

## FY2015 Financial Indicators by Rating

November 1, 2016

- R&I has calculated financial indicators by rating, based on financial data for FY2015. There is a general trend that the lower the rating category or rating is, the weaker the mean and median values of the financial indicators are. Accordingly, R&I has confirmed the overall correlation between the former and the latter.
- R&I determines ratings by factoring in qualitative factors and prospects for the future revenues/expenditures and financial profile. The explanatory power of past financial data is thus limited. The values of the financial indicators also vary widely among industries and firms. When referring to the data, readers should understand these points.

## Subject firms and data

Subject firms are listed firms excluding financial institutions, electricity and gas companies, telecoms (infrastructure), railways, general trading firms and firms listed on emerging stock exchanges. The financial indicators used in this report are those R&I often emphasizes when evaluating financial risk. Figures are based on data from the Nikkei Economic Electronic Databank System (NEEDS) of Nikkei Inc. Industry classification is based on the Nikkei industrial classification. Data for an irregular fiscal year are excluded from calculations. Ratings are as of August 31, 2016. The definitions of financial indicators are found on page 3.

■ Table 1 Financial indicators by rating category (mean value)

Issuer Rating (Category)	Number of firms	Earning capacity				Scale and investment capacity		Debt redemption period		Debt-equity structure	
		ROA (%)	EBITDA /total assets (%)	EBITDA /sales (%)	Operating margin (%)	EBITDA (100 million yen)	Equity capital (100 million yen)	Net debt to operating CF (times)	Net debt to EBITDA (times)	Net D/E ratio	Equity ratio (%)
AA	49	8.20	12.30	17.30	11.40	3,656	16,296	1.41	0.74	0.14	57.66
A	193	6.77	10.58	12.78	7.94	1,076	4,110	2.63	1.34	0.31	49.93
BBB	96	5.39	9.04	10.45	5.87	255	1,217	3.18	2.06	0.50	43.28
BB	3	3.17	8.71	13.94	6.51	391	917	8.05	4.24	1.73	23.32
B	1	-10.25	-5.37	-3.43	-6.58	-843	-431	-	-	-	-2.74
All firms	342	6.51	10.33	12.74	7.80	1,204	5,002	2.65	1.48	0.35	48.78
(Ref.) Listed firms	2,360	6.19	9.32	10.01	6.33	247	1,112	2.00	1.38	0.32	52.32

■ Table 2 Financial indicators by rating (mean value)

Issuer Rating	Number of firms	Earning capacity				Scale and investment capacity		Debt redemption period		Debt-equity structure	
		ROA (%)	EBITDA /total assets (%)	EBITDA /sales (%)	Operating margin (%)	EBITDA (100 million yen)	Equity capital (100 million yen)	Net debt to operating CF (times)	Net debt to EBITDA (times)	Net D/E ratio	Equity ratio (%)
AA+	3	7.14	11.91	15.33	8.79	19,528	76,123	1.07	1.03	0.29	54.75
AA	17	9.67	13.98	20.14	13.56	3,864	17,582	1.32	0.49	0.10	59.17
AA-	29	7.45	11.36	15.84	10.41	1,893	9,353	1.50	0.86	0.15	57.07
A+	34	7.80	12.16	16.45	10.40	2,184	8,088	4.07	1.37	0.36	53.71
A	72	6.65	10.45	11.20	6.79	869	3,634	1.05	0.96	0.21	51.29
A-	87	6.47	10.07	12.66	7.92	815	2,949	3.40	1.65	0.37	47.33
BBB+	53	6.31	9.55	10.22	6.34	372	1,408	3.00	1.83	0.43	43.85
BBB	30	4.85	8.98	12.03	6.32	193	894	2.61	2.10	0.45	46.33
BBB-	13	2.88	7.08	7.71	2.90	-80	1,181	5.79	2.97	0.85	33.96
BB+	3	3.17	8.71	13.94	6.51	391	917	8.05	4.24	1.73	23.32
B	1	-10.25	-5.37	-3.43	-6.58	-843	-431	-	-	-	-2.74

■ Table 3 Financial indicators by rating category (median value)

Issuer Rating (Category)	Number of firms	Earning capacity				Scale and investment capacity		Debt redemption period		Debt-equity structure	
		ROA (%)	EBITDA /total assets (%)	EBITDA /sales (%)	Operating margin (%)	EBITDA (100 million yen)	Equity capital (100 million yen)	Net debt to operating CF (times)	Net debt to EBITDA (times)	Net D/E ratio	Equity ratio (%)
A A	49	7.58	11.65	16.09	8.90	2,145	10,577	0.00	0.00	0.00	56.70
A	193	6.28	10.40	11.87	6.76	491	2,410	0.80	0.60	0.12	51.48
B B B	96	4.94	8.42	9.16	5.00	170	734	1.55	1.26	0.25	42.37
B B	3	2.56	7.59	9.79	3.08	348	863	7.25	5.98	1.63	28.51
B	1	-10.25	-5.37	-3.43	-6.58	-843	-431	-	-	-	-2.74
All firms	342	6.17	10.13	11.37	6.52	455	2,150	0.74	0.60	0.13	49.13
(Ref.) Listed firms	2,360	5.38	8.43	8.53	5.15	40	242	0.00	0.00	0.00	52.11

