

## Financial data

### 11-Year Consolidated Financial Highlights As of March 31, 2019

	2009.3	2010.3	2011.3	2012.3
Net Sales (¥ million)	1,660,162	1,415,718	1,535,242	1,754,257
Operating Profit (¥ million)	65,204	85,229	122,451	77,075
Operating Profit Margin (%)	3.93	6.02	7.98	4.39
Ordinary Profit (¥ million)	58,337	83,519	121,548	75,620
Profit attributable to owners of parent (¥ million)	41,708	53,781	95,467	46,060
Equity (¥ million)	772,365	813,886	858,920	839,166
Total Assets (¥ million)	1,764,185	1,840,972	1,829,661	1,863,885
Interest-bearing Debt (¥ million)	593,230	555,919	584,169	625,830
Operating Cash Flow (¥ million)	182,791	199,898	244,803	194,565
Free Cash Flow (¥ million)	36,862	51,712	94,600	48,152
EBITDA (¥ million)	206,287	231,346	271,788	225,580
Capital Expenditure (¥ million)	145,929	148,186	150,202	146,413
Depreciation (¥ million)	141,083	146,117	149,336	148,505
EPS (Earnings per Share, fully diluted) (¥)	15.37	19.86	35.63	17.70
BPS (Book Value per Share) (¥)	284.72	301.58	320.70	324.67
Number of Issued Shares (Common Stock) (thousands of shares)	2,717,571	2,703,761	2,684,193	2,590,715
Dividend per Share (¥)	8	9	9	9
DOE (Dividends on Equity) (%)	2.78	3.07	2.88	2.74
Payout Ratio (%)	51.18	45.32	25.26	50.85
Total Payout Ratio (%)	63.35	60.11	60.87	61.36
Current Ratio (%)	118.99	120.93	142.26	156.89
D/E (Debt-Equity) Ratio (times)	0.77	0.68	0.68	0.75
Equity Ratio(%)	43.78	44.21	46.94	45.02
ROE (Return on Equity) (%)	5.41	6.78	11.41	5.42
ROA (Return on Assets) (%)	2.41	2.98	5.20	2.49
Total Asset Turnover (times)	0.96	0.79	0.84	0.95
TEP (¥100 million)	-48	186	640	91
WACC (%)	3.4	3.2	3.3	3.1
Number of city gas customers (thousand)	10,513	10,637	10,739	10,855
Gas Sales Volume (million m <sup>3</sup> )	13,942	13,666	14,745	15,190
2020 vision basis*	—	—	—	15,833
Number of electricity retail customers (thousand)	—	—	—	—
Electric power sales volume (billion kWh)	—	—	—	8.27

Notes: \* 2020 Vision basis ... The figures represent baseline values for sales volume targets set forth in our management vision, Challenge 2020 Vision. They are obtained by adding volume for in-house use and LNG sales volume (excluding volume for Nijio) to consolidated gas sales volume.

\* Depreciation includes amortization of long-term prepaid expenses.

\* The financial information contained in this integrated report is based on annual securities report. However, it has not been audited by certified public accountants.

\* The Company carried out a share consolidation at a ratio of 5 common shares to 1 on October 1, 2017.

The dividend per share of 55.0 yen is calculated on the post-consolidation basis (the interim dividend of 5.50 yen per share before the share consolidation and the year-end dividend of 27.50 yen per share after the share consolidation).

