

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

[Major Findings]

- The sales outlook index*¹ continued its “plus” trend for the telecommunications business sector, but remained “negative” for the commercial broadcasting business sector. It continued along a strong “plus” trajectory for the cable TV business sector.
- The business condition outlook index*² continued its “plus” trend for both the telecommunications business and cable TV business sectors, but remained “minus” for the commercial broadcasting 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 October 2005 for the third and fourth quarters of FY2005. For a more detailed summary, please refer to the attachment. Final figures, including those related to sales, will be made available online in late December 2005 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, cash flow outlook, and business condition outlook (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	98	73.7
Telecommunications business	63	46	73.0
Broadcasting business	70	52	74.3
Commercial broadcasting business	50	38	76.0
Cable TV business	20	14	70.0

1. Sales Outlook

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

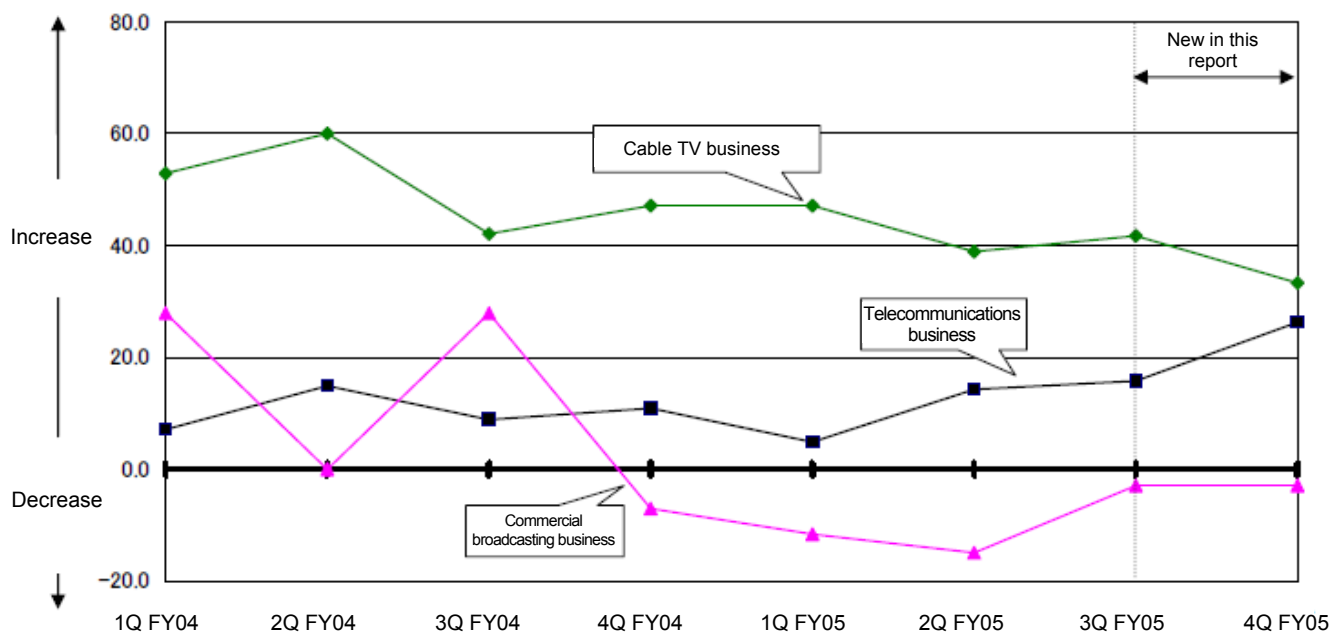
- The sales outlook index for the telecommunications business sector was 15.8 and 26.3, respectively, continuing its “plus” trend.
- The sales outlook index for the commercial broadcasting business sector was ▲2.9 for both quarters, shifting to “almost flat.”
- The sales outlook index for the cable TV business sector was 41.7 and 33.3, respectively, continuing its strong “plus” trajectory.

Table 1 Sales outlook indices

Business sector	FY04				FY05			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Telecommunications business	7.1	14.9	8.9	10.9	4.9	14.3	15.8	26.3
Broadcasting business	35.0	18.2	32.3	8.3	5.0	0.0	8.7	6.5
Commercial broadcasting business	27.9	0.0	27.9	(7.0)	(11.6)	(14.9)	(2.9)	(2.9)
Cable TV business	52.9	60.0	42.1	47.1	47.1	38.9	41.7	33.3
All-industry average (for reference)	2.6	20.4	9.4	6.1	(0.2)	19.5	14.9	15.5

- Notes:
1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the third and fourth quarters of FY2005 were determined at the end of the second 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 (July–September 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 third and fourth quarters of FY2005 were as follows:

