Performance in Fiscal 2013

Overview of Performance

Results in Fiscal 2013: Increases in Both Sales and Income

Gas Sales Volume: Up 1.6%

An increase in sales mainly for industrial applications led to a 259 million m^3 year-on-year, or 1.6%, rise in gas sales volume, to 16,245 million m^3, if the volume of gas deemed to have been used for in-house power generation under the tolling scheme is included (14,735 million m^3 if gas deemed to have been used for in-house power generation is not included).

Net Sales: Up 10.3%

Net sales were up ¥196.5 billion, or 10.3%, to ¥2,112.1 billion, due to increased city gas sales as a result of higher unit prices and a rise in LNG sales.

Net Income: Up 6.7%

Net income was up ¥6.8 billion, or 6.7%, to ¥108.4 billion, following higher operating income in the city gas business due to contributions from a beneficial sliding time lag effect (see P.7) as well as strong electric power business performance and favorable gas appliances and installation work.

Shareholder Returns in Fiscal 2013

Dividend payments amounted to ¥25.1 billion, with dividends unchanged year on year at ¥10 per share, and stock scheduled for cancellation with a total value of ¥40.0 billion was repurchased. The total payout ratio—60.0% of net income—remained above 60%.

Operating Income by Business

City Gas

Operating income in the city gas business increased ¥11.3 billion, or 8.0%, to ¥152.6 billion, because of an improvement of ¥28.8 billion that resulted from the sliding time lag effect under the gas rate adjustment system as well as a ¥2.8 billion decrease in personnel expenses following lower amortization of actuarial differences.

Electric Power Business

Operating income in the electric power business rose ¥5.3 billion, or 27.7%, to ¥24.4 billion, as higher selling prices offset the slightly lower sales volumes that resulted from the impacts of periodic maintenance at Tokyo Gas Group-operated power plants.

Overseas Businesses

Operating income from overseas businesses increased ¥0.4 billion, or 17.8%, to ¥2.8 billion, as the Pluto LNG Project in Australia commenced full-fledged operation and therefore made larger contributions to income. These contributions offset a decrease in interest income from the subordinated debt attached to the Bajio power plant in Mexico from fiscal 2012.

Gas Appliances and Installation Work

Operating income in the gas appliances and installation work segment rose ¥3.2 billion, or 72.7%, to ¥7.6 billion. A major factor behind this increase was the demand rush that preceded the consumption tax hike from 5% to 8% in April 2014, which drove a rise in new housing construction and higher sales of "ENE-FARM" residential fuel cell systems and "Tokyo Gas Ecosystem (TES)" hot water systems.

Non-Operating Income and Expenses

In fiscal 2012, non-operating income of ¥1.8 billion was recorded, due in part to income from the construction of dedicated pipeline facilities for specific users outside supply areas. In fiscal 2013, a decrease in income from this source coupled with foreign exchange losses recorded in relation to Australian dollar assets held by TOKYO GAS AUSTRALIA PTY LTD, which conducts accounting in U.S. dollars, due to the impacts of Australian dollar depreciation, resulted in non-operating expenses of ¥6.4 billion.

Summary of Operating Results

Billions of yen

	Fiscal 2013	Fiscal 2012	Change	%
Gas sales volume (Million m^3, 45MJ/m^3)	**14,735**	15,390	–655	–4.3
Net sales	**2,112.1**	1,915.6	+196.5	+10.3
Operating expenses	**1,946.0**	1,770.0	+176.0	+9.9
Operating income	**166.0**	145.6	+20.4	+14.0
Ordinary income	**159.6**	147.4	+12.2	+8.2
Net income	**108.4**	101.6	+6.8	+6.7

Economic Frame

	JCC ($/bbl)	Exchange rate (¥/$)	Average temperature (°C)
Fiscal 2013	**109.99**	**100.17**	**17.0**
Fiscal 2012	113.88	82.91	16.6

Pension Investment (non-consolidated)

	Investment yield (costs deducted)	Discount rate	Year-end assets (Billions of yen)
Fiscal 2013	**1.61%**	**1.5%**	**273.0**
Fiscal 2012	6.10%	1.4%	276.0
Fiscal 2011	5.13%	1.7%	254.0