

Universal Display - OLED Emitters Monopoly Falls Apart

Nov. 24, 2017 12:23 PM ET 57 comments

by: Lucid Capital

Summary

- After years of monopoly in the OLED emitters, Universal Display faces significant pressure as TADF OLED emitters have finally crossed the chasm.
- TADF OLED players like Kelyux and Cyonra, backed by investments by LG and Samsung (which account for 95%-plus of UDC's profits) will commercialize their emitters in 2018/19.
- LG already aims to buy Cynora's blue TADFs for their 2018 TVs, and Samsung is looking for short-term extension or no commitment contract with UDC.
- Meanwhile, in low-end smartphones, Merck is about to eat UDC's breakfast as UDC's bulk of basic patents is set to expire by December 2017.
- No wonder UDC's insiders have sold \$260M just in the last six months.

Everything seems shiny for Universal Display (OLED) as the stock has increased 380% (fourfold) over the last two years, spurred on by OLED (organic LED) adoption of Apple (AAPL) iPhones, Samsung Displays (OTC:SSNLF) and LG (LPL) TVs.

Despite the off-the-chart valuation metrics (2018 P/S of 21 and P/E of 60), analysts like Brian Lee for Goldman Sachs (who downgraded the stock from buy to hold with a price target of \$35), still recommend Universal Display with buy and a price target of \$165. To justify these lofty figures, Wall Street analysts have assumed that Universal Display (aka UDC) will be able to triple its profit in the coming 3-4 years.

Recently, the stock was driven up by latecomers who, having dismantled the iPhone X, found UDC's IP-based OLED screen and ran to buy the stock without realizing that it's "old news" for UDC's savvy investors, who priced it in since 2016. Unlike the latecomers or Wall Street analysts who extrapolate the future from the previous four quarters, the common notion among those who are really familiar with the OLED industry over the last decade is that the days of UDC's monopoly of OLED emitters are almost over. This means that UDC's profits will grow nowhere near the analysts' assumptions in 2019 and 2020.

Why? Below are five significant threats to UDC's profit growth and one black swan that might zero it.

1. The TADF OLED has crossed the chasm, offering better cost and energy consumption than UDC's emitters.

TADF (thermally activated delayed fluorescence) is a rare-earth free OLED emitter that reaches 100% internal quantum efficiency (IQE), hence providing better cost and energy efficiency. Given TADF's superior performance, 30%-40% of the profit UDC is making out of selling its "standard" OLEDs is under threat. Recent breakthroughs made by several TADF vendors underlie the common belief among OLED experts that, in the coming 12 months, we will see TADF OLED emitters competing head to head with UDC's emitters.

In July 2017, Wisechip announced that by the end of the year it will have commercialized the world's first HF-TADF display, a yellow PMOLED one, which is based on Kyulux technology. The Japan-based Kyulux (also backed by LG & Samsung, which are its strategic investors) has demonstrated that yellow PMOLED (passive matrix OLED) are on par with current OLED emitters. "So what? It's PMOLED not AMOLED (active matrix OLED) as used by UDC's clients," you might argue, but OLED experts will tell you that PMOLED is even more demanding than AMOLED. For more information, read Kyulux's post which explains why they are so confident that they will be able to commercially produce red and green AMOLED emitters within a year.

But Kyulux isn't alone; another prominent threat to UDC comes from Germany-based Cynora, which has just raised \$25M, again from Samsung and LG (remember, both account for 95%+ of UDC's profit). A few months ago, Cynora celebrated the breakthroughs it made with blue TADF OLED by sponsoring a key OLED conference where it held symposiums to educate the industry. Cynora just reaffirmed three days ago that it will have a commercial blue OLED emitter ready by the end of 2017, which means it could be adopted by LG or Samsung as early as next year.

Read the following news to get an indication of just how advanced Cynora is: "LG is aiming to adopt Cynora's blue TADF emitters by 2018 or 2019 the latest." Cynora also reaffirmed that it's on track to commercialize red and green TADF OLED by 2019, eating UDC's lunch. Even assuming modestly that Cynora will grab only 20% MS and forces UDC to reduce prices by 20% to keep its 80%, that means 2020 UDC's profit might be contracted by 40% vs. 2019 -- exactly the opposite of analysts who assume 30%-40% growth. That is, UDC stock can be more than halved.

Note that replacing UDC's emitters with TADF OLED does not require costly manufacturing adjustments from LG or Samsung. Since it's almost identical to using UDC's emitters, the costs are nowhere near as high as they were to switch from LCD to OLED.

2. The bulk of UDC's patents are set to expire by the end of 2017, significantly risking UDC's sales to low- to mid-end smartphones.

