

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 20, 2003

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)

<u>15 Secor Road, Brookfield, CT</u>	<u>06804</u>
(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)

Item

7. Financial Statements and Exhibits.

(a) Financial statements: None.

(b) Pro Forma financial information: None.

(c) Exhibits: Exhibit 99.1 Press Release dated May 20, 2003

Item

9. Regulation FD Disclosure.

The following information is furnished pursuant to and in satisfaction of Item 12 "Disclosure of Results of Operations and Financial Condition" of Form 8-K and is being provided under Item 9 "Regulation FD Disclosure" of Form 8-K pursuant to guidance provided in the Securities and Exchange Commission's Release No. 33-8216.

On May 20, 2003, Photronics, Inc. issued a press release announcing its financial results for the fiscal quarter ended May 4, 2003. A copy of the press release is attached as Exhibit 99.1 to this report.

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, 2003

BY: /s/ Sean T. Smith

Sean T. Smith
Vice President and Chief Financial Officer

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit No.

99.1

Subject Matter

Press Release dated May 20, 2003.

For Further Information:

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FOR IMMEDIATE RELEASE
May 20, 2003

PHOTRONICS REPORTS SECOND QUARTER RESULTS

BROOKFIELD, Connecticut May 20, 2003 -- Photronics, Inc. (Nasdaq:PLAB), the world's largest sub-wavelength reticle solutions supplier, today reported fiscal second quarter 2003 sales and earnings results for the period ended May 4, 2003.

Sales for the quarter were \$85.5 million, down 17.1%, compared to \$103.1 million for the second quarter in 2002. As anticipated, sales increased sequentially and were 5.0% higher than the \$81.4 million reported in the first quarter of the fiscal year. The net loss for the second quarter of fiscal 2003 amounted to \$44.1 million, or \$1.37 per diluted share compared to the prior year's net income of \$2.5 million, or \$0.08 per diluted share. The net loss for the quarter includes the impact of after tax restructuring charges totaling \$39.9 million, or \$1.24 per diluted share, recorded in a previously announced consolidation of its North American operating infrastructure that included, among other items, the closure of the Company's Phoenix, Arizona manufacturing facility and a global reduction in its work force of approximately 10%. Excluding the previously mentioned consolidation charges recorded in the second quarter of 2003, diluted loss per share for the second quarter amounted to \$0.13, compared with net income per diluted share of \$0.08 in the second quarter of 2002.

Sales for the first six months of 2003 were \$166.9 million, down 16.0% from the \$198.7 million for the first half of fiscal 2002. Excluding the previously mentioned restructuring charges recorded in the second quarter of 2003, net loss for the first six months of the current fiscal year totaled \$12.7 million, or \$0.40 per diluted share, compared to net income of \$4.3 million, or \$0.14 per diluted share for the first six months of 2002. After giving effect to the restructuring charges, the net loss for the first six months of fiscal 2003 was \$52.6 million, or \$1.64 per diluted share.

In commenting on the Company's financial performance Sean T. Smith, Chief Financial Officer noted, "During the quarter, Photronics made significant progress in positioning itself to achieve its immediate near-term goal of returning to profitability. Two major initiatives have enabled us to reduce operating costs and significantly improve our liquidity. While always difficult because of its effect on people, business conditions dictated that we further streamline our manufacturing network in North America, reduce our global work force by approximately 10% and implement other cost reduction programs including salary reductions for management personnel. The results of these actions have enabled Photronics to reduce its break even point down to a range of approximately \$87 million to \$88 million. In terms of strengthening the balance sheet, the Company successfully issued \$150 million in five year convertible notes carrying an interest rate of 2.25%. More recently, Photronics announced it would use a portion of these proceeds to redeem the outstanding \$62.1 million convertible notes due in 2004, which carry an interest rate of 6%. As a result, we have effectively pushed out any immediate calls on the Company's cash until 2005, reduced net interest expense, and significantly improved our liquidity."

Dan Del Rosario, Chief Executive Officer, summarized his assessment and outlook for the future by stating, "Yields for 130 nanometer semiconductor fabrication process have continued to make steady gains, but still have room to improve further. At the same time, sources indicate that integrated circuit designers are more actively migrating to this node, though they have been reluctant to send these designs into production until wafer fab yields rise and end market demand develops more momentum. In this environment, our most important near-term goal is to structure ourselves for a return to profitability, which we fully expect when we report the July quarter results. While the streamlining of our global manufacturing and service infrastructure and the strengthening of our balance sheet are important first steps, our ongoing commitment to technology development and deployment in support of our most advanced customers incorporating 130 nanometer and 90 nanometer processes into their designs insures that Photronics can further strengthen its global competitive position and achieve its longer term growth and profitability goals."

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics' web site at www.photronics.com, then select the Q2-FY03 Earnings in the "Conference Calls" menu at the top of the page. The call is scheduled for 8:30 a.m. Eastern Standard Time on Wednesday, May 21st and will be archived for instant replay access until the Company reports its fiscal third quarter results during August 2003. The live call dial-in number is (706)634-5086.

