

JCR's Financial Indicators by Rating Range 2016

JCR calculated the average financial indicators for each rating category, using financial data of the corporations to which JCR assigns ratings (including 'p' ratings and ratings under Credit Monitor), as a part of objective validation of the adequacy of JCR's ratings. This report is the updated 2016 version of the last "Financial Indicators by Rating Range 2015" released on November 16, 2015. The ratings are determined not only by quantitative but also qualitative assessment, and the consistency in the relationship between the grades of JCR's ratings and the financial indicators has been reaffirmed by these statistical tests, as should be for the base of credit rating. JCR calculates the level of financials as herewith presented for the use to check individual ratings. Since JCR sees other financial indicators, qualitative assessment and prospects for future developments as well in the actual ratings, they do not necessarily match the ratings that are herewith arithmetically assigned, even though the rated corporations may satisfy the level of financial averages given in this report. Nonetheless, JCR releases this report as a part of its efforts to improve its rating transparency.

Time Period for Data Collection

Two time periods are adopted for data collection: "the most recent FY" (from April 2015 to March 2016) and "the most recent 5 FYs" (from April 2011 to March 2016). (The previous two time periods are from April 2014 to March 2015 for the most recent FY and are from April 2010 to March 2015 for the most recent 5 FYs.)

Data Used

Data for Japanese industrial corporations (excluding financial institutions, electric power and gas companies, air transport, agriculture and forestry, fishery, and mining industries with ratings of BB range and above) subject to JCR's ratings were used. JCR related the financial indicators to the JCR's ratings that were assigned when 5 months have passed since the end of the fiscal year (for example, FY ended March 2016 referenced to JCR's rating as of August 31, 2016). As a result, the number of corporations subject to data collection from April 2011 to March 2016 totaled 966 for manufacturing industry (191 for the most recent FY) and totaled 835 for non-manufacturing industry (160 for the most recent FY).

(Financial Technology Division)

