

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

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**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 8, 2014

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

<u>Connecticut</u>	<u>0-15451</u>	<u>06-0854886</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

15 Secor Road, Brookfield, CT 06804  
(Address of Principal Executive Offices) (Zip Code)

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

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(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 2.02 Results of Operations and Financial Condition**

On December 8, 2014, the Company issued a press release reporting fourth quarter and fiscal year end 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, 99.6 and 99.7 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 9, 2014, the Company will conduct a conference call during which certain unaudited, non-GAAP financial information related to the Company's operations for the three months and fiscal year ended November 2, 2014 will be disclosed. This information is set forth in Exhibit 99.6 and 99.7.

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 8, 2014
  - 99.2 Condensed Consolidated Statements of Income
  - 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
  - 99.7 Reconciliation of GAAP Operating Income to Non-GAAP Operating Income.
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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.**

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(Registrant)

**DATE: December 9, 2014**

**BY /s/ *Richelle E. Burr***

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Richelle E. Burr

Vice President, General Counsel

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PHOTRONICS, INC.



## Press Release

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### FOR FURTHER INFORMATION:

Pete Broadbent  
Vice President, Investor Relations  
& Marketing  
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pbroadbent@photronics.com

## PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL 2014 RESULTS

- Quarterly sales of \$124.3 million
- Quarterly GAAP and Non-GAAP diluted EPS of \$0.07; within guidance of \$0.07 - \$0.11
- Quarterly Non-GAAP EBITDA of \$33 million
- Net cash of \$51 million up \$22 million sequentially

BROOKFIELD, Conn. December 08, 2014 — 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 November 2, 2014.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer, commented: "Fourth quarter revenues were slightly lower than previously anticipated due to slower than expected ramps in advanced memory nodes and a pause in 28nm demand due to a refresh of the design pipeline at a foundry customer. Our market position remains strong and our qualifications are in place for these customers and we expect the ramps to materialize and drive revenue growth in the new fiscal year."

Sales for the fourth quarter of fiscal 2014 were \$124.3 million, compared with \$106.0 million for the fourth quarter of fiscal year 2013. Sales of semiconductor photomasks were \$99.4 million, or 80% of revenues, during the fourth quarter of fiscal 2014, and sales of flat panel display (FPD) photomasks were \$24.9 million, or 20% of revenues. For the fourth quarter of fiscal 2014, GAAP and Non-GAAP net income attributable to Photronics, Inc. shareholders was \$4.3 million, or \$0.07 per diluted share, compared with \$4.8 million, or \$0.08 per diluted share, for the fourth quarter of fiscal 2013. Non-GAAP net income attributable to Photronics, Inc. shareholders for the fourth quarter of 2013, excluding joint venture transaction expenses of \$0.8 million, was \$5.6 million, or \$0.09 per diluted share.

Sales for the 2014 fiscal year were \$455.5 million, compared with \$422.2 million for the 2013 fiscal year. For the 2014 fiscal year, sales of semiconductor photomasks were \$352.7 million, or 77% of revenues, and sales of FPD photomasks were \$102.8 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the 2014 fiscal year was \$26.0 million, or \$0.41 per diluted share, compared with GAAP net income of \$18.0 million, or \$0.29 per diluted share, for the 2013 fiscal year. Non-GAAP net income attributable to Photronics, Inc. shareholders for the 2014 fiscal year, excluding the acquisition gain of \$16.4 million and expenses related to the joint venture of \$2.5 million, was \$12.1 million, or \$0.19 per diluted share. Non-GAAP net income attributable to Photronics, Inc. shareholders for the 2013 fiscal year, excluding \$0.8 million in expenses related to the joint venture, was \$18.7 million, or \$0.30 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. shareholders 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. shareholders 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. shareholders 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:

