

# 11-Year Consolidated Financial Highlights

As of March 31, 2016

	2006.3	2007.3	2008.3	2009.3
Net Sales (¥ million)	1,266,501	1,376,958	1,487,496	1,660,162
Operating Income (¥ million)	112,345	162,315	70,048	65,204
Operating Income Margin (%)	8.87	11.79	4.71	3.93
Ordinary Income (¥ million)	98,689	156,039	66,832	58,337
Net Income (¥ million)	62,114	100,699	42,487	41,708
Equity (¥ million)	728,231	795,101	769,072	772,365
Total Assets (¥ million)	1,693,898	1,692,635	1,703,651	1,764,185
Interest-bearing Debt (¥ million)	559,911	525,467	558,716	593,230
Operating Cash Flow (¥ million)	198,490	233,841	184,908	182,791
Free Cash Flow (¥ million)	79,057	109,285	46,902	36,862
EBITDA (¥ million)	248,721	295,457	212,469	206,287
Capital Expenditure (¥ million)	119,435	124,556	138,006	145,929
Depreciation (¥ million)	136,376	133,142	142,421	141,083
EPS (Earnings per Share, fully diluted EPS) (¥)	21.70	35.69	15.50	15.37
BPS (Book Value per Share) (¥)	270.46	293.11	289.49	284.72
Issued Number of Shares (Common Stock) (thousands of shares)	2,810,171	2,810,171	2,741,571	2,717,571
Dividend per Share (¥)	7	8	8	8
DOE (Dividends on Equity) (%)	2.71	2.83	2.72	2.78
Payout Ratio (%)	29.81	21.33	50.19	51.18
Total Payout Ratio (%)	84.29	60.14	73.56	63.35
Current Ratio (%)	102.91	112.60	106.76	118.99
D/E (Debt-Equity) Ratio (times)	0.77	0.66	0.73	0.77
Equity Ratio (%)	42.99	46.97	45.14	43.78
ROE (Return on Equity) (%)	9.02	13.22	5.43	5.41
ROA (Return on Assets) (%)	3.69	5.95	2.50	2.41
Total Asset Turnover (times)	0.75	0.81	0.88	0.96
TEP (¥100 million)	229	538	17	(48)
WACC (%)	3.7	3.8	3.6	3.4
Number of Customers (thousands)	10,016	10,207	10,380	10,513
Gas Sales Volume (million m <sup>3</sup> )	13,098	13,315	14,215	13,942
2020 vision basis*	—	—	—	—

\* 2020 vision basis... These numbers are the numerical results calculated by the same method when we planned our vision. Namely, it is the amount that added self-consuming volume and LNG sales volume (excluded volume for Nijio) to a Consolidated gas sales volume.

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

\* Although unaudited, financial information in this investors' guide is based on certified financial statements.

2010.3	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3
1,415,718	1,535,242	1,754,257	1,915,639	2,112,117	2,292,548	1,884,656
85,229	122,451	77,075	145,633	166,044	171,753	192,008
6.02	7.98	4.39	7.60	7.86	7.49	10.19
83,519	121,548	75,620	147,453	159,613	168,169	188,809
53,781	95,467	46,060	101,678	108,451	95,828	111,936
813,886	858,920	839,166	927,634	1,011,787	1,069,515	1,100,271
1,840,972	1,829,661	1,863,885	1,992,403	2,176,816	2,257,662	2,251,518
555,919	584,169	625,830	642,550	713,823	730,739	715,769
199,898	244,803	194,565	240,448	248,831	237,680	257,122
51,712	94,600	48,152	56,651	827	13,084	25,089
231,346	271,788	225,580	284,403	306,424	313,605	337,194
148,186	150,202	146,413	183,797	248,004	224,596	232,033
146,117	149,336	148,505	138,770	140,380	141,852	145,187
19.86	35.63	17.70	39.52	43.10	39.15	46.68
301.58	320.70	324.67	360.70	402.91	438.28	460.35
2,703,761	2,684,193	2,590,715	2,577,919	2,517,551	2,446,778	2,396,778
9	9	9	10	10	10	11
3.07	2.88	2.74	2.91	2.59	2.34	2.58
45.32	25.26	50.85	25.30	23.20	25.55	23.57
60.11	60.87	61.36	60.70	60.00	60.80	60.10
120.93	142.26	156.89	162.16	156.67	150.63	155.48
0.68	0.68	0.75	0.69	0.71	0.68	0.65
44.21	46.94	45.02	46.56	46.48	47.37	48.87
6.78	11.41	5.42	11.51	11.18	9.21	10.32
2.98	5.20	2.49	5.27	5.20	4.32	4.96
0.79	0.84	0.95	0.99	1.01	1.03	0.84
186	640	91	598	507	434	676
3.2	3.3	3.1	3.2	3.2	3.6	3.4
10,637	10,739	10,855	10,978	11,111	11,263	11,398
13,666	14,745	15,190	15,390	14,735	15,541	15,436
—	—	15,833	16,741	17,225	18,360	18,587

