China to Surpass Japan in Large-Area TFT LCD Panel Production in Q2’11

General Electric

China to Surpass Japan in Large-Area TFT LCD Panel Production in Q211

New Gen 6 and Gen 8 Fabs Likely to Boost China Production in 2011 and 2012

SANTA CLARA, CALIF., June 13, 2011 With new, higher-generation TFT LCD fabs set to ramp up in China, Chinese TFT LCD suppliers are indicating expanded production plans. As a result, China is expected to surpass Japan in large-area TFT LCD panel production in Q211, according to the latest DisplaySearch Quarterly Large-Area Production Strategy Report *[1]*. Large-area TFT LCD panel production by Chinese makers, including mini-note, tablet PC, notebook, monitor, and TV applications, was 2.7 million units per month in Q111, compared to 3.2 million units per month from Japanese makers. However, China will increase to 3.4M units in Q211, while Japan is expected to fall to 2.3M units. China is also expected to be higher than Japan in unit production from Q311 to Q112.
Korean makers continue to be the leader in large-area TFT LCD production, accounting for approximately half of global output, followed by Taiwanese makers, which account for about 40%, noted Shawn Lee, Senior Analyst for DisplaySearch, and the author of the Quarterly Large-Area Production Strategy Report *[1]*. However, the likelihood that China will pass Japan may indicate the beginning of a phase in which China plays a more important role in the global flat panel display industry, Lee continued.

On an area basis, Japan will remain larger than China for some time, as there are higher generation fabs, including Gen 6, Gen 8 and Gen 10, in Japan. However, Chinese companies like BOE, ChinaStar, and CEC-Panda will be ramping up Gen 6 and Gen 8 fabs within the year, and there will be more expansions in 2012. The push by Chinese panel makers may influence the supply/demand balance, panel prices, panel roadmaps and value chain relationships. Meanwhile, Japanese manufacturers are starting to look for alternative options to sustain their TFT LCD businesses, such as outsourcing, technology licensing, shifting to small medium size businesses, as well as joint ventures, mergers, and consolidations.

Figure 1: Worldwide Large-Area TFT LCD Panel Output Shares

	Q111	Q211	Q311	Q411	Q112
China	4.8%	5.3%	5.6%	6.0%	6.8%
Japan	5.8%	3.5%	5.4%	5.6%	5.8%

Singapore	0.1%	0.1%	0.1%	0.1%	0.1%
Korea	49.7%	51.4%	49.6%	49.9%	48.6%
Taiwan	39.6%	39.7%	39.3%	38.5%	38.8

Source: DisplaySearch Quarterly Large-Area Production Strategy Report *[1]*

Chinese TFT LCD makers still lag behind counterparts in Korea, Taiwan and Japan in new technology implementation. As the Quarterly Large-Area Production Strategy Report *[1]* reveals, several new production strategies are being pursued:

Panel makers have set high production goals for 2011, including 222M monitor panels, 242M TV panels, 106M mini-note/tablet PC panels, and 197M notebook panels, for a total of a 775M unit production target in 2011. Panel makers plan to increase glass input volume in Q211, but are monitoring the demand for all applications in 2H11. If demand is not as strong as they expect, panel makers will adjust their production strategy, pulling back on increases in panel manufacturing volume.

- Sharp, LG Display and other panel makers will start producing tablet PC panels in Gen 8 using advanced array and thin glass technologies. In 2011, 10% of Gen 8 capacity is being allocated to produce tablet PC panels.
- The majority of the fabs producing mini-note and tablet PC panels will be Gen 5 and below, which accounted for 90% of these panels in Q211, while Gen 6 and Gen 8 accounted for 10% during that period. According to panel makers production plans, in Q112, 25% of mini-note and tablet PC panels will be made in Gen 6 to Gen 8 lines.
- CEC-Panda, which has acquired capacity and technology from Sharp, will not only make LCD TV panels in its Gen 6 line, but will also allocate 27% of its capacity for LCD monitor panels.
- While Korean and Japanese panel makers like Samsung, LG Display and Sharp are allocating some of their Gen 8 capacity to non-TV applications, Taiwanese Gen 8 owners AUO and Chimei Innolux are allocating 100% of their lines to LCD TV applications.
- HannStar will allocate more than 50% of its capacity to small/medium panel production. This indicates that HannStar is becoming more of a small/medium panel maker than a large-area panel maker.

In order to maximize glass substrate utilization efficiency, many panel makers have developed leading-edge technologies and production controls to enable production of different panel sizes on the same substrate; for example, making eight pieces of 20W and eight pieces of 52W on the same Gen 10 substrate, or making eight pieces of 19W and eight pieces 42W on the same Gen 8 substrate.

The DisplaySearch Quarterly Large-Area Production Strategy Report *[1]* offers the industrys most complete view of large-area panel production by analyzing panel makers quarterly production plans. Subscribers receive production plans by application in different generation fabs, along with granular detail down to the size by aspect ratio and by country.

For more information about the report, please contact Charles Camaroto at 1.888.436.7673, e-mail contact@displaysearch.com [2] or contact your regional DisplaySearch office in China, Japan, Korea or Taiwan [3] for more information.

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