

PHOTRONICS INC
Form 10-Q
March 06, 2013

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 27, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number 0-15451

PHOTRONICS, INC.
(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction of incorporation or organization)

06-0854886
(IRS Employer Identification No.)

15 Secor Road, Brookfield, Connecticut
(Address of principal executive offices)

06804
(Zip Code)

Registrant's telephone number, including area code

(203) 775-9000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting

Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 28, 2013
Common Stock, \$0.01 par value	60,777,405 Shares

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. ("Photronics" or the "Company"). These statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. Forward-looking statements may be identified by words like "expect", "anticipate", "believe", "plan", "projects", and similar expressions, or the negative of such terms, or other comparable terminology. All forward-looking statements involve risks and uncertainties that are difficult to predict. In particular, any statement contained in this quarterly report on Form 10-Q, in press releases, written statements, or other documents filed with the Securities and Exchange Commission, or in the Company's communications and discussions with investors and analysts in the normal course of business through meetings, phone calls, or conference calls regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies, or 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, performance, or achievements expressed or implied by such forward-looking statements. Factors that might affect such forward-looking statements include, but are not limited to, overall economic and business conditions; economic and political conditions in international markets; the demand for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and international tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); interest rate fluctuations and other capital market conditions, including changes in the market price of the Company's common stock; foreign currency exchange rate fluctuations; changes in technology; the timing, impact, and other uncertainties of future acquisitions; the seasonal and cyclical nature of the semiconductor and flat panel display industries; management changes; damage or destruction to the Company's facilities, or the facilities of its customers or suppliers, by natural disasters, labor strikes, political unrest, or terrorist activity; the ability of the Company to (i) place new equipment in service on a timely basis; (ii) obtain additional financing; (iii) achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; (iv) fully utilize its tools; (v) achieve desired yields, pricing, product mix, and market acceptance of its products and (vi) obtain necessary export licenses. Any forward-looking statements should be considered in light of these factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not assume an obligation to provide revisions to any forward-looking statements, except as otherwise required by securities and other applicable laws.

PHOTRONICS, INC.
AND SUBSIDIARIES

INDEX

PART I.	FINANCIAL INFORMATION	Page
Item 1.	Condensed Consolidated Financial Statements	
	<u>Condensed Consolidated Balance Sheets at January 27, 2013 and October 28, 2012</u>	4
	<u>Condensed Consolidated Statements of Income for the Three Months Ended January 27, 2013 and January 29, 2012</u>	5
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended January 27, 2013 and January 29, 2012</u>	6
	<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended January 27, 2013 and January 29, 2012</u>	7
	<u>Notes to Condensed Consolidated Financial Statements</u>	8
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	21
Item 4.	<u>Controls and Procedures</u>	21
PART II. OTHER INFORMATION		
Item 1A.	<u>Risk Factors</u>	22
Item 6.	<u>Exhibits</u>	22

Index

PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except per share amounts)
(unaudited)

	January 27, 2013	October 28, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$217,771	\$218,043
Accounts receivable, net of allowance of \$3,513 in 2013 and \$3,902 in 2012	74,291	75,685
Inventories	18,964	17,702
Other current assets	11,414	8,364
Total current assets	322,440	319,794
Property, plant and equipment, net	395,895	380,808
Investment in joint venture	93,086	93,252
Intangible assets, net	36,153	37,384
Deferred income taxes	11,628	11,395
Other assets	8,296	6,601
Total assets	\$867,498	\$849,234
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term borrowings	\$7,645	\$7,781
Accounts payable	65,568	53,031
Accrued liabilities	23,647	24,701
Total current liabilities	96,860	85,513
Long-term borrowings	167,265	168,956
Other liabilities	9,532	8,764
Total liabilities	273,657	263,233
Commitments and contingencies		
Equity:		
Preferred stock, \$0.01 par value, 2,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.01 par value, 150,000 shares authorized, 60,362 shares issued and outstanding at January 27, 2013 and 60,213 shares issued and outstanding at October 28, 2012	603	602
Additional paid-in capital	494,985	493,411

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Retained earnings	43,796	41,473
Accumulated other comprehensive income	23,812	15,900
Total Photronics, Inc. shareholders' equity	563,196	551,386
Noncontrolling interests	30,645	34,615
Total equity	593,841	586,001
Total liabilities and equity	\$ 867,498	\$ 849,234

See accompanying notes to condensed consolidated financial statements.

Index

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

	Three Months Ended	
	January 27, 2013	January 29, 2012
Net sales	\$99,839	\$112,154
Costs and expenses:		
Cost of sales	(78,741)	(86,696)
Selling, general and administrative	(11,067)	(11,325)
Research and development	(4,839)	(4,444)
Consolidation, restructuring and related charges	-	(1,118)