

LG Display Co., Ltd.
Form 6-K
March 31, 2009
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2009

LG Display Co., Ltd.

(Translation of Registrant's name into English)

20 Yoido-dong, Youngdungpo-gu, Seoul 150-721, The Republic of Korea

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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YEARLY REPORT

(From January 1, 2008 to December 31, 2008)

THIS IS A TRANSLATION OF THE YEARLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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1. Overview

A. Industry

(1) Industry characteristics and growth potential

TFT-LCD technology is one of the most widely used technologies in the manufacture of flat panel displays and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics and the significant investments required to achieve economies of scale, among other factors. There is strong competition between a relatively small number of players within the industry, and production capacity in the industry, including ours, is being continually increased.

The demand for LCD panels for notebook computers & monitors has grown, to a certain degree, in tandem with the growth in the IT industry. The demand for LCD panels for TVs has been growing as HDTV broadcasting is becoming more common and as LCD TV has come to play an important role in the digital display market. There is competition between TFT-LCD and PDP technologies in the area of large flat TV products. In addition, markets for small- to medium-sized LCD panels, such as mobile phones, P-A/V, medical applications and automobile navigation systems, among others, has shown steady growth.

The average selling prices of LCD panels may continue to decline with time irrespective of general business cycles as a result of, among other factors, technological advancements and cost reductions.

(2) Cyclical

The TFT-LCD business is highly cyclical. In spite of the increase in demand for products, this industry has experienced periodic volatility caused by imbalances between demand and supply due to capacity expansion within the industry.

Intense competition and expectations of demand growth may lead panel manufacturers to invest in manufacturing capacity on similar schedules, resulting in a surge in capacity when production is ramped up at new fabrication facilities.

During such surges in capacity growth, the average selling prices of display panels may decline. Conversely, demand surges and fluctuations in the supply chain may lead to price increases.

(3) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, our relationship with our customers, successful and timely investment, product development, cost competitiveness, success of our end-brand customers in marketing their brands and products, component and raw material supply costs, foreign exchange rate and general economic and industry conditions.

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Most importantly, cost leadership and stable and long-term relationships with customers are critical to secure profit even in a buyer's market.

A substantial portion of our sales is attributable to a limited number of end-brand customers and their designated system integrators. The loss of these end-brand customers, as a result of customers entering into strategic supplier arrangements with our competitors or otherwise, would thus result in reduced sales.

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Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. We take active measures to protect our intellectual property internationally by obtaining patents and undertaking monitoring activities in our major markets. It is also necessary to recruit and retain experienced key managerial personnel and highly skilled line operators.

(4) Sourcing material

Key materials (including color filters) are sourced in-house as well as from domestic and overseas vendors.

A shortage of raw materials may arise temporarily due to an increase in demand for raw materials resulting from capacity expansion in the TFT-LCD industry.

A substantial portion of our equipment is sourced from a limited number of qualified foreign and local suppliers. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by the equipment vendors.

(5) Others

Most TFT-LCD panel makers are located in Asia.

- a. Korea: LG Display, Samsung Electronics (including a joint venture between Samsung Electronics and Sony Corporation), Hydis Technology
- b. Taiwan: AU Optronics, Chi Mei Optoelectronics, CPT, etc.
- c. Japan: Sharp, IPS-Alpha, etc.
- d. China: SVA-NEC, BOE-OT, etc.

B. Company

(1) Business overview

Commercial production for our TFT-LCD business began in September 1995 at P1, which was then the first fabrication facility of LG Electronics. At the end of 1998, LG Electronics and LG Semicon transferred their respective TFT-LCD related businesses to LG Soft Co., Ltd (currently LG Display).

It became a joint venture between LG Electronics and Philips Electronics in August 1999. In July 2004, we completed our initial public offering and listed our common stock on the Korea Exchange and our ADSs on the New York Stock Exchange. In March 2008, we changed our name

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from LG.Philips LCD Co., Ltd. to LG Display Co., Ltd. As of December 31, 2008, we operate seven fabrication facilities located in Gumi and Paju, Korea, and a total of seven module facilities located in Gumi and Paju, Korea; Nanjing (3 factories) and Guangzhou, China; and Wroclaw, Poland.

