2016/3/4

Panel Segment /Kou-Han Tseng

TFT-LCD Sufficiency Analysis 1Q16

According to WitsView's survey, in 2015, large size panel shipment totaled 799 M units, down 3.5% YoY. LCD TV panel demand was 270 M units, up 8.9% YoY. MNT panel demand reached 142 M units, dropping 11% YoY. 10.1" and above NB panel demand totaled 176 M units, decreasing 8.1% YoY. Tablet panel demand was 211 M units, down 8% YoY.

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Large-size panels supply/demand in 4Q15

In 4Q15, large size panel shipment totaled 212 M units, slightly higher than prediction in 3Q15 (207 M units), due mainly to IT brands' seasonal stocking up.Tablet panel demand benefited by brands' seasonal demand, so its shipment jumped to 18% compared with 3Q15.
NB panel shipment benefited by the United States' brands BP, up 7% QoQ. LCD MNT panel's inventory was relatively healthy, and its procurement momentum grew 3% QoQ due to 4Q15's demand.Compared with IT panel shipment's growth, contrarily, TV panel demand in 4Q15 declined. The main reasons were the following. In the first 3 quarters of 2015, TV panel procurement momentum was strong, but that momentum had mostly ended in the end of 3Q15. In 4Q15, because Korean brands' panel procurement momentum was sluggish, TV panel shipment dropped 1% QoQ despite of Chinese brands' demand for the holidays from Jan. 1st to the Chinese New Year holidays.

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In view of large size panel demand by area, in 4Q15, the total area was 42 Mnm^2, down 0.2% QoQ. For TV panels, because the peak season has ended for 50" and above products, their shipment slowed down. Also due to 32" size category's rising shipment proportion, 50" and above panel area saw a 2% decline QoQ. As for MNT panels, because of commercial models' 23.8" and Internet café market's 31.5" demand for large size panels, their demand by area grew 3% in 4Q15. NB panels' area rose 8% because 15.6" FHD TN shipment was boosted and 17.3" new models' shipment increased. Tablet panel shipment by area skyrocketed 20% because 10.1" and large size tablet Surface series' 12.3" and 13.5" panels were stocked up. To sum up, 2015's large size panel shipment by area totaled 163.9 Mnm^2, up 3.7% YoY.

4Q15's supply by area declined 1.8% QoQ. Amid panel makers, SDC had the most obvious decline mainly because its 4Q15 utilization rate dropped. Even though Chinese makers, BOE and CSOT, continued to add new capacities of their Gen. 8.5 fabs, the total supply by area still fell.On a whole, although 4Q15's area was relatively small, 2015's annual large size supply by area still reached 164.2 Mnm^2, up 6% YoY.

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In 4Q15, panel glut ratio was tightening from minus 0.2% in 3Q15 to minus 1.8%. 2015's annual glut ratio was 0.2%. There was relatively less tension when compared with 2014's minus 1.7%.

1Q16 Outlook

According to WitsView's prediction, in 1Q16, large size panel shipment will decline in all application categories due to the off season effect. In 1Q16, LCD TV panel shipment will be 59.6 M units, down 13% QoQ. MNT panel demand would be 31.9 M units, down 12% QoQ. 10.1" and above NB panel demand would reach 37.8 M units, decreasing 15% QoQ. Tablet panel demand would be 45.9 M units, down 27% QoQ.

In view of 1Q16 large size supply by area, it was severely dropping to 40.9 Mnm^2, down 1.3% QoQ. The main reasons were because Innolux suffered by the earthquake and SDC's new product certification was having issues. Compared to WitsView's earlier estimation, 2.2% QoQ for 1Q16, the current growth rate was minus 1.3%. Totally there was a 3.5 percentage points difference. Amid them, 2.1 percentage points were caused by SDC's new product certification, and 1.4 percentage points were caused by the earthquake damage to Innolux.

For 1Q16's total supply and demand of panels, the total demand by area would be 38.4 Mnm^2, and the total supply by area would be 40.9 Mnm^2. Hence, glut ratio will expand from minus 1.8% in 4Q15 to 6.5% in 1Q16.

WitsView projected that in 2Q16, all applications' demand will slowly grow, so glut ratio will shrink to 5.6%. In 3Q16, supply and demand will be balanced. The annual glut ratio of 2016 will be 2.4%. Compared with 2015's annual glut ratio 0.2%, the glut issue is worsening.
WitsView estimated that 2016's large size panel demand would be 770.7 M units, down 3.6% YoY. LCD TV panel demand will be 266 M units, MNT panel demand will be 138 M units, 10.1" and above NB panel demand will be 167.9 M units, and tablet panel demand will be 198.8 M units. In 2016, large size panel demand by area will be 173.4 Mnm^2, up 5.8% YoY.

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