
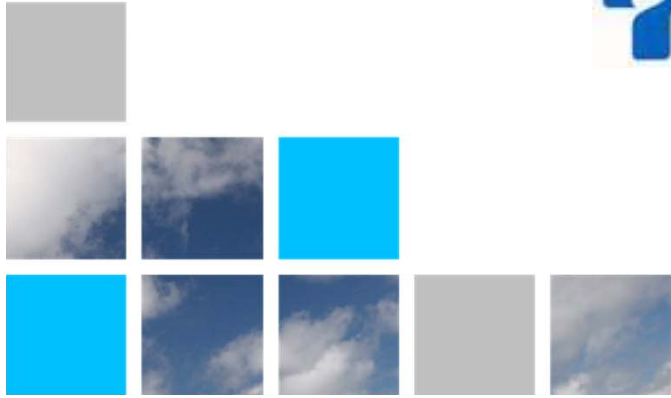
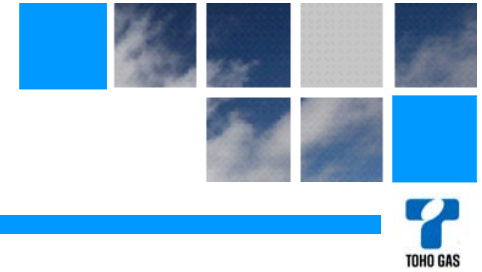


**Consolidated Financial Results  
Results for the 1st half of FY2015  
(April–September 2015)**

October 30, 2015  
 TOHO GAS CO.,LTD.





# Contents

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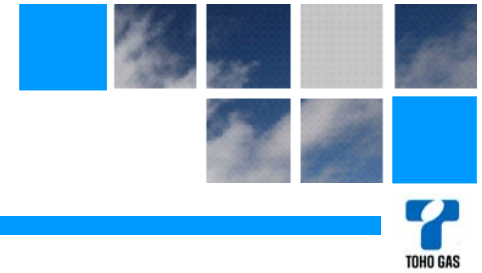
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\* Gas Sales Volume is shown by 45MJ/m<sup>3</sup> in this presentation since we decreased the standard calorific value of the gas we supply to customers from 46.04655MJ/m<sup>3</sup> to 45MJ/m<sup>3</sup> on Sep. 1, 2015.

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.

