



**FY2020 2Q Financial Results**  
ended September, 2020

**October 29, 2020**

**[Revised on November 5, 2020]**



**TOKYO GAS**



FY2020 2Q Consolidated Results (Apr. 1, 2020 – Sep. 30, 2020)

vs. FY2019 2Q

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Highlights: Sales Down, Profit Up

(+/- indicate impact on profit, billion yen)

Net sales	-82.4	Decrease in city gas sales volume from the impact of COVID-19, decrease in city gas unit price due to gas rate adjustments.
Operating expenses	+87.9	Decrease in city gas sales volume from the impact of COVID-19, the impact from the decline in crude oil prices, etc.
Operating profit	+5.5	Increase in electricity retail sales volume (due to increase in number of customers, increase in time staying at home) and increase in gross margin from decrease in fixed costs, etc.
Extraordinary profit/loss	+0.1	FY2020 2Q -7.5: (Extraordinary loss) impairment loss: -6.4, loss on valuation of investment securities -4.0, (Extraordinary profit) gain on negative goodwill 2.9 FY2019 2Q -7.6: (Extraordinary loss) impairment loss -7.6

(Unit: billion yen)

	FY2020 2Q	FY2019 1Q	Change	%
City gas sales volume (million m <sup>3</sup> , 45MJ)	5,569	6,707	-1,138	-17.0%
Electricity sales volume (million kWh)	11,801	9,109	2,692	29.6%
(Breakdown) Retail (million kWh, receiving end)	4,885	3,806	1,079	28.4%
Wholesale, etc. (million kWh)	6,917	5,303	1,614	30.4%
Net sales	828.0	910.4	-82.4	-9.1%
Operating expenses	776.4	864.3	-87.9	-10.2%
Operating profit	51.6	46.1	5.5	11.9%
Segment profit (operating profit + equity income of subsidiaries)	51.3	49.4	1.9	3.9%
Ordinary profit <sup>(1)</sup>	49.7	48.3	1.4	2.9%
Extraordinary profit/loss	-7.5	-7.6	0.1	—
Profit attributable to owners of parent	29.3	28.3	1.0	3.5%
Temperature effect <sup>(2)</sup>	0.2	0.3	-0.1	—
Sliding time lag effect <sup>(3)</sup>	8.4	2.6	5.8	—
(Adjustment items) city gas + LNG sales	(6.4+2.0)	(1.3+1.3)	(5.1+0.7)	—
Amortization of actuarial differences <sup>(4)</sup>	0.4	-3.8	4.2	—
Adjusted ordinary profit (1)-(2)+(3)+(4))	40.7	49.2	-8.5	-17.3%

Economic framework	FY2020 2Q	FY2019 2Q
Exchange rate (¥/\$)	106.93 (-1.67)	108.60
Crude oil price (\$/bbl)	36.45 (-32.42)	68.87
Avg. air temp (°C)	21.3 (0.2)	21.1
Pension assets	FY2020 2Q	
Investment yield (costs deducted)		3.46%
Year-end assets (billion yen)		264.0

<Expected annual rate of return: 2%>

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Sales decreased but profits increased in 2Q FY2020.

Net sales were ¥828.0 billion, a decrease of ¥82.4 billion year on year. This was mainly attributable to a drop in the city gas sales volume of the gas segment due to the impact of the new coronavirus (COVID-19) and a decrease in the city gas unit price due to gas rate adjustments.

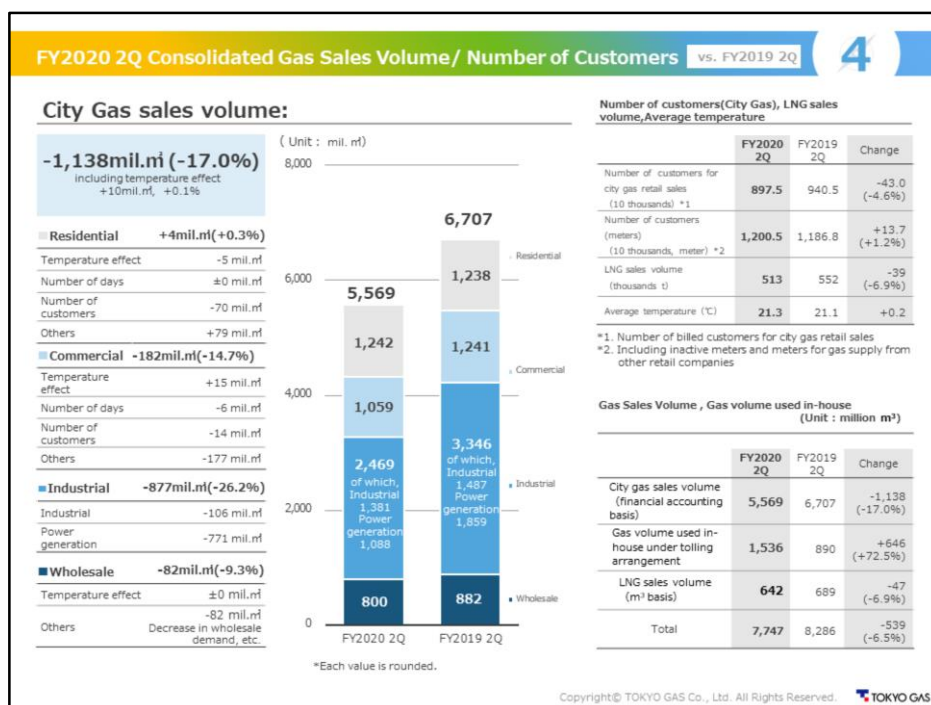
Operating expenses totaled ¥776.4 billion, a drop of ¥87.9 billion. This mainly reflected a decrease in the city gas sales volume due to the impact of COVID-19 and the impact from the decline in crude oil prices, etc.

As a result, both operating profit and ordinary profit increased, by ¥5.5 billion and ¥1.4 billion to ¥51.6 billion and ¥49.7 billion, respectively.

Extraordinary profit/loss includes an impairment loss of ¥6.4 billion relating to overseas businesses, a loss on valuation of investment securities of ¥4.0 billion and a gain on negative goodwill of ¥2.9 billion after making Castleton Resources a subsidiary.

As a result of these factors, profit attributable to owners of parent ended at ¥29.3 billion, an increase of ¥1.0 billion year on year.

