

Consolidated Financial Results Bulletin for the 2nd Quarter Ended September 30, 2018**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531
 (URL <http://www.tokyo-gas.co.jp/IR/english/index.html>)
 Representative: Mr. Takashi UCHIDA, President
 Contact: Mr. Masami ADACHI, General Manager,
 Consolidated Settlements Group

Stock listings:
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: November 9, 2018
 Scheduled date of the start of dividend payments: November 29, 2018
 Preparation of 2Q earnings presentation material (yes/no): **Yes**
 Holding of 2Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 2nd Quarter (from April 1, 2018 to September 30, 2018)

(Unit: million yen)

(1) Consolidated Business Performance (% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Six months ended Sep. 30, 2018	832,378	5.3%	20,576	-53.5%	19,699	-53.8%	26,919	-15.8%
Six months ended Sep. 30, 2017	790,329	11.7%	44,211	22.1%	42,605	23.9%	31,959	20.6%

Note: Total comprehensive income

Six months ended September 30, 2018: 24,221 million yen (-1.9%) Six months ended September 30, 2017: 24,688 million yen (—%)

	Profit per share	Diluted profit per share
Six months ended Sep. 30, 2018	59.62 yen	—
Six months ended Sep. 30, 2017	69.91 yen	—

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Profit per share" is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Sep. 30, 2018	2,388,829	1,139,569	47.2%
As of Mar. 31, 2018	2,334,316	1,148,433	48.7%

Reference: Shareholders' equity

As of September 30, 2018: 1,127,269 million yen As of March 31, 2018: 1,136,027 million yen

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2017 ended Mar. 31, 2018	—	5.50	—	27.50	—
FY2018 ending Mar. 31, 2019	—	27.50			
FY2018 ending Mar. 31, 2019 (Forecast)			—	27.50	55.00

Note: Revision to the dividend forecast that has been disclosed lastly: *No*

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. The dividend shown for the quarters prior to 2Q FY2017 are the actual dividend prior to the share consolidation. The full-year dividend per share, converted to factor in the share consolidation, is 55 yen.

3. Consolidated Results Forecast for FY2018 ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Profit per share
Full-year	2,014,000	13.3%	84,000	-27.8%	83,000	-25.6%	83,000	10.7%	184.15 yen

Note: Revision to the consolidated results forecast that has been disclosed lastly: *Yes*

*Notes

(1) Significant changes in consolidated subsidiaries (changes in specified subsidiaries resulting in change of scope of consolidation during the quarter) (yes/no): *No*

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation (yes/no): *Yes*
 Note: Please see page 8 of the Attachment, “2. Consolidated Financial Statements and Main Notes: (3) Notes on consolidated financial statements (Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)” for details.

(3) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: *No*

2) Change in accounting policies other than item 1) above: *No*

3) Change in accounting estimates: *No*

4) Retrospective restatements: *No*

(4) Number of issued shares (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock):	Sep. 30, 2018	451,355,759	Mar. 31, 2018	458,073,259
2) Number of shares of treasury stock at end of period:	Sep. 30, 2018	1,401,334	Mar. 31, 2018	1,393,435
3) Average number of shares during period:	Apr. – Sep. 2018	451,488,282	Apr. – Sep. 2017	457,117,396

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. “Average number of shares during period” is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

* Quarterly review procedures by a certified public accountant or an audit firm do not apply to quarterly consolidated financial results bulletins.

* Explanation related to appropriate use of results forecasts and other items warranting special mention

1. The above forecasts are based on the information available at the time this report was prepared, and Tokyo Gas makes no guarantee that these figures will be achieved. Actual results may differ from these forecasts for a variety of reasons. Please see page 3 of the Attachment “1. Overview of Business Performance, etc.: (2) Future outlook” for matters concerning the above forecasts.

