



Vol . 192

## *High-tech Sector*

Week ended December 4, 2005

### **Bluetooth Use Spreads in Mobile Phones**

Demand for Bluetooth modules started to accelerate from around spring, driven by demand for phones supporting Bluetooth format in Europe. Moreover, cell phones in Japan increasing come with Bluetooth modules. Bluetooth module manufacturers are focusing on three sectors: (1) automotive, (2) mobile phones, and (3) portable audios.

### **SPE Orders up 18% in October**

Orders for made-in-Japan semiconductor production equipment in October rose 17.5% year-on-year to ¥134.3 billion, according to SEAJ, the sector's trade body. Sales were up 6.2% to ¥89.4 billion. This was the second consecutive year-on-year gain in monthly orders. Orders for wafer processing equipment were up 0.1% to ¥82.3 billion. On the other hand, orders for testing equipment rose 70% to ¥35.9 billion. Orders in Japan fell 15.1% year-on-year to ¥61.4 billion, a sharp decline from the 23% gain recorded in the previous month. SPE sales in Japan increased 22.1% to ¥73.2 billion, a third consecutive year-on-year increase in monthly sales. The BB ratio of Japan-made SPE was 1.01, up 0.11 points from the previous month. The BB ratio for the Japan market was 0.76, an increase of 0.07 points from the previous month.

### **Crystal Device Production**

Demand for crystal devices bottomed out in August and has been increasing steadily thereafter. As a result, major manufacturers are operating at full capacity. The volume of crystal device production in October was up 14.8% to 622 million pieces but the value of production increased only 2.6% to ¥20.1 billion, according to QIAJ, a trade body.

### **Digital Consumer Electronics – Prices on the Skids in Year-end Buying Season**

Prices of digital consumer electronic items are falling sharply, with LCD TVs down as much as 30%, in the year-end-buying season that is just getting underway. Although demand is spiraling, brutal competition between set makers as they try to expand their market shares is driving down prices. In LCD TVs Sharp is the market leader with a share estimated at around 52%. Matsushita Electric leads the market in plasma televisions with a share of 54%. The three major players in the DVD recorder market are Sony, Matsushita and Toshiba, each with a share of around 20%. Apple dominates the portable audio player market with a share of around 70%. LCD TV demand is expected to be 1.5 times that of last year and that for plasma television should increase an estimated 1.7 times.

### **Earnings Roundup**

#### **Internet Ad Firms Report Strong 2Q Profit**

Of the six major Internet ad firms, four reported operating profit gains exceeding 80% in the second quarter of the current fiscal year ended September. The Internet is winning better

recognition as an effective advertising media and is driving up demand. The highest gain in operating income was posted by Opto (Stock code: 2389), up 279% year-on-year.

Yen in millions, % YoY change

	Sales	Operating income
Cyber	13,213 (68)	1,270 (210)
CCI	8,992 (75)	299 (81)
DAC	6,367 (81)	312 (235)
Opto	4,750 (101)	273 (279)
Septeni	4,078 (30)	241 (35)
MagClick	1,657 (-3)	20 (-73)

### Telecom Construction Firms Post Favorable Interim Results

Buoyed by stepped up capital investment by major carriers, Japan's telecommunications construction contractors posted favorable interim results. NTT is stepping up capital investment to connect with the aim of expanding its optical fiber service base to 300 million subscribers. Telecommunications construction contractors are increasing employment to cope with the increasing workload. At the same time they are developing other businesses such as IT solutions and trying to expand their customer base to new common carriers.

Yen in million, % YoY change

	Sales	Operating income	Ordinary income	Net income
Comsys HD	1,191 (6.7)	49 (58.2)	60 (43.3)	34 (2.8X)
Kyowa EXIO	1,117 (10.7)	49 (31.1)	53 (254.)	35 (62.6)
NEC Nets	947 (8.7)	21 (23.4)	21 (22.7)	7 (3.1X)
Daimei	471 (12.6)	27 (21.1)	27 (22.8)	12 (27.6)
Comuture	431 (12.0)	19 (-19.0)	20 (-17.8)	12 (-12.0)

### Hikari Tsushin (9435 TSE1) Reports Higher Interim Net Income

Hikari Tushin (Stock Code: 9435) reported a 22% year-on-year increase in consolidated net income to ¥12,000 million on sales of ¥92,900 million, up 17%. Operating income rose 9% to ¥11,000 million. Sales and operating income were driven by corporate sales, up 52%. Operating income on corporate sales was up 68%.

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

### Sodick Hightec (6160 HRLS)

Sodick Hightec Co., Ltd., a company providing peripheral equipment, consumables, and maintenance service for electrodischargers, also engaged in the manufacture of molded products and the development, manufacturing and marketing of machine tools, will list on the Hercules market of the Osaka Securities Exchange on December 28. The company will offer 2,000 newly issued shares to the public in its initial public offering. The tentative price range will be announced on December 8. The fixed offering price will be announced on December 16. SMBC Friend Securities is the lead underwriter of the offer.

## 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>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>Jun</b>	106.5	113.4	86.7	123.3	2,409	2,040	16,111	2,134	6,215	7,762	3,440	233
<b>Jul</b>	102.1	106.8	87.8	110.2	2,270	1,804	15,145	2,028	5,545	7,572	3,370	268
<b>Aug</b>	110.8	113.1	88.5	74.1		1,249	15,156	1,985	5,439	7,733	3,522	224
<b>Sept</b>	104.0	109.0	86.1	79.0		1,331	17,721	2,394	6,937	8,390	3,701	206
<b>YoY</b>	7.4	6.3	5.9	-6.0	2.0	-8.2	-2.4	6.3	-6.8	-0.8	-0.3	-12.5

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