



# Financial Report for 2<sup>nd</sup> Quarter of FY2020.3 (April 2019 – September 2019)

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October 2019  
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 2020.

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 results for the second quarter of the fiscal year ending March 2020. Prior to explaining the financial results, I would like to explain our initiatives of the second quarter of the fiscal year ending March 2020.

Please look at page 4.

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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.

<https://www.osakagas.co.jp/en/ir/>

### 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.

## III. Business Results for 2<sup>nd</sup> Quarter of FY2020.3 and Forecasts for FY2020.3

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## I. Review of 2<sup>nd</sup> Quarter of FY2020.3

## Summary of Review

- In the 2<sup>nd</sup> Quarter of FY2020.3, we invested that will lead to future growth in Japan and overseas
- In the Domestic Energy Business, we decided to reorganize and initiated to expand customer accounts in Kansai and Greater Tokyo areas

### **[Progress of growth investment]**

#### **Overseas**

- Decided to acquire all shares of U.S. shale gas developer Sabine Oil & Gas Corporation
- Progress of Freeport LNG Project
- Develop businesses in Southeast Asia, including investment in AGP

#### **Japan**

- Decided to investment on the Power Generation Business in Himeji City, Hyogo Prefecture

### **[Domestic Energy Business Initiatives]**

#### **Reorganization**

- Establishment of new affiliates in the energy sector and reorganization of Osaka Gas: Striving for speedier customer-oriented business operations

#### **Customer Account**

- Establishment of a new "With Plans" menu for residential customers
- Launched "D-Fire", a plant IoT-related service for non-residential customers

#### **Greater Tokyo area**

- Expanding alliance partners in the retail of city gas to households, expanding the rate menu, and conducting promotions
- Establishment of an energy service company to supply electricity and steam

#### **ESG**

- Selected as an index component of the World Index in the globally renowned SRI index, "Dow Jones Sustainability Index" for three consecutive years

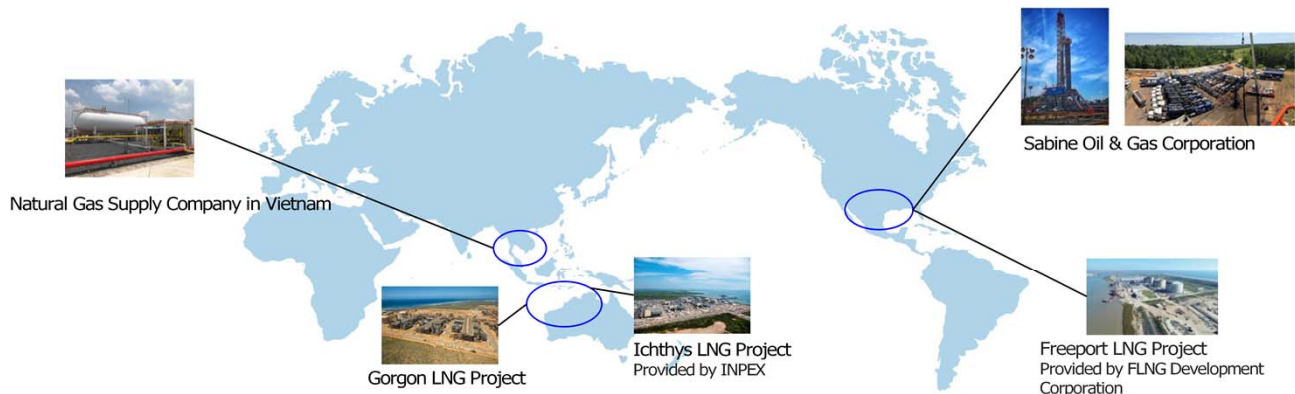
As explained in more detail on the following pages, during the fiscal year under review, we were able to make investments in Japan and overseas that will lead to future growth.

In the Domestic Energy business, we decided to reorganize our organization in April of next year. We also worked to expand customer accounts in Kansai and Greater Tokyo areas.

The following pages explain our initiatives.

# Progress of Growth Investment (International Energy business)

- Acquire business know-how for growth by acquiring an U.S. shale gas developer, and increase profit contribution by progress of liquefaction business
- Proactive business development leveraging our expertise in the Domestic Energy business in Southeast Asia



- Initiatives in Southeast Asia**
- ❑ Establishing a Natural Gas Supply Company in Vietnam
  - ❑ Establishment of Solar Power Company in Thailand
  - ❑ Invested in AGP, a Southeast Asian natural gas infrastructure company, and concluded collaboration agreements
    - **Aggressive business development in Southeast Asia** leveraging knowledge of the Domestic Energy business
- Initiatives in Australia**
- ❑ Contribution to profits from the Gorgon LNG Project and Ichthys LNG Project

- Initiatives in North America**
- ❑ Acquire all shares of U.S. shale gas developer Sabine Oil & Gas Corporation (planned)
    - **Acquire operational capabilities in upstream businesses in U.S.**
    - Stable profit contribution
  - ❑ Progress of Freeport LNG Project
    - **Commercial operation is scheduled to start soon**
  - ❑ Progress of IPP business in North America
    - Promotion of existing projects and **accumulation of business know-how**

First, I will explain the overseas energy business.

In July, we decided to acquire the entire stake in Sabine, which is making significant progress toward expanding our overseas upstream business.

The acquisition of Sabine will not only contribute to the profit growth of the International Energy business from fiscal 2020 onward, but will also greatly contribute to the acceleration of the International Energy business development that we are aiming for in our long-term vision. We are currently in the process of finalizing the share acquisition, and it is scheduled to be completed at the end of November.

After the acquisition, seven to eight employees will be dispatched to work to accumulate development and business management know-how, and the shale gas division of a U.S. subsidiary will be integrated into Sabine. We aim to achieve sustainable business growth with Sabine as the driving force for upstream energy operations in the United States.

In addition, we made steady progress in constructing the Freeport LNG Project, which contributes greatly to the expansion of profits in the International Energy business. Commercial operation is scheduled to begin in the near future. In addition, we are actively developing businesses that leverage our expertise in the Domestic Energy business in Southeast Asia.



# Progress of Growth Investment (Power Development)

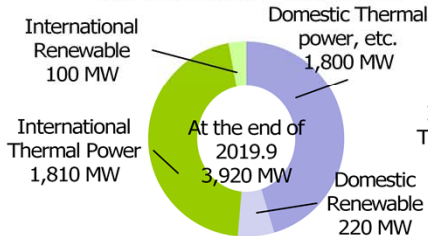
- Steady progress toward the FY2031.3 target through the decision of investment for Himeji Natural Gas Power Plant
- As of the end of September 2019, it had reached approximately 6,200 MW, including under construction and decided projects, and reached approximately 70%.

### Equity power supply capacity

#### At the end of 2019.9

(in operation)

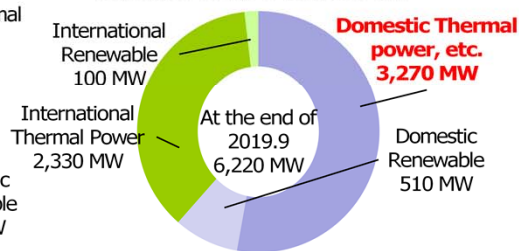
- ✓ Japan : Total 2,010 MW
- ✓ International : Total 1,910 MW
- ✓ Renewable energy : Total 320 MW



#### At the end of 2019.9

(Under Construction/Including Decided Projects)

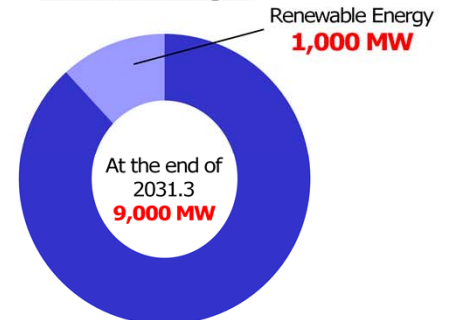
- ✓ Japan : Total 3,780 MW
- ✓ International : Total 2,440 MW
- ✓ Renewable energy : Total 610 MW



#### At the end of 2031.3

Electric Power

#### Procurement Targets



### Under Construction/Decision-Made Power

	Name of power plant	Capacity of the facility		Name of power plant	Capacity of the facility
Renewable (in Japan)	Shiribetsu Wind	27.0 MW	Natural gas (in Japan)	Soma Port Natural Gas	1,180 MW
	Ichihara Biomass	49.9 MW		<b>Himeji Natural Gas</b> (under consideration)	<b>1,250 MW</b> (Total 1,800MW)
	Sodegaura Biomass	74.9 MW	Natural gas (International)	FairView Natural Gas	1,050 MW
	Hirohata Biomass	74.9 MW			
	Tokushima Tsuda Biomass	74.8 MW			

\* Continue examination, such as the ratio of procurement from the market and from other companies in view of the situation of external procurement (including negawatt trading) and institutional design by the Japanese government

### Other Initiatives

- Withdrawal from a new coal-fired thermal power plant development project in Ube City, Yamaguchi Prefecture
- Establishment of Green Power Fuel Co., Ltd., a domestic woody biomass procurement and sales company
- Demonstration for the Realization of Solar Power Generation Forecasting Service

Next, we will explain our efforts in power development.

