



Photronics Reports Third Quarter Fiscal 2019 Results

August 20, 2019

- Third quarter 2019 revenue was \$138.1 million, up 5% sequentially and 1% year-over-year
- Net income attributable to Photronics, Inc. shareholders was \$6.3 million, or \$0.10 per diluted share
- Strong cash generation increased cash to \$197 million, even as investments in China expansion continue
- Fourth quarter 2019 guidance: revenue between \$143 and \$151 million with diluted EPS between \$0.11 and \$0.17

BROOKFIELD, Conn., Aug. 20, 2019 (GLOBE NEWSWIRE) -- [Photronics, Inc.](http://www.photonics.com) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2019 third quarter ended July 28, 2019.

Financial Results Summary

\$ Millions, except per share data	Q319	Q219	Q318	Q/Q	Y/Y
Revenue	138.1	131.6	136.4	5%	1%
<i>Integrated circuit (IC) revenue</i>	100.2	98.6	107.2	2%	(7%)
<i>Flat panel display (FPD) revenue</i>	37.9	33.0	29.1	15%	30%
Net income attributable to Photronics, Inc. shareholders	6.3	8.5	13.0	(25%)	(51%)
Diluted earnings per share	0.10	0.13	0.18	(0.03)	(0.08)

"We performed well during the third quarter of 2019, achieving record FPD revenue and delivering our eighth consecutive quarter of year-over-year revenue growth," said Peter Kirilin, chief executive officer. "FPD revenue growth was driven by continued strength in AMOLED display for mobile applications and ramping shipments from our new China facility. IC revenue grew sequentially due to improved demand from Asian foundries for mainstream nodes. Gross and operating margins improved sequentially as we were able to control costs despite China startup activity. Our cash balance grew during the quarter, demonstrating our ability to generate cash as we continue to invest in China. We are on pace to have an outstanding year in 2019 and positioned to perform even better in 2020 and beyond."

Fourth Quarter 2019 Guidance

For the fourth quarter of 2019, Photronics expects revenue to be between \$143 million and \$151 million, and net income attributable to Photronics, Inc. shareholders to be between \$0.11 and \$0.17 per diluted share.

Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Tuesday, August 20, 2019. The call can be accessed by logging onto Photronics' website at www.photonics.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' website for instant replay access.

About Photronics

[Photronics](http://www.photonics.com) is a leading worldwide manufacturer of integrated circuit (IC) and flat panel display (FPD) [photomasks](http://www.photonics.com). High precision quartz plates that contain microscopic images of electronic circuits, photomasks are a key element in the IC and FPD manufacturing process. Founded in 1969, Photronics has been a trusted photomask supplier for 50 years. As of October 31, 2018, the company had 1,575 employees across 11 strategically located [manufacturing facilities](http://www.photonics.com) in Asia, Europe, and North America. Additional information on the Company can be accessed at www.photonics.com.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of the company and its subsidiaries. The forward-looking statements contained in this press release 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, political, 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. There is no assurance that the company's expectations will be realized. For additional information please see the company's quarterly and annual reports filed with the Securities and Exchange Commission. The company assumes no obligation to provide revisions to any forward-looking statements.

For Further Information:

