

Samsung commits to LED screens, will spin off LCD unit

February 21 2012, By Nathan Olivarez-Giles

Samsung Electronics Co. is spinning off its LCD display manufacturing business and merging with its smaller LED display unit in a move that reveals the company's vision of the future of televisions and mobile screens.

The South Korean company announced the decisions on its website on Monday; both choices were approved by Samsung's board of directors earlier in the day.

"Currently, the display market is undergoing rapid changes with OLED panels expected to fast replace [LCD panels](#) to become the mainstream," Samsung said in a statement. "Amid this structural change of the display industry, adopting measures for change and innovation, including business restructuring, are essential to improve our [competitiveness](#) for our display business."

Samsung's LCD business - which until last December was a joint venture with Sony that built displays for TVs and computers - will officially become a standalone corporation, wholly owned by Samsung, on April 1.

After the [spinoff](#) is complete, "the new corporation will consider adopting various restructuring measures including a merger with Samsung Mobile Display and S-LCD Corporation," Samsung said, acknowledging that more cost-cutting moves are on the way.

The spinoff comes as LED-backlit screens are becoming more popular

and less expensive to produce. At the same time, demand for [LCD displays](#) is still growing, particularly in larger screen sizes, according to data from the research firm DisplaySearch.

Also set for April 1 will be the merger of Samsung's growing LED display-making business, which is currently a wholly owned, standalone company, into [Samsung Electronics](#).

The merger is taking place "to nurture the LED business as the future growth engine of Samsung Electronics' component business" by allowing the smaller unit to be able to more easily take advantage of its parent company's resources in development, manufacturing and sales, Samsung said.

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