

Camtek Announces Record Results For The Fourth Quarter And Full Year Of 2020

Record Revenues of \$48.6 million; Expects revenues of \$54-56 million in the first quarter and over \$110 million in the first half of 2021

MIGDAL HAEMEK, Israel, Feb. 9, 2021 /PRNewswire/ -- Camtek Ltd. (NASDAQ: CAMT) (TASE: CAMT), today announced its financial results for the quarter and year ended December 31, 2020.

Highlights of the Fourth Quarter of 2020

- Revenues of \$48.6 million; a 46% increase year-over-year;
- GAAP operating income of \$8.0 million; non-GAAP operating income of \$9.2 million, representing an operating margin of 16.5% and 18.9% respectively;
- GAAP net income of \$7.7 million and non-GAAP net income of \$8.8 million; and
- Strong operating cash flow of \$8.3 million.

Highlights of the Full Year 2020

- Revenues of \$155.9 million; a 16% increase year-over-year;
- GAAP operating income of \$22.6 million; Non-GAAP operating income of \$26.8 million; representing operating margins of 14.5% and 17.2% respectively;
- GAAP net income of \$21.8 million; Non-GAAP net income of \$26.0 million; and
- Operating cash flow of \$25.8 million in 2020, which, along with the successful public offering in November, led to year-end net cash and short-term deposits balance of \$177.8 million.

Forward-Looking Expectations

Management expects continued revenue growth in the first quarter of 2021, with revenues of between \$54-56 million. Just in the last two weeks the Company has received multiple systems orders from several customers totaling \$25 million. The orders received so far, together with the sales pipeline, point to a strong revenue forecast for the first half of 2021. Management is anticipating revenues of over \$110 million in the first half of 2021, implying at least 65% growth over the first half of 2020.

Management Comment

Rafi Amit, Camtek's CEO commented, "A record fourth quarter concluded an exceptional year for Camtek. While we started 2020 with a lot of concerns due to COVID-19, we ended the year with unprecedented business momentum. We have leveraged our flexible operational infrastructure and increased our support team in the field in order to successfully meet this growth.

"In 2020, we extended our market presence by penetrating new customers as well as expanding our presence at existing customers. From a financial perspective, in the second half of 2020, we saw improved margins and we see this trend continuing into 2021."

Concluded Mr. Amit, "2021 has started with strong order momentum and we expect it to be a record year in sales and growth, along with improved profitability."

Fourth Quarter 2020 Financial Results

Revenues for the fourth quarter of 2020 were \$48.6 million. This compares to fourth quarter 2019 revenues of \$33.2 million, a growth of 46%.

Gross profit on a GAAP basis in the quarter totaled \$23.3 million (47.9% of revenues), up 47% compared to a gross profit of \$15.8 million (47.7% of revenues) in the fourth quarter of 2019. **Gross profit on a non-GAAP basis** in the quarter totaled \$23.4 million (48.2% of revenues), up 47% compared to a gross profit of \$15.9 million (48.0% of revenues) in the fourth quarter of 2019.

Operating profit on a GAAP basis in the quarter totaled \$8.0 million (16.5% of revenues), an increase of 75% compared to an operating profit of \$4.6 million (13.8% of revenues) in the fourth quarter of 2019. **Operating profit on a non-GAAP basis** in the quarter totaled \$9.2 million (18.9% of revenues), an increase of 70% compared to \$5.4 million (16.3% of revenues) in the fourth quarter of 2019.

Net income on a GAAP basis in the quarter totaled \$7.7 million, or \$0.18 per diluted share, compared to net income of \$4.6 million, or \$0.12 per diluted share, in the fourth quarter of 2019. **Net income on a non-GAAP basis** in the quarter totaled \$8.8 million, or \$0.21 per diluted share, compared to a non-GAAP net income of \$5.4 million, or \$0.14 per diluted share, in the fourth quarter of 2019.

Full Year 2020 Results Summary

Revenues for 2020 were \$155.9 million, an increase of 16.3% over the \$134.0 million reported in 2019.

Gross profit on a GAAP basis totaled \$73.2 million (47.0% of revenues), an increase of 13% compared to \$64.8 million (48.3% of revenues) in 2019. **Gross profit on a non-GAAP basis** totaled \$73.7 million (47.3% of revenues), an increase of 13% compared to \$65.1 million (48.6% of revenues) in 2019.

Operating income on a GAAP basis totaled \$22.6 million (14.5% of revenues), compared to operating income of \$22.0 million (16.4% of revenues) in 2019. **Operating income on a non-GAAP basis** totaled \$26.8 million (17.2% of revenues), an increase of 8% compared to \$25.0 million (18.7% of revenues) in 2019.

