

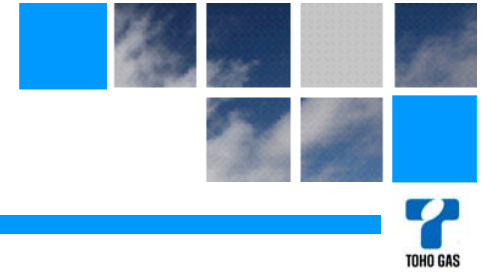
**Consolidated Financial Results**  
**Results for the 1st Quarter of FY2016**  
**(April–June 2016)**

July 28, 2016



**TOHO GAS CO.,LTD.**





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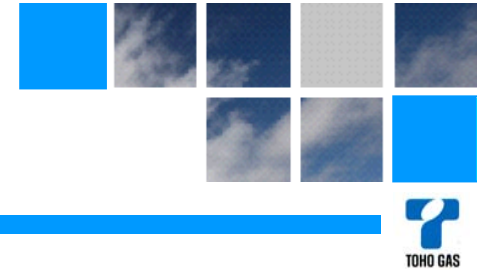
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\* Gas Sales Volume is shown by 45MJ/m<sup>3</sup> in this presentation since we decreased the standard calorific value of the gas we supply to customers from 46.04655MJ/m<sup>3</sup> to 45MJ/m<sup>3</sup> on Sep. 1, 2015.

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.

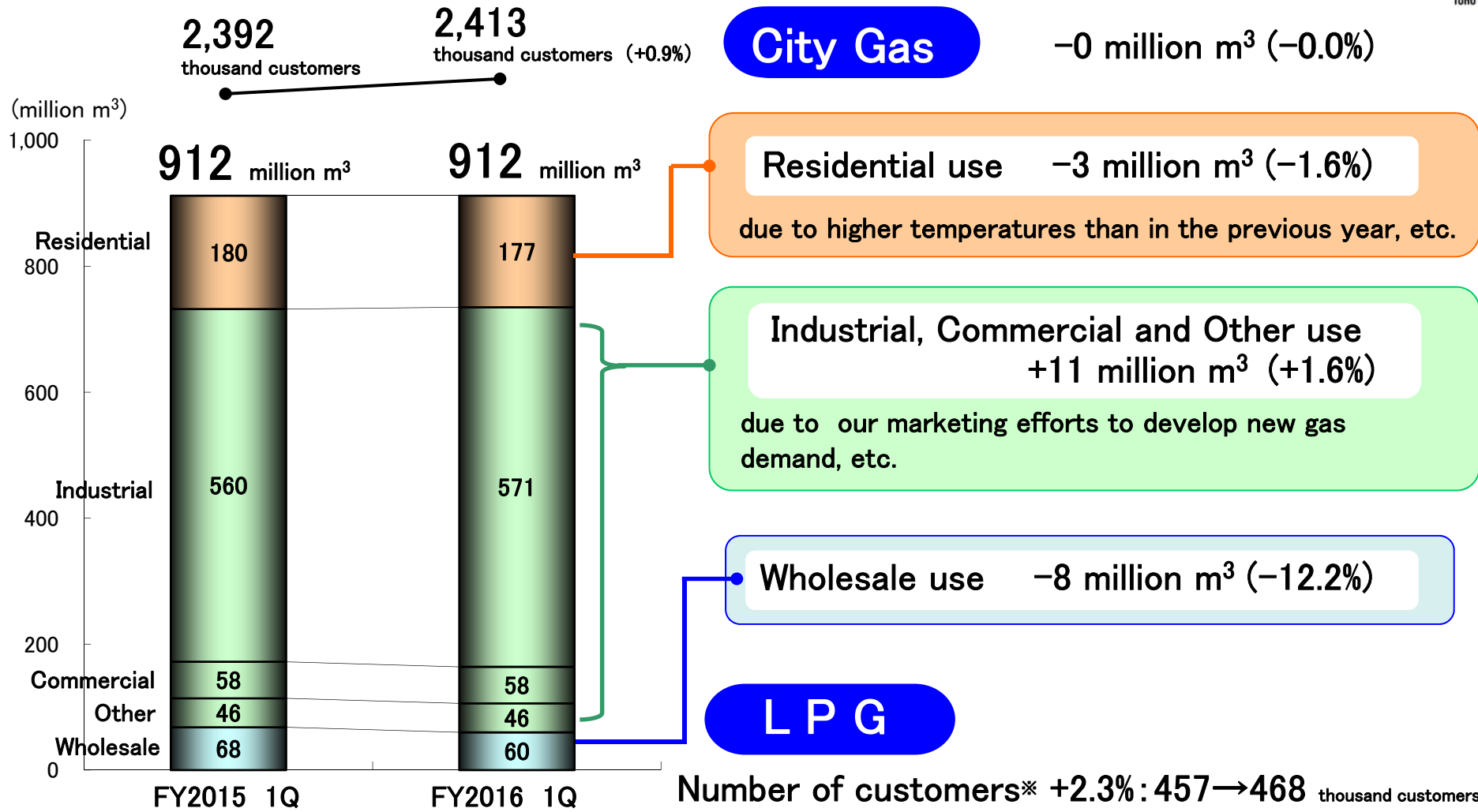
# 1. Results for the 1st Quarter of FY2016

