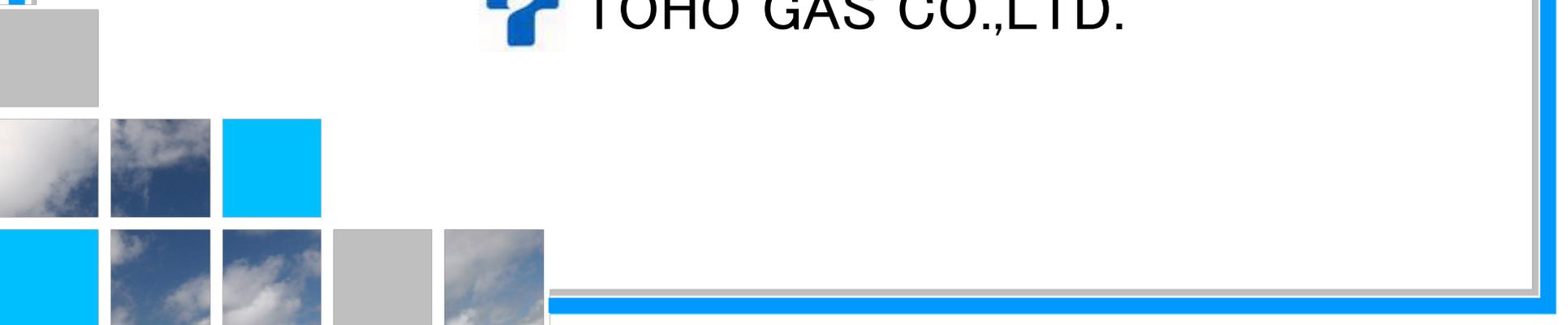




Consolidated Financial Results
Results for the 3rd Quarter of FY2018
(April–December 2018)

January 30, 2019
 **TOHO GAS CO.,LTD.**



1. Results for the 3rd Quarter of FY2018

(1) Summary

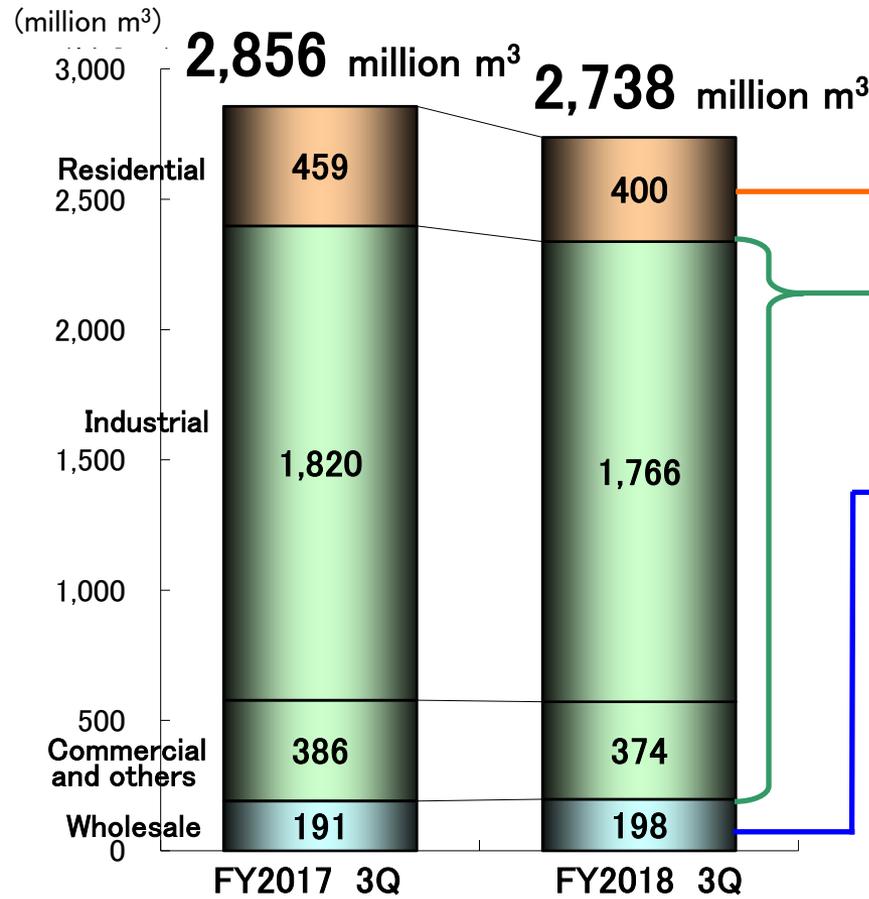


- **Gas sales volume was 2,738 million m³, a decrease by 4.1% from the previous year.**
LPG sales volume was 317 thousand tons, a decrease by 2.8%
- **Sales were ¥317.3 billion, an increase by 6.6% from the previous year.**
Ordinary income was ¥6.2 billion, a decrease by 61.8%

(2) Number of Customers, Gas Sales Volume (3rd Quarter)



Number of gas meters **2,455** thousand
2,477 thousand (+0.9%)



City Gas -118 million m³ (-4.1%)

Residential use -59 million m³ (-12.9%)
 due to higher temperatures than the previous year, etc.

