

FY2020 2Q Financial Results

(January-June)



SHIZUOKA GAS CO.,LTD.

TSE:9543

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Disclaimer

- **Forecasts are based on information available to the management when this was drafted.**
 - **Actual financial results may significantly differ from these forecasts due to any unforeseen economic and business circumstances.**
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I . Summary Financial Results for FY2020 2Q

FY2020 2Q Financial Highlights



◎ 2Q Results : Lower sales, Lower profits

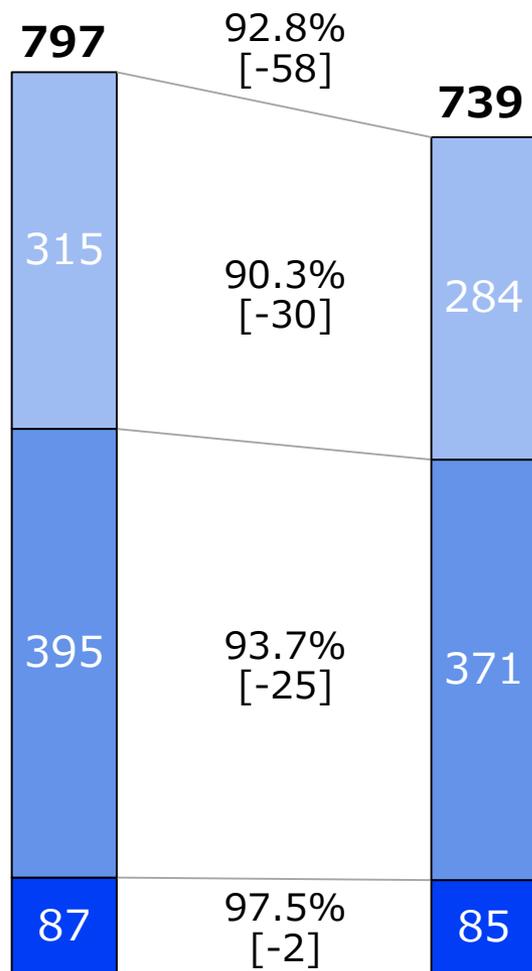
- Gas sales volume -7.2% year on year
→ Decrease in city gas sales volume from the impact of COVID-19
- Net sales decreased due to lower gas sales volume and decrease in city gas unit price.
Operating profit decreased due to the impact of sliding time lag adjustment and allowance for ship allocation adjustment.

	FY2019 2Q	FY2020 2Q	Change	Change (%)
● Gas sales volume (Non-Consolidated) (million m ³ , 45MJ)	797	739	-58	92.8
Wholesale	315	284	-30	90.3
Large-lot-sale	395	371	-25	93.7
Small-lot-sale	87	85	-2	97.5
● Net sales (billion yen)	77.9	66.6	-11.3	85.5
● Operating profit after Sliding time lag adjustment (billion yen)	4.9	3.3	-1.5	67.7
Operating profit	7.0	2.7	-4.2	39.7
Sliding time lag	+2.1	-0.5	-2.6	—

Gas Sales Volume (Non-consolidated)

Unit; million m³(45MJ/m³)

* Figures in [] are the difference from the results in FY2019 2Q



Wholesale	<ul style="list-style-type: none"> Decrease due to demand fluctuation 	[-30]
Large-lot-sale	<ul style="list-style-type: none"> Additional customers in 2020 Full operation in factories of customers added in 2019 Decrease due to demand fluctuation 	[+1] [+1] [-27]
Small-lot-sale	<ul style="list-style-type: none"> Decreased in sales volume to commercial customers Increased in sales volume to residential customers 	[-3] [+1]

