

**FY2018 2Q Financial Results
ended September 30, 2018**



October 31, 2018

1. FY2018 2Q Consolidated Financial Results
ended September 30, 2018



FY2018 2Q Consolidated Financial Results (Apr. 1, 2018 – Sep. 30, 2018) <vs. FY2017 2Q>



Highlights: Sales Up, Profit Down

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

Net sales	+42.0	:	+	Electric Power	(+24.9: Increase in sales volume due to increase in retail customers, etc.)
			+	Energy-related	(+13.4: Engineering solutions +8.1, appliances and installation work +6.0, etc.)
			+	Gas	(+12.6: Increase in unit price due to resource cost adjustment +36.0, third-party access revenue +2.6, decrease in sales volume -25.4, etc.)
Operating expenses	-65.7	:	-	Gas	(-34.5: Increase in unit price arising from economic framework assumptions -45.5, decrease in sales volume +12.8, increase in fixed costs due to increase in actuarial differences, etc.)
			-	Electric Power	(-27.1: Increase in costs due to increase in sales volume, increase in retail sales expenses, etc.)
			-	Energy-related	(-12.1: Engineering solutions -7.7, etc.)
Operating profit	-23.7	:	-	Gas	(-22.0: Change in sales volume -12.6, change in unit price -9.5, third-party access revenue +2.6, increase in fixed costs due to increase in actuarial differences, etc.)
			-	Electric Power	(-2.3: Increase in retail sales expenses, etc.)
Extraordinary income/loss	-19.5	:	+	Overseas	(+2.7: Increase in profit from upstream projects, etc.)
			+	FY2018 2Q	+22.7: Gain on sale of non-current assets +29.1, loss from revaluation of investment securities -6.3
			+	FY2017	+3.2: Gain on sale of non-current assets +3.2

	FY2018 2Q	FY2017 2Q	Change	%
City gas sales volume (million m3, 45MJ)	6,822	7,136	-314	-4.4%
Electricity sales volume (million kWh)	7,136	7,007	+129	+1.8%
(Breakdown) Retail sales (million kWh, receiving end)	2,857	1,834	+1,023	+55.7%
Wholesale etc. (million kWh)	4,280	5,173	-893	-17.3%
Net sales	832.3	790.3	+42.0	+5.3%
Operating expenses	811.8	746.1	+65.7	+8.8%
Operating profit	20.5	44.2	-23.7	-53.5%
Segment profit (operating profit + equity income of subsidiaries)	20.9	44.4	-23.5	-52.8%
Ordinary profit ...①	19.6	42.6	-23.0	-53.8%
Extraordinary profit/loss	22.7	3.2	+19.5	—
Profit attributable to owners of parent	26.9	31.9	-5.0	-15.8%
<i>Temperature effect</i> ...②	-6.3	-0.8	-5.5	—
(Adjustment items) <i>Sliding time lag effect (city gas, LNG sales)</i> ...③	-22.5	-12.4	-10.1	—
<i>Amortization of actuarial differences</i> ...④	-2.3	3.8	-6.1	—
Adjusted ordinary income ...①-②+③+④	50.7	52.0	-1.3	-2.5%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
FY2018 2Q	110.26(-0.78)	73.72(+22.40)	22.3(+1.1)
FY2017 2Q	111.04	51.35	21.2

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

Pension assets	Investment yield (costs deducted)	Year-end assets (billion yen)
FY2018 2Q cumulative	0.65%	269.0

Expected annual rate of return: 2%

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During the first half of FY2018, net sales increased by ¥42.0 billion (+5.3%) to ¥832.3 billion. The main cause was an increase in net sales of the electric power segment by ¥24.9 billion due to a rise in retail sales volume, an increase in net sales of the energy-related segment by ¥13.4 billion on the back of a rise in sales of engineering solutions and appliances and installation work, and an increase in net sales of the gas segment by ¥12.6 billion due to an increase in city gas sales owing in part to a rise in unit price from resource cost adjustments despite a drop in gas sales volume.

Operating expenses rose by ¥65.7 billion (+8.8%) to ¥811.8 billion, due in part to an increase in city gas resource costs owing in part to a rise in unit price arising in part from economic framework assumptions in the gas segment and an increase in electricity operating expenses due to the rise in retail sales volume in the electric power segment.

As a result, operating profit and ordinary profit dropped by ¥23.7 billion (-53.5%) to ¥20.5 billion, and by ¥23.0 billion (-53.8%) to ¥19.6 billion, respectively.

FY2018 2Q Consolidated Gas Sales Volume/ Number of Customers <vs. FY2017 2Q>

City Gas sales volume :

*Each value is rounded.

-314mil.m³ (-4.4%)

[including temperature effect -72mil.m³, -1.1%]

Residential	-117mil.m³ (-9.0%)
● Temperature effect	-85 mil.m ³
● Number of days	+3 mil.m ³
● Number of customers	-18 mil.m ³
● Others	-17 mil.m ³
Commercial	-14mil.m³ (-1.1%)
● Temperature effect	+17 mil.m ³
● Number of days	+7 mil.m ³
● Number of customers	-26 mil.m ³
● Others	-12 mil.m ³
Industrial	-242mil.m³ (-6.7%)
● Industrial	-6 mil.m ³
● Power generation	-235 mil.m ³
Wholesale	+60mil.m³ (+6.6%)
● Temperature effect	-4 mil.m ³
● Others	+64 mil.m ³

Increase in wholesale demand, etc.



Gas Sales Volume (Vision Basis) (Unit : million ton)

Number of customers(City Gas), LNG sales volume,Average temperature

	FY2018 2Q Results	FY2017 2Q Results	Change
New Number of customers for city gas retail sales (10 thousands) *1	1,008.9	1,028.9	-20.0 (-1.9%)
Number of customers(meters) (10 thousands, meter) *2	1,173.1	1,158.4	+14.7 (+1.3%)
LNG sales volume (thousands t)	408	541	-133 (-24.7%)
Average temperature (°C)	22.3	21.2	+1.1

	FY2018 2Q Results	FY2017 2Q Results	Change
Gas sales volume (financial accounting basis)	6,822	7,136	-314 (-4.4%)
Gas volume used in-house under tolling arrangement	871	1,012	-141 (-14.0%)
LNG sales volume (m ³ basis)	510	677	-167 (-24.7%)
Total	8,203	8,825	-622 (-7.0%)

*1. Number of billed customers for city gas retail sales *2. Including inactive meters and meters for gas supply from other retail companies

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Consolidated gas sales volume during the first half of FY2018 decreased by 314 million m³ (-4.4%) to 6,822 million m³.

