

**FY2017 1Q Financial Results
ended Jun. 30, 2018**



July 28, 2017

1. FY2017 1Q Consolidated Financial Results

ended Jun. 30, 2018



FY2017 1Q Consolidated Financial Results (Apr. 1, 2017 – Jun. 30, 2017) <vs. FY2016 1Q>



Highlights: Sales Up, Profit Down

(+ - , +/- indicate impact on profit, billion yen)

| | | | | |
|----------------------------------|-------|---|---|---|
| Net sales | +28.4 | : | + | Electricity (+17.9: Increase in electricity sales volume, etc.) |
| | | | + | City gas (+14.9: Increase in unit price due to resource cost adjustment +6.5, increase in sales volume, etc.+8.4) |
| | | | - | Energy-related (-3.2: Appliances -3.0 (decrease in number of sales of commercial appliances, etc.), LNG sales -1.6 (decrease in unit sales price due to fall of crude oil price), LPG sales +0.5(increase in unit price, etc.), etc.) |
| Operating expenses | -40.8 | : | - | City gas (-29.2: Increase in unit price arising from economic framework assumptions, etc. -30.8, increase in sales volume, etc. -4.0) |
| | | | - | Electricity (-15.3: Increase in fuel costs due to increase in electricity sales volume, etc.) |
| Operating profit | -12.5 | : | - | City gas (-14.3: Gross margin -19.9 (including sliding time lag effect -24.3), decrease in fixed costs due to decrease in actuarial differences, etc.) |
| | | | - | Energy-related (-3.5: LNG sales -4.1 (including sliding time lag effect -4.0), appliances +1.3) |
| | | | + | Electricity (+2.7: Increase in gross margin due to increase in retail sales volume) |
| Extraordinary income/loss | +0.3 | : | + | FY2017 1Q 3.2: Gain on sale of non-current assets FY2016 1Q 2.9: Gain on sale of investment securities (billion yen) |

| | FY2017 1Q | FY2016 1Q | Change | % |
|---|-----------|-----------|--------|---------|
| Gas sales volume (million m ³ , 45MJ) | 3,710 | 3,604 | +106 | +3.0% |
| Electricity sales volume (million kWh) | 3,372 | 2,680 | +692 | +25.8% |
| (Breakdown) | | | | |
| Retail sales (million kWh, receiving end) | 785 | 157 | +628 | +399.9% |
| Other sales (million kWh) | 2,587 | 2,523 | +64 | +2.6% |
| Net sales | 404.1 | 375.7 | +28.4 | +7.6% |
| Operating expenses | 369.4 | 328.6 | +40.8 | +12.4% |
| Operating profit | 34.6 | 47.1 | -12.5 | -26.4% |
| Segment profit (operating profit + equity income of subsidiaries) | 35.1 | 47.7 | -12.6 | -26.5% |
| Ordinary profit ⁽¹⁾ | 35.8 | 47.2 | -11.4 | -24.0% |
| Extraordinary income/loss | 3.2 | 2.9 | +0.3 | — |
| Profit attributable to owners of parent | 27.8 | 39.1 | -11.3 | -28.9% |
| Temperature effect ⁽²⁾ | -1.7 | -4.2 | +2.5 | — |
| Sliding time lag effect (city gas, LNG sales) ⁽³⁾ | -12.2 | 16.1 | -28.3 | — |
| Amortization of actuarial differences ⁽⁴⁾ | 1.9 | -6.0 | +7.9 | — |
| Adjusted ordinary profit ⁽¹⁾⁻⁽²⁾⁺⁽³⁾⁺⁽⁴⁾ | 47.8 | 41.3 | +6.5 | +15.7% |

| Economic framework | Exchange rate (¥/\$) | Crude oil price (\$/bbl) | Avg. air temp. (°C) |
|--------------------|----------------------|--------------------------|---------------------|
| FY2017 1Q | 111.09 | 53.36 | 16.7 |
| FY2016 1Q | 108.16(+2.93) | 41.12(+12.24) | 17.3(-0.6) |

| Pension assets | Investment yield (costs deducted) | Year-end assets (billion yen) |
|----------------------------|-----------------------------------|-------------------------------|
| FY2017 1Q cumulative total | 1.03% | 278.0 |

