

Consolidated Financial Results
Results for the 1st Quarter of FY2018
(April–June 2018)

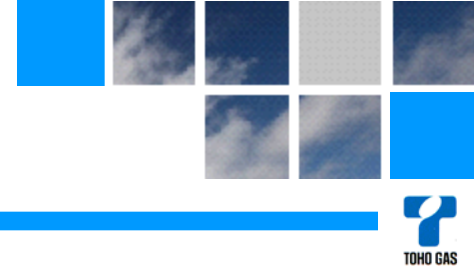
July 27, 2018



TOHO GAS CO.,LTD.



Contents



1. Results for the 1st Quarter of FY2018	3
2. Forecasts for FY2018	8
〈Reference〉 Progress of the Medium-term Management Plan	12

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 FY2018

(1) Summary



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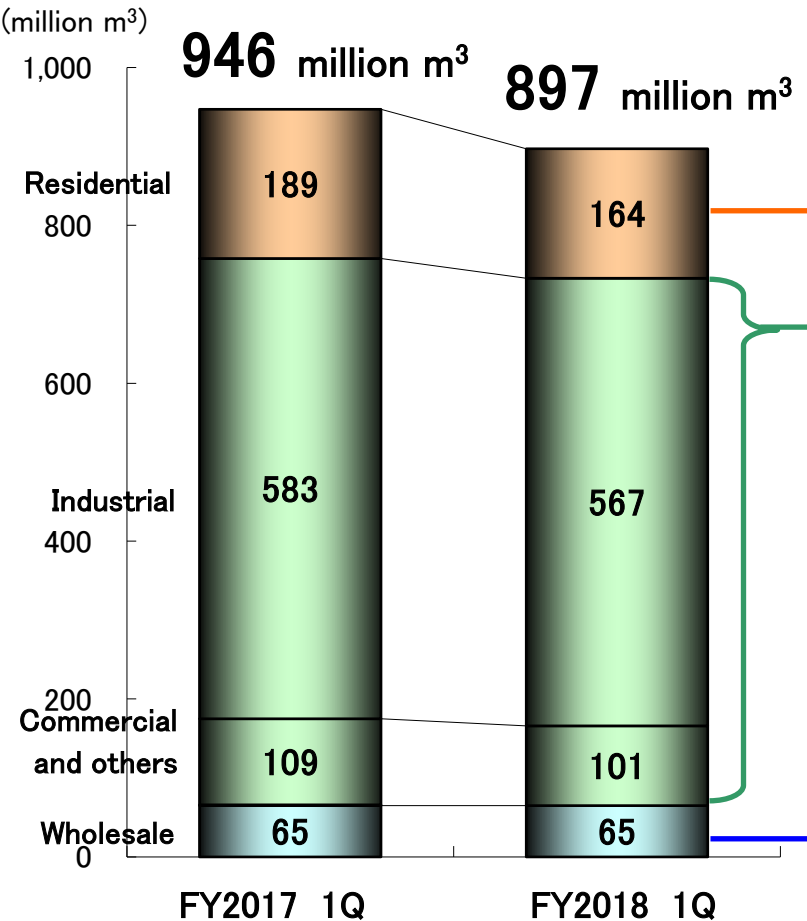
- Gas sales volume was 897 million m³, a decrease by 5.2% from the previous year.
LPG sales volume was 109 thousand tons, a decrease by 2.9%
- Sales were ¥100.7 billion, an increase by 3.0% from the previous year.
Ordinary income was ¥8.4 billion, a decrease by 14.9%

(2) Number of Customers, Gas Sales Volume (1st Quarter)



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Number of gas meters **2,441** thousand → **2,468** thousand (+1.1%)



City Gas

-50 million m³ (-5.2%)

Residential use -25 million m³ (-13.1%)
due to higher temperatures than the previous year, etc.

Industrial, Commercial and Others use -25 million m³ (-3.6%)
due to individual customer cases, etc.

