

Consolidated Financial Results

Results for the 3rd Quarter of FY2014

(April–December 2014)

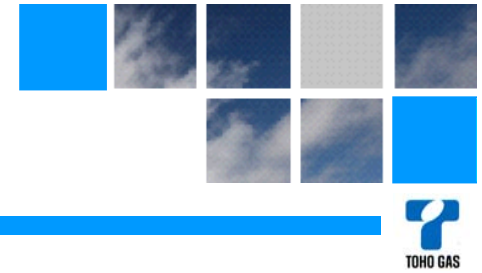
January 29, 2015



TOHO GAS CO.,LTD.



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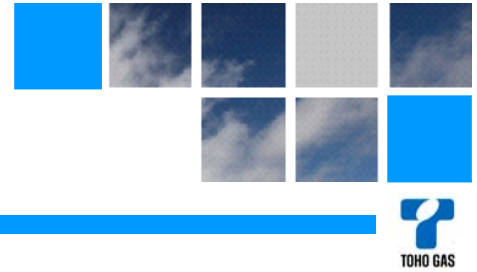
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〈Reference〉 Progress of Mid-term Management Plan . . . 13

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.

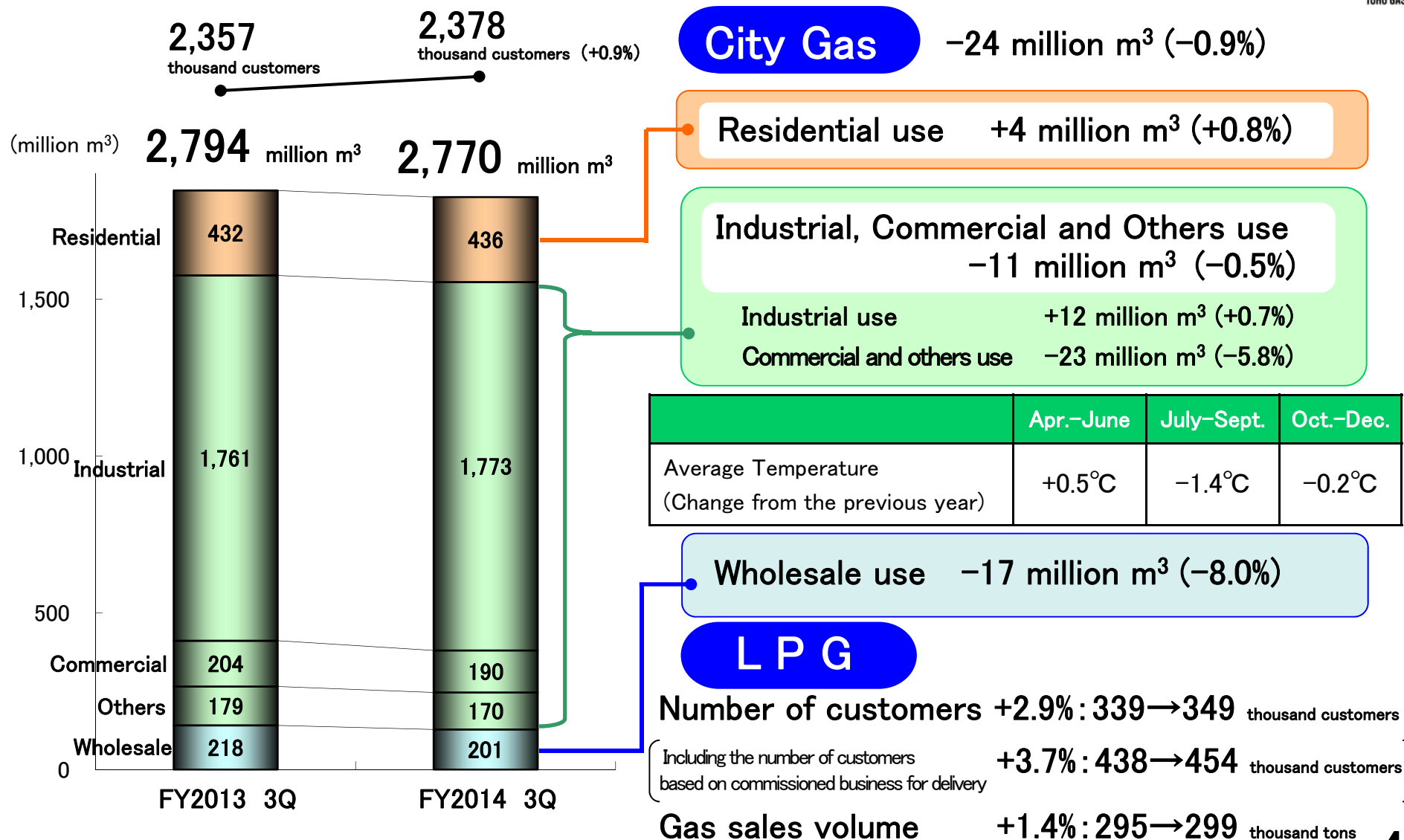
1. Results for the 3rd Quarter of FY2014

