

FY2019 Financial Results



SHIZUOKA GAS CO.,LTD.

TSE:9543

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| Disclaimer | |
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- 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)

1,540 98.9%
[-18] **1,522**

| | | |
|-----|----------------|-----|
| 604 | 96.2% [-23] | 580 |
| 774 | 101.0% [+8] | 782 |
| 163 | 98.6% [-2] | 160 |

FY2018

FY2019

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

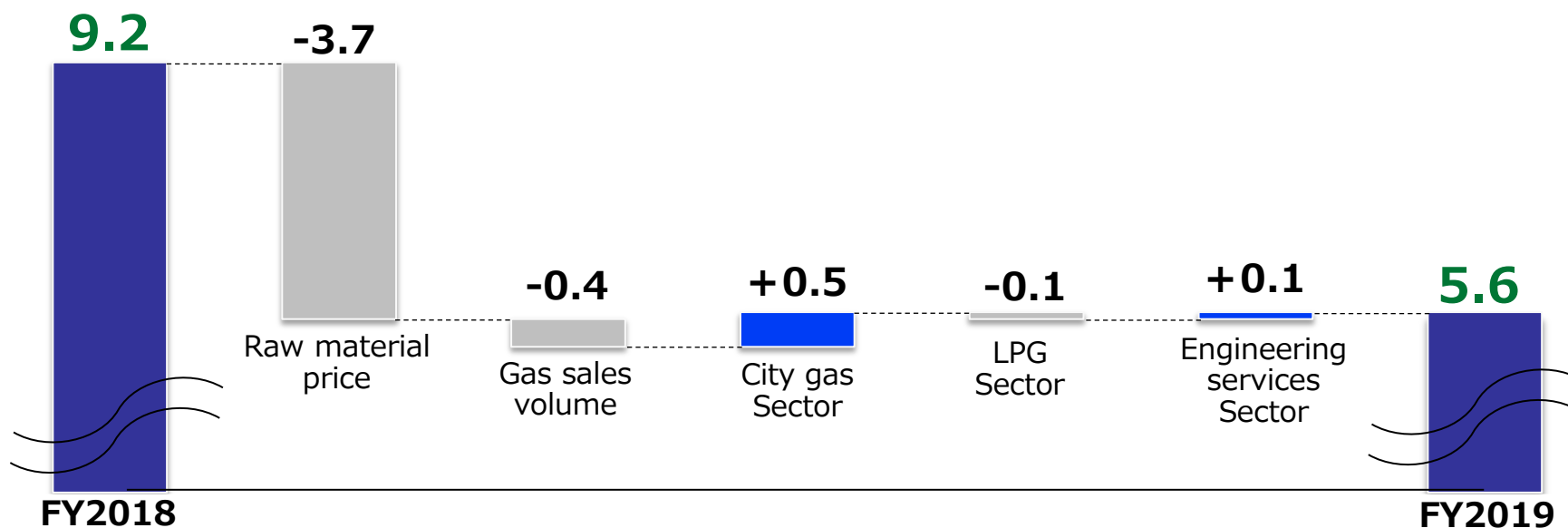
- Decreased in sales volume to commercial customers [-1]
- Decreased in sales volume to residential customers [-1]