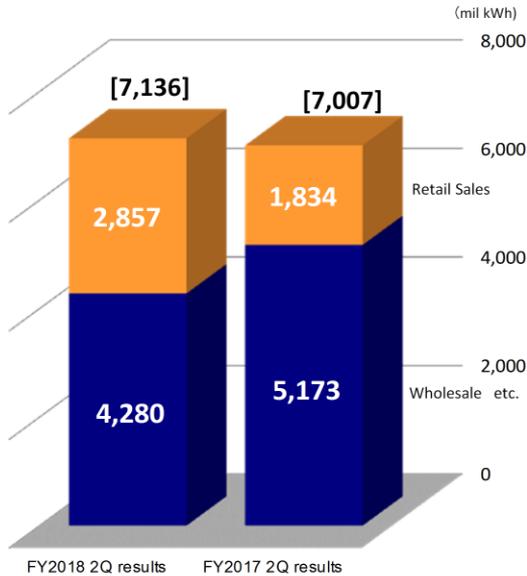
The main causes of the drop in the gas sales volume were a decrease of 235 million m³ due to a reduction in usage by power generation customers and a decrease of 72 million m³ due in part to a decline in hot water demand on the back of higher temperatures in early spring compared to the previous year.

FY2018 2Q Consolidated Electricity Sales Volume/ Number of Customers <vs. FY2017 2Q>

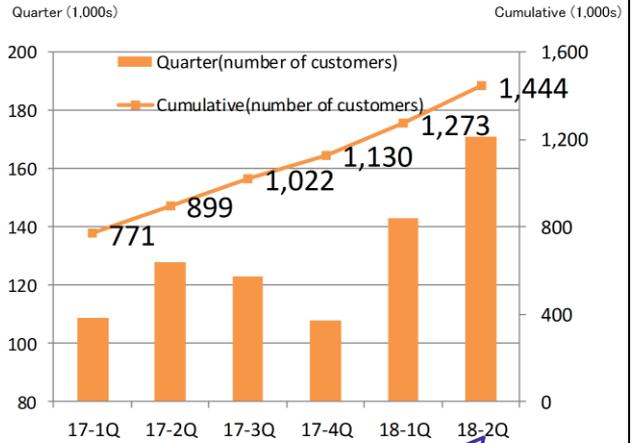
Electricity sales volume:

+129mil. kWh (+ 1.8%)

■ Retailing	+ 1,023mil.kWh(+55.7%)
■ Wholesale etc.	- 893mil.kWh(- 17.3%)



New electricity retail customers won by Tokyo Gas



From July, 13 to Sep., 26,
"Denki de Lucky Campaign"



Let me describe the electricity sales volume.

Consolidated electricity sales volume during the first half of FY2018 increased by 129 million kWh (+1.8%) to 7,136 million kWh as a whole.

Retail sales volume increased to 2,857 million kWh (+55.7%) due to a rise in the number of subscribers. The number of retail customers is growing steadily partly on the back of the summer promotion campaign. It stood at 1,444 thousand as of the end of September.

FY2018 2Q Results : Sales and Operating Profit/Loss by Business Segments <vs. FY2017 2Q >

Parts of segments change in FY2018 *

	Net sales					Segment Profit (Operating profit + Equity income/loss of subsidiary)				
	FY2018 2Q Results	FY2017 2Q		Change	%	FY2018 2Q Results	FY2017 2Q		Change	%
		After Conversion	Before Conversion				After Conversion	Before Conversion		
Gas	591.5	578.9	507.3	12.6	2.2	21.9	43.9	42.5	- 22.0	- 50.0
(City gas)	520.9	507.3	507.3	13.6	2.7	20.6	42.5	42.5	- 21.9	- 51.5
(LNG sales)	73.8	51.7	51.7	22.1	42.7	0.8	0.6	0.6	0.2	29.5
Electric Power	123.9	99.0	99.0	24.9	25.1	4.4	6.7	6.7	- 2.3	- 33.4
Overseas business	21.6	20.5	20.5	1.1	5.8	5.2	2.6	2.6	2.6	98.9
(equity income of subsidiaries)	—	—	—	—	—	0.1	0.2	0.2	- 0.1	- 30.9
Energy –related	157.8	144.4	211.8	13.4	9.3	6.2	4.8	5.9	1.4	26.9
(Engineering Solutions)	60.4	52.3	52.3	8.1	15.5	1.8	1.5	1.5	0.3	22.6
Real estate (including equity income of subsidiaries)	21.7	20.7	20.7	1.0	4.9	4.7	4.2	4.2	0.5	10.1
Others (including equity income of subsidiaries)	43.8	37.8	41.7	6.0	15.9	0.3	1.0	1.3	- 0.7	- 68.0
Adjustment	- 128.1	- 111.2	- 110.9	- 16.9	—	- 22.0	- 19.0	- 19.0	- 3.0	—
Consolidated	832.3	790.3	790.3	42.0	5.3	20.9	44.4	44.4	- 23.5	- 52.8
(equity income of subsidiaries)	—	—	—	—	—	0.4	0.2	0.2	0.2	47.4

