

August 4, 2016



Amtech Reports Third Quarter Fiscal 2016 Results

TEMPE, Ariz., Aug. 4, 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 third fiscal quarter ended June 30, 2016.

Third Quarter Fiscal 2016 Financial Highlights

- Customer orders of \$30.0 million (solar \$13.2 million)
- Net revenue of \$33.3 million (solar \$19 million)
- Quarter-end backlog of \$63.8 million (solar \$45.3 million)
- Net loss of \$1.2 million, or \$0.09 per share

Nine Months Ended June 30, 2016 Financial Highlights

- Customer orders of \$110.7 million (solar \$64.2 million)
- Shipments of \$77 million (solar \$37.7 million)
- Book to bill ratio of 1.4:1 (solar 1.7:1)
- Net revenue of \$77.9 million (solar \$38.3 million)

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "During the quarter we made significant progress in expanding our served available market with the successful introduction of our next generation PECVD and ALD systems, including a successful showing at the Shanghai New Energy Conference (SNEC), the largest solar exhibition in the world. In addition to our large installed base for diffusion, our combined installed base and backlog now also includes 2 Gigawatts of PECVD systems and several hundred Megawatts of ALD PERC systems. We have compelling technology solutions for both current and next generation solar cell designs, including PERC and N-type. We are recognized as a market leader for our technology solutions and look to capitalize on the opportunities within this expanding global market for solar while driving profitable growth over the long term."

Financial Results

Customer orders in the third quarter of fiscal 2016 were \$30.0 million (\$13.2 million solar), compared to \$45 million (\$28 million solar) in the preceding quarter and \$30.2 million (\$15.2 million solar) in the third quarter of fiscal 2015. For the nine months ended June 30, 2016 and 2015 customer orders were \$110.7 million (\$64.2 million solar) and \$91.1 million (\$55.9 million solar), respectively.

At June 30, 2016, the Company's total order backlog was \$63.8 million (solar \$45.3 million), compared to total backlog of \$67.3 million (solar \$51.3 million) at March 31, 2016. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Net revenue for the third quarter of fiscal 2016 was \$33.3 million compared to \$22.5 million in the preceding quarter and \$40.0 million in the third quarter of fiscal 2015. The increase compared to the previous quarter is primarily due to increased shipments from our solar and semiconductor segments. The decrease from the prior year quarter is due primarily to lower shipments and a higher deferral of revenue from the solar segment in which demand can vary significantly from quarter-to-quarter.

Gross margin in the third quarter of fiscal 2016 was 29%, compared to 27% in the preceding quarter and 25% in the third quarter of fiscal 2015. The higher gross margin compared to the previous quarter is primarily the result of higher volumes at our solar and semiconductor segments. The higher gross margin compared to a year ago is primarily due to higher gross margins achieved in our semiconductor segment due to favorable product mix.

Selling, general and administrative (SG&A) expenses in the third quarter of fiscal 2016 were \$8.7 million compared to \$7.4 million in the preceding quarter and \$10.1 million in the third quarter of fiscal 2015. The increase compared to the previous quarter is due to increased commissions and shipping expenses resulting from higher shipments. The decrease compared to a year ago is due to lower commission and shipping expense resulting from lower shipments.

Research, development and engineering (RD&E) expense was \$1.6 million in the third quarter of fiscal 2016 compared to \$2.2 million in the preceding quarter and \$1.3 million in the third quarter of fiscal 2015. The lower RD&E expense compared to the previous quarter is due to lower spending and slightly higher recognition of grant revenue. The higher RD&E expense compared to a year ago is due primarily to the deconsolidation of Kingstone in fiscal 2015.

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

Income tax expense was less than \$0.1 million for the three months ended June 30, 2016 compared to \$1.7 million in the preceding quarter and \$0.3 million in the third 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 third quarter of fiscal 2016 was \$1.2 million, or \$0.09 per share, compared to a net loss of \$1.5 million or \$0.11 per share in the preceding quarter and a net loss of \$1.6 million, or \$0.12 per share for the third quarter of fiscal 2015.

Unrestricted cash and cash equivalents at June 30, 2016 were \$28.3 million, compared to \$31.8 million at March 31, 2016. The decrease in cash and cash equivalents during the quarter was primarily due to cash used to fund working capital to support the expected higher revenue in the fourth quarter.

Outlook

The company expects revenues for the quarter ending September 30, 2016 to be in the range of \$35 to \$38 million. Gross margin for the quarter ending September 30, 2016, is expected to be in the mid to high 20s percent range, with improved operating margin.

