

**FY2017 3Q Financial Results  
ended Dec. 31, 2017**



January 31, 2018

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**1. FY2017 3Q Consolidated Financial Results**  
**ended Dec. 31, 2017**

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# FY2017 3Q Consolidated Financial Results (Apr. 1, 2017 – Dec. 31, 2017) <vs. FY2016 3Q>



## Highlights: Sales Up, Profit Up

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

<b>Net sales</b>	+135.4	:	+	City gas	(+79.2: Increase in unit price due to resource cost adjustment +79.8, decrease in sales volume -3.5, etc.)
			+	Electric power	(+50.1: Increase in electricity sales volume, etc.)
			+	Overseas	(+13.4: Increase in sales from upstream projects, etc.)
<b>Operating expenses</b>	-95.5	:	-	City gas	(-55.2: Increase in unit price from economic framework assumptions, etc. -84.0, decrease in sales volume +5.4 decrease in fixed costs due to actuarial differences, etc.)
			-	Electric power	(-44.7: Increase in expenses associated with increase in electricity sales volume, etc.)
<b>Operating profit</b>	+39.9	:	+	City gas	(+24.1: Decrease in fixed costs due to decrease in actuarial differences, etc.)
			+	Electric power	(+5.4: Increase in gross margin due to increase in electricity sales volume, etc.)
			+	Overseas	(+4.5: Increase in profit from upstream projects, etc.)
<b>Extraordinary profit/loss</b>	+0.9	:	+	FY2017 3Q	3.8: Gain on sale of non-current assets +3.2, gain on sale of investment securities +3.0, impairment loss -2.3
				FY2016 3Q	-2.9 Gain on sale of investment securities

(billion yen)

	FY2017 3Q	FY2016 3Q	Change	%
Gas sales volume (million m <sup>3</sup> , 45MJ)	10,933	11,086	-153	-1.4%
Electricity sales volume (million kWh)	10,492	9,266	+1,226	+13.2%
(Breakdown)				
Retail sales (million kWh, receiving end)	2,912	1,311	+1,601	+122.1%
Other sales (million kWh)	7,580	7,955	-375	-4.7%
<b>Net sales</b>	<b>1,221.4</b>	<b>1,086.0</b>	<b>+135.4</b>	<b>+12.5%</b>
<b>Operating expenses</b>	<b>1,153.4</b>	<b>1,057.9</b>	<b>+95.5</b>	<b>+9.0%</b>
<b>Operating profit</b>	<b>68.0</b>	<b>28.1</b>	<b>+39.9</b>	<b>+141.6%</b>
<b>Segment profit (operating profit + equity income of subsidiaries)</b>	<b>68.9</b>	<b>29.8</b>	<b>+39.1</b>	<b>+131.4%</b>
<b>Ordinary profit<sup>(1)</sup></b>	<b>65.3</b>	<b>25.5</b>	<b>+39.8</b>	<b>+155.4%</b>
<b>Extraordinary profit/loss</b>	<b>3.8</b>	<b>2.9</b>	<b>+0.9</b>	<b>—</b>
<b>Profit attributable to owners of parent</b>	<b>48.3</b>	<b>17.4</b>	<b>+30.9</b>	<b>+177.3%</b>
<i>Temperature effect<sup>(2)</sup></i>	<i>2.5</i>	<i>-3.7</i>	<i>+6.2</i>	<i>—</i>
<i>Sliding time lag effect (city gas, LNG sales)<sup>(3)</sup></i>	<i>-9.2</i>	<i>-2.0</i>	<i>-7.2</i>	<i>—</i>
<i>Amortization of actuarial differences<sup>(4)</sup></i>	<i>5.7</i>	<i>-17.7</i>	<i>+23.4</i>	<i>—</i>
<b>Adjusted ordinary income<sup>(1)-(2)+(3)+(4)</sup></b>	<b>66.3</b>	<b>48.9</b>	<b>+17.4</b>	<b>+35.5%</b>

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
FY2017 3Q	111.69	53.86	18.9
FY2016 3Q	106.65(+5.04)	44.89(+9.97)	19.5(-0.6)

Figures in parentheses ( ) indicate year-on-year increase/decrease.

Pension assets	Investment yield (costs deducted)	Year-end assets (billion yen)
FY2017 3Q cumulative	1.59%	275.0

Expected annual rate of return: 2%

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During the third quarter, sales increased for the first time in three terms, while income increased for the first time in two terms.

Net sales increased by ¥135.4 billion (+12.5%) year-on-year to ¥1,221.4 billion, due to an increase in “city gas” sales on the back of a rise in unit price from resource cost adjustments, and an increase in “electric power” sales due to an increase in electricity sales volume, despite a decline in gas sales volume following a decrease in the number of wholesale customers of supply to other operators.

On the other hand, operating expenses increased by ¥95.5 billion (+9.0%) to ¥1,153.4 billion due in part to an increase in city gas resource costs partly owing to the rise in oil prices, and an increase in electric power operating expenses on the back of an increase in electricity sales volume, despite a decrease in amortization of actuarial differences.

As a result, operating profit increased by ¥39.9 billion (+141.6%) year-on-year to ¥68.0 billion, ordinary profit rose by ¥39.8 billion (+155.4%) year-on-year to ¥65.3 billion, and profit attributable to owners of parent increased by ¥30.9 billion (+177.3%) year-on-year to ¥48.3 billion.

