

The State of Corporate Japan... in Numbers

Operating and Value Performance



25%

*average total shareholder return
over the last 3 years*

JPY 52 tn

*new investment in consolidated
businesses over the last 3 years*

2.4%

*average return in excess of the
cost of capital over the last 3 years*

Foreword

With corporate governance and return on capital firmly in the spotlight, now is the time for companies to look long and hard at how they are managing their capital base.

Is my company sufficiently focused on the balance sheet and the efficient use of capital, or is top-line/bottom-line growth the primary objective of senior executives and division heads? Do I have the right information, both qualitative and quantitative, to make informed decisions on how to allocate capital across our portfolio of businesses? Does the mix of businesses operated by my company align with our capabilities? In what areas do we have a competitive advantage? Could a different owner generate higher returns from an underperforming business in our portfolio? Do we have a disciplined approach to identifying divestment targets and executing divestments?

These are just some of the questions that senior executives should be asking themselves as they juggle with the sometimes competing demands of different stakeholders in their company.

This study examines the recent operating, value and capital market performance of the non-financial constituents of the JPX-Nikkei Index 400 and is targeted at senior executives tasked with dealing with critical business issues. Throughout this study, we have focused on return on capital, the drivers of such return (operating margin and capital efficiency) and the impact of different levels of return on value creation and capital market performance.

The analysis included herein, while primarily undertaken at the market or sector level, is punctuated by key questions that senior executives may wish to consider in relation to their own individual organizations. In our view, companies should routinely undertake similar analysis at a corporate level and, for the most revealing insights, at a more granular business segment level.



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Executive summary

As pressure mounts on senior executives to improve returns and governance...

External scrutiny of the performance of corporates has significantly increased, with a raft of recent developments focusing on governance and returns

Since 2012, numerous developments have brought corporate governance and, in particular, return on capital to the forefront.

This is forcing companies to focus not only on growing top-line sales and generating positive earnings, but also on balance sheet efficiency, requiring them to provide an adequate return on the capital they have invested.

These developments, which have had the knock-on effect of increasing press scrutiny, include:

- The publication of the Ito Review
- The launch of the Corporate Governance Code
- The launch of the Stewardship Code
- The launch of the JPX-Nikkei Index 400
- The increasing holdings of foreign investors in the shares of Japanese corporates
- A moderate increase in shareholder activism
- A small number of high profile accounting scandals

Companies and investors have responded in widely differing ways – some have embraced the changes required by these developments, others have taken a more passive approach

While these developments do not typically mandate change (although the Corporate Governance Code will be binding on listed companies on a comply or explain basis), a growing number of corporates and elements of the investment community have begun to act on the various recommendations.

Examples of investor reaction

- 197 institutional investors have signed up to the Stewardship Code
- The Government Pension Investment Fund is benchmarking itself to the JPX-400
- Institutional Shareholder Services recommending voting against management if ROE is below 5%

Examples of corporate reaction

- Increased reporting of ROE and ROIC targets
- Greater disclosure of approach to capital and return on capital management, including business-level KPIs
- Increase in share buybacks to improve shareholder returns
- Focus on inclusion on the JPX-400



...the performance of large corporates has significantly improved...

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Average excess return over the last 3 years (2.4%), compared to 0.8% over the prior 3 year period

2.4%

Over the last 3 years, return on invested capital of JPX-400 companies has increased to around 8% from below 7% in the preceding 3 years. Coupled with a small decline in the cost of capital, this resulted in excess returns of over 2%. With an invested capital base of JPY 245 trillion, JPX-400 companies generated economic profits of around JPY 6 trillion in FY15.

Average total shareholder return over the last 3 years (24.9%), compared to 10.7% over the prior 3 year period

25%

Total shareholder return over the last 3 years has been driven by (1) improvements in fundamental operating performance (primarily revenue growth rather than margin improvement); and (2) market expectations for even better performance in the future (which manifests itself in the form of higher trading multiples).

Growth in invested capital over the last 3 years (26.0%), compared to 2.1% over the prior 3 year period

26%

Over the last 3 years, JPX-400 companies have invested an additional JPY 52 trillion of capital in their consolidated businesses. Having primarily been funded from the retention of earnings as profitability has improved to above pre-crisis levels, the gearing and net debt-to-EBITDA ratios of JPX-400 companies have declined to 22% and 1.5x, respectively.



...but many still generate returns below their cost of capital...

Proportion of JPX-400 companies generating returns on capital below the cost of capital in FY15

22%

Despite recent improvements in operating performance (driven in part by the weaker yen), and the abundance of cheap capital, 22% of JPX-400 companies failed to achieve a return on capital above the cost of that capital in FY15. For these companies, improving operating margins and capital efficiency should be prioritized over top-line growth in order to create sustainable value.

Proportion of JPX-400 companies trading below book value at the end of FY15

23%

Compared to other developed economies, the market value of Japanese corporates is relatively low – the JPX-400 trades at around 1.4x book value, little more than half the level of the S&P 500. Consistent with other observations, this reflects the low returns on capital generated by many corporates, which often do not significantly exceed, and in many cases are lower than, the cost of that capital.

Proportion of JPX-400 companies that generated an ROE below 8% in FY15

37%

The average ROE of JPX-400 companies was 9% in FY15 but 37% of companies generated an ROE below 8%, the minimum level set out in the Ito Review, which stated that “a value creating company is one that has an ROE above its cost of capital” and that companies should continually seek “to generate an ROE higher than 8%”.

...so what should senior executives, independent directors or other stakeholders be doing about this?

Start by asking the right questions:

We believe senior executives should be asking themselves a series of key questions. These might equally be asked **of** senior executives **by** independent directors, investors or other stakeholders. Examples are set out below:

Are appropriate KPIs in place, including balance sheet-focused metrics such as return on capital?



Are returns and value creation measured and reported to the Board at a business segment level?



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With increasing focus on the returns generated and value created by corporates, we believe that every management team should understand the value performance of individual segments within their business portfolio, be able to explain their value creation strategies and answer questions on how critical business decisions are made.

Unfortunately, most leadership teams don't have ready access to the information required to understand which parts of their portfolio are creating value and which are not, let alone to assess which strategic options will create the most value for their organization.

Value Analytics can address these critical business issues.

Are growth opportunities (both organic and inorganic) evaluated using return on capital metrics and appropriate hurdle rates?



How good are we at identifying and divesting underperforming or non-core assets?



Is our strategy regarding the mix of businesses that we choose to operate and how much capital we invest in each, clearly understood by internal and external stakeholders?

Are we prepared to answer questions on value creation from stakeholders, and, if necessary, to respond to a shareholder activist campaign?







Market analysis

The raft of new measures aimed at improving corporate governance demand a response from the boardroom

External scrutiny of the returns being generated by corporates is increasing with a number of important developments in the area of corporate governance over the last 2 years.

These include the publication of the Ito Review in August 2014, the launch of the Corporate Governance Code in March 2015, the introduction of Japan's version of the Stewardship Code in February 2014 (Note 1) and the launch of the JPX-Nikkei Index 400 ("JPX-400") in January 2014.

Alongside these developments, Japan has enjoyed an influx of foreign capital into its equity market, but has also suffered several high profile accounting scandals, both of which have increased the focus of stakeholders in Japanese corporates, not just capital providers, on corporate governance.

Questions for Senior Executives:

- What changes has your company made in response to developments in the area of corporate governance and the elevation of return on capital as a performance metric?

Explanatory Note 1: Governance-Related Developments Ito Review – August 2014

The "Ito Review" is the name given to a report compiled by the Ministry of Economy, Trade and Industry based on discussions on the "Competitiveness and Incentives for Sustainable Growth: Building Favorable Relationships between Companies and Investors" chaired by Professor Kunio Ito of Hitotsubashi University. The key recommendations of the Ito Review included, amongst others, the following:

- **A capital efficiency revolution in which ROE exceeds the cost of capital** – ROE management, in which ROE is decomposed into accessible operational metrics that support a high level of motivation at the working level of a company, is needed to achieve mid/long-term growth in ROE. A value-creating company is one that has an ROE above its cost of capital, and while the actual cost of capital differs between companies, the first step in receiving recognition from global investors is for a company to commit to achieving a minimum ROE of 8%, while continually seeking to generate an ROE higher than 8%.

- **Using ROE throughout a company** – it is important for companies to decompose ROE into measures such as profitability and asset turnover ratios so that ROE can be translated into metrics usable at the operational level. To this end, the use of a metric such as ROIC (return on invested capital) can be useful in evaluating business operating units in terms of their specific returns on capital.

Revenue growth alone is not enough; corporates need to focus on activities that increase the return on capital

From an economic perspective, these developments are forcing companies to focus not only on growing top-line sales and generating positive earnings, but also on balance sheet efficiency, requiring them to provide an adequate return on the capital they have invested.

This is particularly challenging for management teams used to holding large portfolios of low yielding assets, including cash and real estate, as well as cross-shareholdings in business partners and companies within the same conglomerate or business alliance. While some companies have embarked on a divestment program, many still have significant amounts of capital tied up in such assets.

Questions for Senior Executives:

- Do the KPIs monitored by your leadership team include balance sheet-focused metrics, such as ROE or ROIC?
- Do you consider that your company is using capital efficiently?

Explanatory Note 1: Governance-Related Developments (Continued) Corporate Governance Code – March 2015

On 5 March 2015, Japan's Financial Services Agency ("FSA") released the final version of the Corporate Governance Code: "Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-Term". The Tokyo Stock Exchange has revised its listing rules and related regulations to implement the Corporate Governance Code.

The "General Principles" of the Code include the following:

- **Basic strategy for capital policy** – because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.
- **Effective use of independent directors** – independent directors should fulfill their roles and responsibilities with the aim of

contributing to sustainable growth and increasing corporate value over the mid- to long-term. Companies should therefore appoint at least two independent directors that have such qualities.

- **Dialogue with shareholders** – in order to contribute to sustainable growth and the increase in corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.
- **Establishing and disclosing business strategy and business plan** – when establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policy, and present targets for profitability and capital efficiency.

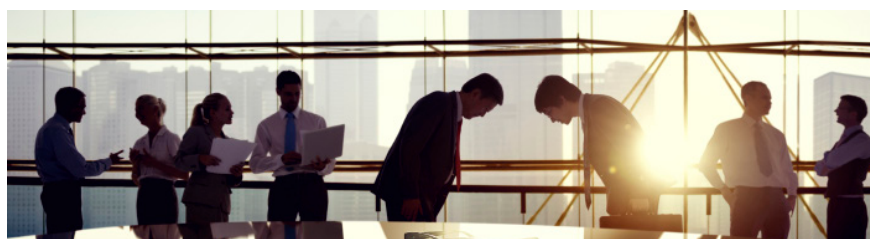
Stewardship Code – February 2014

- On 26 February 2014, the FSA released the final version of the Stewardship Code which sets out principles considered helpful for institutional investors in fulfilling their stewardship responsibilities with due regard to both their clients and their beneficiaries as well as to investee companies.
- Despite being voluntary, as of September 2015, 197 institutional investors had disclosed their intention to accept the Stewardship Code.

Despite recent bottom-line improvement for many large corporates, a significant minority do not achieve an ROE of 8%

Along with these “non-core” assets, inefficiencies in the use of capital are driven by the conglomerate structures that continue to proliferate in Japan. The rationalisation of such structures to refocus on businesses in which companies are most capable and enjoy a degree of competitive advantage would, in our view, go along way to increasing returns on capital.

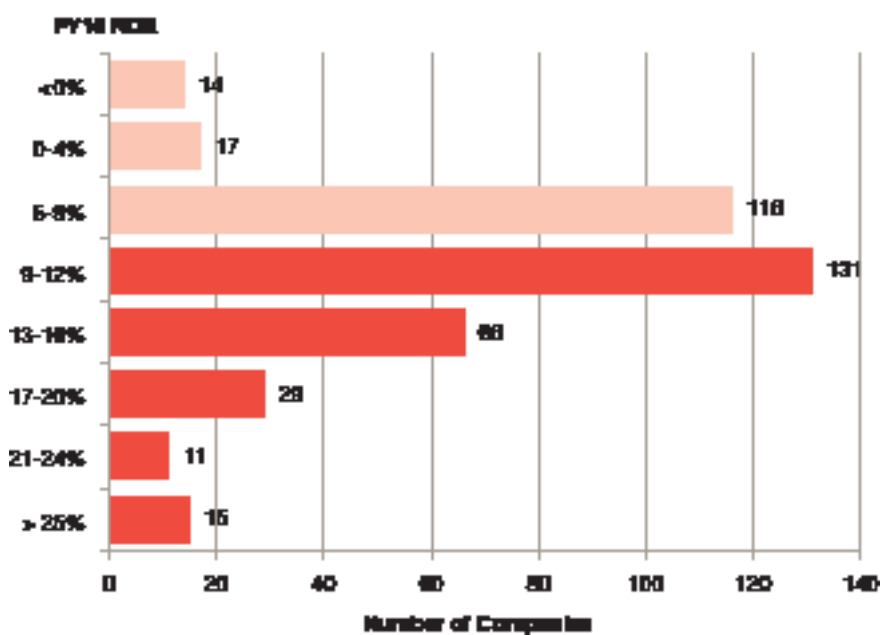
Of particular note is the reference in the Ito Review to a specific return on equity (“ROE”) target of 8%. In our analysis of the performance of the companies listed on the JPX-400, 147 or 37% failed to meet this threshold in their most recently completed financial year (Figure 1, lighter shaded bars indicate ROE below 8%) and the JPX-400 average was only 9%, significantly lower than the returns typically generated in other developed markets.



Questions for Senior Executives:

- Are the returns generated by existing businesses measured and reported to the Board at a business segment level?
- Does the Board routinely receive information on the material low yielding assets on the balance sheet?

Figure 1: Distribution of ROE of JPX-400 Constituents – Most Recently Completed Financial Year (source: S&P Capital IQ)



For companies that trade at or below book value, improving operating margins and capital efficiency must be a priority

Furthermore, despite the significant rise in the stock market since the inception of “Abenomics” in late 2012 (Figure 2), 23% of the companies listed on the JPX-400 still traded at below book value at 31 March 2015 (Figure 3, lighter shaded bars indicate a Price-to-Book Value ratio (“PBR”) below 1x), while a further 24% traded less than 50% above book value.

This despite the stated aim of the new index to “be composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives”.

That almost ¼ of the supposedly best performing listed companies trade at below book value is indicative of the considerable challenges that lie ahead.

Questions for Senior Executives:

- Are the incentives of business segment leaders aligned to the KPIs reported to the Board?
- How easy is it to effect meaningful change in underperforming business segments?

