

Consolidated Financial Results Bulletin for the 2nd Quarter Ended September 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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 Consolidated Settlements Sect.

Stock listings:
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: November 14, 2019
 Scheduled date of the start of dividend payments: November 21, 2019
 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, 2019 to September 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
Six months ended Sep. 30, 2019	910,481	9.4%	46,169	124.4%	48,347	145.4%	28,349	5.3%
Six months ended Sep. 30, 2018	832,378	5.3%	20,576	-53.5%	19,699	-53.8%	26,919	-15.8%

Note: Total comprehensive income

Six months ended September 30, 2019: 21,894 million yen (-9.6%) Six months ended September 30, 2018: 24,221 million yen (-1.9%)

	Profit per share	Diluted profit per share
Six months ended Sep. 30, 2019	63.89 yen	—
Six months ended Sep. 30, 2018	59.62 yen	—

(2) Consolidated Financial Position

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Sep. 30, 2019	2,436,352	1,154,134	46.9%
As of Mar. 31, 2019	2,428,149	1,171,345	47.7%

Reference: Shareholders' equity

As of September 30, 2019: 1,141,847 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	—	30.00			
FY2019 ending Mar. 31, 2020 (Forecast)			—	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	1,995,000	1.7%	113,000	20.6%	114,000	27.5%	77,00	-8.9%	174.06 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, 2019	442,436,059	Mar. 31, 2019	451,355,759
2) Number of shares of treasury stock at end of period:	Sep. 30, 2019	1,417,883	Mar. 31, 2019	1,410,673
3) Average number of shares during period:	Apr. – Sep. 2019	443,745,348	Apr. – Sep. 2018	451,488,282

* 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	1,840,000	4.0%	69,000	41.0%	77,000	22.4%	60,000	11.7%	135.63 yen

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

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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	FY2019	639,610	164,647	20,701	162,378	22,103	56,452
	(% of total)	(60.1%)	(15.4%)	(1.9%)	(15.2%)	(2.1%)	(5.3%)
	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%)
	Amount of change	48,094	40,728	-989	4,548	368	12,623
	(Rate of change)	8.1%	32.9%	-4.6%	2.9%	1.7%	28.8%
Operating expenses	FY2019	592,504	159,700	16,598	156,100	16,892	53,933
	(% of total)	(59.5%)	(16.0%)	(1.7%)	(15.7%)	(1.7%)	(5.4%)
	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%)
	Amount of change	22,960	40,271	-10	4,481	-350	10,459
	(Rate of change)	4.0%	33.7%	-0.1%	3.0%	-2.0%	24.1%
Segment profit	FY2019	47,105	4,947	7,024	6,277	5,545	2,525
	(% of total)	(64.2%)	(6.7%)	(9.6%)	(8.5%)	(7.6%)	(3.4%)
	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%)
	Amount of change	25,134	457	1,750	66	827	2,177
	(Rate of change)	114.4%	10.2%	33.2%	1.1%	17.5%	624.3%

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. – Sep. 2019	Apr. – Sep. 2018	Change	% change	
No. of customers for city gas retail sales	Thousands	9,405	10,089	-684	-6.8	
No. of customers (meters)	Thousands	11,868	11,731	137	1.2	
City gas sales volume	Residential	Mil. m ³	1,238	1,187	51	4.4
	Commercial	Mil. m ³	1,241	1,293	-52	-4.0
	Industrial	Mil. m ³	3,346	3,386	-40	-1.2
	Subtotal	Mil. m ³	4,587	4,679	-92	-2.0
	Supplies to other utilities	Mil. m ³	882	957	-75	-7.9
	Total	Mil. m ³	6,707	6,822	-115	-1.7
Average temperature	°C	21.1	22.3	-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. – Sep. 2019	Apr. – Sep. 2018	Change	% change
No. of customers for electric power retail sales		Thousands	2,052	1,388	664	47.8
Electric power sales volume	Retail	million kWh	3,806	2,857	949	33.2
	Wholesale etc.	million kWh	5,303	4,280	1,023	23.9
	Total	million kWh	9,109	7,136	1,973	27.6

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. – Sep. 2019	Apr. – Sep. 2018	Change	Crude oil price (\$/bbl)	Apr. – Sep. 2019	Apr. – Sep. 2018	Change
	108.60	110.26	-1.66		68.88	73.78	-4.90

(2) Future outlook

a. Consolidated city gas sales volume forecast for FY2019

			FY2019 (Forecast)	FY2018 (Results)	Change	% change
City gas sales volume	Residential	Mil. m ³	3,237	3,240	-3	-0.1
	Others	Mil. m ³	11,056	11,958	-902	-7.5
	Total	Mil. m ³	14,293	15,198	-905	-6.0
Average temperature		°C	16.0	17.0	-1.0	—

b. Consolidated electric power sales volume forecast for FY2019

			FY2019 (Forecast)	FY2018 (Results)	Change	% change
Total electric power sales volume	million kWh		20,057	15,482	4,575	29.6

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)	19,950	14,121	5,829	1,130	1,140	770
FY2018 (results)	19,623	14,137	5,486	937	893	845
Change	327	-16	343	193	247	-75
% change	1.7%	-0.1%	6.3%	20.6%	27.5%	-8.9%

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
	109.31	110.92	-1.61		69.50	72.12	-2.62

