

**Consolidated Financial Results  
Results for the 2<sup>nd</sup> Quarter of FY2020  
(April-September 2020)**



October 29, 2020  
**TOHO GAS CO.,LTD.**

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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 the Q2 of FY2020

## (1) Summary

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- **Gas sales volume** was 1,656 million m<sup>3</sup>, a decrease by 9.1% from the previous year
- **LPG sales volume** was 198 thousand tons, a decrease by 2.0%
- **Electricity sales volume** was 694 million kWh, an increase by 60.0%
- **Sales** were ¥202.6 billion, a decrease by 11.9% from the previous year
- **Ordinary income** was ¥16.1 billion, a decrease by 15.8%

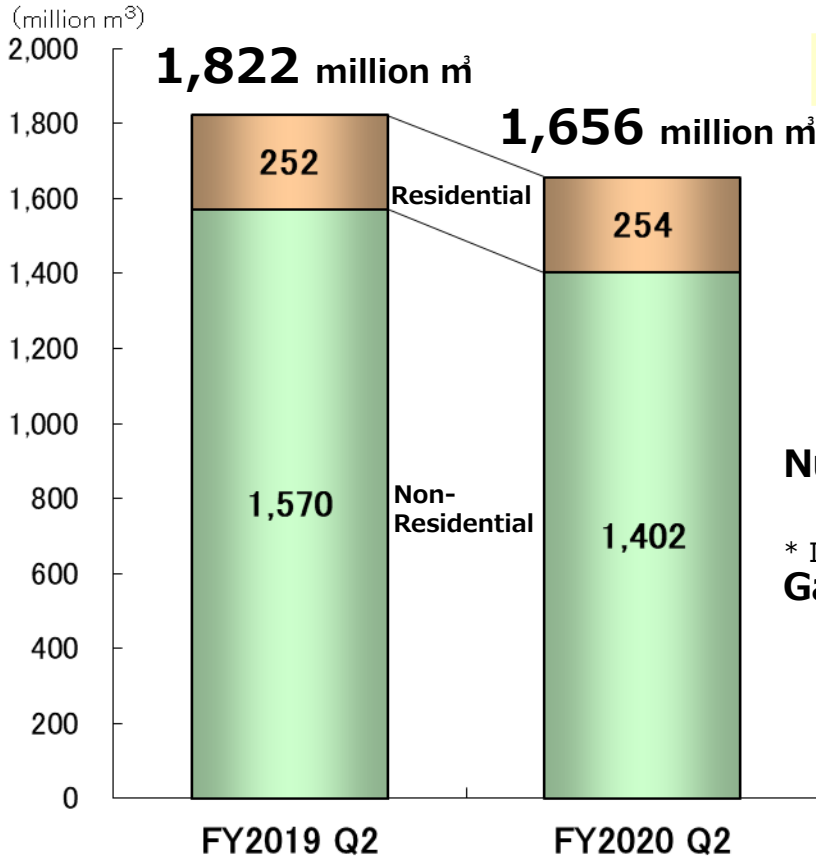
# (2) Number of Customers, Gas Sales Volume (Q2)



Number of Gas meters **2,497** thousand  
**2,521** thousand (+1.0%)

## City Gas

**-166 million m<sup>3</sup>** **-9.1%**



### Residential use

**+1 million m<sup>3</sup>**

**+0.5%**

### Non-Residential use

**-167 million m<sup>3</sup>**

**-10.7%**

Due to a decrease in customer facilities' operation rates by COVID-19, etc.

## L P G

Number of customers \* **592** thousand : **+89** thousand  
**(+17.6%)**

\* Including the number of customers based on commissioned business for delivery  
**Gas sales volume 198** thousand tons : **-4** thousand tons  
**(-2.0%)**

## Electricity

Number of customers **391** thousand : **+134** thousand  
**(+52.3%)**

Sales volume **694** million kWh : **+260** million kWh  
**(+60.0%)**

Average Temperature	23.2°C	23.3°C	+0.1°C
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### (3) Sales, Incomes (Q2)



