UNIVERSAL DISPLAY CORPORATION

11/7/2005

Universal Display Corporation Announces Third Quarter 2005 Financial Results

EWING, N.J. (BUSINESS WIRE) Universal Display Corporation (NASDAQ:PANL), a leading developer of Organic Light Emitting Device (OLED) technologies for flat panel displays, today announced its unaudited results of operations for the third quarter of 2005.

Revenues for the three months ended September 30, 2005 were $3,372,870, compared to $1,711,629 in the third quarter of 2004. Revenues increased as the Company saw gains in contract research revenue and development chemical revenue during the quarter. Continued revenue growth in development chemicals sales demonstrates increased ongoing pre-commercial activity in the development and commercialization of the Company's OLED technologies. The Company reported a net loss of $2,979,140 (or $0.10 per share) for the quarter ended September 30, 2005, compared to a net loss of $3,752,662 (or $0.14 per share) for the same quarter in 2004. The decreased loss was due primarily to increased revenues, offset to some extent by increased total operating expenses.

“Also, we are nearing completion of our headquarters' expansion project in Ewing New Jersey, with the final phase of construction on our chemistry labs having already begun. Our strong financial, technical development and intellectual property position should enable us to capitalize on the evolving commercial applications for our OLED technologies.”

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Revenues for the nine month period ended September 30, 2005 were $7,851,932, compared to $5,313,642 for the same period in 2004. The Company's net loss for the nine-month period was $11,160,021 (or $0.39 per share), compared to a loss of $12,380,535 (or $0.47 per share) for the same nine months in 2004. Again, the decreased loss was due primarily to increased revenues, offset to some extent by increased total operating expenses.

The Company was cash flow positive from operations for the third quarter of 2005. Net cash provided from operating activities was $1,087,311 for the three months ended September 30, 2005, compared to cash used in operating activities of $1,653,539 for the same period in 2004. The positive cash flow position was a result of increased revenues, decreased operating losses, and the receipt of over $2.1 million of technology development fees during the quarter. Net cash used in operating activities was $897,275 for the nine months ended September 30, 2005, compared to $5,516,426 for the same period in 2004. The reduction in cash usage for the nine months ended September 30, 2005 was a result of increased revenues, deferred license fees and technology development fees, offset to some extent by increased total operating expenses.

"The third quarter saw Universal Display take another step forward both financially and operationally, with improved performance on the top and bottom lines," said Sidney D. Rosenblatt, Chief Financial Officer of Universal Display Corporation. "Also, we are nearing completion of our headquarters' expansion project in Ewing New Jersey, with the final phase of construction on our chemistry labs having already begun. Our strong financial, technical development and intellectual property position should enable us to capitalize on the evolving commercial applications for our OLED technologies."

Universal Display will host a conference call today, Monday, November 7th at 5:00 PM Eastern Time, followed by a question and answer session. Interested parties may participate by calling 973-409-9254 at 4:55 PM Eastern Time. 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.

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, November 21, 2005. The number to call for the taped replay is 973-341-3080 and the conference PIN is 6657988. An online archive of the web cast 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 the electronic flat panel display, lighting and other opto-electronic markets. Universal Display is working with a network of world-class organizations including Princeton University, the University of Southern California, and PPG Industries. The Company has also established more than 20 development programs and other similar relationships with companies such as Tohoku Pioneer Corporation; Samsung SDI Co.; AU Optronics Corporation; DuPont Displays, Inc.; Seiko Epson Corporation; Sony Corporation; and Toyota Industries Corporation. The Company has also licensed its OVPD technology to AIXTRON AG for the development of next-generation OLED manufacturing equipment. Universal Display currently owns or has exclusive or sole rights in over 700 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 products to meet their needs for OLED products. 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 'Factors that May Affect Future Results and Financial Condition' in Universal Display Corporation's annual report on Form 10-K for the year ended December 31, 2004. Universal Display Corporation expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document.

- Tables Follow -

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2005 (unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 31,139,911	$ 18,930,581
Short-term investments	12,473,736	26,258,463
Accounts receivable	2,282,602	2,588,279
Inventory	38,222	19,941
Other current assets	427,035	237,927

