

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934



Date of report (Date of earliest event reported) May 14, 2012

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction
of incorporation)

0-15451

(Commission
File Number)

06-0854886

(IRS Employer
Identification Number)

15 Secor Road, Brookfield, CT

(Address of Principal Executive Offices)

06804

(Zip Code)

Registrant's Telephone Number, including area code (203) 775-9000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item **Results of Operations and Financial Condition**

2.02

On May 14, 2012 the Company issued a press release reporting second quarter fiscal 2012 results. A copy of the press release is attached to this 8-K.

A copy of the press release is furnished as Exhibit 99.1 to this report. The information contained in this Item 2.02 and the attached Exhibits 99.1, 99.2, 99.3, 99.4, 99.5 and 99.6 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be incorporated by reference in any filing under the Securities Act of 1933 except as shall be expressly set forth by specific reference in such filing.

On May 15, 2012, the Company will conduct a conference call during which certain unaudited, non-GAAP EBITDA financial information related to the Company’s operations for the three months ended April 29, 2012 will be disclosed. This information is set forth in Exhibit 99.6.

EBITDA is a non-GAAP financial measure that the Company defines pursuant to its credit agreement. The Company believes that EBITDA is generally accepted as providing useful information regarding the operational strength and performance of its business, including the ability of the Company to pay interest, service debt and fund capital expenditures. The Company’s method for calculating EBITDA may not be comparable to methods used by other companies but is the same method the Company uses for calculating EBITDA under its credit facility.

Item 9.01. **Financial Statements and Exhibits**

(d) Exhibits

99.1	Press Release dated May 14, 2012
99.2	Condensed Consolidated Statements of Operations
99.3	Condensed Consolidated Balance Sheets
99.4	Condensed Consolidated Statements of Cash Flows
99.5	Reconciliation of GAAP to Non-GAAP Financial Information
99.6	Reconciliation of GAAP Net Income to EBITDA

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHOTRONICS, INC.

(Registrant)

DATE: May 15, 2012

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



FOR FURTHER INFORMATION:
Pete Broadbent
Vice President, Investor Relations
& Marketing
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Press Release

PHOTRONICS REPORTS STRONG SECOND QUARTER FISCAL 2012 RESULTS

- Quarterly sales of \$117.5 million (Guidance \$113 – \$118 million)
- High-end photomask sales increase sequentially by 14% for IC and by 25% for FPD
- GAAP and non-GAAP EPS of \$0.14 share
- Incremental gross margin of 83% on sequential revenue increase
- Operating margin improves by 270 bps sequentially to 11.3%
- EBITDA of \$36 million

BROOKFIELD, Connecticut May 14, 2012 — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for the second quarter ended April 29, 2012.

Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer commented, “Our strong performance in the second quarter once again reflects the success of our high-end strategy and diligent focus on cost controls. We reported robust growth in both advanced IC and FPD product revenues. We leveraged this growth with our lean operating model to achieve higher-than-expected earnings for the quarter. We believe the results from our technology investments continue to produce meaningful market share gains and strengthen our customer relationships.”

Sales for the second quarter of fiscal 2012 were \$117.5 million, up 5% compared with \$112.2 million in revenue reported for the first quarter of fiscal 2012. Sales for the second quarter of fiscal 2011 were \$133.1 million. Sales of semiconductor photomasks were \$89.1 million, or 76% of revenues, during the second quarter of fiscal 2012, and sales of flat panel display (FPD) photomasks were \$28.4 million, or 24% of revenues. GAAP net income attributable to Photronics, Inc. for the second quarter of fiscal 2012 was \$8.8 million, or \$0.14 per diluted share, compared with GAAP net loss attributable to Photronics, Inc. of \$16.4 million, or \$(0.30) per diluted share, for the second quarter of fiscal 2011.

Non-GAAP net income attributable to Photronics, Inc. for the second quarter of 2012, excluding restructuring charges of \$0.1 million, was \$8.9 million, or \$0.14 earnings per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the second quarter of 2011, excluding debt extinguishment losses of \$30.5 million, was \$14.8 million, or \$0.24 earnings 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.

