

UNIVERSAL DISPLAY CORP \PA\
Form 10-Q
May 05, 2016
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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, 2016

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
(State or other jurisdiction of incorporation or organization)

23-2372688
(I.R.S. Employer Identification No.)

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

08618
(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 (§ 232.405 of this chapter) 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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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 3, 2016, the registrant had outstanding 46,847,615 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 share and per share data)

	March 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 110,091	\$ 97,513
Short-term investments	269,498	297,981
Accounts receivable	20,866	24,729
Inventories	14,709	12,748
Deferred income taxes	12,548	12,326
Other current assets	4,683	2,387
Total current assets	432,395	447,684
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$28,799 and \$27,897	22,362	22,407
ACQUIRED TECHNOLOGY, net of accumulated amortization of \$57,587 and \$54,837	69,265	72,015
INVESTMENTS	16,092	2,187
DEFERRED INCOME TAXES	15,287	14,945
OTHER ASSETS	645	174
TOTAL ASSETS	\$ 556,046	\$ 559,412
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,294	\$ 6,849
Accrued expenses	6,746	17,387
Deferred revenue	10,353	10,107
Other current liabilities	757	167
Total current liabilities	25,150	34,510
DEFERRED REVENUE	35,515	35,543
RETIREMENT PLAN BENEFIT LIABILITY	24,485	22,594
Total liabilities	85,150	92,647
COMMITMENTS AND CONTINGENCIES (Note 13)		
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)	2	2
Common Stock, par value \$0.01 per share, 100,000,000 shares authorized, 48,147,715 and 48,132,223 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	483	482
Additional paid-in capital	592,769	589,885
Accumulated deficit	(71,678)	(73,627)
Accumulated other comprehensive loss	(10,522)	(9,819)
Treasury stock, at cost (1,357,863 shares at March 31, 2016 and December 31, 2015)	(40,158)	(40,158)
Total shareholders' equity	470,896	466,765
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 556,046	\$ 559,412

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

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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2016	2015
REVENUE:		
Material sales	\$24,304	\$26,818
Royalty and license fees	5,342	4,375
Technology development and support revenue	57	30
Total revenue	29,703	31,223
OPERATING EXPENSES:		
Cost of material sales	5,052	8,581
Research and development	10,476	9,919
Selling, general and administrative	6,660	6,200
Patent costs and amortization of acquired technology	4,094	3,967
Royalty and license expense	875	785
Total operating expenses	27,157	29,452
Operating income	2,546	1,771
INTEREST INCOME	332	173
INTEREST EXPENSE	(8)	(12)
INCOME BEFORE INCOME TAXES	2,870	1,932
INCOME TAX EXPENSE	(921)	(618)
NET INCOME	\$1,949	\$1,314

NET INCOME PER COMMON SHARE: