# Consolidated Financial Results FY2013 (April 2013 – March 2014) Financial Results

April 30, 2014 TOHO GAS CO.,LTD.



#### Contents

1.	Results for FY2013	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	3

2. Forecasts for FY2014 • • • • • • • • • 10

(Reference1) About Our LPG Business • • • • • • • 14

⟨Reference2⟩ Results of Previous Mid-term Management Plan • • • 17

⟨Reference3⟩ Management Goals of Mid-term Management Plan • • 18

Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

#### 1. Results for FY2013

#### (1) Summary



■ Gas sales volume was 3,981 million m³, an increase by 0.7% from the previous year.

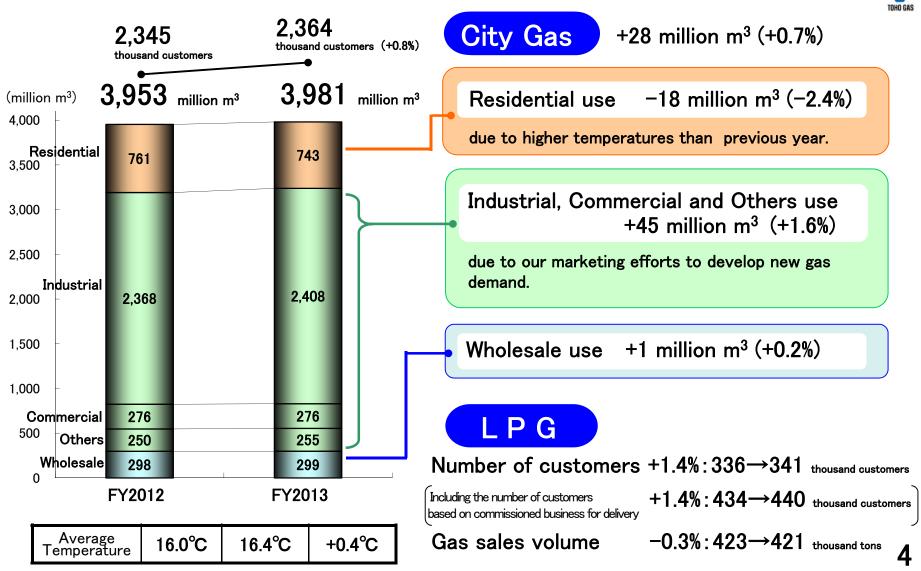
LPG sales volume was 421 thousand tons, a decrease by 0.3%

Sales were ¥560.4 billion, an increase by 8.1% from the previous year.

Ordinary income was ¥17.0 billion, an increase by 27.4%

#### (2) Number of customers, Gas sales volume (FY2013)





#### (3) Sales, Incomes





						(¥ billions)
	Fy 2013	Fy 2012	Change From Previous year	Rate of change	Forecast (at the 3Q)	Change From forecast
Gas sales Volume (million m³)	3,981	3,953	28	0.7%	3,966	15
Sales	560.4	518.3	42.1	8.1%	557.0	3.4
Cost of sales	414.2	364.5	49.7	13.6%		
Selling, general and administrative expenses	130.4	141.1	-10.6	<b>-7.6%</b>		
Ordinary income	17.0	13.3	3.6	27.4%	15.0	2.0
Net income	11.2	8.5	2.7	31.8%	10.0	1.2

(Note) Crude oil price (CIF national average); FY2013 110.0 \$/bbl, Currency exchange rate (TTM) ; FY2013 100.2 yen/\$,

FY2012 113.9 \$/bbl (-3.9 \$/bbl) FY2012 82.9 yen/\$ (+17.3 yen/\$)



(4) Factors for Changes in Ordinary Income (FY2013)



◆ Change from the previous year

Ordinary income (¥13.3 billion⇒¥17.0 billion) + ¥ 3.6 billion

Effect of gas sales volume

- ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 1.0 billion (FY2012 ¥ 15.5 billion ⇒ FY2013 ¥ 14.5 billion)
- Effect of decrease of various costs, etc. + ¥ 3.6 billion



(5) Factors for Changes in Ordinary Income (FY2013)



◆ Change from the forecasts (at the release of 3Q results)

Ordinary income (¥15.0 billion⇒¥17.0 billion) + ¥ 2.0 billion

Effect of gas sales volume

- + ¥ 0.0 billion
- Impact of time lag in fuel cost adjustment system  $\pm 2.0$  billion (Forecasts  $\pm 12.5$  billion  $\Rightarrow$  Results  $\pm 14.5$  billion)
- Effect of decrease of various costs, etc. + ¥ 4.0 billion