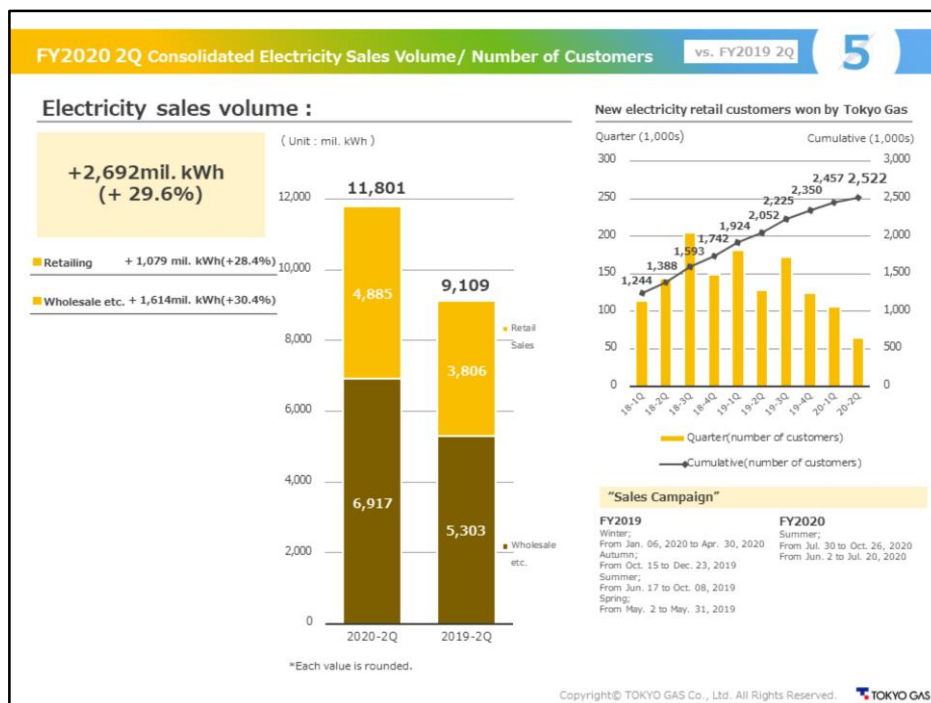
For reference, the impairment loss of ¥6.4 billion is for the same project as the impairment loss on overseas businesses of ¥4.7 billion recorded in 1Q. It reflects a reassessment of the oil price outlook, etc. in 2Q.



The city gas sales volume in 2Q FY2020 was 5,596 million m<sup>3</sup>, down 17.0% year on year. This was mainly attributable to a 771 million m<sup>3</sup> decrease in sales volume to power generation customers due to the expiry of a contract with a large customer and a drop in operation owing to the impact of COVID-19.

The impact of COVID-19 is also included in the “others” category of residential, commercial and wholesale sales. Demand increased among residential customers as customers stayed at home due to the COVID-19 pandemic.

There were drops in demand mainly at restaurants and hotels among commercial customers and for power generation among industrial customers. However, demand gradually recovered in September following the reopening of schools and the resumption of economic activity.



Total electricity sales volumes in 2Q was 11,801 million kWh, up 29.6% year on year.

Retail electricity sales increased 28.4% year on year to 4,885 million kWh, due to an increase in the number of customers. Wholesale and other electricity sales volumes also increased 30.4% to 6,917 million kWh on the back of an increase in sales to the wholesale power exchange.

As in 1Q, we believe that COVID-19 had an impact in the increase in retail electricity sales as customers stayed at home due to the pandemic.

FY2020 2Q Results : Sales and Operating Profit/Loss by Business Segments

vs. FY2019 2Q

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(unit : billion yen)

	Net sales				Segment Profit(Operating profit + Equity income/loss of subsidiary)			
	FY2020 2Q Results	FY2019 2Q Results	Change	%	FY2020 2Q Results	FY2019 2Q Results	Change	%
<b>Gas</b>	544.0	639.6	-95.6	-14.9	47.8	47.1	0.7	1.6
(City gas)	452.1	545.6	-93.5	-17.1	47.9	44.3	3.6	8.2
(LNG sales)	75.9	74.1	1.8	2.4	0	3.0	-3.0	-100.1
<b>Electric Power</b>	195.5	164.6	30.9	18.8	13.1	4.9	8.2	165.9
<b>Overseas business</b>	19.1	20.7	-1.6	-7.4	1.7	7.0	-5.3	-75.5
(equity income of subsidiaries)	—	—	—	—	-0.7	2.9	-3.6	—
<b>Energy-related</b>	154.1	162.3	-8.2	-5.1	5.7	6.2	-0.5	-9.1
(Engineering Solutions)	63.6	62.5	1.1	1.6	2.1	1.3	0.8	52.3
<b>Real estate</b>	22.9	22.1	0.8	3.7	4.2	5.5	-1.3	-23.1
(including equity income of subsidiaries)	—	—	—	—	—	—	—	—
<b>Others</b>	52.4	56.4	-4.0	-7.1	1.5	2.5	-1.0	-39.1
(including equity income of subsidiaries)	—	—	—	—	—	—	—	—
<b>Adjustment</b>	-160.2	-155.4	-4.8	—	-22.8	-23.9	1.1	—
<b>Consolidated</b>	828.0	910.4	-82.4	-9.1	51.3	49.4	1.9	3.9
(equity income of subsidiaries)	—	—	—	—	-0.2	3.2	-3.4	—

Notes

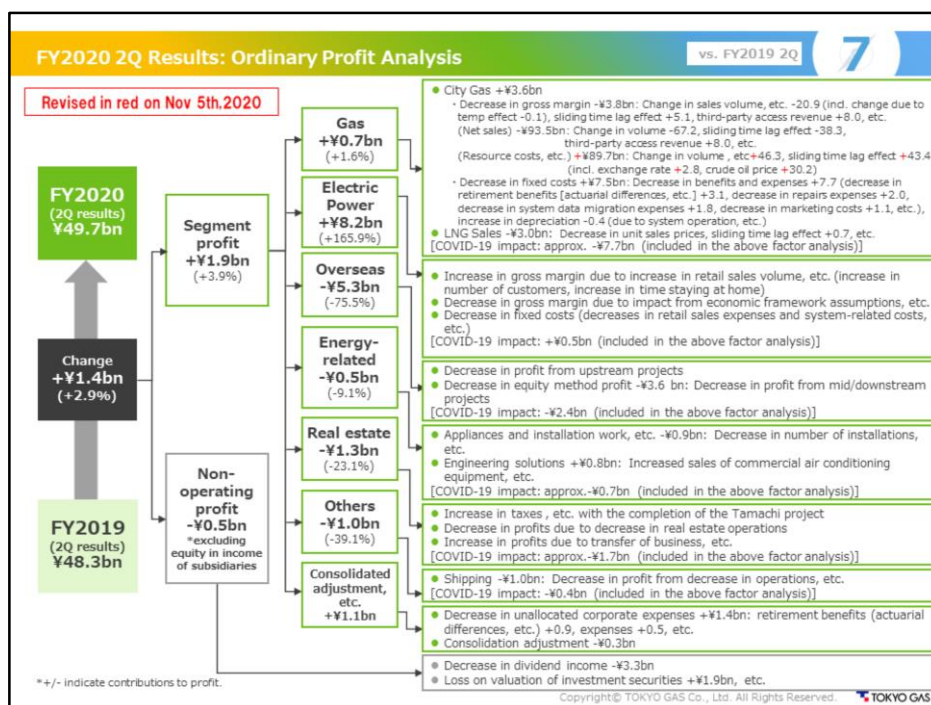
- Net sales by business segments include internal transactions.
- "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales, trading. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in information processing service and shipping, etc.
- The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.

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Slide 6 shows net sales by segment and segment profit, which is operating profit plus equity income/loss of subsidiaries, and changes thereof.

In segment profit, a ¥8.2 billion increase in the electric power segment pushed up the overall profit.

