

## Results of “Fact-finding Survey of the Telecommunications Industry (Survey on Equipment Investment)” for FY2005

### [Major Findings]

- Concerning equipment investment in the telecommunications industry (telecommunications business and broadcasting business):
  - Estimated actual investment for FY2004: about ¥2.8 trillion
  - Planned investment for FY2005: about ¥3.0 trillion
- Planned equipment investment for the commercial broadcasting business sector for FY2005 amounted to about ¥203.4 billion, up 36.1% from the previous fiscal year.

The Ministry of Internal Affairs and Communications has summarized the results of the “Fact-finding Survey of the Telecommunications Industry (Survey on Equipment Investment)” (a statistical survey approved by the Minister for Internal Affairs and Communications) conducted as of March 31, 2005 (reference date). For a summary, please refer to the attachment.

### ○ [Survey Overview]

The Fact-finding Survey of the Telecommunications Industry (Survey on Equipment Investment) has been conducted since FY1989 in order to grasp the actual state of equipment investment and related trends in the telecommunications industry (telecommunications business and broadcasting business sectors). This survey was conducted to grasp the actual equipment investment as of the end of FY2004.

### [Businesses Covered]

Industry Sector	No. of Questionnaires sent	Responses	Response Rate (%)
Telecommunications business	1,485	587	39.5
Commercial broadcasting business	495	364	73.5
Cable TV business	344	237	68.9
Internet-related service business	337	82	24.3
Total	2,661	1,270	47.7

Telecommunications business: All telecommunications businesses with record of registration (306 businesses); telecommunications *kabushiki-gaisha* (business entities incorporated under Japanese law) with record of notification capitalized at ¥30 million (1,179 businesses) (see Note 1).

Commercial broadcasting business: All commercial broadcasting businesses.

Cable TV business: *Kabushiki-gaisha* (business entities incorporated under Japanese law) with 10,000 or more drop wire terminals.

Internet-related service business (see Note 2): Internet-related service businesses which are listed in the relevant industry directories

Notes: 1. Distinction is made according to the administrative procedures (registration or notification) for application based on the Telecommunications Business Law as revised by the “Law revising part of the Telecommunications Business Law and of the Law concerning Nippon Telegraph and Telephone Corporation, etc.” (Law No. 125, 2003)

2. The term “Internet-related service business” includes server housing businesses, application service providers (ASPs), electronic authentication businesses, information network security service businesses, and portal site management businesses.

Attachment

## 1. Equipment Investment in Telecommunications Industry

- Estimated actual equipment investment for the telecommunications industry for FY2004 was about ¥2,799.3 billion, up 2.7% from the previous fiscal year.
- Planned equipment investment for the telecommunications industry for FY2005 increased 8.8% from the previous fiscal year to ¥3,044.8 billion.

Breakdown of equipment investment of the telecommunications industry by business sector

(Unit: ¥100 million, %)

Industry Sector	FY2003		FY2004		FY2005	
	Actual	Y/Y Change	Estimated Actual	Y/Y Change	Planned	Y/Y Change
Total telecommunications industry	27,263	0.2	<b>27,993</b>	2.7	<b>30,448</b>	8.8
Telecommunications business	23,675	(2.0)	25,099	6.0	26,948	7.4
Broadcasting business	3,588	17.2	2,894	(19.3)	3,500	20.9
Commercial broadcasting business	1,979	51.1	1,495	(24.5)	2,034	36.1
Cable TV business	710	(36.6)	596	(16.0)	677	13.4
Japan Broadcasting Corporation (NHK)	899	42.8	803	(10.7)	789	(1.7)
<b>Total</b>	<b>385,306</b>	<b>-</b>	<b>395,376</b>	<b>2.6</b>	<b>429,163</b>	<b>8.5</b>

- Notes:
1. The figures for NHK are taken from NHK-published materials.
  2. The final total is taken from "Corporate Economic Outlook Survey" (Cabinet Office, Ministry of Finance). Please note, however, that since this series of survey was introduced in FY2004, no data about the change from the previous year was available for FY2003.
  3. Figures reported here only represent those in each market sector who responded to the survey questionnaire. Therefore, caution should be exercised when comparing these figures over different years since the number of respondents may vary from year to year.