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

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>	
	<u>July 28, 2019</u>	<u>April 28, 2019</u>	<u>July 29, 2018</u>	<u>July 28, 2019</u>	<u>July 29, 2018</u>
Revenue	\$ 138,112	\$ 131,580	\$ 136,391	\$ 394,404	\$ 390,616
Cost of goods sold	<u>107,542</u>	<u>105,570</u>	<u>100,794</u>	<u>311,721</u>	<u>294,538</u>
Gross profit	30,570	26,010	35,597	82,683	96,078
Operating Expenses:					
Selling, general and administrative	13,124	13,269	12,504	40,186	37,891
Research and development	<u>4,046</u>	<u>3,542</u>	<u>2,653</u>	<u>11,852</u>	<u>10,574</u>
Total Operating Expenses	<u>17,170</u>	<u>16,811</u>	<u>15,157</u>	<u>52,038</u>	<u>48,465</u>
Operating income	13,400	9,199	20,440	30,645	47,613
Other income (expense), net	<u>(348)</u>	<u>3,931</u>	<u>1,411</u>	<u>4,692</u>	<u>637</u>
Income before income taxes	13,052	13,130	21,851	35,337	48,250
Income tax provision	<u>3,218</u>	<u>3,278</u>	<u>2,054</u>	<u>7,883</u>	<u>3,783</u>
Net income	9,834	9,852	19,797	27,454	44,467
Net income attributable to noncontrolling interests	<u>3,487</u>	<u>1,373</u>	<u>6,792</u>	<u>7,361</u>	<u>14,899</u>
Net income attributable to Photronics, Inc. shareholders	<u>\$ 6,347</u>	<u>\$ 8,479</u>	<u>\$ 13,005</u>	<u>\$ 20,093</u>	<u>\$ 29,568</u>
Earnings per share:					
Basic	<u>\$ 0.10</u>	<u>\$ 0.13</u>	<u>\$ 0.19</u>	<u>\$ 0.30</u>	<u>\$ 0.43</u>
Diluted	<u>\$ 0.10</u>	<u>\$ 0.13</u>	<u>\$ 0.18</u>	<u>\$ 0.30</u>	<u>\$ 0.41</u>
Weighted-average number of common shares outstanding:					
Basic	<u>66,313</u>	<u>66,261</u>	<u>69,374</u>	<u>66,386</u>	<u>69,141</u>
Diluted	<u>66,570</u>	<u>70,597</u>	<u>75,258</u>	<u>69,919</u>	<u>75,121</u>

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

	<u>July 28,</u> <u>2019</u>		<u>October 31,</u> <u>2018</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 197,243	\$	329,277
Accounts receivable	134,369		120,515
Inventories	39,982		29,180
Other current assets	48,873		23,759
	<u>420,467</u>		<u>502,731</u>
Property, plant and equipment, net	636,743		571,781
Intangible assets, net	9,013		12,368
Other assets	47,972		23,129
	<u>1,114,195</u>	<u>\$</u>	<u>1,110,009</u>
Total assets			
Liabilities and Equity			
Current liabilities:			
Debt	\$ 6,100	\$	57,453
Accounts payable and accrued liabilities	153,174		133,623
	<u>159,274</u>		<u>191,076</u>
Total current liabilities			
Long-term debt	43,015		-
Other liabilities	11,568		14,364
Photronics, Inc. shareholders' equity	763,394		759,671
Noncontrolling interests	136,944		144,898
	<u>900,338</u>		<u>904,569</u>
Total equity			
Total liabilities and equity	<u>\$ 1,114,195</u>	<u>\$</u>	<u>1,110,009</u>

PHOTRONICS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended	
	July 28, 2019	July 29, 2018
Cash flows from operating activities:		
Net income	\$ 27,454	\$ 44,467
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,387	64,485
Changes in operating assets, liabilities and other	(64,337)	(21,995)
Net cash provided by operating activities	<u>23,504</u>	<u>86,957</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(160,149)	(64,372)
Government incentive	17,694	-
Other	(24)	313 *
Net cash used in investing activities	<u>(142,479)</u>	<u>(64,059) *</u>
Cash flows from financing activities:		
Proceeds from debt	53,227	-
Contribution from noncontrolling interest	29,394	17,997
Repayments of debt	(61,319)	(4,170)
Dividends paid to noncontrolling interests	(26,102)	(8,166)
Purchase of treasury stock	(10,696)	(6,787)
Proceeds from share-based arrangements	1,314	4,028
Other	(92)	(274)
Net cash (used in) provided by financing activities	<u>(14,274)</u>	<u>2,628</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>1,206</u>	<u>(975) *</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(132,043)	24,551 *
Cash, cash equivalents, and restricted cash, beginning of period	<u>331,989 *</u>	<u>310,936 *</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 199,946</u>	<u>\$ 335,487 *</u>

* Amount has been modified to reflect the adoption of ASU 2016-18



Source: Photronics, Inc.