

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

[Major Findings]

- The sales outlook indices for the second and third quarters of FY2005 for the telecommunications business and cable TV business sectors continued its “plus” trend (i.e., the sales were expected to increase). In particular, the cable TV business sector was expected to retain its strong “plus” trajectory, while the sales outlook index for the commercial broadcasting business sector was expected to move upward from a “minus” to a “plus.”
- The positive business condition outlook indices for the second and third quarters of FY2005 for the telecommunications business and cable TV business sectors continued (i.e., sales were expected to increase). The business condition outlook index for the commercial broadcasting business sector, on the other hand, moved downward in the second quarter for the first time in eight quarters.

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 July 2005. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the August. 15 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 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	133	100.0
Telecommunications business	63	62	100.0
Broadcasting business	70	70	100.0
Commercial broadcasting business	50	50	100.0
Cable TV business	20	20	100.0

1. Status of Sales

- Sales for the first quarter of FY2005 for the entire telecommunications industry were 2.6% down compared to the corresponding period of the previous fiscal year.
- Sales for the telecommunications business sector decreased by 3.0%, heading into “minus” territory as did sales for the overall telecommunications industry. Meanwhile, sales were up by 0.4% in the telecommunications business sector and by 9.0% in the cable TV business sector.

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

(Unit: %)

Industry Sector	1Q	2Q	3Q	4Q	1Q			Total	
					Apr	May	Jun		
FY2004	Total telecommunications industry	(0.8)	(1.8)	(2.1)	1.6	1.2	(5.0)	1.4	(0.7)
	Telecommunications business	(1.4)	(2.4)	(2.7)	0.8	1.0	(6.0)	1.0	(1.4)
	Broadcasting business	3.7	4.4	2.2	8.4	2.3	3.6	5.1	4.8
	Commercial broadcasting business	3.6	4.4	2.0	8.6	2.3	3.2	5.1	4.7
	Cable TV business	6.4	4.7	6.2	5.8	3.0	8.9	7.5	6.1
	All-industry average (for reference)	5.4	5.7	5.1	6.0	—	—	—	6.4
FY2005	Total telecommunications industry	(2.6)	—	—	—	(1.6)	(3.5)	(2.6)	—
	Telecommunications business	(3.0)	—	—	—	(2.0)	(4.3)	(2.7)	—
	Broadcasting business	0.9	—	—	—	1.8	2.5	(1.5)	—
	Commercial broadcasting business	0.4	—	—	—	1.3	2.0	(2.1)	—
	Cable TV business	9.0	—	—	—	9.2	10.5	8.2	—
	All-industry average (for reference)	3.0	—	—	—	—	—	—	—

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

Foodstuffs	(0.5%)	Chemical	2.8%	Metals	4.0%
General machinery	(3.6%)	Electric machinery	8.9%	ICT machinery	2.5%
Transportation machinery	5.4%	Building/construction	3.5%	Retail/wholesale/eating & drinking establishments	1.9%
Real estate	(4.0%)	Electricity	(0.0%)	Services	9.2%

Fig.1 Trends in year-on-year change in sales

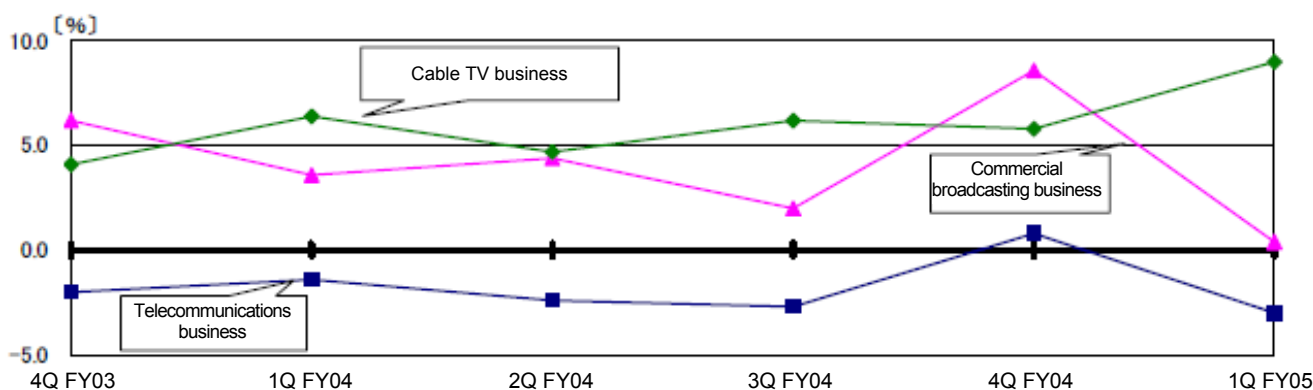


Table 2 Sales

(Unit: ¥100 million)

