

Outlook for FY13–14 corporate earnings

Quarterly Update

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Equity Research Dept

Nomura Securities Co., Ltd.

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Summary and major assumptions

Overview of FY12 corporate earnings

In this report, we collate earnings forecast data issued by our analysts, and then analyze that data. In FY12, sales at companies in the Russell/Nomura Large Cap Index (ex financials) rose 2.7% y-y and recurring profits increased 7.7%. Compared with our forecasts (published in March, based on data collated on 24 February), sales growth was 0.6ppt higher and recurring profit growth was 3.8ppt higher. In value terms, the overshoot for recurring profits was relatively large, at ¥651.2bn. Excluding the utilities sector, which posted recurring losses for a second year, FY12 recurring profits were up 8.2% y-y (compared with our forecast of 5.1%).

The latest revisions to our corporate earnings outlook reflect FY12 results. In FY12 Q4, recurring profits at companies in the Russell/Nomura Large Cap Index (ex financials) rose 24.8% y-y, marking an acceleration from the 21.0% growth in Q3. The strong y-y growth in Q3 was largely attributable to the low comparison base a year earlier—a result of the flooding in Thailand and restructuring by some companies. The impact of these special factors was more muted in Q4, however, suggesting that underlying earnings have regained momentum.

Overview of the FY13 corporate earnings outlook

For FY13, our analysts forecast sales growth of 8.5% y-y and recurring profit growth of 36.2% for companies in the Russell/Nomura Large Cap Index (ex financials). These figures represent upward revisions of 2.6ppt for sales and 4.5ppt for recurring profits versus our previous forecasts. Our recurring profit forecast has increased by ¥1,783.6bn, which is larger than the previous upward revision of ¥1,486.7bn.

We expect emergency economic stimulus measures to support the Japanese economy through mid-2013, and we see exports regaining momentum from FY13 H2 as economic recovery in the US and the weaker yen boost export volumes. As a result, we see corporate sales growth reaching a level second only to the 9.1% growth recorded in FY06, prior to the global financial crisis.

Our FY13 estimates assume USD/JPY of 97 and EUR/JPY of 126 over the full year (versus our previous assumptions of 87 and 114, respectively). These figures assume that the yen will weaken by just under ¥14 versus the dollar and almost ¥19 against the euro compared with FY12, and we estimate this will lift recurring profit growth by 18.7ppt. Around half of the profit growth called for in our current bottom-up forecasts can thus be attributed to the impact of a weaker yen.

We estimate that each ¥1 weakening against the dollar lifts our FY13 recurring profit forecast for companies in the Russell/Nomura Large Cap Index (ex financials) by approximately 0.9%, and each ¥1 weakening against the euro boosts our forecast by around 0.1%. If we were to assume forex rates for USD/JPY of 100 and for EUR/JPY of 130, and leave other conditions unchanged, our recurring profit growth forecast would come to 40.2%, which is 4.0ppt higher than our current forecast. Similarly, forex rates for USD/JPY of 105 and for EUR/JPY of 135 would push up our recurring profit growth forecast to 46.6%, 10.4ppt above our current forecast.

The previous peak for recurring profits was in FY07. Based on our bottom-up forecasts, we project that recurring profits will reach 90% of the peak level in FY13 and recover the peak in FY14.

Fig. 1: Overview of consolidated earnings forecasts for the Russell/Nomura Large Cap Index

(% y-y, except where noted)

		No. of cos	New				Old	
			FY11	FY12	FY13E	FY14E	FY12E	FY13E
Sales	Russell/Nomura Large Cap (ex financials)	295	1.4	2.7	8.5	2.9	2.1	5.9
	Manufacturing	179	0.2	3.0	8.5	3.1	2.3	6.2
	Basic materials	47	4.8	-0.5	7.7	0.6	-1.5	7.3
	Processing	81	-2.0	4.8	9.8	4.4	4.2	6.6
	Nonmanufacturing (ex financials)	116	3.0	2.2	8.6	2.5	1.7	5.5
	Russell/Nomura Small Cap (ex financials)	1,045	3.4	2.5	6.1	3.2	2.7	4.2
Operating profits	Russell/Nomura Large Cap (ex financials)	295	-18.6	4.5	35.3	11.3	3.4	29.1
	Manufacturing	179	-14.2	7.5	36.8	10.7	5.6	31.3
	Basic materials	47	-9.8	-22.6	30.5	12.6	-26.2	34.9
	Processing	81	-20.6	29.1	45.9	11.2	26.9	37.1
	Nonmanufacturing (ex financials)	116	-24.6	-0.4	33.0	12.2	-0.2	25.7
	Russell/Nomura Small Cap (ex financials)	1,045	-2.5	-2.1	25.0	9.3	1.3	19.2
Recurring profits	Russell/Nomura Large Cap	332	-12.1	12.8	26.5	9.9	5.1	26.5
	Russell/Nomura Large Cap (ex financials)	295	-19.5	7.7	36.2	11.6	3.9	31.7
	Manufacturing	179	-17.9	10.3	39.4	11.4	6.6	35.3
	Basic materials	47	-7.1	-19.2	23.0	13.2	-23.0	26.3
	Processing	81	-29.3	36.4	55.4	12.1	31.2	48.3
	Nonmanufacturing	153	-5.9	15.2	14.8	8.3	3.7	17.9
	Nonmanufacturing (ex financials)	116	-21.7	3.5	31.0	11.8	-0.4	25.9
	Russell/Nomura Small Cap	1,134	6.5	3.9	15.3	8.7	0.4	17.3
	Russell/Nomura Small Cap (ex financials)	1,045	0.5	4.5	16.6	9.3	1.7	18.1
	Russell/Nomura Small Cap (ex financials)	1,045	0.5	4.5	16.6	9.3	1.7	18.1
Net profits	Russell/Nomura Large Cap	332	-25.3	36.3	51.8	7.9	31.0	44.0
	Russell/Nomura Large Cap (ex financials)	295	-35.2	26.7	77.7	9.4	30.9	57.1
	Manufacturing	179	-42.9	30.8	77.5	10.9	27.6	69.3
	Basic materials	47	-34.6	-30.8	79.0	14.4	-25.1	68.0
	Processing	81	-57.2	77.5	110.0	12.1	68.9	99.9
	Nonmanufacturing	153	-2.6	41.0	31.4	4.8	34.0	23.8
	Nonmanufacturing (ex financials)	116	-19.2	20.4	78.1	7.0	36.1	40.5
	Russell/Nomura Small Cap	1,134	10.4	2.0	54.1	9.2	10.7	39.2
	Russell/Nomura Small Cap (ex financials)	1,045	1.2	-2.0	66.0	10.2	9.6	46.2

Note: (1) Latest estimates as of 26 May 2013. Previous estimates as of 24 February 2013.

Source: Nomura

Fig. 2: Major assumptions

			Industrial production	Uncollateralized overnight call rate	WTI	Forex rate		
			% y-y	FY-end, %	CIF, \$/barrel	average, \$/¥	average, €/¥	
Annual	FY11		-1.0	0-0.10	97.3	79.0	108.8	
	FY12E	Includes some estimates	Est -2.8	0-0.10	92.1	83.1	107.1	
		Old est	-2.5	0-0.10	92.2	81.7	105.2	
	FY13E	New	4.2	0-0.10	93.0	97.0	126.0	
		Old	4.0	0-0.10	95.0	87.0	114.0	
	FY14E	New	2.5	0-0.10	93.0	97.0	126.0	
	Old	2.1	0-0.10	95.0	87.0	114.0		
Semiannual	FY12	H1	0.1	0-0.10	92.9	79.3	100.6	
	FY12E	H2	Est -5.3	0-0.10	91.3	86.8	113.6	
		Includes some estimates	-5.1	0-0.10	91.6	84.1	109.7	
		Old est						
	FY'13E	H1	New	1.3	0-0.10	93.0	97.0	126.0
		Old	1.5	0-0.10	95.0	87.0	114.0	
		H2	New	7.1	0-0.10	93.0	97.0	126.0
		Old	6.7	0-0.10	95.0	87.0	114.0	
	FY14E	H1	New	3.4	0-0.10	93.0	97.0	126.0
		H2	New	1.6	0-0.10	93.0	97.0	126.0

Note: Macroeconomic assumptions as of 12 April 2013. Previous assumptions as of 10 January 2013. Some figures may differ from our economic outlook publication due to different dates when forecasts were made.

