



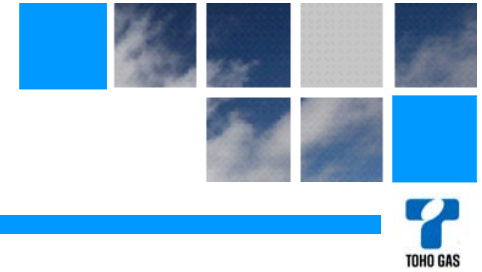
**Consolidated Financial Results  
FY2016 (April 2016 – March 2017)  
Financial Results**

April 28, 2017



**TOHO GAS CO.,LTD.**





# Contents

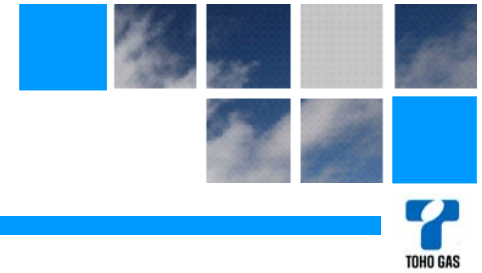
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Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual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

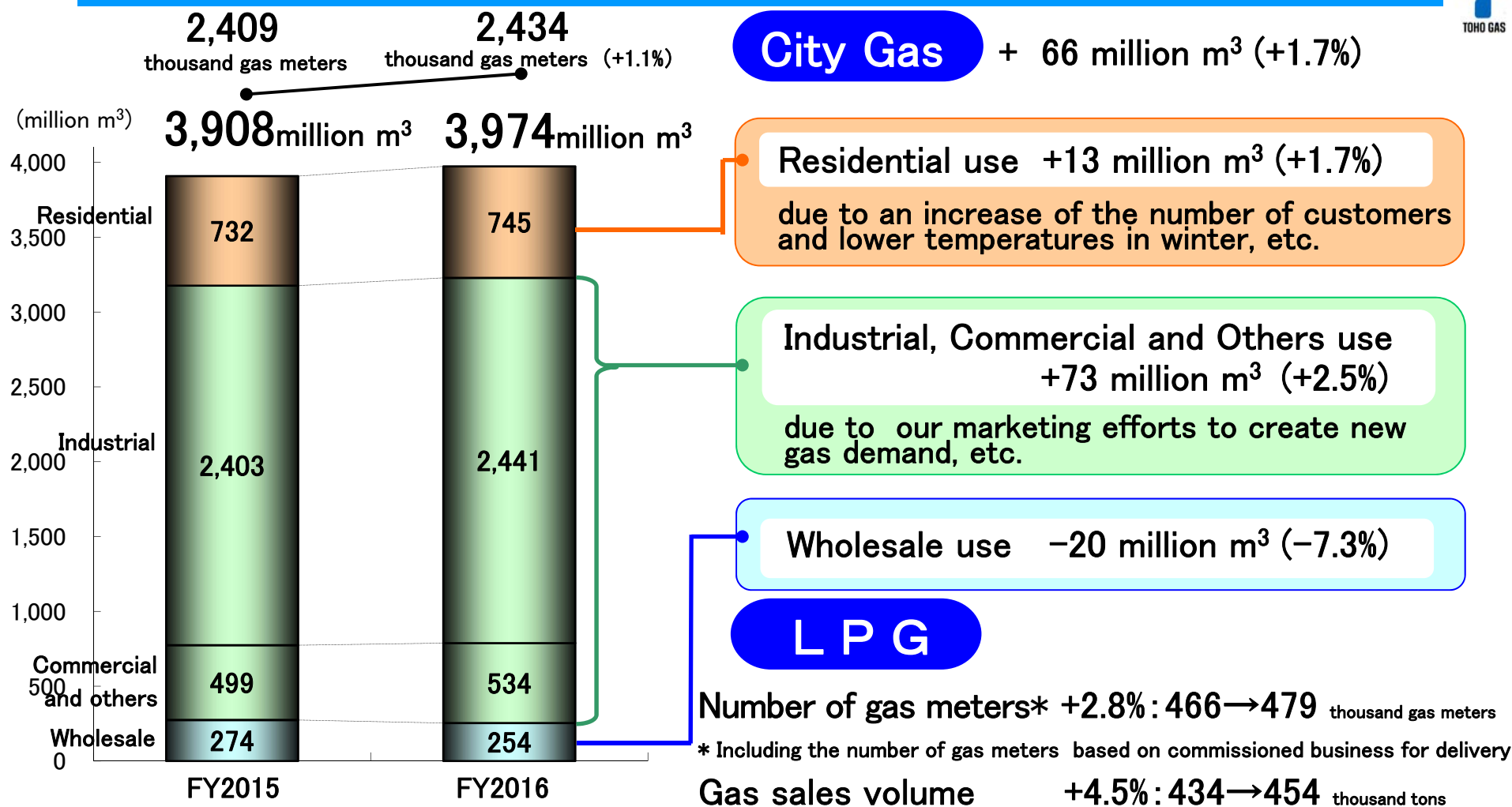
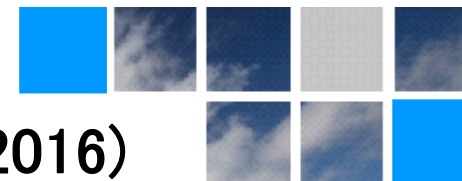
# 1. Results for FY2016

