

Reference Materials (FY2019 3Q)

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Reference Materials (FY2019 3Q)

1. <Consolidated>Financial Results

	(FY2019 3Q vs. FY2018 3Q)				(FY2019 Forecast vs. FY2018 Results)				<FY2019 Forecast vs. Previous Forecast(Oct.)>				100 million yen	
	FY19 3Q	FY18 3Q	Change		Reference	FY19 Forecast	FY18	Change		Reference	Previous	Change		Reference
Net sales	13,620	13,266	354	2.7%	Electric power +580, Others +126, Gas +77, Overseas -63, Energy-related -41, etc.	19,740	19,623	117	0.6%	Electric power +768, Gas -331, etc.	19,950	-210	-1.1%	Gas -315, etc.
Operating profit	547	277	270	97.4%	Gas +299, Electric power +15, Overseas -48, etc.	1,130	937	193	20.6%	Gas +169, Energy-related +34, Real estate +20, etc.	1,130	0	0.0%	Others +11, Gas +1, Overseas -18, etc.
Ordinary profit	569	262	307	117.1%	Increase in dividend income +27, Increase in overseas equity income +24, Loss on devaluation of investment securities -19, etc.	1,140	893	247	27.5%	Increase in dividend income, Increase in overseas equity income, etc.	1,140	0	0.0%	
Profit attributable to owners of parent	336	346	-10	-2.9%	[FY19] Impairment loss [FY18] Gain on sale of non-current assets, Gain on sale of investment securities, Loss on devaluation of investment securities	770	845	-75	-8.9%	[Forecasts] Impairment loss, etc. [FY18] Gain on sale of non-current assets, Gain on sale of investment securities, Loss on devaluation of investment securities	770	0	0.0%	
Total assets(*1·10)	24,904	24,281	623	2.6%	Non-current assets +352 (Investment securities +164, Intangible assets +144, etc.), Current assets +271 (Cash and deposits +255, etc.)	25,780	24,281	1,499	6.2%		25,890	-110	-0.4%	
Equity(*1)	11,376	11,590	-214	-1.8%	Net profit +336, Dividends -278, Acquisition of treasury stock -239, Foreign currency translation adjustment -82	11,840	11,590	250	2.2%		11,830	10	0.1%	
Equity ratio(*1) (%)	45.7%	47.7%	-2.0%	—	Went down because equity decreased (-1.8%) while total assets increased (+2.6%)	45.9%	47.7%	-1.8%	—		45.7%	0.2%	—	
Total assets turnover(*2) (times)	0.55	0.56	-0.01	—		0.79	0.82	-0.03	—		0.80	-0.01	—	
ROA(*2) (%)	—	—	—	—		3.1%	3.6%	-0.5%	—		3.1%	0.0%	—	
ROE(*2) (%)	—	—	—	—		6.6%	7.4%	-0.8%	—		6.6%	0.0%	—	
Interest-bearing debt(*1)	9,286	8,032	1,254	15.6%	Tokyo Gas +1,313, TG Lease -40	9,230	8,032	1,198	14.9%		9,200	30	0.3%	
D/E ratio	—	—	—	—		0.78	0.69	0.09	—		0.78	0.00	—	
Profit attributable to owners of parent	336	346	-10	-2.9%		770	845	-75	-8.9%		770	0	0.0%	
Depreciation(*3·4)	1,262	1,213	49	4.0%		1,670	1,618	52	3.2%		1,670	0	0.0%	
Operating cash flow(*5)	1,598	1,559	39	2.5%		2,440	2,464	-24	-1.0%		2,440	0	0.0%	
Capital expenditure(*3)	1,527	1,494	33	2.2%	Consolidated subsidiaries, etc. +238, Tokyo Gas -206	2,370	2,237	133	5.9%		2,620	-250	-9.5%	
Investments and Financing(after offset)	318	122	196	160.4%		764	236	528	223.5%		780	-16	-2.0%	
TEP(*6)	—	—	—	—		292	68	224	—		291	1	—	
WACC (%)	—	—	—	—		2.9%	3.0%	-0.1%	—		2.9%	0.0%	—	
EPS (¥/share)	76.00	76.83	-0.83	-1.1%	Went down due to decrease in profit attributable to owners of parent (-10)	174.06	187.60	-13.54	-7.2%		174.06	0.00	0.0%	
BPS(*1) (¥/share)	2,579.73	2,575.99	3.74	0.1%		2,684.72	2,575.99	108.73	4.2%		2,682.43	2.29	0.1%	
Total payout ratio(*7)	—	—	—	—		(*8) —	60.3%				(*8) —	—	—	

