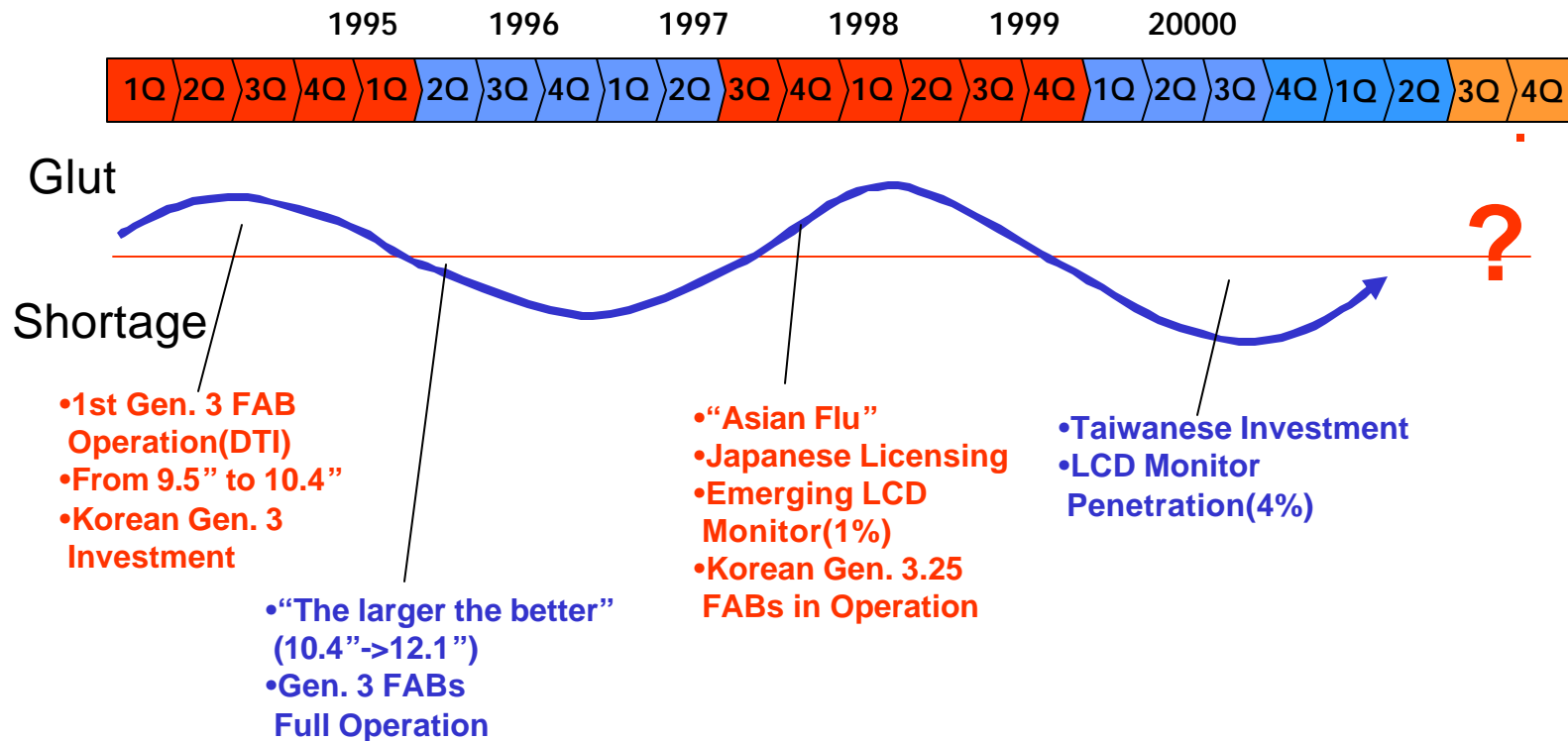


# A Bird-eye's View of the Industry

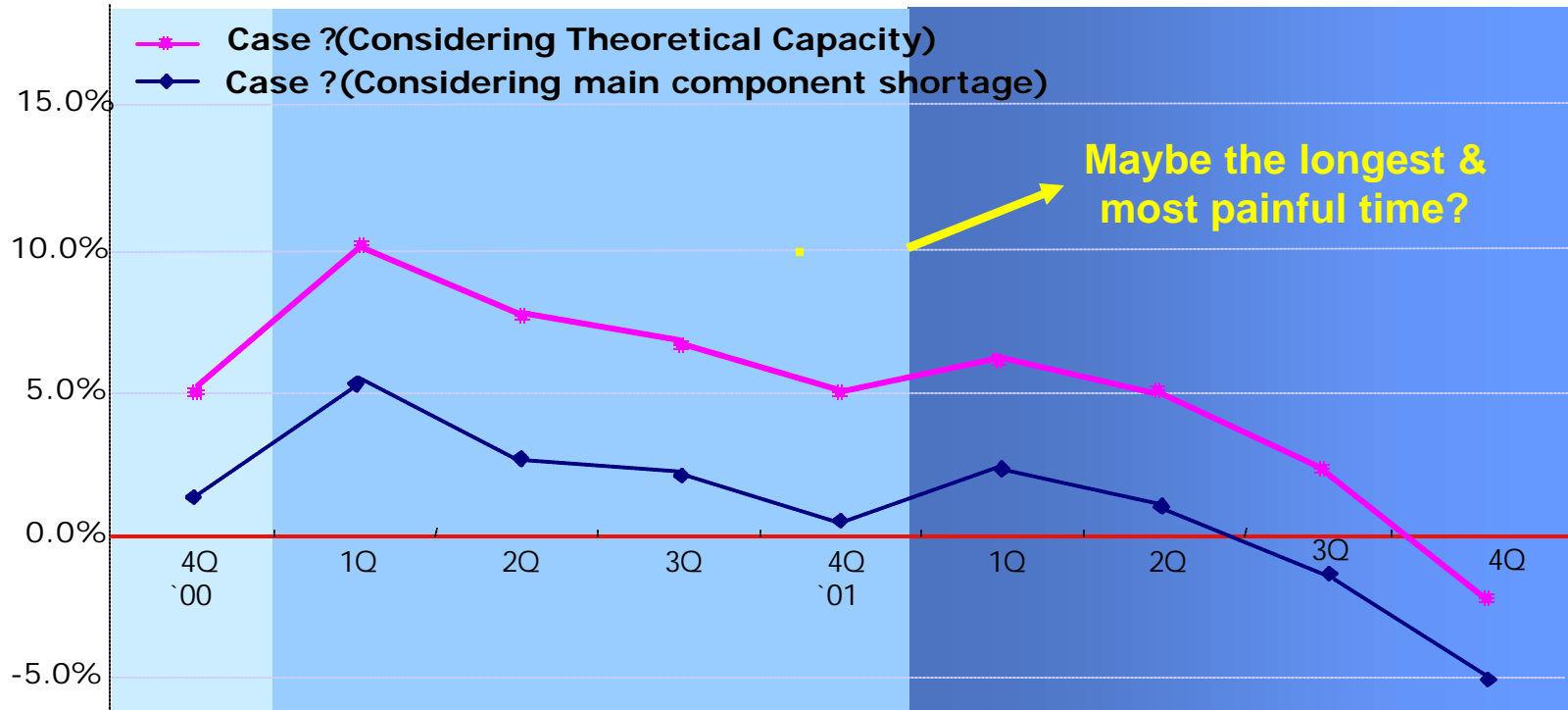
Davis Lee  
Director of Marketing  
LG.Philips LCD America Inc.  
Dec. 12, 2000

## Can industry fix “crystal cycle” ?

- FPD monitor is still in its early penetration stage.
- Industry’s slow-down in desktop PCs?
- Still hazy about new applications



## Supply & Demand Forecast



	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Case?	5.0%	10.1%	8.0%	7.1%	5.0%	6.1%	5.0%	2.0%	-2.0%
Case?	1.1%	5.2%	3.1%	2.5%	0.3%	2.5%	1.1%	-1.0%	-5.0%

