



# Financial Report for 3rd Quarter of FY2019.3 (April 2018 – December 2018)

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January 2019  
Osaka Gas Co., Ltd.

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Thank you for taking the time to join the briefing today on Osaka Gas's business results for the third 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 third quarter of the fiscal year ending March 2019 along the presentation materials disclosed on our website.

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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](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/m<sup>3</sup>.

**Note regarding consolidated gas sales volume**

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

## I. Business Results for 3rd Quarter of FY2019.3 and Forecasts for FY2019.3

# Summary of Business Results for 3rd Quarter of FY2019.3 and Forecasts for FY2019.3

## Year-on-Year Comparison

Consolidated net sales	Increased by 3.7% (¥34.0 billion) to ¥943.6 billion due to the increase in sales volume in Electricity Business, etc.
Consolidated ordinary profit	Decreased by 49.4% (¥24.8 billion) to ¥25.4 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 ¥16.1billion (Time-lag profit of the 3rd quarter of the previous year totaled ¥0.9 billion)
Consolidated profit*	Decreased by 83.6% (¥26.4 billion) to ¥5.2 billion due to extraordinary losses recorded including one-time amortization of goodwill associated with the acquisition of a new subsidiary** and loss on disaster***, etc.

## FY2019.3 Forecast against Previous Forecast

Consolidated net sales	Expect to decrease by 1.4% (¥19.0 billion) to ¥1,381.0 billion due to the impact of the rise in crude oil prices, etc.
Consolidated ordinary profit	Expect to increase by 9.8% (¥5.5 billion) to ¥61.5 billion due to the impact of the rise in crude oil prices, etc. Time-lag loss totaled ¥11.7billion (Time-lag loss of the previous forecasts totaled ¥12.7 billion)
Consolidated profit*	Expect to decrease by 15.3% (¥5.5 billion) to ¥30.5 billion due to extraordinary losses recorded including one-time amortization of goodwill associated with the acquisition of a new subsidiary, etc.

\* Profit attributable to owners of parent

\*\*One-time amortization of goodwill associated with the acquisition of a new subsidiary 8.9 billion

\*\*\*Loss on disaster 2.0 billion

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This page shows a summary of the business results and forecasts.

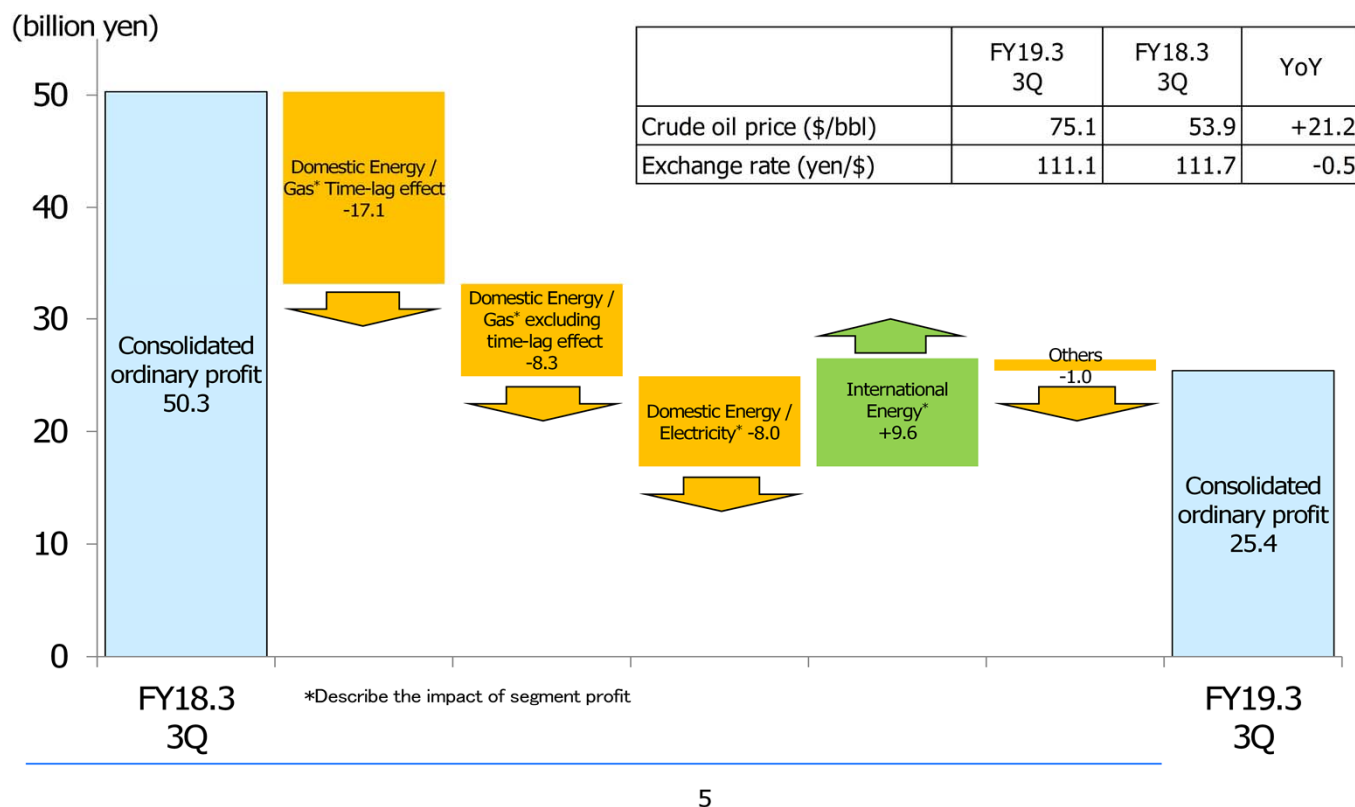
The third quarter of the fiscal year ending March 2019 resulted in an increase in net sales and a decrease in ordinary profit. Ordinary profit decreased by 49.4% year on year to 25.4 billion yen owing to the time-lag effect in the gas business and to a decrease in the gas sales volume caused by high air and water temperatures, etc. Profit attributable to owners of parent decreased because of the recording of one-time amortization of goodwill amounting to 8.9 billion yen associated with the acquisition of shares of BIWAKO BLUE ENERGY Co., Ltd., which is engaged in businesses of gas retail sales in Otsu City and other factors such as extraordinary losses of 2.0 billion yen due to losses from disasters.