Figure 2: Stock Market Performance Since 2012 (source: Nikkei)

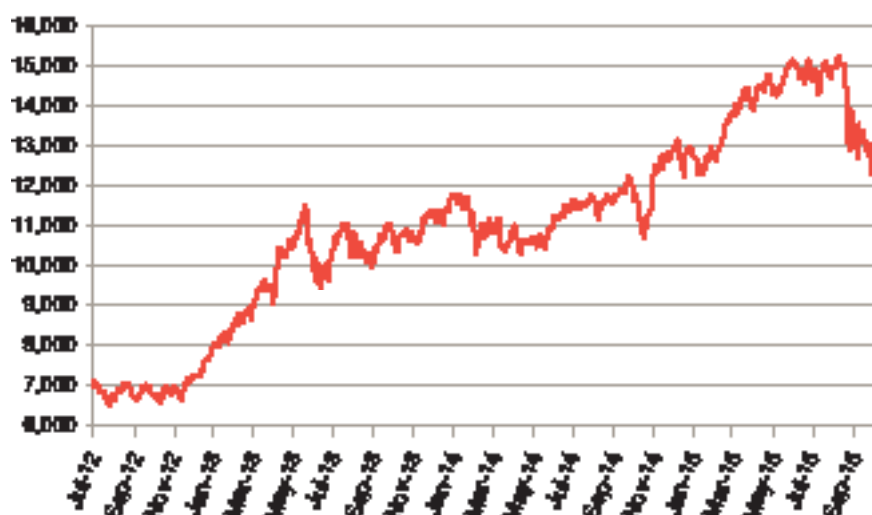
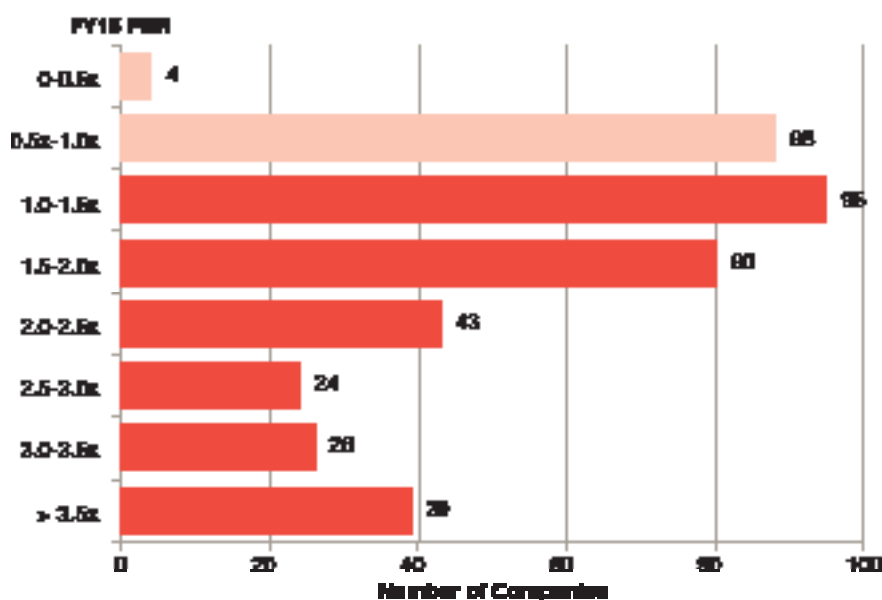


Figure 3: Distribution of PBR of JPX-400 Constituents at 31 March 2015 (source: S&P Capital IQ)



Relative to other developed markets, valuations in Japan are low despite recent stock market gains

The valuation of individual companies relative to book value is reflected in the average PBR of the JPX-400 as a whole, which was 1.4x at 31 March 2015 (source: S&P Capital IQ), compared to 2.8x for the S&P 500 (source: Bloomberg).

This implies significant potential upside for companies that can effect meaningful change and improve the returns generated on invested capital.

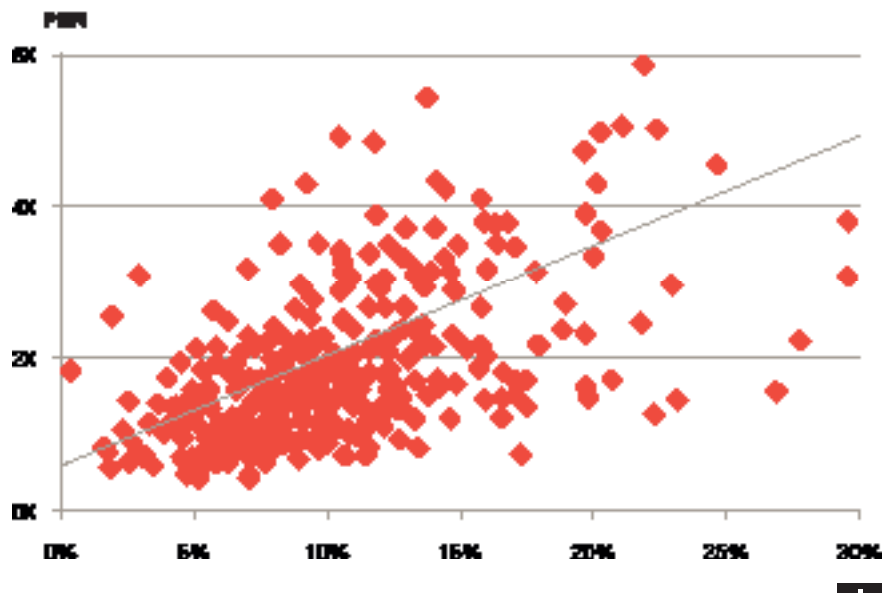
Questions for Senior Executives:

- Is management's valuation of your company and its constituent parts routinely reported to the Board?
- Do you agree with the market's valuation of your company?

Explanatory Note 2: Relationship Between PBR and ROE

- While the relationship between a company's PBR and its ROE is not fixed and can vary greatly depending on the underlying business, its prospects, its capital structure etc., in general, firms which enjoy ROE in excess of the cost of capital have a market value above book value. Conversely, firms which fail to generate returns in excess of the cost of capital have a market value at or below book value.
- Plotting PBR against ROE for JPX-400 companies yields the following regression: $PBR = 0.61 + 14.301 ROE$, suggesting that for every 1% increase in ROE, the PBR should increase by 0.14x (Figure 4).

Figure 4: PBR and ROE of JPX-400 Companies (source: S&P Capital IQ)



The prolonged availability of cheap capital has reduced incentives to take actions that improve capital efficiency

Low valuations prevail despite perennially low interest rates in Japan (Figure 5) and the relative ease with which large companies can access capital.

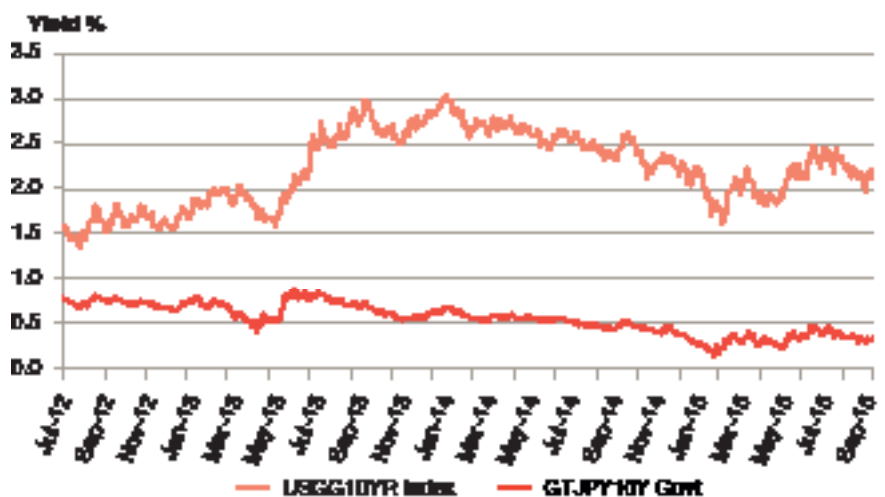
This has resulted in a cost of capital for most large listed companies that is low relative to international peers.

In such circumstances, there have been few incentives to make portfolio-wide changes to generate higher returns on capital, and many companies have focused on gaining market share regardless of whether success in this endeavour is value accretive.

Questions for Senior Executives:

- Is the cost of capital of different business segments understood by key decision makers in your company?
- Are growth opportunities evaluated using hurdle rates that reflect the specific circumstances of each opportunity?

Figure 5: Interest Rates (source: Bloomberg)



The excess returns generated by JPX-400 companies vary widely with a significant minority at either end of the spectrum

We estimate that over the last 3 years, the non-financial companies on the JPX-400 (352 as of March 2015) injected an additional JPY 52 trillion of debt and equity capital into their consolidated operations, generating a return on capital (existing and new) of approximately 8%, around 2% above the cost of that capital.

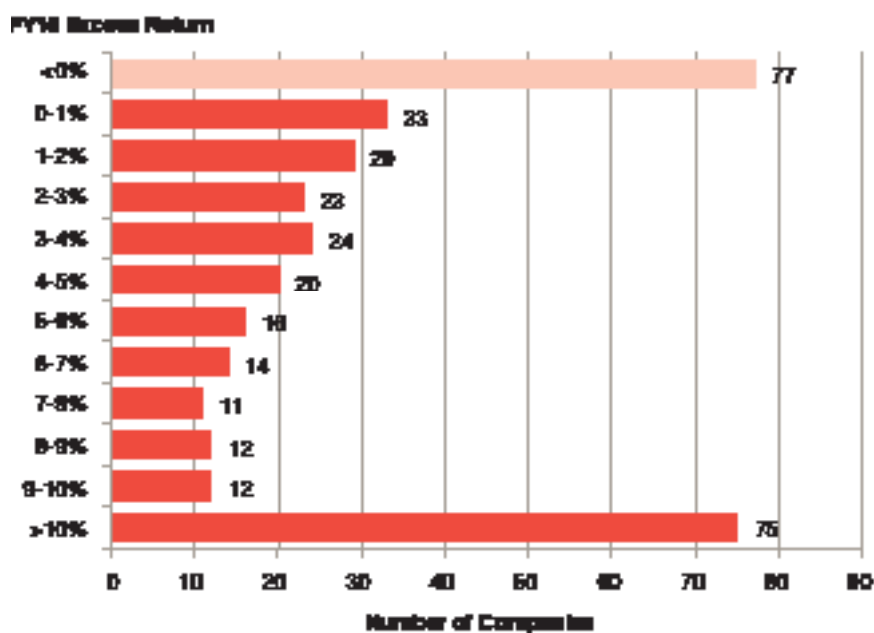
However, of those 352 companies, around 22% generated a return below their cost of capital in their last full financial year (Figure 6, lighter shaded bar indicates returns below the cost of capital). Conversely, almost 22% of companies generated excess returns of over 10%.

For companies at opposite ends of the performance spectrum, the challenges are very different, with low performers being compelled to prioritise margin and efficiency improvements while high performers can target sustainability and growth.

Questions for Senior Executives:

- How do you determine the appropriate mix of businesses within your portfolio?
- How do you determine how much capital to allocate to each business segment in your company?

Figure 6: Distribution of Excess Returns (Return Less Cost of Capital) Generated by JPX-400 Companies (ex. Financials) (the 346 Companies to have Reported in FY15) (source: S&P Capital IQ)



If the cost of capital starts to rise, operating conditions could change significantly

Although the timing of interest rate rises and the tightening of the capital markets is uncertain, when this does happen, the challenges for corporate Japan will increase significantly, particularly for low return, highly geared sectors (Figure 7).

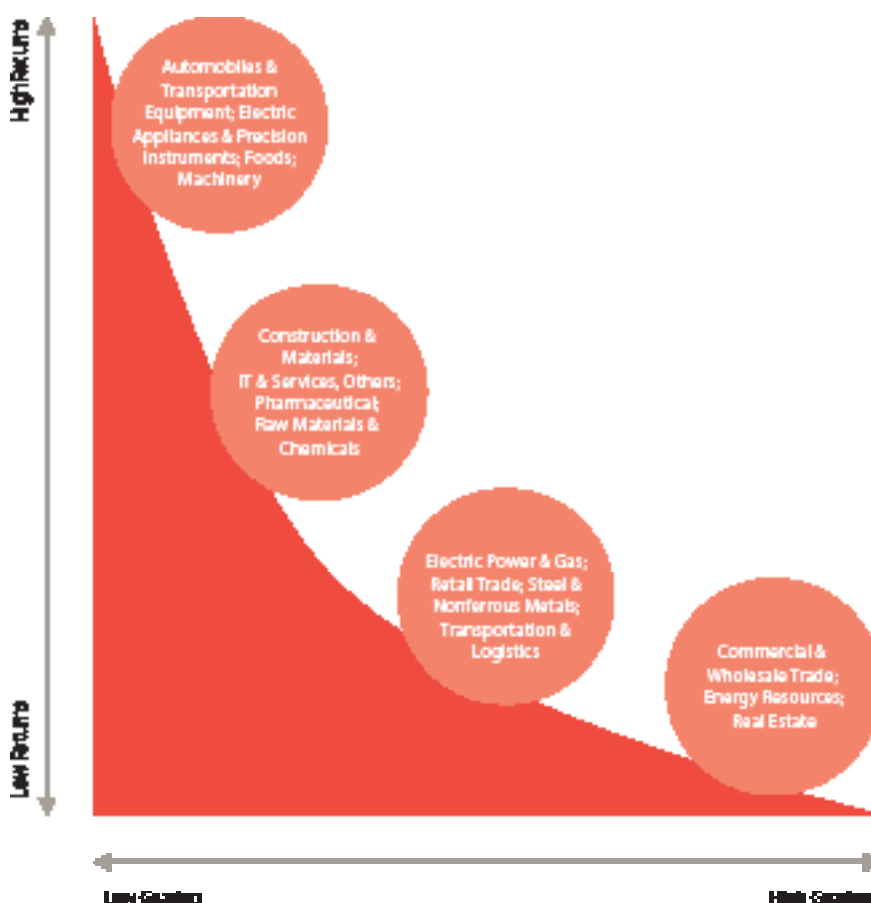
If and when the cost of capital succumbs to the forces of supply and demand, increasing as the competition for capital intensifies, companies will be forced to take actions to improve the returns that they generate on existing capital.

In such circumstances, selling assets, whether they be underperforming businesses, non-core assets or cross shareholdings in business partners, may become an imperative.

Questions for Senior Executives:

- Does your leadership team understand the full exposure of your company to risk factors such as interest rates, foreign exchange rates and commodity prices (i.e. earnings or value at risk)?

Figure 7: Returns and Gearing by Sector (source: PwC Analysis, S&P Capital IQ)



Corporate strategies need to recognize the changing domestic environment as well as broader global trends

With economic growth in Japan expected to remain low relative to other developed economies (Figure 8), there are few obvious reasons to expect a significant pick-up in the returns generated by domestically-focused corporates without a quantum change in corporate strategy.

