

Japanese equities after tariff shock - FAQ (3): Company guidance

Global Markets Research
10 April 2025

EQUITY: JAPAN STRATEGY

What is the risk of companies not issuing guidance for the new fiscal year?

Macro uncertainty alone unlikely to result in more companies not issuing guidance; how do share prices of non-issuers perform around the time of results announcements?

Sharp increase in companies not issuing guidance in both FY11 and FY20

We have started to hear concerns that uncertainty about US trade policy could prompt some companies not to issue guidance for the new fiscal year when they release full-year results. There were sharp increases in the number of companies (TOPIX constituents with March yearends) not issuing guidance for FY11 and FY20 (*Figure 1*). By contrast, the non-issuance rate among March yearend companies was low for both FY08 and FY09, when there were similar increases in uncertainty over macroeconomic conditions. We think that macroeconomic uncertainty alone is not enough to push up the number of companies not issuing guidance, and that extraordinary events are needed. Moreover, the non-issuance rate among companies with February yearends tends to increase ahead of any increase in non-issuance among March yearend companies. All the companies that have released results through 9 April 2025 have issued guidance. Based on the above, we see little likelihood at present that there will be any substantial increase in companies not issuing guidance.

Increase in non-issuance in transportation equipment, rubber products, and steel sectors in FY11 and FY20

That said, we cannot rule out the possibility that more companies will refrain from issuing guidance if we see further geopolitical turmoil. If this were to occur, which sectors would likely see an increase in non-issuance? *Figure 2* shows rates of non-issuance of guidance by sector for FY08, FY09, FY11, FY20, and the last four fiscal years. Blank areas indicate that there were no companies that did not issue guidance, while shaded areas show non-issuance rates that are higher than the historical median. Sectors with high non-issuance rates in FY11 and FY20 included transportation equipment, rubber products, and iron & steel.

Non-issuance stocks tend to outperform after results announcements, but correct before Q1 results

Figure 3 shows the share price performance of companies that did and did not issue guidance for FY11 and FY20 before and after full-year results announcements. The non-issuance stocks outperformed the TOPIX following results announcements for a short period of time (average of 34 trading days in 2011, average of 15 trading days in 2020). However, their performance then deteriorated in the lead-up to the Q1 results season. We think investors may have been concerned about the risk that companies would issue cautious guidance alongside Q1 results.

Limited deterioration in performance by stocks that did not issue guidance in the past

The share price performance of companies with March yearends that did not issue guidance for FY11 or FY20 has been declining recently, but the deterioration in sector-adjusted performance has been limited (*Figures 4, 5*). We see limited impact even if the risk of non-issuance of guidance were to increase, given that performance tends to improve following the release of results. That said, if companies do decide not to issue guidance, we think guidance risk is likely to become a concern again as we approach the Q1 results season.

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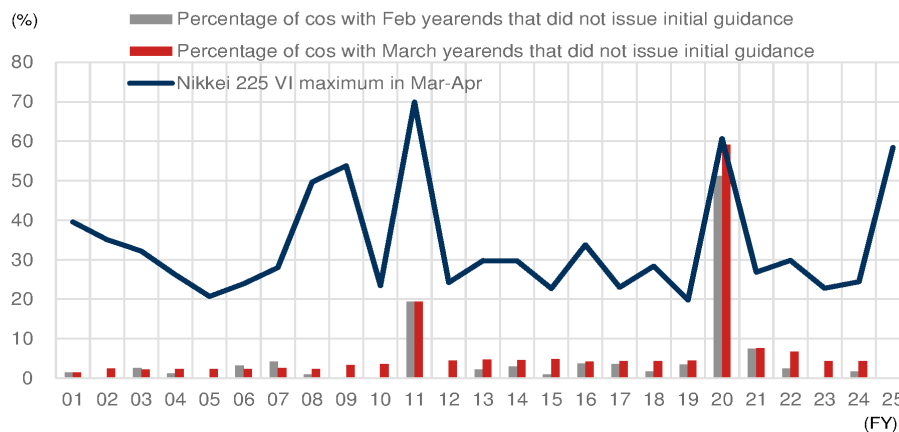
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Reference figures

Fig. 1: Percentage of companies that did not issue guidance

Sharp increases in FY11 and FY20, all companies with February yearends have issued guidance as of 9 Apr 2025



Note: Universe is TOPIX constituents. The chart shows the percentage of companies with March (February) yearends that did not announce guidance for net profits by end-May (end-April).

