



NEWS RELEASE

Jun 25, 2021

R&I Assigns AA+/a-1+, Stable: NTT Finance Corp.

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

ISSUER: NTT Finance Corp.
Issuer Rating: AA+, Assigned
Rating Outlook: Stable

Commercial Paper: a-1+, Assigned

RATIONALE:

NTT Finance Corp. is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corp. (NTT) and engages in billing, credit card and finance businesses as a financial and payment settlement services company for the group. In light of extremely strong cohesion between the holding company and NTT Finance, the rating reflects the entire group's creditworthiness.

NTT controls the group's management policies and has strong authority over operating companies under its umbrella. The group companies provide telecommunications services in a wide range of areas covering mobile communications, regional communications, long distance and international communications, and data communications, leading relevant markets. The Act on Nippon Telegraph and Telephone Corporation, etc. stipulates that the government shall hold one third or more of the total number of shares issued. The unity of the group has been becoming stronger, as exemplified by the global business reorganization in 2018 and NTT's takeover of NTT DOCOMO, Inc., a core operating company, as a wholly-owned subsidiary in 2020.

Each communication services business segment has established a strong earnings base centered on a domestic market. The mobile communications segment, which constitutes more than half of consolidated results, will see the negative impact of its new billing plan in earnest from the fiscal year ending March 2022 onward. Nevertheless, the business will still be able to secure high profits if it can promote a shift to large-capacity plans by taking advantage of the spread of the 5G service while maintaining its customer base. The group-wide efforts to reduce costs and reinforce non-communications businesses and overseas operations will also likely bring about good results. The company has investment capacity to maintain and strengthen the business base. Eyes will be on whether it can reduce debt that increased through aggressive mergers and acquisitions and the conversion of NTT DOCOMO into a wholly-owned subsidiary and improve the financial balance.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings" 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.

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

R&I RATINGS:

ISSUER: NTT Finance Corp.
Issuer Rating
RATING: AA+, Assigned
RATING OUTLOOK: Stable

Commercial Paper

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ISSUE LIMIT (mn): JPY 2,000,000
SUPPORT: Unsecured
RATING: a-1+, Assigned

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