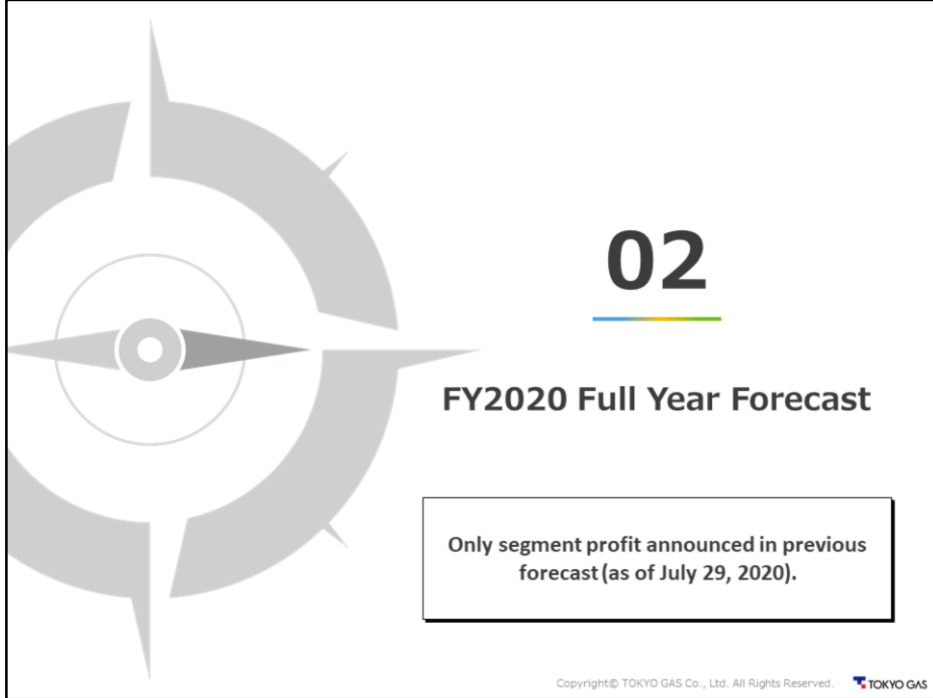


The ¥0.7 billion profit increase of the gas segment constitutes a ¥3.8 billion drop in the gross margin of city gas and a ¥3.0 billion decrease in LNG sales offset by a ¥7.5 billion cut in fixed costs for city gas.

The profit of the electric power segment increased by ¥8.2 billion, reflecting an increase in sales volumes due to a rise in the number of retail customers and an increase in sales volumes as consumers stayed at home longer, as well as a drop in fixed costs owing to a cut in retail sales expenses, among others.

Profit of the overseas segment decreased by ¥5.3 billion. This reflected a drop in profit from upstream projects due to lower sales unit prices and a decline in profit owing to large-scale repair work by equity method companies carrying out mid/downstream projects.

As in 1Q, a rough estimate of the impact of COVID-19 is indicated at the bottom of the box of each segment. Please note that the amount is included in the factors affecting segment profit described for each segment, since it is difficult to single out the impact of COVID-19.



In the 1Q results, we disclosed segment profit forecasts only since we deemed at the time that it was difficult to make a rational estimate of the impact of COVID-19.

In 2Q, we have made a forecast for all items, from net sales to profit attributable to owners of parent, as we deemed that the impact of COVID-19 can be estimated based on certain assumptions in view of the trends thus far.



# FY2020 Consolidated Forecast (Apr. 1, 2020 – Mar. 31, 2021)

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## Highlights: Profit UP<sup>(※)</sup> (segment profit, vs. previous forecast)

(+/- indicate impact on profit, billion yen)

(※) Revised on Nov. 2nd, 2020

	vs. Previous Forecast		vs. FY2019		Revised in red on Nov 5th, 2020
Net sales	—		-151.2		Decrease in city gas unit price due to gas rate adjustments, decrease in city gas sales volume from impact of COVID-19, etc.
Operating expenses	—		+136.7		The impact from the decline in crude oil prices, decrease in city gas sales volume from the impact of COVID-19, etc.
Segment profit	+12.9	Increase in gross margin, etc. from increase in city gas sales volume and electric power sales volume, etc.	-18.8		Decrease in profit on overseas upstream projects from decline in crude oil price, decrease in gross margin from decline in city gas sales volume, etc. from impact of COVID-19, etc.
Extraordinary profit/loss	—		+33.3		Forecast -1.8: (Extraordinary loss) impairment loss, loss on valuation of investment securities FY2019 -35.1: (Extraordinary loss) impairment loss, loss on valuation of investment securities (Extraordinary profit) gain on settlement of contract
(Unit: billion yen)					
	Forecast	Previous Forecast	Change	%	FY2019 Result
City gas sales volume (million m3, 45MJ)	12,570	—	—	—	13,855
Electricity sales volume (million kWh)	24,146	—	—	—	20,604
Retail (million kWh, receiving end)	10,484	—	—	—	8,522
Wholesale, etc. (million kWh)	13,662	—	—	—	12,082
Net sales	1,774.0	—	—	—	1,925.2
Operating expenses	1,687.0	—	—	—	1,823.7
Operating profit	87.0	73.0	14.0	19.2%	101.5
Segment profit (operating profit + equity income of subsidiaries)	87.9	75.0	12.9	17.2%	106.7
Ordinary profit <sup>(1)</sup>	80.0	—	—	—	102.7
Extraordinary profit/loss	-1.8	—	—	—	-35.1
Profit attributable to owners of parent	56.0	—	—	—	43.3
Temperature effect <sup>(2)</sup>	0.2	—	—	—	-9.8
Sliding time lag effect <sup>(3)</sup> (city gas + LNG sales)	-0.3	—	—	—	1.3
Amortization of actuarial differences <sup>(4)</sup>	0.8	—	—	—	-7.6
Adjusted ordinary profit (1)-(2)+(3)+(4)	79.3	—	—	—	118.8
					-39.5
					-33.2%
Economic framework					
Exchange rate (¥/\$)	108.46 (-0.25)	108.71			
Crude oil price (\$/bbl)	40.34 (-27.45)	67.79			
Avg. air temp (°C)	16.1 (-0.6)	16.7			
*3Q~\$45.00/bbl, ¥110/\$					
Pension assets					
Investment yield (costs deducted)	0.33%	1.65%	1.03%		
Discount rate	0.264%	0.156%	0.293%		
Year-end assets (billion yen)	259.0	267.0	271.0		
<Expected annual rate of return: 2%>					

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We now forecast a segment profit of ¥87.9 billion, which is ¥12.9 billion more than the segment profit forecast that we presented in 1Q. This mainly represents an increase in gross margin, etc. from increases in city gas and electric power sales volumes.

Compared to the previous year's results, we expect net sales to be ¥1,774 billion, a decrease of ¥151.2 billion. This mainly reflects a decrease in the city gas unit price due to gas rate adjustments as well as a drop in the city gas sales volume due to the impact of COVID-19. These are both in the gas segment.

Our forecast for operating expenses is ¥1,687 billion, a decrease of ¥136.7 billion. This mainly represents the impact from the decline in crude oil prices and a decrease in the city gas sales volume owing to the impact of COVID-19. Both of these are also in the gas segment.

As a result, operating profit, segment profit and ordinary profit are expected to fall by ¥14.5 billion, ¥18.8 billion and ¥22.7 billion year on year to ¥87.0 billion, ¥87.9 billion and ¥80.0 billion, respectively.

Our forecast for extraordinary profit/loss is an increase of ¥33.3 billion, which adds the expected gains on sales of assets in 3Q and onward to the figure that was explained earlier in the results slide.

As a result, we forecast profit attributable to owners of parent will be ¥56.0 billion, an increase of ¥12.7 billion year on year.

