



## **NEWS RELEASE**

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### **PARK ELECTROCHEMICAL CORP. REPORTS SECOND QUARTER RESULTS**

Melville, New York, Thursday, October 2, 2014.....Park Electrochemical Corp. (NYSE-PKE) reported net sales of \$42,349,000 for the second quarter ended August 31, 2014 compared to net sales of \$44,497,000 for the second quarter ended September 1, 2013. Park's net sales for the six months ended August 31, 2014 were \$91,166,000 compared to net sales of \$87,935,000 for the six months ended September 1, 2013.

Park reported net earnings before special items of \$5,015,000 for the second quarter ended August 31, 2014 compared to net earnings before special items of \$5,983,000 for the second quarter of last year. During the second quarter ended August 31, 2014, the Company recorded pre-tax restructuring charges of \$83,000 in connection with the closure of its Nelco Technology (Zhuhai FTZ) Ltd. facility located in the Free Trade Zone in Zhuhai, China and the closure of its New England Laminates Co., Inc. business unit located in Newburgh, New York. During the second quarter ended September 1, 2013, the Company recorded a tax benefit of \$2,181,000 in connection with a tax refund related to amended federal income tax returns and pre-tax restructuring charges of \$119,000 related to the closure of its Zhuhai facility. Accordingly, net earnings were \$4,955,000 for the second quarter ended August 31, 2014 compared to \$8,045,000 for the second quarter ended September 1, 2013.

For the six-month period ended August 31, 2014, Park reported net earnings before special items of \$13,594,000 compared to net earnings before special items of \$11,112,000 for the last fiscal year's first six-month comparable period. The six-month period ended August 31, 2014 included pre-tax restructuring charges of \$350,000 related to the facility closures mentioned above. In addition, the Company recorded a pre-tax charge of \$260,000 during the six-month period ended August 31, 2014 for additional fees incurred in connection with the 2014 fiscal year-end audit. The six-month period of the prior fiscal year included the tax benefit of \$2,181,000 mentioned above and pre-tax restructuring charges of \$319,000 in connection with the closure of its Zhuhai facility. Accordingly, net earnings were \$13,171,000 for the six-month period ended August 31, 2014 compared to net earnings of \$12,974,000 for the six-month period ended September 1, 2013.

Park reported basic and diluted earnings per share before special items of \$0.24 for the second quarter ended August 31, 2014 compared to basic and diluted earnings per share before special items of \$0.29 for last year's second quarter. Basic and diluted earnings per share were \$0.24 for the second quarter ended August 31, 2014 compared to basic and diluted earnings per share of \$0.39 for last year's second quarter.

Park reported basic and diluted earnings per share before special items of \$0.65 for the six months ended August 31, 2014 compared to basic and diluted earnings per share before special items of \$0.53 for the six months ended September 1, 2013. Basic and diluted earnings per share were \$0.63 for the six months ended August 31, 2014 compared to basic and diluted earnings per share of \$0.62 for the six months ended September 1, 2013.

The Company will conduct a conference call to discuss its financial results at 11:00 a.m. EDT today. Forward-looking and other material information may be discussed in this conference call. The conference call dial-in number is (844) 466-4114 in the United States and Canada and (765) 507-2654 in other countries and the required passcode is 11656192.

For those unable to listen to the call live, a conference call replay will be available from approximately 2:00 p.m. EDT today through 11:59 p.m. EDT on Wednesday, October 8, 2014. The conference call replay can be accessed by dialing (855) 859-2056 in the United States and Canada and (404) 537-3406 in other countries and entering

passcode 11656192 or on the Company's web site at [www.parkelectro.com/investor/investor.html](http://www.parkelectro.com/investor/investor.html).

Any additional material financial or statistical data disclosed in the conference call will also be available at the time of the conference call on the Company's web site at [www.parkelectro.com/investor/investor.html](http://www.parkelectro.com/investor/investor.html).

