

**FY2012 3Q Financial Results  
ended December 31, 2012**



**January 31, 2013**

---

# **FY2012 3Q Consolidated Financial Results ended December 31, 2012**

---



## Highlights of operating profit increase (before inter-segment cancellation)

(+/- indicates profit impact, billion yen)

### ■ City gas segment <+70.3>

- Operating income increased, following the improved sliding time lag effect (+59.1)
- Gas sales volume increased (+14.9, +442 mil. m<sup>3</sup>, +4.3%: of which, Kashima +282 mil. m<sup>3</sup>, temperature effect +44 mil. m<sup>3</sup> +2.3%, rebound from impacts by the earthquake and others)

### ■ Other energy segment<+15.0>

- Operating income grew at electric power business (+10.4; increased volume +27.2%/+6.3, higher unit sales prices +4.2)
- Operating income from LNG sales grew (+2.7)

### ■ Investment abroad<+2.3>

- Interest income increased from loan for operating entity of TG Bajio (+2.4)

(Unit: billion yen)

	FY2012 3Q Results	FY 2011 3Q Results	Change	%
Gas sales volume (mil. m <sup>3</sup> , 45MJ)	10,825	10,383	+442	+4.3
Net sales	1,335.4	1,169.9	+165.5	+14.1
Operating expenses	1,236.4	1,162.9	+73.5	+6.3
Operating income	99.0	6.9	+92.1	—
Ordinary income — (a)	101.7	5.2	+96.5	—
Net income	64.0	-1.0	+65.0	—
<i>Temperature effect — (b)</i>	2.9	0.6	+2.3	—
<i>Sliding time lag effect — (c)</i>	13.2	-45.9	+59.1	—
<i>Amortization of actuarial differences — (d)</i>	-3.0	-2.0	-1.0	—
<i>Adjusted ordinary income: (a) - ((b)+(c)+(d))</i>	88.6	52.5	+36.1	+68.8
<i>Adjusted net income</i>	57.9	29.2	+28.7	+98.3

Economic Frame	JCC (\$/bbl)	Ex. Rate (¥/\$)	Avg. Temperature (°C)	Pension Assets	Investment Yield (cost deducted)
FY2012 3Q	113.98	79.95	19.6°C	FY2012 3Q	4.14%
FY2011 3Q	113.12	78.98	19.7°C	FY2011 3Q	3.99%

Expected annual return: 2%

## FY2011 3Q → FY2012 3Q

**+442 mil. m<sup>3</sup> (+4.3%)**

\*large-volume gas demand +289 mil. m<sup>3</sup> (+4.9%)

\*temperature effect +44 mil. m<sup>3</sup> (+0.4%)

### ■ Residential +70 mil. m<sup>3</sup> (+3.4%)

- Temperature effect +26 mil. m<sup>3</sup>
- Increase in number of customers +21 mil. m<sup>3</sup>
- No. of days +4 mil. m<sup>3</sup>
- Others (increase in usage per household after standardization (non-consolidated basis) +0.9%) +19 mil. m<sup>3</sup>

### ■ Commercial +71 mil. m<sup>3</sup> (+3.6%)

- Temperature effect +11 mil. m<sup>3</sup>
- Increase in number of customers +15 mil. m<sup>3</sup>
- No. of days +5 mil. m<sup>3</sup>
- Others (rebound from impacts by the earthquake, etc.) +39 mil. m<sup>3</sup>

### ■ Industrial +272 mil. m<sup>3</sup> (+5.5%)

- Impact of Chiba-Kashima Line commencement +282 mil. m<sup>3</sup>
- Industrial (excl. Power generation): +36 mil. m<sup>3</sup>
- New demand from opening of Chiba-Kashima Line
- Power generation: +235 mil. m<sup>3</sup>  
Nijio -157 mil. m<sup>3</sup>, Excluding Nijio +393 mil. m<sup>3</sup>
- (Reference)
- Portion of FY2011 result shifted to tolling -253 mil. m<sup>3</sup>

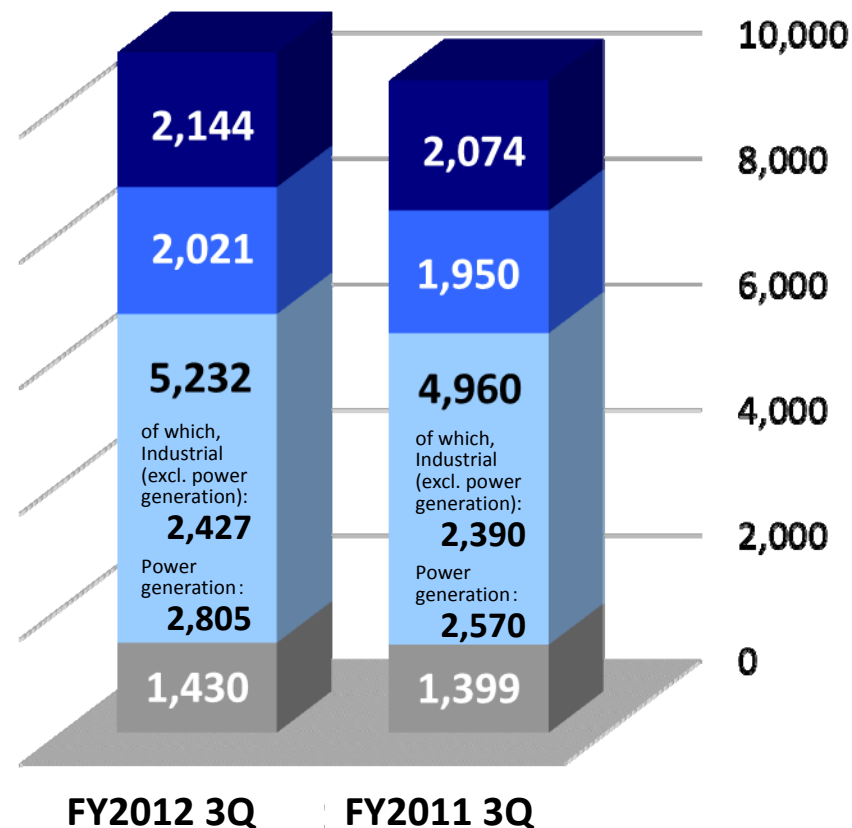
### ■ Wholesale +31 mil. m<sup>3</sup> (+2.2%)

