Apple iPad shipments to reach 100 million in 2013?

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In 2012, Apple's iPad continues to dominate tablet PC panel production. According to our Quarterly Large Area TFT Panel Shipment Report *[1]*, panel makers including Samsung, LG Display, Sharp and Innolux will ship 70 million 9.7" iPad panels in 2012. Of those, 23 million will be iPad 2 XGA panels and 47 million will be new iPad QXGA panels, using both a-Si and oxide TFT technologies. While the new iPad was originally planned to replace the iPad 2, strong sales of the legacy model have continued, and panel makers have adjusted new iPad panel production downward while maintaining production of iPad 2 panels.

When Apple unveiled the iPad mini in October many criticized it's $329 price as too expensive for a 7 segment tablet PC, given competition from other 7" tablet PCs, including Amazon Kindle Fire, Google Nexus, ASUS, and many private labels. However, there is always a strong base of customers who only want Apple products; recently, the iPad mini was voted one of the hottest consumer products of 2012 in Japan. The iPad mini immediately faced supply shortages for its 7.85" XGA display, supplied by AUO and LG Display. Originally, Apple planned to sell 6 million units in 2012; according to the Quarterly Small/Medium Shipment and Forecast Report *[2]*, only 1.6 million panels shipped in Q3'12, but Apple is asking panel makers to ship more than 12 million in Q4'12 to fulfill the strong demand.

Panels for iPads are known to be hard to make, not only because of the high resolution and low power consumption requirements, but also because the wide viewing angle and high color saturation specifications require additional photomask steps in the manufacturing process. Standard a-Si TFT backplanes require 4 or 5 photomask steps, but the iPad and iPad mini panels require 6 to 7, and for panel makers with limited experience in IPS or FFS production, as many as 8 mask steps may be used. Increased mask steps means longer production times and lower yield rates.

In 2013, it is likely that Apple will adjust its product portfolio to meet the strong demand for the iPad mini. We believe that Apple is targeting total iPad shipments of 100 million in 2013, half accounted for by the iPad mini, and 40 million new iPad and 10 million iPad 2, as production continues at least until the middle of 2013. As our Quarterly Mobile PC Shipment and Forecast Report *[3]* forecasts the 2013 tablet PC market to be over 170 million, if Apple hits its targets it will continue its domination at approximately 60% market share.

If the iPad mini volume is anything near 50 million units, Apple will need to find other panel suppliers in addition to AUO and LG Display, just as it always has three suppliers for the iPad panels. Leading candidates include Century in China, Innolux in Taiwan, as well as Panasonic LCD in Japan, which are all experienced at IPS

technologies. At the same time, Apple will need to manage its iPad panel supply in the event that it parts ways with Samsung.

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