



**SHIZUOKA GAS CO.,LTD.**

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Financial Results 2013  
(January-December)

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February 14 , 2014

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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.

— I . Summary Financial Results —  —

# Volume of Gas Sold (Non-Consolidated)

~ Year-on-year comparison ~



Unit; Million m<sup>3</sup>(45MJ/m<sup>3</sup>)

\* Figures in [ ] are million m<sup>3</sup>

## Wholesale

- Almost same as the previous year

## Large-lot Sale

- Newly developed demand [+5]
- Full operation through a whole year of Newly Developed Customers in 2012 [+3]
- Existing customers [-30]

## Small-lot Sale

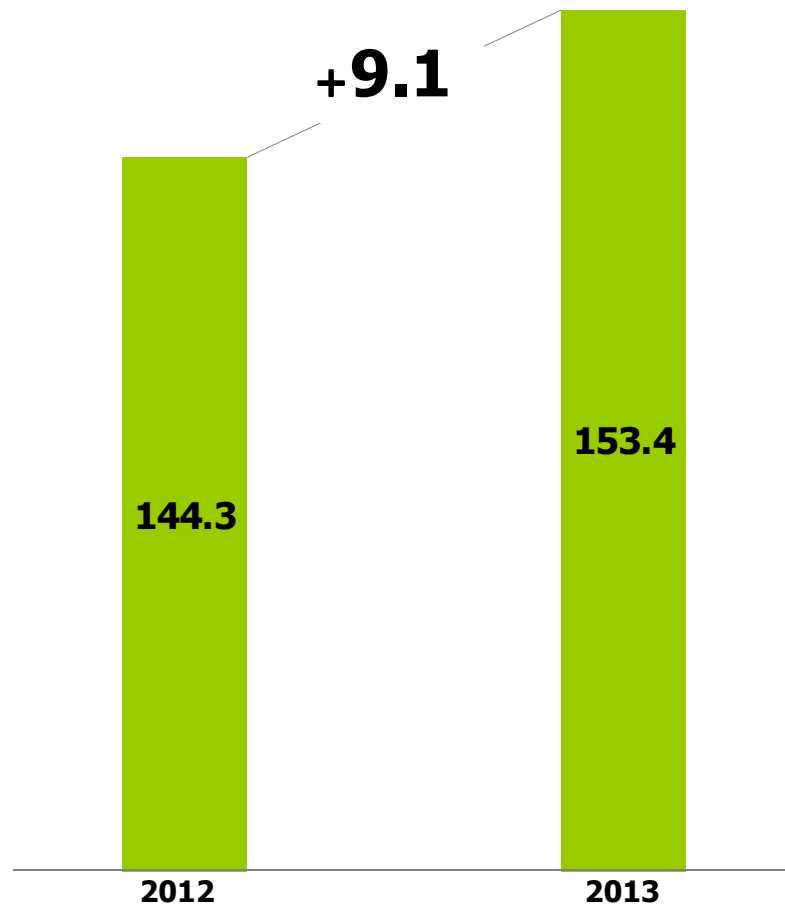
- Decreased due to warmer weather [-2]

