

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) May 19, 2014

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction
of incorporation)

0-15451

(Commission
File Number)

06-0854886

(IRS Employer
Identification Number)

15 Secor Road, Brookfield, CT 06804

(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 2.02 Results of Operations and Financial Condition

On May 19, 2014, the Company issued a press release reporting second quarter fiscal 2014 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, 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 May 20, 2014, the Company will conduct a conference call during which certain unaudited, non-GAAP financial information related to the Company’s operations for the three months ended May 4, 2014 will be disclosed. This information is set forth in Exhibit 99.6 and 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.

On May 20, 2014, the Company will conduct a conference call during which certain unaudited, Non-GAAP Operating Income financial information related to the Company’s operations for the three months ended May 4, 2014 will be disclosed. Non-GAAP Operating Income excludes transaction expenses related to the acquisition of DNP Photomask Technology Taiwan Co., Ltd., a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd. The Company’s reconciliation of GAAP Operating Income to Non-GAAP Operating Income is set forth in Exhibit 99.7.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated May 19, 2014
 - 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
 - 99.7 Reconciliation of GAAP Operating Income to Non-GAAP Operating Income.
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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: May 20, 2014

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



PHOTRONICS REPORTS SECOND QUARTER FISCAL 2014 RESULTS

- Quarterly results include impact of PDMC JV from April 4
- Gain, net of expenses, of \$14.4 million related to formation of PDMC JV
- Quarterly High-end IC photomask sales of \$17.2 million, up 4% sequentially
- Quarterly High-end FPD photomask sales of \$20.6 million, up 32% sequentially
- Non-GAAP EPS of \$0.02 per diluted share
- EBITDA of \$25 million
- Net working capital of \$209 million, up \$33 million sequentially

BROOKFIELD, Connecticut May 19, 2014 — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for the fiscal 2014 second quarter ended May 4, 2014.

Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer commented, “During the quarter we closed on our new PDMC joint venture in Taiwan, and we expect this initiative to generate solid growth in the coming quarters. Customers are positive about the formation of PDMC, and we are off to a great start in integrating our operations to enable efficient photomask delivery in the region. We remain confident in our prospects for profitable growth across the company due to our global infrastructure, advanced technology and efficient operating model.”

Sales for the second quarter of fiscal 2014 were \$104.9 million, a sequential increase of 3% compared with \$101.5 million for the first quarter of fiscal 2014. Sales for the second quarter of 2013 were \$106.7 million. Sales of semiconductor photomasks were \$76.6 million, or 73% of revenues, during the second quarter of fiscal 2014, and sales of flat panel display (FPD) photomasks were \$28.3 million, or 27% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the second quarter of fiscal 2014 was \$15.5 million, or \$0.22 per diluted share, and non-GAAP net income attributable to Photronics, Inc. shareholders for the second quarter of fiscal 2014 was \$1.2 million, or \$0.02 per diluted share, compared with the second quarter of fiscal 2013 GAAP net income and non-GAAP net income attributable to Photronics, Inc. shareholders of \$4.9 million, or \$0.08 per diluted share. Non-GAAP net income attributable to Photronics, Inc. shareholders for the second quarter of fiscal 2014 excluded the non-cash gain on acquisition of \$16.4 million and transaction expenses of \$2.0 million related to the joint venture, PDMC, in Taiwan.

Sales for the first six months of fiscal 2014 were \$206.4 million, compared with \$206.5 million for the first six months of fiscal 2013. For the first six months of fiscal 2014, sales of semiconductor photomasks were \$152.8 million, or 74% of revenues, and sales of FPD photomasks were \$53.6 million, or 26% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the first six months of fiscal 2014 was \$17.5 million, or \$0.27 per diluted share, and non-GAAP net income attributable to Photronics, Inc. shareholders for the first six months of fiscal 2014 was \$3.6 million, or \$0.06 per diluted share, compared with the first six months of fiscal 2013 GAAP and Non-GAAP net income attributable to Photronics, Inc. shareholders of \$7.2 million, or \$0.12 per diluted share. Non-GAAP net income attributable to Photronics, Inc. shareholders for the first six months of fiscal 2014 excludes the acquisition gain and expenses related to the joint venture.

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:

- Non-cash acquisition gain and transaction expenses related to the joint venture, PDMC, in Taiwan are excluded because they are not part of ongoing operations.
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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 Tuesday, May 20, 2014. 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 2014 third quarter results.

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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. These forward-looking statements generally can be identified by phrases such as "believes", "expects", "anticipates", "plans", "projects", and similar expressions. 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.

07-2014

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

	Three Months Ended		Six Months Ended	
	May 4, 2014	April 28, 2013	May 4, 2014	April 28, 2013
Net sales	\$ 104,882	\$ 106,680	\$ 206,424	\$ 206,519
Costs and expenses:				
Cost of sales	(82,692)	(81,891)	(161,352)	(160,632)
Selling, general and administrative	(13,419)	(12,151)	(25,697)	(23,218)
Research and development	(5,939)	(4,556)	(10,913)	(9,395)
Operating income	2,832	8,082	8,462	13,274
Gain on acquisition	16,372	-	16,372	-
Other expense, net	(1,222)	(916)	(2,095)	(1,507)
Income before income taxes	17,982	7,166	22,739	11,767
Income tax provision	(2,032)	(1,724)	(4,747)	(3,466)
Net income	15,950	5,442	17,992	8,301
Net income attributable to noncontrolling interests	(410)	(579)	(459)	(1,114)
Net income attributable to Photronics, Inc. shareholders	<u>\$ 15,540</u>	<u>\$ 4,863</u>	<u>\$ 17,533</u>	<u>\$ 7,187</u>
Earnings per share:				
Basic	<u>\$ 0.25</u>	<u>\$ 0.08</u>	<u>\$ 0.29</u>	<u>\$ 0.12</u>
Diluted	<u>\$ 0.22</u>	<u>\$ 0.08</u>	<u>\$ 0.27</u>	<u>\$ 0.12</u>
Weighted-average number of common shares outstanding:				
Basic	61,372	60,493	61,286	60,385
Diluted	<u>77,705</u>	<u>61,501</u>	<u>77,632</u>	<u>61,298</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(in thousands)
(Unaudited)

