

**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) **April 3, 2013**

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction
of incorporation)

000-15451

(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 7.01 Regulation FD Disclosure.

On April 3, 2013, management of Photonics, Inc. (the “Company”) did a presentation as part of the Company’s analyst/investor day. The presentation is furnished as Exhibit 99.1 to this Form 8-K. This Form 8-K and Exhibit 99.1 are each being furnished to the Securities and Exchange Commission (the “SEC”) pursuant to Item 7.01 of Form 8-K and are therefore not to be considered “filed” with the SEC.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Presentation April 3, 2013.

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 April 3, 2013

BY /s/ Richelle E. Burr

Richelle E. Burr

Vice President, General Counsel

INDEX TO EXHIBITS

Exhibit	Description
99.1	Presentation April 3, 2013.



Photronics, Inc.



**ANALYST / INVESTOR DAY
WEDNESDAY, APRIL 3, 2013**



Safe Harbor Statement

During this presentation, some of our comments may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company and/or the industry. We wish to caution you that such statements are predictions and contain risks and uncertainties and actual events or results may differ materially. Although we believe that the expectations are reasonable, Photronics cannot guarantee the accuracy of any forecasts or estimates, and we do not plan to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Form 10K.



Non-GAAP Results

- ▶ **Some of our comments may reference Non-GAAP financial measures. Non-GAAP financial results referenced in this presentation exclude charges, other expenses and benefits that management believes are not directly related to our ongoing operations. These Non-GAAP results are consistent with another way management internally analyzes Photronics' results of operations.**
- ▶ **Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.**
- ▶ **Please see the "Reconciliation of GAAP to Non-GAAP Financial Information" for a reconciliation of GAAP to Non-GAAP.**



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

	Three Months Ended	
	January 27, 2013	January 29, 2012
GAAP Net income (a)	\$ 2,859	\$ 4,841
Add: interest expense	1,887	1,781
Add: income tax expense	1,742	3,321
Add: depreciation and amortization	18,783	22,295
Add (less): special items (b)	886	794
EBITDA	\$ 26,157	\$ 33,032

(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.

Analyst / Investor Day Agenda

Welcome, Introductions, Opening Remarks	Deno Macricostas, Chairman & CEO
Investment Highlights	Sean Smith, SVP, CFO
Technology	Dr. Chris Progler, VP, CTO and Strategic Planning
High-End IC	Dr. Peter Kirlin, SVP, U.S. and Europe
FPD Market	Dr. S.H. Jeong, President and COO Asia
Financials & Outlook	Sean Smith, SVP, CFO
Q & A	All























Welcome

Constantine “Deno” Macricostas
Chairman & CEO



World Class Management Team

Significant Industry Experience

Name	Title	Years with Photonics	Years in Industry	Experience
Constantine Macricostas	Chairman & CEO	43	52	  
S.H. Jeong, Ph.D.	President and COO Asia	15	31	 
Peter Kirlin, Ph.D.	SVP, U.S. and Europe	6	27	  
Frank Lee, Ph.D.	President, PSMC	7	32	  
Chris Progler, Ph.D.	VP, CTO, and Strategic Planning	12	24	  
Sean Smith, CPA	SVP, CFO	14	14	 
Peter Broadbent	VP, Marketing & Investor Relations	2	2	 



Company Strategy

- ▶ **Focus on strengthening position as the most cost-efficient mainstream merchant in the market**
- ▶ **Leverage strategic relationships**
 - Micron Joint Venture – key technology driver
 - Captives and foundries
- ▶ **Target high-end capital expenditures (IC and FPD)**
 - Capture High-End share – key growth driver
- ▶ **Resulting in:**
 - Strong Market Share:
 - Memory
 - HE flat panel display
 - Foundry logic



Strong Financial Discipline

Solid Performance Over the Past Three Years

- ▶ **Significant gross and operating margins improvements**

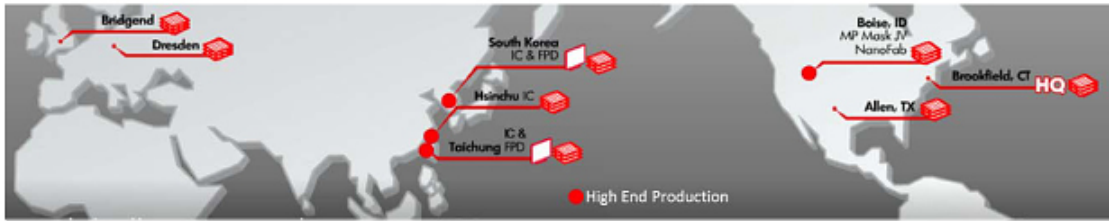
- ▶ **Improved balance sheet**

- ▶ **As a result:**
 - Enabled strategic investments in technology for high-end ICs and FPDs
 - Positioned Photronics to outperform the merchant industry and continue to improve top-line and bottom-line results



Leading Global IC & FPD photomask supplier

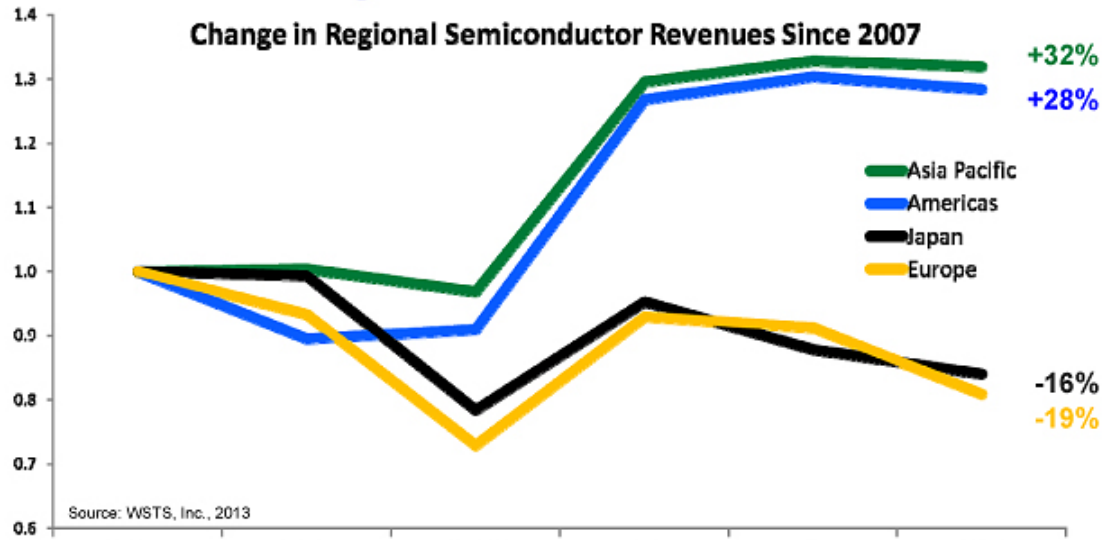
Providing leading edge multi-product imaging technology solutions



- ▶ Rapidly **expanding market share** driven by high-end technology
- ▶ Strategic manufacturing presence in Asia, Europe and North America
- ▶ Lean and flexible business model – scalable to demand
- ▶ Strong balance sheet, excellent operating leverage, and **strong free cash flow**
- ▶ World-class management team focused on top and bottom-line performance