(¥ billion)				
	FY2020 (Q2)	FY2019 (Q2)	Change	Rate of Change
<b>Sales</b>	<b>202.6</b>	<b>230.1</b>	<b>-27.4</b>	<b>-11.9%</b>
<b>Cost of sales</b>	<b>124.5</b>	<b>150.6</b>	<b>-26.0</b>	<b>-17.3%</b>
<b>Selling, general and administrative expenses</b>	<b>63.2</b>	<b>61.3</b>	<b>1.9</b>	<b>3.1%</b>
<b>Ordinary income</b>	<b>16.1</b>	<b>19.1</b>	<b>-3.0</b>	<b>-15.8%</b>
<b>Net income attributable to owners of the parent</b>	<b>11.7</b>	<b>14.7</b>	<b>-3.0</b>	<b>-20.5%</b>

(Notes)

	FY2020 (April-September)	FY2019 (April-September)	change
Crude oil price (CIF national average)	\$36.5/bbl	\$68.9/bbl	(-\$32.4/bbl)
Currency exchange rate (TTM)	¥106.9/\$	¥108.6/\$	(-¥1.7/\$)

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



### ◆ Change from the previous year

Ordinary income (¥19.1 billion ⇒ ¥16.1 billion)  
-¥3.0 billion

■ Effect of gas sales volume	-¥2.0 billion
■ Impact of time lag in fuel cost adjustment system	+¥5.5 billion
	+¥7.5 billion (FY2019 Q2) ⇒ +¥13.0 billion (FY2020 Q2)
■ Difference between purchase price and consumption price of gas resources	-¥4.0 billion
■ Others	-¥2.5 billion

# (5) Balance Sheet (Q2)

(¥ billion) 

	FY2020 end of Q2	FY2019 end of FY	Change		FY2020 (Q2)	FY2019 (Q2)	Change
<b>Total assets</b>	<b>558.8</b>	<b>564.7</b>	<b>-5.9</b>	<b>Cash flows from operating activities</b>	<b>36.4</b>	<b>35.8</b>	<b>0.6</b>
(unrealized gain on investment securities)	(47.6)	(40.9)	(6.7)	<b>Cash flows from investment activities</b>	<b>-19.3</b>	<b>-23.0</b>	<b>3.7</b>
<b>Net assets</b>	<b>336.6</b>	<b>322.7</b>	<b>13.8</b>	<b>(Free cash flows)</b>	<b>(17.1)</b>	<b>(12.8)</b>	<b>(4.3)</b>
<b>Equity ratio</b>	<b>60.2%</b>	<b>57.2%</b>	<b>3.0Point</b>	<b>Cash flows from financing activities</b>	<b>-5.1</b>	<b>-16.3</b>	<b>11.2</b>
<b>Interest-bearing debts</b>	<b>127.2</b>	<b>128.4</b>	<b>-1.2</b>	<b>Net (decrease) increase in cash and cash equivalents</b>	<b>11.9</b>	<b>-3.5</b>	<b>15.5</b>
				<b>Cash and cash equivalents at end of period</b>	<b>45.9</b>	<b>15.7</b>	<b>30.2</b>
				<b>CAPEX</b>	<b>15.3</b>	<b>13.8</b>	<b>1.4</b>
				<b>Depreciation</b>	<b>18.2</b>	<b>18.0</b>	<b>0.2</b>

## 2. Forecasts for FY2020

### (1) Summary

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- **Gas sales volume** will be 3,460 million m<sup>3</sup>, a decrease by 8.8% from the previous year
- **LPG sales volume** will be 443 thousand tons, a decrease by 8.9%
- **Electricity sales volume** will be 1.45 billion kWh, an increase by 46.4%

(Assuming that the economy will recover gradually by the end of the fiscal year)

- **Sales** will be ¥430 billion, a decrease by 11.5% from the previous year
- **Ordinary income** will be ¥13 billion, a decrease by 47.5%

(Based on crude oil price of 50 dollars/barrel and exchange rate of ¥110/dollar for FY2020)

- **Dividends** for FY2021 remain the same as last year (per share : ¥55)



