

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

Results for 17 Japanese firms (own-firm changes expected during the next 12 months)

|  | Dec 2019                          | Sept 2019                         | Jun 2019                          | Mar 2019                          | Dec 2018                          |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 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*                               | -7.7%<br>Median=4.0%              | -0.7%<br>Median=1.4%              | 0.4%<br>Median=1.4%               |                                   | 3.0%                              |
| Capital spending                               | 4.9%<br>Median = 7.4%             | 7.6%<br>Median = 6.0%             | 1.5%<br>Median = 0.0%             | 38.0%<br>Median=71.6%             | 3.5%<br>Median=3.5%               |
| Advertising and marketing spending             | -4.4%<br>Median=0.0%              | -0.1%<br>Median=-1.1%             | -0.1%<br>Median=0.0%              |                                   | 0.4%                              |
| Technology spending                            | 4.5%<br>Median=5.0%               | 4.3%<br>Median=3.0%               | 0.1%<br>Median=0.0%               |                                   | 1.7%                              |
| R&D spending                                   | 4.6%<br>Median=5.0%               | 2.3%<br>Median=4.2%               | 0.3%<br>Median=0.0%               |                                   | 1.1%                              |
| Employment – full-time                         | 3.8%<br>Median=3.9%               | 2.0%<br>Median=2.8%               | 1.1%<br>Median=0.0%               | 1.8%<br>Median=0.0%               | 1.8%<br>Median=3.0%               |
| Wages and Salaries                             | 3.3%<br>Median=3.5%               | 3.3%<br>Median=2.2%               | 2.2%<br>Median=2.7%               | 1.3%<br>Median=1.6%               | 1.2%<br>Median=1.0%               |
| Inflation (Chg in prices of own-firm products) | -2.0%<br>Median=-1.0%             | -0.3%<br>Median=0.0%              | 0.0%<br>Median=0.0%               |                                   | 0.0%                              |
| Healthcare cost                                | 1.8%<br>Median=1.0%               | 0.4%<br>Median=0.0%               | 0.6%<br>Median=0.0%               |                                   | 0.3%                              |
| Revenue  | -2.1%<br>Median=-2.4%             | 0.8%<br>Median=2.6%               | -1.9%<br>Median=-1.3%             | 4.0%<br>Median=4.6%               | 1.8%                              |

\* indicates public firms only. All other numbers are for all survey respondents (including private).

Japanese BUSINESS OPTIMISM

|                                      | Dec 2019  | Sept 2019   | Jun 2019   | Mar 2019  | Mar 2018   |
|--------------------------------------|---|---|--|---|--|
|                                      | 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: 5.9%<br>Less opt: 64.7%<br>No chg: 29.4%  | More opt: 0.0%<br>Less opt: 81.3%<br>No chg: 18.8%  | More opt: 0.0%<br>Less opt: 69.2%<br>No chg: 30.8% | More opt: 15.4%<br>Less opt: 61.5%<br>No chg: 23.1% | More opt: 8.3%<br>Less opt: 41.7%<br>No chg: 50.0% |
| Country optimism level               | 46.1  | 42.9  | 38.6   | 54.1  | 49.4   |
| Optimism about own company           | More opt: 35.3%<br>Less opt: 35.3%<br>No chg: 29.4% | More opt: 37.5%<br>Less opt: 50.0%<br>No chg: 12.5% | More opt: 0.0%<br>Less opt: 23.1%<br>No chg: 76.9% | More opt: 30.8%<br>Less opt: 30.8%<br>No chg: 38.5% | More opt: 0.0%<br>Less opt: 50.0%<br>No chg: 50.0% |
| Own company optimism level           | 55.33   | 57.3  | 52.0   | 58.2  | 48.5   |

Top Concerns for Japanese Businesses (December 2019)

- Economic uncertainty
- Difficulty attracting and retaining qualified employees
- Employee morale
- Weak demand for products/services
- Government policies
- Geopolitical/health crises
- Currency risk Rising input/commodity prices
- Employee productivity
- Regulatory requirements
- Rising wages and salaries