Equipment investment for telecommunications businesses with record of registration  
(reproduced here for reference)

(Unit: ¥100 million, %)

Industry Sector	FY2003		FY2004		FY2005	
	Actual	Y/Y Change	Estimated Actual	Y/Y Change	Planned	Y/Y Change
Total telecommunications businesses with record of registration	22,110	2.1	23,937	8.3	26,269	9.7
Long-distance, International	2,938	15.2	4,227	43.8	5,114	21.0
Satellite	202	(37.7)	172	(15.0)	343	99.9
Local	8,507	2.0	8,699	2.2	9,226	6.1
Mobile	10,463	0.2	10,840	3.6	11,586	6.9
NTT (reproduced here for reference)	16,330	5.3	17,186	5.2	17,219	0.2

Note: "NTT" includes NTT East, NTT West, NTT Communications, and NTT DoCoMo.

Equipment investment for Internet-related service businesses (shown as separate sector)

(Unit: ¥100 million, %)

Industry Sector	FY2003		FY2004		FY2005	
	Actual	Y/Y Change	Estimated Actual	Y/Y Change	Planned	Y/Y Change
Internet-related service business	393	(33.8)	217	(44.7)	282	29.7

[for reference]

### Equipment investment by industry

(Unit: ¥100 million, %)

	FY2003 Actual			FY2004 Estimated			FY2005 Planned		
	Amount	Y/Y Change	%	Amount	Y/Y Change	%	Amount	Y/Y Change	%
Leasing	71,962	—	18.7	54,287	(24.6)	13.7	55,847	2.9	13.0
Services	41,859	—	10.9	36,248	(13.4)	9.2	35,828	(1.2)	8.3
<b>Telecommunications</b>	<b>27,263</b>	<b>—</b>	<b>7.1</b>	<b>27,993</b>	<b>2.7</b>	<b>7.1</b>	<b>30,448</b>	<b>8.8</b>	<b>7.1</b>
Manufacturing of electric appliances	12,153	—	3.2	12,424	2.2	3.1	12,851	3.4	3.0
Utility	25,040	—	6.5	19,557	(21.8)	5.0	23,458	19.8	5.5
Finance/insurance	8,868	—	2.3	7,126	(19.6)	1.8	8,398	17.9	2.0
Transportation	28,009	—	7.3	26,895	(4.0)	6.8	28,279	5.1	6.6
Real estate	19,811	—	5.1	28,282	42.8	7.2	43,596	54.1	10.2
Retail	24,273	—	6.3	27,126	11.8	6.9	23,775	(12.4)	5.5
Manufacturing of automobiles and accessories	17,368	—	4.5	20,834	20.0	5.3	26,775	28.5	6.2
Chemical	12,804	—	3.3	14,577	13.8	3.7	15,269	4.7	3.6
Manufacturing of foodstuff	11,863	—	3.1	14,375	21.2	3.6	11,901	(17.2)	2.8
Wholesale	12,639	—	3.3	18,066	42.9	4.6	17,151	(5.1)	4.0
<b>Total</b>	<b>385,306</b>	<b>—</b>	<b>—</b>	<b>395,376</b>	<b>2.6</b>	<b>—</b>	<b>429,163</b>	<b>8.5</b>	<b>—</b>

- Notes: 1. Other than for the telecommunications industry, figures shown here for major industries are taken from "Corporate Economic Outlook Survey" (Cabinet Office, Ministry of Finance). (Equipment investment includes money spent for acquiring land, as in the "Basic Survey of Telecommunications Industry.") Please note, however, that since the aforementioned survey was introduced in FY2004, data about the change from the previous year was unavailable for FY2003. Also, "services" here means services other than leasing.
2. The "%" column indicates the ratio of the industry's equipment investment to the all-industry total.