#### Computations

Operating Cash Flow = Net Income + Amortization of Long-term Prepaid Expenses + Depreciation  
Free Cash Flow = Net Income + Amortization of Long-term Prepaid Expenses + Depreciation - Capital Expenditure  
Current Ratio = Current Assets (year-end) / Current Liabilities (year-end) x 100  
Debt-Equity Ratio = Interest-bearing Debt (year-end) / Equity (year-end)  
Equity Ratio = Equity (year-end) / Total Assets (year-end) x 100  
Total Asset Turnover = Net Sales / Total Assets (average)  
TEP (Tokyo Gas Economic Profit) = After-tax & pre-interest-payment profit - capital cost (cost of interest-bearing debt + shareholder capital cost)

WACC calculation data (fiscal 2015 actual)  
· Interest-bearing debt cost: Real interest rate of 1.11% (after tax)  
· Cost of shareholders' equity  
· Risk-free rate: 10-year JGB yield of 0.44%  
· Risk premium: 5.5%, Beta coefficient of 0.75

# Consolidated Balance Sheet

(Millions of yen)

	2015.3.31	2016.3.31
<b>Assets</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	174,760	241,842
Distribution facilities	479,060	550,713
Service and maintenance facilities	60,525	59,560
Other facilities	326,424	351,950
Inactive facilities	387	316
Construction in progress	223,821	107,685
Total property, plant and equipment	1,264,979	1,312,068
Intangible assets		
Goodwill	503	841
Other	134,937	136,348
Total intangible assets	135,441	137,189
Investments and other assets		
Investment securities	199,166	179,410
Long-term loans receivable	16,149	24,013
Net defined benefit asset	5,541	229
Deferred tax assets	24,731	40,447
Other	30,335	34,741
Allowance for doubtful accounts	(444)	(394)
Total investments and other assets	275,480	278,447
Total non-current assets	1,675,901	1,727,705
Current assets		
Cash and deposits	86,493	170,262
Notes and accounts receivable - trade	250,326	201,344
Lease receivables and investment assets	26,379	24,054
Securities	43,010	—
Merchandise and finished goods	3,189	3,501
Work in process	14,046	10,784
Raw materials and supplies	71,630	46,525
Deferred tax assets	12,637	8,004
Other	74,632	59,808
Allowance for doubtful accounts	(584)	(472)
Total current assets	581,761	523,812
Total assets	2,257,662	2,251,518
<b>Liabilities</b>		
Non-current liabilities		
Bonds payable	312,697	284,997
Long-term loans payable	339,214	363,393
Deferred tax liabilities	11,436	11,321
Net defined benefit liability	75,071	89,405
Provision for gas holder repairs	3,421	3,455
Provision for safety measures	868	466
Provision for appliance warranties	3,675	9,538
Provision for loss on guarantees	1,562	1,678
Asset retirement obligations	11,448	10,695
Other	24,798	24,490
Total non-current liabilities	784,193	799,443
Current liabilities		
Current portion of non-current liabilities	58,020	47,044
Notes and accounts payable - trade	108,948	82,352
Short-term loans payable	18,547	16,512
Income taxes payable	43,640	28,914
Deferred tax liabilities	2	1
Provision for safety measures	3,839	—
Asset retirement obligations	—	53
Other	153,208	162,023
Total current liabilities	386,206	336,903
Total liabilities	1,170,400	1,136,346
<b>Net assets</b>		
Shareholders' equity		
Capital stock	141,844	141,844
Capital surplus	2,065	1,878
Retained earnings	855,776	910,353
Treasury shares	(3,715)	(4,441)
Total shareholders' equity	995,971	1,049,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,455	26,298
Deferred gains or losses on hedges	(1,820)	(2,573)
Foreign currency translation adjustment	43,071	44,945
Remeasurements of defined benefit plans	(2,163)	(18,033)
Total accumulated other comprehensive income	73,543	50,636
Non-controlling interests	17,747	14,900
Total net assets	1,087,262	1,115,172
Total liabilities and net assets	2,257,662	2,251,518

