

# Reference Materials (FY2018 3Q)

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**Reference Materials (FY2018 3Q)**
**1. <Consolidated>Financial Results**

	(FY2018 3Q vs. FY2017 3Q)				(FY2018 Forecast vs. FY2017 Results)				<FY2018 Forecast vs. Previous Forecast(Oct.)>				100 million yen	
	FY18 3Q	FY17 3Q	Change		Reference	FY18 Forecast	FY17	Change		Reference	Previous	Change		Reference
Net sales	13,266	12,214	1,052	8.6%	Gas +553, Electric Power +409, Energy-related +213, Others +147, etc.	20,010	17,773	2,237	12.6%	Gas +1,194, Electric power +650, Energy-related +233, etc.	20,140	-130	-0.6%	Gas -129, Others -66, Energy-related -29, etc.
Operating profit	277	680	-403	-59.2%	Gas -402, Electric power -44, Overseas +66, Energy-related +27, etc.	900	1,163	-263	-22.6%	Gas -294, Overseas +76, etc.	840	60	7.1%	Gas +21, Energy-related +20, Electric power +13, etc.
Ordinary profit	262	653	-391	-59.9%	Increases in overseas equity income, etc.	890	1,115	-225	-20.2%	Increases in overseas equity income and income from contributions for engineering work, Decrease in interest expenses, etc.	830	60	7.2%	
Profit attributable to owners of parent	346	483	-137	-28.4%	Increases in gain on sales of non-current assets and loss on devaluation of investment securities, etc.	870	749	121	16.0%	Increases in gain on sales of non-current assets and loss on devaluation of investment securities, etc.	830	40	4.8%	
Total assets(*1·10)	24,298	23,343	955	4.1%	Notes and accounts receivable +351, Other current assets +339, Raw materials and supplies +253, Cash and deposits -238	24,750	23,343	1,407	6.0%		24,930	-180	-0.7%	
Equity(*1)	11,184	11,360	-176	-1.5%	Dividends -249, Acquisition of treasury stock -199, Net profit +346	11,600	11,360	240	2.1%		11,670	-70	-0.6%	
Equity ratio(*1) (%)	46.0%	48.7%	-2.7%	—	Went down because total assets increased (+4.1%) while equity decreased (-1.5%)	46.9%	48.7%	-1.8%	—		46.8%	0.1%	—	
Total assets turnover(*2) (times)	0.56	0.54	0.02	—		0.83	0.78	0.05	—		0.83	0.00	—	
ROA(*2) (%)	—	—	—	—		3.6%	3.3%	0.3%	—		3.4%	0.2%	—	
ROE(*2) (%)	—	—	—	—		7.5%	6.7%	0.8%	—		7.2%	0.3%	—	
Interest-bearing debt(*1)	8,974	7,249	1,725	23.8%	Tokyo Gas +1,791	8,460	7,249	1,211	16.7%		8,590	-130	-1.5%	
D/E ratio	—	—	—	—		0.73	0.64	0.09	—		0.74	-0.01	—	
Profit attributable to owners of parent	346	483	-137	-28.4%		870	749	121	16.0%		830	40	4.8%	
Depreciation(*3·4)	1,213	1,213	0	-0.1%		1,630	1,653	-23	-1.4%		1,640	-10	-0.6%	
Operating cash flow(*5)	1,559	1,697	-138	-8.1%		2,500	2,403	97	4.0%		2,470	30	1.2%	
Capital expenditure(*3)	1,494	1,335	159	11.9%	Tokyo Gas +135, Consolidated subsidiaries, etc. +24	2,410	2,087	323	15.5%		2,560	-150	-5.9%	
Investments and Financing(after offset)	122	326	-204	-62.6%		727	470	257	54.5%		726	1	0.2%	
TEP(*6)	—	—	—	—		74	244	-170	—		29	45	—	
(WACC) (%)	—	—	—	—		3.1%	3.1%	0.0%	—		3.1%	0.0%	—	
EPS(*7) ( ¥ /share)	76.83	105.83	-29.00	-27.4%	Went down due to a decrease in profit attributable to owners of parent (-137)	193.02	164.12	28.90	17.6%		184.15	8.88	4.8%	
BPS(*1·*7) ( ¥ /share)	2,485.74	2,487.58	-1.84	-0.1%		2,578.07	2,487.58	90.49	3.6%		2,593.60	-15.53	-0.6%	
Total payout ratio(*8)	—	—	—	—		(*9) —	60.2	—	—		(*9) —	—	—	

(\*1) Figures in B/S items for FY17 are the figures as of the end of FY17 (end of March 2018)

(\*2) The calculation of total assets turnover, ROA, and ROE are based upon average Total assets and Shareholders' equity in each period.

