

Results of Fact-finding Survey of the Telecommunications Industry as of January 2005 (final)

[Major Findings]

- The sales outlook indices for the telecommunications business and cable TV business sectors for the fourth quarter of FY2004 and the first quarter of FY2005 continued along a “plus” trajectory (i.e., sales were expected to increase), with sales in the cable TV business sector expected to remain particularly strong. In contrast, the sales outlook index for the commercial broadcasting business sector slumped to below zero.
- The business condition (business condition of the industry) outlook indices for the telecommunications business and cable TV business sectors for the fourth quarter of FY2004 and the first quarter of FY2005 both ranked positively, while the outlook index for the commercial broadcasting business sector remained “more or less flat.”

The Ministry of Internal Affairs and Communications has summarized the results (final) of the Fact-finding Survey of the Telecommunications Industry (a statistical survey approved by the Minister for Internal Affairs and Communications) conducted in January 2005. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the March 7 flash report. For a more detailed summary, please refer to the attachment.

○ [Survey Overview]

The Fact-finding Survey of the Telecommunications Industry examines sales, sales outlook, etc. in order to dynamically grasp business management trends in the telecommunications industry (telecommunications and broadcasting businesses). This survey has been conducted since April 1995.

[Businesses Covered]

A total sample of 133 businesses in the telecommunications industry were organized according to their FY2003 sales share by business line (telecommunications, commercial broadcasting, etc.) and then the sample size for each business sector (line) was determined. Note that the master sample was selected from the parent population of the entire telecommunications industry so as to ensure statistical significance. Thereafter, for each business sector, as many businesses as the allocated sample size allowed were selected in order of sales volume.

[Survey Method]

Polling was conducted via questionnaire (a printed questionnaire was mailed or faxed; or the respondents directly entered their answers via the Internet).

[Survey Subjects (Information collected)]

Sales outlook, etc. (July, October, January, and April*) and all monthly sales volumes.

* In actuality, sales outlook, etc. in June, September, December, and March are reported in the following months.

[Response Rates]

Industry Sector	No. of Questionnaires sent	No. of Responses	Response Rate (%)
Total telecommunications industry	133	124	93.2
Telecommunications business	63	59	93.7
Broadcasting business	70	65	92.9
Commercial broadcasting business	50	47	94.0
Cable TV business	20	18	90.0

1. Status of Sales

- Sales for the third quarter of FY2004 for the entire telecommunications industry were 2.1% down over the corresponding period of the previous fiscal year, staying in a “minus” trend for the fourth quarter in a row.
- Sales decreased by 2.7% in the telecommunications business sector but rose by 2.0% in the commercial broadcasting business sector and by 6.2% in the cable TV business sector. Sales of the entire broadcasting business sector recorded a positive trend for the sixth quarter in a row.

Table 1 Year-on-year change in sales: same quarter; same month

(Unit: %)

Industry sector	1Q	2Q	3Q	4Q	3Q			Total	
					Oct.	Nov.	Dec.		
FY2003	Total telecommunications industry	3.3	0.8	3.9	(1.2)	3.2	2.9	5.5	1.7
	Telecommunications business	3.7	0.5	3.9	(2.0)	3.2	2.4	5.9	1.5
	Broadcasting business	(0.5)	3.3	3.9	6.1	2.6	6.6	2.5	3.1
	Commercial broadcasting business	(1.1)	2.9	3.5	6.2	2.0	6.5	1.9	2.8
	Cable TV business	12.9	11.3	12.2	4.1	14.1	8.6	11.5	9.9
All-industry average (for reference)	2.4	2.2	3.1	2.4	—	—	—	0.6	
FY2004	Total telecommunications industry	(0.8)	(1.8)	(2.1)	—	(0.7)	(4.5)	(1.2)	—
	Telecommunications business	(1.4)	(2.4)	(2.7)	—	(1.3)	(4.9)	(1.8)	—
	Broadcasting business	3.7	4.4	2.2	—	3.9	(1.3)	4.2	—
	Commercial broadcasting business	3.6	4.4	2.0	—	3.6	(1.7)	4.2	—
	Cable TV business	6.4	4.7	6.2	—	9.3	5.9	4.3	—
All-industry average (for reference)	5.4	5.7	5.1	—	—	—	—	—	