## Consolidated Statement of Income

	(Millions of yen)	
	2014.4.1 - 2015.3.31	2015.4.1 - 2016.3.31
Net sales	2,292,548	1,884,656
Cost of sales	1,668,041	1,239,020
Gross profit	624,506	645,636
Selling, general and administrative expenses		
Supply and sales expenses	383,749	385,572
General and administrative expenses	69,003	68,054
Total selling, general and administrative expenses	452,752	453,627
Operating income	171,753	192,008
Non-operating income		
Interest income	770	615
Dividend income	3,891	1,878
Rent income	1,622	2,177
Foreign exchange gains	148	1,733
Share of profit of entities accounted for using equity method	3,313	2,122
Miscellaneous income	7,796	7,043
Total non-operating income	17,542	15,570
Non-operating expenses		
Interest expenses	12,659	12,158
Adjustments of charges for construction of distribution facilities	2,054	2,189
Miscellaneous expenses	6,413	4,421
Total non-operating expenses	21,126	18,769
Ordinary income	168,169	188,809
Extraordinary income		
Gain on sales of non-current assets	6,134	—
Gain on sales of investment securities	5,062	—
Total extraordinary income	11,197	—
Extraordinary losses		
Impairment loss	30,987	28,293
Loss on reduction of non-current assets	505	—
Loss on valuation of investment securities	622	4,747
Total extraordinary losses	32,115	33,040
Profit before income taxes	147,251	155,768
Income taxes - current	51,451	43,782
Income taxes - deferred	(847)	(991)
Total income taxes	50,603	42,791
Profit	96,647	112,977
Profit attributable to non-controlling interests	819	1,040
Profit attributable to owners of parent	95,828	111,936

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2014.4.1 - 2015.3.31	2015.4.1 - 2016.3.31
Profit	96,647	112,977
Other comprehensive income		
Valuation difference on available-for-sale securities	8,603	(8,363)
Deferred gains or losses on hedges	(447)	(1,062)
Foreign currency translation adjustment	20,537	3,614
Remeasurements of defined benefit plans, net of tax	(3,402)	(15,904)
Share of other comprehensive income of entities accounted for using equity method	3,887	(1,387)
Total other comprehensive income	29,179	(23,102)
Comprehensive income	125,826	89,874
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124,981	89,029
Comprehensive income attributable to non-controlling interests	845	844

# Consolidated Statements of Cash Flows

(Millions of yen)

