

**FY2014 Financial Results
ended March 31,2015**



April 28,2015

1. FY2014 Consolidated Financial Results ended March 31,2015



FY2014 Consolidated Financial Results (Apr. 1, 2014 – Mar. 31, 2015) <vs. FY2013>



Highlights: Sales increased, profit declined

(+ - , +/- indicates profit impact, billion yen)

Net sales	+180.4 :	+	City gas (+135.8: Increase in unit prices from resource cost adjustments +86.7, tariff revision -15.5, increase in sales volume +58.7, etc.)
		+	Other energy (+ 50.7: Increase in electricity sales from increased sales volume and higher unit prices, increase in LNG sales from increased sales volume and higher unit prices, etc.)
Operating expenses	-174.7 :	-	City gas resource costs (-131.2: Increase in unit purchasing prices from price revisions and economic framework assumptions, etc. -80.5, increase in sales volume -50.7)
		-	Other energy (-52.7: Increase in cost of fuel for electricity from increased sales volume and higher unit prices, Increase in resource costs for LNG sales from increased sales volume and higher unit prices, etc.)
Operating income	+5.7 :	+	City gas (+ 4.5: Gas gross margin +6.0 (incl. slide +11.4, sales volume +8.0, tariff revision -15.5) etc.)
		+	Others (+ 7.9: Profit growth at overseas business on Pluto profit growth +7.9, etc.)
		-	Gas appliances and installation work (-4.6: Provision for gas appliance maintenance , etc.)
Non operating income	+2.9 :	+	Increase in revenue from dedicated equipment + 2.4 (0.5→2.9)
Extraordinary income	-19.7 :	-	(FY2014) Impairment loss -30.9, Gain on sales of non-current assets +6.1, Gain on sales of investment securities +5.0, etc.

(Unit: billion yen)

	2014 results	2013 results	Change	%
Gas sales volume (mil. m ³ , 45MJ)	15,541	14,735	+806	+5.5%
Net sales	2,292.5	2,112.1	+180.4	+8.5%
Operating expenses	2,120.7	1,946.0	+174.7	+9.0%
Operating income	171.7	166.0	+5.7	+3.4%
Ordinary income — (a)	168.1	159.6	+8.5	+5.4%
Net income	95.8	108.4	-12.6	-11.6%

Temperature effect — (b)	-3.3	-1.9	-1.4	—
Sliding time lag effect — (c)	27.8	16.4	+11.4	—
Depreciation of pension actuarial differences — (d)	3.0	-2.2	+5.2	—
Adjusted ordinary income — (a) - ((b)+(c)+(d))	140.6	147.3	-6.7	-4.5%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)	Pension asset	Investment yield (cost deducted)	Discount rate	Year-end assets (billion yen)
FY2014	109.76	90.35	16.0	FY2013	1.61%	1.5%	273.0
FY2013	100.17 <+9.59>	110.01 <-19.66>	16.1 <-0.1>	FY2012	6.10%	1.4%	276.0

Figures in brackets are year-on-year increase/decrease.

Expected rate of return: 2%

Consolidated Gas Sales Volume

FY2013 Results → FY2014 Results

806 mil.m³ (+5.5%)

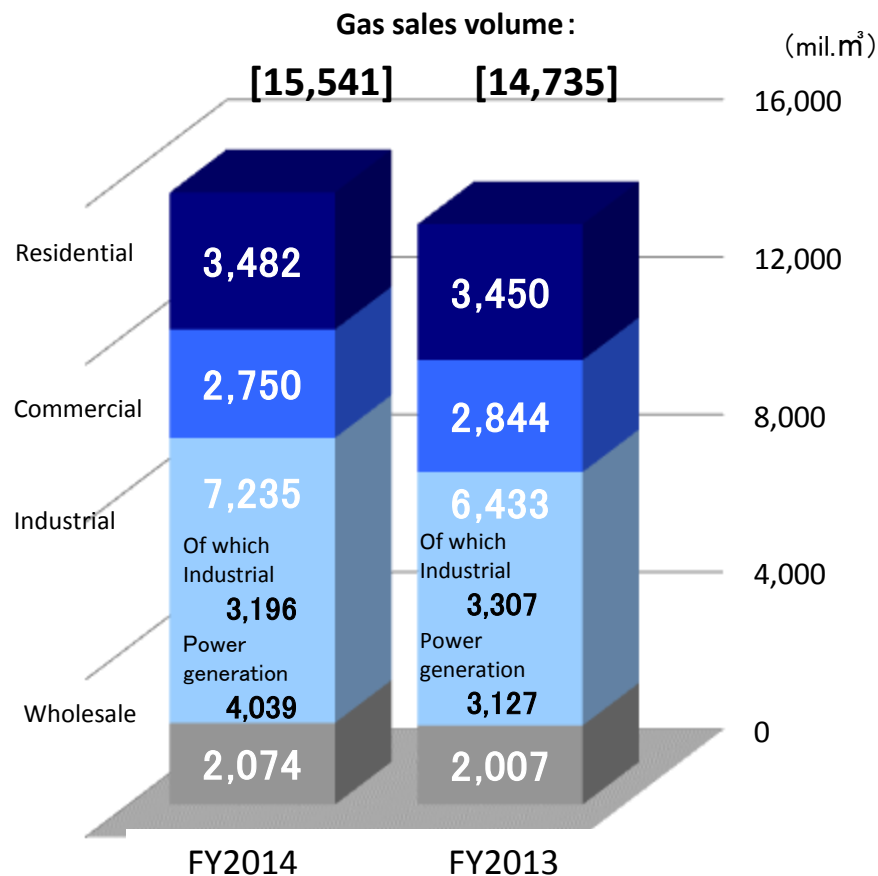
[Including temperature effect: -52 mil.m³ (-0.4%)]