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 |

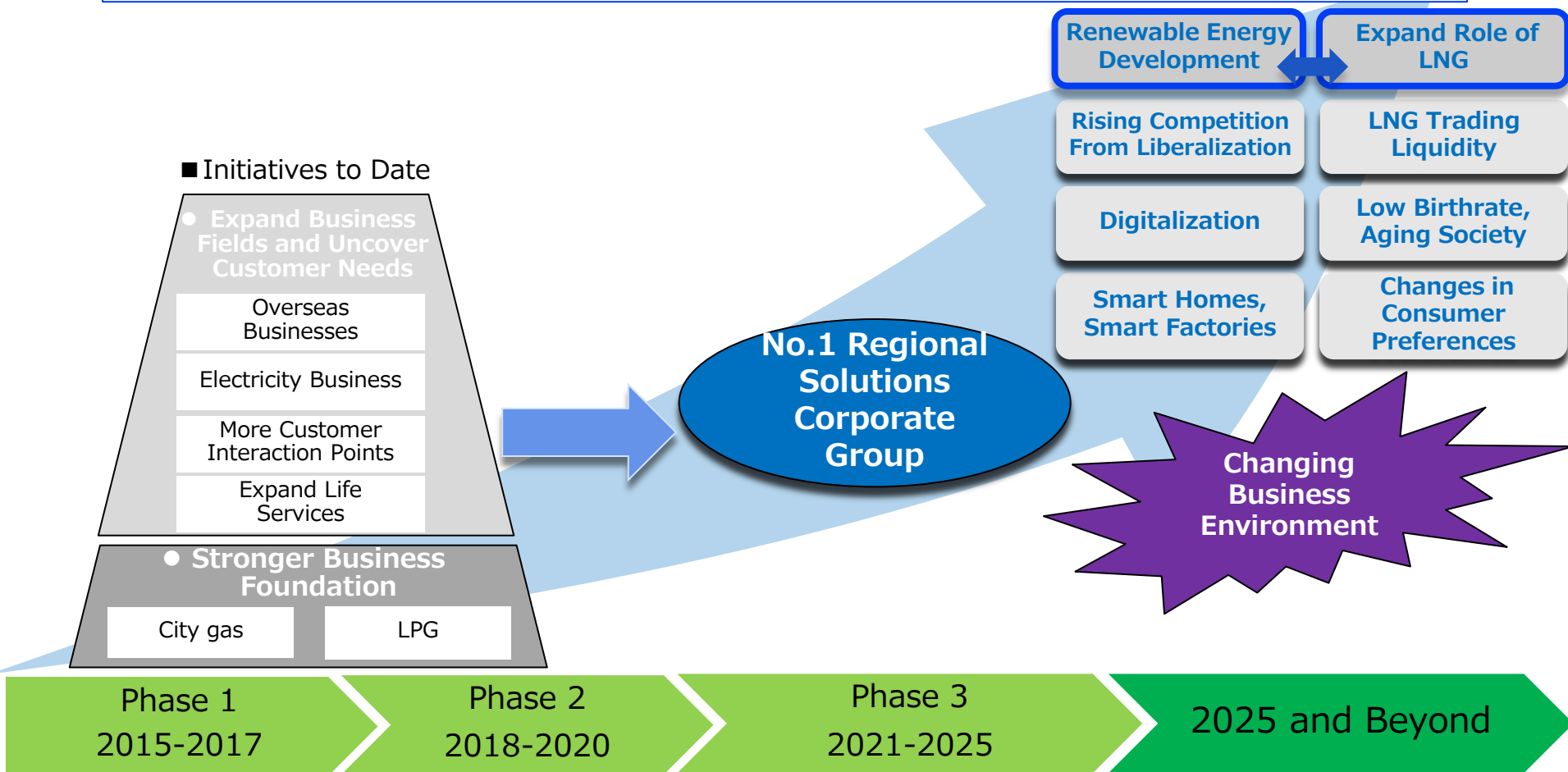


Ⅱ. Medium-Term Management Plan FY2020 – FY2022

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

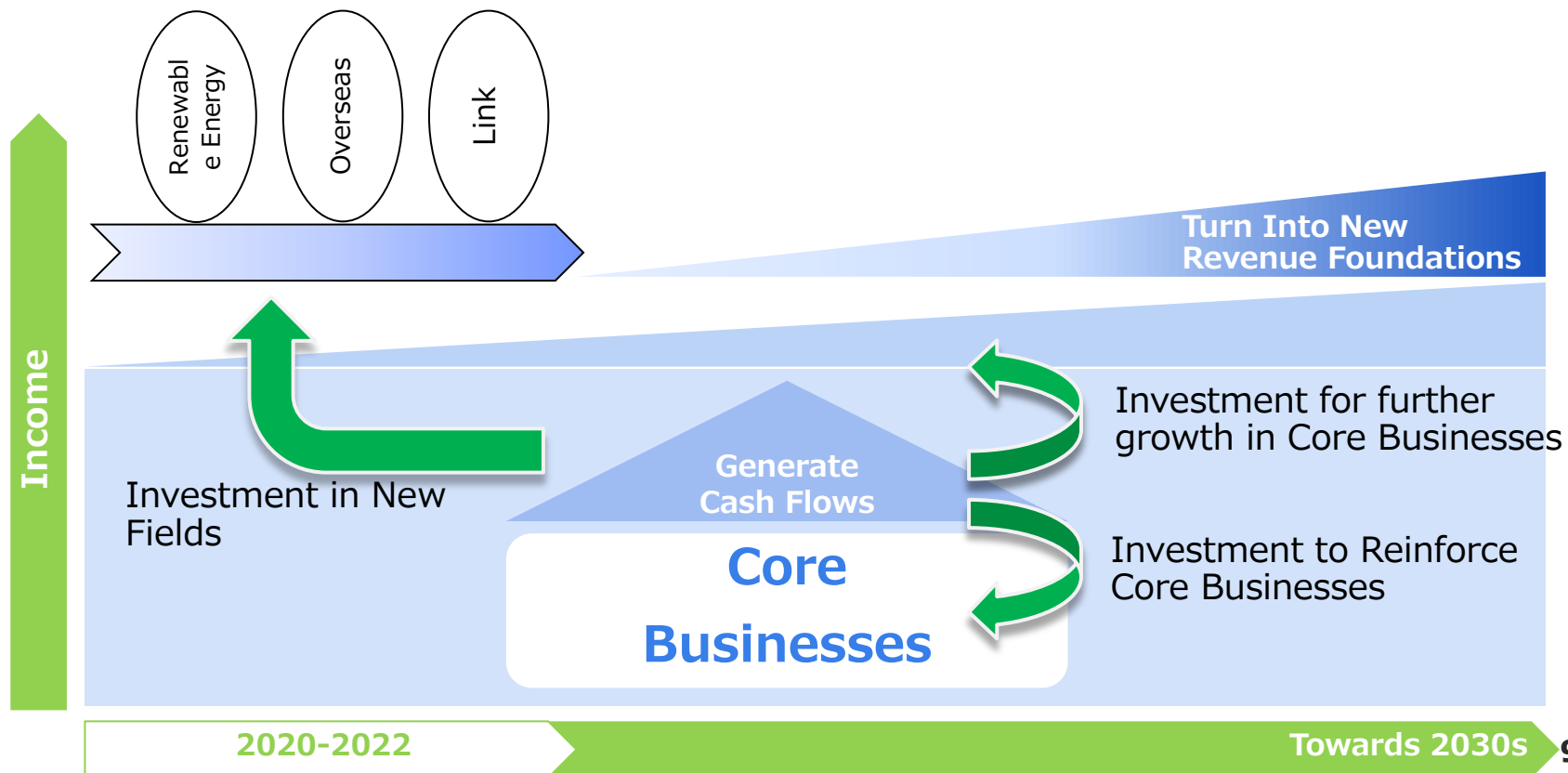


Investment Strategy for Sustainable Growth

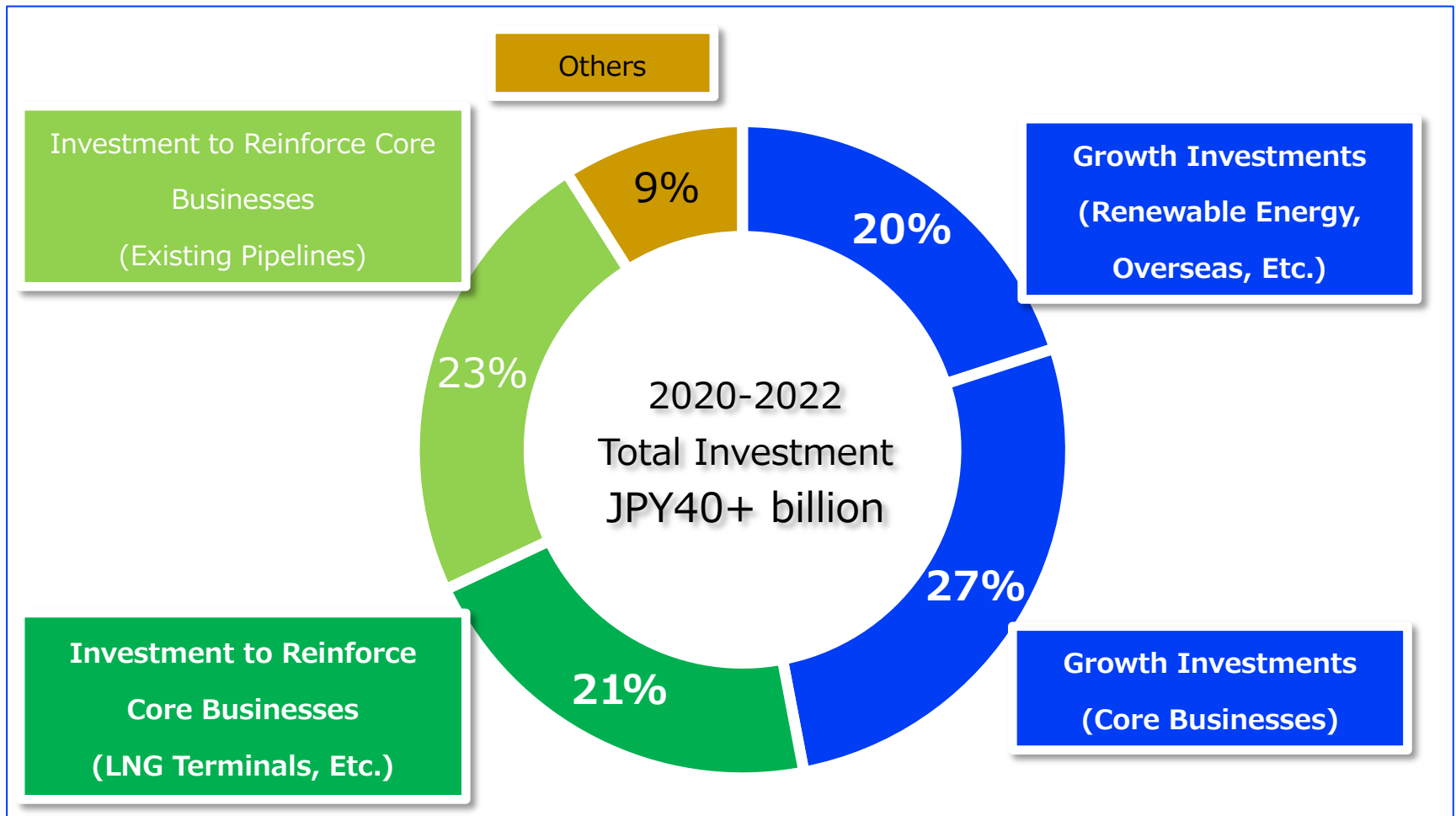