2. The information related to this Financial Results will be posted on the Web site of the Company.

Non-Consolidated Results Forecast for FY2018 ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Unit: million yen)

(% of change from the corresponding period of previous year)

	Net sales		Operating profit		Ordinary profit		Net income		Profit per share
		(% of change)		(% of change)		(% of change)		(% of change)	
Full-year	1,799,000	12.5%	47,000	-43.0%	56,000	-41.6%	50,000	-34.1%	110.93 yen

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *Yes*

Contents of Attachment

1. Overview of Business Performance, etc.....	2
(1) Overview of business performance of the 2nd quarter	2
(2) Future outlook	3
2. Consolidated Financial Statements and Main Notes	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of income and comprehensive income	6
Consolidated statement of income	6
(Six months ended September 30, 2018)	
Consolidated statement of comprehensive income	7
(Six months ended September 30, 2018)	
(3) Notes on consolidated financial statements	8
(Note on going concerns' premise)	8
(Additional information).....	8
(Significant changes in shareholders' equity).....	8
(Application of accounting treatment peculiar to quarterly consolidated financial statement preparation).....	8

1. Overview of Business Performance, etc.

(1) Overview of business performance of the 2nd quarter

<Summary by segment>

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2018	591,516	123,919	21,690	157,830	21,735	43,829
	(% of total)	(61.5%)	(12.9%)	(2.3%)	(16.4%)	(2.3%)	(4.6%)
	FY2017	578,988	99,092	20,507	144,464	20,713	37,828
	(% of total)	(64.2%)	(11.0%)	(2.3%)	(16.0%)	(2.3%)	(4.2%)
	Amount of change	12,528	24,827	1,183	13,366	1,022	6,001
	(Rate of change)	2.2%	25.1%	5.8%	9.3%	4.9%	15.9%
Operating expenses	FY2018	569,544	119,429	16,608	151,619	17,242	43,474
	(% of total)	(62.1%)	(13.0%)	(1.8%)	(16.5%)	(1.9%)	(4.7%)
	FY2017	535,082	92,353	18,134	139,567	16,428	36,740
	(% of total)	(63.8%)	(11.0%)	(2.2%)	(16.6%)	(2.0%)	(4.4%)
	Amount of change	34,462	27,076	-1,526	12,052	814	6,734
	(Rate of change)	6.4%	29.3%	-8.4%	8.6%	5.0%	18.3%
Segment profit	FY2018	21,971	4,490	5,274	6,211	4,718	348
	(% of total)	(51.1%)	(10.4%)	(12.3%)	(14.4%)	(11.0%)	(0.8%)
	FY2017	43,906	6,739	2,651	4,896	4,284	1,088
	(% of total)	(69.1%)	(10.6%)	(4.2%)	(7.7%)	(6.7%)	(1.7%)
	Amount of change	-21,935	-2,249	2,623	1,315	434	-740
	(Rate of change)	-50.0%	-33.4%	98.9%	26.9%	10.1%	-68.0%

Notes:

1. Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments. Figures for segment profit are adjusted against the amount based on operating profit of consolidated financial statements plus or minus investment income or loss on equity method.

2. We have revised our reporting segments starting the three months ended June 30, 2018 due to the revision of business segments starting in FY2018 based on the “Tokyo Gas Group FY2018–2020 management plan GPS2020” that was announced on October 5, 2017.

We have renamed the city gas segment the gas segment, and transferred the liquid gas business (LPG, industrial gas) and LNG sales, etc., which were included in the energy-related segment, to the gas segment, and credit services, which were included in the others segment, to the energy-related segment, respectively.

Segment information for the six months ended September 30, 2017 have been restated based on the revised reporting segments.

<Consolidated City Gas Sales Volume for Six Months Ended September 30, 2018>

		Apr. – Sep. 2018	Apr. – Sep. 2017	Change	% change	
No. of customers for city gas retail sales	Thousands	10,089	10,289	-200	-1.9	
No. of customers (meters)	Thousands	11,731	11,584	147	1.3	
City gas sales volume	Residential	Mil. m ³	1,187	1,304	-117	-9.0
	Commercial	Mil. m ³	1,293	1,307	-14	-1.1
	Industrial	Mil. m ³	3,386	3,628	-242	-6.7
	Subtotal	Mil. m ³	4,679	4,935	-256	-5.2
	Supplies to other utilities	Mil. m ³	957	897	60	6.6
Total	Mil. m ³	6,822	7,136	-314	-4.4	
Average temperature	°C	22.3	21.2	1.1	—	

Notes:

1. No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales (consolidated).

2. No. of customers (meters) indicates the number of meters that includes inactive meters and meters for gas supply from other retail companies.

