

Operating Results for the Fiscal Year Ended March 31, 2020 (202nd Term)

May 11, 2020

Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2019 – March 31, 2020)

(1) Overview of Operating Results

Consolidated net sales for the fiscal year ended March 31, 2020 decreased year-on-year primarily due to a decrease in sales volume in the Gas Business. Consolidated ordinary profit increased primarily due to the time-lag effect (*) in the Gas Business (*) and a decrease in expenses in the Gas Business. Profit attributable to owners of parent increased primarily due to an increase in profit of the Gas Business, which offset an impairment loss recorded in the upstream projects of the International Energy Business. The number of consolidated subsidiaries is currently 156, with 5 subsidiaries removed and 11 added since the fiscal year ended March 31, 2019. The number of equity method affiliates is currently 23 with 1 removed and 1 added since the fiscal year ended March 31, 2019.

(*) 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	1,368.6 (-0.2%) [1,371.8]	83.7 (+23.3%) [67.9]	86.0 (+36.3%) [63.1]	41.7 (+24.4%) [33.6]
Non-consolidated	1,084.3 (-1.8%) [1,104.5]	45.7 (+63.8%) [27.9]	58.4 (+44.2%) [40.5]	44.9 (+78.9%) [25.1]

(Note) "Profit" for non-consolidated results

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

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

(2) Overview by Segment

Segment profit for "Domestic Energy/Gas" increased primarily due to the time-lag effect and a decrease in expenses in the Gas Business. Segment profit for "Domestic Energy/Electricity" decreased mainly due to low temperature during the summer, a decrease in the unit selling price of electricity primarily associated with price reductions, and unplanned outage of power plant, regardless of an increase in electricity sales volume. Segment profit for "International Energy" increased mainly due to an increase in fair value of derivatives possessed by the IPP projects in North America. Segment profit for "Life & Business Solutions" increased mainly due to an improvement of gross profit margin of the Materials Solutions Business.

[billion yen]

	Net sales	Segment profit (loss) (Note)
Domestic Energy/Gas	973.7 (-3.8%) [1,012.6]	53.1 (+48.4%) [35.8]
Domestic Energy/Electricity	204.8 (+11.1%) [184.3]	7.9 (-9.3%) [8.7]
International Energy	61.2 (+51.3%) [40.4]	8.1 (+36.6%) [5.9]
Life & Business Solutions	219.4 (+4.0%) [210.9]	19.6 (+11.1%) [17.7]

(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 previous fiscal year.

The percentage figures in () parentheses in each box represent the changes from 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. 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)	7,324 (-7.3%)
Residential	1,798 (-4.9%)
Non-residential	5,526 (-8.0%)
Number of gas supply (thousands)	5,225 (-5.9%)

The percentage figures in () parentheses in each box represent the changes from 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)	13,189 (+13.2%)
Retail	4,617 (+33.5%)
Wholesale, etc.	8,572 (+4.6%)
Number of low-voltage electricity supply (thousands)	1,322 (+39.9%)

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

2. Forecast for the Fiscal Year Ending March 31, 2021

Consolidated net sales for the fiscal year ending March 31, 2021 is expected to increase year-on-year. This is mainly based on an assumption of an increase in sales volume of LNG in the Domestic Energy/Gas Business.

Consolidated ordinary profit is expected to increase year-on-year. This is primarily due to the expected increase in profit in connection with the start of commercial operation of the Freeport LNG project in the International Energy Business. Profit attributable to owners of parent is expected to increase year-on-year. Considering the extreme difficulty of quantifying the impact of the global spread of COVID-19 on the Daigas Group's business, such impact is not taken into consideration in the forecast for the next fiscal year.

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,493.0 (+9.1%)	1,169.5 (+7.8%)
Operating profit	91.0 (+8.6%)	31.0 (-32.3%)
Ordinary profit	100.0 (+16.3%)	39.0 (-33.3%)
Profit attributable to owners of parent (Note)	73.0 (+74.7%)	30.0 (-33.3%)

(Note) "Profit" for non-consolidated results

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

(Reference) Assumptions for the crude oil price and exchange rate (April 1, 2020 - March 31, 2021)

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

Exchange rate (TTM) at 110JPY/USD

3. Dividends

[yen]

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual
Year ended March 31, 2020	—	25.00	—	25.00	50.00
Year ending March 31, 2021 (Forecast)	—	25.00	—	25.00	50.00

Brief Report of Consolidated Financial Statements

https://www.osakagas.co.jp/en/ir/library/financial-results/_icsFiles/afieldfile/2020/05/11/20200511_1e_1.pdf