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- Short- and medium-term investments in Core Businesses for sustainable growth
- Growth through businesses aligned with medium- and long-term environmental changes and social needs



Three-Year Investment Plan



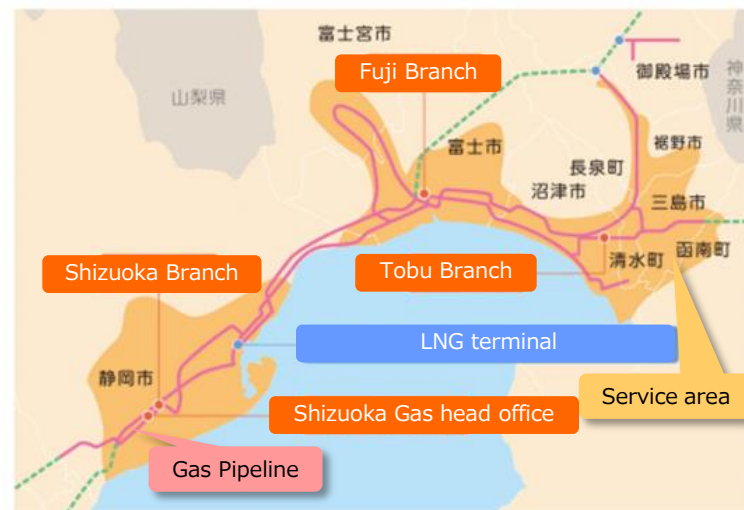
Core Businesses (Resilience and Expansion)

