



October 25, 2017

To whom it may concern

TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Code No. 3167 Tokyo Stock Exchange First Section)

Expansion of LP Gas Business into Okayama Area

TOKAI CORPORATION (Headquarters: Shizuoka-shi, Shizuoka; President & CEO: Katsuo Oguri), a wholly-owned subsidiary of TOKAI Holdings Corporation, which conducts energy business such as sale of LP gas established “Okayama Office” in September 2017. In association with this matter, the TOKAI Group will expand the LP gas retail business into Okayama Prefecture to follow the existing CATV business with the aim of further strengthening earning power.

LP gas business is surrounded by environment where household- and business-use demand of LP gas that accounts for 40% of domestic demand of LP gas is expected to decrease by 1.8% per year for the next four years*¹ and unit quantity of gas used by household users has continuously decreased by about 2% each year due to the decrease in the number of people in each household and the effect of energy saving efforts*². In this environment, maturity of the market is unavoidable.

Under these circumstances, TOKAI Holdings Corporation intends to make aggressive investment for the four years until the end of 2020 to expand its LP gas business into new business areas and to further increase our share in the entire business areas under the new medium-term management plan “Innovation Plan 2020 ‘JUMP’” announced on May 9, 2017.

In Okayama Prefecture where TOKAI CORPORATION has advanced, the TOKAI Group has been offering CATV service (broadcasting and telecommunication) in Kurashiki City and other municipalities and now has approximately 90,000 customer base. We aim to acquire 10,000 LP gas customers in five years through cross-selling proposals to the existing CATV customers and marketing activities to new customers in the municipalities where the TOKAI Group has been offering CATV service (approximately 260,000 households).

We will continue to aggressively promote expansion of our customer base and increase the number of customers of the LP gas business to 760,000 by the end of 2020, a 30% increase from 590,000 at the end of 2016.

Under the TLC (Total Life Concierge) vision, the TOKAI Group has been offering comprehensive lineup of various lifestyle infrastructure services closely connected to people’s lives, including energy, information and communications, and CATV, which are currently being used by 2,820,000 customers. Going forward, by continuing to actively work toward providing products and services that can contribute to solving regional and social issues, the Group will aim to improve customer satisfaction.

*1 Cited from material issued by Petroleum Market Trends WG of Ministry of Economy, Trade and Industry (April 3, 2017)

*2 Surveyed by TOKAI Holdings Corporation

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