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

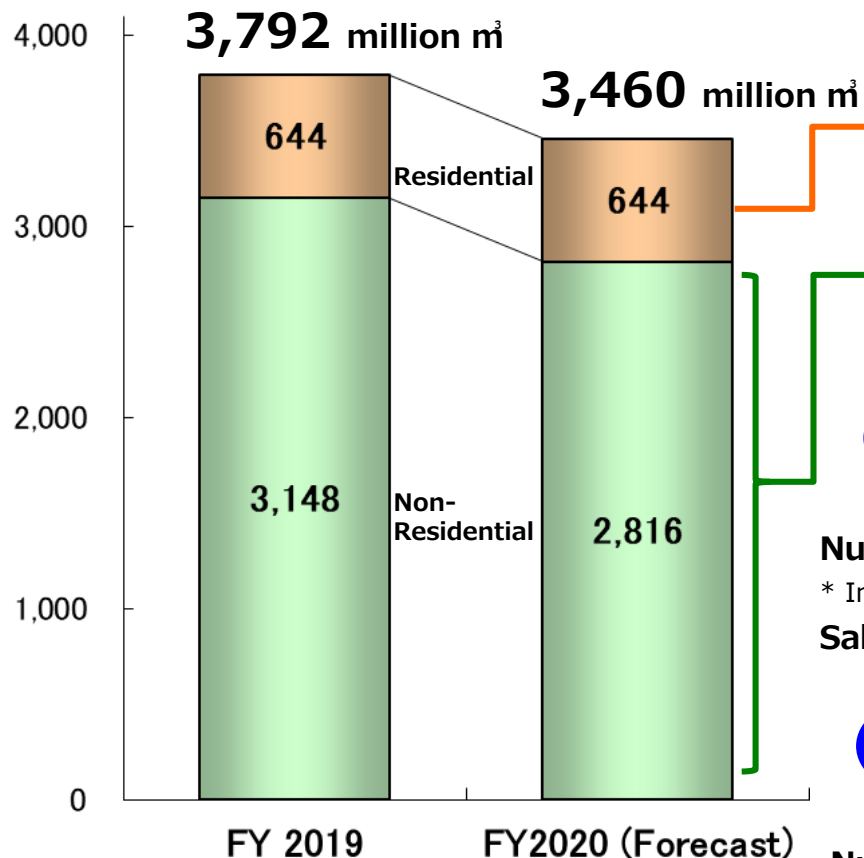


Number of Gas meters **2,510** thousand **2,530** thousand (+0.8%)

## City Gas

**-332million m<sup>3</sup>** **-8.8%**

(million m<sup>3</sup>)



## Residential use

**±0 million m<sup>3</sup>**

**±0.0%**

## Non-Residential use

**-332 million m<sup>3</sup>**

**-10.5%**

## L P G

Number of customers \* **592 thousand : +4 thousand (+0.6%)**

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

Sales volume **443 thousand tons : -43 thousand tons (-8.9%)**

## Electricity

Number of customers **406 thousand : +71 thousand (+21.0%)**

Sales volume **1.45 billion kWh : +0.46 billion kWh (+46.4%)**

Average Temperature	FY 2019	FY2020 (Forecast)
	<b>17.3°C</b>	<b>16.8°C</b>
		<b>-0.5°C</b>

### (3) Transition of City Gas Sales Volume



- Sales volume for Non-Residential use have gradually recovered from the bottom in May.
- However, the impact of COVID-19 on the economy is uncertain. Therefore, Full Year Forecasts remain unchanged from July.

[Sales volume transition(Year-on-year)]

	Results						Forecasts
	Q1			Q2			
	April	May	June	July	August	September	
Residential	<b>+0.3%</b>			<b>(±0.0% →) +0.9%</b>			<b>±0.0%</b>
	+0.4%	+4.7%	-6.7%	+1.2%	+8.3%	-7.5%	
Non-Residential	<b>-14.4%</b>			<b>(-11.3% →) -7.3%</b>			<b>-10.5%</b>
	-7.2%	-24.7%	-11.3%	-10.2%	-7.2%	-4.2%	
Total	<b>-11.7%</b>			<b>(-10.0% →) -6.5%</b>			<b>-8.8%</b>
	-5.5%	-19.2%	-10.7%	-9.0%	-5.8%	-4.5%	

[Note] ( ) ; the Forecasts in July

## (4) Sales, Incomes (Forecasts)



(¥ billion)

	FY2020 Forecast	FY2019	Change	Rate of change
<b>Sales</b>	<b>430.0</b>	<b>485.6</b>	<b>-55.6</b>	<b>-11.5%</b>
<b>Ordinary income</b>	<b>13.0</b>	<b>24.7</b>	<b>-11.7</b>	<b>-47.5%</b>
<b>Net income attributable to owners of the parent</b>	<b>9.0</b>	<b>16.2</b>	<b>-7.2</b>	<b>-44.7%</b>
<b>CAPEX</b>	<b>42.6</b>	<b>33.5</b>	<b>9.1</b>	<b>27.2%</b>
<b>Depreciation</b>	<b>37.2</b>	<b>37.5</b>	<b>-0.3</b>	<b>-0.9%</b>

