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STATISTICS

Results of Basic Survey on the Communications Industry (implemented in July 2007)

The Ministry of Internal Affairs and Communications has compiled the results of the Basic Survey on the Communications Industry conducted in July 2007. The outline of the results is as follows.

Major Findings of Current Survey

- o Actual sales for fiscal year 2005 in the communications industry rose 0.1% year on year, to ¥18.0988 trillion. Estimated figures for fiscal year 2006 are for a 0.5% increase to ¥18.1945 trillion.
- o In terms of management indicators, labor productivity rose year on year, but the ratio of recurring profits to sales was down.
- o As for most desired new business areas, for telecommunications operators, it was "wireless Internet access," for commercial broadcasters, it was "creation of digital contents," for cable TV broadcasters, it was "FTTH service," and for Internet related service businesses, it was "consulting."

Survey Overview

The Basic Survey on the Telecommunications Industry has been conducted since FY2002 in order to grasp the actual business situation and trends of the communications industry (telecommunications business and

broadcasting business). (Note that this survey was conducted from FY1994 through FY2001 as the "Survey on the Communications Industry (Financial Survey of Management Entities).")

* The figure for total sales, etc. is the total of all the respondents. As the number of respondents differs each year, care should be exercised when making comparisons.

Businesses Covered

- o Telecommunications business sector: All registered telecommunications carriers (businesses having large-scale line equipment/facilities); and among notified telecommunications carriers (businesses having no or only small-scale line equipment/facilities) those joint-stock companies with capital of 30 million yen or more.
- o Commercial broadcasting business sector: All commercial broadcasting businesses.
- o Cable TV business sector: joint-stock companies with 10,000 or more drop terminals.

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**International Policy Division,
International Affairs Department,
Telecommunications Bureau,
Ministry of Internal Affairs and
Communications (MIC)**

1-2, Kasumigaseki 2-chome, Chiyoda-ku, Tokyo 100-8926, Japan
Fax: +81-3-5253-5924
Tel: +81-3-5253-5920

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o Internet-related service business sector: Server housing businesses, application service providers (ASPs) and other Internet-related businesses listed in the relevant industry directory.

Response Rates

Business sector	No. of questionnaires sent	Responses	Response rate (%)
Total communications industry	1,428	999	70.0
Telecommunications business	745	443	59.5
Broadcasting business	683	556	81.4
Commercial broadcasting business	443	366	82.6
Cable TV business	240	190	79.2
Internet-related service business	342	102	29.8
Total	1,770	1,101	62.2

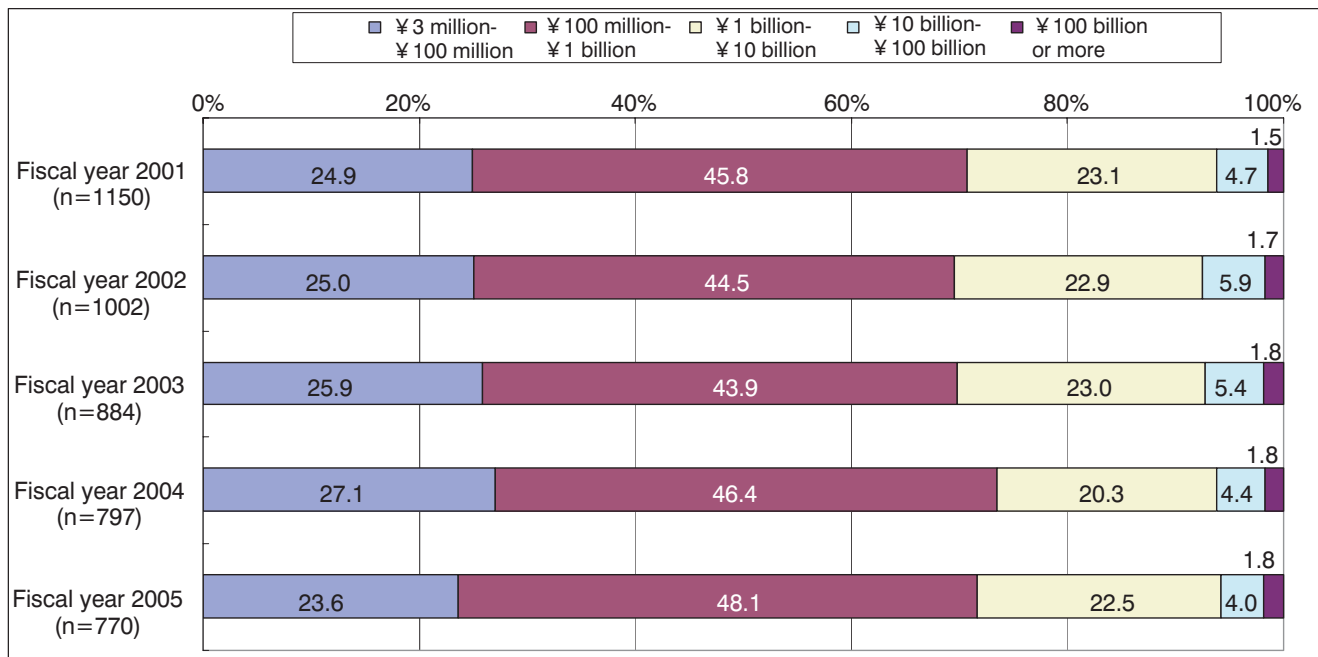
Industry Demographics

o In terms of capitalization, the largest segment is in the ¥ 100 million to ¥ 1 billion at 48.1%, followed by the ¥ 3 million to ¥ 100 million segment at 23.6%, and the ¥ 1 billion to ¥ 10 billion segment at 22.5%.