HE Investments Concentrated in Strong Regional Growth Markets



	2007	2008	2009	2010	2011	2012
Americas	42	38	39	54	55	54
Europe	41	38	30	38	37	33
Japan	49	48	38	47	43	41
Asia Pacific	123	124	120	160	164	163
Worldwide	256	249	226	298	300	292



Taiwan - a strategic location to our Global IC Business

Customers:

Taiwan:

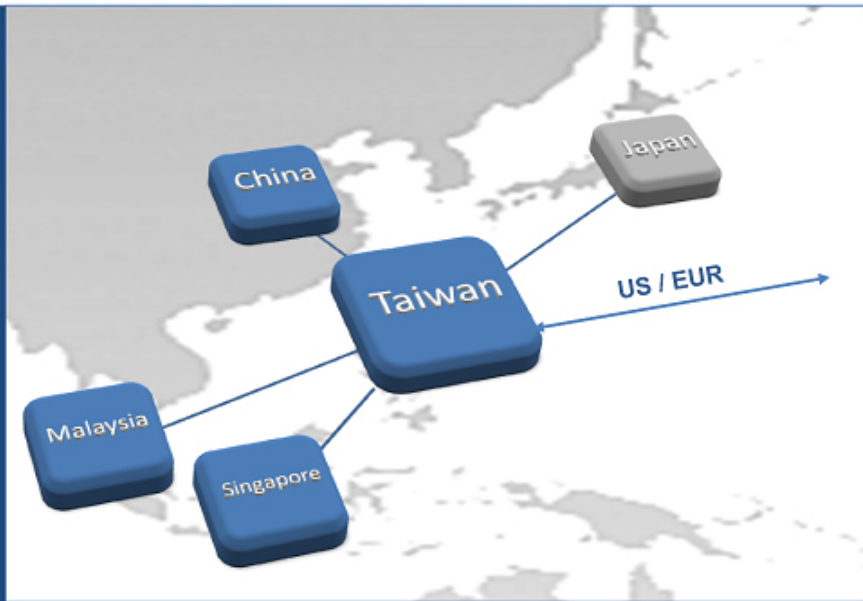
- UMC
- Inotera
- Nanya
- Novatek
- Himax
- RealTek

Singapore:

- Micron Singapore
- Global Foundries

China:

- GSMC
- HHNEC
- CSMC
- HEJIAN
- SMIC



Growth Opportunities:

- Micron/Rexchip/Elpida (Taiwan, Japan)
- Foundry
- China Growth

Taiwan Investment Strategy

- ▶ Announced on February 26, 2013, our intent to acquire all outstanding shares of majority-owned Taiwan subsidiary – PSMC. Cost expected to be \$25 to \$30 million
- ▶ We have increased our share from 57% to 75% over the past two years
- ▶ Taiwan is one of three areas in which we have been investing over the past three years
- ▶ Financially, it is expected to result in, among other things, potential elimination of minority interest expense (\$500 thousand in Q1-2013, \$7.5 million since 2010)
- ▶ PSMC is key to overall high-end strategy, along with the nanoFab and PKL



Summary

- ▶ **Transitioned from a lean, mainstream provider to a technology leader**
- ▶ **Positioned to gain market share and seize opportunity from:**
 - Efficient production – vigilant focus on controlling costs
 - Strong customer service – our heritage
 - Continued investments in high-end technology
- ▶ **Continue growing share and improving margins**





Investment Highlights

Sean Smith
SVP, CFO



Investment Highlights

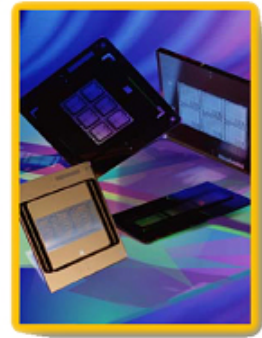
- ▶ **Despite 2012 down year for Semi, Photronics remained profitable and improved its balance sheet**
- ▶ **Continue to strengthen balance sheet**
- ▶ **Photronics will continue to execute on high-end strategy while serving mainstream customers**
- ▶ **Significant opportunities exist for high-end market share gains**
- ▶ **Expect sequential growth and bottom line improvement**
- ▶ **Lean and flexible business model – 50% drop through**



What is a Photomask?

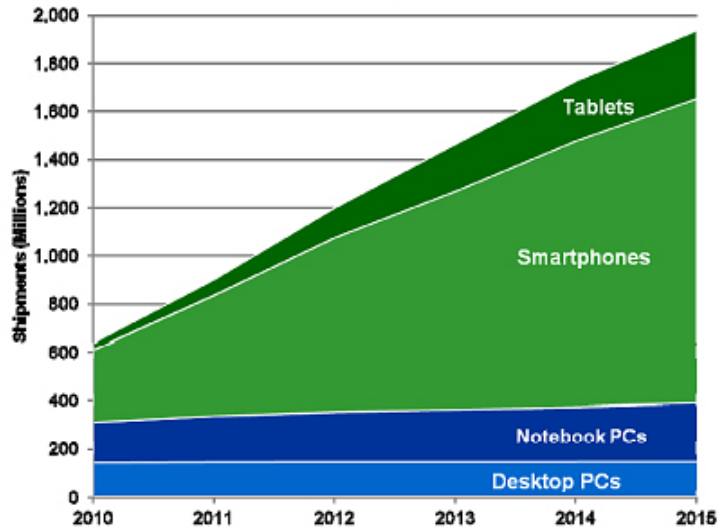
- ▶ **IC (Integrated Circuit) photomasks** are used to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits
- ▶ **FPD (Flat panel display) photomasks** are used in the fabrication of flat screen televisions, PC monitors, Tablet, Mobile screens and other flat panel displays

Photomasks carry **design information** into an exposure system where light transfers the pattern to the wafer (or glass)



New Designs Drive Photomask Sales

- ▶ Consumers are accelerating the number of new designs, and new designs drive both IC and FPD proliferation
 - A greater number of product types with increasing functionality
 - Shorter product lifecycles



Design Activity: Flat Panel Displays

- ▶ FPDs appear in more devices, more sizes, variety of definitions

4K2K
Ultra HD
Flexible OLED
Curved OLEDs

65" 60"
110" HD
84"

SMART TV
55-inch OLED HD TV

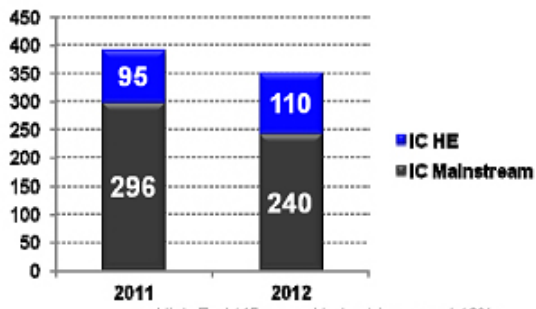


PHOTRONICS, INC. (NASDAQ: PLAB) – ANALYST INVESTOR DAY – WEDNESDAY, APRIL 3, 2013



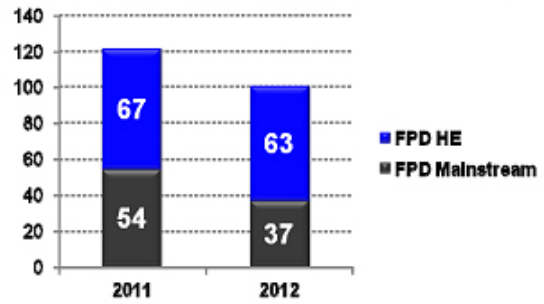
Overview of Products & Customers

Global IC revenue (\$ in millions)