Let me provide additional explanation about one-time amortization of goodwill. We consider the investment amount appropriate as we take into account synergy effects including the gas wholesale conducted and the sales of electricity and equipment, etc. in Otsu City by Daigas group. On the other hand, in terms of accounting treatment, the synergy effects attributable to Daigas Group cannot be considered as the stock value of BIWAKO BLUE ENERGY Co., Ltd., so we recorded one-time amortization of goodwill.

Next, I would like to explain about revised our forecasts for the fiscal year ending March 2019. Whereas net sales are expected to amount to 1,381.0 billion yen, 1.4% lower than the previous forecasts, due to factors such as decreases in the LNG sales volume and the sales volume of gas for residential use, ordinary profit is expected to amount to 61.5 billion yen, 9.8% higher than the previous forecasts, mainly due to time-lag effects caused by the decline in crude oil prices. Profit attributable to owners of parent is expected to amount to 30.5 billion yen, 15.3% lower than the previous forecasts, due to one-time amortization of goodwill associated with the acquisition of a new project, etc.

## YoY Comparison of 3rd Quarter of FY2019.3

Consolidated ordinary profit for the 3rd quarter of FY2019.3 decreased by ¥24.8 billion year on year to ¥25.4 billion due to time-lag effect in Domestic Energy / Gas business, etc.



Page 5 shows a year-on-year comparison of business results for the third quarter of the fiscal year ending March 2019.

Domestic Energy / Gas segment profit decreased by 17.1 billion yen from the previous year due to the time-lag effect and decreased by 8.3 billion yen due to the impact of air and water temperatures, etc.

Domestic Energy / Electricity segment profit decreased by 8.0 billion yen due to the impact of competition and the rise in crude oil prices although sales volume increased.

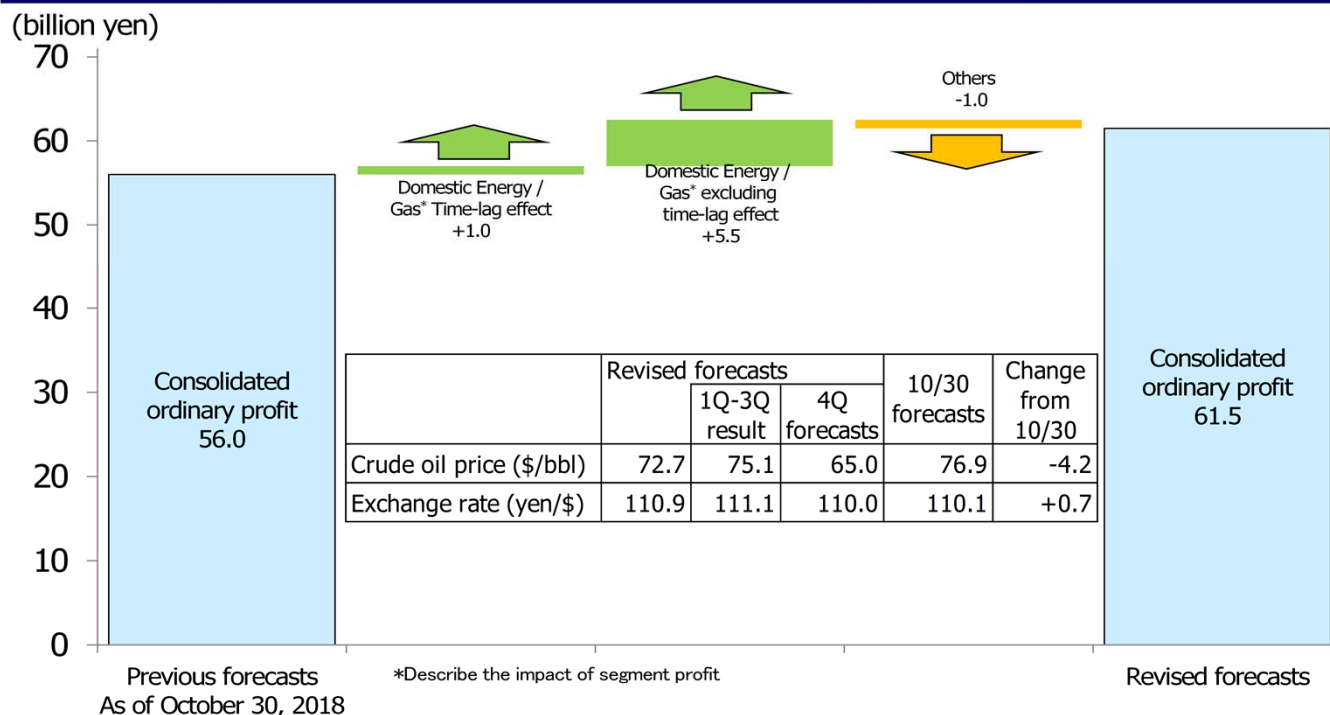
International Energy segment profit increased by 9.6 billion yen from the previous year due to impact of loss from sales of IPP project in North America from previous year, and increased in sales volume of the Gorgon, etc.

Consolidated ordinary profit decreased by 24.8 billion yen from the previous year to 25.4 billion yen due to the decrease in Domestic Energy / Gas segment profit and Domestic Energy / Electricity segment profit although International Energy segment profit increased.

