



Photronics Reports Second Quarter Fiscal 2020 Results

May 27, 2020

- Second quarter 2020 revenue was \$142.8 million, down 11% sequentially and up 9% year-over-year
- Net income attributable to Photronics, Inc. shareholders was \$6.3 million, or \$0.10 per diluted share
- Cash provided by operating activities was \$30.5 million, resulting in a cash balance of \$237.8 million
- Third quarter 2020 guidance: revenue between \$145 and \$155 million with diluted EPS between \$0.11 and \$0.17

BROOKFIELD, Conn., May 27, 2020 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2020 second quarter ended May 3, 2020.

Second quarter revenue was \$142.8 million, 11% lower than the previous quarter and 9% better than the same quarter last year. Integrated circuit (IC) revenue was \$96.8 million, down 9% sequentially and down 2% compared with the second quarter of last year. Flat panel display (FPD) revenue was \$45.9 million, down 13% compared with last quarter and up 39% compared with the same period last year.

Net income attributable to Photronics, Inc. shareholders was \$6.3 million (\$0.10 per diluted share), compared with \$10.3 million (\$0.16 per diluted share) for the first quarter of 2020 and \$8.5 million (\$0.13 per diluted share) for the second quarter of 2019.

"Our entire organization performed well, working hard to meet customer needs during an unprecedented period characterized by supply chain challenges and growing uncertainty," said Peter Kirlin, chief executive officer. "Our business was soft in China, due primarily to shelter-in-place directives that caused some customers to push out orders, particularly for IC foundries and high-end display panel production. As we ended the quarter, most of these directives were lifted and demand began strengthening. Our low-cost focus and strong balance sheet are helping us to navigate the uncertainty. We remain focused on compelling long-term growth opportunities and are committed to investing to expand market share and maintain technology leadership, primarily in mobile display applications, which we anticipate will continue to grow."

Third Quarter 2020 Guidance

For the third quarter of 2020, Photronics expects revenue to be between \$145 million and \$155 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 Wednesday, May 27, 2020. The call can be accessed by logging onto Photronics' website 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' website.

About Photronics

[Photronics](#) is a leading worldwide manufacturer of integrated circuit (IC) and flat panel display (FPD) [photomasks](#). 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, 2019, the company had 1,775 employees. The company has 11 strategically located [manufacturing facilities](#) in Asia, Europe, and North America. Additional information on the company can be accessed at www.photronics.com.

Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Photronics to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," "will," "should," "would," "may" and "could" or similar words or expressions are generally forward-looking in nature and not historical facts. Any statements that refer to outlook, expectations or other characterizations of future events, circumstances or results are also forward-looking statements. Important risks, assumptions and other important factors that could cause future results to differ materially from those expressed in the forward-looking statements are specified in Photronics' Annual and Quarterly filings with the Securities and Exchange Commission under headings such as "Forward-Looking Statements", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other filings and furnishings made by Photronics with the Securities and Exchange Commission from time to time. These risks and uncertainties include, but are not limited to, the current pandemic and future recurrences and other developments with respect thereto, governmental responses to the pandemic and related matters, changes in end markets resulting therefrom, changes in investment, tax, trade, exchange and other laws and regulations, as well as economic, competitive, legal, governmental, political, monetary and fiscal policy, and technological factors and decisions we may make in the future regarding our business, capital structure and other matters. Photronics undertakes no obligation to release publicly any revisions to any forward-looking statements or, except as required to be disclosed in filings or furnishings with the Securities and Exchange Commission, to report events or to report the occurrence of unanticipated events. There is no assurance that Photronics' expectations will be realized.

