

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 14, 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 August 14, 2012, the Company issued a press release reporting third 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 August 15, 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 July 29, 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 August 14, 2012
  - 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 15, 2012**

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

Richelle E. Burr

Vice President, General Counsel

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PHOTRONICS, INC.

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

## ***Press Release***

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# **PHOTRONICS REPORTS THIRD QUARTER FISCAL 2012 RESULTS**

- Quarterly sales of \$116.6 million; exceeds revised guidance of approximately \$116 million
- GAAP and non-GAAP diluted EPS of \$0.16; within initial guidance of \$0.14 - \$0.18
- High end IC sales of \$27.4 million
- Gross margin increased 230 bps sequentially
- Operating margin improves 190 bps sequentially to 13.1%
- EBITDA of \$38 million

BROOKFIELD, Connecticut August 14, 2012 — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported results for the third quarter ended July 29, 2012.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer, commented: "Third quarter revenues reflect reduced demand at the end of the quarter for high-end integrated circuit (IC) and flat panel display (FPD) photomasks. At the same time, we increased operating margin by 190 basis points sequentially to 13.1% on lower sales volume, and achieved net income of \$11 million, or \$0.16 per diluted share, which was within our initial guidance range. Our lean and flexible operating model enables us to deliver earnings during industry weakness, while our technology leadership provides significant opportunity when the high-end market ramps," concluded Macricostas.

Sales for the third quarter of fiscal 2012 were \$116.6 million, down 14.2% from \$135.9 million for the third quarter of fiscal 2011. Sales of semiconductor photomasks were \$90.3 million, or 77% of revenues, during the third quarter of fiscal 2012, and sales of flat panel display photomasks were \$26.3 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. for the third quarter of fiscal 2012 was \$11 million, or \$0.16 per diluted share, compared with \$11.3 million, or \$0.16 per diluted share in the third quarter of fiscal 2011, which included a debt extinguishment loss of \$5 million.

Non-GAAP net income attributable to Photronics, Inc. for the third quarter of fiscal 2012 was \$11 million, or \$0.16 earnings per diluted share, within the initial guided range of \$0.14 to \$0.18. Non-GAAP net income attributable to Photronics, Inc. for the third quarter of fiscal 2011 was \$16 million, or \$0.23 earnings per diluted share, which excludes a debt extinguishment loss of \$5 million. 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.

Sales for the first nine months of fiscal 2012 decreased 11.2% to \$346.2 million from \$389.9 million for the first nine months of fiscal 2011. Sales of semiconductor photomasks were \$266.2 million, or 77% of revenues, for the first nine months of fiscal 2012, and sales of FPD photomasks were \$80.0 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. for the first nine months of fiscal 2012 was \$24 million, or \$0.37 per diluted share, compared with GAAP net income of \$6.9 million, or \$0.12 per diluted share, for the first nine months of fiscal 2011. Non-GAAP net income attributable to Photronics, Inc. for the first nine months of fiscal 2012 was \$25.1 million, or \$0.39 per diluted share, compared with non-GAAP net income attributable to Photronics, Inc. for the first nine months of fiscal 2011 of \$43.0 million, or \$0.66 per diluted share. Non-GAAP net income for the first nine months of fiscal 2012 excluded \$1.2 million of restructuring charges and non-GAAP net income for the first nine months of fiscal 2011 excluded a \$35.5 million debt extinguishment loss.

#### 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.
- Loss on extinguishment of debt in fiscal 2011 is excluded because it is not a part of ongoing operations.
- Impact of financing expenses related to warrants 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 15, 2012. 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).

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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. 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)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>July 29, 2012</u>	<u>July 31, 2011</u>	<u>July 29, 2012</u>	<u>July 31, 2011</u>
Net sales	\$ 116,616	\$ 135,935	\$ 346,220	\$ 389,861
Costs and expenses:				
Cost of sales	(84,312)	(97,695)	(258,598)	(284,540)
Selling, general and administrative	(11,784)	(11,833)	(35,311)	(33,995)
Research and development	(5,221)	(3,527)	(14,106)	(11,238)
Consolidation, restructuring and related charges	(7)	-	(1,182)	-
Operating income	15,292	22,880	37,023	60,088
Debt extinguishment loss	-	(4,973)	-	(35,259)
Other expense, net	(767)	(390)	(2,143)	(2,019)
Income before income taxes	14,525	17,517	34,880	22,810
Income tax provision	(3,258)	(4,895)	(9,242)	(11,637)
Net income	11,267	12,622	25,638	11,173
Net income attributable to noncontrolling interests	(317)	(1,357)	(1,603)	(4,235)
Net income attributable to Photronics, Inc.	\$ 10,950	\$ 11,265	\$ 24,035	\$ 6,938
Earnings per share:				
Basic	\$ 0.18	\$ 0.19	\$ 0.40	\$ 0.12
Diluted	\$ 0.16	\$ 0.16	\$ 0.37	\$ 0.12
Weighted average number of common shares outstanding:				
Basic	60,121	58,987	60,008	56,163
Diluted	76,436	76,744	76,460	57,724

