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High-tech Sector

India's Mobile Phone Market Enters the Growth Phase

The number of mobile phone subscribers in India rose to 27.12 million as of the end of November 2003, up 113% compared with same period in 2002. In India's mobile phone market, BSNL has the largest market share estimated at 22%. Approximately 31.5 million new subscriptions are expected in the next five years, according to government forecasts.

KDDI (9433 TSE) Keeps Lead in Mobile Phones

KDDI in December remained the leader in terms of net subscriber growth for mobile phones. KDDI signed up 289,600 new subscribers (net) to keep its leading position for three months in a row. KDDI's new services, such as the CDAMA 1X Win and models designed to receive FM radio broadcasts, are popular. In 2003, the net increase in subscribers at au was 2.59 million, making it the leader of the year and its share topped 20% for the first time.

Linux Market Set for Growth

The Linux market in Japan for personal computers and servers, in 2003 was around ¥2,600 million, up 73.5% from the previous year, according to IDC Japan, a market research firm. With the total operating system market almost flat in 2003, Linux is making noteworthy gains. However, its market share is still very small, just 0.8% of the total market estimated at ¥321,000 million. The Linux market is expected to grow 83% in 2004. Strong growth is likely to continue with the market expected to reach ¥13,100 million in 2007. Linux applications are also increasing for mobile phones and digital home electronic equipment. At present Red Hat and Turbo Linux dominate the market. According to IDC Japan, the Linux client OS is unlikely to be threat to Windows for some time due to shortages of applications and peripheral software.

Production of Lamps for Electronic Devices to Show Strong Growth

The output of lamps in 2004 is likely to increase 5% to some ¥30 million, valued at around ¥520,000 million. While production of conventional lamps is likely to be flat, those for use in electronic devices such as LCD panels and projectors should increase some 40%, according to industry sources.



Third Quarter Flat-panel TV Market

The monthly production of flat-panel televisions in the third quarter of 2003 averaged 440,000 units, according to Techno Systems Research. The output of LCD TVs increased 50% year-on-year and that of plasma televisions was up 20%. Total output (including LCD and plasma televisions) in 2003 is estimated at 4.85 million units. Production of LCD and plasma televisions should increase as these two types become the mainline television sets around the world.

Machine Tool Orders to Rise in 2004

Machine tool orders in 2004 are expected to increase 12% to ¥950,000 million, according to the Japan Machine Tool Association. This will be the second consecutive increase in annual machine tool orders. The association expects this trend to continue through 2006, when machine tool orders are expected to top one trillion yen. A rebound in capital investment as Japan's manufacturing sector tries to recapture competitiveness in global markets is driving demand, the association says. Moreover, equipment installed in the bubble period needs to be replaced and automobile manufacturers and consumer electronic equipment manufacturers are also investing heavily. Machine tool orders in November were up 20.9% to ¥39,000 million. The Toshiba Machine Group recorded the highest year-on-year gain, 79.4%, in orders in November.

Sharp (6753 TSE) Aims at One Trillion Yen in LCD Sales in 2006

Sharp's plans envision LCD and LCD-related sales to double from the fiscal 2003 level in the next three years, rising to over one trillion yen in fiscal 2006. Sharp is investing heavily for adding production capacity and to compete effectively with foreign rivals, such as Samsung of South Korea.

Programmable Display Devices

The market for programmable display devices in 2004 is projected at 510,000 units, up 8.5% from the previous year. The market is valued at ¥45,000 to ¥50,000 million. Of the total, medium-size displays will account for 55%. Non-FA applications of programmable displays are increasing and this is driving demand.

Earnings Roundup

Matsushita Electric Works (6991 TSE) – Profit to Triple

Matsushita Electric Works is expected to report consolidated net income of ¥20,400 million for the fiscal year ended November 2003, a three-fold increase from the previous fiscal year. Sales are likely to have risen 5% to ¥1.23 trillion. The trend is expected to continue in the current fiscal year to November 2004, when the company is likely to be reporting consolidated net income of ¥26,000 million, up 27% year-on-year, on a sales gain of 5% to ¥1.29 trillion. The company's medium-term plan envisions sales of ¥1.33 trillion in the fiscal year ending November 2006.



Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices	Semicon (Production)	Consumer electronics (sales)
Jan.	90.9	95.2	83.9	72.0	1,953	1,255	14,010	1,302	5,837	6,871	3,140	336
Feb.	88.8	92.8	81.6	85.2	2,091	1,439	15,026	1,420	6,573	7,033	3,192	234
Mar.	88.6	88.7	84.4	107.7	3,155	1,691	19,029	1,748	9,561	7,720	3,456	266
Apr.	86.6	92.6	82.7	96.2	1,788	1,677	14,103	1,783	5,261	7,059	3,171	216
May	92.0	96.2	81.1	97.0	1,857	1,707	14,721	1,952	5,501	7,269	3,307	205
June	92.6	96.2	81.1	115.9	2,003	2,039	16,003	1,954	6,481	7,569	3,449	229
July	91.3	90.4	92.6	106.4	2,023	1,924	15,859	1,823	6,206	7,830	3,545	247
Aug.	91.2	95.8	87.0	60.5	1,771	1,165	14,332	1,577	5,593	7,362	3,388	230
Sept	94.1	96.4	82.7	74.3	2,495	1,313	18,078	2,314	7,335	8,430	3,761	209
Oct.	98.6	105.3	80.3	75.2	2,005	1,397	16,942	2,473	6,100	8,370	3,698	225
YoY	8.7	10.2	-7.4	-6.5	2.8	-11.4	9.2	17.3	8.1	7.8	2.7	-18.8

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

