LG Display’s tablet panel sales revenue more than doubles in Q2

LG Display more than doubled its tablet display sales revenue in the second quarter compared to the first, thanks to panel shipments for Apple Inc.’s iPad, according to the IHS iSuppli Small and Medium Display Service from information and analytics provider IHS.

During its most recent results announcement with industry analysts, LGD said its tablet panel revenue reached $610 million in the second quarter. This indicates the company’s tablet panel sales performance was up a stellar 126 percent—more than double—from $270 million in the first quarter.

LGD also said the sales percentage of tablet panels in the firm’s overall product line doubled between the two quarters—from 5 to 10 percent, as shown in the table. By the end of the second quarter, LGD’s total sales revenue stood at $6.12 billion, compared to $5.48 billion in the first, according to the company.

LG Display Tablet Display Sales Revenue

	Tablet Sales % in Total LGD Product Line	LGD Total Sales Revenue (Billions of US Dollars)	LGD Tablet Sales Revenue (Millions of US Dollars)
Q1 2012	5%	5.48	270
Q2 2012	10%	6.12	610

Source: LG Display Results Announcement, August 2012

“LGD can credit Apple for its outsized presence in the market for small- and medium-sized display panels, defined as those sized less than 10.x inches, and used in products like smartphones and digital still cameras, in addition to tablets,” said Vinita Jakhanwal, director for small and medium displays at IHS. “The company started volume shipment for the higher resolution, new iPad panels—the third iteration of Apple’s best-selling media tablet device—during the second quarter, IHS believes, on top of furnishing panels for the older iPad 2 version. This amplified LG’s presence in the Apple supply chain, in addition to the company already supplying tablet panels in the first quarter to other tablet players such as Amazon, Barnes & Noble and Research In Motion.”

Overall, LGD commanded a 38 percent share of the tablet display market sized smaller than 10-inches during the first quarter, when total industry shipments reached some 21 million units. LGD’s share is estimated to come at 37 percent in

the second quarter, based on that period's total shipments of 32 million units. The company said it expects its tablet panel sales to increase in the third quarter by anywhere from 40 to 50 percent, which would mean a corresponding rise in LGD's tablet panel revenue to between $850 million and $920 million.

Fab conversion underway

LGD also said during its results announcement it would move forward with a plan to partially convert its amorphous-silicon liquid crystal display (a-Si LCD) fab into making low-temperature polysilicon (LTPS) LCD panels suitable for high-resolution, high-end displays that are more likely to be used in smartphones. LTPS LCDs can also be used as backplanes for organic light emitting diode (OLED) displays, and the company could have the option of adding its converted G6 LTPS line to active matrix organic light-emitting diode (AMOLED) capacity if it elects to do so.

The current conversion plan calls for keeping 60 percent of the G6 fab output still dedicated to making a-Si LCDs for tablets, mobile phones or other such applications. The remaining 40 percent of capacity, however, will now be devoted to producing the high-resolution LTPS LCD displays.

The conversion process will entail an 80 percent loss in yield as is inherent with the process, LG Display indicated. But despite the capacity loss, the G6 LTPS LCD line will give LGD access to a larger size and more efficient LTPS fab in order to address the fast-growing, high-end smartphone panel market characterized by higher average selling prices. Apple and LG Electronics are currently LG Display's main customers for smartphone display panels.

The G6 LTPS LCD line will also prove beneficial as Apple continues the evolution of the iPhone display, and as other smartphone original equipment manufacturers also keep improving the display resolution specifications. Given current manufacturing and performance guidance, more than 60 million 4.1-inch LTPS LCD panels can be produced in a year from a G6 LTPS LCD fab.

All told, the LGD fab conversion move could prove prescient—especially since the company could be competing with Japan's Sharp Corp. and Japan Display in supplying panels for the new iPhone. By initiating its fab conversion, LGD not only will be able to help support Apple, it will also allow the company to cater to the ever-growing panel needs of the smartphone market.

The conversion is expected to take place in stages over a yet unspecified number of quarters, but its effects will most likely be seen starting in the second half of 2013 at the earliest.

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