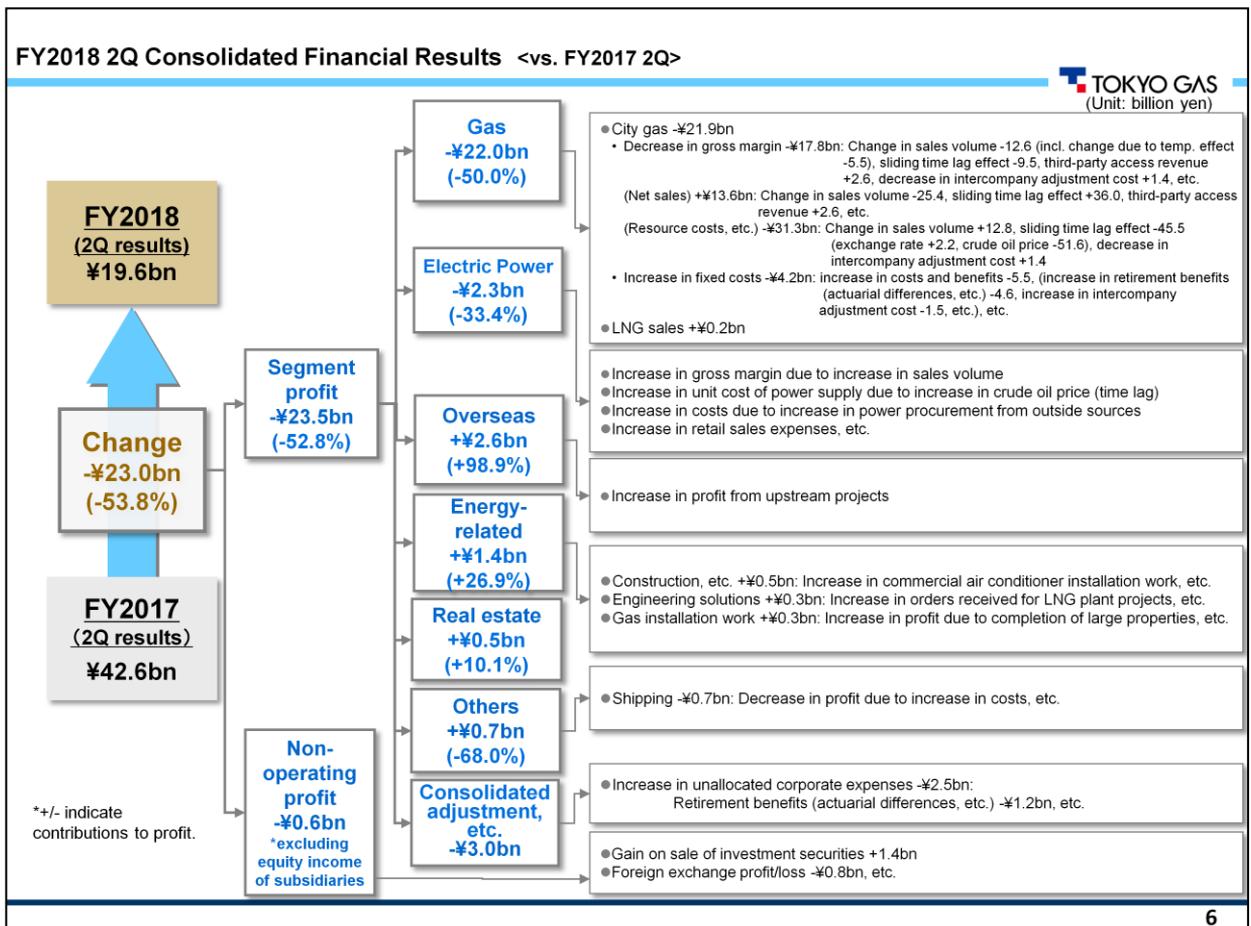
Notes

- Net sales by business segments include internal transactions.
 - Net sales of "City gas" and "LNG sales" within "Gas" include internal transactions within Gas segment.
 - "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in shipping, information processing service and leasing, etc.
 - The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.
- *Segment change in FY 2018 are as follows. Liquid Gas Business("Liquefied petroleum gas" and "Industrial gas") and "LNG sales" included in "Energy-related" were recognized as "Gas".
"Credit" included in "Others" were recognized as "Energy-related".

Slide 5 indicates net sales by segment and segment profit (operating profit + equity income/loss of subsidiary), and changes thereof.

Some of the segments have been revised from FY2018. The results of the same period of the previous year that have been reclassified into the new segments are indicated under "after conversion."

In terms of segment profit, the ¥22.0 billion drop in income of the gas segment had a negative impact on overall profit.



Of the ¥22.0 billion drop in profit of the gas segment, the impact of the decrease in gas sales volume was -¥12.6 billion, of which -¥5.5 billion was caused by high temperatures.

Profit of the electric power segment decreased by ¥2.3 billion. The drop in profit was due to an increase in unit cost of power supply due to a rise in the crude oil price (time lag), an increase in unit price of power supply procurement on the back of an increase in sales volume and a decrease in the operation of group power sources, and a rise in retail sales expenses, despite an increase in gross margin on the back of increased retail customers and sales volume.

Profit of the overseas segment increased by ¥2.6 billion. Profit has increased following a rise in oil prices in upstream projects, in addition to an increase in profit of the Gorgon project, an overseas upstream project that commenced operation last year, due to the reduction in initial year cost burden.

Profit of the energy-related segment increased by ¥1.4 billion. The main causes were an increase in orders received for commercial air conditioner installation work as well as a rise in profit due to an increase the completion of large properties in gas installation work.

2. FY2018 Full Year Forecast



Previous forecast (as of 1Q) unchanged from original forecast (released April 27)

FY2018 Consolidated Forecast (Apr. 1, 2018 – Mar. 31, 2019) <vs. FY2018 Previous Forecast>



Highlights: Sales Up, Profit Down (vs. previous forecast) (+ - +/- indicate impact on profit, billion yen)

Net sales	+60.0	+	Gas (+36.8: Increase in unit price due to resource cost adjustment, etc.)
		+	Electric Power (+14.7: Increase in sales volume due to increase in retail customers, etc.)
Operating expenses	-69.0	-	Gas (-52.1: Increase in unit price arising from economic framework assumptions, etc.)
		-	Electric Power (-18.5: Increase in unit cost of power supply, increase in retail sales volume, increase in retail sales expenses, etc.)
Operating profit	-9.0	-	Gas (-15.3: Change in unit price of city gas -14.5, change in sales volume, etc. -4.1, decrease in fixed costs +5.5, etc.)
		+	Overseas (+4.6: Increase in profit from upstream projects, etc.)
Extraordinary income/loss	-0.3	+	28.8: (1H) Gain on sale of non-current assets +29.1, loss from revaluation of investment securities -6.3 (2H) Gain on sale of investment securities +6.0 (Changes factored into previous forecast are underlined.)

	Forecast	Previous Forecast	Change	%	FY2017 Result	Change	%	
City gas sales volume (million m3, 45MJ)	15,412	15,542	-130	-0.8%	15,568	-156	-1.0%	
Electricity sales volume (million kWh)	15,445	15,128	+317	+2.1%	14,656	+789	+5.4%	
Net sales	2,014.0	1,954.0	+60.0	+3.1%	1,777.3	+236.7	+13.3%	
Operating expenses	1,930.0	1,861.0	+69.0	+3.7%	1,661.0	+269.0	+16.2%	
Operating profit	84.0	93.0	-9.0	-9.7%	116.3	-32.3	-27.8%	
Segment profit (operating profit + equity income of subsidiaries)	87.4	97.2	-9.8	-10.0%	118.7	-31.3	-26.4%	
Ordinary profit	83.0	93.0	-10.0	-10.8%	111.5	-28.5	-25.6%	
Extraordinary profit/loss	28.8	29.1	-0.3	—	3.2	+25.6	—	
Profit attributable to owners of parent	83.0	88.0	-5.0	-5.7%	74.9	+8.1	+10.7%	
Temperature effect	-6.3	0	-6.3	—	3.9	-10.2	—	
(Adjustment items) Sliding time lag effect (city gas, LNG sales)	-27.6	-11.3	-16.3	—	-23.0	-4.6	—	
	(-25.4 + -2.2)	(-10.9 + -0.4)	(-14.5 + -1.8)		(-20.3 + -2.7)	(-5.1 + 0.5)		
Amortization of actuarial differences	-4.6	-4.6	±0.0	—	7.7	-12.3	—	
Adjusted ordinary income	121.5	109.0	+12.5	+11.5%	122.9	-1.4	-1.1%	
Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)	Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
Forecast	110.13(+0.13)	74.38(+9.38)*	16.6(+0.7)	FY2017	1.03%	0.293%	0.046%	271.0
Previous forecast(4/27)	110.00	65.00	15.9	FY2016	1.57%	0.389%	0.055%	277.0
FY2017 results	110.85	57.03	15.7	FY2015	2.92%	0.238%	0.000%	281.9

*3Q ~ \$75.00/bbl Figures in parentheses show change from previous forecast

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For the FY2018 full year, we have made an upward revision to our sales forecast and a downward revision to our profit forecast. With regards to the economic framework for October 2018 and later for FY2018, which serves as a basis of our forecast, the foreign exchange rate assumption has remained unchanged at ¥110/\$, while the crude oil price assumption has been revised upward by \$10 from \$65 to \$75.