The economic framework assumption for October and onward is a crude oil price of US\$ 45/barrel and an exchange rate of ¥110/US\$.

## City Gas sales volume:

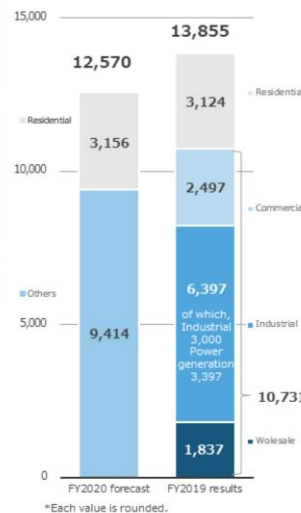
## VS. Previous Forecast

City gas sales volume and number of customers not yet announced in previous forecast (as of July 29, 2020).

## VS. FY2019 Results

**-1,285mil.m<sup>3</sup> (-9.3%)**  
including temperature effect  
+196mil.m<sup>3</sup>, +1.4%

■ Residential +32mil.m<sup>3</sup>(+1.0%)  
■ Others -1,317mil.m<sup>3</sup>(-12.3%)

(Unit : mil. m<sup>3</sup>)

\*Each value is rounded.

## Number of customers(City Gas), LNG sales volume, Average temperature

	Forecast	Previous Forecast	Change	FY2019 Results	Change
Number of customers (meters) (10 thousands, meter) *1	1,207.5	—	—	1,195.4	+12.1 (+1.0%)
LNG sales volume (thousands t)	1,056	—	—	1,183	-127 (-10.7%)
Average temperature (°C)	16.1	—	—	16.7	-0.6

\*1. Including inactive meters and meters for gas supply from other retail companies

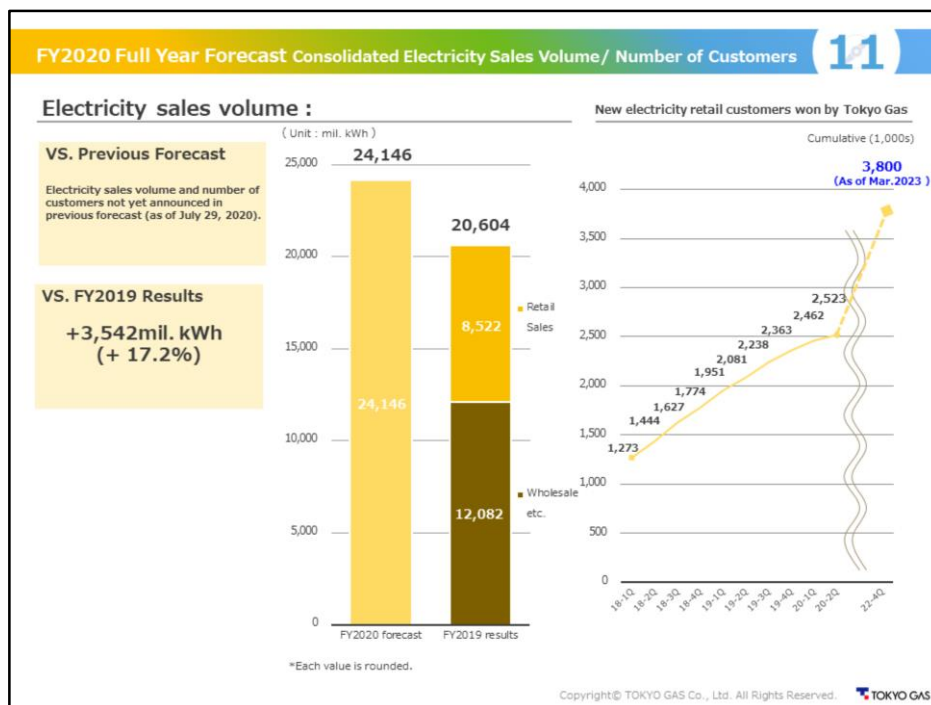
Gas Sales Volume, Gas volume used in-house (Unit : million m<sup>3</sup>)

	Forecast	Previous Forecast	Change	FY2019 Results	Change
City gas sales volume (financial accounting basis)	12,570	—	—	13,855	-1,285 (-9.3%)
Gas volume used in-house under tolling arrangement	3,155	—	—	2,333	+822 (+35.3%)
LNG sales volume (m <sup>3</sup> basis)	1,321	—	—	1,479	-158 (-10.7%)
<b>Total</b>	<b>17,046</b>	—	—	<b>17,666</b>	<b>-620 (-3.5%)</b>

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Our forecast of gas sales volume is 12,570 million m<sup>3</sup>, down 9.3% year on year. This mainly reflects an expected ¥1,317 million m<sup>3</sup> decrease in sales to non-residential customers owing to the expiry of a contract with a large power generation customer and a decrease in operation due to the impact of COVID-19.



Our forecast of electricity sales volume is 24,146 million kWh, up 17.2% year on year.

The number of retail customers at the end of September reached 2,523 thousand.

FY2020 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

vs. Previous Forecast

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(unit : billion yen)

	Net sales				Segment Profit(Operating profit + Equity income/loss of subsidiary)			
	FY2020 Forecast	Previous Forecast	Change	%	FY2020 Forecast	Previous Forecast	Change	%
Gas	1,132.1	—	—	—	96.2	88.5	7.7	8.7
(City gas)	954.0	—	—	—	96.3	—	—	—
(LNG sales)	134.7	—	—	—	-0.6	—	—	—
Electric Power	388.4	—	—	—	15.6	13.6	2.0	14.7
Overseas business	49.6	—	—	—	3.5	2.4	1.1	45.8
(equity income of subsidiaries)	—	—	—	—	0.3	—	—	—
Energy-related	339.1	—	—	—	14.5	13.2	1.3	9.8
(Engineering Solutions)	142.3	—	—	—	4.7	—	—	—
Real estate (including equity income of subsidiaries)	48.5	—	—	—	5.8	5.6	0.2	3.6
Others (including equity income of subsidiaries)	112.3	—	—	—	1.6	1.3	0.3	23.1
Adjustment	-296.1	—	—	—	-49.4	-49.6	0.2	—
Consolidated	1,774.0	—	—	—	87.9	75.0	12.9	17.2
(equity income of subsidiaries)	—	—	—	—	0.8	2.0	-1.2	-55.6

