

FY2016 3Q Financial Results



January 31, 2017

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**1. FY2016 3Q Consolidated Financial Results**  
**ended December 31, 2016**

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# FY2016 3Q Consolidated Results (Apr. 1, 2016 – Dec. 31, 2016) <vs. FY2015 3Q>



## Highlights: Sales Down, Profit Down

(+ - indicate impact on profit, billion yen)

<b>Net sales</b>	-253.9:	-	City gas	(-211.1: Decrease in unit price, etc. due to resource cost adjustment -231.0, increase in sales volume +18.5)
		-	Energy-related	(-68.5: Engineering solutions -25.9 (lower volume of projects, etc.), appliances -20.2 (due to deconsolidation of GASTAR, etc.), LNG sales -18.1 (decrease in unit sales due to decrease in crude oil price))
<b>Operating expenses</b>	+153.5:	+	Electricity	(+11.1: Increase in sales volume, etc. with entry into retail sales)
		+	City gas resource costs, etc.	(+162.7: Decrease in unit price arising from economic framework assumptions, etc. +173.2, increase in volume -10.5)
<b>Operating income</b>	-100.3:	-	City gas	(-79.8: Gas gross margin -49.8 (including sliding time lag effect -54.7), increase in fixed costs -31.3)
		-	Energy-related	(-13.0: LNG sales -6.3 (including sliding time lag effect -6.1), appliances -3.7, engineering solutions -2.2)
		-	Electricity	(-6.4: Increases in depreciation and retail sales expenses)
<b>Extraordinary income/loss</b>	+22.0:	+	Impairment loss	+19.1 (FY2016 3Q 0.0 ← FY2015 3Q 19.1)
			Gain on sale of investment securities	+2.9 (FY2016 3Q 2.9 ← FY2015 3Q 0.0)

(billion yen)

	FY2016 3Q	FY2015 3Q	Change	%
Gas sales volume (million m <sup>3</sup> , 45 MJ)	11,086	10,833	+253	+2.3%
Electricity sales volume (million kWh)	9,266	7,491	+1,775	+23.7%
Net sales	1,086.0	1,339.9	-253.9	-18.9%
Operating expenses	1,057.9	1,211.4	-153.5	-12.7%
Operating income	28.1	128.4	-100.3	-78.1%
Segment income (operating income + equity income of subsidiary)	29.8	130.0	-100.2	-77.1%
Ordinary income <sup>(1)</sup>	25.5	125.3	-99.8	-79.6%
Extraordinary income/loss	2.9	-19.1	+22.0	-
Profit attributable to owners of parent	17.4	78.9	-61.5	-77.9%
Temperature effect <sup>(2)</sup>	-5.3	-9.4	+4.1	—
Sliding time lag effect (city gas, LNG sales) <sup>(3)</sup>	-2.0	58.8	-60.8	—
Amortization of actuarial differences <sup>(4)</sup>	-17.7	-1.7	-16.0	—
Adjusted ordinary income <sup>(1)-(2)+(3)+(4)</sup>	50.5	77.5	-27.0	-34.8%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)	Pension assets	Investment yield (costs deducted)	Year-end assets (billion yen)
FY2016 3Q	106.65	44.86	19.5	FY2016 3Q (cumulative)	1.46%	278.0
FY2015 3Q	121.74<-15.09>	54.60<-9.74>	19.6<-0.1>			

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

Expected rate of return: 2%

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During the third quarter, sales declined for two consecutive terms, while income decreased for the first time in two terms.

Net sales decreased by 18.9% or ¥253.9 billion year-on-year to ¥1,086.0 billion, due to a decline in city gas sales on the back of falling unit prices under the gas rate adjustment system. On the other hand, operating expenses fell by 12.7% or ¥153.5 billion year-on-year to ¥1,057.9 billion, due in part to lower gas resource costs on the back of falling crude oil prices.

As a result, operating income decreased by 78.1% or ¥100.3 billion year-on-year to ¥28.1 billion, ordinary income declined 79.6% or ¥99.8 billion year-on-year to ¥25.5 billion, and profit attributable to owners of parent fell by 77.9% or ¥61.5 billion to ¥17.4 billion.