3. “Commercial” indicates sales to commercial, public and medical institutions.

4. City gas sales volumes are on the basis of 45MJ/m³.

5. Average temperature is the average temperature during the period of use by each customer (from date of initial month’s meter reading to final month’s meter reading).

The aforementioned notes also apply to the relevant tables.

<Consolidated Electric Power Sales Volume for Six Months Ended September 30, 2018>

			Apr. – Sep. 2018	Apr. – Sep. 2017	Change	% change
Electric power sales volume	Retail	million kWh	2,857	1,834	1,023	55.7
	Wholesale etc.	million kWh	4,280	5,173	-893	-17.3
	Total	million kWh	7,136	7,007	129	1.8

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Sep. 2018	Apr. – Sep. 2017	Change	Crude oil price (\$/bbl)	Apr. – Sep. 2018	Apr. – Sep. 2017	Change
	110.26	111.04	-0.78		73.75	51.35	22.40

(2) Future outlook

a. Consolidated city gas sales volume forecast for FY2018

			FY2018 (Forecast)	FY2017 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	3,346	3,570	-224	-6.3
	Others	Mil. m ³	12,066	11,998	68	0.6
	Total	Mil. m ³	15,412	15,568	-156	-1.0
Average temperature		°C	16.6	15.7	0.9	—

b. Consolidated electric power sales volume forecast for FY2018

		FY2018 (Forecast)	FY2017 (Results)	Change	% change
Total electric power sales volume	million kWh	15,445	14,656	789	5.4

c. Consolidated earnings forecast for FY2018

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2018 (forecast)	20,140	14,371	5,769	840	830	830
FY2017 (results)	17,773	13,048	4,725	1,163	1,115	749
Change	2,367	1,323	1,044	-323	-285	81
% change	13.3%	10.1%	22.1%	-27.8%	-25.6%	10.7%

Note: Internal sales between segments are adjusted in the “Other sales” column.

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	FY2018 (Forecast)	FY2017 (Results)	Change	Crude oil price (\$/bbl)	FY2018 (Forecast)	FY2017 (Results)	Change
	110.13	110.85	-0.72		74.38	57.03	17.35

2. Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	236,334	229,952
Distribution facilities	560,216	546,115
Service and maintenance facilities	52,244	50,096
Other facilities	406,221	408,030
Inactive facilities	316	316
Construction in progress	157,913	172,525
Total property, plant and equipment	1,413,246	1,407,036
Intangible assets		
Goodwill	1,254	1,060
Other intangible assets	92,167	100,852
Total intangible assets	93,422	101,912
Investments and other assets		
Investment securities	239,379	238,822
Long-term loans receivable	27,929	32,588
Net defined benefit asset	17	22
Deferred tax assets	40,856	39,218
Other investments and other assets	36,693	48,128
Allowance for doubtful accounts	-378	-345
Total investments and other assets	344,497	358,435
Total non-current assets	1,851,165	1,867,385
Current assets		
Cash and deposits	128,331	91,483
Notes and accounts receivable - trade	216,234	220,565
Lease receivables and investment assets	22,188	20,119
Securities	15	15
Merchandise and finished goods	2,494	3,288
Work in process	12,417	22,050
Raw materials and supplies	45,454	75,314
Other current assets	56,897	89,408
Allowance for doubtful accounts	-884	-801
Total current assets	483,150	521,444
Total assets	2,334,316	2,388,829