Total current assets	46,361,506	48,035,191
PROPERTY AND EQUIPMENT, net	11,772,332	9,551,532
ACQUIRED TECHNOLOGY, net	8,438,327	9,709,631
INVESTMENTS	1,953,560	2,290,451
RESTRICTED CASH	3,975,000	4,200,000
OTHER ASSETS	109,772	105,358
TOTAL ASSETS	$ 72,610,497	$ 73,892,163
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 300,000	$ 300,000
Accounts payable	699,481	723,512
Accrued expenses	4,306,446	3,697,432
Deferred license fees	2,918,267	1,766,667
Deferred revenue	1,672,538	916,667
Total current liabilities	9,896,732	7,404,278
DEFERRED LICENSE FEES	3,856,000	3,100,000
DEFERRED REVENUE	811,364	--
LONG-TERM DEBT, less current portion	3,975,000	4,200,000
Total liabilities	18,539,096	14,704,278
COMMITMENTS AND CONTINGENCIES (Note 8)		
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 $1,500,000)	2,000	2,000
Common Stock, par value $0.01 per share, 50,000,000 shares authorized, 28,752,855 and 27,903,385 shares issued and outstanding	287,529	279,034
Additional paid-in-capital	179,396,198	173,372,344
Deferred compensation	--	(17,446)
Accumulated other comprehensive loss	(86,095)	(79,837)
Accumulated deficit	(125,528,231)	(114,368,210)
Total shareholders' equity	54,071,401	59,187,885

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 72,610,497	$ 73,892,163

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

	Three Months Ended September 30,	
	2005	2004
REVENUE:		
Contract research	$ 1,556,095	$ 614,066
Development chemical	1,340,428	736,963
Commercial chemical	--	18,180
Royalty and license fees	50,400	92,420
Technology development fees	425,947	250,000
Total revenue	3,372,870	1,711,629
OPERATING EXPENSES:		
Cost of chemicals sold	44,777	18,121
Research and development	4,734,554	3,952,649
General and administrative	1,739,166	1,544,649
Royalty expense	162,269	87,500
Total operating expenses	6,680,766	5,602,919
Operating loss	(3,307,896)	(3,891,290)
INTEREST INCOME	382,024	222,097
INTEREST EXPENSE	(53,268)	(21)
NET LOSS	(2,979,140)	(3,669,214)
DEEMED DIVIDEND	--	(83,448)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (2,979,140)	$ (3,752,662)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.10)	$ (0.14)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	28,617,601	27,366,453

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

	Nine Months Ended September 30,	
	2005	2004
REVENUE:		
Contract research	$ 3,769,475	$ 1,911,240
Development chemical	2,877,642	1,792,402
Commercial chemical	31,395	108,000
Royalty and license fees	165,655	302,000
Technology development fees	1,007,765	1,200,000
Total revenue	7,851,932	5,313,642
OPERATING EXPENSES:		
Cost of chemicals sold	83,947	135,667
Research and development	13,891,104	12,597,592
General and administrative	5,395,253	5,152,841
Royalty expense	462,269	262,500
Total operating expenses	19,832,573	18,148,600
Operating loss	(11,980,641)	(12,834,958)
INTEREST INCOME	965,296	584,226
INTEREST EXPENSE	(144,676)	(179)
NET LOSS	(11,160,021)	(12,250,911)
DEEMED DIVIDEND	--	(129,624)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (11,160,021)	$ (12,380,535)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.39)	$ (0.47)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	28,298,728	26,450,235

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (11,160,021)	$ (12,250,911)
Non-cash charges to statement of operations:		
Depreciation	1,192,326	1,048,988
Amortization of intangibles	1,271,304	1,271,304
Amortization of premium and discount on investments	(91,253)	23,657
Common stock, options and warrants in connection with Development Agreement	2,922,253	2,603,963
Common stock to employees	1,121,202	251,592
Common stock and options to Board of Directors and Scientific Advisory Board	526,551	643,720
Common stock options and warrants for services	(6,713)	(9,946)
(Increase) decrease in assets:		
Accounts receivable	305,677	(148,111)
Inventory	(18,281)	(660)
Other current assets	(189,108)	(209,109)
Other assets	(4,414)	(18,436)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(241,633)	1,427,523
Deferred license fees	1,907,600	250,000
Deferred revenue	1,567,235	(400,000)
Net cash used in operating activities	(897,275)	(5,516,426)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,413,126)	(832,866)
Purchases of investments	(14,506,386)	(42,998,872)
Proceeds from sale of investments	28,713,001	18,335,547
Net cash provided by (used in) investing activities	10,793,489	(25,496,191)
CASH FLOWS FROM FINANCING ACTIVITIES:		

Net proceeds from issuance of common stock	--	28,522,249
Payment of loan	(225,000)	--
Restricted cash	225,000	--
Proceeds from the exercise of common stock options and warrants	2,313,116	2,923,640
Principal payments on capital lease	--	(3,886)
Net cash provided by financing activities	2,313,116	31,442,003
INCREASE IN CASH AND CASH EQUIVALENTS	12,209,330	429,386
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	18,930,581	14,070,207
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 31,139,911	$ 14,499,593
Cash paid for interest	$ 140,890	$ --

CONTACTS

Universal Display Corporation
Company Contact:
Dean Ledger, 1-800-599-4426
or
Gregory FCA Communications
Press Contact:
Renee Rozniatoski, 610-642-8253
Renee@GregoryFCA.com
or
Investor Contact:
Paul Johnson, 610-642-8253
Paul@GregoryFCA.com