

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2020

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: Takaaki Funaki
 Tel: +81-(82) 252-3000
 Scheduled date of filing of quarterly securities report: November 11, 2019
 Scheduled date of commencement of dividend payment: December 2, 2019
 Supplementary materials for quarterly financial report: None
 Information meeting for quarterly financial report: Yes

(Yen in millions, rounded down)

1. Financial results for the second quarter of the fiscal year ending March 2020 (April 1, 2019 – September 30, 2019)

(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	%
Second quarter of FY3/2020	38,427	6.3	860	-	1,071	-	555	-
Second quarter of FY3/2019	36,156	11.2	(354)	-	(173)	-	(285)	-

Note: Comprehensive income: Second quarter of FY3/2020: 983 million yen [(—) %], Second quarter of FY3/2019: (270) million yen [(—) %]

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Second quarter of FY3/2020	8.20	-
Second quarter of FY3/2019	(4.22)	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2019	99,285	51,439	49.0
As of March 31, 2019	104,935	50,712	45.8

Reference: Shareholders' equity As of September 30, 2019: 48,609 million yen As of March 31, 2019: 48,019 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 2019	-	4.00	-	4.00	8.00
Fiscal year ended March 2020	-	4.50			
Fiscal year ended March 2020 (forecast)			-	4.50	9.00

Note: Change in the estimation of dividend from the latest announcement: Yes

Breakdown of dividends at the end of the second quarter for the fiscal year ended March 2020: Ordinary dividend: 4.00 yen,
110th anniversary commemorative dividend: 0.50 yen

Breakdown of year-end dividends for the fiscal year ended March 2020 (forecast): Ordinary dividend: 4.00 yen,
110th anniversary commemorative dividend: 0.50 yen

3. Forecast for the fiscal year ending March 2020 (Consolidated, April 1, 2019 – March 31, 2020)

(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	86,000	5.1	2,700	40.1	3,100	23.5	2,000	1.5	29.53

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 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 September 30, 2019: 67,998,590	As of March 31, 2019: 67,998,590
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 - (b) Treasury shares

As of September 30, 2019: 187,770	As of March 31, 2019: 268,301
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2019: 67,765,595	Period ended September 30, 2018: 67,610,623
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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 2020(Non-consolidated, April 1, 2019 – March 31, 2020)

(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	66,000	5.8	2,500	44.0	1,800	5.6	26.58

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, 2019	As of September 30, 2019
ASSETS		
Non-current assets		
Property, plant and equipment		
Production facilities	15,680	15,364
Distribution facilities	31,994	31,352
Service and maintenance facilities	4,130	4,054
Other facilities	7,913	7,944
Construction in progress	3,294	3,252
Total property, plant and equipment	63,012	61,968
Intangible assets	988	930
Investments and other assets		
Investment securities	7,835	7,727
Long-term loans receivable	4	4
Deferred tax assets	1,951	1,833
Other investments and other assets	5,258	5,126
Allowance for doubtful accounts	(143)	(143)
Total investments and other assets	14,906	14,548
Total non-current assets	78,907	77,447
Current assets		
Cash and deposits	10,436	9,196
Notes and accounts receivable - trade	8,029	5,726
Merchandise and finished goods	863	671
Raw materials and supplies	4,419	4,101
Other current assets	2,304	2,167
Allowance for doubtful accounts	(25)	(24)
Total current assets	26,028	21,837
Total assets	104,935	99,285

	As of March 31, 2019	As of September 30, 2019
LIABILITIES		
Non-current liabilities		
Bonds payable	23,000	23,000
Long-term loans payable	11,458	10,901
Provision for directors' retirement benefits	337	296
Provision for gas holder repairs	365	397
Provision for safety measures	600	512
Provision for appliances warranties	280	269
Net defined benefit liability	2,082	1,797
Asset retirement obligations	114	116
Other non-current liabilities	307	286
Total non-current liabilities	38,546	37,577
Current liabilities		
Current portion of non-current liabilities	1,623	1,606
Notes and accounts payable - trade	7,806	3,827
Income taxes payable	330	441
Other current liabilities	5,916	4,391
Total current liabilities	15,676	10,267
Total liabilities	54,223	47,845
NET ASSETS		
Shareholders' equity		
Capital stock	5,181	5,181
Capital surplus	1,149	1,149
Retained earnings	41,529	41,813
Treasury shares	(104)	(72)
Total shareholders' equity	47,756	48,071
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,700	1,598
Deferred gains or losses on hedges	(784)	(452)
Remeasurements of defined benefit plans	(651)	(607)
Total accumulated other comprehensive income	263	538
Non-controlling interests	2,693	2,829
Total net assets	50,712	51,439
Total liabilities and net assets	104,935	99,285

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

Quarterly consolidated statements of income

(Second quarter ended September 2019)

(Million yen)

	Second quarter ended September 2018 (Apr. 1, 2018 – September 30, 2018)	Second quarter ended September 2019 (Apr. 1, 2019 – September 30, 2019)
Net sales	36,156	38,427
Cost of sales	24,341	25,430
Gross profit	11,814	12,996
Selling, general and administrative expenses	12,169	12,136
Operating income	(354)	860
Non-operating income		
Interest income	1	1
Dividends income	99	88
Share of profit of entities accounted for using equity method	65	63
Revenue from CNG sales	79	77
Miscellaneous income	153	155
Total non-operating income	399	385
Non-operating expenses		
Interest expenses	102	87
Amortization of bond issue expenses	45	-
Miscellaneous expenses	70	86
Total non-operating expenses	218	174
Ordinary income	(173)	1,071
Extraordinary losses		
Loss on valuation of investment securities	-	37
Total extraordinary losses	-	37
Income before income taxes and minority interests	(173)	1,033
Income taxes-current	336	335
Income taxes-deferred	(368)	(9)
Total income taxes	(31)	325
Profit	(142)	708
Profit attributable to non-controlling interests	143	152
Profit attributable to owners of parent	(285)	555

Quarterly consolidated statements of comprehensive income
(Second quarter ended September 2019)

(Million yen)

	Second quarter ended September 2018 (Apr. 1, 2018 – September 30, 2018)	Second quarter ended September 2019 (Apr. 1, 2019 – September 30, 2019)
Profit	(142)	708
Other comprehensive income		
Valuation difference on available-for-sale securities	(189)	(100)
Deferred gains or losses on hedges	0	332
Remeasurements of defined benefit plans	60	43
Total other comprehensive income	(128)	275
Comprehensive income	(270)	983
Comprehensive income attributable to owners of parent	(413)	830
Comprehensive income attributable to non-controlling interests	142	152