# Consolidated Financial Results Results for the 2nd quarter of FY2019 (April-September 2019)



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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.

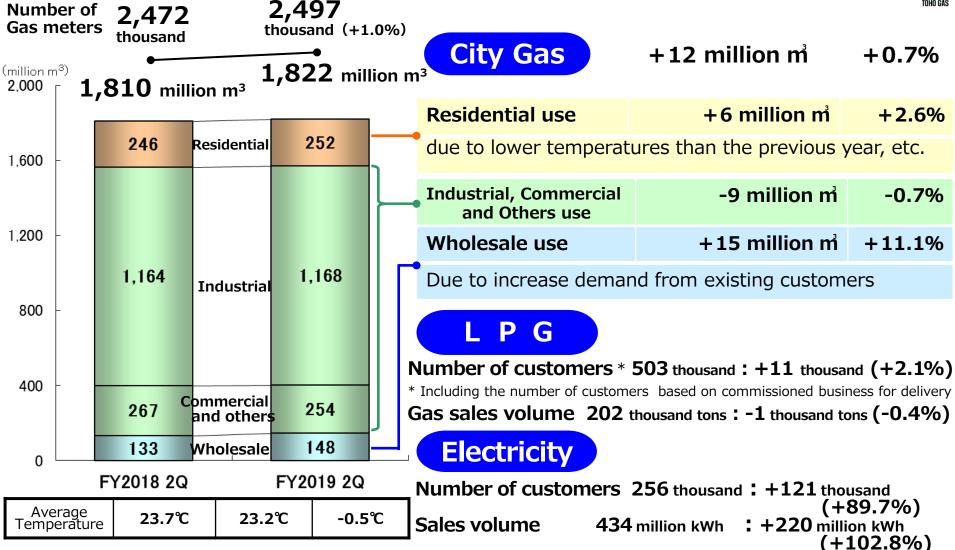
### Results for the Q2 of FY2019 Summary



- **Gas sales volume** was 1,822 million m, an increase by 0.7% from the previous year
- **LPG sales volume** was 202 thousand tons, a decrease by 0.4%
- Electricity sales volume was 434 million kWh, an increase by 102.8%
- **Sales** were ¥230.1 billion, an increase by 14.7% from the previous year
- Ordinary income was ¥19.1 billion, an increase by 212.4%

## (2) Number of Customers, Gas Sales Volume (Q2)





#### (3) Sales, Incomes (Q2)

(¥ hillion)

	( ‡ DIIIIC					
	FY2019 (Q2)	FY2018 (Q2)	Change	Rate of Change		
Gas sales volume (million m³)	1,822	1,810	12	0.7%		
Sales	230.1	200.6	29.5	14.7%		
Cost of sales	150.6	135.2	15.3	11.3%		
Selling, general and administrative expenses	61.3	61.1	0.1	0.3%		
Ordinary income	19.1	6.1	13.0	212.4%		
Net income attributable to owners of the parent	14.7	4.2	10.4	244.7%		

(Notes)

### (4) Factors for Change in Ordinary Income (Q2)



**♦** Change from the previous year

Ordinary income (¥6.1 billion⇒ ¥19.1 billion) +¥ 13.0 billion

Effect of gas sales volume

+¥ 1.0 billion

Impact of time lag in fuel cost adjustment system

+¥ 14.0 billion

- $\pm$ 6.5 billion (FY2018 Q2) $\Rightarrow$  + $\pm$ 7.5 billion (FY2019 Q2)

Difference between purchase price and consumption price of gas resources

-¥ 3.0 billion

Effect of decrease of fixed costs, etc.

