

## Photronics Reports Second Quarter Fiscal 2018 Results

May 22, 2018

- Second quarter 2018 revenue was \$130.8 million, up 6% sequentially and 21% year-over-year
- High-end IC revenue surged 83% year-over-year on strong demand from Asia foundries
- Net income attributable to Photronics, Inc. shareholders was \$10.7 million (\$0.15 per diluted share)
- Third quarter 2018 guidance: revenue between \$128 and \$136 million with diluted EPS between \$0.12 and \$0.18

BROOKFIELD, Conn., May 22, 2018 (GLOBE NEWSWIRE) -- [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 second quarter ended April 29, 2018.

Second quarter revenue was \$130.8 million, increases of 6% sequentially and 21% compared with the same quarter prior year. Integrated circuit (IC) revenue was \$102.3 million, up 7% sequentially and 24% compared with last year. Flat panel display (FPD) revenue was \$28.5 million, up 3% sequentially and 11% compared with last year.

Net income attributable to Photronics, Inc. shareholders was \$10.7 million (\$0.15 per diluted share), compared with \$5.9 million (\$0.09 per diluted share) for the first quarter of 2018 and \$1.8 million (\$0.03 per diluted share) for the second quarter of 2017.

"Performance strengthened again in the second quarter, continuing the sequential revenue growth of the past four quarters," said Peter Kirlin, chief executive officer. "High-end IC was especially strong year-over-year, up 83%. Sequentially, IC continued to improve in both logic and memory, as customers, particularly Asia foundries, released new designs. High-end FPD was down slightly on soft AMOLED demand, but mainstream improved due to growth in LTPS LCD displays. Operating margin improved with the growth in revenue, although tempered slightly by higher operating expenses. Minority interest increased due to strong earnings from our Taiwan JV, and a foreign exchange gain contributed to the bottom line, resulting in net income of \$10.7 million. We ended the quarter with a cash balance of \$321 million, which will be very important as we anticipate a ramp of capital expenditures later this year for our new facilities in China."

### Third Quarter 2018 Guidance

For the third quarter of 2018, Photronics expects revenue to be between \$128 million and \$136 million, and net income attributable to Photronics, Inc. shareholders to be between \$0.12 and \$0.18 per diluted share.

### Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Tuesday, May 22, 2018. The call can be accessed by logging onto Photronics' web site at [www.photronics.com](http://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](http://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.

#### Condensed Consolidated Statements of Income

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended			Six Months Ended	
	April 29, 2018	January 28, 2018	April 30, 2017	April 29, 2018	April 30, 2017
Revenue	\$ 130,779	\$ 123,446	\$ 108,297	\$ 254,225	\$ 218,128
Cost of goods sold	(97,960 )	(95,784 )	(88,140 )	(193,744 )	(174,972 )
Gross profit	32,819	27,662	20,157	60,481	43,156
Operating Expenses:					
Selling, general and administrative	(13,637 )	(11,750 )	(10,894 )	(25,387 )	(21,765 )
Research and development	(3,817 )	(4,104 )	(3,726 )	(7,921 )	(7,211 )
Total Operating Expenses	(17,454 )	(15,854 )	(14,620 )	(33,308 )	(28,976 )
Operating income	15,365	11,808	5,537	27,173	14,180
Other income (expense), net	3,332	(4,105 )	(3,622 )	(774 )	(5,705 )
Income before income taxes	18,697	7,703	1,915	26,399	8,475
Income tax (provision) benefit	(3,508 )	1,778	(431 )	(1,729 )	(2,481 )
Net income	15,189	9,481	1,484	24,670	5,994
Net income attributable to noncontrolling interests	(4,524 )	(3,583 )	313	(8,107 )	(2,251 )
Net income attributable to Photonics, Inc. shareholders	\$ 10,665	\$ 5,898	\$ 1,797	\$ 16,563	\$ 3,743
Earnings per share:					
Basic	\$ 0.15	\$ 0.09	\$ 0.03	\$ 0.24	\$ 0.05
Diluted	\$ 0.15	\$ 0.09	\$ 0.03	\$ 0.23	\$ 0.05
Weighted-average number of common shares outstanding:					
Basic	69,293	68,755	68,426	69,024	68,301
Diluted	75,190	69,372	69,385	75,052	69,277

## PHOTRONICS, INC.

### Condensed Consolidated Balance Sheets

(in thousands)

(Unaudited)

	April 29, 2018	October 29, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 321,246	\$ 308,021
Accounts receivable	124,331	105,320
Inventories	31,936	23,703

Other current assets	22,786	12,080
Total current assets	500,299	449,124
Property, plant and equipment, net	563,313	535,197
Intangible assets, net	14,708	17,122
Other assets	23,961	19,351
Total assets	\$ 1,102,281	\$ 1,020,794

#### Liabilities and Equity

Current liabilities:		
Current portion of long-term borrowings	\$ 59,263	\$ 4,639
Accounts payable and accrued liabilities	107,245	77,137
Total current liabilities	166,508	81,776
Long-term borrowings	-	57,337
Other liabilities	17,707	16,386
Photronics, Inc. shareholders' equity	783,380	744,564
Noncontrolling interests	134,686	120,731
Total equity	918,066	865,295
Total liabilities and equity	\$ 1,102,281	\$ 1,020,794

#### PHOTRONICS, INC.

##### Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Six Months Ended	
	April 29, 2018	April 30, 2017
Cash flows from operating activities:		
Net income	\$ 24,670	\$ 5,994
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	44,429	42,241
Changes in operating assets, liabilities and other	(31,191)	(1,328)
Net cash provided by operating activities	37,908	46,907
Cash flows from investing activities:		
Purchases of property, plant and equipment	(44,129)	(14,152)
Acquisition of business	-	(5,400)
Proceeds from sale of investments	-	167
Other	436	(462)
Net cash used in investing activities	(43,693)	(19,847)
Cash flows from financing activities:		
Repayments of long-term borrowings	(2,771)	(2,695)

Contribution from noncontrolling interest	11,998	-
Proceeds from share-based arrangements	3,776	2,311
Other	(267)	(23)
Net cash provided by (used in) financing activities	12,736	(407)
Effect of exchange rate changes on cash	6,274	4,997
Net increase in cash and cash equivalents	13,225	31,650
Cash and cash equivalents, beginning of period	308,021	314,074
Cash and cash equivalents, end of period	\$ 321,246	\$ 345,724

**For Further Information:**

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 [Primary Logo](#)

Source: Photronics, Inc.