

Business Condition Outlook for Telecommunications Industry — Results of Fact-finding Survey of the Telecommunications Industry as of July 2005 (flash report) —

[Major Findings]

- The sales outlook index*¹ continued its plus trend for the telecommunications business sector, whereas the sales outlook index for the commercial broadcasting business sector was expected to change from a “minus” to a “plus”. The strong “plus” index of the cable TV business sector continued.
- The business condition outlook index*² continued its “plus” trend for the telecommunications business sector, whereas it went down to a “minus” for the first time in eight quarters for the commercial broadcasting business sector. It stayed flat for the cable TV business sector.

Notes: 1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]

The Ministry of Internal Affairs and Communications has summarized this business condition outlook (in a flash format) based on the results of the Fact-finding Survey of the Telecommunications Industry (a statistical survey approved by the Minister for Internal Affairs and Communications) conducted in July 2005 for the second and third quarters of FY2005. For a more detailed summary, please refer to the attachment. Final figures, including those for sales, will be made available online in late September via the Information & Communications Statistics Database (<http://www.johotsusintokei.soumu.go.jp/>).

○ [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 FY2004 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	102	76.7
Telecommunications business	63	47	74.6
Broadcasting business	70	55	78.6
Commercial broadcasting business	50	40	80.0
Cable TV business	20	15	75.0

1. Sales Outlook

The sales outlook indices for the second and third quarters of FY2005 were as follows:

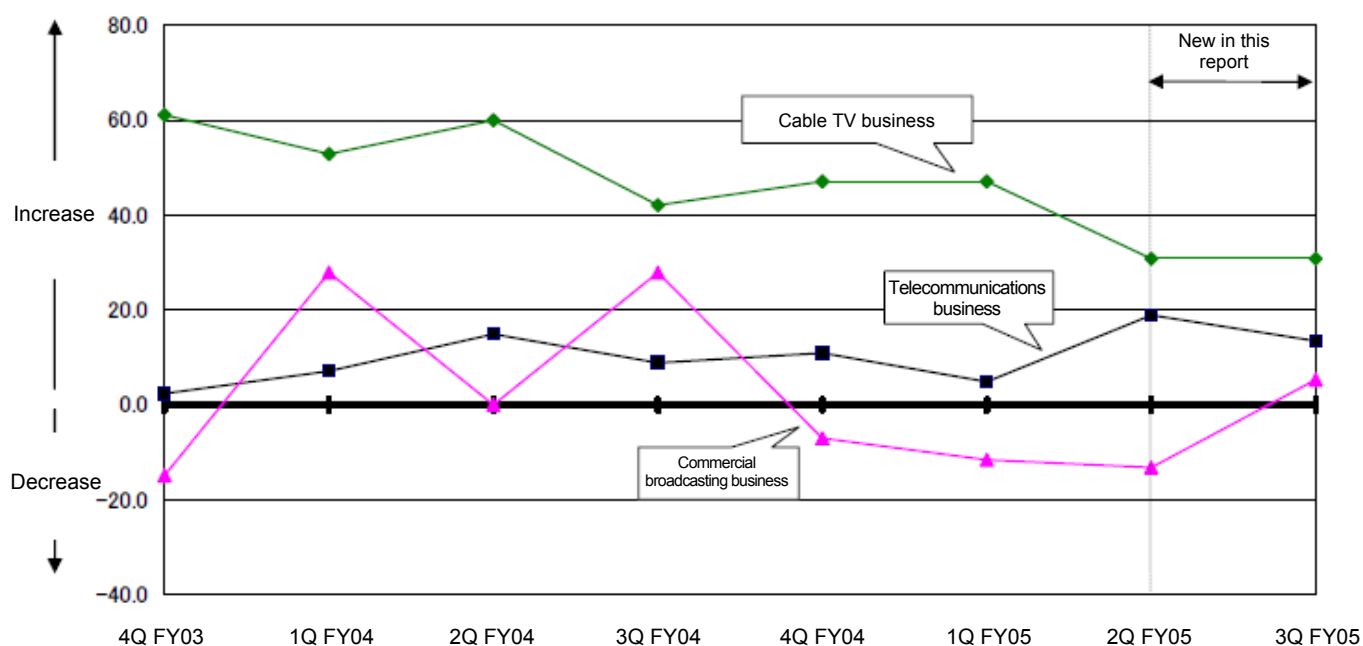
- The sales outlook index for the telecommunications business sector was 18.9 and 13.5, respectively, continuing its “plus” trend.
- The sales outlook index for the commercial broadcasting business sector was ▲13.2 for the second quarter, continuing the “minus” trend, but moved upward to 5.3 in the third quarter.
- The sales outlook index for the cable TV business sector was 30.8 for both quarters, continuing its strong positive trajectory.

Table 1 Sales outlook indices

Business sector	FY03	FY04				FY05		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Telecommunications business	2.4	7.1	14.9	8.9	10.9	4.9	18.9	13.5
Broadcasting business	6.2	35.0	18.2	32.3	8.3	5.0	(2.0)	11.8
Commercial broadcasting business	(14.9)	27.9	0.0	27.9	(7.0)	(11.6)	(13.2)	5.3
Cable TV business	61.1	52.9	60.0	42.1	47.1	47.1	30.8	30.8
All-industry average (for reference)	–	2.6	20.4	9.4	6.1	(0.2)	18.5	16.2

- Notes:
1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the second and third quarters of FY2005 were determined at the end of the first quarter of FY2005; 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 (April–June 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig.1 Trends in sales outlook indices



2. Cash Flow Outlook

The cash flow outlook indices for the second and third quarters of FY2005 were as follows:

