



FY2017
Financial Results
(January-December)

SHIZUOKA GAS CO.,LTD.

TSE:9543

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Contents



I .	Summary Financial Results	...	3
II .	Projects Over the Next Three Years	...	8
III .	Supplementary Information	...	17

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



FY2017 Financial Highlights

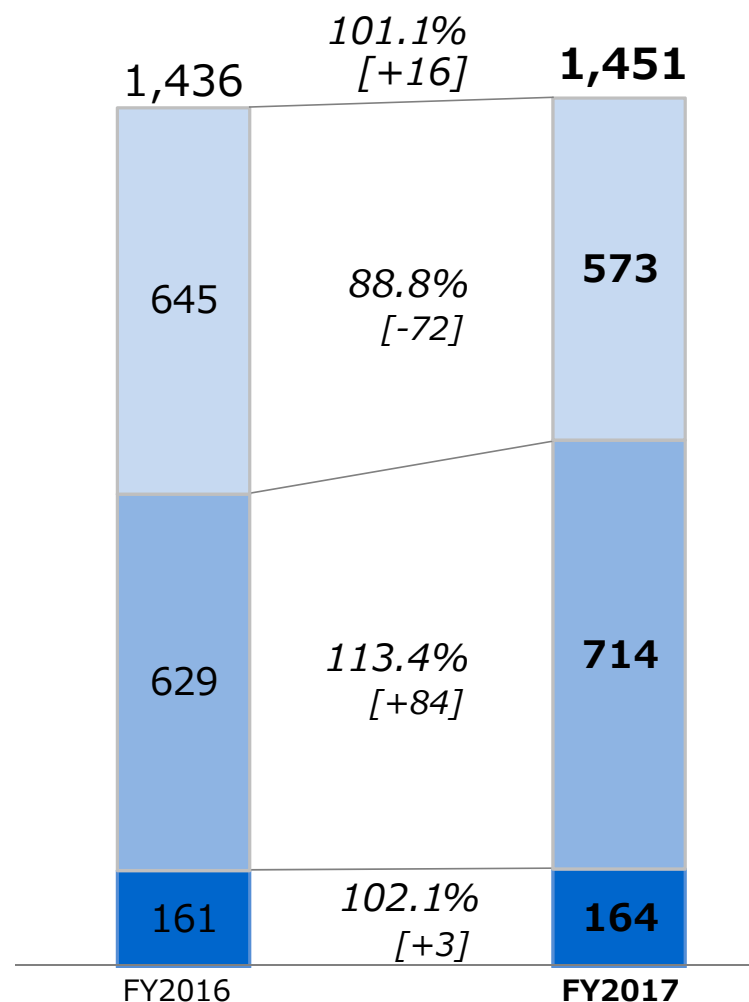


◎ Results : Higher sales, lower profits

- Net sales up 12.4% driven by increases due to sliding time lag and contributions of electricity sales
Operating income up 28.8% after sliding time lag adjustment
- Gas sales volume up 1.1% year-on-year
 - Wholesale sales down 11.2% due to contract-based volume decrease
 - Large-lot sales up 13.4%, pushed by operations of electricity cogeneration and other factors
 - Small-lot sales up 2.1%, reflecting the impact of low temperatures

	FY2016	FY2017	Change	Change (%)
● Net sales (billion yen)	108.5	122.0	+13.4	112.4
● Revised operating income with Sliding time lag adjustment (billion yen)	6.8	8.8	+1.9	128.8
Operating income	10.2	7.7	- 2.5	75.4
Sliding time lag	- 3.3	+1.1	- 4.4	—
● Gas sales volume (Non-Consolidated) (million m ³ ,45MJ)	1,436	1,451	+16	101.1
Wholesale	645	573	-72	88.8
Large-lot-sale	629	714	+84	113.4
Small-lot-sale	161	164	+3	102.1

Gas Sales Volume (Non-Consolidated)



Unit; Million m³(45MJ/m³)
 * Figures in [] are million m³

- Wholesale**
 - Wholesale decrease in sales volume based on contract quantity and supply and demand adjustments [- 92]
 - Increase in sales volume via Shizuhama Trunk Line [+20]
- Large-lot sale**
 - Newly developed customers [+ 72]
 - Full operation through a whole year of newly developed customers in 2016 [+ 3]
 - Existing customers [+9]
- Small-lot sale**
 - Increase in sales volume to commercial [+1]
 - Increase in sales volume to residential [+2]

Breakdown of Consolidated Operating Income

<Year-on-year comparison> **SHIZGAS**

Net Sales **122.0** [+13.4]

City gas	98.4	[+9.3]
LPG	14.8	[+3.8]
Others	8.7	[+0.2]

Operating income **7.7** [-2.5]

Sliding time lag* - **1.1** [-4.4]

※Non-consolidated

Gross Profit

34.2 [-2.5]

City gas **29.9** [- 2.9]

■ Net sales **98.4** [+9.3]

Increase in sales volume +6.5

Upward adjustment of unit price of gas +2.8

■ Cost of sales **68.5** [+12.2]

Increase in gas consumption +5.9

Increase in gas prices +7.2

LNG terminal cost - 0.8

Others - 0.1

LPG·Others **4.3** [+0.4]

Sales and administrative expenses

26.5 [+0.0]

Unit; billion yen

*Parentheses indicate comparison to y/y

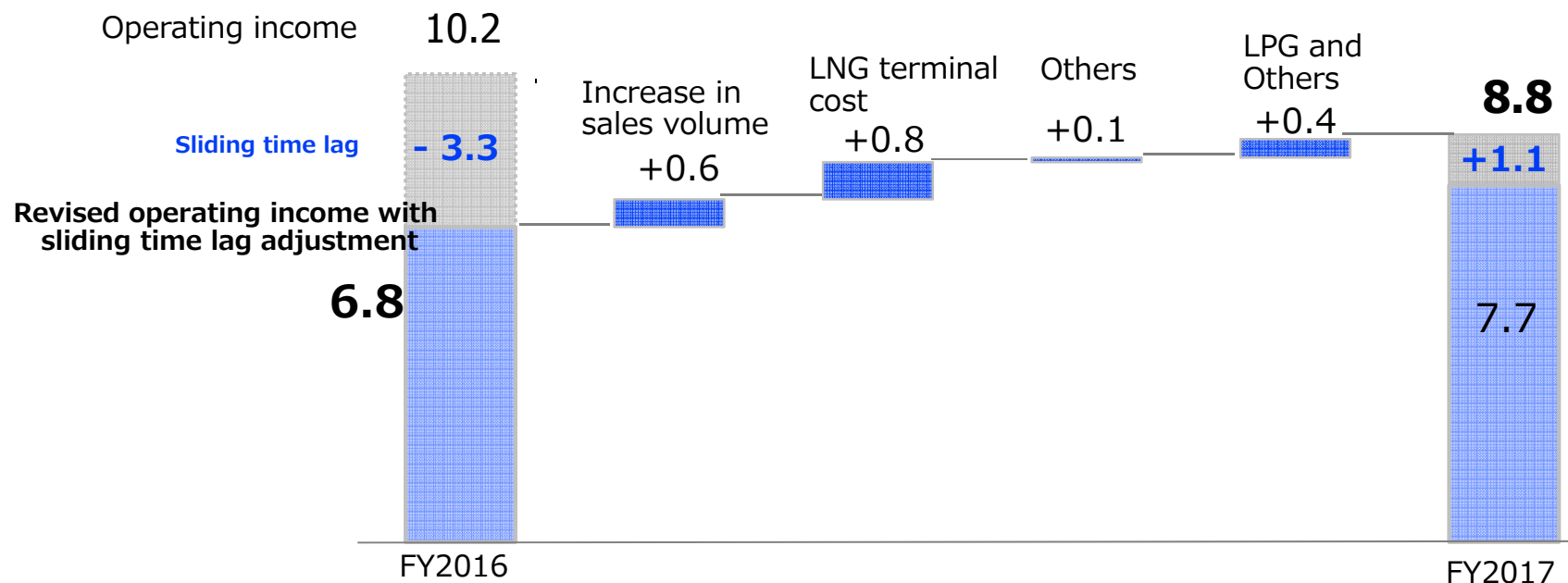
*Transactions between the consolidated companies are offset

