

For October 3, 2011 Release

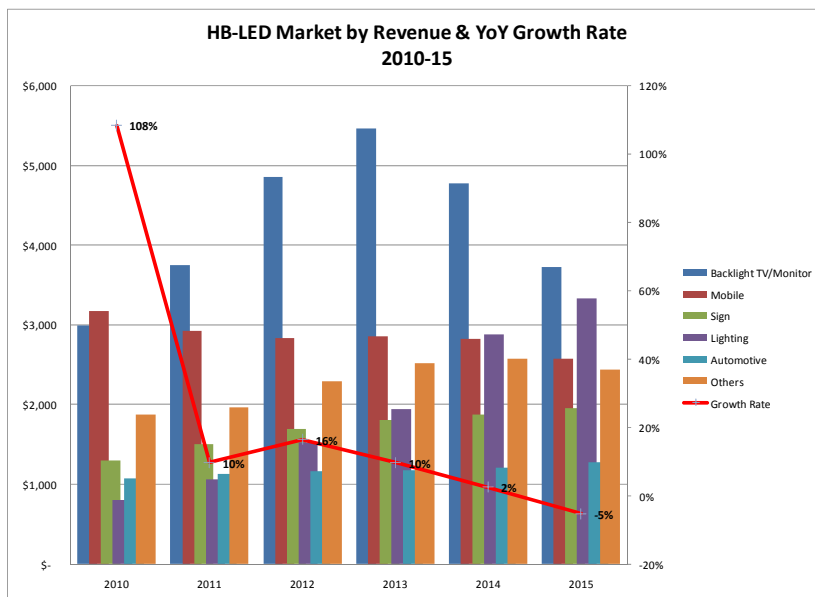
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Strategies Unlimited Forecasts LED Revenue to Peak at \$16.2B in 2014

October 3, 2011, Mountain View, CA—Revenues for high-brightness LEDs grew by a remarkable 108% to \$11.2 billion in 2010, according to a new market report by the leading firm following the LED market, Strategies Unlimited. The growth was propelled by applications in TV backlight units, but expanding supply and a slowdown in overall TV demand in 2011 led to a drastic drop in LED prices, leading to a revised estimate of \$12.3 billion in LED revenues for 2011. Revenue is expected to peak in 2014 at \$16.2B and then fall to \$15.3 B in 2015. The dip in revenues will be temporary, as lighting will take over as the engine for growth after 2015.

Other highlights from Strategies Unlimited’s new report, *High-Brightness LED Market Review and Forecast—2011*, include:

- LED prices have plummeted 20-40%, except for some specialized applications, such as headlamps. Weaker players or new entrants without much experience—like many from China who entered in during 2010—will retreat from the market. As LEDs become more like commodities, only strong players with deep pockets will survive the fluctuations, much like DRAM suppliers.



- Revenues of LEDs for lighting will see compound growth of 33% over the period. With LEDs being approximately 30% of the bill of materials, the recent drop in the prices may accelerate LED adoption. For example, a high quality, large volume 1W cool white packaged LED with delivery in September 2011 was quoted around \$0.65.
- The worldwide sign industry experienced explosive growth to \$3.4B in 2010. The domestic Chinese market grew 54% to \$1.9B and is expected to continue growing at 14% compounded annually through 2015. LED revenues for signs were \$1.1B in 2010, growing to about \$1.6B in 2015. About 83% of worldwide signs were manufactured in China, with that trend continuing toward Chinese manufacturing.
- The mobile appliance segment is the only one with negative growth through the period. Smartphone units will grow at 30% and tablet computers at 57%, compounded annually. However, most mobile appliances, such as feature phones and notebooks, have reached saturation, and falling prices will erode LED revenues by -4.1%, compounded annually.
- LED revenue from the automotive segment reached \$1.1B in 2010, propelled by strong growth in the China market. Expected growth for 2011 has been revised to 5%, due to cooling of the Chinese market and the effect of the Japanese tsunami on LED supply. Increased use of LEDs in daytime running lights and headlamps will fuel revenue growth for LEDs in exterior automotive lighting at 10%, compounded annually. Falling prices and saturation of LEDs in instrument panels—reaching 90% in 2015—will erode LED revenue for that segment by 2% over the period.

This report is the latest in a series of reports published by Strategies Unlimited that cover the LED industry. Other reports by Strategies Unlimited include: *LED Outdoor Area and Street Lighting* (August 2011); *LED Luminaries Market Analysis and Forecast* (February 2011); and *LED Driver IC: Market Review and Forecast—2011* (June 2011).

Founded in 1979, Strategies Unlimited specializes in market research and strategic consulting directed at photonics systems and components, and is part of PennWell's LEDs and Lighting Media Group which includes *LEDs Magazine*, Strategies in Light worldwide events, and Strategies Unlimited. The company, based in Mountain View, California, is a research unit of PennWell Corporation, a diversified business-to-business media and information company that provides quality content and integrated marketing solutions for the following global industries: Oil and gas, electric power, water, electronics, semiconductor, contamination control, optoelectronics, fiber optics, information technology, fire, emergency services and dental.

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