(*1) Figures in B/S items for FY18 are the figures as of the end of FY18 (end of March 2019)

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

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

2. <Consolidated>Breakdown of Segments(FY2019 3Q vs. FY2018 3Q)

100 million yen

Segment	Breakdown	Net sales				Reference	Operating profit				Reference
		FY19 3Q	FY18 3Q	Change			FY19 3Q	FY18 3Q	Change		
Gas Segment	Liquefied petroleum gas	172	215	-43	-19.8%	Decrease in sales due to decrease in sales volume and lower unit prices	-3	-1	-2	—	
	Industrial gas	171	166	5	2.6%		6	6	0	-4.9%	
Energy-related Segment	Gas appliances	918	922	-4	-0.4%		65	52	13	24.2%	Increase in profit due to higher maintenance fees per contract
	Gas pipe Installation work	281	275	6	2.2%		0	4	-4	-87.3%	
	Construction etc.	438	471	-33	-7.0%	Decrease in sales due to decrease in number of installations	13	5	8	123.8%	Increase in profit due to decrease in personnel expenses
	Credit	59	56	3	5.2%		5	4	1	22.9%	
Other Segment	IT services	365	275	90	32.8%	Increase in sales due to increase in orders received for system development	3	1	2	123.8%	
	Shipping	250	259	-9	-3.7%	Decrease in sales due to price revision	28	23	5	18.8%	Increase in profit due to increase in North American LNG transportation

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

3. <Consolidated>Main Consolidated Subsidiaries(FY2019 3Q vs. FY2018 3Q)

100 million yen

Segment	Company name	Net sales				Reference	Operating profit				Reference
		FY19 3Q	FY18 3Q	Change			FY19 3Q	FY18 3Q	Change		
Gas etc. (*1)	Tokyo Gas Co., Ltd.	12,559	11,895	664	5.6%		220	-45	265	—	
Electric Power seg.	Nijio Co., Ltd	1,006	822	184	22.4%	Increase in sales due to increase in sales volume	39	4	35	752.5%	Increase in profit due to increase in sales volume
Overseas seg.	TG Australia Group(*2)	303	357	-54	-15.2%	(TG Pluto) Decrease in sales due to decrease in volume due to large-scale repairs (TG Gorgon) Decrease in sales due to decrease in sales volume	95	124	-29	-23.8%	(TG Pluto) Decrease in profit due to decrease in sales (TG Gorgon) Decrease in profit due to decrease in sales
Energy-related seg.	Tokyo Gas Engineering Solutions Group(*2)	967	993	-26	-2.7%	Decrease in sales due to decrease in orders received for engineering facility installations	40	45	-5	-9.9%	Decrease in profit due to Increase in costs reflecting the operation of a new system
Real Estate seg.	Tokyo Gas Real Estate Co., Ltd. (*3)	233	203	30	14.6%	Increase in sales due to increase in rent income as a result of transfer of assets	79	51	28	53.7%	
Others	Tokyo LNG Tanker Co., Ltd.	273	251	22	8.8%	Increase in sales due to increase in North American LNG transportation	37	23	14	63.6%	
Other		2,788	2,555	233	9.1%	(TG PLUS) Increase in sales due to increase in LNG sales (TGinet) Increase in sales due to increase in orders received for system development	92	103	-15	-13.8%	
Consolidated subsidiaries total		5,573	5,184	389	7.5%		385	356	29	8.0%	
Consolidated total		13,620	13,266	354	2.7%		547	277	270	97.4%	

(*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.