UDC's basic material patents are set to expire toward the end of 2017, although UDC seems confident that its architecture and newer material patents will ensure that all of its AMOLED customers will continue to use its materials in the future. However, in recent in-depth patents research conducted by the reputed OLED portal (OLED-Info), the conclusion was that at least one OLED maker is looking into adopting alternative phosphorescent materials in a bid to lower material costs.

So while UDC's post-2017 IP can possibly protect it within the high-end smartphones segment, it is really under threat in the low- to mid-end smartphone market. A substantial (10%-15%, according to our estimates) portion of UDC's revenues stem from emitters used in low- to mid-end smartphones, such as the Samsung A series, OnePlus, HTC and others. In this segment, we've already witnessed Merck and other chemical companies ambush UDC.

3. Merck has been making strides with its OLED materials business, biting increasing share.

The giant chemical group Merck has been increasing its part of OLED materials, as stated in its Q3 2017 press release: "In the Advanced Technologies business unit, higher demand for OLED materials led to double-digit growth rates in net sales."

In an interview, Merck's CEO said the following:

Q: On the subject of OLED, the news flows are sparse. Can you shed some light on this?

A: Business continues to grow strongly, with mobile applications such as cell phones and tablets currently dominating.

Further reinforcement has been made by Jagadish Iyer of Summit Redstone, who maintains UDC as a hold with a \$128 price target: "Merck's Fluorescent blue seems to have better lifetimes (> 5x) and better color coordinates [than UDC]."

Merck's soluble materials are far more suitable for inkjet printing than UDC's, which is important as it is a more cost effective way to produce large OLED Displays. OLED inks can be precisely deposited onto a surface with an efficient use of materials. No shadow-masks are needed. When compared to the OLED vapor deposition process (UDCs ones), OLED inkjet printing is a less complex process and can be done at room temperature.

4. Samsung will be looking to only renew its UDC contract for the short term, or to minimize its commitment until TADF OLED has hit the market.

Samsung's (UDC's largest customer) contract is set to expire by December 2017. So far, UDC has provided only vague answers when constantly asked during conference calls about the status of the contract.

Samsung knows it is highly dependent on UDC emitters to feed its billion dollar production lines, but it also knows better than anyone else that TADF OLED are around the corner, as explained above.

Hence, it will be looking for a short-term extension (1-3 years) or a flexible contract like UDC has with LG. UDC, from its perspective, is of course trying to lock Samsung into a longer-term contract so they can block Merck and TADF OLED vendors.

When UDC announces the new Samsung contract in the coming weeks, pay close attention to its length and the potential "exit points" for Samsung. Remember that three years ago, Samsung successfully managed to replace UDC as its OLED hosts material vendor

Host materials cost them a fraction of the price they pay for UDC emitters, so there is strong will to replace UDC (which is called in certain Korean labs "Patents Troll").

While the stock might pop on the contract announcement, Samsung will either be able to reduce the quantities, price or royalties it buys by 2019/20. Or UDC will have to lower the price in those years. Both options mean UDC's profits have no chance of growing even near the annual 30%-40% rate assumed in the analysts' models for 2019/20.

5. Insiders have been selling en masse.

In just the last six months, UDC's insiders have sold \$250M worth of stock and counting, as almost every day we see a few million dollars' block unloaded by an insider. Note that the "Uninformative Buys" here are basically RSU grants and options exercises:

Insider Name	Position	Ranking	Action	Amount	Date	Follow	SEC
Rosemarie Greco	Director	☆☆☆☆☆	Informative Sell	\$210,774	11 days ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	\$8,429,778	11 days ago		
Lawrence Lacerle	Director	☆☆☆☆☆	Informative Sell	\$2,739,495	11 days ago		
Sherwin Seligsohn	Chairman of Board and Founder, Dire...	Not Ranked	Uninformative Sell	—	13 days ago		
Sherwin Seligsohn	Chairman of Board and Founder, Dire...	Not Ranked	Uninformative Sell	\$7,500,000	13 days ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Sell	\$2,969,030	13 days ago		
Julia J. Brown	CTO	Not Ranked	Uninformative Sell	\$1,500,000	13 days ago		
Richard Elias	Director	☆☆☆☆☆	Uninformative Buy	—	2 months ago		
Elizabeth Gemmill	Director	☆☆☆☆☆	Uninformative Buy	—	2 months ago		
Keith Hartley	Director	☆☆☆☆☆	Uninformative Buy	—	2 months ago		
Rosemarie Greco	Director	☆☆☆☆☆	Uninformative Buy	—	2 months ago		
Lawrence Lacerle	Director	☆☆☆☆☆	Uninformative Buy	—	2 months ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	\$8,783,112	2 months ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Sell	—	4 months ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Sell	\$2,241,580	4 months ago		
Julia J. Brown	CTO	Not Ranked	Uninformative Sell	\$1,250,000	4 months ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	—	4 months ago		
Richard Elias	Director	☆☆☆☆☆	Uninformative Buy	—	4 months ago		
Elizabeth Gemmill	Director	☆☆☆☆☆	Uninformative Buy	—	4 months ago		
Keith Hartley	Director	☆☆☆☆☆	Uninformative Buy	—	4 months ago		
Rosemarie Greco	Director	☆☆☆☆☆	Uninformative Buy	—	4 months ago		
Lawrence Lacerle	Director	☆☆☆☆☆	Uninformative Sell	—	4 months ago		
Leonard Becker	Director	☆☆☆☆☆	Informative Sell	\$428,383	6 months ago		
Keith Hartley	Director	☆☆☆☆☆	Informative Sell	\$1,148,600	6 months ago		
Lawrence Lacerle	Director	☆☆☆☆☆	Informative Sell	\$3,257,405	6 months ago		
Mauro Premulico	VP, Legal & GM, Licensing	Not Ranked	Uninformative Sell	\$2,320,710	6 months ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Sell	\$2,039,230	6 months ago		
Julia J. Brown	CTO	Not Ranked	Uninformative Sell	\$4,156,000	6 months ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	—	6 months ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	\$1,909,292	6 months ago		
Mauro Premulico	VP, Legal & GM, Licensing	Not Ranked	Uninformative Sell	\$433,917	7 months ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Sell	\$1,900,970	7 months ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	\$1,900,970	7 months ago		
Janice Mahon	VP of Tech Commercialization	☆☆☆☆☆	Uninformative Sell	\$55,921	7 months ago		
Janice Mahon	VP of Tech Commercialization	☆☆☆☆☆	Uninformative Buy	—	7 months ago		
Mauro Premulico	VP, Legal & GM, Licensing	Not Ranked	Uninformative Sell	\$74,768	7 months ago		
Mauro Premulico	VP, Legal & GM, Licensing	Not Ranked	Uninformative Buy	—	7 months ago		
Sherwin Seligsohn	Chairman of Board and Founder, Dire...	Not Ranked	Uninformative Sell	\$81,554	7 months ago		
Sherwin Seligsohn	Chairman of Board and Founder, Dire...	Not Ranked	Uninformative Buy	—	7 months ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Sell	\$168,608	7 months ago		
Steven Abramson	President & CEO, Director	Not Ranked	Uninformative Buy	—	7 months ago		
Julia J. Brown	CTO	Not Ranked	Uninformative Sell	\$118,440	7 months ago		
Julia J. Brown	CTO	Not Ranked	Uninformative Buy	—	7 months ago		
Sidney Rosenblatt	EVP & CFO, Director	☆☆☆☆☆	Uninformative Sell	\$168,608	7 months ago		

The Black Swan - Political Tensions in Korea

Many investors are not aware of the fact that both LGD's and SDC's main OLED production hubs are placed to the north of Seoul, very close to the North Korean border. The possibility of an armed conflict disrupting these two fabrication plans should not be discounted.

Bottom Line - Don't Take Our Word for It, See What Top OLED Experts Do

Instead of repeating our opinions, here is the opinion of the editor and founder of OLED-Info.com, Ron Mertens, when asked about his position on UDC in a reply to an article that details TADF developments:

Comments

Ron, normally you have a

Submitted by Anonymous (not verified) on Sun, 20/08/2017 - 17:38

Ron, normally you have a disclaimer saying the author of this article is a holder of UDC stock. I did not see it, here... does this mean you a no longer a holder of UDC stock?

reply

Yes, I no longer have any

Submitted by Ron Mertens on Mon, 21/08/2017 - 07:34

Yes, I no longer have any shares.

reply

He is not alone; other UDC investors who have intimate knowledge of the OLED industry have told us they unloaded the stock at \$100 per share, as they can no longer assume that UDC will keep its share and its lofty margins in 2019 and onward. Even optimistically

assuming that TADF and Merck won't be able to grab MS in 2018/19, but only from 2020, UDC's stock seems way overpriced in any scenario:

Scenario	2017-20 EPS Growth (assumes 36% CAGR)	2020 "Monopoly" Virtual EPS (1)	UDC Market share loss in 2020	Emitters price decline in 2020	2020 real EPS (2)	P/E at 2020	OLED stock price at 2020
Optimistic	x2.5	5.85	0%	0%	5.85	20	\$117
Realistic	x2.5	5.85	20%	20%	3.77	20	\$75
Pessimistic	x2.5	5.85	35%	20%	3.04	20	\$61

(1) "Monopoly" virtual -- assumes no competition in 2020

(2) Generously assuming TADF and Merck will enter the market only in 2020.

