

**FY2019 2Q Financial Results
ended September, 2019**



October 30, 2019

1. FY2019 Consolidated Financial Results
ended September, 2019



FY2019 2Q Consolidated Results (Apr. 1, 2019 – Sep. 30, 2019) <vs. FY2018 2Q>



Highlights: Sales Up, Profit Up

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

Net sales	+78.1	:	+	Gas (+48.1: Increase in city gas unit price due to resource cost adjustment +23.1, decrease in city gas sales volume -6.1, third-party access revenue +6.3, LNG sales +25.0, etc.)
			+	Electric power (+40.7: Increase in sales volume due to increase in retail customers, etc.)
Operating expenses	-52.5	:	-	Gas (-23.0: Increase in unit price of city gas arising from economic framework assumptions -1.1, decrease in city gas sales volume +4.9, LNG sales -22.5, etc.)
			-	Electric power (-40.3: Increase in sales volume due to increase in the number of retail customers, increase in fixed costs, etc.)
Operating profit	+25.6	:	+	Gas (+25.2: Change in unit price +22.0, change in sales volume -1.2, third-party access revenue +6.3, etc.)
Extraordinary profit/loss	-30.3	:	-	FY2019 2Q -7.6: Impairment loss -7.6 FY2018 2Q 22.7: Gain on sale of non-current assets 29.1, loss on valuation of investment securities -6.3

(Unit: billion yen)

	FY2019 2Q	FY2018 2Q	Change	%
City gas sales volume (million m ³ , 45MJ)	6,707	6,822	-115	-1.7%
Electricity sales volume (million kWh)	9,109	7,136	+1,973	+27.6%
(Breakdown)				
Retail (million kWh, receiving end)	3,806	2,857	+949	+33.2%
Wholesale, etc. (million kWh)	5,303	4,280	+1,023	+23.9%
Net sales	910.4	832.3	+78.1	+9.4%
Operating expenses	864.3	811.8	+52.5	+6.5%
Operating profit	46.1	20.5	+25.6	+124.4%
Segment profit (operating profit + equity income of subsidiaries)	49.4	20.9	+28.5	+135.5%
Ordinary profit ⁽¹⁾	48.3	19.6	+28.7	+145.4%
Extraordinary profit/loss	-7.6	22.7	-30.3	—
Profit attributable to owners of parent	28.3	26.9	1.4	5.3%
(Adjustment items)				
Temperature effect ⁽²⁾	-0.2	-6.8	+6.6	—
Sliding time lag effect ⁽³⁾ (city gas + LNG sales)	+2.6	-22.5	+25.1	—
Amortization of actuarial differences ⁽⁴⁾	-3.8	-2.3	-1.5	—
Adjusted ordinary profit ⁽¹⁾⁺⁽²⁾⁺⁽³⁾⁺⁽⁴⁾	49.7	51.2	-1.5	-2.9%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp (°C)
FY2019 2Q	108.60 (-1.66)	68.88 (-4.90)	21.1 (-1.2)
FY2018 2Q	110.26	73.78	22.3

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

Pension assets	Investment yield (costs deducted)	Year-end assets (billion yen)
FY2019 2Q	2.57%	266.0

Expected annual rate of return: 2%

2

Both sales and profits increased in 2Q FY2019.

Net sales was ¥910.4 billion, a rise of ¥78.1 billion or 9.4% year on year. This is mainly attributable to performance in the gas segment and the electric power segment. In the gas segment, net sales rose reflecting the benefit of ¥48.1 billion from a rise in city gas unit price owing to resource cost adjustments and an increase in LNG sales. In the electric power segment, net sales were up ¥40.7 billion due to increase in retail sales volume.

Operating expenses totaled ¥864.3 billion, a rise of ¥52.5 billion or 6.5% year on year. This reflects the following factors. In the gas segment, unit price of city gas was higher owing to economic framework assumptions and LNG sales volume increased. In the electric power segment, retail sales volume and fixed costs increased.

Accordingly, operating profit came to ¥46.1 billion, a growth of ¥25.6 billion or 124.4% year on year, and ordinary profit was ¥48.3 billion, an increase of ¥28.7 billion or 145.4% year on year.

Furthermore, an impairment loss of ¥7.6 billion was recorded under extraordinary profit/loss, which posted a gain on sale of non-current assets last year. Due to this, the profit attributable to owners of parent ended at ¥28.3 billion, an increase of ¥1.4 billion or 5.3% year on year.

The impairment loss of ¥7.6 billion concerns the overseas business. However, regarding impairment loss on this overseas investment project, a loss on valuation of investment securities of ¥1.8 billion has been recorded under non-operating expenses, bringing the total impact on revenues to ¥9.4 billion.

FY2019 2Q Consolidated Gas Sales Volume/ Number of Customers <vs. FY2018 2Q>

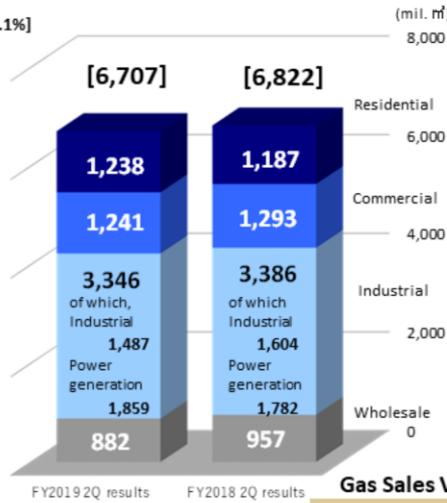
City Gas sales volume :

*Each value is rounded.

-115mil.m³ (-1.7%)

[including temperature effect +73mil.m³, +1.1%]

Residential	+51mil.m ³ (+4.4%)
● Temperature effect	+93 mil.m ³
● Number of days	+1 mil.m ³
● Number of customers	-77 mil.m ³
● Others	+34 mil.m ³
Commercial	-52mil.m ³ (-4.0%)
● Temperature effect	-27 mil.m ³
● Number of days	+2 mil.m ³
● Number of customers	-28 mil.m ³
● Others	+1 mil.m ³
Industrial	-40mil.m ³ (-1.2%)
● Industrial	-117 mil.m ³
● Power generation	+77 mil.m ³
Wholesale	-75mil.m ³ (-7.9%)
● Temperature effect	+7 mil.m ³
● Others	-82 mil.m ³
Decrease in wholesale demand, etc.	



