

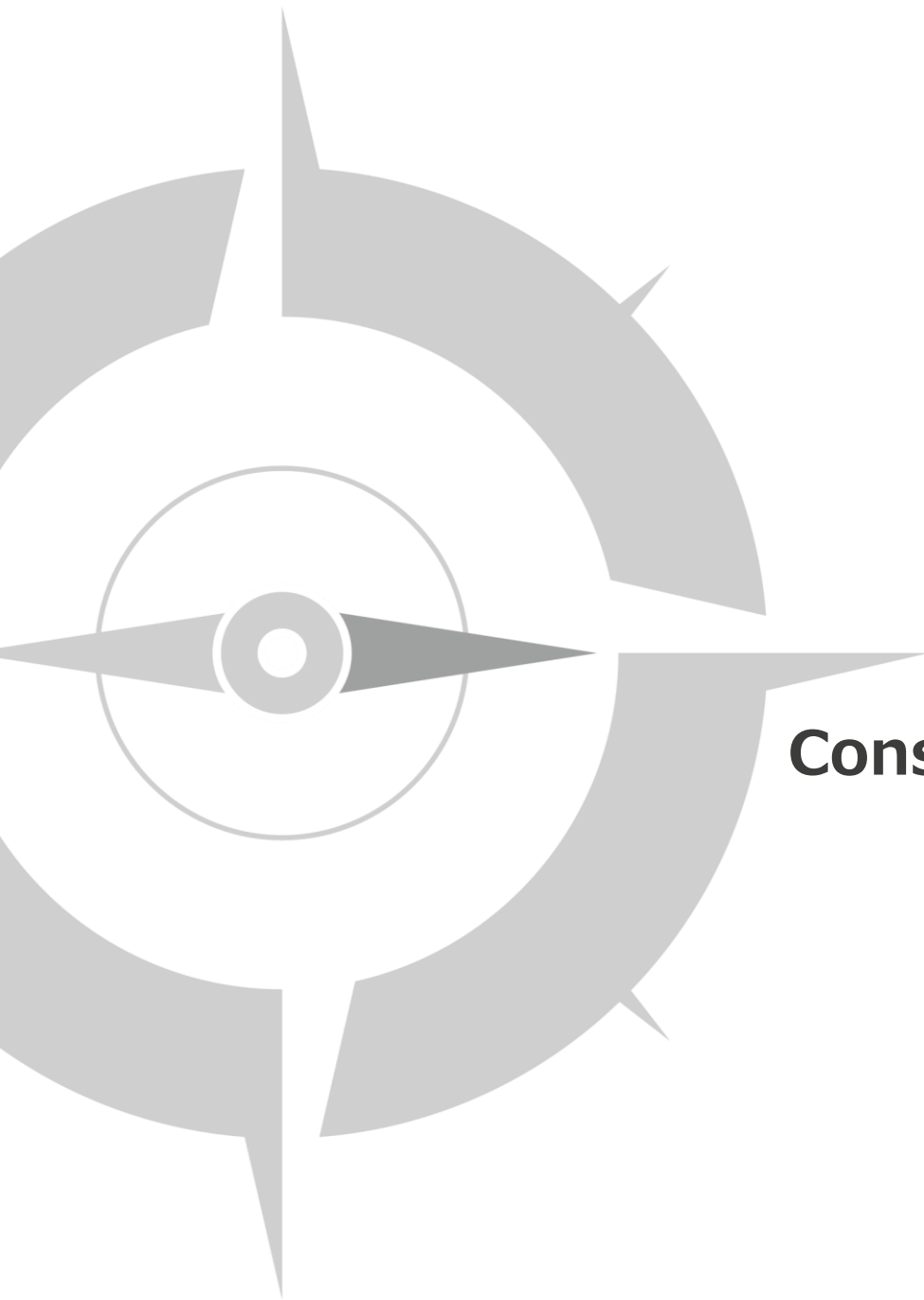


# **FY2020 1Q Financial Results** **ended June, 2020**

**July 29, 2020**

**[Revised on November 5, 2020]**





# 01



## **FY2020 Consolidated Financial Results ended June, 2020**

## Highlights: Sales Down, Profit Down

Revised in red on Nov 5th,2020

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

Net sales	-51.6	Decrease in city gas sales volume from the impact of COVID-19, decrease in city gas unit price due to resource cost adjustment.
Operating expenses	+34.9	Decrease in city gas sales volume from the impact of COVID-19, the impact from the decline in crude oil prices, etc.
Operating profit	-16.6	Decrease in city gas sales volume from the impact of COVID-19, decrease in gross margin from the change in city gas unit price due to economic framework assumptions.
Extraordinary profit/loss	-4.7	Extraordinary profit/loss was -¥4.7bn due to impairment loss posted in FY2020 1Q. ※ Extraordinary profit/loss: FY2020 1Q -¥4.7bn: impairment loss -¥4.7bn FY2019 1Q –

(Unit: billion yen)

