Financial Report for FY2019.3 (April 2018 – March 2019)

April 2019

Osaka Gas Co., Ltd.

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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

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/m3.

Note regarding consolidated gas sales volume

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

Ⅰ. Review of FY2019.3

Summary of Review of FY2019.3

- In the fiscal year ended March 2019, progress was being made in the “going beyond" activities listed in a Long-term Management Vision and Medium-term Management plan

Domestic Energy Business

- Number of customer accounts increased to 8.75 million
  (compared to +470,000 at the end of March 2018)
- Expansion of products and peripheral services
  (Cumulative sales of ENE-FARM reached 100,000 units, expansion of menu of Sumikata Plus and IoT services, etc.)
- Expansion of rate plan (providing Style Plan)
- Progress of Broad-area business (Greater Tokyo Area / nationwide)
- Decision-making for participation in multiple renewable energy projects, and establishment of the joint-venture company that procures and sells domestically grown woody biomass

International Energy Business

- Progress in profit contribution and accumulation of business know-how
  <Expansion of profit contribution>
- Upstream business: Participation in the East Texas Shale Gas Project in production
  Started production of Ichthys LNG Project
- Mid-downstream business: In the North American IPP business, participating in three projects in operation
  (Michigan Power, Kleen Energy, Towantic)
  <Accumulation of business know-how>
- Accumulation of business know-how by dispatching personnel to North American upstream and IPP business

Initiatives in Domestic Energy Business (Customer Accounts)

- Aim to increase the number of customer accounts by offering products, services, and rate plan options matching diversified customer values and the trend toward digitization

Products & services (residential use)

FY2018
- Expanded menu of Sumikata Plus and IoT services (April 2018)
- Launched *Itsumo-chan to Mamoru-kun* GPS BoT service (July 2018)
- Cumulative sales of ENE-FARM reached 100,000 units (March 2019)

FY2019
- Offer a wider range of IoT-compatible gas appliances (April 2019 onward)



Products & services (non-residential use)

FY2018
- Developed a new method of evaluating sake rice (July 2018)
- Launched ekul toilet service (September 2018)
- Gained a commercial license for weather forecast service (September 2018)

FY2019
- Started an IoT Service for plants (April 2019)
- Launched ekul lite service (April 2019)

Rate plan options

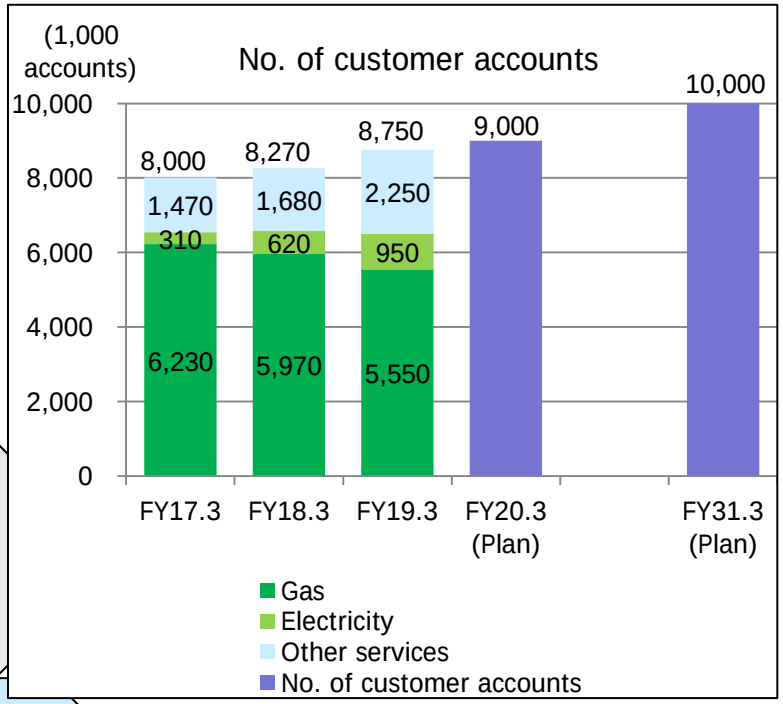
FY2018
- Lowered the basic rates (June 2018)
- Launched Style Plan P (August 2018)



FY2019 onward
- Launched Style Plan d/S/E (March 2019)
- Start purchasing surplus electricity from photovoltaic power generation by customers who have completed the FIT period (November 2019)



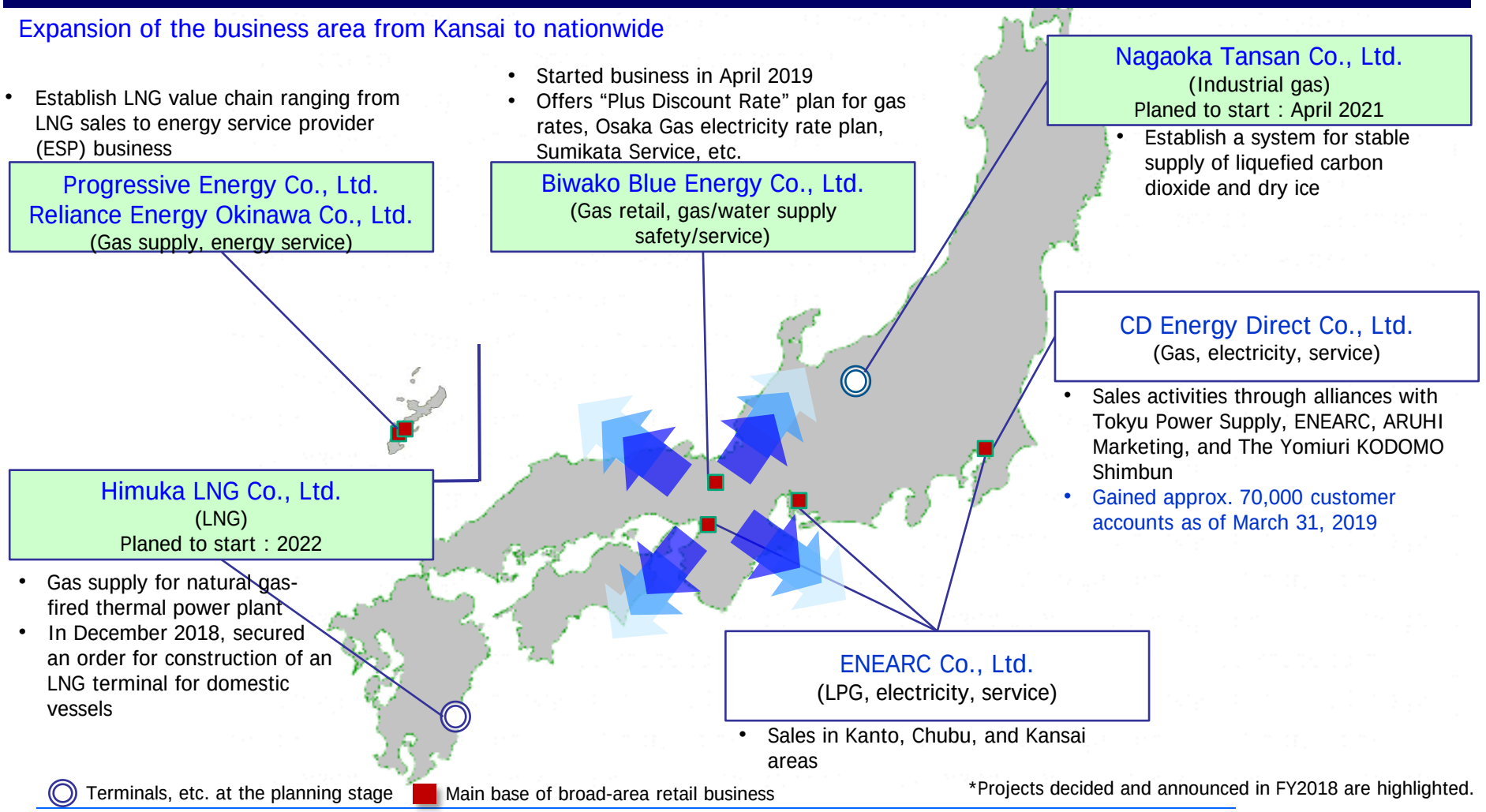




Initiatives in Domestic Energy Business (Broad-area Business)

- Construction of infrastructure and operation of the energy & service businesses in areas other than the Kansai area
- Gained 70,000 customer accounts in the Greater Tokyo Area through alliance-based sales

Expansion of the business area from Kansai to nationwide



- Establish LNG value chain ranging from LNG sales to energy service provider (ESP) business

Progressive Energy Co., Ltd.
Reliance Energy Okinawa Co., Ltd.
(Gas supply, energy service)

- Started business in April 2019
- Offers "Plus Discount Rate" plan for gas rates, Osaka Gas electricity rate plan, Sumikata Service, etc.