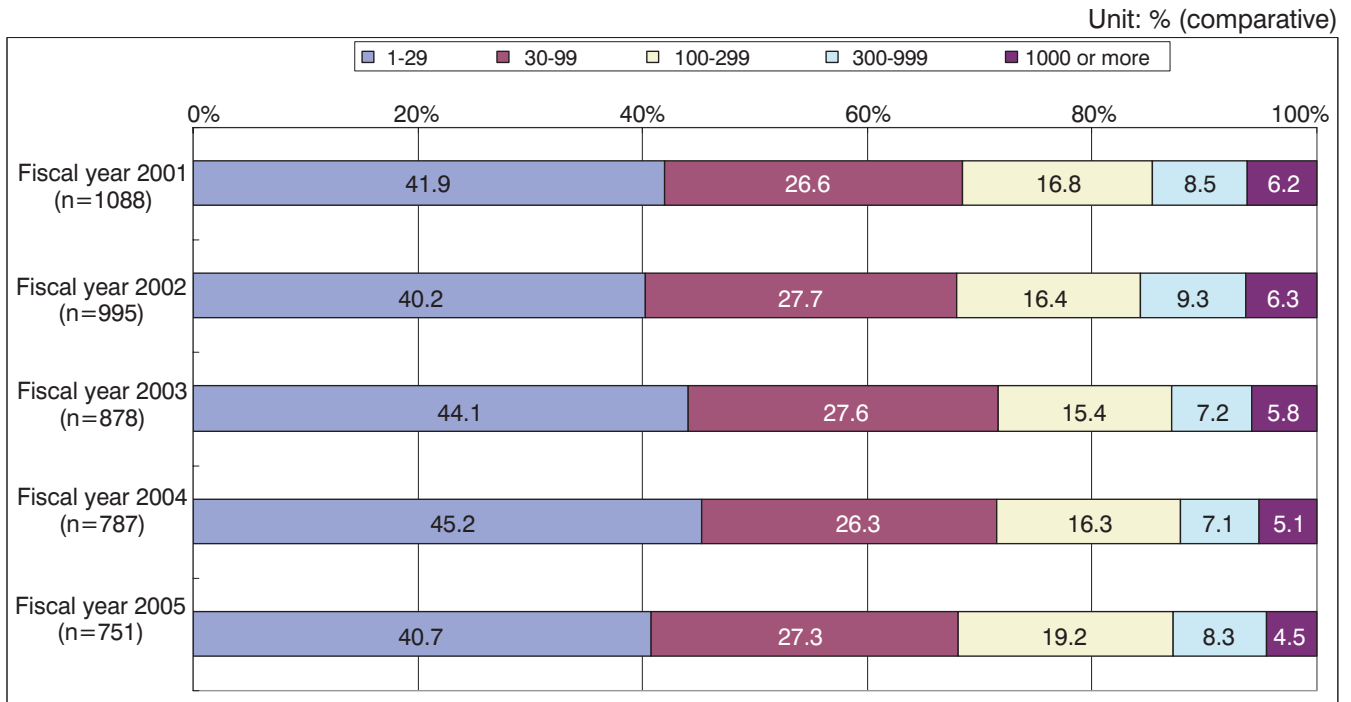
o Looking at figures by number of employees, the largest segment was 1 to 29 employees at 40.7%, followed by 30 to 99 employees at 27.3% and 100 to 299 employees as 19.2%.

Capitalization of communications industry

Unit: % (comparative)



Employment trends by number of employees in communications business



Note 1: Because figures are rounded, totals may not always amount to 100%

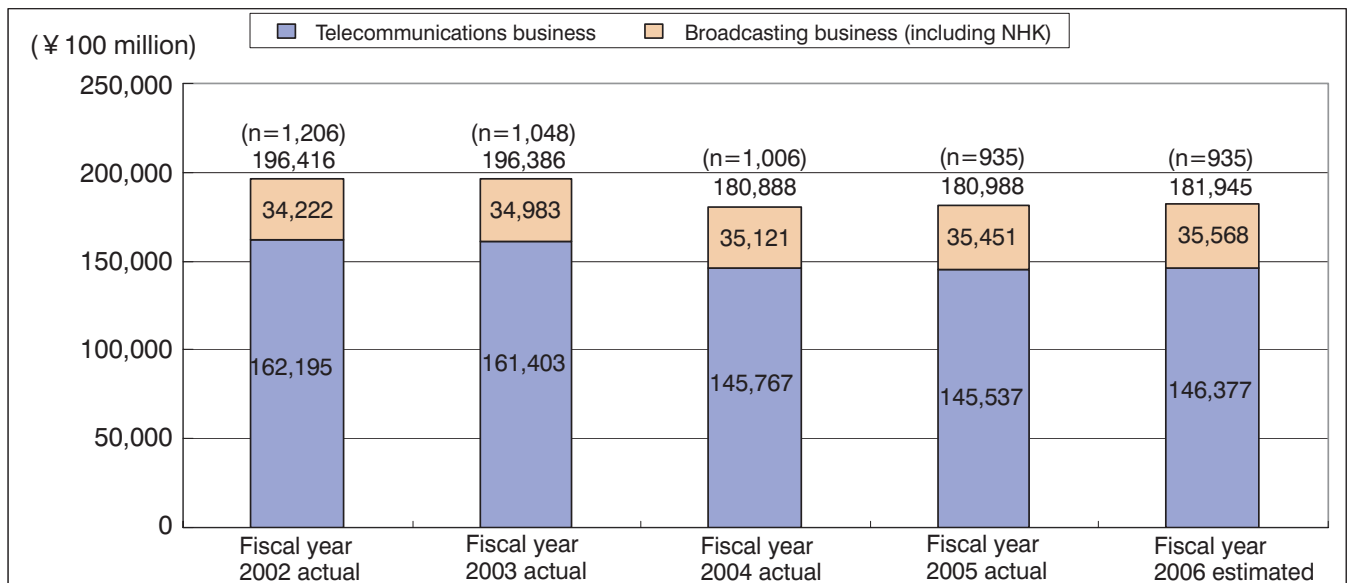
Note 2: "n" denotes the number of companies in the calculation (same below).