- Non-cash acquisition gain and transaction expenses related to the joint venture, PDMC, in Taiwan are excluded because they are 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 Tuesday, December 9, 2014. The live dial-in number is (408) 774-4601. The call can also be accessed by logging onto Photronics' web site at [www.photronics.com](http://www.photronics.com). The call will be archived for instant replay access until the Company reports its fiscal 2015 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](http://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 as well as decisions we may make in the future regarding our business, capital structure and other matters. These forward-looking statements generally can be identified by phrases such as "believes", "expects", "anticipates", "plans", "projects", "could", "estimate", "intend", "may", "will" and similar expressions. 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 Income**  
(in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	November 2, 2014	November 3, 2013	November 2, 2014	November 3, 2013
Net sales	\$ 124,251	\$ 106,009	\$ 455,527	\$ 422,180
Costs and expenses:				
Cost of sales	(97,626)	(79,334)	(355,181)	(322,540)
Selling, general and administrative	(11,547)	(12,928)	(49,638)	(48,213)
Research and development	(5,801)	(6,378)	(21,913)	(20,758)
Operating income	9,277	7,369	28,795	30,669
Gain on acquisition	-	-	16,372	-
Other expense, net	(574)	(1,384)	(3,837)	(3,864)
Income before income taxes	8,703	5,985	41,330	26,805
Income tax provision	(2,004)	(1,072)	(9,295)	(7,229)
Net income	6,699	4,913	32,035	19,576
Net income attributable to noncontrolling interests	(2,422)	(73)	(6,039)	(1,610)
Net income attributable to Photronics, Inc. shareholders	\$ 4,277	\$ 4,840	\$ 25,996	\$ 17,966
Earnings per share:				
Basic	\$ 0.07	\$ 0.08	\$ 0.42	\$ 0.30
Diluted	\$ 0.07	\$ 0.08	\$ 0.41	\$ 0.29
Weighted-average number of common shares outstanding:				
Basic	63,106	61,058	61,779	60,644
Diluted	64,085	61,962	66,679	61,599

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

	November 2, 2014	November 3, 2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 192,929	\$ 215,615
Accounts receivable	94,515	73,357
Inventories	22,478	18,849
Other current assets	26,570	10,645
<b>Total current assets</b>	<b>336,492</b>	<b>318,466</b>
Property, plant and equipment, net	550,069	422,740
Investment in joint venture	93,122	93,124
Intangible assets, net	30,294	34,080
Other assets	19,206	17,519
	<b>\$ 1,029,183</b>	<b>\$ 885,929</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 10,381	\$ 11,818
Accounts payable and accrued liabilities	128,736	92,769
<b>Total current liabilities</b>	<b>139,117</b>	<b>104,587</b>
Long-term borrowings	131,805	182,203
Other liabilities	18,767	11,308
Photronics, Inc. shareholders' equity	628,050	585,314
Noncontrolling interests	111,444	2,517
<b>Total equity</b>	<b>739,494</b>	<b>587,831</b>
	<b>\$ 1,029,183</b>	<b>\$ 885,929</b>



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

	Year Ended	
	November 2, 2014	November 3, 2013
<b>Cash flows from operating activities:</b>		
Net income	\$ 32,035	\$ 19,576
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on acquisition	(16,372)	-
Depreciation and amortization	80,136	72,942
Changes in assets and liabilities and other	562	6,883
<b>Net cash provided by operating activities</b>	<b>96,361</b>	<b>99,401</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(91,085)	(63,792)
Cash from acquisition	4,508	-
Other	(908)	(2,445)
<b>Net cash used in investing activities</b>	<b>(87,485)</b>	<b>(66,237)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(29,782)	(8,314)
Purchase of common stock of subsidiary	-	(32,374)
Payment of deferred financing fees	(346)	(40)
Proceeds from share-based arrangements	1,298	884
Other	(711)	-
<b>Net cash used in financing activities</b>	<b>(29,541)</b>	<b>(39,844)</b>
Effect of exchange rate changes on cash	(2,021)	4,252
<b>Net decrease in cash and cash equivalents</b>	<b>(22,686)</b>	<b>(2,428)</b>
Cash and cash equivalents, beginning of period	215,615	218,043
<b>Cash and cash equivalents, end of period</b>	<b>\$ 192,929</b>	<b>\$ 215,615</b>
Noncash net assets from acquisition	\$ 110,211	\$ -

