



Vol . 70

## *High-tech Sector*

**Week ended May. 5. 2003**

### *Japan's Mobile Phone Market Maturing*

Although Japan's two major telecom carriers reported strong earnings for the fiscal year ended March 2003, the market seems to be maturing as evidenced by their sales trends. While KDDI reported a 4.4-fold increase in consolidated net income, net sales were down 2%. In the case of NTT Docomo, sales growth slowed to a single digit figure, the first time since going public in 1998.

### *KDDI Plans to Enter Broadcasting Market*

KDDI plans to start broadcasting using its optical fiber network. The project could start as early as October 2003. Plans also call for investing ¥120 billion to build a national optical fiber network for distributing movies and other video data. The network to be completed in five years will also be used for an IP telephone service

### *Personal Computer Shipments Decline in FY2002*

Shipments of personal computers in fiscal 2002, the year ended March 31, 2003, declined 7.4% from the previous fiscal year to 11,24 million units, according to Multi Media Research Institute, a high-tech think tank. This was the second consecutive yearly decline. Shipments to the consumer market were particularly slow. Sony suffered the most, with shipments of VAIO declining 18.8%. On the other hand, Dell increased its market share to 8.4% from 5.4% the year before and moved into the fourth spot in terms of market share.

### *CCD/CMOS Camera Market Forecast*

According to a recent forecast by Yano Economic Research Institute, the CCD/CMOS camera market is expected to grow at an annual average rate of 146.9% between 2001 and 2005. The global CMOS camera market should reach 160 million units in 2004 and the CCD camera market should expand to 92 million units by that year.

### *One in Four Firms Facing Shortages of IT Personnel*

Despite the ongoing recession and rising unemployment, one in four companies in Japan are facing shortages of qualified IT staff. Two major electrical equipment manufacturers also reported shortages of IT staff.



***SPE Sales***

Sales of Japanese made semiconductor production equipment in March climbed 41.3% year-on-year to ¥147.6 billion. Sales were up 87.3% over the previous month. However, orders were down 35.7% to ¥71.7 billion. This was the first decline in orders in 13 months.

***Japan's Semiconductor Manufacturers May be at Turning Point***

Concerns over the future of Japan's semiconductor market may be easing as demand for semiconductors gets a boost from a new range of consumer electronics products that is, digital consumer electronic items, camera-equipped mobile phones, among others. Responding to these changes, several Japanese semiconductor producers are already stepping up investment. Sony plans to invest ¥70 billion in fiscal 2003. Sony Group's investment will, however, total ¥175 billion, up 2.3 times from the previous fiscal year. Toshiba's capital investment program envisions investments totaling ¥118 billion.

***Electric Power Shortages Forecast***

The government warned that Tokyo may face power shortages from the end of June through August since Tokyo Electric Power has shut down its nuclear power plants due to technical problems.

***Earnings Roundup******Review of IT Service Firms' Results***

The growth period for IT service firms may be nearing the end if their business results are any guide. Only 5 of the 11 firms that have released their results so far have recorded higher sales and net income. Those reporting earnings have also become cautious about the prospects for fiscal 2003. None of the firms projected double-digit sales growth for fiscal 2003.

***Citizen Expected to Report Strong Profit***

Citizen's consolidated operating income for the fiscal year ended March 31, 2003 is likely to have increased 87% to ¥19 billion, up from the previous estimate of ¥10.7 billion. Sales also seem to have surpassed initial estimates by ¥8 billion to ¥330 billion. However, consolidated net income will be on par with estimates, as the company plans to take extraordinary losses on write down of its investment securities.

***ROHM Reports Strong Income Gain***

Rohm posted a 35% increase in consolidated net income to ¥53 billion. Sales were up 9% to ¥352 billion. Growing demand for electronic components, particularly in the Asian region is driving sales and profit.



**Rakutenchi Reports Strong 1<sup>st</sup> Quarter Profit Growth**

Rakutenchi, an operator of virtual mall, reported 57% year-on-year increase to ¥690 million in operating income in the January-March quarter.

**Basic Electronics Industry Statistics**

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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	72.6	1,841	1,297	14,736	1,482	5,937	7,318
Sept.	116.2	120.9	93.9	84.9	2,465	1,555	17,659	1,762	8,117	7,780
Oct.	117.3	125.6	93.5	80.6	1,942	1,577	16,161	2,030	6,169	7,962
Nov.	112.7	120.0	89.5	76.5	1,995	1,546	15,127	2,086	5,588	7,452
Dec.	112.9	119.3	90.2	74.1	2,066	1,460	15,045	1,757	6,233	7,063
Jan.	118.4	128.4	89.3	68.5	1,953	1,255	14,010	1,302	5,837	6,871
YoY	18.4	20.8	-2.9	5.4	1.7	-7.5	4.7	19.5	-7.0	14.3

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