Biwako Blue Energy Co., Ltd.
(Gas retail, gas/water supply safety/service)

Nagaoka Tansan Co., Ltd.
(Industrial gas)
Planed to start : April 2021

- Establish a system for stable supply of liquefied carbon dioxide and dry ice

CD Energy Direct Co., Ltd.
(Gas, electricity, service)

- Sales activities through alliances with Tokyu Power Supply, ENEARC, ARUHI Marketing, and The Yomiuri KODOMO Shimbun
- Gained approx. 70,000 customer accounts as of March 31, 2019

Himuka LNG Co., Ltd.
(LNG)
Planed to start : 2022

- Gas supply for natural gas-fired thermal power plant
- In December 2018, secured an order for construction of an LNG terminal for domestic vessels

ENEARC Co., Ltd.
(LPG, electricity, service)

- Sales in Kanto, Chubu, and Kansai areas

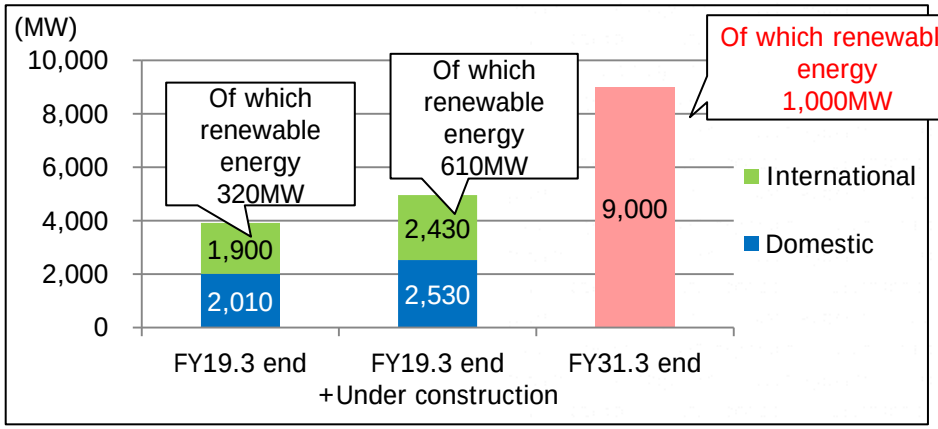
◎ Terminals, etc. at the planning stage ■ Main base of broad-area retail business

*Projects decided and announced in FY2018 are highlighted.

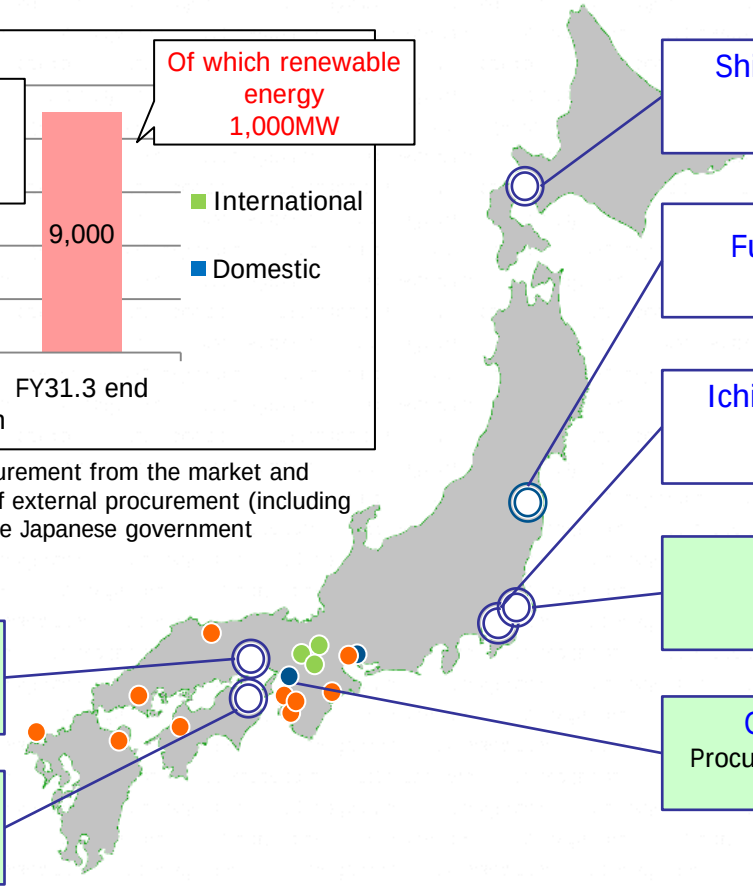
Initiatives in Domestic Energy Business (Power Source Development)

- Renewable-energy power sources, including those under construction, have reached 600MW.
- Established the joint-venture company that procures and sells domestically grown woody biomass aiming at sustainable use of domestic forest resources

Aim to establish a portfolio of environmentally-friendly and competitive power sources



*1 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



Shiribetsu Wind Power Generation
(27MW)
Planed to start : February 2021

Fukushima Gas Power (1,180MW)
Planed to start : the early 2020s

Ichihara Biomass Power Generation
(49.9MW)
Planed to start : October 2020

Sodegaura Biomass Power Generation (75MW)
Planed to start : July 2022

Green Power Fuel Corporation
Procurement and sales of domestically grown woody biomass

Hirohata Biomass Power Generation
(75MW)
Planed to start : August 2023

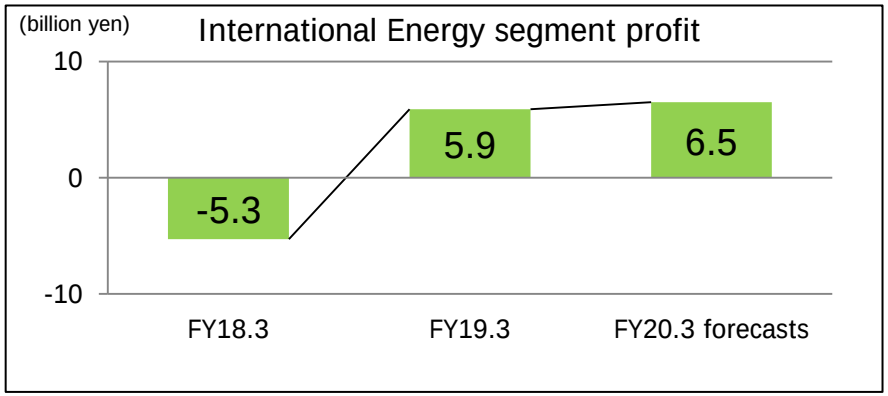
Tokushima Tsuda Biomass Power Generation (74.8MW)
Planed to start : March 2023

Renewable energy power　Thermal power　Cogeneration power　Power sources under construction

*Projects decided and announced in FY2018 are highlighted.
*Total generation capacity indicated in MW

Initiatives in International Energy Business

- Greater contribution to profit as a result of the acquisition of stakes in projects that are in production/operation and the start of operation of existing projects
- Accumulated business know-how to conduct business independently for sustainable growth of International Energy Business



Expansion of profit contribution

- Stable profit from Kleen Energy and Towantic
- Expansion of profit from upstream business owing to start of production by the Ichthys LNG Project, following the Gorgon LNG Project

(Other initiatives)

- Expansion of gas sales and energy services in Southeast Asia
  →Thailand, Singapore, Indonesia
- Expansion of LNG trading
  →Competitive procurement, reclassification of contracts, etc.