- General wholesale demand (Incl. temperature effect +7) +36 mil. m<sup>3</sup>
- Large-volume gas demand -5 mil. m<sup>3</sup>

Gas sales volume: [10,825]

[10,383]

mil. m<sup>3</sup>, 45MJ/m<sup>3</sup>  
(rounded at mil. m<sup>3</sup>)



	FY2012 3Q	FY2011 3Q
LNG liquid sales volume (thousand t) <small>*exclude Nijio</small>	382	307
Average temperature	19.6 °C	19.7 °C
<b>Number of customers</b> (Unit: 10 thousand)		
<b>FY2012 3Q-end</b>	<b>FY2011 3Q-end</b>	<b>Change</b>
1,093.3	1,080.9	+12.4 (+1.2%)

## FY2012 3Q Results

### Gas sales volume including portion used in-house under tolling arrangement (Unit: million m3)

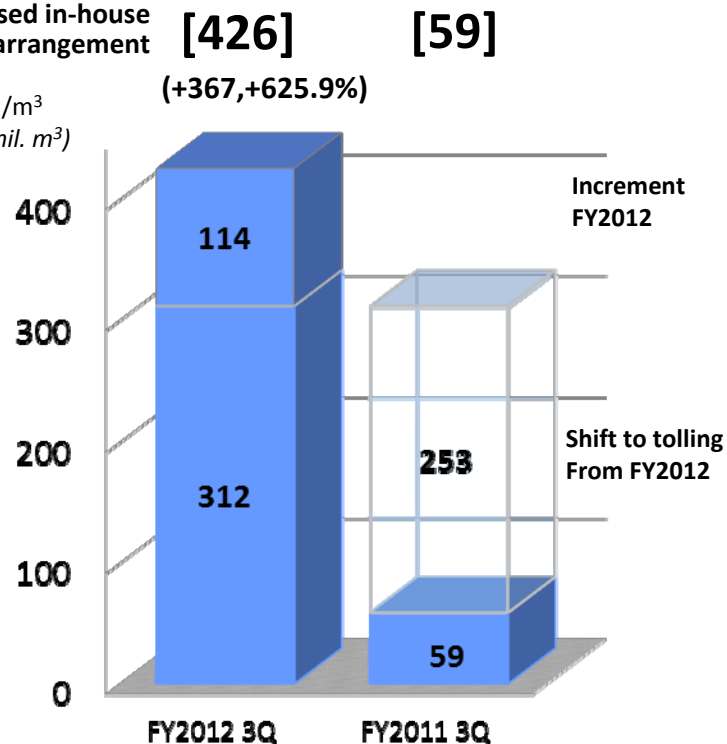
	FY2012 3Q	FY2011 3Q	Change	
Gas sales volume (financial accounting basis)	10,825	10,383	+442	+4.3%
Gas volume used in-house under tolling arrangement	426	59	+367	+625.9%
Total	11,252	10,442	+810	+7.8%

### Gas sales volume for industrial-use (Unit: million m3)

	Kashima area	Other	Total
Power generation	206	2,599	2,805
General industrial (excl. power generation)	77	2,350	2,427
Total	282	4,949	5,232

### Gas volume used in-house under tolling arrangement

mil. m<sup>3</sup>, 45MJ/m<sup>3</sup>  
(rounded at mil. m<sup>3</sup>)



Note: Tolling: A contract under which the seller of electricity delivers the gas required as fuel for power generation to the power plant, where the power generator processes the fuel into electricity, which it returns to the seller of electricity in exchange for a processing fee.

# FY2012 3Q Net Sales and Operating Income/loss by Business Segment <vs. FY2011 3Q> 5



(Unit: billion yen)

