

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

January 30, 2020

Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2019 – December 31, 2019)

(1) Overview of Operating Results

Consolidated net sales for the nine months ended December 31, 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 and an increase in electricity sales volume in the Electricity 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 and decreases in its expenses. 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 third quarter and a temporary decrease in profit for the previous third quarter, respectively.

[billion yen]

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent (Note)
Consolidated	974.5 (+3.3%) [943.6]	54.2 (+132.8%) [23.3]	59.3 (+133.1%) [25.4]	34.8 (+569.2%) [5.2]
Non-consolidated	772.0 (+2.2%) [755.1]	28.2 (–) [-7.7]	39.9 (+1104.0%) [3.3]	31.0 (–) [-0.2]

(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, as well as decreases in Gas Business expenses. Segment profit of “Domestic Energy/Electricity” decreased, mainly due to a fall in the unit selling price of city gas, mainly resulting from low temperature in the summer season and a fall in electricity prices, as well as an irregular suspension of operations at a power plant, despite an increase in retail sales volume. Segment profit of “International Energy” decreased, mainly due to the impact from expenses related to the Freeport LNG project. Segment profit of “Life & Business Solutions” increased mainly due to an increase in sales and decreases in expenses in the Materials Business.

[billion yen]

	Net sales	Segment profit (loss) (Note)
Domestic Energy/Gas	691.8 (+0.7%) [687.4]	34.4 (–) [-0.8]
Domestic Energy/Electricity	145.4 (+10.6%) [131.4]	4.5 (-11.9%) [5.2]
International Energy	43.2 (+60.3%) [27.0]	3.5 (-54.2%) [7.7]
Life & Business Solutions	156.8 (+4.9%) [149.5]	13.4 (+11.1%) [12.0]

(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 decreased from the level of the previous fiscal year, mainly due to the effect of customers switching to other companies, despite an increase in the demand for hot water supply and air heating due to lower air and water temperature in the early spring and summer season. 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, despite an increase in such volume mainly due to cultivation of demand.

Gas sales volume (million m ³)	5,191 (-6.9%)
Residential	1,077 (-2.5%)
Non-residential	4,114 (-8.0%)
Number of gas supply (thousands)	5,287 (-6.0%)

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)	9,405 (+10.6%)
Retail	3,137 (+36.5%)
Wholesale, etc.	6,268 (+ 1.0%)
Number of low-voltage electricity supply (thousands)	1,241 (+44.8%)

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

Considering recent performance trends such as the performance of the Electricity Business on a non-consolidated basis and impairment losses in the upstream businesses, forecasts of consolidated and non-consolidated financial results for the fiscal year ending March 31, 2020 have been revised from previous forecasts.

【New forecast】

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,419.0 (+3.4%)	1,131.0 (+2.4%)
Operating profit	84.0 (+23.6%)	46.0 (+64.6%)
Ordinary profit	81.0 (+28.4%)	56.5 (+39.3%)
Profit attributable to owners of parent (Note)	51.0 (+51.8%)	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 in the new forecast

	Results for the nine months ended December 31, 2019	Forecast for the Fourth Quarter	Annual average
Crude oil price (All Japan CIF price) USD/bbl	67.8	65.0	67.1
Exchange rate (TTM rate) JPY/USD	108.7	110.0	109.0

【Previous forecast (released on October 29, 2019)】

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,412.0 (+2.9%)	1,124.0 (+1.8%)
Operating profit	85.0 (+25.0%)	47.0 (+68.2%)
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.

Brief Report of Consolidated Financial Statements

https://www.osakagas.co.jp/en/ir/library/financial-results/_icsFiles/afieldfile/2020/01/29/20200130_1e.pdf