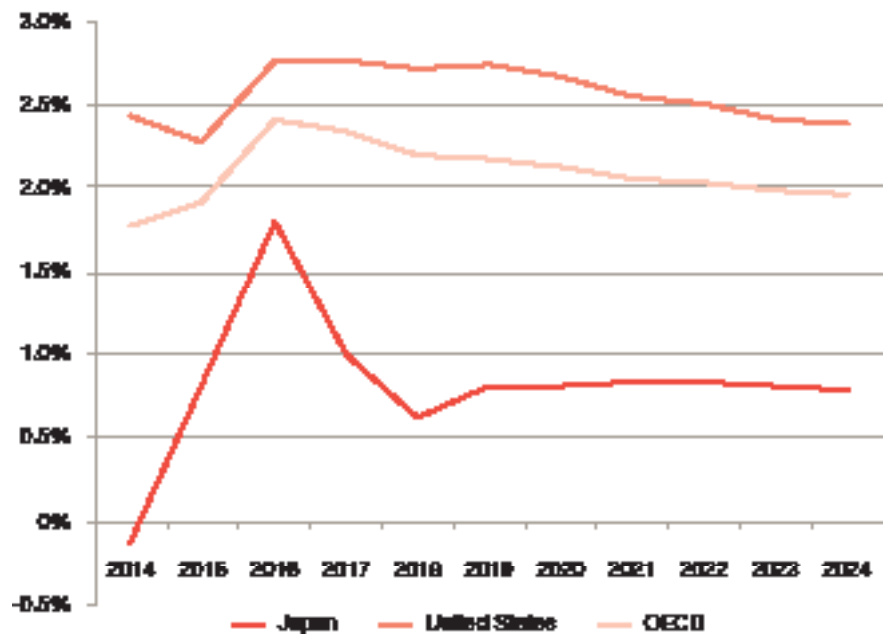
Furthermore, for all large corporates, including both low performers and those generating a high level of excess returns, strategies need to reflect not just macro-economic growth expectations in different markets but also broader global trends.

In Japan, product portfolios will need to change to match the realities of an ageing population and its dramatic effects on consumer needs. In Asia, Japanese companies will need to respond effectively to fierce competition from new Asian economic powers. And globally, corporates need to be able to deal with ever-increasing business complexity, which creates both opportunities and threats.

Questions for Senior Executives:

- Does your leadership team consider domestic and global trends (both macro-economic and broader global trends such as technological advancement, climate change and urbanization) when developing your company's strategic plan?

Figure 8: Forecast GDP Growth Rates (source: Oxford Economics)



Companies seeking inorganic growth should focus on the quality of their M&A; value creation should be a primary motive

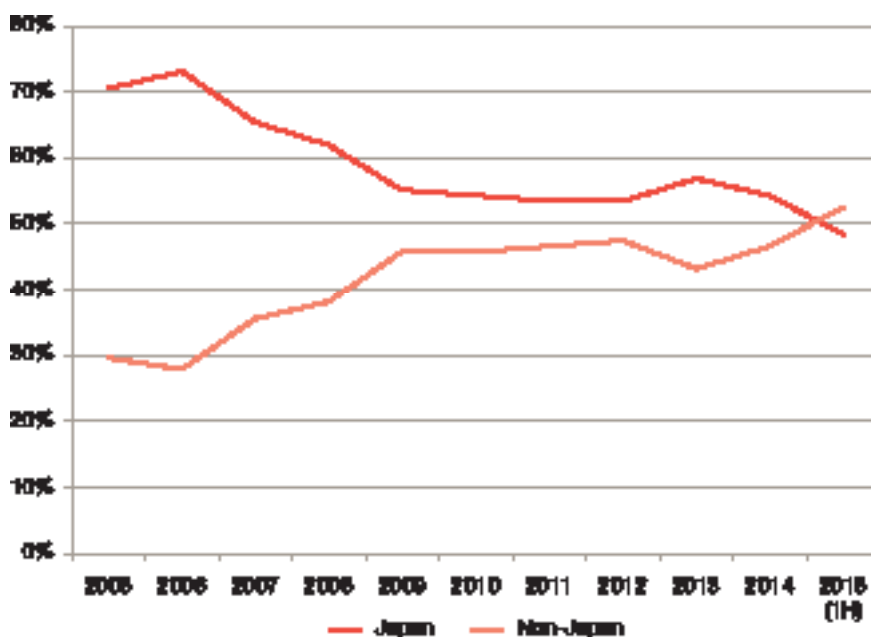
To some degree, change is already underway. Cross border acquisitions by JPX-400 companies now exceed domestic acquisitions (Figure 9) as companies from sectors as diverse as trading houses to electronics and information technology seek growth and higher returns in overseas markets.

But while revenue and assets may grow, just engaging in cross border M&A does not guarantee higher returns or higher valuations. That depends on the quality of the M&A transactions being undertaken, from origination (strategic rationale), to execution (pricing and negotiation of key terms) and value realisation (integration and post-deal performance monitoring).

Questions for Senior Executives:

- Does your company have a robust framework for evaluating M&A opportunities?
- Does your leadership team monitor the post-deal performance of acquisitions to assess if they have been value accretive?

Figure 9: Share of Acquisition Activity by JPX-400 Companies – Japan vs Non-Japan (by Country of Target) (source: S&P Capital IQ)



A different approach to post-deal integration is becoming an imperative in order to be successful at M&A

As the number of buyers chasing global M&A targets increases, Japanese companies will need to adopt a more nimble approach to M&A if they are to succeed.

Furthermore, in order to create value from a transaction won in the face of intense competition, the traditional hands-off strategy – where few operations are integrated and local management is left largely independent of headquarters after an acquisition – will also need to change.

A cohesive and systematic integration strategy, yet one that is flexible enough to vary depending on geography and the specifics of a transaction, is critical to preparing the combined company for the challenges of realizing the value built into the deal economics.



Questions for Senior Executives:

- Does your company have a robust framework for integrating acquired companies?
- How integrated are your company's foreign operations?

Internal barriers need to be dismantled in order to use divestments as a means to improve capital efficiency

But value accretion is not just a function of growth – releasing capital from businesses that generate deficit returns can also create value.

Yet JPX-400 companies continue to acquire far more than they divest, an indication of a multitude of factors not least the internal challenges that many companies face in implementing a systematic divestment strategy (Figure 10).

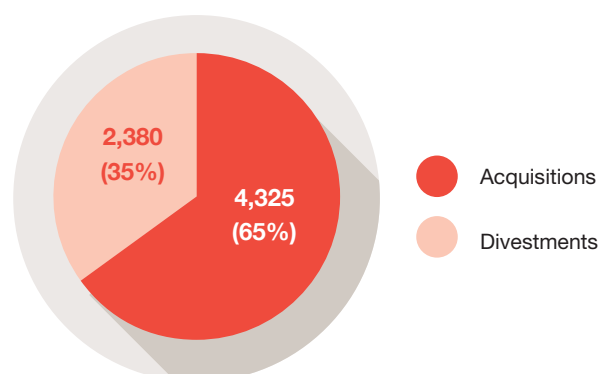
Companies that overcome these challenges and successfully divest underperforming or non-core assets, or indeed assets that simply fit better with the capabilities of another organization, will not only free up capital but will likely average up returns on capital.

Questions for Senior Executives:

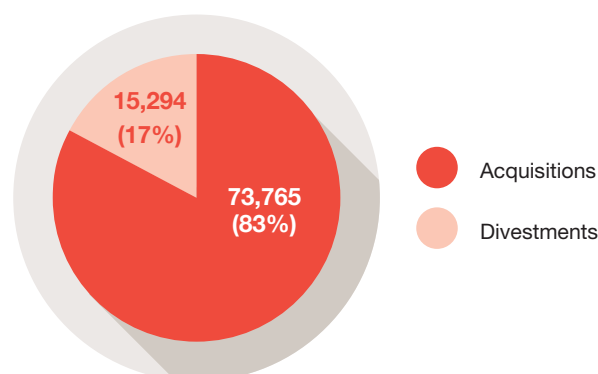
- Does your leadership team have a strategy to divest underperforming or non-core assets?
- Are your monitoring and reporting processes effective at identifying businesses that should be divested?

Figure 10: Acquisitions and Divestments by JPX-400 Companies Since 2005
(source: S&P Capital IQ)

Number of transactions



Total transaction value (JPY'bn)



A company that can sustain excess returns should, in the long run, benefit a broad group of stakeholders

We have analysed the recent operating, value and capital market performance of the 352 non-financial constituents of the JPX-400, assessing whether or not they have created value, the total returns that they have generated and the drivers of such returns, and market expectations for future growth implied by the market value of those companies (Note 3).

While we have focused on the drivers of return on capital and the links between business performance, value creation and total shareholder returns, we base our analysis on the premise that, in the long-run, it should be better for all stakeholders in a company (whether that be shareholders, management, employees, customers, suppliers or even the local communities in which a company operates) that it is successful, where one measure of success is excess returns.

Questions for Senior Executives:

- Is your leadership team informed on where in the company value is being created or destroyed?
- Is value creation (generating returns above the cost of capital) explicitly considered in your organization's strategic plan?

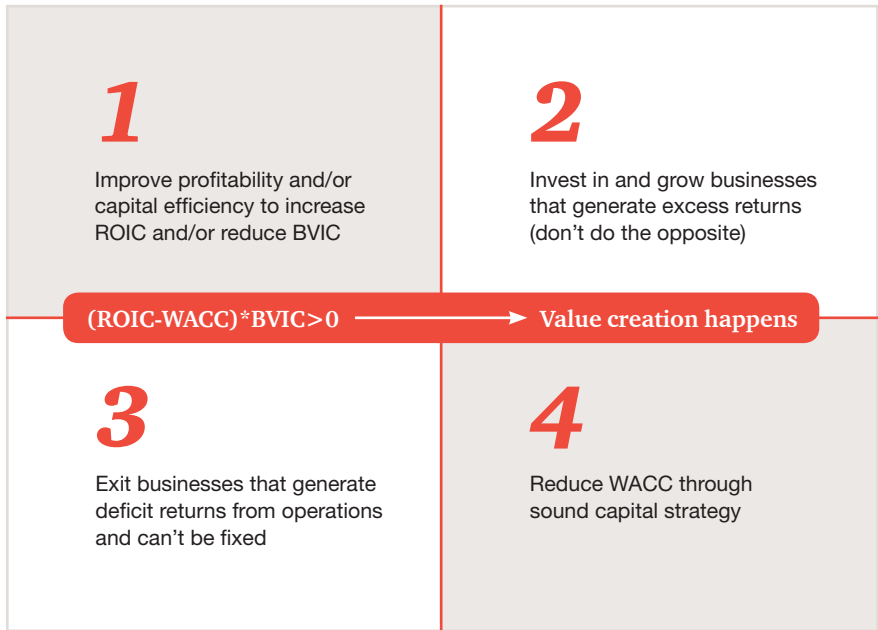
Explanatory Note 3: Areas of Focus – Explanation Value Creation/Destruction

Value is created when a company generates excess returns – that occurs when the return on invested capital (“ROIC”) exceeds the cost of that capital (normally referred to as the “WACC” or weighted average cost of capital). When excess returns are achieved, a company generates

economic profit, which is calculated as excess return multiplied by the book value of invested capital (“BVIC”).

The opposite can be said when a company generates returns below its cost of capital. In such circumstances, value has been destroyed.

Value Maximizing Strategies Related to Business Performance



Continued on page 26

The generation of excess returns will increasingly be impacted by environmental, social and governance (“ESG”) factors

An extension of this concept is our Total Impact Measurement and Management (“TIMM”) Framework, which provides senior executives with an approach to analysing how ESG factors not typically captured in traditional financial analysis link to excess returns.

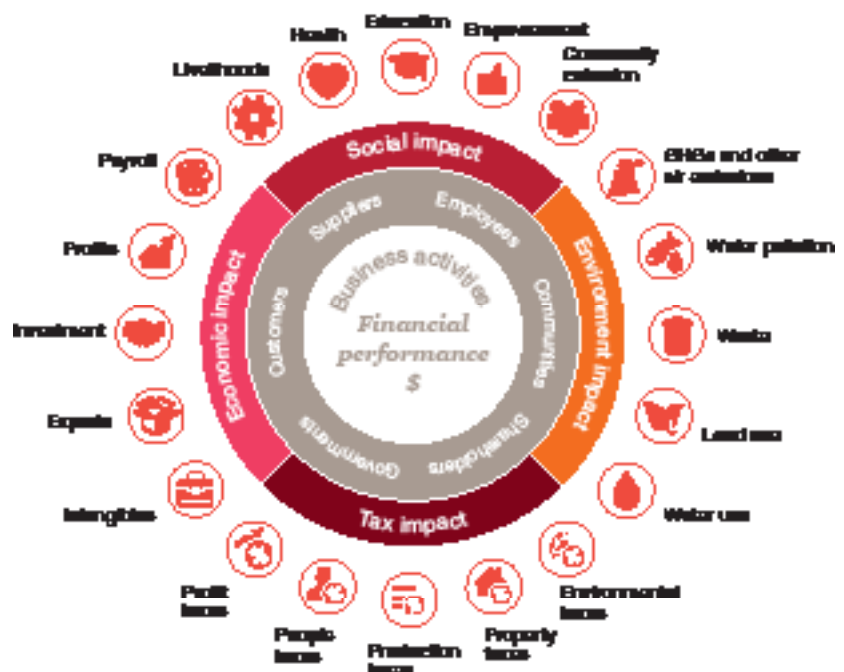
As more investors follow the lead of the likes of the Government Pension Investment Fund, which recently announced that it will incorporate ESG factors into investment decisions, there is an increasing likelihood that the excess returns generated by corporates will start to be impacted (positively or negatively).

This may not only result from improvement or deterioration in the return on capital (for example, return on capital might increase as a result of efficiency improvements from better management of resources such as energy and water), but potentially also from changes in the cost of capital.

Questions for Senior Executives:

- Does your company systematically assess and communicate its total impact from a broader ESG perspective?
- How does your company’s governance structure allow it to manage trade-offs across these “impact dimensions”?

Figure 11: PwC’s TIMM Framework



For example, reduced capital availability resulting from the rebalancing of loan portfolios by banks to reduce exposure to sectors or companies with high ESG risk has the potential to increase the cost of capital. The adoption of policies by institutional investors restricting investments with exposure to risks such as climate change could have a similar impact.

Conversely, companies that are able to communicate to stakeholders not only their approach to management of ESG risk but how they use this to create value may, over time, find that their cost of capital is reduced.

Short-term conflicts between stakeholders need to be considered in conjunction with an assessment of long-term benefits

Over shorter periods, it is clear that the interests of different stakeholder groups may not be aligned, and may even conflict (take the continuing debate as to why salaries are not increasing more significantly despite a tight labour market and a general improvement in returns over the last 1-2 years).

But in the long run, a company that seeks to maximize value by following policies that (1) minimize cost while improving the quality of its products, (2) enhance the skills and satisfaction of its employees, and (3) contribute to the development of the community from which it draws its resources, is likely to be operating in a manner that is also consistent with improving, if not maximizing, returns to shareholders.

Questions for Senior Executives:

- Does your company have a robust framework for evaluating investments in customers, products, employees and the wider community, including their potential impact on market value?

