

February 5, 2015



Amtech Reports First Quarter Fiscal 2015 Results

TEMPE, Ariz., Feb. 5, 2015 /PRNewswire/ -- Amtech Systems, Inc. (NASDAQ: ASYS), a global supplier of production and automation systems and related supplies for the manufacture of solar cells, semiconductors, and sapphire and silicon wafers, today reported results for its first fiscal quarter ending December 31, 2014.

First Quarter Fiscal 2015 Financial Summary:

- Customer orders of \$30.0 million (\$21.1 million solar)
- Backlog of \$48.3 million (\$37.5 million solar) at December 31, 2014
- Net revenue of \$12.4 million (\$6.7 million solar)
- Shipments of \$12.9 million (\$6.6 million solar)
- Gross margin of 28%
- Net loss of \$5.2 million, or \$0.53 per share
- Unrestricted cash balance of \$28.6 million at December 31, 2014

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "We had excellent order activity in the first quarter of fiscal 2015 with \$30 million in orders. Additionally, we are pleased to see our fiscal second quarter start out strong with over \$12 million in orders in January. The mix of product in our backlog, which includes 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. While the solar industry continues waiting for the full recovery, we are pleased to fully participate in the industry's selective capacity expansion and technology adaptation."

"Towards the end of the quarter we announced the SoLayTec acquisition, giving us a majority stake in state-of-the-art technology for high efficiency solar cell solutions. And just last week we announced the closing of the BTU International acquisition which expands our technology portfolio in adjacent sectors within the thermal processing equipment industry, gives us broader end-market diversification and strengthens our revenue and earnings potential. Plus, we look for our combined businesses to deliver consistent cash flow to support the ongoing investment in our solar technology solutions and products and Amtech's long-term solar growth opportunity."

Customer orders in the first quarter of fiscal 2015 were \$30.0 million, up from orders of \$9.8 million in the first quarter of fiscal 2014.

Net revenue for the first quarter of fiscal 2015 was \$12.4 million compared to \$14.8 million in the first quarter of fiscal 2014. The decrease is due primarily to lower shipments to the semiconductor industry. Partially offsetting the decrease were increased revenues from the company's polishing supplies segment.

At December 31, 2014, the Company's total order backlog was \$48.3 million, compared to total backlog of \$28.5 million at September 30, 2014. Total backlog at December 31, 2014, includes \$37.5 million in solar orders and deferred revenue, compared to solar backlog of \$20.9 million at September 30, 2014. The effect of foreign exchange on backlog during the first quarter of fiscal 2015 was a negative \$1.3 million. Backlog includes deferred revenue and customer orders that are expected to ship within the next 12 months.

Gross margin in the first quarter of fiscal 2015 was 28%, compared to 31% in the first quarter of fiscal 2014. The lower margin resulted primarily from lower levels of solar and semiconductor shipments, partially offset by higher recognition of previously-deferred profit and utilization of previously written-down inventory.

Selling, general and administrative (SG&A) expenses in the first quarter of fiscal 2015 were \$6.4 million compared to \$4.1 million in the first quarter of fiscal 2014. The increase results primarily from expenses related to activity leading to the acquisition of BTU International and SoLayTec, as well as increased commission expense resulting from higher commission rates on certain sales. SG&A expenses include \$0.2 million of stock-based compensation expense for each of the three month periods ending December 31, 2014 and 2013.

Research and Development (R&D) expense was \$1.8 million in the first quarter of fiscal 2015 compared to \$0.9 million in the first quarter of fiscal 2014. The higher R&D expense is primarily due to a decrease in the recognition of government grant funding.

Depreciation and amortization in the first quarter of fiscal 2015 was \$705,000, compared to \$623,000 in the first quarter of fiscal 2014.

Income tax expense was \$180,000 and \$560,000 for the three months ended December 31, 2014 and 2013, respectively.

The net loss for the first quarter of fiscal 2015 was \$5.2 million, or \$0.53 per share, compared to a net loss for the first quarter of fiscal 2014 of \$0.8 million, or \$0.08 per share.

Unrestricted cash and cash equivalents at December 31, 2014 were \$28.6 million, compared to \$27.4 million at September 30, 2014. The increase in cash and cash equivalents is primarily due to receipts of customer deposits for future orders and collections of accounts receivable, offset by losses on operations and purchase of inventories.

Outlook

Due to improved bookings and backlog and the recent acquisition of BTU, the company anticipates net revenue for the quarter ending March 31, 2015 to be in the range of \$24 to \$26 million. Gross margin in that quarter is expected to be in the low 20s percent range, negatively influenced by anticipated revenue deferrals. Operating margin for the quarter ending March 31, 2015, is expected to be negative, but improved from the quarter ended December 31, 2014. For the second half of fiscal 2015 the company expects gross margins to migrate to the low 30's percent range and to positive operating margins.