## (1) Summary



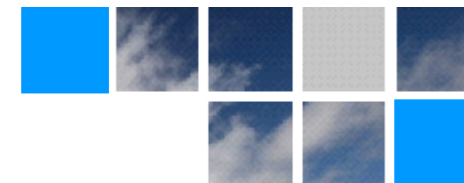
- Gas sales volume was 3,974 million m<sup>3</sup>, an increase by 1.7% from the previous year.  
LPG sales volume was 454 thousand tons, an increase by 4.5%
- Sales were ¥390.4 billion, a decrease by 18.6% from the previous year.  
Ordinary income was ¥24.4 billion, a decrease by 59.9%

## (2) Number of gas meters, Gas sales volume (FY2016)



Average Temperature (yearly change)	1st half	2nd half
	23.4°C (+0.6°C)	9.8°C (-1.0°C)

### (3) Sales, Incomes (FY2016)

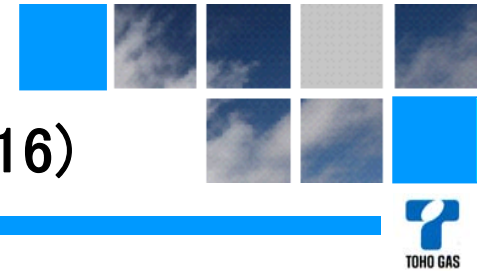


(¥ billion)

	FY 2016	FY 2015	Change From Previous year	Rate of change	Forecasts (at the 3Q)	Change From forecast
Gas sales Volume (million m <sup>3</sup> )	3,974	3,908	66	1.7%	4,023	-49
Sales	390.4	479.8	-89.4	-18.6%	398.0	-7.5
Cost of sales	230.4	278.0	-47.5	-17.1%	—	—
Selling, general and administrative expenses	136.7	141.0	-4.3	-3.1%	—	—
Ordinary income	24.4	61.1	-36.6	-59.9%	22.0	2.4
Net income attributable to the parent company	17.7	43.0	-25.2	-58.7%	15.5	2.2

(Note) Crude oil price (CIF national average); FY2016 47.5 \$/bbl, FY2015 48.7 \$/bbl (-1.2 \$/bbl)  
 Currency exchange rate (TTM) ; FY2016 108.4 yen/\$, FY2015 120.2 yen/\$ (-11.8 yen/\$)

## (4) Factors for Change in Ordinary Income (FY2016)

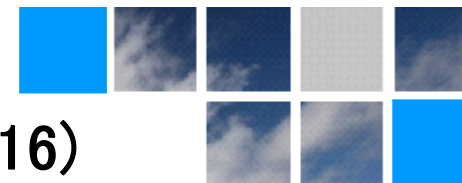


### ◆ Change from the previous year

Ordinary income (¥61.1 billion⇒¥24.4 billion) — ¥ 36.6 billion

- Effect of gas sales volume + ¥ 1.5 billion
- Impact of time lag in fuel cost adjustment system — ¥ 41.0 billion  
(FY2015 +¥ 39.0 billion ⇒ FY2016 —¥ 2.0 billion)
- Others + ¥ 2.8 billion

