

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) **January 16, 2019**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD

On January 16, 2019, Photonics, Inc. (the “Company”) will present at the 21st Annual Needham Growth Conference. The presentation to be used during the event is attached as Exhibit 99.1 to this Form 8-K. The presentation will also be available via webcast. Interested parties may register for the webcast through the Investors section of the Company’s website at www.photonics.com.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Presentation January 16, 2019.

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: January 16, 2019

BY /s/ *Richelle E. Burr*

Richelle E. Burr
Vice President, General Counsel

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit
Number

Description

[99.1](#)

Presentation January 16, 2019.



Photronics, Inc. Global Leader in the Merchant Photomask Industry

21st Annual Needham Growth Conference
January 16, 2019



Safe Harbor Statement

This presentation and some of our comments may contain projections or other forward-looking statements regarding future events, our future financial performance, and/or the future performance of the industry. These statements are predictions, and contain risks and uncertainties. Actual events or results may differ materially from those presented. These statements include words like “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “may”, “should”, “plan”, “project” or the negative thereto. We cannot guarantee the accuracy of any forecasts or estimates, and we are not obligated to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see the documents we file from time to time with the Securities and Exchange Commission, specifically our most recent Form 10K and Form 10Q.

Non-GAAP Financial Measures

This presentation and some of our comments may reference non-GAAP financial measures. These non-GAAP financial measures exclude certain income or expense items, and are consistent with another way management internally analyzes our results of operations. Non-GAAP information should be considered to be a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP. Please see the “Reconciliation of GAAP to Non-GAAP Financial Information” in this presentation.

A Compelling Investment Thesis

▶ Global leader in merchant photomask industry

- *Delivering growth by leveraging core competencies: Operational Excellence, Low Cost Producer, Technology Leadership, Customer Intimacy*

▶ Investing aggressively to exploit secular growth opportunities

- *China industry expansion – Made in China 2025*
- *Technology inflection from LCD to AMOLED*
- *Explosion of G10.5+ panel capacity*

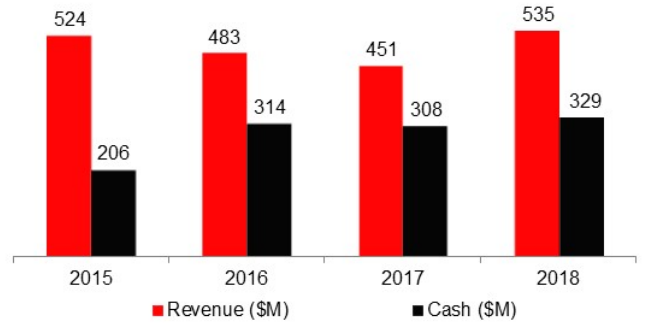
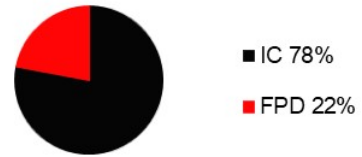
▶ On track for 2020 target: \$630M revenue & \$0.80 EPS

- *Strategic investments bring top-line growth*
- *Operating leverage creates margin expansion*
- *Share repurchase reverses dilution*
- *Additional upside from potential M&A*

Photronics at a Glance

- ▶ Largest merchant photomask manufacturer
- ▶ Unmatched global footprint
- ▶ Investing to exploit market disruptions with reciprocal customer commitments
- ▶ Strong balance sheet to fund growth

2018 Revenue by Product



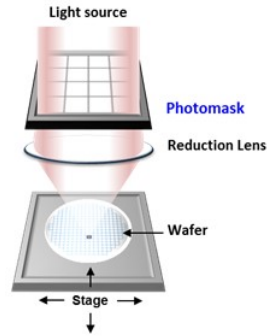
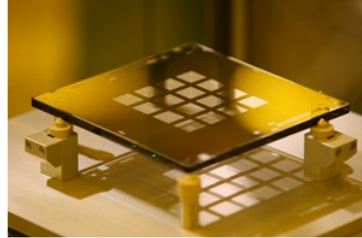
Photomasks are Critical to Electronic Manufacturing