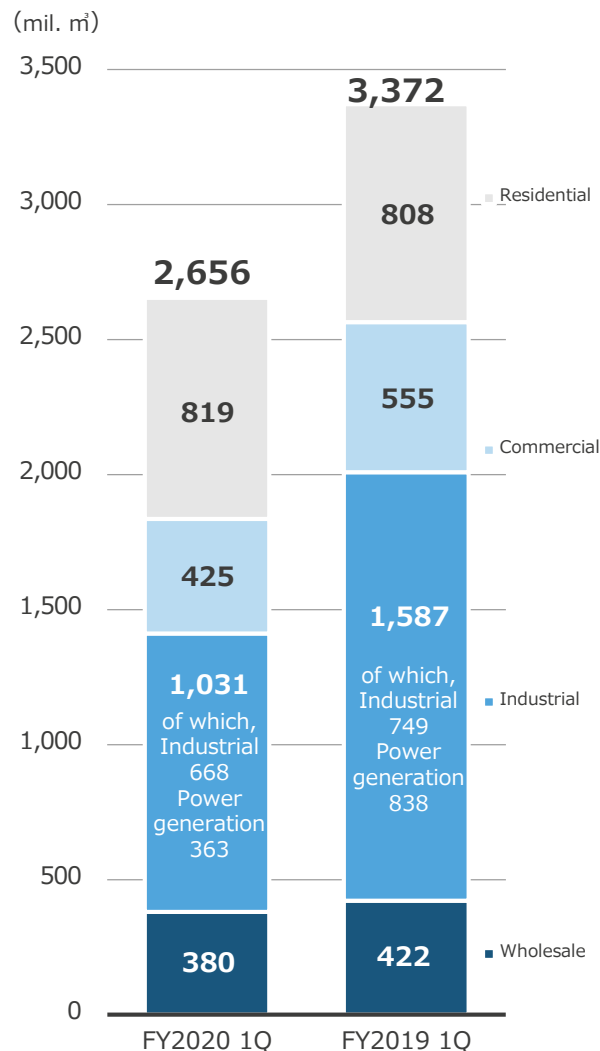
	FY2020 1Q	FY2019 1Q	Change	%
City gas sales volume (million m3, 45MJ)	2,656	3,372	-716	-21.2%
Electricity sales volume (million kWh)	5,231	3,865	1,366	+35.3%
(Breakdown)				
Retail (million kWh, receiving end)	2,148	1,644	504	+30.6%
Wholesale, etc. (million kWh)	3,083	2,221	862	+38.8%
Net sales	415.6	467.2	-51.6	-11.0%
Operating expenses	388.2	423.1	-34.9	-8.3%
Operating profit	27.4	44.0	-16.6	-37.7%
Segment profit (operating profit + equity income of subsidiaries)	27.8	45.7	-17.9	-39.2%
Ordinary profit <sup>(1)</sup>	28.0	48.3	-20.3	-42.1%
Extraordinary profit/loss	-4.7	0.0	-4.7	—
Profit attributable to owners of parent	16.3	34.9	-18.6	-53.2%
(Adjustment items)				
Temperature effect <sup>(2)</sup>	0.4	0.1	0.3	—
Sliding time lag effect <sup>(3)</sup> (city gas + LNG sales)	-7.5 (-6.9 + -0.6)	+6.7 (+5.5 + +1.2)	-14.2 (-12.4 + -1.8)	—
Amortization of actuarial differences <sup>(4)</sup>	0.2	-1.9	2.1	—
Adjusted ordinary profit (1)-((2)+(3)+(4))	34.9	43.4	-8.5	-19.6%

Economic framework	FY2020 1Q	FY2019 1Q
Exchange rate (¥/\$)	107.64 (-2.26)	109.90
Crude oil price (\$/bbl)	32.22 (-39.25)	71.47
Avg. air temp (°C)	16.6 (-0.1)	16.7

Pension assets	FY2020 1Q
Investment yield (costs deducted)	2.13%
Year-end assets (billion yen)	2,630

&lt;Expected annual rate of return: 2%&gt;

## City Gas sales volume:

**-716mil.m<sup>3</sup> (-21.2%)**including temperature effect  
+7mil.m<sup>3</sup>, +0.2%**Residential +11mil.m<sup>3</sup>(+1.4%)**Temperature effect +3 mil.m<sup>3</sup>Number of days ±0 mil.m<sup>3</sup>Number of customers -53 mil.m<sup>3</sup>Others +61 mil.m<sup>3</sup>**Commercial -130mil.m<sup>3</sup>(-23.4%)**Temperature effect +4 mil.m<sup>3</sup>Number of days -2 mil.m<sup>3</sup>Number of customers -8 mil.m<sup>3</sup>Others -124 mil.m<sup>3</sup>**Industrial -556mil.m<sup>3</sup>(-35.0%)**Industrial -81 mil.m<sup>3</sup>Power generation -475 mil.m<sup>3</sup>**Wholesale -42mil.m<sup>3</sup>(-9.9%)**Temperature effect ±0 mil.m<sup>3</sup>Others -42 mil.m<sup>3</sup>  
Decrease in wholesale demand, etc.

\*Each value is rounded.

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

	FY2020 1Q	FY2019 1Q	Change
Number of customers for city gas retail sales (10 thousands) *1	904.4	960.7	-56.3 (-5.9%)
Number of customers (meters) (10 thousands, meter) *2	1,197.5	1,183.8	+13.7 (+1.2%)
LNG sales volume (thousands t)	221	303	-82 (-27.0%)
Average temperature (°C)	16.6	16.7	-0.1

