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FOR IMMEDIATE RELEASE

**CAMTEK ANNOUNCES RESULTS
FOR THE SECOND QUARTER OF 2020**

Record Revenues of \$37.0 million, 17.2% Operating Margin, Expects Continued Growth

MIGDAL HAEMEK, Israel – August 5, 2020 – Camtek Ltd. (NASDAQ: CAMT; TASE: CAMT), today announced its financial results for the quarter ended June 30, 2020.

Highlights of the Second Quarter 2020

- Revenues were a quarterly record at \$37.0 million, up 8% year-over-year;
- GAAP gross margin at 45.8%; Non-GAAP gross margin at 46.1%;
- GAAP operating income was \$5.4 million and non-GAAP operating income was \$6.4 million, representing margins of 14.6% and 17.2%, respectively;
- GAAP net income of \$5.3 million, or \$0.13 per diluted share, non-GAAP net income of \$6.3 million, or \$0.16 per diluted share; and
- Strong operating cash flow of \$11.1 million with \$101.5 million in net cash and short-term deposits at quarter-end.

Forward-Looking Expectations

Based on orders on hand, management expects continued revenue growth and improved profitability in the third quarter. Management expects revenues for the third quarter to be between \$38-39 million.

Management Comment

Rafi Amit Camtek's CEO commented, "Camtek's second quarter results reflect continued demand for our products, especially in Asia.

We have increased our market share in 2D inspection mainly as a result of the significant improvement in our system performance and competitiveness in all 2D applications. In addition, we are benefitting from our strategy of having in place local professional teams that can independently install and support machines in all our territories. This has enabled us to continue growing our business even during the COVID-19 pandemic.

Continued Mr. Amit, "The revenues in the second quarter were at a record level, and the ongoing demands from our customers for various applications point to a strong third quarter, with encouraging backlog for the fourth quarter. However, it is important to stress that we are still seeing the Coronavirus pandemic effects, which increase risks and uncertainties."

Second Quarter 2020 Financial Results

Revenues for the second quarter of 2020 were \$37.0 million. This compares to second quarter 2019 revenues of \$34.3 million, a growth of 8%.

Gross profit on a GAAP basis in the quarter totaled \$16.9 million (45.8% of revenues), up 2% compared to a gross profit of \$16.6 million (48.2% of revenues) in the second quarter of 2019. Gross profit on a non-GAAP basis in the quarter totaled \$17.0 million (46.1% of revenues), up 3% compared to a gross profit of \$16.6 million (48.4% of revenues) in the second quarter of 2019.

Operating profit on a GAAP basis in the quarter totaled \$5.4 million (14.6% of revenues), compared to an operating profit of \$6.4 million (18.5% of revenues) in the second quarter of 2019. Operating profit on a non-GAAP basis in the quarter totaled \$6.4 million (17.2% of revenues), compared to \$7.0 million (20.5% of revenues) in the second quarter of 2019.

Net income on a GAAP basis in the quarter totaled \$5.3 million, or \$0.13 per diluted share, compared to net income of \$7.2 million, or \$0.19 per diluted share, in the second quarter of 2019. Net income on a non-GAAP basis in the quarter totaled \$6.3 million, or \$0.16 per diluted share, compared to a non-GAAP net income of \$6.7 million, or \$0.18 per diluted share, in the second quarter of 2019.

Cash and cash equivalents and short-term deposits, as of June 30, 2020, were \$101.5 million compared to \$89.5 million as of December 31, 2019. During the quarter, the Company generated a positive operating cash flow of \$11.1 million, of which \$7.6 million were advanced payments from customers.

Conference Call

Camtek will host a conference call today, August 5, 2020, at 9:00 am ET.