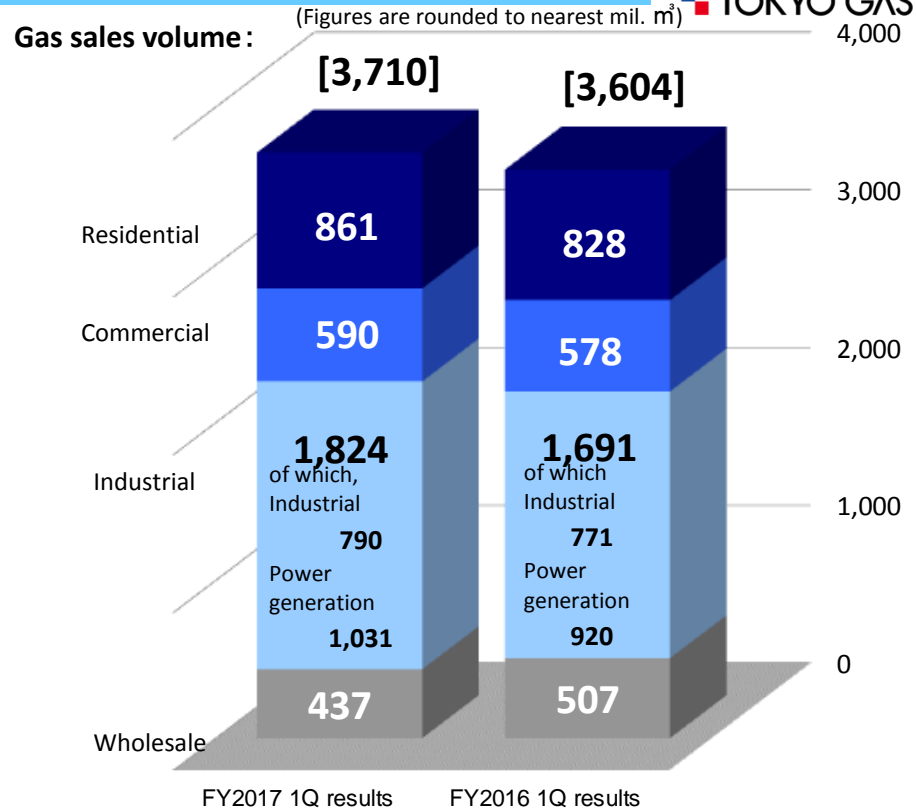
Figures in parentheses () indicate year-on-year increase/decrease.

Expected annual rate of return: 2%

FY2017 1Q Consolidated Gas Sales Volume<vs. FY2016 1Q>

+106 mil.m³ (+3.0%)
 [including temperature effect +42mil.m³, +1.2%]

| | |
|---|---------------------------------|
| Residential | + 33mil.m ³ (+ 4.1%) |
| ●Temperature effect | +33 mil.m ³ |
| ●Number of days | -8 mil.m ³ |
| ●Number of customers | +10 mil.m ³ |
| ●Others | -2 mil.m ³ |
| Commercial | + 12mil.m ³ (+ 2.1%) |
| ●Temperature effect | +7 mil.m ³ |
| ●Number of days | - 1 mil.m ³ |
| ●Number of customers | +2 mil.m ³ |
| ●Others | +4 mil.m ³ |
| Industrial | +130 mil.m ³ (+7.7%) |
| ●Industrial | +19 mil.m ³ |
| ●Power generation | +111 mil.m ³ |
| Wholesale | -70 mil.m ³ (-13.7%) |
| ●Temperature effect | +2 mil.m ³ |
| ●Others | -72 mil.m ³ |
| Decrease in the number of wholesale customers, etc. | |



Number of customers(Gas), LNG sales volume, Average temperature

| | FY2017 1Q Results | FY2016 1Q Results | Change |
|---|-------------------|-------------------|------------------|
| Gas: Number of customers(meters) (10 thousands, meter) | 1,155.3 | 1,141.8 | +13.5 (+1.2%) |
| LNG sales volume (thousands t) | 235 | 273 | -38 |
| Average temperature (°C) | 16.7 | 17.3 | -0.6 |

FY2017 1Q Gas Sales Volume (Vision Basis) <vs. FY2016 1Q>

■ Gas sales volume (Vision Basis)

(Unit: million m³)

| | FY2017 1Q Results | FY2016 1Q Results | Change |
|---|----------------------|----------------------|--------|
| Gas sales volume (financial accounting basis) | 3,710 | 3,604 | +106 |
| | | | +3.0% |
| Gas volume used in-house under tolling arrangement | 486 | 431 | +55 |
| | | | +12.9% |
| LNG sales volume (m3 basis) | 294 | 342 | -48 |
| | | | -13.9% |
| Total | 4,491 | 4,376 | +115 |
| | | | +2.6% |

FY2017 1Q Results : Sales and Operating Profit/Loss by Business Segments <vs. FY2016 1Q >