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

	FY2019 2Q Results	FY2018 2Q Results	Change
Number of customers for city gas retail sales (10 thousands) *1	940.5	1,008.9	-68.4 (-6.8%)
Number of customers(meters) (10 thousands, meter) *2	1,186.8	1,173.1	+13.7 (+1.2%)
LNG sales volume (thousandst)	552	408	+144 (+35.3%)
Average temperature(°C)	21.1	22.3	-1.2

	FY2019 2Q Results	FY2018 2Q Results	Change
City gas sales volume (financial accounting basis)	6,707	6,822	-115 (-1.7%)
Gas volume used in-house under tolling arrangement	890	871	+19 (+2.2%)
LNG sales volume(m ³ basis)	689	510	+179 (+35.3%)
Total	8,286	8,203	+83 (+1.0%)

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

In 2Q FY2019, we posted a city gas sales volume of 6,707 million m³, a 1.7% drop year on year.

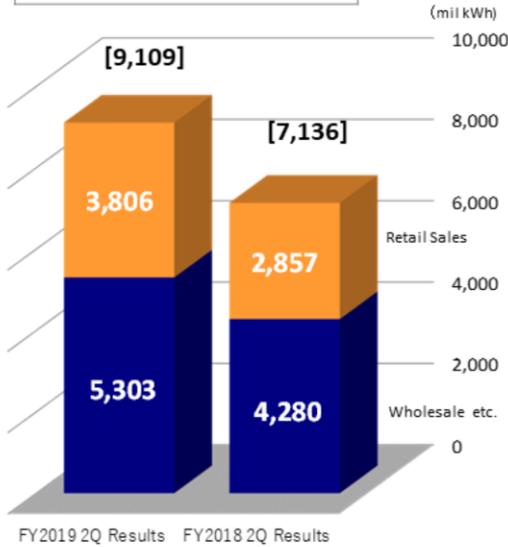
The main factors for the drop in gas sales volume were: -105 million m³ (residential: -77 million m³; commercial: -28 million m³) due to decreases in the number of residential and commercial customers despite an increase owing to low temperatures; -117 million m³ due to a reduction in usage by industrial customers, etc.; and -82 million m³ due to a reduction in usage by large wholesale customers, etc.

FY2019 2Q Consolidated Electricity Sales Volume/ Number of Customers <vs. FY2018 2Q>

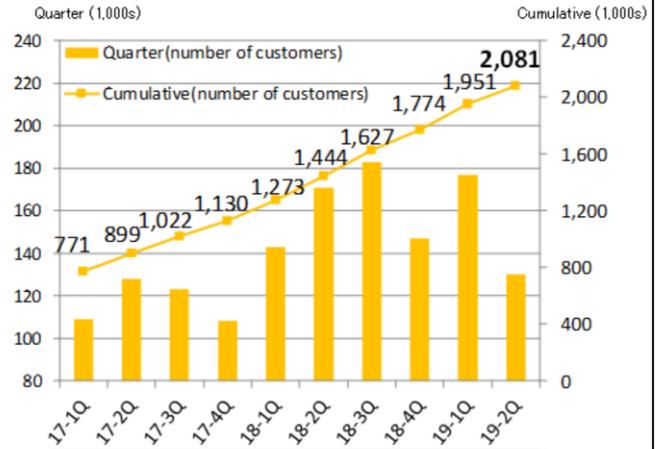
Electricity sales volume:

+1,973mil. kWh (+ 27.6%)

■ Retailing	+ 949 mil. kWh(+33.2%)
■ Wholesale etc.	+ 1,023 mil. kWh(+23.9%)



New electricity retail customers won by Tokyo Gas



"Sales Campaign"

FY2019

Spring; From May. 2 to May. 31, 2019

Summer; From Jun. 17 to Oct. 08, 2019

Autumn; From Oct. 15 to Dec. 23, 2019

FY2018

Winter; From Dec. 26, 2018 to Apr. 10, 2019

Autumn; From Oct. 22 to Dec. 17, 2018

Summer; From Jul. 13 to Sep. 26, 2018

Electricity sales volume in 2Q FY2019 totaled 9,109 million kWh, up 27.6% year on year.

Retail electricity sales volume amounted to 3,806 million kWh, up 33.2% year on year due to an increase in the number of customers. New electricity retail customers won by Tokyo Gas is growing steadily and reached 2,081 thousand as of end of September, thanks to the sales campaign in the summer. Wholesale and other electricity sales volume ended at 5,303 million kWh, up 23.9% year on year.

