

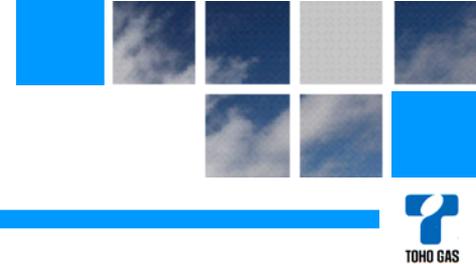
**Consolidated Financial Results**  
**Results for FY2018**  
**(April 2018 – March 2019)**

April 26, 2019



**TOHO GAS CO.,LTD.**

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TOHO GAS

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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 FY2018

## (1) Summary

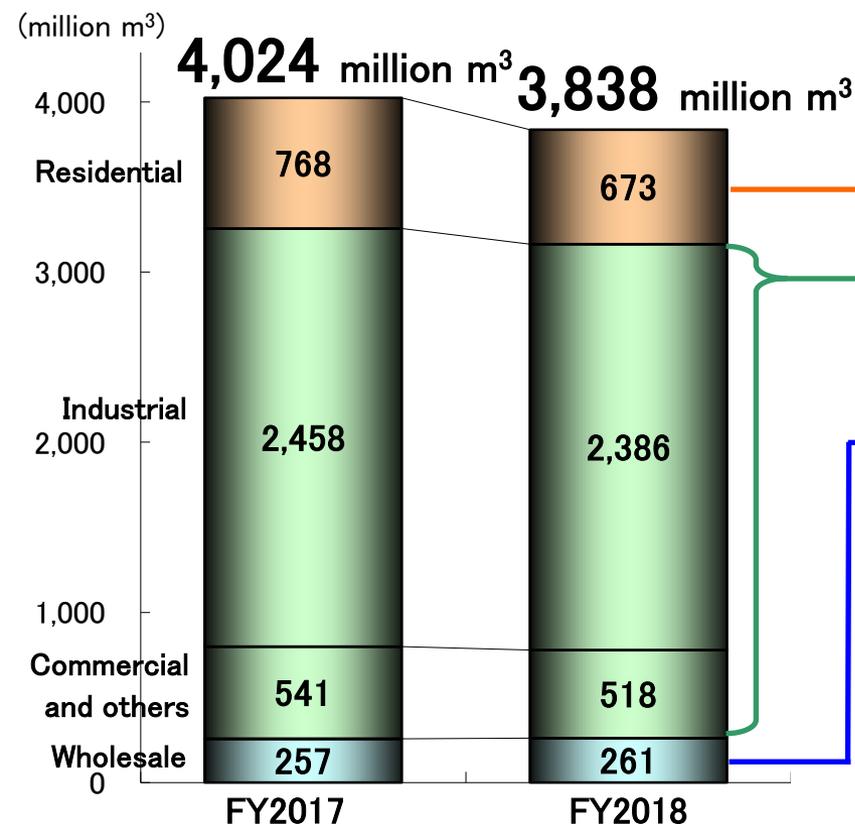


- **Gas sales volume was 3,838 million m<sup>3</sup>, a decrease by 4.6% from the previous year.**  
**LPG sales volume was 451 thousand tons, a decrease by 3.0%.**  
**Electricity sales volume was 575 million kWh, an increase by 202.5%**
- **Sales were ¥461.1 billion, an increase by 7.5% from the previous year.**  
**Ordinary income was ¥21.4 billion, a decrease by 14.8%**

## (2) Number of Customers, Gas Sales Volume (FY2018)



Number of meters installed  
 2,463 thousand  
 2,486 thousand (+0.9%)



### City Gas

-186 million m<sup>3</sup> (-4.6%)

Residential use -94 million m<sup>3</sup> (-12.3%)

due to higher temperatures than the previous year, etc.

Industrial, Commercial and Others use  
 -95 million m<sup>3</sup> (-3.2%)

due to individual customer cases, etc.

Wholesale use +4 million m<sup>3</sup> (+1.6%)

### LPG

Number of customers\* 500 thousand : +10 thousand (+2.0%)

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

Sales volume 451 thousand tons : -14 thousand tons (-3.0%)

### Electricity

Number of customers 197 thousand : +109 thousand (+125.0%)

Sales volume 575 million kWh : +385 million kWh (+202.5%)

Average Temperature (year-on-year)	1st half	2nd half
	23.7°C (+0.8°C)	10.5°C (+1.4°C)

Average Temperature FY2018 (YoY) : Oct. +1.0°C, Nov. +2.3°C, Dec. +2.4°C, Jan. +1.3°C, Feb. +2.5°C, Mar. -1.1°C

### (3) Sales, Incomes (FY2018)

(Unit: ¥ billion)