Residential	+32 mil.m ³ (+0.9%)
● Temperature effect	-14mil.m ³
● Number of days	0mil.m ³
● Number of customers	+51mil.m ³
● Others	-5mil.m ³

Commercial	-94mil.m ³ (-3.3%)
● Temperature effect	-37mil.m ³
● Number of days	-13mil.m ³
● Number of customers	+ 12mil.m ³
● Others	-56mil.m ³

Industrial	+802mil.m ³ (+12.5%)
● Industrial:	-111mil.m ³
● Power generation:	+912mil.m ³

Wholesale	+67mil.m ³ (+3.3%)
● Temperature effect	-1mil.m ³
● Others	+68mil.m ³
Increase in demand from wholesale suppliers, etc.	



Number of customers (10 thousand)

FY2014 results	FY2013 results	Change
1,126.3	1,111.1	+15.2 (+1.4%)

	FY2014	FY2013	Change
LNG liquid sales volume (thousand t)	920	784	+136
Average temperature (°C)	16.0	16.1	▲0.1

Results

■ Gas sales volume including portion used in-house under tolling arrangement (Unit: mil.m3)

	FY2014 results	FY2013 results	Change
Gas sales volume (financial accounting basis)	15,541	14,735	+806 +5.5%
Gas volume used in-house under tolling arrangement	1,669	1,510	+159 +10.6%
Total	17,210	16,245	+965 +5.9%

2020 vision basis: 18,360mil.m³ 17,225mil.m³ +1,135mil.m³ (+6.6%)

■ Gas sales volume for industrial-use (Unit: mil.m3)

	Kashima area	Other	Total
Power generation	1,589	2,450	4,039
vs.FY2013 results	+1,008(+173.4%)	-96(-3.8%)	+912(+29.2%)
Industrial	206	2,990	3,196
vs FY2013 results	+22(+11.5%)	-132(-4.2%)	-111(-3.3%)
Total	1,794	5,440	7,235
vs.FY2013 results	+1,029(+134.4%)	-228(-4.0%)	+802(+12.5%)

FY2014 Net Sales and Operating Income/Loss by Business Segment (vs.FY2013)

