

May 8, 2020

TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Securities Code: 3167, Tokyo Stock Exchange First Section)

Financial Results for the Fiscal Year Ended March 31, 2020 and Earnings Forecast for the Fiscal Year Ending March 31, 2021

We Recorded Record-High Annual Profits for the Second Consecutive Year and Aim to Continue Securing Growth in Both Sales and Profits during the Fiscal Year Ending March 31, 2021

TOKAI Holdings Corporation (hereinafter, “the Company”) today announced its financial results for the fiscal year ended March 31, 2020 and its earnings forecast for the fiscal year ending March 31, 2021.

1. The Company recorded 100,000 customers, greatly exceeding its customer count for the previous fiscal year and thereby achieving initial projections while expanding its earnings base

The Company is currently implementing its third medium-term management plan, Innovation Plan 2020 “JUMP,” which extends through the fiscal year ending March 31, 2021. Under this plan, the Company is actively applying strategies aimed at expanding its earnings base, including investing a total of 100 billion yen in M&A over the course of four years and forming business alliances. The Company also works to address an ongoing business objective by acquiring additional continuing customers, securing multiple contracts based on the Total Life Concierge (TLC) concept^{*1}, and expanding service areas.

During the fiscal year ended March 31, 2020, the Company aimed to attain its medium-term targets by implementing an aggressive sales program that targets an increase in the customer count that constitutes the Company’s earnings base and implementing M&A-related measures. As a result, **the Company recorded 3,003,000 continuing customers as of March 31, 2020.**

This year-end continuing customer count exceeded the count at the beginning of the year (2,902,000) by 101,000 (versus a net increase of 26,000 during the previous fiscal year) and included 65,000 additional continuing customers acquired through M&A. With this continuing customer count, the Company exceeded its initial target of 3 million. With net increases of 28,680 (LP and city) gas customers (including 5,120 acquired through city gas-related M&A), 91,539 CATV customers (including 59,840 acquired through M&A), and 4,590 Aqua customers (bottled drinking water delivery), we further expanded our earnings base.

2. Sales increased for the third consecutive year and reached a record high for the second consecutive year while all profit lines reached record highs for the second consecutive year

In the fiscal year ended March 31, 2020, sales increased by 4.4 billion yen (+2.3% year on year) to 196.0 billion yen, rising for the third consecutive year and reaching a record high for the second consecutive year. Sales growth was underpinned by an increase in customer count, higher sales in the Information and Communications business for corporate clients, and positive effects generated by M&A.

On the profit front, operating profit rose to 14.2 billion yen, increasing 1.2 billion yen, or 8.9%, compared to the previous fiscal year, and each profit line reached a record high for the second consecutive year. This reflected an increase in the number of monthly fee-paying customers that accompanied a higher customer count, profit growth in the Information and Communications business for corporate clients, and positive effects generated by M&A.

All of the Company's profit lines reached respective targets specified in its initial earnings forecast.

(Millions of yen)

	FY03/20 Results (April 1, 2019 to March 31, 2020)	FY03/19 Results (April 1, 2018 to March 31, 2019)	Forecast	YoY	Versus Forecast
Sales	195,952	191,600	200,800	+4,352	-4,848
Operating profit	14,224	13,057	14,170	+1,166	+54
Recurring profit	14,479	13,259	14,040	+1,219	+439
Net income	8,241	7,772	8,230	+468	+11
EPS (Yen)	62.93	59.36	62.85	+3.57	+0.08

3. Growth will continue during the fiscal year ending March 31, 2021 as sales rise for the fourth consecutive year and profits reach record highs for the third consecutive year

For the fiscal year ending March 31, 2021, the Company projects continued growth, with sales rising for the fourth consecutive year and profits reaching record highs for the third consecutive year.

This fiscal year will be the last in the Company's current medium-term management plan, and the Company forecasts that it will be a year that will lay the foundation for growth achieved under its next medium-term management plan.

The TOKAI Group believes that focusing on continuing customer count expansion will lead to top-line growth, an improved earnings base, and large medium- to long-term growth for the entire Group. Accordingly, it is pushing forward with initiatives aimed at achieving aggressive growth strategies.

During the fiscal year ending March 31, 2021, the Company will conduct these initiatives while upholding the themes of M&A advancement, ABCIR+S² implementation, and TLC enrichment as specific methods for achieving its targets.

Under its policy of consistently providing stable dividends, the Company plans to pay an annual dividend of 28 yen per share.