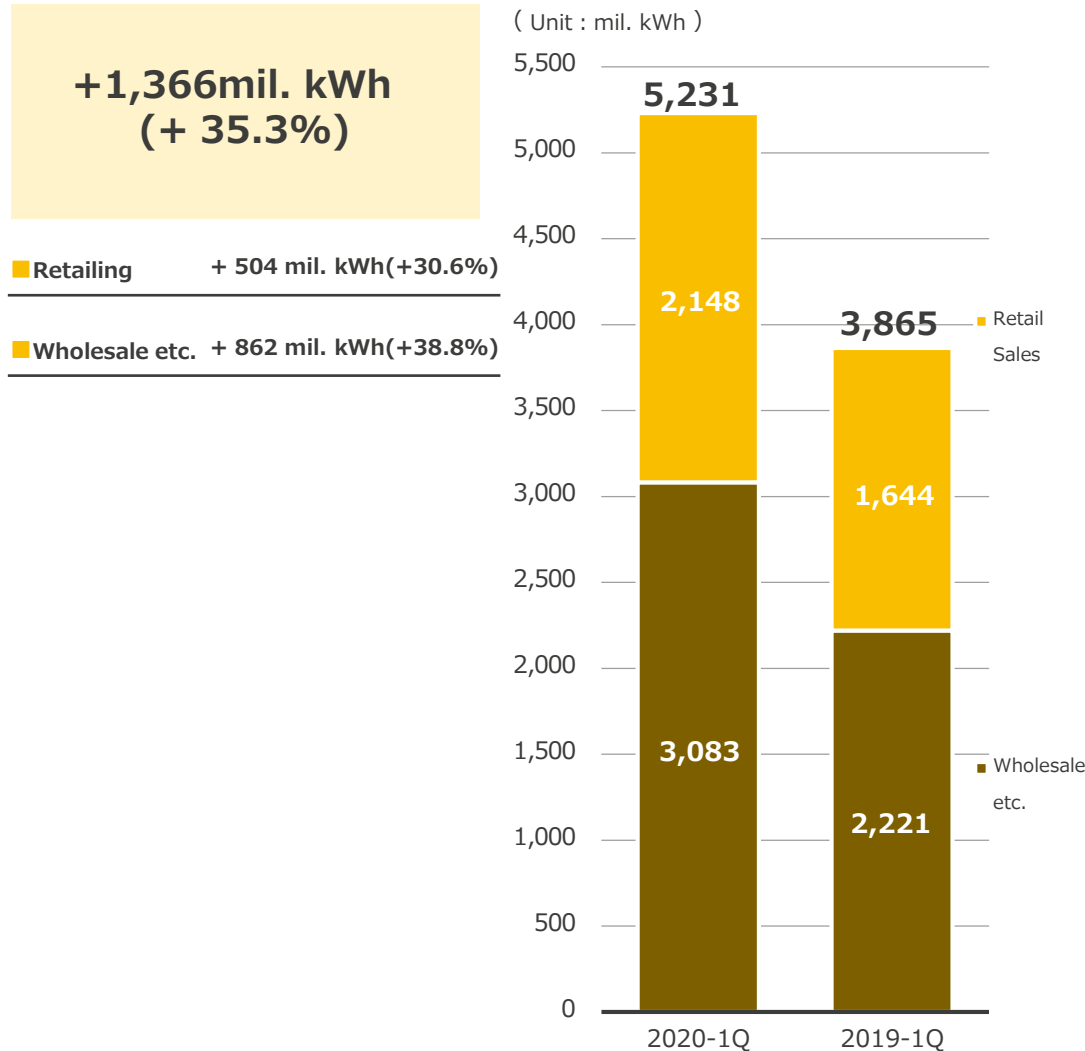
\*1. Number of billed customers for city gas retail sales

\*2. Including inactive meters and meters for gas supply from other retail companies

Gas Sales Volume , Gas volume used in-house  
(Unit : million ton)

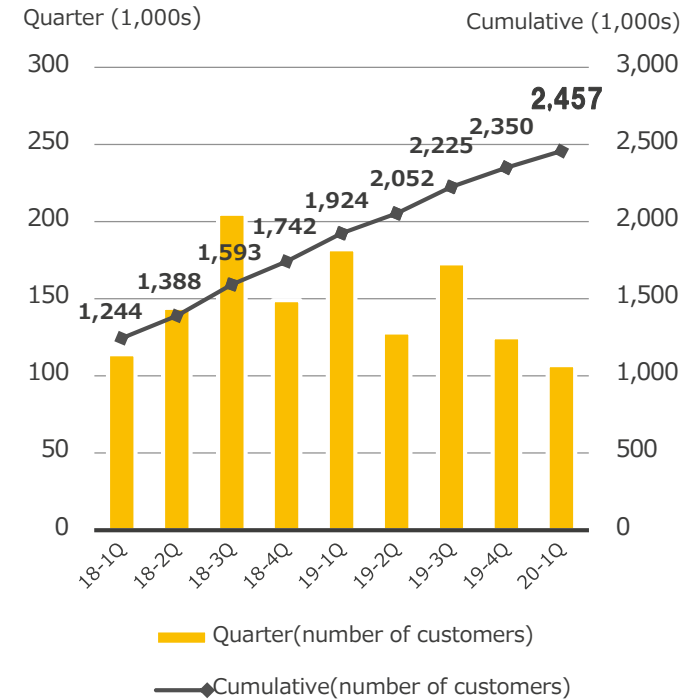
	FY2020 1Q	FY2019 1Q	Change
City gas sales volume (financial accounting basis)	2,656	3,372	-716 (-21.2%)
Gas volume used in-house under tolling arrangement	669	366	+303 (+83.1%)
LNG sales volume (m <sup>3</sup> basis)	276	379	-103 (-27.0%)
<b>Total</b>	<b>3,602</b>	<b>4,116</b>	<b>-514 (-12.5%)</b>

## Electricity sales volume :



\*Each value is rounded.

