

# FY2013.3 Osaka Gas Group Business Plan

March 13, 2012  
Osaka Gas Co., Ltd.

## 1. Priority Tasks for FY2013.3

The Osaka Gas Group will focus on the following tasks in the fiscal year ending March 31, 2013 (“FY2013.3”), during which time we will unite under the banner of a “Year of Change and Challenge” to respond to the changes that have taken place since the Great East Japan Earthquake of March 2011 and take on the challenge of transforming ourselves accordingly.

1. Ensure greater safety and peace of mind for all customers
2. Shape a better society with natural gas and a distributed energy system
3. Create novel business models and further expand investments
4. Forge stronger ties with local communities and society in general

While the external business environment is expected to remain uncertain in FY2013.3, amid fast-changing circumstances both at home and abroad, resultant alterations in the behaviors and sentiments of businesses and consumers, fluctuating energy prices, and proposed energy policy revisions, the Osaka Gas Group will strive to make steady progress toward the realization of its “Field of Dreams 2020” business plan by expanding its business field and establishing a firm business structure through initiatives to achieve the plan’s goals.

## 2. Financial Forecast

In FY2013.3, the Osaka Gas Group is planning to generate revenues of 1,363 billion yen, operating income of 90.0 billion yen, ordinary income of 90.0 billion yen, and net income of 57.0 billion yen on a consolidated basis.

	Consolidated			Non-consolidated		
	FY 2012.3 Forecasted (¥ billion)	FY 2013.3 Plan (¥ billion)	Change (%)	FY 2012.3 Forecasted (¥ billion)	FY 2013.3 Plan (¥ billion)	Change (%)
Revenues	1,291.0	1,363.0	+5.6	1,023.0	1,093.0	+6.8
Operating Profit	71.0	90.0	+26.8	36.0	57.5	+59.7
Ordinary Profit	70.0	90.0	+28.6	40.5	63.0	+55.6
Net Income	43.5	57.0	+31.0	27.5	43.5	+58.2
SVA	10.7	23.8	—	-0.3	16.8	—
ROE	2.9%	3.7%	—	2.4%	3.6%	—
ROA	6.2%	8.1%	—	5.1%	7.8%	—

FY 2012.3 forecast was announced on October 28, 2011.

\* Assumptions for FY 2013.3 plan: Crude oil price (All Japan CIF price): US\$115/bbl, Exchange rate: ¥80/US\$  
[Assumptions for FY 2012.3 forecasted: Crude oil price (All Japan CIF price): US\$110/bbl, Exchange rate: ¥80/US\$]

### 3. Gas/Electric Power Sales Plan

In FY2013.3, Osaka Gas is planning to sell 8,621 million m<sup>3</sup> of gas (up by 0.0% from the FY2012.3 forecast), and 7,473 million kWh of electricity (down by 5.2% from the FY2012.3 forecast) on a non-consolidated basis.

#### Gas Sales Volume

[Non-consolidated]

1 m<sup>3</sup> = 45 MJ

Residential	million m <sup>3</sup>	2,232 (-0.6%)
Commercial, Public, Medical	million m <sup>3</sup>	1,512 (-2.6%)
Industrial	million m <sup>3</sup>	4,404 (+1.3%)
Wholesale	million m <sup>3</sup>	474 (+0.1%)
Total gas sales volume	million m <sup>3</sup>	8,621 (+0.0%)
Number of customers (end of the year)	thousand	7,078 (+0.5%)

(Consolidated) Gas sales volume	million m <sup>3</sup>	8,652 (+0.0%)
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#### Electricity Sales Volume

Total Electricity sales volume	million kWh	7,473 (-5.2%)
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Figures in parentheses are percent changes from FY 2012.3 forecast.

### 4. Investment Plan

In FY2013.3, the Osaka Gas Group is planning to invest 169.5 billion yen on a consolidated basis, 68.0 billion yen of which represents capital investments by Osaka Gas Co., Ltd.

(Unit: ¥ billion)

	Investments
Upgrading existing businesses	49.5
Domestic energy businesses	27.5
International energy businesses	63.5
Environment and non-energy businesses	29.0
Investments for expansion, greenfield, and M&A	120.0
Total investments	169.5

(Reference: Among the above figures) Capital investments on a non-consolidated basis	68.0
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## 5. Supply Plan for FY2013.3 through FY2017.3

### (1) Outlook for gas demand

From FY2013.3 onward, the Osaka Gas Group is expecting the demand for gas to increase due to the ongoing shift to natural gas, which entails the introduction of natural gas cogeneration systems and gas air conditioning systems for industrial use, and the development of new demand as a result of a boosted switch to natural gas. The demand for gas is projected to reach 9,146 million m<sup>3</sup> in FY2017.3, and the average annual growth rate over the 5-year period is estimated to be 1.2%.

