



# NEWS RELEASE

Mar 14, 2017

## R&I Affirms AA+/a-1+, Stable: Tokyo Gas Co., Ltd.

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

**ISSUER:** Tokyo Gas Co., Ltd.  
**Issuer Rating:** AA+, Affirmed  
**Rating Outlook:** Stable

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

### RATIONALE:

Tokyo Gas Co., Ltd. is Japan's largest city gas company. In its supply area covering the Tokyo metropolitan area, demand is large with high density. Since the accident occurred at the nuclear plant of the TEPCO Group, gas demand has been subdued especially in the residential sector amid growing interest in energy conservation. However, demand for industrial gas, particularly for power-generation use, is solid. Given great latent demand in regions such as northern Kanto, coupled with ongoing pipeline extension and the launch of commercial operation of its liquefied natural gas (LNG) terminal in Hitachi City, there is significant room for the company to expand sales. Tokyo Gas has excellent capacity to purchase LNG as evidenced by annual imports of about 14 million tons, and the earnings base of its city gas business is robust. It plans to raise the ratio of net income from LNG sales, electric power business, overseas business, etc. to 50% by 2020. Especially, earnings from the electric power business are anticipated to grow in the medium term through, for example, expansion of new power sources and development of large customers. Since the retail electricity market was fully liberalized in April 2016, Tokyo Gas has acquired more customers than planned, primarily in the residential sector.

The gas system reform in Japan, which includes full liberalization of the retail city gas market and gas pipeline deregulation, will proceed from April 2017 onward. Although business risk is rising, Tokyo Gas is able to sufficiently respond to the reform with sales and marketing activities that are focused on the particular needs of each customer, including those through distributors, attractive price plans, etc. The TEPCO Group, a major competitor, bears a heavy burden of costs to address restoration from damage caused by the nuclear accident, including decommissioning costs, and it remains to be seen when the operation of the Kashiwazaki-Kariwa Nuclear Power Station will be resumed. These will serve as a constraint on the competitiveness of the electricity firm. Since Tokyo Gas's overseas business centered on investments in upstream projects is still small in size, lower oil prices have had only a limited adverse effect on its earnings and financial positions. The favorable operating base of the city gas business is unlikely to collapse substantially. R&I thus expects Tokyo Gas to maintain a strong financial base.

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

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

### R&I RATINGS:

**ISSUER:** Tokyo Gas Co., Ltd. (Sec. Code: 9531)  
**Issuer Rating**  
**RATING:** AA+, Affirmed  
**RATING OUTLOOK:** Stable

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**Shelf Registration (Bonds)**

**ISSUE AMOUNT (mn):** JPY 200,000  
**ISSUE PERIOD:** From Jul 22, 2016 to Jul 21, 2018  
**RATING:** **AA+, Affirmed (Preliminary)**

<b>Unsec. Str. Bonds No.17</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Jun 11, 1998	Jun 11, 2018	JPY 40,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.23</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Jun 10, 2003	Jun 09, 2023	JPY 20,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.26</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	May 27, 2004	May 27, 2024	JPY 10,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.27</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Mar 03, 2005	Mar 03, 2025	JPY 10,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.28</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Jun 15, 2007	Jun 15, 2027	JPY 20,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.31</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Dec 18, 2009	Dec 18, 2019	JPY 30,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.32</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Sep 24, 2010	Sep 24, 2040	JPY 20,000

**RATING:** **AA+, Affirmed**

<b>Unsec. Str. Bonds No.33</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Sep 24, 2010	Sep 24, 2020	JPY 20,000

**RATING:** **AA+, Affirmed**

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<b>Unsec. Str. Bonds No.34</b>	<b>Issue Date</b> Sep 22, 2011	<b>Maturity Date</b> Sep 22, 2021	<b>Issue Amount (mn)</b> JPY 20,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.35</b>	<b>Issue Date</b> Dec 27, 2011	<b>Maturity Date</b> Dec 26, 2031	<b>Issue Amount (mn)</b> JPY 20,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.36</b>	<b>Issue Date</b> May 25, 2012	<b>Maturity Date</b> May 25, 2032	<b>Issue Amount (mn)</b> JPY 20,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.37</b>	<b>Issue Date</b> Sep 26, 2013	<b>Maturity Date</b> Sep 26, 2033	<b>Issue Amount (mn)</b> JPY 20,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.38</b>	<b>Issue Date</b> Dec 17, 2013	<b>Maturity Date</b> Dec 17, 2043	<b>Issue Amount (mn)</b> JPY 15,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.39</b>	<b>Issue Date</b> May 27, 2014	<b>Maturity Date</b> May 26, 2034	<b>Issue Amount (mn)</b> JPY 20,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.40</b>	<b>Issue Date</b> Nov 29, 2016	<b>Maturity Date</b> Nov 29, 2056	<b>Issue Amount (mn)</b> JPY 20,000
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**RATING:** AA+, Affirmed

<b>Unsec. Str. Bonds No.41</b>	<b>Issue Date</b> Nov 29, 2016	<b>Maturity Date</b> Nov 28, 2036	<b>Issue Amount (mn)</b> JPY 10,000
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**RATING:** AA+, Affirmed

## Commercial Paper

**ISSUE LIMIT (mn):** JPY 200,000

**SUPPORT:** Unsecured

**RATING:** a-1+, Affirmed

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A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

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