



FOR IMMEDIATE RELEASE

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Aehr Test Systems Reports Second Quarter Fiscal 2016 Financial Results
Net Sales for the First Six Months of \$11.3 Million up 82% Year Over Year

Fremont, CA (January 12, 2016) – Aehr Test Systems (NASDAQ: AEHR), a worldwide supplier of semiconductor test and burn-in equipment, today announced financial results for its second quarter of fiscal 2016 ended November 30, 2015.

Fiscal Second Quarter Financial Results:

- Net sales were \$4.6 million, up 77% from \$2.6 million in the second quarter of fiscal 2015.
- Non-GAAP net loss was \$794,000, or \$0.06 per diluted share, compared to non-GAAP net loss of \$1.8 million, or \$0.16 per diluted share, in the same quarter a year ago.
- GAAP net loss was \$1.0 million, or \$0.08 per diluted share, compared to GAAP net loss of \$2.1 million, or \$0.18 per diluted share, in the same quarter a year ago.

Fiscal First Six Months Financial Results:

- Net sales were \$11.3 million, up 82% from \$6.2 million in the first six months of fiscal 2015.
- Non-GAAP net loss was \$181,000, or \$0.01 per diluted share, compared to a non-GAAP net loss of \$2.5 million, or \$0.22 per diluted share, in the same period a year ago.
- GAAP net loss was \$754,000, or \$0.06 per diluted share, compared to a GAAP net loss of \$3.0 million, or \$0.26 per diluted share, in the same period a year ago.

Recent Business Highlights:

- Received first order for new FOX-XP™ Wafer Level Test and Burn-in System.
- Expect final customer milestone and shipment of FOX-1P next generation Single Wafer Test System this quarter.

Gayn Erickson, President and CEO of Aehr Test Systems, commented:

“We made significant progress during the quarter on the rollout of our next generation FOX-P platform of wafer level test and burn-in products. We expect to complete the final customer payment milestone with our lead customer for our new FOX-1P single wafer test and burn-in system and ship this initial system to their facility this quarter for final acceptance and production release. Both the initial FOX-1P system and multiple additional FOX-1P systems already in backlog are undergoing final manufacturing and

systems level tests and diagnostics at the factory.

“During the quarter, we announced receiving the first order for our new FOX-XP Wafer Level Test and Burn-in System. The order includes multiple FOX-XP WaferPak™ Contactors and application development services. The system will be used for reliability and qualification test of devices intended for a very high volume application. We completed and received customer approval for multiple FOX-XP WaferPak Contactor designs that are now being manufactured and we expect to be processing wafers with these WaferPak Contactors on the FOX-XP system for the customer within the next two months. We are very excited about this application and believe this evaluation will lead to production FOX-XP system orders for shipments by the end of calendar year 2016 and volume shipments in calendar 2017.

“In addition, we expect an initial order within the next couple of months from our second lead customer for our FOX-XP Multi-Wafer Test and Burn-in System for a production burn-in application. This initial order is expected to be for two systems, along with our new FOX WaferPak Aligner and a complement of FOX-XP WaferPak contactors. We believe the FOX-XP system is an ideal fit for this application. The customer is forecasting device capacity growth that will drive the need for additional production burn-in capacity for multiple years into the future.

“Although our short-fall of burn-in system orders coupled with the delay in FOX-1P system shipments are negatively impacting our short-term financials, we are pleased with the investments and the progress on the development of our new FOX-P test system family. FOX-P family members include our FOX-1P single-wafer and new FOX-XP multi-wafer test and burn-in systems as well as our new FOX WaferPak Aligner and FOX WaferPak Handler designed to be used with our new FOX-XP system. We believe that shipments of the FOX-1P systems over the next several months, as well as the engagements with the first two lead customers for the FOX-XP system, will strongly position Aehr Test in the second half of this calendar year and into calendar 2017.”