■ Table 4 Financial indicators by rating (median value)

Issuer Rating	Number of firms	Earning capacity				Scale and investment capacity		Debt redemption period		Debt-equity structure	
		ROA (%)	EBITDA /total assets (%)	EBITDA /sales (%)	Operating margin (%)	EBITDA (100 million yen)	Equity capital (100 million yen)	Net debt to operating CF (times)	Net debt to EBITDA (times)	Net D/E ratio	Equity ratio (%)
A A +	3	6.93	11.63	16.33	9.35	6,340	31,236	0.00	0.00	0.00	61.94
A A	17	8.32	12.65	18.47	13.22	3,187	12,592	0.00	0.00	0.00	53.78
A A -	29	7.58	11.21	14.04	8.05	1,519	7,703	0.27	0.21	0.03	56.70
A +	34	7.12	11.81	14.70	8.65	1,118	5,028	0.69	0.51	0.11	55.54
A	72	6.91	11.28	11.15	6.40	504	2,587	0.01	0.01	0.00	53.49
A -	87	5.83	9.17	11.02	6.46	343	1,633	1.17	1.01	0.20	47.70
B B B +	53	5.68	8.86	9.56	5.24	214	850	1.42	1.00	0.20	42.32
B B B	30	4.39	7.86	9.16	5.09	120	599	1.11	0.98	0.19	44.98
B B B -	13	2.91	7.04	8.02	2.63	104	515	3.43	2.30	0.77	32.73
B B +	3	2.56	7.59	9.79	3.08	348	863	7.25	5.98	1.63	28.51
B	1	-10.25	-5.37	-3.43	-6.58	-843	-431	-	-	-	-2.74

Note 1: For operating income of Hoya Corp. (Sec. Code: 7741), 118,912 million yen (profit from ordinary operating activities) was used based on the supplemental materials regarding its financial results (Kessan Tanshin) for the fiscal year ended March 31, 2016.

Note 2: Japan Post Holdings Co., Ltd. (Sec. Code: 6178) was excluded from calculations because it did not record consolidated operating income.

Note 3: Among rated issuers, Dentsu Inc. (Sec. Code: 4324), DMG Mori Co., Ltd. (Sec. Code: 6141), Nabtesco Corp. (Sec. Code: 6268), Iseki & Co., Ltd. (Sec. Code: 6310) and Kubota Corp. (Sec. Code: 6326) were excluded from calculations because their data are for an irregular fiscal year.

■ Definitions of financial indicators

Return on Assets (ROA)	$(\text{Operating income} + \text{interest and dividends earned}) \div \text{total assets} \times 100$
EBITDA/total assets	$\text{EBITDA} \div \text{total assets} \times 100$
EBITDA/sales	$\text{EBITDA} \div \text{sales} \times 100$
Operating margin	$\text{Operating income} \div \text{sales} \times 100$
EBITDA	$\text{Operating income} + \text{interest and dividends earned} + \text{depreciation and amortization expenses} + \text{amortization of goodwill}$
Equity capital	$\text{Net assets} - \text{stock acquisition rights} - \text{minority interests}$
Net debt	$\text{Short-term loans} + \text{commercial paper} + \text{current portion of long-term loans} + \text{current portion of straight and convertible bonds} + \text{straight and convertible bonds} + \text{long-term loans} + \text{discounts on notes and bills receivable} + \text{lease obligations (current and long-term)} - \text{cash and deposits}$
Net debt to operating CF (*, **)	$\text{Net debt} \div \text{operating CF}$
Net debt to EBITDA (*, **)	$\text{Net debt} \div \text{EBITDA}$
Net D/E ratio (***)	$\text{Net debt} \div \text{equity capital}$
Equity ratio	$\text{Equity capital} \div \text{total assets} \times 100$

[Note] \* Firms for which operating CF or EBITDA used for the denominator is less than 100 million yen are excluded from calculations.

When net debt in the numerator is negative, the value is replaced with zero.

\*\* Firms for which the indicator is 100 times or more are excluded from calculations.

\*\*\* Firms for which equity capital used for the denominator is negative are excluded from calculations.

When net debt in the numerator is negative, the value is replaced with zero.

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