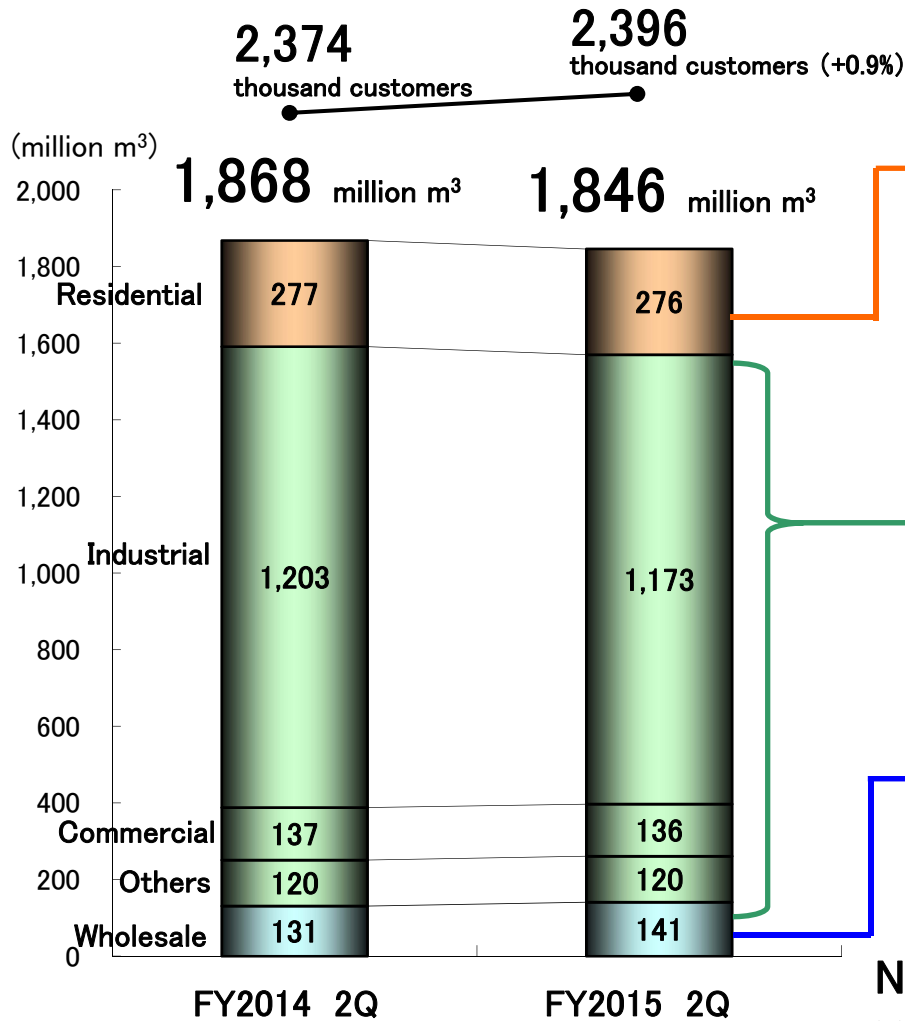
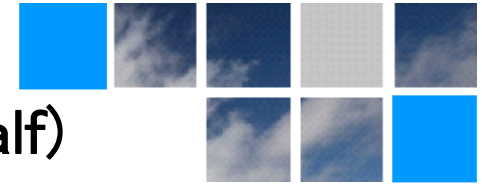
# 1. Results for the 1st half of FY2015

## (1) Summary



- Gas sales volume was 1,846 million m<sup>3</sup>, a decrease by 1.2% from the previous year.  
LPG sales volume was 195 thousand tons, an increase by 1.9%
- Sales were ¥237.2 billion, a decrease by 10.6% from the previous year.  
Ordinary income was ¥40.2 billion, an increase of ¥23.2 billion

## (2) Number of customers, Gas sales volume (1st half)



### City Gas

-22 million m<sup>3</sup> (-1.2%)

**Residential use - 1 million m<sup>3</sup> (-0.6%)**  
due to higher temperatures in early spring, etc.

	Apr.-June	July-Sept.
Change from the previous year of average temperature	+0.2°C	-0.1°C

**Industrial, Commercial and Others use -31 million m<sup>3</sup> (-2.1%)**  
due to decrease in customer facilities' operation rates, etc.

**Wholesale use +10 million m<sup>3</sup> (+8.2%)**

### LPG

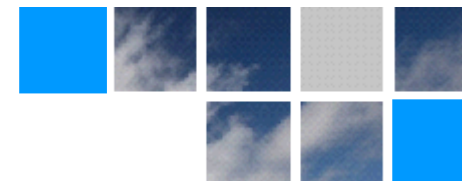
Number of customers\* +2.4%: 447→458 thousand customers

※Including the number of customers based on commissioned business for delivery

Gas sales volume +1.9%: 191→195 thousand tons

Average Temperature	FY2014 2Q	FY2015 2Q	Change
	22.7°C	22.8°C	+0.1°C

### (3) Sales, Incomes



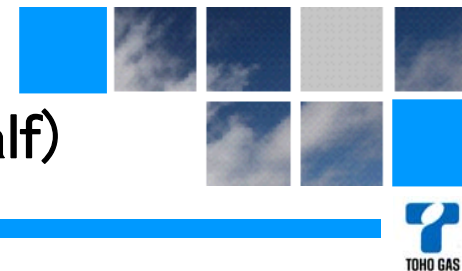
(¥ billion)