## FY2017 3Q Consolidated Gas / Electricity Sales Volume <vs. FY2016 3Q>

Gas sales volume :

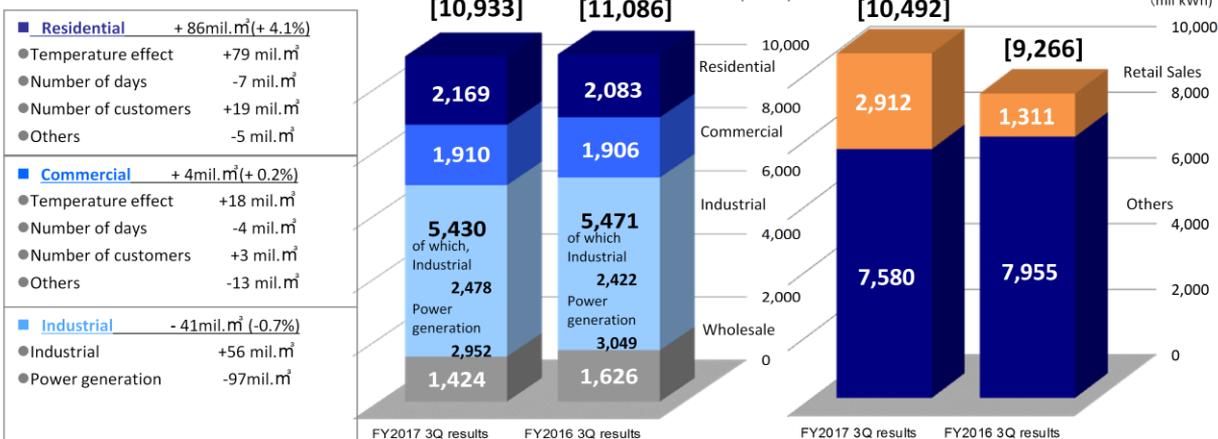
**-153mil.m<sup>3</sup> (-1.4%)**

[including temperature effect +107mil.m<sup>3</sup>, +1.0%]

Electricity sales volume :

**+1,226mil. kWh (+ 13.2%)**

[Retailing +1,601mil.kWh, Others -375mi. kWh]



<b>Residential</b>	+ 86mil.m <sup>3</sup> (+ 4.1%)
● Temperature effect	+79 mil.m <sup>3</sup>
● Number of days	-7 mil.m <sup>3</sup>
● Number of customers	+19 mil.m <sup>3</sup>
● Others	-5 mil.m <sup>3</sup>
<b>Commercial</b>	+ 4mil.m <sup>3</sup> (+ 0.2%)
● Temperature effect	+18 mil.m <sup>3</sup>
● Number of days	-4 mil.m <sup>3</sup>
● Number of customers	+3 mil.m <sup>3</sup>
● Others	-13 mil.m <sup>3</sup>
<b>Industrial</b>	- 41mil.m <sup>3</sup> (-0.7%)
● Industrial	+56 mil.m <sup>3</sup>
● Power generation	-97mil.m <sup>3</sup>
<b>Wholesale</b>	- 202mil.m <sup>3</sup> (-12.4%)
● Temperature effect	+10mil.m <sup>3</sup>
● Others	-212mil.m <sup>3</sup>

Decrease in the number of wholesale customers, etc.

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

	FY2017 3Q Results	FY2016 3Q Results	Change
Gas: Number of customers(meters) (10 thousands, meter)	1,162.7	1,148.8	+13.9 (+1.2%)
Electricit: Number of customers(Supply basis) (10 thousands)	102.3	57.1	+45.2 (+79.2%)
LNG sales volume (thousands t)	762	750	+12 (+1.6%)
Average temperature (°C)	18.9	19.5	▲0.6

\*Each value is rounded.

Let us look at the sales volume of gas and electricity, our core products, which served as a basis for the earnings results.

Gas sales volume for the third quarter decreased by 153 million m<sup>3</sup> (-1.4%) year-on-year to 10,933 million m<sup>3</sup>.

Residential demand increased to 2,169 million m<sup>3</sup> (+4.1%) due to a rise in hot water demand on the back of lower temperatures.

Commercial demand remained almost unchanged year-on-year at 1,910 million m<sup>3</sup> (+0.2%).

Industrial demand dropped to 5,430 million m<sup>3</sup> (-0.7%) owing to a decrease in operation for power generation.

Supply to other operators dropped to 1,424 million m<sup>3</sup> (-12.4%) due to a decrease in the number of wholesale customers.

Electricity sales volume for the third quarter increased by 1,226 million kWh (+13.2%) year-on-year to 10,492million kWh.

Retail sales rose to 2,912 million kWh (+122.1%), due to a rise in the number of customers.

Others mainly include wholesale, which dropped to 7,580 million kWh (-4.7%).

■ Gas sales volume (Vision Basis) (Unit: million m<sup>3</sup>)

	FY2017 3Q Results	FY2016 3Q Results	Change
Gas sales volume (financial accounting basis)	10,933	11,086	-153 -1.4%
Gas volume used in-house under tolling arrangement	1,510	1,474	+36 +2.5%
LNG sales volume (m <sup>3</sup> basis)	953	938	+15 +1.6%
Total	13,396	13,498	-102 -0.8%

This slide indicates the breakdown of gas sales volume (vision basis), which includes the gas volume used in-house under the tolling arrangement and LNG sales.

