

LG Display Co., Ltd.
Form 6-K
July 29, 2009
Table of Contents

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 July 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)

Edgar Filing: LG Display Co., Ltd. - Form 6-K

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

Table of Contents

SEMIANNUAL REPORT

(From January 1, 2009 to June 30, 2009)

THIS IS A TRANSLATION OF THE SEMIANNUAL 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.

Contents

1. Company
 - A. Name and Contact Information
 - B. Domestic Credit Rating
 - C. Capitalization
 - D. Voting Rights
 - E. Dividends
2. Business
 - A. Business Overview
 - B. Industry
 - C. New Business
3. Major Products and Raw Materials
 - A. Major products in 2009 (H1)
 - B. Average selling price trend of major products
 - C. Major raw materials
4. Production and Equipment
 - A. Production capacity and calculation
 - B. Production performance and utilization ratio
 - C. Investment plan
5. Sales
 - A. Sales performance
 - B. Sales route and sales method
6. Market Risks and Risk Management
 - A. Market Risks

- B. Risk Management
- 7. Derivative Contracts
 - A. Derivative Instruments
 - B. Hedge of fair value
 - C. Hedge of cash flows
 - D. Realized gains and losses
- 8. Major Contracts
- 9. Research & Development
 - A. Summary of R&D Expense
 - B. R&D Achievements
- 10. Customer Service

Table of Contents

11. Intellectual property
 12. Environmental Matters
 13. Financial Information
 - A. Financial highlights (Based on Non-consolidated, Korean GAAP)
 - B. Financial highlights (Based on Consolidated, Korean GAAP)
 - C. Status of equity investment
 14. Audit Information
 15. Board of Directors
 - A. Independence of directors
 - B. Members of the board of directors
 - C. Committees of the board of directors
 16. Information Regarding Shares
 - A. Total number of shares
 - B. Shareholder list
 17. Directors and Employees
 - A. Directors
 - B. Employees
 18. Subsequent Event
- Attachment: 1. Korean GAAP Non-consolidated Financial Statements

Table of Contents**1. Company****A. Name and Contact Information**

The name of our company is EL-GI DISPLAY CHUSIK HOESA, which shall be written in English as LG Display Co., Ltd.

Our principal executive offices are located at West Tower, LG Twin Towers, 20 Yoido-dong, Youngdungpo-gu, Seoul, Republic of Korea, 150-721, and our telephone number at that address is +82-2-3777-1005. Our website address is <http://www.lgdisplay.com>.

B. Domestic Credit Rating

Subject	Month of rating	Credit rating	Rating agency (Rating range)
	June 2006	AA-	National Information & Credit Evaluation, Inc. (AAA ~ D)
	December 2006	A+	
	June 2007	A+	
	September 2008	A+	
Corporate Debenture	June 2006	AA-	Korea Investors Service, Inc. (AAA ~ D)
	January 2007	A+	
	June 2007	A+	National Information & Credit Evaluation, Inc. (A1 ~ D)
	September 2008	A+	
	January 2006	A1	
	June 2006	A1	
	December 2006	A1	
	June 2007	A1	
December 2007	A1		
September 2008	A1		
Commercial Paper	December 2008	A1	Korea Investors Service, Inc. (A1 ~ D)
	June 2006	A1	
	January 2007	A1	
	June 2007	A1	
	December 2007	A1	Korea Investors Service, Inc. (A1 ~ D)
	September 2007	A1	
	December 2007	A1	
	September 2008	A1	

Table of Contents

C. Capitalization

(1) Change in Capital Stock (as of June 30, 2009)

Date	Description	(Unit: Won, Share)	
		Change in number of common shares	Face amount per share
July 23, 2004	Offering*	33,600,000	5,000
September 8, 2004	Follow-on offering**	1,715,700	5,000
July 27, 2005	Follow-on offering***	32,500,000	5,000

* ADSs offering: 24,960,000 shares (US\$30 per share, US\$15 per ADS)
Initial public offering in Korea: 8,640,000 shares ((Won)34,500 per share)

** ADSs offering: 1,715,700 shares ((Won)34,500 per share) pursuant to the exercise of greenshoe option by the underwriters

*** ADSs offering: 32,500,000 shares (US\$42.64 per share, US\$21.32 per ADS)

(2) Convertible Bonds (as of June 30, 2009)