Sales for the first six months of 2012 decreased 10% to \$229.6 million from \$253.9 million for the first six months of fiscal 2011. Sales of semiconductor photomasks were \$175.9 million, or 77% of revenues for the first six months of 2012, and sales of FPD photomasks were \$53.7 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. for the first six months of fiscal 2012 was \$13.1 million, or \$0.21 per diluted share, compared with net loss of \$4.3 million, or \$(0.08) per share in the first six months of the prior year. Non-GAAP net income attributable to Photronics, Inc. for the first six months of fiscal 2012, which excludes \$1.2 million of restructuring charges and a \$0.1 million gain relating to warrants, was \$14.2 million, or \$0.23 per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the first six months of fiscal 2011, which excludes \$30.5 million of debt extinguishment losses, was \$27.0 million, or \$0.44 per diluted share.

Non-GAAP Financial Measures

Non-GAAP net income (loss) attributable to Photronics, Inc. and non-GAAP earnings (loss) 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 (loss) attributable to Photronics, Inc. and non-GAAP earnings (loss) 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 (loss) attributable to Photronics, Inc. and non-GAAP earnings (loss) 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 (loss), net income (loss) 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 fiscal 2012 are excluded because they are not a part of ongoing operations.
- Impact of financing expenses related to warrants is excluded because it does not affect cash earnings.
- Loss on extinguishment of debt is excluded in fiscal 2011 because it is not a part of ongoing operations and was not anticipated when establishing forecast guidance for the second quarter of fiscal 2011.

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 Tuesday, May 15, 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 third quarter results.

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Photronics is a leading worldwide manufacturer of photomasks. 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 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
Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	April 29, 2012	May 1, 2011	April 29, 2012	May 1, 2011
Net sales	\$ 117,451	\$ 133,103	\$ 229,605	\$ 253,926
Costs and expenses:				
Cost of sales	(87,590)	(96,617)	(174,286)	(186,845)
Selling, general and administrative	(12,201)	(11,448)	(23,526)	(22,162)
Research and development	(4,441)	(3,940)	(8,885)	(7,711)
Consolidation, restructuring and related charges	(58)	-	(1,176)	-
Operating income	13,161	21,098	21,732	37,208
Debt extinguishment loss	-	(30,286)	-	(30,286)
Other expense, net	(968)	(2,585)	(1,377)	(1,629)
Income (loss) before income taxes	12,193	(11,773)	20,355	5,293
Income tax provision	(2,663)	(3,260)	(5,984)	(6,742)
Net income (loss)	9,530	(15,033)	14,371	(1,449)
Net income attributable to noncontrolling interests	(712)	(1,405)	(1,285)	(2,878)
Net income (loss) attributable to Photonics, Inc.	<u>\$ 8,818</u>	<u>\$ (16,438)</u>	<u>\$ 13,086</u>	<u>\$ (4,327)</u>
Earnings (loss) per share:				
Basic	<u>\$ 0.15</u>	<u>\$ (0.30)</u>	<u>\$ 0.22</u>	<u>\$ (0.08)</u>
Diluted	<u>\$ 0.14</u>	<u>\$ (0.30)</u>	<u>\$ 0.21</u>	<u>\$ (0.08)</u>
Weighted average number of common shares outstanding:				
Basic	<u>60,086</u>	<u>55,685</u>	<u>59,952</u>	<u>54,751</u>
Diluted	<u>76,590</u>	<u>55,685</u>	<u>76,472</u>	<u>54,751</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(in thousands)
(Unaudited)