• High-End (45nm and below) increased 16%

Global FPD revenue (\$ in millions)

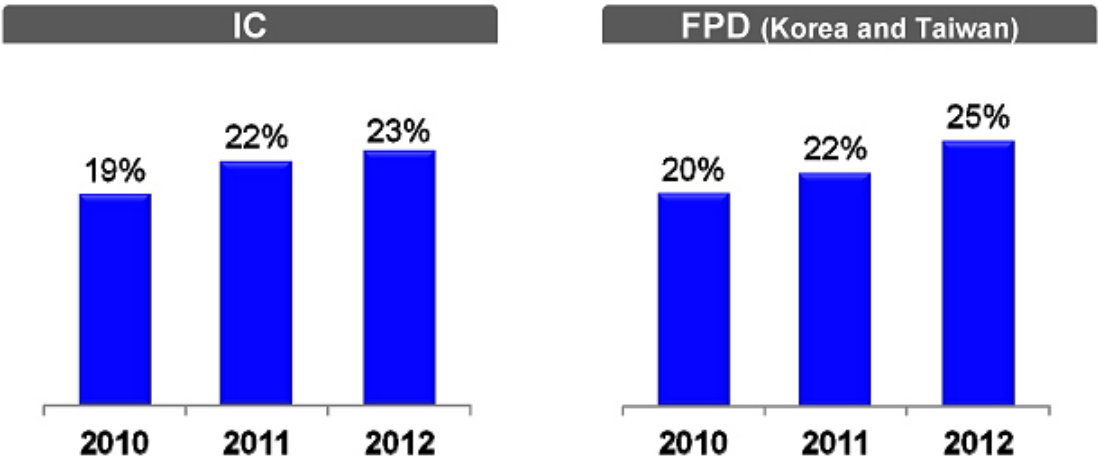


Serving Approximately 600 Customers Worldwide

High End Customers:



Photronics Merchant Market Share



Source: Photronics estimates



Investment Summary

- ▶ **New designs drive IC and FPD photomask sales**
- ▶ **Diversified blue-chip client base – broad diversification**
- ▶ **Well-positioned for additional growth and market share gains**
- ▶ **Increased market share in both high-end IC and FPD segments – expect trend to continue**





Technology

Dr. Chris Progler
VP, CTO and Strategic Planning



Technology Development Portfolio

▶ Advanced customers speak and we listen!

- Tightly integrated IC and FPD roadmaps into our development environment
- Anticipated and prepared for double and multi-patterning
- Stayed flexible with regional and application specific product customizations
- Focused on display trends pushing us toward higher value mask products
- Built technology alliances with leading manufacturers and suppliers



Strong Technology Pipeline

▶ Memory and MPU lead the charge

- Giving Photronics early platform access for competitive edge

**High Volume Leading-Edge Production by Device Manufacturer
(R&D and Pilot Lines Excluded)**

Company	Size	Commenced
Micron	21nm	Q1-2010
Samsung	21nm	Q1-2011
SK Hynix	20nm	Q1-2012
Intel	22nm	Q1-2012

Source: SEMI March 2013



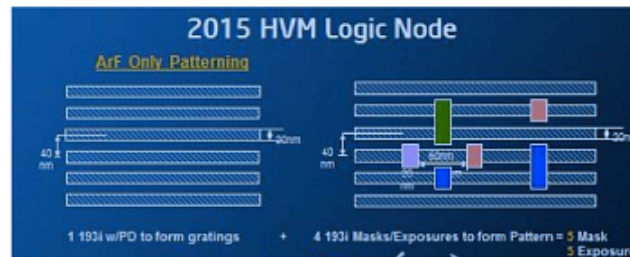
IC Mask Technology Driver

► Multiple patterning era is upon us

- Users now require multiple masks to deliver single device layer
- Expected to increase in usage through 10 nm node
- Under gridded design methods (GDR) masks may reach 5 per level
- Possible early use of EUV as a multi-pattern line cutter

Example of 5 mask GDR composition

*“Mask Making: The Most Critical Step in New Product Introduction Cycle”,
From. J. Chen, NVIDIA,
BACUS 2012*



Yan Borodovsky, Intel, Semicon West 2012, San Francisco, CA, USA



Positioned to Lead

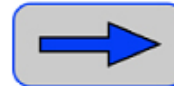
▶ Multiple patterning drives critical manufacturing technologies

- Multiple masks *must align precisely* for composing single device layer
- Process flow of mask subset must be optimized for total cycle time

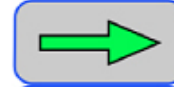
▶ Our differentiation

- Alignment tech refined since 2007
- Leadership yield from memory mask platform
- Multi-sensor mask validation to predict wafer performance

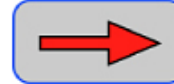
Mask writing and alignments



*Composed
in wafer fab*



Wafer Fab



Investments Further Strengthen Our Differentiation

▶ NuFlare EBM 8000 Writers

- US and Asia 2013 installs of state of the art writing tool
- Extendible through 14 nm node
- Addresses key multi-patterning challenges through 14 nm
 - Mask feature placement
 - Writing speed for cycle time



▶ Processes in place to rapidly benefit from equipment (JV learning)

Converting Capability into Business

▶ Entering mass production ramp

- 28 nm foundry logic – anticipating strong overall node with long tail
- 20 nm flash and 3x DRAM – memory consolidation

▶ Finalizing leading edge qualifications

- 22 nm MPU
- 2X DRAM
- New flash memory architecture

▶ Initiating qualifications

- 20 and 14 nm logic, 2X node DRAM - extensions for mobile apps

▶ R&D phase

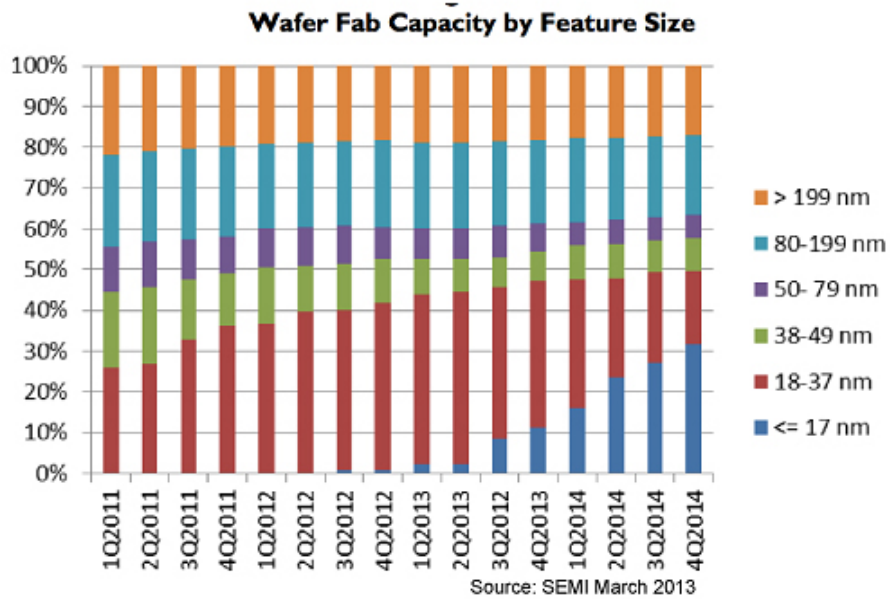
- 1X DRAM, new memory cell types, 11 nm logic/MPU
- Further multi-patterning extensions and EUV