In September, we decided to invest for approximately 1,200 MW of the Himeji Natural Gas Power Plant, which we have been studying since 2016. As a natural gas-fired thermal power plant with the highest power generation efficiency, we will contribute to the expansion of the electric power business as a highly cost-competitive power source with minimal environmental impact.

As a result of this decision, we now have 6,200 MW of owned power capacity in Japan and abroad, including power sources under operation and construction.

We have made steady progress toward the goal set forth in our long-term vision of building 9,000 MW power-supply portfolio by March 2031.

Going forward, we will continue to strive to provide energy that is stable, environmentally friendly and economical.

# Domestic Energy Business (Reorganization)

- Established three new affiliates to enhance customer-oriented frontline mobility and achieve synergy with our affiliates that have their specific strengths. Scheduled for reorganization in April 2020

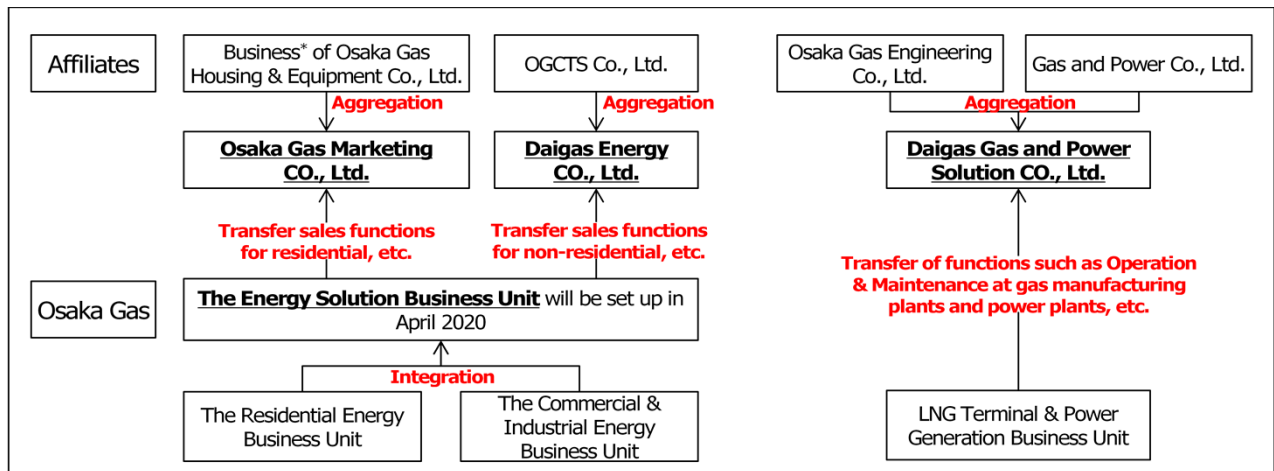
## [Establishment of Affiliates and Reorganization]

### □ Purpose

- ✓ Enhancement of customer-oriented frontline mobility
- ✓ Achievement of synergy with our affiliates that have their specific strengths

### □ Summary

- ✓ In October 2019, we established three affiliates(hereinafter Core Energy Business Companies) that will play leading roles in the energy sector.
- ✓ In April 2020, we scheduled to start business of the Core Energy Business company and reorganize the Osaka Gas sales departments.



\*Business of selling housing equipment and the home-improvement business

Red : Scheduled implementation in April 2020

Page 7 shows reorganization.

In September, we announced the implementation of a reorganization to secure its sustainable growth in response to changes in the business environment. Specifically, we aim to enhance our customer-oriented frontline mobility and achievement of synergies with our affiliates that have the specific strengths.

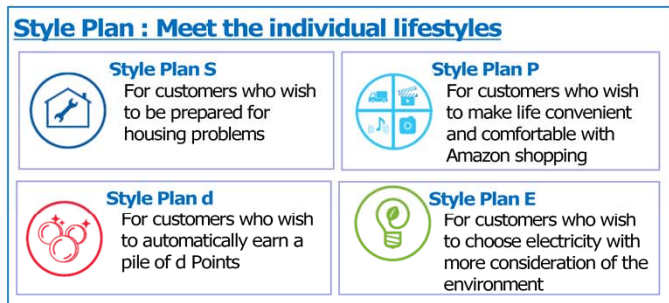
We will establish three affiliates named the Core Energy Companies that will play leading roles in the energy sector, appropriately delegate authority, and unify our sales organization and existing affiliates to simplify the flow of sales activities, thereby accelerating decision-making and the speed of proposals to customers. Each of us and our affiliates has its own strengths, and we are able to provide one-stop services that are optimal for our customers.

We established the Core Energy Companies in October, and are preparing for the start of operations in April 2020.

# Domestic Energy Business (Customer Accounts)

- Established "With Plans", a new menu following the Style Plan for residential customers
- Launched "D-Fire", IoT-related services for non-residential customers
- Aiming to increase customer accounts by expanding the rate menu and IoT services, etc.

## [Expansion of electricity rate menu]



**With Plan : Lead more enjoyable and active lives**

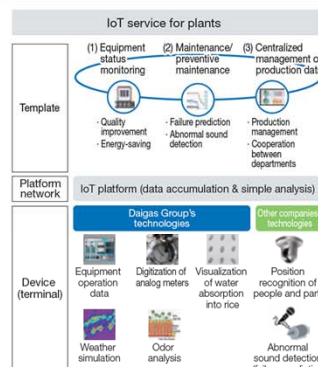
**With radiko Plan**  
Set with radiko premium

**Acceptance commenced in October 2019**

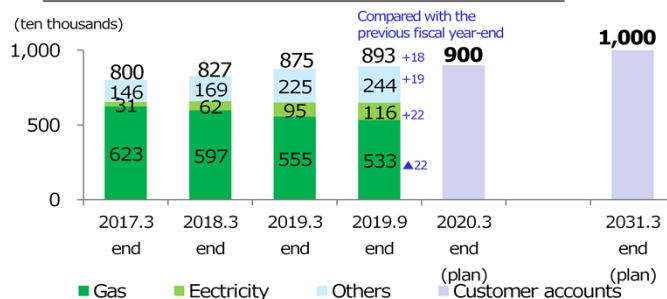
A radiko premium member : Who will be able to listen to radio stations across the country

Broadcast of the professional baseball teams    Local nostalgic programs    Favorite artist's show    On the go, such as traveling or business trips

## [D-Fire IoT-related services at factories]



## Trends in the number of customer accounts



Page 8 shows initiatives to expand customer accounts.

We have been offering low-priced Base plans and Style plans tailored to customer lifestyles, which have been well received.

In October, we established the With Plans as a new electricity rate menu and began accepting the With radiko Plan, the first such plan. Going forward, we will continue to diversify our rate menu, including the expansion of With Plans through alliances with various companies and organizations.

For commercial-use customers, we launched D-Fire, an IoT-related service at factories that helps improve productivity at factories. By fully utilizing the simulation and sensor technologies cultivated in the gas business as well as the Daigas Group's systems development and data analysis capabilities, we will further deepen our consulting-based sales capabilities at our customers' facilities, thereby helping to resolve issues faced by the entire plant. By combining proprietary technologies with cutting-edge technologies such as AI and IoT, we will continue to aim to expand our customer business and enhance services that help solve problems.

