
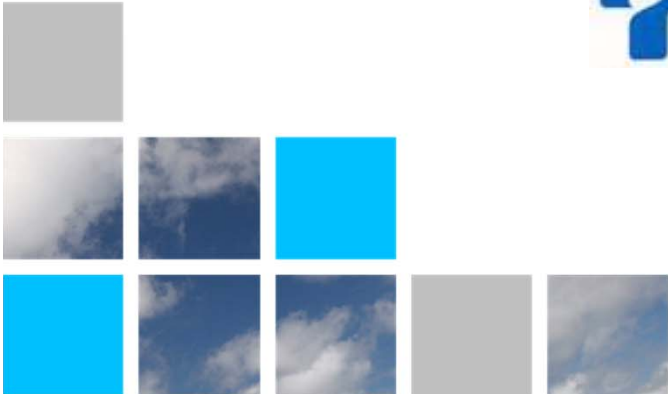
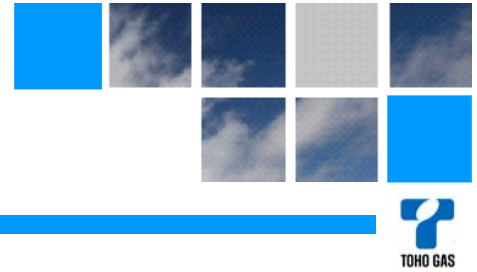




**Consolidated Financial Results**  
**Results for the 3rd Quarter of FY2016**  
**(April–December 2016)**

January 31, 2017  
 **TOHO GAS CO.,LTD.**





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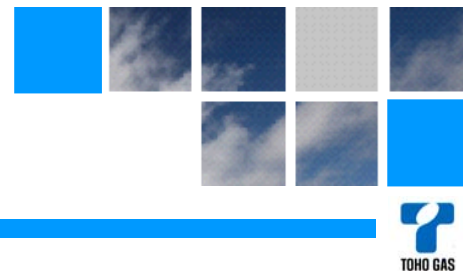
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Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

