



Vol . 185

## *High-tech Sector*

Week ended October 10, 2005

### **Japan's Telecommunications Market Consolidates**

Japan's telecommunications market is entering a phase of shake out and consolidation. Heisei Denden unable to cope with price competition went bankrupt recently. It is becoming extremely difficult to develop unique services to attract customers even when prices are on the skids and this is making survival even more difficult.

### **August Mobile Phone Subscriber Trends**

The number of subscribers to mobile phones increased a net 294,000. Of the total au, a KDDI (Stock code: 9431) subsidiary signed up a net 165,000 new subscribers with NTT DoCoMo (Stock code: 9437) reporting a 125,000 increase.

### **Three Firms Apply for Mobile Phone Licenses**

Three firms, BB Mobile e-Access and IP Mobile, have applied for licenses to start mobile phone services. BB Mobile and e-Access are seeking licenses in the 1.7GHz band and IP Mobile has applied for a license in the 2GHz band.

### **Taiwan's Motherboard Manufacturers Ride the PC Boom**

Taiwan's major manufacturers of motherboards are benefiting from the rising shipments of personal computers worldwide. Taiwan's manufacturers of motherboards for desktop PCs have almost 100% share of the global market. Their share of the notebook PC market is estimated at 80%. Major Taiwanese motherboard manufacturers are QUANTA, Wistron, Compal, ASUSTeK, INVENTEC and MITAC.

### **August Machine Tool Orders Up 4%**

Machine tool orders (major 11-company basis) in August rose 4% year-on-year to ¥53.8 billion, according to a major industrial daily. This is the 34<sup>th</sup> consecutive year-on-year gain in monthly machine tool orders. However, exports were down 9.9% and orders compared with the previous month were off 7.6%. Of the eleven firms included in the statistics 8 reported order growth.

### **IT Service Industry Sales Up in August**

Sales of Japan's IT service sector rose 1.4% year-on-year in August, according to government statistics. Sales in the year to August were also up 1.0%. A 3.3% gain in custom software development, which accounts for nearly half of all sales, was driven by rising orders from the telecommunications industry and the public sector.

### **Injection Machine Orders Up in August**

Orders for injection molding machines in August were up 4.1% year-on-year to ¥1,567 units.

This was the first positive growth in injection molding machine orders in 14 months. Orders for disc molding machines touched bottom and orders from the automobile sector were up. Orders also rose 2.3% compared with the previous month. Domestic orders were up 9.0% to 592 units. Overseas orders increased 1.4% to 975 units.

### **Japan's SCM Sector Set for Steady Growth**

Japan's supply chain management systems demand in 2004 rose 2.8% from the previous year to ¥263.5 billion, according to IDC Japan, a high-tech market research firm. IDC is projecting an annual average growth rate of 2.6% through 2009, when the market size will reach an estimated ¥299.5 billion. Services will account for the largest share of this market.

### **Earnings Roundup**

#### **Profit Recovering at Net Security Firms**

The five publicly listed Internet security services firms are expected to report strong profit growth in the current fiscal year. The promulgation of laws to protect privacy and the rush of cases of information leakage is benefiting Internet security specialists as it is creating demand for electronic certification and systems for preventing unauthorized access.

#### **Profit to Slump at Unisys (8056 TSE1)**

Unisys (Stock code: 8056) expects to see its consolidated ordinary income for the current fiscal year to March 2006 fall 65% year-on-year to ¥3,700 million on sales of ¥315,000 million, up about 2%. The primary reason for the profit drop is a temporary rise in cost of sales resulting from a review of royalty on the use of the Unisys trademark.

#### **Livedoor to Report Strong Profit Growth (4753 MTH)**

Livedoor's (Stock code: 4753) group pretax profit for the fiscal year ended Sept. 30 is likely to have increased 150% from a year earlier to around 12.5 billion yen on sales of ¥80 billion, up 150%.

#### **Strong Order Growth at Tokyo Electron (8035 TSE1)**

Tokyo Electron Ltd. (Stock code: 8035) said Tuesday that non-consolidated orders for increased 19% on the quarter to about 132 billion yen in the July-September, underpinned by rising orders from Taiwanese and Japanese semiconductor manufacturers and chip foundries. This was the first quarter-on-quarter rise since the January-March quarter. By category, orders for semiconductor-manufacturing devices were up 30% to 108 billion yen, but those for LCD production equipment fell 13% to around 24 billion yen.

#### **Initial Public Offerings (For detailed information, go to:**

<http://www.tokyoipo.com/top/en/index.php?id=&seqid=>

#### **Aun Consulting (2459 MTH)**

Aun Consulting Co., Ltd., a search engine marketing (SEM) firm, will list on the Mothers market of the Tokyo Stock Exchange on November 9. The company will offer 3,000 shares to the public in its initial public offering. Of these 2,000 are newly issued. The tentative price range will be announced on October 20. The fixed offering price will be announced on October 28 after conducting a book building from October 24 to October 27. The lead underwriter of the offer is Mitsubishi UFJ Securities.

## Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Electronic devices	Semicon (Production)	Consumer electronics (sales)
<b>June</b>	102.0	107.4	82.1	112.9	2,287	2,013	17,641	2,362	6,525	8,754	3,938	248
<b>July</b>	102.1	106.4	81.0	114.0	2,226	2,005	16,722	2,165	6,057	8,499	3,847	296
<b>Aug</b>	108.4	108.8	82.0	79.2	2,101	1,435	15,383	1,860	5,455	8,068	3,761	237
<b>Sept</b>	98.2	101.4	82.4	84.5	2,604	1,447	18,193	2,251	7,487	8,455	3,712	217
<b>Oct</b>	99.9	106.1	81.5	74.9	2,116	1,419	15,088	2,369	5,014	7,705	3,721	253
<b>Nov</b>	102.3	107.1	81.8	81.0	2,223	1,553	15,872	2,496	5,625	7,751	3,674	252
<b>Dec</b>	99.0	106.0	79.1	78.3	2,250	1,422	15,471	2,022	6,046	7,403	3,306	330
<b>Jan</b>	101.0	107.2	79.3	71.4	2,098	1,169	14,138	1,509	5,549	7,080	3,135	301
<b>Feb</b>	96.5	102.3	80.5	87.5	2,310	1,424	15,537	1,823	6,497	7,216	3,249	204
<b>Mar</b>	93.1	98.5	80.9	99.7	3,392	1,534	19,039	2,191	8,688	8,160	3,636	234
<b>Apr</b>	101.8	106.0	85.3	103.6	2,136	1,707	14,671	2,087	5,449	7,135	3,178	214
<b>May</b>	101.3	106.2	85.7	103.3	1,977	1,723	13,948	1,969	4,965	7,014	3,226	208
<b>YoY</b>	-1.2	0.4	8.3	-3.1	2.0	-10.0	-8.7	-3.3	-7.7	-10.8	-12.4	-13.0

Base year 2000 = 100 (seasonally adjusted); 100 million yen, YoY: Year-on-year percentage change

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