### 【Assumption】

(\$/bbl, ¥/\$)

	FY2020*	FY2019 (Result)	Change
Crude oil price	43.2	67.8	-24.6
Exchange rate	108.5	108.7	- 0.2

### 【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 FY2020: Crude oil price \$50/bbl, Exchange rate ¥110/\$

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



### ◆ Change from the previous year

**Ordinary income (¥24.7 billion ⇒ ¥13.0 billion)  
-¥11.7 billion**

■ Effect of gas sales volume	-¥3.0 billion
■ Impact of time lag in fuel cost adjustment system	-¥2.0 billion
■ Difference between purchase price and consumption price of gas resources	±¥0.0 billion
■ Effect of profits in consolidated subsidiaries	-¥1.4 billion
■ Others	-¥5.3 billion

+¥8.0 billion(FY2019) ⇒ +¥6.0 billion(FY2020)

# <Reference 1>

## Efforts in the half of the fiscal year (Overall Picture)



We will continue to grow as an "indispensable company" in the region by expanding our customer base, services, and amount of activities based on ESG management.

### Surrounding Area

Aichi, Gifu, and Mie prefectures (about 4.5 million households)

### City Gas Service Area

#### Customer Base

Increase our share of three energies  
Expansion of service domain

City Gas 2.52 million

LPG 590 thousand

Electricity 390 thousand

#### Services

- Improve convenience and comfort
- Solving social problems
- Speedy, One-stop, Reasonable

#### Contact with Customer

- Increase the value of real contacts
- Enhance digital channel
- Strengthen ties with local people

#### ESG Management

- Realization of an environmentally harmonious society, Secure Stable Supply and Safety, Contribution to the local community, Reinforcement of Corporate Governance, etc

# <Reference 1>

## Efforts in the half of the fiscal year (Concrete Examples)



### ■ Expanding Customer Bases

- ✓ Number of City Gas meters + 11 thousand, LPG Customers + 3 thousand, Electricity Customers + 55 thousand (From April to September, 2020)

### ■ Expansion of New Services

- ✓ Housing Renovation
- ✓ Shared Parking Scheme
- ✓ Wireless Internet Service
- ✓ Gas alarms utilizing IoT technology
- ✓ Service to support restaurants (Drinking with a subscription service)

### ■ Increase Contact with Customers

- ✓ Real Contact...Strengthen sales (COVID-19 infection countermeasures)  
Utilization of Tablets, drones, and Smart glasses
- ✓ Digital Contact...Life Service Platform "ASMITAS"  
Expansion of Electronic Commerce site, etc.

### ■ ESG Management

- ✓ Endorsement of the TCFD, Participation in the UN Global Compact
- ✓ "Okazaki Sakura Electric Power Co., Inc. started the business,  
Expansion of the introduction of Renewable Energy

## <Reference 2>

# Progress of the Medium-term Management Plan



		FY2019 (Results)	FY2020 (Plan)	Medium-term Management Plan FY2021
Natural Gas	Number of Customers* <sup>1</sup>	2.51 million	2.53 million	2.55 million
	Sales Volume* <sup>2</sup>	3.88 billion m <sup>3</sup>	3.55 billion m <sup>3</sup>	4.1 billion m <sup>3</sup>
L P G	Number of Customers* <sup>3</sup>	589 thousand	592 thousand	590 thousand
	Sales Volume	486 thousand tons	443 thousand tons	535 thousand tons
Electricity	Number of Customers	335 thousand	406 thousand	300 thousand
	Sales Volume	0.99 billion kWh	1.45 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

		FY2019 (Results)	FY2020 (Plan)	Medium-term Management Plan FY2019 - 2021
Operating Cash Flow		68.3 billion yen	46.0 billion yen	Cumulative total 160 billion yen and over
Investment into the city gas business		27.7 billion yen	29.2 billion yen	Cumulative total 80 billion yen and over
Investment into growth businesses		20.7 billion yen	27.7 billion yen	Cumulative total 60 billion yen and over
R O A		2.9%	About 1.6%	Average 3% and over