

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 2019

Name of Company: Hiroshima Gas Co., Ltd.  
 Stock Code: 9535 URL: [http://www.hiroshima-gas.co.jp/english/index\\_e.htm](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  
 Annual general meeting of shareholders: June 25, 2019  
 Scheduled date of commencement of dividend payment: June 5, 2019  
 Scheduled date of filing of securities report: June 26, 2019  
 Supplementary materials for financial report: None  
 Information meeting for financial report: Yes

(Yen in millions, rounded down)

### 1. Financial results for the year ended March 2019 (April 1, 2018 – March 31, 2019)

#### (1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2019	81,842	11.0	1,926	(34.0)	2,509	(28.4)	1,971	(21.1)
Fiscal year ended March 2018	73,717	5.3	2,920	(23.4)	3,506	(18.6)	2,499	(55.1)

Note: Comprehensive income: FY ended March 31, 2019: 292 million yen [(91.2)%], FY ended March 31, 2018: 3,316 million yen [(48.0)%].

	Net income per share (basic)	Net income per share (diluted)	Return on Equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2019	29.14	-	4.1	2.4	2.4
Fiscal year ended March 2018	36.80	-	5.3	3.4	4.0

Reference: Equity in earnings of affiliates: FY ended March 31, 2019: 68 million yen FY ended March 31, 2018: 119 million yen

#### (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	104,935	50,712	45.8	708.98
As of March 31, 2018	102,656	50,960	47.1	715.19

Reference: Shareholders' equity: As of March 31, 2019: 48,019million yen As of March 31, 2018: 48,332 million yen

#### (3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2019	4,897	(6,466)	1,231	8,449
Fiscal year ended March 2018	11,516	(7,468)	(2,630)	8,806

### 2. Dividends

	Dividends per share					Aggregate amount (Annual)	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2018	-	4.00	-	4.00	8.00	543	21.7	1.2
Fiscal year ended March 2019	-	4.00	-	4.00	8.00	543	27.5	1.1
Fiscal year ending March 2020 (Forecast)	-	4.00	-	4.00	8.00		27.1	

### 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 the 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

\* **Notes**

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of March 31, 2019: 67,998,590 shares

As of March 31, 2018: 67,998,590 shares

(b) Treasury shares

As of March 31, 2019: 268,301 shares

As of March 31, 2018: 419,205 shares

(c) Average number of shares outstanding during the year

Period ended March 31, 2019: 67,647,377 shares

Period ended March 31, 2018: 67,913,818 shares

**Reference: Non-consolidated Financial Results**

**Financial results for the year ended March 2019 (April 1, 2018 – March 31, 2019)**

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2019	62,362	12.5	(54)	-	1,736	(27.8)
Fiscal year ended March 2018	55,439	5.6	736	(42.6)	2,404	(16.4)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Fiscal year ended March 2019	1,704	(18.4)	25.20	-
Fiscal year ended March 2018	2,089	(1.0)	30.77	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	84,878	33,541	39.5	495.23
As of March 31, 2018	82,130	34,047	41.5	503.82

Notes: Shareholders' equity As of March 31, 2019: 33,541 million yen As of March 31, 2018: 34,047 million yen

(3) 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

\* This report is exempt from the audit procedure

\* Cautionary statement regarding forecasts of operating results and special notes

The forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions which are regarded as legitimate. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors.

## 1. Consolidated Financial Statements

### (1) Consolidated balance sheets

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment		
Production facilities	16,913	15,680
Distribution facilities	30,212	31,994
Service and maintenance facilities	4,071	4,130
Other facilities	7,723	7,913
Construction in progress	4,022	3,294
Total property, plant and equipment	62,942	63,012
Intangible assets	1,119	988
Investments and other assets		
Investment securities	9,309	7,835
Long-term loans receivable	50	4
Deferred tax assets	1,455	1,951
Other investments and other assets	5,727	5,258
Allowance for doubtful accounts	(214)	(143)
Total investments and other assets	16,327	14,906
Total non-current assets	80,389	78,907
Current assets		
Cash and deposits	10,766	10,436
Notes and accounts receivable - trade	6,485	8,029
Merchandise and finished goods	882	863
Raw materials and supplies	2,666	4,419
Other current assets	1,508	2,304
Allowance for doubtful accounts	(41)	(25)
Total current assets	22,267	26,028
Total assets	102,656	104,935

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>LIABILITIES</b>		
Non-current liabilities		
Bonds payable	15,000	23,000
Long-term loans payable	12,284	11,458
Provision for directors' retirement benefits	416	337
Provision for gas holder repairs	358	365
Provision for safety measures	638	600
Provision for appliances warranties	194	280
Net defined benefit liability	2,574	2,082
Asset retirement obligations	112	114
Other non-current liabilities	350	307
Total non-current liabilities	31,930	38,546
Current liabilities		
Current portion of non-current liabilities	6,924	1,623
Notes and accounts payable - trade	7,354	7,806
Income taxes payable	805	330
Other current liabilities	4,681	5,916
Total current liabilities	19,766	15,676
Total liabilities	51,696	54,223
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,181	5,181
Capital surplus	1,141	1,149
Retained earnings	40,102	41,529
Treasury shares	(162)	(104)
Total shareholders' equity	46,262	47,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,782	1,700
Deferred gains or losses on hedges	3	(784)
Remeasurements of defined benefit plans	(717)	(651)
Total accumulated other comprehensive income	2,069	263
Non-controlling interests	2,628	2,693
Total net assets	50,960	50,712
Total liabilities and net assets	102,656	104,935