Meanwhile, OLED is now driven by momentum traders and ignorant latecomers.

Disclosure: I am/we are short OLED. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Editor's Note: This article discusses one or more securities that do not trade on a major U.S. exchange. Please be aware of the risks associated with these stocks.

Comments (57)

slacker7110

Cynora's data from the end of June showed that they have a blue with a LT97 of 15 hours.

15 hours.

and it isnt even the right color.

LOL.

24 Nov 2017, 12:51 PM

Lucid Capital, Contributor

Author's reply » "The TADF Symposium also hosted talks by Samsung Display and LG Display. Both companies stated that at this stage TADF has a better potential to achieve an efficient blue emitter compared to phosphorescence. This is not really a surprise as both companies invested 25 million euros in Cynora to enable it to accelerate its blue emitter R&D."

<http://bit.ly/2jUg1uV>

24 Nov 2017, 01:55 PM

Lucid Capital, Contributor

Author's reply » "The TADF Symposium also hosted talks by Samsung Display and LG Display. Both companies stated that at this stage TADF has a better potential to achieve an efficient blue emitter compared to phosphorescence. This is not really a surprise as both companies invested 25 million euros in Cynora to enable it to accelerate its blue emitter R&D."

24 Nov 2017, 01:55 PM

slacker7110

Yep, this is a company that needs to raise money so the hype goes off the charts. They wouldn't need to raise money if they had a blue chip with anywhere near commercial specs.

LT97 at 10 hours!

I have my doubts that even their 100 hour target is enough but at a minimum they need to get 10x the life AND get a deeper blue.

TADF materials are a threat, but they are nowhere near the point where it is inevitable that they will hit commercial specs.

24 Nov 2017, 03:11 PM

sonetirot

I hope you enjoy your short faith similar to Citron Research's Andrew Left that short NVDA. I guess he learned his lesson well shorting NVDA. Time will tell. You may be right in long term but short term, I do not think it makes a difference. I hope you have deep pockets to short this. I am long OLED but probably 5% max of my portfolio. I trim my position from time to time to get my portfolio diversified. I already play with house money so it won't matter. Every product has a competitor even NVIDIA. I wonder any product that does not have a competitor. Even in the long term OLED still has a competitive advantage. I have been selling OLED all this year and it's worthless and use that cash for my reserve. I could not complain since OLED made me tons of money this year including ANET, NVDA, FB, BABA, CGNX, MA, V etc..

24 Nov 2017, 07:02 PM

neals58

Sure buddy You are SHORT. What else can you say.

24 Nov 2017, 12:52 PM

sonetirot

I am glad he DID short. I hope more people DID short.
More power to them. Once they DID short the stock already.
It would be good for us current shareholders.

As of 10/31/2017 There are 3,603,859 short @ 630,172 Volume
That is 5.71 days to cover.
It was going down from 4.1 Millions as of 9/15/2017.

<http://bit.ly/2jZitQT>

1. If stock goes up quickly, they would need to cover. Short squeeze.
To keep pain off their backs.
2. If stock goes down, they may close out so they would have to buy back to close out. That helps stabilize stock from going down.

26 Nov 2017, 02:14 PM

Berry1066

Here is another perspective that investors may want to consider...

<http://bit.ly/2BjXEE5>

24 Nov 2017, 01:34 PM

Oracle of NJ

UDC is well positioned going forward. The sales are routine and part of a planned sales program for executive diversification. The link to the article you posted above I am more in agreement with than the short seller here on SA's views.

UDC has a solid IP portfolio. Samsung renewal will be very favorable I am certain. R&D continues so that is something the short seller here is not taking into account. Balance sheet is pristine and last time I checked approaching \$400M with virtually no debt.

The stock has run up a bit but so has the OLED market it operates in. More large TV's, tablets and phones being sold with OLED screens at an accelerating rate. OLED is well positioned for what is ahead and if they keep the R&D producing as it has in recent years investors will be rewarded handsomely.

24 Nov 2017, 02:01 PM

dverissimo

He takes the end of OLED patent license too lightly. It won't be the end of UDC, but sure will deal a massive damage on share and company.

24 Nov 2017, 02:34 PM

Berry1066

You may want to do some more research into ligands (a required component of a PHOLED compound). UDC's patents in this area extent the companies core IP well beyond the timeframe you mentioned in your very one sided article.

You also may want to pay closer attention to UDC management's language surrounding there development of a blue PHOLED emitter. They appear to be very close...

How they get to blue matters. UDC has demonstrated 4-10x improvements in lifetimes using a new material innovation called "manager materials". Steven Forest a key UDC researcher at the University of Michigan developed the concept and UDC has VERY broad and long lived intellectual property in this area. Importantly the use of manager materials is not restricted to PHOLED materials as they address the key mechanism that causes degradation in any OLED molecule...

