

**Consolidated Financial Results Bulletin for the 3rd Quarter Ended December 31, 2018****(J-GAAP)****Tokyo Gas Co., Ltd.**

Securities code: 9531  
 (URL <http://www.tokyo-gas.co.jp/IR/english/index.html>)  
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 Consolidated Settlements Group

**Stock listings:**  
 Tokyo Stock Exchange, Nagoya Stock Exchange

Location of head office: Tokyo

Scheduled date of the filing of quarterly report: February 8, 2019  
 Scheduled date of the start of dividend payments: —  
 Preparation of 3Q earnings presentation material (yes/no): **Yes**  
 Holding of 3Q earnings announcement (yes/no): **Yes** (for institutional investors)

(Amounts are rounded down to the nearest million yen)

**1. Consolidated Performance for 3rd Quarter (from April 1, 2018 to December 31, 2018)**

(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
Nine months ended Dec. 31, 2018	1,326,626	8.6%	27,746	-59.2%	26,217	-59.9%	34,646	-28.4%
Nine months ended Dec. 31, 2017	1,221,491	12.5%	68,029	141.6%	65,329	155.4%	48,360	177.3%

Note: Total comprehensive income

Nine months ended December 31, 2018: 27,837 million yen (-40.7%) Nine months ended December 31, 2017: 46,910 million yen (—%)

	Profit per share	Diluted profit per share
Nine months ended Dec. 31, 2018	76.83 yen	—
Nine months ended Dec. 31, 2017	105.83 yen	—

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. "Profit per share" is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

**(2) Consolidated Financial Position**

(Unit: million yen)

	Total assets	Total net assets	Equity ratio
As of Dec. 31, 2018	2,429,882	1,130,671	46.0%
As of Mar. 31, 2018	2,334,316	1,148,433	48.7%

Reference: Shareholders' equity

As of December 31, 2018: 1,118,458 million yen As of March 31, 2018: 1,136,027 million yen

**2. Dividend**

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
FY2017 ended Mar. 31, 2018	—	5.50	—	27.50	—
FY2018 ending Mar. 31, 2019	—	27.50	—		
FY2018 ending Mar. 31, 2019 (Forecast)				27.50	55.00

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

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. The dividend shown for the quarters prior to 2Q FY2017 are the actual dividend prior to the share consolidation. The full-year dividend per share, converted to factor in the share consolidation, is 55 yen.

### 3. Consolidated Results Forecast for FY2018 ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(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	2,001,000	12.6%	90,000	-22.6%	89,000	-20.2%	87,000	16.0%	193.02 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):	Dec. 31, 2018	451,355,759	Mar. 31, 2018	458,073,259
2) Number of shares of treasury stock at end of period:	Dec. 31, 2018	1,405,990	Mar. 31, 2018	1,393,435
3) Average number of shares during period:	Apr. – Dec. 2018	450,976,104	Apr. – Dec. 2017	456,974,597

Note: As of October 1, 2017, the Company carried out a share consolidation at a ratio of 5 common shares to 1. “Average number of shares during period” is calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

\* 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 FY2018 ending March 31, 2019 (April 1, 2018 - March 31, 2019)**

(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	1,781,000	11.4%	50,000	-39.4%	63,000	-34.3%	56,000	-26.2%	124.25 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 3rd quarter

### <Summary by segment>

(Unit: million yen)