# Sales & Operating Profit ~ Year-on-year comparison ~



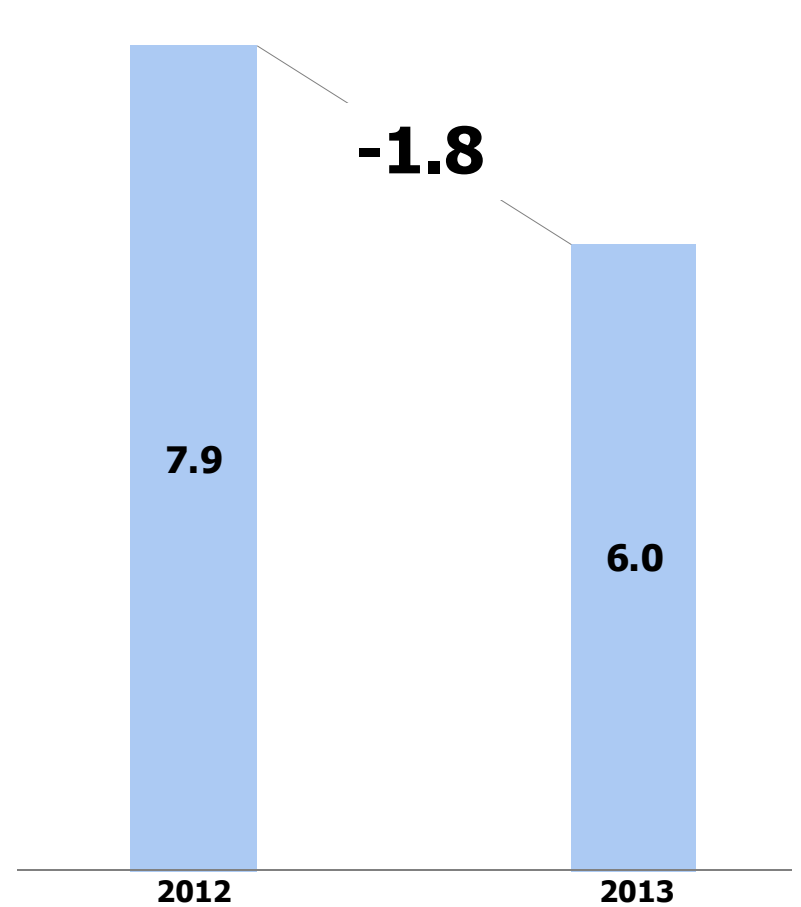
## Sales

Unit; ¥ Billion



## Operating Profit

Unit; ¥ Billion



# Breakdown of Consolidated Operating Profit

~ Year-on-year comparison ~



**Sales** **153.4** [+9.1]

**City Gas** **132.5** [+7.7]

**LPG** **11.9** [+0.4]

**Others** **8.9** [+0.9]

**Operating Profit** **6.0** [-1.8]

**Sliding Time Lag** **-3.2** [-2.3]

**Gross Profit** **30.7** [-1.9]

**City Gas** **26.5** [-1.9]

**Sales** **132.5** [+7.7]

Volume of sale -2.2

Unit price +9.8

Tariff revisions +0.1

**Cost of Sales** **105.9** [+9.7]

Amount of feedgas -1.8

LNG prices +11.9

Other -4.0

**LPG and Others** **4.1** [+0.0]

**Marketing Expenses** **24.6** [-0.1]

Unit: ¥ Billion

\*[ ] denotes year-on-year change

\*Transactions between the consolidated companies are offset

# Summary of Consolidated Financial Results



**Point 1** Gas sales volume decreased by 1.7% year-on-year (Shizuoka Gas non-consolidated) to 1.369 billion m<sup>3</sup>. This was mainly due to the reduction of gas sales volume for existing large-lot industrial customers despite the increase of gas sales volume for the newly developed customers.  
On a consolidated basis, gas sales volume decreased by 1.7% to 1.383 billion m<sup>3</sup>.

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**Point 2** While gas sales volume decreased, **net sales** during the term increased by 153.4 billion yen, adding 9.1 billion yen on the previous year's, and also including **operating income** to 6.0 billion yen, **ordinary income** to 6.4 billion yen, **net income** to 3.8 billion yen mainly due to the upward trend in unit gas sales prices based on the gas rate adjustment system.

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**Point 3** **Dividend** payable is 10.0 yen per annual including 5.0 yen of semiannual dividend.

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**Point 4** The amount of **capital expenditure** was 8.1 billion yen due to various kinds of investments for gas pipelines including the construction of Shizuhama Trunkline.

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**Point 5** **Interest-Bearing Debt** was 30.6 billion yen due to the repayment of the debt loan.

