

Today's Changes	Annual EPS	Annual Revenue	Rating/Target
	2013E \$0.40 from \$0.35	2013E \$128.7M from \$124.2M	SELL from Hold
	2014E \$1.38 from \$1.37	2014E \$208.5M from \$202.3M	\$19.00 from \$30.00

Universal Display

OLED : NASDAQ : US\$32.03

SELL ↓

Target: US\$19.00 ↓

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COMPANY STATISTICS:

52-week Range: US\$21.55 - 38.10
 Market Cap (M): US\$1489.3
 Avg. Daily Vol. (000s): 700
 Shares Out (M): 46.496

EARNINGS SUMMARY:

FYE Dec	2011A	2012A	2013E	2014E
P/Sales:	24.3x	17.9x	11.6x	7.1x
P/E:	457.6x	152.5x	80.1x	23.2x
Revenue:				
Q1	9.6	12.6	15.0A	--
Q2	11.3	30.0	49.4A	--
Q3	21.8	12.5	23.9	--
Q4	18.7	28.1	40.4	--
Total	61.3	83.2	128.7	208.5
EPS:				
Q1	(0.31)	(0.03)	(0.10)A	--
Q2	0.07	0.23	0.33A	--
Q3	0.13	(0.12)	(0.05)	--
Q4	0.12	0.12	0.21	--
Total	0.07	0.21	0.40	1.38

SHARE PRICE PERFORMANCE:



Source: Interactive Data Corporation

COMPANY DESCRIPTION:

Universal Display Corporation is engaged in the research and development and commercialization of organic light emitting diodes (OLED) technologies and materials for potential flat panel display and other applications.

All amounts in US\$ unless otherwise noted.

Sustainability -- Energy & Power Technologies

ASIAN MEETINGS SUGGEST INCREASED COMPETITION, TV PUSHOUTS

Investment recommendation

We are lowering our recommendation on Universal Display's shares to SELL following a round of meetings in Europe and Asia which suggests competition in its materials business is growing and that the TV opportunity is being pushed out.

Investment highlights

- Our research concludes that both Samsung and LG have development programs to manufacture and supply their own phosphorescent materials and we have reason to believe that they will begin introducing them for their own consumption post-2017 when UDC's key patents begin to expire.
- Our call is longer term in nature. While UDC could benefit in the very near term from green host and emitter sales, we would use any strength as an opportunity to exit the shares.
- While OLED TVs have been generating a lot of buzz in the press, yields remain poor, prices are very high (even with recent reductions) and the cost roadmap of both LG and Samsung hinge on a combination of cost downs for front and back end of the manufacturing efforts. We believe the front end cost downs include a number of material and IP license/royalty reductions, which we view negatively for UDC.
- Given the uncertainty around the 2017 timeframe, we still feel that the most prudent way to value the firm is through its expected cash flows up until then. Unfortunately, given the push-outs in TVs and OEM cost cutting, we conclude fair value for shares at \$19, even including very strong penetration for OLEDs in mobile.

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The recommendations and opinions expressed in this research report accurately reflect the Investment Analyst's personal, independent and objective views about any and all the Designated Investments and Relevant Issuers discussed herein. For important information, please see the Important Disclosures section in the appendix of this document or visit Canaccord Genuity's [Online Disclosure Database](#).

Valuation

We are lowering our PT to \$19, down from \$30, based off of a 5x multiple to our new 2017 EPS estimate plus cash per share. Despite the good growth we believe a low multiple is prudent as we believe that most of the company's value will be generated in the years prior to 2018.

The headline of downgrading the shares while raising our numbers may seem confusing; however, our justification for doing so is the concern that the company's largest customers are developing their own materials portfolio, possibly for use beginning in 2018 when UDC's IP begins to expire. According to the analysis below, current valuation would suggest that investors are placing a high degree of confidence in the terminal value of this story, which we now believe carries a higher risk profile.

