

# Reference Materials(FY2016)

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# Results

## <Consolidated> Financial Results (FY2016 vs. FY2015)

100 million yen

	FY16	FY15	Change		Reference
Net sales	15,870	18,846	-2,976	-15.8%	City gas -2,546, Energy-related -909 (LNG sales -331, Engineering solution -282, Appliances -266), Electric power +209, Others +88 (Information services +91)
Operating income	583	1,920	-1,337	-69.6%	City Gas -1,155, Energy-related -118 (LNG sales -116), Electric power -49, Overseas business -12
Ordinary income	556	1,888	-1,332	-70.5%	Foreign exchange profit/loss -9 (-5←-4), Interest expenses +6 (-115←-121)
Net income attributable to the parent	531	1,119	-588	-52.5%	[FY16] Sales of investment securities +91, Sales of non-current assets +66, Impairment loss -24 [FY15] Impairment loss -282, Valuation loss on investment securities -47
Total assets *	22,302	22,515	-213	-0.9%	Cash and deposits -376, Notes and accounts receivable -71, Property, plant and equipment, intangible assets +221
Shareholders' equity *	11,014	11,002	12	0.1%	Net income attributable to the parent company +531, Remeasurements of defined benefit plans +228, Acquisition of treasury stock -409, Dividends -269
Shareholders' equity ratio * (%)	49.4%	48.9%	0.5%	—	Went up because shareholders' equity increased significantly while total assets decreased
Total assets turnover(*1) (times)	0.71	0.84	-0.13	—	
ROA(*1) (%)	2.4%	5.0%	-2.6%	—	Went down due to a decrease in net income attributable to the parent company (-588)
ROE(*1) (%)	4.8%	10.3%	-5.5%	—	Went down due to a decrease in net income attributable to the parent company (-588)
Interest-bearing debt	7,135	7,157	-22	-0.3%	Tokyo Gas +79, TG Pluto -17, Tokyo Gas Lease -45, TG Gorgon -18, Ohgishima Power -17
D/E ratio *	0.65	0.65	0.00	—	
Net income attributable to the parent company	531	1,119	-588	-52.5%	
Amortization(*2·3)	1,643	1,451	192	13.2%	Tokyo Gas +183 (non-consolidated basis)
Operating cash flow(*4)	2,174	2,571	-397	-15.4%	
Capex(*2)	2,033	2,320	-287	-12.4%	
T E P	-62	676	-738	-109.2%	
(W A C C)	3.0%	3.4%	-0.4%	—	
EPS(*1) (¥/share)	23.02	46.68	-23.66	-50.7%	Went down due to a decrease in net income attributable to the parent company (-588)
BPS * (¥/share)	479.74	460.35	19.39	4.2%	
Total payout ratio(*5)	60.7%	60.1%	0.6%	—	

End of March 2016 and March 2015 for BS accounts (marked with \*).

(\*1) Total assets and shareholders' equity used to calculate Total assets turnover, ROA, ROE and EPS 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.

(\*2) Amounts for capex and depreciation and amortization are after offsetting of internal transactions.

(\*3) Depreciation and amortization includes amortization of long-term prepaid expenses.

(\*4) Operating cash flow is calculated using the simplified accounting treatment of "Net income attributable to the parent company+ Depreciation and amortization."  
(simplified accounting treatment; differs from amount in Consolidated Statement of Cash Flows)

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

<Consolidated>

**Breakdown of Other Energy Segment/Other Segment (FY2016 vs. FY2015)**

Breakdown of Other Energy Segment

100 million yen

Results	Net sales				Operating income			
	FY16	FY15	Change		FY16	FY15	Change	
Engineering solution	1,116	1,398	-282	-20.1%	49	74	-25	-34.2%
Gas appliances	1,326	1,592	-266	-16.7%	17	-4	21	-
Installation work	423	430	-7	-1.7%	8	7	1	15.9%
LNG sales	912	1,243	-331	-26.6%	33	149	-116	-77.8%
LPG, etc.	289	323	-34	-10.5%	12	3	9	308.1%
Industrial gas, etc.	195	225	-30	-13.0%	10	12	-2	-19.6%
Construction	662	602	60	10.0%	10	14	-4	-22.6%

(Major change factors)

Engineering solution : Sales and income decreased due to decreased terminal construction etc.