FY2019.3

(Upstream)	Participation in East Texas Shale Gas Project (30% equity stake) Ichthys LNG Project started production (1.2% equity stake)
(Midstream and downstream)	Acquisition of Michigan Power (100% equity stake) Participation in Kleen Energy (24.3% equity stake) Participation in Towantic (49.5% equity stake)

FY2020.3

Freeport LNG Project to start operation (25% equity stake)

FY2021.3

Fairview to start operation (50% equity stake)

Accumulation of business know-how

- Utilize know-how accumulated through operation of Michigan Power in operation of Fairview
- Accumulate know-how for upstream business through East Texas Shale Gas Project and know-how for LNG liquefaction business through Freeport LNG Project

Main Topics in 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.

* Press releases were issued in the above indicated months.

Main Topics in FY2019.3

Oct.	• 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. • Establishment of PT OSAKA GAS INDONESIA -Commencement of Natural Gas Joint Marketing Business in Indonesia with Pertamina Group--
Nov.	• Construction of "Amagasaki / Kumiyama line (tentative name)"
Dec.	• 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. • Securing of an order for construction of an LNG terminal of Himuka LNG for domestic vessels • Osaka Gas USA acquires stake in a natural gas-fired power plant in Connecticut, US
Jan.	• Osaka Gas Lowers Gas Transportation Service Rates • Commencing Kansai's First LNG-fuel to LNG-Fueled Tugboat Ishin
Feb.	• Launch of new electricity service menus, Style Plan d, Style Plan S, and Style Plan E, and the Osaka Gas Electricity Service Thanks Campaign • Osaka Gas and the Osaka Municipal Fire Department Conclude an Agreement on Cooperative Educational Activities on Fire Prevention • Osaka Gas Lowers Gas Rates • Embarking on Biomass Power Generation Business in Tsudakaigan-cho, Tokushima City, Tokushima Prefecture • Launch of a New Service Plan for the Simplified Data Measurement Service “ekul” The “ekul lite” Service Plan Utilizing the IoT Network “Sigfox”
Mar.	• Osaka Gas Starts an IoT Service for Plants • Demonstration of Peer to Peer Power Transactions Among Residents in NEXT21 • Achievement of Accumulated Sales of 100,000 Units of “ENE-FARM” Household Fuel Cell System • Establishment of Green Power Fuel Corporation • Official Decision to Launch a Biomass Power Plant in Himeji, Hyogo Prefecture • Osaka Gas Takes a Stake in Progressive Energy Corporation

* Press releases were issued in the above indicated months.

Ⅱ. Summary of Business Results for FY2019.3 and Forecasts for FY2020.3

Summary of Business Results for FY2019.3 and Forecasts for FY2020.3

Year-on-Year Comparison of Results for FY2019.3

Consolidated net sales	Increased by 5.8 % (¥75.6 billion) to ¥1,371.8 billion due to an increase in the unit price of gas sales and electricity sales volume, etc.
Consolidated ordinary profit	Decreased by 18.1% (¥13.9 billion) to ¥63.1 billion due to the impact of high air and water temperature and the time-lag effect in the Gas Business, in addition to a decrease in ordinary profit in the Electricity Business. The time-lag effect totaled ¥-13.2 billion (The time-lag effect* in previous year was ¥+0.5 billion).
Consolidated profit**	Decreased by 10.9% (¥4.1 billion) to ¥33.6 billion

Year-on-Year Comparison of Forecasts for FY2020.3

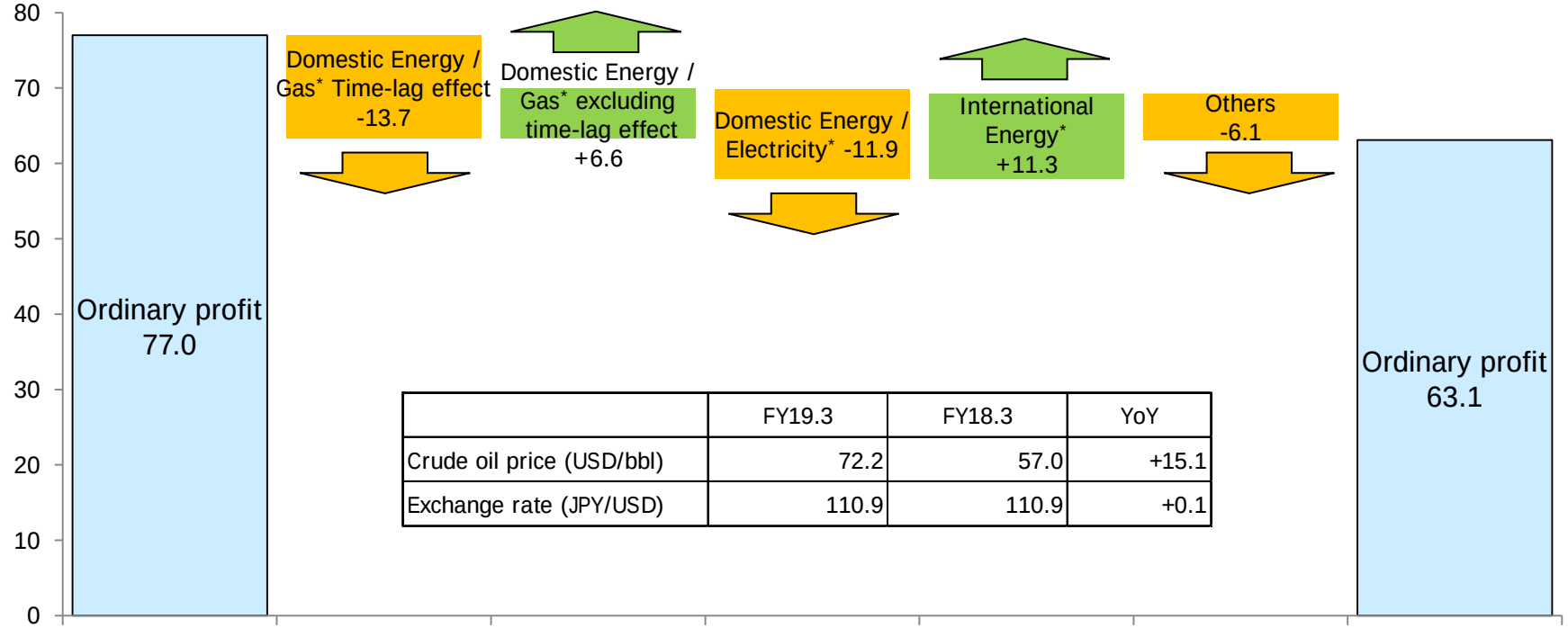
Consolidated Net sales	Expect to increase by 3.9% (¥54.1 billion) to ¥1,426.0 billion due to an increase in electricity sales volume, etc.
Consolidated ordinary profit	Expect to increase by 28.4% (¥17.8 billion) to ¥81.0 billion due to the time-lag effect, etc. The time-lag effect totaled ¥+6.9 billion (The time-lag effect* in previous year was ¥-13.2 billion).
Consolidated profit**	Expect to increase by 63.7% (¥21.3 billion) to ¥55.0 billion due to the rebound from one-time amortization of goodwill*** and loss on disaster****, etc.

*The time-lag effect= Profit / loss on fuel cost adjustment system
**Profit attributable to owners of parent
*** 8.9billion yen
****2.1 billion yen

YoY Comparison of FY2019.3

- Consolidated ordinary profit decreased by ¥13.9 billion year-on-year to ¥63.1 billion. This was primarily due to a decrease in sales volume for city gas due to the impact of high air and water temperature and the time-lag effect in the Gas Business, in addition to a decrease in ordinary profit in the Electricity Business.
- Excluding the time-lag effect, it was about the same level as the previous year. This was mainly due to a decrease in gas business expenses and an increase in profits from the International Energy business.