Through these initiatives, we aim to increase the number of customer accounts from 8.93 million as of the end of September to 9 million by the end of March 2020 and 10 million by the end of March 2031.



# Domestic Energy Business (Greater Tokyo Area)

- Expanding alliance partners in the retail of city gas for residential, expanding the rate menu, and conducting promotions
- Established an energy service company to supply electricity and steam



More than 120,000 contracts as of October 2019



### Expansion of alliance partners

- Expansion of business alliance partners for residential city gas retailing



会費を笑顔に、地域を響かす。

(Overview of alliance partner)

Cope Mirai	Number of union members 3.52 million Electricity supply approx. 45,000 contracts (as of August 2019)
Loop Co., Ltd.	Total number of Loop Denki applications: Approx. 180,000 (as of August 2019)

### Expansion of the rate menu and conducting promotions

Standard menu



Lifestyle menu

Set with Yomiuri KODOMO newspapers

「読売KODOMO新聞」をお届け！  
KODOMO新聞でんき



Set with Amazon prime

ご加入で、Amazonプライムがついてくる！  
エンタメでんき



Acceptance commenced in October 2019

### Expansion of energy services

- Establishment of Mizuho-cho Area Smart Energy Co., Ltd. For the purpose of supplying electricity and steam in the Mizuho-cho area, Nishi-Tama-gun, Tokyo

(Outline of the Incorporated Company)

Shareholder composition	CD Energy Direct 40%, Iruma Gas 25%, INPEX 25%, Toyo Asano 10%
Business content	Supply of electricity and steam in the Mizuho-cho area, Nishi-Tama-gun, Tokyo Scheduled construction of approximately 10,000 kW of gas cogeneration facilities

Next, we will introduce our initiatives in the Greater Tokyo area.

Since establishing CD Energy Direct with Chubu Electric Power in April 2018, we have been working to expand our alliance partners, including a business alliance with Tokyu Power Supply, and are currently supplying gas and electricity to over 120,000 customers.

In September, we announced a business alliance with Corp Mirai and Loop and are working to further expand the number of alliance partners.

In addition, we will strengthen direct sales from CD Energy Direct. In addition to releasing a bundle of electricity rates and Amazon Prime rates, which are well received in the Kansai area, we also launched mass promotions using actors such as Mr. Toshiaki Karasawa and Ms. Haruka Fukuhara, who had been playing at the venue prior to this briefing session. The favorable response has led to a sudden increase in the number of visitors to our Web site. We will continue to increase our name recognition.

In the commercial-use field, we are promoting energy services that supply electricity and steam through gas cogeneration in cooperation with local energy companies.

We will continue to aim for growth in the energy business in the Greater Tokyo area.

## Domestic Energy Business (ESG)

- Selected as an index component of the World Index in the globally renowned SRI\* index, Dow Jones Sustainability Index\*\* for three consecutive years
- Selected as an index component of the Asia Pacific Index for 11 consecutive years

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

- \* 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.
- \*\* 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 2019, we were selected as an index component of the Dow Jones Sustainability World Index and the Asia Pacific Index consecutively for three years and 11 years, respectively.

## Main Topics in the 2<sup>nd</sup> Quarter of FY2020.3

April	Osaka Gas Withdraws from Construction Plan for Nishiokinoyama Power Plant (provisional name)
May	Osaka Gas Releases AVANCE Built-in Stove Equipped with Area Sensors, an Industry-First Technology Osaka Gas to Start Service to Purchase Surplus Electricity Generated by Photovoltaic Systems (for customers whose feed-in tariff period for renewable energy will end) Osaka Gas to Issue the 36th and 37th Series of Unsecured Straight Bonds of 20 Billion Yen Each (Domestic Bonds)
June	Conclusion of comprehensive cooperation agreement between National Research Institute for Earth Science and Disaster Resilience and Osaka Gas Establishing a Natural Gas Supply Company in Vietnam
July	Establishment of Solar Power Company in Thailand Cook Delicious Food with Less Time and Effort Our New Class S Built-in Stoves with New Functions Will Expand Your Cooking Osaka Gas Co., Ltd.: Investments and a Conclusion of Collaboration Agreement with AGP International Holdings Pte. Ltd., as Development of Natural Gas Infrastructure Proceeds Osaka Gas Increases Upstream Presence with Agreement to Acquire Sabine Oil & Gas in Texas, USA
August	LNG Production Starts at the Freeport LNG Project in Texas Osaka Gas to Revise Gas Charges Due to Partial Amendments to the Consumption Tax and Local Tax Acts Osaka Gas and the Cities of Kyoto and Kobe Conclude an Agreement on Cooperative Educational Activities on Fire Prevention Osaka Gas to Issue the 38th, 39th, and 40th Series of Unsecured Straight Bonds (Domestic Bonds) of 20 Billion Yen, 5 Billion Yen, and 10 Billion Yen, Respectively
September	Osaka Gas to Revise Electricity Charges Due to Partial Amendments to the Consumption Tax and Local Tax Acts Implementation of companywide disaster prevention drills in fiscal 2019 Formulated the concept of "Suita SST", a multi-generation, residential healthy community that continues to change to the best of each individual Osaka Gas selected for the DJSI World Index for the second consecutive year LNG Bunkering Trial for the LNG-fueled Tugboat Ishin at Kobe Port Osaka Gas establishes new electricity service menus, With Plans, to help customers lead more enjoyable and active lives, and starts accepting new customers for With radiko Plan Investment Decision on the Power Generation Business in Himeji City, Hyogo Prefecture Establishment of New Affiliates in the Energy Sector and Restructuring of Osaka Gas: Striving for Speedier Customer-Oriented Business Operations Accelerate collaborative creation for commercialization of information linkage platform between companies that streamlines leasing contracts
October	Start of demonstration for realization of a service for forecasting the amount of photovoltaic power generation in anticipation of independence from FIT

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

Page 11 summarizes the main topics for the second quarter of the fiscal year ending March 2020, so please check back later.

## II. Summary of Business Results

Next, I would like to explain a summary of the business results for the second quarter of the fiscal year ending March 31, 2020 and the full-year forecasts.

# Summary of Business Results for 2nd Quarter of FY2020.3 and Forecasts for FY2020.3

## Year-on-Year Comparison

Consolidated net sales	Increased by 7.5% (¥45.5 billion) to ¥652.9 billion due to an increase in the unit price of gas sales, etc.
Consolidated ordinary profit	Increased by 118.2% (¥27.0 billion) to ¥49.8 billion due to the impact of the time-lag effect and a decrease in operating expenses in the gas business, etc. The time-lag effect totaled +¥5.5 billion (The time-lag effect in previous year was -¥11.9 billion).
Consolidated profit*	Increased by 147.7% (¥19.9 billion) to ¥34.4 billion

## FY2020.3 Forecasts against Previous Forecasts

Consolidated net sales	Decrease by 1.0% (¥14.0 billion) to ¥1,412.0 billion due to the low temperature effect during summer in the electricity business, etc.
Consolidated ordinary profit	¥81.0 billion, unchanged from previous forecast Consolidated operating profit decreases due to unplanned outage of the power plant and low temperature effect during summer in the electricity business, but non-operating income increases due to an increase in dividend income, etc. The time-lag effect totaled +¥6.9 billion (unchanged from previous forecasts).
Consolidated profit*	¥55.0 billion, unchanged from previous forecast

\* Profit attributable to owners of parent

The points are summarized in a brief summary on page 13.

