

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 9, 2003

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)

Item 5. Other Events

On December 9, 2003, the Company issued a press release reporting fiscal 2003 fourth quarter and full year sales and earnings results for the period ended November 2, 2003. A copy of the press release is attached to this 8-K.

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated December 9, 2003.

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 9, 2003

BY /s/ Sean T. Smith
Sean T. Smith
Vice President and Chief Financial Officer

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit No.
99.1

Subject Matter
Press Release dated December 9, 2003.

For Further Information:

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FOR IMMEDIATE RELEASE
December 9, 2003

PHOTRONICS REPORTS FOURTH QUARTER RESULTS

BROOKFIELD, Connecticut December 9, 2003 -- Photronics, Inc. (Nasdaq:PLAB), the world's leading sub-wavelength reticle solutions supplier, today reported fiscal 2003 fourth quarter and full year sales and earnings results for the period ended November 2, 2003.

Sales for the fourth quarter of fiscal 2003 were \$91.5 million, up 1.6%, compared to \$90.1 million for the fiscal fourth quarter of 2002. Sequentially, sales were 1.1% higher than the \$90.5 million reported in the third quarter of fiscal 2003. Net income for the fourth quarter of fiscal 2003 amounted to \$3.1 million, or \$0.10 per diluted share, compared to a net loss of \$10.3 million or \$0.32 per diluted share for the fourth quarter of fiscal 2002. The fourth quarter of fiscal 2002 included the after-tax effect of two previously announced items: a consolidation charge of \$10.0 million, or \$0.31 per diluted share, resulting from the closure of certain manufacturing operations and a workforce reduction, and a net gain of \$1.7 million, or \$0.05 per diluted share, from the repurchase of the Company's 6% Convertible Subordinated Notes.

Sales for fiscal 2003 amounted to \$348.9 million, down 9.8% from the \$386.9 million for fiscal 2002. The net loss for fiscal 2003 totaled \$48.2 million or \$1.50 per diluted share compared to a net loss of \$4.9 million, or \$0.16 per diluted share for fiscal 2002. The results for fiscal 2003 included consolidation and early extinguishment charges totaling \$40.8 million after tax, or \$1.27 per diluted share. Consolidation, restructuring and related charges in fiscal 2003 totaled \$39.9 million, or \$1.24 per diluted share after tax, were recorded in a previously announced consolidation of the Company's North American operating infrastructure that included, among other items, the closure of its Phoenix, Arizona manufacturing facility and a reduction in its work force. The net loss for fiscal 2003 also includes the impact of an early extinguishment charge of \$900 thousand, or \$0.03 per diluted share, associated with the Company's redemption of all of its previously outstanding \$62.1 million 6% Convertible Subordinated Notes.

In commenting about Photronics' financial performance and position at the end of the year, Sean Smith, Chief Financial Officer, noted, "In the face of a challenging operating environment, the Company's dedicated team of employees around the world rose to the challenge of generating free cash flows and strengthening our balance sheet in fiscal 2003. In analyzing their achievements, it is clear that as structured, Photronics' operating model has significant leverage with incremental revenue growth. Increased manufacturing efficiencies and the benefits of infrastructure consolidation enabled the Company to improve operating income in the second half of 2003 and generate free cash at levels that enabled the steady reduction of long-term debt during the second half of the fiscal year. Additionally, the Company paid down all our \$11 million in borrowings outstanding under our \$100 million credit facility." Mr. Smith concluded, "Working capital is at its highest level in years. As our global semiconductor customers see increasing momentum develop in their business, they know they have a strategic supplier in Photronics that is focused on delivering efficiency and that has a strong financial position to support them irrespective of cyclical factors."

Dan Del Rosario, Chief Executive Officer, stated, "In planning for fiscal 2003, the management team set a number of very aggressive operating and financial goals for this Company. Tough decisions were made, but by adhering to our strategic plan we were able to achieve our goals and at the same time position the Company for further operating and financial performance improvement." Mr. Del Rosario added, "Photronics' competitive position is quite strong in the global regions it serves, supported by its commitment to customer service and a rapidly expanding technological capability. Throughout the year, semiconductor companies have made considerable progress in improving their 130-nanometer and below yields at the wafer level, a situation in which Photronics' mask sets have played a role. As end market demand begins to show some strength after the holiday build up, we believe we will see increased design releases in 2004, particularly for advanced wafer process nodes. Photronics' global infrastructure, reliable performance and new high-end qualifications with leading customers in Asia, Europe and North America should enable the Company to further extend its strategic customer relationships and leadership position as the photomask technology and services supplier of choice."

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics' web site at www.photronics.com, then clicking on the "Conference Calls" button in the upper right hand corner of the home page. The call is scheduled for 8:30 a.m. Eastern Standard Time on Wednesday, December 10th and will be archived for instant replay access until the Company reports its fiscal first quarter results in February 2004. The live call dial-in number is (706) 634-5086.