(Millions of yen)

	FY03/21 Forecast (April 1, 2020 to March 31, 2021)	FY03/20 Results (April 1, 2019 to March 31, 2020)	YoY	
			Change	Percent Change
Sales	205,300	195,952	+9,348	+4.8%
Operating profit	15,000	14,224	+776	+5.5%
Recurring profit	14,870	14,479	+391	+2.7%
Net income	8,460	8,241	+219	+2.7%
EPS (Yen)	64.60	62.93	+1.67	+2.7%
Customer count at end of fiscal year	3,105,000	3,003,000	+102,000	+3.4%

(Yen)

Dividends	FY03/21 (Forecast)	FY03/20	FY03/19
Interim (End of Q2)	14.00	14.00	14.00
Year-end	14.00	14.00	14.00
Annual dividend total	28.00	28.00	28.00
Consolidated payout ratio	43.3%	44.5%	47.2%

For details, please see the attached materials, entitled “Financial Results for the Fiscal Year Ended March 31, 2020 and Earnings Forecast for the Fiscal Year Ending March 31, 2021.”

Further, for the Company’s earnings announcement for the fiscal year ended March 31, 2020, please see the following URL:

<https://tokaiholdings.co.jp/english/ir/library/earnings.html>

*1 Vision of becoming a TLC: The Group seeks to support the comfortable living of its customers in a comprehensive and detail-oriented way and enhance customer satisfaction through its wide range of services.

*2 ABCIR+S: An acronym formed by the first letters of AI, big data, cloud, IoT, robotics, and smartphones. It refers to the Group’s strategies targeting technological innovation.

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Financial Results for the Fiscal Year Ending March 31, 2020

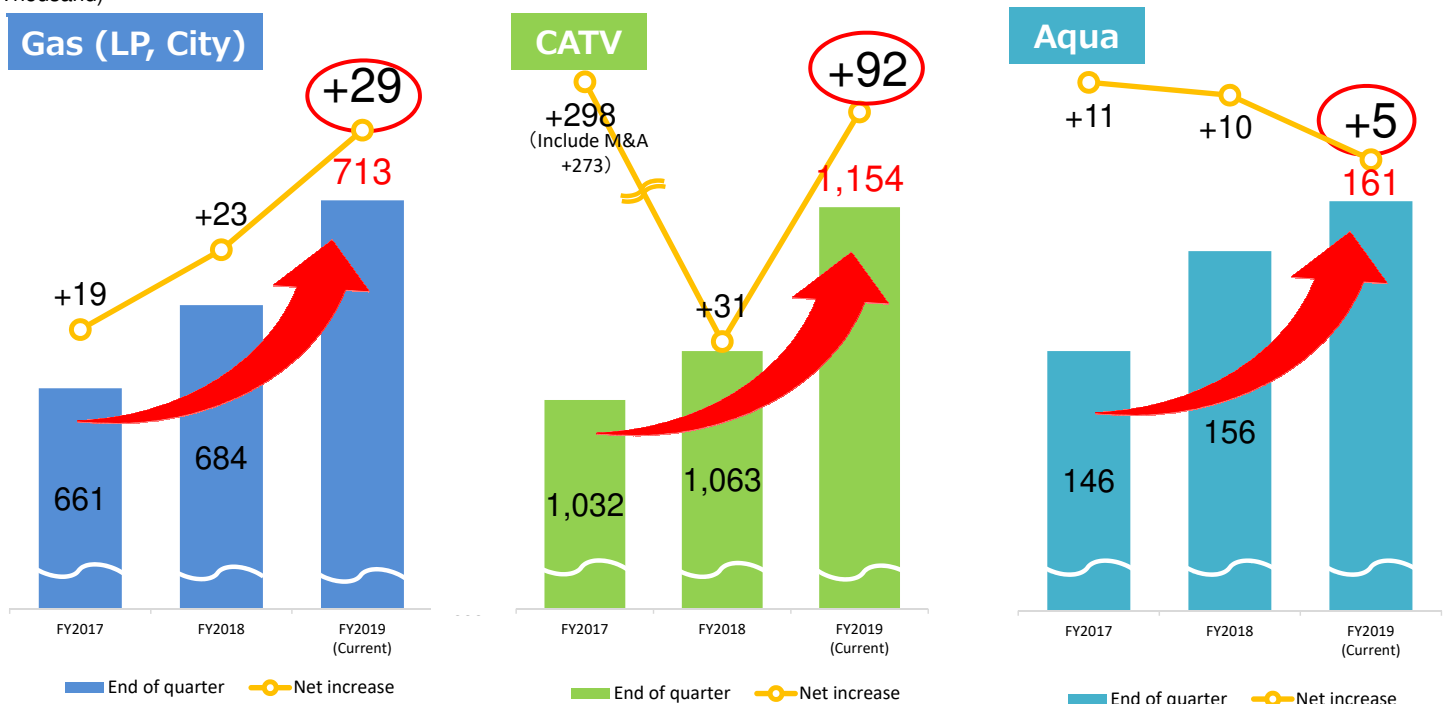
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Achieved 3 million continuous trading customers at the end of the period

- ◎ A net increase of 101,000 from 2,902 thousand at the beginning of the period, including an increase of 65,000 through M & A (net increase of 26,000 in the previous term)
- ◎ Mainstay LP gas, CATV, and Aqua businesses steadily expand customer base

(Thousand)



※Round off less than 1,000

※Net increase include customer additions from M & A.

