

JCR's Financial Indicators by Rating Range 2013

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 2013 version of the last "Financial Indicators by Rating Range 2012" released on November 29, 2012. 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 2012 to March 2013) and "the most recent 5 fiscal years" (from April 2008 to March 2013). (The previous two time periods are from April 2011 to March 2012 for the most recent FY and are from April 2007 to March 2012 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, 2013 referenced to JCR's rating as of August 31, 2013). As a result, the number of corporations subject to data collection from April 2008 to March 2013 totaled 1,009 for manufacturing industry (194 for the most recent FY only) and totaled 881 for non-manufacturing industry (166 for the most recent FY only).

(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 | |
| | | | through FY2012 | through FY2011 | FY2012 | FY2011 | through FY2012 | through FY2011 | FY2012 | FY2011 |
| Number of Corporations | AAA | | 0 | 0 | 0 | 0 | 19 | 17 | 3 | 3 |
| | AA Range | | 137 | 145 | 25 | 25 | 98 | 100 | 19 | 19 |
| | A Range | | 507 | 511 | 101 | 103 | 320 | 318 | 67 | 65 |
| | BBB Range | | 360 | 381 | 66 | 67 | 403 | 420 | 71 | 73 |
| | BB Range | | 5 | 5 | 2 | 3 | 41 | 54 | 6 | 8 |
| Profitability | Operating Income Margin (%) | AAA | - | - | - | - | 15.80 | 17.42 | 20.16 | 19.84 |
| | | AA Range | 6.91 | 7.70 | 7.28 | 7.33 | 8.71 | 8.98 | 8.45 | 9.29 |
| | | A Range | 4.72 | 5.20 | 5.10 | 5.52 | 7.02 | 7.17 | 7.14 | 7.57 |
| | | BBB Range | 3.08 | 3.57 | 3.33 | 4.03 | 5.26 | 5.71 | 5.36 | 5.73 |
| | | BB Range | 2.24 | 4.12 | -2.46 | 4.49 | 7.39 | 7.78 | 13.62 | 12.64 |
| | Net Income/Total Capital Employed Ratio (%) | AAA | - | - | - | - | 3.30 | 3.63 | 4.43 | 3.60 |
| | | AA Range | 2.70 | 3.27 | 2.95 | 3.19 | 2.53 | 2.53 | 3.24 | 2.75 |
| | | A Range | 1.64 | 1.98 | 2.29 | 2.20 | 2.43 | 2.47 | 2.54 | 2.79 |
| | | BBB Range | 0.66 | 0.99 | 1.30 | 1.68 | 1.70 | 1.78 | 1.95 | 1.80 |
| | | BB Range | -0.97 | 0.85 | -4.61 | 0.18 | -2.79 | -1.79 | 0.59 | 2.04 |
| | Business Income/Total Capital Employed Ratio (%) | AAA | - | - | - | - | 6.90 | 7.71 | 8.54 | 8.36 |
| | | AA Range | 5.93 | 6.79 | 5.81 | 6.56 | 5.80 | 5.75 | 5.85 | 5.84 |
| | | A Range | 4.62 | 5.23 | 4.74 | 5.30 | 5.01 | 5.14 | 5.09 | 5.57 |
| | | BBB Range | 3.37 | 3.92 | 3.51 | 4.13 | 4.65 | 4.99 | 4.21 | 4.91 |
| | | BB Range | 2.56 | 3.56 | -0.80 | 3.91 | 3.84 | 5.01 | 5.18 | 5.90 |
| Debt Service Capacity | Interest-bearing Debt/EBITDA Ratio (year) | AAA | - | - | - | - | 2.02 | 2.00 | 1.96 | 2.10 |
| | | AA Range | 2.03 | 1.81 | 2.04 | 1.86 | 3.70 | 3.37 | 3.84 | 3.56 |
| | | A Range | 3.14 | 2.79 | 3.12 | 2.69 | 5.19 | 5.03 | 5.10 | 4.91 |
| | | BBB Range | 5.74 | 5.24 | 5.02 | 4.22 | 5.87 | 5.74 | 5.78 | 6.55 |
| | | BB Range | 5.64 | 5.45 | 6.61 | 4.15 | 11.40 | 10.30 | 11.19 | 9.79 |
| | Net Interest-bearing Debt/EBITDA Ratio (year) | AAA | - | - | - | - | 1.88 | 1.82 | 1.88 | 1.93 |
| | | AA Range | 1.46 | 1.32 | 1.36 | 1.28 | 2.94 | 2.69 | 3.00 | 2.76 |
| | | A Range | 2.14 | 1.95 | 2.20 | 1.82 | 4.15 | 4.07 | 3.72 | 3.95 |
| | | BBB Range | 4.00 | 3.70 | 3.35 | 2.70 | 4.39 | 4.31 | 4.30 | 5.01 |
| | | BB Range | 3.29 | 2.97 | 4.42 | 1.54 | 9.17 | 8.13 | 9.62 | 8.33 |