I wish you the worst of luck with your OLED short position! I am clearly on the other side of your trade!

24 Nov 2017, 02:53 PM

danrick135120

The good analyst have OLED's target price @219.00 for 2018.

10 Dec 2017, 01:21 PM

harryday12

Also, the big issue for OLED continues to be usable lifetime. According to Mercks own lab data their red and green currently have an effective lifetime of 22 and 26% of Universals. You seem to miss that important point. Effective lifetime of approximately 2000 hours vs 18000 hours of a huge hurdle.

24 Nov 2017, 01:46 PM

sfdave

Harryday12,

My apologies for erroneously mentioning you in my previous comment. I misread what your comment was stating.

24 Nov 2017, 06:18 PM

persaples

Wow, this article is so off base and short-sighted I don't know where to begin.

First, UDC has years and years of experience with all the major players and has won awards at being such a trusted supplier. They pioneered OLED.

Because some folks in a lab at a startup come up with something that they think could be a possibility and gets investment from LG & Samsung is far from being a quick replacment.

#1 TADF blue is not up to commercial specs and they didn't say by the end of the year three days ago. They commented in a story three days ago and the author added in what they said they hoped for --months ago- about blue. #2 Even if Cynora's TADF blue gets commercial specs someday, they don't just start buying it in bulk. It goes through a thorough process before being accepted into production. Also, what production capacity do they have to even supply the materials? Did you also know UDC has a TADF patent?

#4 UDC may have their phosphorecent blue soon, which would be a huge revenue increase and is needed by all the players. Once that supply starts happening and investment in time and and resources has been made to product it, why would any of them want to completely switch to an alternative solution and supplier with no track record. They may start small purchases but wouldn't just risk their whole business like that until year of success with the product and supplier.

#5 Analysts much more knowledgeable than you are already well aware (much more so than you obviously) of what's going on in the industry and what the challenges, risks and opportunities are. They've obviously overwhelmingly come to the conclusion that in light of everything, the odds of UDC performing exceptionally well and continuing to be the exclusive or primary supplier & partner to all the leading companies is very high.

24 Nov 2017, 01:59 PM

Lucid Capital, Contributor

Author's reply » 1. Blue TADF by Cynora will hamper much of the annual 35% expected growth of UDC

2. See the paragraph about GS above, also look for 3D printing recommendations made by WS analysts 3 years ago (hint: if you listened to them , you lost

85%)

24 Nov 2017, 02:51 PM

Berry1066

How can you have the confidence to say that "Blue TADF by Cynora will hamper much of the annual 35% expected growth of UDC"?

You are assigning 100% probability that Cynora, a company with very limited resources, track record, IP pathways etc. will achieve a commercial blue material (and as Slacker mentioned earlier they have a long way to go). Yet you have made NO mention of the potential for upside should UDC develop and commercialize a better blue.

While no outcome is ever certain. I read your article, considered your logic, and laughed at your lack of lucidity!

24 Nov 2017, 03:25 PM

Mekoplete1

Why don;t you use your actual name - Lucid Capital according to the web is not involved in any way in high tech.

24 Nov 2017, 07:03 PM

danrick135120

Thanks User48390713

Lucid Capital is just another know nothing. Why doesn't the author use his real name?

24 Nov 2017, 10:59 PM

bullhuskynole

I agree..this article makes NO mention of R&D at Universal Display....I'm sure they have things in their pipeline ready to implement when the patents expire. Why show your cards when your making MILLIONS on your current technology? ALSO.. didn't Apple choose to partner with Universal Display to build a display manufacturing facility in the US? I have no doubt that Apple would only choose the best company with the best tech (now and in the future) for such an endeavor.

27 Nov 2017, 01:53 AM

Eohippus

BLue TADF even when it exists does not compete with UDC currently since they do not sell blue. The growth at UDC is based on Green and red sales and the huge amounts of manufacturing plants that are going live in the next 18 months. RED TADF does not exist and is very difficult to create (has not been done yet). I don't see TADF taking any existing UDC business for many years. Has as many hurdles if not more than blue PHOLED. Cynora annouced blue, lets see if it works and how many devices Samsung and LG put it on before you say the end is near. Good luck with your short

27 Nov 2017, 04:33 PM

Eohippus

Well since the stock has doubled in less than 6 months, no surprise on people selling some stock. If you look at what they have left they have sold less than 5% of what they own, but he doesn't mention that.