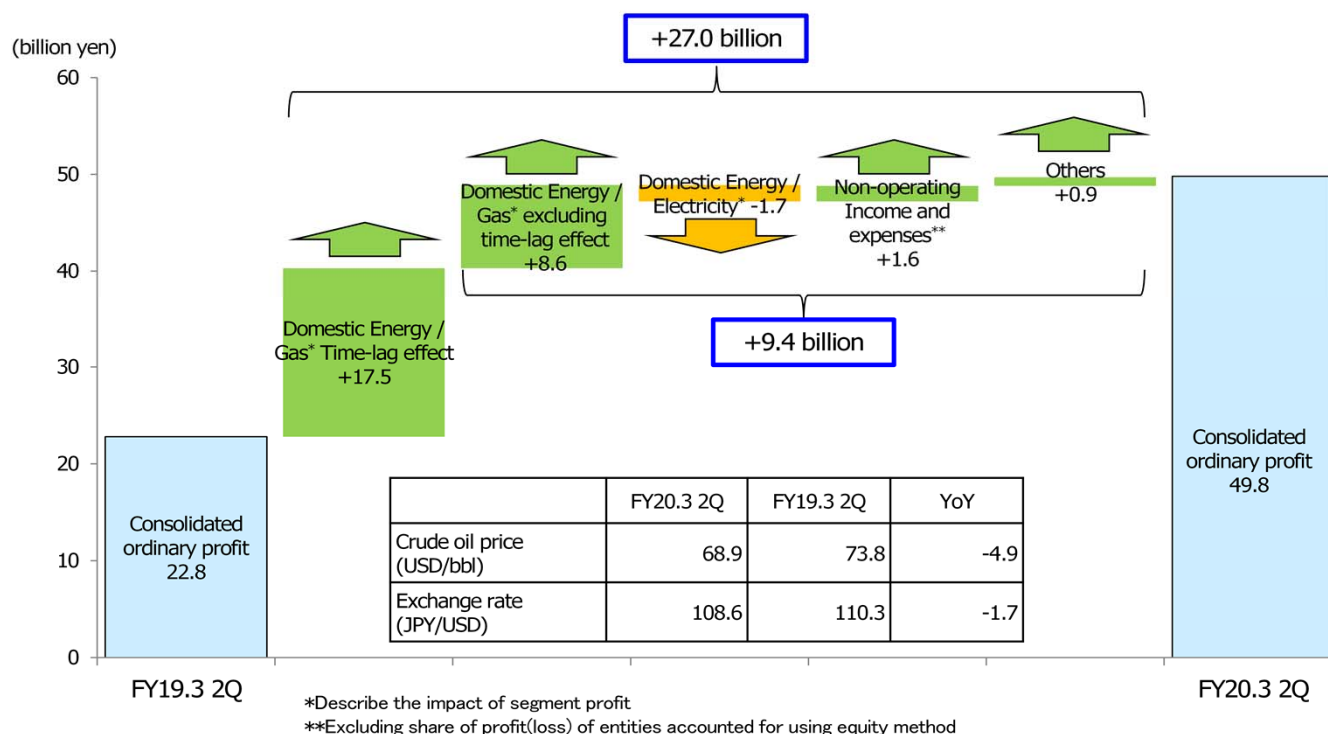
Consolidated ordinary profit increased 27.0 billion yen from the previous fiscal year to 49.8 billion yen, mainly due to the impact of the time-lag effect and a decrease in operating expenses in the gas business.

Consolidated net sales and consolidated operating profit of the forecasts for the fiscal year ending March 2020 will decrease from the previous forecasts due to an unplanned outage of the power plant and low temperature effect during summer in the electricity business, etc. Consolidated ordinary profit and profit attributable to owners of parent are unchanged from the previous forecast due to factors such as an increase in dividend income.



# YoY Comparison of 2<sup>nd</sup> Quarter of FY2020.3

- Consolidated ordinary profit increased by ¥27.0 billion year-on-year to ¥49.8 billion due to the impact of the time-lag effect and the decrease in operating expenses in the gas business, etc.



Page 14 summarizes the year-on-year comparison of consolidated ordinary profit for the fiscal year under review.

Excluding the impact of the time-lag effect, consolidated ordinary profit increased by ¥9.4 billion year on year, mainly due to a decrease in operating expenses in the gas business.

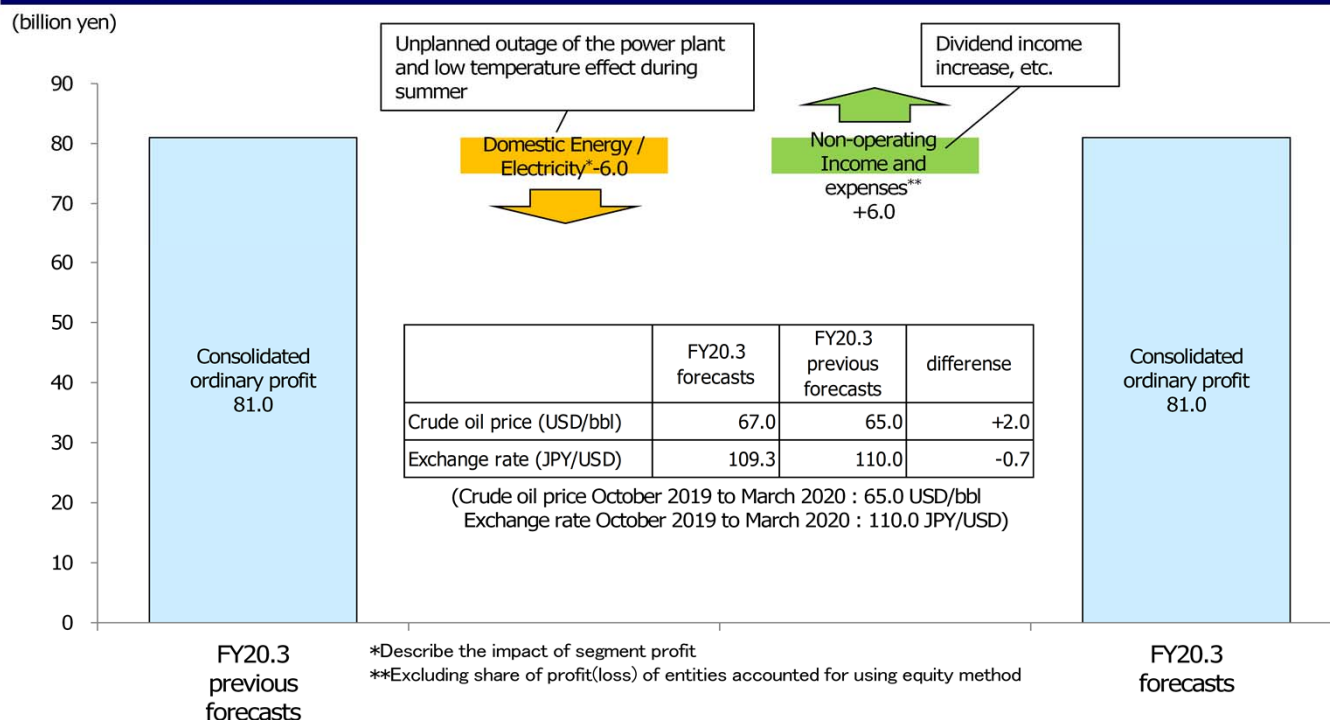
In the Domestic Energy / Gas Business, segment profit increased from the previous fiscal year due to the increase of ¥17.5 billion due to the impact of the time-lag effect. Excluding the impact of the time-lag effect, segment profit increased ¥8.6 billion from the previous fiscal year, mainly due to a decrease operating expenses in the gas business that exceeded the impact of competition. Compared to the forecasts, the results were slightly higher than expected, mainly due to the effects of low temperatures.

In the Domestic Energy / Electric Power Business, although sales volume increased due to the steady acquisition of retail contracts, segment profit decreased ¥1.7 billion from the previous fiscal year due to lower unit selling prices resulting from rate reductions and other factors, as well as an increase in operating expenses. Forecasts have been below previous forecasts due to lower retail sales due to low temperature effect during summer and the unplanned outage of power plant, etc.

Non-operating income (expenses), excluding share of profit(loss) of entities accounted for using equity method, increased ¥1.6 billion year on year, mainly due to an increase in dividend income. The outlook also exceeded expectations, mainly due to an increase in dividend income.

# Comparison of FY20.3 Forecasts from the Previous Forecasts

- Consolidated ordinary profit is unchanged
- Consolidated operating profit decreases due to unplanned outage of the power plant and low temperature effect during summer in the electricity business, but non-operating income increases due to an increase in dividend income, etc.



Page 15 shows a comparison with the previous forecasts of consolidated ordinary profit.

As explained earlier, the forecasts for consolidated ordinary profit for the fiscal year ending March 2020 has not changed from the previous forecasts, but the Domestic Energy / Electricity segment profit and non-operating income (expenses) have been revised.