Component Design

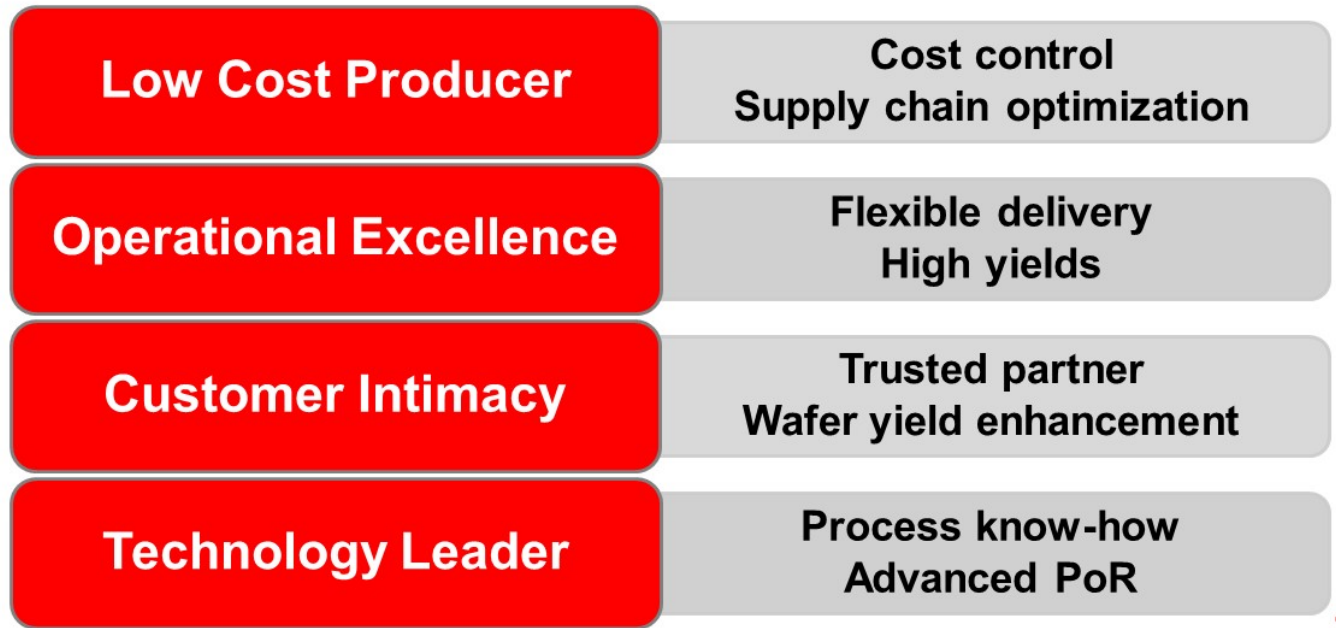
Photomask

Manufacturing Process

End User



Core Competencies Underpin Sustainable Growth



Delivering on Growth Commitments

▶ Repositioned the Company

■ China

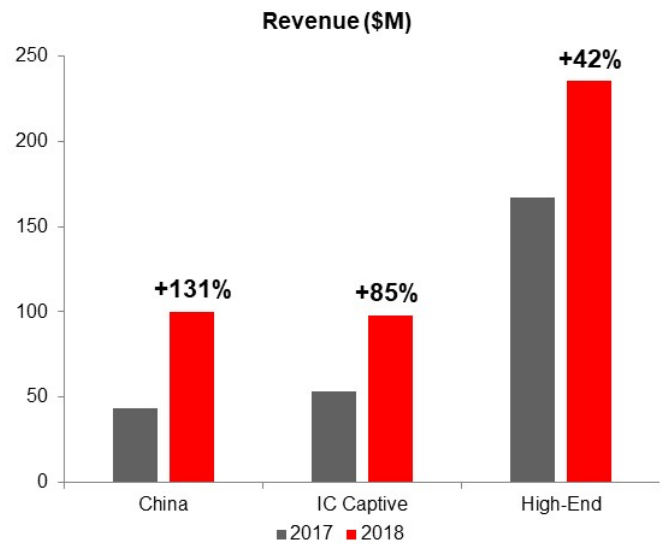
- Total TAM ~\$700M by 2022
- Region with strongest growth potential
- Supported by new manufacturing facilities in 2019

■ IC Captive

- Approximately \$2.4B TAM
- We are seen as trusted partner
- Commitments strengthen sustainability