We expect net sales to increase by ¥60.0 billion (+3.1%) from the previous forecast to ¥2,014.0 billion. The main reasons are an increase in net sales in the gas segment by ¥36.8 billion due to a rise in city gas sales on the back of a rise in unit price due to a higher oil price assumption, and an increase in net sales in the electric power segment by ¥14.7 billion due in part to a rise in retail sales volume.

We have raised our forecast for operating expenses by ¥69.0 billion (+3.7%) from the previous forecast to ¥1,930 billion. The main reasons are an increase in city gas resource costs in the gas segment due in part to a rise in unit price owing to a higher oil price assumption, and a rise in unit cost of power supply, an increase in retail sales volume, and a rise in retail sales expenses in the electric power segment.

As a result, operating profit and ordinary profit for the full year were revised downward by ¥9.0 billion (-9.7%) from the previous forecast to ¥84.0 billion and by ¥10.0 billion (-10.8%) to ¥83.0 billion, respectively.

Due to the bookings of -¥6.3 billion of loss on valuation of investment securities under extraordinary loss in the second quarter and ¥6.0 billion of gain on sales of investment securities under extraordinary profit in the second half, profit attributable to owners of parent was revised downward by ¥5.0 billion (-5.7%) from the previous forecast to ¥83.0 billion.

FY2018 Full Year Forecast ; Consolidated Gas Sales Volume/Number of Customers

Consolidated City Gas Sales Volume

(Figures are rounded nearest mil m³)

VS. Previous Forecast

-130 mil m³ (-0.8%)

[Including temperature effect -83mil. m³, -0.5%]

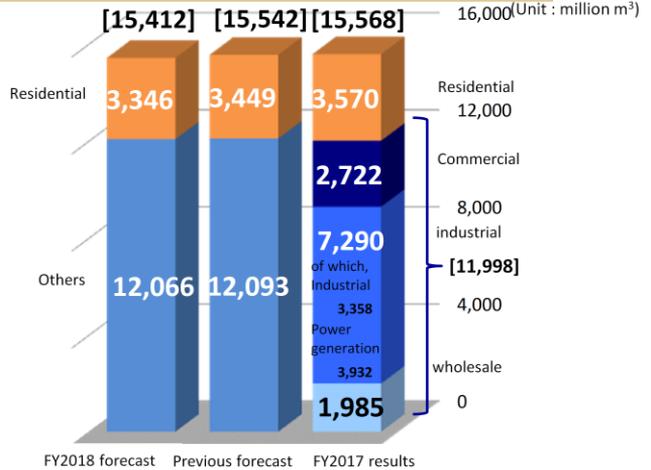
Residential	- 103mil. m ³ (- 3.0%)
Others	- 27mil. m ³ (- 0.2%)

VS. FY2017 Results

-156 mil m³ (- 1.0%)

[Including temperature effect -147mil. m³, -0.9%]

Residential	- 224mil. m ³ (- 6.3%)
Others	+68mil. m ³ (+0.6%)



Gas Sales Volume (Vision Basis) (Unit : million m³)

Number of customers(City Gas), LNG sales volume, Average temperature

	Forecast	Previous Forecast	Change	FY2017 Results	Change
Number of meters (10 thousands)	1,182.5	1,181.2	+1.3 (+0.1%)	1,167.8	+14.7 (+1.3%)
LNG sales volume (thousands t)	1,085	1,075	+10 (+0.9%)	1,150	-65 (-5.6%)
Average temperature (°C)	16.6	15.9	+0.7	15.7	+0.9

	Forecast	Previous Forecast	Change	FY2017 Results	Change
Gas sales volume	15,412	15,542	-130 (-0.8%)	15,568	-156 (-1.0%)
Gas volume used in-house under tolling arrangement	1,840	1,923	-83 (-4.3%)	2,047	-207 (-10.1%)
LNG sales volume (m ³ basis)	1,357	1,344	+13 (+0.9%)	1,437	-80 (-5.6%)
Total	18,609	18,809	-200 (-1.1%)	19,052	-443 (-2.3%)

We have made a downward revision to our gas sales volume forecast by 130 million m³ (-0.8%) from the previous forecast, of which -83 million m³ (-0.5%) is due to a temperature effect.

FY2018 Full Year Forecast ; Consolidated Electricity Sales Volume/Number of Customers

Consolidated Electricity Sales Volume

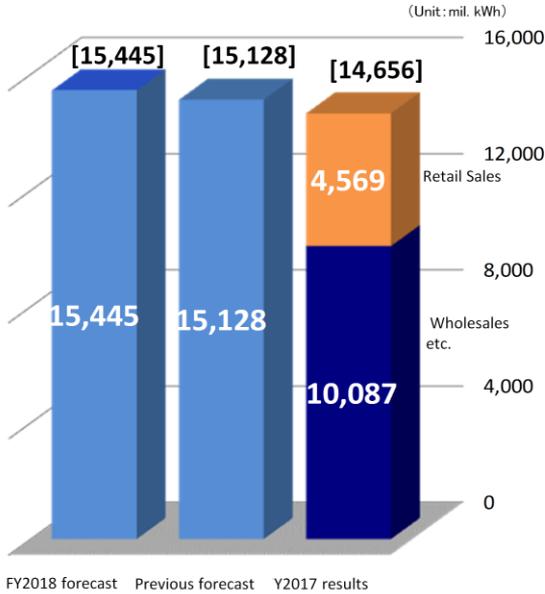


VS. Previous Forecast

+317 mil kWh (+2.1%)