**FY2017 3Q Results : Sales and Operating Profit/Loss by Business Segments <vs. FY2016 3Q >**

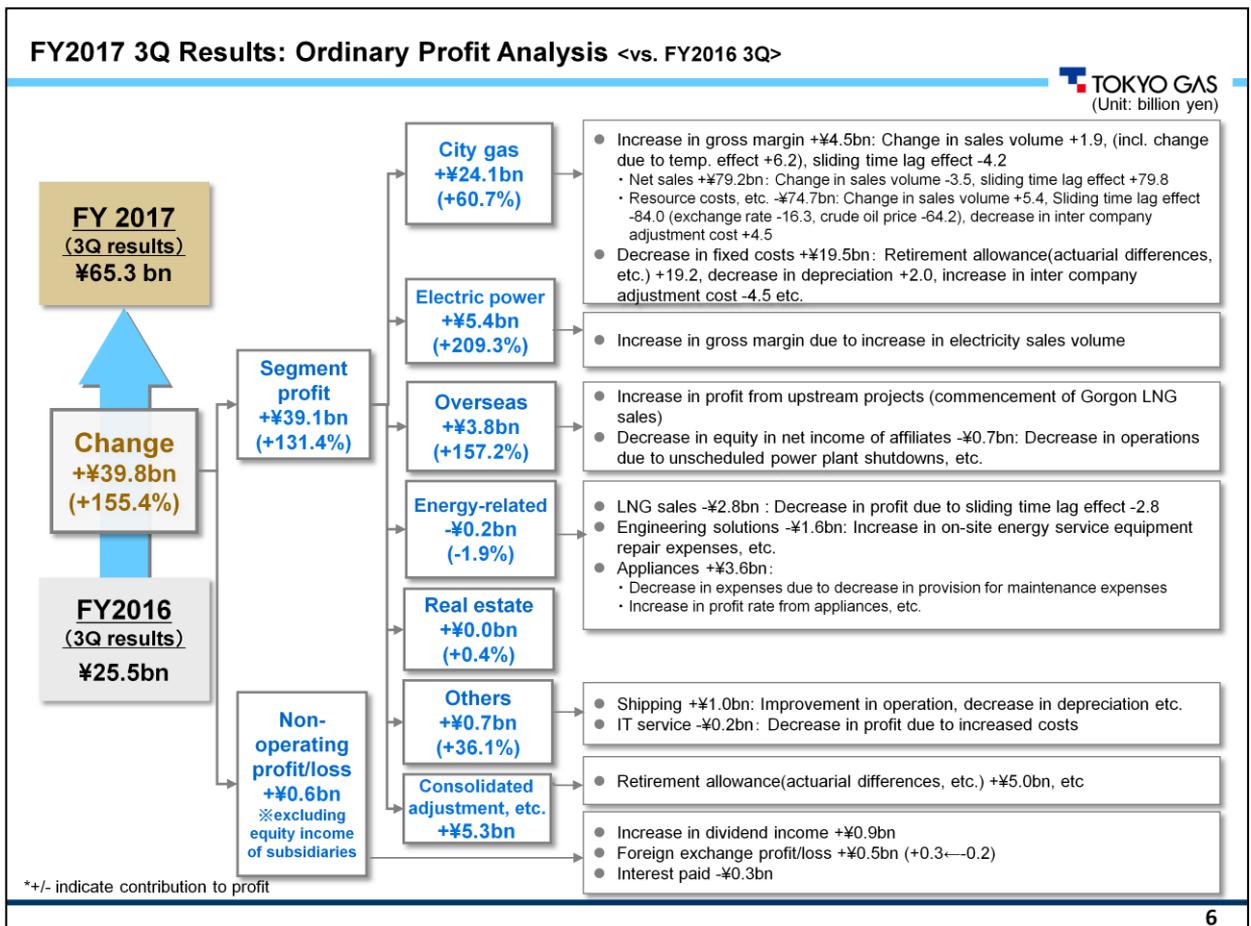
(unit : billion yen)

	Net Sales				Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	FY2017 3Q Results	FY2016 3Q Results	Change	%	FY2017 3Q Results	FY2016 3Q Results	Change	%
City Gas	786.3	707.1	79.2	11.2	63.6	39.5	24.1	60.7
Electric Power	150.8	100.7	50.1	49.8	8.0	2.6	5.4	209.3
Overseas business	33.0	19.6	13.4	68.1	6.2	2.4	3.8	157.2
Energy-related	327.3	316.5	10.8	3.4	10.0	10.2	-0.2	-1.9
(Engineering Solutions)	80.5	73.8	6.7	9.1	1.4	3.0	-1.6	-50.9
(LNG sales)	73.0	65.5	7.5	11.4	1.3	4.1	-2.8	-67.8
Real estate	31.6	30.9	0.7	2.1	6.6	6.6	0.0	0.4
Others	63.8	61.6	2.2	3.6	2.7	2.0	0.7	36.1
Adjustment	-171.6	-150.6	-21.0	—	-28.5	-33.8	5.3	—
Consolidated	1,221.4	1,086.0	135.4	12.5	68.9	29.8	39.1	131.4

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

This slide indicates segment net sales and segment profit as compared with the same period of the previous year.

For both segment net sales and segment profit, the increase in the city gas segment has pushed up the overall results.



This slide shows the change in segment profit as compared with the same period of the previous year

The main reason for the ¥24.1 billion increase in the segment profit of the city gas business was the drop in fixed costs of ¥19.5 billion due to a decrease in amortization of actuarial differences, despite a sliding time lag effect of -¥4.2 billion.

The main reason for the ¥5.4 billion increase in segment profit of the electric power business was the increase in gross margin due to an increase in sales volume following a rise in retail customers.

Segment profit of the overseas business increased by ¥3.8 billion due to a rise in profit from the commencement of Gorgon LNG sales, an upstream project, despite a drop in profit owing to a decrease in operation due to temporary unscheduled power plant shutdowns in the mid- and downstream businesses.

Segment profit of the energy-related business decreased by ¥0.2 billion for the segment as a whole. This was because of a fall in income due to the sliding time lag effect in LNG sales and a drop in income of ¥1.6 billion in engineering solutions, despite a ¥3.6 billion increase in income due to a decrease in provision for maintenance expenses in appliance sales.

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## 2. FY2017 Full Year Forecast

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## FY2017 Forecast (Apr. 1, 2017 – Mar. 31, 2018) <vs. Previous Forecast (Released Oct.27)>

**Highlights: Sales Up, Profit Up on Previous Forecast (Released Oct. 27)** (+ - +/- indicate impact on profit, billion yen)



The economic framework reflects final figures for 3Q and assumes an exchange rate of ¥115.0 to the dollar (per the original forecast) and crude oil price of \$60/bbl (changed from \$55 in the original forecast) from 4Q onward.

