

# **FY2004 Financial Results Presentation Meeting**

April. 28, 2005  
Norio Ichino, President  
Tokyo Gas Co., Ltd.

Statements made in this presentation with respect to Tokyo Gas's present plans, projections, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the company. As such, they are based on management's assumptions and opinions stemming from currently available information, and therefore involve risks and uncertainties. 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, changes in the foreign exchange rate of the yen, crude oil prices, and the weather.

# [Contents]

---

1. Summary of Financial Results for FY2004  
& Projection of FY2005
2. Progress toward Achievement of  
'Frontier 2007'
3. Performance Indicators

This presentation material can be obtained in our website.  
[URL:http://www.tokyo-gas.co.jp/IR/ir\\_e.html](http://www.tokyo-gas.co.jp/IR/ir_e.html)

# Key Points of Financial Results

---

## ◆ Increase in both Revenue and Income

[positive factors]

- Increase in gas sales by sales promotion
- Cost cut and decrease in depreciation

[Negative factors]

- Increase in raw material cost by high rise in oil price
- Decrease in gas sales revenue by rate reduction

Expansion in the scope of consolidation

18 subsidiaries & 1 affiliate by equity method

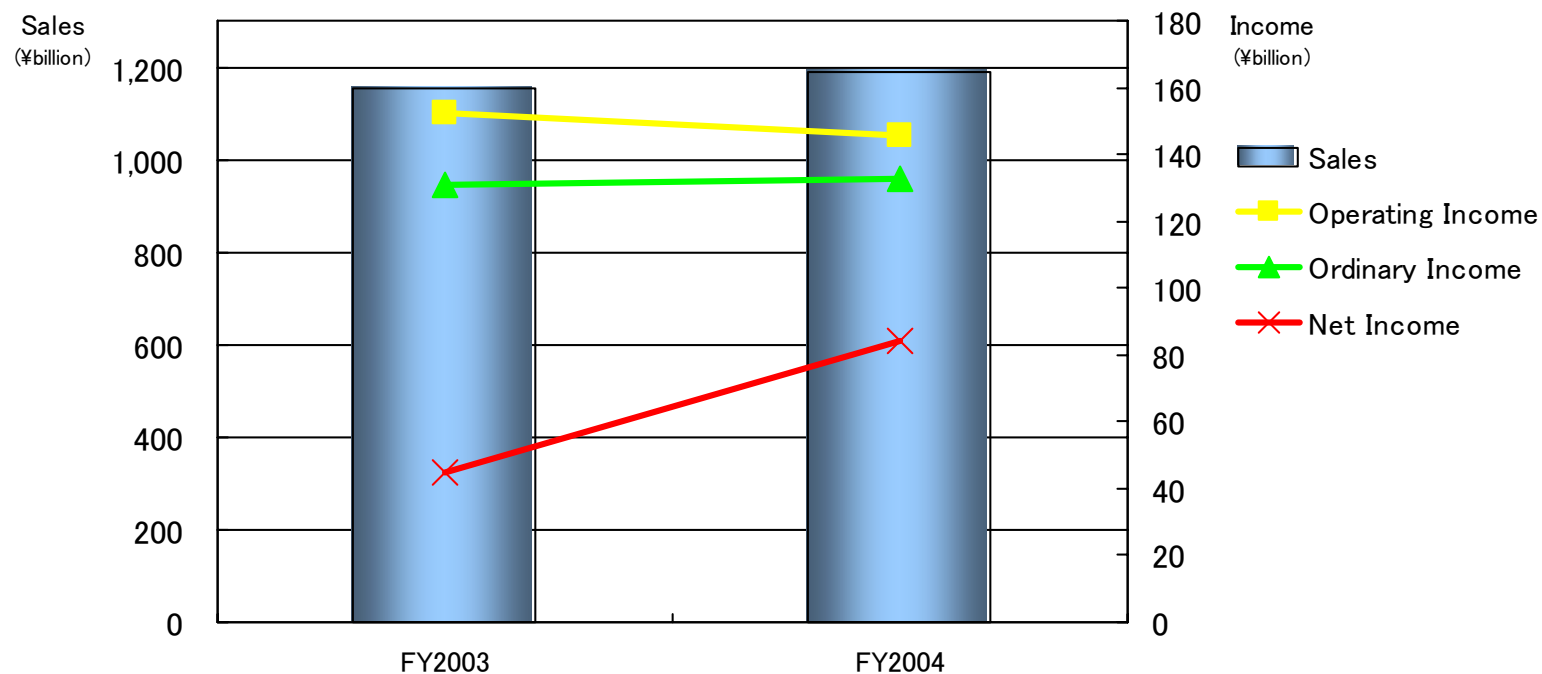
→ 52 subsidiaries & 1 affiliate by equity method

# Summary of FY2004 Results (changes from FY2003)

(Unit: billion yen)

	FY2003	FY2004	Change from FY2003	Effect of increase in # of consolidated subsidiaries*
Sales	1,151.8	<b>1,190.7</b>	+38.9 (+3.4%)	+43.1
Operating Income	152.2	<b>145.3</b>	-6.9 (-4.6%)	+2.5
Ordinary Income	131.0	<b>132.8</b>	+1.8 (+1.3%)	+1.6
Net Income	44.7	<b>84.0</b>	+39.3 (+87.7%)	-0.4

Note: 1) Consolidated companies comprise 52 consolidated subsidiaries and 1 equity-method affiliate.  
2) Figures are rounded down to nearest ¥0.1 billion.

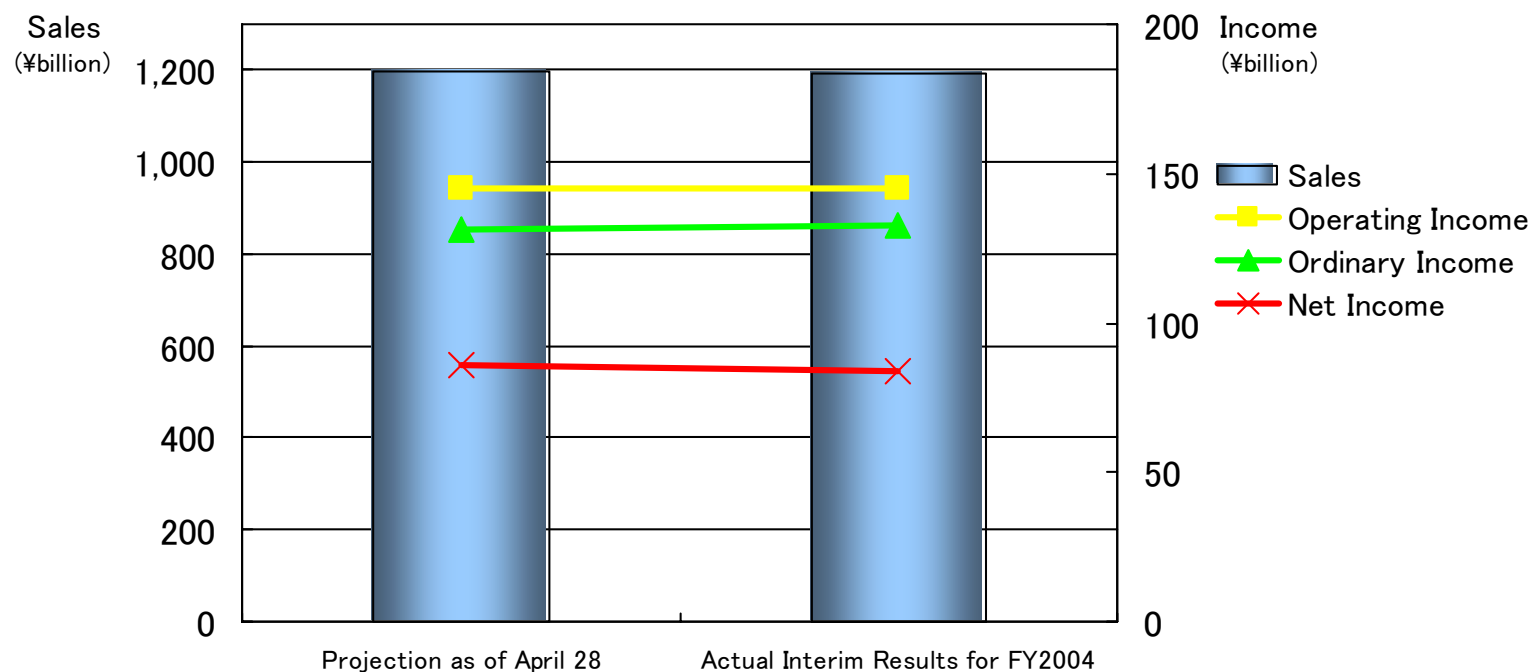


# Summary of FY2004 Results (Change from Projection)

(Unit: billion yen)

