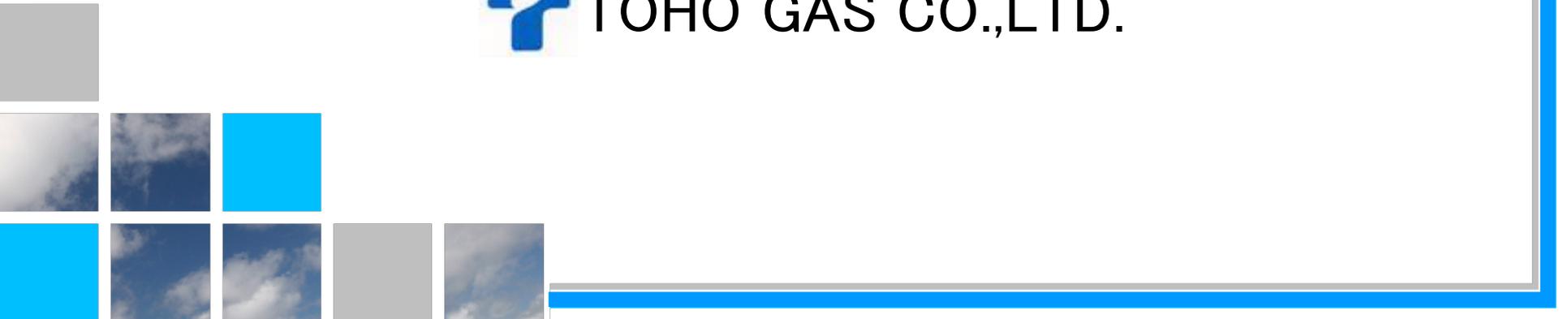


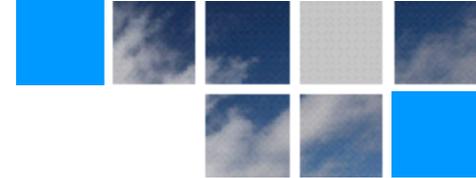


**Consolidated Financial Results
Results for the 1st half of FY2018
(April–September 2018)**

October 30, 2018
 **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 half of FY2018

(1) Summary



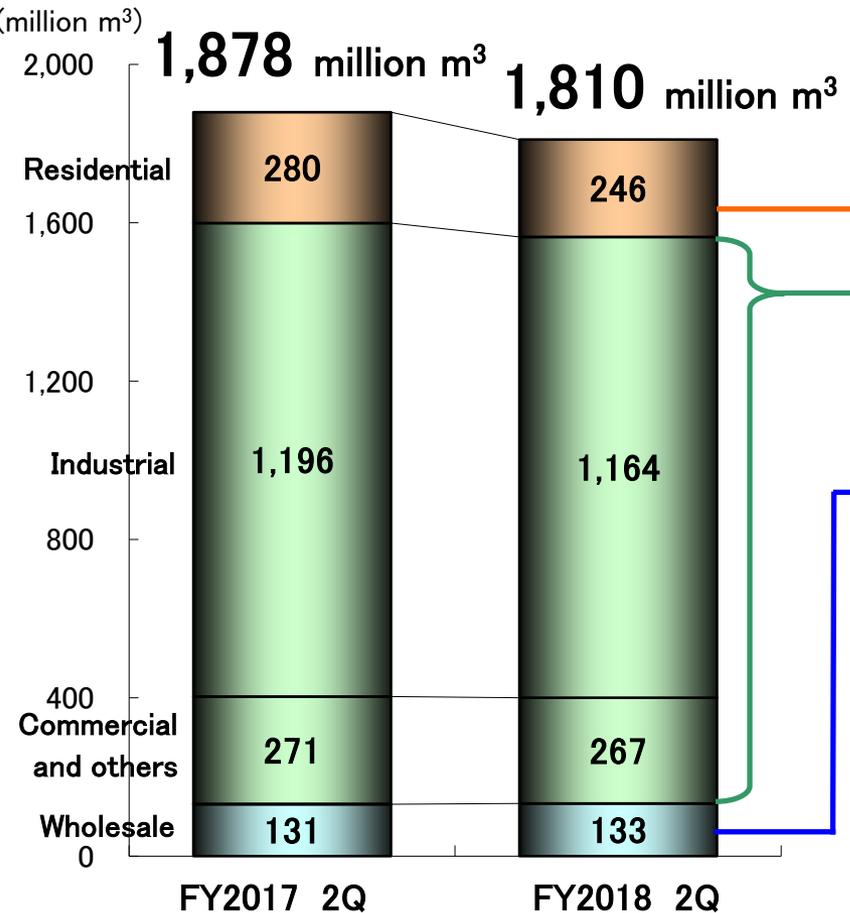
- Gas sales volume was 1,810 million m³, a decrease by 3.6% from the previous year.
LPG sales volume was 203 thousand tons, a decrease by 2.6%
- Sales were ¥200.6 billion, an increase by 5.7% from the previous year.
Ordinary income was ¥6.1 billion, a decrease by 41.7%

