

**Consolidated Financial Results Bulletin for the 3rd Quarter Ended December 31, 2017****(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531

(URL <http://www.tokyo-gas.co.jp/IR/english/index.html>)

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Consolidated Settlements Group**Stock listings:**

Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: February 14, 2018

Scheduled date of the start of dividend payments: —

Preparation of 3Q earnings presentation material (yes/no): **Yes**Holding of 3Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

**1. Consolidated Performance for 3rd Quarter (from April 1, 2017 to December 31, 2017)**

(Unit: million yen)

**(1) Consolidated Business Performance**

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Nine months ended Dec. 31, 2017	1,221,491	12.5%	68,029	141.6%	65,329	155.4%	48,360	177.3%
Nine months ended Dec. 31, 2016	1,086,075	-18.9%	28,162	-78.1%	25,574	-79.6%	17,441	-77.9%

Note: Total comprehensive income

Nine months ended December 31, 2017: 46,910 million yen (—%) Nine months ended December 31, 2016: -6,020 million yen (—%)

	Net profit per share	Diluted net profit per share
Nine months ended Dec. 31, 2017	105.83 yen	—
Nine months ended Dec. 31, 2016	37.71 yen	—

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Net profit per share" is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Dec. 31, 2017	2,269,824	1,128,791	49.1%
As of Mar. 31, 2017	2,230,269	1,112,807	49.4%

Reference: Shareholders' equity

As of December 31, 2017: 1,115,468 million yen As of March 31, 2017: 1,101,498 million yen

**2. Dividend**

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2016 ended Mar. 31, 2017	—	5.50	—	5.50	11.00
FY2017 ending Mar. 31, 2018	—	5.50	—		
FY2017 ending Mar. 31, 2018 (Forecast)				27.50	—

Note: Revision to the dividend forecast that has been disclosed lastly: *No*

\*As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. The dividend per share at end of 4Q of FY2017 ending March 31, 2018 (forecast) indicates the amount after taking into consideration the impact of the share consolidation, and the total full-year dividend is shown as "—". Without taking into consideration the share consolidation, the dividend per share at end of 4Q of FY2017 ending March 31, 2018 (forecast) will be 5.50 yen, and the full-year dividend per share will be 11.00 yen. Please see "Explanation related to appropriate use of results forecasts and other items warranting special mention" for details.

### 3. Consolidated Results Forecast for FY2017 ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Net profit per share
	Value	% of change	Value	% of change	Value	% of change	Value	% of change	Value
Full-year	1,805,000	13.7%	97,000	66.2%	92,000	65.2%	70,000	31.7%	153.21 yen

Note: Revision to the consolidated results forecast that has been disclosed lastly: *Yes*

\* As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. Net profit per share of the consolidated results forecast for FY2017 ending March 31, 2018 takes into consideration the impact of the share consolidation. Please refer to “Explanation related to appropriate use of results forecasts and other items warranting special mention” for details.

#### \*Notes

(1) Significant changes in consolidated subsidiaries (changes in specified subsidiaries resulting in change of scope of consolidation during the quarter) (yes/no): *No*

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation (yes/no): *Yes*

Note: Please see page 8 of the Attachment, “2. Consolidated Financial Statements and Main Notes (3) Notes on consolidated financial statements (Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)” for details.

(3) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: *No*

2) Change in accounting policies other than item 1) above: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Dec. 31, 2017	458,073,259	Mar. 31, 2017	460,571,259
2) Number of shares of treasury stock at end of period:	Dec. 31, 2017	1,387,356	Mar. 31, 2017	1,365,308
3) Average number of shares during period:	Apr. – Dec. 2017	456,974,597	Apr. – Dec. 2016	462,496,750

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. “Number of issued shares at end of period,” “Number of shares of treasury stock at end of period,” and “Average number of shares during period” are calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

\* Quarterly review procedures do not apply to the Consolidate Financial Results Bulletins.

\* Explanation related to appropriate use of results forecasts and other items warranting special mention

1. The above forecasts are based on the information available at the time this report was prepared, and Tokyo Gas makes no guarantee that these figures will be achieved. Actual results may differ from these forecasts for a variety of reasons. Please see page 3 of the Attachment “1. Overview of Business Performance, etc.: (2) Future outlook” for matters concerning the above forecasts.

