

July 30, 2015

1. FY2015 1Q Consolidated Financial Results ended June 30, 2015



FY2015 1Q Consolidated Financial Results (Apr. 1, 2015 – Jun. 30, 2015) <vs. FY2014 1Q>



Highlights: Sales decreased, profit increased

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

Net sales	-46.7	-	City gas (-41.6: Decrease in unit prices from resource cost adjustments -33.0, decrease in sales volume -9.0)
		-	Other energy (-10.7: Decrease in electricity sales from decreased sales volume and lower unit prices)
Operating expenses	+81.2	+	City gas resource costs (+73.2: Decrease in unit prices from economic framework assumptions, etc. +65.2, decrease in sales volume +8.0)
		+	Other energy (+12.2: Decrease in cost of fuel for electricity from decreased sales volume and lower unit prices)
Operating income	+34.5	+	City gas (+32.3: Gas gross margin +31.9 (incl. slide +32.2))
		+	Others (+1.5: Increase in sales volume, increase in LNG sales profit from decreased resource costs)
Non-operating income	-0.8	-	Foreign exchange profit/loss -0.5 (0.3 → -0.2)
Extraordinary Income/loss	-4.9	-	(FY2014) Gain on sales of non-current assets 5.4, Loss on sales of investment securities -0.5

(Unit: billion yen)

	2015 1Q results	2014 1Q results	Change	%
Gas sales volume (mil. m ³ , 45MJ)	3,538	3,657	-119	-3.2%
Net sales	487.3	534.0	-46.7	-8.7%
Operating expenses	392.8	474.0	-81.2	-17.1%
Operating income	94.5	60.0	+34.5	+57.5%
Ordinary income — (a)	93.3	59.6	+33.7	+56.6%
Profit attributable to owners of parent*	73.4	44.7	+28.7	+64.0%

* Changed from “Net income” from FY2015

Temperature effect — (b)	-5.6	-4.2	-1.4	—
Sliding time lag effect — (c)	43.3	11.1	+32.2	—
Depreciation of pension actuarial differences — (d)	-0.5	0.7	-1.2	—
Adjusted ordinary income — (a) - ((b)+(c)+(d))	56.1	52.0	+4.1	+7.9%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)
FY2015 1Q	121.43	59.49	17.6
FY2014 1Q	102.17 <+19.26>	109.57 <-50.08>	17.2 <+0.4>

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

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

Expected rate of return: 2%

Consolidated Gas Sales Volume

FY2014 1Q Results → FY2015 1Q Results

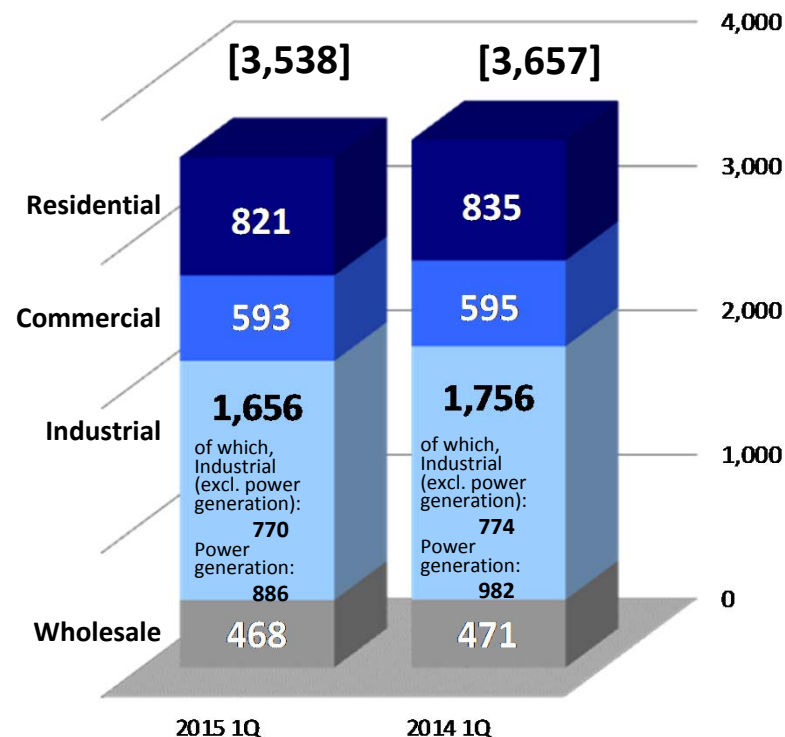
-119 mil. m³ (-3.2%)