<b>Net sales</b>	+10.0	:	+	City gas (+13.9: Increase in gas sales volume, etc.)
			-	Energy-related (-3.4: Appliances -2.2, engineering solutions -0.9, etc.)
<b>Operating profit</b>	+9.0	:	+	City gas (+4.8: Increase in sales volume, decrease in unit price due to resources cost adjustment, etc.)
			+	Others (+0.8: Increase in shipping +0.4, etc.)
			+	Electric power (+0.6: Decrease in various expenses, etc.)
			+	Overseas (+0.5 : Increase in profit from upstream projects, etc.)
<b>Extraordinary income/loss</b>	+0.6	:	+	Real estate (+0.5: Decrease in maintenance costs, etc.)
			+	gain on sale of investment securities+2.9, impairment loss-2.3

(billion yen)

	Current Forecast	Previous Forecast (10/27)	Change	%	FY2016 Results	Change	%
Gas sales volume (million m <sup>3</sup> , 45 MJ)	15,509	15,347	+162	+1.1%	15,720	-211	-1.3%
Electricity sales volume (million kWh)	14,578	14,824	-246	-1.7%	12,654	+1,924	+15.2%
Net sales	1,805.0	1,795.0	+10.0	+0.6%	1,587.0	+218.0	+13.7%
Operating expenses	1,708.0	1,707.0	+1.0	+0.1%	1,528.7	+179.3	+11.7%
Operating profit	97.0	88.0	+9.0	+10.2%	58.3	+38.7	+66.2%
Segment profit (operating profit + equity income/loss of subsidiary)	98.8	89.1	+9.7	+10.9%	61.9	+36.9	+59.5%
Ordinary profit <sup>(1)</sup>	92.0	83.0	+9.0	+10.8%	55.6	+36.4	+65.2%
Extraordinary income/loss	4.0	3.4	+0.6	—	13.3	-9.3	—
Profit attributable to owners of parent	70.0	63.0	+7.0	+11.1%	53.1	+16.9	+31.7%
Temperature effect <sup>(2)</sup>	2.5	-1.7	4.2	—	-7.4	+9.9	—
Sliding time lag effect (city gas, LNG sales) <sup>(3)</sup>	-34.1	-28.8	-5.3	—	-19.9	-14.2	—
Amortization of actuarial differences <sup>(4)</sup>	7.7	7.7	0.0	—	-24.0	+31.7	—
Adjusted ordinary profit <sup>(1)-(2)+(3)+(4)</sup>	115.9	105.8	+10.1	+9.6%	106.9	+9.0	+8.4%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
Current forecast*	112.52	55.40	15.8
Previous forecast (10/27)	113.02 (-0.50)	53.19 (+2.21)	16.0 (-0.2)
FY2016 result	108.38 (+4.14)	47.51 (+7.89)	16.3 (-0.5)

\*4Q: ¥115.00/\$, \$60.00/bbl

Figures in parentheses show change from prior forecast.

Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2016	1.57%	0.389%	0.055%	277.0
FY2015	2.92%	0.236%	0.000%	281.0
FY2014	5.57%	0.829%	0.358%	281.0

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From here on I would like to describe our full-year forecast for FY2017.

For the FY2017 full year, we have made an upward revision to both our sales and income forecast from our previous forecast announced on October 27 last year. With regard to our economic frame, which serves as a basis of assumption, for January 2018 and later for FY2017, we maintained our foreign exchange rate assumption at ¥115/\$, but raised our crude oil price assumption by \$5 from our previous assumption of \$55 per barrel to \$60.

We expect that net sales would increase ¥10.0 billion (+0.6%) from the previous forecast to ¥1,805.0 billion. This is due to an increase in sales of the city gas business by ¥13.9 billion due to a rise in gas sales volume.

The forecast for operating profit for the full year was revised upward by ¥9.0 billion (+10.2%) from the previous forecast to ¥97.0 billion, and ordinary profit was also revised upward by ¥9.0 billion (+10.8%) to ¥92.0 billion.

As a result of posting ¥2.9 billion of gain on sale of investment securities under extraordinary income and ¥2.3 billion of impairment loss on incidental business facilities under extraordinary loss, the forecast of profit attributable to owners of parent has been revised upward by ¥7.0 billion (+11.1%) to ¥70.0 billion.

The sensitivity of operating profit to changes in crude oil prices and exchange rates are described on page 17 as reference material.

# FY2017 Full Year Forecast ; Consolidated Gas Sales Volume / Electricity Sales Volume



## Consolidated Gas Sales Volume

VS. Previous Forecast(Oct. 27)

**+162mil m<sup>3</sup> (+1.1%)**

[Including temperature effect +66mil. m<sup>3</sup>,+0.4%]

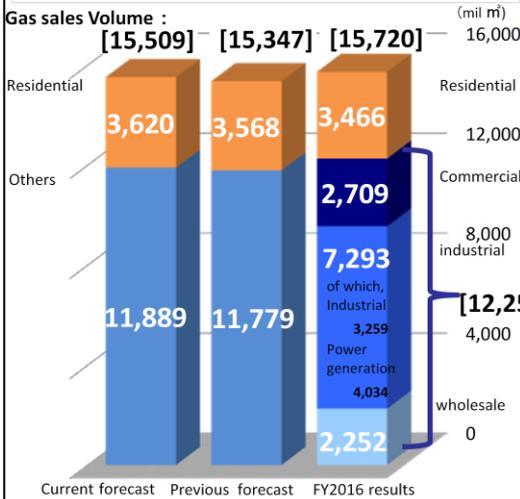
- Residential +52mil. m<sup>3</sup>(+1.5%)
- Others +110 mil. m<sup>3</sup>(+0.9%)

VS. FY2016 Results

**-211mil m<sup>3</sup> (-1.3%)**

[Including temperature effect +164mil. m<sup>3</sup>,+1.0%]