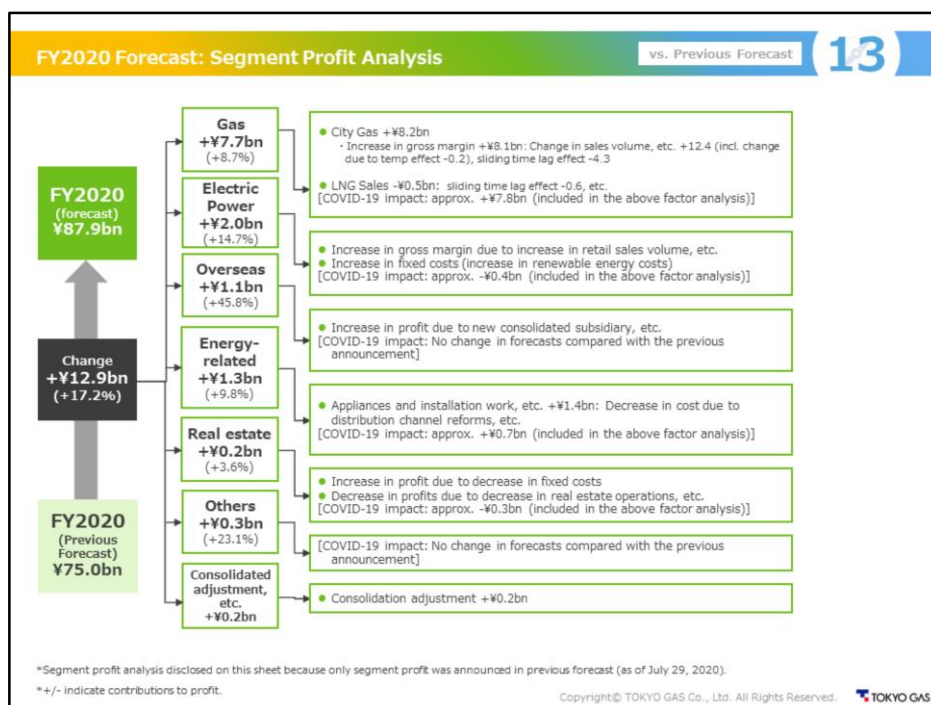
Notes

・ Net sales by business segments include internal transactions.
   
 ・ "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales, trading. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in information processing service and shipping, etc.
   
 ・ The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.

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This slide shows our FY2020 net sales and profit forecasts by business segment and changes from the previous forecast.

As mentioned earlier, our segment profit forecast has been revised upward by ¥12.9 billion. The main reason to this is the ¥7.7 billion increase in the gas segment.



In the gas segment, the forecast was upgraded by ¥7.7 billion from the previous forecast mainly due to an increase in gross margin following a rise in the city gas sales volume.

In the electric power segment, we raised our forecast by ¥2.0 billion as the increase in the time customers spent at home and an increase in gross margin following a rise in sales volumes due to high temperatures in August and September offset the rise in miscellaneous expenses in renewable energy projects.

The forecast for the overseas segment was increased by ¥1.1 billion mainly due to an increase in profit upon switching Castleton Resources from an equity method company to a consolidated subsidiary.

In the energy-related segment, we upgraded our forecast by ¥1.3 billion due to a drop in cost reflecting distribution channel reforms, etc.

# Factors for Changes from FY2019

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(+/- indicate impact on profit, billion yen)

Item	Main contents	Forecast as of 1Q Impact*1	Forecast as of 2Q Impact*2
Sliding time lag effect, etc.	(+) Sliding time lag (+) City gas temperature affect (+) Pension actuarial differences	Approx. +22.0	Approx. +17.0
Cost structure reform	(+) Rationalization of expenses	Approx. +10.0	Approx. +10.0
One-time expenses	(-) Data migration expenses due to operation of core system (-) Superannuated assets retirement expenses, etc.	Approx. -11.0	Approx. -11.0
Other profit increase and decrease	(+) Increase in electric power retail sales volume (-) Decrease in sales volume from decline in gas demand from customers switching to other providers (-) Increase in depreciation (-) Increase in new service area development expenses (DX-related expenses, etc.) (-) Decrease in profits on overseas projects, etc.	Approx. -22.0	Approx. -12.0
Impact of COVID-19 (※3)	(-) Decrease in gas sales volume (-) LNG supply and demand adjustment expenses (-) Decrease in profits from business segments other than gas (appliances, construction, hotels, etc.) (+) Postponement and restriction of expenses with the impact of COVID-19 (+) Increase in electric power retail sales volume from more time staying at home, etc.	Approx. -30.0	Approx. -22.0

\*1. Economic framework from July: crude oil price \$45/bbl; exchange rate ¥110/\$.

\*2. Economic framework from October: crude oil price \$45/bbl; exchange rate ¥110/\$.

\*3. The impact from COVID-19 is estimated under assumptions as of the present time, and may greatly change in the future.

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As reference information, here are our forecasts as of 2Q in terms of the same items as in “Factors for Changes from FY2019” that we presented in 1Q.

Looking at the changes by item, the forecast for “sliding time lag effect, etc.” has been decreased while the forecasts for “other profit increase and decrease” and “impact of COVID-19” have been raised.

## FY2020 Full Year Forecast: Sales and Operating Profit/Loss by Business Segments

vs. FY2019 Results

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(unit : billion yen)

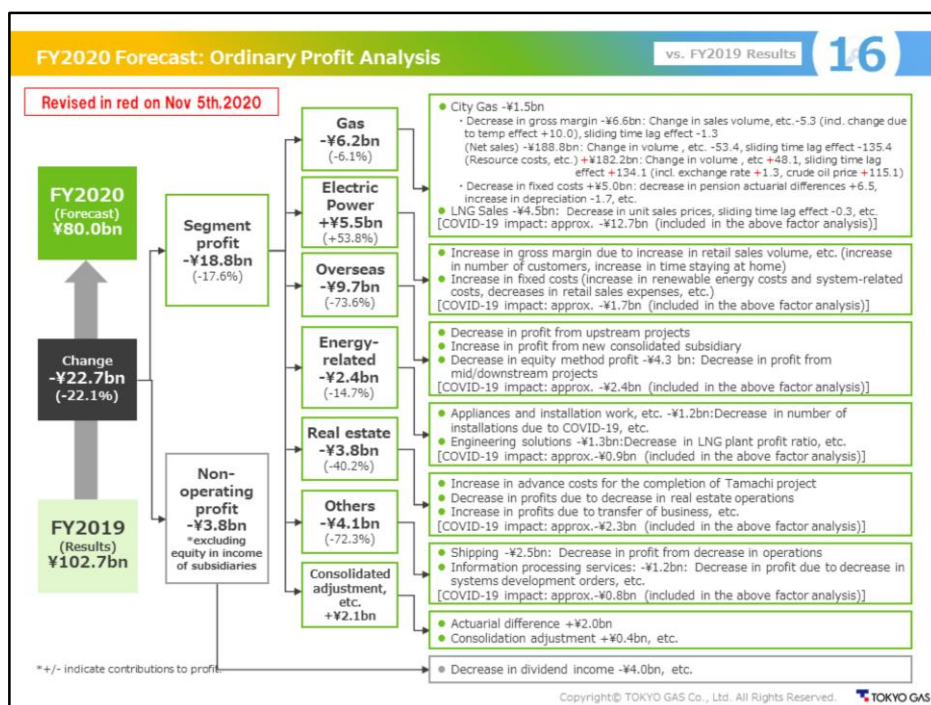
	Net sales				Segment Profit(Operating profit + Equity income/loss of subsidiary)			
	FY2020 Forecast	FY2019 Results	Change	%	FY2020 Forecast	FY2019 Results	Change	%
<b>Gas</b>	<b>1,132.1</b>	<b>1,355.4</b>	<b>-223.3</b>	<b>-16.5</b>	<b>96.2</b>	<b>102.4</b>	<b>-6.2</b>	<b>-6.1</b>
(City gas)	<b>954.0</b>	<b>1,142.8</b>	<b>-188.8</b>	<b>-16.5</b>	<b>96.3</b>	<b>97.8</b>	<b>-1.5</b>	<b>-1.6</b>
(LNG sales)	<b>134.7</b>	<b>169.9</b>	<b>-35.2</b>	<b>-20.7</b>	<b>-0.6</b>	<b>3.9</b>	<b>-4.5</b>	<b>-115.8</b>
<b>Electric Power</b>	<b>388.4</b>	<b>358.6</b>	<b>29.8</b>	<b>8.3</b>	<b>15.6</b>	<b>10.1</b>	<b>5.5</b>	<b>53.8</b>
<b>Overseas business</b>	<b>49.6</b>	<b>43.9</b>	<b>5.7</b>	<b>12.8</b>	<b>3.5</b>	<b>13.2</b>	<b>-9.7</b>	<b>-73.6</b>
(equity income of subsidiaries)	—	—	—	—	<b>0.3</b>	<b>4.6</b>	<b>-4.3</b>	<b>-93.5</b>
<b>Energy-related</b>	<b>339.1</b>	<b>351.9</b>	<b>-12.8</b>	<b>-3.6</b>	<b>14.5</b>	<b>16.9</b>	<b>-2.4</b>	<b>-14.7</b>
(Engineering Solutions)	<b>142.3</b>	<b>139.4</b>	<b>2.9</b>	<b>2.1</b>	<b>4.7</b>	<b>5.8</b>	<b>-1.1</b>	<b>-19.0</b>
<b>Real estate</b> (including equity income of subsidiaries)	<b>48.5</b>	<b>44.5</b>	<b>4.0</b>	<b>8.9</b>	<b>5.8</b>	<b>9.6</b>	<b>-3.8</b>	<b>-40.2</b>
<b>Others</b> (including equity income of subsidiaries)	<b>112.3</b>	<b>123.2</b>	<b>-10.9</b>	<b>-8.9</b>	<b>1.6</b>	<b>5.7</b>	<b>-4.1</b>	<b>-72.3</b>
<b>Adjustment</b>	<b>-296.1</b>	<b>-352.4</b>	<b>56.3</b>	—	<b>-49.4</b>	<b>-51.5</b>	<b>2.1</b>	—
<b>Consolidated</b>	<b>1,774.0</b>	<b>1,925.2</b>	<b>-151.2</b>	<b>-7.9</b>	<b>87.9</b>	<b>106.7</b>	<b>-18.8</b>	<b>-17.6</b>
(equity income of subsidiaries)	—	—	—	—	<b>0.8</b>	<b>5.2</b>	<b>-4.4</b>	<b>-82.8</b>