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

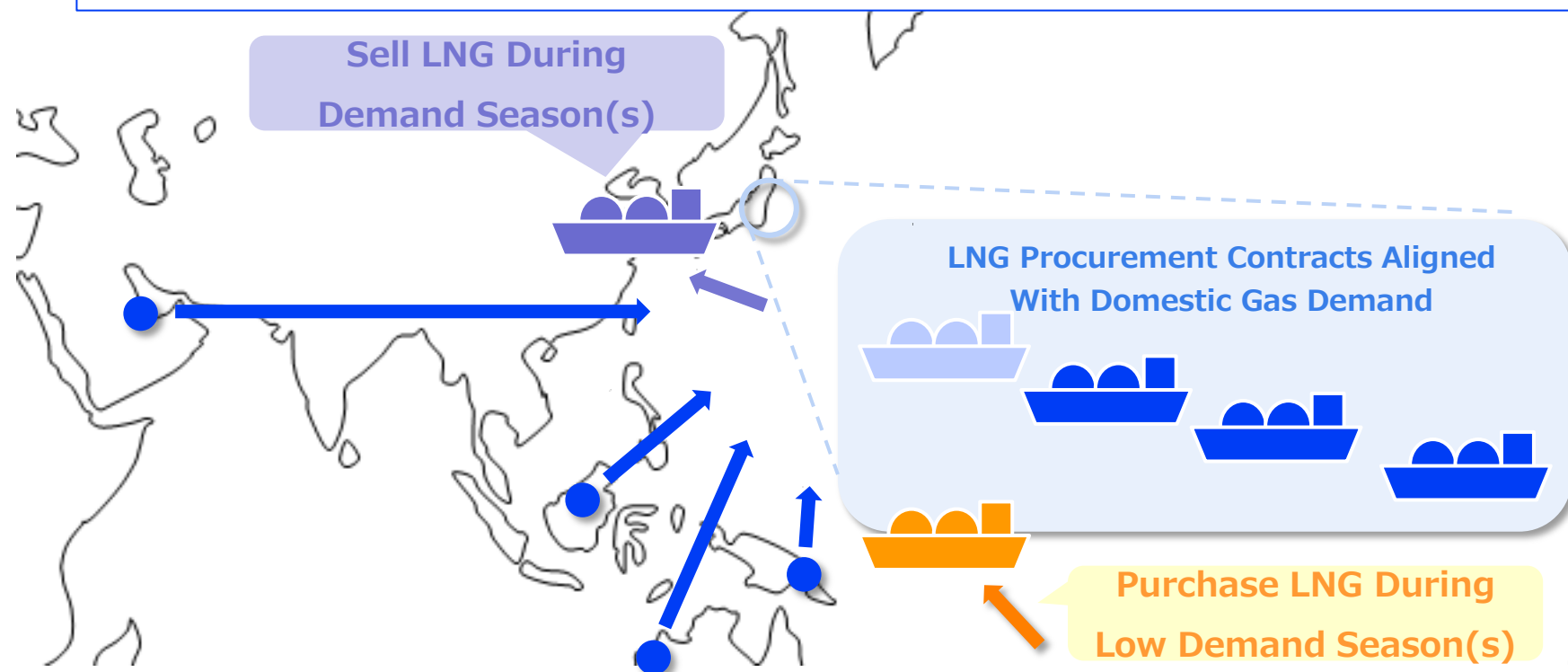
Core Businesses (Recover Earnings Capacity)



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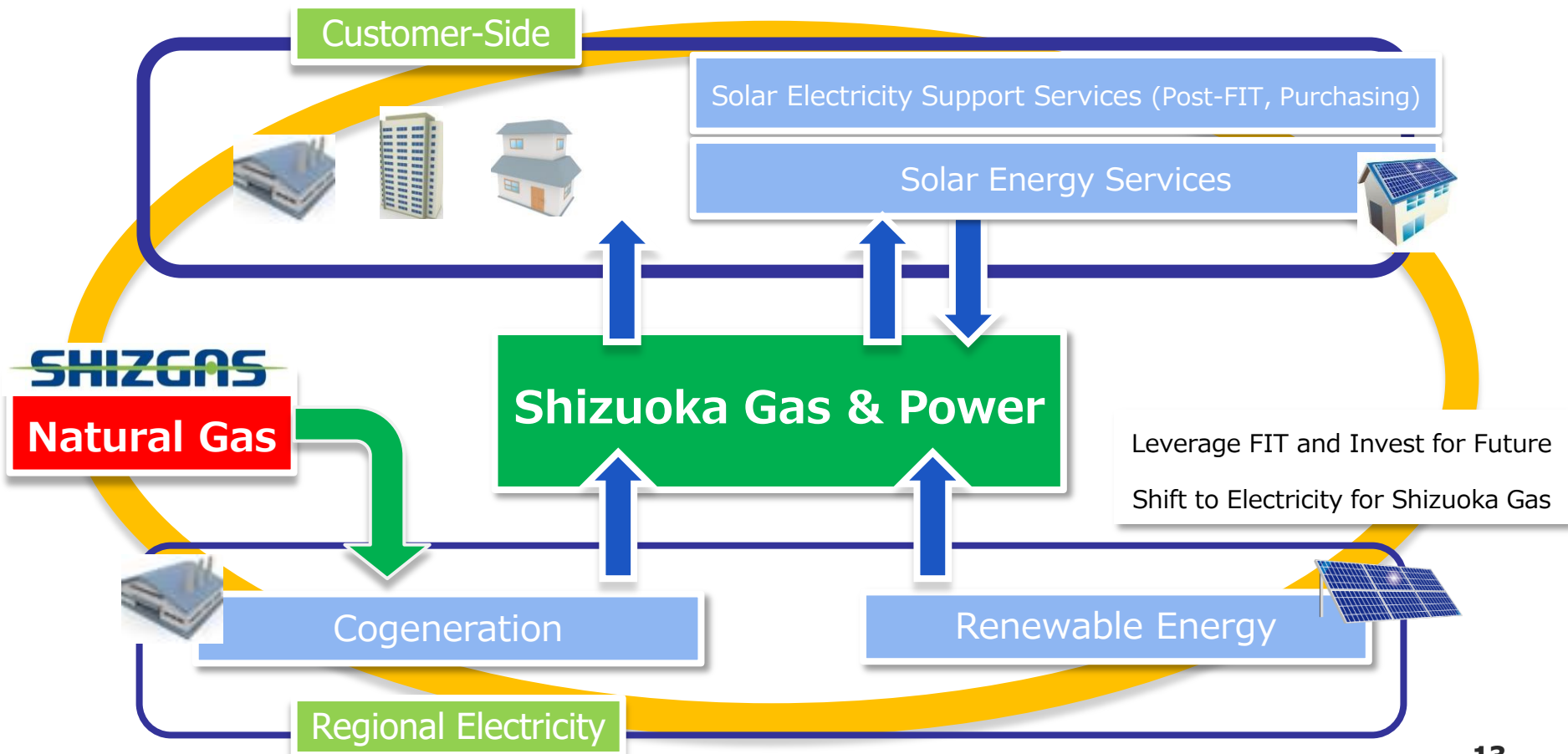
LNG Procurement Prices and Terminal Usage