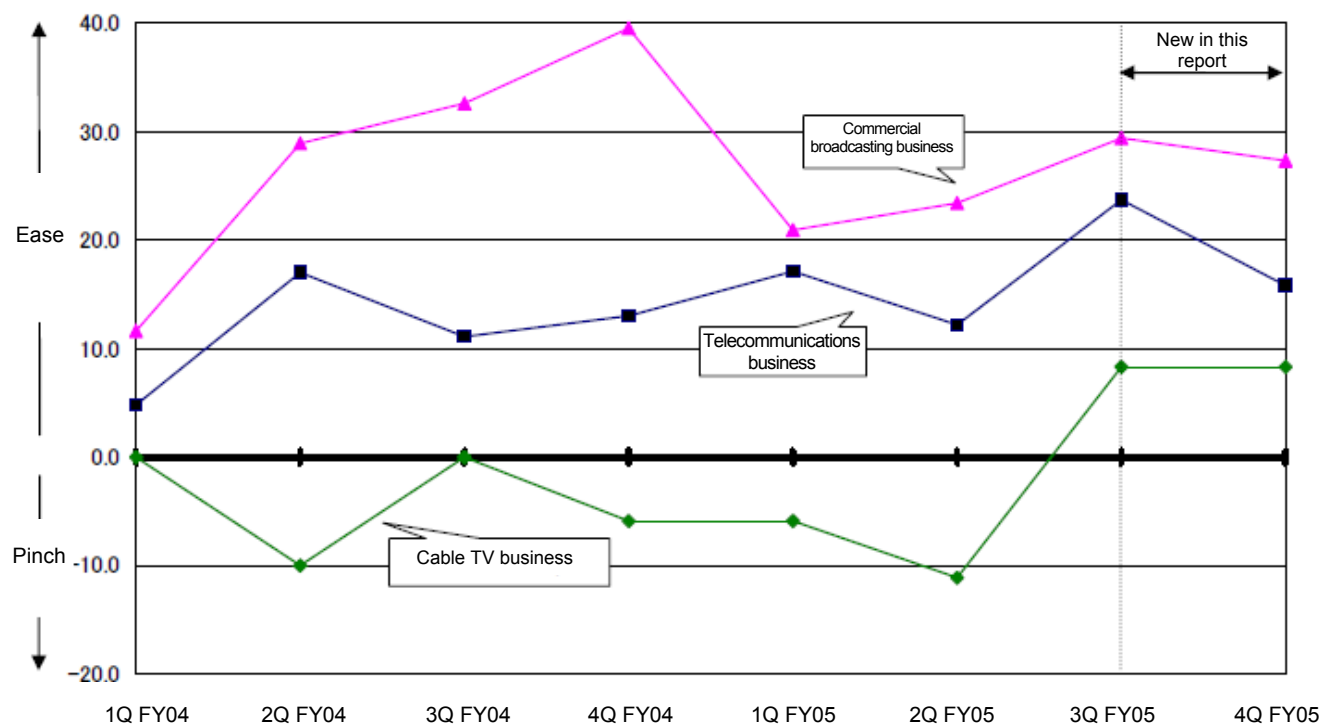
- The cash flow indices for the telecommunications business and commercial broadcasting business sectors continued to “ease.”
- The cash flow index for the cable TV business sector “eased” from a “pinch” in the preceding quarters to 8.3.

Table 2 Cash flow outlook indices

Business sector	FY04				FY05			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Telecommunications business	4.8	17.0	11.1	13.0	17.1	12.2	23.7	15.8
Broadcasting business	8.3	16.9	22.6	26.7	13.3	13.8	23.9	22.2
Commercial broadcasting business	11.6	28.9	32.6	39.5	20.9	23.4	29.4	27.3
Cable TV business	0.0	(10.0)	0.0	(5.9)	(5.9)	(11.1)	8.3	8.3
All-industry average (for reference)	6.6	3.8	2.9	3.8	4.5	4.4	3.1	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 third and fourth quarters of FY2005 were determined at the end of the second 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 (July–September 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 third and fourth quarters of FY2005 were as follows:

- The business condition outlook index for the telecommunications business sector was 10.8 and 16.7, respectively, continuing its “plus” trajectory.
- The business condition outlook index for the commercial broadcasting business sector was ▲5.9 for both quarters, continuing along a “minus” trend.
- The business condition outlook index for the cable TV business sector was 16.7 for both quarters, continuing its “plus” trend.

Table 3 Business condition outlook indices

Business sector	FY04				FY05			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Telecommunications business	0.0	8.5	4.4	4.3	4.9	6.3	10.8	16.7
Broadcasting business	25.4	18.2	21.0	3.3	1.7	(6.2)	0.0	0.0
Commercial broadcasting business	26.2	19.6	20.9	0.0	0.0	(10.6)	(5.9)	(5.9)
Cable TV business	23.5	15.0	21.1	11.8	5.9	5.6	16.7	16.7
All-industry average (for reference)	7.2	9.6	2.1	0.6	0.9	9.7	10.7	9.7

- Notes:
1. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the third and fourth quarters of FY2005 were determined at the end of the second 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 (July–September 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