Sales Trends

(1) Movements in sales

o Actual sales for FY2005 in the communications industry totaled ¥ 18.0988 trillion, an increase of 0.1% year on year. Estimated figures for FY2006 are ¥ 18.1945 trillion yen, an increase of 0.5% year on year.

Movements in communications industry sales



Movements in communications industry sales by business sector

Unit: ¥ 100 million

Business sector	Fiscal year 2002 actual	Fiscal year 2003 actual	Fiscal year 2004 actual	Fiscal year 2005 actual	Fiscal year 2006 estimated
Total communications industry	196,416 13.3	196,386 0.0	180,888 7.9	180,988 0.1	181,945 0.5
Telecommunications business	162,195 14.9	161,403 0.5	145,767 9.7	145,537 0.2	146,377 0.6
Commercial broadcasting business	25,340 6.2	25,744 1.6	25,370 1.5	26,420 4.1	26,205 0.8
Cable TV business	2,195 4.3	2,545 15.9	3,083 21.1	2,688 12.8	2,931 9.0
NHK	6,687 1.7	6,694 0.1	6,667 0.4	6,344 4.8	6,433 1.4
Internet-related service business (see separate table)	4,143 157.6	7,100 71.4	6,344 10.6	4,699 25.9	5,552 18.2

Note 1: The figure for total sales is the total of all the respondents. As the number of respondents differs each year, care should be exercised when making comparisons.

Note 2: NHK figures are from the Business Report.

(For reference) Year on year sales growth for companies responding two consecutive years

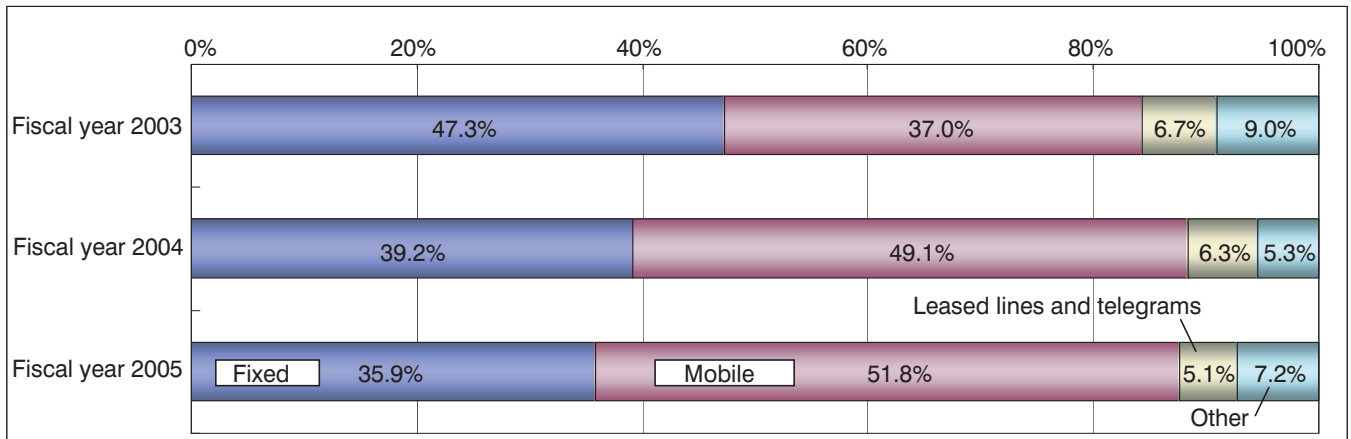
Units: ¥ 100 million, %

Business sector	No. of companies	Actual sales		
		Fiscal year 2004	Fiscal year 2005	Year on year change
Telecommunications business	302	136,631	139,295	2.0
Commercial broadcasting business	327	24,968	25,192	0.9
Cable TV business	151	1,873	2,055	9.7
Internet-related service business (see separate table)	36	2,497	3,069	22.9

(2) Movements in sales breakdown**(a) Telecommunications business sector**

o The actual breakdown of sales for the telecommunications business shows that the mobile services sector which had overtaken fixed services in fiscal year 2004, topped 50% of the total in fiscal year 2005, with a figure of 51.8%.