## (5) Factors for Change in Ordinary Income (FY2016)

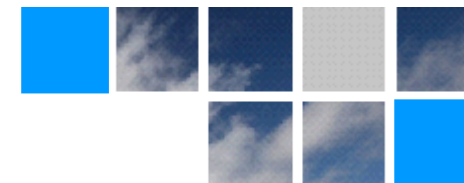


### ◆ Change from the forecasts (at the release of 3Q results)

Ordinary income (¥22.0 billion ⇒ ¥24.4 billion) + ¥ 2.4 billion

- Effect of gas sales volume — ¥ 1.5 billion
- Impact of time lag in fuel cost adjustment system + ¥ 1.0 billion  
(Forecasts —¥ 3.0 billion ⇒ Results —¥ 2.0 billion)
- Others + ¥ 2.9 billion

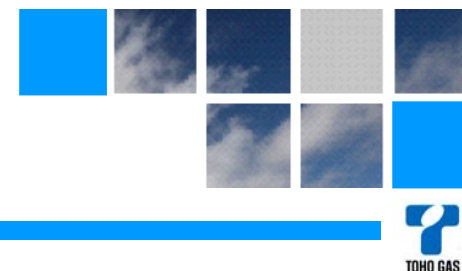
## (6) Balance Sheet (FY2016)



(¥ billion)

	FY 2016	FY 2015	Change		FY 2016	FY 2015	Change
<b>Total assets</b>	<b>532.9</b>	<b>555.2</b>	<b>-22.2</b>	<b>Cash flows from operating activities</b>	<b>37.2</b>	<b>114.9</b>	<b>-77.6</b>
(unrealized gain on investment securities)	(51.7)	(44.0)	(7.7)	<b>Cash flows from investment activities</b>	<b>-57.9</b>	<b>-42.1</b>	<b>-15.7</b>
<b>Net assets</b>	<b>306.8</b>	<b>285.1</b>	<b>21.6</b>	<b>(Free cash flows)</b>	<b>(-20.7)</b>	<b>(72.7)</b>	<b>(-93.4)</b>
<b>Equity ratio</b>	<b>57.6%</b>	<b>51.4%</b>	<b>6.2 Point</b>	<b>Cash flows from financing activities</b>	<b>-22.9</b>	<b>-31.8</b>	<b>8.8</b>
<b>Interest-bearing debts</b>	<b>114.9</b>	<b>127.1</b>	<b>-12.2</b>	<b>Net (decrease) increase in cash and cash equivalents</b>	<b>-43.8</b>	<b>40.8</b>	<b>-84.7</b>
				<b>Cash and cash equivalents at the end of term</b>	<b>16.4</b>	<b>60.3</b>	<b>-43.8</b>
<b>ROA</b>	<b>3.3%</b>	<b>7.8%</b>	<b>-4.5 Point</b>	<b>CAPEX</b>	<b>49.2</b>	<b>40.1</b>	<b>9.1</b>
<b>ROE</b>	<b>6.0%</b>	<b>15.1%</b>	<b>-9.1 Point</b>	<b>Depreciation</b>	<b>35.4</b>	<b>32.9</b>	<b>2.4</b>





## (7) Return to Shareholders

- Year-end dividend of FY2016 (plan): ¥5, and ¥10 in annual base
- Resolved share buy-back: up to 3.7 million shares or ¥3 billion

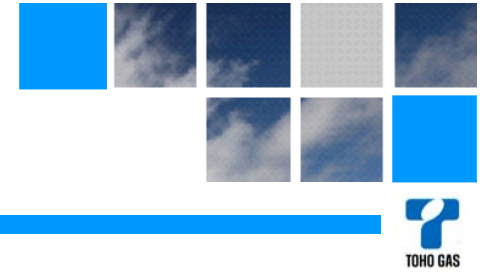
<Reference> Return to shareholders (¥ billion)

