



Financial Report for 2nd Quarter of FY2019.3 (April 2018 – September 2018)

October 2018
Osaka Gas Co., Ltd.

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Let me introduce myself. My name is Takehiro Honjo and I am Representative Director and President of Osaka Gas.

Thank you for taking the time to join the briefing today on Osaka Gas's business results for the second quarter of the fiscal year ending March, 2019.

On behalf of the Company, I would like to express my gratitude for your continued cooperation and understanding in regard to the Company's businesses.

I would like to explain the business results of Osaka Gas for the second quarter of the fiscal year ending March 2019.

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Management information is available on Osaka Gas websites.

Financial reports, annual reports and road show materials can be accessed and downloaded at the following URL.

http://www.osakagas.co.jp/ir/index_e.html

Disclaimer

Certain statements contained herein are forward-looking statements, strategies, and plans, which reflect our judgment based on the information so far available. Actual results may differ materially from those discussed in such statements. Among the factors that could cause actual results to differ materially are: economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices, and extraordinary weather conditions.

Note regarding gas sales volume

All gas sales volumes are indicated based on the standard heating value at 45 MJ/m³.

Note regarding consolidated gas sales volume

The fiscal year of Nabari Kintetsu Gas, Toyooka Energy, and Shingu Gas ends on December 31.

III. Facts and Figures

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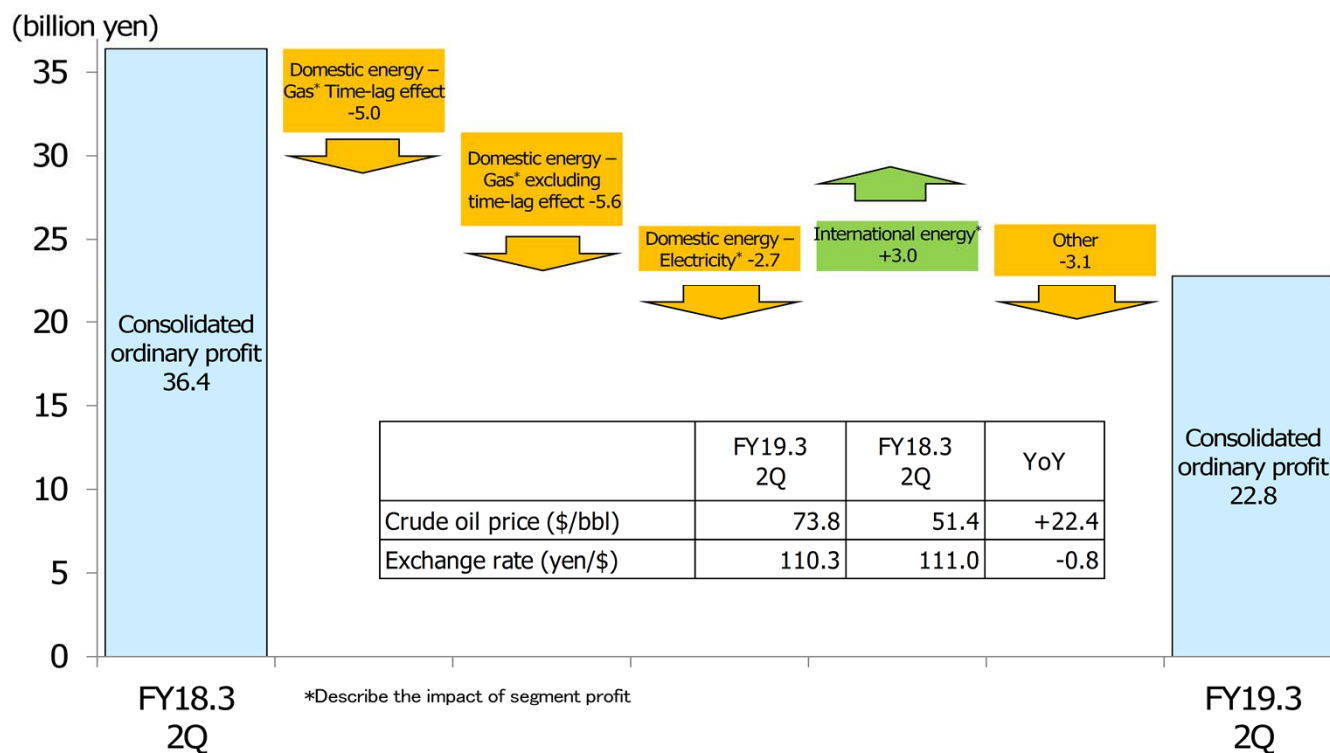
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I . Review of Business Results for 2nd Quarter of FY2019.3

First, I would like to review the business results and the activity for the second quarter of the fiscal year ending March 2019.

YoY Comparison of 2nd Quarter of FY2019.3

Consolidated ordinary profit for the 2nd quarter of FY2019.3 decreased by ¥13.6 billion year on year to ¥22.8 billion due to time-lag effects in Domestic energy – Gas business, etc.



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Page 4 shows a year-on-year comparison of business results for the second quarter of the fiscal year ending March 2019.

In the second quarter of the fiscal year ending March 2019, consolidated ordinary profit decreased by ¥13.6 billion year on year to ¥22.8 billion due to the recognition of a time-lag loss associated the rise in crude oil prices and a decrease in the gas sales volume caused by high air and water temperatures, etc. in the Domestic energy – Gas business.

In addition, extraordinary losses of ¥1.9 billion were recorded in response to an earthquake that occurred in northern Osaka in June 2018.

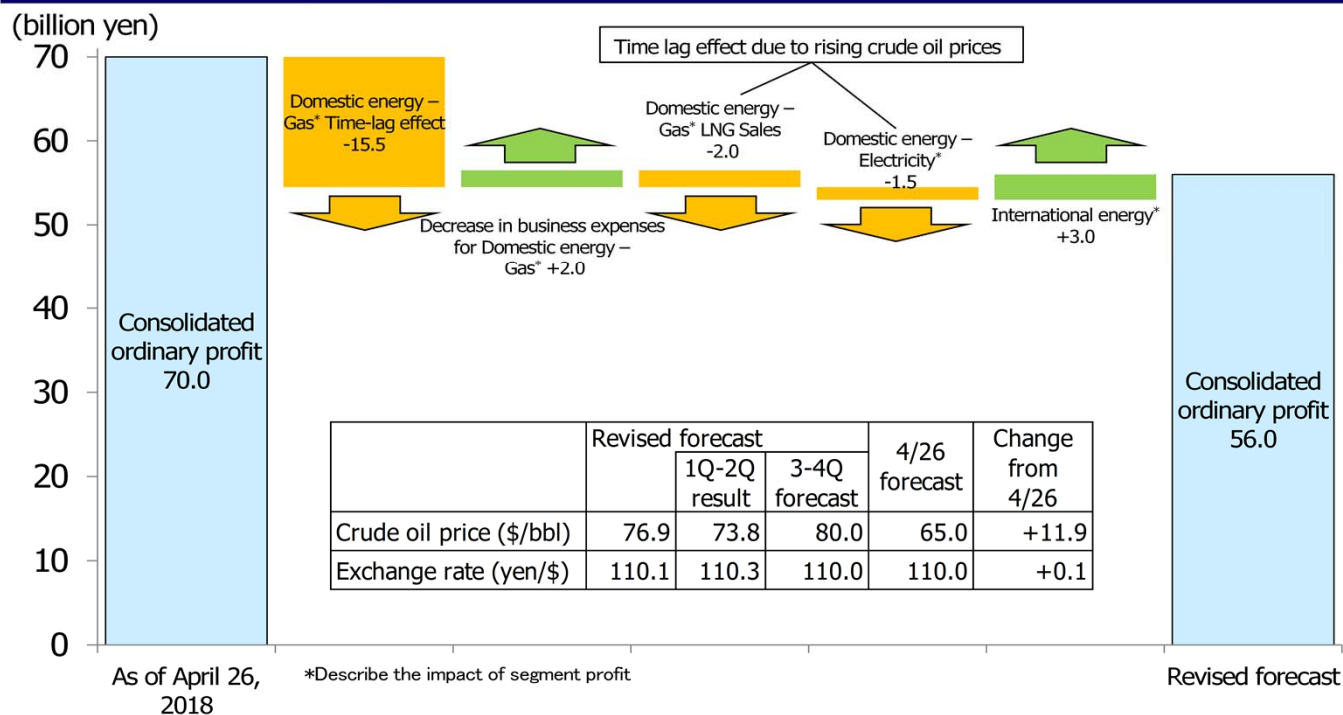
Currently, our results are trending below the annual forecast as of April 26, 2018 due to the impact of the time-lag loss, etc. associated with the rise in crude oil prices.

