



Today's Theme



Japan

## Shareholder Return of Japanese Companies



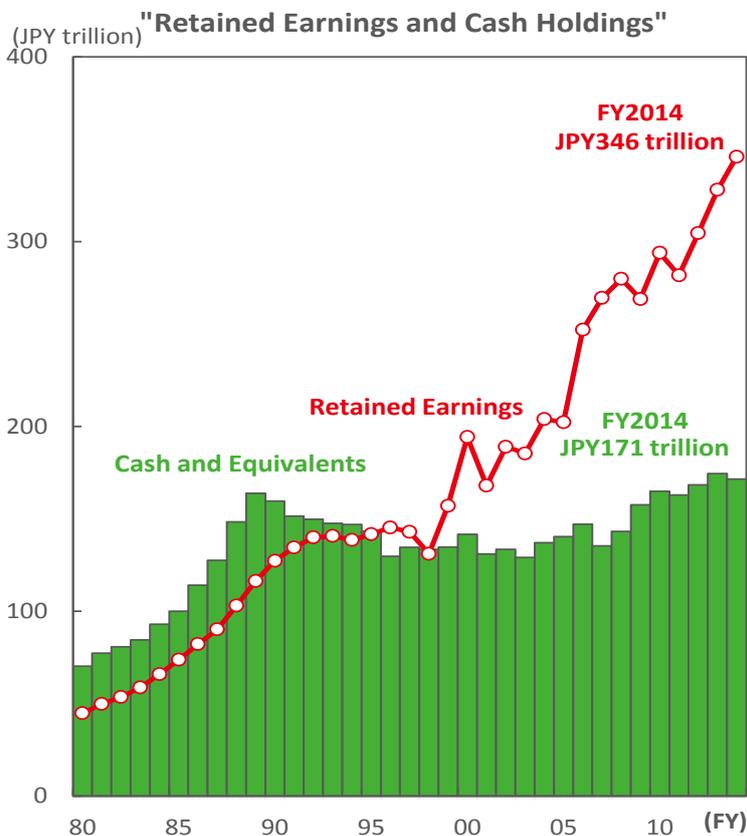
### Will shareholder return of Japanese companies increase?



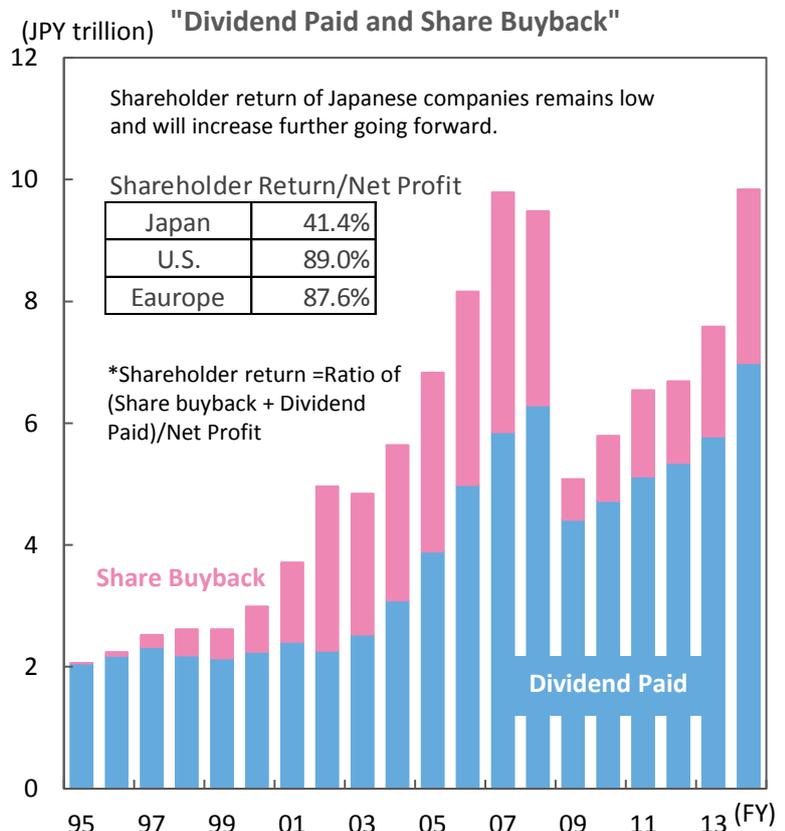
Japanese companies have not distributed sufficient return to shareholders, whereas US and European companies have done it more aggressively. Therefore, tons of cash are currently piled up in their retained earnings. The room to expand shareholder returns in increasing dividends and share buybacks going forward should be large.

■ Improving corporate values through “dialogue” with investee companies and maximizing shareholders’ interest are more focused as key issues. Thus, companies are more likely to spend money in investment or enhance shareholder return rather than retain earnings in the company, considering improving return on equity (ROE).

■ Shareholder return of Japanese companies is much lower than that of US and European companies, and will increase further going forward. The retained earnings or cash holdings hit the record high and there seems to be large room to expand return to shareholders.



(Note) Data period is from FY1980 end to FY2014 end. FY2014 is flash data.  
(Source) SMAM, based on MOF Corporate Statistics data.



(Note) Data period is from FY1995 to FY2014.  
Shareholders return data are based on TOPIX (Japan), S&P500 (US) and Stoxx Europe600 (Europe).  
(Source) SMAM, based on FactSet data.



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