## (1) Summary



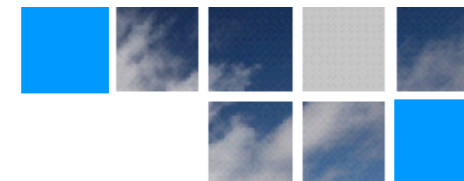
- Gas sales volume was 912 million m<sup>3</sup>, the same level as the previous year.  
LPG sales volume was 104 thousand tons, the same level as the previous year
- Sales were ¥95.8 billion, a decrease by 27.0% from the previous year.  
Ordinary income was ¥18.4 billion, a decrease by 40.7%

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



Average Temperature	19.6°C	19.8°C	+0.2°C
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### (3) Sales, Incomes (1st Quarter)



(¥ billion)

	<b>FY 2016 (1Q)</b>	<b>FY 2015 (1Q)</b>	<b>Change from the previous year</b>	<b>Rate of change</b>
<b>Gas sales Volume (million m<sup>3</sup>)</b>	<b>912</b>	<b>912</b>	<b>-0</b>	<b>-0.0%</b>
<b>Sales</b>	<b>95.8</b>	<b>131.2</b>	<b>-35.4</b>	<b>-27.0%</b>
<b>Cost of sales</b>	<b>46.7</b>	<b>66.4</b>	<b>-19.6</b>	<b>-29.6%</b>
<b>Selling, general and administrative expenses</b>	<b>31.2</b>	<b>34.4</b>	<b>-3.1</b>	<b>-9.1%</b>
<b>Ordinary income</b>	<b>18.4</b>	<b>31.1</b>	<b>-12.6</b>	<b>-40.7%</b>
<b>Net income attributable to owners of the parent</b>	<b>12.9</b>	<b>22.3</b>	<b>-9.4</b>	<b>-42.3%</b>

(Notes 1) Net income of the 1st quarter of FY2016 includes ¥ 0.4 billion of investment securities write-down for Extraordinary loss.

(Notes 2) Crude oil price (CIF national average); FY2016 (Apr.-June) \$41.1/bbl, FY2015 (Apr.-June) \$59.5/bbl (-\$18.4/bbl)  
 Currency exchange rate (TTM) ; FY2016 (Apr.-June) ¥108.2/\$, FY2015 (Apr.-June) ¥121.4/\$ (-¥13.2/\$)



## (4) Factors for Change in Ordinary Income (1st Quarter)

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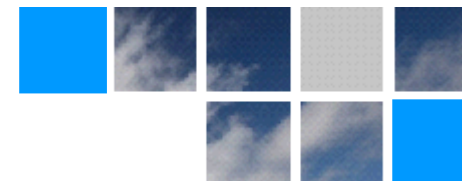


### ◆ Change from the previous year

Ordinary income (¥31.1 billion⇒¥18.4 billion) — ¥ 12.6 billion

- Effect of gas sales volume — ¥ 0.5 billion
- Impact of time lag in fuel cost adjustment system — ¥ 13.0 billion  
(FY2015 (1Q) + ¥ 22.0 billion ⇒ FY2016(1Q) + ¥ 9.0 billion)
- Others + ¥ 0.8 billion

## (5) Balance Sheet (1st Quarter)

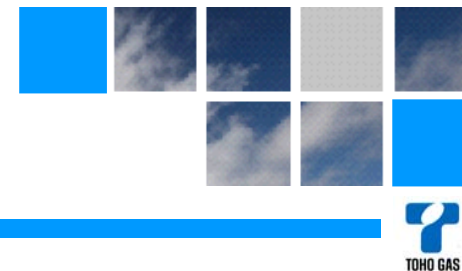


(¥ billion)