Notes

- ・ Net sales by business segments include internal transactions.
- ・ "Gas" includes businesses in city gas, liquefied petroleum gas, industrial gas, LNG sales, trading. "Energy-related" includes businesses in engineering solutions, gas appliances sales, gas pipe installation, construction and credit, etc. "Others" includes businesses in information processing service and shipping, etc.
- ・ The "Adjustment" to operating profit is primarily companywide expenses not allocated to individual segments.

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This slide shows net sales forecasts by segment and segment profit forecasts as compared to the results of the previous year.



In the gas segment, our forecast is -¥6.2 billion due to a drop in sales volumes due to the impact of COVID-19 and the generation of supply and demand adjustment expenses.

Our forecast for the electric power segment is +¥5.5 billion, owing in part to a rise in sales volume due to an increase in the number of retail customers.

In the overseas segment, we expect -¥9.7 billion, which reflects a significant impact from the drop in profit from upstream projects on the back of the decline in crude oil prices.

In the energy-related segment, we expect -¥2.4 billion owing to a decrease in the number of installations due to COVID-19, etc.

Ordinary profit for the real estate segment is expected to be -¥3.8 billion due to the large impact from advance costs for the completion of Tamachi project.

Our forecast for the “others” segment is -¥4.1 billion due to a drop in operation in the shipping business.



## FY2020 Uses of Cash Flow (Capex, Investment and financing)

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(Unit: billion yen)

	Forecast	Main Items	Previous Forecast	Change	%	FY2019 Results	Change	%
<b>Capital Expenditure</b>			—	—	—			
Gas	181.6	Production facilities : 18.5 (+8.4) Hitachi LNG terminal expansion, etc. Distribution facilities : 98.0 (-12.6) Ibaraki Line installation, New demand development, etc. Service and maintenance facilities : 65.1 (+19.5) System related, etc.	—	—	—	166.3	15.3	9.2
Electric Power	16.6	Domestic renewable power etc.	—	—	—	2.3	14.3	613.5
Overseas	60.7	Upstream(Australia, North America), Global renewable power etc.	—	—	—	9.0	51.7	517.9
Energy-related	22.0	Energy Service(TGES) etc.	—	—	—	17.5	4.5	25.5
Real Estate	30.0	Tamachi project etc.	—	—	—	33.7	-3.7	-11.1
Others	4.9		—	—	—	2.7	2.2	78.5
Adjustment	-6.1		—	—	—	-4.8	-1.3	—
Sub Total	310.0		—	—	—	227.0	83.0	36.5
<b>Investment and Financing(before offset)</b>								
Gas	0		—	—	—	0	0	—
Electric Power	39.6	Domestic renewable power etc.	—	—	—	20.3	19.3	95.3
Overseas	31.7	Upstream(Australia), Mid/Downstream(North America, Asia), Global renewable power etc.	—	—	—	29.3	2.4	8.3
Energy-related	10.6	Engineering business (TGES) etc.	—	—	—	9.7	0.9	9.0
Real Estate	0.3		—	—	—	0	0.3	—
Others *1	58.3		—	—	—	0.4	57.9	—
Sub Total	140.7		—	—	—	59.8	80.9	135.3
Capital Expenditure + Investments and Financing (before offset)	450.7		—	—	—	286.8	163.9	57.1
Collections Total	2.8		—	—	—	7.2	-4.4	-61.2
Capital Expenditure + Investments and Financing (after offset)	447.8		—	—	—	279.5	168.3	60.2

\*1 Including a budget with an undetermined investment target

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This slide details the use of cash flow in FY2020.

We expect our use of cash to substantially exceed the previous year's performance due to capital expenditure and investments and financing that were decided before 2Q.

## Key Indicators (Consolidated)

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(Unit: billion yen)