Meanwhile, excluding the impact of the rise in crude oil prices, our results have slightly outperformed our assumptions due to a growth in profit associated with the increase in sales volume of the Gorgon project, etc. in the International energy business, despite a fall in profit as a result of factors such as high air and water temperatures in the Domestic energy – Gas business.

Based on these circumstances, we revised our annual forecast. Please refer to the next page.

FY2019.3 Forecast against Previous Forecast

We have revised down our forecasts of the consolidated ordinary profit for FY2019.3 to ¥56.0 billion by ¥14.0 billion compared to previous forecasts as of April 26, due to time-lag effects with revision of crude oil prices, etc.



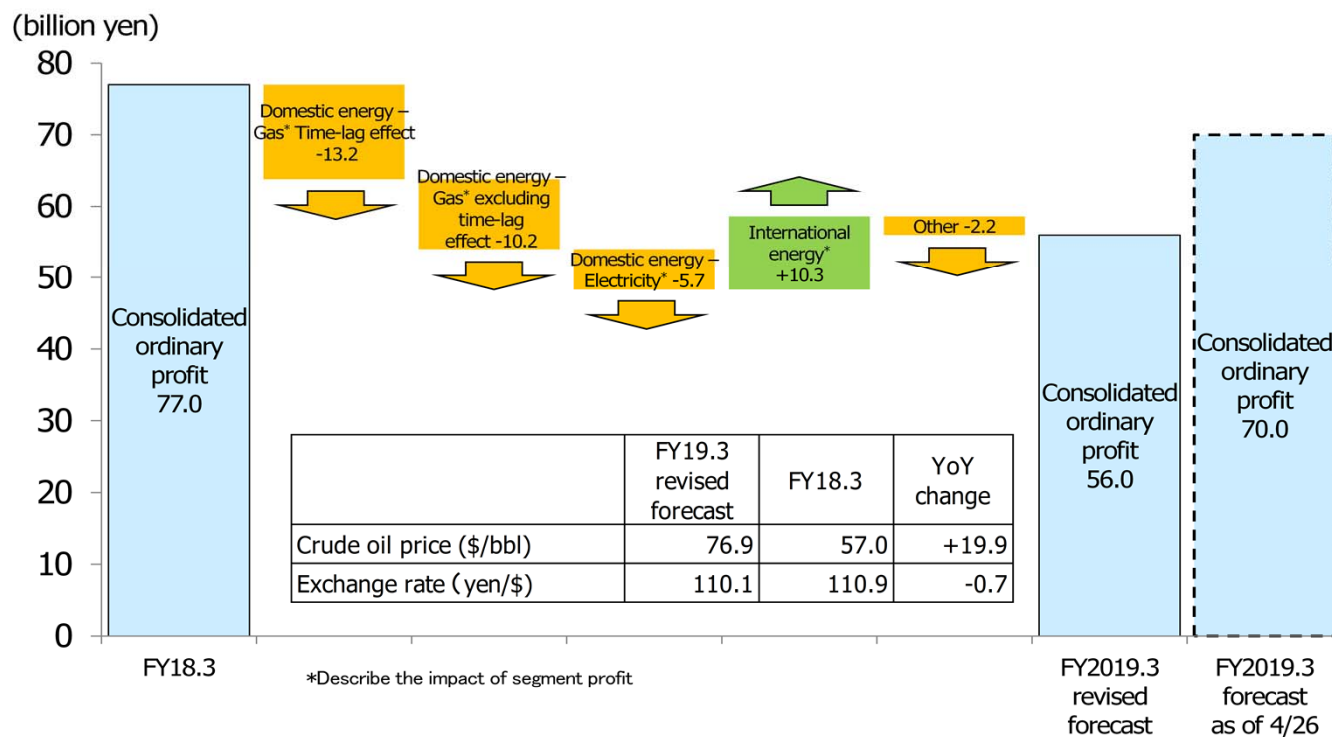
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The forecast for consolidated ordinary profit for the fiscal year ending March 2019 will be reduced by ¥14.0 billion from the previous forecast to ¥56.0 billion.

This revision to the forecasts reflects the rise in crude oil prices up to the second quarter of the fiscal year ending March 2019, the time-lag effects from the revisions to the assumed crude oil prices from the third quarter onward and other factors. A profit increase in the International energy business is also reflected in the revised forecast.

YoY Comparison of FY2019.3 Forecast

We have revised down our forecasts of the consolidated ordinary profit for FY2019.3 to ¥56.0 billion by ¥21.0 billion compared to the previous fiscal year, due to time-lag effects in Domestic energy – Gas business, etc.



Page 6 is an overview of the comparison between the revised forecast and the results of the previous fiscal year.

Year on year, we forecast a profit decrease of ¥21.0 billion, mainly due to the time-lag effect in the Domestic energy – Gas business, despite of an increase in the International energy business due to the reaction of sales of IPP project in North America in the previous fiscal year and an increase in the sales volume of the Gorgon project, etc.

Although results for the second quarter and the revised forecast show the adverse impact of the rise in crude oil prices, we have been able to make steady steps forward towards future growth.

Main Topics in the 2nd Quarter of FY2019.3

Apr.	Investment in U.S.-based venture fund WiL Fund II, L.P. Acquisition of a natural gas-fired power plant in Michigan, U.S. Investment in The Reliance Energy Okinawa, Incorporated Establishment of CD Energy Direct Co., Ltd.
May	Entered into an agreement to provide consulting services on construction of LNG receiving terminal in Taiwan Acquisition of a natural gas-fired power plant in Connecticut, U.S. Development of "gas recovery visualization system"
June	Participation in a shale gas project in Texas, U.S. Earthquake occurred in the northern Osaka area, halting gas supply to 110 thousand households Start of energy sales business in the Tokyo Metropolitan area Cut down electricity rates and partially modified rate plans Start of commercial operation of Inami Wind Power Plant
July	Decided to commercialize biomass power plant in Sodegaura City, Chiba Supported quality Daiginjo sake brewing by image recognition technology – Fushimi Sake Brewers Association and Osaka Gas jointly developed a new method for the evaluation of sake rice
Aug.	Launched a new service "ekul toilet," an IoT service that manages the availability of toilets Commenced a joint proof-of-concept trial with a U.S. startup that offers a VPP platform Established a new electricity rate plan "Style Plan" that caters to customers' lifestyles and individual needs and started accepting registration for the "Style Plan P" service
Sep.	Established a liquid carbon dioxide and dry ice production and sales company in Nagaoka City, Niigata Selected for the DJSI World Index for the second consecutive year Established a joint venture responsible for the introduction of natural gas-fired thermal power plant and the supply of natural gas for Asahi Kasei Corp. plants in the Nobeoka Area. Commencement of the On-Site Energy Supply Project for Thai Honda Manufacturing Co., Ltd.
Oct.	Consortium consisting of Osaka Gas, JFE Engineering and Waterworks Co., Ltd. was selected as a preferred bidder in Otsu City Gas Specific Operation Project etc. Establishment of PT OSAKA GAS INDONESIA --Commencement of Natural Gas Joint Marketing Business in Indonesia with Pertamina Group--