Sales and profit items are record highs

- ◎ Sales increased by 4.4 billion yen due to an increase in the number of customers, the favorable information and telecommunications business for corporations and M & A
- ◎ Operating profit also increased by ¥ 1.2 billion (8.9% increase) mainly due to an increase in monthly charges due to an increase in the number of customers, and an increase in profit from the corporate information communication business and M & A.
- ◎ Each profit item also outperformed the earnings forecast.

(Million of yen)

	FY2019 Results	FY2018 Results	Initial Forecasts	YoY		Versus forecast	
				Change	Percent Change	Change	Percent Change
Sales	195,952	191,600	200,800	+4,352	+2.3	-4,848	-2.4
Operating profit	14,224	13,057	14,170	+1,166	+8.9	+54	+0.4
Recurring profit	14,479	13,259	14,040	+1,219	+9.2	+439	+3.1
Net income	8,241	7,772	8,230	+468	+6.0	+11	+0.1
EPS (Yen)	62.93	59.36	62.85	+3.57	+6.0	+0.08	+0.1

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Continued growth trend with increased sales and profits

- ◎ Continued growth trend with 4th consecutive year of sales increase and 3rd consecutive year of highest profit.
- ◎ In addition to completing the mid-term business plan IP20 "JUMP," we will continue to focus on expanding our customer base for medium- to long-term growth, while also providing a foundation for the growth of the next mid-term plan.
- ◎ The theme is "further promotion of M & A", "practice of ABCIR + S", and "deepening of TLC".

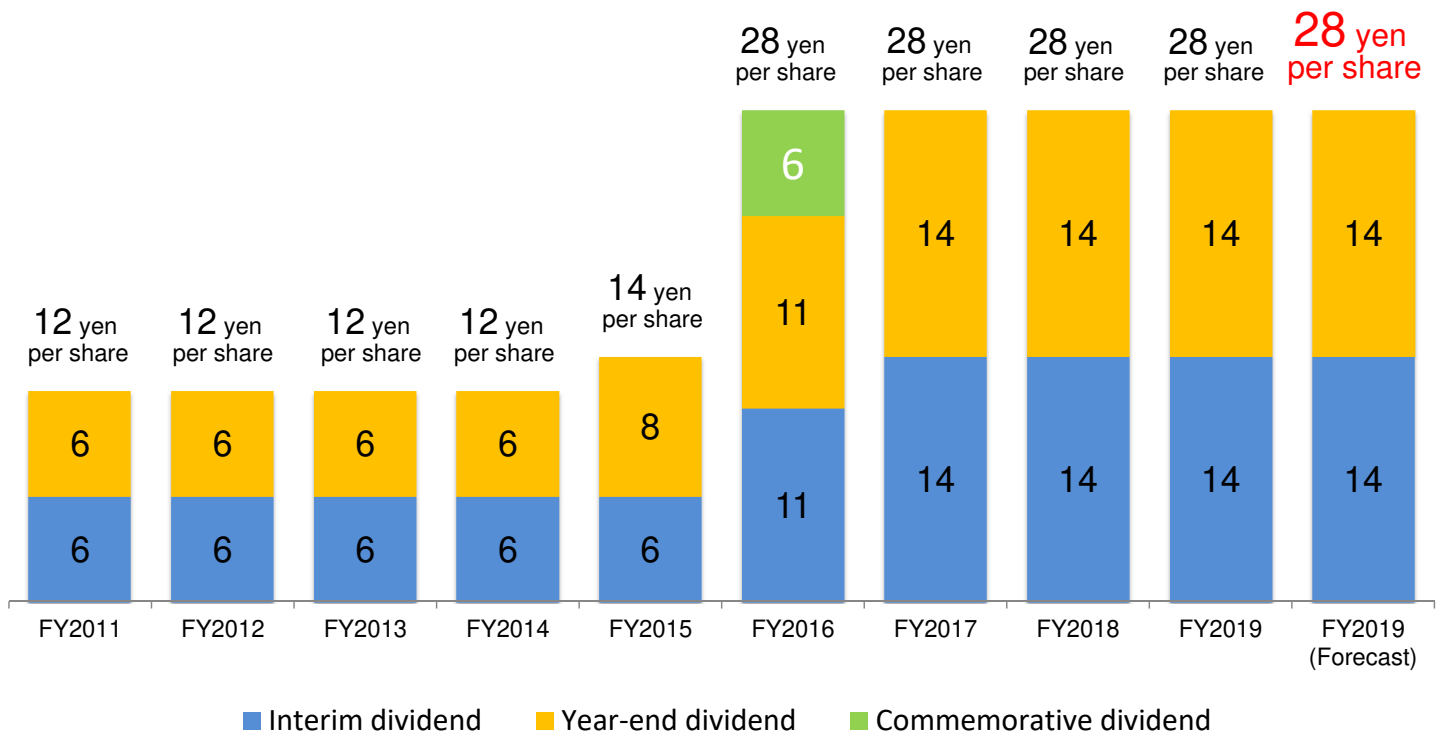
(Million of yen)