Including temperature effect: -22 mil. m³, -0.6%

<p>Residential -14 mil. m³ (-1.7%)</p> <ul style="list-style-type: none"> ● Temperature effect -17 mil. m³ ● Number of days +3 mil. m³ ● Number of customers +13 mil. m³ ● Others -13 mil. m³
<p>Commercial -2 mil. m³ (-0.2%)</p> <ul style="list-style-type: none"> ● Temperature effect -3 mil. m³ ● Number of days +1 mil. m³ ● Number of customers +5 mil. m³ ● Others -5 mil. m³
<p>Industrial -100 mil. m³ (-5.7%)</p> <ul style="list-style-type: none"> ● Industrial: -4 mil. m³ ● Power generation: -96 mil. m³
<p>Wholesale -3 mil. m³ (-0.7%)</p> <ul style="list-style-type: none"> ● Temperature effect -2 mil. m³ ● Others -1 mil. m³ <p>Decrease in demand from wholesale suppliers, etc.</p>

Gas sales volume:

(Figures are rounded to nearest mil. m³.)



Number of customers (10 thousand)

FY2015 1Q	FY2014 1Q	Change
1,128.5	1,113.7	+14.8 (+1.3%)

	FY2015 1Q	FY2014 1Q	Change
LNG liquid sales volume (thousand t)	258	198	+60
Average temperature (°C)	17.6	17.2	+0.4

Gas Sales Volume (Vision Basis) and Gas Sales Volume for Industrial Use

FY2015 1Q Results

● Gas sales volume (Vision Basis) (Unit: million m³)

	FY2015 1Q	FY2014 1Q	Change
Gas sales volume (financial accounting basis)	3,538	3,657	-119 -3.2%
Gas volume used in-house under tolling arrangement	353	414	-61 -14.8%
LNG sales volume (m3 basis)	323	248	+75 +30.2%
Total	4,214	4,319	-105 -2.4%

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

	Kashima area	Other area	Total
Power generation	347	539	886
vs. FY2014 1Q	+5 (+1.5%)	-101 (-15.9%)	-96 (-9.8%)
General industrial	42	728	770
vs. FY2014 1Q	-10 (-18.9%)	+6 (+0.9%)	-4 (-0.4%)
Total	389	1,267	1,656
vs. FY2014 1Q	-5 (-1.2%)	-95 (-7.0%)	-100 (-5.7%)

FY2015 1Q Net Sales and Operating Income/Loss by Business Segment <vs. FY2014 1Q>



