

## Consolidated Financial Results for the Three Months Ended June 30, 2018 (1Q FY2018)

### Toho Gas Co., Ltd.

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Shares listed on:  
 Tokyo Stock Exchange, Nagoya Stock Exchange

Date of filing quarterly financial report: August 10, 2018

Commencement of dividend payments: -

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for institutional investors)

(Rounded down to the nearest million yen)

### 1. Consolidated Results for the Three Months Ended June 30, 2018

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1 – June 30, 2018	100,771	3.0	6,993	-21.3	8,426	-14.9	6,026	-13.3
April 1 – June 30, 2017	97,811	2.0	8,890	-50.0	9,906	-46.2	6,953	-46.2

Note: Comprehensive income 1st Quarter ended June 2018: ¥4,629 million (-53.4%), 1st Quarter ended June 2017: ¥9,942 million (36.2%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – June 30, 2018	56.67	-
April 1 – June 30, 2017	65.08	-

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Net income per share is calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2018.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
1st Quarter ended June 2018	531,245	327,983	61.7
FY2017 ended March 2018	541,087	326,279	60.3

Reference: Net assets (excluding minority interests)

1st Quarter ended June 2018: ¥327,983 million, FY2017 ended March 2018: ¥326,279 million

### 2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2017 ended March 2018	-	5.00	-	27.50	-
FY2018 ending March 2019	-	-	-	-	-
FY2018 ending March 2019 (forecasts)	-	27.50	-	27.50	55.00

Notes: 1. Revision of previously announced dividend forecasts: No

2. The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. Accordingly, the amount of the year-end dividends per share for FY2017 ended March 2018 reflects the impact of the consolidation of shares and disclosure of the annual dividends per share is omitted. Including the impact of the consolidation of shares, the annual dividends per share for FY2017 ended March 2018 would be 52.5 yen.

### 3. Consolidated Results Forecasts for the Year Ending March 2019 (April 1, 2018 - March 31, 2019)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	463,000	8.0	18,000	-25.0	24,000	-4.8	17,000	-5.7	159.87

Note: Revision of previously announced forecasts during this period: No

#### \*Notes

(1) Changes in significant consolidated subsidiaries: No

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes\*

\* Basis for the calculation of corporation tax: Calculated by multiplying quarterly income before tax, etc., by the estimated effective tax rate at the end of the fiscal year.

(3) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: No
- Other changes: No
- Changes in accounting estimates: No
- Retrospective restatements: No

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	1st Quarter ended June 2018	106,351,285 shares	FY2017 ended March 2018	106,351,285 shares
Number of treasury stock at the end of the term	1st Quarter ended June 2018	12,617 shares	FY2017 ended March 2018	12,002 shares
Average number of outstanding shares during the term	1st Quarter ended June 2018	106,338,868 shares	1st Quarter ended June 2017	106,843,204 shares

Note: The Company consolidated its common stocks at a ratio of five shares to one share on October 1, 2017. The number of outstanding shares at the end of the term, the number of treasury stock at the end of the term and the average number of outstanding shares during the term are calculated as if the consolidation of shares had occurred at the beginning of the fiscal year ended March 31, 2018.

\* This report of consolidated financial results is not subject to audit.

\* Notes on proper use of forecasts and other matters

The forecasts in this document are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

### Reference: Non- Consolidated Results Forecasts for the Year Ending March 2019 (April 1, 2018 - March 31, 2019)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	368,000	3.6	15,000	-17.9	20,000	-3.6	14,500	-7.9	136.36

Note: Revision of previously announced forecasts during this period: No

## <Consolidated Financial Statements and Main Notes>

### 1. Consolidated balance sheet

(Unit: million yen)

	Previous year (As of Mar. 31, 2018)	1st Quarter (As of June 30, 2018)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	81,572	80,235
Distribution facilities	154,442	151,331
Service and maintenance facilities	26,263	25,697
Other facilities	35,356	34,691
Construction in progress	26,233	27,708
Total property, plant and equipment	323,868	319,665
Intangible assets		
Other	4,249	3,960
Total intangible assets	4,249	3,960
Investments and other assets		
Investment securities	92,020	91,298
Other	21,875	21,294
Allowance for doubtful accounts	-83	-83
Total investments and other assets	113,812	112,509
Total noncurrent assets	441,930	436,134
Current assets		
Cash and deposits	17,955	16,460
Notes and accounts receivable-trade	48,874	40,887
Inventories	18,608	22,913
Other	13,947	15,012
Allowance for doubtful accounts	-227	-164
Total current assets	99,157	95,110
Total assets	541,087	531,245

(Unit: million yen)