	<b>FY 2015</b> (1st half)	<b>FY 2014</b> (1st half)	<b>Change</b> from the previous year	<b>Rate of change</b>
<b>Gas sales Volume</b> (million m <sup>3</sup> )	<b>1,846</b>	<b>1,868</b>	<b>-22</b>	<b>-1.2%</b>
<b>Sales</b>	<b>237.2</b>	<b>265.3</b>	<b>-28.0</b>	<b>-10.6%</b>
<b>Cost of sales</b>	<b>131.8</b>	<b>186.3</b>	<b>-54.5</b>	<b>-29.3%</b>
<b>Selling, general and administrative expenses</b>	<b>65.7</b>	<b>62.4</b>	<b>3.2</b>	<b>5.3%</b>
<b>Ordinary income</b>	<b>40.2</b>	<b>17.0</b>	<b>23.2</b>	<b>136.9%</b>
<b>Net income attributable to the parent company*</b>	<b>28.9</b>	<b>11.9</b>	<b>17.0</b>	<b>142.7%</b>

\* 'Net income attributable to the parent company' has been used instead of 'Net income' since FY2015.

(Notes) Crude oil price (CIF national average); FY2015 (Apr.-Sept.) \$58.9/bbl, FY2014 (Apr.-Sept.) \$109.5/bbl (-\$50.6/bbl)  
 Currency exchange rate (TTM) ; FY2015 (Apr.-Sept.) ¥121.9/\$, FY2014 (Apr.-Sept.) ¥ 103.0/\$ (+¥18.9/\$)

## (4) Factors for Changes in Ordinary Income (1st half)

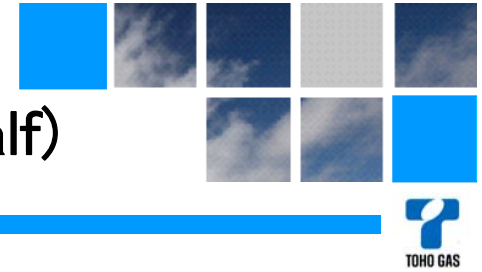


### ◆ Change from the previous year

Ordinary income (¥17.0 billion⇒¥40.2 billion) + ¥ 23.2 billion

- Effect of gas sales volume — ¥ 0.5 billion
- Impact of time lag in fuel cost adjustment system + ¥23.5 billion  
(FY2014 (1st half) + ¥ 4.0 billion ⇒ FY2015 (1st half) + ¥ 27.5 billion )
- Others + ¥ 0.2 billion

## (5) Factors for Changes in Ordinary Income (1st half)

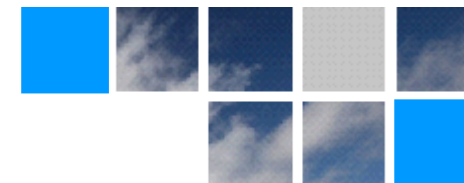


### ◆ Change from the forecasts (at the release of 1Q results)

Ordinary income (¥32.0 billion ⇒ ¥40.2 billion) + ¥ 8.2 billion

- Effect of gas sales volume — ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 2.0 billion  
(Previous forecasts + ¥ 25.5 billion ⇒ FY2015 (1st half) + ¥ 27.5 billion)
- Effect of decrease of various costs, etc. + ¥ 7.2 billion

## (6) Balance Sheet and Cash flows



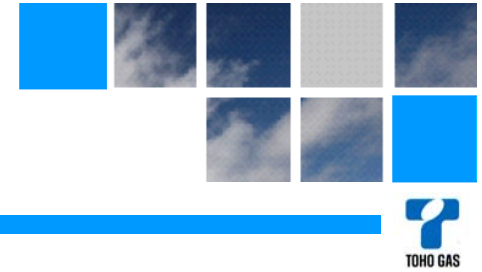
(¥ billions)