Breakdown of Consolidated Operating Income

<Year-on-year comparison> **SHIZGAS**

Unit : billion yen

	FY2016	FY2017	Change
Revised operating income with sliding time lag adjustment	6.8	8.8	+1.9
<i>Operating income</i>	10.2	7.7	- 2.5
<i>Sliding time lag</i>	- 3.3	+1.1	- 4.4



II . Projects Over the Next Three Years 2018-2020



Initiatives toward 2025



Medium- to Long-Term Strategy (announced during 2015)

Become the No.1 Solutions Corporate Group in the Region

2015-2017

Foundation-Building

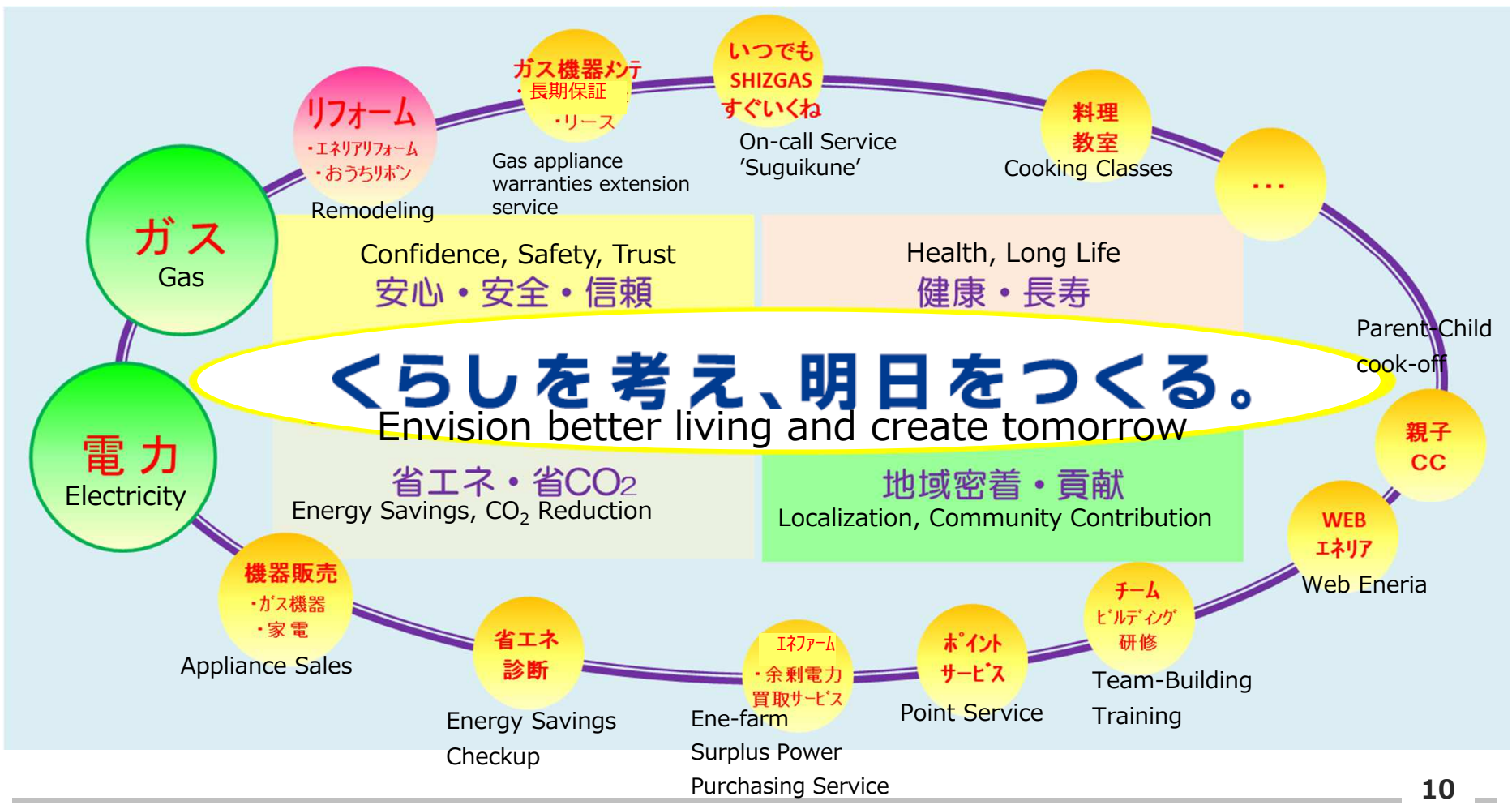
Transition away from over-reliance on gas business