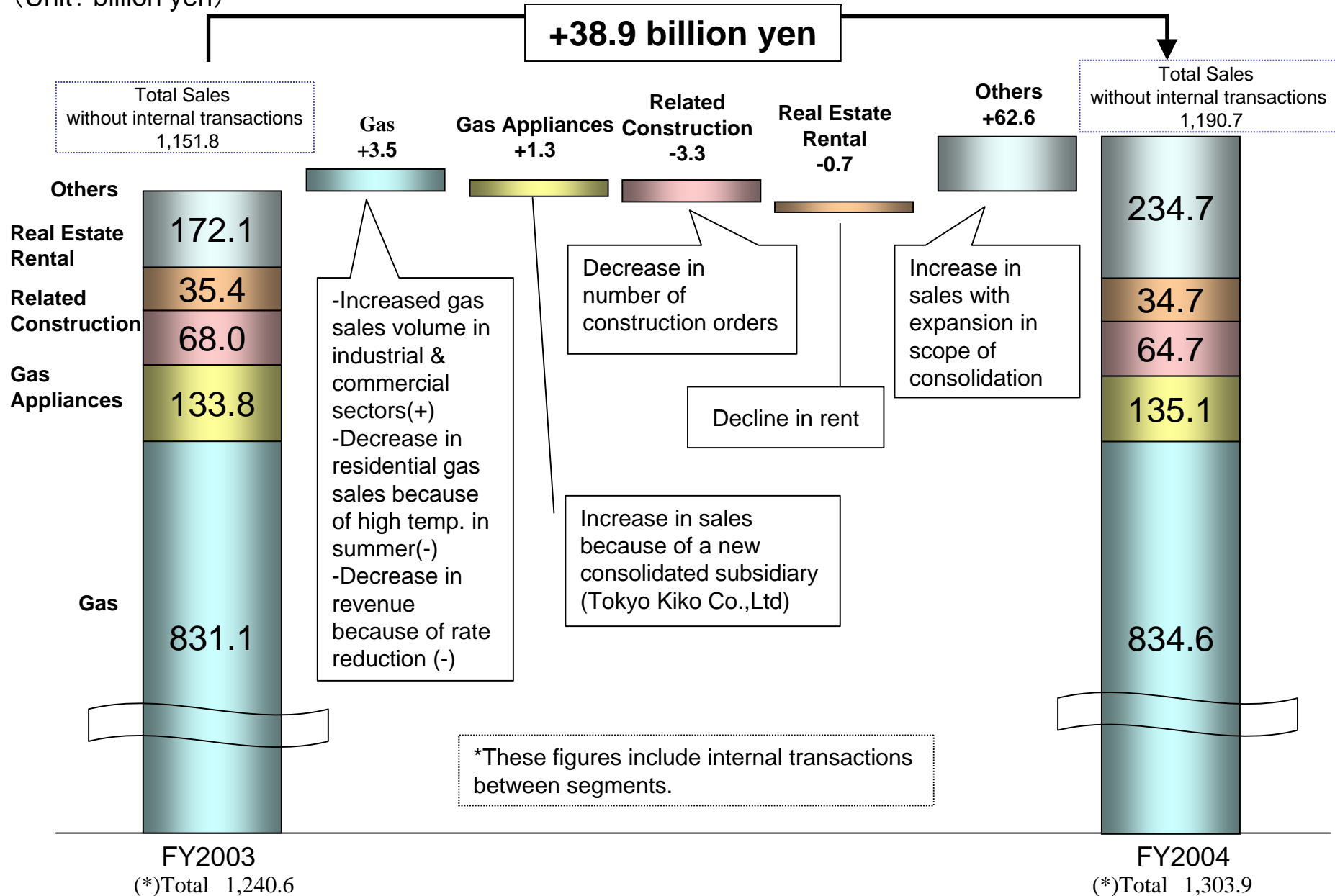
	Projection as of Apr. 28, 2004	<b>FY2004 Results</b>	Change from projection as of Apr. 28, 2004
Sales	1,197.0	<b>1,190.7</b>	-6.3 ( -0.5%)
Operating Income	145.0	<b>145.3</b>	+0.3 (+0.2%)
Ordinary Income	131.0	<b>132.8</b>	+1.8 (+1.4%)
Net Income	86.0	<b>84.0</b>	-2.0 (-2.3%)

Note: Figures are rounded down to nearest ¥0.1 billion.