He spells both Kyulux and Cynora wrong which shows his attention to detail. Kyulux also partnered with Chipwise to come out with their own display not sell emitters at this point. UDC has not made much mention of details on PHOLED BLUE other then they are getting close, so we have no details on the current status of its lifetimes or how it may compare to anything. Cynora having stated they will have blue by the end of the year and then going to production-- hmm, what about yields? What about cost, what about testing in a real environment. Everything is perfect until you start using it. AS for RED TADF, it does not exist is difficult to do (no one has done it yet) and doubt it will be out by 2019. Better chance of a BLUE PHOLED than a red TADF by then. Samsung has to be careful, they have spent so much on OLED and use RED PHOLED in just about all their phones and Green in almost all. This does not take into account they they still really need UDC for at least several years and probably many more. Will be very interesting to see the new contract and its length..

24 Nov 2017, 02:42 PM

Lucid Capital, Contributor

Author's reply » First, it's Wisechip and not Chipwise :)

Second, Cynora is already working with LG & Samsung (who invested 25M\$ in it) on making it Blue TADF production ready (see the LG article link above)

24 Nov 2017, 02:56 PM

Eohippus

As opposed to the 16 Billion Samsung and LG have spent on OLED manufacturing based on UDC. hmm, 35 million versus 16 Billion. See many articles on that. So they are trying all technologies, doesn't mean its a death knell for UDC. You are spreading unsubstantiated FUD.

27 Nov 2017, 04:38 PM

Eohippus

yes Wisechip and Kyulux with the monochromatic PMOLED screen. Not really a competitor. Its for bar graphs and tradeshow signs not for phones or TV displays. PMOLED really? No capacitors for storage- What you save in the energy in the vaunted "hyperfluorescence" you lose powering up the PMOLED but can only power one line at a time. Take a look at the specs. If that is the competition I should sell my house and put in on OLED.

20 Dec 2017, 03:50 PM

Eohippus

So Ron Mertens announced he stopped holding OLED in August- so he lost how much money by selling early, some expert...

24 Nov 2017, 02:56 PM

Eohippus

So what is missing here, the billions of dollars in manufacturing plants of OLED that come online in 2018, is larger than all of the lines already existing. Growth is way underestimated across all of the spectrum. So LG & Samsung while toying with TADF to the tune of 30 Million have invested in already 16 billion in existing OLED with UDC technology. I'll take that wager. He also says that the change happens in 2020, so no need to sell until middle of 2019 based on that. I can live with that...

24 Nov 2017, 03:01 PM

Lucid Capital, Contributor

Author's reply » Well, if you think that the mutual funds and hedge funds will wait until 2019 to sell, you may be late.

See what happens to pharma stocks when the market knows that in 1-2 years a major drug's patent is going to expire

24 Nov 2017, 03:05 PM

slacker7110

Yep, exactly right. The market will front run things like patent expiration.

which gives you a pretty good idea of how much the market thinks of your idea that the "bulk" of their patents are set to expire next month.

26 Nov 2017, 10:57 AM

NT 61

Metric Q3 2017 Q3 2016 Year-Over-Year Growth

Revenue \$61.7 million \$30.2 million 104.3%

Net income (loss) \$13.5 million (\$1.5 million) N/A

Earnings per share \$0.28 (\$0.03) N/A

Data source: Universal Display Corporation.

Nuff said.

24 Nov 2017, 03:30 PM

ICEHAWK

Lucid Capital: You're article is great but one sided. You could have brought added value detailing the other side of the UDC story. This is an investment board not a scientific forum. After reading your article I'm quickly reminded of another SA contributor named Esekla. He disclosed on one of his articles that he was short UDC.

This was back in late 2016, Nov or Dec, I don't remember exactly when but clearly he also scared his audience with stories of TADFs being a threat. 12 months later, it is apparent he missed this huge run up in UDC stock price. You probably did too. Sad but true. If he put his money where his mouth was he lost a bundle and to recoup some of the loses we have to be pro members to read his new articles. I have a feeling you will do the same. Lastly, it is always enlightening to read one sided articles as they make investors stay on their toes. Thank you for keeping us from becoming too complacent with our investments. IH

24 Nov 2017, 05:10 PM

Eohippus

Having kept in touch with Esekla, he still believes that his "premise" in Nov 2016 was correct about TADF replacing OLED" but clearly his timing was off. He now believes that UDC will have a stellar 2018 and then in 2019 TADF may impact futures.

27 Nov 2017, 04:43 PM

fzr100098

it's probably near the top but I've made a bundle on OLED and short sellers have choked on it

25 Nov 2017, 12:14 AM

user anita

In the last call, the CEO said:

"The adoption of OLED continues to expand and is fueling the exciting multi-year OLED CapEx growth cycle in which we are in the early stages. IHS Market Research recently forecasted that OLED panel production capacity is expected to more than quadruple over the next five years from approximately 12 million square meters in 2017 to about 50 million square meters in 2022. With the OLED industry's momentum accelerating faster than expected this year, we are raising our 2017 revenue guidance range to \$310 million to \$320 million reflecting approximately 55% to 60% year-over-year growth."

and

"With the proliferation of OLED continuing to gain momentum, we believe that the runway of growth is long and robust for the industry and for us."