Industry Sector	1Q	2Q	3Q	4Q	1Q			Total	
					Apr	May	Jun		
FY2004	Total telecommunications industry	46,214	46,323	46,495	47,536	15,020	14,740	16,454	186,568
	Telecommunications business	41,150	41,433	41,370	42,332	13,348	13,109	14,693	166,285
	Broadcasting business	5,064	4,890	5,125	5,204	1,672	1,631	1,760	20,283
	Commercial broadcasting business	4,764	4,578	4,833	4,878	1,570	1,533	1,661	19,053
	Cable TV business	300	312	291	326	102	98	100	1,229
All-industry average (for reference)	3,119,255	3,290,169	3,389,869	3,551,023	—	—	—	—	
FY2005	Total of telecommunications industry	46,160	—	—	—	15,149	14,589	16,422	—
	Telecommunications business	40,437	—	—	—	13,248	12,719	14,471	—
	Broadcasting business	5,723	—	—	—	1,901	1,870	1,952	—
	Commercial broadcasting business	5,394	—	—	—	1,791	1,761	1,843	—
	Cable TV business	329	—	—	—	111	109	109	—
All-industry average (for reference)	3,213,180	—	—	—	—	—	—	—	

- Notes: 1. Except for the telecommunications business sector, figures are taken from the "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. Sales figures reported here merely represent the total sales of the respondents in each respective market sector. Caution should therefore be exercised when comparing sales figures for FY 2004 and FY2005 since the numbers of respondents may vary from year to year.
4. The sales figures are rounded to the nearest integral multiple of ¥100 million. Therefore, the totals given may not amount to the sum of the breakdown items.

2. Sales Outlook

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

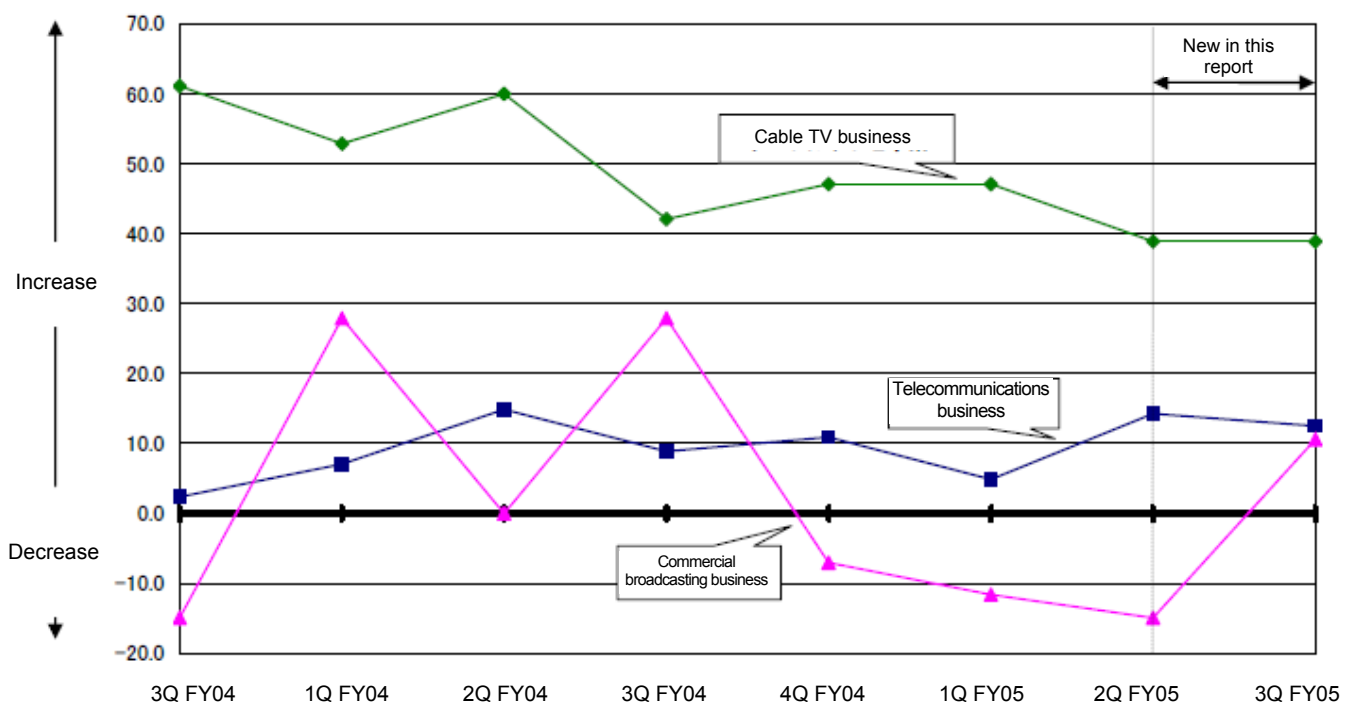
- The sales outlook index for the telecommunications business sector was 14.3 and 12.5, respectively, continuing its “plus” trend.
- The sales outlook index for the commercial broadcasting business sector was ▲ 14.9 for the second quarter, continuing the “minus” trend, but switched to a “positive” 10.6 in the third quarter.
- The sales outlook index for the cable TV business sector was 38.9 for both quarters, continuing its significant “plus” trend.

