

August 6, 2015



Amtech Reports Third Quarter Fiscal 2015 Results

TEMPE, Ariz., Aug. 6, 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 third fiscal quarter ending June 30, 2015.

Third Quarter Fiscal 2015 Operational and Financial Highlights

- Received field acceptance of PECVD systems from a large Japanese solar customer
- Shipped an expanded portfolio of solar equipment, including PECVD and HD Diffusion
- Received repeat solar order for production ALD (atomic layer deposition) tool for PERC
- Customer orders of \$30.2 million (solar \$13.0 million)
- Shipments of \$39.0 million (solar \$21.9 million)
- Net revenue of \$40.0 million (solar \$22.9 million)
- Quarter-end backlog of \$46.9 million (solar \$32.4 million)
- Net loss of \$1.6 million, or \$0.12 per share

Nine Months Ended June 30, 2015 Financial Highlights

- Customer orders of \$91.1 million (solar \$49.9 million)
- Shipments of \$76.9 million (solar \$36.8 million)
- Book to bill ratio of 1.2:1 (solar 1.4:1)
- Net revenue of \$76.7 million (solar \$37.5 million)

Mr. Fokko Pentinga, Chief Executive Officer of Amtech, commented, "During the quarter we shipped our highest level of solar equipment in the last three years, which included a diverse mix of our standard diffusion, HD diffusion, and PECVD solar equipment to our expanded customer base. We also received a repeat order for our production-ready ALD equipment from a top tier Chinese cell and module manufacturer for their PERC project. In June and July we received field acceptance of our PECVD systems shipped to a large Japanese solar customer, further validating the production capabilities and value of this tool. Our ongoing strategy of expanding the company's solar products through investment in both technology development and the acquisition of new capabilities has substantially increased our served available market, supporting the full range of high efficiency technologies, including PERC and N-type. While there is a current lull in equipment orders, the fundamentals of the solar market continue to improve. Global demand for solar increases each year and, while capital spending is highly selective today, investments are being made in next generation, higher efficiency cell and module solutions. We are well positioned to strongly compete in the solar equipment marketplace. There are few companies in the world that can provide the equipment and technology solutions that Amtech can provide."

Pentinga continued, "Integration of BTU continues on pace with our plan. Current softness

in the semiconductor and electronics markets has dampened revenue and operating results, but cost reduction plans continue as expected, including additional restructuring in the month of July. Also in July we announced the signing of an agreement to restructure our solar ion implant investment which will bring cash into Amtech and new capital into Kingstone Semiconductor to further develop the ion implant products. We will continue to participate in the solar ion implant business with world-wide, non-exclusive, selling rights and minority interest in Kingstone. The transaction is subject to customary closing conditions and regulatory approvals in both Shanghai and Hong Kong."

Financial Results

Customer orders in the third quarter of fiscal 2015 were \$30.2 million (\$13.0 million solar), compared to \$30.9 million (\$15.8 million solar) in the preceding quarter and \$17.9 million (\$12.3 million solar) in the third quarter of fiscal 2014.

At June 30, 2015, the Company's total order backlog was \$46.9 million compared to total backlog of \$56.0 million at March 31, 2015. Total backlog at June 30, 2015, includes \$32.4 million in solar orders and deferred revenue compared to solar backlog of \$41.4 million at March 31, 2015. 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 2015 was \$40.0 million, an increase of 65% compared to \$24.3 million in the preceding quarter, and an increase of 335% compared to \$9.2 million in the third 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 third quarter of fiscal 2015 was 25%, compared to 28% in the previous quarter and 18% in the third quarter of fiscal 2014. The lower margins sequentially resulted primarily from lower capacity utilization from our semiconductor business in the most recent quarter. 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 third quarter of fiscal 2015 were \$10.1 million compared to \$8.1 million in the preceding quarter and \$4.1 million in the third quarter of fiscal 2014. Sequentially, the increase results primarily from inclusion of BTU's SG&A for a full quarter. Year-over-year, 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 and \$0.2 million of stock-based compensation expense in the third quarter of fiscal 2015 and fiscal 2014, respectively.

