

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

### [Major Findings]

- Both the sales outlook and business condition (business condition of the industry) outlook indices for the third and fourth quarters of FY2005 continued their “plus” trajectories in the telecommunications business and cable TV business sectors. The indices for the commercial broadcasting business sector, however, retained their “negative” positions.

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 October 2005. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the November. 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	132	99.2
Telecommunications business	63	62	98.4
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 second quarter of FY2005 for the entire telecommunications industry were 1.5% down from the corresponding period of the previous fiscal year.
- Sales for the telecommunications business sector decreased 1.7%, continuing the “minus” trend. Sales were up by 0.2% in the telecommunications business sector and by 5.6% 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	Total	* for 2Q		
							Jul.	Aug.	Sept.
FY2004	Total telecommunications industry	(0.8)	(1.8)	(2.1)	1.6	(0.7)	(0.3)	(1.2)	(3.7)
	Telecommunications business	(1.4)	(2.4)	(2.7)	0.8	(1.4)	(1.2)	(1.6)	(4.4)
	Broadcasting business	3.7	4.4	2.2	8.4	4.8	7.5	2.6	3.0
	Commercial broadcasting business	3.6	4.4	2.0	8.6	4.7	7.8	2.3	2.8
	Cable TV business	6.4	4.7	6.2	5.8	6.1	3.1	7.1	5.0
	All-industry average (for reference)	5.4	5.7	5.1	6.0	6.4	—	—	—
FY2005	Total telecommunications industry	(2.6)	(1.5)	—	—	—	1.5	(1.2)	(4.6)
	Telecommunications business	(3.0)	(1.7)	—	—	—	1.8	(1.3)	(5.4)
	Broadcasting business	0.9	0.5	—	—	—	(1.3)	0.2	2.7
	Commercial broadcasting business	0.4	0.2	—	—	—	(1.8)	(0.1)	2.6
	Cable TV business	9.0	5.6	—	—	—	7.1	4.0	5.7
	All-industry average (for reference)	3.0	4.6	—	—	—	—	—	—

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

Foodstuffs	1.0%	Chemicals	1.5%	Metals	6.7%
General machinery	1.6%	Electric machinery	5.6%	ICT machinery	1.9%
Transportation machinery	6.3%	Building/construction	0.5%	Retail/wholesale/eating & drinking establishments	4.9%
Real estate	28.7%	Electricity	(2.8%)	Services	4.1%

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

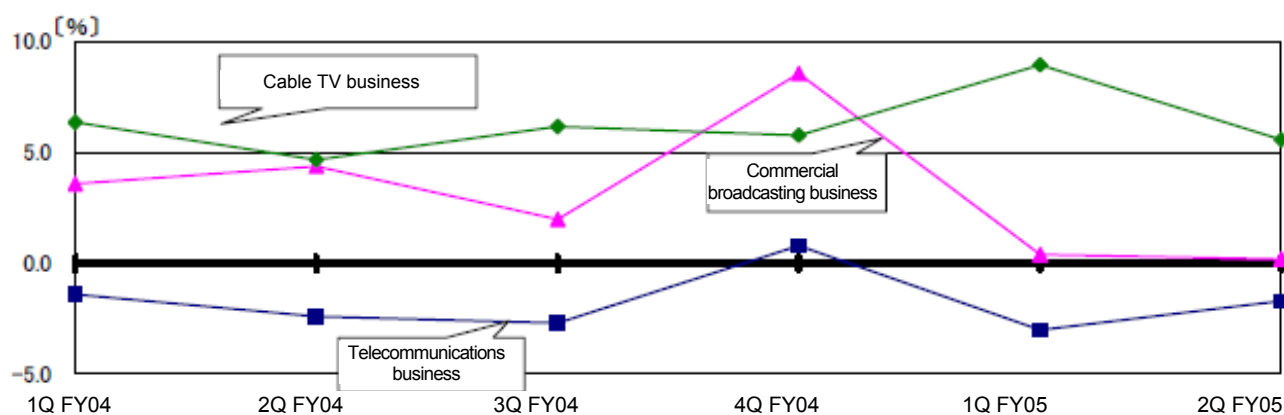


Table 2 Sales

(Unit: ¥100 million)

Industry Sector		1Q	2Q*	3Q	4Q	Total	* for 2Q		
							Jul.	Aug.	Sept.
FY2004	Total telecommunications industry	46,214	46,323	46,495	47,536	186,568	15,484	15,119	15,720
	Telecommunications business	41,150	41,433	41,370	42,332	166,285	13,773	13,577	14,083
	Broadcasting business	5,064	4,890	5,125	5,204	20,283	1,710	1,543	1,636
	Commercial broadcasting business	4,764	4,578	4,833	4,878	19,053	1,609	1,438	1,530
	Cable TV business	300	312	291	326	1,229	101	105	106
	All-industry average (for reference)	3,119,255	3,290,169	3,389,869	3,551,023	—	—	—	—
FY2005	Total of telecommunications industry	46,160	46,996	—	—	—	16,157	15,332	15,507
	Telecommunications business	40,437	41,417	—	—	—	14,244	13,589	13,584
	Broadcasting business	5,723	5,579	—	—	—	1,913	1,743	1,923
	Commercial broadcasting business	5,394	5,246	—	—	—	1,805	1,634	1,808
	Cable TV business	329	334	—	—	—	109	109	115
	All-industry average (for reference)	3,213,180	3,440,211	—	—	—	—	—	—