In October 2008, we established a joint venture company with AmTRAN Technology Co., Ltd. (AmTRAN), a Taiwan corporation, in Suzhou, China, in order to produce (i) LCD modules and (ii) LCD TV sets in China.

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We became the first LCD maker in the world to commence commercial production at a 4th generation fab (P3) in July 2000 and at a 5th generation fab (P4) in March 2002, and we started mass production at our 6th generation fab (P6) in August 2004, which allows us to produce LCD panels for large TVs and monitors. With the commencement of mass production at our 7th generation fab (P7) in January 2006 and with our decision to invest in an 8th generation fab (P8) in October 2007, we are expanding our production capacity in line with the growing large-sized LCD TV market. In addition, in July 2008, we decided to increase our TFT-LCD production capacity in Gumi to prepare for the growth of the TFT-LCD market.

Our non-consolidated sales increased by approximately 12% from KRW14,163 billion in 2007 to KRW15,865 billion in 2008. Our non-consolidated operating income increased by approximately 3% from KRW1,491 billion in 2007 to KRW1,536 billion in 2008, and our non-consolidated net income decreased by approximately 19% from KRW1,344 billion in 2007 to KRW1,087 billion in 2008. (Our consolidated sales under Korean GAAP increased by approximately 13% from KRW14,352 billion in 2007 to KRW16,264 billion in 2008. Our consolidated operating income under Korean GAAP increased by approximately 15% from KRW1,504 billion in 2007 to KRW1,735 billion in 2008, and our consolidated net income decreased by approximately 19% from KRW1,344 billion in 2007 to KRW1,087 billion in 2008.)

We reinforced our position as a leader in LCD technology by developing an ultra slim LCD module (8.9mm in thickness) for 47-inch LCD TVs, a large 3D multi-vision LCD panel which does not require special viewing glasses, one of the world's most energy efficient LCD panels for 32-inch LCD TVs which can operate on up to 56% less power, a 47-inch digital photo TV which can utilize its standby power to display digital pictures and Trumotion 480Hz LCD panel which refreshes 480 frames per second to substantially decrease afterimage and provide viewers with high-quality images that cause less eye fatigue.

Moreover, we formed strategic alliances or entered into long-term sales contracts with major global firms such as Dell, Hewlett Packard and Kodak of the United States and Japan's Toshiba, among others, to secure customers and expand partnerships for technology development.

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(2) Market shares

Worldwide market share of large-size TFT-LCD panels (≥ 10) based on revenue.

	2008	2007	2006
Panel for Notebook Computers	29.6% ⁽¹⁾	28.5%	26.2%
Panel for Monitors	17.7%	15.6%	15.6%
Panel for TVs	19.4%	22.0%	23.6%
Total	20.6%	20.4%	20.5%

* Source: DisplaySearch Q1 2009

(1) Includes panels for netbooks.

(3) Market characteristics

The LCD panel has become the core component of the display industry and the demand for LCD panels has been growing steadily.

Due to the recent high growth in the display appliance market for the flat display format, the scale of the LCD market is growing, resulting in expansion of the market centered mainly in America, Japan, Europe and China.

The growth of the LCD market has mainly been driven by the demand for IT-related products. However, it is anticipated that the LCD TV display market, which has grown rapidly in recent years, will provide the main source of steady growth of the LCD market.

(4) New business

In October 2007, we decided to invest in an 8th generation fab (P8) to expand our production capacity in line with the growing large-sized LCD TV market. The construction of the P8 has been completed and mass production at P8 has commenced for certain production lines beginning in March 2009.

In January 2008, we acquired OLED business from LG Electronics. In June 2008, we launched the OLED Business Unit in anticipation of future growth in the OLED business. In addition, we also plan to strengthen our market position in the future display technologies by accelerating the development of flexible display technologies and leading the LED back-light LCD market.

