



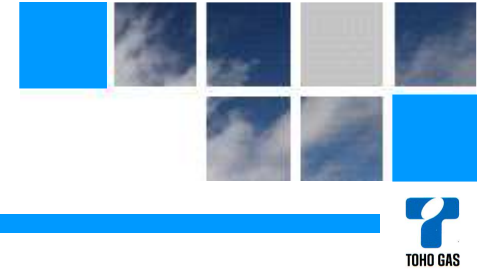
**Consolidated Financial Results
FY2014 (April 2014 – March 2015)
Financial Results**

April 30, 2015



TOHO GAS CO.,LTD.





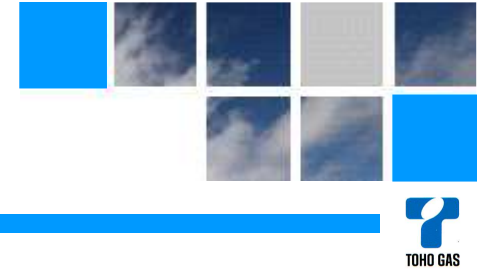
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Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual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

1. Results for FY2014

(1) Summary

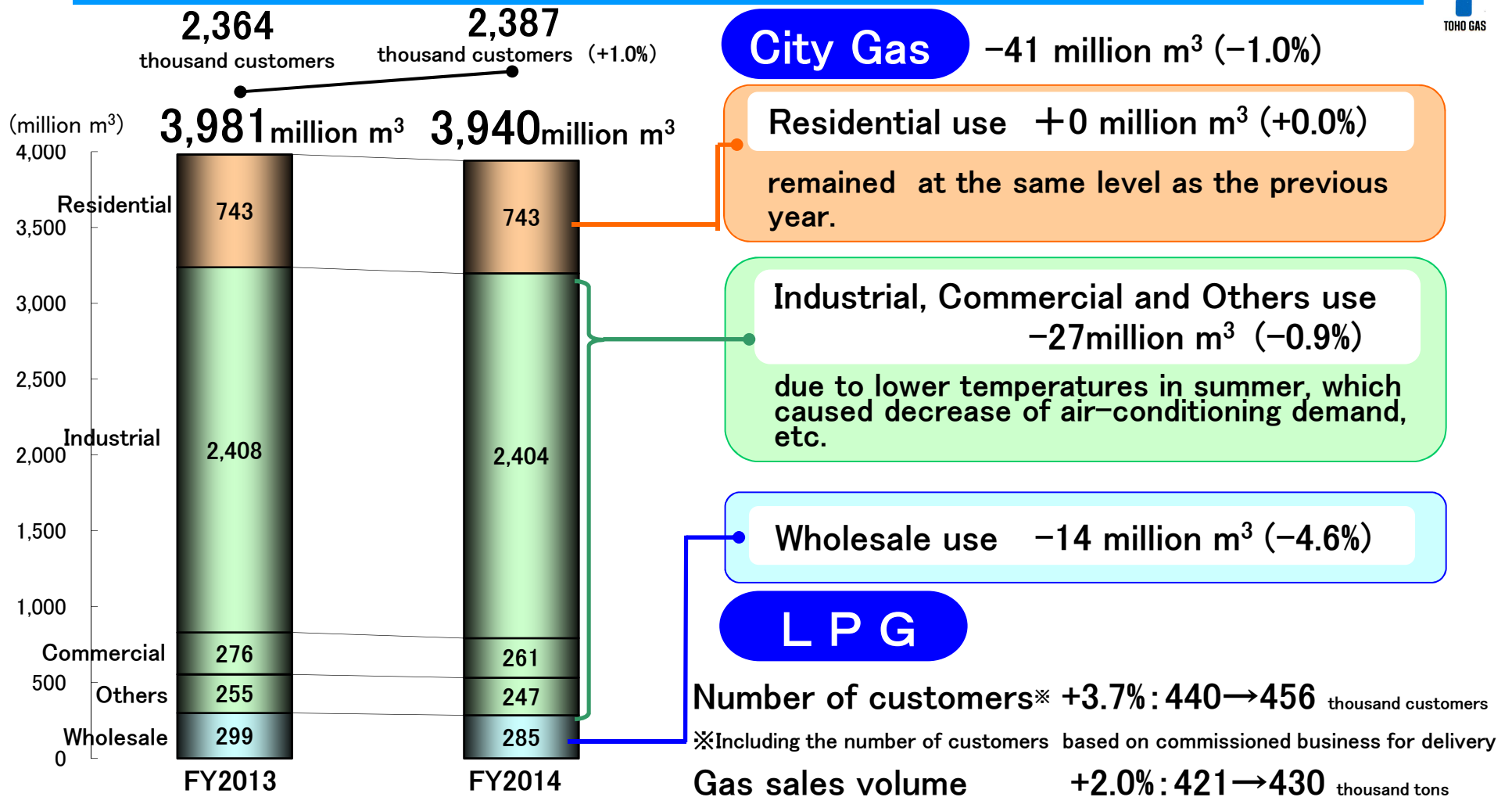


- Gas sales volume was 3,940 million m³, a decrease by 1.0% from the previous year.
LPG sales volume was 430 thousand tons, an increase by 2.0%