	May 4, 2014	November 3, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 191,828	\$ 215,615
Accounts receivable	97,654	73,357
Inventories	21,923	18,849
Other current assets	29,406	10,645
Total current assets	340,811	318,466
Property, plant and equipment, net	534,065	422,740
Investment in joint venture	93,085	93,124
Intangible assets, net	32,767	34,080
Other assets	20,282	17,519
	<u>\$ 1,021,010</u>	<u>\$ 885,929</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 10,231	\$ 11,818
Accounts payable and accrued liabilities	121,174	92,769
Total current liabilities	131,405	104,587
Long-term borrowings	158,691	182,203
Other liabilities	21,175	11,308
Photronics, Inc. shareholders' equity	603,121	585,314
Noncontrolling interests	106,618	2,517
Total equity	<u>709,739</u>	<u>587,831</u>
	<u>\$ 1,021,010</u>	<u>\$ 885,929</u>

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

(in thousands)

(Unaudited)

	Six Months Ended	
	May 4, 2014	April 28, 2013
Cash flows from operating activities:		
Net income	\$ 17,992	\$ 8,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on acquisition	(16,372)	-
Depreciation and amortization	36,782	37,490
Changes in assets and liabilities and other	1,497	(9,857)
Net cash provided by operating activities	39,899	35,934
Cash flows from investing activities:		
Purchases of property, plant and equipment	(42,385)	(31,866)
Cash from acquisition	4,508	-
Other	(910)	(2,822)
Net cash used in investing activities	(38,787)	(34,688)
Cash flows from financing activities:		
Repayments of long-term borrowings	(25,100)	(3,319)
Repurchase of common stock of subsidiary	-	(4,190)
Payment of deferred financing fees	(309)	(40)
Proceeds from share-based arrangements	888	588
Other	(543)	-
Net cash used in financing activities	(25,064)	(6,961)
Effect of exchange rate changes on cash	165	(1,776)
Net decrease in cash and cash equivalents	(23,787)	(7,491)
Cash and cash equivalents, beginning of period	215,615	218,043
Cash and cash equivalents, end of period	\$ 191,828	\$ 210,552
Noncash net assets from acquisition	\$ 110,213	\$ -

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

(in thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	May 4, 2014	April 28, 2013	May 4, 2014	April 28, 2013
Reconciliation of GAAP to Non-GAAP Net Income				
Attributable to Photronics, Inc. Shareholders				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 15,540	\$ 4,863	\$ 17,533	\$ 7,187
(a) Gain on acquisition, net of tax	(16,372)	-	(16,372)	-
(b) Acquisition transaction expenses, net of tax	2,018	-	2,455	-
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 1,186</u>	<u>\$ 4,863</u>	<u>\$ 3,616</u>	<u>\$ 7,187</u>
Reconciliation of GAAP to Non-GAAP Net Income				
Applicable to Common Shareholders				
Weighted average number of diluted shares outstanding				
GAAP	<u>77,705</u>	<u>61,501</u>	<u>77,632</u>	<u>61,298</u>
Non-GAAP	<u>62,282</u>	<u>61,501</u>	<u>62,209</u>	<u>61,298</u>
Net income per diluted share				
GAAP	<u>\$ 0.22</u>	<u>\$ 0.08</u>	<u>\$ 0.27</u>	<u>\$ 0.12</u>
Non-GAAP	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>

(a) Represents gain on acquisition of DNP Photomask Technology Taiwan Co., Ltd (DPTT), a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd.

(b) Represents transaction expenses in connection with the acquisition of DPTT

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

	Three Months Ended		Six Months Ended	
	May 4, 2014	April 28, 2013	May 4, 2014	April 28, 2013
GAAP Net Income (a)	\$ 15,950	\$ 5,442	\$ 17,992	\$ 8,301
Add: interest expense	1,816	1,909	3,800	3,796
Add: income tax expense	2,032	1,724	4,747	3,466
Add: depreciation and amortization	18,550	17,959	35,972	36,742
Add (less): special items (b)	(13,310)	939	(11,768)	1,825
	\$ 25,038	\$ 27,973	\$ 50,743	\$ 54,130

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of stock compensation expense, and in 2014 noncash gain on acquisition of DNP Photomask Technology Taiwan, Co., Ltd., a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd., and related acquisition transaction expenses.

PHOTRONICS, INC. AND SUBSIDIARIES
Non-GAAP Financial Measure
Reconciliation of GAAP Operating Income to Non-GAAP Operating Income
(in thousands)
(Unaudited)

	Three Months Ended				Six Months Ended			
	May 4, 2014		April 28, 2013		May 4, 2014		April 28, 2013	
	\$	%	\$	%	\$	%	\$	%
GAAP Operating Income	\$ 2,832	2.7%	\$ 8,082	7.6%	\$ 8,462	4.1%	\$ 13,274	6.4%
(a) Acquisition transaction expenses	2,018	1.9	—	—	2,455	1.2	—	—
Non-GAAP Operating Income	\$ 4,850	4.6%	\$ 8,082	7.6%	\$ 10,917	5.3%	\$ 13,274	6.4%

(a) Represents transaction expenses in connection with the acquisition of DNP Photomask Technology Taiwan Co., Ltd., a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd.