- 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. Figures reported here only represent those in each market sector who responded to the survey. Caution should therefore be exercised when comparing sales figures for FY 2004 and FY 2005 since the number of respondents may vary from year to year.
  4. Sales figures are rounded to the nearest integral multiple of ¥100 million. Therefore, totals given may not amount to the sum of the breakdown items.

## 2. Sales Outlook

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

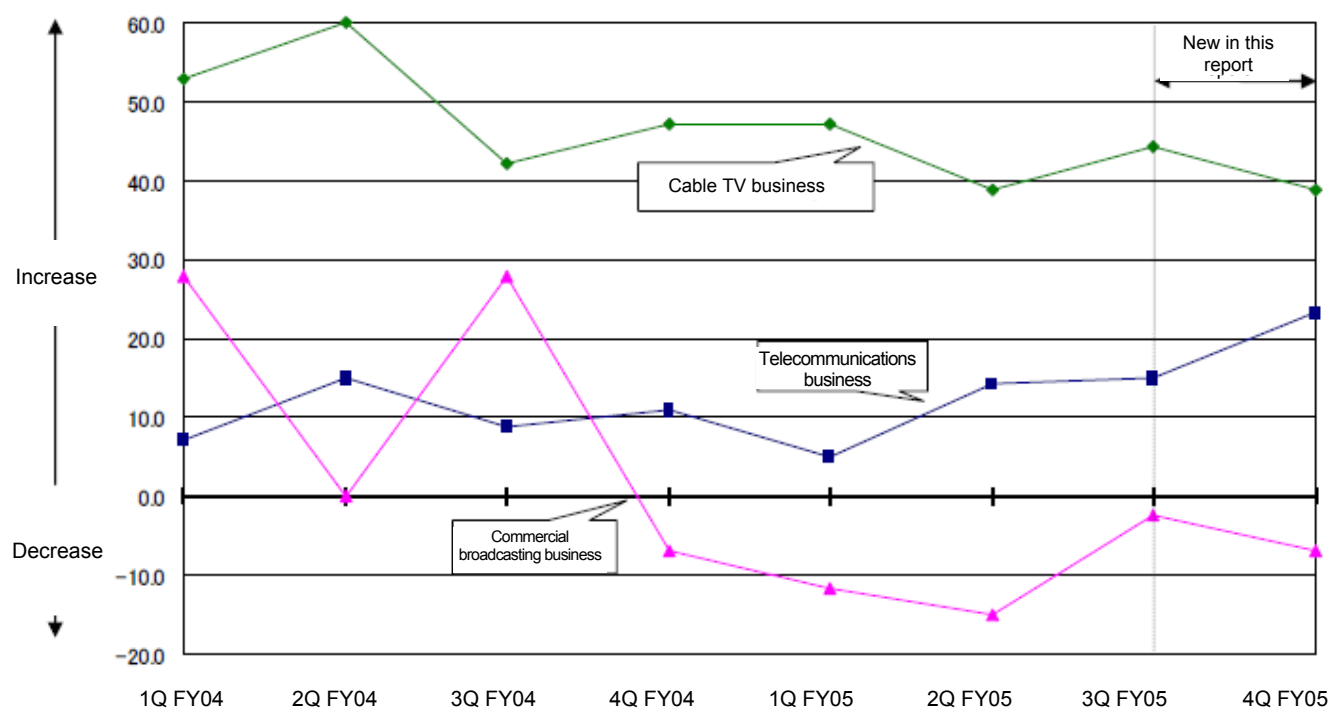
- The sales outlook index for the telecommunications business sector was 14.9 and 23.4, respectively, continuing its “plus” trend.
- The sales outlook index for the commercial broadcasting business sector was ▲2.3 and ▲7.0, respectively, continuing the “minus” trend, although these figures were somewhat less than those for the previous periods.
- The sales outlook index for the cable TV business sector was 44.4 and 38.9, respectively, continuing its strong “plus” trajectory.