Research, development and engineering (RD&E) expense was \$1.3 million in the third quarter of fiscal 2015 compared to \$0.7 million in the second quarter of fiscal 2015 and \$1.4 million in the third quarter of fiscal 2014. The sequential increase in RD&E expense is primarily due to lower recognition of government grant funding during the third fiscal quarter compared to the second fiscal quarter. Compared to the same quarter in fiscal 2014, RD&E expense decreased due to higher recognition of government grant funding offset by increased spending due to the inclusion of RD&E expense of BTU and SoLayTec.

Depreciation and amortization in the third quarter of fiscal 2015 was \$847,000, compared to

\$937,000 in the preceding quarter and \$591,000 in the third quarter of fiscal 2014. The sequential decrease is due to certain intangible assets becoming fully amortized. The increase compared to the same quarter in fiscal 2014 is primarily due to the acquisitions of BTU and SoLayTec.

Income tax expense in the third quarter of fiscal 2015 was \$290,000 compared to \$170,000 in the preceding quarter and \$1.3 million in the third quarter of fiscal 2014. A provision was required 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 third quarter of fiscal 2015 was \$1.6 million, or \$0.12 per share, compared to a net loss of \$2.3 million or \$0.19 per share in the preceding quarter and a net loss for the third quarter of fiscal 2014 of \$5.3 million, or \$0.53 per share.

Total unrestricted cash and cash equivalents at June 30, 2015 were \$23.7 million, compared to \$32.6 million at March 31, 2015. The decrease in cash is due primarily to tax payments of \$4.8 million and investment in new products and operating losses during the quarter.

Outlook

The company expects revenues for the quarter ending September 30, 2015 to be in the range of \$26 to \$28 million. Gross margin for the quarter ending September 30, 2015, is expected to be in the mid to high 20s percent range, with operating margin negative due primarily to higher R&D expense resulting from lower government grant recognition.

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 third 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 August 14, 2015. To access the replay please dial US toll free (877) 344-7529 and enter code 10070241. 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.

Contacts:

Amtech Systems, Inc.
Bradley C. Anderson
Chief Financial Officer
(480) 967-5146

Christensen
Investor Relations
Patty Bruner
(480) 201-6075

irelations@Amtechsystems.com pbruner@christensenir.com

AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)

August 6, 2015

Condensed Consolidated Statements of Operations

Unaudited

(in thousands, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Revenues, net of returns and allowances	\$40,016	\$ 9,190	\$76,685	\$36,678
Cost of sales	29,888	7,559	56,240	27,615
Gross profit	10,128	1,631	20,445	9,063
Selling, general and administrative	10,054	4,103	24,513	13,504
Research, development and engineering	1,308	1,399	3,894	4,443
Operating loss	(1,234)	(3,871)	(7,962)	(8,884)
Interest expense and other income, net	(15)	43	(135)	130
Loss before income taxes	(1,249)	(3,828)	(8,097)	(8,754)
Income tax provision	290	1,325	640	1,885
Net loss	(1,539)	(5,153)	(8,737)	(10,639)
Add: net loss (income) attributable to noncontrolling interest	(65)	(104)	(382)	837
Net loss attributable to Amtech Systems, Inc.	\$ (1,604)	\$ (5,257)	\$ (9,119)	\$ (9,802)
Loss Per Share:				
Basic loss per share attributable to Amtech shareholders	\$ (0.12)	\$ (0.53)	\$ (0.78)	\$ (1.01)
Weighted average shares outstanding	13,103	9,843	11,644	9,694
Diluted loss per share attributable to Amtech shareholders	\$ (0.12)	\$ (0.53)	\$ (0.78)	\$ (1.01)
Weighted average shares outstanding	13,103	9,843	11,644	9,694

AMTECH SYSTEMS, INC.