Source: Nomura

Contributions to recurring profit growth by sector

Overview of FY12 corporate earnings

In FY12, recurring profits increased in 11 of 19 sectors and declined in eight. Among the sectors in which there was profit growth, there were major contributions to overall growth from automobiles, financials, transportation, and electrical machinery & precision equipment. Of these, automobiles and financials both made positive contributions to overall profit growth exceeding 50%.

Earnings in the automobiles sector had been depressed in FY11 by the Great East Japan Earthquake and the flooding in Thailand, but earnings recovered in FY12. Although business conditions for the automobiles sector were severe in Europe and China, there were large contributions from sales growth in the US and Southeast Asia. New car sales in the US rose 13.4% from 12.8mn vehicles in 2011 to 14.5mn in 2012, reflecting the release of pent-up replacement demand after consumers had held off on auto purchases in the wake of the 2008 financial crisis. In Japan, benefits emerged from eco-car subsidies and tax breaks. Among financials, nonlife insurers incurred major losses on natural disasters in FY11, but the impact of this factor diminished in FY12. Megabanks saw signs of a bottoming in lending in Japan, in addition to healthy lending overseas. In the transportation sector, railway operators benefited from the recovery in travel and tourism demand. In the electrical machinery & precision equipment sector, business conditions in the consumer electronics subsector deteriorated sharply from FY11 H2, but losses shrank in FY12 as the rise in restructuring costs paused.

Among the sectors in which profits declined, there were large negative contributions from chemicals, trading companies, utilities, and steel & nonferrous metals. A number of sectors were affected considerably by the economic slowdown in FY12 H1, mainly in China. For the trading companies sector and the oil products subsector of the chemicals sector, the decline in the WTI crude oil price from \$97.30/bbl in FY11 to \$92.10/bbl in FY12 also had an impact. A major factor behind wider losses in the utilities sector was the rise in fuel costs from the FY11 level, owing to the shutdown of nuclear power plants and the increased use of thermal power.

Overview of the FY13 corporate earnings outlook

For FY13, we forecast that recurring profits will increase (or losses will contract) in 18 of the 19 sectors. Sectors from which we expect substantial contributions to overall profit growth are automobiles, electrical machinery & precision equipment, and utilities. We assume the yen will weaken from USD/JPY of 83.1 in FY12 to 97 in FY13, and we think the biggest contributions to profit growth will come from sectors whose earnings benefit most from a weaker yen.

The automobiles sector has higher forex sensitivity than other sectors, and we look for sales in North America and Southeast Asia to remain strong. We estimate that US new car sales will rise 5.4% y-y in 2013, to 15.3mn vehicles. While we think auto sales in Japan will be hit by the withdrawal of eco-car subsidies, we expect a surge in demand equivalent to around 200,000 vehicles prior to the April 2014 rise in the consumption tax rate, so we see little need for concern about sales volume. Other positives include the low likelihood that raw material prices will have a major negative impact on earnings, as material prices are looking stable, and indications from sector companies that they plan to continue reducing COGS. In the electrical machinery & precision equipment sector, an expected earnings recovery at consumer electronics companies accounts for nearly half of the forecast contribution to profit growth. Companies continue to regard IT infrastructure (related to big data and cloud computing services) and social infrastructure (energy- and environment-related) as growth fields. Investment levels have been very low over the last one or two years, but a recovery in capex-related areas is now coming into view. In the electronic parts subsector, we expect growth in the new segment of mobile devices—smartphones and tablets—to offset the decline in traditional segments. In the utilities sector, we think y-y improvement in the nuclear power capacity factor is likely to be limited, but we look for electricity rate hikes and further cost reductions to contribute to earnings.

Fig. 3: Contributions to recurring profit growth by sector for the Russell/Nomura Large Cap

(%)

FY12				FY13E			
Increase in profit				Increase in profit			
11 sectors	Growth	Contribution	Contribution (ex financials)	18 sectors	Growth	Contribution	Contribution (ex financials)
Automobiles	72.8	57.0	116.9	Automobiles	48.8	27.8	26.2
Financials	34.8	51.3	-	Electrical machinery, precision equipment	98.3	23.2	21.9
Transportation	30.9	11.0	22.6	Utilities	LS	14.7	13.9
Electrical machinery, precision equipment	19.7	9.3	19.0	Telecommunications	20.6	7.7	7.3
Telecommunications	7.2	5.9	12.1	Steel, nonferrous metals	103.8	7.2	6.8
Housing, real estate	20.8	5.5	11.3	Machinery	23.0	4.5	4.3
Food	9.1	3.1	6.3	Trading companies	14.8	3.6	3.4
Services	16.6	1.7	3.5	Pharmaceuticals, healthcare	21.5	3.5	3.3
Media	7.6	0.5	1.1	Software	101.2	3.0	2.9
Software	8.4	0.4	0.9	Chemicals	6.8	2.4	2.2
Household goods	0.1	0.0	0.0	Retailing	12.9	2.2	2.1
				Food	11.8	1.9	1.8
				Transportation	8.2	1.8	1.7
				Housing, real estate	10.8	1.5	1.4
				Household goods	6.8	0.4	0.4
				Services	6.1	0.3	0.3
				Construction	8.2	0.2	0.2
				Media	2.3	0.1	0.1
Decrease in profit				Decrease in profit			
8 sectors	Growth	Contribution	Contribution (ex financials)	1 sectors	Growth	Contribution	Contribution (ex financials)
Construction	-1.0	0.0	-0.1	Financials	-7.1	-6.0	-
Retailing	-2.5	-1.0	-2.0				
Pharmaceuticals, healthcare	-4.9	-2.0	-4.1				
Machinery	-5.1	-2.5	-5.2				
Steel, nonferrous metals	-18.9	-3.8	-7.9				
Utilities	LI	-5.5	-11.4				
Trading companies	-15.1	-10.1	-20.7				
Chemicals	-19.2	-20.7	-42.4				
FY14E							
Increase in profit							
19 sectors	Growth	Contribution	Contribution (ex financials)				
Utilities	SP	20.2	20.8				
Automobiles	10.1	18.0	18.5				
Electrical machinery, precision equipment	14.7	14.6	15.0				
Chemicals	12.6	9.9	10.1				
Machinery	14.1	7.2	7.4				
Steel, nonferrous metals	14.8	4.4	4.5				
Retailing	9.9	4.0	4.1				
Food	8.4	3.2	3.3				
Housing, real estate	9.3	3.0	3.1				
Financials	1.6	2.7	-				
Transportation	4.7	2.4	2.4				
Software	18.2	2.3	2.4				
Trading companies	4.0	2.3	2.4				
Pharmaceuticals, healthcare	4.7	2.0	2.0				
Telecommunications	1.2	1.2	1.2				
Household goods	8.9	1.1	1.1				
Services	6.2	0.8	0.8				
Construction	10.9	0.5	0.5				
Media	4.4	0.3	0.3				
Decrease in profit							
0 sector	Growth	Contribution	Contribution (ex financials)				
-	-	-	-				

Note: SP = switch to profit, LS = losses shrinking, LI = losses increasing.