[for reference] Survey results for businesses which responded to all four questionnaires  
(FY2002 through FY2005)

Breakdown of telecommunications industry's equipment investment by business sector

(Unit: ¥100 million, %)

Industry Sector	FY2002	FY2003		FY2004		FY2005	
	Actual	Actual	Y/Y Change	Estimated Actual	Y/Y Change	Planned	Y/Y Change
Total telecommunications industry	24,290	25,629	5.5	26,750	4.4	29,339	9.7
Telecommunications business	21,721	22,366	3.0	24,169	8.1	26,255	8.6
Broadcasting business	2,569	3,263	27.0	2,582	(20.9)	3,084	19.5
Commercial broadcasting business	1,194	1,867	56.3	1,353	(27.5)	1,820	34.5
Cable TV business	745	498	(33.2)	426	(14.5)	475	11.6
NHK	629	899	42.8	803	(10.7)	789	(1.7)

Note: The figures for NHK are taken from NHK-published materials,

Equipment investment for telecommunications businesses with record of registration  
(reproduced here for reference)

(Unit: ¥100 million, %)

Industry Sector	FY2002	FY2003		FY2004		FY2005	
	Actual	Actual	Y/Y Change	Estimated Actual	Y/Y Change	Planned	Y/Y Change
Total telecommunications businesses with record of registration	21,052	21,682	3.0	23,613	8.9	25,687	8.8
Long-distance, International	2,498	2,937	17.5	4,221	43.7	5,113	21.1
Satellite	324	202	(37.7)	172	(15.0)	343	99.9
Local	7,923	8,287	4.6	8,380	1.1	8,645	3.2
Mobile	10,307	10,257	(0.5)	10,840	5.7	11,586	6.9
NTT (reproduced here for reference)	15,514	16,330	5.3	17,186	5.2	17,219	0.2

Note: "NTT" includes NTT East, NTT West, NTT Communications, and NTT DoCoMo.

Equipment investment for Internet-associated service businesses (shown as separate sector)

(Unit: ¥100 million, %)

Industry Sector	FY2002	FY2003		FY2004		FY2005	
	Actual	Actual	Y/Y Change	Estimated Actual	Y/Y Change	Planned	Y/Y Change
Internet-related service businesses	344	223	(35.1)	166	(25.7)	204	23.1

## 2. Purposes of Equipment Investment

### (1) Telecommunications business

- “Expansion of service area” and “R&D” constitute fairly high proportions of the equipment investment.
- “Related to digitalization” constitutes 46.7% (nearly half) of all the planned equipment investment for FY2005.

Breakdown of equipment investment for telecommunications business sector by purpose

(Unit: %)

Purpose of investment	FY2001 actual	FY2002 actual	FY2003 actual	FY2004 estimated	FY2005 planned
Coping with increase in demand	67.8	63.1	66.9	67.2	68.8
Expansion of service area	16.2	11.5	11.2	16.1	<b>15.3</b>
Launch of new services	7.6	5.4	5.0	4.8	7.2
Launch of respective new business	5.2	2.7	1.7	2.8	1.6
Maintenance & repair	4.2	5.7	6.2	4.6	4.0
Renewal/upgrade (replacement of obsolete facilities)	4.6	5.8	4.5	4.1	3.9
R&D	5.5	8.3	5.3	7.6	<b>7.3</b>
Rationalization & labor saving	9.1	8.4	8.3	7.4	6.8
Enhancement of safety, security, or reliability	3.4	3.5	3.8	4.0	3.9
Other	5.7	5.2	5.0	5.1	5.3
Total	100.0	100.0	100.0	100.0	100.0
Related to digitalization (reproduced here for reference)	49.2	42.6	45.5	44.1	<b>46.7</b>

### (2) Commercial broadcasting business

- “Renewal/upgrade (replacement of obsolete facilities)” and “Enhancing capacity of program production” constitute about 50% of the purposes of equipment investment.
- “Related to digitalization” has grown to 48.4% of all the planned equipment investment for FY2005.

