

**FY2016 Financial Results
ended Mar. 31, 2017**



April 28, 2017

1. FY2016 Consolidated Financial Results

ended March 31, 2017



FY2016 Consolidated Financial Results (Apr. 1, 2016 – Mar. 31, 2017) <vs. FY2015>



Highlights: Sales Down, Profit Down

(+ - , +/- indicate impact on profit, billion yen)

Net sales	-297.6 :	-	City gas (-254.6: Decrease in unit price, etc. due to resource cost adjustment -277.7, increase in sales volume +21.8)
		-	Energy-related (-90.9: LNG sales -33.1 (decrease in unit price due to decrease in crude oil price), Engineering solutions -28.2 (lower volume of projects, etc.), appliances -26.6 (due to deconsolidation of GASTAR, etc.))
Operating expenses	+163.9:	+	Electricity (+20.9: Increase in sales volume, etc. with entry into retail sales)
		+	City gas resource costs, etc. (+173.7: Decrease in unit price arising from economic framework assumptions +185.4, increase in volume -11.7)
Operating income	-133.7:	-	City gas (-115.5: Gas gross margin -82.3 (including sliding time lag effect -89.2), increase in fixed costs -34.6)
		-	Energy-related (-11.8: LNG sales -11.6 (including sliding time lag effect -11.0))
		-	Electricity (-4.9: Increase in depreciation and retail sales expenses)
Extraordinary income/loss	+46.3:	+	FY2016 +13.3: Gain on sale of investment securities +9.1, gain on sale of non-current assets +6.6, impairment loss -2.4
			FY2015 -33.0: loss on valuation of investment securities -4.7, Impairment loss -28.2

(billion yen)

	FY2016	FY2015	Change	%
Gas sales volume (million m3, 45 MJ)	15,720	15,436	+284	+1.8%
Electricity sales volume (million kWh)	12,654	10,959	+1,695	+15.5%
(Breakdown)				
Retail sales (million kWh, receiving end)	2,254	0	+2,254	—
Other sales (million kWh)	10,400	10,959	-559	-5.1
Net sales	1,587.0	1,884.6	-297.6	-15.8%
Operating expenses	1,528.7	1,692.6	-163.9	-9.7%
Operating income	58.3	192.0	-133.7	-69.6%
Segment income (operating income + equity income of subsidiary)	61.9	194.1	-132.2	-68.1%
Ordinary income ⁽¹⁾	55.6	188.8	-133.2	-70.5%
Extraordinary income/loss	13.3	-33.0	+46.3	-
Profit attributable to owners of parent	53.1	111.9	-58.8	-52.5%
Temperature effect ⁽²⁾	-9.8	-17.3	+7.5	—
Sliding time lag effect (city gas, LNG sales) ⁽³⁾	-19.9	80.3	-100.2	—
Amortization of actuarial differences ⁽⁴⁾	-24.0	-2.3	-21.7	—
Adjusted ordinary income ⁽¹⁾⁻⁽²⁾⁺⁽³⁾⁺⁽⁴⁾	109.3	128.1	-18.8	-14.7%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
FY2016	108.38	47.51	16.3
FY2015	120.17<-11.79>	48.75<-1.24>	16.6<-0.3>

Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2016	1.57%	0.389%	0.055%	277.0
FY2015	2.92%	0.236%	0.000%	281.0

Figures in <> brackets indicate year-on-year increase/decrease.

