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Korea

Technology

3Q10 LCD TV shipments

Global LCD TV shipments exceeded our forecasts by 2.7m units (6%) in 3Q10 and even shipments to North America were 4% higher than expected. However, underlying weakness is reflected in weak pricing: the ASP fell by 6%, the first decline in nine months. The LED premium helped little as penetration rates barely changed except in China and Japan. The good news is that further discounting during the holiday season will clear the decks for 2011 and we expect the LCD cycle to bottom next month.

China, Japan and Eastern Europe posted strong growth in 3Q10

- According to DisplaySearch, 3Q10 global LCD TV shipments reached 45.7m units. This is 6% higher than our forecast and 2% better than DisplaySearch's forecast.
- China, Japan, and Eastern Europe QoQ growth of more than 30%.
- China sales were driven by a successful Golden Week during October.
- Japan sales increased by 31% QoQ to 5.2m units. Consumers are rushing to buy before the eco-points subsidy program ends in March. However, next year Japan's TV market will collapse.

Overall ASP is down and further cut expected from holiday sales

- Globally, the ASP fell 6% to \$525. This was the first quarterly ASP decline this year. In 1Q10 and 2Q10, the increase in LED shipments lifted the blended price.
- The ASP in North America fell 9% QoQ to a record low of US\$561.
- The cut in ASP reflects promotions ahead of Black Friday and Christmas.
- Average panel size fell or stayed flat across all the regions, except in Japan.

LED penetration barely increased in NA/Europe, surged in China

- In North America the LED penetration rate increased by only 0.6ppt to 21.2%. Remarkably, this is below the global average of 22.7%.
- In Western Europe, the LED penetration rate increased by only 3.1ppt to 29.7%.
- LED penetration in China almost doubled from 11.9% to 20.7% due to aggressive price cuts and inventory clearing efforts.
- LED penetration is highest in Japan (39.7%). The growth in LED penetration is likely to stall when the eco-point program ends in March.

Samsung, LGE, and Sony all lost market share

- Samsung Electronics (005930 KS - 818,000 won) , LG Electronics (066570 KS - 97800 won) and Sony (6758 JP - ¥2715) all lost market share in 3Q10.
- These big three lost share to the "long tail" of smaller brands as they were most overly-optimistic in their sales targets in the first half of the year.
- The big three have had to clear inventory and slow sell-in during 3Q10 relative to the rest of the market. This resulted in the market share loss.
- We believe Samsung may lose more share in 4Q10. It plans not to be especially aggressive on prices so that it saves some "bullets" for 1Q11 and protects margins.
- In China, foreign brand share fell slightly from 24.8% to 24.3%. Among Chinese brands, Hisense fell from 18.2% to 15.9%. TCL increased from 12.0% to 14.6%.
- Skyworth increased its market share slightly from 16.2% to 16.9%.

Like Samsung, AUO, CMI, LGD, Sony; Dislike LG, Sharp Skyworth,

- Samsung is rated BUY as its PB ratios of 1.37x 2010 is too cheap.
- Atul Goyal rates Sony as BUY due to the benefits of restructuring.
- AUO, CMI and LGD are rated OPF as LCD panel prices will bottom in December.
- LGE is rated U-PF as it will take a long time to turn around its handset business.
- Atul Goyal rates Sharp (6753 JP - ¥788) SELL as 45% of its LCD TV revenue comes from the Japanese market, which will we forecast to shrink by 50% in 2011.
- Jane Wu rates Skyworth Digital (751 HK - HK\$4.66) U-PF as the company is still suffering from excess inventory and a poor outlook for sales growth. Jane's negative view was confirmed last week when the company issued a profit warning and lowered its shipment forecast.

In 3Q10, LCD TV global shipments were 6% higher than our forecast and 2% higher than DisplaySearch's forecast

LCD TV shipments in Eastern Europe and Japan were 43% and 17% better than our forecast. However shipments in Asia Pacific, Latin America and Middle East/Africa were lower

The LCD share of total shipments increased slightly from 74% in 2Q10 to 76% in 3Q10 but PDP share stayed flat at 8%

CRT share of total shipments decreased from 18% to 16%

The LCD TV share was highest in Japan, while lowest in Asia Pacific (ex China)

China LCD penetration is now higher than in North America

Global snapshot

Figure 1

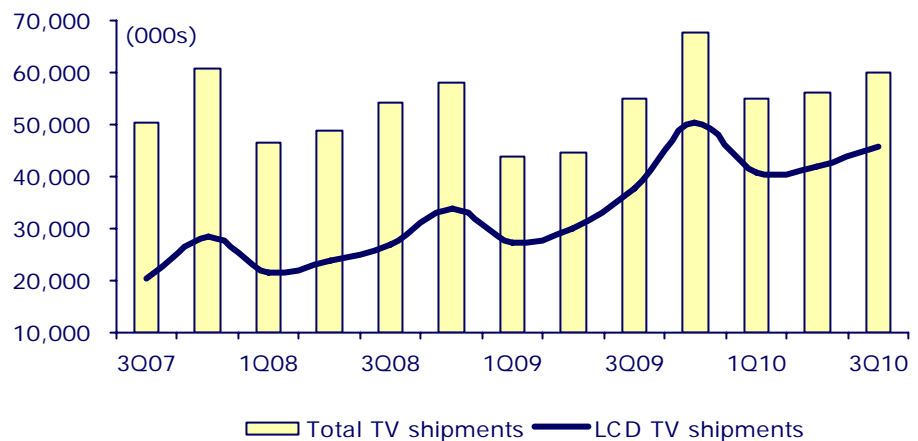
Global LCD TV shipment - 3Q10 vs. CLSA forecast vs. DisplaySearch forecast

	3Q10 Actual	CLSA	% diff	DisplaySearch	% diff
Global	45,669	42,978	6.3%	44,736	2.1%
North America	9,647	9,248	4.3%	9,432	2.3%
Western Europe	7,647	7,318	4.5%	8,182	-6.5%
Eastern Europe	3,607	2,525	42.9%	3,216	12.2%
Japan	5,187	4,447	16.6%	4,032	28.6%
China	9,926	9,116	8.9%	9,945	-0.2%
Asia Pacific	3,704	4,041	-8.3%	4,477	-17.3%
Latin America	3,819	4,126	-7.4%	3,348	14.1%
Middle East/Africa	2,132	2,158	-1.2%	2,104	1.3%

Source: CLSA Asia-Pacific Markets, DisplaySearch

Figure 2

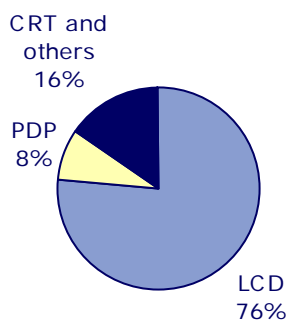
Global TV sales and LCD TV sales



Source: DisplaySearch

Figure 3

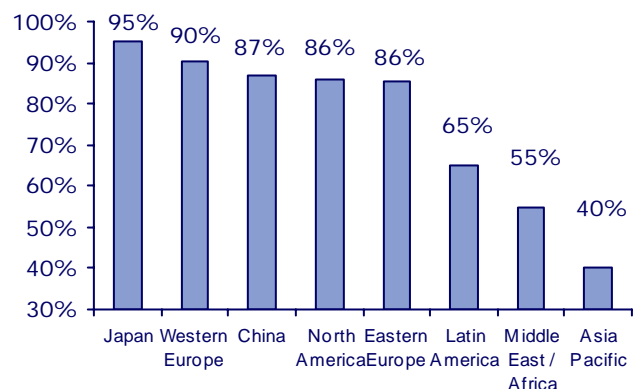
Technology breakdown



Source: DisplaySearch

Figure 4

LCD TV share of TV sales



LCD's share of TV shipments reached 76% and is at its highest level

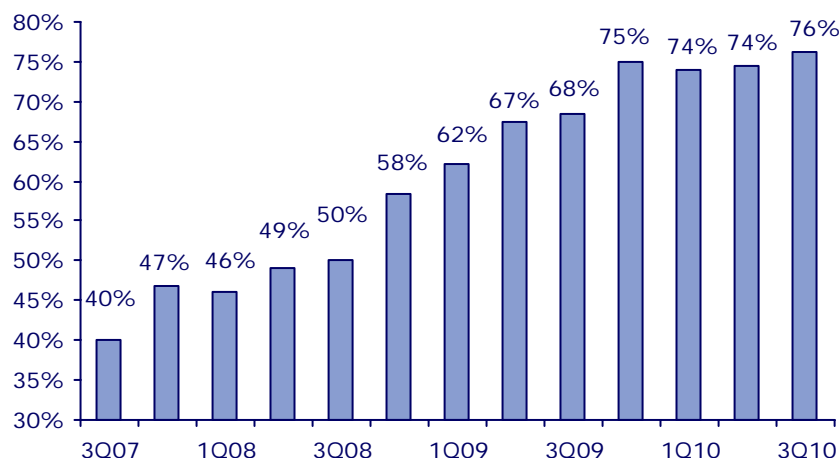
QoQ growth increased to 9%, up from 3% in 2Q10, as prices fell and seasonal demand was positive