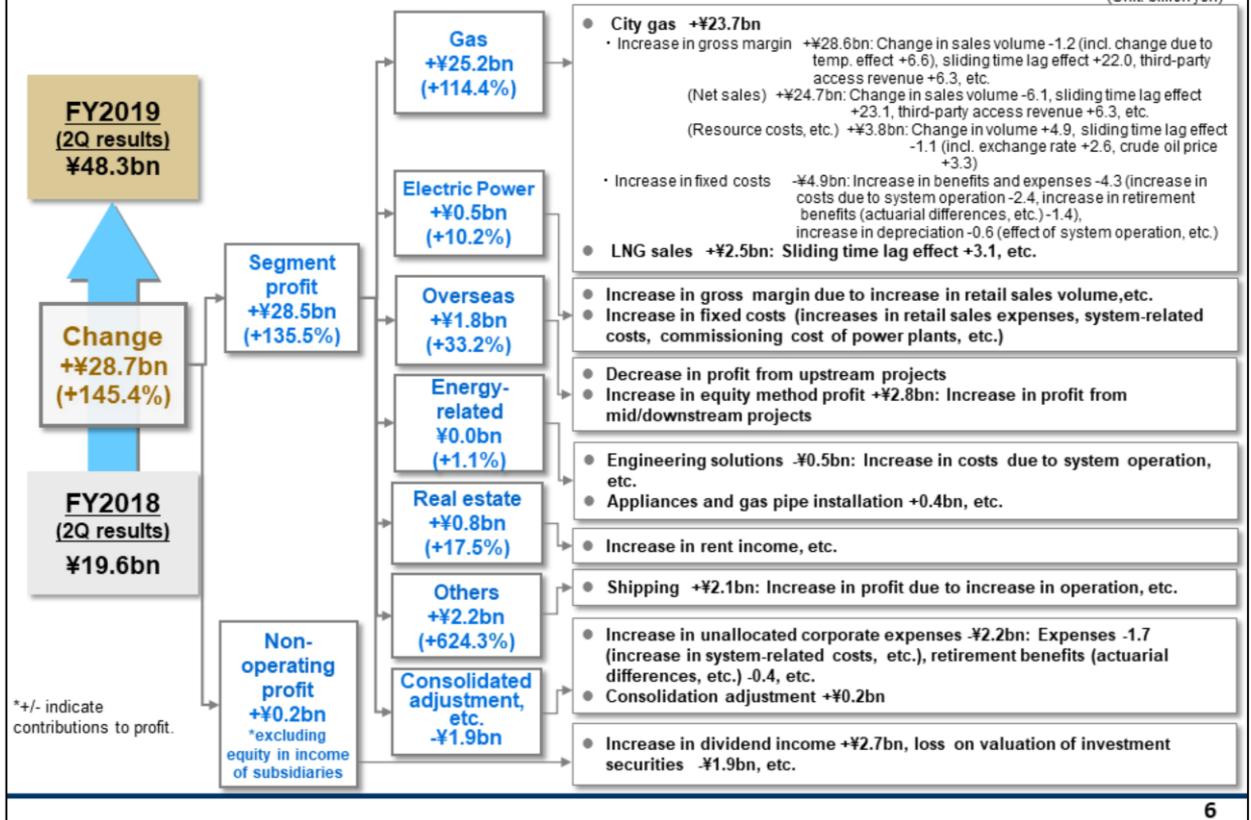
	Net sales				Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	FY2019 2Q Results	FY2018 2Q Results	Change	%	FY2019 2Q Results	FY2018 2Q Results	Change	%
Gas	639.6	591.5	48.1	8.1	47.1	21.9	25.2	114.4
(City gas)	545.6	520.9	24.7	4.7	44.3	20.6	23.7	114.8
(LNG sales)	74.1	49.1	25.0	51.0	3.0	0.5	2.5	424.1
Electric Power	164.6	123.9	40.7	32.9	4.9	4.4	0.5	10.2
Overseas business	20.7	21.6	-0.9	-4.6	7.0	5.2	1.8	33.2
(equity income of subsidiaries)	—	—	—	—	2.9	0.1	2.8	—
Energy-related	162.3	157.8	4.5	2.9	6.2	6.2	0.0	1.1
(Engineering Solutions)	62.5	60.4	2.1	3.6	1.3	1.8	-0.5	-24.5
Real estate (including equity income of subsidiaries)	22.1	21.7	0.4	1.7	5.5	4.7	0.8	17.5
Others (including equity income of subsidiaries)	56.4	43.8	12.6	28.8	2.5	0.3	2.2	624.3
Adjustment	-155.4	-128.1	-27.3	—	-23.9	-22.0	-1.9	—
Consolidated	910.4	832.3	78.1	9.4	49.4	20.9	28.5	135.5
(equity income of subsidiaries)	—	—	—	—	3.2	0.4	2.8	693.8

Notes

- Net sales by business segments include internal transactions.
- “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 information processing service and shipping, etc.
- The “Adjustment” to operating profit is primarily companywide expenses not allocated to individual segments.

Slide 5 shows net sales by segment and segment profit (operating profit + equity income/loss of subsidiary), and changes thereof.
 Segment profit was boosted by the ¥25.2 billion increase in the gas segment.

FY2019 2Q Results: Ordinary Profit Analysis <vs. FY2018 2Q>



In the gas segment, the growth in profit of ¥25.2 billion is mainly attributable to a ¥22.0 billion rise in the sliding time lag and a ¥6.3 billion increase in third-party access revenue.

In the electric power segment, profit was up ¥0.5 billion. This was due to the rise in gross margin due to an increase in retail customers and sales volume exceeding increases in retail sales expenses for carrying out the sales reinforcement campaign and system-related costs.

In the overseas segment, profit was up ¥1.8 billion. This reflects the contribution of an increase in profit from mid/downstream projects, despite a decrease in production following a large-scale repair in an overseas upstream project.

With regard to non-operating profit/loss, ¥1.8 billion (which is included in -¥1.9 billion) was posted as loss on valuation of investment securities. This is a part of the impairment loss of ¥9.4 billion related to the overseas business, which is explained on the 2Q business results.

2. FY2019 Full Year Forecast



Previous forecast (as of 1Q) unchanged from original forecast (released April 26)

FY2019 Consolidated Forecast (Apr. 1, 2019 – Mar. 31, 2020) <vs. FY2019 Previous Forecast>

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

Net sales	-48.0	:	-	Gas (-50.1: Decrease in unit price of city gas arising from economic framework assumptions, decrease in city gas sales volume, etc.)
Operating expenses	+39.0	:	+	Gas (+37.0: Decrease in unit price of city gas arising from economic framework assumptions, decrease in city gas sales volume, etc.)
Operating profit	-9.0	:	-	Gas (-13.1: Change in unit price of city gas -10.2, change in city gas sales volume -2.9, etc.)
Extraordinary profit/loss	-7.6	:	-	Energy-related (+3.4: Appliances and gas pipe installation +2.2, etc.) Impairment loss -7.6

(Unit: billion yen)

	Forecast	Previous Forecast	Change	%	FY2018 Result	Change	%
City gas sales volume (million m ³ , 45MU)	14,293	14,541	-248	-1.7%	15,198	-905	-6.0%
Electricity sales volume (million kWh)	20,057	19,941	+116	+0.6%	15,482	+4,575	+29.6%
Net sales	1,995.0	2,043.0	-48.0	-2.3%	1,962.3	+32.7	+1.7%
Operating expenses	1,882.0	1,921.0	-39.0	-2.0%	1,868.6	+13.4	+0.7%
Operating profit	113.0	122.0	-9.0	-7.4%	93.7	+19.3	+20.6%
Segment profit (operating profit + equity income of subsidiaries)	118.0	125.5	-7.5	-6.0%	96.4	+21.6	+22.3%
Ordinary profit⁽¹⁾	114.0	120.0	-6.0	-5.0%	89.3	+24.7	+27.5%
Extraordinary profit/loss	-7.6	0.0	-7.6	—	27.8	-35.4	—
Profit attributable to owners of parent	77.0	86.0	-9.0	-10.5%	84.5	-7.5	-8.9
<i>Temperature effect⁽²⁾</i>	<i>-0.2</i>	<i>0.0</i>	<i>-0.2</i>	<i>—</i>	<i>-14.1</i>	<i>+13.9</i>	<i>—</i>
<i>(Adjustment items)</i>							
<i>Sliding time lag effect⁽³⁾ (city gas, LNG sales)</i>	<i>-2.1</i>	<i>+9.1</i>	<i>-11.2</i>	<i>—</i>	<i>-25.0</i>	<i>+22.9</i>	<i>—</i>
<i>Amortization of actuarial differences⁽⁴⁾</i>	<i>-7.6</i>	<i>-7.6</i>	<i>0.0</i>	<i>—</i>	<i>-4.6</i>	<i>-3.0</i>	<i>—</i>
Adjusted ordinary profit^{(1),(2),(3),(4)}	123.9	118.5	+5.4	+4.5%	133.0	-9.1	-6.9%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
Forecast	109.31(-0.69)	69.50(-0.50)*	16.0(+0.1)
Previous forecast	110.00	70.00	15.9
FY2018 results	110.92	72.12	17.0

*3Q~\$70.00/bbl, ¥110/\$

Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2018	1.65%	0.156%	0.000%	267.0
FY2017	1.03%	0.293%	0.046%	271.0
FY2016	1.57%	0.389%	0.055%	277.0

Figures in parentheses show change from previous forecast

Both sales and profits forecasts have downwardly revised in FY2019 full year. The economic framework assumption for October and onward, which is the basis of the forecasts, has not changed from the previous ¥110/USD for foreign exchange rate and USD 70/barrel for crude oil price.