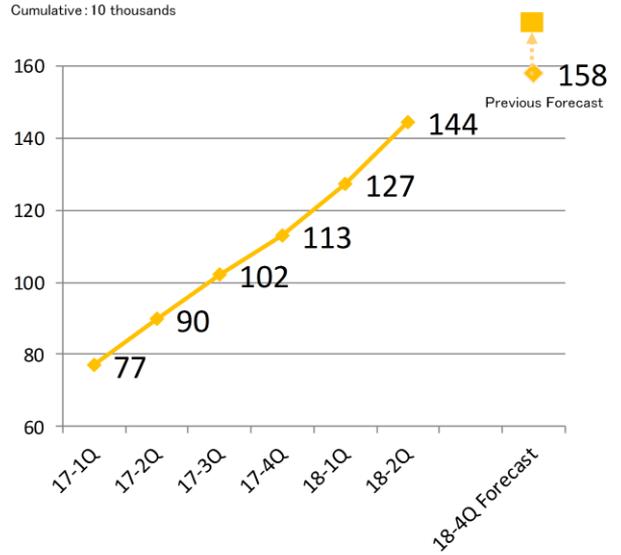
VS. FY2017 Results

+789 mil kWh (+5.4%)



New electricity retail customers won by Tokyo Gas

	Previous Forecast	FY2017 Results	Change
Number of retail customers (10 thousands)	158.0	113.0	+45.0 (+39.8%)



The forecast of electricity sales volume has been revised upward by 317 million kWh (+2.1%) from the previous forecast, mainly due to an upward revision to the number of retail customers.

FY2018 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. FY2018 Previous Forecast>



Parts of segments change in FY2018 *

	Net sales				Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	FY2018 Forecast	Previous Forecast	Change	%	FY2018 Forecast	Previous Forecast	Change	%
Gas	1,437.1	1,400.3	36.8	2.6	87.5	102.8	-15.3	-14.9
(City gas)	1,259.7	1,227.3	32.4	2.6	85.5	98.6	-13.1	-13.2
(LNG sales)	188.9	187.9	1.0	0.5	1.3	2.8	-1.5	-53.8
Electric Power	283.0	268.3	14.7	5.5	8.4	12.2	-3.8	-30.7
Overseas business	50.1	46.0	4.1	8.9	14.2	10.8	3.4	31.5
(equity income of subsidiaries)	—	—	—	—	3.0	4.2	-1.2	-28.6
Energy-related	359.8	356.3	3.5	1.0	9.0	5.9	3.1	52.5
(Engineering Solutions)	143.0	138.4	4.6	3.4	3.2	2.7	0.5	17.1
Real estate (including equity income of subsidiaries)	43.7	42.6	1.1	2.6	8.6	7.0	1.6	22.9
Others (including equity income of subsidiaries)	113.6	101.1	12.5	12.4	5.5	3.6	1.9	52.8
Adjustment	-273.3	-260.6	-12.7	—	-45.8	-45.1	-0.7	—
Consolidated	2,014.0	1,954.0	60.0	3.1	87.4	97.2	-9.8	-10.0
(equity income of subsidiaries)	—	—	—	—	3.4	4.2	-0.8	-17.8

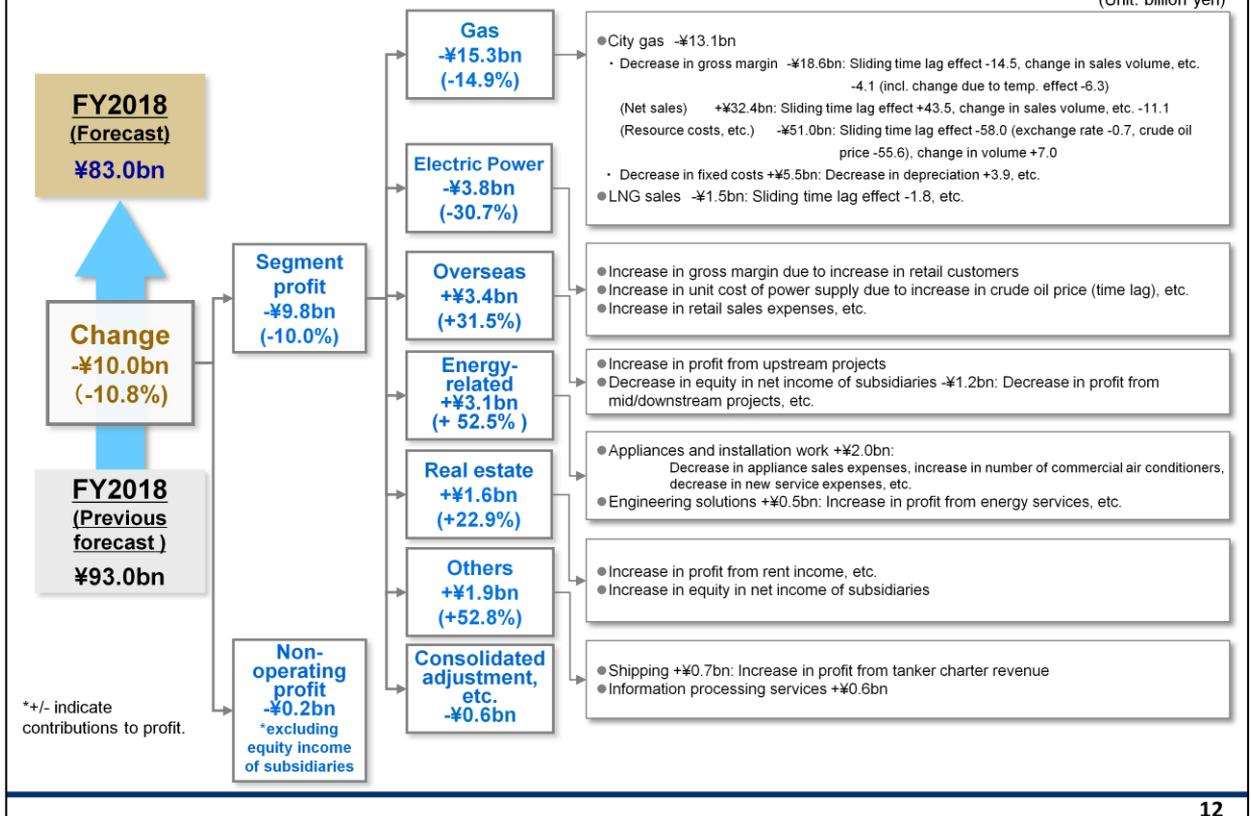
Notes

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 - Net sales of "City gas" and "LNG sales" within "Gas" include internal transactions within Gas segment.
 - "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in shipping, information processing service and leasing, etc.
 - The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.
- *Segment change in FY 2018 are as follows. Liquid Gas Business("Liquefied petroleum gas" and "Industrial gas") and "LNG sales" included in "Energy-related" were recognized as "Gas".
"Credit" included in "Others" were recognized as "Energy-related".

In segment profit, the profits of the gas and electric power segments have been revised downward, while the profits of other segments have been revised upward.