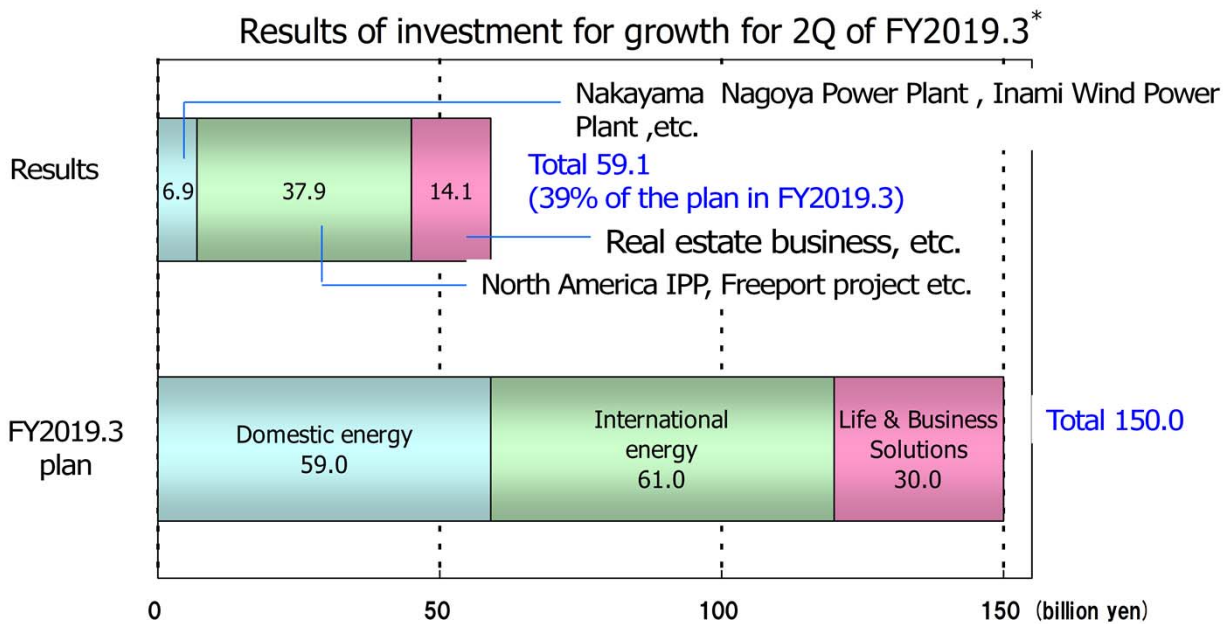
* Press releases were issued in the above indicated months.

Page 7 summarizes the main topics in the second quarter of the fiscal year ending March 2019.

In the next page onward, I would like to explain about our initiatives in each business.

Results of Investment for growth for 2nd Quarter of FY2019.3

Investment for growth for 2nd quarter FY2019.3 amounted to ¥59.1 billion, accounting for 39% of the annual plan. Made investments in IPP projects in North America, etc., mainly in the International energy business.



*Amounts of investment include both capital expenditure items and investment-and-loan items, and therefore the amounts of investment are different from actual amounts of capital expenditures.

Investment for growth in the second quarter of the fiscal year ending March 2019 amounted to ¥59.1 billion, mainly in the International energy business. This accounted for 39% of the annual plan.

In addition, in the second quarter of the fiscal year ending March 2019, we made a decision to invest around ¥140.0 billion in domestic power source development, IPP project in North America, shale gas rights and other projects. Going forward, we plan to carry out further investments.

Initiatives in Domestic Energy Business (Power Source Development)

In June 2018, Inami Wind Power Plant started operation. Natural gas-fired thermal power plant in Fukushima and three renewable energy source facilities are under construction.

Aim to obtain 1.0 million kW of renewable energy source in FY2031.3 and build a competitive and environmentally-friendly power source portfolio

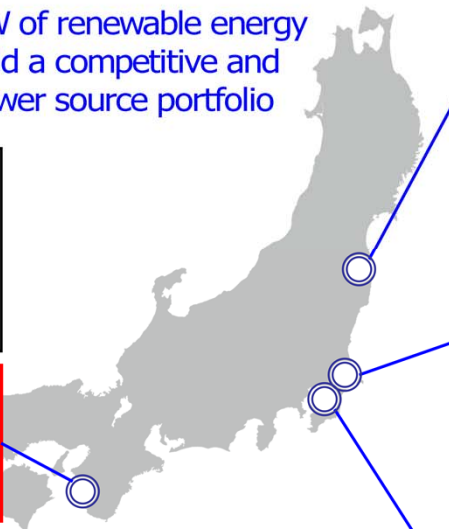
(Under construction) Shiribetsu Wind Power Generation Co., Ltd.
(Shiribetsu Wind Power Plant)

- Capacity: 25,300 kW
- Equity ratio: 95%
- Acquired in March 2018
- Scheduled to start operation in February 2021

(In operation) Inami Wind Power Generation Co., Ltd.
(Inami Wind Power Plant)

- Capacity: 26,000 kW
- Equity ratio: 95%
- Launch: June 2018 (Started operation)

Power capacity (as of Sep. 30, 2018)	Approx. 2.0 million kW (of which, approx. 0.20 million kW is renewable energy)
Under construction	0.35 million kW (of which, approx. 0.12 million kW is renewable energy)



(Under construction) Fukushima Gas Power Co., Ltd.
(Fukushima Natural Gas Thermal Power Plant)

- Fuel: natural gas
- Capacity: 1.18 million kW (0.59 million kW×2)
- Equity ratio: 20%
- Acquired in October 2016
- Scheduled to start operation in spring 2020

(Under construction) Ichihara Biomass Power Generation Co., Ltd.
(Ichihara Biomass Power Plant)

- Fuel: biomass (palm kernel shell (PKS), wood pellets)
- Capacity: 49,900 kW
- Equity ratio: 39%
- Established in September 2017
- Scheduled to start operation in October 2020

(Under construction) Sodegaura Biomass Power Generation Co., Ltd.
(Sodegaura Biomass Power Plant)

- Fuel: biomass(wood pellets)
- Capacity: 75,000 kW
- Equity ratio: 100%
- Established in July 2018
- Scheduled to start operation in July 2022

Page 9 details our initiatives in power source development.

Currently, a power source of approximately 350 thousand kW is under construction, combining natural gas-fired thermal power plant and renewable energy power sources. We are especially accelerating our initiatives in renewable energy power sources, such as making a decision in July 2018 to construction of Sodegaura Biomass Power Generation Plant, aiming to attain our goal of obtaining 1 million kW at the end of March 2031. As of September 30, 2018, approximately 120 thousand kW worth of power source facilities is under construction.

Initiatives in Domestic Energy Business (Broad-area Business)

Launched energy and service distribution businesses in the Tokyo Metropolitan area. Expanding other initiatives including establishment of LNG terminals and launch of energy service businesses in other areas.

Aim to expand broad-area business through activities that go beyond regional and corporate boundaries

Selection as the right of priority bargaining in Otsu-shi gas specific operation business etc.

- Gas retail business, operations related to general gas conduit business (emergency security business etc.), business related to water supply business (emergency response business etc.)
- Selection in October 2018
- Scheduled start of business in April 2019

Established Nagaoka Tansan Co., Ltd.

- Construction of manufacturing facility for liquid carbon dioxide and dry ice
- Manufacturing capacity: 150 t/day (liquid carbon dioxide and dry ice combined)
- wholly-owned
- Established in September 2018
- Scheduled to start operation in April 2021

Agreement to establish Himuka LNG (tentative name)

- Osaka Gas 34%, Miyazaki Gas 51%, Kyushu Electric Power 7%, Nippon Gas 7%, Asahi Kasei 1%
- Construction, ownership and operation of natural gas infrastructure facility for Asahi Kasei Nobeoka Area Plant (LNG tank of 6,500 kL, terminals for domestic vessels, LNG vaporizers, gas pipelines, etc.)
- Establishment agreement in September 2018
- Scheduled to be established in December 2018

(Under construction) Ogishima Natural Gas Supply

- Liquid gas heat transfer
- Capacity: 270 t/h
- Equity ratio: 15%
- Established in October 2017
- Scheduled to start operation in April 2020

Investment in Reliance Energy Okinawa Co., Ltd.

- Energy service business, efficient use of energy, etc.
- Equity ratio: 15%
- Investment made in April 2018

Established CD Energy Direct

- Sales of electric power, gas and services related to lifestyle and business in the Tokyo Metropolitan area
- Equity ratio: 50%
- Established in April 2018

Page 10 lists our initiatives in the Domestic broad-area business.