+¥ 1.0 billion

#### (5) Balance Sheet and Cash Flows (Q2)

(¥	bil	lion	)	TOHO GAS

	FY2019 end of Q2	FY2018 end of FY	Change
Total assets	539.0	550.5	-11.5
(unrealized gain on investment securities)	(46.8)	(47.7)	(-0.9)
Net assets	334.1	327.3	6.7
Equity ratio	62.0%	59.5%	2.5%
Interest- bearing debts	116.3	127.2	-10.9

	FY2019 Q2	FY2018 Q2	<b>Change</b>
Cash flows from operating activities	35.8	10.8	24.9
Cash flows from investment activities	-23.0	-16.0	-6.9
(Free cash flows)	(12.8)	(-5.2)	(18.0)
Cash flows from financing activities	-16.3	2.0	-18.4
Net (decrease) increase in cash and cash equivalents	-3.5	-3.1	-0.3
Cash and cash equivalents at end of period	15.7	14.7	1.0
CAPEX	13.8	14.6	-0.8
Depreciation	18.0	17.3	0.6

# 2. Forecasts for FY2019(1) Summary

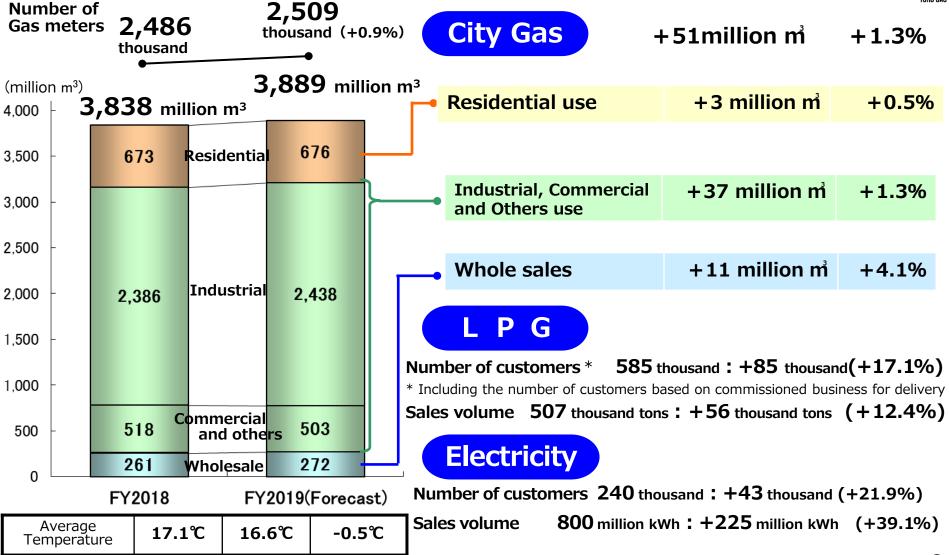


- **Gas sales volume** will be 3,889 million m, an increase by 1.3% from the previous year (The forecasts were changed from 3,959 million m to 3,889 million m (-70 million m))
- **LPG sales volume** will be 507 thousand tons, an increase by 12.4%
- Electricity sales volume will be 800 million kWh, an increase by 39.1%
- Sales projections will be ¥500 billion, an increase by 8.4% from the previous year
- Ordinary income will be ¥24 billion, an increase by 11.7%

(Based on crude oil price of 70 dollars/barrel and exchange rate of ¥110/dollar for Q3/Q4 of FY2019)

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





#### (3) Change from the previous forecasts

Gas sales volume was revised downward from 3,959 million m<sup>3</sup> by 70 million m<sup>3</sup> due to reduced production capacity of customers in industrial, commercial and other use

Revised Previous Change forecasts forecasts 676 680 Residential use (+0.5%) (+0.9%)2,941 3,000 Industrial, commercial -59 and others use (+1.3%)(+3.3%)279 272 Wholesale use (+4.1%)(+7.1%)3,889 3,959 **Total** -70 (+3.1%)(+1.3%)

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

(million m)

#### (4) Forecasts for FY2019



(¥ billion)

	FY2019 Forecast	FY2018	Change	Rate of change
Gas sales volume (million m³)	3,889	3,838	51	1.3%
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]

(\$/bbl, ¥/\$)

	FY2019*	FY2018 (Result)	Change
Crude oil price	69.4	72.1	-2.7
Exchange rate	109.3	110.9	-1.6

#### [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

<sup>\*</sup> Assumption for Q3/Q4 of 2019: Crude oil price \$70/bbl, Exchange rate ¥110/\$

#### (5) 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** 

- +¥ 1.5 billion
- Impact of time lag in fuel cost adjustment system  $-49.0 \text{ billion}(\text{FY2018}) \Rightarrow +44.0 \text{ billion}(\text{FY2019})$ 
  - +¥ 13.0 billion

Difference between purchase price and consumption price of gas resources

-¥ 4.0 billion

**Effect of consolidated subsidiary** profit

-¥ 1.0 billion

Effect of increase of fixed costs, etc.