	<b>FY 2016</b> (end of 1Q)	<b>FY 2015</b> (end of FY)	<b>Change</b>
<b>Total assets</b>	<b>513.2</b>	<b>555.2</b>	<b>-41.9</b>
(unrealized gain on securities)	(38.6)	(44.0)	(-5.3)
<b>Total net assets</b>	<b>287.3</b>	<b>285.1</b>	<b>2.2</b>
<b>Equity ratio</b>	<b>56.0%</b>	<b>51.4%</b>	<b>4.6</b> Point
<b>Interest-bearing debts</b>	<b>115.4</b>	<b>127.1</b>	<b>-11.6</b>
	<b>FY 2016</b> (1Q)	<b>FY 2015</b> (1Q)	<b>Change</b>
<b>CAPEX</b>	<b>13.8</b>	<b>8.0</b>	<b>5.8</b>
<b>Depreciation</b>	<b>8.1</b>	<b>8.1</b>	<b>0.0</b>

## 2. Forecasts for FY2016

### (1) Summary

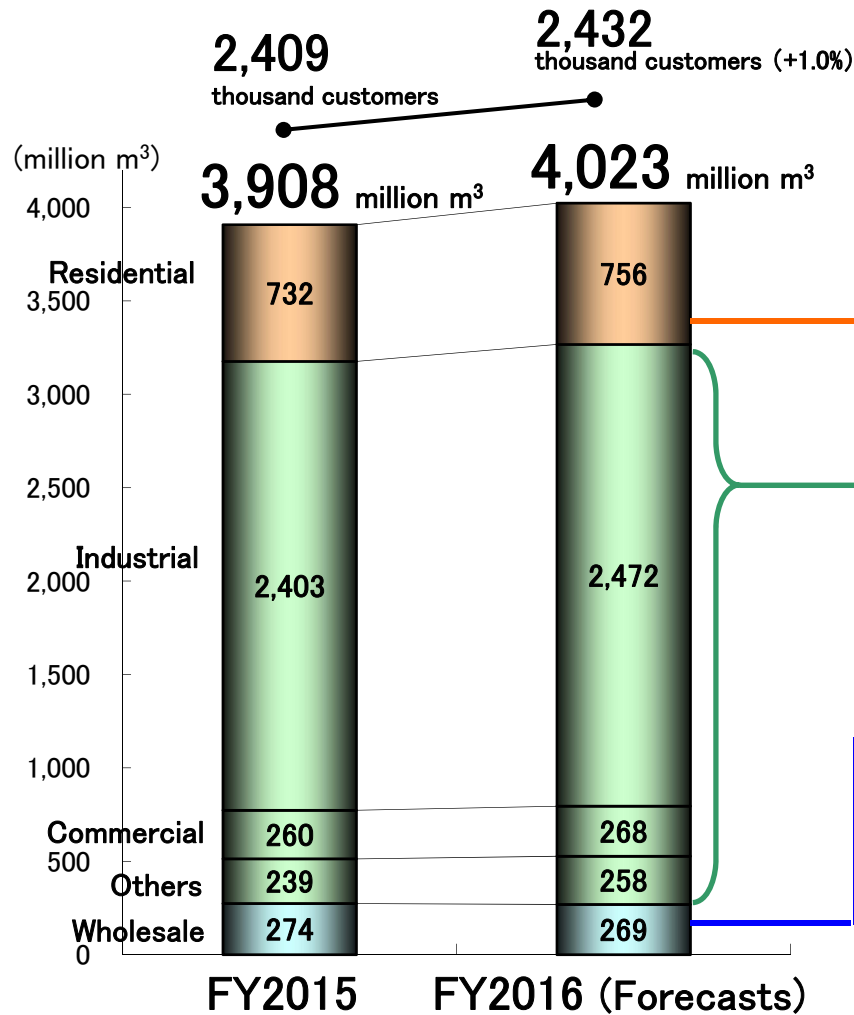


- Gas sales volume expected to be 4,023 million m<sup>3</sup>, an increase by 2.9% from the previous year.  
LPG sales volume to be 447 thousand tons, an increase by 3.0%
- Based on crude oil price of 45 dollars/barrel and exchange rate of ¥120/dollar after July, sales projected to be ¥402 billion, a decrease by 16.2% from the previous year, ordinary income to be ¥24 billion, a decrease by 60.7%
- For the 1st half of FY2016, we have revised down the forecast of sales and revised up the forecast of income, due to lower-than-expected crude oil price and exchange rate during the 1st quarter