(billion yen)

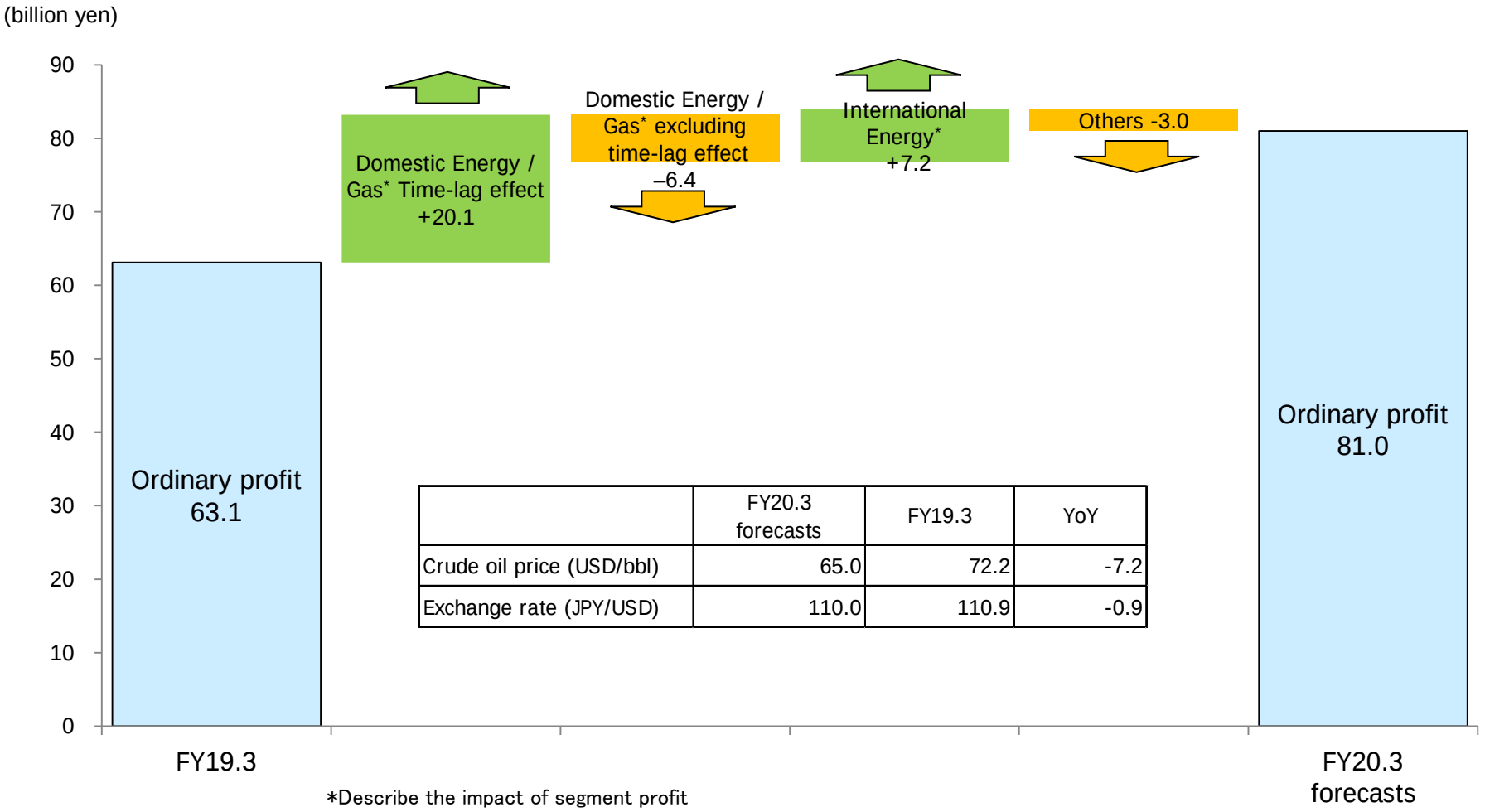


	FY19.3	FY18.3	YoY
Crude oil price (USD/bbl)	72.2	57.0	+15.1
Exchange rate (JPY/USD)	110.9	110.9	+0.1

*Describe the impact of segment profit

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.

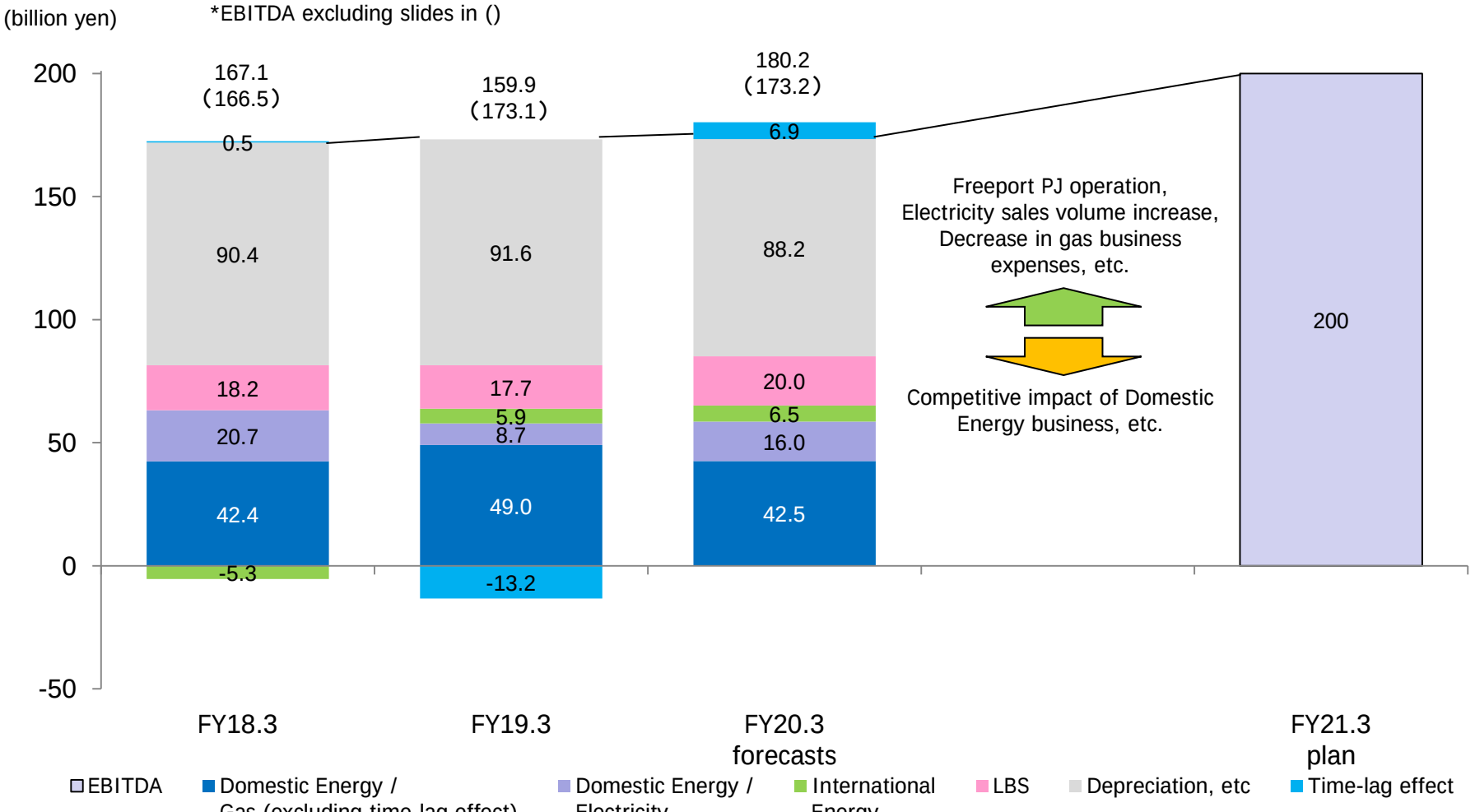


	FY20.3 forecasts	FY19.3	YoY
Crude oil price (USD/bbl)	65.0	72.2	-7.2
Exchange rate (JPY/USD)	110.0	110.9	-0.9

