

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 18, 2015

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)

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 18, 2015, the Company issued a press release reporting second quarter 2015 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 19, 2015 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 3, 2015 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.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated May 18, 2015
 - 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, 2015

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



PHOTRONICS REPORTS SECOND QUARTER FISCAL 2015 RESULTS

- Quarterly sales of \$127.3 million
- Diluted EPS of \$0.14; includes \$0.02 related to the reduction of foreign tax net operating loss valuation allowance
- Quarterly high-end IC photomask sales increase 15% sequentially to \$41.7 million
- Flat panel display sales increase 7% sequentially to \$23.5 million
- Non-GAAP EBITDA of \$35 million
- Working capital of \$151 million, up \$7.8 million sequentially

BROOKFIELD, Connecticut May 18, 2015 — 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 2015 second quarter ended May 3, 2015.

Peter Kirlin, Photronics' chief executive officer commented, "High-end semiconductor sales led by increased demand for memory photomasks helped us achieve revenues near the high end of our expectations for the quarter. Our strong operating leverage and improved manufacturing efficiencies enabled us to leverage our strong revenues into bottom line performance above our initial guidance range."

Sales for the second quarter of fiscal 2015 were \$127.3 million, a sequential increase of 3% compared with \$123.5 million for the first quarter of fiscal 2015. Sales for the second quarter of 2014 were \$104.9 million. Sales of semiconductor photomasks were \$103.8 million, or 82% of revenues, during the second quarter of fiscal 2015, and sales of flat panel display (FPD) photomasks were \$23.5 million, or 18% of revenues.

GAAP and non-GAAP net income attributable to Photronics, Inc. shareholders for the second quarter of fiscal 2015 was \$10.1 million, or \$0.14 per diluted share, which includes a benefit of \$1.5 million, or \$0.02 per share, relating to the reduction of a portion of a tax net operating loss valuation allowance for a foreign subsidiary that was no longer required. GAAP and non-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 \$1.2 million, or \$0.02 per diluted share, respectively. Non-GAAP net income attributable to Photronics, Inc. shareholders for the second quarter of fiscal 2014 excluded a non-cash gain on acquisition of \$16.4 million and transaction expenses of \$2.0 million related to the PDMC joint venture in Taiwan.

Sales for the first six months of fiscal 2015 were \$250.8 million, compared with \$206.4 million for the first six months of fiscal 2014. For the first six months of fiscal 2015, sales of semiconductor photomasks were \$205.3 million, or 82% of revenues, and sales of FPD photomasks were \$45.5 million, or 18% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the first six months of fiscal 2015 was \$13.9 million, or \$0.21 per diluted share, compared with \$17.5 million, or \$0.27 per diluted share for the first six months of fiscal 2014. Non-GAAP net income attributable to Photronics, Inc. shareholders for the first six months of fiscal 2015, which excludes financing expenses of \$0.9 million, was \$14.8 million, or \$0.22 per diluted share. Non-GAAP net income attributable to Photronics, Inc. shareholders for the first six months of fiscal 2014, which excludes a non-cash gain on acquisition of \$16.4 million and transaction expenses of \$2.5 million, was \$3.6 million, or \$0.06 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:

- Financing expenses in fiscal 2015 related to the exchange of convertible senior notes are excluded because they are not a part of ongoing operations.
 - Non-cash acquisition gain and transaction expenses in fiscal 2014 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 19, 2015. 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 2015 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.

13-2015

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	May 3, 2015	May 4, 2014	May 3, 2015	May 4, 2014
Net sales	\$ 127,309	\$ 104,882	\$ 250,814	\$ 206,424
Costs and expenses:				
Cost of sales	(94,214)	(82,692)	(189,535)	(161,352)
Selling, general and administrative	(12,421)	(13,419)	(24,365)	(25,697)
Research and development	(5,809)	(5,939)	(10,490)	(10,913)
Operating income	14,865	2,832	26,424	8,462
Gain on acquisition	-	16,372	-	16,372
Other expense, net	(1,457)	(1,222)	(2,740)	(2,095)
Income before income taxes	13,408	17,982	23,684	22,739
Income tax provision	(1,252)	(2,032)	(4,386)	(4,747)
Net income	12,156	15,950	19,298	17,992
Net income attributable to noncontrolling interests	(2,096)	(410)	(5,401)	(459)
Net income attributable to Photronics, Inc. shareholders	<u>\$ 10,060</u>	<u>\$ 15,540</u>	<u>\$ 13,897</u>	<u>\$ 17,533</u>
Earnings per share:				
Basic	<u>\$ 0.15</u>	<u>\$ 0.25</u>	<u>\$ 0.21</u>	<u>\$ 0.29</u>
Diluted	<u>\$ 0.14</u>	<u>\$ 0.22</u>	<u>\$ 0.21</u>	<u>\$ 0.27</u>
Weighted-average number of common shares outstanding				
Basic	66,230	61,372	66,148	61,286
Diluted	<u>78,228</u>	<u>77,705</u>	<u>72,624</u>	<u>77,632</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(in thousands)
(Unaudited)

