

TOKAI Holdings Corporation
Financial results briefing for the second quarter of
the fiscal year ending March 2024
Q&A Summary
(Held on November 9, 2023)

Q: The dividend payout ratio is 40-50%, but when compared to the current cash flow level, is there any idea of a change, etc.?

A: There is no change in our policy of allocating cash flow to business growth investment and shareholder returns. We will proceed based on the idea of expanding our dividend policy in line with business expansion.

Q: The company says that it is steadily acquiring customers. What is the background to this?

A: In the first half of the fiscal year, we were able to increase the number of customers by a net 28000, mainly in our mainstay businesses. In particular, we are making steady progress in acquiring energy not only in existing areas, but also in new areas, including the Chukyo region. In CATV, we are focusing on cross-selling sales of Internet services in addition to broadcasting services for households using high-quality optical fiber.

In the second half of the fiscal year, we will continue to leverage our sales capabilities, which are our strengths, to expand our customer base.

Q: Are there any changes to the full-year forecast based on 1H results?

A: In the first half of the fiscal year, operating income in the Energy segment was negatively impacted by high temperatures, amounting to ¥500 million. Nevertheless, operating income as a whole progressed as budgeted due to positive factors such as a decrease in the cost of acquiring telecommunications services and an improved margin on CATV. In terms of the number of customers, sales of gases, CATV and other products have been steady, despite delays in acquiring ICT broadband services.

With regard to the full-year forecast, overall net sales and operating income are unchanged from the initial forecast. By segment, energy is expected to offset the negative impact in the first half and achieve the full-year budget by partially hedging gas purchase prices in the second half and by reducing costs. In the information and telecommunications business, the delay in the number of contracts acquired in the first half will be recovered in the second half. Therefore, the acquisition costs will be delayed until the second half, and we expect the results to be in line with the full-year forecast.