2018-2020 Basic Policies

Results and Further Foundation-Building

Strengthen the Shizuoka Gas Brand

Enhancement and Growth of Lifestyle Creation Business

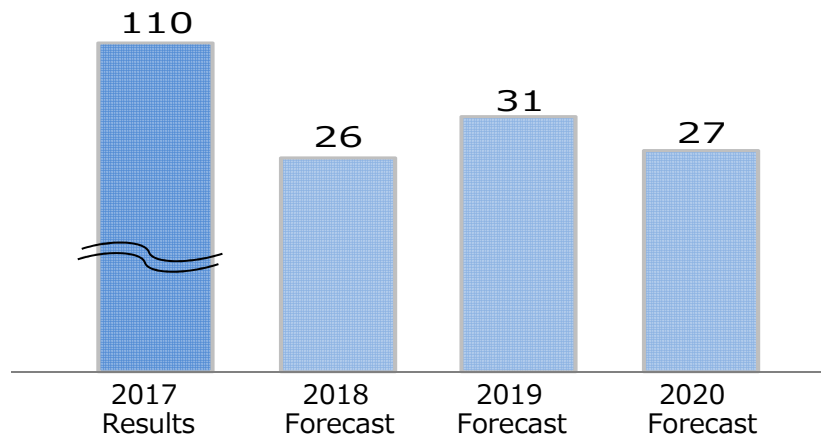


Enhancement and Growth of Multi-Energy Business

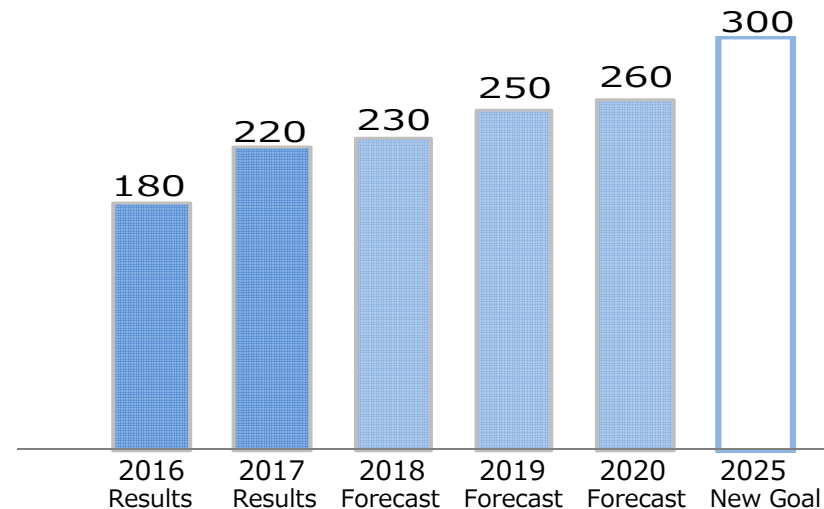


Provide solutions combining gas, thermal, and electricity

■ Gas Development Plan (Commercial-Use) (million m³/year)