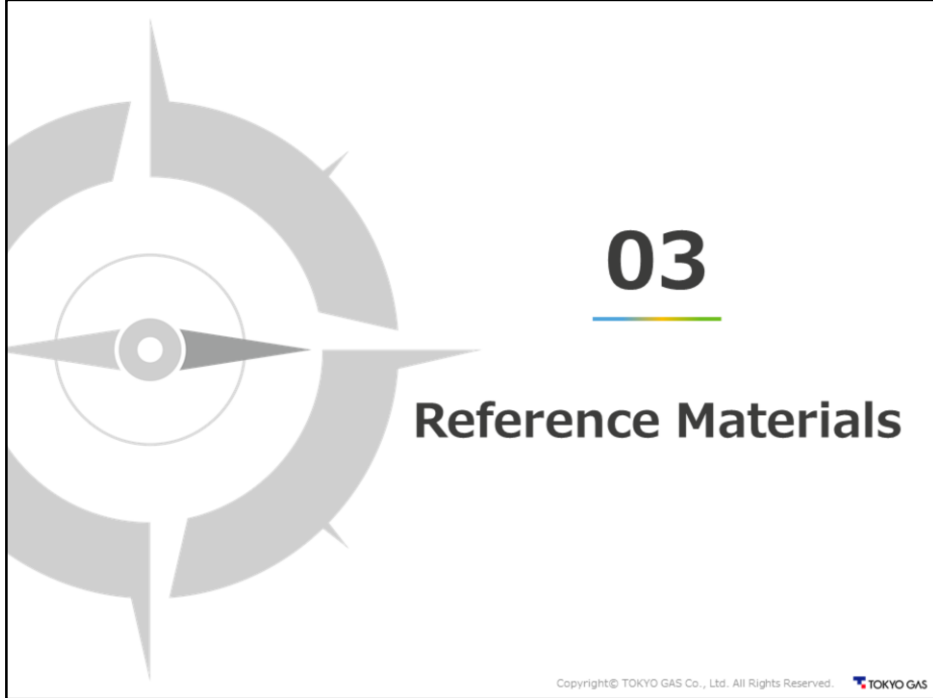
	FY2020 Forecast	FY2019 Results	FY2018 Results
Total assets (a)	2,827.0	2,537.7	2,428.1
Shareholders' equity (b)	1,161.0	1,147.8	1,159.0
Shareholders' equity ratio (b)/(a)	41.1%	45.2%	47.7%
Interest-bearing debt (c)	1,162.0	905.0	803.2
D/E ratio (c)/(b)	1.00	0.79	0.69
Profit attributable to owners of parents (d)	56.0	43.3	84.5
Profit per share (EPS, yen per share)	126.98	98.07	187.60
Depreciation (e)	183.0	169.6	161.8
Operating cash flow (d) + (e)	239.0	213.0	246.4
Capital Expenditure	310.0	227.0	223.7
Investment and Financing (before offset)	140.7	59.8	33.6
Total	450.7	286.8	257.4
ROA (d)/(a)	2.1%	1.7%	3.6%
ROE (d)/(b)	4.9%	3.8%	7.4%
WACC	2.5%	2.7%	3.0%
Total payout ratio	—	61.0%	60.3%

Note: Shareholders' equity = Net assets - minority interests  
 ROA = Net profit / Total assets (average of the amounts as of the end of the previous period and end of the current period)  
 ROE = Net profit / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)  
 Balance sheet figures are as of the corresponding term-end  
 Operating cash flow = Net profit + Depreciation (including depreciation of long-term prepaid expenses)  
 Total payout ratio = [FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net profit

■ Items for WACC calculation (FY2020 forecast)  
 • Cost of interest-bearing debt : forecast interest rate (0.66%, after tax)  
 • Cost rate for shareholders' equity  
 • Risk free rate : 10-year JGB yield 0.02%  
 • Market Risk premium : 5.5% β: 0.75

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This slide shows key indicators on a consolidated basis.



The following reference materials include a table on the sensitivity to the economic framework assumption, plus the trend of crude oil prices and the exchange rate, a list of major year-to-date press releases, a list of major overseas investment projects, and the number of switches to other electricity and city gas service providers.

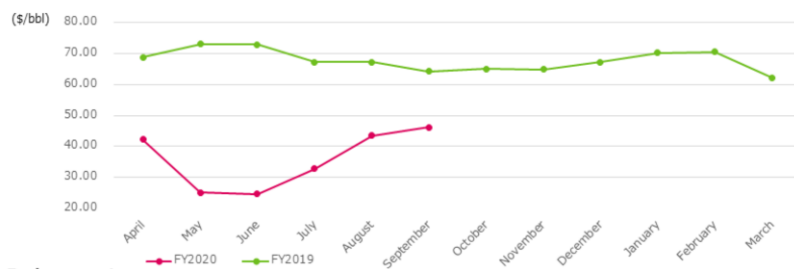
Impact of rising JCC by \$1/bbl

		Impact on earnings		(Unit: billion yen)
		3Q	4Q	Full year
Period	3Q	-0.1	-1.1	-1.2
	4Q	—	-0.1	-0.1
	Full year	-0.1	-1.2	-1.3

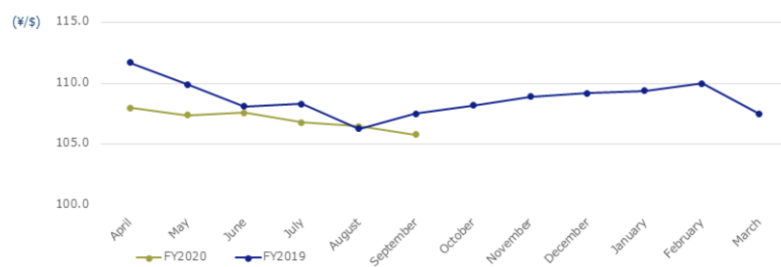
Impact of depreciation by ¥1/\$

		Impact on earnings		(Unit: billion yen)
		3Q	4Q	Full year
Period	3Q	-0.6	+0.4	-0.2
	4Q	—	-0.7	-0.7
	Full year	-0.6	-0.3	-0.9

## Crude oil price (Japan Crude Cocktail Prices)



## Exchange rate



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## Key Topics in FY2020 (Excerpted from Press Releases up to 29th Oct.)

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<b>Gas Electric Power (Including ESG)</b>	<ul style="list-style-type: none"> <li>• Launched free solar power system provision service "Zuttomo Solar x Toyota Home" (Apr.20)</li> <li>• Tokyo Gas Invests In Principle Power, A Leading Floating Wind Power Technology Company (May.27)</li> <li>• Began verification of virtual power plants using Ene-Farm home fuel cells (Jun. 1)</li> <li>• Tokyo Gas began handling the first effective renewable energy electricity using Feed-in Tariff Scheme for Renewable Energy (FIT) non-fossil fuel energy certificates (Jul.2)</li> <li>• Tokyo Gas acquisition of wood pellet biomass power generation facilities in Toyama and Chiba Prefecture (Aug.26)</li> <li>• Establishment of the "TG Global Trading" (Sep.1)</li> <li>• Progress Report about Electricity Sales for Retail Market (Sep.3)</li> <li>• Launched "HUS ECO ZERO x Zuttomo Solar" – providing two solar power generation service plans including one with Ene-Farm home fuel cells (Sept. 8)</li> <li>• Launched the "Hinatao Solar" solar energy service for condominiums and buildings (Oct. 14) *1</li> <li>• Commencing Acceptance of Applications for New Electricity Rate Plan, "Moresu Denki," for Which Subscribers Will Receive an Amazon Gift Card Every Month—Tokyo Gas' First Sales of Low-pressure Electric Power Outside the Kanto (Oct.15)</li> <li>• Expansion of surplus solar power buyback service – commencing storage battery purchase support plan and Amazon gift card payment plan (Oct. 16)</li> </ul>
<b>Services (Including ESG)</b>	<ul style="list-style-type: none"> <li>◆ Engineering Solutions</li> <li>• Establishment of Ekimachi Energy Create (Apr. 7)</li> <li>• Establishment of Ryukyu Energy Service LLC. (May 11)*2</li> <li>• Initiation of energy service to the "Kirameki Terrace" redevelopment project at the site of the former Kagoshima City Transportation Bureau using a smart energy network – Providing area energy that is environmentally friendly and disaster resistant (Jul. 1)*2</li> <li>• Initiation of energy service to the Miyazaki Medical Association Hospital (Jul.1)*2</li> <li>• Completed renewal works of District Heating and Cooling Center in Saitama New Urban Center – achieved 25% reduction in annual CO2 emissions and boosted resilience during power outages (Sept. 9) *2</li> <li>◆ Others</li> <li>• Integration of Tokyo Gas Living Engineering Co., Ltd. and Tokyo Gas Remodeling Co., Ltd. (Apr. 6)*3</li> <li>• Tokyo Gas venture Sumilena Co., Ltd. initiates "fixed monthly fees appliances rental services" and implements "Rest HOME" campaign in collaboration with 4 companies, mostly startups (Jun. 17)*4</li> <li>• Completion of Station Tower N of the "msb Tamachi" large-scale joint development project directly connected to the east exit of JR Tamachi Station (Jul. 15)*5</li> <li>• LINE Pay and Tokyo Gas sign basic agreement to make payment forms paperless – Industry first from gas &amp; electricity charges through to customer payments complete on LINE (Sept. 10)</li> <li>• Expanded "Gas Appliance Special Support" menu – peace of mind with fixed-fee system! Launched plumbing and electric equipment repair service (Oct. 1)</li> <li>• Began large-scale office project at the international business hub for the new era "Toranomon 2 Chome Redevelopment Project Office Building" (Oct. 19) *5</li> </ul>
<b>Overseas (Including ESG)</b>	<ul style="list-style-type: none"> <li>• Establishment of a Subsidiary in the United States and the Acquisition of a 500MW Solar Power Project (Jul.29)</li> <li>• Tokyo Gas Acquires Oil and Gas Assets in Louisiana Through Castleton Resources and Takes Majority Interest in Castleton Resources (Jul.29)</li> <li>• Signing of a Joint Cooperation Agreement with First Gen to Pursue Construction and Operation of Interim Offshore LNG Terminal in the Philippines (Oct.7)</li> </ul>