**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>November 2, 2014</u>	<u>November 3, 2013</u>	<u>November 2, 2014</u>	<u>November 3, 2013</u>
<b>Reconciliation of GAAP to Non-GAAP Net Income</b>				
<b><u>Attributable to Photronics, Inc. Shareholders</u></b>				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 4,277	\$ 4,840	\$ 25,996	\$ 17,966
(a) Gain on acquisition, net of tax	-	-	(16,372)	-
(b) Acquisition transaction expenses, net of tax	-	773	2,455	773
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 4,277</u>	<u>\$ 5,613</u>	<u>\$ 12,079</u>	<u>\$ 18,739</u>
<b>Reconciliation of GAAP to Non-GAAP Net Income</b>				
<b><u>Applicable to Common Shareholders</u></b>				
Weighted average number of diluted shares outstanding				
GAAP	<u>64,085</u>	<u>61,962</u>	<u>66,679</u>	<u>61,599</u>
Non-GAAP	<u>64,085</u>	<u>61,962</u>	<u>62,734</u>	<u>61,599</u>
Net income per diluted share				
GAAP	<u>\$ 0.07</u>	<u>\$ 0.08</u>	<u>\$ 0.41</u>	<u>\$ 0.29</u>
Non-GAAP	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ 0.19</u>	<u>\$ 0.30</u>

(a) Represents gain on acquisition of DNP Photomask Technology Taiwan Co., Ltd (DPTT), a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd

(b) Represents transaction expenses in connection with the acquisition of DPTT.

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

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>November 2, 2014</b>	<b>November 3, 2013</b>	<b>November 2, 2014</b>	<b>November 3, 2013</b>
<b>GAAP Net Income (a)</b>	\$ 6,699	\$ 4,913	\$ 32,035	\$ 19,576
Add: interest expense	1,638	2,051	7,247	7,756
Add: income tax expense	2,004	1,072	9,295	7,229
Add: depreciation and amortization	21,421	17,453	78,685	71,408
Add (less): special items (b)	941	1,156	(9,846)	3,974
<b>EBITDA</b>	<b>\$ 32,703</b>	<b>\$ 26,645</b>	<b>\$ 117,416</b>	<b>\$ 109,943</b>

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of stock compensation expense, and in 2014 noncash gain on acquisition of DNP Photomask Technology Taiwan, Co., Ltd., a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd., and related acquisition transaction expenses.

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Non-GAAP Financial Measure**  
**Reconciliation of GAAP Operating Income to Non-GAAP Operating Income**  
(in thousands)  
(Unaudited)

	Three Months Ended				Year Ended			
	November 2, 2014		November 3, 2013		November 2, 2014		November 3, 2013	
	\$	%	\$	%	\$	%	\$	%
<b>GAAP Operating Income</b>	\$ 9,277	7.5%	\$ 7,369	7.0%	\$ 28,795	6.3%	\$ 30,669	7.3%
(a) Acquisition transaction expenses	—	—	773	0.7	2,455	0.6	773	0.1
<b>Non-GAAP Operating Income</b>	<b>\$ 9,277</b>	<b>7.5%</b>	<b>\$ 8,142</b>	<b>7.7%</b>	<b>\$ 31,250</b>	<b>6.9%</b>	<b>\$ 31,442</b>	<b>7.4%</b>

(a) Represents transaction expenses in connection with the acquisition of DNP Photomask Technology Taiwan Co., Ltd., a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd.

(b) Represents percentage of net sales.