■ Installed capacity of gas cogeneration (thousand kW)



Stronger Engineering Functions and Utility Services

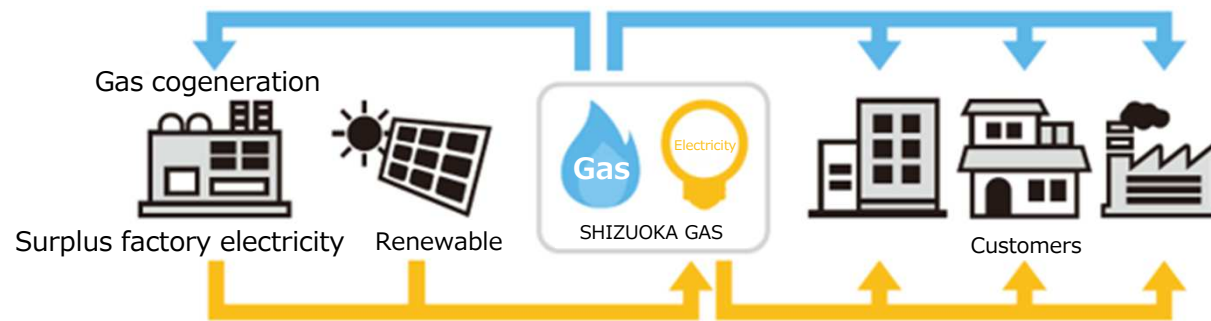
- Strengthen group cooperation to secure package orders of construction and maintenance for new purchases/replacements
- From energy to steam piping and water treatment facilities

Enhancement and Growth of Electricity Business

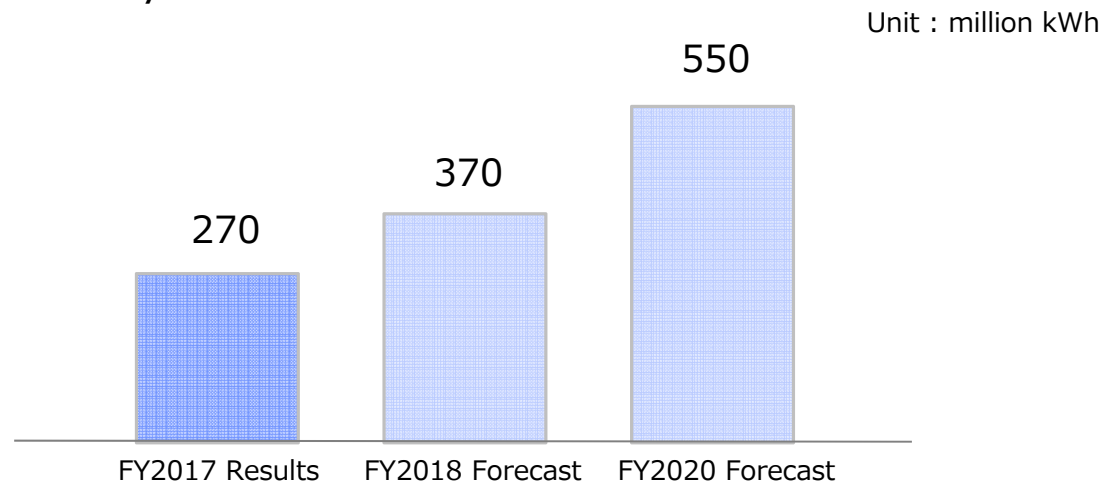


The development of distributed energy system with regional cooperation

■ Regional electricity model



■ Sale of electricity in volume



Expansion of Overseas Energy Business



Business activities contribute to the reduction of procurement costs
Expansion of business in global niche market