2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3
1,915,639	2,112,117	2,292,548	1,884,656	1,587,085	1,777,344	1,962,308
145,633	166,044	171,753	192,008	58,365	116,302	93,704
7.60	7.86	7.49	10.19	3.68	6.54	4.78
147,453	159,613	168,169	188,809	55,688	111,546	89,386
101,678	108,451	95,828	111,936	53,134	74,987	84,555
927,634	1,011,787	1,069,515	1,100,271	1,101,498	1,136,027	1,159,055
1,992,403	2,176,816	2,257,662	2,251,518	2,230,269	2,334,316	2,428,149
642,550	713,823	730,739	715,769	713,596	724,940	803,216
240,448	248,831	237,680	257,122	217,439	240,328	246,436
56,651	827	13,084	25,089	14,081	31,583	22,655
284,403	306,424	313,605	337,194	222,670	281,643	255,585
183,797	248,004	224,596	232,033	203,358	208,745	223,781
138,770	140,380	141,852	145,187	164,305	165,342	161,881
39.52	43.10	39.15	46.68	23.02	164.12*	187.60
360.70	402.91	438.28	460.35	479.74	2,487.58*	2,575.99
2,577,919	2,517,551	2,446,778	2,396,778	2,302,856	458,073*	451,356
10	10	10	11	11	55*	60
2.91	2.59	2.34	2.42	2.29	2.25	2.35
25.30	23.20	25.55	23.57	47.79	33.51	31.98
60.70	60.00	60.80	60.10	60.71	60.17	60.31
162.16	156.67	150.63	155.48	142.69	135.59	156.01
0.69	0.71	0.68	0.65	0.65	0.64	0.69
46.56	46.48	47.37	48.87	49.39	48.67	47.73
11.51	11.18	9.21	10.32	4.83	6.70	7.37
5.27	5.20	4.32	4.96	2.37	3.29	3.55
0.99	1.01	1.03	0.84	0.71	0.78	0.82
598	507	434	676	-62	244	68
3.2	3.2	3.6	3.4	3.0	3.1	3.0
10,978	11,111	11,263	11,398	11,536	11,678	11,818
15,390	14,735	15,541	15,436	15,720	15,568	15,198
16,741	17,225	18,360	18,587	19,053	19,052	18,397
—	—	—	—	667	1,130	1,774
9.98	9.71	10.61	10.96	12.65	14.66	15.48

#### Computations

Operating Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation  
 Free Cash Flow = Profit attributable to owners of parent + Amortization of Long-term Prepaid Expenses + Depreciation – Capital Expenditure  
 Current Ratio = Current Assets (year-end) / Current Liabilities (year-end) x 100  
 Debt-Equity Ratio = Interest-bearing Debt (year-end) / Equity (year-end)  
 Equity Ratio = Equity (year-end) / Total Assets (year-end) x 100  
 Total Asset Turnover = Net Sales / Total Assets (average)  
 TEP (Tokyo Gas Economic Profit) = Profit after taxes and before interest payments – Cost of capital (invested capital x WACC)

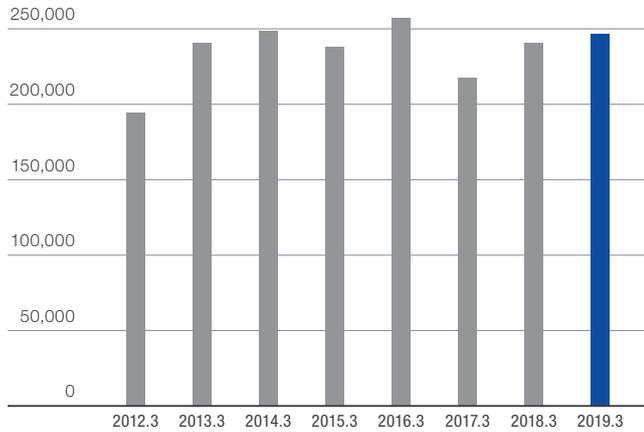
WACC calculation data (fiscal 2018 actual)

- Interest-bearing debt cost: Real interest rate of 0.85% (after tax)
- Cost of shareholders' equity
- Risk-free rate: 10-year JGB yield of 0.06%
- Risk premium: 5.5%, Beta coefficient of 0.75