- 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

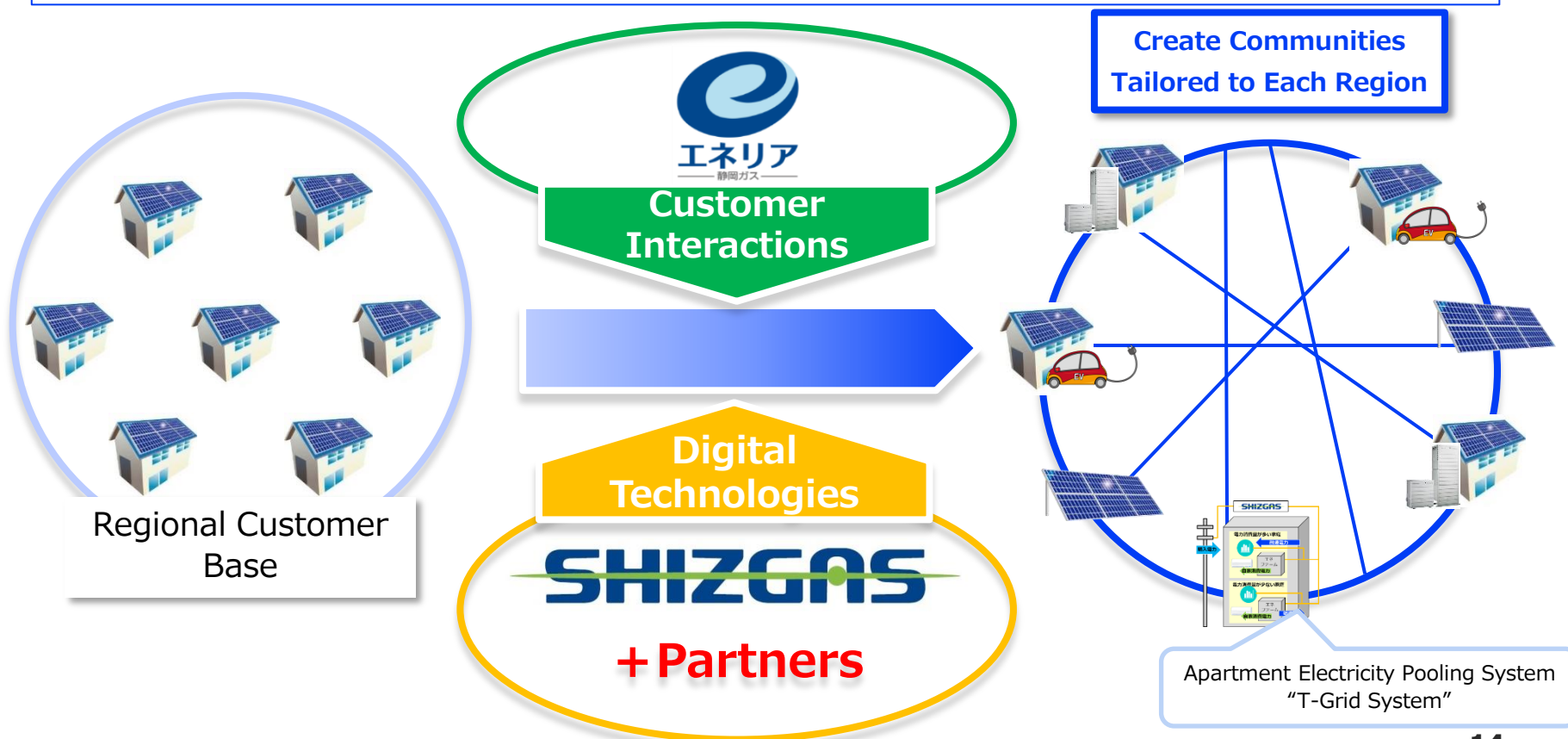


Lifestyle Creation Business (Build on Strengths and Create Alliances)



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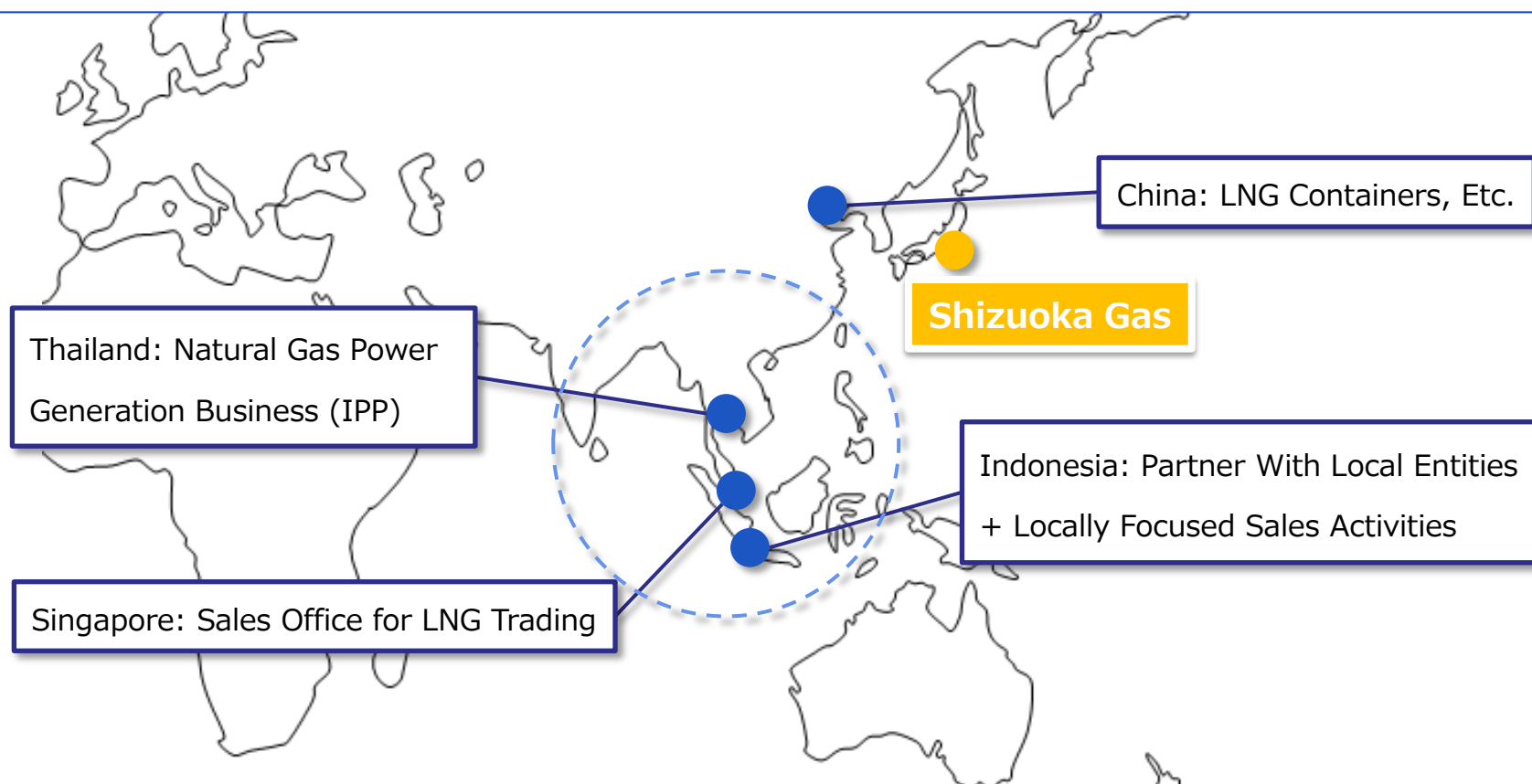
- Create deeper customer interactions and leverage digital technologies (investments in human resources, facilities)
- Shift from building platforms to building regional communities
- Engage in regional co-creation, regional circulation, alliances