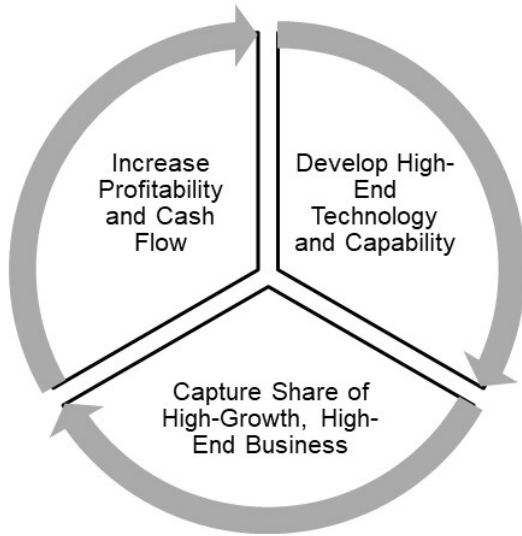
▶ High-end revenue growth

- High value and high growth
- Supports China & captive initiatives

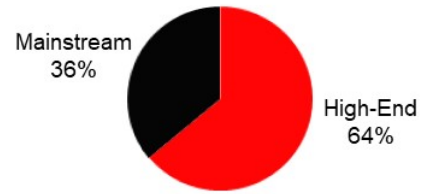


Technology as a Tool to Support Business Growth

Growth Investment Cycle



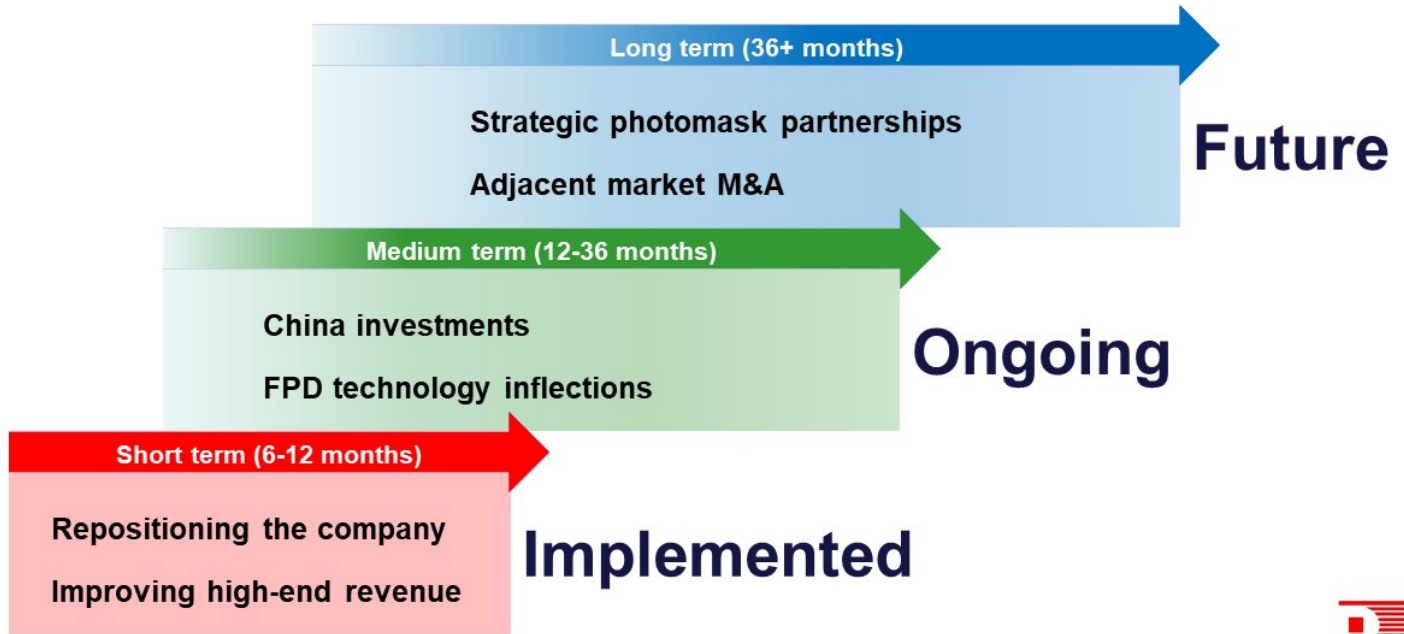
2018 FPD Revenue \$119.2M



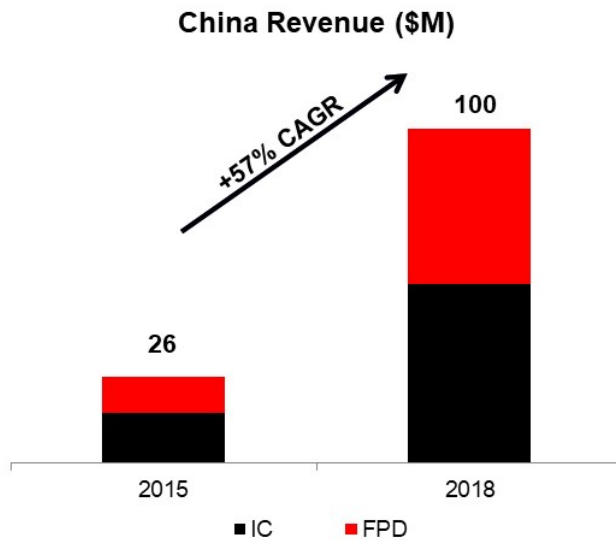
2018 IC Revenue \$416.1M



Driving Sustainable, Profitable Growth



Developing and Growing China Business



▶ We already have growing business in China

- 19% of total revenue in 2018
 - 13% of IC revenue
 - 39% of FPD revenue
- Growing strong since 2015
 - IC +51% CAGR
 - FPD +67% CAGR