Forecast net sales of ¥1,995.0 billion, ¥48.0 billion lower than the previous forecast. This mainly reflects a downward revision to sales in the gas segment by ¥50.1 billion on the back of expected drops in the unit price of city gas owing to economic framework assumptions and in city gas sales volume.

Operating expenses is expected to be ¥1,882.0 billion, down ¥39.0 billion from the previous forecast. This is also mainly attributable to expected drops in the unit price of city gas owing to economic framework assumptions and in city gas sales volume. The impact of the economic framework assumption in the gas segment was that the drop in JLC, which has a sliding effect with selling prices, was larger than the drop in raw material costs. This led to the operating profit forecast dropping ¥9 billion or 7.4% to ¥113.0 billion and ordinary profit forecast declining ¥6.0 billion or 5.0% to ¥114.0 billion.

As a result of posting the ¥7.6 billion of impairment loss for 2Q under extraordinary loss, the forecast for profit attributable to owners of parent dropped ¥9.0 billion or 10.5% from the previous forecast to ¥77.0 billion.

FY2019 Full Year Forecast ; Consolidated Gas Sales Volume/Number of Customers

Consolidated City Gas Sales Volume

(Figures are rounded nearest mil m³)

VS. Previous Forecast

-248 mil m³ (-1.7%)

[Including temperature effect -8mil. m³, -0.1%]

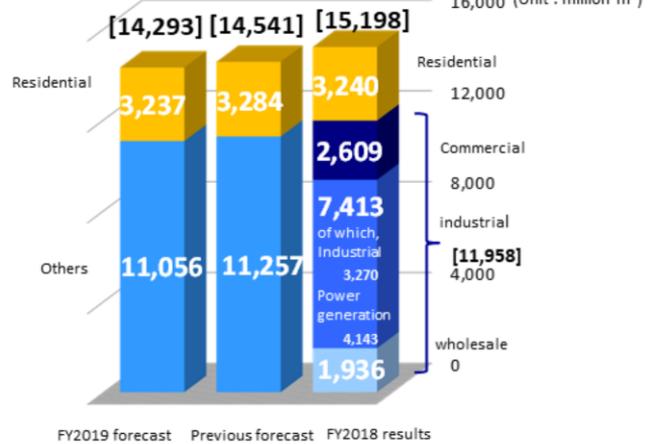
- Residential -47mil. m³ (-1.4%)
- Others -201mil. m³ (-1.8%)

VS. FY2018 Results

-905 mil m³ (-6.0%)

[Including temperature effect +201mil. m³, +1.3%]

- Residential -3mil. m³ (-0.1%)
- Others -902mil. m³ (-7.5%)



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

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

	Forecast	Previous Forecast	Change	FY2018 Results	Change
Number of meters (10 thousands)	1,195.5	1,194.6	+0.9 (+0.1%)	1,181.8	+13.7 (+1.2%)
LNG sales volume (thousandst)	1,202	1,251	-49 (-3.9%)	1,095	+107 (9.8%)
Average temperature (°C)	16.0	15.9	+0.1	17.0	-1.0

	Forecast	Previous Forecast	Change	FY2018 Results	Change
Gas sales volume	14,293	14,541	-248 (-1.7%)	15,198	-905 (-6.0%)
Gas volume used in-house under tolling arrangement	2,417	2,493	-76 (-3.1%)	1,830	+587 (+32.0%)
LNG sales volume (m ³ basis)	1,503	1,564	-61 (-3.9%)	1,369	+134 (+9.8%)
Total	18,213	18,598	-385 (-2.1%)	18,397	-184 (-1.0%)

Gas sales volume outlook has been revised downward by 248 million m³ or 1.7% from the previous forecast. This is mainly attributable to the 201 million m³ downward revision in sales volume to non-residential customers due to the drop in the utilization by large customers.

FY2019 Full Year Forecast ; Consolidated Electricity Sales Volume/Number of Customers



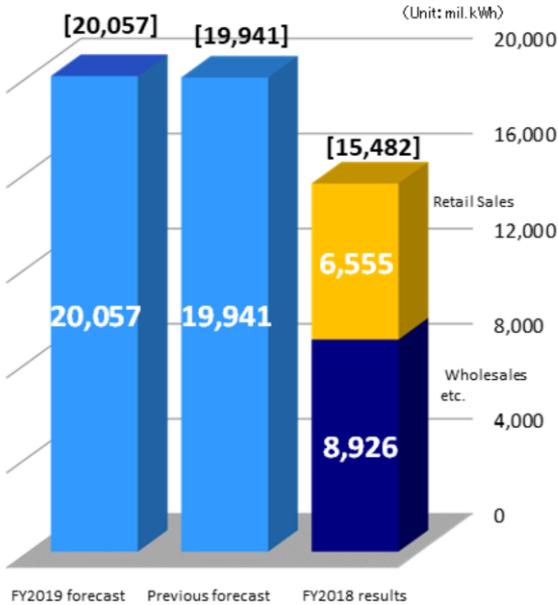
Consolidated Electricity Sales Volume

VS. Previous Forecast

+116 mil kWh (+0.6%)

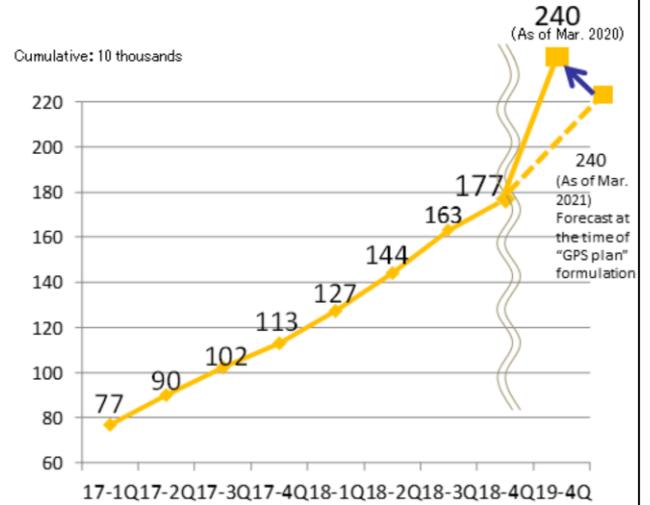
VS. FY2018 Results

+4,575 mil kWh (+29.6%)



Number of Retail Customers

	FY2019 Forecast	Previous forecast	Change	FY2018 Results	Change
Number of retail customers (10 thousands)	240.0	240.0	— (—)	177.4	+62.6 (+35.3%)



Electricity sales volume outlook has been revised upward by 116 million kWh or 0.6% from the previous forecast.