That doesn't sound like they are near the top.

Long OLED, for a long time.

25 Nov 2017, 09:04 AM

fzr100098

That's great, but P/E is now over 100 too

28 Nov 2017, 06:35 PM

persaples

A U.S. utility patent, explained above, is generally granted for 20 years from the date the patent application is filed; however, periodic fees are required to maintain the enforceability of the patent.

<http://bit.ly/2BhB8LX>

<http://rsc.li/2jZ45lw>

<http://bit.ly/2BIKXbE>

FIELD OF THE INVENTION

The present invention relates to organic light emitting devices, and more specifically to the use of both light and deep blue organic light emitting devices to render color.

25 Nov 2017, 06:20 AM

Morgan Bucks

The real answer here is the Samsung contract. Without that money this company is sunk. Anyone that knows knows S Korea politics knows that they do not want companies paying Royalties. With the gov't holding Samsung with jail time, Samsung will not sign a good contract for UD unless UD has them by the balls. That being said I never fight the chart and only trade long but never hold overnight at this P/E anymore until we see what Samsungs. Congrats to the mangmnt for pulling this run off as they said they would...if you listen to them they said this will lead to oversupply as a natural cycle. That is fine but the Samsung contract would supersede any natural cycle...if they signed one like the last with fixed increasing payments.

25 Nov 2017, 10:46 AM

Dave McKay1

This situation reminds me of early last year when the "Tofino" chip by Barefoot Networks was supposed to be a serious threat to Broadcom's widely used "Tomahawk" chip. Hasn't happened yet, and it will probably never be a threat.

The old saying in the semiconductor industry is "Once they design you in, it's very, very hard for them to design you out!"

25 Nov 2017, 11:04 AM

persaples

The author may want to watch the following video.

<http://bit.ly/2BlyEMy>

Provides great perspective on the very high bar UDC has set in terms of what it takes to do what they and to continually meet the rapidly changing market demands.

Bottom line -- this isn't analogous to just going to new a pharmacy for your prescription meds because other pharmacies aren't restricted from selling them anymore. The fundamental patents were very important to get them where they are, but over the years they have created so much value and trust that its much more likely their customers now completely depend on and trust them vs. are just required to use them as the article suggests.

Otherwise, the stock would be trading closer to \$0 then \$185. To think you know better than the market and that the rise is just do to "ignorant latecomers" is just ridiculous.

The reality is these alternatives & companies aren't even commercially viable yet.

Even if they get there, I'm sure Samsung or LG are way too smart to make risky, sudden and significant changes in their supply chain, especially as the pace of change just increases in the industry. UDC makes not just these different color emitters but custom versions of these emitters for their customers and has done it for years.

Invest in and trial alternatives? Sure, why not. Only prudent. But I don't see any material impact to UDC's position and continued major success in the industry for years to come. Remember, the costs of making a bad decision in this regard far outweigh the potential benefits and when billions are at stake you don't screw around.

25 Nov 2017, 06:18 PM

Mekoplete1

I think that one should try to do a UDC patent search. The company has 4,000. It takes one patent to bar the sales of a product in the US.

29 Nov 2017, 09:59 PM

gigantor

The same thing in 2015. Streetsweeper said OLED patents were going to expire 2017 and Apple would probably not being using OLED in Iphones by 2018. At that time price for OLED was in 50's.

See reply by Motley Fool in 2015.

<http://bit.ly/2Bp9Gw7>

25 Nov 2017, 11:22 PM

sidney

Re Ron Merten's holdings in UDC it was never more than a few hundred shares (if that even). He never really had any significant skin in the game in terms of absolute ownership. Odd isn't it...the guy who's portal has been OLED central for news for years didn't even have the capital to commit. Given his very advanced appreciation of the potential for OLED its a shame he couldn't monetize his knowledge to actually profit very much from the explosive growth in OLED/UDC.

27 Nov 2017, 11:09 AM

bigdogtone7

This article is trash. Not worth commenting. The old shorts used to put more effort into developing their false fantasies (manuel ascencio and street-sweeper). You on the other hand put forth sloppy writing and easy lies to dispute.

27 Nov 2017, 05:05 PM

eldora1

I have had an LG OLED 55" TV for 3 years, and the picture is much better than any 4K TV I looked at when I purchased it and is still much better than any I see now. It is also better than my Pioneer Plasma, even the blacks, are better. I plan to keep my investment in UDC for some time, with the quality of the product, and all the investment being made in OLED manufacturing.

