



# Financial Results Presentation Meeting

Interim results for FY2005 (Apr.-Sept. 2005)

Oct. 31, 2005  
Tokyo Gas Co., Ltd.

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# Key Points of Interim Financial Results

## ◆ Increase in Sales, Decrease in Income

(compared with FY2004 Interim financial results)

### [Positive factors]

- Increase in residential gas sales volume because of low temperatures during the period
- Increase in gas sales volume through marketing activities
- Cost cut

### [Negative factors]

- Decrease in gas sales revenue by rate reduction
- Increase in raw material cost due to high rise in oil price

(Rounded down to nearest ¥0.1 billion)

(billion yen)

	FY04 Interim Results	<b>FY05 Interim Results</b>	Change from FY04
Sales	514.1	<b>534.4</b>	+20.3(+4.0%)
Operating Income	47.1	<b>35.7</b>	-11.4(-24.2%)
Ordinary Income	44.4	<b>32.4</b>	-12.0(-26.8%)
Net Income	27.4	<b>22.1</b>	-5.3(-19.3%)
Exchange rate(¥/US\$)	109.80	<b>109.52</b>	-0.28
Crude oil price(\$/bbl)	36.76	<b>53.05</b>	+16.29

# Reasons for Changes in Operating Income

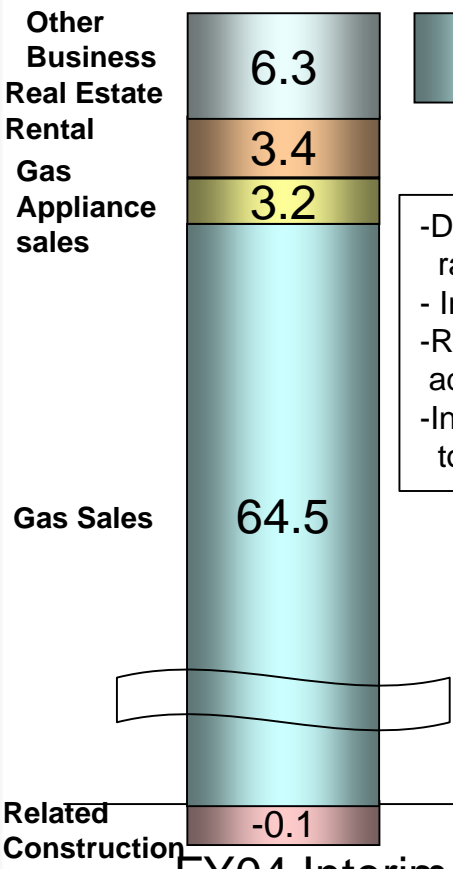
(billion yen)

**-11.4billion yen**

Operating income without internal transactions: 47.1

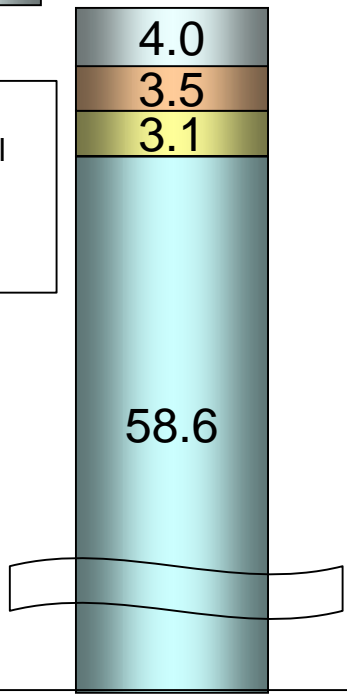
Operating income without internal transactions: 35.7

**Gas Sales -5.9**  
**Gas Appliance sales -0.1**  
**Related Construction +0.1**  
**Real Estate Rental +0.1**  
**Other Business -2.3**



-Decrease in revenue because of rate reduction (-)  
 - Increase in gas sales volume(+)  
 -Rise in the unit price from rate adjustment system(+)  
 -Increase in raw material cost due to high rise in crude oil price (-)

-Increase in sales in on-site energy service and industrial gas(+)  
 - Decrease in revenue by growth of lease asset(-)



\*These figures do not include operating expenses that cannot be allocated to a specific segment.