(\*3) Amounts for capital Expenditure and depreciation are after offsetting of internal transactions.

(\*4) Depreciation includes amortization of long-term prepaid expenses.

(\*5) Operating cash flow is calculated using the simplified accounting treatment of "Net profit attributable to the parent + Depreciation and amortization." (simplified accounting treatment; differs from amount in Consolidated Statement of Cash Flows)

(\*6) TEP in forecasts has been recalculated based upon average Market Capitalization in each period. EPS, and BPS in forecasts have been recalculated based upon the number of stocks after the acquisition of treasury stocks.

(\*7) EPS and BPS are after the share consolidation.

(\*8) FYn Gross payout ratio = ((FYn total annual dividend) + (FYn +1 stock repurchases)) / (FYn profit attributable to owners of the parent)

(\*9) To be maintained at approximately 60% each year to FY2020

(\*10) The total amount of assets and debt as of the end of the previous period (end of March 2018) decreased by ¥405 million as the Partial Amendments to Accounting Standard for Tax Effect Accounting(ASBJ Statement No. 28, February 16, 2018) was introduced in the 1st quarter of this fiscal year.

2. <Consolidated>Breakdown of Segments(FY2018 3Q vs. FY2017 3Q)

100 million yen

Segment	Breakdown	Net sales				Reference	Operating profit				Reference
		FY18 3Q	FY17 3Q	Change	% Change		FY18 3Q	FY17 3Q	Change	% Change	
Gas Segment	Liquefied petroleum gas	215	209	6	2.6%	Increase in sales due to increase in unit sales prices	-1	5	-6	-124.8%	Decrease in profit due to increase in shipment unit prices
	Industrial gas	166	155	11	7.3%	Increase in sales due to increase in contracts for LNG transportation business	6	9	-3	-31.5%	Decrease in profit due to exclusion of subsidiary from consolidation
Energy-related Segment	Gas appliances	922	867	55	6.3%	Increase in sales due to increase in number of sales of hot-water supply and heating appliances, etc.	52	57	-5	-7.9%	Decrease in profit due to decrease in consignment income
	Gas pipe installation work	275	269	6	2.4%	Increase in sales due to increase in the number of new installations	4	1	3	179.6%	Increase in profit due to increase in sales
	Construction etc.	471	466	5	1.1%	Increase in sales due to increase in work related to commercial air-conditioning appliances	5	3	2	51.4%	Increase in profit due to increase in sales
	Credit	56	62	-6	-9.8%	Decrease in sales due to decrease in the number of contracts	4	4	0	5.7%	
Other Segment	IT services	275	225	50	22.1%	Increase in sales due to increase in orders received for system development	1	-1	2	—	Increase in profit due to increase in sales
	Shipping	259	147	112	76.4%	Increase in sales due to commencement of North American LNG transportation	23	17	6	33.0%	Increase in profit due to increase in income from ship renting

\*\*City gas", "LNG sales", "Engineering Solutions" are described in Presentation Material.

3. <Consolidated>Main Consolidated Subsidiaries

(1) FY2018 3Q vs. FY2017 3Q

100 million yen

Segment	Company name	Net sales				Reference	Operating profit				Reference
		FY18 3Q	FY17 3Q	Change	% Change		FY18 3Q	FY17 3Q	Change	% Change	
Gas etc.(1)	Tokyo Gas Co.,Ltd.	11,895	10,926	969	8.9%		-45	407	-452	—	
Electric Power	Nijio Co.,Ltd	822	813	9	1.0%	Increase in sales due to increase in unit sales prices	4	21	-17	-78.8%	Decrease in profit due to time lag of higher oil prices
Overseas seg.	TG Australia Group(*2)	357	274	83	30.1%	(TG Gorgon) Increase in sales due to increase in sales volume. (TG Pluto) Increase in sales due to increase in sales volume and unit sales prices	124	57	67	117.4%	(TG Gorgon) Increase in profit due to increase in sales (TG Pluto) Increase in profit due to increase in sales
Energy-related seg.	Tokyo Gas Engineering Solutions Group(*2)	993	802	191	23.9%	Increase in sales due to increase in orders received for LNG plants, etc.	45	15	30	185.5%	Increase in profit due to increase in sales
Real Estate seg.	Tokyo Gas Urban Development Co.,Ltd.	187	180	7	3.9%	Increase in sales due to increase in rent income	55	54	1	3.6%	Increase in profit due to increase in rent income
Others	Tokyo LNG Tanker Co., Ltd.	251	147	104	71.0%	Increase in sales due to commencement of North American LNG transportation	23	17	6	28.9%	Increase in profit due to increase in income from ship renting
Other		2,571	2,092	479	22.9%	(TG PLUS) Increase in sales due to commencement LNG sales (TGinet) Increase in sales due to increase in orders received for system development	103	102	1	0.7%	
Consolidated subsidiaries total		5,184	4,311	873	20.3%		356	269	87	32.4%	
Consolidated total		13,266	12,214	1,052	8.6%		277	680	-403	-59.2%	