\*1 Press releases issued by HINATAO ENERGY.

\*2 Press releases issued by Tokyo Gas Engineering Solutions.

\*3 Press releases issued by Tokyo Gas Living Engineering and Tokyo Gas Remodeling.

\*4 Press releases issued by Sumilena.

\*5 Press releases issued by Tokyo Gas Real Estate.

ESG	<ul style="list-style-type: none"> <li>• Tokyo Gas Group's Interim Initiatives Based on the Emergency Declaration (Apr. 7)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (Apr. 24)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (May 13)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (Jun. 24)</li> <li>• Conclusion of the "Basic Agreement on Mutual Assistance During Disasters" with Tochigi Prefecture (Jul. 3)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (Jul. 20)</li> <li>• President's Message to Our Stakeholders during the COVID-19 Pandemic (Jul. 29)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (Aug. 6)</li> <li>• Tokyo Gas selected in "Digital Transformation Stock Selection 2020" (Aug. 25)</li> <li>• Publication of Tokyo Gas Group Sustainability Report 2020 (Aug. 31)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (Sep. 2)</li> <li>• Began carbon neutral city gas supply service first in the hotel industry (Oct. 8)</li> <li>• Additional special measures pertaining to gas and electricity bill payments in relation to the 2020 COVID-19 outbreak (Oct. 14)</li> <li>• Five companies agree to joint examinations of "FOURE Concept" for reciprocal and regional revitalization with renewable energy (Oct. 19)</li> </ul>
Finance and shareholder returns	<ul style="list-style-type: none"> <li>• Notice of Posting Extraordinary Loss and Revision to Results Forecast (Apr. 23)</li> <li>• Announcement of issue of the 58th, the 59th, the 60th and the 61st Domestic unsecured notes (May 22)</li> <li>• Announcement of issue of the 62th, the 63th, the 64th and the 65th Domestic unsecured notes (Sep. 4)</li> <li>• First Issuance of Green Bonds by Tokyo Gas (Oct. 29)</li> </ul>

## Overseas Projects

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Area	No	Country	Subject	Main Business	Participation year
North America	①	U.S.A	Barnett	Upstream	Shale gas
			Eagle Ford	Upstream	Shale gas
			East Texas	Upstream	Shale gas
			TGES America	Downstream	Energy Service
			Birdsboro Power Plant	Downstream	Natural gas power
			Aktina	Downstream	Solar power
			Acario Ventures	Other	Open Innovation
	②	Mexico	Bajío	Downstream	Natural gas power
			MT Falcon	Downstream	Natural gas power
			Heolios ENTG	Downstream	Renewable venture(Solar + wind power generation)
Southeast Asia	③	Malaysia	GAS MALASIA Bhd.	Downstream	City gas
			GAS MALASIA ENERGY ADVANCE Sdn.Bhd.	Downstream	Energy Service
	④	Thailand	Bang bo	Downstream	Natural gas power
			GWHAMT	Downstream	Gas Supply
			One Bangkok	Downstream	District Cooling Solutions and power distribution
	⑤	Vietnam	PVGD	Downstream	CNG Supply
	⑥	Indonesia	PRA	Downstream	Gas Supply, Transfer
	⑦	Philippines	FGEN LNG	Downstream	Construction, operation and maintenance of the LNG terminal
Oceania	⑧	Australia	Darwin	Upstream	Production, liquefaction and sales of LNG
			Pluto	Upstream	Production, liquefaction and sales of LNG
			Gorgon	Upstream	Production, liquefaction and sales of LNG
			Queensland Curtis	Upstream	Production, liquefaction and sales of LNG
			Ichthys	Upstream	Production, liquefaction and sales of LNG

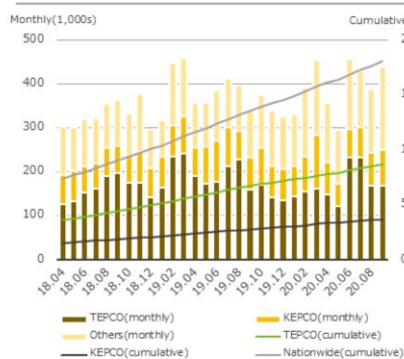
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# Trends in city gas/electricity switching (published data), Number of customers for city gas retail sales (Tokyo gas consolidated)

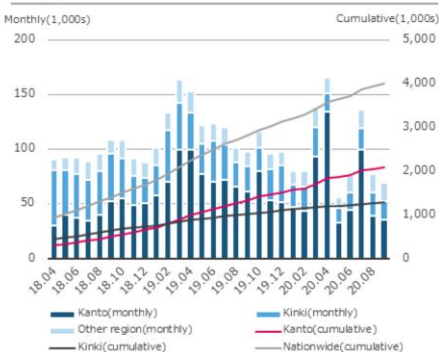
25

## Electricity switchers (based on applications)



\* Based on data published by the Organization for Cross-regional Coordination of Transmission Operators.

## City gas switchers (based on applications)



\* Based on data published by the Agency for Natural Resources and Energy.

## Number of customers for city gas retail sales (Tokyo gas consolidated, 10thousands)

Full deregulation of the retail market (2017.04)

	2017.3	2017.6	2017.9	2017.12	2018.3	2018.6	2018.9	2018.12	2019.3	2019.6	2019.9	2019.12	2020.03	2020.06	2020.09
Number	1,026.9	1,031.4	1,028.9	1,029.6	1,020.9	1,018.9	1,008.9	998.2	982.1	960.7	940.5	925.9	912.9	904.4	897.5
(Change)	(—)	(+4.5)	(-2.5)	(+0.7)	(-8.7)	(-2.0)	(-10.0)	(-10.7)	(-16.1)	(-21.4)	(-20.2)	(-14.6)	(-13.0)	(-8.5)	(-6.9)

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The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation 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.

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