



Tokyo Gas Group FY2018-2020 Medium-Term Management Plan

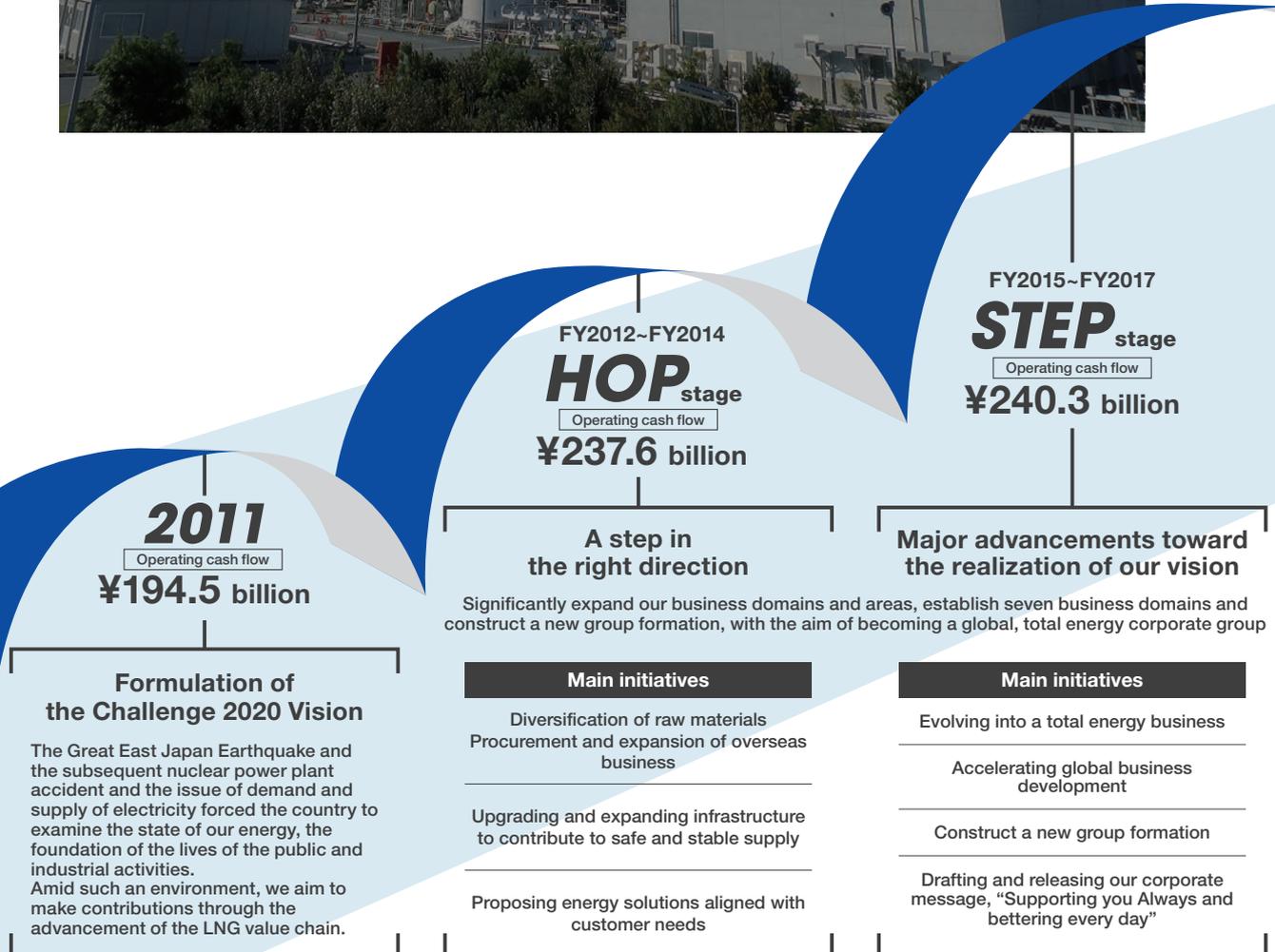
GPS2020

In November 2011, the Tokyo Gas Group released its Group Management Vision: “Challenge 2020 Vision - Initiatives by the Tokyo Gas Group for Energy and for the Future”.