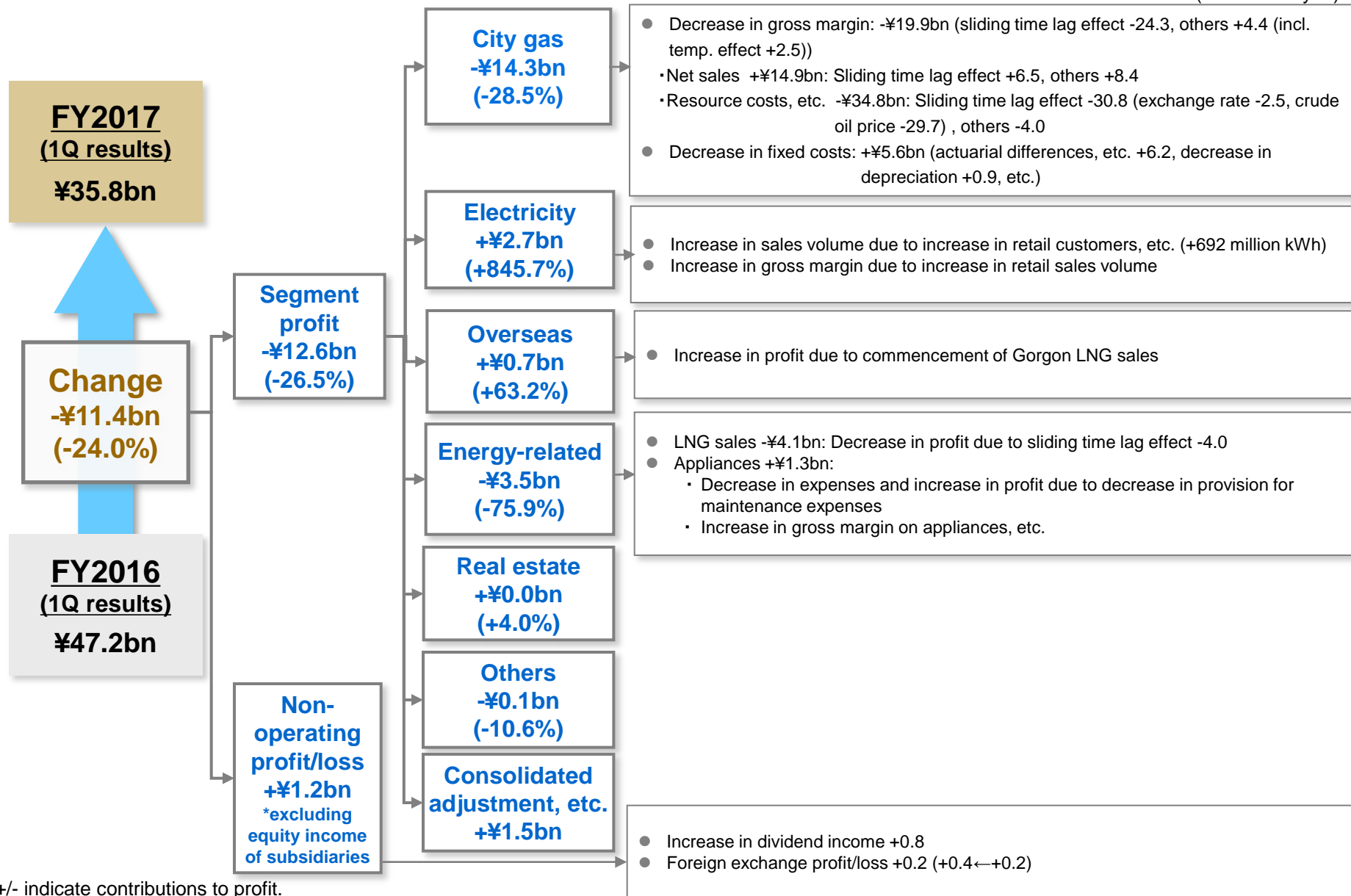


(unit : billion yen)

| | Net Sales | | | | Segment Profit (Operating profit + Equity income/loss of subsidiary) | | | |
|-------------------------|-------------------|-------------------|--------|------|---|-------------------|--------|--------|
| | FY2017 1Q Results | FY2016 1Q Results | Change | % | FY2017 1Q Results | FY2016 1Q Results | Change | % |
| City Gas | 271.7 | 256.8 | 14.9 | 5.8 | 35.8 | 50.1 | -14.3 | -28.5 |
| Electric Power | 45.2 | 27.3 | 17.9 | 65.9 | 3.0 | 0.3 | 2.7 | 845.7 |
| Overseas business | 11.7 | 7.3 | 4.4 | 58.8 | 1.9 | 1.2 | 0.7 | 63.2 |
| Energy-related | 97.5 | 100.7 | -3.2 | -3.1 | 1.1 | 4.6 | -3.5 | -75.9 |
| (Engineering Solutions) | 24.0 | 23.8 | 0.2 | 1.1 | 0.0 | 0.3 | -0.3 | -100.8 |
| (LNG sales) | 21.5 | 23.1 | -1.6 | -6.9 | -0.1 | 4.0 | -4.1 | -104.8 |
| Real estate | 10.4 | 10.0 | 0.4 | 3.8 | 2.2 | 2.2 | 0.0 | 4.0 |
| Others | 19.6 | 18.8 | 0.8 | 4.2 | 0.1 | 0.2 | -0.1 | -10.6 |
| Adjustment | -52.3 | -45.4 | -6.9 | — | -9.4 | -10.9 | 1.5 | — |
| Consolidated | 404.1 | 375.7 | 28.4 | 7.6 | 35.1 | 47.7 | -12.6 | -26.5 |

- Notes:
- Net sales by business segments include internal transactions.
 - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
 - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
 - The “Adjustment” to operating profit is primarily companywide expenses not allocated to individual segments.