Wafer Fab Node Capacity

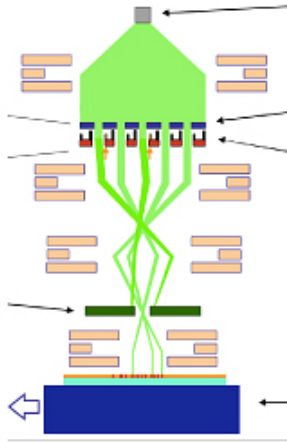
May see rapid transition to < 20 nm

Driven by MPU, flash, 2-3 foundries



IMS Multibeam Mask Writer Development Effort

256,000 programmable writing beams



Photonics positioned as early mover

Targeting benchmark Cost of Ownership

Differentiated cycle time for foundry users

Potential for unprecedented edge placement performance

December 7, 2011

IMS NANOFABRICATION ANNOUNCES EQUITY FUNDING ROUND
WITH INTEL CAPITAL AND PHOTONICS

PHOTONICS, INC. (NASDAQ: PLAB) – ANALYST INVESTOR DAY – WEDNESDAY, APRIL 3, 2013

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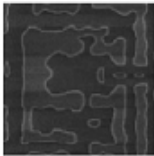


Pathway Beyond 14 nm Node

Multiple mask patterning
increases mask layer count

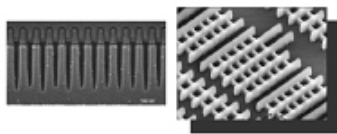


**Complex
Masks**



Foundry

**Gridded
Design**



**NAND
&
MPU**

Preparations Phase

EUV
(Extreme Ultraviolet)

DSA
(Directed Self
Assembly)



EUV Impact on Technology Strategy

▶ To extent EUV is delayed

- Longer reliance on multiple patterning
- Continued push toward gridded design – plays to our strength in arrays
- EUV specific capital push out
- Node extensions and more sustained node usage

▶ Evaluating EUV adoption timing while proceeding with preparations

- ~ 10 ASML 3300 systems to start shipping in 2013
- Full specification systems may be late to intercept 10 nm logic node
- Broad adoption of EUV should increase overall design and tapeout activity



Photronics EUV Milestones

2009: Established joint program with captive

- Photronics led commercialization effort
- Industry leading EUV masks with strong experience base

2010: Became key mask supplier to equipment OEMs

- Shipping full spec EUV masks

2011: Expanded development program

- Initiated internal R&D program and JV effort
- Wafer print feedback through IMEC

2012: Baseline process established internally

- Over 175 EUV mask blank writes in US nanoFab



EUV From Our Leading ArF Platform

▶ Multi-sensor mask quality validation

- Merging 6 different sensor sources for unparalleled accuracy
- Predictive modeling and optimized material management

▶ Driving up first pass yield

- Ensures efficient development process on complex EUV blanks

▶ Extending mask lifetime and durability

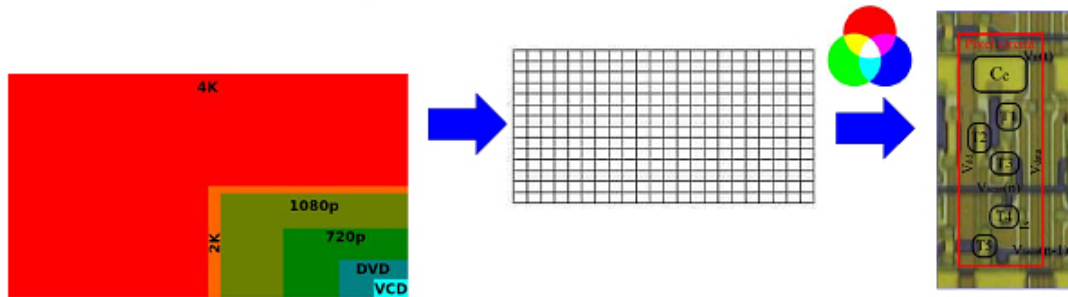
- History of innovation in mask longevity – memory application driven
- Total solution approach – material, cleaning, environmental
- Critical for stable EUV production



FPD Mask Technology Drivers

▶ Pixel density (UHD) and transistor count (LCD vs. AMOLED)

- For fixed screen size, higher definition display (720p to 2000p) requires progressively smaller pixel and hence smaller photomask dimensions
- For AMOLED display, 5 or 6 transistors are needed per pixel compared to 2 in LCD display.



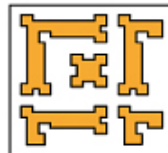
Impact on FPD Mask Designs

► **Need for resolution and transistor complexity in FPD introduces *Resolution Enhancement Technology* into photomask**

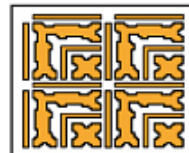
- Tracks IC photomask evolution starting in 1998
- OPC, phase shift masks, tighter specifications and increased layer count



No OPC



Rule/Model Based
OPC



Model Based
OPC, SRAF

LAYER	MASK
1	POLY (LTPS) CRITICAL
2	CONTACT 1 CRITICAL
3	METAL 1 CRITICAL
4	IMPLANT SELF ALIGNED
5	CONTACT 2 CRITICAL
6	METAL 2 CRITICAL
7	CONTACT 3 SEMI-CRITICAL
8	METAL 3 NON-CRITICAL
9	OLED VTE (R,G,B) STENCIL MASKS (UP TO 7)
10	ITO CATHODE NON-CRITICAL



Summary

- ▶ **The multi-patterning era is at early stage of a 3 - 5 year cycle**
 - Certain gridded design methods may push toward 5 mask patterning
 - Photronics has powerful capability driven by early flash memory work
- ▶ **Equipment investments further strengthen our capability lead**
 - EBM 8000 is a multi-node solution tailored to our strategy
- ▶ **FPD is at early stage of mask value trend**
 - Pixel size, count and transistor driver circuitry push mask technology
 - IC mask style resolution enhancement at early phase of usage in FPD





High-End IC

Dr. Peter Kirilin
SVP, U.S. & Europe



High-End IC Strategy

1. Relentless execution = industry standard in mainstream market segment
2. Utilize Micron partnership and co-developed photomask manufacturing technology to achieve leadership in high-end memory market segment
3. Investment in high-end capacity in nanoFab, PKL and PSMC to support leading customers
4. Leverage #1, #2 and #3 above to penetrate high logic market; captive first and foundry second



Evolution of High-End Strategy: Time

- ▶ Formed memory driven joint venture MP Mask LLC (Micron, 2006)
- ▶ Full rights for roadmap input, IP, tech transfer and commercialization
- ▶ Expanded capability and capacity in Asia