FY2019 2Q

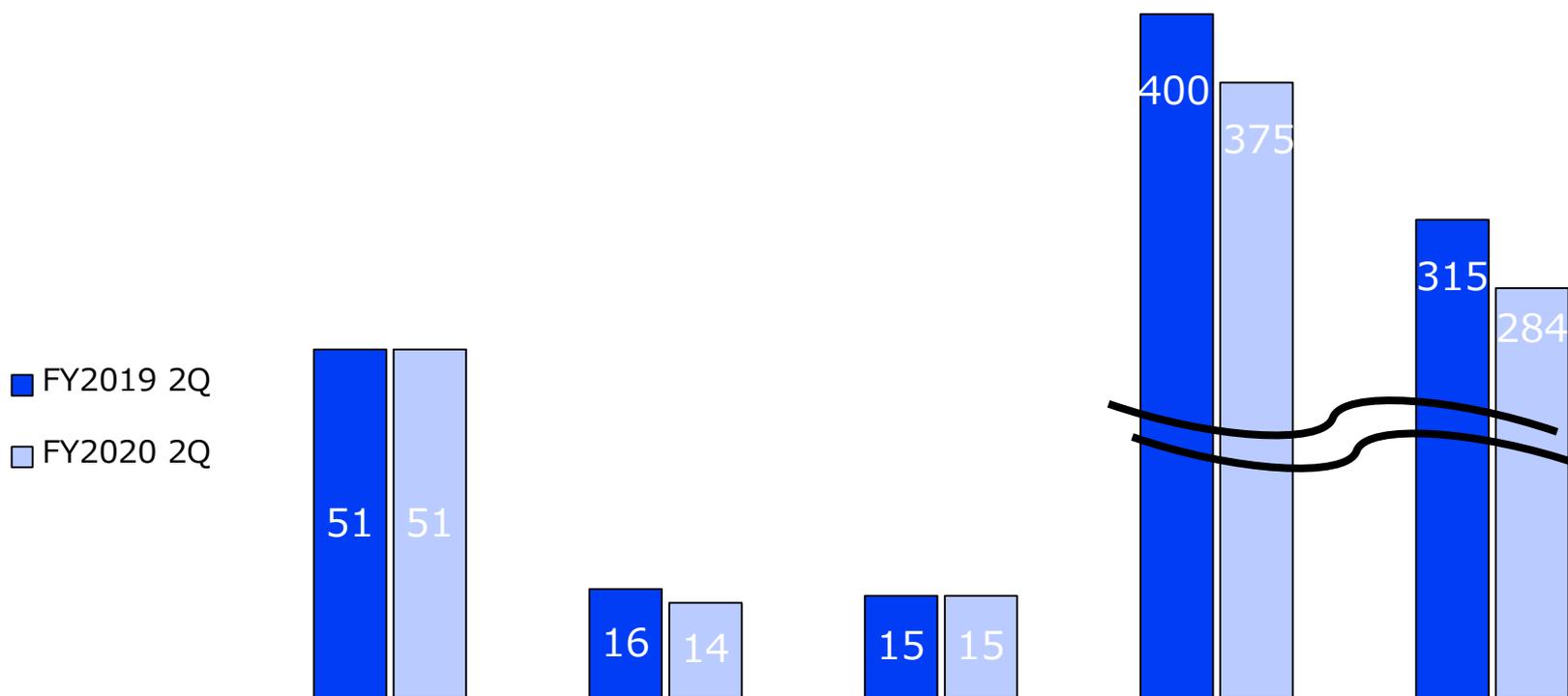
FY2020 2Q

Gas Sales Volume (Non-consolidated) by Use



Unit; million m³(45MJ/m³)

* Figures in [] are the difference from the results in FY2019 2Q



	Residential	Commercial (Office and Others)	Commercial (Medical/Public)	Industrial	Wholesale
Year-on-Year comparison	101.3% [+0.6]	89.3% [-1.7]	94.8% [-0.8]	93.7% [-25.3]	90.3% [-30.4]

