

Consolidated Financial Results Bulletin for the 1st Quarter Ended June 30, 2019**(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531
 (URL <https://www.tokyo-gas.co.jp/IR/english/index.html>)
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Stock listings:
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: August 9, 2019
 Scheduled date of the start of dividend payments: —
 Preparation of 1Q earnings presentation material (yes/no): **Yes**
 Holding of 1Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Performance for 1st Quarter (from April 1, 2019 to June 30, 2019)

(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
Three months ended Jun. 30, 2019	467,218	16.4%	44,021	89.1%	48,390	101.4%	34,927	-7.4%
Three months ended Jun. 30, 2018	401,434	-0.7%	23,274	-32.9%	24,028	-33.0%	37,713	35.4%

Note: Total comprehensive income

Three months ended June 30, 2019: 33,809 million yen (55.9%)

Three months ended June 30, 2018: 21,682 million yen (3.1%)

	Profit per share	Diluted profit per share
Three months ended Jun. 30, 2019	78.23 yen	—
Three months ended Jun. 30, 2018	83.25 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Jun. 30, 2019	2,444,960	1,171,575	47.4%
As of Mar. 31, 2019	2,428,149	1,171,345	47.7%

Reference: Shareholders' equity

As of June 30, 2019: 1,159,357 million yen

As of March 31, 2019: 1,159,055 million yen

2. Dividend

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2018 ended Mar. 31, 2019	—	27.50	—	32.50	60.00
FY2019 ending Mar. 31, 2020	—				
FY2019 ending Mar. 31, 2020 (Forecast)		30.00	—	30.00	60.00

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

3. Consolidated Results Forecast for FY2019 ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(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	2,043,000	4.1%	122,000	30.2%	120,000	34.2%	86,000	1.7%	194.40 yen

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

*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):	Jun. 30, 2019	451,355,759	Mar. 31, 2019	451,355,759
2) Number of shares of treasury stock at end of period:	Jun. 30, 2019	8,301,702	Mar. 31, 2019	1,410,673
3) Average number of shares during period:	Apr. – Jun. 2019	446,471,083	Apr. – Jun. 2018	453,020,638

* 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 FY2019 ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(Unit: million yen)

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

	Net sales		Operating profit		Ordinary profit		Net income		Profit per share
Full-year	1,890,000	6.9%	82,000	67.6%	82,000	30.3%	60,000	11.7%	135.63 yen

Note: Revision to the non-consolidated results forecast that has been disclosed lastly: *No*

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1. Overview of Business Performance, etc.

(1) Overview of business performance of the 1st quarter

<Summary by segment>

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2019	343,015	72,156	10,912	70,586	11,153	26,237
	(% of total)	(64.3%)	(13.5%)	(2.0%)	(13.2%)	(2.1%)	(4.9%)
	FY2018	290,738	53,167	12,169	74,388	11,023	20,342
	(% of total)	(63.0%)	(11.5%)	(2.6%)	(16.1%)	(2.4%)	(4.4%)
	Amount of change	52,277	18,989	-1,257	-3,802	130	5,895
	(Rate of change)	18.0%	35.7%	-10.3%	-5.1%	1.2%	29.0%
Operating expenses	FY2019	296,740	70,176	8,835	69,798	8,191	25,025
	(% of total)	(62.0%)	(14.7%)	(1.8%)	(14.6%)	(1.7%)	(5.2%)
	FY2018	266,707	50,810	7,742	71,738	8,734	20,228
	(% of total)	(62.7%)	(11.9%)	(1.8%)	(16.8%)	(2.1%)	(4.7%)
	Amount of change	30,033	19,366	1,093	-1,940	-543	4,797
	(Rate of change)	11.3%	38.1%	14.1%	-2.7%	-6.2%	23.7%
Segment profit	FY2019	46,275	1,980	3,645	787	3,124	1,203
	(% of total)	(81.1%)	(3.5%)	(6.4%)	(1.4%)	(5.5%)	(2.1%)
	FY2018	24,030	2,356	4,749	2,649	2,435	100
	(% of total)	(66.1%)	(6.5%)	(13.1%)	(7.3%)	(6.7%)	(0.3%)
	Amount of change	22,245	-376	-1,104	-1,862	689	1,103
	(Rate of change)	92.6%	-16.0%	-23.2%	-70.3%	28.3%	1,103.2%

Note: 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.