In April 2018, we established CD Energy Direct and invested in Reliance Energy Okinawa. Furthermore, in September 2018, we made an agreement to establish Himuka LNG to operate natural gas infrastructure including LNG stations in Nobeoka City, Miyazaki, as well as established Nagaoka Tansan to manufacture liquefied carbon dioxide and dry ice.

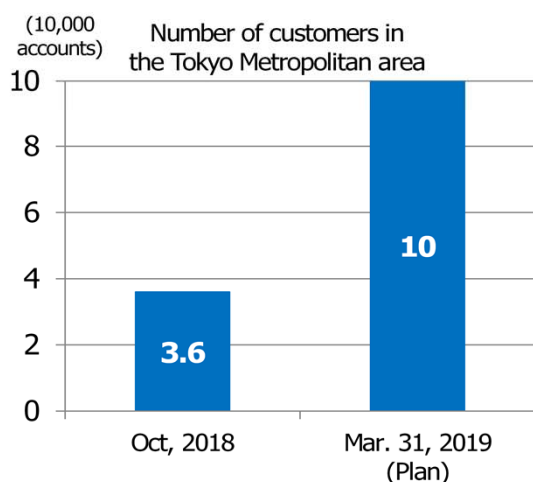
In addition, a consortium consisting of Osaka Gas, JFE Engineering and Waterworks Co., Ltd. was selected as a preferred bidder in Otsu City Gas Specific Operation Project etc. As a result, we plan to start the gas and water business from April 2019.

Going forward, we will continue with activities that go beyond regional and corporate boundaries actively.

Initiatives in Domestic Energy Business (Tokyo Metropolitan Area)

Since May 2018, business alliances related to sales of gas and electricity have been made centered on CD Energy Direct, expanding customer count in the Tokyo Metropolitan area

Approx. 36,000 accounts achieved as of October 2018
Aim to achieve 100,000 accounts by the end of March 2019



[Business alliances in the Tokyo Metropolitan area]

May 2018: Business tie-up with Tokyu Power Supply Co., Ltd. and city gas retailing service for metropolitan households.
• Supplies electric power mainly along the Tokyu Line from April 2016

August 2018: Business tie-up in city gas sales business with ENEARC Kanto Co., Ltd. in the metropolitan area.
• 100% subsidiary of ENEARC Co., Ltd.
• LP gas sales company in the Kanto area

September 2018: Business tie-up on electric / gas sales with Aruhi Marketing Co., Ltd.
• 100% subsidiary of domestic largest mortgage specialist financial institution Aruhi Corporation

Next, I would like to discuss our initiatives in the Tokyo Metropolitan area.

Ever since establishing CD Energy Direct in April 2018, we have been operating the Energy business in the Tokyo Metropolitan area steadily.

We are focusing on B to B to C activities, such as the alliance with well-known operators that will connect us and customers.

We have concluded business alliances in the city gas sales business with Tokyu Power Supply in May 2018 and ENEARC in August 2018, respectively. In September 2018, we made a business alliance in the electricity and city gas sales business with ARUHI Marketing, a subsidiary of ARUHI, the largest domestic financial institution specialized in housing loans.

Through these activities, we were able to achieve around 36 thousand customers as of October 2018, making a good start for the energy business in the Tokyo Metropolitan area.

We will continue with our activities and aim to capture demand equivalent to 100

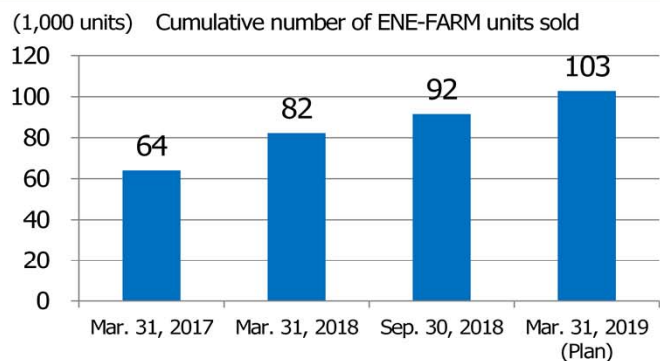
thousand accounts as of the end of March 2019, and 3 million accounts as of the end of March 2031.

Initiatives in Domestic Energy Business (Kansai Area)

Aim to establish new connections with customers through measures including provision of IoT services and automatic operation functions for ENE-FARM, establishment of the Style Plan P service, support for plants to transition to IoT, etc.



- (IoT)
- Remote monitoring of operating status
 - *Tsunagaru de* function (smart connectivity)
- (Disaster prevention)
- Automatic operation function



Fushimi Sake Brewers Association and Osaka Gas jointly developed a new way to evaluate sake rice



In the Kansai area, we are taking various initiatives to find a new way to connect with customers.

When Typhoon Jebi (Typhoon No. 21) caused a large-scale blackout, at least 850 units of ENE-FARM equipped with an automatic operation function maintained operation to supply electricity and heat. Going forward, we believe the needs for automatic operation functions will increase from the perspective of disaster countermeasures. We will strive to develop the automatic operation and the IoT services such as the remote monitoring of operating status to other than ENE FARM.

Furthermore, we are expanding our contact with untapped customers by establishing Style Plan P, a new electricity rate plan banded with Amazon Prime, posting ads on the Amazon website, and including flyers in delivery boxes.

We will continue our efforts to build new connections with customers by providing new value through initiatives, including supporting plants to transition to IoT, for example developing a new method of sake rice evaluation with Fushimi Sake Brewers.

Disaster Countermeasures

At the time of the earthquake centered in northern Osaka prefecture in June 2018, the restoration of gas supply was completed in seven days, owing to supports from gas service providers across the country.



(Summary of the earthquake)

Date	Around 7:58, June 18, 2018
Epicenter	Northern Osaka depth 13 km
Scale	Magnitude 6.1 (provisional)
Number of households affected by the suspension of gas supply	111,951 households
Number of days required for recovery	Seven days



Page 13 lists our initiatives related to disaster countermeasures.

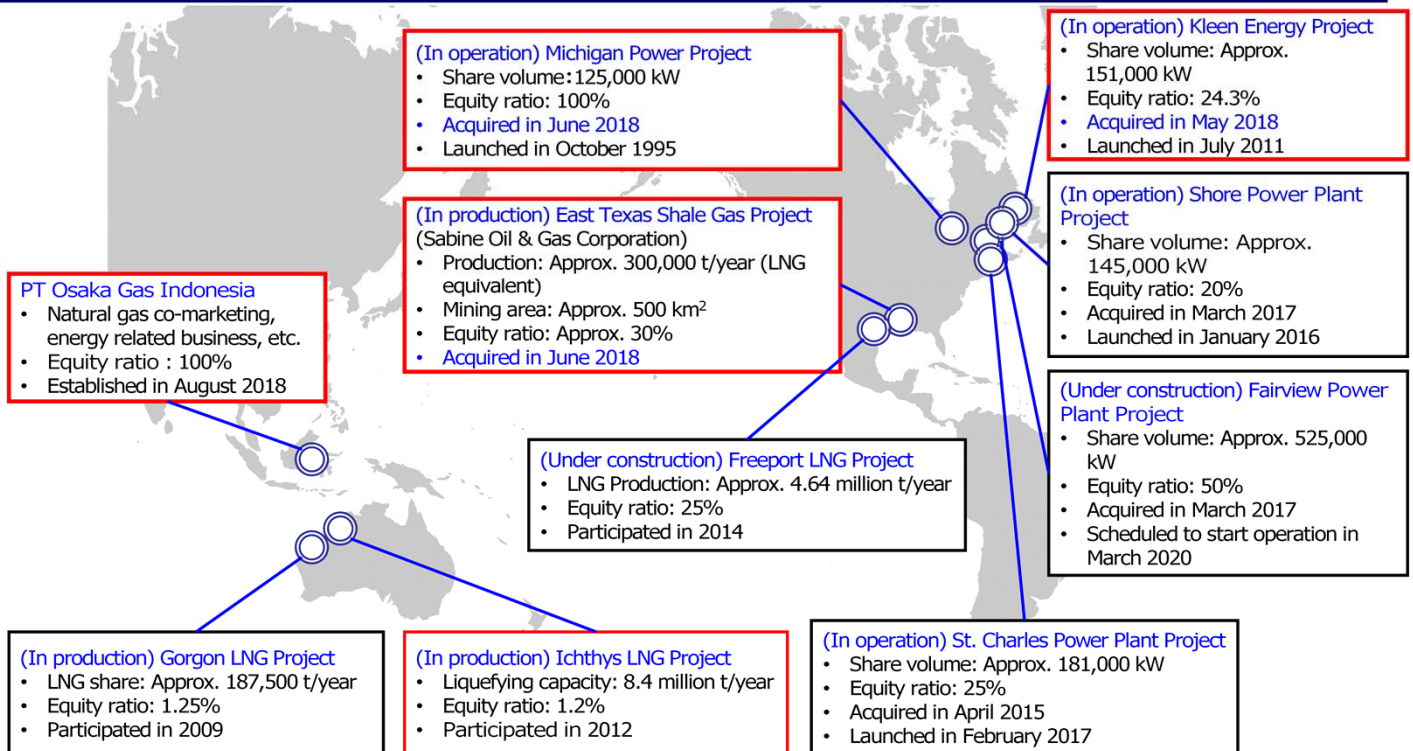
The second quarter of the fiscal year ending March, 2019 saw a series of major disasters including the earthquake centered in northern Osaka prefecture, the West Japan Heavy Rain Disaster and Typhoon Jebi (Typhoon No. 21). As an energy infrastructure operator, we strongly reaffirmed our responsibility for supporting customers, livelihoods and industries, as well as for supporting the restoration and recovery efforts in the disaster-stricken areas.

