

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) December 4, 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))

Item 2.02 Results of Operations and Financial Condition

On December 4, 2012, the Company issued a press release reporting fourth 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 December 5, 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 October 28, 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 December 4, 2012
 - 99.2 Reconciliation of GAAP to Non-GAAP Financial Information
 - 99.3 Condensed Consolidated Statements of Income
 - 99.4 Condensed Consolidated Balance Sheets
 - 99.5 Condensed Consolidated Statements of Cash Flows
 - 99.6 Reconciliation of GAAP Net Income to EBITDA
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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: December 5, 2012

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



Press Release

FOR FURTHER INFORMATION:
Pete Broadbent
Vice President, Investor Relations
& Marketing
(203) 775-9000
pbroadbent@photronics.com

PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL YEAR 2012 RESULTS

- Quarterly sales of \$104.2 million; exceeds revised guidance of \$102 - \$103 million
- Quarterly Non-GAAP diluted EPS of \$0.07; exceeds revised guidance of \$0.03 - \$0.04
- Quarterly Non-GAAP net income of \$4.1 million
- Quarterly Non-GAAP EBITDA of \$28 million
- Working capital increases \$21 million sequentially to \$233 million
- Net cash increases \$22 million sequentially to \$41 million

BROOKFIELD, Connecticut December 4, 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 fourth quarter and fiscal year ended October 28, 2012.

“Fourth quarter revenues reflect decreased demand for both integrated circuit (IC) and flat panel display (FPD) photomasks during a challenging global economic and electronics industry environment,” stated Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer. “A universal softness in new designs for both IC and FPD components impacted demand for photomasks this quarter. Despite lower revenues, non-GAAP diluted earnings per share was \$0.07, exceeding our revised forecast of \$0.03 to \$0.04 per share. Also, we continued to strengthen our balance sheet with improvements in net cash and working capital during the quarter. Looking at the full year, while overall sales were down, a 16% increase in high-end IC photomasks demonstrates the continued success of our strategy and strength of our technology. We believe our technology and market position coupled with favorable long term trends in electronic devices will provide substantial opportunities for Photronics when the market rebounds.”

Sales for the fourth quarter of fiscal 2012 were \$104.2 million, compared with \$122.2 million for the fourth quarter of fiscal year 2011. Sales of semiconductor photomasks were \$83.9 million, or 81% of revenues, during the fourth quarter of fiscal 2012, and sales of flat panel display (FPD) photomasks were \$20.3 million, or 19% of revenues. For the fourth quarter of fiscal 2012, GAAP net income attributable to Photronics, Inc. was \$3.8 million, or \$0.06 earnings per diluted share, compared with \$9.3 million, or \$0.14 earnings per diluted share, for the fourth quarter of fiscal 2011. Non-GAAP net income attributable to Photronics, Inc. for the fourth quarter of 2012, excluding consolidation and restructuring charges of \$0.2 million, was \$4.1 million, or \$0.07 earnings per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the fourth quarter of 2011, excluding \$0.2 million impact of warrants, was \$9.1 million, or \$0.14 earnings per diluted share.

Sales for the 2012 fiscal year were \$450.4 million, compared with \$512.0 million for the 2011 fiscal year. For the 2012 fiscal year, sales of semiconductor photomasks were \$350.1 million, or 78% of revenues, and sales of FPD photomasks were \$100.3 million, or 22% of revenues. GAAP net income attributable to Photronics, Inc. for the 2012 fiscal year was \$27.9 million, or \$0.44 earnings per diluted share, compared with GAAP net income of \$16.2 million, or \$0.28 earnings per diluted share, for the 2011 fiscal year. Non-GAAP net income attributable to Photronics, Inc. for the 2012 fiscal year, excluding consolidation and restructuring charges of \$1.4 million and \$0.1 million impact of warrants, was \$29.2 million, or \$0.46 earnings per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the 2011 fiscal year, excluding a \$35.5 million debt extinguishment loss and \$0.4 million impact of warrants, was \$52.1 million, or \$0.80 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.

Non-GAAP Financial Measures

Non-GAAP net income attributable to Photronics, Inc. and non-GAAP earnings 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 attributable to Photronics, Inc. and non-GAAP earnings 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 attributable to Photronics, Inc. and non-GAAP earnings 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, net income 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 warrants is excluded because it does not affect cash earnings.
- Loss on extinguishment of debt in 2011 is excluded because it is not a part of ongoing operations.

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 Wednesday, December 5, 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 2013 first 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
Reconciliation of GAAP to Non-GAAP Financial Information

(in thousands, except per share data)

(Unaudited)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>October 28,</u> <u>2012</u>	<u>October 30,</u> <u>2011</u>	<u>October 28,</u> <u>2012</u>	<u>October 30,</u> <u>2011</u>
Reconciliation of GAAP to Non-GAAP Net Income				
<u>Attributable to Photronics, Inc.</u>				
GAAP net income attributable to Photronics, Inc.	\$ 3,833	\$ 9,291	\$ 27,868	\$ 16,229
(a) Consolidation and restructuring charges, net of tax	246	-	1,428	-
(b) Impact of warrants, net of tax	-	(175)	(94)	424
(c) Debt extinguishment loss and net interest impact, net of tax	-	-	-	35,486
Non-GAAP net income attributable to Photronics, Inc.	<u>\$ 4,079</u>	<u>\$ 9,116</u>	<u>\$ 29,202</u>	<u>\$ 52,139</u>
Reconciliation of GAAP to Non-GAAP Net Income				
<u>Applicable to Common Shareholders</u>				
Weighted average number of diluted shares outstanding				
GAAP	<u>61,052</u>	<u>76,259</u>	<u>76,464</u>	<u>58,458</u>
Non-GAAP	<u>61,052</u>	<u>76,082</u>	<u>76,445</u>	<u>71,940</u>
Net income per diluted share				
GAAP	<u>\$ 0.06</u>	<u>\$ 0.14</u>	<u>\$ 0.44</u>	<u>\$ 0.28</u>
Non-GAAP	<u>\$ 0.07</u>	<u>\$ 0.14</u>	<u>\$ 0.46</u>	<u>\$ 0.80</u>

