

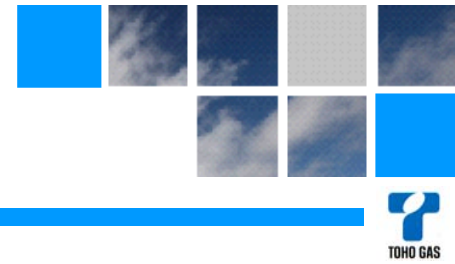
**Consolidated Financial Results**  
**Results for the 1st Quarter of FY2014**  
**(April–June 2014)**

July 31, 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.

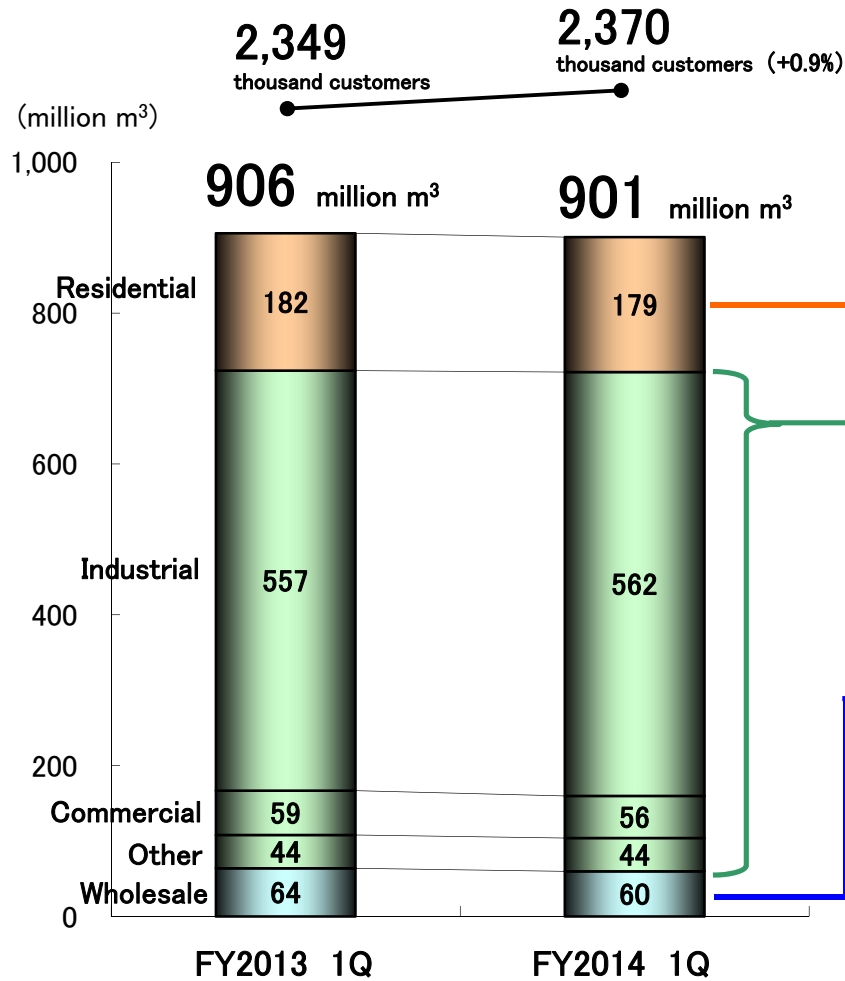
# 1. Results for the 1st Quarter of FY2014

## (1) Summary



- Gas sales volume was 901 million m<sup>3</sup>, a decrease by 0.6% from the previous year.  
LPG sales volume was 101 thousand tons, an increase by 2.8%
- Sales were ¥136.0 billion, an increase by 9.4% from the previous year. Ordinary income was ¥13.6 billion, an increase of ¥10.6 billion

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



Average Temperature	FY2013 1Q	FY2014 1Q	Change
	18.9°C	19.4°C	+0.5°C

### City Gas

-5 million m³ (-0.6%)

#### Residential use

-3 million m³ (-1.9%)

due to higher temperatures than in the previous year.

#### Industrial, Commercial and Other use

+2 million m³ (+0.4%)

due to our marketing efforts to create new gas demand, etc.

#### Wholesale use

-4 million m³ (-7.0%)

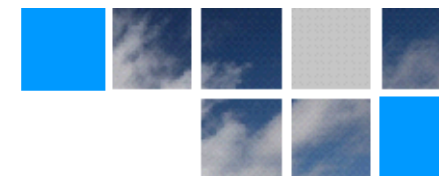
### LPG

Number of customers +1.6%: 337→342 thousand customers

(Including the number of customers based on commissioned business for delivery +2.0%: 434→443 thousand customers)

Gas sales volume +2.8%: 98→101 thousand tons

### (3) Sales, Incomes



(¥ billion)