The earthquake centered in northern Osaka prefecture was a first major wide-area disaster that our company experienced since the Great Hanshin-Awaji Earthquake. It suspended the supply of gas to about 110 thousand households. In the face of the disaster, the Daigas Group was able to recover the gas supply on the 7th day, owing to efforts we made so far toward disaster countermeasures and supports from gas service providers across the country.

Furthermore, we endeavored to communicate the status of recovery in a visually apparent manner by utilizing a system to visualize the recovery situation, and also strived to disseminate information flexibly by using SNS.

Initiatives in International Energy Business

In North America, following our participation in the IPP business, in June 2018 we acquired an interest in a business engaged in shale gas production development currently in production. We aim to accumulate know-how in the upstream, mid- and downstream businesses by dispatching personnel



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On page 14, we summarize our initiatives in the International business.

In the fiscal year ending March 2019, in North America, we decided to participate in the IPP business and in a shale gas production development business currently in production, which is expected to allow us to acquire practical development management experiences and business operation capabilities, in addition to contribution to profits.

Through these projects, we aim to expand our business in North America by accumulating know-how in the upstream to mid- and downstream businesses in the area.

In regions other than North America as well, we are accelerating the developing of businesses in Asia through initiatives such as establishing a company and launching sales businesses in Indonesia.

As for other initiatives, we are also steadily proceeding with existing projects, including good progress in the operation of the Gorgon project, the launch of production in the Ichthys project, and initiatives toward the launch of operation in the Freeport project.

ESG Initiatives

Selected as an index component of the World Index in the globally renowned SRI*¹ index, Dow Jones Sustainability Index*² for two consecutive years.
 Selected as an index component of the Asia Pacific Index for 10 consecutive years.

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM 

- *1 SRI is an acronym for Socially Responsible Investment. It is an investment approach that takes into account assessments of corporate social responsibility as evaluation criteria for investment decision making in addition to traditional financial analysis criteria.
- *2 The DJSI are SRI indices jointly developed by S&P Dow Jones Indices of the United States and RobecoSAM of Switzerland in 1999. The indices analyze and evaluate a company's sustainability performance from the aspects of environment, society and corporate governance, and select excellent companies in terms of sustainability.

We are also making proactive efforts toward ESG activities.

In September 2018, we were selected as an index component of the Dow Jones Sustainability World Index and the Asia Pacific Index consecutively for two years and 10 years, respectively.

Since the subsequent pages will be the details, we will skip the explanation.

This concludes my presentation.

II. Business Results for 2nd Quarter of FY2019.3 and Forecasts for FY2019.3

Summary of Business Results for 2nd Quarter of FY2019.3 and Forecasts for FY2019.3

Year-on-Year Comparison

Consolidated net sales	Increased by 3.9 % (¥22.8 billion) to ¥607.4 billion due to the increase in sales volume in Electricity Business , etc.
Consolidated ordinary profit	Decreased by 37.3% (¥13.6 billion) to ¥22.8 billion due to the time-lag effect and due to the impact of high air and water temperatures in gas business, etc. Time-lag loss totaled ¥11.9billion (Time-lag loss of the 2 nd quarter of the previous year totaled ¥6.8 billion)
Consolidated profit*	Decreased by 43.4% (¥10.3 billion) to ¥13.5 billion due to the loss of an earthquake that occurred in northern Osaka, etc.

FY2019.3 Forecast against Previous Forecast

Consolidated net sales	Expect to increase by 2.9% (¥40.0 billion) to ¥1,400.0 billion due to the impact of the rise in crude oil prices, etc.
Consolidated ordinary profit	Expect to decrease by 20.0% (¥14.0 billion) to ¥56.0 billion due to the impact of the rise in crude oil prices, etc. Time-lag loss totaled ¥12.7billion (Time-lag profit of the previous forecast totaled ¥2.7 billion)
Consolidated profit*	Expect to decrease by 22.6% (¥10.5 billion) to ¥36.0 billion due to the loss of an earthquake that occurred in northern Osaka, etc.

* Profit attributable to owners of parent

Results for 2nd Quarter of FY2019.3- I

Figures in () are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY19.3	B. FY18.3	A-B	(A-B)/B(%)	Remarks
Net sales	(1.25) 607.4	(1.27) 584.6	+22.8	+3.9%	Increased in the sales volume of electricity, etc.
Operating profit	(33.82) 21.9	(1.98) 33.2	-11.2	-33.9%	Decreased due to the time-lag effect and due to the impact of high air and water temperatures in gas business, etc.
Ordinary profit	(2.57) 22.8	(1.55) 36.4	-13.6	-37.3%	Losses were recorded due to an earthquake that occurred in northern Osaka.
Profit*	(1.87) 13.5	(1.31) 23.8	-10.3	-43.4%	
EBITDA**	66.4	77.8	-11.3	-14.6%	
The time-lag effect	-11.9	-6.8	-5.0	-	
Ordinary profit excluding time-lag profit	34.8	43.3	-8.5	-19.7%	Decreased in the impact of air and water temperatures in gas business, etc.
Crude oil price*** \$/bbl	73.8	51.4	+22.4		
Exchange rate yen/\$	110.3	111.0	-0.8		
Number of subsidiaries	148	148	-		

* Profit attributable to owners of parent

** EBITDA=operating profit + depreciation + amortization of goodwill + equity in earnings/losses of affiliated companies.

*** Average of preliminary monthly data up to September.

Results for 2nd Quarter of FY2019.3- II

Consolidated, billion yen	Net sales			Segment profit [*]			Remarks
	A. FY19.3 2Q	B. FY18.3 2Q	A-B	A. FY19.3 2Q	B. FY18.3 2Q	A-B	
Domestic energy / Gas ^{**}	434.5	437.7	-3.2	2.7	13.5	-10.7	Profit : Decreased due to the time-lag effect and due to the impact of high air and water temperatures , etc.
Domestic energy / Electricity	91.8	70.8	+21.0	6.6	9.4	-2.7	Profit : Decreased due to the impact of power price reduction, etc.
International Energy	18.2	10.7	+7.5	4.8	1.8	+3.0	Profit : Increased in sales of Gorgon project, etc.
Life & Business Solutions ^{**}	99.4	93.1	+6.2	7.8	7.7	+0.1	Profit : Almost same level as the previous year
Adjustments	-36.6	-27.9	-8.7	1.0	1.6	-0.5	
Consolidated	607.4	584.6	+22.8	23.2	34.1	-10.9	

* Segment profit=Operating profit + Share of profit(loss) of entities accounted for using equity method

** Since 1Q of FY19.3, Osaka Gas Engineering Co., Ltd. changed its segment from "Life & Business Solutions" to "Domestic Energy /Gas". 18.3 FY 2Q results are calculated based on the contents after change.