	FY 2015 (1st half)	FY 2014 (end of FY)	Change		FY 2015 (1st half)	FY 2014 (1st half)	Change
<b>Total assets</b>	<b>541.5</b>	<b>543.2</b>	<b>-1.7</b>	Cash flows from operating activities	<b>80.5</b>	<b>34.7</b>	<b>45.8</b>
(unrealized gain on securities)	(50.5)	(54.1)	(-3.6)				
<b>Total net assets</b>	<b>297.9</b>	<b>282.8</b>	<b>15.1</b>	(Free Cash flows)	<b>(60.1)</b>	<b>(17.4)</b>	<b>(42.7)</b>
<b>Equity ratio</b>	<b>55.0%</b>	<b>52.1%</b>	<b>2.9 Point</b>	Cash flows from financing activities	<b>-18.7</b>	<b>-19.0</b>	<b>0.3</b>
<b>Interest-bearing debts</b>	<b>136.6</b>	<b>149.7</b>	<b>-13.0</b>	Net (decrease) increase in cash and cash equivalents	<b>41.4</b>	<b>-1.7</b>	<b>43.2</b>
				Cash and cash equivalents at end of period	<b>60.8</b>	<b>12.4</b>	<b>48.3</b>
				<b>CAPEX</b>	<b>18.3</b>	<b>14.8</b>	<b>3.4</b>
				<b>Depreciation</b>	<b>16.1</b>	<b>16.5</b>	<b>-0.3</b>