China, Eastern Europe and Japan showed strong QoQ growth of more than 30%

However Latin America and Western Europe shipments were down by 16% and 19%, respectively, due to the World Cup creating a high base

Figure 5

LCD share of TV shipments



Source: DisplaySearch

Figure 6

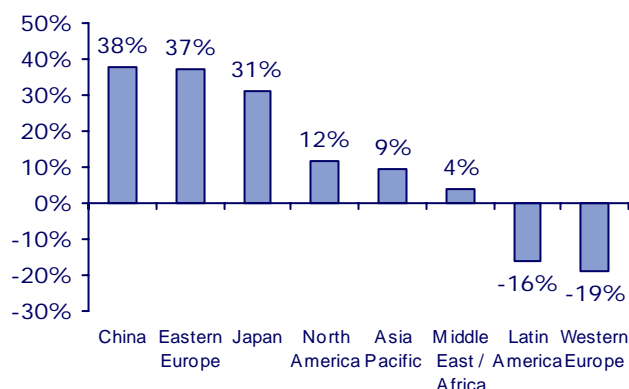
Quarterly shipment summary by region

(mn units)	3Q09	4Q09	1Q10	2Q10	3Q10
North America	9.6	11.3	7.3	8.6	9.6
Western Europe	7.8	12.0	9.2	9.4	7.6
Eastern Europe	2.4	3.7	2.9	2.6	3.6
Japan	3.1	4.6	4.4	4.0	5.2
China	8.2	10.7	9.0	7.2	9.9
Asia Pacific	3.0	3.3	3.0	3.4	3.7
Latin America	2.1	3.2	3.0	4.5	3.8
Middle East / Africa	1.4	1.7	1.7	2.1	2.1
Total	37.5	50.6	40.6	41.8	45.7
QoQ %	24%	35%	-20%	3%	9%
YoY %	38%	49%	50%	38%	22%

Source: DisplaySearch

Figure 7

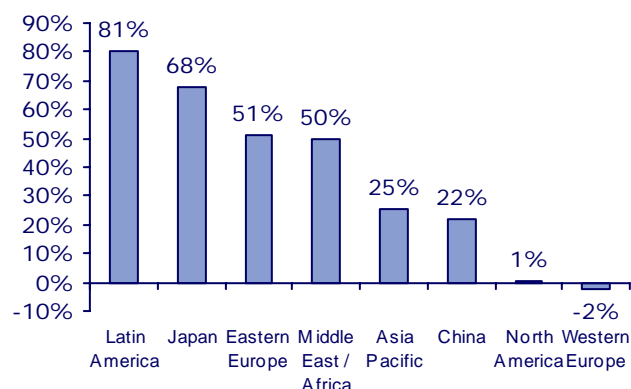
QoQ growth in LCD TV shipments



Source: DisplaySearch

Figure 8

YoY growth in LCD TV shipments



North America is #1 in terms of revenue. China's revenue is back to its previous 1Q10 level and it is at second place

Western Europe fell from #1 to #3 due to the post-World Cup shipment decline

YoY growth in LCD TV revenue of Eastern Europe and Japan were especially high

YoY growth in Western Europe turned negative, first times since 3Q09

Revenue

Figure 9

Global LCD TV revenues

	3Q09	4Q09	1Q10	2Q10	3Q10
North America	5.6	6.7	4.6	5.3	5.4
Western Europe	4.5	6.5	4.7	5.4	4.2
Eastern Europe	1.3	1.8	1.3	1.3	1.7
Japan	1.8	2.4	2.2	2.1	2.8
China	4.6	5.5	5.1	3.9	5.1
Asia Pacific	1.7	1.7	1.6	1.9	1.8
Latin America	1.1	1.5	1.4	2.3	1.8
Middle East/Africa	0.8	0.8	0.8	1.1	1.1
Total	21.3	26.9	21.7	23.3	24.0
QoQ	0%	26%	-19%	7%	3%
YoY	1%	17%	25%	24%	13%

Source: DisplaySearch

Figure 10

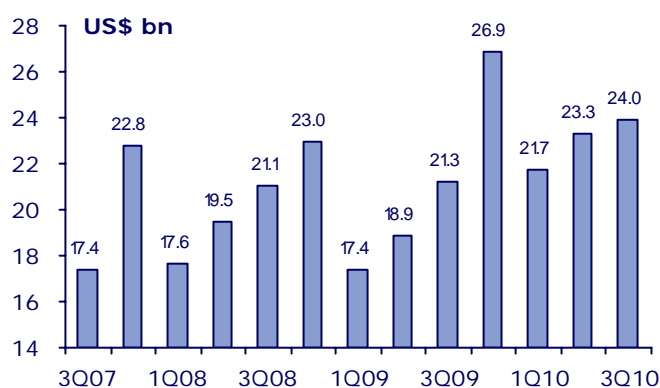
YoY growth in LCD TV revenues

	3Q09	4Q09	1Q10	2Q10	3Q10
North America	-16%	-1%	-11%	-9%	-3%
Western Europe	-3%	1%	10%	27%	-8%
Eastern Europe	-27%	-7%	18%	36%	36%
Japan	18%	30%	65%	35%	53%
China	43%	86%	60%	17%	12%
Asia Pacific	8%	26%	35%	39%	11%
Latin America	-5%	33%	101%	147%	70%
Middle East/Africa	28%	54%	86%	71%	40%
Total	1%	17%	25%	24%	13%

Source: DisplaySearch

Figure 11

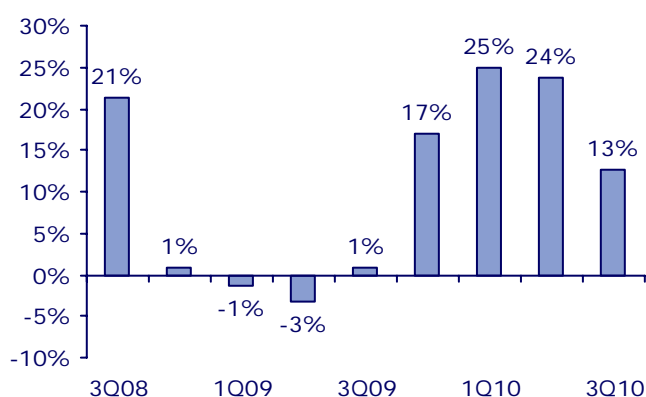
Global LCD TV revenue



Source: DisplaySearch

Figure 12

YoY growth in global LCD TV revenue



Overall ASP fell 6% QoQ, reflecting excess inventory, intense competition and the upcoming holiday season

The average size fell slightly, so there was no boost from size mix

LED penetration barely increased in North America and Western Europe, so there was no boost from LED mix either

In year on year terms the price decline was modest due to the arithmetic carry from 1Q10 and 2Q10, when there was an unusual increase in prices

Average selling price

Figure 13

Wholesale average selling price

	3Q09	4Q09	1Q10	2Q10	3Q10
North America	585	592	627	617	561
Western Europe	578	544	515	580	545
Eastern Europe	535	488	450	497	480
Japan	590	509	501	539	538
China	559	517	563	539	516
Asia Pacific	558	510	523	550	497
Latin America	504	457	467	501	476
Middle East/Africa	541	481	489	528	504
Total	567	532	535	558	525
QoQ	-9%	-6%	1%	4%	-6%
YoY	-27%	-22%	-16%	-11%	-7%

Source: DisplaySearch

Figure 14

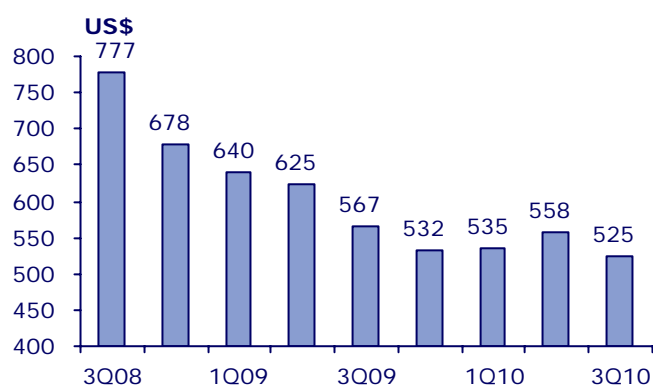
YoY change in wholesale average selling price

	3Q09	4Q09	1Q10	2Q10	3Q10
North America	-30%	-24%	-11%	-4%	-4%
Western Europe	-20%	-16%	-18%	-10%	-6%
Eastern Europe	-23%	-19%	-20%	-16%	-10%
Japan	-19%	-22%	-14%	-14%	-9%
China	-34%	-21%	-12%	-10%	-8%
Asia Pacific	-29%	-24%	-20%	-11%	-11%
Latin America	-27%	-24%	-17%	-9%	-6%
Middle East/Africa	-31%	-27%	-20%	-15%	-7%
Total	-27%	-22%	-16%	-11%	-7%