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

## FY2019.3 Forecasts against Previous Forecasts

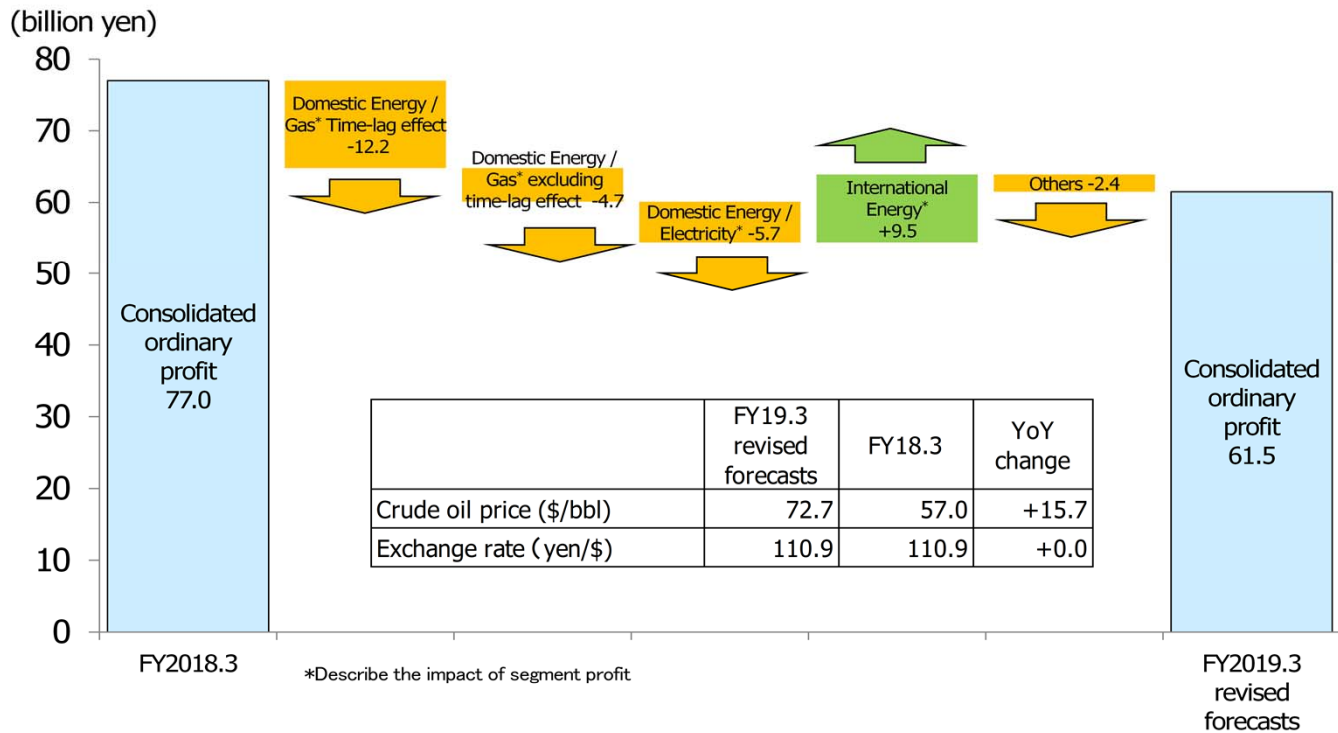
We have revised up our forecasts of the consolidated ordinary profit for FY2019.3 to ¥61.5 billion by ¥5.5 billion compared to previous forecasts as of October 30, due to time-lag effects with crude oil prices decline and due to decrease in cost of gas business, etc.



We have revised up our forecasts of the consolidated ordinary profit for the fiscal year ending March 2019. to 61.5 billion yen by 5.5 billion yen compared to previous forecasts as of October 30, due to time-lag effects with crude oil prices decline and due to decrease in cost of gas business, etc.

# YoY Comparison of FY2019.3 Forecasts

We assume our forecasts of the consolidated ordinary profit for FY2019.3 to ¥61.5 billion by ¥15.5 billion compared to the previous fiscal year, due to time-lag effects in Domestic Energy / Gas business, etc.



Page 7 is an overview of the comparison between the revised forecast and the results of the previous fiscal year.

We assume our forecasts of the consolidated ordinary profit for the fiscal year ending March 2019. decrease by 15.5 billion yen compared to the previous fiscal year, mainly due to time-lag effect in Domestic Energy / Gas business, although International Energy segment profit increases drastically due to impact of loss from sales of IPP project in North America from previous year, and increase in sales volume of the Gorgon, etc.

## Results for 3<sup>rd</sup> Quarter of FY2019.3- I

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

Consolidated, billion yen	A. FY19.3 3Q	B. FY18.3 3Q	A-B	(A-B) /B(%)	Remarks
Net sales	(1.25) <b>943.6</b>	(1.26) <b>909.5</b>	+34.0	+3.7	Increased in the sales volume of electricity, etc.
Operating profit	(-) <b>23.3</b>	(1.72) <b>48.5</b>	-25.2	-52.0	Decreased due to the time-lag effect and the impact of high air and water temperatures in gas business, etc.
Ordinary profit	(7.67) <b>25.4</b>	(1.38) <b>50.3</b>	-24.8	-49.4	Decreased due to extraordinary losses recorded including one-time amortization of goodwill associated with the acquisition of a new subsidiary, etc.
Profit*	(-) <b>5.2</b>	(1.14) <b>31.6</b>	-26.4	-83.6	
EBITDA **	<b>101.0</b>	<b>115.9</b>	-14.9	-12.9	
The time-lag effect	<b>-16.1</b>	<b>0.9</b>	<b>-17.1</b>	<b>-</b>	
Ordinary profit excluding time-lag effect	<b>41.6</b>	<b>49.4</b>	<b>-7.7</b>	<b>-15.7</b>	
Crude oil price*** \$/bbl	<b>75.1</b>	<b>53.9</b>	<b>+21.2</b>		
Exchange rate yen/\$	<b>111.1</b>	<b>111.7</b>	<b>-0.5</b>		

\* Profit attributable to owners of parent

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

\*\*\* Average of preliminary monthly data up to December

On page 8, this table shows supplementary financial information for the third quarter of the fiscal year ending March, 2019.



