

Osaka Gas Co., Ltd. (9532)

Presentation script at the Analysts' Meeting held on January 30, 2024, on the financial results for the 3rd quarter of fiscal year ended March 31, 2024 (FY24.3)

I am Hiroki Matsui, General Manager of IR Department of Osaka Gas.

Thank you for taking the time today to participate in this meeting on the financial results for the 3rd quarter of the year ending March 31, 2024 (3Q FY2024.3).

On behalf of the company, I would like to express our gratitude for your continued support and understanding as we pursue our business goals in our businesses.

I will refer to the slides of Financial Report for 3rd Quarter of FY2024.3, which are available on our website. Please look at page 3.

I. Highlights of Business Results for 3rd Quarter of FY2024.3 and Revised Forecasts for FY2024.3

P3 Summary of FY2024.3 3Q Results vs FY2023.3 3Q Results

First, I would like to explain the financial results for 3Q FY2024.3.

Net sales for 3Q were 1,510.1 billion yen, down 86.3 billion yen from the same period last year, mainly due to lower LNG selling prices and decline in gas sales volume in the Domestic Energy segment.

Ordinary profit was 174.5 billion yen, up 181.3 billion yen from the same period last year, mainly due to the improvement of the time-lag impact and the reduction of LNG procurement cost following the Freeport LNG plant's operation resumption.

Profit attributable to owners of the parent was 126.4 billion yen, up 127.8 billion yen from the same period last year. The cumulative amount of share buyback announced on October 27, 2023, reached 10.7 billion yen (approx. 54% of the total repurchase amount, 20.0 billion yen) as of the end of December 2023.

P4 YoY Comparison of 3Q Results

Page 4 summarizes the year-on-year comparison of consolidated ordinary profit.

In the Domestic Energy, segment profit increased by 161.2 billion yen from the last year, mainly due to the improvement of the time-lag impact and the Freeport LNG plant's operation resumption.

In the International Energy, segment profit is almost the same, as the profit increase in IPP business in North America and due to the Freeport LNG plant's operation resumption offsets the decreased income from upstream businesses in the US and Australia

In the Life & Business Solutions, segment profit increased by 3.7 billion yen, mainly due to the increased income from the real estate business.

P5 Summary of FY2024.3 Forecast Revision

Page 5 summarizes the main points of revised forecasts for FY2024.3.

Net sales forecast was revised upward to 2,12.0 billion yen, which is an increase of 26.0 billion yen from the previous forecast announced in October, mainly due to LNG sales between 1Q and 3Q exceeding the plan.

Ordinary profit was revised upward to 170.0 billion yen, which is an increase of 11.0 billion yen from the previous forecast, mainly due to non-operating profit between 1Q and 3Q exceeding the plan, driven by foreign exchange gains.

Profit attributable to owners of the parent remains unchanged, mainly due to expected posting of extraordinary losses in 4Q.

P6 Comparison between Previous Forecasts and Revised Forecasts

Page 6 summarizes the comparison between the previous forecasts and the revised forecasts.

The forecast for our consolidated ordinary profit was revised upward by 11.0 billion yen from the previous forecast of 159.0 billion yen.

We have revised the forecasts for each segment profit as follows:

The Domestic Energy segment profit was revised upward by 2.5 billion yen, mainly due to the cost decrease in power procurement.

The International Energy segment profit of 72.0 billion yen remains unchanged despite the impact of changes in market situations from the previous forecasts in October 2023, such as the profit increase in the IPP businesses in North America and the profit decrease in the upstream businesses in the US and Australia.

The Life & Business Solutions segment profit remains unchanged, as progress is being made mostly as per the plan.

Others were revised upward by 8.5 billion yen, mainly due to non-operating income between 1Q and 3Q exceeding the plan, including foreign exchange gains on LNG purchase and the profits from selling investment securities.

P7 Summary of FY2024.3 Forecasts vs FY2023.3 Results

Page 7 shows a comparison between the FY24.3 forecasts and the FY23.3 results.

In FY24.3, net sales are expected to decrease from the FY23.3 level due to the lower LNG selling prices and decline in gas sales volume in the Domestic Energy business.

Ordinary profit and profit attributable to owners of the parent are expected to increase from the FY23.3 level based on the assumption of the Freeport LNG plant's operation resumption and the improvement of the time-lag impact.

P8 Comparison between FY2023.3 Results and FY2024.3 Forecasts

Page 8 shows a comparison between the FY23.3 results and FY24.3 ordinary profit forecasts.

Although the forecast has been revised this time, there is no change in the main factors behind changes in the profit of each segment.

In the Domestic Energy, segment profit is expected to increase by 92.3 billion yen, mainly due to the Freeport LNG plant's operation resumption and the improvement of the time-lag impact.

In the International Energy, segment profit is expected to increase by 2.2 billion yen, mainly due to the Freeport LNG plant's operation resumption.

In the Life & Business Solutions, segment profit is expected to decrease by 1.7 billion yen due to the absence of a strong performance as we had in FY23.3.

In light of all the above, our forecast for ordinary profit for FY24.3 on a consolidated basis is 170.0 billion yen, up 94.3 billion yen from FY23.3.

P9 Results and Forecasts for Investment for Growth

Page 9 shows the investments for business growth and the financial soundness indicators.

We invested 120.2 billion yen for business growth between 1Q and 3Q, mainly in power generation in the Domestic Energy, North American upstream business development in the International Energy, and real estate business in the Life & Business Solutions.

As for the financial soundness indicators, the shareholders' equity ratio is 54.4%, which exceeds the level targeted in the Medium-Term Management Plan. This is calculated with 50% of hybrid bonds as equity.

Please refer to:

- pages 10 to 15 for the financial results for 3Q FY2024.3,
- pages 16 to 21 for a comparison between the previous forecasts and revised forecasts for FY24.3, and
- pages 22 to 27 for a comparison between the FY24.3 forecasts and the FY23.3 results.

This concludes my presentation.

Thank you.

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