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



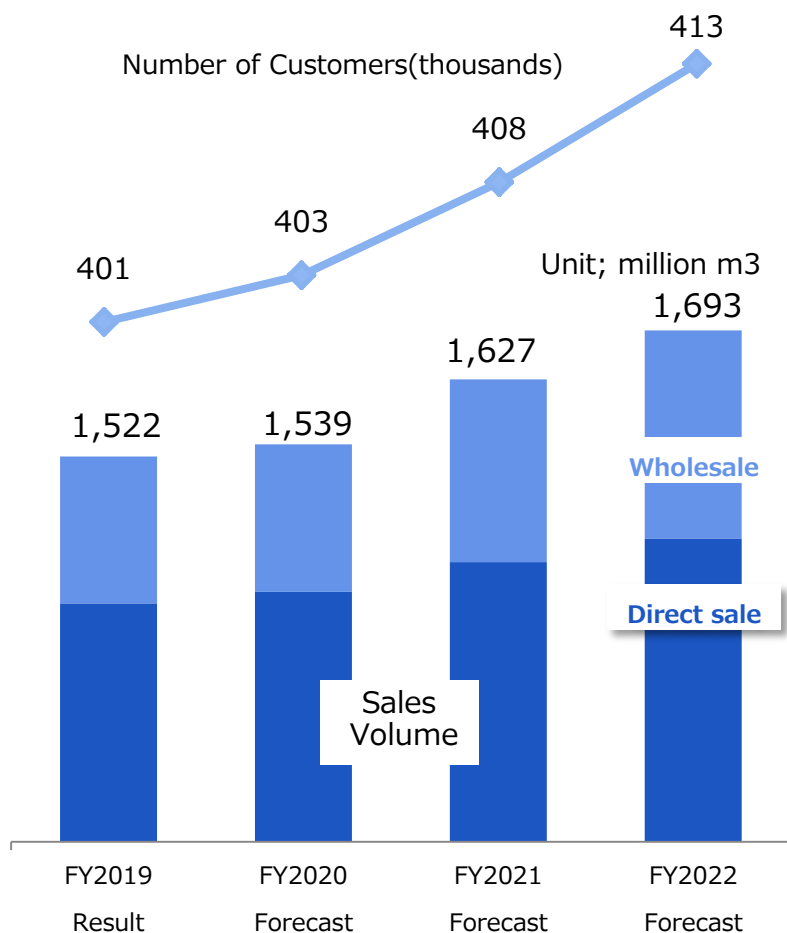
Forecast : Consolidated Gas and Electricity Sales Volume/Number of Customers



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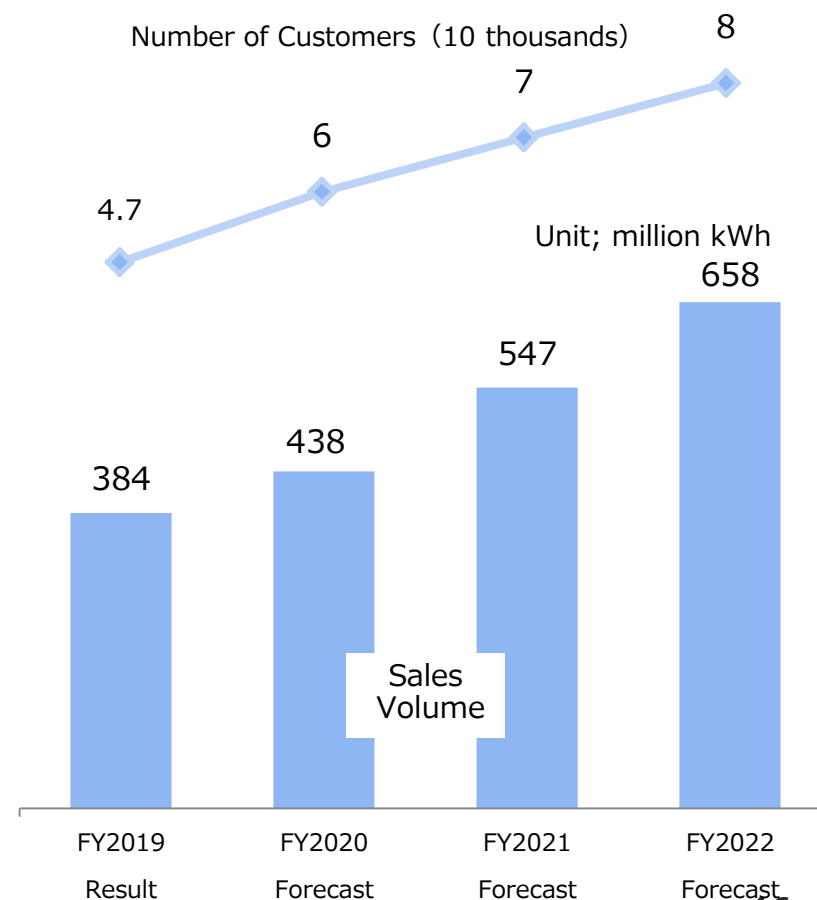
Gas Sector