Source: Nomura

Revisions to recurring profit estimates (versus old estimates)

Overview of FY12 corporate earnings

FY12 recurring profits exceeded our forecasts in 14 of the 19 sectors and fell short in five. Sectors in which profits were substantially higher than our estimates included financials, utilities, automobiles, electrical machinery & precision equipment, and chemicals.

In the financials sector, profits came in ahead of our forecasts in a number of subsectors, including megabanks, trust banks, insurance, and securities. At megabanks and trust banks, credit costs and equity impairment losses were lower than we had expected, in addition to which there were improvements at core banking operations, with recoveries in fee & commission income from investment trust sales, etc, and in lending momentum. Securities companies benefited from a sharp rise in stock market trading value and strong sales of investment trusts and other products, while insurers saw substantial improvements in net investment income. Overall, results clearly reflected the strong performance of asset markets. In the utilities sector, companies stepped up efforts to reduce costs amid a harsh operating environment, and this helped stem earnings declines. In the automobiles sector, companies benefited from brisk demand in North America and Southeast Asia, and also from stable raw material prices and the weaker yen. Sales of luxury cars were stronger than we had anticipated, and companies made more progress than we had expected with COGS reductions. In the electrical machinery & precision equipment sector, the stronger-than-expected performance was mainly attributable to the consumer electronics subsector. We would note, however, that earnings benefited from one-time factors such as gains on the sale of assets, and sales of key products still lacked momentum. Earnings from conventional products such as TVs, PCs, and mobile phones remained weak. The impact of deteriorating TV and other conventional product businesses also lingered at industrial electronics companies, despite the bold action they have taken since the financial crisis to restructure business portfolios. In addition, the domestic nuclear power situation created uncertainty for the social infrastructure businesses that industrial electronics companies have positioned as key areas of focus, while their IT service businesses saw declines in profitability. In the chemicals sector, companies received a boost from the weaker yen, and companies in the glass & cement subsector benefited from rising public works investment.

Sectors in which recurring profits were substantially lower than we had forecast included retailing and pharmaceuticals & healthcare. In the retailing sector, the disappearance of the rush demand from the digital TV switchover continued to have an impact, mainly on TV sales, and sector companies booked upfront costs on new stores and acquisitions. In pharmaceuticals & healthcare, earnings fell short of our forecasts owing to greater-than-expected cost increases at some sector companies.

Overview of the FY13 corporate earnings outlook

We have raised our FY13 forecasts for 14 of 19 sectors and lowered them for four. We now assume a weaker yen for FY13, and have changed our USD/JPY assumption from 87 to 97 and our EUR/JPY assumption from 114 to 126. A weaker yen boosts earnings in a large number of sectors, accounting for the large number of upward revisions this time.

We have made large upward revisions for sectors such as automobiles, financials, telecommunications, utilities, trading companies, and machinery, a group that includes many sectors with high forex sensitivity. The upward revision for the automobiles sector reflects the possibility of rush demand ahead of the hike in consumption tax and expectations for increased exports as the weaker yen leads to wider margins. In the financials sector, our upward revisions factor in a recovery in domestic lending and the stronger-than-expected rebound in the stock market, which should support earnings. In the telecommunications sector, the upward revisions reflect the increase in M&A activity, which we expect to result in business integration synergies. In the utilities sector, we are now more cautious on prospects for an increase in the nuclear power capacity factor, but we expect that negative to be outweighed by the effects of reduced and deferred maintenance costs. In the machinery sector, strong demand for smartphones is driving a recovery in orders from electronics companies, and the overall pickup in corporate earnings has heightened expectations for a gradual recovery in capex, both in Japan and overseas.

Fig. 4: Revisions to recurring profit estimates (versus old estimates) for the Russell/Nomura Large Cap Index

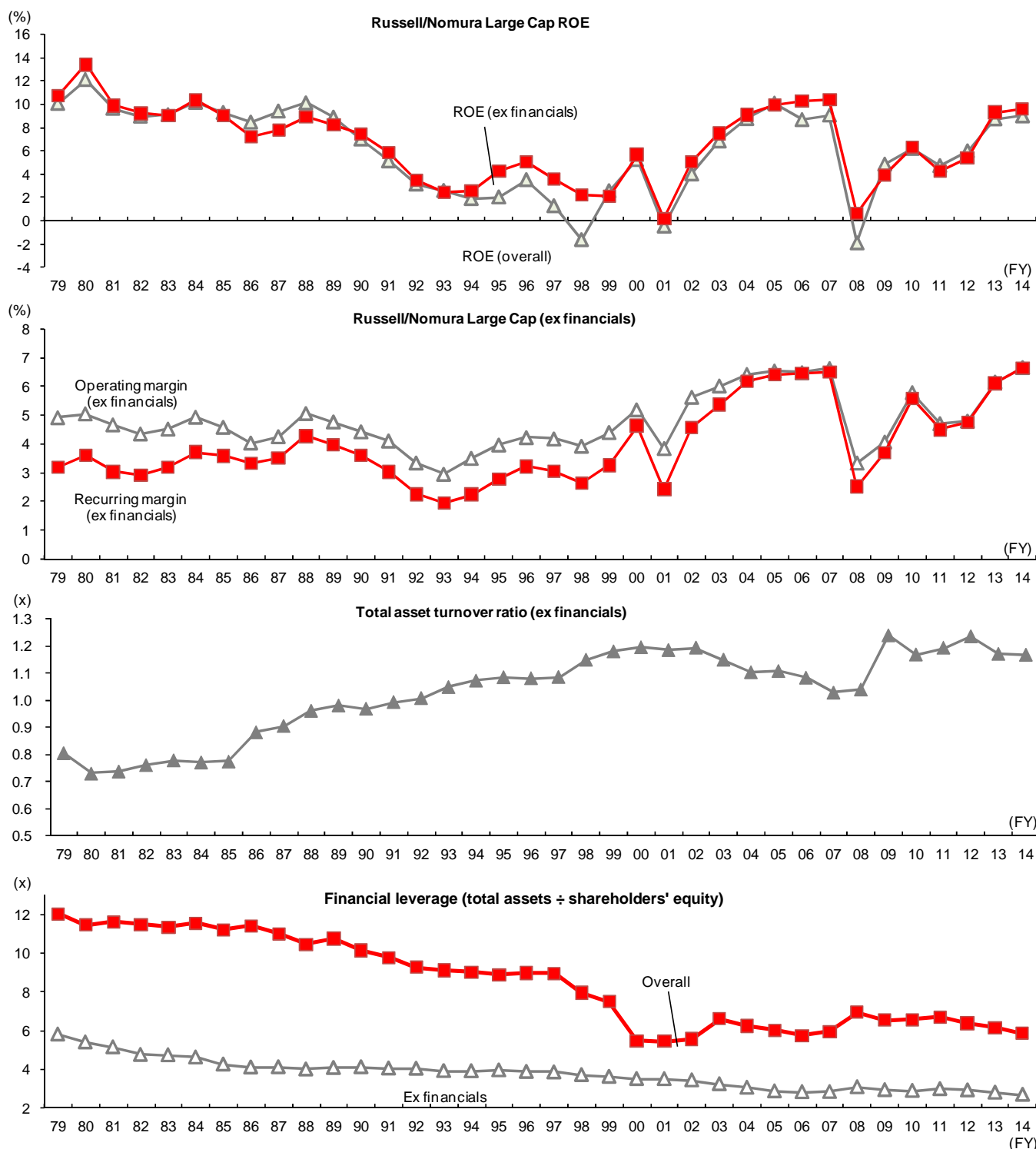
FY12					FY13E				
[Upward revisions] 14 sectors					[Upward revisions] 14 sectors				
	Actual ¥bn	Old ¥bn	Revision ¥bn	Change %		New ¥bn	Old ¥bn	Revision ¥bn	Change %
Financials	5,965	4,881	1,085	22.2	Automobiles	6,027	5,210	818	15.7
Utilities	-1,065	-1,184	119	N.M.	Financials	5,543	5,145	397	7.7
Automobiles	4,064	3,958	106	2.7	Telecommunications	3,205	2,879	326	11.3
Electrical machinery, precision equipment	1,687	1,588	99	6.2	Utilities	-19	-194	175	N.M.
Chemicals	2,606	2,514	93	3.7	Trading companies	1,959	1,804	155	8.6
Trading companies	1,706	1,627	79	4.9	Machinery	1,729	1,604	125	7.8
Transportation	1,406	1,333	73	5.5	Food	1,291	1,216	75	6.2
Machinery	1,416	1,348	69	5.1	Transportation	1,692	1,629	63	3.9
Steel, nonferrous metals	495	441	54	12.4	Housing, real estate	1,082	1,034	48	4.6
Housing, real estate	956	911	46	5.0	Pharmaceuticals, healthcare	1,421	1,387	34	2.5
Food	1,107	1,063	45	4.2	Steel, nonferrous metals	1,003	970	34	3.5
Telecommunications	2,639	2,620	18	0.7	Chemicals	2,631	2,605	26	1.0
Services	364	353	11	3.2	Software	428	417	12	2.8
Household goods	371	367	4	1.1	Construction	157	153	4	2.3

