Samsung Invests $112M in Japan's Sharp

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SEOUL, South Korea (AP) — Samsung Electronics Co. said Wednesday it will invest 10.4 billion yen ($111.5 million) in Sharp Corp. to secure a supply of large-size LCD panels.

The agreement gives Samsung a 3 percent stake in Osaka-based Sharp and a supply of large-size LCD panels for televisions. Samsung said in a statement that the investment will help strengthen Sharp's LCD panel business. The South Korean company known for its Galaxy smartphones and tablets said it will not be involved in Sharp's management.

The alliance is a boost for the troubled Japanese company that has been seeking to raise capital as part of its turnaround plans. Sharp shares jumped 14.1 percent in Tokyo trading.

The maker of Igzo display panels and Aquos TVs has struggled to stay afloat as competition from South Korean and Chinese TV makers squeezed Japanese manufacturers and their ability to make the big capital investments needed in the hyper competitive LCD industry.

Sharp has been in talks with Taiwan-based Hon Hai Precision Industry Co., also known as Foxconn, to raise capital but no deal has been reached. Sharp announced in December a 9.9 billion yen investment from Qualcomm Inc. to jointly develop new display technology.

Sharp has LCD panel factories in Kameyama and Sakai in Japan and produces small- and medium-sized panels for smartphones as well as large panels for TVs.

The deal with Samsung helps Sharp ramp up its display panel production. Sharp's panel clients include Samsung's rival Apple Inc. and Samsung, though the South Korea company gets most of its panel supply from its affiliate Samsung Display Co.

Sharp forecasts a record 450 billion yen ($5 billion) loss for its business year through March and has struggled to cut costs and reshape its business, partly because it has invested in expensive plants in Japan that make panels for which prices have fallen sharply overseas. The plants embody Sharp's prized technology, but they also make the company hostage to the yen's swings.

The agreement is the latest investment in Japanese firms by Samsung, which sits on a stockpile of cash and has strong overseas buying power because of the won's rise. In January, it acquired a 5 percent stake in Wacom Co., a Japanese firm with digital pen technology.

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