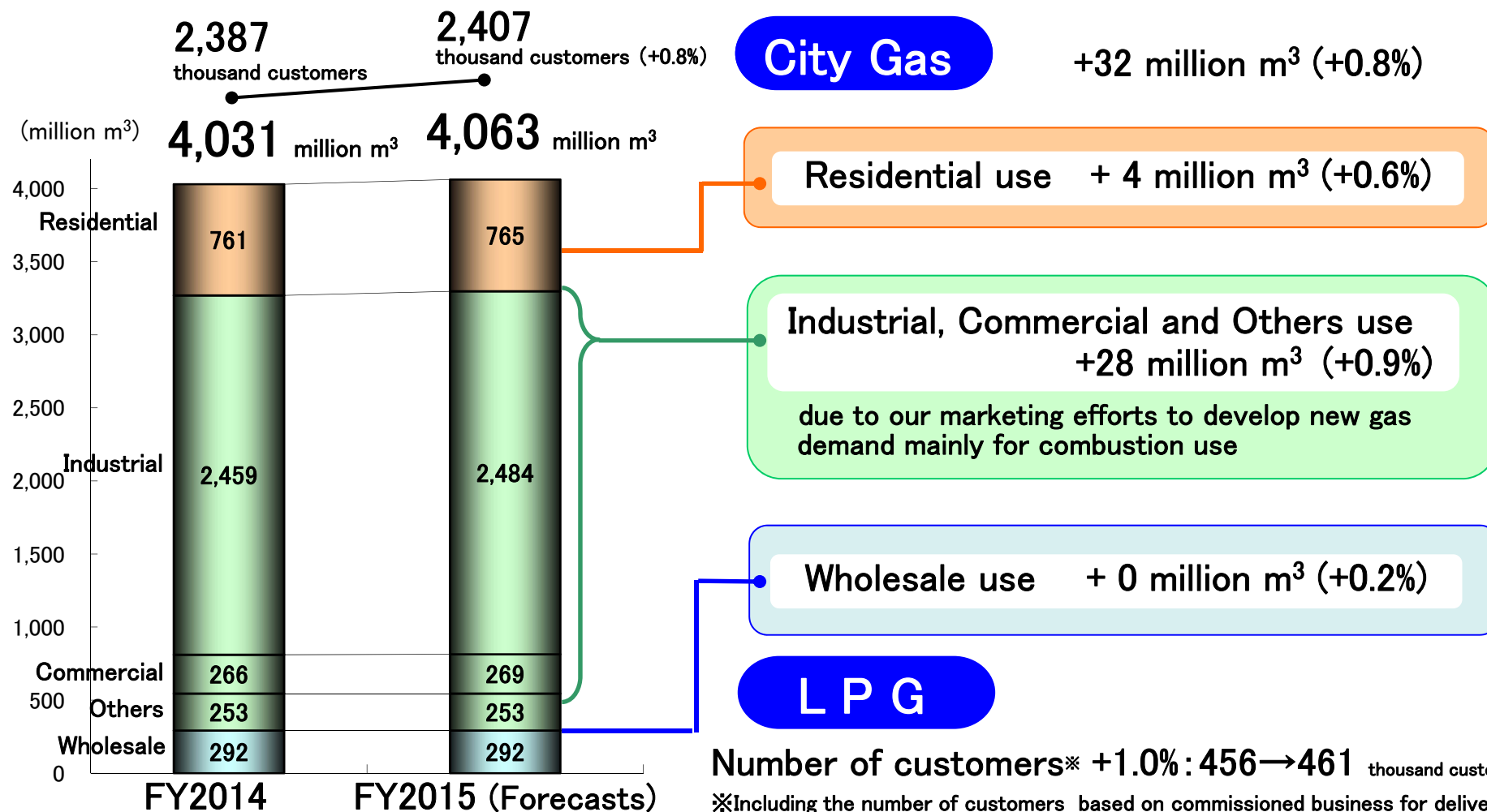
## 2. Forecasts for FY2015

### (1) Summary



- Gas sales volume expected to be 4,063 million m<sup>3</sup>, an increase by 0.8% from the previous year.  
LPG sales volume to be 440 thousand tons, an increase by 2.5%
- Based on crude oil price of 60 dollars/barrel and exchange rate of ¥125/dollar for the 2nd half of FY2015, sales projected to be ¥505 billion, a decrease by 13.1% from the previous year, ordinary income to be ¥47 billion, an increase of ¥17.4 billion
- We have changed the previous forecasts as below
  - Gas sales volume was revised downward from 4,098 million m<sup>3</sup> by 35 million m<sup>3</sup>
  - Assumption of crude oil price for the 2nd half of FY2015 was changed from 80 dollars/barrel to 60 dollars/barrel
  - Sales were revised downward from ¥518 billion by ¥13 billion
  - Ordinary income was revised upward from ¥30 billion by ¥17 billion

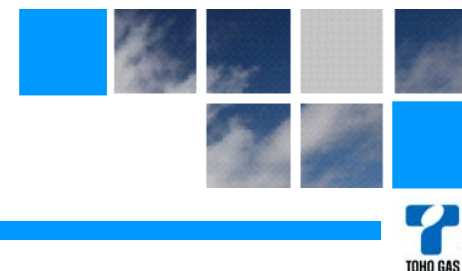
## (2) Number of customers, Gas sales volume (Forecasts)



Average Temperature	16.2°C	16.3°C	+0.1°C
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Gas sales volume +2.5%: 430→440 thousand tons

### (3) Gas sales volume (Change from the previous forecasts)

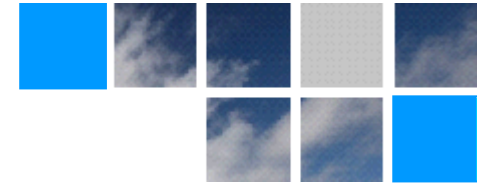


- Gas sales volume was revised downward from 4,098 million m<sup>3</sup> by 35 million m<sup>3</sup>

(million m<sup>3</sup>)

	Revised forecasts	Previous forecasts (as of 7/30)	Change
Residential use	765 <+0.6%>	773 <+1.6%>	-8
Industrial, Commercial and Others use	3,006 <+0.9%>	3,031 <+1.8%>	-25
Wholesale use	292 <+0.2%>	294 <+0.9%>	-2
<b>Total</b>	<b>4,063</b> <+0.8%>	<b>4,098</b> <+1.7%>	<b>-35</b>

(Notes) < > ; Rate of change from previous year



## (4) Sales, Incomes (Forecasts)



(¥ billion)

	FY 2015 forecasts	FY 2014	Change from the previous year	Rate of change
Gas sales Volume (million m <sup>3</sup> )	4,063	4,031	32	0.8%
Sales	505.0	580.9	-75.9	-13.1%
Ordinary income	47.0	29.5	17.4	59.2%
Net income attributable to the parent company*	33.0	19.0	13.9	73.2%
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' has been used instead of 'Net income' since FY2015.