Expected rate of return: 2%

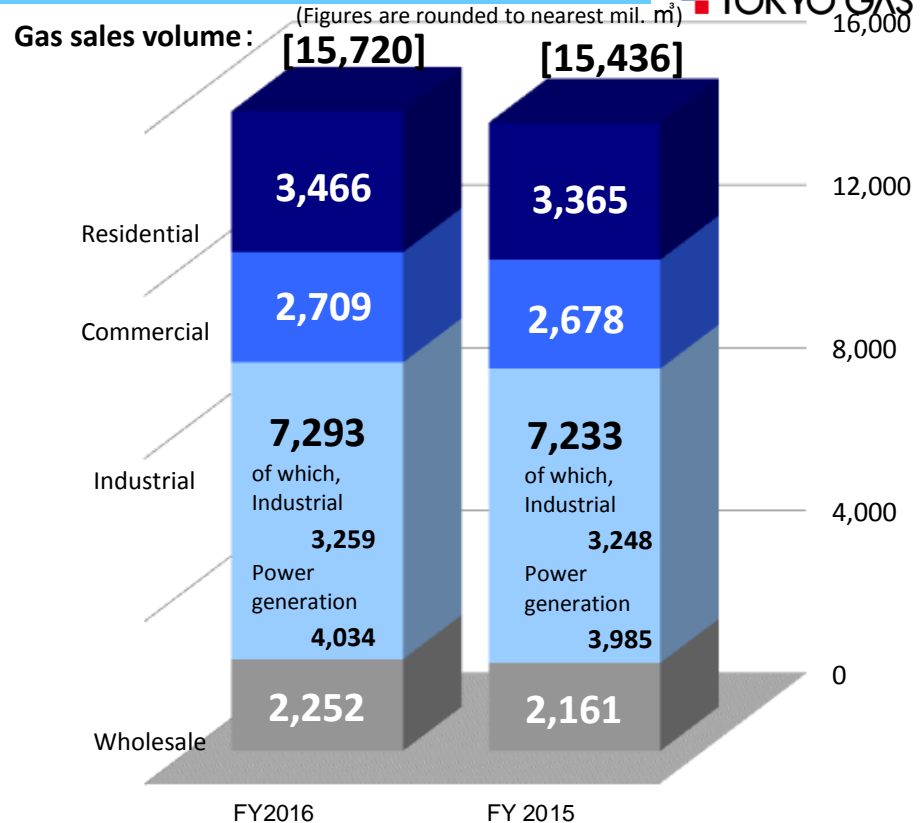
FY2016 Consolidated Gas Sales Volume<vs. FY2015>

FY2016 Results (vs. FY2015)

+284 mil. m³ (+1.8%)

[including temperature effect +136 mil. m³, +0.9%]

Residential + 101 mil. m ³ (+ 3.0%)	
● Temperature effect	+83 mil. m ³
● Number of days	+8 mil. m ³
● Number of customers	+50 mil. m ³
● Others	- 40 mil. m ³
Commercial + 31 mil. m ³ (+ 1.2%)	
● Temperature effect	+41 mil. m ³
● Number of days	- 2 mil. m ³
● Number of customers	+18 mil. m ³
● Others	- 26 mil. m ³
Industrial +60 mil. m ³ (+0.8%)	
● Industrial	+11 mil. m ³
● Power generation	+49 mil. m ³
Wholesale +91 mil. m ³ (+4.2%)	
● Temperature effect	+12 mil. m ³
● Others	+79 mil. m ³
Increase in demand from wholesale suppliers, etc.	



Number of customers (10 thousands)

	FY2016 Results	FY2015 Results
	1,153.6	1,139.8 +13.8 (+1.2%)
	FY2016 Results	FY2015 Results
LNG sales volume (thousand t)	1,070	1,147 (-77)
Average temperature (°C)	16.3	16.6 (-0.3)

FY2016 Gas Sales Volume (Vision Basis) <vs. FY2015>

■ Gas sales volume (Vision Basis)

(Unit: million m³)

	FY2016 Results	FY2015 Results	Change
Gas sales volume (financial accounting basis)	15,720	15,436	+284
			+1.8%
Gas volume used in-house under tolling arrangement	1,996	1,717	+279
			+16.2%
LNG sales volume (m3 basis)	1,337	1,434	-97
			-6.7%
Total	19,053	18,587	+466
			+2.5%

FY2016 Results : Sales and Operating Income/Loss by Business Segments <vs. FY2015 >

