

**FY2015 1Q Financial Results**



July 30, 2015

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## 1. FY2015 1Q Consolidated Financial Results ended June 30, 2015

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## FY2015 1Q Consolidated Financial Results (Apr. 1, 2015 – Jun. 30, 2015) <vs. FY2014 1Q>



### Highlights: Sales decreased, profit increased

(+ - , +/- indicates profit impact, billion yen)

<b>Net sales</b>	-46.7	-	City gas (-41.6: Decrease in unit prices from resource cost adjustments -33.0, decrease in sales volume -9.0)
		-	Other energy (-10.7: Decrease in electricity sales from decreased sales volume and lower unit prices)
<b>Operating expenses</b>	+81.2	+	City gas resource costs (+73.2: Decrease in unit prices from economic framework assumptions, etc. +65.2, decrease in sales volume +8.0)
		+	Other energy (+12.2: Decrease in cost of fuel for electricity from decreased sales volume and lower unit prices)
<b>Operating income</b>	+34.5	+	City gas (+32.3: Gas gross margin +31.9 (incl. slide +32.2))
		+	Others (+1.5: Increase in sales volume, increase in LNG sales profit from decreased resource costs)
<b>Non-operating income</b>	-0.8	-	Foreign exchange profit/loss -0.5 (0.3 → -0.2)
<b>Extraordinary Income/loss</b>	-4.9	-	(FY2014) Gain on sales of non-current assets 5.4, Loss on sales of investment securities -0.5

(Unit: billion yen)

	2015 1Q results	2014 1Q results	Change	%
Gas sales volume (mil. m <sup>3</sup> , 45MJ)	3,538	3,657	-119	-3.2%
Net sales	487.3	534.0	-46.7	-8.7%
Operating expenses	392.8	474.0	-81.2	-17.1%
Operating income	94.5	60.0	+34.5	+57.5%
Ordinary income — (a)	93.3	59.6	+33.7	+56.6%
Profit attributable to owners of parent*	73.4	44.7	+28.7	+64.0%

\* Changed from "Net income" from FY2015

Temperature effect — (b)	-5.6	-4.2	-1.4	—
Sliding time lag effect — (c)	43.3	11.1	+32.2	—
Depreciation of pension actuarial differences — (d)	-0.5	0.7	-1.2	—
Adjusted ordinary income — (a) - ((b)+(c)+(d))	56.1	52.0	+4.1	+7.9%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)
FY2015 1Q	121.43	59.49	17.6
FY2014 1Q	102.17 <+19.26>	109.57 <-50.08>	17.2 <+0.4>

Figures in brackets are year-on-year increase/decrease.

Pension asset	Investment yield (cost deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2014	5.57%	0.829%	0.358%	281.0
FY2013	1.61%	1.168%	0.571%	273.0

Expected rate of return: 2%

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Now let me explain financial results for the first quarter of fiscal 2015 and forecasts for the full fiscal year. Please look at page 2. Net sales in the first quarter decreased due to lower unit prices caused by cost adjustments, and decreased gas sales volume. However, operating income, ordinary income, and profit attributable to owners of parent all reached record highs, due mainly to a marked improvement in sliding time lag effect as a result of a drop in oil prices.

Net sales decreased 46.7 billion, or 8.7%, due mainly to a 41.6 billion yen decrease in City Gas, and a 10.7 billion yen decrease in Other Energy reflecting reduced electricity sales. In the meantime, a decrease in operating expenses of 81.2 billion yen, or 17.1%, was mainly a result of a 73.2 billion yen decrease in city gas resource costs due to lower oil prices, decreased sales volume, and so on, and a 12.2 billion yen decrease in expenses in the Other Energy segment including electricity and LNG sales. The decrease in operating expenses far exceeded that in net sales, resulting in an increase in operating income of 34.5 billion yen, or 57.5%, to 94.5 billion yen. Non-operating income decreased 0.8 billion yen year-on-year due to foreign exchange profit/loss, which weakened 0.5 billion yen from the depreciation of Australian dollar and so forth. As a result, ordinary income reached 93.3 billion yen, up 33.7 billion yen or 56.6%. Extraordinary income/loss weakened 4.9 billion yen, as no gains on sales of non-current assets were reported in the quarter, while gains were reported in the same period of fiscal 2014.

Consequently, profit attributable to owners of parent increased 28.7 billion yen, or 64.0%, to 73.4 billion yen. The sliding time lag effect resulting from changes in oil prices, which is shown in the lower part of the table, contributed significantly to the income increase in the quarter, with excessive collection increasing 32.2 billion yen. This was strongly affected by a sharp decline in oil prices, which started in the second half of the previous fiscal year.