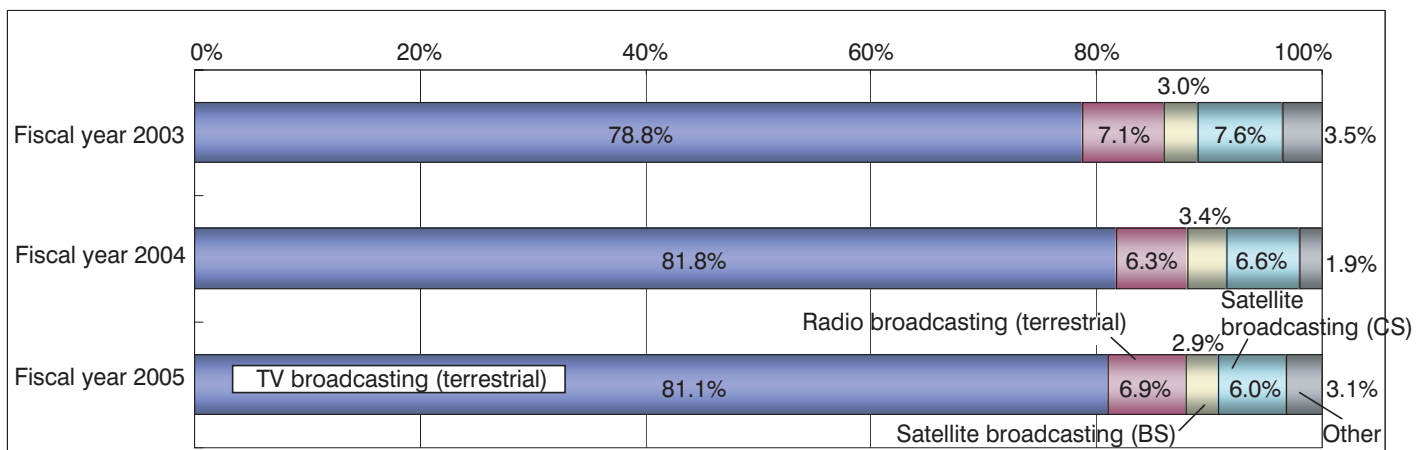
Movements in breakdown of sales in the telecommunications business sector



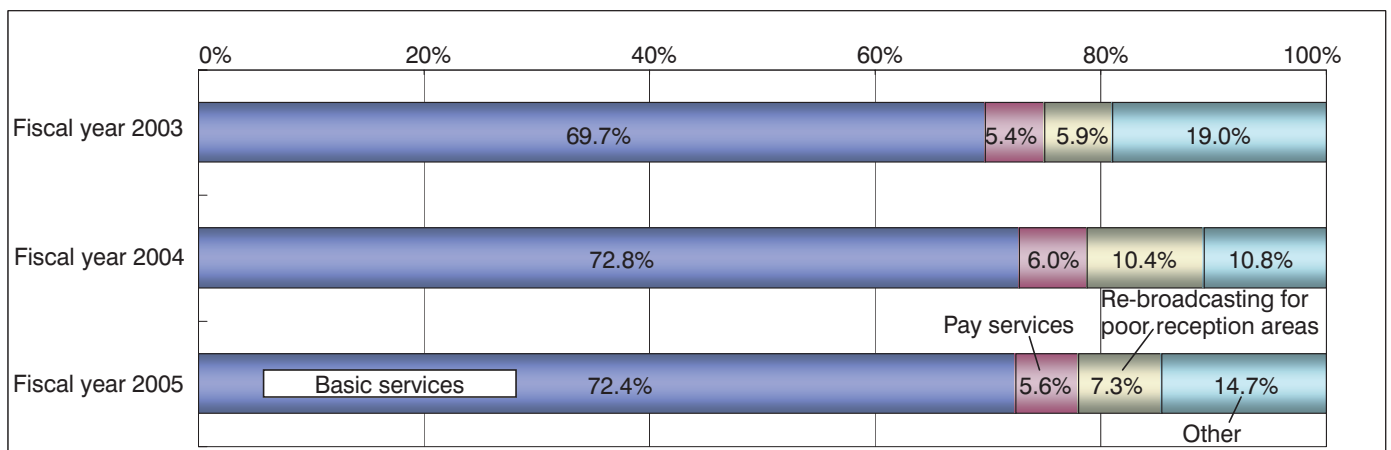
(b) Broadcasting business sector

- o The breakdown of the commercial broadcasting sector shows TV broadcasting (terrestrial) accounting for approximately 80% of the total, at 81.1%, with satellite broadcasting (BS/CS) accounting for approximately 9%, and radio broadcasting (terrestrial) accounting for approximately 7%.
- o The breakdown of cable TV broadcasting shows basic service accounting for approximately 70% of the total, at 72.4%, with pay services accounting for approximately 6%.