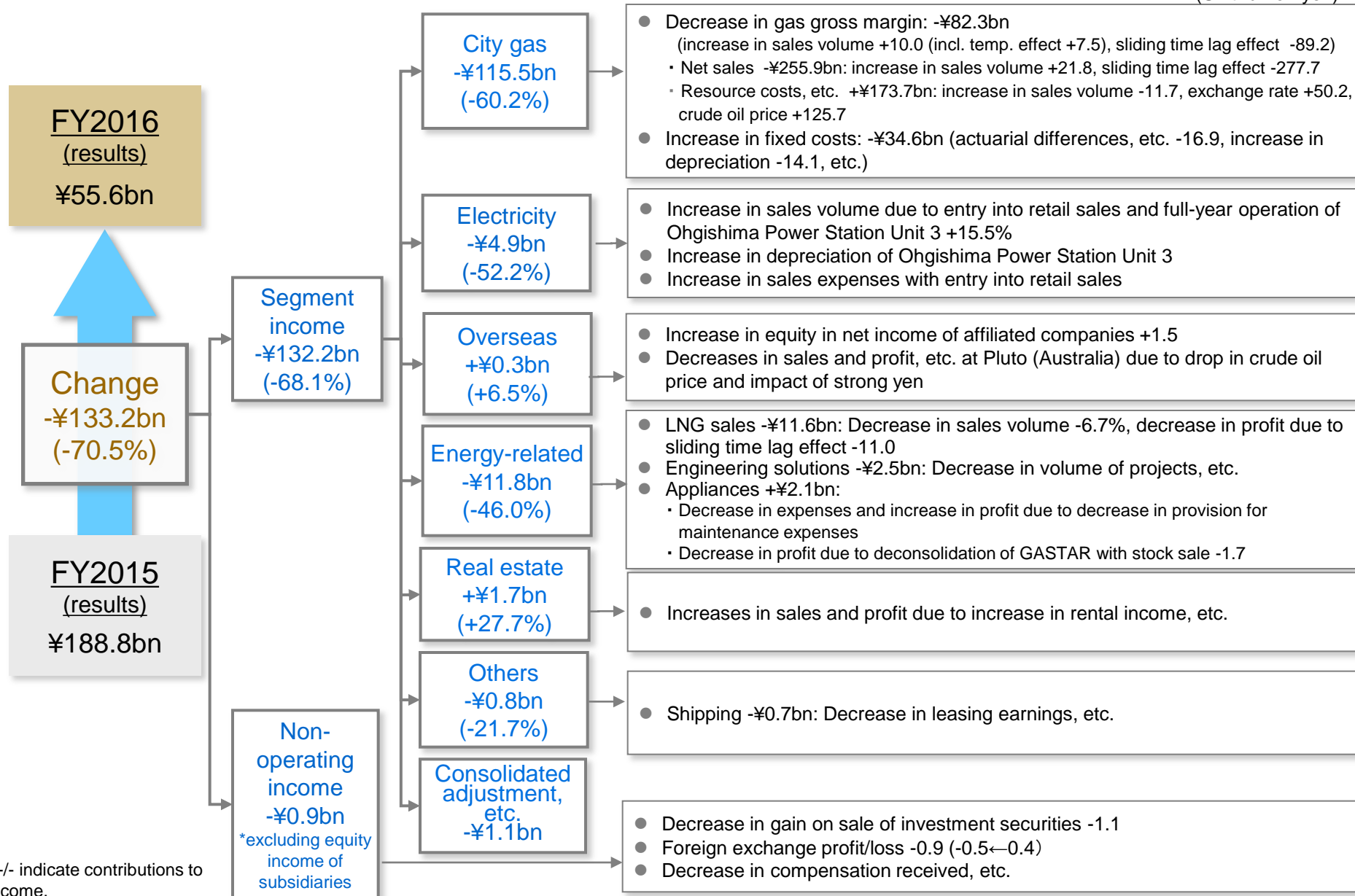


(unit : billion yen)

	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2016 Results	FY2015 Results	Change	%	FY2016 Results	FY2015 Results	Change	%
City Gas	1,040.0	1,294.6	-254.6	-19.7	76.5	192.0	-115.5	-60.2
Electric Power	145.7	124.8	20.9	16.7	4.4	9.3	-4.9	-52.2
Overseas business	31.9	30.1	1.8	5.8	4.4	4.1	0.3	6.5
Energy-related	459.5	550.4	-90.9	-16.5	13.7	25.5	-11.8	-46.0
(Engineering Solutions)	111.6	139.8	-28.2	-20.1	4.9	7.4	-2.5	-34.2
(LNG sales)	91.2	124.3	-33.1	-26.6	3.3	14.9	-11.6	-77.8
Real estate	41.4	39.3	2.1	5.2	7.8	6.1	1.7	27.7
Others	89.0	80.2	8.8	11.0	3.2	4.0	-0.8	-21.7
Adjustment	-220.7	-235.1	14.4	—	-48.2	-47.1	-1.1	—
Consolidated	1,587.0	1,884.6	-297.6	-15.8	61.9	194.1	-132.2	-68.1

- Notes:
- Net sales by business segments include internal transactions.
 - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
 - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
 - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

FY2016 Results: Ordinary Income Analysis <vs. FY2015)



*+/- indicate contributions to income.

Capital expenditure

(Unit : billion yen)

Capex	Main items	Ref:FY2015 results
Tokyo Gas : 153.2 (-29.6, -16.2%)	Production facilities : 22.4 (-15.6) Hitachi LNG terminal expansion, etc.	Tokyo Gas : 182.8
	Distribution facilities : 94.3 (-13.4) Koga-Moka Line installation, New demand development, etc.	
	Service and maintenance facilities : 36.3 (-0.6) System-related investment, Real estate-related investment, etc.	
Total of Consolidated Subsidiaries : 54.0 (+0.1, +0.1%)	<ul style="list-style-type: none"> ▪ Tokyo Gas Engineering solutions 15.0 (+5.3) ▪ Overseas 14.0 (-3.5) ▪ Real estate related investment 5.6 (-1.2) 	Total of Consolidated Subsidiaries : 53.9
Total 203.3 (-28.7,-12.4%, after eliminations in consolidation)		Total : 232.0 (after elimination in consolidation)