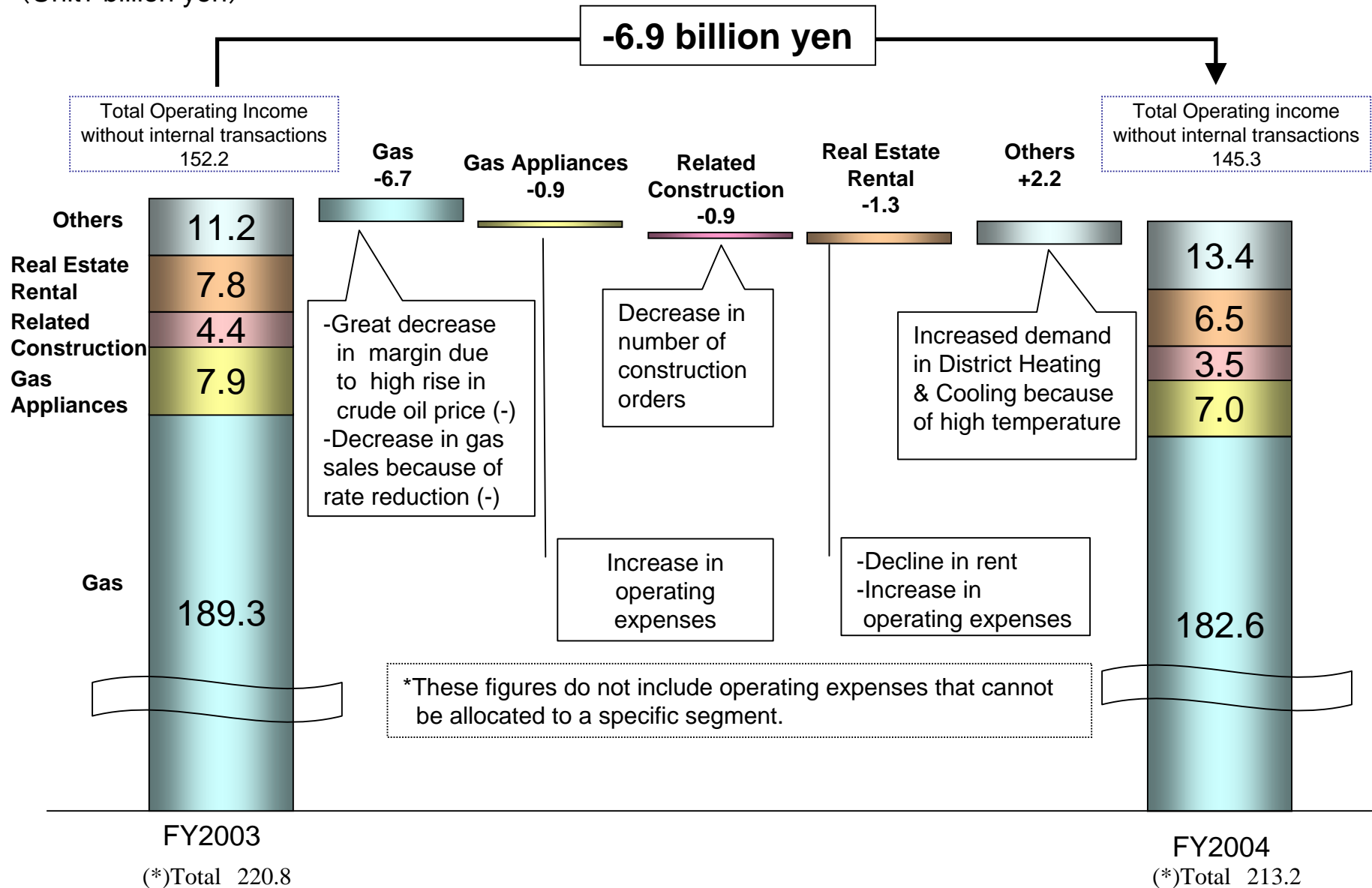
# Reasons for Changes in Sales

(Unit: billion yen)



# Reasons for Changes in Operating Income

(Unit: billion yen)



# Non-operating Income & Extraordinary Income

Note: Figures are rounded down to nearest billion yen.

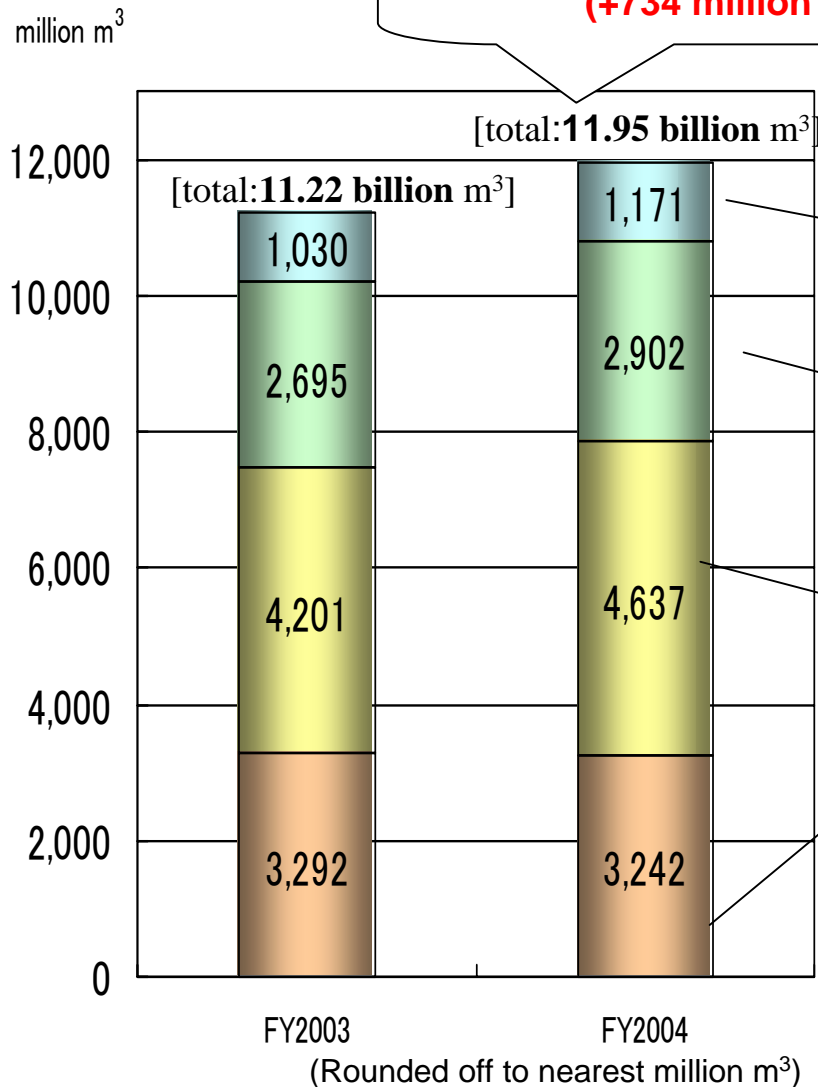
	FY2003	FY2004	Change from FY03	Main reasons for changes
<b>Operating Income</b>	<b>152.2</b>	<b>145.3</b>	<b>-6.9</b>	
Non-operating Income	9.1	12.1	+2.9	-Balance on weather derivatives (+2.7)
Non-operating loss	30.3	24.6	-5.7	-Loss on bond redemption (-3.6) -Decrease in Interest paid (-1.6)
<b>Ordinary Income</b>	<b>131.0</b>	<b>132.8</b>	<b>+1.7</b>	
Extraordinary Income	8.4	5.7	-2.6	-Gain on sales of investment securities (+4.6) - Gain from breaking down the retirement beneficial in FY03 (-5.6)
Extraordinary loss	66.3	5.2	-61.1	-One-off expense in unrecognized actuarial differences in FY03 (-58.9) -Special retirement allowance (+3.4)
Corporation taxes, etc.	28.3	49.2	+20.9	
<b>Net Income</b>	<b>44.7</b>	<b>84.0</b>	<b>+39.2</b>	



# Gas Sales Volume (consolidated)

(Change from Previous Year)

**6.5% increase from the previous year  
(+734 million m<sup>3</sup>)**



## [Reasons for Changes from FY2003 to FY2004]

**Wholesale Supply: +13.7% (+141 million m<sup>3</sup>)**  
 - Increase in sales to other companies

**Commercial and Other Use: +7.7% (+207 million m<sup>3</sup>)**  
 - Increased demand in air conditioning due to high temperature in summer & low temperature in winter  
 - Increased demand by new & existing customers

**Industrial use: +10.4% (+436 million m<sup>3</sup>)**

- Increased demand by new & existing customers
- Increased demand for power generation

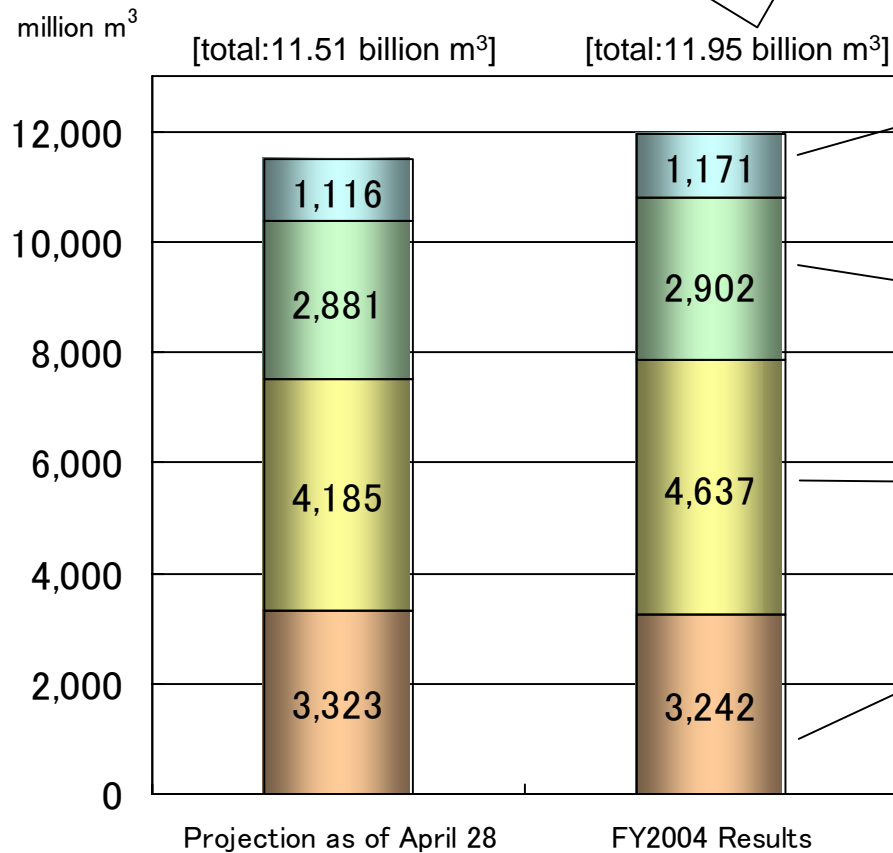
**Residential Use: -1.5% (-50 million m<sup>3</sup>)**