- Sales were ¥580.9 billion, an increase by 3.7% from the previous year.
Ordinary income was ¥29.5 billion, an increase by 73.1%



(2) Number of customers, Gas sales volume (FY2014)



Average Temperature (yearly change)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	19.4°C (+0.5°C)	26.0°C (Δ1.4°C)	12.5°C (Δ0.2°C)	6.8°C (+0.4°C)

(3) Sales, Incomes



	(¥ billion)					
	FY 2014	FY 2013	Change From Previous year	Rate of change	Forecasts (at the 3Q)	Change From forecast
Gas sales Volume (million m ³)	3,940	3,981	-41	-1.0%	3,982	-42
Sales	580.9	560.4	20.5	3.7%	595.0	-14.0
Cost of sales	410.4	414.2	-3.8	-0.9%	—	—
Selling, general and administrative expenses	141.7	130.4	11.3	8.7%	—	—
Ordinary income	29.5	17.0	12.4	73.1%	26.0	3.5
Net income	19.0	11.2	7.8	69.5%	16.5	2.5

(Note) Crude oil price (CIF national average); FY2014 90.4 \$/bbl, FY2013 110.0 \$/bbl (-19.6 \$/bbl)
 Currency exchange rate (TTM) ; FY2014 109.8 yen/\$, FY2013 100.2 yen/\$ (+9.6yen/\$)

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



◆ Change from the previous year

Ordinary income (¥17.0 billion⇒¥29.5 billion) + ¥ 12.4 billion

- Effect of gas sales volume — ¥ 0.5 billion
- Impact of time lag in fuel cost adjustment system + ¥ 18.5 billion
(FY2013 — ¥ 14.5 billion ⇒ FY2014 + ¥ 4.0 billion)
- Increase in fixed cost — ¥ 12.0 billion
- Others + ¥ 6.4 billion

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



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

Ordinary income (¥26.0 billion ⇒ ¥29.5 billion) + ¥ 3.5 billion

- Effect of gas sales volume — ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 4.0 billion
(Forecasts ± ¥ 0.0 billion ⇒ Results + ¥ 4.0 billion)
- Increase in fixed cost — ¥ 5.5 billion
- Others + ¥ 6.0 billion

(6) Balance Sheet



(¥ billion) 

	FY 2014	FY 2013	Change		FY 2014	FY 2013	Change
Total assets	543.2	509.7	33.5	Cash flows from operating activities	62.3	37.8	24.5
(unrealized gain on securities)	(54.1)	(41.4)	(12.6)	Cash flows from investment activities	-37.8	-33.0	-4.8
Total net assets	282.8	245.8	36.9	(Free cash flows)	(24.4)	(4.7)	(19.6)
Equity ratio	52.1%	48.2%	3.9 Point	Cash flows from financing activities	-20.1	-2.8	-17.3
Interest-bearing debts	149.7	164.5	-14.8	Net (decrease) increase in cash and cash equivalents	5.1	2.4	2.6
				Increase due to including newly consolidated subsidiaries	—	0.1	-0.1
				Cash and cash equivalents at end of term	19.4	14.2	5.1
ROA	3.6%	2.2%	1.4 Point	CAPEX	36.5	33.0	3.4
ROE	7.2%	4.7%	2.5 Point	Depreciation	33.9	35.7	-1.8

(7) Return to Shareholders



- We will increase the year-end dividend of FY2014 to ¥ 5.0 (¥ 9.5 in annual base in FY2014, ¥ 10 in annual base in FY2015)
- Resolved share buy-back: up to 4 million shares or ¥ 3 billion

<Reference> Return to shareholders (¥ billion)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Net income (a)	10.9	14.4	8.5	8.5	11.2	19.0
Cash dividend (per share)	4.4 (¥ 8)	4.4 (¥ 8)	4.6 (¥ 8.5)	4.9 (¥ 9)	4.9 (¥ 9)	5.1 (¥ 9.5)
Share buy-back	2.9	2.7	—	—	—	3.0
Dividend + share buy-back (b)	7.4	7.1	4.6	4.9	4.9	8.1
(b) / (a)	68%	49%	54%	58%	44%	43%