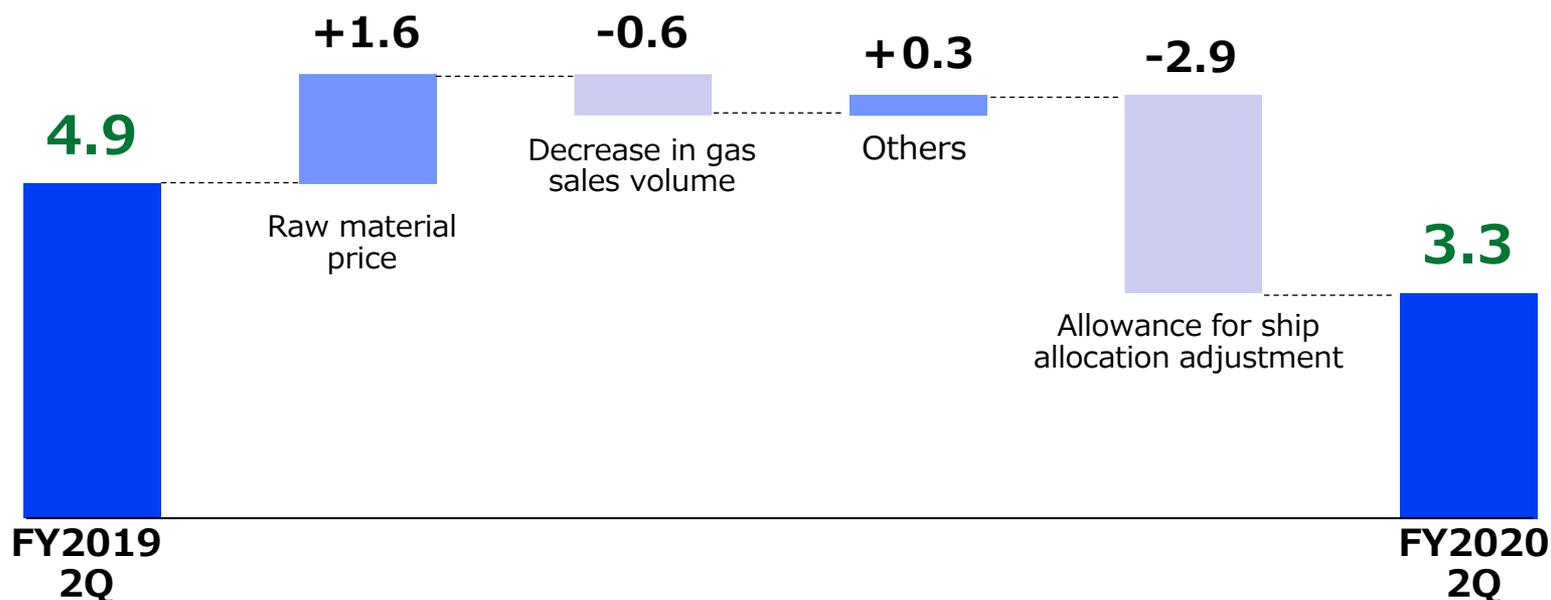
Breakdown of Consolidated Operating Profit (Year-on-Year comparison)



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Unit : billion yen

	FY2019 2Q	FY2020 2Q	Change
Operating profit after sliding-time-lag adjustment	4.9	3.3	-1.5
Operating profit	7.0	2.7	-4.2
Sliding-time-lag	+2.1	-0.5	-2.6

