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TFT-LCD PANEL MAKERS INVEST IN LCD FABs IN CHINA

Bundang, Korea & San Jose, Calif., September 2, 2009—Leading TFT-LCD panel makers including LG Display, Sharp and Samsung Electronics are actively seeking advancement into China. Displaybank, a global authority in market research and consulting for the display and solar industries, explains that the trend can be analyzed as a strategic move by these companies in order to aggressively target the Chinese LCD TV market that is projected to become the largest market within 2 to 3 years. Investing in LCD FABs in China allows panel makers to seek an opportunity to save manufacturing costs, which includes components/materials and labor, but more importantly to be free from tariff pressure.

LG Display is currently considering 8G LCD Fab construction in Guangzhou, China and Samsung Electronics in Nanjing, China. Sharp has recently announced that it has signed an agreement to construct 6G and 8G lines in Nanjing, China. Most panel makers are considering investing in China through joint ventures with panel/set makers based in China or the Chinese government in order to lower investments and to secure customers.

Displaybank's analyst in its LCD division, Ricky Park explains, "The recent movement of major panel makers advancing into China originates from the rapid LCD TV market growth there. According to Displaybank's research, Chinese LCD TV market size in 2008 had reached 12.9 percent of the global LCD TV market with 12.8 million units. We expect to see that number to grow 77 percent Y/Y to 22.6 million in 2009. The Chinese market is projected to exceed the North American market in 2011 to reach 44.41 million units in the year 2013."

Displaybank's analyst, Jennifer Lee, who specializes in glass research, forecasts, "When 8G lines from Samsung Electronics, LG Display, Sharp and BOE-OT begin operations in 2012, about 1.7 million 8G glass substrates are expected to be utilized, that will largely grow to 4.7 million substrates by 2013". Lee noted that the combined 6G line Capa from BOE-OT and Sharp are also expected to reach 1.8 million substrates in 2012 and 2.0 million substrates in 2013.

When above Capa is translated into panel products that can be manufactured, it corresponds to 24.2 million TV panels by 2012 and 49.3 million TV panels in 2013.



In this case, Displaybank sees shortages in panel supply in China for 32", 46"/47" and 52"/55" in 2012, but all sizes will go through over supply by 2013. The over supply is expected to be exported to emerging markets such as India or Eastern Europe, but 40"/42" panels still need to be imported from other countries due to non-exiting 7G lines. The coming shortage in panel supply for 40"/42" will provide an opportunity for other panel makers to invest in China, according to Andy Yu, Vice Present in Display Research.

Yu notes on the high possibility of a business strategy from panel makers, such as Samsung Electronics and LG Display, where these companies would secure the China market—projected to become the largest market in the future—by investing in China and to market North America and European regions with the exiting lines in their originated country. Yu added that Taiwan-based panel makers, who are supplying major portions of panels to China, will soon actively consider investing in China because of these reasons.

<REFERENCE>

LCD FAB Status & Forecast in China

Company	Location	Gen	D-Capa (Ksheet/month)	M.P	Glass	Main Application
BOE-OT	Beijing	5	100	Q1'05	1100x1300	IT
BOE-OT	Hefei	6	90	Q4'10	1500x1850	IT/TV
BOE-OT	Beijing	8	90	Q4'11	2200x2500	TV
SVA-NEC	Shanghai	5	90	Sep'04	1100x1300	IT
IVO	Kunshan	5	60	Q3'06	1100x1300	IT
Century	Shenzhen	5	60	Q2'09	1200x1300	IT
LG Display	Guangju	8	60+60	Q2'12	2200x2500	TV
Samsung	Shenzhen	8	100	Q3'12	2200x2500	TV
Sharp	Nanjing	6	60+20	Q1'11	1500x1800	TV
Sharp	Nanjing	8	100	Q4'12	2160x2460	TV

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Yearly Glass Input Forecast (China LCD TV-use FAB)

		2012	2013
6G	BOE-OT	1,080	1,080
	Sharp	750	960
6G Total		1,830	2,040
8G	LG Display	300	1,200



	Samsung	300	1,200
	Sharp	100	1,200
	BOE-OT	1,000	1,080
	8G Total	1,700	4,680

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About DisplayBank:

Displaybank is a global authority in market research and consulting for the display and solar industries. Headquartered in Bundang, Korea, Displaybank has solidified its position as the global leader in the display industry and solar market research by offering analysis based on rapid and accurate information sourcing in order to provide insights into the industry's future. Displaybank's analysts are located throughout Korea, Japan, China, Taiwan, and the U.S., and have been providing analysis in technological developments, market trends and forecasts for more than 10 years. For more information, visit: www.displaybank.com

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