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## — II . Mid-Term Strategy

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# Various Efforts for Further Growth

## Natural Gas

- Development in an area of Gotemba and along areas of Shizuham Trunkline (Western regions of Shizuoka Prefecture) (p.10)
- New development by LNG lorries
- To expand sales of ENEFARM (targeting 2,700 unit sales by 2016)

## Integrated Energy

- Materialization of local power generation for local development project (p.11)
- Development of new efficient power interchange system for a condominium called 'T-Grid System' (p.12)
- Various development projects for local revitalization (p.13)
- Development of energy solution business in the commercial sector

## Others

- To reinforce home remodeling by achieving 5 billion yen of sales and 10% of market share until 2016

# Development along Shizuham Trunkline and in Gotemba Area

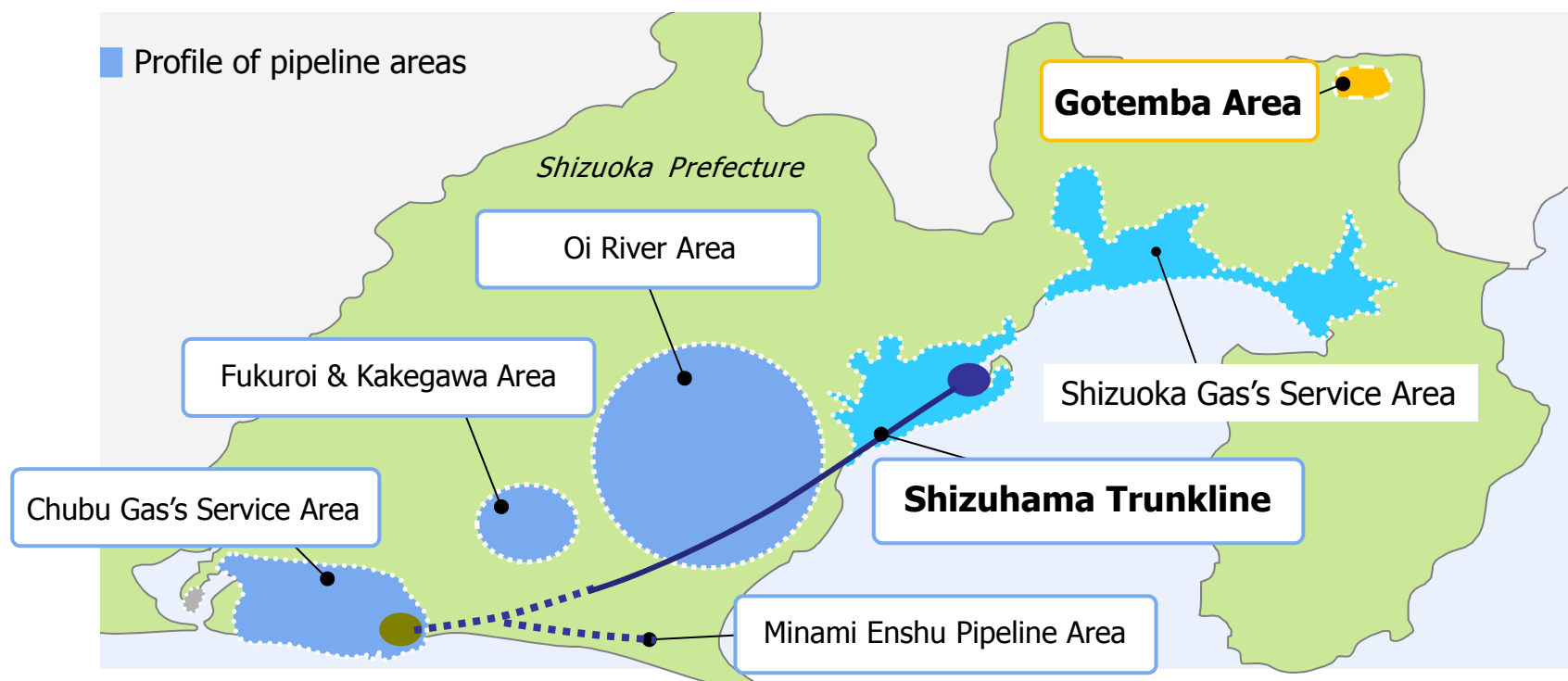
Natural Gas

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## Shizuham Trunkline

- Shizuham Trunkline : Online between Shizuoka and Kakegawa in Jan. 2014
- Minami Enshu Pipeline : Start of wholesales in 2015