*Describe the impact of segment profit

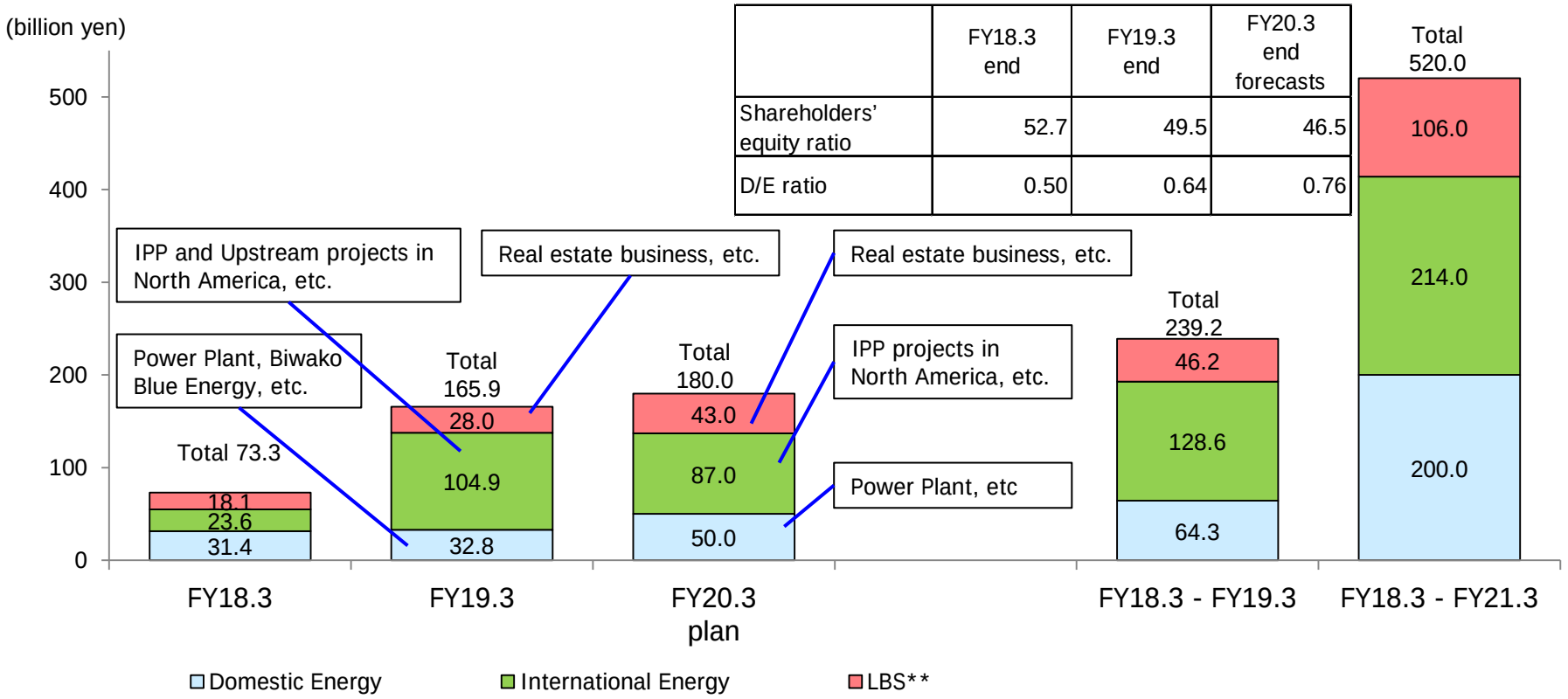
Progress on Medium-term Management Plan – Ⅰ (EBITDA)

- Aim to achieve the EBITDA plan for the fiscal year ending March 2021 by contributing to profits from the International Energy business including the start of operation of the Freeport project, and increasing sales volume of electricity



Progress on Medium-term Management Plan – Ⅰ
(Investment for Growth)

- In the fiscal year ended March 2019, we invested ¥ 165.9 billion for growth mainly in the International Energy business
- Approximately 46% progress over investment plan of medium-term management plan
- The financial soundness indicator maintains a Shareholders' equity / Total assets ratio of around 50% and a D / E ratio of around 0.7



	FY18.3 end	FY19.3 end	FY20.3 end forecasts
Shareholders' equity ratio	52.7	49.5	46.5
D/E ratio	0.50	0.64	0.76

* 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

Ⅲ. Business Results for FY2019.3 and Forecasts for FY2020.3

Results for FY2019.3 - I

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

Consolidated, billion yen	A. FY19.3 results		B. FY18.3 results		A-B	(A-B)/B(%)	Remarks
Net sales	(1.24)	1,371.8	(1.25)	1,296.2	+75.6	+5.8%	Increased in the unit price of gas sales and the sales volume of electricity, etc.
Operating profit	(2.43)	67.9	(1.64)	78.1	-10.1	-13.0%	Decreased due to the impact of high air and water temperature and the time-lag effect in the Gas Business, and due to a decrease in ordinary profit in the Electricity Business, etc.
Ordinary profit	(1.56)	63.1	(1.32)	77.0	-13.9	-18.1%	
Profit*	(1.34)	33.6	(0.86)	37.7	-4.1	-10.9%	Increased due to a decrease in Income taxes, etc.
EBITDA**		159.9		167.1	-7.1	-4.3%	

* Profit attributable to owners of parent

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

The time-lag effect		-13.2	0.5	-13.7	-
Ordinary profit excluding time-lag effect		76.3	76.5	-0.1	-0.2%

Crude oil price***	USD/bbl	72.2	57.0	+15.1
Exchange rate	JPY/USD	110.9	110.9	+0.1
Number of subsidiaries		150	138	+12

*** Average of preliminary monthly data up to March

Results for FY2019.3 - Ⅱ

billion yen	Net sales			Segment Profit*			Remarks
	A. FY19.3 results	B. FY18.3 results	A-B	A. FY19.3 results	B. FY18.3 results	A-B	
Domestic Energy / Gas**	1,012.6	976.2	+36.3	35.8	42.9	-7.1	Profit : Decreased due to the impact of high air and water temperatures and the time-lag effect, etc.
Domestic Energy / Electricity	184.3	157.7	+26.5	8.7	20.7	-11.9	Profit：Unit price decline, etc
International Energy	40.4	22.5	+17.9	5.9	-5.3	+11.3	Profit ： Increased in sales volume of the Gorgon LNG Project and due to the impact of loss from sales of IPP project in North America from previous year, etc.
Life & Business Solutions**	210.9	201.4	+9.4	17.7	18.2	-0.5	Profit : Almost same level as the previous year
Adjustments	-76.4	-61.8	-14.6	0.8	1.7	-0.8	
Consolidated	1,371.8	1,296.2	+75.6	69.0	78.3	-9.3	

* 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 results are calculated based on the contents after change

Including profit/loss on market value of derivative
A.FY19.3 -1.9, B.FY18.3 -3.3, A-B +1.3

Results for FY2019.3 - Ⅲ

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

Consolidated, billion yen	A. FY19.3 results	B. FY19.3 forecasts	A-B	(A-B)/B(%)	Remarks
Net sales	(1.24) 1,371.8	(1.24) 1,381.0	-9.1	-0.7%	
Operating profit	(2.43) 67.9	(2.33) 63.0	+4.9	+7.9%	Increased due to the impact of cost reduction of gas business, etc.
Ordinary profit	(1.56) 63.1	(1.62) 61.5	+1.6	+2.6%	
Profit*	(1.34) 33.6	(1.13) 30.5	+3.1	+10.2%	Increased due to a decrease in Income taxes, etc.
EBITDA**	159.9	158.5	+1.4	+0.9%	