Source: Nomura, based on company disclosures and Nikkei data

Fig. 2: Ratio of undisclosed initial guidance by sector

Sectors for which nondisclosure rates were high in FY11 and FY20 include transportation equipment, rubber products, and iron & steel

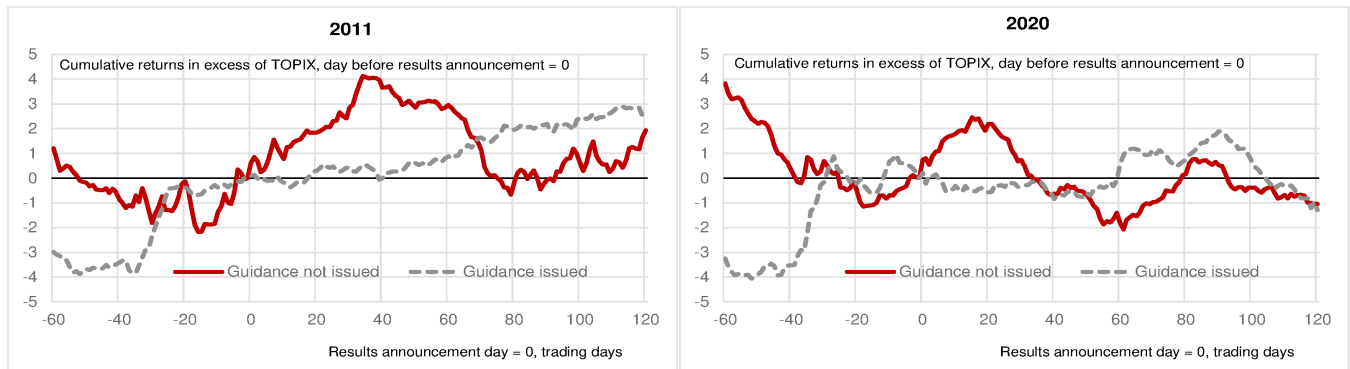
Sector	Percentage of companies that did not disclose initial guidance								Historical median
	FY08	FY09	FY11	FY20	FY21	FY22	FY23	FY24	
Fishery, agriculture & forestry			25.0	20.0					0.0
Oil exploration/development				50.0					0.0
Construction			6.7	43.5		1.3			0.9
Foods			13.3	21.2	3.7	5.6			0.0
Textiles and apparels		6.7	11.5	81.5	7.4	3.8	3.8		0.0
Pulp and paper			10.0	54.5		9.1			0.0
Chemicals		2.8	17.1	55.0	5.5	4.6	1.9	2.8	2.8
Pharmaceuticals	3.2	3.3	6.5	16.7	3.7	7.1	3.8	4.0	0.0
Oil & coal products				42.9		28.6		14.3	0.0
Rubber products			44.4	100.0					0.0
Glass & ceramics products		8.3	30.4	61.5	3.8	8.0	4.0	4.0	4.0
Iron & steel	2.9	2.9	47.1	86.2	10.3	34.5	10.3	3.4	9.7
Non-ferrous metals			26.1	72.7		4.5	4.8	9.5	0.0
Metal Products			37.0	66.7					0.0
Machinery		1.9	18.1	60.7	3.8	5.5	1.0	2.9	1.0
Electric appliances	2.1	2.9	21.4	71.0	4.0	4.0	2.5	1.6	3.8
Transportation equipment			83.3	93.3	7.0	3.6	3.6	3.6	1.7
Precision equipments	4.3	9.1	13.0	65.4	4.0	4.0	4.0	8.0	4.3
Other Products			22.9	91.4	2.9	3.0			0.0
Electric power and gas	6.3	6.3	43.8	65.0	10.0	45.0	20.0	5.0	10.0
Land transportation			14.7	85.7	4.7	2.4	2.5	5.0	0.0
Marine transportation				62.5					0.0
Air transportation				66.7	33.3				0.0
Warehousing & harbor transportation services			11.1	50.0					0.0
Information & Communication	2.7	3.9	5.4	50.4	12.2	10.3	8.0	9.0	5.4
Wholesale Trade			10.3	63.2	5.2		1.5	0.8	0.8
Retail trade			1.9	67.9	21.3	4.1	2.7	4.1	1.6
Banks	1.2	1.2	6.0	4.9	1.2		1.3		1.2
Securities and commodities futures	94.7	95.2	95.2	95.2	100.0	100.0	100.0	100.0	95.2
Insurance			14.3	37.5					0.0
Other financing business	7.7	9.1	21.1	48.0		4.0			4.8
Real estate	2.9	3.3		55.9	2.9				0.0
Services	1.8	1.8	15.5	69.0	17.1	9.6	8.8	8.1	4.8
TOPIX	2.3	3.4	19.4	59.1	7.6	6.7	4.4	4.4	4.4