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

	Three Months Ended			Six Months Ended	
	May 3, 2020	February 2, 2020	April 28, 2019	May 3, 2020	April 28, 2019
Revenue	\$ 142,774	\$ 159,736	\$ 131,580	\$ 302,510	\$ 256,291
Cost of goods sold	112,341	125,134	105,570	237,475	204,179
Gross profit	30,433	34,602	26,010	65,035	52,112
Operating Expenses:					
Selling, general and administrative	13,267	14,219	13,269	27,486	27,061
Research and development	4,462	4,080	3,542	8,541	7,805
Total Operating Expenses	17,729	18,299	16,811	36,027	34,866
Operating income	12,704	16,303	9,199	29,008	17,246
Other income (expense), net	(951)	3,697	3,931	2,745	5,039
Income before income taxes	11,753	20,000	13,130	31,753	22,285
Income tax provision	3,781	9,072	3,278	12,853	4,665
Net income	7,972	10,928	9,852	18,900	17,620
Net income attributable to noncontrolling interests	1,688	628	1,373	2,316	3,874
Net income attributable to Photronics, Inc. shareholders	<u>\$ 6,284</u>	<u>\$ 10,300</u>	<u>\$ 8,479</u>	<u>\$ 16,584</u>	<u>\$ 13,746</u>
Earnings per share:					
Basic	\$ 0.10	\$ 0.16	\$ 0.13	\$ 0.25	\$ 0.21
Diluted	\$ 0.10	\$ 0.16	\$ 0.13	\$ 0.25	\$ 0.20
Weighted-average number of common shares outstanding:					
Basic	64,937	65,554	66,261	65,246	66,422

Diluted	<u>65,417</u>	<u>66,449</u>	<u>70,597</u>	<u>65,933</u>	<u>71,593</u>
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PHOTRONICS, INC.
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	<u>May 3, 2020</u>	<u>October 31, 2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 237,790	\$ 206,530
Accounts receivable	135,035	134,454
Inventories	56,968	48,155
Other current assets	<u>42,478</u>	<u>38,388</u>
Total current assets	472,271	427,527
Property, plant and equipment, net	604,545	632,441
Intangible assets, net	5,690	7,870
Other assets	<u>51,382</u>	<u>50,827</u>
Total assets	<u>\$ 1,133,888</u>	<u>\$ 1,118,665</u>
Liabilities and Equity		
Current liabilities:		
Debt	\$ 17,671	\$ 10,873
Accounts payable and accrued liabilities	<u>135,701</u>	<u>141,081</u>
Total current liabilities	153,372	151,954
Long-term debt	35,783	41,887
Other liabilities	23,075	13,732
Photronics, Inc. shareholders' equity	769,191	769,892
Noncontrolling interests	<u>152,467</u>	<u>141,200</u>
Total equity	<u>921,658</u>	<u>911,092</u>
Total liabilities and equity	<u>\$ 1,133,888</u>	<u>\$ 1,118,665</u>

PHOTRONICS, INC.
Condensed Consolidated Statements of Cash Flows

(in thousands)
(Unaudited)

	Six Months Ended	
	May 3, 2020	April 28, 2019
Cash flows from operating activities:		
Net income	\$ 18,900	\$ 17,620
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47,896	38,515
Share-based compensation	2,576	1,962
Changes in operating assets, liabilities and other	(8,049)	(60,384)
Net cash provided by (used in) operating activities	<u>61,323</u>	<u>(2,287)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(30,127)	(140,436)
Government incentive	5,260	5,698
Other	(139)	(23)
Net cash used in investing activities	<u>(25,006)</u>	<u>(134,761)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	1,140	39,633
Contribution from noncontrolling interest	7,600	29,394
Purchase of treasury stock	(16,894)	(10,696)
Repayments of long-term debt	(389)	(61,220)
Proceeds from share-based arrangements	3,423	1,033
Dividends paid to noncontrolling interests	-	(26,102)
Other	(251)	(45)
Net cash used in financing activities	<u>(5,371)</u>	<u>(28,003)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>475</u>	<u>2,843</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	31,421	(162,208)
Cash, cash equivalents, and restricted cash, beginning of period	<u>209,291</u>	<u>331,989</u>
Cash, cash equivalents, and restricted cash, end of period	<u><u>\$ 240,712</u></u>	<u><u>\$ 169,781</u></u>

For Further Information:

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Source: Photronics, Inc.