■ Sales Volume/Number of Customers



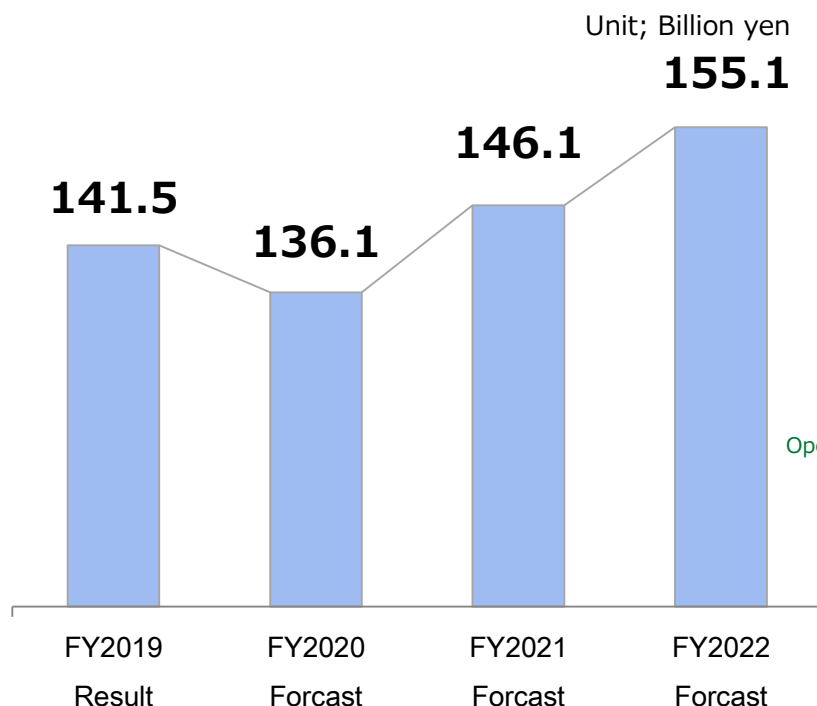
Electricity Sector

■ Sales Volume/Number of Customers

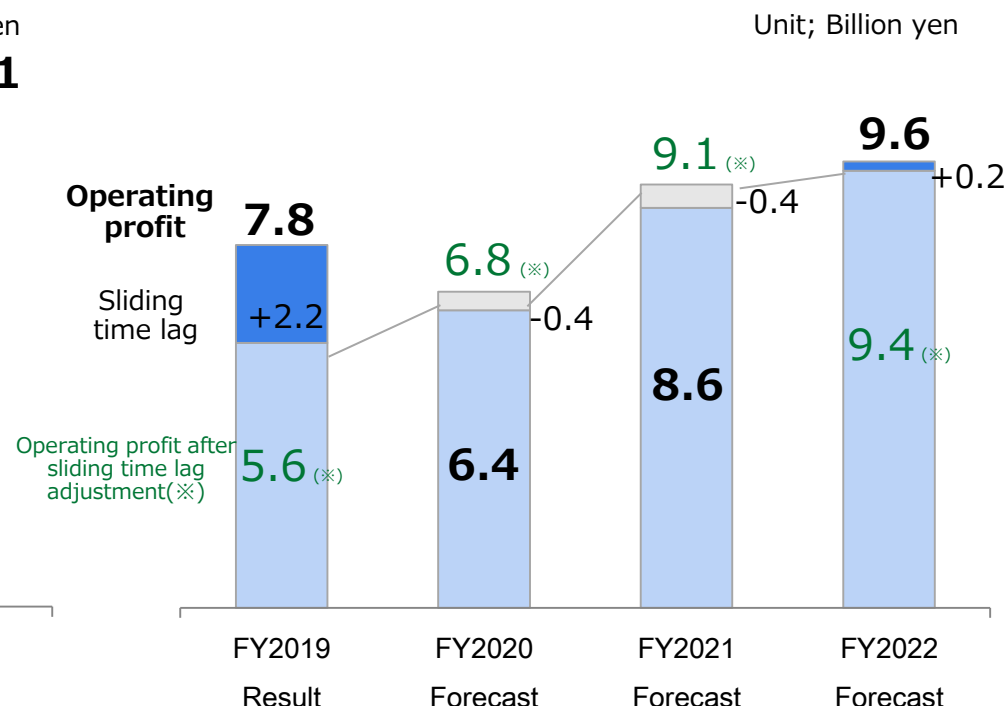


Forecast : Net Sales and Operating Profit

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 |

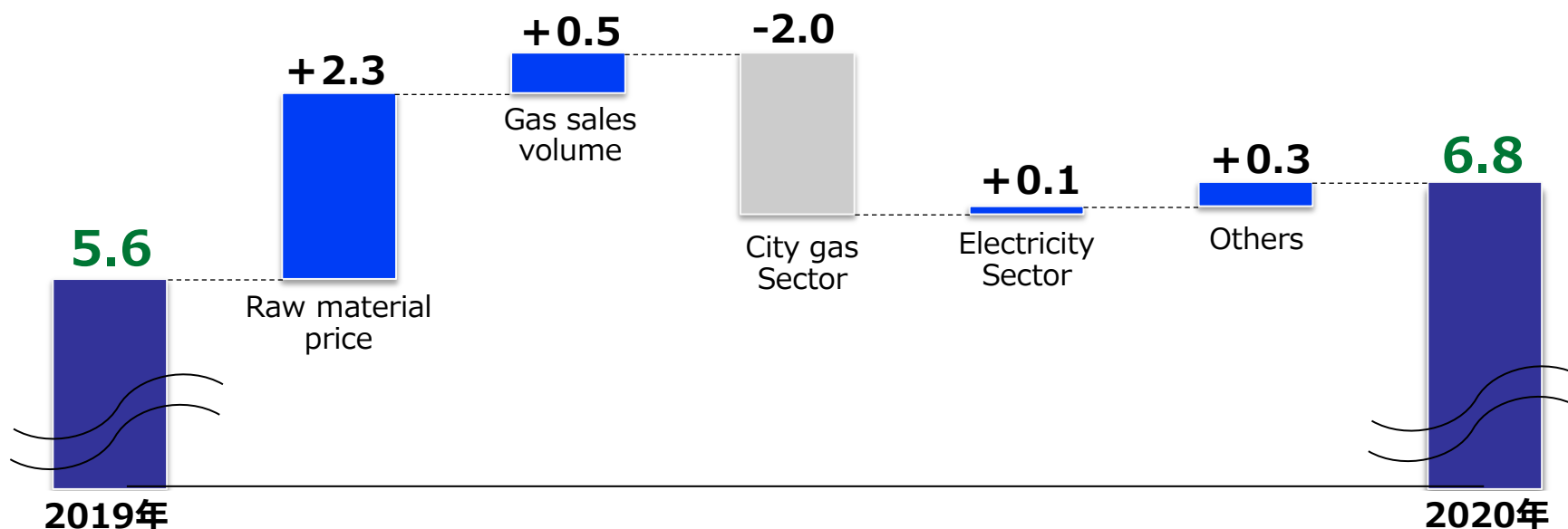
Forecast : Breakdown of Consolidated Operating Profit (Year on Year)