Investment risks

Risks to our SELL rating include: 1) greater adoption of OLEDs in display and lighting devices; 2) greater royalty/license rates and materials sales than we are modeling; 3) new product announcements, near-term "beat and raises" and multiple expansion which may not change our longer-term view but could cause shares to temporarily appreciate.

CASH FLOW ANALYSIS

Universal Display just started reporting granular commercial emitter and host revenues by color. Using this historical data, we were able to refine our models and back into the approximate usage per device, and thus unit area to project forward.

Red emitter sales totaled \$16.7M in 2012 while green emitters totaled \$6.4M with hosts of \$4.4M. We believe that only the red materials made it into the 190M commercial displays produced in 2012. YTD in 2013 red emitters were \$3.6M while green emitters skyrocketed to \$17.7M and green host reached \$12.1M due to the mid-March introduction of Samsung's Galaxy S4, the first high-volume device with both red and green emitters using Samsung's M4 OLED stack.

Figure 1: UDC material sales (\$millions)

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Total material sales						
Red Emitter	4.8	5.1	3.7	3.1	2.8	3.6
Green Emitter	1.5	1.5	1.1	2.3	4.6	13.1
Green Host	1.3	1.5	1.6	0	3.1	9.0

Source: Company reports

We calculate that red emitter sales currently stand at 0.7 cents per square inch with green emitter at 6.2 cents per square inch and green host sales at 4.3 cents per square inch. Using the assumptions below we calculate that red emitter sales per unit area (in our case, square inches) have fallen by 66% including yield and utilization effects since the beginning of 2012. So far in the first two quarters of commercial production, green sales have remained fairly constant; however, we estimate that they will follow a similarly-sized but accelerated cost curve as the red emitters. We are using the estimate that green materials are in 40% of devices in the most recent quarter.

Figure 2: Material sales per square inch

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Units	30	34	35	36	47	60
Avg size (" , diag)	4.5	4.5	4.5	4.5	4.6	4.7
Total area (in2)	240	272	280	288	395	528
\$/in2						
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043
Total material sales						
Red Emitter	4.8	5.1	3.7	3.1	2.8	3.6
Green Emitter	1.5	1.5	1.1	2.3	4.6	13.1
Green Host	1.3	1.5	1.6	0	3.1	9.0

Source: Company reports and Canaccord Genuity

Now here's finally where it gets interesting. Looking forward we will assume the green volume discounts/utilization learning curve of 66% will play out by 2014. We also assume that 100% of devices will contain both red and green emitter and green host (up from 40% in Q2/13). It is worth noting that we have confirmed that phosphorescent green host and emitter materials are not being used or expected to be used in Samsung's TVs. That said, we thought it useful to point out the potential as an upwards bound scenario. We believe that most of the volume discounts have played out with red. We are assuming that manufacturers should still be able to make a few percentage points of improvement in materials utilization each quarter going forward in both red and green.

Under this scenario, pairing it with our colleagues' smartphone forecasts and assuming OLED market share will reach 45% by 2017 (up from 19% in 2012), we calculate total peak material sales to the mobile market of \$237M in 2017 with cumulative materials revenues going forward of \$912M. Using a much more bullish forecast of 90% penetration by 2017 we arrive at a peak year of \$474M and cumulative sales of \$1.5B.