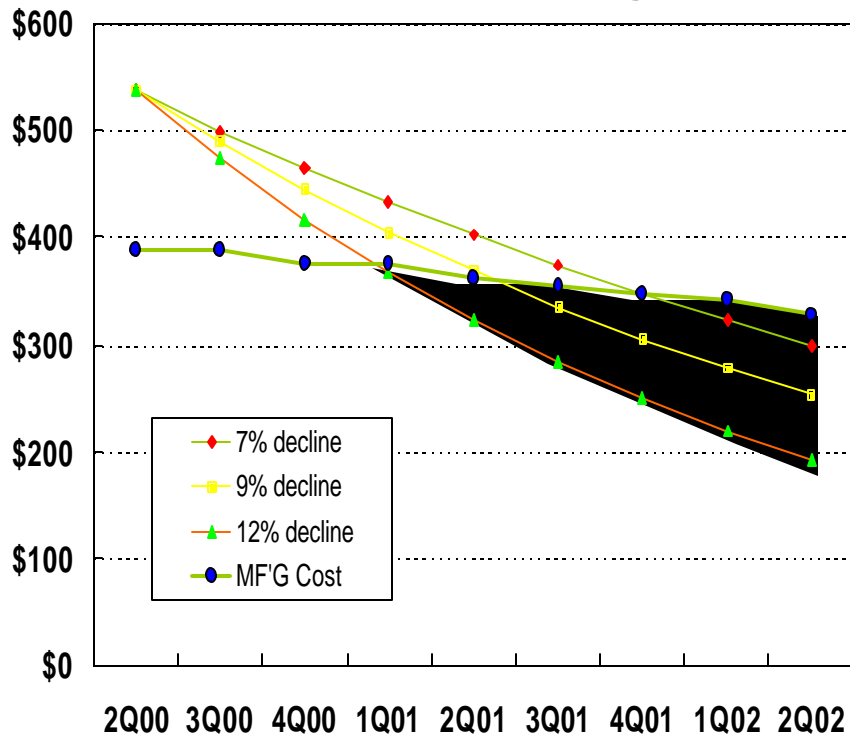
Source : Display search 3Q.00, LGPL Marketing team analysis

# A Bumpy Road Ahead

## How the industry is going to survive?

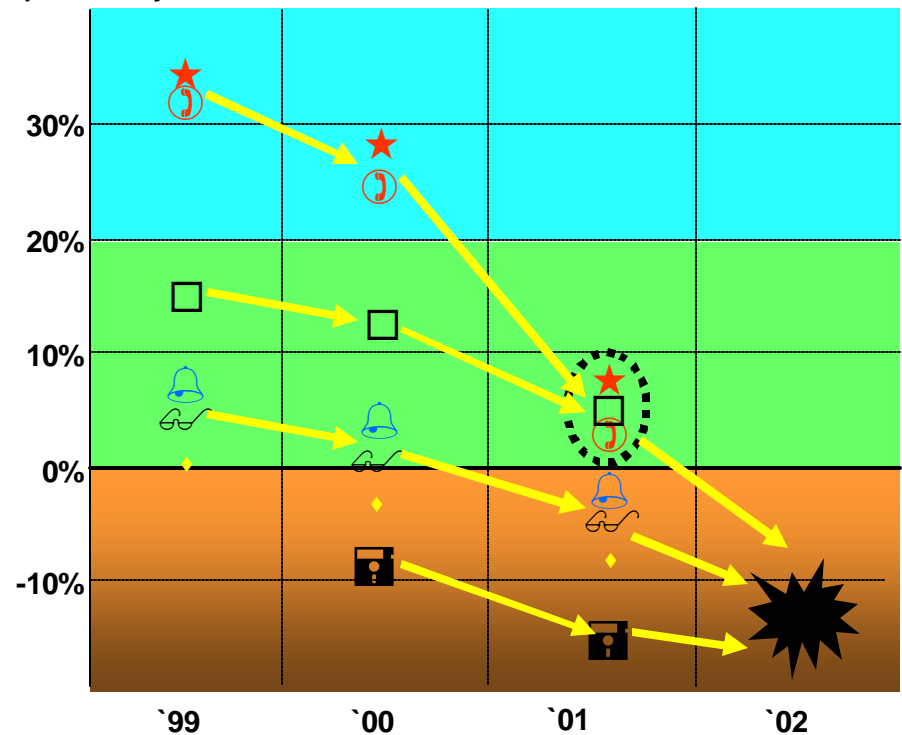
- Panel price under the manufacturing cost
- How long we can afford to lose?