FY	2009	2010	2011	2012	2013	2014	2015	2016	Total (8 years)																				
Net income attributable to the parent company* (a)	10.9	14.4	8.5	8.5	11.2	19.0	43.0	17.7	133.6																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Cash dividend (per share)</td> <td style="text-align: center;">4.4 (¥8)</td> <td style="text-align: center;">4.4 (¥8)</td> <td style="text-align: center;">4.6 (¥8.5)</td> <td style="text-align: center;">4.9 (¥9)</td> <td style="text-align: center;">4.9 (¥9)</td> <td style="text-align: center;">5.1 (¥9.5)</td> <td style="text-align: center;">5.4 (¥10)</td> <td style="text-align: center;">5.3 (¥10)</td> <td style="text-align: center;">39.2</td> </tr> <tr> <td style="text-align: center;">Share buy-back</td> <td style="text-align: center;">2.9</td> <td style="text-align: center;">2.7</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">2.9</td> <td style="text-align: center;">4.5</td> <td style="text-align: center;">3.0 (upper limit)</td> <td style="text-align: center;">16.3 (upper limit)</td> </tr> </table>	Cash dividend (per share)	4.4 (¥8)	4.4 (¥8)	4.6 (¥8.5)	4.9 (¥9)	4.9 (¥9)	5.1 (¥9.5)	5.4 (¥10)	5.3 (¥10)	39.2	Share buy-back	2.9	2.7	—	—	—	2.9	4.5	3.0 (upper limit)	16.3 (upper limit)									
Cash dividend (per share)	4.4 (¥8)	4.4 (¥8)	4.6 (¥8.5)	4.9 (¥9)	4.9 (¥9)	5.1 (¥9.5)	5.4 (¥10)	5.3 (¥10)	39.2																				
Share buy-back	2.9	2.7	—	—	—	2.9	4.5	3.0 (upper limit)	16.3 (upper limit)																				
Dividend + share buy-back (b)	7.4	7.1	4.6	4.9	4.9	8.1	9.9	8.3 (upper limit)	55.6 (upper limit)																				
Total return ratio (b) / (a)									42%																				

\* 'Net income attributable to the parent company' has been used instead of 'Net income' since FY2015.

