Q3 Large-Area TFT Shipments and Revenues Fell as Supply Chain Sought Inventory Reductions

General Electric

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LED Backlight Penetration in LCD TV Panels Reaches 26% in Q310

SANTA CLARA, Calif., November 9, 2010 Shipments of large-area TFT LCDs over 9.1 fell to 163 million units in Q310, with 4% Q/Q decline, but 7% Y/Y growth. Revenues reached $21.3 billion, down 7% Q/Q, but up 7% Y/Y. According to the latest Quarterly Large Area TFT LCD Shipment Report *[1]*, panel makers are targeting just 3% shipment growth in Q410, as the capacity utilizations have been in a controlled range due to the slow demand in the end market and supply chain inventory adjustments.

The TFT LCD industry experienced an oversupply in Q310, and as a result, shipments declined, panel prices fell and suppliers reduced capacity utilization rates due to the lack of orders and inventory reduction. However, even as overall shipments decline, LED-backlit panel shipments are still growing, continuing the industrys irreversible trend toward LED, noted David Hsieh [2] [3], Vice President, Greater China Market, DisplaySearch.

Hsieh added, The Q310 performance results are partly due to over-optimism and over-stocking in Q210. Looking forward to Q410, panel prices, inventories and capacity utilization have all fallen to lower levels. Despite this, the TFT LCD industry is expected to overcome these tough challenges by the end of the year.

In terms of demand by application, monitors and notebook PCs experienced Q/Q declines, but LCD TV and slate PC applications continued to grow in Q310. Notebook PCs suffered the largest Q/Q decline of 14%, while monitors fell by 8% Q/Q. Panel prices for both applications fell drastically from July to October, and only started to see some stabilization in November. Mini-note/slate PCs grew by 8% Q/Q, thanks to soaring 9.7 panel shipments, which increased from 3 million units in Q210 to 5.6 million units in Q310.

LCD TV panel shipments grew in Q310, despite the oversupply situation because of spot deals for brands who are looking to holiday promotions to reduce inventories, especially on 40+ and LED models. Shipments of 40 and larger LCD TV panels grew from 16 million units in Q210 to 18.1 million units in Q310. Among them, LED panels grew from 5.8 million units in Q210 to 7.8 million units in Q310.

Table 1: Q310 Large-Area TFT LCD Shipments by Application (Millions)

Application	Q309	Q210	Q310	Q/Q	Y/Y

	Shipments	Shipments	Shipments	Growth	Growth
LCD Monitor	49.6	50.9	46.6	-8%	-6%
Notebook PC	41.8	48.9	42.1	-14%	1%
Mini-Note/Slate	10.7	12.3	13.3	8%	24%
LCD TV	46.3	55.0	57.4	4%	24%
Public Display	0.3	0.4	0.4	-12%	17%
Others	3.1	2.7	3.1	16%	1%
Total	151.9	170.2	163.0	-4%	7%

Source: DisplaySearch Quarterly Large-Area TFT LCD Shipment Report *[1]*

In Q310, Samsung Electronics and LG Display nearly tied for market share leadership on a revenue basis, capturing a 26.0% and 25.9% revenue share, respectively, and sales of $5.5 billion. AUO was third at $3.4 billion with a 16.1% share. Chimei Innolux followed with a 14.0% share (down from 15.7% in Q210) at $3.0 billion.

DisplaySearch tracks LED-backlit LCD panel shipments by size, resolution, panel supplier, and LED type. Of the $21.3 billion in large area TFT LCD revenues in Q310, LED-backlit panels accounted for 44%. This is a big jump from 37% in Q210. On a unit basis, 77 million LED-backlit panels shipped in Q310, a 6% Q/Q growth from Q210. The total penetration of LED backlights increased to 47.2%, from 42.7% in Q210. In Q310, LED backlight penetration was 21% in monitors, 93% in notebook PCs, 100% in mini-note/slate PCs, and 26% in LCD TV. LG Display was the leading LED-backlit LCD panel supplier in Q310.

Table 2: Top Three LED Panel Suppliers for Each Application in Q310

Rank	LCD Monitor	Notebook PC	Mini-Note/ Slate	LCD TV	Public Display	Total
1	LG Display	LG Display	LG Display	LG Display	Sharp	LG Display
2	AUO	Samsung	Samsung	Samsung	Samsung	Samsung
3	Chimei Innolux	AUO	HannStar	Sharp	N/A	AUO

Source: DisplaySearch Quarterly Large-Area TFT LCD Shipment Report *[1]*

Looking forward, panel makers are targeting shipments of 168 million units in Q410, which would amount to a 3% Q/Q growth. But for LED-backlit LCD panels, panel makers are aiming to grow shipments by 12%. However, expected total large-area TFT LCD revenues will decline by 9% in Q410 due to price erosion in LCD TV panels. In the meantime, LED-backlit LCD panel revenues are expected to fall by 2%, despite the strong expected growth in shipments. This is based on the fact that, in TV applications, price reductions in LED-backlit panels are more severe than for CCFL-backlit panels due to the shrinking LED premium.

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Links:
[1] http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/quarterly_large_area_tft_lcd_shipment_report.asp

[2] http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/analysts_dhsieh.asp
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