In order to facilitate a cooperative purchasing relationship with HannStar Display Corporation (HannStar), a company that manufactures TFT-LCD panels in Taiwan, we decided to purchase 180 million shares of preferred stock of HannStar at a purchase price of NT\$3,170,250,000. We acquired the preferred shares in February 2008. The preferred shares mature in three years and are convertible into shares of common stock of HannStar.

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We are making an effort to increase our competitiveness by forming cooperative relationships with our suppliers and purchasers of our products. As part of this effort, in June 2008 we purchased 2,037,204 shares of AVACO, which produces sputters, a core equipment for LCD production, and we purchased

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1,008,875 shares of TLI Co., Ltd., which produces core LCD panel components such as Timing Controllers and Driver Integrated Circuits. By promoting strategic relationships with equipments and parts suppliers, which enables us to obtain a stable source of supply of equipments and parts at competitive prices, we have strengthened our competitive position in the LCD business.

In July 2008, we and Skyworth RGB Electronics founded a R&D joint venture corporation with a registered capital of CNY50 million in China.

In July 2008, we purchased 6,850,000 shares of the common stock of New Optics, at a purchase price of KRW9,700,000,000, as part of our strategy to increase our competitiveness by forming cooperative relationships with our suppliers.

In October 2008, we established a joint venture company with AmTRAN, a Taiwan corporation, in order to produce (i) LCD modules and (ii) LCD TV sets manufactured using the EMS (Electronic Manufacturing System) method. Through the establishment of this joint venture with AmTRAN, we are able to further expand our customer base by securing a long-term stable panel dealer. It also allows us to produce LCD modules and LCD TV sets in a single factory, which enables us to provide our customers with products that are competitive both in terms of technology and price.

(5) Organization chart as of December 31, 2008

CEO : Chief Executive Officer

CFO : Chief Financial Officer

CPO : Chief Production Officer

CTO : Chief Technology Officer

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(6) Major contracts

February 2008: Extended trademark license agreement with Philips Electronics. (January 1, 2008 ~ June 30, 2008)

February 2008: Extended trademark license agreement with LG Corp. (January 1, 2008 ~ December 31, 2010)

April 2008: Entered into an agreement with Skyworth RGB Electronics to establish a research and development joint venture company.

June 2008: Skyworth TV Holdings Limited purchased approximately 16% interest in LG Display Guangzhou Co., Ltd. from us.

August 2008: Entered into an agreement with AmTRAN to establish a joint venture company in China.

January 2009: Entered into a long-term supply agreement with Apple Inc. to supply LCD panels to Apple Inc. for 5 years. In connection with the Agreement, we received long-term advances from Apple Inc. in the amount of USD500,000,000 in January 2009.

2. Information Regarding Shares

A. Change in Capital Stock

No change in capital stock in three years (2006 ~ 2008)

B. Convertible Bonds

Item	Contents
Issuing Date	April 18, 2007
Maturity	April 18, 2012
(Redemption Date after Put Option Exercise)	(April 18, 2010)
Face Amount	USD550,000,000
Offering method	Public offering
Conversion period	Convertible into shares of common stock during the period from April 19, 2008 to April 3, 2012
Conversion price	KRW48,251 per share*
Conversion status	Number of shares already converted None 10,641,851 shares if all are converted*

Number of convertible shares

Registered form

Remarks

Listed on Singapore Exchange

* Conversion price was adjusted from KRW49,070 to KRW48,760 and the number of convertible shares was adjusted from 10,464,234 to 10,530,762 following the approval by the shareholders of a cash dividend of KRW750 per share at the annual general meeting of shareholders on February 29, 2008. Conversion price was further adjusted from KRW48,760 to KRW48,251, and the number of convertible shares was further adjusted from 10,530,762 to 10,641,851 following the approval by the shareholders of a cash dividend of KRW500 per share at the annual general meeting of shareholders on March 13, 2009.