Movements in breakdown of sales in the commercial broadcasting business sector



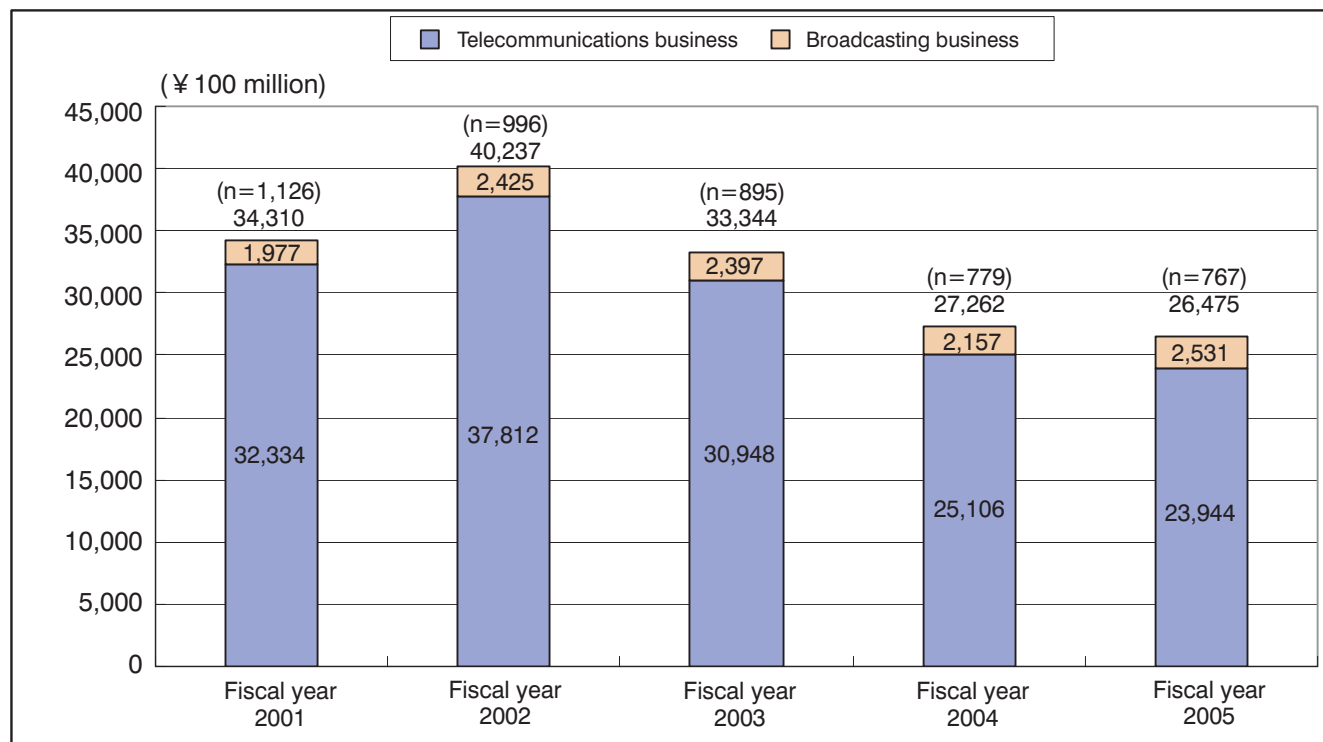
Movements in breakdown of sales in the cable TV business sector



Operating Profits

o Operating profits for the communications industry in fiscal year 2005 were down 2.9% year on year to ¥2.6475 trillion.

Movements in operating profits in communications industry (based on all companies)



Movements in operating profits in communications industry (based on all companies)

Unit: ¥100 million, % (top row: operating profit, bottom row: year on year)

Business sector	Fiscal year 2001 actual	Fiscal year 2002 actual	Fiscal year 2003 actual	Fiscal year 2004 actual	Fiscal year 2005 actual
Total communications industry	34,310	40,237	33,344	27,262	26,475
	—	17.3	17.1	18.2	2.9
Telecommunications business	32,334	37,812	30,948	25,106	23,944
	—	16.9	18.2	18.9	4.6
Commercial broadcasting business	1,945	2,201	2,070	1,727	1,976
	—	13.2	6.0	16.6	14.4
Cable TV business	32	224	327	430	555
	—	600	46	31.5	29.1
Internet-related service business (see separate table)	363	2,841	700	1,755	4,423
	—	682.6	75.4	150.7	152

Note 1: The figure for operating profits is the total of all the respondents. As the number of respondents differs each year, care should be exercised when making comparisons.

Note 2: In order to make year on year comparisons, calculations for companies over a certain size that responded in fiscal year 2003 but did not respond in fiscal years 2004 and 2005 were made by attributing the same operating profit sum to these companies for fiscal years 2004 and 2005 as for fiscal year 2003.

Capital Investment and Research & Development

(1) Acquired capital investment total

o The actual figure for acquired capital investment in fiscal year 2005 totaled ¥2.3650 trillion, with the estimated figure for fiscal year 2006 at ¥2.3681 trillion, showing a year on year increase of 0.1%.

