

2015 STRUCTURE CABLING MARKET REPORT- CHINA


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China Structure Cabling Market Report 2015

1 MARKET DEFINITIONS

The methodology of this study relies on tracking manufacturer sales to distributors or value added contractors, thus the market size is therefore defined by the first point of sale. Market size is calculated by adding the sales revenues of suppliers, excluding 17.5% VAT. Our definition of market size does not take into account any value added by distributors or contractors, because this can vary case by case and is consequently very difficult to calculate.

Additionally, our market size figures also exclude counterfeit and gray products sold in the market. Counterfeit products, also referred to as non-standard products, are still available on the open market, as has been the case in China for many years. Various small-scale local manufacturers still exist, mostly in southern China, although the number of these manufacturers and the quantity of products sold by them has dropped significantly in recent years due to turbulent copper price fluctuations, as well as increased competition from legitimate suppliers. Counterfeit products primarily target the lowest-end market segment and are sold through retail channels or for small scale projects. It is estimated that the gray and counterfeit market (products sold through unofficial channels to avoid taxes and duties) accounts for some 15–20% of the overall market.

Special Note:

i. Exchange Rate:

In 2014, the value of the USD fell from 1 USD/6.1891RMB to 1 USD/6.1385 RMB so growth rates in USD are inflated by 0.8% compared to the equivalent RMB calculation.

ii. Market Size and Supplier Sales

- Sales of Potevio were adjusted from the 2014 report since about 30% of their sales to residential building and some electric accessories in 2012 and 2013 were counted in last year's report.
- In addition sales of Datwyler, CommScope, and Siemon were adjusted accordingly from the 2014 report since the reconfirmed sales in 2012 and 2013.

EXECUTIVE SUMMARY

Figure 0-1: Map of China



Source: www.cia.gov

Moderate Market Growth of 7.3%

The China structure cabling market witnessed mild growth momentum in 2014, with 8.1% annual growth, and was valued at 735.9 million USD (4.5 billion RMB). The growth rate was 3.0% lower than 2013's 11.1%. Accounting for RMB-USD exchange rate fluctuations, where the RMB appreciated 0.8%, the real growth rate was 7.3%.

The copper cabling product market witnessed moderate growth momentum in 2014, with sales volume reaching 588.7 million USD and grew 7.0%, slightly lower than the overall market growth rate of 8.1%. Copper cable sales reached 393.1 million USD with 6.6% annual growth rate, while copper connectivity reached 195.5 million USD and grew 7.9%. Meanwhile, the fiber cabling product market maintained its explosive growth trend from previous years due to the continued expansion of the data center market in 2014. The fiber cable and connectivity market was estimated to be worth 147.4 million USD, of which fiber cable accounted for 58.0 million USD and fiber connectivity accounted for 89.3 million USD, with respective growth rates of 10.8% and 13.7%.

Commercial Property, Hospital and Airport Segment Growth Were the Main Drivers of LAN Market Growth

Due to consistently strong commercial property investment growth since 2012, the structure cabling market for commercial property in China exhibited stable growth of 8.0% in 2014, reaching 2.2 billion RMB thanks to increasing construction of office buildings, city complexes and city landmarks in first and second tier cities. At the same time, the hospital and airport segments have exhibited especially robust growth this year. According to GIM Research's findings, the hospital structure cabling market grew by 11% and reached 276.7 million RMB, thanks to new tertiary hospital projects, hospital renovation and expansion, as well as the construction of medical information

systems endorsed by the government. Meanwhile, the civil airport structure cabling market witnessed steady growth, expanding by 10% and totaling 115 million RMB. This growth was driven by the increased number of airport construction projects, with 11 new airports and 15 airport expansion projects completed in 2014.

The Data Center (DC) Market Maintains Its Blistering Pace of Growth

The DC structured cabling market grew by 12.9% in 2014, and has become the main engine of growth for the overall structure cabling market. The DC market has gone from success to success thanks to the consistently strong demand of large Chinese enterprises in the domestic financial, internet, insurance, energy, government, power, telecommunications and petrochemical sectors.

The entire DC market is now worth around 116.4 million USD and accounts for roughly 15.8% of the total structure cabling market. In terms of the overall DC market, fiber products accounted for 52.2%, while copper products accounted for 47.8%. Fiber products in DCs experienced gradually increasing share for the past few years, thanks mostly to the increasing amount of fiber and MPO product applications. The outstanding performance of the DC market in 2014 also drove substantial development of higher-end products such as LSZH, shielded products, OM3/OM4 fiber optics, intelligent patch panels and CAT6A products.

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