Explanatory Note 3: Areas of Focus – Explanation (Continued from Page 24) Total Shareholder Return

Total Shareholder Return combines share price appreciation and dividends paid to show the total return to shareholders expressed as an annualized percentage. It can be further disaggregated into component parts, as follows:

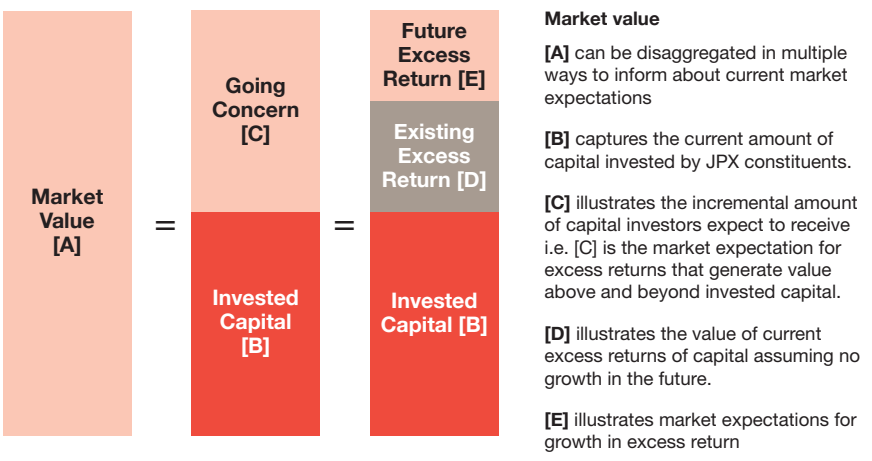
- operating drivers – revenue growth and EBITDA margin
- valuation metrics – EBITDA multiple

- capital management – dividends, changes in the number of shares (equity raising, share buybacks etc.) and changes in the mix of capital utilized to fund a business (debt and equity)

Based on this, we can conclude that shareholder returns reflect actual business performance and the market's expectations about management outperforming or underperforming that business performance in the future.

Implied Market Expectations for Future Growth

The market value of a company can be analysed into different components to provide insight into market expectations for future growth in return on invested capital.



Performance needs to be assessed at a business segment level to support capital allocation and business planning

While our analysis was primarily undertaken at the index-level, it can equally be undertaken at a corporate level but provides greatest insight when undertaken at a disaggregated business segment level (of particular relevance in Japan where so many large corporations operate a diverse range of businesses). While corporate-level analysis is possible, the limited disclosures of business segment data prohibit a robust segment-level analysis using only publicly available information.

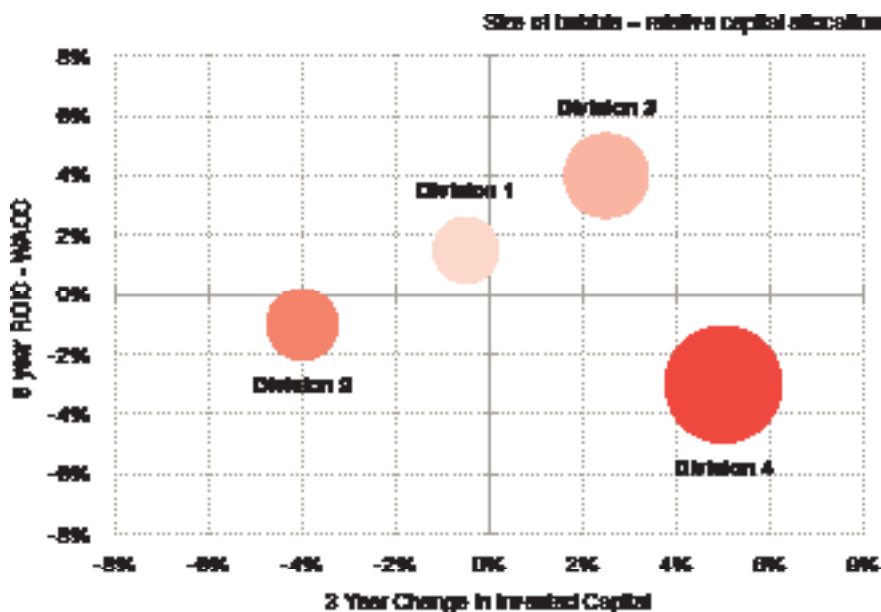
A recommendation of the Ito Review was for companies to translate return targets into metrics usable at the operational level and to evaluate business operating units in terms of their specific return on invested capital.

We would extend this recommendation to include a comparison of the return on capital specific to a business segment to that segment's cost of capital to assess whether the segment is value accretive or not – we would use a portfolio value map to illustrate this (Figure 12).

Questions for Senior Executives:

- Is your company's strategy regarding the mix of businesses it chooses to operate and how much capital it invests in each, clearly understood, both within your company and by external stakeholders?

Figure 12: Illustrative Portfolio Value Map – Relative Performance of Business Segments



Simple Illustrative Interpretation of Portfolio Value Map

Division 1 is capital light and generating small positive returns (ROIC greater than the divisional WACC) but is not growing – could be a candidate for more investment.

Division 2 is capital light, generating negative returns (ROIC less than the divisional WACC) and not growing – could be a candidate for divestment if negative returns cannot be fixed.

Division 3 is moderately capital intensive, generating positive returns and growing – could be a candidate for further growth, either organically or through M&A if the right deal could be identified.

Division 4 is capital intensive and growing but generating negative returns – could be a candidate for restructuring to improve returns or divestment if negative returns cannot be fixed.

The JPX-400 represents a good proxy for “corporate Japan”, accounting for 78% of the market capitalization of the TOPIX

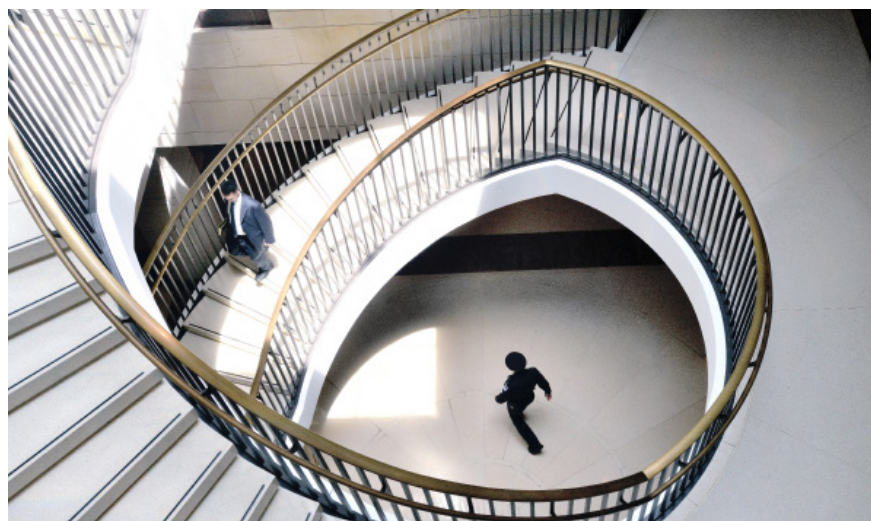
As a proxy for “Corporate Japan”, we analysed the financial and market data of JPX-400 constituents. While these companies comprise only 21% of the total number of companies on the TOPIX, they represent over 78% of its market capitalization (Figure 13). We focused on the 352 non-financial companies on the JPX-400 (references to the JPX-400 hereafter relate to those 352 companies only, unless otherwise stated).

Figure 13: TOPIX vs JPX-400

Sector	Number of Companies		Market Capitalization on 31 March 2015 (JPY'bn)	
	TOPIX-17	JPX-400 as % of TOPIX	TOPIX-17	JPX-400 as % of TOPIX
Auto	75	44%	74,402	97%
Banks	86	29%	40,668	87%
Commercial	156	13%	21,639	76%
Construction	170	15%	22,534	55%
Electric	185	21%	76,476	73%
Energy	18	28%	5,145	86%
Financials	51	43%	25,315	77%
Foods	80	19%	26,349	74%
IT & Services	321	15%	79,956	76%
Machinery	124	23%	26,345	79%
Pharmaceutical	39	49%	27,849	92%
Power	18	17%	9,926	37%
Raw Materials	185	20%	38,209	74%
Real Estate	50	28%	15,834	85%
Retail Trade	172	22%	29,884	75%
Steel	56	18%	12,505	71%
Transportation	72	29%	27,104	74%
Total	1,858	21%	560,139	78%

Notes:

1. The JPX-400 was reduced to 399 issues following the de-listing of Starbucks Coffee Japan Ltd. on 23 March 2015. It subsequently reverted to 400 issues following the annual review of the JPX-400 effective on 31 August 2015.
2. Sources of information – all data included hereafter is calculated based on information from S&P Capital IQ, Bloomberg, Ibbotson or Company Disclosures.



We focused on the return generated on all capital employed by JPX-400 companies, not just return on equity

While we do not ignore ROE given:

- the current focus in Japan on ROE as a performance metric; and
- the advantages of using ROE as a performance metric i.e. it is easy to understand, can be utilized in many industries and provides shareholders with an indication as to how effectively a company is using its equity,

we focused much of our analysis on understanding the returns on all capital invested by a company (ROIC), and the key drivers of those returns (Note 4).

Explanatory Note 4: ROIC as a Performance Metric

ROIC measures the return earned on capital invested in operating assets and is typically compared to the WACC to determine whether excess returns have been generated.

ROIC definition:

$$\frac{EBIT (1 - t)}{BV \text{ net debt} + BV \text{ equity}}$$

The key advantages of the ROIC measure include:

- Along with ROE, it is a return on capital measure widely adopted in global markets;
- It is particularly useful when analysing the performance of business segments;
- It can be used to evaluate both profitability and capital efficiency;
- As it separates operating and financing decisions, unlike ROE, it is not distorted by capital structure making benchmarking to a peer group more meaningful; and
- It is a key component of economic profit, providing an indication of the excess returns generated when compared to the cost of capital.

We examined the linkages between different performance dimensions

In this study, we have focused on the drivers of return on capital and the linkages between business performance, value creation and total shareholder return.

On the following pages, these “performance dimensions” are depicted by the icons set out opposite. The existence of more than one icon is indicative of an overlap between different dimensions of performance.



Operating Performance

Assessment of business fundamentals, focusing on key drivers of return on capital



Value Performance

Considers if a company is creating or destroying value; links operating to capital market performance



Capital Market Performance

How value performance (the generation of excess returns), actual and expected, translates into market value



Operating Performance



Value Performance



Capital Market
Performance

Aggregated operating and value performance of JPX-400 constituents reveals generally positive trends....

Highlights

- Revenue of JPX-400 companies has grown at a compound annual growth rate of 6% since FY11, but 58% of the JPY 91 trillion increase in revenue over that period was achieved in FY14 following the significant depreciation of the Japanese yen in 2013.
- This growth has been accompanied by a moderate but persistent downtrend in gross margin from over 26% in FY11 to around 25% in FY15.
- These trends, combined with compound annual growth of SG&A of 4.1%, resulted in EBITDA of over JPY 50 trillion for the first time in FY15.
- While revenue growth has been relatively robust, the total assets of JPX-400 companies have grown at the even faster compound growth rate of over 8% per annum since FY11, with invested capital (which we define as capital invested in consolidated businesses) growing by just over 7% per annum.
- During that period, long-term investment securities, primarily comprising investments in minority interests, have almost doubled. This reflects the M&A strategy of certain key sectors, most notably the trading houses, which have significantly increased their acquisitions of non-controlling interests in foreign assets.

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Figure 14: Aggregated Financial Data of JPX-400 Constituents (JPY'tn)

	FY11	FY12	FY13	FY14	FY15
Income Statement					
Revenue	348.4	355.1	368.8	421.1	439.2
Cost of Goods Sold	-256.5	-263.3	-275.7	-314.6	-328.7
Gross Profit	91.9	91.8	93.1	106.5	110.5
SG&A	-68.2	-68.8	-69.1	-76.3	-80.2
Operating Profit	23.7	23.0	24.0	30.2	30.3
Depreciation & Amortization	18.4	18.0	17.6	19.4	21.2
EBITDA	42.1	41.0	41.6	49.6	51.5
Balance Sheet					
Total Invested Capital	189.5	198.7	211.0	237.3	250.4
Long-Term Investment Securities	43.9	45.5	55.1	62.3	72.2
Total Uses	233.4	244.2	266.1	299.6	322.6
Equity	163.1	170.4	191.1	219.6	243.4
Net Debt	70.2	73.8	75.0	80.0	79.2
Total Sources	233.3	244.2	266.1	299.6	322.6
Value Creation					
Economic Profit	3.7	2.4	3.5	6.7	5.8

Notes:

1. The data above and other similar data elsewhere in this document represents a simple aggregation of the published financial data of JPX-400 companies, excluding Banks and Financials. As such, there are inconsistencies in the financial year ends and accounting frameworks utilized to prepare such data with companies using one of J-GAAP, US GAAP or IFRS. For most companies, FY15 represents the year ended 31 March 2015.
2. Total Invested Capital comprises long-term operating assets plus net working capital. Net debt represents interest-bearing debt and other debt-like items less cash.