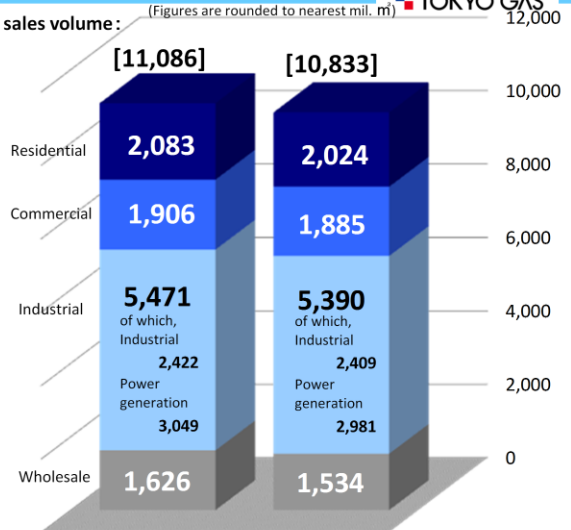
## FY2016 3Q Consolidated Gas Sales Volume<vs. FY2015 3Q>

### FY2016 3Q Results (vs. FY2015 3Q)

**+253 mil. m<sup>3</sup> (+2.3%)**  
 [including temperature effect +79 mil. m<sup>3</sup>, +0.7%]

<b>Residential</b> +59 mil. m <sup>3</sup> (+2.9%)	
● Temperature effect	+47 mil. m <sup>3</sup>
● Number of days	+10 mil. m <sup>3</sup>
● Number of customers	+30 mil. m <sup>3</sup>
● Others	-28 mil. m <sup>3</sup>
<b>Commercial</b> +21 mil. m <sup>3</sup> (+1.1%)	
● Temperature effect	+24 mil. m <sup>3</sup>
● Number of days	+5 mil. m <sup>3</sup>
● Number of customers	+12 mil. m <sup>3</sup>
● Others	-20 mil. m <sup>3</sup>
<b>Industrial</b> +81 mil. m <sup>3</sup> (+1.5%)	
● Industrial	+13 mil. m <sup>3</sup>
● Power generation	+68 mil. m <sup>3</sup>
<b>Wholesale</b> +92 mil. m <sup>3</sup> (+6.0%)	
● Temperature effect	+8 mil. m <sup>3</sup>
● Others	+84 mil. m <sup>3</sup>
Increase in demand from wholesale suppliers, etc.	

### Gas sales volume:



### Number of customers (10 thousands)

	FY2016 3Q Results	FY2015 3Q Results
	1,144.8	1,135.2
		+13.6 (+1.2%)
	FY2016 3Q Results	FY2015 3Q Results
LNG sales volume (thousand t)	750	771
		(-21)
Average temperature (°C)	19.5	19.6
		(-0.1)

Next, let us look at the sales volume of gas, our core product, which served as the basis for the earnings results.

Gas sales volume for the first nine months increased by 2.3% or 253 million cubic meters year-on-year to 11,086 million cubic meters. This mainly reflected an increase in demand for supply to other utilities, as well as a rise in demand on the back of increased operation of existing industrial facilities and lower temperatures in winter.

Residential gas sales volume increased by 2.9% year-on-year to 2,083 million cubic meters, reflecting an increase in demand for hot water supply and air conditioning due to lower temperatures in November and December.

Commercial gas sales volume rose by 1.1% year-on-year to 1,906 million cubic meters. This was due to a rise in demand for air conditioning on the back of high temperatures in late summer, as well as an increase in demand for hot water supply and air conditioning due to low temperatures in winter.

Industrial gas sales volume increased by 1.5% year-on-year to 5,471 million cubic meters, due to a rise in operation of existing facilities. Supply to other utilities rose 6.0% year-on-year to 1,626 million cubic meters, on the back of an increase in their demand.

## FY2016 3Q Gas Sales Volume (Vision Basis) <vs. FY2015 3Q>

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

	FY2016 3Q Results	FY2015 3Q Results	Change
Gas sales volume (financial accounting basis)	11,086	10,833	+253
			+2.3%
Gas volume used in-house under tolling arrangement	1,474	1,174	+300
			+25.5%
LNG sales volume (m3 basis)	938	964	-26
			-2.7%
Total	13,498	12,971	+527
			+4.1%

Slide 4 indicates gas sales volume (2020 Vision basis).

**FY2016 3Q Results : Sales and Operating Income/Loss by Business Segments <vs. FY2015 3Q>**

(unit : billion yen)