(For reference) Rates of change in sales in other industries (third quarter, over the same period of the previous year)

Foodstuffs	9.3%	Chemicals	12.4%	Metals	(5.2)%
General machinery	5.7%	Electric and ICT machinery	9.5%	Transportation machinery	(7.1)%
Building/construction	(8.1)%	Retail/wholesale/ eating & drinking establishments	7.5%	Real estate	24.8%
Electricity	5.1%	Services	(16.0)%		

Fig.1 Trends in Y/Y change in sales

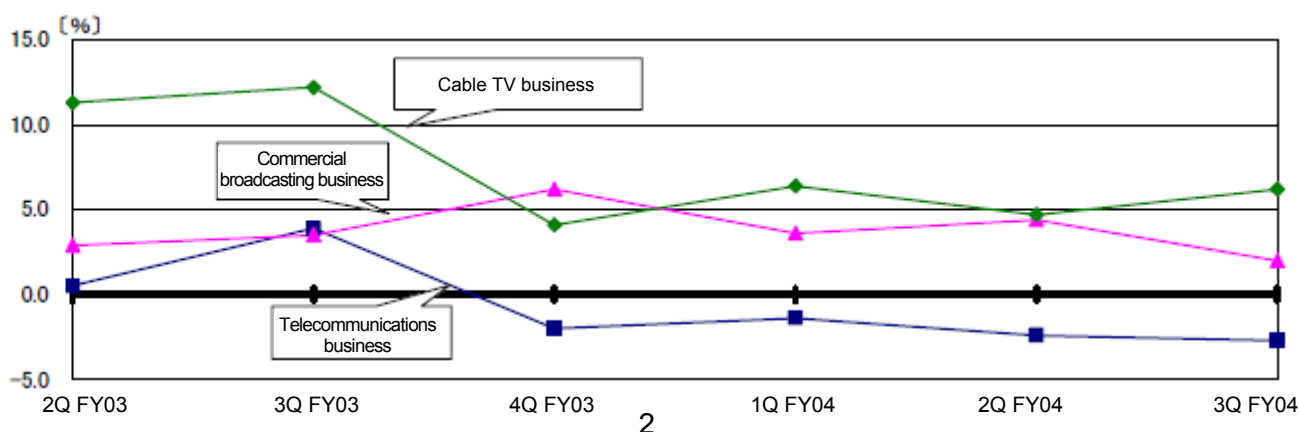


Table 2 Sales

(Unit: ¥100 million)

Industry sector	1Q	2Q	3Q	4Q	3Q			Total	
					Oct.	Nov.	Dec.		
FY2003	Total telecommunications industry	46,341	48,216	47,197	46,513	15,029	15,489	16,679	188,265
	Telecommunications business	41,463	44,474	42,156	41,661	13,396	13,765	14,995	169,754
	Broadcasting business	4,878	3,742	5,041	4,852	1,633	1,724	1,684	18,512
	Commercial broadcasting business	4,600	3,477	4,757	4,548	1,532	1,633	1,592	17,381
	Cable TV business	277	265	284	304	101	91	92	1,130
All-industry average (for reference)	2,959,707	3,113,322	3,225,494	3,349,469	—	—	—	—	
FY2004	Total telecommunications industry	46,214	46,323	46,495	—	14,985	14,895	16,615	—
	Telecommunications business	41,150	41,433	41,370	—	13,293	13,206	14,871	—
	Broadcasting business	5,064	4,890	5,125	—	1,693	1,689	1,743	—
	Commercial broadcasting business	4,764	4,578	4,833	—	1,587	1,599	1,648	—
	Cable TV business	300	312	291	—	106	90	96	—
All-industry average (for reference)	3,119,255	3,290,169	3,389,869	—	—	—	—	—	