-¥ 7.0 billion

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



Ordinary income (¥24.0 billion⇒¥24.0 billion)

±¥ 0 billion

- Effect of gas sales volume -¥1.0 billion
- Impact of time lag in fuel cost adjustment system
  ±¥ 0 billion

+¥13.0 billion (previous)  $\Rightarrow$  +¥13.0 billion (revised)

Difference between purchase price and consumption price of gas resources

- ±¥ 0 billion
- Effect of consolidated subsidiary profit
  -¥1.0 billion
- Effect of decrease of fixed costs, etc.
  +¥2.0 billion



#### (7) Change from the previous forecasts



(¥ billion)

	Revised forecasts	Previous forecasts (as of 7/30)	Change
Gas sales Volume (million m³)	3,889	3,959	-70
Sales	500.0	500.0	± 0
Ordinary income	24.0	24.0	± 0
Net income attributable to the parent company	17.0	17.0	± 0

【Assumption 】 (\$/bbl、円/\$)

	Revised forecasts	Previous forecasts	Change
Crude oil price (\$/bbl)	69.4	70.4	-1.0
Exchange rate (yen/\$)	109.3	110.0	-0.7

#### < Return to Shareholders >



- Results of share buy-back (Notice on October 8,2019)
- Number of shares repurchased : 728,900 shares

(Up to: 800 thousand shares)

(Unit: ¥ billion)

- Total value of shares repurchased: ¥2,999,715,497

(Up to ¥3 billion)

- Period of repurchase: From August, to October, 2019
- **XVe will retire Treasury stocks in November.**

#### <References> Return to shareholders

2016 2011 2012 2013 2014 2015 2017 2018 FY Net income attributable to 8.5 8.5 11.2 19.0 43.0 17.7 18.0 14.8 the parent(consolidated) 4.6 4.9 5.1 5.3 5.5 5.8 Cash dividend 4.9 5.4 [Dividend per [¥45][¥47.5] [¥50] [¥50][¥52.5] [¥55] ¥42.5] [¥45] Share buy-back (3.0)% 2.9 4.5 2.9 Total return 4.9 4.6 4.9 8.1 9.9 8.3 5.5 8.8

acquisition results

### <Reference> Progress of the Medium-term Management Plan

		FY2018 (Results)	FY2019 (Plan)	Rate of increase	Medium-term Management Plan FY2021
Natural Gas	Number of Customers*1	2.49 million	2.51 million	+0.9%	2.55 million
Natural Gas	Sales Volume*2	3.92 billion m <sup>3</sup>	3.98 billion m <sup>3</sup>	+1.4%	 4.1 billion m <sup>3</sup>
L P G	Number of Customers*3	500 thousand	585 thousand*4	+17.1%	590 thousand*4
LFG	Sales Volume	451 thousand tons	507 thousand tons*4	+12.4%	535 thousand tons*4
	Number of Customers	190 thousand	240 thousand	+21.9%	300 thousand
Electricity	Sales Volume	0.58 billion kWh	0.8 billion kWh	+39.1%	 1.0 billion kWh

<sup>\*1</sup> Number of meters installed

<sup>\*4</sup> Including 80 thousand customers and 45 thousand tons sales volume of Yamasa Group

	FY2018 (Results)	FY2019 (Plan)	Medium-term Management Plan FY2019 - 2021
Operating Cash Flow	32.6 billion yen	54 billion yen	Cumulative total 160 billion yen and over
Investment into the city gas business	29.8 billion yen	28 billion yen	Cumulative total 80 billion yen and over
Investment into growth businesses	12.1 billion yen	24 billion yen	Cumulative total 60 billion yen and over
ROA	2.7%	About 3%	Average 3% and over

<sup>\*2</sup> Including the sales volume of LNG

<sup>\*3</sup> Including the number of customers based on commissioned business for delivery