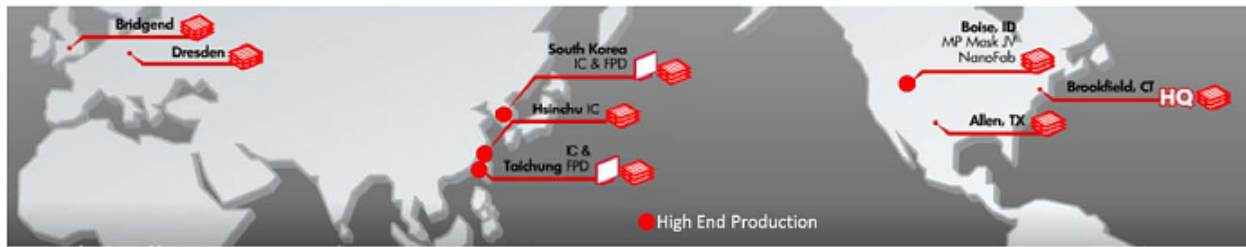
Segment	2007	2009	2011	2013
DRAM – High End		✓	✓	✓
Flash – High End		✓	✓	✓
MPU – High End			Qual	✓
Logic Foundry – High End			Qual	✓
Logic Foundry – Mainstream	✓	✓	✓	✓
Analog IC – Mainstream	✓	✓	✓	✓
General IC – Mainstream	✓	✓	✓	✓

Memory POR

Micron
Inotera
Nanya
Tech
IM Flash
Numonyx
New acquisitions



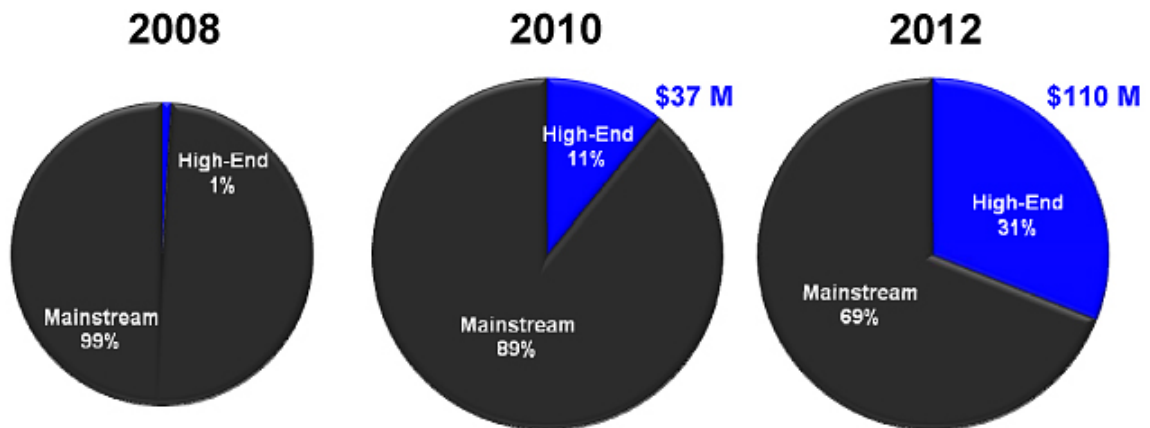
Evolution of High-End Strategy: Geography



- ▶ Continue investing for sustainable, technology leadership
- ▶ US nanoFab and PKL Korea enable fastest roadmaps
- ▶ Expanding our high-end presence in Taiwan driven by increased memory and foundry opportunities



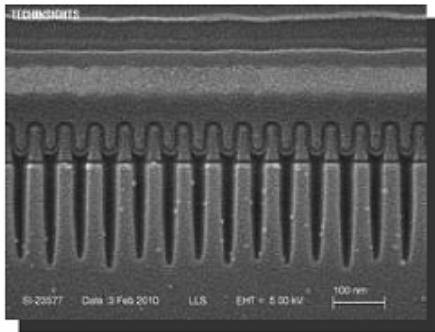
Evolution of High-End Strategy: Revenue



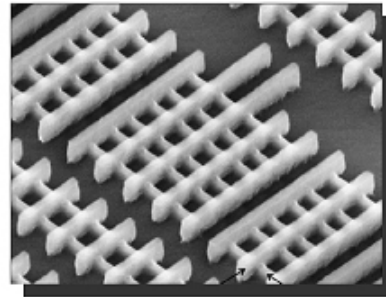
► High-End: 45nm and Below



Looking Ahead: Logic Migrating to Memory Tech



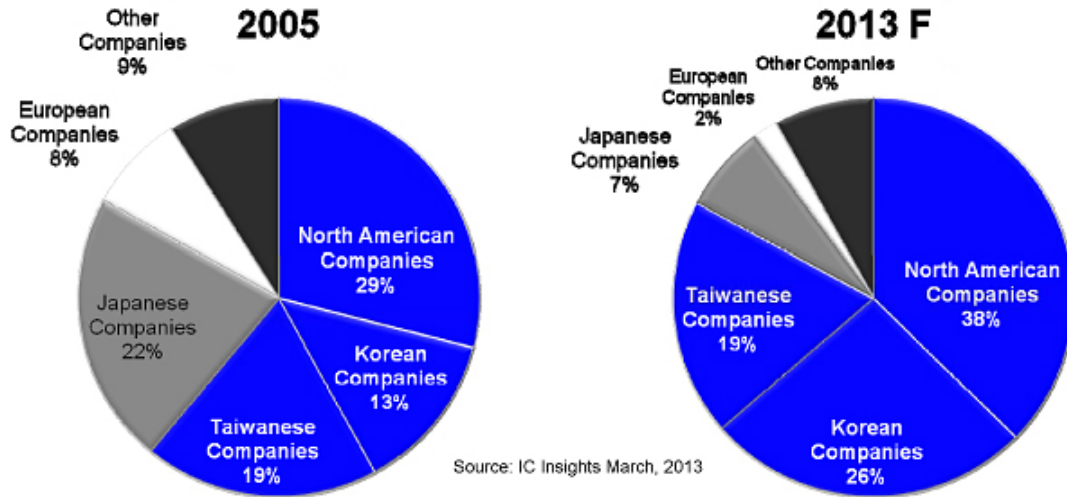
25 nm IMFT NAND Flash*



**Fin Structures on Intel 22 nm
node Tri-Gate****

- Entire industry moving in the direction of our core technology
- Multiple patterning proliferating

Looking Ahead: Semiconductor Capex Spending



Rank	Company	2013F (\$B)	%WW Capex
1	Intel	13.0	22%
2	Samsung	12.0	20%
3	TSMC	9.0	15%
4	Global Foundries	3.5	6%
5	SK Hynix	3.2	5%
6	Micron	2.2	4%
	Others	16.9	28%
	Total	58.6	100%



Summary

- ▶ **Relentless execution in the mainstream segment has enabled Photronics to invest in high-end technology and capacity**
- ▶ **Photronics is now a leader in high-end memory and is gaining traction in high end logic segment**
- ▶ **Moving Forward Photronics is**
 - exceptionally well positioned geographically to benefit from photomask industry technology trends and...
 - partnered with the semiconductor industry winners





Flat Panel Display

Dr. S.H. Jeong
President and COO, Asia



FPD Overview

- ▶ **Strategically located in geographic centers of display technology and manufacturing**
 - Cheonan, **Korea**
 - Taichung, **Taiwan**
- ▶ **Technology leadership**
- ▶ **Strong customer relationship**

