

# Reference Materials

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# Results

## <Consolidated> Financial Results (FY2014 vs. FY2013)

100 million

	FY14	FY13	Change		Reference
Net sales	22,925	21,121	1,804	8.5%	City gas +1,358 (increases in unit sales prices), Other energy +507 (Electric power sales +299, LNG sales +197)
Operating income	1,717	1,660	57	3.4%	City gas +45
Ordinary income	1,681	1,596	85	5.4%	Foreign exchange effect +31 (-24 ← -55), Revenue from dedicated equipment +24 (29 ← 5), Dividends received +15 (38 ← 23)
Net income	958	1,084	-126	-11.6%	Impairment loss -286 (-309 ← -23), Valuation loss on investment securities -6 (-6 ← 0), Advanced depreciation deduction of noncurrent assets -5 (-5 ← 0), Gain on sales of noncurrent assets +51 (61 ← 10), Gain on sales of investment securities +50 (50 ← 0), etc.
Total assets	22,576	21,768	808	3.7%	Property, plant and equipment +695, Investments and other assets +107
Shareholders' equity	10,695	10,117	578	5.7%	Net income +958, Foreign currency translation adjustment account +252, Dividend payment -247, Acquisition of treasury stock in the market -399
Shareholders' equity ratio (%)	47.4	46.5	0.9	—	Went up because an increase in shareholders' equity (5.7%) was larger than that in total assets (+3.7%)
Total assets turnover (times)	1.03	1.01	0.02	—	
ROA(*2) (%)	4.3	5.2	-0.9	—	Went down as net income decreased (-126) while total assets increased (+808)
ROE(*2) (%)	9.2	11.2	-2.0	—	Went down as net income decreased (-126) while shareholders' equity increased (+578)
Interest-bearing debt	7,307	7,138	169	2.4%	TG Lease +59, TG Pluto +55, Tokyo Gas +11
D/E ratio	0.68	0.71	-0.03	—	
Net income	958	1,084	-126	-11.6%	
Amortization(*3·4)	1,418	1,403	15	1.0%	TG Barnett +17, ENAC +7, Ohgishima Power -7 (Non-consolidated basis)
Operating cash flow(*1)	2,376	2,488	-112	-4.5%	
Capex(*3)	2,245	2,480	-235	-9.4%	
TEP	434	507	-73	-14.4%	
(WACC) (%)	3.6	3.2	0.4	—	
EPS (¥/share)	39.15	43.10	-3.95	-9.2%	Went down on decreased net income (-126)
BPS (¥/share)	438.28	402.91	35.37	8.8%	
Total payout ratio(*5) (%)	60.9	60.0	0.9	—	

(\*1) Operating cash flow is calculated using the simplified accounting treatment of "Net income + Depreciation and amortization." (simplified accounting treatment; differs from amount in Consolidated Statement of Cash Flows)

(\*2) Total assets and shareholders' equity used to calculate ROA and ROE are the average of the amount as of the end of the previous term and the amount as of the end of the current term.

(\*3) Amounts for capex and depreciation and amortization are after offsetting of internal transactions.

(\*4) Depreciation and amortization includes amortization of long-term prepaid expenses.

(\*5) FYn Gross payout ratio = (FYn total dividend) + (FYn+1 stock repurchases) / (FYn consolidated net income)

**<Consolidated>**

**Balance Sheet (as of March 31, 2015 vs. as of March 31, 2014)**

(Changes from Mar. 31, 2014)

100 mil. Yen

	Mar 31, 2015		Mar, 31 2014		Change		Changes
		%		%			
<b>【Assets】</b>							
Noncurrent assets	16,759	74.2%	15,925	73.2%	834	5.2%	(Property, plant and equipment, intangible assets) Capex 2,245, Foreign exchange effect 251, Depreciation -1,418, Impairment -309 (Investments and other assets) Investment securities 180, Other investments 25, Assets related to retirement benefit -91
Current assets	5,817	25.8%	5,842	26.8%	-25	-0.4%	
<b>Total Assets</b>	<b>22,576</b>	<b>100.0%</b>	<b>21,768</b>	<b>100.0%</b>	<b>808</b>	<b>3.7%</b>	