## Financial data

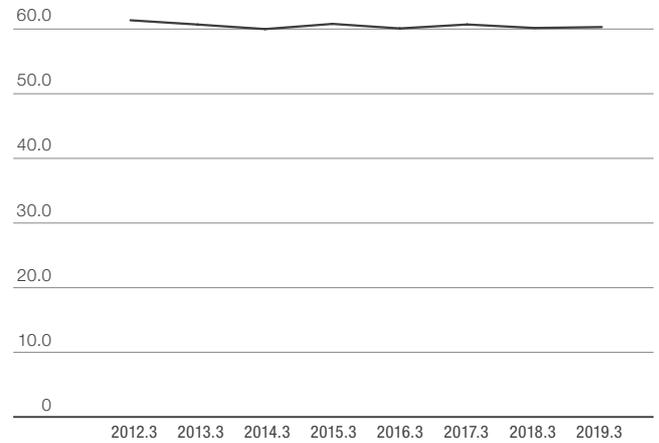
### Operating cash flow

(¥ million)  
300,000



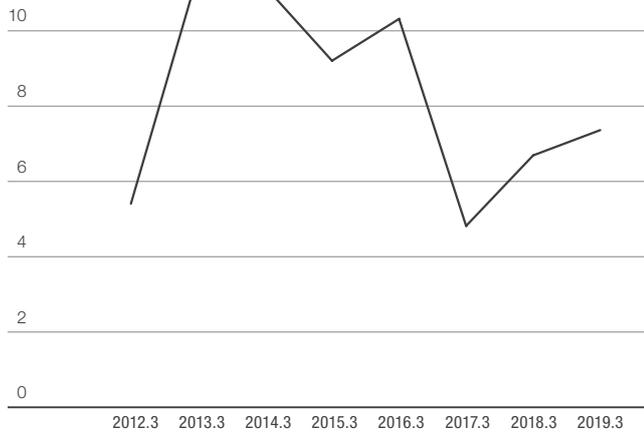
### Total payout ratio

(%)  
70.0



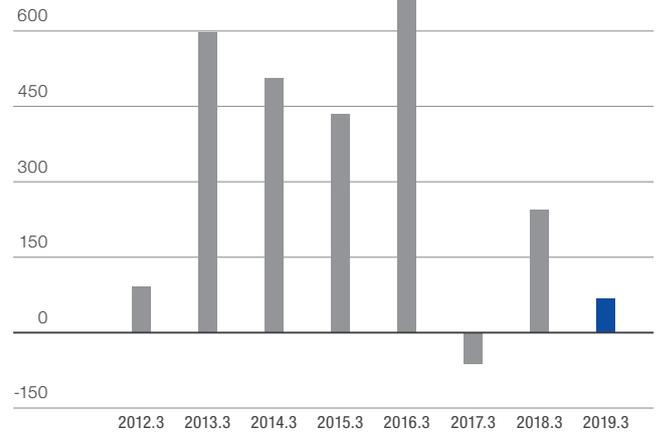
### Return on equity (ROE)

(%)  
12



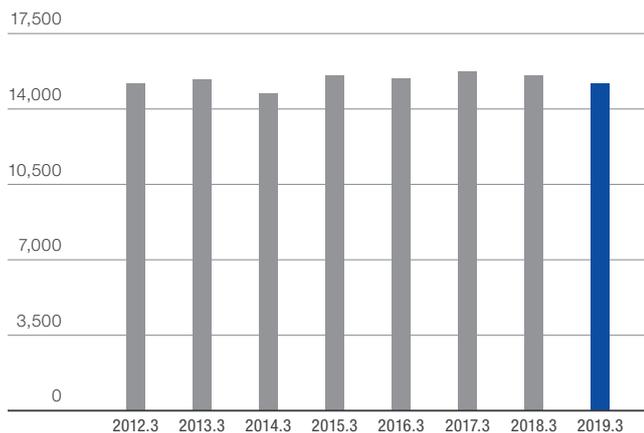
### TEP

(¥100 million)  
750



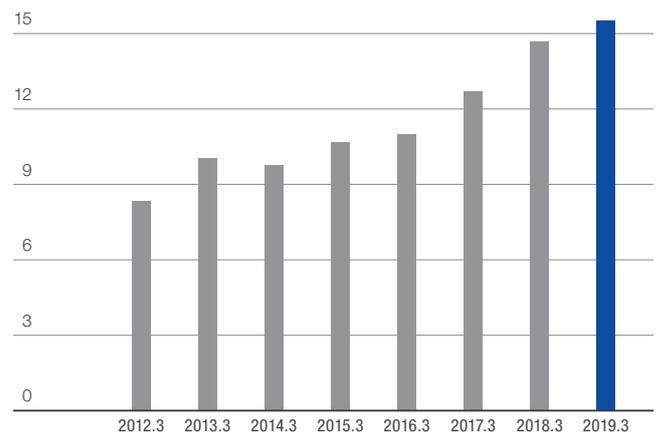
### Gas sales volume

(million m<sup>3</sup>)  
21,000



### Electric power sales volume

(billion kWh)  
18



## Consolidated Balance Sheet

(¥ million)

