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NEWS

Slow Growth Forecast for $4 Billion Communications Power Market

Corona, California, July 26, 2005 – According to the just-released eighth edition of "***Global Communications Power; Market Forecasts, Business Trends, and Competitive Analysis***" from Darnell Group, the Worldwide Communications Power System market has experienced declines over the past few years, although there are signs that this market is starting to turn around. This is likely to translate into flat sales as opposed to declining sales, however. In certain markets, such as wireless, the actual number of base stations is expected to increase slightly, although price pressures will keep revenue flat. Broadband access is expected to be a key driver of equipment spending in the worldwide communications power market. The introduction of IP networks, along with the rollout of 3G and Wi-Fi services, will also boost equipment sales. The total worldwide dollar market for both wireline and wireless Power Systems is projected to be $4,292 million in 2005, growing to $4,418 million in 2010, a compound annual growth rate of 0.6%.

In an effort to expand the power system market, companies have turned to engineering and installation services (E&I) to augment revenue. These services have existed on a broader equipment-installation level, but power system makers are focusing the services specifically to power. So far, it seems to be paying off: The worldwide E&I market for wireless/wireline power systems is estimated to grow 6.2% between 2005 and 2010, from $1,057 million to $1,425 million. Compared with the 0.6% growth of the power system market, the 6.2% growth of the E&I market has proven more attractive to companies over the past few years.

"If you're in the power systems market, you need to be offering engineering and installation services, as well," states the report's author, Linnea Brush, Senior Analyst with Darnell Group. "For power system makers engineering and installation can account for 25 percent of the total sales opportunity today. And by 2010, this percentage could increase to about 32 percent of the total power system cost," Ms. Brush concluded.

The worldwide CATV market is picking up steam, as well. To compete with telecom broadband services, CATV vendors have focused on their existing infrastructure as well as developing markets that are not entrenched in traditional wireline solutions. In particular, Asia (including China) is expected to offer some good opportunities for CATV power systems and outside plant power supplies. Worldwide, the CATV headend power system dollar market is expected to grow1.1% between 2005 and 2010, from $65 million to $69 million.

Still, the overall communications power system market is not expected to exhibit the same explosive growth it had during the mid-to-late 1990s, at least during this forecast period. Except for some of the E&I services, growth will remain below 10% for all segments in all regions, with most segments being flat. Although unit sales are picking up, downward pricing will keep revenues low.

China is often cited as one of the fastest-growing economies in the world, and their infrastructure build-out is well-known. China's power system market is expected to grow faster than other regions, but not enough to increase its worldwide market share significantly. China holds only 6.6% of the worldwide communications power system dollar market in 2005, and even with a growth rate (3.4%) above the worldwide average (0.6%), this is still too low to produce significant sales from a global perspective. China unit sales are faster, at 8.2% between 2005 and 2010, but this still represents just 14.4 thousand units sold in 2005, increasing to 21.3 thousand units sold in 2010. With Worldwide unit sales of 170.5 thousand expected in 2005, China's opportunity is relatively small.

North America will remain the largest market for communications power systems, both in terms of revenue and unit sales. This will remain the case over the forecast period. Europe will be the second-largest market, although it will start losing share to the Asia/China region. But these shifts are so minor that they will not provide notable opportunities. The worldwide power system market is simply not growing enough to produce significant regional distinctions.

Companies mentioned in this comprehensive analysis include:

Chapter IV – Communications Power Market Characteristics, Drivers and Trends
ADC Telecom, Agere, Alcatel, Alpha Technologies, Ambient, Ascom Powerline, Asia Netcom, AT&T Wireless Services, Avestor, BellSouth, Black & Veatch, British Telecom, Cable & Wireless, CableLabs, CenterPoint Energy, Charles Industries Telecommunications Group, Cherokee Power, Ciena, Cingular, Cisco, Corinex Communications, Current Communications, DS2, Duracell International, EDF, EnerSys, Ericsson, Electric Power Research Institute, Emerson Energy Systems, Federal Communications Commissions, Flag Telecom, Fujitsu, Goldman Sachs, Google, Hearst, Huawei, IBM, International Air Transport Association, International Civil Aviation Administration, Itochu, Ilevo (Schneider Electric Powerline Communications), Institute of Electrical and Electronics Engineers, Keithely Instruments, KPN, Lucent Technologies, Maxis Communications, Nelson's Engineering Services, New England Digital Distribution, NTT DoCoMo, Qbit, Open PLC European Research Alliance, Pillar, Plug Power, Power Line Communications Association, Saft, SBC, Siemens, Sprint, Sumitomo Electric Industries, SwitchCore, Telecommunications Industry Association, Toyocom, Tyco Electronics Power Systems, U.S. Department of Transportation, Valere Power, Verizon

Chapter IX – Competitive Environment
Leading Power System & Battery Suppliers
Alcatel, Alpha Technologies, Argus Technologies, Benning, C&D Technologies, Inc, Cherokee International, LLC, Delta Electronics Inc, Douglas Battery Manufacturing Co, Eaton Corp. (Powerware, formerly of Invensys), Eltek Energy A.S., Emerson Network Power Energy Systems, EnerSys Inc, Exide Technologies, FIAMM S.p.A, Japan Storage Battery Co, Magnetek Inc, Matsushita Battery Industrial Co, Oerlikon Stationary Batteries Ltd, Peco II, Power-One Inc, Saft, Shindengen Electric Mfg. Co., Ltd, Transistor Devices Inc, Tyco Electronics Power Systems, Valere Power, ZTE Corp
Leading Engineering & Installation Service Providers
ADC Telecommunications, A&R Telecom, Black & Veatch Corp, Byers Engineering Co, Compower Systems, Henkels & McCoy Inc, Martin Group Inc, NorthStar Communications Group

About Darnell:
Darnell Group is the leading source for worldwide strategic information covering the full spectrum of power electronics, energy storage and generation. The company specializes in the economic/business analysis of emerging power markets and technologies. Complete information on "***Global Communications Power; Market Forecasts, Business Trends, and Competitive Analysis***" is available at: http://www.darnell.com.

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