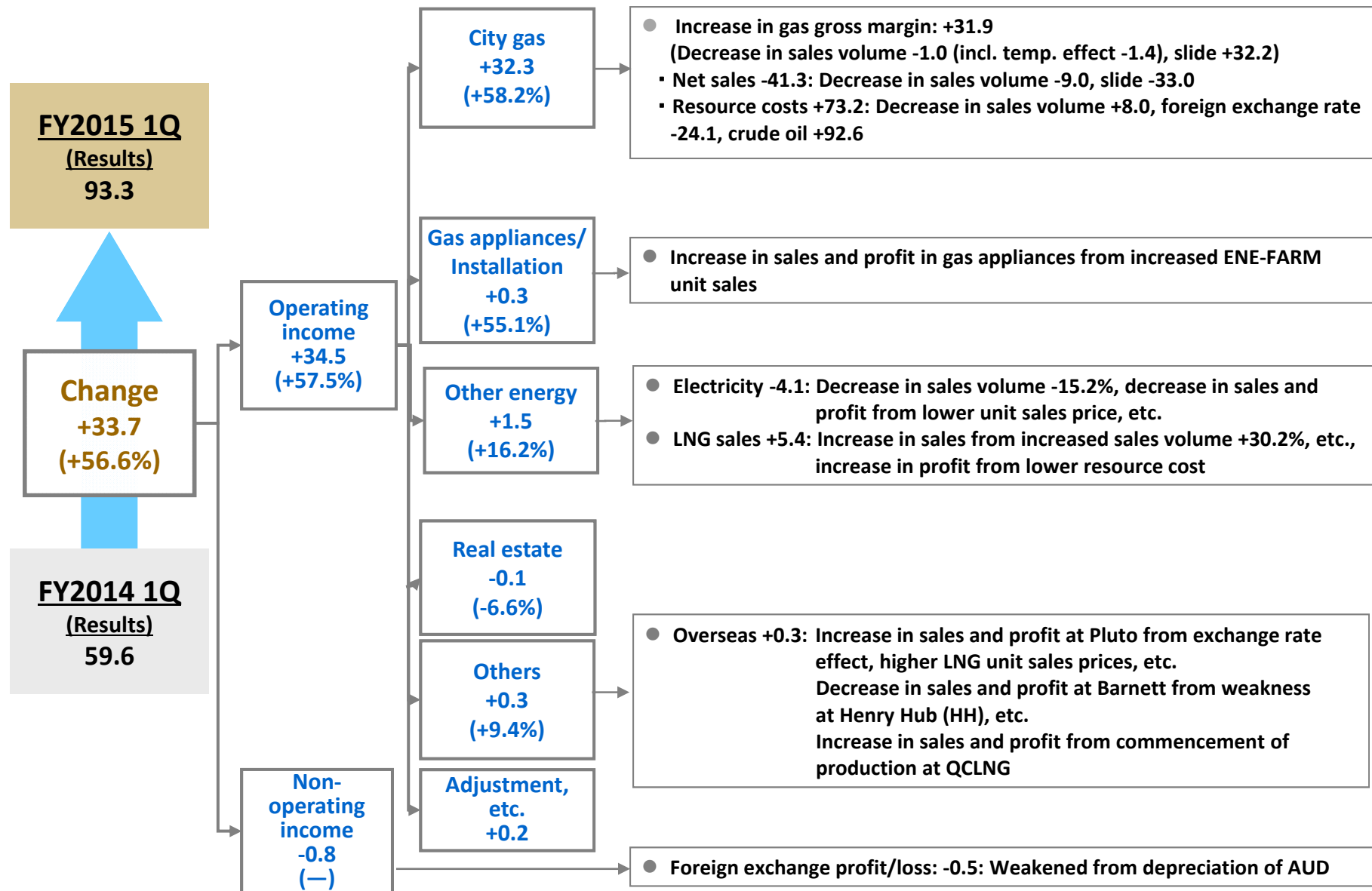
(Unit: billion yen)

	Net Sales				Segment Income			
	FY2015 1Q	FY2014 1Q	Change	%	FY2015 1Q	FY2014 1Q	Change	%
City gas	348.2	389.8	-41.6	-10.7%	87.6	55.3	32.3	58.2%
Gas appliances and installation work	43.7	40.3	3.4	8.4%	0.9	0.6	0.3	55.1%
Other energy	86.8	97.5	-10.7	-10.9%	11.2	9.7	1.5	16.2%
(Electric power business)	29.6	41.2	-11.6	-28.2%	3.3	7.4	-4.1	-55.4%
Real estate	6.4	6.5	-0.1	-2.7%	1.5	1.6	-0.1	-6.6%
Others	42.4	46.0	-3.6	-7.6%	3.1	2.8	0.3	9.4%
(Overseas business)	8.5	7.6	0.9	12.3%	2.3	2.0	0.3	12.7%
Adjustment	-40.4	-46.3	5.9	—	-10.0	-10.2	0.2	—
Consolidated	487.3	534.0	-46.7	-8.7%	94.5	60.0	34.5	57.5%

- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
 - “Others” includes businesses in construction, information processing service, 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 1Q Ordinary Income Analysis <vs. FY2014 1Q>

(Unit: billion yen)



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

2. FY2015 Full Year Forecast



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

Highlights: Initial profit plan unchanged

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

- Reflecting lower 1Q gas sales volume vs. initial plan
- Change to economic framework: 2Q oil price to \$65/bbl from \$55/bbl
- The above will accelerate time lag recovery, making up for profit shortfall from lower 1Q sales volume, so full-year profit plan unchanged.