Including profit/loss on market value of derivative
A.FY19.3 2Q 0.4, B.FY18.3 2Q -1.0, A-B +1.5

Results for 2nd Quarter of FY2019.3-III

Consolidated, billion yen	A. FY19.3	FY18.3		A-B	Remarks
	2Q end	2Q end	B. Year end		
Total assets*	1,960.5	1,857.9	1,897.2	+63.3	Increased due to acquisition of North American IPP project, etc.
Shareholders' equity	1,005.6	977.0	999.5	+6.0	
Interest-bearing liabilities	602.9	527.2	503.7	+99.1	New borrowing, etc.
Number of employees	20,298	21,107	19,997	+301	Increased in Kansai Business Information Inc., etc.
Shareholders' equity / Total assets*	51.3%	52.6%	52.7%	-1.4%	Increased in interest-bearing liabilities, etc.
D/E ratio	0.60	0.54	0.50	+0.10	
	A. FY19.3	FY18.3		A-B	
	2Q	B. 2Q	Full year		
Capital expenditure	34.1	40.5	81.7	-6.4	
Depreciation	43.2	43.7	88.7	-0.4	
Free cash flow**	-22.0	22.0	116.3	-44.0	Decreased in operating profit and due to working capital, etc.
ROA*	0.7%	1.3%	2.0%	-0.6%	
ROE	1.3%	2.5%	3.8%	-1.1%	
EPS(yen / share)	32.5	57.3	90.7	-24.8	
BPS(yen / share)***	2,418.4	2,349.4	2,403.7	+14.7	

* Calculated taking account of "Partial Amendments to Accounting Standard for Tax Effect Accounting."

** Free cash flow = cash flows from operating activities - capital expenditures for upgrading existing businesses.

*** Changes are differences from the performance results for the full year of FY18.3 results.

Sales-related results for 2nd Quarter of FY2019.3

* Number of Units for gas supply = number of meters installed – number of meters unused (unoccupied houses, etc.)
– number of units for gas supply from other companies

** The difference factors are described on pages 22 and 23

■ Gas sales volume

45MJ/m ³	A. FY19.3 2Q	B. FY18.3 2Q	A-B	(A-B)/B(%)
Number of units for gas supply*(thousands)	5,717	6,076	-359	-5.9%
Installation of new meters (thousands)	44	47	-3	-7.2%
Monthly gas sales volume per household (m3/month)	20.4	21.6	-1.2	-5.5%
Residential**	685	765	-79	-10.4%
Non-Residential**	3,049	3,203	-154	-4.8%
Non-consolidated gas sales volume (million m3)	3,734	3,968	-234	-5.9%
Consolidated gas sales volume (million m3)	3,753	3,986	-234	-5.9%

■ Electricity sales volume (Consolidated)

	A. FY19.3 2Q	B. FY18.3 2Q	A-B	(A-B)/B(%)
Retail	1,566	943	+624	+66.2%
Wholesale, etc.	4,322	4,079	+242	+5.9%
Electricity Sales Volume(GWh)	5,888	5,022	+866	+17.2%
Number of low-voltage electricity supply (thousands)	770	472	+298	+63.0%

■ Customer Accounts (Consolidated)

	A. FY19.3 2Q end	B. FY18.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	8,588	8,274	+314	+3.8%

Residential Gas Sales

FY19.3 2Q

	YoY change	Remarks
Number of customers	-4.6%	Switching to another company, etc.
Impact of temperature	-2.4%	Average annual temperature: 24.0 degrees Celsius (+0.3 degrees Celsius from the previous year)
Others	-3.4%	Effect of meter reading days, high-efficiency of gas appliances, decrease in household size, etc.
Total	-10.4%	



FY19.3 forecasts

Unchanged from the forecasts announced on April 26

- Residential gas sales volume is expected to decrease by 202 million m³ (9.4%) from the previous year to 1,957 million m³, due to reaction to the low air and water temperatures of the current fiscal year, assuming the same temperature level as in usual years, and Gas switching, etc.

Non-Residential Gas Sales

FY19.3 2Q

	YoY change	Remarks
Demand development	+0.9%	Equipment introduction, fuel conversion, etc.
Impact of temperature	+0.0%	
Capacity utilization of facilities	+0.0%	
Individual factor	-4.9%	Decreased due to switching to another company and decrease in capacity utilization at specific customers, etc.
Others	-0.9%	
Total	-4.8%	



FY19.3 forecasts

Unchanged from the forecasts announced on April 26

- Non-residential gas sales volume is expected to decrease by 654 million m³ (10.2%) from the previous year to 5,732 million m³, due to impact of Gas switching and certain customers' factor, etc.

Forecasts for FY19.3- I

Figures in () are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY19.3 forecasts		B. FY19.3 previous forecasts		A-B	(A-B)/B(%)	Remarks
Net sales	(1.24)	1,400.0	(1.25)	1,360.0	+40.0	+2.9%	The impact of the rise in crude oil prices.
Operating profit	(2.88)	59.0	(1.97)	74.0	-15.0	-20.3%	The impact of the rise in crude oil prices, etc.
Ordinary profit	(1.90)	56.0	(1.51)	70.0	-14.0	-20.0%	
Profit*	(1.57)	36.0	(1.29)	46.5	-10.5	-22.6%	Decrease due to the impact of the earthquake that occurred in northern Osaka.
EBITDA**		146.5		160.5	-14.0	-8.7%	The impact of the rise in crude oil prices, etc.
* Profit attributable to owners of parent							
** EBITDA=operating profit + depreciation + amortization of goodwill + equity in earnings/losses of affiliated companies.							
The time-lag effect		-12.7		2.7	-155	-	
Ordinary profit excluding time-lag profit		68.7		67.2	+15	+2.2%	Increase in sales of Gorgon project, etc.
Crude oil price***	\$/bbl	76.9		65.0	+11.9		October 2018 to March 2019 : 80.0 \$/bbl
Exchange rate	yen/\$	110.1		110.0	+0.1		October 2018 to March 2019 : 110.0 yen/\$

*** Average of preliminary monthly data up to September.

Forecasts for FY19.3- II

Consolidated, billion yen	Net sales			Segment profit*			Remarks
	A. FY19.3 forecasts	B. FY19.3 previous forecasts	A-B	A. FY19.3 forecasts	B. FY19.3 previous forecasts	A-B	
Domestic energy / Gas	1,031.7	994.0	+37.7	19.5	35.0	-15.5	Profit : The impact of the rise in crude oil prices.
Domestic energy / Electricity	199.3	197.0	+2.3	15.0	16.5	-1.5	Profit : The impact of the rise in crude oil prices.
International Energy	33.0	29.5	+3.5	5.0	2.0	+3.0	Profit : Increase in sales of Gorgon project, etc.
Life & Business Solutions	208.0	208.0	-	19.0	19.0	-	
Adjustments	-72.0	-68.5	-3.5	2.0	2.0	-	
Consolidated	1,400.0	1,360.0	+40.0	60.5	74.5	-14.0	

* Segment profit = Operating profit + Share of profit(loss) of entities accounted for using equity method

