

JCR's Financial Indicators by Rating Range 2012

JCR calculated financial indicators by rating range (average values) using financial data of corporations, to which JCR assigns ratings (including 'p' ratings and ratings under Credit Monitor), as part of objective validation of the adequacy of JCR's ratings. This report is the updated 2012 version of the last "Financial Indicators by Rating Range 2011" released on November 17, 2011. The ratings are determined both quantitatively and qualitatively, but consistency between the grades of rating ranges and financial indicators, which should exist as a base, has been reaffirmed by these statistics. JCR calculates financial levels and uses them to check individual ratings. Since JCR not only conducts evaluation and qualitative assessment for indicators other than those shown in this report, but also takes into consideration future prospects when actually determining ratings, the said ratings are not necessarily assigned to the corporations, which satisfy average values given in this report.

Time Period for Data Collection

Two time periods are adopted for data collection: "the most recent FY" (from April 2011 to March 2012) and "the most recent 5 fiscal years" (from April 2007 to March 2012). (The previous two time periods are from April 2010 to March 2011 for the most recent FY and are from April 2006 to March 2011 for the most recent 5 fiscal years.)

Data Used

Data for Japanese industrial corporations (excluding financial institutions, electric power and gas companies, air transport, agriculture and forestry, fishery, and mining industries) subject to JCR's ratings were used. However, as the number of corporations in B or below B range is small, data were collected for those in BB or above BB range. 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 31, 2012 referenced to JCR's rating as of August 31, 2012), from which these financial indicators are calculated. As a result, the number of corporations subject to data collection from April 2007 to March 2012 totaled 1,042 for manufacturing industry (198 for the most recent FY only) and totaled 909 for non-manufacturing industry (168 for the most recent FY only).

Comments on Table 1

- (1) As with the last report, consistency between the grades of rating ranges and financial indicators was seen in this verification.
- (2) There were declines in the financial indicators for profitability for each rating range for manufacturing industry with respect to the most recent FY compared with the most recent FY last time.
- (3) As for the debt service capacity, years to pay off a debt measured by EBITDA were longer for almost all rating ranges for manufacturing industry and years to pay off a debt measured by operating cash flows were longer for non-manufacturing industry, respectively, with respect to the most recent FY compared with the most recent FY last time.
- (4) There were no noteworthy trends in the financial structure and size.

