

FY2019 Financial Results



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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

FY2019 Financial Highlights

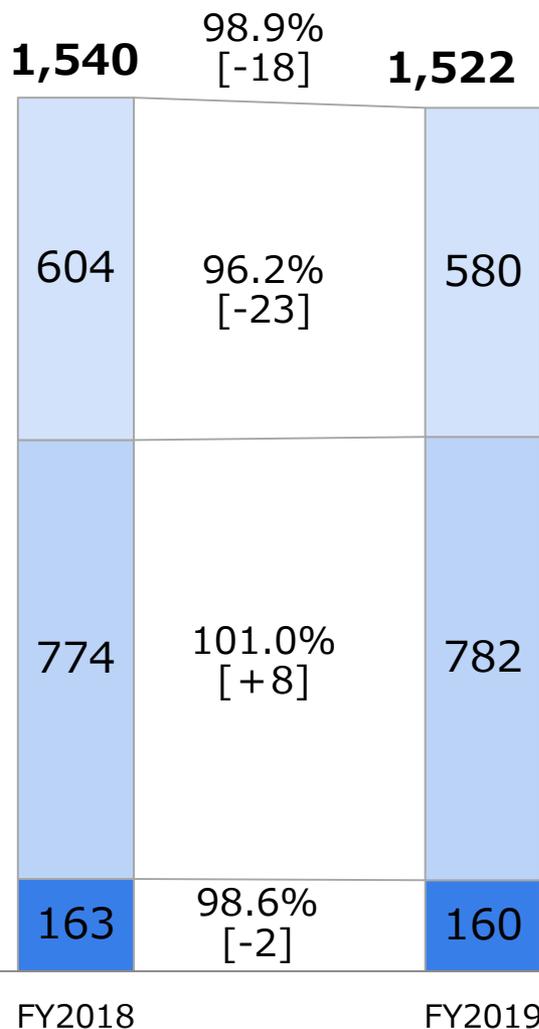


◎ Results : Lower sales, higher profits

- Gas sales volume +1.1% year on year
 (Wholesale) Decreased due to supply-demand adjustments on the contract
 (Large-Lot Sales) Increased due to additional customers in FY2019.
 (Small-Lot Sales) Decreased due to higher temperature.
- Net sales decreased due to lower gas sales volume.
 Operating profit +61.3% after sliding time lag adjustment.

	FY2018	FY2019	Change	Change (%)
● Gas sales volume (Non-Consolidated) (million m ³ , 45MJ)	1,540	1,522	-18	98.9
Wholesale	604	580	-23	96.2
Large-lot-sale	774	782	+8	101.0
Small-lot-sale	163	160	-2	98.6
● Net sales (billion yen)	143.1	141.5	-1.6	98.8
● Operating profit after Sliding time lag adjustment (billion yen)	9.2	5.6	-3.6	60.8
Operating profit	4.8	7.8	+2.9	161.3
Sliding time lag	-4.3	+2.2	+6.6	-

Gas Sales Volume (Non-consolidated)



Unit; million m³(45MJ/m³)

* Figures in [] are the difference from the results in FY2018

Wholesale

- Supply-demand adjustments on the contract [-16]

Large-lot-sale

- Additional customers in 2019 [+18]
- Full operation in factories of customers added in 2018 [+14]
- Existing customers [-24]

Small-lot-sale

- Decreased in sales volume to commercial customers [-1]
- Decreased in sales volume to residential customers [-1]

Breakdown of Consolidated Operating Profit (Year on Year)



Unit : billion yen

	FY2018	FY2019	Change
Operating profit after Sliding time lag adjustment	9.2	5.6	-3.6
Operating profit	4.8	7.8	+2.9
Sliding time lag	-4.3	+2.2	+6.6



Ⅱ. Medium-Term Management Plan FY2020 – FY2022

Vision for 2025 and Beyond

2025: Become the No.1 Regional Solutions Corporate Group

⇒ Initiatives taking one step forward, even one half-step forward, looking to the ever-changing business environment