Park believes that an evaluation of its ongoing operations would be difficult if the disclosure of its financial results were limited to accounting principles generally accepted in the United States of America (“GAAP”) financial measures, which include special items, such as restructuring charges and tax benefits. Accordingly, in addition to disclosing its financial results determined in accordance with GAAP, Park discloses non-GAAP operating results that exclude special items in order to assist its shareholders and other readers in assessing the Company’s operating performance, since the Company’s on-going, normal business operations do not include such special items. The detailed operating information presented below reconciles the non-GAAP operating results before special items to earnings determined in accordance with GAAP. Such non-GAAP financial measures are provided to supplement the results provided in accordance with GAAP.

Park Electrochemical Corp. is a global advanced materials company which develops and manufactures high-technology digital and RF/microwave printed circuit materials principally for the telecommunications and internet infrastructure and high-end computing markets and advanced composite materials, parts and assemblies for the aerospace markets. Park’s core capabilities are in the areas of polymer chemistry formulation and coating technology. The Company’s manufacturing facilities are located in Singapore, France, Kansas, Arizona and California. The Company also maintains R&D facilities in Arizona, Kansas and Singapore.

Additional corporate information is available on the Company’s web site at [www.parkelectro.com](http://www.parkelectro.com)

**Performance table, including non-GAAP information** (in thousands, except per share amounts – unaudited):

|  | 13 Weeks Ended  |                 |                 | 26 Weeks Ended   |                  |
|--|-----------------|-----------------|-----------------|------------------|------------------|
|  | 8/31/14         | 9/1/2013        | 6/1/2014        | 8/31/14          | 9/1/13           |
| Sales  | \$ 42,349       | \$ 44,497       | \$ 48,817       | \$ 91,166        | \$ 87,935        |
| Net Earnings before Special Items <sup>1</sup>     | \$ 5,015        | \$ 5,983        | \$ 8,579        | \$ 13,594        | \$ 11,112        |
| Special Items net of Tax                           | (60)            | 2,062           | (363)           | (423)            | 1,862            |
| Net Earnings                                       | <u>\$ 4,955</u> | <u>\$ 8,045</u> | <u>\$ 8,216</u> | <u>\$ 13,171</u> | <u>\$ 12,974</u> |
| Basic and Diluted Earnings per Share:              |                 |                 |                 |                  |                  |
| Basic Earnings before Special Items <sup>1</sup>   | \$ 0.24         | \$ 0.29         | \$ 0.41         | \$ 0.65          | \$ 0.53          |
| Special Items                                      | -               | 0.10            | (0.02)          | (0.02)           | 0.09             |
| Basic Earnings (Loss) per Share                    | <u>\$ 0.24</u>  | <u>\$ 0.39</u>  | <u>\$ 0.39</u>  | <u>\$ 0.63</u>   | <u>\$ 0.62</u>   |
| Diluted Earnings before Special Items <sup>1</sup> | \$ 0.24         | \$ 0.29         | \$ 0.41         | \$ 0.65          | \$ 0.53          |
| Special Items                                      | -               | 0.10            | (0.02)          | (0.02)           | 0.09             |
| Diluted Earnings (Loss) per Share                  | <u>\$ 0.24</u>  | <u>\$ 0.39</u>  | <u>\$ 0.39</u>  | <u>\$ 0.63</u>   | <u>\$ 0.62</u>   |
| Weighted Average Shares Outstanding:               |                 |                 |                 |                  |                  |
| Basic  | 20,925          | 20,836          | 20,880          | 20,902           | 20,832           |
| Diluted  | 21,029          | 20,852          | 20,988          | 21,008           | 20,848           |

<sup>1</sup> Refer to "Detailed operating information" below for information regarding Special Items.

