

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for 30 Japanese firms (own-firm changes expected during the next 12 months)

	Sept 2015	Jun 2015	Mar 2015	Dec 2014	Sept 2014
Weighted Averages for	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
<b>Earnings growth*</b>	23.1%	10.5%	6.6%	1.1%	20.3%
<b>Capital spending</b>	24.5% Median=10%	13.7%	-2.3%	6.6%	0.9%
<b>Technology spending</b>	8.3%	0.5%	1.6%	1.0%	1.7%
<b>R&amp;D spending</b>	6.0%	2.1%	6.8%	5.4%	4.4%
<b>Advertising and marketing spending</b>	5.8%	2.1%	2.0%	3.7%	5.8%
<b>Employment – full-time</b>	-3.7%	0.9%	-0.7%	1.9%	1.3%
<b>Employment – temporary</b>	-33.3%	-3.5%	0.5%	0.8%	-1.4%
<b>Outsourced Employment</b>	-3.3%	4.2%	5.0%	3.7%	3.1%
<b>Wages and Salaries</b>	2.6%	2.2%	2.5%	2.6%	2.9%
<b>Productivity</b>	14.5%	2.1%	6.7%	2.0%	3.1%
<b>Inflation (Chg in prices of own-firm products)</b>	-2.1%	-0.3%	1.2%	1.0%	2.2%
<b>Dividends*</b>	15.5%	7.7%	11.3%	11.3%	11.9%
<b>Share Repurchases*</b>	19.3%	10.2%	0.0%	2.5%	-6.8%
<b>Cash on balance sheet*</b>	-9.1%	2.1%	-1.1%	-6.3%	-3.2%
<b>Revenue</b>	4.8%	5.6%	11.5%	4.0%	3.6%
<b>Mergers and Acquisitions</b>	46.4% plan to acquire; mainly for product diversification and revenue synergies.	Not asked.	59.4% plan to acquire; Foreign targets in 44.3% of acq. 17.6% plan to sell part or all of firm.	Not asked.	Not asked.

\* indicates public firms only. All other numbers are for all survey respondents (including private). The reported averages are weighted by revenue or number of employees, so that large firms are weighted more heavily.

**Japanese BUSINESS OPTIMISM**  
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	<b>Sept 2015</b>	<b>Jun 2015</b>	<b>Mar 2015</b>	<b>Dec 2014</b>	<b>Sept 2014</b>
	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>	<b>Compared to last qtr.</b>
<b>Optimism about the country's economy</b>	More opt: 13.3% Less opt: 30.0% No chg: 56.7%	More opt: 54.8% Less opt: 4.8% No chg: 40.5%	More opt: 60.6% Less opt: 12.1% No chg: 27.3%	More opt: 26.3% Less opt: 26.3% No chg: 47.4%	More opt: 35.3% Less opt: 5.9% No chg: 58.8%
<b>Country optimism level</b>	55.9	63.0	64.0	54.9	59.2
<b>Optimism about own company</b>	More opt: 30.0% Less opt: 33.3% No chg: 36.7%	More opt: 45.2% Less opt: 14.3% No chg: 40.5%	More opt: 36.4% Less opt: 18.2% No chg: 45.5%	More opt: 33.3% Less opt: 23.1% No chg: 43.6%	More opt: 29.4% Less opt: 9.8% No chg: 60.8%
<b>Own company optimism level</b>	55.9	60.0	55.3	55.4	60.7

Top Concerns for Japanese Businesses

- Economic Uncertainty
- Attracting and retaining qualified employees
- Currency risk
- Employee productivity
- Data security
- Rising input or commodity costs
- Weak demand for your product/services
- Geopolitical/Health Crises
- Employee morale
- Rising wages and salaries