# 1. Results for the 3rd Quarter of FY2016

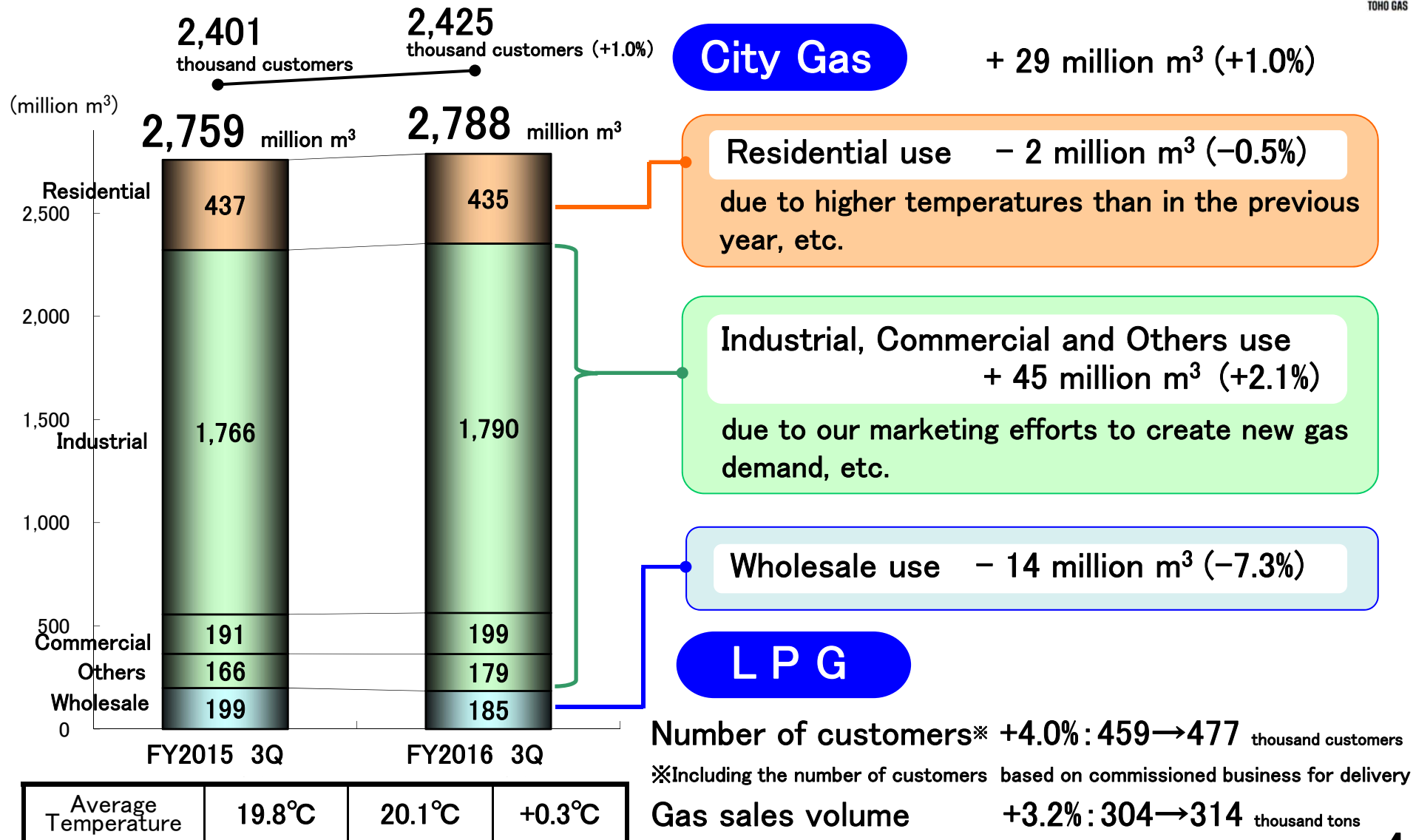
## (1) Summary

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- Gas sales volume was 2,788 million m<sup>3</sup>, an increase by 1.0% from the previous year.  
LPG sales volume was 314 thousand tons, an increase by 3.2%
- Sales were ¥268.0 billion, a decrease by 21.9% from the previous year.  
Ordinary income was ¥17.9 billion, a decrease by 60.3%

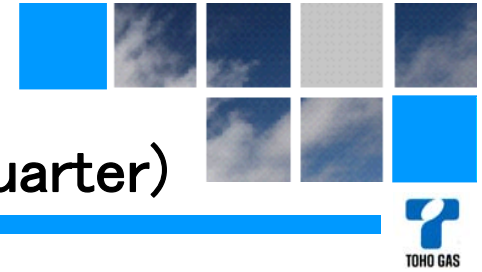
## (2) Number of customers, Gas sales volume (3rd Quarter)



### (3) Sales, Incomes (3rd Quarter)

	(¥ billion)			
	<b>FY 2016</b> (Apr.–Dec.)	<b>FY 2015</b> ( Apr.–Dec. )	<b>Change</b> from the previous year	<b>Rate of</b> Change
<b>Gas sales Volume</b> (million m <sup>3</sup> )	<b>2,788</b>	<b>2,759</b>	<b>29</b>	<b>1.0%</b>
<b>Sales</b>	<b>268.0</b>	<b>343.3</b>	<b>−75.3</b>	<b>−21.9%</b>
<b>Cost of sales</b>	<b>154.1</b>	<b>200.9</b>	<b>−46.8</b>	<b>−23.3%</b>
<b>Selling, general and administrative expenses</b>	<b>97.3</b>	<b>98.2</b>	<b>−0.9</b>	<b>−1.0%</b>
<b>Ordinary income</b>	<b>17.9</b>	<b>45.2</b>	<b>−27.2</b>	<b>−60.3%</b>
<b>Net income attributable to owners of the parent</b>	<b>12.8</b>	<b>32.3</b>	<b>−19.5</b>	<b>−60.4%</b>

(Notes) Crude oil price (CIF national average); FY2016 (Apr.–Dec.) \$44.9/bbl, FY2015 (Apr.–Dec.) \$54.7/bbl (−\$9.8/bbl)  
 Currency exchange rate (TTM) ; FY2016 (Apr.–Dec.) ¥106.7/\$, FY2015 (Apr.–Dec.) ¥121.7/\$ (−¥15.0/\$)

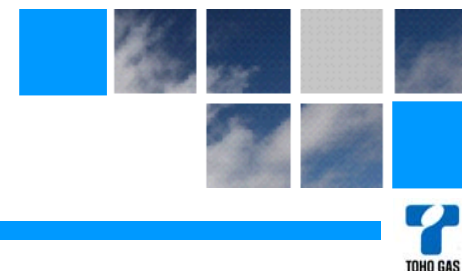


## (4) Factors for Change in Ordinary Income (3rd Quarter)

### ◆ Change from the previous year

Ordinary income (¥45.2 billion⇒¥17.9 billion) — ¥ 27.2 billion

- Effect of gas sales volume + ¥ 0.0 billion
- Impact of time lag in fuel cost adjustment system — ¥26.0 billion  
(FY2015 (Apr.–Dec.) +¥ 29.0 billion ⇒ FY2016 (Apr.–Dec.) +¥ 3.0 billion )
- Others — ¥ 1.2 billion



