

The Osaka Gas Group's Medium-Term Management Plan "Catalyze Our Dreams"

March 13, 2014
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (President: Hiroshi Ozaki) has formulated "Catalyze Our Dreams," a medium-term management plan for three years from fiscal 2015.3 to fiscal 2017.3 to achieve its long-term management vision.

1. Concept of "Catalyze Our Dreams"

To reach its goals of (1) broadening our business fields and (2) fortifying our solid business foundations presented as its long-term management vision, "Field of Dreams 2020," Osaka Gas will accelerate its efforts in response to changes in the business environment.

Keeping future electricity and gas industry regulatory reforms in mind, the Company will speed up its transformation into an operator of an "integrated energy business" in the coming three years and expand its businesses in fields of potential future growth, including power generation, overseas energy, and the materials solution business. Through these efforts, the Company will enhance its competitive edge while responding to changes in the business environment.

2. Priority themes in "Catalyze Our Dreams"

To realize its vision, the Company will work to strengthen the energy business in the Kansai region, broaden its operating area, and create a new 'core' business.

(1) Strengthening the energy business in the Kansai region

To remain the preferred choice for customers in the energy business in the Kansai region, the core business of the Osaka Gas Group, the Company will work to transform itself into an operator of an "integrated energy business" that can respond to a wide range of customers' demand, centering on energy.

(2) Broadening the operating area of the energy business

The Company will expand the energy business at home and abroad by using the business know-how the Osaka Gas Group holds.

(3) Creating the next "core" business

The Company will work to expand business in fields of faster growth expected, such as overseas energy business and non-energy ("life & business") solutions business, leveraging the strengths of the Osaka Gas Group.

3. Management goals

Our management goals are as follows:

(1) Improving assets and capital efficiency	Making constant efforts to increase profit margins with a long term goal of approx. 4.5% ROA and 9% ROE on a consolidated basis. [Fiscal 2017.3 goal: approx. 3.5% ROA and 8% ROE on a consolidated basis]
(2) Return to shareholders	While maintaining stable dividend payments, the Company will make decisions on shareholders return based on comprehensive consideration of various factors including current performance, future management plans, and other means to reward shareholders, etc. Target payout ratio: 30% or higher on a consolidated basis within the bounds of Osaka Gas's distributable surplus (on a non-consolidated basis), excluding short-term earnings change factors. *The Group may repurchase its own shares flexibly when it believes that its financial condition and cash flow situation allow it to do so after making investments in the future growth of the business.
(3) Maintaining financial soundness	Seeking to maintain shareholders' equity ratio above 50%" and the ratio of interest bearing debt to equity (D/E ratio) at approx. 0.7 on a medium-and long-term basis

* ROA = Net income divided by total assets, ROE = Net income divided by Shareholders' equity

【Reference】 Revenues and Total assets (Consolidated basis)

	Fiscal 2014.3(E)	Fiscal 2017.3	Fiscal 2021.3
Consolidated revenues	1,504.5 billion yen	1,690.0 billion yen	2,090.0 billion yen
Consolidated total assets	1,627.7 billion yen	1,930.0 billion yen	2,180.0 billion yen

Exploring various fields for opportunities at home and abroad, the Osaka Gas Group and its employees will strive to grow into a company which helps preserve the global environment, contribute to comfortable lives and business development of their customers as they follow the plan and work toward the vision.

* Please refer to the attached document for details of The Osaka Gas Group's Medium-Term Management Plan, "Catalyze Our Dreams."