



CD Tracker™

Trends for CD-R/RW Writer and Media Markets

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EXECUTIVE SUMMARY—QUARTER 1, 2008

CD recordable technology revenue decreased from Q4, changing by -11% in Q1/08, to \$372 million. Writer revenue was down also, with lower prices in both slim combo writers and CD-RW writer units. Writer sales represented 32% of industry revenues. Media revenue declined as well, changing by -10%. CD-R disc unit sales were down as the market matured and end users relied on alternate storage to support their requirements.

The global CD writer market decreased from 6.080 million units to 4.798 million units on a quarter-to-quarter basis. This decline is explained by seasonal adjustments in demand and the continued shift to DVD writers. Aftermarket writers changed by -30% and PC OEM writer sales changed by -20%. Both segments were influenced by a greater interest in the DVD writer which has become the preferred optical device in PCs and also provides users the ability to record CD-Rs. The subsystem OEM segment had a -12% change in sales and typically supported a replacement market. Combo drives continued to have demand from value-priced notebook and desktop systems; this segment accounted for 82% of the CD writer market.

Taiwan- and Korea-based companies continued to dominate manufacture of CD writers and now represent 87% of the market. Write speed is no longer a major issue for the industry; price continued to be the more important criterion. The 52x writers represented 33% of volume during Q1, with most of these being half-high drives. The 24x segments represented 67%, largely supporting slim drives; the market has shifted to combo drives which now represent 82% of this market.

Global CD recordable disc sales decreased from 1541.715 MM units to 1370.866 MM units on a quarter-to-quarter basis. CD-R discs represented 1332.695 MM units of this volume and 97% of the market. Average prices were relatively flat during the quarter at \$0.16. CD-RW media sales continued to be limited, representing 3% of total unit sales.

Disc manufacturers have been phasing out production of CD-R media as a response to the decline of the format. Some production lines have been shifted of to lower-cost countries where production costs less, like in Thailand and Vietnam, but the change in total optical-disc volume has not been significant. Overall, excess capacity exists in the market. Some of the equipment has been shifted to DVD media manufacturing while other production lines are not in operation at all.