

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) **December 6, 2016**

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 December 6, 2016 the Corporation issued a press release reporting fourth quarter fiscal 2016 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, 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 December 6, 2016, 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 October 30, 2016 will be disclosed. This information is set forth in Exhibit 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

(d) Exhibits

<u>99.1</u>	Press Release dated December 6, 2016
<u>99.2</u>	Condensed Consolidated Statements of Income
<u>99.3</u>	Condensed Consolidated Balance Sheets
<u>99.4</u>	Condensed Consolidated Statements of Cash Flows
<u>99.5</u>	Reconciliation of GAAP to Non-GAAP Financial Information
<u>99.6</u>	Reconciliation of GAAP Net Income to EBITDA to Non-GAAP EBITDA

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: December 6, 2016

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



Press Release

For Further Information:
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Director, Investor Relations
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Photronics Reports Fourth Quarter Fiscal 2016 Results

BROOKFIELD, CT—(Marketwired – December 6, 2016)

- Fourth quarter sales were \$107.4 million, down from previous periods on weak end market demand across nearly all markets
- Net income of \$5.3 million (\$0.08 per diluted share) includes non-recurring tax benefit of \$1.8 million (\$0.03 per diluted share)
- Net cash improved to \$247 million, providing additional financial strength and flexibility to fund growth
- First quarter 2017 guidance: sales between \$104 and \$112 million; diluted EPS between \$0.01 and \$0.06

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 fourth quarter ended October 30, 2016.

Fourth quarter sales were \$107.4 million, down 13% sequentially and 24% compared with last year. Sales of flat panel display (FPD) photomasks were \$25.1 million, down 17% compared with last year and 20% sequentially, while sales of integrated circuits (IC) photomasks were \$82.3 million, down 26% from the same period last year and 10% from last quarter. Net income attributable to Photronics, Inc. shareholders was \$5.3 million (\$0.08 per diluted share) and includes a non-recurring tax benefit of \$1.8 million (\$0.03 per diluted share) primarily related to the recognition of certain tax benefits in Taiwan that were determined to be realizable in filings for future tax periods, compared with \$18.6 million (\$0.25 per diluted share), for the fourth quarter of 2015.

"Demand for our products fell during the quarter as many of our customers decreased new design activity, reducing the demand for new photomasks, especially at the high end," said Peter Kirlin, chief executive officer. "High end FPD remains soft as the industry transitions from LCD to OLED, temporarily reducing new design activity. High end IC memory is starting to see pricing recovery, driving new design activity but not yet impacting mask demand. High end IC logic, which can be volatile, was down this period. Net income fell due to the lower sales level, but we were able to offset some of the decline by reducing our operating expenses. Despite lower sales and net income, cash flow from operations was positive and we added to our already strong balance sheet. We are well positioned to invest in our growth initiatives for IC and FPD, while also evaluating strategic M&A opportunities."

Full Year Results

Full year sales were \$483.5 million, down 8% compared with last year. Sales of IC photomasks were down 13%, while sales of FPD photomasks increased 15%. Net income attributable to Photronics, Inc. shareholders was \$46.2 million (\$0.64 per diluted share), compared with \$44.6 million (\$0.63 per diluted share) in 2015. Non-GAAP net income attributable to Photronics, Inc. shareholders was \$32.6 million (\$0.47 per diluted share), compared with \$45.5 million (\$0.64 per diluted share) in 2015.

First Quarter 2017 Guidance

Kirlin continued, "While we believe our end market demand will improve in 2017, we don't anticipate any meaningful improvement during the first quarter. Markets should basically remain level with fourth quarter demand, with potential tailwinds from high-end logic offset by seasonal softness from Christmas and Chinese New Year holidays." For the first quarter of 2017, Photronics expects revenues to be between \$104 million and \$112 million and net income attributable to Photronics, Inc. shareholders to be between \$0.01 and \$0.06 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 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
- Financing expenses in fiscal 2015 related to the exchange of convertible senior notes

The presentation of this financial information should not be considered in isolation from, 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 Tuesday, December 6, 2016. 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.

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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.

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

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>October 30, 2016</u>	<u>November 1, 2015</u>	<u>October 30, 2016</u>	<u>November 1, 2015</u>
Net sales	\$ 107,368	\$ 141,692	\$ 483,456	\$ 524,206
Costs and expenses:				
Cost of sales	(86,835)	(97,078)	(364,750)	(381,070)
Selling, general and administrative	(10,191)	(12,189)	(44,577)	(48,983)
Research and development	(5,041)	(5,177)	(21,654)	(21,920)
Operating income	5,301	27,248	52,475	72,233
Gain on sales of investments	-	-	8,940	-
Other income (expense), net	(69)	308	(941)	(2,193)
Income before income taxes	5,232	27,556	60,474	70,040
Income tax benefit (provision)	1,337	(5,406)	(4,798)	(13,181)
Net income	6,569	22,150	55,676	56,859
Net income attributable to noncontrolling interests	(1,313)	(3,527)	(9,476)	(12,234)
Net income attributable to Photronics, Inc. shareholders	<u>\$ 5,256</u>	<u>\$ 18,623</u>	<u>\$ 46,200</u>	<u>\$ 44,625</u>
Earnings per share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.28</u>	<u>\$ 0.68</u>	<u>\$ 0.67</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.25</u>	<u>\$ 0.64</u>	<u>\$ 0.63</u>
Weighted-average number of common shares outstanding:				
Basic	<u>68,025</u>	<u>66,575</u>	<u>67,539</u>	<u>66,331</u>
Diluted	<u>68,906</u>	<u>78,631</u>	<u>76,354</u>	<u>78,383</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands)