- Singapore local subsidiary (SHIZUOKA GAS TRADING PTE. LTD.)
- IPP Project Company in Thailand
- Business alliance with Indonesian energy company, PT Mitra Energi Persada Tbk (MEP)



Thailand



Singapore



Indonesia

Stronger Management Foundation



Lower procurement costs

- Revise contract price
- Implement reloading business

LNG terminal utilization

- Reloading to middle/small size vessel
- LNG bunkering potential



HR Training

- Train globally competent human resources
- Enhance customer relations skills

Stronger area sales

- Reorganize channels

Stronger ICT

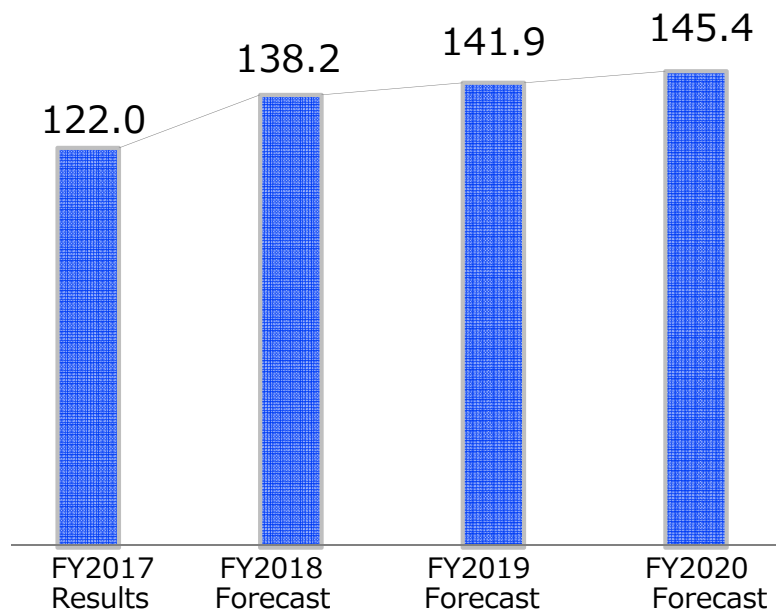
- Promote efficiency
- Integration digital and analog

Forecast: Net Sales and Operating Income



Net Sales

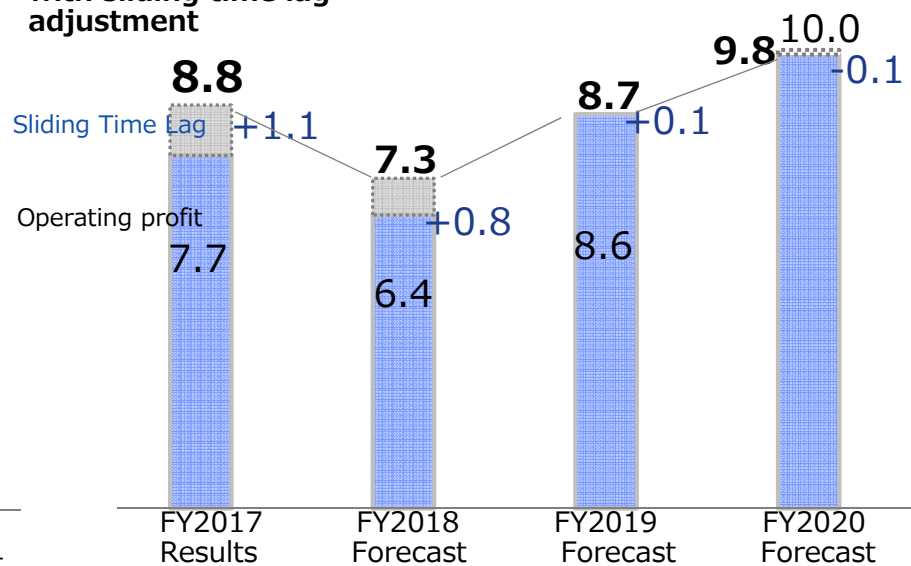
Unit; Billion yen



Operating income & Sliding time lag

Unit; Billion yen

Revised operating profit with sliding time lag adjustment



	FY2017 Results	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast
Exchange rate (Yen/US\$)	112.3	115	115	115
Crude oil price CIF (JCC) (US\$/bbl)	54.1	55	55	55