1 October 2013

Figure 3: Materials sensitivity (smartphone)**Base case**

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2H 2013E	2014E	2015E	2016E	2017E	
Smartphones (full yr)				716			990	1276	1495	1645	1727	
OLED Share (full yr)				19%			25%	30%	35%	40%	45%	
Units	30	34	35	36	47	60	141	383	523	658	777	
Avg size (" , diag)	4.5	4.5	4.5	4.5	4.6	4.7	4.8	4.9	5.0	5.0	5.0	
Total area (in2)	240	272	280	288	395	528	1307	3713	5285	6646	7849	
\$/in2												
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005	\$ 0.004	
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062	\$ 0.042	\$ 0.021	\$ 0.019	\$ 0.017	\$ 0.015	
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043	\$ 0.029	\$ 0.014	\$ 0.013	\$ 0.012	\$ 0.011	
Total material sales												
Red Emitter	4.8	5.1	3.7	3.1	2.8	3.6	8.5	21.6	27.7	31.4	33.4	
Green Emitter	1.5	1.5	1.1	2.3	4.6	13.1	54.9	78.3	100.3	113.5	120.7	
Green Host	1.3	1.5	1.6	0	3.1	9.0	37.9	53.8	68.9	78.0	82.9	
(All figures in millions except " ; \$/in2)							101	154	197	223	237	912

Bull case

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2H 2013E	2014E	2015E	2016E	2017E	
Smartphones (full yr)				716			990	1276	1495	1645	1727	
OLED Share (full yr)				19%			25%	40%	55%	70%	90%	
Units	30	34	35	36	47	60	141	510	822	1152	1554	
Avg size (" , diag)	4.5	4.5	4.5	4.5	4.6	4.7	4.8	4.9	5.0	5.0	5.0	
Total area (in2)	240	272	280	288	395	528	1307	4951	8305	11630	15698	
\$/in2												
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005	\$ 0.004	
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062	\$ 0.042	\$ 0.021	\$ 0.019	\$ 0.017	\$ 0.015	
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043	\$ 0.029	\$ 0.014	\$ 0.013	\$ 0.012	\$ 0.011	
Total material sales												
Red Emitter	4.8	5.1	3.7	3.1	2.8	3.6	8.5	28.9	43.6	54.9	66.7	
Green Emitter	1.5	1.5	1.1	2.3	4.6	13.1	54.9	104.4	157.6	198.7	241.3	
Green Host	1.3	1.5	1.6	0	3.1	9.0	37.9	71.7	108.3	136.5	165.8	
(All figures in millions except " ; \$/in2)							101	205	309	390	474	1480

Source: Company reports and Canaccord Genuity

Up until now the tablet market has been negligible in terms of OLED penetration, due in part to Samsung's utilization for mobile and the economics of how area scales. For example, the OLED Association points out that a tablet is 275% more area than a mobile screen but only generates 150% more absolute dollars. But to take away the obvious pushback out of the equation we will do the same analysis above for tablets beginning in 2014. While the area per screen is much larger, the end market is smaller, resulting in about half of the market opportunity of smartphones. We calculate between \$380 and \$700M in cumulative materials revenues to 2018, depending on the adoption rate.

1 October 2013

Figure 4: Materials sensitivity (tablet)**Base case**

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2H 2013E	2014E	2015E	2016E	2017E
Tablets								300	360	383	396
OLED Share (full yr)								5%	15%	30%	45%
Units								15	54	115	178
Avg size (" , diag)								9.0	9.0	9.0	9.0
Total area (in2)								480	1728	3677	5702
\$/in2											
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005	\$ 0.004
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062	\$ 0.042	\$ 0.021	\$ 0.019	\$ 0.017	\$ 0.015
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043	\$ 0.029	\$ 0.014	\$ 0.013	\$ 0.012	\$ 0.011
Total material sales											
Red Emitter								2.8	9.1	17.4	24.2
Green Emitter								10.1	32.8	62.8	87.7
Green Host								7.0	22.5	43.2	60.2
(All figures in millions except " ; \$/in2)							0	20	64	123	172
											380

Bull case

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2H 2013E	2014E	2015E	2016E	2017E
Tablets								300	360	383	396
OLED Share (full yr)								10%	30%	55%	80%
Units								30	108	211	317
Avg size (" , diag)								9.0	9.0	9.0	9.0
Total area (in2)								960	3456	6741	10138
\$/in2											
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005	\$ 0.004
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062	\$ 0.042	\$ 0.021	\$ 0.019	\$ 0.017	\$ 0.015
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043	\$ 0.029	\$ 0.014	\$ 0.013	\$ 0.012	\$ 0.011
Total material sales											
Red Emitter								5.6	18.1	31.8	43.1
Green Emitter								20.2	65.6	115.1	155.9
Green Host								13.9	45.1	79.1	107.1
(All figures in millions except " ; \$/in2)							0	40	129	226	306
											701