- Notes:
1. Except for the telecommunications business sector, figures are taken from "Corporation Statistical Survey Report" (published by the Policy Research Institute, Ministry of Finance).
 2. The year-on-year (Y/Y) change figures for sales (over the same period; over the same month) represent only those for the businesses that responded to the survey in both years.
 3. It should be noted that sales figure reported here merely represent the total sales figures of survey respondents in each respective market sector. Caution should therefore be exercised when comparing sales figures for FY2003 and FY2004 since the number of respondents may vary year by year.
 4. The sales figures are rounded to the nearest integral multiple of ¥100 million. Therefore, the total figures may not amount to the sum of the breakdown items.

2. Sales Outlook

The sales outlook indices for the fourth quarter of FY2004 and the first quarter of FY2005 were as follows:

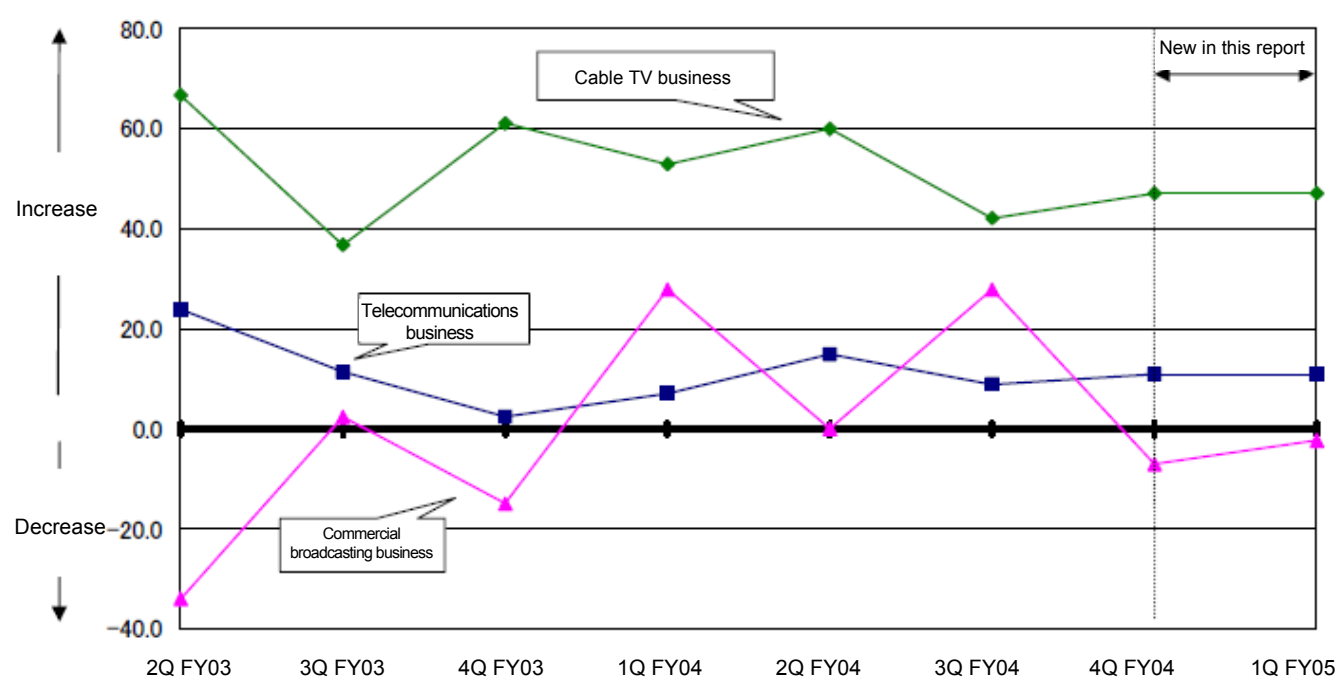
- The sales outlook index for the telecommunications business sector was “10.9” for both quarters, continuing its “plus” trend.
- The sales outlook index for the commercial broadcasting business sector was ▲7.0 and ▲2.3, respectively, dropping to below zero for the first time in four quarters.
- The sales outlook index for the cable TV business sector was “47.1” for both quarters, continuing its strong “plus” trajectory.