## New electricity retail customers won by Tokyo Gas



## "Sales Campaign"

### FY2019

Winter;  
From Jan. 06, 2020 to Apr. 30, 2020  
Autumn;  
From Oct. 15 to Dec. 23, 2019  
Summer;  
From Jun. 17 to Oct. 08, 2019  
Spring;  
From May. 2 to May. 31, 2019

### FY2020

Summer;  
From Jun. 2 to Jul. 20, 2020

(unit : billion yen)

	Net sales				Segment Profit(Operating profit + Equity income/loss of subsidiary)			
	FY2020 1Q Results	FY2019 1Q Results	Change	%	FY2020 1Q Results	FY2019 1Q Results	Change	%
<b>Gas</b>	<b>284.9</b>	343.0	-58.1	-16.9	<b>27.7</b>	46.2	-18.5	-40.0
(City gas)	<b>240.8</b>	296.1	-55.3	-18.7	<b>29.8</b>	43.5	-13.7	-31.6
(LNG sales)	<b>36.1</b>	36.2	-0.1	-0.3	<b>-1.6</b>	2.4	-4.0	-168.5
<b>Electric Power</b>	<b>89.1</b>	72.1	17.0	23.5	<b>2.9</b>	1.9	1.0	49.6
<b>Overseas business</b>	<b>11.9</b>	10.9	1.0	9.9	<b>2.7</b>	3.6	-0.9	-23.3
(equity income of subsidiaries)	—	—	—	—	<b>0.1</b>	1.5	-1.4	-91.9
<b>Energy-related</b>	<b>72.6</b>	70.5	2.1	3.0	<b>1.4</b>	0.7	0.7	79.8
(Engineering Solutions)	<b>29.4</b>	26.8	2.6	9.8	<b>0.2</b>	-0.5	0.7	—
<b>Real estate</b> (including equity income of subsidiaries)	<b>11.1</b>	11.1	-0.0	-0.4	<b>3.2</b>	3.1	0.1	4.7
<b>Others</b> (including equity income of subsidiaries)	<b>26.6</b>	26.2	0.4	1.7	<b>1.3</b>	1.2	0.1	10.8
<b>Adjustment</b>	<b>-80.9</b>	-66.8	-14.1	—	<b>-11.7</b>	-11.2	-0.5	—
<b>Consolidated</b>	<b>415.6</b>	467.2	-51.6	-11.0	<b>27.8</b>	45.7	-17.9	-39.2
(equity income of subsidiaries)	—	—	—	—	<b>0.3</b>	1.7	-1.4	-79.1

## Notes

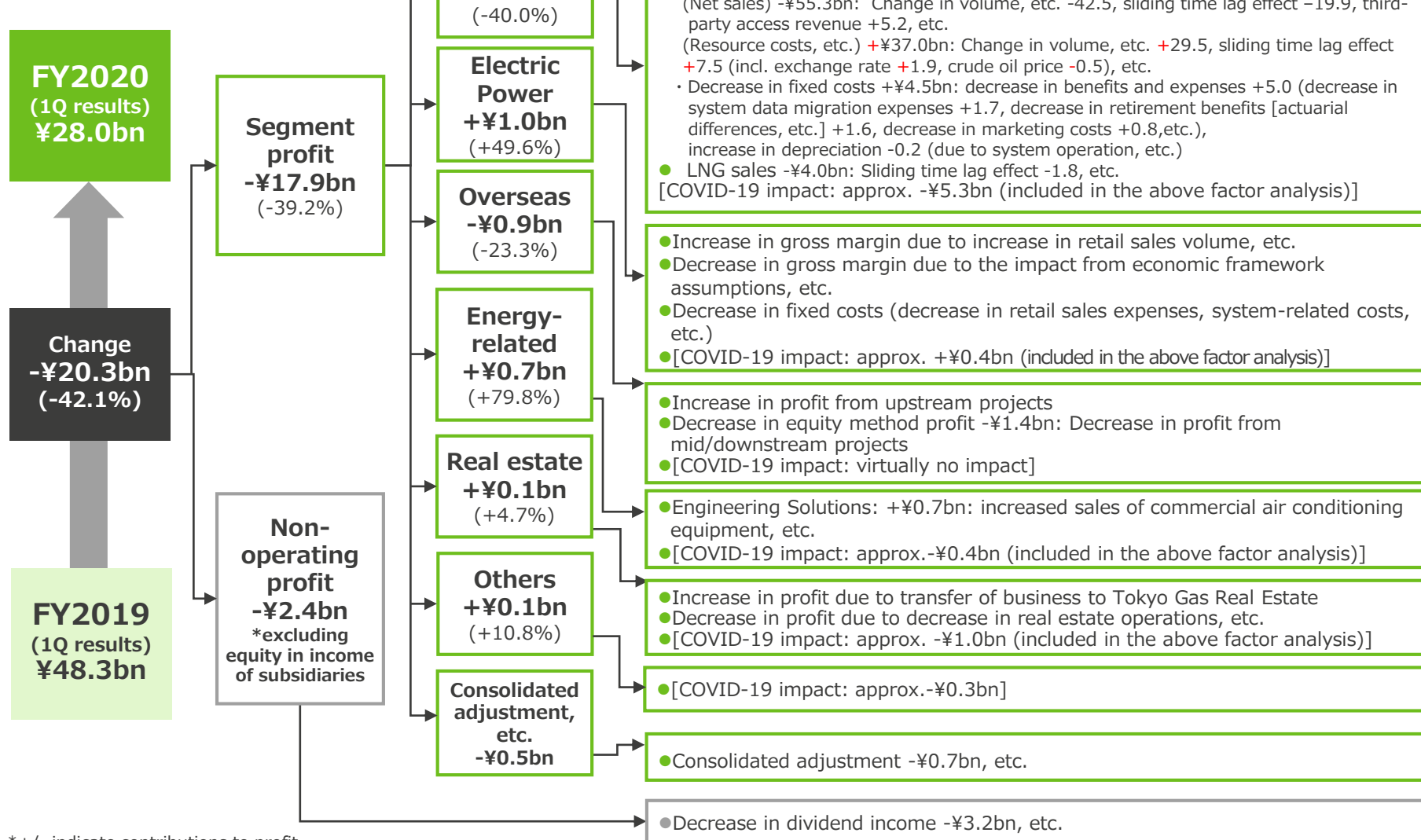
- Net sales by business segments include internal transactions.
- "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others"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

# FY2020 1Q Results: Ordinary Profit Analysis

vs. FY2019 1Q



Revised in red on Nov 5th,2020



\*+/- indicate contributions to profit.