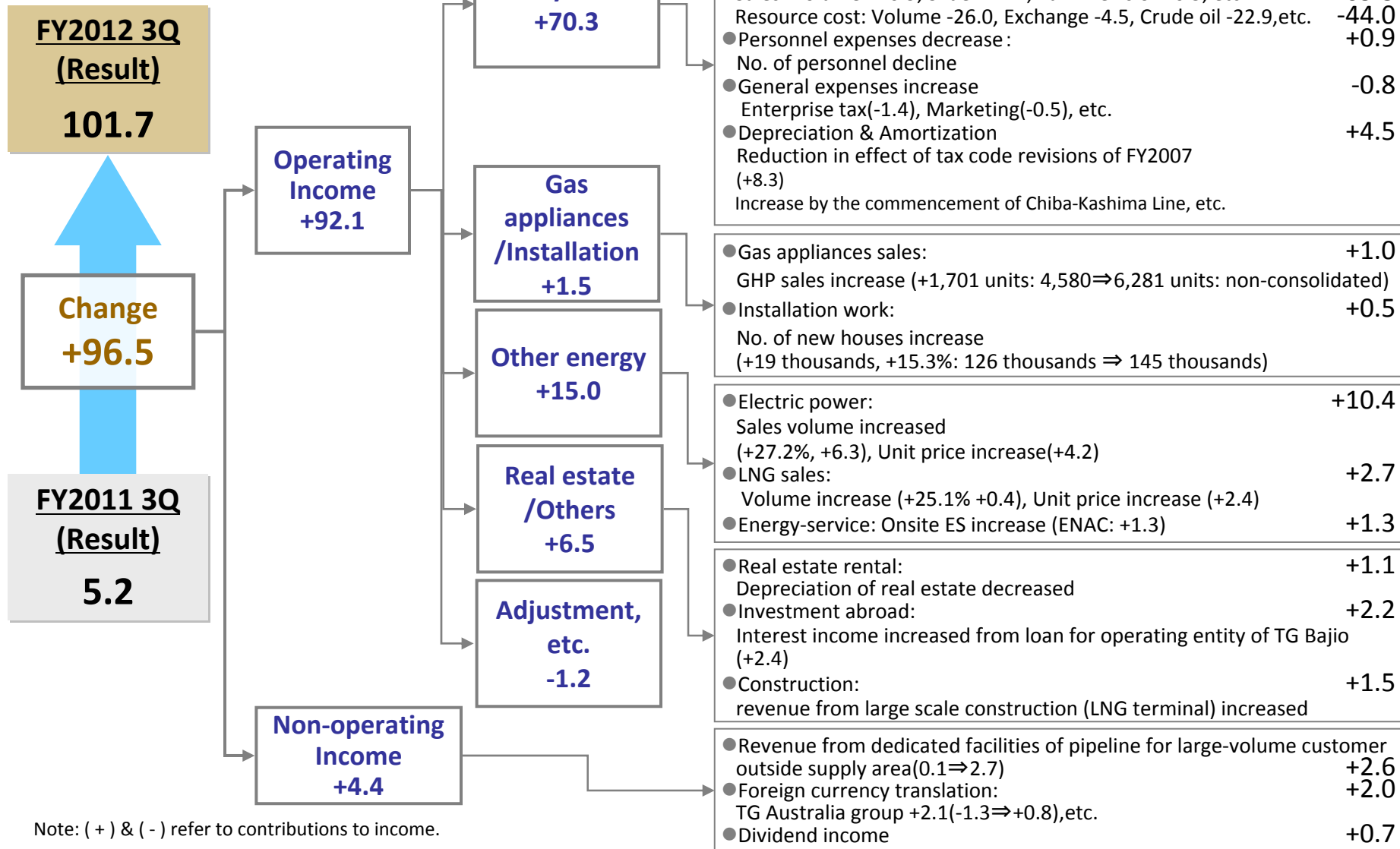
	Net Sales				Operating Income/loss			
	FY2012 3Q			FY2011 3Q	FY2012 3Q			FY2011 3Q
	Results	Change	%	Results	Results	Change	%	Results
City gas	968.8	109.5	12.7	859.3	93.3	70.3	304.0	23.0
Gas appliances and installation work	147.2	18.0	13.9	129.2	3.3	1.5	79.3	1.8
Other energy	240.6	30.6	14.6	210.0	20.7	15.0	262.7	5.7
(Electric power)	93.8	24.2	34.8	69.6	14.0	10.4	288.3	3.6
Real estate rental	22.6	0.4	1.8	22.2	4.8	1.2	32.1	3.6
Others	135.4	16.8	14.2	118.6	9.4	5.3	127.3	4.1
(Investment abroad)	7.7	5.4	229.6	2.3	2.4	2.3	288.3	0.1
Adjustment	-179.4	-9.9	—	-169.5	-32.7	-1.2	—	-31.5
<b>Consolidated</b>	<b>1,335.4</b>	<b>165.5</b>	<b>14.1</b>	<b>1,169.9</b>	<b>99.0</b>	<b>92.1</b>	<b>—</b>	<b>6.9</b>

Notes:

- Net sales by business segment include internal transactions.
- “Other energy” includes energy-service (including LNG sales), electric power, LPG and industrial gas, etc.
- “Others” includes construction, information processing, shipping, investment abroad, credit and leasing, etc.
- The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

# FY2012 3Q Ordinary Income Analysis <vs. FY2011 3Q>

(Unit: billion yen)



Note: ( + ) & ( - ) refer to contributions to income.

---

# **FY 2012 3Q Consolidated Financial Results Overview (Forecast)**

---



~ Focus on the changes from the previous forecasts (2012.10.30) ~



## Highlights of full year forecasts: sales growth, profit decline

### ■ Revision of exchange rate assumption

- Exchange rate assumption revised to JPY90/\$ from January 2013, from previous JPY80/\$, to reflect recent market conditions. Crude oil price unchanged at \$110/bbl.
- Deterioration in sliding time-lag effect -¥19.4 billion

### ■ Upward revision to gas sales volume

- Upward revision for all uses totaling +265 million m<sup>3</sup>, including +115 million m<sup>3</sup> for “power generation”, contributing on the profit increase: +6.1 <temp. +4.5>
- Also, upward revision for net sales at city gas segment (+¥34.8 billion; +2.5%)

### ■ Upward revision to operating income from real estate and others segments

- Construction: Income growth from large projects (LNG terminals) (TG Engineering +1.3)
- Shipping: Increase in chartered vessel income, etc. (Tokyo LNG Tanker +0.7)

 (Unit: mil. M<sup>3</sup>/45MJ, billion yen)

