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## Universal Display Corporation Announces Fourth Quarter and Full Year 2009 Financial Results

EWING, N.J.--([BUSINESS WIRE](#))--Universal Display Corporation (NASDAQ: PANL), an enabler of energy-efficient displays and lighting with its UniversalPHOLED™ technology and materials, today announced its results for the fourth quarter and year ended December 31, 2009.

“Our UniversalPHOLED technology and AMOLED displays continued to see increased adoption in 2009”

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For the fourth quarter of 2009, Universal Display reported a net loss of \$3,847,696, or \$(0.10) per basic and diluted share, versus a net loss of \$4,437,578, or \$(0.12) per basic and diluted share, for the fourth quarter of 2008.

Revenues for the fourth quarter of 2009 were \$4,851,012, compared to \$3,587,168 for the fourth quarter of 2008. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,888,490 for the quarter, compared to \$1,355,282 for the fourth quarter of 2008. Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$2,962,522 for the quarter, compared to \$2,231,886 for the fourth quarter of 2008. Operating expenses were \$9,020,669 for the fourth quarter of 2009, compared to \$9,380,361 for the comparable quarter of 2008.

“We are pleased with results overall for the final quarter of 2009,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “Total revenue increased overall, with improvement in both commercial and developmental revenues compared to the fourth quarter of 2008. We are also pleased with the decrease in our net loss for the quarter, attributable to both the revenue increase and our management of overall operating expenses, which declined quarter-over-quarter.”

For the full year 2009, the operating loss was \$20,266,794, compared to an operating loss of \$22,662,914 for 2008. The decrease in operating loss was primarily due to an increase in revenue of \$4,711,393, partly offset by an increase in operating expenses of \$2,315,273.

For 2009, net loss was \$20,505,320, or \$(0.56) per basic and diluted share, versus a net loss of \$19,139,736, or \$(0.53) per basic and diluted share, for 2008.

Revenues for 2009 were \$15,786,617, compared to revenues of \$11,075,224 for 2008. Commercial revenue for 2009 increased to \$6,118,099, compared to \$5,630,758 for 2008. The increase in commercial revenue was attributable to an increase in royalty revenue under a patent license agreement with Samsung SMD, commercialization assistance provided under an agreement signed during the fourth quarter of 2008, and an increase in license fees primarily from a patent license agreement with Konica Minolta.

Developmental revenue for 2009 increased to \$9,668,518, compared to \$5,444,466 for 2008. The increase in developmental revenue was attributable to an increase in contract research revenue incurred in connection with several new and completed government contracts during the year, an increase in technology development revenue due to a payment of \$1,500,000 the Company had previously received from Kyocera Corporation that was recognized during the third quarter of 2009, as well as an increase in development chemical revenue.

“Our UniversalPHOLED technology and AMOLED displays continued to see increased adoption in 2009,” said Mr. Rosenblatt. “More smart and mobile phones, digital cameras and MP3 players with AMOLED displays can now be found for consumer purchase. This has had a measurable impact on our results, as is illustrated by the increase in revenue during the fourth quarter and full year.”

Mr. Rosenblatt continued, “In addition, we made solid progress under our programs funded by the U.S. Departments of Defense and Energy to develop the next generation of PHOLED-based displays and lighting products. In particular, we believe that our white OLED lighting developments were a significant step towards a greener, commercially viable alternative to current solid state lighting technology. The Department of Energy recently recognized us for our progress at its Solid State Lighting Workshop in February.”

Mr. Rosenblatt concluded, “We are confident that the OLED display industry is on the right track. Small-area display production is becoming entrenched, and partners like Samsung SMD, LG Display and AU Optronics continue to build out new production lines and target OLED TV volume production. Our ability to offer quality PHOLED materials, an expansive technology licensing portfolio, and technology transfer services, along with the superior energy efficiency and performance of our UniversalPHOLED technology, positions us as the technology partner of choice for OLED display and lighting manufacturers.”

Operating expenses were \$36,053,411 for 2009, compared to \$33,738,138 for 2008. Cash used in operating activities was \$14,610,208 for 2009, compared to \$7,785,164 for 2008. The Company’s balance sheet remained strong at year end, with cash, cash equivalents and short-term investments totaling \$63,874,081 at December 31, 2009, compared to \$77,454,200 at December 31, 2008.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Monday, March 15 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 913-312-0387 at 4:55 p.m. Eastern Time and referencing conference ID 9459293. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Monday, March 29, 2010. The number to call for the taped replay is 888-203-1112 and the conference PIN is 9459293.