2. Forecasts for FY2015

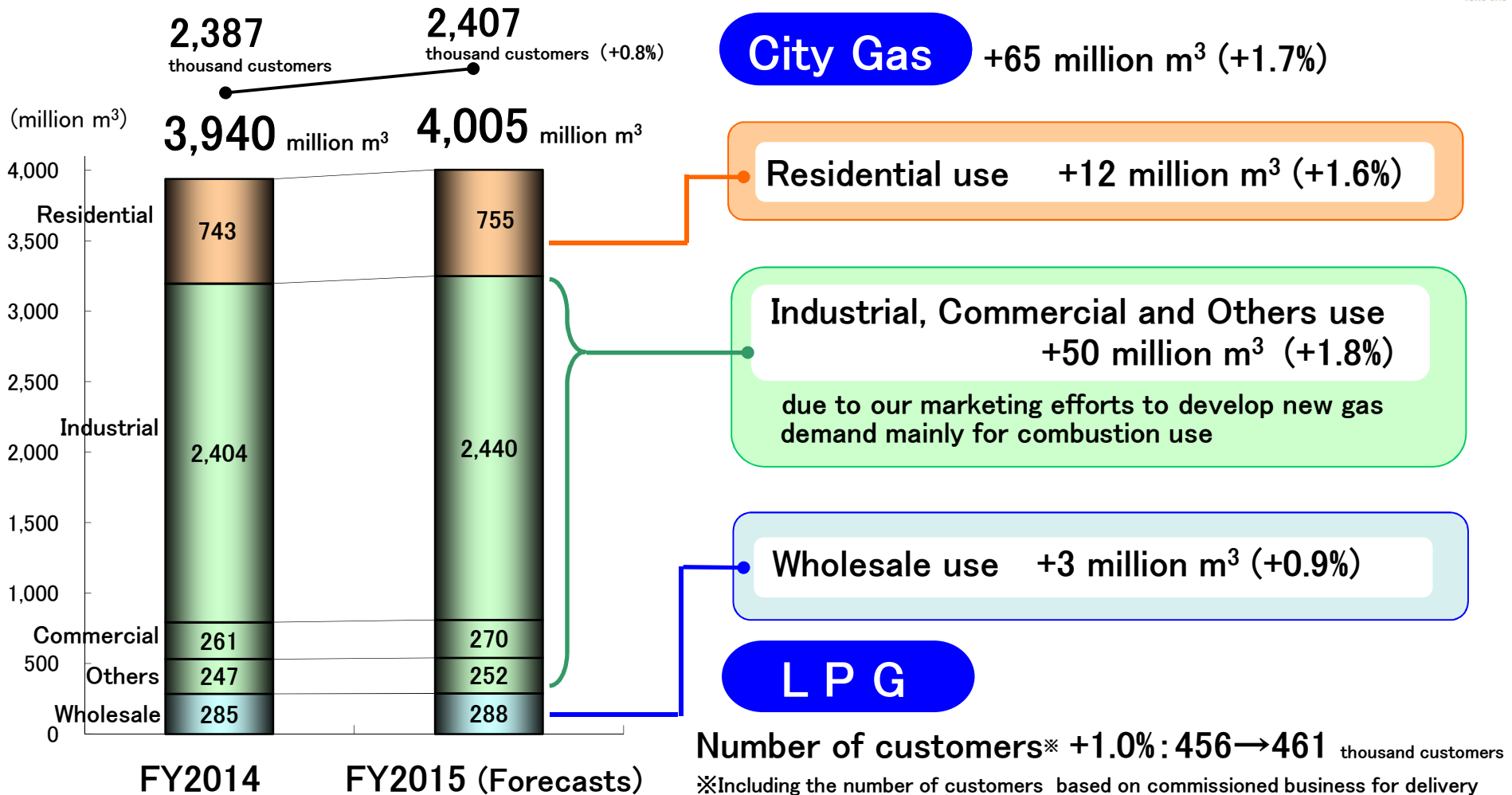
(1) Summary



- Gas sales volume expected to be 4,005 million m³, an increase by 1.7% from the previous year,
LPG sales volume to be 444 thousand tons, an increase by 3.4%
- Based on crude oil price of 75 dollars/barrel
(the first half year 70 dollars/barrel , the second half year 80 dollars/barrel)
and exchange rate of ¥125/dollar,
sales projected to be ¥525 billion, a decrease by 9.6% from
the previous year, ordinary income to be ¥30 billion,
an increase by 1.6%