(NASDAQ: ASYS)

August 6, 2015

Condensed Consolidated Balance Sheets

(in thousands)

	June 30,	September 30,
	2015	2014
Assets		
	(Unaudited)	

Current Assets

Cash and cash equivalents	\$	23,715	\$	27,367
Restricted cash		1,574		2,380
Accounts receivable				
Trade (less allowance for doubtful accounts of \$3,440 and \$2,846 at June 30, 2015 and September 30, 2014, respectively)		19,559		8,896
Unbilled and other		10,162		6,880
Inventories		29,436		16,760
Deferred income taxes		1,650		1,060
Refundable income taxes		300		
Other		3,967		2,082
Total current assets		90,363		65,425
Property, Plant and Equipment - Net		20,042		9,752
Deferred Income Taxes - Long Term		120		1,300
Intangible Assets - Net		5,187		2,678
Goodwill		15,043		8,323
Other Assets - Long Term		3,300		2,426
Total Assets	\$	134,055	\$	89,904

Liabilities and Stockholders' Equity**Current Liabilities**

Accounts payable	\$	19,853	\$	6,003
Current maturities of long-term debt		692		-
Accrued compensation and related taxes		6,361		4,269
Accrued warranty expense		1,023		628
Deferred profit		5,120		6,908
Customer deposits		10,192		4,992
Other accrued liabilities		5,465		5,346
Income taxes payable		-		4,990
Total current liabilities		48,706		33,136
Long-term Debt		8,619		-
Income Taxes Payable - Long-Term		4,890		3,180
Deferred Income Taxes - Long-Term		250		-
Total liabilities		62,465		36,316

Stockholders' Equity

Common stock; \$0.01 par value; 100,000,000 shares authorized;
 shares issued and outstanding: 13,150,222 and 9,848,253
 at June 30, 2015 and September 30, 2014, respectively

		132		98
Additional paid-in capital		109,892		81,884
Accumulated other comprehensive loss		(8,733)		(5,790)
Retained deficit		(30,171)		(21,051)
Total stockholders' equity		71,120		55,141
Noncontrolling interest		470		(1,553)
Total equity		71,590		53,588
Total Liabilities and Stockholders' Equity	\$	134,055	\$	89,904

AMTECH SYSTEMS, INC.**(NASDAQ: ASYS)****August 6, 2015**

Condensed Consolidated Statements of Cash Flows**Unaudited****(in thousands)**

	Nine Months Ended June 30,	
	2015	2014
Operating Activities		
Net loss	\$ (8,737)	\$ (10,639)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,488	1,796
Write-down of inventory	31	199
Deferred income taxes	914	705
Non-cash share based compensation expense	864	603
Provision for (reversal of) allowance for doubtful accounts	(300)	1,309
Changes in operating assets and liabilities:		
Restricted cash	888	2,078
Accounts receivable	(4,193)	(10,798)
Inventories	(3,460)	3,700
Income taxes refundable and payable, net	(5,561)	7,648
Prepaid expenses and other assets	639	958
Accounts payable	4,514	1,524
Accrued liabilities and customer deposits	695	(12,007)
Deferred profit	(1,156)	6,168
Net cash used in operating activities	(12,374)	(6,756)
Investing Activities		
Purchases of property, plant and equipment	(511)	(214)
Acquisitions, net of cash acquired	8,595	-
Net cash provided by (used in) investing activities	8,084	(214)
Financing Activities		
Proceeds from the exercise of stock options	521	1,136
Payments on long-term debt	(311)	-
Borrowings on long-term debt	557	-
Excess tax benefit of stock options	30	100
Net cash provided by financing activities	797	1,236
Effect of Exchange Rate Changes on Cash	(159)	175
Net Decrease in Cash and Cash Equivalents	(3,652)	(5,559)
Cash and Cash Equivalents, Beginning of Period	27,367	37,197
Cash and Cash Equivalents, End of Period	<u>\$ 23,715</u>	<u>\$ 31,638</u>

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/amtech-reports-third-quarter-fiscal-2015-results-300125175.html>

SOURCE Amtech Systems, Inc.