

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) **February 15, 2017**

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

(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 2.02 Results of Operation and Financial Condition

On February 15, 2017 the Corporation issued a press release reporting first quarter fiscal 2017 results.

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 and 99.5 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 February 15, 2017, 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 January 29, 2017 will be disclosed. This information is set forth in Exhibit 99.5.

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 February 15, 2017
- [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

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: February 15, 2017

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



Press Release

For Further Information:
R. Troy Dewar, CFA
Director, Investor Relations
(203) 740-5610
tdewar@photronics.com

Photronics Reports First Quarter Fiscal 2017 Results

BROOKFIELD, CT—(Marketwired – February 15, 2017) —

- First quarter sales were \$109.8 million, up 2% sequentially on improved IC sales
- Net income attributable to Photronics, Inc. shareholders was \$1.9 million (\$0.03 per diluted share)
- Net cash¹ improved to \$264 million, providing additional financial strength and flexibility to fund growth
- Plan to break ground on new, state-of-the-art IC photomask facility in China by the end of February
- Second quarter 2017 guidance: sales between \$105 and \$115 million; diluted EPS between \$0.01 and \$0.07

Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for fiscal 2017 first quarter ended January 29, 2017.

First quarter sales were \$109.8 million, up 2% sequentially and down 15% compared with last year. Sales of integrated circuits (IC) photomasks were \$86.4 million, an improvement of 5% sequentially and down 13% compared with last year, while sales of flat panel display (FPD) photomasks were \$23.4 million, down 7% sequentially and 23% compared with last year.

Net income attributable to Photronics, Inc. shareholders was \$1.9 million (\$0.03 per diluted share), compared with \$21.0 million (\$0.28 per diluted share), for the first quarter of 2016, which included a non-recurring net gain of \$8.8 million (\$0.11 per diluted share); and \$5.3 million (\$0.08 per diluted share) for the fourth quarter of 2016, which included a non-recurring tax benefit of \$1.8 million (\$0.03 per diluted share).

"We achieved improved sales compared with the fourth quarter of 2016 as an increase in IC sales was partially offset by lower FPD demand," said Peter Kirlin, chief executive officer. "IC sales were up, despite seasonal headwinds. FPD was lower as growth in high-end was more than offset by a decline in mainstream as customers focused on supporting current production, which limited new product releases. With the top line improvement, we achieved higher operating income and cash from operations through continued cost management and financial discipline. Progress continues on our two strategic investments this year, with ground breaking scheduled to take place for our China IC facility by the end of February, and we expect to receive new FPD tools soon, with the installation to begin in the third quarter."

Second Quarter 2017 Guidance

Kirlin continued, "Looking ahead to the second quarter, we anticipate improved mainstream IC sales, mixed results in high-end IC, and flat FPD revenues, with orders for new AMOLED displays ramping at quarter end." For the second quarter of 2017, Photronics expects revenues to be between \$105 million and \$115 million and net income attributable to Photronics, Inc. shareholders to be between \$0.01 and \$0.07 per diluted share.

Conference Call

A conference call with investors and the media to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, February 15, 2017. The call can be accessed by logging onto Photronics' web site at www.photronics.com. The live dial-in number is (877) 377-7095 or (408) 774-4601 outside of the United States and Canada. The call will be archived on Photronics' web site for instant replay access.

Non-GAAP Financial Measures

Non-GAAP net income attributable to Photronics, Inc. shareholders, non-GAAP earnings per share, and non-GAAP EBITDA 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. The attached financial supplement reconciles Photronics, Inc.'s financial results under GAAP to non-GAAP financial information. Photronics, Inc. believes these non-GAAP financial measures 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 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 condensed consolidated statements of income and must be considered in performing a comprehensive assessment of overall financial performance. Non-GAAP financial information is adjusted for the following items:

- Non-recurring tax benefit in fiscal 2016 related to the recognition of certain tax benefits in Taiwan that were determined to be realizable in filings for future tax periods
- Non-recurring net gain on sale of investment in fiscal 2016
- Interest expense, income tax expense/(benefit), depreciation and amortization, and other items are added to GAAP net income to derive non-GAAP EBITDA

Note:

1. Net cash defined as cash and cash equivalents less long-term borrowings (including current portion), as reported in accordance with GAAP.

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.