- Decrease in hot water demand due to high temperatures in summer
- Increase in hot water and space heating demand due to low temperatures in winter

# Gas Sales Volume (consolidated)

(Change from projections as of Apr. 28, 2004)

3.9% increase from projection as of Apr. 28  
(+447million m<sup>3</sup>)

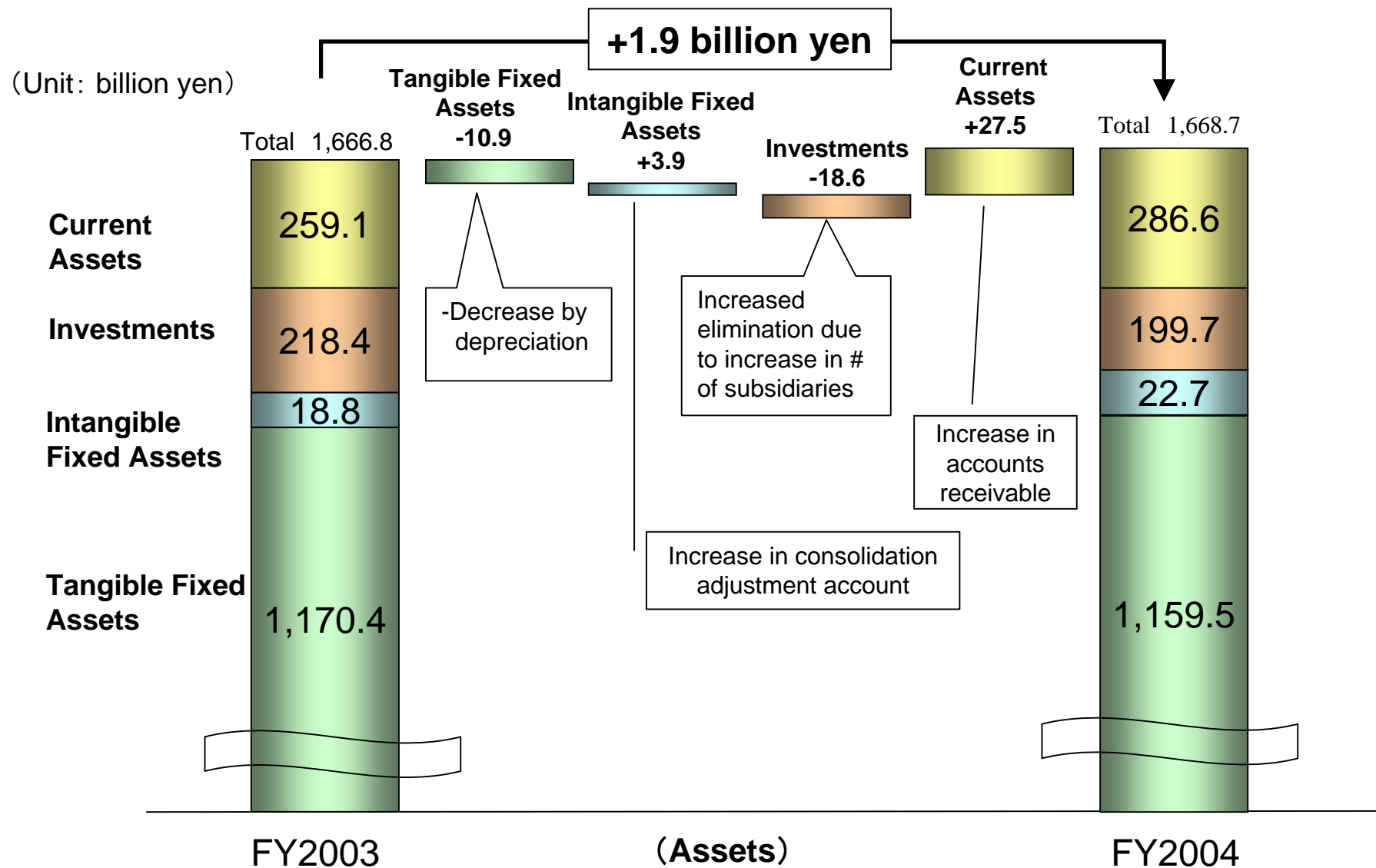


## [Reasons for Changes in Gas Sales Volumes] (vs. projection as of April.28,2004)

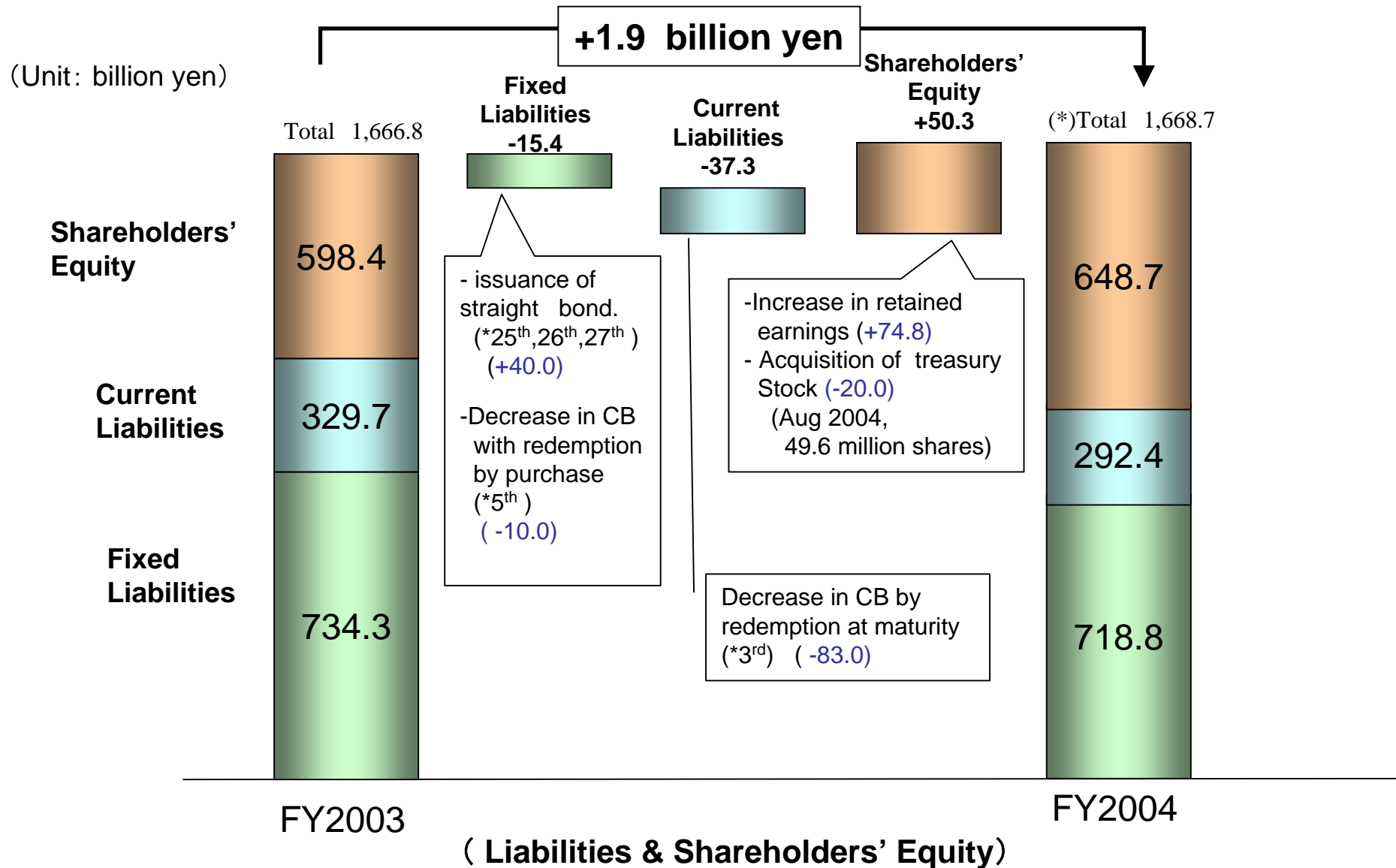
- Wholesale Supply +4.9% (+55 million m<sup>3</sup>)**  
- Increase in sales to other companies
- Commercial and Other Use +0.7% (+21 million m<sup>3</sup>)**  
- Increased demand in air conditioning due to high temperatures in summer, low temperatures in winter
- Industrial use +10.8% (+452million m<sup>3</sup>)**  
- Increased demand by existing customers  
- Increased demand for electric power generation
- Residential Use -2.4% (-81 million m<sup>3</sup>)**  
- Decrease in hot water demand due to high temperatures in summer