Industrial, Commercial and Others use -65 million m³ (-3.0%)
 due to individual customer cases, etc.

Wholesale use +6 million m³ (+3.3%)

LPG

Number of customers * **496** thousand : +7 thousand (+1.5%)

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

Gas sales volume **317** thousand tons : -9 thousand tons (-2.8%)

Electricity

Number of customers **177** thousand : +139 thousand

Average Temperature	19.2°C	20.3°C	+1.1°C
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Average Temperature FY2018 (YoY) : First half 23.7°C (+0.8), Oct. 18.9°C (+1.0), Nov. 13.8°C (+2.3), Dec. 8.1°C (+2.4) **4**

(3) Sales, Incomes (3rd Quarter)

(Unit: ¥ billion)

	FY2018 (Apr.–Dec.)	FY2017 (Apr.–Dec.)	Change	Rate of Change
Gas sales Volume (million m ³)	2,738	2,856	-118	-4.1%
Sales	317.3	297.6	19.7	6.6%
Cost of sales	220.3	189.8	30.4	16.0%
Selling, general and administrative expenses	93.6	93.9	-0.2	-0.3%
Ordinary income	6.2	16.2	-10.0	-61.8%
Net income attributable to owners of the parent	4.1	11.6	-7.4	-64.0%

(Notes) Crude oil price (CIF national average); FY2018 (Apr.–Dec.) \$75.1/bbl, FY2017 (Apr.–Dec.) \$53.9/bbl (+\$21.2/bbl)
 Currency exchange rate (TTM) ; FY2018 (Apr.–Dec.) ¥111.2/\$, FY2017 (Apr.–Dec.) ¥111.7/\$ (-¥0.5/\$)

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



◆ Change from the previous year

Ordinary income (¥16.2 billion⇒¥6.2 billion) — ¥10.0 billion

- Effect of gas sales volume — ¥4.0 billion
- Impact of time lag in fuel cost adjustment system — ¥8.0 billion
(FY2017 (Apr.-Dec.) —¥2.5 billion ⇒ FY2018 (Apr.-Dec.) —¥10.5 billion)
- Effect of decrease of fixed costs, etc. + ¥1.9 billion

(5) Balance Sheet (3rd Quarter)



TOHO GAS

(Unit: ¥ billion)

	FY2018 (End of 3Q)	FY2017 (End of FY)	Change		FY2018 (Apr.-Dec.)	FY2017 (Apr.-Dec.)	Change
Total assets	541.5	541.0	0.4	CAPEX	21.7	29.0	-7.2
(unrealized gain on investment securities)	(46.6)	(57.3)	(-10.7)	Depreciation	26.7	27.1	-0.3
Net assets	317.1	326.2	-9.1				
Equity ratio	58.6%	60.3%	-1.7 Point				
Interest-bearing debts	136.4	112.1	24.2				

2. Forecasts for FY2018

(1) Summary



- **Gas sales volume expected to be 3,900 million m³, a decrease by 3.1% from the previous year**
(We have changed the previous forecasts)
- **LPG sales volume expected to be 466 thousand tons, an increase by 0.2% from the previous year**
(We have not changed the previous forecasts)
- **Based on crude oil price of 65 dollars/barrel and exchange rate of ¥110/dollar for the 4th quarter of FY2018, sales projected to be ¥463 billion, an increase by 8.0% from the previous year, ordinary income to be ¥21 billion, a decrease by 16.7%**
- **We have changed the previous forecasts as below**
 - Sales : ¥468 billion → ¥463 billion (−¥5 billion)