FY2018 Forecast: Ordinary Income Analysis

<vs. FY2018 Previous Forecast>



The ¥15.3 billion downward revision in the ordinary profit of the gas segment compared to the previous forecast is mainly due to a sliding time lag effect of -¥14.5 billion owing to the rise in the oil price assumption. Causes other than the sliding time lag effect are indicated as a change in sales volume, etc. of -¥4.1 billion, of which -¥6.3 billion is due mainly to high temperatures in early spring. Excluding the temperature effect, ordinary profit of the segment will have been revised upward. Overall fixed costs have been revised downward by ¥5.5 billion, leading to the increased profit for FY2018.

Ordinary profit of the electric power segment has been revised downward by ¥3.8 billion from the previous forecast. This is partly because of a negative impact of the rise in the unit cost of power supply owing to the rise in oil prices (time lag), and an increase in retail sales expenses due in part to additional promotion campaigns, despite a rise in gross profit on the back of increases in retail customers and sales volume.

We made an upward revision to the ordinary profit of the overseas segment by ¥3.4 billion. This is due in part to an increase in the profit of upstream projects on the back of the revised oil price assumption, despite a drop in profit of the mid/downstream business.

Ordinary profit of the energy-related segment has been revised upward by ¥3.1 billion. The main causes are the drop in appliance sales expenses, an increase in the number of commercial air conditioners sold, and a rise in profit from the energy service business due to high temperatures in the summer.

Ordinary profit of the real estate segment has been revised upward by ¥1.6 billion. This is due in part to an expected increase in rent income from newly opened buildings.

FY2018 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. FY2017 Results>



Parts of segments change in FY2018 *

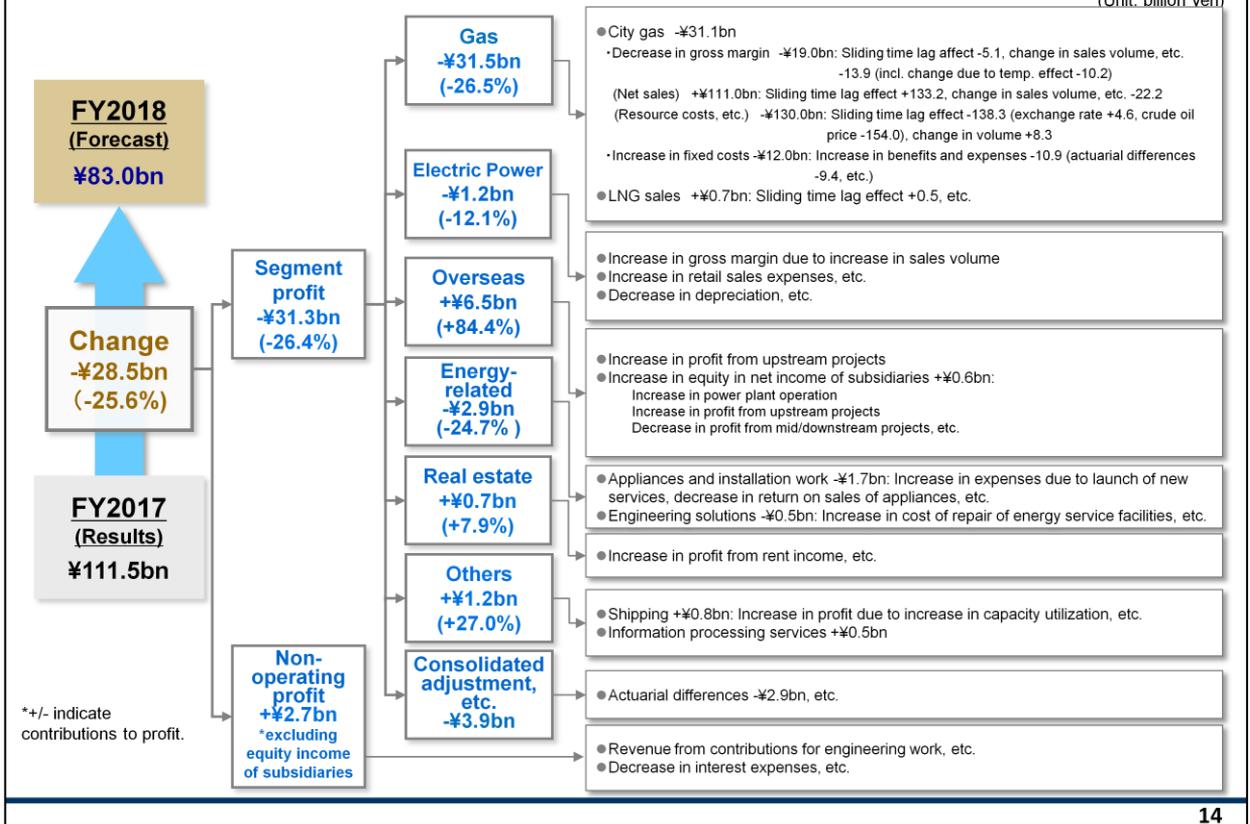
	Net sales					Segment Profit (Operating profit + Equity income/loss of subsidiary)				
	FY2018 Forecast	FY2017 Results		Change	%	FY2018 Forecast	FY2017 Results		Change	%
		After Conversion	Before Conversion				After Conversion	Before Conversion		
Gas	1,437.1	1,304.8	1,148.8	132.3	10.1	87.5	119.0	116.6	-31.5	-26.5
(City gas)	1,259.7	1,148.8	1,148.8	110.9	9.6	85.5	116.6	116.6	-31.1	-26.6
(LNG sales)	188.9	108.8	108.8	80.1	73.6	1.3	0.6	0.6	0.7	101.6
Electric Power	283.0	218.6	218.6	64.4	29.4	8.4	9.6	9.6	-1.2	-12.1
Overseas business	50.1	41.5	41.5	8.6	20.6	14.2	7.7	7.7	6.5	84.4
(equity income of subsidiaries)	—	—	—	—	—	3.0	2.4	2.4	0.6	21.0
Energy –related	359.8	333.6	480.8	26.2	7.8	9.0	11.9	13.7	-2.9	-24.7
(Engineering Solutions)	143.0	118.1	118.1	24.9	20.4	3.2	3.5	3.5	-0.3	-9.3
Real estate (including equity income of subsidiaries)	43.7	42.3	42.3	1.4	3.2	8.6	7.9	7.9	0.7	7.9
Others (including equity income of subsidiaries)	113.6	85.0	92.7	28.6	33.6	5.5	4.3	4.9	1.2	27.0
Adjustment	-273.3	-248.7	-247.6	-24.6	—	-45.8	-41.8	-41.8	-4.0	—
Consolidated	2,014.0	1,777.3	1,777.3	236.7	13.3	87.4	118.7	118.7	-31.3	-26.4
(equity income of subsidiaries)	—	—	—	—	—	3.4	2.4	2.4	1.0	38.4

Notes

- Net sales by business segments include internal transactions.
 - Net sales of "City gas" and "LNG sales" within "Gas" include internal transactions within Gas segment.
 - "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in shipping, information processing service and leasing, etc.
 - The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.
- *Segment change in FY 2018 are as follows. Liquid Gas Business("Liquefied petroleum gas" and "Industrial gas") and "LNG sales" included in "Energy-related" were recognized as "Gas".
"Credit" included in "Others" were recognized as "Energy-related".