Item	Content	(Unit: USD, Share)
Issuing date	April 18, 2007	
Maturity	April 18, 2012	
(Redemption date after put option exercise)	(April 18, 2010)	
Face Amount	US\$550,000,000	
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	(Won)48,251 per share*	
Conversion status	Number of shares already converted Number of convertible shares	None 10,641,851 shares if all are converted*
Remarks	- Registered form - Listed on Singapore Exchange	

* Conversion price was adjusted from (Won)49,070 to (Won)48,760 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 (Won)750 per share at the annual general meeting of shareholders on February 29, 2008. Conversion price was further adjusted from (Won)48,760 to (Won)48,251 and the number of shares issuable upon conversion was adjusted from 10,530,762 to 10,641,851 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 13, 2009.

Table of Contents

D. Voting rights (as of June 30, 2009)

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

At the annual general meeting of shareholders on March 13, 2009, our shareholders approved a cash dividend of (Won)500 per share of common stock, and distributed the cash dividend to such shareholders in April 2009.

Dividends during the recent three fiscal years

Description	2009 (H1)	2008	2007
Par value (Won)	5,000	5,000	5,000
Net income (loss) (Million Won)	36,457	1,086,896	1,344,027
Earnings (Loss) per share (Won)	102	3,038	3,756
Total cash dividend amount (Million Won)		178,908	268,362
Total stock dividend amount (Million Won)			
Cash dividend payout ratio (%)		16.5	20.0
Cash dividend yield (%)		2.2	1.6
Stock dividend yield (%)			
Cash dividend per share (Won)		500	750
Stock dividend per share (Share)			

* Earnings per share is calculated based on par value of (Won)5,000 per share.

* 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 trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

2. Business

A. Business overview

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then our business has been focused on the research, development, manufacture and sale of display panels applying technologies such as TFT-LCD, LTPS-LCD and OLED.

Table of Contents

As of June 30, 2009, we operated fabrication facilities and module facilities in Paju and Gumi, Korea, an OLED facility in Gumi, Korea and a LCD research center in Paju, Korea. We have also established sales subsidiaries in the United States, Europe and Asia.

As of June 30, 2009, our business consisted of (i) the manufacture and sale of LCD, (ii) the manufacture and sale of OLED and (iii) the manufacture and sale of television sets that utilize our LCD panels. Because our OLED business represents only an extremely small part of our overall business, only our LCD business has been categorized as a reporting business segment. In addition, because our television sales business is operated by our affiliated company, we have not categorized our television sales business as a separate reporting business segment.

Financial highlights by business (based on non-consolidated, Korean GAAP)

2009 (H1)	(Unit: In billions of Won)
	LCD business
Sales Revenue	8,235
Gross Loss	125
Operating Loss	(225)

B. Industry

(1) Industry characteristics and growth potential

- TFT-LCD technology is one of the 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 intense competition between the 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 degree, in tandem with the growth in the IT industry. The demand for LCD panels for television sets has been growing as digital broadcasting is becoming more common and as LCD television 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 television 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 continued 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, technology advancements and cost reductions.

Table of Contents

(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) Market Condition

- The TFT-LCD industry is highly competitive due largely to additional industry capacity from TFT-LCD panel makers.
- 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, Hannstar etc.
 - c. Japan: Sharp, IPS-Alpha, etc.
 - d. China: SVA-NEC, BOE-OT, etc.

(4) Market shares

- Our worldwide market share for large-size TFT-LCD panels (10-inch or large) based on revenue is as follows:

	2009 (H1)	2009 (Q1)	2008	2007
Panel for Notebook Computers	31.3%**	32.7%**	29.6%**	28.5%
Panel for Monitors	22.1%	22.9%	17.7%	15.6%
Panel for Televisions	25.3%	26.4%	19.4%	22.0%
Total	25.3%	26.4%	20.6%	20.4%

* Source: Display Search May 2009(H1 2009 is forecasting data).

** Includes panels for netbooks.

(5) Competitiveness

Edgar Filing: LG Display Co., Ltd. - Form 6-K

- Our ability to compete successfully depends on factors both within and outside our control, including product

Table of Contents

pricing, our relationship with our customers, successful and timely investment and product development, cost competitiveness, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rate and general economic and industry conditions.