(1) Summary

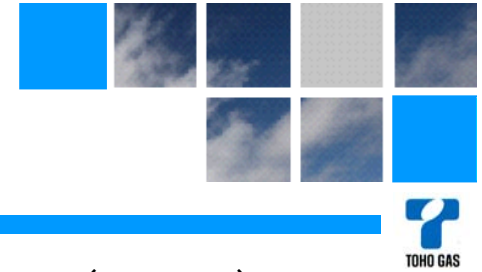


- Gas sales volume was 2,770 million m³, a decrease by 0.9% from the previous year.
LPG sales volume was 299 thousand tons, an increase by 1.4%
- Sales were ¥404.1 billion, an increase by 4.4% from the previous year.
Ordinary income was ¥15.0 billion, an increase of ¥8.4 billion

(2) Number of customers, Gas sales volume (3rd Quarter)



(3) Sales, Incomes

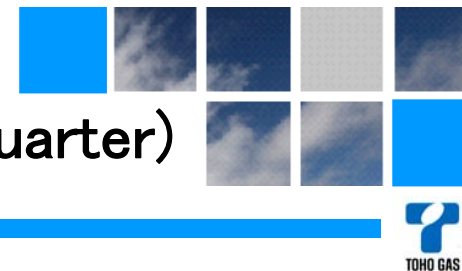


(¥ billion)

	FY 2014 (Apr.-Dec.)	FY 2013 (Apr.-Dec.)	Change from the previous year	Rate of Change
Gas sales Volume (million m ³)	2,770	2,794	-24	-0.9%
Sales	404.1	387.0	17.1	4.4%
Cost of sales	294.8	285.3	9.5	3.3%
Selling, general and administrative expenses	94.8	95.6	-0.7	-0.8%
Ordinary income	15.0	6.5	8.4	130.0%
Net income	10.4	4.1	6.3	151.2%

(Notes) Crude oil price (CIF national average); FY2014 (Apr.-Dec.) \$102.5/bbl, FY2013 (Apr.-Dec.) \$109.4/bbl (-\$6.9/bbl)
 Currency exchange rate (TTM) ; FY2014 (Apr.-Dec.) ¥106.7/\$, FY2013 (Apr.-Dec.) ¥ 99.4/\$ (+¥7.3/\$)

(4) Factors for Changes in Ordinary Income (3rd Quarter)

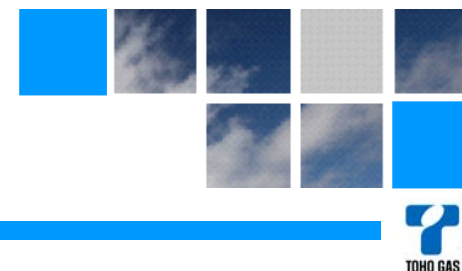


◆ Change from the previous year

Ordinary income (¥6.5 billion⇒¥15.0 billion) + ¥ 8.4 billion

- Effect of gas sales volume — ¥ 0.0 billion
- Impact of time lag in fuel cost adjustment system + ¥5.0 billion
(FY2013 (Apr.–Dec.) —¥ 5.0 billion ⇒ FY2014 (Apr.–Dec.) ±¥ 0.0 billion)
- Others + ¥ 3.4 billion