Gas appliances : Income increased due to reduced provision for ENE-FARM maintenance despite reduced sales as a result of the deconsolidation of Gaster.

LNG sales : Sales decreased due to decreased unit sales prices; Income decreased due to sliding time lag effect.

Breakdown of Other Segment

100 million yen

Results	Net sales				Operating income			
	FY16	FY15	Change		FY16	FY15	Change	
Shipping	184	185	-1	-0.3%	10	17	-7	-38.1%
Information services	344	253	91	35.8%	5	4	1	10.2%
Credit and Lease	136	134	2	1.0%	9	11	-2	-18.3%

(Major change factors)

Shipping : Sales and income decreased due to decreased leasing earnings.

Information services : Sales increased due to increased large projects.

## <Consolidated>Main Consolidated Subsidiaries (FY2016 vs. FY2015)

100 million yen

		Net sales			Operating income			Reference
		FY16	FY15	Change	FY16	FY15	Change	
Consolidated		15,870	18,846	-2,976	583	1,920	-1,337	
City Gas etc. (*) Tokyo Gas Co.,Ltd.		14,084	16,773	-2,689	294	1,550	-1,256	
Electric Power seg.	Nijio Co.,Ltd	983	1,063	-80	30	75	-45	Sales and income decreased due to lower electric power unit sales prices.
Energy-Related seg.	Tokyo Gas Engineering Solutions Co.,Ltd.	1,072	1,370	-298	52	73	-21	Sales and income decreased due to decreased terminal construction etc.
	Capty Co.,Ltd.	611	542	69	10	14	-4	Income decreased partly due to lower profitability as a result of increased projects by competitive bidding despite increased sales as a result of the transfer of the air-conditioning business from Gaster.
Real Estate seg.	Tokyo Gas Urban Development Co.,Ltd.	238	234	4	57	47	10	Income increased due to decreased depreciation & amortization etc.
Others	Tokyo LNG Tanker Co., Ltd.	184	185	-1	10	17	-7	Sales and income decreased due to decreased leasing earnings.
Other		2,501	3,024	-523	112	148	-36	TG Pluto: Sales and income decreased due to lower unit sales prices. Gaster : Sales and income decreased due to deconsolidation.
Consolidated subsidiaries total		5,591	6,419	-828	273	376	-103	

(\*) In addition to "City Gas," Tokyo Gas is engaged in "Electric Power," "Energy-Related," "Real estate," and "Others" segments.

<Consolidated>

**Balance Sheet (as of March 31, 2017 vs. as of March 31, 2016)**

(Changes from Mar. 31, 2015)

100 million yen

	Mar 31, 2017		Mar, 31 2016		Change		Reference
		%		%			
<b>【Assets】</b>							
Noncurrent assets	17,608	79.0%	17,277	76.7%	331	1.9%	Property, plant and equipment, intangible assets: Capex 2,033; Depreciation -1,643; Foreign exchange -60 Investments and other assets: Long-term prepaid expenses 49; Long-term loans receivable +41; Investment securities 30
Current assets	4,694	21.0%	5,238	23.3%	-544	-10.4%	Cash and deposits -376; Notes and accounts receivable - trade -71
<b>Total Assets</b>	<b>22,302</b>	<b>100.0%</b>	<b>22,515</b>	<b>100.0%</b>	<b>-213</b>	<b>-0.9%</b>	

