



Photronics Announces Record Third Quarter Results

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Photronics Announces Record Third Quarter Results **Third Quarter Highlights:**

- Revenues of \$114.9 million set a new quarterly record
- Net income of \$14.8 million sets new quarterly record
- Net proceeds of \$163 million raised through issuance of 8,050,000 shares of common stock

BROOKFIELD, Connecticut August 16, 2005 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2005 third quarter and nine month results for the period ended July 31, 2005.

Sales for the quarter were a record \$114.9 million, up 10.8%, compared to \$103.7 million for the third quarter of 2004. Net income for the third quarter of fiscal 2005 amounted to \$14.8 million, or \$0.35 per diluted share, compared to the prior year's third quarter net income of \$8.4 million, or \$0.23 per diluted share. Earnings per share for the third quarter of fiscal 2005 included:

- the dilutive impact of approximately \$0.02 per share reflected in the issuance of 8,050,000 shares of common stock in association with an equity offering completed on July 6, 2005.
- the accretive impact of \$0.06 per share related to resolution of a conditional government grant obligation, increased investment income associated with the offering proceeds and foreign currency gains.

Sales for the first nine months of 2005 were \$329.0 million, up 12.9% from the \$291.4 million for the first nine months of fiscal 2004. Net income for the first nine months of fiscal 2005 amounted to \$29.9 million, or \$0.77 per diluted share, compared to the prior year's first nine months net income of \$16.6 million, or \$0.47 per diluted share.

Michael J. Luttati, Chief Executive Officer, commented, "Overall demand for photomask technology and services in all regions and market segments remain robust. Revenues for the third quarter, despite reaching record levels, came in at the lower end of our expectations primarily as the result of a short term operational issue experienced in one of our European facilities during the last month of the quarter. He added, "Asia and North America performed well, supported by their ability to increase market share. Additionally, our flat panel display mask operations in Asia posted their seventh consecutive quarter of sequential growth as the demand for Generation 6 and Generation 7 products grow."

In speaking about future investments, Mr. Luttati added, "Our expansion initiatives are proceeding according to schedule. We are now poised to bring our ownership of PKL to 100%, enabling our investors to fully benefit from the strong growth being experienced in Korea for both semiconductor and flat panel display masks. Additionally, the installation of our second 65 nanometer line in Korea, the new semiconductor mask fab in Shanghai, China and the flat panel mask fab in Taichung, Taiwan add to our competitive strength and position to capitalize on the growth opportunities in the semiconductor and flat panel display mask segments we serve." 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 17th and will be archived for instant replay access until the Company reports its fiscal fourth quarter results on December 6, 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 and flat panel displays, photomasks are used to transfer circuit patterns onto semiconductor wafers and flat panel substrates during the fabrication of integrated circuits, a variety of flat panel displays and, to a lesser extent, other types of electrical and optical components. They are produced in accordance with product 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.



FOR FURTHER INFORMATION:

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