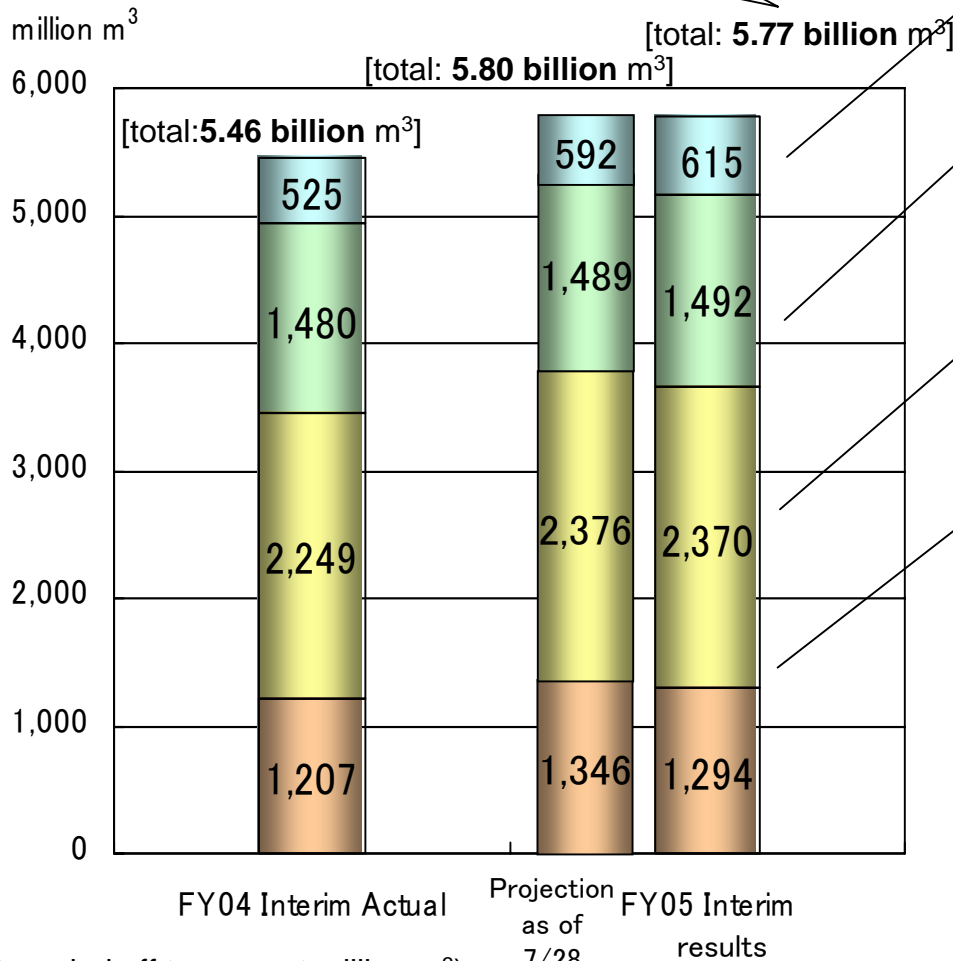
**FY04 Interim**  
(\*)Total 77.4

**FY05 Interim**  
(\*)Total 69.2

# Gas Sales Volume Projections

(Change from previous year and projections)

5.7% increase from projection  
as of Jul.28  
(+311 million m<sup>3</sup>)



## <Reasons for Changes in Gas Sales Volume from FY04 Interim Actual>

### **Wholesale Supply: +17.1% (+90 mil. m<sup>3</sup>)**

- Increase in sales to other gas utilities through developing new demand for those utilities

### **Commercial & Other Use: +0.8% (+12 mil. m<sup>3</sup>)**

- Decreased demand for air conditioning due to low temperatures
- Increased demand from new customers

### **Industrial Use: +5.4% (+121 mil. m<sup>3</sup>)**

- Decreased demand for electric power generation
- Increased demand by new & existing customers

### **Residential Use: +7.3% (+87 mil. m<sup>3</sup>)**

- Increase in hot water demand due to low temperature

(Reference)	projection as of 7/28	FY05 Interim results	Change from projection as of 7/28	
Residential	1,346	1,294	-52	-3.9%
Industrial	2,376	2,370	-6	-0.3%
Commercial & Other	1,489	1,492	+3	+0.2%
Wholesale	592	615	+23	+3.9%
<b>Total</b>	<b>5,803</b>	<b>5,771</b>	<b>-32</b>	<b>-0.6%</b>

(Rounded off to nearest million m<sup>3</sup>)