<b>【Liabilities】</b>							
Interest-bearing debt	7,135	32.0%	7,157	31.8%	-22	-0.3%	Bonds payable: Redemption -277, Issuance 300; Long-term loans payable: Payments -199, New borrowings 247; Short-term loans payable -62, Foreign exchange -28
Provision for retirement benefits	735	3.3%	894	4.0%	-159	-17.8%	
Notes and accounts payable-trade	964	4.3%	823	3.7%	141	17.1%	
Other liabilities	2,339	10.5%	2,488	11.1%	-149	-6.0%	Accounts payable - other etc. -159
<b>Total Liabilities</b>	<b>11,174</b>	<b>50.1%</b>	<b>11,363</b>	<b>50.5%</b>	<b>-189</b>	<b>-1.7%</b>	
<b>【Net Assets】</b>							
Shareholders' equity	10,340	46.4%	10,496	46.6%	-156	-1.5%	Net income attributable to the parent company 531, Acquisition of treasury stock -409, Dividend payments -269
Total other comprehensive income	674	3.0%	506	2.2%	168	33.1%	Remeasurements of defined benefit plans +228, Foreign currency translation adjustment -85
Minority interests	113	0.5%	149	0.7%	-36	-24.1%	
<b>Total Net Assets</b>	<b>11,128</b>	<b>49.9%</b>	<b>11,151</b>	<b>49.5%</b>	<b>-23</b>	<b>-0.2%</b>	Equity ratio 48.9% (Mar. 31, 2016) → 49.4% (Mar. 31, 2017)
<b>Total (Liabilities and Net Assets)</b>	<b>22,302</b>	<b>100.0%</b>	<b>22,515</b>	<b>100.0%</b>	<b>-213</b>	<b>-0.9%</b>	

## <Non-consolidated>

### Financial Results (FY2016 vs. FY2015)

100 million yen

	FY16	FY15	Change	
Net Sales	14,084	16,773	-2,689	-16.0%
Operating income	294	1,550	-1,256	-81.0%
Ordinary income	370	1,640	-1,270	-77.4%
Net income	687	935	-248	-26.5%

#### Impact of Sliding Time Lag

100 million yen

	FY16	FY15	Change
Income from sliding system	-2,218	541	-2,759
Increase in gas cost	-2,018	-147	-1,871
Change	-200	688	-888

Change from standard average resource cost

#### Economic Frame

	FY16	FY15	Change
JCC \$/bbl	47.51	48.75	-1.24
Ex. rate ¥/\$	108.38	120.17	-11.79

100 million yen

	FY16	FY15	Change		
Gas sales	10,119	12,586	-2,467	-19.6%	
Operating cost	Raw materials and supplies	5,171	6,891	-1,720	-25.0%
	(Gross profit)	(4,948)	(5,695)	(-747)	(-13.1%)
	Personnel expenses	1,100	868	232	26.8%
	General expenses	2,521	2,475	46	1.9%
	Depreciation & amortization	1,224	1,063	161	15.2%
LNG regasification	-42	-43	1	-	
Total	9,977	11,255	-1,278	-11.4%	
Installation work	Installation work	8	6	2	35.4%
	Gas appliances	107	50	57	112.6%
Other operation income	116	56	60	103.9%	
Supplementary business income	36	162	-126	-77.7%	
Operating income	294	1,550	-1,256	-81.0%	
Non operating income	75	90	-15	-16.4%	
Ordinary income	370	1,640	-1,270	-77.4%	
Extraordinary income	445	0	445	-	
Extraordinary loss	0	341	-341	-	
Taxes	128	363	-235	-64.7%	
Net income	687	935	-248	-26.5%	

Volume/composition +292, Unit prices -2,759

Volume/composition +120,  
Unit prices -1,840 (Foreign exchange effect -502, Oil price effect -1,257, etc.)

Volume/composition +172, Unit prices -919

Expenses from actuarial differences +216 etc.

See below.

Increased depreciation as a result of acquisition of new facilities etc.

Decreased provision for appliance maintenance +50 etc.

LNG sales -116, Electric power sales -2, etc.

Income from foreign exchange rate difference -21, etc.

FY16: Gain on sales of assets 291, Gain on extinguishment of tie-in stocks (effect of integration of a subsidiary) 154, etc.

FY15: Valuation loss on investment securities 339 etc.