	Current Release	Previous Forecast (Oct. 30)	Change	%	FY2011	Change	%
Gas sales volume (mil. m <sup>3</sup> , 45MJ)	15,400	15,135	+265	+1.8	15,190	+210	+1.4
Net sales	1,934.0	1,890.0	+44.0	+2.3	1,754.2	+179.8	+10.2
Operating expenses	1,792.0	1,738.0	+54.0	+3.1	1,677.1	+114.9	+6.9
Operating income	142.0	152.0	-10.0	-6.6	77.0	+65.0	+84.2
Ordinary income — (a)	144.0	154.0	-10.0	-6.5	75.6	+68.4	+90.4
Net income	93.0	99.0	-6.0	-6.1	46.0	+47.0	+101.9
Temperature effect — (b)	5.6	1.1	+4.5	-	7.8	-2.2	-
Sliding time lag effect — (c)	-10.3	9.1	-19.4	-	-48.4	+38.1	-
Amortization of actuarial differences — (d)	-4.4	-4.4	-	-	-3.1	-1.3	-
Adjusted ordinary income: (a) - ((b)+(c)+(d))	153.1	148.2	+4.9	+3.3	119.3	+33.8	+28.3
Adjusted net income*	94.4	88.3	+6.1	+6.9	74.6	+19.8	+26.5

### Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate

(full year/non-consolidated basis)

	(Unit: billion yen)
	4Q
Impact of rising JCC by \$1/bbl	-0.3
Impact of yen depreciation by ¥1/\$	-1.7

Economic Frame (Full Year)	Crude Oil Price (\$/bbl)	Foreign Exchange Rate (¥/\$)	Average Temp. (°C)	Pension Asset	Investment Yield (cost deducted)	Discount Rate	Year-end Assets (billion yen)
FY12	112.99	82.46	16.7	FY11	5.13%	1.7%	254.0
FY11	114.17	79.08	16.4	FY10	2.70%	2.0%	235.0

Expected annual return: 2%

## Previous Forecast → Current Forecast

**+265 mil. m<sup>3</sup> (+1.8%)**

### Residential +50 mil. m<sup>3</sup> (+1.4%)

- Temp. effect (Oct. to Jan.) +53 mil. m<sup>3</sup>
- Others (decrease in usage per household after standardization, etc.) -3 mil. m<sup>3</sup>

### Commercial +42 mil. m<sup>3</sup> (+1.5%)

- Temp. effect of 3Q and Jan. +26 mil. m<sup>3</sup>
- Expecting less energy-saving effect in winter than initially anticipated +14 mil. m<sup>3</sup>

### Industrial +152 mil. m<sup>3</sup> (+2.2%)

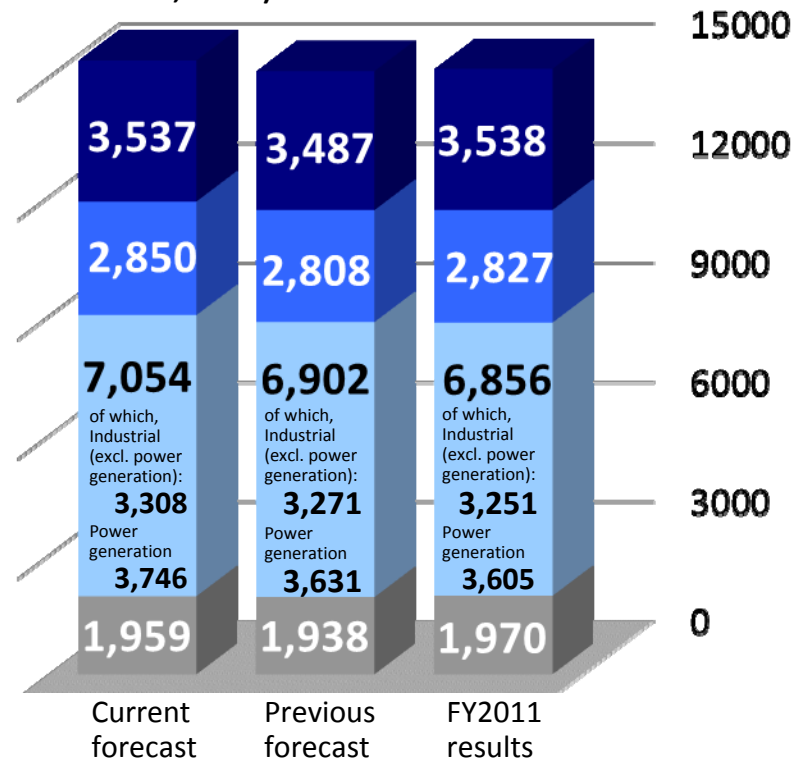
- Industrial (excl. Power generation): +37 mil. m<sup>3</sup>  
Demand upward in 3Q and reflection of a part of individual customers' demand in 4Q
- Power generation: +115 mil. m<sup>3</sup>  
reflected higher utilization in 3Q

### Wholesale 21 mil. m<sup>3</sup> (1.1%)

- To reflect 3Q temperature effect, etc. +8 mil. m<sup>3</sup>
- Increase in 4Q demand from wholesale suppliers, etc. +13 mil. m<sup>3</sup>

Gas sales volume: **[15,400] [15,135] [15,190]**  
(vs. previous forecast +265,+1.8%)

mil. m<sup>3</sup>, 45MJ/m<sup>3</sup>  
(rounded at mil. m<sup>3</sup>)



	Current forecast	Previous forecast
LNG liquid sales volume (thousand t) <small>*exclude Nijio</small>	599	612
Average temperature	16.7°C	16.8°C