200)	TOHO GA
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						(¥	billions) TOHO GAS
	Fy 2013	Fy 2012	Change		Fy 2013	Fy 2012	Change
Total assets	509.7	504.4	5.2	Cash flows from operating activities	37.8	40.2	-2.4
(unrealized gain on securities)	(41.4)	(34.3)	(7.0)	Cash flows from investment activities	-33.0	-38.3	5.3
Total net assets	245.8	236.4	9.4	(Free cash flows)	(4.7)	(1.9)	(2.8)
		200.1		Cash flows from financing activities	-2.8	-7.3	4.5
Equity ratio	48.2%	46.9%	1.3 Point	Net (decrease) increase in cash and cash equivalents	2.4	-5.1	7.6
Interest-bearing debts	164.5	162.0	2.5	Increase due to including newly consolidated subsidiaries	0.1	_	0.1
				Cash and cash equivalents at end of term	14.2	11.5	2.6
					00.0	05.4	0.1
				CAPEX	33.0	35.1	<b>-2.1</b>
				Depreciation	35.7	36.9	-1.1





#### Year-end dividend of FY2013 is ¥ 4.5, and ¥ 9 in annual base

#### < Reference > Return to shareholders

(¥ billions)

		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Net income (a)		5.8	10.9	14.4	8.5	8.5	11.2
	Cash dividend	4.4	4.4	4.4	4.6	4.9	4.9
	(per share)	(¥ 8)	(¥ 8)	(¥ 8)	(¥ 8.5)	(¥ 9)	(¥ 9)
	Share buy-back	_	2.9	2.7	_	_	_
D	ividend + share buy-back (b)	4.4	7.4	7.1	4.6	4.9	4.9
	(b) / (a)	77%	68%	49%	54%	58%	44%

(Notes) Dividend is amounted by annual appropriation of income.

Share buy-back is amounted by annual meeting of shareholders (July to June).

#### 2. Forecasts for FY2014

#### (1) Summary



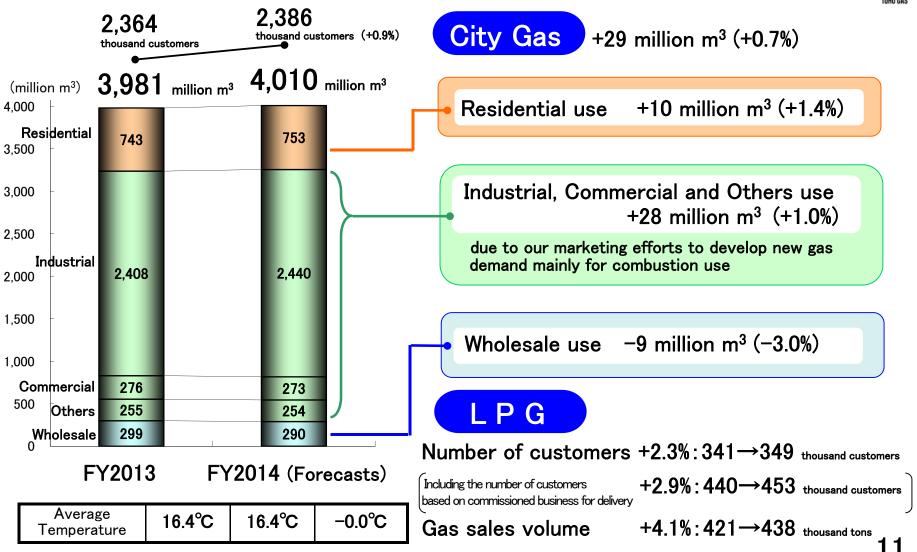
■ Gas sales volume expected to be 4,010 million m<sup>3</sup>, an increase by 0.7% from the previous year.

LPG sales volume to be 438 thousand tons, an increase by 4.1%

■ Based on crude oil price of 115 dollars/barrel and exchange rate of ¥105/dollar, sales projected to be ¥610 billion, an increase by 8.8% from the previous year, ordinary income to be ¥23 billion, an increase by 34.9%

#### (2) Number of customers, Gas sales volume (Forecasts)







## (3) Forecasts for FY2014/Sales, Incomes

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				(¥ billion)
	Fy 2014 forecasts	Fy 2013	Change From Previous year	Rate of change
Gas sales Volume (million m³)	4,010	3,981	29	0.7%
Sales	610.0	560.4	49.5	8.8%
Ordinary income	23.0	17.0	5.9	34.9%
Net income	15.0	11.2	3.7	33.4%
CAPEX	41.0	33.0	7.9	23.9%
Depreciation	34.0	35.7	<b>-1.7</b>	-5.0%

[Assumption]

(\$/bbl, yen/\$)

	FY2014	FY2013(Result)	Change
Crude oil price	115	110.0	+5.0
Exchange rate	105	100.2	+4.8

[Sensitivity (full-year)]

		Gas resource cost	Gross profit
Crude oil price	1\$/bbl	¥ 2.1 billion	¥ 0.7 billion
Exchange rate	1yen/\$	¥ 2.4 billion	¥ 0.8 billion



(4) Factors for Changes in Ordinary Income (FY2014)



◆ Change from the previous year

Effect of gas sales volume

- + ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 10.0 billion (FY2013 -¥ 14.5 billion  $\Rightarrow$  FY2014 ¥ 4.5 billion)
- Effect of increase of various costs, etc.
   ¥ 5.0 billion