## Consolidated Gas Sales Volume

### FY2014 1Q Results → FY2015 1Q Results

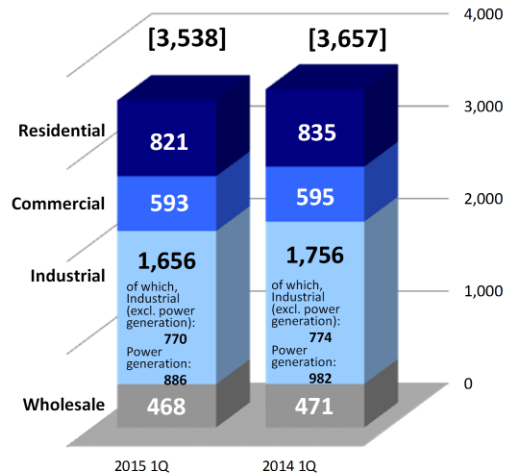
**-119 mil. m<sup>3</sup> (-3.2%)**

Including temperature effect: -22 mil. m<sup>3</sup>, -0.6%

<b>Residential</b>	-14 mil. m <sup>3</sup> (-1.7%)
● Temperature effect	-17 mil. m <sup>3</sup>
● Number of days	+3 mil. m <sup>3</sup>
● Number of customers	+13 mil. m <sup>3</sup>
● Others	-13 mil. m <sup>3</sup>
<b>Commercial</b>	-2 mil. m <sup>3</sup> (-0.2%)
● Temperature effect	-3 mil. m <sup>3</sup>
● Number of days	+1 mil. m <sup>3</sup>
● Number of customers	+5 mil. m <sup>3</sup>
● Others	-5 mil. m <sup>3</sup>
<b>Industrial</b>	-100 mil. m <sup>3</sup> (-5.7%)
● Industrial:	-4 mil. m <sup>3</sup>
● Power generation:	-96 mil. m <sup>3</sup>
<b>Wholesale</b>	-3 mil. m <sup>3</sup> (-0.7%)
● Temperature effect	-2 mil. m <sup>3</sup>
● Others	-1 mil. m <sup>3</sup>
Decrease in demand from wholesale suppliers, etc.	

### Gas sales volume:

(Figures are rounded to nearest mil. m<sup>3</sup>.)



### Number of customers (10 thousand)

FY2015 1Q	FY2014 1Q	Change
1,128.5	1,113.7	+14.8 (+1.3%)

	FY2015 1Q	FY2014 1Q	Change
LNG liquid sales volume (thousand t)	258	198	+60
Average temperature (°C)	17.6	17.2	+0.4

As shown on page 3, gas sales volume in the first quarter decreased 119 million m<sup>3</sup>, or 3.2%, year-on-year, to 3,538 million m<sup>3</sup>.

This decrease was mainly attributable to a drop in sales of gas for industrial use of 5.7%, which was due to periodic maintenance at power plants, and a 1.7% decrease in gas for residential use, which was caused by a drop in hot water demand reflecting higher average temperatures in May to June compared with the same period a year ago.

**FY2015 1Q Results**

● Gas sales volume (Vision Basis) (Unit: million m<sup>3</sup>)

	FY2015 1Q	FY2014 1Q	Change
Gas sales volume (financial accounting basis)	3,538	3,657	-119 -3.2%
Gas volume used in-house under tolling arrangement	353	414	-61 -14.8%
LNG sales volume (m3 basis)	323	248	+75 +30.2%
Total	4,214	4,319	-105 -2.4%

● Gas sales volume for industrial-use (Unit: million m<sup>3</sup>)

	Kashima area	Other area	Total
Power generation	347	539	886
vs. FY2014 1Q	+5 (+1.5%)	-101 (-15.9%)	-96 (-9.8%)
General industrial	42	728	770
vs. FY2014 1Q	-10 (-18.9%)	+6 (+0.9%)	-4 (-0.4%)
Total	389	1,267	1,656
vs. FY2014 1Q	-5 (-1.2%)	-95 (-7.0%)	-100 (-5.7%)

The upper table on page 4 shows so-called gas sales volume on a vision basis, which is a total of gas sales volume on a financial accounting basis, gas volume used in-house under tolling arrangement, and LNG sales volume. The lower table shows a breakdown of gas sales volume into those for power generation and those for general industrial uses in the Kashima area and the other areas.

