

Reference Materials (FY2019 1Q)

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Reference Materials (FY2019 1Q)

No change in FY 2019 forecasts compared with the previous announcement in April (Earnings Announcement for FY 2018 ended March 2019)

1. <Consolidated>Financial Results

<FY2019 vs. FY2018>						<FY2019 Forecast vs. FY2018 Results>					
100 million yen											
	FY19 1Q	FY18 1Q	Change		Reference	FY19 Forecast	FY18	Change		Reference	
Net sales	4,672	4,014	658	16.4%	Gas +523, Electric power +190, Others +59, Energy-related -38, etc.	20,430	19,623	807	4.1%	Electric power +768, etc.	
Operating profit	440	232	208	89.1%	Gas +222, Others +11, Overseas -24, etc.	1,220	937	283	30.2%	Gas +299, Real estate +19, Overseas -35, etc.	
Ordinary profit	483	240	243	101.4%	Increase in dividend income +28, etc.	1,200	893	307	34.2%	Increase in overseas equity income, Increase in foreign exchange profit, etc.	
Profit attributable to owners of parent	349	377	-28	-7.4%	Extraordinary profit/loss -291 [FY19] No profit/loss ← [FY18] Gain on sales of non-current assets 291	860	845	15	1.7%		
Total assets(*1·10)	24,449	24,281	168	0.7%	Cash and deposits +445, Other current assets +219, Notes and accounts receivable -546	26,060	24,281	1,779	7.3%		
Equity(*1)	11,593	11,590	3	0.0%	Net profit +349, Acquisition of treasury stock -185, Dividends -146	11,950	11,590	360	3.1%		
Equity ratio(*1) (%)	47.4%	47.7%	-0.3%	—	Went down because an increase in equity (0.0%) was smaller than that in total assets (0.7%)	45.9%	47.7%	-1.8%	—		
Total assets turnover(*2) (times)	0.19	0.17	0.02	—		0.81	0.82	-0.01	—		
ROA(*2) (%)	—	—	—	—		3.4%	3.6%	-0.2%	—		
ROE(*2) (%)	—	—	—	—		7.3%	7.4%	-0.1%	—		
Interest-bearing debt(*1)	8,841	8,032	809	10.1%	Tokyo Gas +766	9,230	8,032	1,198	14.9%		
D/E ratio	—	—	—	—		0.77	0.69	0.08	—		
Profit attributable to owners of parent	349	377	-28	-7.4%		860	845	15	1.7%		
Depreciation(*3·4)	406	392	14	3.6%		1,670	1,618	52	3.2%		
Operating cash flow(*5)	755	769	-14	-1.8%		2,530	2,464	66	2.7%		
Capital expenditure(*3)	407	601	-194	-32.3%	Tokyo Gas -213, Consolidated subsidiaries, etc. +19	2,650	2,237	413	18.4%		
Investments and Financing(after offset)	89	72	17	23.4%		805	236	569	240.6%		
TEP(*6)	—	—	—	—		329	68	261	—		
WACC (%)	—	—	—	—		2.9%	3.0%	-0.1%	—		
EPS (¥/share)	78.23	83.25	-5.02	-6.0%	Went down due to decrease in profit attributable to owners of parent (-28)	194.40	187.60	6.80	3.6%		
BPS(*1) (¥/share)	2,616.74	2,575.99	40.75	1.6%		2,709.61	2,575.99	133.62	5.2%		
Total payout ratio(*7)	—	—	—	—		(*8) —	60.3%	—	—		

(*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 vs. FY2018)

100 million yen

Segment	Breakdown	Net sales				Reference	Operating profit				Reference
		FY19 1Q	FY18 1Q	Change			FY19 1Q	FY18 1Q	Change		
Gas Segment	Liquefied petroleum gas	64	67	-3	-4.4%	Decrease in sales due to decrease in sales volume	1	0	1	86.4%	
	Industrial gas	51	52	-1	-3.1%		2	2	0	-18.9%	
Energy-related Segment	Gas appliances	266	269	-3	-1.0%		14	16	-2	-16.1%	
	Gas pipe Installation work	78	85	-7	-9.1%	Decrease in sales due to decrease in the number of new large installation projects	0	0	0	-180.7%	
	Construction etc.	121	148	-27	-18.3%	Decrease in sales due to decrease in work related to commercial air-conditioning appliances	0	2	-2	-77.2%	
	Credit	18	18	0	-2.2%		1	1	0	19.7%	
Other Segment	IT services	111	79	32	40.0%	Increase in sales due to increase in orders received for system development	-1	-1	0	—	
	Shipping	77	70	7	10.6%	Increase in sales due to increase in North American LNG transportation	12	1	11	684.7%	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 vs. FY2018)