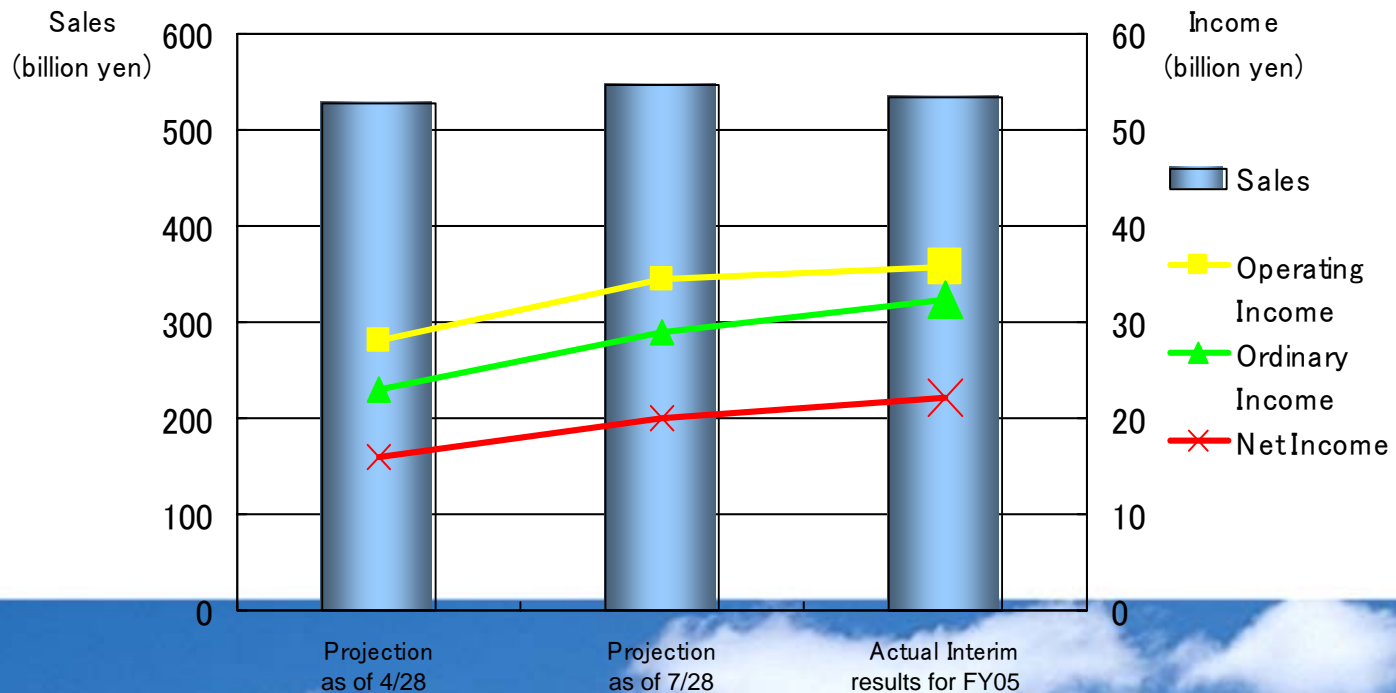
# Summary of Interim Results

(Change from Projections)

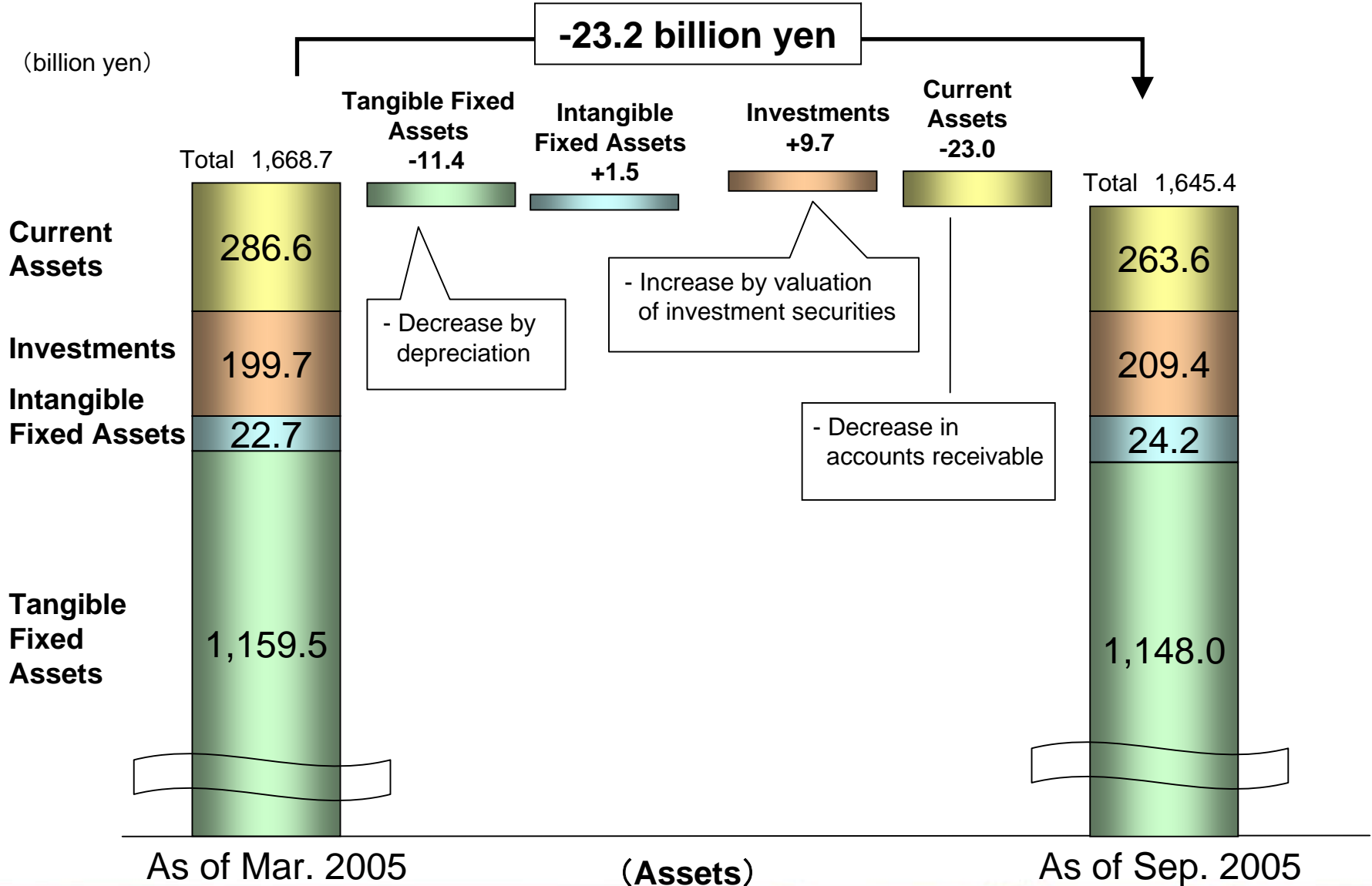
(billion yen)

	Projection as of 4/28	Projection as of 7/28	<b>FY05 Interim Results</b>	Change from projection as of 4/28	Change from projection as of 7/28
Sales	527.0	546.0	<b>534.4</b>	+7.4 (+ 1.4%)	-11.6(- 2.1%)
Operating Income	28.0	34.5	<b>35.7</b>	+7.7 (+27.5%)	+1.2 (+3.5%)
Ordinary Income	23.0	29.0	<b>32.4</b>	+9.4(+40.9%)	+3.4 (+11.7%)
Net Income	16.0	20.0	<b>22.1</b>	+6.1(+38.1%)	+2.1 (+10.5%)
Exchange rate(¥/US\$)	105.0	108.85	<b>109.52</b>	+4.52	+0.67
Crude oil price(\$/bbl)	40.00	49.84	<b>53.05</b>	+13.05	+3.21

Note: Figures are rounded down to nearest ¥0.1 billion.

