

UNIVERSAL DISPLAY CORP \PA\  
Form 10-Q  
May 09, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-12031

UNIVERSAL DISPLAY CORPORATION  
(Exact name of registrant as specified in its charter)

Pennsylvania 23-2372688  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

375 Phillips Boulevard  
Ewing, New Jersey 08618  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (609) 671-0980

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer \_\_\_\_  
Smaller reporting company \_\_\_\_

Non-accelerated filer  (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 7, 2013, the registrant had outstanding 46,147,826 shares of common stock.

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

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

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$45,536	\$85,923
Short-term investments	175,311	158,018
Accounts receivable	10,527	8,657
Inventory	9,082	11,018
Other current assets	7,632	3,929
Total current assets	248,088	267,545
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$21,222 and \$20,713	12,512	11,808
ACQUIRED TECHNOLOGY, net of accumulated amortization of \$24,610 and \$21,868	102,196	104,624
INVESTMENTS	4,868	1,270
OTHER ASSETS	259	277
<b>TOTAL ASSETS</b>	<b>\$367,923</b>	<b>\$385,524</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$5,622	\$7,596
Accrued expenses	5,706	10,394
Deferred revenue	3,826	4,273
Other current liabilities	35	36
Total current liabilities	15,189	22,299
DEFERRED REVENUE	2,966	3,153
RETIREMENT PLAN BENEFIT LIABILITY	10,084	9,837
Total liabilities	28,239	35,289
<b>COMMITMENTS AND CONTINGENCIES (Note 12)</b>		
<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)		2
Common Stock, par value \$0.01 per share, 100,000,000 shares authorized, 46,587,199 and 46,561,437 shares issued at March 31, 2013 and December 31, 2012, respectively	466	465
Additional paid-in capital	564,379	564,883
Accumulated deficit	(208,969)	(204,211)
Accumulated other comprehensive loss	(5,536)	(5,702)
Treasury stock, at cost (401,501 and 205,902 shares at March 31, 2013 and December 31, 2012, respectively)	(10,658)	(5,202)

Total shareholders' equity	339,684	350,235
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$367,923	\$385,524

The accompanying notes are an integral part of these consolidated statements.

## UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

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

	Three Months Ended March 31,	
	2013	2012
REVENUE:		
Material sales	\$12,752	\$10,529
Royalty and license fees	1,299	422
Technology development and support revenue	925	1,669
Total revenue	14,976	12,620
OPERATING EXPENSES:		
Cost of material sales	3,092	1,088
Research and development	8,938	6,661
Selling, general and administrative	5,171	4,311
Patent costs and amortization of acquired technology	4,617	1,868
Royalty and license expense	312	250
Total operating expenses	22,130	14,178
Operating loss	(7,154)	(1,558)
INTEREST INCOME	210	357
INTEREST EXPENSE	(8)	(20)
LOSS BEFORE INCOME TAXES	(6,952)	(1,221)
INCOME TAX BENEFIT	2,194	—
NET LOSS	(4,758)	(1,221)
NET LOSS PER COMMON SHARE:		
BASIC	\$(0.10)	\$(0.03)
DILUTED	\$(0.10)	\$(0.03)
WEIGHTED AVERAGE SHARES USED IN COMPUTING		
NET LOSS PER COMMON SHARE:		
BASIC	45,823,414	45,749,072
DILUTED	45,823,414	45,749,072

The accompanying notes are an integral part of these consolidated statements.

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(UNAUDITED)

(in thousands)

	Three Months Ended March 31,		
	2013	2012	
NET LOSS	\$ (4,758	) \$ (1,221	)
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Unrealized loss on available-for-sale securities	(3	) (104	)
Amortization of prior service cost and actuarial loss for retirement plan include			