	May 3, 2015	November 2, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 176,050	\$ 192,929
Accounts receivable	97,634	94,515
Inventories	23,233	22,478
Other current assets	24,705	26,570
Total current assets	321,622	336,492
Property, plant and equipment, net	602,982	550,069
Investment in joint venture	93,059	93,122
Intangible assets, net	27,883	30,294
Other assets	17,648	19,206
	<u>\$ 1,063,194</u>	<u>\$ 1,029,183</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 17,651	\$ 10,381
Accounts payable and accrued liabilities	152,595	128,736
Total current liabilities	170,246	139,117
Long-term borrowings	119,784	131,805
Other liabilities	19,181	18,767
Photronics, Inc. shareholders' equity	637,706	628,050
Noncontrolling interests	116,277	111,444
Total equity	<u>753,983</u>	<u>739,494</u>
	<u>\$ 1,063,194</u>	<u>\$ 1,029,183</u>

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

(in thousands)

(Unaudited)

	Six Months Ended	
	May 3, 2015	May 4, 2014
Cash flows from operating activities:		
Net income	\$ 19,298	\$ 17,992
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	40,318	36,782
Changes in assets and liabilities and other	(1,709)	1,497
Gain on acquisition	-	(16,372)
Net cash provided by operating activities	57,907	39,899
Cash flows from investing activities:		
Purchases of property, plant and equipment	(67,935)	(42,385)
Cash from acquisition	-	4,508
Other	(218)	(910)
Net cash used in investing activities	(68,153)	(38,787)
Cash flows from financing activities:		
Repayments of long-term borrowings	(4,751)	(25,100)
Payment of deferred financing fees	-	(309)
Proceeds from share-based arrangements	1,195	888
Other	(76)	(543)
Net cash used in financing activities	(3,632)	(25,064)
Effect of exchange rate changes on cash	(3,001)	165
Net decrease in cash and cash equivalents	(16,879)	(23,787)
Cash and cash equivalents, beginning of period	192,929	215,615
Cash and cash equivalents, end of period	\$ 176,050	\$ 191,828
Noncash net assets from acquisition	\$ -	\$ 110,211

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 3, 2015	May 4, 2014	May 3, 2015	May 4, 2014
Reconciliation of GAAP to Non-GAAP Net Income				
Attributable to Photronics, Inc. Shareholders				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 10,060	\$ 15,540	\$ 13,897	\$ 17,533
(a) Financing expenses, net of tax	-	-	901	-
(b) Gain on acquisition, net of tax	-	(16,372)	-	(16,372)
(c) Acquisition transaction expenses, net of tax	-	2,018	-	2,455
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 10,060</u>	<u>\$ 1,186</u>	<u>\$ 14,798</u>	<u>\$ 3,616</u>

Reconciliation of GAAP to Non-GAAP Net Income

Applicable to Common Shareholders

Weighted average number of diluted shares outstanding

GAAP	<u>78,228</u>	<u>77,705</u>	<u>72,624</u>	<u>77,632</u>
Non-GAAP	<u>78,228</u>	<u>62,282</u>	<u>78,166</u>	<u>62,209</u>
Net income per diluted share				
GAAP	<u>\$ 0.14</u>	<u>\$ 0.22</u>	<u>\$ 0.21</u>	<u>\$ 0.27</u>
Non-GAAP	<u>\$ 0.14</u>	<u>\$ 0.02</u>	<u>\$ 0.22</u>	<u>\$ 0.06</u>

- (a) Represents financing expenses related to the exchange of \$57.5 million of 3.25% convertible senior notes, recorded in other expense, net
- (b) Represents gain on acquisition of DNP Photomask Technology Taiwan Co., Ltd (DPTT), a wholly-owned subsidiary of Dai Nippon Printing Co., Ltd.
- (c) Represents transaction expenses in connection with the acquisition of DPTT

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 3, 2015</u>	<u>May 4, 2014</u>	<u>May 3, 2015</u>	<u>May 4, 2014</u>
GAAP Net Income (a)	\$ 12,156	\$ 15,950	\$ 19,298	\$ 17,992
Add: interest expense	1,233	1,816	2,603	3,800
Add: income tax expense	1,252	2,032	4,386	4,747
Add: depreciation and amortization	19,293	18,550	39,900	35,972
Add (less): special items (b)	912	(13,310)	2,738	(11,768)
Non-GAAP EBITDA	<u>\$ 34,846</u>	<u>\$ 25,038</u>	<u>\$ 68,925</u>	<u>\$ 50,743</u>

(a) Includes net income attributable to noncontrolling interests.

(b) Special items consist of stock compensation expense, and in 2015 financing expenses in connection with the exchange of \$57.5 million of 3.25% convertible senior notes, 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 3, 2015		May 4, 2014		May 3, 2015		May 4, 2014	
	\$	%	\$	%	\$	%	\$	%
	(a)		(a)		(a)		(a)	
GAAP Operating Income	\$ 14,865	11.7%	\$ 2,832	2.7%	\$ 26,424	10.5%	\$ 8,462	4.1%
Acquisition transaction expenses (b)	—	—	2,018	1.9	—	—	2,455	1.2
Non-GAAP Operating Income	\$ 14,865	11.7%	\$ 4,850	4.6%	\$ 26,424	10.5%	\$ 10,917	5.3%

(a) Represents percentage of net sales

(b) 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.