(Rounded off to nearest million m<sup>3</sup>)

# Reasons for Changes in Balance Sheet (Assets)



# Reasons for Changes in Balance Sheet (Liabilities & Shareholders' Equity)



# Key points of FY2005 projection

## ◆ Decrease in Income from FY2004

[Positive factors]

- Increase gas sales volume by sales promotion
- Overall cost cut throughout the company

[Negative factors]

- Decrease gas sales effect of tariff reduction through the year
- Increase in salaries by one-off expense of unrecognized actuarial differences

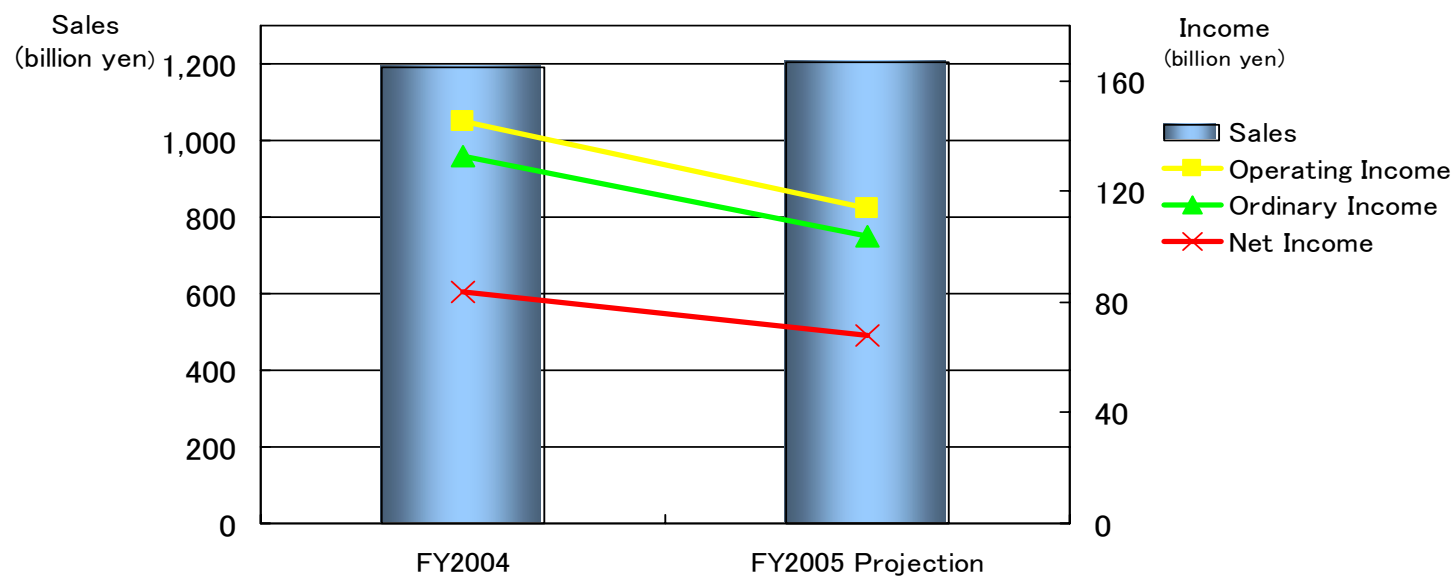
Expected to achieve the targets of 'Frontier 2007' in FY2005

# Outlook for FY 2005 (Change from FY04 Results)

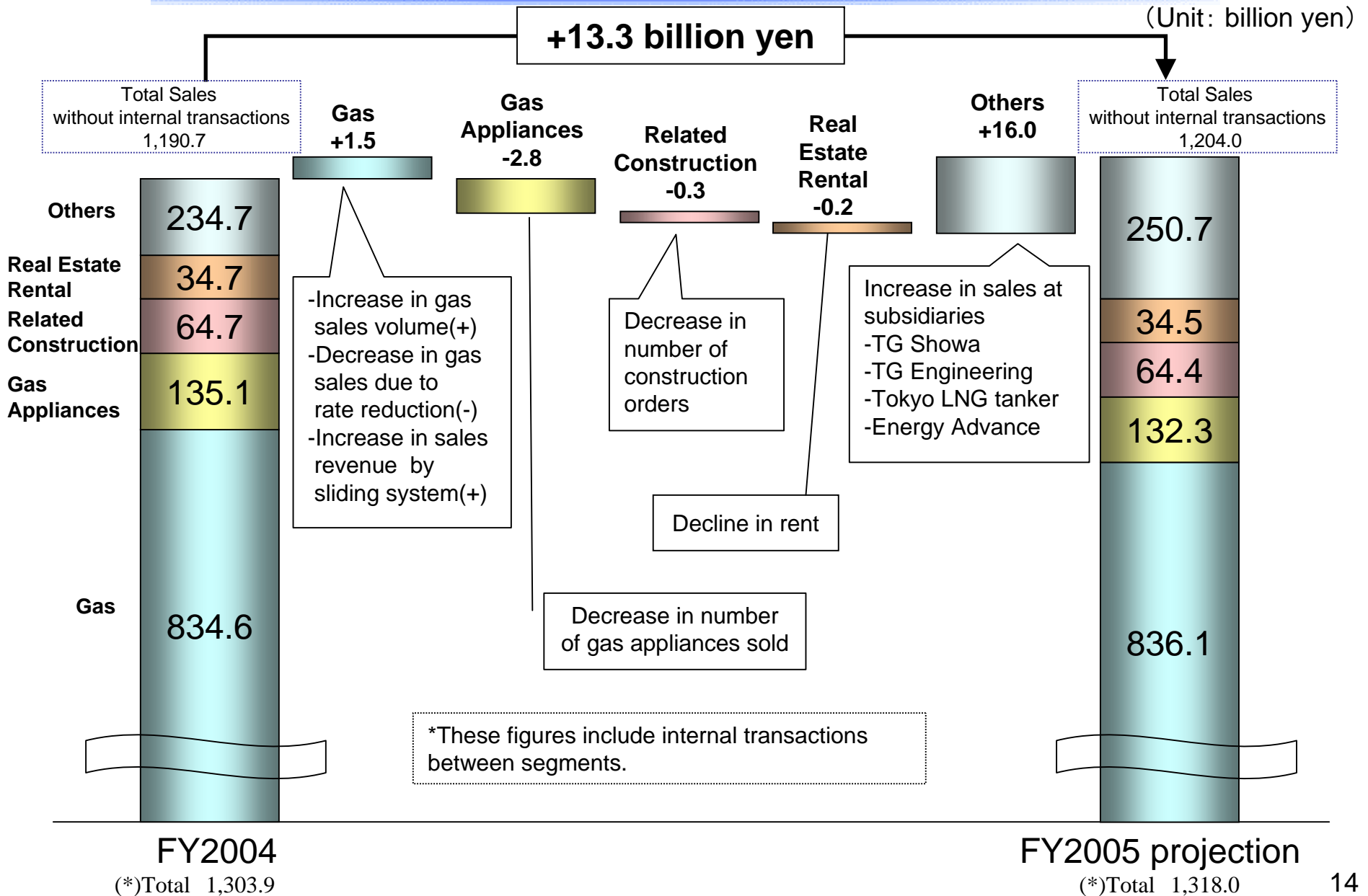
(Rounded off to nearest ¥0.1 billion)

