
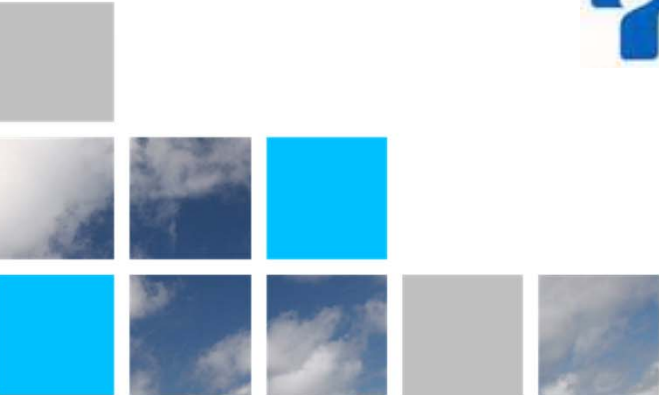
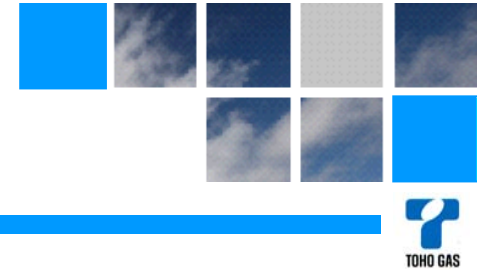


# **Consolidated Financial Results Results for the 1st half of FY2017 (April–September 2017)**

October 30, 2017  
 **TOHO GAS CO.,LTD.**



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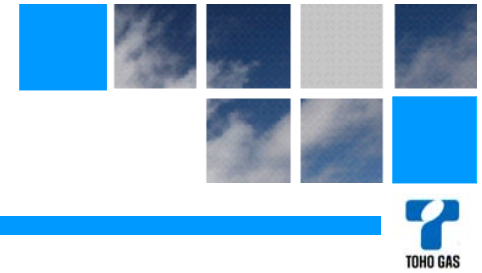
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Earning forecasts and other forward-looking statements in this document are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual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