Source: DisplaySearch

Figure 15

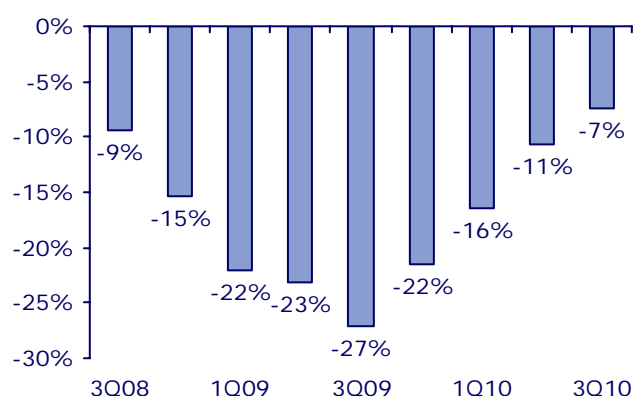
Global wholesale average selling price



Source: DisplaySearch

Figure 16

YoY change in wholesale average selling price



Market share of 30"-34" increased to 40%. However, share of 40"-44" fell 2%, after sequential quarterly increases

The major regions saw slight declines in average panel size, with the exception of Japan which was boosted by the eco-points program

Japan was the only region that posted an increase in average size

Size trends

Figure 17

Global LCD TV shipment share by size

	3Q09	4Q09	1Q10	2Q10	3Q10
10"-19"	9.0%	7.6%	7.4%	6.5%	6.0%
20"-29"	18.6%	17.6%	18.2%	18.0%	19.3%
30"-34"	39.3%	38.2%	37.3%	37.9%	39.5%
35"-39"	7.3%	7.6%	7.2%	6.4%	6.1%
40"-44"	17.1%	18.8%	19.4%	21.2%	19.2%
45"-49"	6.2%	7.0%	7.3%	7.2%	6.9%
50"-54"	1.6%	1.8%	1.1%	0.6%	0.7%
55"-59"	1.1%	1.3%	1.8%	1.9%	1.9%
60"+	0.1%	0.1%	0.2%	0.3%	0.4%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 18

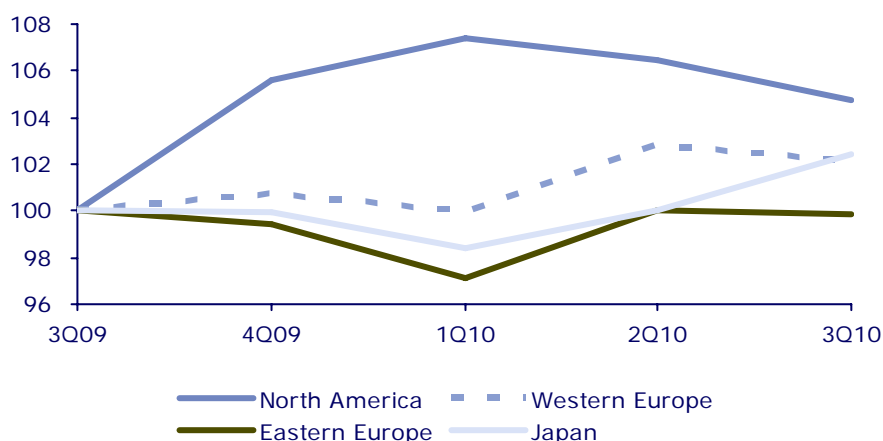
Average size inches

	3Q09	4Q09	1Q10	2Q10	3Q10
North America	32.3	34.1	34.6	34.3	33.8
Western Europe	32.0	32.2	32.0	32.9	32.7
Eastern Europe	32.1	32.0	31.2	32.1	32.1
Japan	31.3	31.3	30.8	31.3	32.0
China	34.2	35.1	35.7	34.6	34.3
Asia Pacific	33.0	33.2	33.6	33.6	33.0
Latin America	32.5	32.9	33.2	33.8	33.2
Middle East and Africa	33.4	33.6	33.7	34.3	34.3

Source: DisplaySearch

Figure 19

Average size inch changes for four biggest markets



Source: DisplaySearch

LED TV penetration increased from 12% to 21% QoQ

Our LED penetration rate forecast of 66% in 2011 still seems to be ok

Global LED shipment increased 38% QoQ and reached 10.3m units

China's LED shipment was up 141% QoQ

In Western Europe, the numbers of LED backlit TVs actually declined 9% QoQ

The growth rate in North America was also disappointing

However, in China, Japan and Eastern Europe the growth was huge

Global LED penetration is 23% and Japan has the highest penetration at 40% from the eco-points program.

China's LED penetration almost doubled in 3Q to 21% from 12% in 2Q.

LED shipments, penetration and premia

In 3Q10, LED shipments increased strongly in China, driven by aggressive promotions during Golden Week. The penetration rate in that market increased from 11.9% to 20.7%. Japan also saw strong sales of LED backlit TVs, with the penetration rate reaching a huge 39.7%. However, in North America and Western Europe, LED sales hit a brick wall in the third quarter. In North America, the LED penetration rate barely changed QoQ and in Western Europe it increased by only 3.2ppt. North America's LED penetration rate has even fallen below the global average!

In our view, this reflects (ironically) the fact that these markets were ahead of the curve on LED penetration and therefore in 3Q10 had the highest price LED inventory. With the LED premium now falling, we should expect growth to pick up again. However, there is little reason to expect 2011 LED penetration to above 50-60% on a set basis and 60-70% on a panel basis.

Figure 20

Global LED shipments (000s)

	4Q09	1Q10	2Q10	3Q10
North America	573	830	1,776	2,050
Western Europe	905	831	2,499	2,268
Eastern Europe	166	88	336	700
Japan	90	488	1,079	2,058
China	102	479	855	2,058
Asia Pacific	110	186	429	486
Latin America	37	98	334	515
Middle East / Africa	38	77	177	210
Total	2,021	3,077	7,485	10,346

Source: DisplaySearch

Figure 23

QoQ growth in LED shipments

	1Q10	2Q10	3Q10
North America	45%	114%	15%
Western Europe	-8%	201%	-9%
Eastern Europe	-47%	280%	109%
Japan	442%	121%	91%
China	370%	79%	141%
Asia Pacific	69%	131%	13%
Latin America	163%	242%	54%
Middle East / Africa	105%	129%	19%
Total	52%	143%	38%

Source: DisplaySearch

Figure 22

Global LED penetration

	4Q09	1Q10	2Q10	3Q10
North America	5.1%	11.3%	20.6%	21.2%
Western Europe	7.5%	9.1%	26.6%	29.7%
Eastern Europe	4.5%	3.0%	12.7%	19.4%
Japan	1.9%	11.1%	27.3%	39.7%
China	1.0%	5.3%	11.9%	20.7%
Asia Pacific	3.3%	6.1%	12.7%	13.1%
Latin America	1.2%	3.2%	7.3%	13.5%
Middle East / Africa	2.3%	4.6%	8.6%	9.9%
Total	4.0%	7.6%	17.9%	22.7%

Source: DisplaySearch

The LED shipments in 20"-29" inch size category had the highest QoQ growth of 108%, followed by 60"+.

QoQ Increase in 30"-39" was mild in 3Q after upward surge in 2Q

30"-34" inch is now the major size for LED TVs in as share of 40"-44" inch decreased to second place

The LED penetration is highest at the large size and penetration above 50" inch is above 50% level.

Other than 30"-34" inch, all other size penetration is above 20% level

The LED premium at mid range of 35"-54" inch is highest

Figure 23

LED shipments by size (000s)

	4Q09	1Q10	2Q10	3Q10
10"-19"	51	178	428	612
20"-29"	48	287	938	1,955
30"-34"	251	443	1,687	2,642
35"-39"	47	84	412	577
40"-44"	703	905	2,140	2,439
45"-49"	543	719	1,207	1,319
50"-54"	43	80	142	180
55"-59"	326	352	426	453
60" +	10	29	106	169
Total	2,021	3,077	7,485	10,346

Source: DisplaySearch

Figure 24

LED share by size

	4Q09	1Q10	2Q10	3Q10
10"-19"	3%	6%	6%	6%
20"-29"	2%	9%	13%	19%
30"-34"	12%	14%	23%	26%
35"-39"	2%	3%	6%	6%
40"-44"	35%	29%	29%	24%
45"-49"	27%	23%	16%	13%
50"-54"	2%	3%	2%	2%
55"-59"	16%	11%	6%	4%
60" +	1%	1%	1%	2%
Total	100%	100%	100%	100%

Source: DisplaySearch

Figure 25

LED penetration by size

	4Q09	1Q10	2Q10	3Q10
10"-19"	1.3%	5.9%	15.9%	22.5%
20"-29"	0.5%	3.9%	12.5%	22.1%
30"-34"	1.3%	2.9%	10.6%	14.6%
35"-39"	1.2%	2.9%	15.3%	20.8%
40"-44"	7.4%	11.5%	24.2%	27.8%
45"-49"	15.3%	24.2%	40.3%	42.0%
50"-54"	4.8%	17.4%	53.3%	52.7%
55"-59"	51.5%	47.3%	53.4%	52.4%
60" +	14.2%	30.1%	81.8%	92.2%
Total	4.0%	7.6%	17.9%	22.7%

Source: DisplaySearch

Figure 27

Wholesales LED ASP premium by size

	4Q09	1Q10	2Q10	3Q10
10"-19"	35%	9%	19%	33%
20"-29"	10%	29%	42%	24%
30"-34"	152%	112%	83%	51%
35"-39"	105%	92%	71%	60%
40"-44"	99%	78%	69%	58%
45"-49"	74%	69%	64%	58%
50"-54"	42%	51%	74%	68%
55"-59"	45%	46%	61%	52%
60" +	11%	15%	21%	20%

Source: DisplaySearch

Among the vendors, Samsung shipped the most LED LCD TVs with 2.1m units, followed by Sharp and LGE.

