

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) August 13, 2013

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)

<u>15 Secor Road, Brookfield, CT</u>	<u>06804</u>
(Address of Principal Executive Offices)	(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 August 13, 2013, the Company issued a press release reporting third quarter fiscal 2013 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 August 14, 2013, 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 July 28, 2013 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 August 13, 2013
 - 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
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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: August 14, 2013

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
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PHOTRONICS REPORTS THIRD QUARTER FISCAL 2013 RESULTS

- Successfully completed tender offer for PSMC shares, (\$27.4 million)
- Quarterly sales of \$109.7 million; within guidance of \$107 - \$111 million
- GAAP and non-GAAP diluted EPS of \$0.10; within guidance of \$0.08 - \$0.11
- High end IC sales of \$22.9 million
- Gross margin increases 150 bps sequentially
- Operating margin improves sequentially to 9.1%, incremental margin of 65%
- EBITDA of \$29.2 million

BROOKFIELD, Conn. August 13, 2013 — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for the fiscal 2013 third quarter ended July 28, 2013.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer, commented: "Photronics' third-quarter revenue growth reflects increased demand for mainstream semiconductor (IC) photomasks across our customer base and increased demand for both high-end and mainstream flat panel display (FPD) photomasks. High-end IC photomask sales were somewhat muted as we experienced delayed customer orders in our memory business due to extended manufacturing of current devices as well as continued foundry business softness as we qualify new nodes with our new tools. We increased operating margin to 9.1% on higher sales volume and reduced operating costs, and achieved net income of \$5.9 million, or \$0.10 per diluted share, within our guidance range. Our business model provides strong operating leverage on increased revenues and our new technology provides solid growth opportunities as high-end market demand ramps."

"During the third quarter we also successfully completed a tender offer for the outstanding shares of our subsidiary, PSMC, in Taiwan. Photronics now owns more than 98% of the outstanding shares of common stock of PSMC," concluded Macricostas.

Sales for the third quarter of fiscal 2013 were \$109.7 million, a decrease of 6% compared with \$116.6 million for the third quarter of fiscal 2012. Sales of semiconductor photomasks were \$84.2 million, or 77% of revenues, during the third quarter of fiscal 2013, and sales of flat panel display photomasks were \$25.5 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the third quarter of fiscal 2013 was \$5.9 million, or \$0.10 per diluted share, compared with \$11 million, or \$0.16 per diluted share in the third quarter of fiscal 2012.

Sales for the first nine months of fiscal 2013 decreased 9% to \$316.2 million from \$346.2 million for the first nine months of fiscal 2012. Sales of semiconductor photomasks were \$240.7 million, or 76% of revenues, for the first nine months of fiscal 2013, and sales of FPD photomasks were \$75.5 million, or 24% of revenues. GAAP and non-GAAP net income attributable to Photronics, Inc. shareholders for the first nine months of fiscal 2013 was \$13.1 million, or \$0.21 per diluted share, compared with GAAP net income attributable to Photronics, Inc. shareholders of \$24 million, or \$0.37 per diluted share, for the first nine months of fiscal 2012 and non-GAAP net income attributable to Photronics, Inc. shareholders of \$25.1 million, or \$0.39 per diluted share. Non-GAAP net income for the first nine months of fiscal 2012 excluded \$1.2 million of restructuring charges and a \$0.1 million gain relating to warrants.

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:

- Consolidation and restructuring charges in fiscal 2012 are excluded because they are not a part of ongoing operations.
- Impact related to warrants in fiscal 2012 is excluded because it does not affect cash earnings.

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, August 14, 2013. 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. The call will be archived for instant replay access until the Company reports its fiscal 2013 fourth 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 as well as decisions we may make in the future regarding our business, capital structure and other matters. 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.

12-2013

PLAB – E

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income

(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 28, 2013	July 29, 2012	July 28, 2013	July 29, 2012
Net sales	\$ 109,652	\$ 116,616	\$ 316,171	\$ 346,220
Costs and expenses:				
Cost of sales	(82,574)	(84,312)	(243,206)	(258,598)
Selling, general and administrative	(12,068)	(11,784)	(35,286)	(35,311)
Research and development	(4,985)	(5,221)	(14,380)	(14,106)
Consolidation, restructuring and related charges	-	(7)	-	(1,182)
Operating income	10,025	15,292	23,299	37,023
Other expense, net	(972)	(767)	(2,479)	(2,143)
Income before income tax provision	9,053	14,525	20,820	34,880
Income tax provision	(2,689)	(3,258)	(6,155)	(9,242)
Net income	6,364	11,267	14,665	25,638
Net income attributable to noncontrolling interests	(424)	(317)	(1,539)	(1,603)
Net income attributable to Photronics, Inc. shareholders	\$ 5,940	\$ 10,950	\$ 13,126	\$ 24,035
Earnings per share:				
Basic	\$ 0.10	\$ 0.18	\$ 0.22	\$ 0.40
Diluted	\$ 0.10	\$ 0.16	\$ 0.21	\$ 0.37
Weighted average number of common shares outstanding:				
Basic	60,746	60,121	60,505	60,008
Diluted	66,177	76,436	61,478	76,460