	<b>Fy 2014 (1Q)</b>	<b>Fy 2013 (1Q)</b>	<b>Change From Previous year</b>	<b>Rate of change</b>
<b>Gas sales Volume (million m<sup>3</sup>)</b>	<b>901</b>	<b>906</b>	<b>-5</b>	<b>-0.6%</b>
<b>Sales</b>	<b>136.0</b>	<b>124.4</b>	<b>11.6</b>	<b>9.4%</b>
<b>Cost of sales</b>	<b>92.1</b>	<b>90.4</b>	<b>1.6</b>	<b>1.8%</b>
<b>Selling, general and administrative expenses</b>	<b>30.7</b>	<b>31.3</b>	<b>-0.6</b>	<b>-1.9%</b>
<b>Ordinary income</b>	<b>13.6</b>	<b>2.9</b>	<b>10.6</b>	<b>359.8%</b>
<b>Net income</b>	<b>9.5</b>	<b>1.7</b>	<b>7.8</b>	<b>444.4%</b>

(Notes) Crude oil price (CIF national average); FY2014 (Apr.-June) 109.5 \$/bbl, FY2013 (Apr.-June) 107.7 \$/bbl (+1.8 \$/bbl)  
 Currency exchange rate (TTM) ; FY2014 (Apr.-June) 102.2 yen/\$, FY2013 (Apr.-June) 98.8 yen/\$ (+3.4 yen/\$)

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

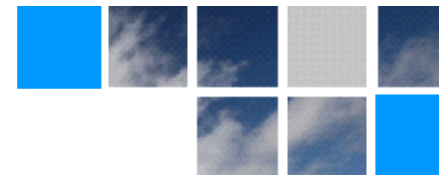


### ◆ Change from the previous year

Ordinary income (¥2.9 billion⇒¥13.6 billion) + ¥ 10.6 billion

- Impact of time lag in fuel cost adjustment system + ¥ 9.0 billion  
(FY2013 (1Q) - ¥ 7.5 billion ⇒ FY2014 (1Q) + ¥ 1.5 billion)
- Effect of decrease of various costs, etc. + ¥ 1.6 billion

## (5) Balance Sheet

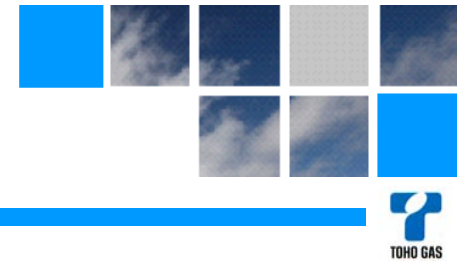


(¥ billion)

	Fy 2014 (end of 1Q)	Fy 2013 (end of Fy)	Change
<b>Total assets</b>	<b>504.6</b>	<b>509.7</b>	<b>-5.0</b>
(unrealized gain on securities)	(44.0)	(41.4)	(2.5)
<b>Total net assets</b>	<b>256.0</b>	<b>245.8</b>	<b>10.1</b>
<b>Equity ratio</b>	<b>50.7%</b>	<b>48.2%</b>	<b>2.5 Point</b>
<b>Interest-bearing debts</b>	<b>153.1</b>	<b>164.5</b>	<b>-11.3</b>
	Fy 2014 (1Q)	Fy 2013 (1Q)	Change
<b>CAPEX</b>	<b>7.9</b>	<b>7.1</b>	<b>0.7</b>
<b>Depreciation</b>	<b>8.3</b>	<b>8.4</b>	<b>-0.1</b>