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



Average Temperature	16.2°C	16.5°C	+0.3°C
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(3) Forecasts for FY2015/Sales, Incomes

(¥ billion)

	FY 2015 forecasts	FY 2014	Change From Previous year	Rate of change
Gas sales Volume (million m ³)	4,005	3,940	65	1.7%
Sales	525.0	580.9	-55.9	-9.6%
Ordinary income	30.0	29.5	0.4	1.6%
Net income attributable to the parent company [※]	21.0	19.0	1.9	10.2%
CAPEX	47.0	36.5	10.4	28.5%
Depreciation	34.0	33.9	0.0	0.1%

※ 'Net income attributable to the parent company' is used instead of 'Net income' from FY2015.

【Assumption】

(\$/bbl, yen/\$)

	FY2015	FY2014 (Result)	Change
Crude oil price	75	90.4	-15.4
Exchange rate	125	109.8	+15.2

【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price \$/bbl	¥ 2.4 billion	¥ 0.8 billion
Exchange rate yen/\$	¥ 1.6 billion	¥ 0.6 billion



(4) Factors for Changes in Ordinary Income (FY2015)



◆ Change from the previous year

Ordinary income (¥29.5 billion ⇒ ¥30.0 billion) + ¥ 0.4 billion

- Effect of gas sales volume + ¥ 2.0 billion
- Impact of time lag in fuel cost adjustment system ± ¥ 0.0 billion
(FY2014 + ¥ 4.0 billion ⇒ FY2015 + ¥ 4.0 billion)
- Others - ¥ 1.6 billion

〈Topic〉 Efforts toward achieving
the Medium-term management plan



Medium-term management plan
(Announced in March 2014: FY2014 to FY2018)

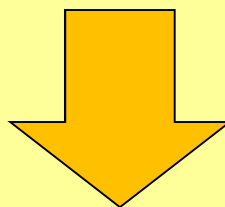
《Concepts》

『Build a robust gas
business』

Build a robust gas business and will continue to be trusted by customers and be chosen in the face of fierce competition.

『Take on challenges for
further growth』

Capture growing business opportunities due to changes in the business environment and develop a foundation for further growth.



We aim to grow together with the region and become a company which continues to be chosen by customers as their energy supplier.

〈Topic〉 Efforts toward achieving
the Medium-term management plan

① Diversifying LNG procurement



【Purchase of LNG by portfolio supply】
(Petronas LNG Ltd.)

■ Outline

Duration: 10 years from April 2017

LNG Volume: 7 – 9 cargoes per annum (plan)

■ Points

i) First agreement for a purchase of LNG by portfolio supply
⇒ Diversification of supply sources

ii) Hybrid pricing Combining linkages to both crude oil and the U.S. natural gas price
⇒ Diversification of the price index

【Purchase of LNG produced at the U.S. Cameron Project】
(Diamond Gas International Pte. Ltd.)

■ Outline

Duration: 20 years from the start of production (scheduled in 2018)