▶ Manufacturing presence in China aims to accelerate growth

- Customer contracts will help quickly ramp facilities
- Investment incentives reduce risk and improve returns
- IC JV enables us to compete more effectively

Investing in China Operations

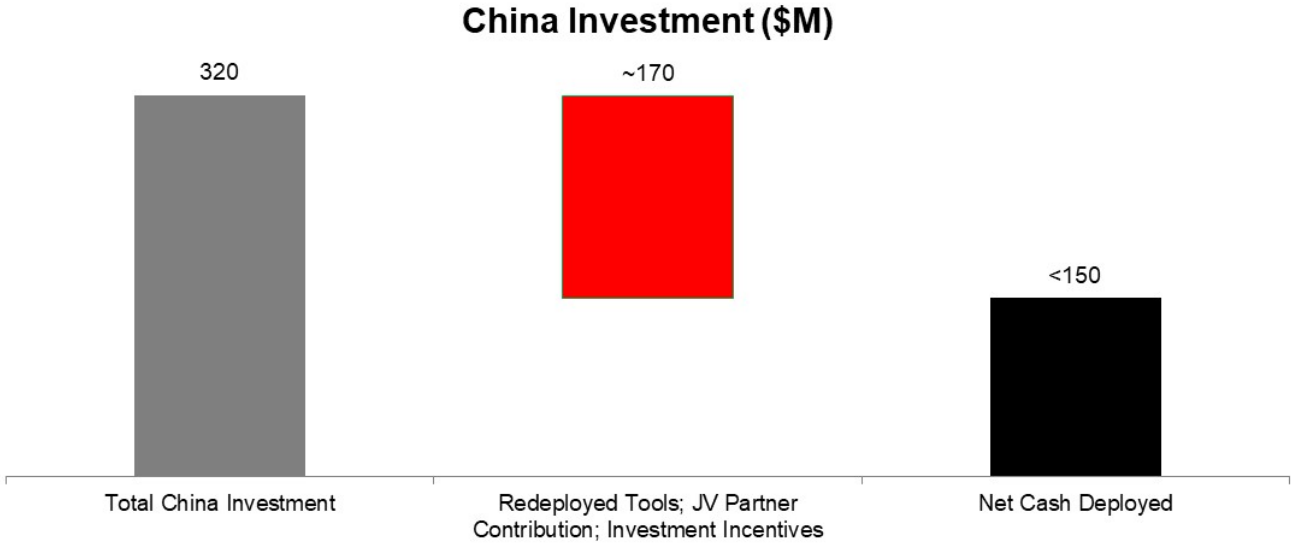
	IC	FPD
Location	Xiamen	Hefei
Investment Amount	\$160M	\$160M
Cleanroom Size	~2,500 m ²	~4,500 m ²
Ownership Structure	Majority-owned (50.01%) JV	Wholly-owned
Technology	High-end, mainstream, logic, memory	Up to G10.5+, AMOLED
Production Start	First half of 2019	First half of 2019
Incremental Revenue	\$150M (total for both operations)	

Customer commitments totaling ~\$300M over next three years
 Enables Hefei facility to operate profitably
 Enables Xiamen facility to achieve breakeven

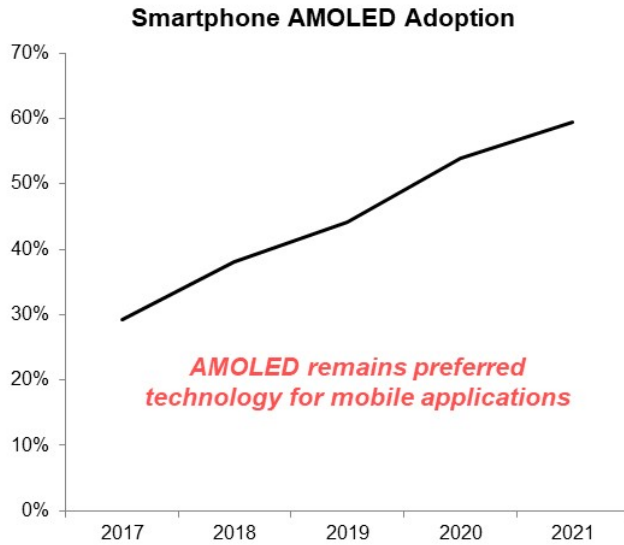
PLAB well positioned for these investments
Global merchant market and technology leader
Strong footprint in Asia
Balance sheet to support investment



