

Life & Business Solutions (Non-Energy Business)

What We Aim to Be in FY2031.3 and Summary of Current Situation

The Daigas Group actively applies the technologies and know-how it has accumulated in the energy business, developing businesses that differ from the energy field in order to diversify business risk. These non-energy businesses are playing a major role in supporting the Daigas Group's earnings base as a stable source of earnings, particularly as crude oil prices and foreign exchange trends remain unclear. We plan to accelerate growth in three core business areas in Life & Business Solutions—Real Estate, Materials and Information—aiming to consistently

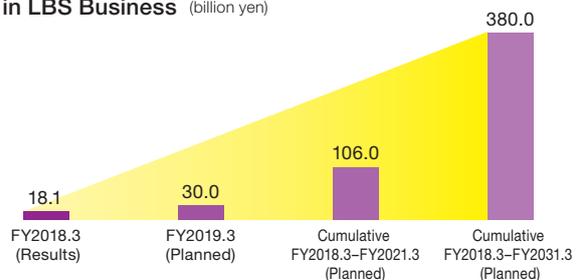
increase profits through fiscal 2031.3.

In the fiscal year ended March 31, 2018, net sales totaled 208.9 billion yen. Segment profit was 18.6 billion yen. For the fiscal year ending March 31, 2019, we anticipate net sales of 208.0 billion yen and segment profit of 19.0 billion yen.

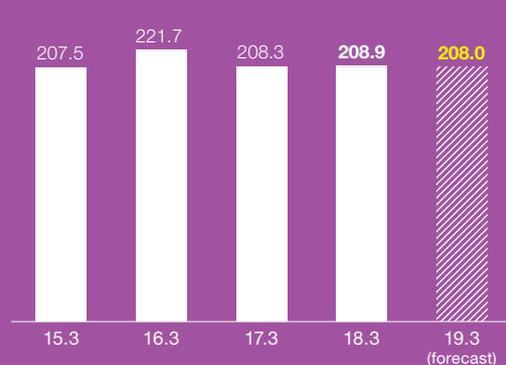
Forecast for the fiscal year ending March 31, 2019

Net Sales **¥208.0 billion** Segment Profit* **¥19.0 billion**

Expanding Growth Investment in LBS Business (billion yen)



Net Sales (billion yen)



Segment Profit* (billion yen)



(The figures from 2017.3 represent net sales and segment profit in the new segments)

* Segment profit = Operating profit + Equity in earnings of affiliates

Note: From the fiscal year ended March 31, 2018, Sumisho Osaka Gas Water UK Limited, an equity-method affiliate, was repositioned from Life & Business Solutions into the International Energy Business.

Business Overview and Characteristics

Our real estate business extends widely to include the development of properties such as sale and rental apartments, office buildings, management of buildings and facilities, and so on.

What We Aim to Be in FY2031.3

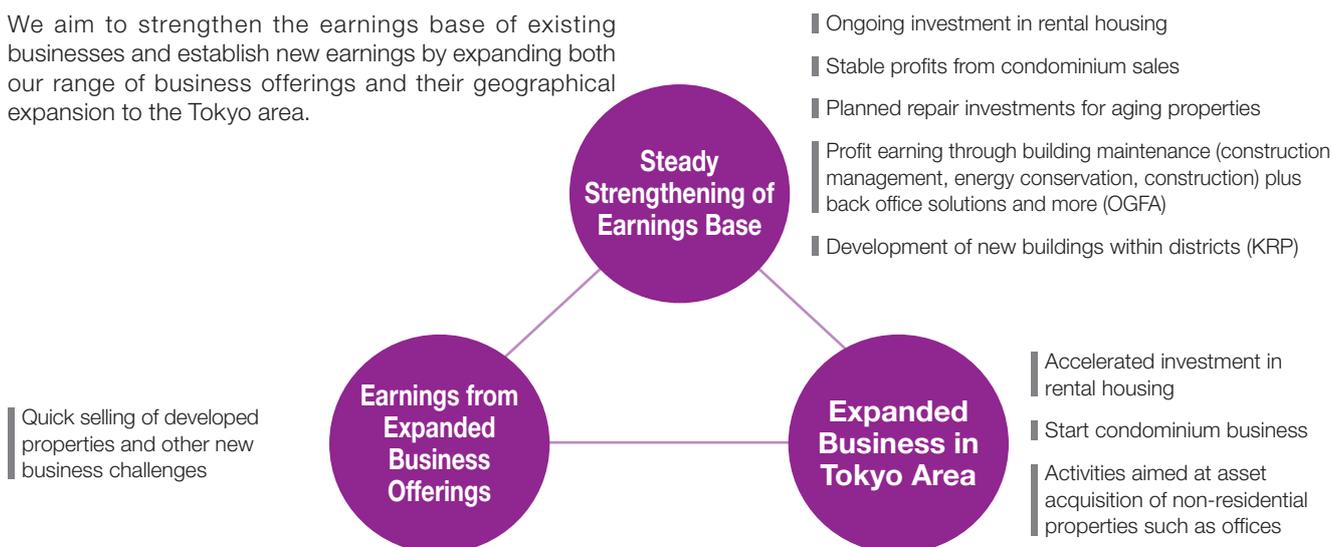
The Group aims to be a strong player in diverse areas such as leasing, sales, and maintenance by expanding business in the Kansai area as well as in the Tokyo area.