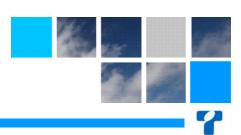
# (Reference1) About Our LPG Business Summary of LPG Business



- One of the most biggest LPG business operators in the Chubu area
  - —We have a lot of direct-sales customers in and around the Tokai area, Aichi, Gifu and Mie prefecture
- The number of customers was 341 thousand and LPG sales volume was 421 thousand tons at the end of FY2013

	FY2009	FY2010	FY2011	FY2012	FY2013
Number of customers (thousand)	317	320	327	336	341
Including the number of customers based on commissioned business for delivery (thousand)	393	413	421	434	440
Gas sales volume (thousand tons)	397	416	420	423	421

# (Reference1) About Our LPG Business Summary of LPG Business

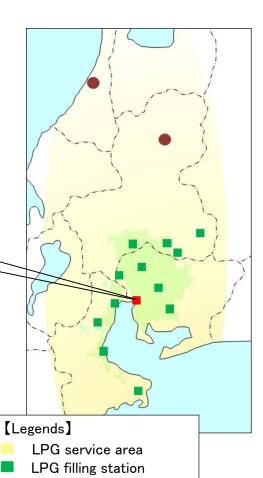


Cover Tokai area by the network of directly—managed gas filling stations centering on "Meiko LPG terminal" as the one of the largest LPG terminals in Japan



[Meiko LPG terminal]

Promote to develop demands in a wide area



LPG wide area sales office Meiko LPG terminal City gas service area

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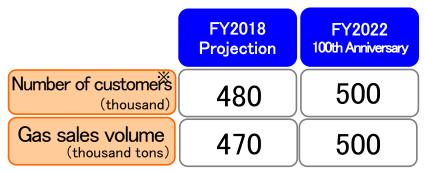


◆Promote sales activities through integrated our group businesses

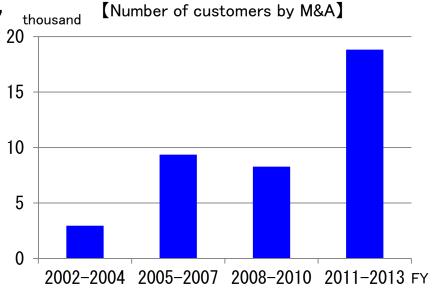
Increase number of customers and sales volume by means of

developing new construction market,

M&A and enhancing wholesaling



<sup>※</sup>Including the number of customers based on commissioned business for delivery



- ◆ Develop demands in a wide area
  - Reinforce fuel conversion for industrial use in the Hokuriku area
  - Launch LPG sales activities in a wide area including Shizuoka, Shiga, etc.







[ Nur	mber of customers ]	FY2009	FY2010	FY2011	FY2012	FY2013	FY2008 to 2013 Average growth rate
	City gas (thousand)	2,295	2,307	2,322	2,345	2,364	0.7%
	LPG (thousand)	317	320	327	336	341	2.1%

FY2013 target	< Average >
2,405	<1.1%>
359	<3.2%>

[ Gas sales volume ]

City gas (million m³)	3,627	3,910	3,943	3,953	3,981	1.6%
LPG (thousand tons)	397	416	420	423	421	0.6%

4,039	<1.9%>
440	<1.5%>

**CAPEX** (¥ billion)

43.6 33.2 32.5 35.1 33.0

5years average

A total of FY2009 to 2013 177 (Average of 35.4 per year)

<b>[</b> F	inancial targets ]	FY2009	FY2010	FY2011	FY2012	FY2013
	ROA	2.1%	2.9%	1.7%	1.7%	2.2%
	Return to Shareholders Upper: Dividend Lower: Share buy-back	¥8 per share ¥2.9 billion	¥8 per share ¥2.7 billion	¥8.5 per share	¥9 per share	¥9 per share (plan)
	Interest-bearing debts (¥ billion)  Equity ratio	171.0 43.6%	161.4 44.7%	164.3 45.5%	162.0 46.9%	164.5 48.2%

#### FY2013 target

About 3% (FY2013)

The basis is stable dividends. Implementing share buy back depending on the situation.

About 180 (at the end of FY2013) Over 40% (at the end of FY2013)





### (Reference3) Management Goals of Mid-term Management Plan





		FY2013	FY2014	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number	Natural Gas	2.36 million	2.39 million	0.9%	2.46 million	0.8%	2.5 million
of Customers	LPG *1	0.44 million	0.45 million	2.9%	0.48 million	1.8%	0.5 million
Gas	Natural Gas*2	4.0 billion m <sup>3</sup>	4.1 billion m <sup>3</sup>	0.7%	4.5 billion m <sup>3</sup>	2.2%	5 billion m³
Sales Volume	LPG	421 thousand tons	438 thousand tons	4.1%	470 thousand tons	2.3%	500 thousand tons

- \* 1 Including the number of customers based on commissioned business for delivery
- \*2 Including the number of gas sales volume of LNG

	FY2009 to 2013 Average	FY2014	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	52billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.7	1.0 and under	1.0 and under
ROA	2.1%	About 3%	About 3%	 3% and over