Net income on a GAAP basis totaled \$21.8 million, or \$0.54 per diluted share. This compares to net income of \$22.0 million, or \$0.57 per diluted share, in 2019. **Net income on a non-GAAP basis** totaled \$26.0 million, or \$0.64 per diluted share. This is an increase of 9% compared to net income of \$23.9 million, or \$0.62 per diluted share, in 2019.

Cash and cash equivalents and short-term deposits, as of December 31, 2020, were \$177.8 million compared to \$89.5 million as of December 31, 2019 and \$106.0 million as of September 30, 2020. During the fourth quarter, the Company generated an operating cash flow of \$8.3 million and raised net proceeds of \$64.3 million via a public offering.

Conference Call

Camtek will host a video conference call/webinar today via Zoom, February 9, 2021, at 9:00 am ET (16:00 Israel time).

Rafi Amit, CEO, Moshe Eisenberg, CFO and Ramy Langer, COO will host the call and will be available to answer questions after presenting the results.

To participate in the video call please visit the link in the investor relations section of Camtek's website: <http://www.camtek.com/investors/overview>
Passcode: 039565

or [click here](#).

Passcode: 039565

For those wishing to listen via phone, please dial:

US: +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656 or +1 669 900 9128 or +1 253 215 8782 or +1 301 715 8592

Israel: +972 553 301762 or +972 3 978 6688

Webinar ID: 847 4246 6872

For those unable to participate, a recording will be available on Camtek's website at

<http://www.camtek.com>

within a few hours after the call.

A summary presentation of the quarterly results will also be available on Camtek's website.

ABOUT CAMTEK LTD.

Camtek is a leading manufacturer of metrology and inspection equipment and a provider of software solutions serving the Advanced Packaging, Memory, CMOS Image Sensors, MEMS, RF and other segments in the mid end of the semiconductor industry.

Camtek provides dedicated solutions and crucial yield-enhancement data, enabling manufacturers to improve yield and drive down their production costs.

With eight offices around the world, Camtek has best-in-class sales and customer support organization, providing tailor-made solutions in line with customers' requirements.

This press release is available at <http://www.camtek.com>

This press release contains projections or other forward-looking statements regarding future events or the future performance of the Company. These statements are only predictions that represent our views only as of the date they are made and may change as time passes. We do not assume any obligation to update that information, except as required by law. These forward-looking statements are subject to risks and uncertainties that may cause actual events or results to differ materially from those projected, including as a result of the effects of general economic conditions; the effect of the COVID-19 crisis on the global markets and on the markets in which we operate, including the risk of a continued disruption to our and our customers', providers', business partners and contractors' business as a result of the outbreak and effects of the COVID-19 pandemic; the risks relating to the concentration of a significant portion of Camtek's expected business in certain countries, particularly China, from which we expect to generate significant portion of our revenues for the coming few quarters, but also Taiwan and Korea, including the risks of deviations from our expectations regarding timing and size of orders from customers in these countries; changing industry and market trends; reduced demand for our products; the timely development of our new products and their adoption by the market; increased competition in the industry; price reductions; as well as due to other risks identified in our Annual Report on Form 20-F and other documents filed by the Company with the SEC.

This press release provides financial measures that exclude: (i) share based compensation expenses; (ii) certain Chroma transaction expenses; and (iii) discontinued operations, and are therefore not calculated in accordance with generally accepted accounting principles (GAAP).

Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it is important to make these non-GAAP adjustments available to investors. A reconciliation between the GAAP and non-GAAP results appears in the tables at the end of this press release.

CAMTEK LTD. and its subsidiaries
Consolidated Balance Sheets
(In thousands)