The main factor is the increase in the number of retail customers up to 2Q. The number of electricity retail customers is expected to reach 2.4 million by the end of this fiscal year.

FY2019 Full Year Forecast: Sales and Profit/Loss by Business Segments

< vs. FY2019 Previous Forecast >

 TOKYO GAS
(unit : billion yen)

	Net sales				Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	FY2019 Forecast	Previous Forecast	Change	%	FY2019 Forecast	Previous Forecast	Change	%
Gas	1,412.1	1,462.2	-50.1	-3.4	109.0	122.1	-13.1	-10.7
(City gas)	1,186.2	1,224.8	-38.6	-3.1	105.0	116.7	-11.7	-10.1
(LNG sales)	177.2	184.7	-7.5	-4.1	3.7	5.0	-1.3	-24.7
Electric Power	357.5	357.1	0.4	0.1	10.0	10.9	-0.9	-8.3
Overseas business	44.5	46.4	-1.9	-4.1	13.9	12.7	1.2	9.4
(equity income of subsidiaries)	—	—	—	—	4.5	3.0	1.5	50.0
Energy-related	360.6	362.3	-1.7	-0.5	14.5	11.1	3.4	30.6
(Engineering Solutions)	143.5	143.5	0	—	3.6	3.0	0.6	17.6
Real estate (including equity income of subsidiaries)	45.9	45.0	0.9	2.0	11.1	11.0	0.1	0.9
Others (including equity income of subsidiaries)	131.5	133.3	-1.8	-1.4	5.2	3.6	1.6	44.4
Adjustment	-357.1	-363.3	6.2	—	-45.7	-45.9	0.2	—
Consolidated	1,995.0	2,043.0	-48.0	-2.3	118.0	125.5	-7.5	-6.0
(equity income of subsidiaries)	—	—	—	—	5.0	3.5	1.5	42.7

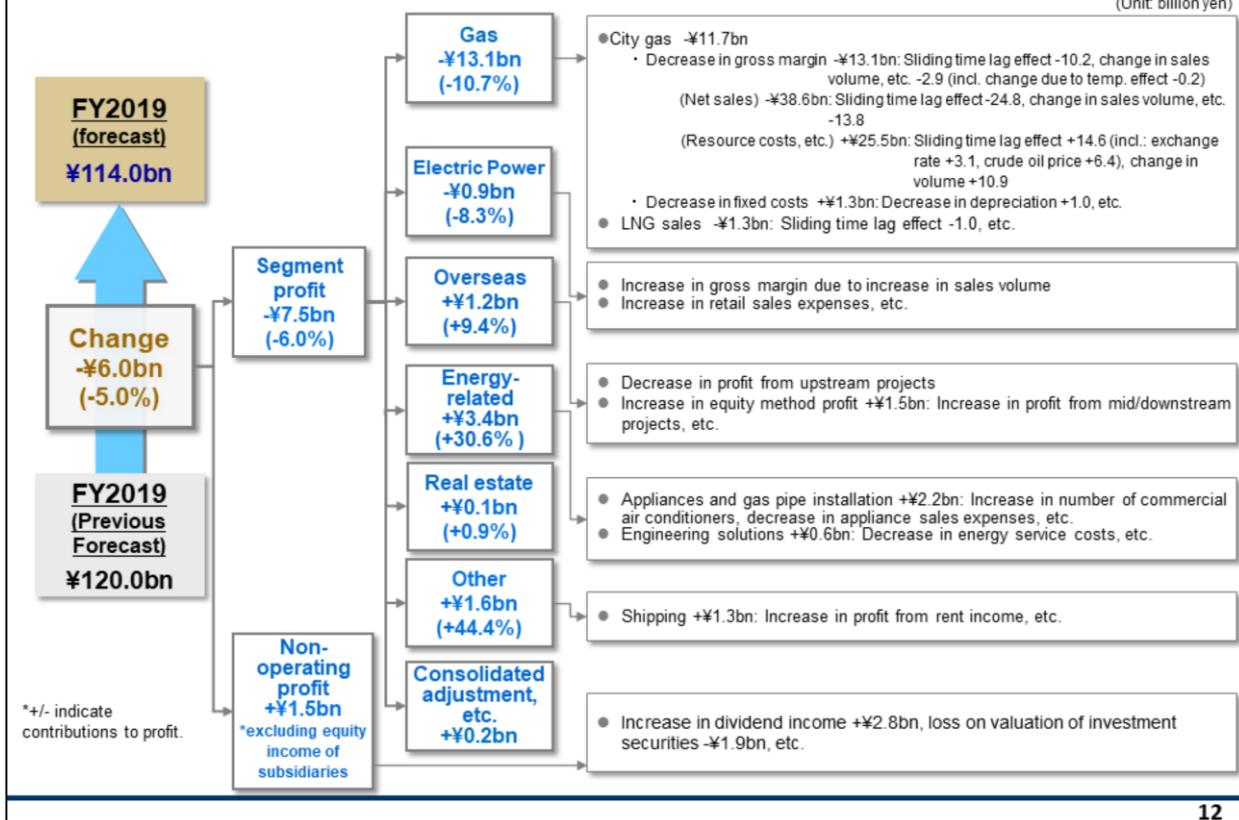
Notes

- Net sales by business segments include internal transactions.
- “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 information processing service and shipping, etc.
- The “Adjustment” to operating profit is primarily companywide expenses not allocated to individual segments.
- *Figures for net sales of “LNG sales” exclude internal transactions from FY2019 1Q presentation material.

This slide explains our FY2019 segment net sales and segment profit forecasts and changes from the previous forecast. The ¥13.1 billion downward revision in the gas segment had a negative impact on the overall segment profit forecast.

