

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) February 18, 2014

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 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 February 18, 2014, the Company issued a press release reporting first quarter fiscal 2014 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 February 19, 2014, 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 February 2, 2014 will be disclosed. The reconciliation of GAAP Net Income to EBITDA 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.

On February 19, 2014, the Company will conduct a conference call during which certain unaudited, non-GAAP Operating Income financial information related to the Company’s operations for the three months ended February 2, 2014 will be disclosed. The reconciliation of GAAP Operating Income to Non-GAAP Operating Income information is set forth in Exhibit 99.7.

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**Item 9.01. Financial Statements and Exhibits**

- (d) Exhibits
    - 99.1 Press Release dated February 18, 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 Non-GAAP Operating Margin to 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: February 19, 2014**

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

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Richelle E. Burr

Vice President, General Counsel

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PHOTRONICS, INC.

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## Press Release

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

### PHOTRONICS REPORTS FIRST QUARTER FISCAL 2014 RESULTS

- Quarterly sales of \$101.5 million; meets revised guidance of \$101.5 million
- Non-GAAP net income of \$2.4 million
- Non-GAAP EPS of \$0.04; within revised guidance of \$0.03 - \$0.04
- Quarterly high-end IC sales increase 7% sequentially to \$16.6 million
- EBITDA of \$25.7 million
- Net Cash of \$18.8 million

BROOKFIELD, Connecticut February 18, 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 fiscal 2014 first quarter ended February 2, 2014.

Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer commented, “We met our revised guidance for the first quarter, reporting \$101.5 million in sales and \$0.04 in non-GAAP EPS. As we discussed previously, first-quarter semiconductor revenue, which is traditionally soft due to customer seasonal shutdowns, was affected by a slower-than-expected post-holiday recovery at our mainstream business in the U.S. and Europe, the absence of an expected pre-Lunar New Year pull-in in Taiwan, and a delayed ramp in our high-end memory. Flat panel display (FPD) photomask sales in the first quarter were stable and had volume similar to last year. Our Korean IC business rebounded positively both sequentially and compared with a year ago.”

“We are well positioned to capitalize on high-end opportunities and deliver increased revenue and profitability as the market turns in our favor. We have a significant technology advantage, our financial position is solid and we are strengthening our strategic customer relationships,” concluded Macricostas.

Sales for the first quarter of fiscal 2014 were \$101.5 million, an increase of 2% compared with \$99.8 million for the first quarter of fiscal 2013. Sales of semiconductor photomasks were \$76.2 million, or 75% of revenues, during the first quarter of fiscal 2014, and sales of flat panel display (FPD) photomasks were \$25.3 million, or 25% of revenues.

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GAAP net income attributable to Photronics, Inc. for the first quarter of fiscal 2014 was \$2.0 million, or \$0.03 per diluted share, compared with GAAP net income attributable to Photronics, Inc. of \$2.3 million, or \$0.04 per diluted share, for the first quarter of fiscal 2013. Non-GAAP net income attributable to Photronics, Inc. shareholders for the first quarter of fiscal 2014, which excludes pending joint venture transaction expenses of \$0.4 million, was \$2.4 million, or \$0.04 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 item:

- Transaction expenses in the first quarter of fiscal 2014 related to the pending joint venture 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 Wednesday, February 19, 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 2014 second 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. 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)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>February 2, 2014</b>	<b>January 27, 2013</b>
Net sales	\$ 101,542	\$ 99,839
Costs and expenses:		
Cost of sales	(78,660)	(78,741)
Selling, general and administrative	(12,278)	(11,067)
Research and development	(4,974)	(4,839)
Operating income	5,630	5,192
Other expense, net	(873)	(591)
Income before income taxes	4,757	4,601
Income tax provision	(2,716)	(1,742)
Net income	2,041	2,859
Net income attributable to noncontrolling interests	(48)	(536)
Net income attributable to Photronics, Inc. shareholders	\$ 1,993	\$ 2,323
<b>Earnings per share:</b>		
Basic	\$ 0.03	\$ 0.04
Diluted	\$ 0.03	\$ 0.04
<b>Weighted-average number of common shares outstanding:</b>		
Basic	61,200	60,277
Diluted	62,136	61,095



