusion of BTU and SoLayTec RD&E since acquisition.

Depreciation and amortization in the second quarter of fiscal 2015 was \$937,000, compared to \$705,000 in the preceding quarter and \$583,000 in the second quarter of fiscal 2014. The increase is primarily due to the acquisitions of BTU and SoLayTec.

Income tax expense was \$170,000 for the three months ended March 31, 2015 compared to \$180,000 in the preceding quarter. In the second quarter of fiscal 2014, income tax expense was approximately zero, due to the effect of book/tax differences and valuation allowances on net operating losses in certain tax jurisdictions in which the company operates.

The net loss for the second quarter of fiscal 2015 was \$2.3 million, or \$0.19 per share, compared to a net loss of \$5.2 million or \$0.53 per share in the preceding quarter and a net loss of \$3.8 million, or \$0.39 per share for the second quarter of fiscal 2014.

Unrestricted cash and cash equivalents at March 31, 2015 were \$32.6 million, compared to \$28.6 million at December 31, 2014. The increase in cash and cash equivalents is primarily due to the cash acquired in the BTU acquisition.

Outlook

The company expects revenues for the quarter ending June 30, 2015 to be in the range of \$33 to \$35 million. Gross margin for the quarter ending June 30, 2015, is expected to be in the high 20s percent range, negatively influenced by anticipated revenue deferrals due to higher shipment levels, 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. Operating results could also be significantly impacted by the timing of recognition of government grant revenue related to research and development projects in China and The Netherlands.

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 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 May 15, 2015. To access the replay please dial US toll free (877) 344-7529 and enter code 10065282. 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, ion implanters, 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 Tempres Systems™, Bruce Technologies™, PR Hoffman™, R2D Automation™, Kingstone Semiconductor, 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, 2014, 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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Condensed Consolidated Statements of Operations Unaudited (in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Revenues, net of returns and allowances	\$24,273	\$12,717	\$36,669	\$27,488
Cost of sales	17,384	9,819	26,352	20,055
Gross profit	6,889	2,898	10,317	7,433
Selling, general and administrative	8,075	5,277	14,459	9,402
Research, development and engineering	750	2,155	2,586	3,044
Operating loss	(1,936)	(4,534)	(6,728)	(5,013)
Interest and other income, net	(217)	(20)	(120)	87
Loss before income taxes	(2,153)	(4,554)	(6,848)	(4,926)
Income tax provision	170	-	350	560
Net loss	(2,323)	(4,554)	(7,198)	(5,486)
Add: net loss (income) attributable to noncontrolling interest	2	803	(317)	941
Net loss attributable to Amtech Systems, Inc.	\$ (2,321)	\$ (3,751)	\$ (7,515)	\$ (4,545)
Loss Per Share:				
Basic loss per share attributable to Amtech shareholders	\$ (0.19)	\$ (0.39)	\$ (0.69)	\$ (0.47)
Weighted average shares outstanding	11,997	9,679	10,914	9,619
Diluted loss per share attributable to Amtech shareholders	\$ (0.19)	\$ (0.39)	\$ (0.69)	\$ (0.47)
Weighted average shares outstanding	11,997	9,679	10,914	9,619

Condensed Consolidated Balance Sheets
(in thousands)

Assets	March 31, 2015	September 30, 2014
	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 32,607	\$ 27,367
Restricted cash	1,584	2,380
Accounts receivable		
Trade (less allowance for doubtful accounts of \$3,423 and \$2,846 at March 31, 2015 and September 30, 2014, respectively)	17,312	8,896
Unbilled and other	9,450	6,880
Inventories	33,057	16,760
Deferred income taxes	1,650	1,060
Other	6,637	2,082
Total current assets	102,297	65,425
Property, Plant and Equipment - Net	20,179	9,752
Deferred Income Taxes - Long Term	120	1,300
Intangible Assets - Net	5,378	2,678
Goodwill	14,596	8,323
Other Assets - Long Term	3,212	2,426
Total Assets	\$ 145,782	\$ 89,904
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 22,517	\$ 6,003
Current maturities of long-term debt	670	-
Accrued compensation and related taxes	6,574	4,269
Accrued warranty expense	1,051	628
Deferred profit	5,497	6,908
Customer deposits	11,894	4,992
Other accrued liabilities	7,426	5,346
Income taxes payable	4,090	4,990
Total current liabilities	59,719	33,136
Long-term Debt	8,548	-
Income Taxes Payable - Long-Term	5,140	3,180
Deferred Income Taxes - Long-Term	250	-
Total liabilities	73,657	36,316
Stockholders' Equity		
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 13,067,057 and 9,848,253 at March 31, 2015 and September 30, 2014, respectively	131	98

Additional paid-in capital	109,100	81,884
Accumulated other comprehensive loss	(8,992)	(5,790)
Retained deficit	(28,566)	(21,051)
Total stockholders' equity	71,673	55,141
Noncontrolling interest	452	(1,553)
Total equity	72,125	53,588
Total Liabilities and Stockholders' Equity	\$ 145,782	\$ 89,904

Condensed Consolidated Statements of Cash Flows
Unaudited
(in thousands)

	Six Months Ended March 31,	
	2015	2014
Operating Activities		
Net loss	\$ (7,198)	\$ (5,486)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,641	1,206
Write-down of inventory	81	93
Deferred income taxes	901	-
Non-cash share based compensation expense	568	373
Provision for (reversal of) allowance for doubtful accounts	(281)	1,408
Changes in operating assets and liabilities:		
Restricted cash	844	2,846
Accounts receivable	(1,406)	(9,646)
Inventories	(7,482)	4,860
Income taxes refundable and payable, net	(922)	5,849
Prepaid expenses and other assets	(2,027)	716
Accounts payable	7,664	456
Accrued liabilities and customer deposits	5,269	(8,799)
Deferred profit	(643)	4,234
Net cash used in operating activities	(2,991)	(1,890)
Investing Activities		
Purchases of property, plant and equipment	(125)	(214)
Acquisitions, net of cash acquired	8,595	-
Net cash provided by (used in) investing activities	8,470	(214)
Financing Activities		
Proceeds from the exercise of stock options	55	1,116
Payments on long-term debt	(121)	-
Borrowings on long-term debt	335	-
Excess tax benefit of stock options	-	100

Net cash provided by financing activities	269	1,216
Effect of Exchange Rate Changes on Cash	(508)	341
Net Increase (Decrease) in Cash and Cash Equivalents	5,240	(547)
Cash and Cash Equivalents, Beginning of Period	27,367	37,197
Cash and Cash Equivalents, End of Period	<u>\$ 32,607</u>	<u>\$ 36,650</u>

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/amtech-reports-second-quarter-fiscal-2015-results-300079872.html>

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