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High-tech Sector

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Lithium-ion Battery Demand to See Explosive Growth

Increasing popularity of Hybrid Electric Vehicles (HEV) is driving up demand for lithium-ion batteries, according to Yano Economic Research Institute, a Tokyo-based think tank. Production of HEV vehicles is projected at 5.5 million in 2015, up from a mere 0.2 million in 2006. According to the report, lithium-ion batteries will become the mainstay HEV battery after 2008, when its performance is expected to top that of Nickel-hydrogen batteries. In terms of value, the market is expected to reach 400 billion yen.

LCD TV Shipments Up Sharply in March

Shipments of all televisions in March increased 0.8% year-on-year to 825,000 units to register a second consecutive year-on-year increase in monthly shipments, according to JEITA, the electronic sector's trade body. LCD TV's accounted for 81.6% and PDP TVs 7.1% of the total figure. Shipments of LCD TVs smaller than 29 inches rose 73.3% to 244,000 units and those in the 30-36 inch category were up 157.3% to 211,000 units. Shipments of plasma TVs smaller than 43 inches were up 41.9% to 49,000 units.

Consumer Electronics Shipments Slow in March

Shipments of consumer electronic products in March fell 0.3% compared to the same month a year earlier to 137 billion yen, according to JEMA. Shipments in fiscal 2006, the year from April 2006 to March 2007, were down 0.9% to 1.4 trillion yen. This is the first year-on-year decline in annual shipments in three years. Although shipments of cooking heaters, rice cookers and other similar items were up, shipments of refrigerators slowed due to unseasonable weather.

Outlook for Power Devices

The power devices market in 2006 expanded 16.4% compared to the previous year to 1.8 trillion yen, according to statistics compiled by Yano Economic Research Institute. Demand will continue to increase in 2007 to approximately two trillion yen, the think tank added. Expansion of the flat panel television market and introduction of high-frequency MPUs is driving demand. In the years ahead, demand growth will be sustained by the spread of inverter air conditioners in overseas markets.

Car Navigation Systems Markets Expands

Japan's car navigation systems market is growing, supported by an expanding customer base. In the past few years, the market was dominated largely by high-end systems, priced at around 300,000 yen, as retailers aggressively promoted these high-margin systems. But now, portable navigation systems priced at around 100,000 yen have appeared and are winning acceptance

from subcompact car owners. Industry insiders estimate total shipments in fiscal 2007 at 4.1 million units, up 3.4% from the previous fiscal year.

Mobile Phone Ad Market to More Than Triple in the Next Five Years

Mobile phone ad market in Japan is entering a rapid growth phase and is likely to reach 128.4 billion yen in 2011, up 3.3 times compared to 2006, according to Dentsu Sogo Kenkyusho, an affiliate of Dentsu, Japan's largest ad agency.

SNS and Blog Related Markets Expanding Rapidly

Growth social networking service and blog related markets are likely to outpace that of the online advertising market, says Nomura Research Institute. The two markets totaled 22 billion yen in 2006 and are expanding at an annual rate of around 50%. This is expected to push the market up to 170.6 billion by 2011. Japan's largest SNS site operator MIXI had 8 million members in 2006. DNA, an operator of mobile phone-based SNS site (Mobile Town) signed up more than 4 million members in 2006.

Online Advertising Market to Double in Five Years

Japan's online advertising market, growing at an annual average rate of about 16%, will double to more than 750 billion yen in the next five years, says Dentsu, Japan's largest advertising agency. The online advertising market is still relatively small, accounting for just 6% of the total six-trillion-yen advertising market in this country. Even in 2011, the online advertising market will still be smaller than the TV advertising market (estimated at 2.1 trillion) but will overtake magazine advertising (388 billion yen) and edge closer to the newspaper advertising market, where billings are likely to be around 998.8 billion.

Multi-layer Ceramic Capacitor Manufacturers Hike Production

Japan's multi-layer ceramic capacitor (MLCC) manufacturers are aggressively increasing production in Japan to meet growing demand for use in mobile phones, dual-core MPUs, FPD TVs, digital cameras and video game machines. A high-powered mobile phone has 300 MLCCs and 700-800 MLCCs go into a large FPD TV. Murata Manufacturing (Stock code: 6981), the largest capacitor manufacturer with a global market share of 35%, along with other leading Japanese capacitor manufacturers, is rapidly increasing production capacity.