### 【Assumption】

(\$/bbl, yen/\$)

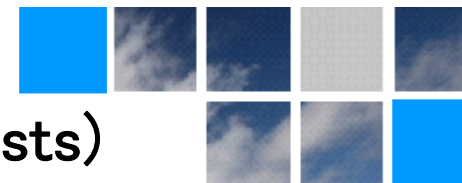
	FY2015	FY2014(Result)	Change
Crude oil price	59.4	90.4	-31.0
Exchange rate	123.4	109.8	+13.6

### 【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

(Notes) Assumption for the 2nd half of FY2015: Crude oil price \$60/bbl, Exchange rate ¥125/\$

## (5) Factors for Change in Ordinary Income (Forecasts)



### ◆ Change from the previous year

Ordinary income (¥29.5 billion ⇒ ¥47.0 billion) + ¥ 17.4 billion

- Effect of gas sales volume + ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 18.0 billion  
( FY2014 + ¥ 4.0 billion ⇒ FY2015 + ¥ 22.0 billion )
- Effect of increase of various costs, etc. - ¥ 1.6 billion



## (6) Factors for Changes in Ordinary Income (Forecasts)

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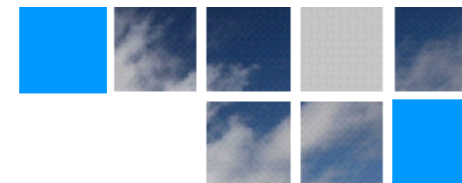


### ◆ Change from the forecasts (at the release of 1Q results)

Ordinary income (¥30.0 billion⇒¥47.0 billion) + ¥ 17.0 billion

- Effect of gas sales volume — ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 18.0 billion  
( Previous forecast + ¥ 4.0 billion ⇒ Revised forecast + ¥ 22.0 billion )

## (7) Change from the previous forecasts



(¥ billion)

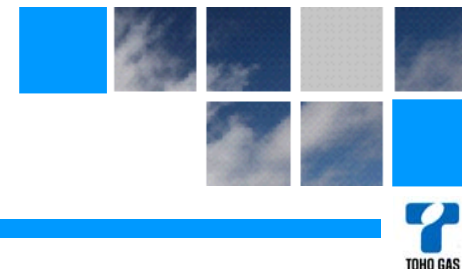
	Revised forecasts	Previous forecasts (as of 7/30)	Change
Gas sales Volume (million m <sup>3</sup> )	4,063	4,098	-35
Sales	505.0	518.0	-13.0
Ordinary income	47.0	30.0	17.0
Net income attributable to the parent company*	33.0	21.0	12.0

\* 'Net income attributable to the parent company' has been used instead of 'Net income' since FY2015.

### 【 Assumption 】

	Revised forecasts	Previous forecasts	Change
Crude oil price (\$/bbl)	Second half 60	Second half 80	-20
Exchange rate (yen/\$)	Second half 125	Second half 125	± 0

# 〈Reference〉 Progress of Mid-term Management Plan



		FY2014	FY2015 (Forecasts)	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of Customers	Natural Gas	2.39 million	2.41 million	0.8%	2.46 million	0.8%	2.5 million
	LPG *1	0.46 million	0.46 million	1.0%	0.48 million	1.8%	0.5 million
Gas Sales Volume	Natural Gas *2	4.1 billion m <sup>3</sup>	4.1 billion m <sup>3</sup>	0.8%	4.5 billion m <sup>3</sup>	2.2%	5 billion m <sup>3</sup>
	LPG	430 thousand tons	440 thousand tons	2.5%	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 (Forecasts)	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	62.3 billion yen	67 billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.5	0.5	1.0 and under	1.0 and under
ROA	2.1%	3.6%	About 6%	About 3%	3% and over