In our previous management plans, “Hop” (FY2012-2014) and “Step” (FY2015-2017), our goals were to realize a total energy and global corporate group. In addition to widely expanding our business domains and areas, and forming seven business domains, we also built a new group formation.

During the “Jump” period, we will deploy the Tokyo Gas Group’s “GPSxG” system to generate real new value in “the things we can do” while pressing forward with ongoing a comprehensive vision of non-continuous reform (business transformation unprecedented in its boldness and fundamental reform of our organizational structure).

The 2020s will be a period of solid growth and forward movement.



Tokyo Gas's Concept of the Coming Era

In formulating our management plan, Tokyo Gas has summarized its awareness of the coming new era in terms of three specific perspectives.

The three perspectives are: “The Era of Natural Gas,” “The Era of Single-Source Providers of Electricity and Gas,” and “The Era of Next-Dimensional Innovation Fueled by the Rapid Digital Evolution.”

1

The Era of Natural Gas

With its excellent stability, economics, and environmentally friendly characteristics, natural gas is becoming an increasingly important energy source, both in Japan and around the world. Going forward, natural gas is expected to become more widely used, in a greater range of fields and areas, as it expands dynamically on a global scale.

2

The Era of Single-Source Providers of Electricity and Gas

Until now, customers in Japan were only able to buy electricity from electric power companies, and gas from gas companies. But now, with the full deregulation of the electric power and gas retail markets, consumers in Japan can now purchase both electricity and gas from a single supplier. Moving forward, it will now be possible for us to propose and introduce optimal energy systems combining both gas and electric power.

3

The Era of Next-Dimensional Innovation Fueled by the Rapid Digital Evolution

The rapid evolution of digital technologies such as IoT and AI is having an enormous impact on daily life and industry. These technologies are expected to spur new kinds of innovation that differ from anything seen before. We will pay close attention to such changes as we move forward.

FY2018~FY2020
JUMP stage
Operating cash flow
¥280 billion

Transition from “Goals” to “Capabilities”

Through a variety of means, we will deliver global gas and power along with services that meet our domestic and overseas customers’ needs

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GPS
Total energy

GPS × **G**
GAS & POWER
+ SERVICE × GLOBAL

G
Global

- Provide optimal energy, featuring gas and electricity as a packaged service.
- Provide a one-stop offer for a full range of services designed to meet life stages and needs of residential customers.
- We will provide energy services and engineering for our commercial and industrial customers to reduce their energy usage and costs.