Note: Universe is TOPIX constituents with March year-ends. Shows percentage of companies that did not announce initial after-tax profit guidance for each fiscal year, by sector. Blank indicates that there were no companies that did not announce guidance. Shaded areas show periods when nondisclosure rates were above the median for FY01–24. As we only show figures to one decimal place, there may be some inconsistencies.

Source: Nomura, based on data disclosed by each company

Fig. 3: Performance of stocks that did and did not issue guidance around time of results announcements

Stocks without guidance tend to outperform TOPIX immediately after results announcements but see deterioration through Q1 results season



Note: Universe is TOPIX constituents with March year-ends. The chart shows cumulative returns in excess of the TOPIX for companies that did and did not issue guidance on the day they announced full-year results for the previous fiscal year.

Source: Nomura, based on TSE data

Fig. 4: Companies that did not disclose guidance for FY11 or FY20

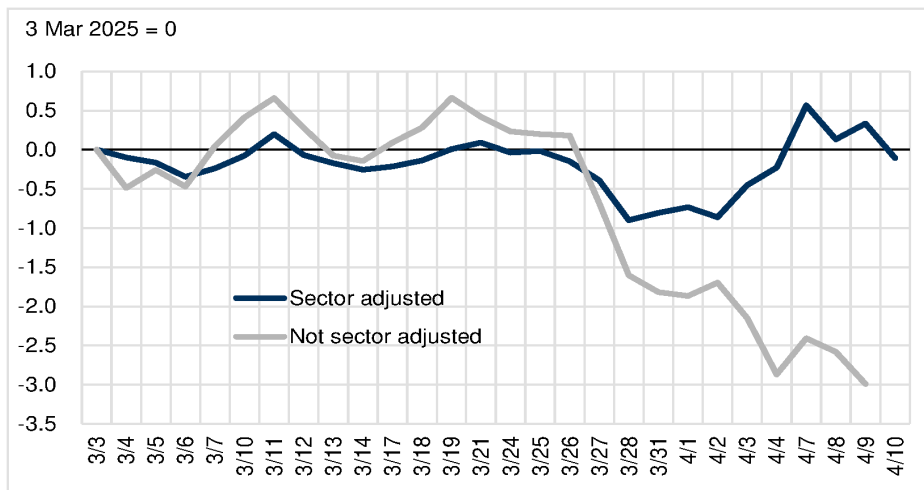
		(¥bn, %)	
Ticker	Company	17 sectors	Market cap YTD returns
1942 Kanden	Kanden	Construction & materials	523.8 10.1
3116 Toyota Boshoku	Toyota Boshoku	Automobiles & transportation equipment	326.4 -15.3
4613 Kansai Paint	Kansai Paint	Raw materials & chemicals	358.5 -11.0
4661 Oriental Land	Oriental Land	IT & services, others	5,362.6 -13.0
4732 USS	USS	IT & services, others	678.7 -4.1
4901 Fujifilm Holdings	Fujifilm Holdings	Raw materials & chemicals	3,311.8 -19.5
5393 Nichias	Nichias	Construction & materials	297.6 -21.6
5401 Nippon Steel	Nippon Steel	Steel & nonferrous metals	3,045.8 -10.9
5406 Kobe Steel	Kobe Steel	Steel & nonferrous metals	594.5 -5.0
5411 JFE Holdings	JFE Holdings	Steel & nonferrous metals	1,009.4 -11.3
5471 Daido Steel	Daido Steel	Steel & nonferrous metals	209.3 -18.9
5991 NHK Spring	NHK Spring	Construction & materials	317.4 -31.3
6201 Toyota Industries	Toyota Industries	Automobiles & transportation equipment	3,616.8 -13.7
6473 Jtekt	Jtekt	Machinery	287.4 -23.5
6645 Omron	Omron	Electric appliances & precision instruments	759.6 -31.2
6702 Fujitsu	Fujitsu	Electric appliances & precision instruments	5,408.7 -6.7
6753 Sharp	Sharp	Electric appliances & precision instruments	470.6 -26.5
6841 Yokogawa Electric	Yokogawa Electric	Electric appliances & precision instruments	729.9 -20.0
6857 Advantest	Advantest	Electric appliances & precision instruments	3,976.3 -43.6
6902 Denso	Denso	Automobiles & transportation equipment	4,792.9 -25.6
6923 Stanley Electric	Stanley Electric	Electric appliances & precision instruments	370.7 -6.4
6954 Fanuc	Fanuc	Electric appliances & precision instruments	3,099.7 -25.4
7201 Nissan Motor	Nissan Motor	Automobiles & transportation equipment	1,156.9 -35.1
7205 Hino Motors	Hino Motors	Automobiles & transportation equipment	217.8 -33.0
7211 Mitsubishi Motors	Mitsubishi Motors	Automobiles & transportation equipment	524.0 -32.6
7240 NOK	NOK	Automobiles & transportation equipment	314.2 -26.7
7259 Aisin	Aisin	Automobiles & transportation equipment	1,112.8 -22.6
7261 Mazda Motor	Mazda Motor	Automobiles & transportation equipment	510.1 -25.5
