11-D-0120
May 18, 2011

# JCR's Financial Indicators by Rating Range 2010

JCR calculated financial indicators by rating ranges (average values) using financial data of corporations to which JCR gives ratings (including 'p' ratings and ratings under Credit Monitor) as part of validation of the adequacy of JCR ratings objectively. The ratings are determined by qualitatively and quantitatively, and the consistent relationship between grades of rating ranges that should exist as a base and financial indicators was reaffirmed by these statistics. JCR calculates these financial levels and uses them for rating check. Since JCR adds future prospects in addition to evaluation on indicators other than these indicators shown in this report and qualitative evaluation in actual rating, such corresponding ratings are not necessarily given to corporations which can meet average value level.

Time Period for Data Collection

In case of a single year for data collection, conditions specific to the year are reflected in the statistics. In order to grasp general levels together with those levels specific to a single year, there are two time periods for the data collection; one is FY2009 (from April 2009 to March 2010) and another is the most recent 5 fiscal years (April 2005 to March 2010).

Data Used

Data used are Japanese corporations (excluding financial institutions, electric power and gas companies, air transport, agriculture and forestry, fishery, and mining industries) 5 months after their closing the books. Included are industries such as general trading firms and railway companies which are financially characteristic. As a result, data used are total number of 1,110 manufacturing corporations (204 corporations for FY2009) and total number of 1,006 non-manufacturing corporations (176 corporations for FY2009).

Comments on Table 1

(1) Profitability of Japanese corporations has dropped sharply owing to the worldwide economic downturn after Lehman Shock. It is now beginning to recover, bottoming out in fiscal 2008. For the rated corporations, indicator levels for FY2009 are lower than those for the 5-year average period for both the manufacturing and non-manufacturing industries throughout almost all rating ranges.

(2) EBITDA for FY2009 is also lower than that for the 5-year average period. In terms of balance between earnings power and debt, interest-bearing debt/EBITDA ratio for FY2009 is longer than that for the 5-year average period.

(3) Concerning equity capital, this size is larger for FY2009 than that for the 5-year average period for all ranges but BB range.

(4) Concerning D/E ratio (interest-bearing debt), which is a typical financial indicator for financial structure, on the one hand, it is less than 1 for grades over BBB range of manufacturing industries for the 5-year average period; on the other hand, this ratio is slightly higher for non-manufacturing industries because these industries include general trading firms and railway companies.

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Summary only in English.

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