## FY2015 1Q Net Sales and Operating Income/Loss by Business Segment <vs. FY2014 1Q>

(Unit: billion yen)

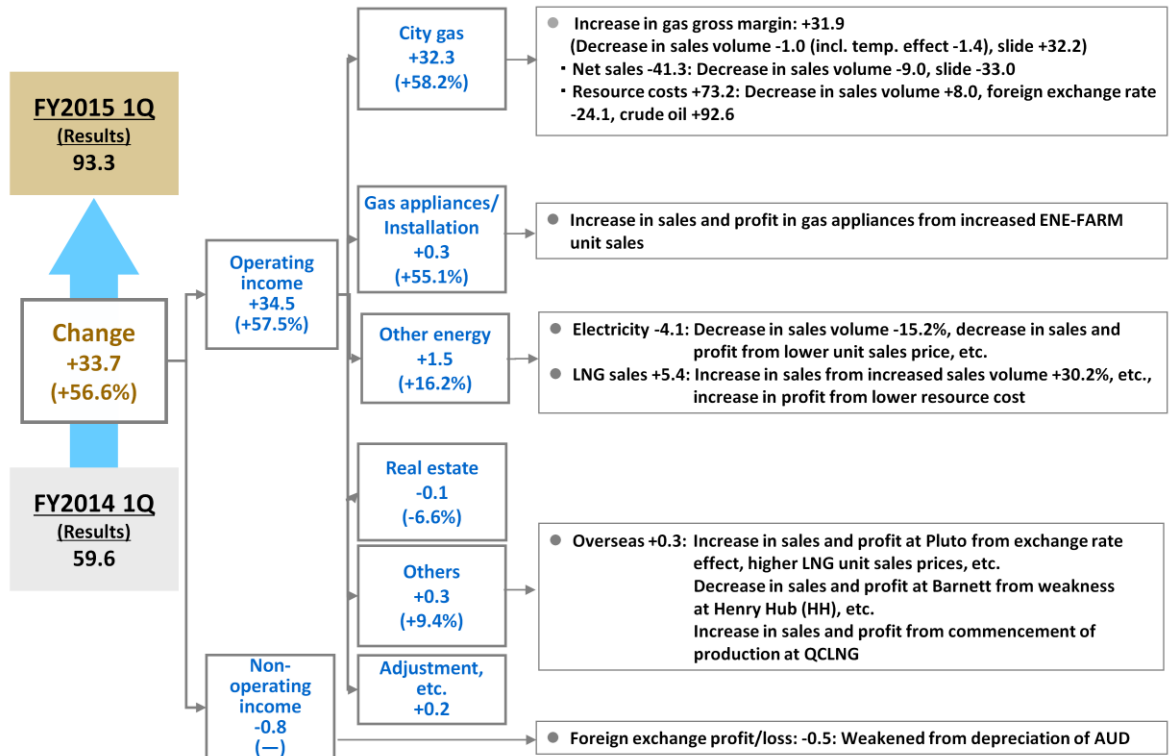
	Net Sales				Segment Income			
	FY2015 1Q	FY2014 1Q	Change	%	FY2015 1Q	FY2014 1Q	Change	%
City gas	348.2	389.8	-41.6	-10.7%	87.6	55.3	32.3	58.2%
Gas appliances and installation work	43.7	40.3	3.4	8.4%	0.9	0.6	0.3	55.1%
Other energy	86.8	97.5	-10.7	-10.9%	11.2	9.7	1.5	16.2%
(Electric power business)	29.6	41.2	-11.6	-28.2%	3.3	7.4	-4.1	-55.4%
Real estate	6.4	6.5	-0.1	-2.7%	1.5	1.6	-0.1	-6.6%
Others	42.4	46.0	-3.6	-7.6%	3.1	2.8	0.3	9.4%
(Overseas business)	8.5	7.6	0.9	12.3%	2.3	2.0	0.3	12.7%
Adjustment	-40.4	-46.3	5.9	—	-10.0	-10.2	0.2	—
Consolidated	487.3	534.0	-46.7	-8.7%	94.5	60.0	34.5	57.5%

- Notes:
- Net sales by business segment include internal transactions.
  - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
  - “Others” includes businesses in construction, information processing service, shipping, credit and leasing, and overseas, etc.
  - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
  - Parentheses indicate sub-segment (figures included in segment total).

Pages 5 and 6 show net sales and operating income by segment, and major factors behind them.

# FY2015 1Q Ordinary Income Analysis <vs. FY2014 1Q>

(Unit: billion yen)



Note: ( + ) & ( - ) refer to contributions to income.

Please have a look at page 6. Income in the City Gas segment increased 32.3 billion yen reflecting an increase of 32.2 billion yen in gross profit as a result of a marked improvement in slides, which I explained earlier, despite a decrease of 1 billion yen in gross profit due to reduced gas sales volume.

As for the Other Energy segment, income increased 1.5 billion yen.

Income from electric power business went down significantly by 4.1 billion yen. This was caused by a large decrease in electricity sales volume of 15.2% to about 2.3 billion kWh due mainly to maintenance work at power plants and lower unit prices.