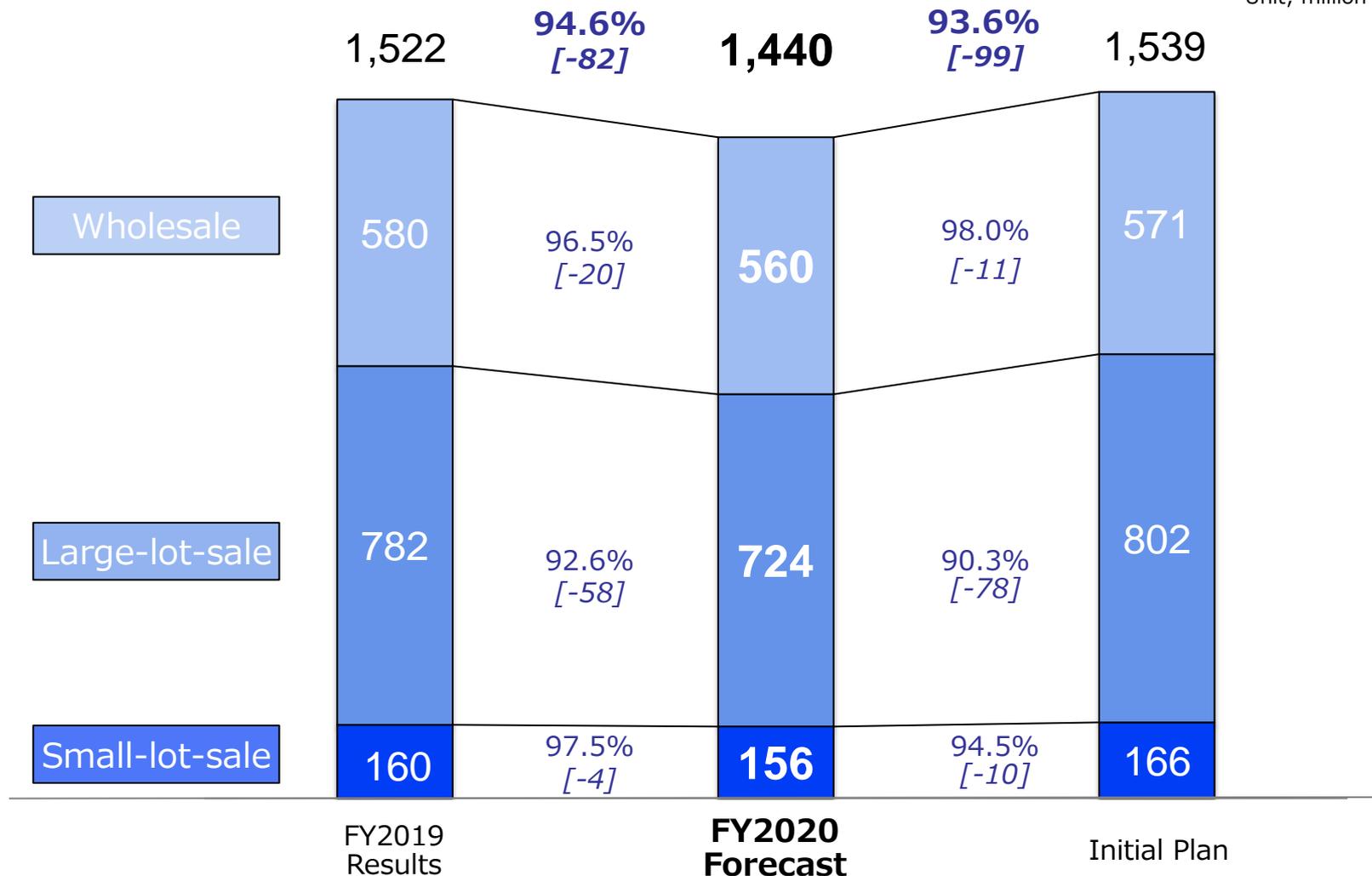


II. FY2020 Forecast

FY2020 Forecast: Gas Sale Volume (Non-consolidated)

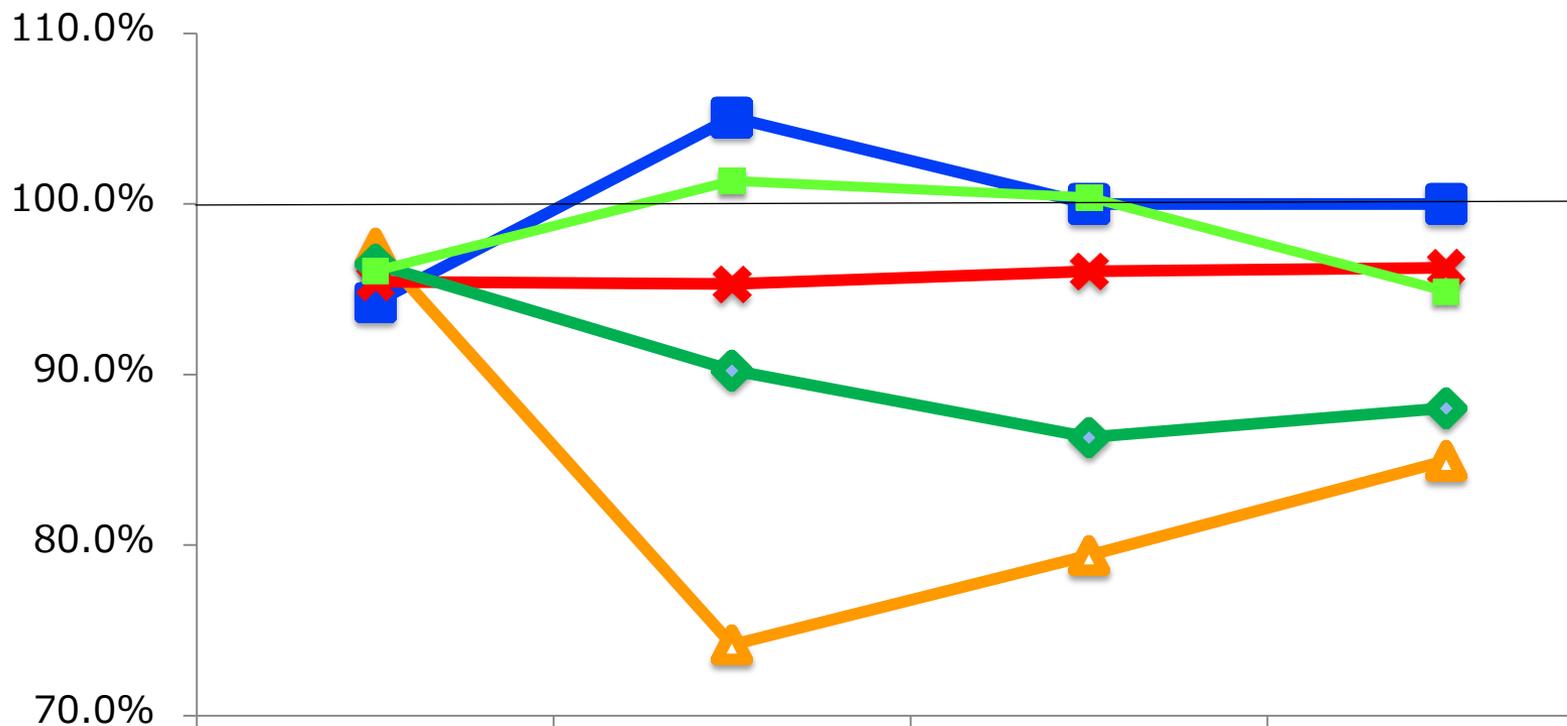


Unit; million m³(45MJ/m³)