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C. Shareholder List

(1) Total shares issued and outstanding: 357,815,700 shares as of December 31, 2008

(2) Largest shareholder and related parties as of December 31, 2008

Name	Relationship			(Unit: share)
		As of January 1, 2008	Increase /(Decrease)	As of December 31, 2008
LG Electronics	Largest Shareholder	135,625,000 (37.9%)		135,625,000 (37.9%)
Young Soo Kwon	Related Party	15,000 (0.0 %)	8,000	23,000 (0.0%)
Total		135,640,000 (37.9%)	8,000	135,648,000 (37.9%)

(3) Shareholders who owned 5% or more of our shares as of December 31, 2008

Name	Type of Stock	Number of shares	(Unit: share)
			Ratio
LG Electronics	Common Stock	135,625,000	37.9%
Philips Electronics	Common Stock	47,225,000	13.2%*
Total		182,580,000	51.1%

* On March 16, 2009 (settlement date), Philips Electronics sold its remaining 13.2% (47,225,000 shares of our common stock) equity interest in us.

D. Voting rights as of December 31, 2008

Description	(Unit: share)
	Number of shares
1. Shares with voting rights [A-B]	357,815,700
A. Total shares issued	357,815,700
B. Shares without voting rights	
2. Shares with restricted voting rights	
Total number of shares with voting rights [1-2]	357,815,700

E. Dividends

Dividends during the recent 3 fiscal years

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Description	2008	2007	2006
Par value (Won)	5,000	5,000	5,000
Net income (Million Won)	1,086,896	1,344,027	(-)769,313
Earnings per share (Won)	3,038	3,756	(-)2,150
Retained earning for dividends (Million Won)	4,828,870	4,028,227	2,711,036
Total cash dividend amount (Million Won)	178,908	268,362	
Total stock dividend amount (Million Won)			
Cash dividend payout ratio (%)			
Cash dividend yield (%)	2.2%	1.6%	
Stock dividend yield (%)			
Cash dividend per share (Won)	500	750	
Stock dividend per share (Won)			

- * Earnings per share is calculated based on par value of KRW5,000 per share. As a result of a two-for-one stock split that became effective on May 25, 2004, the par value of our common stock decreased from KRW10,000 per share to KRW5,000 per share.
- * Retained earning for dividends is the amount before dividends are paid.
- * Earnings per share is calculated by dividing net income by weighted average number of common stock.
- * Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

3. Major Products and Materials

A. Major products in 2008

Business area	Sales types	Items (Market)	Specific use	Major trademark	(Unit: In billions of Won)
					Sales (%)
TFT-LCD	Product/ Service/ Other Sales	TFT-LCD (Overseas)	Panels for Notebook Computer, Monitor, TV, Applications, etc.	LG Display	14,801 (93.3%)
		TFT-LCD (Korea*)	Panels for Notebook Computer, Monitor, TV, Applications, etc.	LG Display	1,064 (6.7%)
Total					15,865 (100%)

* Including local export.

** Period: January 1, 2008 ~ December 31, 2008

*** Our major trademark changed from LG.Philips LCD to LG Display following our name change to LG Display Co., Ltd. in March 2008.

B. Average selling price trend of major products

Description	(Unit: USD / m ²)			
	2008 Q4	2008 Q3	2008 Q2	2008 Q1
TFT-LCD panel	766	992	1,274	1,339

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- * Semi-finished products in the form of cells have been excluded
- ** Quarterly average selling price per square meter of net display area shipped
- *** On a consolidated basis

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C. Major materials

Business area	Purchase types	Items	Specific use	Purchase amount (%)	(Unit: In billions of Won)
					Remarks
TFT-LCD	Materials	Back-Light	LCD Panel Manufacturing	2,249 (25.13%)	Heesung Electronics Ltd., etc.
		Glass		2,330 (26.05%)	Samsung Corning Precision Glass Co., Ltd., NEG, etc.
		Polarizer		1,176 (13.15%)	LG Chem., etc.
		Others		3,192 (35.67%)	
		Total		8,947 (100.0%)	

* Period : January 1, 2008 ~ December 31, 2008

D. Price trend of major materials

Prices of major materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials due to the increased production of large-size panels.

4. Production and Equipment

A. Production capacity and calculation

(1) Production capacity

Business area	Items	Business place	(Unit : 1,000 Glass sheets)		
			2008	2007	2006