Source: Canaccord Genuity

Lastly, we will look at TVs. Most people get excited about the TV opportunity as it is an unpenetrated large market (200M+ units annually) and the physical area of each screen is much larger compared to the mobile space. We have highlighted the technical challenges and capital intensity of building capacity for OLED TVs previously, which is why we will only consider the premium/large area segment as the addressable market. DisplaySearch estimates that approximately 10% of total TV shipments are in the 50"+ category.

Using these figures we arrive at \$727M in cumulative materials sales to 2018 in a base case of 20% penetration of the premium market (3.2% of the entire TV market). We arrive at \$1.4B in cumulative material sales in a base case of 45% penetration of the premium segment (7% of the entire TV market). Again, we are assuming 100% red and green emitter and 100% of host in these numbers, even though in reality our recent research confirms that green phosphorescent materials will not be used in TVs.

Figure 5: Materials sensitivity (TV)

Base case

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2H 2013E	2014E	2015E	2016E	2017E		
Tablets								227	234	241	248		
Premium share (50"+)								10%	12%	14%	16%		
OLED share of premium								5%	10%	15%	20%		
Units								1	3	5	8		
Avg size (" , diag)								55.0	55.0	55.0	55.0		
Total area (in2)								1471	3636	6554	10287		
\$/in2													
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005	\$ 0.004		
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062	\$ 0.042	\$ 0.021	\$ 0.019	\$ 0.017	\$ 0.015		
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043	\$ 0.029	\$ 0.014	\$ 0.013	\$ 0.012	\$ 0.011		
Total material sales													
Red Emitter								8.6	19.1	30.9	43.7		
Green Emitter								31.0	69.0	112.0	158.2		
Green Host								21.3	47.4	76.9	108.7		
(All figures in millions except " ; \$/in2)								0	61	136	220	311	727

Bull case

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2H 2013E	2014E	2015E	2016E	2017E		
Tablets								227	234	241	248		
Premium share (50"+)								10%	12%	14%	16%		
OLED share of premium								5%	15%	30%	45%		
Units								1	4	10	18		
Avg size (" , diag)								55.0	55.0	55.0	55.0		
Total area (in2)								1471	5454	13109	23146		
\$/in2													
Red Emitter	\$ 0.020	\$ 0.019	\$ 0.013	\$ 0.011	\$ 0.007	\$ 0.007	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005	\$ 0.004		
Green Emitter	n/a	n/a	n/a	n/a	\$ 0.058	\$ 0.062	\$ 0.042	\$ 0.021	\$ 0.019	\$ 0.017	\$ 0.015		
Green Host	n/a	n/a	n/a	n/a	\$ 0.039	\$ 0.043	\$ 0.029	\$ 0.014	\$ 0.013	\$ 0.012	\$ 0.011		
Total material sales													
Red Emitter								8.6	28.6	61.9	98.4		
Green Emitter								31.0	103.5	223.9	355.8		
Green Host								21.3	71.1	153.8	244.5		
(All figures in millions except " ; \$/in2)								0	61	203	440	699	1403

Source: Canaccord Genuity

DCF time! (dust off your textbooks and lets go back to school)

In summary, we have arrived at between \$2.0B and \$3.6B in cumulative materials sales from Q3/13 to 2018.