2. A share consolidation was approved at the 217th annual shareholders meeting held on June 29, 2017, and thus the Company consolidated its common shares at a rate of 5 shares to 1 effective October 1, 2017. The consolidated results forecast, non-consolidated results forecast, and dividend forecast for FY2017 ending March 31, 2018 converted to the basis before taking the share consolidation into consideration are as follows:

- Consolidated results forecast for FY2017 ending March 31, 2018      Net income per share: 30.64 yen
- Non-consolidated results forecast for FY2017 ending March 31, 2018      Net income per share: 22.32 yen
- Dividend forecast for FY2017 ending March 31, 2018      Dividend per share: 11.00 yen

3. The information related to this Financial Results will be posted on the Web site of the Company.

**Non-Consolidated Results Forecast for FY2017 ending March 31, 2018 (April 1, 2017 - March 31, 2018)**

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
		(% of change)		(% of change)		(% of change)		(% of change)	
Full-year	1,598,000	13.5%	64,000	117.0%	65,000	75.5%	51,000	-25.8%	111.62 yen

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *Yes*

\* As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. Net profit per share of the non-consolidated results forecast for FY2017 ending March 31, 2018 takes into consideration the impact of the share consolidation. Please refer to "Explanation related to appropriate use of results forecasts and other items warranting special mention" for details.

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# 1. Overview of Business Performance, etc.

## (1) Overview of business performance of the 3rd quarter

### <Summary by segment>

(Unit: million yen)

		City gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2017	786,347	150,881	33,059	327,369	31,620	63,826
	(% of total)	(56.4%)	(10.8%)	(2.4%)	(23.5%)	(2.3%)	(4.6%)
	FY2016	707,139	100,752	19,667	316,554	30,982	61,626
	(% of total)	(57.2%)	(8.1%)	(1.6%)	(25.6%)	(2.5%)	(5.0%)
	Amount of change	79,208	50,129	13,392	10,815	638	2,200
	(Rate of change)	11.2%	49.8%	68.1%	3.4%	2.1%	3.6%
Operating expenses	FY2017	722,735	142,816	27,780	317,275	24,927	61,032
	(% of total)	(55.8%)	(11.0%)	(2.1%)	(24.5%)	(1.9%)	(4.7%)
	FY2016	667,558	98,145	18,893	306,261	24,317	59,574
	(% of total)	(56.7%)	(8.4%)	(1.6%)	(26.1%)	(2.1%)	(5.1%)
	Amount of change	55,177	44,671	8,887	11,014	610	1,458
	(Rate of change)	8.3%	45.5%	47.0%	3.6%	2.5%	2.4%
Segment profit	FY2017	63,612	8,065	6,205	10,094	6,692	2,799
	(% of total)	(65.1%)	(8.3%)	(6.4%)	(10.4%)	(6.9%)	(2.9%)
	FY2016	39,581	2,607	2,413	10,292	6,665	2,056
	(% of total)	(62.2%)	(4.1%)	(3.8%)	(16.2%)	(10.5%)	(3.2%)
	Amount of change	24,031	5,458	3,792	-198	27	743
	(Rate of change)	60.7%	209.3%	157.2%	-1.9%	0.4%	36.1%

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit are adjusted against the amount based on operating profit of consolidated financial statements plus or minus investment income or loss on equity method.

### <Consolidated Gas Sales Volume for Nine Months Ended December 31, 2017>

			Apr. – Dec. 2017	Apr. – Dec. 2016	Change	% change
No. of customers	Thousands		11,627	11,488	139	1.2
Gas sales volume	Residential	Mil. m <sup>3</sup>	2,169	2,083	86	4.1
	Commercial	Mil. m <sup>3</sup>	1,910	1,906	4	0.2
	Industrial	Mil. m <sup>3</sup>	5,430	5,471	-41	-0.7
	Subtotal	Mil. m <sup>3</sup>	7,340	7,377	-37	-0.5
	Supplies to other utilities	Mil. m <sup>3</sup>	1,424	1,626	-202	-12.4
	Total	Mil. m <sup>3</sup>	10,933	11,086	-153	-1.4
Average temperature	°C		18.9	19.5	-0.6	—

Notes:

- No. of customers indicates the number of Tokyo Gas' city gas meters installed within the supply area as of end of December 2017.
- “Commercial” indicates sales to commercial, public and medical institutions.
- Gas sales volumes are on the basis of 45MJ/m<sup>3</sup>.
- Average temperature is the average temperature during the period of use by each customer (from date of initial month's meter reading to final month's meter reading).