	2018.3.31	2019.3.31
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment		
Production facilities	236,334	234,433
Distribution facilities	560,216	548,529
Service and maintenance facilities	52,244	49,586
Other facilities	406,221	447,608
Inactive facilities	316	316
Construction in progress	157,913	145,160
Total property, plant and equipment	1,413,246	1,425,634
Intangible assets		
Goodwill	1,254	1,306
Other intangible assets	92,167	119,052
Total intangible assets	93,422	120,359
Investments and other assets		
Investment securities	239,379	225,212
Long-term loans receivable	27,929	40,158
Retirement benefit asset	17	24
Deferred tax assets	40,856	42,425
Other investments and other assets	36,693	47,950
Allowance for doubtful accounts	(378)	(362)
Total investments and other assets	344,497	335,409
Total non-current assets	1,851,165	1,901,403
<b>Current assets</b>		
Cash and deposits	128,331	93,092
Notes and accounts receivable - trade	216,234	265,225
Lease receivables and investment assets	22,188	19,647
Securities	15	—
Merchandise and finished goods	2,494	2,194
Work in process	12,417	12,730
Raw materials and supplies	45,454	63,735
Other current assets	56,897	71,306
Allowance for doubtful accounts	(884)	(1,186)
Total current assets	483,150	526,745
<b>Total assets</b>	<b>2,334,316</b>	<b>2,428,149</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	294,998	334,998
Long-term loans payable	358,680	394,542
Deferred tax liabilities	10,898	17,517
Retirement benefit liability	73,161	75,262
Provision for gas holder repairs	3,107	2,990
Provision for safety measures	3,115	1,776
Provision for appliance warranties	9,984	14,057
Provision for point card certificates	835	1,450
Asset retirement obligations	13,200	11,940
Other non current liabilities	61,572	64,640
Total non-current liabilities	829,554	919,176
<b>Current liabilities</b>		
Current portion of non-current liabilities	58,094	51,566
Notes and accounts payable - trade	80,819	69,605
Short-term loans payable	7,800	5,133
Income taxes payable	30,237	31,283
Other current liabilities	179,376	180,037
Total current liabilities	356,328	337,626
<b>Total liabilities</b>	<b>1,185,882</b>	<b>1,256,803</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	141,844	141,844
Capital surplus	1,898	1,634
Retained earnings	936,635	976,550
Treasury shares	(3,642)	(4,111)
Total shareholders' equity	1,076,736	1,115,918
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	30,282	22,756
Deferred gains or losses on hedges	(251)	1,604
Foreign currency translation adjustment	33,206	24,770
Remeasurements of defined benefit plans	(3,945)	(5,994)
Total accumulated other comprehensive income	59,291	43,137
<b>Non-controlling interests</b>	12,405	12,289
<b>Total net assets</b>	<b>1,148,433</b>	<b>1,171,345</b>
<b>Total liabilities and net assets</b>	<b>2,334,316</b>	<b>2,428,149</b>

## Consolidated Statement of Income

(¥ million)

	2017.4.1-2018.3.31	2018.4.1-2019.3.31
Net sales	1,777,344	1,962,308
Cost of sales	1,203,991	1,407,345
Gross profit	573,353	554,963
Selling, general and administrative expenses		
Supply and sales expenses	392,680	392,466
General and administrative expenses	64,370	68,791
Total selling, general and administrative expenses	457,050	461,258
Operating profit	116,302	93,704
<b>Non-operating income</b>		
Interest income	1,158	1,612
Dividend income	2,967	2,812
Rent income	1,637	1,668
Share of profit of entities accounted for using equity method	2,493	2,794
Miscellaneous income	4,800	4,883
Total non-operating income	13,057	13,771
<b>Non-operating expenses</b>		
Interest expenses	11,619	11,091
Miscellaneous expenses	6,193	6,997
Total non-operating expenses	17,813	18,089
Ordinary profit	111,546	89,386
<b>Extraordinary income</b>		
Gain on sales of non-current assets	3,403	29,306
Gain on sales of investment securities	3,049	6,420
Total extraordinary income	6,452	35,727
<b>Extraordinary losses</b>		
Impairment loss	3,213	—
Loss on valuation of investment securities	—	7,865
Total extraordinary losses	3,213	7,865
Profit before income taxes	114,784	117,248
Income taxes - current	31,527	26,113
Income taxes - deferred	7,957	6,823
Total income taxes	39,484	32,936
Profit	75,300	84,311
Profit (loss) attributable to non-controlling interests	312	(244)
Profit attributable to owners of parent	74,987	84,555

## Consolidated Statement of Comprehensive Income

(¥ million)

	2017.4.1-2018.3.31	2018.4.1-2019.3.31
Profit before minority interests	75,300	84,311
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,145	(7,528)
Deferred gains or losses on hedges	666	221
Foreign currency translation adjustment	(3,537)	(6,735)
Remeasurements of defined benefit plans, net of tax	(8,784)	(2,073)
Share of other comprehensive income of entities accounted for using equity method	407	(78)
Total other comprehensive income	(8,101)	(16,193)
Comprehensive income	67,198	68,118
<b>Breakdown of comprehensive income</b>		
Comprehensive income attributable to owners of parent	66,856	68,401
Comprehensive income attributable to non-controlling interests	341	(283)

## Financial data

### Consolidated Statement of Cash Flows

(¥ million)

