

October 27, 2017
Tokyo Gas Co., Ltd.

Results presentation for the 2nd quarter ended September 30, 2017
Main Q&A

Q1: With applications for electricity retail contracts reaching 1 million, sales volume is increasing; however, profit of the electric power segment was 900 million yen short of the previous forecast. This was apparently be due to an increase in retail sales expenses, but please explain your idea of cost injection.

A1: We estimated that retail sales expenses would increase in order to aggressively carry out necessary measures to achieve our goal of 2.2 million customers as declared in the “Tokyo Gas Group FY2018–2020 management plan (GPS2020)” that was announced on October 5. As a result, although there was an increase in gross profit due to the sales volume increase, segment profit was 900 million yen short of the previous forecast, but was 200 million yen more than the initial plan. We intend to inject costs flexibly by determining the effect of the costs.

Q2: With regard to electricity retail sale, is there any difference between the first year of electricity deregulation and the second year, with 1 million applications and beyond in view? How do you acknowledge the competitive environment and future responses?

A2: The first year was the result of being chosen by customers who had strong interest in deregulation. It was largely due to our relationship with customers, which we had established through our gas business. Going forward, we intend to enhance our products and services so that new customers will choose Tokyo Gas.

Q3: Please explain your idea behind this outlook.

A3: In addition to reflecting change elements of the first half, we incorporated change elements that we are currently aware of as well as additional policy elements.

Q4: In the “Tokyo Gas Group FY2018–2020 management plan (GPS2020),” you plan to expand overseas investments and other investments. How do you view investment returns?

A4: Hurdle rates according to risk are important points, and in addition we intend to carefully examine investment projects by also taking into consideration the balance of the portfolio such as business stability and region.

End