Operating Performance



Value Performance

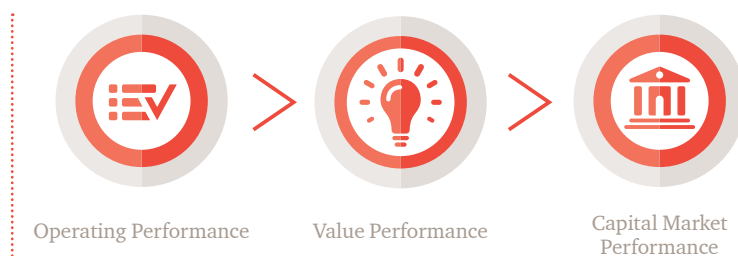


Capital Market
Performance

....but key ratios indicate that returns on capital, having moderately improved, declined in FY15

Figure 15: Key Ratios of JPX-400 Constituents

	FY11	FY12	FY13	FY14	FY15
Key Financial Ratios					
Growth					
Revenue	9.4%	1.9%	3.9%	14.2%	4.3%
EBITDA	19.3%	-2.7%	1.5%	19.2%	3.9%
Profitability					
Gross Margin	26.4%	25.8%	25.2%	25.3%	25.2%
Operating Profit Margin	6.8%	6.5%	6.5%	7.2%	6.9%
EBITDA Margin	12.1%	11.5%	11.3%	11.8%	11.7%
Net Margin	4.0%	3.6%	4.0%	4.9%	4.7%
Investment					
Capital Expenditure as % of Revenue	5.3%	5.6%	6.2%	6.0%	6.2%
R&D as % of Revenue	2.7%	2.7%	2.7%	2.5%	2.5%
Returns					
Return on Equity	8.8%	7.8%	8.1%	10.0%	9.0%
Return on Invested Capital	7.7%	7.0%	7.3%	8.6%	8.0%
Excess Return	1.9%	1.2%	1.7%	3.0%	2.4%
Dividend Yield	1.9%	2.1%	1.9%	1.9%	1.7%
Dividend Payout Ratio	28.1%	32.9%	32.6%	27.9%	31.0%
Liquidity & Solvency					
Net Debt to Market Capitalization	36.9%	38.6%	32.0%	28.0%	22.3%
Net Debt to EBITDA	1.7x	1.8x	1.8x	1.6x	1.5x
EBITDA to Interest Expense	23.6x	24.6x	25.9x	27.6x	27.7x
Valuation					
Adjusted EV/EBITDA	5.4x	5.7x	6.5x	6.5x	7.4x
PBR	1.3x	1.2x	1.3x	1.4x	1.6x
Total Shareholder Return	-3.6%	2.0%	24.2%	22.9%	27.6%
Market Implied Excess Return	1.2%	1.1%	1.7%	2.4%	3.1%



Highlights (continued)

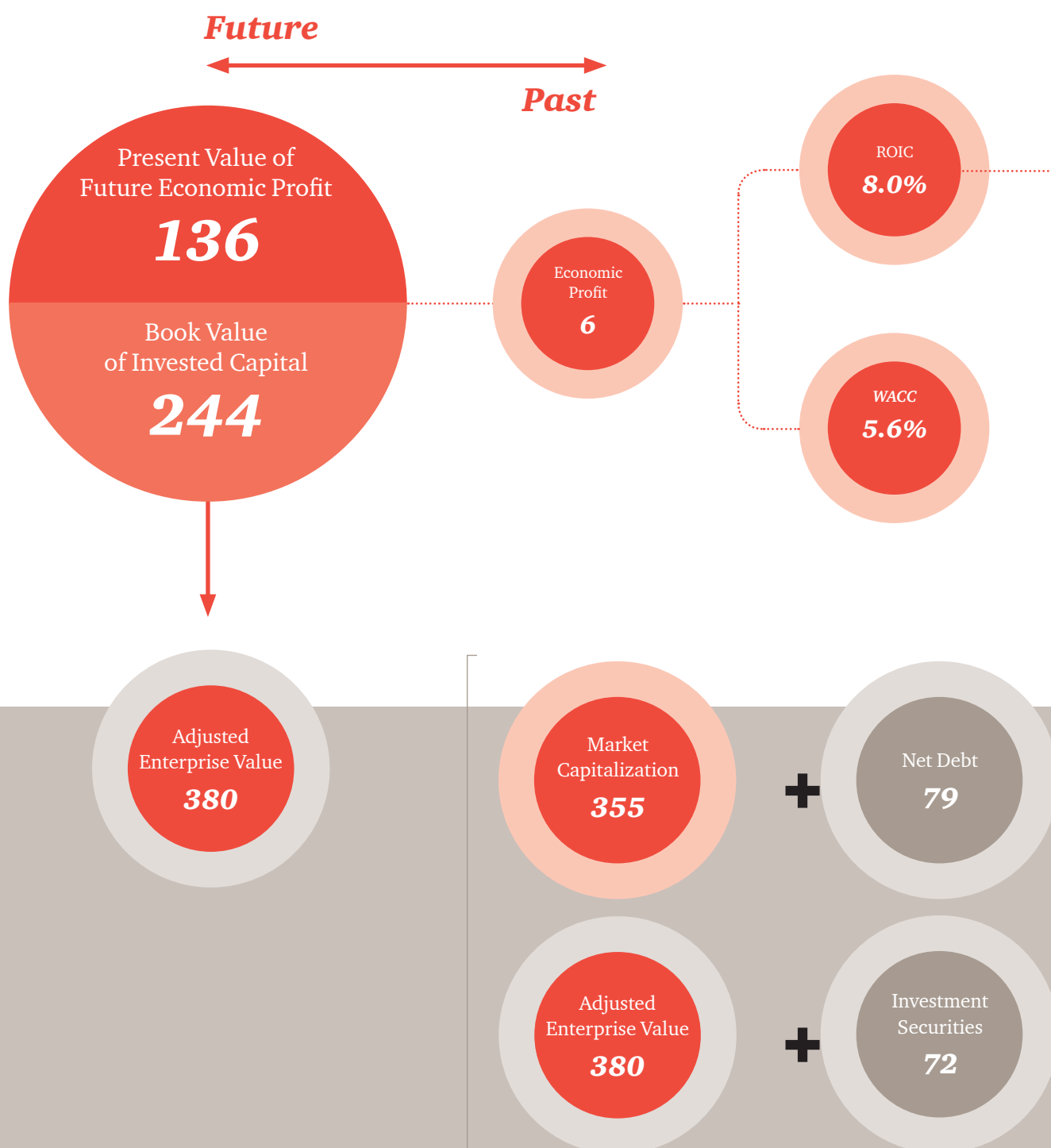
- Growth in the asset base of JPX-400 companies has increasingly been financed by equity, as profits have been retained rather than distributed to shareholders.
- While gross debt has increased, this has been offset by increasing cash balances, which have contributed to the net debt to equity ratio declining to 22% from just below 40% only 4 years ago.
- With revenues growing, margins relatively stable and effective tax rates declining (both because of a reduction in the statutory tax rate and an increasing proportion of revenues from investments in lower-tax jurisdictions), both return on equity and return on capital have improved, albeit relatively moderately (reflecting the amount of capital that has been invested to achieve revenue growth).
- However, both metrics declined in FY15 as revenue and EBITDA growth failed to keep pace with the growth in invested capital. Time will tell if new investments generate higher future returns but we observed that the market value of JPX-400 companies at 31 March 2015 implied a further improvement in returns going forward.
- With many companies enjoying a weighted average cost of capital of 5% or less, excess returns have increased to well over 2%. This has enabled JPX-400 companies to generate record levels of economic profit (an indicator of value creation) in FY14 and FY15.



Market excess return of over 2% in FY15 resulted in economic profit (value creation) of almost JPY 6 trillion

Figure 16: JPX-400 Driver Tree, FY15 (JPY'tn)

The driver tree below demonstrates the link between key drivers of operating performance on the right, value performance (ROIC, Economic Profit) and capital market performance (market value).





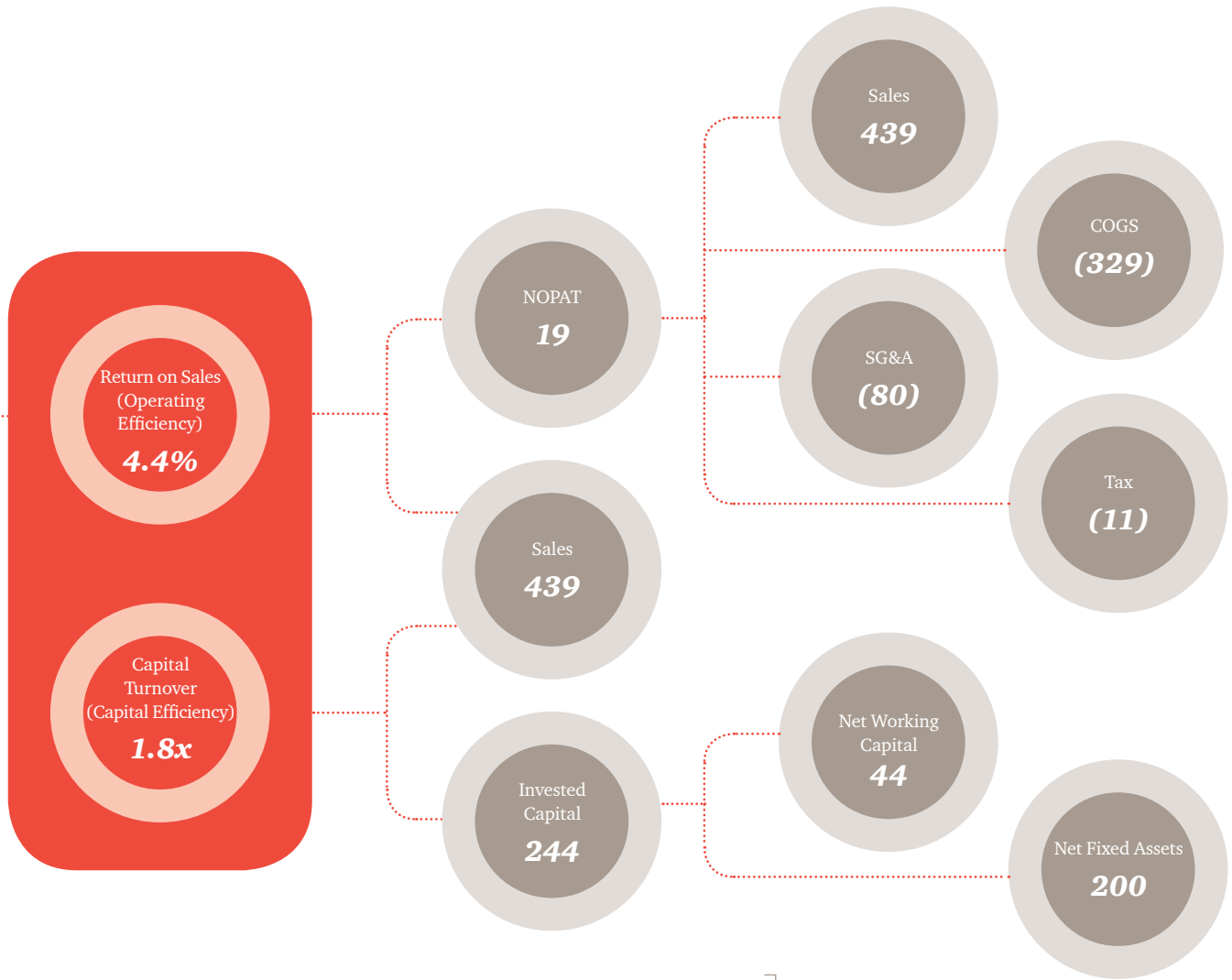
Operating Performance



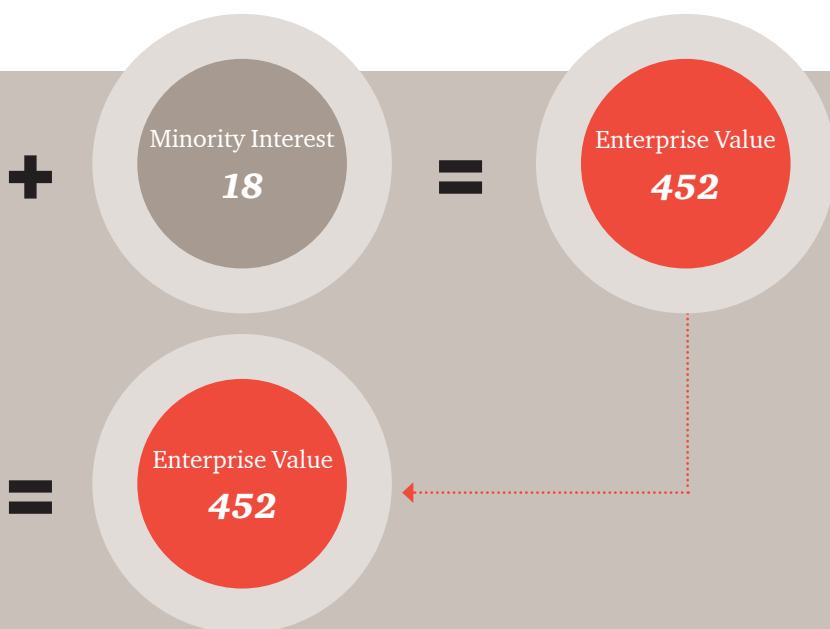
Value Performance



Capital Market
Performance



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Revenue has grown by a CAGR of almost 7% since its post-crisis low in FY10, largely driven by the weaker yen

Figure 17: JPX-400 Revenue and EBITDA Margin

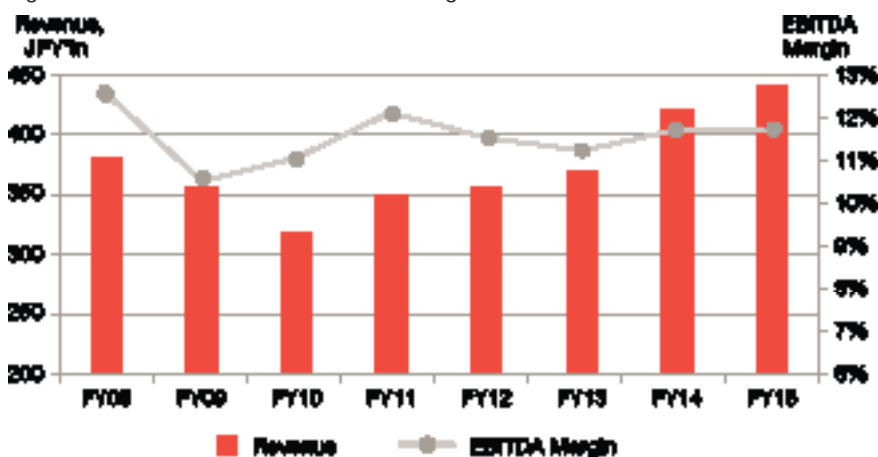


Figure 18: Revenue – Leaders & Laggards

	Share of JPX Revenue: FY15	Revenue CAGR: FY13-15
Top 3		
Auto	21.2%	11.4%
Commercial	13.1%	10.0%
Electric	12.8%	4.0%
Bottom 3		
Pharmaceutical	2.0%	4.6%
Real Estate	1.7%	14.3%
Power	1.0%	7.3%

Figure 19: EBITDA – Leaders & Laggards

	Share of JPX EBITDA: FY15	EBITDA CAGR: FY13-15	EBITDA Margin: FY13-15
Top 3			
Auto	23.5%	25.0%	11.8%
IT & Services	18.8%	4.7%	22.9%
Electric	12.9%	10.0%	10.8%
Bottom 3			
Real Estate	2.3%	10.3%	16.4%
Power	1.3%	6.6%	15.0%
Energy	1.0%	-33.7%	5.0%



With Japanese corporates generating over $\frac{1}{3}$ of revenues from exports, the weakening of the yen since the Abe government came to power in late 2012 has contributed significantly to compound annual revenue growth of over 7% per annum since then.

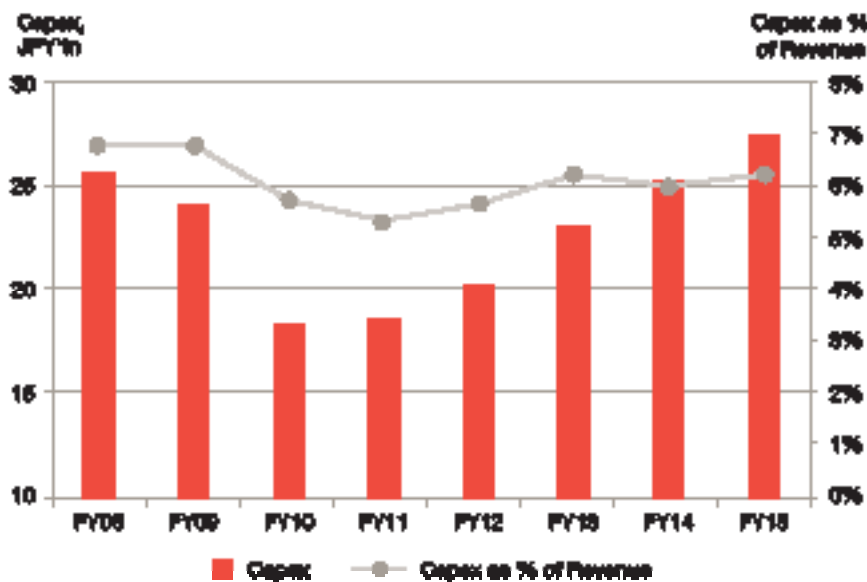
EBITDA margins, however, have remained largely flat, suggesting that any improvement in the fundamental operating performance of corporates has been limited.