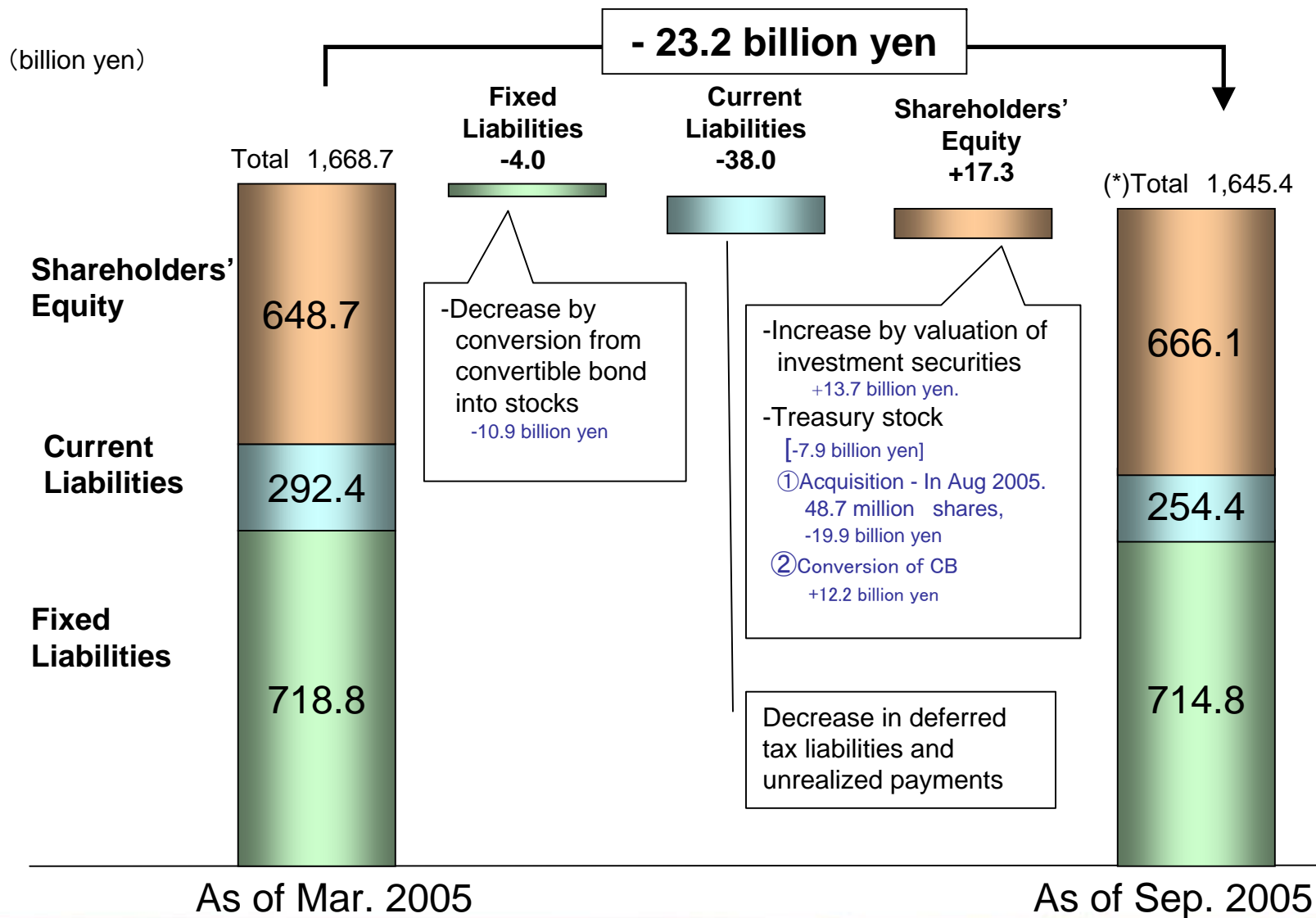


# Reasons for Changes in Balance Sheet (Assets)



# Reasons for Changes in Balance Sheet

## (Liabilities & Shareholders' Equity)





# Outlook for FY05 projection (April 2005 – March 2006)





# Key points for FY05 projection (change from projection)

## ◆ Decrease in Revenue and Income (compared with projection as of FY2005 1Q)

### [Positive factors]

- Cost cut and decrease depreciation
- Improve the balance of energy service business

### [Negative factors]

- Decrease in gas sales volume for residential and industrial
- Increase in raw material cost due to high rise in crude oil price

(Rounded off to nearest ¥ 0.1 billion)

## ■ Factors of change in projection as of FY05 1Q(non consolidated)

- [1] Great decrease in margin due to high rise in crude oil price **▲5.4 ¥billion**
- [2] Decrease margin because of gas sales volume **▲6.8 ¥billion**
- [3] Improve the balance of the sales in gas appliances **+0.5 ¥billion**
- [4] Decrease in fixed cost **+3.7 ¥ billion**
- [5] Improve the balance of non-operating profit and loss **+1.0 ¥ billion**