(Unit: billion yen)

	FY2004	FY2005 Projection*	Change
Sales	1,190.7	<b>1,204.0</b>	+13.3(+1.1%)
Operating Income	145.3	<b>114.0</b>	-31.3 (-21.6%)
Ordinary Income	132.8	<b>104.0</b>	-28.8(-21.7%)
Net Income	84.0	<b>68.0</b>	-16.0(-19.1%)
Exchange rate (¥/\$)	107.55	<b>105.00</b>	-2.55
Crude oil price (\$/bbl)	38.82	<b>38.00</b>	-0.82

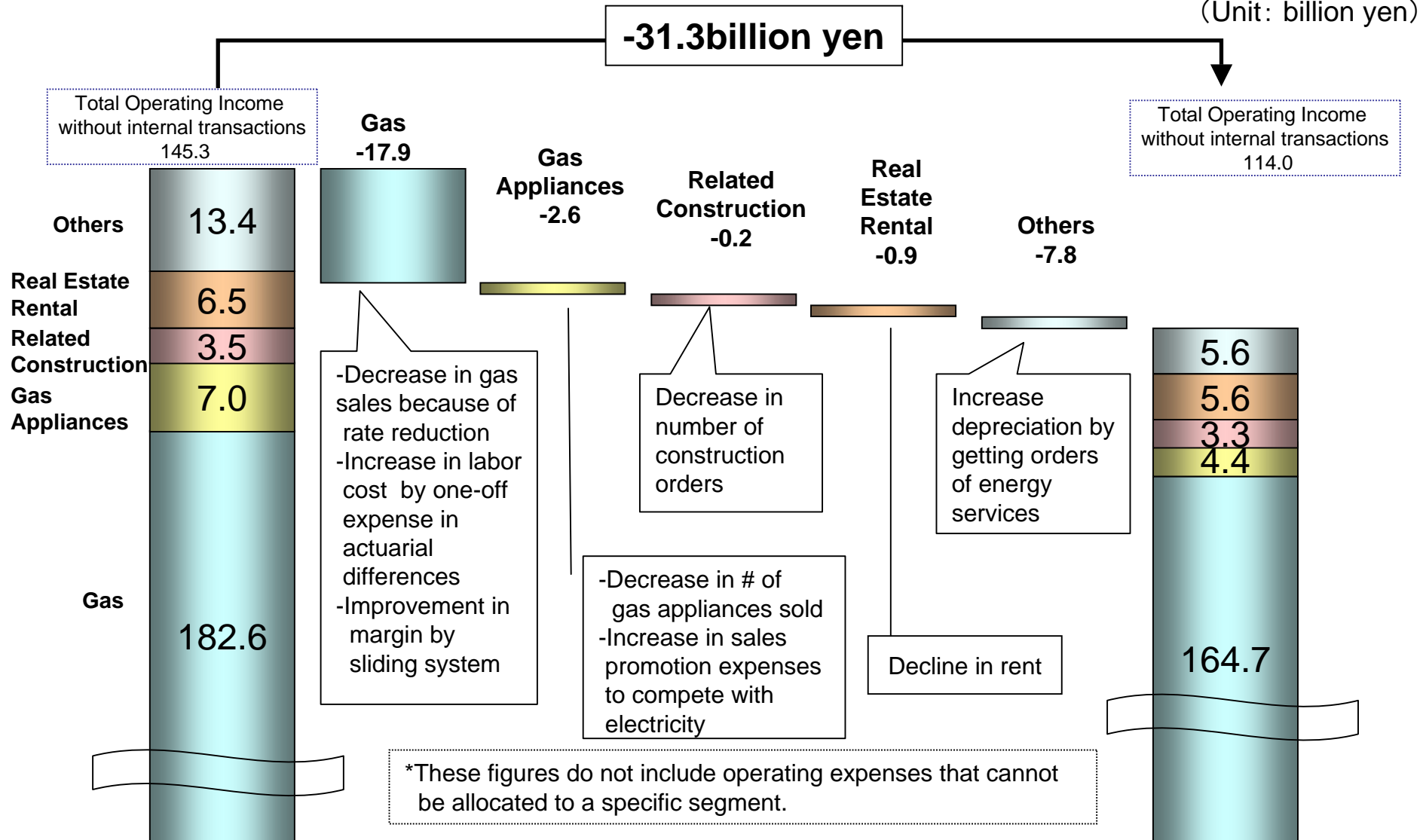


# Reasons for Changes in Sales



# Reasons for Changes in Operating Income

(Unit: billion yen)



