

Consolidated Financial Results Results for the 3rd quarter of FY2019 (April-December 2019)



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TOHO GAS CO.,LTD.



Contents

1. Results for the third quarter of FY2019	3
2. Forecasts for FY2019	8
〈Reference〉 Progress of the Medium-term Management Plan...	14

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 Q3 of FY2019

(1) Summary



- **Gas sales volume** was 2,727 million m³, a decrease by 0.4% from the previous year
- **LPG sales volume** was 316 thousand tons, a decrease by 0.5%
- **Electricity sales volume** was 0.66 billion kWh, an increase by 94.7%
- **Sales** were ¥339.9 billion, an increase by 7.1% from the previous year
- **Ordinary income** was ¥21.2 billion, an increase by 241.0%

(2) Number of Customers, Gas Sales Volume (Q3)



Number of Gas meters **2,477** thousand
2,501 thousand (+1.0%)

City Gas

-11 million m³ **-0.4%**

(million m³)

2,738 million m³ **2,727** million m³

Residential use

-5 million m³ **-1.3%**

Due to warm winter, etc.

Industrial, Commercial and Others use

-28 million m³ **-1.3%**

Due to a decrease in customer facilities' operation rates, etc.

Wholesale use

+23 million m³ **+11.5%**

Due to increase demand from existing customers

L P G

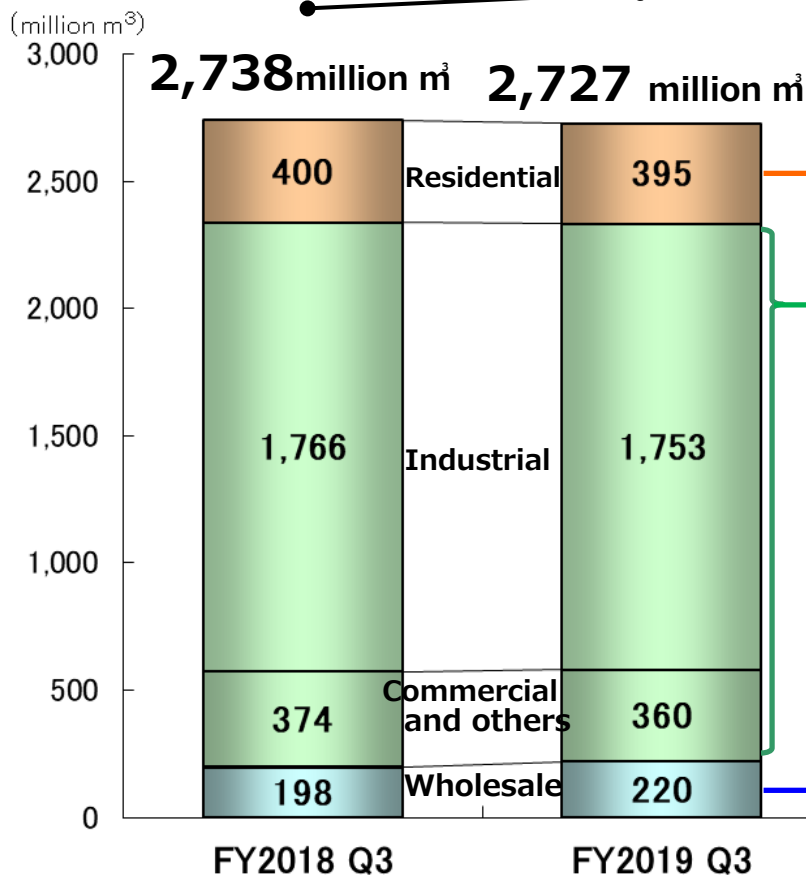
Number of customers * **505** thousand : **+9** thousand **(+1.7%)**

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

Gas sales volume **316** thousand tons : **-2** thousand tons **(-0.5%)**

Electricity

Number of customers **295** thousand : **+125** thousand **(+73.6%)**
Sales volume **0.66** billion kWh : **+0.32** billion kWh **(+94.7%)**