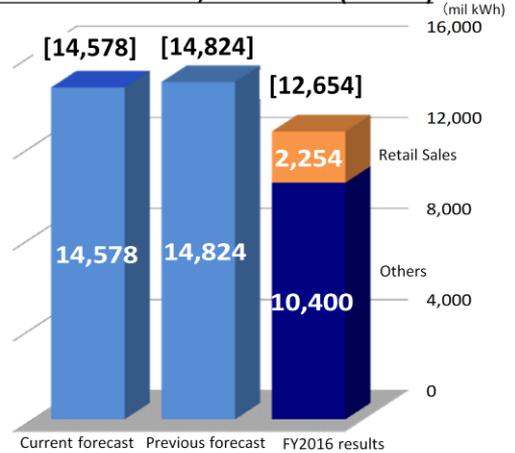
- Residential +154mil. m<sup>3</sup>(+4.4%)
- Others -365mil. m<sup>3</sup> (-3.0%)



## Electricity Sales Volume

VS. Previous Forecast (Oct. 27) -246mil. kWh (-1.7%)

VS. FY2016 Results +1,924mil kWh (+15.2%)



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

	Current forecast	Previous forecast	Change	FY2016 results	Change
Gas: Number of customers (meters) (10 thousands, meter)	1,167.4	1,166.8	+0.6 (+0.0%)	1,153.6	+13.8 (+1.2%)
Electricit: Number of customers (Supply basis) (10 thousands)	106.0	106.0	±0.0 (±0.0%)	66.7	+39.3 (+58.9%)
LNG sales volume (thousands t)	1,139	1,125	+14 (+1.3%)	106.9	+70 (+6.4%)
Average temperature (°C)	15.8	16.0	▲0.2	16.3	▲0.5

\*Each value is rounded.

In this slide I would like to explain the forecast of gas sales volume and electricity sales volume, which form the basis of the earnings forecasts.

We have made an upward revision to our overall gas sales volume forecast by 162 million m<sup>3</sup> (+1.1%) from the previous forecast, of which temperature effect accounts for an increase of 66 million m<sup>3</sup> (+0.4%). The forecast of residential gas sales volume has been revised upward by 52 million m<sup>3</sup> (+1.5%), while the increase in “Others” is mostly in industrial gas sales volume.

The forecast of total electricity sales volume has been revised downward by 246 million kWh (-1.7%) from our previous forecast.

● Gas Sales Volume (Vision Basis)

(Unit : mil. m<sup>3</sup>)

	FY2017 Current Forecast	FY2017 Previous Forecast	Change	FY2016 Results	Change
Gas Sales Volume (financial accounting basis)	15,509	15,347	+162	15,720	-211
			+1.1%		-1.3%
Gas volume used in-house under tolling agreement	2,026	2,056	-30	1,996	+30
			-1.5%		+1.5%
LNG sales (m <sup>3</sup> basis)	1,423	1,406	+17	1,337	+86
			+1.3%		+6.4%
Total	18,958	18,809	+149	19,053	-95
			+0.8%		-0.5%

This slide indicates the breakdown of the gas sales volume outlook (vision basis). We expect gas sales volume of 18.958 billion m<sup>3</sup> in total on a vision basis for the current fiscal year, slightly more than the previous forecast.

## FY2017 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. Previous Forecast>



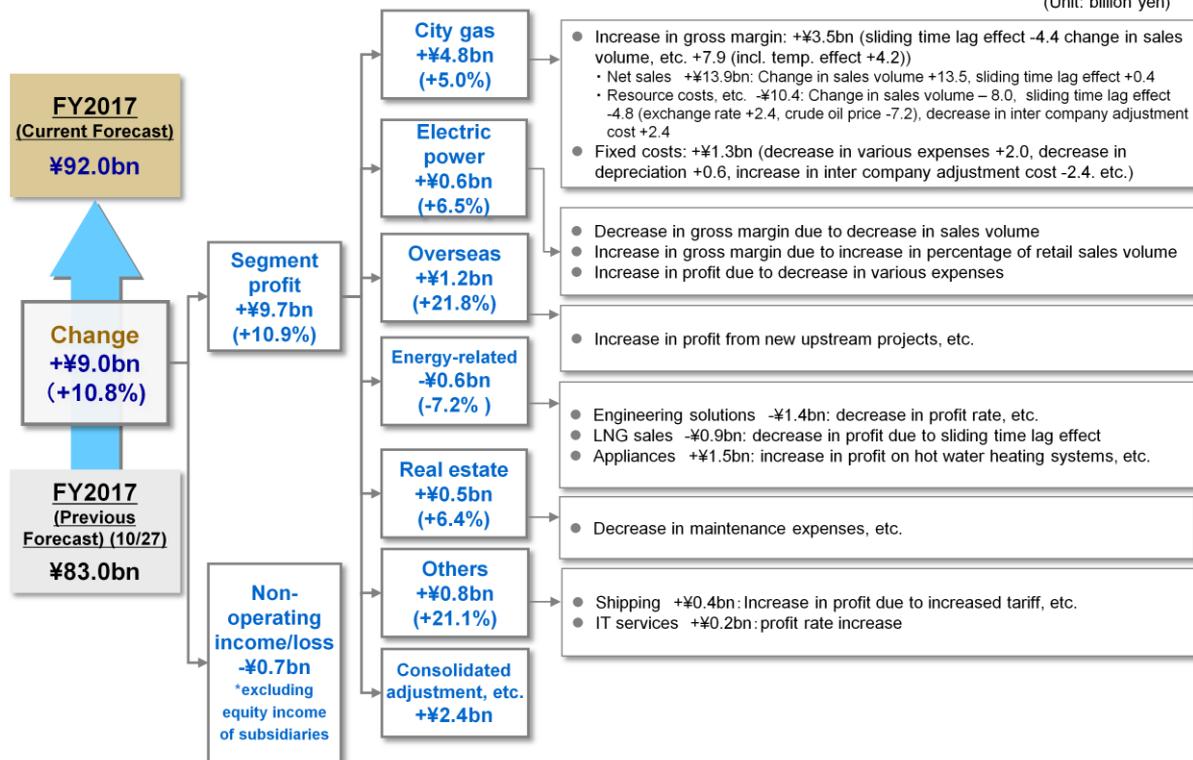
(unit : billion yen)