	FY2018	FY2017	Change from the previous year	Rate of change	Forecasts (at the 3Q)	Change from forecasts
Gas sales volume (million m <sup>3</sup> )	3,838	4,024	-186	-4.6%	3,900	-62
Sales	461.1	428.8	32.3	7.5%	463.0	-1.8
Cost of sales	315.3	271.6	43.6	16.1%	—	—
Selling, general and administrative expenses	128.0	133.1	-5.1	-3.9%	—	—
Ordinary income	21.4	25.2	-3.7	-14.8%	21.0	0.4
Net income attributable to owners of the parent	14.8	18.0	-3.2	-17.8%	15.0	-0.1

(Note) Crude oil price (CIF national average); FY2018 \$72.1/bbl, FY2017 \$57.0/bbl (+\$15.1/bbl)  
 Currency exchange rate (TTM) ; FY2018 ¥110.9/\$, FY2017 ¥110.9/\$ (¥0.0/\$)

## (4) Factors for Change in Ordinary Income (FY2018)



### ◆ Change from the previous year

Ordinary income (¥25.2 billion⇒¥21.4 billion) — ¥ 3.7 billion

- Effect of gas sales volume — ¥ 7.0 billion
- Impact of time lag in fuel cost adjustment system — ¥ 3.0 billion  
(FY2017 —¥ 6.0 billion ⇒ FY2018 —¥ 9.0 billion)
- Effect of decrease of fixed costs, etc. + ¥ 6.3 billion

## (5) Factors for Change in Ordinary Income (FY2018)



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

Ordinary income (¥21.0 billion⇒¥21.4 billion) + ¥ 0.4 billion

■ Effect of gas sales volume - ¥ 2.0 billion

■ Impact of time lag in fuel cost adjustment system + ¥ 1.0 billion

(Forecasts -¥10.0 billion ⇒ Results -¥ 9.0 billion)

■ Effect of decrease of fixed costs, etc. + ¥ 1.4 billion

## (6) Balance Sheet (FY2018)

(Unit: ¥ billion) 

	FY2018	FY2017	Change		FY2018	FY2017	Change
<b>Total assets</b>	<b>550.5</b>	<b>541.0</b>	<b>9.5</b>	<b>Cash flows from operating activities</b>	<b>32.6</b>	<b>57.0</b>	<b>-24.4</b>
(unrealized gain on investment securities)	(47.7)	(57.3)	(-9.5)	<b>Cash flows from investment activities</b>	<b>-40.0</b>	<b>-43.3</b>	<b>3.3</b>
<b>Net assets</b>	<b>327.3</b>	<b>326.2</b>	<b>1.0</b>	(Free cash flows)	(-7.3)	(13.7)	(-21.0)
<b>Equity ratio</b>	<b>59.5%</b>	<b>60.3%</b>	<b>-0.8 Point</b>	<b>Cash flows from financing activities</b>	<b>8.8</b>	<b>-12.2</b>	<b>21.0</b>
<b>Interest-bearing debts</b>	<b>127.2</b>	<b>112.1</b>	<b>15.0</b>	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1.3</b>	<b>1.3</b>	<b>0.0</b>
<b>ROA</b>	<b>2.7%</b>	<b>3.4%</b>	<b>-0.7 Point</b>	<b>Cash and cash equivalents at the end of term</b>	<b>19.2</b>	<b>17.8</b>	<b>1.3</b>
<b>ROE</b>	<b>4.5%</b>	<b>5.7%</b>	<b>-1.2 Point</b>	<b>CAPEX</b>	<b>34.6</b>	<b>39.6</b>	<b>-5.0</b>
				<b>Depreciation</b>	<b>36.0</b>	<b>35.9</b>	<b>0.1</b>

## (7) Return to Shareholders

### [Policy]

- The basis is a stable dividend
- Implementing share buy back depending on the situation

- **¥55 in annual base in FY2018**  
(¥55 in annual base in FY2019 (plan) )

### <Reference> Return to shareholders

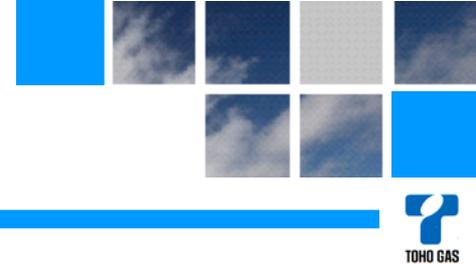
(Unit: ¥ billion)

FY	2011	2012	2013	2014	2015	2016	2017	2018
Cash dividend (Dividend per share*)	4.6 (¥42.5)	4.9 (¥45)	4.9 (¥45)	5.1 (¥47.5)	5.4 (¥50)	5.3 (¥50)	5.5 (¥52.5)	5.8 (¥55)

\* Dividend per share includes the impact of the consolidation of shares conducted in Oct. 2017