FY2020 Forecast: Gas Sale Volume (Non-consolidated) by Use

<vs. Initial Plan>



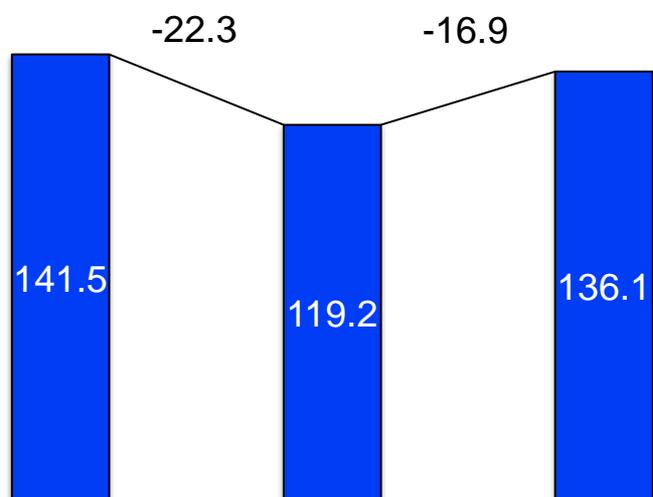
	1Q	2Q	3Q Forecast	4Q Forecast
Residential	94.2%	105.1%	100.0%	100.0%
Commercial	97.4%	74.2%	79.4%	84.9%
Medical/Public	95.4%	95.3%	96.0%	96.3%
Industrial	96.5%	90.2%	86.3%	88.0%
Wholesale	96.1%	101.4%	100.4%	94.9%

FY2020 Forecast: Net Sales and Operating Profit



Net sales

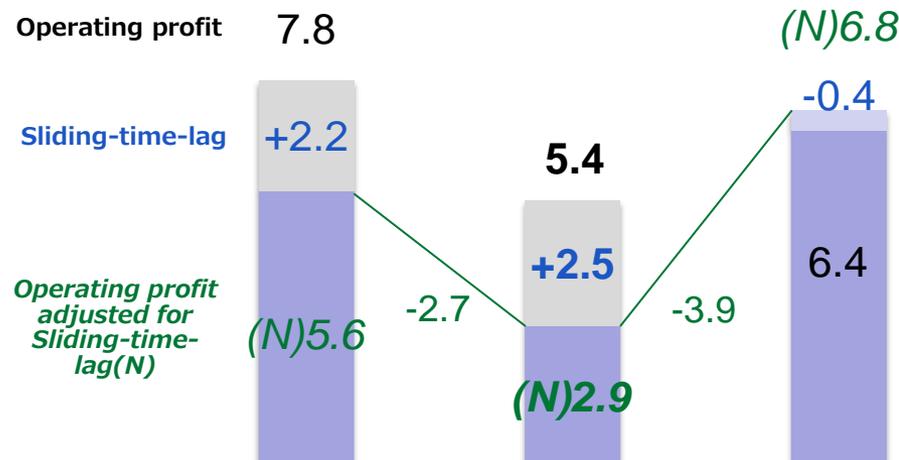
Unit: billion yen



FY2019 Results FY2020 Forecast Initial Plan

Operating profit & Sliding-time-lag

Unit: billion yen



FY2019 Results FY2020 Forecast Initial Plan

	FY2020 1-2Q	July 2020	Aug-Dec 2020 Forecast
Exchange rate (Yen/US \$)	108.4	107.2	110
Crude oil price C I F (J C C) (\$ / b b l)	50.2	41.0	45

Effect on Gross profit (Aug-Dec 2020)	
(+) 1yen/US\$	-70 million yen
(+) \$1/bbl	-50 million yen

