

JCR's Financial Indicators by Rating Range 2021

JCR calculated average financial indicators for each rating range by using financial data of the corporations to which JCR assigns ratings (including 'p' ratings and ratings under Credit Monitor), where the fiscal year ended March 2021 is defined as the most recent. While the ratings are determined based on both quantitative and qualitative assessments, JCR confirmed that the relationship between the ranks in the ratings and the performance of financial indicators are basically consistent with the calculated results. However, as regards the average values in cases where the number of corporations subject to data collection is small, some values show substantial year-on-year changes. Because JCR also assesses other financial indicators, including their qualitative aspects, and takes into account prospects for future developments when deciding actual ratings, such ratings are not necessarily assigned to the corporations that meet the average values of the calculated results. Even so, JCR hereby releases the calculated results as part of the efforts to improve rating transparency.

Time Periods for Data Collection

Following two time periods were adopted for data collection: "Most Recent Period" refers to the fiscal year ended between April 2020 and March 2021 and "Most Recent 5 Periods" to the fiscal years ended between April and March of 2016 through 2021. The two time periods for the previous year's aggregation were as follows: "(Previous Period)" refers to the fiscal year ended between April 2019 and March 2020 and "(Previous Periods)" to the fiscal years ended between April and March of 2015 through 2020.

Data Used

Data used cover Japanese industrial corporations in JCR's rating ranges of BB and above (excluding those in the financial, electric power, gas, air transportation, agriculture, forestry, fishery and mining sectors). For the purpose of calculation, JCR referred to the rating as of the date after five months from the end of the fiscal year when the above indicators were observed (e.g. the rating as of August 31, 2021 when the closing date was March 31, 2021). As a result, the number of corporations subject to data collection for "Most Recent 5 Periods" was 946 for manufacturing industries (187 for "Most Recent Period") and 842 for non-manufacturing industries (169 for "Most Recent Period").

(Information Services Department)

Table 1: Average Values of Financial Indicators by Rating Range

		Rating Range	Manufacturing				Non-Manufacturing			
			Most Recent 5 Periods (Previous Periods)		Most Recent Period (Previous Period)		Most Recent 5 Periods (Previous Periods)		Most Recent Period (Previous Period)	
Number of Corporations		AAA	1	0	1	0	24	25	4	5
		AA	150	144	31	32	107	98	26	22
		A	515	518	102	99	461	455	92	93
		BBB	266	272	50	51	239	249	44	45
		BB	14	16	3	3	11	12	3	2
Profitability	Operating Income Margin (%)	AAA	8.08	-	8.08	-	15.81	21.40	-12.89	19.87
		AA	11.24	11.35	9.94	10.64	9.31	10.16	6.44	10.12
		A	6.70	6.99	5.40	6.11	7.37	7.94	4.88	7.60
		BBB	4.75	4.84	4.24	3.66	5.76	6.60	2.60	5.82
		BB	3.13	3.42	1.67	-0.45	17.39	14.02	21.76	15.31
	Net Income Margin (%)	AAA	8.25	-	8.25	-	8.25	13.04	-16.86	12.01
		AA	7.27	7.13	6.66	6.00	5.43	6.34	2.16	6.27
		A	4.29	4.39	3.25	3.35	5.19	5.31	3.96	4.53
		BBB	2.75	2.68	2.69	1.27	3.56	4.19	0.89	5.07
		BB	-0.12	-0.83	-0.39	-4.48	8.81	5.97	13.68	6.60
	ROA (Business Income) (%)	AAA	3.84	-	3.84	-	6.62	8.16	-0.68	7.01
		AA	8.66	8.99	6.90	7.99	5.99	6.64	3.94	6.44
		A	5.96	6.29	4.57	5.44	5.14	5.34	4.28	5.10
		BBB	4.47	4.56	3.92	3.31	4.68	5.09	2.81	4.77
		BB	3.30	3.39	2.02	0.15	4.58	3.66	8.89	2.84
Debt Service Capacity	Interest-bearing Debt / EBITDA (years)	AAA	6.30	-	6.30	-	14.59	2.77	92.50	3.21
		AA	1.78	1.70	2.19	2.00	7.80	3.64	21.30	3.73
		A	2.66	2.46	3.69	2.75	5.58	4.66	9.18	4.66
		BBB	3.63	3.52	3.84	3.91	5.65	5.42	6.51	5.09
		BB	6.98	4.46	13.55	6.51	13.82	12.24	12.33	14.98
	Net Interest-bearing Debt / EBITDA (years)	AAA	5.03	-	5.03	-	13.56	2.52	86.29	2.94
		AA	1.21	1.18	1.37	1.37	3.36	2.75	5.40	2.67
		A	1.59	1.54	1.98	1.70	4.16	3.61	6.41	3.51
		BBB	1.85	1.85	1.80	2.23	4.03	3.95	4.46	3.52
		BB	3.89	3.07	5.28	5.30	9.93	8.90	9.07	11.11
	Interest-bearing Debt / Operating Cash Flow (years)	AAA	9.32	-	9.32	-	7.19	3.68	40.32	4.29
		AA	2.34	2.29	2.55	2.30	6.89	6.59	9.65	5.99
		A	3.78	3.69	4.19	4.58	7.83	7.76	8.16	7.12
		BBB	4.75	4.85	4.85	4.78	7.83	8.16	7.05	9.01
		BB	10.67	9.21	16.37	12.78	22.38	19.64	17.22	19.06
Financial Structure	Equity Ratio (%)	AAA	37.59	-	37.59	-	43.68	45.70	33.97	45.35
		AA	55.58	55.73	53.92	55.38	40.61	41.31	39.65	39.42
		A	49.34	49.17	48.95	48.76	40.62	40.12	41.16	40.96
		BBB	45.72	45.29	46.48	45.66	38.99	38.80	38.92	38.56
		BB	16.17	20.05	11.54	10.77	30.75	34.67	32.20	30.62
	Debt-to-Equity Ratio (Interest-bearing Debt) (times)	AAA	1.09	-	1.09	-	0.91	0.80	1.41	0.78
		AA	0.40	0.41	0.43	0.40	0.90	0.85	1.04	1.01
		A	0.57	0.57	0.64	0.61	0.98	1.00	0.99	0.99
		BBB	0.70	0.75	0.63	0.75	1.13	1.15	1.17	1.15
		BB	3.10	2.46	4.03	3.85	1.95	1.76	1.89	1.96
	Debt-to-Equity Ratio (Net Interest-bearing Debt) (times)	AAA	0.87	-	0.87	-	0.83	0.73	1.31	0.71
		AA	0.26	0.28	0.26	0.26	0.67	0.64	0.74	0.72
		A	0.37	0.37	0.40	0.40	0.75	0.78	0.70	0.76
		BBB	0.43	0.48	0.36	0.47	0.83	0.88	0.78	0.82
		BB	2.15	1.74	2.72	2.76	1.44	1.31	1.45	1.49
Size	Equity Capital (JPY 100 mn)	AAA	234,045	-	234,045	-	41,862	42,208	35,962	43,998
		AA	12,354	12,144	13,248	10,679	10,926	10,452	11,706	11,149
		A	3,599	3,379	3,879	4,120	3,230	3,049	3,603	3,185
		BBB	741	683	923	669	767	775	742	764
		BB	1,670	1,329	1,603	1,378	338	188	699	215
	EBITDA (JPY 100 mn)	AAA	40,365	-	40,365	-	11,924	12,745	7,877	12,600
		AA	2,967	3,038	2,939	2,496	2,732	2,638	2,686	3,285
		A	844	838	757	970	760	808	563	825
		BBB	161	154	178	125	168	179	117	185
		BB	770	583	733	512	131	29	402	30

