



Press Release

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FOR IMMEDIATE RELEASE

UNIVERSAL DISPLAY CORPORATION ANNOUNCES FOURTH QUARTER AND FULL YEAR 2012 FINANCIAL RESULTS

Ewing, New Jersey — February 27, 2013 — Universal Display Corporation (NASDAQ: PANL), enabling energy-efficient displays and lighting with its [UniversalPHOLED®](#) technology and materials, today announced its results for the fourth quarter and year ended December 31, 2012.

For the full year of 2012, the company reported revenues of \$83.2 million, up 36% compared to revenues of \$61.3 million for 2011. Operating income rose to \$13.7 million for the year, up 141% from \$5.7 million in 2011. The company reported net income of \$9.7 million, or \$0.21 per diluted share, for the full year of 2012, compared to net income of \$3.2 million, or \$0.07 per diluted share, for 2011.

“Universal Display Corporation reported a second consecutive profitable year on the strength of a solid finish to 2012,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “As we continue to grow, we are building a business that we believe can deliver strong gross margins, produce high operating leverage and generate strong cash flow. Our goal is to solidify and extend our market leadership to capitalize on the growth of the OLED market. With our strong financial position, industry-leading technology, and extensive relationships throughout the industry, we are very excited about the competitive advantages we believe we have established and our expectation that we will be able to use these resources to bring OLED technology into the lives of the global community.”

Material sales for 2012 were \$44.5 million, up 19% compared to \$37.4 million for 2011. Royalty and license fees for 2012 were \$31.7 million, up 107% compared to \$15.3 million for 2011 as a result of the licensing agreement with Samsung Display Corporation (SDC, and formerly Samsung Mobile Display) being in place for the full year. Technology development and support revenue was \$7.1 million for 2012, down 17% compared to \$8.5 million for 2011.

Cash provided by operating activities was \$17.8 million in 2012, compared to \$16.4 million in 2011, primarily due to an improvement in net income. The company's balance sheet remained strong at December 31, 2012, with cash, cash equivalents and short-term investments of \$243.9 million, which reflects the \$109.1 million used this year to purchase Fujifilm's worldwide patent portfolio of more than 1,200 OLED patents and patent applications. During the fourth quarter of 2012, the company used \$5.2 million of its \$50 million authorization to repurchase approximately 206,000 of our shares.

FOURTH QUARTER RESULTS

For the fourth quarter of 2012, the company reported revenues of \$28.1 million and operating income of \$8.4 million, increases of 51% and 135%, respectively, over fourth quarter 2011 revenues of \$18.7 million and operating income of \$3.6 million. Net income for the fourth quarter of 2012 was \$5.4 million, or \$0.12 per diluted share, compared to net income of \$5.7 million, or \$0.12 per diluted share, for the fourth quarter of 2011. Fourth quarter 2011 net income and earnings per share reflect a net tax benefit of approximately \$2.7 million as a result of the sale of state-related net operating losses and tax credits, whereas there were no similar benefits in the fourth quarter of 2012.

Royalty and license fees in the fourth quarter of 2012 were \$15.4 million, up 184% compared to \$5.4 million in the fourth quarter of 2011 primarily due to increased revenue under the licensing agreement with SDC. Material sales were \$10.1 million for the 2012 quarter, down 7% compared to \$10.8 million for the fourth quarter of 2011. Total operating expenses for the fourth quarter increased \$4.7 million compared to the fourth quarter of 2011, with \$3.6 million of the increase attributable to higher patent costs and amortization of acquired technology as a result of the Fujifilm patent portfolio acquisition.

Mr. Rosenblatt concluded, "For nearly 20 years, Universal Display has championed OLED technology as a better performing, more efficient alternative to existing display and lighting technology. Consequently, we are extremely pleased with the excitement created by the OLED displays currently in the market, and the

increase in new OLED product development that has been encouraged by these initial successes. Beyond today's focus on materials and technology for both large and small format displays, we are working on new generations of products that we believe have the potential to significantly increase our total addressable market, such as encapsulation and solution-based technology. Over the past year, through the acquisition of OLED patent portfolios, new partnerships with companies both domestically and in South Korea, and the expansion of our facilities, we have been making the investments that we anticipate will enable us to remain at the forefront of an industry that we believe is only now entering the early stages of a period of significant growth.”