The conference call will be simultaneously broadcast live over the Internet through a webcast accessible on the Universal Display website. To access the call, please visit the website at [www.universaldisplay.com](http://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 device (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 1,000 issued and pending patents worldwide. 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, Chi Mei EL Corporation, DuPont Displays, Inc., Konica Minolta Technology Center, Inc., LG Display Co., Ltd., Samsung Mobile Display Co, Ltd., Seiko Epson Corporation, Sony Corporation, Showa Denko K.K., and Tohoku Pioneer Corporation. To learn more about Universal Display, please visit [www.universaldisplay.com](http://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. 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, 2009. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

## UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS (unaudited)

|   | December 31,        |                     |
|---|---------------------|---------------------|
|   | 2009                | 2008                |
| <b>ASSETS</b>   |                     |                     |
| <b>CURRENT ASSETS:</b>  |                     |                     |
| Cash and cash equivalents   | \$22,701,126        | \$28,321,581        |
| Short-term investments  | 41,172,955          | 49,132,619          |
| Accounts receivable   | 3,344,255           | 2,450,444           |
| Inventory   | 641                 | 2,209               |
| Other current assets  | 410,599             | 462,908             |
| Total current assets  | 67,629,576          | 80,369,761          |
| PROPERTY AND EQUIPMENT, net   | 11,048,763          | 12,859,628          |
| ACQUIRED TECHNOLOGY, net  | 1,234,272           | 2,929,344           |
| OTHER ASSETS  | 227,276             | 69,772              |
| <b>TOTAL ASSETS</b>   | <b>\$80,139,887</b> | <b>\$96,228,505</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                     |                     |
| <b>CURRENT LIABILITIES:</b>   |                     |                     |
| Accounts payable  | \$1,275,695         | \$1,585,015         |
| Accrued expenses  | 5,238,870           | 5,296,433           |
| Deferred license fees   | 6,047,467           | 6,148,267           |
| Deferred revenue  | 1,403,927           | 2,739,790           |
| Total current liabilities   | 13,965,959          | 15,769,505          |
| DEFERRED LICENSE FEES   | 2,826,237           | 3,407,037           |
| DEFERRED REVENUE  | -                   | 337,500             |
| STOCK WARRANT LIABILITY   | 3,720,165           | -                   |
| Total liabilities   | 20,512,361          | 19,514,042          |
| <b>SHAREHOLDERS' EQUITY:</b>  |                     |                     |
| 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 \$1,500,000) | 2,000               | 2,000               |
| Common Stock, par value \$0.01 per share, 50,000,000 shares authorized, 36,818,440 and 36,131,981 shares issued and outstanding at December 31, 2009 and December 31, 2008, respectively                          | 368,184             | 361,320             |
| Additional paid-in capital  | 256,340,530         | 256,696,849         |
| Unrealized gain on available-for-sale securities  | 25,517              | 126,497             |
| Accumulated deficit   | (197,108,705)       | (180,472,203)       |
| Total shareholders' equity  | 59,627,526          | 76,714,463          |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b>\$80,139,887</b> | <b>\$96,228,505</b> |

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

|   | Three Months Ended December<br>31, |                 |
|---|------------------------------------|-----------------|
|   | 2009                               | 2008            |
| <b>REVENUE:</b>   |                                    |                 |
| Commercial revenue  | \$ 1,888,490                       | \$ 1,355,282    |
| Developmental revenue   | 2,962,522                          | 2,231,886       |
| Total revenue   | 4,851,012                          | 3,587,168       |
| <b>OPERATING EXPENSES:</b>  |                                    |                 |
| Cost of chemicals sold  | 715,002                            | 203,093         |
| Research and development  | 4,532,618                          | 5,180,398       |
| Selling, general and administrative   | 2,927,838                          | 2,774,141       |
| Patent costs  | 729,416                            | 1,121,998       |
| Royalty and license expense   | 115,795                            | 100,731         |
| Total operating expenses  | 9,020,669                          | 9,380,361       |
| Operating loss  | (4,169,657                         | ) (5,793,193    |
| INTEREST INCOME   | 105,713                            | 405,774         |
| INTEREST EXPENSE  | (3,692                             | ) (12,637       |
| LOSS ON STOCK WARRANT LIABILITY   | 90,025                             | -               |
| LOSS BEFORE INCOME TAX BENEFIT  | (3,977,611                         | ) (5,400,056    |
| INCOME TAX BENEFIT  | 129,915                            | 962,478         |
| NET LOSS  | \$ (3,847,696                      | ) \$ (4,437,578 |
| BASIC AND DILUTED NET LOSS PER COMMON SHARE   | \$ (0.10                           | ) \$ (0.12      |
| WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE | 36,749,118                         | 36,066,777      |