		Gas	Electric power	Overseas	Energy-related	Real estate	Others
Sales	FY2018	947,697	191,782	40,260	249,089	33,245	72,630
	(% of total)	(61.8%)	(12.5%)	(2.6%)	(16.2%)	(2.2%)	(4.7%)
	FY2017	892,366	150,881	33,059	227,751	31,620	57,990
	(% of total)	(64.0%)	(10.8%)	(2.4%)	(16.3%)	(2.3%)	(4.2%)
	Amount of change	55,331	40,901	7,201	21,338	1,625	14,640
	(Rate of change)	6.2%	27.1%	21.8%	9.4%	5.1%	25.2%
Operating expenses	FY2018	921,477	188,157	28,410	238,661	26,416	69,612
	(% of total)	(62.6%)	(12.8%)	(1.9%)	(16.2%)	(1.8%)	(4.7%)
	FY2017	825,896	142,816	27,780	220,047	24,927	55,638
	(% of total)	(63.7%)	(11.0%)	(2.1%)	(17.0%)	(1.9%)	(4.3%)
	Amount of change	95,581	45,341	630	18,614	1,489	13,974
	(Rate of change)	11.6%	31.7%	2.3%	8.5%	6.0%	25.1%
Segment profit	FY2018	26,219	3,624	13,496	10,427	7,241	3,019
	(% of total)	(40.9%)	(5.7%)	(21.1%)	(16.3%)	(11.3%)	(4.7%)
	FY2017	66,470	8,065	6,205	7,704	6,692	2,357
	(% of total)	(68.1%)	(8.3%)	(6.4%)	(7.9%)	(6.9%)	(2.4%)
	Amount of change	-40,251	-4,441	7,291	2,723	549	662
	(Rate of change)	-60.6%	-55.1%	117.5%	35.4%	8.2%	28.1%

#### Notes:

1. 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.

2. We have revised our reporting segments starting the three months ended June 30, 2018 due to the revision of business segments starting in FY2018 based on the “Tokyo Gas Group FY2018–2020 management plan GPS2020” that was announced on October 5, 2017.

We have renamed the city gas segment the gas segment, and transferred the liquid gas business (LPG, industrial gas) and LNG sales, etc., which were included in the energy-related segment, to the gas segment, and credit services, which were included in the others segment, to the energy-related segment, respectively.

Segment information for the nine months ended December 31, 2017 have been restated based on the revised reporting segments.

### <Consolidated City Gas Sales Volume for Nine Months Ended December 31, 2018>

		Apr. – Dec. 2018	Apr. – Dec. 2017	Change	% change	
No. of customers for city gas retail sales	Thousands	9,982	10,296	-314	-3.0	
No. of customers (meters)	Thousands	11,770	11,627	143	1.2	
City gas sales volume	Residential	Mil. m <sup>3</sup>	1,934	2,169	-235	-10.8
	Commercial	Mil. m <sup>3</sup>	1,848	1,910	-62	-3.2
	Industrial	Mil. m <sup>3</sup>	5,432	5,430	2	0.0
	Subtotal	Mil. m <sup>3</sup>	7,280	7,340	-60	-0.8
	Supplies to other utilities	Mil. m <sup>3</sup>	1,423	1,424	-1	-0.1
Total	Mil. m <sup>3</sup>	10,637	10,933	-296	-2.7	
Average temperature	°C	20.3	18.9	1.4	—	

#### Notes:

1. No. of customers for city gas retail sales indicates the number of billed customers for city gas retail sales (consolidated).

2. No. of customers (meters) indicates the number of meters that includes inactive meters and meters for gas supply from other retail companies.

3. “Commercial” indicates sales to commercial, public and medical institutions.

4. City gas sales volumes are on the basis of 45MJ/m<sup>3</sup>.

5. 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 for Nine Months Ended December 31, 2018>

			Apr. – Dec. 2018	Apr. – Dec. 2017	Change	% change
Electric power sales volume	Retail	million kWh	4,295	2,912	1,383	47.5
	Wholesale etc.	million kWh	6,703	7,580	-877	-11.6
	Total	million kWh	10,998	10,492	506	4.8

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	Apr. – Dec. 2018	Apr. – Dec. 2017	Change	Crude oil price (\$/bbl)	Apr. – Dec. 2018	Apr. – Dec. 2017	Change
	111.14	111.69	-0.55		75.05	53.88	21.17

