

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**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 24, 2016**

**PHOTRONICS, INC.**

(Exact name of registrant as specified in its charter)

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

Registrant's Telephone Number, including area code **(203) 775-9000**

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(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 February 24, 2016, the Company issued a press release reporting first quarter fiscal 2016 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 February 24, 2016, 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 January 31, 2016 will be disclosed. This information is set forth in Exhibits 99.5 and 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**

### Exhibits

99.1	Press Release dated February 24, 2016
99.2	Condensed Consolidated Statements of Income
99.3	Condensed Consolidated Balance Sheets
99.4	Condensed Consolidated Statements of Cash Flows

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99.5 Reconciliation of GAAP to Non-GAAP Financial Information

99.6 Reconciliation of GAAP Net Income to Non-GAAP EBITDA

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

99.1 Press Release dated February 24, 2016

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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.**

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(Registrant)

**DATE: February 24, 2016**

**BY /s/ *Richelle E. Burr***

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Richelle E. Burr

Vice President, General Counsel

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PHOTRONICS, INC.



**For Further Information:**  
R. Troy Dewar, CFA  
Director, Investor Relations  
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## Photronics Reports First Quarter Fiscal 2016 Results

- Record first-quarter sales of \$130.0 million, up 5% compared with last year and the seventh consecutive quarter of year-over-year revenue growth
- Net income of \$21.0 million (\$0.28 per diluted share) includes a non-recurring net gain of \$8.8 million (\$0.11 per diluted share)
- FPD sales increased 37% year-over-year, with high-end FPD sales up 56%
- EBITDA of \$49.7 million, up 46% from the first quarter of 2015
- Net cash of \$101 million, up \$28 million sequentially, providing financial strength and flexibility to fund growth
- Second quarter 2016 guidance: sales between \$120 and \$130 million; diluted EPS between \$0.08 and \$0.16

BROOKFIELD, Connecticut – February 24, 2016 — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for fiscal 2016 first quarter ended January 31, 2016.

First quarter sales were \$130.0 million, up 5% compared with last year, and down 8% sequentially. Sales of IC photomasks were \$99.8 million, down 2% from the same period last year and 11% from last quarter, while sales of flat panel display (FPD) photomasks were \$30.2 million, up 37% compared with last year and flat sequentially. GAAP net income attributable to Photronics, Inc. shareholders was \$21.0 million, or \$0.28 per diluted share, including a non-recurring net gain of \$8.8 million (\$0.11 per diluted share) on the sale of investment in a foreign entity, compared with \$3.8 million, or \$0.06 per diluted share, for the first quarter of 2015. Excluding the gain, non-GAAP net income attributable to Photronics, Inc. shareholders was \$12.2 million, or \$0.17 per diluted share, compared with \$4.7 million, or \$0.07 per diluted share, for the first quarter of 2015, excluding net financing expenses.

"Despite a challenging macroeconomic environment, we executed well and were able to achieve record first-quarter sales," stated Peter Kirlin, chief executive officer. "Continuing the trend from 2015, demand for high-end memory and FPD masks was strong. Demand for high-end logic masks, which can be uneven when transitioning to new nodes, was soft due to slower product launches from Asian foundries. Mainstream IC was down globally due to Asian foundry softness and a greater-than-normal seasonal downturn in the US and Europe. These factors contributed to net income well above last year's results but off from the record-setting fourth quarter. We also built upon our already solid cash balance, lifting our net cash position to \$101 million. All said, I believe our results were very good given the environment we faced, and I'm still very confident in our long-term ability to achieve profitable growth."

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## Second Quarter 2016 Guidance

Kirlin continued, "Looking into the second quarter, we expect continued strong demand from high-end memory and FPD. We anticipate continued softness in high-end logic due to low demand from Asian foundries, as well as potential headwinds in Asia due to the Chinese New Year." For the second quarter of 2016, Photronics expects revenues to be between \$120 million and \$130 million and net income attributable to Photronics, Inc. shareholders to be between \$0.08 and \$0.16 per diluted share.

## 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. The attached financial supplement reconciles non-GAAP financial information with Photronics, Inc.'s financial results under GAAP. 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-recurring net gain on sale of investment in fiscal 2016
  - Financing expenses in fiscal 2015 related to the exchange of convertible senior notes
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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.

### **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 24, 2016. The call can be accessed by logging onto Photronics' web site at [www.photronics.com](http://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.

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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](http://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.

