

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) **August 18, 2015**

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**PHOTRONICS, INC.**

(Exact name of registrant as specified in its charter)

<b>Connecticut</b> (State or other jurisdiction of incorporation)	<b>0-15451</b> (Commission File Number)	<b>06-0854886</b> (IRS Employer Identification Number)
<b>15 Secor Road, Brookfield, CT</b> (Address of Principal Executive Offices)	<b>06804</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 August 18, 2015, the Company issued a press release reporting third 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 August 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 August 2, 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 August 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.**

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(Registrant)

**DATE: August 18, 2015**

**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:**  
Troy Dewar  
Director, Investor Relations  
(203) 775-9000  
tdewar@photronics.com

## ***Press Release***

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### **PHOTRONICS REPORTS THIRD QUARTER FISCAL 2015 RESULTS**

- Quarterly sales of \$131.7 million, up \$4.4 million sequentially
- Diluted EPS of \$0.17 (above guided range of \$0.06 to \$0.13)
- Sequential gross and operating margin improvement of 230 and 240 BPS, respectively
- Flat panel display sales increase 18% sequentially to \$27.7 million
- Non-GAAP EBITDA of \$42 million, up 20% sequentially
- Working capital of \$179 million, up \$28 million sequentially
- Net cash of \$57 million, up \$18 million sequentially

BROOKFIELD, Connecticut August 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 third quarter ended August 2, 2015.

Peter Kirlin, Photronics' chief executive officer commented, "High-end flat panel display sales led by increased demand for AMOLED photomasks helped us achieve revenues near the high end of our expectations for the quarter. This was the second consecutive quarter with sales up on a sequential as well as a year-over-year basis. Our continuously improving manufacturing efficiencies enabled us to leverage our incremental revenue growth into bottom line performance above our guided range."

Sales for the third quarter of fiscal 2015 were \$131.7 million, a sequential increase of 3% compared with \$127.3 million for the second quarter of fiscal 2015. Sales for the third quarter of 2014 were \$124.9 million. Sales of semiconductor photomasks were \$104.0 million, or 79% of revenues, during the third quarter of fiscal 2015, and sales of flat panel display (FPD) photomasks were \$27.7 million, or 21% of revenues.

GAAP and non-GAAP net income attributable to Photronics, Inc. shareholders for the third quarter of fiscal 2015 was \$12.1 million, or \$0.17 per diluted share. GAAP and non-GAAP net income attributable to Photronics, Inc. shareholders for the third quarter of fiscal 2014 was \$4.2 million, or \$0.07 per diluted share.

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Sales for the first nine months of fiscal 2015 were \$382.5 million, compared with \$331.3 million for the first nine months of fiscal 2014. For the first nine months of fiscal 2015, sales of semiconductor photomasks were \$309.3 million, or 81% of revenues, and sales of FPD photomasks were \$73.2 million, or 19% of revenues. GAAP net income attributable to Photronics, Inc. shareholders for the first nine months of fiscal 2015 was \$26.0 million, or \$0.37 per diluted share, compared with \$21.7 million, or \$0.34 per diluted share for the first nine months of fiscal 2014. Non-GAAP net income attributable to Photronics, Inc. shareholders for the first nine months of fiscal 2015, which excludes financing expenses of \$0.9 million, was \$26.9 million, or \$0.39 per diluted share. Non-GAAP net income attributable to Photronics, Inc. shareholders for the first nine months of fiscal 2014, which excludes a non-cash gain on acquisition of \$16.4 million and transaction expenses of \$2.5 million, was \$7.8 million, or \$0.13 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 Wednesday, August 19, 2015. 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 (408) 774-4601. The call will be archived for instant replay access until the Company reports its fiscal 2015 fourth 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](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.

15-2015

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

	Three Months Ended		Nine Months Ended	
	August 2, 2015	August 3, 2014	August 2, 2015	August 3, 2014
Net sales	\$ 131,699	\$ 124,852	\$ 382,513	\$ 331,276
Costs and expenses:				
Cost of sales	(94,456)	(96,202)	(283,991)	(257,554)
Selling, general and administrative	(12,430)	(12,394)	(36,795)	(38,092)
Research and development	(6,253)	(5,199)	(16,743)	(16,111)
Operating income	18,560	11,057	44,984	19,519
Gain on acquisition	-	-	-	16,372
Other income (expense), net	240	(1,168)	(2,500)	(3,264)
Income before income taxes	18,800	9,889	42,484	32,627
Income tax provision	(3,390)	(2,545)	(7,775)	(7,291)
Net income	15,410	7,344	34,709	25,336
Net income attributable to noncontrolling interests	(3,304)	(3,158)	(8,706)	(3,617)
Net income attributable to Photronics, Inc. shareholders	<u>\$ 12,106</u>	<u>\$ 4,186</u>	<u>\$ 26,003</u>	<u>\$ 21,719</u>
Earnings per share:				
Basic	<u>\$ 0.18</u>	<u>\$ 0.07</u>	<u>\$ 0.39</u>	<u>\$ 0.35</u>
Diluted	<u>\$ 0.17</u>	<u>\$ 0.07</u>	<u>\$ 0.37</u>	<u>\$ 0.34</u>
Weighted-average number of common shares outstanding				
Basic	66,454	61,436	66,250	61,336
Diluted	<u>78,569</u>	<u>62,432</u>	<u>78,300</u>	<u>77,706</u>

