

November 14, 2008

Overall Results of Japan's Communications Industry, October 2008 Survey (Flash Report)

- The sales forecast diffusion index¹ for the third and fourth quarters of 2008 was “positive” among telecommunications carriers and cable TV operators, and “negative” among commercial broadcasters.
- The financial forecast diffusion index² for the two quarters was “positive” among telecommunications carriers, commercial broadcasters, and cable TV operators.
- The business conditions diffusion index³ for the two quarters was “positive” among telecommunications carriers and cable TV operators, and “negative” among commercial broadcasters.

Notes:

1. Sales forecast diffusion index (DI): the “percentage of companies predicting an increase in sales” minus the “percentage of companies predicting a decrease in sales over the previous quarter”
2. Financial forecast diffusion index (DI): the “percentage of companies predicting they will be financially better off” minus the “percentage of companies predicting they will be financially worse off”
3. Business conditions diffusion index (DI): the “percentage of companies predicting improvement in business conditions” minus the “percentage of companies predicting decline in business conditions”

Japan's communications industry survey

Since April 1995, the Ministry of Internal Affairs and Communications has conducted surveys on Japan's communications industry (by sending questionnaire sheets and receiving responses via fax or as input over the Internet), particularly on sales and sales forecasts, in order to promptly comprehend management trends in the communications industry (telecommunications carriers and broadcasters).

[Survey Target]

Based on the sales share in each business category (e.g., telecommunications and commercial

broadcasting) in FY2006, a total of 133 companies in the overall communications industry were allocated to determine the number of samples for each business category. In order to minimize the standard error, the data was processed in two steps for each business category, on a total sample basis and on a random sampling basis, and the number of samples was determined for each step. With regard to the total sample basis, top companies in sales were extracted until the number of companies reached the determined number of samples. Random sampling was then conducted from the remaining population.

[Survey Items]

- 1) Sales conditions (surveyed monthly)
- 2) Sales forecast, cash-flow forecast, and business conditions forecast (surveyed quarterly)

[Response Rate] (for this flash report)

Category	Target Companies	No. of Responses	Response Rate (%)
Overall Communications Industry	124	98	79.0
Telecommunications Carriers	55	41	74.5
Broadcasters	69	57	82.6
Commercial Broadcasters	50	40	80.0
Cable TV Operators	19	17	89.5

Note: Due to mergers of companies, the number of companies decreased by 9 from the number at the beginning of fiscal 2008.

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1. Sales Forecast

The sales forecast diffusion index for the third and fourth quarters of fiscal 2008 was as follows:

- Among telecommunications carriers, the index continues to be “positive,” at 27.8 and 36.1 for respective quarters. (Most companies predicted an increase in their sales.)
- Among commercial broadcasters, the index continues to be “negative,” at -29.7 and -24.3 for respective quarters. (Most companies predicted a decrease in their sales.)
- Among cable TV operators, the index continues to be “positive,” at 58.8 and 58.8 for respective quarters.