While Samsung is at the top position, it lost market share in 3Q.

Philips has the highest penetration followed by Sharp

LED Edge type still dominates the market from lower cost, thinner design and lower power consumption

Figure 28

Vendor's LED shipments (000s)

	4Q09	1Q10	2Q10	3Q10
Samsung	1,353	1,081	2,200	2,104
Sharp	194	393	885	1,485
LGE	161	332	752	1,017
Sony	26	239	998	1,012
Philips	76	95	671	729
Toshiba	30	65	249	617
Vizio	105	187	513	595
Panasonic	3	158	364	450
Others	73	526	854	2,338
Total	2,021	3,077	7,485	10,346

Source: DisplaySearch

Figure 29

Vendor's LED shipment market share

	4Q09	1Q10	2Q10	3Q10
Samsung	67%	35%	29%	20%
Sharp	10%	13%	12%	14%
LGE	8%	11%	10%	10%
Sony	1%	8%	13%	10%
Philips	4%	3%	9%	7%
Toshiba	1%	2%	3%	6%
Vizio	5%	6%	7%	6%
Panasonic	0%	5%	5%	4%
Others	4%	17%	11%	23%

Source: DisplaySearch

Figure 31

Vendor's LED penetration

	4Q09	1Q10	2Q10	3Q10
Samsung	13.9%	14.5%	28.0%	27.0%
Sony	0.5%	6.4%	19.7%	20.5%
LGE	2.9%	6.4%	14.6%	18.7%
Philips	3.0%	5.5%	37.7%	48.6%
Sharp	6.4%	14.3%	32.9%	41.3%
Toshiba	1.0%	2.0%	9.2%	20.8%
Panasonic	0.1%	9.1%	17.6%	19.3%
Vizio	5.6%	17.1%	35.9%	36.2%
Total	4.0%	7.6%	17.9%	22.7%

Source: DisplaySearch

Figure 32

LED Edge vs Direct BLU

	4Q09	1Q10	2Q10	3Q10
LED Edge	79%	82%	84%	84%
LED Direct	21%	18%	16%	16%
Total	100%	100%	100%	100%

Source: DisplaySearch

Samsung, LGE, Sony all lost market shares in 3Q10. Samsung is still #1 but its market share of 17% is at its lowest since 2007.

Sharp's market share posted sharp increase to 8% and it climbed to #4 position from #5.

Sharp is doing well with 1.4% QoQ increase in market share as it is gaining strength in Japanese market

However without eco-points subsidies, overall Japanese TV market will collapse and Sharp is likely to face lower TV volumes. Our analyst, Atul Goyal, put a SELL rating on the company

Global brands' market share

Figure 33

Global LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	6,906	9,750	7,439	7,861	7,805
LGE	4,014	5,528	5,168	5,145	5,447
Sony	3,252	5,462	3,715	5,074	4,932
Sharp	2,396	3,043	2,750	2,690	3,595
Toshiba	2,183	2,980	3,278	2,709	2,971
Hisense	1,372	2,584	1,923	1,492	1,707
Others	17,390	21,205	16,322	16,822	19,212
Total	37,514	50,551	40,595	41,794	45,669

Source: DisplaySearch

Figure 34

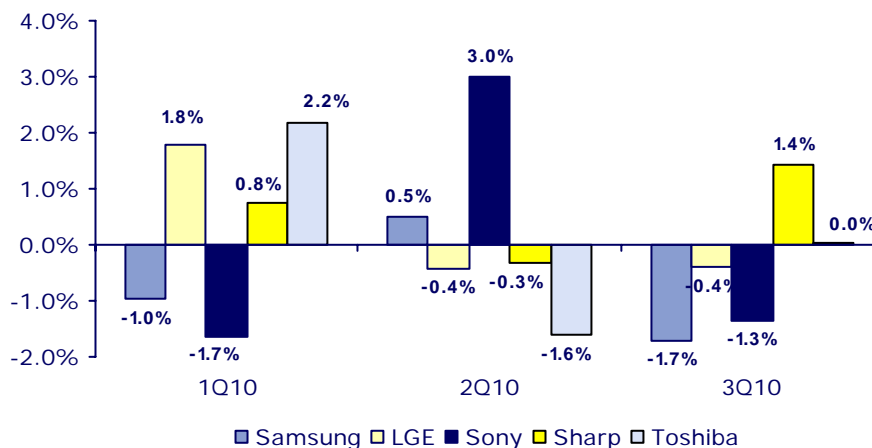
Global LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	18.4%	19.3%	18.3%	18.8%	17.1%
LGE	10.7%	10.9%	12.7%	12.3%	11.9%
Sony	8.7%	10.8%	9.2%	12.1%	10.8%
Sharp	6.4%	6.0%	6.8%	6.4%	7.9%
Toshiba	5.8%	5.9%	8.1%	6.5%	6.5%
Hisense	3.7%	5.1%	4.7%	3.6%	3.7%
Others	46.4%	41.9%	40.2%	40.3%	42.1%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 35

Global change in market share



Source: DisplaySearch

Vizio has succeeded in catching up with Samsung and it is now ranked #1 in North America in terms of LCD TV shipments.

Samsung lost its leadership in the all-important North American market and its market share is at 15.5%, lowest since 1Q08.

While most major vendors' lost market shares in 3Q, Funai was able to catch up with Samsung. Its market share is now only 0.1% behind Samsung

North America

Figure 36

North America LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Vizio	1,246	1,853	1,069	1,400	1,617
Samsung	1,586	1,983	1,324	1,544	1,495
Funai	1,536	1,420	754	1,189	1,490
Sony	709	1,693	798	903	898
LGE	679	899	663	844	825
Sanyo	630	432	572	590	632
Others	3,192	3,034	2,139	2,151	2,692
Total	9,579	11,313	7,318	8,622	9,647

Source: DisplaySearch

Figure 37

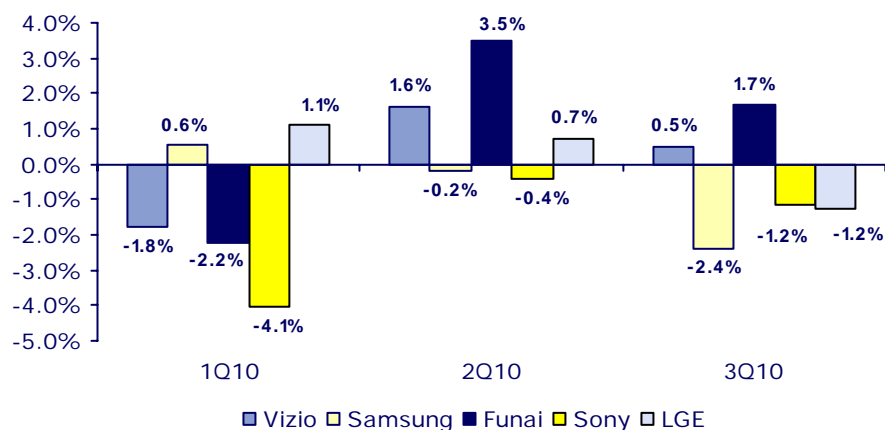
North America LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Vizio	13.0%	16.4%	14.6%	16.2%	16.8%
Samsung	16.6%	17.5%	18.1%	17.9%	15.5%
Funai	16.0%	12.5%	10.3%	13.8%	15.4%
Sony	7.4%	15.0%	10.9%	10.5%	9.3%
LGE	7.1%	7.9%	9.1%	9.8%	8.5%
Sanyo	6.6%	3.8%	7.8%	6.8%	6.5%
Others	33.3%	26.8%	29.2%	24.9%	27.9%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 38

North America change in market share



Source: DisplaySearch

Western Europe's LCD TV shipments were down from slow economic recovery.

DisplaySearch forecasted growth to be driven by digital TV broadcast transition but the actual effect on demand was not so strong.

Sony posted a decline in market share after its stellar outperformance in 2Q where it increased market share by 7.2%. However it still maintained #3 position.

