August 5, 2015

# AMSC Reports First Quarter Fiscal 2015 Financial Results and Provides Business Outlook

## Company to Host Conference Call Today at 10:00 am ET

DEVENS, Mass., Aug. 5, 2015 (GLOBE NEWSWIRE) -- AMSC (NASDAQ:AMSC), a global solutions provider serving wind and power grid industry leaders, today reported financial results for its first quarter of fiscal 2015 ended June 30, 2015.

Revenues for the first quarter of fiscal 2015 were $23.7 million, compared with $11.7 million for the same period of fiscal 2014. The year over year increase in revenues was due to increases in both the Company's Wind and Grid segments.

AMSC's net loss for the first quarter of fiscal 2015 decreased to $9.1 million, or $0.75 per share, from $13.5 million, or $1.74 per share, for the same period of fiscal 2014.

The Company's non-GAAP net loss for the first quarter of fiscal 2015 was $8.7 million, or $0.72 per share, compared with a non-GAAP net loss of $11.9 million, or $1.53 per share, in the same period of fiscal 2014. Please refer to the financial table below for a reconciliation of GAAP to non-GAAP results.

Cash, cash equivalents, and restricted cash at June 30, 2015 totaled $42.6 million, compared with $24.5 million at March 31, 2015. The increase is due primarily to proceeds received from an equity offering undertaken by the Company during the first fiscal quarter of 2015.

"In the first fiscal quarter, we demonstrated financial progress, more than doubling revenues year over year and significantly improving gross margins," said Daniel P. McGahn, President and CEO, AMSC. "We started off the fiscal year by announcing that Eversource Energy, the electric utility in Boston, MA, is conducting a deployment study of the REG system, $9 million in D-VAR® system orders, and a contract from the U.S. Navy for ship protection equipment. In the second fiscal quarter, we continued to develop our REG pipeline, as demonstrated by our announcement that Pepco, the electric utility in Washington DC, is undertaking a deployment study of the REG system."

### Business Outlook

For the second quarter ending September 30, 2015, AMSC expects that its revenues will be in the range of $18 million to $20 million. The Company's net loss for the second quarter of fiscal 2015 is expected to be less than $8.5 million, or $0.62 per share. AMSC expects that its non-GAAP net loss (as defined below) for the second quarter of fiscal 2015 will be less than $9.0 million, or $0.65 per share.

### Conference Call Reminder

In conjunction with this announcement, AMSC management will participate in a conference call with investors beginning at 10:00 a.m. Eastern Time today to discuss the Company's results and its business outlook. Those who wish to listen to the live or archived conference call webcast should visit the "Investors" section of the Company's website at http://www.amsc.com/investors. The live call also can be accessed by dialing 785-424-1670 and using conference ID 2698667.

**About AMSC**(NASDAQ:AMSC)

AMSC generates the ideas, technologies and solutions that meet the world's demand for smarter, cleaner … better energy™. Through its Windtec™ Solutions, AMSC provides wind turbine electronic controls and systems, designs and engineering services that reduce the cost of wind energy. Through its Gridtec™ Solutions, AMSC provides the engineering planning servic and advanced grid systems that optimize network reliability, efficiency and performance. The Company's solutions are now powering gigawatts of renewable energy globally and are enhancing the performance and reliability of power networks in more than a dozen countries. Founded in 1987, AMSC is headquartered near Boston, Massachusetts with operations in Asia, Australia, Europe and North America. For more information, please visit www.amsc.com.