**▲7.0 ¥ billion**

(billion yen)

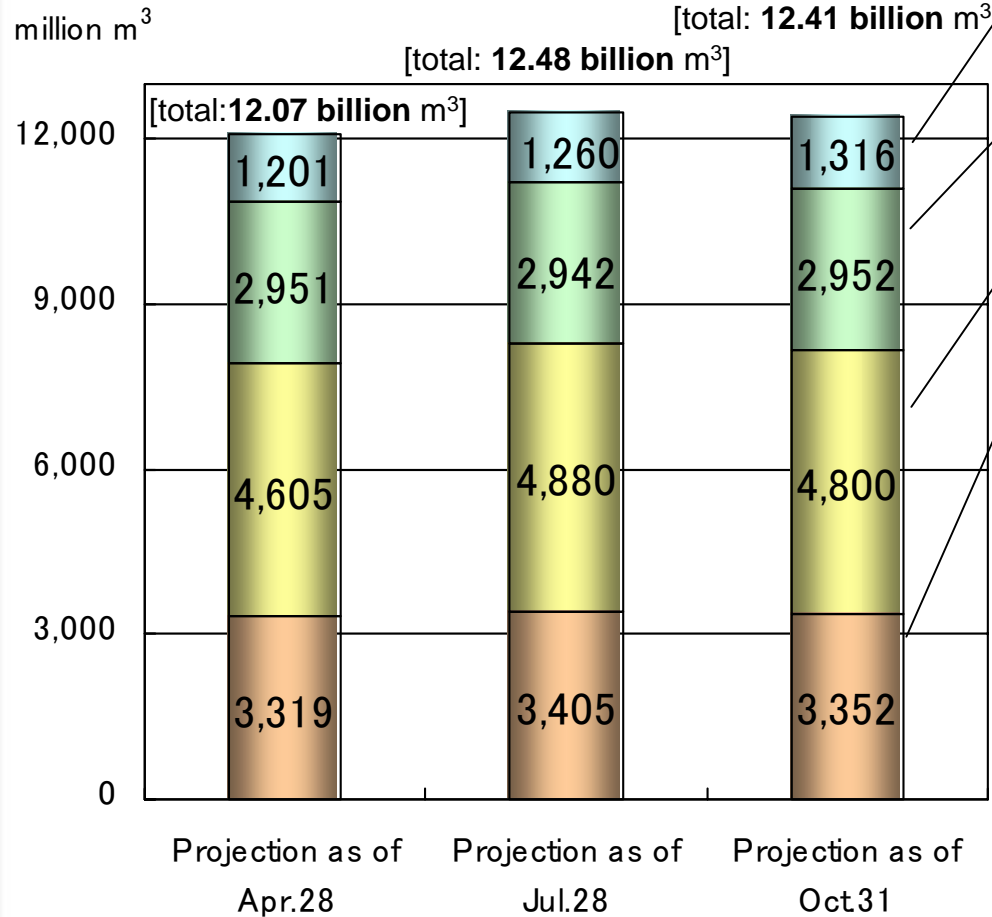
	FY05 projection as of Apr. 28	FY05 projection as of Jul. 28	<b>FY05 projection as of Oct. 31</b>	Change from projection as of Apr.28	Change from projection as of Jul.28
Sales	1,204.0	1,251.0	<b>1,248.0</b>	+44.0(+3.7%)	-3.0(-0.2%)
Operating Income	114.0	113.0	<b>106.0</b>	-8.0(-7.0%)	-7.0(-6.2%)
Ordinary Income	104.0	104.0	<b>99.0</b>	-5.0(-4.8%)	-5.0(-4.8%)
Net Income	68.0	68.0	<b>67.0</b>	-1.0(-1.5%)	-1.0(-1.5%)
Exchange rate(¥/US\$)	105.00	109.42	<b>109.74</b>	+4.74	+0.32
Crude oil price(\$/bbl)	38.00	49.92	<b>53.93</b>	+15.93	+4.01
Average Temperature(°C)	17.0	16.8	<b>16.7</b>	-0.3	-0.1

# Gas Sales Volume Projections

(Change from previous year and past projections)

0.5% decrease from projection as of Jul.28 (-67 million m<sup>3</sup>)

## <Reasons for Changes in Gas Sales Volume Projection from projection as of Jul.28>



**Wholesale Supply: +4.4%** (+56 mil. m<sup>3</sup>)  
- Steady growth in wholesale demand

**Commercial & Other Use: +0.3%** (+10 mil. m<sup>3</sup>)  
- Increased demand from existing customers

**Industrial Use: -1.6%** (-80 mil. m<sup>3</sup>)  
- Decreased demand for electric power generation

**Residential Use: -1.6%** (-53 mil. m<sup>3</sup>)  
- Decrease in hot water demand due to high temperature in Aug. and Sept.