	December 31, 2020	December 31, 2019
	U.S. Dollars (In thousands)	
Assets		
Current assets		
Cash and cash equivalents	105,815	38,047
Short-term deposits	72,000	51,500
Trade accounts receivable, net	41,001	31,443
Inventories	39,736	23,803
Other current assets	3,366	2,909
Total current assets	<u>261,918</u>	<u>147,702</u>
Fixed assets, net	<u>20,398</u>	<u>18,526</u>
Long term inventory	4,416	2,791
Deferred tax asset, net	482	746
Other assets, net	85	113
Intangible assets, net	609	491
	<u>5,592</u>	<u>4,141</u>
Total assets	<u>287,908</u>	<u>170,369</u>
Liabilities and shareholders' equity		
Current liabilities		
Trade accounts payable	27,180	11,334
Other current liabilities	30,204	20,272
Total current liabilities	<u>57,384</u>	<u>31,606</u>
Long term liabilities		
Other long term liabilities	3,260	2,461
	<u>3,260</u>	<u>2,461</u>
Total liabilities	<u>60,644</u>	<u>34,067</u>
Commitments and contingencies		
Shareholders' equity		
Ordinary shares NIS 0.01 par value, 100,000,000 shares authorized at December 31, 2020 and at December 31, 2019; 45,365,354 issued shares at December 31, 2019 and 40,742,355 at December 31, 2019; 43,272,978 shares outstanding at December 31, 2020 and 38,649,979 at December 31, 2019	171	157
Additional paid-in capital	170,497	101,327
Retained earnings	58,494	36,716
	<u>229,162</u>	<u>138,200</u>
Treasury stock, at cost (2,092,376 as of December 31, 2020 and December 31, 2019)	(1,898)	(1,898)
Total shareholders' equity	<u>227,264</u>	<u>136,302</u>
Total liabilities and shareholders' equity	<u>287,908</u>	<u>170,369</u>

Camtek Ltd.

Consolidated Statements of Operations
(In thousands, except share data)

	Year ended December 31,		Three Months ended December 31,	
	2020	2019	2020	2019
	U.S. dollars		U.S. dollars	
Revenues	155,859	134,019	48,619	33,201
Cost of revenues	82,628	69,235	25,313	17,360
Gross profit	73,231	64,784	23,306	15,841
Research and development costs	19,575	16,331	5,623	4,440
Selling, general and administrative expense	31,032	26,481	9,658	6,813
	50,607	42,812	15,281	11,253
Operating income	22,624	21,972	8,025	4,588
Financial income (expense), net	775	801	(183)	461
Income before income taxes	23,399	22,773	7,842	5,049
Income taxes expense	(1,621)	(1,950)	(176)	(442)
Net income from continuing operations	21,778	20,823	7,666	4,607
Discontinued operations *				
Income from discontinued operations				
Income before tax expense	-	1,257	-	-
Income taxes (expense)	-	(94)	-	-
Income from discontinued operations	-	1,163	-	-
Net income	21,778	21,986	7,666	4,607

*Relates to the earn-out payment received from the sale of the PCB business.

Net income per ordinary share:

	Year ended December 31,		Three Months ended December 31,	
	2020	2019	2020	2019
	U.S. dollars		U.S. dollars	
Basic earnings from continuing operation	0.55	0.55	0.19	0.12
Basic earnings from discontinued operation *	-	0.03	-	-
Basic net earnings	0.55	0.58	0.19	0.12
Diluted earnings from continuing operation	0.54	0.54	0.18	0.12
Diluted earnings from discontinued operation *	-	0.03	-	-
Diluted net earnings	0.54	0.57	0.18	0.12
Weighted average number of ordinary shares outstanding:				
Basic	39,383	37,626	40,894	38,630
Diluted	40,372	38,432	41,964	39,497

Reconciliation of GAAP To Non-GAAP results

(In thousands, except share data)

	Year ended December 31,		Three Months ended December 31,	
	2020	2019	2020	2019
	U.S. dollars		U.S. dollars	
Reported net income attributable to Camtek Ltd. on GAAP basis	21,778	21,986	7,666	4,607
Share-based compensation	4,224	2,892	1,171	824
Chroma transaction expenses (1)	-	136	-	-

Attributable to discontinued operations	-	(1,163)	-	-
Non-GAAP net income	26,002	23,851	8,837	5,431
Non-GAAP net income per diluted share	0.63	0.62	0.21	0.14
Gross margin on GAAP basis	47.0%	48.3%	47.9%	47.7%
Reported gross profit on GAAP basis	73,321	64,784	23,306	15,841
Share-based compensation	429	292	121	85
Non-GAAP gross margin	47.3%	48.6%	48.2%	48.0%
Non-GAAP gross profit	73,750	65,076	23,427	15,926
Reported operating income (loss) attributable to Camtek Ltd. on GAAP basis	22,624	21,972	8,025	4,588
Share-based compensation	4,224	2,892	1,171	824
Chroma transaction expenses (1)	-	136	-	-
Non-GAAP operating income	26,848	25,000	9,196	5,412

(1) In the second and third quarters of 2019, certain transaction expenses were incurred in relation to the technological cooperation agreement with Chroma. These were recorded under operating expenses.

CAMTEK LTD.

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