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

	<b>February 2,</b>	<b>November 3,</b>
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 189,228	\$ 215,615
Accounts receivable	72,046	73,357
Inventories	19,566	18,849
Other current assets	11,273	10,645
Total current assets	292,113	318,466
Property, plant and equipment, net	434,201	422,740
Investment in joint venture	93,104	93,124
Intangible assets, net	32,634	34,080
Other assets	18,716	17,519
	<u>\$ 870,768</u>	<u>\$ 885,929</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 9,387	\$ 11,818
Accounts payable and accrued liabilities	105,856	92,769
Total current liabilities	115,243	104,587
Long-term borrowings	161,080	182,203
Other liabilities	13,241	11,308
Equity	581,204	587,831
	<u>\$ 870,768</u>	<u>\$ 885,929</u>

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

	<b>Three Months Ended</b>	
	<b>February 2, 2014</b>	<b>January 27, 2013</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,041	\$ 2,859
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,899	19,157
Changes in assets and liabilities and other	(5,743)	(3,351)
<b>Net cash provided by operating activities</b>	<b>14,197</b>	<b>18,665</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(12,184)	(15,539)
Increase in restricted cash	(1,698)	—
Other	67	(1,043)
<b>Net cash used in investing activities</b>	<b>(13,815)</b>	<b>(16,582)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(23,554)	(1,655)
Purchase of common stock of subsidiary	—	(4,190)
Payment of deferred financing fees	(310)	—
Proceeds from share-based arrangements	518	203
<b>Net cash used in financing activities</b>	<b>(23,346)</b>	<b>(5,642)</b>
Effect of exchange rate changes on cash	(3,423)	3,287
<b>Net decrease in cash and cash equivalents</b>	<b>(26,387)</b>	<b>(272)</b>
Cash and cash equivalents, beginning of period	215,615	218,043
<b>Cash and cash equivalents, end of period</b>	<b>\$ 189,228</b>	<b>\$ 217,771</b>

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>February 2, 2014</b>	<b>January 27, 2013</b>
<b>Reconciliation of GAAP to Non-GAAP Net Income Attributable to Photronics, Inc. Shareholders</b>		
GAAP net income attributable to Photronics, Inc. shareholders	\$ 1,993	\$ 2,323
(a) Joint venture transaction expenses, net of tax	437	—
Non-GAAP net income attributable to Photronics, Inc. shareholders	\$ 2,430	\$ 2,323
<b>Reconciliation of GAAP to Non-GAAP Net Income Applicable to Common Shareholders</b>		
Weighted average number of diluted shares outstanding		
GAAP	62,136	61,095
Non-GAAP	62,136	61,095
Net income per diluted share		
GAAP	\$ 0.03	\$ 0.04
Non-GAAP	\$ 0.04	\$ 0.04

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

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

	<b>Three Months Ended</b>	
	<b>February 2, 2014</b>	<b>January 27, 2013</b>
<b>GAAP Net income (a)</b>	<b>\$ 2,041</b>	<b>\$ 2,859</b>
Add: interest expense	1,984	1,887
Add: income tax expense	2,716	1,742
Add: depreciation and amortization	17,422	18,783
Add (less): special items (b)	1,542	886
<b>EBITDA</b>	<b>\$ 25,705</b>	<b>\$ 26,157</b>

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of stock compensation expense, and in 2014 transaction expenses in connection with the pending joint venture.

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

	Three Months Ended			
	February 2, 2014		January 27, 2013	
	\$	%	\$	%
<b>GAAP Operating Income</b>	<b>\$ 5,630</b>	<b>5.6%</b>	<b>\$ 5,192</b>	<b>5.2%</b>
(a) Joint venture transaction expenses	437	0.4	—	—
<b>Non-GAAP Operating Income</b>	<b>\$ 6,067</b>	<b>6.0%</b>	<b>\$ 5,192</b>	<b>5.2%</b>

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

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