Net sales +43.0 : + City gas (+29.6: Increase in unit sales prices under resource cost adjustment system)

+ Electricity (+10.5: Increase in sales volume from increased nighttime utilization)

Operating expenses -43.0 : - City gas resource costs (-30.1: Increase in resource costs from rise in crude oil prices)

- Power generation operating expenses (-10.1: Increase in fuel costs from increased sales volume)

Operating income ±0.0

(Unit: billion yen)

	Current forecast	Initial plan (4/28)	Change	%	FY2014 results	Change	%
Gas sales volume (mil. m ³ , 45MJ)	15,496	15,571	-75	-0.5%	15,541	-45	-0.3%
Net sales	1,932.0	1,889.0	+43.0	+2.3%	2,292.5	-360.5	-15.7%
Operating expenses	1,792.0	1,749.0	+43.0	+2.5%	2,120.7	-328.7	-15.5%
Operating income	140.0	140.0	0.0	0.0%	171.7	-31.7	-18.5%
Ordinary income — (a)	134.0	134.0	0.0	0.0%	168.1	-34.1	-20.3%
Profit attributable to owners of parent*	101.0	101.0	0.0	0.0%	95.8	+5.2	+5.4%
* Changed from “Net income” from FY2015							
Temperature effect — (b)	-5.6	0.0	-5.6	—	-4.1	-1.5	—
Sliding time lag effect — (c)	25.6	22.5	+3.1	—	27.8	-2.2	—
Depreciation of pension actuarial differences — (d)	-2.3	-2.3	0.0	—	3.0	-5.3	—
Adjusted ordinary income — (a) - (b)+(c)+(d)	116.3	113.8	+2.5	+2.2%	141.4	-25.1	-17.8%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)
Current forecast	120.36	63.62 ¹	16.2
Previous forecast	120.00 <+0.36>	60.00 ² <+3.62>	15.8 <+0.4>

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

Figures in brackets are year-on-year increase/decrease ¹65.00 from 2Q ²1H: 55.00/2H:65.00

FY2015 Full Year Forecast: Consolidated Gas Sales Volume

Initial Plan → Current Forecast

-75 mil. m³ (-0.5%)

Including temp. effect -82 mil m³, -0.5%

Residential	-63 mil. m ³ (-1.8%)
● Temperature effect	-72 mil. m ³
● Number of days	-2 mil. m ³
● Number of customers	+1 mil. m ³
● Others	+9 mil. m ³

Commercial	+13 mil. m ³ (+0.5%)
● Temperature effect	-5 mil. m ³
● Number of days	0 mil. m ³
● Number of customers	+4 mil. m ³
● Others	+14 mil. m ³

Industrial	-2 mil. m ³ (-0.0%)
● Industrial:	-21 mil. m ³
● Power generation:	+19 mil. m ³

Wholesale	-23 mil. m ³ (-1.1%)
● Temperature effect	-5 mil. m ³
● Others	-18 mil. m ³
Decrease in demand from wholesale suppliers, etc.	

FY2014 Results → Current Forecast

-45 mil. m³ (-0.3%)

Including temp. effect -31 mil m³, -0.2%

Residential	-10 mil. m ³ (-0.3%)
● Temperature effect	-16 mil. m ³
● Number of days	+8 mil. m ³
● Number of customers	+46 mil. m ³
● Others	-48 mil. m ³

Commercial	-24 mil. m ³ (-0.9%)
● Temperature effect	-13 mil. m ³
● Number of days	+9 mil. m ³
● Number of customers	+17 mil. m ³
● Others	-36 mil. m ³