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



Number of gas meters

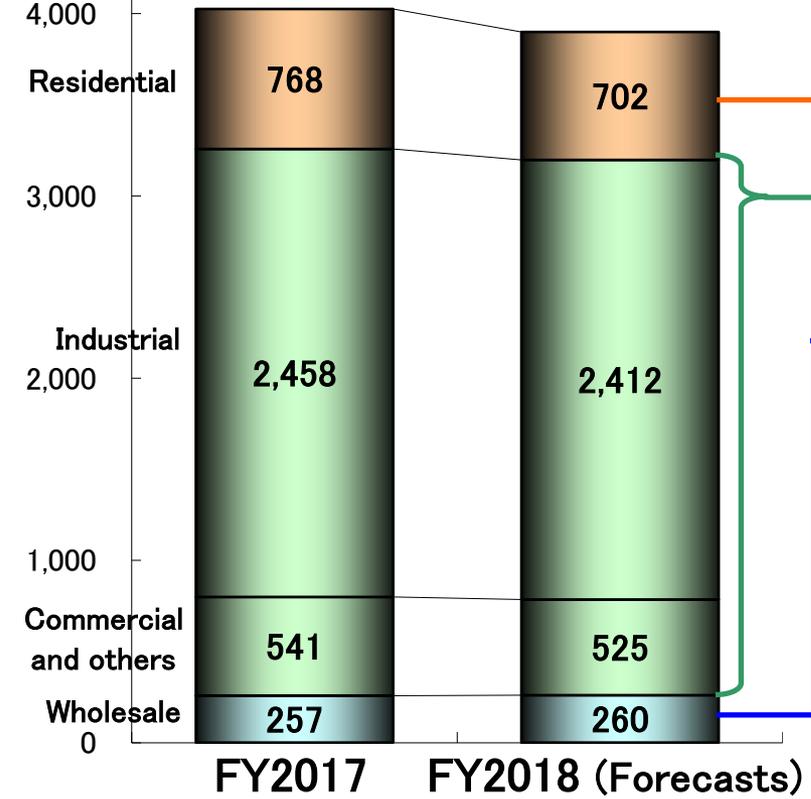
2,463 thousand

2,482 thousand (+0.8%)

(million m³)

4,024 million m³

3,900 million m³



City Gas

-124 million m³ (-3.1%)

Residential use -66 million m³ (-8.5%)

Industrial, Commercial and Others use -62 million m³ (-2.1%)

Wholesale use +4 million m³ (+1.4%)

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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 180 thousand : +93 thousand

Average Temperature	16.0°C	16.9°C	+0.9°C
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(3) Change from the Previous Forecasts (Gas Sales Volume)



- Gas sales volume was revised downward from 3,944 million m³ by 44 million m³ based on the results of the past 9 months

(Unit: million m³)

	Revised forecasts	Previous forecasts (as of 10/30)	Change
Residential use	702 <-8.5%>	731 <-4.8%>	-29
Industrial, Commercial and Others use	2,937 <-2.1%>	2,964 <-1.2%>	-27
Wholesale use	260 <+1.4%>	249 <-3.2%>	+12
Total	3,900 <-3.1%>	3,944 <-2.0%>	-44

(Note) < > ; Rate of change from previous year

(4) Forecasts for FY2018

(Unit: ¥ billion)



	FY2018 forecasts	FY2017	Change	Rate of change
Gas sales volume (million m ³)	3,900	4,024	-124	-3.1%
Sales	463.0	428.8	34.1	8.0%
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】

(Unit: \$/bbl, ¥/\$)

	FY2018*	FY2017 (Result)	Change
Crude oil price	72.5	57.0	15.5
Exchange rate	110.9	110.9	-

【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

* Assumptions for the 4th quarter of FY2018:
Crude oil price \$65/bbl, Exchange rate ¥110/\$

(5) 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 — ¥ 5.0 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. + ¥ 4.7 billion

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



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

Ordinary income (¥21.0 billion ⇒ ¥21.0 billion) no change

- Effect of gas sales volume — ¥ 2.0 billion
- Impact of time lag in fuel cost adjustment system no change
(Previous forecast — ¥ 10.0 billion ⇒ Revised forecast — ¥ 10.0 billion)
- Effect of decrease of fixed costs, etc. + ¥ 2.0 billion

(7) Change from the Previous Forecasts (Summary)



(Unit: ¥ billion)

	Revised forecasts	Previous forecasts (as of 10/30)	Change
Gas sales volume (million m ³)	3,900	3,944	-44
Sales	463.0	468.0	-5.0
Ordinary income	21.0	21.0	-
Net income attributable to the owners of the parent	15.0	15.0	-

【 Assumption 】

	Revised forecasts	Previous forecasts	Change
Crude oil price (\$/bbl)	Jan.-Mar. 65	Oct.-Mar. 75	-10
Exchange rate (yen/\$)	Jan.-Mar. 110	Oct.-Mar. 110	-

Progress of the Medium-term Management Plan



		FY2017	FY2018 (Forecasts)	Rate of Change	FY2018 Projection
Natural Gas	Number of Customers* ¹	2.46 million	2.48 million	+0.8%	2.46 million
	Gas Sales Volume* ²	4.1 billion m ³	4.0 billion m ³	-3.0%	4.5 billion m ³
LPG	Number of Customers* ³	0.49 million	0.49 million	+0.8%	0.48 million
	Gas Sales Volume	0.47 million tons	0.47 million tons	+0.2%	0.47 million tons

* 1 Number of gas meters

* 2 Including gas sales volume of LNG

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

		FY2017	FY2018 (Forecasts)	FY2018 Projection
Operating Cash Flow	Single	57 billion yen	52 billion yen	58 billion yen
	Cumulative*	—	320 billion yen	260 billion yen
Debt Equity Ratio		0.3	About 0.3	1.0 or under
ROA		3.4%	About 3%	About 3%

* Cumulative period: FY2014 – FY2018 (for five consecutive years)