Gross Profit Sensitivity (FY2018)	
(+) 1yen/US\$	-80 million yen
(+) 1US\$/bbl	-160 million yen

□ Dividend per share

FY2017 14 yen
 FY2018 15 yen (Forecast)

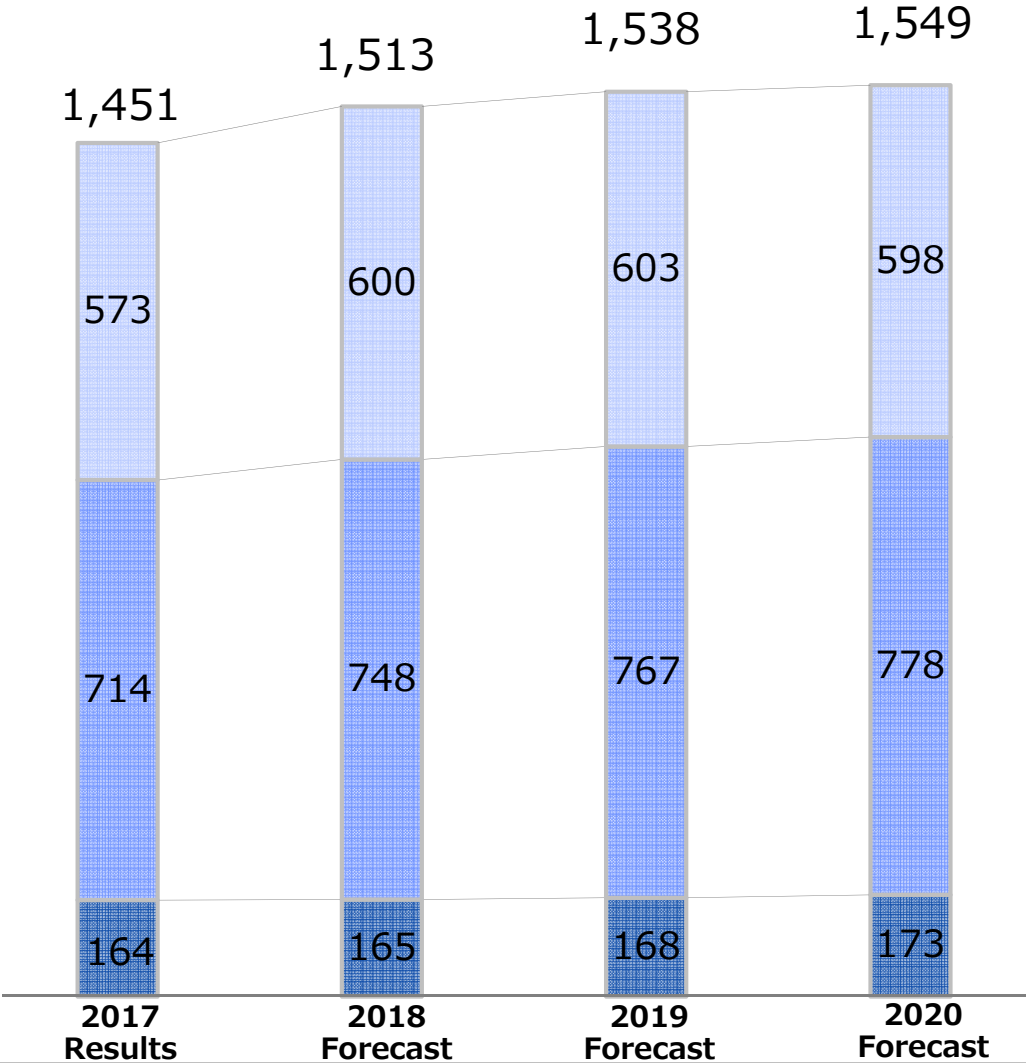
III. Supplementary Information



Plan Sale of Gas in Volume (Non-consolidated)