[Downward revisions] 5 sectors					[Downward revisions] 4 sectors				
	Actual ¥bn	Old ¥bn	Revision ¥bn	Change %		New ¥bn	Old ¥bn	Revision ¥bn	Change %
Construction	122	124	-2	-1.8	Household goods	424	428	-4	-1.0
Software	173	194	-21	-10.9	Services	415	427	-11	-2.7
Pharmaceuticals, healthcare	1,170	1,204	-35	-2.9	Electrical machinery, precision equipment	3,334	3,357	-22	-0.7
Retailing	1,110	1,155	-45	-3.9	Media	232	303	-71	-23.4
Media	227	289	-62	-21.4					

Note: Latest estimates as of 26 May 2013, previous estimates as of 24 February 2013.

Source: Nomura

Fig. 5: Breakdown of factors affecting ROE

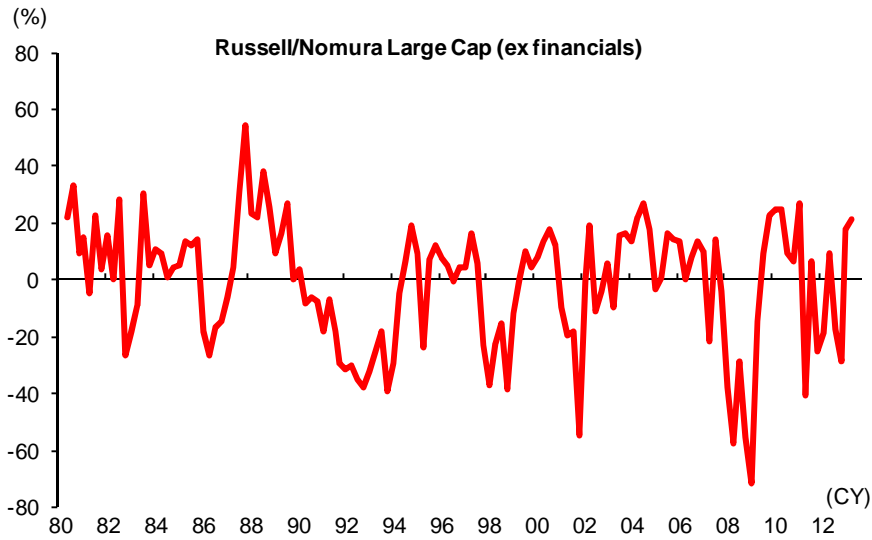


Note: (1) Figures for FY13 onward are estimates as of 26 May 2013.

Source: Nomura

Fig. 6: Revision index for the Russell/Nomura Large Cap Index

	(yy/m)	11/12	12/3	12/6	12/9	12/12	13/3	13/6
Russell/Nomura Large Cap		-22.9	-12.6	8.7	-15.0	-25.0	19.2	25.3
Russell/Nomura Large Cap (ex financials)		-25.3	-18.9	9.5	-17.2	-28.5	17.6	21.7
Manufacturing		-53.4	-33.9	15.4	-31.9	-41.2	23.5	20.1
Basic materials		-48.9	-50.9	3.6	-40.0	-61.1	31.9	25.5
Processing		-64.9	-34.1	24.1	-40.2	-41.4	30.9	29.6
Nonmanufacturing (ex financials)		23.4	7.4	-0.9	8.3	-6.5	8.5	24.1



Note: (1) Excludes consolidated subsidiaries. (2) Revision index = (number of upward revisions - number of downward revisions) ÷ number of companies.
 Source: Nomura

Russell/Nomura Large Cap Index: earnings indicators

Fig. 7: Percentage change in sales by sector

		No. of cos	(% y-y, except where noted)								
			FY08	FY09	FY10	FY11	FY12 Old	FY12 Actual	FY13E Old	FY13E New	FY14E New
Industrial groups	Russell/Nomura Large Cap (ex financials)	295	-7.7	-13.0	6.1	1.4	2.1	2.7	5.9	8.5	2.9
	Manufacturing	179	-10.8	-11.8	7.0	0.2	2.3	3.0	6.2	8.5	3.1
	Basic materials	47	-5.3	-20.8	13.2	4.8	-1.5	-0.5	7.3	7.7	0.6
	Processing	81	-15.2	-10.7	6.3	-2.0	4.2	4.8	6.6	9.8	4.4
	Nonmanufacturing (ex financials)	116	-3.3	-14.4	4.9	3.0	1.7	2.2	5.5	8.6	2.5
Broad sectors	Materials	47	-5.3	-20.8	13.2	4.8	-1.5	-0.5	7.3	7.7	0.6
	Machinery, autos	45	-17.0	-13.0	7.4	-0.1	9.3	10.0	7.5	12.3	5.5
	Electronics	36	-13.0	-8.0	5.2	-4.3	-2.1	-1.6	5.2	6.4	2.7
	Consumer, distribution	88	-4.2	-14.9	5.7	3.3	0.2	0.8	6.1	9.1	2.7
	Information	22	-1.9	-3.5	0.4	1.5	4.6	3.4	4.3	8.0	2.4
	Utilities, infrastructure	57	0.7	-11.0	2.5	2.2	4.4	5.3	3.4	5.4	2.1
Sectors	Chemicals	36	-5.3	-19.5	13.0	6.5	-0.3	0.8	4.2	5.1	1.2
	Steel, nonferrous metals	11	-5.3	-23.1	13.6	0.7	-5.1	-4.3	16.2	15.0	-0.9
	Machinery	24	-8.4	-16.2	8.3	5.0	2.5	2.2	5.8	10.4	7.6
	Autos	21	-19.3	-12.1	7.1	-1.6	11.4	12.5	8.0	12.8	4.9
	Electrical machinery, precision equipment	36	-13.0	-8.0	5.2	-4.3	-2.1	-1.6	5.2	6.4	2.7
	Pharmaceuticals, healthcare	21	2.7	3.6	1.1	3.0	1.3	2.0	1.9	2.7	1.7
	Food products	18	6.5	-6.5	0.7	-0.9	3.5	3.3	4.3	5.9	2.2
	Household goods	12	-7.8	-5.8	1.8	2.9	4.2	4.4	1.7	4.0	4.5
	Trading companies	8	-7.5	-23.4	10.2	6.1	-2.0	-1.0	8.2	12.6	2.5
	Retailing	20	0.9	-3.7	1.8	-2.5	3.5	3.7	5.3	7.3	4.0
	Services	9	-0.3	-3.5	0.1	-2.4	2.2	1.5	2.2	2.9	2.1
	Software	8	3.7	-14.0	-17.6	-14.9	5.6	-4.0	21.8	31.6	5.7
	Media	6	-3.9	-5.7	4.5	1.9	5.2	4.8	2.9	3.9	1.9
	Telecommunications	8	-2.5	-0.9	2.4	3.5	4.4	3.8	2.3	6.0	2.0
	Construction, engineering	5	2.5	-16.1	-16.0	7.7	4.8	7.5	0.9	-0.1	1.5
	Housing, real estate	15	0.0	-3.6	5.4	2.7	6.3	6.1	5.7	9.3	4.0
	Transportation	24	-4.0	-12.0	3.4	-0.7	3.1	3.4	1.3	3.0	1.6
Utilities	13	6.1	-11.9	5.9	3.4	4.6	5.9	4.8	6.8	1.4	