## Results for 3<sup>rd</sup> Quarter of FY2019.3- II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY19.3 3Q	B.FY18.3 3Q	A-B	A.FY19.3 3Q	B.FY18.3 3Q	A-B	
Domestic Energy / Gas**	687.4	683.4	+3.9	-0.8	24.6	-25.5	Profit : Decreased due to the time-lag effect and due to the impact of high air and water temperatures, etc.
Domestic Energy / Electricity	131.4	108.0	+23.4	5.2	13.2	-8.0	Profit : Decreased due to the impact of competition and the rise in crude oil prices, etc.
International Energy	27.0	15.4	+11.5	7.7	-1.9	+9.6	Profit : Increased due to impact of loss from sales of IPP project in North America from previous year, and increased in sales volume of Gorgon Project, etc.
Life & Business Solutions**	149.5	143.4	+6.0	12.0	12.8	-0.7	Profit : Almost same level as the previous year
Adjustments	-51.8	-40.8	-10.9	1.3	1.0	+0.2	
Consolidated	943.6	909.5	+34.0	25.6	49.9	-24.3	

\* Segment profit=Operating profit(loss) + 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". FY18.3 3Q results are calculated based on the contents after change

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Including profit/loss on market value of derivative  
A.FY19.3 3Q 1.0, B.FY18.3 3Q -1.2, A-B +2.2

On page 9, this page shows financial results for the third quarter of the fiscal year ending March, 2019 by segment.

## Results for 3<sup>rd</sup> Quarter of FY2019.3-III

Consolidated, billion yen	A. FY19.3	FY18.3		A-B	Remarks
	3Q end	3Q end	B. year end		
Total assets*	2,032.4	1,854.0	1,897.2	+135.2	Purchase of IPP projects in North America, etc.
Shareholders' equity	982.4	991.4	999.5	-17.0	
Interest-bearing liabilities	688.4	509.6	503.7	+184.6	
Number of employees	20,420	20,257	19,997	+423	
Shareholders' equity / Total assets*	48.3%	53.5%	52.7%	-4.3%	Increased in interest-bearing liabilities, etc.
D/E ratio	0.70	0.51	0.50	+0.20	

\* Calculated by taking "Partial Amendments to Accounting Standard for Tax Effect Accounting" into account

Consolidated, billion yen	A. FY19.3	B. FY18.3	A-B	Remarks
	3Q	3Q		
Capital expenditure	81.0	58.7	+22.2	Purchase of upstream project in North America, etc.
Depreciation	75.4	65.9	+9.4	
Free cash flow**	-47.2	30.1	-77.4	Decrease in operating profit and increase in working capital, etc.

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

The results for assets, liabilities, and other major financial indicators are shown in this page.

Total assets increased by 135.2 billion yen from the end of the previous fiscal year due to acquisitions of North American IPP projects, and interest-bearing debt increased by 184.6 billion yen.

As a result, Shareholders' equity / total assets ratio was 48.3% and the D / E ratio was 0.70.

Free cash flow was -472.0 billion yen, a decrease of 77.4 billion yen from the previous year due to a decline in operating income and an increase in working capital.

## 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)	1,381.0	(1.24)	1,400.0	-19.0	-1.4	Decrease in LNG sales volume and decrease in residential gas sales volume, etc.
Operating profit	(2.33)	63.0	(2.88)	59.0	+4.0	+6.8	Impact of crude oil price decline and decrease in cost of gas business, etc.
Ordinary profit	(1.62)	61.5	(1.90)	56.0	+5.5	+9.8	
Profit*	(1.13)	30.5	(1.57)	36.0	-5.5	-15.3	Decrease due to extraordinary losses recorded including one-time amortization of goodwill associated with the acquisition of a new subsidiary, etc.
EBITDA **		158.5		146.5	+12.0	+8.2	
* Profit attributable to owners of parent							
** EBITDA=operating profit/loss + depreciation + amortization of goodwill + equity in earnings/losses of affiliated companies							
The time-lag effect		-11.7		-12.7	+1.0	-	
Ordinary profit excluding time-lag effect		73.2		68.7	+4.5	+6.5	
Crude oil price	\$/bbl	72.7		76.9	-4.2		
Exchange rate	yen/\$	110.9		110.1	+0.7		

Page 11 summarizes the comparison with the previous forecasts for the forecasts.

## Forecasts for FY19.3- II

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	1,013.2	1,031.7	-18.5	26.0	19.5	+6.5	Profit : Impact of crude oil price decline and decrease in cost of gas business, etc.
Domestic Energy / Electricity	199.3	199.3	-	15.0	15.0	-	
International Energy	32.2	33.0	-0.8	4.2	5.0	-0.8	Profit : Impact of Freeport project
Life & Business Solutions	211.1	208.0	+3.1	18.3	19.0	-0.7	Profit : Increase in raw material cost in material business
Adjustments	-74.8	-72.0	-2.8	1.0	2.0	-1.0	
Consolidated	1,381.0	1,400.0	-19.0	64.5	60.5	+4.0	

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

Page 12 summarizes the comparison with the previous forecasts for the forecasts by segment.

## 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)	1,381.0	(1.25) 1,296.2	+84.7	+6.5	Impact of the rise in crude oil prices.
Operating profit	(2.33)	63.0	(1.64) 78.1	-15.1	-19.4	Decrease due to the time-lag effect and due to the impact of high air and water temperatures in gas business, etc.
Ordinary profit	(1.62)	61.5	(1.32) 77.0	-15.5	-20.2	
Profit*	(1.13)	30.5	(0.86) 37.7	-7.2	-19.2	
EBITDA **		158.5	167.1	-8.6	-5.1	
The time-lag effect		-11.7	0.5	-12.2	-	
Ordinary profit excluding time-lag effect		73.2	76.5	-3.3	-4.4	
Crude oil price \$/bbl		72.7	57.0	+15.7		
Exchange rate yen/\$		110.9	110.9	+0.0		

\* Profit attributable to owners of parent

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

Page 13 shows the comparison with the previous year for the forecasts.

