

CVD Reports Second Quarter 2018 Results

CENTRAL ISLIP, N.Y., (Business Wire) – August 14, 2018 - CVD Equipment Corporation (NASDAQ: **CVV**), a leading provider of chemical vapor deposition systems, today announced its second quarter 2018 financial results.

“The second quarter was a transitional one for CVD as we wind down the large aviation component projects and invested in our new CVD Materials facility - moving forward on our plan for added future growth in this sector,” said Len Rosenbaum, President and Chief Executive Officer. “The new CVD Materials facility expands our local footprint and expertise to seamlessly integrate customer needs and specifications into our products and solutions. In tandem we increased our investment in R&D across our portfolio to bring more value to our customers in high potential markets. As a result of this increased R&D investment, we recently filed three (3) provisional patent applications for our Tantaline® corrosion resistant coatings and treatment to specialty metals for demanding applications. Additionally, we are preparing to file a provisional patent on carbon composites that has applications in areas such as aerospace, medical, MEMs and filtration. These investments will help position us to meet future demand and profitability over the longer-term in new and growing markets.

Revenue for the second quarter was \$6.4 million, compared to \$9.2 million in the prior quarter and \$10.8 million from the same period last year. Net loss for the second quarter was \$1.3 million compared to income of \$0.6 million in the prior quarter and income of \$1.3 million a year ago. This loss is primarily a result of the ongoing costs related to the CVD Materials business, costs associated with maintaining a production staff in anticipation of receiving additional equipment orders (which to date have not materialized) and existing contract adjustments. Net loss per share was \$0.21 compared to income of \$0.09 in the first quarter of 2018 and income of \$0.20 a year ago. Backlog as of June 30, 2018 was \$6.4 million compared to \$9.8 million on March 31, 2018. In light of our results for this quarter Management and the Board will continue to evaluate the Company's business strategy, including cost structure, needed capital and capital infrastructure investments.

CVD's significant investment in the Materials facility will transform the Company over the long term: 1) CVD holds the proprietary knowledge and has the capability to build the production systems required to meet demand and 2) CVD possesses the intimate knowledge necessary to operate the systems in a cost-effective manner, providing a significant operational and financial competitive advantage to take the Company to the next level. Execution of this growth strategy should provide an additional, diverse and stable revenue stream that should significantly improve growth and profitability over the long-term.

The Company will hold a conference call to discuss its results today at 4:30 pm (Eastern Time). To participate in the live conference call, please dial toll free (877) 407-0784 or International (201) 689-8560. A telephone replay will be available for 7 days following the call. To access the replay, dial (844) 512-2921 or (412) 317-6671. The replay passcode is 13682176. A live and archived webcast of the call is also available on the

Company's website at: <https://www.cvdequipment.com/event/second-quarter-2018-earnings-conference-call/>.

About CVD Equipment Corporation

CVD Equipment Corporation (NASDAQ: CVV) designs, develops, and manufactures a broad range of chemical vapor deposition, gas control, and other state-of-the-art equipment and process solutions used to develop and manufacture materials and coatings for research and industrial applications. This equipment is used by its customers to research, design, and manufacture these materials or coatings for aerospace engine components, medical implants, semiconductors, solar cells, smart glass, carbon nanotubes, nanowires, LEDs, MEMS, and other applications. Through its application laboratory, the Company provides process development support and process startup assistance with the focus on enabling *tomorrow's technologies™*. It's wholly owned subsidiary CVD Materials Corporation provides advanced materials and metal surface treatments and coatings to serve demanding applications in the electronic, biomedical, petroleum, pharmaceutical, and many other industrial markets.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by CVD Equipment Corporation) contains statements that are forward-looking. All statements other than statements of historical fact are hereby identified as "forward-looking statements," as such term is defined in Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward looking information involves a number of known and unknown risks and uncertainties that could cause actual results to differ materially from those discussed or anticipated by management. Potential risks and uncertainties include, among other factors, conditions, success of CVD Equipment Corporation's growth and sales strategies, the possibility of customer changes in delivery schedules, cancellation of orders, potential delays in product shipments, delays in obtaining inventory parts from suppliers and failure to satisfy customer acceptance requirements.

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CVD Equipment Corporation and Subsidiaries Condensed Consolidated Statements of Operations (In thousands except per share information)

	Three Months Ended June 30		Six months Ended June 30	
	2018	2017	2018	2017
Revenue	\$ 6,435	10,830	\$ 15,589	20,480
Gross profit	1,116	4,410	4,877	8,582
Operating expenses	<u>2,496</u>	<u>2,580</u>	<u>5,346</u>	<u>5,034</u>
Operating (loss)/income	(1,380)	1,830	(469)	3,548
Net (loss)/income	<u>(1,331)</u>	<u>1,257</u>	<u>(772)</u>	<u>2,281</u>
Net (loss)/income per Diluted earnings per share	(\$0.21)	\$0.20	(\$0.12)	\$0.36

CVD Equipment Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,396	\$14,211
Accounts Receivable, net	2,722	2,059
Contract assets	5,314	8,397
Inventories	2,648	2,966
Other current assets	<u>247</u>	<u>167</u>
Total current assets	26,327	27,800
Property, plant and equipment, net	29,722	28,839
Deferred taxes	1,552	1,609
Other assets	243	68
Intangible assets	512	662
Total assets	<u>\$58,356</u>	<u>\$58,978</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$1,227	\$1,175
Accrued expenses and other current liabilities	2,106	2,738
Current portion of long-term debt	654	647
Current portion acquisition related contingent payments	100	100
Contract liabilities	279	466
Deferred revenue	<u>1,108</u>	<u>292</u>
Total current liabilities	5,474	5,418
Long-term debt	12,576	12,906
Total liabilities	18,050	18,324
Total stockholders' equity	<u>40,306</u>	<u>40,654</u>
Total liabilities and stockholders' equity	<u>\$58,356</u>	<u>\$58,978</u>

Earnings release should be read in conjunction with Company's Annual Report on Form 10-K for fiscal year ended December 31, 2017