



Vol . 217

## *High-tech Sector*

Week ended September 24, 2006

### **Competition Heats Up among Different Types of Large-screen FPDs**

Competition is growing among different types of large-screen flat-panel displays. A recent forecast by a leading industrial daily sees shipments of LCD TVs to increase from 38 million units in 2006 to 100 million units in 2010. During the same period shipments of PDP TVs is projected to increase from 10 million units to 30 million units. The growth will come at the expense of CRT TVs, whose shipments are likely to fall from 112 million units to 69 million units. The aggregate market will expand from 164 million units to 200 million units.

### **Digital Hybrid Copier Shipments Surge in April-June Quarter**

Shipments of digital hybrid copiers (MFPs) increased sharply in the April-June quarter, rising 13% year-on-year. The share of this type of copier in Japan will rise from 40% of the estimated total demand in 2005 to about 50% in 2006. In a recent survey by a major copier manufacturer, a majority of office workers projected that demand for color copiers will continue to increase, citing a continuing shift to color printouts in offices.

### **Shin-Etsu (4063 TSE1) to Add Capacity in a Bid to Maintain Global Leadership Position**

Shin-Etsu Chemical (Stock code: 4063) plans to build two new plants and expand existing plants, investing ¥120 billion, to increase production capacity of the 300-mm wafer by 40%. The company is the world's largest supplier of silicon wafers with a market share estimated at 31.7%. SUMCO is the second largest producer, with a market share estimated at 22.1%.

### **Mitsubishi Electric (6503 TSE1) Revises Earnings Forecasts Upward**

Mitsubishi Electric (Stock code: 6503) revised its current fiscal year earnings forecasts, which now see consolidated net income rising 25% to ¥120 billion. The better-than-expected performance is mainly because the company scaled back its semiconductor operations and focused its resources on profitable factory automation business. The company is projecting consolidated operating income of ¥180 billion, 60% of which will come from the industrial mechatronics business. The earnings power of Japan's electrical equipment manufacturers is reflected in their stock market capitalization. While Mitsubishi Electric's market capitalization rose from ¥148 billion in 1996 to ¥212 billion as of September 19, that of Hitachi (Stock code: 6501) has slipped from ¥359 billion to 225 billion.

### **Broadband Subscribers Top 24 Million**

The number of subscribers to broadband services, as of the end of June, totaled 24.21 million, an increase of 0.93 million in the April-June quarter, according to government statistics. Although the total subscriber count is rising, more are opting for FTTH and there is a steady shift from ADSL to FTTH. The number of ADSL subscribers fell by 30,000.

### **Storage Shipments Rising at a Brisk Pace**

Shipments of add-on storage devices in the second quarter of 2006 increased by 6.9% year-on-year to ¥46.2 billion, according to IDC Japan, a research firm. Shipments of NAS systems were up 26.8%. Network storage devices, including NAS and San, now account for 49% of the aggregate value of shipments.

### **Government to Make Greater Use of IP Phone Network to Reduce Charges for Fixed-line Phones**

The government is planning to use the IP network to bring down the basic monthly charge for fixed line phones. The new measure is likely to be implemented in 2008.

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

No new initial public offerings were approved in the week ended April 9.

### **Acrodea (3823 MTH)**

Acrodea, a developer of software for mobile communication, will list on the Mothers market of the Tokyo Stock Exchange on October 19. The company will offer 12,000 shares to the public in its initial public offering. Of those 6,000 are newly issued and 6,000 are shares currently held in private. The tentative price range will be announced on September 28. The fixed offering price will be announced on October 10. The company expects to net ¥639 million from the initial public offering. Shinko Securities is the lead underwriter of the offer.

### **Japan Systems Create (3822 JAQ)**

Japan Systems Create Co., Ltd., a software developer, will go public on the JASDAQ Securities Exchange on October 16. The company will offer 430,000 shares to the public in its initial public offering. Of those 300,000 are newly issued shares and 130,000 are shares currently held in private. The tentative price range will be announced on September 26. The fixed offering price will be announced on October 4. Mitsubishi UFJ Securities is the lead underwriter of the offer.