GUIDANCE

The company's arrangement with SDC provides a substantial amount of visibility into its potential future financial performance. Although the OLED industry is still at a stage where many variables can have a material effect on growth, in an effort to increase our transparency, Universal Display is providing the following financial guidance. Again with the caveat that the OLED industry is still in an early stage, the company believes that its revenues will be in the range of \$110 million to \$125 million for fiscal 2013.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Wednesday, February 27, 2013 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 888-271-8594 at 5:00 p.m. Eastern Time and referencing conference ID 4380580.

The conference call will be simultaneously broadcast live over the Internet through a webcast on the Universal Display website. To access the call, please visit the events portion of the website at www.universaldisplay.com. An online archive of the webcast will be available within two hours of the conclusion of the call.

About Universal Display Corporation

Universal Display Corporation (Nasdaq: PANL) is a leader in developing and delivering state-of-the-art, organic light emitting diode (OLED) technologies, materials and services to the display and lighting industries. Founded in 1994, the company currently owns or has exclusive, co-exclusive or sole license rights with respect to more than 3,000 issued and pending patents worldwide, including those acquired from Fujifilm. Universal Display licenses its proprietary technologies, including its breakthrough high-efficiency UniversalPHOLED® phosphorescent OLED technology, that can enable the development of low power and eco-friendly displays and white lighting. The company also develops and offers high-quality, state-of-the-art UniversalPHOLED materials that are recognized as key ingredients in the fabrication of OLEDs with peak performance. In addition, Universal Display delivers innovative and

customized solutions to its clients and partners through technology transfer, collaborative technology development and on-site training.

Based in Ewing, New Jersey, Universal Display works and partners with a network of world-class organizations, including Princeton University, the University of Southern California, the University of Michigan, and PPG Industries, Inc. The company has also established relationships with companies such as AU Optronics Corporation, DuPont Displays, Inc., Innolux Corporation, Konica Minolta Technology Center, Inc., LG Display Co., Ltd., Lumiotec, Inc., Moser Baer Technologies Inc., Panasonic Idemitsu OLED Lighting Co., Pioneer Corporation, Samsung Display Corporation, Seiko Epson Corporation, Sony Corporation, Showa Denko K.K., and Tohoku Pioneer Corporation. To learn more about Universal Display, please visit www.universaldisplay.com.

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All statements in this document that are not historical, such as those relating to Universal Display Corporation's technologies and potential applications of those technologies, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements concern possible or assumed future results of operations, including descriptions of our business strategies and customer relationships. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "seek," "will," "goal," "may" or similar expressions. You are cautioned not to place undue reliance on any forward-looking statements in this document, as they reflect Universal Display Corporation's current views with respect to future events and are based on assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances, and are thus subject to risks and uncertainties that could cause actual results to differ materially from those contemplated. These risks and uncertainties are discussed in greater detail in Universal Display Corporation's periodic reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission, including, in particular, the section entitled "Risk Factors" in Universal Display Corporation's annual report on Form 10-K for the year ended December 31, 2012. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

Tables Follow:

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands, except for share and per share data)

	December 31,	
	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 85,923	\$ 111,795
Short-term investments	158,018	234,294
Accounts receivable	8,657	10,727
Inventory	11,018	3,843
Other current assets	3,929	1,645
Total current assets	267,545	362,304
PROPERTY AND EQUIPMENT, net	11,808	10,884
ACQUIRED TECHNOLOGY, net	104,624	391
INVESTMENTS	1,270	—
OTHER ASSETS	277	299
TOTAL ASSETS	\$ 385,524	\$ 373,878
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,596	\$ 4,776
Accrued expenses	10,394	9,020
Deferred revenue	4,273	5,534
Other current liabilities	36	187
Total current liabilities	22,299	19,517
DEFERRED REVENUE	3,153	3,874
RETIREMENT PLAN BENEFIT LIABILITY	9,837	8,260
Total liabilities	35,289	31,651
SHAREHOLDERS' EQUITY:		
Preferred Stock, par value \$0.01 per share, 5,000,000 shares authorized, 200,000 shares of Series A Nonconvertible Preferred Stock issued and outstanding (liquidation value of \$7.50 per share or \$1,500)	2	2
Common Stock, par value \$0.01 per share, 100,000,000 shares authorized, 46,561,437 and 46,113,296 shares issued at December 31, 2012 and 2011, respectively	465	461
Additional paid-in capital	564,883	561,492
Accumulated deficit	(204,211)	(213,871)
Accumulated other comprehensive loss	(5,702)	(5,857)
Treasury stock, at cost (205,902 shares at December 31, 2012)	(5,202)	—
Total shareholders' equity	350,235	342,227
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 385,524	\$ 373,878