FY2017 1Q Results: Ordinary Profit Analysis <vs. FY2016 1Q>



*+/- indicate contributions to profit.

2. FY2017 Full Year Forecast

FY2017 Forecast (Apr. 1, 2017 – Mar. 31, 2018) <vs. Initial Forecast>

Highlights: Sales Down, Profit Up on Initial Forecast

(+ - , +/- indicate impact on profit, billion yen)

- The economic framework reflects final figures for 1Q and assumes an exchange rate of ¥115.0 to the dollar and crude oil price of \$55/bbl from 2Q per the initial forecast.
- Gas sales volume reflects the 1Q increase on the initial forecast and is as originally forecast from 2Q onward.

| | | | |
|----------------------------------|------|---|---|
| Net sales | -5.0 | - | City gas (-2.5: Decrease in unit price due to resource cost adjustment, etc.) |
| | | - | Electricity (-1.1: Decrease in unit sales price due to fall of crude oil price, etc.) |
| | | - | Others (-4.6: Shipping -2.1 (deferred timing of recognition), etc.) |
| Operating profit | +2.0 | + | City gas (+1.2: Increase in profit due to increase in sales volume) |
| | | + | Electricity (+1.1: Increase in gross margin due to increase in retail sales volume, etc.) |
| | | + | Other (+1.2: Shipping +0.6, etc.) |
| Extraordinary income/loss | +3.2 | + | FY2017 3.2: Gain on sale of non-current assets |

(billion yen)

| | Current Forecast | Initial Forecast (Apr. 28) | Change | % | FY2016 Results | Change | % |
|--|------------------|----------------------------|--------|--------|----------------|--------|--------|
| Gas sales volume (million m ³ , 45 MJ) | 15,326 | 15,148 | +178 | +1.2% | 15,720 | -394 | -2.5% |
| Electricity sales volume (million kWh) | 14,615 | 14,696 | -81 | -0.5% | 12,654 | +1,961 | +15.5% |
| Net sales | 1,808.0 | 1,813.0 | -5.0 | -0.3% | 1,587.0 | +221.0 | +13.9% |
| Operating expenses | 1,724.0 | 1,731.0 | -7.0 | -0.4% | 1,528.7 | +195.3 | +12.8% |
| Operating profit | 84.0 | 82.0 | +2.0 | +2.4% | 58.3 | +25.7 | +43.9% |
| Segment profit (operating profit + equity income/loss of subsidiary) | 86.3 | 83.6 | +2.7 | +3.2% | 61.9 | +24.4 | +39.3% |
| Ordinary profit ⁽¹⁾ | 80.0 | 75.0 | +5.0 | +6.7% | 55.6 | +24.4 | +43.7% |
| Extraordinary income/loss | 3.2 | 0.0 | +3.2 | — | 13.3 | -10.1 | — |
| Profit attributable to owners of parent | 61.0 | 55.0 | +6.0 | +10.9% | 53.1 | +7.9 | +14.8% |
| Temperature effect ⁽²⁾ | -1.7 | 0 | -1.7 | — | -7.4 | +5.7 | — |
| Sliding time lag effect (city gas, LNG sales) ⁽³⁾ | -28.8 | -28.8 | 0 | — | -19.9 | -8.9 | — |
| Amortization of actuarial differences ⁽⁴⁾ | 7.7 | 7.7 | 0 | — | -24.0 | +31.7 | — |
| Adjusted ordinary profit ⁽¹⁾⁻⁽²⁾⁺⁽³⁾⁺⁽⁴⁾ | 102.8 | 96.1 | -6.7 | +7.0% | 106.9 | -4.1 | -3.8% |

| Economic framework | Exchange rate (¥/\$) | Crude oil price (\$/bbl) | Avg. air temp. (°C) |
|--------------------|----------------------|--------------------------|---------------------|
| Current forecast* | 114.02 | 54.59 | 16.0 |
| Initial forecast | 115.00(-0.98) | 55.00 (-0.41) | 15.9(+0.1) |
| FY2016 result | 108.38(+5.64) | 47.51(+7.08) | 16.3(-0.3) |

| Pension assets | Investment yield (costs deducted) | Discount rate | | Year-end assets (billion yen) |
|----------------|-----------------------------------|-----------------|------------------|-------------------------------|
| | | Annuity portion | Lump-sum portion | |
| FY2016 | 1.57% | 0.389% | 0.055% | 277.0 |
| FY2015 | 2.92% | 0.236% | 0.000% | 281.0 |
| FY2014 | 5.57% | 0.829% | 0.358% | 281.0 |

*2Q~: ¥115.00/\$、\$55.00/bbl

Figures in parentheses indicate change from current forecast.

