



Photronics Reports Second Quarter Fiscal 2021 Results

May 26, 2021

- Revenue was a record \$159.8 million, up 5% sequentially and 12% year-over-year
- Net income attributable to Photronics, Inc. shareholders was \$10.5 million, or \$0.17 per diluted share
- Cash provided by operating activities was \$31.9 million, capex was \$56.0 million, share repurchases were \$10.0 million, and ending cash balance was \$256.0 million
- Third quarter 2021 guidance: revenue between \$162 and \$172 million with diluted EPS between \$0.19 and \$0.25

BROOKFIELD, Conn., May 26, 2021 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2021 second quarter ended May 2, 2021.

Second quarter revenue was \$159.8 million, up 5% compared with the previous quarter and 12% compared with the same quarter last year. Integrated circuit (IC) revenue was \$112.0 million, up 7% sequentially and 16% compared with the second quarter of last year. Flat panel display (FPD) revenue was \$47.8 million, up 1% compared with last quarter and 4% compared with the same period last year.

Net income attributable to Photronics, Inc. shareholders was \$10.5 million, or \$0.17 per diluted share, compared with \$8.0 million, or \$0.13 per diluted share, for the first quarter of 2021 and \$6.3 million, or \$0.10 per diluted share, for the second quarter of 2020.

"We achieved record revenue in the quarter, with growth in both IC and FPD, demonstrating the strength and resiliency of our design-driven demand model, supported by world-class capabilities and unmatched global presence," said Peter Kirilin, chief executive officer. "Our customers are responding to growing demand for their products, as they innovate to meet more advanced specifications. This creates an environment with strong design activity, driving mask demand across our business. As the largest merchant photomask manufacturer, we are well positioned to benefit from these trends. This ongoing market strength gives us confidence in meeting our long-term financial objectives as well as support for continued investment to expand capacity in our operations. Gross and operating margins expanded to 24.6% and 13.0%, respectively; and we are solidly executing our 2021 plan to outperform our market and increase operating profit by 23%."

Third Quarter 2021 Guidance

For the third quarter of 2021, Photronics expects revenue to be between \$162 million and \$172 million, and net income attributable to Photronics, Inc. shareholders to be between \$0.19 and \$0.25 per diluted share.

Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, May 26, 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. Photonics 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 Photonics' 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 2, 2021	January 31, 2021	May 3, 2020	May 2, 2021	May 3, 2020
Revenue	\$ 159,763	\$ 152,067	\$ 142,774	\$ 311,830	\$ 302,510
Cost of goods sold	120,514	121,538	112,341	242,052	237,475
Gross profit	39,249	30,529	30,433	69,778	65,035
Operating Expenses:					
Selling, general and administrative	14,067	14,053	13,267	28,120	27,486
Research and development	4,375	4,710	4,462	9,085	8,541
Total Operating Expenses	18,442	18,763	17,729	37,205	36,027
Operating income	20,807	11,766	12,704	32,573	29,008
Other income (expense), net	(772)	680	(951)	(92)	2,745
Income before income tax provision	20,035	12,446	11,753	32,481	31,753
Income tax provision	3,714	2,937	3,781	6,651	12,853
Net income	16,321	9,509	7,972	25,830	18,900
Net income attributable to noncontrolling interests	5,795	1,473	1,688	7,268	2,316
Net income attributable to Photonics, Inc. shareholders	\$ 10,526	\$ 8,036	\$ 6,284	\$ 18,562	\$ 16,584
Earnings per share:					
Basic	\$ 0.17	\$ 0.13	\$ 0.10	\$ 0.30	\$ 0.25
Diluted	\$ 0.17	\$ 0.13	\$ 0.10	\$ 0.30	\$ 0.25
Weighted-average number of common shares outstanding:					
Basic	62,054	62,475	64,937	62,265	65,246
Diluted	62,568	63,005	65,417	62,786	65,933

PHOTRONICS, INC.

Condensed Consolidated Balance Sheets

(in thousands)

(Unaudited)

	<u>May 2,</u> <u>2021</u>	<u>October 31,</u> <u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 255,965	\$ 278,665
Accounts receivable	143,923	134,470
Inventories	56,384	57,269
Other current assets	<u>39,336</u>	<u>29,735</u>
Total current assets	495,608	500,139
Property, plant and equipment, net	717,426	631,475
Intangible assets, net	1,356	3,437
Other assets	<u>51,599</u>	<u>53,131</u>
Total assets	\$ 1,265,989	\$ 1,188,182
Liabilities and Equity		
Current liabilities:		
Debt	\$ 25,658	\$ 13,678
Accounts payable and accrued liabilities	<u>133,629</u>	<u>129,261</u>
Total current liabilities	159,287	142,939
Long-term debt	88,444	54,980
Other liabilities	27,441	27,997
Photronics, Inc. shareholders' equity	821,392	804,962
Noncontrolling interests	<u>169,425</u>	<u>157,304</u>
Total equity	<u>990,817</u>	<u>962,266</u>
Total liabilities and equity	\$ 1,265,989	\$ 1,188,182

PHOTRONICS, INC.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	<u>Six Months Ended</u>	
	<u>May 2,</u> <u>2021</u>	<u>May 3,</u> <u>2020</u>
Cash flows from operating activities:		
Net income	\$ 25,830	\$ 18,900
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47,121	47,896
Share-based compensation	2,723	2,576
Changes in operating assets, liabilities and other	<u>(17,455)</u>	<u>(8,049)</u>

Net cash provided by operating activities	58,219	61,323
Cash flows from investing activities:		
Purchases of property, plant and equipment	(73,516)	(30,127)
Government incentives	5,775	5,260
Other	(157)	(139)
Net cash used in investing activities	(67,898)	(25,006)
Cash flows from financing activities:		
Proceeds from long-term debt	12,439	1,140
Contribution from noncontrolling interest	-	7,600
Purchase of treasury stock	(23,250)	(16,894)
Repayments of debt	(8,636)	(389)
Proceeds from share-based arrangements	1,180	3,423
Other	(371)	(251)
Net cash used in financing activities	(18,638)	(5,371)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	5,686	475
Net (decrease) increase in cash, cash equivalents, and restricted cash	(22,631)	31,421
Cash, cash equivalents, and restricted cash, beginning of period	281,602	209,291
Cash, cash equivalents, and restricted cash, end of period	\$ 258,971	\$ 240,712

For Further Information:

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Source: Photronics, Inc.