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High-tech Sector

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Global Mobile Phone Subscriber Trends

The number of mobile phone subscriptions worldwide will increase at an average annual rate of 7.9% between 2007 and 2012 to 4.5 billion, according to MIC, a Taiwanese government affiliated think tank. The think tank cited popularization of pre-paid SIM cards in Europe and the U. S. and an increase in corporate customers as the factors supporting the strong growth. Diffusion rate of mobile phones worldwide rose rapidly to 46.8%, the think tank added but cautioned that the growth pace is likely to slow after 2008 and reach only 64.7% in 2012. The 1G type off mobile phone will be history by the end of 2008 and the types in most common use will be 2G (TDMA and GSM) and 3G WCDMA.

CATV Subscribers Increasing Steadily

The number of CATV subscribers (households) in Japan increased by one million in 2007 to 21.65 million households as of the end of December 2007, according to government statistics. This translates into a diffusion rate of 41.9%. The number of CATV service providers was 535 and the number of licensed facilities was 719, an increase of 10 service providers and 15 facilities compared with the end of 2006.

Mobile Phone Shipments Up In January

Shipments of mobile phones (including PHS) in January were up 7.6% year-on-year to 4.08 million, according to government data. This was the third consecutive year-on-year gain in monthly shipments. Shipments of mobile phones rose 6.4% YoY to 3.91 million. Shipments of PHS were up 42.6% to 172,000 units. Cumulative shipments in the current fiscal year that started in April 2007 were 41.83 million units, up 8.3% year-on-year.

IP Phones Gaining Popularity

The number of subscribers to IP phones in Japan as of the end of December 2007 was 16.76 million, an increase of 5.1% compared to the end of September and 21.9% compared to December 2006. Increase in the OAB-J type IP phones was particularly sharp, up 18.2% from the end of September.

Disk Storage Manufacturers Market Shares

Disk storage sales in 2007 increased 6.6% year-on-year worldwide to \$26.3 billion. Of the total add-on storage device sales were up 7.2% to \$18.5 billion. IBM was the leading player with a market share estimated at 20.1%. HP was the second largest vendor representing 19.4% of the world market and was followed by EMC (15.2%) and Dell (9.4%).

January Semiconductor Sales Up Marginally

Global semiconductor sales in January rose 0.03% to \$21.4 billion, according to SIA, a

semiconductor industry association. However, sales compared with the previous month were down 3.6% due to seasonal factors. Sales in Japan rose 8% year-on-year to \$410 million but were flat or declined in other parts of the world. Sales in Japan compared to the previous month were down 4.8%.

Japanese LCD Panel Sector Consolidating

Japan's LCD panel manufacturing sector is consolidating, with Sharp (Stock code: 6753) and Sony (Stock code: 6758) announcing joint production. The two companies will set up a joint venture with Sharp owning 66% and Sony 34%. Sony's move reflects its desire to diversify its supply routes for LCD panels. So far, it has been heavily dependent of Samsung for the supply of LCD panels. Matsushita Electric (Stock code: 6752) has also announced the construction of a new LCD panel plant and plans to ship a part of the output to Hitachi (Stock code: 6501). Taiwanese and Korean manufacturers dominate the world market.

China's Electronics Industry Sales Climb Sharply in 2007

Sales of China's electronics industry in 2007 rose 18% to 84 trillion yen, according to government statistics. Shipments of mobile phone rose 14.3% and those of personal computers were up 29.3% in terms of volume. Semiconductor shipments were up 22.6%.

Initial Public Offerings

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

R-Tech Ueno (4573 HRLS)

R-Tech Ueno, a venture firm specializing in research, development, manufacturing and marketing of pharmaceuticals, will list on the Osaka Securities Exchange on April 9. The company will offer 3,620 shares to the public in its initial public offering. Of those shares, 2,100 will be newly issued and 1,520 are shares currently held in private. Mitsubishi UFJ Securities, the lead underwriter of the offer, has a green shoe option under which it can offer an additional 500 existing shares in the event of exceptional demand. The tentative price range will be announced on March 21 and the fixed offering price will be announced on March 31. The company expects to raise 1.06 billion yen from the IPO and plans to use the proceeds for research and development of new drugs.

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)
Feb	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
Mar	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
Apr	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
May	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
June	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
July	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
Aug	114.5	123.6	75.1	72.9	2,474	1,198	16,581	2,268	5,532	8,781	3,995	255
Sept	112.2	118.1	72.7	77.9	2,963	1,227	17,812	2,589	6,146	9,076	4,121	229
Oct	110.2	118.5	74.1	84.2	2,604	1,439	17,514	3,333	4,797	9,384	3,611	238
Nov	112.0	119.8	74.3	86.4	2,681	1,465	18,314	3,230	5,862	9,222	3,951	267
Dec	114.6	119.2	76.5	84.7	2,700	1,365	17,220	2,436	5,755	9,028	3,781	345
Jan	109.7	119.4	73.8	74.9								284
YoY	-1.0	2.2	-12.8	-1.8	5.2	-22.4	2.4	-1.3	-4.1	8.3	-6.7	10.5

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

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