The aforementioned notes also apply to the relevant tables.

### <Consolidated Electric Power Sales Volume for Nine Months Ended December 31, 2017>

			Apr. – Dec. 2017	Apr. – Dec. 2016	Change	% change
Electric power sales volume	Retail	million kWh	2,912	1,311	1,601	122.1
	Others	million kWh	7,580	7,955	-375	-4.7
	Total	million kWh	10,492	9,266	1,226	13.2

### <Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Dec. 2017	Apr. – Dec. 2016	Change	Crude oil price (\$/bbl)	Apr. – Dec. 2017	Apr. – Dec. 2016	Change
	111.69	106.65	5.04		53.86	44.89	8.97

**(2) Future outlook**

## a. Consolidated gas sales volume forecast for FY2017

			FY2017 (Forecast)	FY2016 (Results)	Change	% change
Gas sales volume	Residential	Mil. m <sup>3</sup>	3,620	3,466	154	4.4
	Others	Mil. m <sup>3</sup>	11,889	12,254	-365	-3.0
	Total	Mil. m <sup>3</sup>	15,509	15,720	-211	-1.3
Average temperature		°C	15.8	16.3	-0.5	—

## b. Consolidated electric power sales volume forecast for FY2017

		FY2017 (Forecast)	FY2016 (Results)	Change	% change
Total electric power sales volume	million kWh	14,578	12,654	1,924	15.2

## c. Consolidated earnings forecast for FY2017

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2017 (forecast)	18,050	11,499	6,551	970	920	700
FY2016 (results)	15,870	10,400	5,470	583	556	531
Change	2,180	1,099	1,081	387	364	169
% change	13.7%	10.6%	19.8%	66.2%	65.2%	31.7%

Note: Internal sales between segments are adjusted in the "Other sales" column.

## &lt;Foreign Exchange Rate and Crude Oil Price&gt;

¥/\$ rate	FY2017 (Forecast)	FY2016 (Results)	Change	Crude oil price (\$/bbl)	FY2017 (Forecast)	FY2016 (Results)	Change
		112.52	108.38		4.14		55.40

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	235,152	224,191
Distribution facilities	539,840	553,815
Service and maintenance facilities	53,623	51,538
Other facilities	416,142	408,232
Inactive facilities	316	316
Construction in progress	147,074	151,818
Total property, plant and equipment	1,392,149	1,389,913
Intangible assets		
Goodwill	1,600	1,336
Other intangible assets	77,615	84,380
Total intangible assets	79,215	85,717
Investments and other assets		
Investment securities	182,443	225,390
Long-term loans receivable	28,128	26,465
Net defined benefit asset	24	16
Deferred tax assets	40,127	35,114
Other investments and other assets	39,100	36,754
Allowance for doubtful accounts	- 367	- 394
Total investments and other assets	289,456	323,346
Total non-current assets	1,760,821	1,798,977
Current assets		
Cash and deposits	132,626	85,532
Notes and accounts receivable - trade	194,240	221,428
Lease receivables and investment assets	24,097	22,850
Securities	—	15
Merchandise and finished goods	2,317	3,251
Work in process	12,466	24,977
Raw materials and supplies	40,763	47,055
Deferred tax assets	9,050	9,049
Other current assets	54,259	57,336
Allowance for doubtful accounts	- 374	- 648
Total current assets	469,447	470,846
Total assets	2,230,269	2,269,824

