



Vol . 227

## *High-tech Sector*

Week ended February 11, 2007

### **Digital Consumer Markets Becoming Increasingly Oligopolistic**

In the case of many digital electronic devices consolidation is underway with a few companies dominating a large percentage of the total market. In image-scanners Canon and Seiko Epson account for a whopping 97% of the total market and in printers 96%. In plasma televisions Matsushita and Hitachi represent 94%. In LCD televisions, Sharp and Sony supplied 68% of all LCD sets sold in Japan in 2006. The situation is similar in electronic pianos, hand-held calculators, and facsimile machines, where two leading firms account for more than half the market.

### **Crystal Devices Production Sustained at High Levels**

Production of crystal devices in Japan rose 17.7% year-on-year in volume. The value of the December output rose 12.8%. Production of crystal devices for use in mobile phones, Bluetooth wireless LAN and other digital devices rose 41.8%. Production in the April-December period was up 18.7% in volume and 16.6% in value, according to QIAJ, a crystal device manufacturers association.

### **Personal Computer Sales Rebound**

Weekly sales of personal computers recorded an year-on-year gain for the first time in 42 weeks, according to GFK, a market research firm. The recovery is attributed to the launch of Vista, a new PC software from Microsoft. In the week from January 29 to February 4, personal computer sales were up 4% year-on-year. The average price of personal computers also rose by ¥11,896 due to higher performance hardware required for Vista-compatible PCs. Personal computers installing Vista Home Premium and those with terrestrial digital broadcast tuners are selling well, according to retail sources.

### **Machine Tool Orders Up in January**

Orders for machine tools in January increased 5.5% year-on-year but were off 5.2% compared with the previous month. Orders in January totaled ¥119.5 billion. Orders in 2006 rose 5.4% compared to the previous year to ¥1.4 trillion, according to the Japan Machine Tool Builders Association.

### **EMS Production Showing Significant Growth in India**

The Indian EMS industry has largely gone unnoticed so far but industry sources say that it is expanding rapidly and is likely to account for 8% of global EMS production in 2010. Production of India's EMS sector is expected to reach US\$3 billion, a more than three-fold increase from the 2005 level, according to Frost & Sullivan's Indian unit. The research company estimates the global EMS market at US\$370 billion in 2010, up from US\$190 billion in 2005.

### **Plasma TV Shipments Up Sharply in December – Large Sizes Account for Nearly 90%**

Shipments of plasma television in December increased 53.8% to 137,000 units, topping the 130,000 mark for the first time. Shipments in 2006 were up 64.3%. Double-digit growth has continued since 2001, when JEITA started compiling statistics on plasma television shipments.

### **Connector Production Rising Steadily**

After declining slightly in 2004, connector production in Japan has been rising steadily, increasing to ¥515.4 billion in 2006 from ¥430.1 billion in 2004. Industry sources are projecting output at ¥537.6 billion in 2007.

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

### **Ecash (3840 MTH)**

Ecash Corporation, an electronic payment system developer will list on the Tokyo Stock Exchange's Mothers market on March 12. The company will offer 5,600 shares in its initial public offering. Of those 4,000 are newly issued shares and 1,600 are shares currently held in private. The tentative price range will be announced on February 20. The fixed offering price will be announced on February 28. For the current fiscal year through March 31, 2007, the company forecasts consolidated net income of ¥75 million on revenues of ¥789 million and earnings per share of ¥2,634.23. Mizuho Securities is the lead underwriter of the offer.

### **Soliton Systems (3040 JAQ)**

Soliton Systems K.K, an information security service company, will list on the JASDAQ Securities Exchange on March 9. The company will offer 1.1 million shares in its initial public offering. Of those 800,000 are newly issued shares. The tentative price range will be announced on February 20. The fixed offering price will be announced on February 28. Nomura Securities, the lead underwriter of the offer, also has a green shoe option, allowing it to offer an additional 165,000 shares in the event of exceptional demand. The company expects to net ¥1.36 billion from the IPO and plans to use the proceeds for capital investment, product development, loan repayments and working capital. For the current fiscal year through March 31, 2007, the company forecasts consolidated net income of ¥895 million on revenues of ¥19.1 billion and earnings per share of ¥147.85.

### **Contec (6639 TSE2)**

Contec Co., Ltd., an electronics manufacturer, will list on the Second Section of the Tokyo Stock Exchange on March 14. The company will offer 900,000 shares in its initial public offering. Of those 600,000 are newly issued shares and 300,000 are shares currently held in private. The tentative price range will be announced February 21. The fixed offering price will be announced on March 2. Nomura Securities, the lead underwriter of the offer, also has a green shoe option, allowing it to offer an additional 135,000 shares in the event of exceptional demand. The company expects to net ¥1.3 billion from the IPO. Proceeds will be used to retire loans. For the current fiscal year through March 31, 2007, the company forecasts consolidated net income of ¥694 million on revenues of ¥22.7 billion and earnings per share of ¥210.47.

### 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>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>Aug</b>	114.3	116.8	81.9	71.8	2,306	1,271	15,894	1,990	5,286	8,618	3,918	208
<b>Sept</b>	109.8	115.5	81.5	85.8	2,849	1,456	18,072	2,472	6,461	9,139	4,022	203
<b>Oct</b>	113.2	118.7	83.4	80.5	2,474	1,500	17,032	2,897	5,311	8,823	3,904	218
<b>Nov</b>	112.9	118.2	85.0	82.9	2,507	1,545						238
<b>YoY</b>	3.2	2.2	-0.6	-2.5	4.5	4.1	8.5	18.3	2.2	9.5	9.3	-6.1

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