This index-level data masks significant variations at a sector level, with the Automobiles & Transportation Equipment sector performing particularly strongly while the commodity-focused Energy Resources sector has struggled.



Investment in capital expenditure and R&D exceeded JPY 38 trillion in FY15, 40% above its FY10 low

Figure 20: JPX-400 Investment in CAPEX



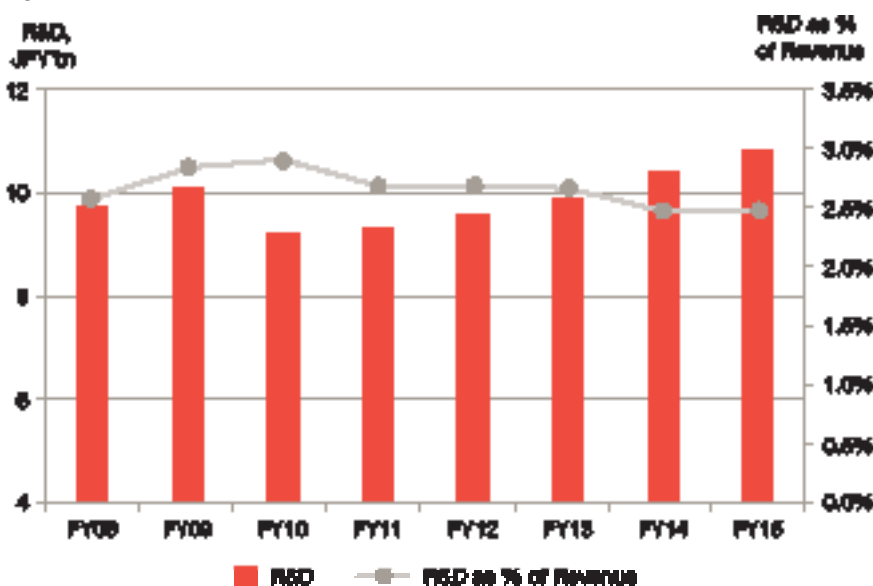
Investment in capital expenditure and R&D by JPX-400 companies continued its upward trend in FY15, reaching JPY 38 trillion, almost 40% above the most recent low in FY10.

With this level of investment, over the last 3 years only around 14% of EBITDA was converted into free cash flow available to repay debt and provide yield to shareholders (through dividends and share buybacks).

This may be the result of companies investing in long-term projects that are not yet generating significant returns. However, it also likely reflects the low returns actually generated on investments in projects intended to drive organic growth, such as capital projects.

This may in part be a reflection of the budgeting and broader decision-making processes inherent in many corporates. In our experience, the processes related to the evaluation of organic growth opportunities are often less rigorous than those related to M&A. Furthermore, like M&A, the post-investment monitoring of approved projects against initial targets is often limited.

Figure 21: JPX-400 Investment in R&D





Return on invested capital has improved in recent years on a moderate pick-up in margins, but declined slightly in FY15

Figure 22: JPX-400 ISO ROIC Map

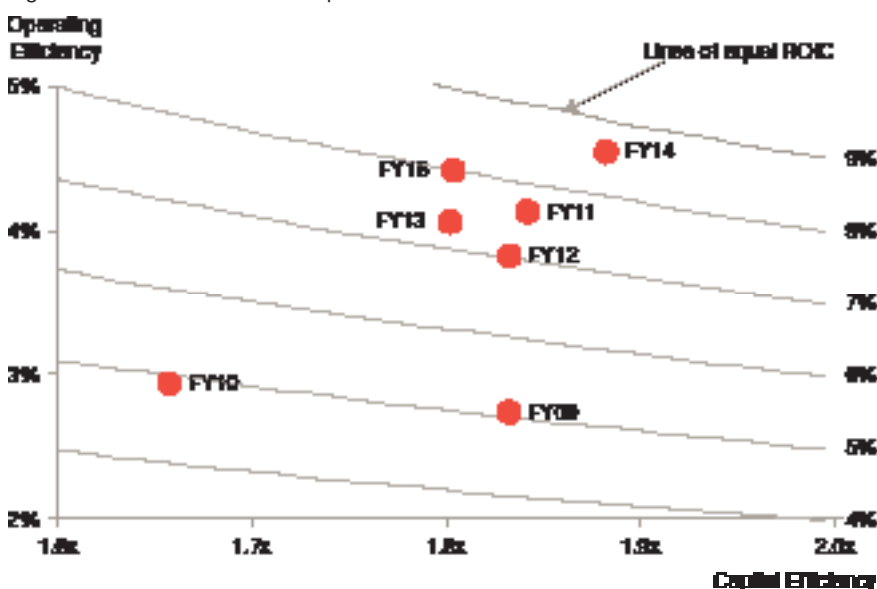
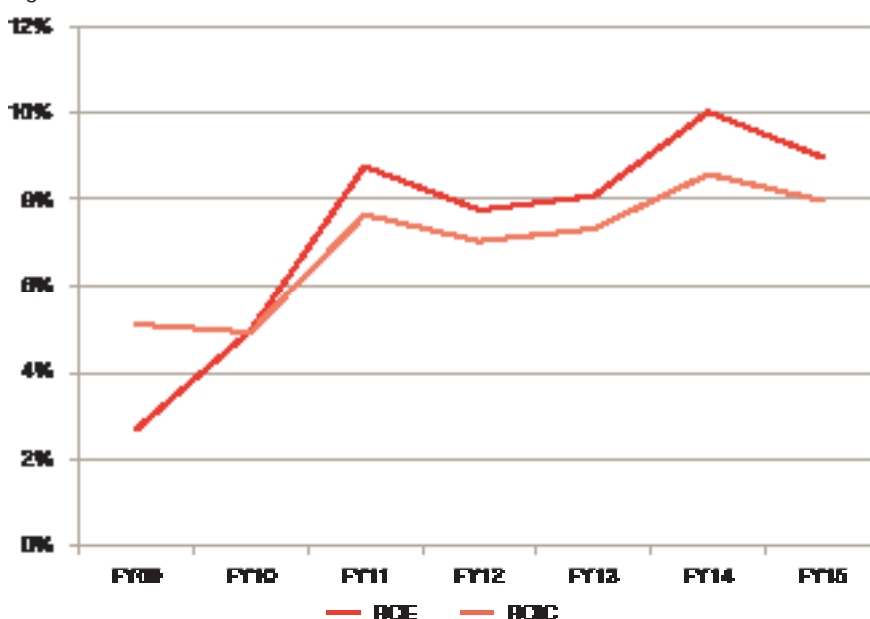


Figure 24: Return on Capital – Leaders & Laggards

	ROIC: FY13-15	ROE: FY13-15
Top 3		
Auto	14.1%	11.6%
Foods	10.4%	10.8%
IT & Services	9.2%	10.3%
Bottom 3		
Power	4.6%	8.6%
Real Estate	4.1%	7.7%
Energy	3.1%	3.2%

Figure 23: JPX-400 ROIC vs ROE



Following a significant improvement in returns in FY11, primarily the result of an increase in post-tax margins from around 3% to over 4%, return on invested capital has been relatively stable in the 7-9% range.

The decline in returns observed in FY15 reflected lower capital turnover as companies continued to invest significant amounts of capital in both organic and inorganic projects. Time will tell if the significant increase in invested capital in FY14 and FY15 will result in improved operating and value performance in the future.



Value Performance



Operating Performance

Large corporates have continued to enjoy a stable source of cheap funding

Figure 25: Distribution of Cost of Equity of JPX-400 Companies (Including Banks and Financials)

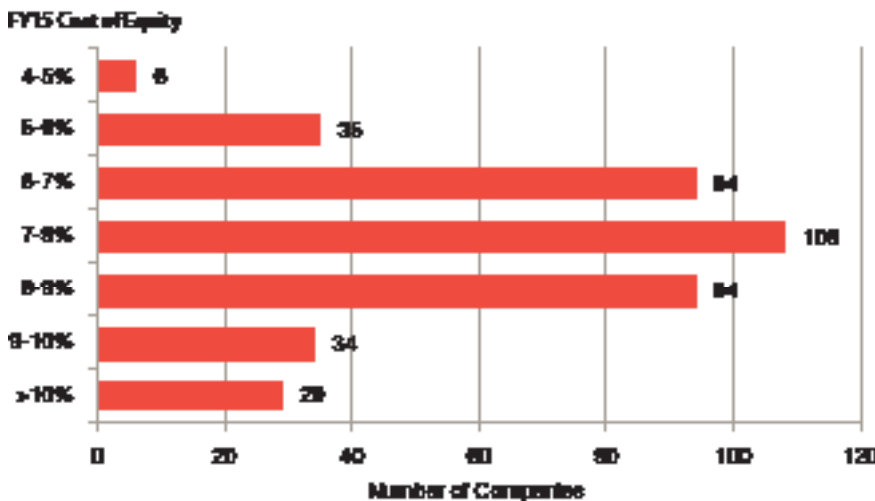
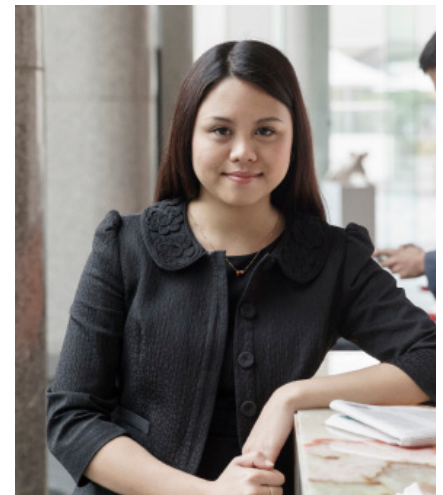


Figure 26: Components of the Cost of Capital – FY15 (Including Banks and Financials)

	Beta	Cost of Equity	WACC
Auto	1.1	7.5%	7.3%
Banks	1.1	7.6%	na
Commercial	0.9	6.3%	3.7%
Construction	1.0	7.6%	6.6%
Electric	1.1	7.3%	6.7%
Power	0.6	4.9%	3.0%
Energy	0.8	6.0%	3.7%
Financials	1.3	8.9%	na
Foods	0.9	6.5%	5.6%
IT & Services	0.8	5.9%	4.7%
Machinery	1.1	7.5%	6.5%
Pharmaceutical	0.8	5.6%	5.6%
Raw Materials	1.0	6.9%	5.9%
Real Estate	1.3	8.7%	4.1%
Retail Trade	1.0	7.0%	5.8%
Steel	1.2	8.1%	5.5%
Transportation	0.7	5.7%	3.4%
JPX-400	1.0	7.1%	5.6%



While a low cost of capital is typically viewed as a positive contributor to value creation, the availability of cheap financing and the lack of focus on the balance sheet by many corporates has in some cases resulted in value destruction, as growth has been achieved but at a return below the cost of capital.

We have, however, started to observe renewed discipline around the investment decision-making process, with an increasing focus on developing hurdle rates tailored for specific opportunities rather than the “one size fits all” approach that has been prevalent up until now.



Operating Performance

Value Performance

Capital Market Performance

After 2 years of negative economic profit in FY09 and FY10, value creation by JPX-400 companies has steadily improved

Figure 27: JPX-400 ISO Economic Profit Map

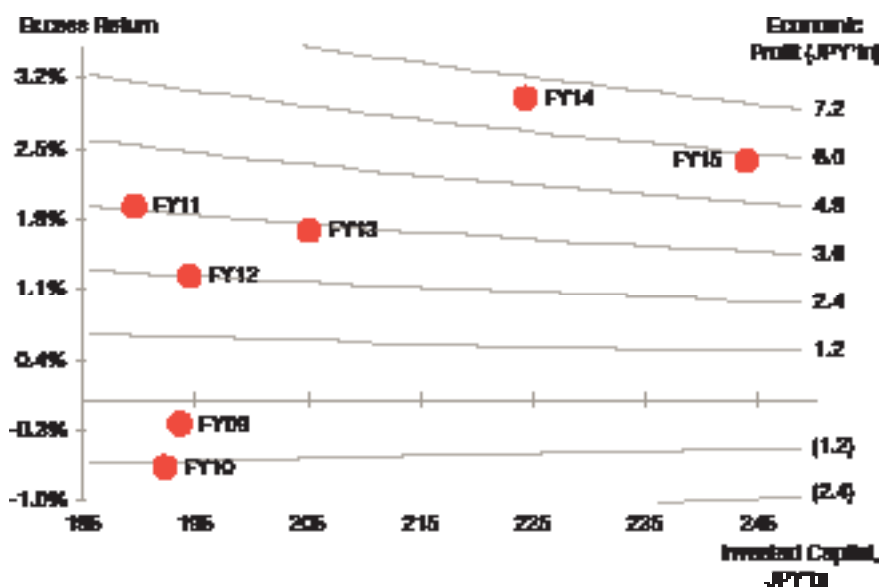


Figure 28: JPX-400 ROIC vs WACC

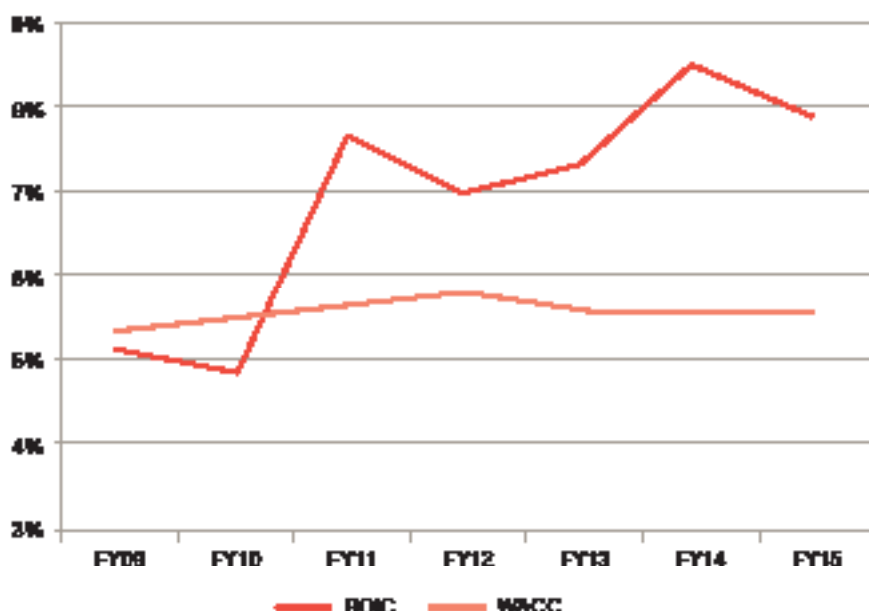


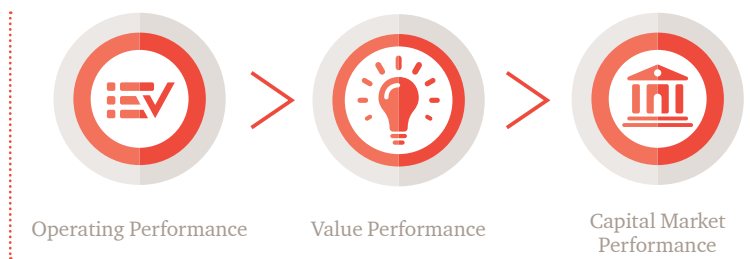
Figure 29: Value Creation – Leaders & Laggards

JPY'bn	Total Economic Profit: FY13-15	Economic Profit Margin: FY13-15
Top 3		
Auto	6,202	2.4%
IT & Services	4,152	3.4%
Electric	1,910	1.2%
Bottom 3		
Real Estate	-19	-0.1%
Steel	-72	-0.2%
Energy	-258	-0.4%

A moderate improvement in excess returns coupled with relatively strong growth in invested capital has resulted in a very substantial pick-up in economic profit over the last 2 years, from just over JPY 3 trillion in FY13, to around JPY 6 trillion in FY14 and FY15.