※ Numbers in parentheses refer to comparisons with FY2015 results

Investment and financing

13.8 (Investment and financing 16.3, collection -2.5, vs FY2015 results +5.0)

Returns to Shareholders

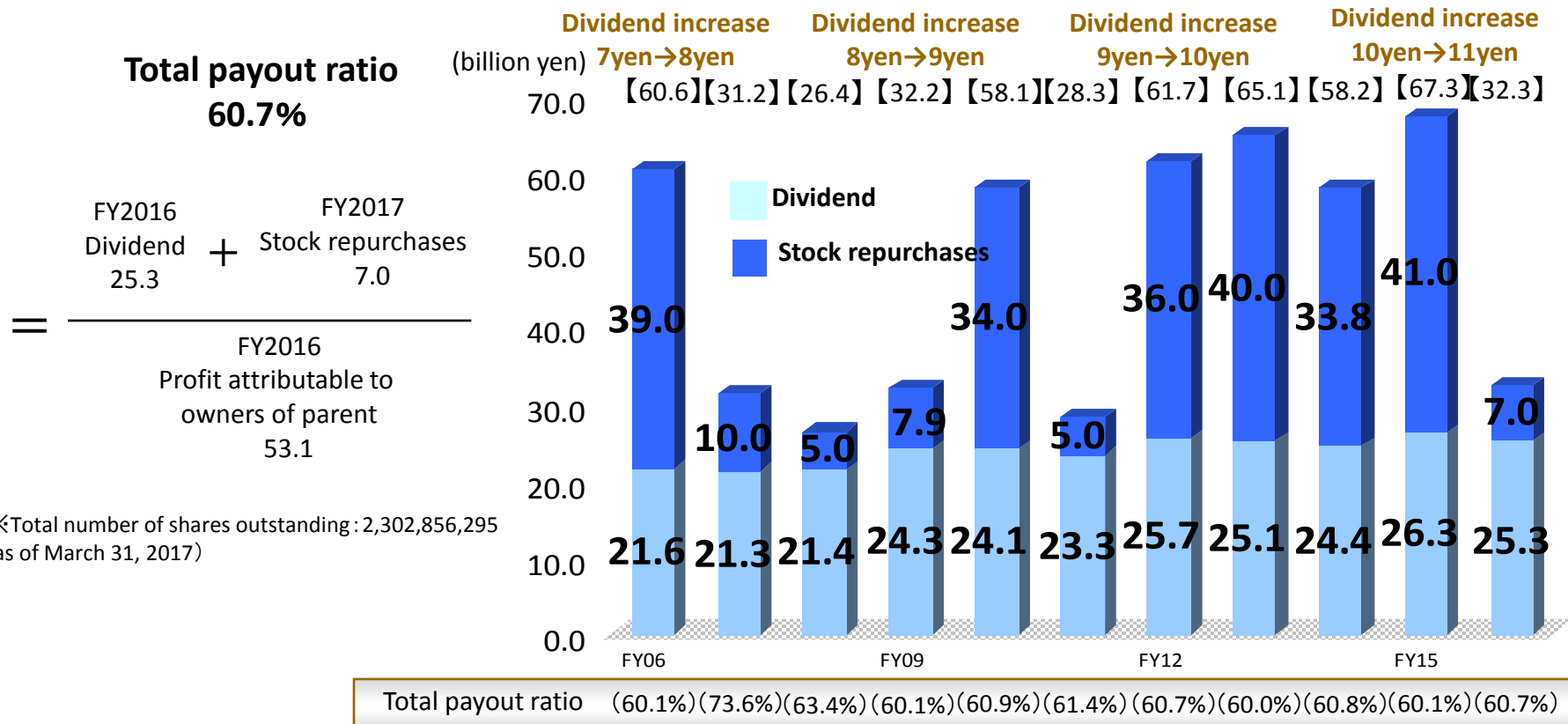
■ Our financial policy is to provide returns to shareholders through dividends and stock repurchases, with a target total payout ratio (dividends and stock repurchases as percentage of consolidated net income) of approx.60% each year until FY2020

■ As per this policy, returns to shareholders in FY2017 will maintain as shown below.

- Will maintain annual dividend ¥11 per share (Total dividend for FY2016:25.3 billion yen)
- Will repurchase treasury stock shares for liquidation up to the cap of 15million shares(0.7%) for ¥7.0 billion.