- Most importantly, it is critical to have cost leadership and stable and long-term relationships with customers that can lead to profitability 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.

- Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. It is important that 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 skilled line operators.

- 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 televisions, a large three-dimensional 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 televisions which can operate on up to 56% less power than conventional models, a 47-inch digital photo television which can utilize its standby power to display digital pictures and the world's first 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. In January 2009, we entered into a long term supply agreement with Apple Inc. to supply display panels to Apple Inc. for five years.

C. New business

- In October 2007, we decided to invest in an 8th generation fabrication facility (P8) to expand our production capacity in line with the growing large-sized LCD television market. The construction of P8 has been completed and mass production at P8 commenced in March 2009. In July 2008, we decided to invest in a 6th generation fabrication facility (P6E) to expand our production capacity. The construction of P6E has been completed and mass production at P6E commenced in April 2009.

- 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 backlight LCD market.

Table of Contents

- 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.

- We are making an effort to increase our competitiveness by forming cooperative relationships with suppliers and purchasers of our products. As part of this effort, in June 2008 we purchased 2,037,204 shares of AVACO Co., Ltd., which produces sputters, a core equipment for LCD production, and we purchased 1,008,875 shares of TLI Co., Ltd., which produces core LCD panel components such as timing controllers and driver integrated circuits. In July 2008, we purchased 6,850,000 shares of common stock of New Optics Ltd. In addition, in February 2009, we purchased 3,000,000 shares of common stock of ADP Engineering Co., Ltd., which was approximately 12.9% of its then outstanding shares. In May 2009, we purchased 6,800,000 shares of common stock of Wooree LED Co., Ltd, which was approximately 29.8% of its then outstanding shares. 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 research and development joint venture corporation with a registered capital of CNY 50 million in China.

- In October 2008, we established a joint venture company with AmTRAN Technology Co., Ltd., a Taiwan corporation. The joint venture company will supply both parties with TFT-LCD modules and TFT-LCD televisions. Through the establishment of this joint venture, 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 television sets in a single factory, which enables us to provide our customers with products that are competitive both in terms of technology and price.

- We are making an effort to strengthen our competitiveness in the solar cell business, which is emerging as a future growth engine. As part of this effort, in June 2009, we purchased 933,332 shares of common stock of Dynamic Solar Design Co., Ltd., which was approximately 40.0% of its then outstanding shares. Dynamic Solar Design Co., Ltd. produces equipment for the solar cell business.

3. Major Products and Raw Materials

A. Major products in 2009 (H1)

We manufacture TFT-LCD panels, of which a significant majority is exported overseas.

Table of Contents

(Unit: In billions of Won)

Business area	Sales types	Items (Market)	Specific use	Major trademark	Sales (%)
		TFT-LCD			
		(Overseas)	Panels for Notebook Computer, Monitor, Television, etc	LG Display	7,784 (94.5)%
TFT-LCD	Product/Service/Other Sales	TFT-LCD			
		(Korea*)	Panels for Notebook Computer, Monitor, Television, etc	LG Display	451(5.5)%
Total					8,235(100)%

* Including local export.

** Period: January 1, 2009 ~ June 30, 2009.

B. Average selling price trend of major products

The average selling prices of LCD panels have increased due to the imbalance between supply and demand for LCD panels. Due to shortages of supply in LCD panels, the average selling prices of LCD panels are expected to continue to increase in the near future.

(Unit: USD / m²)

Description	2009 Q2	2009 Q1	2008 Q4	2008 Q3
TFT-LCD panel	739	669	766	992

* Semi-finished products in the cell process have been excluded.

** Quarterly average selling price per square meter of net display area shipped

*** On a consolidated basis

C. Major raw materials

Prices of major raw 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.

(Unit: In billions of Won)

Business area	Purchase types	Items	Specific use	Purchase price	Ratio (%)	Suppliers
		Backlight		1,610	26.93%	Samsung Corning Precision Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc.

Edgar Filing: LG Display Co., Ltd. - Form 6-K

Glass	1,540	25.76%	Heesung Electronics Ltd., etc.
Polarizer	816	13.65%	LG Chem., etc.
Others	2,012	33.66%	-
Total	5,978	100%	-

* Period: January 1, 2009 ~ June 30, 2009

Table of Contents

4. Production and Equipment

A. Production capacity and calculation

(1) Calculation method of production capacity