28 Nov 2017, 12:46 PM

glareds_Rule1

The author basis his whole short position on mere potentials and does not equally address the potential upsides of UDC, which greatly outweigh the downsides: (1) Competition - UDC is expanding facilities and increasing operations in order to continue meeting the growing oled market which is coming to them for business. Must mean they are doing something right!? As the many other comments addressed, the competition is not even close to the quality and capacity of UDC. Enough said on that. (2) Patent expiration - UDC has so many other IP released after year 2007 and has so many years of experience as the leading oled producer providing them a huge secrets moat. Regardless if competitors replicate their expired patents, there will be a huge time gap before they can catch up to UDC and steal their growing market, if at all. (3) Samsung contract expiration - this is probably the biggest uncertainty of UDC's value going forward, however from a business perspective, Samsung has no other alternative for high quality oleds. This might drive shorter, renewable contracts with UDC going forward if for some reason you have grounds to believe Samsung wants to get out of a relationship with UDC, but this is good news since UDC can now increase their royalty charges and increase them every year. Furthermore, based on this past quarter's earnings call, management does not seem worried at all about Samsung's contract coming to an end. Management has shown nothing but integrity in all aspects of running their business and disclosing their operations.

As for OLED's dip in the market recently, this is a clear depiction of the short-sightedness of Mr. Market and all the short players with ridiculous and illogical arguments such as the ones made by this author.

28 Nov 2017, 02:41 PM

Eohippus

He also bases his CAGR on 36% (sort of pulled out of the air) .. This year the CAGR was 63%. Why would it go down so much. So based on that premise the true growth price for it is severely understated by a factor of almost 3. If Lucid timed it right he/she could have sold at 170 (down from 190) and headed to the hills with a nice profit. If he/she is still in short, then good luck they are about to get clobbered.

20 Dec 2017, 03:38 PM

Mbrot

Blue TADF: 25% efficiency, unknown lifetime, no commercial specs. OLED blue, 100% efficient, will be commercial in less than 5 years, builds off of acquired BASF blue emitter technology and is supported by a team of scientists with well over \$ 20 billion of existing manufacturing plants wanting to use it. My bet is on OLED, not TADF, and so far and for the foreseeable future the money is being made in OLED, not TADF.

28 Nov 2017, 08:46 PM

neals58

THEY ARE SELLING TECH TODAY

29 Nov 2017, 01:53 PM

persaples

This is one of the most misleading articles I've seen on this website. Shame on Seeking Alpha for letting someone post such complete FUD & outright lies so someone could help their hedge fund buddies with huge short losses.

- 1) The company just confirmed yesterday, 11/28 they are working a ****Long-term**** agreement with Samsung right now with a goal of completion within the next 30 days.
- 2) TADF not close to being any threat to them
- 3) The core patents are superseded by other patents which essentially make the expiring patents a moot point.

29 Nov 2017, 03:34 PM

glareds_Rule1

Where did you see that UDC is working on a Long-term contract with Samsung?

Can you refer us to a link.

Thanks @persaples!

29 Nov 2017, 06:03 PM

brewsterfl

Universal announced that they had inked (pun intended) a license deal with BOE. So it look likely that OLED will be able to meet Apple requirements.

<https://seekingalpha.c...>

08 Dec 2017, 01:18 PM

roycaroline137

One mans junk is s another mans gold. Use is an unknown to be

Can't find ticket symbol.

Who cares

We have to go with the trend, history of the stock & the forecast

Good luck

10 Dec 2017, 06:21 AM

jeffkad

Samsung announced today they will quadruple iphone OLED production for 2018

20 Dec 2017, 12:44 PM

Eohippus

They also said that is because the yields are up to 90% from about 60%. Going from 50 Million to between 180 to 200 millions screens in 2018. Some article are denoting this is because of the impending Iphone X plus that will have a 6.4 inch (as opposed to a 5.8) screen. Plenty of opportunity in 2018

20 Dec 2017, 03:43 PM

Lucid Capital, Contributor

Author's reply » UDC did not yet sign a new agreement with SDC, which expired on December 31 2017

<http://bit.ly/2Cvz5s9>

see #4 above

03 Jan 2018, 02:54 AM

BDCA

How's that short position working out for you today? Or did you cover?

08 Jan 2018, 02:39 PM

bigdogtone7

LOL - Samsung is launching foldable OLEDs in 2018 so I guess that means they won't sign according to this "author".

-Samsung to release a 7.3" foldable smartphone in December. Apple, Google, Microsoft also likely to be customers. LG also plans a foldable smartphone.

09 Jan 2018, 10:38 AM