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	314,997	294,998
Long-term loans payable	326,752	356,231
Deferred tax liabilities	11,299	11,404
Net defined benefit liability	73,524	68,624
Provision for gas holder repairs	3,262	3,199
Provision for safety measures	4,711	3,324
Provision for gas appliance warranties	10,298	9,829
Asset retirement obligations	11,975	11,801
Other noncurrent liabilities	31,650	61,217
Total non-current liabilities	788,474	820,632
Current liabilities		
Current portion of non-current liabilities	56,395	59,233
Notes and accounts payable - trade	96,413	79,839
Short-term loans payable	10,333	8,751
Income taxes payable	20,000	13,971
Other current liabilities	145,843	158,604
Total current liabilities	328,987	320,400
Total liabilities	1,117,461	1,141,032
<b>Net assets</b>		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,883	1,898
Retained earnings	893,436	910,036
Treasury shares	- 3,087	- 3,625
Total shareholders' equity	1,034,076	1,050,154
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,166	35,513
Deferred gains or losses on hedges	- 990	- 246
Foreign currency translation adjustment	36,399	29,397
Remeasurements of defined benefit plans	4,845	649
Total accumulated other comprehensive income	67,422	65,313
Non-controlling interests	11,309	13,323
Total net assets	1,112,807	1,128,791
Total liabilities and net assets	2,230,269	2,269,824



**(2) Consolidated statements of income and comprehensive income**  
(Consolidated statement of income : Nine months ended December 31, 2017)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	1,086,075	1,221,491
Cost of sales	714,258	828,912
Gross profit	371,817	392,578
Selling, general and administrative expenses		
Supply and sales expenses	296,042	279,179
General and administrative expenses	47,612	45,369
Total selling, general and administrative expenses	343,655	324,548
Operating profit	28,162	68,029
Non-operating income		
Interest income	564	842
Dividend income	1,989	2,854
Share of profit of entities accounted for using equity method	1,643	931
Miscellaneous income	5,316	4,935
Total non-operating income	9,514	9,563
Non-operating expenses		
Interest expenses	8,310	8,671
Miscellaneous expenses	3,790	3,592
Total non-operating expenses	12,101	12,263
Ordinary profit	25,574	65,329
Extraordinary income		
Gain on sales of non-current assets	—	3,223
Gain on sales of investment securities	2,918	3,049
Total extraordinary income	2,918	6,272
Extraordinary losses		
Impairment loss	—	2,378
Total extraordinary losses	—	2,378
Profit before income taxes	28,493	69,223
Income taxes	10,592	20,246
Profit	17,900	48,976
Profit attributable to non-controlling interests	459	615
Profit attributable to owners of parent	17,441	48,360

## (Consolidated statement of comprehensive income : Nine months ended December 31, 2017)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	17,900	48,976
Other comprehensive income		
Valuation difference on available-for-sale securities	6,228	8,391
Deferred gains or losses on hedges	1,122	480
Foreign currency translation adjustment	- 38,477	- 6,807
Remeasurements of defined benefit plans, net of tax	12,739	- 4,181
Share of other comprehensive income of entities accounted for using equity method	- 5,534	51
Total other comprehensive income	- 23,921	- 2,066
Comprehensive income	- 6,020	46,910
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	- 6,496	46,251
Comprehensive income attributable to non-controlling interests	476	658

### **(3) Notes on consolidated financial statements**

#### **(Note on going concerns' premise)**

Not applicable

#### **(Significant changes in shareholders' equity)**

##### 1) Purchase of treasury stock

The Company purchased treasury stock from the market as per the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act.

- Purchase period                      May 9 – May 23, 2017 (contract basis)
- Number of shares purchased      12,490 thousand shares
- Total amount of purchase        ¥6,999 million
- Purchase method                    Market buying by specified fund trust on the Tokyo Stock Exchange

##### 2) Cancellation of treasury stock

The Company cancelled treasury stock as follows, based on a resolution of the Board of Directors passed on June 29, 2017, as per Article 178 of the Companies Act:

- Type of shares cancelled          Tokyo Gas Common Stock
- Number of shares cancelled      12,490 thousand shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 0.54%)
- Effective date of cancellation    July 19, 2017

#### **(Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)**

##### Calculation of taxes

Taxes are calculated by multiplying profit before income taxes for the third-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit income before income taxes for the current consolidated fiscal year ending March 31, 2018 including the third quarter under review.