## Forecasts for FY19.3-IV

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**	1,013.2	976.2	+36.9	26.0	42.9	-16.9	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 competition and rising crude oil prices, etc.
International Energy	32.2	22.5	+9.6	4.2	-5.3	+9.5	Profit : Increase due to impact of loss from sales of IPP project in North America from previous year, and increased in sales volume of Gorgon Project, etc.
Life & Business Solutions**	211.1	201.4	+9.6	18.3	18.2	+0.0	Profit : Almost same level as the previous year
Adjustments	-74.8	-61.8	-12.9	1.0	1.7	-0.7	
Consolidated	1,381.0	1,296.2	+84.7	64.5	78.3	-13.8	

\* Segment profit=Operating profit (loss)+ 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". FY18.3 results are calculated based on the contents after the change

Page 14 shows the comparison with the previous year for the forecasts by segment.

## Forecasts for FY19.3-V

Consolidated, billion yen	A.FY 19.3 end forecasts	B. FY 18.3 end	A-B	Remarks
Total assets*	1,985.0	1,897.2	+87.7	Purchase of IPP projects in North America, etc.
Shareholders' equity	998.0	999.5	-1.5	
Interest-bearing liabilities	638.0	503.7	+134.2	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*	50.3%	52.7%	-2.4%	
D/E ratio*	0.64	0.50	+0.14	

\* Calculated by taking "Partial Amendments to Accounting Standard for Tax Effect Accounting" into account

	A.FY 19.3 forecasts	B. FY 18.3	A-B	Remarks
Capital expenditure	90.0	81.7	+8.2	Increase in investment for distribution Facilities, etc.
Depreciation	93.9	88.7	+5.2	
Free cash flow**	10.3	116.3	-106.0	Decrease in operating and profit increase in working capital, etc.
ROA	1.6%	2.0%	-0.4%	
ROE	3.1%	3.8%	-0.8%	
EPS (yen/share)	73.3	90.7	-17.4	
BPS (yen/share)	2,400.1	2,403.7	-3.6	

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

The forecasts for assets, liabilities, and other major financial indicators are shown in this page.

Shareholders' equity / total assets ratio is assumed to 50.3% and the D / E ratio is assumed to 0.64.

## Sales-related results for 3<sup>rd</sup> 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 18 and 19

### ■ Gas sales volume

45MJ/m <sup>3</sup>	A.FY19.3 3Q	B.FY18.3 3Q	A-B	(A-B)/B(%)
Number of units for gas supply* (thousands)	5,626	6,028	-402	-6.7
Installation of new meters (thousands)	67	71	-5	-6.5
Monthly gas sales volume per household (m <sup>3</sup> /month)	22.2	24.2	-2.0	-8.2
Residential**	1,105	1,275	-170	-13.4
Non-Residential**	4,471	4,731	-260	-5.5
Non-consolidated gas sales volume (million m <sup>3</sup> )	5,576	6,006	-430	-7.2
Consolidated gas sales volume (million m <sup>3</sup> )	5,602	6,031	-430	-7.1

### ■ Electricity sales volume (Consolidated)

	A.FY19.3 3Q	B.FY18.3 3Q	A-B	(A-B)/B(%)
Retail	2,299	1,489	+810	+54.4
Wholesale, etc.	6,203	6,241	-38	-0.6
Electricity Sales Volume(GWh)	8,502	7,730	+772	+10.0
Number of low-voltage electricity supply (thousands)	857	545	+312	+57.3

### ■ Customer Accounts (Consolidated)

	A.FY19.3 3Q end	B.FY18.3 end	A-B	(A-B)/B(%)
- Number of customer Accounts (thousands)	8,660	8,270	+390	+4.7

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This page shows in sales-related results.

Consolidated gas sales volume declined 7.1% from the previous year to 5,602 million cubic meters. This is due to a decrease in both residential use and non-residential use. Residential use decreased from the previous year due to high air and water temperature effect and switching effect to other companies, etc. Non-residential use decreased from the previous year due to switching effect to other companies and decrease in operation by specific customers, etc.

The number of low-voltage electricity supply reached the 857 thousands mark up to the end of December.

In addition, the number of contracts went over 880 thousands as of January 30.

We will work to achieve one million contracts as early as possible.

The number of customer accounts increased by 390 thousands from the end of March 2018 to 8,660 thousand, because of installation of new meters in the gas business, winning of electricity retail contracts, maintenance contracts and the Sumikata Plus service contracts, despite the impact of competition.



## Sales-related forecasts for FY2019.3

### ■ Gas sales volume

\* The difference factors are described on pages 18 and 19.

45MJ/m <sup>3</sup>	FY19.3 Previous forecasts	A. FY19.3 forecasts	B. FY18.3 results	A-B	(A-B) /B(%)
Residential*	1,957	1,895	2,160	-265	-12.3
Non-Residential*	5,732	5,996	6,387	-391	-6.1
Non-consolidated gas sales volume (million m3)	7,690	7,891	8,546	-656	-7.7
Consolidated gas sales volume (million m3)	7,723	7,924	8,580	-656	-7.6

### ■ Electricity sales volume (Consolidated) Unchanged from the forecasts announced on October 30.

	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) Unchanged from the forecasts announced on October 30.

	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

Page 17 is a sales forecasts.

Consolidated gas sales volume is expected to decrease by 7.6% from the previous year to 7,924 million cubic meters, both for residential use and non-residential use.