*Forward-Looking Statements*

*This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any statements in this release about our expectations regarding anticipated financial results and other statements containing the words "believes," "anticipates," "plans," "expects," "will" and similar expressions, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements represent management's current expectations and are inherently uncertain. There are a number of important factors that could materially impact the value of our common stock or cause actual results to differ materially from those indicated by such forward-looking statements. Such factors include: We have a history of operating losses, which may continue in the future. Our operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter; we have a history of negative operating cash flows, and we may require additional financing in the future, which may not be available to us; Our Term Loans include certain covenants and other events of default. Should we not comply with these covenants or incur an event of default, we may be required to repay our obligation in cash, which could have an adverse effect on our liquidity; We may be required to issue performance bonds or provide letters of credit, which restricts our ability to access any cash used as collateral for the bonds or letters of credit; Changes in exchange rates could adversely affect our results from operations; If we fail to maintain proper and effective internal controls over financial reporting, our ability to produce accurate and timely financial statements could be impaired and may lead investors and other users to lose confidence in our financial data; Our financial condition may have an adverse effect on our customer and supplier relationships; Our success in addressing the wind energy market is dependent on the manufacturers that license our designs; A significant portion of our revenues are derived from a single customer, Our success is dependent upon attracting and retaining qualified personnel and our inability to do so could significantly damage our business and prospects; We may not realize all of the sales expected from our backlog of orders and contracts; Our business and operations would be adversely impacted in the event of a failure or security breach of our information technology infrastructure; We may not be able to ramp up production at our newly leased manufacturing facility in Romania, and, if we are able to do so, we may have manufacturing quality issues, which would negatively affect our revenues and financial position*; *We rely upon third-party suppliers for the components and subassemblies of many of our Wind and Grid products, making us vulnerable to supply shortages and price fluctuations, which could harm our business; Many of our revenue opportunities are dependent upon subcontractors and other business collaborators; If we fail to implement our business strategy successfully, our financial performance could be harmed; Problems with product quality or product performance may cause us to incur warranty expenses and may damage our market reputation and prevent us from achieving increased sales and market share; New regulations related to conflict-free minerals may force us to incur significant additional expenses; Our contracts with the U.S. government are subject to audit, modification or termination by the U.S. government and include certain other provisions in favor of the government. The continued funding of such contracts remains subject to annual congressional appropriation which, if not approved, could reduce our revenue and lower or eliminate our profit; Many of our customers outside of the United States, particularly in China, are, either directly or indirectly, related to governmental entities, and we could be adversely affected by violations of the United States Foreign Corrupt Practices Act and similar worldwide anti-bribery laws outside the United States; We have limited experience in marketing and selling our superconductor products and system-level solutions, and our failure to effectively market and sell our products and solutions could lower our revenue and cash flow; We may acquire additional complementary businesses or technologies, which may require us to incur substantial costs for which we may never realize the anticipated benefits; Our success depends upon the commercial use of high temperature superconductor (HTS) products, which is currently limited, and a widespread commercial market for our products may not develop; Growth of the wind energy market depends largely on the availability and size of government subsidies and economic incentives; We have operations in and depend on sales in emerging markets, including India and China, and global conditions could negatively affect our operating results or limit our ability to expand our operations outside of these countries. Changes in India's or China's political, social, regulatory and economic environment may affect our financial performance; Our products face intense competition, which could limit our ability to acquire or retain customers; Our international operations are subject to risks that we do not face in the United States, which could have an adverse effect on our operating results; Adverse changes in domestic and global economic conditions could adversely affect our operating results; We may be unable to adequately prevent disclosure of trade secrets and other proprietary information; Our patents may not provide meaningful protection for our technology, which could result in us losing some or all of our market position; There are a number of technological challenges that must be successfully addressed before our superconductor products can gain widespread commercial acceptance, and our inability to address such technological challenges could adversely affect our ability to acquire customers for our products; Third parties have or may acquire patents that cover the materials, processes and technologies we use or may use in the future to manufacture our Amperium products, and our success depends on our ability to license such patents or other proprietary rights; Our technology and products could infringe intellectual property rights of others, which may require costly litigation and, if we are not successful, could cause us to pay substantial damages and disrupt our business; We have filed a demand for arbitration and other lawsuits against our former largest customer, Sinovel, regarding amounts we contend are overdue. We cannot be certain as to the outcome of these proceedings; We have been named as a party in various legal proceedings, and we may be named in additional litigation, all of which will require significant management time and attention, result in significant legal expenses and may result in an unfavorable outcome, which could have a material adverse effect on our business, operating results and financial condition; and Our common stock has experienced, and may continue to experience, significant market price and volume fluctuations, which may prevent our stockholders from selling our common stock at a profit and could lead to costly litigation against us that could divert our management's attention.*