Slide 13 indicates net sales by segment and segment profit as compared with the previous year.

FY2018 Forecast: Ordinary Income Analysis <vs. FY2017 Results>



Slide 14 is a comparison of ordinary profit with that of the previous year.

FY2018 Uses of Cash Flow (Capex , Investment and financing)

(Unit: billion yen)

	Forecast	Main items	FY2017 results	Change	%
Capital expenditure					
Gas	175.4	Production facilities : 20.9 (+4.0) Hitachi LNG terminal expansion, etc. Distribution facilities : 106.4 (+12.4) Ibaraki Line installation, New demand development, etc. Service and maintenance facilities : 48.0 (+19.1) System related, etc.	139.7	+35.7	+25.6%
Electric Power	5.2	Improvement construction for power generation efficiency etc.	1.7	+3.5	+205.9%
Overseas business	7.8	Upstream (Australia, North America)	7.1	+0.7	+9.9%
Energy-related	25.2	Energy Service (TGES) etc.	23.5	+1.7	+7.2%
Real estate	41.7	Msb Tamachi etc.	32.0	+9.7	+30.3%
Others	5.1	LNG carrier etc.	7.6	-2.5	-32.9%
Adjustment	-4.5		-3.0	-1.5	—
Sub total	256.0		208.7	+47.3	+22.6%
Investment and financing	72.6	Investment and financing 81.7 (Including overseas) Collection -9.0	47.0	+25.6	—
Total	328.6		255.8	+72.8	+28.4%

Slide 15 describes the usage of cash flow for FY2018.

Key Indicators (Consolidated)

 TOKYO GAS
(Unit: billion yen)

	FY2018 Forecast	FY2017 Results	FY2016 Results
Total assets (a)	2,493.0	2,334.3	2,230.2
Shareholders' equity (b)	1,167.0	1,136.0	1,101.4
Shareholders' equity ratio (b)/(a)	46.8%	48.7%	49.4%
Interest-bearing debt (c)	859.0	724.9	713.5
D/E ratio (c)/(b)	0.74	0.64	0.65
Profit attributable to owners of parents (d)	83.0	74.9	53.1
New Profit per share (EPS, yen per share)	184.15	164.12	115.09
Depreciation (e)	164.0	165.3	164.3
Operating cash flow (d) + (e)	247.0	240.3	217.4
Capital expenditure	256.0	208.7	203.3
ROA (d) / (a)	3.4%	3.3%	2.4%
ROE (d) / (b)	7.2%	6.7%	4.8%
TEP	2.9	24.4	-6.2
WACC	3.1%	3.1%	3.0%
Total payout ratio	Approx. 60%	60.2%	60.7%

Note: Shareholders' equity = Net assets – minority interests
 Profit per share is calculated on the assumption that share consolidation took place.(5 shares integrated to 1share)
 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 (FY2018 forecast)
 • Cost of interest-bearing debt : forecast interest rate (1.04%, after tax)
 • Cost rate for shareholders' equity
 • Risk free rate : 10-year JGB yield 0.05%
 • Market Risk premium : 5.5% β: 0.75

Slide 16 indicates consolidated key indicators.

3. Reference Materials



Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings		
		3Q	4Q	Full year
Period	3Q	-0.2	-1.1	-1.3
	4Q	—	-0.2	-0.2
	Full year	-0.2	-1.3	-1.5

Impact of depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings		
		3Q	4Q	Full year
Period	3Q	-1.0	+1.0	0.0
	4Q	—	-1.3	-1.3
	Full year	-1.0	0.3	-1.3

Key Topics in FY2018 (Excerpted from Press Releases up to 31st October)

Management Strategy	<ul style="list-style-type: none"> • <u>Initiatives towards achieving The Tokyo Gas Group FY2018-2020 management plan "GPS2020"(Oct. 11)</u>
Gas Electric power (G/P)	<ul style="list-style-type: none"> • Construction work starts on second LNG tank at Hitachi LNG Terminal (Apr. 3) • Cove Point LNG Project in the U.S. starts commercial operation 3 firms have visited the LNG Plant in Lusby Maryland (Apr. 16) • Tokyo Gas electricity customers pass the 1.2 million mark, and Tokyo Gas Group improves and expands its "Zuttomo" total energy service plan (May 10) • Details of Tokyo Gas Group's "Zuttomo" total energy service plan offerings for the Nichigas Moka service area (May 11) • LNG arrives from the Cove Point LNG Project, Japan's first shipment of gas derived from U.S. shale to be delivered under a long-term supply agreement (May 21) • Letter of intent on renewable electricity generation and acquisition of equity interest in photovoltaic power plant operator (May 28) • Tokyo Gas signs agreement on cooperation in photovoltaic power generation business (June 1) • Ceremony held to commemorate delivery of Cove Point LNG (Jun. 6) • Total number of ENE-FARM residential fuel cells sold hits 100,000 (Jun. 8) • Tokyo Gas and Centrica sign Heads of Agreement to purchase LNG from Mozambique LNG Project (Jun.15) • Personnel dispatched to assist earthquake recovery in northern Osaka (Jun. 19) • Tokyo Gas Group makes first purchase of FIT electricity certified to have been generated using non-fossil fuel energy sources (Jul. 2) • LPG refueling and delivery company Gaskuru Co., Ltd. launched (July 10)※ • <u>Tokyo Gas's new LNG carrier is named (Oct. 3)</u> • <u>Tokyo Gas signs Heads of Agreement to purchase LNG from LNG Canada Project(Oct. 10)</u> • <u>New 0120 phone number set up to simplify the process of applying for electricity service using a smartphone's camera (Oct. 22)</u>
Services (S)	<ul style="list-style-type: none"> • Niihama LNG Co., Ltd. established (Apr. 2) * • Second plant of Tamachi smart energy center completed, heat and electricity supply started in msb Tamachi (Apr. 8) * • Construction work starts on new "Toyotama Rental Housing" (provisional name) (May 9)★ • Two rental housing properties acquired (June 29)★ • <u>Construction work starts on the Niihama LNG terminal, which will have the world's largest aboveground LNG tank (230,000 kiloliters) (Oct. 1) *</u> • <u>Work on improving the environmental performance of Shinjuku District Heating and Cooling Center completed (Oct. 15) *</u> • <u>Power generation and air-conditioning system combining energy service using gas cogeneration with non-CFC air conditioning launched in Malaysia (Oct. 18) *</u>

Dates of press releases are shown in parentheses. * Press releases issued by Tokyo Gas Engineering Solutions. ★ Press releases issued by Tokyo Gas Real Estate Holdings. ※ Press releases issued by Tokyo Gas Liquid Holdings.
 Press releases issued after the 1Q results were announced (July. 27) are underlined.

