

Rivals Sharp, Samsung bury hatchet

The Associated Press

OSAKA, March 7 (Kyodo) — Sharp Corp. has decided to accept investment from South Korean rival Samsung Electronics Co. as the struggling Japanese electronics maker seeks to rebuild its business.

When the capital and business tie-up was announced on Wednesday evening, Sharp officials did not hold a press conference or contract-signing ceremony, repeating the lack of fanfare that attended the Japanese company's previous announcement of its plan to accept investment from U.S. telecom device maker Qualcomm Inc.

The lack of ceremony may come as no surprise, considering that Sharp will receive a modest 10.38 billion yen from Samsung and the companies are not launching joint product development or marketing.

"We'd be happy if we only supply Samsung with our display panels," a senior Sharp official said.

The deal came after Sharp's negotiations to receive a capital injection of around 66.9 billion yen from Taiwanese partner Hon Hai Precision Industry Co. stalled.

Samsung is facing its own difficulties as it grapples with a stronger won and is hoping to save on investment costs by sourcing liquid crystal displays from Sharp.

Sharp has managed to expand sales of large LCD panels for TVs after it began running its manufacturing plant in Sakai, Osaka Prefecture, jointly with Hon Hai, but it is determined to retain control of its production of medium-size and small panels, including its power-saving, high-resolution "Igzo" LCDs. It does not want to share its technical expertise in the area with other companies -- one reason why its relationship with Hon Hai has become strained.

Some analysts have reacted positively to Sharp's deal with Samsung. Mariko Noda, a researcher at Mitsubishi UFJ Research and Consulting Co., believes it is right for the companies to join forces at a time when "manufacturers in countries such as China and India are becoming competitive."

On the other hand, Koki Shiraishi, a senior analyst at SMBC Nikko Securities Inc., said, "Samsung might be after Sharp's technical know-how," expressing doubt that Samsung is only interested in Sharp as an LCD panel supplier.

Forging too close ties with Samsung might strain Sharp's relations with its other business partners including Hon Hai and Apple Inc., which remains an important customer for LCD panels turned out by Sharp's plant in Kameyama, Mie Prefecture.

Rivals Sharp, Samsung bury hatchet

Published on Electronic Component News (<http://www.ecnmag.com>)

Source URL (retrieved on 07/29/2014 - 2:52am):

<http://www.ecnmag.com/news/2013/03/rivals-sharp-samsung-bury-hatchet>