Maintaining 60% total payout ratio

Change in total payout amount and dividend



※Total number of shares outstanding : 2,302,856,295 (as of March 31, 2017)

2. FY2017 Full Year Forecast

FY2017 Forecast (Apr. 1, 2017 – Mar. 31, 2018) <vs. FY2016 Results>

Highlights: Sales Up, Profit increase

(+ - , +/- indicate impact on profit, billion yen)

Net sales	+226.0	:	+ City gas (+113.3: Increase in unit price due to resource cost adjustment, etc.) + Electricity (+69.0: Increase in sales volume, etc. due to increase in retail customers) + Energy-related (+45.6: LNG sales +20.9, increase in orders in engineering solutions, etc. +11.0)
Operating income	+23.7	:	+ City gas (+15.2: Actuarial differences, etc.) + Electricity (+4.6: Increase in gross margin due to increase in number of retail customers, increase in retail sales expenses, etc.) + Overseas (+4.8: Increase in profit from upstream projects, etc.)
Extraordinary income/loss	-13.3	:	- Energy-related (-6.3: LNG sales -2.8, engineering solutions -1.3, appliances and projects -1.3) - FY2016 +13.3: Gain on sale of investment securities +9.1, gain on sale of non-current assets +6.6, impairment loss -2.4

	FY2017 forecast	FY2016 results	Change	%
Gas sales volume (million m ³ , 45 MJ)	15,148	15,720	-572	-3.6%
Electricity sales volume (million kWh)	14,696	12,654	+2,042	+16.1%
Net sales	1,813.0	1,587.0	+226.0	+14.2%
Operating expenses	1,731.0	1,528.7	+202.3	+13.2%
Operating income	82.0	58.3	+23.7	+40.5%
Segment income (operating income + equity income of subsidiary)	83.6	61.9	+21.7	+34.9%
Ordinary income ⁽¹⁾	75.0	55.6	+19.4	+34.7%
Extraordinary income/loss	0.0	13.3	-13.3	—
Profit attributable to owners of parent	55.0	53.1	+1.9	+3.5%
Temperature effect ⁽²⁾	0	-7.4	+7.4	—
Sliding time lag effect (city gas, LNG sales) ⁽³⁾	-28.8	-19.9	-8.9	—
Amortization of actuarial differences ⁽⁴⁾	7.7	-24.0	+31.7	—
Adjusted ordinary income ⁽¹⁾⁻⁽²⁾⁺⁽³⁾⁺⁽⁴⁾	96.1	106.9	-10.8	-10.1%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
FY2017 forecast	115.00	55.00	15.9
FY2016 results	108.38(+6.62)	47.51 (+7.49)	16.3(-0.4)

Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2016	1.57%	0.389%	0.055%	277.0
FY2015	2.92%	0.236%	0.000%	281.0

Figures in parentheses indicate change from previous year's results.

FY2017 Full Year Forecast ; Consolidated Gas Sales Volume / Electricity Sales Volume

Consolidated Gas Sales Volume

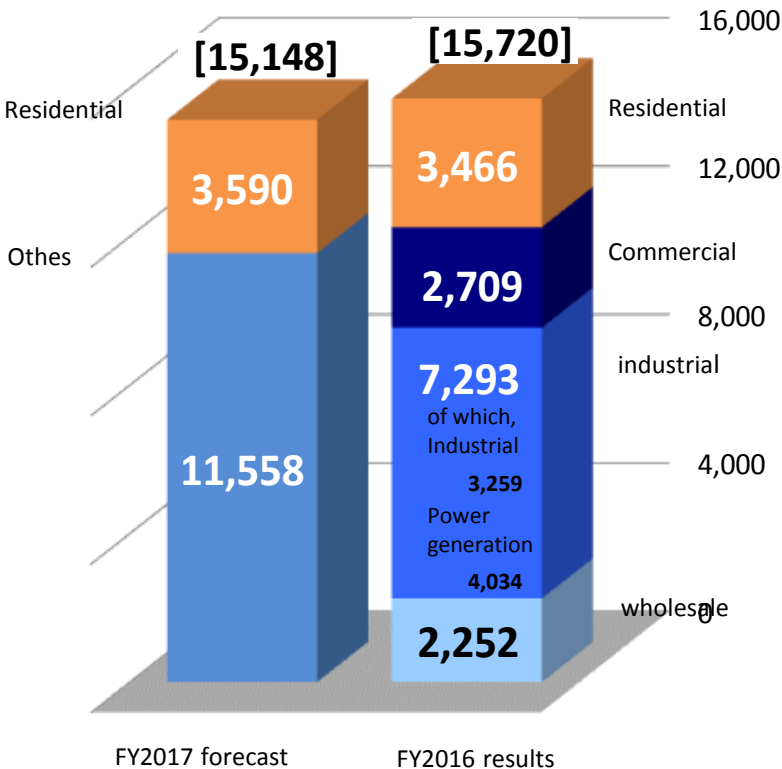
-572 mil m³ (-3.6%)