On the other hand, income from LNG business went up significantly by 5.4 billion yen. Sales volume increased largely by about 30% as we started supplying the Hibiki Terminal of Saibu Gas last fall, while resource costs decreased thanks mainly to a drop in oil prices.

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## 2. FY2015 Full Year Forecast

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**Highlights: Initial profit plan unchanged**

(+ - , +/- indicates profit impact, billion yen)

- Reflecting lower 1Q gas sales volume vs. initial plan
- Change to economic framework: 2Q oil price to \$65/bbl from \$55/bbl
- The above will accelerate time lag recovery, making up for profit shortfall from lower 1Q sales volume, so full-year profit plan unchanged.

**Net sales** +43.0 : + City gas (+29.6: Increase in unit sales prices under resource cost adjustment system)  
 + Electricity (+10.5: Increase in sales volume from increased nighttime utilization)

**Operating expenses** -43.0 : - City gas resource costs (-30.1: Increase in resource costs from rise in crude oil prices)  
 - Power generation operating expenses (-10.1: Increase in fuel costs from increased sales volume)

**Operating income** ±0.0

(Unit: billion yen)

	Current forecast	Initial plan (4/28)	Change	%	FY2014 results	Change	%
Gas sales volume (mil. m <sup>3</sup> , 45MJ)	15,496	15,571	-75	-0.5%	15,541	-45	-0.3%
Net sales	1,932.0	1,889.0	+43.0	+2.3%	2,292.5	-360.5	-15.7%
Operating expenses	1,792.0	1,749.0	+43.0	+2.5%	2,120.7	-328.7	-15.5%
Operating income	140.0	140.0	0.0	0.0%	171.7	-31.7	-18.5%
Ordinary income — (a)	134.0	134.0	0.0	0.0%	168.1	-34.1	-20.3%
Profit attributable to owners of parent*	101.0	101.0	0.0	0.0%	95.8	+5.2	+5.4%
* Changed from "Net income" from FY2015							
Temperature effect — (b)	-5.6	0.0	-5.6	—	-4.1	-1.5	—
Sliding time lag effect — (c)	25.6	22.5	+3.1	—	27.8	-2.2	—
Depreciation of pension actuarial differences — (d)	-2.3	-2.3	0.0	—	3.0	-5.3	—
Adjusted ordinary income — (a) - (b)+(c)+(d)	116.3	113.8	+2.5	+2.2%	141.4	-25.1	-17.8%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)	Pension asset	Investment yield (cost deducted)	Discount rate		Year-end assets (billion yen)
						Annuity portion	Lump-sum portion	
Current forecast	120.36	63.62 <sup>1</sup>	16.2		5.57%	0.829%	0.358%	281.0
Previous forecast	120.00 <+0.36>	60.00 <sup>2</sup> <+3.62>	15.8 <+0.4>		1.61%	1.168%	0.571%	273.0

Figures in brackets are year-on-year increase/decrease <sup>1</sup>65.00 from 2Q <sup>2</sup>1H: 55.00/2H:65.00

Now I'd like to explain our forecasts for income and expenses for the full fiscal year which are shown on page 8, in comparison with our previous forecasts presented in April this year. Despite these downward revisions in gas sales volumes, the forecast for net sales was revised upward by 43 billion yen from the previous forecast.

This reflects a rise in unit sales prices from those shown in the previous plan, which is caused mainly by a change in the oil price forecast for the second quarter to 65 dollars per barrel from 55 dollars in the initial plan, in consideration of recent trends.

Profit in the first quarter was smaller compared with in the initial plan due to smaller gas sales volume. In the second quarter, however, time lag is expected recover due to the upward revision of oil prices, and our full-year profit plan remains unchanged.

## FY2015 Full Year Forecast: Consolidated Gas Sales Volume

### Initial Plan → Current Forecast

**-75 mil. m<sup>3</sup> (-0.5%)**

Including temp. effect -82 mil m<sup>3</sup>, -0.5%

<b>Residential</b>	-63 mil. m <sup>3</sup> (-1.8%)
● Temperature effect	-72 mil. m <sup>3</sup>
● Number of days	-2 mil. m <sup>3</sup>
● Number of customers	+1 mil. m <sup>3</sup>
● Others	+9 mil. m <sup>3</sup>

<b>Commercial</b>	+13 mil. m <sup>3</sup> (+0.5%)
● Temperature effect	-5 mil. m <sup>3</sup>
● Number of days	0 mil. m <sup>3</sup>
● Number of customers	+4 mil. m <sup>3</sup>
● Others	+14 mil. m <sup>3</sup>

<b>Industrial</b>	-2 mil. m <sup>3</sup> (-0.0%)
● Industrial:	-21 mil. m <sup>3</sup>
● Power generation:	+19 mil. m <sup>3</sup>

<b>Wholesale</b>	-23 mil. m <sup>3</sup> (-1.1%)
● Temperature effect	-5 mil. m <sup>3</sup>
● Others	-18 mil. m <sup>3</sup>
Decrease in demand from wholesale suppliers, etc.	