Management Conference Call and Webcast

Aehr Test Systems will host a conference call and webcast today at 5:00 p.m. Eastern (2:00 p.m. PT) to discuss its second quarter fiscal 2016 operating results. To access the call dial 888-437-9445 (+1 719-325-2495 outside the United States) and give the participant pass code 6806024. In addition, a live and archived webcast of the conference call will be available over the Internet at www.aehr.com in the Investor Relations section. A replay of the conference call will also be available via telephone by dialing 888-203-1112 (+1 719-457-0820 outside the United States) and entering pass code 6806024, beginning approximately two hours after conclusion of the call through 8:00 p.m. ET on January 19, 2016.

About Aehr Test Systems

Headquartered in Fremont, California, Aehr Test Systems is a worldwide provider of test systems for burning-in and testing logic and memory integrated circuits and has an installed base of more than 2,500 systems worldwide. Increased quality and reliability needs of the Automotive and Mobility integrated circuit markets are driving additional test requirements, capacity needs and opportunities for Aehr Test products in package and wafer level test. Aehr Test has developed and introduced several innovative products, including the ABTS™ and FOX families of test and burn-in systems and WaferPak contactors. The ABTS systems are used in production and qualification testing of packaged parts for both low-power and high-power logic as well as memory devices. The FOX family of systems includes single and multi-

wafer full wafer contact test and burn-in systems used for burn-in and functional test of complex devices, such as leading-edge memories, digital signal processors, microprocessors, microcontrollers and systems-on-a-chip. The WaferPak contactor contains a unique full wafer probe card capable of testing wafers up to 300mm that enables IC manufacturers to perform test and burn-in of full wafers on Aehr Test FOX systems. For more information, please visit Aehr Test's website at www.aehr.com.

Safe Harbor Statement

This press release contains certain forward-looking statements based on current expectations, forecasts and assumptions that involve risks and uncertainties. These statements are based on information available to Aehr Test as of the date hereof and actual results could differ materially from those stated or implied due to risks and uncertainties. Forward-looking statements include statements regarding Aehr Test's expectations, beliefs, intentions or strategies regarding the future including statements regarding future market opportunities and conditions, expected product shipment dates, customer orders or commitments and future operating results. The risks and uncertainties that could cause Aehr Test's results to differ materially from those expressed or implied by such forward-looking statements include, without limitation, general market conditions, customer demand and acceptance of Aehr Test's products and Aehr Test's ability to execute on its business strategy. See Aehr Test's recent 10-K, 10-Q and other reports from time to time filed with the Securities and Exchange Commission for a more detailed description of the risks facing Aehr Test's business. Aehr Test disclaims any obligation to update information contained in any forward-looking statement to reflect events or circumstances occurring after the date of this press release.

– Financial Tables to Follow –

AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended			Six Months Ended	
	Nov 30, 2015	Aug 31, 2015	Nov 30, 2014	Nov 30, 2015	Nov 30, 2014
Net sales	\$ 4,620	\$ 6,633	\$ 2,615	\$ 11,253	\$ 6,173
Cost of sales	2,929	3,250	1,921	6,179	3,869
Gross profit	<u>1,691</u>	<u>3,383</u>	<u>694</u>	<u>5,074</u>	<u>2,304</u>
Operating expenses:					
Selling, general and administrative	1,713	1,845	1,736	3,558	3,360
Research and development	923	1,062	1,105	1,985	2,064
Total operating expenses	<u>2,636</u>	<u>2,907</u>	<u>2,841</u>	<u>5,543</u>	<u>5,424</u>
(Loss) income from operations	(945)	476	(2,147)	(469)	(3,120)
Interest expense	(137)	(135)	(8)	(272)	(22)
Other income (expense), net	<u>55</u>	<u>(24)</u>	<u>60</u>	<u>31</u>	<u>91</u>
(Loss) income before income tax (expense) benefit	(1,027)	317	(2,095)	(710)	(3,051)
Income tax (expense) benefit	<u>(21)</u>	<u>(23)</u>	<u>(19)</u>	<u>(44)</u>	<u>30</u>
Net (loss) income	(1,048)	294	(2,114)	(754)	(3,021)
Less: Net income attributable to the noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) income attributable to Aehr Test Systems common shareholders	<u>\$ (1,048)</u>	<u>\$ 294</u>	<u>\$ (2,114)</u>	<u>\$ (754)</u>	<u>\$ (3,021)</u>
Net (loss) income per share					
Basic	\$ (0.08)	\$ 0.02	\$ (0.18)	\$ (0.06)	\$ (0.26)
Diluted	\$ (0.08)	\$ 0.02	\$ (0.18)	\$ (0.06)	\$ (0.26)
Shares used in per share calculations:					
Basic	13,048	12,963	11,724	13,005	11,557
Diluted	13,048	13,814	11,724	13,005	11,557

