

## Consolidated Financial Results for the Nine Months Ended December 31, 2018 (3Q FY2018)

**Toho Gas Co., Ltd.**

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Shares listed on:  
 Tokyo Stock Exchange, Nagoya Stock Exchange

Date of filing quarterly financial report: February 13, 2019

Commencement of dividend payments: -

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for institutional investors)

(Rounded down to the nearest million yen)

### 1. Consolidated Results for the Nine Months Ended December 31, 2018

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous year)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1 – December 31, 2018	317,390	6.6	3,377	-75.6	6,217	-61.8	4,188	-64.0
April 1 – December 31, 2017	297,637	11.0	13,821	-16.7	16,287	-9.5	11,627	-9.3

Note: Comprehensive income 3rd Quarter ended December 2018: -¥3,286 million (-%), 3rd Quarter ended December 2017: ¥21,641 million (-5.0%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – December 31, 2018	39.39	-
April 1 – December 31, 2017	109.17	-

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Net income per share is calculated as if the consolidation of shares had occurred at the beginning of FY2017 ended March 31, 2018.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
3rd Quarter ended December 2018	541,511	317,133	58.6
FY2017 ended March 2018	541,087	326,279	60.3

Reference: Net assets (excluding minority interests)

3rd Quarter ended December 2018: ¥317,133 million, FY2017 ended March 2018: ¥326,279 million

### 2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2017 ended March 2018	-	5.00	-	27.50	-
FY2018 ending March 2019	-	27.50	-	-	-
FY2018 ending March 2019 (forecasts)	-	-	-	27.50	55.00

Notes: 1. Revision of previously announced dividend forecasts: No

2. The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Accordingly, the amount of the year-end dividends per share for FY2017 ended March 2018 reflects the impact of the consolidation of shares and disclosure of the annual dividends per share is omitted. Including the impact of the consolidation of shares, the annual dividends per share for FY2017 ended March 2018 would be 52.5 yen.

### 3. Consolidated Results Forecasts for the Year Ending March 2019 (April 1, 2018 - March 31, 2019)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	463,000	8.0	18,000	-25.0	21,000	-16.7	15,000	-16.8	141.06

Notes: Revision of previously announced forecasts during this period: Yes

#### ※Notes

(1) Changes in significant consolidated subsidiaries: No

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes\*

\* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc., by the estimated effective tax rate at the end of the fiscal year.

(3) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: No
- Other changes: No
- Changes in accounting estimates: No
- Retrospective restatements: No

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	3rd Quarter ended December 2018	106,351,285 shares	FY2017 ended March 2018	106,351,285 shares
Number of treasury stock at the end of the term	3rd Quarter ended December 2018	14,823 shares	FY2017 ended March 2018	12,002 shares
Average number of outstanding shares during the term	3rd Quarter ended December 2018	106,338,000 shares	3rd Quarter ended December 2017	106,508,071 shares

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. The number of outstanding shares at the end of the term, the number of treasury stock at the end of the term and the average number of outstanding shares during the term are calculated as if the consolidation of shares had occurred at the beginning of FY2017 ended March 31, 2018.

\* This report of consolidated financial results is not subject to audit.

\* Notes on proper use of forecasts and other matters

The forecasts in this document are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

### Reference: Non- Consolidated Results Forecasts for the Year Ending March 2019 (April 1, 2018 - March 31, 2019)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	368,000	3.6	12,000	-34.3	17,000	-18.1	12,500	-20.6	117.55

Notes: Revision of previously announced forecasts during this period: Yes

## <Consolidated Financial Statements and Main Notes>

### 1. Consolidated balance sheet

(Unit: million yen)

	Previous year (As of Mar. 31, 2018)	3rd Quarter (As of Dec. 31, 2018)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	81,572	77,387
Distribution facilities	154,442	153,765
Service and maintenance facilities	26,263	26,352
Other facilities	35,356	36,534
Construction in progress	26,233	21,755
Total property, plant and equipment	323,868	315,794
Intangible assets		
Other	4,249	4,049
Total intangible assets	4,249	4,049
Investments and other assets		
Investment securities	92,020	81,051
Other	21,875	25,086
Allowance for doubtful accounts	-83	-82
Total investments and other assets	113,812	106,055
Total noncurrent assets	441,930	425,899
Current assets		
Cash and deposits	17,955	16,860
Notes and accounts receivable-trade	48,874	53,293
Inventories	18,608	29,010
Other	13,947	16,644
Allowance for doubtful accounts	-227	-197
Total current assets	99,157	115,611
Total assets	541,087	541,511

(Unit: million yen)