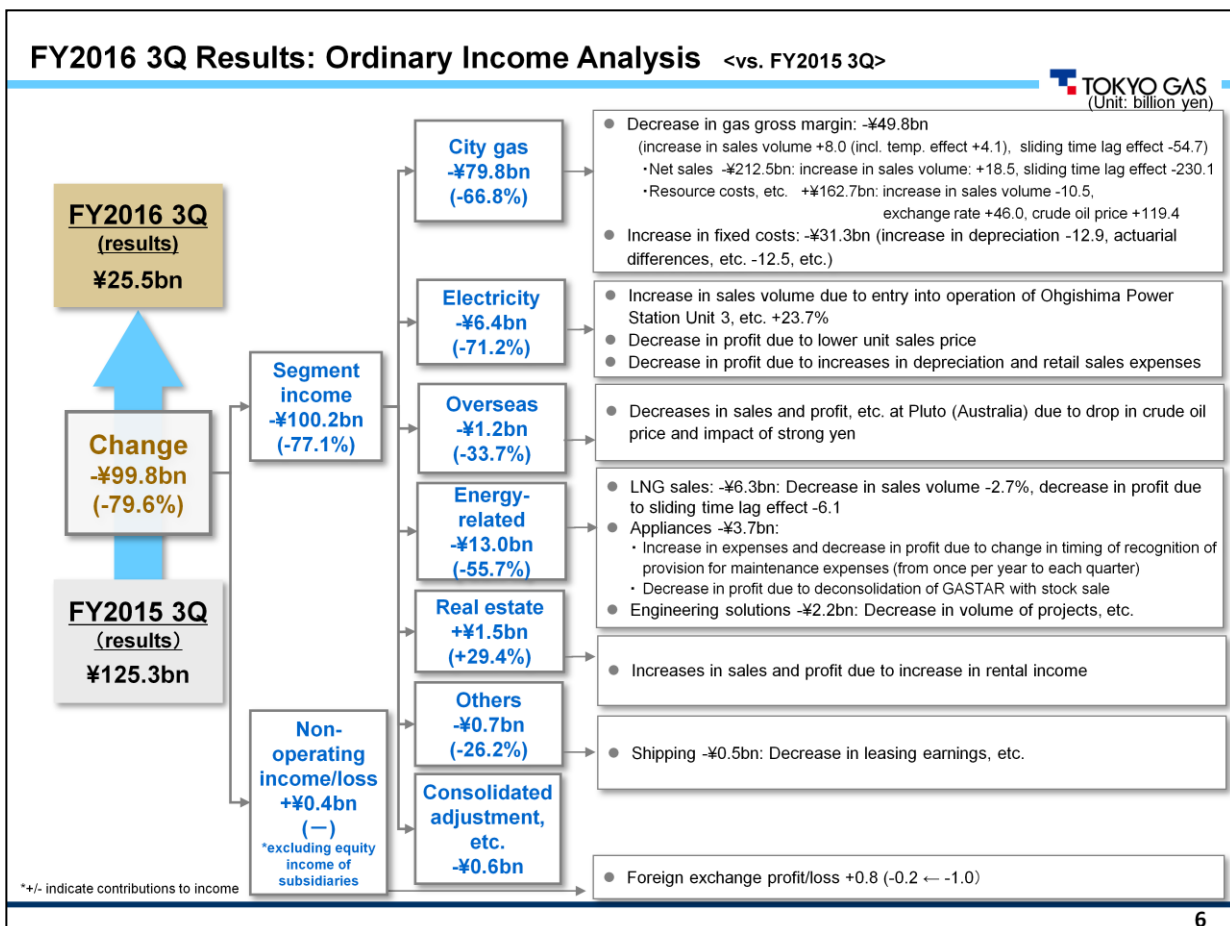
	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2016 3Q Results	FY2015 3Q Results	Change	%	FY2016 3Q Results	FY2015 3Q Results	Change	%
City Gas	707.1	918.2	-211.1	-23.0	39.5	119.3	-79.8	-66.8
Electric Power	100.7	89.6	11.1	12.4	2.6	9.0	-6.4	-71.2
Overseas business	19.6	21.3	-1.7	-7.8	2.4	3.6	-1.2	-33.7
Energy-related	316.5	385.0	-68.5	-17.8	10.2	23.2	-13.0	-55.7
(Engineering Solutions)	73.8	99.7	-25.9	-26.0	3.0	5.2	-2.2	-42.3
(LNG sales)	65.5	83.6	-18.1	-21.7	4.1	10.4	-6.3	-60.2
Real estate	30.9	29.4	1.5	5.1	6.6	5.1	1.5	29.4
Others	61.6	55.1	6.5	11.8	2.0	2.7	-0.7	-26.2
Adjustment	-150.6	-158.9	8.3	—	-33.8	-33.2	-0.6	—
Consolidated	1,086.0	1,339.9	-253.9	-18.9	29.8	130.0	-100.2	-77.1

- 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.

Page 5 shows net sales and income by segment.

The decrease in income of the city gas segment by ¥79.8 billion has pushed down the overall income.

# FY2016 3Q Results: Ordinary Income Analysis <vs. FY2015 3Q>



Page 6 illustrates the causes of changes in ordinary income by segment.

The main reason for the drop in ordinary income of the city gas segment was the time lag in the application of the gas rate adjustment system of -¥55.0 billion.