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AEHR TEST SYSTEMS AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Results
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended			Six Months Ended	
	Nov 30, 2015	Aug 31, 2015	Nov 30, 2014	Nov 30, 2015	Nov 30, 2014
GAAP net (loss) income	\$ (1,048)	\$ 294	\$ (2,114)	\$ (754)	\$ (3,021)
Stock-based compensation expense	254	319	277	573	474
Non-GAAP net (loss) income	<u>\$ (794)</u>	<u>\$ 613</u>	<u>\$ (1,837)</u>	<u>\$ (181)</u>	<u>\$ (2,547)</u>
GAAP net (loss) income per diluted share	<u>\$ (0.08)</u>	<u>\$ 0.02</u>	<u>\$ (0.18)</u>	<u>\$ (0.06)</u>	<u>\$ (0.26)</u>
Non-GAAP net (loss) income per diluted share	<u>\$ (0.06)</u>	<u>\$ 0.04</u>	<u>\$ (0.16)</u>	<u>\$ (0.01)</u>	<u>\$ (0.22)</u>
Shares used in diluted shares calculation	<u>13,048</u>	<u>13,814</u>	<u>11,724</u>	<u>13,005</u>	<u>11,557</u>
Shares used in non-GAAP diluted shares calculation	<u>13,048</u>	<u>13,814</u>	<u>11,724</u>	<u>13,005</u>	<u>11,557</u>

Non-GAAP net income is a non-GAAP measure and should not be considered a replacement for GAAP results. Non-GAAP net income is a financial measure the Company uses to evaluate the underlying results and operating performance of the business. The limitation of this measure is that it excludes items that impact the Company's current period net income. This limitation is best addressed by using this measure in combination with net income (the most comparable GAAP measure).

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AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
 (in thousands, except per share data)
 (unaudited)

	November 30, 2015	August 31, 2015	May 31, 2015
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,955	\$ 3,653	\$ 5,527
Accounts receivable, net	2,503	2,628	1,383
Inventories	7,419	7,258	7,123
Prepaid expenses and other	402	465	262
Total current assets	<u>12,279</u>	<u>14,004</u>	<u>14,295</u>
Property and equipment, net	576	465	478
Other assets	93	94	95
Total assets	<u>\$ 12,948</u>	<u>\$ 14,563</u>	<u>\$ 14,868</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 1,390	\$ 1,848	\$ 724
Accrued expenses	1,496	1,557	1,045
Customer deposits and deferred revenue, short-term	1,295	1,819	4,750
Total current liabilities	<u>4,181</u>	<u>5,224</u>	<u>6,519</u>
Long-term debt	3,873	3,828	3,791
Income taxes payable	-	-	8
Deferred revenue, long-term	127	127	-
Total liabilities	<u>8,181</u>	<u>9,179</u>	<u>10,318</u>
Aehr Test Systems shareholders' equity	4,785	5,402	4,568
Noncontrolling interest	(18)	(18)	(18)
Total shareholders' equity	<u>4,767</u>	<u>5,384</u>	<u>4,550</u>
Total liabilities and shareholders' equity	<u>\$ 12,948</u>	<u>\$ 14,563</u>	<u>\$ 14,868</u>

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