(2) Number of Customers, Gas Sales Volume (1st half)



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Number of gas meters **2,447** thousand → **2,472** thousand (+1.0%)



City Gas

-68 million m³ (-3.6%)

Residential use -34 million m³ (-12.2%)
due to higher temperatures than the previous year, etc.

Industrial, Commercial and Others use -36 million m³ (-2.4%)
due to individual customer cases, etc.

Wholesale use +2 million m³ (+1.8%)

LPG

Number of customers * **493** thousand : +9 thousand (+1.8%)

* Including the number of customers based on commissioned business for delivery

Gas sales volume **203** thousand tons : -5 thousand tons (-2.6%)

Electricity

Number of customers **140** thousand : +105 thousand

Average Temperature	22.9°C	23.7°C	+0.8°C
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(3) Sales, Incomes (1st half)

(¥ billion)

	FY2018 (1st half)	FY2017 (1st half)	Change	Rate of change
Gas sales volume (million m³)	1,810	1,878	-68	-3.6%
Sales	200.6	189.8	10.7	5.7%
Cost of sales	135.2	119.2	16.0	13.5%
Selling, general and administrative expenses	61.1	61.3	-0.2	-0.3%
Ordinary income	6.1	10.5	-4.4	-41.7%
Net income attributable to owners of the parent	4.2	7.4	-3.1	-42.3%

(Notes) Crude oil price (CIF national average); FY2018 (Apr.-Sept.) \$73.8/bbl, FY2017 (Apr.-Sept.) \$51.4/bbl (+\$22.4/bbl)
 Currency exchange rate (TTM) ; FY2018 (Apr.-Sept.) ¥110.3/\$, FY2017 (Apr.-Sept.) ¥111.1/\$ (-¥0.8/\$)



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



◆ Change from the previous year

Ordinary income (¥10.5 billion⇒¥6.1 billion) -¥ 4.4 billion

- Effect of gas sales volume -¥ 2.5 billion
- Impact of time lag in fuel cost adjustment system - ¥ 4.0 billion
(FY2017 (1st half) -¥ 2.5 billion ⇒ FY2018 (1st half) -¥ 6.5 billion)
- Effect of decrease of fixed costs, etc. + ¥ 2.0 billion

(5) Balance Sheet and Cash Flows (1st half)

(¥ billion)



	FY2018 (end of 2Q)	FY2017 (end of FY)	Change		FY2018 (1st half)	FY2017 (1st half)	Change
Total assets	535.6	541.0	-5.4	Cash flows from operating activities	10.8	20.0	-9.2
(unrealized gain on investment securities)	(61.1)	(57.3)	(3.8)	Cash flows from investment activities	-16.0	-22.1	6.0
Net assets	330.3	326.2	4.0	(Free cash flows)	(-5.2)	(-2.0)	(-3.1)
Equity ratio	61.7%	60.3%	1.4 Point	Cash flows from financing activities	2.0	3.4	-1.3
Interest-bearing debts	117.7	112.1	5.5	Net (decrease) increase in cash and cash equivalents	-3.1	1.2	-4.4
				Cash and cash equivalents at end of period	14.7	17.7	-3.0
				CAPEX	14.6	18.9	-4.3
				Depreciation	17.3	17.4	-0.0