#### Breakdown of General Expenses

100 million yen

	FY16	FY15	Change	
Repair costs	414	363	51	14.1%
Expendable costs	155	147	8	5.9%
Rent	185	179	6	3.2%
Consignment costs	700	668	32	4.9%
Taxes	415	436	-21	-4.8%
Marketing costs	182	207	-25	-12.0%
Others	470	475	-5	-1.1%

Increased provision for gas cock security measures etc.

Increased consignment costs etc.

Decreased enterprise tax due to decreased net sales etc.

Decreased advertisement-related cost etc.

<Non-consolidated> **Breakdown of Gas Sales & Gross Profit Analysis (FY2016 vs. FY2015)**

**Breakdown of Gas Sales**

100 million yen

	FY16	FY15	Change		100 million yen		Mil. m3
					100 million yen	Mil. m3	
Residential	4,474	5,007	-533	-10.6%	Volume	188	149
					Temp. effect	94	82
					Sliding	-709	-
					Other differences ( * )	-12	-
Commercial · Industrial · Wholesale	5,645	7,579	-1,934	-25.5%	Volume	104	139
					Temp. effect	38	53
					Sliding	-2,050	-
					Other differences	12	-
Total	10,119	12,586	-2,467	-19.6%	Volume	292	288
					Temp. effect	132	135
					Sliding	-2,759	-
					Other differences	0	-

**Gross Profit Analysis**

100 million yen

	Volume		Unit price		Change
	Temp. effect		Sliding	Other	
Gas sales		132	-2,759	0	-2,467
		292	-2,759		
Raw materials and supplies		62	-1,871	31	-1,720
		120	-1,840		
Gross profit		70	-888	-31	-747
		172	-919		



## <Non-consolidated> Power Generation Stock Volume and Sales of ENE-FARM

### Power Generation Stock Volume

Unit thousands kW

	FY16	FY15	Change (c)=(a)-(b)
	Mar 2017 Results (a)	Mar 2016 Results (b)	
Commercial-use cogeneration system	588	573	14
Industrial-use cogeneration system	1,432	1,277	155
Power gen.	3,934	3,755	179
Total	5,953	5,605	348

<Reference> Commercial-use cogeneration system (small gas engine in operation for 3,000 hours) about 1,000m<sup>3</sup>/kW  
 Industrial-use cogeneration system (large gas engine in operation for 6,000 hours ) about 1,300m<sup>3</sup>/kW

### Sales of ENE-FARM (Completion Basis)

(Comparison with the same period in FY15)

Unit sales, %

	FY16	FY15	Change	Change ratio
ENE-FARM	18,114	17,973	171	1.0%

(Achievement of plan for FY16)

Unit sales, %

	FY16	Annual Plan	Achievement
ENE-FARM	18,114	18,600	97.4%

**<Consolidated/Non-consolidated> Breakdown of Operating Cash Flows/Capex/Investments and Financing**

**Breakdown of Operating Cash Flows  
Actual Results(FY2016 vs. FY2015)**

100 million yen

Consolidated	FY16	FY15	Change	
Net income attributable to the parent company (A)	531	1,119	-588	-52.5%
Depreciation* (B)	1,643	1,451	192	13.2%
Operating cash flows (A)+(B)	2,174	2,571	-397	-15.4%

**Actual Results(FY2016 vs. FY2015)**

100 million yen

	FY16	FY15	Change	
Net income (A)	687	935	-248	-26.5%
Depreciation* (B)	1,281	1,098	183	16.7%
Operating cash flows (A)+(B)	1,968	2,033	-65	-3.2%

\* Depreciation includes amortization of long-term prepaid expenses.

