



Today's Theme



Japanese Corporate Shareholder Return

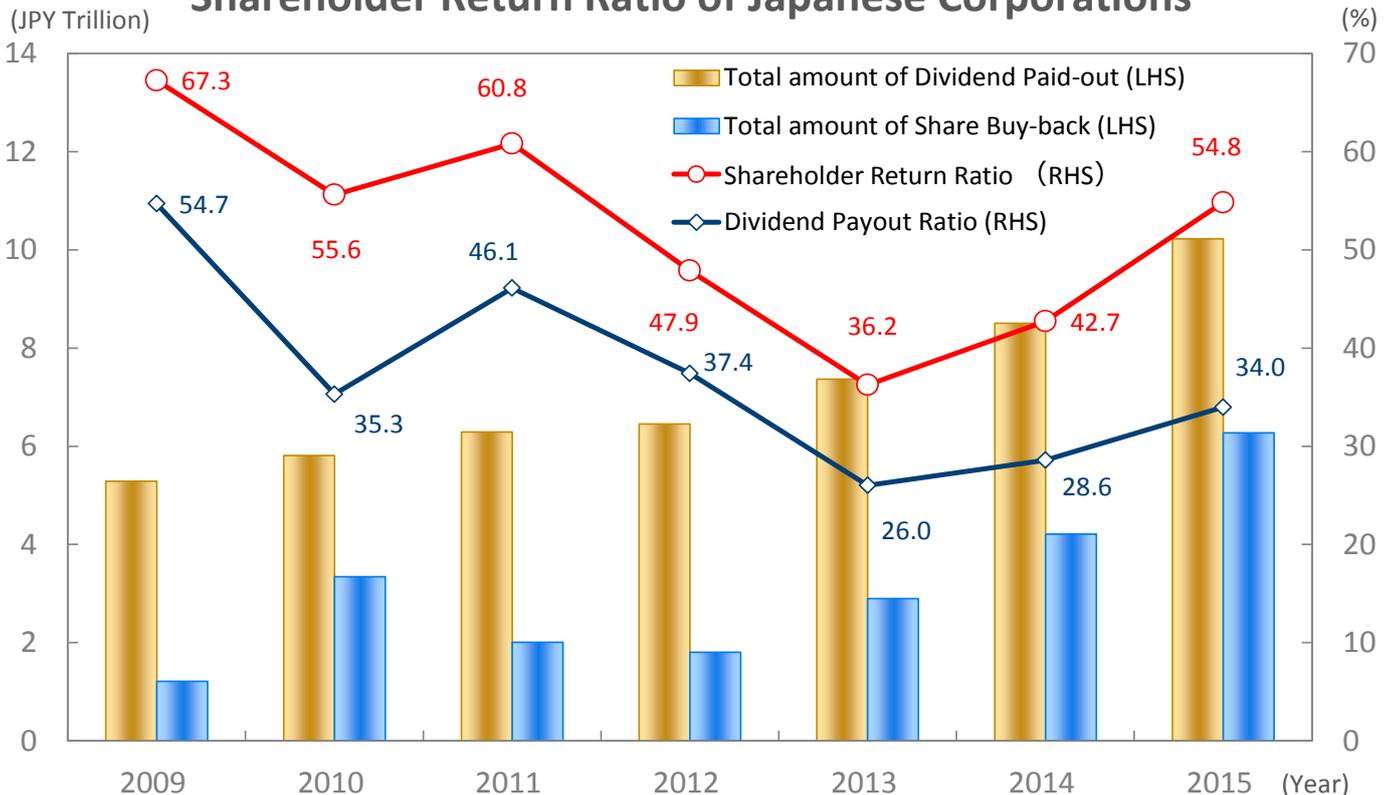
Q How is the shareholder return ratio going for Japanese corporations?

A In 2015, shareholder return ratio was 54.8%, increasing for two straight years. Further expansion of shareholder return supported by ample cash flow is likely as corporate earnings are expected to renew record high in 2016 and 2017.

■ Total shareholder return of Japanese corporations (company comprising TOPIX) was JPY16.5trillion, gained by +29.7% YoY, increasing for two years in a row. It is comprised of (i) total amount of dividend paid out of JPY10.2trillion (+20.2% YoY) and (ii) total amount of share buy-back of JPY6.3trillion (+48.9% YoY). Meanwhile, net profit of fiscal year 2015 was JPY30.0trillion (+1.1% YoY).

■ “Corporate Governance Code” played a very important role in improving shareholder return ratio. It urges corporations not to retain too much profit and efficiently use capital by measures including returning to shareholders. Proactive shareholder return activities by Japanese corporations are expected hereafter by utilizing their abundant cash reserves created by their historically high earnings.

"Shareholder Return Ratio of Japanese Corporations"



(Note) 1. Data period is from 2009 to 2015. Based on company comprising Tokyo Stock Exchange Index (TOPIX).
2. Dividend Payout Ratio = Total amount of Dividend Paid-out / Net Profit.
Shareholder Return Ratio = (Dividend + Total amount of Share Buy-back) / Net Profit.

(Source) SMAM, based on FactSet data.



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