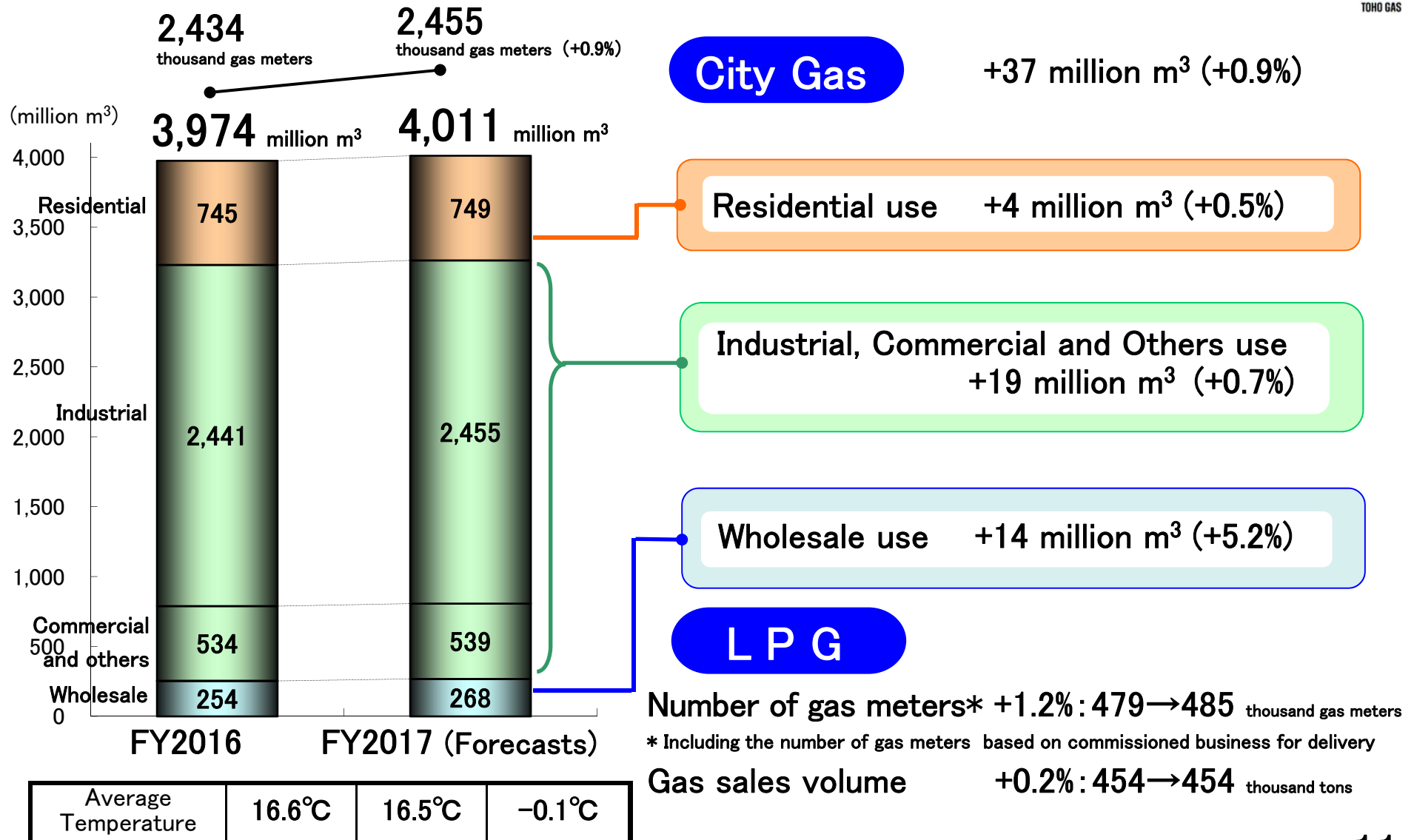
## 2. Forecasts for FY2017

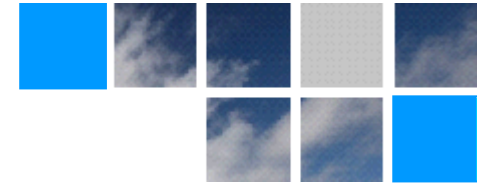
### (1) Summary



- Gas sales volume expected to be 4,011 million m<sup>3</sup>, an increase by 0.9% from the previous year, LPG sales volume to be 454 thousand tons, an increase by 0.2%
- Based on crude oil price of 60 dollars/barrel and exchange rate of ¥115/dollar, sales projected to be ¥441 billion, an increase by 13.0% from the previous year, ordinary income to be ¥25 billion, an increase by 2.1%

## (2) Number of gas meters, Gas sales volume (Forecasts)





### (3) Forecasts for FY2017



(¥ billion)

	FY 2017 forecasts	FY 2016	Change From Previous year	Rate of change
Gas sales Volume (million m <sup>3</sup> )	4,011	3,974	37	0.9%
Sales	441.0	390.4	50.5	13.0%
Ordinary income	25.0	24.4	0.5	2.1%
Net income attributable to the parent company	18.0	17.7	0.2	1.4%
CAPEX	46.4	49.2	-2.8	-5.7%
Depreciation	37.0	35.4	1.5	4.3%

#### 【Assumption】

(\$/bbl, yen/\$)

	FY2017	FY2016(Result)	Change
Crude oil price	60	47.5	12.5
Exchange rate	115	108.4	6.6

#### 【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price 1\$/bbl	¥ 2.2 billion	¥ 0.6 billion
Exchange rate 1yen/\$	¥ 1.0 billion	¥ 0.3 billion



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

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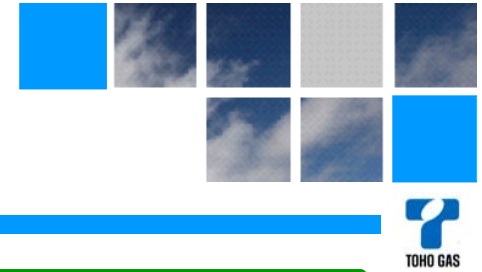
### ◆ Change from the previous year

Ordinary income (¥24.4 billion ⇒ ¥25.0 billion) + ¥ 0.5 billion

- Effect of gas sales volume + ¥ 1.0 billion
- Impact of time lag in fuel cost adjustment system - ¥ 6.0 billion  
( FY2016 -¥ 2.0 billion ⇒ FY2017 - ¥ 8.0 billion )
- Decrease in fixed cost + ¥ 2.8 billion
- Others + ¥ 2.7 billion

## <Topics>

### Action for full liberalization of gas market



Become a company chosen by customers continually and attain sustainable growth of the Toho Gas Group by achieving truly beneficial liberalization for customers

#### Build a robust gas business

Enhance comprehensive business capability

- ① Ensure stable energy supply, safety and security
- ② Strengthen our relationships with customers
- ③ Strengthen competitiveness