(2) Future outlook

a. Consolidated city gas sales volume forecast for FY2018

			FY2018 (Forecast)	FY2017 (Results)	Change	% change
City gas sales volume	Residential	Mil. m <sup>3</sup>	3,290	3,570	-280	-7.9%
	Others	Mil. m <sup>3</sup>	11,928	11,998	-70	-0.6%
	Total	Mil. m <sup>3</sup>	15,217	15,568	-351	-2.3%
Average temperature		°C	16.8	15.7	1.1	—

b. Consolidated electric power sales volume forecast for FY2018

		FY2018 (Forecast)	FY2017 (Results)	Change	% change
Total electric power sales volume	million kWh	15,807	14,656	1,151	7.9

c. Consolidated earnings forecast for FY2018

(Unit: hundred million yen)

	Net sales			Operating profit	Ordinary profit	Profit attributable to owners of parent
	Gas sales	Other sales				
FY2018 (forecast)	20,010	14,242	5,768	900	890	870
FY2017 (results)	17,773	13,048	4,725	1,163	1,115	749
Change	2,237	1,194	1,043	-263	-225	121
% change	12.6%	9.1%	22.1%	-22.6%	-20.2%	16.0%

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

<Foreign Exchange Rate and Crude Oil Price>

¥/\$ rate	FY2018 (Forecast)	FY2017 (Results)	Change	Crude oil price (\$/bbl)	FY2018 (Forecast)	FY2017 (Results)	Change
	110.86	110.85	0.01		72.54	57.03	15.51

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	236,334	235,421
Distribution facilities	560,216	543,859
Service and maintenance facilities	52,244	49,111
Other facilities	406,221	407,806
Inactive facilities	316	316
Construction in progress	157,913	173,283
Total property, plant and equipment	1,413,246	1,409,798
Intangible assets		
Goodwill	1,254	962
Other intangible assets	92,167	108,014
Total intangible assets	93,422	108,976
Investments and other assets		
Investment securities	239,379	220,618
Long-term loans receivable	27,929	34,135
Net defined benefit asset	17	23
Deferred tax assets	40,856	43,738
Other investments and other assets	36,693	48,163
Allowance for doubtful accounts	-378	-339
Total investments and other assets	344,497	346,340
Total non-current assets	1,851,165	1,865,116
Current assets		
Cash and deposits	128,331	104,596
Notes and accounts receivable - trade	216,234	251,376
Lease receivables and investment assets	22,188	19,842
Securities	15	—
Merchandise and finished goods	2,494	2,878
Work in process	12,417	25,471
Raw materials and supplies	45,454	70,793
Other current assets	56,897	90,724
Allowance for doubtful accounts	-884	-916
Total current assets	483,150	564,766
<b>Total assets</b>	<b>2,334,316</b>	<b>2,429,882</b>

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds payable	294,998	334,998
Long-term loans payable	358,680	399,201
Deferred tax liabilities	10,898	10,734
Net defined benefit liability	73,161	69,889
Provision for gas holder repairs	3,107	3,115
Provision for safety measures	3,115	2,080
Provision for gas appliance warranties	9,984	9,809
Provision for point card certificates	835	1,245
Asset retirement obligations	13,200	13,363
Other noncurrent liabilities	61,572	62,556
<b>Total non-current liabilities</b>	<b>829,554</b>	<b>906,993</b>
<b>Current liabilities</b>		
Current portion of non-current liabilities	58,094	51,536
Notes and accounts payable - trade	80,819	75,862
Short-term loans payable	7,800	6,683
Income taxes payable	30,237	23,124
Other current liabilities	179,376	235,010
<b>Total current liabilities</b>	<b>356,328</b>	<b>392,217</b>
<b>Total liabilities</b>	<b>1,185,882</b>	<b>1,299,211</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	141,844	141,844
Capital surplus	1,898	1,901
Retained earnings	936,635	926,640
Treasury shares	-3,642	-4,097
<b>Total shareholders' equity</b>	<b>1,076,736</b>	<b>1,066,289</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	30,282	21,220
Deferred gains or losses on hedges	-251	713
Foreign currency translation adjustment	33,206	31,713
Remeasurements of defined benefit plans	-3,945	-1,478
<b>Total accumulated other comprehensive income</b>	<b>59,291</b>	<b>52,169</b>
<b>Non-controlling interests</b>	<b>12,405</b>	<b>12,212</b>
<b>Total net assets</b>	<b>1,148,433</b>	<b>1,130,671</b>
<b>Total liabilities and net assets</b>	<b>2,334,316</b>	<b>2,429,882</b>



