



Today's Theme



Japan

Japanese Corporate Earnings



What is FY2015 Japanese corporate earnings like?



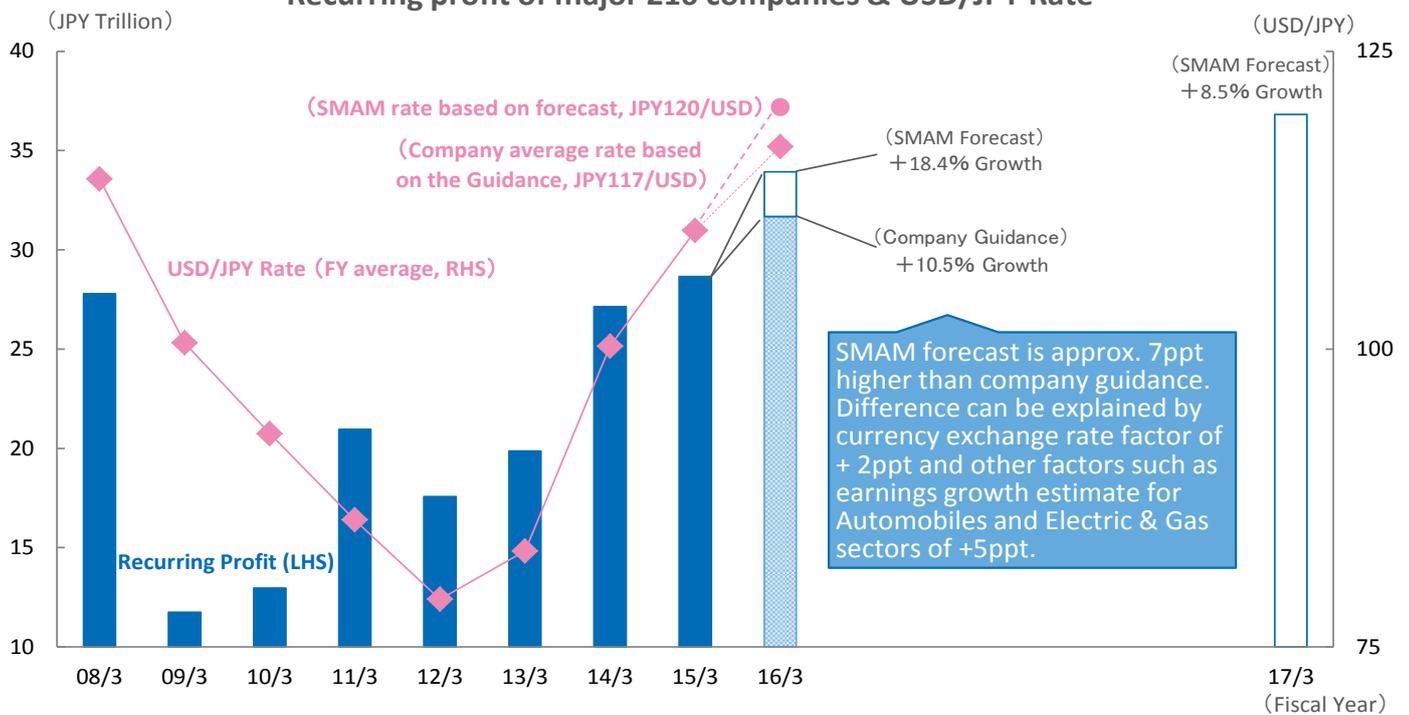
Recurring profit is expected to accelerate on solid exports and very likely domestic demand recovery. Further upward revision of corporate earnings can be possible if JPY stays at current level.

■ Recurring profit of major 216 companies (*) is expected to grow +18.4% y-o-y in FY2015 from +5.6% y-o-y in FY2014. This is due to higher profits of exporters, bounce-back of energy & mining businesses which booked large write-offs on lower crude oil price in the previous year and earnings recovery of retailers, consumer goods and food companies underpinned by domestic demand expansion.

■ As a company tends to report a conservative guidance, upward revision of earnings is very likely. Further upward revision can be expected on exchange rates and economic environment.

(*) Core research universe companies of SMAM.

"Recurring profit of major 216 companies & USD/JPY Rate"



(Note) 1. Data period of recurring profit is from March 2008 to March 2017. Companies with fiscal year ending other than March are included. Beyond FY2016 is SMAM's forecast.

2. USD/JPY rate is the average rate in each fiscal year starting from March 2008 to March 2015.

(Source) SMAM, based on Bloomberg L.P. and publicly available company data.



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