**Breakdown of Capex**

**Actual Results (FY2016 vs. FY2015)**

100 million yen

	FY16	FY15	Change	
Production facilities	224	380	-156	-41.0%
Supply facilities	943	1,077	-134	-12.5%
Operational facilities etc.	363	369	-6	-1.6%
Tokyo Gas Total	1,532	1,828	-296	-16.2%
Capital investment at consolidated Subsidiaries	540	539	1	0.1%
Adjustment	-39	-47	8	—
Total	2,033	2,320	-287	-12.4%

Production facilities : Hitachi LNG Terminal-related etc. -156

Supply facilities : Stable supplies of energy-related etc. -134

Operational facilities etc. : Real Estate etc.-6

Consolidated Subsidiaries : TGES etc.+1

**Investments and Financing**

100 million yen

	FY16	FY15	Change	
Investment & financing	163	122	41	33.8%
Collections	25	34	-9	-24.3%
After offset	138	88	50	56.4%

# Forecasts

## Oil Price and Currency Forecasts, and Their Impacts on Gross Profit

### Economic Frame <Consolidated/Non-consolidated>

	FY17 Forecast		
	1st Half	2nd Half	Full-year
JCC \$/bbl	55.00	55.00	55.00
Ex. rate ¥/\$	115.00	115.00	115.00
	FY16 Results		
	1st Half	2nd Half	Full-year
JCC \$/bbl	43.78	51.12	47.51
Ex. rate ¥/\$	105.25	111.53	108.38
	Change		
	1st Half	2nd Half	Full-year
JCC \$/bbl	11.22	3.88	7.49
Ex. rate ¥/\$	9.75	3.47	6.62

### Gross Profit Sensitivity to Changes in Oil Price/EX Rate <Consolidated>

Impact on JCC increase by \$1

100 million yen

	1Q	2Q	3Q	4Q	Full-year
Net sales	23	23	8	0	54
Gas resource cost	22	22	23	4	71
Gross profit	1	1	-15	-4	-17

Impact on a one-yen depreciation

100 million yen

	1Q	2Q	3Q	4Q	Full-year
Net sales	11	13	12	4	40
Gas resource cost	12	11	12	13	48
Gross profit	-1	2	0	-9	-8

**<Consolidated>**  
**Financial Results (FY2017 Forecast vs. FY2016 Results)**

100 million yen

	FY17	FY16	Change		Reference
Net sales	18,130	15,870	2,260	14.2%	City gas +1,133, Electric power business +690, Energy-related +456, etc.
Operating income	820	583	237	40.5%	City gas +152, Electric power business +46, Overseas business +48, etc.
Ordinary income	750	556	194	34.7%	FY16: Premium income as a result of facility breakdowns etc.
Net income attributable to the parent company	550	531	19	3.5%	FY16: Gain on sales of investment securities etc.
Total assets *	23,410	22,302	1,108	5.0%	
Shareholders' equity *	11,190	11,014	176	1.6%	
Shareholders' equity ratio * (%)	47.8%	49.4%	-1.6%	-	
Total asset turnover(*1) (times)	0.79	0.71	0.08	-	
ROA(*1) (%)	2.4%	2.4%	0.0%	-	
ROE(*1) (%)	5.0%	4.8%	0.2%	-	
Interest-bearing debt *	8,090	7,135	955	13.4%	
D/E ratio *	0.72	0.65	0.07	-	
Net income attributable to the parent company	550	531	19	3.5%	
Depreciation and amortization(*2·3)	1,680	1,643	37	2.2%	
Operating cash flow (*4)	2,230	2,174	56	2.6%	
Capex (*2)	2,650	2,033	617	30.3%	
TEP	83	-62	145	-	
(WACC)	2.9%	3.0%	-0.1%	-	
EPS(*1) (¥/share)	24.07	23.02	1.05	4.6%	
BPS * (¥/share)	490.57	479.74	10.83	2.3%	
Total payout ratio (*5)	(*6) -	60.7%	-	-	

End of March 2017 and March 2016 for BS accounts (marked with \*).

(\*1) Total assets and shareholders' equity used to calculate Total assets turnover, ROA, ROE and EPS 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.

(\*2) Amounts for capex and depreciation and amortization are after offsetting of internal transactions.

(\*3) Depreciation and amortization includes amortization of long-term prepaid expenses.