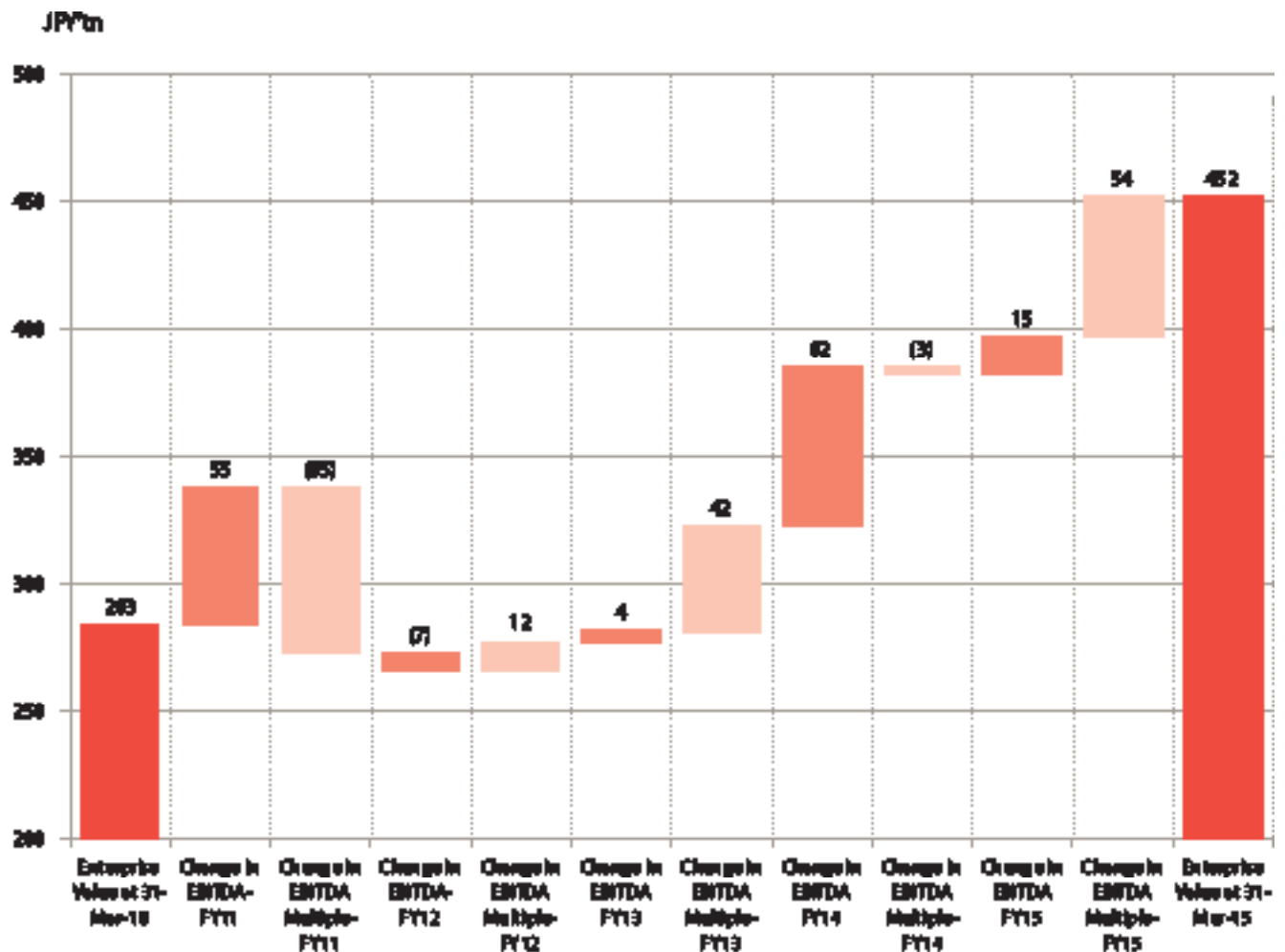
The performance of individual sectors has, however, varied greatly, with the top 3 sectors generating $\frac{2}{3}$ of total economic profit over the last 3 years but 3 sectors generating an economic loss (as their cost of capital exceeded the returns generated on that capital).

This concentration of value creation across a small number of sectors increased in FY15, when the top 3 generated 76% of total economic profit.



Evolution of JPX-400 enterprise value: enterprise value up by ~60% since FY10

Figure 30: JPX-400 Enterprise Value Bridge, 31 March 2010 to 31 March 2015



The enterprise value bridge above indicates whether changes in fundamental performance or market expectations have caused the change in enterprise value in each year since FY10. We observed that the 60% increase in enterprise value since 31 March 2010 has primarily been driven by improvements in fundamental performance, which has contributed almost ¾ of the increase. Changes in market expectations (embodied in changes in EBITDA multiples) have contributed less over the 5-year period, but accounted for most of the 18% increase in enterprise value in FY15.



Capital Market
Performance



Value Performance

Debt reduction and share buybacks have been an important contributor to total shareholder returns in recent years

Figure 31: JPX-400 Net Debt-to-Equity Ratio

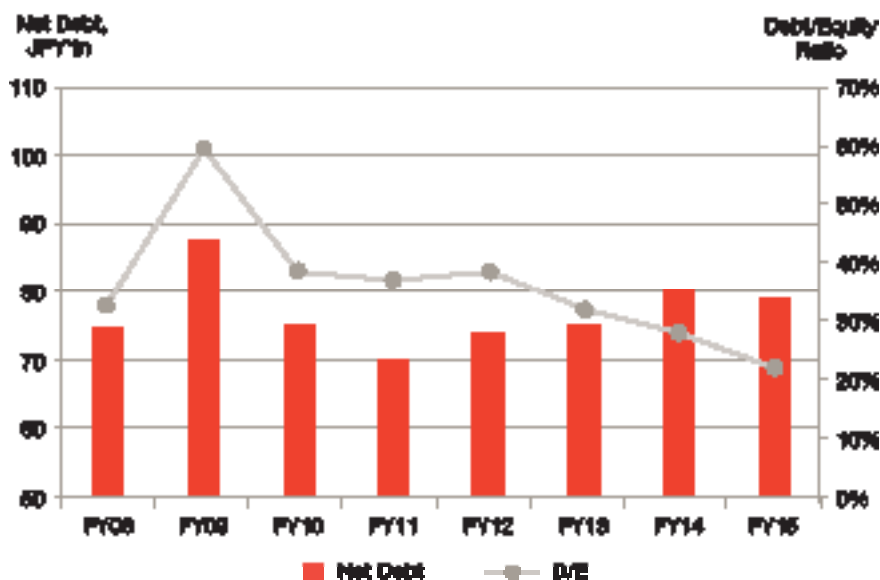


Figure 32: JPX-400 Dividend & Share Buyback Yield

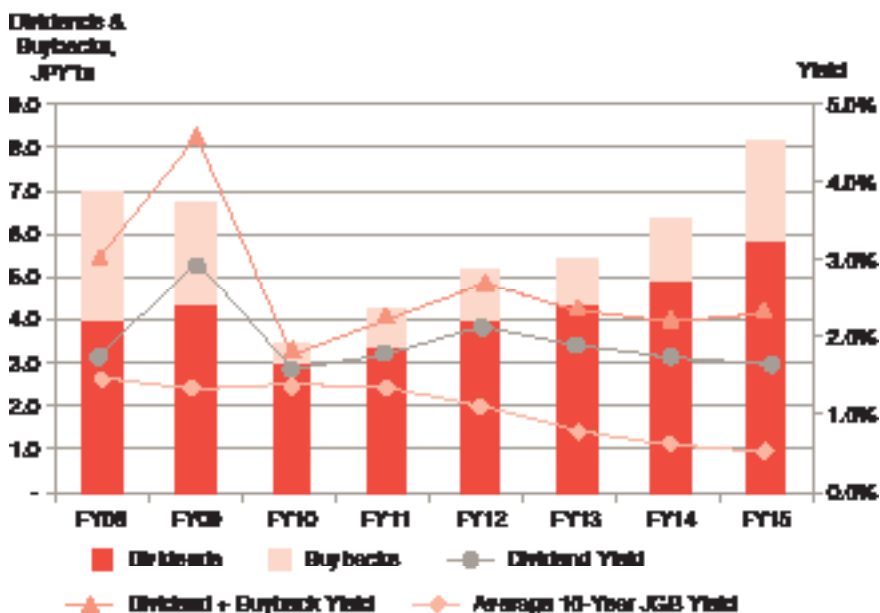
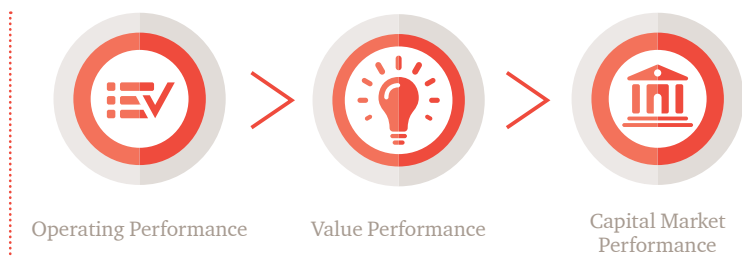


Figure 33: Net Debt-to-Equity Ratio

	D/E: FY15	D/ EBITDA FY15
Lowest 3		
Pharmaceutical	-0.1x	-1.3x
Auto	0.0x	0.2x
Electric	0.1x	0.5x
Highest 3		
Power	0.8x	4.0x
Energy	0.9x	6.9x
Commercial	1.1x	7.3x

The absolute level of dividends has almost doubled since the FY10 low, but the yield remains at around 1.7%, reflecting the significant increase in the market capitalization of JPX-400 companies. Notwithstanding this, the spread over 10-year JGBs has risen to over 1%, which compares favourably to the corresponding spread in the US.

Consistent with overseas markets, the number of companies entering into share buybacks has also increased significantly; in FY15, the total value of buybacks increased by 68% to JPY 2.3 trillion, pushing the overall yield (dividends and share buybacks) up to 2.3%, a spread of almost 2% over 10-year JGBs.



Average annual TSR of 25% over the last 3 years driven by multiple expansion, debt reduction and share buy-backs

Figure 34: JPX-400 Components of Total Shareholder Return, Average FY13-15

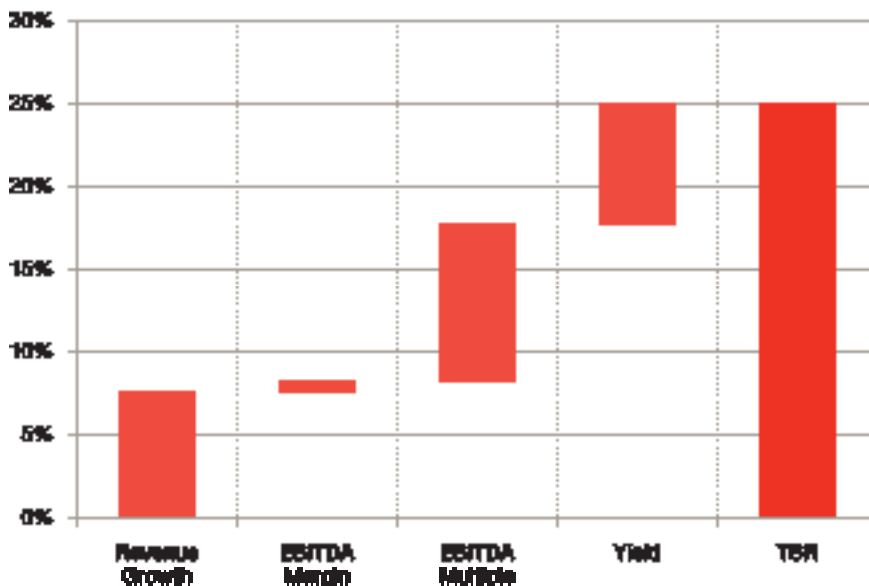


Figure 35: JPX-400 Components of Total Shareholder Return, Annual

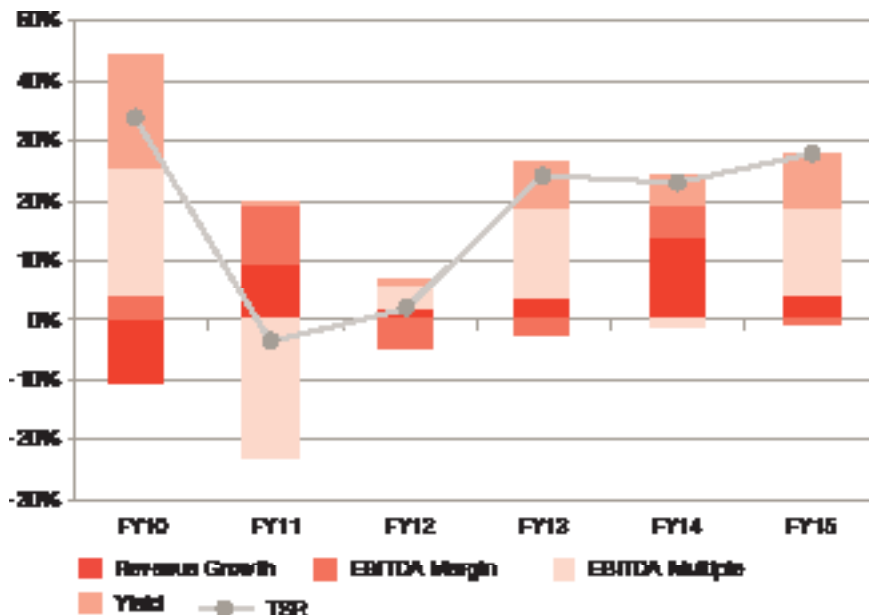
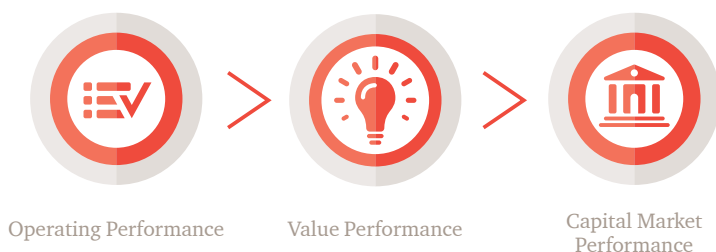