### FY2014 Results → Current Forecast

**-45 mil. m<sup>3</sup> (-0.3%)**

Including temp. effect -31 mil m<sup>3</sup>, -0.2%

<b>Residential</b>	-10 mil. m <sup>3</sup> (-0.3%)
● Temperature effect	-16 mil. m <sup>3</sup>
● Number of days	+8 mil. m <sup>3</sup>
● Number of customers	+46 mil. m <sup>3</sup>
● Others	-48 mil. m <sup>3</sup>

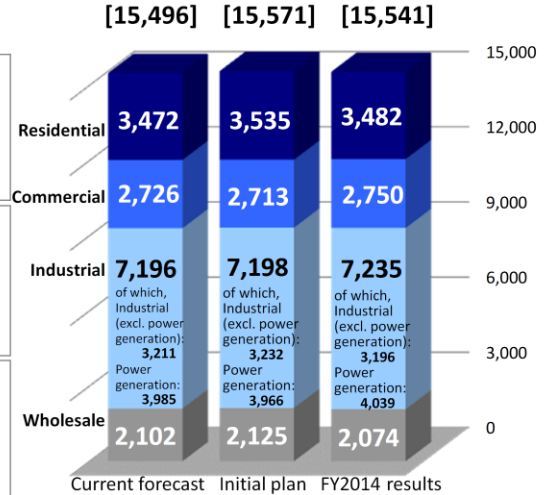
<b>Commercial</b>	-24 mil. m <sup>3</sup> (-0.9%)
● Temperature effect	-13 mil. m <sup>3</sup>
● Number of days	+9 mil. m <sup>3</sup>
● Number of customers	+17 mil. m <sup>3</sup>
● Others	-36 mil. m <sup>3</sup>

<b>Industrial</b>	-39 mil m <sup>3</sup> (-0.5%)
● Industrial:	+15 mil m <sup>3</sup>
● Power generation:	-54 mil. m <sup>3</sup>

<b>Wholesale</b>	+28 mil. m <sup>3</sup> (+1.3%)
● Temperature effect	-2 mil. m <sup>3</sup>
● Others	+30 mil. m <sup>3</sup>
Increase in demand from wholesale suppliers, etc.	

### Gas Sales Volume:

(Figures are rounded to nearest mil. m<sup>3</sup>.)



	Current forecast	Initial plan	Change
LNG liquid sales volume (thousand t)	1,204	1,237	-33
Average temperature (°C)	16.2	15.8	+0.4

Number of customers		(Unit: 10 thousand)
Current forecast	Initial plan	Change
1,138.8	1,138.8	+0.0 (+0.0%)

Our new sales volume forecast was down 0.5%, or 75 million m<sup>3</sup>, from the previous forecast. This reflects the difference between the forecast and results for the first quarter. Our forecasts for the second and following quarters remain unchanged.

The forecast for gas for residential use was revised down by 63 million m<sup>3</sup> in consideration of higher average temperatures in the first quarter compared with the forecast in the initial plan.

The forecast for gas for commercial use was revised upward by 13 million m<sup>3</sup>, as the energy-saving tendency did not become so apparent in the first quarter as expected in the initial plan.

In the Industrial segment, the forecast for gas for industrial use was revised downward by 21 million m<sup>3</sup>, in consideration of reduced operations at customer companies in the first quarter. On the other hand, the forecast for gas for power generation was revised upward by 19 million m<sup>3</sup>, as the effect of easier supply-demand balance was not so apparent as expected in the initial plan. Consequently, the forecast for the Industrial segment as a whole was revised only slightly downward.

The forecast for wholesale was revised down by 23 million m<sup>3</sup> mainly in light of decreased demand from wholesale suppliers and higher average temperatures in the first quarter.