FY2004

(\*)Total 213.1

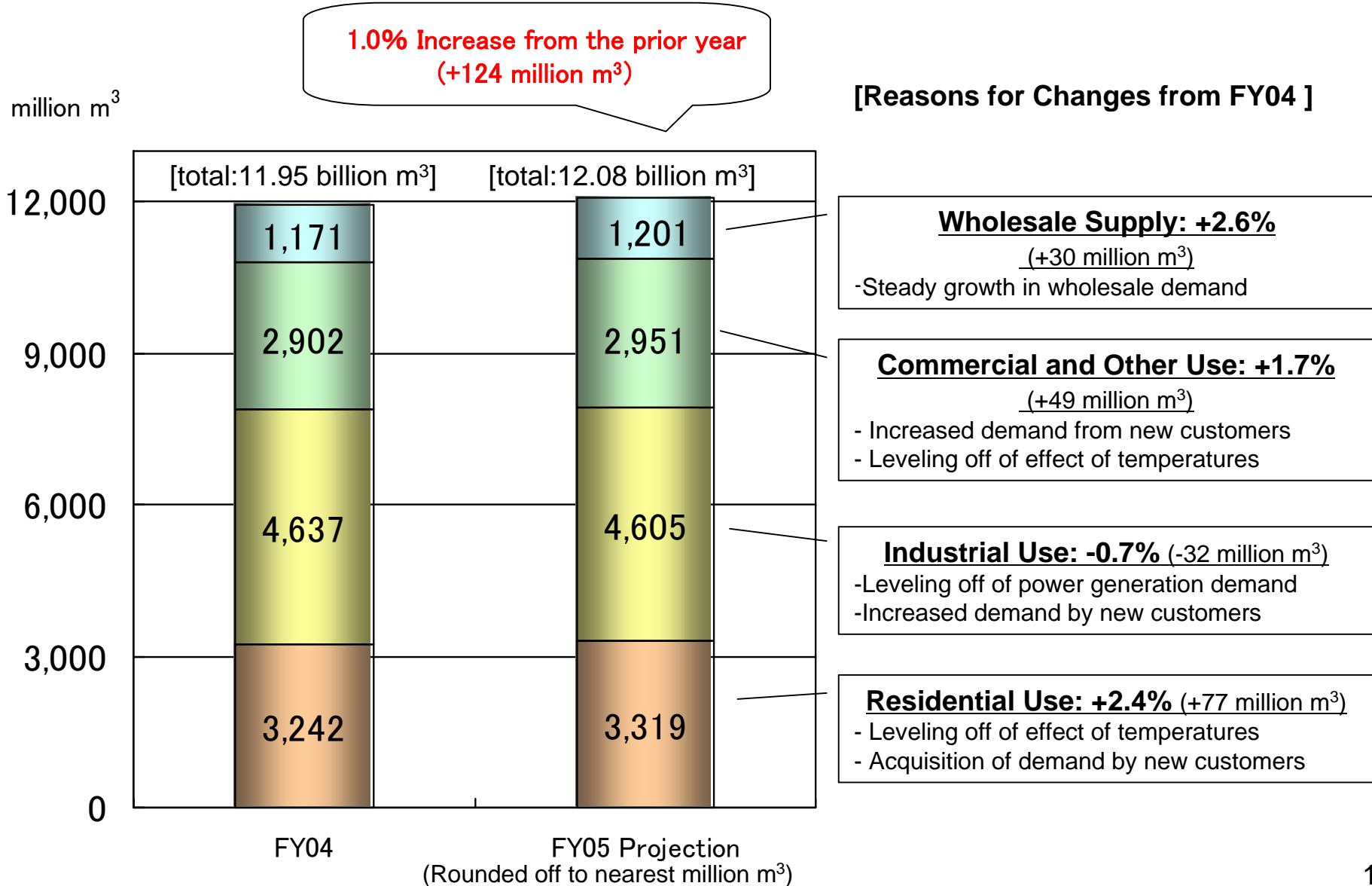
FY2005 projection

(\*)Total 183.6



# Gas Sales Volume Projection

## (Consolidated - Change from FY04)



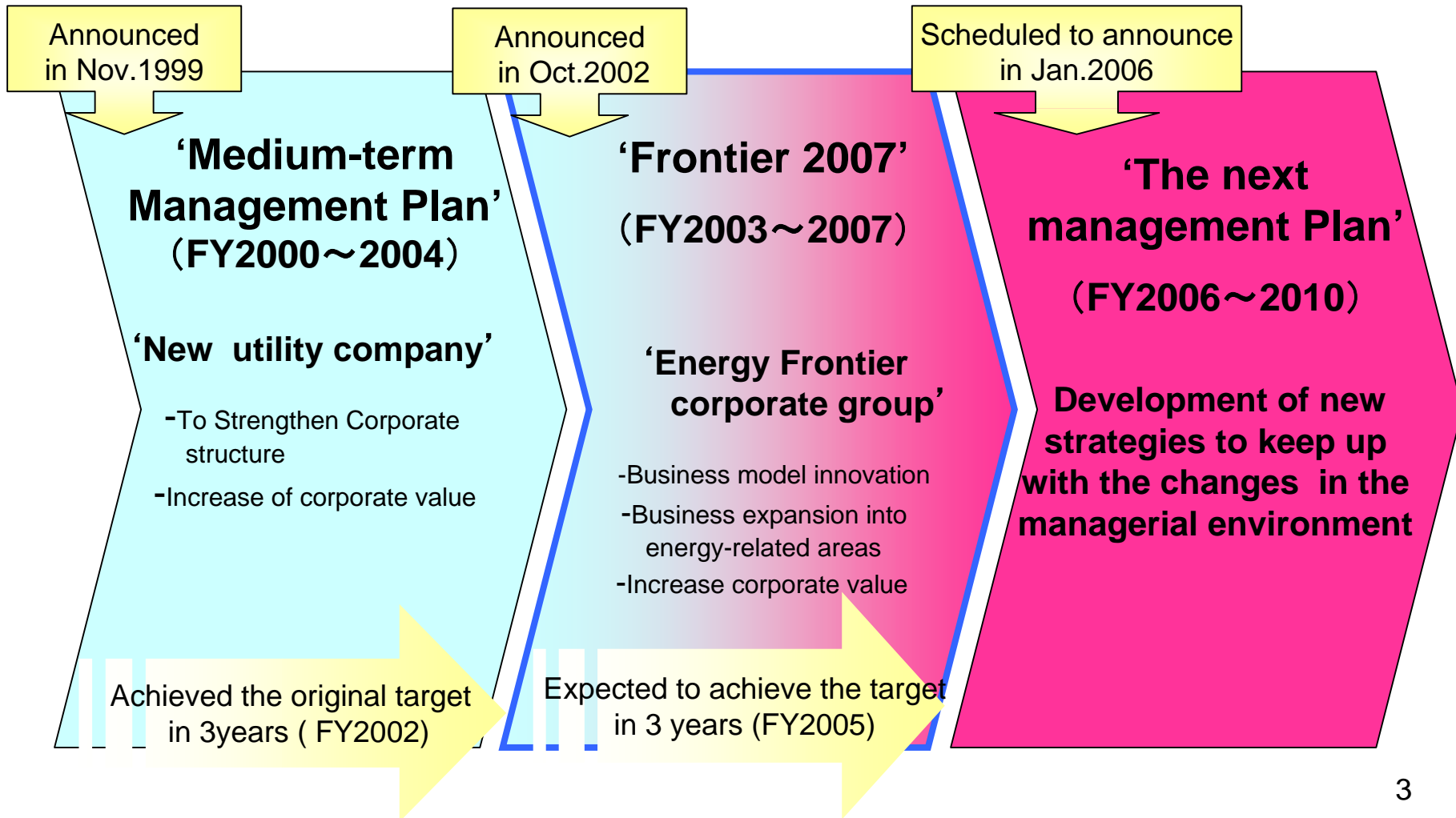
## **2. Progress toward Achievement of 'Frontier 2007'**

---

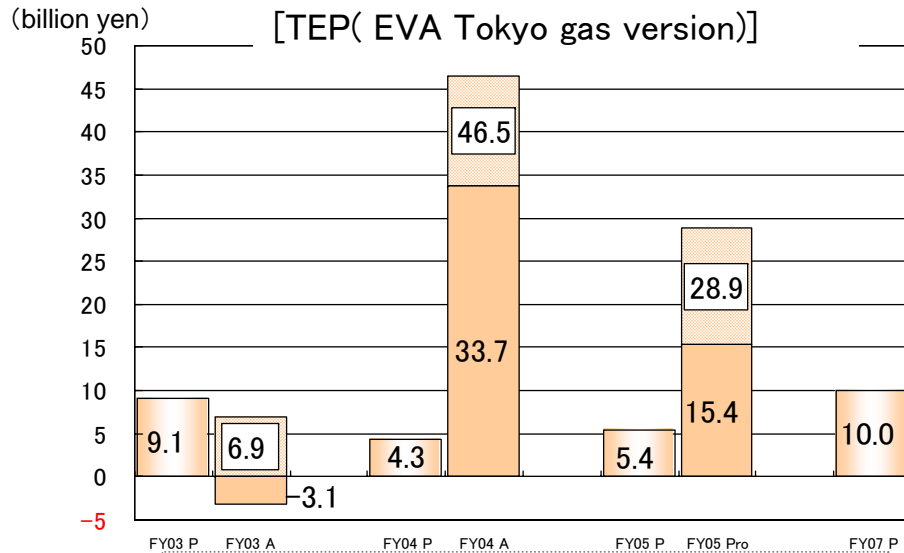
# Tokyo Gas Group's Management Plan

## [Management Vision]

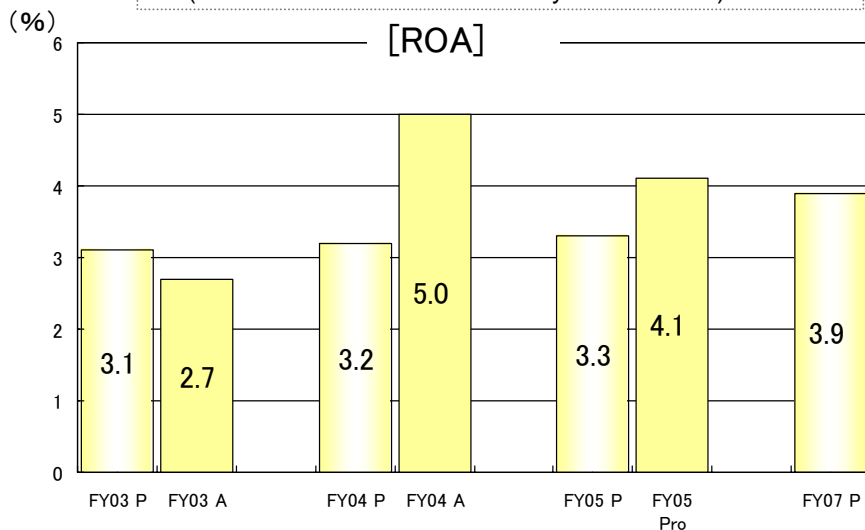
To achieve sustainable growth through total energy business with natural gas as its core.



