July 29, 2020
Tokyo Gas Co., Ltd.

Main Q&As
At the Results Presentation for 1Q FY2020 (FY Ending March 2021)

Q1: You have only disclosed segment profit in your full year forecast but what is the reason for not calculating and disclosing the forecasts for net sales, ordinary profit and profit attributable to owners of parent based on segment profit?

A1: While segment profit is directly derived from gross profit unit price, etc., calculating net sales and cost from segment profit reasonably is difficult as it can lead to substantial deviation. A reasonable calculation is also difficult for ordinary profit and profit attributable to owners of parent since non-operating profit/loss and extraordinary profit/loss include many uncertain elements. We therefore decided to refrain from disclosing forecasts for these items.

Q2: The improvement of the sliding time lag effect in your full year forecast was smaller than expected, but does this mean that you acknowledge your LNG spot ratio to continue to be lower than the nationwide ratio as was last year?

A2: TG's LNG spot ratio continues to be lower than the nationwide ratio and we have incorporated limited improvement of the sliding time lag effect in our forecast. However, on the back of diminishing demand across Japan, we do not expect spot procurement to increase from last year's levels across the nation and do not believe the current situation to continue.

Q3: The COVID-19 impact was -¥6.6 billion in your 1Q results and is -¥30.0 billion in your full year forecast. What is the current and expected situation of gas sales volume, etc. in 2Q and onward?

A3: In the gas segment, we do not believe gas sales to residential customers to be affected significantly but do consider the impact of a demand decline from hotels, restaurants, hospitals and schools to be large in gas sales to commercial customers. The outlook of recovery is unclear for power generation customers of our industrial group of customers, and the outlook for other large customers incorporates the results of interviews with the customers. We have also incorporated a certain amount of LNG supply and demand adjustment expenses as elements other than gas sales volume. In non-gas segments, we expect a total impact of around -¥30.0 billion, which incorporates an analysis of the impact in each segment, such as a drop in profit from construction work due to delays in housing starts in the energy-related segment.