Breakdown of equipment investment for commercial broadcasting business sector by purpose

(Unit: %)

Purpose of investment	FY2001 actual	FY2002 actual	FY2003 actual	FY2004 estimated	FY2005 planned
Coping with increase in demand	16.7	9.4	14.3	27.5	38.5
Expansion of service area	0.6	0.5	0.2	0.9	2.8
Launch of new services	5.0	5.8	11.5	13.7	25.1
Launch of respective new business	10.3	0.4	1.6	5.8	7.2
Enhancing capacity of program production	24.1	24.6	27.8	26.0	<b>23.3</b>
Maintenance & repair	15.3	14.6	14.2	10.4	5.5
Renewal/upgrade (replacement of obsolete facilities)	24.6	27.5	19.1	22.6	<b>23.6</b>
R&D	0.6	0.3	0.7	0.4	0.8
Rationalization & labor saving	4.6	4.7	3.1	2.0	1.5
Enhancement of safety, security, or reliability	0.6	0.6	0.6	1.1	2.0
Other	13.5	18.3	20.2	10.0	4.7
Total	100.0	100.0	100.0	100.0	100.0
Related to digitalization (reproduced here for reference)	15.8	32.3	25.6	33.3	<b>48.4</b>

### (3) Cable TV business

- “Expansion of service area” constitutes about 40% of equipment investment.
- “Related to digitalization” has grown to about 20% of all the planned equipment investment for FY2005.

#### Breakdown of equipment investment for cable TV business sector by purpose

(Unit: %)

Purpose of investment	FY2001 actual	FY2002 actual	FY2003 actual	FY2004 estimated	FY2005 planned
Coping with increase in demand	75.5	80.0	75.1	73.0	69.4
Expansion of service area	46.0	57.8	47.1	49.0	<b>42.9</b>
Launch of new services	6.5	7.7	5.7	5.1	9.9
Launch of respective new business	1.8	0.2	2.1	0.9	0.6
Enhancing capacity of program production	0.9	1.2	2.5	3.5	3.2
Maintenance & repair	5.5	3.1	6.6	6.7	7.7
Renewal/upgrade (replacement of obsolete facilities)	12.3	9.0	9.7	12.4	11.6
R&D	0.1	0.0	0.0	0.0	0.0
Rationalization & labor saving	0.5	0.8	1.7	1.0	0.6
Enhancement of safety, security, or reliability	1.5	1.4	0.7	0.8	1.9
Other	3.7	4.5	3.7	2.5	5.7
Total	100.0	100.0	100.0	100.0	100.0
Related to digitalization (reproduced here for reference)	7.2	8.7	12.0	13.1	<b>19.9</b>

### (4) Internet-related service business

- “Coping with increase in demand” constitutes the main purpose of equipment investment.

#### Breakdown of equipment investment for Internet-related service business sector by purpose

(Unit: %)

Purpose of investment	FY2001 actual	FY2002 actual	FY2003 actual	FY2004 estimated	FY2005 planned
Coping with increase in demand	65.9	66.9	59.5	68.5	<b>68.2</b>
Expansion of service area	18.1	27.0	23.5	24.0	25.3
Launch of new services	17.5	16.0	15.7	12.9	11.8
Launch of respective new business	12.0	7.1	14.8	17.1	9.2
Maintenance & repair	5.2	1.1	3.2	5.6	6.8
Renewal/upgrade (replacement of obsolete facilities)	11.7	4.5	3.2	7.0	5.5
R&D	3.5	0.7	0.3	0.7	0.7
Rationalization & labor saving	5.5	3.7	10.0	3.6	5.6
Enhancement of safety, security, or reliability	2.7	1.5	1.8	1.6	3.2
Other	5.5	21.6	22.0	13.0	10.0
Total	100.0	100.0	100.0	100.0	100.0
Related to digitalization (reproduced here for reference)	1.4	7.4	14.3	0.4	0.5