Urbanex Fukagawa Sumiyoshi

Key Strategies Through FY2021.3

We aim to strengthen the earnings base of existing businesses and establish new earnings by expanding both our range of business offerings and their geographical expansion to the Tokyo area.



About the Osaka Gas Urban Development Group

Osaka Gas Urban Development

Osaka Gas Urban Development is developing condominiums for sale under the "SCENES" brand, along with rental condominiums and rental offices under the "Urbanex" brand.

Launch of the New Brand

Osaka Gas Urban Development has unveiled a new brand, SCENES, with apartments sold under the slogan "Fine homes for an inspiring lifestyle." These are residences that will bring new delight to customers' daily lives.



Osaka Gas Facilities (OGFA)

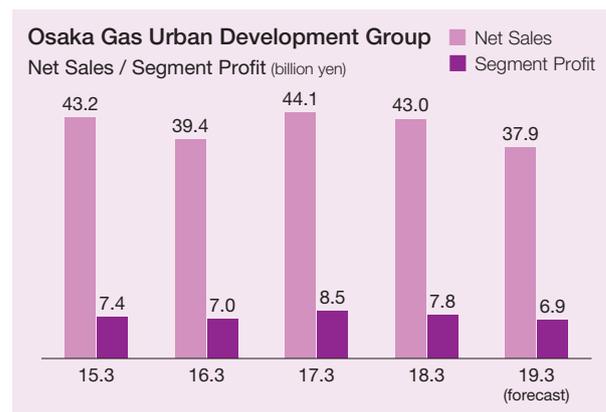
Osaka Gas Facilities provides comprehensive management services such as facility operation management, security, and cleaning at facilities such as office buildings, hospitals, research facilities, and factories. In addition, we meet the wide-ranging needs of customers in relation to buildings and facilities, extending from repair work and large -scale renovations to energy conservation, CO₂ reductions, and the visualization of energy consumption.

About the Fiscal Year Ended March 31, 2018

In the fiscal year ended March 31, 2018, profit rose due to a steady increase of profitable real estate in the leasing business, sales growth due to strong sales in the built-for-sale housing business, and increases in OGFA's one-stop proposals for building management, energy-saving and works services for customer-owned buildings.

Kyoto Research Park (KRP)

Kyoto Research Park is an industrial cluster home to nearly 400 tenant venture companies and organizations. In addition to providing offices and laboratories, KRP promotes the creation of new businesses in collaboration with Kyoto Prefecture, Kyoto City, and universities. KRP aims to be a hub for innovation that generates new ideas and business by bringing together individuals and companies working in diverse fields.



Business Overview and Characteristics

Osaka Gas employs coal chemistry technologies as well as pharmaceutical- and agrochemical-related technologies for the development, manufacture, and sales of highly functional materials. In 2014 we acquired Jacobi Carbons AB (Sweden) and are developing our business globally.

What We Aim to Be in FY2031.3

Engaged primarily outside of Japan, we aim to become a manufacturer of functional materials with a top position in niche markets that contributes positively to industry, life, and the environment.

Key Strategies Through FY2021.3

- We will establish a stable earnings base through diverse product lines in five business areas.
- We will also be working on substitutions in our business portfolio to adapt to changes in the times and to achieve sustainable growth.

Fine Materials	Carbon Materials	Activated Carbon	Silica- and Alumina-based Materials	Preservatives
<p>Development of various applications for fluorene with its excellent optical properties and heat resistance</p> <p>Resins for camera lenses in smartphones and other devices, semiconductor materials, liquid crystal displays</p> 	<p>Expanded sales of DONACARBO carbon fiber with its excellent heat insulation and abrasion resistance</p> <p>Molded insulation for silicon manufacturing furnace for photovoltaic cells</p>  <p>Acoustic insulation material for train cars</p>	<p>Expanded global value chain through cooperation between the Jacobi Group and Osaka Gas Chemicals</p> <p>Activated carbon for purification processes in food, alcohol and pharmaceutical manufacturing, air purifiers and water filters</p> 	<p>Expanded sales of adsorbents and additives and efforts toward developing new applications</p> <p>Activated clay for petroleum and for refining cooking oil</p> 	<p>Development of wood preservatives, industrial preservatives, industrial coating agents</p> <p>Xyladecor[®] wood preservative, Xylamon termiticide</p> 

About the Osaka Gas Chemicals Group

Osaka Gas Chemicals

Established in 1931, Osaka Gas Chemicals employs technologies cultivated in coal chemistry and pharmaceuticals to develop highly functional materials that add value to customers' products.