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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, photomasks are used to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits. They are produced in accordance with circuit 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.

Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results,

performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company’s products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company’s ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain a new bank facility or other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company’s SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

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PHOTRONICS, INC.AND SUBSIDIARIES

Consolidated Condensed Balance Sheets
(in thousands)

	May 4, 2003	November 3, 2002
<u>Assets</u>		
Current assets:		
Cash, cash equivalents and short-term investments of \$15,791 in 2003 and \$15,148 in 2002	\$ 259,063	\$ 129,092
Accounts receivable	61,630	62,545
Inventories	17,285	19,948
Other current assets	38,140	37,475
Total current assets	376,118	249,060
Property, plant and equipment, net	389,464	443,860
Intangible assets, net	119,132	121,217
Other assets	21,202	18,305
	<u>\$ 905,916</u>	<u>\$ 832,442</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Current portion of long-term debt	\$ 8,081	\$ 10,649
Accounts payable	40,719	57,401
Other accrued liabilities	38,583	38,982
Total current liabilities	87,383	107,032
Long-term debt	433,791	296,785
Deferred income taxes and other liabilities	43,724	44,539
Minority interest	48,877	44,971
Shareholders' equity	292,141	339,115
	<u>\$ 905,916</u>	<u>\$ 832,442</u>

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Operations

(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	May 4, 2003	April 30, 2002	May 4, 2003	April 30, 2002
Net sales	\$ 85,548	\$ 103,057	\$ 166,942	\$ 198,743
Costs and expenses:				
Cost of sales	62,808	71,319	126,564	139,073
Selling, general and administrative	14,612	14,656	28,985	28,501
Research and development	7,531	7,451	15,153	14,584
Consolidation, restructuring and related charges	42,000 ^(a)	-	42,000 ^(a)	-
Operating income (loss)	(41,403) ^(a)	9,631	(45,760) ^(a)	16,585
Other expenses, net	(3,298) ^(a)	(4,122)	(6,328) ^(a)	(7,191)
Income (loss) before income taxes and minority interest	(44,701) ^(a)	5,509	(52,088) ^(a)	9,394
Income tax provision (benefit)	(1,874) ^(a)	800	(2,371) ^(a)	1,300

Income (loss) before minority interest	(42,827) ^(a)	4,709	(49,717) ^(a)	8,094
Minority interest	(1,243)(a)	(2,190)	(2,840)(a)	(3,828)
Net income (loss)	<u>\$ (44,070) ^(a)</u>	<u>\$ 2,519</u>	<u>\$ (52,557) ^(a)</u>	<u>\$ 4,266</u>
Earnings (loss) per share:				
Basic	<u>\$ (1.37) ^(a)</u>	<u>\$ 0.08</u>	<u>\$ (1.64) ^(a)</u>	<u>\$ 0.14</u>
Diluted	<u>\$ (1.37) ^(a)</u>	<u>\$ 0.08</u>	<u>\$ (1.64) ^(a)</u>	<u>\$ 0.14</u>
Weighted average number of				
common shares outstanding:				
Basic	<u>32,053</u>	<u>30,833</u>	<u>32,045</u>	<u>30,573</u>
Diluted	<u>32,053</u>	<u>31,909</u>	<u>32,045</u>	<u>31,556</u>

(a) Includes consolidation charges incurred in the second quarter of 2003 of \$42.0 million (\$39.9 million after tax or \$1.24 per diluted share) in connection with the consolidation of the company's North American operating infrastructure.

PHOTRONICS, INC.AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows

(in thousands)

	Six Months Ended	
	May 4,	April 30,
	2003	2002
Cash flows from operating activities:		
Net income (loss)	\$ (52,557)	\$ 4,266
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	43,576	39,918
Consolidation, restructuring and related charges	42,000	-
Changes in assets and liabilities and other	(14,928)	19
Net cash provided by operating activities	<u>18,091</u>	<u>44,203</u>
Cash flows from investing activities:		
Deposits on and purchases of property, plant and equipment	(17,638)	(68,702)
Other	(938)	139
Net cash used in investing activities	<u>(18,576)</u>	<u>(68,563)</u>
Cash flows from financing activities:		
Repayment of long-term debt, net	(17,267)	(62,884)
Proceeds from issuance of common stock	335	1,075
Issuance of convertible debt, net	145,170	193,431
Net cash provided by financing activities	<u>128,238</u>	<u>131,622</u>
Effect of exchange rate changes on cash flows	<u>1,571</u>	<u>7</u>
Net Increase in cash and cash equivalents	<u>129,324</u>	<u>107,269</u>
Cash and cash equivalents, beginning of period	<u>113,948</u>	<u>34,684</u>
Cash and cash equivalents, end of period	<u>\$ 243,272</u>	<u>\$ 141,953</u>