**15" Price & Manufacturing Cost**



Source : LG.P MKT'G, DisplaySearch 3Q/00

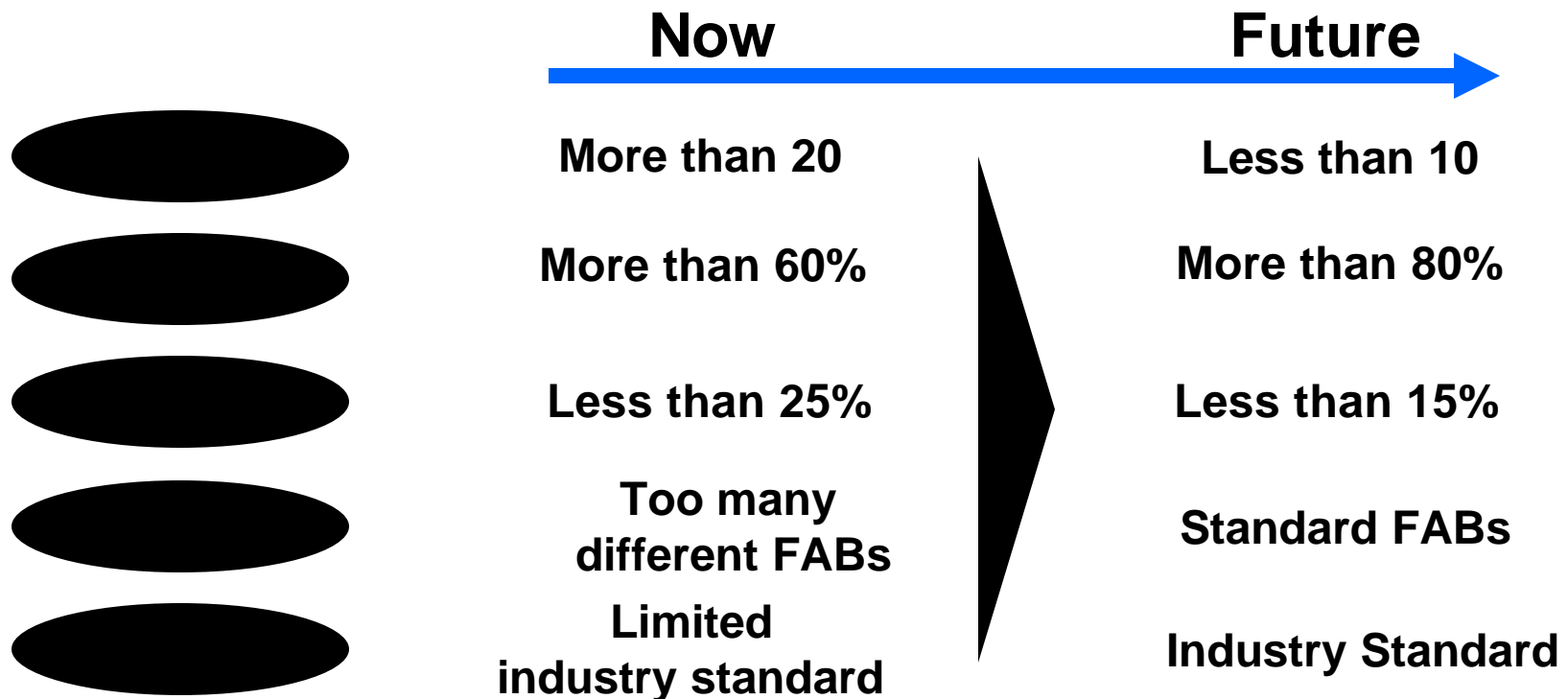
**Industry Profitability Forecast**



# A Possible Scenario?

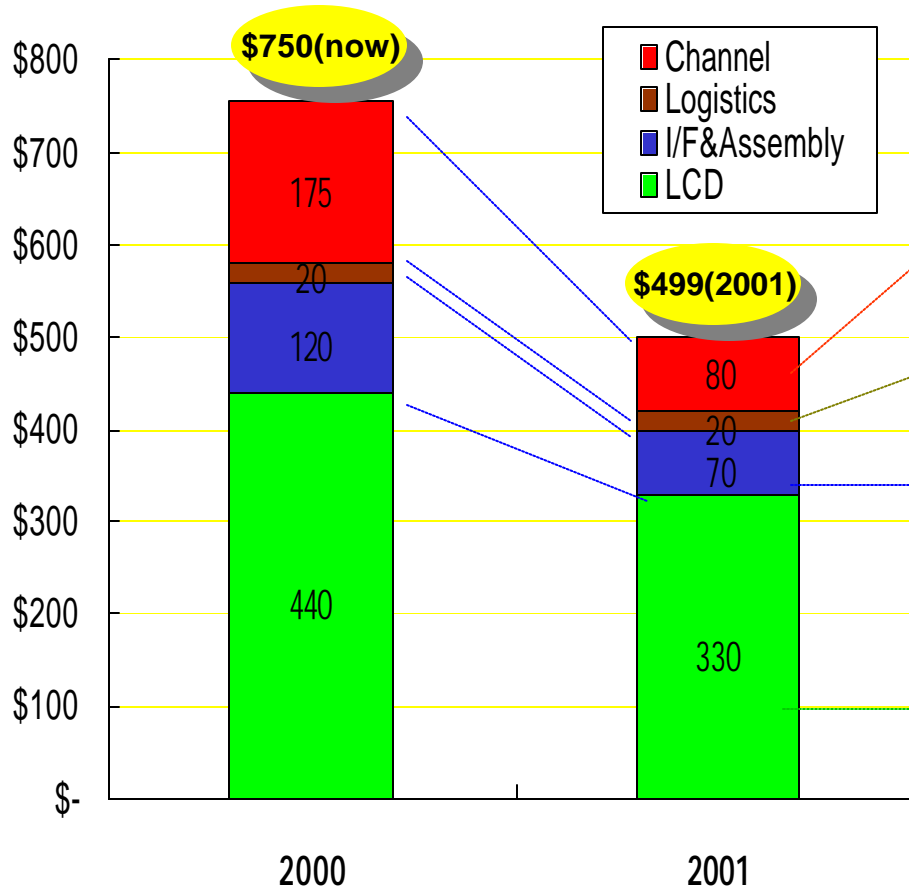
## What is in store for us in the next few years?

- Industry may lose more than 15Bil.\$ in the next 3 years.
- Possibly more consolidations down the road.



## Efforts to make products more affordable

15" LCD monitor cost structure & industry's key initiatives



**e-Commerce ?**

- More Direct Model
- SCM & Cost Reduction

**Streamlined Logistics**

- Closer to customers
- Panel->Monitor->Customer

**Digital Interface**

- Simplified I/F
- Smart Panel

**Industry Effort for Standardization**

- Next FAB Investment  
-> Possibly 680x880mm?
- Product Standardization

**Technology Breakthrough**

Source : LG.P MKT'G

# What we need to do

## Needs a “display-centric” point-of-view



**Peripheral device attached to “Box”**

- Performance of Box as differentiation
- Limited function as monitor

**Small Display & Inferior to CRTs**

- Screen size of 15”~18”
- Still inferior to CRTs

**“Box” attached to Display**

- Performance of Display as differentiation
- System-on-display

**Larger Display & Better than CRTs**

- Over 20” displays
- Higher resolution than CRTs
- Equal or better than CRTs

## Shift from competition to co-petition

**“Stronger support for SPWG(Standard Panel Working Group)”**

- We need SPWG in monitor panel.

**“Time to kick-off SFWG(Standard Factory Working Group)”**

**“Voluntary co-operation to prevent a painful consolidation”**

- Manufacturing products differentiation by countries
- Cell/Foundry business within industry

**“Transfer of benefits to customer through e-Business”**

- Simplified supply chain to save cost and time