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High-tech Sector

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Japanese LCD Manufacturers Plan for 2004

The aggregate sales of Japan's 13 leading LCD manufacturers in fiscal 2003, the year ended March 2004, rose 29% year on year to ¥2,033.1 billion. The largest gainers were Casio (6952 TSE1), Fujitsu (6702 TSE1) Display Technologies and Hitachi (6501 TSE1), Displays. Estimates for fiscal 2004 see aggregate sales rising 16% to ¥2,366.0 billion. The most bullish is Sharp (6753 TSE1), which expects sales to increase 39%, while Seiko (8050 TSE1) Instruments is looking for growth to the tune of 36%. The aggregate capital expenditure of the 13 firms is expected to increase 1% to 245.7 billion. Seiko Epson (6724 TSE1) plans to increase capital expenditure by 275% in fiscal and Fujitsu (6702 TSE1) Display Technologies sees its capital investment doubling during the same period Sharp (6753 TSE1) will account for nearly half of the total capital investment.

Global DVC Demand to Increase Sharply

The global demand for digital video cameras in 2004 is expected to increase 22% year on year to 10.5 million units, up from an estimated 8.58 million in 2003. Of the total, Japan will account for 1.7 million units and North America 3.6 million units. Sales in Europe are also likely to be on a par with North America. Demand is increasing, driven by superior picture quality made possible by new CCDs

Japan's Electronic Components Manufacturers to Up R&D by 10%

Japan's electronic components manufacturers are planning to increase R&D expenditures in fiscal 2004 by 10.1% to ¥235.7 billion, according to a survey of 39 major firms in the sector. Of the 39 firms polled, 31 plan to hike R&D spending in fiscal 2004. Only 2 firms are planning cutbacks. Focus will be on automotive electronics, and mobile communications, in addition to digital consumer electronics, such as digital cameras, and LCDs.

DSC Manufacturers Bullish on Demand



Japan's digital camera manufacturers are bullish on demand, expecting to sell 60 million units in fiscal 2004 and 72 million units in fiscal 2005. Component manufacturers, including CCD manufacturers, microprocessor suppliers, and semiconductor producers, are looking to DSC as a demand driver for their products. However, prices are on the slide and staying price competitive is the key to survival. Sanyo Electric, the leading producer is the most bullish, expecting sales to increase from 12 million units in fiscal 2003 to 20 million units in fiscal 2004.

FPD Display Demand Surging

Production of large-size panels is expected double in the next two years and triple in the next three years as manufacturers are rapidly increasing production capacity for larger panels to meet growing demand for use in flat panel televisions. SO far PC monitors and notebook PCs accounted for most of the demand. However, there are shortages of components and panel manufacturers are being forced to review their production processes.

Production of Compact HDDs to Surge

Three major Japanese HDD producers, Fujitsu (6702 TSE1), Hitachi (6501 TSE1), and Toshiba (6502 TSE1), are planning to boost production of compact HDDs to cope with rising demand for use in digital consumer electronic devices. Hitachi (6501 TSE1) has nearly half the share for 2.5-inch HDDs, with Toshiba (6502 TSE1) coming in second with a market share of 29.7%. The three plan to increase production in fiscal 2004 by 30%. Fujitsu (6702 TSE1) expects shipments of the 2.5-inch model to double in the current fiscal year. Japan has a clear lead in 2.5-inch HDDs.

SEAJ Forecasts Strong Demand for SPE

Sales of semiconductor and LCD panel production devices in fiscal 2004 will rise 36% to ¥2.1 trillion, according to SEAJ, the semiconductor industry's trade body, recovering to the 2002 level, when sales were at historically high levels. Sales of semiconductor production equipment in 2004 will increase 14.5% to ¥1.4 trillion and those of LCD panel production will rise 75% to ¥6,25.6 billion, the report forecasts.