2. Forecasts for FY2018

(1) Summary

- **Gas sales volume expected to be 3,944 million m³, a decrease by 2.0% from the previous year, LPG sales volume to be 466 thousand tons, an increase by 0.2%**
(We have not changed the previous forecasts)
- **Based on crude oil price of 75 dollars/barrel and exchange rate of ¥110/dollar for the 2nd half of FY2018, sales projected to be ¥468 billion, an increase by 9.1% from the previous year, ordinary income to be ¥21 billion, a decrease by 16.7%**
- **We have changed the previous forecasts as below**
 - Crude oil price : \$70/barrel → \$75/barrel (+\$5/barrel)
 - Sales : ¥463 billion → ¥468 billion (+¥5 billion)
 - Ordinary income : ¥24 billion → ¥21 billion (-¥3 billion)

(2) Number of Customers, Gas Sales Volume (Forecasts)



Number of gas meters

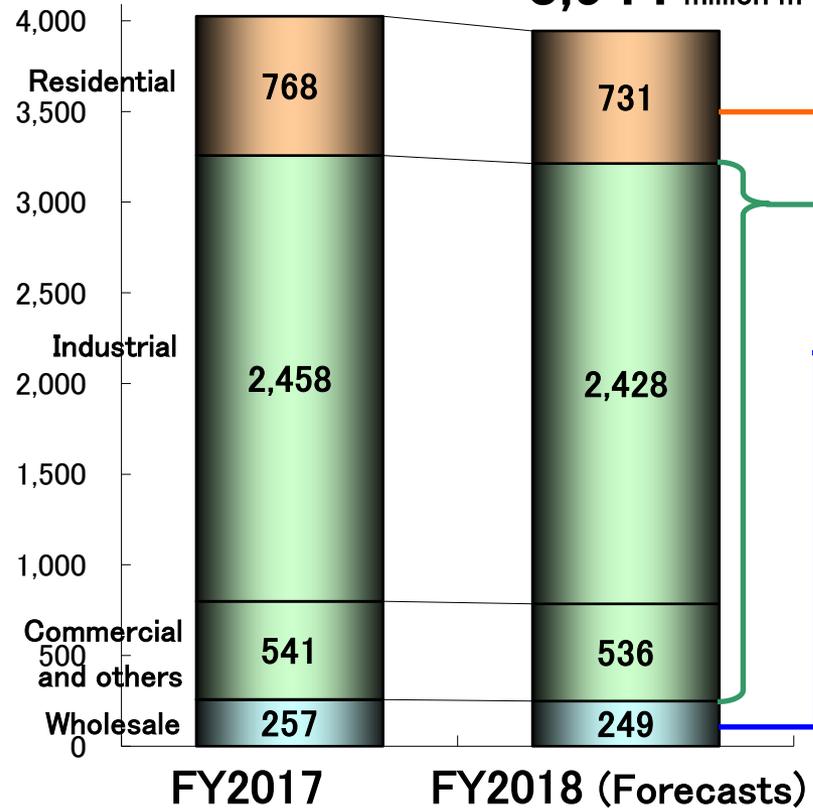
2,463 thousand

2,482 thousand (+0.8%)

(million m³)

4,024 million m³

3,944 million m³



City Gas

-80 million m³ (-2.0%)

Residential use -37 million m³ (-4.8%)

Industrial, Commercial and Others use -35 million m³ (-1.2%)

Wholesale use -8 million m³ (-3.2%)

LPG

Number of customers * 494 thousand : +4 thousand (+0.8%)

* Including the number of customers based on commissioned business for delivery

Gas sales volume 466 thousand tons : +1 thousand tons (+0.2%)