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(in thousands except for share and per share data)

	Three Months Ended December 31,	
	2012	2011
REVENUE:		
Material sales	\$ 10,111	\$ 10,840
Royalty and license fees	15,445	5,447
Technology development and support revenue	2,577	2,372
Total revenue	<u>28,133</u>	<u>18,659</u>
OPERATING EXPENSES:		
Cost of material sales	735	1,080
Research and development	7,958	5,943
Selling, general and administrative	4,789	5,615
Patent costs and amortization of acquired technology	5,526	1,976
Royalty and license expense	754	478
Total operating expenses	<u>19,762</u>	<u>15,092</u>
Operating income	8,371	3,567
INTEREST INCOME	254	350
INTEREST EXPENSE	(5)	(19)
INCOME BEFORE INCOME TAXES	8,620	3,898
INCOME TAX (EXPENSE) BENEFIT	(3,235)	1,836
NET INCOME	<u>\$ 5,385</u>	<u>\$ 5,734</u>
NET INCOME PER COMMON SHARE:		
BASIC	<u>\$ 0.12</u>	<u>\$ 0.13</u>
DILUTED	<u>\$ 0.12</u>	<u>\$ 0.12</u>
WEIGHTED AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE:		
BASIC	<u>46,051,637</u>	<u>45,625,323</u>
DILUTED	<u>46,794,260</u>	<u>46,896,277</u>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(in thousands except for share and per share data)

	Year Ended December 31,	
	2012	2011
REVENUE:		
Material sales	\$ 44,472	\$ 37,444
Royalty and license fees	31,698	15,345
Technology development and support revenue	7,074	8,500
Total revenue	83,244	61,289
OPERATING EXPENSES:		
Cost of material sales	4,528	3,731
Research and development	30,032	24,129
Selling, general and administrative	19,550	18,940
Patent costs and amortization of acquired technology	13,385	7,442
Royalty and license expense	2,073	1,360
Total operating expenses	69,568	55,602
Operating income	13,676	5,687
INTEREST INCOME	1,240	994
INTEREST EXPENSE	(48)	(50)
LOSS ON STOCK WARRANT LIABILITY	—	(4,190)
INCOME BEFORE INCOME TAXES	14,868	2,441
INCOME TAX (EXPENSE) BENEFIT	(5,208)	714
NET INCOME	\$ 9,660	\$ 3,155
NET INCOME PER COMMON SHARE:		
BASIC	\$ 0.21	\$ 0.07
DILUTED	\$ 0.21	\$ 0.07
WEIGHTED AVERAGE SHARES USED IN COMPUTING NET INCOME PER COMMON SHARE:		
BASIC	45,951,276	43,737,968
DILUTED	46,883,602	45,140,394

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)

	Year Ended December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 9,660	\$ 3,155
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred revenue	(5,284)	(3,275)
Depreciation	1,978	1,451
Amortization of intangibles	4,869	49
Amortization of premium and discount on investments, net	(778)	(775)
Stock-based employee compensation	4,263	4,373
Stock-based non-employee compensation	—	6
Non-cash expense under materials and license agreements	—	9
Stock-based compensation to Board of Directors and Scientific Advisory Board	781	1,377
Loss on stock warrant liability	—	4,190
Retirement plan benefit expense	1,600	1,527
Decrease (increase) in assets:		
Accounts receivable	2,070	(3,479)
Inventory	(7,175)	(3,841)
Other current assets	(2,284)	341
Other assets	22	(82)
Increase in liabilities:		
Accounts payable and accrued expenses	4,718	6,775
Other current liabilities	11	23
Deferred revenue	3,303	4,585
Net cash provided by operating activities	<u>17,754</u>	<u>16,409</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,737)	(2,624)
Purchases of intangibles	(109,102)	(440)
Purchases of short-term investments	(304,500)	(337,442)
Proceeds from sale of short-term investments	380,253	156,717
Net cash used in investing activities	<u>(36,086)</u>	<u>(183,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	321	249,936
Repurchase of common stock	(5,202)	—
Proceeds from the exercise of common stock options and warrants	1,483	13,343
Payment of withholding taxes related to stock-based employee compensation	(4,142)	(4,473)
Net cash (used in) provided by financing activities	<u>(7,540)</u>	<u>258,806</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(25,872)</u>	<u>91,426</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>111,795</u>	<u>20,369</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 85,923</u>	<u>\$ 111,795</u>