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

	Three Months Ended		
	January 29, 2017	October 30, 2016	January 31, 2016
Net sales	\$ 109,831	\$ 107,368	\$ 129,956
Costs and expenses:			
Cost of sales	(86,832)	(86,835)	(94,520)
Gross profit	22,999	20,533	35,436
Selling, general and administrative	(10,871)	(10,191)	(12,198)
Research and development	(3,485)	(5,041)	(5,700)
Operating income	8,643	5,301	17,538
Gain on sale of investment	-	-	8,785
Other income (expense), net	(2,083)	(69)	878
Income before income taxes	6,560	5,232	27,201
Income tax provision	(2,050)	1,337	(3,700)
Net income	4,510	6,569	23,501
Net income attributable to noncontrolling interests	(2,564)	(1,313)	(2,499)
Net income attributable to Photronics, Inc. shareholders	\$ 1,946	\$ 5,256	\$ 21,002
Earnings per share:			
Basic	\$ 0.03	\$ 0.08	\$ 0.31
Diluted	\$ 0.03	\$ 0.08	\$ 0.28
Weighted-average number of common shares outstanding:			
Basic	68,176	68,025	66,807
Diluted	69,169	68,906	79,136

PHOTRONICS, INC. AND SUBSIDIARIES**Condensed Consolidated Balance Sheets**

(in thousands)

(Unaudited)

	January 29, 2017	October 30, 2016
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 329,696	\$ 314,074
Accounts receivable	86,025	92,636
Inventories	23,573	22,081
Other current assets	11,244	12,795
	<u>450,538</u>	<u>441,586</u>
Total current assets	450,538	441,586
Property, plant and equipment, net	496,676	506,434
Intangible assets, net	20,094	19,854
Other assets	20,160	20,114
	<u>20,160</u>	<u>20,114</u>
Total assets	<u>\$ 987,468</u>	<u>\$ 987,988</u>
<u>Liabilities and Equity</u>		
Current liabilities:		
Current portion of long-term borrowings	\$ 5,465	\$ 5,428
Accounts payable and accrued liabilities	69,872	75,889
	<u>75,337</u>	<u>81,317</u>
Total current liabilities	75,337	81,317
Long-term borrowings	60,508	61,860
Other liabilities	20,215	19,337
Photronics, Inc. shareholders' equity	712,476	710,363
Noncontrolling interests	118,932	115,111
Total equity	<u>831,408</u>	<u>825,474</u>
Total liabilities and equity	<u>\$ 987,468</u>	<u>\$ 987,988</u>

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

(in thousands)
(Unaudited)

	Three Months Ended	
	January 29, 2017	January 31, 2016
Cash flows from operating activities:		
Net income	\$ 4,510	\$ 23,501
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,965	20,628
Gain on sale of investment	-	(8,785)
Changes in assets, liabilities and other	6,064	8,044
Net cash provided by operating activities	<u>31,539</u>	<u>43,388</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(9,600)	(21,539)
Acquisition of Business	(5,400)	-
Proceeds from sale of investments	-	8,785
Other	(396)	193
Net cash used in investing activities	<u>(15,396)</u>	<u>(12,561)</u>
Cash flows from financing activities:		
Repayments of long-term borrowings	(1,343)	(2,437)
Proceeds from share-based arrangements	1,113	2,063
Other	(16)	-
Net cash used in financing activities	<u>(246)</u>	<u>(374)</u>
Effect of exchange rate changes on cash	<u>(275)</u>	<u>(4,876)</u>
Net increase in cash and cash equivalents	15,622	25,577
Cash and cash equivalents, beginning of period	<u>314,074</u>	<u>205,867</u>
Cash and cash equivalents, end of period	<u>\$ 329,696</u>	<u>\$ 231,444</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Non-GAAP Financial Measures
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands, except per share data)
(Unaudited)

	Three Months Ended		
	January 29, 2017	October 30, 2016	January 31, 2016
Reconciliation of GAAP to Non-GAAP Net Income Attributable to Photronics, Inc. Shareholders and EPS data			
GAAP net income attributable to Photronics, Inc. shareholders	\$ 1,946	\$ 5,256	\$ 21,002
Income tax expense/(benefit) (a)	-	(1,834)	-
Gain on sale of investment, net of tax (b)	-	-	(8,753)
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 1,946</u>	<u>\$ 3,422</u>	<u>\$ 12,249</u>
Weighted average number of diluted shares outstanding			
GAAP	<u>69,169</u>	<u>68,906</u>	<u>79,136</u>
Non-GAAP	<u>69,169</u>	<u>68,906</u>	<u>79,136</u>
Net income per diluted share			
GAAP	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ 0.28</u>
Non-GAAP	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.17</u>
Reconciliation of GAAP Net Income to Non-GAAP EBITDA			
GAAP Net Income (c)	\$ 4,510	\$ 6,569	\$ 23,501
Interest expense	559	616	1,174
Income tax expense/(benefit)	2,050	(1,337)	3,700
Depreciation and amortization	20,896	22,304	20,457
Other items (d)	937	980	897
Non-GAAP EBITDA	<u>\$ 28,952</u>	<u>\$ 29,132</u>	<u>\$ 49,729</u>

Notes:

- (a) Represents tax benefit primarily related to the recognition of prior period tax benefits and other tax positions no longer deemed necessary in Taiwan
- (b) Represents gain on sale of investment in a foreign entity
- (c) Includes net income attributable to noncontrolling interests and, in 2016, includes gain on sale of investment in a foreign entity
- (d) Consists of stock compensation expense