<b>【Liabilities】</b>							
Interest-bearing debt	7,307	32.4%	7,138	32.8%	169	2.4%	(Long-term loans payable) New borrowings +293, Foreign exchange +171, Payments -308
Provision for retirement benefits	750	3.3%	849	3.9%	-99	-11.6%	
Notes and accounts payable-trade	1,089	4.8%	1,130	5.2%	-41	-3.6%	Accounts payable-trade -38
Other liabilities	2,556	11.3%	2,354	10.8%	202	8.6%	Unpaid accounts etc. +121, Provision for security measures +38, Provision for appliance guarantees +36
<b>Total Liabilities</b>	<b>11,704</b>	<b>51.8%</b>	<b>11,473</b>	<b>52.7%</b>	<b>231</b>	<b>2.0%</b>	
<b>【Net Assets】</b>							
Shareholders' equity	9,959	44.1%	9,673	44.4%	286	3.0%	(Retained earnings, Treasury stock) +286 (Net income 958, Acquisition of treasury stock -399, Dividend payments -247)
Total other comprehensive income	735	3.3%	443	2.0%	292	65.7%	(Foreign currency translation adjustment) +252
Minority interests	177	0.8%	177	0.8%	0	0.2%	
<b>Total Net Assets</b>	<b>10,872</b>	<b>48.2%</b>	<b>10,294</b>	<b>47.3%</b>	<b>578</b>	<b>5.6%</b>	Equity ratio 46.5% (Mar. 31, 2014) → 47.4% (Mar. 31, 2015)
<b>Total (Liabilities and Net Assets)</b>	<b>22,576</b>	<b>100.0%</b>	<b>21,768</b>	<b>100.0%</b>	<b>808</b>	<b>3.7%</b>	

<Non-consolidated>

Financial Results (FY2014 vs. FY2013)

100 million yen

	FY14	FY13	Change	
Net Sales	20,835	19,085	1,750	9.2%
Operating income	1,261	1,286	-25	-1.9%
Ordinary income	1,400	1,302	98	7.5%
Net income	1,038	900	138	15.3%

Impact of Sliding Time Lag

	FY14	FY13	Change
Revenue from sliding system	779	-76	855
Increase in gas cost	500	-242	742
Change	279	166	113

Economic Frame

	FY14	FY13	Change
JCC \$/bbl	90.35	110.01	-19.66
Ex. rate ¥/\$	109.76	100.17	9.59

100 million yen

	FY14	FY13	Change		
Gas sales	16,043	14,677	1,366	9.3%	
Operating cost	Raw materials and supplies	10,693	9,388	1,305	13.9%
	(Gross profit)	(5,350)	(5,289)	61	1.2%
	Personnel expenses	862	935	-73	-7.8%
	General expenses	2,492	2,441	51	2.1%
	Depreciation & amortization	1,024	1,019	5	0.5%
	LNG regasification	-46	-47	1	-
Total	15,027	13,737	1,290	9.4%	
Installation work	9	11	-2	-14.8%	
Gas appliances	56	117	-61	-51.5%	
Other operation income	66	128	-62	-48.3%	
Supplementary business income	179	217	-38	-17.7%	
Operating income	1,261	1,286	-25	-1.9%	
Non operating income	138	16	122	-	
Ordinary income	1,400	1,302	98	7.5%	
Extraordinary income	70	4	66	-	
Extraordinary loss	13	21	-8	-38.7%	
Taxes	418	385	33	8.7%	
Net income	1,038	900	138	15.3%	

Volume, Composition +592, Unit price +774

Volume, Composition +511, Unit price +794 (Foreign exchange effect = +825, Oil price effect = -756)

Volume, Composition +81, Unit price -20

Expenses from actuarial differences -52, Personnel decrease, etc.

See below

Increased depreciation due to acquisition of pipelines, production facilities, etc.

Provision for appliance maintenance -36, Decrease in GHP -7 etc.

Electric power sales -57, LNG sales +20, etc.

Increased dividends received from affiliates +102, Earnings from dedicated facilities +29, etc.

FY2014: Gain on sales of investment securities 50, Gain on sales of noncurrent assets 19; FY2013: Gain on sales of noncurrent assets 4

FY2014: Valuation loss on investment securities 7; FY2013: Impairment loss 20 etc.

100 million yen

	FY14	FY13	Change	
Repair costs	361	368	-7	-2.2%
Expendable costs	148	145	3	1.8%
Rent	176	180	-4	-2.5%
Consignment costs	646	642	4	0.6%
Taxes	481	464	17	3.8%
Marketing costs	216	244	-28	-11.5%
Others	464	398	66	17.1%

Provisions for gas cock security measures -13 etc.