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**

(in thousands)  
(Unaudited)

	July 29, 2012	October 30, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 197,295	\$ 189,928
Accounts receivable	82,522	85,540
Inventories	22,743	22,100
Other current assets	8,194	7,639
Total current assets	310,754	305,207
Property, plant and equipment, net	384,792	368,680
Investment in joint venture	93,271	79,984
Intangible assets, net	38,661	42,462
Other assets	20,212	21,521
	<u>\$ 847,690</u>	<u>\$ 817,854</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 7,470	\$ 5,583
Accounts payable and accrued liabilities	90,968	90,318
Total current liabilities	98,438	95,901
Long-term borrowings	170,989	152,577
Other liabilities	8,296	9,620
Equity	569,967	559,756
	<u>\$ 847,690</u>	<u>\$ 817,854</u>



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

(in thousands)

(Unaudited)

	<b>Nine Months Ended</b>	
	<b>July 29, 2012</b>	<b>July 31, 2011</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 25,638	\$ 11,173
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65,010	70,090
Debt extinguishment loss	-	27,399
Consolidation, restructuring and related charges	262	-
Changes in assets and liabilities and other	16,614	(4,211)
<b>Net cash provided by operating activities</b>	<b>107,524</b>	<b>104,451</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(92,009)	(59,089)
Investment in joint venture	(13,397)	(10,773)
Other	(1,618)	(250)
<b>Net cash used in investing activities</b>	<b>(107,024)</b>	<b>(70,112)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	25,000	17,000
Proceeds from issuance of convertible debt	-	115,000
Repayments of long-term borrowings	(3,646)	(63,445)
Repurchase of common stock by subsidiary	(11,653)	(3,294)
Payments of deferred financing fees	(198)	(4,318)
Proceeds from exercise of share based arrangements	517	694
<b>Net cash provided by financing activities</b>	<b>10,020</b>	<b>61,637</b>
<b>Effect of exchange rate changes on cash</b>	<b>(3,153)</b>	<b>7,924</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,367</b>	<b>103,900</b>
Cash and cash equivalents, beginning of period	189,928	98,945
<b>Cash and cash equivalents, end of period</b>	<b>\$ 197,295</b>	<b>\$ 202,845</b>

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Financial Information**

(in thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 29, 2012	July 31, 2011	July 29, 2012	July 31, 2011
<b>Reconciliation of GAAP to Non-GAAP Net Income</b>				
<b><u>Attributable to Photonics, Inc.</u></b>				
GAAP net income attributable to Photonics, Inc.	\$ 10,950	\$ 11,265	\$ 24,035	\$ 6,938
(a) Debt extinguishment loss and net interest impact, net of tax	-	4,973	-	35,486
(b) Consolidation and restructuring charges, net of tax	7	-	1,182	-
(c) Impact of warrants, net of tax	-	(221)	(94)	599
Non-GAAP net income attributable to Photonics, Inc.	<u>\$ 10,957</u>	<u>\$ 16,017</u>	<u>\$ 25,123</u>	<u>\$ 43,023</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>76,436</u>	<u>76,744</u>	<u>76,460</u>	<u>57,724</u>
(d) Non-GAAP	<u>76,436</u>	<u>76,692</u>	<u>76,435</u>	<u>70,559</u>
Net income per diluted share				
GAAP	<u>\$ 0.16</u>	<u>\$ 0.16</u>	<u>\$ 0.37</u>	<u>\$ 0.12</u>
Non-GAAP	<u>\$ 0.16</u>	<u>\$ 0.23</u>	<u>\$ 0.39</u>	<u>\$ 0.66</u>

(a) Represents extinguishment charges during the three and nine months ended July 31, 2011 related to the repurchase of \$5.0 million and \$35.4 million, respectively, of the Company's 5.50% convertible senior notes due in October 2014, and net interest impact on convertible transactions.

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

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

(d) Excludes the 2011 impact of shares issued on June 13, 2011 (0.4 million shares during the three months ended July 31, 2011 and 0.1 million shares during the nine months ended July 31, 2011), primarily related to the issuance of common stock in exchange for \$5.0 million of the Company's 5.5% convertible senior notes due in October 2014.

**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 29, 2012</u>	<u>July 31, 2011</u>	<u>July 29, 2012</u>	<u>July 31, 2011</u>
<b>GAAP Net income (a)</b>	\$ 11,267	\$ 12,622	\$ 25,638	\$ 11,173
Add: interest expense	2,012	1,907	5,587	5,499
Add: income tax expense	3,258	4,895	9,242	11,637
Add: depreciation and amortization	20,403	23,229	63,787	68,923
Add (less): special items (b)	878	5,479	2,418	37,671
<b>EBITDA</b>	<b>\$ 37,818</b>	<b>\$ 48,132</b>	<b>\$ 106,672</b>	<b>\$ 134,903</b>

(a) Includes net income attributable to noncontrolling interests.

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