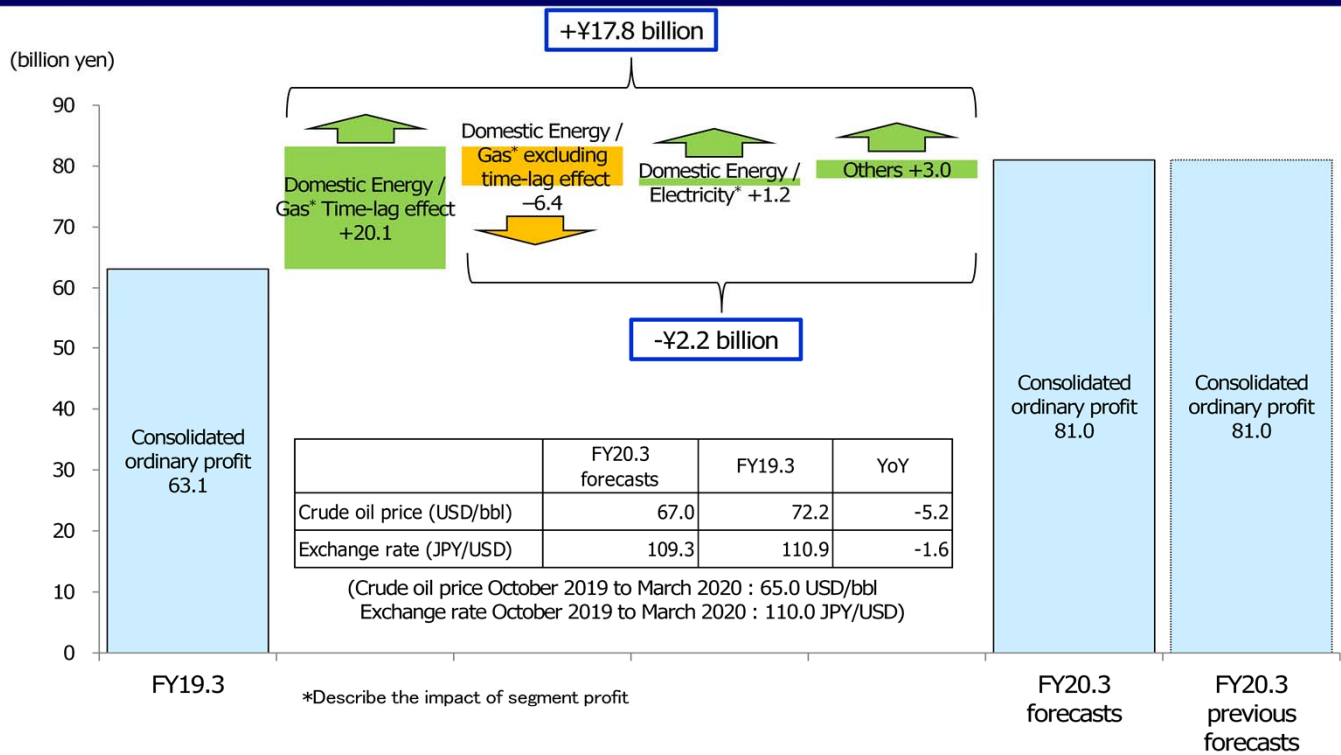
Domestic Energy / Electricity segment profit is expected to decline ¥6.0 billion from the previous forecasts due to factors such as continued unplanned outage of the Senboku Power Plant in the second half and a decline in retail electricity sales volume caused by the low temperature during summer.

Non-operating income (loss) is expected to increase by ¥6.0 billion from the previous forecasts, mainly due to an increase in dividend income.

There is no change from the previous forecast for others.

# YoY Comparison of FY2020.3 Forecasts

- Consolidated ordinary profit is expected to increase by ¥17.8 billion year-on-year to ¥81.0 billion.
- This is primarily due to the impact of the time-lag effect in the Gas Business.

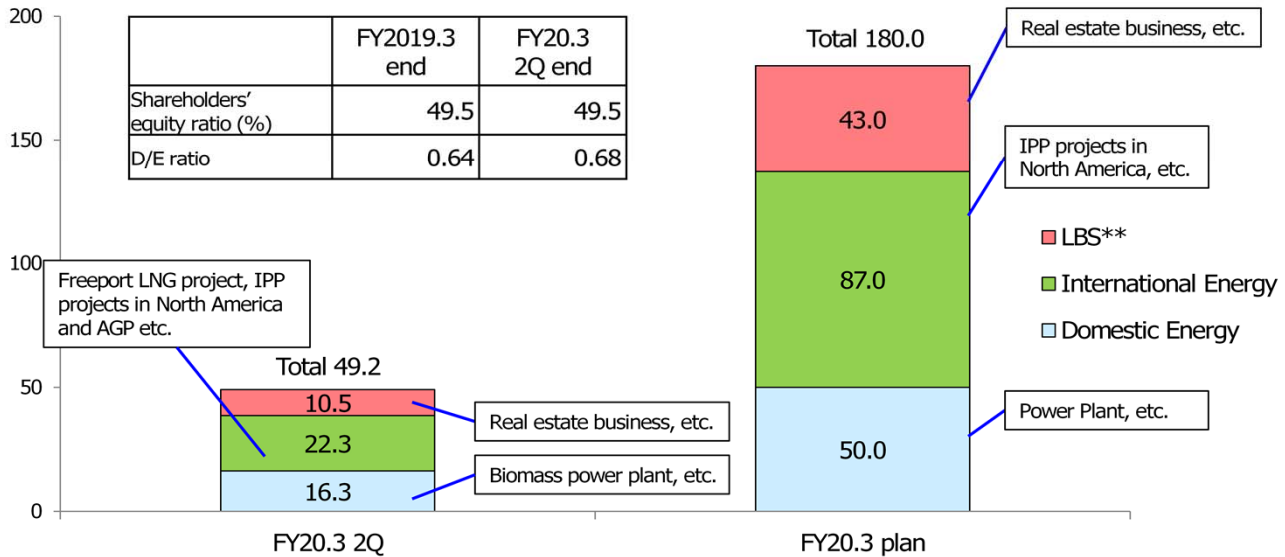


Please refer to page 16 for a comparison of the revised forecasts and the previous year.

# Results of Investment for growth for 2<sup>nd</sup> Quarter of FY2020.3

- In 2<sup>nd</sup> Quarter of FY2020.3, we invested ¥ 49.2 billion for growth in the mid-downstream businesses in the International Energy business and renewable energy sources, etc.
- The financial soundness indicator maintains a Shareholders' equity / Total assets ratio of around 50% and a D / E ratio of around 0.7.

(billion yen)



\* 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.

\*\* LBS: Life & Business Solutions

Page 17 shows the results of growth investment.

During the fiscal year under review, we made growth investments of ¥49.2 billion, primarily in overseas mid- and downstream businesses and renewable energy sources. Investment decisions totaled approximately ¥240.0 billion, due to the decisions to invest for the Himeji Natural Gas Power Plant and to acquire the entire stake in Sabine.

While progressing the growth investments, the shareholders' equity ratio, which is an indicator of financial soundness, stood at 49.5% and the D/E ratio at 0.68 as of the end of September 2019, maintaining the equity ratio of around 50% and the D/E ratio of around 0.7 outlined in the Medium-Term Management Plan. Going forward, we will continue to invest in corporate growth while maintaining a balance with financial soundness.

The following pages contain details such as settlement figures, so explanations are omitted.

This is the end of the explanation of the results for the second quarter of the fiscal year ending March 2020.

