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## Universal Display Corporation Announces Second Quarter 2008 Financial Results

EWING, N.J.--([BUSINESS WIRE](#))--Universal Display Corporation (NASDAQ:PANL), a major force behind today's evolving displays and lighting with its Universal PHOLED™ phosphorescent OLED technology, today announced its results for the quarter ended June 30, 2008.

"The second quarter continued the trend of revenues transitioning toward the commercial side"

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For the second quarter of 2008, the Company reported a net loss of \$5,205,790, or \$(0.15) per diluted share, versus a net loss of \$5,175,371, or \$(0.16) per diluted share, for the second quarter of 2007. For the six months ended June 30, 2008, net loss totaled \$9,399,175, or \$(0.26) per diluted share, versus a net loss of \$9,759,172, or \$(0.30) per diluted share for the same period of 2007.

Revenues for the second quarter of 2008 were \$2,145,598, compared to \$2,315,170 for the second quarter of 2007. Commercial revenue, which includes commercial chemical revenue, license fees and royalty income, increased to \$1,395,487 for the quarter, from \$392,926 for the second quarter of 2007. Developmental revenue, which includes contract research revenue, technology development revenue and development chemical sales, decreased to \$750,111 for the quarter, compared to \$1,922,244 for the second quarter of 2007.

For the six-months ended June 30, 2008, the company reported revenues of \$4,862,417, compared to \$5,329,800 for the same period of 2007. Commercial revenue for the first six months of 2008 increased to \$2,950,552, compared to \$1,833,826 for the same period of 2007. Developmental revenue for the first six months of the year decreased to \$1,911,865, compared to \$3,495,974 for the same period of 2007.

"The second quarter continued the trend of revenues transitioning toward the commercial side," said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. "Though government contracts and other developmental work continue to be an important part of our revenue makeup, the volume production and sales of AMOLED displays produced by our licensees, like Samsung SDI, are making up a larger portion of our total revenues. We expect this to continue in coming quarters as production capacity is increased on a number of AMOLED display lines, display manufacturers begin producing new larger-area displays, and the demand for AMOLED displays continues to rise."

Mr. Rosenblatt continued, "As AMOLED displays continue to gain commercial traction and acceptance, we are also excited about the potential for white OLED lighting products. Recently, we announced that our Universal PHOLED™ phosphorescent OLED technology had achieved a record-breaking power efficacy for a white OLED of 102 lumens per watt (lm/W) at 1000 cd/m<sup>2</sup>. We also announced a new contract with the U.S. Department of Energy, and Armstrong World Industries, Inc. as a subcontractor, to develop a ceiling-based OLED lighting system for possible commercial application. Our Universal PHOLED™ technology is not only important for the future of displays and lighting, but now it is being applied more broadly in the present as well."

Operating expenses for the second quarter of 2008 were \$8,075,543, compared to \$8,313,675 for the same period of 2007. Net cash used in operating activities for the second quarter of 2008 was \$6,278,728, compared to \$6,874,526 for the same quarter of 2007.

The Company's balance sheet remains strong at quarter end, with cash, cash equivalents and investments totalling \$79,889,236 as of June 30, 2008, compared to \$83,659,657 as of December 31, 2007.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, today, Thursday, August 7, at 5:00 p.m. (Eastern Time). Interested parties may participate by calling 706-634-1395 at 4:55 p.m.ET and referencing conference PIN 57531315. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Sunday, September 7, 2008. The number to call for the taped replay is 800-642-1687 and the conference PIN is 57531315.

The conference call will be simultaneously broadcast live over the Internet via webcast accessible through the Universal Display website. To access the call, please visit the website at <http://tinyurl.com/47vem2>. 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., Kyocera Corporation, LG Display Co., Ltd., Samsung SDI Co., Ltd., 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 more than 850 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](http://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, 2007. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

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(tables follow)

