

# Osaka Gas Group's Business Plan for Fiscal 2017

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Osaka Gas Co., Ltd.

## 1. Priority issues facing Osaka Gas Group in fiscal 2017

Business conditions surrounding the Osaka Gas Group will continue to be uncertain due to murky economic situations in Japan and overseas, fluctuations of crude oil prices and exchange rates, and the scheduled full deregulation of the electricity and gas retail markets. As a result, the Group's earnings are subject to violent fluctuations. Under these circumstances, however, the Group is prepared to carry out various measures to attain sustainable and vigorous growth in the long run.

Specifically, the Group will tackle three priority issues, as listed below.

- 1) In fiscal 2017, the first year of Long-Term Management Vision 2030 and Medium-Term Management Plan 2020, the Group will take the first and steady step in its efforts to become an ideal company.
- 2) The Group will push ahead with further evolution of its energy business in response to the scheduled full opening of the electricity and gas retail market.
- 3) The Group will accelerate business operations in growth markets, including overseas markets, in a bid to establish a healthy and solid business foundation that can respond to changes in the business environment in a flexible manner.

## 2. Earnings plan

Fiscal 2017 consolidated net sales by the Osaka Gas Group are targeted at 1,344.5 billion yen, operating income at 66.5 billion yen, ordinary income at 64 billion yen and net income at 42.5 billion yen.

	Consolidated			Non-consolidated		
	FY2016 forecasts (billion yen)	FY2017 plan (billion yen)	Rate of change (%)	FY2016 forecasts (billion yen)	FY2017 plan (billion yen)	Rate of change (%)
Net sales	1159.5	1344.5	+16.0	886.5	1,053.5	+18.8
Operating income	95.5	66.5	−30.4	55.5	28.0	−49.5
Ordinary income	93.0	64.0	−31.2	69.5	35.0	−49.6
Net income	64.5	42.5	−34.1	54.0	27.0	−50.0
EBITDA	185.0	157.0	−15.1	---	---	---
SVA	37.7	17.5	---	33.1	8.4	---
ROA	3.5%	2.3%	---	---	---	---
ROE	7.0%	4.5%	---	---	---	---

\* Fiscal 2017 earnings plans are based on following assumptions.

Crude oil price (all-Japan CIF price): 55 dollars per barrel

Exchange rate: 115 yen per dollar

Fiscal 2016 forecasts

Crude oil prices (all-Japan CIF price): 47 dollars per barrel

Exchange rate: 109 yen per dollar

### 3. Gas and electricity sales volume plans

In fiscal 2017, Osaka Gas plans to sell 8,118 million m<sup>3</sup> of gas, down by 4.7% from the projected sale for fiscal 2016, and 10,303 GWh of electricity, up by 19.3% from the projected sale for fiscal 2016.

[Gas sales volume (Non-consolidated)]		calculated based on 45MJ/m <sup>3</sup>
	Residential	2,111 million m <sup>3</sup> (+0.9%)
	Non residential	6,008 million m <sup>3</sup> (−6.6%)
	Total gas sales volume	8,118 million m <sup>3</sup> (−4.7%)

  

(Consolidated)	8,150 million m <sup>3</sup> (−4.7%)
Gas sales volume	

[Electricity sales volume]	
Total	10,303 GWh (+19.3%)

Figures in parentheses represent rate of changes from comparable figures projected for fiscal 2016.

### 4. Investment plan

In fiscal 2017, Osaka Gas Group plans to invest 168 billion yen on a consolidated basis.

	Investment amount
Investment for quality improvement	46 billion yen
Domestic energy	25 billion yen
International energy	71 billion yen
Life & business solutions	26 billion yen
Investment for growth	122 billion yen
Total investment	168 billion yen