(\*4) Operating cash flow is calculated using the simplified accounting treatment of "Net income attributable to the parent company + Depreciation and amortization." (simplified accounting treatment; differs from amount in Consolidated Statement of Cash Flows)

(\*5) FYn Gross payout ratio = ((FYn total annual dividend) + (FYn +1 stock repurchases)) / (FYn Net income attributable to the parent company)

## Main Consolidated Subsidiaries (FY2017 Forecast vs. FY2016 Results)

100 million yen

		Net sales			Operating income			Reasons
		FY17	FY16	Change	FY17	FY16	Change	
Consolidated		18,130	15,870	2,260	820	583	237	
City Gas(*)	Tokyo Gas Co., Ltd.	16,060	14,084	1,976	530	294	236	
Electric Power seg.	Nijio Co.,Ltd	1,122	983	139	20	30	-10	Sales increase due to higher electric power unit sales prices, income decrease due to higher unit material cost, etc.
Overseas seg. (*2)	TG Australia Group	362	280	82	70	34	36	LNG sales(TG Gorgon, started in 2017) etc.
Energy-Related seg.	Tokyo Gas Engineering Solutions Co.,Ltd.	1,226	1,077	149	36	51	-15	Sales increased due to increased on-site energy service unit sales prices and increased orders for cogeneration systems work, while income decreased due to increased repair cost, personnel expenses, etc.
Real Estate seg.	Tokyo Gas Urban Development Co.,Ltd.	241	238	3	60	57	3	Sales increased due to increased income from building leasing etc.
Others	Tokyo LNG Tanker Co., Ltd.	230	184	46	11	10	1	Started transportation of North American LNG (increased cost due to increased sales and prior reporting of cost) etc.
Other		3,087	2,829	258	79	91	-12	
Consolidated subsidiaries total		6,268	5,591	677	276	273	3	

(\*1) In addition to "City Gas," Tokyo Gas is engaged in "Electric Power," "Energy-Related," and "Other" segments.

(\*2) Consolidated figures are simple sums before elimination of intra-company transactions.

<Non-consolidated>

**Financial Results (FY2017 Forecast vs. FY2016 Results)**

100 million yen

	FY17	FY16	Change	
Net sales	16,060	14,084	1,976	14.0%
Operating income	530	294	236	79.7%
Ordinary income	530	370	160	43.1%
Net income	390	687	-297	-43.3%

**Impact on Sliding Time Lag**

100 million yen

	FY17	FY16	Change
Income from sliding system	-865	-2,218	1,353
Increase in gas cost	-604	-2,018	1,414
Change	-261	-200	-61

Change from standard average resource cost

**Economic Frame**

	FY17	FY16	Change
JCC \$/bbl	55.00	47.51	7.49
Ex. rate ¥/\$	115.00	108.38	6.62

**New form reflecting the revised Gas Business Accounting Rules**

100 million yen

	FY17 Forecast	FY16 (Based on the new rule)	Change	Reference
Gas Business Sales (*2)	11,230	10,124	1,106	11.0% Volume/composition -242, Unit prices +1,348
Raw materials and supplies	6,310	5,142	1,168	22.7% Volume/composition -246, Unit prices +1,414
(Gross profit)	(4,920)	(4,982)	(-62)	(-1.2%) Volume/composition +4, Unit prices -66
Personnel expenses	744	1,100	-356	-32.4% Expenses from actuarial differences -315 etc.
General expenses	2,620	2,550	70	2.7% See below.(*3)
Depreciation & amortization	1,234	1,224	10	0.7% Result of acquisition of new facilities
LNG regasification	-35	-42	7	-
Operating cost	10,873	9,977	896	9.0%
Installation work	3	8	-5	-65.5% Decrease in number of new customers etc.
Gas appliances, etc.	109	103	6	5.6% Effect of provision for appliance maintenance +10 etc.
Other operation income	112	112	0	0.1%
Supplementary business income	61	36	25	68.3% Electric power sales +58, LNG sales -28, etc.
Operating income	530	294	236	79.7%
Non operating income	0	75	-75	- Dividends received from affiliates -74 etc.
Ordinary income	530	370	160	43.1%
Extraordinary income	0	445	-445	- FY16: Sales of assets 291, Extinguishment of tie-in stocks 154
Extraordinary loss	0	0	0	-
Taxes	140	128	12	9.0%
Net income	390	687	-297	-43.3%

