TV Demand Outlook Improves; Revenues to Resume Growth in 2010

LCD TV Forecast Increased Based on Strong Demand and Lower Pricing; 3D and LED to Drive Growth in New Segments

As the world begins to emerge from the economic malaise of 2009, consumer demand for TVs continues to improve. Total TV shipments in Q3’09 were up Y/Y on a unit basis for the first time in a year, and DisplaySearch now expects that global TV revenues will rise Y/Y in Q1’10—the first time in 6 quarters. As shown in the latest DisplaySearch Advanced Quarterly Global TV Shipment and Forecast Report, total TV shipments will rise from 205 million units in 2009 to 218 million units in 2010, a 6% increase following 2009’s 1% shipment decline. Key drivers of this growth are demand resilience in developed TV markets like North America, Japan and Western Europe, as well as accelerating demand from emerging markets for flat panel TVs.

“China is a hot growth engine for the global flat panel TV market as the transition from CRT to LCD and plasma TVs continues to drive market growth,” observed Hisakazu Torii, VP of TV Market Research for DisplaySearch. “Government stimulus activity is having a positive effect on demand for flat panel TVs in both China and Japan, while several upcoming analog-to-digital broadcast changes in 2010 are likely to increase demand in Western Europe for digital TVs. Meanwhile, large price declines in North America have been driving strong unit demand, especially for 19” to 32” sizes.”

Global average selling prices for all TV technologies are expected to fall 9% in 2009, the first year of declining average prices since the flat panel TV transition began. The large decline in average pricing, a result of both high flat panel market share and price erosion, has boosted demand for TVs on a unit basis, but not enough to prevent a 10% decline in global TV revenues, from $112 billion to $101 billion. However, global price erosion is expected to lessen in 2010 which, when combined with an increased unit demand outlook, will return some positive revenue growth to the industry.

The worldwide CRT TV shipment forecast for 2010 was downgraded to 32 million units on declining demand and waning supply of core components. The forecast for plasma TVs was slightly upgraded to 14.6 million units, based on increased demand expected in China from new local production.

2010 LCD TV Shipment Outlook Increased to More than 170 Million Units
After a cautious outlook at the start of 2009, global demand for LCD TVs has held up astonishingly well amid the worst global recession in decades. DisplaySearch has

upgraded its 2009 LCD TV forecast to 140.5 million units, based on surging demand in China, as well as improving outlook for LCD TVs in Western Europe and North America from large price declines. In fact, nearly all regions received a demand outlook upgrade, although overall LCD TV revenues are only expected to rise 1% in 2009 amid pricing pressure.

“LCD TV prices have been falling by 20-30% Y/Y or more at most screen sizes with the overall average LCD TV price expected to fall 24% in 2009, twice the rate of decline seen in 2008” notedPaul Gagnon, Director of North America TV Market Research. “The price declines are a strong influence on the robust demand, but are coming at the expense of profitability for many in the supply chain, especially at the brand and reseller level. Ultimately though, tough times are a prime opportunity for companies to capture market share and we’ve seen a distinct shift in share position in 2009.”

The 2010 LCD TV forecast has been upgraded to 171 million units, which would be a 22% increase over 2009 levels. The strong demand in 2009 has come mostly from smaller screen sizes (less than 40”) where prices are near or below $500, but DisplaySearch now expects larger screen sizes to resume share growth in 2010 and beyond as economic conditions continue to improve.

Advanced technologies like LED backlights and 3D are expected to provide a further catalyst for growth, particularly in higher price point products where the premiums are more acceptable. LED backlight LCD TVs in particular are poised for explosive growth in 2010 as nearly every major TV brand will introduce a wide variety of models and sizes with aggressive targets for growth. Starting in Q1’10, DisplaySearch will report actual and forecast data for LED backlit LCD TV shipments by brand, region, screen size, resolution and frame rate.

DisplaySearch is also currently tracking shipments of high frame rate LCD TVs. Higher frame rates are important to manufacturers and retailers who seek to mitigate the commoditization of LCD TVs with high performance features and future technologies like LED and 3D will receive similar attention. The 100/120 Hz frame rate models will account for 26% of LCD TV revenues worldwide in 2009, while 200/240 Hz will take about 5% of revenues. By 2013, 100/120 Hz will account for 31% of LCD TV revenues, while 200/240 Hz will account for nearly 20%.

The DisplaySearch Q4’09 Advanced Quarterly Global TV Shipment and Forecast Report includes panel and TV shipments by region and by size for nearly 60 brands, and also includes rolling 16-quarter forecasts, TV cost/price forecasts and design wins. Beginning in Q1’10, the report will also provide detail on LED backlit LCD TVs by size, frame rate and resolution, including TV cost modeling for both 60 Hz and 120 Hz sets. This report is delivered in PowerPoint and includes Excel-based data and tables. If you need further information or assistance please contact us at +1.512.687.1511 or sales@displaysearch.com or at the local DisplaySearch offices in China, Japan, Korea, Taiwan and the United Kingdom.

The DisplaySearch 12th Annual USFPD Conference, called "Laying the Foundations for the Next Wave of Growth: Energy Efficient & Low Cost Alternatives Lead the

Way" will be held March 2-3, 2010 at the Hilton San Diego Resort in San Diego, California. The event will focus on all major and emerging flat panel display applications, as well as key components and materials related to the supply chain. To view the agenda and register, visit www.displaysearch.com/usfpd. Register by January 25, 2010 to receive the early bird discount and save $400!

Media interested in attending the USFPD Conference should contact Stacey Voorhees-Harmon at stacey@savvypublicrelations.net or call +1.925.336.9592.

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