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$39,540,102	\$33,870,696
Short-term investments	40,349,134	49,788,961
Accounts receivable	1,729,665	2,395,416
Inventory	2,209	41,165
Other current assets	741,257	673,931
Total current assets	82,362,367	86,770,169
PROPERTY AND EQUIPMENT, net	13,080,957	13,525,714
ACQUIRED TECHNOLOGY, net	3,776,880	4,624,416
OTHER ASSETS	74,772	79,772
<b>TOTAL ASSETS</b>	<b>\$99,294,976</b>	<b>\$105,000,071</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$1,461,456	\$861,428
Accrued expenses	3,458,367	4,578,147
Deferred license fees	7,178,268	7,178,268
Deferred revenue	150,000	172,688
Total current liabilities	12,248,091	12,790,531
DEFERRED LICENSE FEES	2,199,100	2,454,900
DEFERRED REVENUE	300,000	538,683
Total liabilities	14,747,191	15,784,114
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
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)	2,000	2,000
Common Stock, par value \$.01 per share, 50,000,000 shares authorized, 35,968,937 and 35,563,201 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively	359,689	355,632
Additional paid-in capital	254,953,573	250,240,994
Unrealized loss on available for sale securities	(35,835 )	(50,202 )
Accumulated deficit	(170,731,642)	(161,332,467)
Total shareholders' equity	84,547,785	89,215,957
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$99,294,976</b>	<b>\$105,000,071</b>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Three Months Ended June 30,	
	2008	2007
REVENUE		
Commercial revenue	\$ 1,395,487	\$ 392,926
Developmental revenue	750,111	1,922,244
Total revenue	2,145,598	2,315,170
OPERATING EXPENSES:		
Cost of chemicals sold	246,962	165,039
Research and development	5,053,353	5,543,824
General and administrative	2,679,944	2,568,217
Royalty and license expense	95,284	36,595
Total operating expenses	8,075,543	8,313,675
Operating loss	(5,929,945)	(5,998,505)
INTEREST INCOME	737,368	823,739
INTEREST EXPENSE	(13,213)	(605)
NET LOSS	\$ (5,205,790)	\$ (5,175,371)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.15)	\$ (0.16)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	35,900,554	33,143,347

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Six Months Ended June 30,	
	2008	2007
REVENUE		
Commercial revenue	\$ 2,950,552	\$ 1,833,826
Developmental revenue	1,911,865	3,495,974
Total revenue	4,862,417	5,329,800
OPERATING EXPENSES:		
Cost of chemicals sold	442,438	446,588
Research and development	10,204,877	10,997,153
General and administrative	5,053,490	4,921,731
Royalty and license expense	198,469	131,593
Total operating expenses	15,899,274	16,497,065
Operating loss	(11,036,857)	(11,167,265)
INTEREST INCOME	1,656,562	1,408,698
INTEREST EXPENSE	(18,880)	(605)
NET LOSS	\$ (9,399,175)	\$ (9,759,172)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.26)	\$ (0.30)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	35,835,600	32,338,358

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

Period Ended June 30,  
2008 2007

CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (9,399,175	)	\$ (9,759,172 )
Non-cash charges to statement of operations:			
Depreciation	926,330		920,179
Amortization of intangibles	847,536		847,536
Amortization of premium and discount on investments	(827,330	)	(116,351 )
Stock-based employee compensation	596,432		555,687
Stock-based non-employee compensation	4,119		9,497
Non-cash expense under a Development Agreement	558,035		536,102
Stock-based compensation to Board of Directors and Scientific Advisory Board	233,613		228,911
(Increase) decrease in assets:			
Accounts receivable	665,751		275,590
Inventory	38,956		28,389
Other current assets	(67,326	)	(132,777 )
Other assets	5,000		(5,000 )
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	656,502		(475,921 )
Deferred license fees	(255,800	)	(255,801 )
Deferred revenue	(261,371	)	468,605
Net cash used in operating activities	(6,278,728	)	(6,874,526 )
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(481,573	)	(320,120 )
Purchases of investments	(50,542,476	)	(17,548,363 )
Proceeds from sale of investments	60,824,000		12,860,000
Net cash provided by (used in) investing activities	9,799,951		(5,008,483 )
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the issuance of common stock	-		38,029,023
Proceeds from exercise of common stock option and warrants	2,148,183		4,252,080
Net cash provided by financing activities	2,148,183		42,281,103
INCREASE IN CASH AND CASH EQUIVALENTS	5,669,406		30,398,094
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,870,696		31,097,533
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 39,540,102		\$ 61,495,627

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