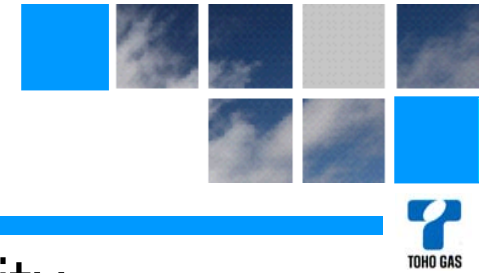
#### Take on challenges for further growth

“Expand gas business service area”

“Expand scope of business”

# Enhance comprehensive business capability

## Build a robust gas business



### ① Ensure stable energy supply, safety and security

- Spirit of dispatching our staffs with the high capability immediately to the site whenever an emergency occurs
  - About 180 service outlets set up in the service areas, including sales offices and “ENEDO” sales shops, and the approximately 3,000 security staff deployed in these areas
  - Highly skilled staffs of the Toho Gas Group respond expeditiously and appropriately to any emergencies, under our call center at any time in 24-hour, 365-day



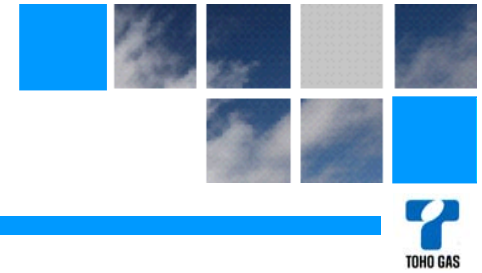
Repair of gas oven



“ENEDO” sales shop

We will strengthen our efforts to ensure the safety of our customers so that they choose us as we provide sense of security.

# Enhance comprehensive business capability



## Build a robust gas business

### ② Strengthen our relationships with customers

#### ■ Provide various services together with ENEDO and our group company

- For residential use, expand the variety of our service, such as “sales of electricity,” “Raku Raku Maintenance,” etc.
- Provide various gas tariff, including new gas tariff “Gasteki tokutoku price plan”

Number of agreement to the continuation of family selection agreement fees: about 330 thousand,  
Number of application for new gas tariff: about 210 thousand (as of April 26, 2017)

- For industrial/commercial use, make various proposals, such as introduction of an energy-efficient gas system, more energy-efficient cogeneration systems, etc.

- Provide high-quality engineering services, like comprehensive utility services and simulation technologies of industrial furnaces

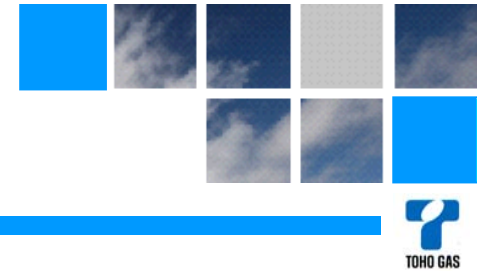


We will provide various services to customers and meet their various needs and demands in energy use so that they choose us as we support their life and manufacturing.



## Enhance comprehensive business capability

### Build a robust gas business



### ③ Strengthen competitiveness

#### ■ Provide a stable supply of energy at a competitive price

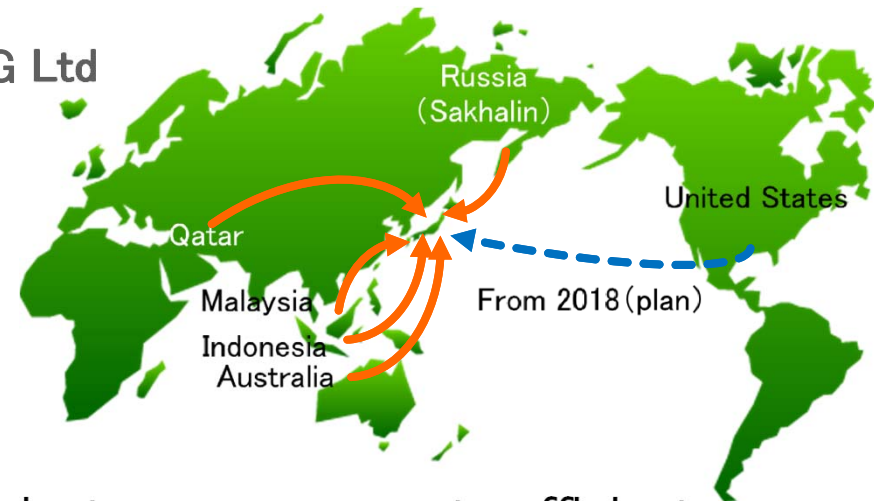
- Diversify LNG procurement, including types of contracts, the price index, supply sources

