

## Photon Control Reports First Quarter 2018 Financial Results

**Vancouver, BC, May 10, 2018** - Photon Control Inc. ("Photon Control" or the "Company") (TSX-V: PHO), a leading developer and supplier of optical measurement technologies to the global semiconductor industry, has reported its financial results for the three months ended March 31, 2018.

### Highlights:

- Record revenue of \$13.9 million for the quarter and guidance of \$14 million to \$16 million for Q2 2018;
- Earnings before interest, taxes, depreciation, amortization and foreign exchange ("EBITDA") of \$4.7 million or 34% of revenues for the quarter;
- Record net income of \$2.9 million and basic earnings per share of \$0.03 for the quarter;
- Order backlog grew to a record \$24.7 million as at Q1, 2018;
- Cash balance of \$33.4 million at March 31, 2018; and,
- Commitment of \$3 million to the share buyback program.

"We continue to drive shareholder value by increasing revenue and net income," said Scott Edmonds, Chief Executive Officer. "Our first quarter results and our backlog growth reflect the shift in the semiconductor equipment market towards an increased adoption of Photon Control fiber optic sensors, and the results from investments made in the Company. We are further pleased to announce that we have committed \$3 million towards the share buyback program. Lastly, we have submitted an application to graduate to the Toronto Stock Exchange, and anticipate receiving the approval very soon."

### First Quarter 2018 Financial Results

Total revenue for the first quarter of 2018 increased 17% from \$11.9 million in Q1 2017 to a record \$13.9 million. The increase in revenue was primarily due to strong overall market conditions in the semiconductor industry, as well as increased share of our customers' spend on both new and existing products.

First quarter 2018 gross profit increased 11% to \$7.9 million compared to Q1 2017, reflecting the benefit of stronger revenue. Gross margin decreased to 57% for the quarter compared to 60% in the prior year quarter primarily attributable to sales mix and foreign exchange.

Operating expenses for the three months ended March 31, 2018 were \$3.2 million compared to \$4.6 million in Q1 2017. The 2017 operating expenses included \$2.4 million in non-recurring charges due to the 2017 Photon R&D settlement, and related board and management changes in the period.

Total comprehensive income was \$2.9 million or \$0.03 per share for the three months ended March 31, 2018 compared to \$1.7 million or \$0.02 per share in Q1 2017.

EBITDA for the quarter was \$4.7 million or 34% of revenue compared to \$4.9 million or 41% of revenues in Q1 2017. The Company defines EBITDA as earnings before finance income, accretion expense, income tax, depreciation, amortization and foreign exchange. For the comparative period, EBITDA was further refined to remove the effect of non-recurring items.

As at March 31, 2018, cash on hand was \$33.4 million compared to \$34.3 million at December 31, 2017. The decrease during the three months ended March 31, 2018 was attributable to timing of customer collections.

Order backlog (defined as the value of sales orders scheduled to be shipped in the next 6 months) increased to \$24.7 million at March 31, 2018, an increase of 35% from \$18.3 million reported at December



31, 2017. The increase in order backlog reflects the continued demand in the semiconductor industry, increased confidence in the Company and early results from investments made in engineering, and sales and marketing.

### **Business Outlook**

“Looking ahead to Q2 2018 we expect revenue to be in the range of \$14 million to \$16 million,” continued Mr. Edmonds. “For the full year we remain confident that we will outperform the consensus estimates of low double digit revenue growth for the semiconductor equipment market. We also expect to maintain our EBITDA and net income margins for the year at levels similar to or above those reported in the prior year.”

### **Equity Grants**

The Company announced that it has granted to certain directors and employees an aggregate of 280,000 stock options and 56,000 restricted share units in the ordinary course business. The stock options will be issued on May 14, 2018 and the exercise price of the options granted will be set at the closing price per share on May 11, 2018. The stock options and restricted share units are subject to the terms of the Company’s Stock Option and Restricted Share Unit Plans and any applicable regulatory approvals.

### **Conference Call**

Photon Control will hold a conference call today (Thursday, May 10, 2018) at 11:00 a.m. Eastern time (8:00 a.m. Pacific time) to discuss these results. The call will be hosted by Scott Edmonds, Chief Executive Officer and Daniel Lee, Chief Financial Officer followed by a question and answer period.

Please call the conference telephone number approximately 10 minutes prior to the commencement of the call. The conference call will be broadcast simultaneously and available for replay [here](#).

Toll-Free Number: 1-877-407-9716

International Number: 1-201-493-6779

**Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.**

This news release should be read in conjunction with the Company’s condensed interim consolidated financial statements and related notes, and management’s discussion and analysis for the three months ended March 31, 2018, copies of which can be found at [www.sedar.com](http://www.sedar.com).

### **About Photon Control Inc.**

Photon Control Inc. designs, manufactures and distributes a wide range of optical sensors and systems to measure temperature and position. These products are used by the world’s largest Wafer Fabrication Equipment (“WFE”) manufacturers and end users in the semiconductor and solid-state industries. Photon Control Inc.’s high quality products provide industry leading accuracy, speed and quality in the most extreme conditions and are backed by a team of experts providing a variety of on-site and remote services including custom design, installation, training and support. Headquartered in an ISO 9001:2015 manufacturing facility in Vancouver, BC, Photon Control Inc. is listed on the TSX Venture Exchange, trading under the symbol “PHO.” Additional information about the company can be found at [www.photon-control.com/investors.html](http://www.photon-control.com/investors.html).

### **Investor Relations Contact:**

[ir@photon-control.com](mailto:ir@photon-control.com)



### **Forward-Looking Statements**

*This news release contains “forward-looking statements” within the meaning of applicable Canadian securities legislation. These statements generally can be identified by use of forward looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intend”, “consider”, “believe” or “continue” or the negative thereof or similar variations. Such forward-looking statements concern the business and anticipated financial performance of the Company and include, without limitation, the Company’s expectations with respect to the overall order activity for the balance of the year and the Company’s ability to build on its financial and operational foundation in the future.*

*These forward-looking statements are based on certain factors and assumptions, including, without limitation: the Company’s ability to successfully complete new purchase orders along the timelines expected; continued and future demand for the Company’s products; continued sales to the Company’s major customers; the continued financial health of the semiconductor industry; and the Company’s ability to continue and further enhance revenue diversification and open new market opportunities.*

*Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: additional measures and controls may not be implemented as expected or along the timelines anticipated; uncertainties relating to the market for the Company’s products and maintaining a stable level of orders; fluctuations in revenue as a result of volatility in the markets and product mix; risks relating to the Company’s present reliance on its major customers for the majority of its sales; risks relating to the Company’s reliance on the financial health of the semiconductor industry; risks relating to the development of competing technologies and the possibility of increased competition; the effect of slow growth in the United States, the Company’s principal market, as well as other economies and other economic trends and conditions in the markets that the Company and its customers serve; risks associated with technical difficulties or delays in product introductions, improvements, implementation; uncertainties in product pricing or other initiatives of the Company and its competitors; uncertainties in factors that may result in a reduction in capital expenditures and/or delayed buying decisions affecting demand for the Company’s products; risks relating to currency fluctuations, particularly between the Canadian and United States dollars; and risks in pursuing additional development projects to support existing customers or pursue other business opportunities.*

*The foregoing assumptions, risks and uncertainties are not exhaustive of the items that may affect our forward-looking statements. Should underlying assumptions prove to be incorrect or one or more of these risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements. The Company’s forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made.*

*For the reasons set forth above, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements included herein if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.*

News Release 09-18