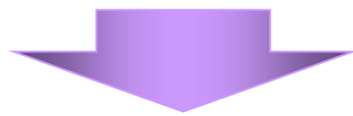
Residential use is expected to decline from the previous year due to high air and water temperature effect and switching effect to other companies, etc., and non-residential use is expected to decrease from the previous year due to switching effect to other companies and decrease in operation by specific customers, etc.

Regarding electricity sales volume and customer accounts, we have not changed from the previous forecast.

# Residential Gas Sales

## FY19.3 3Q

	YoY change	Remarks
Number of customers	-4.5%	Switching to another company, etc.
Impact of temperature	-6.0%	Average annual temperature: 20.8 degrees Celsius (+0.8 degrees Celsius from the previous year)
Others	-2.8%	Effect of meter reading days, high-efficiency of gas appliances, decrease in household size, etc.
Total	-13.4%	



## FY19.3 forecasts

- Residential gas sales volume is expected to decrease by 265 million m<sup>3</sup> (12.3%) from the previous year to 1,895 million m<sup>3</sup>, due to reaction to the low air and water temperatures of the previous fiscal year and Gas switching, etc.

The page 18 shows the details of residential gas sales.

## Non-Residential Gas Sales

### FY19.3 3Q

	YoY change	Remarks
Demand development	+0.9%	Equipment introduction, fuel conversion, etc.
Impact of temperature	-0.1%	
Capacity utilization of facilities	-0.3%	
Individual factor	-4.9%	Decreased due to switching to another company and decrease in capacity utilization at specific customers, etc.
Others	-1.2%	
Total	-5.5%	



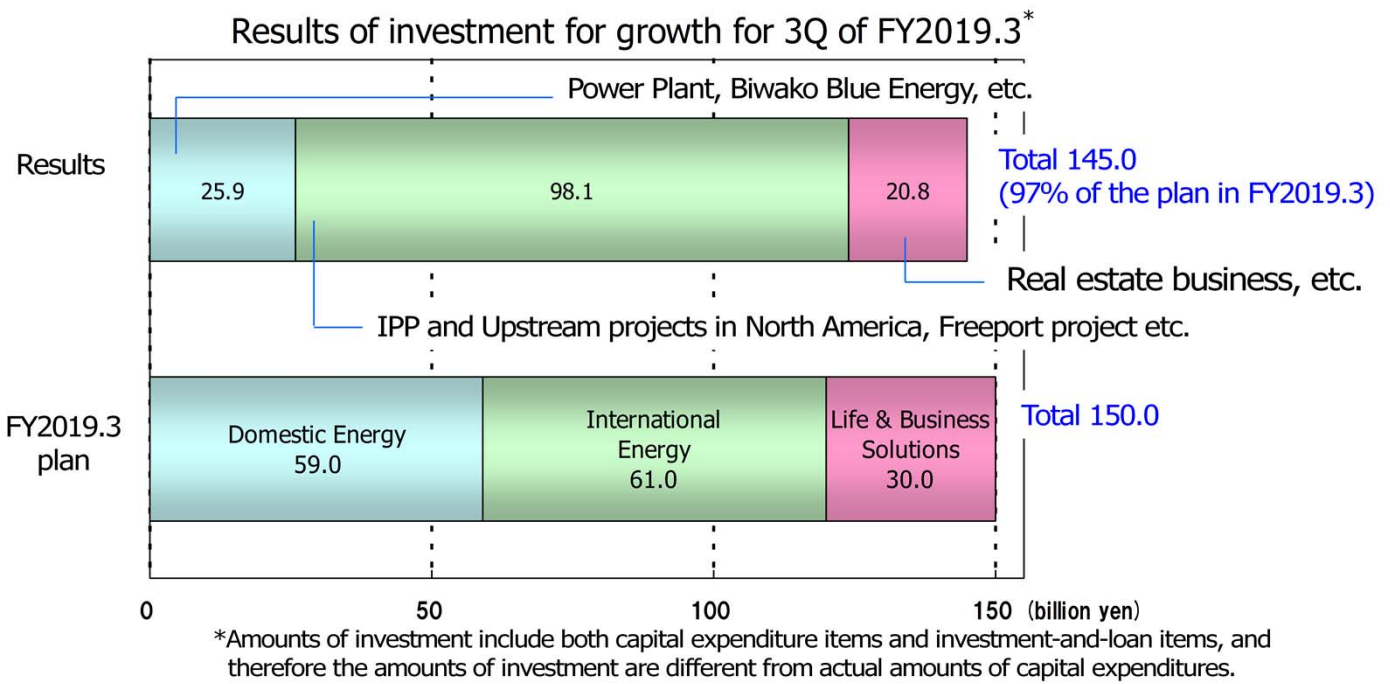
### FY19.3 forecasts

- Non-residential gas sales volume is expected to decrease by 391 million m<sup>3</sup> (6.1%) from the previous year to 5,996 million m<sup>3</sup>, due to impact of Gas switching and certain customers' factor, etc.

The page 19 shows the details of non-residential gas sales.

# Results of Investment for growth for 3rd Quarter of FY2019.3

Investment for growth for 3rd quarter FY2019.3 amounted to ¥145.0 billion, accounting for 97% of the annual plan. Mainly in the International Energy business, made investments in IPP and Upstream projects in North America, etc.



This page shows the results of Investment for growth.

Investment for growth in the third quarter of the fiscal year ending March 2019 amounted to 145.0 billion yen, mainly in the International Energy business. This accounted for 97% of the annual plan.

## Main Topics in the 3rd 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.

Page 21 and 22 summarizes the main topics in the third quarter of the fiscal year ending March 2019.

This concludes my presentation.