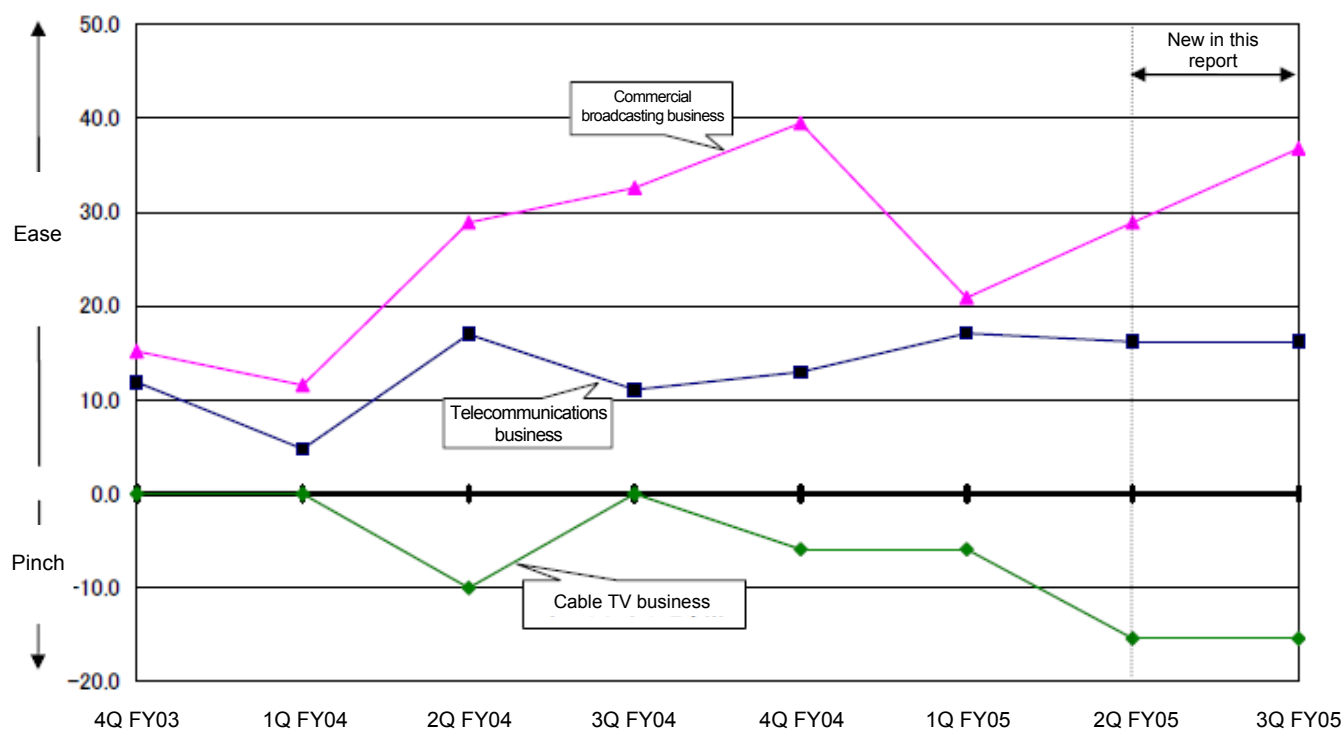
- The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued to “ease.”
- The “pinch” on the cash flow outlook index for the cable TV business sector continued in both quarters at ▲15.4.

Table 2 Cash flow outlook indices

Business sector	FY03	FY04				FY05		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Telecommunications business	11.9	4.8	17.0	11.1	13.0	17.1	16.2	16.2
Broadcasting business	10.9	8.3	16.9	22.6	26.7	13.3	17.6	23.5
Commercial broadcasting business	15.2	11.6	28.9	32.6	39.5	20.9	28.9	36.8
Cable TV business	0.0	0.0	(10.0)	0.0	(5.9)	(5.9)	(15.4)	(15.4)
All-industry average (for reference)	–	6.6	3.8	2.9	3.8	4.5	2.8	4.4

- Notes:
1. Cash flow outlook index (DI) = [percentage of businesses predicting ease (%)] – [percentage of businesses predicting a pinch (%)]
 2. The figures for the second and third quarters of FY2005 were determined at the end of the first quarter of FY2005; 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 (April–June 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 cash flow outlook indices



3. Business Condition Outlook

The business condition (business condition of the industry) outlook indices for the second and third quarters of FY2005 were as follows:

- The business condition outlook index for the telecommunications business sector was 10.8 for both quarters, continuing its “plus” trend.
- The business condition outlook index for the commercial broadcasting business sector was ▲10.5 and ▲2.6, respectively, dropping to below zero for the first time in eight quarters.
- The business condition outlook index for the telecommunications business sector was 0.0 for both quarters, indicating that the business condition would stay “flat.”

Table 3 Business condition outlook indices

Business sector	FY03	FY04				FY05		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Telecommunications business	7.1	0.0	8.5	4.4	4.3	4.9	10.8	10.8
Broadcasting business	7.8	25.4	18.2	21.0	3.3	1.7	(7.8)	(2.0)
Commercial broadcasting business	4.3	26.2	19.6	20.9	0.0	0.0	(10.5)	(2.6)
Cable TV business	16.7	23.5	15.0	21.1	11.8	5.9	0.0	0.0
All-industry average (for reference)	–	7.2	9.6	2.1	0.6	0.9	11.3	11.8

- Notes:
1. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the second and third quarters of FY2005 were determined at the end of the first quarter of FY2005; 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 (April–June 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 business condition outlook indices