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**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**

(in thousands, except per share amounts)

(Unaudited)

	<b>Three Months Ended</b>	
	<b>January 31, 2016</b>	<b>February 1, 2015</b>
Net sales	\$ 129,956	\$ 123,505
Costs and expenses:		
Cost of sales	(94,520)	(95,321)
Selling, general and administrative	(12,198)	(11,944)
Research and development	(5,700)	(4,681)
Operating income	17,538	11,559
Gain on sale of investment	8,785	-
Other income (expense), net	878	(1,283)
Income before income taxes	27,201	10,276
Income tax provision	(3,700)	(3,134)
Net income	23,501	7,142
Net income attributable to noncontrolling interests	(2,499)	(3,305)
Net income attributable to Photronics, Inc. shareholders	<u>\$ 21,002</u>	<u>\$ 3,837</u>
Earnings per share:		
Basic	\$ 0.31	\$ 0.06
Diluted	\$ 0.28	\$ 0.06
Weighted-average number of common shares outstanding:		
Basic	66,807	66,066
Diluted	<u>79,136</u>	<u>67,020</u>

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

(in thousands)

(Unaudited)

	January 31, 2016	November 1, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 231,444	\$ 205,867
Accounts receivable	99,936	110,056
Inventories	21,760	24,157
Other current assets	19,840	24,034
Total current assets	372,980	364,114
Property, plant and equipment, net	519,272	547,284
Investment in joint venture	92,931	93,021
Intangible assets, net	23,184	24,616
Other assets	14,983	16,520
	<u>\$ 1,023,350</u>	<u>\$ 1,045,555</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 63,955	\$ 65,495
Accounts payable and accrued liabilities	102,410	127,197
Total current liabilities	166,365	192,692
Long-term borrowings	66,224	67,120
Other liabilities	23,298	23,677
Photronics, Inc. shareholders' equity	653,065	646,555
Noncontrolling interests	114,398	115,511
Total equity	<u>767,463</u>	<u>762,066</u>
	<u>\$ 1,023,350</u>	<u>\$ 1,045,555</u>

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

(in thousands)

(Unaudited)

	<b>Three Months Ended</b>	
	<b>January 31, 2016</b>	<b>February 1, 2015</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 23,501	\$ 7,142
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,628	20,854
Gain on sale of investment	(8,785)	-
Changes in assets, liabilities and other	8,044	(5,696)
<b>Net cash provided by operating activities</b>	<b>43,388</b>	<b>22,300</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(21,539)	(40,371)
Proceeds from sale of investments	8,785	-
Other	193	43
<b>Net cash used in investing activities</b>	<b>(12,561)</b>	<b>(40,328)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(2,437)	(2,367)
Proceeds from share-based arrangements	2,063	768
<b>Net cash used in financing activities</b>	<b>(374)</b>	<b>(1,599)</b>
Effect of exchange rate changes on cash	(4,876)	(4,692)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25,577</b>	<b>(24,319)</b>
Cash and cash equivalents, beginning of period	205,867	192,929
<b>Cash and cash equivalents, end of period</b>	<b>\$ 231,444</b>	<b>\$ 168,610</b>

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

(in thousands, except per share data)

(Unaudited)

	Three Months Ended	
	January 31, 2016	February 1, 2015
<b>Reconciliation of GAAP to Non-GAAP Net Income</b>		
<b>Attributable to Photronics, Inc. Shareholders</b>		
GAAP net income attributable to Photronics, Inc. shareholders	\$ 21,002	\$ 3,837
<b>(a)</b> Gain on sale of investment, net of tax	(8,753)	-
<b>(b)</b> Financing expenses, net of tax	-	901
Non-GAAP net income attributable to Photronics, Inc. shareholders	\$ 12,249	\$ 4,738
<b>Reconciliation of GAAP to Non-GAAP Net Income</b>		
<b>Applicable to Common Shareholders</b>		
Weighted average number of diluted shares outstanding		
GAAP	79,136	67,020
Non-GAAP	79,136	67,020
Net income per diluted share		
GAAP	\$ 0.28	\$ 0.06
Non-GAAP	\$ 0.17	\$ 0.07

**(a)** Represents gain on sale of investment in a foreign entity

**(b)** Represents financing expenses related to the exchange of \$57.5 million of 3.25% convertible senior notes

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

	<b>Three Months Ended</b>	
	<b>January 31, 2016</b>	<b>February 1, 2015</b>
<b>GAAP Net Income (a)</b>	\$ 23,501	\$ 7,142
Add: interest expense	1,174	1,370
Add: income tax expense	3,700	3,134
Add: depreciation and amortization	20,457	20,607
Add: special items (b)	897	1,826
<b>Non-GAAP EBITDA</b>	<b>\$ 49,729</b>	<b>\$ 34,079</b>

- (a) Includes net income attributable to noncontrolling interests, and in 2016 includes gain on sale of investment in a foreign entity
- (b) Special items consist of stock compensation expense, and in 2015 includes financing expenses in connection with the exchange of \$57.5 million of 3.25% convertible senior notes
-