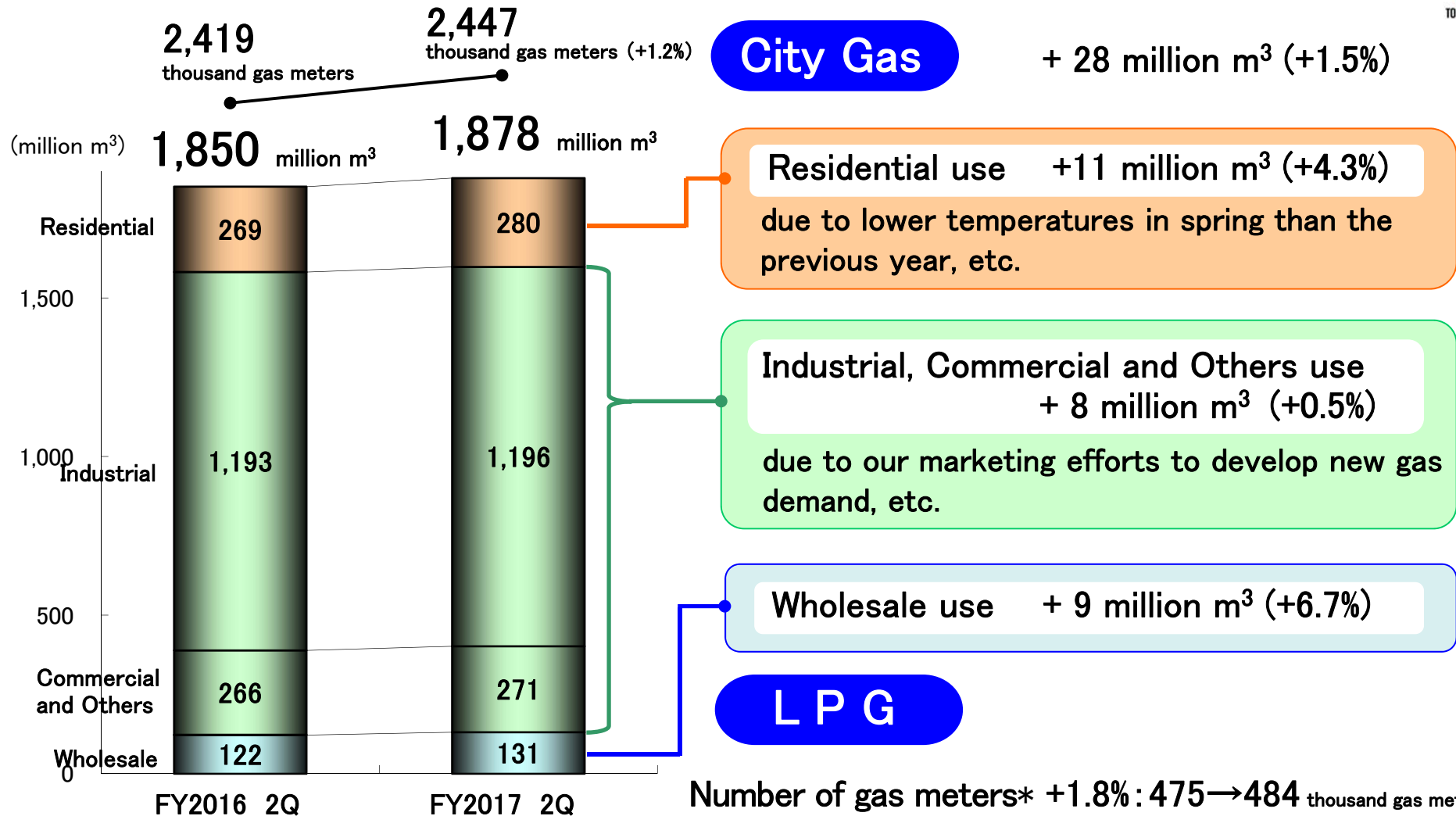
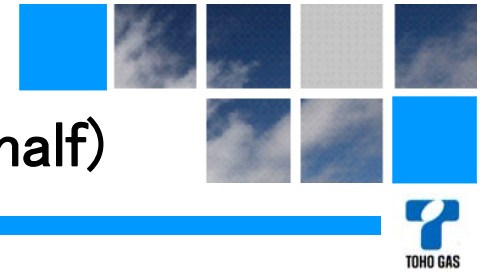
# 1. Results for the 1st half of FY2017

## (1) Summary



- Gas sales volume was 1,878 million m<sup>3</sup>, an increase by 1.5% from the previous year.  
LPG sales volume was 208 thousand tons, an increase by 5.2%
- Sales were ¥189.8 billion, an increase by 7.2% from the previous year.  
Ordinary income was ¥10.5 billion, a decrease by 43.7%

## (2) Number of gas meters, Gas sales volume (1st half)

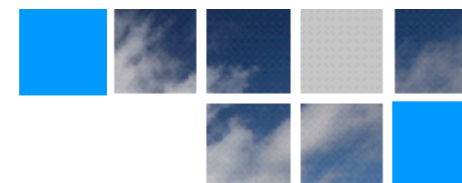


Average Temperature	23.4°C	22.9°C	Δ0.5°C
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\* Including the number of gas meters based on commissioned business for delivery

**Gas sales volume** +5.2%: 198→208 thousand tons

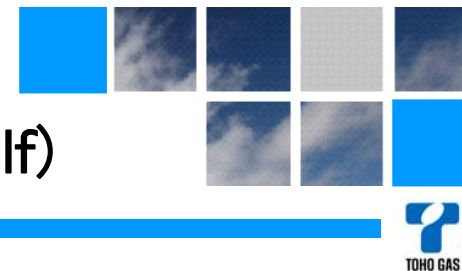
### (3) Sales, Incomes (1st half)