The electric power segment saw a ¥6.4 billion decrease in ordinary income. This was mainly because unit selling price dropped on the back of a decline in oil prices, as well as an increase in fixed costs such as sales expenses following the entry into the retail power market and depreciation costs, despite an increase in sales volume due to the launch of Ohgishima Power Plant No. 3 in February 2016.

Ordinary income of the overseas business segment decreased by ¥1.2 billion due to a drop in the income of the upstream business as a result of falling crude oil prices.

The energy-related business segment saw a ¥13.0 billion drop in ordinary income. This was because of a fall in income due to the sliding time lag effect in LNG sales, as well as front-loading of provision for maintenance expenses arising from the change in timing of recognition, and a decrease in volume of projects etc. in the engineering solutions field.

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## 2. FY2016 Full Year Forecast

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## FY2016 Forecast (Apr. 1, 2016 – Mar. 31, 2017) <vs. Previous Forecast (Released on Oct. 28)>

**Highlights: Sales Up, No Change to Profit Forecast (on Net Income Basis)** TOKYO GAS  
+ - indicate impact on profit, billion yen

- The economic framework for FY2016 forecast reflects final figures up to 3Q and assumes an exchange rate of ¥115.0/\$ and crude oil price of \$55/bbl for 4Q
- No change to profit forecast due to decrease in gas gross margin arising from changes to economic framework, etc., and increase in gross margin due to increase in gas sales volume, gain on sale of assets, etc.

<b>Net sales</b>	+21.0	+	City gas (+17.7: Increase in gas sales volume, etc.)
		+	Energy-Related (+4.0: Impact of exchange rate, etc.)
<b>Operating income</b>	-3.0	-	City gas (-6.2: Gas gross margin -6.4 (including sliding time lag effect -10.5, increase in sales volume, etc. +4.1))
		+	Electric Power (+0.6: Decrease in retail sales expenses, etc.)
<b>Extraordinary income/loss</b>	+2.0	+	Overseas (+0.6: Impact of exchange rate, etc.)
		+	Increase in gain on sale of asset holdings

(billion yen)

	Current forecast	Prev. forecast (Oct. 28)	Change	%	FY2015 results	Change	%
Gas sales volume (million m <sup>3</sup> , 45 MJ)	15,798	15,634	+164	+1.1%	15,436	+362	+2.3%
Electricity sales volume (million kWh)	12,518	13,007	-489	-3.8%	10,959	+1,559	+14.2%
Net sales	1,617.0	1,596.0	+21.0	+1.3%	1,884.6	-267.6	-14.2%
Operating expenses	1,564.0	1,540.0	+24.0	+1.6%	1,692.6	-128.6	-7.6%
Operating income	53.0	56.0	-3.0	-5.4%	192.0	-139.0	-72.4%
Segment income (operating income + equity income of subsidiary)	55.2	57.9	-2.7	-4.7%	194.1	-138.9	-71.6%
Ordinary income <sup>(1)</sup>	46.0	48.0	-2.0	-4.2%	188.8	-142.8	-75.6%
Extraordinary income/loss	9.0	7.0	+2.0	+27.8%	-33.0	+42.0	—
Profit attributable to owners of parent	41.0	41.0	0.0	0.0%	111.9	-70.9	-63.4%
<i>Temperature effect<sup>(2)</sup></i>	-5.3	-4.9	-0.4	—	-17.3	+12.0	—
<i>Sliding time lag effect (city gas, LNG sales)<sup>(3)</sup></i>	-17.5	-6.1	-11.4	—	80.3	-97.8	—
<i>Amortization of actuarial differences<sup>(4)</sup></i>	-24.1	-24.1	0.0	—	-2.3	-21.8	—
<i>Adjusted ordinary income<sup>(1)-(2)+(3)+(4)</sup></i>	92.9	83.1	+9.8	+11.8%	128.1	-35.2	-27.5%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)	Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
						Annuity portion	Lump-sum portion	
Current forecast *1	108.74	47.40	16.2	FY2015	2.92%	0.236%	0.000%	281.0
Prev. forecast (Oct. 28) *2	105.13<+3.61>	44.38 <+3.02>	16.1<+0.1>	FY2014	5.57%	0.829%	0.358%	281.0
FY2015 results	120.17(-11.43)	48.73 (-1.33)	16.6(-0.4)					

\*1 4Q : 115.00¥/\$, 55.00\$/bbl \*2 1<sup>st</sup> half : 105.25¥/\$、 43.75\$/bbl  
 2<sup>nd</sup> half : 105.00¥/\$、 45.00\$/bbl

Figures in <-> brackets indicate increase/decrease from previous forecast. Figures in ( ) parentheses indicate increase/decrease from FY2015.

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Please turn to Slide 8. We have made an upward revision to our sales forecast from our previous forecast announced at the end of October 2016. We have not changed our income forecast, which is based on profit attributable to owners of parent.

