



## Photronics Reports Second Quarter Results

BROOKFIELD, Connecticut May 19, 2009 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2009 second quarter results for the period ended May 3, 2009.

Sales for the second quarter were \$83.2 million, down 24.6%, compared to \$110.3 million for the second quarter of fiscal year 2008. Sales of semiconductor photomasks accounted for \$63.8 million, or 76.6% of revenues during the second quarter of fiscal 2009, and sales of flat panel display (FPD) photomasks accounted for \$19.4 million, or 23.4% of revenues.

Net loss for the second quarter of fiscal year 2009 was \$10.1 million, or \$0.24 per share, compared to a net loss of \$2.1 million, or \$0.05 per share, for the second quarter of fiscal 2008. Net loss for the second quarter of fiscal 2009 included after tax charges of approximately \$1.4 million in connection with the Company's previously disclosed restructuring of its operations in Manchester, United Kingdom. On a non-GAAP basis, excluding the effect of the aforementioned charges, the Company's adjusted net loss for the second quarter of fiscal year 2009 was \$8.7 million, or \$0.21 per share.

Sales for the first six months of 2009 were \$171.3 million, down 19.8% from the \$213.5 million for the first half of fiscal 2008. Net loss for the first six months of fiscal 2009 amounted to \$20.3 million, or \$0.49 per share, compared to the prior year's first six months net loss of \$5.4 million, or \$0.13 per share. Net loss for the first six months of 2009 included after tax charges of approximately \$2.6 million in connection with the restructuring in Manchester discussed above. On a non-GAAP basis, excluding the effect of the aforementioned charges, the Company's adjusted net loss for the first six months of 2009 was \$17.7 million, or \$0.42 per share.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer commented, "Our second quarter results were in line with expectations and market conditions. We were pleased, despite this difficult environment, to demonstrate improved sequential gross margin performance as a result of our continued efforts to reduce our operating expenses. We will maintain our intense focus on cost control, advanced technology customer qualifications and market share gains in anticipation of an improving market environment in the second half of calendar year 2009."

A conference call with investors and the media to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, May 20, 2009. The live dial-in number is (719) 325-4779. The call can also be accessed by logging onto Photronics' web site at [www.photronics.com](http://www.photronics.com).

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](http://www.photronics.com).

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. and its subsidiaries (the Company). The forward-looking statements contained in this press release and other parts of Photronics' web site involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices, and other factors as discussed in filings with the U. S. Securities and Exchange Commission (SEC). These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental, and technological factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company assumes no obligation to provide revisions to any forward-looking statements.

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 3, 2009</u>	<u>April 27, 2008</u>	<u>May 3, 2009</u>	<u>April 27, 2008</u>
Net sales	\$ 83,232	\$ 110,330	\$ 171,275	\$ 213,545
Costs and expenses:				
Cost of sales	(71,792)	(90,056)	(149,275)	(172,675)
Selling, general and administrative	(10,630)	(13,575)	(21,032)	(29,878)
Research and development	(4,177)	(4,613)	(7,801)	(8,851)
Consolidation, restructuring and related charges	(406)	-	(2,086)	-
Impairment of long-lived assets	(1,458)	-	(1,458)	-
Operating (loss) income	(5,231)	2,086	(10,377)	2,141
Other income (expense), net	(5,001)	(3,196)	(8,625)	(3,764)
Loss before income taxes and minority interest	(10,232)	(1,110)	(19,002)	(1,623)
Income tax benefit (provision)	76	(932)	(1,122)	(2,804)
Loss before minority interest	(10,156)	(2,042)	(20,124)	(4,427)
Minority interest	84	(27)	(181)	(982)
Net loss	<u>\$ (10,072)</u>	<u>\$ (2,069)</u>	<u>\$ (20,305)</u>	<u>\$ (5,409)</u>
Loss per share:				
Basic	<u>\$ (0.24)</u>	<u>\$ (0.05)</u>	<u>\$ (0.49)</u>	<u>\$ (0.13)</u>
Diluted	<u>\$ (0.24)</u>	<u>\$ (0.05)</u>	<u>\$ (0.49)</u>	<u>\$ (0.13)</u>
Weighted average number of common share: outstanding:				
Basic	<u>41,775</u>	<u>41,638</u>	<u>41,749</u>	<u>41,632</u>
Diluted	<u>41,775</u>	<u>41,638</u>	<u>41,749</u>	<u>41,632</u>

**PHOTRONICS, INC. AND SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

(in thousands)

(Unaudited)

	<u>May 3, 2009</u>	<u>November 2, 2008</u>
<b><u>Assets</u></b>		
Current assets:		
Cash, cash equivalents and short-term investments of \$145 in 2009 and \$1,343 in 2008	\$ 81,633	\$ 85,106
Accounts receivable	61,263	68,095
Inventories	16,486	17,548
Other current assets	<u>9,447</u>	<u>11,748</u>
Total current assets	168,829	182,497
Property, plant and equipment, net	399,343	436,528
Investment in joint venture	61,065	65,737
Other intangibles, net	58,486	62,386
Other assets	<u>13,209</u>	<u>10,859</u>
	<u>\$ 700,932</u>	<u>\$ 758,007</u>
 <b><u>Liabilities and Shareholders' Equity</u></b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 55,213	\$ 20,630
Accounts payable and accrued liabilities	<u>72,948</u>	<u>95,448</u>
Total current liabilities	128,161	116,078
Long-term borrowings	157,564	202,979
Deferred income taxes and other liabilities	7,112	6,552
Minority interest	48,799	49,616
Shareholders' equity	<u>359,296</u>	<u>382,782</u>
	<u>\$ 700,932</u>	<u>\$ 758,007</u>

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flow**

(in thousands)  
(Unaudited)

	Six Months Ended	
	May 3, 2009	April 27, 2008
Cash flows from operating activities:		
Net loss	\$ (20,305)	\$ (5,409)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	42,027	51,280
Consolidation, restructuring, and related charges and impairment of long-lived assets	3,544	-
Minority interest in income of consolidated subsidiaries	181	982
Changes in assets and liabilities and other	902	(11,750)
Net cash provided by operating activities	26,349	35,103
Cash flows from investing activities:		
Purchases of property, plant and equipment	(20,375)	(78,067)
Purchases of short-term investments and other	-	(306)
Proceeds from sales of investments and other	856	3,487
Proceeds from sale of property, plant and equipment	85	65
Distribution from joint venture	5,000	-
Investment in joint venture	-	(2,598)
Net cash used in investing activities	(14,434)	(77,419)
Cash flows from financing activities:		
Repayments of long-term borrowings	(10,889)	(168,991)
Proceeds from long-term borrowings	-	132,140
Payments of deferred financing fees	(2,249)	(498)
Net cash used in financing activities	(13,138)	(37,349)
Effect of exchange rate changes on cash	(1,052)	719
Net decrease in cash and cash equivalents	(2,275)	(78,946)
Cash and cash equivalents, beginning of period	83,763	146,049
Cash and cash equivalents, end of period	\$ 81,488	\$ 67,103
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ (14,542)	\$ (25,991)
Capital lease obligation for purchases of property, plant and equipment	\$ -	\$ 61,662

FOR FURTHER INFORMATION:

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