Samsung and LGE both increased their market shares.

Western Europe

Figure 39

Western Europe LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	2,214	3,541	2,696	2,430	2,079
LGE	1,187	2,022	1,800	1,568	1,375
Sony	806	1,320	859	1,564	1,081
Philips	1,058	1,544	992	985	788
Toshiba	581	813	768	668	591
Panasonic	449	644	382	514	445
Others	1,512	2,151	1,655	1,673	1,287
Total	7,806	12,034	9,153	9,402	7,647

Source: DisplaySearch

Figure 40

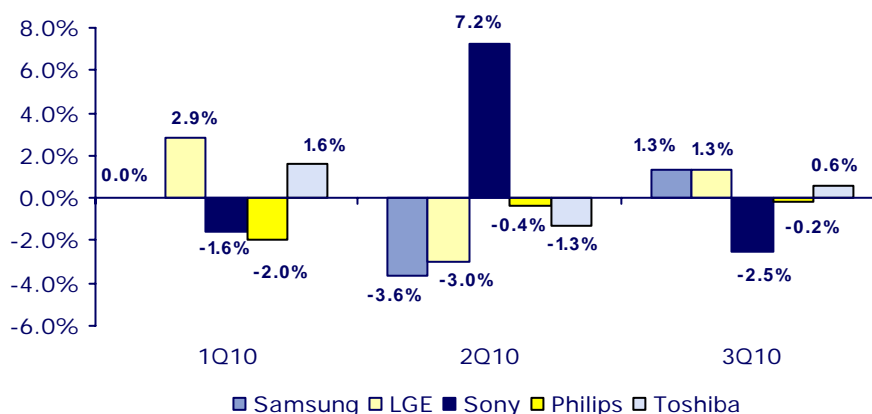
Western Europe market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	28.4%	29.4%	29.5%	25.8%	27.2%
LGE	15.2%	16.8%	19.7%	16.7%	18.0%
Sony	10.3%	11.0%	9.4%	16.6%	14.1%
Philips	13.6%	12.8%	10.8%	10.5%	10.3%
Toshiba	7.4%	6.8%	8.4%	7.1%	7.7%
Panasonic	5.7%	5.3%	4.2%	5.5%	5.8%
Others	19.4%	17.9%	18.1%	17.8%	16.8%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 41

Western Europe change in market share



Source: DisplaySearch

The Eastern Europe's LCD TV shipments increased and while it was about a third the size of the Western European market in 2Q, now it is slightly less than half

All major vendors saw their market shares increase in 3Q10. Samsung still maintains a dominant position in the market

While TCL outperformed in 2Q10, its market share fell to 1.1%, which is at its lowest since 2007

Eastern Europe

Figure 42

Eastern Europe LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	887	1,372	931	803	1,146
LGE	472	718	609	488	677
Philips	271	442	263	251	397
Sony	224	425	219	254	363
Toshiba	144	166	179	137	208
TCL	80	81	98	97	39
Others	304	452	648	603	778
Total	2,383	3,656	2,946	2,633	3,607

Source: DisplaySearch

Figure 43

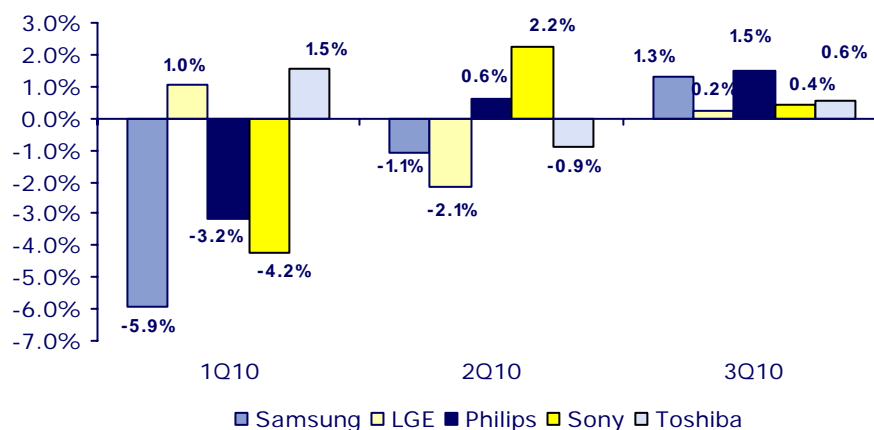
Eastern Europe LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	37.2%	37.5%	31.6%	30.5%	31.8%
LGE	19.8%	19.6%	20.7%	18.5%	18.8%
Philips	11.4%	12.1%	8.9%	9.5%	11.0%
Sony	9.4%	11.6%	7.4%	9.7%	10.1%
Toshiba	6.0%	4.5%	6.1%	5.2%	5.8%
TCL	3.4%	2.2%	3.3%	3.7%	1.1%
Others	12.8%	12.4%	22.0%	22.9%	21.6%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 44

Eastern Europe change in market share



Source: DisplaySearch

Japan

Figure 45

Japan LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Sharp	1,242	1,700	1,500	1,520	2,040
Toshiba	613	922	1,305	947	1,149
Panasonic	524	854	628	695	831
Sony	379	574	410	349	636
Mitsubishi	117	232	226	202	232
Funai	86	149	140	74	131
Others	132	217	196	168	168
Total	3,093	4,649	4,406	3,954	5,187

Source: DisplaySearch

Figure 46

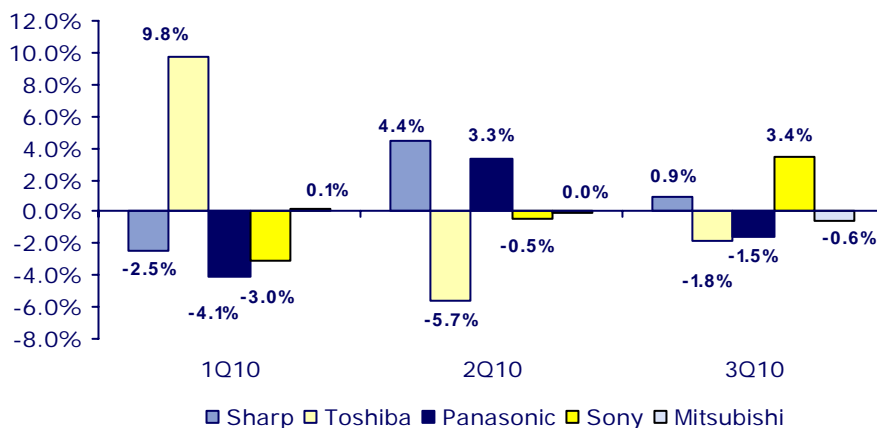
Japan LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Sharp	40.2%	36.6%	34.0%	38.4%	39.3%
Toshiba	19.8%	19.8%	29.6%	24.0%	22.2%
Panasonic	16.9%	18.4%	14.3%	17.6%	16.0%
Sony	12.2%	12.4%	9.3%	8.8%	12.3%
Mitsubishi	3.8%	5.0%	5.1%	5.1%	4.5%
Funai	2.8%	3.2%	3.2%	1.9%	2.5%
Others	4.3%	4.7%	4.5%	4.2%	3.2%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 47

Japan change in market share



Source: DisplaySearch

Japanese TV market showed 31% QoQ unit growth from its eco point program. It has the highest LCD TV share of 95%.

Sony was able to gain market share in 3Q. Its gain of 3.4% is the highest among the major vendors

Toshiba posted sequential quarterly decline in market share after sudden increase in 1Q

Sharp continued to increase its market share and maintained its top position in Japanese market.

Japan is still dominated by local players and the only other foreign vendor with significant share is Funai. However, LG recently announced its plan to penetrate into Japanese TV market.

China

Figure 48

China LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Skyworth	1,583	1,949	1,495	1,166	1,676
Hisense	1,284	2,491	1,848	1,311	1,575
TCL	1,369	1,667	1,195	866	1,444
Konka	963	976	997	714	1,074
Changhong	829	1,133	763	828	1,051
Haier	417	515	500	361	477
Others	1,715	1,955	2,219	1,952	2,628
Total	8,160	10,685	9,017	7,199	9,926

Source: DisplaySearch

Figure 49

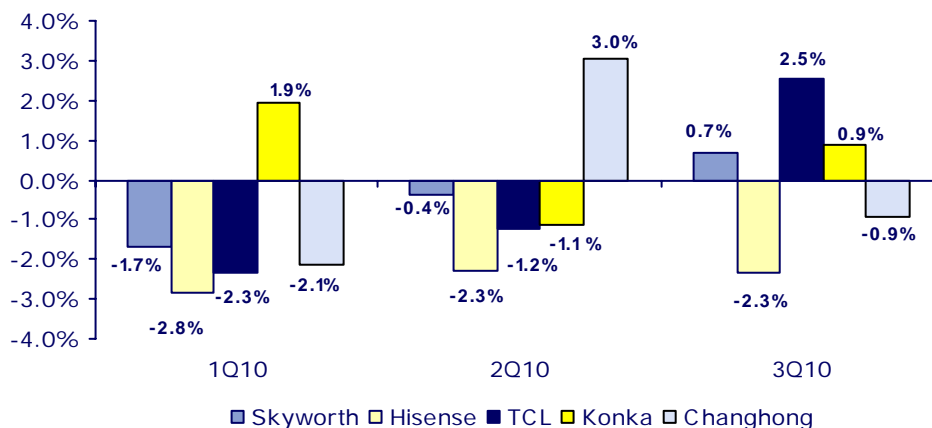
China LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Skyworth	19.4%	18.2%	16.6%	16.2%	16.9%
Hisense	15.7%	23.3%	20.5%	18.2%	15.9%
TCL	16.8%	15.6%	13.3%	12.0%	14.6%
Konka	11.8%	9.1%	11.1%	9.9%	10.8%
Changhong	10.2%	10.6%	8.5%	11.5%	10.6%
Haier	5.1%	4.8%	5.5%	5.0%	4.8%
Others	21.0%	18.3%	24.6%	27.1%	26.5%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 50

China change in market share



Source: DisplaySearch

Chinese TV shipment saw 38% QoQ growth, the highest among the regions from the holiday sales.

