

Operating Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (201st Term)

January 31, 2019
Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2018 - December 31, 2018)

(1) Overview of Operating Results

Net sales for the nine months ended December 31, 2018 increased year-on-year, primarily due to an increase in sales volume in the Electricity Business. Ordinary profit decreased year-on-year, primarily due to the time-lag effect (*) and a decrease in sales volume of city gas due to high air and water temperature in the Gas Business. Profit attributable to owners of parent decreased year-on-year, primarily due to extraordinary losses recorded as one-time amortization of goodwill associated with the acquisition of a new subsidiary of ¥8.9 billion and loss on disaster of ¥2.0 billion.

The number of consolidated subsidiaries totaled 149, an increase of 14 and a decrease of 3 from the end of the previous fiscal year. The number of equity method affiliates totaled 23, an increase of 4 from the end of the previous fiscal year.

(*) Impact of the time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas.

[billion yen]

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent (Note)
Consolidated	943.6 (+3.7%) [909.5]	23.3 (-52.0%) [48.5]	25.4 (-49.4%) [50.3]	5.2 (-83.6%) [31.6]
Non-consolidated	755.1 (+4.2%) [724.3]	-7.7 (—) [28.2]	3.3 (-90.9%) [36.3]	-0.2 (—) [27.8]

(Note) "Profit" for non-consolidated results

[]: Actual results for the same period of the previous fiscal year, (): % of change from the same period of the previous fiscal year

(2) Overview by Segment

The "Domestic Energy / Gas" segment reported a loss, mainly due to the time-lag effect and a decrease in sales volume of city gas due to high air and water temperature. Segment profit of "Domestic Energy / Electricity" decreased, mainly due to a fall in electricity prices. Segment profit of "International Energy" increased, mainly due to an increase in sales volume of LNG under the Gorgon Project. Segment profit of "Life & Business Solutions" was flat year-on-year.

[billion yen]

	Net sales	Segment profit (loss) (Note)
Domestic Energy / Gas	687.4 (+0.6%) [683.4]	-0.8 (—) [24.6]
Domestic Energy / Electricity	131.4 (+21.7%) [108.0]	5.2 (-60.7%) [13.2]
International Energy	27.0 (+75.0%) [15.4]	7.7 (—) [-1.9]
Life & Business Solutions	149.5 (+4.2%) [143.4]	12.0 (-5.9%) [12.8]

(Note) Segment profit (loss): Operating profit (loss) + Share of profit (loss) of entities accounted for using equity method

[]: Actual results for the same period of the previous fiscal year, (): % of change from the same period of the previous fiscal year

(3) Non-consolidated Gas Sales Breakdown

Gas sales on a non-consolidated basis [45MJ/m³] decreased year-on-year. Sales volume of residential gas decreased year-on-year, mainly due to the effect of customers switching to other companies as well as higher air and water temperature. Sales volume of non-residential gas decreased year-on-year, mainly due to the effect of customers switching to other companies as well as a decrease in operation of specific customers' facilities.

Gas sales volume (million m ³)	5,576 (-7.2%)
Residential	1,105 (-13.4%)
Non-residential	4,471 (-5.5%)
Number of gas supply (thousands)	5,626 (-6.7%)

(): % of change from the same period of the previous fiscal year

(4) Domestic Electricity Sales Breakdown

Electricity sales volume (million kWh)	8,502 (+10.0%)
Retail	2,299 (+54.4%)
Wholesale, etc.	6,203 (-0.6%)
Number of low-voltage electricity supply (thousands)	857 (+57.3%)

(): % of change from the same period of the previous fiscal year

2. Forecasts of Financial Results for the Fiscal Year Ending March 31, 2019

Considering recent trends in the raw material costs and other factors, forecasts of consolidated and non-consolidated financial results for the fiscal year ending March 31, 2019 have been revised from the previous forecasts.

[Revised Forecasts of Financial Results]

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,381.0 (+6.5%)	1,111.5 (+6.9%)
Operating profit	63.0 (-19.4%)	27.0 (-43.4%)
Ordinary profit	61.5 (-20.2%)	38.0 (-34.7%)
Profit attributable to owners of parent (Note)	30.5 (-19.2%)	27.0 (-38.7%)

(Note) "Profit" for non-consolidated results, (): % of change from the same period of the previous fiscal year

(Reference) Assumptions for the crude oil price and exchange rate for the revised forecasts of financial results

		Actual results for the nine months ended December 31, 2018	Forecasts for the fourth quarter	Annual average
Crude oil price (All Japan CIF price)	USD/bbl	75.1	65.0	72.7
Exchange rate (TTM rate)	JPY/USD	111.1	110.0	110.9

[Previous Forecasts of Financial Results (Announced on October 30, 2018)]

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,400.0 (+8.0%)	1,130.0 (+8.7%)
Operating profit	59.0 (-24.5%)	20.5 (-57.0%)
Ordinary profit	56.0 (-27.4%)	29.5 (-49.3%)
Profit attributable to owners of parent (Note)	36.0 (-4.6%)	23.0 (-47.8%)

(Note) "Profit" for non-consolidated results, (): % of change from the same period of the previous fiscal year

(Reference) Assumptions for the crude oil price and exchange rate for the previous forecasts of financial results

(October 2018 – March 2019)

Crude oil price (All Japan CIF price) at 80USD/bbl

Exchange rate (TTM rate) at 110JPY/USD