(\*1)In addition to "Gas", Tokyo Gas is engaged in "Electric Power", "Energy-related", "Real-Estate", and "Others" segments.

(\*2)Consolidated figures are simple sums before elimination of intra-company transactions.

4. <Consolidated>Breakdown of Capital Expenditure/Investments and Financing

(FY2018 3Q vs. FY2017 3Q)

(FY2018 Forecast vs. FY2017 Results)

<FY2018 Forecast vs. Previous Forecast(Oct.)>

100 million yen

	(FY2018 3Q vs. FY2017 3Q)				Reference	(FY2018 Forecast vs. FY2017 Results)				<FY2018 Forecast vs. Previous Forecast(Oct.)>				
	FY18 3Q	FY17 3Q	Change	% Change		FY18 Forecast	FY17	Change	% Change	Reference	Previous	Change	% Change	
<b>[Capital Expenditure]</b>														
Production facilities	111	80	31	37.9%	Hitachi LNG receiving terminal-related, etc.	197	169	28	16.5%	Hitachi LNG receiving terminal-related, etc.	209	-12	-5.6%	Other production facilities, etc.
Distribution facilities	622	586	36	6.2%	Security-related, etc.	972	907	65	7.1%	Security-related, etc.	1,015	-43	-4.3%	Marketing costs-related, Safety-related, etc.
Service and maintenance facilities etc.	474	406	68	16.8%	IT, etc.	699	576	123	21.4%	IT, etc.	763	-64	-8.4%	IT, Real estate-related, etc.
Tokyo Gas Total	1,208	1,073	135	12.6%		1,870	1,654	216	13.0%		1,990	-120	-6.0%	
Capital expenditure at consolidated subsidiaries	297	279	18	6.4%	Real estate, Electric power, etc.	586	463	123	26.5%	Real estate, Electric power, etc.	615	-29	-4.8%	Shipping, etc.
Adjustment	-10	-16	6	—		-46	-30	-16	—		-45	-1	—	
Capital Expenditure total	1,494	1,335	159	11.9%		2,410	2,087	323	15.5%		2,560	-150	-5.9%	
<b>[Investments and Financing]</b>														
Investment and financing	208	366	-158	-43.3%		817	526	291	55.3%		817	0	0.0%	
Collections	85	40	45	112.6%		89	55	34	62.0%		90	-1	-1.6%	
Investments and Financing total(after offset)	122	326	-204	-62.6%		727	470	257	54.5%		726	1	0.2%	
Capital Expenditure total+ Investments and Financing(Except Collections)	1,617	1,662	-45	-2.7%		3,137	2,558	579	22.6%		3,286	-149	-4.5%	