FY2019 Forecast: Ordinary Profit Analysis

<vs. FY2019 Previous Forecast>



In the gas segment, the forecast was lowered by ¥13.1 billion mainly reflecting a ¥10.2 billion drop in the sliding time lag effect due to the economic frame assumption.

In the electric power segment, the forecast was made a downward revision by ¥0.9 billion, as the decrease in the wholesale profit due to additional sales expenses of approximately ¥2.0 billion for sales campaigns and a drop in JEPX prices exceeded the increase in gross margin owing to increases in the number of retail customers and sales volume.

In the overseas segment, the forecast was increased by ¥1.2 billion due to continued contribution from increased profits in the mid/downstream businesses in the second half as in the first half, despite a drop in profit caused by changes in the production plan of an upstream project.

In the energy-related segment, the forecast was raised by ¥3.4 billion, reflecting an increase in the number of commercial air conditioners sold, a drop in expenses for appliance sales, and a drop in costs in the energy service business.

The forecast for the “other” segment was raised by ¥1.6 billion, reflecting an increase in rent income for LNG ships owned and/or managed by the Group.

FY2019 Full Year Forecast : Sales and Profit/Loss by Business Segments

<vs. FY2018 Results>

 TOKYO GAS
(unit : billion yen)

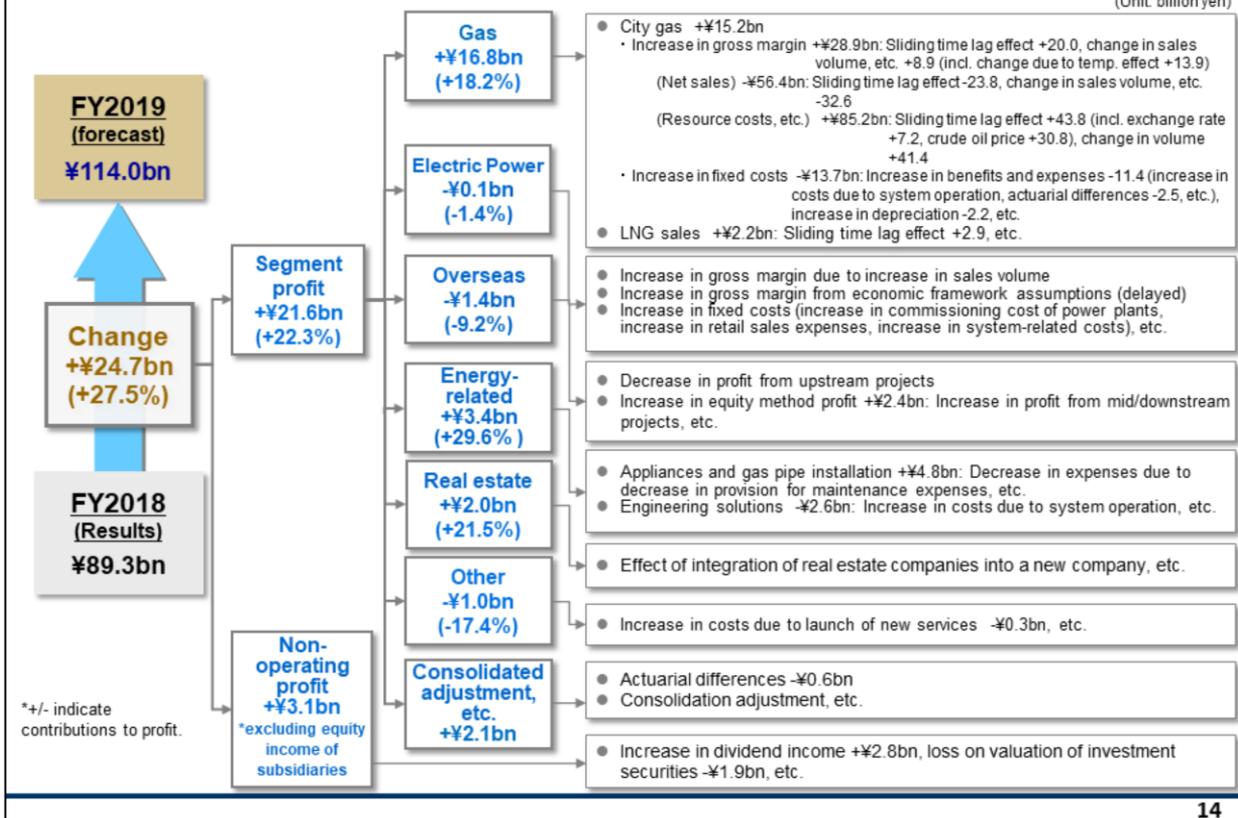
	Net sales				Segment Profit (Operating profit + Equity income/loss of subsidiary)			
	FY2019 Forecast	FY2018 Results	Change	%	FY2019 Forecast	FY2018 Results	Change	%
Gas	1,412.1	1,413.7	-1.6	-0.1	109.0	92.2	16.8	18.2
(City gas)	1,186.2	1,242.6	-56.4	-4.5	105.0	89.8	15.2	16.8
(LNG sales)	177.2	122.2	55.0	45.0	3.7	1.5	2.2	147.4
Electric Power	357.5	280.3	77.2	27.6	10.0	10.1	-0.1	-1.4
Overseas business	44.5	50.9	-6.4	-12.6	13.9	15.3	-1.4	-9.2
(equity income of subsidiaries)	—	—	—	—	4.5	2.1	2.4	106.9
Energy –related	360.6	363.5	-2.9	-0.8	14.5	11.1	3.4	29.6
(Engineering Solutions)	143.5	146.9	-3.4	-2.3	3.6	6.2	-2.6	-41.9
Real estate (including equity income of subsidiaries)	45.9	44.6	1.3	2.9	11.1	9.1	2.0	21.5
Others (including equity income of subsidiaries)	131.5	107.8	23.7	21.9	5.2	6.2	-1.0	-17.4
Adjustment	-357.1	-298.6	-58.5	—	-45.7	-47.8	2.1	—
Consolidated	1,995.0	1,962.3	32.7	1.7	118.0	96.4	21.6	22.3
(equity income of subsidiaries)	—	—	—	—	5.0	2.7	2.3	79.4

Notes

- Net sales by business segments include internal transactions.
- “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 information processing service and shipping, etc.
- The “Adjustment” to operating profit is primarily companywide expenses not allocated to individual segments.
- *Figures for net sales of “LNG sales” exclude internal transactions from FY2019 1Q presentation material.

This slide explains our FY2019 segment net sales and segment profit forecasts and changes from the previous fiscal year. The major changes in segment profits are explained in the following slide.