	(¥ billion)			
	<b>FY2017 (1st half)</b>	<b>FY2016 (1st half)</b>	<b>Change from the previous year</b>	<b>Rate of change</b>
<b>Gas sales Volume (million m<sup>3</sup>)</b>	<b>1,878</b>	<b>1,850</b>	<b>28</b>	<b>1.5%</b>
<b>Sales</b>	<b>189.8</b>	<b>177.0</b>	<b>12.7</b>	<b>7.2%</b>
<b>Cost of sales</b>	<b>119.2</b>	<b>95.6</b>	<b>23.5</b>	<b>24.6%</b>
<b>Selling, general and administrative expenses</b>	<b>61.3</b>	<b>63.3</b>	<b>-2.0</b>	<b>-3.2%</b>
<b>Ordinary income</b>	<b>10.5</b>	<b>18.7</b>	<b>-8.1</b>	<b>-43.7%</b>
<b>Net income attributable to owners of the parent</b>	<b>7.4</b>	<b>13.4</b>	<b>-6.0</b>	<b>-44.8%</b>

(Notes) Crude oil price (CIF national average); FY2017 (Apr.-Sept.) \$51.4/bbl, FY2016 (Apr.-Sept.) \$43.8/bbl (+ \$7.6/bbl)  
 Currency exchange rate (TTM) ; FY2017(Apr.-Sept.) ¥111.1/\$, FY2016 (Apr.-Sept.) ¥105.3/\$ (+ ¥5.8/\$)

## (4) Factors for Change in Ordinary Income (1st half)



### ◆ Change from the previous year

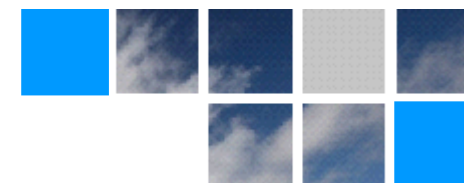
Ordinary income (¥18.7 billion⇒¥10.5 billion) — ¥ 8.1 billion

■ Effect of gas sales volume + ¥ 1.0 billion

■ Impact of time lag in fuel cost adjustment system — ¥ 11.0 billion  
(FY2016 (1st half) +¥ 8.5 billion ⇒ FY2017 (1st half) —¥ 2.5 billion )

■ Others + ¥ 1.8 billion

## (5) Balance Sheet and Cash flows (1st half)



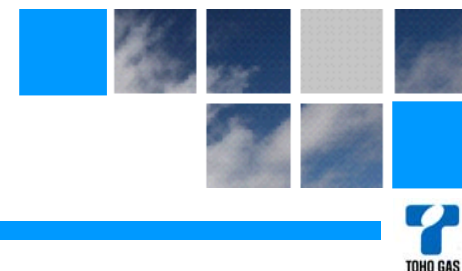
(¥ billions)



	FY2017 (end of 2Q)	FY2016 (end of FY)	Change		FY2017 (1st half)	FY2016 (1st half)	Change
<b>Total assets</b>	<b>531.3</b>	<b>532.9</b>	<b>-1.5</b>	<b>Cash flows from operating activities</b>	<b>20.0</b>	<b>19.8</b>	<b>0.2</b>
(unrealized gain on investment securities)	(58.2)	(51.7)	(6.4)	<b>Cash flows from investment activities</b>	<b>-22.1</b>	<b>-26.5</b>	<b>4.4</b>
				<b>(Free Cash flows)</b>	<b>(-2.0)</b>	<b>(-6.7)</b>	<b>(4.6)</b>
<b>Net assets</b>	<b>314.2</b>	<b>306.8</b>	<b>7.4</b>	<b>Cash flows from financing activities</b>	<b>3.4</b>	<b>-16.1</b>	<b>19.5</b>
<b>Equity ratio</b>	<b>59.1%</b>	<b>57.6%</b>	<b>1.5 Point</b>	<b>Net (decrease) increase in cash and cash equivalents</b>	<b>1.2</b>	<b>-24.0</b>	<b>25.3</b>
<b>Interest-bearing debts</b>	<b>124.1</b>	<b>114.9</b>	<b>9.1</b>	<b>Cash and cash equivalents at end of period</b>	<b>17.7</b>	<b>36.2</b>	<b>-18.4</b>
				<b>CAPEX</b>	<b>18.9</b>	<b>23.7</b>	<b>-4.7</b>
				<b>Depreciation</b>	<b>17.4</b>	<b>16.9</b>	<b>0.5</b>

