

JCR's Financial Indicators by Rating Range 2020

JCR calculated the average financial indicators for each rating category by using financial data setting “the most recent fiscal year (FY)” as the FY ended March 2020 of the corporations to which JCR assigns ratings (including 'p' ratings and ratings under Credit Monitor). While the ratings are determined by quantitative and qualitative assessments, JCR confirmed that the relationship between the ranks in the ratings and the performance of financial indicators are basically consistent with this aggregate results. As JCR also sees other financial indicators, qualitative assessment and prospects for future developments in the actual ratings, these ratings are not necessarily assigned to the corporations which satisfy these aggregate averages. JCR releases these calculated results as part of its efforts to improve its rating transparency.

Time Period for Data Collection

Following two time periods were adopted for data collection: “the most recent FY” represents the FYs ended between April 2019 and March 2020 and “the most recent five FYs” represent the FYs ended between April 2015 and March 2020. (The two time periods for the previous year aggregation were as follows: “the most recent FY” represents the FYs ended between April 2018 and March 2019 and “the most recent five FYs” represent FYs ended between April 2014 and March 2019.)

Data Used

Data used are JCR's rated Japanese industrial corporations (excluding financial institutions, electric power and gas companies, air transportation, agriculture and forestry, fishery, and mining; with ratings of BB range and above). JCR related these indicators at the end of the FY to the JCR's ratings that were assigned when five months have passed since the end of the FY (for example, FY ended March 2020 was related to JCR's rating as of August 31, 2020). As a result, the number of corporations subject to data collection from the FYs ended between April 2015 and March 2020 totaled 950 for the manufacturing industry (185 in “the most recent FY”) and 839 for the non-manufacturing industry (167 in “the most recent FY”).

(Information Services Department)

Table 1: Average Values of Financial Indicators by Rating Range

			Manufacturing				Non-Manufacturing			
			Most Recent 5 FYs (Previous FYs)		Most Recent FY (Previous FY)		Most Recent 5 FYs (Previous FYs)		Most Recent FY (Previous FY)	
Number of Corporations	AAA		0	0	0	0	25	24	5	5
	AA Range		144	137	32	32	98	92	22	22
	A Range		518	524	99	103	455	440	93	92
	BBB Range		272	279	51	53	249	258	45	46
	BB Range		16	15	3	2	12	15	2	2
Profitability	Operating Income Margin (%)	AAA	-	-	-	-	21.40	21.68	19.87	22.36
		AA Range	11.35	11.28	10.64	11.76	10.16	10.03	10.12	10.65
		A Range	6.99	7.04	6.11	7.07	7.94	7.85	7.60	8.18
		BBB Range	4.84	5.04	3.66	4.77	6.60	6.61	5.82	6.53
		BB Range	3.42	4.36	-0.45	5.11	14.02	13.50	15.31	16.03
	Net Income Margin (%)	AAA	-	-	-	-	13.04	12.95	12.01	13.61
		AA Range	7.13	7.21	6.00	8.12	6.34	6.14	6.27	6.88
		A Range	4.39	4.56	3.35	4.80	5.31	5.41	4.53	5.84
		BBB Range	2.68	2.99	1.27	3.05	4.19	3.86	5.07	3.84
		BB Range	-0.83	0.04	-4.48	2.63	5.97	9.38	6.60	7.37
	Business Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	8.16	8.36	7.01	8.29
		AA Range	8.99	9.05	7.99	9.38	6.64	6.59	6.44	6.95
		A Range	6.29	6.35	5.44	6.36	5.34	5.28	5.10	5.26
		BBB Range	4.56	4.77	3.31	4.44	5.09	5.03	4.77	5.16
		BB Range	3.39	4.12	0.15	5.11	3.66	4.19	2.84	2.95
Debt Service Capacity	Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	2.77	2.67	3.21	2.89
		AA Range	1.70	1.64	2.00	1.54	3.64	3.64	3.73	3.38
		A Range	2.46	2.59	2.75	2.47	4.66	4.69	4.66	4.93
		BBB Range	3.52	3.42	3.91	4.32	5.42	5.50	5.09	4.98
		BB Range	4.46	4.00	6.51	4.57	12.24	10.60	14.98	14.26
	Net Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	2.52	2.45	2.94	2.64
		AA Range	1.18	1.14	1.37	1.06	2.75	2.80	2.67	2.54
		A Range	1.54	1.69	1.70	1.58	3.61	3.64	3.51	3.84
		BBB Range	1.85	1.80	2.23	1.99	3.95	4.11	3.52	3.69
		BB Range	3.07	2.54	5.30	3.40	8.90	7.54	11.11	10.04
	Interest-bearing Debt/Operating Cash Flow Ratio (year)	AAA	-	-	-	-	3.68	3.54	4.29	3.98
		AA Range	2.29	2.38	2.30	2.16	6.59	7.02	5.99	4.91
		A Range	3.69	3.57	4.58	3.77	7.76	7.88	7.12	8.39
		BBB Range	4.85	5.44	4.78	5.54	8.16	7.99	9.01	9.07
		BB Range	9.21	8.01	12.78	10.51	19.64	17.18	19.06	29.11
Financial Structure	Equity Ratio (%)	AAA	-	-	-	-	45.70	45.72	45.35	45.86
		AA Range	55.73	55.70	55.38	56.87	41.31	41.82	39.42	40.65
		A Range	49.17	49.11	48.76	49.32	40.12	39.67	40.96	40.74
		BBB Range	45.29	45.07	45.66	45.47	38.80	38.41	38.56	39.10
		BB Range	20.05	25.08	10.77	17.52	34.67	37.59	30.62	30.64
	Debt/Equity Ratio (Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.80	0.83	0.78	0.80
		AA Range	0.41	0.41	0.40	0.36	0.85	0.81	1.01	0.80
		A Range	0.57	0.56	0.61	0.54	1.00	1.00	0.99	0.98
		BBB Range	0.75	0.76	0.75	0.68	1.15	1.19	1.15	1.14
		BB Range	2.46	1.90	3.85	2.43	1.76	1.58	1.96	1.91
	Debt/Equity Ratio (Net Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.73	0.76	0.71	0.72
		AA Range	0.28	0.29	0.26	0.25	0.64	0.62	0.72	0.61
		A Range	0.37	0.38	0.40	0.36	0.78	0.78	0.76	0.76
		BBB Range	0.48	0.49	0.47	0.43	0.88	0.93	0.82	0.86
		BB Range	1.74	1.32	2.76	1.83	1.31	1.16	1.49	1.37
Size	Equity Capital (JPY 100 mn)	AAA	-	-	-	-	42,208	39,043	43,998	43,708
		AA Range	12,144	12,273	10,679	12,733	10,452	10,109	11,149	10,981
		A Range	3,379	3,226	4,120	3,756	3,049	2,953	3,185	3,423
		BBB Range	683	686	669	699	775	790	764	741
		BB Range	1,329	1,182	1,378	2,372	188	215	215	209
	EBITDA (JPY 100 mn)	AAA	-	-	-	-	12,745	11,918	12,600	13,007
		AA Range	3,038	3,103	2,496	3,138	2,638	2,372	3,285	2,900
		A Range	838	794	970	869	808	788	825	817
		BBB Range	154	159	125	147	179	181	185	178
		BB Range	583	526	512	1,191	29	33	30	30