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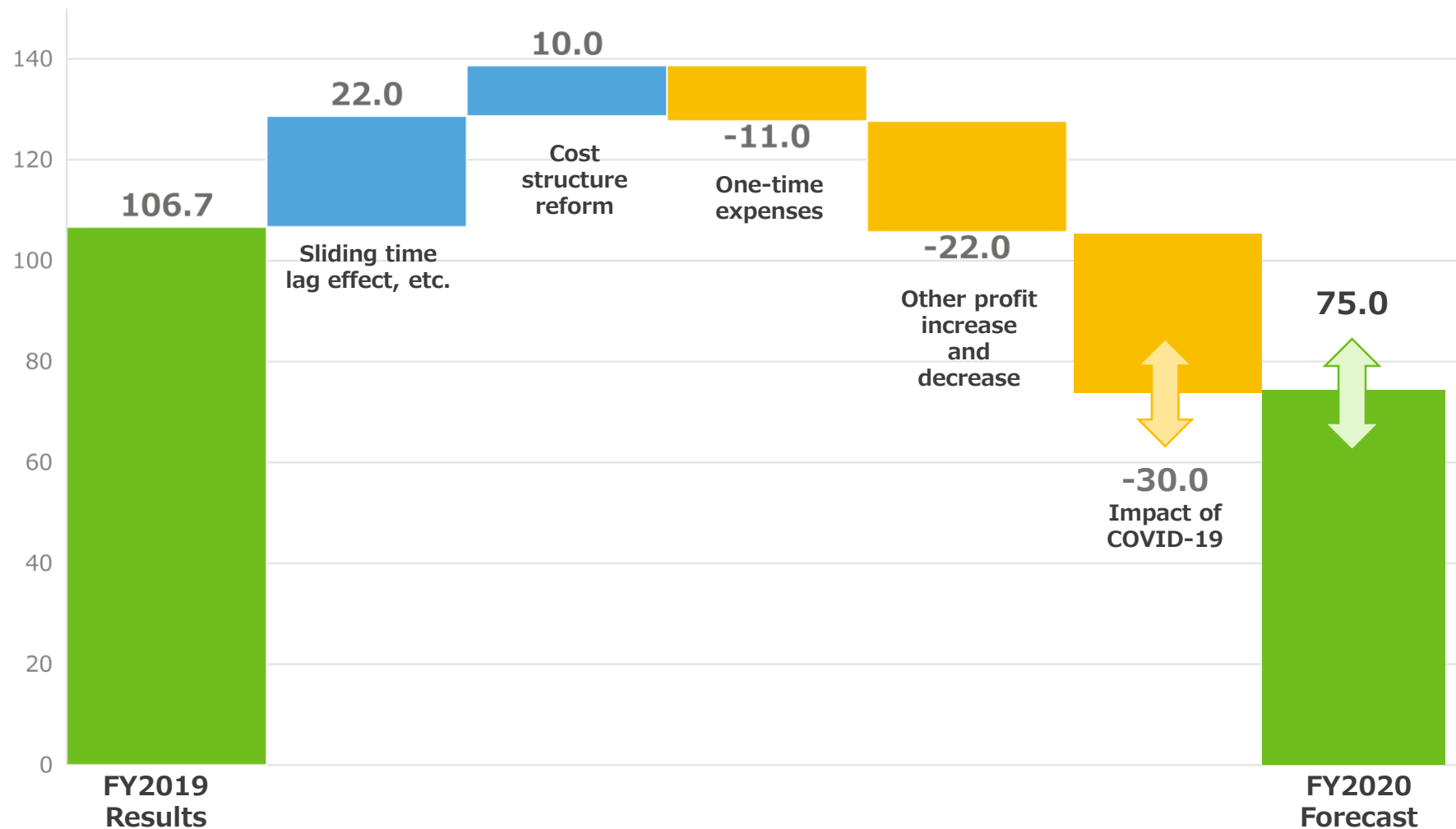
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## FY2020 Full Year Forecast



## Factors for Changes in Profit by Business Segment vs. FY2019 Results

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



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

Item	Main contents	Impact* <sup>1</sup>
<b>Sliding time lag effect, etc.</b>	(+) Sliding time lag (+) City gas temperature affect (+) Pension actuarial differences	<b>Approx. +22.0</b>
<b>Cost structure reform</b>	(+) Rationalization of expenses	<b>Approx. +10.0</b>
<b>One-time expenses</b>	(-) Data migration expenses due to operation of core system (-) Superannuated assets retirement expenses, etc.	<b>Approx. -11.0</b>
<b>Other profit increase and decrease</b>	(+) Increase in electric power retail sales volume (-) Decrease in sales volume from decline in gas demand from customers switching to other providers (-) Increase in depreciation (-) Increase in new service area development expenses (DX-related expenses, etc.) (-) Decrease in profits on overseas projects, etc.	<b>Approx. -22.0</b>
<b>Impact of COVID-19 (※2)</b>	(-) Decrease in gas sales volume (-) LNG supply and demand adjustment expenses (-) Decrease in profits from business segments other than gas (appliances, construction, hotels, etc.) (+) Postponement and restriction of expenses with the impact of COVID-19 (+) Increase in electric power retail sales volume from more time staying at home, etc.	<b>Approx. -30.0</b>

\*1. Economic framework from July: crude oil price \$45/bbl; exchange rate ¥110/\$.

\*2. The impact from COVID-19 is estimated under assumptions as of the present time, and may greatly change in the future.