### III. Business Results for 2nd Quarter of FY2020.3 and Forecasts for FY2020.3



# Results for 2<sup>nd</sup> Quarter of FY2020.3- I

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

Consolidated, billion yen	A. FY20.3 2Q	B. FY19.3 2Q	A-B	(A-B) /B(%)	Remarks
Net sales	(1.27) <b>652.9</b>	(1.25) <b>607.4</b>	+45.5	+7.5	Increased in the unit price of gas sales, etc.
Operating profit	(1.70) <b>44.3</b>	(33.82) <b>21.9</b>	+22.3	+101.9	Increased due to the impact of the time-lag effect and the decrease in operating expenses in the gas business
Ordinary profit	(1.42) <b>49.8</b>	(2.57) <b>22.8</b>	+27.0	+118.2	
Profit*	(1.23) <b>33.4</b>	(1.87) <b>13.5</b>	+19.9	+147.7	
EBITDA **	<b>93.4</b>	<b>66.4</b>	+26.9	+40.5	

\* Profit attributable to owners of parent

\*\* EBITDA=operating profit(loss) + depreciation + amortization of goodwill + Share of profit(loss) of entities accounted for using equity method

The time-lag effect	<b>5.5</b>	-11.9	+17.5	-	
Ordinary profit excluding time-lag effect	<b>44.2</b>	<b>34.8</b>	+9.4	+27.2	

Crude oil price***	USD/ bbl	<b>68.9</b>	<b>73.8</b>	-4.9	
Exchange rate	JPY/ USD	<b>108.6</b>	<b>110.3</b>	-1.7	

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

## Results for 2<sup>nd</sup> Quarter of FY2020.3- II

billion yen	Net sales			Segment Profit*			Remarks
	A.FY20.3 2Q	B.FY19.3 2Q	A-B	A.FY20.3 2Q	B.FY19.3 2Q	A-B	
Domestic Energy / Gas	462.4	434.5	+27.9	28.9	2.7	+26.1	Profit : Increased due to the impact of the time-lag effect and the decrease in operating expenses in the gas business, etc.
Domestic Energy / Electricity	99.4	91.8	+7.6	4.9	6.6	-1.7	Profit : Decreased in sales unit price, and decreased due to the increase in operating expenses and the effect of the unplanned outage of power plant, etc.
International Energy	25.4	18.2	+7.2	4.0	4.8	-0.8	Profit : Decreased due to the impact from Freeport LNG project, etc.
Life & Business Solutions	105.1	99.4	+5.7	9.0	7.8	+1.1	Profit : Increased in profits in materials solutions business and information solutions business, etc.
Adjustments	-39.6	-36.6	-3.0	1.7	1.0	+0.7	
Consolidated	652.9	607.4	+45.5	48.6	23.2	+25.4	

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

Including profit/loss on market value of derivative  
A.FY20.3 2Q -0.7, B.FY19.3 2Q +0.4, A-B -1.1

## Results for 2<sup>nd</sup> Quarter of FY2020.3-III

Consolidated, billion yen	A. FY20.3	FY19.3		A-B	Remarks
	2Q end	2Q end	B. Year end		
Total assets	2,029.1	1,960.5	2,029.7	-0.5	
Shareholders' equity	1,004.2	1,005.6	1,004.3	-0.0	
Interest-bearing liabilities	679.9	602.9	647.4	+32.5	Issuance of corporate bonds, etc.
Number of employees	20,628	20,298	20,224	+404	Increased in Jacobi Carbons AB and Osaka Gas Information System Research Institute Group, etc.
Shareholders' equity / Total assets	49.5%	51.3%	49.5%	+0.0%	
D/E ratio	0.68	0.60	0.64	+0.03	
Consolidated, billion yen	A. FY20.3	FY19.3		A-B	Remarks
	2Q	B. 2Q	Full year		
Capital expenditure	51.4	34.1	107.2	+17.2	
Depreciation	44.7	43.2	99.7	+1.5	
Free cash flow *	64.8	-22.0	20.9	+86.9	Decreased in working capital and due to the time-lag effect, etc.
ROA	1.6%	0.7%	1.7%	+0.9%	
ROE	3.3%	1.3%	3.4%	+2.0%	
EPS(yen / share)	80.4	32.5	80.8	+48.0	
BPS(yen / share)**	2,415.3	2,418.4	2,415.4	-0.0	

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

\*\* Chages are differences from the performane results for the full year of FY19.3 results.

## Forecasts for FY2020.3 – I

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

Consolidated, billion yen	A. FY20.3 forecasts	B. FY20.3 previous forecasts	A-B	(A-B)/B(%)	Remarks
Net sales	(1.26) 1,412.0	(1.25) 1,426.0	-14.0	-1.0	Decrease due to the unplanned outage of power plant and the low temperature effect during summer, etc.
Operating profit	(1.81) 85.0	(1.72) 91.0	-6.0	-6.6	
Ordinary profit	(1.43) 81.0	(1.43) 81.0	-	-	Increase in dividend income, etc.
Profit*	(1.28) 55.0	(1.28) 55.0	-	-	
EBITDA**	174.2	180.2	-6.0	-3.3	
* Profit attributable to owners of parent					
** EBITDA=operating profit (loss) + depreciation + amortization of goodwill+ share of profit (loss) of entities accounted for using equity method					
The time-lag effect	6.9	6.9	-	-	
Ordinary profit excluding time-lag profit	74.0	74.0	-	-	
Crude oil price*** USD/bbl	67.0	65.0	+2.0		October 2019 to March 2020 : 65.0 USD/bbl
Exchange rate JPY/USD	109.3	110.0	-0.7		October 2019 to March 2020 : 110.0 JPY/USD

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

## Forecasts for FY2020.3 – II

billion yen	Net sales			Segment Profit <sup>*</sup>			Remarks
	A. FY20.3 forecasts	B. FY20.3 previous forecasts	A-B	A. FY20.3 forecasts	B. FY20.3 previous forecasts	A-B	
Domestic Energy / Gas	1,015.5	1,015.5	-	49.5	49.5	-	
Domestic Energy / Electricity	204.0	218.0	-14.0	10.0	16.0	-6.0	Profit: Decrease due to the unplanned outage of power plant and the low temperature effect during summer, etc.
International Energy	55.5	55.5	-	6.5	6.5	-	
Life & Business Solutions	216.0	216.0	-	20.0	20.0	-	
Adjustments	-79.0	-79.0	-	1.5	1.5	-	
Consolidated	1,412.0	1,426.0	-14.0	87.5	93.5	-6.0	

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



## Forecasts for FY2020.3 – III

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

Consolidated, billion yen	A. FY20.3 forecasts	B. FY19.3 results	A-B	(A-B)/B(%)	Remarks
Net sales	(1.26) 1,412.0	(1.24) 1,371.8	+40.1	+2.9	Increase in the sales volume of electricity, etc.
Operating profit	(1.81) 85.0	(2.43) 67.9	+17.0	+25.0	
Ordinary profit	(1.43) 81.0	(1.56) 63.1	+17.8	+28.4	Increase due to the time-lag effect in the gas business, etc.
Profit*	(1.28) 55.0	(1.34) 33.6	+21.3	+63.7	Increase due to the rebound from one-time amortization of goodwill and loss on disaster, etc.
EBITDA**	174.2	159.9	+14.2	+8.9	
The time-lag effect	6.9	-13.2	+20.1	-	
Ordinary profit excluding time-lag profit	74.0	76.3	-2.2	-3.0	
Crude oil price*** USD/bbl	67.0	72.2	-5.2		October 2019 to March 2020 : 65.0 USD/bbl
Exchange rate JPY/USD	109.3	110.9	-1.6		October 2019 to March 2020 : 110.0 JPY/USD

\* Profit attributable to owners of parent

\*\* EBITDA=operating profit (loss) + depreciation + amortization of goodwill(excluding one-time amortization of goodwill) + share of profit (loss) of entities accounted for using equity method

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

## Forecasts for FY2020.3 – IV

billion yen	Net sales			Segment Profit <sup>*</sup>			Remarks
	A. FY20.3 forecasts	B. FY19.3 results	A-B	A. FY20.3 forecasts	B. FY19.3 results	A-B	
Domestic Energy / Gas	1,015.5	1,012.6	+2.8	49.5	35.8	+13.6	Profit : Increase due to the time-lag effect, etc.
Domestic Energy / Electricity	204.0	184.3	+19.6	10.0	8.7	+1.2	Profit: Increase in the sales volume of electricity, etc.
International Energy	55.5	40.4	+15.0	6.5	5.9	+0.5	Profit : Almost same level as the previous year
Life & Business Solutions	216.0	210.9	+5.0	20.0	17.7	+2.2	Profit : Increase in materials solutions business, etc.
Adjustments	-79.0	-76.4	-2.5	1.5	0.8	+0.6	
Consolidated	1,412.0	1,371.8	+40.1	87.5	69.0	+18.4	