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Non-current liabilities		
Bonds payable	294,998	334,998
Long-term loans payable	358,680	352,919
Deferred tax liabilities	10,898	10,822
Net defined benefit liability	73,161	71,254
Provision for gas holder repairs	3,107	3,172
Provision for safety measures	3,115	2,357
Provision for appliance warranties	9,984	9,879
Provision for point card certificates	835	1,070
Asset retirement obligations	13,200	13,086
Other noncurrent liabilities	61,572	62,334
Total non-current liabilities	829,554	861,896
Current liabilities		
Current portion of non-current liabilities	58,094	17,569
Notes and accounts payable - trade	80,819	66,530
Short-term loans payable	7,800	6,538
Income taxes payable	30,237	24,174
Other current liabilities	179,376	272,552
Total current liabilities	356,328	387,364
Total liabilities	1,185,882	1,249,260
Net assets		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	1,898	1,901
Retained earnings	936,635	931,287
Treasury shares	-3,642	-4,084
Total shareholders' equity	1,076,736	1,070,949
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,282	34,989
Deferred gains or losses on hedges	-251	806
Foreign currency translation adjustment	33,206	22,824
Remeasurements of defined benefit plans	-3,945	-2,300
Total accumulated other comprehensive income	59,291	56,320
Non-controlling interests	12,405	12,299
Total net assets	1,148,433	1,139,569
Total liabilities and net assets	2,334,316	2,388,829

(2) Consolidated statements of income and comprehensive income

(Consolidated statement of income : Six months ended September 30, 2018)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	790,329	832,378
Cost of sales	534,807	592,072
Gross profit	255,521	240,305
Selling, general and administrative expenses		
Supply and sales expenses	181,992	187,865
General and administrative expenses	29,317	31,863
Total selling, general and administrative expenses	211,310	219,729
Operating profit	44,211	20,576
Non-operating income		
Interest income	542	689
Dividend income	2,367	2,020
Share of profit of entities accounted for using equity method	279	411
Miscellaneous income	3,618	4,125
Total non-operating income	6,808	7,246
Non-operating expenses		
Interest expenses	5,781	5,375
Miscellaneous expenses	2,632	2,748
Total non-operating expenses	8,414	8,123
Ordinary profit	42,605	19,699
Extraordinary income		
Gain on sales of non-current assets	3,219	29,178
Total extraordinary income	3,219	29,178
Extraordinary losses		
Loss on valuation of investment securities	—	6,392
Total extraordinary losses	—	6,392
Profit before income taxes	45,824	42,485
Income taxes	13,531	15,253
Profit	32,293	27,232
Profit attributable to non-controlling interests	334	313
Profit attributable to owners of parent	31,959	26,919

(Consolidated statement of comprehensive income : Six months ended September 30, 2018)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	32,293	27,232
Other comprehensive income		
Valuation difference on available-for-sale securities	4,068	4,712
Deferred gains or losses on hedges	289	695
Foreign currency translation adjustment	-8,708	-8,659
Remeasurements of defined benefit plans, net of tax	-2,781	1,647
Share of other comprehensive income of entities accounted for using equity method	-473	-1,406
Total other comprehensive income	-7,604	-3,010
Comprehensive income	24,688	24,221
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,321	23,948
Comprehensive income attributable to non-controlling interests	367	273

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Additional information)

Implementation of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

The Company has implemented the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), etc. starting the first three months ended June 30, 2018. Deferred tax assets and deferred tax liabilities are shown under investments and other assets and non-current liabilities, respectively.

And the Company has implemented this standard etc. in consolidated financial position and balance sheets as of 31 March, 2018 retroactively.

As a result, total assets and total liabilities for the consolidated fiscal year ended March 31, 2018 decreased by ¥405 million. This does not have an impact on equity ratio figures.

(Significant changes in shareholders' equity)

1) Purchase of treasury stock

The Company purchased treasury stock from the market as per the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act.

- Purchase period May 8 – June 15, 2018 (contract basis)
- Number of shares purchased 6,717,500 shares
- Total amount of purchase ¥19,999 million
- Purchase method Market purchase on the Tokyo Stock Exchange

2) Cancellation of treasury stock

The Company cancelled treasury stock as follows, based on a resolution of the Board of Directors passed on June 28, 2018, as per Article 178 of the Companies Act:

- Type of shares cancelled Tokyo Gas Common Stock
- Number of shares cancelled 6,717,500 shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 1.47%)
- Effective date of cancellation July 18, 2018

(Application of accounting treatment peculiar to quarterly consolidated financial statement preparation)

Calculation of taxes

Taxes are calculated by multiplying profit before income taxes for the second-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit before income taxes for the current consolidated fiscal year ending March 31, 2019 including the second quarter under review.