*These and the important factors discussed under the caption "Risk Factors" in Part 1. Item 1A of our Form 10-K for the fiscal* *year ended March 31, 2015, and our other reports filed with the SEC, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Any such forward-looking statements represent management's estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.*

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per share data)**

| | Three months ended June 30, | |
|---|---|---|
| | **2015** | **2014** |
| Revenues | | |
| Wind | $ 18,164 | $ 7,650 |
| Grid | 5,559 | 4,046 |
| Total Revenues | 23,723 | 11,696 |
| Cost of revenues | 20,503 | 12,087 |
| Gross profit (loss) | 3,220 | (391) |
| Operating expenses: | | |
| Research and development | 3,162 | 3,120 |
| Selling, general and administrative | 7,535 | 7,938 |
| Restructuring and impairments | 741 | 1,179 |
| Amortization of acquisition related intangibles | 39 | 39 |
| Total operating expenses | 11,477 | 12,276 |
| Operating loss | (8,257) | (12,667) |
| Change in fair value of derivatives and warrants | 800 | (35) |
| Interest expense, net | (318) | (535) |
| Other expense, net | (772) | (152) |
| Loss before income tax expense | (8,547) | (13,389) |
| Income tax expense | 574 | 128 |
| Net loss | $ (9,121) | $ (13,517) |
| Net loss per common share | | |
| Basic | $ (0.75) | $ (1.74) |
| Diluted | $ (0.75) | $ (1.74) |
| Weighted average number of common shares outstanding | | |

| | | |
|---|---|---|
| Basic | 12,111 | 7,769 |
| Diluted | 12,111 | 7,769 |

**UNAUDITED CONSOLIDATED BALANCE SHEETS**

**(In thousands)**

| | June 30, 2015 | March 31, 2015 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 38,561 | $ 20,490 |
| Accounts receivable, net | 8,491 | 9,879 |
| Inventory | 17,080 | 20,596 |
| Prepaid expenses and other current assets | 9,726 | 10,764 |
| Restricted cash | 3,269 | 2,822 |
| Total current assets | 77,127 | 64,551 |
| Property, plant and equipment, net | 54,421 | 56,097 |
| Intangibles, net | 1,280 | 1,422 |
| Restricted cash | 795 | 1,236 |
| Deferred tax assets | 7,766 | 7,766 |
| Other assets | 1,526 | 2,753 |
| Total assets | $ 142,915 | $ 133,825 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 18,645 | $ 21,615 |
| Note payable, current portion, net of discount of $190 as of June 30, 2015 and $244 as of March 31, 2015 | 3,810 | 3,756 |
| Derivative liabilities | 2,198 | 2,999 |
| Deferred revenue | 9,388 | 11,019 |
| Deferred tax liabilities | 7,843 | 7,843 |
| Total current liabilities | 41,884 | 47,232 |
| Note Payable, net of current portion and discount of $233 as of June 30, 2015 and $290 as of March 31, 2015 | 2,934 | 3,877 |
| Deferred revenue | 3,387 | 2,756 |
| Other liabilities | 90 | 67 |
| Total liabilities | 48,295 | 53,932 |
| Stockholders' equity: | | |
| Common stock | 140 | 96 |
| Additional paid-in capital | 1,009,393 | 985,921 |
| Treasury stock | (869) | (771) |
| Accumulated other comprehensive income (loss) | (122) | (308) |

| | | |
|---|---|---|
| Accumulated deficit | (914,166) | (905,045) |
| Total stockholders' equity | 94,620 | 79,893 |
| Total liabilities and stockholders' equity | $ 142,915 | $ 133,825 |

