Panel Production Shifting; Larger TFT LCD Fabs Focus on TV Panels, Monitor Panel Production Moving to Gen 6+ Fabs

AUSTIN, TEXAS, September 16, 2009—As panel manufacturers increase production of 16:9 and larger LCD monitor panels, their Q3'09 plans indicate that 56% of LCD monitor panels are expected to be manufactured on Gen 6-8 fabs, according to DisplaySearch's latest *Quarterly Large-Area Production Strategy Report*. In Q3'08, only 28% of LCD monitor panels were made in Gen 6 and larger facilities, but as panel makers increased production of 16:9 and larger-size panels (such as 18.5"W, 21.5"W, 23"W, 23.6"W, 24"W, 25"W and 27"W), this figure is growing, reaching 49% in Q2'09. Meanwhile, the share of LCD monitors produced in Gen 5 fell from 52% in Q4'08 to 42% in Q2'09, and is expected to fall to 34% in Q4'09. Table 1 shows production of LCD monitor panels by fab generation.

Table 1: LCD Monitor Panel Production by Fab Generation

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09
Gen 3.5	1%	1%	1%	0%	0%	0%	0%	0%
Gen 4	3%	3%	2%	0%	0%	0%	0%	0%
Gen 5	60%	63%	61%	52%	45%	42%	37%	34%
Gen 5.5	7%	8%	9%	9%	10%	9%	7%	6%
Gen 6	17%	16%	16%	21%	19%	23%	30%	32%
Gen 7	12%	10%	12%	17%	22%	20%	18%	18%
Gen 8	0%	0%	0%	1%	3%	6%	8%	10%

Source: DisplaySearch Q3'09 *Quarterly Large-Area Production Strategy Report*

According to David Hsieh, Vice President of DisplaySearch, "As the notebook PC, monitor and TV segments experience different supply/demand balances over the next few months, it is increasingly important to watch panel makers' production strategies for panels in each generation fab. Panel manufacturers had been aggressively shifting LCD monitor panel production to Gen 6 and larger fabs. Recent signs also show that LCD monitor panel tightness has eased and the panel demand is also slowing down—indicating potential panel price reduction in coming months."

Hsieh added, "In the meantime, as more capacity of Gen 7, 8 and 10 fabs focus on LCD TV panel production, it is expected there will be another capacity utilization adjustment on these fabs after the LCD TV sales hot season and demand starts to slow down due to seasonality."

Additional findings from DisplaySearch's *Quarterly Large Area Production Strategy Report* include:

In Q2'09, 85% of notebook PC panels were made in Gen 5 fabs, while 11% were made in Gen 4 and below, and 4% were made in Gen 6. Glass thickness remains a critical issue in developing notebook panels, making Gen 5 fabs ideal for this segment. According to the production strategies of the panel manufacturers, the share will be stable for the next few quarters.

Regarding LCD TV panels, 74% were made in Gen 7 and above fabs in Q2'09, 23% were in Gen 6, and the remaining 3% (mostly smaller size panels such as 26" or below) were made in Gen 5.5. As panel makers gradually increase TV panel production in Gen 7 and above, including Gen 10, more than 76% of TV panels will be made in Gen 7 and above from Q1'10.

The newly released DisplaySearch *Quarterly Large-Area Production Strategy Report* tracks TFT LCD manufacturers' production strategies in each generation fabs by applications by sizes and by aspect ratio, includes forecasts by size, by aspect ratio, by panel manufacturers and by each fab through 2010. This unique report is the most comprehensive way to track panel makers capacity allocation and production strategy, as well as each panel makers' utilization in each fab. For more information, contact Charles Camaroto at 1.888.436.7673 or 1.516.625.2452, email contact@displaysearch.com, or contact your regional DisplaySearch office in China, Japan, Korea or Taiwan.

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