Unit; Million m³



Total sales Volume

Average annual growth FY2017 to FY2020
+2.2%

Wholesale

Average annual growth FY2017 to FY2020
+1.4%

Large-lot sale

Average annual growth FY2017 to FY2020
+2.9%

Small-lot sale

Average annual growth FY2017 to FY2020
+1.7%

Forecast: Breakdown of Consolidated Operating Income

<Year-on-year comparison >



Net sales **138.2** [+16.2]

City gas	109.4	[+10.9]
LPG	18.0	[+3.1]
Others	10.7	[+2.0]

Operation income **6.4** [-1.2]

Sliding time lag* **-0.8** [+0.2]

* Non-consolidated

Gross Profit

34.7 [+0.5]

City gas	30.0	[+0.1]
■ Sales	109.4	[+10.9]
Increase in gas sales volume	+2.6	
Upward adjustment of unit price of gas	+8.0	
Others	+0.3	
■ Cost of sales	79.3	[+10.8]
Increase in gas consumption	+2.4	
Increase in gas prices	+8.7	
Others	-0.3	
LPG and Others	4.7	[+0.4]

Sales and administrative expenses

28.3 [+1.7]

Unit; billion yen

*Parentheses indicate comparison to 2017

*Transactions between the consolidated companies are offset

Gas Sales Plan (Non-Consolidated)



Unit : million m³

	2017 Results	2018 Forecast	2019 Forecast	2020 Forecast
Gas sales volume	1,451	1,513	1,538	1,549
Own sale	878	913	935	951
Residential	87	86	87	88
Commercial	68	69	71	74
Industrial	723	758	777	790
Wholesale	573	600	603	598

< Large-lot-sale (A part of "Own sale") >

Gas sales volume	714	748	767	778
Share in the total sale	81.3%	82.0%	82.0%	81.8%

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

Statement of Income



Unit ; billion yen

	FY2017 Results	FY2018 Forecast	FY2019 Forecast	FY2020Forecast
Net sales	122.0	138.2	141.9	145.4
Cost of sales	87.7	103.4	104.9	106.7
Gross Profit	34.2	34.7	36.9	38.6
Sales and adminidtrative expenses	26.5	28.3	28.3	28.6
Manpower	10.3	10.3	10.4	10.5
Other expenses	9.3	10.9	10.9	11.0
Deprection	6.9	6.9	6.8	7.1
Opataring income	7.7	6.4	8.6	10.0
Ordinary income	8.3	7.0	9.1	10.5
Net income	4.9	4.3	5.7	6.7

Balance Sheet



Unit ; billion yen

	FY2017 Results	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast
Assets	109.2	111.5	115.1	119.5
Noncurrent assets	80.2	82.8	85.7	90.3
Current assets	28.9	28.6	29.3	29.1
Liabilities	26.7	27.2	26.4	25.4
Long-term debts	11.7	14.5	13.1	11.9
Total net assets	82.4	84.3	88.6	94.0

Statement of Cash Flows & Capital Expenditure



Unit ; billion yen

	FY2017 Results	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast
Operating cash flow	10.7	12.8	15.3	15.9
Investing cash flow	-6.5	-11.0	-11.3	-13.1
Financing cash flow	-5.4	-0.8	-3.6	-3.3
Net increase in cash and cash equivalents	-1.3	1.0	0.3	-0.5
Depreciation	9.3	8.8	8.4	8.5