FY2017 Full Year Forecast ; Consolidated Gas Sales Volume / Electricity Sales Volume

Consolidated Gas Sales Volume

VS. Initial Forecast

+178 mil m³ (+1.2%)

[Including temperature effect -24mil. m³, -0.2%]

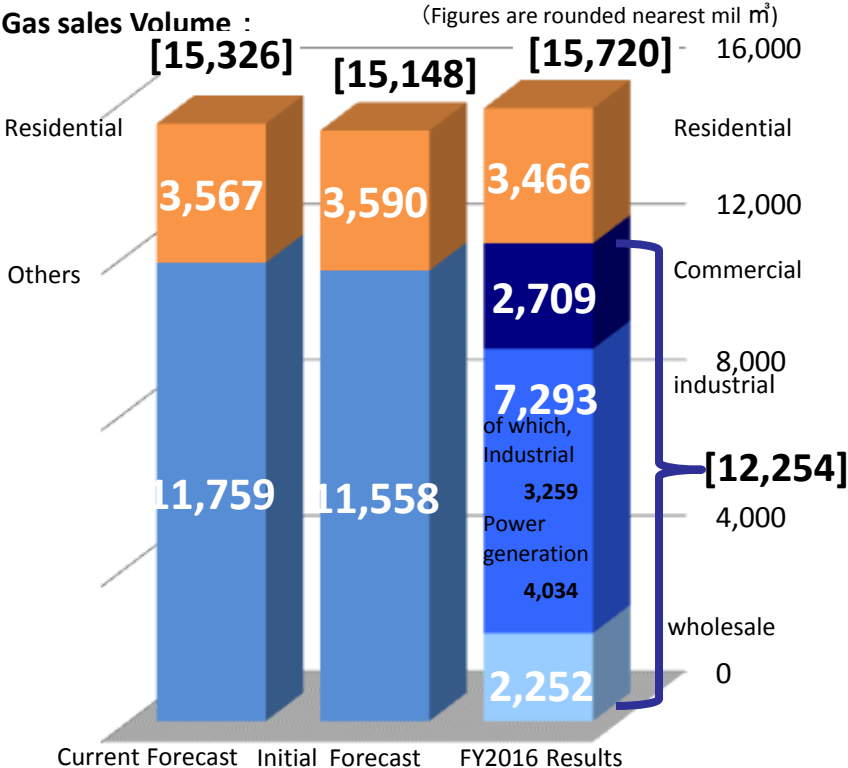
| | |
|---------------|----------------------------------|
| ■ Residential | -23mil. m ³ (-0.6%) |
| ■ Others | +201 mil. m ³ (+1.7%) |

VS. FY2016 1Q Results

-394 mil m³ (-2.5%)

[Including temperature effect +91mil. m³, +0.6%]

| | |
|---------------|----------------------------------|
| ■ Residential | +101 mil. m ³ (+2.9%) |
| ■ Others | -495 mil. m ³ (-4.0%) |

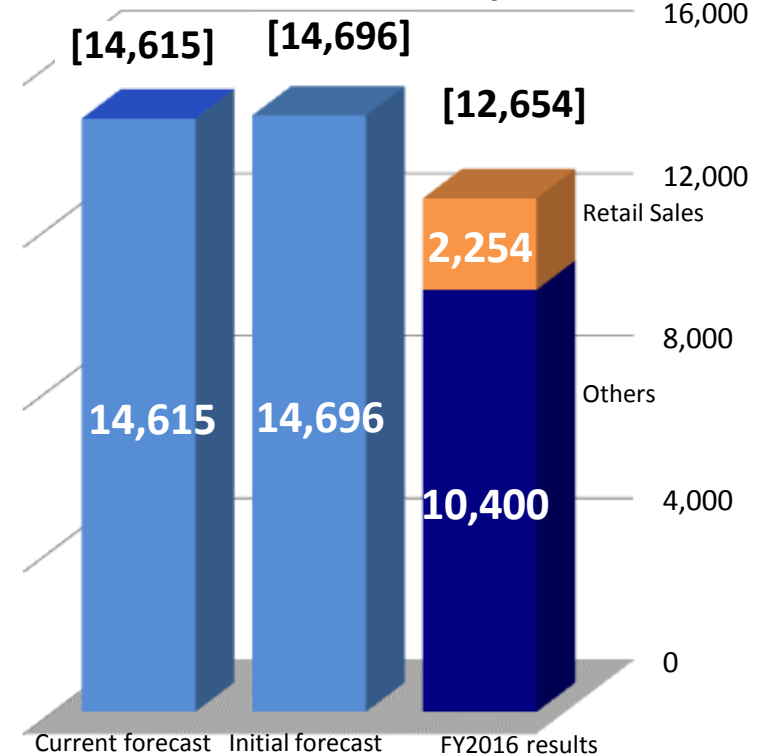


Electricity Sales Volume

VS. Initial Forecast -81 mil kWh (-0.5%)

VS. FY2016 Results +1,961 mil kWh (+15.5%)

(Figures are rounded nearest mil kWh)