	2014.4.1 - 2015.3.31	2015.4.1 - 2016.3.31
<b>Cash flows from operating activities</b>		
Profit before income taxes	147,251	155,768
Depreciation and amortization	138,635	141,930
Impairment loss	30,987	28,293
Amortization of long-term prepaid expenses	3,217	3,256
Loss on retirement of property, plant and equipment	2,001	3,050
Loss (gain) on sales of investment securities	(5,062)	(1,156)
Loss (gain) on valuation of investment securities	622	4,747
Increase (decrease) in provision for gas appliance warranties	3,675	5,863
Increase (decrease) in net defined benefit liability	(4,810)	(1,110)
Increase (decrease) in net defined benefit asset	(4,474)	(1,384)
Increase (decrease) in Provision for safety measures	2,995	(4,242)
Interest and dividend income	(4,661)	(2,494)
Interest expenses	12,659	12,158
Share of (profit) loss of entities accounted for using equity method	(3,313)	(2,122)
Decrease (increase) in notes and accounts receivable - trade	2,355	47,350
Decrease (increase) in inventories	(12,008)	28,117
Increase (decrease) in notes and accounts payable - trade	(7,305)	(22,993)
Decrease (increase) in consumption taxes refund receivable	(4,371)	2,940
Increase (decrease) in accrued consumption taxes	1,137	(2,436)
Decrease (increase) in accounts receivable - other	(5,603)	12,864
Net decrease (increase) in lease receivables and investment assets	(42)	2,273
Other, net	(21,005)	(1,253)
<b>Subtotal</b>	<b>272,878</b>	<b>409,422</b>
Interest and dividend income received	13,512	11,954
Interest expenses paid	(12,649)	(12,547)
Income taxes paid	(50,515)	(54,170)
<b>Net cash provided by (used in) operating activities</b>	<b>223,225</b>	<b>354,658</b>
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	1,846	1,945
Purchase of investment securities	(147)	(1,850)
Proceeds from sales and redemption of investment securities	8,705	3,616
Purchase of property, plant and equipment	(180,097)	(195,060)
Purchase of intangible assets	(25,313)	(26,131)
Purchase of long-term prepaid expenses	(3,276)	(10,683)
Payments for transfer of business	—	(1,250)
Payments of long-term loans receivable	(2,954)	(9,776)
Collection of long-term loans receivable	6,485	1,726
Other, net	9,913	1,057
<b>Net cash provided by (used in) investing activities</b>	<b>(184,838)</b>	<b>(236,406)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	241	(2,011)
Repayments of lease obligations	(975)	(1,243)
Proceeds from long-term loans payable	29,359	51,701
Repayments of long-term loans payable	(30,891)	(18,012)
Redemption of bonds	(20,000)	(43,800)
Repayments to non-controlling shareholders	—	(3,581)
Purchase of treasury shares	(40,132)	(33,939)
Cash dividends paid	(24,774)	(24,173)
Other, net	19,432	(356)
<b>Net cash provided by (used in) financing activities</b>	<b>(67,741)</b>	<b>(75,418)</b>
Effect of exchange rate change on cash and cash equivalents	6,769	(1,065)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(22,585)</b>	<b>41,769</b>
Cash and cash equivalents at beginning of period	150,918	128,333
Cash and cash equivalents at end of period	128,333	170,102

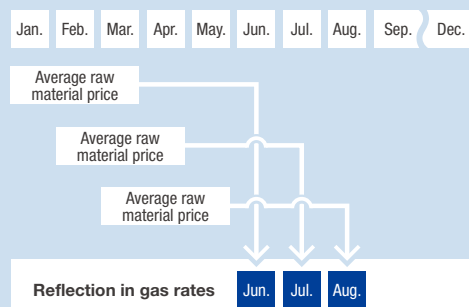
## Factors Affecting Revenues and Expenses

### Gas Rate Adjustment System's Medium- to Long-Term Neutralizing Effect on Crude Oil Price and Exchange Rate Fluctuations

Gas prices are determined using the gas rate adjustment system. Through this system, average raw material prices over a three-month period according to trade statistics are compared with the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. A time lag of four months on average (called a sliding time lag) exists between the payment of raw material costs and the reflection of such changes in gas rates. Consequently, fluctuations in crude oil prices and exchange rates may result in the under-recovery or over-recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income. Looking at the medium- to long-term, however, the gas rate adjustment system has a neutralizing effect on the income impacts of fluctuations in raw material costs.

#### Timing of the Standard Average Raw Material Cost Calculation and Reflection in Gas Rates

Timing of standard average raw material cost calculation



The average raw material price over the past three months is calculated every month and then reflected in the gas rate three months later.

#### How the Sliding Time Lag in Rates Works

