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LG Philips LCD Q2 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

The first question will be given by Chris Muse from Lehman Brothers. Please go ahead, sir.

Chris Muse - Lehman Brothers

Good evening. Thank you for taking my call. A couple of quick questions here. I guess first off, in terms of your decision to go ahead with gen 8 investment and I guess you are talking about the first half of '09 ramp, does that suggest you'll start ordering equipment say in 4Q07?

Ron H. Wirahadiraksa

We have decided to go into a gen 8 facility initially. We will have to study the substrate size, the capacity and also the CapEx amount. Having said that, it's not very clear when exactly we'll release POs. But as you know, we already built the shell for P8 where the gen 8.8 equipment will be housed. So if we look at that, usually from ordering to fab takes about six to nine months.

Chris Muse - Lehman Brothers

Considering that you already have the shell built, if you do see stronger-than-expected demand for 42-inch and above, could you see yourselves pulling in that gen 8 investment?

Ron H. Wirahadiraksa

We don't think so. Of course, you know that the first-half of the year, there's always some seasonality so we don't feel that we need that capacity in the first-half of '09. So we'll start ramping the fab in the first-half, probably second quarter.

Chris Muse - Lehman Brothers

What does that mean for your CapEx plans for 2008?

Ron H. Wirahadiraksa

It will be higher than 2007 but we don't feel that we will go to the ranges of let's say KRW 3 trillion to KRW 5 trillion CapEx budget anymore, so we'll probably be below that.

Chris Muse - Lehman Brothers

Switching over to your customers, you talked about pretty healthy panel inventory levels on the TV side internally. Can you talk about what you are hearing from your customers and inventory levels at TV makers?

Ron H. Wirahadiraksa

We feel that the inventory levels throughout the channel are still quite healthy. There's been some increase but please bear in mind that previously, the previous quarter and also the beginning of this quarter, inventory levels were quite low. We think that by and large, TV inventories is around two months, which is very normal for this time in the season.

Chris Muse - Lehman Brothers

Great, and final question; I missed some of your comments on the P7 ramp. Could you go through that? I think you said 99K as of 2Q and I guess your target is 110K 3Q and 130K exiting the year?

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