Figure 36: Total Shareholder Return – Leaders & Laggards

	TSR: FY13-15	TSR: FY15
Top 3		
IT & Services	31.0%	19.7%
Pharmaceutical	29.0%	40.9%
Raw Materials	28.9%	52.7%
Bottom 3		
Steel	17.1%	19.5%
Commercial	12.7%	15.6%
Energy	3.0%	0.5%

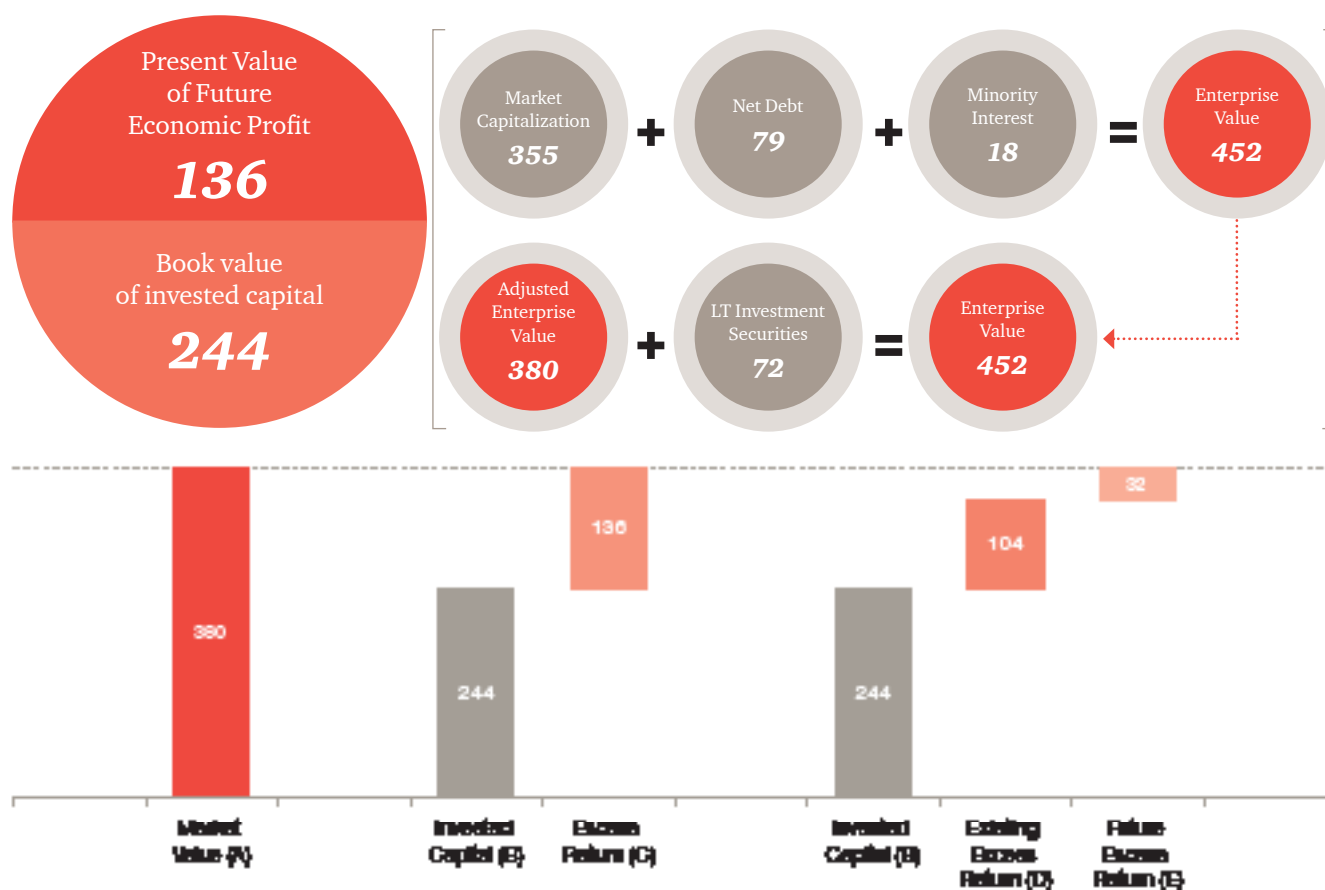
Total shareholder return has averaged over 25% over the last 3 years (compared to under 11% for the preceding 3-year period) and was almost 28% in FY15.

This reflects a significant improvement in the fundamental performance of JPX-400 companies, a substantial uptick in the market EBITDA multiple (an indicator of expectations for future growth) and an improvement in yield as debt has been paid down and share buybacks have supplemented dividends in providing a return to shareholders.



Enterprise value exceeded JPY 450 trillion at 31 March 2015; consolidated businesses were valued at JPY 380 trillion

Figure 37: Components of Market Value (JPY'tn)



Explanatory Notes:

[A] is derived from observed financial and market data and can be disaggregated in multiple ways to inform about current market expectations.

[B] captures the current amount of capital invested by JPX-400 companies.

[C] illustrates the incremental amount of capital investors expect to receive (i.e. [C] is the market expectation for excess returns that generate value above and beyond invested capital).

[D] illustrates the value of current excess returns on capital assuming no growth in the future.

[E] illustrates market expectations for growth in excess return.



Value Performance



Capital Market Performance

While excess return has significantly picked up, the market value of the JPX-400 implies further improvement

Figure 38: JPX-400 Components of Market Value

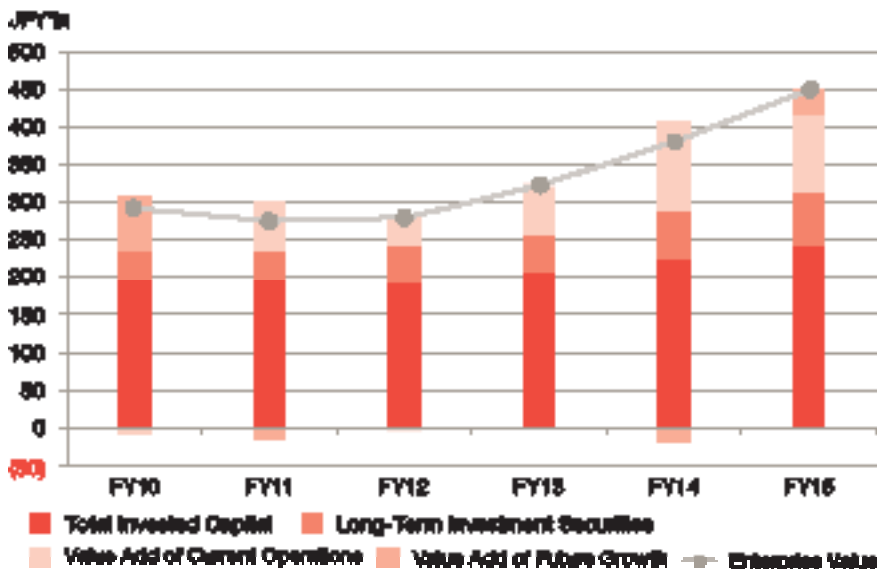


Figure 39: JPX-400 Current vs Implied Future Excess Return

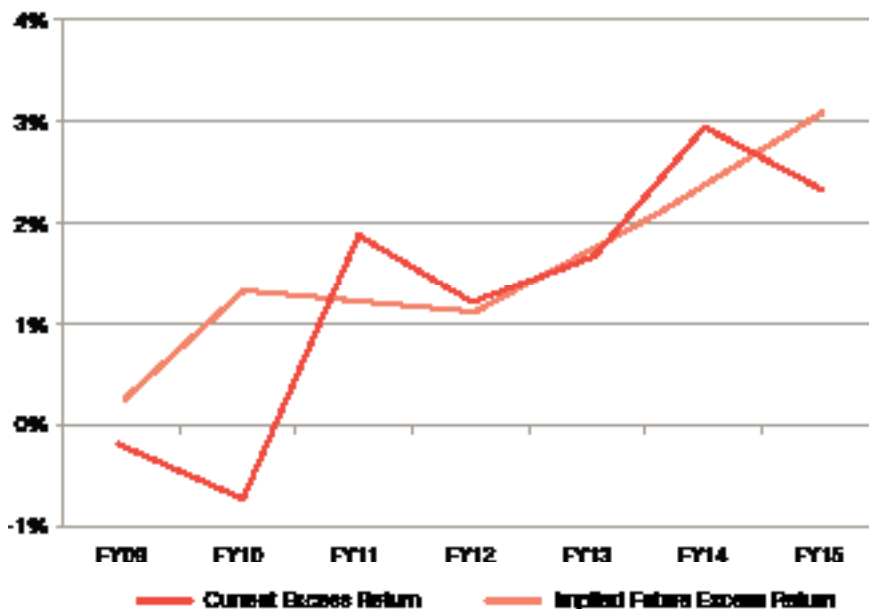


Figure 40: Current and Implied Future Excess Return – Leaders & Laggards

	Current Actual: FY15	Future Implied: 31-Mar 2015
Top 3		
Auto	8.0%	4.9%
Foods	5.3%	6.3%
Electric	4.2%	6.8%
Bottom 3		
Commercial	-0.1%	-0.7%
Real Estate	-0.3%	2.0%
Energy	-4.5%	-0.7%

Excess returns and, therefore, value creation by JPX-400 companies have been on an uptrend since FY12, primarily due to improvements in post-tax operating margins.

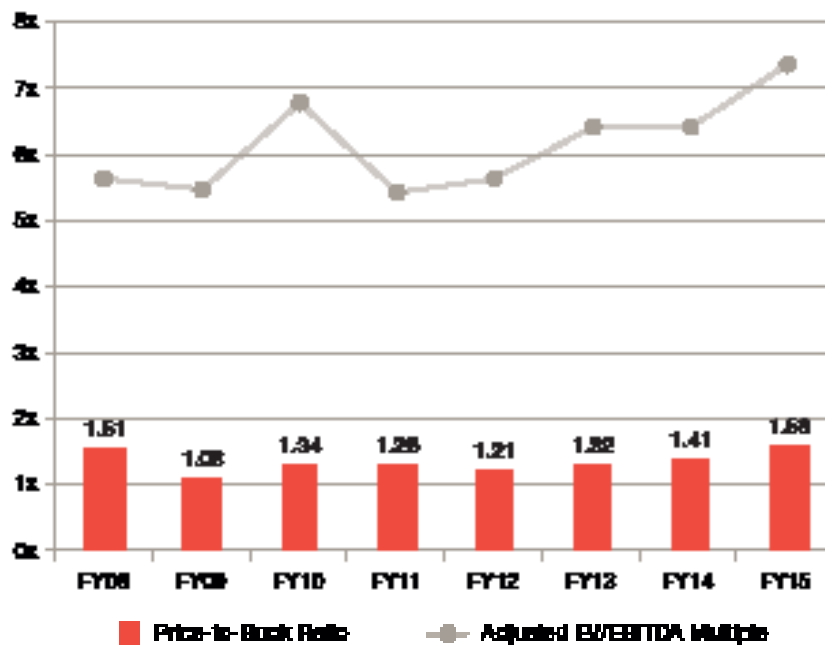
As actual returns have improved, so also have the market's expectations for future returns. At 31 March 2015, we observed that, for the first time since FY10, the market value of JPX-400 companies implied future excess returns (3.1%) above the actual excess returns (2.4%) achieved in FY15.



Capital Market
Performance

JPX-400 companies have enjoyed significant multiple expansion since the onset of Abenomics

Figure 41: Market Multiples



Since the inception of Abenomics at the end of 2012, the increase in the market value of JPX-400 companies has outstripped growth of EBITDA, resulting in expansion of the JPX-400 EBITDA multiple from just over 5x to above 7x. This increase primarily occurred in FY13 and FY15, and drove total shareholder returns in those years to 24% and 28%, respectively.

Higher multiples typically reflect the market's expectations that companies will outperform current business performance in the future. Such expectations are also observed in the future excess returns implied by the market capitalization of the JPX-400, which exceed recent actual excess returns.

For management teams, though, there are challenges in that the better they perform, the harder it is to generate shareholder returns in excess of the cost of equity. Indeed, if the market fully and accurately prices future business performance into the current stock price, shareholder returns should, over time, fall back towards the cost of equity. In other words, well below recent levels.

Figure 42: Market Multiples – Leaders & Laggards

	PBR: 31-Mar-15	Adjusted EV/EBITDA: FY15
Top 3		
Foods	2.2x	9.1x
Pharmaceutical	2.1x	14.5x
Electric	2.0x	7.9x
Bottom 3		
Steel	0.9x	5.6x
Commercial	0.8x	6.5x
Energy	0.7x	13.4x





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About PwC

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, tax and advisory services.

About our Strategic Value Consulting practice

With increasing focus on the returns generated and value created by corporates, we believe that every management team should understand the value performance of individual segments within their business portfolio, be able to explain their value creation strategies and answer questions on how critical business decisions are made.

Unfortunately, most leadership teams don't have ready access to the information required to understand which parts of their portfolio are creating value and which are not, let alone to assess which strategic options will create the most value for their organization.

PwC's Strategic Value Consulting team provides leaders with the value insight they need to make the right corporate and capital market choices. Unlike traditional valuation approaches, we combine enhanced modelling techniques with sophisticated data and value analytics to uncover insights that enable senior teams to make strategic decisions that enhance corporate value.

Working closely with the strategy consultants of Strategy&, a member of the PwC network, as well as technical and industry experts from within our Advisory business, we deliver independent value insight to inform leaders on where in their portfolio value is being created or destroyed and on the value impact of critical business decisions.

We can support you by:

1

Modelling your business portfolio to identify where value has been created in the past, and expected value creation in the future

4

Evaluating your portfolio mix, assessing where in your portfolio you have a competitive advantage

7

Benchmarking your operating, value and capital market performance against domestic and international peers

2

Improving your M&A and CAPEX evaluation processes

5

Determining hurdle rates specific to an investment opportunity (or existing business)

8

Evaluating your organization's total impact from a social, environmental, fiscal and economic perspective

3

Identifying divestment candidates within your portfolio of businesses; helping you to execute the divestment process

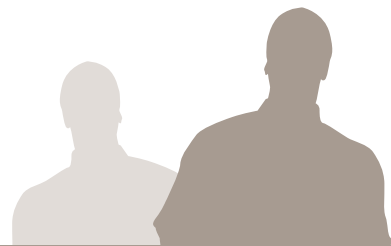
6

Developing systems, tools and processes for board and management reporting of key value metrics

9

Recommending improvements in what and how you communicate with stakeholders

Contacts



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