* Profit attributable to owners of parent

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

The time-lag effect		-13.2	-11.7	-1.5	-
Ordinary profit excluding time-lag effect		76.3	73.2	+3.1	+4.3%

Crude oil price***	USD/bbl	72.2	72.7	-0.5	
Exchange rate	JPY/USD	110.9	110.9	+0.1	

*** Average of preliminary monthly data up to March

Results for FY2019.3 - Ⅳ

billion yen	Net sales			Segment Profit*			Remarks
	A. FY19.3 results	B. FY19.3 forecasts	A-B	A. FY19.3 results	B. FY19.3 forecasts	A-B	
Domestic Energy / Gas	1,012.6	1,013.2	-0.5	35.8	26.0	+9.8	Profit : Increased due to the impact of cost reduction of gas business, etc.
Domestic Energy / Electricity	184.3	199.3	-14.9	8.7	15.0	-6.2	Profit：Decreased due to the impact of high air temperature and unit price decline, etc
International Energy	40.4	32.2	+8.2	5.9	4.2	+1.7	Profit ： Increased in profit of upstream projects in North America, etc.
Life & Business Solutions	210.9	211.1	-0.1	17.7	18.3	-0.5	Profit : Almost same level as the forecasts
Adjustments	-76.4	-74.8	-1.6	0.8	1.0	-0.1	
Consolidated	1,371.8	1,381.0	-9.1	69.0	64.5	+4.5	

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

Results for FY2019.3 - V

Consolidated, billion yen	A.FY 19.3 end	B. FY 18.3 end	A-B	Remarks
Total assets*	2,029.7	1,897.2	+132.4	Increased due to purchase of IPP and upstream projects in North America, etc.
Shareholders' equity	1,004.3	999.5	+4.7	
Interest-bearing debts	647.4	503.7	+143.6	Increased due to new borrowing, etc.
Number of employees	20,224	19,997	+227	Increased in Osaka Gas Business Create, etc.
Shareholders' equity / Total assets*	49.5%	52.7%	-3.2%	Increased in interest-bearing debts, etc.
D/E ratio	0.64	0.50	+0.14	

	A.FY 19.3 results	B. FY18.3 results	A-B	
Capital expenditure	107.2	81.7	+25.5	Increased due to purchase of upstream projects in North America, etc.
Depreciation	99.7	88.7	+11.0	
Free cash flow**	20.9	116.3	-95.4	Increased in the investment for growth, etc.
ROA*	1.7%	2.0%	-0.3%	
ROE	3.4%	3.8%	-0.5%	
EPS (yen/share)	80.8	90.7	-9.9	
BPS (yen/share)	2,415.4	2,403.7	+11.7	

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

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

Forecasts for FY2020.3 - I

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	(1.25)	1,426.0	(1.24)	1,371.8	+54.1	+3.9%	Increase in the sales volume of electricity, etc.
Operating profit	(1.72)	91.0	(2.43)	67.9	+23.0	+33.9%	Increase due to the time-lag effect in gas business, etc.
Ordinary profit	(1.43)	81.0	(1.56)	63.1	+17.8	+28.4%	
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**		180.2		159.9	+20.2	+12.7%	

* Profit attributable to owners of parent

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

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	65.0	72.2	-7.2
Exchange rate	JPY/USD	110.0	110.9	-0.9

*** Average of preliminary monthly data up to March

Forecasts for FY2020.3 - Ⅱ

billion yen	Net sales			Segment Profit*			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	218.0	184.3	+33.6	16.0	8.7	+7.2	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 material business
Adjustments	-79.0	-76.4	-2.5	1.5	0.8	+0.6	
Consolidated	1,426.0	1,371.8	+54.1	93.5	69.0	+24.4	

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

Forecasts for FY2020.3 - Ⅲ

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 19.3 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 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 28 and 29

■ Gas sales volume

45MJ/m³

	FY19.3 forecasts	A.FY19.3 results	B.FY18.3 results	A-B	(A-B)/B(%)
Number of units for gas supply* (thousands)	-	5,553	5,970	-417	-7.0%
Installation of new meters (thousands)	-	104	111	-7	-6.4%
Monthly gas sales volume per household (m³/month)	-	28.7	30.8	-2.1	-6.9%
Residential**	1,895	1,892	2,160	-268	-12.4%
Non-Residential**	5,996	6,010	6,387	-377	-5.9%
Non-consolidated gas sales volume (million m³)	7,891	7,901	8,546	-645	-7.5%
Consolidated gas sales volume (million m³)	7,924	7,935	8,580	-645	-7.5%

■ Electricity sales volume (Consolidated)

	FY19.3 forecasts	A.FY19.3 results	B.FY18.3 results	A-B	(A-B)/B(%)
Retail	-	3,457	2,355	+1,102	+46.8%
Wholesale, etc.	-	8,196	8,596	-401	-4.7%
Electricity Sales Volume(GWh)	11,671	11,653	10,951	+702	+6.4%
Number of low-voltage electricity supply (thousands)	-	945	619	+326	+52.6%

■ Customer Accounts (Consolidated)

	FY19.3 forecasts	A.FY19.3 end	B.FY18.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	8,900	8,750	8,270	+470	+5.7%

Sales-related forecasts for FY2020.3

■ Gas sales volume

＊The difference factors are described on pages 28 and 29.

45MJ/m^3	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. FY18.3 end	A-B	(A-B)/B(%)
Number of customer Accounts (thousands)	9,000	8,750	+260	+2.9%

Residential Gas Sales

FY19.3

	YoY change	Remarks
Number of customers	-4.6%	Switching to another company, etc.
Impact of temperature	-6.0%	Average annual temperature: 17.7 degrees Celsius (+0.9 degrees Celsius from the previous year)
Others	-1.8%	High-efficiency of gas appliances, decrease in household size, etc.
Total	-12.4%	

FY20.3 forecasts

- Residential gas sales volume is expected to decrease by 67 million m^3 (3.6%) from the previous year to 1,824million m^3, 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

FY19.3

	YoY change	Remarks
Demand development	+1.0%	Equipment introduction, fuel conversion, etc.
Impact of temperature	-0.4%	
Capacity utilization of facilities	-0.8%	
Individual factor	-4.7%	Decreased due to switching to another company and decrease in capacity utilization at specific customers, etc.
Others	-1.1%	
Total	-5.9%	

