

October 30, 2024
Tokyo Gas Co., Ltd.

Presentation of Financial Results for the
Second Quarter for Fiscal Year 2024 (Ending March 31, 2025)

Q&A

Q1: I feel that your commitment to an 8% ROE has been strengthened, but isn't it still a high hurdle to overcome, for both the denominator, which is the reduction in equity capital, and the numerator, which is the increase in profit? Please explain how you expect to achieve it.

A1: We consider 8% ROE to be the highest priority among the KPIs of our medium-term management plan, and we will aim for an even higher level in the medium to long term.

To achieve an ROE of 8%, we recognize that it is necessary to reduce equity capital by about 100 billion yen and to achieve a profit level of about 180 billion yen, which is higher than the segment profits of 150 billion yen set forth in our medium-term management plan.

As for equity capital, we will first reduce 40 billion yen through the acquisition of treasury shares, but we will continue our reduction efforts in a flexible manner, taking into account the situation of growth investments and economic developments such as exchange rates. We will also continue to work toward tighter investment discipline.

As for medium- to long-term profits, we expect to achieve the aforementioned profit level on a continuous basis, as we expect to recover from the one-off loss of profit, such as the temporary increase in costs associated with the institutional impact on the electricity business this fiscal year, the impact of low gas prices in North America on the Overseas business, and the impact of the hotel closure on the Urban Development business. We are also working on thorough cost reductions for the domestic gas business and other existing businesses on a company-wide basis.

Q2: Please explain how you plan to grow and stabilize the profits of the shale gas business in North America.

A2: We plan to grow and stabilize the profits by further improving cost competitiveness through operating cost reductions, as well as by hedging at appropriate times. In order to earn profits even in a period of declining gas prices, we are also considering making the entire business in North America earn profits by looking at the business from a broader perspective than just the shale gas business, for example by pursuing synergies with the trading functions we have acquired.