Consolidated Financial Results Results for the 3rd Quarter of FY2013 (Cumulative, April-December 2013)

January 30, 2014 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 the 3rd Quarter of FY2013



(1) Summary

■ Gas sales volume was 2,794 million m³, an increase by 0.4% from the previous year.

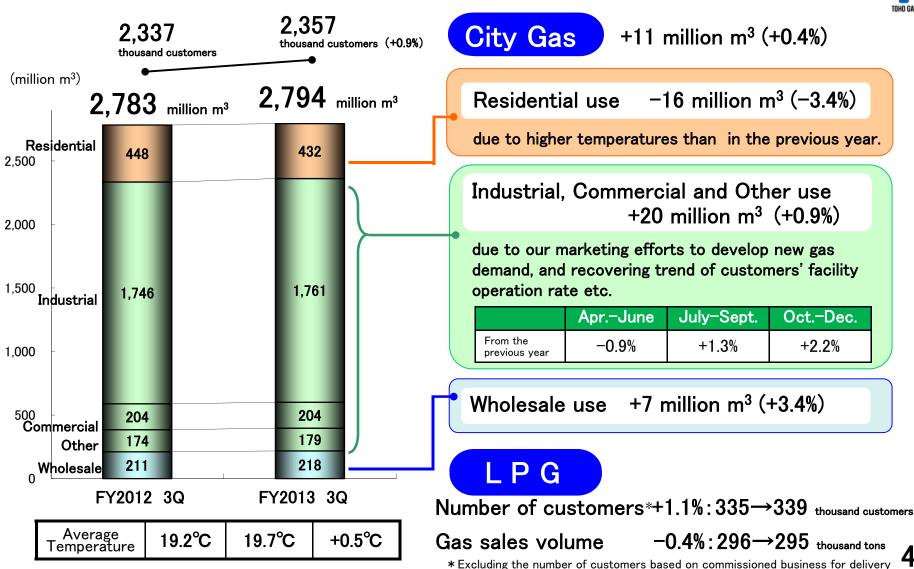
LPG sales volume was 295 thousand tons, a decrease by 0.4%

■ Sales were ¥387.0 billion, an increase by 6.6% from the previous year.

Ordinary income was ¥6.5 billion, a decrease by 44.9%

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





(3) Sales, Incomes



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		(+ billion)		
	Fy 2013 (3Q)	Fy 2012 (3Q)	Change From Previous year	Rate of change
Gas sales Volume (million m³)	9 /4/ 9 /83		11	0.4%
Sales	387.0	362.9	24.0	6.6%
Cost of sales	285.3	250.2	35.0	14.0%
Selling, general and administrative expenses	95.6	100.4	-4.7	-4.8%
Ordinary income	6.5	11.8	-5.3	-44.9%
Net income	4.1	7.6	-3.5	-45.7%

(Note) Crude oil price (CIF national average); FY2013 (Apr.-Dec.) 109.4 \$/bbl, FY2012 (Apr.-Dec.) 114.0 \$/bbl (-4.6 \$/bbl) Currency exchange rate (TTM) ; FY2013 (Apr.-Dec.) 99.4 yen/\$, FY2012 (Apr.-Dec.) 80.0 yen/\$ (+19.4 yen/\$)







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

♦ Change from the previous year

Ordinary income (¥11.8 billion⇒¥6.5 billion) — ¥ 5.3 billion

Effect of gas sales volume

- ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system ± 3.5 billion (FY2012 (3Q) ± 1.5 billion \Rightarrow FY2013 (3Q) ± 5.0 billion)
- Others

- ¥ 0.8 billion





(5) Balance Sheet

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			(¥ billion)
	Fy 2013 (end of 3Q)	Fy 2012 (end of Fy)	Change
Total assets	522.1	504.4	17.6
(unrealized gain on securities)	(46.3)	(34.3)	(11.9)
Total net assets	252.1	236.4	15.6
Equity ratio	48.3%	46.9%	1.4 Point
Interest-bearing debts	164.2	162.0	2.2
	Fy 2013 (3Q)	Fy 2012 (3Q)	Change
CAPEX	21.8	26.6	-4.7
Depreciation	26.4	27.6	-1.2