Figure 6: Cumulative materials revenues (\$millions)

	Base	Bull
Smartphone	912	1,480
Tablet	380	701
TV	727	1,403
	2,019	3,584

Source: Canaccord Genuity

We do not know what an additional royalty/license stream would look like, but to be conservative, we will double Samsung's (into which we are beginning to have some visibility). Royalty GM is 97%, and we assume 80% emitter GM and 50% host GM. We will grow OPEX at 6% per year and use a full tax rate. Interest and other are negligible. We will use net income as a proxy for cash flows given the company's minimal CAPEX or working capital investments. To make the math easy, we will assume a WACC of 10%. Remember, to stay as conservative as possible given the uncertainty post-2017, we will not be adding a terminal value.

Under these assumptions we calculate between \$775M and \$1.3B in discounted cumulative cash flows. These figures compare to the firm's current enterprise value of \$1.23B – meaning a somewhat generous base case computes a fair value 37% below current market value and a very generous bull case which is only 5% above the current market value.

Figure 7: DCF and summary**Base**

	2H 2013E	2014E	2015E	2016E	2017E	
Smartphone	101	154	197	223	237	
Tablet		20	64	123	172	
TV		61	136	220	311	
Materials Sum	101	235	397	566	720	
GM	70%	70%	70%	70%	70%	
Gross Profit	71	165	278	397	505	
Royalty/License	40	100	120	140	160	
GM	97%	97%	97%	97%	97%	
Gross Profit	39	97	116	136	155	
Total Gross Profit	110	262	395	533	660	
OPEX	40	85	90	95	101	
Tax	24	62	107	153	196	
Net Income	45	115	198	284	363	
Present Value	45	105	164	214	248	775

Enterprise value 1,234
Difference -37%

Bull

	2H 2013E	2014E	2015E	2016E	2017E	
Smartphone	101	205	309	390	474	
Tablet		40	129	226	306	
TV		61	203	440	699	
Materials Sum	101	306	641	1,056	1,479	
GM	70%	70%	70%	70%	70%	
Gross Profit	71	215	449	740	1,037	
Royalty/License	40	100	120	140	160	
GM	97%	97%	97%	97%	97%	
Gross Profit	39	97	116	136	155	
Total Gross Profit	110	312	566	876	1,192	
OPEX	40	85	90	95	101	
Tax	24	79	167	273	382	
Net Income	45	147	309	508	709	
Present Value	45	134	256	381	484	1,300

Enterprise value 1,234
Difference 5%

Source: Canaccord Genuity

Where could we be wrong?

A more likely issue that may come up is that we assumed that the ramp of materials usage over time will fall consistently from current levels. What this would mean in real life is that whatever capacity enters the market will have the same specs as Samsung's existing capacity. While today Samsung essentially has all of the world's commercial production capacity, we do not expect that to last. We do expect it to maintain a dominant share. It is possible that as new entrants come into the market their materials usage and pricing will be above our figures; however, they had better come down the learning curve quickly if they want to be competitive with mature capacity and processes. As such, any such discrepancies are likely to be temporary and their effect would be muted as time rolls on.

Another issue is the use of green hosts and emitters. We have a fairly aggressive ramp in green volumes for UDC, including hosts, which is a much more competitive market. We also assume flat gross margins which may prove to be too optimistic going forward. And lastly, while it is looking less likely there is a possibility that UDC will continue selling high margin, high volume materials while extracting a royalty post 2017, which would certainly prove the above analysis too conservative.

Figure 8: PANL revenue and earnings model

Dollars are in (000s)

