

Consolidated Financial Results for the Three Months Ended June 30, 2019 (1Q FY2019)

Toho Gas Co., Ltd.

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Shares listed on:
 Tokyo Stock Exchange, Nagoya Stock Exchange

Date of filing quarterly financial report: August 9, 2019

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, 2019

(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, 2019	120,297	19.4	15,144	116.6	16,094	91.0	12,565	108.5
April 1 – June 30, 2018	100,771	3.0	6,993	-21.3	8,426	-14.9	6,026	-13.3

Note: Comprehensive income 1st Quarter ended June 2019: ¥10,521 million (127.3%), 1st Quarter ended June 2018: ¥4,629 million (-53.4%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – June 30, 2019	118.17	-
April 1 – June 30, 2018	56.67	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
1st Quarter ended June 2019	552,449	334,933	60.6
FY2018 ended March 2019	550,599	327,339	59.5

Reference: Net assets (excluding minority interests)

1st Quarter ended June 2019: ¥334,933 million, FY2018 ended March 2019: ¥327,339 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)
FY2018 ended March 2019	-	27.50	-	27.50	55.00
FY2019 ending March 2020	-	-	-	-	-
FY2019 ending March 2020 (forecasts)	-	27.50	-	27.50	55.00

Notes: Revision of previously announced dividend forecasts: No

3. Consolidated Results Forecasts for the Year Ending March 2020 (April 1, 2019 - March 31, 2020)

(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	500,000	8.4	22,000	23.4	24,000	11.7	17,000	14.7	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 2019	106,351,285 shares	FY2018 ended March 2019	106,351,285 shares
Number of treasury stock at the end of the term	1st Quarter ended June 2019	16,689 shares	FY2018 ended March 2019	16,095 shares
Average number of outstanding shares during the term	1st Quarter ended June 2019	106,334,787 shares	1st Quarter ended June 2018	106,338,868 shares

* 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 2020 (April 1, 2019 - March 31, 2020)

(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	385,000	5.5	16,000	38.7	20,000	15.8	14,500	12.0	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, 2019)	1st Quarter (As of June 30, 2019)
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	76,111	74,791
Distribution facilities	158,415	155,527
Service and maintenance facilities	27,588	27,134
Other facilities	45,677	45,207
Construction in progress	9,693	10,769
Total property, plant and equipment	317,486	313,430
Intangible assets		
Other	6,616	6,961
Total intangible assets	6,616	6,961
Investments and other assets		
Investment securities	83,492	88,833
Other	25,723	26,141
Allowance for doubtful accounts	-64	-63
Total investments and other assets	109,152	114,911
Total noncurrent assets	433,255	435,304
Current assets		
Cash and deposits	19,338	20,360
Notes and accounts receivable-trade	57,833	52,716
Inventories	24,258	27,606
Other	16,118	16,621
Allowance for doubtful accounts	-204	-159
Total current assets	117,344	117,145
Total assets	550,599	552,449

(Unit: million yen)

	Previous year (As of Mar. 31, 2019)	1st Quarter (As of June 30, 2019)
Liabilities		
Noncurrent liabilities		
Bonds payable	50,000	60,000
Long-term loans payable	43,440	42,904
Provision for gas holder repairs	1,751	1,775
Reserve for safety measures	17,105	16,733
Provision for gas appliance warranties	3,296	3,218
Net defined benefit liability	6,530	5,951
Other	10,151	9,652
Total noncurrent liabilities	132,275	140,236
Current liabilities		
Current portion of noncurrent liabilities	14,799	14,703
Notes and accounts payable-trade	20,009	23,885
Short-term loans payable	17,828	6,266
Income taxes payable	4,970	5,721
Other	33,377	26,702
Total current liabilities	90,984	77,279
Total liabilities	223,260	217,516
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	248,694	258,335
Treasury stock	-63	-65
Total shareholders' equity	290,091	299,730
Other comprehensive income		
Valuation difference on available-for-sale securities	35,177	33,366
Deferred gains or losses on hedges	599	172
Foreign currency translation adjustment	2,186	2,328
Remeasurements of defined benefit plans	-715	-664
Total other comprehensive income	37,248	35,203
Total net assets	327,339	334,933
Total liabilities and net assets	550,599	552,449

2. Consolidated statements of income and comprehensive income

Consolidated statements of income for the Three Months

(Unit: million yen)

	1 st Quarter of FY2018 (Apr. – June 2018)	1 st Quarter of FY2019 (Apr. – June 2019)
Net sales	100,771	120,297
Cost of sales	63,790	74,475
Gross profit	36,981	45,821
Selling, general and administrative expenses	29,988	30,677
Operating income	6,993	15,144
Non-operating income		
Interest income	66	69
Dividend income	951	925
Rent income	114	102
Miscellaneous revenues	534	212
Total non-operating income	1,666	1,309
Non-operating expenses		
Interest expense	188	213
Miscellaneous expenses	44	146
Total non-operating expenses	232	359
Ordinary income	8,426	16,094
Extraordinary income		
Gain on sales of investment securities	-	1,430
Total extraordinary income	-	1,430
Income before income taxes	8,426	17,525
Income taxes	2,400	4,959
Net income	6,026	12,565
Net income attributable to owners of the parent	6,026	12,565

Consolidated statements of comprehensive income for the Three Months

(Unit: million yen)

	1 st Quarter of FY2018 (Apr. – June 2018)	1 st Quarter of FY2019 (Apr. – June 2019)
Net income	6,026	12,565
Other comprehensive income		
Valuation difference on available-for-sale securities	-83	-1,793
Deferred gains or losses on hedges	98	-426
Foreign currency translation adjustment	-1,481	241
Remeasurements of defined benefit plans	205	50
Share of other comprehensive income of entities accounted for using equity method	-136	-115
Total other comprehensive income	-1,396	-2,044
Comprehensive income	4,629	10,521
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,629	10,521
Comprehensive income attributable to non-controlling interests	-	-

3. Notes about Consolidated Statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

- Segment information

The name of a reporting segment previously stated as "LPG and other Energies" has been changed to "LPG, Electricity and other Energies" from the first quarter of the current consolidated period. This change is limited to the name only, hence there is no impact to its segment information. In addition, the description order of the reporting segment has been changed. Consequently, the reporting segment of the first quarter of the previous consolidated period is restated in accordance with these changes.

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

Notes: 1. The "Other" segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, 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.

Three months ended June 30, 2019 (Apr. – June 2019)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG, Electricity and other Energies	Gas appliance sales and related construction	Total				
Net sales								
(1) External customers	78,828	22,579	9,536	110,944	9,353	120,297	-	120,297
(2) Intersegment	23	262	324	611	3,322	3,933	-3,933	-
Total	78,851	22,841	9,861	111,555	12,675	124,230	-3,933	120,297
Segment income	12,670	1,142	311	14,123	668	14,792	351	15,144

Notes: 1. The "Other" segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.

2. The "Adjustments" column in "Segment income" (351 million yen) denotes eliminations of intersegment transactions.

3. Segment income in the table above is reconciled to operating income on the quarterly consolidated statements of income.

- Material subsequent events

Purchase of treasury stock

The Company resolved at the meeting of Board of Directors held on July 30, 2019 that it will repurchase its shares pursuant to Article 156 of the Corporation Law as applied pursuant to Article 165, paragraph 3.

The repurchases of shares are to be carried out as described below:

1. Type of shares to be repurchased: Common stock
2. Number of shares to be repurchased: Up to 800 thousand shares
3. Total value of shares to be repurchased: Up to ¥ 3 billion
4. Period of repurchase: From July 31, 2019 to March 31, 2020