- Purchase of LNG from Petronas LNG Ltd from 2017
- Procurement of LNG from North America from 2018 (plan)

- Joint ownership of a new LNG carrier from the U.S. Cameron Project

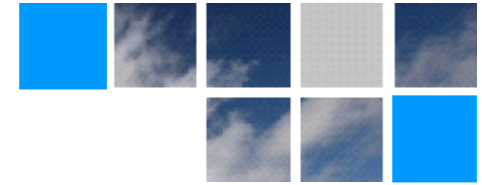
#### ■ Promote business efficiency

- Set up business facilities in an efficient manner, promote efficient manpower deployment in nonmanufacturing sections, implement cost-cutting measures in each business segment



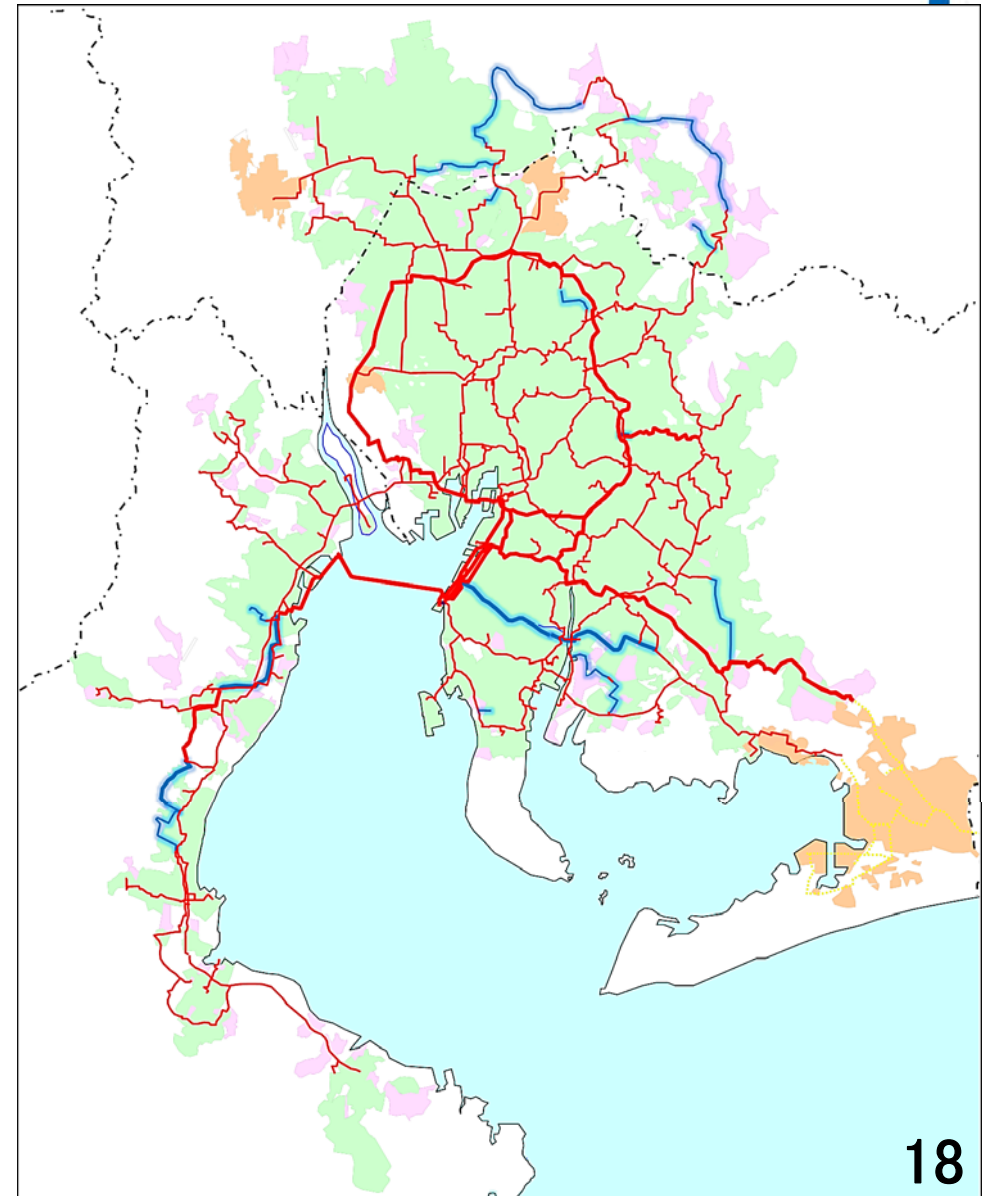
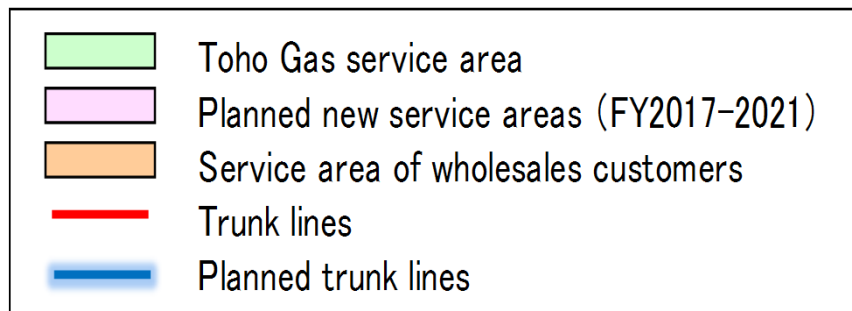
We will attain strengthening of competitiveness and sustainable growth in profits by a stable supply of energy at a competitive price and promoting business efficiency.