	Previous year (As of Mar. 31, 2018)	1st Quarter (As of June 30, 2018)
Liabilities		
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	29,942	30,019
Provision for gas holder repairs	1,653	1,677
Reserve for safety measures	18,211	17,809
Provision for gas appliance warranties	3,932	3,876
Net defined benefit liability	8,534	7,993
Other	9,478	9,551
Total noncurrent liabilities	121,753	120,928
Current liabilities		
Current portion of noncurrent liabilities	23,576	23,506
Notes and accounts payable-trade	20,284	18,778
Short-term loans payable	5,383	7,316
Income taxes payable	7,067	3,049
Other	36,742	29,682
Total current liabilities	93,054	82,333
Total liabilities	214,807	203,261
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	240,123	243,224
Treasury stock	-45	-47
Total shareholders' equity	281,537	284,637
Other comprehensive income		
Valuation difference on available-for-sale securities	42,111	42,028
Deferred gains or losses on hedges	-21	77
Foreign currency translation adjustment	3,199	1,581
Remeasurements of defined benefit plans	-548	-341
Total other comprehensive income	44,742	43,345
Total net assets	326,279	327,983
Total liabilities and net assets	541,087	531,245

## 2. Consolidated statements of income and comprehensive income

### Consolidated statements of income for the Three Months

(Unit: million yen)

	1 <sup>st</sup> Quarter of FY2017 (Apr. – June 2017)	1 <sup>st</sup> Quarter of FY2018 (Apr. – June 2018)
Net sales	97,811	100,771
Cost of sales	58,663	63,790
Gross profit	39,148	36,981
Selling, general and administrative expenses	30,257	29,988
Operating income	8,890	6,993
Non-operating income		
Interest income	52	66
Dividend income	860	951
Rent income	118	114
Miscellaneous revenues	240	534
Total non-operating income	1,271	1,666
Non-operating expenses		
Interest expense	203	188
Miscellaneous expenses	52	44
Total non-operating expenses	255	232
Ordinary income	9,906	8,426
Income before income taxes	9,906	8,426
Income taxes	2,953	2,400
Net income	6,953	6,026
Net income attributable to owners of the parent	6,953	6,026

### Consolidated statements of comprehensive income for the Three Months

(Unit: million yen)

	1 <sup>st</sup> Quarter of FY2017 (Apr. – June 2017)	1 <sup>st</sup> Quarter of FY2018 (Apr. – June 2018)
Net income	6,953	6,026
Other comprehensive income		
Valuation difference on available-for-sale securities	3,128	-83
Deferred gains or losses on hedges	-287	98
Foreign currency translation adjustment	-677	-1,481
Remeasurements of defined benefit plans	432	205
Share of other comprehensive income of entities accounted for using equity method	393	-136
Total other comprehensive income	2,989	-1,396
Comprehensive income	9,942	4,629
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,942	4,629
Comprehensive income attributable to non-controlling interests	-	-

### 3. Notes about Consolidated Statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

#### - Additional information

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) and other related standards from the first quarter ended June 30, 2018. Accordingly, deferred tax assets are presented as "investments and other assets" and deferred tax liabilities are presented as "noncurrent liabilities."

#### - Segment information

Segment information by category of business

Three months ended June 30, 2017 (Apr. – June 2017)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1) External customers	69,166	6,911	17,319	93,398	4,413	97,811	-	97,811
(2) Intersegment	17	463	202	683	3,443	4,126	-4,126	-
Total	69,184	7,374	17,522	94,081	7,856	101,938	-4,126	97,811
Segment income or loss	7,300	-21	777	8,056	566	8,622	267	8,890

- Notes: 1. The "Other" segment incorporates operations not included in business segment reported, including LNG processing under contract, leasing and management of real estate, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing, etc.  
2. The "Adjustments" column in "Segment income or loss" (267 million yen) denotes eliminations of intersegment transactions.  
3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.

Three months ended June 30, 2018 (Apr. – June 2018)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	Gas appliance sales and related construction	LPG and other Energies	Total				
Net sales								
(1) External customers	69,541	6,784	20,003	96,329	4,441	100,771	-	100,771
(2) Intersegment	13	339	217	570	3,278	3,849	-3,849	-
Total	69,554	7,124	20,220	96,900	7,720	104,620	-3,849	100,771
Segment income or loss	5,461	-26	688	6,123	535	6,659	334	6,993

- Notes: 1. The "Other" segment incorporates operations not included in business segment reported, including LNG processing under contract, leasing and management of real estate, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, and other leasing, etc.  
2. The "Adjustments" column in "Segment income or loss" (334 million yen) denotes eliminations of intersegment transactions.  
3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.