



Vol. 254

## *High-tech Sector*

Week ended November 4, 2007

### **DoCoMo (9437 TSE1) Launches 23 New Models of Cell Phones in a Bid to Recapture Market Share**

NTT DoCoMo (Stock code: 9437) announced 23 new models of mobile phones, adding more new models than its two rivals. The company's new models focus on high-speed, one seg and global roaming phones. NTT DoCoMo was the only one among the three top carriers to suffer a net loss of subscribers after the number portability system was introduced last year. The new models were also launched with an eye on getting competitive advantages as new rate plans are being introduced. NTT DoCoMo plans to raise the prices of handsets while slashing the basic monthly charge.

### **Electronic Devices Production Picks Up in Japan**

Production of electronic devices, that includes integrated circuits and LCD devices, seems to be picking up from the second half of the current fiscal year, according to JEITA, the sector's trade association. Production was up about 3% year-on-year in July and again in August. Production in the first eight months was up 0.3%. Global semiconductor sales rose 5.9% year-on-year, according to Semiconductor Industry Association. Cumulative sales of semiconductors to September increased 3.5%.

### **DSC Sales on the Upswing**

DSC sales continue to increase and there are no signs of any slowdown in the near future. CIPA, the sector's trade body raised its shipments forecast for 2007 to 9,361 units. This was the second year in a row that the beginning-of-year forecast has been revised upward. Canon (Stock code: 7751) plans to ship 2,400 units in 2007, up from 2,110 shipped in 2006. Sony (Stock code: 6758) will ship an estimated 2,000 units, an increase of 260 units from the previous fiscal year.

### **Printed Circuit Board Demand at High Levels**

The printed circuit board market is expected to hover at a high level in 2007, underpinned by a growing demand for use of PCBs in mobile devices such as cell phones, digital cameras and portable audio players. Rising production of digital home electronics, including FPD TVs, is also lifting demand. Expanding demand for car electronics is also a factor behind the higher demand for PCBs. Reflecting the above demand trends, production of high-density PCBs, built-up PCBs and PCBs for high-performance modules is rising rapidly. Production of PCBs in 2007 is expected to increase 1.9% to 1.33 trillion yen. This comes following a production gain of 16.6% YoY in 2006. The highest growth is expected to be in multi-layer PCBs, particularly those with more than 10 layers, production of which is likely to be up 16.3.

### **Semiconductor Demand to Stay Strong in Second 2008**

Demand for semiconductors is likely to stay robust in the second half of 2007 and the strength should extend through 2008, according to industry sources. In a recent survey of 12 major semiconductor manufacturers, five said that they expect sales to increase more than 10% and six expect sales to increase by a single digit figure. Only one respondent expects sales to stay flat in 2008. Questioned about growth drivers, respondents selected digital home electronics and mobile phones as the principal sources of demand.

### **Earnings Roundup**

#### **Electrical Equipment Manufacturers Post Strong Interim Profit**

Japan's eight major electrical equipment manufacturers have now released their interim results. Five of the eight manufacturers posted higher operating income. Prices remained under strong pressure and competition heated up in the North American market. On the other hand, their conventional businesses that is, white goods did well in Europe and in emerging markets.

	Sales	Operating income/loss	TV business Operating income/loss
Hitachi	52,804 (11)	1,216 (513)	-500
Matsushita	45,253 (3)	2,199 (6)	Moved into black
Sony	40,595 (13)	1,897 (2,953)	-500
Toshiba	36,899 (17)	825 (27)	-100
Mitsubishi Electric	18,897 (6)	1,291 (38)	Into the red
Sharp	16,408 (129)	790 (-12)	Into the black
Pioneer	3,831 (1)	22 (-81)	Into the red
Victor	3,301 (-11)	-53 (-)	Into the red

#### **Ibiden (4062 TSE1) Headed for Record Profit**

Ibiden (Stock code: 4062) is likely to report record consolidated operating income of 75 billion yen up 9% year-on-year on a sales gain of 9% to 435 billion yen in the current fiscal year to March 2008. The company had projected a profit decline of 4% to 66 billion yen. Strong sales of diesel particulate filters in the U. S. and Europe and cost cutting are expected to lift profit. Interim operating income was up 29% to 40.5 billion yen.

#### **Initial Public Offerings**

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

#### **Synergy Marketing (3859 HRLS)**

Synergy Marketing, Inc., a firm specializing in the planning and development of CRM products and services and offering other CRM-related services such as CRM strategy development, will list on the Hercules market of the Tokyo Stock Exchange on November 20. The company will offer 2,000 shares to the public in its initial public offering. Of those, 1,000 are shares currently held in private. The tentative price range was announced on October 31. The fixed offering price will be announced on November 9. Daiwa Securities SMBC is the lead underwriter of the offer.

#### **WebMoney (2167 NEO)**

WebMoney Corporation, a company marketing servers supporting settlement of e-commerce transactions, will list on the JASDAQ Securities Exchange's NEO market on December 6. The company will offer 8,000 shares to the public in its initial public offering. Of those, 4,000 are shares currently held in private. Daiwa Securities SMBC, the lead underwriter of the offer, has

a green shoe option to offer an additional 1,200 shares in case of exceptional demand. The tentative price range will be announced on November 15. The fixed offering price will be announced on November 27.

### MIC Medical (2166 JAQ)

MIC Medical Corp., a maker of medical equipment, will list on the JASDAQ Securities Exchange on November 30. The company will offer 3,940 shares to the public in its initial public offering. Of those, 2,540 are shares currently held in private. The tentative price range was announced on November 13. The fixed offering price will be announced on November 20. Nomura Securities is the lead underwriter of the offer.

### Basic Electronics Industry Statistics

	Prod	Shp.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Electronic devices	Semicon (Production)	Consumer electronics (sales)
<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	17,643	2,939	5,972	8,731	3,823	238
<b>Dec</b>	111.6	116.0	83.6	85.4	2,568	1,771	16,809	2,468	6,005	8,337	3,544	306
<b>Jan</b>	110.8	116.8	82.9	76.3	2,327	1,342	15,193	1,657	5,335	8,201	3,626	257
<b>Feb</b>	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
<b>Mar</b>	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
<b>Apr</b>	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
<b>May</b>	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
<b>June</b>	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
<b>July</b>	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
<b>Aug</b>	114.5	123.6	75.1	72.9	2,474	1,198	16,581	2,268	5,532	8,781	3,995	255
<b>Sept</b>	111.5#	117.3#	72.9									
<b>YoY</b>	1.5	2.0	-10.6	1.3	7.1	-5.2	4.6	14.3	4.4	2.4	2.0	22.4

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