

Corning raises 2Q glass volume forecast again

June 30 2009, By BEN DOBBIN , AP Business Writer

(AP) -- Specialty glass maker Corning Inc. said Tuesday it is getting a big lift from rising sales of flat-screen televisions, most notably in China.

For the second time in five weeks, the world's largest maker of liquid-crystal-display glass said it is raising its forecast for second-quarter sales of its super-thin monitors.

Corning now expects LCD glass volume to rise 65 percent from the first quarter. It had predicted more than 40 percent growth in the quarter, then raised its estimate to more than 50 percent on May 28.

Volume will likely double in its wholly owned business and jump about 50 percent at its LCD glass joint venture with Korea's [Samsung Electronics](#) Co., the company said.

"Second-quarter glass demand is much stronger than we anticipated even a few weeks ago," Chief Financial Officer James Flaws said.

Retail sales of LCD-TVs surged 77 percent in China and 22 percent in Europe in April, and were up 48 percent in Japan in May, said Flaws, citing data from market research firms.

While U.S. retail sales "slowed somewhat in April after a very strong first quarter, reports that we have received indicate a significant upward spike in domestic LCD TV sales in late May and the first three weeks of June," Flaws said.

Corning uses a proprietary "fusion draw" process for making the unvaryingly flat, chemically stable glass. Two sheets separated by a layer of liquid crystals make for high-resolution monitors found in TVs, computer and digital phones as well as video cameras, watches, Palm Pilots, medical imaging devices and aircraft navigation panels.

Panel makers slowed their glass purchase orders at the end of 2008 to try to reduce a buildup in inventories as prices fell. In response, Corning took \$165 million in first-quarter restructuring charges to pay for eliminating 3,500 jobs, or 13 percent of its payroll of 27,000.

Its profit in the January-March quarter fell 99 percent on slumping sales. But adjusted earnings topped Wall Street expectations on a mid-quarter rebound in demand for LCD glass.

Corning kept its estimate of worldwide glass sales in 2009 at 2.1 billion to 2.2 billion square feet, up from 2 billion square feet in 2008. "But given the continued strong demand for [LCD TVs](#) in recent months, especially in China, we believe there could be an upside to this forecast," Flaws said.

LCD glass is Corning's biggest business. The 157-year-old company, based in the city of Corning in western New York, also makes optical fiber and cable and auto-pollution filters.

Corning shares fell 40 cents, or 2.5 percent, to \$15.86 in afternoon trading Tuesday. Its shares have ranged from \$7.36 to \$23.50 over the past 52 weeks.

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