	Net Sales				Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	Current Forecast	Previous Forecast	Change	%	Current Forecast	Previous Forecast	Change	%
City Gas	1,149.9	1,136.0	-13.9	1.2	100.1	95.3	4.8	5.0
Electric Power	214.2	216.2	-2.0	-0.9	9.8	9.2	0.6	6.5
Overseas business	42.9	43.4	-0.5	-1.2	6.7	5.5	1.2	21.8
Energy-related	499.2	502.6	-3.4	-0.7	7.7	8.3	-0.6	-7.2
(Engineering solutions)	120.7	121.6	-0.9	-0.7	2.6	4.0	-1.4	-35.2
(LNG sales)	124.2	122.8	-1.4	1.1	-0.4	0.5	-0.9	-180.1
Real estate	43.1	42.8	0.3	0.7	8.3	7.8	0.5	6.4
Others	94.0	95.0	-1.0	-1.1	4.6	3.8	0.8	21.1
Adjustment	-238.3	-241.0	2.7	—	-38.4	-40.8	2.4	—
<b>Total</b>	<b>1,805.0</b>	<b>1,795.0</b>	<b>10.0</b>	<b>0.6</b>	<b>98.8</b>	<b>89.1</b>	<b>9.7</b>	<b>10.9</b>

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

This slide indicates the forecast of segment net sales and segment profit as compared with the previous forecast.

The main changes in profit will be explained in the next slide.



\*+/- indicate contributions to profit.

The ¥4.8 billion increase in the profit of the city gas segment is due to an expected increase in gross profit by ¥3.5 billion on the back of an increase in sales volume, and an expected decline in fixed costs by ¥1.3 billion due to decreases in various expenses and depreciation.

The ¥0.6 billion increase in the profit of the electric power segment is because of an expected rise in gross profit following an increase in the percentage of retail sales volume and a decrease in general expenses, despite a decline in overall electric power sales volume.

The ¥1.2 billion increase in the profit of the overseas segment is partly due to an increase in profit from new upstream projects.

The energy-related segment is expected to see a drop in profit by ¥0.6 billion due to a ¥1.4 billion decline owing to engineering solutions and a sliding time lag effect in LNG sales, despite a ¥1.5 billion increase in profit on the back of a rise in profit on hot water heating systems in appliance sales.

# FY2017 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. FY2016 Results>



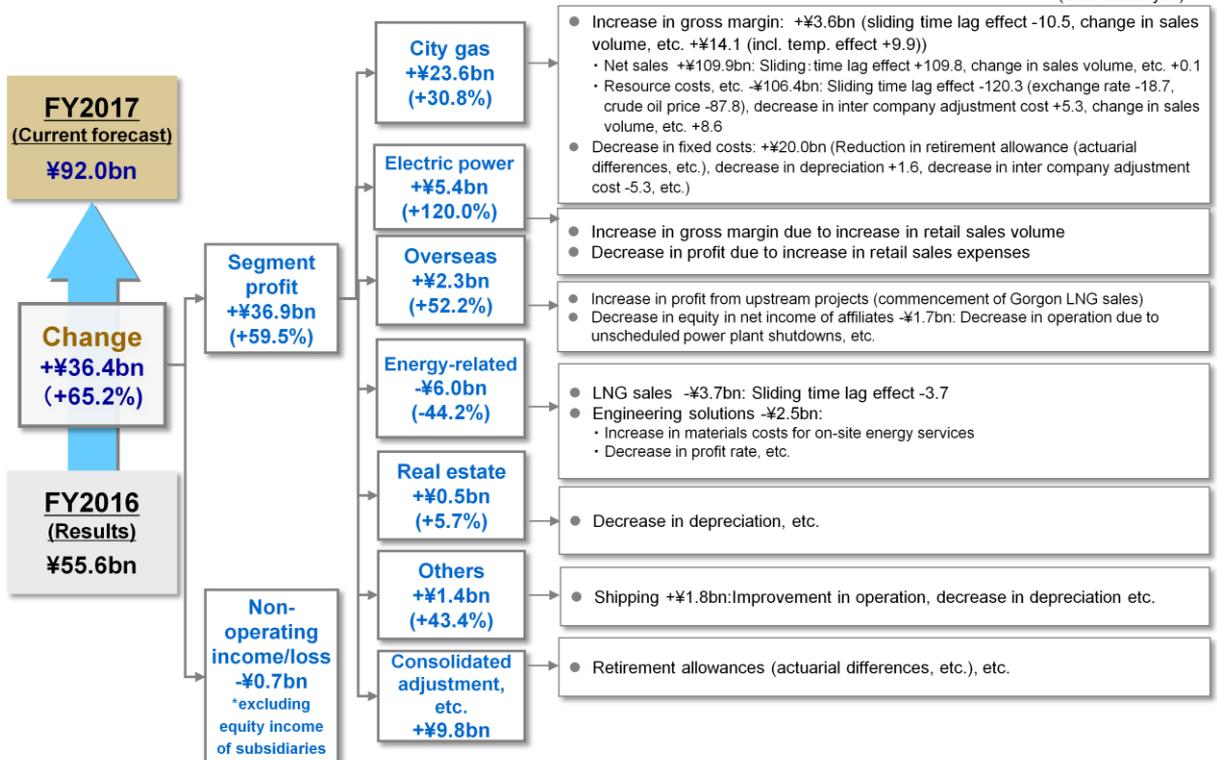
(unit : billion yen)