FY20.3 forecasts

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

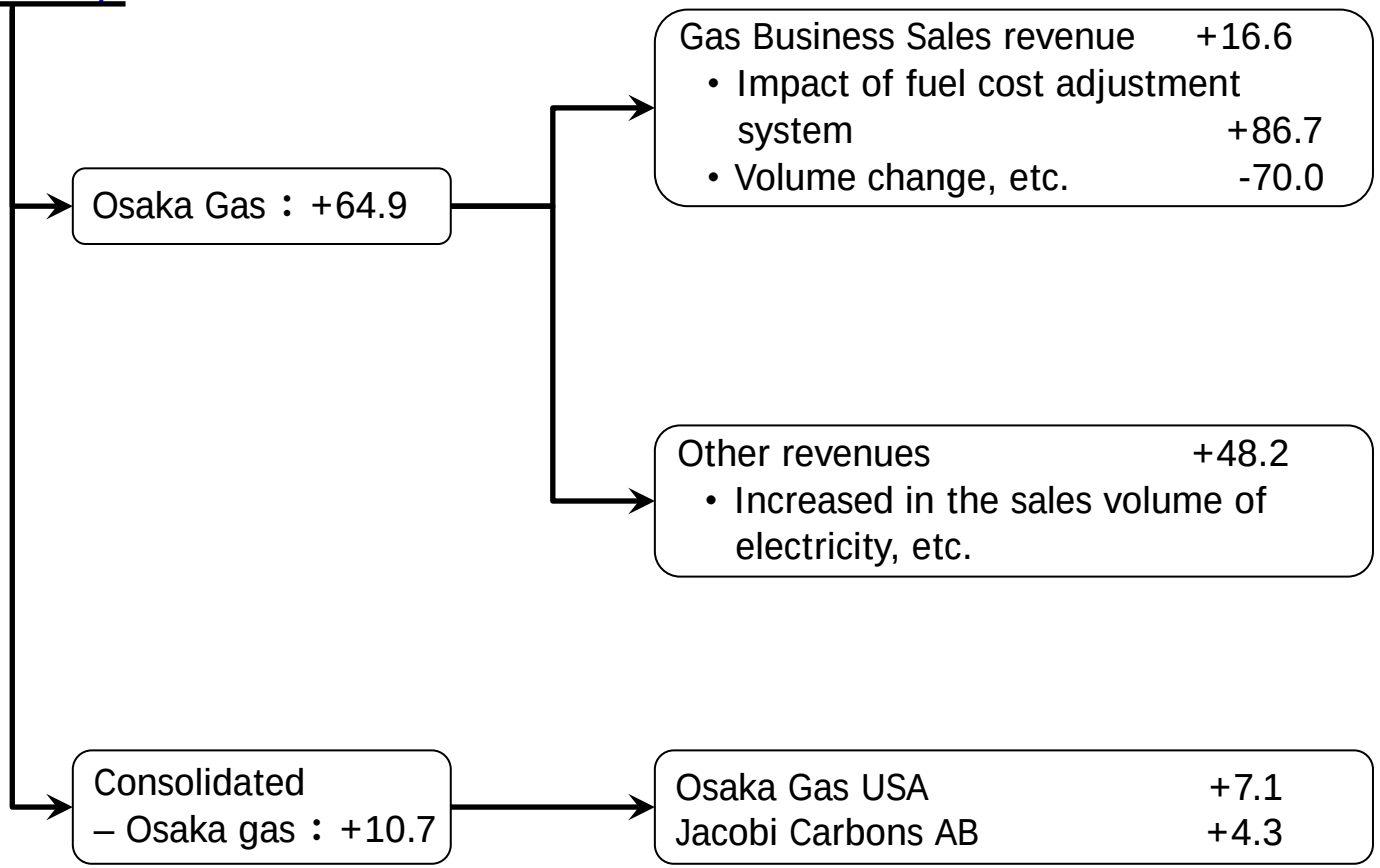
Ⅳ. Facts and Figures

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

FY18.3 → FY19.3 (differences)

1,296.2 1,371.8 (+75.6)

(billion yen)



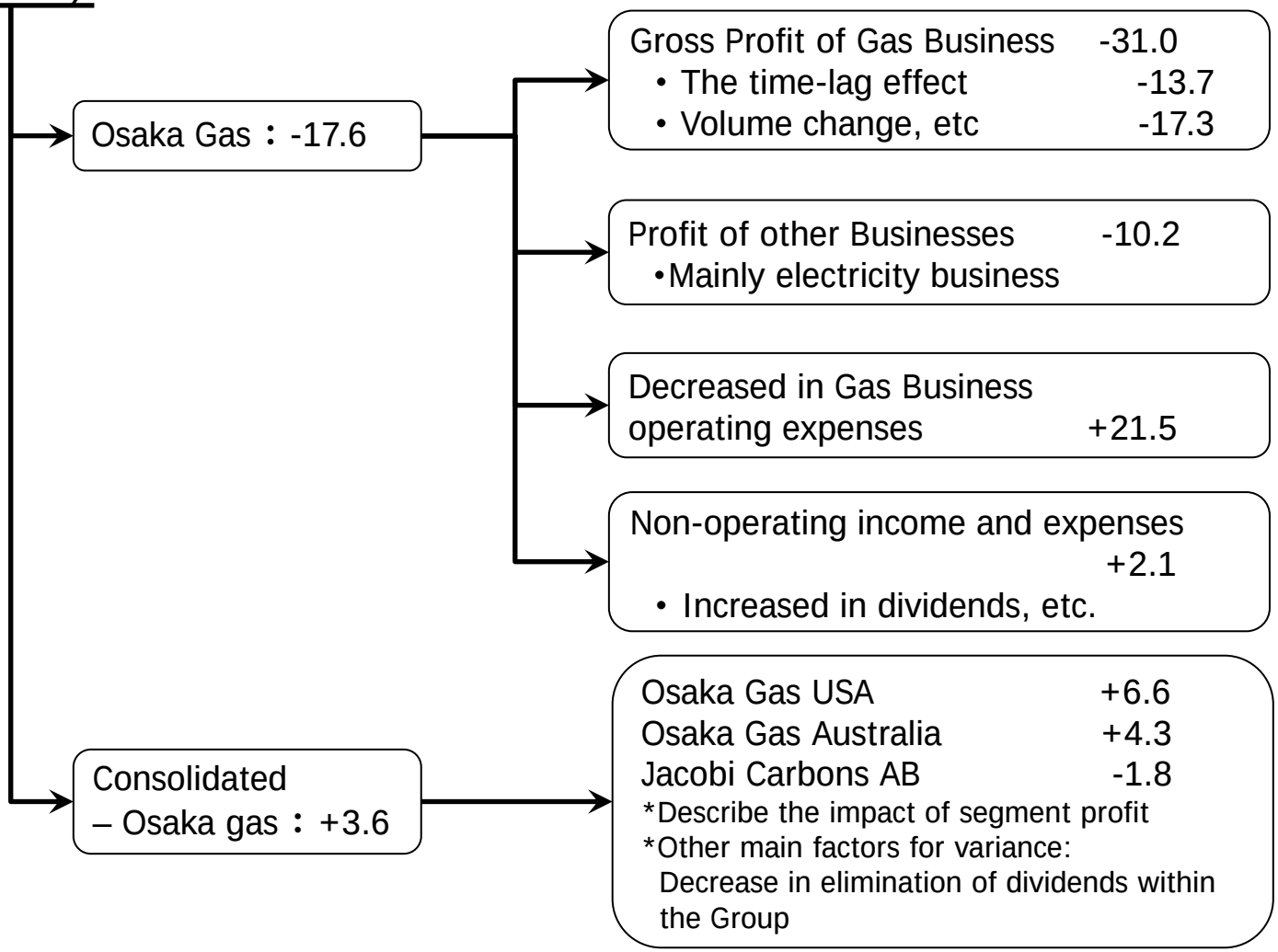
Ordinary profit variance for FY2019.3 (Year-on-Year)

FY18.3 → FY19.3 (differences)

77.0 → 63.1 (-13.9)

(billion yen)

+/- signs indicate impact on profit.