■ Initiatives to Date

● Expand Business Fields and Uncover Customer Needs

Overseas Businesses

Electricity Business

More Customer Interaction Points

Expand Life Services

● Stronger Business Foundation

City gas

LPG

No.1 Regional Solutions Corporate Group

Renewable Energy Development

Expand Role of LNG

Rising Competition From Liberalization

LNG Trading Liquidity

Digitalization

Low Birthrate, Aging Society

Smart Homes, Smart Factories

Changes in Consumer Preferences

Changing Business Environment

Phase 1
2015-2017

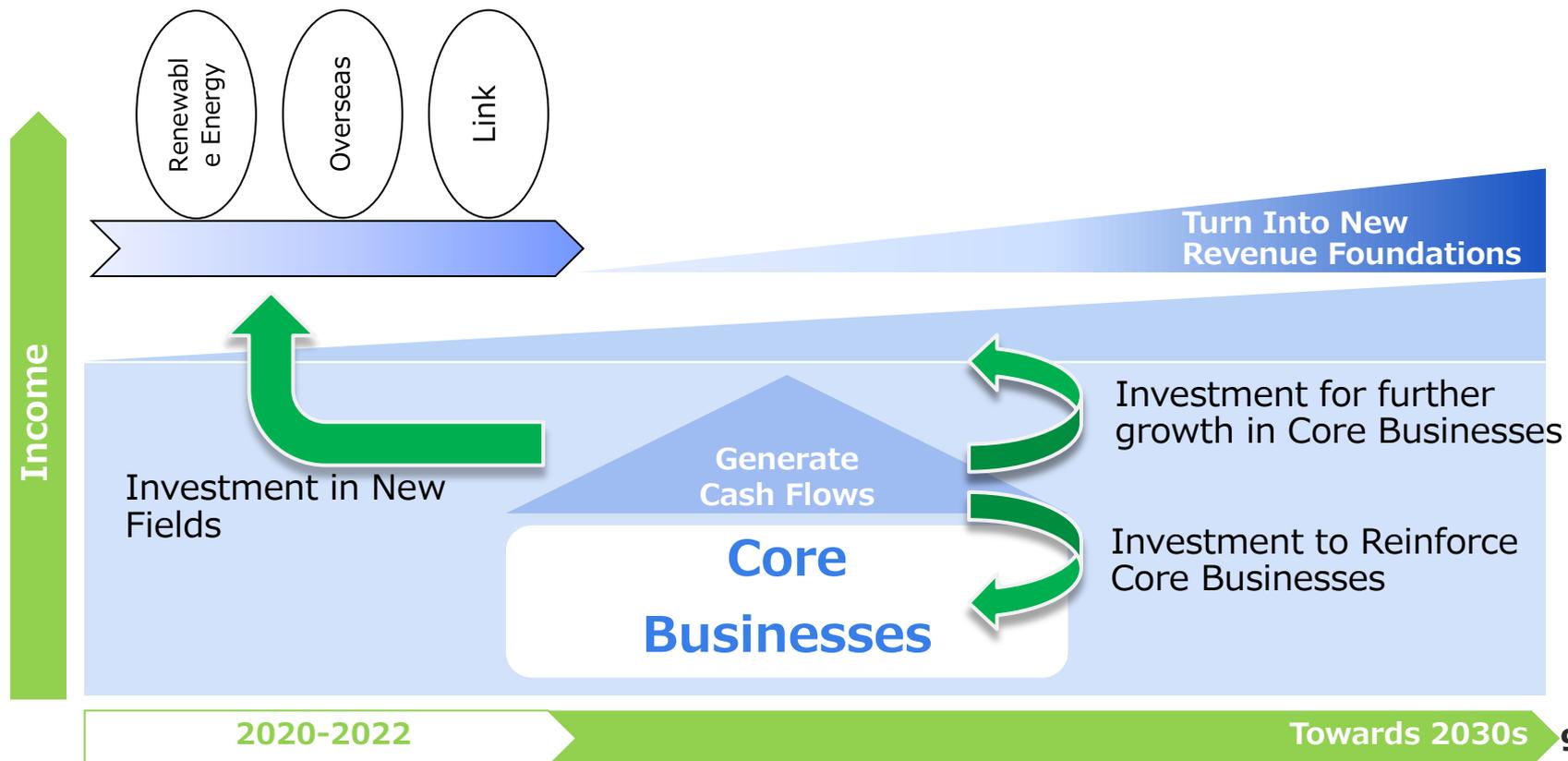
Phase 2
2018-2020

Phase 3
2021-2025

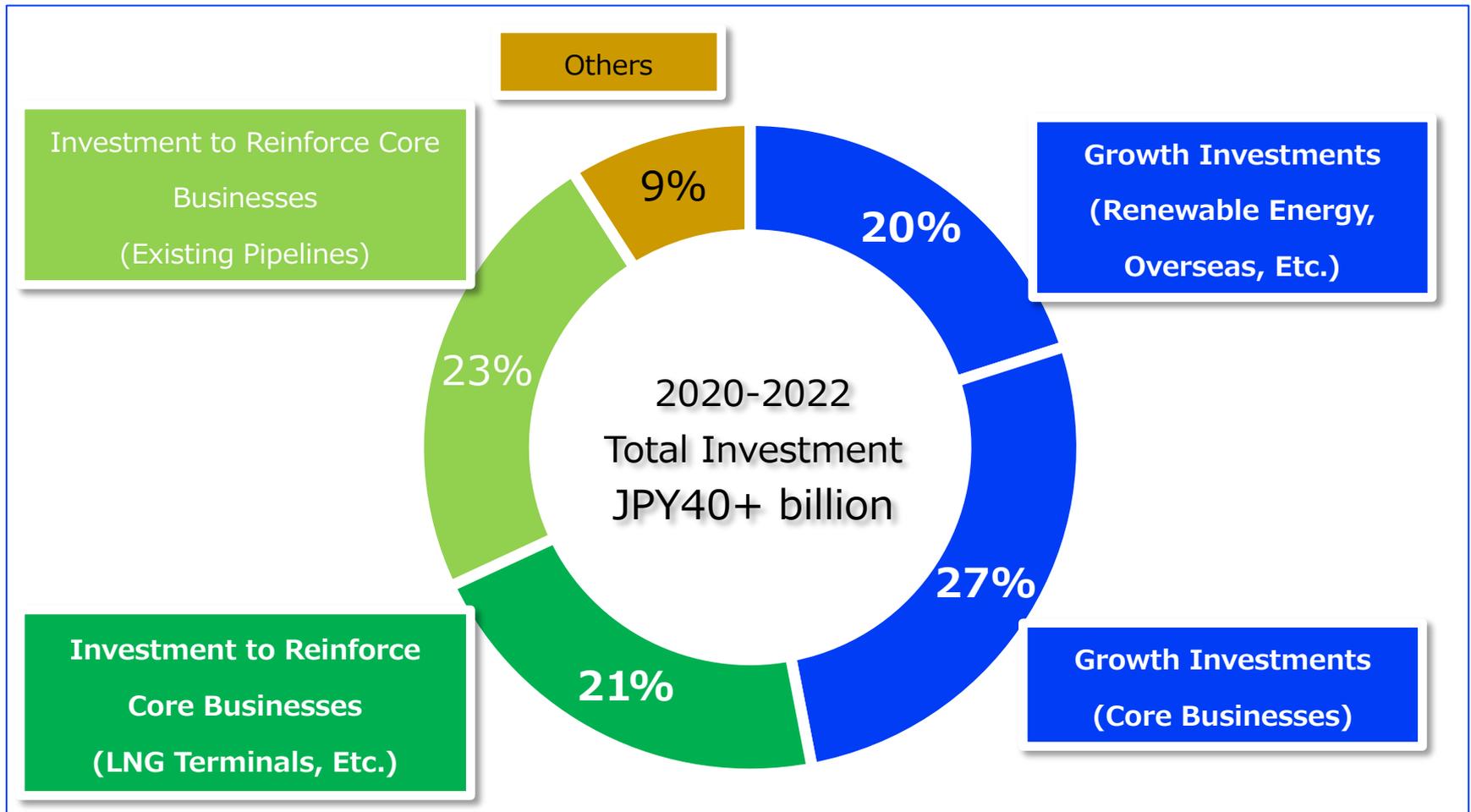
2025 and Beyond

Investment Strategy for Sustainable Growth

- Short- and medium-term investments in Core Businesses for sustainable growth
- Growth through businesses aligned with medium- and long-term environmental changes and social needs



