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Universal Display Corporation Announces First Quarter 2007 Financial Results

EWING, N.J.--(BUSINESS WIRE)--Universal Display Corporation (NASDAQ:PANL), a key innovator behind tomorrow's displays and lighting through its phosphorescent OLED technology, today announced its results for the first quarter ended March 31, 2007.

"The first quarter of 2007 saw a continued transition in our revenue mix, as well as increased recognition of revenue from government contracts"

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For the first quarter of 2007 Universal Display had revenue of $3,014,630, compared to $3,271,406 for the first quarter of 2006. The Company's revenue mix continues to shift as its PHOLED technology and materials transition to commercial applications. Revenue components for the first quarter of 2007, when compared to the first quarter of 2006 were as follows: commercial chemical revenue of $1,313,000, compared to $398,479, royalty and license revenue of $127,900, compared to $930,846; technology development revenue of $250,000, compared to $730,114; development chemical revenue of $209,206, compared to $675,906; and contract research revenue of $1,114,524, compared to $536,061.

For the first quarter of 2007, the Company reported a net loss of $4,583,801 or $(0.15) per diluted share, versus a net loss of $3,522,040 or $(0.12) per diluted share for the same quarter of 2006.

Operating expenses totalled $8,183,390 for the first quarter of 2007, versus $7,263,730 for the same quarter of 2006. The increase in operating expenses quarter-over quarter was due to an increase in personnel costs from the Company's hiring of researchers formerly with PPG Industries, as well as an increase in operating expense from the expansion of Universal Display's headquarters in Ewing, New Jersey. Net cash used in operating activities in the first quarter of 2007 was $3,294,814, which is consistent with the first quarter of 2006. The Company has cash, cash equivalents, short-term and long-term investments of $46,882,565 as of March 31, 2007, compared to $49,098,055 as of December 31, 2006. The decrease was attributable to an increase in operating activities during the quarter, partially offset by proceeds received from stock-purchase warrant and stock option exercises.

"The first quarter of 2007 saw a continued transition in our revenue mix, as well as increased recognition of revenue from government contracts," said Sidney D. Rosenblatt, Chief Financial Officer of Universal Display. "Commercial OLED displays manufactured by one of our major licensees continued to gain traction during the quarter, with two major display products introduced into the Asian marketplace to date. We are also excited about our recent commercial licensing agreement with Chi Mei EL Corporation, as they look to expand production of AMOLED displays for commercial products. Looking ahead to the coming quarters of 2007, we continue to pursue new commercial licensing agreements for displays and lighting, as well as strategic partnerships that will advance OLED technology and its commercial adoption."

Universal Display will host a conference call, followed by a question and answer session, today at 5:00 p.m. Eastern Time. Interested parties may participate by calling 973-935-8766 at 4:55 p.m. Eastern Time and referencing conference PIN 8756383. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Wednesday, May 23, 2007. The number to call for the taped replay is 973-341-3080 and the conference PIN is 8756383.

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 website at http://www.universaldisplay.com/investors.htm. 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 is a world leader in developing and commercializing innovative OLED technologies and materials for use in flat panel displays, solid-state lighting products, electronic communications and other opto-electronic devices. Universal Display is working with a network of world-class organizations, including Princeton University, the University of Southern California, the University of Michigan, and PPG Industries, Inc. Universal Display has also established numerous commercial relationships with companies such as Chi Mei EL Corporation, DuPont Displays, Inc., Konica Minolta Technology Center, Inc., Samsung SDI Co., Seiko Epson Corporation, Sony Corporation, Tohoku Pioneer Corporation and Toyota Industries Corporation. Universal Display currently owns or has exclusive, co-exclusive or sole license rights with respect to approximately 800 issued and pending patents worldwide.

Universal Display is located in the Princeton Crossroads Corporate Center in Ewing, New Jersey, minutes away from its research partner at Princeton University. Universal Display's state-of-the-art facility is designed to further technology and materials development, technology transfer to manufacturing partners and work with customers to develop OLED products that meet their needs. Visit Universal Display on the Web at www.universaldisplay.com.