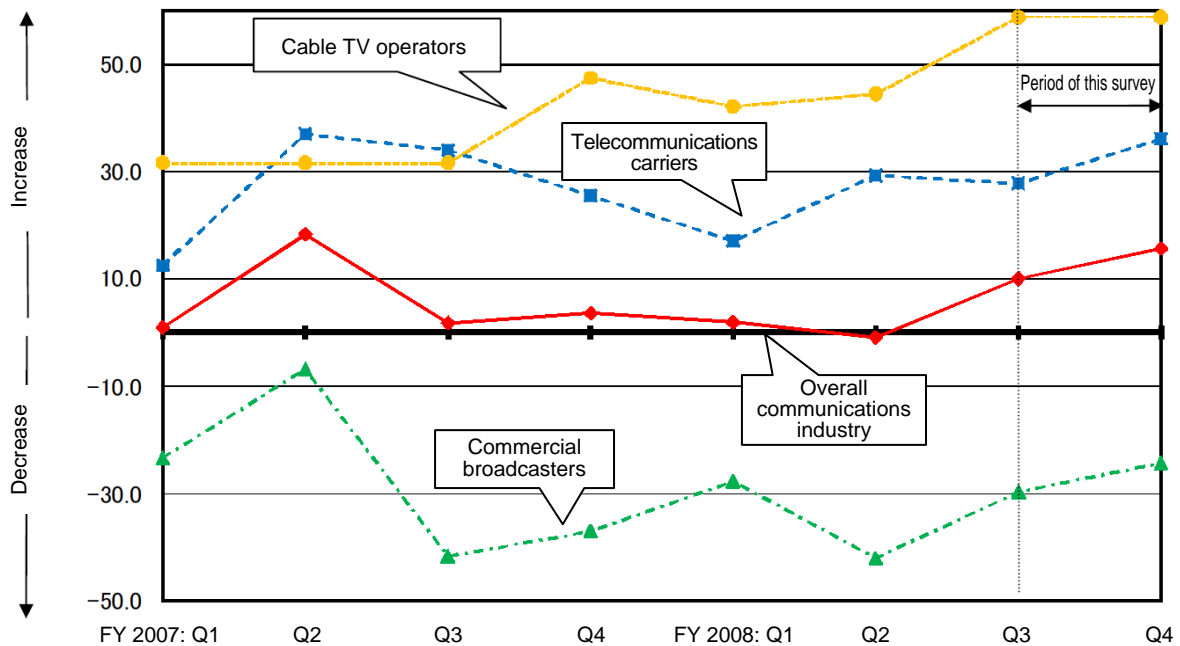
Table 1: Sales Forecast Diffusion Index

Category	FY 2007				FY 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overall Communications Industry	0.9	18.3	1.8	3.6	1.9	-0.9	10.0	15.6
Telecommunications Carriers	12.5	37.0	34.0	25.5	17.1	29.3	27.8	36.1
Broadcasters	-7.6	4.8	-20.9	-12.3	-7.6	-19.1	-1.9	1.9
Commercial Broadcasters	-23.4	-6.8	-41.7	-37.0	-27.7	-42.0	-29.7	-24.3
Cable TV Operators	31.6	31.6	31.6	47.4	42.1	44.4	58.8	58.8
(Reference)								
All Industries	0.3	19.0	11.8	5.0	-8.1	11.1	4.6	7.8

Notes:

1. Sales forecast diffusion index (DI): the “percentage of companies predicting an increase in sales” minus the “percentage of companies predicting a decrease in sales over the previous quarter”
2. The prediction for the third and fourth quarters of fiscal 2008 was made at the end of the second quarter of fiscal 2008. The predictions for other quarters were made at the end of previous quarter.
3. Figures for all industries were extracted from the large companies’ sales predictions disclosed by the Business Outlook Survey for July-September 2008 (Economic and Social Research Institute, Cabinet Office and Policy Research Institute, Ministry of Finance).

Figure 1: Sales Forecast Index Trends



2. Financial Forecas

The financial forecast diffusion index for the third and fourth quarters of fiscal 2008 was as follows:

- Among telecommunications carriers, the index continues to be “positive,” at 22.2 and 16.7 for respective quarters. (Most companies predicted they would be financially better off.)
- Among commercial broadcasters, the index continues to be “positive,” at 40.5 and 37.8 for respective quarters.
- Among cable TV operators, the index continues to be “positive,” at 11.8 and 5.9 for respective quarters.

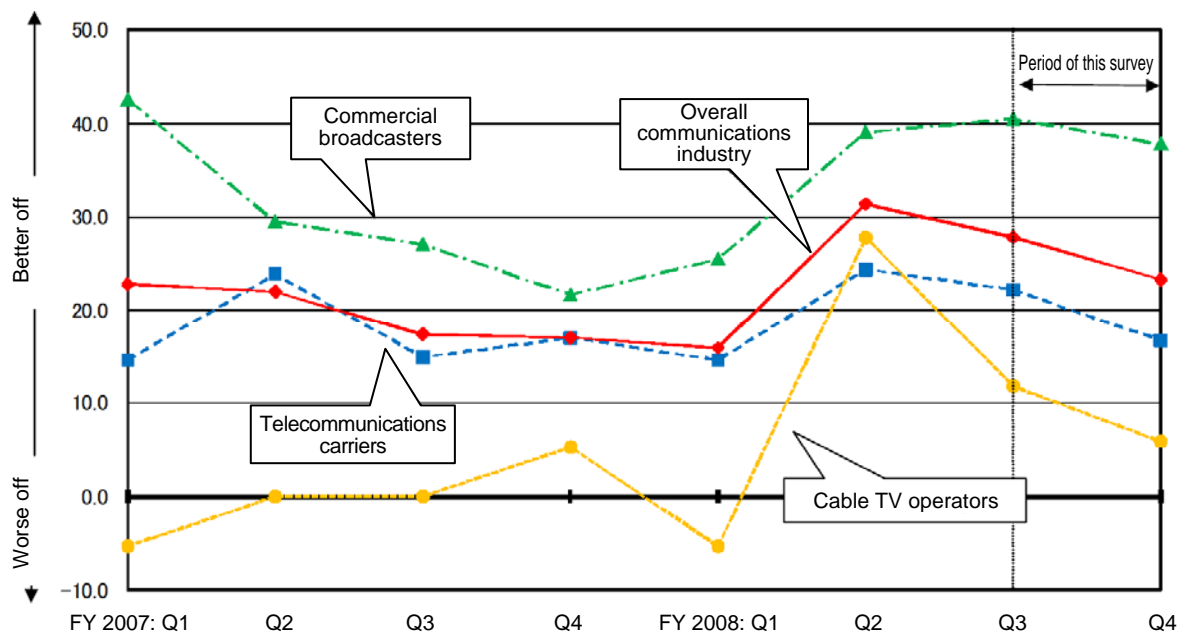
Table 2: Financial Forecast Diffusion Index

