



Today's Theme



Japan

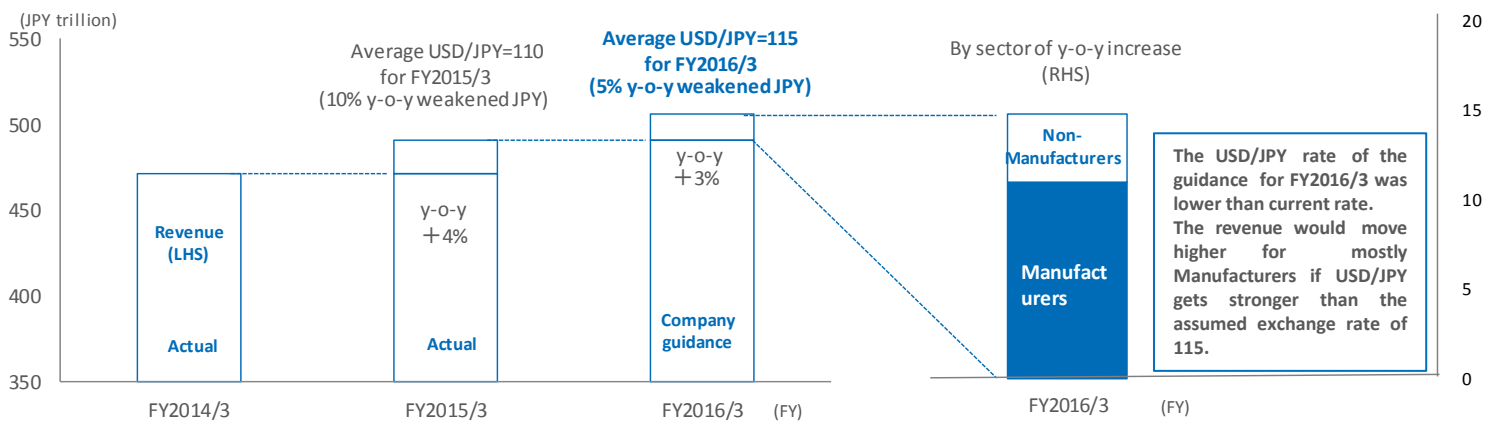
## Corporate Earnings Outlook

### Q Is Japan's company guidance conservative for FY2015?

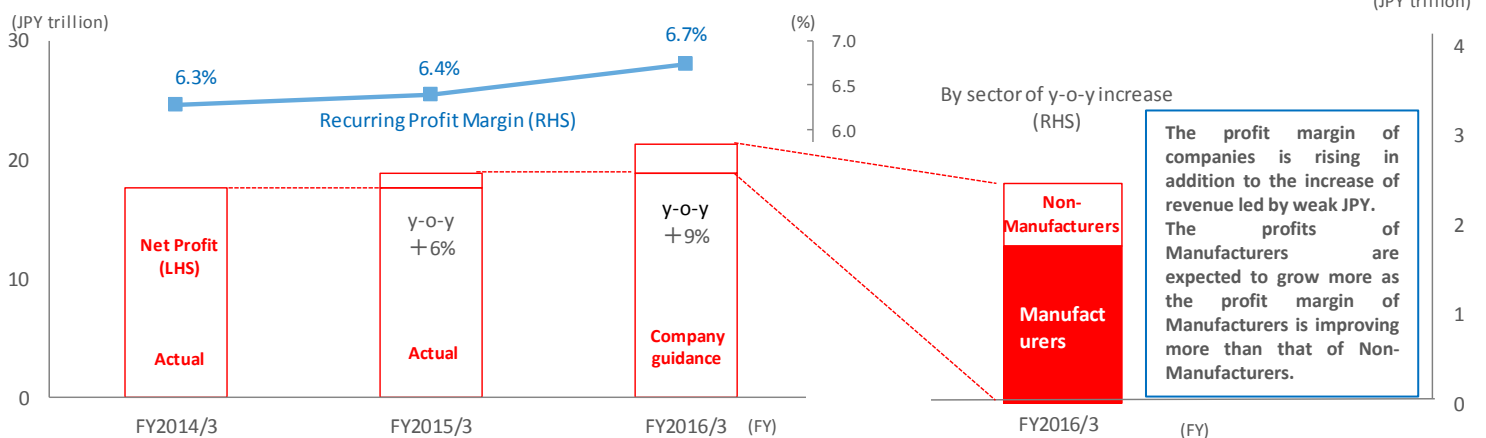
**A** The guidance as a whole looks conservative due to uncertain global growth and geopolitical risk. Even such a conservative earnings forecast is likely to renew its record high. Moreover, the earnings would beat the expectation in case JPY gets weaker.

- On the company reports, the net profits of all March fiscal year end public companies are expected to grow by 9% y-o-y in FY2016/3. The guidance seems slightly conservative as quite a few uncertainties surround the businesses at the moment. The forecasts are based on the currency rate of on average USD/JPY=115, lower than current rate.
- The earnings would beat the expectation if current USD/JPY rate continues over the year. Weaker JPY would mostly benefit manufacturers to raise revenue and profit. As profit margin improve, the bottom line would increase further, too.

"Revenue of March FY end Companies"



"Net Profit and Recurring Profit Margin of March FY end"



(Note) Data is from FY2014/3 to FY2016/3. Data of FY2016/3 is company guidance.

The data is based on 1,490 companies that reported their financial results (exc. Financials, Electric Powers).

(Source) SMAM, based on The Nikkei Shimbun newspaper data.



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