



October 20, 2016

## Ultratech Announces Third Quarter 2016 Results

*3Q 2016 Revenue of \$48.6 million, up 47% year-over-year*

*3Q 2016 GAAP Net Income of \$5.5 million; Non-GAAP Net Income of \$8.0 million*

*3Q 2016 GAAP EPS of \$0.20; Non-GAAP EPS of \$0.29*

SAN JOSE, Calif.--(BUSINESS WIRE)-- Ultratech, Inc. (Nasdaq:UTEK) a leading supplier of lithography, laser-processing and inspection systems used to manufacture semiconductor devices and high-brightness LEDs (HB-LEDs), today announced unaudited results for the three-month period ended October 1, 2016.

For the third quarter of fiscal 2016, Ultratech reported net sales of \$48.6 million as compared to \$33.1 million during the third quarter of fiscal 2015.

On a GAAP basis, Ultratech's net income for the third quarter of fiscal 2016 was \$5.5 million, or \$0.20 per share, as compared to net loss of \$6.1 million, or \$0.22 per share, for the same quarter last year.

On a non-GAAP basis, Ultratech's net income for the third quarter of fiscal 2016 was \$8.0 million, or \$0.29 per share, as compared to net loss of \$1.3 million, or \$0.05 per share, for the same quarter last year.

Arthur W. Zafiropoulo, Chairman and Chief Executive Officer, stated, "Our third quarter revenues increased by 47 percent as compared with a year ago, driven by higher sales of our inspection, laser spike annealing, and advanced packaging product lines. As compared with the second quarter of 2016, sales were lower by approximately one percent, due in part to the timing of shipments for our LSA systems which we believe was impacted by the recent typhoons in Taiwan. In the third quarter of 2016, we saw continued strength in sales of our inspection products, which grew by 70 percent in the quarter. Looking ahead, we expect increased sales of our LSA tools as our foundry customers continue to expect an extended 28nm production node."

At October 1, 2016, Ultratech had \$267.0 million in cash, cash equivalents and short-term investments. Working capital was \$334.4 million and stockholders' equity was \$13.34 per share based on 26,868,613 total shares outstanding as of October 1, 2016.

### Conference Call Information

The conference call will be broadcast live over the Internet beginning at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time today. To listen to the call, dial 800-310-1961 (toll free) or 719-325-2309 (international) 10 minutes prior to the start time. The passcode is 6523806. A live webcast will also be available on the Investor Relations section of Ultratech's website at <http://ir.ultratech.com>. A replay of the call will be available at the same location or by dialing 888-203-1112 and entering access code 6523806.

### Non-GAAP Financial Measures

Ultratech prepares its financial statements in accordance with generally accepted accounting principles (GAAP) for the United States and supplements its GAAP financial results by providing non-GAAP measures to evaluate the operating performance of the company. Ultratech's presentation of non-GAAP net income is defined as GAAP net income excluding the impact of share-based compensation, restructuring, amortization of purchased intangible assets and non-recurring legal expenses. Management believes the presentation of this non-GAAP measure provides useful information to both management and investors by enhancing the overall understanding of Ultratech's core operating performance and enabling the comparison of Ultratech's results of operations to its historical results operations as well as to the results of operations of its competitors. Ultratech believes excluding share-based compensation enhances the ability of management and investors to evaluate its performance without reference to this expense and to provide an alternate measure for comparing Ultratech's performance historically and to its competitors. Further, management believes presenting a non-GAAP financial measure that excludes restructuring, amortization of purchased intangible assets and non-recurring legal expenses provides management and investors an alternate measure to evaluate Ultratech's performance without reference to charges that it does not believe are reflective of its core operating performance or ongoing operations. A description of the non-

GAAP calculations and a reconciliation to comparable GAAP financial measures are provided in the accompanying table entitled "Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income (Loss)." Readers are reminded that non-GAAP information is merely a supplement to, and not a replacement for, GAAP financial measures.