Note: Because three out of four AAA-rated corporations under “Most Recent Period” in the Non-Manufacturing category are railway companies, indicators may reflect the significant impact of the COVID-19 pandemic.

Table 2: Calculating Formulas for Financial Indicators

Financial Indicator	Formula
Operating Income Margin	Operating Income / Net Sales x 100
Net Income Margin	Net Income After tax / Net Sales x 100
ROA (Business Income)	Y (Operating Income + Total of Interest and Dividend Income) / A (Total Capital Employed) x 100
Interest-bearing Debt / EBITDA	Interest-bearing Debt / EBITDA
Net Interest-bearing Debt / EBITDA	Net Interest-bearing Debt / EBITDA
Interest-bearing Debt / Operating Cash Flow	Interest-bearing Debt / Operating Cash Flow
Equity Ratio	Equity Capital / (Total Assets - Paid-in Advances on New Stocks) x 100
Debt-to-Equity Ratio (Interest-bearing Debt)	Interest-bearing Debt / Equity Capital
Debt-to-Equity Ratio (Net Interest-bearing Debt)	Net Interest-bearing Debt / Equity Capital
Equity Capital	Capital - Paid-in Advances on New Stocks
EBITDA	Operating Income + Total of Interest and Dividend Income + Depreciation Expenses + Goodwill Amortization
Total Capital Employed	Total Assets - Paid-in Advances on New Stocks + Notes Receivable Discount + Notes Receivable Transfer
Interest-bearing Debt	Short-term Loans Payable + CP + Current Portion of Long-term Loans + Current Portion of Bonds + Bonds Payable + Long-term Loans Payable + Current Portion of Lease Obligations, etc. + Lease Obligations, etc.
Net Interest-bearing Debt	Interest-bearing Debt - Cash and Deposits

Notes:

1. Y: In cases where the number of months in a fiscal period is less than 12, indicators are annualized.
2. A: Average of the values at the beginning and end of the fiscal period
3. In the calculation of Net Interest-bearing Debt, the amount is zero when the interest-bearing debt is less than cash and deposits.
4. In the calculation of average values, outliers for Interest-bearing Debt / Operating Cash Flow, Interest-bearing Debt / EBITDA and Net Interest-bearing Debt / EBITDA are excluded.
5. The formula for calculating Operating Income is Gross Operating Income – SGA Expenses for some of the companies adopting IFRS.

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