	April 29, 2012	October 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 191,960	\$ 189,928
Accounts receivable	89,123	85,540
Inventories	20,453	22,100
Other current assets	8,359	7,639
Total current assets	309,895	305,207
Property, plant and equipment, net	382,800	368,680
Investment in joint venture	85,831	79,984
Intangible assets, net	39,918	42,462
Other assets	20,803	21,521
	<u>\$ 839,247</u>	<u>\$ 817,854</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 7,874	\$ 5,583
Accounts payable and accrued liabilities	81,394	90,318
Total current liabilities	89,268	95,901
Long-term borrowings	172,312	152,577
Other liabilities	8,789	9,620
Equity	568,878	559,756
	<u>\$ 839,247</u>	<u>\$ 817,854</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Six Months Ended	
	April 29, 2012	May 1, 2011
Cash flows from operating activities:		
Net income (loss)	\$ 14,371	\$ (1,449)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	44,135	46,467
Consolidation, restructuring, and related charges	262	-
Debt extinguishment loss	-	23,504
Changes in assets and liabilities and other	3,631	(4,532)
Net cash provided by operating activities	62,399	63,990
Cash flows from investing activities:		
Purchases of property, plant and equipment	(67,626)	(39,254)
Investment in joint venture	(5,899)	(8,498)
Other	(1,600)	(250)
Net cash used in investing activities	(75,125)	(48,002)
Cash flows from financing activities:		
Proceeds from long-term borrowings	25,000	17,000
Proceeds from issuance of convertible debt	-	115,000
Repayments of long-term borrowings	(2,343)	(60,303)
Payments of deferred financing fees	(198)	(4,145)
Repurchase of common stock by subsidiary	(7,577)	(3,294)
Proceeds from exercise of share-based arrangements	431	356
Net cash provided by financing activities	15,313	64,614
Effect of exchange rate changes on cash	(555)	6,565
Net increase in cash and cash equivalents	2,032	87,167
Cash and cash equivalents, beginning of period	189,928	98,945
Cash and cash equivalents, end of period	\$ 191,960	\$ 186,112

PHOTRONICS, INC. AND SUBSIDIARIES
Reconciliation of GAAP to non-GAAP Financial Information

(in thousands)
(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>April 29,</u> <u>2012</u>	<u>May 1,</u> <u>2011</u>	<u>April 29,</u> <u>2012</u>	<u>May 1,</u> <u>2011</u>
Reconciliation of GAAP to Non-GAAP Net Income (Loss)				
<u>Attributable to Photronics, Inc.</u>				
GAAP net income (loss) attributable to Photronics, Inc.	\$ 8,818	\$ (16,438)	\$ 13,086	\$ (4,327)
(a) Debt extinguishment loss and net interest impact, net of tax	-	30,513	-	30,513
(b) Consolidation and restructuring charges, net of tax	58	-	1,176	-
(c) Impact of warrants, net of tax	-	745	(94)	820
Non-GAAP net income attributable to Photronics, Inc.	<u>\$ 8,876</u>	<u>\$ 14,820</u>	<u>\$ 14,168</u>	<u>\$ 27,006</u>

Reconciliation of GAAP to Non-GAAP Net Income (Loss)

Applicable to Common Shareholders

Weighted average number of diluted shares outstanding				
GAAP	76,590	55,685	76,472	54,751
(d) Non-GAAP	<u>76,590</u>	<u>67,047</u>	<u>76,435</u>	<u>66,634</u>
Net income (loss) per diluted share				
GAAP	\$ 0.14	\$ (0.30)	\$ 0.21	\$ (0.08)
Non-GAAP	<u>\$ 0.14</u>	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ 0.44</u>

- (a) Represents 2011 extinguishment charge related to the repurchase of \$30.4 million of our 5.50% convertible senior notes due in October 2014, and net interest impact on convertible transactions.
- (b) Represents consolidation and restructuring charges primarily related to restructuring in Singapore.
- (c) Represents financing expenses related to warrants, which are recorded in other income (expense).
- (d) Excludes the 2011 impact of shares issued on March 29, 2011 (1.7 million shares during the three months ended May 1, 2011 and 0.8 million shares during the six months ended May 1, 2011), primarily related to the issuance of common stock in exchange for \$30.4 million of our 5.5% convertible senior notes due in October 2014.

PHOTRONICS, INC. AND SUBSIDIARIES
Non-GAAP Financial Measure
Reconciliation of GAAP Net income (loss) to EBITDA
(in thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 29, 2012	May 1, 2011	April 29, 2012	May 1, 2011
GAAP Net income (loss) (a)	\$ 9,530	\$ (15,033)	\$ 14,371	\$ (1,449)
Add: interest expense	1,795	1,882	3,575	3,593
Add: income tax expense	2,663	3,260	5,984	6,742
Add: depreciation and amortization	21,089	22,887	43,384	45,695
Add (less): special items (b)	746	31,639	1,540	32,192
EBITDA	\$ 35,823	\$ 44,635	\$ 68,854	\$ 86,773

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of non-cash consolidation and restructuring charges, stock compensation expense, warrants expense (income), and in 2011 debt extinguishment loss and deferred financing fees write off.