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(in thousands)
(Unaudited)

	July 28, 2013	October 28, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 197,271	\$ 218,043
Accounts receivable	82,573	75,685
Inventories	17,947	17,702
Other current assets	14,476	8,364
Total current assets	312,267	319,794
Property, plant and equipment, net	420,535	380,808
Investment in joint venture	93,030	93,252
Intangible assets, net	35,453	37,384
Other assets	18,093	17,996
	<u>\$ 879,378</u>	<u>\$ 849,234</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 10,696	\$ 7,781
Accounts payable and accrued liabilities	109,654	77,732
Total current liabilities	120,350	85,513
Long-term borrowings	183,220	168,956
Other liabilities	9,993	8,764
Equity	565,815	586,001
	<u>\$ 879,378</u>	<u>\$ 849,234</u>

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

(in thousands)

(Unaudited)

	Nine Months Ended	
	July 28, 2013	July 29, 2012
Cash flows from operating activities:		
Net income	\$ 14,665	\$ 25,638
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55,081	65,010
Consolidation, restructuring, and related charges	-	262
Changes in assets and liabilities and other	(2,192)	16,614
Net cash provided by operating activities	67,554	107,524
Cash flows from investing activities:		
Purchases of property, plant and equipment	(47,281)	(92,009)
Investment in joint venture	-	(13,397)
Other	(2,630)	(1,618)
Net cash used in investing activities	(49,911)	(107,024)
Cash flows from financing activities:		
Proceeds from long-term borrowings	-	25,000
Repayments of long-term borrowings	(4,990)	(3,646)
Purchase of common stock of subsidiary	(31,627)	(11,653)
Payments of deferred financing fees	(40)	(198)
Proceeds from exercise of share-based arrangements	715	517
Net cash provided by (used in) financing activities	(35,942)	10,020
Effect of exchange rate changes on cash and cash equivalents	(2,473)	(3,153)
Net increase (decrease) in cash and cash equivalents	(20,772)	7,367
Cash and cash equivalents, beginning of period	218,043	189,928
Cash and cash equivalents, end of period	\$ 197,271	\$ 197,295

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>Nine Months Ended</u>	
	<u>July 28,</u> <u>2013</u>	<u>July 29,</u> <u>2012</u>	<u>July 28,</u> <u>2013</u>	<u>July 29,</u> <u>2012</u>
Reconciliation of GAAP to Non-GAAP Net Income				
Attributable to Photronics, Inc. Shareholders				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 5,940	\$ 10,950	\$ 13,126	\$ 24,035
(a) Consolidation and restructuring charges, net of tax	-	7	-	1,182
(b) Impact of warrants, net of tax	-	-	-	(94)
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 5,940</u>	<u>\$ 10,957</u>	<u>\$ 13,126</u>	<u>\$ 25,123</u>
Reconciliation of GAAP to Non-GAAP Net Income				
Applicable to Common Shareholders				
Weighted average number of diluted shares outstanding				
GAAP	<u>66,177</u>	<u>76,436</u>	<u>61,478</u>	<u>76,460</u>
Non-GAAP	<u>66,177</u>	<u>76,436</u>	<u>61,478</u>	<u>76,435</u>
Net income per diluted share				
GAAP	<u>\$ 0.10</u>	<u>\$ 0.16</u>	<u>\$ 0.21</u>	<u>\$ 0.37</u>
Non-GAAP	<u>\$ 0.10</u>	<u>\$ 0.16</u>	<u>\$ 0.21</u>	<u>\$ 0.39</u>

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

(b) Represents impact related to warrants, which is recorded in other expense, net.

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>July 28,</u> <u>2013</u>	<u>July 29,</u> <u>2012</u>	<u>July 28,</u> <u>2013</u>	<u>July 29,</u> <u>2012</u>
GAAP Net income (a)	\$ 6,364	\$ 11,267	\$ 14,665	\$ 25,638
Add: interest expense	1,909	2,012	5,707	5,587
Add: income tax expense	2,689	3,258	6,155	9,242
Add: depreciation and amortization	17,212	20,403	53,954	63,787
Add: special items (b)	993	878	2,818	2,418
EBITDA	<u>\$ 29,167</u>	<u>\$ 37,818</u>	<u>\$ 83,299</u>	<u>\$ 106,672</u>

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of stock compensation expense, and in 2012 non-cash consolidation and restructuring charges and warrants income.
