



Photronics Reports First Quarter Fiscal 2012 Results

- Quarterly sales of \$112.2 million; within guidance of \$111 — \$116 million
- GAAP net income of \$4.3 million, or \$0.07 earnings per diluted share
- Non-GAAP EPS of \$0.09 per diluted share; within guidance of \$0.07 - \$0.11
- EBITDA of \$33 million
- Net cash improves \$13 million sequentially to \$45 million

BROOKFIELD, Conn.--(BUSINESS WIRE)-- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for the fiscal 2012 first quarter ended January 29, 2012.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer commented, "As anticipated, the soft demand environment continued into our seasonally slow first fiscal quarter resulting in sales of \$112.2 million. On the bottom line, as a result of strict expense control we reported EBITDA for the quarter of \$33 million and Non-GAAP EPS in the middle of our guidance range of \$0.09 per diluted share."

"We did see strength in high-end semiconductor photomask sales as leading edge customers continued to invest in new designs during the cycle," continued Macricostas. "We increased high end IC sales 6% sequentially and 98% over the same period last year as our investments at the leading edge partially offset the slowdown in the mainstream business during the period. Our technology leadership, coupled with a lean and flexible operating structure, enabled us to deliver on our expectations for the quarter and should drive solid earnings growth when the market returns."

Sales for the first quarter of fiscal 2012 were \$112.2 million, a decrease of 7% compared with \$120.8 million for the first quarter of fiscal 2011. Sales of semiconductor photomasks were \$86.8 million, or 77% of revenues, during the first quarter of fiscal 2012, and sales of flat panel display (FPD) photomasks were \$25.4 million, or 23% of revenues.

GAAP net income attributable to Photronics, Inc. for the first quarter of fiscal 2012 was \$4.3 million, or \$0.07 per diluted share, compared with GAAP net income attributable to Photronics, Inc. of \$12.1 million, or \$0.20 per diluted share, for the first quarter of fiscal 2011. First quarter fiscal 2012 GAAP net income includes a \$1.1 million charge related to the previously announced Singapore restructuring. Non-GAAP net income attributable to Photronics, Inc. for the first quarter of fiscal 2012, excluding charges related to the Singapore restructuring and the impact of warrants, was \$5.3 million, or \$0.09 per diluted share.

The section below entitled "*Non-GAAP Financial Measures*" provides a definition and information about the use of non-GAAP financial measures in this press release, and the attached financial supplement reconciles non-GAAP financial information with Photronics, Inc.'s financial results under GAAP.

Non-GAAP Financial Measures

Non-GAAP net income attributable to Photronics, Inc. and non-GAAP earnings per share are "non-GAAP financial measures," as such term is defined by the Securities and Exchange Commission, and may differ from non-GAAP financial measures used by other companies. Photronics, Inc. believes that non-GAAP net income attributable to Photronics, Inc. and non-GAAP earnings per share that exclude certain non-cash or non-recurring income or expense items are useful for analysts and investors to evaluate Photronics, Inc.'s future on-going performance because they enable a more meaningful comparison of Photronics, Inc.'s projected earnings and performance with its historical results of prior periods. These non-GAAP metrics, in particular non-GAAP net income attributable to Photronics, Inc. and non-GAAP earnings per share are not intended to represent funds available for Photronics, Inc.'s discretionary use and are not intended to represent, or be used as a substitute for, operating income, net income or cash flows from operations data as measured under GAAP. The items excluded from

these non-GAAP metrics, but included in the calculation of their closest GAAP equivalent, are significant components of the consolidated statements of operations and must be considered in performing a comprehensive assessment of overall financial performance. Non-GAAP financial information is adjusted for the following items:

- Consolidation and restructuring charges in the first quarter of fiscal 2012 are excluded because they are not a part of ongoing operations.
- Impact of warrants is excluded because it does not affect cash earnings.

The presentation of this financial information should not be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States. The attached financial supplement reconciles non-GAAP financial information with Photronics, Inc.'s financial results under GAAP.

A conference call with investors and the media to discuss these results is scheduled for 8:30 a.m. Eastern time on Thursday, February 16, 2012. The call can be accessed by logging onto Photronics' web site at www.photronics.com. The live dial-in number is 408-774-4601. The call will be archived for instant replay access until the Company reports its fiscal 2012 second quarter results.

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[Photronics](http://www.photronics.com) is a leading worldwide manufacturer of [photomasks](http://www.photronics.com). 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](http://www.photronics.com) in Asia, Europe, and North America. Additional information on the Company can be accessed at 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. 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. For a fuller discussion of the factors that may affect the Company's operations, see "Forward Looking Statements" in the Company's Quarterly and Annual Reports to the Securities and Exchange Commission on Forms 10-Q and 10-K. The Company assumes no obligation to provide revisions to any forward-looking statements.