## Safe Harbor

This release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as "anticipates," "expects," "may," "remains," "thinks," "intends," "believes," "estimates," "provides," "demonstrates," and similar expressions and include management's current expectation of its longer term prospects for success. These forward-looking statements are based on our current expectations, estimates, assumptions and projections about our business and industry, and the markets and customers we serve, and they are subject to numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate. Such risks and uncertainties include the timing and possible delays, deferrals and cancellations of orders by customers; quarterly revenue fluctuations; industry and sector cyclicality, instability and unpredictability; market demand for consumer devices utilizing semiconductors produced by our clients; our ability to manage costs; new product introductions, market acceptance of new products and enhanced versions of our existing products; reliability and technical acceptance of our products; our lengthy sales cycles, and the timing of system installations and acceptances; lengthy and costly development cycles for laser-processing and lithography technologies and applications; competition and consolidation in the markets we serve; improvements, including in cost and technical features, of competitors' products; rapid technological change; pricing pressures and product discounts; our ability to collect receivables; customer and product concentration and lack of product revenue diversification; inventory obsolescence; general economic, financial market and political conditions and other factors outside of our control; domestic and international tax policies; acquisitions, cybersecurity threats in the United States and globally that could impact our industry, customers, and technologies; and other factors described in our SEC reports including our Annual Report on Form 10-K filed for the year ended December 31, 2015. Due to these and other factors, the statements, historical results and percentage relationships set forth herein are not necessarily indicative of the results of operations for any future period. We undertake no obligation to revise or update any forward-looking statements to reflect any event or circumstance that may arise after the date of this release.

**About Ultratech:** Ultratech, Inc. (Nasdaq:UTEK) designs, builds and markets manufacturing systems for the global technology industry. Founded in 1979, Ultratech serves three core markets: front-end semiconductor, back-end semiconductor, and nanotechnology. The company is the leading supplier of lithography products for bump packaging of integrated circuits and high-brightness LEDs. Ultratech is also the market leader and pioneer of laser spike anneal technology for the production of advanced semiconductor devices. In addition the company offers solutions leveraging its proprietary coherent gradient sensing (CGS) technology to the semiconductor wafer inspection market, and provides atomic layer deposition (ALD) tools to leading research organizations, including academic and industrial institutions. Visit Ultratech online at: [www.ultratech.com](http://www.ultratech.com).

(UTEKF)

### ULTRATECH, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	Oct 1, 2016	Oct 3, 2015	Oct 1, 2016	Oct 3, 2015
<i>(In thousands, except per share amounts)</i>				
Total net sales*	<b>\$ 48,611</b>	\$ 33,115	<b>\$142,745</b>	\$120,922
<u>Cost of sales:</u>				
Cost of products sold	<b>21,995</b>	15,890	<b>69,258</b>	57,041
Cost of services	<b>3,183</b>	3,164	<b>8,971</b>	9,317
Total cost of sales	<b>25,178</b>	19,054	<b>78,229</b>	66,358
Gross profit	<b>23,433</b>	14,061	<b>64,516</b>	54,564
<u>Operating expenses:</u>				
Research, development and engineering	<b>8,831</b>	8,534	<b>26,241</b>	24,951
Selling, general, and administrative	<b>11,887</b>	11,095	<b>34,345</b>	35,153
Restructure of operations	-	769	-	769
Operating income (loss)	<b>2,715</b>	(6,337)	<b>3,930</b>	(6,309)
Interest expense	<b>(8)</b>	(19)	<b>(37)</b>	(70)