Start of supply to Gotemba area in Aug. 2014

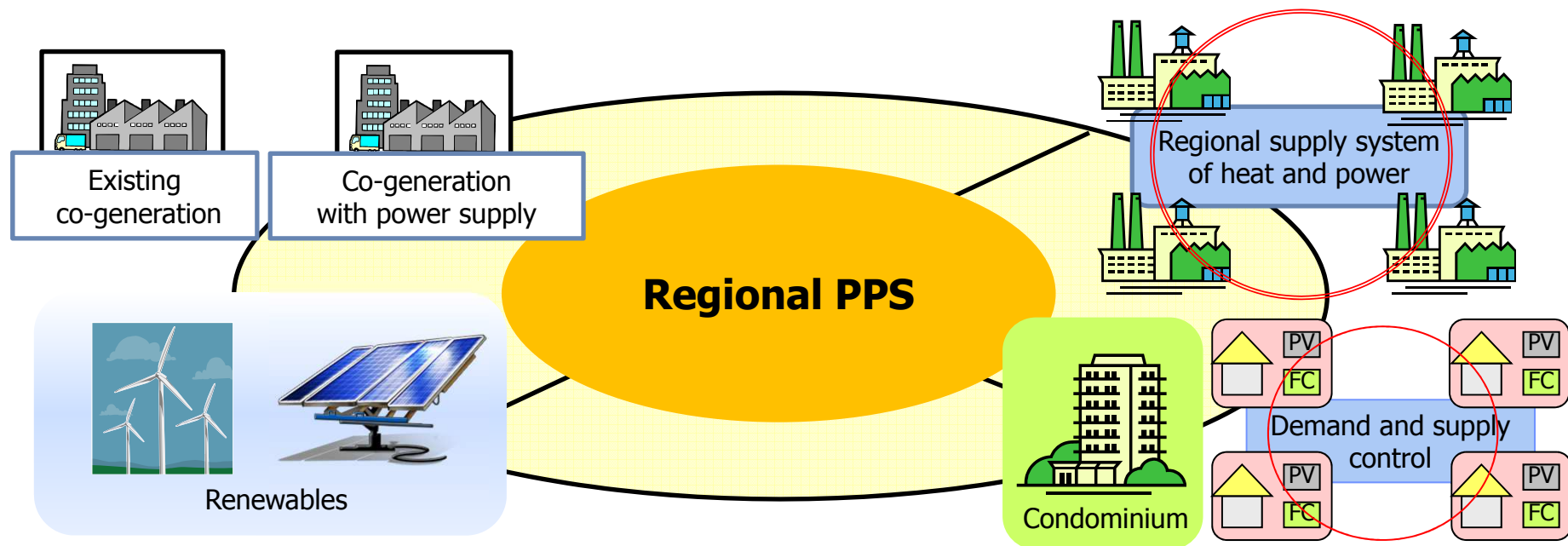


# Materialization of Local Power Generation for Local Development Project

Integrated Energy

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- Set-up of Regional PPS (Power Producer and Supplier)
- Power distribution generated by various sources such as existing co-generation, newly developed co-generation with power supply, and renewables
- Development of business models to meet customer needs through exploring possibilities of realizing regional supply system of heat and power, and community management



# Development of 'T-Grid System'

Integrated  
Energy

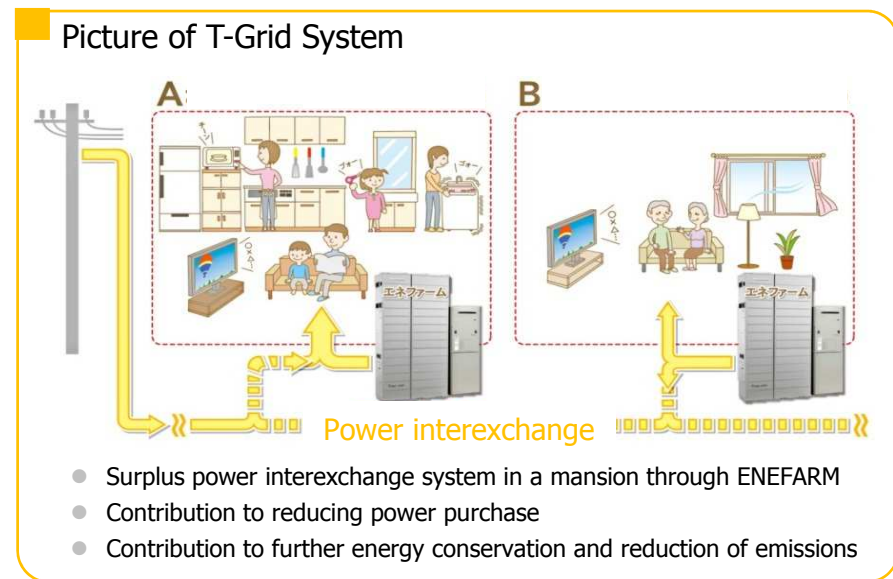
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## Construction of smart town with 'T-Grid System'