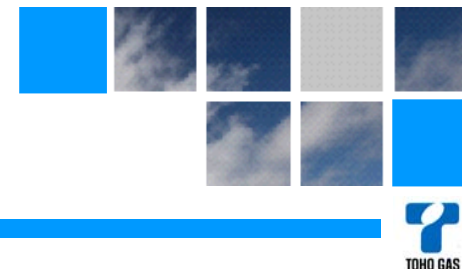
## (5) Balance Sheet (3rd Quarter)

(¥ billion)

	FY 2016 (End of 3Q)	FY 2015 (End of FY)	Change		FY 2016 (Apr.–Dec.)	FY 2015 (Apr.–Dec.)	Change
<b>Total assets</b> (unrealized gain on investment securities)	<b>532.4</b> (52.6)	<b>555.2</b> (44.0)	<b>-22.8</b> (8.6)	<b>CAPEX</b>	<b>33.5</b>	<b>24.6</b>	<b>8.9</b>
<b>Net assets</b>	<b>300.1</b>	<b>285.1</b>	<b>14.9</b>	<b>Depreciation</b>	<b>26.3</b>	<b>24.7</b>	<b>1.6</b>
<b>Equity ratio</b>	<b>56.4%</b>	<b>51.4%</b>	<b>5.0</b> Point				
<b>Interest-bearing debts</b>	<b>127.4</b>	<b>127.1</b>	<b>0.2</b>				