Acquired capital investment figures for the communications industry by business sector

Unit: ¥ 100 million, %

Business sector	Fiscal year 2005		Fiscal year 2006	
	Actual	Year on year	Estimate	Year on year
Total communications industry	23,650	—	23,681	0.1
Telecommunications business	20,865	—	20,743	0.6
Broadcasting business	2,786	—	2,938	5.5
Commercial broadcasting business	2,220	—	2,287	3.0
Cable TV business	566	—	651	15.1
Internet-related service business (see separate table)	187	—	251	34.1

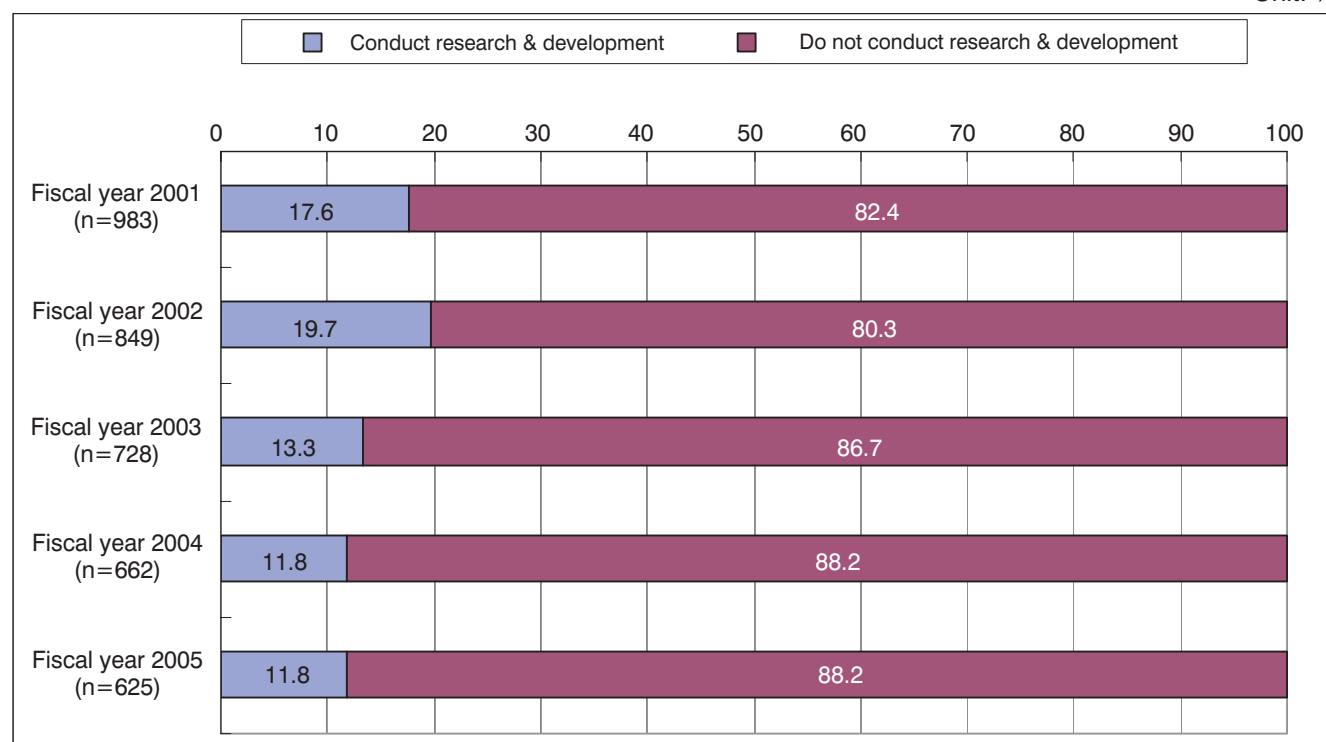
Note: Acquired capital investment figures have been added to the survey for the first time with this year's Basic Survey on the Communications Industry.

(2) Research & Development

o Movements in research & development for the communications industry show a downward trend.

Movements in whether research & development is conducted or not in the communications industry