Reducing Risk of China Investment



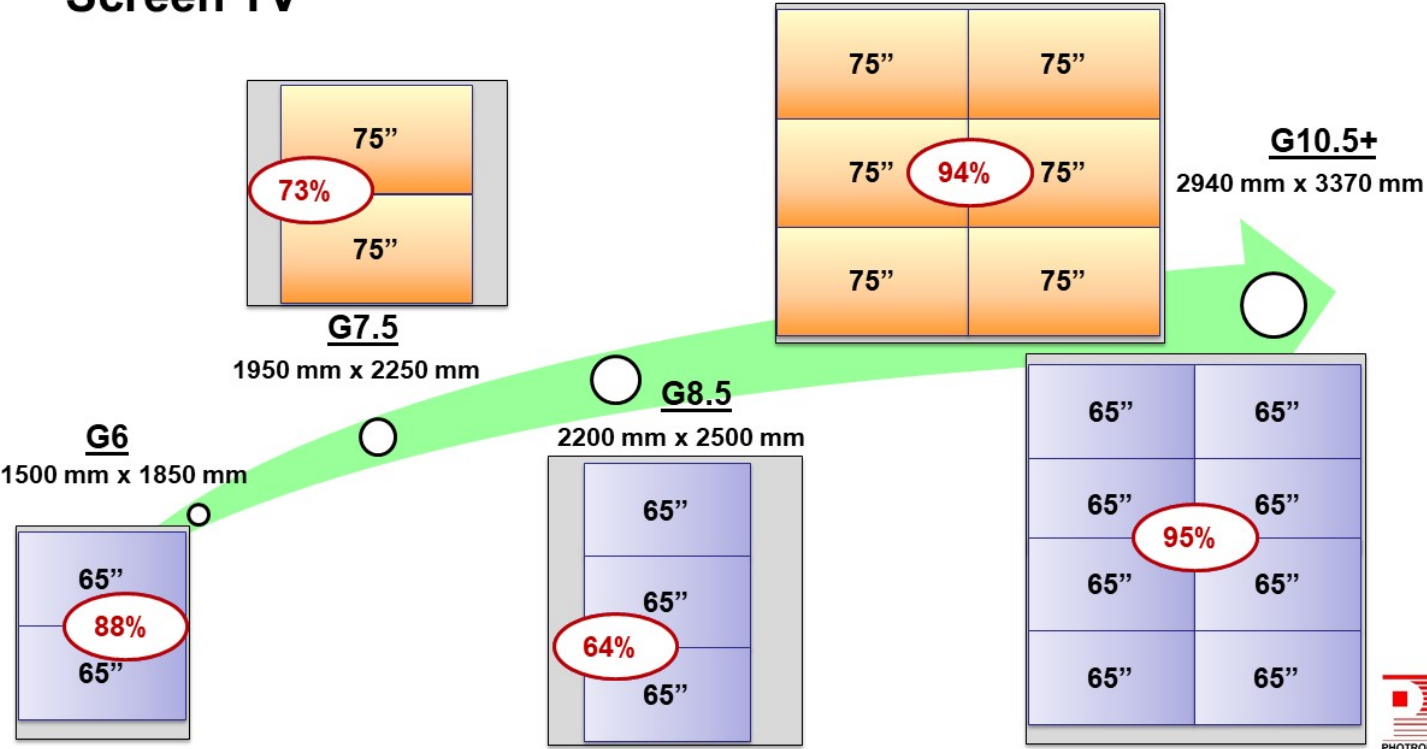
Leveraging Technology Leadership for Mobile Display AMOLED Adoption