- Construction plan with Toray Construction Co. Ltd.  
at the eastern region of Shizuoka Prefecture
- Mixed smart town with condominiums and single-family houses  
(2 blocks of Condominiums: 100 units each, Single-family house: 10 units)

## Our various efforts

- Installation of ENEFARM  
into each house
- Batched access to electricity
- Lump invoice for energy billing
- Offer for total energy service in each house by utilizing HEMS and MEMS\*



\* The system to reduce energy consumption by managing air condition, lighting, ventilation in a mansion  
HEMS : Home Energy Management System MEMS : Mansion Energy Management System

# Projects for Local Revitalization

Total Energy

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Project of Eco Life Square  
Mishima Kiyozumi

Good track record for co-generation  
in the industrial sector



Development of T-Grid System  
Construction of Smart town

Regional PPS  
Fuji-City, Shizuoka Prefecture, etc.

Regional supply system of  
heat & power  
Ministry of Internal Affairs and Communications, Fuji-City



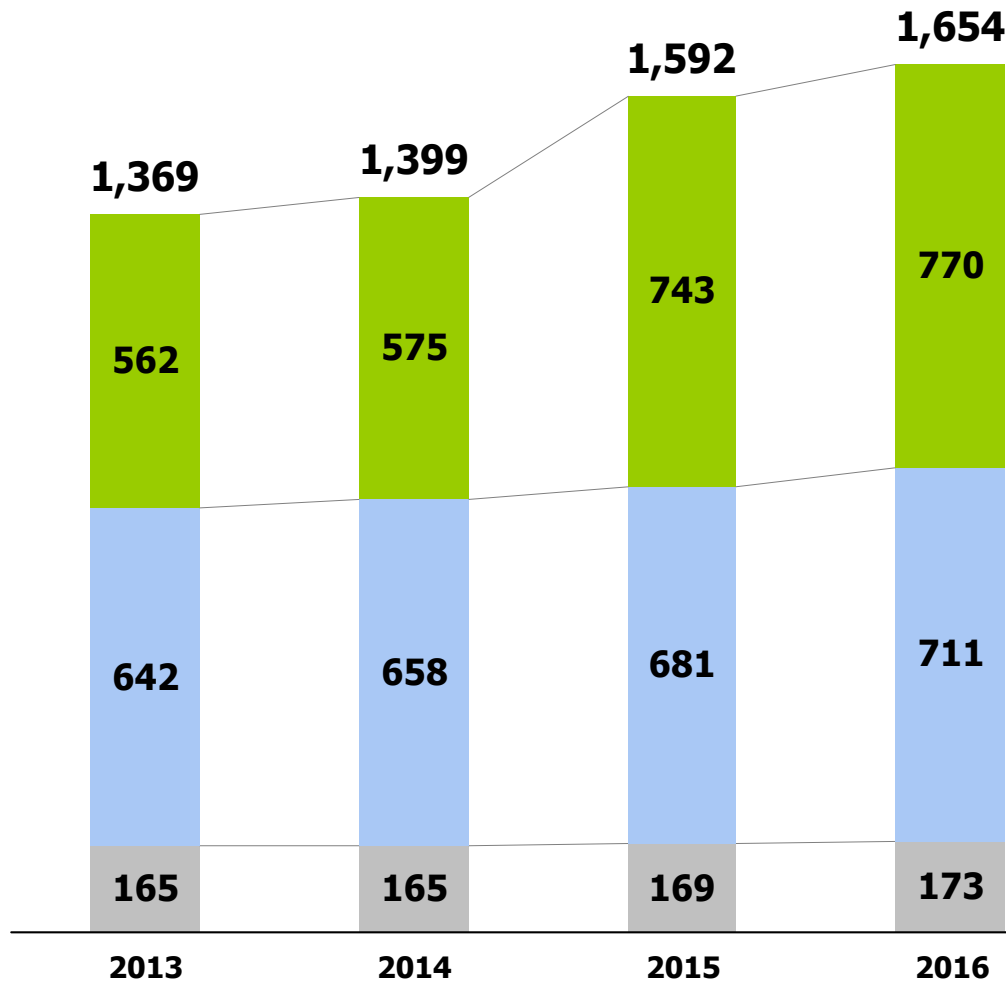
**Smart city project**

- Construction site: Shizuoka city (125ha)
- Food-processing plant, Smart house, Farm etc.

# Target Sale of Gas in Volume (Non-consolidated)



Unit: Million m<sup>3</sup>

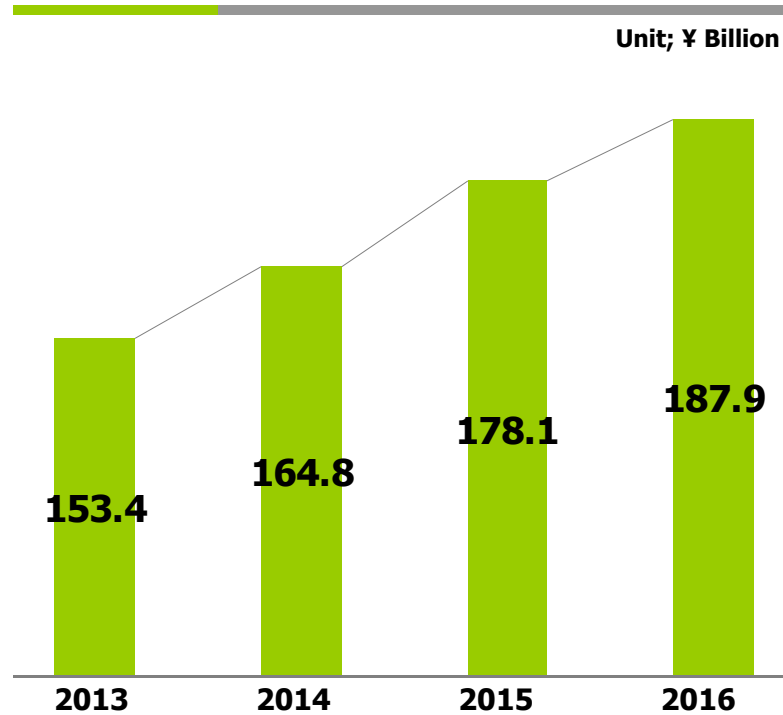


<b>Total sales volume</b>	Average increase <b>+6.5%</b>
<b>Wholesale</b>	Average increase <b>+11.1%</b>
<b>Large-lot sale</b>	Average increase <b>+3.5%</b>
<b>Small-lot sale</b>	Average increase <b>+1.7%</b>