	Previous year (As of Mar. 31, 2018)	3rd Quarter (As of Dec. 31, 2018)
Liabilities		
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	29,942	33,647
Provision for gas holder repairs	1,653	1,726
Reserve for safety measures	18,211	16,945
Provision for gas appliance warranties	3,932	3,545
Net defined benefit liability	8,534	6,326
Other	9,478	9,172
Total noncurrent liabilities	121,753	121,365
Current liabilities		
Current portion of noncurrent liabilities	23,576	22,009
Notes and accounts payable-trade	20,284	24,852
Short-term loans payable	5,383	8,580
Income taxes payable	7,067	2,435
Other	36,742	45,135
Total current liabilities	93,054	103,013
Total liabilities	214,807	224,378
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	240,123	238,462
Treasury stock	-45	-56
Total shareholders' equity	281,537	279,866
Other comprehensive income		
Valuation difference on available-for-sale securities	42,111	34,246
Deferred gains or losses on hedges	-21	108
Foreign currency translation adjustment	3,199	2,842
Remeasurements of defined benefit plans	-548	70
Total other comprehensive income	44,742	37,267
Total net assets	326,279	317,133
Total liabilities and net assets	541,087	541,511

## 2. Consolidated statements of income and comprehensive income

### Consolidated statements of income for the Nine Months

(Unit: million yen)

	3 <sup>rd</sup> Quarter of FY2017 (Apr. – Dec. 2017)	3 <sup>rd</sup> Quarter of FY2018 (Apr. – Dec. 2018)
Net sales	297,637	317,390
Cost of sales	189,899	220,374
Gross profit	107,737	97,016
Selling, general and administrative expenses	93,916	93,638
Operating income	13,821	3,377
Non-operating income		
Interest income	181	227
Dividend income	1,666	1,755
Rent income	463	454
Miscellaneous income	1,020	1,138
Total non-operating income	3,331	3,575
Non-operating expenses		
Interest expenses	613	528
Miscellaneous expenses	252	207
Total non-operating expenses	865	736
Ordinary income	16,287	6,217
Income before income taxes	16,287	6,217
Income taxes	4,660	2,029
Net income	11,627	4,188
Net income attributable to owners of the parent	11,627	4,188

### Consolidated statements of comprehensive income for the Nine Months

(Unit: million yen)

	3 <sup>rd</sup> Quarter of FY2017 (Apr. – Dec. 2017)	3 <sup>rd</sup> Quarter of FY2018 (Apr. – Dec. 2018)
Net income	11,627	4,188
Other comprehensive income		
Valuation difference on available-for-sale securities	8,029	-7,865
Deferred gains or losses on hedges	581	128
Foreign currency translation adjustment	-639	-169
Remeasurements of defined benefit plans, net of tax	1,298	617
Share of other comprehensive income of entities accounted for using equity method	743	-187
Total other comprehensive income	10,013	-7,474
Comprehensive income	21,641	-3,286
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	21,641	-3,286
Comprehensive income attributable to non-controlling interests	-	-

### 3. Notes about consolidated statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

#### - Additional information

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) and other related standards from the beginning of the first quarter ended June 30, 2018. Accordingly, deferred tax assets are presented as "investments and other assets" and deferred tax liabilities are presented as "noncurrent liabilities."

#### - Segment information

Segment information by category of business

Nine months ended December 31, 2017 (Apr. 1 – Dec. 31, 2017)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1) External customers	204,568	24,480	53,301	282,350	15,287	297,637	-	297,637
(2) Intersegment	55	1,288	718	2,061	12,403	14,465	-14,465	-
Total	204,623	25,768	54,019	284,411	27,690	312,102	-14,465	297,637
Segment income or loss	11,373	209	-287	11,295	1,725	13,020	800	13,821

Notes: 1. The "Other" segment incorporates operations not included in business segment reported, including LNG processing under contract, leasing and management of real estate, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing, etc.

2. The "Adjustments" column in "Segment income or loss" (800 million yen) denotes eliminations of intersegment transactions.

3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.

Nine months ended December 31, 2018 (Apr. 1 – Dec. 31, 2018)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1) External customers	212,390	24,108	63,731	300,231	17,159	317,390	-	317,390
(2) Intersegment	73	1,202	739	2,015	11,311	13,327	-13,327	-
Total	212,463	25,311	64,471	302,246	28,471	330,717	-13,327	317,390
Segment income or loss	1,443	463	-1,281	625	1,734	2,360	1,017	3,377

Notes: 1. The "Other" segment incorporates operations not included in business segment reported, including LNG processing under contract, leasing and management of real estate, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing, etc.

2. The "Adjustments" column in "Segment income or loss" (1,017 million yen) denotes eliminations of intersegment transactions.

3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.