< Consolidated City Gas Sales Volume, etc.>

		Apr. – Jun. 2019	Apr. – Jun. 2018	Change	% change	
No. of customers for city gas retail sales	Thousands	9,607	10,189	-582	-5.7	
No. of customers (meters)	Thousands	11,838	11,702	136	1.2	
City gas sales volume	Residential	Mil. m ³	808	778	30	3.8
	Commercial	Mil. m ³	555	549	6	1.1
	Industrial	Mil. m ³	1,587	1,335	252	18.9
	Subtotal	Mil. m ³	2,142	1,884	258	13.7
	Supplies to other utilities	Mil. m ³	422	483	-61	-12.6
	Total	Mil. m ³	3,372	3,145	227	7.2
Average temperature	°C	16.7	17.9	-1.2	—	

Notes:

- No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales.
- No. of customers (meters) indicates the number of meters that includes inactive meters and meters for gas supply from other retail companies.
- “Commercial” indicates sales to commercial, public and medical institutions.
- City gas sales volumes are on the basis of 45MJ/m³.
- 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, etc.>

			Apr. – Jun. 2019	Apr. – Jun. 2018	Change	% change
No. of customers for electric power retail sales		Thousands	1,951	1,273	678	53.3
Electric power sales volume	Retail	million kWh	1,644	1,136	508	44.7
	Wholesale etc.	million kWh	2,221	2,120	101	4.8
	Total	million kWh	3,865	3,257	608	18.7

Note: No. of customers indicates the number of customers to whom Tokyo Gas supplies electric power as an electric power retailer.

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Jun. 2019	Apr. – Jun. 2018	Change	Crude oil price (\$/bbl)	Apr. – Jun. 2019	Apr. – Jun. 2018	Change
	109.90	109.10			0.80	71.48	

(2) Future outlook

There are no changes to the previous forecast that was announced on April 26, 2019. The following information is of the previous forecast.

a. Consolidated city gas sales volume forecast for FY2019

			FY2019 (Forecast)	FY2018 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	3,284	3,240	44	1.3
	Others	Mil. m ³	11,258	11,958	-700	-5.9
	Total	Mil. m ³	14,541	15,198	-657	-4.3
Average temperature		°C	15.9	17.0	-1.1	—

b. Consolidated electric power sales volume forecast for FY2019

			FY2019 (Forecast)	FY2018 (Results)	Change	% change
Total electric power sales volume	million kWh		19,941	15,482	4,459	28.8

c. Consolidated earnings forecast for FY2019

(Unit: hundred million yen)

	Net sales		Operating profit	Ordinary profit	Profit attributable to owners of parent	
	Gas sales	Other sales				
FY2019 (forecast)	20,430	14,622	5,808	1,220	1,200	860
FY2018 (results)	19,623	14,137	5,486	937	893	845
Change	807	485	322	283	307	15
% change	4.1%	3.4%	5.9%	30.2%	34.2%	1.7%

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

< Foreign exchange rate and crude oil price forecast for FY2019>

¥/\$ rate	FY2019 (Forecast)	FY2018 (Results)	Change	Crude oil price (\$/bbl)	FY2019 (Forecast)	FY2018 (Results)	Change
	110.00	110.92			-0.92	70.00	

2. Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	234,433	232,207
Distribution facilities	548,529	541,465
Service and maintenance facilities	49,586	47,334
Other facilities	447,608	462,669
Inactive facilities	316	316
Construction in progress	145,160	136,698
Total property, plant and equipment	1,425,634	1,420,692
Intangible assets		
Goodwill	1,306	1,202
Other intangible assets	119,052	124,038
Total intangible assets	120,359	125,240
Investments and other assets		
Investment securities	225,212	225,642
Long-term loans receivable	40,158	42,217
Retirement benefit asset	24	28
Deferred tax assets	42,425	43,777
Other investments and other assets	47,950	47,945
Allowance for doubtful accounts	-362	-393
Total investments and other assets	355,409	359,216
Total non-current assets	1,901,403	1,905,150
Current assets		
Cash and deposits	93,092	137,563
Notes and accounts receivable - trade	265,225	210,693
Lease receivables and investments in leases	19,647	19,164
Merchandise and finished goods	2,194	2,584
Work in process	12,730	19,585
Raw materials and supplies	63,735	58,097
Other current assets	71,306	93,230
Allowance for doubtful accounts	-1,186	-1,109
Total current assets	526,745	539,810
Total assets	2,428,149	2,444,960