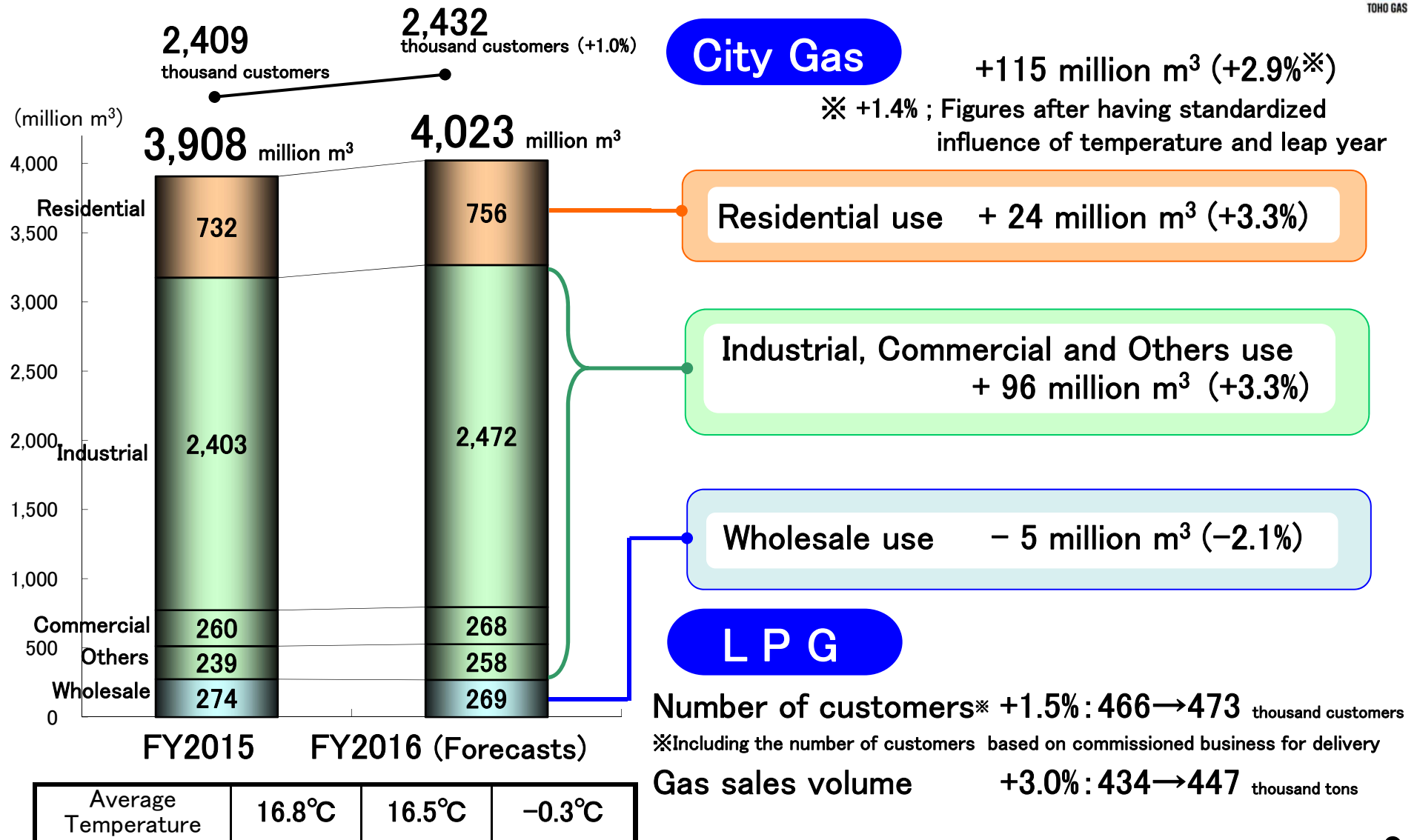
## 2. Forecasts for FY2016

### (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%**  
(We have not changed the previous forecasts)
- **Based on crude oil price of 60 dollars/barrel and exchange rate of ¥120/dollar for the 4th quarter of FY2016, sales projected to be ¥398 billion, a decrease by 17.1% from the previous year, ordinary income to be ¥22 billion, a decrease by 64.0%**  
(We have not changed the previous forecasts of sales)
- **We have changed the previous forecasts as below**
  - Crude oil price : \$50/barrel → \$60/barrel (+\$10/barrel)
  - Exchange rate : ¥110/dollar → ¥120/dollar (+¥10/dollar)
  - Ordinary income : ¥24 billion → ¥22 billion (−¥2 billion)

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



### (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	398.0	479.8	-81.8	-17.1%
Ordinary income	22.0	61.1	-39.1	-64.0%
Net income attributable to owners of the parent	15.5	43.0	-27.5	-64.0%
CAPEX	54.0	40.1	13.8	34.7%
Depreciation	35.5	32.9	2.5	7.6%

#### 【Assumption】

(\$/bbl, yen/\$)

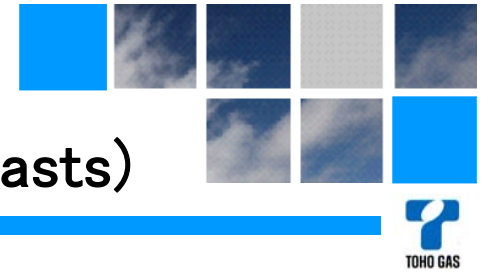
	FY2016*	FY2015 (Result)	Change
Crude oil price	48.7	48.7	0.0
Exchange rate	110.0	120.2	-10.2

\* Assumptions for the 4th quarter of FY2016:  
Crude oil price \$60/bbl, Exchange rate ¥120/\$

#### 【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price 1\$/bbl	¥ 2.1 billion	¥ 0.6 billion
Exchange rate 1yen/\$	¥ 0.9 billion	¥ 0.2 billion

\* Based on crude oil price of \$60/bbl and exchange rate of ¥120/\$ throughout the year

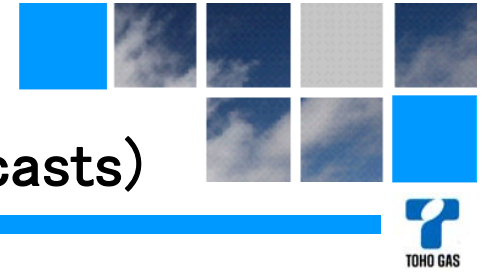


## (4) Factors for Change in Ordinary Income (Forecasts)

### ◆ Change from the previous year

Ordinary income (¥61.1 billion⇒¥22.0 billion) — ¥ 39.1 billion

- Effect of gas sales volume + ¥ 3.0 billion
- Impact of time lag in fuel cost adjustment system — ¥ 42.0 billion  
(FY2015 +¥ 39.0 billion ⇒ FY2016 —¥ 3.0 billion)
- Others — ¥ 0.1 billion



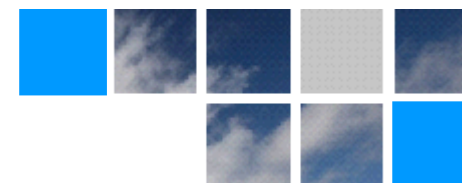
## (5) Factors for Change in Ordinary Income (Forecasts)