Table 3 Sales outlook indices

	FY03			FY04				FY05
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	23.9	11.4	2.4	7.1	14.9	8.9	10.9	10.9
Broadcasting business	(6.2)	13.1	6.2	35.0	18.2	32.3	8.3	11.7
Commercial broadcasting business	(34.0)	2.4	(14.9)	27.9	0.0	27.9	(7.0)	(2.3)
Cable TV business	66.7	36.8	61.1	52.9	60.0	42.1	47.1	47.1
All-industry average (for reference)	—	—	—	2.6	20.4	9.4	6.1	3.7

- Notes:
1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the fourth quarter of FY2004 and first quarter of FY2005 were determined at the end of the third quarter of FY2004; those for the other quarters were determined at the end of the quarters immediately preceding them.
 3. The reference figures for the “all-industry average” are taken from the section on the sales outlook (for large enterprises) in the “Corporation Business Outlook Survey (January–March 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig.2 Trends in sales outlook indices



3. Cash Flow Outlook

The cash flow outlook indices for the fourth quarter of FY2004 and the first quarter of FY2005 were as follows:

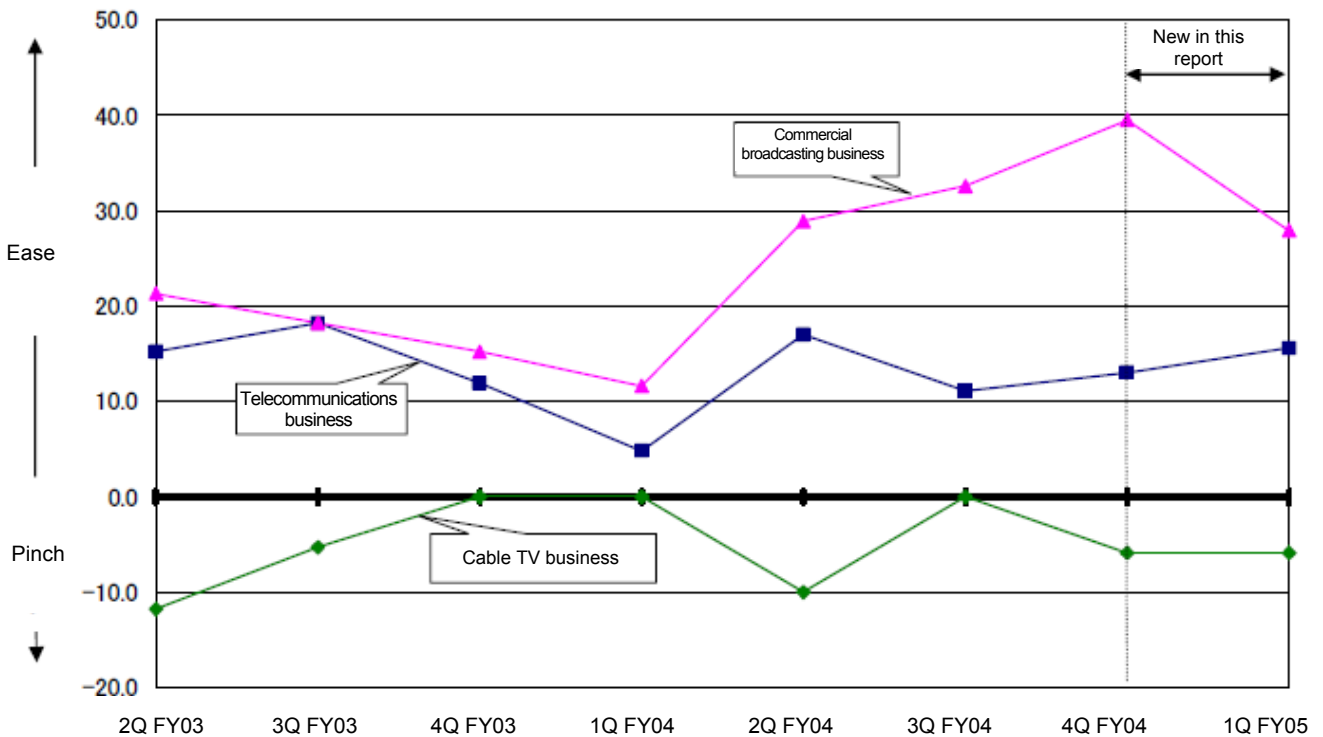
- The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued to “ease.”
- The cash flow outlook index for the cable TV business sector was “▲5.9” for both quarters, or, in other words, was “more or less flat.”