Number of customers (Gas/Electricity), LNG sales volume, Average temperature

| | Current Forecast | Initial Forecast | Change |
|--|------------------|------------------|--------------|
| Gas: Number of customers (meters) (10 thousands) | 1,166.8 | 1,166.8 | +0.0 (+0.0%) |
| Electricity: Number of Retail customers (10 thousands) | 100.0 | 100.0 | - |
| LNG sales volume (thousands t) | 1,123 | 1,120 | +3 |
| Average temperature (°C) | 16.0 | 15.9 | +0.1 |

● Gas Sales Volume (Vision Basis)

(Unit : mil. m3)

| | FY2017 Current Forecast | FY2017 Initial Forecast | Change | FY2016 Results | Change |
|---|-------------------------------|-------------------------------|--------|-------------------|--------|
| Gas Sales Volume (financial accounting basis) | 15,326 | 15,148 | +178 | 15,720 | -394 |
| | | | +1.2% | | -2.5% |
| Gas volume used in-house under tolling agreement | 2,025 | 2,015 | +10 | 1,996 | +29 |
| | | | +0.5% | | +1.4% |
| LNG sales (m3 basis) | 1,404 | 1,400 | +4 | 1,337 | +67 |
| | | | +0.2% | | +5.0% |
| Total | 18,754 | 18,563 | +191 | 19,053 | -299 |
| | | | +1.0% | | -1.6% |

FY2017 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. Initial Forecast>



(unit : billion yen)

| | Net Sales | | | | Segment Profit (Operating profit + Equity income/loss of subsidiary) | | | |
|-------------------------|------------------|------------------|-------------|-------------|---|------------------|------------|------------|
| | Current Forecast | Initial Forecast | Change | % | Current Forecast | Initial Forecast | Change | % |
| City Gas | 1,150.8 | 1,153.3 | -2.5 | -0.2 | 92.9 | 91.7 | 1.2 | 1.3 |
| Electric Power | 213.6 | 214.7 | -1.1 | -0.5 | 10.1 | 9.0 | 1.1 | 11.6 |
| Overseas business | 44.5 | 44.4 | 0.1 | 0.2 | 6.5 | 7.3 | -0.8 | -11.0 |
| Energy-related | 505.5 | 505.1 | 0.4 | 0.1 | 7.4 | 7.4 | 0.0 | 0.0 |
| (Engineering solutions) | 122.1 | 122.6 | -0.5 | -0.4 | 3.6 | 3.6 | 0.0 | 0.2 |
| (LNG sales) | 125.9 | 127.3 | -1.4 | -1.1 | 0.5 | 0.5 | 0.0 | -14.1 |
| Real estate | 42.8 | 42.5 | 0.3 | 0.7 | 7.8 | 7.5 | 0.3 | 4.0 |
| Others | 94.0 | 98.6 | -4.6 | -4.7 | 2.4 | 1.2 | 1.2 | 100.0 |
| Adjustment | -243.2 | -245.6 | 2.4 | — | -40.8 | -40.5 | -0.3 | — |
| Total | 1,808.0 | 1,813.0 | -5.0 | -0.3 | 86.3 | 83.6 | 2.7 | 3.2 |

- Notes:
- Net sales by business segments include internal transactions.
 - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
 - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
 - The “Adjustment” to operating profit is primarily companywide expenses not allocated to individual segments.

FY2017 Forecast: Ordinary Profit Analysis <vs. FY2017 Initial Forecast>

FY2017
(Current Forecast)
¥80.0bn

Change
+¥50.0bn
(+6.7%)

FY2017
(Initial Forecast)
¥75.0bn

Segment profit
+¥2.7bn
(+3.2%)

Non-operating income/loss
+¥2.3bn
*excluding equity income of subsidiaries

City gas
+¥1.2bn
(+1.3%)

Electricity
+¥1.1bn
(+11.6%)

Overseas
-¥0.8bn
(-11.0%)

Energy-related
±¥0.0bn
(±0%)

Real estate
+¥0.3bn
(+4.0%)

Others
+¥1.2bn
(+100.0%)

Consolidated adjustment, etc.
-¥0.3bn

- Increase in gross margin +¥1.1bn (sliding time lag effect ±0.0, others +1.1 (incl. temp. effect -1.7))
 - Net sales -¥2.5bn: Sliding time lag effect -11.5, others +9.0
 - Resource costs, etc. +¥3.6bn: Sliding time lag effect +11.5, (exchange rate +5.3, crude oil price +5.7), others -7.9

- Increase in gross margin due to increase in retail sales volume

- Decrease in unit sales price and decrease in profit due to fall of crude oil price
- Increase in depreciation of upstream project, etc.
- Increase in equity method profit due to investment in new upstream project, etc.

- Shipping +¥0.6bn: Decrease in expenses due to review of accounting treatment, etc.

- Increase in dividend income +0.8
- Foreign exchange profit/loss +0.4 (0.4←-0.0)

*+/- indicate contributions to profit.