100 million yen

Segment	Company name	Net sales				Reference	Operating profit				Reference
		FY19 1Q	FY18 1Q	Change			FY19 1Q	FY18 1Q	Change		
Gas etc.(*1)	Tokyo Gas Co.,Ltd.	4,273	3,576	697	19.5%		323	144	179	123.6%	
Electric Power seg.	Nijio Co.,Ltd	273	255	18	7.0%	Increase in sales due to increase in unit sales prices reflecting the economic frame, etc.	32	2	30	1062.2%	Increase in gross profit reflecting the economic frame, etc.
Overseas seg.	TG Australia Group(*2)	96	108	-12	-10.7%	Decrease in sales due to decrease in the number of transportation ships at TG Gorgon	28	35	-7	-19.8%	Decrease in profit due to decrease in the number of transportation ships at TG Gorgon
Energy-related seg.	Tokyo Gas Engineering Solutions Group(*2)	290	298	-8	-2.7%	Decrease in sales due to decrease in orders received for LNG plants	0	8	-8	-94.4%	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)	74	67	7	11.0%	Increase in sales due to increase in rent income as a result of transfer of assets	29	16	13	81.8%	Increase in profit due to decrease in taxes, increase in sales, etc.
Others	Tokyo LNG Tanker Co., Ltd.	98	55	43	77.5%	Increase in sales due to increase in North American LNG transportation	13	0	13	—	Increase in profit due to increase in North American LNG transportation
Other		895	725	170	23.3%	(TG PLUS) Increase in sales due to increase in LNG sales (TGinet) Increase in sales due to increase in orders received for system development	33	33	0	0.6%	
Consolidated subsidiaries total		1,729	1,525	204	13.4%		137	111	26	23.7%	
Consolidated total		4,672	4,014	658	16.4%		440	232	208	89.1%	

(*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.

No change in FY 2019 forecasts compared with the previous announcement in April (Earnings Announcement for FY 2018 ended March 2019)

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

	《FY2019 vs. FY2018》				Reference	《FY2019 Forecast vs. FY2018 Results》				Reference
	FY19 1Q	FY18 1Q	Change			FY19 Forecast	FY18	Change		
【Capital Expenditure】										
Production facilities	8	35	-27	-76.7%	Hitachi LNG receiving terminal-related, etc.	140	186	-46	-24.5%	Hitachi LNG receiving terminal-related, etc.
Distribution facilities	196	183	13	7.0%	Security-related, etc.	1,001	966	35	3.6%	Security-related, etc.
Service and maintenance facilities etc.	94	292	-198	-67.8%	Real estate, etc.	757	634	123	19.3%	IT, etc.
Tokyo Gas Total	298	511	-213	-41.6%		1,900	1,787	113	6.3%	
Capital expenditure at consolidated subsidiaries	109	90	19	21.0%		797	491	306	62.2%	Real estate, etc.
Adjustment	0	0	0	—		-47	-41	-6	—	
Capital Expenditure total	407	601	-194	-32.3%		2,650	2,237	413	18.4%	
【Investments and Financing】										
Investment and financing	104	82	22	26.9%		827	336	491	145.7%	
Collections	14	9	5	53.1%		21	100	-79	-78.2%	
Investments and Financing total(after offset)	89	72	17	23.4%		805	236	569	240.6%	
Capital Expenditure total + Investments and Financing (after offset)	496	674	-178	-26.3%		3,455	2,474	981	39.7%	