	Fiscal Year 2012E				Fiscal Year 2013E				2012A	2013E	2014E	2015E	2016E	2017E
	Q1A Mar	Q2A Jun	Q3A Sep	Q4A Dec	Q1A Mar	Q2A Jun	Q3E Sep	Q4E Dec						
Net Sales	\$ 12,620	\$ 29,987	\$ 12,504	\$ 28,133	\$ 14,976	\$ 49,359	\$ 23,922	\$ 40,441	\$ 83,244	\$ 128,698	\$ 208,511	\$ 305,367	\$ 377,335	\$ 439,582
% change (Q/Q)	-32%	138%	-58%	125%	-47%	230%	-52%	69%						
% change (Y/Y)	31%	166%	-43%	51%	19%	65%	91%	44%	36%	55%	62%	46%	24%	16%
Cost of Sales, net	1,088	1,611	1,094	735	3,092	8,282	6,432	5,997	4,528	23,803	44,759	70,789	89,166	104,525
Gross profit	11,532	28,376	11,410	27,398	11,884	41,077	17,490	34,444	78,716	104,895	163,752	234,578	288,169	335,057
Gross margin %	91.4%	94.6%	91.3%	97.4%	79.4%	83.2%	73.1%	85.2%	94.6%	81.5%	78.5%	76.8%	76.4%	76.2%
Research and development	6,661	7,236	8,177	7,958	8,938	7,316	7,882	8,066	30,032	32,002	34,237	36,697	39,723	42,997
% of total revenue	53%	24%	65%	28%	60%	15%	32%	20%	36%	25%	16%	12%	11%	10%
General & administrative	4,311	5,189	5,275	4,789	5,171	6,336	6,526	6,722	19,564	24,755	28,532	30,583	33,104	35,832
% of total revenue	34%	17%	42%	17%	35%	13%	27%	17%	24%	19%	14%	10%	9%	8%
Patent cost & amortization	1,868	2,255	3,736	5,526	4,617	4,522	4,658	4,797	13,385	18,594	20,363	21,292	22,156	23,056
% of total revenue	15%	8%	30%	20%	31%	9%	19%	12%	16%	14%	10%	7%	6%	5%
Royalty & License expense	250	786	283	754	312	1,172	1,177	1,182	2,073	3,843	4,778	4,858	4,938	5,018
% of total revenue	2%	3%	2%	3%	2%	2%	5%	3%	2%	3%	2%	2%	1%	1%
Total operating expenses	13,090	15,466	17,471	19,027	19,038	19,346	20,043	20,767	65,054	79,194	87,910	93,430	99,920	106,903
% change (Q/Q)	-7%	18%	13%	9%	0%	2%	4%	4%	25%	22%	11%	6%	7%	7%
% change (Y/Y)	7%	27%	30%	36%	45%	25%	15%	9%						
Operating income	(1,558)	12,910	(6,061)	8,371	(7,154)	21,731	(2,553)	13,677	13,662	25,701	75,842	141,148	188,248	228,154
Operating margin %	-12%	43%	-48%	30%	-48%	44%	-11%	34%	16%	20%	36%	46%	50%	52%
Interest Income (expense), net	357	339	267	249	202	168	250	250	1,212	870	1,820	1,980	1,980	1,980
% of total revenue	2.8%	1.1%	2.1%	0.9%	1.3%	0.3%	1.0%	0.6%	1.5%	0.7%	0.9%	0.6%	0.5%	0.5%
Other	(20)								(20)					
Income before taxes	(1,221)	13,249	(5,794)	8,620	(6,952)	21,899	(2,303)	13,927	14,854	26,571	77,662	143,128	190,228	230,134
Provision for income taxes		2,285	(326)	3,235	(2,194)	6,517	-	3,718	5,194	8,041	10,157	50,095	66,580	80,547
% of Income	0%	17%	6%	38%	32%	30%	0%	27%						
Net income	(1,221)	10,964	(5,468)	5,385	(4,758)	15,382	(2,303)	10,209	9,660	18,530	67,505	93,033	123,648	149,587
Net margin %	-10%	37%	-44%	19%	-32%	31%	-10%	25%	12%	14%	32%	30%	33%	34%
EPS (GAAP)	\$ (0.03)	\$ 0.23	\$ (0.12)	\$ 0.12	\$ (0.10)	\$ 0.33	\$ (0.05)	\$ 0.21	\$ 0.21	\$ 0.40	\$ 1.38	\$ 1.83	\$ 2.34	\$ 2.73
% change (year over year)	-90%	+229%	-192%	+0%	+233%	+43%	-58%	+75%	+200%	+90%	+245%	+33%	+28%	+17%
Diluted shares	45,749	46,857	46,006	46,794	45,823	46,496	46,996	47,496	46,352	46,703	48,746	50,746	52,746	54,746
Gross margin	91%	95%	91%	97%	79%	83%	73%	85%	95%	82%	79%	77%	76%	76%
EBITDA margin	-12%	43%	-48%	30%	-48%	44%	-11%	34%	-9%	-6%	-4%	-1%	-2%	-1%
Operating margin	-12%	43%	-48%	30%	-48%	44%	-11%	34%	16%	20%	36%	46%	50%	52%
Net margin	-10%	37%	-44%	19%	-32%	31%	-10%	25%	12%	14%	32%	30%	33%	34%