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 26 May 2013, previous estimates as of 24 February 2013.

Source: Nomura

Fig. 8: Percentage change in operating profits by sector

(% y-y, except where noted)

		No. of cos	FY08	FY09	FY10	FY11	FY12 Old	FY12 Actual	FY13E Old	FY13E New	FY14E New
Industrial groups	Russell/Nomura Large Cap (ex financials)	295	-53.2	-6.2	49.8	-18.6	3.4	4.5	29.1	35.3	11.3
	Manufacturing	179	-71.9	8.0	74.3	-14.2	5.6	7.5	31.3	36.8	10.7
	Basic materials	47	-59.1	-47.8	101.5	-9.8	-26.2	-22.6	34.9	30.5	12.6
	Processing	81	-88.2	117.4	110.6	-20.6	26.9	29.1	37.1	45.9	11.2
	Nonmanufacturing (ex financials)	116	-15.0	-16.4	25.7	-24.6	-0.2	-0.4	25.7	33.0	12.2
Broad sectors	Materials	47	-59.1	-47.8	101.5	-9.8	-26.2	-22.6	34.9	30.5	12.6
	Machinery, autos	45	-87.5	110.6	106.5	-10.9	38.4	42.9	30.3	43.6	10.1
	Electronics	36	-89.3	126.5	116.1	-32.7	7.8	6.7	51.6	50.7	13.5
	Consumer, distribution	88	-7.5	-19.4	17.5	0.8	-5.4	-6.4	14.8	18.2	7.6
	Information	22	-6.0	-2.6	6.3	-3.7	7.2	4.3	11.4	24.3	4.7
	Utilities, infrastructure	57	-30.1	-10.3	35.2	-57.7	5.1	10.4	56.0	60.1	23.4
Sectors	Chemicals	36	-66.2	-31.0	94.5	-1.1	-25.1	-21.3	15.6	11.0	12.4
	Steel, nonferrous metals	11	-47.7	-71.8	125.0	-37.1	-32.4	-30.2	152.1	149.6	13.1
	Machinery	24	-44.1	-42.0	124.8	6.1	-8.4	-7.9	19.2	26.7	13.9
	Autos	21	SL	SP	98.0	-19.8	70.1	77.2	34.3	49.5	9.0
	Electrical machinery, precision equipment	36	-89.3	126.5	116.1	-32.7	7.8	6.7	51.6	50.7	13.5
	Pharmaceuticals, healthcare	21	-21.0	13.3	-8.7	-7.6	-2.0	-6.9	13.5	21.6	5.3
	Food products	18	-8.2	-7.8	11.5	4.1	6.3	9.0	10.3	13.5	7.7
	Household goods	12	-29.8	-0.9	12.1	0.5	-0.8	-2.3	9.1	11.6	8.8
	Trading companies	8	12.8	-58.1	69.7	6.3	-26.7	-24.8	26.5	28.7	6.6
	Retailing	20	-7.6	-3.9	21.8	7.5	1.1	-3.5	12.5	15.0	10.8
	Services	9	-26.6	15.2	4.5	-15.9	14.2	15.3	12.3	9.0	6.1
	Software	8	-11.5	-24.8	-32.8	-53.3	17.7	-32.9	65.4	160.5	18.9
	Media	6	-18.9	-9.8	37.6	3.6	12.8	19.4	5.2	5.2	4.7
	Telecommunications	8	-3.5	6.4	14.2	3.1	5.9	5.9	7.3	17.9	2.9
	Construction, engineering	5	-53.5	SL	10,835.6	18.3	6.8	-10.8	5.6	21.3	11.2
	Housing, real estate	15	-24.1	-22.3	29.0	0.6	12.7	12.6	9.9	14.5	7.3
	Transportation	24	-26.2	-42.0	51.5	-17.3	19.2	20.4	6.1	6.4	3.1
Utilities	13	-41.8	108.7	17.0	SL	LI	LI	SP	SP	224.4	

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 26 May 2013, previous estimates as of 24 February 2013. (3) SP = switch to profits; SL = switch to losses, LS = losses shrinking, LI = losses increasing.

Source: Nomura

Fig. 9: Percentage change in recurring profits by sector

(% y-y, except where noted)

		No. of cos	FY08	FY09	FY10	FY11	FY12 Old	FY12 Actual	FY13E Old	FY13E New	FY14E New
Industrial groups	Russell/Nomura Large Cap	332	-79.7	97.3	43.8	-12.1	5.1	12.8	26.5	26.5	9.9
	Russell/Nomura Large Cap (ex financials)	295	-64.1	8.6	58.7	-19.5	3.9	7.7	31.7	36.2	11.6
	Manufacturing	179	-81.7	36.1	91.0	-17.9	6.6	10.3	35.3	39.4	11.4
	Basic materials	47	-64.3	-52.4	133.9	-7.1	-23.0	-19.2	26.3	23.0	13.2
	Processing	81	SL	SP	143.6	-29.3	31.2	36.4	48.3	55.4	12.1
	Nonmanufacturing	153	-76.7	165.1	14.7	-5.9	3.7	15.2	17.9	14.8	8.3
	Nonmanufacturing (ex financials)	116	-26.7	-8.1	27.6	-21.7	-0.4	3.5	25.9	31.0	11.8
Broad sectors	Materials	47	-64.3	-52.4	133.9	-7.1	-23.0	-19.2	26.3	23.0	13.2
	Machinery, autos	45	-91.7	225.7	116.1	-11.5	38.0	42.5	29.0	42.2	11.0
	Electronics	36	SL	SP	200.1	-54.9	12.7	19.7	112.6	98.3	14.7
	Consumer, distribution	88	-23.8	-5.0	16.7	5.9	-5.1	-4.1	11.2	14.1	6.6
	Information	22	-12.5	1.3	3.3	0.0	6.9	7.3	14.1	24.8	3.3
	Utilities, infrastructure	57	-39.2	-9.2	48.7	-70.2	8.5	30.2	88.8	79.7	30.2
	Financials	37	SL	SP	-8.2	33.7	10.6	34.8	5.1	-7.1	1.6
Sectors	Chemicals	36	-71.6	-32.2	116.2	1.8	-22.1	-19.2	8.8	6.8	12.6
	Steel, nonferrous metals	11	-53.3	-78.7	201.0	-34.3	-27.8	-18.9	121.6	103.8	14.8
	Machinery	24	-47.3	-38.6	125.8	7.9	-9.7	-5.1	20.2	23.0	14.1
	Autos	21	SL	SP	111.8	-20.8	68.3	72.8	32.0	48.8	10.1
	Electrical machinery, precision equipment	36	SL	SP	200.1	-54.9	12.7	19.7	112.6	98.3	14.7
	Pharmaceuticals, healthcare	21	-27.9	13.1	-8.6	-9.0	-2.1	-4.9	15.2	21.5	4.7
	Food products	18	-15.3	7.2	10.2	5.2	4.7	9.1	9.6	11.8	8.4
	Household goods	12	-27.7	-0.4	9.2	1.9	-0.9	0.1	8.4	6.8	8.9
	Trading companies	8	-27.7	-29.7	55.1	22.6	-19.0	-15.1	10.9	14.8	4.0
	Retailing	20	-9.1	-4.2	22.2	7.9	1.4	-2.5	9.6	12.9	9.9
	Services	9	-29.4	17.0	4.9	-14.7	12.9	16.6	12.2	6.1	6.2
	Software	8	-23.6	-10.7	-41.9	-53.5	21.6	8.4	82.5	101.2	18.2
	Media	6	-17.3	-11.5	34.9	14.5	3.3	7.6	4.9	2.3	4.4
	Telecommunications	8	-8.8	6.8	13.4	6.2	6.3	7.2	9.2	20.6	1.2
	Construction, engineering	5	-61.6	SL	1,102.5	49.0	0.8	-1.0	5.5	8.2	10.9
	Housing, real estate	15	-29.9	-21.8	35.3	-0.9	15.1	20.8	11.1	10.8	9.3
	Transportation	24	-32.5	-54.2	90.6	-18.9	24.0	30.9	8.8	8.2	4.7
	Utilities	13	-65.2	291.9	20.7	SL	LI	LI	LS	LS	SP
Financials	37	SL	SP	-8.2	33.7	10.6	34.8	5.1	-7.1	1.6	