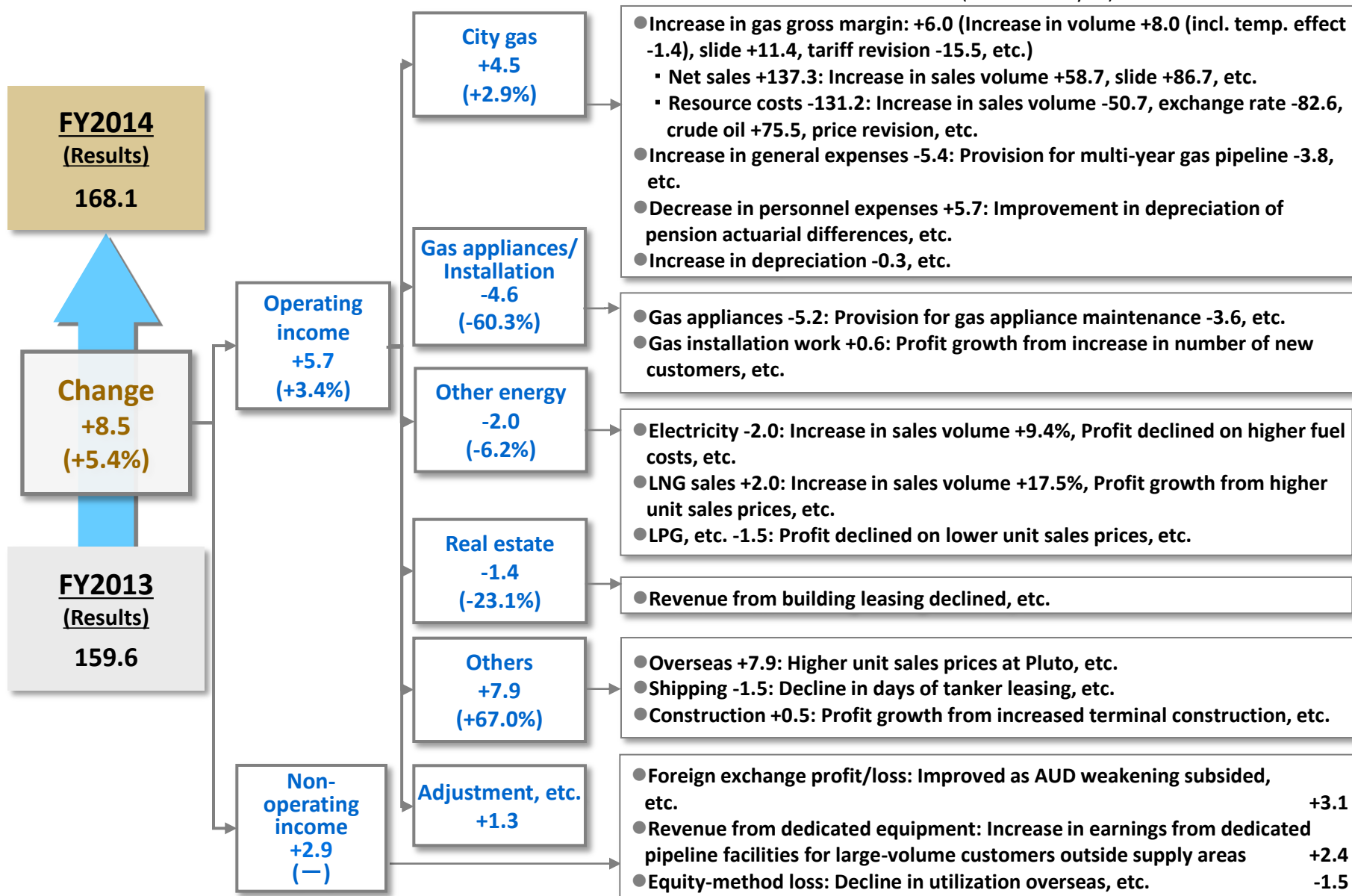
(Unit: billion yen)

	Net Sales				Segment Income			
	FY2014	FY2013	Change	%	FY2014	FY2013	Change	%
City Gas	1,640.9	1,505.1	135.8	9.0	157.1	152.6	4.5	2.9
Gas appliances and installation work	204.9	221.7	-16.8	-7.6	3.0	7.6	-4.6	-60.3
Other energy	408.2	357.5	50.7	14.2	30.5	32.5	-2.0	-6.2
(Electric power business)	165.8	135.9	29.9	22.0	22.4	24.4	-2.0	-8.0
Real estate	25.9	28.3	-2.4	-8.4	4.3	5.7	-1.4	-23.1
Others	226.2	199.3	26.9	13.5	19.5	11.6	7.9	67.0
(Overseas business)	40.5	22.1	18.4	83.4	10.7	2.8	7.9	271.6
Ajustment	-213.7	-200.0	-13.7	—	-42.8	-44.1	1.3	—
Consolidated	2,292.5	2,112.1	180.4	8.5	171.7	166.0	5.7	3.4

- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, etc.
 - “Others” includes businesses in construction, information processing, shipping, credit and leasing, and overseas, etc.
 - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
 - Parentheses indicate sub-segment (figures included in segment total).

FY2014 Ordinary Income Analysis <vs. FY2013>

(Unit: billion yen)



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

FY2014 Uses of Cash Flow (Capital expenditure/investments and financing)

Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref: FY2013 results
Tokyo Gas: 158.7 (+19.9, +14.3%)	Production facilities: 35.9 (+7.0) Hitachi LNG terminal construction, etc.	Tokyo Gas: 138.8
	Distribution facilities: 101.4 (+10.7) Ibaraki-Tochigi Line and other trunk line installation, new demand-side pipes and pipelines, etc.	
	Service and maintenance facilities, etc.: 21.3 (+2.3) Systems-related investment, Tamachi development-related, etc.	
Total consolidated subsidiaries: 70.4 (-41.9, -37.3%)	<ul style="list-style-type: none"> ▪ Overseas upstream investment: 29.1 (-45.3) Barnett shale gas field (FY2013), etc. ▪ Ohgishima Power: 16.1 (+6.8) ▪ On-site energy service: 9.3 (-2.0), etc. 	Total consolidated subsidiaries: 112.3
Total 224.5 (-23.5, -9.4%, after eliminations in consolidation)		Total: 248.0 (after eliminations in consolidation)

Note: Numbers in parentheses refer to comparisons with previous forecast.

