

Osaka Gas Co., Ltd. (9532)

Q&A at the Analysts' Meeting on the financial results for the 2nd quarter of fiscal year ended March 31, 2023

(Held on November 1, 2022)

Q1: What were some positive results of increasing the ratio of outside directors?

A1: The addition of new outside directors, including an ESG expert and personnel from the utility sector and other industries, has enhanced the diversity of the board, and we have been seeing increased interactions among the members during the Q&A session at the board meeting. They are also providing the board with new perspectives on what we take for granted as a company with 117 years of history.

Q2: Has there been any change made in Freeport's published restart timeline for its LNG facility?

A2: According to Freeport's latest announcement dated August 23, it is anticipated that initial production can commence in early to mid-November and will lead to operation at 100% of their capacity in March 2023. We have been informed that Freeport is currently proceeding with regulatory licensing procedures and restoration work in preparation for the partial restart.

Q3: What is the background behind the increased losses in profits due to the Freeport shutdown by 30 billion yen from the previous forecast announced in August?

A3: The losses have increased mainly because energy price indexes have gone up sharply while we were unable to fulfill the contracts related to our LNG sales to other companies due to the lack of LNG volumes we were supposed to procure from Freeport.

Q4: What business units are driving ROIC in each segment?

A4: In our business portfolio, there are two types of businesses: those that monetize existing operations and those that grow mainly through investment. Among the former type of businesses, marketer businesses without assets tend to have a high ROIC. Among the latter, upstream businesses, such as Sabine shale gas project, have been leading the Daigas Group in enhancing ROIC. Our businesses in the Life & Business Solutions segment, such as real estate, materials, and IT, have been steadily growing, showing the potential to become future ROIC drivers for the Daigas Group.

Q5: What measures will be taken in this winter in case procurement falls short of plans due to Freeport's shutdown, Sakhalin II project and other issues?

A5: For the stable energy supply to our customers for this winter, we have already started to purchase replacement LNG cargoes. Regarding the Sakhalin II project, we do not have information as to when LNG supply from the project might be disrupted, but we intend to take every possible measure, such as procuring replacement LNG cargoes from other projects, to maintain the stability of energy supply.

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