### ◆ Change from the forecasts (at the release of 2Q results)

Ordinary income (¥24.0 billion⇒¥22.0 billion) — ¥ 2.0 billion

■ Effect of gas sales volume  $\pm$  ¥ 0.0 billion

■ Impact of time lag in fuel cost adjustment system — ¥ 2.0 billion  
(Previous forecast —¥ 1.0 billion ⇒ Revised forecast — ¥ 3.0 billion )



## (6) Change from the previous forecasts

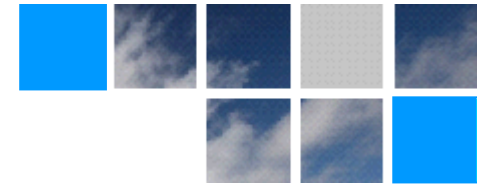


	(¥ billion)		
	Revised forecasts	Previous forecasts (as of 10/31)	Change
Gas sales Volume (million m <sup>3</sup> )	4,023	4,023	0
Sales	398.0	398.0	0.0
Ordinary income	22.0	24.0	−2.0
Net income attributable to the parent company	15.5	17.0	−1.5

### 【 Assumption 】

	Revised forecasts	Previous forecasts	Change
Crude oil price (\$/bbl)	Jan.–Mar. 60	Second half 50	10
Exchange rate (yen/\$)	Jan.–Mar. 120	Second half 110	10

# <Topic> Efforts toward full liberalization of gas retail market



Enhance our comprehensive strength to realize  
“liberalization for customers”



Ensure safety and security



Robust security service system

らくらくリース



Strengthen our  
relationship with  
customers

らくらくサンプラ



Offer various services

らくらく暮らしサポート



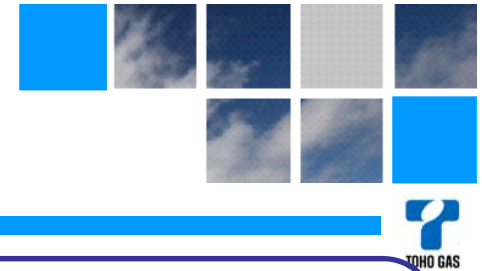
Comprehensive  
strength

Improve price  
competitiveness

がすてきトクトク料金  
“Gasuteki Tokutoku plan”

Launch a new tariff  
effective from April 2017

## <Topic> Efforts toward full liberalization of gas retail market



### Ensure safety and security

#### 【Rapid response to repair and security service of gas appliances】

- About 180 contact desks close to customers
- About 3,000 staffs for security service
- Place specialized organizations for repair and security service in our sales offices

### Strengthen our relationship with customers

#### 【Offer of various services】

- Sales of electricity
- “Rakuraku (easy) lease”
- “Rakuraku maintenance” (maintenance service)
- “Club TOHOGAS” (membership website) etc.

### Improve price competitiveness

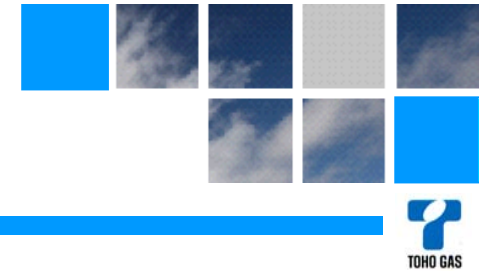
#### 【Launch of a new tariff】

- Launch of a new tariff “Gasuteki Tokutoku plan” effective from April 2017
- Enable “Gasuteki Point” to be appropriated for gas and electricity charges from April 2017

Aim for profit growth by improving the efficiency of management

## <Reference>

### Progress of the Medium-term management plan



		FY2015	FY2016 (Forecasts)	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of Customers	Natural Gas	2.41million	2.43million	1.0%	2.46 million	0.8%	2.5 million
	LPG <sup>*1</sup>	0.47million	0.47million	1.5%	0.48 million	1.8%	0.5 million
Gas Sales Volume	Natural Gas <sup>*2</sup>	4.0billion m <sup>3</sup>	4.1billion m <sup>3</sup>	3.3%	4.5 billion m <sup>3</sup>	2.2%	5 billion m <sup>3</sup>
	LPG	434 thousand tons	447 thousand tons	3.0%	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	FY2015	FY2016 (Forecasts)	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	114.9 billion yen	51.0 billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.4	0.5	1.0 and under	1.0 and under
ROA	2.1%	7.8%	About 3%	About 3%	3% and over