We have changed our economic frame, which serves as a basis of assumption, for January 2017 and later for the fiscal year 2016. The foreign exchange rate assumption has been changed from ¥105/\$ of the previous assumption to ¥115/\$, and crude oil price assumption from \$45 per barrel to \$55 per barrel.

We expect that net sales would increase 1.3% or ¥21.0 billion from the previous forecast to ¥1,617.0 billion. This is mainly due to an increase in sales of city gas on the back of a rise in gas sales volume.

We have increased our forecast for operating expenses by 1.6% or ¥24.0 billion from the previous forecast to ¥1,564.0 billion. This mainly reflects a rise in unit resource cost of city gas.

As a result, operating income for the full year was revised downward by 5.4% or ¥3.0 billion from the previous forecast to ¥53.0 billion, while ordinary income was revised downward by 4.2% or ¥2.0 billion to ¥46.0 billion.

While extraordinary income was revised upward by ¥2.0 billion to ¥9.0 billion, our forecast for profit attributable to owners of parent to remain unchanged at ¥41.0 billion.

# FY2016 Full Year Forecast ; Consolidated Gas Sales Volume



## Current Forecast ( vs. Previous Forecast)

**+164 mil. m<sup>3</sup> (+1.1%)**

[Including temperature effect -13mil. m<sup>3</sup>, -0.0%]

<b>Residential</b>	+ 31 mil. m <sup>3</sup> (+0.9%)
● Temperature effect	-4 mil. m <sup>3</sup>
● Number of days	-1 mil. m <sup>3</sup>
● Number of customers	0 mil. m <sup>3</sup>
● Others	+ 36 mil. m <sup>3</sup>

<b>Commercial</b>	+ 25 mil. m <sup>3</sup> (+0.9%)
● Temperature effect	- 7 mil. m <sup>3</sup>
● Number of days	+ 1 mil. m <sup>3</sup>
● Number of customers	- 6 mil. m <sup>3</sup>
● Others	+ 37 mil. m <sup>3</sup>

<b>Industrial</b>	+77 mil. m <sup>3</sup> (+1.1%)
● Industrial	+5 mil. m <sup>3</sup>
● Power generation	+ 72 mil. m <sup>3</sup>

<b>Wholesale</b>	+30 mil. m <sup>3</sup> (+1.4%)
● Temperature effect	-2 mil. m <sup>3</sup>
● Others	+ 32 mil. m <sup>3</sup>
Increase in demand from wholesale suppliers, etc.	

## Current forecast (vs FY2015 Results)

**+362 mil m<sup>3</sup> (+2.3%)**

[Including temperature effect +214mil. m<sup>3</sup>, +1.4%]

<b>Residential</b>	+192 mil. m <sup>3</sup> (+5.7%)
● Temperature effect	+148 mil. m <sup>3</sup>
● Number of days	+ 2 mil. m <sup>3</sup>
● Number of customers	+ 51 mil. m <sup>3</sup>
● Others	- 9 mil. m <sup>3</sup>

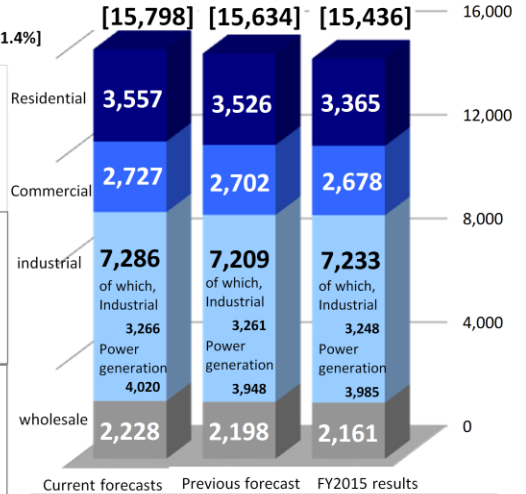
<b>Commercial</b>	+49 mil. m <sup>3</sup> (+1.8%)
● Temperature effect	+ 48 mil. m <sup>3</sup>
● Number of days	- 1 mil. m <sup>3</sup>
● Number of customers	+22 mil. m <sup>3</sup>
● Others	- 21 mil. m <sup>3</sup>

<b>Industrial</b>	+ 53 mil. m <sup>3</sup> (+0.7%)
● Industrial	+ 18 mil. m <sup>3</sup>
● Power generation	+ 35 mil. m <sup>3</sup>

<b>Wholesale</b>	+67mil. m <sup>3</sup> (+3.1%)
● Temperature effect	+ 18 mil. m <sup>3</sup>
● Others	+ 49 mil. m <sup>3</sup>
Increase in demand from wholesale suppliers, etc.	