(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	
			FY2011	FY2010	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Number of Corporations	AAA		0	0	0	0	17	15	3	3
	AA Range		145	154	25	27	100	108	19	22
	A Range		511	511	103	98	318	312	65	63
	BBB Range		381	409	67	71	420	475	73	80
	BB Range		5	4	3	-	54	63	8	5
Profitability	Operating Income Margin (%)	AAA	-	-	-	-	17.42	19.27	19.84	18.94
		AA Range	7.70	8.43	7.33	8.27	8.98	9.37	9.29	8.83
		A Range	5.20	5.73	5.52	6.55	7.17	7.01	7.57	6.65
		BBB Range	3.57	3.94	4.03	4.69	5.71	6.67	5.73	5.87
		BB Range	4.12	3.15	4.49	-	7.78	7.73	12.64	7.15
	Net Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	3.63	4.04	3.60	3.62
		AA Range	3.27	3.75	3.19	3.90	2.53	2.79	2.75	2.88
		A Range	1.98	2.46	2.20	3.05	2.47	2.56	2.79	2.55
		BBB Range	0.99	1.32	1.68	2.18	1.78	1.95	1.80	2.12
		BB Range	0.85	1.27	0.18	-	-1.79	-1.56	2.04	0.55
	Business Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	7.71	8.59	8.36	8.07
		AA Range	6.79	7.48	6.56	6.97	5.75	6.07	5.84	6.06
		A Range	5.23	5.80	5.30	6.13	5.14	5.20	5.57	4.96
		BBB Range	3.92	4.39	4.13	4.79	4.99	5.00	4.91	4.76
		BB Range	3.56	3.06	3.91	-	5.01	5.13	5.90	3.69
Debt Service Capacity	Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	2.00	1.89	2.10	2.13
		AA Range	1.81	1.70	1.86	1.82	3.37	2.95	3.56	3.41
		A Range	2.79	2.62	2.69	2.43	5.03	4.80	4.91	5.02
		BBB Range	5.24	4.93	4.22	3.81	5.74	5.57	6.55	5.27
		BB Range	5.45	5.56	4.15	-	10.30	10.05	9.79	9.74
	Net Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	1.82	1.73	1.93	1.96
		AA Range	1.32	1.25	1.28	1.36	2.69	2.35	2.76	2.70
		A Range	1.95	1.84	1.82	1.68	4.07	3.84	3.95	4.04
		BBB Range	3.70	3.51	2.70	2.40	4.31	4.18	5.01	3.77
		BB Range	2.97	3.15	1.54	-	8.13	7.81	8.33	7.01
	Interest-bearing Debt/Operating Cash Flow Ratio (year)	AAA	-	-	-	-	2.66	2.64	2.85	2.77
		AA Range	3.00	2.78	3.35	2.21	5.07	4.73	5.45	4.18
		A Range	4.40	4.03	5.45	3.74	7.81	7.49	7.88	6.68
		BBB Range	7.01	6.81	6.93	7.37	9.18	8.90	11.56	8.05
		BB Range	18.54	5.82	26.51	-	12.20	13.84	9.53	4.99
Net Interest-bearing Debt/Operating Cash Flow Ratio (year)	AAA	-	-	-	-	2.43	2.42	2.61	2.55	
	AA Range	2.24	2.07	2.43	1.61	4.01	3.80	4.02	3.29	
	A Range	3.06	2.86	3.60	2.66	6.47	6.14	6.31	5.52	
	BBB Range	4.52	4.45	4.50	4.34	6.88	6.67	9.34	5.67	
	BB Range	5.27	2.95	5.80	-	9.71	11.02	8.45	3.46	
Financial Structure	Equity Capital Ratio (%)	AAA	-	-	-	-	40.11	37.35	41.58	40.02
		AA Range	51.55	51.54	52.55	51.41	40.65	41.12	40.74	40.04
		A Range	47.15	47.78	45.56	46.65	36.64	36.22	37.84	36.41
		BBB Range	39.60	39.77	39.87	39.27	35.00	34.99	34.70	35.90
		BB Range	35.75	34.48	44.67	-	24.19	22.22	33.25	25.79
	Debt/Equity Ratio (Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.91	1.00	0.89	0.95
		AA Range	0.51	0.49	0.47	0.51	0.85	0.76	0.87	0.87
		A Range	0.70	0.65	0.74	0.72	1.26	1.25	1.15	1.19
		BBB Range	1.05	1.00	1.01	1.04	1.60	1.61	1.54	1.38
		BB Range	1.28	1.06	1.01	-	4.40	4.39	1.95	4.19
	Debt/Equity Ratio (Net Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.84	0.93	0.83	0.87
		AA Range	0.37	0.37	0.33	0.37	0.69	0.62	0.68	0.70
		A Range	0.53	0.49	0.55	0.54	1.05	1.05	0.93	0.98
		BBB Range	0.77	0.73	0.72	0.75	1.29	1.29	1.23	1.09
		BB Range	0.74	0.67	0.43	-	3.46	3.46	1.67	2.16
Earned Surplus/Equity Capital Ratio (%)	AAA	-	-	-	-	78.30	86.66	88.10	87.47	
	AA Range	77.42	73.29	83.09	79.18	66.12	62.49	69.13	68.56	
	A Range	58.18	56.35	62.66	61.71	59.00	57.27	62.00	59.60	
	BBB Range	38.93	37.89	45.94	46.90	50.61	48.01	53.99	53.81	
	BB Range	31.35	32.18	32.28	-	-58.56	-54.93	48.99	-448.61	
Size	Equity Capital (¥100 mn)	AAA	-	-	-	-	24,211	23,786	27,529	26,221
		AA Range	6,907	6,823	7,266	7,346	5,780	5,499	6,187	5,717
		A Range	1,975	1,878	2,264	2,138	1,811	1,715	2,037	1,760
		BBB Range	696	697	660	752	527	506	579	502
		BB Range	307	177	418	-	187	187	214	115
	EBITDA (¥100 mn)	AAA	-	-	-	-	9,199	9,802	9,749	9,584
		AA Range	1,992	2,053	1,806	2,064	1,435	1,357	1,490	1,439
		A Range	534	514	637	660	498	475	581	529
		BBB Range	193	199	179	257	178	174	147	126
		BB Range	75	31	100	-	51	61	49	53

Table 2: Calculating Formulas for Financial Indicators

Financial Indicator	Unit	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	year	A (Interest-bearing Debt)/EBITDA
Net Interest-bearing Debt/EBITDA Ratio	year	A (Net Interest-bearing Debt)/EBITDA
Interest-bearing Debt/Operating Cash Flow Ratio	year	A (Interest-bearing Debt)/Operating Cash Flow
Net Interest-bearing Debt/Operating Cash Flow Ratio	year	A (Net Interest-bearing Debt)/Operating Cash Flow
Equity Capital Ratio	%	Equity Capital/(Total Assets - New Stock Subscription) x 100
Debt/Equity Ratio (Interest-bearing Debt)	times	Interest-bearing debt/Equity Capital
Debt/Equity Ratio (Net Interest-bearing Debt)	times	Net Interest-bearing debt/Equity Capital
Earned Surplus/Equity Capital Ratio	%	Earned Surplus/Equity Capital x 100
Equity Capital	Y100 mn	(Net Assets - Share Warrants - Minority Interests)/100
EBITDA	Y100 mn	(Operating Income + Total Amount of Interest and Dividend Income + Depreciation Expense)/100
Total Capital Employed	Y mn	Total Assets - New Stock Subscription - Treasury Stock + Notes Receivable Discounted + Notes Receivable Endorsed
Net Interest-bearing Debt	Y mn	Larger of (Interest-bearing Debt – Cash and Deposits) or Zero

Notes:

- *1: Y...: In case 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: Excluded are outliers for Interest-bearing Debt/Operating Cash Flow Ratio, Net Interest-bearing Debt/Operating Cash Flow Ratio, Interest-bearing Debt/EBITDA Ratio, and Net Interest-bearing Debt/EBITDA Ratio in average calculation.
- *4: Excluded are below -3000% figures for Earned Surplus/Equity Capital Ratio in average calculation.

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