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

|   | Year Ended December 31, |                  |
|---|-------------------------|------------------|
|   | 2009                    | 2008             |
| <b>REVENUE:</b>                             |                         |                  |
| Commercial revenue                          | \$ 6,118,099            | \$ 5,630,758     |
| Developmental revenue                       | 9,668,518               | 5,444,466        |
| Total revenue                               | 15,786,617              | 11,075,224       |
| <b>OPERATING EXPENSES:</b>                  |                         |                  |
| Cost of chemicals sold                      | 1,481,398               | 912,094          |
| Research and development                    | 20,015,080              | 18,908,783       |
| Selling, general and administrative         | 10,921,859              | 10,170,593       |
| Patent costs                                | 3,239,795               | 3,348,851        |
| Royalty and license expense                 | 395,279                 | 397,817          |
| Total operating expenses                    | 36,053,411              | 33,738,138       |
| Operating loss                              | (20,266,794             | ) (22,662,914    |
| INTEREST INCOME                             | 669,633                 | 2,607,897        |
| INTEREST EXPENSE                            | (7,019                  | ) (47,197        |
| LOSS ON STOCK WARRANT LIABILITY             | (1,031,055              | ) -              |
| LOSS BEFORE INCOME TAX BENEFIT              | (20,635,235             | ) (20,102,214    |
| INCOME TAX BENEFIT                          | 129,915                 | 962,478          |
| NET LOSS                                    | \$ (20,505,320          | ) \$ (19,139,736 |
| BASIC AND DILUTED NET LOSS PER COMMON SHARE | \$ (0.56                | ) \$ (0.53       |

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

|  | Year Ended December 31, |                  |
|--|-------------------------|------------------|
|  | 2009                    | 2008             |
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                         |                  |
| Net loss   | \$ (20,505,320          | ) \$ (19,139,736 |
| Adjustments to reconcile net loss to net cash used in operating activities:      |                         |                  |
| Amortization of deferred license fees and deferred revenue                       | (3,986,490              | ) (1,527,525     |
| Depreciation   | 2,069,626               | ) 1,943,184      |
| Amortization of intangibles  | 1,695,072               | ) 1,695,072      |
| Amortization of premium and discount on investments, net                         | (426,065                | ) (1,044,499     |
| Stock-based employee compensation  | 3,156,420               | ) 3,663,575      |
| Stock-based non-employee compensation  | 7,011                   | ) 5,110          |
| Non-cash expense under a materials agreement                                     | 1,170,039               | ) 1,232,668      |
| Stock-based compensation to Board of Directors and Scientific Advisory Board     | 755,294                 | ) 745,016        |
| Loss on stock warrant liability  | 1,031,055               | ) -              |
| (Increase) decrease in assets:   |                         |                  |
| Accounts receivable  | (893,811                | ) (55,028        |
| Inventory  | 1,568                   | ) 38,956         |
| Other current assets   | 52,309                  | ) 211,023        |
| Other assets   | (157,504                | ) 10,000         |
| Increase (decrease) in liabilities:  |                         |                  |
| Accounts payable and accrued expenses  | (210,939                | ) 621,440        |
| Deferred license fees  | -                       | ) 2,000,000      |
| Deferred revenue   | 1,631,527               | ) 1,815,580      |
| Net cash used in operating activities  | (14,610,208             | ) (7,785,164     |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                         |                  |
| Purchases of property and equipment  | (258,761                | ) (1,277,098     |
| Purchases of short-term investments  | (61,345,251             | ) (96,859,458    |
| Proceeds from sale of short-term investments                                     | 69,630,000              | ) 98,737,000     |
| Net cash provided by investing activities  | 8,025,988               | ) 600,444        |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                         |                  |
| Proceeds from the issuance of common stock under an Employee Stock Purchase Plan | 130,184                 | ) -              |
| Proceeds from the exercise of common stock options and warrants                  | 1,702,138               | ) 2,407,160      |
| Payment of withholding taxes related to stock-based employee compensation        | (868,557                | ) (771,555       |
| Net cash provided by financing activities  | 963,765                 | ) 1,635,605      |
| DECREASE IN CASH AND CASH EQUIVALENTS  | (5,620,455              | ) (5,549,115     |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR                                     | 28,321,581              | ) 33,870,696     |
| CASH AND CASH EQUIVALENTS, END OF YEAR   | \$ 22,701,126           | ) \$ 28,321,581  |

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