

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) December 5, 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 1.01 Entry into Material Definitive Agreement

The Company entered into a third amended and restated credit agreement in the amount of \$50 million dollars, with an expansion capability of \$75 million. The third amended and restated facility replaces its existing \$30 million revolving credit facility due to mature in April 2015. JPMorgan Chase Bank, N.A. will serve as administrative and collateral agent for the facility with TD Bank, N.A., and RBS Citizens, National Association as syndication agents. In connection with the new facility, the Company repaid all outstanding amounts of its previously existing \$21.3 million term loan due to mature in March 2017. The new amended and restated credit facility provides for increased financial flexibility, reduced interest rates and relaxed covenants and has a term of five years. A copy of the press release is attached to this 8-K as Exhibit 99.1.

Item 2.02 Results of Operations and Financial Condition

On December 10, 2013, the Company issued a press release reporting fourth quarter and fiscal year end 2013 results. A copy of the press release is furnished as Exhibit 99.2 to this report.

The information contained in this Item 2.02 and the attached Exhibits 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 11, 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 November 3, 2013 will be disclosed. This information is set forth in Exhibit 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

Exhibits

- 99.1 Press Release dated December 5, 2013
 - 99.2 Press release dated December 10, 2013
 - 99.3 Condensed Consolidated Statements of Income
 - 99.4 Condensed Consolidated Balance Sheets
 - 99.5 Condensed Consolidated Statements of Cash Flows
 - 99.6 Reconciliation of GAAP to Non-GAAP Financial Information
 - 99.7 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: December 11, 2013

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



PHOTRONICS ENTERS INTO NEW \$50 MILLION CREDIT FACILITY AND REPAYS \$21.3 MILLION TERM LOAN

BROOKFIELD, Connecticut December 5, 2013 — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, announced today that it has entered into a new five-year revolving credit facility with its existing lenders in the amount of \$50 million, with an expansion capability to \$75 million, replacing its existing \$30 million revolving credit facility due to mature in April 2015. JP Morgan Chase Bank, N.A. will serve as administrative and collateral agent for this facility with TD Bank, N.A., and RBS Citizens, National Association as syndication agents. In connection therewith, Photronics repaid all outstanding amounts of its previously existing \$21.3 million term loan due to mature in March 2017. The new credit agreement provides for increased financial flexibility, reduced interest rates and relaxed covenants. Sean T. Smith, chief financial officer of Photronics, commented, “This new credit facility provides the flexibility we need to support our growth and leadership position in the merchant photomask market, as well as to reduce expenses.”

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About Photronics

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.

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PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL 2013 RESULTS

- Quarterly sales of \$106 million; within revised guidance of \$105 - \$106 million
- Quarterly Non-GAAP diluted EPS of \$0.09; exceeds revised guidance of \$0.06 - \$0.07
- Quarterly Non-GAAP EBITDA of \$27 million
- Quarterly high-end FPD sales increase 11% sequentially to \$18 million
- Working capital increases \$22 million sequentially to \$214 million
- Net cash of \$22 million up \$18 million sequentially

BROOKFIELD, Conn. December 10, 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 fourth quarter and fiscal year ended November 3, 2013.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer, commented: "Photronics' fourth-quarter revenues reflect reduced high-end IC photomask sales, which were affected by decreased demand in memory photomasks due to customer delays in transitioning to new nodes and a delay in fully completing the qualification process with a key Asian foundry customer. Even with softer revenues, we delivered on the bottom line and achieved non-GAAP net income of \$0.09 per diluted share, which exceeded our revised guidance range. Our business model is strong and when we complete our current qualifications and our customers transition to new nodes we expect robust top- and bottom-line growth."

"Following the fourth quarter we entered into an agreement with Dai Nippon Printing Co. Ltd. (DNP) to form a joint venture in Taiwan, adding significant high-end IC growth opportunities and increased capital efficiency. This transaction accelerates our strategy and our progress towards establishing a strong industry leadership position," concluded Macricostas.

Sales for the fourth quarter of fiscal 2013 were \$106 million, compared with \$104.2 million for the fourth quarter of fiscal year 2012. Sales of semiconductor photomasks were \$79.8 million, or 75% of revenues, during the fourth quarter of fiscal 2013, and sales of flat panel display (FPD) photomasks were \$26.2 million, or 25% of revenues. For the fourth quarter of fiscal 2013, GAAP net income attributable to Photronics, Inc. shareholders was \$4.8 million, or \$0.08 per diluted share, compared with \$3.8 million, or \$0.06 per diluted share, for the fourth quarter of fiscal 2012. 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. Non-GAAP net income attributable to Photronics, Inc. shareholders for the fourth quarter of 2012, excluding \$0.2 million in consolidation and restructuring charges, was \$4.1 million, or \$0.07 per diluted share.

Sales for the 2013 fiscal year were \$422.2 million, compared with \$450.4 million for the 2012 fiscal year. For the 2013 fiscal year, sales of semiconductor photomasks were \$320.6 million, or 76% of revenues, and sales of FPD photomasks were \$101.6 million, or 24% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the 2013 fiscal year was \$18.0 million, or \$0.29 per diluted share, compared with GAAP net income of \$27.9 million, or \$0.44 per diluted share, for the 2012 fiscal year. Non-GAAP net income attributable to Photronics, Inc. shareholders for the 2013 fiscal year, excluding joint venture transaction expenses of \$0.8 million, was \$18.7 million, or \$0.30 per diluted share. Non-GAAP net income attributable to Photronics, Inc. shareholders for the 2012 fiscal year, excluding \$1.4 million in consolidation and restructuring charges and a \$0.1 million gain relating to warrants, was \$29.2 million, or \$0.46 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:

- Transaction expenses related to the joint venture in the fourth quarter of fiscal 2013 are excluded because they are not a part of ongoing operations.
- 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, December 11, 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 2014 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.

