

Photronics Reports First Quarter Fiscal 2018 Results

February 14, 2018

BROOKFIELD, CT -- (Marketwired) -- 02/14/18 --

- First quarter 2018 revenue was \$123.4 million, up 2% sequentially and 12% year-over-year
- Net income attributable to Photronics, Inc. shareholders was \$5.9 million (\$0.09 per diluted share)
- Balance sheet strengthened as cash balance increased \$40.5 million to \$348.6 million
- Second quarter 2018 guidance: revenue between \$120 and \$128 million with diluted EPS between \$0.04 and \$0.09

[Photronics, Inc.](#) (NASDAQ: PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for its fiscal 2018 first quarter ended January 28, 2018.

First quarter revenue was \$123.4 million, increases of 2% sequentially and 12% compared with same quarter prior year. Integrated circuit (IC) revenue was \$95.7 million, essentially flat sequentially and up 11% compared with last year. Flat panel display (FPD) revenue was \$27.8 million, up 11% sequentially and 19% compared with last year.

Net income attributable to Photronics, Inc. shareholders was \$5.9 million (\$0.09 per diluted share), compared with \$5.4 million (\$0.08 per diluted share) for the fourth quarter of 2017 and \$1.9 million (\$0.03 per diluted share) for the first quarter of 2017.

"We achieved another quarter of solid revenue growth, despite seasonal headwinds, due to continued strength in high-end IC demand, and overall improvement in FPD," said Peter Kirlin, chief executive officer. "High-end IC improved primarily due to logic demand from Asia foundry customers, where tape-out activity remains robust. FPD demand for new LCD panels was strong as customers released new designs to improve factory utilization. Operating expenses were slightly higher sequentially as adjustments recognized in the previous quarter did not recur; operating margin was 9.6% compared with 10.3% in the previous quarter. Below the operating income line, a foreign exchange loss of \$2.7 million, net of tax and non-controlling interest, and tax benefits of \$4.2 million resulted in net income of \$5.9 million. Our balance sheet strengthened during the quarter, with cash balance growing to \$348.6 million on strong operating cash flow and the initial contribution from our partner for the PDMCX joint venture in China."

Second Quarter 2018 Guidance

Kirlin continued, "For the second quarter of 2018, we expect revenue to be between \$120 million and \$128 million, and net income attributable to Photronics, Inc. shareholders to be between \$0.04 and \$0.09 per diluted share."

Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, February 14, 2018. The call can be accessed by logging onto Photronics' web site at www.photronics.com. The live dial-in number is (877) 377-7095 or (408) 774-4601 outside of the United States and Canada. The call will be archived on Photronics' web site for instant replay access.

About Photronics

[Photronics](#) is a leading worldwide manufacturer of [photomasks](#). Photomasks are high precision quartz plates that contain microscopic images of electronic circuits. A key element in the manufacture of semiconductors and flat panel displays, photomasks are used to transfer circuit patterns onto semiconductor wafers and flat panel display substrates during the fabrication of integrated circuits, a variety of flat panel displays and, to a lesser extent, other types of electrical and optical components. They are produced in accordance with product designs provided by customers at strategically located [manufacturing facilities](#) in Asia, Europe, and North America. Additional information on the Company can be accessed at www.photronics.com

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. and its subsidiaries (the Company). The forward-looking statements contained in this press release and other parts of Photronics' web site involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices, and other factors. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental, and technological factors as well as decisions we may make in the future regarding our business, capital structure and other matters. These forward-looking statements generally can be identified by phrases such as "believes", "expects", "anticipates", "plans", "projects", and similar expressions. Accordingly, there is no assurance that the Company's expectations will be realized. For a fuller discussion of the factors that may affect the Company's operations, see "Forward Looking Statements" in the Company's Quarterly and Annual Reports to the Securities and Exchange Commission on Forms 10-Q and 10-K. The Company assumes no obligation to provide revisions to any forward-looking statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(Unaudited)

