

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2019

Name of Company: Hiroshima Gas Co., Ltd.
 Stock Code: 9535 URL: http://www.hiroshima-gas.co.jp/english/index_e.htm
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
 Representative: Title: President Name: Kensuke Matsufuji
 Contact Person: Title: Executive Officer and Manager of General Affair Department Name: Hirofumi Ikegami
 Tel: +81-(82) 252-3000
 Scheduled date of filing of quarterly securities report: February 13, 2019
 Scheduled date of commencement of dividend payment: -
 Supplementary materials for quarterly financial report: None
 Information meeting for quarterly financial report: None

(Yen in millions, rounded down)

1. Financial results for the third quarter of the fiscal year ending March 2019 (April 1, 2018 – December 31, 2018)

(1) Results of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter of FY3/2019	56,439	11.5	(287)	-	103	(93.3)	(175)	-
Third quarter of FY3/2018	50,597	6.4	1,137	(40.5)	1,550	(29.5)	1,093	(72.2)

Note: Comprehensive income: Third quarter of FY3/2019: (2,112) million yen [(-)%], Third quarter of FY3/2018: 2,437 million yen [(49.4)%]

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Third quarter of FY3/2019	(2.59)	-
Third quarter of FY3/2018	16.11	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2018	106,274	48,283	42.9
As of March 31, 2018	102,656	50,960	47.1

Reference: Shareholders' equity As of December 31, 2018: 45,567million yen As of March 31, 2018: 48,332 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2018	-	4.00	-	4.00	8.00
Fiscal year ended March 2019	-	4.00			
Fiscal year ended March 2019 (forecast)				4.00	8.00

Note: Change in the estimation of dividend from the latest announcement: None

3. Forecast for the fiscal year ending March 2019 (Consolidated, April 1, 2018 – March 31, 2019)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	81,000	9.9	2,300	(21.3)	2,700	(23.0)	1,700	(32.0)	25.13

Note: Change in the forecast from the latest announcement: None

* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and estimates, and retrospective restatements
- (a) Changes due to revision of accounting standards: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
- (a) Shares outstanding (including treasury shares)

As of December 31, 2018: 67,998,590	As of March 31, 2018: 67,998,590
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 - (b) Treasury shares

As of December 31, 2018: 333,401	As of March 31, 2018: 419,205
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2018: 67,626,291	Period ended December 31, 2017: 67,922,278
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*Quarterly financial results are exempt from quarterly review.

*Cautionary statement regarding forecasts of operating results and special notes

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this report was prepared. Actual results may differ significantly from these forecasts for a number of factors.

Reference: Non-consolidated forecast

Forecast for the fiscal year ending March 2019 (Non-consolidated, April 1, 2018 – March 31, 2019)

(Percentage figures represent year on year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	63,000	13.6	2,000	(16.8)	1,500	(28.2)	22.17

Note: Change in the forecast from the latest announcement: None

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2018	As of December 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment		
Production facilities	16,913	15,972
Distribution facilities	30,212	31,405
Service and maintenance facilities	4,071	4,231
Other facilities	7,723	7,759
Construction in progress	4,022	2,923
Total property, plant and equipment	62,942	62,293
Intangible assets	1,119	1,032
Investments and other assets		
Investment securities	9,309	8,250
Long-term loans receivable	50	5
Deferred tax assets	1,455	2,519
Other investments and other assets	5,727	5,365
Allowance for doubtful accounts	(214)	(143)
Total investments and other assets	16,327	15,997
Total non-current assets	80,389	79,323
Current assets		
Cash and deposits	10,766	10,169
Notes and accounts receivable - trade	6,485	6,778
Merchandise and finished goods	882	1,072
Raw materials and supplies	2,666	5,022
Other current assets	1,508	3,944
Allowance for doubtful accounts	(41)	(36)
Total current assets	22,267	26,950
Total assets	102,656	106,274

	As of March 31, 2018	As of December 31, 2018
LIABILITIES		
Non-current liabilities		
Bonds payable	15,000	23,000
Long-term loans payable	12,284	11,138
Provision for directors' retirement benefits	416	331
Provision for gas holder repairs	358	366
Provision for safety measures	638	489
Provision for appliances warranties	194	182
Net defined benefit liability	2,574	2,150
Asset retirement obligations	112	114
Other non-current liabilities	350	317
Total non-current liabilities	31,930	38,091
Current liabilities		
Current portion of non-current liabilities	6,924	1,620
Notes and accounts payable - trade	7,354	6,958
Income taxes payable	805	309
Commercial papers	-	5,000
Other current liabilities	4,681	6,012
Total current liabilities	19,766	19,899
Total liabilities	51,696	57,991
NET ASSETS		
Shareholders' equity		
Capital stock	5,181	5,181
Capital surplus	1,141	1,149
Retained earnings	40,102	39,383
Treasury shares	(162)	(129)
Total shareholders' equity	46,262	45,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,782	1,969
Deferred gains or losses on hedges	3	(1,359)
Remeasurements of defined benefit plans	(717)	(626)
Total accumulated other comprehensive income	2,069	(16)
Non-controlling interests	2,628	2,715
Total net assets	50,960	48,283
Total liabilities and net assets	102,656	106,274

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income
(Third quarter ended December 2018)

(Million yen)

	Third quarter ended December 2017 (Apr. 1, 2017 – December 31, 2017)	Third quarter ended December 2018 (Apr. 1, 2018 – December 31, 2018)
Net sales	50,597	56,439
Cost of sales	31,323	38,246
Gross profit	19,273	18,192
Selling, general and administrative expenses	18,136	18,480
Operating income	1,137	△287
Non-operating income		
Interest income	3	2
Dividends income	166	175
Share of profit of entities accounted for using equity method	112	78
Miscellaneous income	394	411
Total non-operating income	676	667
Non-operating expenses		
Interest expenses	170	147
Miscellaneous expenses	92	128
Total non-operating expenses	263	276
Ordinary income	1,550	103
Extraordinary income		
Gain on revision of retirement benefit system	449	—
Total extraordinary income	449	—
Income before income taxes and minority interests	1,999	103
Income taxes-current	431	394
Income taxes-deferred	322	△265
Total income taxes	753	129
Profit	1,245	△25
Profit attributable to non-controlling interests	151	149
Profit attributable to owners of parent	1,093	△175

Quarterly consolidated statements of comprehensive income
 Third quarter ended December 2018)

(Million yen)

	Third quarter ended December 2017 (Apr. 1, 2017 – December 31, 2017)	Third quarter ended December 2018 (Apr. 1, 2018 – December 31, 2018)
Profit	1,245	△25
Other comprehensive income		
Valuation difference on available-for-sale securities	529	△813
Deferred gains or losses on hedges	107	△1,363
Remeasurements of defined benefit plans	555	90
Total other comprehensive income	1,191	△2,086
Comprehensive income	2,437	△2,112
Comprehensive income attributable to owners of parent	2,284	△2,261
Comprehensive income attributable to non-controlling interests	152	149