(Reference)	projection as of 10/31	Projection as of 4/28	Change from projection as of 4/28	
Residential	3,352	3,319	+33	+1.0%
Industrial	4,800	4,605	+195	+4.2%
Commercial & Other	2,952	2,951	+1	0.0%
Wholesale	1,316	1,201	+115	+9.6%
<b>Total</b>	<b>12,419</b>	<b>12,076</b>	<b>+343</b>	<b>+2.8%</b>

(Rounded off to nearest million m<sup>3</sup>)

# Key points for FY2005 projection ( change from FY04)

## ◆ Increase in Revenue and Decrease in Income

(compared with FY04 Actual)

### [Positive factors]

- Increase in gas sales volume for all kind of customers
- Rising the gas price due to sliding system because of jump in crude oil prices

### [Negative factors]

- Decrease in gas sales due to rate cut since Jan.2005
- Increase in raw material cost due to high rise in crude oil price
- Increase in salaries by one-off expense of unrecognized actuarial differences

(Rounded off to nearest ¥100 million)

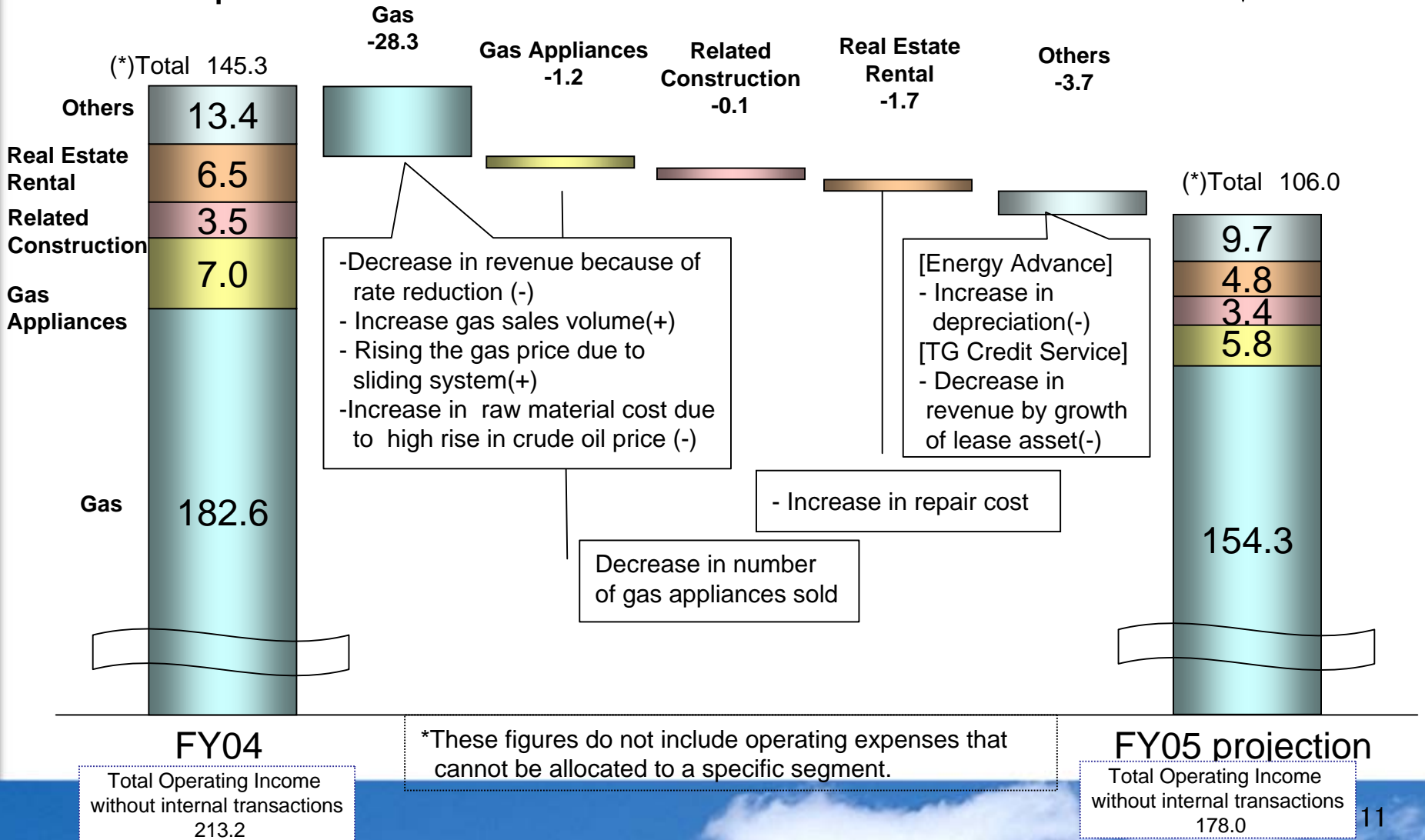
(billion yen)

	FY 04 Actual	<b>FY05 Projection</b>	Change from FY04
Sales	1,190.7	<b>1,248.0</b>	+57.3(+4.8%)
Operating Income	145.3	<b>106.0</b>	-39.3(-27.1%)
Ordinary Income	132.8	<b>99.0</b>	-33.8(-25.5%)
Net Income	84.0	<b>67.0</b>	-17(-20.3%)
Exchange Rate (¥/US\$)	107.55	<b>109.74</b>	+2.19
Crude Oil Price (\$/bbl)	38.77	<b>53.93</b>	+15.16
Average Temp. (°C)	17.1	<b>16.7</b>	-0.4

# Reasons for Changes in Operating Income

(billion yen)

**-39.3 billion yen**



# References



# Performance Indicators (Interim Results-1)

(billion yen)