## Main Topics in the 3rd Quarter of FY2019.3

Oct.	<p>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.</p> <p>Establishment of PT OSAKA GAS INDONESIA</p> <p>--Commencement of Natural Gas Joint Marketing Business in Indonesia with Pertamina Group--</p>
Nov.	<p>Construction of "Amagasaki / Kumiya line (tentative name)"</p>
Dec.	<p>Conclusion of an implementation agreement concerning Otsu City Gas Specific Operation Project, etc. and transfer of shares of a new company BIWAKO BLUE ENERGY Co., Ltd.</p> <p>Securing of an order for construction of an LNG terminal of Himuka LNG for domestic vessels</p> <p>Osaka Gas USA acquires stake in a natural gas-fired power plant in Connecticut, US</p>

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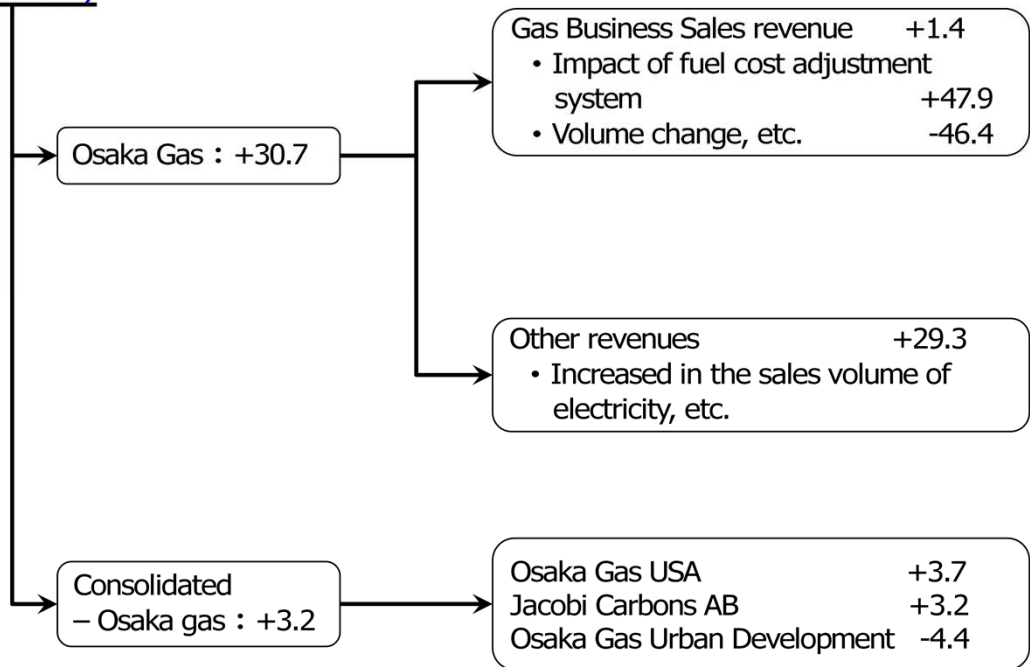
\* Press releases were issued in the above indicated months.

## II . Facts and Figures

# Sales variance for 3rd Quarter of FY2019.3 (Year-on-Year)

FY18.3 3Q → FY19.3 3Q (differences)

909.5      943.6 **(+34.0)**  
 (billion yen)



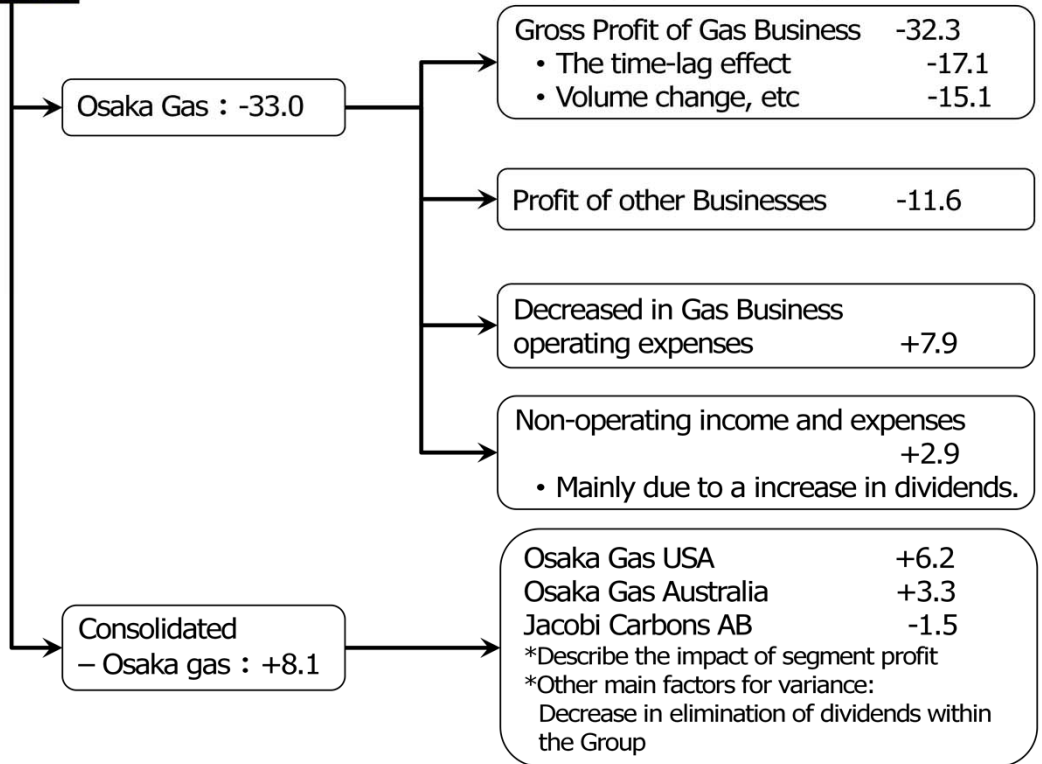


# Ordinary profit variance for 3rd Quarter of FY2019.3 (Year-on-Year)

FY18.3 3Q → FY19.3 3Q (differences)

50.3  
(billion yen)      25.4 **(-24.8)**

+/- signs indicate impact on profit.