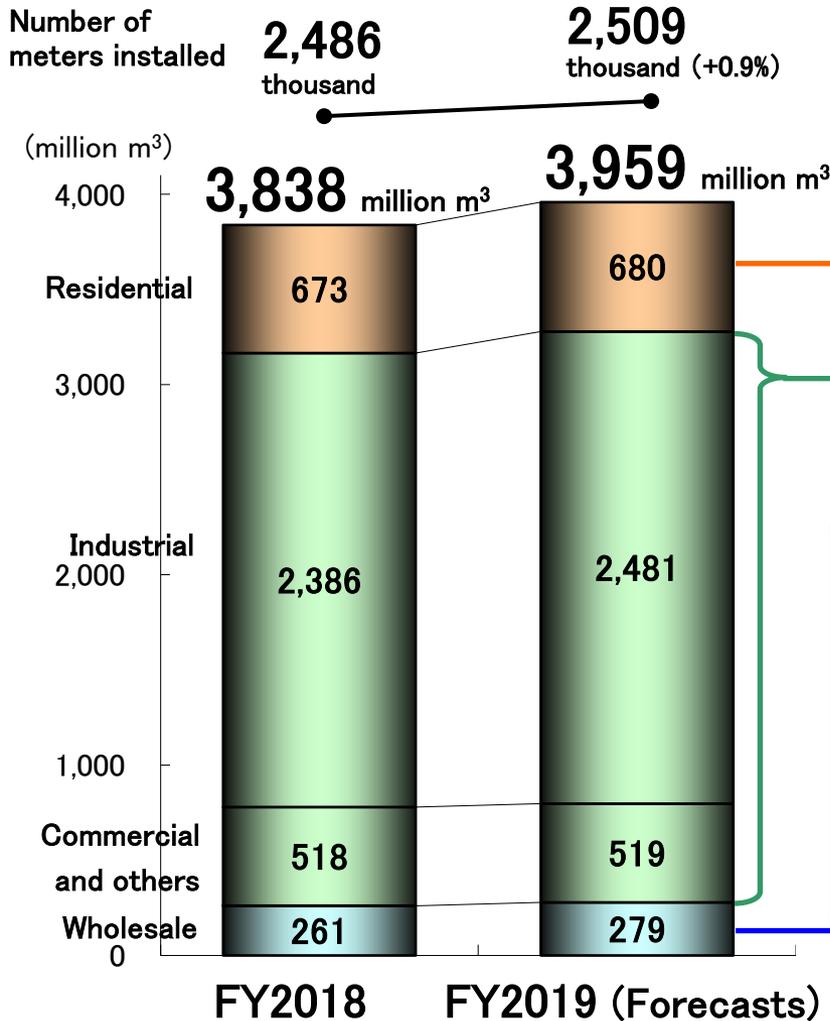
## 2. Forecasts for FY2019

### (1) Summary



- Gas sales volume expected to be 3,959 million m<sup>3</sup>, an increase by 3.1% from the previous year, LPG sales volume to be 507 thousand tons, an increase by 12.4%, electricity sales volume to be 800 million kWh, an increase by 39.1%
- Based on crude oil price of 70 dollars/barrel and exchange rate of ¥110/dollar, sales projected to be ¥500 billion, an increase by 8.4% from the previous year, ordinary income to be ¥24 billion, an increase by 11.7%

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



### City Gas

+121 million m<sup>3</sup> (+3.1%)

Residential use +6 million m<sup>3</sup> (+0.9%)

Industrial, Commercial and Others use  
+96 million m<sup>3</sup> (+3.3%)

Wholesale use +19 million m<sup>3</sup> (+7.1%)

### L P G

(Including 80 thousand customers and 45 thousand tons sales volume of Yamasa Group)

Number of customers\* **585** thousand : +**85** thousand (+17.1%)

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

Sales volume **507** thousand tons : +**56** thousand tons (+12.4%)

### Electricity

Number of customers **240** thousand : +**43** thousand (+21.9%)

Sales volume **800** million kWh : +**225** million kWh (+39.1%)

Average Temperature	17.1°C	16.5°C	-0.6°C
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### (3) Sales, Incomes, etc. (Forecasts)

(Unit: ¥ billion)



	FY2019 forecasts	FY2018	Change	Rate of change
Gas sales volume (million m <sup>3</sup> )	3,959	3,838	121	3.1%
Sales	500.0	461.1	38.8	8.4%
Ordinary income	24.0	21.4	2.5	11.7%
Net income attributable to owners of the parent	17.0	14.8	2.1	14.7%
CAPEX	36.2	34.6	1.5	4.6%
Depreciation	37.0	36.0	0.9	2.6%

#### 【Assumption】

(Unit: \$/bbl, ¥/\$)