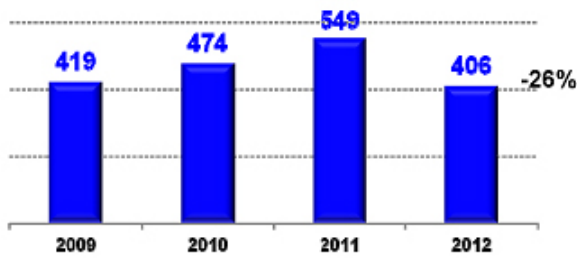


TFT-LCD Capacity Share by Country
Source: Display Search 2012



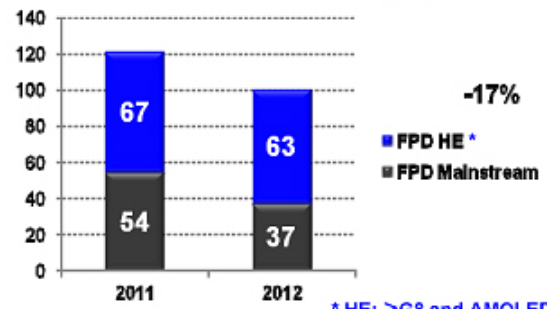
FPD Photomask Market (Korea and Taiwan)

TAM (\$M)

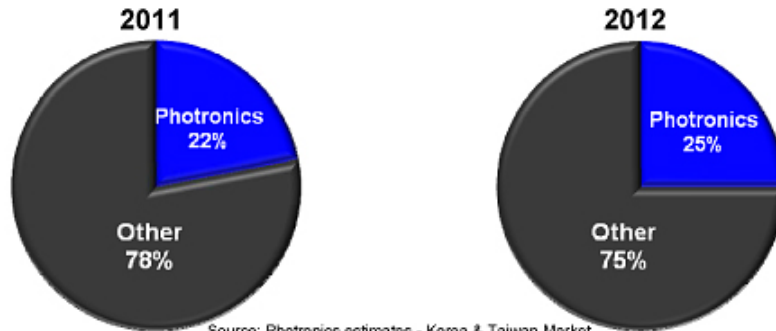


Source: Photonics estimates - Korea & Taiwan Market

PLAB 2011 vs. 2012 (\$M)



Market Share



Source: Photonics estimates - Korea & Taiwan Market



Display Market

▶ Improving industry outlook 2013

- Development focusing on Premium Product
- Volume production increases

▶ TV:

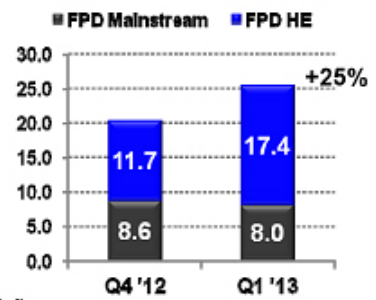
- Market stable due to advanced product (Smart TV)
- Focus on Ultra-large size (60"+) and Ultra High Definition (4K2K) TV

▶ PC/Tablet:

- Tablet demand continuously growing
- PC Panel demand is stable

▶ Mobile:

- Smartphone growth
- AMOLED is growing
- Development of Flexible display.



Flat Panel TV Market

- ▶ Stabilizing demand
- ▶ HD growth
- ▶ Size proliferation
- ▶ Key customer drivers: Samsung, LG continue to gain share

Rank	Brand	2011 Share	2012 Share	Y/Y Rev. Growth
1	SAMSUNG	24.8%	27.7%	6%
2	LGE	13.8%	15.0%	4%
3	SONY	11.2%	7.8%	-34%
4	PANASONIC	7.8%	6.0%	-26%
5	SHARP	6.6%	5.4%	-22%
	Other	35.9%	38.2%	1%
Total		100%	100%	-5%

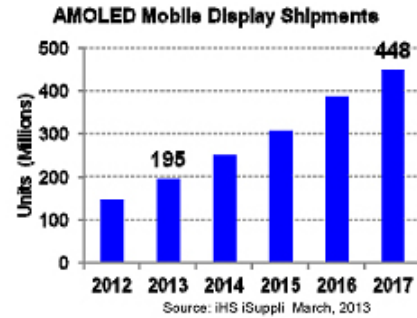
Source: NPD DisplaySearch March, 2013



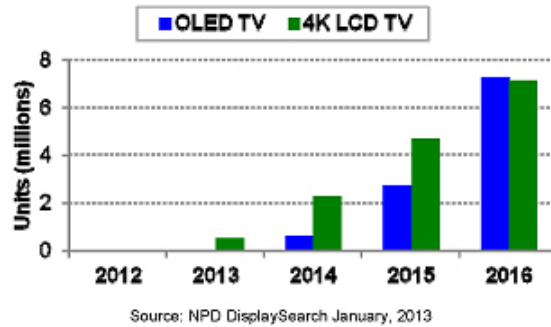
AMOLED Growing Share

▶ Mobile, Tablet

- Samsung market leader
 - Galaxy S4, Tablets
 - New S4: Full HD AMOLED
 - Samsung 95% share Mobile AMOLED
- Other OEM adoption
 - HTC, Motorola, Nokia, Huawei



▶ Emergence of larger format displays 2014-2016



Summary

- ▶ Global display environment improving in 2013
- ▶ Prior investments continue to build more revenue
- ▶ Increase in display sizes, formats (AMOLED, Flexible) and definitions (HD) are positive trends for the photomask business





Financials & Outlook

Sean Smith
SVP, CFO



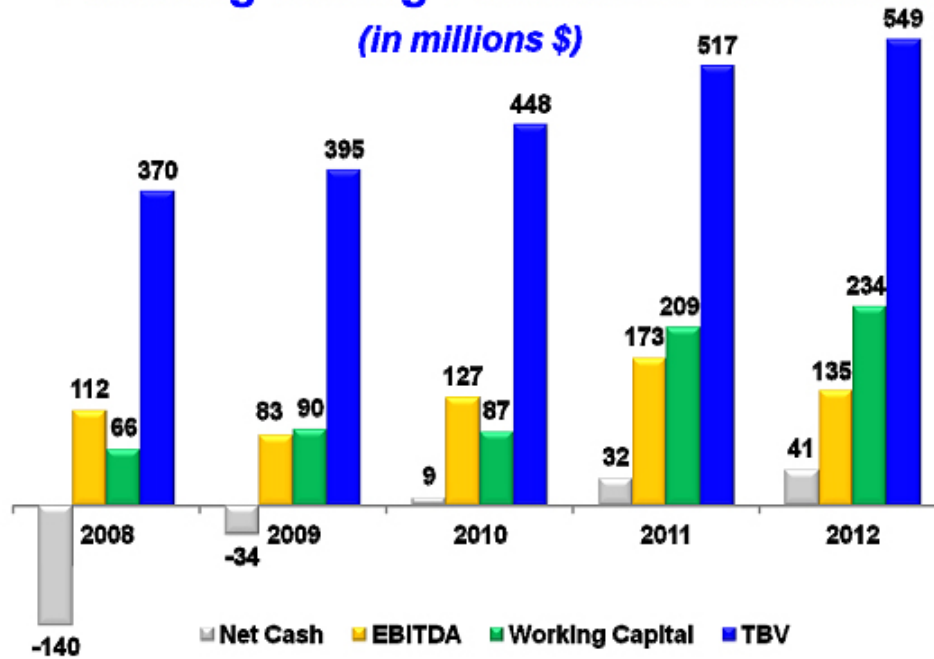
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- ▶ **Recent historical prospective and long-term targets**
- ▶ **2012 results**
- ▶ **Q1-2013 results**
- ▶ **Q2-2013 update**
- ▶ **Cash priorities, financial focus and key stats**
- ▶ **Summary**