## 2. Forecasts for FY2017

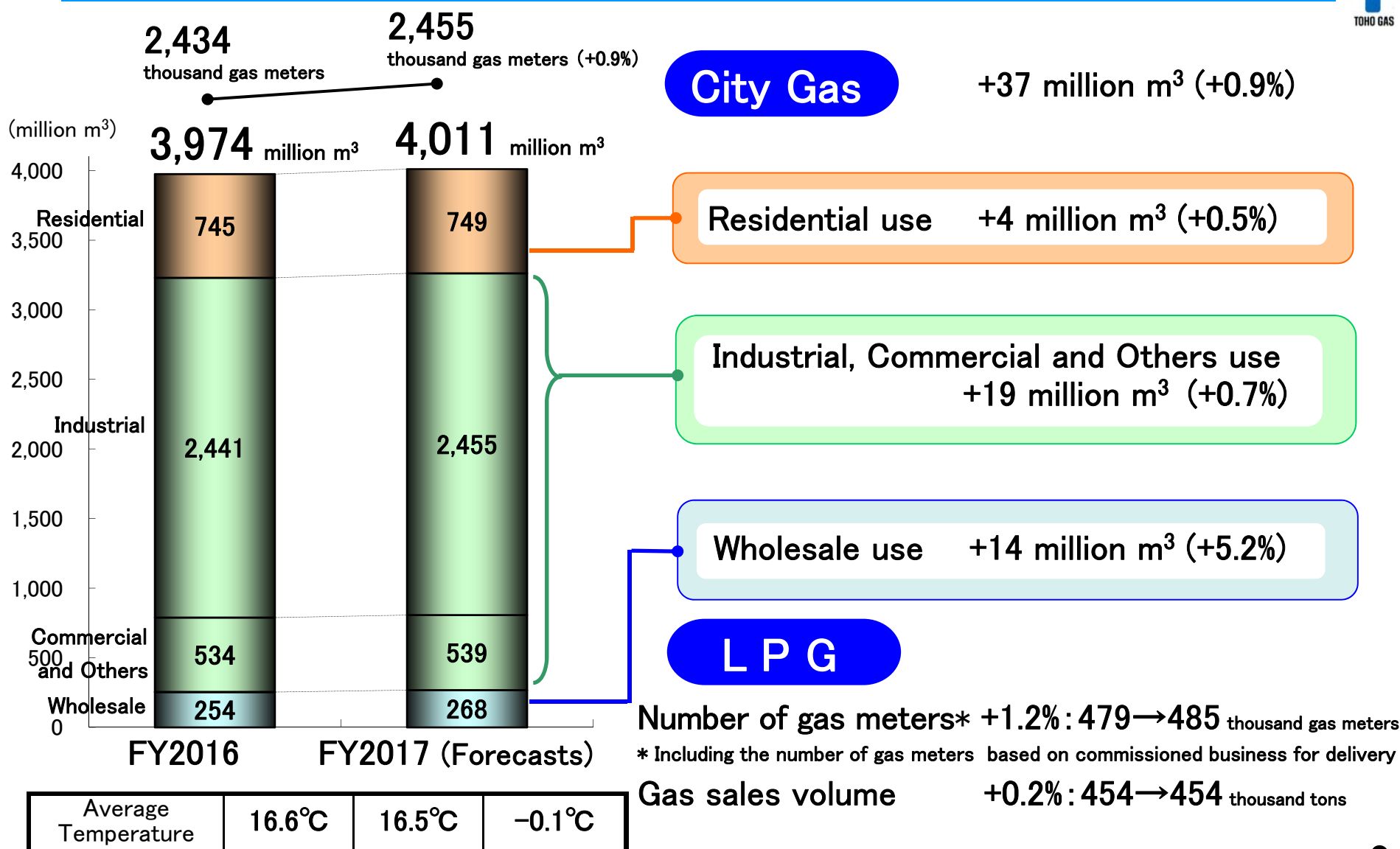
### (1) Summary



- 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%  
(We have not changed the previous forecasts)
- Based on crude oil price of 60 dollars/barrel and exchange rate of ¥115/dollar for the 2nd half of FY2017, sales projected to be ¥428 billion, an increase by 9.6% from the previous year, ordinary income to be ¥25 billion, an increase by 2.1%  
(We have not changed the previous forecasts of assumption and income)
- We have revised down the forecast of sales by ¥7 billion based on the result of crude oil price and exchange rate for the 2nd quarter