[Including temperature effect +117mil. m³,+0.7%]

- Residential +124 mil. m³(3,590←3,466 (+3.6%))
- Others -696 mil. m³(11,558←12,254) (-5.7%)

Gas sales Volume :

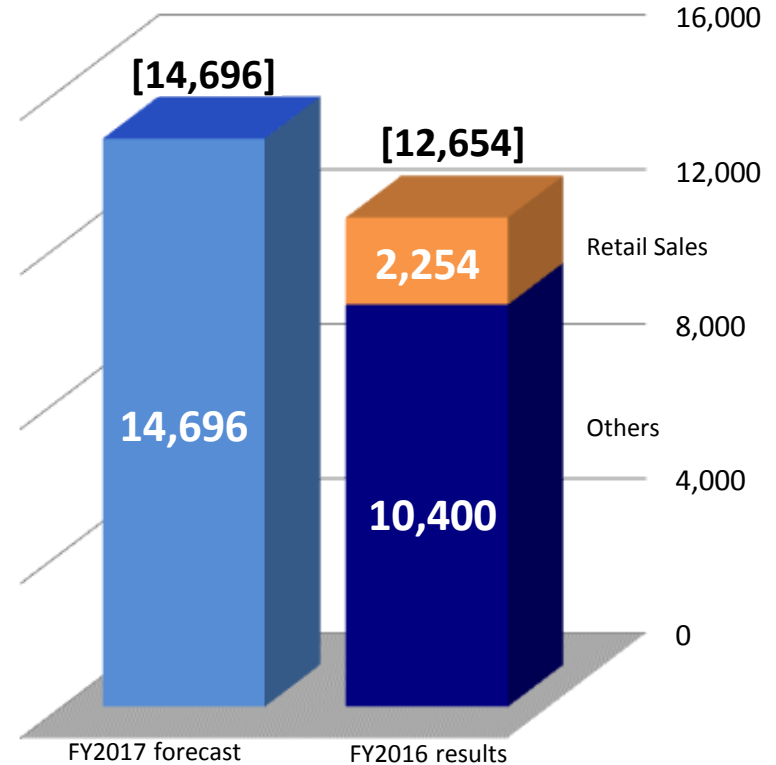
(Figures are rounded nearest mil m³)



Electricity Sales Volume

+2,042 mil kWh (+16.1%)

(Figures are rounded nearest mil kWh)



Number of customers(Gas/Electricity), LNG sales volume, Average temperature

	FY2017 Forecast	FY2016 Results	Change
Gas: Number of customers(meters) (10 thousands, meter)	1,166.8	1,153.6	+13.2 (+1.1%)
Electricity: Number of Retail customers (contracts) (10 thousands)	100.0	72.8	+27.2 (+37.4%)
LNG sales volume (thousands t)	1,120	1,070	(+50)
Average temperature (°C)	15.9	16.3	(-0.4)

● Gas Sales Volume (Vision Basis)

(Unit : mil. m3)

	FY2017 Forecasts	FY2016 Results	Change
Gas Sales Volume (financial accounting basis)	15,148	15,720	-572
			-3.6%
Gas volume used in-house under tolling agreement	2,015	1,996	+19
			+1.0%
LNG sales (m3 basis)	1,400	1,337	+63
			+4.7%
Total	18,563	19,053	-490
			-2.6%

FY2017 Full Year Forecast : Sales and Income/Loss by Business Segments

<vs. FY2016 Results >



(unit : billion yen)

	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2017 Forecast	FY2016 Results	Change	%	FY2017 Forecast	FY2016 Results	Change	%
City Gas	1,153.3	1040.0	113.3	10.9	91.7	76.5	15.2	19.8
Electric Power	214.7	145.7	69.0	47.3	9.0	4.4	4.6	102.1
Overseas business	44.4	31.9	12.5	39.0	7.3	4.4	2.9	65.8
Energy-related	505.1	459.5	45.6	9.9	7.4	13.7	-6.3	-46.3
(Engineering solutions)	122.6	111.6	11.0	9.8	3.6	4.9	-1.3	-26.6
(LNG sales)	127.3	91.2	36.1	39.6	0.5	3.3	-2.8	-84.9
Real estate	42.5	41.4	1.1	2.6	7.5	7.8	-0.3	-4.5
Others	98.6	89.0	9.6	10.7	1.2	3.2	-2.0	-62.6
Adjustment	-245.6	-220.7	-24.9	—	-40.5	-48.2	7.7	—
Total	1,813.0	1,587.0	226.0	14.2	83.6	61.9	21.7	34.9