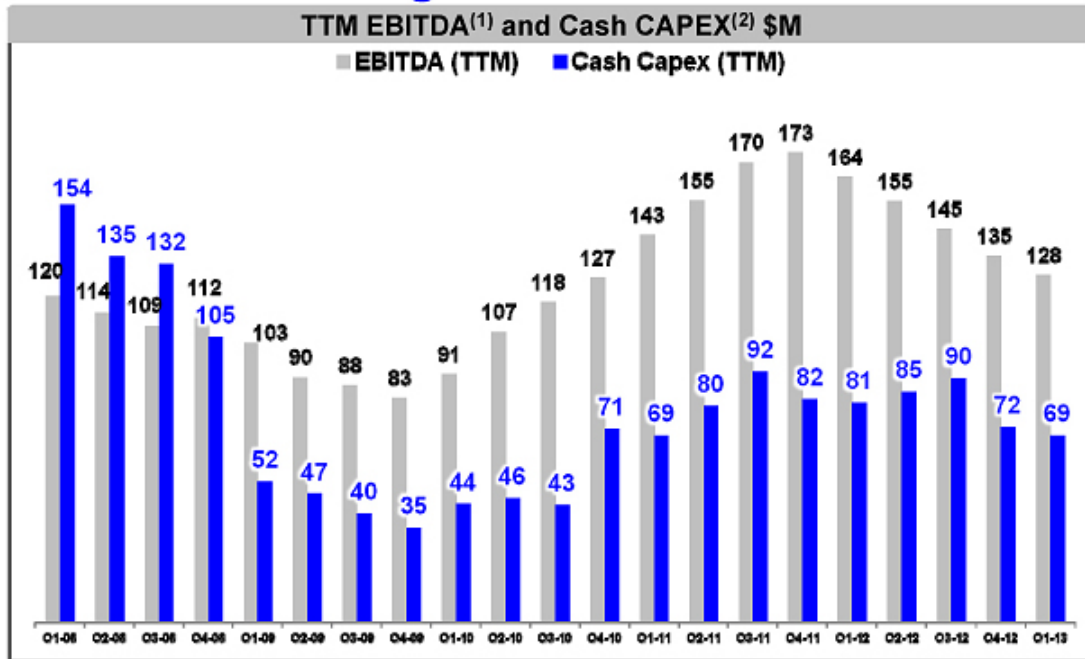


Building Strong Financial Foundation

(in millions \$)



Strong Free Cash Flow



(1) EBITDA defined as operating income plus D&A, stock-based compensation and other non-recurring charges/(credits).

(2) Cash capex defined as cash payments of property, plant and equipment as reported in the cash flow statement less \$25 million cash payment in connection with the purchase of the nanoFab building which was financed with the Credit Facility Term Loan.





FY 2012 Results

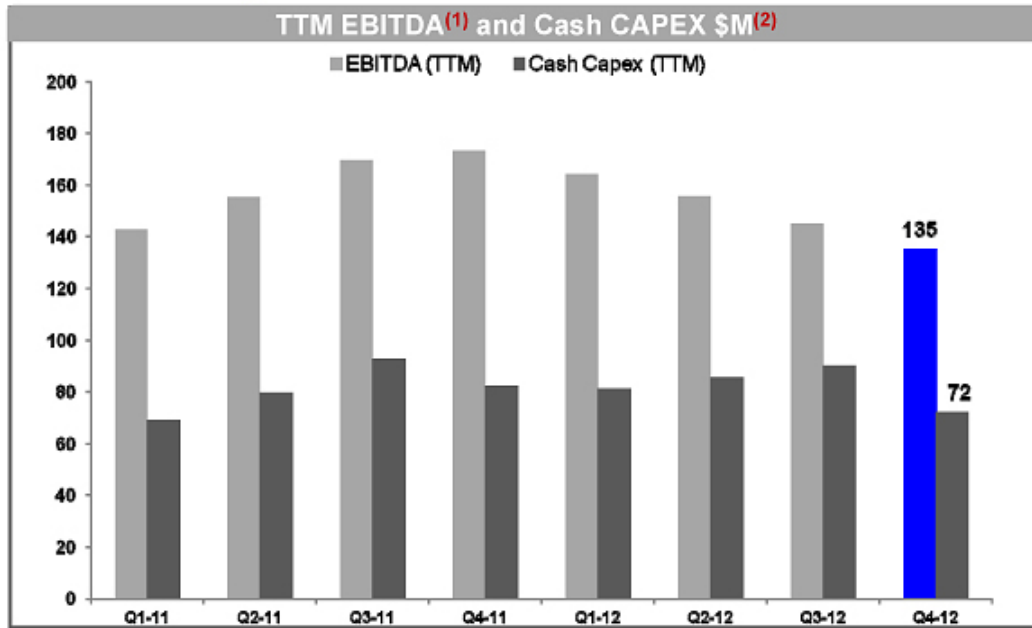


Fiscal Year 2012 Results

- ▶ Revenues of \$450 million, down 12%
- ▶ IC revenues of \$350 million, including \$110 million at 45nm and below (16% improvement)
- ▶ FPD revenues of \$100 million, including \$63 million of ≥G8 and AMOLED products
- ▶ 2012 gross and operating margins of 25% and 10%, respectively
- ▶ 2012 Non-GAAP net income of \$29 million, or 6% of revenue
- ▶ **Strengthened balance sheet**
 - Working capital increased \$25 million in 2012 to \$234 million
 - Net cash increased from \$32 million to \$41 million in 2012



Strong EBITDA and Free Cash Flow



⁽¹⁾ EBITDA defined as operating income plus D&A, stock-based compensation and other non-recurring charges/(credits); cash capex defined as cash payments of property, plant and equipment as reported in the cash flow statement.

⁽²⁾ Excludes \$25 million cash payment in connection with the purchase of the nanoFab building which was financed with the Credit Facility Term Loan.