Mizusawa Industrial Chemicals Group

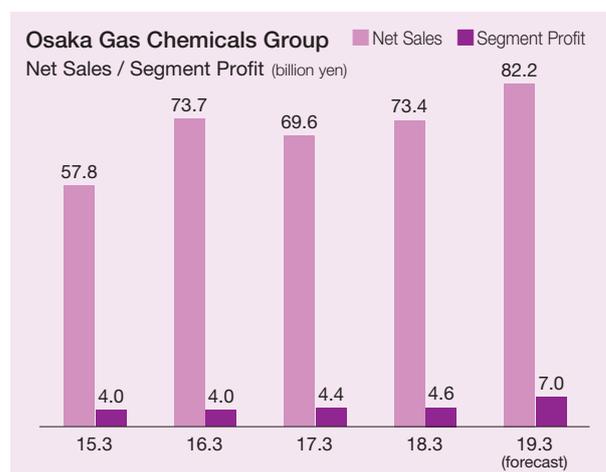
Mizusawa Industrial Chemicals was established in 1937 to domestically refine the activated clay needed for refining petroleum and fats and oils. It joined the Daigas Group in 2015.

Jacobi Carbons Group

An activated carbon producer established in Sweden in 1916, Jacobi does business in 18 countries. It joined the Daigas Group in 2014. Osaka Gas Chemicals and the Jacobi Group together form the second largest activated carbon producer in the world. (Based on Osaka Gas Chemicals' FY2018.3 performance)

About the Fiscal Year Ended March 31, 2018

In the fiscal year ended March 31, 2018, earnings increased due to expansion of sales in the carbon materials business of Osaka Gas Chemicals, despite the impact of soaring activated carbon raw material prices.



Business Overview and Characteristics

OGIS-RI traces its roots back to developing and managing systems for the gas business of Osaka Gas. After various acquisitions, it organized a group of system providers to offer services to the manufacturing and financial industries. By sharing the expertise of each company in the group, we provide comprehensive IT services ranging from consulting, design, development, and the operation of corporate information systems to data centers, cloud services, and security.

What We Aim to Be in FY2031.3

Through high-level innovation in information and communications technologies, we aim to be a corporate group that provides new value and grows sustainably with customers.

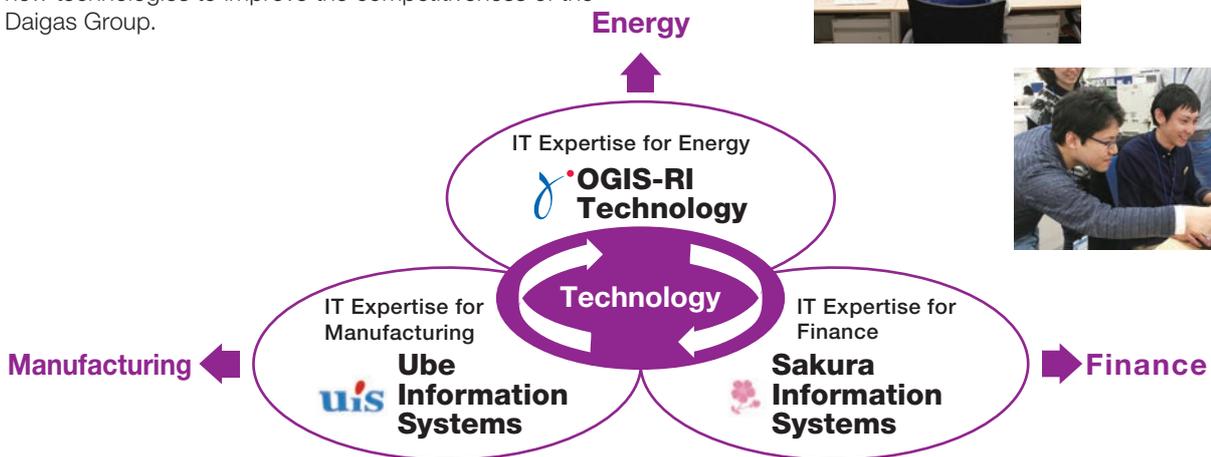


OGIS-RI Head Office

Key Strategies Through FY2021.3

Our strategy is to differentiate ourselves with a priority placed on the fields of finance, manufacturing, and energy as we expand our business beyond the Daigas Group.

We will apply our cumulative expertise and introduce new technologies to improve the competitiveness of the Daigas Group.



About the OGIS-RI Group

OGIS-RI

Established in 1983, it is the systems provider company of the Daigas Group with extensive IT expertise in the energy industry.

Sakura Information Systems

Established in 1972, it is engaged in the construction and operation of key systems for the Sumitomo Mitsui Banking Corporation Group and has extensive expertise in the financial industry.

Ube Information Systems

Established in 1983, it provides systems construction and operation as a comprehensive information processing service company of the Ube Industries Group and has IT technology in the manufacturing industry.

About the Fiscal Year Ended March 31, 2018

In the fiscal year ended March 31, 2018, earnings increased due to growth in high value-added solution services using the IoT and other high-tech tools, on top of strong sales from financial and other projects. We also acquired Agnie Consulting in measures to strengthen our ERP business, a priority area for the future.