- Notes:
- Net sales by business segments include internal transactions.
 - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
 - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
 - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

FY2017 Forecast: Ordinary Income Analysis <vs. FY2016 Results>

FY2017
(current
forecast)
¥75.0bn

Change
+¥19.4bn
(+34.7%)

FY2016
(results)
¥55.6bn

**Segment
income**
+¥21.7bn
(+34.9%)

**Non-
operating
income/loss**
-¥2.3bn
*excluding
equity income
of subsidiaries

City gas
+¥15.2bn
(+19.8%)

Electricity
+¥4.6bn
(+102.1%)

Overseas
+¥2.9bn
(+65.8%)

**Energy-
related**
-¥6.3bn
(-46.3%)

Real estate
-¥0.3bn
(-4.5%)

Others
-¥2.0bn
(-62.6%)

**Consolidated
adjustment,
etc.**
+¥7.7bn

- Decrease in gas gross margin -¥1.6bn (sliding time lag effect -6.1, effect in volume difference, etc. +4.5 (incl. temp. effect +7.4))
 - Net sales +¥113.3bn: sliding time lag effect +136.7 effect in volume difference, etc. -23.4
 - Resource costs, etc. -¥114.9bn: sliding time lag effect -142.8, (exchange rate -30.0, crude oil price -97.2), effect in volume difference, etc. +27.9
- Decrease in fixed costs +¥16.8bn (actuarial differences, increase in expense for deregulation of gas market, etc.)

- Increase in sales volume due to increase in number of retail customers +16.1%
- Increases in retail sales expenses

- Increase in profit due to commencement of sales of LNG produced by the Gorgon LNG project

- LNG sales -¥2.8bn: Sliding time lag effect -¥2.8bn
- Engineering solutions -¥1.3bn: Increase in fixed costs with increase in personnel, etc.
- Decrease in gross margin on appliances, etc.

- Information services -¥0.4bn: Decrease in profit due to increase in cost

- Decrease in insurance fees, etc.

(Unit: billion yen)

Capital expenditure

Capex	Main items	Ref:FY2016 results
Tokyo Gas : 196.0 (+42.8, +27.9%)	Production facilities : 21.0 (-1.4) Hitachi LNG terminal expansion, etc.	Tokyo Gas : 153.2
	Distribution facilities : 99.2 (+4.9) Ibaraki Line/Koga-Moka Line installation, New demand development, etc.	
	Service and maintenance facilities : 75.7 (+39.4) Real estate-related investment, System-related investment, etc.	
Total of Consolidated Subsidiaries : 73.6 (+19.6, +36.2%)	<ul style="list-style-type: none"> ▪ Oversea 14.6 (+6.0) ▪ Real estate related investment 6.8 (+1.2) ▪ Tokyo Gas Engineering Solutions 24.9 (+9.9) 	Total of Consolidated Subsidiaries : 54.0
Total : 265.0 (+61.7, +30.3%, after eliminations in consolidation)		Total : 203.3 (after eliminations in consolidation)

※ Numbers in parentheses refer to comparisons with FY2016 results

Investment and financing

41.9 (Investment and financing 43.5, collection -1.6, vs. FY2016 results +28.1)

Key Indicators (Consolidated)

(unit: billion yen)

	FY2017 Forecast	FY2016 Results	FY2015 Results
Total assets (a)	2,341.0	2,230.2	2,251.5
Shareholders' equity (b)	1,119.0	1,101.4	1,100.2
Shareholders' equity ratio (b)/(a)	47.8%	49.4%	48.9%
Interest-bearing debt (c)	809.0	713.5	715.7
D/E ratio (c)/(b)	0.72	0.65	0.65
Profit attributable to owners of parents (d)	55.0	53.1	111.9
Depreciation (e)	168.0	164.3	145.1
Operating cash flow (d) + (e)	223.0	217.4	257.1
Capex	265.0	203.3	232.0
ROA: (d) / (a)	2.4%	2.4%	5.0%
ROE: (d) / (b)	5.0%	4.8%	10.3%
TEP	8.3	-6.2	67.6
WACC	2.9%	3.0%	3.4%
Total payout ratio	Approx. 60%	60.7%	60.1%

Note: Shareholders' equity = Net assets – minority 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 = [FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net income

TEP (Tokyo Gas Economic Profit) : Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)
 Items for WACC calculation (FY2017 forecast)
 • Cost of interest-bearing debt : forecast interest rate (1.11%, after tax)
 • Cost rate for shareholders' equity
 • Risk free rate : 10-year JGB yield 0.11%
 • Market Risk premium : 5.5% β: 0.75