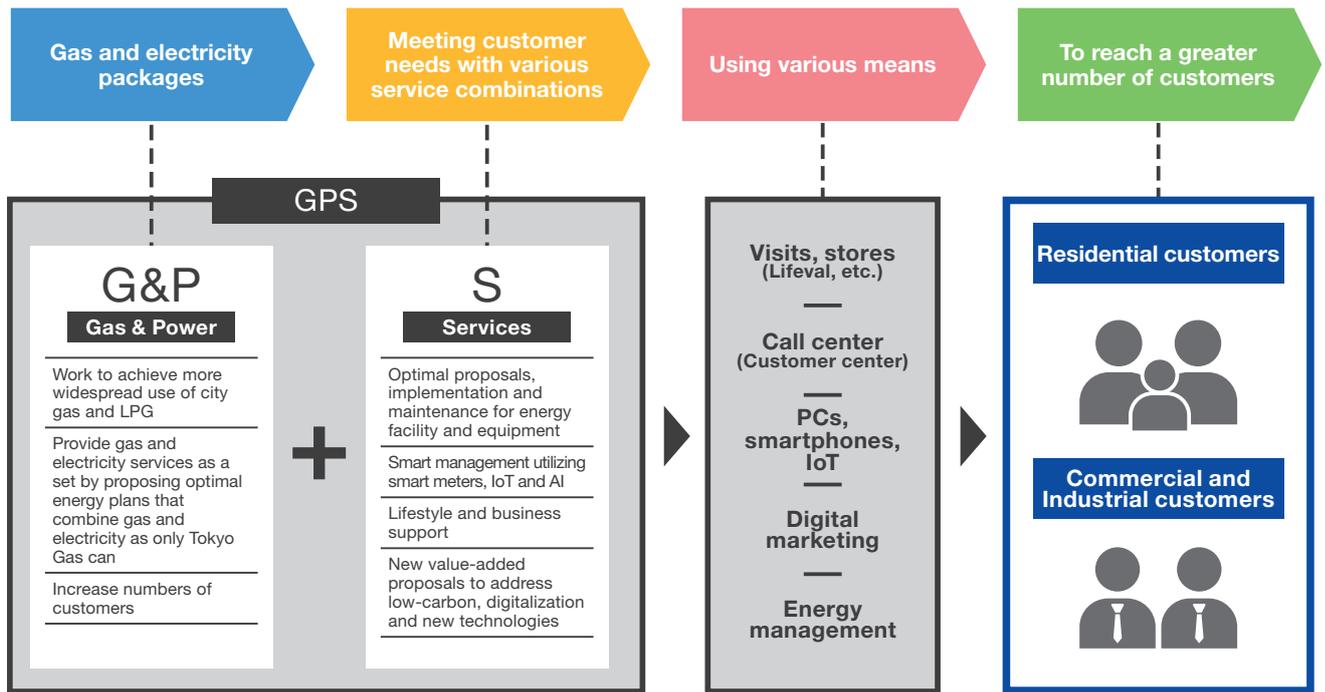


- Establish offices in strategic areas and concentrate management resources to engage in proposal planning.
- Contribute to building energy infrastructure in coordination with the governments and enterprises in the fast-growing countries of Southeast Asia and other regions as the energy supply and demand structure of these regions continues to evolve.
- Build a firm foundation for profitability in North America and other regions where deregulation and market trading of energy is advancing, while acquiring and using the know-how that will contribute to our other businesses in Japan and overseas.

GPS × G Initiatives

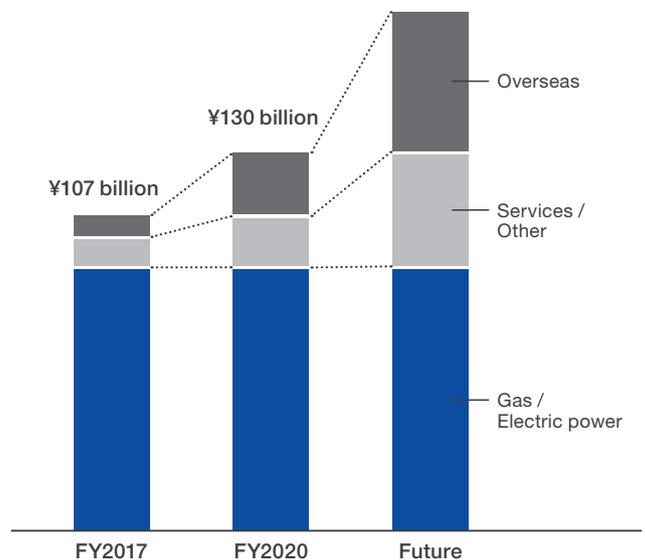
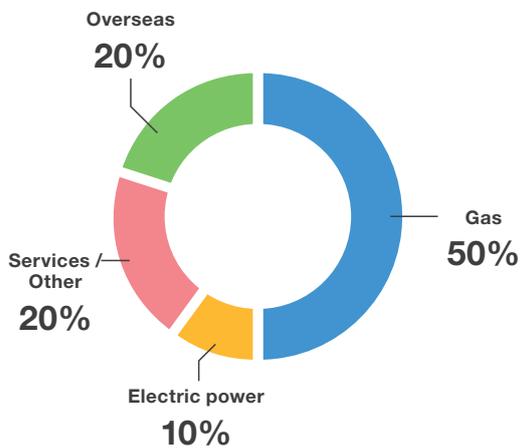
GAS & POWER + SERVICE × GLOBAL