(Unit: 10 thousand)

### Number of customers

Current forecast	Previous forecast	Change
<b>1,096.8</b>	<b>1,096.8</b>	0.0 (0.0%)

## FY2012 Full Year Forecast

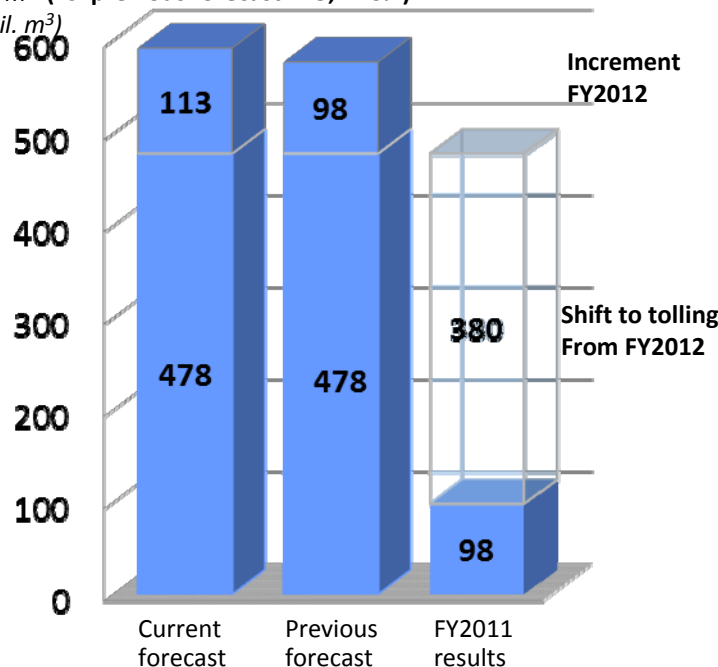
### Gas sales volume including portion used in-house under tolling arrangement (Unit: million m<sup>3</sup>)

	Current Forecast	Previous Forecast	Change	FY2011 Results	Change
Gas sales volume (financial accounting basis)	15,400	15,135	+265 (+1.8%)	15,190	+210 (+1.4%)
Gas volume used in-house under tolling arrangement	591	576	+15 (+2.6%)	98	+493 (+504.0%)
Total	15,991	15,711	+280 (+1.8%)	15,288	+703 (+4.6%)

### Gas volume used in-house under tolling arrangement [591] [576] [98]

mil. m<sup>3</sup>, 45MJ/m<sup>3</sup> (vs. previous forecast +15,+2.6%)

(rounded at mil. m<sup>3</sup>)



### Gas sales volume for industrial-use (Unit: million m<sup>3</sup>)

	Kashima area	Other	Total
Power generation	251	3,495	3,746
General industrial (excl. power generation)	153	3,155	3,308
Total	404	6,650	7,054

Note: Tolling: A contract under which the seller of electricity delivers the gas required as fuel for power generation to the power plant, where the power generator processes the fuel into electricity, which it returns to the seller of electricity in exchange for a processing fee.