5. <Non-consolidated> Financial Forecast

	(FY2018 3Q vs. FY2017 3Q)				(FY2018 Forecast vs. FY2017 Results)					<FY2018 Forecast vs. Previous Forecast(Oct.)>				100 million yen		
	FY18 3Q	FY17 3Q	Change		Reference		FY18 Forecast	FY17	Change		Reference		Previous		Change	
Net sales	11,895	10,926	969	8.9%			17,810	15,988	1,822	11.4%			17,990	-180	-1.0%	
Operating profit	-45	407	-452	—			500	824	-324	-39.4%			470	30	6.4%	
Ordinary profit	40	427	-387	-90.6%			630	958	-328	-34.3%			560	70	12.5%	
Net profit	82	345	-263	-76.2%			560	759	-199	-26.2%			500	60	12.0%	
Impact of Sliding Time Lag(*1)																
Revenue from sliding system	-67	-835	768	—			180	-1,147	1,327	—			185	-5	-2.7%	
Increase in gas cost	205	-752	957	—			419	-944	1,363	—			439	-20	-4.6%	
Change	-272	-83	-189	—			-239	-203	-36	—			-254	15	—	
Economic Frame																
JCC	\$/bbl	75.05	53.88	21.17	39.3%		72.54	57.03	15.51	27.2%			74.38	-1.84	-2.5%	
EX Rate	¥/\$	111.14	111.69	-0.55	-0.5%		110.86	110.85	0.01	0.0%			110.13	0.73	0.7%	
Gas Business Sales	8,116	7,650	466	6.1%	Volume/composition -302, Sliding time lag effect +768		12,170	11,184	986	8.8%	Volume/composition, etc. -341, Sliding time lag effect +1,327		12,310	-140	-1.1%	Volume/composition, etc. -135, Sliding time lag effect -5
Raw materials and supplies	5,035	4,228	807	19.1%	Volume/composition -150, Sliding time lag effect +957 (Foreign exchange -22, Oil price +1,050, etc.)		7,340	6,144	1,196	19.5%	Volume/composition -167, Sliding time lag effect +1,363		7,447	-107	-1.4%	Volume/composition -87, Sliding time lag effect -20
(Gross profit)	(3,081)	(3,422)	(-341)	(-10.0%)	Volume/composition, etc. -152, Sliding time lag effect -189		(4,830)	(5,040)	(-210)	(-4.2%)	Volume/composition, etc. -174, Sliding time lag effect -36		(4,863)	(-33)	(-0.7%)	Volume/composition, etc. -48, Sliding time lag effect +15
Personnel expenses	600	548	52	9.6%	actuarial differences +92, Salaries -20, Bonuses -10, etc.		814	748	66	8.7%	Actuarial differences +123, Salaries/Bonuses, etc. -30, Decrease in the number of personnel, etc.		814	0	0.0%	
General expenses	1,835	1,813	22	1.2%	Changes in accounts reflecting the transfer of operations to an affiliate (Personnel expenses → General expenses)		2,600	2,568	32	1.2%	Changes in accounts reflecting the transfer of operations to an affiliate (Personnel expenses -30 → General expenses +30)		2,640	-40	-1.5%	
Repair costs	246	254	-8	-3.2%			365	366	-1	-0.3%			369	-4	-1.1%	
Others	1,589	1,559	30	1.9%	Consignment costs +22, Taxes +14, etc.		2,235	2,202	33	1.5%	Changes in accounts reflecting the transfer of operations +30, increase in enterprise tax +13, Decrease in marketing costs, etc.		2,271	-36	-1.6%	Decrease in consignment costs etc.
Depreciation	878	887	-9	-1.0%	Decrease due to progress of depreciation, etc.		1,193	1,205	-12	-1.0%	Decrease due to progress of depreciation, etc.		1,203	-10	-0.8%	Decrease due to delay in acquisition, etc.
LNG regasification	-26	-29	3	—			-38	-39	1	—			-38	0	0.0%	
Operating costs	8,323	7,447	876	11.8%			11,909	10,627	1,282	12.1%			12,066	-157	-1.3%	
Installation work	5	1	4	185.1%	Increase in profitability due to increase in completion of large-scale installations, etc.		7	11	-4	-39.9%	Due to unit price revisions		7	0	0.0%	
Others	142	139	3	2.4%			163	173	-10	-5.8%	Increase in costs due to commencement of new service, etc.		152	11	7.2%	
Miscellaneous operating profit	147	141	6	4.6%			170	184	-14	-8.0%			159	11	6.9%	
Expenses for incidental businesses	13	63	-50	-79.1%	Electricity -31, LNG sales -19, etc.		69	83	-14	-17.3%	Electricity -9, LNG sales -2, etc.		67	2	3.0%	Electricity +5, LNG sales -5, etc.
Operating profit	-45	407	-452	—			500	824	-324	-39.4%			470	30	6.4%	
Non operating profit	85	20	65	321.8%	Dividends received from affiliates +57, etc.		130	134	-4	-3.0%			90	40	44.4%	Dividends received from affiliates +36
Ordinary profit	40	427	-387	-90.6%			630	958	-328	-34.3%			560	70	12.5%	
Extraordinary income	60	61	-1	-2.0%			60	61	-1	-3.1%			58	2	3.4%	
Extraordinary loss	0	23	-23	-99.3%	Impairment loss -23		0	24	-24	—	Impairment loss -24		0	0	—	
Taxes	18	120	-102	-84.5%			130	237	-107	-45.2%			118	12	10.2%	
Net profit	82	345	-263	-76.2%			560	759	-199	-26.2%			500	60	12.0%	
Net profit	82	345	-263	-76.2%			560	759	-199	-26.2%			500	60	12.0%	
Depreciation(*2)	930	934	-4	-0.5%			1,262	1,268	-6	-0.5%			1,270	-8	-0.6%	
Operating cash flows (Net profit + Depreciation)	1,012	1,279	-267	-20.9%			1,822	2,027	-205	-10.1%			1,770	52	2.9%	

(\*1)Change from standard average resource cost

(\*2)Depreciation includes amortization of long-term prepaid expenses.