Key Topics in FY2018 (Excerpted from Press Releases up to 31st October)

Global (× G, Overseas)	<ul style="list-style-type: none"> Completion of Sale of Shares in Natural Gas Fired Power Station in Belgium (Oct. 3)
Digital Innovations	<ul style="list-style-type: none"> Tokyo Gas wins first prize at the WSN-IoT Awards 2018 (May 24)
ESG	<ul style="list-style-type: none"> Carbon offsetting of CO2 emissions from FC Tokyo home matches (Apr. 23) Environment Month initiatives to help build a sustainable society (May 24) Tokyo Gas joins the Japanese Ministry of the Environment's "Cool Share" scheme and registers five facilities as "Cool Share Spots" (Jun. 20) Tokyo Gas assists with offsetting carbon emissions generated by Japan's 89th Intercity Baseball Tournament (Jul. 9) With two years to go to the Tokyo 2020 Paralympic Games, Tokyo Gas hosts a participatory event to showcase all 22 Paralympic sports being contested at the games (Jul. 12) CSR Report 2018 issued (Aug. 31) Verification test of "suidel" city gas reforming hydrogen generator commences (Oct. 16)
Finance and shareholder returns	<ul style="list-style-type: none"> Announcement of revision to forecast results (Apr. 20) Notification of resolution to acquire treasury shares (Apr.27), notice of share buyback (Jun.18), notice of retirement of treasury stock (Jun.28)- Grand prize winner at the Social Value and Capital Creation M&A Awards (Jun. 12)- Announcement of 44th, 45th, and 46th issues of debenture bonds (Jul. 13)

Dates of press releases are shown in parentheses. * Press releases issued by Tokyo Gas Engineering Solutions. ★ Press releases issued by Tokyo Gas Real Estate Holdings. ✕ Press releases issued by Tokyo Gas Liquid Holdings.
 Press releases issued after the 1Q results were announced (July. 27) are underlined.

Key Overseas Operations



No	Country	Subject	Main Business	Investment year
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■ Southeast Asia

4	Malaysia	GAS MALASIA ENERGY ADVANCE Sdn.Bhd.	Downstream Energy Service	2014
5	Thailand	Bang bo Power Plant	Downstream Natural gas power	2016
		Investment of GWHAMT	Downstream Gas Supply	2018
6	Vietnam	Investment of PVGD	Downstream Pipeline CNG Supply	2017
7	Indonesia	Sengkang	Upstream Production, liquefaction and sales of LNG	2010
		Investment of PRA	Downstream Gas Supply, Transfer	2017

■ Europe

3	Belgium	T-Power Plant	Downstream	2012
			Natural gas power	~ 2018

■ North America

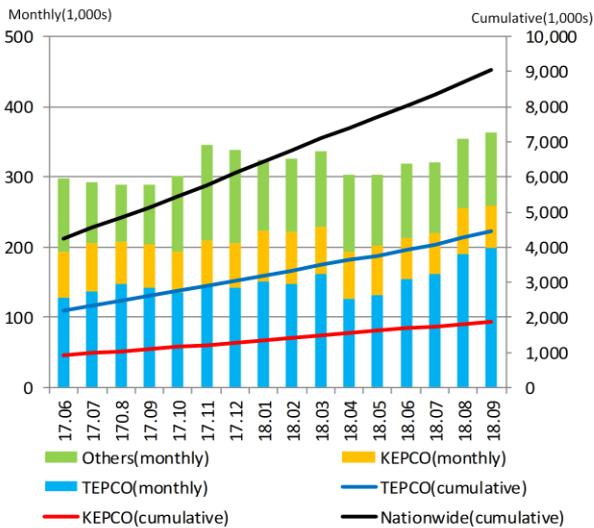
1	U.S.A	Barnett	Upstream Shale gas	2013
		Eagle Ford	Upstream Shale gas	2016
		East Texas	Upstream Shale gas	2017
		TGES America	Downstream Energy Service	2015
		Empire Power Plant	Downstream Natural gas power	2016
		Birdsboro Power Plant	Downstream Natural gas power	2017
		Acario Ventures	Other Open Innovation	2017
		2	Mexico	Bajio
MT Falcon	Downstream Natural gas power			2010

■ Oceania

8	Australia	Darwin	Upstream Production, liquefaction and sales of LNG	2008
		Pluto	Upstream Production, liquefaction and sales of LNG	2008
		Gorgon	Upstream Production, liquefaction and sales of LNG	2009
		Queensland Curtis	Upstream Production, liquefaction and sales of LNG	2011
		Ichthys LNG project	Upstream Production, liquefaction and sales of LNG	2012

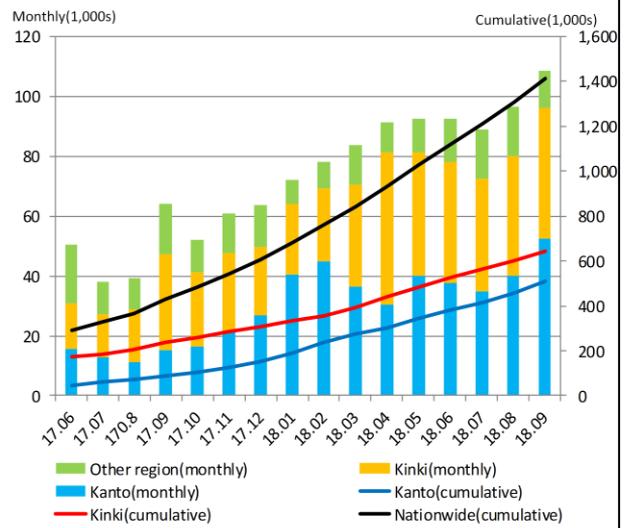
**Trends in city gas/electricity switching(published data),
Number of customers for city gas retail sales(Tokyo gas consolidated)**

Electricity switchers (based on applications)



* Based on data published by the Organization for Cross-regional Coordination of Transmission Operators.

City gas switchers (based on applications)



* Based on data published by the Agency for Natural Resources and Energy.

New

Number of customers for city gas retail sales (Tokyo gas consolidated, 10thousands)

As of	2016.03	2016.06	2016.09	2016.12	2017.03	2017.06	2017.09	2017.12	2018.03	2018.06	2018.09
(10 thousands)	1,012.6	1,019.9	1,020.8	1,025.4	1,026.9	1,031.4	1,028.9	1,029.6	1,020.9	1,018.9	1,008.9



< 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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