# Main Performance Indicators

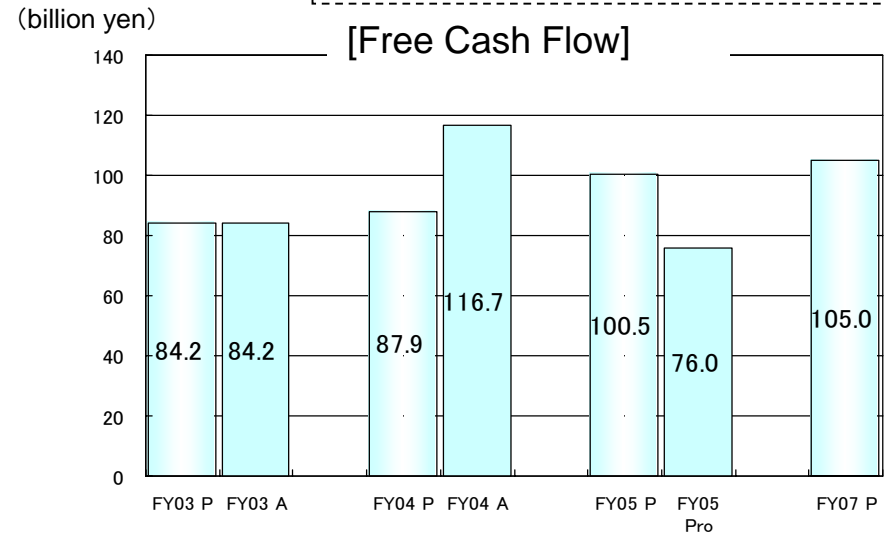


■ Changed the calculation definition of TEP  
(the number in □ is numbers by new formula)

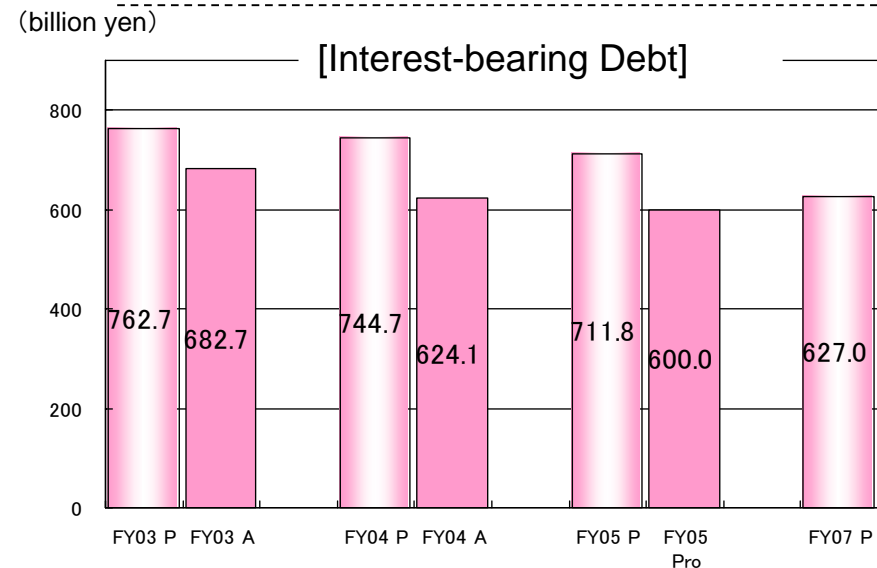


■ ROA=Net Income/Average Total Asset

Note: P=Plan, A=Actual, Pro=Projections



■ FCF=Net profit + depreciation (before long-term depreciation deductions) - Capex



# 3. Performance Indicators

---

# Performance Indicators (1)

(Unit: billion yen)

	FY03 Results	FY04 Results	FY05 Projections	Change from FY03 to FY04	Change from FY04 to FY05
<b>Sales</b>	1,151.8	1,190.7	1,204.0	+38.9(+3.4%)	+13.3(+1.1%)
<b>Gas Sales</b>	831.1	834.6	836.1	+3.5(+0.4%)	+1.5(+0.2%)
<b>Operating Income</b>	152.2	145.3	114.0	-6.9(-4.6%)	-31.3(-21.6%)
<b>Ordinary Income</b>	131.0	132.8	104.0	+1.8(+1.3%)	-28.8(-21.7%)
<b>Net Income</b>	44.7	84.0	68.0	39.3(+87.7%)	-16.0(-19.1%)
<b>TEP</b>	6.9	46.5	28.9	+39.6(+573.9%)	-17.6(-37.8%)
<b>Gas sales volume</b> (million m3)	11,21.8	11,952	12,076	+734(+6.5%)	+124(+1.0%)
<b>FX rate (yen/US\$)</b>	113.19	107.55	105.00	-5.64	-2.55
<b>Oil price (\$/bbl)</b>	29.42	38.82	38.00	+9.40	-0.82
<b>Average Temp.</b> (°C)	16.3	17.1	17.0	+0.8	-0.1

## Performance Indicators (2)

(Unit: billion yen)

	FY03 Results	FY04 Results	FY05 Projections	Change from FY03 to FY04	Change from FY04 to FY05
<b>Total Assets (a)</b>	1,666.8	1,668.7	1,617.0	+19(+0.1%)	-51.7(-3.1%)
<b>Shareholders' Equity (b)</b>	598.4	648.7	674.0	+50.3(+8.4%)	+25.3(+3.9%)
<b>Equity Ratio: (b)/(a)</b>	35.9%	38.9%	41.7%	+3.0%	+2.8%
<b>Interest bearing Debt</b>	682.7	624.1	600.0	-58.6(-8.6%)	-24.1(-3.9%)
<b>Cash Flow from Operating Activities (c)</b>	44.7	84.0	68.0	+39.3(+87.7%)	-16.0(-19.1%)
<b>Cash Flow from Investing Activities (d) = (f) - (e)</b>	39.4	32.7	8.0	-6.7(-17.0%)	-24.7(-75.6%)
<b>CAPEX (e)</b>	107.4	107.5	134.0	+0.1(+0.1%)	+26.5(+24.6%)
<b>Depreciation (f)</b>	146.8	140.2	142.0	-6.6(-4.5%)	+1.8(+1.2%)
<b>Free Cash Flow: (c) + (d)</b>	84.2	116.7	76.0	+32.5(+38.6%)	-40.7(-34.9%)
<b>ROA: (c) / (a)</b>	2.7%	5.0%	4.1%	+2.3%	-0.9%
<b>ROE: (c) / (b)</b>	7.6%	13.5%	10.3%	+5.9%	-3.2%
<b>EPS (yen)</b>	16.44	31.47	25.63	+15.03	-5.84

(\*) ROA=Net Income/Average Total Assets, ROE=Net Income/Average Shareholders' Equity

EPS: earnings per average number of shares issued and outstanding

Free Cash Flow =Cash flows from operating activities(Net Income) +Cash flows from investment activities (Depreciation-Capex) 22