Table 1: Average Values of Financial Indicators by Rating Range

			Manufacturing				Non-Manufacturing			
			Most Recent 5 Fiscal Years		Most Recent FY		Most Recent 5 Fiscal Years		Most Recent FY	
			till FY2015	till FY2014	FY2015	FY2014	till FY2015	till FY2014	FY2015	FY2014
Number of Corporations	AAA		0	0	0	0	16	15	4	3
	AA Range		127	130	25	25	86	91	16	16
	A Range		517	511	105	105	378	357	83	80
	BBB Range		309	319	56	58	326	349	54	57
	BB Range		13	9	5	2	29	29	3	4
Profitability	Operating Income Margin (%)	AAA	-	-	-	-	20.19	20.04	19.82	20.13
		AA Range	8.99	8.73	10.29	10.08	9.35	9.10	10.43	9.35
		A Range	6.06	5.98	6.89	6.40	7.47	7.15	7.76	6.67
		BBB Range	4.26	4.26	4.74	4.76	6.27	5.88	6.90	6.43
		BB Range	2.96	3.20	3.11	4.63	12.59	12.35	12.26	14.87
	Net Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	4.50	4.13	5.20	4.36
		AA Range	3.86	3.75	4.47	4.64	3.28	3.10	3.82	3.15
		A Range	3.01	2.94	3.32	3.66	2.89	2.80	3.00	2.86
		BBB Range	2.02	2.05	1.98	2.51	2.23	2.14	2.78	2.52
		BB Range	-1.41	0.08	-3.48	0.38	1.83	1.56	1.13	2.61
	Business Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	8.51	8.36	8.74	8.09
		AA Range	7.35	7.20	8.36	8.06	6.15	6.04	6.79	6.02
		A Range	5.62	5.57	6.27	5.77	5.24	5.17	5.37	4.94
		BBB Range	4.24	4.32	4.43	4.43	4.61	4.72	4.84	4.65
		BB Range	2.86	3.08	2.76	3.97	5.20	5.10	3.68	3.66
Debt Service Capacity	Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	1.87	2.00	1.62	1.84
		AA Range	1.87	1.84	1.83	1.69	3.53	3.62	3.12	3.44
		A Range	2.97	2.91	2.67	3.39	4.71	4.83	4.20	4.29
		BBB Range	3.86	3.95	3.22	3.22	5.78	5.73	4.98	5.06
		BB Range	3.99	4.69	3.23	3.44	8.75	9.03	10.25	9.99
	Net Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	1.72	1.85	1.42	1.71
		AA Range	1.26	1.25	1.32	1.09	2.76	2.85	2.42	2.73
		A Range	2.09	2.07	1.79	2.51	3.61	3.72	3.24	3.23
		BBB Range	2.34	2.43	1.79	1.78	4.43	4.30	3.76	3.91
		BB Range	2.36	2.73	2.07	1.82	7.03	7.23	7.42	7.16
	Interest-bearing Debt/Operating Cash Flow Ratio (year)	AAA	-	-	-	-	2.48	2.65	2.06	2.40
		AA Range	2.73	2.65	2.27	2.41	6.15	5.40	8.04	7.76
		A Range	4.68	4.72	3.51	3.67	7.18	6.93	7.48	6.68
		BBB Range	6.55	7.01	5.01	7.15	9.10	8.69	8.27	7.36
		BB Range	11.05	11.15	9.92	4.46	10.64	10.51	7.38	17.57
Net Interest-bearing Debt/Operating Cash Flow Ratio (year)	AAA	-	-	-	-	2.27	2.45	1.81	2.23	
	AA Range	1.84	1.79	1.63	1.51	4.95	4.28	6.75	6.60	
	A Range	3.23	3.35	2.10	2.54	5.86	5.78	5.61	5.16	
	BBB Range	4.08	4.33	2.84	4.30	7.24	6.74	6.30	5.60	
	BB Range	6.59	6.57	6.15	2.45	8.82	8.58	7.01	12.86	
Financial Structure	Equity Ratio (%)	AAA	-	-	-	-	45.63	43.96	47.70	48.02
		AA Range	54.18	53.61	54.42	55.07	41.27	40.49	44.13	41.66
		A Range	46.76	46.36	48.34	48.48	38.59	38.17	39.08	39.03
		BBB Range	42.64	41.74	44.73	44.61	35.52	35.33	37.95	36.89
		BB Range	32.92	36.42	25.58	43.83	38.48	35.54	31.20	32.02
	Debt/Equity Ratio (Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.72	0.81	0.56	0.66
		AA Range	0.46	0.45	0.49	0.42	0.82	0.86	0.69	0.74
		A Range	0.67	0.70	0.59	0.57	1.01	1.04	0.99	0.89
		BBB Range	0.92	0.94	0.85	0.76	1.39	1.43	1.17	1.23
		BB Range	1.10	0.97	1.47	0.59	1.64	2.15	1.75	1.62
	Debt/Equity Ratio (Net Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.66	0.75	0.48	0.61
		AA Range	0.31	0.31	0.34	0.28	0.65	0.69	0.55	0.59
		A Range	0.49	0.52	0.40	0.41	0.80	0.83	0.78	0.67
		BBB Range	0.63	0.65	0.57	0.51	1.11	1.13	0.91	0.99
		BB Range	0.69	0.53	1.09	0.29	1.33	1.53	1.42	1.15
Earned Surplus/Equity Capital Ratio (%)	AAA	-	-	-	-	85.06	86.66	80.87	86.98	
	AA Range	75.24	76.21	74.79	67.76	65.27	66.41	64.02	62.28	
	A Range	60.75	60.55	62.33	58.86	58.80	59.33	57.11	58.08	
	BBB Range	45.91	45.57	48.34	46.08	54.40	53.80	57.37	54.80	
	BB Range	-0.59	3.81	-14.34	6.72	55.45	-32.07	62.32	48.02	
Size	Equity Capital (Y100 mn)	AAA	-	-	-	-	34,618	29,574	47,236	32,286
		AA Range	9,591	8,541	12,252	10,976	7,795	7,227	8,601	9,439
		A Range	2,817	2,691	2,800	3,309	2,416	2,244	2,715	2,693
		BBB Range	680	699	638	688	715	658	788	857
		BB Range	363	271	483	299	219	216	176	322
	EBITDA (Y100 mn)	AAA	-	-	-	-	11,286	9,801	15,565	9,578
		AA Range	2,322	2,074	3,273	2,633	1,767	1,669	1,967	1,975
		A Range	704	692	719	731	677	621	817	716
		BBB Range	172	193	141	148	166	157	176	194
		BB Range	88	58	130	49	42	47	32	47

Table 2: Calculating Formulas for Financial Indicators

Financial Indicator	Formula
Operating Income Margin	Operating Income / Net Sales x 100
Net Income / Total Capital Employed Ratio	Y (Net Income) / A (Total Capital Employed) 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	A (Interest-bearing Debt) / EBITDA
Net Interest-bearing Debt / EBITDA Ratio	A (Net Interest-bearing Debt) / EBITDA
Interest-bearing Debt / Operating Cash Flow Ratio	A (Interest-bearing Debt) / Operating Cash Flow
Net Interest-bearing Debt / Operating Cash Flow Ratio	A (Net Interest-bearing Debt) / Operating Cash Flow
Equity Ratio	Equity Capital / (Total Assets - New Stock Subscription) 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
Earned Surplus / Equity Capital Ratio	Earned Surplus / Equity Capital x 100
Equity Capital	Net Assets - Share Warrants - Minority Interests
EBITDA	Operating Income + Total Amount of Interest and Dividend Income + Depreciation Expense
Total Capital Employed	Total Assets - New Stock Subscription - Treasury Stock + Notes Receivable Discounted + Notes Receivable Endorsed
Net Interest-bearing Debt	Larger of (Interest-bearing Debt – Cash and Deposits) or Zero

Notes:

- *1: Y...: In cases where the number of months of a fiscal year is less than 1 year, indicators are annualized.
- *2: A...: Average of the beginning value and ending value.
- *3: In the calculation of the averages, excluded are outliers in the ratios for Interest-bearing Debt / Operating Cash Flow, Net Interest-bearing Debt / Operating Cash Flow, Interest-bearing Debt / EBITDA, and Net Interest-bearing Debt / EBITDA.
- *4: Excluded also are below -3000% figures for Earned Surplus / Equity Capital Ratio in the average calculation.

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