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 third quarter fiscal 2016 financial results. Those in the USA wishing to participate in the live call should dial 1-844-868-9329. From Canada, dial 1-866-605-3852, and internationally, dial 1-412-317-6703. 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 August 11, 2016. To access the replay please dial US toll free 1-877-344-7529 and enter code 10089670. Internationally, dial 1-412-317-0088 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)

August 4, 2016

Condensed Consolidated Statements of Operations

Unaudited

(in thousands, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Revenues, net of returns and allowances	\$33,342	\$40,016	\$77,899	\$76,685
Cost of sales	23,711	29,888	56,312	56,240
Gross profit	9,631	10,128	21,587	20,445
Selling, general and administrative	8,665	10,054	23,709	24,513
Research, development and engineering	1,568	1,308	6,015	3,894
Operating loss	(602)	(1,234)	(8,137)	(7,962)
Gain on sale of other assets	-	-	2,576	-
Income (loss) from equity method investment	(444)	-	227	-
Interest expense and other income, net	(265)	(15)	(434)	(135)
Loss before income taxes	(1,311)	(1,249)	(5,768)	(8,097)
Income tax provision	70	290	2,040	640
Net loss	(1,381)	(1,539)	(7,808)	(8,737)
Add: net loss (income) attributable to noncontrolling interest	172	(65)	1,086	(382)
Net loss attributable to Amtech Systems, Inc.	\$ (1,209)	\$ (1,604)	\$ (6,722)	\$ (9,119)

Loss Per Share:

Basic loss per share attributable to Amtech shareholders	\$ (0.09)	\$ (0.12)	\$ (0.51)	\$ (0.78)
Weighted average shares outstanding	13,173	13,103	13,165	11,644
Diluted loss per share attributable to Amtech shareholders	\$ (0.09)	\$ (0.12)	\$ (0.51)	\$ (0.78)
Weighted average shares outstanding	13,173	13,103	13,165	11,644

AMTECH SYSTEMS, INC.**(NASDAQ: ASYS)****August 4, 2016**

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

Assets	June 30,	September 30,
	2016	2015
	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 28,290	\$ 25,852
Restricted cash	606	638
Accounts receivable		
Trade (less allowance for doubtful accounts of \$3,477 and \$5,009 at June 30, 2016 and September 30, 2015, respectively)	18,344	14,488
Unbilled and other	8,215	8,494
Inventories	28,389	23,329
Deferred income taxes	2,050	2,050
Notes and other receivable	-	7,079
Other	4,397	3,772
Total current assets	90,291	85,702
Property, Plant and Equipment - Net	15,998	17,761
Deferred Income Taxes - Long Term	430	430
Other Assets - Long Term	1,128	3,356
Investments	2,960	2,733
	4,284	4,939
Intangible Assets - Net		
Goodwill	11,068	10,535
Total Assets	\$ 126,159	\$ 125,456

Liabilities and Stockholders' Equity**Current Liabilities**

Accounts payable	\$ 18,411	\$ 15,646
Current maturities of long-term debt	723	919
Accrued compensation and related taxes	5,187	5,605
Accrued warranty expense	745	793

Deferred profit	3,983	4,873
Customer deposits	11,660	7,154
Other accrued liabilities	2,070	3,551
Income taxes payable	2,066	830
Total current liabilities	44,845	39,371
Long-term Debt	9,626	8,448
Income Taxes Payable - Long-Term	5,970	4,990
Total liabilities	60,441	52,809
Stockholders' Equity		
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 13,173,855 and 13,150,469 at June 30, 2016 and September 30, 2015, respectively	132	131
Additional paid-in capital	111,285	110,191
Accumulated other comprehensive loss	(8,883)	(8,666)
Retained deficit	(35,544)	(28,822)
Total stockholders' equity	66,990	72,834
Noncontrolling interest	(1,272)	(187)
Total equity	65,718	72,647
Total Liabilities and Stockholders' Equity	\$ 126,159	\$ 125,456

AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
August 4, 2016

Condensed Consolidated Statements of Cash Flows
Unaudited
(in thousands)

	Nine Months Ended June 30,	
	2016	2015
Operating Activities		
Net loss	\$ (7,808)	\$ (8,737)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,559	2,488
Write-down of inventory	116	31
Deferred income taxes	6	914
Non-cash share based compensation expense	1,059	864
Gain on sale of other assets	(2,576)	-
Income from equity method investment	(227)	-
Reversal of allowance for doubtful accounts	(143)	(300)
Changes in operating assets and liabilities:		
Restricted cash	26	888
Accounts receivable	(3,538)	(4,193)
Inventories	(4,794)	(3,460)

Accrued income taxes	1,617	(5,561)
Other assets	(644)	639
Accounts payable	2,842	4,514
Accrued liabilities and customer deposits	2,695	695
Deferred profit	(828)	(1,156)
Net cash used in operating activities	(9,638)	(12,374)
Investing Activities		
Purchases of property, plant and equipment	(442)	(511)
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	11,454	8,084
Financing Activities		
Proceeds from the exercise of stock options	34	521
Payments on long-term debt	(549)	(311)
Borrowings on long-term debt	1,145	557
Excess tax benefit of stock options	-	30
Net cash provided by financing activities	630	797
Effect of Exchange Rate Changes on Cash	(8)	(159)
Net Increase (Decrease) in Cash and Cash Equivalents	2,438	(3,652)
Cash and Cash Equivalents, Beginning of Period	25,852	27,367
Cash and Cash Equivalents, End of Period	\$ 28,290	\$ 23,715

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