**(Reference) Form used up to FY2016**

100 million yen

	FY16 Results	Change	
Gas sales(*2)	10,119	1,111	11.0%
Raw materials and supplies	5,171	1,139	22.0%
(Gross profit)	(4,948)	(-28)	(-0.6%)
Personnel expenses	1,100	-356	-32.4%
General expenses(*3)	2,521	99	3.9%
Depreciation & amortization	1,224	10	0.7%
LNG regasification	-42	7	-
Operating cost	9,977	896	9.0%
Installation work	8	-5	-65.5%
Gas appliances, etc.	107	2	1.4%
Other operation income	116	-4	-3.6%
Supplementary business income	36	25	68.3%
Operating income	294	236	79.7%
Non operating income	75	-75	-
Ordinary income	370	160	43.1%
Extraordinary income	445	-445	-
Extraordinary loss	0	0	-
Taxes	128	12	9.0%
Net income	687	-297	-43.3%

About 30 (\*3)

(\*1) Items have been changed to cope with the revision of the Gas Business Accounting Rules. See p.13 for details.

(\*2) Gas business sales (FY17) consist of Gas sales (FY16), transmission service income (400 million yen included in Miscellaneous operating income in FY16), Intercompany adjustment revenue (new), and Consigned income for LNG regasification and calorie adjustment(new).

(\*3) General expenses

	FY17 Forecast (New Form)	FY16 Results (Form used up to FY2016)	Change	Reference
General expenses	2,620	2,521	99	30 Items have been changed to cope with the revision of the Gas Business Accounting Rules (Raw materials and supplies→ General expenses)
				69 Change of accounts titles with transfer of business to consolidated subsidiaries (Personnel expenses→General expenses)+15、Marketing costs for customer retention (deferral from FY16) 他

## (Reference) Revision of Gas Business Accounting Rules

The gas business system has been changed to cope with the full liberalization of retail sales of gas in FY2017. The Gas Business Accounting Rules will also be revised to reflect the change.

<b>&lt;New&gt; (Gas business Sales)</b>	<b>&lt;Former&gt; (Product sales)</b>
<ul style="list-style-type: none"> <li>• Gas sales</li> <li>• Transmission service income</li> <li>• Intercompany adjustment income</li> <li>• LNG regasification and calorie adjustment income</li> </ul>	<ul style="list-style-type: none"> <li>• Gas sales</li> </ul>
<p style="text-align: center;"><b>&lt;4&gt;</b></p> <ul style="list-style-type: none"> <li><b>(Cost of sales)</b></li> <li>• Beginning inventories</li> <li>• Cost of products manufactured</li> <li>• Purchase of finished goods</li> <li>• Costs of gas for own use</li> <li>• Ending inventories</li> </ul>	<ul style="list-style-type: none"> <li><b>(Cost of sales)</b></li> <li>• Beginning inventories</li> <li>• Cost of products manufactured</li> <li>• Purchase of finished goods</li> <li>• Costs of gas for own use</li> <li>• Ending inventories</li> </ul>
<ul style="list-style-type: none"> <li>• Gross profit</li> </ul>	<ul style="list-style-type: none"> <li>• Gross profit</li> </ul>
<p style="text-align: center;"><b>&lt;About 30&gt;</b></p> <ul style="list-style-type: none"> <li>• Supply and sales expenses</li> <li>• General and administrative expenses</li> <li>• Total selling, general and administrative expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Supply and sales expenses</li> <li>• General and administrative expenses</li> <li>• Total selling, general and administrative expenses</li> </ul>
<ul style="list-style-type: none"> <li>• Income on core business</li> </ul>	<ul style="list-style-type: none"> <li>• Income on core business</li> </ul>
<p><b>(Miscellaneous operating income)</b></p> <ul style="list-style-type: none"> <li>• Income from installation work</li> </ul>	<p><b>(Miscellaneous operating income)</b></p> <ul style="list-style-type: none"> <li>• Income from installation work</li> <li>• Income from gas appliance sales</li> <li>• Transmission service income</li> <li>• Other miscellaneous operating income</li> </ul>
<ul style="list-style-type: none"> <li>• Other miscellaneous operating income</li> </ul>	<ul style="list-style-type: none"> <li>• Other miscellaneous operating income</li> </ul>

(Omitted below)

\* Gas sales were divided into Gas sales and Intercompany adjustment income (fees for using gas pipes).

