January 30, 2020
Tokyo Gas Co., Ltd.

Main Q&As
At the Results Presentation for 3Q FY2019 Ended December 2019

Q1: How much was the city gas sales volume affected by the high temperatures in 3Q? With regard to the warm winter tendency, have you revised your forecast of the temperatures in 4Q?

A1: The impact of temperatures on city gas sales volume compared to the previous outlook was -47 million m^3, a large portion of which is believed to be due to high temperatures in 3Q. Concerning temperatures in 4Q, we have not revised our forecast since we have already incorporated the warm winter trend of recent years and also since there is a possibility that sales volume would increase due to sudden cold weather.

Q2: While the gross margin of city gas dropped 2.8 billion yen compared to the previous forecast due to high temperatures, fixed costs decreased 2.5 billion yen. Does this reflect a natural decrease or is it due to cost reduction effects in consideration of the impact of the warm winter?

A2: It is an effect of efforts to identify costs that can be reduced and reducing such costs following the sluggish business performance. The reductions include various costs that can be reflected during the term.

Q3: The LNG spot price is weak even during the winter demand season, but the sliding time lag effect of city gas was +1 billion yen compared to the previous forecast. How did the situation of TG's lower LNG spot ratio compared to the nationwide ratio change in 2Q and how was it incorporated in this forecast?

A3: Our LNG spot ratio remained lower than the nationwide ratio in 3Q, and the effect of the deterioration of the sliding time lag, which manifested itself in 3Q, has been incorporated into the forecast. Meanwhile, we expect an improvement in sliding time lag due to the effect of the economic framework assumption, which, together with the above factor, resulted in +1 billion yen.