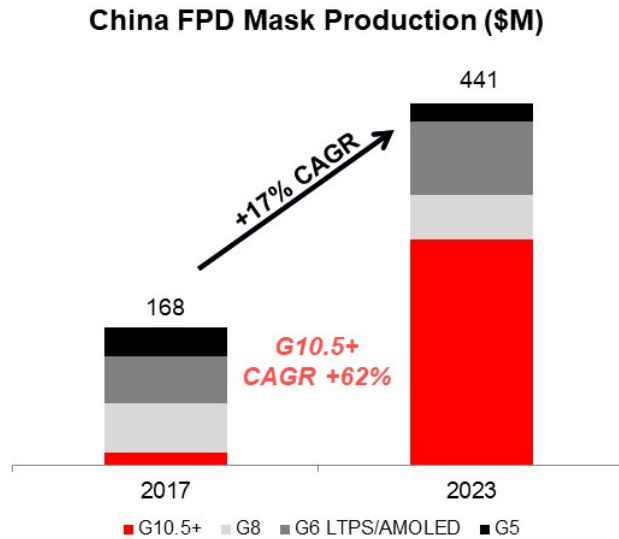
Source: Internal Estimates

- ▶ **Mobile devices moving from LCD to AMOLED**
 - Superior visual characteristics
 - Lower power consumption
 - Enables flexible format
 - Preferred for VR/AR devices
- ▶ **Increases mask complexity**
 - More mask layers per set
 - Tighter specs on each layer
- ▶ **Extending technology leadership with P-800 in Korea**
 - Only firm with this advanced mask writer
 - Produces highest resolution AMOLED masks
 - Competitive advantage vs. all merchants and captives

G10.5+ → Improved Glass Efficiency for Ultra-Large Screen TV



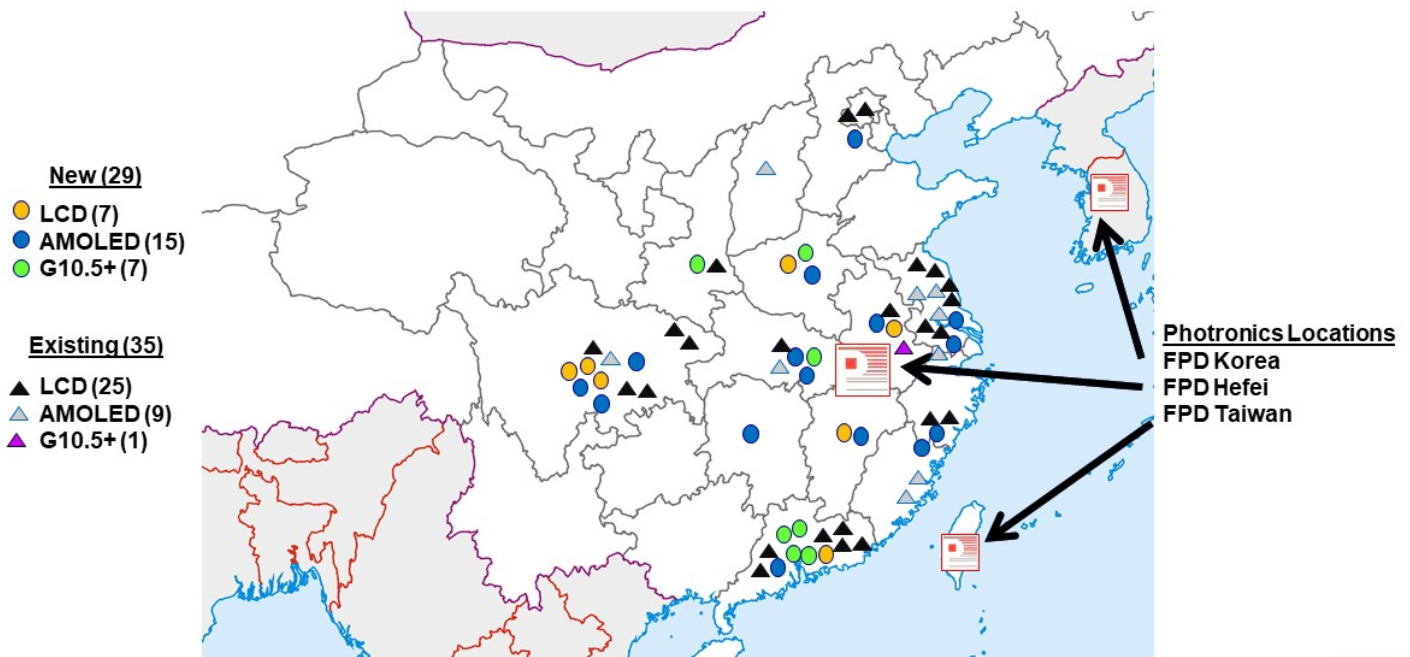
“Made in China 2025” Driving Growth in FPD Market