FY2018 Q3

FY2019 Q3

Average Temperature

20.3°C

20.2°C

-0.1°C

(3) Sales, Incomes (Q3)

	(¥ billion)			
	FY2019 (Q3)	FY2018 (Q3)	Change	Rate of Change
Gas sales volume (million m ³)	2,727	2,738	-11	-0.4%
Sales	339.9	317.3	22.5	7.1%
Cost of sales	227.4	220.3	7.0	3.2%
Selling, general and administrative expenses	93.2	93.6	-0.3	-0.4%
Ordinary income	21.2	6.2	14.9	241.0%
Net income attributable to owners of the parent	16.2	4.1	12.0	287.2%

(Notes)

Crude oil price (CIF national average); FY2019 (Apr.-Dec.) \$67.8/bbl, FY2018 (Apr.-Dec.) \$75.1/bbl (-\$7.3)
 Currency exchange rate (TTM) ; FY2019 (Apr.-Dec.) ¥108.7/\$, FY2018 (Apr.-Dec.) ¥111.2/\$ (-¥2.5)

(4) Factors for Change in Ordinary Income (Q3)

◆ Change from the previous year

**Ordinary income (¥6.2 billion⇒ ¥21.2 billion)
+ ¥14.9 billion**

■ **Effect of gas sales volume** **±¥ 0 billion**

■ **Impact of time lag in fuel cost
adjustment system** **+ ¥19.0 billion**

-¥10.5 billion (FY2018 Q3)⇒ + ¥8.5 billion (FY2019 Q3)

■ **Difference between purchase price
and consumption price of gas
resources** **-¥4.5 billion**

■ **Effect of decrease of fixed costs,
etc.** **+ ¥0.4 billion**

(5) Balance Sheet and Cash Flows (Q3)



(¥ billion)

	FY2019 end of Q3	FY2018 end of FY	Change		FY2019 (Q3)	FY2018 (Q3)	Change
Total assets	569.8	550.5	19.2	CAPEX	21.9	21.7	0.1
(unrealized gain on investment securities)	(53.7)	(47.7)	(5.9)	Depreciation	27.5	26.7	0.7
Net assets	338.0	327.3	10.6				
Equity ratio	59.3%	59.5%	-0.2				
Interest-bearing debts	130.3	127.2	3.0				

2. Forecasts for FY2019

(1) Summary

- **Gas sales volume** will be 3,853 million m³, an increase by 0.4% from the previous year
(The forecasts were changed from 3,889 million m³ to 3,853 million m³ (-36 million m³))
- **LPG sales volume** will be 507 thousand tons, an increase by 12.4%
- **Electricity sales volume** will be 0.9 billion kWh, an increase by 56.5%
(The forecasts were changed from 0.8 billion kWh to 0.9 billion kWh (+0.1 billion kWh))
- **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 Q4 of FY2019)

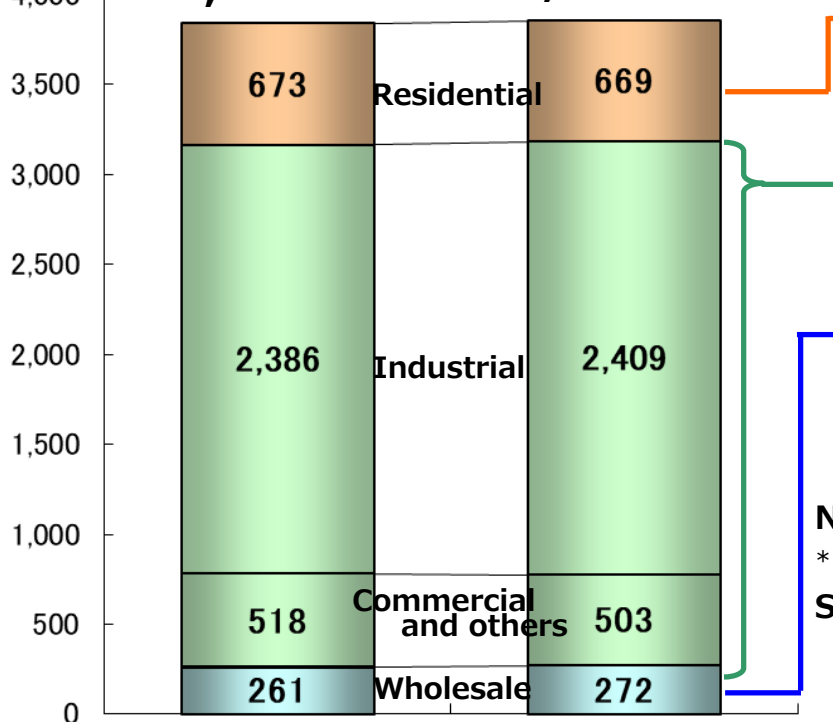
(2) Number of Customers, Gas Sales Volume (Forecasts)