3. Reference Materials

Gas Gross Margin Sensitivity to Change in Crude Oil Price and Exchange Rate

Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.3	-0.8	+0.8	+0.4	+0.1
	2Q		-0.2	-0.9	+1.2	+0.1
	3Q	—	—	-0.3	-1.2	-1.5
	4Q	—	—	—	-0.4	-0.4
	Full year	-0.3	-1.0	-0.4	0.0	-1.7

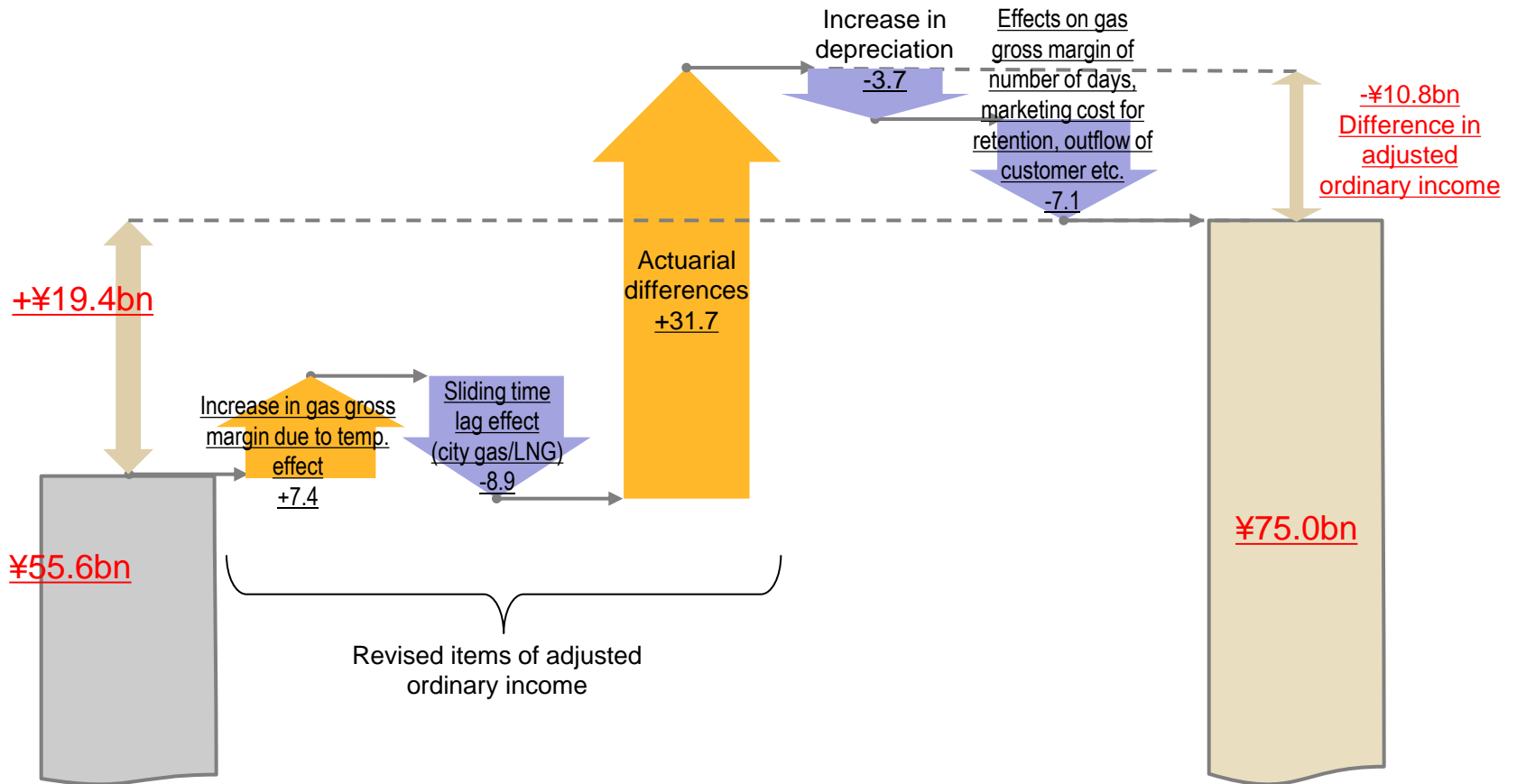
Impact of depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.6	+0.5	+0.1	-0.1	-0.1
	2Q	—	-0.6	+0.6	+0.2	+0.2
	3Q	—	—	-0.8	+0.8	0.0
	4Q	—	—	—	-0.9	-0.9
	Full year	-0.6	-0.1	-0.1	0.0	-0.8

FY2016 results

FY2017 forecast





< 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.

TSE:9531