

Osaka Gas Announces Its Decision to Issue Publicly Offered Hybrid Corporate Bonds
(Publicly Offered Subordinated Corporate Bonds)

November 1, 2019
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (President: Takehiro Honjo; hereinafter, “the company”) announced today that it has decided to issue publicly offered hybrid corporate bonds (subordinated corporate bonds) (hereinafter, “the corporate bonds”) of about 100 billion yen, as outlined below. The company today also submitted the amended shelf registration concerning the issuance of the corporate bonds to the Director of the Kanto Local Finance Bureau.

Outline of the corporate bonds

1. Purposes and background of the issuance of the corporate bonds

In March 2017, the Daigas Group formulated its Long-Term Management Vision “Going Forward Beyond Borders” toward fiscal 2030. The vision declares that, by supporting growth in each of the nine business sectors in which the Daigas Group’s three major business pillars—domestic energy business, international energy business, and Life & Business solutions (LBS)—are realigned, the Group will establish a solid portfolio that can address factors involving uncertainties that may emerge in the future. The company has decided to issue the corporate bonds as a means of securing funds for simultaneously maintaining its corporate financial health and making growth investments, in order to achieve the development that the Daigas Group aims for toward fiscal 2030.

2. Features of the corporate bonds

The corporate bonds are positioned between capital and debt. Since they are classified as debt, their issuance will not cause dilution of the company’s shares. Meanwhile, they also have similar characteristics and features to those of capital, including the option to defer interest payment, ultra-long-term (60-year) maturities, and subordination in liquidation and bankruptcy procedures. Therefore, the company expects that 50% of the amount of the obtained funds will be eligible for equity treatment by the rating agencies (Rating and Investment Information, Inc. and S&P Global Ratings Japan Inc.).

3. Subsequent schedule

The company plans to appoint Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd.

and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as lead managers and to determine the terms and conditions of the corporate bonds, including the amount of bonds to be issued, in comprehensive consideration of securities demand, interest rate trends, and other factors in December 2019 or later. The company will announce the terms and conditions as soon as possible after they are determined.