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 26 May 2013, previous estimates as of 24 February 2013. (3) SP = switch to profits; SL = switch to losses, LS = losses shrinking, LI = losses increasing.

Source: Nomura

Fig. 10: Percentage change in net profits by sector

(% y-y, except where noted)

		No. of cos	FY08	FY09	FY10	FY11	FY12 Old	FY12 Actual	FY13E Old	FY13E New	FY14E New
Industrial groups	Russell/Nomura Large Cap	332	SL	SP	34.6	-25.3	31.0	36.3	44.0	51.8	7.9
	Russell/Nomura Large Cap (ex financials)	295	-94.6	148.8	63.4	-35.2	30.9	26.7	57.1	77.7	9.4
	Manufacturing	179	SL	SP	158.2	-42.9	27.6	30.8	69.3	77.5	10.9
	Basic materials	47	SL	-66.4	361.6	-34.6	-25.1	-30.8	68.0	79.0	14.4
	Processing	81	SL	SP	324.4	-57.2	68.9	77.5	99.9	110.0	12.1
	Nonmanufacturing	153	SL	SP	-14.6	-2.6	34.0	41.0	23.8	31.4	4.8
	Nonmanufacturing (ex financials)	116	-42.3	2.4	-4.9	-19.2	36.1	20.4	40.5	78.1	7.0
Broad sectors	Materials	47	SL	-66.4	361.6	-34.6	-25.1	-30.8	68.0	79.0	14.4
	Machinery, autos	45	SL	SP	254.0	-16.9	49.4	58.6	29.0	43.1	10.1
	Electronics	36	SL	SP	603.9	SL	LS	LS	SP	SP	17.6
	Consumer, distribution	88	-43.7	11.5	22.7	5.9	7.6	9.3	10.6	12.9	4.8
	Information	22	-33.7	13.4	-0.6	-2.0	9.3	9.9	26.1	37.2	4.4
	Utilities, infrastructure	57	-53.6	13.5	-76.7	SL	SP	LS	254.6	SP	10.6
	Financials	37	SL	SP	-26.7	24.7	31.2	66.7	0.4	-14.2	0.2
Sectors	Chemicals	36	SL	-6.6	305.9	-21.7	-19.7	-30.5	21.5	37.1	14.2
	Steel, nonferrous metals	11	-78.4	-94.0	631.7	-78.5	-71.1	-33.1	1,220.0	485.7	14.8
	Machinery	24	-65.0	-42.6	225.1	4.9	-5.7	-0.0	26.3	25.4	12.7
	Autos	21	SL	SP	268.5	-26.5	83.2	94.6	29.9	48.7	9.4
	Electrical machinery, precision equipment	36	SL	SP	603.9	SL	LS	LS	SP	SP	17.6
	Pharmaceuticals, healthcare	21	-62.6	115.7	-14.6	-29.4	35.5	45.6	11.8	7.7	0.9
	Food products	18	-35.2	12.1	-3.5	18.7	14.6	20.0	16.6	21.5	3.9
	Household goods	12	-46.4	-13.8	31.7	-20.8	41.3	32.9	4.8	18.0	8.9
	Trading companies	8	-32.0	-22.7	56.6	25.8	-11.2	-11.9	8.1	12.6	4.1
	Retailing	20	-36.3	-20.7	82.3	24.9	5.1	2.0	9.6	11.9	10.8
	Services	9	-87.7	324.3	-0.9	-38.2	90.1	103.2	14.6	6.1	6.7
	Software	8	-45.9	-3.5	-46.5	-61.2	47.8	51.8	82.0	75.2	17.6
	Media	6	-93.6	171.0	15.1	57.8	-12.0	-7.7	8.7	-0.4	4.4
	Telecommunications	8	-24.9	14.1	15.7	3.2	10.0	9.2	22.0	36.6	2.3
	Construction, engineering	5	SL	LI	SP	-81.6	357.4	440.1	28.5	14.7	13.2
	Housing, real estate	15	-45.5	-18.5	74.0	-16.3	47.1	54.1	16.4	16.6	12.8
	Transportation	24	-38.9	-63.5	127.9	-37.9	47.0	59.5	28.3	30.6	3.7
Utilities	13	SL	SP	SL	LI	LS	LS	LS	SP	25.8	
Financials	37	SL	SP	-26.7	24.7	31.2	66.7	0.4	-14.2	0.2	

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 26 May 2013, previous estimates as of 24 February 2013. (3) SP = switch to profits; SL = switch to losses, LS = losses shrinking, LI = losses increasing.

Source: Nomura

Fig. 11: Recurring profits by sector

(¥bn, except where noted)