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

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	73,717	81,842
Cost of sales	45,295	54,573
Gross profit	28,422	27,269
Selling, general and administrative expenses		
Supply and sales expenses	19,668	19,965
General and administrative expenses	5,832	5,376
Total selling, general and administrative expenses	25,501	25,342
Operating income	2,920	1,926
Non-operating income		
Interest income	4	3
Dividend income	177	186
Share of profit of entities accounted for using equity method	119	68
Revenue from CNG sales	157	154
Miscellaneous income	414	451
Total non-operating income	873	864
Non-operating expenses		
Interest expenses	225	191
Amortization of bond issuance cost	-	45
Miscellaneous expenses	62	43
Total non-operating expenses	288	281
Ordinary income	3,506	2,509
Extraordinary losses		
Gain on revision of retirement benefit system	449	-
Gain on sales investment securities	-	484
Total Extraordinary income	449	484
Income before income taxes and minority interests	3,955	2,994
Income taxes - current	753	697
Income taxes - deferred	580	198
Total income taxes	1,333	895
Net income	2,622	2,098
Profit attributable to non-controlling interests	123	127
Profit attributable to owners of the parent	2,499	1,971

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income	2,622	2,098
Other comprehensive income		
Valuation difference on available-for-sale securities	230	(1,083)
Deferred gains or losses on hedges	67	(788)
Remeasurements of defined benefit plans	395	65
Total other comprehensive income	694	(1,806)
Comprehensive income	3,316	292
Comprehensive income attributable to owners of parent	3,193	165
Comprehensive income attributable to non-controlling interests	123	127

(3) Consolidated statement of changes in net assets  
Previous fiscal year (Apr. 1, 2017 –Mar. 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	5,181	1,141	38,181	(54)	44,449
Changes of items during the period					
Dividends from surplus			(577)		(577)
Profit attributable to owners of the parent			2,499		2,499
Purchase of treasury shares				(165)	(165)
Disposal of treasury shares				57	57
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,921	(108)	1,812
Balance at the end of current period	5,181	1,141	40,102	(162)	46,262

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	2,552	(63)	(1,113)	1,375	2,520	48,345
Changes of items during the period						
Dividends from surplus						(577)
Profit attributable to owners of the parent						2,499
Purchase of treasury shares						(165)
Disposal of treasury shares						57
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes of items other than shareholders' equity	230	67	395	694	107	802
Total changes of items during the period	230	67	395	694	107	2,615
Balance at the end of current period	2,782	3	(717)	2,069	2,628	50,960

(4) Current fiscal year (Apr. 1, 2018 –Mar. 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	5,181	1,141	40,102	(162)	46,262
Changes of items during the period					
Dividends from surplus			(543)		(543)
Profit attributable to owners of the parent			1,971		1,971
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				58	58
Change in ownership interest of parent due to transactions with non-controlling interests		7			7
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	7	1,427	58	1,493
Balance at the end of current period	5,181	1,149	41,529	(104)	47,756

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	2,782	3	(717)	2,069	2,628	50,960
Changes of items during the period						
Dividends from surplus						(543)
Profit attributable to owners of the parent						1,971
Purchase of treasury shares						(0)
Disposal of treasury shares						58
Change in ownership interest of parent due to transactions with non-controlling interests						7
Net changes of items other than shareholders' equity	(1,082)	(788)	65	(1,805)	65	(1,740)
Total changes of items during the period	(1,082)	(788)	65	(1,805)	65	(247)
Balance at the end of current period	1,700	(784)	(651)	263	2,693	50,712

## (5) Consolidated statements of cash flows

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes	3,955	2,994
Depreciation	7,269	7,349
Increase (decrease) in net defined benefit liability	(1,535)	(400)
Increase (decrease) in allowance for doubtful accounts	(10)	(87)
Interest and dividend income	(182)	(189)
Interest expenses	225	191
Loss (gain) on sales of investment securities	-	(484)
Share of (profit) loss of entities accounted for using equity method	(119)	(68)
Decrease (increase) in notes and accounts receivable - trade	(640)	(1,543)
Decrease (increase) in inventories	496	(1,734)
Increase (decrease) in notes and accounts payable - trade	1,624	452
Increase (decrease) in accrued consumption taxes	310	(342)
Other, net	(136)	(381)
Subtotal	11,257	5,753
Interest and dividend income received	190	198
Interest expenses paid	(225)	(195)
Income taxes paid	293	(859)
Cash flows from operating activities	11,516	4,897
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(101)	(13)
Proceeds from sales of investment securities	0	515
Purchase of property, plant and equipment	(6,880)	(6,901)
Proceeds from sales of property, plant and equipment	140	33
Payments of loans receivable	(4)	(7)
Collection of loans receivable	69	54
Purchase of long-term prepaid expenses	(173)	(142)
Other, net	(519)	(6)
Cash flows from investing activities	(7,468)	(6,466)

(Million yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Increase (decrease) in commercial papers	(500)	-
Proceeds from long-term loans payable	1,567	800
Repayments of long-term loans payable	(2,936)	(4,423)
Proceeds from issuance of bonds	-	7,954
Redemption of bonds	-	(2,500)
Purchase of treasury shares	(165)	(0)
Proceeds from sales of treasury shares	57	58
Cash dividends paid	(577)	(543)
Cash dividends paid to non-controlling shareholders	(15)	(15)
Other, net	(58)	(39)
Cash flows from investing activities	(2,630)	1,231
Effect of exchange rate change on cash and cash equivalents	(19)	(18)
Net increase (decrease) in cash and cash equivalents	1,398	(356)
Cash and cash equivalents at beginning of period	7,407	8,806
Cash and cash equivalents at end of period	8,806	8,449