Number of
Gas meters **2,486**
thousand **2,509**
thousand (+0.9%)

City Gas

+15million m³ +0.4%

(million m³)
4,000 **3,838** million m³ **3,853** million m³



Residential use

-4 million m³

-0.6%

Industrial, Commercial
and Others use

+8 million m³

+0.3%

Whole sales

+11 million m³

+4.1%

L P G

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 **310** thousand : **+113** thousand (+57.5%)

Sales volume **0.9** billion kWh : **+0.32** billion kWh (+56.5%)

Average
Temperature

17.1°C

16.8°C

-0.3°C

(3) Change from the previous forecasts

- Gas sales volume was revised downward from 3,889 million m³ by 36 million m³ due to higher temperature, a decrease in customer facilities' operation rates in industrial, commercial and other use.

(million m³)

	Revised forecasts	Previous forecasts	Change
Residential use	669 (-0.6%)	676 (+0.5%)	-7
Industrial, commercial and others use	2,912 (+0.3%)	2,941 (+1.3%)	-29
Whole sales	272 (+4.1%)	272 (+4.1%)	±0
Total	3,853 (+0.4%)	3,889 (+1.3%)	-36

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

(4) Forecasts for FY2019

(¥ billion)

	FY2019 Forecast	FY2018	Change	Rate of change
Gas sales volume (million m ³)	3,853	3,838	15	0.4%
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	68.4	72.1	-3.7
Exchange rate	109.0	110.9	-1.9

【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

* Assumption for 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 | + ¥0.5 billion |
| ■ Impact of time lag in fuel cost adjustment system | + ¥16.5 billion |
| | -¥9.0 billion(FY2018) ⇒ + ¥7.5 billion(FY2019) |
| ■ Difference between purchase price and consumption price of gas resources | -¥4.5 billion |
| ■ Effect of consolidated subsidiary profit | -¥1.0 billion |
| ■ Effect of increase of fixed costs, etc. | -¥9.0 billion |

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



◆ Change from the forecast(at the release of Q2 results)

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	+¥3.5 billion
+ ¥13.0 billion (previous) ⇒ + ¥16.5 billion (revised)	
■ Difference between purchase price and consumption price of gas resources	-¥0.5 billion
■ Effect of consolidated subsidiary profit	±¥ 0 billion
■ Others	+¥2.0 billion

<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
	Sales Volume* ²	3.92 billion m ³	3.94 billion m ³	+0.5%	4.1 billion m ³
L P G	Number of Customers* ³	500 thousand	585 thousand* ⁴	+17.1%	590 thousand* ⁴
	Sales Volume	451 thousand tons	507 thousand tons* ⁴	+12.4%	535 thousand tons* ⁴
Electricity	Number of Customers	197 thousand	310 thousand	+57.5%	300 thousand
	Sales Volume	0.58 billion kWh	0.9 billion kWh	+56.5%	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

		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
R O A		2.7%	About 3%	Average 3% and over