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Non-current liabilities		
Bonds payable	334,998	384,998
Long-term borrowings	394,542	393,131
Deferred tax liabilities	17,517	17,544
Retirement benefit liability	75,262	73,832
Provision for gas holder repairs	2,990	2,973
Provision for safety measures	1,776	1,485
Provision for appliance warranties	14,057	13,898
Provision for point card certificates	1,450	1,609
Asset retirement obligations	11,940	11,966
Other noncurrent liabilities	64,640	66,374
Total non-current liabilities	919,176	967,813
Current liabilities		
Current portion of non-current liabilities	51,566	51,368
Notes and accounts payable - trade	69,605	48,491
Short-term borrowings	5,133	5,229
Income taxes payable	31,283	17,403
Other current liabilities	180,037	183,077
Total current liabilities	337,626	305,570
Total liabilities	1,256,803	1,273,384
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	1,634	1,599
Retained earnings	976,550	996,810
Treasury shares	-4,111	-22,718
Total shareholders' equity	1,115,918	1,117,535
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,756	19,723
Deferred gains or losses on hedges	1,604	621
Foreign currency translation adjustment	24,770	26,104
Remeasurements of defined benefit plans	-5,994	-4,627
Total accumulated other comprehensive income	43,137	41,822
Non-controlling interests	12,289	12,218
Total net assets	1,171,345	1,171,575
Total liabilities and net assets	2,428,149	2,444,960

(2) Consolidated statements of income and comprehensive income
(Consolidated statement of income : Three months ended June 30, 2019)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	401,434	467,218
Cost of sales	268,640	308,046
Gross profit	132,794	159,171
Selling, general and administrative expenses		
Supply and sales expenses	94,093	98,115
General and administrative expenses	15,426	17,034
Total selling, general and administrative expenses	109,520	115,150
Operating profit	23,274	44,021
Non-operating income		
Interest income	333	553
Dividend income	1,719	4,551
Share of profit of entities accounted for using equity method	455	1,723
Miscellaneous income	2,900	1,763
Total non-operating income	5,408	8,591
Non-operating expenses		
Interest expenses	2,690	2,808
Miscellaneous expenses	1,963	1,414
Total non-operating expenses	4,654	4,222
Ordinary profit	24,028	48,390
Extraordinary income		
Gain on sales of non-current assets	29,172	—
Total extraordinary income	29,172	—
Profit before income taxes	53,201	48,390
Income taxes	15,273	13,259
Profit	37,927	35,131
Profit attributable to non-controlling interests	214	203
Profit attributable to owners of parent	37,713	34,927

(Consolidated statement of comprehensive income : Three months ended June 30, 2019)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	37,927	35,131
Other comprehensive income		
Valuation difference on available-for-sale securities	660	-3,045
Deferred gains or losses on hedges	493	-438
Foreign currency translation adjustment	-15,202	1,124
Remeasurements of defined benefit plans, net of tax	824	1,369
Share of other comprehensive income of entities accounted for using equity method	-3,022	-330
Total other comprehensive income	-16,245	-1,321
Comprehensive income	21,682	33,809
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,584	33,612
Comprehensive income attributable to non-controlling interests	98	197

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Additional information)

The Company acquired intangible assets of ¥35,401 million, including the newly constructed large-scale core system, in three months ended June 30, 2019. The durable years of the new system is set 10 years based on the estimated available period.

(Significant changes in shareholders' equity)

Purchase of treasury stock

The Company purchases 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 10 – June 30, 2019 (contract basis)
- Number of shares purchased 6,887,900 shares
- Total amount of purchase ¥18,599 million
- Purchase method Market purchase on the Tokyo Stock Exchange

The purchase of treasury stock that was decided at the Board of Directors meeting held on April 26, 2019 has ended with the purchases of up to July 12, 2019, including the purchase mentioned above.

- Purchase period May 10 – July 12, 2019 (contract basis)
- Number of shares purchased 8,919,700 shares
- Total amount of purchase ¥23,999 million
- Purchase method Market purchase on the Tokyo Stock Exchange

(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 first-quarter period under review by the reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the profit income before income taxes for the current consolidated fiscal year ending March 31, 2020 including the first quarter under review.

(Material subsequent events)

The Company passed a resolution at its Board of Directors meeting held on July 29, 2019 to cancel treasury stock, as per Article 178 of the Companies Act.

The details of the cancellation of treasury stock are as follows.

- (1) Type of shares cancelled Tokyo Gas Common Stock
- (2) Number of shares cancelled 8,919,700 shares
- (3) Effective date of cancellation August 16, 2019