(5) Balance Sheet

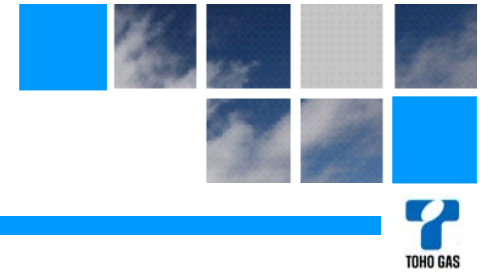


(¥ billion)

	FY 2014 (End of 3Q)	FY 2013 (End of FY)	Change		FY 2014 (Apr.–Dec.)	FY 2013 (Apr.–Dec.)	Change
Total assets (unrealized gain on securities)	540.3 (48.8)	509.7 (41.4)	30.6 (7.4)	CAPEX	24.0	21.8	2.2
Total net assets	268.2	245.8	22.3	Depreciation	25.4	26.4	-1.0
Equity ratio	49.6%	48.2%	1.4 Point				
Interest-bearing debts	149.2	164.5	-15.2				

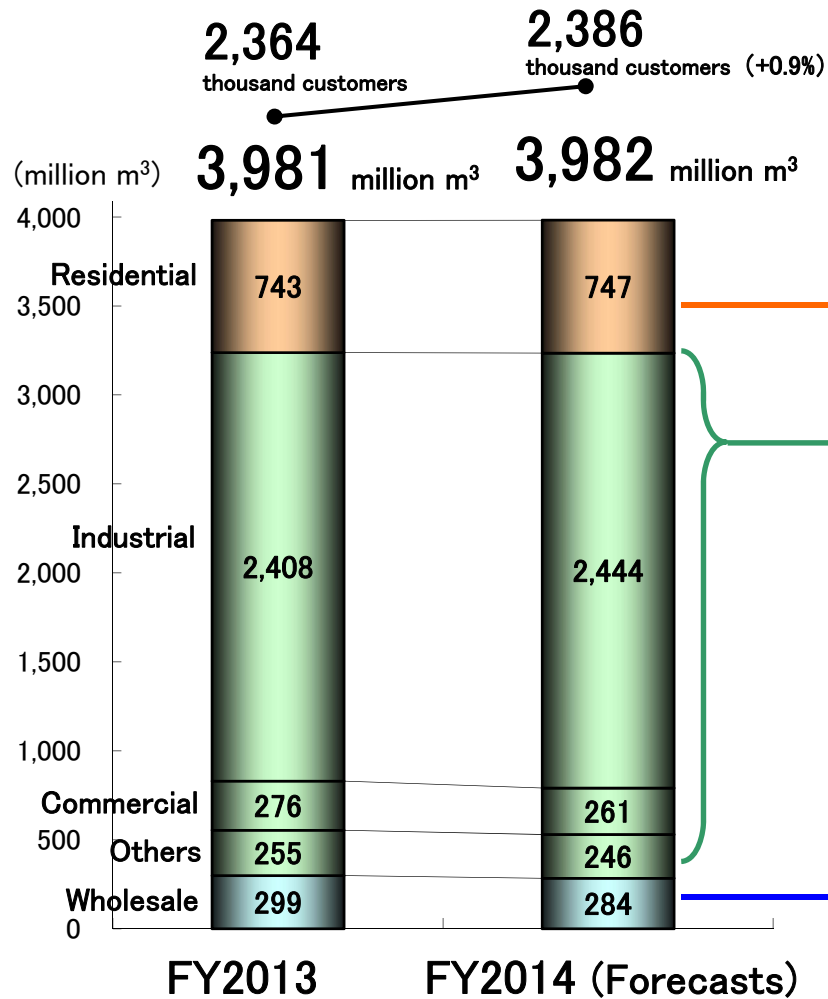
2. Forecasts for FY2014

(1) Summary



- Gas sales volume expected to be 3,982 million m³, the same level as the previous year.
LPG sales volume to be 434 thousand tons, an increase by 3.0%
- Based on crude oil price of 70 dollars/barrel and exchange rate of ¥120/dollar for the 4th quarter of FY2014, sales projected to be ¥595 billion, an increase by 6.2% from the previous year, ordinary income to be ¥26 billion, an increase by 52.5%
- We have changed the previous forecasts as below
 - Assumption of crude oil price was changed from 110 dollars/barrel to 70 dollars/barrel and exchange rate was changed from ¥110/dollar to ¥120/dollar
 - Ordinary income was revised upward from ¥23 billion by ¥3 billion

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



City Gas

+1 million m³ (+0.0%)

Residential use +4 million m³ (+0.5%)

Industrial, Commercial and Others use
+12 million m³ (+0.4%)

Wholesale use -15 million m³ (-4.9%)

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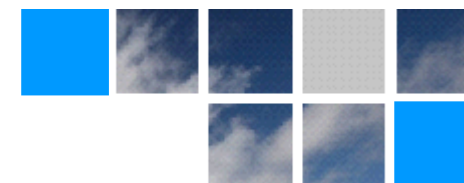
Number of customers +2.3%: 341 → 349 thousand customers

(Including the number of customers based on commissioned business for delivery)
+2.9%: 440 → 453 thousand customers

Gas sales volume +3.0%: 421 → 434 thousand tons

Average Temperature	16.4°C	16.2°C	-0.2°C
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(3) Forecasts for FY2014/Sales, Incomes



	(¥ billion)			