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 first 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 February 13, 2015. To access the replay please dial US toll free (877) 344-7529 and enter code 10060081. 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. manufactures capital equipment, including silicon wafer handling automation, thermal processing and ion implant equipment and related consumables used in fabricating solar cells, LED and semiconductor devices. Semiconductors, or semiconductor chips, are fabricated on silicon wafer substrates, sliced from ingots, and are part of the circuitry, or electronic components, of many products including solar cells, computers, telecommunications devices, automotive products, consumer goods, and industrial automation and control systems. 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 and the polishing of newly sliced silicon wafers.

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 December 31,	
	2014	2013
Revenues, net of returns and allowances	\$12,396	\$14,772
Cost of sales	8,968	10,237
Gross profit	3,428	4,535
Selling, general and administrative	6,384	4,124
Research and development	1,837	889
Operating loss	(4,793)	(478)
Interest and other income, net	97	106
Loss before income taxes	(4,696)	(372)
Income tax provision	180	560
Net loss	(4,876)	(932)
Add: net loss (income) attributable to noncontrolling interest	(319)	138
Net loss attributable to Amtech Systems, Inc.	\$ (5,195)	\$ (794)

Loss Per Share:

Basic loss per share attributable to Amtech shareholders	\$ (0.53)	\$ (0.08)
Weighted average shares outstanding	9,854	9,560

Diluted loss per share attributable to Amtech shareholders	\$ (0.53)	\$ (0.08)
Weighted average shares outstanding	9,854	9,560

Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2014	September 30, 2014
Assets		
	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 28,554	\$ 27,367
Restricted cash	2,622	2,380
Accounts receivable		
Trade (less allowance for doubtful accounts of \$2,750 and \$2,846 at December 31, 2014 and September 30, 2014, respectively)	5,421	8,896
Unbilled and other	8,500	6,880
Inventories	18,917	16,760
Deferred income taxes	1,040	1,060
Other	2,574	2,082
Total current assets	67,628	65,425
Property, Plant and Equipment - Net	10,260	9,752
Deferred Income Taxes - Long Term	1,300	1,300
Intangible Assets - Net	7,356	2,678
Goodwill	8,223	8,323
Other Assets - Long Term	2,756	2,426
Total Assets	\$ 97,523	\$ 89,904

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable	\$ 8,041	\$ 6,003
Current maturities of long-term debt	328	-
Accrued compensation and related taxes	4,945	4,269
Accrued warranty expense	707	628
Deferred profit	5,427	6,908
Customer deposits	8,584	4,992
Other accrued liabilities	9,691	5,346
Income taxes payable	5,160	4,990
Total current liabilities	42,883	33,136
Long-term Debt	1,706	-
Income Taxes Payable Long-Term	3,180	3,180

Total liabilities	47,769	36,316
Stockholders' Equity		
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 9,869,916 and 9,848,253 at December 31, 2014 and September 30, 2014, respectively	99	98
Additional paid-in capital	82,117	81,884
Accumulated other comprehensive loss	(6,842)	(5,790)
Retained deficit	(26,246)	(21,051)
Total stockholders' equity	49,128	55,141
Noncontrolling interest	626	(1,553)
Total equity	49,754	53,588
Total Liabilities and Stockholders' Equity	\$ 97,523	\$ 89,904

Condensed Consolidated Statements of Cash Flows

Unaudited

(in thousands)

	Three Months Ended December 31,	
	2014	2013
Operating Activities		
Net loss	\$ (4,876)	\$ (932)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	705	623
Write-down of inventory	35	90
Deferred income taxes	(4)	-
Non-cash share based compensation expense	232	176
Provision for allowance for doubtful accounts	44	33
Changes in operating assets and liabilities:		
Restricted cash	(244)	944
Accounts receivable	2,371	(9,748)
Inventories	(535)	5,498
Income tax refundable and payable, net	172	532
Prepaid expenses and other assets	(722)	1,078
Accounts payable	(429)	(237)
Accrued liabilities and customer deposits	6,407	(8,534)
Deferred profit	(1,259)	3,554
Net cash provided by (used in) operating activities	1,897	(6,923)
Investing Activities		
Purchases of property, plant and equipment	(155)	(154)
Investments in acquisitions, net of cash	(253)	-
Net cash used in investing activities	(408)	(154)

Financing Activities	
Proceeds from the exercise of stock options	- 9
Net cash provided by financing activities	- 9
Effect of Exchange Rate Changes on Cash	(302) 208
Net Increase (Decrease) in Cash and Cash Equivalents	1,187 (6,860)
Cash and Cash Equivalents, Beginning of Period	27,367 37,197
Cash and Cash Equivalents, End of Period	\$ 28,554 \$ 30,337

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