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

## Forecasts for FY2020.3 – V

Consolidated, billion yen	A.FY 20.3 end forecasts	B. FY 19.3 end	A-B	Remarks
Total assets	2,234.6	2,029.7	+204.8	Increase in the investment for growth, etc.
Shareholders' equity	1,038.6	1,004.3	+34.2	
Interest-bearing debts	792.0	647.4	+144.5	Increase due to new borrowing, etc.
Number of employees	20,788	20,224	+564	Increase in Osaka Gas Information System Research Institute Group, Jacobi Carbons AB, etc.
Shareholders' equity / Total assets	46.5%	49.5%	-3.0%	Increase in interest-bearing debts, etc.
D/E ratio	0.76	0.64	+0.12	
	A.FY 20.3 forecasts	B. FY19.3 results	A-B	
Capital expenditure	145.0	107.2	+37.7	Increase in the investment for growth, etc.
Depreciation	86.6	99.7	-13.0	
Free cash flow*	82.6	20.9	+61.7	Decrease in working capital, etc.
ROA	2.6%	1.7%	+0.8%	
ROE	5.4%	3.4%	+2.0%	
EPS (yen/share)	132.3	80.8	+51.5	
BPS (yen/share)	2,497.7	2,415.4	+82.4	

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

## Sales-related results for 2<sup>nd</sup> Quarter of FY2020.3

\* 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 29 and 30

### ■ Gas sales volume

45MJ/m <sup>3</sup>	A.FY20.3 2Q	B.FY19.3 2Q	A-B	(A-B)/B(%)
Number of units for gas supply* (thousands)	5,332	5,717	-384	-6.7
Installation of new meters (thousands)	48	44	+4	+9.7
Monthly gas sales volume per household (m <sup>3</sup> /month)	21.9	20.4	+1.5	+7.2
Residential**	682	685	-3	-0.4
Non-Residential**	2,821	3,049	-228	-7.5
Non-consolidated gas sales volume (million m <sup>3</sup> )	3,504	3,734	-231	-6.2
Consolidated gas sales volume (million m <sup>3</sup> )	3,525	3,753	-227	-6.1

### ■ Electricity sales volume (Consolidated)

	A.FY20.3 2Q	B.FY19.3 2Q	A-B	(A-B)/B(%)
Retail	2,095	1,566	+529	+33.7
Wholesale, etc.	4,255	4,322	-67	-1.5
Electricity Sales Volume(GWh)	6,349	5,888	+462	+7.8
Number of low-voltage electricity supply (thousands)	1,160	770	+390	+50.6

### ■ Customer Accounts (Consolidated)

	A.FY20.3 2Q end	B.FY19.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	8,930	8,750	+180	+2.1

## Sales-related forecasts for FY2020.3

### ■ Gas sales volume

\* The difference factors are described on pages 29 and 30.

45MJ/m <sup>3</sup>	A. FY20.3 forecasts	B. FY19.3 results	A-B	(A-B)/B(%)
Residential*	1,824	1,892	-67	-3.6
Non-Residential*	5,736	6,010	-274	-4.6
Non-consolidated gas sales volume (million m3)	7,560	7,901	-341	-4.3
Consolidated gas sales volume (million m3)	7,599	7,935	-336	-4.2

### ■ Electricity sales volume (Consolidated)

	A. FY20.3 forecasts	B. FY19.3 results	A-B	(A-B)/B(%)
Electricity Sales Volume(GWh)	12,148	11,653	+496	+4.3

### ■ Customer Accounts (Consolidated)

	A. FY20.3 end forecasts	B. FY19.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	9,000	8,750	+260	+2.9



# Residential Gas Sales

## FY20.3 2Q

	YoY change	Remarks
Number of customers	-5.3%	Switching to another company, etc.
Impact of temperature	+7.2%	2 <sup>nd</sup> quarter average temperature: 23.6 degrees Celsius (-0.4 degrees Celsius from the previous year)
Others	-2.4%	High-efficiency of gas appliances, decrease in household size, etc.
Total	-0.4%	



## FY20.3 forecasts

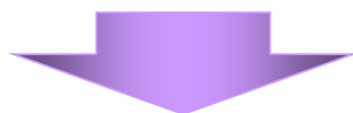
Unchanged from April 2019 forecasts

- Residential gas sales volume is expected to decrease by 67 million m<sup>3</sup> (3.6%) from the previous year to 1,824million m<sup>3</sup>, due to the impact of gas switching and the rebound from high air and water temperatures of the previous fiscal year, etc.

## Non-Residential Gas Sales

### FY20.3 2Q

	YoY change	Remarks
Demand development	+1.2%	Equipment introduction, fuel conversion, etc.
Impact of temperature	-0.2%	
Capacity utilization of facilities	-1.4%	
Individual factor	-7.3%	Decreased due to switching to another company and decrease in capacity utilization at specific customers, etc.
Others	+0.2%	
Total	-7.5%	



### FY20.3 forecasts

Unchanged from April 2019 forecasts

- Non-residential gas sales volume is expected to decrease by 274 million m<sup>3</sup> (4.6%) from the previous year to 5,736 million m<sup>3</sup>, due to the impact of gas switching and certain customers' factor, etc.

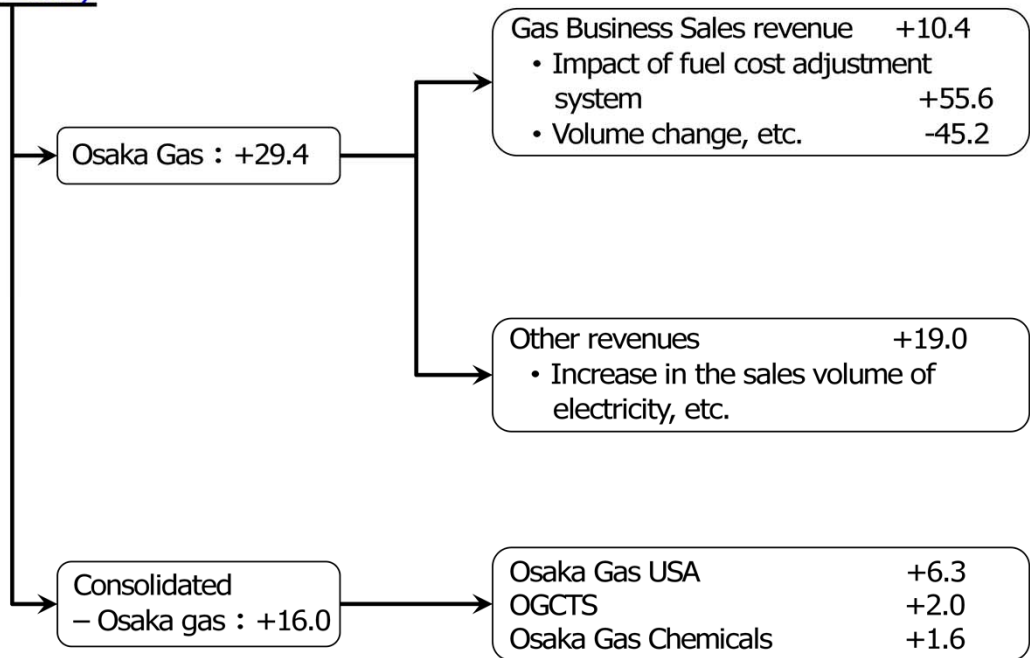
## IV. Facts and Figures

# Sales variance for 2<sup>nd</sup> Quarter of FY2020.3 (Year-on-Year)

FY19.3 2Q → FY20.3 2Q (differences)

607.4            652.9 **(+45.5)**

(billion yen)