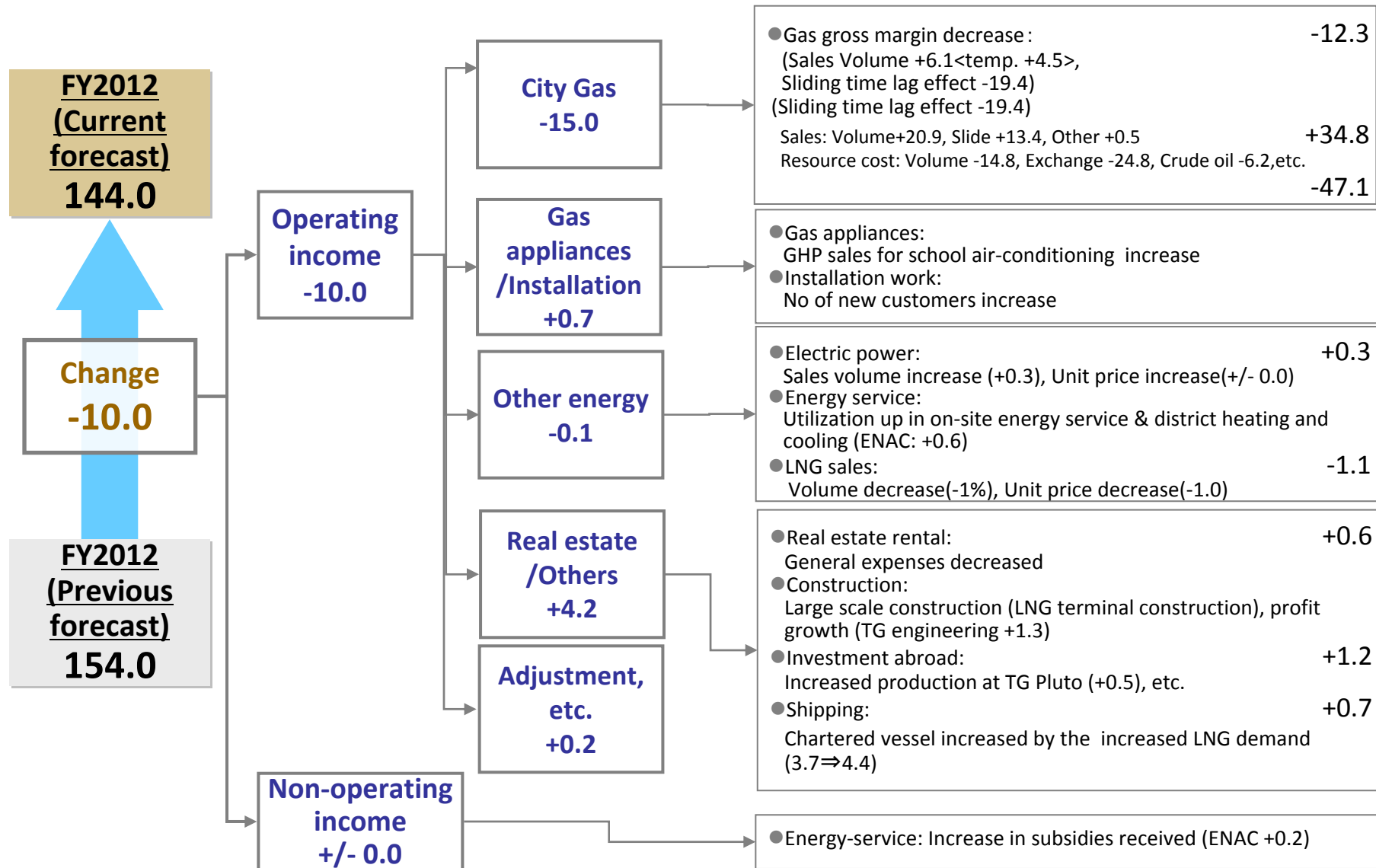
## Highlights

(Unit: billion yen)

	Net Sales					Operating Income				
	Current Forecast as of Jan. 31			Previous Forecast as of Oct. 30	FY2011 Result	Current Forecast as of Jan. 31			Previous Forecast as of Oct. 30	FY2011 Result
	Price	Vs. Previous Forecast	%			Price	Vs. Previous Forecast	%		
City gas	1,400.9	34.8	2.5	1,366.1	1,306.2	137.7	-15.0	-9.8	152.7	97.4
Gas appliances and installation work	202.8	3.3	1.7	199.5	187.6	3.4	0.7	25.9	2.7	3.1
Other energy	333.6	5.4	1.6	328.2	302.5	26.4	-0.1	-0.4	26.5	10.9
(Electric power)	125.8	3.0	2.4	122.8	101.8	19.9	0.3	1.5	19.6	7.9
Real estate rental	30.6	0.0	0.0	30.6	29.6	5.6	0.6	12.0	5.0	3.3
Others	199.3	6.6	3.4	192.7	181.8	12.8	3.6	39.1	9.2	7.0
(Investment abroad)	13.0	3.0	30.0	10.0	3.2	3.1	1.2	63.2	1.9	-1.3
Adjustment	-233.2	-6.1	-	-227.1	-253.7	-43.9	0.2	-	-44.1	-44.7
<b>Consolidated</b>	<b>1,934.0</b>	<b>44.0</b>	<b>2.3</b>	<b>1,890.0</b>	<b>1,754.2</b>	<b>142.0</b>	<b>-10.0</b>	<b>-6.6</b>	<b>152.0</b>	<b>77.0</b>

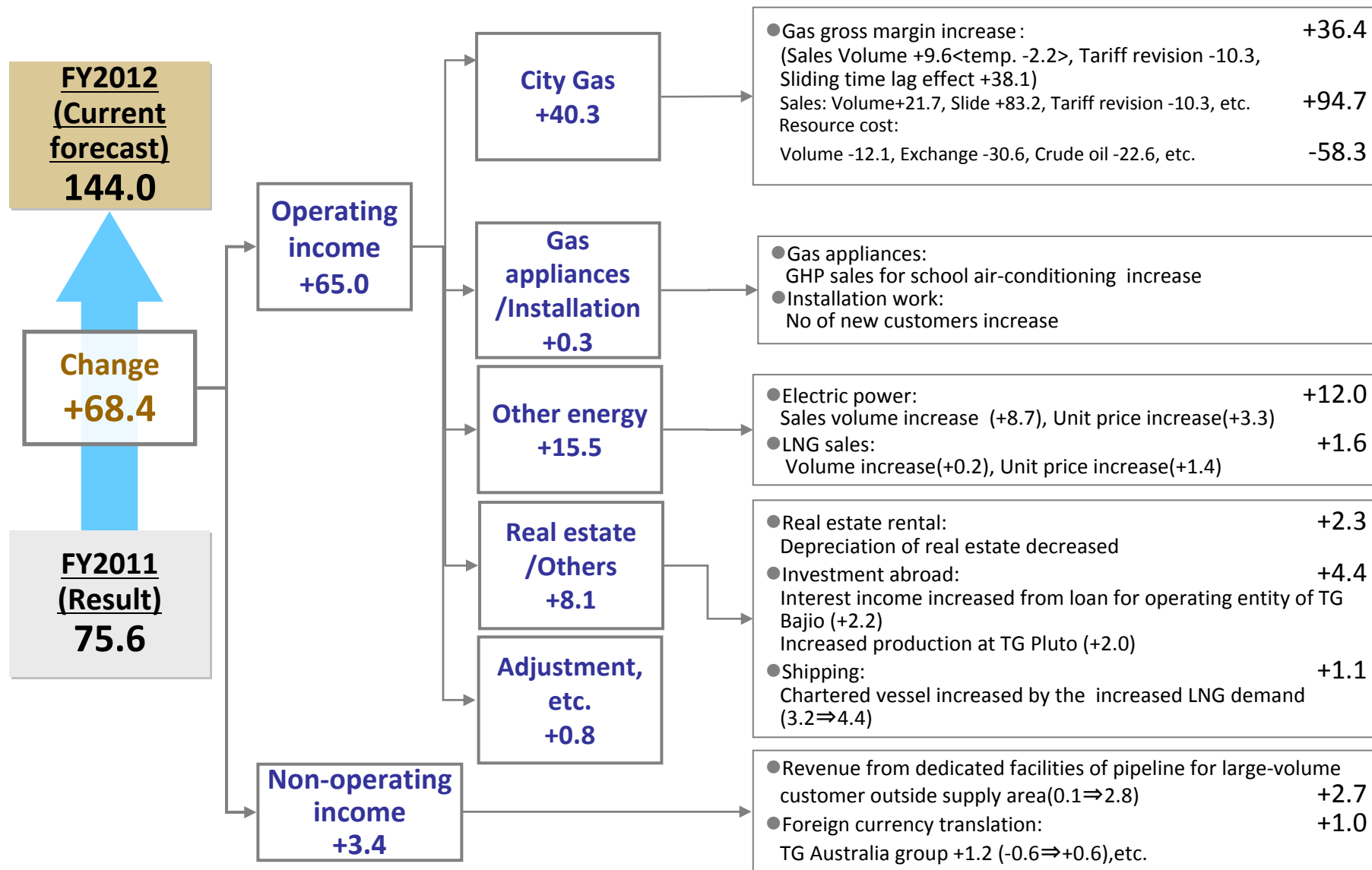
- Notes:
- Net sales by business segment include internal transactions.
  - “Other energy” includes energy-service, electric power, LPG and industrial gas, etc.
  - “Others” includes construction, information processing, shipping, investment abroad, credit and leasing, etc.
  - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

