

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

Results for 76 Japanese firms (own-firm changes expected during the next 12 months)

	Dec 2013	Sept 2013	Jun 2013	Mar 2013	Dec 2012
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
Earnings growth*	28.1%	14.4%	26.3%	-10.2%	-4.9%
Capital spending	3.0%	23.2%	23.8%	19.2%	7.4%
Technology spending	2.8%	0%	5.3%	1.1%	0.1%
R&D spending	5.4%	6.5%	5.1%	2.0%	3.9%
Advertising and marketing spending	1.6%	0.8%	1.0%	3.3%	2.7%
Employment – full-time	0.2%	0.6%	-0.3%	1.6%	0.2%
Employment – temporary	-3.7%	-6.6%	0.5%	-1.4%	0.3%
Outsourced Employment	7.6%	2.4%	7.0%	3.9%	4.0%
Wages and Salaries	2.5%	2.3%	1.6%	1.2%	0.7%
Productivity	4.4%	1.1%	6.6%	0.5%	2.8%
Inflation (Chg in prices of own-firm products)	2.5%	0.6%	-2.4%	-1.4%	-3.0%
Dividends*	10.4%	4.6%	8.5%	-2.7%	-2.9%
Share Repurchases*	0.6%	0%	0.0%	1.0%	0.0%
Cash on balance sheet*	4.2%	-8.6%	3.1%	0.9%	2.1%
Revenue	6.4%	6.9%	6.2%	-0.2%	1.9%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	18.9% plan to acquire; Foreign targets in 55.3% of acq. 2.9% plan to sell part or all of firm.	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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	Dec 2013	Sept 2013	Jun 2013	Mar 2013	Dec 2012
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the country's economy	More opt: 64.5% Less opt: 3.9% No chg: 31.6%	More opt: 45.7% Less opt: 10.9% No chg: 43.5%	More opt: 67.6% Less opt: 1.4% No chg: 31.1%	More opt: 63.6% Less opt: 5.1% No chg: 31.3%	More opt: 18.1% Less opt: 50.0% No chg: 31.9%
Country optimism level	63.6	57.5	62.9	60.0	48.6
Optimism about own company	More opt: 48.7% Less opt: 13.2% No chg: 38.2%	More opt: 31.1% Less opt: 13.3% No chg: 55.6%	More opt: 40.5% Less opt: 13.5% No chg: 45.9%	More opt: 31.6% Less opt: 13.3% No chg: 55.1%	More opt: 14.7% Less opt: 42.2% No chg: 43.1%
Own company optimism level	60.2	56.3	55.3	53.1	51.2

Top Concerns for Japanese Businesses

MACRO CONCERNS

- Price Pressure from Competitors
- Consumer Demand
- Cost of non-fuel commodities
- National government policies

INTERNAL TO OWN FIRM

- Ability to forecast results
- Ability to maintain margins
- Attracting and retaining qualified employees
- Maintaining morale/productivity