Forecasts for FY19.3-III

Figures in () are ratios of consolidated results to non-consolidated results

Consolidated, billion yen	A. FY19.3 forecasts		B. FY18.3		A-B	(A-B)/B(%)	Remarks
Net sales	(1.24)	1,400.0	(1.25)	1,296.2	+103.7	+8.0%	Increase in the unit price of gas sales and electricity sales volume, etc.
Operating profit	(2.88)	59.0	(1.64)	78.1	-19.1	-24.5%	Decrease due to the time-lag effect and due to the impact of high air and water temperatures in gas business, etc.
Ordinary profit	(1.90)	56.0	(1.32)	77.0	-21.0	-27.4%	Decrease due to the impact of the earthquake that occurred in northern Osaka.
Profit*	(1.57)	36.0	(0.86)	37.7	-1.7	-4.6%	Decrease due to the time-lag effect and due to the impact of high air and water temperatures in gas business, etc.
EBITDA**		146.5		167.1	-20.6	-12.3%	
* Profit attributable to owners of parent							
** EBITDA=operating profit + depreciation + amortization of goodwill + equity in earnings/losses of affiliated companies.							
The time-lag effect		-12.7		0.5	-13.2	-	
Ordinary profit excluding time-lag profit		68.7		76.5	-7.8	-10.2%	Decrease due to the impact of high air and water temperatures in gas business, etc.
Crude oil price*** \$/bbl		76.9		57.0	+19.9		October 2018 to March 2019 : 80.0 \$/bbl
Exchange rate yen/\$		110.1		110.9	-0.7		October 2018 to March 2019 : 110.0 yen/\$

*** Average of preliminary monthly data up to September.

Forecasts for FY19.3-IV

Consolidated, billion yen	Net sales			Segment profit*			Remarks
	A. FY19.3 forecasts	B. FY18.3	A-B	A. FY19.3 forecasts	B. FY18.3	A-B	
Domestic energy / Gas**	1,031.7	976.2	+55.4	19.5	42.9	-23.4	Profit : Decrease due to the time-lag effect and due to the impact of high air and water temperatures, etc.
Domestic energy / Electricity	199.3	157.7	+41.5	15.0	20.7	-5.7	Profit : Decrease due to the impact of power price reduction, etc.
International Energy	33.0	22.5	+10.4	5.0	-5.3	+10.3	Profit : Increase due to reaction of sales of IPP project in North America in FY2018.3 and in sales volume of Gorgon Project, etc.
Life & Business Solutions**	208.0	201.4	+6.5	19.0	18.2	+0.7	Profit : Almost same level as the previous year.
Adjustments	-72.0	-61.8	-10.1	2.0	1.7	+0.2	
Consolidated	1,400.0	1,296.2	+103.7	60.5	78.3	-17.8	

* Segment profit=Operating profit + Share of profit(loss) of entities accounted for using equity method

** Since 1Q of FY19.3, Osaka Gas Engineering Co., Ltd. changed its segment from "Life & Business Solutions" to "Domestic Energy / Gas". 18.3 FY 2Q results are calculated based on the contents after change.

Forecasts for FY19.3-V

Consolidated, billion yen	A. FY19.3 forecasts	B. FY18.3 end	A-B	Remarks
Total assets*	1,962.0	1,897.2	+64.7	Increase due to acquisition of North American IPP project, etc.
Shareholders' equity	1,002.7	999.5	+3.1	
Interest-bearing liabilities	549.7	503.7	+45.9	Increase in New borrowing, etc.
Number of employees	20,555	19,997	+558	Increase in Osaka Gas Information System Research Institute Group, Jacobi Carbons AB, etc.
Shareholders' equity / Total assets*	51.1%	52.7%	-1.6%	Increase in interest-bearing liabilities, etc.
D/E ratio	0.55	0.50	+0.04	
	A. FY19.3 forecasts	B. FY18.3 end	A-B	
Capital expenditure	90.0	81.7	+8.2	Increase in investment for distribution Facilities, etc.
Depreciation	84.9	88.7	-3.7	
Free cash flow**	36.3	116.3	-80.0	Decrease due to working capital, etc.
ROA*	1.9%	2.0%	-0.1%	
ROE	3.6%	3.8%	-0.3%	
EPS(yen / share)	86.6	90.7	-4.1	
BPS (yen / share)	2,411.2	2,403.7	+7.5	

* Calculated taking account of "Partial Amendments to Accounting Standard for Tax Effect Accounting."

** Free cash flow = cash flows from operating activities - capital expenditures for upgrading existing businesses.

Sales-related forecasts for FY2019.3

■ Gas sales volume

45MJ/m³

* The difference factors are described on pages 22 and 23.

	A. FY19.3 forecasts	B. FY18.3 results	A-B	(A-B)/B(%)
Residential*	1,957	2,160	-202	-9.4%
Non-Residential*	5,732	6,387	-654	-10.2%
Non-consolidated gas sales volume (million m3)	7,690	8,546	-857	-10.0%
Consolidated gas sales volume (million m3)	7,723	8,580	-857	-10.0%

■ Electricity sales volume (Consolidated)

	A. FY19.3 forecasts	B. FY18.3 results	A-B	(A-B)/B(%)
Electricity Sales Volume(GWh)	11,671	10,951	+720	+6.6%

■ Customer Accounts (Consolidated)

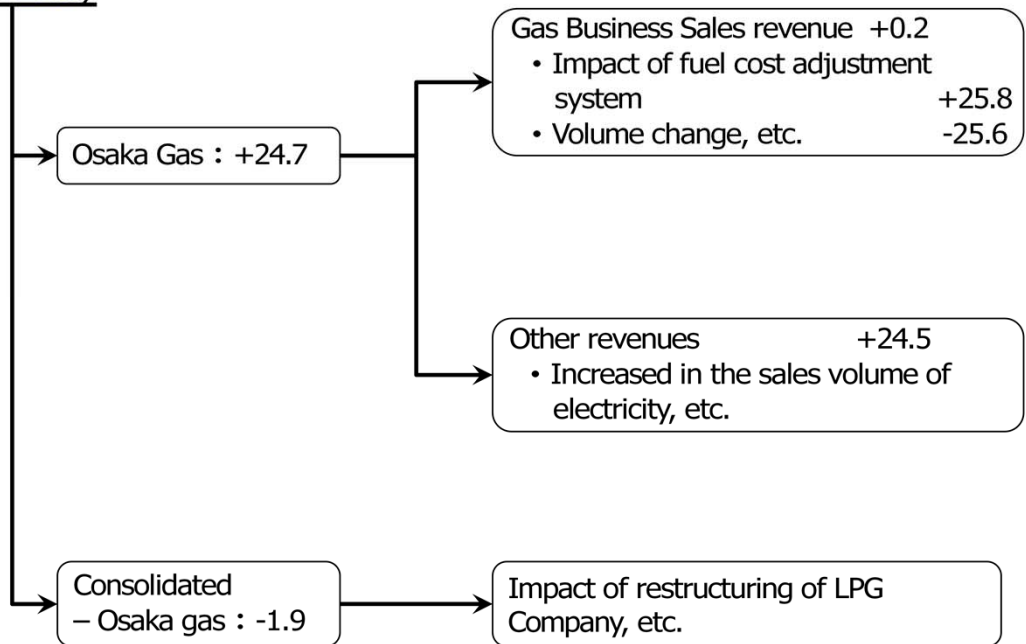
	A. FY19.3 forecasts	B. FY18.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	8,900	8,270	+630	+7.6%

III. Facts and Figures

Sales variance for 2nd Quarter of FY2019.3 (Year-on-Year)

FY18.3 2Q → FY19.3 2Q (differences)

584.6 607.4 (+22.8)
(billion yen)