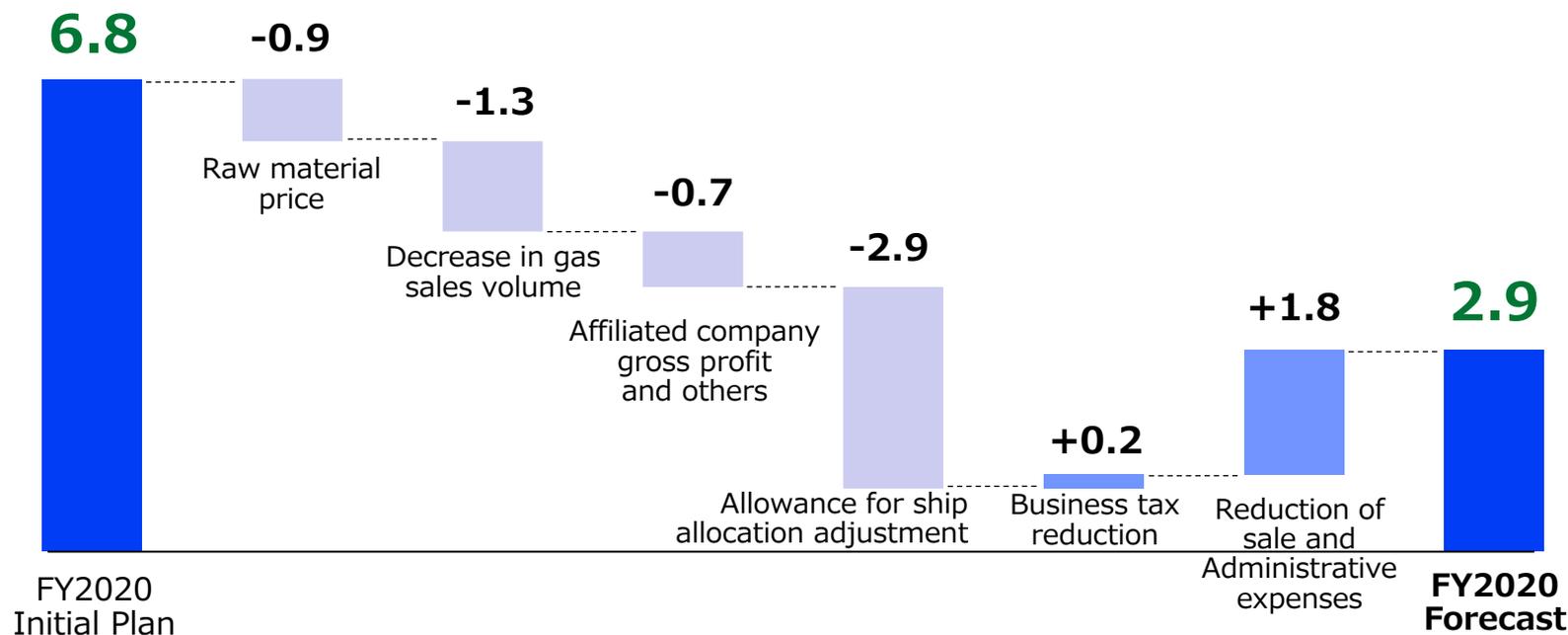
Breakdown of Operating Profit (FY2020 Forecast)