Category	FY 2007				FY 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overall Communications Industry	22.8	22.0	17.4	17.0	15.9	31.4	27.8	23.3
Telecommunications Carriers	14.6	23.9	14.9	17.0	14.6	24.4	22.2	16.7
Broadcasters	28.8	20.6	19.1	16.9	16.7	35.9	31.5	27.8
Commercial Broadcasters	42.6	29.5	27.1	21.7	25.5	39.1	40.5	37.8
Cable TV Operators	-5.3	0.0	0.0	5.3	-5.3	27.8	11.8	5.9
(Reference)								
All Industries	2.3	1.8	-0.8	-0.8	-0.1	-2.6	-2.0	0.2

Notes:

1. Financial forecast diffusion index (DI): the “percentage of companies predicting they will be financially better off” minus the “percentage of companies predicting they will be financially worse off”
2. The prediction for the third and fourth quarters of fiscal 2008 was made at the end of the second quarter of fiscal 2008. The predictions for other quarters were made at the end of previous quarter.
3. Figures for all industries were extracted from the large companies’ financial predictions disclosed by the Business Outlook Survey for July-September 2008 (Economic and Social Research Institute, Cabinet Office and Policy Research Institute, Ministry of Finance).

Figure 2: Financial Index Trends



3. Business Conditions

The business conditions diffusion index for the third and fourth quarters of fiscal 2008 was as follows:

- Among telecommunications carriers, the index continues to be “positive,” at 19.4 and 22.2 for respective quarters. (Most companies predicted improvement in their business.)
- Among commercial broadcasters, the index continues to be “negative,” at -27.0 and -27.0 for respective quarters. (Most companies predicted decline in their business.)
- Among cable TV operators, the index continues to be “positive,” although slightly lower than the second quarter level, at 5.9 and 5.9 for respective quarters.

Table 3: Business Conditions Diffusion Index

Category	FY 2007				FY 2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overall Communications Industry	6.2	12.8	-3.5	-4.5	-1.9	-9.5	-2.2	-1.1
Telecommunications Carriers	16.7	32.6	23.4	14.9	14.6	14.6	19.4	22.2
Broadcasters	-1.5	-1.6	-22.4	-18.5	-12.1	-25.0	-16.7	-16.7
Commercial Broadcasters	-10.9	-9.1	-35.4	-30.4	-25.5	-41.3	-27.0	-27.0
Cable TV Operators	21.1	15.8	10.5	10.5	21.1	16.7	5.9	5.9
(Reference)								
All Industries	-0.9	6.2	0.5	-9.3	-15.2	-10.2	-5.3	-0.4

Notes:

1. Business conditions diffusion index (DI): the “percentage of companies predicting improvement in business conditions” minus the “percentage of companies predicting decline in business conditions”
2. The prediction for the third and fourth quarters of fiscal 2008 was made at the end of the second quarter of fiscal 2008. The predictions for other quarters were made at the end of previous quarter.
3. Figures for all industries were extracted from the large companies’ business predictions disclosed by the Business Outlook Survey for July-September 2008 (Economic and Social Research Institute, Cabinet Office and Policy Research Institute, Ministry of Finance).

Figure 3: Business Conditions Diffusion Index Trends