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PHOTRONICS, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands, except per share data)
(Unaudited)

	Three Months Ended	
	January 29, 2012	January 30, 2011
<u>Reconciliation of GAAP to Non-GAAP Net Income</u>		
<u>Attributable to Photronics, Inc.</u>		
GAAP net income attributable to Photronics, Inc.	\$ 4,268	\$ 12,111
(a) Consolidation and restructuring charges, net of tax	1,118	-
(b) Impact of warrants, net of tax	(94)	75
Non-GAAP net income attributable to Photronics, Inc.	\$ 5,292	\$ 12,186

Reconciliation of GAAP to Non-GAAP Net Income

Applicable to Common Shareholders

Weighted average number of diluted shares outstanding

GAAP	<u>60,930</u>	<u>66,411</u>
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Non-GAAP	<u>60,856</u>	<u>66,411</u>
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Net income per diluted share

GAAP	<u>\$ 0.07</u>	<u>\$ 0.20</u>
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Non-GAAP	<u>\$ 0.09</u>	<u>\$ 0.20</u>
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(a) Represents consolidation and restructuring charges primarily related to the announced restructuring in Singapore.

(b) Represents financing expenses related to warrants, which are recorded in other income (expense), net.

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

(in thousands, except per share amounts)

(Unaudited)

	<u>Three Months Ended</u>	
	<u>January 29,</u>	<u>January 30,</u>
	<u>2012</u>	<u>2011</u>
Net sales	\$ 112,154	\$ 120,823
Costs and expenses:		
Cost of sales	(86,696)	(90,229)
Selling, general and administrative	(11,325)	(10,713)
Research and development	(4,444)	(3,771)
Consolidation, restructuring and related charges	<u>(1,118)</u>	<u>-</u>
Operating income	8,571	16,110
Other income (expense), net	<u>(409)</u>	<u>957</u>
Income before income taxes	8,162	17,067
Income tax provision	<u>(3,321)</u>	<u>(3,483)</u>
Net income	4,841	13,584
Net income attributable to noncontrolling interests	<u>(573)</u>	<u>(1,473)</u>
Net income attributable to Photronics, Inc.	<u>\$ 4,268</u>	<u>\$ 12,111</u>

Earnings per share:		
Basic	<u>\$ 0.07</u>	<u>\$ 0.23</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.20</u>
Weighted-average number of common shares outstanding:		
Basic	<u>59,817</u>	<u>53,817</u>
Diluted	<u>60,930</u>	<u>66,411</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(in thousands)
(Unaudited)

	<u>January 29, 2012</u>	<u>October 30, 2011</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 201,800	\$ 189,928
Accounts receivable	84,092	85,540
Inventories	21,626	22,100
Other current assets	<u>8,137</u>	<u>7,639</u>
Total current assets	315,655	305,207
Property, plant and equipment, net	359,814	368,680
Investment in joint venture	80,365	79,984
Intangible assets, net	41,194	42,462
Other assets	<u>22,663</u>	<u>21,521</u>
	<u>\$ 819,691</u>	<u>\$ 817,854</u>

Liabilities and Equity

Current liabilities:		
Current portion of long-term borrowings	\$ 5,529	\$ 5,583
Accounts payable and accrued liabilities	<u>89,638</u>	<u>90,318</u>
Total current liabilities	95,167	95,901
Long-term borrowings	151,257	152,577
Other liabilities	8,821	9,620
Equity	<u>564,446</u>	<u>559,756</u>
	<u>\$ 819,691</u>	<u>\$ 817,854</u>

Condensed Consolidated Statements of Cash Flows

(in thousands)
(Unaudited)

	<u>Three Months Ended</u>	
	<u>January 29, 2012</u>	<u>January 30, 2011</u>
Cash flows from operating activities:		
Net income	\$ 4,841	\$ 13,584
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,667	23,189
Changes in assets and liabilities and other	6,527	4,882
Net cash provided by operating activities	<u>34,035</u>	<u>41,655</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(18,127)	(19,120)
Investment in joint venture	(400)	(3,999)
Other	(1,602)	-
Net cash used in investing activities	<u>(20,129)</u>	<u>(23,119)</u>
Cash flows from financing activities:		
Repayments of long-term borrowings	(999)	(24,346)
Repurchase of common stock of subsidiary	(885)	-
Proceeds from share-based payments	233	159
Proceeds from long-term borrowings	-	17,000
Net cash used in financing activities	<u>(1,651)</u>	<u>(7,187)</u>
Effect of exchange rate changes on cash	<u>(383)</u>	<u>2,429</u>
Net increase in cash and cash equivalents	11,872	13,778
Cash and cash equivalents, beginning of period	<u>189,928</u>	<u>98,945</u>
Cash and cash equivalents, end of period	<u>\$ 201,800</u>	<u>\$ 112,723</u>
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ 5,159	\$ 13,273

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