## Take on challenges for further growth

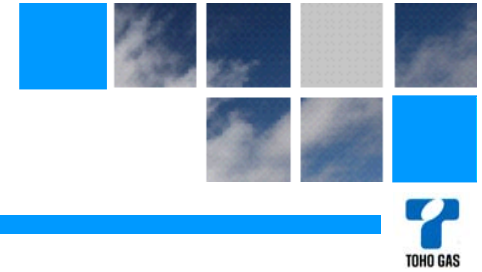


### ① Expand gas business service area

- Expand our service area by reinforcing and extending pipeline network
- Strengthen our sales of LNG in areas surrounding our city gas supply area
- Expand LPG business that is one of our core businesses



## Take on challenges for further growth



### ② Expand scope of business

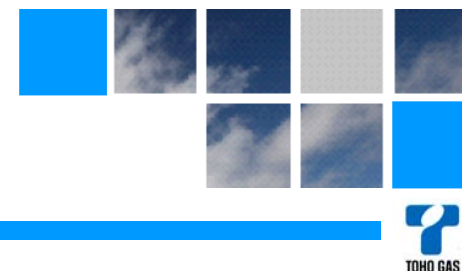
- Expand the Group business and peripheral businesses
  - Expand our services for customers, such as the house renovation business, comprehensive utility services, etc.
  - Investments in Australia's Ichthys project, under which LNG production will begin in 2017, and a natural gas distribution company in Portugal (October 2016)
- Strengthen sales of electricity
  - A power source adjustment facility with an output capacity of 16.5MW will begin operating in the autumn of 2017
  - Secure stably and at reasonable prices by diversifying our procurement sources
- Develop smart town
  - Completed "Minato AQUUS Energy Center" (March 2017)
  - Develop supply system in which we supply gas, electricity and heat throughout the area in an integrated manner for the scheduled official opening in the autumn of 2018



Energy Center

## <Reference>

### Progress of the Medium-term management plan



		FY2016	FY2017 (Forecasts)	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of gas meters	Natural Gas	2.43million	2.46million	0.9%	2.46 million	0.8%	2.5 million
	LPG *1	0.48million	0.49million	1.2%	0.48 million	1.8%	0.5 million
Gas Sales Volume	Natural Gas *2	4.1billion m <sup>3</sup>	4.1billion m <sup>3</sup>	0.9%	4.5 billion m <sup>3</sup>	2.2%	5 billion m <sup>3</sup>
	LPG	454 thousand tons	454 thousand tons	0.2%	470 thousand tons	2.3%	500 thousand tons

\* 1 Including the number of gas meters based on commissioned business for delivery

\* 2 Including the number of gas sales volume of LNG

	FY2009 to 2013 Average	FY2016	FY2017 (Forecasts)	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	37.2 billion yen	55.0 billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.4	0.4	1.0 and under	1.0 and under
ROA	2.1%	3.3%	About 3%	About 3%	3% and over