

Flat Panel Market Expected to Swing Next Year

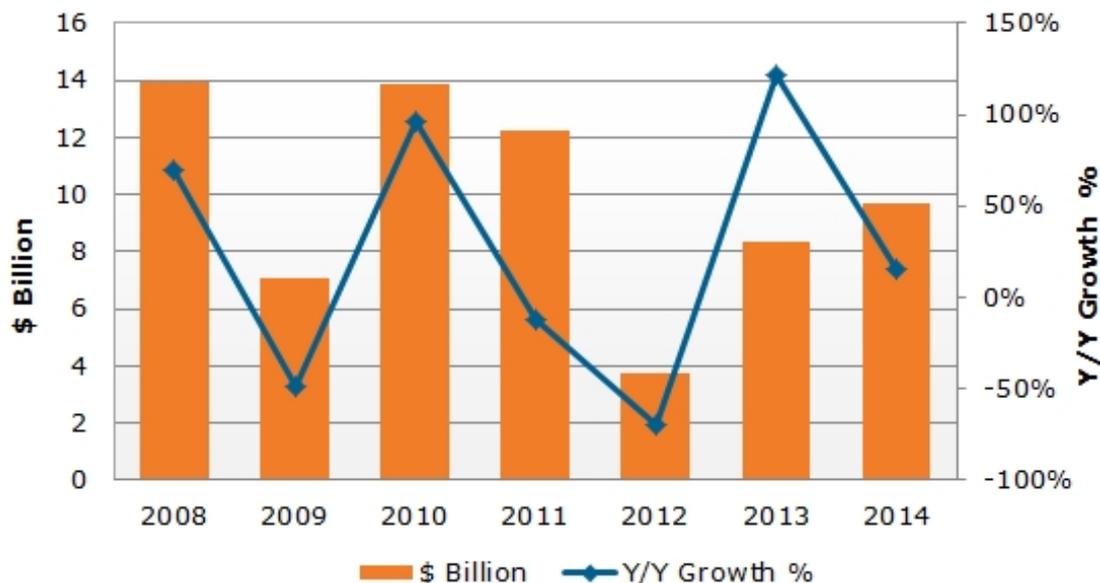
Written by Mike Buetow

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SANTA CLARA, CA — Flat panel display manufacturing equipment spending fell 69% in 2012 to \$3.8 billion— making 2012 the weakest year in history for FPD equipment makers.

Despite the challenges facing the FPD industry, including slow demand growth as TV and PC markets mature, 2013 offers hope of significantly improved conditions. According to the latest **NPD DisplaySearch** report, spending on manufacturing equipment for FPDs is forecast to rise 121% from \$3.8 billion in 2012 to \$8.3 billion in 2013.

The majority of FPD equipment spending in 2013 will be used for new low temperature polysilicon (LTPS) fabs or conversion of a-Si (amorphous silicon) capacity to LTPS for use in both TFT LCD and AMOLED (active matrix OLED) production,” according to Charles Annis, vice president of manufacturing research at NPD DisplaySearch. “One reason spending is increasing so much is because LTPS fabs cost substantially more than a-Si fabs to build. There are extra process requirements such as crystallization and doping, plus complicated processes that often necessitate more than 10 mask steps. LTPS fabs also require higher priced equipment, particularly high resolution photolithography tools,” Annis said. “However, these technologies enable production of high-value displays for use in fast-growing applications such as smartphones and tablets.”



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Figure 1. FPD equipment spending forecast. Source: NPD DisplaySearch Quarterly FPD Supply/Demand and Capital Spending Report

As a consequence of the dramatic drop in capital investment in 2012, demand is expected to start catching up to supply by the second half of 2013. As a result, NPD DisplaySearch expects that 2013 will see a more balanced market, higher fab utilization rates and improved profitability for panel makers. At the same time, new manufacturing and panel technologies, such as oxide semiconductors, in-cell touch, flexible AMOLEDs, and AMOLED TVs, offer the hope of lower costs and higher value applications.

“Certainly, investment risks are related to several factors, including demand growth and the pace of new technology development. Specifically, new investments in AMOLED capacity could be delayed or even cancelled if performance and cost targets cannot be met fast enough. Yet, by most of the indicators that NPD DisplaySearch uses to track the FPD industry, 2013 is currently projected to be a much better year than 2012,” Annis said.