

Financial Results for the Fiscal Year Ended March 31, 2017

TOKAI Holdings Corporation
(Code: 3167)

May 9, 2017

Record profits on sharp profit growth

- ◎ Mostly attained earnings forecasts revised up in October 2016
- ◎ Steady progress with earnings improvement totaling 4.4 billion yen in focus areas of Hikari Collaboration and Aqua led to sharp profit growth. The Aqua business turned profitable for the first time.
- ◎ Price revision due to fall in procurement prices of raw materials for gas lowered sales by 6.5 billion yen from previous fiscal year

(Millions of yen)

	FY03/17 result	FY03/16 result	Forecast	YoY change		Versus forecast	
				Amount of change	Percent change (%)	Amount of change	Percent change (%)
Sales	178,631	180,940	179,700	-2,309	-1.3	-1,069	-0.6
Operating profit	12,750	8,245	12,750	+4,504	+54.6	+0	+0.0
Of which, Hikari Collaboration	-67	-3,007	-442	+2,940	—	+375	—
Of which, Aqua	298	-1,119	301	+1,417	—	-3	-1.1
Recurring profit	12,775	8,150	12,360	+4,625	+56.7	+415	+3.4
Net income	7,337	3,458	6,500	+3,878	+112.1	+837	+12.9
EPS (Yen)	(64.46)	(30.01)	(57.23)	(+34.45)	(+114.8)	(+7.23)	(+12.6)

* Operating profit of Hikari Collaboration and Aqua businesses are prior to elimination of indirect expenses.

Results by segment (YoY change)

- ◎ Sales were flat YoY, with higher revenue from paying customers offset by negative effect of gas price cut (-3.6%)
- ◎ Information and Communications segment profit up by 1.9 billion yen on promotion of Hikari Collaboration to consumers
- ◎ Aqua business turned profitable for the full year, improving balance sheet by 1.4 billion yen by switching to a strategy that emphasizes cost efficiency
- ◎ CATV business profit up by 800 million yen on increased customer count and operating expense cuts

(Millions of yen)

	Sales		Operating profit	
	FY03/17 results	YoY change	FY03/17 results	YoY change
Gas and Petroleum	73,344	-9.2%	9,161	+170
Information and Communications	49,508	+11.9%	4,213	+1,905
CATV	25,396	+3.2%	2,752	+777
Building and Real Estate	19,511	-7.0%	1,098	-168
Aqua	5,762	+5.0%	298	+1,417
Others, adjustments	5,108	+4.8%	-4,774	+403
Total	178,631	-1.3%	12,750	+4,504

* Prior to elimination of indirect expenses

Group customer count

- ◎ Group customer count up by six thousand from previous year to 2.56 million customers
- ◎ Net increase for two consecutive fiscal years in gas and CATV businesses due to a rise in new registrations, expanding their customer base
- ◎ Solid increase in customers of Aqua business despite new emphasis on cost efficiency
- ◎ Information and Communications business promote switch to Hikari Collaboration while previous ISP business declines

(Thousands of customers)

		End-FY03/12	End-FY03/13	End-FY03/14	End-FY03/15	End-FY03/16	End-FY03/17
Gas (LP and city gas)		648	629	628	626	634	642
Information and Communications	Previous ISP model, etc.	758	816	854	859	633	528
	Hikari Collaboration	—	—	—	4	219	299
	Mobile	193	213	227	235	236	233
	Subtotal	951	1,029	1,082	1,099	1,088	1,061
CATV		722	691	693	690	710	733
Aqua		97	102	122	130	133	135
Security		20	19	19	18	18	17
Total		2,415	2,445	2,519	2,537	2,558	2,564

* The number of customers below a thousand are rounded to the nearest thousand. Information and Communications and CATV both offer communications services, so total figures avoid duplication.