Increase in enterprise tax due to increased net sales +18 etc.

To improve efficiency of an event, advertisements, etc.

Provision for aging gas pipes +38, Electricity charges +9, etc.

<Non-consolidated>

**Key Indices of Business Activities (FY2014 vs. FY 2013)**

**Number of Customers**

Thousands

	FY14	FY13	Change	
Number of customers	10,958	10,809	149	1.4%
Number of new customers	235	224	11	5.0%

**Breakdown of Gas Sales Volume**

Mil. M3

		FY14	FY13	Change		
Residential vol. per meter (m3)		366.7	368.6	-1.9	-0.5%	Temp. effect -1.7m3 (-0.4%), Other -0.2m3 (-0.1%)
Residential		3,377	3,345	32	1.0%	Temp. effect -14mil.m3 (-0.4%), No. of days +51mil.m3 (+1.5%), Other -5mil.m3 (-0.1%)
Commercial	Commercial	1,687	1,757	-70	-3.9%	
	Other	903	924	-21	-2.2%	
	Commercial total	2,591	2,681	-90	-3.3%	Temp. effect -37mil.m3 (-1.4%), No. of days -12mil.m3 (-0.4%), No. of contracts +12mil.m3 (+0.4%), Other -53mil.m3 (-1.9%)
Industrial	Power gen.	4,039	3,127	912	29.2%	
	Other	3,014	3,112	-98	-3.1%	
	Industrial total	7,053	6,239	814	13.1%	Increased demand from power companies
Total		9,644	8,919	725	8.1%	
Wholesale		2,311	2,255	56	2.5%	Temp. effect -1mil.m3 (-0.0%), Increased demand from customer companies, etc.
Total		15,332	14,519	813	5.6%	Temp. effect -52mil.m3 (-0.4%), No. of days -12mil.m3 (-0.1%), No. of contracts +63 (+0.4%), Other +814 (+5.6%)
(Large-volume gas demand)		8,714	7,802	912	11.7%	

## <Consolidated> Breakdown of Operating Cash Flows

Results (FY2014 vs. FY2013) 100 million yen

<Consolidated>		FY14	FY13	Change	
	Net income (A)	958	1,084	-126	-11.6%
	Depreciation (B)	1,418	1,403	15	1.1%
Operating cash flow (A) + (B)		2,376	2,488	-112	-4.5%

Results (FY2014 vs. FY2013) 100 million yen

<Non-consolidated>		FY14	FY13	Change	
	Net income (A)	1,038	900	138	15.3%
	Depreciation (B)	1,059	1,056	3	0.4%
Operating cash flow (A) + (B)		2,097	1,956	141	7.2%

# Forecasts



<Non-consolidated>  
Oil Price and Currency Forecast, and Their Impacts on Gross Profit

Economic Frame

	FY15 Forecast			
	1st Half	2nd Half	Full-year	
JCC	55.00	65.00	60.00	\$/bbl
Ex. Rate	120.00	120.00	120.00	\$/bbl
	FY14 Results			
	1st Half	2nd Half	Full-year	
JCC	109.51	72.64	90.35	\$/bbl
Ex. Rate	103.01	116.73	109.76	\$/bbl
	Change			
	1st Half	2nd Half	Full-year	
JCC	-54.51	-7.64	-30.35	\$/bbl
Ex. Rate	16.99	3.27	10.24	\$/bbl

Profit Sensitivity to Changes in Oil Price and EX Rate

100 million yen

1\$/bbl	1Q	2Q	3Q	4Q	Full-year
Net sales	-27	-25	-10	0	-62
Gas resource cost	-25	-23	-26	-6	-80
Gross profit	-2	-2	16	6	18

\*Impact on JCC decrease by \$1

100 million yen

¥/\$	1Q	2Q	3Q	4Q	Full-year
Net sales	-12	-15	-15	-4	-46
Gas resource cost	-13	-13	-15	-16	-57
Gross profit	1	-2	0	12	11