(*3) Consolidated figures for FY18 are after the elimination of transactions among the three companies integrated in FY19.

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

100 million yen

	(FY2019 3Q vs. FY2018 3Q)				(FY2019 Forecast vs. FY2018 Results-)				<FY2019 Forecast vs. Previous Forecast(Oct.)>					
	FY19 3Q	FY18 3Q	Change		Reference	FY19 Forecast	FY18	Change		Reference	Previous	Change		Reference
[Capital Expenditure]														
Production facilities	68	111	-43	-38.4%	Hitachi LNG receiving terminal-related, etc.	112	186	-74	-39.8%	Hitachi LNG receiving terminal-related, etc.	120	-8	-6.7%	Other production-related, etc.
Distribution facilities	630	622	8	1.2%	Marketing costs-related, etc.	1,025	966	59	6.1%	Stable Supply-related, etc.	1,037	-12	-1.2%	Security-related, etc.
Service and maintenance facilities etc.	303	474	-171	-36.0%	Real estate, etc.	542	634	-92	-14.6%	Real estate, etc.	713	-171	-24.1%	IT, etc.
Tokyo Gas Total	1,002	1,208	-206	-17.0%		1,680	1,787	-107	-6.0%		1,872	-192	-10.3%	
Capital expenditure at consolidated subsidiaries	546	297	249	83.9%	Overseas, Real estate, etc.	737	491	246	50.0%	Real estate, etc.	792	-55	-7.0%	Energy-related, etc.
Adjustment	-22	-10	-12	—		-47	-41	-6	—		-44	-3	—	
Capital Expenditure total	1,527	1,494	33	2.2%		2,370	2,237	133	5.9%		2,620	-250	-9.5%	
[Investments and Financing]														
Investment and financing	375	208	167	80.6%		827	336	491	145.7%		827	0	0.0%	
Collections	57	85	-28	-33.1%		62	100	-38	-37.9%		46	16	32.5%	
Investments and Financing total(after offset)	318	122	196	160.4%		764	236	528	223.5%		780	-16	-2.0%	
Capital Expenditure total+Investments and Financing (after offset)	1,845	1,617	228	14.1%		3,134	2,474	660	26.7%		3,400	-266	-7.8%	