Investments and financing

-¥4.5 billion (investment & financing 3.6, collections -8.1, vs. FY2013 +4.5)

Returns to Shareholders

■ Our financial policy is to provide returns to shareholders through dividends and stock repurchases, with a target total payout ratio (dividends and stock repurchases as percentage of consolidated net income) of approximately 60% each year through FY2020.

■ As per this policy, returns to shareholders in FY2014 will maintain as shown below.

- Will maintain annual dividend ¥10 per share
- Will repurchase treasury stock shares for liquidation up to the cap of 50million shares(2.0%) for ¥34.0 billion.

Maintaining 60% total payout ratio

Total payout ratio
60.9%

(100 million yen)

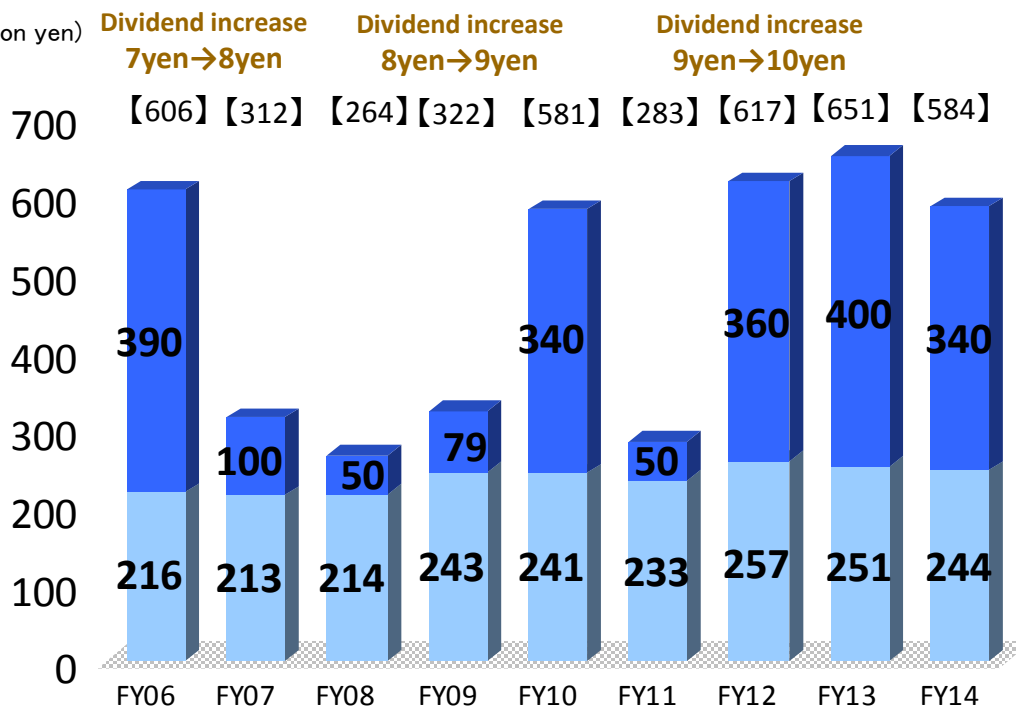
FY2014 Dividend ¥24.4 billion + FY2015 Purchase of treasury stock ¥34.0 billion

=
FY2014 Consolidated net income ¥95.8 billion

※Total number of shares outstanding: 2,446,778,295 (as of March 31, 2015)

Change in total payout ratio and dividend

Dividend
Purchase of treasury stock



Total payout ratio (60.1%) (73.6%) (63.4%) (60.1%) (60.9%) (61.4%) (60.7%) (60.0%) (60.9%)

2. FY2015 Full Year Forecast

FY2015 Forecast (Apr. 1, 2015 – Mar. 31, 2016) <vs. FY2014 Results>

Highlights: Sales decrease, profit increase

(+ - , +/- indicates profit impact, billion yen)

Net sales	-403.5	-	City gas (-337.9: Decrease in unit sales prices under resource cost adjustment system, etc.)
		-	Electricity (-49.4: Decrease in unit sales prices from lower market prices, decrease in sales volume, etc.)
Operating expenses	+371.7	+	City gas resource costs (+336.4: Decrease in resource costs from drop in crude oil prices, etc.)
		+	Electricity fuel costs (+32.5: Decrease in fuel costs from lower unit prices and sales volume, etc.)
Operating income	-31.7	-	Electricity (-16.9: Decrease in unit sales prices from lower market prices, decrease in sales volume, etc.)
		-	Overseas (-10.3: Decrease in resource costs from drop in crude oil prices, etc.)
		-	City gas (-4.4: Increase in fixed costs including depreciation and amortization, etc.)
Extraordinary income	+21.0	+	(FY2014) Impairment loss -30.9, Gain on sales of non-current assets +6.1, Gain on sales of investment securities +5.0, etc.