\*Impact on a 1-yen appreciation

<Consolidated>  
**Financial Results (FY2015 Forecast vs. FY2014 Results)**

100 million yen

	FY15	FY14	Change		Reasons
Net sales	18,890	22,925	-4,035	-17.6%	City gas -3,379 (decrease in unit sales prices), Electric power -494 (drop in market prices, decrease in sales volume)
Operating income	1,400	1,717	-317	-18.5%	Electric power -169 (drop in market prices, decrease in sales volume), Overseas -103 (decrease in unit sales prices), City gas -44 (increase in fixed costs)
Ordinary income	1,340	1,681	-341	-20.3%	Dividends received -20 etc.
Net income	1,010	958	52	5.4%	Impairment loss +309
Total assets	23,200	22,576	624	2.8%	
Shareholders' equity	11,100	10,695	405	3.9%	Increase in retained earning due to the inclusion of net income
Shareholders' equity ratio (%)	47.9	47.4	0.5	-	
Total asset turnover (times)	0.83	1.03	-0.20	-	Went down due to decrease in sales (-17.6%)
ROA(*2) (%)	4.4	4.3	0.1	-	
ROE(*2) (%)	9.3	9.2	0.1	-	
Interest-bearing debt	7,630	7,307	323	4.4%	Tokyo Gas +460
D/E ratio	0.69	0.68	0.01	-	
	Net income	1,010	958	52	5.4%
	Depreciation and amortization(*3·4)	1,430	1,418	12	0.8%
Operating cash flow (*1)	2,440	2,376	64	2.7%	
Capex (*3)	2,700	2,245	455	20.2%	
TEP	246	434	-188	-43.3%	
(WACC) (%)	3.5	3.6	-0.1	-	
EPS (¥/share)	41.89	39.15	3	7.0%	
BPS (¥/share)	464.81	438.28	26.53	6.1%	
Total payout ratio (*5) (%)	(*6) -	60.9	-	-	

(\*1) Operating cash flow is calculated using the simplified accounting treatment of "Net income + Depreciation and amortization."

(simplified accounting treatment; differs from amount in □ Consolidated Statement of Cash Flows)

(\*2) Total assets and shareholders' equity used to calculate ROA and ROE are the average of the amount as of the end of the previous term and the amount as of the end of the current term.

(\*3) Amounts for capex and depreciation and amortization are after offsetting of internal transactions.

(\*4) Depreciation and amortization includes amortization of long-term prepaid expenses.

(\*5) FYn Gross payout ratio = ((FYn total annual dividend) + (FYn +1 stock repurchases)) / (FYn consolidated net income)

(\*6) To be maintained at approximately 60% each year to FY2020

<Non-consolidated>

Financial Results (FY2015 Forecast vs. FY 2014 Results)

100 million yen

	FY15	FY14	Change	
Net sales	16,830	20,835	-4,005	-19.2%
Operating income	1,150	1,261	-111	-8.9%
Ordinary income	1,180	1,400	-220	-15.7%
Net income	930	1,038	-108	-10.5%

Impact on Sliding Time Lag

	FY15	FY14	Change
Revenue from sliding system	-2,679	779	-3,458
Increase in gas cost	-2,901	500	-3,401
Change	222	279	-57

Economic Frame

	FY15	FY14	Change
JCC \$/bbl	60.00	90.35	-30.35
Ex. rate ¥/\$	120.00	109.76	10.24

Change from standard average resource cost (82,470 yen after the revision on Dec. '13)

100 million yen

	FY15	FY14	Change			
Gas Sales	12,680	16,043	-3,363	-21.0%	Volume, Composition +66, Unit price -3,429	
Operating cost	Raw materials and supplies	7,346	10,693	-3,347	-31.3%	Volume, Composition +54, Unit price -3,401 (Foreign exchange effect = +476, Oil price effect = -4,087)
	(Gross profit)	(5,334)	(5,350)	(-16)	(-0.3%)	Volume, Composition +12, Unit price -28
	Personnel expenses	890	862	28	3.2%	Expenses from actuarial differences +53, Personnel decrease, etc.
	General expenses	2,460	2,492	-32	-1.3%	See below
	Depreciation & amortization	1,048	1,024	24	2.3%	Increase in depreciation due to acquisition of pipelines, production facilities, etc.
	LNG regasification	-40	-46	6	-	
Total	11,704	15,027	-3,323	-22.1%		
Installation work	0	9	-9	-	Decreased no. of installation etc.	
Gas appliances	68	56	12	19.4%	Income from gas appliances +12 (Decreased provision for appliance maintenance +23) etc.	
Other operation income	68	66	2	2.3%		
Supplementary business income	106	179	-73	-40.8%	Electric power sales -95, LNG sales +18, etc.	
Operating income	1,150	1,261	-111	-8.9%		
Non operating income	30	138	-108	-78.3%	Dividends received from affiliates -83, Revenue from dedicated equipment -34, etc.	
Ordinary income	1,180	1,400	-220	-15.7%		
Extraordinary income	0	70	-70	-	FY2014: Gain on sales of investment securities 50, Gain on sales of noncurrent assets 19 etc.	
Extraordinary loss	0	13	-13	-	FY2014: Valuation loss on investment securities 7 etc.	
Taxes	250	418	-168	-40.3%		
Net income	930	1,038	-108	-10.5%		