5. <Non-consolidated> Financial Forecast

	(FY2019 3Q vs. FY2018 3Q)				(FY2019 Forecast vs. FY2018 Results)				<FY2019 Forecast vs. Previous Forecast(Oct.)>				100 million yen	
	FY19 3Q	FY18 3Q	Change		Reference	FY19 Forecast	FY18	Change		Reference	Previous	Change		Reference
Net sales	12,559	11,895	664	5.6%		18,090	17,685	405	2.3%		18,400	-310	-1.7%	
Operating profit	220	-45	265	—		700	489	211	43.1%		690	10	1.4%	
Ordinary profit	308	40	268	667.9%		790	629	161	25.6%		770	20	2.6%	
Net profit	235	82	153	187.0%		610	537	73	13.6%		600	10	1.7%	
Impact of Sliding Time Lag(*1)														
Revenue from sliding system	-38	-67	29	—		-153	185	-338	—		-53	-100	—	
Increase in gas cost	-72	205	-277	—		-139	409	-548	—		-29	-110	—	
Change	34	-272	306	—		-14	-224	210	—		-24	10	—	
Economic Frame														
JCC(Japan Crude Cocktai \$/bbl	67.83	74.99	-7.16	-9.5%		68.42	72.12	-3.70	-5.1%		69.50	-1.07	-1.5%	
EX Rate ¥/\$	108.65	111.14	-2.49	-2.2%		109.00	110.92	-1.92	-1.7%		109.31	-0.31	-0.3%	
Gas Business Sales	7,819	8,116	-297	-3.7%	Volume/composition, etc. -434, Sliding time lag effect +29, Third-party access revenue +108	11,250	12,112	-862	-7.1%	Volume/composition, etc. -524, Sliding time lag effect -338	11,490	-240	-2.1%	Volume/composition, etc. -140, Sliding time lag effect -100
Raw materials and supplies	4,440	5,035	-595	-11.8%	Volume/composition -318, Sliding time lag effect -277 (Foreign exchange -73, Oil price -171, etc.)	6,262	7,329	-1,067	-14.6%	Volume/composition -519, Sliding time lag effect -548	6,477	-215	-3.3%	Volume/composition -105, Sliding time lag effect -110
(Gross profit)	(3,379)	(3,081)	(298)	(9.7%)	Volume/composition, etc. -116, Sliding time lag effect +306, Third-party access revenue +108	(4,988)	(4,783)	(205)	(4.3%)	Volume/composition, etc. -5, Sliding time lag effect, etc. +210	(5,013)	(-25)	(-0.5%)	Volume/composition, etc. -35, Sliding time lag effect +10
Personnel expenses	614	600	14	2.3%	Retirement allowance +27 (Actuarial differences +23), Salaries -4, Bonuses -7, etc.	835	784	51	6.4%	Actuarial differences +31, Changes in personnel system +18, etc.	835	0	0.0%	
General expenses	1,892	1,835	57	3.1%		2,620	2,577	43	1.7%		2,640	-20	-0.8%	
Repair costs	237	246	-9	-3.5%		354	357	-3	-0.8%		364	-10	-2.7%	
Others	1,655	1,589	66	4.2%	Consignment costs +56, Expendable costs +12, Marketing costs -15, etc.	2,266	2,220	46	2.1%	Consignment costs +63 (System data transfer costs, etc., Costs for coping with consumption tax rise, etc.), Expendable costs +26, Retirement costs -31, etc.	2,276	-10	-0.4%	Decrease in consignment costs, etc.
Depreciation	891	878	13	1.5%		1,210	1,188	22	1.8%	Increase as a result of acquisition of new assets	1,210	0	—	
LNG regasification	-27	-26	-1	—		-38	-36	-2	—		-38	0	—	
Operating costs	7,812	8,323	-511	-6.1%		10,890	11,844	-954	-8.1%		11,124	-234	-2.1%	
Installation work	0	5	-5	-89.5%		2	15	-13	-86.4%	Decrease in number of installations	2	0	—	
Others	188	142	46	31.8%	Increase in profit from appliance sales, etc.	259	136	123	90.4%	(FY2018) Allowance for appliance repairs, etc.	255	4	1.6%	
Miscellaneous operating profit	188	147	41	27.7%		261	151	110	72.8%		257	4	1.6%	
Expenses for incidental businesses	23	13	10	77.9%	Electric power -34, LNG sales +45, etc.	79	69	10	14.9%	LNG sales +40, Electric power -23	67	12	19.9%	Electric power +9, etc.
Operating profit	220	-45	265	—		700	489	211	43.1%		690	10	1.4%	
Non operating profit	88	85	3	3.2%	Dividends received from affiliates +19, Land rent -13 (Decrease in rent income as a result of transfer of assets), etc.	90	139	-49	-36.1%	Dividends received from affiliates -22, Gain on sale of affiliates' securities -17, etc.	83	7	7.0%	Dividends received from affiliates +8, etc.
Ordinary profit	308	40	268	667.9%		790	629	161	25.6%		770	20	2.6%	
Extraordinary income	—	60	-60	—	Gain on sale of affiliates' investment securities -17 (FY18: Temporary transfer from non-operating profit) Gain on sale of investment securities -42, etc.	0	44	-44	—	Gain on sale of investment securities -44	0	0	—	
Extraordinary loss	—	0	—	—		0	0	0	—		0	0	—	
Taxes	73	18	55	292.5%		180	136	44	32.2%		170	10	5.9%	
Net profit	235	82	153	187.0%		610	537	73	13.6%		600	10	1.7%	
Net profit	235	82	153	187.0%		610	537	73	13.6%		600	10	1.7%	
Depreciation(*2)	947	930	17	1.9%		1,274	1,257	17	1.3%		1,272	2	0.2%	
Operating cash flows (Net profit+Depreciation)	1,183	1,012	171	16.9%		1,881	1,795	86	4.8%		1,872	9	0.5%	

