



# NEWS RELEASE

Oct 11, 2021

## R&I Assigns AA-/a-1+, Stable: Nittsu Lease & Finance Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Nittsu Lease & Finance Co., Ltd.  
**Issuer Rating:** AA-, Assigned  
**Rating Outlook:** Stable

**Commercial Paper:** a-1+, Assigned

### RATIONALE:

Nittsu Lease & Finance Co., Ltd. is an equity method affiliate in which Nippon Express Co., Ltd. and Tokyo Century Corp. have a 49% stake each. It is the only leasing company in the Nippon Express Group and took over operating assets and human resources from Nittsu Shoji Co., Ltd. in the Group. The company plays a key role in effective use of the Group's real estate properties and procurement of transportation and cargo handling machinery. Because of the very strong unity with Nippon Express, the rating reflects the creditworthiness of Nippon Express.

The company has sales offices nationwide and serves major customers such as the Nippon Express Group and other carriers as well as government offices. It excels in leasing transportation/cargo handling machines and information and communication equipment. Operating assets are small in scale, since target customers are narrowed down to those with high creditworthiness. Going forward, the company intends to increase the leasing of real estate, transportation/cargo handling machinery, solar equipment, etc. to the Nippon Express Group. Therefore, its business is expected to grow in size in the medium to long term.

Its risk profile mostly comprises credit risk. In accordance with its conservative credit management policy, highly creditworthy companies and local governments constitute most of borrowers. Nittsu Lease & Finance has low risk and sound risk resilience. Asset quality is good, and many of properties it handles are likely to produce gains on disposal upon lease expiry, at low risk of incurring secondary loss. Credit cost has been controlled at a low level, and its ability to absorb costs with basic profits is at a decent level.

As well as strengthening collaboration with Nippon Express, the company will work on cultivating customers with higher credit risk than existing customers in order to increase transactions outside the Group. For an advanced credit screening scheme and risk management system to be put in place, Tokyo Century's know how will be used. The company intends to expand the business size moderately with accumulated knowledge about a new business domain. Therefore, sharp increases in the asset value fluctuation risk and credit risk are unlikely, in R&I's view.

Nittsu Lease & Finance is on the way to building its own fund raising base separated from Nippon Express's group finance. Under the support of Tokyo Century, the company is seeking transactions with new financial institutions and diversifying the methods of financing. While the ratio of short-term borrowings is slightly high, a comfortable level of overdrafts and other backup facilities is available. The company has a good relationship with its main bank and has no particular problem with liquidity.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Leasing" and "R&I's Analytical Approach to Parent and Subsidiary Companies". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

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[https://www.r-i.co.jp/en/rating/about/rating\\_method.html](https://www.r-i.co.jp/en/rating/about/rating_method.html)

## R&I RATINGS:

**ISSUER:** Nittsu Lease & Finance Co., Ltd.  
**ISSUER RATING:** AA-, Assigned  
**RATING:** AA-, Assigned  
**RATING OUTLOOK:** Stable

**COMMERCIAL PAPER RATING:** a-1+, Assigned  
**ISSUE LIMIT (mn):** JPY 50,000  
**SUPPORT:** Unsecured

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