6. <Non-consolidated> Breakdown of Gas Sales & Gross Profit Analysis

(1) Breakdown of Gas Sales

	FY2018 3Q vs. FY2017 3Q					FY2018 Forecast vs. FY2017 Results				FY2018 Forecast vs. Previous Forecast(Oct.)				
	FY18 3Q	FY17 3Q	Change	change factors	(100 million yen)	(million m3)	FY18 Forecast	FY17	Change	Previous	Change			
Residential	2,887	3,038	-151	-5.0%	Volume, etc.	-289	4,726	4,759	-33	-0.7%	4,791	-65	-1.4%	
					(Temp. effect)	(-198)								(-176)
					Sliding	138								
					Other	0								
Others (Commercial·Industrial·Wholesale)	5,229	4,612	617	13.4%	Volume, etc.	-13	7,444	6,425	1,019	15.9%	7,519	-75	-1.0%	
					(Temp. effect)	(-20)								(-18)
					Sliding	630								
					Other	0								
Total	8,116	7,650	466	6.1%	Volume, etc.	-302	12,170	11,184	986	8.8%	12,310	-140	-1.1%	
					(Temp. effect)	(-218)								(-194)
					Sliding	768								
					Other	0								

(2) Gas Gross Profit Analysis

	Change(FY2018 3Q vs. FY2017 3Q)					Change(FY2018 Forecast vs. FY2017 Results)					Change<FY2018 Forecast vs. Previous Forecast(Apr.)>				
	Volume, etc.	(Breakdown)	Unit price	(Breakdown)	Total	Volume, etc.	(Breakdown)	Unit price	(Breakdown)	Total	Volume, etc.	(Breakdown)	Unit price	(Breakdown)	Total
Gas sales	-302	Temp. effect	-218	768	466	-341	Temp. effect	-235	1,327	986	-135	Temp. effect	-64	-5	-140
		Other	-84				Other	-106				Other	-71		
		Sliding	957				Other	0				Other	0		
Raw materials and supplies	-150	Temp. effect	-91	957	807	-167	Temp. effect	-98	1,363	1,196	-87	Temp. effect	-29	-20	-107
		Other	-59				Other	-69				Other	-58		
		Sliding	0				Other	0				Other	0		
Gross profit	-152	Temp. effect	-126	-189	-341	-174	Temp. effect	-137	-36	-210	-48	Temp. effect	-35	15	-33
		Other	-26				Other	-37				Other	-13		
		Sliding	-189				Other	0				Other	0		

7. <Assumptions> Oil Price and Currency Forecasts, and Their Impacts on Gross Profit

(1) Economic Frame<Consolidated/Non-consolidated>

		Previous Forecast as of Apr,2018				
		1Q	2Q	3Q	4Q	Full-year
Original Forecast as of Apr,2018	JCC \$/bbl	65.00				65.00
	EX Rate ¥/\$	110.00				110.00
		Results		Previous Forecast as of Oct,2018		
		1Q	2Q	3Q	4Q	Full-year
Previous Forecast as of Oct,2018	JCC \$/bbl	73.76		75.00		74.38
	EX Rate ¥/\$	110.26		110.00		110.13
		Results		Forecast as of Jan,2019		
		1Q	2Q	3Q	4Q	Full-year
Forecast as of Jan,2019	JCC \$/bbl	75.05		65.00		72.54
	EX Rate ¥/\$	111.14		110.00		110.86

(2) Gross Profit Sensitivity<Non-consolidated>

■ Gross Profit Sensitivity to Changes in Oil Price 100 million yen

	4Q	Full-year
Net sales	0	0
Gas resource cost	2	2
Gross profit	-2	-2

\*Impact on JCC increase by \$1

■ Gross Profit Sensitivity to Changes in EX Rate 100 million yen

	4Q	Full-year
Net sales	4	4
Gas resource cost	18	18
Gross profit	-14	-14

\* Impact on a one-yen depreciation

< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies, and other information herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. The Company's actual performance may greatly differ from these projections due to critical factors which include 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.