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. 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 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, 2006. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

(Tables Follow)

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 24,524,178	$ 31,097,533
Short-term investments	22,262,598	17,957,752
Accounts receivable	1,770,851	2,113,263
Inventory	25,265	30,598
Other current assets	639,676	606,267
Total current assets	49,222,568	51,805,413

PROPERTY AND EQUIPMENT, net	13,783,819	14,074,093
ACQUIRED TECHNOLOGY, net	5,895,720	6,319,488
INVESTMENTS	95,789	42,770
OTHER ASSETS	97,272	89,772
	$ 69,095,168	$ 72,331,536

LIABILITIES AND SHAREHOLDERS' DEFICIT

CURRENT LIABILITIES:		
Accounts payable	$ 1,137,882	$ 1,808,869
Accrued expenses	3,277,851	5,245,536
Deferred license fees	7,178,268	7,178,268
Deferred revenue	900,000	150,000
Total current liabilities	12,494,001	14,382,673
DEFERRED LICENSE FEES	2,838,600	2,966,500
DEFERRED REVENUE	600,000	600,000
Total liabilities	15,932,601	17,949,173
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock, par value $.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 $1,500,000), 300,000 shares of Series B Convertible Preferred Stock authorized and none outstanding, 5,000 shares of Series C-1 Convertible Preferred Stock authorized and none outstanding, 5,000 shares of Series D Convertible Preferred Stock authorized and none outstanding	2,000	2,000
Common Stock, par value $.01 per share, 50,000,000 shares authorized, 31,681,012 and 31,385,408 shares issued and outstanding at March 31, 2007 and December 31,2006, respectively	316,810	313,854
Additional paid-in capital	202,811,276	199,505,981
Unrealized loss on available for sale securities	(27,092)	(82,846)
Accumulated deficit	(149,940,427)	(145,356,626)
Total shareholders' equity	53,162,567	54,382,363
Total liabilities and shareholders' equity	$ 69,095,168	$ 72,331,536

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2007	2006
REVENUE		
Contract research revenue	$ 1,114,524	$ 536,061
Development chemical revenue	209,206	675,906
Commercial chemical revenue	1,313,000	398,479
Royalty and license revenue	127,900	930,846
Technology development revenue	250,000	730,114
Total revenue	3,014,630	3,271,406
OPERATING EXPENSES:		
Cost of chemicals sold	281,549	236,337
Research and development	5,453,329	4,843,176
General and administrative	2,353,514	1,997,692
Royalty and license expense	94,998	186,525
Total operating expenses	8,183,390	7,263,730
Operating loss	(5,168,760)	(3,992,324)
INTEREST INCOME	584,959	474,390
INTEREST EXPENSE	-	(4,106)
NET LOSS	$ (4,583,801)	$ (3,522,040)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.15)	$ (0.12)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	31,523,070	30,030,376

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (4,583,801)	$ (3,522,040)
Non-cash charges to statement of operations:		
Depreciation	466,139	451,943
Amortization of intangibles	423,768	423,767
Amortization of premium and discount on investments	(45,650)	(27,007)
Stock-based employee compensation	278,611	123,691
Stock-based non-employee compensation	-	38,076
Non-cash expense under a Development Agreement	37,072	1,171,358
Stock-based compensation to Board of Directors and Scientific Advisory Board	109,533	-
(Increase) decrease in assets:		
Accounts receivable	342,412	(332,011)
Inventory	5,333	(3,295)
Other current assets	(33,409)	6,209
Other assets	(7,500)	(7,500)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(909,422)	(1,356,176)
Deferred license fees	(127,900)	372,101
Deferred revenue	750,000	(655,114)
	-	
Net cash used in operating activities	(3,294,814)	(3,315,998)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(175,865)	(429,701)
Purchases of investments	(8,601,461)	(5,756,377)
Proceeds from sale of investments	4,345,000	3,601,000
Net cash used in investing activities	(4,432,326)	(2,585,078)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of common stock option exercise	1,153,785	3,304,105
Net cash provided by financing activities	1,153,785	3,304,105
DECREASE IN CASH AND CASH EQUIVALENTS	(6,573,355)	(2,596,971)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	31,097,533	30,654,249
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 24,524,178	$ 28,057,278
The following non-cash activities occurred:		
Unrealized gain on available for sale securities	$ 55,754	$ 15,692
Common stock issued to Board of Directors and Scientific Advisory Board that were earned in a previous period	260,000	588,200
Common stock issued to employees that were earned in a previous period	969,257	838,854
Common stock issued for royalties that were earned in a previous period	499,993	-

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