Proposing services to meet the needs of customers with GPS



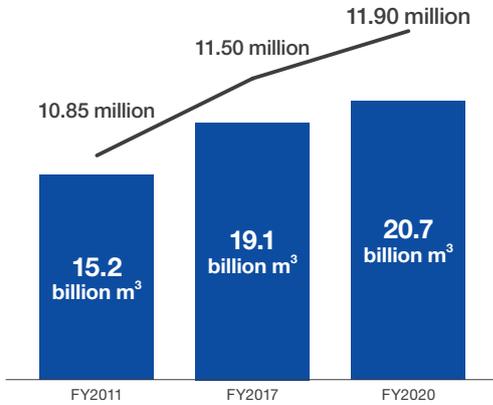
FY2020 profit breakdown

Operating profit + equity income

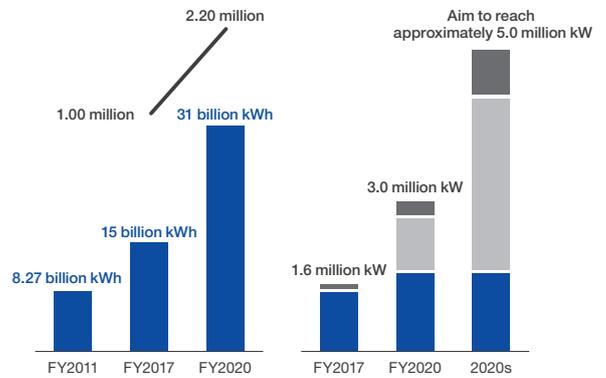




■ Gas handing volume
— Number of customers (with city gas meters)



■ Electric power sales volume
— Number of customers (electric power contracts)
■ Tokyo Gas power sources (existing)
■ Tokyo Gas power sources (replaced or new)
■ Alliances or market procurement



In addition to gas and electric power as a package, we will propose and deliver optimal service combinations to match customers' lifestyle and business needs.

Lifestyle services including gas devices and equipment

Engineering services

Regional development services (Real estate)



Utilizing our experience in the LNG value chain management, we will deepen and expand our business operations according to the regional characteristics of each area.

North America We will participate in upstream, midstream and downstream business operations to acquire know-how and enhance our revenue base.

Southeast Asia This area is expected to see further growth. We will continue to drive initiatives in midstream and downstream business operations.

Australia We will seek to maximize the value of existing projects, with a primary focus on upstream interests.

Cash flow distribution method for FY2018-2020

Investments for infrastructure development, future advancements, and breakthroughs

	FY2017	FY2020	Cash flow distribution		Investment distribution	
Consolidated operating cash flow	244 billion yen	280 billion yen	1,180 billion yen (3-year total) Consolidated operating cash flow 810 billion yen (69%) External loans, etc. 370 billion yen (31%)	1,180 billion yen (3-year total) Capital investment 730 billion yen (62%) Investment and financing 290 billion yen (25%) Shareholder returns (dividends, treasury stock) 160 billion yen (13%)*	Gas	500 (49%)
Profitability (ROE)	5.5%	Approx. 8%			Electric power	30 (3%)
Shareholder returns (Total payout ratio)	60%	60%			Services / Other including Real estate	230 (23%) 100
Stability (Debt-to-equity ratio)	0.71	Approx. 0.9			Overseas	260 (25%)
					FY2018-2020	1,020 (Avg. 340 billion yen / year)

*Equivalent to 60% of consolidated net profit in FY2018 to FY2020

*Figures for FY2017 are values forecast at the time of plan formulation.