(Unit: billion yen)

	2015 forecast	2014 results	Change	%
Gas sales volume (mil. m ³ , 45MJ)	15,571	15,541	+30	+0.2
Net sales	1,889.0	2,292.5	-403.5	-17.6
Operating expenses	1,749.0	2,120.7	-371.7	-17.5
Operating income	140.0	171.7	-31.7	-18.5
Ordinary income — (a)	134.0	168.1	-34.1	-20.3
Net income*	101.0	95.8	+5.2	+5.4

* Will change to “net income attributable to parent company shareholders” from FY2015.

Temperature effect — (b)	0	-4.0	+4.0	—
Sliding time lag effect — (c)	22.5	27.8	-5.3	—
Depreciation of pension actuarial differences — (d)	-2.3	3.0	-5.3	—
Adjusted ordinary income — (a) - (b)+(c)+(d)	113.8	141.3	-27.5	-19.5%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)
Current forecast	120.00	60.00*	15.8
FY2014	109.76 <+10.24>	90.35 <-30.35>	16.0 <-0.2>

Figures in brackets are year-on-year increase/decrease * 1H: 55.00/2H:65.00

Pension asset	Investment yield (cost deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2014	5.57%	0.829%	0.358%	281.0
FY2013	1.61%	1.168%	0.571%	273.0

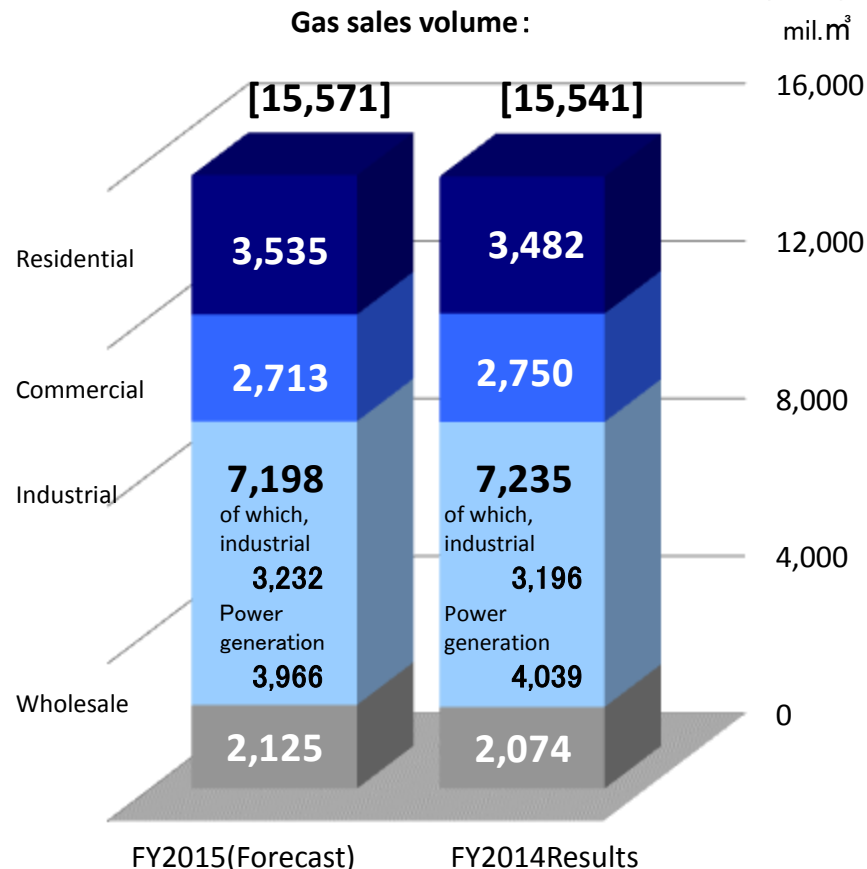
Consolidated Gas Sales Volume <vs.FY2014 Results>

FY2014 Results→FY2015 Forecast

+30mil.m³ (+0.2%)

[Including temperature effect+ 48mil.m³, +0.3%]

<ul style="list-style-type: none"> ■ Residential +53mil.m³ (+1.5%) <ul style="list-style-type: none"> ● Temperature effect +56mil.m³ ● Number of days +10mil.m³ ● Number of customers +46mil.m³ ● Others -59mil.m³
<ul style="list-style-type: none"> ■ Commercial -37mil.m³ (-1.3%) <ul style="list-style-type: none"> ● Temperature effect -8mil.m³ ● Number of days +9mil.m³ ● Number of customers +13mil.m³ ● Others -51mil.m³
<ul style="list-style-type: none"> ■ Industrial -37mil.m³ (-0.5%) <ul style="list-style-type: none"> ● industrial: +36mil.m³ ● Power generation: -73mil.m³
<ul style="list-style-type: none"> ■ Wholesale +51mil.m³ (+2.4%) <ul style="list-style-type: none"> ● Temperature effect +7mil.m³ ● Others +44mil.m³ Increase in demand from wholesale suppliers, etc



