

LG Display sinks to loss in 2Q on low TV demand

July 26 2012, by YOUKYUNG LEE

(AP) — LG Display reported a wider-than-expected quarterly loss Thursday, hit by a U.S. price-rigging penalty and weak demand for TVs.

The South Korean display panel maker said it lost 112 billion won (\$98 billion) in the April-June second quarter, much worse than the expected 28 billion won loss. The company posted its seventh straight quarterly operating loss of 25 billion won even as sales hit a record high of 6.9 trillion won.

The world's second-largest maker of display panels said its bottom line was hurt by a one-time penalty to settle a price-rigging case in the United States as well as persistently feeble demand for TVs. Sales of TV panels account for about half of LG Display's revenue.

Earlier this month, LG Display Co. agreed to pay \$380 million to settle a civil lawsuit over price fixing in the liquid crystal display market in the United States.

The global TV industry has been beset by challenges on multiple fronts in the last couple of years, forcing panel makers to adopt painful cost-cutting and restructuring.

On top of the deepening global economic malaise that has prompted consumers and corporations to postpone TV purchases, the emergence of new mobile devices such as tablet PCs has lured customers from TVs. Samsung Electronics Co., which competes with LG Display in the

display area, spun off its loss-making display unit in April.

LG Display, which supplies panels to Apple Inc. and its affiliate LG Electronics Inc., believes the tough market situation will not improve any time soon.

"Due to the uncertainty in the global economy, the industry demand growth in the third quarter is expected to be limited," Chief Financial Officer James Jeong said.

Analysts were slightly more upbeat about the company's outlook, expecting LG Display to achieve a turnaround in the current quarter.

So Hyun-chul, an analyst at Shinhan Investment Corp., expects the company to post 339 billion won in operating profit in the third quarter as the proportion of high-end LCD panels is increasing in its total production.

In the third quarter, its shipments for Apple's new iPad will increase and [LG Display](#) will start supplying panels for Apple's new iPhone, said So.

Separately, the company said it will invest 1.2 trillion won to raise output of high-end display panels for mobile devices by upgrading its existing plant in the southwestern city of Gumi.

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