Hisense 's market share declined from 18% to 16% and it is no longer #1 vendor.

Skyworth overtook Hisense with 17% market share

While foreign vendors have historically been taking market share away from the locals, during the Chinese holiday season, local vendors were able to maintain their shares in 3Q

Among the Chinese vendors, TCL posted the highest increase of 2.5% in market share

While Skyworth is at #1 position, the company alerted a significant decrease in 1H11 earnings from inventory clear off process and lowered its 2011 shipment target

Asia Pacific

Figure 51

Asia-Pacific LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	856	945	888	862	866
LGE	603	618	686	744	778
Sony	343	449	403	576	542
Panasonic	256	287	198	242	327
Toshiba	111	145	176	204	259
Sharp	113	135	130	130	160
Others	675	762	569	627	772
Total	2,957	3,341	3,050	3,384	3,704

Source: DisplaySearch

Figure 52

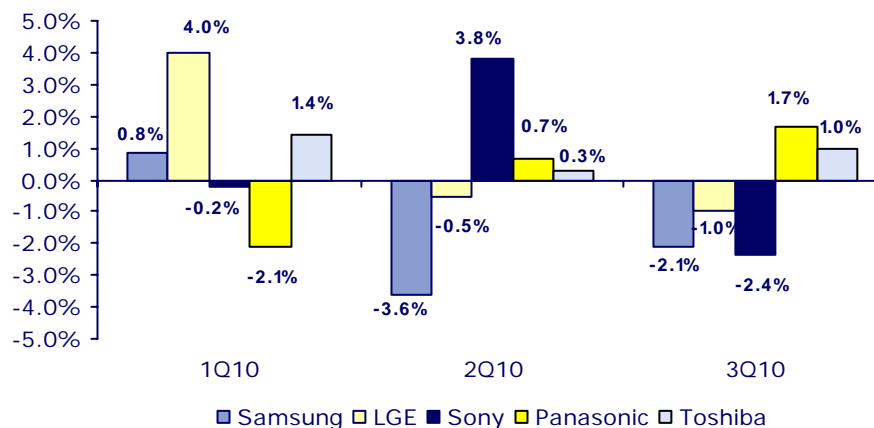
Asia-Pacific LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	28.9%	28.3%	29.1%	25.5%	23.4%
LGE	20.4%	18.5%	22.5%	22.0%	21.0%
Sony	11.6%	13.4%	13.2%	17.0%	14.6%
Panasonic	8.7%	8.6%	6.5%	7.2%	8.8%
Toshiba	3.8%	4.3%	5.8%	6.0%	7.0%
Sharp	3.8%	4.0%	4.3%	3.8%	4.3%
Others	22.8%	22.8%	18.7%	18.5%	20.8%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 53

Asia-Pacific change in market share



Source: DisplaySearch

Samsung, LGE and Sony all lost market shares in Asia Pacific (excluding China)

However, other than Sony, all other Japanese vendors (Panasonic, Toshiba, and Sharp) saw their market shares increase

From intense price competition, low end vendors are taking shares away from the three major vendors.

Sony's decline is partially due to a sudden sharp increase in 2Q10

Latin America

Figure 54

Latin America LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	486	905	716	1,052	936
LGE	509	651	702	796	895
Sony	307	439	286	666	462
AOC	142	164	200	283	329
Haier	57	130	173	380	235
Philips	186	303	279	415	212
Others	428	605	647	953	750
Total	2,115	3,195	3,003	4,545	3,819

Source: DisplaySearch

Figure 55

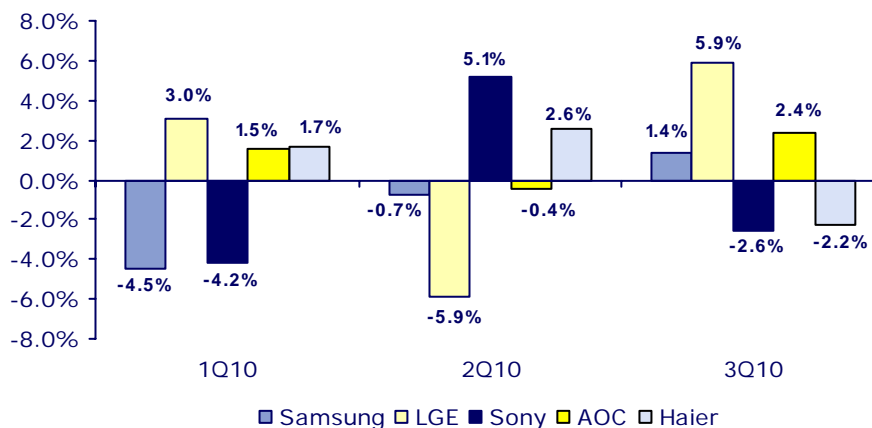
Latin America LCD TV market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	23.0%	28.3%	23.9%	23.1%	24.5%
LGE	24.1%	20.4%	23.4%	17.5%	23.4%
Sony	14.5%	13.7%	9.5%	14.7%	12.1%
AOC	6.7%	5.1%	6.6%	6.2%	8.6%
Haier	2.7%	4.1%	5.8%	8.4%	6.1%
Philips	8.8%	9.5%	9.3%	9.1%	5.6%
Others	20.2%	18.9%	21.5%	21.0%	19.6%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 56

Latin America change in market share



Source: DisplaySearch

Unlike in any other markets, LGE was able to post a significant QoQ increase in market share of 5.9% to 23.4%. Now its share is back to its 1Q10 level.

Sony, again showed volatile results, with its 3Q market share posting 2.6% fall after 5.1% increase in 2Q.

While Samsung is still the market leader, its market share is only 1% ahead of LGE.

AOC saw its market share increase to 9% and is at its highest level.

Samsung continued to increase its market share and is a dominant vendor with 37% market share.

Together with Samsung, all other vendors were able to increase their market shares other than Toshiba.

Toshiba's market share fell to historic low of 1%. Its position climbed down from #5 position (same position as Panasonic in 2Q)

Middle East and Africa

Figure 57

Middle East / Africa LCD TV shipments

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	508	640	576	745	795
LGE	243	267	326	398	416
Sony	225	247	256	361	387
TCL	45	150	59	114	122
Panasonic	77	61	76	52	78
Toshiba	29	28	92	52	20
Others	296	283	317	333	314
Total	1,422	1,676	1,701	2,056	2,132

Source: DisplaySearch

Figure 58

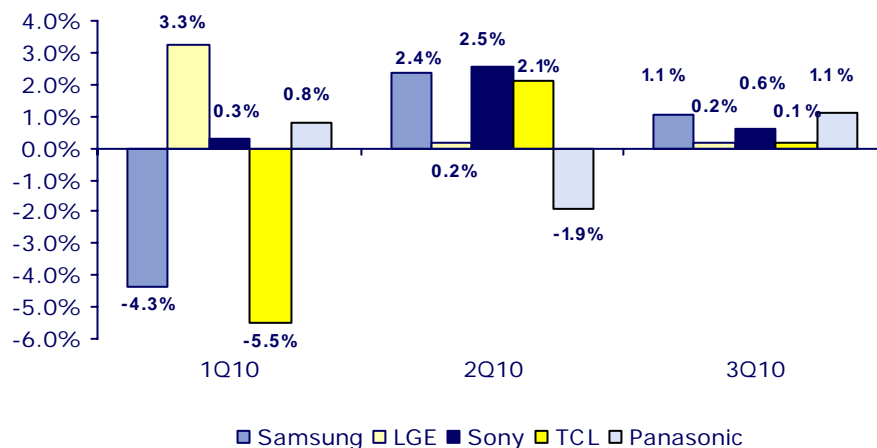
Middle East / Africa market share

	3Q09	4Q09	1Q10	2Q10	3Q10
Samsung	35.7%	38.2%	33.9%	36.2%	37.3%
LGE	17.1%	15.9%	19.2%	19.4%	19.5%
Sony	15.8%	14.7%	15.0%	17.6%	18.1%
TCL	3.2%	9.0%	3.5%	5.6%	5.7%
Panasonic	5.4%	3.6%	4.4%	2.5%	3.7%
Toshiba	2.1%	1.7%	5.4%	2.5%	0.9%
Others	20.8%	16.9%	18.6%	16.2%	14.7%
Total	100%	100%	100%	100%	100%