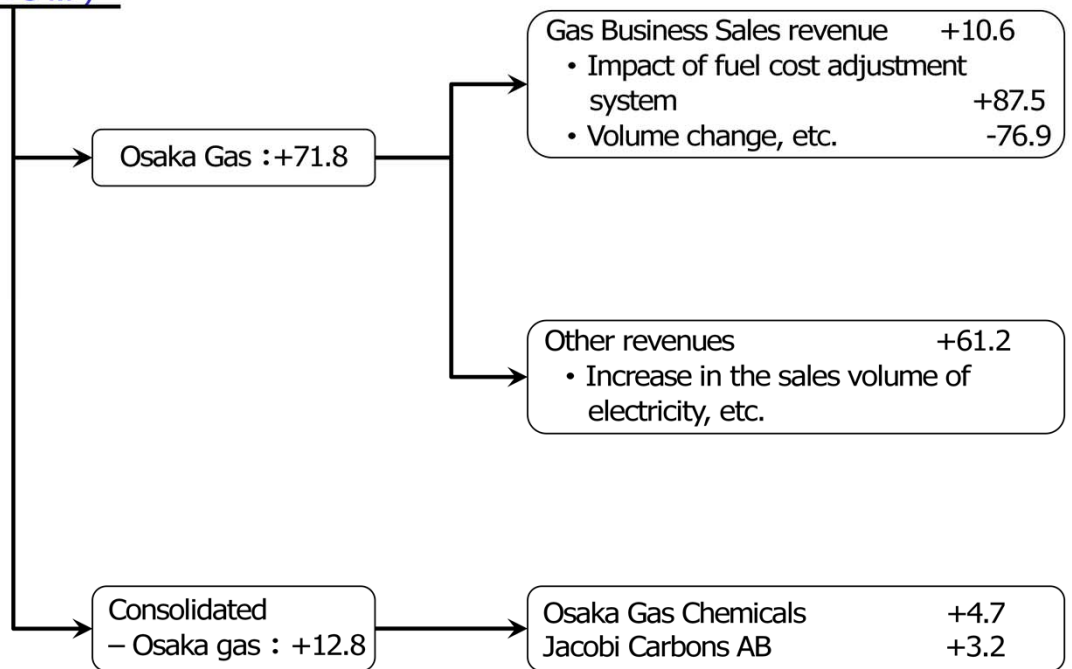


## Sales variance for FY2019.3 Forecasts (Year-on-Year)

FY18.3 → FY19.3 forecasts (differences)

1,296.2    1,381.0 **(+84.7)**

(billion yen)



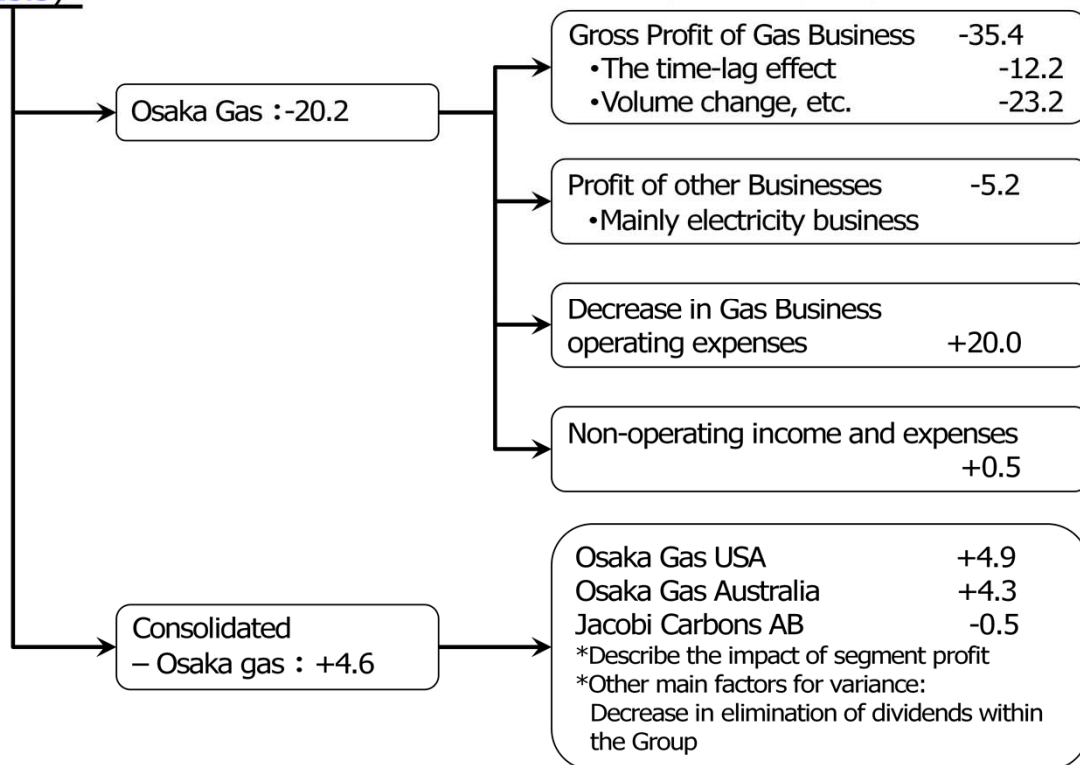
# Ordinary profit variance for FY2019.3

## Forecasts (Year-on-Year)

FY18.3 → FY19.3 forecasts (differences)

77.0      61.5 (-15.5)  
 (billion yen)

+/- signs indicate impact on profit.



## Risk Factors for Annual Earnings Results Forecasts

- **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. -0.0billion yen on ordinary profit since the 4th quarter (Jan. 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. -0.8 billion yen on ordinary profit since the 4th quarter (Jan. 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