## 2. Forecasts for FY2014

### (1) Summary

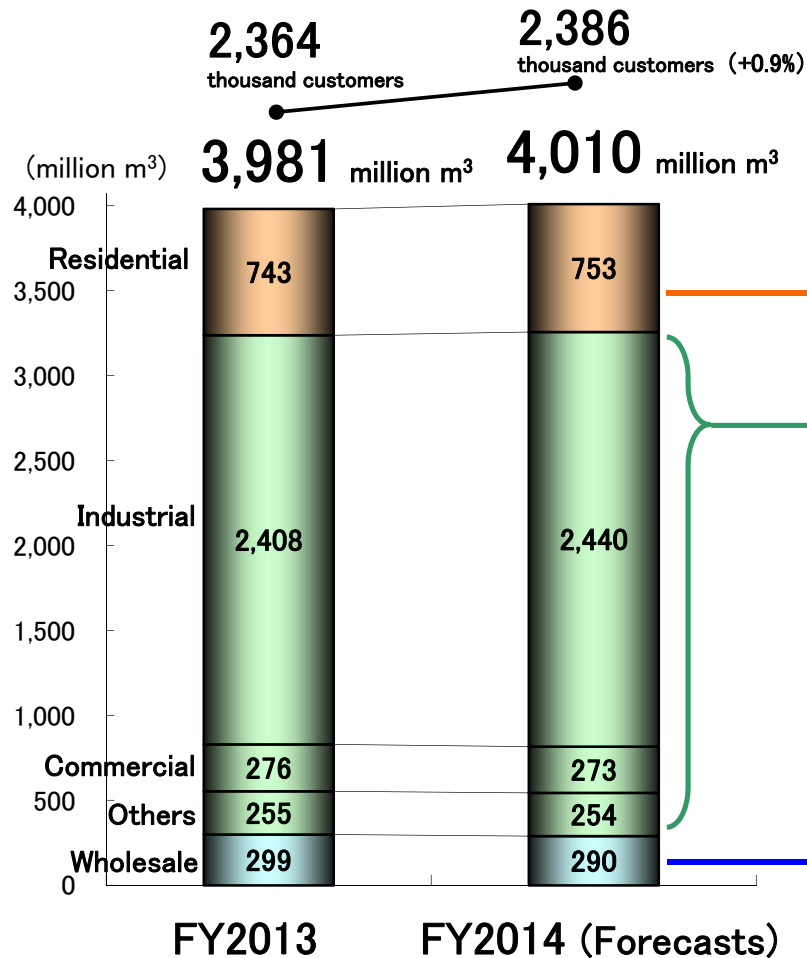


- Gas sales volume expected to be 4,010 million m<sup>3</sup>, an increase by 0.7% from the previous year.  
LPG sales volume to be 438 thousand tons, an increase by 4.1%
- Based on crude oil price of 115 dollars/barrel and exchange rate of ¥105/dollar after July, sales projected to be ¥602 billion, an increase by 7.4% from the previous year, ordinary income to be ¥23 billion, an increase by 34.9%
- We have not changed the previous forecasts of gas sales volume, assumption and income  
(Sales were revised down by ¥8 billion)
- However, we have revised down the forecast of sales, and up the forecast of income for the first half of FY2014





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



**City Gas** +29 million m<sup>3</sup> (+0.7%)

**Residential use** +10 million m<sup>3</sup> (+1.4%)

**Industrial, Commercial and Others use** +28 million m<sup>3</sup> (+1.0%)  
 due to our marketing efforts to develop new gas demand mainly for combustion use

**Wholesale use** -9 million m<sup>3</sup> (-3.0%)

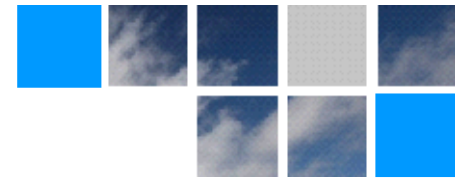
**LPG**

Number of customers +2.3%: 341→349 thousand customers

(Including the number of customers based on commissioned business for delivery) +2.9%: 440→453 thousand customers

Gas sales volume +4.1%: 421→438 thousand tons

Average Temperature	FY2013	FY2014 (Forecasts)	FY2015 (Forecasts)
	16.4°C	16.4°C	-0.0°C



### (3) Forecasts for FY2014/Sales, Incomes

(¥ billion)

	Fy 2014 forecasts	Fy 2013	Change From Previous year	Rate of change
Gas sales Volume (million m <sup>3</sup> )	4,010	3,981	29	0.7%
Sales	602.0	560.4	41.5	7.4%
Ordinary income	23.0	17.0	5.9	34.9%
Net income	15.0	11.2	3.7	33.4%
CAPEX	41.0	33.0	7.9	23.9%
Depreciation	34.0	35.7	-1.7	-5.0%

#### 【Assumption】

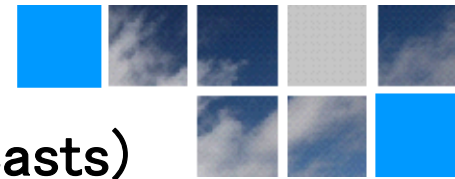
(\$/bbl, yen/\$)

	FY2014*	FY2013 (Result)	Change
Crude oil price	113.6	110.0	+3.6
Exchange rate	104.3	100.2	+4.1

#### 【Sensitivity (full-year)】

	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

\* Assumption after July: Crude oil price 115\$/bbl, Exchange rate 105yen/\$



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

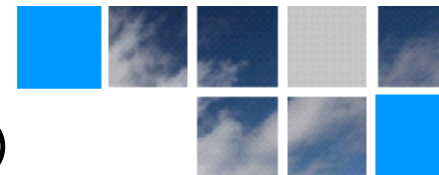


### ◆ Change from the previous year

Ordinary income (¥17.0 billion ⇒ ¥23.0 billion) + ¥ 5.9 billion

- Effect of gas sales volume + ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system + ¥ 10.0 billion  
( FY2013 - ¥ 14.5 billion ⇒ FY2014 - ¥ 4.5 billion )
- Effect of increase of various costs, etc. - ¥ 5.0 billion

# 〈Reference〉 Forecasts for the 1st half of FY2014 (Change from the previous forecasts)



(¥ billion)

	Revised forecast 1st half	Previous forecast 1st half	Change from previous forecast	Rate of change
Gas sales Volume (million m <sup>3</sup> )	1,854 <+0.4%>	1,854 <+0.4%>	—	—
Sales	269.0 <+7.5%>	272.0 <+8.6%>	-3.0	-1.1%
Ordinary income	14.0 <+168.2%>	7.0 <+34.1%>	7.0	100.0%
Net income	9.5 <+190.2%>	5.0 <+52.7%>	4.5	90.0%

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

\*1 Assumption for revised forecasts (after July 2014) ; Crude oil price 115\$/bbl, Currency exchange rate 105yen/\$

\*2 Previous forecasts were announced on April 30, 2014