Current Balance Sheet Data

Cash/investments	\$ 244,685	Total liabilities	\$ 36,200
Cash per share	\$ 5.26	Stockholders' equity	\$ 357,305
Total Assets	\$ 393,505	Book value per share	\$ 7.68

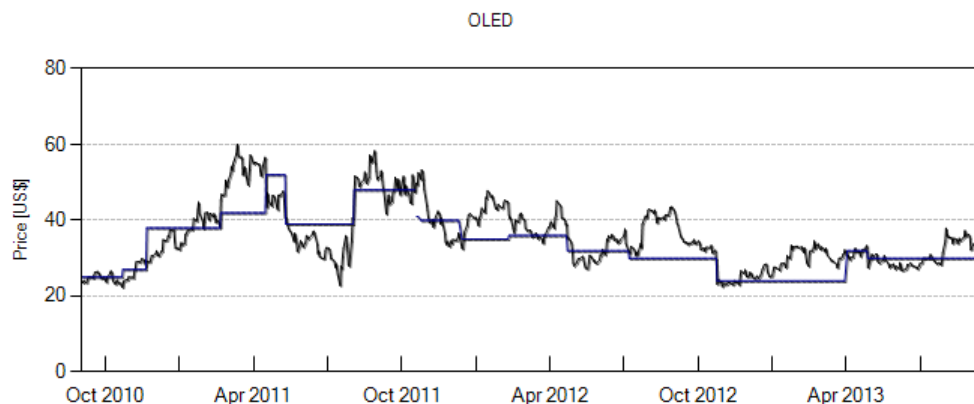
Source: Company reports and Canaccord Genuity estimates

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Price Chart:*



Date	Analyst	Rating	Target Price	Date	Analyst	Rating	Target Price
1) 11/05/2010	Dorsheimer	Buy	27.00	9) 11/14/2011	Dorsheimer	Hold	40.00
2) 12/16/2010	Dorsheimer	Buy	38.00	10) 01/02/2012	Dorsheimer	Hold	35.00
3) 03/16/2011	Dorsheimer	Buy	42.00	11) 02/29/2012	Dorsheimer	Hold	36.00
4) 05/10/2011	Dorsheimer	Hold	52.00	12) 05/10/2012	Dorsheimer	Hold	32.00
5) 06/02/2011	Dorsheimer	Hold	39.00	13) 07/24/2012	Dorsheimer	Hold	30.00
6) 08/25/2011	Dorsheimer	Hold	48.00	14) 11/07/2012	Dorsheimer	Hold	24.00
7) 11/08/2011	Dorsheimer	Hold		15) 04/15/2013	Dorsheimer	Hold	32.00
8) 11/09/2011	Dorsheimer	Hold	41.00	16) 05/10/2013	Dorsheimer	Hold	30.00

*Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

Distribution of Ratings:
Global Stock Ratings
(as of 28 June 2013)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
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Speculative Buy	58	6.0%	37	60.3%
Hold	288	30.0%	13	11.1%
Sell	47	4.9%	7	6.4%
	964*	100.0%		

*Total includes stocks that are Under Review

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Company	Disclosure
Universal Display	5, 7
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