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)

	Three Months Ended		Year Ended	
	November 3, 2013	October 28, 2012	November 3, 2013	October 28, 2012
Net sales	\$ 106,009	\$ 104,219	\$ 422,180	\$ 450,439
Costs and expenses:				
Cost of sales	(79,334)	(79,922)	(322,540)	(338,519)
Selling, general and administrative	(12,928)	(11,396)	(48,213)	(46,706)
Research and development	(6,378)	(5,264)	(20,758)	(19,371)
Consolidation, restructuring and related charges	-	(246)	-	(1,428)
Operating income	7,369	7,391	30,669	44,415
Other expense, net	(1,384)	(1,623)	(3,864)	(3,767)
Income before income taxes	5,985	5,768	26,805	40,648
Income tax provision	(1,072)	(1,551)	(7,229)	(10,793)
Net income	4,913	4,217	19,576	29,855
Net income attributable to noncontrolling interests	(73)	(384)	(1,610)	(1,987)
Net income attributable to Photronics, Inc. shareholders	\$ 4,840	\$ 3,833	\$ 17,966	\$ 27,868
Earnings per share:				
Basic	\$ 0.08	\$ 0.06	\$ 0.30	\$ 0.46
Diluted	\$ 0.08	\$ 0.06	\$ 0.29	\$ 0.44
Weighted-average number of common shares outstanding				
Basic	61,058	60,196	60,644	60,055
Diluted	61,962	61,052	61,599	76,464

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

	November 3,	October 28,
	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 215,615	\$ 218,043
Accounts receivable	73,357	75,685
Inventories	18,849	17,702
Other current assets	10,645	8,364
Total current assets	318,466	319,794
Property, plant and equipment, net	422,740	380,808
Investment in joint venture	93,124	93,252
Intangible assets, net	34,080	37,384
Other assets	17,519	17,996
	<u>\$ 885,929</u>	<u>\$ 849,234</u>
<u>Liabilities and Equity</u>		
Current liabilities:		
Current portion of long-term borrowings	\$ 11,818	\$ 7,781
Accounts payable and accrued liabilities	92,769	77,732
Total current liabilities	104,587	85,513
Long-term borrowings	182,203	168,956
Other liabilities	11,308	8,764
Equity	587,831	586,001
	<u>\$ 885,929</u>	<u>\$ 849,234</u>

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

	Year Ended	
	November 3, 2013	October 28, 2012
Cash flows from operating activities:		
Net income	\$ 19,576	\$ 29,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	72,942	85,209
Consolidation, restructuring and related charges	-	262
Changes in assets and liabilities and other	6,883	17,223
Net cash provided by operating activities	99,401	132,549
Cash flows from investing activities:		
Purchases of property, plant and equipment	(63,792)	(96,978)
Investment in joint venture	-	(13,397)
Other	(2,445)	(1,568)
Net cash used in investing activities	(66,237)	(111,943)
Cash flows from financing activities:		
Proceeds from long-term borrowings	-	25,000
Repayments of long-term borrowings	(8,314)	(5,293)
Repurchase of common stock of subsidiary	(32,374)	(15,598)
Payments of deferred financing fees	(40)	(198)
Proceeds from exercise of share-based arrangements	884	653
Net cash (used in) provided by financing activities	(39,844)	4,564
Effect of exchange rate changes on cash	4,252	2,945
Net increase (decrease) in cash and cash equivalents	(2,428)	28,115
Cash and cash equivalents, beginning of year	218,043	189,928
Cash and cash equivalents, end of year	\$ 215,615	\$ 218,043

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 3, 2013</u>	<u>October 28, 2012</u>	<u>November 3, 2013</u>	<u>October 28, 2012</u>
Reconciliation of GAAP to Non-GAAP Net Income				
<u>Attributable to Photronics, Inc. Shareholders</u>				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 4,840	\$ 3,833	\$ 17,966	\$ 27,868
(a) Joint venture transaction expenses, net of tax	773	-	773	-
(b) Consolidation and restructuring charges, net of tax	-	246	-	1,428
(c) Impact of warrants, net of tax	-	-	-	(94)
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 5,613</u>	<u>\$ 4,079</u>	<u>\$ 18,739</u>	<u>\$ 29,202</u>

Reconciliation of GAAP to Non-GAAP Net Income
Applicable to Common Shareholders

Weighted average number of diluted shares outstanding				
GAAP	<u>61,962</u>	<u>61,052</u>	<u>61,599</u>	<u>76,464</u>
Non-GAAP	<u>61,962</u>	<u>61,052</u>	<u>61,599</u>	<u>76,445</u>
Net income per diluted share				
GAAP	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.29</u>	<u>\$ 0.44</u>
Non-GAAP	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.30</u>	<u>\$ 0.46</u>

- (a) Represents transaction expenses in connection with the joint venture with DNP Photomask Technology Taiwan Co., Ltd., a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd.
- (b) Represents consolidation and restructuring charges primarily related to restructuring in Singapore.
- (c) 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)

	Three Months Ended		Year Ended	
	November 3, 2013	October 28, 2012	November 3, 2013	October 28, 2012
GAAP Net income (a)	\$ 4,913	\$ 4,217	\$ 19,576	\$ 29,855
Add: interest expense	2,051	1,901	7,756	7,488
Add: income tax expense	1,072	1,551	7,229	10,793
Add: depreciation and amortization	17,453	19,825	71,408	83,611
Add: special items (b)	1,156	910	3,974	3,328
EBITDA	\$ 26,645	\$ 28,404	\$ 109,943	\$ 135,075

(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.
