

JCR's Financial Indicators by Rating Range 2015

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 2015 version of the last "Financial Indicators by Rating Range 2014" released on November 21, 2014. 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 2014 to March 2015) and "the most recent 5 FYs" (from April 2010 to March 2015). (The previous two time periods are from April 2013 to March 2014 for the most recent FY and are from April 2009 to March 2014 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) 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 2015 referenced to JCR's rating as of August 31, 2015). As a result, the number of corporations subject to data collection from April 2010 to March 2015 totaled 969 for manufacturing industry (190 for the most recent FY) and totaled 841 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 FYs		Most Recent FY		Most Recent 5 FYs		Most Recent FY		
		till FY2014	till FY2013	FY2014	FY2013	till FY2014	till FY2013	FY2014	FY2013	
Number of Corporations	AAA	0	0	0	0	15	15	3	3	
	AA Range	130	133	25	26	91	94	16	16	
	A Range	511	507	105	99	357	335	80	76	
	BBB Range	319	335	58	63	349	379	57	64	
	BB Range	9	7	2	2	29	33	4	5	
Profitability	Operating Income Margin (%)	AAA	-	-	-	-	20.04	19.52	20.13	21.11
		AA Range	8.73	7.25	10.08	7.75	9.10	8.78	9.35	9.30
		A Range	5.98	5.30	6.40	6.26	7.15	7.00	6.67	7.10
		BBB Range	4.26	3.61	4.76	4.27	5.88	5.59	6.43	6.13
		BB Range	3.20	2.78	4.63	4.14	12.35	10.74	14.87	14.86
	Net Income / Total Capital Employed Ratio (%)	AAA	-	-	-	-	4.13	3.99	4.36	4.64
		AA Range	3.75	3.23	4.64	4.07	3.10	2.82	3.15	3.52
		A Range	2.94	2.40	3.66	3.61	2.80	2.59	2.86	3.12
		BBB Range	2.05	1.54	2.51	2.59	2.14	1.98	2.52	2.31
		BB Range	0.08	-0.00	0.38	2.42	1.56	-0.05	2.61	1.38
	Business Income / Total Capital Employed Ratio (%)	AAA	-	-	-	-	8.36	8.29	8.09	8.75
		AA Range	7.20	6.10	8.06	6.47	6.04	5.67	6.02	6.10
		A Range	5.57	5.07	5.77	5.98	5.17	5.02	4.94	5.28
		BBB Range	4.32	3.83	4.43	4.50	4.72	4.65	4.65	4.48
		BB Range	3.08	2.83	3.97	3.49	5.10	5.03	3.66	5.12
Debt Service Capacity	Interest-bearing Debt / EBITDA Ratio (year)	AAA	-	-	-	-	2.00	2.06	1.84	1.87
		AA Range	1.84	2.00	1.69	1.79	3.62	3.91	3.44	4.31
		A Range	2.91	3.01	3.39	2.71	4.83	5.13	4.29	4.68
		BBB Range	3.95	5.30	3.22	3.82	5.73	5.94	5.06	5.44
		BB Range	4.69	5.10	3.44	4.05	9.03	9.48	9.99	7.48
	Net Interest-bearing Debt / EBITDA Ratio (year)	AAA	-	-	-	-	1.85	1.90	1.71	1.75
		AA Range	1.25	1.40	1.09	1.15	2.85	3.10	2.73	3.41
		A Range	2.07	2.03	2.51	1.93	3.72	4.02	3.23	3.46
		BBB Range	2.43	3.58	1.78	2.30	4.30	4.44	3.91	4.09
		BB Range	2.73	3.02	1.82	2.49	7.23	7.72	7.16	5.71
	Interest-bearing Debt / Operating Cash Flow Ratio (year)	AAA	-	-	-	-	2.65	2.78	2.40	2.61
		AA Range	2.65	2.83	2.41	2.41	5.40	5.06	7.76	4.10
		A Range	4.72	4.73	3.67	4.90	6.93	6.94	6.68	6.43
		BBB Range	7.01	6.75	7.15	5.49	8.69	8.77	7.36	7.55
		BB Range	11.15	13.05	4.46	4.61	10.51	11.20	17.57	14.57
Net Interest-bearing Debt / Operating Cash Flow Ratio (year)	AAA	-	-	-	-	2.45	2.57	2.23	2.43	
	AA Range	1.79	2.02	1.51	1.54	4.28	3.97	6.60	3.11	
	A Range	3.35	3.37	2.54	3.69	5.78	5.81	5.16	4.95	
	BBB Range	4.33	4.24	4.30	3.34	6.74	6.77	5.60	5.45	
	BB Range	6.57	7.74	2.45	2.83	8.58	9.08	12.86	12.36	
Financial Structure	Equity Ratio (%)	AAA	-	-	-	-	43.96	42.03	48.02	46.12
		AA Range	53.61	52.54	55.07	54.76	40.49	40.34	41.66	40.18
		A Range	46.36	46.15	48.48	46.73	38.17	37.72	39.03	38.69
		BBB Range	41.74	40.75	44.61	42.47	35.33	35.24	36.89	35.78
		BB Range	36.42	34.29	43.83	42.07	35.54	32.35	32.02	43.21
	Debt/ Equity Ratio (Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.81	0.87	0.66	0.71
		AA Range	0.45	0.48	0.42	0.40	0.86	0.88	0.74	0.83
		A Range	0.70	0.72	0.57	0.63	1.04	1.11	0.89	0.92
		BBB Range	0.94	1.00	0.76	0.90	1.43	1.49	1.23	1.31
		BB Range	0.97	1.08	0.59	0.71	2.15	4.20	1.62	1.31
	Debt/ Equity Ratio (Net Interest-bearing Debt) (Times)	AAA	-	-	-	-	0.75	0.81	0.61	0.66
		AA Range	0.31	0.34	0.28	0.25	0.69	0.71	0.59	0.67
		A Range	0.52	0.55	0.41	0.46	0.83	0.90	0.67	0.69
		BBB Range	0.65	0.70	0.51	0.60	1.13	1.17	0.99	1.04
		BB Range	0.53	0.59	0.29	0.41	1.53	3.30	1.15	0.98
Earned Surplus / Equity Capital Ratio (%)	AAA	-	-	-	-	86.66	86.54	86.98	85.69	
	AA Range	76.21	77.72	67.76	72.26	66.41	66.86	62.28	63.49	
	A Range	60.55	59.00	58.86	59.17	59.33	59.86	58.08	59.41	
	BBB Range	45.57	42.69	46.08	47.78	53.80	53.37	54.80	53.82	
	BB Range	3.81	2.97	6.72	5.16	-32.07	-64.81	48.02	51.04	
Size	Equity Capital (Y100 mn)	AAA	-	-	-	-	29,574	28,125	32,286	31,926
		AA Range	8,541	7,749	10,976	9,404	7,227	6,527	9,439	8,196
		A Range	2,691	2,403	3,309	3,030	2,244	2,071	2,693	2,366
		BBB Range	699	706	688	712	658	605	857	773
		BB Range	271	263	299	275	216	178	322	257
	EBITDA (Y100 mn)	AAA	-	-	-	-	9,801	9,759	9,578	10,259
		AA Range	2,074	1,839	2,633	2,133	1,669	1,479	1,975	1,726
		A Range	692	633	731	755	621	559	716	690
		BBB Range	193	195	148	207	157	162	194	173
		BB Range	58	61	49	44	47	51	47	37

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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