5. <Non-consolidated> Financial Forecast

<FY2019 vs. FY2018>

<FY2019 Forecast vs. FY2018 Results>

100 million yen

	FY19 1Q	FY18 1Q	Change		Reference	FY19 Forecast	FY18	Change		Reference
Net sales	4,273	3,576	697	19.5%		18,900	17,685	1,215	6.9%	
Operating profit	323	144	179	123.6%		820	489	331	67.6%	
Ordinary profit	400	190	210	110.2%		820	629	191	30.3%	
Net profit	305	148	157	105.8%		600	537	63	11.7%	
Impact of Sliding Time Lag(*1)										
Revenue from sliding system	111	-130	241	-		195	185	10	5.1%	
Increase in gas cost	56	-19	75	-		117	409	-292	-251.0%	
Change	55	-111	166	-		78	-224	302	-	
Economic Frame										
JCC(Japan Crude Cocktail \$/bbl)	71.48	70.65	0.83	1.2%		70.00	72.12	-2.12	-3.0%	
EX Rate ¥/\$	109.90	109.10	0.80	0.7%		110.00	110.92	-0.92	-0.8%	
Gas Business Sales	2,875	2,484	391	15.8%	Volume/composition +118, Sliding time lag effect +241, Third-party access revenue +32	11,886	12,112	-226	-1.9%	Volume/composition, etc. -236, Sliding time lag effect +10, etc.
Raw materials and supplies	1,498	1,328	170	12.8%	Volume/composition +95, Sliding time lag effect +75 (Foreign exchange +15, Oil price +5, etc.)	6,732	7,329	-597	-8.2%	Volume/composition -305, Sliding time lag effect -292
(Gross profit)	(1,376)	(1,155)	(221)	(19.1%)	Volume/composition +23, Sliding time lag effect +166, Third-party access revenue +32	(5,154)	(4,783)	(371)	(7.8%)	Volume/composition, etc. +69, Sliding time lag effect +302, etc.
Personnel expenses	201	197	4	2.0%	Actuarial differences +8, etc.	835	784	51	6.4%	Actuarial differences +31, Changes in personnel system +18, etc.
General expenses	628	595	33	5.5%		2,640	2,577	63	2.4%	
Repair costs	74	75	-1	-1.6%		364	357	7	1.9%	
Others	554	520	34	6.5%	Consignment costs +23 (System data transfer costs, etc.), Retirement costs +4, etc.	2,276	2,220	56	2.5%	Consignment costs +68 (System data transfer costs, etc.), Costs for coping with consumption tax rise etc.), Expendable costs +26, Retirement costs -31, etc.
Depreciation	287	287	0	0.1%		1,220	1,188	32	2.6%	Increase as a result of acquisition of new assets
LNG regasification	-8	-9	1	-		-34	-36	2	-	
Operating costs	2,608	2,400	208	8.6%		11,393	11,844	-451	-3.8%	
Installation work	0	1	-1	-		6	15	-9	-61.2%	Decrease in number of installations
Others	53	48	5	11.5%		223	136	87	63.4%	(FY2018) Allowance for appliance repairs, etc.
Miscellaneous operating profit	53	49	4	7.8%		229	151	78	50.7%	
Expenses for incidental businesses	3	11	-8	-72.5%	LNG sales +24, , Electric power -33, etc.	98	69	29	41.1%	LNG sales +45, Electric power -8, etc.
Operating profit	323	144	179	123.6%		820	489	331	67.6%	
Non operating profit	76	45	31	67.9%	Dividends received from affiliates +46, Gain on sale of affiliates' securities -17, etc.	0	139	-139	-	Dividends received from affiliates -111, Gain on sale of affiliates' securities -17, etc.
Ordinary profit	400	190	210	110.2%		820	629	191	30.3%	
Extraordinary income	0	0	0	-		0	44	-44	-	Gain on sales of investment securities -44
Extraordinary loss	0	0	0	-		0	0	0	-	
Taxes	95	43	52	120.8%		220	136	84	61.6%	
Net profit	305	148	157	105.8%		600	537	63	11.7%	
Net profit	305	148	157	105.8%		600	537	63	11.7%	
Depreciation(*2)	310	303	7	2.3%		1,280	1,257	23	1.7%	
Operating cash flows (Net profit+Depreciation)	616	452	164	36.3%		1,880	1,795	85	4.7%	

(*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

No change in FY 2019 forecasts compared with the previous announcement in April (Earnings Announcement for FY 2018 ended March 2019)

(1) Breakdown of Gas Sales

	<FY2019 vs. FY2018>				<FY2019 Forecast vs. FY2018 Results>						
	FY19 1Q	FY18 1Q	Change	change factors	(100 million yen)	(million m3)	FY19 Forecast	FY18	Change		
Residential	1,196	1,097	99	9.0%	Volume, etc.	17	29	4,710	4,660	50	1.1%
					(Temp. effect)	(65)	(59)				
					Sliding	82					
					Other	0					
Others (Commercial·Industrial·Wholesale)	1,679	1,387	292	21.0%	Volume, etc.	133	196	7,176	7,452	-276	-3.8%
					(Temp. effect)	(12)	(15)				
					Sliding	159					
					Other	0					
Total	2,875	2,484	391	15.7%	Volume, etc.	150	225	11,886	12,112	-226	-1.9%
					(Temp. effect)	(77)	(74)				
					Sliding	241					
					Other	0					

(2) Gas Gross Profit Analysis

	Change(FY19 1Q vs. FY18 1Q)					Change(FY2019 Forecast vs. FY2018 Results)						
	Volume, etc.	(Breakdown)		Unit price	Total	Volume, etc.	(Breakdown)		Unit price	Total		
Gas Business Sales	150	Temp. effect	77	241	391	-236	Temp. effect	238	10	-226		
		Other	73				Other	-474				
		Sliding	241				Sliding	10				
Raw materials and supplies	95	Temp. effect	34	75	170	-305	Temp. effect	97	-292	-597		
		Other	61				(crude oil price)	15			(crude oil price)	-261
		Sliding	75				(exchange rate)	5			(exchange rate)	-42
		Other	0				Other	-402			Other	0
Gross profit	55	Temp. effect	42	166	221	69	Temp. effect	141	302	371		
		Other	12				Other	-72			Other	0
		Sliding	166				Sliding	302				

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

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

		FY19 Initial Plan			
		1Q	2Q	3Q	4Q
FY19 Initial Plan	JCC \$/bbl	70.00			
	EX Rate ¥/\$	110.00			
		FY18 Results	FY19 Forecast		
		1Q	2Q	3Q	4Q
FY19 Forecast	JCC \$/bbl	71.48	70.00		
	EX Rate ¥/\$	109.90	110.00		

(2) Gross Profit Sensitivity<Non-consolidated>

■ Gross Profit Sensitivity to Changes in Oil Price 100 million yen

	2Q	3Q	4Q	Full-year
Net sales	22	5	0	27
Gas resource cost	20	19	2	41
Gross profit	2	-14	-2	-14

*Impact on JCC increase by \$1

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

	2Q	3Q	4Q	Full-year
Net sales	14	14	3	31
Gas resource cost	12	13	14	39
Gross profit	2	1	-11	-8

* 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.