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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, photomasks are used to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits. They are produced in accordance with circuit 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.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company's ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain a new bank facility or other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company's SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

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PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations
(in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	November 2, 2003	November 3, 2002	November 2, 2003	November 3, 2002
Net sales	\$ 91,489	\$ 90,058	\$ 348,884	\$ 386,871
Costs and expenses:				
Cost of sales	62,090	67,386	250,687	276,451
Selling, general and administrative	13,544	14,398	56,154	57,973
Research and development	7,491	7,878	29,965	30,154
Consolidation, restructuring and related charges	-	14,500 (a)	42,000(b)	14,500 (a)
Operating income (loss)	8,364	(14,104) (a)	(29,922)(b)	7,793 (a)
Other expense, net	(2,431)	(2,039) (c)	(11,743)(d)	(13,291) (c)
Income (loss) before income taxes and minority interest	5,933	(16,143) (a) (c)	(41,665)(b)(d)	(5,498) (a)(c)
Income tax provision (benefit)	1,722	(7,419) (a) (c)	924(b)(d)	(7,019) (a)(c)
Income (loss) before minority interest	4,211	(8,724) (a) (c)	(42,589)(b)(d)	1,521 (a)(c)
Minority interest	(1,088)	(1,584)	(5,573)	(6,378)
Net income (loss)	\$ 3,123	\$ (10,308) (a) (c)	\$ (48,162)(b)(d)	\$ (4,857) (a)(c)
Earnings (loss) per share:				
Basic	\$ 0.10	\$ (0.32) (a) (c)	\$ (1.50)(b)(d)	\$ (0.16) (a)(c)
Diluted	\$ 0.10	\$ (0.32) (a) (c)	\$ (1.50)(b)(d)	\$ (0.16) (a)(c)
Weighted average number of common shares outstanding:				
Basic	32,388	32,022	32,144	31,278
Diluted	32,776	32,022	32,144	31,278

- (a) Includes consolidation charges incurred in the fourth quarter of 2002 of \$14.5 million (\$10.0 million after tax, or \$.31 per share for the fourth quarter, \$.32 per share for the year) in connection with the Company's closing its manufacturing facility in Milpitas, California and the reduction of its North American work force.
- (b) Includes consolidation charges incurred in the second quarter of 2003 of \$42.0 million (\$39.9 million after tax or \$1.24 per diluted share) in connection with the Company's closing its manufacturing facility in Phoenix, Arizona and consolidation of the Company's North American operating infrastructure.
- (c) Includes a net gain in the fourth quarter of 2002 of \$2.6 million (\$1.7 million after tax, or \$.05 per share) from the repurchase of a portion of the Company's 6% convertible notes.
- (d) Includes early extinguishment charge incurred in the third quarter of 2003 of \$.9 million after tax or \$.03 per diluted share in connection with the early redemption of the Company's 6% \$62.1 million convertible notes due June 2004.

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

	November 2, 2003	November 3, 2003
<u>Assets</u>		
Current assets:		
Cash, cash equivalents and short-term investments of \$17,036 in 2003 and \$15,148 in 2002	\$ 231,813	\$ 129,092

Accounts receivable	59,579	62,545
Inventories	14,329	19,948
Other current assets	34,161	37,475
	<hr/>	<hr/>
Total current assets	339,882	249,060
Property, plant and equipment, net	387,977	443,860
Intangible assets, net	118,892	121,217
Other assets	18,789	18,305
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	\$ 865,540	\$ 832,442
	<hr/>	<hr/>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Current portion of long-term debt	\$ 5,505	\$ 10,649
Accounts payable	43,997	57,401
Other accrued liabilities	31,871	38,982
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Total current liabilities	81,373	107,032
Long-term debt	368,307	296,785
Deferred income taxes and other liabilities	54,723	44,539
Minority interest	52,808	44,971
Shareholders' equity	308,329	339,115
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	\$ 865,540	\$ 832,442
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PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
(in thousands)

	Year Ended	
	November 2, 2003	November 3, 2002
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Cash flows from operating activities:		
Net loss	\$ (48,162)	\$ (4,857)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	85,097	83,187
Consolidation, restructuring and related charges	42,000	14,500
Changes in assets and liabilities and other	4,297	43,572
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Net cash provided by operating activities	83,232	136,402
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Cash flows from investing activities:		
Deposits on and purchases of property, plant and equipment	(47,022)	(126,462)
Other	(930)	(14,268)
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Net cash used in investing activities	(47,952)	(140,730)
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Cash flows from financing activities:		
Repayment of long-term debt, net	(86,535)	(115,174)
Proceeds from issuance of common stock	5,501	4,590
Issuance of convertible debt, net	145,170	193,237
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Net cash provided by financing activities	64,136	82,653
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Effect of exchange rate changes on cash flows	1,417	935
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Net Increase in cash and cash equivalents	100,833	79,260
Cash and cash equivalents, beginning of year	113,944	34,684
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Cash and cash equivalents, end of year	\$ 214,777	\$ 113,944
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