



**SHIZUOKA GAS CO.,LTD.**

---

Financial Results 2012  
(January-December)

---

February 15 , 2013

# Contents



I . Summary Financial Results	... 3
II . Mid-Term Strategy	... 9
III . Supplementary Information	... 20

---

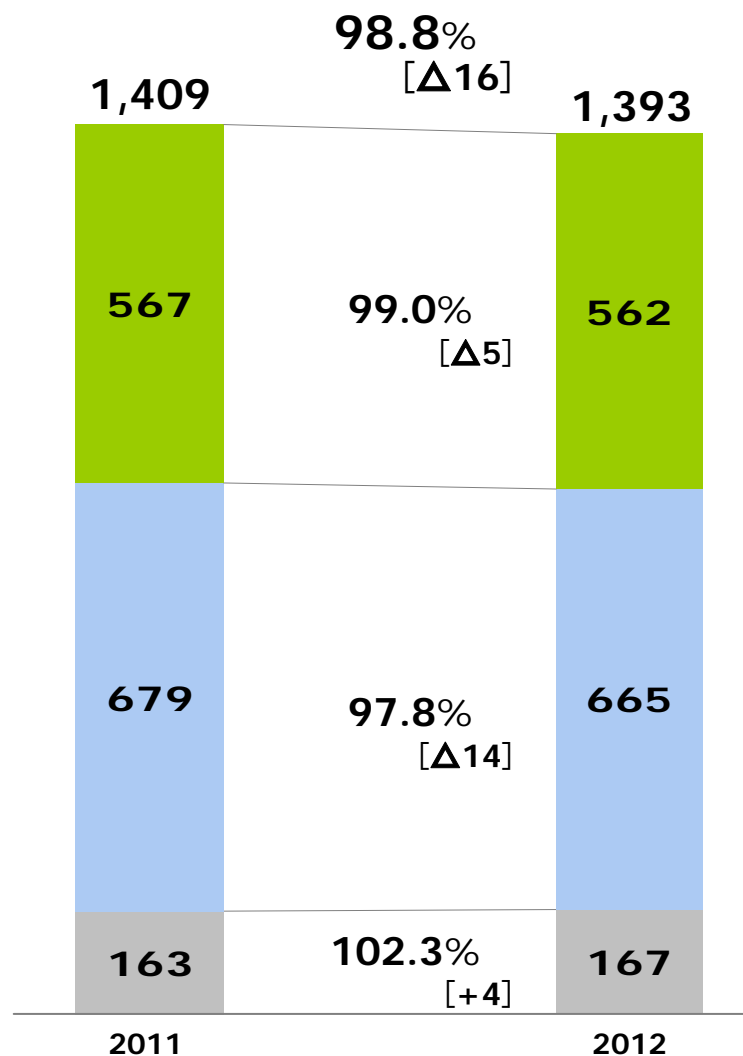
## Disclaimer

- 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

- Decreased volume of gas sold [Δ5]