# Ordinary profit variance for 2<sup>nd</sup> Quarter of FY2020.3

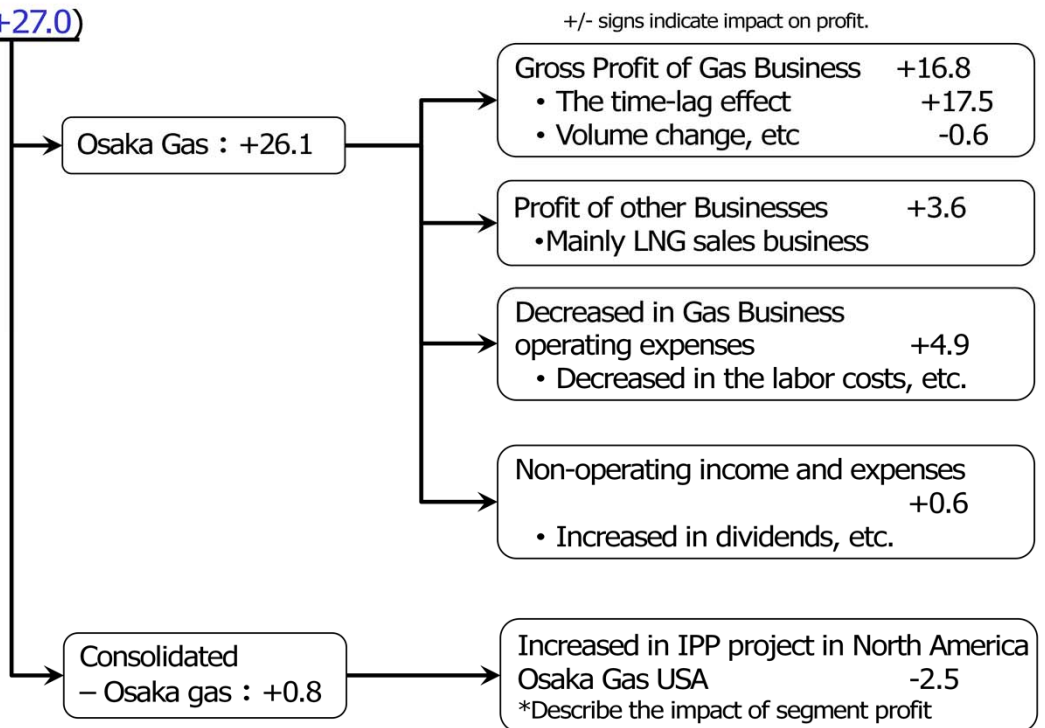
## (Year-on-Year)

FY19.3 2Q → FY20.3 2Q (differences)

22.8

(billion yen)

49.8 (+27.0)

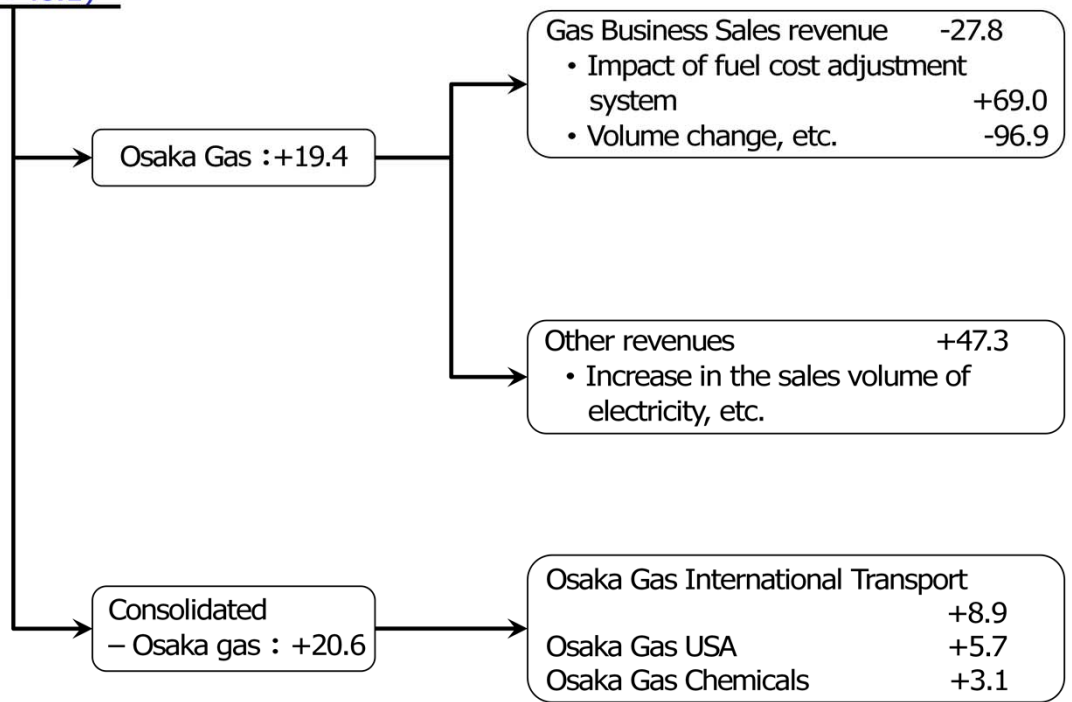




# Sales variance for FY2020.3 Forecasts (Year-on-Year)

FY19.3 → FY20.3 forecasts (differences)

1,371.8    1,412.0 **(+40.1)**  
 (billion yen)

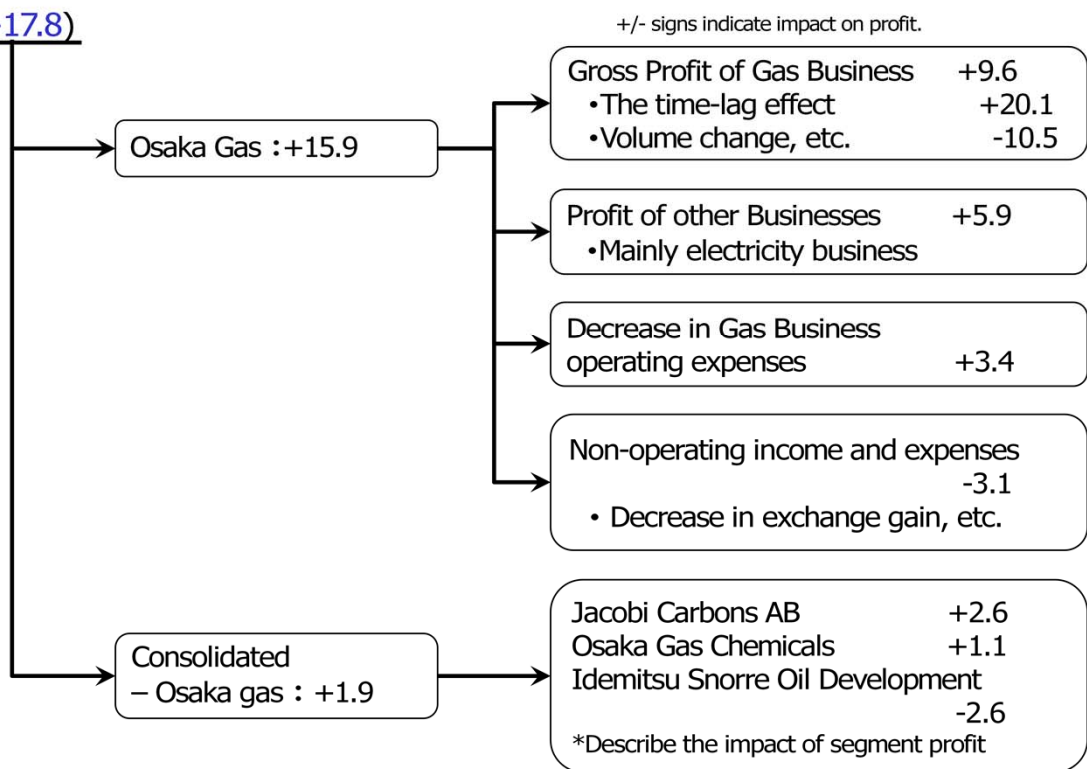


# Ordinary profit variance for FY2020.3 Forecasts (Year-on-Year)

FY19.3 → FY20.3 forecasts (differences)

63.1      81.0 **(+17.8)**

(billion yen)



## 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 +1USD/bbl. change in crude oil prices will have an effect of approx. -0.8 billion 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 USD/JPY exchange rate. A +1 yen fluctuation in the USD/JPY exchange rate will have an effect of approx. -1.0 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. +1.9 billion yen on annual consolidated non-operating expenses.

Thank you