

TFT LCD Materials and Components Market Rose 20% in 2007, 6% Growth Expected in 2008 with Tight Supply of Key Components

Austin, Texas, February 19, 2008—DisplaySearch's recently released *Semiannual TFT LCD Materials and Components Report* indicates that the TFT LCD materials market rose 20% in 2007 to a record \$51.5B as shown in Table 1 on 42% growth in areal capacity after \$13B in 2006 equipment spending and strong demand from the LCD TV and notebook PC markets. Backlights led the way with \$15B in revenues, while liquid crystal enjoyed the fastest growth. In total, 18 different segments are examined as shown in Table 2 and are forecasted out to 2011.

Table 1: TFT LCD Material and Components Revenue Forecast (\$US millions)

	2006	2007	2008
TFT LCD Materials Revenues	\$42,916	\$51,526	\$54,853
Y/Y Growth	14%	20%	6%

"2007 turned out to be an excellent year for TFT LCD panel makers, which in turn caused a shortage in glass substrates and color filters in the second half of 2007," noted Tadashi Uno, DisplaySearch Director of Materials and Components Research. "Materials and components manufacturers also enjoyed high operating ratios in 2007. Despite this, most prices continued to decline in 2007—especially due to the number of new vendors entering the optical film space and fierce price competition."

With panel manufacturers investing less in new capacity in 2007, just 6% growth is expected in the TFT LCD materials market in 2008 to \$55B. There is a growing dichotomy in the materials market with some segments such as glass substrates and liquid crystal enjoying relatively stable pricing and high growth on high barriers to entry while other segments such as backlights and driver ICs are expected to experience flat results on cost pressure, increased price competition and component elimination. As a result, while the liquid crystal market is expected to rise 23% in 2008, backlights and driver ICs are expected to be flat.

Other findings from the DisplaySearch *Semiannual TFT LCD Materials and Components Report* include

- Demand from TFT LCD panel makers is expected to exceed glass substrate supply for several reasons, including high technical and financial barriers that restrict new entrants, and the continuous investment that glass making requires. The industry is also suffering from a shortage of engineering resources. Finally, glass makers' production priorities differ from those of TFT LCD panel makers. Glass makers typically forecast demand differently and are more concerned about avoiding large surpluses.
- Color filter supplies were tight in the second half of 2007 due to underinvestment caused by aggressive competition with panel makers' in-house capacity. Fierce competition between Korea- and Taiwan-based TFT LCD panel manufacturers has resulted in steeper price declines of 20-30% for three consecutive years.
- Price reductions of backlight units—brought about by continued improvements in the brightness of cold charged fluorescent lamps—are expected to lead to flat results. The backlight unit is one of the most expensive components in a TFT LCD panel.

The *Semiannual TFT LCD Materials and Components Report* covers a wide variety of TFT LCD materials and components in greater depth than other reports of its kind. It offers exclusive insights on market share, pricing, individual suppliers and technology, as well as providing market forecasts through 2011. The report is recommended reading for anyone directly involved in the TFT LCD supply chain such as materials and component producers, TFT LCD panel manufacturers and equipment makers, as well as anyone interested in evaluating the industry from financial analysts all the way to retailers.

The *Semiannual TFT LCD Materials and Components Report* fills a long-standing information gap by providing shipments and forecasted results in units and revenues, market pricing, and market share leaders for the 18 key TFT materials and components shown in Table 2.

Table 2: TFT LCD Material Segments Covered

TFT Array:
Glass Substrate
Positive Resist
Target (ITO)

Cell:

Color Filter
Liquid Crystal
Photo Spacers
Color Resist
Optical Film
Polarizer
Brightness Enhancement Film (BEF & DBEF)
Diffuser Film
Reflector Film
Wide Viewing Angle Film
TAC Film
Backlight Unit
CCFL

Assembly:
Driver IC
COF/TAB/COG

DisplaySearch and leading TFT and OLED materials manufacturers including Corning, 3M and UDC will be presenting at the upcoming [DisplaySearch US FPD Conference](#). For more information on this conference, please visit www.displaysearch.com/usfpd2008

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