## Gas sales Volume :

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



Current forecasts Previous forecast FY2015 results

Number of customers (10 thousands)		
Current Forecast	Previous Forecast	FY2015 Results
1,154.4	1,153.7 +0.7(+0.1%)	1,139.8 +14.6 (+1.3%)

	Current Forecast	Previous Forecast	FY2015 Results
LNG sales volume (thousands t)	1,062	1,054 (+8)	1,147 (-85)
Average temperature (°C)	16.2	16.1 (+0.1)	16.6 (-0.4)

Slide 9 indicates our forecast of gas sales volume.

Our forecast of gas sales volume was revised upward by 1.1% from the previous forecast to 15,798 million cubic meters, reflecting the difference in performance up to the third quarter, including an increase in industrial gas sales volume.

## FY2016 Full Year Forecast : Gas Sales Volume (Vision Basis)

< vs FY 2016 Previous Forecast (Oct.28), FY2015 Results >

### ● Gas Sales Volume (Vision Basis)

(Unit : mil. m3)

	FY2016 Current Forecasts	FY2016 Previous Forecasts(Oct.28)	Change	FY2015 Results	Change
Gas Sales Volume (financial accounting basis)	15,798	15,634	+164	15,436	+362
			+1.1%		+2.3%
Gas volume used in-house under tolling agreement	1,968	2,062	-94	1,717	+251
			-4.6%		+14.6%
LNG sales (m3 basis)	1,327	1,318	+9	1,434	- 107
			+0.7%		- 7.5%
Total	19,093	19,014	+79	18,587	+506
			+0.4%		+2.7%

Slide 10 indicates our gas sales volume (2020 Vision basis).

## FY2016 Full Year Forecast : Sales and Income/Loss by Business Segments

<vs. FY2016 Previous Forecast (Oct. 28) >



(unit : billion yen)

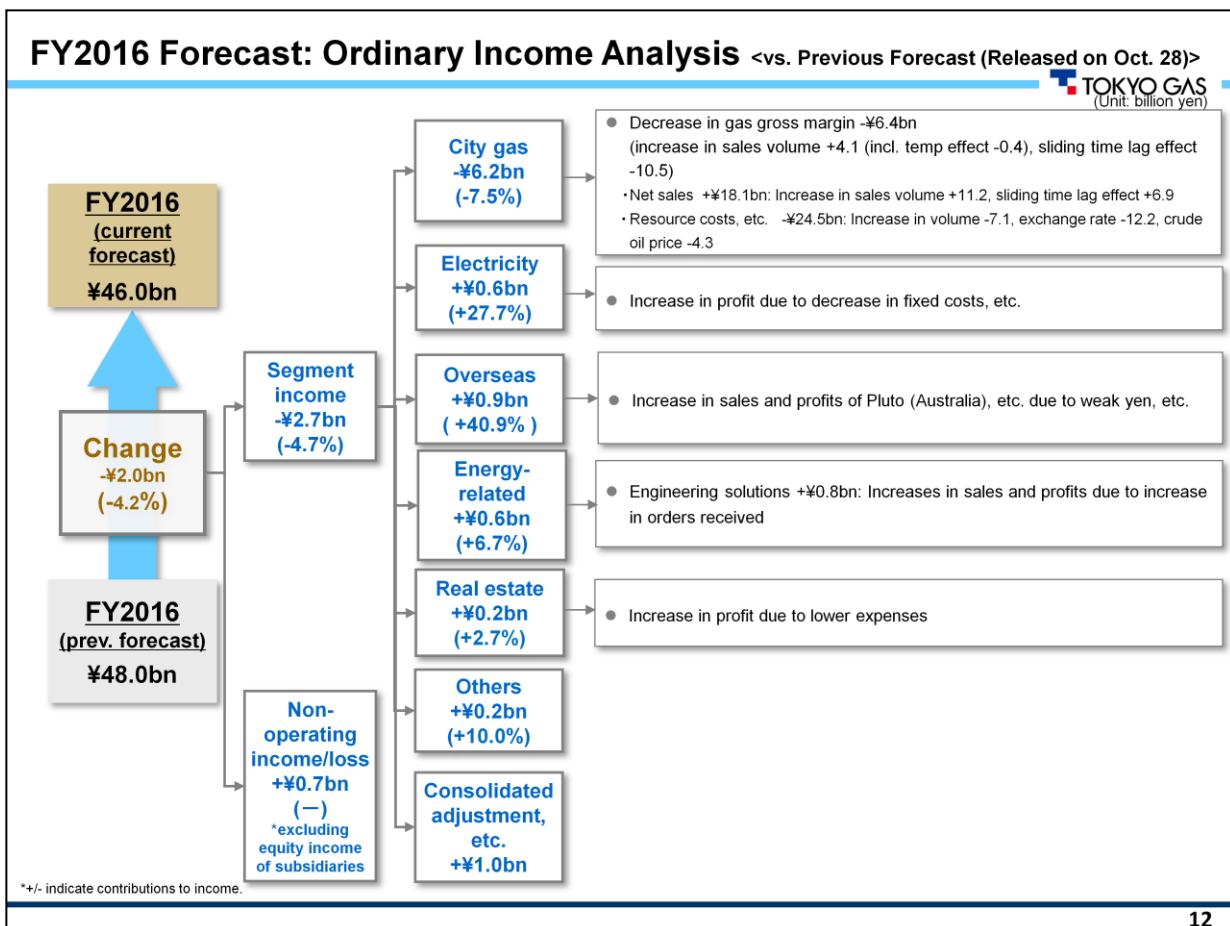
	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2016 Current forecasts	FY2016 Previous forecasts	Change	%	FY2016 Current forecasts	FY2016 Previous forecasts	Change	%
City Gas	1,050.3	1,032.6	17.7	1.7	76.8	83.0	-6.2	-7.5
Electric Power	143.3	144.1	-0.8	-0.6	3.0	2.4	0.6	27.7
Overseas business	30.9	26.9	4.0	14.9	3.1	2.2	0.9	40.9
Energy-related	461.2	457.2	4.0	0.9	9.5	8.9	0.6	6.7
(Engineering solutions)	111.5	108.0	3.5	3.3	4.2	3.4	0.8	21.9
(LNG sales)	90.9	88.4	2.5	2.9	3.1	3.9	-0.8	-21.7
Real estate	41.0	40.8	0.2	0.5	7.5	7.3	0.2	2.7
Others	88.5	88.1	0.4	0.5	2.2	2.0	0.2	10.0
Adjustment	-198.2	-193.7	-4.5	—	-47.0	-48.0	1.0	—
<b>Total</b>	<b>1,617.0</b>	<b>1,596.0</b>	<b>21.0</b>	<b>1.3</b>	<b>55.2</b>	<b>57.9</b>	<b>-2.7</b>	<b>-4.7</b>