<vs. Initial Plan>



Unit : billion yen

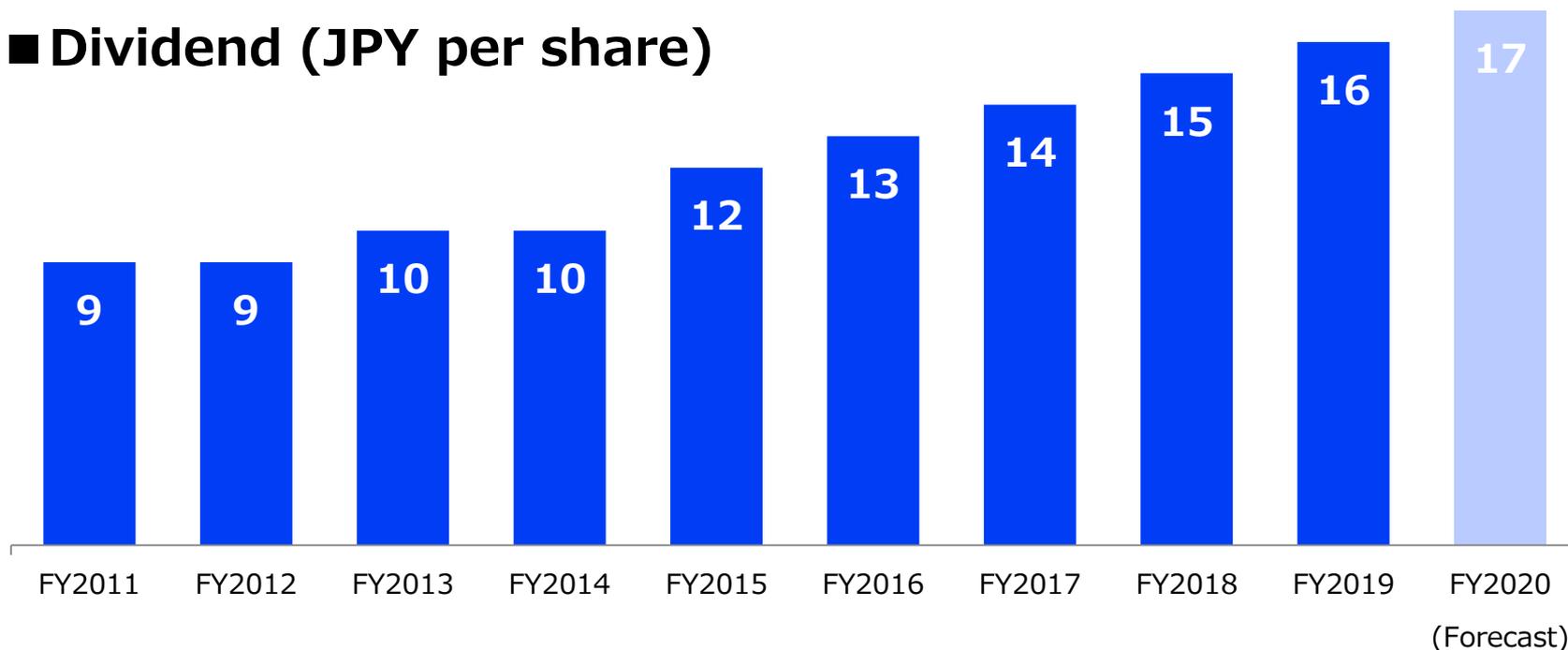
	FY2020 Initial Plan	FY2020 Forecast	Change
Operating profit after sliding-time-lag adjustment	6.8	2.9	-3.9
Operating profit	6.4	5.4	-1.0
Sliding-time-lag	-0.4	+2.5	+2.9



Returns to Shareholders

Dividend policy	<ul style="list-style-type: none">➤ Stable dividend➤ Based on performance and Dividend on Equity (DOE)➤ DOE; FY2019 1.52% → FY2020(Forecast) 1.53%
Interim Dividend per share	JPY 8.5
Year-end Dividend per share	JPY 8.5 (Forecast)

■ Dividend (JPY per share)



Ⅲ. Topics

Raw Material Issue and Initiatives

Issue

Increase in the spread between lowering average LNG import price (JLC) in Japan and the Shizuoka Gas purchase LNG price

Factors

Increasing flexibility of the LNG market (price/quantity)



Increasingly active trading by third-parties

Initiatives

- Utilize the advantages of the Sodeshi Terminal
 - ✓ Increase the LNG sales by using containers
 - ✓ Implement reloading by using medium or small sized ships
 - ✓ Trading using seasonal price differences, and so on
- Revise the prices in the current LNG contracts

Increase the trading opportunities

Respond to the short-term price trends

Promote the Electric Energy Business by Utilizing Renewable Energy Sources and Cooperation with Local Communities



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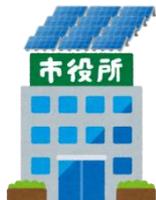
Shimada City

- Install solar power generation and energy storage systems
- Supply power energy to public facilities utilizing the systems above
- Deploy electric vehicles and charger/discharger systems

Fuji City

- Purchase electric energy generated by city-owned systems
- Supply electric energy to public facilities
- Implement an energy conservation remodeling service

- Local community cooperation and distributed electric energy business utilizing renewable energy sources
- Improve environmental performance and disaster prevention performance by promoting local production and consumption of energy