FY2017 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. FY2016 Results>



(unit : billion yen)

| | Net Sales | | | | Segment Income (Operating profit + Equity income/loss of subsidiary) | | | |
|--------------------------------|------------------|----------------|--------|------|---|----------------|--------|-------|
| | Current Forecast | FY2016 Results | Change | % | Current Forecast | FY2016 Results | Change | % |
| City Gas | 1,150.8 | 1,040.0 | 110.8 | 10.6 | 92.9 | 76.5 | 16.4 | 21.4 |
| Electric Power | 213.6 | 145.7 | 67.9 | 46.6 | 10.1 | 4.4 | 5.7 | 127.0 |
| Overseas business | 44.5 | 31.9 | 12.6 | 39.3 | 6.5 | 4.4 | 2.1 | 47.6 |
| Energy-related | 505.5 | 459.5 | 46.0 | 10.0 | 7.4 | 13.7 | -6.3 | -46.3 |
| (Engineering solutions) | 122.1 | 111.6 | 10.5 | 9.4 | 3.6 | 4.9 | -1.3 | -26.2 |
| (LNG sales) | 125.9 | 91.2 | 34.7 | 38.1 | 0.5 | 3.3 | -2.8 | -84.9 |
| Real estate | 42.8 | 41.4 | 1.4 | 3.4 | 7.8 | 7.8 | 0.0 | -0.7 |
| Others | 94.0 | 89.0 | 5.0 | 5.5 | 2.4 | 3.2 | -0.8 | -25.2 |
| Adjustment | -243.2 | -220.7 | -22.5 | — | -40.8 | -48.2 | 7.4 | — |
| Total | 1,808.0 | 1,587.0 | 221.0 | 13.9 | 86.3 | 61.9 | 24.4 | 39.3 |

- Notes:
- Net sales by business segments include internal transactions.
 - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
 - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
 - The “Adjustment” to operating profit is primarily companywide expenses not allocated to individual segments.

FY2017 Forecast: Ordinary Profit Analysis <vs. FY2016 Results>

FY2017
(Current Forecast)
¥80.0bn

Change
+¥24.4bn
(+43.7%)

FY2016
(Results)
¥55.6bn

Segment profit
+¥24.4bn
(+39.3%)

Non-operating income/loss
±¥0bn
*excluding equity income of subsidiaries

City gas
+¥16.4bn
(+21.4%)

Electricity
+¥5.7bn
(+127.0%)

Overseas
+¥2.1bn
(+47.6%)

Energy-related
-¥6.3bn
(-46.3%)

Real estate
±¥0.0bn
(-0.7%)

Others
-¥0.8bn
(-25.2%)

Consolidated adjustment, etc.
+¥7.4bn

- Decrease in gas gross margin -¥0.5bn (sliding time lag effect -6.1, others +5.6 (incl. temp. effect +5.7))
 - Net sales +¥110.8bn: Sliding time lag effect +125.2, others -14.4
 - Resource costs, etc. -¥111.3bn: Sliding time lag effect -131.3 (exchange rate -24.7, crude oil price -91.5), others +20.0
- Decrease in fixed costs +¥16.8bn (decrease in actuarial differences, increase in costs arising from response to gas market liberalization, etc.)

- Increase in sales volume due to increase in number of retail customers (+1,962 million kWh)
- Increase in retail sales expenses

- Increase in profit due to commencement of sale of Gorgon LNG

- LNG sales -¥2.8bn: Sliding time lag effect -¥2.8bn
- Engineering solutions -¥1.3bn: Increase in fixed costs with increase in personnel, etc.
- Decrease in gross margin on appliances, etc.

- Information services -¥0.4bn: Decrease in profit due to increase in crude oil price

*+/- indicate contributions to profit.

Key Indicators (Consolidated)

(unit: billion yen)

| | FY2017 Forecast | FY2016 Results | FY2015 Results |
|--|--------------------|-------------------|-------------------|
| Total assets (a) | 2,340.0 | 2,230.2 | 2,251.5 |
| Shareholders' equity (b) | 1,128.0 | 1,101.4 | 1,100.2 |
| Shareholders' equity ratio (b)/(a) | 48.2% | 49.4% | 48.9% |
| Interest-bearing debt (c) | 801.0 | 713.5 | 715.7 |
| D/E ratio (c)/(b) | 0.71 | 0.65 | 0.65 |
| Profit attributable to owners of parents (d) | 61.0 | 53.1 | 111.9 |
| Depreciation (e) | 168.0 | 164.3 | 145.1 |
| Operating cash flow (d) + (e) | 229.0 | 217.4 | 257.1 |
| Capex | 265.0 | 203.3 | 232.0 |
| ROA: (d) / (a) | 2.7% | 2.4% | 5.0% |
| ROE: (d) / (b) | 5.5% | 4.8% | 10.3% |
| TEP | 6.2 | -6.2 | 67.6 |
| WACC | 2.9% | 3.0% | 3.4% |
| Total payout ratio | Approx. 60% | 60.7% | 60.1% |