	FY04 Interim Results	Projection as of Apr.28	Projection as of Jul.28	<b>FY05 Interim Results</b>	Change from FY04	Change from projection as of Apr.28	Change from projection as of Jul.28
Sales	514.1	527.0	546.0	<b>534.4</b>	+4.0%	+1.4%	-2.1%
Operating Income	47.1	28.0	34.5	<b>35.7</b>	-24.2%	+27.5%	+3.5%
Ordinary Income	44.4	23.0	29.0	<b>32.4</b>	-26.8%	+40.9%	+11.7%
Net Income	27.4	16.0	20.0	<b>22.1</b>	-19.3%	+38.1%	+10.5%
EPS(¥)	10.22	—	—	<b>8.39</b>	-1.83	—	—
TEP	9.6	—	—	<b>3.6</b>	-6.0	—	—
Gas sales volume (million m3)	5,460	5,583	5,803	<b>5,771</b>	+5.7%	+33.6%	-0.6%
FX rate (yen/US\$)	109.80	105.00	108.85	<b>109.52</b>	-0.28	+4.52	+0.67
Oil price (\$/bbl)	36.73	40.00	49.84	<b>53.05</b>	+16.32	+13.05	+3.21

# Performance Indicators (Interim Results-2)

(billion yen)

	FY04 Interim Results	projectio n as of Apr.28	projection as of Jul.28	<b>FY04 Interim Results</b>	Change from FY04	Change from projection as of Apr.28	Change from projection as of Jul.28
Total Assets(a)	1,668.7	—	—	<b>1,645.4</b>	-1.4%	—	—
Shareholders' Equity (b)	648.7	—	—	<b>666.1</b>	+2.7%	—	—
Equity Ratio: (b)/(a)	38.9%	—	—	<b>40.5%</b>	+1.6%	—	—
Outstanding Debt	624.1	—	—	<b>637.6</b>	+13.5	—	—
Cash Flow from Operating Activities (c)	27.4	16.0	20.0	<b>22.1</b>	-19.3%	+38.1%	+10.5%
Cash Flow from Investing Activities (d) = (f) - (e)	20.5	17.0	18.0	<b>10.8</b>	-47.1%	-36.5%	-40.0%
CAPEX (e)	48.1	51.0	50.0	<b>54.2</b>	+12.7%	+6.3%	+8.4%
Depreciation (f)	68.7	68.0	68.0	<b>65.1</b>	-5.2%	-4.3%	-4.3%
Free Cash Flow: (c) + (d)	48.0	33.0	38.0	<b>33.0</b>	-31.2%	0.0%	-13.2%
ROA: (c) / (a)	1.6%	—	—	<b>1.3%</b>	-0.3%	—	—
ROE: (c) / (b)	4.6%	—	—	<b>3.4%</b>	-1.2%	—	—

(\*) Total Assets and Shareholders' Equity and Equity ratio and Outstanding Debt in FY04 is shown as of Mar.2005

ROA=Net Income/Average Total Assets, ROE=Net Income/Average Shareholders' Equity

EPS: earnings per average number of shares issued and outstanding

Free Cash Flow =Cash flows from operating activities (Net Income) + Cash flows from investment activities (Depreciation-Capex)

# Performance Indicators (FY2005 projection-1)

(billion yen)

	FY04 Results	Projection as of Apr.28	Projection as of Jul.28	<b>FY05 projection</b>	Change from FY04	Change from projection as of Apr.28	Change from projection as of Jul.28
Sales	1,190.7	1,204.0	1,251.0	<b>1,248.0</b>	+4.8%	+3.7%	-0.2%
Operating Income	145.3	114.0	113.0	<b>106.0</b>	-27.1%	-7.0%	-6.2%
Ordinary Income	132.8	104.0	104.0	<b>99.0</b>	-25.5%	-4.8%	-4.8%
Net Income	84.0	68.0	68.0	<b>67.0</b>	-20.3%	-1.5%	-1.5%
EPS(¥)	31.47	25.63	—	<b>25.41</b>	-6.06	-0.22	—
TEP	50.5	28.9	28.9	<b>29.0</b>	-21.5	+0.1	+0.1
Gas sales volume (million m3)	1,195.2	1,207.6	1,248.6	<b>1,241.9</b>	+3.9%	+2.8%	-0.5%
FX rate (yen/US\$)	107.55	105.00	109.42	<b>109.74</b>	+2.19	+4.74	+0.32
Crude oil price (\$/bbl)	38.77	38.00	49.92	<b>53.93</b>	+15.16	+15.93	+4.01
Average Temperature(°C)	17.1	17.0	16.8	<b>16.7</b>	-0.4	-0.3	-0.1



# Performance Indicators (FY2005 projection-2)

(billion yen)