Three-Year Investment Plan

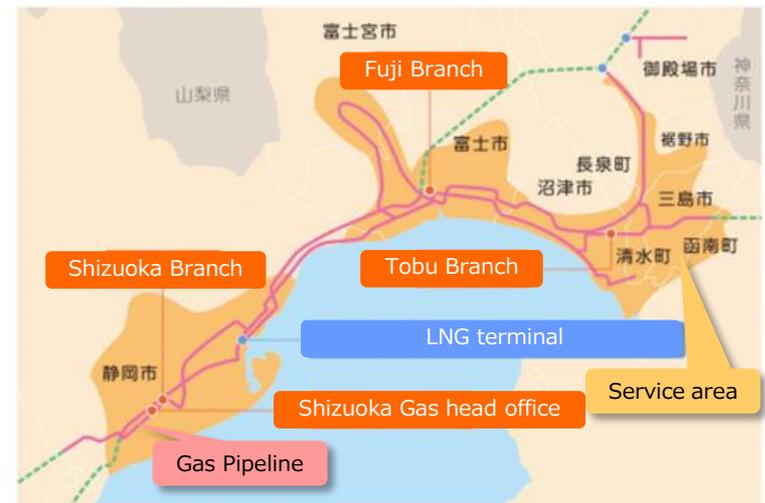


Reinforce Infrastructure for Better Regional Resilience

- Meet responsibilities as a critical energy supplier for secure, safe, stable supply and rapid recovery during disasters
- Expand customer base through investments in new pipelines



LNG Terminals



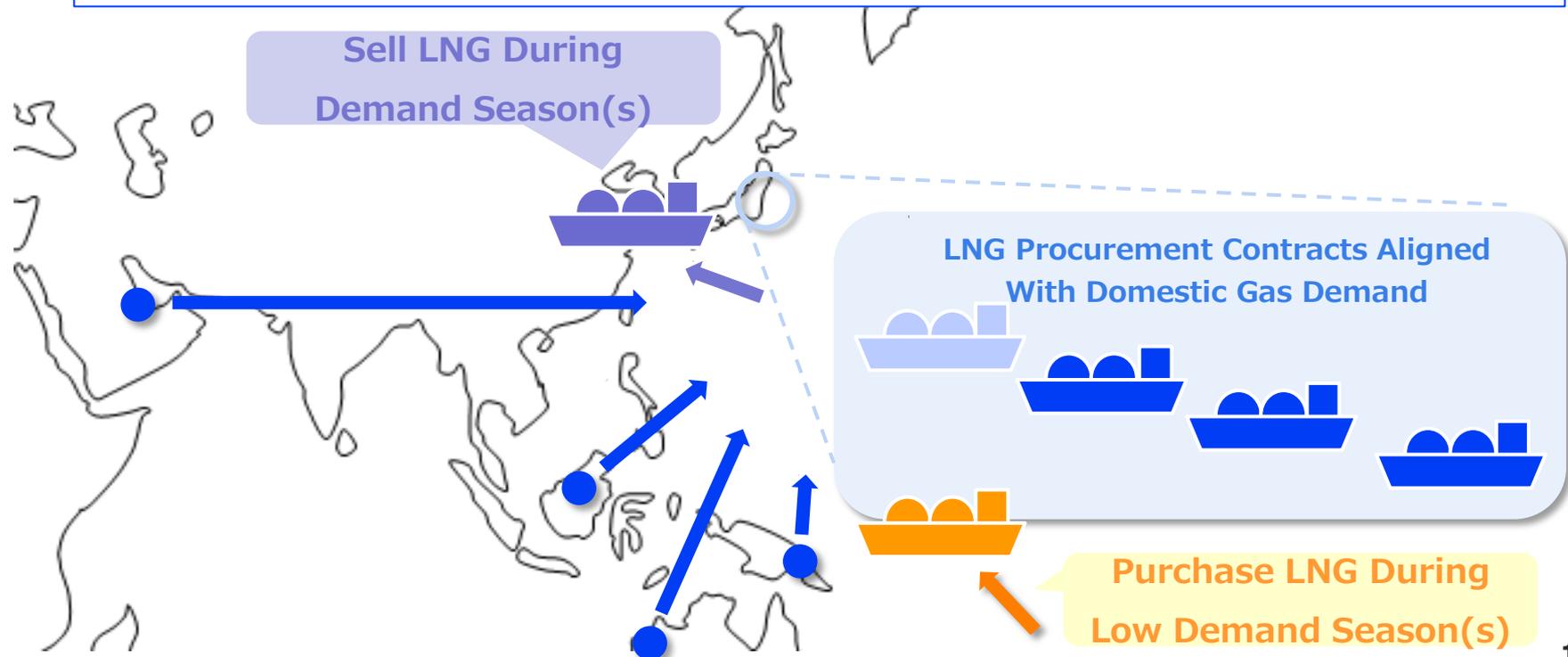
Gas Pipeline Network

Core Businesses (Recover Earnings Capacity)