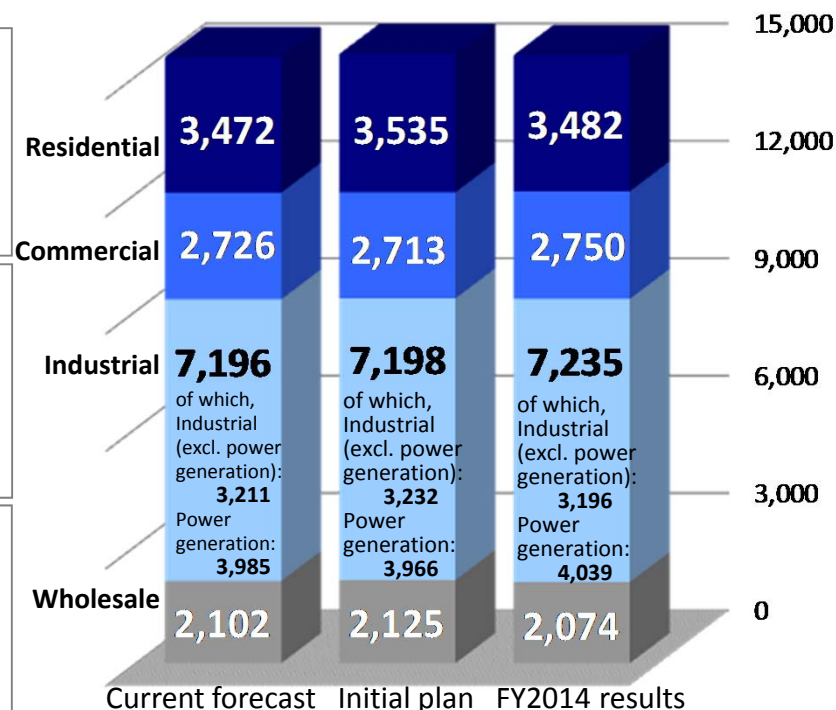
Industrial	-39 mil m ³ (-0.5%)
● Industrial:	+15 mil m ³
● Power generation:	-54 mil. m ³

Wholesale	+28 mil. m ³ (+1.3%)
● Temperature effect	-2 mil. m ³
● Others	+30 mil. m ³
Increase in demand from wholesale suppliers, etc.	

Gas Sales Volume:

(Figures are rounded to nearest mil. m³.)

[15,496] [15,571] [15,541]



	Current forecast	Initial plan	Change
LNG liquid sales volume (thousand t)	1,204	1,237	-33
Average temperature (°C)	16.2	15.8	+0.4

Number of customers		(Unit: 10 thousand)
Current forecast	Initial plan	Change
1,138.8	1,138.8	+0.0 (+0.0%)

Gas Sales Volume (Vision Basis) and Gas Sales Volume for Industrial Use

FY2015 Forecast

● Gas sales volume (Vision Basis) (Unit: million m³)

	Current forecast	Initial plan	Change	FY2014	Change
Gas sales volume (financial accounting basis)	15,496	15,571	-75 -0.5%	15,541	-45 -0.3%
Gas volume used in-house under tolling arrangement	1,684	1,560	+124 +7.9%	1,669	+15 +0.9%
LNG sales volume (m3 basis)	1,506	1,547	-41 -2.7%	1,150	+356 +30.9%
Total	18,686	18,678	+8 +0.0%	18,360	+326 +1.8%

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

	Kashima area	Other	Total
Power generation	1,600	2,385	3,985
vs. Initial plan	+13 (+0.8%)	+6 (+0.3%)	+19 (+0.5%)
vs. FY2014 results	+11 (+0.7%)	-65 (-2.7%)	-54 (-1.3%)
General industrial	194	3,016	3,211
vs. Initial plan	-11 (-5.2%)	-11 (-0.4%)	-21 (-0.7%)
vs. FY2014 results	-12 (-5.4%)	+26 (+0.9%)	+15 (+0.5%)
Total	1,794	5,401	7,196
vs. initial plan	+2 (+0.2%)	-5 (-0.1%)	-2 (-0.0%)
vs. FY2014 results	+0 (+0.0%)	-39 (-0.7%)	-39 (-0.5%)

FY2015 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment <vs. Initial Plan (Announced on April 28)>