Further progress with improvement of financial indicators

- ◎ Further progress in financial position improvement, which the Company has focused on over six fiscal years since management integration
- ◎ Interest-bearing debt reduced to 54.1 billion yen and equity ratio improved to 35%
- ◎ EBITDA increases to 28.4 billion on steady progress with earnings performance

(Millions of yen)

	End-FY03/12	End-FY03/13	End-FY03/14	End-FY03/15	End-FY03/16	End-FY03/17
Total assets	183,735	177,642	173,620	165,702	160,303	161,112
Total liabilities	156,553	143,631	135,291	122,234	118,332	104,665
Total net assets	27,181	34,011	38,329	43,467	41,970	56,446
Interest-bearing debt	105,659	93,668	85,843	73,114	71,410	54,137
EBITDA	28,826	26,382	24,965	26,233	24,980	28,392
Equity ratio	14.3 %	18.6 %	21.6 %	25.7 %	25.6 %	34.5 %

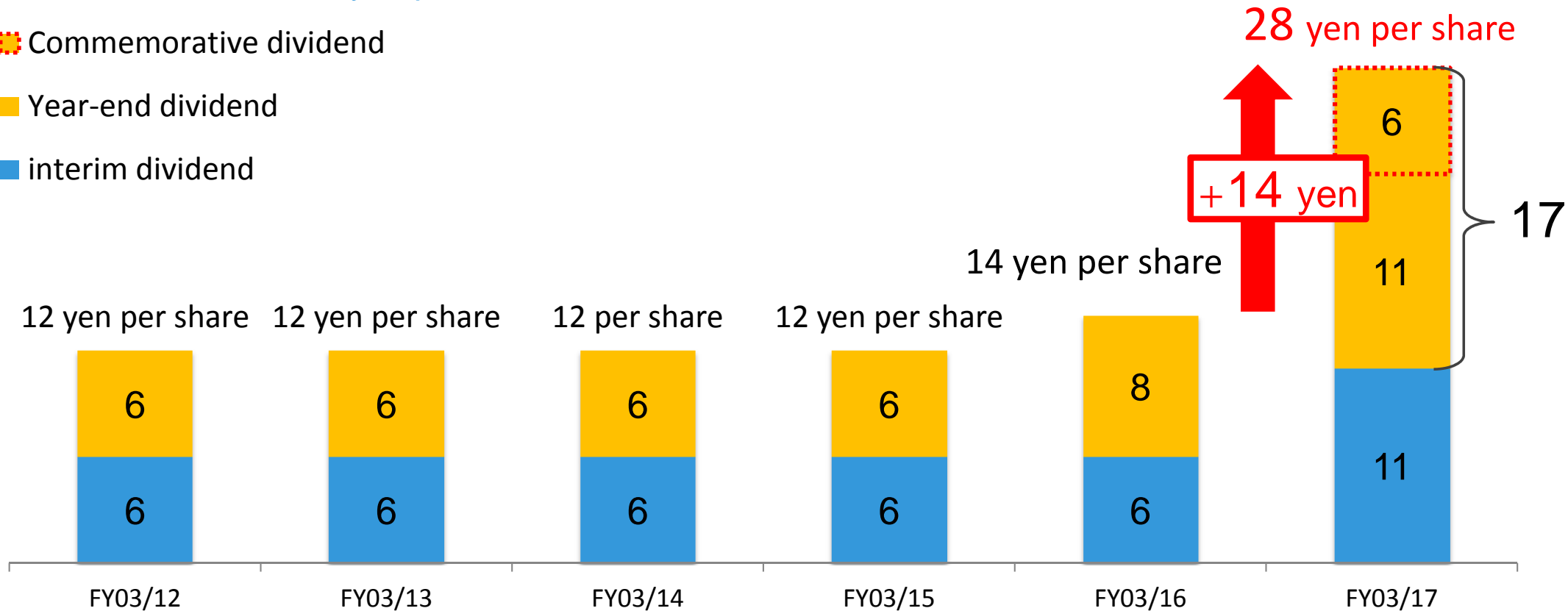
Dividend increase over two consecutive fiscal years, doubling in FY03/17

- ◎ Posted record profits in FY03/17 and attained final-year targets of second medium-term management plan IP16
- ◎ To pay annual dividend of 28 yen per share, including IP16 achievement commemorative dividend of 6 yen per share as announced in October 2016
- ◎ Two consecutive fiscal years of dividend increase and an annual dividend of 28 yen per share in FY03/17 versus 14 yen per share in FY03/16, a twofold increase

■ Commemorative dividend

■ Year-end dividend

■ interim dividend



The performance forecasts and forward-looking statements in these materials are based on information currently available to the Company, and include potential risks and uncertainties. Please be aware that due to changes in a variety of factors, actual results may differ materially from the projections and other forward-looking statements in these materials.

Please contact us with any questions regarding these materials.

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