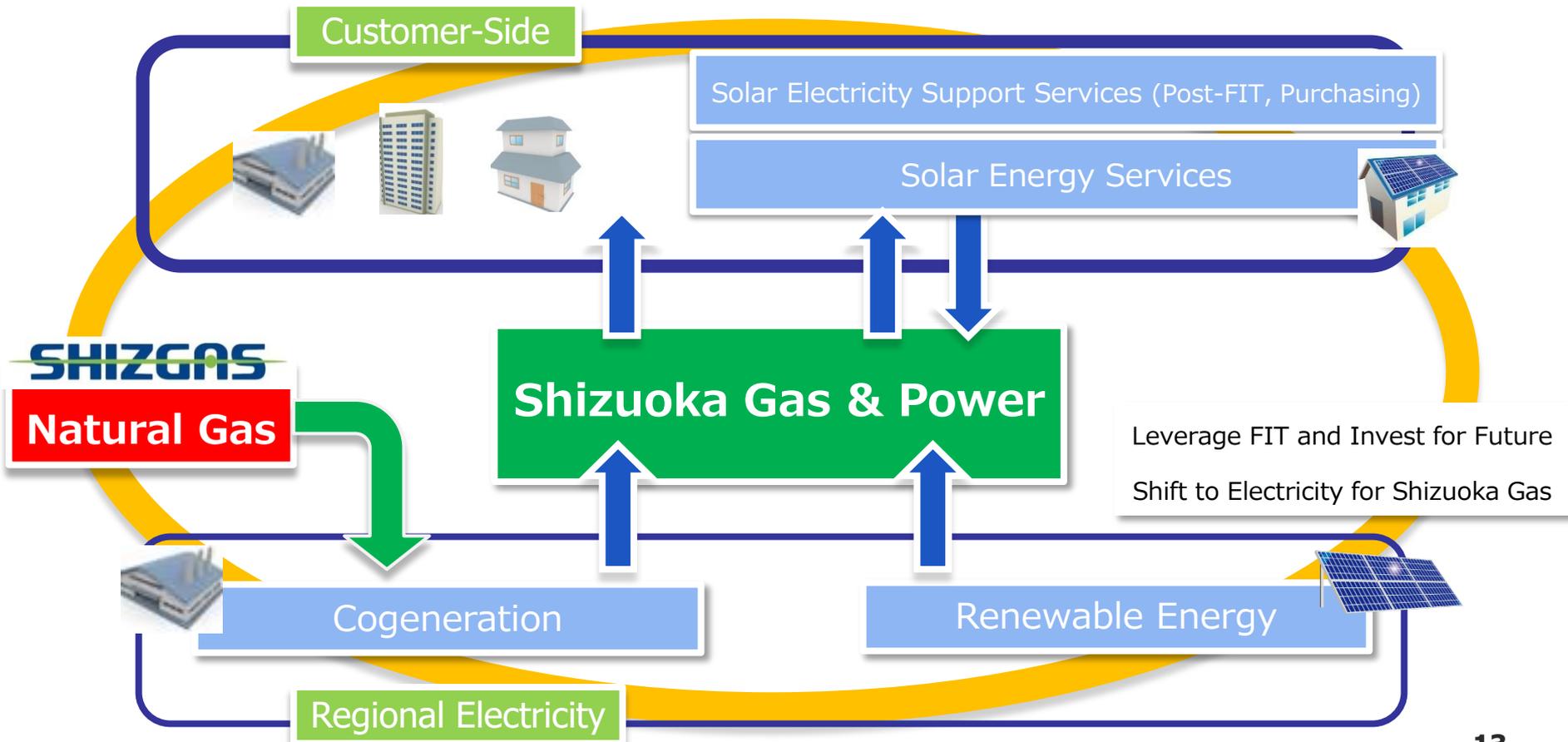
LNG Procurement Prices and Terminal Usage

- Price revisions in current LNG contracts
- Trades that leverage seasonal pricing differences
- Reloading via small-, medium-sized ships
- LNG sales to China via containers



Electricity Business

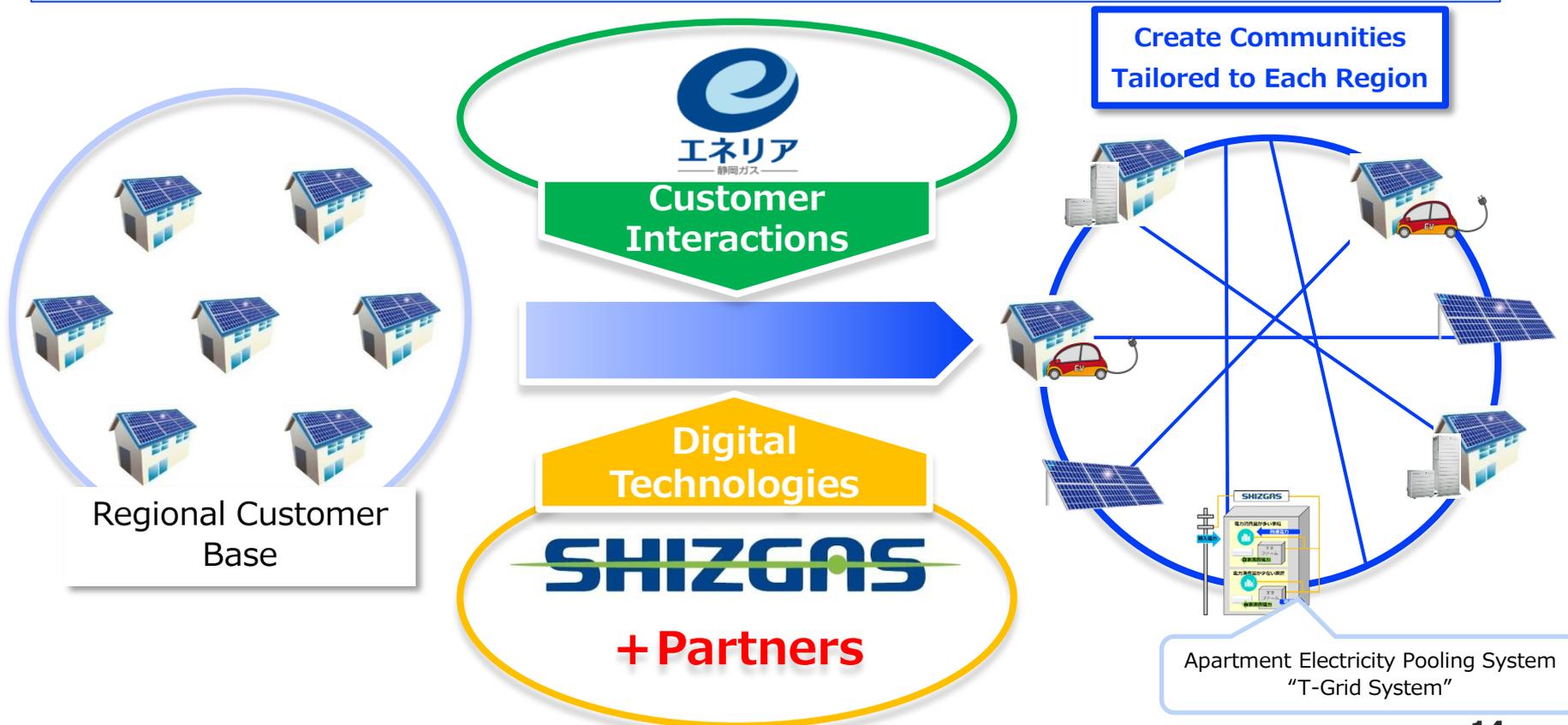
- Electricity business leveraging regional alliances, distributed model, customer-side
- Invest in renewable energy from a medium- and long-term perspective