Electricity

Number of customers 140 thousand : +53 thousand

Average Temperature	16.0°C	16.5°C	+0.5°C
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(3) Forecasts for FY2018



(¥ billion)

	FY2018 forecasts	FY2017	Change	Rate of change
Gas sales volume (million m ³)	3,944	4,024	-80	-2.0%
Sales	468.0	428.8	39.1	9.1%
Ordinary income	21.0	25.2	-4.2	-16.7%
Net income attributable to owners of the parent	15.0	18.0	-3.0	-16.8%
CAPEX	36.5	39.6	-3.1	-7.9%
Depreciation	36.5	35.9	0.5	1.5%

【Assumption】

(\$/bbl, ¥/\$)

	FY2018*	FY2017 (Result)	Change
Crude oil price	74.4	57.0	17.4
Exchange rate	110.1	110.9	-0.8

【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price 1\$/bbl	¥ 2.2 billion	¥ 0.6 billion
Exchange rate 1yen/\$	¥ 1.5 billion	¥ 0.4 billion

* Assumption for the 2nd half of FY2018: Crude oil price \$75/bbl, Exchange rate ¥110/\$

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



◆ Change from the previous year

Ordinary income (¥25.2 billion⇒¥21.0 billion) — ¥ 4.2 billion

- Effect of gas sales volume — ¥ 3.0 billion
- Impact of time lag in fuel cost adjustment system — ¥ 4.0 billion
(FY2017 —¥ 6.0 billion ⇒ FY2018 — ¥ 10.0 billion)
- Effect of decrease of fixed costs, etc. + ¥ 2.7 billion

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



TOHO GAS

◆ Change from the forecasts (at the release of 1Q results)

Ordinary income (¥24.0 billion⇒¥21.0 billion) — ¥ 3.0 billion

- Effect of gas sales volume — no change
- Impact of time lag in fuel cost adjustment system — ¥ 3.0 billion
(Previous forecast — ¥ 7.0 billion ⇒ Revised forecast — ¥ 10.0 billion)

(6) Change from the previous forecasts

(¥ billion)

	Revised forecasts	Previous forecasts (as of 7/27)	Change
Gas sales Volume (million m ³)	3,944	3,944	—
Sales	468.0	463.0	+5.0
Ordinary income	21.0	24.0	−3.0
Net income attributable to the parent company	15.0	17.0	−2.0

【 Assumption 】

	Revised forecasts	Previous forecasts	Change
Crude oil price (\$/bbl)	Oct.–Mar. 75	July–Mar. 70	+5
Exchange rate (yen/\$)	Oct.–Mar. 110	July–Mar. 110	—

<Reference>

Progress of the Medium-term Management Plan



		FY2017	FY2018 (Forecasts)	Rate of change	FY2018 Projection	FY2013 to FY2018 Average Annual Rate of Increase	FY2022 100th Anniversary
Number of customers	Natural Gas *1	2.46 million	2.48 million	0.8%	2.46 million	0.8%	2.5 million
	LPG *2	0.49 million	0.49 million	0.8%	0.48 million	1.8%	0.5 million
Gas Sales Volume	Natural Gas *3	4.1 billion m ³	4.0 billion m ³	-1.9%	4.5 billion m ³	2.2%	5 billion m ³
	LPG	465 thousand tons	466 thousand tons	0.2%	470 thousand tons	2.3%	500 thousand tons

* 1 Number of gas meters

* 2 Including the number of customers based on commissioned business for delivery

* 3 Including the number of gas sales volume of LNG

	FY2009 to 2013 Average	FY2017	FY2018 (Forecasts)	FY2018 Projection	FY2022 100th Anniversary
Operating Cash Flow	48.2 billion yen	57.0 billion yen	52.0 billion yen	58 billion yen	60 billion yen
Debt Equity Ratio	0.7	0.3	0.3	1.0 and under	1.0 and under
ROA	2.1%	3.4%	About 3%	About 3%	3% and over