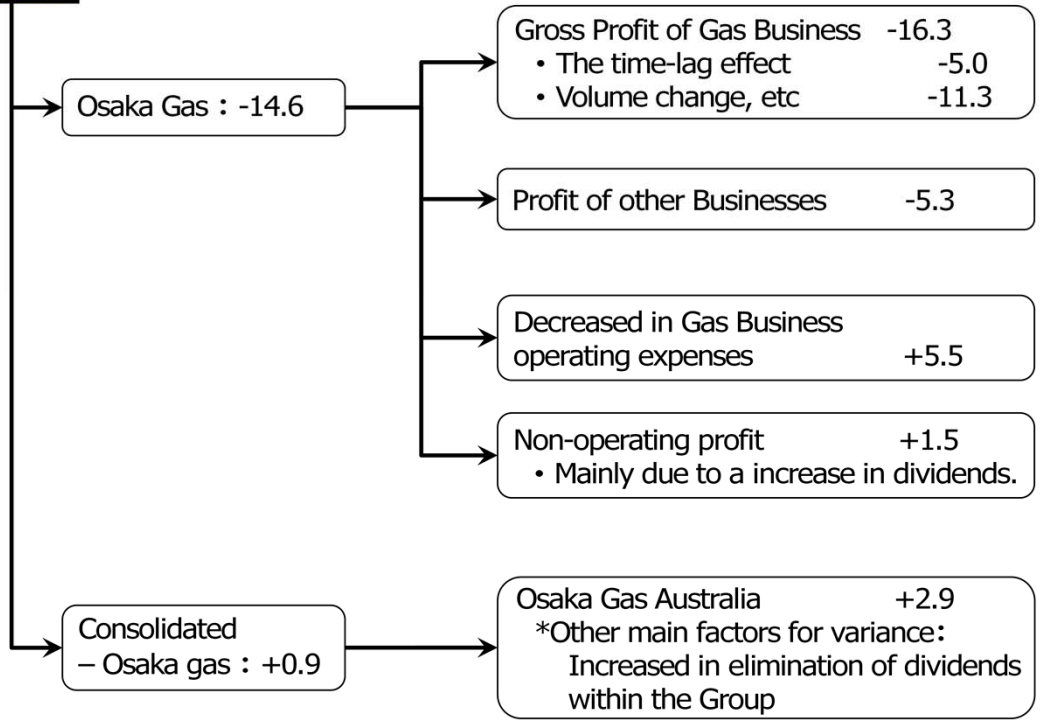
Ordinary profit variance for 2nd Quarter of FY2019.3 (Year-on-Year)

FY18.3 2Q → FY19.3 2Q (differences)

36.4
(billion yen)

22.8 **(-13.6)**

+/- signs indicate impact on profit.

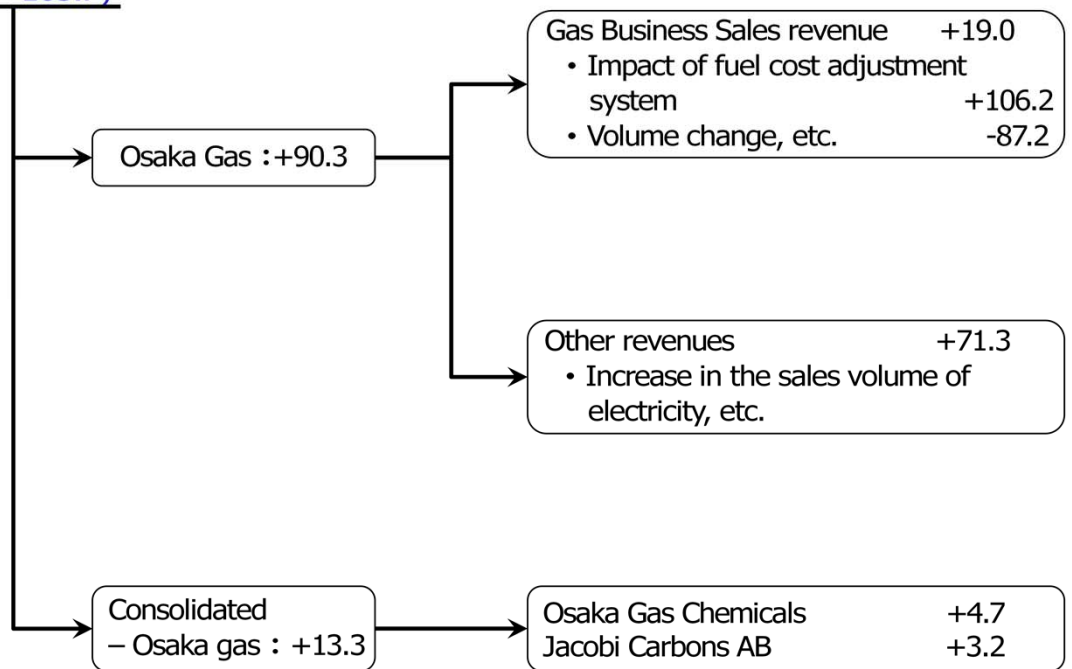


Sales variance for FY2019.3 Forecast (Year-on-Year)

FY18.3 → FY19.3 forecasts (differences)

1,296.2 1,400.0 (+103.7)

(billion yen)

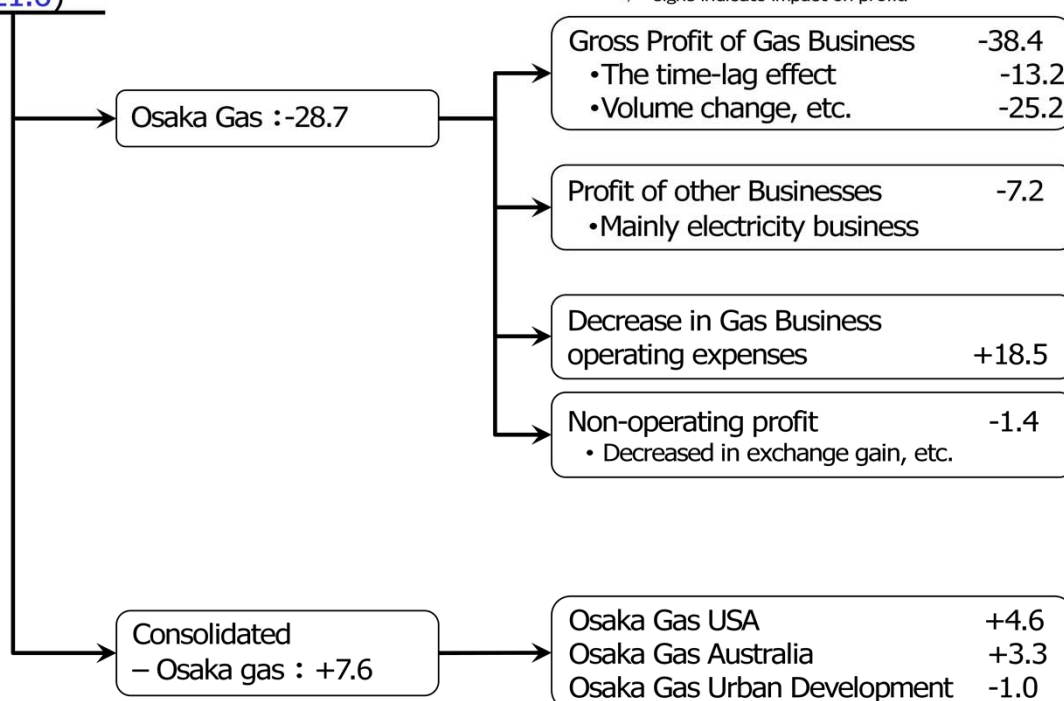


Ordinary profit variance for FY2019.3 Forecast (Year-on-Year)

FY18.3 → FY19.3 forecasts (differences)

77.0 56.0 (-21.0)
(billion yen)

+/- signs indicate impact on profit.



Risk Factors for Annual Earnings Results Forecast

- **Atmospheric and water temperatures**
 - A +1 degree Celsius change in atmospheric and water temperatures will affect the residential gas sales volume: increase/decrease of approx. -7% in spring and autumn, approx. -8% in summer, and approx. -6% in winter
- **Crude oil prices**
 - LNG prices are linked to crude oil prices. A +\$1/bbl. change in crude oil prices will have an effect of approx. -1.3billion yen on ordinary profit since the 3rd quarter (Oct. thru. Mar.) of this fiscal year
- **Foreign exchange rate**
 - LNG prices are affected by fluctuations in the US\$/JPY exchange rate. A +1 yen fluctuation in the US\$/JPY exchange rate will have an effect of approx. -1.1 billion yen on ordinary profit since the 3rd quarter (Oct. thru. Mar.) of this fiscal year
- **Materials costs**
 - Although the fuel cost adjustment system allows us to reflect changes in fuel costs in gas rates in the medium- and long-term, an increase in fuel costs is likely to affect the business results due to a time lag in reflecting cost fluctuations, and also depends on the composition of fuel suppliers
- **Interest rate**
 - A +1% change in the interest rate will have an effect of approx. -0.4 billion yen on annual consolidated non-operating expenses

Thank you