Table 2: Calculating Formulas for Financial Indicators

Financial Indicator	Formula
Operating Income Margin	Operating Income/Net Sales x 100
Net Income Margin	Net After-tax Income/Net Sales x 100
Business Income/Total Capital Employed Ratio	Y (Operating Income + Total Amount of Interest and Dividend Income)/A (Total Capital Employed) x 100
Interest-bearing Debt/EBITDA Ratio	Interest-bearing Debt/EBITDA
Net Interest-bearing Debt/EBITDA Ratio	Net Interest-bearing Debt/EBITDA
Interest-bearing Debt/Operating Cash Flow Ratio	Interest-bearing Debt/Operating Cash Flow
Equity Ratio	Equity Capital/(Total Assets - Paid-in Advances on New Stocks) x 100
Debt/Equity Ratio (Interest-bearing Debt)	Interest-bearing Debt/Equity Capital
Debt/Equity Ratio (Net Interest-bearing Debt)	Net Interest-bearing Debt/Equity Capital
Equity Capital	Capital - Paid-in Advances on New Stocks
EBITDA	Operating Income + Total Amount of Interest and Dividend Income + Depreciation Expense + Amortization of Goodwill
Total Capital Employed	Total Assets - Paid-in Advances on New Stocks + Notes Receivable Discount + Notes Receivable Transfer
Interest-bearing Debt	Short-term Loans Payable + CP + Current Portion of Long-term Loans + Current Portion of Bonds + Bonds Payable + Long-term Loans Payable + Current Portion of Lease Obligations, etc. + Lease Obligations, etc.
Net Interest-bearing Debt	Interest-bearing Debt - Cash and Deposits

Notes:

- 1: Y...: In cases where the number of months of a FY is less than one year, indicators are annualized.
- 2: A...: Average of the beginning value and ending value.
- 3: In the calculation of the Net Interest-bearing Debt, in cases where the interest-bearing debt is less than cash and deposits, the amount is zero.
- 4: In the calculation of the averages, excluded are outliers in the ratios for Interest-bearing Debt/Operating Cash Flow, Interest-bearing Debt/EBITDA, and Net Interest-bearing Debt/EBITDA.

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