Earnings Roundup

Stanley Electric (6923 TSE1) Likely Hike FY06 Dividend To Y25

Stanley Electric (Stock code: 6923) is likely increase its annual dividend for the year ended March 31st, to 25 yen, an increase of 5 yen from a year earlier and 1 yen higher than the previous forecast. The automobile lighting equipment manufacturer's consolidated net income is likely to have increased 27% year-on-year to around 26.2 billion yen to a new record for a sixth straight year. Sales appear to have climbed 9% on the year to about 338.7 billion yen. For fiscal 2007, consolidated net income is forecast to rise 6-7%. The annual dividend is likely to be increased by 1 yen to reach the 26-yen mark.

Terumo (4543 TSE1) Sees Pretax Profit Up 7% On Transfusion Bag Strength

Terumo (Stock code: 4543) projects consolidated net income of 63 billion yen in fiscal 2007, a 7% increase over the estimate for the previous fiscal year. Sales are seen rising to a record of about 300 billion yen, up 9% from the 275 billion yen estimate for fiscal 2006, on brisk shipments of medical catheters and high-value-added blood transfusion bags. Operating income is forecast to jump 7% to approximately 63 billion yen, while net income is likely to rise 5% to around 40 billion yen.

Initial Public Offerings

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

Nippon Techno Laboratory (3849 AB)

Nippon Techno Laboratory, a software-house specializing in software development and marketing and on system integration, will list on Sapporo Stock Exchange's Ambitious market on May 22. The company will offer 1,400 shares in its initial public offering. Of those, 500 will be newly issued. The other 900 are shares currently held in private. The tentative price range will be announced on April 26 and the fixed offering price will be announced on May 10. IPO Securities is the lead underwriter of the offer.

Takeei (2151 MTH)

Takeei, an environmental solutions company, will list on the Tokyo Stock Exchange's Mothers market on May 30. The company will offer 44,000 shares to the public in its initial public offering. Of those, 40,000 are newly issued shares and 4,000 are shares held in private. The fixed offering price will be announced May 21. The tentative price range will be announced May 10. The company expects to net Y2.65 billion from the IPO. For the current fiscal year through March 2008, the company forecasts consolidated net income of Y873 million on revenue of Y15.58 billion and earnings per share of Y386.62. Tokai Tokyo Securities is the lead underwriter of the offer.

Youji (2152 HRLS)

Youji, a management consultant for nursery schools and pre-schools, will list on Osaka Security Exchange's Hercules market on May 28. The company will offer 220,000 newly issued shares in its initial public offering. The tentative price range will be announced on May 8 and the fixed offering price will be announced on May 17. Shinko Securities is the lead underwriter of the offer.

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)
Mar	101.4	109.7	81.4	103.4	3,440	1,549	20,718	2,305	9,447	8,967	4,103	225
Apr	106.9	110.1	86.9	101.6	2,244	1,698	15,977	2,308	5,655	8,014	3,586	214
May	105.6	113.5	85.6	98.6	2,118	1,585	15,650	2,300	5,218	8,132	3,681	205
June	109.6	115.6	86.7	116.7	2,523	1,902	17,173	2,370	6,292	8,810	3,780	227
July	107.7	113.7	84.2	99.4	2,353	1,627	16,169	2,005	5,552	8,613	3,794	256
Aug	114.3	116.8	81.9	71.8	2,306	1,271	15,894	1,990	5,286	8,618	3,918	208
Sept	109.8	115.5	81.5	85.8	2,849	1,456	18,072	2,472	6,461	9,139	4,022	203
Oct	113.2	118.7	83.4	80.5	2,474	1,500	17,032	2,897	5,311	8,823	3,904	218
Nov	112.9	118.2	85.0	82.9	2,507	1,545	17,643	2,939	5,972	8,731	3,823	238
Dec	111.6	116.0	83.6	85.4	2,568	1,771	16,809	2,468	6,005	8,337	3,544	306
Jan	110.8	116.8	82.9	76.4	2,327	1,342	15,193	1,657	5,335	8,201	3,626	257
Feb	109.7#	116.3#	82.8#									178
YoY	1.4	3.6	1.2	-5.8	5.9	4.0	1.5	-5.3	-1.6	5.1	3.0	-1.7

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