Unit: %

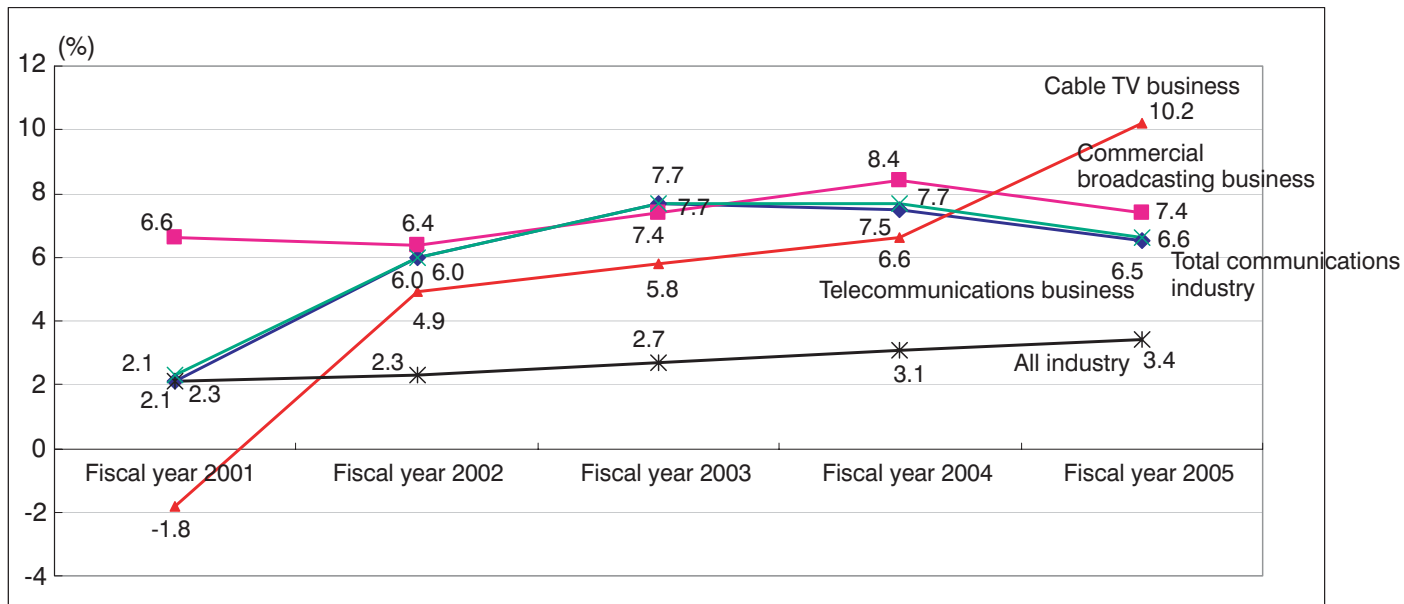


Management Indices

- o The ratio of recurring profit to sales in fiscal year 2005 was down 1.1% year on year, but stood at approximately 1.9 times the all-industry average.
- o Labor productivity for the communications industry in fiscal year 2005 was up ¥ 3.28 million year on year, and stood at approximately 2.7 times the all-industry average.

(1) Recurring profit to sales ratio

Movements in recurring profit to sales ratio (all companies) in the communications industry

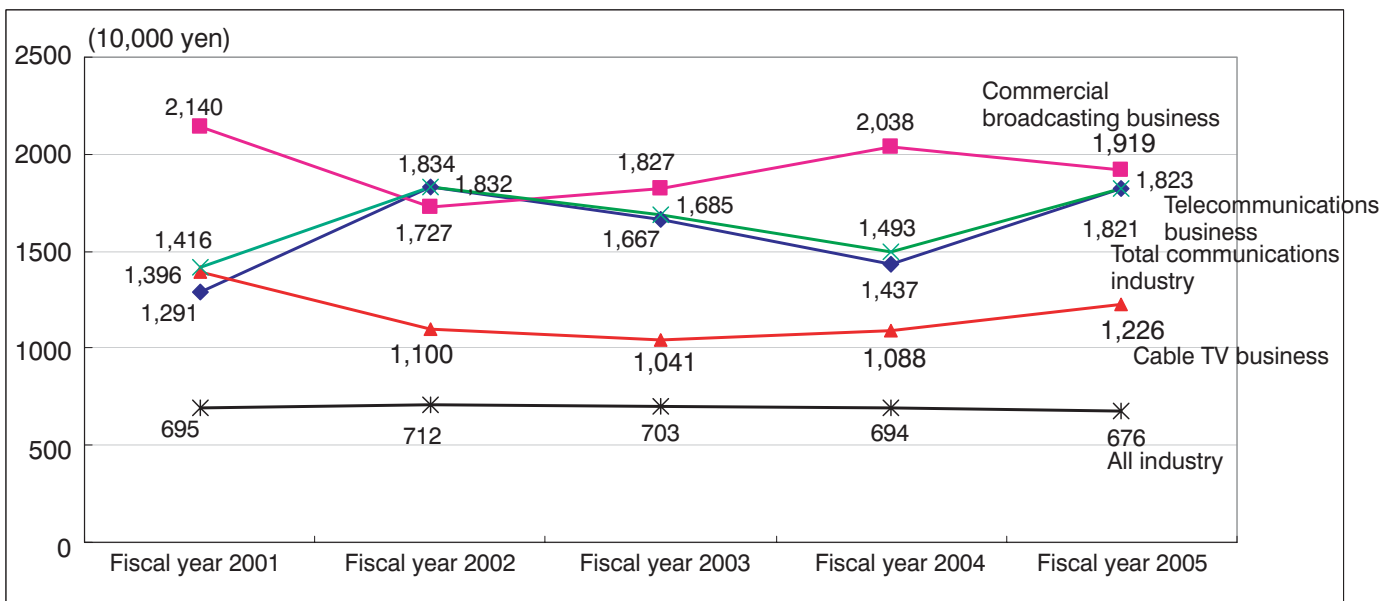


Note 1: Recurring profit to sales ratio = recurring provided/sales x 100

Note 2: The all industry figure is taken from the Ministry of Finance's "Corporate Statistical Survey Report"

