

## FY2014.3 Osaka Gas Group Business Plan

March 12, 2013  
Osaka Gas Co., Ltd.

### 1. Priority Tasks for FY2014.3

The Osaka Gas Group recognizes the fiscal year ending March 31, 2014 (“FY2014.3”) as the year in which (1) to find growth markets and actively expand existing business in a business environment in which the Japanese and world economies show signs of recovery, and (2) to further promote the advance of its energy business in order to respond to customers’ high expectations for natural gas, while monitoring the impact of gas business-related regulation reform. Based on this policy, the Osaka Gas Group will focus on the following four tasks:

1. Advance the energy business in order to respond to customer and social needs
2. Dramatically expand the overseas energy businesses
3. Increase the revenues through growth of diverse group companies
4. Strengthen the business foundations to support sustainable growth

### 2. Financial Forecast

In FY2014.3, the Osaka Gas Group is planning to generate revenues of 1,508 billion yen, operating income of 100.0 billion yen, ordinary income of 100.0 billion yen and net income of 64.5 billion yen, on a consolidated basis.

	Consolidated			Non-consolidated		
	FY 2013.3 forecast (¥ billion)	FY 2014.3 Plan (¥ billion)	Change (%)	FY 2013.3 forecast (¥ billion)	FY 2014.3 Plan (¥ billion)	Change (%)
Revenues	1,373.0	1,508.0	+9.8	1,098.0	1,193.5	+8.7
Operating income	94	100	+6.4	59.5	57.0	-4.2
Ordinary income	95	100	+5.3	66.0	62.0	-6.1
Net income	61	64.5	+5.7	45.5	42.5	-6.6
SVA	27.7	27.4	---	18.8	14.0	---
ROA	4.0%	4.1%	---	3.7%	3.4%	---
ROE	8.7%	8.6%	---	8.2%	7.2%	---

**FY 2013.3 forecast was announced on October 29, 2012.**

\* Assumptions for FY 2014.3 plan: Crude oil price (All Japan CIF price): US\$115/bbl,  
Exchange rate: ¥95/US\$

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

### 3. Gas/Electric Power Sales Plan

In FY2014.3, Osaka Gas is planning to sell 8,559 million m<sup>3</sup> of gas (up by 0.5% from the FY2013.3 forecast) and 8,136 million kWh of electricity (up by 3.2% from the FY2013.3 forecast) on a non-consolidated basis.

Gas Sales Volume [Non-consolidated]		1 m <sup>3</sup> = 45 MJ
Residential	million m <sup>3</sup>	2,222(-2.4%)
Commercial, Public, Medical	million m <sup>3</sup>	1,481(-3.6%)
Industrial	million m <sup>3</sup>	4,390(+3.6%)
Wholesale	million m <sup>3</sup>	466(-0.8%)
Total gas sales volume	million m <sup>3</sup>	8,559 (+0.5%)
Number of customers (end of year)	thousand	7,112 (+0.5%)

(Consolidated) Gas sales volume	million m <sup>3</sup>	8,589 (+0.4%)
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#### Electricity Sales Volume

Total	million kWh	8,136 (+3.2%)
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Figures in parentheses are percent changes from FY 2013.3 forecast.

### 4. Investment Plan

In FY2014.3, the Osaka Gas Group is planning to invest 182.0 billion yen on a consolidated basis, 63.6 billion yen of which represents capital investments by Osaka Gas Co., Ltd.

(Unit: ¥billion)

	Investments
Upgrading existing businesses	44.0
Domestic energy businesses	26.0
International energy businesses	83.0
Environment and non-energy businesses	29.0
Investments for expansion, greenfield and M&A	138.0
Total investments	182.0

(Reference: Among above figures) Capital investments on non-consolidated basis	63.6
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## 5. Supply Plan for FY2014.3 through FY2018.3

### (1) Outlook for gas demand

From FY2014.3 onward, the Osaka Gas Group expects demand for natural gas to increase due to the ongoing shift to natural gas for industrial use, including installation of natural gas cogeneration systems and gas air conditioning systems, and the switch of fuels to natural gas. The demand for gas is projected to reach 8,977 million m<sup>3</sup> in FY2018.3. The average annual growth rate over the 5-year period is estimated to be 1.1%.