Note: Shareholders' equity = Net assets – minority interests
 ROA = Net profit / Total assets (average of the amounts as of the end of the previous period and end of the current period)
 ROE = Net profit / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)
 Balance sheet figures are as of the corresponding term-end
 Operating cash flow = Net profit + Depreciation (including depreciation of long-term prepaid expenses)
 Total payout ratio = [FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net profit

TEP (Tokyo Gas Economic Profit) : Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)
 Items for WACC calculation (FY2017 forecast)
 • Cost of interest-bearing debt : forecast interest rate (1.11%, after tax)
 • Cost rate for shareholders' equity
 • Risk free rate : 10-year JGB yield 0.11%
 • Market Risk premium : 5.5% β: 0.75

3. Reference Materials

Gas Gross Margin Sensitivity to Change in Crude Oil Price and Exchange Rate

Impact of rising JCC by \$1/bbl

(Unit: billion yen)

| | | Impact on earnings | | | |
|--------|-----------|--------------------|------|------|-----------|
| | | 2Q | 3Q | 4Q | Full year |
| Period | 2Q | -0.2 | -1.1 | +1.4 | +0.1 |
| | 3Q | — | -0.3 | -1.3 | -1.6 |
| | 4Q | — | — | -0.4 | -0.4 |
| | Full year | -0.2 | -1.4 | -0.3 | -1.9 |

Impact of depreciation by ¥1/\$

(Unit: billion yen)

| | | Impact on earnings | | | |
|--------|-----------|--------------------|------|------|-----------|
| | | 2Q | 3Q | 4Q | Full year |
| Period | 2Q | -0.6 | +0.6 | +0.2 | +0.2 |
| | 3Q | — | -0.8 | +0.9 | +0.1 |
| | 4Q | — | — | -1.1 | -1.1 |
| | Full year | -0.6 | -0.2 | 0.0 | -0.8 |

Key Topics in FY2017 (Excerpted from Press Releases up to 28th July)

| | |
|---------------------------------|---|
| Management Strategy | <ul style="list-style-type: none"> • FY2017 initiatives by Tokyo Gas Group (Apr. 13) • Strategic alliance in LNG procurement between Kyushu Electric Power and Tokyo Gas (Apr. 12) |
| City gas | <ul style="list-style-type: none"> • Total number of ENE-FARM residential fuel cells sold hits 80,000 (May 8) • Development of technology to improve the power generating efficiency of fuel cells : the first case of 65% equivalent efficiency with using a low output (5kW) fuel cell in the world (May 23) • 11 Companies Agree to Collaborate on Large-scale Construction of Hydrogen Stations : New Company to Be Considered for Supporting Strategic Construction and for Achieving Wider Use of FCVs and Independence of Hydrogen Station Business (May 19) • Application to alter registered particulars concerning gas retail business (May 29) |
| Electric power | <ul style="list-style-type: none"> • Offer of the service, "Total Energy Service Plan (Zuttomo) by Tokyo Gas Group in Tosai Gas and Higashinihon Gas supply areas (Jun. 27) • Discontinuation of feasibility study into the business of units 3 and 4 at Kawasaki Gas Power Plant (Jul. 14) |
| Overseas | <ul style="list-style-type: none"> • Opening of Manila Office (Apr. 21) • Participation in a natural gas-fired power plant in Pennsylvania (Apr. 18) • Investment in natural gas development project in East Texas, U.S.A. (May 8) |
| Liquid gas | <ul style="list-style-type: none"> • Launch of pilot IoT project utilizing a low power wide area (LPWA) network to streamline LPG distribution (Jun. 5) |
| Living services | <ul style="list-style-type: none"> • Launch of service to access information regarding home gas and electric appliances of customers by linking myTOKYOGAS and the smartphone app "TORISETSU" (Jul. 21) |
| Engineering services | <ul style="list-style-type: none"> • Opening of offices in Kyushu and Nagano (Apr. 3)* • Jointly feasibility study of LNG terminal business at Sumitomo Chemical's Ehime Works (May 31)* • Business of consulting for construction of LNG receiving terminal in Bangladesh (Jul. 27)* |
| Urban development Services | <ul style="list-style-type: none"> • District developed by the tentatively named TGMM Shibaura Project to be called "msb Tamachi": mixed-use complex with direct access to JR Tamachi Station to be developed by Tokyo Gas, Mitsui Fudosan, and Mitsubishi Estate (May 16) |
| Finance and shareholder returns | <ul style="list-style-type: none"> • Announcement of issue of 42nd and 43rd domestic unsecured notes (Jun. 2) • Notification of resolution to acquire treasury shares (Apr. 28), notice of share buyback (May 23), notice of retirement of treasury stock (Jun. 29) |

Dates of press releases are shown in parentheses.

*Press releases issued by Tokyo Gas Engineering Solutions.



< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. As such, they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties.

The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.

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