

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 6, 2011

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

<u>Connecticut</u> (State or other jurisdiction of incorporation)	<u>0-15451</u> (Commission File Number)	<u>06-0854886</u> (IRS Employer Identification Number)
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<u>15 Secor Road, Brookfield, CT</u> (Address of Principal Executive Offices)	<u>06804</u> (Zip Code)
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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 2.02 Results of Operations and Financial Condition

On December 6, 2011, the Company issued a press release reporting fourth quarter fiscal 2011 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 December 7, 2011, 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 October 30, 2011 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 December 6, 2011
 - 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: December 7, 2011

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



FOR FURTHER INFORMATION:

Sean T. Smith
Senior Vice President
Chief Financial Officer
(203)775-9000
ssmith@photronics.com

Press Release

PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL YEAR 2011 RESULTS

- Quarterly sales of \$122.2 million; exceeds revised guidance of \$120 - \$122 million
- Quarterly EPS of \$0.14; within initial guidance of \$0.14 - \$0.18 per diluted share
- Quarterly net income increases 14% YOY to \$9.3 million
- Full year sales increase 20% to record \$512 million
- 2011 Non-GAAP net income increases 146% to \$52.1 million, or 10% of revenue
- 2011 Non-GAAP diluted EPS grows to \$0.80 from \$0.38 in 2010
- Working capital increases \$123 million in 2011 to \$209 million
- Net cash increases by \$23 million to \$32 million in 2011

BROOKFIELD, Connecticut December 6, 2011 -- 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 October 30, 2011.

“2011 was an excellent year for Photronics as we achieved record sales in both semiconductor and flat panel photomasks,” commented Constantine (“Deno”) Macricostas, Photronics’ Chairman and CEO. “Our 20% year-over-year sales growth demonstrates that our high-end strategy and strong customer collaborations are yielding solid market share gains. We also delivered non-GAAP earnings of \$0.80 per share as a result of the strong leverage in our business model. For the fourth quarter, earnings of \$0.14 per diluted share were in line with our initial guidance due to strong cost management. We achieved this even though sales were softer than expected across all segments as a result of overall industry trends.”

“To continue our strong bottom-line performance we are vigilant in maintaining our lean cost structure,” continued Macricostas. “Yesterday, we announced the streamlining of our operating infrastructure in Asia by consolidating the manufacture of semiconductor photomasks in Singapore into other Photronics facilities including Korea and Taiwan. We will continue to implement operating infrastructure efficiencies that benefit both our customers and our margins.”

“Our leading-edge capabilities are now driving the business forward,” added Macricostas. “Though weakness in the global semiconductor and flat panel markets may continue in the short term, we believe that demand at the leading edge is in our favor for future growth and share gains.”

Sales for the fourth quarter were \$122.2 million, an increase of 11% compared with \$110.0 million for the fourth quarter of fiscal year 2010. Sales of semiconductor photomasks were \$96.5 million, or 79% of revenues, during the fourth quarter of fiscal 2011, and sales of flat panel display (FPD) photomasks were \$25.7 million, or 21% of revenues. GAAP net income attributable to Photronics, Inc. for the fourth quarter of fiscal 2011 was \$9.3 million, or \$0.14 earnings per diluted share, compared with GAAP net income attributable to Photronics, Inc. of \$8.1 million, or \$0.14 earnings per diluted share, for the fourth quarter of fiscal 2010.

Sales for the 2011 fiscal year increased 20% to \$512.0 million compared with \$425.6 million for the 2010 fiscal year. Sales of semiconductor photomasks were \$391.2 million, or 76% of revenues for the 2011 fiscal year, and sales of FPD photomasks were \$120.8 million, or 24% of revenues. GAAP net income attributable to Photronics, Inc. for the 2011 fiscal year was \$16.2 million, or \$0.28 earnings per diluted share, which includes an extinguishment of debt loss of \$35.3 million, compared with the prior year net income of \$23.9 million, or \$0.43 earnings per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the 2011 fiscal year, excluding the extinguishment debt loss and the impact of warrants, was \$52.1 million, or \$0.80 earnings per diluted share, compared with non-GAAP net income attributable to Photronics, Inc. for the 2010 fiscal year of \$21.2 million, or \$0.38 earnings 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. 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:

- Loss on extinguishment of debt is excluded because it is not a part of ongoing operations.
- Consolidation and restructuring credits in fiscal 2010 are excluded because they are not a part of ongoing operations.
- Impact of warrants is excluded because it does not affect cash earnings.
- Deferred financing fees written-off in fiscal 2010 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, December 7, 2011. The call can be accessed by logging onto Photronics' web site at www.photronics.com. The live dial-in number is 408-774-4601. The call will be archived for instant replay access until the Company reports its fiscal 2012 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. 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	
	October 30, 2011	October 31, 2010	October 30, 2011	October 31, 2010
Net sales	\$ 122,159	\$ 110,036	\$ 512,020	\$ 425,554
Costs and expenses:				
Cost of sales	(91,266)	(84,760)	(375,806)	(333,739)
Selling, general and administrative	(11,245)	(10,300)	(45,240)	(42,387)
Research and development	(4,269)	(3,949)	(15,507)	(14,932)
Consolidation, restructuring and related credits	-	168	-	4,979
Operating income	15,379	11,195	75,467	39,475
Debt extinguishment loss	-	-	(35,259)	-
Other expense, net	(2,290)	(1,052)	(4,309)	(6,922)
Income before income taxes	13,089	10,143	35,899	32,553
Income tax provision	(4,054)	(1,682)	(15,691)	(7,471)
Net income	9,035	8,461	20,208	25,082
Net (income) loss attributable to noncontrolling interests	256	(317)	(3,979)	(1,160)
Net income attributable to Photronics, Inc.	<u>\$ 9,291</u>	<u>\$ 8,144</u>	<u>\$ 16,229</u>	<u>\$ 23,922</u>
Earnings per share:				
Basic	<u>\$ 0.16</u>	<u>\$ 0.15</u>	<u>\$ 0.28</u>	<u>\$ 0.45</u>
Diluted	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.28</u>	<u>\$ 0.43</u>
Weighted-average number of common shares outstanding				
Basic	<u>59,629</u>	<u>53,710</u>	<u>57,030</u>	<u>53,433</u>
Diluted	<u>76,259</u>	<u>66,145</u>	<u>58,458</u>	<u>65,803</u>