(*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

100 million yen

	(FY2019 3Q vs. FY2018 3Q)				(FY2019 Forecast vs. FY2018 Results)				<FY2018 Forecast vs. Previous Forecast(Oct.)>					
	FY19 3Q	FY18 3Q	Change	change factors	(100 million yen)	(million m3)	FY19 Forecast	FY18	Change	Previous	Change			
Residential	2,912	2,887	25	0.8%	Volume, etc.	-46	2	4,573	4,660	-87	-1.9%	4,691	-118	-2.5%
					(Temp. effect)	(118)	(102)							
					Sliding	71								
					Other	0								
Others (Commercial·Industrial·Wholesale)	4,907	5,229	-322	-6.1%	Volume, etc.	-280	-716	6,677	7,452	-775	-10.4%	6,799	-122	-1.8%
					(Temp. effect)	(0)	(-9)							
					Sliding	-42								
					Other	0								
Total	7,819	8,116	-297	-3.7%	Volume, etc.	-326	-714	11,250	12,112	-862	-7.1%	11,490	-240	-2.1%
					(Temp. effect)	(118)	(93)							
					Sliding	29								
					Other	0								

(2) Gas Gross Profit Analysis

100 million yen

	Change(FY19 3Q vs. FY18 3Q)						Change(FY2019 Forecast vs. FY2018 Results)						Change<FY2019 Forecast vs. Previous Forecast(Oct.)>					
	Volume, etc.	(Breakdown)	Unit price	(Breakdown)	Total		Volume, etc.	(Breakdown)	Unit price	(Breakdown)	Total	Volume, etc.	(Breakdown)	Unit price	(Breakdown)	Total		
Gas Business Sales	-326	Temp. effect	118	29	29	-297	-524	Temp. effect	181	-338	-338	-140	Temp. effect	-57	-100	-100		
		Other	-444					Other	-706				Other	-84				
		Sliding						Other	0				Other	0				
Raw materials and supplies	-318	Temp. effect	43	-277	-277	-595	-519	Temp. effect	72	-548	-548	-105	Temp. effect	-25	-110	-110		
		(crude oil price)	-171					(crude oil price)	-373				(crude oil price)	-89				
		Other	-361					(exchange rate)	-73				Other	-80			(exchange rate)	-13
		Sliding						Other	0				Other	0				
Gross profit	-8	Temp. effect	75	306	306	298	-5	Temp. effect	109	210	210	-35	Temp. effect	-32	10	10		
		Other	-83					Other	-115				Other	0				
		Sliding						Other	0				Other	0				

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

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

		FY19 Initial Plan as of Apr,2019					
		1Q	2Q	3Q	4Q	Full-year	
FY19 Initial Plan as of Apr,2019	JCC \$/bbl	70.00					
	EX Rate ¥/\$	110.00					
		FY19 Results		FY19 Forecast			
		1Q	2Q	3Q	4Q	Full-year	
FY19 Forecast as of Oct,2019	JCC \$/bbl	68.88	70.00				69.50
	EX Rate ¥/\$	108.60	110.00				109.31
		FY19 Results		FY19 Forecast			
		1Q	2Q	3Q	4Q	Full-year	
FY19 Forecast as of Jan,2020	JCC \$/bbl	67.83	70.00				68.42
	EX Rate ¥/\$	108.65	110.00				109.00

(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	1	1
Gross profit	-1	-1

* Impact on JCC increase by \$1

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

	4Q	Full-year
Net sales	1	1
Gas resource cost	12	12
Gross profit	-11	-11

* 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.