(unit : billion yen)

	Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	FY2020 Forecast	FY2019 Results	Change	%
Gas	88.5	102.4	-13.9	-13.6
Electric Power	13.6	10.1	3.5	34.1
Overseas business (including equity income of subsidiaries)	2.4	13.2	-10.8	-81.9
Energy-related	13.2	16.9	-3.7	-22.3
Real estate (including equity income of subsidiaries)	5.6	9.6	-4.0	-42.3
Others (including equity income of subsidiaries)	1.3	5.7	-4.4	-77.5
Adjustment	-49.6	-51.5	1.9	—
Consolidated	75.0	106.7	-31.7	-29.7
Operating profit	73.0	101.5	-28.5	-28.1
equity income of subsidiaries	2.0	5.2	-3.2	-61.4

Notes

- "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in information processing service and shipping, etc.
- The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.



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# Reference Materials

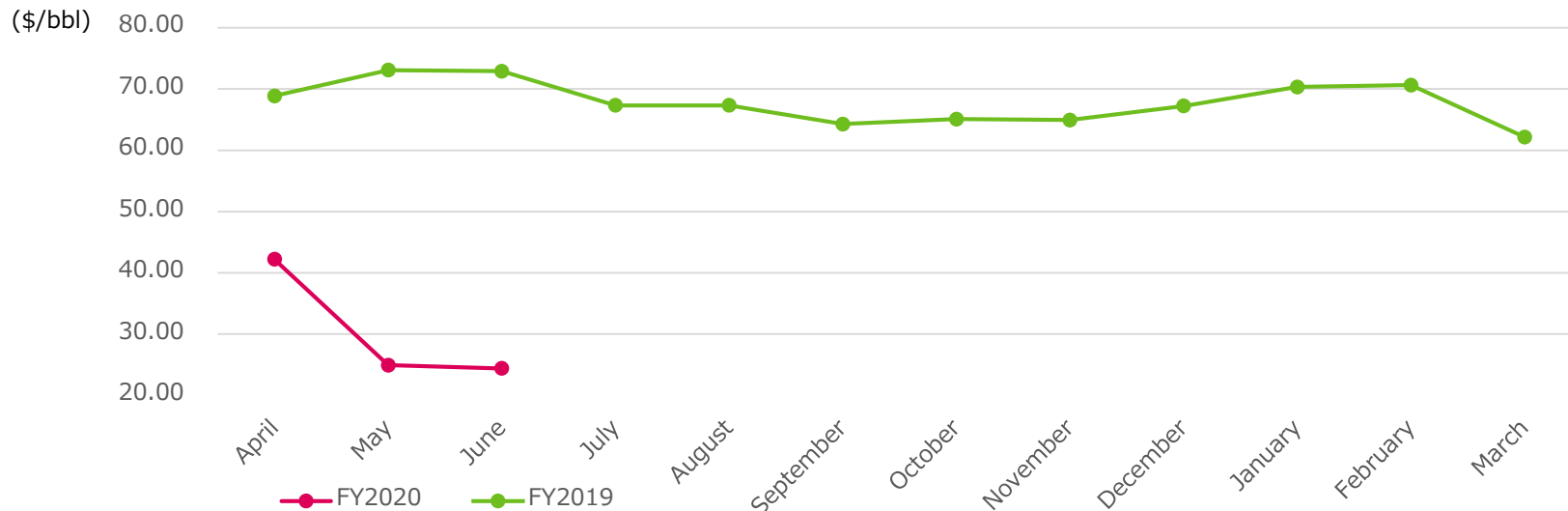
## Impact of rising JCC by \$1/bbl

		Impact on earnings				(Unit: billion yen)
		2Q	3Q	4Q	Full year	
Period	2Q	-0.1	-0.8	+0.8	<b>-0.1</b>	
	3Q	—	-0.1	-0.9	<b>-1.0</b>	
	4Q	—	—	-0.1	<b>-0.1</b>	
	Full year	<b>-0.1</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-1.2</b>	