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

| | Three months ended June 30, | |
|---|---|---|
| | **2015** | **2014** |
| Cash flows from operating activities: | | |
| Net loss | $ (9,121) | $ (13,517) |
| Adjustments to reconcile net loss to net cash used in operations: | | |
| Depreciation and amortization | 2,028 | 2,475 |
| Stock-based compensation expense | 1,128 | 1,581 |
| Impairment of long lived assets | 746 | — |
| Provision for excess and obsolete inventory | 602 | 649 |
| Write-off prepaid taxes | 820 | — |
| Loss on minority interest investments | 356 | 202 |
| Change in fair value of derivatives and warrants | (800) | 35 |
| Non-cash interest expense | 111 | 190 |
| Other non-cash items | 553 | 49 |
| Changes in operating asset and liability accounts: | | |
| Accounts receivable | 1,414 | (2,741) |
| Inventory | 2,968 | 623 |
| Prepaid expenses and other current assets | 271 | 441 |
| Accounts payable and accrued expenses | (3,024) | (1,344) |
| Deferred revenue | (1,087) | 5,851 |
| Net cash used in operating activities | (3,035) | (5,506) |
| Cash flows from investing activities: | | |
| Net cash used in investing activities | (64) | (267) |
| Cash flows from financing activities: | | |
| Net cash provided by (used in) financing activities | 21,183 | (633) |
| Effect of exchange rate changes on cash and cash equivalents | (13) | (84) |
| Net increase/(decrease) in cash and cash equivalents | 18,071 | (6,490) |
| Cash and cash equivalents at beginning of year | 20,490 | 43,114 |
| Cash and cash equivalents at end of period | $ 38,561 | $ 36,624 |

**RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME (LOSS)**

**(In thousands, except per share data)**

**Three months ended**

| | June 30, | |
|---|---|---|
| | **2015** | **2014** |
| Net loss | $ (9,121) | $ (13,517) |
| Stock-based compensation | 1,128 | 1,581 |
| Amortization of acquisition-related intangibles | 39 | 39 |
| Restructuring and impairment charges | 741 | 1,179 |
| Consumption of zero cost-basis inventory | (846) | (1,372) |
| Change of fair value of derivatives and warrants | (800) | 35 |
| Non-cash interest expense | 111 | 190 |
| Non-GAAP net loss | $ (8,748) | $ (11,865) |
| Non-GAAP loss per share | $ (0.72) | $ (1.53) |
| Weighted average shares outstanding | 12,111 | 7,769 |

**RECONCILIATION OF FORECAST GAAP NET LOSS TO NON-GAAP NET LOSS**

**(In millions, except per share data)**

| | Three months ending Sept. 30, 2015 |
|---|---|
| Net loss | $ (8.5) |
| Stock-based compensation | 0.7 |
| Non-cash interest expense | 0.1 |
| Consumption of zero-cost inventory | (1.3) |
| Non-GAAP net loss | $ (9.0) |
| Non-GAAP net loss per share | $ (0.65) |
| Shares outstanding | 13.8 |

*Note: Non-GAAP net loss is defined by the Company as net loss before stock-based compensation; amortization of acquisition-related intangibles; restructuring and impairment charges; consumption of zero cost-basis inventory; non-cash interest expense; change in fair value of derivatives and warrants; and other unusual charges, net of any tax effects related to these items. The Company believes non-GAAP net loss assists management and investors in comparing the Company's performance across reporting periods on a consistent basis by excluding these non-cash, non-recurring or other charges that it does not believe are indicative of its core operating performance. The Company also regards non-GAAP net loss as a useful measure of operating performance to complement operating loss, net loss and other GAAP financial performance measures. In addition, the Company uses non-GAAP net loss as a factor in evaluating management's performance when determining incentive compensation and to evaluate the effectiveness of its business strategies.*

*Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this release, however, should be considered in addition to, and not as a substitute for or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP to GAAP net loss is set forth in the table above.*

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