(Unit: billion yen)



Note: ( + ) & ( - ) refer to contributions to income.

(Unit: billion yen)



Note: ( + ) & ( - ) refer to contributions to income.

## Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref: Initial plan
Tokyo Gas: 134.0 (+20.1, +17.6%)	Production facilities : 25.9 (+7.2) Hitachi LNG terminal construction(12.5), etc.	Tokyo Gas: 139.0 (+25.1, +22.0%)
	Distribution facilities : 88.9 (+14.5) Trunk line installation(19.2), New demand-side pipes and pipelines(42.0), etc.	
	Service and maintenance facilities, etc. : 19.1 (-1.6) Systems-related investment(9.1), Tamachi development-related, etc.	
Total of Consolidated Subsidiaries: 54.0 (+21.5, +66.3%)	Overseas business (Total of Australian subsidiaries 29.6) Renovation of district heating and cooling system, installation of co-generation, etc. 12.1 (ENAC)	Total of Consolidated Subsidiaries: 52.0 (+19.5, +60.0%)
Total 188.0 (+41.6, +28.4% after internal eliminations)		Total 191.0 (+44.6, +30.5% after internal eliminations)

\*Numbers in parentheses refer to comparisons with FY2011.

## Investments and loans

3.9 (overseas businesses, etc. 15.8, collections on loans -11.9) (vs. FY2011 -2.6)

\*Initial plan 27.9 (overseas businesses, etc. 33.1, collections on loans -5.2) (vs. FY2011 +21.4)

## Returns to shareholders

28.2 (Maintaining 60% total payout ratio) (vs. FY2011 -29.4)

(Total of FY2011 year-end dividends, FY2012 interim dividends, and FY2012 treasury stock purchases)

\*Ref. Expected amount for share buyback in FY2013

Based on consolidated net income of FY2012 (93 billion yen), expected amount for shareholders return: 55.8 billion yen

Based on the annual dividend 9 yen/share in FY2012, expected amount for share buyback in FY2013: 32.7 billion yen

## Required funds and source of funds

[Full year forecast]			(Unit: billion yen)			
Required Funds		vs. Initial plan	Source of Funds		vs. Initial Plan	
Capex	188.0	-3.0	Internal funding	Depreciation	139.0	-1.0
Other investment & financing*	3.9	-24.0		Ordinary income	144.0	+48.0
Dividends & tax	51.9	+3.2		Others	-67.0	-42.4
Share buybacks	5.0	-		Total	216.0	4.6
Repayment (Non- consolidated)	47.0 (33.0)	(-) (-)	Outside funding (Non-consolidated)		79.8 (75.0)	-28.4 (-35.0)
<b>Total</b>	<b>295.8</b>	<b>-23.8</b>	<b>Total</b>		<b>295.8</b>	<b>-23.8</b>

## Interest-bearing debt

End of FY2011: 625.8 billion yen  
 End of FY2012 as initially forecasted: 687.0 billion yen  
 End of FY2012 forecast as currently forecasted: 665.0 billion yen  
 (Includes marking to market of foreign currency-denominated borrowings, etc.)

\* Other investment & financing is the net amount of investment outlays and loan repayments.  
 The above does not include CP to be issued and redeemed within FY2012 as seasonal working capital.