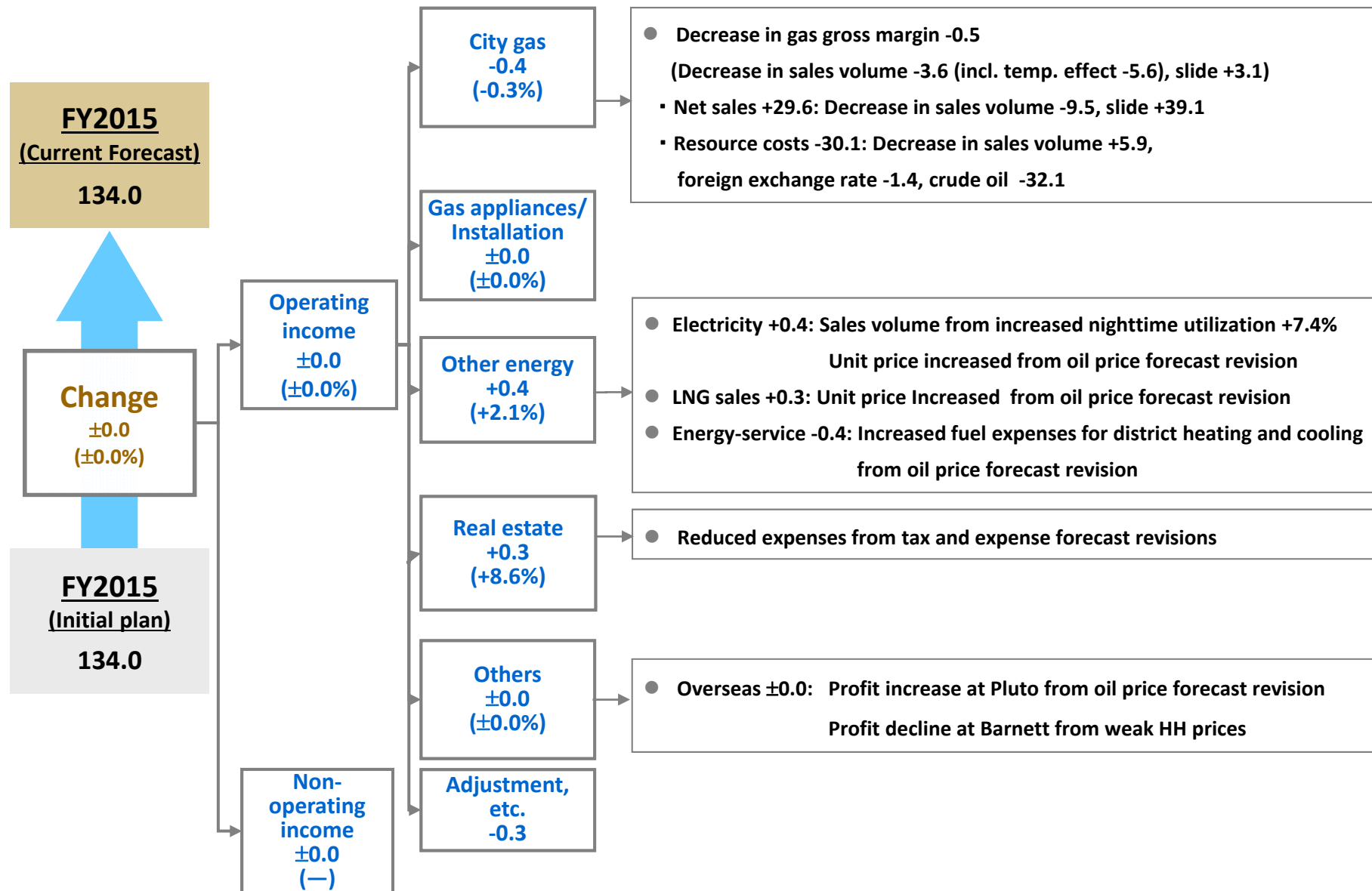
(Unit: billion yen)