FY2019 Forecast: Ordinary Profit Analysis <vs. FY2018 Results>



This slide is an analysis of ordinary profit in comparison with the previous year.

FY2019 Uses of Cash Flow (Capex, Investment and financing)

(Unit: billion yen)

	Forecast	Main Items	Previous Forecast	Change	%	FY2018 Results	Change	%
Capital Expenditure								
Gas	190.7	Production facilities : 12.0(- 2.0) Hitachi LNG terminal expansion, etc. Distribution facilities : 111.3(+5.1) Ibaraki Line installation, New demand development, etc. Service and maintenance facilities : 67.4 (-3.7) System related, etc.	191.4	-0.7	-0.3%	156.7	+34.0	+21.7%
Electric Power	3.3	Improvement construction for power generation efficiency etc.	4.5	-1.2	-26.7%	6.3	-3.0	-47.2%
Overseas business	8.4	Upstream(Australia, North America)	7.5	+0.9	+12.4%	6.4	+2.0	+30.5%
Energy-related	25.0	Energy Service(TGES) etc.	26.2	-1.2	-4.7%	22.5	+2.5	+10.7%
Real Estate	35.1	Msb Tamachi etc.	35.2	-0.1	-0.3%	32.8	+2.3	+7.2%
Others	3.7	LNG carrier etc.	4.7	-1.0	-20.9%	2.9	+0.8	+26.6%
Adjustment	-4.4		-4.7	+0.3	—	-4.1	-0.3	—
Sub Total	262.0		265.0	-3.0	-1.1%	223.7	+38.3	+17.1%
Investment and Financing	78.0	Investment and financing 82.7(Including overseas) Collection -4.6	80.5	-2.5	-3.1%	23.6	+54.4	+230.0%
Total	340.0		345.5	-5.5	-1.6%	247.4	+92.6	+37.5%

This slide details the use of cash flows in FY2019.

Key Indicators (Consolidated)

	FY2019 Forecast	FY2018 Results	FY2017 Results
Total assets (a)	2,589.0	2,428.1	2,334.3
Shareholders' equity (b)	1,183.0	1,159.0	1,136.0
Shareholders' equity ratio (b)/(a)	45.7%	47.7%	48.7%
Interest-bearing debt (c)	920.0	803.2	724.9
D/E ratio (c)/(b)	0.78	0.69	0.64
Profit attributable to owners of parents (d)	77.0	84.5	74.9
Profit per share (EPS, yen per share)	174.06	187.60	164.12
Depreciation (e)	167.0	161.8	165.3
Operating cash flow (d) + (e)	244.0	246.4	240.3
Capital expenditure	262.0	223.7	208.7
ROA (d) / (a)	3.1%	3.6%	3.3%
ROE (d) / (b)	6.6%	7.4%	6.7%
TEP	29.1	6.8	24.4
WACC	2.9%	3.0%	3.1%
Total payout ratio	Approx. 60%	60.3%	60.2%

Note: Shareholders' equity = Net assets - minority interests

Profit per share is calculated on the assumption that share consolidation took place (5 shares integrated to 1 share)

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 (FY2019 forecast)

- Cost of interest-bearing debt : forecast interest rate (0.86%, after tax)
- Cost rate for shareholders' equity
 - Risk free rate : 10-year JGB yield 0.06%
 - Market Risk premium : 5.5% β: 0.75

This slide indicates consolidated key indicators.

3. Reference Materials



The following reference materials include a table on the sensitivity to the economic framework assumption, plus a list of major press releases in from April 1, 2019 to October 30, 2019, a list of overseas investment projects, and the number of switches to other electricity and city gas service providers.

Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings		
		3Q	4Q	Full year
Period	3Q	-0.3	-1.2	-1.5
	4Q	—	-0.2	-0.2
	Full year	-0.3	-1.4	-1.7

Impact of depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings		
		3Q	4Q	Full year
Period	3Q	-0.6	+0.8	+0.2
	4Q	—	-1.0	-1.0
	Full year	-0.6	-0.2	-0.8

Key Topics in FY2019 (Excerpted from Press Releases up to 30th October)

Management Strategy	<ul style="list-style-type: none"> • Tokyo Gas Group Initiatives in FY2019 to Achieve GPS2020 (Apr.10)
Gas Electric Power (G/P)	<ul style="list-style-type: none"> • Tokyo Gas executes a HOA with Shell Eastern Trading for the supply of LNG(Apr.5) • Participation in real-world trial to develop virtual power plant (VPP) (Jun.4) • Conclusion of a heads of agreement with SUMITOMO JOINT ELECTRIC POWER regarding the Sale and Purchase of Liquefied Natural Gas (LNG)(Jun.19) • Tokyo Gas launches service to purchase surplus power generated by photovoltaic systems (Jul.1) • Progress Report about Electricity Sales for Retail Market (Aug.21) • Tokyo Gas and Kyuden Established Chiba Sodegaura Power Co.,Ltd.(Sep.2) • Receiving of Electricity from Moka Power Station(Oct.1)
Services (S)	<ul style="list-style-type: none"> ◆ Engineering Service <ul style="list-style-type: none"> • Mitsui Fudosan and Tokyo Gas's Nihonbashi Smart Energy Project comes on stream, that is Japan's first stable delivering of heat and electric power to a district with existing buildings(Apr.15) • TGES Awarded CPC's Contract for Basic Design of Taiwan's Largest LNG Receiving Terminal (Jul.25) *1 ◆ Other <ul style="list-style-type: none"> • Launch of "junijuni" sponsored by TOKYO GAS" shopping site to promote the UN's sustainable development goals (Apr.4) • Phone app-based "Torisetsu + HOME" system of viewing manuals of housing equipment, etc., which is expected to promote paperless, adopted as standard for newly constructed Brilia condos in Greater Tokyo (Jun.6) • Launch of the home robot "Makasete! BOCCO" childcare support service (Jun.13) • Joint development of water heater remote control with safe bathing support functionality for the AXIS smart stealth remote control series (Jul.11) • 120,000 ENE-FARM residential fuel cell systems sold (Aug. 6) • Launch of ENE-FARM Mini, the world's smallest high-efficiency fuel cell cogeneration system for residential use (Oct. 10) • Provisionally named "Yaesu 1-chome North District Category I Urban Redevelopment Project" to develop large-scale facilities along the Nihonbashi River finalized and core work scheduled to commence in fiscal 2025 (Oct. 11)*2
Global (×G, Overseas)	<ul style="list-style-type: none"> • ENGIE and Tokyo Gas to establish renewables joint venture company in Mexico (Apr.8) • Birdsboro Natural Gas-Fired Power Plant in the U.S. Starts Commercial Operations(Jun.7)