Wholesale use -0 million m³ (-0.0%)

LPG

Number of customers* +2.0% : 482 → 492 thousand customers
* Including the number of customers based on commissioned business for delivery
Gas sales volume -2.9% : 112 → 109 thousand tons

Electricity

Number of customers +90 thousand : 25 → 115 thousand

Average Temperature	19.2°C	19.9°C	+0.7°C
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(3) Sales, Incomes (1st Quarter)

(¥ billion)

	FY2018 (1Q)	FY2017 (1Q)	Change	Rate of change
Gas sales Volume (million m³)	897	946	-50	-5.2%
Sales	100.7	97.8	2.9	3.0%
Cost of sales	63.7	58.6	5.1	8.7%
Selling, general and administrative expenses	29.9	30.2	-0.2	-0.9%
Ordinary income	8.4	9.9	-1.4	-14.9%
Net income attributable to owners of the parent	6.0	6.9	-0.9	-13.3%

(Notes) Crude oil price (CIF national average); FY2018 (Apr.-June) \$70.5/bbl, FY2017 (Apr.-June) \$53.4/bbl (+\$17.1/bbl)
 Currency exchange rate (TTM) ; FY2018 (Apr.-June) ¥109.1/\$, FY2017 (Apr.-June) ¥111.1/\$ (-¥2.0/\$)



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



◆ Change from the previous year

Ordinary income (¥9.9 billion⇒¥8.4 billion) -¥ 1.4 billion

- Effect of gas sales volume -¥ 2.5 billion
- Impact of time lag in fuel cost adjustment system + ¥ 0.5 billion
(FY2017 (1Q) -¥ 3.0 billion ⇒ FY2018 (1Q) -¥ 2.5 billion)
- Others + ¥ 0.6 billion

(5) Balance Sheet (1st Quarter)



(¥ billion)

	FY2018 (End of 1Q)	FY2017 (End of FY)	Change		FY2018 (1Q)	FY2017 (1Q)	Change
Total assets	531.2	541.0	-9.8	CAPEX	9.0	13.1	-4.0
(unrealized gain on investment securities)	(57.2)	(57.3)	(-0.1)	Depreciation	8.7	8.9	-0.2
Net assets	327.9	326.2	1.7				
Equity ratio	61.7%	60.3%	1.4 Point				
Interest-bearing debts	118.1	112.1	5.9				

2. Forecasts for FY2018

(1) Summary

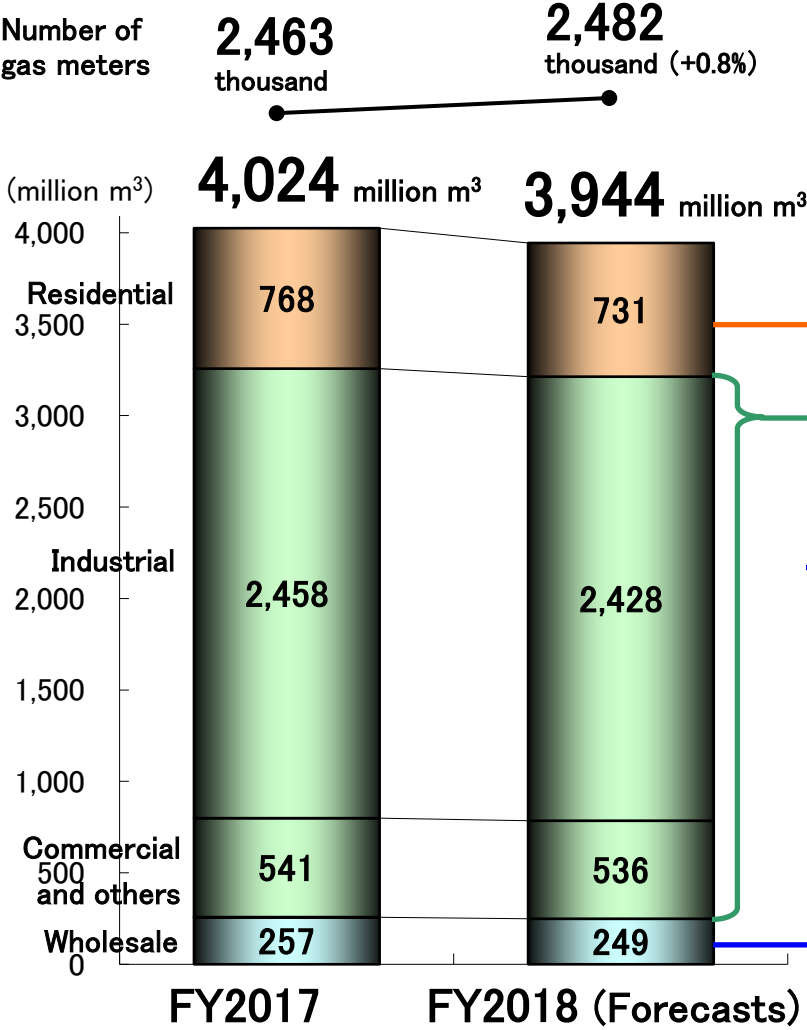
- Gas sales volume expected to be 3,944 million m³, a decrease by 2.0% from the previous year, LPG sales volume to be 466 thousand tons, an increase by 0.2%
- Based on crude oil price of 70 dollars/barrel and exchange rate of ¥110/dollar after July, sales projected to be ¥463 billion, an increase by 8.0% from the previous year, ordinary income to be ¥24 billion, a decrease by 4.8%