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

	October 30, 2011	October 31, 2010
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 189,928	\$ 98,945
Accounts receivable	85,540	82,951
Inventories	22,100	15,502
Other current assets	7,639	8,404
Total current assets	305,207	205,802
Property, plant and equipment, net	368,680	369,814
Investment in joint venture	79,984	61,127
Intangible assets, net	42,462	47,748
Other assets	21,521	19,388
	<u>\$ 817,854</u>	<u>\$ 703,879</u>
<u>Liabilities and Equity</u>		
Current liabilities:		
Current portion of long-term borrowings	\$ 5,583	\$ 11,467
Accounts payable and accrued liabilities	90,318	107,762
Total current liabilities	95,901	119,229
Long-term borrowings	152,577	78,852
Other liabilities	9,620	9,855
Equity	559,756	495,943
	<u>\$ 817,854</u>	<u>\$ 703,879</u>

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

	Year Ended	
	October 30, 2011	October 31, 2010
Cash flows from operating activities:		
Net income	\$ 20,208	\$ 25,082
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	93,460	90,300
Debt extinguishment loss	27,399	-
Consolidation, restructuring, and related credits	-	(5,059)
Changes in assets and liabilities and other	(4,514)	(14,404)
Net cash provided by operating activities	136,553	95,919
Cash flows from investing activities:		
Purchases of property, plant and equipment	(82,121)	(71,381)
Investments in joint venture	(18,271)	-
Proceeds from sale of facility	-	12,880
Other	(345)	289
Net cash used in investing activities	(100,737)	(58,212)
Cash flows from financing activities:		
Proceeds from issuance of convertible debt	115,000	-
Proceeds from long-term borrowings	17,000	41,680
Repayments of long-term borrowings	(64,107)	(72,932)
Payments of deferred financing fees	(4,318)	(1,285)
Repurchase of common stock of subsidiary	(9,878)	-
Proceeds from exercise of share-based arrangements	828	81
Net cash provided by (used in) financing activities	54,525	(32,456)
Effect of exchange rate changes on cash	642	5,155
Net increase in cash and cash equivalents	90,983	10,406
Cash and cash equivalents, beginning of year	98,945	88,539
Cash and cash equivalents, end of year	\$ 189,928	\$ 98,945
Supplemental disclosure of cash flow information:		
Capital lease obligation for purchase of equipment	\$ 21,248	\$ -
Common stock issued to extinguish debt	\$ 20,234	\$ -
Changes in accrual for purchases of property, plant and equipment	\$ (20,836)	\$ 28,717

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>October 30,</u> <u>2011</u>	<u>October 31,</u> <u>2010</u>	<u>October 30,</u> <u>2011</u>	<u>October 31,</u> <u>2010</u>
Reconciliation of GAAP to Non-GAAP Net Income				
<u>Attributable to Photronics, Inc.</u>				
GAAP net income attributable to Photronics, Inc.	\$ 9,291	\$ 8,144	\$ 16,229	\$ 23,922
(a) Debt extinguishment loss and net interest impact, net of tax	-	-	35,486	-
(b) Consolidation and restructuring credits, net of tax	-	(168)	-	(4,979)
(c) Impact of warrants, net of tax	(175)	554	424	1,246
(d) Deferred financing fees write off, net of tax	-	-	-	1,011
Non-GAAP net income attributable to Photronics, Inc.	<u>\$ 9,116</u>	<u>\$ 8,530</u>	<u>\$ 52,139</u>	<u>\$ 21,200</u>

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

Weighted average number of diluted shares outstanding				
GAAP	<u>76,259</u>	<u>66,145</u>	<u>58,458</u>	<u>65,803</u>
Non-GAAP	<u>76,082</u>	<u>66,145</u>	<u>71,940</u>	<u>65,803</u>
Net income per diluted share				
GAAP	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.28</u>	<u>\$ 0.43</u>
Non-GAAP	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.80</u>	<u>\$ 0.38</u>

- (a) Represents extinguishment charges during the year ended October 30, 2011 related to the repurchase of \$35.4 million of our 5.50% convertible senior notes due in October 2014, and net interest impact on convertible transactions.
- (b) Includes credits related to restructuring in China.
- (c) Represents financing expenses related to warrants, which are recorded in other expense, net.
- (d) Represents write-off of deferred financing fees recorded in interest expense, as a result of an amendment to our revolving credit facility.

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

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>October 30, 2011</u>	<u>October 31, 2010</u>	<u>October 30, 2011</u>	<u>October 31, 2010</u>
GAAP Net income (a)	\$ 9,035	\$ 8,461	\$ 20,208	\$ 25,082
Add: interest expense	1,759	1,667	7,258	9,475
Add: income tax expense	4,054	1,682	15,691	7,471
Add: depreciation and amortization	23,019	22,133	91,942	87,379
Add (less): special items (b)	469	749	38,140	(2,426)
EBITDA	\$ 38,336	\$ 34,692	\$ 173,239	\$ 126,981

(a) Includes net income attributable to noncontrolling interests.

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