(Unit: million m<sup>3</sup>, m<sup>3</sup> per month, %)

	FY 2013.3 (forecast)	FY 2014.3	FY 2015.3	FY 2016.3	FY 2017.3	FY 2018.3	Average annual growth FY 2013.3to FY 2018.3
Residential	0.2 2,275	-2.4 2,222	-0.1 2,220	0.0 2,220	0.0 2,221	0.3 2,227	-0.4
Commercial/ industrial	-2.6 5,775	1.7 5,871	2.6 6,025	2.1 6,149	1.4 6,232	0.7 6,275	1.7
Commercial	-3.3 896	-3.6 864	-0.1 863	0.0 863	-0.3 861	-0.2 859	-0.8
Industrial	-2.7 4,239	3.6 4,390	3.4 4,539	2.6 4,657	1.7 4,735	0.7 4,769	2.4
Public, medical	-1.2 640	-3.6 617	0.9 623	0.9 628	1.3 636	1.8 648	0.2
Subtotal	-1.8 8,051	0.5 8,093	1.9 8,245	1.5 8,368	1.0 8,453	0.6 8,503	1.1
Wholesale	-2.3 469	-0.8 466	0.3 467	0.6 470	0.2 471	0.8 474	0.2
Total	-1.9 8,520	0.5 8,559	1.8 8,712	1.4 8,838	1.0 8,924	0.6 8,977	1.1
Gas sales per household	-0.1 32.5	-2.7 31.7	-0.5 31.5	-0.3 31.4	-0.2 31.3	0.0 31.3	-0.8

(Note) Figure in upper left of each box is growth rate from previous year. Sales volumes are based on 45MJ/m<sup>3</sup>, different from reported value (46MJ/m<sup>3</sup>). Fractions are rounded off in each category.

The Osaka Gas Group expects that gas meter new installations within its service area will number around 80,000 to 100,000 per year, as shown below.

The year-end number of customers (number of installed meters) will increase to about 7,250,000 by the end of FY2018.3.

(Unit: thousand households)

	FY2013.3 (forecast)	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3	Average annual growth FY 2013.3 to FY 2018.3
Newly built houses	11.8 90	7.8 98	-4.9 93	-9.3 84	-3.3 81	-1.3 80	-2.4
Number of customers (FY end)	0.5 7,078	0.5 7,112	0.5 7,149	0.5 7,184	0.5 7,217	0.5 7,250	0.5

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

## (2) Raw material procurement plan

The Osaka Gas Group will strive to secure LNG and LPG procurement in order to maintain a stable supply in response to growing demand. In FY2018.3, the planned purchase volumes of LNG and LPG are expected to reach 7.49 million tons and 190,000 tons, respectively.

(Unit: thousand tons)

	FY2013.3 (forecast)	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3
LNG purchase	7,231	7,108	7,154	7,250	7,345	7,489
LPG purchase	148	158	163	184	204	186

## (3) Capital investment plan

Planned capital investments from FY2014.3 through FY2018.3 are mainly for the construction of distribution facilities and anti-earthquake, anti-tsunami and other anti-disaster projects in production and 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 demand outside of the existing service area. In total, these capital investments amount to 269.2 billion yen.

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

	FY2013.3 (forecast)	FY 2014.3	FY 2015.3	FY 2016.3	FY 2017.3	FY 2018.3	Total FY2014.3 to 2018.2.3
Production facilities	6.8	6.0	10.4	9.6	5.7	6.5	38.5
Distribution facilities	48.4	51.9	40.4	39.7	39.8	40.2	212.3
Operation facilities	4.6	5.3	4.9	2.4	2.4	2.4	17.5
Incidental business facilities	0	0.2	0.1	0.1	0.1	0.1	0.8
Total	59.9	63.6	55.9	52.0	48.2	49.4	269.2

### [Major production facility projects]

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

**[Major pipeline projects]**

<b>Line name</b>	<b>Total distance</b>	<b>Section</b>	<b>Scheduled completion</b>
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 constructing approximately 23 km section between Taga Town, Shiga Prefecture and Inabe City, Mie Prefecture.