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Unit : billion yen

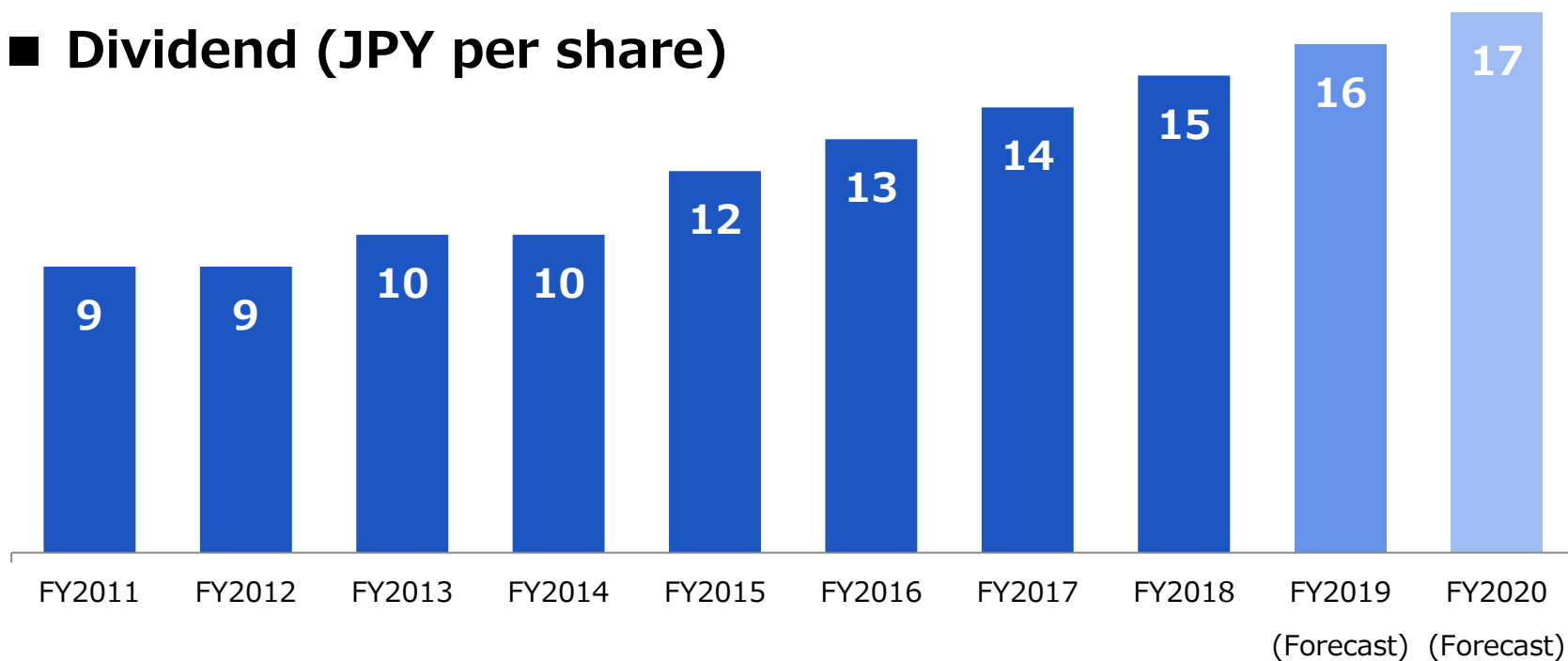
| | FY2019 | FY2020 | Change |
|---|------------|------------|-------------|
| Operating profit after Sliding time lag adjustment | 5.6 | 6.8 | +1.2 |
| Operating profit | 7.8 | 6.4 | -1.3 |
| Sliding time lag | +2.2 | -0.4 | -2.6 |



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)