	FY 2014 forecasts	FY 2013	Change from the previous year	Rate of change
Gas sales Volume (million m ³)	3,982	3,981	1	0.0%
Sales	595.0	560.4	34.5	6.2%
Ordinary income	26.0	17.0	8.9	52.5%
Net income	16.5	11.2	5.2	46.8%
CAPEX	41.0	33.0	7.9	23.9%
Depreciation	34.0	35.7	-1.7	-5.0%

【Assumptions】

(\$/bbl, ¥/\$)

	FY2014*	FY2013 (Results)	Change
Crude oil price	94.4	110.0	-15.6
Exchange rate	110.0	100.2	+ 9.8

* Assumptions for the 4th quarter of FY2014:

Crude oil price \$70/bbl, Exchange rate ¥120/\$

【Sensitivity (full-year) *】

	Gas resource cost	Gross profit
Crude oil price 1\$/bbl	¥ 2.3 billion	¥ 0.8 billion
Exchange rate 1¥/\$	¥ 1.6 billion	¥ 0.6 billion

* Based on the assumptions for through the FY2014:

Crude oil price \$70/bbl, Exchange rate ¥120/\$



Ordinary income (¥17.0 billion⇒¥26.0 billion) + ¥ 8.9 billion

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

◆ Change from the forecasts (at the release of 2Q results)

Ordinary income (¥23.0 billion⇒¥26.0 billion) + ¥ 3.0 billion

- Impact of time lag in fuel cost adjustment system + ¥ 5.5 billion
(Previous forecast −¥ 5.5 billion ⇒ Revised forecast ± ¥ 0.0 billion)
- Effect of increase of various costs, etc. − ¥ 2.5 billion

〈Reference〉 Progress of Mid-term Management Plan



		FY2013	FY2014 (Forecasts)	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of Customers	Natural Gas	2.36 million	2.39 million	0.9%	2.46 million	0.8%	2.5 million
	LPG ^{*1}	0.44 million	0.45 million	2.9%	0.48 million	1.8%	0.5 million
Gas Sales Volume	Natural Gas ^{*2}	4.0 billion m ³	4.0 billion m ³	0.0%	4.5 billion m ³	2.2%	5 billion m ³
	LPG	421 thousand tons	434 thousand tons	3.0%	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 (Forecasts)	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	55 billion 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%	3.1%	About 3%	3% and over