

30 January 2023 (No. of pages:1)

Japanese report: 25 Jan 2023

Trends and Characteristics of Share Buybacks in 2022

Many companies are aggressive in share buybacks, especially when they see their profits are expected to decline

Financial and Capital Market Research Dept.
Masahiro Nakamura

Summary

- Share buybacks by listed companies have become more active, with the amount implemented in 2022 the largest it has been since 2002. The number of companies implementing the program and the amount per company are increasing. By industry, the size of share buybacks has been large in services and banks. As share buybacks spread, many companies expect their performance to improve, and many companies increase shareholder returns, including dividends.
- Compared to dividends, share buybacks are not so affected by fluctuations in the earnings outlook. Rather, more companies tended to be willing to buy back their own shares in cases where they anticipated a decrease in profits. One possible reason for this is that companies expected to improve investor sentiment through aggressive share buybacks.
- Daiwa Securities' FY 2023 earnings outlook for major listed companies forecasts a high profit level on a par with FY 2022. In addition, as the growth rate of the global economy is expected to slow, companies will continue to tend to return profits to shareholders rather than allocating them to investment in growth. Corporate financial conditions have also improved, and an increasing number of firms will buy back their own shares with excess cash. Share buybacks in 2023 are also expected to be at a high level.

Attention

This report is a summary translation. The official document is only in Japanese.