**FY2015 Forecast**

● Gas sales volume (Vision Basis) (Unit: million m<sup>3</sup>)

	Current forecast	Initial plan	Change	FY2014	Change
Gas sales volume (financial accounting basis)	15,496	15,571	-75 -0.5%	15,541	-45 -0.3%
Gas volume used in-house under tolling arrangement	1,684	1,560	+124 +7.9%	1,669	+15 +0.9%
LNG sales volume (m3 basis)	1,506	1,547	-41 -2.7%	1,150	+356 +30.9%
Total	18,686	18,678	+8 +0.0%	18,360	+326 +1.8%

● Gas sales volume for industrial-use (Unit: million m<sup>3</sup>)

	Kashima area	Other	Total
Power generation	1,600	2,385	3,985
vs. Initial plan	+13 (+0.8%)	+6 (+0.3%)	+19 (+0.5%)
vs. FY2014 results	+11 (+0.7%)	-65 (-2.7%)	-54 (-1.3%)
General industrial	194	3,016	3,211
vs. Initial plan	-11 (-5.2%)	-11 (-0.4%)	-21 (-0.7%)
vs. FY2014 results	-12 (-5.4%)	+26 (+0.9%)	+15 (+0.5%)
Total	1,794	5,401	7,196
vs. initial plan	+2 (+0.2%)	-5 (-0.1%)	-2 (-0.0%)
vs. FY2014 results	+0 (+0.0%)	-39 (-0.7%)	-39 (-0.5%)

The upper table on page 10 shows so-called gas sales volume on a vision basis, which is a total of gas sales volume on a financial accounting basis, gas volume used in-house under tolling arrangement, and LNG sales volume. The lower table shows a breakdown of gas sales volume into those for power generation and those for general industrial uses in the Kashima area and the other areas.

## FY2015 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment <vs. Initial Plan (Announced on April 28)>

(Unit: billion yen)

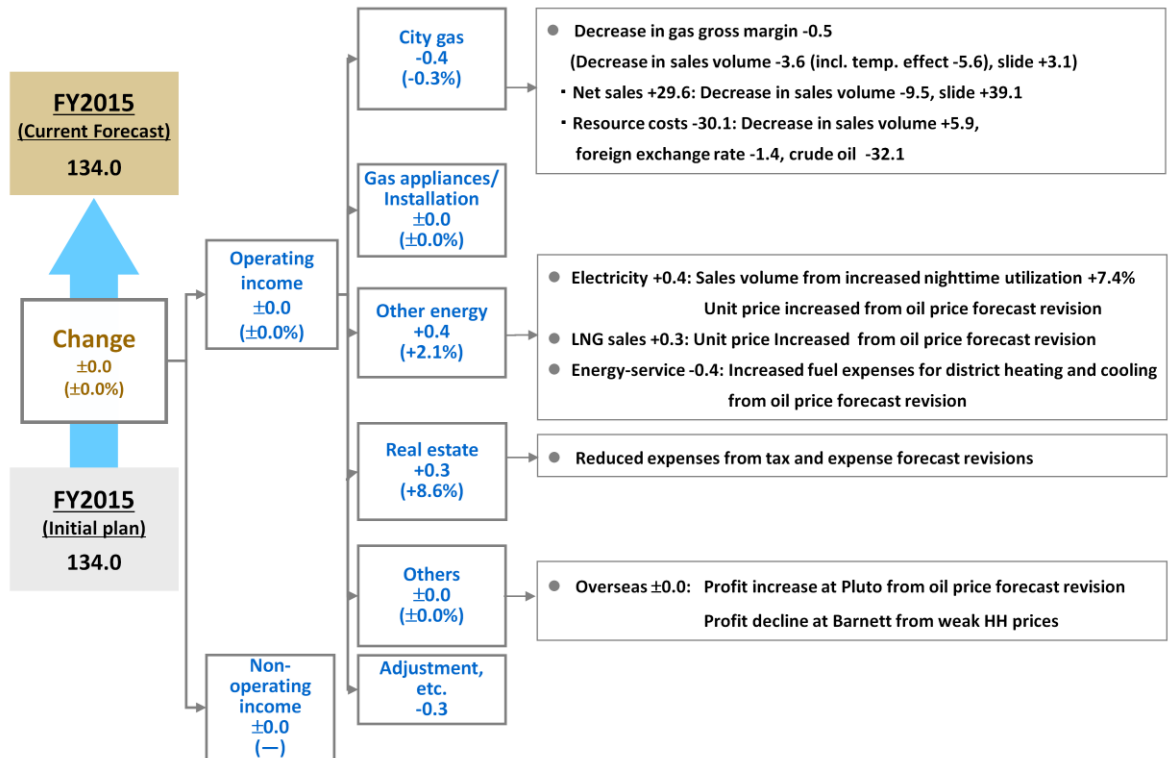
	Net Sales				Segment Income			
	Current forecast	Initial plan	Change	%	Current forecast	Initial plan	Change	%
City gas	1,332.6	1,303.0	29.6	2.3%	152.3	152.7	-0.4	-0.3%
Gas appliances and installation work	214.2	209.3	4.9	2.3%	1.5	1.5	0.0	0.0%
Other energy	352.5	338.7	13.8	4.1%	19.6	19.2	0.4	2.1%
(Electric power business)	126.9	116.4	10.5	9.1%	5.9	5.5	0.4	7.3%
Real estate	24.7	24.7	0.0	0.0%	3.8	3.5	0.3	8.6%
Others	192.4	197.8	-5.4	-2.7%	6.5	6.5	0.0	0.0%
(Overseas business)	33.5	34.0	-0.5	-1.4%	0.4	0.4	0.0	0.0%
Adjustment	-184.4	-184.5	0.1	—	-43.7	-43.4	-0.3	—
<b>Consolidated</b>	<b>1,932.0</b>	<b>1,889.0</b>	<b>43.0</b>	<b>2.3%</b>	<b>140.0</b>	<b>140.0</b>	<b>0.0</b>	<b>0.0%</b>