	Net Sales				Segment Income			
	Current forecast	Initial plan	Change	%	Current forecast	Initial plan	Change	%
City gas	1,332.6	1,303.0	29.6	2.3%	152.3	152.7	-0.4	-0.3%
Gas appliances and installation work	214.2	209.3	4.9	2.3%	1.5	1.5	0.0	0.0%
Other energy	352.5	338.7	13.8	4.1%	19.6	19.2	0.4	2.1%
(Electric power business)	126.9	116.4	10.5	9.1%	5.9	5.5	0.4	7.3%
Real estate	24.7	24.7	0.0	0.0%	3.8	3.5	0.3	8.6%
Others	192.4	197.8	-5.4	-2.7%	6.5	6.5	0.0	0.0%
(Overseas business)	33.5	34.0	-0.5	-1.4%	0.4	0.4	0.0	0.0%
Adjustment	-184.4	-184.5	0.1	—	-43.7	-43.4	-0.3	—
Consolidated	1,932.0	1,889.0	43.0	2.3%	140.0	140.0	0.0	0.0%

- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
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 - Parentheses indicate sub-segment (figures included in segment total).

FY2015 Forecast: Ordinary Income Analysis <vs. Initial Plan>

(Unit: billion yen)



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

FY2015 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment <vs. FY2014 Results >

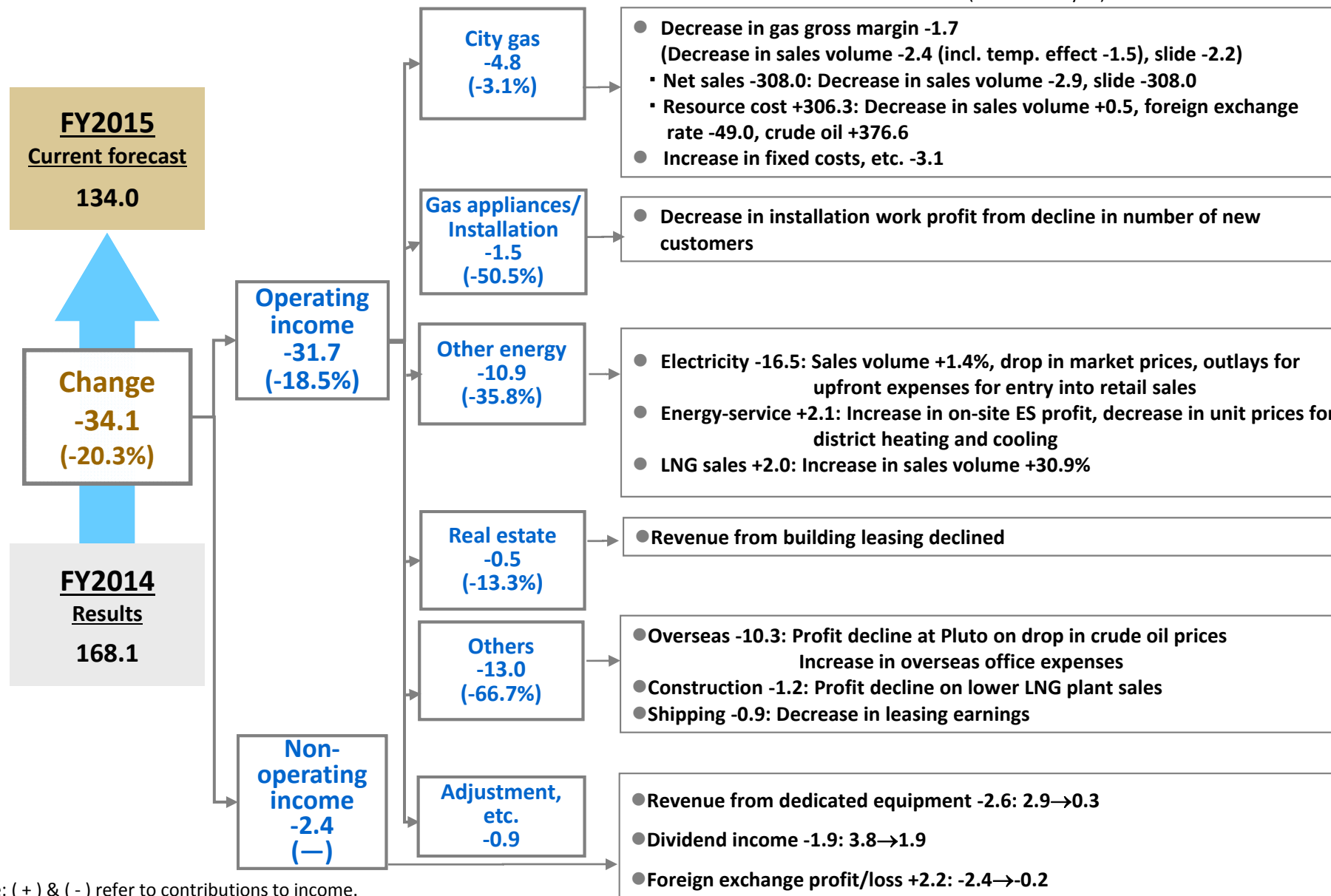
(Unit: billion yen)