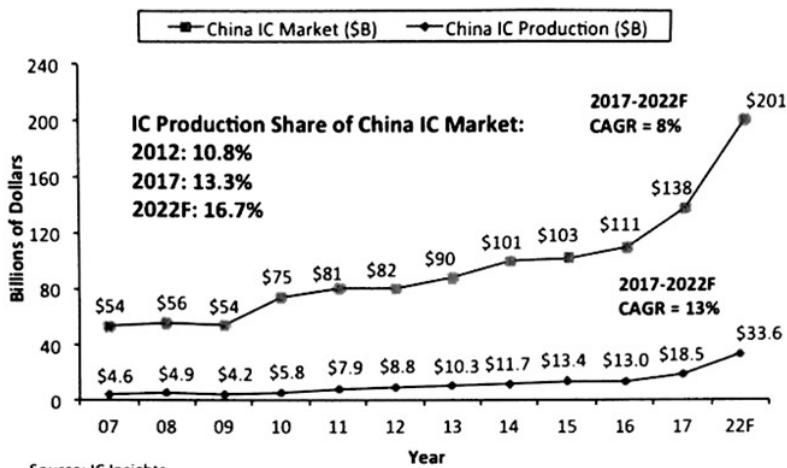
Source: Internal Estimates

- ▶ **China represents fastest growing display region**
 - 64 fabs in production, under construction or being planned
 - Largest display producer (Korea 2nd)
- ▶ **Photomask opportunities in China are attractive**
 - Wide range of display technology, including AMOLED & G10.5+
 - No merchant photomask producer with high-end experience
 - No G10.5+ photomask producer

64 China Display Fabs in Production by 2022



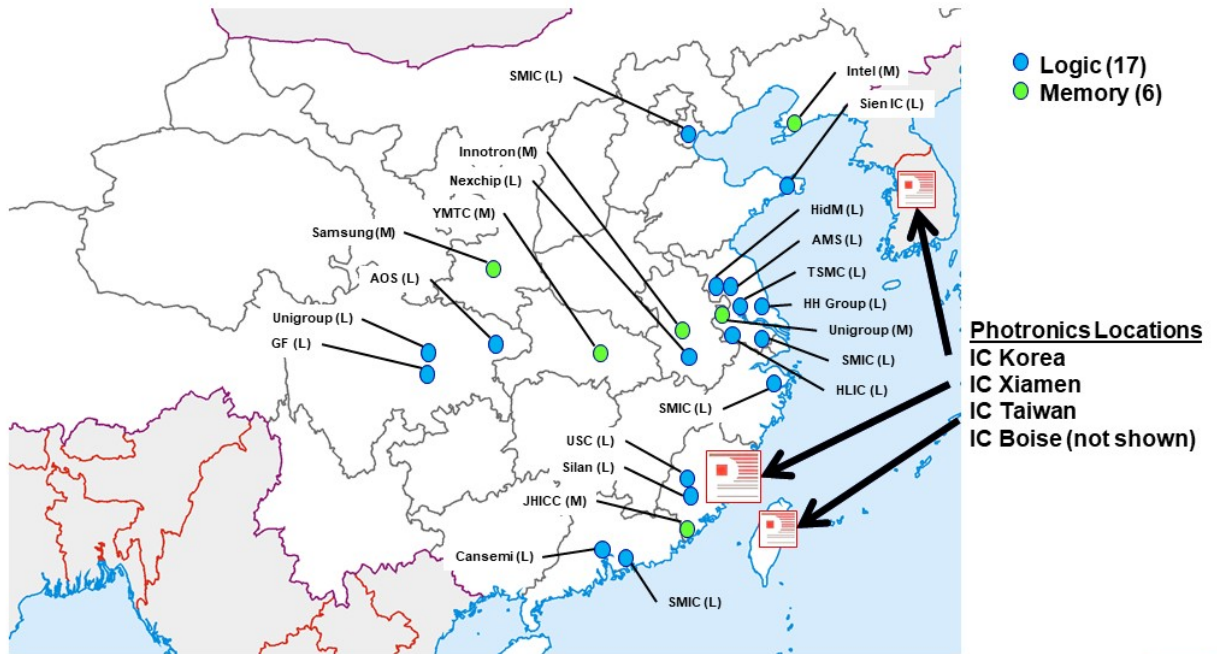
“Made in China 2025” Driving Growth in IC Market



Source: IC Insights

- ▶ **China represents fastest growing semiconductor region**
 - Growing domestic producers
 - Investments by multi-nationals
- ▶ **More investment needed to meet national targets**
 - 2022 forecast is 17%
 - China government target is 40% by 2020, 70% by 2025
- ▶ **Photomask opportunities in China are attractive**
 - Wide range of nodes in logic and memory
 - No strong domestic merchant mask producer