(2) Labor Productivity

Movements in labor productivity (all companies) in the communications industry



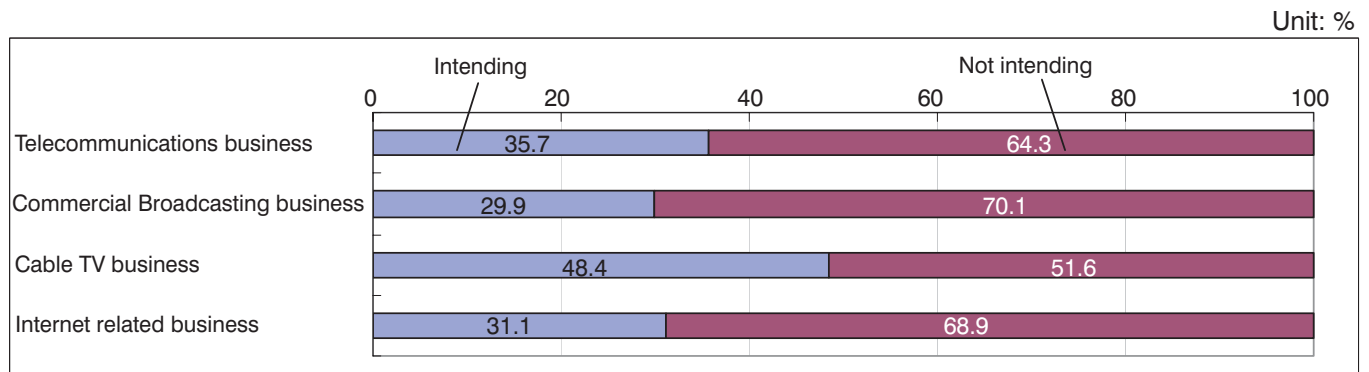
Note 1: Labor productivity = value added/no. of employees

Note 2: The all industry figure is taken from the Ministry of Finance's "Corporate Statistical Survey Report"

Future Business Directions

- o About half of cable TV business operators, followed by approximately 40% of telecommunications business operators have the intention of developing new business within a year.
- o With regard to the areas in which companies want to develop new business within a year, the proportion is high for "wireless Internet access" in the telecommunications business sector, "creation of digital contents" in the commercial broadcasting business sector, "FTTH services" in the cable TV business sector, and "consulting" in the Internet related business sector.

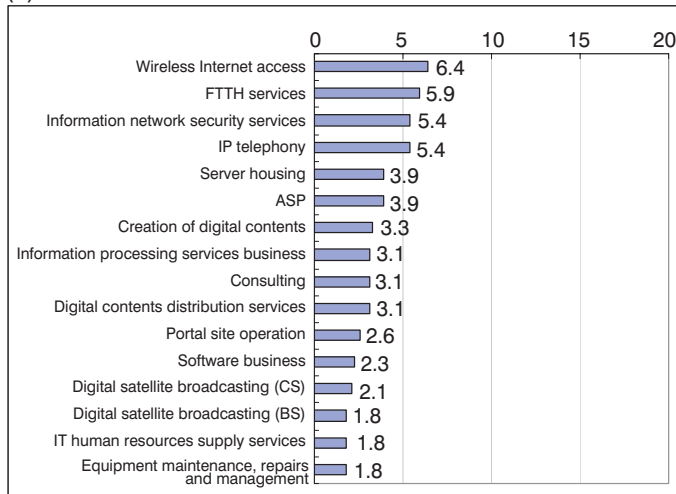
Trends in expressing intentions to develop new business within a year



Fields in which respondents wish to develop new business within a year

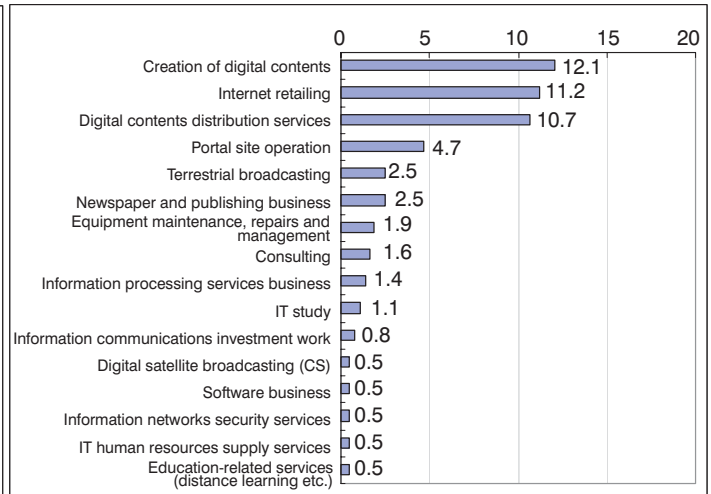
(1) Telecommunications business

Unit: %



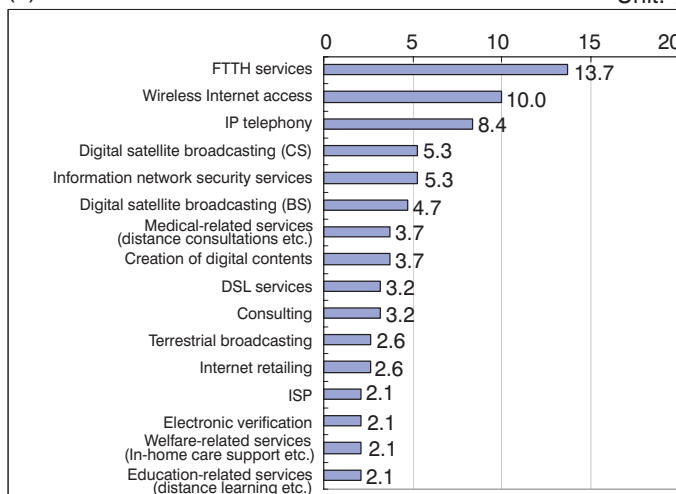
(2) Commercial broadcasting business

Unit: %



(3) Cable TV business

Unit: %



(4) Internet-related service business

Unit: %