	<u>October 30,</u> <u>2016</u>	<u>November 1,</u> <u>2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 314,074	\$ 205,867
Accounts receivable	92,636	110,056
Inventories	22,081	24,157
Other current assets	<u>12,795</u>	<u>20,680</u>
Total current assets	441,586	360,760
Property, plant and equipment, net	506,434	547,284
Investment in joint venture	-	93,021
Intangible assets, net	19,854	24,616
Other assets	<u>20,393</u>	<u>17,695</u>
Total assets	<u>\$ 988,267</u>	<u>\$ 1,043,376</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 5,428	\$ 65,495
Accounts payable and accrued liabilities	<u>75,889</u>	<u>127,197</u>
Total current liabilities	81,317	192,692
Long-term borrowings	62,139	67,120
Other liabilities	19,337	21,498
Photronics, Inc. shareholders' equity	710,363	646,555
Noncontrolling interests	<u>115,111</u>	<u>115,511</u>
Total equity	<u>825,474</u>	<u>762,066</u>
Total liabilities and equity	<u>\$ 988,267</u>	<u>\$ 1,043,376</u>

(a) Balances reflect the impact of the adoption of a new accounting standard in fiscal year 2016 related to the balance sheet classification of deferred taxes (ASU 2015-17)

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Year Ended	
	October 30, 2016	November 1, 2015
Cash flows from operating activities:		
Net income	\$ 55,676	\$ 56,859
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	82,841	82,413
Gain on sales of investments	(8,940)	-
Changes in assets and liabilities and other	(7,440)	(6,077)
Net cash provided by operating activities	<u>122,137</u>	<u>133,195</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(50,147)	(104,033)
Proceeds from sales of investments	101,853	-
Other	584	(272)
Net cash provided by (used in) investing activities	<u>52,290</u>	<u>(104,305)</u>
Cash flows from financing activities:		
Repayments of long-term borrowings	(57,609)	(9,571)
Payments to noncontrolling interests	(12,856)	-
Proceeds from share-based arrangements	3,463	2,651
Other	(20)	(179)
Net cash used in financing activities	<u>(67,022)</u>	<u>(7,099)</u>
Effect of exchange rate changes on cash	802	(8,853)
Net increase in cash and cash equivalents	108,207	12,938
Cash and cash equivalents, beginning of period	<u>205,867</u>	<u>192,929</u>
Cash and cash equivalents, end of period	<u>\$ 314,074</u>	<u>\$ 205,867</u>

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>Year Ended</u>	
	<u>October 30, 2016</u>	<u>November 1, 2015</u>	<u>October 30, 2016</u>	<u>November 1, 2015</u>
Reconciliation of GAAP to Non-GAAP Net Income Attributable to Photronics, Inc. Shareholders				
GAAP net income attributable to Photronics, Inc. shareholders	\$ 5,256	\$ 18,623	\$ 46,200	\$ 44,625
(a) Income tax benefit	(1,834)	-	(4,838)	-
(b) Gain on sales of investments, net of tax	-	-	(8,753)	-
(c) Financing expenses, net of tax	-	-	-	901
Non-GAAP net income attributable to Photronics, Inc. shareholders	<u>\$ 3,422</u>	<u>\$ 18,623</u>	<u>\$ 32,609</u>	<u>\$ 45,526</u>
Reconciliation of GAAP to Non-GAAP Net Income Applicable to Common Shareholders				
Weighted average number of diluted shares outstanding				
GAAP	<u>68,906</u>	<u>78,631</u>	<u>76,354</u>	<u>78,383</u>
Non-GAAP	<u>68,906</u>	<u>78,631</u>	<u>76,354</u>	<u>78,383</u>
Net income per diluted share				
GAAP	<u>\$ 0.08</u>	<u>\$ 0.25</u>	<u>\$ 0.64</u>	<u>\$ 0.63</u>
Non-GAAP	<u>\$ 0.05</u>	<u>\$ 0.25</u>	<u>\$ 0.47</u>	<u>\$ 0.64</u>

(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 sales of investments in a foreign entity

(c) 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)

	Three Months Ended		Year Ended	
	October 30, 2016	November 1, 2015	October 30, 2016	November 1, 2015
GAAP Net Income (a)	\$ 6,569	\$ 22,150	\$ 55,676	\$ 56,859
Add: interest expense	616	1,178	3,366	4,991
Add: income tax expense (benefit)	(1,337)	5,406	4,798	13,181
Add: depreciation and amortization	22,304	20,777	82,406	81,653
Add: special items (b)	980	905	3,828	4,590
Non-GAAP EBITDA	<u>\$ 29,132</u>	<u>\$ 50,416</u>	<u>\$ 150,074</u>	<u>\$ 161,274</u>

(a) Includes net income attributable to noncontrolling interests, and in the year ended October 30, 2016 includes gain on sale of investment in a foreign entity

(b) Special items consist of stock compensation expense, and in the year ended November 1, 2015 includes financing expenses in connection with the exchange of \$57.5 million of 3.25% convertible senior notes