- Notes:
- Net sales by business segment include internal transactions.
  - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
  - “Others” includes businesses in construction, information processing service, shipping, credit and leasing, and overseas, etc.
  - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
  - Parentheses indicate sub-segment (figures included in segment total).

Pages 11 and 12 show forecasts by business segment, and major causes for differences from the initial plan.

# FY2015 Forecast: Ordinary Income Analysis <vs. Initial Plan>

(Unit: billion yen)



Note: ( + ) & ( - ) refer to contributions to income.

As explained earlier, despite an expected decrease in sales volume in the City Gas segment, income is estimated to be only 0.4 billion yen lower compared with the initial plan, due to an expected improvement in slides of 3.1 billion yen reflecting an expected time lag recovery thanks to changes in oil price forecasts.

In the meantime, electricity business is expected to generate increased income due to increased nighttime utilization and higher unit prices as a result of oil price forecast revision, while in LNG business, unit prices are expected to rise as a result of oil price forecast revision. Consequently, the estimate for Other Energy segment as a whole has been revised slightly upward by 0.4 billion yen.

**FY2015 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment**  
**<vs. FY2014 Results >**

(Unit: billion yen)

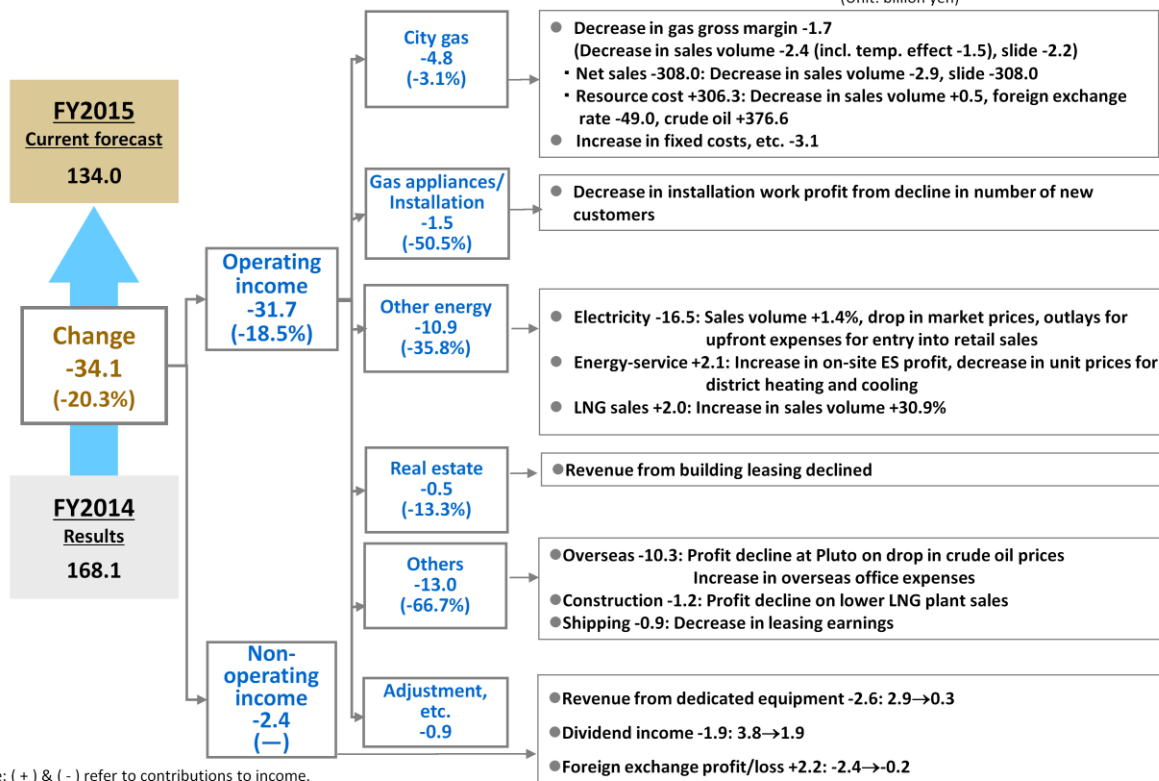
	Net Sales				Segment Income			
	Current forecast	FY2014	Change	%	Current forecast	FY2014	Change	%
City gas	1,332.6	1,640.9	-308.3	-18.8%	152.3	157.1	-4.8	-3.1%
Gas appliances and installation work	214.2	204.9	9.3	4.5%	1.5	3.0	-1.5	-50.5%
Other energy	352.5	408.2	-55.7	-13.7%	19.6	30.5	-10.9	-35.8%
(Electric power business)	126.9	165.8	-38.9	-23.5%	5.9	22.4	-16.5	-73.7%
Real estate	24.7	25.9	-1.2	-4.8%	3.8	4.3	-0.5	-13.3%
Other	192.4	226.2	-33.8	-15.0%	6.5	19.5	-13.0	-66.7%
(Overseas business)	33.5	40.5	-7.0	-17.4%	0.4	10.7	-10.3	-96.3%
Adjustment	-184.4	-213.7	29.3	—	-43.7	-42.8	-0.9	—
Consolidate	1,932.0	2,292.5	-360.5	-15.7%	140.0	171.7	-31.7	-18.5%