	FY2019	FY2018 (Result)	Change
Crude oil price	70	72.1	-2.1
Exchange rate	110	110.9	-0.9

#### 【Sensitivity (full-year)】

	Gas resource cost	Gross profit
Crude oil price 1\$/bbl	¥0.7 billion	¥0.2 billion
Exchange rate 1yen/\$	¥0.9 billion	¥0.2 billion

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



### ◆ Change from the previous year

Ordinary income (¥21.4 billion⇒¥24.0 billion)    + ¥ 2.5 billion

- Effect of gas sales volume    + ¥ 2.5 billion
- Impact of time lag in fuel cost adjustment system    + ¥13.0 billion  
(FY2018 -¥ 9.0 billion ⇒ FY2019 +¥ 4.0 billion )
- Difference between purchase price and consumption price of gas resources    - ¥ 4.0 billion
- Effect of increase of fixed costs, etc.    - ¥ 9.0 billion

## Investment Plan for FY2019



- Plan of investment into growth businesses is 24 billion yen out of 52 billion yen, whole investment plan for FY2019. Invest in energy-related businesses and new businesses as taking on new scopes in addition to LPG and electricity businesses

	FY2018	FY2019 (Plan)	Medium-term Management Plan (Cumulative total FY2019-21)
Investment into the city gas business	29.8 billion yen	28 billion yen	80 billion yen and over
Investment into growth businesses	12.1 billion yen	24 billion yen	60 billion yen and over
Total	42.0 billion yen	52 billion yen	140 billion yen and over

# <Reference 1>

## Major Plan of Investment into Growth Businesses



### 1. Acquisition of Yamasa Co., Ltd. (April 2019)

- Yamasa operates LPG business in Aichi, Gifu and Nagano prefectures
- Promote further expansion of demand by using the business bases of both Toho Liquefied Gas Co., Ltd. and the Yamasa Group

### 2. Renewable energy

- Built a 1 MW photovoltaic power plant in Taketoyo Town, Aichi Pre. and the operation started in April 2019. Going forward, the consideration to build more solar power plants will be promoted
- Invest in funds related to renewable energy sources for the purpose of accumulation of know-how and contribution to the realization of a low-carbon society through spread of renewable energy

	Domestic renewable energy fund	Mirai Renewable Energy Fund
Capital to be raised	15 billion yen	30 billion yen
Investment amount by Toho Gas	Maximum 3 billion yen	Maximum 1 billion yen

### 3. Smart town “Minato AQULS” phase II development

- Promote the 2nd phase of construction including attracting Kidzania at “Minato AQULS,” the smart town opened in September 2018

# <Reference 2>

## Previous Medium-term Management Plan



		FY2018 (Results)	Medium-term Management Plan FY2018
Natural Gas	Number of customers* <sup>1</sup>	2.49 million	2.46 million
	Sales volume* <sup>2</sup>	3.9 billion m <sup>3</sup>	4.5 billion m <sup>3</sup>
LPG	Number of customers* <sup>3</sup>	500 thousand	480 thousand
	Sales volume	451 thousand tons	470 thousand tons

\*1 Number of meters installed      \*2 Including the sales volume of LNG

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

		FY2018 (Results)	Medium-term Management Plan FY2018
Operating Cash Flow	Single year	32.6 billion yen	58 billion yen
	Cumulative total*	304.1 billion yen	260 billion yen and over
Debt Equity Ratio		0.4	1.0 and under
ROA		2.7%	About 3%

\* Cumulative total from FY2014 to FY2018 (five years)

# <Reference 2>

## Medium-term Management Plan



		FY2019 (Plan)	Medium-term Management Plan FY2021
Natural Gas	Number of customers* <sup>1</sup>	2.51 million	2.55 million
	Sales volume* <sup>2</sup>	4.05 billion m <sup>3</sup>	4.1 billion m <sup>3</sup>
LPG	Number of customers* <sup>3</sup>	585 thousand* <sup>4</sup>	590 thousand* <sup>4</sup>
	Sales volume	507 thousand tons* <sup>4</sup>	535 thousand tons* <sup>4</sup>
Electricity	Number of customers	240 thousand	300 thousand
	Sales volume	0.8 billion kWh	1.0 billion kWh

- \*1 Number of meters installed      \*2 Including the sales volume of LNG  
 \*3 Including the number of customers based on commissioned business for delivery  
 \*4 Including 80 thousand customers and 45 thousand tons sales volume of Yamasa Group

		FY2019 (Plan)	Medium-term Management Plan FY2019 – 2021
Operating Cash Flow		54 billion yen	Cumulative total 160 billion yen and over
Investment into the city gas business		28 billion yen	Cumulative total 80 billion yen and over
Investment into growth businesses		24 billion yen	Cumulative total 60 billion yen and over
ROA		About 3%	Average 3% and over