

Business Condition Outlook for Telecommunications Industry — Results of Fact-finding Survey of the Telecommunications Industry as of January 2006 (flash report) —

[Major Findings]

- The sales outlook index*¹ for the telecommunications business sector continued its “plus” trend (i.e., more businesses expected an increase in sales). In the commercial broadcasting business sector the index improved from a “minus” to a “plus,” while the cable TV sector index continued along a significant “plus” trajectory.
- The business condition outlook indices*² for the telecommunications business and cable TV business sectors continued their “plus” trend (i.e., more businesses expected an improvement in their business condition). They improved from a “minus” to a “plus” 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 January 2006 for the fourth quarter of FY2005 and the first quarter of FY2006. For a more detailed summary, please refer to the attachment. Final figures, including those related to sales, will be made available online in late March 2006 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 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 month 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	97	72.9
Telecommunications business	63	46	73.0
Broadcasting business	70	51	72.9
Commercial broadcasting business	50	35	70.0
Cable TV business	20	16	80.0

1. Sales Outlook

The sales outlook indices for the fourth quarter of FY2005 and the first quarter of FY2006 were as follows:

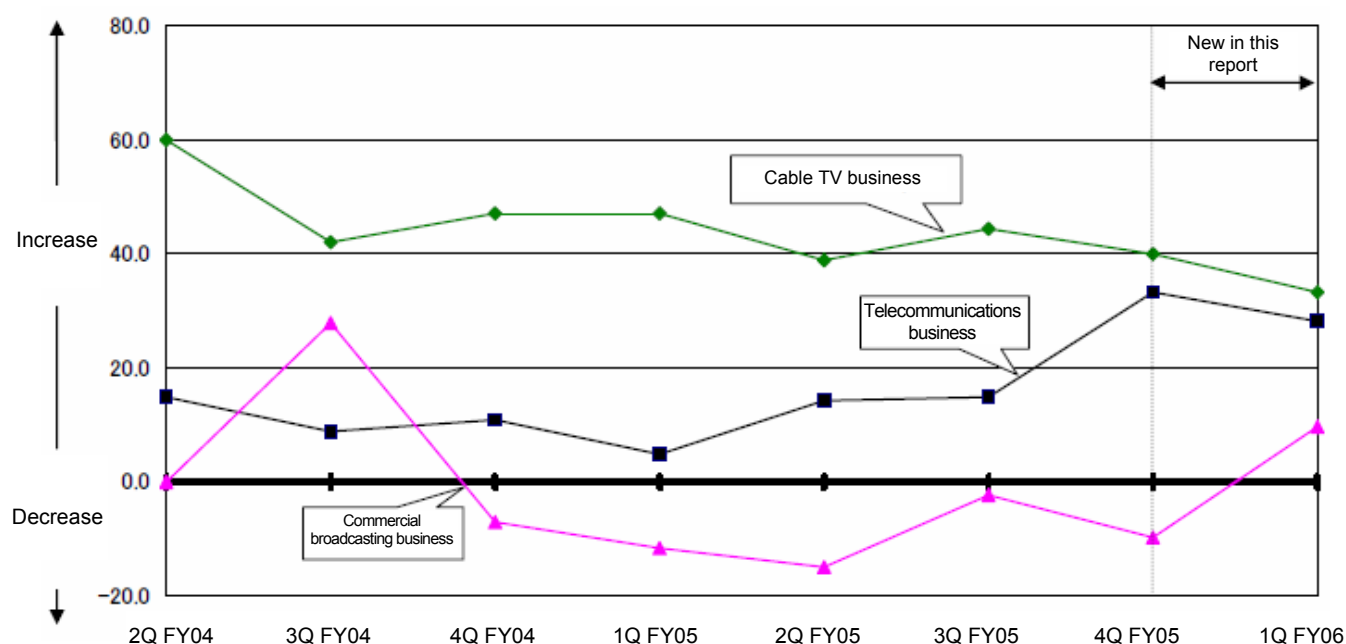
- The sales outlook index for the telecommunications business sector was 33.3 and 28.2, respectively, continuing its “plus” trend (i.e., more businesses expected an increase in sales).
- The sales outlook index for the commercial broadcasting business sector remained negative ▲ 9.7 for the fourth quarter of FY2005 but jumped to a “plus” 9.7 for the first quarter of FY2006.
- The sales outlook index for the cable TV business sector was 40.0 and 33.3, respectively, continuing its significant “plus” trend.

Table 1 Sales outlook indices

Business sector	FY04			FY05				FY06
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	14.9	8.9	10.9	4.9	14.3	14.9	33.3	28.2
Broadcasting business	18.2	32.3	8.3	5.0	0.0	11.5	6.5	17.4
Commercial broadcasting business	0.0	27.9	(7.0)	(11.6)	(14.9)	(2.3)	(9.7)	9.7
Cable TV business	60.0	42.1	47.1	47.1	38.9	44.4	40.0	33.3
All-industry average (for reference)	20.4	9.4	6.1	(0.2)	19.5	16.1	14.6	5.2

- 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 FY2005 and first quarter of FY2006 were determined at the end of the third 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 presenting the sales outlook (for large enterprises) in the “Corporation Business Outlook Survey (October–December 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 fourth quarter of FY2005 and the first quarter of FY2006 were as follows:

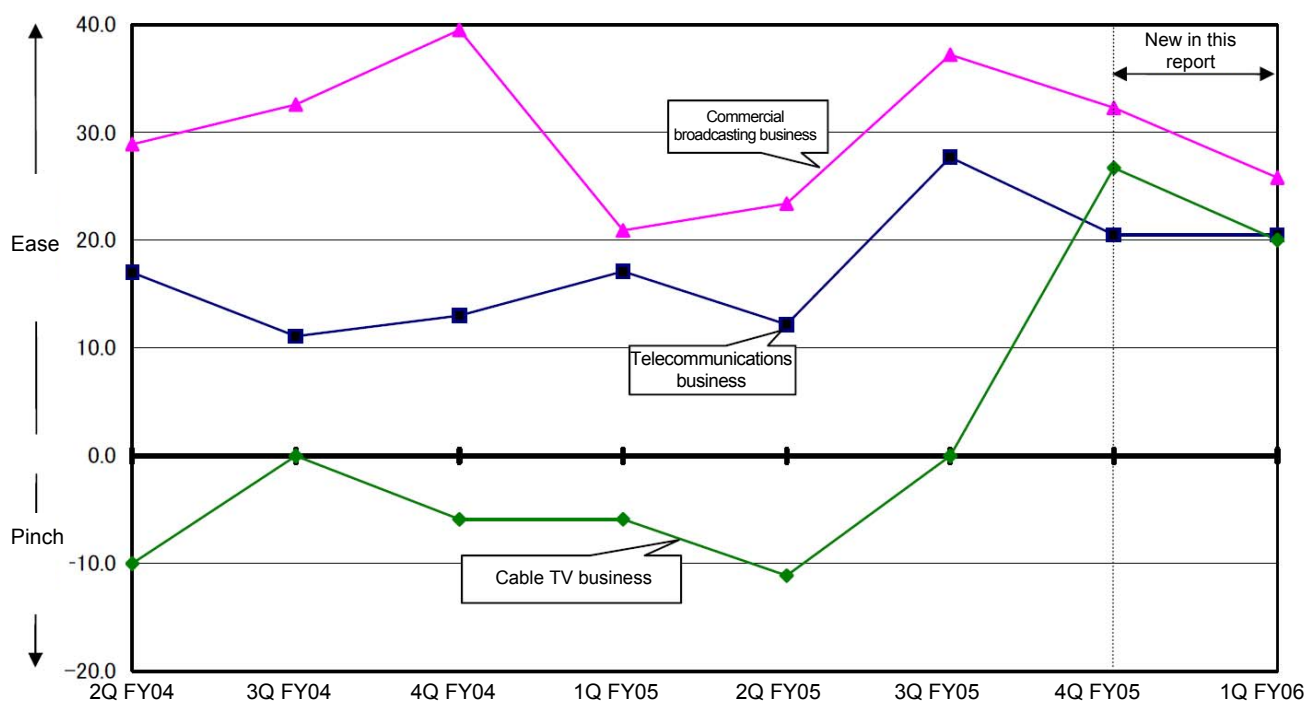
- The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued the “plus” trend (i.e., more businesses expected ease in cash flow).
- The cash flow outlook index for the cable TV business sector improved from a “minus” or “zero” for the previous quarters to a strong “plus” (26.7 for the fourth quarter of FY2005 and 20.0 for the first quarter of FY2006.)

Table 2 Cash flow outlook indices

Business sector	FY04			FY05				FY06
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	17.0	11.1	13.0	17.1	12.2	27.7	20.5	20.5
Broadcasting business	16.9	22.6	26.7	13.3	13.8	26.2	30.4	23.9
Commercial broadcasting business	28.9	32.6	39.5	20.9	23.4	37.2	32.3	25.8
Cable TV business	(10.0)	0.0	(5.9)	(5.9)	(11.1)	0.0	26.7	20.0
All-industry average (for reference)	3.8	2.9	3.8	4.5	4.4	3.6	3.8	4.2

- 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 FY2005 and first quarter of FY2006 were determined at the end of the third 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 (October–December 2005),” published by the Cabinet Office’s 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 fourth quarter of FY2005 and the first quarter of FY2006 were as follows:

- The business condition outlook index for the telecommunications business sector was 23.1 and 20.5, respectively, continuing the “plus” trend (i.e., more businesses expected an improvement in business condition).
- The business condition outlook index for the commercial broadcasting business sector was 0.0 and 3.2, respectively, showing a slight improvement from a “minus” trend to a “positive.”
- The sales outlook index for the cable TV business sector was 13.3 for both quarters, continuing its “plus” trend.

Table 3 Business condition outlook indices

Business sector	FY04			FY05				FY06
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	8.5	4.4	4.3	4.9	6.3	13.0	23.1	20.5
Broadcasting business	18.2	21.0	3.3	1.7	(6.2)	(1.6)	4.3	6.5
Commercial broadcasting business	19.6	20.9	0.0	0.0	(10.6)	(7.0)	0.0	3.2
Cable TV business	15.0	21.1	11.8	5.9	5.6	11.1	13.3	13.3
All-industry average (for reference)	9.6	2.1	0.6	0.9	9.7	10.5	8.6	7.5

- 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 FY2005 and first quarter of FY2006 were determined at the end of the third 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 (October–December 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