### **NOVARESE (2128 MTH)**

NOVARESE Inc., a wedding service company, will go public on the Mothers market of the Tokyo Stock Exchange on October 19. The company will offer 2,533 shares to the public in its initial public offering. Of those 1,500 are newly issued shares and 1,033 are shares currently held in private. The tentative price range will be announced on September 27. The fixed offering price will be announced on October 6. Nomura Securities is the lead underwriter of the offer.

### **SRI Sports (7825 TSE)**

SRI Sports Limited, a sports gear manufacturer, will go public on the Tokyo Stock Exchange on October 13. The company, a subsidiary of Sumitomo Rubber Industries (Stock code: 5110) will offer 100,000 shares to the public in its initial public offering. Of those 30,000 are newly issued shares and 70,000 are shares currently held in private. The lead underwriter has a green shoe option allowing it to offer an additional 15,000 shares in the case of exceptional demand. The tentative price range will be announced on September 19. The fixed offering price will be announced on October 3. The company expects to net ¥5.94 billion from the IPO. Daiwa Securities SMBC is the lead underwriter of the offer.

### **OPTROM (7824 NSE)**

OPTROM Inc., a company manufacturing and marketing CDs, DVDs and stampers, will go public on the Nagoya Stock Exchange on October 10. The company will offer 2,500,000 newly issued shares to the public in its initial public offering. The tentative price range will be announced on October 5. The fixed offering price will be announced on October 17. Rakuten Securities is the lead underwriter of the offer.

### **zetton (3057 NSE)**

zetton Inc., a company engaged in public innovation and renovation business (development and reinvigoration of restaurants in public facilities), will go public on the Nagoya Stock Exchange on October 19. The company will offer 5,000 issued shares to the public in its initial public offering. Of those 3,000 are newly issued shares and 2,000 are shares currently held in private. The tentative price range will be announced on September 28. The fixed offering price will be announced on October 10. Tokai Tokyo 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>Aug</b>	110.8	113.1	88.5	74.1	2,180	1,249	15,156	1,985	5,439	7,733	3,522	224
<b>Sept</b>	104.0	109.0	86.1	79.0	2,762	1,331	17,721	2,394	6,937	8,390	3,701	206
<b>Oct</b>	107.4	113.0	86.4	80.1	2,261	1,432	15,800	2,450	5,196	8,154	3,573	224
<b>Nov</b>	109.4	115.7	85.5	84.6	2,376	1,472	16,973	2,728	5,919	8,326	3,614	252
<b>Dec</b>	108.2	114.5	82.7	83.9	2,490	1,438	16,787	2,326	6,438	8,023	3,465	336
<b>Jan</b>	110.7	116.5	82.4	81.1	2,197	1,291	14,977	1,754	5,420	7,803	3,521	282
<b>Feb</b>	108.2	112.3	81.8	94.8	2,440	1,500	16,763	2,055	6,704	8,005	3,572	181
<b>Mar</b>	101.4	109.7	81.4	103.4	3,440	1,549	20,718	2,305	9,447	8,967	4,103	225
<b>Apr</b>	106.9	110.1	86.9	101.6	2,244	1,698	15,977	2,308	5,655	8,014	3,586	214
<b>May</b>	105.6	113.5	85.6	98.6	2,118	1,585	15,650	2,300	5,218	8,132	3,681	205
<b>June</b>	109.6	115.6	86.7	116.7	2,523	1,902	17,173	2,370	6,292	8,810	3,780	227
<b>July</b>	107.7	113.7	84.2	99.4	2,353	1,627	16,169	2,005	5,552	8,613	3,794	256
<b>YoY</b>	<b>5.5</b>	<b>6.5</b>	<b>-4.1</b>	<b>-10.0</b>	<b>3.3</b>	<b>-10.2</b>	<b>7.4</b>	<b>-1.1</b>	<b>0.1</b>	<b>15.1</b>	<b>12.6</b>	<b>-4.6</b>

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