

**FOR IMMEDIATE RELEASE**

## VLSI RESEARCH INC

### Optical Disc Replication Line Market Set to Rebound in 2007

Bedford, England, January 30, 2007: The market for optical disc replication equipment dropped 2.6% in 2006 to \$649M, but is expected to grow 30.3% to \$846M in 2007, according to a new report out today by VLSI Research Inc. Optical discs are manufactured from polycarbonate resin which is largely dependent on the price of oil. High oil prices, especially in the first half of 2006, squeezed margins for discs, which in turn dampened demand for new production capacity. This follows a weak year in 2005, when overcapacity in the disc industry resulted in the market for replication lines almost halving on 2004.

The report details how demand for conventional pre-recorded CDs has been declining rapidly since 2001 and demand for recordable CDs has also peaked. Pre-recorded and Recordable DVD disc sales will continue to grow over the coming five years with a combined average annual growth rate of 6.2%. Third Generation optical discs, Blu-Ray and HD-DVD, have debuted this year, driving further demand for new production equipment. Blu-Ray disc production relies on new, more complex replication lines which, if the format is successful, will result in higher revenue and bigger margins for the industry. HD-DVD discs can be produced from slightly modified DVD lines and therefore the opportunity for equipment manufacturers is not as great.

2007 will see a surge in demand for replication equipment due to tightening production capacity utilization, oil prices that are down significantly off 2006 highs, and third generation line demand. New markets for equipment such as India and the Middle East are also generating some demand. Margins for replication equipment will continue to fall and line productivity to increase.

**Singulus Technologies AG**, *Germany*, remains the dominant supplier of replication lines strengthened by their recent acquisition of **Steag Hamatech**, *Germany*. **Anwell Precision Technology**, *Hong Kong*, retained the second place it achieved last year. Other major suppliers are **Marubeni Disc Systems**, *United States*; **M2 Engineering AB**, *Sweden*; and **OC Oerlikon Balzers**, *Germany*, formerly **Unaxis**. Unfortunately **Alpha Sweden AB**, *Sweden*, exited the replication line market this year.

Contact: Andrew Thomas  
Email: [athomas@vlsiresearch.com](mailto:athomas@vlsiresearch.com)  
Tel: +44 1234 834666  
Fax: +44 1234 834665

[About VLSI Research Inc](#)

[Terms of Use](#)

490498v1.0