



## Photronics Announces Record Second Quarter Results

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### Second Quarter Highlights:

- Revenues of \$112.9 million exceed expectations and set a new quarterly record
- Net income of \$10.6 million exceeds expectations and sets a new quarterly record
- Total debt reduced to \$262.7 million compared to \$318.9 million at the end of fiscal 2004

BROOKFIELD, Connecticut May 17, 2005 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2005 second quarter and six month results for the period ended May 1, 2005.

Sales for the quarter were a record \$112.9 million, up 16.2%, compared to \$97.2 million for the second quarter of 2004. Net income for the second quarter of fiscal 2005 amounted to a record \$10.6 million, or \$0.28 per diluted share, compared to the prior year's second quarter net income of \$6.0 million, or \$0.17 per diluted share. Net income for the second quarter of fiscal 2005 included:

- \$0.2 million after tax, or \$0.01 per diluted share related to the open market repurchase of \$10.0 million of the Company's outstanding 4 $\frac{3}{4}$ % Convertible Subordinated Notes.

Sales for the first six months of 2005 were \$214.1 million, up 14.1% from the \$187.7 million for the first half of fiscal 2004. Net income for the first six months of fiscal 2005 amounted to \$15.1 million, or \$0.41 per diluted share, compared to the prior year's first six months net income of \$8.1 million, or \$0.24 per diluted share. Net income for the first six months of 2005 included:

- \$1.4 million after tax, or \$0.03 per diluted share related to the open market repurchase of \$51.4 million of the Company's outstanding 4 $\frac{3}{4}$ % Convertible Subordinated Notes.

Sean T. Smith, Chief Financial Officer, commented, "Our global manufacturing, sales and R&D teams are performing strongly. As a result, the Company continues to generate free cash flow, strengthen its balance sheet, and increase net income." He added, "This performance continues to provide the Company with the strategic flexibility to invest in new growth initiatives, such as increasing our presence in the flat panel display (FPD) mask market in Taiwan, opening a new R&D center in Korea, and in further developing our 65 nanometer capabilities."

Constantine "Deno" Macricostas, Chairman and Chief Executive Officer briefly discussed several important initiatives launched during the quarter. "First, I am excited that we have greatly expanded the depth and quality of our management team with the addition of Michael Luttati. As our new Chief Executive Officer, I am confident that he will lead the Photronics team to new highs. In terms of business opportunities, we have identified a number of areas where we believe we can grow our business at a rate to the mid-teens in fiscal 2005. In the areas of technology development and support, we have taken actions to extract greater efficiencies from our most advanced facilities. These include retasking the Austin site to focus exclusively on advanced masks at below the 130 nanometer process node, while also serving as the development center for both 65 nanometer and 45 nanometer solutions. Mainstream tool sets are being transferred to sites in Allen, Texas and Brookfield, Connecticut. Photronics has also opened its first corporate research & development center in Asia. Located in our Korean facility, this significantly enhances our position to accelerate our growth with technology-driven Asian customers requiring cost effective lithography solutions." He added, "Photronics has also begun the expansion of its FPD mask capability. As we announced in March, we are expanding from our current position in Korea and into Taiwan. Customer support at a groundbreaking ceremony in Taichung, which was held just before the end of the quarter, was very strong. We are confident that we will be able to quickly expand our presence and grow our share in this market."

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](http://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, May 18th and will be archived for instant replay access until the Company reports its fiscal third quarter results on August 16, 2005 after the equity markets close. The live call dial-in number is (706)634-5086.

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](http://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.



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