Photronics Reports First Quarter Fiscal 2021 Results

February 24, 2021

BROOKFIELD, Conn., Feb. 24, 2021 (GLOBE NEWSWIRE) -- In a release issued under the same headline earlier today by Photronics, Inc. (NASDAQ:PLAB), please note that the second half of the "Condensed Consolidated Balance Sheets" table, beginning with "Liabilities and Equity" was omitted. The corrected release follows:

- Revenue was $152.1 million, up 2% sequentially and down 5% year-over-year
- Net income attributable to Photronics, Inc. shareholders was $8.0 million, or $0.13 per diluted share
- Cash provided by operating activities was $26.3 million, capex was $17.5 million, share repurchases were $13.2 million, and ending cash balance was $278.5 million
- Second quarter 2021 guidance: revenue between $153 and $162 million with diluted EPS between $0.14 and $0.20

Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2021 first quarter ended January 31, 2021.

First quarter revenue was $152.1 million, up 2% compared with the previous quarter and down 5% compared with the same quarter last year. Integrated circuit (IC) revenue was $105.0 million, down 1% sequentially and 2% compared with the first quarter of last year. Flat panel display (FPD) revenue was $47.1 million, up 9% compared with last quarter and down 11% compared with the same period last year.

Net income attributable to Photronics, Inc. shareholders was $8.0 million, or $0.13 per diluted share, compared with $6.5 million, or $0.10 per diluted share, for the fourth quarter of 2020 and $10.3 million, or $0.16 per diluted share, for the first quarter of 2020.

"We achieved sequential revenue growth in the first quarter, a period that is typically down seasonally, due to strong demand for mobile displays and a recovery in memory," said Peter Kirlin, chief executive officer. “Our diverse and broad industry exposure enabled us to perform well even as mask demand was somewhat muted in certain sectors as foundries responded to semiconductor shortages, limiting new design activity. The outlook for mask demand in 2021 is positive as additional capacity is brought on line by our customers. Our financial position remains strong and we anticipate completing the next phase of our FPD investment in the second half of fiscal 2021. We expect to grow 2021 revenue by high single-digit percent with an increase in operating profit similar to the 23% increase achieved in 2020.”

Second Quarter 2021 Guidance

For the second quarter of 2021, Photronics expects revenue to be between $153 million and $162 million, and net income attributable to Photronics, Inc. shareholders to be between $0.14 and $0.20 per diluted share.

Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, February 24, 2021. 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 over 50 years. As of October 31, 2020, the company had 1,728 employees. The company operates 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 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, compliance with local, State and Federal laws, rules and regulations including, but not limited to, import and export controls, tariffs and penalties, fines and violations related thereto, 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.

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

	Three Months Ended		
	January 31, 2021	**October 31, 2020**	**February 2, 2020**
Revenue	$ 152,067	$ 149,286	$ 159,736
Cost of goods sold	121,538	117,401	125,134
Gross profit	30,529	31,885	34,602
Operating Expenses:			
Selling, general and administrative	14,053	12,790	14,219
Research and development	4,710	4,110	4,080
Total Operating Expenses	18,763	16,900	18,299
Operating income	11,766	14,985	16,303
Other income (expense), net	680	(2,937)	3,697
Income before income tax provision	12,446	12,048	20,000
Income tax provision	2,937	3,469	9,072
Net income	9,509	8,579	10,928
Net income attributable to noncontrolling interests	1,473	2,119	628
Net income attributable to Photronics, Inc. shareholders	$ 8,036	$ 6,460	$ 10,300
Earnings per share:			
Basic	$ 0.13	$ 0.10	$ 0.16
Diluted	$ 0.13	$ 0.10	$ 0.16
Weighted-average number of common shares outstanding:			

Basic	62,475	64,193	65,554
Diluted	63,005	64,768	66,449

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

	January 31, 2021	October 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 278,539	$ 278,665
Accounts receivable	139,708	134,470
Inventories	56,407	57,269
Other current assets	31,458	29,735
Total current assets	506,112	500,139
Property, plant and equipment, net	672,398	631,475
Intangible assets, net	2,383	3,437
Other assets	51,169	53,131
Total assets	$ 1,232,062	$ 1,188,182
Liabilities and Equity		
Current liabilities:		
Debt	$ 21,641	$ 13,678
Accounts payable and accrued liabilities	123,890	129,261
Total current liabilities	145,531	142,939
Long-term debt	79,984	54,980
Other liabilities	28,051	27,997
Photronics, Inc. shareholders' equity	815,502	804,962
Noncontrolling interests	162,994	157,304
Total equity	978,496	962,266
Total liabilities and equity	$ 1,232,062	$ 1,188,182

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

	Three Months Ended	
	January 31,	February 2,

	2021	2020
Cash flows from operating activities:		
Net income	$ 9,509	$ 10,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,724	24,626
Share-based compensation	1,301	1,356
Changes in operating assets, liabilities and other	(8,247)	(6,125)
Net cash provided by operating activities	26,287	30,785
Cash flows from investing activities:		
Purchases of property, plant and equipment	(17,532)	(13,807)
Government incentives	397	2,417
Other	(61)	(139)
Net cash used in investing activities	(17,196)	(11,529)
Cash flows from financing activities:		
Proceeds from long-term debt	6,205	1,140
Purchase of treasury stock	(13,209)	(11,000)
Repayments of debt	(7,796)	(389)
Proceeds from share-based arrangements	765	2,886
Other	(315)	(248)
Net cash used in financing activities	(14,350)	(7,611)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	5,195	149
Net (decrease) increase in cash, cash equivalents, and restricted cash	(64)	11,794
Cash, cash equivalents, and restricted cash, beginning of period	281,602	209,291
Cash, cash equivalents, and restricted cash, end of period	$ 281,538	$ 221,085

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Source: Photronics, Inc.