Source: DisplaySearch

Figure 59

Middle East / Africa change in market share



Source: DisplaySearch

Samsung, Sony, and LGE
all saw their global
market shares decline in
3Q10

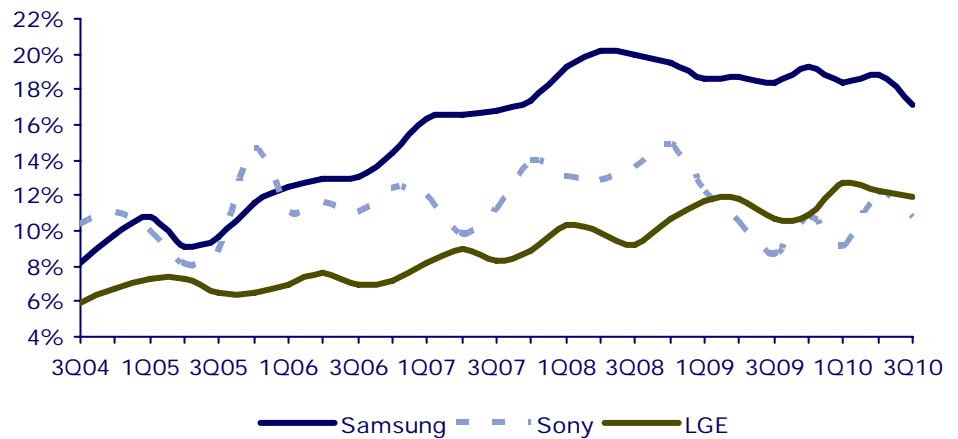
In emerging markets,
only Sony was able to
improve its market share
slightly from 13.8% to
14.0%. The major upward
push was from Middle
East/Africa

However, in developed
markets, they all lost
shares. Samsung's QoQ
drop in market share was
2.2%, which was almost
twice more than that of
LGE and Sony of 1.2%

Samsung, Sony and LGE

Figure 60

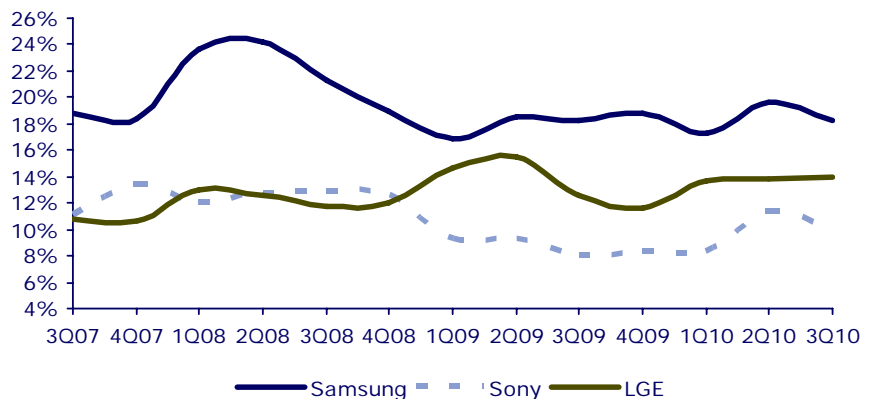
Global market share of LG, Samsung and Sony



Source: DisplaySearch

Figure 61

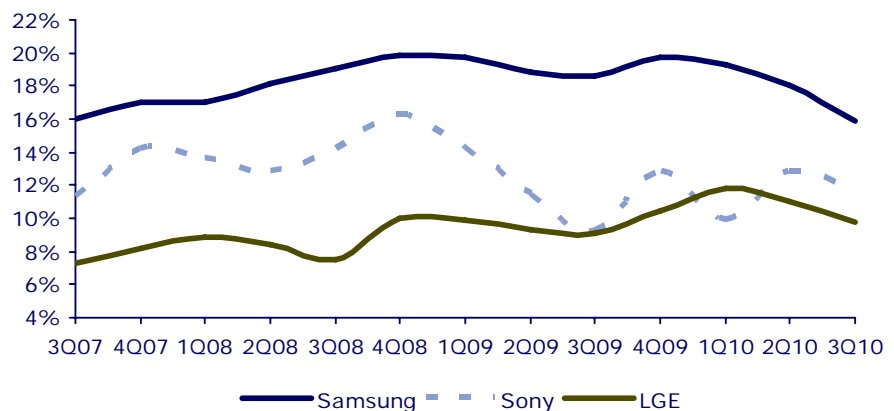
Global market share of LG, Samsung and Sony in emerging markets



Source: DisplaySearch

Figure 62

Global market share of LG, Samsung and Sony in developed markets

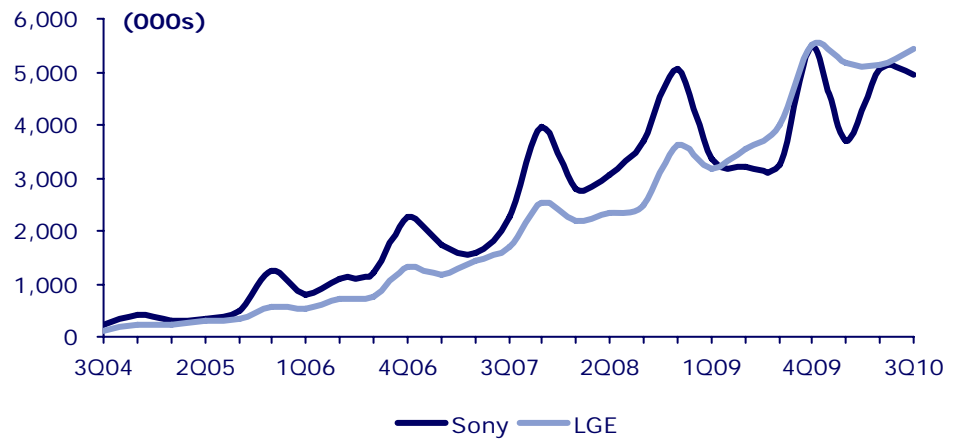


Source: DisplaySearch

LGE versus Sony

Figure 63

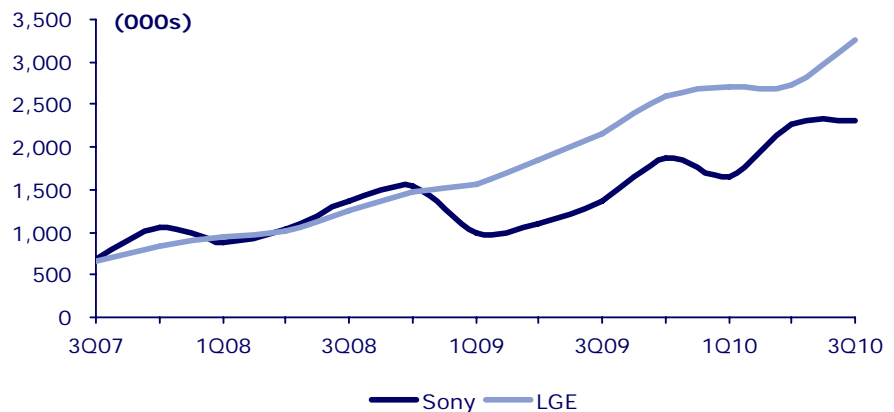
Global unit shipment of LGE and Sony



Source: DisplaySearch

Figure 64

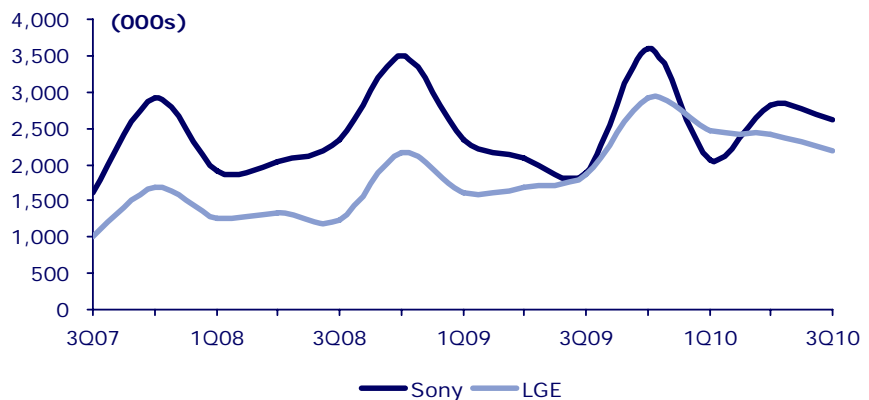
Global unit shipment of LGE and Sony in emerging markets



Source: DisplaySearch

Figure 65

Global shipment of LGE and Sony in developed markets



Source: DisplaySearch

Sony's shipment fell from 5.1m units to 4.9m units. However, LGE's shipment was up from 5.1m to 5.5m units.