	FY04 Results	Projection as of Apr.28	Projection as of Jul.28	FY05 projection	Change from FY04	Change from projection as of Apr.28	Change from projection as of Jul.28
Total Assets(a)	1,668.7	1,617.0	1,617.0	<b>1,653.0</b>	-0.9%	+2.2%	+2.2%
Shareholders' Equity (b)	648.7	674.0	674.0	<b>673.0</b>	+3.7%	-0.1%	-0.1%
Equity Ratio: (b)/(a)	38.9%	41.7%	41.7%	<b>40.7%</b>	+1.8%	-1.0%	-1.0%
Outstanding Debt	624.1	600.0	600.0	<b>600.0</b>	-24.1	0.0	0.0
Cash Flow from Operating Activities (c)	84.0	68.0	68.0	<b>67.0</b>	-20.3%	-1.5%	-1.5%
Cash Flow from Investing Activities (d) = (f) - (e)	32.7	8.0	8.0	<b>2.0</b>	-93.9%	-75.0%	-75.0%
CAPEX (e)	107.5	134.0	134.0	<b>134.0</b>	+24.6%	0.0%	0.0%
Depreciation (f)	140.2	142.0	142.0	<b>136.0</b>	-3.0%	-4.2%	-4.2%
Free Cash Flow : (c) + (d)	116.7	76.0	76.0	<b>69.0</b>	-40.9%	-9.2%	-9.2%
ROA: (c) / (a)	5.0%	4.1%	4.1%	<b>4.0%</b>	-1.0%	-0.1%	-0.1%
ROE: (c) / (b)	13.5%	10.3%	10.3%	<b>10.1%</b>	-3.4%	-0.2%	-0.2%

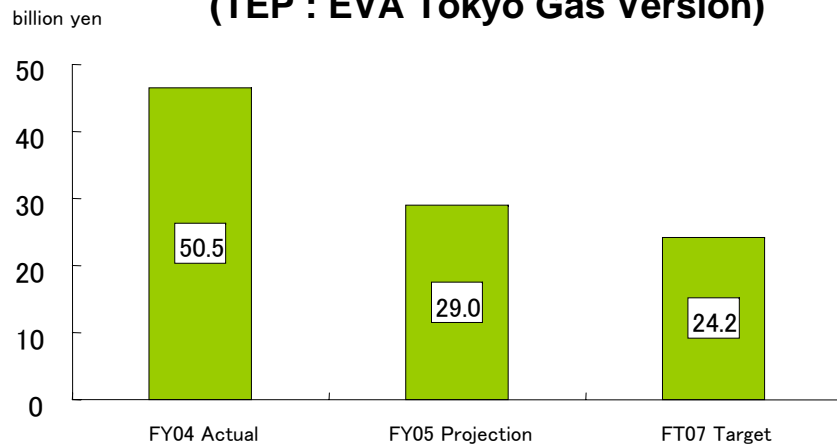
(\*) ROA=Net Income/Average Total Assets, ROE=Net Income/Average Shareholders' Equity

EPS: earnings per average number of shares issued and outstanding

Free Cash Flow =Cash flows from operating activities(Net Income) +Cash flows from investment activities (Depreciation-Capex)

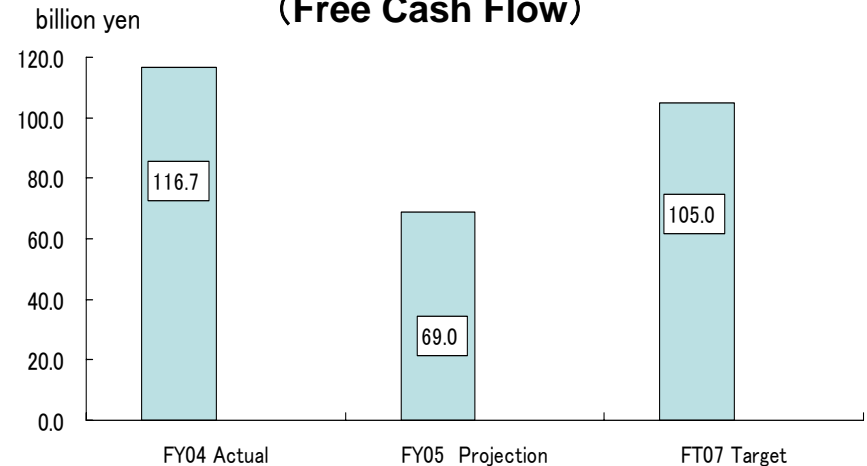
# Main Performance Indicators

(TEP : EVA Tokyo Gas Version)



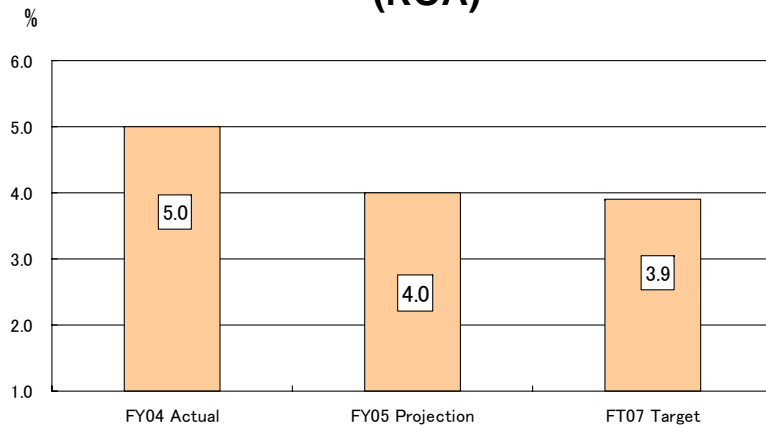
■ TEP = After-tax, pre-interest-payment profit - capital cost  
(capital invested x WACC)  
WACC: FY04 Actual 3.6%, FY05 Projection 3.7%, FY07 target 3.6%

(Free Cash Flow)



■ FCF=Net profit + depreciation (before long-term depreciation deductions) - Capex

(ROA)



■ ROA=Net Income/Average Total Asset

(Interest-Bearing Debt)