Lifestyle Creation Business (Build on Strengths and Create Alliances)



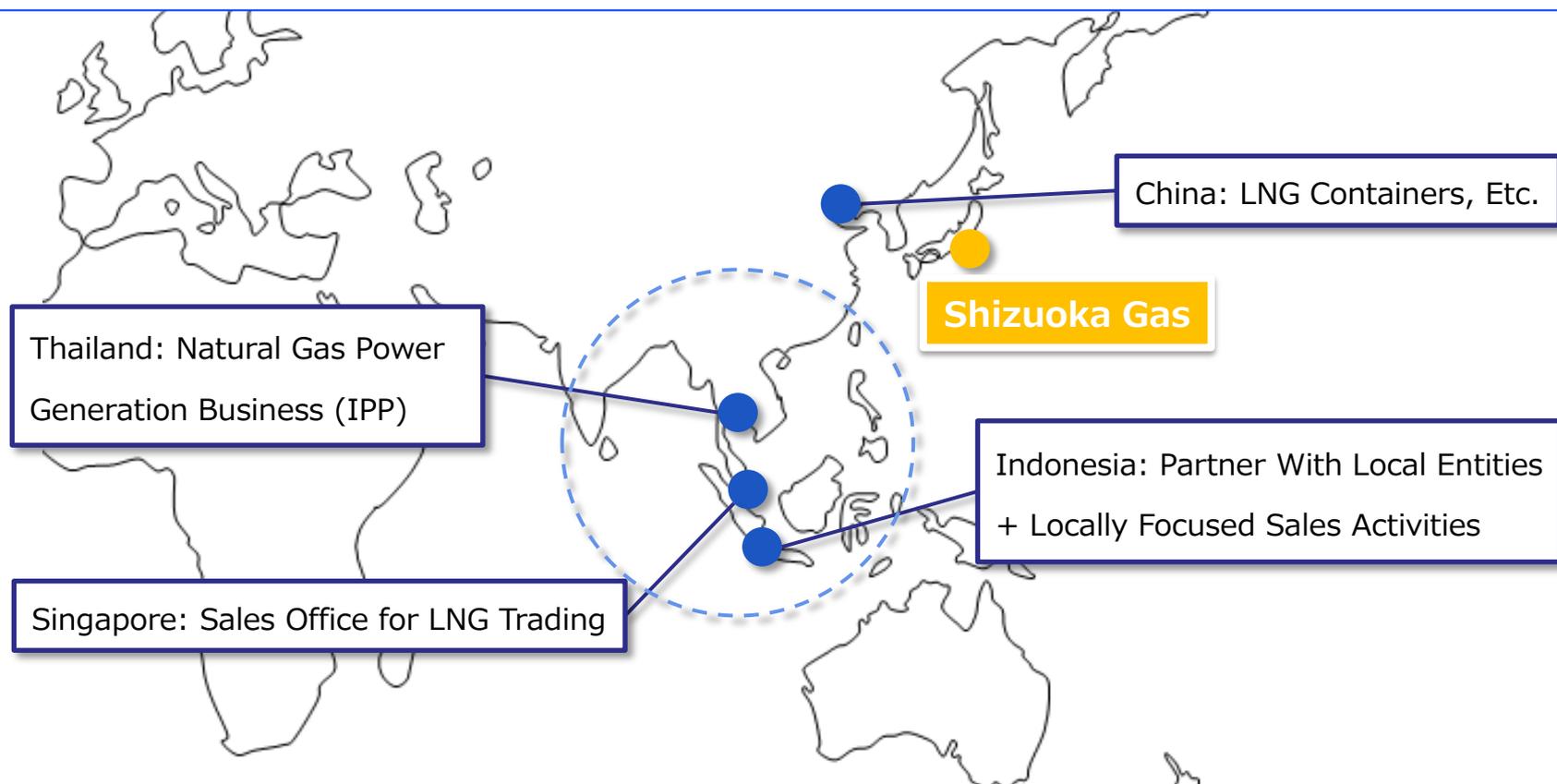
- Create deeper customer interactions and leverage digital technologies (investments in human resources, facilities)
- Shift from building platforms to building regional communities
- Engage in regional co-creation, regional circulation, alliances



Overseas Business (to the Second Stage)