	Net Sales				Segment Income			
	Current forecast	FY2014	Change	%	Current forecast	FY2014	Change	%
City gas	1,332.6	1,640.9	-308.3	-18.8%	152.3	157.1	-4.8	-3.1%
Gas appliances and installation work	214.2	204.9	9.3	4.5%	1.5	3.0	-1.5	-50.5%
Other energy	352.5	408.2	-55.7	-13.7%	19.6	30.5	-10.9	-35.8%
(Electric power business)	126.9	165.8	-38.9	-23.5%	5.9	22.4	-16.5	-73.7%
Real estate	24.7	25.9	-1.2	-4.8%	3.8	4.3	-0.5	-13.3%
Other	192.4	226.2	-33.8	-15.0%	6.5	19.5	-13.0	-66.7%
(Overseas business)	33.5	40.5	-7.0	-17.4%	0.4	10.7	-10.3	-96.3%
Adjustment	-184.4	-213.7	29.3	—	-43.7	-42.8	-0.9	—
Consolidate	1,932.0	2,292.5	-360.5	-15.7%	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, LNG sales.
 - “Others” includes businesses in construction, information processing service, 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.

Key Indicators (Consolidated)

(Unit: 100 million yen)

	FY2015 Current forecast	FY2014 Results	FY2013 Results
Total assets (a)	23,300	22,576	21,768
Shareholders' equity (b)	11,170	10,695	10,117
Shareholders' equity ratio (b)/(a)	47.9%	47.4%	46.5%
Interest-bearing debt (c)	7,660	7,307	7,138
D/E ratio (c)/(b)	0.69	0.68	0.71
Net income attribute to the parent company (d)*	1,010	958	1,084
Depreciation (e)	1,430	1,418	1,403
Operating cash flow (d) + (e)	2,440	2,376	2,488
Capex	2,700	2,245	2,480
ROA: (d)/(a)	4.4%	4.3%	5.2%
ROE: (d)/(b)	9.2%	9.2%	11.2%
TEP	156	434	507
WACC	3.6%	3.6%	3.2%
Total payout ratio	approx. 60%	60.8%	60.0%

Notes: Shareholders' equity = Net assets – Non-controlling 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 (including depreciation of long-term prepaid expenses)
 Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income

* Described "Net Income" until FY 2014

TEP: (Tokyo Gas Economic Profit): Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)
 ○Shareholder's Capital: market capitalization
 ○Items for WACC calculation (FY2015 forecast):
 • Cost of interest-bearing debt: actual interest rate (1.1%, after tax)
 • Cost rate for shareholders' equity
 • Risk free rate: 10-year JGB yield (0.58%)
 • Risk premium: 5.5%, β: 0.75

3. Reference Materials

Operating Income Sensitivity to Changes in Oil Price and Exchange Rate

Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings			
		2Q	3Q	4Q	Full year
Period	2Q	-0.2	-1.1	+1.5	+0.2
	3Q	—	-0.2	-1.6	-1.8
	4Q	—	—	-0.4	-0.4
	Full year	-0.3	-1.1	-0.5	-2.0

Impact of yen depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings			
		2Q	3Q	4Q	Full year
Period	2Q	-0.7	+0.6	+0.2	+0.1
	3Q	—	-0.8	+1.0	+0.2
	4Q	—	—	-1.2	-1.2
	Full year	-0.7	-0.2	0.0	-0.9



< 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.

< Calculation method >

Numerical amounts in these materials are shown with fractional portions disregarded or rounded, while percentage changes are calculated based on the actual figures. This may result in discrepancies between the amounts and percentages as shown.

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