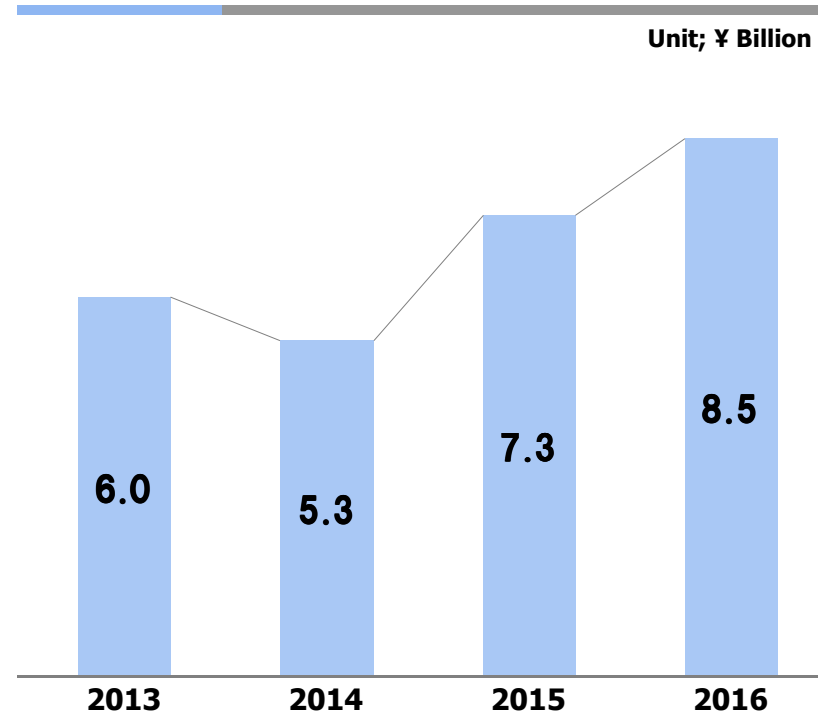
# Forecast Sales & Operating Profit



## Sales



## Operating Profit



	2013	2014	2015	2016	Gross Profit Sensitivity	
Exchange rate (Yen/US\$)	96.9	100	100	100	(+) 1 yen/\$	-60 million yen
Crude oil price C I F ( J C C ) (US\$/bbl)	110.4	110	110	110	(+) \$1/bbl	-140 million yen

# Assumption of Consolidated Operating Profit

~ Year-on-year comparison ~



**Sales** **164.8** [+11.4]

City Gas	<b>143.2</b> [+10.6]
LPG	<b>12.2</b> [+0.3]
Others	<b>9.3</b> [+0.3]

**Operating Profit** **5.3** [-0.7]

**Sliding Time Lag** **-1.3** [-1.9]

**Gross Profit** **33.0** [+2.3]

<b>City Gas</b>	<b>28.2</b> [+1.6]
■ <b>Sales</b>	<b>143.2</b> [+10.6]
Volume of sale	+2.4
Unit price	+8.1
Other	+0.1
■ <b>Cost of Sales</b>	<b>115.0</b> [+9.0]
Amount of feedgas	+2.1
LNG prices	+6.6
Other	+0.3

**LPG and Others** **4.8** [+0.6]

**Marketing Expenses** **27.7** [+3.1]

Increase of depreciation caused by the commencement of operation of Shizuham Trunkline etc.