Number of customers (Unit:10 thousand)

FY2015 Forecast	FY2014 results	Change
1,138.8	1,126.3	+12.5(+1.1%)

	FY2015	FY2014	Change
LNG liquid sales volume (thousand t)	1,237	920	+317
Average temperature (°C)	15.8	16.0	-0.2

Forecast

■ Gas sales volume including portion used in-house under tolling arrangement (Unit : mil.m3)

	FY2015	FY2014	Change
Gas sales volume (financial accounting basis)	15,571	15,541	+30 +0.2%
Gas volume used in-house under tolling arrangement	1,560	1,669	-109 -6.5%
Total	17,131	17,210	-79 -0.5%

2020vision basis : 18,678mil.m³ 18,360mil.m³ +318mil.m³ (+1.7%)

■ Gas sales volume for industrial-use (Unit : mil.m3)

	Kashima area	Other	Total
Power generation	1,587	2,379	3,966
vs.FY2014 results	-2(-0.1%)	-71(-2.9%)	-73(-1.8%)
General industrial	205	3,027	3,232
vs.FY2014 results	-1(-0.2%)	+37(+1.2%)	+36(+1.1%)
Total	1,792	5,406	7,198
vs.FY2014 results	-2(-0.1%)	-34(-0.6%)	-37(-0.5%)

FY2015 Full Year Forecast:

Net Sales and Operating Income/Loss by Business Segment<vs.FY2014 Results>



(Unit: billion yen)

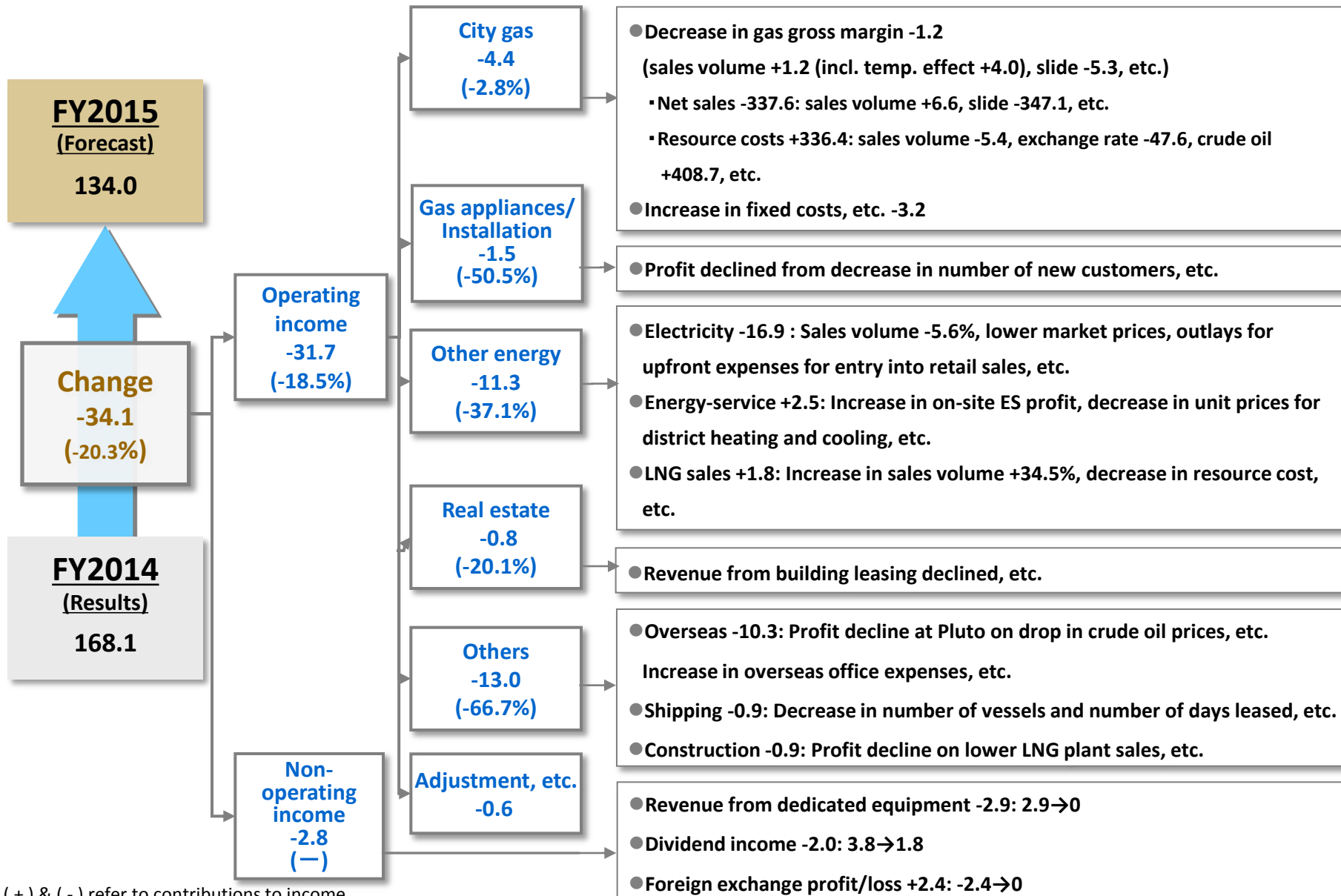
	Net Sales				Segment Income			
	FY2015 Forecast	FY2014 Results	Change	%	FY2015 Forecast	FY2014 Results	Change	%
City gas	1,303.0	1,640.9	-337.9	-20.6	152.7	157.1	-4.4	-2.8
Gas appliances and installation work	209.3	204.9	4.4	2.1	1.5	3.0	-1.5	-50.5
Other energy	338.7	408.2	-69.5	-17.0	19.2	30.5	-11.3	-37.1
(Electric power business)	116.4	165.8	-49.4	-29.8	5.5	22.4	-16.9	-75.5
Real estate	24.7	25.9	-1.2	-4.8	3.5	4.3	-0.8	-20.1
Others	197.8	226.2	-28.4	-12.6	6.5	19.5	-13.0	-66.7
(Overseas business)	34.0	40.5	-6.5	-16.2	0.4	10.7	-10.3	-96.3
Adjustment	-184.5	-213.6	29.1	—	-43.4	-42.8	-0.6	—
Consolidated	1,889.0	2,292.5	-403.5	-17.6	140.0	171.7	-31.7	-18.5

