

JCR's Financial Indicators by Rating Range 2014

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 2014 version of the last "Financial Indicators by Rating Range 2013" released on November 12, 2013. 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 2013 to March 2014) and "the most recent 5 fiscal years" (from April 2009 to March 2014). (The previous two time periods are from April 2012 to March 2013 for the most recent FY and are from April 2008 to March 2013 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. 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, 2014 referenced to JCR's rating as of August 31, 2014). As a result, the number of corporations subject to data collection from April 2009 to March 2014 totaled 982 for manufacturing industry (190 for the most recent FY only) and totaled 856 for non-manufacturing industry (164 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 till FY2013	Most Recent 5 Fiscal Years till FY2012	Most Recent FY FY2013	Most Recent FY FY2012	Most Recent 5 Fiscal Years till FY2013	Most Recent 5 Fiscal Years till FY2012	Most Recent FY FY2013	Most Recent FY FY2012	
Number of Corporations	AAA		0	0	0	0	15	19	3	3	
	AA Range		133	137	26	25	94	98	16	19	
	A Range		507	507	99	101	335	320	76	67	
	BBB Range		335	360	63	66	379	403	64	71	
	BB Range		7	5	2	2	33	41	5	6	
Profitability	Operating Income Margin (%)	AAA	-	-	-	-	19.52	15.80	21.11	20.16	
		AA Range	7.25	6.91	7.75	7.28	8.78	8.71	9.30	8.45	
		A Range	5.30	4.72	6.26	5.10	7.00	7.02	7.10	7.14	
		BBB Range	3.61	3.08	4.27	3.33	5.59	5.26	6.13	5.36	
		BB Range	2.78	2.24	4.14	-2.46	10.74	7.39	14.86	13.62	
	Net Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	3.99	3.30	4.64	4.43	
		AA Range	3.23	2.70	4.07	2.95	2.82	2.53	3.52	3.24	
		A Range	2.40	1.64	3.61	2.29	2.59	2.43	3.12	2.54	
		BBB Range	1.54	0.66	2.59	1.30	1.98	1.70	2.31	1.95	
		BB Range	-0.00	-0.97	2.42	-4.61	-0.05	-2.79	1.38	0.59	
	Business Income/Total Capital Employed Ratio (%)	AAA	-	-	-	-	8.29	6.90	8.75	8.54	
		AA Range	6.10	5.93	6.47	5.81	5.67	5.60	6.10	5.85	
		A Range	5.07	4.62	5.98	4.74	5.02	5.01	5.28	5.09	
		BBB Range	3.83	3.37	4.50	3.51	4.65	4.65	4.48	4.21	
		BB Range	2.83	2.56	3.49	-0.80	5.03	3.84	5.12	5.18	
	Debt Service Capacity	Interest-bearing Debt/EBITDA Ratio (year)	AAA	-	-	-	-	2.06	2.02	1.87	1.96
			AA Range	2.00	2.03	1.79	2.04	3.91	3.70	4.31	3.84
			A Range	3.01	3.14	2.71	3.12	5.13	5.19	4.68	5.10
BBB Range			5.30	5.74	3.82	5.02	5.94	5.87	5.44	5.78	
BB Range			5.10	5.64	4.05	6.61	9.48	11.40	7.48	11.19	
Net Interest-bearing Debt/EBITDA Ratio (year)		AAA	-	-	-	-	1.90	1.88	1.75	1.88	
		AA Range	1.40	1.46	1.15	1.36	3.10	2.94	3.41	3.00	
		A Range	2.03	2.14	1.93	2.20	4.02	4.15	3.46	3.72	
		BBB Range	3.58	4.00	2.30	3.35	4.44	4.39	4.09	4.30	
		BB Range	3.02	3.29	2.49	4.42	7.72	9.17	5.71	9.62	
Interest-bearing Debt/Operating Cash Flow Ratio (year)		AAA	-	-	-	-	2.78	2.56	2.61	2.54	
		AA Range	2.83	3.24	2.41	2.78	5.06	5.45	4.10	5.59	
		A Range	4.73	4.72	4.90	5.38	6.94	7.48	6.43	6.75	
		BBB Range	6.75	7.36	5.49	8.29	8.77	8.82	7.55	7.28	
		BB Range	13.05	16.44	4.61	20.69	11.20	11.53	14.57	12.18	
Net Interest-bearing Debt/Operating Cash Flow Ratio (year)		AAA	-	-	-	-	2.57	2.40	2.43	2.43	
		AA Range	2.02	2.34	1.54	1.79	3.97	4.32	3.11	4.48	
		A Range	3.37	3.33	3.69	3.86	5.81	6.05	4.95	5.48	
	BBB Range	4.24	4.61	3.34	5.67	6.77	6.89	5.45	6.31		
	BB Range	7.74	9.71	2.83	13.22	9.08	9.20	12.36	10.09		
Financial Structure	Equity Ratio (%)	AAA	-	-	-	-	42.03	42.50	46.12	44.04	
		AA Range	52.54	51.69	54.76	54.50	40.34	40.36	40.18	39.98	
		A Range	46.15	46.34	46.73	45.54	37.72	37.25	38.69	39.38	
		BBB Range	40.75	39.80	42.47	41.33	35.24	35.03	35.78	34.78	
		BB Range	34.29	31.19	42.07	38.21	32.35	25.14	43.21	27.94	
	Debt/Equity Ratio (Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.87	0.83	0.71	0.79	
		AA Range	0.48	0.53	0.40	0.45	0.88	0.90	0.83	0.92	
		A Range	0.72	0.75	0.63	0.72	1.11	1.20	0.92	1.00	
		BBB Range	1.00	1.08	0.90	1.06	1.49	1.55	1.31	1.43	
		BB Range	1.08	1.23	0.71	0.89	4.20	4.40	1.31	2.28	
	Debt/Equity Ratio (Net Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.81	0.78	0.66	0.76	
		AA Range	0.34	0.39	0.25	0.30	0.71	0.72	0.67	0.73	
		A Range	0.55	0.57	0.46	0.54	0.90	1.00	0.69	0.81	
		BBB Range	0.70	0.78	0.60	0.77	1.17	1.23	1.04	1.14	
		BB Range	0.59	0.67	0.41	0.59	3.30	3.49	0.98	1.88	
	Earned Surplus/Equity Capital Ratio (%)	AAA	-	-	-	-	86.54	70.66	85.69	85.02	
		AA Range	77.72	78.93	72.26	78.19	66.86	67.59	63.49	66.46	
		A Range	59.00	59.29	59.17	61.73	59.86	60.20	59.41	60.11	
BBB Range		42.69	38.84	47.78	41.71	53.37	52.92	53.82	53.27		
BB Range		2.97	2.10	5.16	-1.72	-64.81	-70.61	51.04	48.85		
Size	Equity Capital (Y100 mn)	AAA	-	-	-	-	28,125	24,733	31,926	29,905	
		AA Range	7,749	7,130	9,404	8,257	6,527	6,041	8,196	7,004	
		A Range	2,403	2,165	3,030	2,724	2,071	1,930	2,366	2,234	
		BBB Range	706	702	712	711	605	541	773	614	
		BB Range	263	258	275	228	178	178	257	208	
	EBITDA (Y100 mn)	AAA	-	-	-	-	9,759	8,623	10,259	9,868	
		AA Range	1,839	1,829	2,133	1,716	1,479	1,432	1,726	1,592	
		A Range	633	564	755	683	559	514	690	577	
		BBB Range	195	183	207	176	162	164	173	141	
		BB Range	61	67	44	13	51	31	37	55	

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 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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