Table 3 Sales outlook indices

	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	14.3	12.5
Broadcasting business	6.2	35.0	18.2	32.3	8.3	5.0	0.0	18.5
Commercial broadcasting business	(14.9)	27.9	0.0	27.9	(7.0)	(11.6)	(14.9)	10.6
Cable TV business	61.1	52.9	60.0	42.1	47.1	47.1	38.9	38.9
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.2 Trends in sales outlook indices



3. Cash Flow Outlook

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

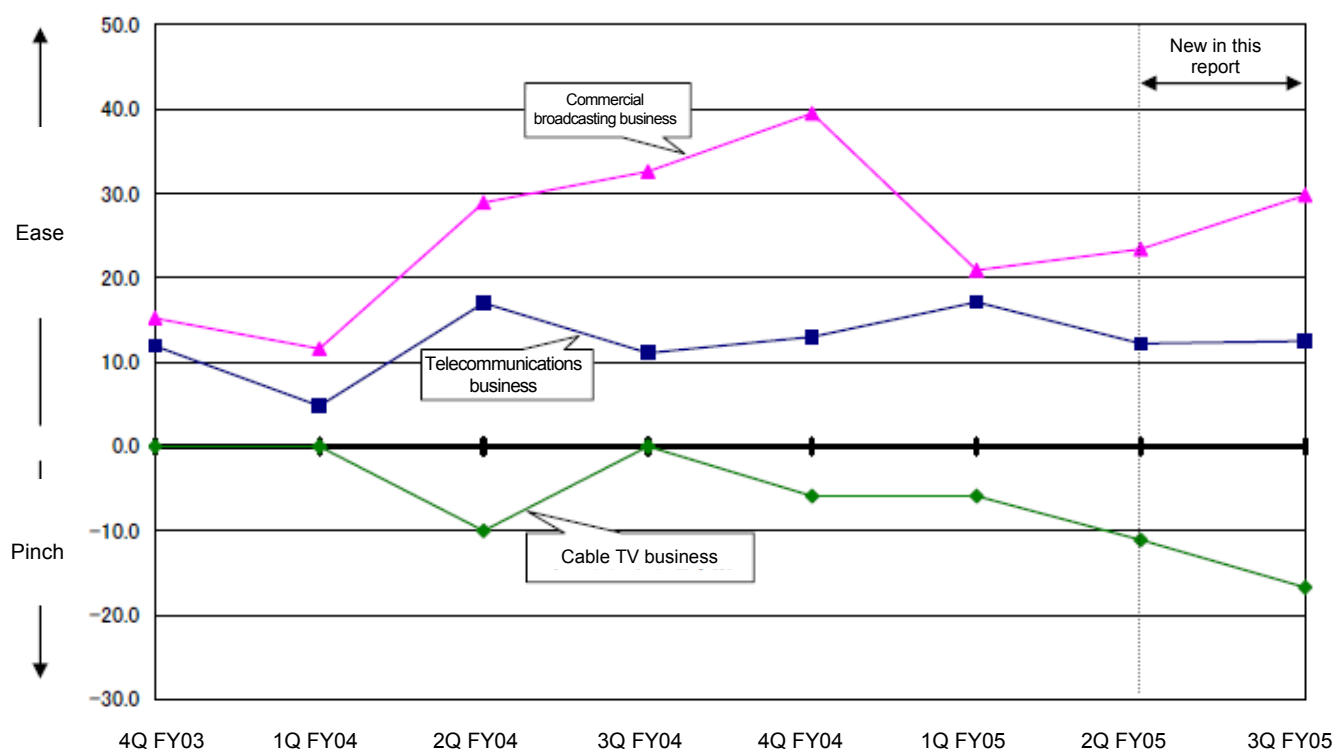
- The cash flow indices for the telecommunications business and commercial broadcasting business sectors continued to “ease.”
- The cash flow outlook index for the cable TV business sector was ▲11.1 and ▲16.7, continuing to present a “pinch.”

Table 4 Cash flow outlook indices

	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	12.2	12.5
Broadcasting business	10.9	8.3	16.9	22.6	26.7	13.3	13.8	16.9
Commercial broadcasting business	15.2	11.6	28.9	32.6	39.5	20.9	23.4	29.8
Cable TV business	0.0	0.0	(10.0)	0.0	(5.9)	(5.9)	(11.1)	(16.7)
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.3 Trends in cash flow outlook indices



4. 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 6.3 and 4.2, respectively, continuing its “plus” trend.
- The business condition outlook index for the commercial broadcasting business sector dropped to ▲ 10.6 for the second quarter, a “minus” for the first time in eight quarters, but edged back to 0.0 in the third quarter.
- The business condition outlook index for the cable TV business sector was 5.6 and 5.9, continuing along a positive trajectory.

Table 5 Business condition outlook indices

	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	6.3	4.2
Broadcasting business	7.8	25.4	18.2	21.0	3.3	1.7	(6.2)	1.6
Commercial broadcasting business	4.3	26.2	19.6	20.9	0.0	0.0	(10.6)	0.0
Cable TV business	16.7	23.5	15.0	21.1	11.8	5.9	5.6	5.9
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. 4 Trends in business condition outlook indices