(a) Represents consolidation and restructuring charges primarily related to restructuring in Singapore

(b) Represents financing expenses related to warrants, which are recorded in other expense, net.

(c) Represents extinguishment charges during the year ended October 30, 2011 related to the repurchase of \$35.4 million of the Company's 5.50% convertible senior notes due in October 2014, and net interest impact on convertible transactions.

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	October 28, 2012	October 30, 2011	October 28, 2012	October 30, 2011
Net sales	\$ 104,219	\$ 122,159	\$ 450,439	\$ 512,020
Costs and expenses:				
Cost of sales	(79,922)	(91,266)	(338,519)	(375,806)
Selling, general and administrative	(11,396)	(11,245)	(46,706)	(45,240)
Research and development	(5,264)	(4,269)	(19,371)	(15,507)
Consolidation, restructuring and related charges	(246)	-	(1,428)	-
Operating income	7,391	15,379	44,415	75,467
Debt extinguishment loss	-	-	-	(35,259)
Other expense, net	(1,623)	(2,290)	(3,767)	(4,309)
Income before income taxes	5,768	13,089	40,648	35,899
Income tax provision	(1,551)	(4,054)	(10,793)	(15,691)
Net income	4,217	9,035	29,855	20,208
Net (income) loss attributable to noncontrolling interests	(384)	256	(1,987)	(3,979)
Net income attributable to Photronics, Inc.	\$ 3,833	\$ 9,291	\$ 27,868	\$ 16,229
Earnings per share:				
Basic	\$ 0.06	\$ 0.16	\$ 0.46	\$ 0.28
Diluted	\$ 0.06	\$ 0.14	\$ 0.44	\$ 0.28
Weighted-average number of common shares outstanding				
Basic	60,196	59,629	60,055	57,030
Diluted	61,052	76,259	76,464	58,458

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands)

	October 28, 2012	October 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 218,043	\$ 189,928
Accounts receivable	75,685	85,540
Inventories	17,702	22,100
Other current assets	8,364	7,639
Total current assets	319,794	305,207
Property, plant and equipment, net	380,808	368,680
Investment in joint venture	93,252	79,984
Intangible assets, net	37,384	42,462
Other assets	19,356	21,521
	\$ 850,594	\$ 817,854
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 7,781	\$ 5,583
Accounts payable and accrued liabilities	79,092	90,318
Total current liabilities	86,873	95,901
Long-term borrowings	168,956	152,577
Other liabilities	8,764	9,620
Equity	586,001	559,756
	\$ 850,594	\$ 817,854

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Year Ended	
	October 28, 2012	October 30, 2011
Cash flows from operating activities:		
Net income	\$ 29,855	\$ 20,208
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	85,209	93,460
Debt extinguishment loss	-	27,399
Consolidation, restructuring and related charges	262	-
Changes in assets and liabilities and other	17,223	(4,514)
Net cash provided by operating activities	132,549	136,553
Cash flows from investing activities:		
Purchases of property, plant and equipment	(96,978)	(82,121)
Investment in joint venture	(13,397)	(18,271)
Other	(1,568)	(345)
Net cash used in investing activities	(111,943)	(100,737)
Cash flows from financing activities:		
Proceeds from long-term borrowings	25,000	17,000
Proceeds from issuance of convertible debt	-	115,000
Repurchase of common stock of subsidiary	(15,598)	(9,878)
Repayments of long-term borrowings	(5,293)	(64,107)
Payments of deferred financing fees	(198)	(4,318)
Proceeds from exercise of share-based arrangements	653	828
Net cash provided by financing activities	4,564	54,525
Effect of exchange rate changes on cash	2,945	642
Net increase in cash and cash equivalents	28,115	90,983
Cash and cash equivalents, beginning of year	189,928	98,945
Cash and cash equivalents, end of year	\$ 218,043	\$ 189,928

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

	Three Months Ended		Year Ended	
	October 28, 2012	October 30, 2011	October 28, 2012	October 30, 2011
GAAP Net income (a)	\$ 4,217	\$ 9,035	\$ 29,855	\$ 20,208
Add: interest expense	1,901	1,759	7,488	7,258
Add: income tax expense	1,551	4,054	10,793	15,691
Add: depreciation and amortization	19,825	23,019	83,611	91,942
Add: special items (b)	910	469	3,328	38,140
EBITDA	\$ 28,404	\$ 38,336	\$ 135,075	\$ 173,239

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of stock compensation expense, non-cash consolidation and restructuring charges in 2012, warrants expense (income), and in 2011 debt extinguishment loss and deferred financing fees write off.