Pursuing a Global Niche Strategy

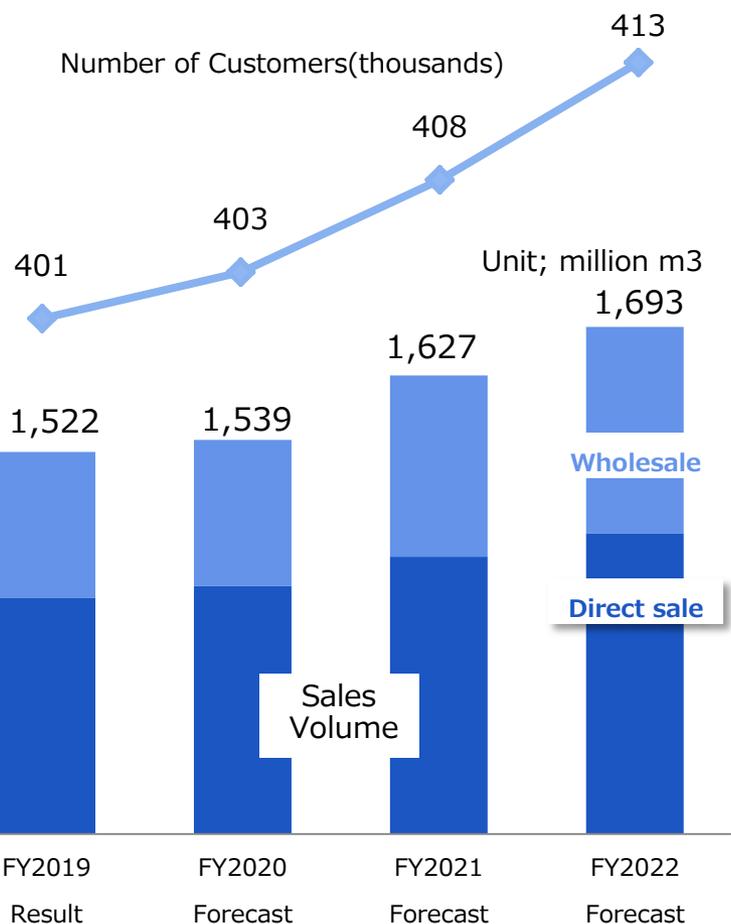
- Leverage our expertise to develop business in Indonesia and some others
- Transition from the seed stage to the next stage