LNG Volume: 3 cargoes per annum

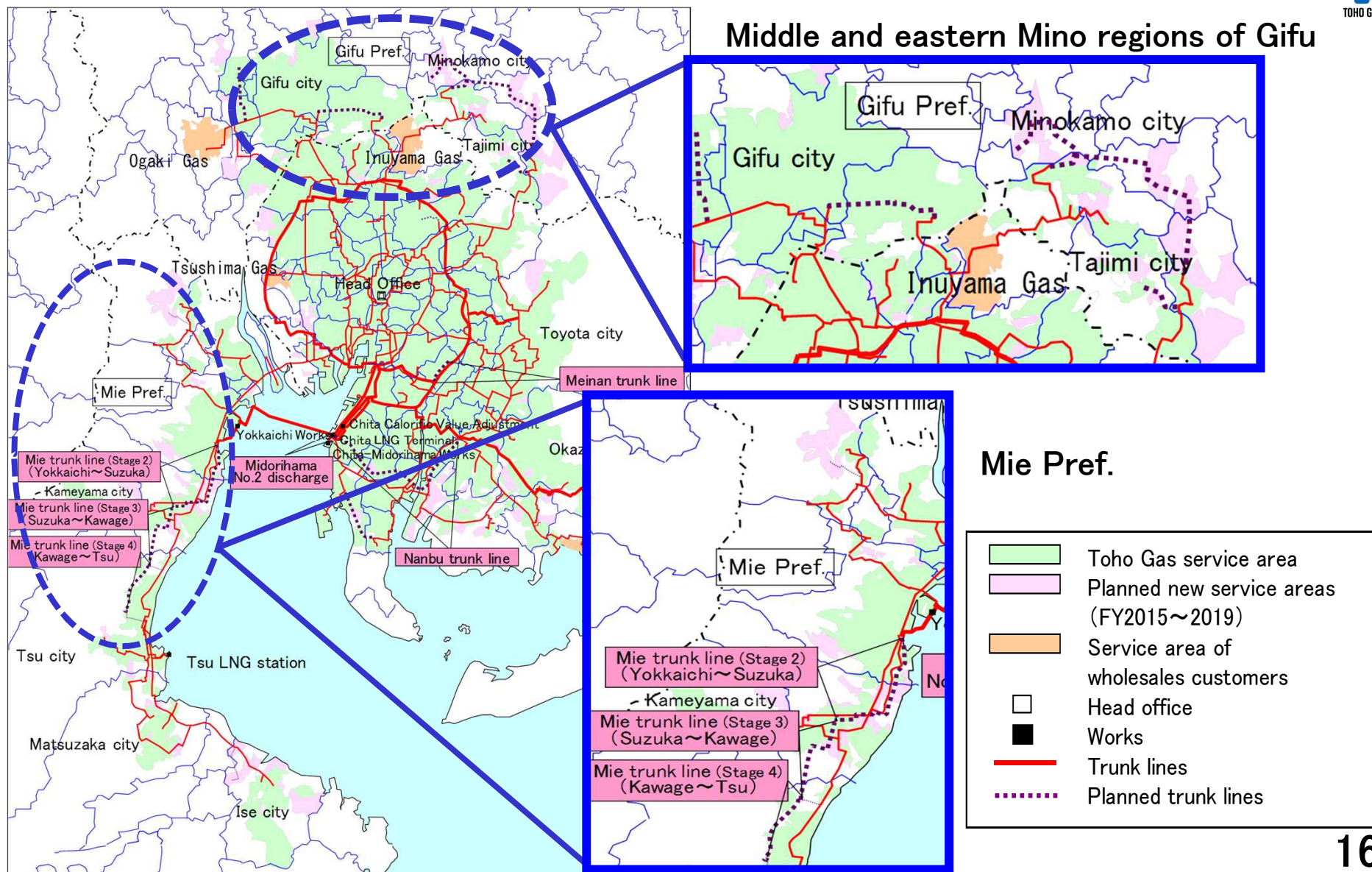
■ Points

i)Purchase of LNG from North America
⇒ Diversification of supply sources

ii) Linked to the U.S. natural gas price
⇒ Diversification of the price index

<Topic > Efforts toward achieving the Medium-term management plan

② Investment in wide-area pipeline networks



〈Topic〉 Efforts toward achieving
the Medium-term management plan



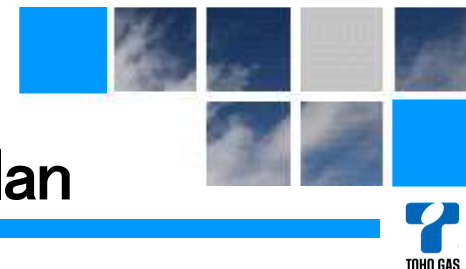
③ Developing the comprehensive energy business

- **Plan to branch out into the power business in 2016**
 - Sell gas and power in a package in response to the needs of our customers
 - Set up an organization dedicated to promotion of the power business (April 2015)
 - Plan to secure the power sources for sales through procurement from business partners and the installation of power facilities on our own.

- **Development of the smart town**
 - Start energy supply to the smart town (Komei redevelopment project stage 1) (scheduled from 2017)
 - Specified electricity supply
 - Supply of gas, power and heat in an integrated manner
 - High-voltage power supply to condominiums

〈Reference〉

Progress of the Medium-term management plan



		FY2014	FY2015	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of Customers	Natural Gas	2.39million	2.41million	+0.8%	2.46million	+0.8%	2.5 million
	LPG ^{*1}	0.46million	0.46million	+1.0%	0.48million	+1.8%	0.5 million
Gas Sales Volume	Natural Gas ^{*2}	4.0billion m ³	4.1billion m ³	+1.7%	4.5billion m ³	+2.2%	5 billion m ³
	LPG	430 thousand tons	444 thousand tons	+3.4%	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	FY2015	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2billion yen	62.3billion yen	55 billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.5	0.5	1.0and under	1.0and under
ROA	2.1%	3.6%	About 4%	About 3%	3% and over