

## COMMENT

**Universal Display Corp. (PANL) \$34.76**

Equity Research

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**First Take: Universal Display and SMD reach long-term agreement**

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**News**

Following news reports of a new strategic alliance between Universal Display and Samsung Mobile Display (SMD) overnight, the companies announced two new long-term agreements this morning: the OLED Patent Licensing Agreement and a Supplemental Materials Purchase Agreement. Under the OLED Patent Licensing agreement, Universal Display granted SMD certain rights to its patent portfolio. In the Supplemental Materials Purchase Agreement, SMD agreed to purchase and Universal Display has agreed to supply OLED materials to SMD. The new agreements run through the end of 2017.

**Analysis**

We think the signing of the long-awaited licensing agreement should provide a solid lift to the stock. Although we had anticipated a new long-term agreement with SMD, the timing was more favorable than we had expected. Moreover, while the economics of the new licensing and material purchase agreements were not disclosed, we expect royalty and materials revenue to move higher, particularly when the color green OLED is introduced for commercial production.

**Implications**

Our estimates and price target are under review.

**INVESTMENT LIST MEMBERSHIP**

Americas Buy List

**Coverage View: Neutral**

**Min Park**  
(415) 249-7445 min.park@gs.com Goldman Sachs & Co.

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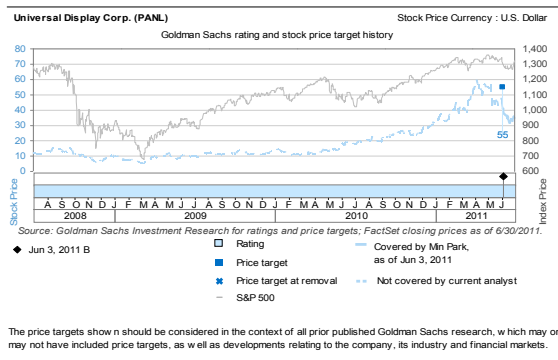
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## Price target and rating history chart(s)



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