LGE's unit shipment QoQ growth was strong in emerging markets with 19% growth.

While both LGE and Sony posted increases in unit shipments in emerging markets, both saw declines in the shipments in developed markets.

While LG shipped 2.2m units, Sony shipped 2.6m units.

The two Korean brands shipped only 13.3m LCD TVs in 3Q10 vs 13.0m in 2Q10.

However, the six Japanese brands and Chinese brands saw higher increases in shipments. Japanese brands shipped 16.5m in 3Q vs 14.9m in 2Q. Chinese brands shipped 8.4m in 3Q vs 6.4m in 2Q.

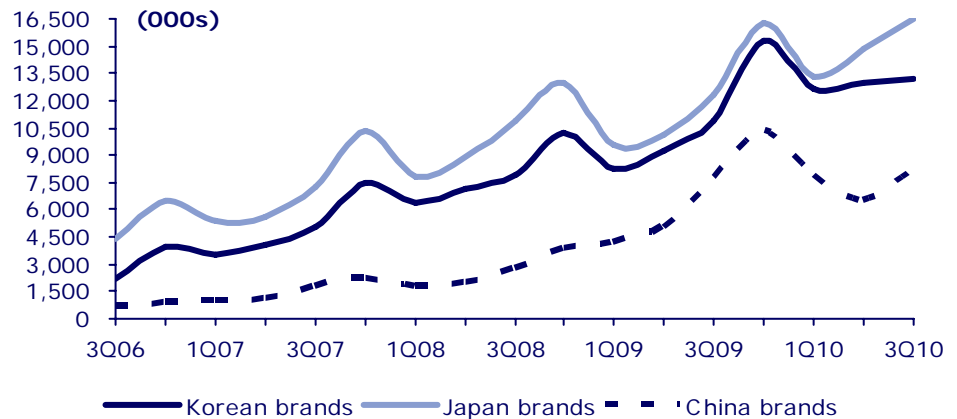
Chinese brands had a sharp increase in shipments of 31% QoQ growth in 3Q10 after 17% QoQ fall in 2Q10. However this happened mainly in Chinese market.

In developed markets, Korean brands' shipment fell while Japanese brands' shipment increased from 10.3m to 11.5m units.

Korea versus Japan and China

Figure 66

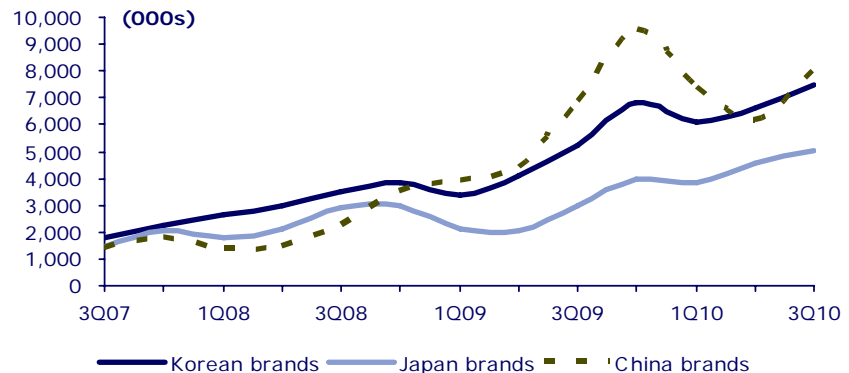
Global unit shipment of Korean brands, Japanese brands and China brands



Source: DisplaySearch

Figure 67

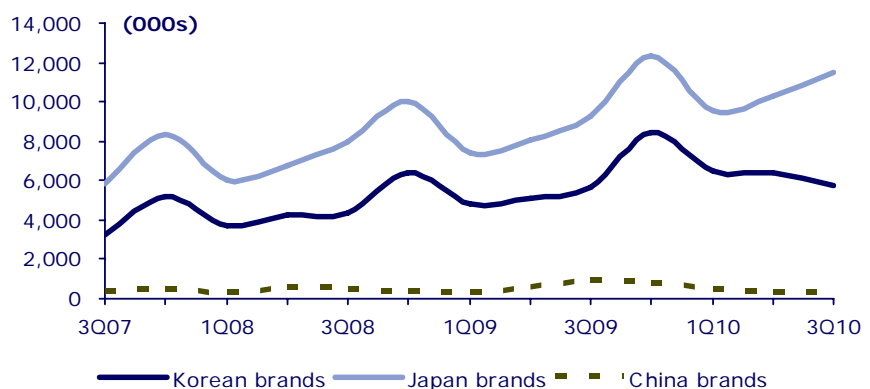
Global unit shipment of Korea, Japan and China brands in emerging markets



Source: DisplaySearch

Figure 68

Global unit shipment of Korea, Japan and China brands in developed markets



Source: DisplaySearch

Figure 69

TV forecast

TV shipments (m)	2009	2010CL	2011CL	2012CL	LCD TV shipts (m)	2009	2010CL	2011CL	2012CL
North America	42	42	44	46	North America	37	37	40	41
Western Europe	37	42	45	46	Western Europe	33	39	43	44
Eastern Europe	12	16	17	18	Eastern Europe	10	14	16	17
Japan	14	22	11	11	Japan	13	21	11	11
China	42	45	48	52	China	29	38	45	52
Asia Pacific	33	36	40	43	Asia Pacific	10	15	28	41
Latin America	19	25	28	30	Latin America	8	16	26	30
Middle East/Africa	12	16	17	19	Middle East/Africa	5	9	16	18
Total	211	244	249	264	Total	145	187	225	254
YoY %	2009	2010CL	2011CL	2012CL	YoY %	2009	2010CL	2011CL	2012CL
North America	11.9%	0.0%	5.0%	4.0%	North America	24%	-2%	9%	2%
Western Europe	9.6%	16.0%	5.0%	4.0%	Western Europe	13%	16%	11%	2%
Eastern Europe	-22.1%	33.0%	5.0%	4.0%	Eastern Europe	2%	44%	16%	7%
Japan	37.1%	60.0%	-50.0%	-1.0%	Japan	43%	65%	-48%	0%
China	0.8%	5.0%	8.0%	8.0%	China	119%	29%	19%	15%
Asia Pacific	-5.9%	10.0%	10.0%	8.0%	Asia Pacific	43%	43%	94%	45%
Latin America	-16.8%	31.0%	10.0%	8.0%	Latin America	50%	94%	61%	15%
Middle East/Africa	6.8%	30.0%	10.0%	8.0%	Middle East/Africa	73%	77%	83%	15%
Total	1.5%	15.7%	2.2%	5.9%	Total	37%	29%	20%	13%
Market share %	2009	2010CL	2011CL	2012CL	Market share %	2009	2010CL	2011CL	2012CL
North America	20%	17%	18%	17%	North America	26%	20%	18%	16%
Western Europe	17%	17%	18%	18%	Western Europe	23%	21%	19%	17%
Eastern Europe	6%	7%	7%	7%	Eastern Europe	7%	7%	7%	7%
Japan	7%	9%	4%	4%	Japan	9%	11%	5%	4%
China	20%	18%	19%	20%	China	20%	20%	20%	20%
Asia Pacific	16%	15%	16%	16%	Asia Pacific	7%	8%	13%	16%
Latin America	9%	10%	11%	11%	Latin America	6%	9%	11%	12%
Middle East/Africa	6%	6%	7%	7%	Middle East/Africa	3%	5%	7%	7%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
LCD share of shipts	2009	2010CL	2011CL	2012CL	Share of growth	2009	2010CL	2011CL	2012CL
North America	89%	87%	91%	89%	North America	19%	-2%	9%	3%
Western Europe	91%	91%	96%	94%	Western Europe	10%	13%	11%	4%
Eastern Europe	80%	86%	96%	98%	Eastern Europe	1%	10%	6%	4%
Japan	91%	94%	98%	99%	Japan	10%	20%	-26%	0%
China	69%	85%	93%	99%	China	41%	21%	19%	23%
Asia Pacific	31%	41%	72%	97%	Asia Pacific	8%	11%	36%	45%
Latin America	43%	64%	93%	99%	Latin America	7%	19%	26%	14%
Middle East/Africa	40%	55%	92%	98%	Middle East/Africa	5%	9%	19%	8%
Total	69%	77%	90%	96%	Total	100%	100%	100%	100%

Source: CLSA Asia-Pacific Markets

Key to CLSA investment rankings: **BUY** = Expected to outperform the local market by >10%; **O-PF** = Expected to outperform the local market by 0-10%; **U-PF** = Expected to underperform the local market by 0-10%; **SELL** = Expected to underperform the local market by >10%. Performance is defined as 12-month total return (including dividends).

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