**Comparative balance sheets** (in thousands):

|   | 8/31/2014<br>(unaudited) | 3/2/2014          |
|---|--------------------------|-------------------|
| <u>Assets</u>   |                          |                   |
| Current Assets  |                          |                   |
| Cash and Marketable Securities                        | \$ 285,185               | \$ 270,356        |
| Accounts Receivable, Net                              | 22,869                   | 22,881            |
| Inventories   | 15,157                   | 13,871            |
| Other Current Assets                                  | 4,147                    | 4,132             |
| Total Current Assets                                  | <u>327,358</u>           | <u>311,240</u>    |
| Fixed Assets, Net                                     | 28,129                   | 29,674            |
| Restricted Cash                                       | 25,000                   | 25,000            |
| Other Assets  | 11,163                   | 11,179            |
| Total Assets  | <u>\$ 391,650</u>        | <u>\$ 377,093</u> |
| <u>Liabilities and Shareholders' Equity</u>           |                          |                   |
| Current Liabilities                                   |                          |                   |
| Current Portion of Long-Term Debt                     | \$ 15,000                | \$ 10,000         |
| Accounts Payable                                      | 7,924                    | 6,109             |
| Accrued Liabilities                                   | 6,397                    | 5,139             |
| Income Taxes Payable                                  | 3,360                    | 2,995             |
| Total Current Liabilities                             | <u>32,681</u>            | <u>24,243</u>     |
| Long-Term Debt  | 89,000                   | 94,000            |
| Deferred Income Taxes                                 | 58,124                   | 58,124            |
| Other Liabilities                                     | 183                      | 183               |
| Total Liabilities                                     | <u>179,988</u>           | <u>176,550</u>    |
| Shareholders' Equity                                  | <u>211,662</u>           | <u>200,543</u>    |
| Total Liabilities and Shareholders' Equity            | <u>\$ 391,650</u>        | <u>\$ 377,093</u> |
| <u>Additional information</u>                         |                          |                   |
| Equity per Share                                      | \$ 10.10                 | \$ 9.60           |
| Total Cash, Restricted Cash and Marketable Securities | \$ 310,185               | \$ 295,356        |

**Detailed operating information** (in thousands – unaudited):

|   | 13 Weeks Ended<br>August 31, 2014 |          |           | 13 Weeks Ended<br>September 1, 2013 |          |           | 13 Weeks Ended<br>June 1, 2014 |          |           |
|---|-----------------------------------|----------|-----------|-------------------------------------|----------|-----------|--------------------------------|----------|-----------|
|   | GAAP                              | Specials | Before    | GAAP                                | Specials | Before    | GAAP                           | Specials | Before    |
|   |                                   | Items    | Special   |                                     | Items    | Special   |                                | Items    | Special   |
| Net Sales                                     | \$ 42,349                         |          | \$ 42,349 | \$ 44,497                           |          | \$ 44,497 | \$ 48,817                      |          | \$ 48,817 |
| Cost of Sales                                 | 30,178                            |          | 30,178    | 30,876                              |          | 30,876    | 31,888                         |          | 31,888    |
| %   | 71.3%                             |          | 71.3%     | 69.4%                               |          | 69.4%     | 65.3%                          |          | 65.3%     |
| Gross Profit                                  | 12,171                            |          | 12,171    | 13,621                              |          | 13,621    | 16,929                         |          | 16,929    |
| %   | 28.7%                             |          | 28.7%     | 30.6%                               |          | 30.6%     | 34.7%                          |          | 34.7%     |
| Selling, General & Administrative<br>Expenses | 6,252                             | -        | 6,252     | 6,041                               |          | 6,041     | 6,596                          | (260)    | 6,336     |
| %   | 14.8%                             |          | 14.8%     | 13.6%                               |          | 13.6%     | 13.5%                          |          | 13.0%     |
| Restructuring Charge                          | 83                                | (83)     | -         | 119                                 | (119)    | -         | 267                            | (267)    | -         |
| %   | 0.2%                              |          | 0.0%      | 0.3%                                |          | 0.0%      | 0.5%                           |          | 0.0%      |
| Earnings from Operations                      | 5,836                             | 83       | 5,919     | 7,461                               | 119      | 7,580     | 10,066                         | 527      | 10,593    |
| %   | 13.8%                             |          | 14.0%     | 16.8%                               |          | 17.0%     | 20.6%                          |          | 21.7%     |
| Interest Income                               | 226                               |          | 226       | 77                                  |          | 77        | 147                            |          | 147       |
| %   | 0.5%                              |          | 0.5%      | 0.2%                                |          | 0.2%      | 0.3%                           |          | 0.3%      |
| Interest Expense                              | 360                               |          | 360       | 185                                 |          | 185       | 353                            |          | 353       |
| %   | 0.9%                              |          | 0.9%      | 0.4%                                |          | 0.4%      | 0.7%                           |          | 0.7%      |
| Net Interest Expense                          | (134)                             |          | (134)     | (108)                               |          | (108)     | (206)                          |          | (206)     |
| %   | -0.3%                             |          | -0.3%     | -0.2%                               |          | -0.2%     | -0.4%                          |          | -0.4%     |
| Earnings before Income Taxes                  | 5,702                             | 83       | 5,785     | 7,353                               | 119      | 7,472     | 9,860                          | 527      | 10,387    |
| %   | 13.5%                             |          | 13.7%     | 16.5%                               |          | 16.8%     | 20.2%                          |          | 21.3%     |
| Income Tax Provision                          | 747                               | 23       | 770       | (692)                               | 2,181    | 1,489     | 1,644                          | 164      | 1,808     |
| Effective Tax Rate                            | 13.1%                             |          | 13.3%     | -9.4%                               |          | 19.9%     | 16.7%                          |          | 17.4%     |
| Net Earnings                                  | 4,955                             | 60       | 5,015     | 8,045                               | (2,062)  | 5,983     | 8,216                          | 363      | 8,579     |
| %   | 11.7%                             |          | 11.8%     | 18.1%                               |          | 13.4%     | 16.8%                          |          | 17.6%     |