7267 Honda Motor	Honda Motor	Automobiles & transportation equipment	6,565.7 -19.0
7269 Suzuki Motor	Suzuki Motor	Automobiles & transportation equipment	2,934.1 -16.6
7270 Subaru	Subaru	Automobiles & transportation equipment	1,694.8 -18.0
7276 Koito Mfg	Koito Mfg	Electric appliances & precision instruments	492.5 -20.3
7282 Toyoda Gosei	Toyoda Gosei	Automobiles & transportation equipment	292.6 -17.6
7313 TS Tech	TS Tech	Automobiles & transportation equipment	198.3 -18.9
7458 Daiichikoshu	Daiichikoshu	Commercial & wholesale trade	177.8 -11.8
7732 Topcon	Topcon	Electric appliances & precision instruments	342.7 11.4
7867 Tomy	Tomy	IT & services, others	265.0 -37.7
7912 Dai Nippon Printing	Dai Nippon Printing	IT & services, others	963.7 -17.2
7988 Nifco	Nifco	Raw materials & chemicals	325.5 -15.2
8015 Toyota Tsusho	Toyota Tsusho	Commercial & wholesale trade	2,333.1 -22.3
8035 Tokyo Electron	Tokyo Electron	Electric appliances & precision instruments	8,215.8 -28.0
8053 Sumitomo Corp	Sumitomo Corp	Commercial & wholesale trade	3,586.1 -13.6
9001 Tobu Railway	Tobu Railway	Transportation & logistics	500.7 -3.0
9020 East Japan Railway	East Japan Railway	Transportation & logistics	3,352.2 5.7
9065 Sankyu	Sankyu	Transportation & logistics	317.3 4.6
9072 Nikkon Holdings	Nikkon Holdings	Transportation & logistics	348.9 35.3
9504 Chugoku Electric Power	Chugoku Electric Power	Electric power & gas	305.7 -13.4
9505 Hokuriku Electric Power	Hokuriku Electric Power	Electric power & gas	154.0 -14.8
9506 Tohoku Electric Power	Tohoku Electric Power	Electric power & gas	468.4 -21.5
9507 Shikoku Electric Power	Shikoku Electric Power	Electric power & gas	214.2 -16.4
9508 Kyushu Electric Power	Kyushu Electric Power	Electric power & gas	557.2 -16.8

Note: Universe is TOPIX constituents with March year-ends. The table lists companies that did not issue guidance for FY11 or FY20 when they announced full-year results for the previous fiscal year. It only shows companies that provided no guidance for either operating profits, recurring profits, or net profits. It excludes companies that did not disclose guidance for FY24. Market cap and YTD returns are as of 9 April 2025.

Source: Nomura, based on data disclosed by each company, Bloomberg data

Fig. 5: Performance of stocks that did not issue FY11 or FY20 guidance

No major movements visible when looking at sector-adjusted performance



Note: Shows excess returns versus average for stocks listed in Figure 4. Universe is TOPIX 500 constituents with March yearends. As of 9 April 2025.

Source: Nomura, based on data disclosed by each company

Appendix A-1

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When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For J117 and subsequent issues, the maturity value shall not undercut the face amount. Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.5% (tax included) of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.5% (tax included/annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry

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In interest rate swap transactions and USD/JPY basis swap transactions ("interest rate swap transactions, etc."), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.

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