TRENDFORCE

China Manufacturers Raise Capacity, Causing General Stagnation in Revenue Growth for Top 10 LED Packaging Suppliers, Says TrendForce

2019-04-23 Roger Chu

2018 has proven to be a difficult year for many LED manufacturers: the industry as a whole was burdened with the weight of oversupply, and the US-China trade dispute caused end demand to stagnate. This led to a less-than-expected business performance for LED manufacturers in general. According to the LED Industry Demand and Supply Data Base report by LEDinside , a division of TrendForce , LED packaging revenue in 2018 reached US$ 18.4 billion, a mere growth of 3.1 % over 2017.

LEDinside Research Director Roger Chu points out that revenue rankings for the top ten LED packaging manufacturers did not change by much from 2017: Nichia, Osram and Lumileds continued to be the top three dominators, while Taiwan's Everlight and Lite-On and China's MLS and NationStar remained within the fold. Yet judging from the revenue scale of each respective company, only Seoul Semiconductor performed better among the top 10. Other manufacturers generally had flat or declining revenues.

Apart from the trade dispute affecting market demand for end products, analyses show the main reason to be falling price pressure caused by overall oversupply in the industry, which further dragged supplier revenues down. LEDinside observes that China's inland cities have provided all sorts of subsidies to attract investments from LED packaging suppliers, leading to a wave of expansion in production capacity. Many LED packaging suppliers made large reductions in prices upon expansion and even fought eagerly for orders from first-tier manufacturers to consume idle capacity. This led to explosive revenue growth for many second-tier LED manufacturers, but revenue stagnation for major first-tier manufacturers.

Some manufacturers did, however, perform excellently. One such example is Seoul Semiconductor, whose backlights and automotive lightings made their way into the supply chains of big clients, and whose revenue continued to grow. Lite-On, on the other hand, performed well in infrared LEDs and automotive lightings.

End demand will finally recover as the US-China trade dispute calms down in 2019 looking forward. When customer confidence returns, we may see a demand for replenished inventories. LEDinside therefore predicts overall LED packaging revenue to hit US$19.9 billion, an 8.2% growth YoY over 2018.

About TrendForce

TrendForce is a global provider of the latest development, insight, and analysis of the technology industry. Having served businesses for over a decade, the company has built up a strong base membership base of 435,000 subscribers. TrendForce has established a reputation as an organization that offers insightful and accurate analysis of the technology industry through five major research divisions: DRAMXchange, WitsView, LEDinside, EnergyTrend and Topology. Founded in Taipei, Taiwan in 2000, TrendForce has extended its presence in China since 2004 with offices in Shenzhen and Beijing. For more details about TrendForce, please visitwww.trendforce.com

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WitsView offers comprehensive coverage of the display industry from upstream components, midstream panels/touch modules to downstream system integrators, brands and channels.

LEDinside covers all aspects of the LED supply chain from upstream equipment/materials, midstream chip/packaging to the downstream backlight and lighting market.

EnergyTrend specializes in green energy research, such as solar energy, lithium battery, energy storage systems and xEVs.

Topology studies structural trends of technology industries in the Greater China Region and beyond, focusing on semiconductors, photovoltaic technology, telecommunications, and IA.

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