

## JCR's Financial Indicators by Rating Range 2011

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 ratings. This report is the 2011 version of the Financial Indicators by Rating Range 2010 released on May 18, 2011. The ratings are determined both quantitatively and qualitatively, and 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. Because, when actually determining ratings, JCR not only conducts evaluation and qualitative assessment for indicators other than those shown in this report, but also takes into consideration future prospects, the said ratings are not necessarily assigned to the corporations which satisfy average values given in this report.

### Time Period for Data Collection

As with the Financial Indicators by Rating Range 2010, two time periods are adopted for data collection: FY2010 (from April 2010 to March 2011) and the most recent 5 fiscal years (from April 2006 to March 2011). The 2010 values are also shown in parentheses in Table 1 for easy comparison (two time periods for data collection of the 2010 values were: FY2009 (from April 2009 to March 2010) and then most recent 5 fiscal years (April 2005 to March 2010)).

### Scope of Data

Data for Japanese corporations (excluding financial institutions, electric power and gas companies, air transport, agriculture and forestry, fishery, and mining industries) subject to JCR rating are used. However, as the number of corporations in the B or below range is small, data are collected for those in the BB or above range. Financial indicators at the time of data collection adopt JCR ratings which are assigned after a lapse of five months from the closing of the books (for example, ratings as of August 31, 2011 for closing in March 2011), which are the basis for such indicators. As a result, the number of corporations subject to data collection from April 2006 to March 2011 came to a total of 1,078 manufacturing corporations (196 for FY2010 only) and 973 non-manufacturing corporations (173 for FY2010 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) In terms of profitability, while the FY2010 levels improved from a year before in almost all ranges, 5-year averages worsened from previous figures in most of the ranges. This was because the FY2010 averages included in the new 5-year period came short of the averages for FY2005, the pre-Lehman Shock year excluded from the new period.
- (3) As for the debt service capacity, the same trend as profitability was seen on an EBITDA basis.
- (4) Being stock indicators, such financial structure components as equity capital ratio and debt/equity ratio showed a relatively small year-on-year change.

(Financial Technology Division)

Summary only in English.



## Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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