Notes:

- Net sales by business segment include internal transactions.
- “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, etc.
- “Others” includes businesses in construction, information processing, shipping, credit and leasing, and overseas, etc.
- The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
- Parentheses indicate sub-segment (figures included in segment total).

FY2015 Forecast: Ordinary Income Analysis <vs. FY2014 Results>

(Unit: billion yen)



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

FY2015 Uses of Cash Flow (Capital expenditure/investments and financing)

(Unit: billion yen)

Capital expenditure

Capex	Main items	Ref: FY2014 results
Tokyo Gas: 190.8 (+32.1, +20.2%)	Production facilities: 40.1 (+4.2) Hitachi LNG terminal construction, etc.	Tokyo Gas: 158.7
	Distribution facilities: 103.6 (+2.2) Ibaraki-Tochigi Line and other trunk line installation, new demand-side pipes and pipelines, etc.	
	Service and maintenance facilities, etc.: 47.0 (+25.7) Systems-related investment, Tamachi development-related, etc.	
Total of consolidated subsidiaries: 82.7 (+12.3, +17.4%)	<ul style="list-style-type: none"> ▪ Overseas upstream investment: 26.9 (-2.2) ▪ Ohgishima Power: 7.5 (-8.6) ▪ On-site energy service: 7.6 (-1.7), etc. 	Total consolidated subsidiaries: 70.4
Total 270.0 (+45.5, +20.2%, after eliminations in consolidation)		Total: 224.5 (after eliminations in consolidation)

Note: Numbers in parentheses refer to comparisons with FY2014 results.

Investments and financing

¥31.5 billion (investment & financing 33.4, collections -1.9, vs. FY2014 results +36.0)

Key Indicators (Consolidated)

(Unit: billion yen)

	FY2015 Forecast	FY2014 Results	FY2013 Results
Total asset (a)	2,320.0	2,257.6	2,176.8
Shareholder's equity(b)	1,111.0	1,069.5	1,011.7
Shareholder's equity ratio (b)/(a)	47.9%	47.4%	46.5%
Interest-bearing debt(c)	763.0	730.7	713.8
D/E ratio (c)/(b)	0.69	0.68	0.71
Net income (d)*	101.0	95.8	108.4
Depreciation and amortization(e)	143.0	141.8	140.3
Operating cash flow(d) + (e)	244.0	237.6	248.8
Capex	270.0	224.5	248.0
ROA: (d) / (a)	4.4%	4.3%	5.2%
ROE: (d) / (b)	9.3%	9.2%	11.2%
TEP	24.6	43.4	50.7
WACC	3.5%	3.6%	3.2%
Total payout ratio	approx.60%(forecast)	60.9%	60.0%

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

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

Items for WACC calculation (FY2015 forecast):

- Cost of interest bearing debt: interest (1.1%)
- Cost rate for shareholders' equity (average interest rate of 10-year JGBs : 0.63%)
- Risk premium: 4.0%; β 0.75
- Shareholders' equity used to calculate WACC is the average market cap

* Change to "Net income attributable to the parent company" from FY2015.