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, please call one of the following telephone numbers a few minutes before the start of the call.

| | | |
|-----------------------|-----------------|-------------------------|
| US: | 1 888 407 2553 | at 9:00 am Eastern Time |
| Israel: | 03 918 0610 | at 4:00 pm Israel Time |
| International: | +972 3 918 0610 | |

For those unable to participate, the teleconference will be available for replay on Camtek's website at <http://www.camtek.com> beginning 24 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 second half of 2020, 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 contains projections or other forward looking statements regarding future events or the future performance of the Company. These statements are only predictions and may change as time passes. We do not assume any obligation to update that information, except as required by law. Actual events or results may 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, 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)

| | <u>June 30,</u> <u>2020</u> | <u>December 31,</u> <u>2019</u> |
|--|------------------------------------|------------------------------------|
| | <u>U.S. Dollars (In thousands)</u> | |
| <u>Assets</u> | | |
| Current assets | | |
| Cash and cash equivalents | 32,469 | 38,047 |
| Short-term deposits | 69,000 | 51,500 |
| Trade accounts receivable, net | 39,528 | 31,443 |
| Inventories | 29,537 | 23,803 |
| Other current assets | 3,523 | 2,909 |
| Total current assets | <u>174,057</u> | <u>147,702</u> |
| Fixed assets, net | <u>18,800</u> | <u>18,526</u> |
| Long term inventory | 3,292 | 2,791 |
| Deferred tax asset | 520 | 746 |
| Other assets, net | 80 | 113 |
| Intangible assets, net | 574 | 491 |
| | <u>4,466</u> | <u>4,141</u> |
| Total assets | <u>197,323</u> | <u>170,369</u> |
| <u>Liabilities and shareholders' equity</u> | | |
| Current liabilities | | |
| Trade accounts payable | 20,561 | 11,334 |
| Other current liabilities | 28,170 | 20,272 |
| Total current liabilities | <u>48,731</u> | <u>31,606</u> |
| Long term liabilities | | |
| Other long term liabilities | 2,100 | 2,461 |
| | <u>2,100</u> | <u>2,461</u> |
| Total liabilities | <u>50,831</u> | <u>34,067</u> |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Ordinary shares NIS 0.01 par value, 100,000,000 shares authorized at June 30, 2020 and at December 31, 2019; 41,124,714 issued shares at June 30, 2019 and 40,742,355 at December 31, 2019; 39,032,338 shares outstanding at June 30, 2020 and 38,649,979 at December 31, 2019 | 158 | 157 |
| Additional paid-in capital | 103,428 | 101,327 |
| Retained earnings | 44,804 | 36,716 |
| | <u>148,390</u> | <u>138,200</u> |
| Treasury stock, at cost (2,092,376 as of June 30, 2020 and December 31, 2019) | <u>(1,898)</u> | <u>(1,898)</u> |
| Total shareholders' equity | <u>146,492</u> | <u>136,302</u> |
| Total liabilities and shareholders' equity | <u>197,323</u> | <u>170,369</u> |

Consolidated Statements of Operations

(in thousands, except share data)

| | Six Months ended June 30, | | Three Months ended June 30, | | Year ended December 31, |
|--|------------------------------|---------|--------------------------------|--------|----------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2019 |
| | U.S. dollars | | U.S. dollars | | U.S. dollars |
| Revenues | 67,179 | 68,348 | 37,000 | 34,346 | 134,019 |
| Cost of revenues | 36,679 | 34,623 | 20,057 | 17,777 | 69,235 |
| Gross profit | 30,500 | 33,725 | 16,943 | 16,569 | 64,784 |
| Research and development costs | 8,884 | 7,727 | 4,754 | 3,803 | 16,331 |
| Selling, general and administrative expenses | 13,338 | 12,987 | 6,779 | 6,412 | 26,481 |
| | 22,222 | 20,714 | 11,533 | 10,215 | 42,812 |
| Operating income | 8,278 | 13,011 | 5,410 | 6,354 | 21,972 |
| Financial income, net | 651 | 152 | 276 | 135 | 801 |
| Income from continuing operations before income taxes | 8,929 | 13,163 | 5,686 | 6,489 | 22,773 |
| Income tax expense | (841) | (1,110) | (378) | (463) | (1,950) |
| Net income from continuing operations | 8,088 | 12,053 | 5,308 | 6,026 | 20,823 |
| Discontinued operations * | | | | | |
| Income from discontinued operations | | | | | |
| Income before tax expense | - | 1,257 | - | 1,257 | 1,257 |
| Income tax expense | - | 94 | - | 94 | 94 |
| Net income from discontinued operations | - | 1,163 | - | 1,163 | 1,163 |
| Net income | 8,088 | 13,216 | 5,308 | 7,189 | 21,986 |