Key Topics in FY2019 (Excerpted from Press Releases up to 30th October)

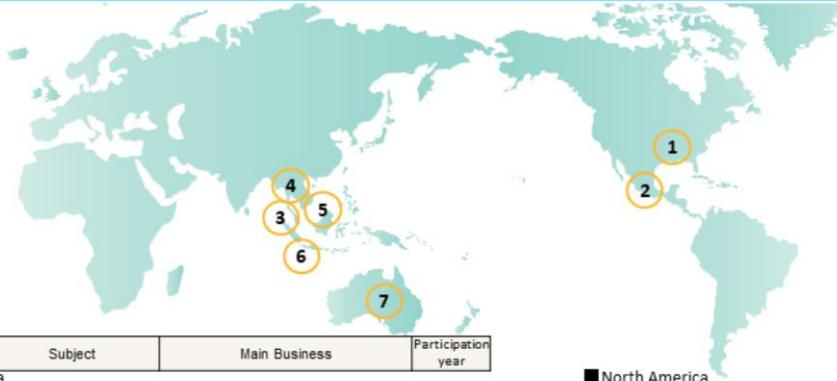
Digital Innovations	· Investment in Next Energy & Resources and joint development of IoT platform for coordinated control of distributed energy appliances to further enhance services and expand use of renewables (Jul.3)
ESG	· Announcement of support for the Task Force on Climate-related Financial Disclosures (May.27) · Tokyo Gas executes a Master Agreement with Shell Eastern Trading (Pte) Ltd.for the supply of carbon neutral LNG(Jun.18) · Tokyo Gas Group CSR Report 2019 published (Aug.30) · Agreement on cooperation following disasters signed (Oct.16) · Launch of Japan's first carbon neutral city gas supply service (Oct.23)
Finance and shareholder returns	· Notice Regarding the Appropriation of Surplus (Apr.26) · Notification of resolution to acquire treasury shares (Apr.26), Notice Regarding Market Purchase of Treasury Stock and Completion of Acquisition(Jul.16), Notice of retirement of Treasury Stock (Jul.29) · Announcement of issue of the 50th, the 51th, the 52th and the 53th Domestic unsecured notes (May.17) · Announcement of issue of the 54 th , the 55 th and the 56 th Domestic unsecured notes(Sep.6)

Dates of press releases are shown in parentheses.

*1 Press releases issued by Tokyo Gas Engineering Solutions.

*2 Press releases issued by Tokyo Gas Real Estate.

Overseas Projects



No	Country	Subject	Main Business	Participation year
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■ Southeast Asia

④	Malaysia	GAS MALASIA Bhd.	Downstream City gas	1992
		GAS MALASIA ENERGY ADVANCE Sdn.Bhd.	Downstream Energy Service	2014
④	Thailand	Bang bo	Downstream Natural gas power	2016
		GWHAMT	Downstream Gas Supply	2018
④	Vietnam	PVGD	Downstream CNG Supply	2017
④	Indonesia	Sengkang	Upstream Production, liquefaction and sales of LNG	2010
		PRA	Downstream Gas Supply, Transfer	2017

■ Oceania

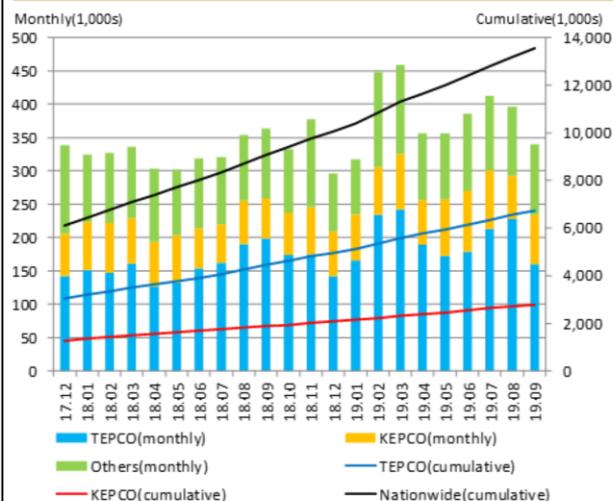
④	Australia	Darwin	Upstream Production, liquefaction and sales of LNG	2008
		Pluto	Upstream Production, liquefaction and sales of LNG	2008
		Gorgon	Upstream Production, liquefaction and sales of LNG	2009
		Queensland Curtis	Upstream Production, liquefaction and sales of LNG	2011
		Ichthys	Upstream Production, liquefaction and sales of LNG	2012

■ North America

④	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
④	Mexico	Bajo	Downstream Natural gas power	2004
		MT Falcon	Downstream Natural gas power	2010
		Heolios ENTG	Downstream Renewable venture	2019

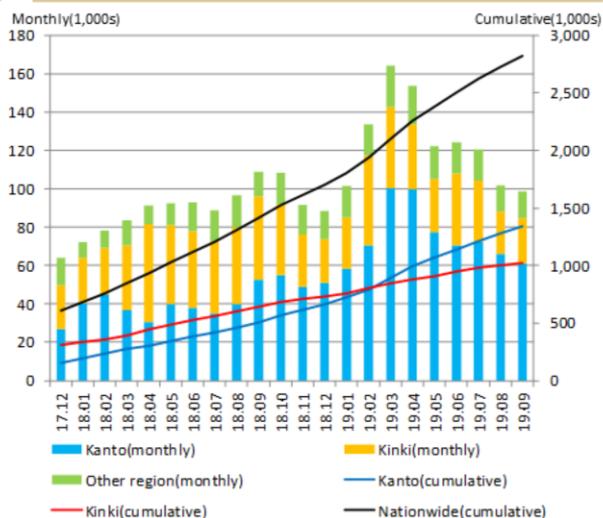
Trends in city gas/electricity switching(published data),
Number of customers for city gas retail sales(Tokyo gas consolidated)

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.

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

As of	2016.06	2016.09	2016.12	2017.03	2017.06	2017.09	2017.12	2018.03	2018.06	2018.09	2018.12	2019.03	2019.06	2019.09
Number (Change)	1,019.9 (-)	1,020.8 (+ 0.9)	1,025.4 (+ 4.6)	1,026.9 (+ 1.5)	1,031.4 (+ 4.5)	1,028.9 (- 2.5)	1,029.6 (+ 0.7)	1,020.9 (- 8.7)	1,018.9 (- 2.0)	1,008.9 (- 10.0)	998.2 (- 10.7)	982.1 (- 16.1)	960.7 (- 21.4)	940.5 (- 20.2)

Full deregulation of the retail market (2017.04)



< 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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