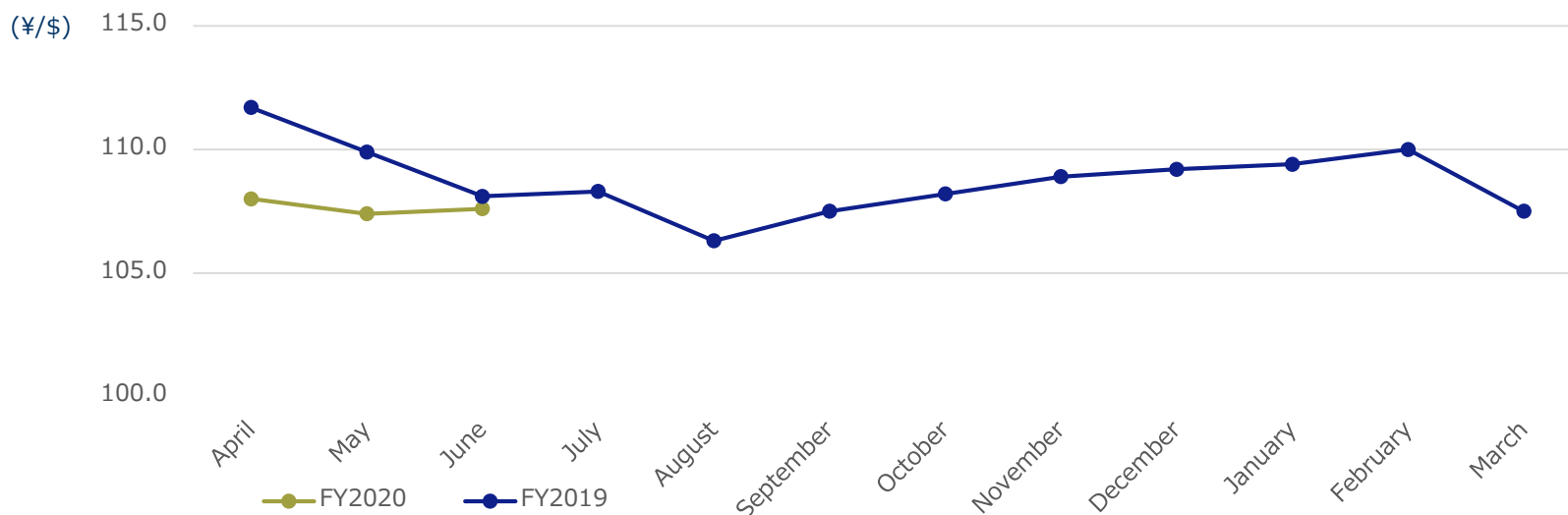
## Impact of depreciation by ¥1/\$

		Impact on earnings				(Unit: billion yen)
		2Q	3Q	4Q	Full year	
Period	2Q	-0.3	+0.3	+0.2	<b>+0.2</b>	
	3Q	—	-0.4	+0.5	<b>+0.1</b>	
	4Q	—	—	-0.7	<b>-0.7</b>	
	Full year	<b>-0.3</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.4</b>	

## Crude oil price (Japan Crude Cocktail Prices)



## Exchange rate



<b>Gas Electric Power (Including ESG)</b>	<ul style="list-style-type: none"> <li>• Launched free solar power system provision service “Zuttomo Solar × Toyota Home” (Apr.20)</li> <li>• Tokyo Gas Invests In Principle Power, A Leading Floating Wind Power Technology Company (May.27)</li> <li>• Began verification of virtual power plants using Ene-Farm home fuel cells (Jun.1)</li> <li>• Tokyo Gas began handling the first effective renewable energy electricity using Feed-in Tariff Scheme for Renewable Energy (FIT) non-fossil fuel energy certificates (Jul.2)</li> </ul>
<b>Services (Including ESG)</b>	<ul style="list-style-type: none"> <li>◆ Engineering Solutions               <ul style="list-style-type: none"> <li>• Establishment of Ekimachi Energy Create (Apr. 7)</li> <li>• Establishment of Ryukyu Energy Service LLC. (May 11)*1</li> <li>• Initiation of energy service to the “Kirameki Terrace” redevelopment project at the site of the former Kagoshima City Transportation Bureau using a smart energy network – Providing area energy that is environmentally friendly and disaster resistant (Jul. 1)*1</li> <li>• Initiation of energy service to the Miyazaki Medical Association Hospital (Jul.1)*1</li> </ul> </li> <li>◆ Others               <ul style="list-style-type: none"> <li>• Integration of Tokyo Gas Living Engineering Co., Ltd. and Tokyo Gas Remodeling Co., Ltd. (Apr. 6)*2</li> <li>• Tokyo Gas venture Sumilena Co., Ltd. initiates “fixed monthly fees appliances rental services” and implements “Rest HOME” campaign in collaboration with 4 companies, mostly startups (Jun. 17)*3</li> <li>• Completion of Station Tower N of the “msb Tamachi” large-scale joint development project directly connected to the east exit of JR Tamachi Station (Jul. 15)*4</li> </ul> </li> </ul>
<b>Overseas (Including ESG)</b>	<ul style="list-style-type: none"> <li>• Establishment of a Subsidiary in the United States and the Acquisition of a 500MW Solar Power Project(Jul.29)</li> <li>• Tokyo Gas Acquires Oil and Gas Assets in Louisiana Through Castleton Resources and Takes Majority Interest in Castleton Resources(Jul.29)</li> </ul>
<b>ESG</b>	<ul style="list-style-type: none"> <li>• Tokyo Gas Group's Interim Initiatives Based on the Emergency Declaration(Apr.7)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak(Apr.24)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak(May.13)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak(Jun.24)</li> <li>• Conclusion of the “Basic Agreement on Mutual Assistance During Disasters” with Tochigi Prefecture (Jul.3)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak(Jul.20)</li> </ul>
<b>Finance and shareholder returns</b>	<ul style="list-style-type: none"> <li>• Notice of Posting Extraordinary Loss and Revision to Results Forecast(Apr.23)</li> <li>• Announcement of issue of the 58th, the 59th, the 60th and the 61th Domestic unsecured notes (May.22)</li> </ul>

\*1 Press releases issued by Tokyo Gas Engineering Solutions.

\*2 Press releases issued by Tokyo Gas Living Engineering and Tokyo Gas Remodeling.

\*3 Press releases issued by Sumilena.

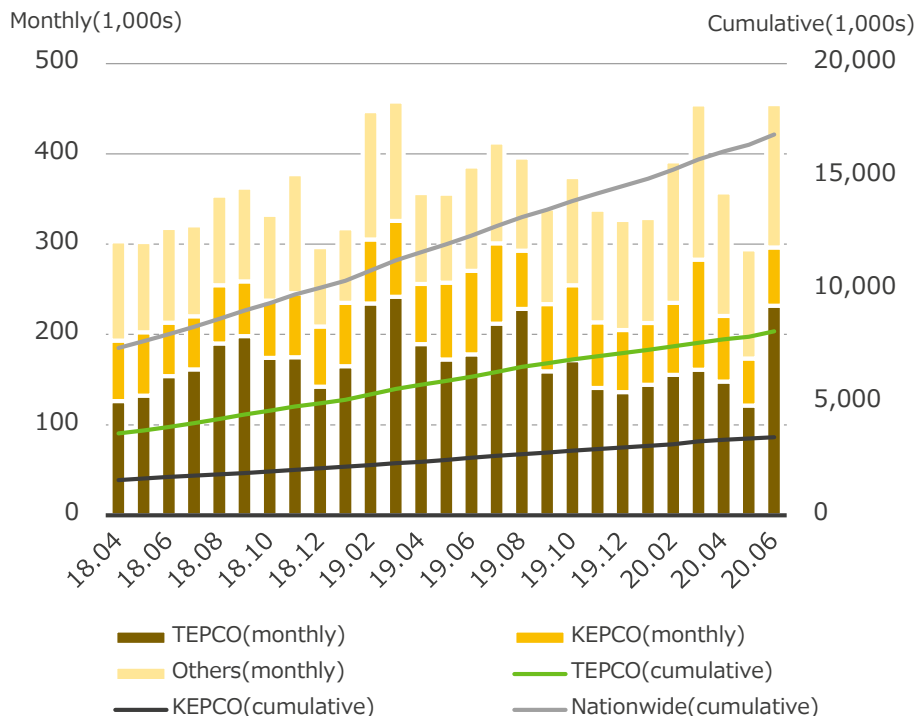
\*4 Press releases issued by Tokyo Gas Real Estate.