- 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.

Slide 11 indicates the forecast of net sales and income by segment.

We reduced our forecast of total segment income by ¥2.7 billion, as the drop in the income forecast of the city gas segment exceeds the increase in income of other segments.

# FY2016 Forecast: Ordinary Income Analysis <vs. Previous Forecast (Released on Oct. 28)>



Slide 12 illustrates the causes of changes in ordinary income by segment.

The main reason for the drop in income of the city gas segment is a decrease in income following the review of the economic frame.

We expect the ordinary income of the electric power segment to increase by ¥0.6 billion due to a drop in fixed costs, despite a decrease in electric power sales volume arising from the review of operations of power generation plants.

The forecast of income of the overseas segment has been revised upward on the back of the weak yen.

We have also revised upward the expected income of the energy-related segment by ¥0.6 billion due to an increase in orders received in the engineering solutions field.

## FY2016 Full Year Forecast : Sales and Income/Loss by Business Segments

<vs. FY2015 Results>



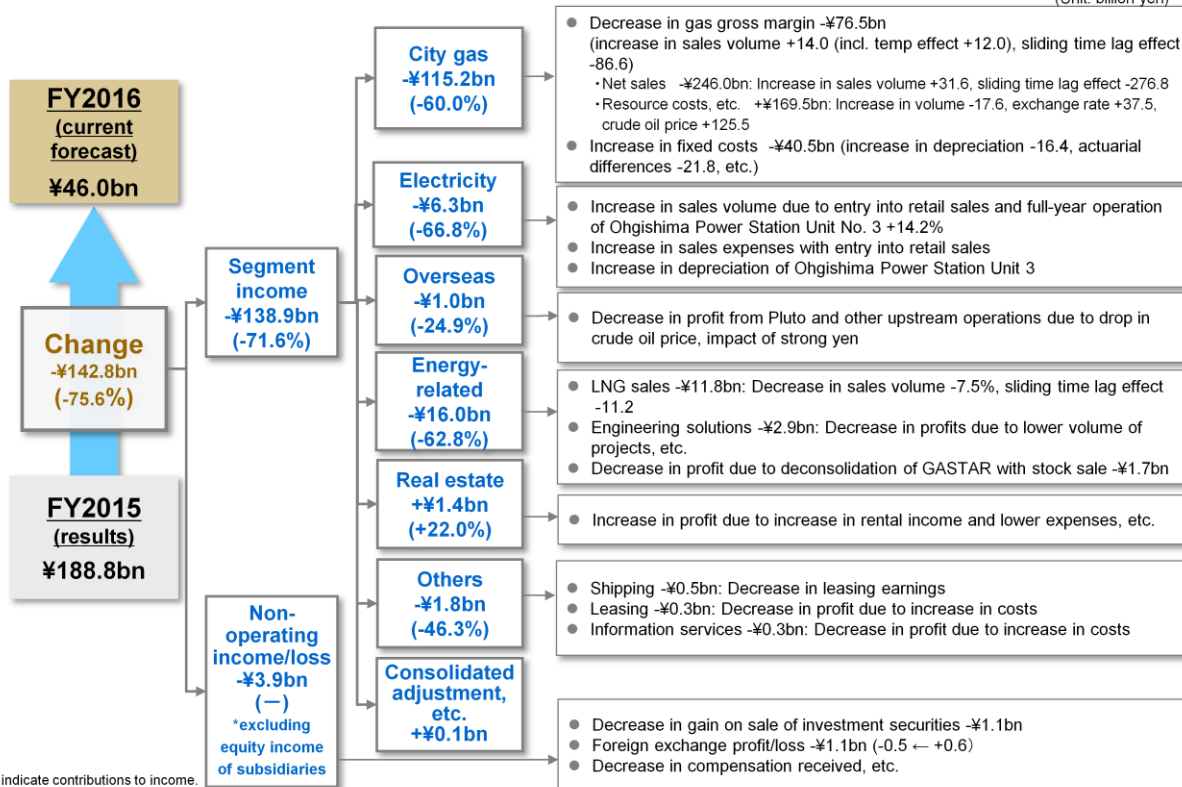
(unit : billion yen)

