



Photronics Announces Record Second Quarter Revenues

May 16, 2006

Photronics Announces Record Second Quarter Revenues

Second Quarter Highlights:

- Net revenues of \$119.5 million set new quarterly record
- Earnings of \$0.12 per diluted share includes the impact of the \$0.22 per diluted share charge related to North American restructuring charges and \$0.04 from gains on sales of certain investments

BROOKFIELD, Connecticut May 16, 2006 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2006 second quarter and six month results for the period ended April 30, 2006.

Sales for the quarter were a record \$119.5 million, up 5.8%, compared to \$112.9 million for the second quarter of 2005. Net income for the second quarter of fiscal 2006 amounted to \$5.3 million, or \$0.12 per diluted share, compared to the prior year's second quarter net income of \$10.6 million, or \$0.28 per diluted share. Net income for the second quarter of 2006 included: a charge of \$11.4 million after tax, or \$0.22 per diluted share in connection with the Company's previously disclosed restructuring of its operations in North America; and a gain on sales of certain investments of \$2.2 million after tax, or \$0.04 per diluted share.

Sales for the first six months of 2006 were \$231.4 million, up 8.1% from the \$214.1 million for the first half of fiscal 2005. Net income for the first six months of fiscal 2006 amounted to \$15.0 million, or \$0.34 per diluted share, compared to the prior year's first six months net income of \$15.1 million, or \$0.41 per diluted share.

Michael J. Luttati, Chief Executive Officer commented, "We are very pleased with our second quarter performance which builds on the momentum we started in Q1. Revenue growth coupled with continued cost control discipline resulted in solid bottom line performance despite the restructuring charges we incurred as a result of our decision to close our Austin facility. Our efforts in the second quarter go beyond just the numbers as we initiated several key strategic actions that are transforming the Company toward achieving our goal of profitable technology leadership. First, we held the grand opening of our state-of-the-art flat panel mask production facility in Taichung, Taiwan. With the display industry in Taiwan aggressively investing in advanced large screen process technologies, Photronics has strengthened its competitive and leadership position there, complimenting our already strong position in serving customers in Korea."

"Next we acted on the closure of our Austin facility. In addition to the cost savings associated with closing this underutilized facility, the redeployment of advanced manufacturing systems will enable Photronics to support a larger number of our customers requiring 90 nanometer process technologies. And finally, our most recent announcement regarding the MP Mask Technology Center, LLC represents the center piece of our 45 nanometer and below technology development strategy. This partnership with Micron Technology is one that we believe will provide the best long-term solution in serving our technology development needs and puts us in a very attractive competitive position for share gains in the high-end integrated circuit mask 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, 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 Time on Wednesday, May 17th and will be archived for instant replay access until the Company reports its fiscal third quarter results after the market closes on Tuesday, August 15, 2006. The live call dial-in number is (212)676-5290.

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 the joint venture, the planned fabrication facility, 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; uncertainties with respect to the integration and management of a new joint venture, delays in the construction and equipping of the planned fabrication facility, the ability to transfer licensed applications to other applications, 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.

[Click here for financial information](#)

FOR FURTHER INFORMATION:

Michael W. McCarthy

Vice President – Corporate Communications

Photronics, Inc.

(203)775-9000

mmccarthy@brk.photronics.com