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of September 30,2019
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	234,433	229,483
Distribution facilities	548,529	535,591
Service and maintenance facilities	49,586	46,809
Other facilities	447,608	458,352
Inactive facilities	316	316
Construction in progress	145,160	155,526
Total property, plant and equipment	1,425,634	1,426,079
Intangible assets		
Goodwill	1,306	1,333
Other intangible assets	119,052	129,578
Total intangible assets	120,359	130,911
Investments and other assets		
Investment securities	225,212	219,891
Long-term loans receivable	40,158	41,701
Retirement benefit asset	24	28
Deferred tax assets	42,425	44,751
Other investments and other assets	47,950	46,720
Allowance for doubtful accounts	- 362	- 392
Total investments and other assets	355,409	352,702
Total non-current assets	1,901,403	1,909,693
Current assets		
Cash and deposits	93,092	107,355
Notes and accounts receivable - trade	265,225	206,036
Lease receivables and investments in leases	19,647	20,495
Merchandise and finished goods	2,194	2,687
Work in process	12,730	20,726
Raw materials and supplies	63,735	76,131
Other current assets	71,306	94,077
Allowance for doubtful accounts	- 1,186	- 850
Total current assets	526,745	526,659
Total assets	2,428,149	2,436,352

	As of March 31,2019	As of September 30,2019
Liabilities		
Non-current liabilities		
Bonds payable	334,998	394,998
Long-term borrowings	394,542	379,125
Deferred tax liabilities	17,517	18,111
Retirement benefit liability	75,262	74,083
Provision for gas holder repairs	2,990	3,026
Provision for safety measures	1,776	1,219
Provision for appliance warranties	14,057	13,768
Provision for point card certificates	1,450	1,630
Asset retirement obligations	11,940	11,768
Other noncurrent liabilities	64,640	65,207
Total non-current liabilities	919,176	962,941
Current liabilities		
Current portion of non-current liabilities	51,566	72,787
Notes and accounts payable - trade	69,605	60,504
Short-term borrowings	5,133	5,205
Income taxes payable	31,283	22,233
Other current liabilities	180,037	158,546
Total current liabilities	337,626	319,277
Total liabilities	1,256,803	1,282,218
Net assets		
Shareholders' equity		
Share capital	141,844	141,844
Capital surplus	1,634	1,599
Retained earnings	976,550	965,957
Treasury shares	- 4,111	- 3,858
Total shareholders' equity	1,115,918	1,105,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,756	20,790
Deferred gains or losses on hedges	1,604	1,179
Foreign currency translation adjustment	24,770	17,597
Remeasurements of defined benefit plans	- 5,994	- 3,263
Total accumulated other comprehensive income	43,137	36,304
Non-controlling interests	12,289	12,286
Total net assets	1,171,345	1,154,134
Total liabilities and net assets	2,428,149	2,436,352

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (For the six months ended September 30, 2019))

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Net sales	832,378	910,481
Cost of sales	592,072	634,380
Gross profit	240,305	276,101
Selling, general and administrative expenses		
Supply and sales expenses	187,865	195,710
General and administrative expenses	31,863	34,221
Total selling, general and administrative expenses	219,729	229,932
Operating profit	20,576	46,169
Non-operating income		
Interest income	689	1,133
Dividend income	2,020	4,764
Share of profit of entities accounted for using equity method	411	3,264
Miscellaneous income	4,125	3,009
Total non-operating income	7,246	12,172
Non-operating expenses		
Interest expenses	5,375	5,660
Miscellaneous expenses	2,748	4,333
Total non-operating expenses	8,123	9,993
Ordinary profit	19,699	48,347
Extraordinary income		
Gain on sales of non-current assets	29,178	-
Total extraordinary income	29,178	-
Extraordinary losses		
Impairment loss	-	7,668
Loss on valuation of investment securities	6,392	-
Total extraordinary losses	6,392	7,668
Profit before income taxes	42,485	40,678
Income taxes	15,253	11,953
Profit	27,232	28,725
Profit attributable to non-controlling interests	313	376
Profit attributable to owners of parent	26,919	28,349

(Consolidated Statements of Comprehensive Income (For the six months ended September 30, 2019))

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Profit	27,232	28,725
Other comprehensive income		
Valuation difference on available-for-sale securities	4,712	- 1,944
Deferred gains or losses on hedges	695	- 776
Foreign currency translation adjustment	- 8,659	- 5,608
Remeasurements of defined benefit plans, net of tax	1,647	2,738
Share of other comprehensive income of entities accounted for using equity method	- 1,406	- 1,239
Total other comprehensive income	- 3,010	- 6,830
Comprehensive income	24,221	21,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,948	21,516
Comprehensive income attributable to non-controlling interests	273	378

(3) Notes on consolidated financial statements

(Note on going concerns' premise)

Not applicable

(Additional information)

The Company acquired intangible assets of ¥41,224 million, including the newly constructed large-scale core system, in three months ended September 30, 2019. The durable years of the new system is set 10 years based on the estimated available period.

(Significant changes in shareholders' equity)

1) 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 – 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

2) Cancellation of treasury stock

The Company cancelled treasury stock as follows, based on a resolution of the Board of Directors passed on July 29, 2019, as per Article 178 of the Companies Act:

- Type of shares cancelled Tokyo Gas Common Stock
- Number of shares cancelled 8,919,700 shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 1.98%)
- Effective date of cancellation August 16, 2019

(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, 2020 including the second quarter under review.