Forecast : Consolidated Gas and Electricity Sales Volume/Number of Customers

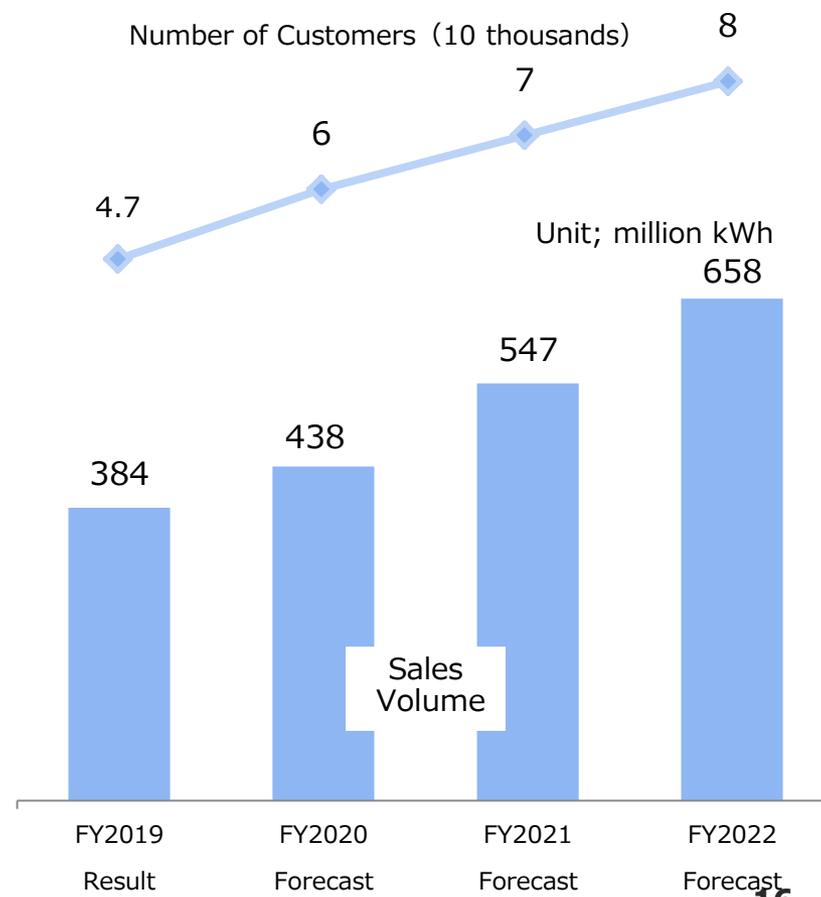
Gas Sector

■ Sales Volume/Number of Customers



Electricity Sector

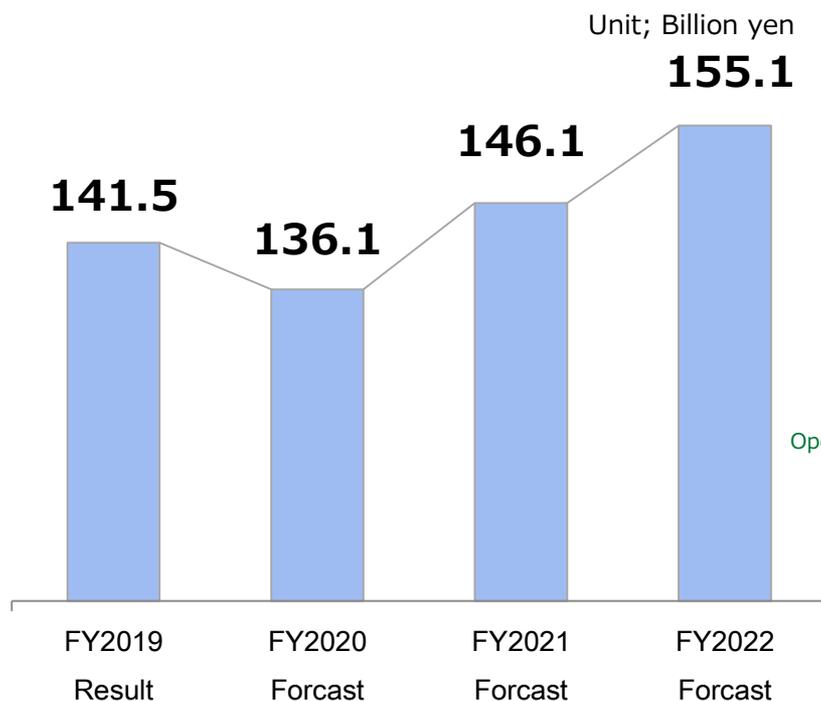
■ Sales Volume/Number of Customers



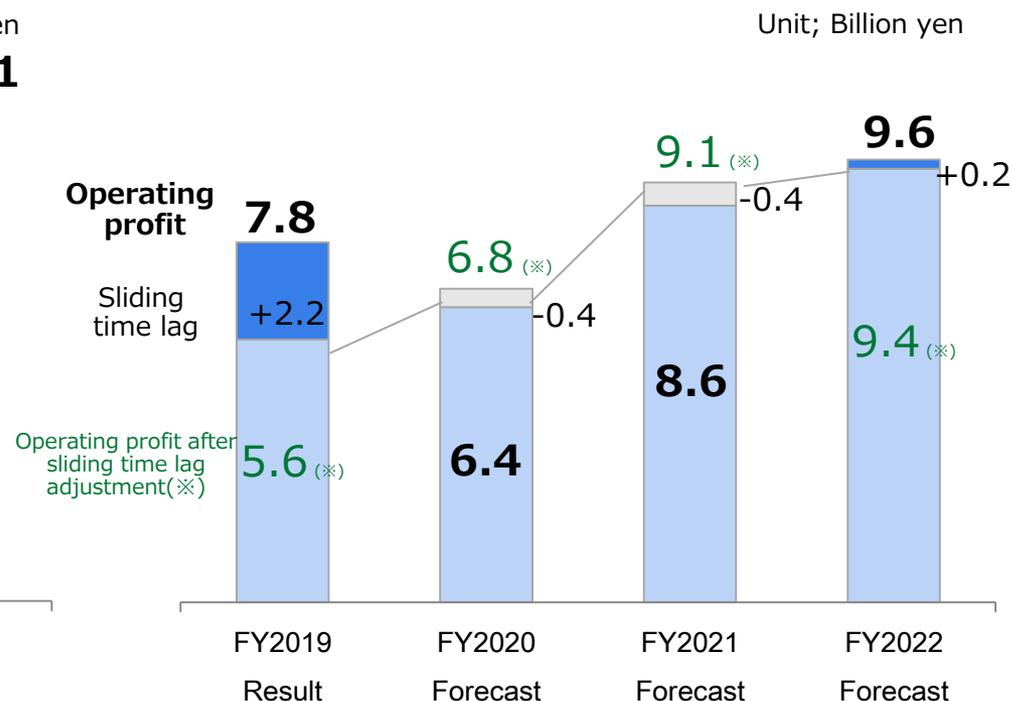
Forecast : Net Sales and Operating Profit



Net Sales



Operating profit & Sliding time lag



	FY2019 Result	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast
Exchange rate (Yen/US\$)	109.0	110	110	110
Crude oil price CIF (JCC) (\$/bbl)	66.8	65	65	65

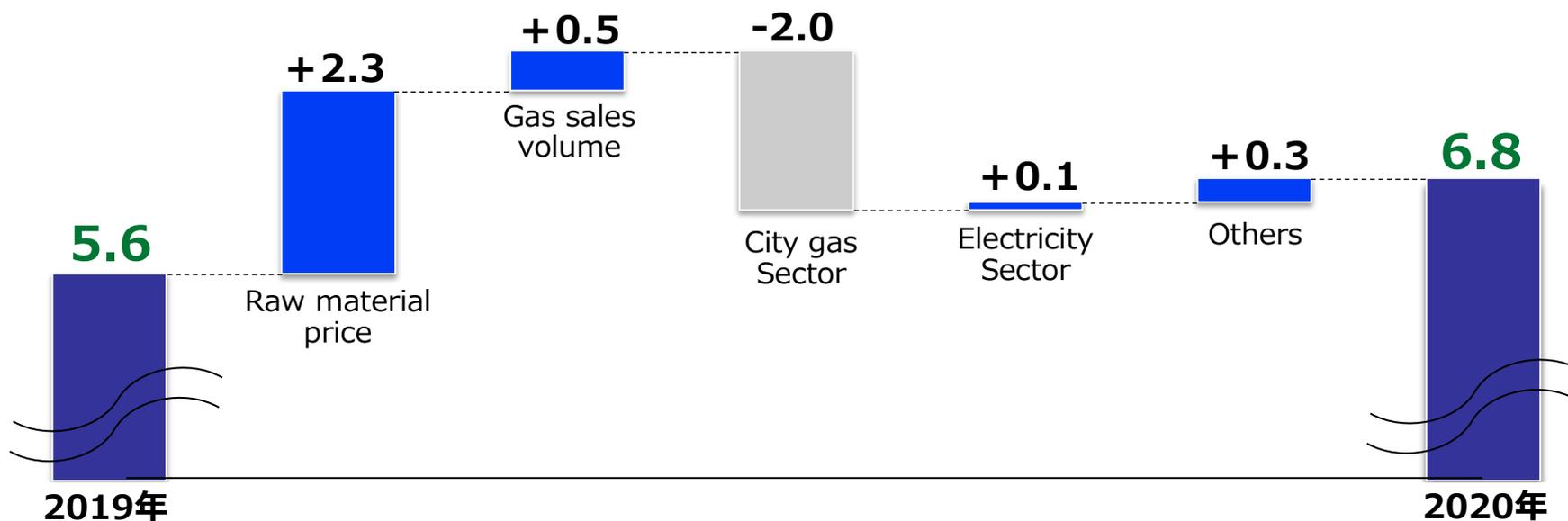
Gross Profit Sensitivity (FY2020)	
(+) 1yen/\$	-100 million yen
(+) 1\$/bbl	-220 million yen

Forecast : Breakdown of Consolidated Operating Profit (Year on Year)