Initial Public Offerings News (For detailed information, go to: <http://www.ipotokyo.com>)

Maxvalu Tokai (8198 TSE2)

Maxvalu Tokai Co., a supermarket chain operator, will list on the Tokyo Stock Exchange's Second Section on July 30. The company will offer three million shares to the public in its initial public offering. This will include 1.5 million newly issued shares and 1.5 million existing shares, held in private. The tentative price range will be announced on July 13. The fixed offering price will be announced on July 21. Nomura Securities is the lead underwriter for the offer. The estimated ¥ 3.77 billion to be raised from the IPO will be used for capital expenditure.

Arte Japan (2406 Jasdaq)

Arte Japan Co., an operator of beauty salon chains, will list on the JASDAQ market on August 3. The company will offer 2,600 shares to the public in its initial public offering. This will include 1,800 newly issued shares and 800 existing shares, held in private. The tentative price range will be announced on July 13 and the fixed offering price will be announced on July 23. Ichiyoshi Securities is the lead underwriter of the offer. The proceeds, estimated at ¥326.86 million, will be used for capital expenditure.



Zakkaya Bulldog (3331 Jasdaq)

Zakkaya Bulldog Co., an operator of fashion goods, will list on the JASDAQ market on August 8. The company will offer 900,000 shares to the public in its initial public offering. This will include 700,000 newly issued shares and 200,000 existing shares, held in private. The tentative price range will be announced on July 15 and the fixed offering price will be announced on July 27. Nomura Securities is the lead underwriter of the offer.

10art-ni (3744 TSE Mothers)

10art-ni Corp., a computer system developer, will list on the Tokyo Stock Exchange's Mothers market on August 5. The company will offer 4,000 shares to the public in its initial public offering. This will include 2,000 newly issued shares and 2,000 existing shares, held in private. The tentative price range will be announced on July 13 and the fixed offering price will be announced on July 14. Shinko Securities is the lead underwriter of the offer. The proceeds, estimated at ¥378.6 million, will be used for research and development and for overseas expansion.

Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Semicon (Production)	Electronic devices	Consumer electronics (sales)
Apr.	86.6	92.6	82.7	96.2	1,788	1,677	14,103	1,783	5,261	3,171	7,059	216
May	92.0	96.2	81.1	97.0	1,857	1,707	14,721	1,952	5,501	3,307	7,269	205
June	92.6	96.2	81.1	115.9	2,003	2,039	16,003	1,954	6,481	3,449	7,569	229
July	91.3	90.4	92.6	106.4	2,023	1,924	15,859	1,823	6,206	3,545	7,830	247
Aug.	91.2	95.8	87.0	60.5	1,771	1,165	14,332	1,577	5,593	3,388	7,362	230
Sept	94.1	96.4	82.7	74.3	2,495	1,313	18,078	2,314	7,335	3,761	8,430	209
Oct.	98.6	104.9	80.8	75.2	2,005	1,397	16,942	2,473	6,100	3,698	8,370	228
Nov.	99.4	99.8	81.8	74.1	1,913	1,465	16,360	2,310	5,897	3,611	8,153	244
Dec.	100.2	102.4	81.3	80.9	2,123	1,529	17,484	2,289	7,034	3,596	8,160	321
Jan.	102.5	105.4	81.5	76.1	1,996	1,396	15,531	1,517	6,073	3,629	3,629	273
Feb.	95.7	99.0	80.1	84.9	2,153	1,554	16,577	1,812	6,774	3,575	8,022	195
Mar.	94.2	95.1	81.2	89.6	3,233	1,744	20,681	2,337	9,428	4,021	8,916	241
Apr.	102.0	107.2	85.1	100.8	2,060	1,792	15,745	2,079	5,535	3,604	8,132	224
May	105.6	107.6	84.3									221
YoY	17.5	15.8	2.9	3.9	15.2	6.9	10.8	13.2	4.2	13.7	15.2	8.1

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