Three Months Ended

	<u>January 28, 2018</u>	<u>October 29, 2017</u>	<u>January 29, 2017</u>
Revenue	\$ 123,446	\$ 120,971	\$ 109,831
Cost of goods sold	<u>(95,784)</u>	<u>(94,529)</u>	<u>(86,832)</u>
Gross profit	27,662	26,442	22,999
Operating Expenses:			
Selling, general and administrative	(11,750)	(10,182)	(10,871)
Research and development	<u>(4,104)</u>	<u>(3,838)</u>	<u>(3,485)</u>
Total Operating Expenses	<u>(15,854)</u>	<u>(14,020)</u>	<u>(14,356)</u>
Operating income	11,808	12,422	8,643
Other (expense) income, net	<u>(4,105)</u>	<u>536</u>	<u>(2,083)</u>
Income before income taxes	7,703	12,958	6,560
Income tax benefit (provision)	<u>1,778</u>	<u>(2,462)</u>	<u>(2,050)</u>
Net income	9,481	10,496	4,510
Net income attributable to noncontrolling interests	<u>(3,583)</u>	<u>(5,110)</u>	<u>(2,564)</u>
Net income attributable to Photronics, Inc. shareholders	<u>\$ 5,898</u>	<u>\$ 5,386</u>	<u>\$ 1,946</u>
Earnings per share:			
Basic	<u>\$ 0.09</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Weighted-average number of common shares outstanding:			
Basic	<u>68,755</u>	<u>68,615</u>	<u>68,176</u>
Diluted	<u>69,372</u>	<u>69,218</u>	<u>69,169</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	<u>January 28, 2018</u>	<u>October 29, 2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 348,560	\$ 308,021
Accounts receivable	104,638	105,320
Inventories	26,997	23,703
Other current assets	<u>12,162</u>	<u>12,080</u>
Total current assets	492,357	449,124
Property, plant and equipment, net	548,307	535,197
Intangible assets, net	16,224	17,122
Other assets	<u>24,568</u>	<u>19,351</u>
Total assets	<u>\$ 1,081,456</u>	<u>\$ 1,020,794</u>

Liabilities and Equity

Current liabilities:		
Current portion of long-term borrowings	\$ 3,259	\$ 4,639
Accounts payable and accrued liabilities	84,814	77,137
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Total current liabilities	88,073	81,776
Long-term borrowings	57,366	57,337
Other liabilities	17,570	16,386
Photronics, Inc. shareholders' equity	777,433	744,564
Noncontrolling interests	141,014	120,731
Total equity	<hr/> 918,447 <hr/>	<hr/> 865,295 <hr/>
Total liabilities and equity	<hr/> \$ 1,081,456 <hr/>	<hr/> \$ 1,020,794 <hr/>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows

(in thousands)
(Unaudited)

	Three Months Ended	
	January 28, 2018	January 29, 2017
	<hr/>	<hr/>
Cash flows from operating activities:		
Net income	\$ 9,481	\$ 4,510
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,363	20,896
Changes in operating assets, liabilities and other	(982)	6,133
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Net cash provided by operating activities	30,862	31,539
Cash flows from investing activities:		
Purchases of property, plant and equipment	(10,995)	(9,600)
Acquisition of business	-	(5,400)
Other	(134)	(396)
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Net cash used in investing activities	(11,129)	(15,396)
Cash flows from financing activities:		
Repayments of long-term borrowings	(1,381)	(1,343)
Contribution from noncontrolling interest	11,998	-
Proceeds from share-based arrangements	798	1,113
Other	(261)	(16)
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Net cash provided by (used in) financing activities	11,154	(246)
Effect of exchange rate changes on cash	9,652	(275)
Net increase in cash and cash equivalents	40,539	15,622
Cash and cash equivalents, beginning of period	308,021	314,074
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Cash and cash equivalents, end of period	<hr/> \$ 348,560 <hr/>	<hr/> \$ 329,696 <hr/>

For Further Information:
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Source: Photronics, Inc.