Interest and other (expense) income, net	<b>298</b>	280	<b>529</b>	467
Income (loss) before income taxes	<b>3,005</b>	(6,076)	<b>4,422</b>	(5,912)
Provision (benefit) for income taxes	<b>(2,452)</b>	23	<b>(2,491)</b>	335
Net income (loss)	<b>\$ 5,457</b>	\$ (6,099)	<b>\$ 6,913</b>	\$ (6,247)
<u>Earnings per share - basic:</u>				
Net income (loss)	<b>\$ 0.20</b>	\$ (0.22)	<b>\$ 0.26</b>	\$ (0.23)
Number of shares used in per share calculations - basic	<b>27,108</b>	27,248	<b>27,005</b>	27,661
<u>Earnings per share - diluted:</u>				
Net income (loss)	<b>\$ 0.20</b>	\$ (0.22)	<b>\$ 0.25</b>	\$ (0.23)
Number of shares used in per share calculations - diluted	<b>27,380</b>	27,248	<b>27,283</b>	27,661
* Systems sales	<b>\$ 38,178</b>	\$ 26,317	<b>\$117,480</b>	\$ 95,586
Parts sales	<b>7,037</b>	3,709	<b>16,119</b>	14,620
Service sales	<b>3,169</b>	3,089	<b>8,519</b>	10,416
License sales	<b>227</b>	-	<b>627</b>	300
Total sales	<b>\$ 48,611</b>	\$ 33,115	<b>\$142,745</b>	\$120,922

**ULTRATECH, INC.**  
**RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME (LOSS)**  
**(UNAUDITED)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Oct 1, 2016</b>	<b>Oct 3, 2015</b>	<b>Oct 1, 2016</b>	<b>Oct 3, 2015</b>
<i>(In thousands, except per share amounts)</i>				
GAAP net income (loss)	<b>\$ 5,457</b>	\$ (6,099)	<b>\$ 6,913</b>	\$ (6,247)
Share-based compensation	<b>2,855</b>	3,589	<b>9,305</b>	11,810
Restructure of operations	-	769	-	769
Amortization of purchased intangible assets	<b>414</b>	428	<b>1,249</b>	1,284
Nonrecurring legal expenses	<b>500</b>	-	<b>807</b>	-
Tax and tax-related	<b>(1,260)</b>	-	<b>(1,260)</b>	-
Non-GAAP net income (loss)	<b>\$ 7,966</b>	\$ (1,313)	<b>\$ 17,014</b>	\$ 7,616
<u>Earnings per share - diluted:</u>				
As reported	<b>\$ 0.20</b>	\$ (0.22)	<b>\$ 0.25</b>	\$ (0.23)
Add back: per share impact of Non-GAAP adjustments	<b>\$ 0.09</b>	\$ 0.18	<b>\$ 0.37</b>	\$ 0.50
Non-GAAP per share income (loss)	<b>\$ 0.29</b>	\$ (0.05)	<b>\$ 0.62</b>	\$ 0.27

**ULTRATECH, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

<i>(In thousands)</i>	<b>Oct 1, 2016</b>	<b>Dec 31, 2015*</b>
(Unaudited)		
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and short-term investments	<b>\$ 267,044</b>	\$ 251,901
Accounts receivable	<b>46,592</b>	28,108
Inventories, net	<b>52,250</b>	65,398

Prepaid expenses and other current assets	<b>5,099</b>	3,862
Total current assets	<b>370,985</b>	349,269
Equipment and leasehold improvements, net	<b>14,603</b>	17,280
Intangibles assets, net	<b>11,039</b>	12,288
Other assets	<b>10,739</b>	10,359
Total assets	<b>\$ 407,366</b>	\$ 389,196

---

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:

Notes payable	<b>\$ 1,100</b>	\$ 5,120
Accounts payable	<b>13,260</b>	12,080
Deferred product and service income	<b>5,175</b>	4,499
Other current liabilities	<b>17,024</b>	12,146
Total current liabilities	<b>36,559</b>	33,845
Other liabilities	<b>12,303</b>	13,474
Stockholders' equity	<b>358,504</b>	341,877
Total liabilities and stockholders' equity	<b>\$ 407,366</b>	\$ 389,196

\* The balance sheet as of December 31, 2015 has been derived from the audited financial statements as of that date.

View source version on [businesswire.com](http://www.businesswire.com/news/home/20161020005374/en/): <http://www.businesswire.com/news/home/20161020005374/en/>

Company Contact:

Ultratech, Inc.

Bruce R. Wright, 408-321-8835

Senior Vice President and CFO

or

Investor Relations:

The Blueshirt Group

Suzanne Schmidt, 415-217-4962

[suzanne@blueshirtgroup.com](mailto:suzanne@blueshirtgroup.com)

Source: Ultratech, Inc.

News Provided by Acquire Media