Table 3 Sales outlook indices

	FY04				FY05			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Telecommunications business	7.1	14.9	8.9	10.9	4.9	14.3	<b>14.9</b>	<b>23.4</b>
Broadcasting business	35.0	18.2	32.3	8.3	5.0	0.0	11.5	6.6
Commercial broadcasting business	27.9	0.0	27.9	(7.0)	(11.6)	(14.9)	<b>(2.3)</b>	<b>(7.0)</b>
Cable TV business	52.9	60.0	42.1	47.1	47.1	38.9	<b>44.4</b>	<b>38.9</b>
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.2 Trends in sales outlook indices



### 3. Cash Flow Outlook

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

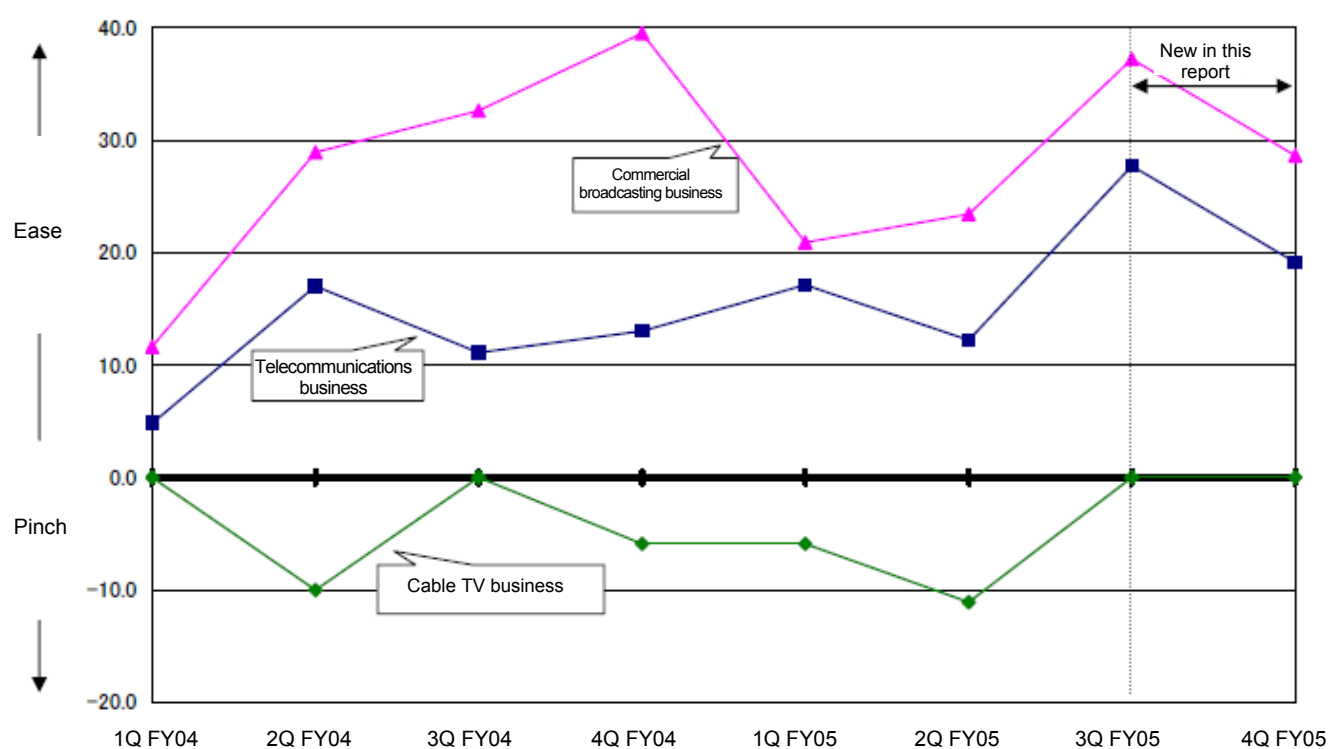
- The cash flow indices for the telecommunications business and commercial broadcasting business sectors continued to “ease.”
- The cash flow index for the cable TV business sector showed signs of flattening.

Table 4 Cash flow outlook indices

	FY04				FY05			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Telecommunications business	4.8	17.0	11.1	13.0	17.1	12.2	<b>27.7</b>	<b>19.1</b>
Broadcasting business	8.3	16.9	22.6	26.7	13.3	13.8	26.2	20.0
Commercial broadcasting business	11.6	28.9	32.6	39.5	20.9	23.4	<b>37.2</b>	<b>28.6</b>
Cable TV business	0.0	(10.0)	0.0	(5.9)	(5.9)	(11.1)	<b>0.0</b>	<b>0.0</b>
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.3 Trends in cash flow outlook indices



## 4. 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 13.0 and 17.8, respectively, continuing its “plus” trend.
- The business condition outlook index for the commercial broadcasting business sector was ▲7.0 for both quarters, continuing its “minus” trend.
- The business condition outlook index for the cable TV business sector was 11.1 for both quarters, continuing its “plus” trend.

Table 5 Business condition outlook indices

	FY04				FY05			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Telecommunications business	0.0	8.5	4.4	4.3	4.9	6.3	<b>13.0</b>	<b>17.8</b>
Broadcasting business	25.4	18.2	21.0	3.3	1.7	(6.2)	(1.6)	(1.6)
Commercial broadcasting business	26.2	19.6	20.9	0.0	0.0	(10.6)	<b>(7.0)</b>	<b>(7.0)</b>
Cable TV business	23.5	15.0	21.1	11.8	5.9	5.6	<b>11.1</b>	<b>11.1</b>
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. 4 Trends in business condition outlook indices