**(2) Consolidated statements of income and comprehensive income**

(Consolidated statement of income : Nine months ended December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	1,221,491	1,326,626
Cost of sales	828,912	963,793
Gross profit	392,578	362,833
Selling, general and administrative expenses		
Supply and sales expenses	279,179	285,766
General and administrative expenses	45,369	49,320
Total selling, general and administrative expenses	324,548	335,086
Operating profit	68,029	27,746
Non-operating income		
Interest income	842	1,139
Dividend income	2,854	2,578
Share of profit of entities accounted for using equity method	931	2,060
Miscellaneous income	4,935	4,717
Total non-operating income	9,563	10,496
Non-operating expenses		
Interest expenses	8,671	8,103
Miscellaneous expenses	3,592	3,921
Total non-operating expenses	12,263	12,025
Ordinary profit	65,329	26,217
Extraordinary income		
Gain on sales of non-current assets	3,223	29,193
Gain on sales of investment securities	3,049	6,262
Total extraordinary income	6,272	35,456
Extraordinary losses		
Impairment loss	2,378	—
Loss on valuation of investment securities	—	6,567
Total extraordinary losses	2,378	6,567
Profit before income taxes	69,223	55,106
Income taxes	20,246	20,139
Profit	48,976	34,967
Profit attributable to non-controlling interests	615	320
Profit attributable to owners of parent	48,360	34,646

(Consolidated statement of comprehensive income : Nine months ended December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	48,976	34,967
Other comprehensive income		
Valuation difference on available-for-sale securities	8,391	-9,081
Deferred gains or losses on hedges	480	646
Foreign currency translation adjustment	-6,807	-1,597
Remeasurements of defined benefit plans, net of tax	-4,181	2,471
Share of other comprehensive income of entities accounted for using equity method	51	432
Total other comprehensive income	-2,066	-7,129
Comprehensive income	46,910	27,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,251	27,524
Comprehensive income attributable to non-controlling interests	658	312

### **(3) Notes on consolidated financial statements**

#### **(Note on going concerns' premise)**

Not applicable

#### **(Additional information)**

Implementation of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

The Company has implemented the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), etc. starting the first three months ended June 30, 2018. Deferred tax assets and deferred tax liabilities are shown under investments and other assets and non-current liabilities, respectively.

And the Company has implemented this standard etc. in consolidated financial position and balance sheets as of March 31, 2018 retroactively.

As a result, total assets and total liabilities for the consolidated fiscal year ended March 31, 2018 decreased by ¥405 million. This does not have an impact on equity ratio figures.

#### **(Significant changes in shareholders' equity)**

##### 1) Purchase of treasury stock

The Company purchased 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 8 – June 15, 2018 (contract basis)
- Number of shares purchased        6,717,500 shares
- Total amount of purchase         ¥19,999 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 June 28, 2018, as per Article 178 of the Companies Act:

- Type of shares cancelled            Tokyo Gas Common Stock
- Number of shares cancelled        6,717,500 shares (ratio to the number of outstanding shares before the cancellation of treasury stock: 1.47%)
- Effective date of cancellation      July 18, 2018

#### **(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 third-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, 2019 including the third quarter under review.