Breakdown of General Expenses

100 million yen

	FY15	FY14	Change		
Repair costs	355	361	-6	-1.7%	
Expendable costs	150	148	2	1.0%	
Rent	183	176	7	4.0%	
Consignment costs	682	646	36	5.5%	Increased expenses for IT infrastructure maintenance and management etc.
Taxes	447	481	-34	-7.2%	Decrease in enterprise tax due to decreased net sales etc.
Marketing costs	234	216	18	8.3%	Increase in operation-related expenses etc.
Others	409	464	-55	-11.6%	FY2014: Decrease due to provision for aging gas pipes etc.

<Non-consolidated>

**Key Indices of Business Activities (FY2015 Forecast vs. FY 2014 Results)**

**Number of Customers**

Thousands

	FY15	FY14	Change	
Number of customers	11,082	10,958	124	1.1%
Number of new customers	214	235	-21	-9.3%

**Breakdown of Gas Sales Volume**

Mil. m3

		FY15	FY14	Change		
Residential vol. per meter (m3)		367.4	366.7	0.7	0.2%	Temp. effect +5.9m3 (+1.6%), No. of days +1.1m3 (+0.3%), Other -6.3m3 (-1.7%)
Residential		3,429	3,377	52	1.5%	Temp. effect +55mil.m3 (+1.6%), No. of days +10mil.m3 (+0.3%), No. of contracts +45mil.m3 (+1.3%), Other -58mil.m3 (-1.7%)
Commercial	Commercial	1,661	1,687	-26	-1.6%	
	Other	891	903	-12	-1.4%	
	Commercial total	2,552	2,591	-39	-1.5%	Temp. effect -8mil.m3 (-0.3%), No. of days +8mil.m3 (+0.3%), No. of contracts +13mil.m3 (+0.5%), Other -52mil.m3 (-2.0%)
Industrial	Power gen.	3,966	4,039	-73	-1.8%	Decreased operation due to decreased demand for electric power etc.
	Other	3,049	3,014	35	1.1%	
	Industrial total	7,014	7,053	-39	-0.5%	Decreased operation for power generation
Total		9,566	9,644	-78	-0.8%	
Wholesale		2,366	2,311	55	2.4%	Temp. effect +7mil.m3 (+0.3%), New operations at customer companies, etc.
Total		15,361	15,332	29	0.2%	Temp. effect +55mil.m3 (+0.4%), No. of days +18mil.m3 (+0.1%), No. of contracts +58mil.m3 (+0.3%), Power generation -73mil.m3 (-0.5%), Other -29mil.m3 (-0.2%)
(Large-volume gas demand)		8,657	8,714	-57	-0.7%	

<Consolidated>  
Breakdown of Operating Cash Flows

FY2015 Full-year forecast (as of Apr. 28 vs. FY2014 Results)

100 million yen

<Consolidated>		FY15 forecast	FY14	Change	
	Net income (A)	1,010	958	52	5.4%
	Depreciation (B)	1,430	1,418	12	0.8%
Operating cash flow (A) + (B)		2,440	2,376	64	2.7%

FY2015 Full-year forecast (as of Apr. 28 vs. FY2014 Results)

100 million yen

<Non-consolidated>		FY15 forecast	FY14	Change	
	Net income (A)	930	1,038	-108	-10.5%
	Depreciation (B)	1,080	1,059	21	2.0%
Operating cash flow (A) + (B)		2,010	2,097	-87	-4.1%

# Tokyo Gas Co. , Ltd.

**< Cautionary Statement regarding Forward-looking Statements >**

**Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies, and other information herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. The Company's actual performance may greatly differ from these projections due to critical factors which include general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen,**