



Photronics Reports Third Quarter Results

August 17, 2004

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BROOKFIELD, Connecticut August 17, 2004 -- Photronics, Inc. (Nasdaq:PLAB), the world's leading sub-wavelength reticle solutions supplier, today reported fiscal 2004 third quarter and nine month results for the periods ended August 1, 2004.

Sales for the quarter were \$103.7 million, an increase of 14.7%, compared to \$90.5 million for the third quarter of 2003. Net income for the third quarter of fiscal 2004 amounted to \$8.4 million, or \$0.23 per diluted share, compared to the prior year's third quarter net income of \$1.3 million, or \$0.04 per diluted share. Net income for the third quarter of 2003 included the impact of an early extinguishment charge of \$900 thousand, or \$0.03 per diluted share, associated with the Company's redemption of all of its previously outstanding \$62.1 million 6% Convertible Subordinated Notes.

Sales for the first nine months of 2004 were \$291.4 million, up 13.2% from the \$257.4 million for the first nine months of fiscal 2003. Net income for the first nine months of fiscal 2004 amounted to \$16.6 million, or \$0.47 per diluted share, compared to a net loss of \$51.3 million, or \$1.60 per diluted share for the first nine months of fiscal 2003. The net loss for the first nine months of fiscal 2003 included consolidation and early extinguishment charges totaling \$40.8 million after tax, or \$1.27 per diluted share.

Sean T. Smith, Chief Financial Officer, commented, "Since returning to profitability a year ago, Photronics has consistently improved its financial performance by aggressively managing operating costs, focusing on operating margins, and generating free cash flows that have been reinvested into our global organization. The result has been a greatly improved competitive position, both technologically and financially, that we are actively leveraging during this period of fundamentally healthy demand for a wide variety of photomask technology and services. Driven by the semiconductor industry's broad transition to 180 nanometer and 130 nanometer designs throughout Asia, Europe and North America, Photronics is both technologically and financially prepared to move swiftly and decisively when strategically important opportunities arise."

Paul J. Fego, President and Chief Operating Officer added, "Strong execution by our operations and sales team are at the heart of this quarter's performance. They have made significant progress leveraging dependable performance to schedule and technology investments into market share gains. In each of the regions we serve, our 130 nanometer business grew, as did our exposure to the slowly developing demand for 90 nanometer technologies. Among one of the more notable achievements, Photronics earned its initial 65 nanometer qualification. Now that our Corporate Technology team has successfully positioned the Company at the forefront of this node, the service element of our competitive advantage will enable Photronics to broaden its penetration into key technology driven markets as the global semiconductor industry transitions from node development into volume production."

In commenting on his outlook for the fourth quarter of fiscal 2004, Constantine "Deno" Macricostas, Chairman and Chief Executive Officer stated, "Demand for increasingly complex photomask technologies is showing broad based stability as semiconductor designers steadily release 180 nanometer and 130 nanometer products. Photronics' global presence and strategically well timed investments continue to open up exciting new opportunities to work with customers requiring innovative lithography solutions across these diverse sets of product categories. Our initial investments in 65 nanometer process development have generated excellent early results and will be expanded upon through the installation of new tool sets in both North America and Asia. In pressing our leadership position, we will continue investing so as to match our technology development initiatives and service organization to the task of addressing the complex lithography challenges facing our customers as they move beyond 90 nanometer technologies and integrate new immersion based lithography systems." Mr. Macricostas concluded by noting, "The Company's strong performance throughout the fiscal year will not result in complacency, but rather it serves as a source of motivation across our global enterprise. As I visit each of our sites, it is clear to me that our employees know expectations rise with performance. I am pleased to see how hard they push themselves and each other in pursuit of further customer satisfaction improvements, enhancing profitability, and increasing shareholder value."

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics' web site at www.photronics.com/, then clicking on the "Conference Calls" button in the top right corner of the home page. The call is scheduled for 8:30 a.m. Eastern Daylight Time on Wednesday, August 18th and will be archived for instant replay access until the Company reports its fiscal fourth quarter results on December 7, 2004 after the equity markets close. The live call dial-in number

is (706)634-5086.

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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, photomasks are used to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits. They are produced in accordance with circuit 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.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company's ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain a new bank facility or other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company's SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

CyberMask is a trademark of Photronics, Inc.