	Net Sales				Segment Income (Operating profit + Equity income/loss of subsidiary)			
	Current Forecast	FY2016 Results	Change	%	Current Forecast	FY2016 Results	Change	%
City Gas	1,149.9	1,040.0	109.9	10.6	100.1	76.5	23.6	30.8
Electric Power	214.2	145.7	68.5	46.9	9.8	4.4	5.4	120.0
Overseas business	42.9	31.9	11.0	34.3	6.7	4.4	2.3	52.2
Energy-related	499.2	459.5	39.7	8.6	7.7	13.7	-6.0	-44.2
(Engineering solutions)	120.7	111.6	9.1	8.1	2.6	4.9	-2.3	-47.0
(LNG sales)	124.2	91.2	33.0	36.2	-0.4	3.3	-3.7	-112.1
Real estate	43.1	41.4	1.7	4.1	8.3	7.8	0.5	5.7
Others	94.0	89.0	5.0	5.5	4.6	3.2	1.4	43.4
Adjustment	-238.3	-220.7	-17.6	—	-38.4	-48.2	9.8	—
<b>Total</b>	<b>1,805.0</b>	<b>1,587.0</b>	<b>218.0</b>	<b>13.7</b>	<b>98.8</b>	<b>61.9</b>	<b>36.9</b>	<b>59.5</b>

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

These slides indicate segment information as compared with the previous year.

# FY2017 Forecast: Ordinary Profit Analysis <vs. FY2016 Results>



\*+/- indicate contributions to profit.

## Key Indicators (Consolidated)

(unit: billion yen)

	FY2017 Forecast	FY2016 Results	FY2015 Results
Total assets (a)	2,322.0	2,230.2	2,251.5
Shareholders' equity (b)	1,138.0	1,101.4	1,100.2
Shareholders' equity ratio (b)/(a)	49.0%	49.4%	48.9%
Interest-bearing debt (c)	768.0	713.5	715.7
D/E ratio (c)/(b)	0.67	0.65	0.65
Profit attributable to owners of parents (d)	70.0	53.1	111.9
Depreciation (e)	165.0	164.3	145.1
Operating cash flow (d) + (e)	235.0	217.4	257.1
Capex	239.0	203.3	232.0
ROA: (d) / (a)	3.1%	2.4%	5.0%
ROE: (d) / (b)	6.3%	4.8%	10.3%
TEP	14.9	-6.2	67.6
WACC	2.9%	3.0%	3.4%
Total payout ratio	Approx. 60%	60.7%	60.1%

Note: Shareholders' equity = Net assets – minority interests  
 ROA = Net profit / Total assets (average of the amounts as of the end of the previous period and end of the current period)  
 ROE = Net profit / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)  
 Balance sheet figures are as of the corresponding term-end  
 Operating cash flow = Net profit + Depreciation (including depreciation of long-term prepaid expenses)  
 Total payout ratio = [FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net profit

TEP (Tokyo Gas Economic Profit) : Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)  
 Items for WACC calculation (FY2017 forecast)  
 • Cost of interest-bearing debt : forecast interest rate (1.11%, after tax)  
 • Cost rate for shareholders' equity  
 • Risk free rate : 10-year JGB yield 0.11%  
 • Market Risk premium : 5.5% β: 0.75

This slide shows consolidated key indicators

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### 3. Reference Materials

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# Gas Gross Margin Sensitivity to Change in Crude Oil Price and Exchange Rate

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

(unit: billion yen)

		Impact on earning
		4Q
Period	4Q	- 0.2

## Impact of depreciation by ¥1/\$

(unit: billion yen)

		Impact on earning
		4Q
Period	4Q	- 1.1

## Key Topics in FY2017 (Domestic) (Excerpted from Press Releases up to 31st Jan.)



Management Strategy	<ul style="list-style-type: none"> <li>• FY2017 initiatives by Tokyo Gas Group (Apr. 13)</li> <li>• Strategic alliance in LNG procurement between Kyushu Electric Power and Tokyo Gas (Apr. 12)</li> <li>• The Tokyo Gas Group FY2018-2020 management plan "GPS2020" (Oct. 5)</li> </ul>
City gas	<ul style="list-style-type: none"> <li>• Total number of ENE-FARM residential fuel cells sold hits 80,000 (May 8)</li> <li>• Development of technology to improve the power generating efficiency of fuel cells : the first case of 65% equivalent efficiency with using a low output (5kW) fuel cell in the world (May 23)</li> <li>• 11 Companies Agree to Collaborate on Large-scale Construction of Hydrogen Stations : New Company to Be Considered for Supporting Strategic Construction and for Achieving Wider Use of FCVs and Independence of Hydrogen Station Business (May 19)</li> <li>• Application to alter registered particulars concerning gas retail business (May 29)</li> <li>• Offer of the service, "Total Energy Service Plan (Zuttomo)" by Tokyo Gas Group in Tosai Gas and Higashinihon Gas supply areas (Jun. 27)</li> <li>• Discontinuation of feasibility study into the business of units 3 and 4 at Kawasaki Gas Power Plant (Jul. 14)</li> <li>• Establishment of Prominet Power Co., Ltd. (Aug. 1)</li> <li>• Total number of commercial ventilation alarms installed hits the half million mark (Aug. 9)</li> <li>• Basic agreement on wholesale distribution of natural gas signed with Horikawa Sangyo Co., Ltd.: supply to residents in Suzunomiya Harigaya commenced (Sept. 19)</li> </ul>
Electric power	<ul style="list-style-type: none"> <li>• Koga-Maoka trunk pipeline enters service (Oct. 18)</li> <li>• Number of electricity contracts hits one million (Oct. 17)</li> <li>• Receipt of IT Special Award (Disaster Recovery System "TG-DRESS" (Nov. 20)</li> <li>• Total number of ENE-FARM residential fuel cells sold hits 90,000 (Nov. 29)</li> <li>• 11 companies sign agreement to form a new company in spring 2018 for full-scale development of a hydrogen charging station network in Japan (Dec. 12)</li> <li>• Enhancement of our total energy service plan, "Always Plan" (Dec. 22)</li> </ul>
Liquid gas	<ul style="list-style-type: none"> <li>• Launch of pilot IoT project utilizing a low power wide area (LPWA) network to streamline LPG distribution (Jun. 5)</li> </ul>
Living services	<ul style="list-style-type: none"> <li>• Launch of service to access information regarding home gas and electric appliances of customers by linking myTOKYOGAS and the smartphone app "TORISETSU" (Jul. 21)</li> <li>• "Predicting Heat Shock service" developed jointly by Japan Weather Association and Tokyo Gas launched on the tenki.jp online weather site (Oct. 2)</li> </ul>
Engineering services	<ul style="list-style-type: none"> <li>• Opening of offices in Kyushu and Nagano (Apr. 3)*</li> <li>• Jointly feasibility study of LNG terminal business at Sumitomo Chemical's Ehime Works (May 31)*</li> <li>• Launch of energy management service using Helionet Advance (Sept. 29)</li> <li>• Development of "Optopass" planning software to optimize energy facility operation and launch of consulting service (Sept. 29)</li> </ul>
Urban development Services	<ul style="list-style-type: none"> <li>• District developed by the tentatively named TGMM Shibaura Project to be called "msb Tamachi": mixed-use complex with direct access to JR Tamachi Station to be developed by Tokyo Gas, Mitsui Fudosan, and Mitsubishi Estate (May 16)</li> <li>• Commencement of work on Tamachi Station Tower N as part of the "msb Tamachi" development project (Aug. 23)</li> </ul>
Finance and shareholder returns	<ul style="list-style-type: none"> <li>• Announcement of issue of 42nd and 43rd domestic unsecured notes (Jun. 2)</li> <li>• Notification of resolution to acquire treasury shares (Apr. 28), notice of share buyback (May 23), notice of retirement of treasury stock (Jun. 29)</li> </ul>

