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[\[Industrial\]\[Cross-strait\] Taiwan's Panel Supply Remains Critical to Chinese TV Brands: Analyst](#)

[Industrial][Cross-strait] Taiwan's Panel Supply Remains Critical to Chinese TV Brands: Analyst ([Chinese Version](#))

CNA – Focus Taiwan (2012/06/24) China's top TV brands still rely on Taiwanese panel makers for niche sizes and high-end products despite the increasing capacity of China's domestic panel suppliers, a research note by Swiss bank Credit Suisse has concluded.

On June 19, the top eight Chinese TV makers signed letters of intent in Taipei separately with the two biggest Taiwanese panel makers, Chimei Innolux Corp. and AU Optronics Corp. (AUO), to give them a total of US\$4.5 billion in flat panel orders this year.

Weimin BAI, Deputy Director of the China Video Industry Association, mentioned that panel procurement from Taiwan will grow 13 percent year-on-year in dollar terms and will increase 15 percent in volume.

"Chinese panel makers are competing with Taiwanese panel makers on certain sizes after the ramp-up of Generation-8.5 fabs, but China TV brands still rely on Taiwanese panel makers for niche sizes and high-end products," said Credit Suisse analyst Jerry SU.

"We think Chinese TV brands' market share gain in export markets should help Taiwanese panel makers," he wrote in a recent note to clients.

The Chinese video association forecasts that the average selling price of panels will decline 2 percent in 2012 from last year, much less than the 20 percent decline seen in 2011 because of the growing size of the average panel sold and higher value-added products used in 3D and LED televisions.

The association estimated that China's TV production will grow 25 percent from last year to 150 million units in 2012, with 50 million units for domestic consumption and the remaining 100 million units for export.

"We continue to expect that the nationwide roll-out of the 'energy efficient subsidy' in China will support China TV demand in the second half of 2012," SU said.

"We think panel prices will improve sequentially in the third quarter of 2012, and both AUO and Chimei Innolux will see narrower losses on better pricing and improving shipments," he said.

According to market advisory firm DisplaySearch, Chimei Innolux and AUO supply 47 percent of the panels used by Chinese TV brands, while the combined share of China's domestic panel makers has risen to 17 percent.

Chinese TV brands continue to account for about 40 percent of AUO and Chimei Innolux's TV screen sales as the Taiwanese panel makers are ahead of their South Korean rivals in developing niche size panels of 29, 39 and 50 inches, DisplaySearch said.

Credit Suisse's SU said Taiwanese panel makers have another edge -- outperforming South Korean suppliers in conforming to industry standards used by Chinese TV brands.

Moreover, Taiwanese panel makers have also been more flexible in shipping open-cell displays and shifting to backlight-module-system business models to lower costs, he said.

Reference:

[CNA – Focus Taiwan 2012/06/24](#)

[National Science Council International Cooperation Sci-Tech Newsbrief](#)

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