Area	No	Country	Subject	Main Business	Participation year
North America	①	U.S.A	Barnett	Upstream Shale gas	2013
			Eagle Ford	Upstream Shale gas	2016
			East Texas	Upstream Shale gas	2017
			TGES America	Downstream Energy Service	2015
			Birdsboro Power Plant	Downstream Natural gas power	2017
			Acario Ventures	Other Open Innovation	2017
	②	Mexico	Bajio	Downstream Natural gas power	2004
			MT Falcon	Downstream Natural gas power	2010
			Heolios EnTG	Downstream Renewable venture	2019
Southeast Asia	③	Malaysia	GAS MALASIA Bhd.	Downstream City gas	1992
			GAS MALASIA ENERGY ADVANCE Sdn.Bhd.	Downstream Energy Service	2014
	④	Thailand	Bang bo	Downstream Natural gas power	2016
			GWHAMT	Downstream Gas Supply	2018
			One Bangkok	Downstream District Cooling Solutions and power distribution	2020
	⑤	Vietnam	PVGD	Downstream CNG Supply	2017
	⑥	Indonesia	PRA	Downstream Gas Supply, Transfer	2017
Oceania	⑦	Australia	Darwin	Upstream Production, liquefaction and sales of LNG	2003
			Pluto	Upstream Production, liquefaction and sales of LNG	2008
			Gorgon	Upstream Production, liquefaction and sales of LNG	2009
			Queensland Curtis	Upstream Production, liquefaction and sales of LNG	2011
			Ichthys	Upstream Production, liquefaction and sales of LNG	2012

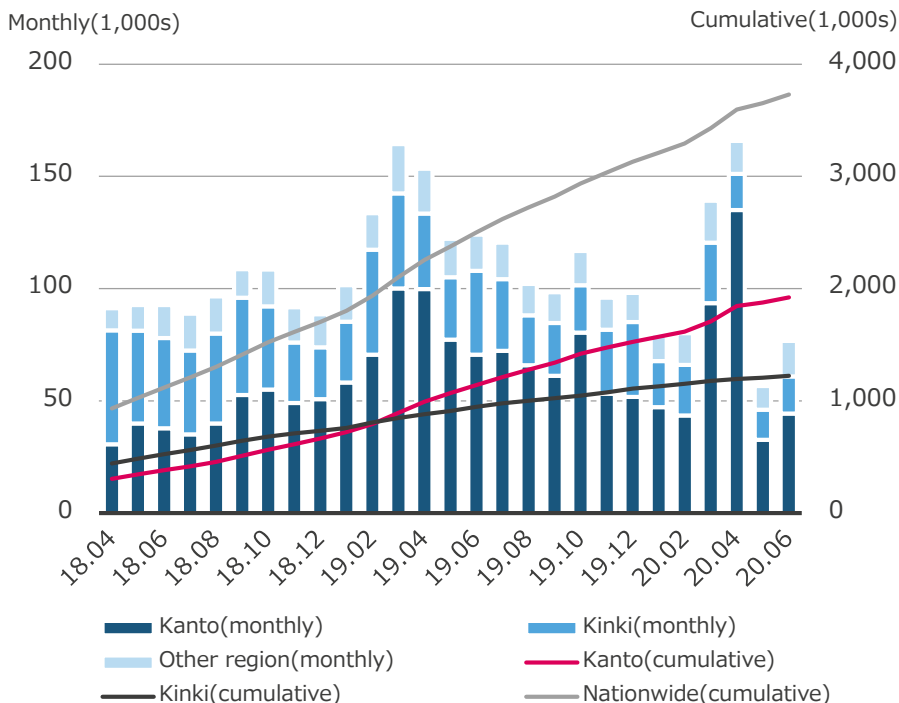


## Electricity switchers (based on applications)



\* Based on data published by the Organization for Cross-regional Coordination of Transmission Operators.

## City gas switchers (based on applications)



\* Based on data published by the Agency for Natural Resources and Energy.

## Number of customers for city gas retail sales (Tokyo gas consolidated, 10thousands)

Full deregulation of the retail market (2017.04)

	2017.3	2017.6	2017.9	2017.12	2018.3	2018.6	2018.9	2018.12	2019.3	2019.6	2019.9	2019.12	2020.03	2020.06
Number	1,026.9	1,031.4	1,028.9	1,029.6	1,020.9	1,018.9	1,008.9	998.2	982.1	960.7	940.5	925.9	912.9	904.4
(Change)	(—)	(+4.5)	(-2.5)	(+0.7)	(-8.7)	(-2.0)	(-10.0)	(-10.7)	(-16.1)	(-21.4)	(-20.2)	(-14.6)	(-13.0)	(-8.5)



### **< 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.