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



### City Gas

+115 million m<sup>3</sup> (+2.9%\*)

\* +1.4% ; Figures after having standardized influence of temperature and leap year

Residential use +24 million m<sup>3</sup> (+3.3%)

Industrial, Commercial and Others use +96 million m<sup>3</sup> (+3.3%)

Wholesale use -5 million m<sup>3</sup> (-2.1%)

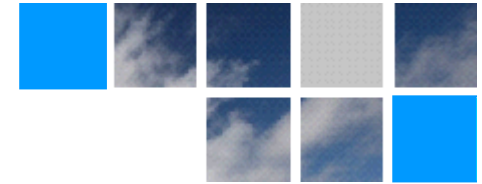
### LPG

Number of customers\* +1.5% : 466 → 473 thousand customers

\*Including the number of customers based on commissioned business for delivery

Gas sales volume +3.0% : 434 → 447 thousand tons

Average Temperature	16.8°C	16.5°C	-0.3°C
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### (3) Forecasts for FY2016



(¥ billion)

	FY 2016 forecasts	FY 2015	Change From Previous year	Rate of change
Gas sales Volume (million m <sup>3</sup> )	4,023	3,908	115	2.9%
Sales	402.0	479.8	-77.8	-16.2%
Ordinary income	24.0	61.1	-37.1	-60.7%
Net income attributable to owners of the parent	17.0	43.0	-26.0	-60.5%
CAPEX	54.0	40.1	13.8	34.7%
Depreciation	35.5	32.9	2.5	7.6%

#### 【Assumption】

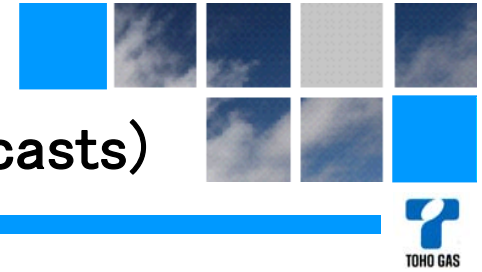
(\$/bbl, yen/\$)

	FY2016	FY2015(Result)	Change
Crude oil price	44.0	48.7	-4.7
Exchange rate	117.0	120.2	-3.2

#### 【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price 1\$/bbl	¥ 2.1 billion	¥ 0.6 billion
Exchange rate 1yen/\$	¥ 0.7 billion	¥ 0.2 billion

\* Assumption after July: Crude oil price \$45/bbl, Exchange rate ¥120/\$



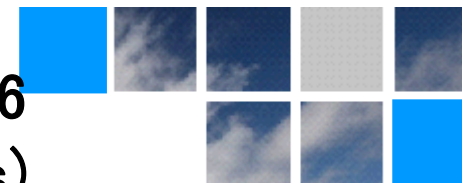
## (4) Factors for Changes in Ordinary Income (Forecasts)

### ◆ Change from the previous year

Ordinary income (¥61.1 billion ⇒ ¥24.0 billion) — ¥ 37.1 billion

- Effect of gas sales volume + ¥ 3.0 billion
- Impact of time lag in fuel cost adjustment system — ¥ 39.0 billion  
(FY2015 + ¥ 39.0 billion ⇒ FY2016 ± ¥ 0 billion)
- Others — ¥ 1.1 billion

# 〈Reference〉 Forecasts for the 1st half and FY2016 (Changes from the previous forecasts)



(¥ billion)

	Revised forecasts (1st half)	Previous forecasts (1st half)	Change from the previous forecasts	Revised forecasts (FY2016)	Previous forecasts (FY2016)	Change from the previous forecasts
Gas sales Volume (million m <sup>3</sup> )	1,849	1,849	—	4,023	4,023	—
Sales	179.0	180.0	-1.0	402.0	405.0	-3.0
Ordinary income	12.5	10.5	2.0	24.0	24.0	—
Net income attributable to owners of the parent	8.5	7.5	1.0	17.0	17.0	—

(Notes)

\*1 Assumption for revised forecasts (after July 2016) ; Crude oil price \$45/bbl, Currency exchange rate ¥120/\$

\*2 Previous forecasts were announced on April 28, 2016