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

Net income per ordinary share:

| Note | Six months ended June 30, | | Three months ended June 30, | | Year ended December 31, |
|---|------------------------------|---------------|--------------------------------|---------------|----------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2019 |
| | U.S. dollars | | U.S. dollars | | U.S. dollars |
| Basic earnings from continuing operation | <u>0.21</u> | <u>0.33</u> | <u>0.14</u> | <u>0.16</u> | <u>0.55</u> |
| Basic earnings from discontinued operation | <u>-</u> | <u>0.03</u> | <u>-</u> | <u>0.03</u> | <u>0.03</u> |
| Basic net earnings | <u>0.21</u> | <u>0.36</u> | <u>0.14</u> | <u>0.19</u> | <u>0.58</u> |
| Diluted earnings from continuing operation | <u>0.20</u> | <u>0.32</u> | <u>0.13</u> | <u>0.16</u> | <u>0.54</u> |
| Diluted earnings from discontinued operation | <u>-</u> | <u>0.03</u> | <u>-</u> | <u>0.03</u> | <u>0.03</u> |
| Diluted net earnings | <u>0.20</u> | <u>0.35</u> | <u>0.13</u> | <u>0.19</u> | <u>0.57</u> |
| Weighted average number of ordinary shares outstanding (in thousands): | | | | | |
| Basic | <u>38,849</u> | <u>36,644</u> | <u>39,033</u> | <u>36,816</u> | <u>37,626</u> |
| Diluted | <u>39,779</u> | <u>37,476</u> | <u>39,940</u> | <u>37,734</u> | <u>37,432</u> |

Reconciliation of GAAP To Non-GAAP results

(In thousands, except share data)

| | Six Months ended June 30, | | Three Months ended June 30, | | Year ended December 31, |
|---|------------------------------|---------------|--------------------------------|--------------|----------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2019 |
| | U.S. dollars | | U.S. dollars | | U.S. dollars |
| Reported net income attributable to Camtek Ltd. on GAAP basis | 8,088 | 13,216 | 5,308 | 7,189 | 21,986 |
| Share-based compensation | 1,768 | 1,250 | 951 | 605 | 2,892 |
| Chroma transaction expenses (1) | - | 73 | - | 73 | 136 |
| Attributable to discontinued operations | - | (1,163) | - | (1,163) | (1,163) |
| Non-GAAP net income | <u>9,856</u> | <u>13,376</u> | <u>6,259</u> | <u>6,704</u> | <u>23,851</u> |
| Non-GAAP net income per diluted share | 0.25 | 0.37 | 0.16 | 0.18 | 0.62 |
| Gross margin on GAAP basis from continuing operations | 45.4% | 49.4% | 45.8% | 48.2% | 48.3% |
| Reported gross profit on GAAP basis | 30,500 | 33,725 | 16,943 | 16,569 | 64,784 |
| Share-based compensation | 189 | 122 | 103 | 61 | 292 |
| Non-GAAP gross margin | 30,689 | 33,847 | 17,046 | 16,630 | 65,076 |
| Non-GAAP gross profit | <u>45.7%</u> | <u>49.5%</u> | <u>46.1%</u> | <u>48.4%</u> | <u>48.6%</u> |
| Reported operating income attributable to Camtek Ltd. on GAAP basis from continuing operations | 8,278 | 13,011 | 5,410 | 6,354 | 21,972 |
| Share-based compensation | 1,768 | 1,250 | 951 | 605 | 2,892 |
| Chroma transaction expenses (1) | - | 73 | - | 73 | 136 |
| Non-GAAP operating income | <u>10,046</u> | <u>14,334</u> | <u>6,361</u> | <u>7,032</u> | <u>25,000</u> |

(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.