- Notes:
- Net sales by business segment include internal transactions.
  - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
  - “Others” includes businesses in construction, information processing service, shipping, credit and leasing, and overseas, etc.
  - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
  - Parentheses indicate sub-segment (figures included in segment total).

Pages 13 and 14 show information by segment as compared with results for fiscal 2014.

# FY2015 Forecast: Ordinary Income Analysis <vs. FY2014 Results>

(Unit: billion yen)



Note: ( + ) & ( - ) refer to contributions to income.

## Key Indicators (Consolidated)

	FY2015 Current forecast	FY2014 Results	FY2013 Results
Total assets (a)	23,300	22,576	21,768
Shareholders' equity (b)	11,170	10,695	10,117
Shareholders' equity ratio (b)/(a)	47.9%	47.4%	46.5%
Interest-bearing debt (c)	7,660	7,307	7,138
D/E ratio (c)/(b)	0.69	0.68	0.71
Net income attribute to the parent company (d)*	1,010	958	1,084
Depreciation (e)	1,430	1,418	1,403
Operating cash flow (d) + (e)	2,440	2,376	2,488
Capex	2,700	2,245	2,480
ROA: (d)/(a)	4.4%	4.3%	5.2%
ROE: (d)/(b)	9.2%	9.2%	11.2%
TEP	156	434	507
WACC	3.6%	3.6%	3.2%
Total payout ratio	approx. 60%	60.8%	60.0%

Notes: Shareholders' equity = Net assets – Non-controlling interests  
 ROA = Net income / Total assets (average of the amounts as of the end of the previous period and end of the current period)  
 ROE = Net income / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)  
 Balance sheet figures are as of the corresponding term-end  
 Operating cash flow = Net income + Depreciation (including depreciation of long-term prepaid expenses)  
 Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income

\* Described "Net Income" until FY 2014

TEP: (Tokyo Gas Economic Profit): Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)  
 ○ Shareholder's Capital: market capitalization  
 ○ Items for WACC calculation (FY2015 forecast):  
 • Cost of interest-bearing debt: actual interest rate (1.1%, after tax)  
 • Cost rate for shareholders' equity  
 • Risk free rate: 10-year JGB yield (0.58%)  
 • Risk premium: 5.5%, β: 0.75

Page 15 shows key indicators on a consolidated basis. As initially planned, we plan to realize a total payout ratio of around 60% in fiscal 2015.



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### 3. Reference Materials

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## Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings			
		2Q	3Q	4Q	Full year
Period	2Q	-0.2	-1.1	+1.5	+0.2
	3Q	—	-0.2	-1.6	-1.8
	4Q	—	—	-0.4	-0.4
	Full year	-0.3	-1.1	-0.5	-2.0

## Impact of yen depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings			
		2Q	3Q	4Q	Full year
Period	2Q	-0.7	+0.6	+0.2	+0.1
	3Q	—	-0.8	+1.0	+0.2
	4Q	—	—	-1.2	-1.2
	Full year	-0.7	-0.2	0.0	-0.9



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

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, 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, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.

**< Calculation method >**

Numerical amounts in these materials are shown with fractional portions disregarded or rounded, while percentage changes are calculated based on the actual figures. This may result in discrepancies between the amounts and percentages as shown.

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