Unit : billion yen

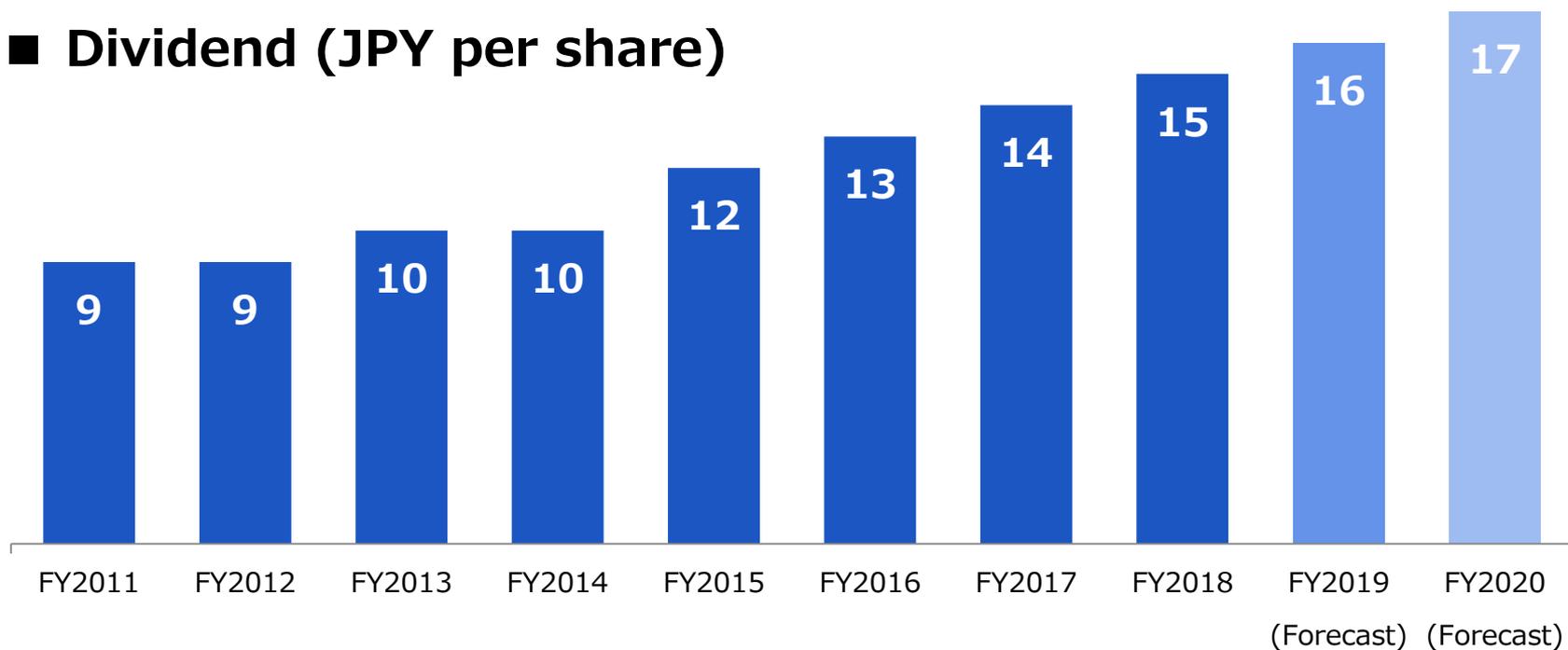
	FY2019	FY2020	Change
Operating profit after Sliding time lag adjustment	5.6	6.8	+1.2
Operating profit	7.8	6.4	-1.3
Sliding time lag	+2.2	-0.4	-2.6



Returns to Shareholders

Dividend policy	<ul style="list-style-type: none">➤ Stable dividend➤ Based on performance and Dividend on Equity (DOE)➤ DOE; FY2019(Forecast) 1.52% → FY2020(Forecast) 1.53%
Interim Dividend per share	JPY 8.0
Year-end Dividend per share	JPY 8.0 (Forecast)

■ Dividend (JPY per share)



Ⅲ. Supplementary Information

Gas Sales Volume (Non-Consolidated)



Unit : million m³

	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast
Gas sales volume	1,539	1,627	1,693
Direct sale	968	983	1,004
Residential	86	87	88
Commercial	69	71	72
Industrial	812	825	844
Wholesale	571	644	689

〈 Breakdown of Direct sale 〉

Large-lot-sale	802	814	832
Small-lot-sale	166	169	173

※ Large-lot-sale : Annual contract quantity are 100 thousand m³ or more

Statements of Income



Unit : billion yen

	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast
Net sales	136.1	146.1	155.1
Cost of sales	100.1	107.5	113.9
Gross Profit	35.9	38.5	41.2
Selling, general and administrative expenses	29.5	29.9	31.5
Salaries	11.5	11.5	11.5
Other expenses	11.1	11.5	12.7
Depreciation	6.8	6.8	7.3
Operating profit	6.4	8.6	9.6
Ordinary profit	6.9	9.3	10.4
Profit attributable to owners of parent	4.3	6.1	7.0

Balance Sheets



Unit : billion yen

	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast
Assets	116.3	122.0	126.9
Non-current assets	75.6	80.9	84.8
Current assets	40.7	41.0	42.0
Liabilities	27.6	28.1	27.0
Long-term loans payable	7.0	6.7	5.6
Net assets	88.6	93.8	99.9

Statements of Cash Flows



Unit : billion yen

	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast
Cash flows from operating activities	11.0	15.6	16.1
Cash flows from investing activities	-12.1	-14.0	-13.0
Cash flows from financing activities	-3.5	-2.0	-2.8
Depreciation	8.6	8.6	9.1

Fiscal 2019 Highlights



- Jan 2019
 - Signed container ship-based LNG reload contracts with Chinese firm (July trial)
 - Reorganized Enarea customer service structure (12 companies ⇒ 4 companies)
- Feb
 - Launched residential service to resolve smartphone-related issues
 - Conducted proof-of-concept tests for V2G aggregation business
- Mar
 - Instituted a no-smoking policy at all group companies
- May
 - Converted Chuen Gas to wholly owned subsidiary via stock swap
 - Opened the eHouse model home (flat-rate remodeling materials exhibition)
 - Shizuoka Gas Living signed regional revitalization agreement with the Seishin Shinkin Bank
- Jun
 - Launched an Open Innovation Program created by the collaborations of the three companies Shizuoka Railway and Shizuoka Telecasting and Shizuoka Gas
- Jul
 - Fuji Region surpassed 40k households using city gas
 - Victorious at the Emperor's Cup Baseball Tournament (Rubber Baseball Team)
- Sept
 - Signed comprehensive agreement with Shimizu Town to revitalize the region
- Nov
 - Launched electricity purchasing (electricity generated by solar energy systems) and solar energy system maintenance services
- Apr 2020
 - 110th Anniversary (April 16)