(We have not changed the previous forecasts of gas sales volume and income)



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(2) Number of Customers, Gas Sales Volume (Forecasts)



City Gas -80 million m³ (-2.0%)

Residential use -37 million m³ (-4.8%)

Industrial, Commercial and Others use -35 million m³ (-1.2%)

Wholesale use -8 million m³ (-3.2%)

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Number of customers* +0.8%: 490 → 494 thousand customers

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

Gas sales volume +0.2%: 465 → 466 thousand tons

Electricity

Number of customers +53 thousand: 87 → 140 thousand

Average Temperature	16.0°C	16.5°C	+0.5°C
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(3) Forecasts for FY2018



(¥ billion)

	FY2018 forecasts	FY2017	Change	Rate of change
Gas sales Volume (million m ³)	3,944	4,024	-80	-2.0%
Sales	463.0	428.8	34.1	8.0%
Ordinary income	24.0	25.2	-1.2	-4.8%
Net income attributable to owners of the parent	17.0	18.0	-1.0	-5.7%
CAPEX	36.5	39.6	-3.1	-7.9%
Depreciation	36.5	35.9	0.5	1.5%

【Assumption】

(\$/bbl, ¥/\$)

	FY2018*	FY2017 (Result)	Change
Crude oil price	70.1	57.0	13.1
Exchange rate	109.8	110.9	-1.1

【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price \$1/bbl	¥ 2.2 billion	¥ 0.6 billion
Exchange rate ¥1/\$	¥ 1.4 billion	¥ 0.4 billion

* Assumption after July: Crude oil price \$70/bbl, Exchange rate ¥110/\$

(4) Factors for Change in Ordinary Income (Forecasts)



◆ Change from the previous year

Ordinary income (¥25.2 billion⇒¥24.0 billion) — ¥ 1.2 billion

■ Effect of gas sales volume — ¥ 3.0 billion

■ Impact of time lag in fuel cost adjustment system — ¥ 1.0 billion

(FY2017 —¥ 6.0 billion ⇒ FY2018 — ¥ 7.0 billion)

■ Others + ¥ 2.7 billion

Progress of the Medium-term Management Plan



		FY2017	FY2018 (Forecasts)	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of customers	Natural Gas *1	2.46 million	2.48 million	0.8%	2.46 million	0.8%	2.5 million
	LPG *2	0.49 million	0.49 million	0.8%	0.48 million	1.8%	0.5 million
Gas Sales Volume	Natural Gas *3	4.1 billion m ³	4.0 billion m ³	-1.9%	4.5 billion m ³	2.2%	5 billion m ³
	LPG	465 thousand tons	466 thousand tons	0.2%	470 thousand tons	2.3%	500 thousand tons

* 1 Number of gas meters

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

* 3 Including the number of gas sales volume of LNG

	FY2009 to 2013 Average	FY2017	FY2018 (Forecasts)	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	57.0 billion yen	54.0 billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.3	0.3	1.0 and under	1.0 and under
ROA	2.1%	3.4%	About 3%	About 3%	3% and over