Q1-2013 Results

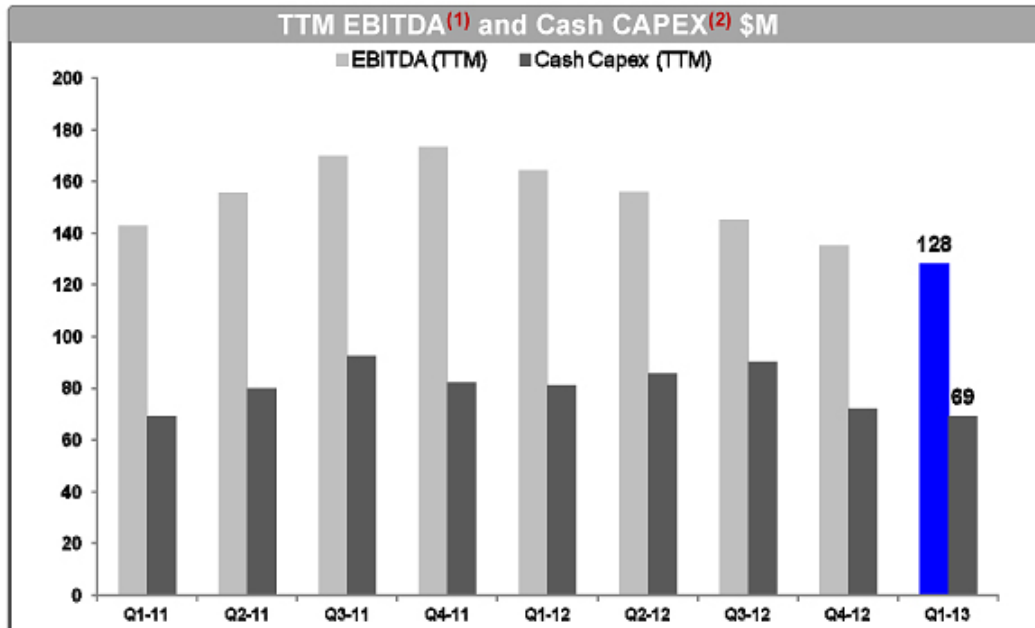


Q1 Financial Results

- ▶ **Q1 sales of \$99.8 million** (within narrowed guidance of \$99-\$100 million)
 - IC photomask sales of **\$74.4 million**
 - High-end sales (45 nm and below) of **\$17.9 million** or **24%** of total
 - FPD photomask sales of **\$25.4 million**
 - High-end (≥ G8 and AMOLED) of **\$17.4 million** or **69%** of total
 - Total High-end sales of **\$35.3 million**, flat sequentially, or **35%** of total
- ▶ **Gross Margin of 21.1%; Operating Margin of 5.2%**
- ▶ **Q1 GAAP EPS of \$0.04 per share, exceeds guidance**
(guidance of \$0.00 - \$0.03 per share)
- ▶ **Non-GAAP EBITDA of \$26 million**
- ▶ **Net Cash of \$43 million**



Strong EBITDA and Free Cash Flow



(1) EBITDA defined as operating income plus D&A, stock-based compensation and other non-recurring charges/(credits); cash capex defined as cash payments of property, plant and equipment as reported in the cash flow statement.

(2) Excludes \$25 million cash payment in connection with the purchase of the nanoFab building which was financed with the Credit Facility Term Loan.



Capitalization *(in millions)*

	<u>Y/E-11</u>	<u>Y/E-12</u>	<u>Q1-13</u>
Cash	<u>\$ 190</u>	<u>\$218</u>	<u>\$218</u>
\$30 million revolving credit agreement 2.50% <i>(maturity Apr. 2015)</i>	\$ -	\$ -	\$ -
\$25 million term loan 2.50% <i>(maturity March 2017)</i>	-	24	23
Senior unsecured 5.5% convertible <i>(maturity Oct. 2014)</i>	22	22	22
Senior unsecured 3.25% convertible <i>(maturity April 2016)</i>	115	115	115
Capital lease 3.09% due 2016	19	15	14
Customer obligation	<u>2</u>	<u>1</u>	<u>1</u>
Total Debt	<u>\$158</u>	<u>\$177</u>	<u>\$175</u>
Net cash	<u>\$ 32</u>	<u>\$ 41</u>	<u>\$ 43</u>
LTM EBITDA	\$ 173	\$135	\$128
Total leverage	0.91x	1.31x	1.37x



Photronics Cash Priorities

- ▶ Provides us with the flexibility to pursue strategic opportunities in the marketplace to advance our leading-edge capability for IC and FPD products
- ▶ Strategic opportunities can come in many forms
- ▶ Capital intensive business requires annual investments
- ▶ Reduction of outstanding debt
- ▶ Build eventually to a net cash position of \$75 million





Q2-2013 Update



Q2-2013 Guidance

(in millions, except EPS)

Q2 Revenues	\$106 - \$110
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Taxes:

Q2-2013	\$2.0 - \$3.0
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FY-2013	\$11 - \$13
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Cash Cap Ex - 2013	\$70 - \$90
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Diluted Shares	76.6
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Q2 EPS	\$0.07 - \$0.10
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Q2-2013 Update

- ▶ Initiated intent to acquire all outstanding shares of PSMC (estimated cost: \$25 - \$30 million)
- ▶ Accelerated delivery of two advanced e-beam litho tools for North America and Asia for additional high-end capacity
- ▶ Entered into a 5-year, 2%, \$30 million capital lease for one of the litho tools
- ▶ Business has been tracking to our expectations, however, we are continuing to monitor some softness for one of our key foundry customers in Asia
- ▶ Remain confident about our business model and sequential quarterly improvement for the remainder of 2013



Taiwan Investment Strategy

- ▶ Announced on February 26, 2013, our intent to acquire all outstanding shares of majority-owned Taiwan subsidiary – PSMC. Cost expected to be \$25 to \$30 million
- ▶ We have increased our share from 57% to 75% over the past two years
- ▶ Taiwan is one of three areas in which we have been investing over the past three years
- ▶ Financially, it is expected to result in, among other things, potential elimination of minority interest expense (\$500 thousand in Q1-2013, \$7.5 million since 2010)
- ▶ PSMC is key to overall high-end strategy, along with the nanoFab and PKL



Investing in High-End Capabilities to Capitalize on Opportunities

▶ 2013 Cash Cap Ex expected in the range of \$70 to \$90 million

- In 2014, Photronics will have three leading-edge tools strategically located in the U.S., Korea and Taiwan to serve high-end memory, logic and foundry customers
- Supporting enhanced demand for high-end IC and FPD photomasks
- 2013 EBITDA projected to be in excess of Cap Ex spend (strong FCF)
- Focus on 28nm and below technology mitigates downside risk



Key Photronics Stats – Q1-2013*

Net Cash	\$43M
Net Cash per Share	\$0.56
Free cash Flow/Share (TTM)	\$0.77
Book Value/share	\$7.76
Price/Sales (TTM) (approximately)	1.0x
Price/Book	0.78x

* 76.5 million fully diluted shares



Photronics' Financial Focus

- ▶ **Maximize free cash flow**
- ▶ **Reduce cost of capital and debt**
- ▶ **Continuously evaluate all costs for reductions and avoidance, including manufacturing network**
- ▶ **Invest prudently**
- ▶ **Maintain financial flexibility**



Photronics Financial Goals/Targets

Revenue Growth	≥ 10%
Operating Margin	≥ 17.5%
Incremental Contribution Margin	≥ 50%
Free Cash Flow	≥ \$75 million
Net Cash	≥ \$75 million



Investment Summary

- ▶ **Despite 2012 down year for Semi, Photronics remained profitable and improved its balance sheet**
- ▶ **Continue to strengthen balance sheet**
- ▶ **Photronics will continue to execute on high-end strategy while serving mainstream customers**
- ▶ **Significant opportunities exist for high-end market share gains**
- ▶ **Expect sequential growth and bottom line improvement**
- ▶ **Lean and flexible business model – 50% drop through**





Q & A