City-owned facilities



静岡ガス&パワー
SHIZGAS



City-owned facilities

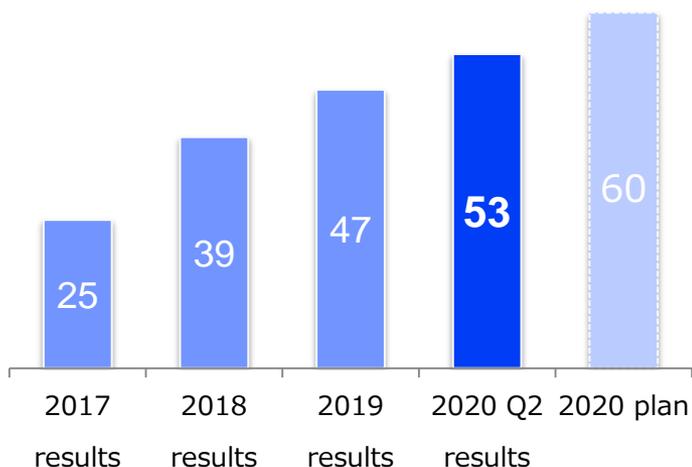


Inside the city

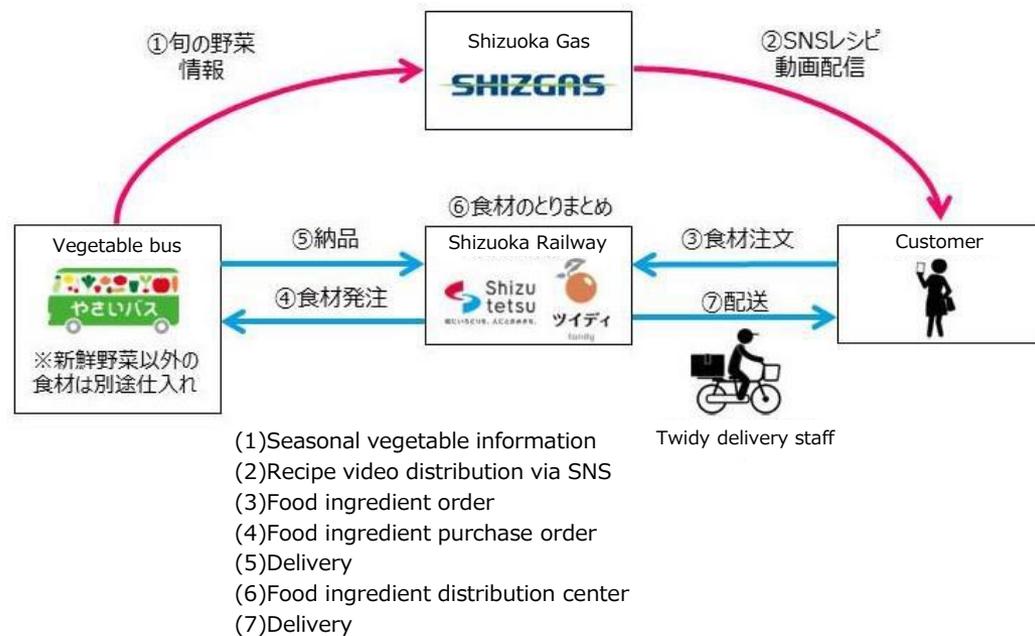
Strengthening relations with customers and local communities

- The number of customers using Shizuoka Gas (SHIZGAS) electric energy exceeded the 50,000 mark.
- Four companies jointly deliver local seasonal vegetables to customers and distribute recipe videos via SNS

■ Number of customers using SHIZGAS electric energy (in thousands)



■ Local fresh vegetable home delivery service



Initiatives to Prevent the COVID-19



(1) Internal initiatives

- Utilize remote work (working from home) and staggered and flexible working hours
- Encourage web conferencing inside and outside the company
- Separate the moving route of the security department from others



(2) Non-contact marketing initiatives (continue relations)

- Publish cooking recipe videos, since the showroom was closed
- Publish gas equipment demo videos, since home visits are banned



(3) Local community cooperation

- Create face shields using a gas tube and donate them to the local medical institutions, etc.
- “Do not surrender to COVID-19! Customer support lunch campaign”
Order lunch box catering services from our food service vendor customers



IV. Supplementary Information

Gas Sales Volume (Non-Consolidated)



Unit : million m³

	FY2019 2Q Results	FY2020 2Q Results	%
Gas sales volume	797	739	92.8%
Direct sales	482	455	94.4%
Residential	51	51	101.3%
Commercial	31	29	92.0%
Industrial	400	375	93.7%
Wholesale	315	284	90.3%

〈 Breakdown of Direct sale 〉

Large-lot-sale	395	371	93.7%
Small-lot-sale	87	85	97.5%

Profit and Loss

Unit : billion yen

	FY2019.2Q	FY2020.2Q	Year on year
Net sales	77.9	66.6	85.5%
Gas	63.3	53.2	84.1%
LPG·Electricity/Other	14.6	13.3	93.4%
Gross Profit	20.7	16.3	79.2%
Gas sales	17.4	13.3	76.8%
LPG·Electricity/Other	3.2	3.0	95.5%
Sales and administrative expenses	13.6	13.6	99.4%
Personnel	5.5	5.5	99.9%
Other expenses	4.9	4.8	96.8%
Depreciation	3.1	3.2	102.6%
Operating profit	7.0	2.7	39.7%
Sliding time lag	+2.1	-0.5	-
Operating profit after Sliding time lag adjustment	4.9	3.3	67.7%