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			Change	Percent Change
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Recurring profit	14,870	14,479	+391	+2.7%
Net income	8,460	8,241	+219	+2.7%
EPS (Yen)	64.60	62.93	+1.67	+2.7%
Customer Number (Thousand)	3,105	3,003	+102	+3.4%

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Policy of consistently providing stable dividends

© Based on the Company's dividend policy, which strives for continuous and stable dividends, the annual dividend is planned to be ¥ 28 / share.



Appendix

- (1) Consolidated results
- (2) Sales by segment
- (3) Operating profit by segment
- (4) Consolidated financial indicators
- (5) Consolidated cash flows
- (6) Group customer count

(1) Consolidated results

(Millions of yen)

	FY2015 Results	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results
Sales	180,940	178,631	186,069	191,600	195,952
Operating profit	8,245	12,750	10,971	13,057	14,224
Recurring profit	8,150	12,775	11,191	13,259	14,479
Net income	3,458	7,337	6,620	7,772	8,241
EPS (Yen)	30.01	64.46	51.19	59.36	62.93

(2) Sales by segment

(Millions of yen)

	FY2015 Results	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results
Gas and Petroleum	80,745	73,344	76,073	77,977	78,154
Information and Communications	44,246	49,508	50,894	51,234	51,753
CATV	24,608	25,396	28,386	30,511	31,385
Building and Real Estate	20,975	19,511	19,807	20,090	22,383
Aqua	5,487	5,762	6,200	7,004	7,416
Others	4,875	5,108	4,706	4,781	4,858
Total	180,936	178,631	186,069	191,600	195,952

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(3) Operating profit by segment

(Millions of yen)

	FY2015 Results	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results
Gas and Petroleum	8,991	9,161	7,364	6,815	7,452
Information and Communications	2,308	4,213	3,174	3,827	4,226
CATV	1,975	2,752	3,554	4,953	5,024
Building and Real Estate	1,266	1,098	1,330	1,615	2,116
Aqua	-1,119	298	246	762	674
Others, adjustments	-5,175	- 4,775	- 4,699	- 4,916	- 5,271
Total	8,245	12,750	10,971	13,057	14,224

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	FY2015 Results	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results
Total assets	160,303	161,112	165,993	167,606	169,972
Total liabilities	118,332	104,665	104,543	103,711	103,989
Total net assets	41,970	56,446	61,450	63,894	65,982
Balance of interest-bearing debt	71,410	54,137	50,980	50,604	48,273
EBITDA	24,980	28,392	26,318	28,148	29,651
Equity ratio	25.6 %	34.5 %	36.3 %	37.4 %	38.0 %

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(5) Consolidated cash flows

(Millions of yen)

	FY2015 Results	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results
Operating cash flow	21,395	26,692	20,909	21,605	22,535
Investment cash flow	- 11,015	- 10,985	- 11,488	- 12,443	- 12,131
Free cash flow	10,379	15,706	9,421	9,161	10,403
Financing cash flow	- 9,150	- 16,643	- 9,527	- 8,147	- 10,375

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(6) Group customer count

(Thousands of customers)

		FY2015 Results	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results
Gas (LP and city gas)		634	642	661	684	713
Information and Communications	Previous ISP model, etc.	633	527	465	419	389
	Hikari Collaboration	219	299	323	327	324
	LIBMO	—	2	29	41	48
	Mobile	236	233	227	217	212
	Subtotal	1,088	1,061	1,044	1,004	973
CATV		710	733	1,032	1,063	1,154
Aqua		133	135	146	156	161
Security		18	17	17	17	16
Total		2,558	2,564	2,876	2,902	3,003

*The number of customers under a thousand are rounded to the nearest thousand. Information and Communications and CATV both offer communications services, and so their numbers are excluded from total figures.

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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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うれしいをつなぐ。ひろげる。