	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2016 Current forecasts	FY2015 Results	Change	%	FY2016 Current forecasts	FY2015 Results	Change	%
City Gas	1,050.3	1,294.6	-244.3	-18.9	76.8	192.0	-115.2	-60.0
Electric Power	143.3	124.8	18.5	14.7	3.0	9.3	-6.3	-66.8
Overseas business	30.9	30.1	0.8	2.3	3.1	4.1	-1.0	-24.9
Energy-related	461.2	550.4	-89.2	-16.2	9.5	25.5	-16.0	-62.8
(Engineering solutions)	111.5	137.1	-25.6	-18.7	4.2	7.1	-2.9	-41.0
(LNG sales)	90.9	124.3	-33.4	-26.8	3.1	14.9	-11.8	-79.3
Real estate	41.0	39.3	1.7	4.2	7.5	6.1	1.4	22.0
Others	88.5	80.2	8.3	10.3	2.2	4.0	-1.8	-46.3
Adjustment	-198.2	-235.1	36.9	—	-47.0	-47.1	0.1	—
<b>Total</b>	<b>1,617.0</b>	<b>1,884.6</b>	<b>-267.6</b>	<b>-14.2</b>	<b>55.2</b>	<b>194.1</b>	<b>-138.9</b>	<b>-71.6</b>

- 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.

Slides 13 and 14 indicate the outlook of segment income/loss as compared with the previous year’s performance.

# FY2016 Forecast: Ordinary Income Analysis <vs. FY2015 Results>



\*+/- indicate contributions to income.

## Key Indicators (Consolidated)

(unit: billion yen)

	FY2016 Current Forecasts	FY2015 Results	FY2014 Results
Total assets (a)	2,192.0	2,251.5	2,257.6
Shareholders' equity (b)	1,037.0	1,100.2	1,069.5
Shareholders' equity ratio (b)/(a)	47.3%	48.9%	47.4%
Interest-bearing debt (c)	735.0	715.7	730.7
D/E ratio (c)/(b)	0.71	0.65	0.68
Profit attributable to owners of parents (d)	41.0	111.9	95.8
Depreciation (e)	163.0	145.1	141.8
Operating cash flow (d) + (e)	204.0	257.1	237.6
Capex	218.0	232.0	224.5
ROA: (d) / (a)	1.8%	5.0%	4.3%
ROE: (d) / (b)	3.8%	10.3%	9.2%
TEP	-18.2	67.6	43.4
WACC	3.4%	3.4%	3.6%
Total payout ratio	Approx. 60%	60.1%	60.8%

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 (FY2016 forecast)  
 • Cost of interest-bearing debt : forecast interest rate (1.12%, after tax)  
 • Cost rate for shareholders' equity  
   • Risk free rate : 10-year JGB yield (0.44%)  
   • Market Risk premium : 5.5% β: 0.75

Slide 15 indicates the forecast of key indicators such as ROE.



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### 3. Reference Materials

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# 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 earning
		4Q
Period	4Q	- 0.3

## Impact of depreciation by ¥1/\$

(unit: billion yen)

		Impact on earning
		4Q
Period	4Q	- 0.8



< 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.

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