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High-tech Sector

Motorola Comes Out at the Top in Mobile Phones in China

According to CCID, Motorola, with a market share of 28.9%, was the leading supplier of cell phones in China in the Jan-Sept period. Nokia came in second with a share of 25.7%. Other market players, such as Samsung, had shares of less than 10%.

Ricoh to Boost Power IC Production

Ricoh plans to increase production of power ICs by 1.5 times to some 120 million per month by December. The company will invest ¥4 billion to add capacity.

Toshiba Plans to Build a State-of-the-art Semiconductor Facility

Toshiba is studying the possibility of building a cutting edge facility for the production of semiconductors for digital home electronic devices. Plans call for investing ¥200 billion over the next three years to build the facility.

Information Service Sector's Sales Drop in September

Sales of information service industry dropped 0.2% year-on-year in September. The first drop in 27 months came in July and shocked the industry. Sales rose 1.2% in August only to drop again in September. Demand for database service and computing services has slowed and the growth in outsourcing was also lower. By customer segment, sales to the financial, insurance, transportation and telecommunications industries were lower. At the same time the rate of increase in sales to the service sector and the public sector were lower. Sales of outsourcing services that had been growing at 30% annual rates slowed to 24.9% in September.

Microsoft to Invest Heavily in India

Microsoft plans to invest \$400 million in India over the next three years. Much of the money will go for scholarships to train Indian software engineers and the company is not planning to take capital interest, as it did in China, in Indian companies. The investment is also a part of the move to hedge against Linux.



Indian Software Firms Focusing on ERP

A recent survey by NASSCOM, the Indian software industry trade body, revealed that Indian software firms were focusing on ERP, followed by web services, including dot NET and J2EE. Demand for traditional technologies such as UNIX, C++, and COBOL was also strong according to NASSCOM. A similar survey in the US did not find much difference from the findings in India suggesting that ERP and web services have the strongest demand.

Computer Virus Problems on the Rise Again

According to Trend Macro, the number of reported computer virus problems totaled 28,938 in the first six months of this year, surpassing the figure for (25,600) for 2001.

PDP and LCD TV Markets Set for Solid Growth

By 2005, PDP and LCD televisions will account for 60% of the total market, according to recent market surveys by leading consumer electronics manufacturers. Demand for the PDP TV in 2005 is estimated at 800,000 units and that for LCD TVs is likely to top one million units.

Earnings Roundup***Hoshiden's Profit Plunges Despite higher Sales***

Hoshiden reported a 16.2% drop in consolidated interim operating income to ¥4.2 billion despite a sales gain of 6.4% to ¥117.1 billion. Consolidated ordinary income declined 1.5%. Earnings were affected by higher weight of low-margin devices for video game machines in total sales and lower sales and declining prices of devices for cell phones. Although full fiscal year sales are likely to be target, operating income is likely to be around ¥8.3 billion and net income is expected at ¥3.5 billion.

Casio Reports Strong Interim Profit

Casio reported ¥5.8 billion in consolidated interim ordinary income, up from a loss of ¥4.2 billion in the same period a year ago. Operating income was up 17 times from the same period a year ago to ¥8.8 billion. Consolidated net sales, driven by strong demand for digital cameras and cell phones with cameras, were up 3% to ¥209.8 billion yen.

Misumi to Hike Dividend

Misumi reported a 37% increase in consolidated interim net income to ¥1.5 billion on a sales gain of 7% to ¥27.7 billion. Ordinary income rose 39% to ¥2.9 billion. The company expects full year net income to rise 29% YoY to ¥3.3 billion on a sales increase of 10% to ¥57.0 billion. Sales recorded a 32% increase in the Asian region. The company also withdrew from unprofitable business line, which gave earnings an additional boost.



Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
Aug	104.2	109.1	116.6	67.0	1,898	1,588	15,348	1,460	7,445	4,174
Sept.	100.8	107.6	107.2	71.1	2,674	1,582	17,918	1,648	9,491	6,779
Oct	99.2	103.2	102.9	68.8	2,037	1,683	15,311	1,847	6,803	6,661
Nov	98.5	104.0	98.4	69.7	2,026	1,624	15,443	1,695	7,233	6,515
Dec.	101.6	105.6	95.8	66.3	2,010	1,601	15,310	1,411	7,488	6,411
Jan	100.0	106.3	92.3	65.0	1,920	1,358	13,562	1,093	6,342	6,127
Feb.	101.4	106.9	90.8	77.0	2,123	1,736	14,969	1,365	7,184	6,421
Mar.	104.8	110.3	85.6	91.7	3,009	1,887	19,197	1,582	10,386	7,228
Apr.	108.7	114.4	84.2	77.2	1,849	1,797	14,411	1,470	5,760	7,182
May	117.2	123.2	87.9	80.9	1,818	1,872	15,451	1,649	6,324	7,478
June	115.4	121.2	85.8	86.2	1,875	2,078	16,176	1,691	6,881	7,604
July	113.7	118.0	90.8	86.3	2,015	2,060	16,056	1,775	6,285	7,997
Aug	117.1	123.5	89.9							
YoY	12.6	13.3	-22.9	1.3	-12.6	-12.0	-3.9	4.2	-19.2	10.6

Base year 1995 = 100; 100 million yen, YoY: Year-on-year percentage change

Source: Ministry of Economy, Trade and Industry, Japan Electronics Industry Association and other trade associations