	FY2012 Forecast	FY2012 Full year	FY 2012 1-3Q	FY2011 1-3Q
Total assets (a)	<b>1,964.0</b>	1,863.8	<b>1,877.2</b>	1,818.0
Shareholders' equity (b)	<b>902.0</b>	839.1	<b>873.5</b>	789.4
Shareholders' equity ratio (b)/(a)	<b>45.9%</b>	45.0%	<b>46.5%</b>	43.4%
Interest-bearing debt (c)	<b>665.0</b>	625.8	<b>638.7</b>	687.1
D/E ratio (c)/(b)	<b>0.74</b>	0.75	<b>0.73</b>	0.87
Net income (d)	<b>93.0</b>	46.0	<b>64.0</b>	-1.0
Depreciation and amortization (e)	<b>139.0</b>	148.5	<b>102.0</b>	109.5
Operating cash flow (d) + (e)	<b>232.0</b>	194.5	<b>166.1</b>	108.4
Capex	<b>1,880</b>	146.4	<b>117.9</b>	89.7
ROA: (d) / (a)	<b>4.9%</b>	2.5%	-	-
ROE: (d) / (b)	<b>10.7%</b>	5.4%	-	-
TEP (NOPAT-Capital Cost)	<b>54.3</b>	9.1	-	-
WACC	<b>3.1%</b>	3.1%	-	-
Total payout ratio	<b>60%e</b>	61.4%	-	-

Notes: 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 and amortization (including amortization of long-term prepaid expenses)

Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income

Total number of issued stock: 2,577,715,295 (as of September 30, 2012)

TEP: (Tokyo Gas Economic Profit): Profit after taxes and before interest payments - Cost of capital (invested capital × WACC)

Items for TEP calculation:

Cost of interest bearing debt: interest(1.73%)

Cost rate for shareholders' equity(average interest rate of 10-year JGBs for past 10 years : 1.367%), Risk premium: 4.0%;  $\beta$  0.75

Shareholders' equity used to calculate WACC is the average market cap

---

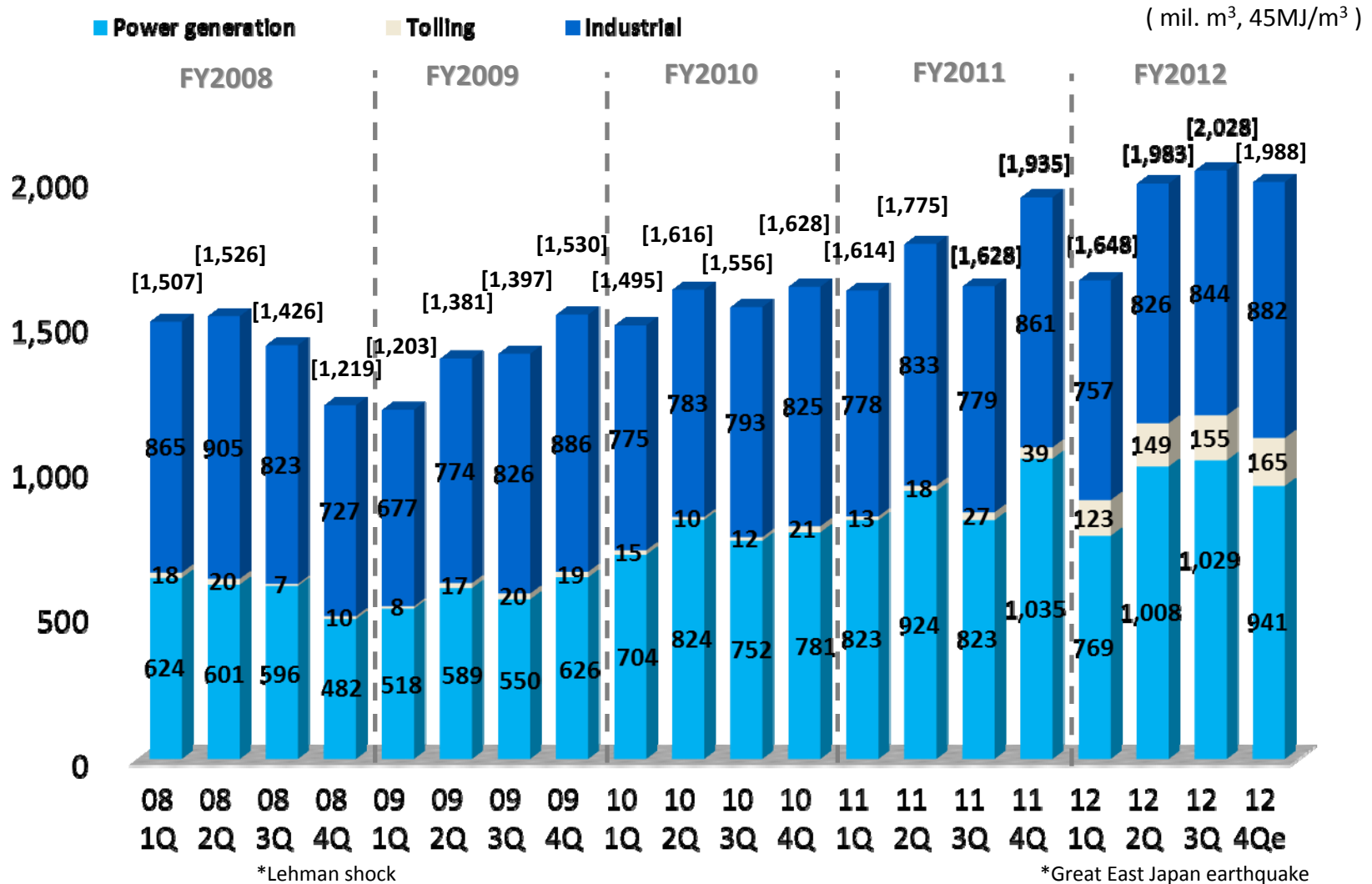
## Reference Materials

---

# Transition of Industrial-use Gas Sales Volume (Quarterly, including Portion Used for Tolling)

## Consolidated

■ Solid recovery in FY2012, with contributions from Chiba-Kashima Line (from March 2012) and Kashima Waterfront Line (from June 2012). Set to exceed 2.0 billion m<sup>3</sup> in 3Q.





**< 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**