		No. of cos	FY08	FY09	FY10	FY11	FY12 Old	FY12 Actual	FY13E Old	FY13E New	FY14E New
Industrial groups	Russell/Nomura Large Cap	332	7,091	17,598	26,483	23,168	24,785	26,521	31,738	33,919	37,290
	Russell/Nomura Large Cap (ex financials)	295	11,144	13,464	22,701	18,302	19,905	20,556	26,593	28,376	31,657
	Manufacturing	179	3,885	6,376	13,404	11,132	12,483	12,917	16,776	17,861	19,897
	Basic materials	47	2,123	1,236	3,638	3,588	2,954	3,101	3,574	3,634	4,114
	Processing	81	-208	2,824	7,302	5,052	6,894	7,167	10,171	11,091	12,434
	Nonmanufacturing	153	3,206	11,223	13,079	12,037	12,302	13,604	14,962	16,058	17,393
	Nonmanufacturing (ex financials)	116	7,259	7,089	9,297	7,170	7,422	7,639	9,817	10,515	11,761
Broad sectors	Materials	47	2,123	1,236	3,638	3,588	2,954	3,101	3,574	3,634	4,114
	Machinery, autos	45	633	1,866	4,354	3,731	5,306	5,480	6,814	7,757	8,608
	Electronics	36	-841	958	2,948	1,321	1,588	1,687	3,357	3,334	3,826
	Consumer, distribution	88	4,405	4,504	5,556	5,869	5,769	5,829	6,628	6,876	7,328
	Information	22	2,396	2,667	2,758	2,783	3,103	3,039	3,598	3,865	3,993
	Utilities, infrastructure	57	2,428	2,234	3,447	1,010	1,184	1,419	2,622	2,910	3,789
	Financials	37	-4,053	4,134	3,781	4,867	4,881	5,965	5,145	5,543	5,633
Sectors	Chemicals	36	1,011	996	2,658	2,959	2,514	2,606	2,605	2,631	2,963
	Steel, nonferrous metals	11	1,112	240	979	629	441	495	970	1,003	1,151
	Machinery	24	967	564	1,406	1,472	1,348	1,416	1,604	1,729	1,973
	Autos	21	-334	1,302	2,948	2,260	3,958	4,064	5,210	6,027	6,635
	Electrical machinery, precision equipment	36	-841	958	2,948	1,321	1,588	1,687	3,357	3,334	3,826
	Pharmaceuticals, healthcare	21	1,048	1,278	1,209	1,215	1,204	1,170	1,387	1,421	1,488
	Food products	18	616	734	901	938	1,063	1,107	1,216	1,291	1,400
	Household goods	12	306	305	355	338	367	371	428	424	461
	Trading companies	8	1,491	1,048	1,626	1,993	1,627	1,706	1,804	1,959	2,037
	Retailing	20	702	831	1,105	1,071	1,155	1,110	1,366	1,366	1,502
	Services	9	241	309	361	313	353	364	427	415	441
	Software	8	443	562	324	148	194	173	417	428	506
	Media	6	138	166	235	239	289	227	303	232	242
	Telecommunications	8	1,816	1,939	2,199	2,396	2,620	2,639	2,879	3,205	3,244
	Construction, engineering	5	58	-5	95	123	124	122	153	157	174
	Housing, real estate	15	750	504	770	737	911	956	1,034	1,082	1,182
	Transportation	24	1,352	682	1,313	1,049	1,333	1,406	1,629	1,692	1,771
	Utilities	13	269	1,053	1,270	-898	-1,184	-1,065	-194	-19	663
Financials	37	-4,053	4,134	3,781	4,867	4,881	5,965	5,145	5,543	5,633	

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 26 May 2013, previous estimates as of 24 February 2013.

Source: Nomura

Fig. 12: Percentage change in quarterly sales and profits (FY12)

		% y-y															
		Sales				Operating profits				Recurring profits				Net profits			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Industrial groups	Russell/Nomura Large Cap	-	-	-	-	-	-	-	-	-11.9	-2.5	36.6	25.4	-14.0	-22.8	337.3	32.9
	Russell/Nomura Large Cap (ex financials)	5.6	0.0	2.4	3.6	-6.6	-2.3	10.1	21.5	-8.5	-1.4	21.0	24.8	-0.3	-30.4	206.6	32.6
	Manufacturing	6.9	0.0	2.9	4.1	-3.1	-0.8	13.0	29.2	-4.3	-2.2	23.9	32.4	-10.2	-54.5	363.5	103.1
	Basic materials	-0.3	-4.8	2.3	6.0	-63.1	-14.3	10.1	25.7	-61.5	-13.4	19.2	25.7	SL	-61.1	376.9	8.7
	Processing	11.4	2.0	3.3	3.4	63.5	7.3	23.1	32.3	62.8	7.3	41.3	36.9	57.0	-80.2	SP	146.0
	Nonmanufacturing	-	-	-	-	-	-	-	-	-17.9	-2.8	48.2	17.6	-17.0	5.5	322.0	-17.9
	Nonmanufacturing (ex financials)	4.0	0.1	1.9	2.9	-11.8	-4.4	6.3	4.4	-14.8	-0.3	17.2	8.3	24.1	2.6	122.7	SL
Broad sectors	Basic materials	-0.3	-4.8	2.3	6.0	-63.1	-14.3	10.1	25.7	-61.5	-13.4	19.2	25.7	SL	-61.1	376.9	8.7
	Machinery, autos	24.4	7.7	5.9	5.2	141.5	28.1	5.6	36.9	130.2	42.5	5.4	28.8	103.0	36.4	53.6	46.6
	Electronics	-3.0	-4.6	0.0	1.0	-32.7	-19.8	81.6	25.0	-40.7	-66.3	761.5	56.8	SL	SL	SP	SP
	Consumption, distribution	2.0	-2.5	1.1	2.5	-10.5	-16.2	-6.8	13.7	-11.7	-13.7	0.3	14.6	2.6	-5.7	13.4	42.3
	Information	3.8	3.0	2.3	3.3	6.1	-0.9	0.4	2.0	6.1	5.7	8.8	-3.1	25.6	-18.8	48.0	-12.5
	Utilities, infrastructure	8.5	5.5	3.9	3.7	-31.3	16.8	53.2	-10.4	-45.0	26.3	122.6	SP	LS	191.4	SP	LI
	Financials	-	-	-	-	-	-	-	-	-21.5	-7.7	116.7	27.4	-36.5	10.9	SP	33.5
Sectors	Chemicals	0.0	-3.6	2.4	5.1	-64.8	-6.0	19.2	16.2	-63.5	-1.1	24.5	13.3	-90.4	-25.0	147.0	2.7
	Steel, nonferrous metals	-1.4	-8.2	1.9	8.9	-53.4	-48.7	-36.5	126.3	-52.3	-57.2	-4.8	152.3	SL	SL	SP	33.4
	Machinery	6.3	0.1	-0.3	2.9	-6.7	-23.0	-18.5	16.2	-12.5	-13.9	-3.3	7.6	-13.6	-28.0	24.4	26.8
	Automobiles	30.5	10.1	7.7	5.9	410.6	63.4	20.3	45.9	350.6	77.0	10.1	38.6	226.8	76.8	73.0	54.0
	Electrical machinery, precision equipment	-3.0	-4.6	0.0	1.0	-32.7	-19.8	81.6	25.0	-40.7	-66.3	761.5	56.8	SL	SL	SP	SP
	Pharmaceuticals, healthcare	2.5	1.9	0.2	3.5	-14.1	-10.0	-7.5	25.4	-11.3	-13.6	-2.8	32.8	9.8	6.4	25.6	SP
	Food products	5.4	0.8	3.7	3.5	13.1	0.5	10.0	20.7	11.8	-2.8	14.4	28.2	26.7	8.9	36.2	58.2
	Household goods	2.7	0.7	7.5	2.6	-15.5	-2.1	-0.8	-1.6	-17.9	0.1	3.4	7.0	19.8	4.2	44.5	105.5
	Trading companies	0.8	-5.0	-0.9	1.1	-29.9	-38.1	-32.4	12.9	-27.4	-22.3	-12.6	9.5	-19.0	-13.6	-2.1	-10.8
	Retailing	3.2	-0.5	5.9	6.8	-2.4	-16.0	1.3	2.3	-1.6	-17.0	4.6	3.5	50.8	-24.2	-1.6	-5.6
	Services	4.2	0.7	-0.2	0.5	16.6	-2.8	8.0	56.1	11.5	-0.2	13.3	49.9	33.1	18.7	53.4	SP
	Software	0.9	-3.9	-12.4	7.5	SP	-34.6	-57.4	9.9	SP	SP	-19.5	-12.7	SP	SP	-15.6	117.8
	Media	14.2	4.8	1.6	0.7	115.1	13.5	-0.4	2.3	112.7	-1.3	2.9	-25.8	215.5	-3.6	28.6	-54.9
	Telecommunications	2.0	3.3	4.8	3.5	-1.6	0.1	11.7	1.7	-0.6	0.8	15.3	1.1	15.8	-26.5	75.7	-8.9
	Construction, engineering	11.0	5.8	6.2	7.7	17.0	9.3	39.6	-58.1	27.4	20.8	54.5	-50.6	-54.0	41.5	SP	113.6
	Housing, real estate	8.0	7.5	1.7	7.2	11.8	17.2	-4.9	12.9	17.5	22.0	-0.8	26.7	-22.4	22.6	289.4	55.1
	Transportation	6.7	1.8	2.0	3.5	68.5	14.4	2.5	11.2	90.2	19.4	8.9	35.7	100.0	47.7	57.9	LI
	Utilities	10.1	7.8	6.6	0.5	SL	LS	LS	LI	SL	LS	LS	LI	LS	LS	SP	LI
	Financials	-	-	-	-	-	-	-	-	-21.5	-7.7	116.7	27.4	-36.5	10.9	SP	33.5