Table 4 Cash flow outlook indices

	FY03			FY04				FY05
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	15.2	18.2	11.9	4.8	17.0	11.1	13.0	15.6
Broadcasting business	12.5	11.1	10.9	8.3	16.9	22.6	26.7	18.3
Commercial broadcasting business	21.3	18.2	15.2	11.6	28.9	32.6	39.5	27.9
Cable TV business	(11.8)	(5.3)	0.0	0.0	(10.0)	0.0	(5.9)	(5.9)
All-industry average (for reference)	—	—	—	6.6	3.8	2.9	3.8	3.9

- Notes:
1. Cash flow outlook index (DI) = [percentage of businesses predicting ease (%)] – [percentage of businesses predicting a pinch (%)]
 2. The figures for the fourth quarter of FY2004 and first quarter of FY2005 were determined at the end of the third quarter of FY2004; those for the other quarters were determined at the end of the quarters immediately preceding them.
 3. The reference figures for the “all-industry average” are taken from the section on the cash flow outlook (for large enterprises) in the “Corporation Business Outlook Survey (January–March 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig.3 Trends in cash flow outlook indices



4. Business Condition Outlook

The business condition (business condition of the industry) outlook indices for the fourth quarter of FY2004 and the first quarter of FY2005 were as follows:

- The business condition outlook index for the telecommunications business sector was “4.3” and “8.7”, respectively, continuing its “plus” trend.
- The business condition outlook index for the commercial broadcasting business sector was “0.0” and “2.3”, respectively, indicating that the outlook was “more or less flat.”
- The business condition outlook index for the cable TV business sector was “11.8” for both quarters, continuing its “plus” trend.

Table 5 Business condition outlook indices

	FY03			FY04				FY05
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	10.9	14.0	7.1	0.0	8.5	4.4	4.3	8.7
Broadcasting business	(15.4)	3.2	7.8	25.4	18.2	21.0	3.3	5.0
Commercial broadcasting business	(23.4)	2.3	4.3	26.2	19.6	20.9	0.0	2.3
Cable TV business	5.6	5.3	16.7	23.5	15.0	21.1	11.8	11.8
All-industry average (for reference)	–	–	–	7.2	9.6	2.1	0.6	3.6

- Notes:
1. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the fourth quarter of FY2004 and first quarter of FY2005 were determined at the end of the third quarter of FY2004; those for the other quarters were determined at the end of the quarters immediately preceding them.
 3. The reference figures for the “all-industry average” are taken from the section on the business condition outlook (for large enterprises judging their own business conditions) in the “Corporation Business Outlook Survey (January–March 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig. 4 Trends in business condition outlook indices