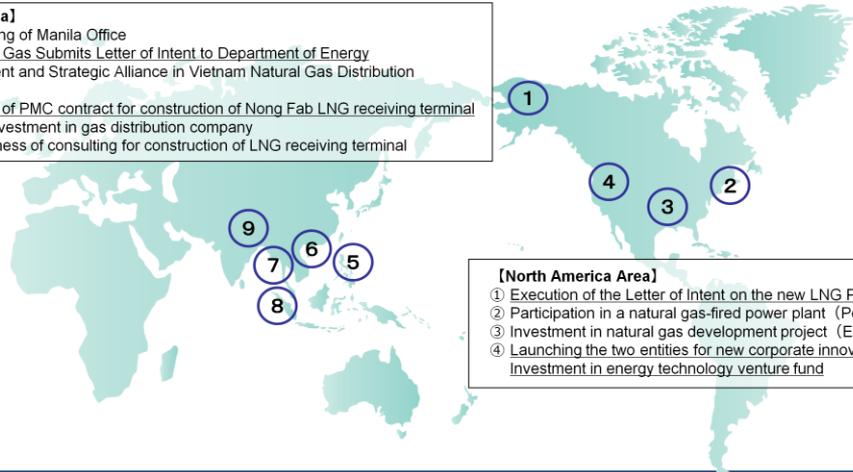
Dates of press releases are shown in parentheses. \*Press releases issued by Tokyo Gas Engineering Solutions. Press releases issued after the 2Q results were announced (Oct.27) are underlined.

# Key Topics in FY2017 (Overseas) (Excerpted from Press Releases up to 31st Jan.)

City gas	<ul style="list-style-type: none"> <li>• Execution of the Letter of Intent on the new LNG Project in Alaska –to commence the dialogue regarding the purchase of LNG and other businesses-(Dec. 5)</li> </ul>
Overseas	<p><b>[North America]</b></p> <ul style="list-style-type: none"> <li>• Participation in a natural gas-fired power plant in Pennsylvania (Apr. 18)</li> <li>• Investment in natural gas development project in East Texas, U.S.A. (May 8)</li> <li>• <u>Announcement for launching the two entities for new corporate innovation team, "Acario Investment One LLC," and "Acario Innovation LLC" (Dec. 18)</u></li> <li>• Investment in US energy technology venture fund "Activate Capital Partners" (Jan. 19)</li> </ul> <p><b>[Southeast Asia]</b></p> <ul style="list-style-type: none"> <li>• Opening of Manila Office (Apr. 21)</li> <li>• Investment and Strategic Alliance in Vietnam Natural Gas Distribution Business(Jul. 31)</li> <li>• Joint investment in gas distribution company in Indonesia(Oct. 17)</li> <li>• <u>Tokyo Gas Submits Letter of Intent to Department of Energy, the Philippines(Oct. 31)</u></li> </ul>
Engineering services	<ul style="list-style-type: none"> <li>• Business of consulting for construction of LNG receiving terminal in Bangladesh (Jul. 27)*</li> <li>• <u>Receipt of PMC contract for construction of Thailand's Nong Fab LNG receiving terminal (Jan. 9)*</u></li> </ul>

Dates of press releases are shown in parentheses. \*Press releases issued by Tokyo Gas Engineering Solutions. Press releases issued after the 2Q results were announced (Oct. 27) are underlined.

- [Southeast Asia Area]**
- ⑤ <Philippines>Opening of Manila Office
  - <Philippines>Tokyo Gas Submits Letter of Intent to Department of Energy
  - ⑥ <Vietnam>Investment and Strategic Alliance in Vietnam Natural Gas Distribution Business
  - ⑦ <Thailand> Receipt of PMC contract for construction of Nong Fab LNG receiving terminal
  - ⑧ <Indonesia>Joint investment in gas distribution company
  - ⑨ <Bangladesh>Business of consulting for construction of LNG receiving terminal



- [North America Area]**
- ① Execution of the Letter of Intent on the new LNG Project in Alaska
  - ② Participation in a natural gas-fired power plant (Pennsylvania, U.S.A.)
  - ③ Investment in natural gas development project (East Texas, U.S.A.)
  - ④ Launching the two entities for new corporate innovation team
  - Investment in energy technology venture fund



< 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.

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