

Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (203rd Term)

July 30, 2020
Osaka Gas Co., Ltd.

1. Operating Results (April 1, 2020 – June 30, 2020)

(1) Overview of Operating Results

Consolidated net sales for the three months ended June 30, 2020 decreased year-on-year primarily due to a decrease in sales volume and the lower unit selling price of city gas under the fuel cost adjustment system in the Gas Business. Consolidated ordinary profit decreased primarily due to the time-lag effect (*) and a decrease in gas sales volume in the Gas Business. Furthermore, profit attributable to owners of parent decreased.

(*) 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	317.2 (-5.3%) [335.0]	25.2 (-31.1%) [36.6]	32.0 (-22.6%) [41.4]	21.6 (-24.5%) [28.6]
Non-consolidated	250.1 (-7.6%) [270.7]	15.6 (-45.3%) [28.6]	22.9 (-39.2%) [37.7]	17.9 (-38.4%) [29.1]

(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" decreased mainly due to the time-lag effect and a decrease in gas sales volume. Segment profit of "Domestic Energy/Electricity" increased mainly due to an increase in electricity sales volume. Segment profit of "International Energy" remained at approximately the same level as that of the same period of the previous fiscal year, owing largely to the commencement of commercial operation of the Freeport LNG project and the impact of the acquisition of a U.S. upstream operating company in the previous fiscal year, despite the impact of a profit decline stemming from lower interest rates in the United States. Segment profit of "Life & Business Solutions" remained at approximately the same level as that of the same period of the previous fiscal year, owing largely to the growth of the built-for-sale housing business in urban development, despite a profit decline in the fitness business due to the impact of the spread of COVID-19.

[billion yen]

	Net sales	Segment profit (loss) (Note)
Domestic Energy/Gas	225.1 (-10.7%) [252.0]	19.0 (-38.4%) [30.9]
Domestic Energy/Electricity	46.3 (+12.5%) [41.1]	3.7 (+239.6%) [1.1]
International Energy	14.5 (+29.9%) [11.1]	0.6 (-34.6%) [0.9]
Life & Business Solutions	49.7 (+1.4%) [49.0]	3.1 (-13.3%) [3.5]

(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. Sales volume of non-residential gas decreased year-on-year primarily due to a decrease in operation of customers' facilities amid the impact of the spread of COVID-19.

Gas sales volume (million m ³)	1,588 (-11.7%)
Residential	467 (+1.8%)
Non-residential	1,121 (-16.3%)
Number of gas supply (thousands)	5,153 (-5.1%)

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 mainly due to an increase in retail sales volume.

Electricity sales volume (million kWh)	3,285 (+18.0%)
Retail	1,121 (+29.0%)
Wholesale, etc.	2,164 (+13.0%)
Number of low-voltage electricity supply (thousands)	1,375 (+27.7%)

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, 2021

Although there has been an influence of the global spread of COVID-19 on economic activities, it is extremely difficult to quantify the impact to the Daigas Group. Therefore, changes from the previous forecasts of the consolidated and non-consolidated financial results only reflect the impact that materialized in the first quarter and the impact arising from revisions of assumptions for the crude oil price.

[New forecast]

[billion yen]

	Consolidated	Non-consolidated
Net sales	1,380.0 (+0.8%)	1,063.5 (-1.9%)
Operating profit	90.0 (+7.4%)	42.0 (-8.3%)
Ordinary profit	100.0 (+16.3%)	53.0 (-9.4%)
Profit attributable to owners of parent (Note)	71.5 (+71.1%)	41.0 (-8.8%)

(Note) "Profit" for non-consolidated results

The percentage figures in () parentheses in each box represent the changes from the fiscal year ended March 31, 2020.

(Reference) Assumptions for the crude oil price and exchange rate in the new forecast

		1Q accumulated results	Forecast for 2Q and beyond	Annual average
Crude oil price (All Japan CIF price)	USD/bbl	32.2	45.0	41.8
Exchange rate (TTM rate)	JPY/USD	107.6	110.0	109.4

[Previous forecast (released on May 11, 2020)]

[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 fiscal year ended March 31, 2020.

Brief Report of Consolidated Financial Statements

https://www.osakagas.co.jp/en/ir/_icsFiles/afieldfile/2020/07/30/20200730_1e.pdf