	2017.4.1- 2018.3.31	2018.4.1- 2019.3.31
<b>Cash flows from operating activities</b>		
Profit before income taxes	114,784	117,248
Depreciation	161,093	157,574
Amortization of long-term prepaid expenses	4,248	4,306
Loss on retirement of property, plant and equipment	1,845	2,248
Loss (gain) on sales of non-current assets	(3,397)	(29,283)
Loss (gain) on sales of investment securities	(3,042)	(6,385)
Loss (gain) on valuation of investment securities	435	7,865
Increase (decrease) in retirement benefit liability	(12,461)	1,039
Increase (decrease) in reserve for safety measures	(1,596)	(1,338)
Increase (decrease) in reserve for fixtures assurance	(314)	4,073
Interest and dividend income	(4,125)	(4,425)
Interest expenses	11,619	11,091
Share of loss (profit) of entities accounted for using equity method	(2,493)	(2,794)
Decrease (increase) in notes and accounts receivable - trade	(20,602)	(46,191)
Decrease (increase) in inventories	(4,948)	(18,336)
Increase (decrease) in notes and accounts payable - trade	(631)	(5,321)
Increase (decrease) in accrued consumption taxes	3,000	(3,002)
Decrease (increase) in accounts receivable - other	1,265	(2,541)
Other, net	36,578	(16,526)
<b>Subtotal</b>	<b>281,258</b>	<b>169,300</b>
Interest and dividend income received	12,295	9,387
Interest expenses paid	(11,502)	(10,809)
Income taxes paid	(22,312)	(26,571)
<b>Net cash provided by (used in) operating activities</b>	<b>259,738</b>	<b>141,306</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(47,898)	(17,603)
Proceeds from sales and redemption of investment securities	5,021	12,082
Purchase of property, plant and equipment	(177,671)	(168,144)
Purchase of intangible assets	(27,638)	(39,491)
Purchase of long-term prepaid expenses	(1,653)	(8,561)
Proceeds from sale of non-current assets	3,799	25,050
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,054)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	99	1,768
Payments of long-term loans receivable	(3,101)	(12,238)
Collection of long-term loans receivable	2,801	4,074
Net decrease (increase) in short-term loans receivable	(580)	3,686
Other, net	(340)	(3,030)
<b>Net cash provided by (used in) investing activities</b>	<b>(247,162)</b>	<b>(203,462)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(2,645)	(1,466)
Net increase (decrease) in commercial papers	-	10,000
Repayments of lease obligations	(1,526)	(1,613)
Proceeds from long-term loans payable	60,471	59,354
Repayments of long-term loans payable	(62,065)	(23,726)
Proceeds from issuance of bonds	20,000	70,000
Redemption of bonds	-	(40,000)
Purchase of treasury shares	(7,082)	(20,051)
Cash dividends paid	(25,187)	(24,936)
Other, net	1,385	68
<b>Net cash provided by (used in) financing activities</b>	<b>(16,651)</b>	<b>27,628</b>
Effect of exchange rate change on cash and cash equivalents	(220)	(710)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,294)</b>	<b>(35,238)</b>
Cash and cash equivalents at beginning of period	132,566	128,271
<b>Cash and cash equivalents at end of period</b>	<b>128,271</b>	<b>93,032</b>

### Factors Affecting Revenues and Expenses

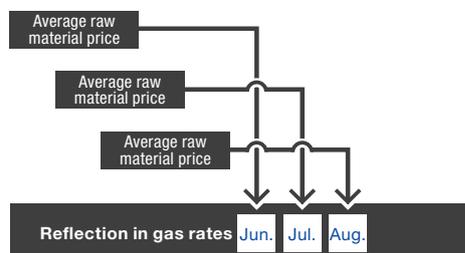
#### Gas Rate Adjustment System's Medium-to Long-Term Neutralizing Effect on Crude Oil Price and Exchange Rate Fluctuations

Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. A time lag of four months on average (called a sliding time lag) exists between the payment of raw material costs and the reflection of such changes in gas rates. Consequently, fluctuations in crude oil prices and exchange rates may result in the under-recovery or over-recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income. Looking at the medium- to long-term, however, the gas rate adjustment system has a neutralizing effect on the income impacts of fluctuations in raw material costs.

#### Timing of the Standard Average Raw Material Cost Calculation and Reflection in Gas Rates

Timing of standard average raw material cost calculation

Jan. Feb. Mar. Apr. May. Jun. Jul. Aug. Sep. Dec.



The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

#### How the Sliding Time Lag in Rates Works