3. Reference Materials

Transition of Industrial-use Gas Sales Volume (including Portion Used In-house under Tolling Arrangement)

Consolidated

(百万m³, 45MJ/m³)

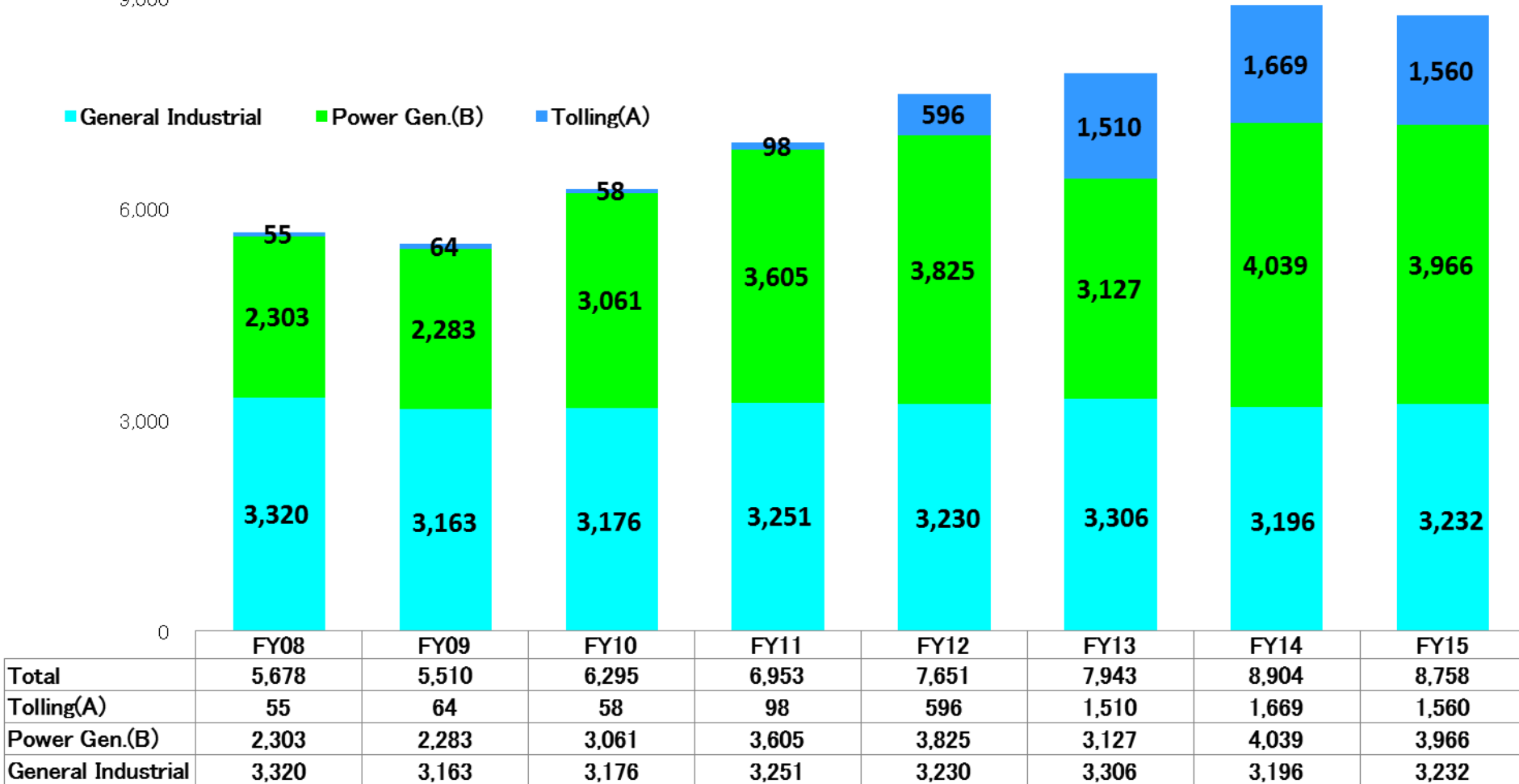
9,000

■ General Industrial ■ Power Gen.(B) ■ Tolling(A)

6,000

3,000

0



(A)+(B)	2,358	2,347	3,119	3,703	4,421	4,637	5,708	5,526
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* Lehman shock

* Great East Japan Earthquake

(Forecast)

Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact of earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.4	-0.8	+0.9	+0.5	+0.2
	2Q		-0.3	-0.8	+1.3	+0.2
	3Q	—	—	-0.4	-1.2	-1.6
	4Q	—	—	—	-0.6	-0.6
	Full year	-0.4	-1.1	-0.3	0.0	-1.8

Impact of yen depreciation by ¥1/\$

(Unit: billion yen)

		Impact of earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.7	+0.5	+0.1	0	-0.1
	2Q	—	-0.7	+0.6	+0.3	+0.2
	3Q	—	—	-0.8	+0.8	0
	4Q	—	—	—	-1.2	-1.2
	Full year	-0.7	-0.2	-0.1	-1.0	-1.1



< 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