23 New China 12" IC Fabs



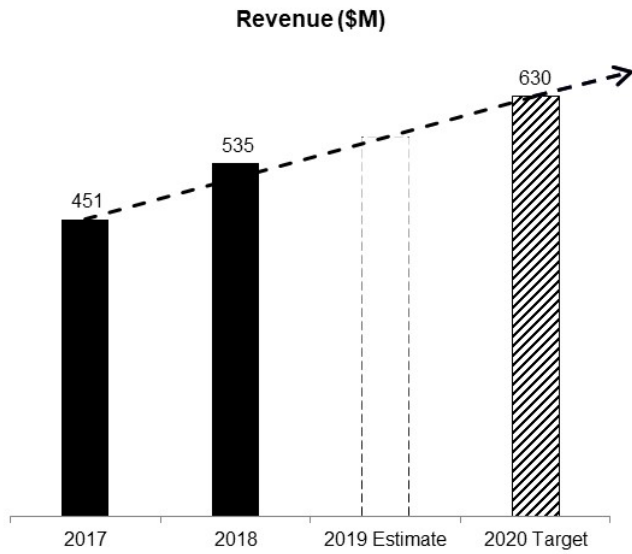
Strategic Priorities to Improve Shareholder Value

- ▶ **Top line growth combined with continued focus on driving costs out**
- ▶ **Disciplined focus on investments to improve ROIC**
- ▶ **Maintain strong balance sheet while returning cash to shareholders**
 - Launched two buy-back programs in FY18
 - Financial stability through economic downturn
 - Flexibility to invest in other growth opportunities (organic or M&A)

Solid Financial Fundamentals

- ▶ **Powerful operating leverage: target 50%**
- ▶ **Strong operating cash flow generator**
- ▶ **Positive free cash flow every fiscal year since 2009**
- ▶ **Solid balance sheet**

On Our Way to 2020 Target



Key Success Factors

- ▶ “Made in China 2025” – new facilities
- ▶ FPD technology inflections
- ▶ Repositioning the company
- ▶ Node migration (logic & memory)
- ▶ Growing business with captive producers
- ▶ IC JV’s in China and Taiwan
- ▶ Stable mainstream business
- ▶ Cross-site collaboration to serve global customers

Clear Capital Deployment Priorities

▶ Fund organic growth

- Geographic expansion into China
- Technical investments to maintain leadership position

▶ Explore strategic M&A

- Photomask industry – IC & FPD
- Adjacencies to increase revenue diversification

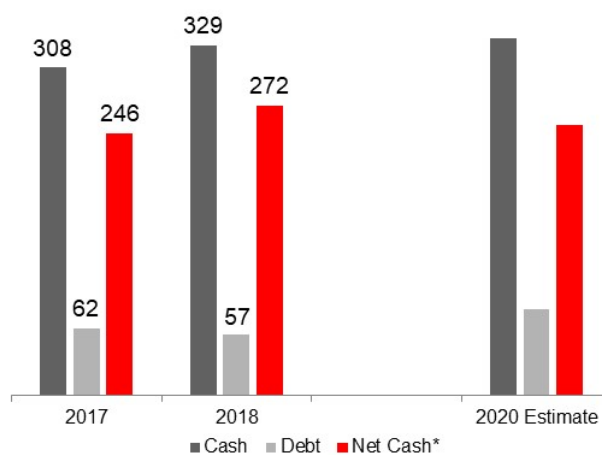
▶ Debt repayment

- Converts mature in April 2019
- Established \$75M loan agreements in China

▶ Share repurchase

- Repurchased \$23M of \$45M net authorization in 2018
- Reduced outstanding shares by 2.6M

Cash & Debt (\$M)



Financial Summary

- ▶ **Clear path to accelerate profitable growth**
- ▶ **Prudent stewardship of balance sheet**
- ▶ **Financial model to grow income faster than revenue**
- ▶ **On track to achieve financial targets**
 - Revenue \$630M & EPS \$0.80 by 2020
 - Operating margin > 15%
 - Minimum \$100M net cash
 - Improve ROIC – no projects accepted below hurdle rate

A Compelling Investment Thesis

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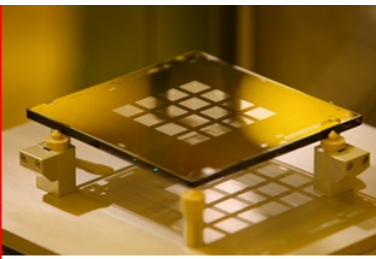
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- *Additional upside from potential M&A*



Thank you for your interest!

For Additional Information:

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tdewar@photonics.com