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



### (3) Forecasts for FY2017

	(¥ billion)			
	<b>FY2017 forecasts</b>	<b>FY2016</b>	<b>Change from the previous year</b>	<b>Rate of change</b>
<b>Gas sales Volume (million m<sup>3</sup>)</b>	<b>4,011</b>	<b>3,974</b>	<b>37</b>	<b>0.9%</b>
<b>Sales</b>	<b>428.0</b>	<b>390.4</b>	<b>37.5</b>	<b>9.6%</b>
<b>Ordinary income</b>	<b>25.0</b>	<b>24.4</b>	<b>0.5</b>	<b>2.1%</b>
<b>Net income attributable to owners of the parent</b>	<b>18.0</b>	<b>17.7</b>	<b>0.2</b>	<b>1.4%</b>
<b>CAPEX</b>	<b>46.4</b>	<b>49.2</b>	<b>-2.8</b>	<b>-5.7%</b>
<b>Depreciation</b>	<b>37.0</b>	<b>35.4</b>	<b>1.5</b>	<b>4.3%</b>

#### 【Assumption】

(\$/bbl, yen/\$)

	FY2017*	FY2016 (Result)	Change
Crude oil price	55.7	47.5	8.2
Exchange rate	113.0	108.4	4.6

#### 【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

\* Assumption for the 2nd half of FY2017: Crude oil price \$60/bbl, Exchange rate ¥115/\$



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

### ◆ Change from the previous year

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

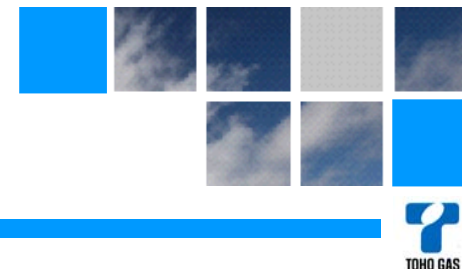
■ Effect of gas sales volume    + ¥ 1.0 billion

■ 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

## (5) Forecasts for FY2017 (Changes from the previous forecasts)



(¥ billion)

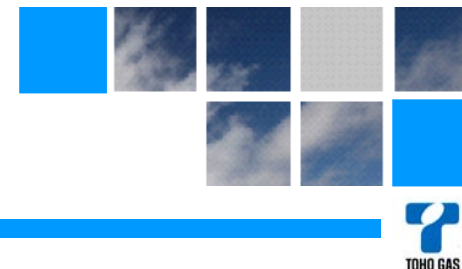
	<b>Revised forecasts</b>	<b>Previous forecasts (as of July 31)</b>	<b>Change from the previous forecasts</b>
<b>Gas sales Volume (million m<sup>3</sup>)</b>	<b>4,011</b>	<b>4,011</b>	<b>—</b>
<b>Sales</b>	<b>428.0</b>	<b>435.0</b>	<b>−7.0</b>
<b>Ordinary income</b>	<b>25.0</b>	<b>25.0</b>	<b>—</b>
<b>Net income attributable to owners of the parent</b>	<b>18.0</b>	<b>18.0</b>	<b>—</b>

### 【 Assumption 】

	Revised forecasts	Previous forecasts	Change
Crude oil price (\$/bbl)	Oct.–Mar. 60	July–Mar. 60	—
Exchange rate (yen/\$)	Oct.–Mar. 115	July–Mar. 115	—

## <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 <sup>*1</sup>	0.48million	0.49million	1.2%		0.48 million	1.8%		0.5 million
Gas Sales Volume	Natural Gas <sup>*2</sup>	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