\* Part of Purchase of finished goods is divided into Purchase of finished goods and Intercompany adjustment cost (fees for using gas pipes) included in Supply and sales expenses.

(Reference) Intercompany adjustment cost  
It is equivalent to transmission service fees paid to other pipeline service operators in accordance with the adjustment contract between the relevant operators when gas is supplied through pipes held by more than one pipeline service operators. If gas is supplied to a user of pipeline service operators C through gas pipes of pipeline service operators A and B, C receives transmission service fees from its retailer and then pays to B, which pays to A.

\* Under the new system, transmission service income is regarded as income from core business, reflecting the idea that transmission service business is collateral to gas business.

[Note] The figures in < > in the table above show major effects of the revision of the Gas Business Accounting Rules (Figures for FY16 in 100 million yen)



<Non-consolidated>

**Breakdown of Gas Sales / Analysis of Gross Profit (FY2017 Forecast vs. FY2016 Results)**

**Breakdown of Gas Sales Volume**

100 million yen

	FY17 Forecast	FY16 Based on the new rule	Change	
Residential	4,856	4,474	382	7.9%
Others (commercial, industrial, wholesale, etc.)	6,374	5,650	724	12.8%
Total	11,230	10,124	1,106	11.0%

**Breakdown of Gas Sales Volume**

100 million yen

	Volume etc.		Unit price		Total
Gas business sales	Temp. effect	129	Sliding	1,353	1,106
			Other	-5	
		-242		1,348	
Raw materials and supplies	Temp. effect	54	Sliding	1,414	1,168
			Other	0	
		-246		1,414	
Gross profit	Temp. effect	74	Sliding	-61	-62
			Other	-5	
		4		-66	

## <Consolidated>

### Breakdown of Operating Cash Flows/Capex/Investments and Financing

#### Operating Cash Flows

##### Consolidated Forecast

(FY2017 Forecast vs. FY2016 Actual)

100 million yen

	FY17	FY16	Change	
Net income attributable to the parent company (A)	550	531	19	3.5%
Depreciation (B)	1,680	1,643	37	2.2%
Operating cash flows (A)+(B)	2,230	2,174	56	2.6%

##### Non-consolidated Forecast

(FY2017 Forecast vs. FY2016 Actual)

100 million yen

	FY17	FY16	Change	
Net income (A)	390	687	-297	-43.1%
Depreciation* (B)	1,293	1,281	12	0.9%
Operating cash flows (A)+(B)	1,683	1,968	-285	-14.5%

\*Depreciation includes amortization of long-term prepaid expenses.

#### Breakdown of Capex

(FY2017 Forecast vs. FY2016 Actual)

100 million yen

	FY17	FY16	Change	
Production facilities	210	224	-14	-6.5%
Supply facilities	992	943	49	5.2%
Operational facilities etc.	757	363	394	107.7%
Tokyo Gas Total	1,960	1,532	428	27.9%
Capital investment at consolidated subsidiaries*	736	540	196	36.2%
Adjustment	-46	-39	-7	—
Total	2,650	2,033	617	30.3%

Production facilities : Hitachi LNG Terminal-related etc. -14

Supply facilities : Stable supplies of energy-related etc. +49

Operational facilities etc.

: Real estate, IT, other operational facilities, etc. +394

Consolidated subsidiaries: TGES etc.+196

#### Investments and Financing

100 million yen

	FY17	FY16	Change	
Investment & financing	435	163	272	166.5%
Collections	16	25	-9	-36.3%
After offset	419	138	281	204.6%

# 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, rapid technological innovations, and the Company's responses to the progress of deregulation.