



NEWS RELEASE

Oct 16, 2018

R&I Affirms AA, Stable: Kindai University

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

ISSUER: Kindai University
Issuer Rating: AA, Affirmed
Rating Outlook: Stable

RATIONALE:

Kindai University is a school corporation that operates one of the largest comprehensive universities in Japan. The university has high management capability, as the managerial (e.g., executive board) and teaching (e.g., faculty council) organizations have been working together to increase its attractiveness by, for example, reforming entrance exam systems, establishing new faculties and upgrading campuses.

The number of applicants for general entrance exams exceeded 150,000 in academic year (AY) 2018, ranking first among all Japanese private universities for five consecutive years. The total number of applicants, including those for entrance exams for selected candidates, was more than 200,000. The effective number of applicants, which R&I emphasizes in its evaluation, also continues growing. This was attributable to the fact that the university's achievements in education and research became widely known to the public through its effective PR strategies, resulting in strengthening of Kindai University's brand. In spring 2017, the Academic Theater, a multi-functional complex including library, hall, and cafe space, was completed in the Higashi Osaka campus. Further enhancement of the university's educational environment, favored by students, seems to be another contributing factor to its extremely strong ability to attract students.

In AY2017, the margin between revenue and expenditure before allocation into base funds decreased from a year earlier, due to an increase in education and research expenses, and also affected by retirement of assets, among others. Meanwhile, an improvement was seen in revenue/expenditure at the Faculty of Medicine and affiliated hospitals (the Hospitals), which had been a concern. In R&I's view, management reforms led by the executive board have brought about results.

With investment burden related to campus enhancement winding down, internal reserve assets started to increase after a few years of declining trend. With a plan to relocate and realign the Hospitals, however, Kindai University is projected to incur costs. Although its financial profile is therefore expected to remain incommensurate with the rating, it will most likely recover over the long term.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings" and "School Corporations". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Kindai University
Issuer Rating
RATING: AA, Affirmed
RATING OUTLOOK: Stable

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