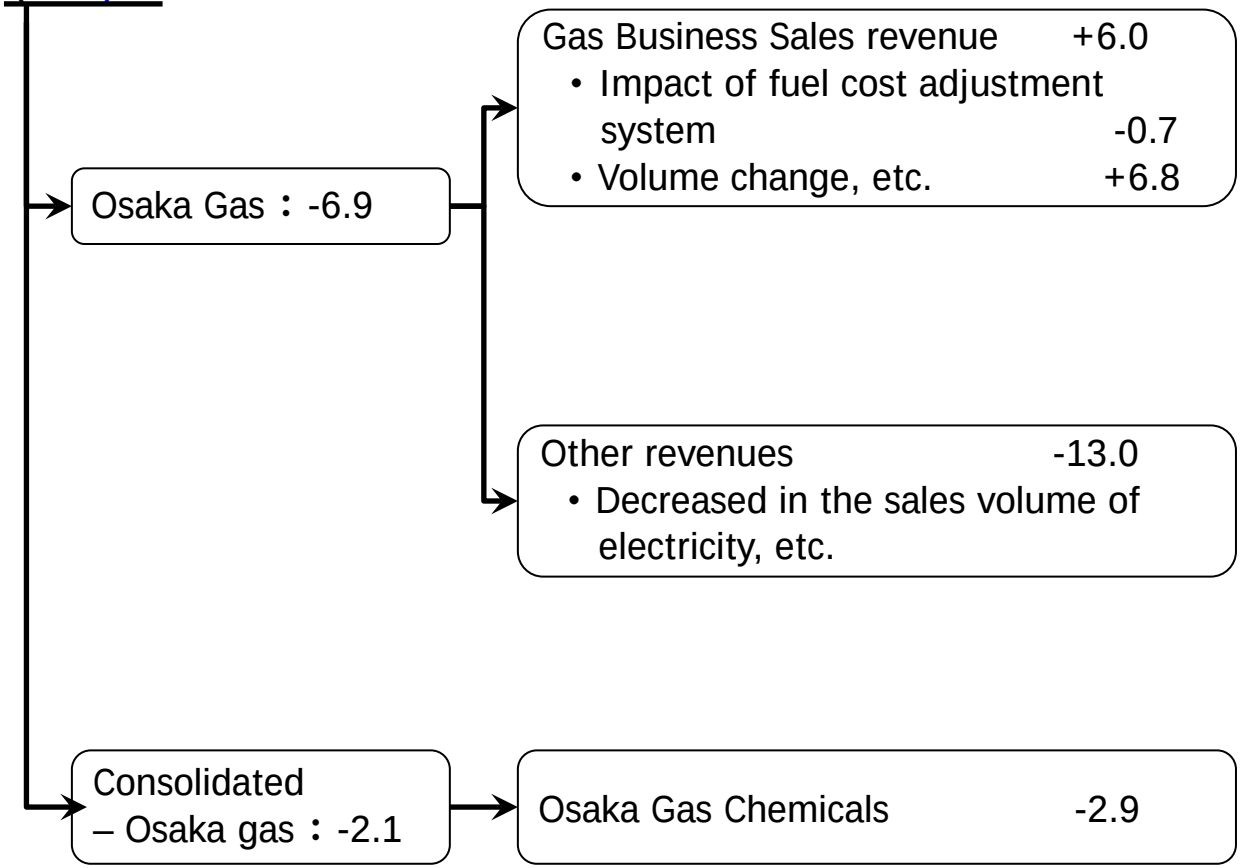


Sales variance for FY2019.3 (with forecasts)

FY19.3 (forecasts) → FY19.3 (differences)

1,381.0 → 1,371.8 (-9.1)

(billion yen)



Ordinary profit variance for FY2019.3 (with forecasts)

FY FY19.3 (forecasts) → FY19.3 (differences)

61.5 → 63.1 (+1.6)

(billion yen)

+/- signs indicate impact on profit.

Osaka Gas：+2.5

- Gross Profit of Gas Business +4.3
  - The time-lag effect -1.5
  - Volume change, etc +5.9
- Profit of other Businesses -4.9
  - Mainly electricity business
- Decreased in Gas Business operating expenses +1.5
- Non-operating income and expenses +1.6
  - Increased in dividends, etc.

Consolidated
– Osaka gas：-0.9

- Idemitsu Snorre Oil Development -0.4
- Osaka Gas Chemicals -0.4
- Osaka gas USA +1.7

*Describe the impact of segment profit

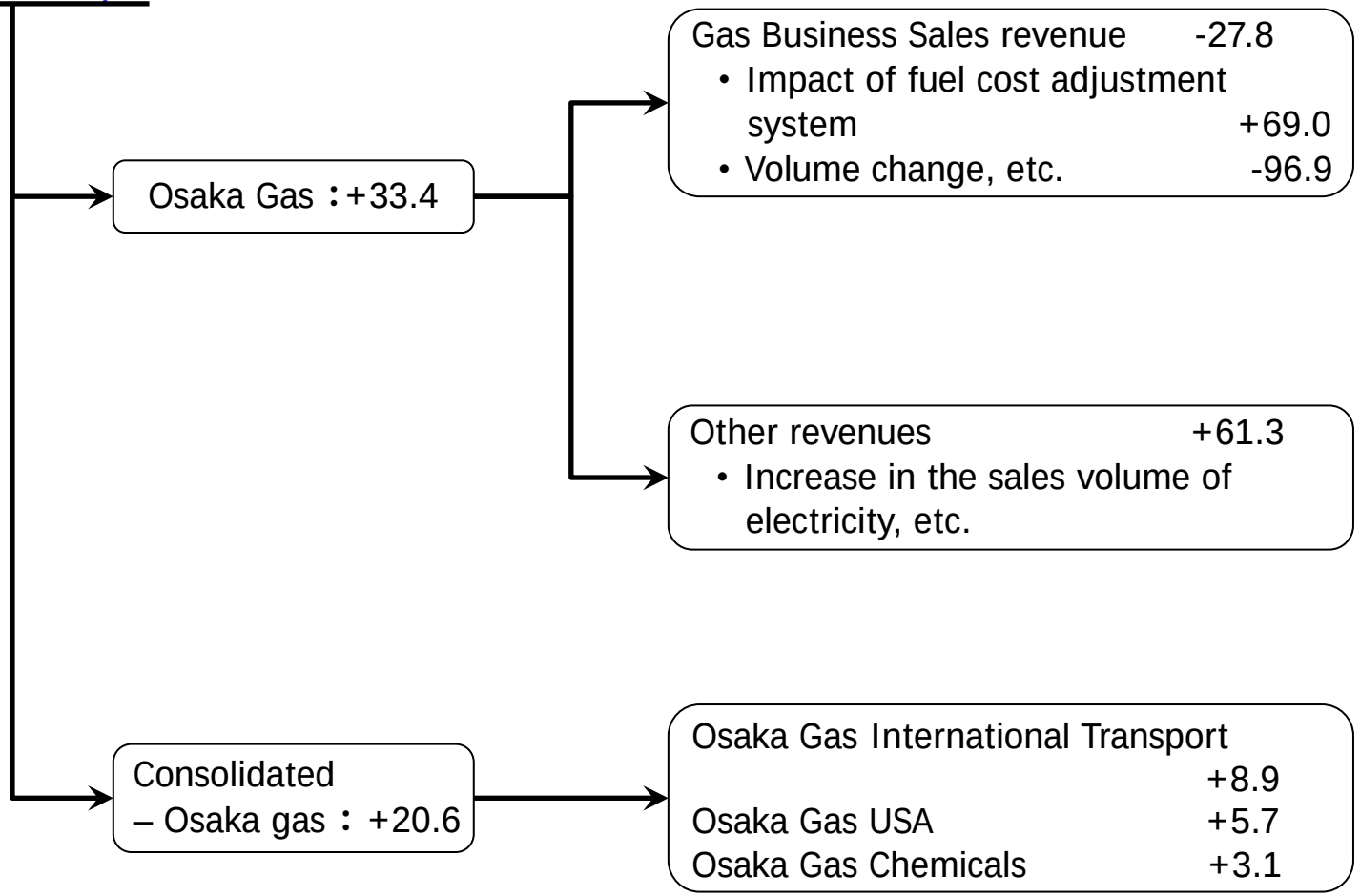
*Other main factors for variance:
Decrease in elimination of dividends within the Group and the impact of market value of derivative

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

FY19.3 → FY20.3 forecasts (differences)

1,371.8　1,426.0 (+54.1)

(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)

+/- signs indicate impact on profit.

Osaka Gas ：+15.9

- Gross Profit of Gas Business +9.6
  - •The time-lag effect +20.1
  - •Volume change, etc. -10.5
- Profit of other Businesses +11.9
  - •Mainly electricity business
- Decrease in Gas Business operating expenses +3.4
- Non-operating income and expenses -9.1
  - • Decrease in dividends, etc.

Consolidated
– Osaka gas ： +1.9

- Jacobi Carbons AB +2.6
- Osaka Gas Chemicals +1.1
- Idemitsu Snorre Oil Development -2.6

*Describe the impact of segment 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 +1USD/bbl. change in crude oil prices will have an effect of approx. –0.7billion yen on annual ordinary profit
- 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 annual ordinary profit
- 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