**Detailed operating information** (in thousands – unaudited), continued:

|   | 26 Weeks Ended<br>August 31, 2014 |                   |                            | 26 Weeks Ended<br>September 1, 2013 |                   |                            |
|---|-----------------------------------|-------------------|----------------------------|-------------------------------------|-------------------|----------------------------|
|   | GAAP                              | Specials<br>Items | Before<br>Special<br>Items | GAAP                                | Specials<br>Items | Before<br>Special<br>Items |
| Net Sales                                     | \$ 91,166                         |                   | \$ 91,166                  | \$ 87,935                           |                   | \$ 87,935                  |
| Cost of Sales                                 | 62,066                            |                   | 62,066                     | 61,323                              |                   | 61,323                     |
| %   | 68.1%                             |                   | 68.1%                      | 69.7%                               |                   | 69.7%                      |
| Gross Profit                                  | 29,100                            |                   | 29,100                     | 26,612                              |                   | 26,612                     |
| %   | 31.9%                             |                   | 31.9%                      | 30.3%                               |                   | 30.3%                      |
| Selling, General & Administrative<br>Expenses | 12,848                            | (260)             | 12,588                     | 12,597                              |                   | 12,597                     |
| %   | 14.1%                             |                   | 13.8%                      | 14.3%                               |                   | 14.3%                      |
| Restructuring Charge                          | 350                               | (350)             | -                          | 319                                 | (319)             | -                          |
| %   | 0.4%                              |                   | 0.0%                       | 0.4%                                |                   | 0.0%                       |
| Earnings from Operations                      | 15,902                            | 610               | 16,512                     | 13,696                              | 319               | 14,015                     |
| %   | 17.4%                             |                   | 18.1%                      | 15.6%                               |                   | 15.9%                      |
| Interest Income                               | 373                               |                   | 373                        | 145                                 |                   | 145                        |
| %   | 0.4%                              |                   | 0.4%                       | 0.2%                                |                   | 0.2%                       |
| Interest Expense                              | 713                               |                   | 713                        | 356                                 |                   | 356                        |
| %   | 0.8%                              |                   | 0.8%                       | 0.4%                                |                   | 0.4%                       |
| Net Interest Expense                          | (340)                             |                   | (340)                      | (211)                               |                   | (211)                      |
| %   | -0.4%                             |                   | -0.4%                      | -0.2%                               |                   | -0.2%                      |
| Earnings before Income Taxes                  | 15,562                            | 610               | 16,172                     | 13,485                              | 319               | 13,804                     |
| %   | 17.1%                             |                   | 17.7%                      | 15.3%                               |                   | 15.7%                      |
| Income Tax Provision                          | 2,391                             | 187               | 2,578                      | 511                                 | 2,181             | 2,692                      |
| Effective Tax Rate                            | 15.4%                             |                   | 15.9%                      | 3.8%                                |                   | 19.5%                      |
| Net Earnings                                  | 13,171                            | 423               | 13,594                     | 12,974                              | (1,862)           | 11,112                     |
| %   | 14.4%                             |                   | 14.9%                      | 14.8%                               |                   | 12.6%                      |