(Units: Million m<sup>3</sup>, m<sup>3</sup> per month, %)

	FY 2012.3 (forecasted)	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	FY 2017.3	Average annual growth FY 2012.3 to FY 2017.3
Residential	-1.3 2,246	-0.6 2,232	-0.5 2,220	-0.3 2,214	-0.1 2,213	0.2 2,217	-0.3
Commercial / Industrial	2.3 5,899	0.3 5,916	1.7 6,017	4.1 6,261	1.6 6,364	1.3 6,448	1.8
Commercial	-3.8 931	-3.0 903	0.1 904	0.4 908	0.4 912	0.2 914	-0.4
Industrial	5.0 4,346	1.3 4,404	2.0 4,490	5.2 4,724	2.0 4,816	1.6 4,896	2.4
Public, Medical	-5.2 622	-2.0 609	2.3 623	1.0 629	1.0 635	0.5 638	0.5
Subtotal	1.3 8,145	0.1 8,148	1.1 8,237	2.9 8,476	1.2 8,577	1.0 8,664	1.2
Wholesale	-3.0 473	0.1 474	0.2 475	0.2 476	0.8 480	0.4 482	0.3
Total	1.1 8,619	0.0 8,621	1.1 8,712	2.7 8,951	1.2 9,056	1.0 9,146	1.2
Gas sales per household	-1.9 32.1	-0.4 32.0	-0.7 31.7	-0.4 31.6	-0.2 31.5	0.1 31.6	-0.3

Note: Each upper-left figure represents growth (%) from the previous fiscal year. Sales volume assumes 45 MJ/m<sup>3</sup>, which differs from the filed figure of 46 MJ/m<sup>3</sup>. Fractions are rounded off in each category.

The Osaka Gas Group is expecting that the number of new houses built within its service area will be around 70,000 by the end of FY2013.3, as shown below.

The number of customers (number of gas meters installed) is expected to be around 7.21 million at the end of FY2017.3.

(Unit: thousand households)

	FY 2012.3 (forecasted)	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	FY 2017.3	Average annual growth FY 2012.3 to FY 2017.3
Newly built houses	-1.5 78	3.3 81	-1.7 79	-5.2 75	-7.5 70	-5.0 66	-3.3
Number of customers (FY end)	0.5 7,045	0.5 7,078	0.5 7,115	0.5 7,150	0.5 7,183	0.4 7,214	0.5

Note: Each upper-left figure represents growth (%) from the previous fiscal year.

## (2) Raw material procurement plan

The Osaka Gas Group will strive to ensure stable procurement of LNG and LPG in order to maintain adequate supply in response to the growing demand. In FY2017.3, the planned purchase volumes of LNG and LPG are expected to reach 7.55 million tons and 220,000 tons, respectively.

(Unit: thousand tons)

	FY 2012.3 (forecasted)	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	FY 2017.3
LNG purchase	7,193	7,190	7,203	7,330	7,431	7,551
LPG purchase	157	158	171	184	197	223

### (3) Capital investment plan

Planned capital investments from FY2013.3 through FY2017.3 are mainly for the construction of distribution facilities. These construction projects include the Mie-Shiga gas pipeline, which is designed to increase supply capacity and ensure a more stable supply system in anticipation of future demand growth, and the Himeji-Okayama gas pipeline, which is designed to handle industrial demands outside of the existing service area. In total, these capital investments amount to 290.0 billion yen.

\*Fractions are disregarded in each category. (Unit: ¥ billion)

	FY 2012.3 (forecasted)	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	FY 2017.3	Total FY 2013.3 to 2017.3
Production facilities	5.9	7.8	6.3	8.5	10.6	5.6	39.1
Distribution facilities	49.0	53.9	54.7	42.0	40.7	41.8	233.3
Operation facilities	4.1	6.1	3.4	2.4	2.4	2.4	16.9
Incidental business facilities	0.1	0.0	0.1	0.1	0.1	0.1	0.7
Total	59.3	68.0	64.7	53.1	53.9	50.1	290.0

#### [Major production facility projects]

Name of Facility	Capacity	Location	Scheduled installation
LNG storage facility	230,000 kl	Semboku LNG Terminal No. 1 Facility	FY2016.3

#### [Major pipeline projects]

Line name	Total distance	Section	Scheduled completion
Mie-Shiga Line	Approx. 60 km*	Taga Town, Shiga Prefecture to Yokkaichi City, Mie Prefecture	FY2014.3
Himeji-Okayama Line	Approx. 85 km	Himeji City, Hyogo Prefecture to Okayama City, Okayama Prefecture	FY2015.3

\*Osaka Gas is in charge of the construction of an approximately 23 km section between Taga Town, Shiga Prefecture and Inabe City, Mie Prefecture.