

Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2020 (202nd Term)

July 29, 2019
Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2019 – June 30, 2019)

(1) Overview of Operating Results

Consolidated net sales for the three months ended June 30, 2019 increased year-on-year primarily due to the higher unit selling price of city gas under the fuel cost adjustment system of the Gas Business. Consolidated ordinary profit increased primarily due to the impact of the time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas(*) in the Gas Business. Furthermore, profit attributable to owners of parent increased.

(*)There is a time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas under the fuel cost adjustment system, which causes a temporary increase/decrease in profit. This resulted in a temporary increase in profit for the current first quarter and a temporary decrease in profit for the previous first quarter, respectively.

[billion yen]

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent (Note)
Consolidated	335.0 (+12.8%) [297.1]	36.6 (+76.8%) [20.7]	41.4 (+77.4%) [23.3]	28.6 (+83.1%) [15.6]
Non-consolidated	270.7 (+12.5%) [240.7]	28.6 (+198.4%) [9.6]	37.7 (+113.8%) [17.6]	29.1 (+115.0%) [13.5]

(Note) "Profit" for non-consolidated results

The figures in [] brackets in each box represent actual results for the same period of the previous fiscal year.

The percentage figures in () parentheses in each box represent the changes from the same period of the previous fiscal year.

(2) Overview by Segment

Segment profit of "Domestic Energy/Gas" increased, mainly due to the impact of the time lag between fluctuations in raw material costs and their reflection in the unit selling price of city gas. Segment profit of "Domestic Energy/Electricity" decreased, mainly due to a decrease in the unit selling price caused by a fall in electricity prices and an increase in operating costs. Segment profit of "International Energy" decreased, mainly due to the impact from expenses related to the Freeport LNG project and a decrease in sales volume of LNG under the Gorgon Project. Segment profit of "Life & Business Solutions" increased mainly due to an increase in sales in the Materials Business.

[billion yen]

	Net sales	Segment profit (loss) (Note)
Domestic Energy/Gas	251.4 (+14.1%) [220.4]	30.9 (+171.9%) [11.3]
Domestic Energy/Electricity	42.0 (+13.1%) [37.1]	1.1 (-46.9%) [2.1]
International Energy	11.1 (-2.0%) [11.3]	0.9 (-79.5%) [4.8]
Life & Business Solutions	49.0 (+5.0%) [46.7]	3.5 (+14.5%) [3.1]

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

The figures in [] brackets in each box represent actual results for the same period of the previous fiscal year.

The percentage figures in () parentheses in each box represent the changes 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 remained at approximately the same level as that of the same period of the previous fiscal year, mainly due to an increase in the demand for hot water supply and air heating due to lower air and water temperature despite the effect of customers switching to other companies. 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 customers' facilities.

Gas sales volume (million m ³)	1,799 (-4.1%)
Residential	459 (-0.8%)
Non-residential	1,340 (-5.2%)
Number of gas supply (thousands)	5,430 (-7.1%)

The percentage figures in () parentheses in each box represent the changes from the same period of the previous fiscal year.

(4) Domestic Electricity Sales Breakdown

Sales volume of domestic electricity increased year-on-year due to an increase in retail sales volume.

Electricity sales volume (million kWh)	2,783 (+6.5%)
Retail	869 (+44.6%)
Wholesale, etc.	1,914 (-4.9%)
Number of low-voltage electricity supply (thousands)	1,077 (+53.3%)

The percentage figures in () parentheses in each box represent the changes from the same period of the previous fiscal year.

2. Forecast for the Fiscal Year Ending March 31, 2020

There is no revision of the forecast from that released on April 24, 2019.

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,426.0 (+3.9%)	1,138.0 (+3.0%)
Operating profit	91.0(+33.9%)	53.0 (+89.6%)
Ordinary profit	81.0 (+28.4%)	56.5 (+39.3%)
Profit attributable to owners of parent (Note)	55.0 (+63.7%)	43.0 (+71.0%)

(Note) "Profit" for non-consolidated results

The percentage figures in () parentheses in each box represent the changes from the fiscal year ended March 31, 2019.

(Reference) Assumptions for the crude oil price and exchange rate (April 1, 2019 – March 31, 2020)

Crude oil price (All Japan CIF price) at 65USD/bbl

Exchange rate (TTM rate) at 110JPY/USD

Brief Report of Consolidated Financial Statements

https://www.osakagas.co.jp/en/ir/_icsFiles/afieldfile/2019/07/29/20190729_1e.pdf