| | Interest-bearing Debt/Operating Cash Flow Ratio (year) | AAA | - | - | - | - | 2.56 | 2.66 | 2.54 | 2.85 |
| | | AA Range | 3.24 | 3.00 | 2.78 | 3.35 | 5.45 | 5.07 | 5.59 | 5.45 |
| | | A Range | 4.72 | 4.40 | 5.38 | 5.45 | 7.48 | 7.81 | 6.75 | 7.88 |
| | | BBB Range | 7.36 | 7.01 | 8.29 | 6.93 | 8.82 | 9.18 | 7.28 | 11.56 |
| | | BB Range | 16.44 | 18.54 | 20.69 | 26.51 | 11.53 | 12.20 | 12.18 | 9.53 |
| Net Interest-bearing Debt/Operating Cash Flow Ratio (year) | AAA | - | - | - | - | 2.40 | 2.43 | 2.43 | 2.61 | |
| | AA Range | 2.34 | 2.24 | 1.79 | 2.43 | 4.32 | 4.01 | 4.48 | 4.02 | |
| | A Range | 3.33 | 3.06 | 3.86 | 3.60 | 6.05 | 6.47 | 5.48 | 6.31 | |
| | BBB Range | 4.61 | 4.52 | 5.67 | 4.50 | 6.89 | 6.88 | 6.31 | 9.34 | |
| | BB Range | 9.71 | 5.27 | 13.22 | 5.80 | 9.20 | 9.71 | 10.09 | 8.45 | |
| Financial Structure | Equity Capital Ratio (%) | AAA | - | - | - | - | 42.50 | 40.11 | 44.04 | 41.58 |
| | | AA Range | 51.69 | 51.55 | 54.50 | 52.55 | 40.36 | 40.65 | 39.98 | 40.74 |
| | | A Range | 46.34 | 47.15 | 45.54 | 45.56 | 37.25 | 36.64 | 39.38 | 37.84 |
| | | BBB Range | 39.80 | 39.60 | 41.33 | 39.87 | 35.03 | 35.00 | 34.78 | 34.70 |
| | | BB Range | 31.19 | 35.75 | 38.21 | 44.67 | 25.14 | 24.19 | 27.94 | 33.25 |
| | Debt/Equity Ratio (Interest-bearing Debt) (Times) | AAA | - | - | - | - | 0.83 | 0.91 | 0.79 | 0.89 |
| | | AA Range | 0.53 | 0.51 | 0.45 | 0.47 | 0.90 | 0.85 | 0.92 | 0.87 |
| | | A Range | 0.75 | 0.70 | 0.72 | 0.74 | 1.20 | 1.26 | 1.00 | 1.15 |
| | | BBB Range | 1.08 | 1.05 | 1.06 | 1.01 | 1.55 | 1.60 | 1.43 | 1.54 |
| | | BB Range | 1.23 | 1.28 | 0.89 | 1.01 | 4.40 | 4.40 | 2.28 | 1.95 |
| | Debt/Equity Ratio (Net Interest-bearing Debt) (Times) | AAA | - | - | - | - | 0.78 | 0.84 | 0.76 | 0.83 |
| | | AA Range | 0.39 | 0.37 | 0.30 | 0.33 | 0.72 | 0.69 | 0.73 | 0.68 |
| | | A Range | 0.57 | 0.53 | 0.54 | 0.55 | 1.00 | 1.05 | 0.81 | 0.93 |
| | | BBB Range | 0.78 | 0.77 | 0.77 | 0.72 | 1.23 | 1.29 | 1.14 | 1.23 |
| | | BB Range | 0.67 | 0.74 | 0.59 | 0.43 | 3.49 | 3.46 | 1.88 | 1.67 |
| Earned Surplus/Equity Capital Ratio (%) | AAA | - | - | - | - | 70.66 | 78.30 | 85.02 | 88.10 | |
| | AA Range | 78.93 | 77.42 | 78.19 | 83.09 | 67.59 | 66.12 | 66.46 | 69.13 | |
| | A Range | 59.29 | 58.18 | 61.73 | 62.66 | 60.20 | 59.00 | 60.11 | 62.00 | |
| | BBB Range | 38.84 | 38.93 | 41.71 | 45.94 | 52.92 | 50.61 | 53.27 | 53.99 | |
| | BB Range | 2.10 | 31.35 | -1.72 | 32.28 | -70.61 | -58.56 | 48.85 | 48.99 | |
| Size | Equity Capital (¥100 mn) | AAA | - | - | - | - | 24,733 | 24,211 | 29,905 | 27,529 |
| | | AA Range | 7,130 | 6,907 | 8,257 | 7,266 | 6,041 | 5,780 | 7,004 | 6,187 |
| | | A Range | 2,165 | 1,975 | 2,724 | 2,264 | 1,930 | 1,811 | 2,234 | 2,037 |
| | | BBB Range | 702 | 696 | 711 | 660 | 541 | 527 | 614 | 579 |
| | | BB Range | 258 | 307 | 228 | 418 | 178 | 187 | 208 | 214 |
| | EBITDA (¥100 mn) | AAA | - | - | - | - | 8,623 | 9,199 | 9,868 | 9,749 |
| | | AA Range | 1,829 | 1,992 | 1,716 | 1,806 | 1,432 | 1,435 | 1,592 | 1,490 |
| | | A Range | 564 | 534 | 683 | 637 | 514 | 498 | 577 | 581 |
| | | BBB Range | 183 | 193 | 176 | 179 | 164 | 178 | 141 | 147 |
| | | BB Range | 67 | 75 | 13 | 100 | 31 | 51 | 55 | 49 |

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 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: 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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