2. Forecasts for FY2013

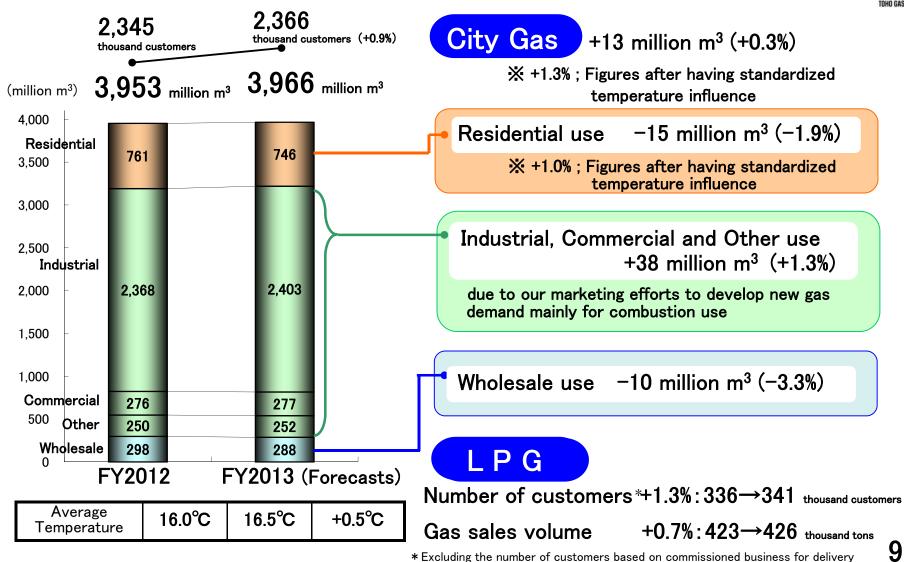
(1) Summary



- Gas sales volume expected to be 3,966 million m³, an increase by 0.3% from the previous year.
 - LPG sales volume to be 426 thousand tons, an increase by 0.7%
- Based on exchange rate of ¥100/dollar for the 4th quarter of FY2013, sales projected to be ¥557 billion, an increase by 7.5% from the previous year, ordinary income to be ¥15 billion, an increase by 12.1%
- We have not changed the previous forecasts of gas sales volume, sales and income









(Y billion)

(3) Forecasts for FY2013/Sales, Incomes

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	(¥ billion)			
	Fy 2013 forecasts	Fy 2012	Change From Previous year	Rate of change
Gas sales Volume (million m³)	3,966	3,953	13	0.3%
Sales	557.0	518.3	38.6	7.5%
Ordinary income	15.0	13.3	1.6	12.1%
Net income	10.0	8.5	1.4	17.3%
CAPEX	38.0	35.1	2.8	8.0%
Depreciation	36.0	36.9	-0.9	-2.4%

[Assumption]

(\$/bbl, yen/\$) FY2013** FY2012(Result) Change Crude oil price 110.8 113.9 -3.1(CIF national average) 99.5 82.9 +16.6 Exchange rate(TTM)

X Assumption for the 4th quarter of FY2013: Crude oil price 115\$/bbl, Exchange rate 100yen/\$

[Sensitivity (full-year)]

Locational view (roll)	, , _		
		Gas resource cost	Gross profit
Crude oil price	1\$/bbl	¥ 2.1 billion	¥ 0.7 billion*
Exchange rate	1yen/\$	¥ 2.4 billion	¥ 0.8 billion

[💥] It takes several months for LNG prices to be linked to the crude oil prices. For this reason, change in crude oil prices is expected to have only a minimal effect on the gross income for FY2013.



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



♦ Change from the previous year

Ordinary income (¥13.3 billion⇒¥15.0 billion) + ¥ 1.6 billion

Effect of gas sales volume

- ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 3.0 billion (FY2012 -¥ 15.5 billion \Rightarrow FY2013 ¥ 12.5 billion)
- Others ¥ 0.4 billion

Change from the previous forecasts

Ordinary income (¥15.0 billion⇒¥15.0 billion)

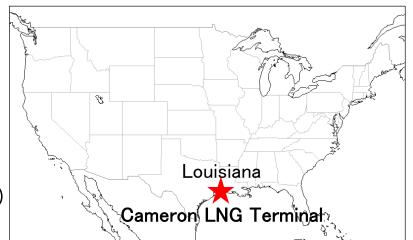
No Revision





- Overview of the Contract
- Seller: Mitsui & Co., Ltd.
- Duration: 20 years from the
 - start of production
- Volume : 4 cargoes/year

(Approx. 300,000 tons/year)



- ◆Point of the Contract
- First LNG procurement applying the natural gas linked price (U.S. Henry Hub linked price)
 - ⇒ for diversification of price index
- First LNG procurement from the U.S.
 - ⇒ for diversification of supply sources







[Nur	mber of customers]	FY2009	FY2010	FY2011	FY2012	FY2013 (forecasts)	FY2008 to 2013 Average growth rate
	City gas (thousand)	2,295	2,307	2,322	2,345	2,366	0.7%
	LPG (thousand)	317	320	327	336	341	2.1%

FY2013 target	< Average > growth rate
2,405	<1.1%>
359	<3.2%>

[Gas sales volume]

City gas (million m³)	3,627	3,910	3,943	3,953	3,966	1.5%
LPG (thousand tons)	397	416	420	423	426	0.8%

4,039	<1.9%>
440	<1.5%>

CAPEX (¥ billion)

43.6 33.2 32.5 35.1 38.0

5years average 36.5

A total of FY2009 to 2013 177 (Average of 35.4 per year)

【Financial targets 】		FY2009	FY2010	FY2011	FY2012	FY2013 (forecasts)
	ROA	2.1%	2.9%	1.7%	1.7%	About 2%
	Return to Shareholders Upper: Dividend Lower: Share buy-back		¥8 per share ¥2.7 billion	¥8.5 per share	¥9 per share	¥9 per share
	Interest-bearing debts (¥ billion)	171.0	161.4	164.3	162.0	About 164
	Equity ratio	43.6%	44.7%	45.5%	46.9%	About 46%

FY2013 target

About 3% (FY2013)

The basis is stable dividends. Implementing share buy back depending on the situation.

About 180 (at the end of FY2013) Over 40% (at the end of FY2013)