Note: (1) Q1 = Feb–Apr, Mar–May, or Apr–Jun; Q2 = May–Jul, Jun–Aug, or Jul–Sep; Q3 = Aug–Oct, Sep–Nov, or Oct–Dec; Q4 = Nov–Jan, Dec–Feb, or Jan–Mar. (2) Figures are for companies that had announced results (either full-year, Q1, Q2, or Q3) by 26 May 2013. (3) Excludes consolidated subsidiaries. (4) SP = switch to profits; SL = switch to losses; LS = losses shrinking; LI = losses increasing.

Source: Nomura

Fig. 13: Share-price indicators

		Cons P/E			Cons P/CF			Cons P/B		Dividend yield			Cons ROE			
		FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY11	FY12	FY12E	FY13E	FY14E	FY11	FY12	FY13E	FY14E
		x	x	x	x	x	x	x	%	%	%	%	%	%	%	%
Industrial groups	Russell/Nomura Large Cap	24.9	15.9	14.8	-	-	-	1.59	1.40	1.59	1.82	1.97	4.6	6.0	8.7	9.0
	Russell/Nomura Large Cap (ex financials)	30.2	16.3	14.9	9.5	7.7	7.3	1.70	1.55	1.51	1.81	1.98	4.3	5.4	9.3	9.6
	Manufacturing	31.0	16.9	15.2	10.6	8.8	8.2	1.78	1.61	1.49	1.84	2.00	4.2	5.4	9.3	9.7
	Basic materials	30.0	15.2	13.3	7.8	6.1	5.7	1.19	1.09	1.55	1.86	1.96	5.4	3.8	7.1	7.7
	Processing	35.1	16.2	14.5	10.8	8.7	8.0	1.87	1.69	1.32	1.72	1.91	2.8	5.1	10.1	10.5
	Nonmanufacturing	19.9	14.9	14.2	-	-	-	1.39	1.21	1.71	1.79	1.93	5.0	6.5	8.2	8.3
	Nonmanufacturing (ex financials)	28.7	15.4	14.4	8.0	6.4	6.2	1.58	1.45	1.54	1.75	1.94	4.5	5.3	9.3	9.3
Broad sectors	Basic materials	30.0	15.2	13.3	7.8	6.1	5.7	1.19	1.09	1.55	1.86	1.96	5.4	3.8	7.1	7.7
	Machinery, autos	21.5	14.9	13.5	10.0	9.0	8.3	2.06	1.78	1.28	1.80	2.02	6.1	8.9	11.5	11.6
	Electronics	N.M.	19.9	17.0	12.8	8.1	7.5	1.56	1.53	1.40	1.57	1.68	-2.0	-1.2	7.5	8.4
	Consumption, distribution	17.9	16.0	15.3	10.5	10.0	9.6	1.85	1.63	1.98	2.17	2.31	9.7	9.6	10.0	9.8
	Information	19.0	13.8	13.3	6.4	5.4	5.3	1.72	1.60	1.56	1.96	2.19	8.3	8.9	11.5	11.4
	Utilities, infrastructure	N.M.	20.7	18.7	9.6	6.4	6.1	1.57	1.49	1.17	1.29	1.48	-2.9	-0.7	7.1	7.5
	Financials	12.0	13.8	13.8	-	-	-	1.11	0.89	2.09	1.88	1.91	5.8	8.2	6.6	6.7
Sectors	Chemicals	24.2	15.6	13.7	7.7	6.5	6.1	1.21	1.11	1.80	1.96	1.99	6.8	4.8	7.1	7.8
	Steel, nonferrous metals	81.0	14.2	12.4	8.1	5.2	4.9	1.17	1.02	0.89	1.62	1.88	2.1	1.4	7.0	7.6
	Machinery	26.5	20.5	18.2	14.0	12.2	11.2	2.21	1.93	1.15	1.31	1.41	8.6	7.8	9.3	9.9
	Automobiles	19.9	13.4	12.2	8.9	8.2	7.5	2.01	1.73	1.34	2.00	2.28	5.2	9.3	12.3	12.3
	Electrical machinery, precision equipment	N.M.	19.9	17.0	12.8	8.1	7.5	1.56	1.53	1.40	1.57	1.68	-2.0	-1.2	7.5	8.4
	Pharmaceuticals, healthcare	23.5	21.8	21.6	14.4	15.0	15.0	2.11	1.92	2.25	2.38	2.43	6.1	8.6	8.8	8.6
	Food products	22.8	18.9	18.2	12.5	11.2	10.8	2.56	2.21	1.53	2.05	2.35	9.5	10.1	11.6	11.3
	Household goods	28.3	23.5	21.6	13.9	12.5	11.9	2.40	2.14	1.93	1.61	1.67	6.1	8.0	8.6	8.9
	Trading companies	8.4	7.5	7.2	5.7	5.2	5.0	1.12	0.91	2.84	3.19	3.35	15.9	11.9	11.6	11.0
	Retailing	23.3	20.6	18.6	11.8	11.1	10.2	2.08	1.91	1.34	1.47	1.66	8.8	8.5	8.8	9.2
	Services	23.7	23.4	21.9	10.5	11.0	10.7	1.58	1.50	1.78	1.83	1.85	3.3	6.5	6.9	7.1
	Software	34.9	18.0	15.3	19.6	13.4	11.8	1.94	1.87	1.41	2.32	2.85	3.4	5.5	10.3	11.3
	Media	21.3	21.3	20.5	15.1	15.4	14.9	1.26	1.35	1.29	1.45	1.46	7.5	6.6	6.3	6.5
	Telecommunications	17.1	12.6	12.3	5.2	4.4	4.3	1.75	1.60	1.64	1.94	2.14	9.4	9.9	12.6	12.1
	Construction	23.6	19.3	17.0	13.5	11.9	11.0	1.24	1.05	1.50	1.57	1.57	1.0	4.8	5.7	6.6
	Housing, real estate	30.7	26.7	23.6	16.9	15.7	14.5	2.34	2.09	1.03	1.11	1.18	4.8	7.1	7.7	8.2
	Transportation	25.1	16.1	15.6	6.9	5.8	5.6	1.59	1.45	1.19	1.38	1.42	4.0	6.1	8.9	8.7
	Utilities	N.M.	24.7	19.6	9.3	3.4	3.3	1.06	1.11	1.31	1.39	2.04	-14.9	-15.9	4.4	5.4
	Financials	12.0	13.8	13.8	-	-	-	1.11	0.89	2.09	1.88	1.91	5.8	8.2	6.6	6.7
Russell/Nomura Small Cap		25.4	16.5	15.1	-	-	-	1.21	1.07	1.51	2.21	2.24	5.1	4.4	6.3	6.7
Russell/Nomura Small Cap (ex financials)		28.0	16.8	15.3	9.7	7.8	7.4	1.28	1.13	1.51	2.29	2.31	5.2	4.2	6.6	7.0

Note: (1) Estimates as of 26 May 2013. share prices are as of 24 May 2013 close.

Source: Nomura

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