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

(in thousands)  
(Unaudited)

	<b>August 2, 2015</b>	<b>November 2, 2014</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 191,562	\$ 192,929
Accounts receivable	104,701	94,515
Inventories	23,266	22,478
Other current assets	21,037	26,570
Total current assets	340,566	336,492
Property, plant and equipment, net	568,921	550,069
Investment in joint venture	93,040	93,122
Intangible assets, net	26,280	30,294
Other assets	17,284	19,206
	<u>\$ 1,046,091</u>	<u>\$ 1,029,183</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 16,577	\$ 10,381
Accounts payable and accrued liabilities	144,959	128,736
Total current liabilities	161,536	139,117
Long-term borrowings	118,457	131,805
Other liabilities	20,051	18,767
Photronics, Inc. shareholders' equity	628,771	628,050
Noncontrolling interests	117,276	111,444
Total equity	746,047	739,494
	<u>\$ 1,046,091</u>	<u>\$ 1,029,183</u>



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

(in thousands)

(Unaudited)

	<b>Nine Months Ended</b>	
	<b>August 2, 2015</b>	<b>August 3, 2014</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 34,709	\$ 25,336
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,465	58,412
Gain on acquisition	-	(16,372)
Changes in assets and liabilities and other	(4,347)	(5,538)
<b>Net cash provided by operating activities</b>	<b>91,827</b>	<b>61,838</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(80,107)	(58,278)
Cash from acquisition	-	4,508
Other	(283)	(759)
<b>Net cash used in investing activities</b>	<b>(80,390)</b>	<b>(54,529)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(7,152)	(27,432)
Payment of deferred financing fees	-	(336)
Proceeds from share-based arrangements	2,375	1,043
Other	(171)	(597)
<b>Net cash used in financing activities</b>	<b>(4,948)</b>	<b>(27,322)</b>
Effect of exchange rate changes on cash	(7,856)	736
<b>Net decrease in cash and cash equivalents</b>	<b>(1,367)</b>	<b>(19,277)</b>
Cash and cash equivalents, beginning of period	192,929	215,615
<b>Cash and cash equivalents, end of period</b>	<b>\$ 191,562</b>	<b>\$ 196,338</b>
<b>Noncash net assets from acquisition</b>	<b>\$ -</b>	<b>\$ 110,211</b>

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

(in thousands, except per share data)

(Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>August 2, 2015</u>	<u>August 3, 2014</u>	<u>August 2, 2015</u>	<u>August 3, 2014</u>
<b>Reconciliation of GAAP to Non-GAAP Net Income</b>				
<b><u>Attributable to Photronics, Inc. Shareholders</u></b>				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 12,106	\$ 4,186	\$ 26,003	\$ 21,719
(a) Financing expenses, net of tax	-	-	901	-
(b) Gain on acquisition, net of tax	-	-	-	(16,372)
(c) Acquisition transaction expenses, net of tax	-	-	-	2,455
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 12,106</u>	<u>\$ 4,186</u>	<u>\$ 26,904</u>	<u>\$ 7,802</u>

**Reconciliation of GAAP to Non-GAAP Net Income**

**Applicable to Common Shareholders**

Weighted average number of diluted shares outstanding

GAAP	<u>78,569</u>	<u>62,432</u>	<u>78,300</u>	<u>77,706</u>
Non-GAAP	<u>78,569</u>	<u>62,432</u>	<u>78,300</u>	<u>62,283</u>
<b>Net income per diluted share</b>				
GAAP	<u>\$ 0.17</u>	<u>\$ 0.07</u>	<u>\$ 0.37</u>	<u>\$ 0.34</u>
Non-GAAP	<u>\$ 0.17</u>	<u>\$ 0.07</u>	<u>\$ 0.39</u>	<u>\$ 0.13</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)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>August 2, 2015</b>	<b>August 3, 2014</b>	<b>August 2, 2015</b>	<b>August 3, 2014</b>
<b>GAAP Net Income (a)</b>	\$ 15,410	\$ 7,344	\$ 34,709	\$ 25,336
Add: interest expense	1,209	1,809	3,813	5,609
Add: income tax expense	3,390	2,545	7,775	7,291
Add: depreciation and amortization	20,976	21,292	60,876	57,264
Add (less): special items (b)	948	981	3,685	(10,787)
<b>Non-GAAP EBITDA</b>	<b>\$ 41,933</b>	<b>\$ 33,971</b>	<b>\$ 110,858</b>	<b>\$ 84,713</b>

(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				Nine Months Ended			
	August 2, 2015		August 3, 2014		August 2, 2015		August 3, 2014	
	\$	%	\$	%	\$	%	\$	%
		(a)	(a)		(a)	(a)		(a)
<b>GAAP Operating Income</b>	<b>\$ 18,560</b>	<b>14.1%</b>	<b>\$ 11,057</b>	<b>8.9%</b>	<b>\$ 44,984</b>	<b>11.8%</b>	<b>\$ 19,519</b>	<b>5.9%</b>
Acquisition transaction expenses (b)	-	-	-	-	-	-	2,455	0.7
<b>Non-GAAP Operating Income</b>	<b>\$ 18,560</b>	<b>14.1%</b>	<b>\$ 11,057</b>	<b>8.9%</b>	<b>\$ 44,984</b>	<b>11.8%</b>	<b>\$ 21,974</b>	<b>6.6%</b>

(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.