Unit: ¥ Billion

\*[ ] denotes year-on-year change

\*Transactions between the consolidated companies are offset

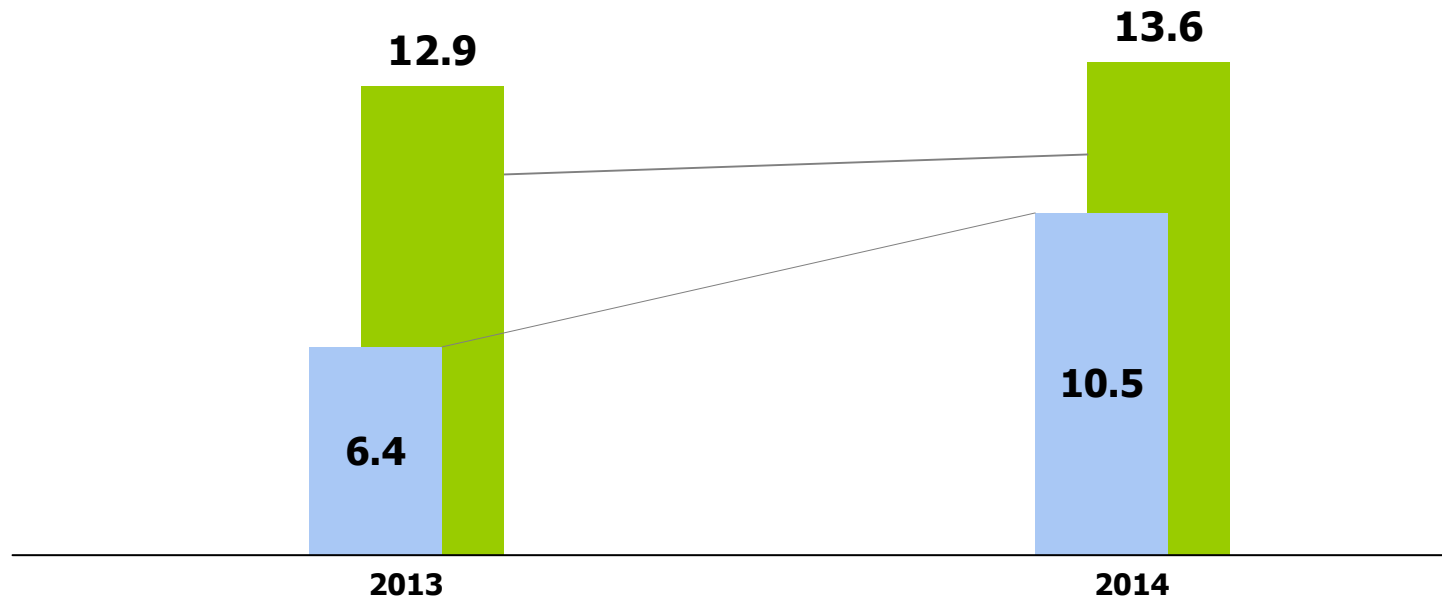


# Cash Flow & Capital Expenditure



■ Operating cash flow    ■ Investing cash flow

Unit: ¥ Billion



	2013	2014 (plan)
Capital Expenditure	8.1	8.7
Depreciation	9.6	10.9

— III. Supplementary Information —  —

# Forecast Gas Sale (Non-Consolidated)



Unit; Million m<sup>3</sup>

	2013	2014	2015	2016
Volume of sale	1,369	1,399	1,592	1,654
Own sale	807	824	850	884
Residential	88	88	89	90
Commercial	68	68	69	71
Industrial	651	668	691	723
Wholesale	562	575	743	770

〈Large-lot sale (A part of "Own sale")〉

Volume of sale	642	658	681	711
Share in the total sale	79.6%	79.9%	80.1%	80.5%

# Statement of Income



Unit: ¥ Billion

	2013	2014	2015	2016
Total Sales	153.4	164.8	178.1	187.9
Cost of sales	122.7	131.8	142.5	150.9
Gross profit	30.7	33.0	35.6	36.9
Sales and administration expenses	24.6	27.7	28.2	28.4
Manpower	9.9	10.1	10.3	10.8
Other expenses	8.4	10.0	10.2	10.2
Depreciation	6.2	7.5	7.7	7.3
Operating income	6.0	5.3	7.3	8.5
Ordinary income	6.4	5.5	7.5	8.7
Net income	3.8	2.7	4.0	5.4

# Balance Sheet



Unit: ¥ Billion

	2013	2014	2015	2016
<b>A s s e t s</b>	<b>115.7</b>	<b>117.2</b>	<b>114.9</b>	<b>111.5</b>
Current assets	27.7	30.4	31.4	32.2
Fixed assets	88.0	86.8	83.4	79.2
Tangible/Intangible fixed assets	69.3	67.7	65.0	61.4
Investments and other a s s e t s	18.7	19.1	18.4	17.7
<b>L i a b i l i t i e s</b>	<b>51.0</b>	<b>51.3</b>	<b>45.8</b>	<b>38.2</b>
Interest-bearing debts	30.6	33.2	26.6	18.0
<b>N e t a s s e t s</b>	<b>64.6</b>	<b>65.9</b>	<b>69.1</b>	<b>73.3</b>

# Statement of Cash Flows & Capital Expenditure



Unit: ¥ Billion

	2013	2014	2015	2016
Operating cash flow	12.9	13.6	15.6	16.6
Investing cash flow	-6.4	-10.5	-7.3	-6.1
Financing cash flow	-6.4	-3.2	-8.3	-10.4
Net increase in cash and cash equivalents	0.0	-0.0	-0.0	0.0
Capital expenditure	8.1	8.7	8.0	6.8
Depreciation	9.6	10.9	10.8	10.3