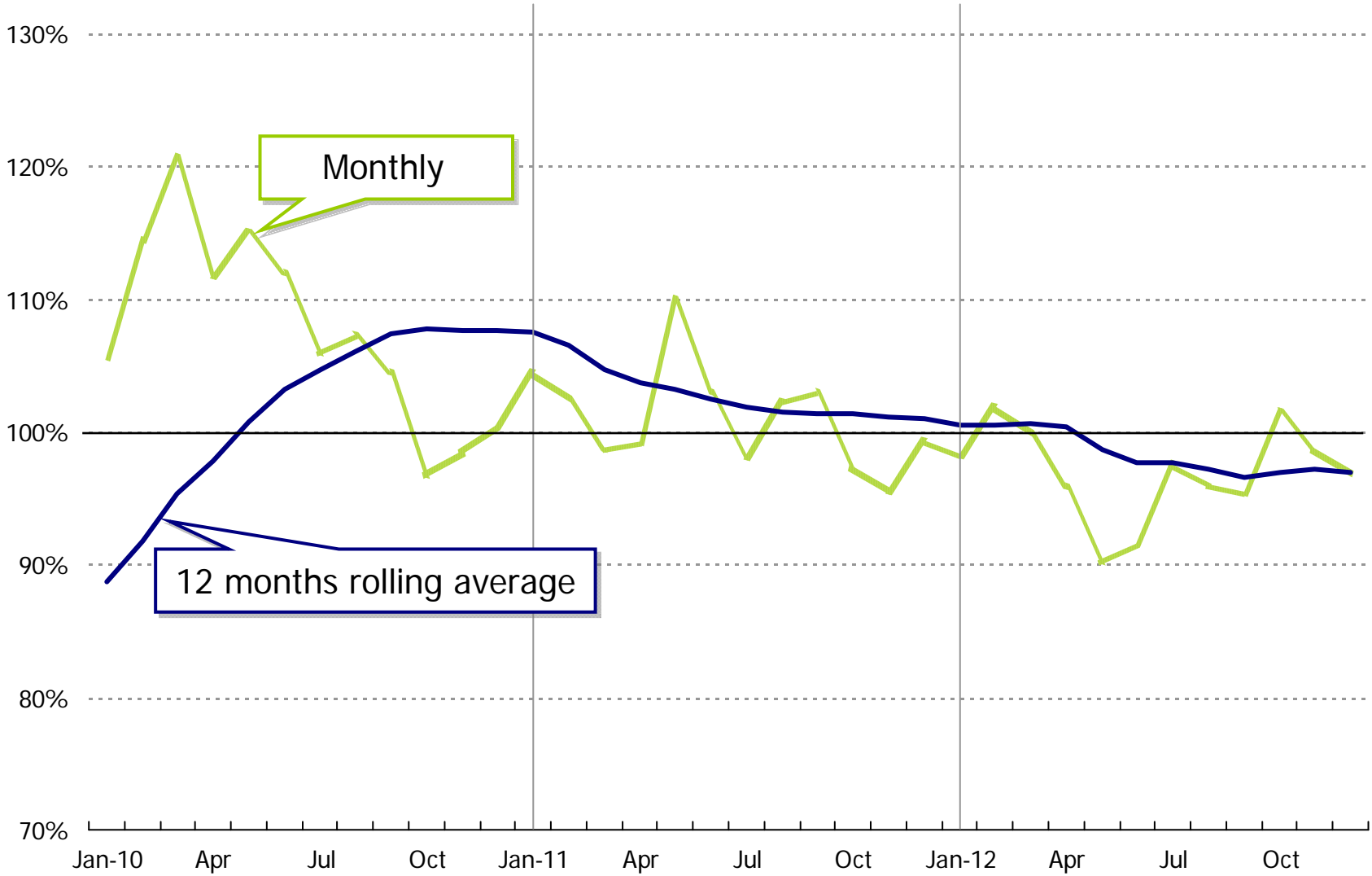
## Large-lot Sale

- Newly developed demand [+11]
- Rebound from the previous year when there was higher rate of operation in preparation for the deficit of power supply [Δ25]

## Small-lot Sale

- Newly developed demand in the commercial sector [+3]
- Increased due to colder weather [+1]

# Large-Lot Customer's Performance

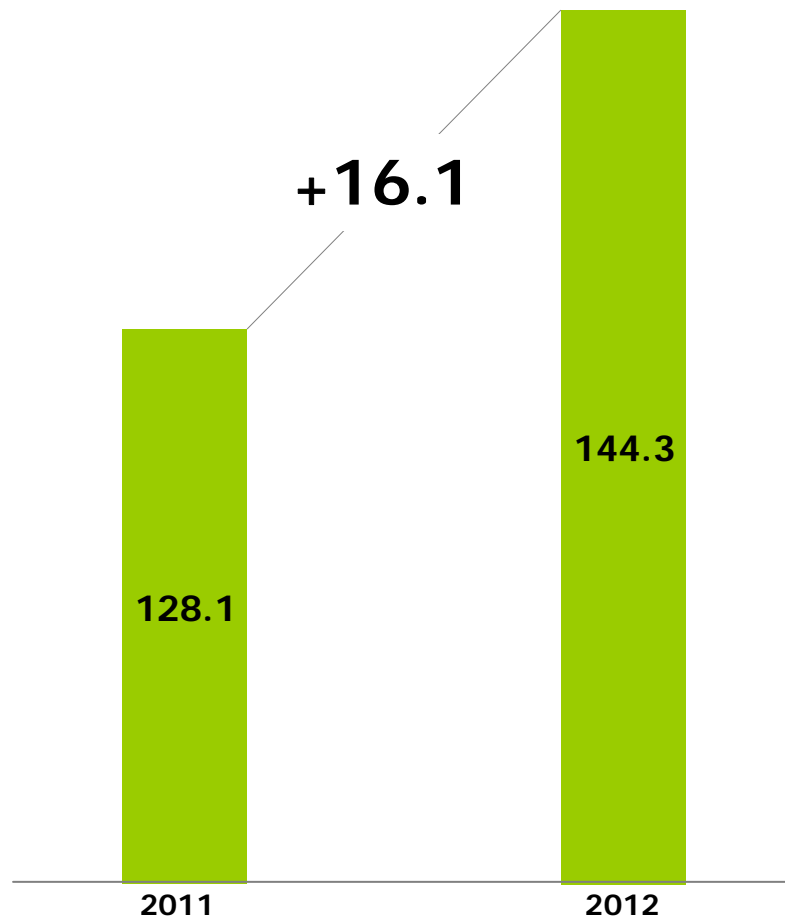


# Sales & Operating Profit ~ Year-on-year comparison ~



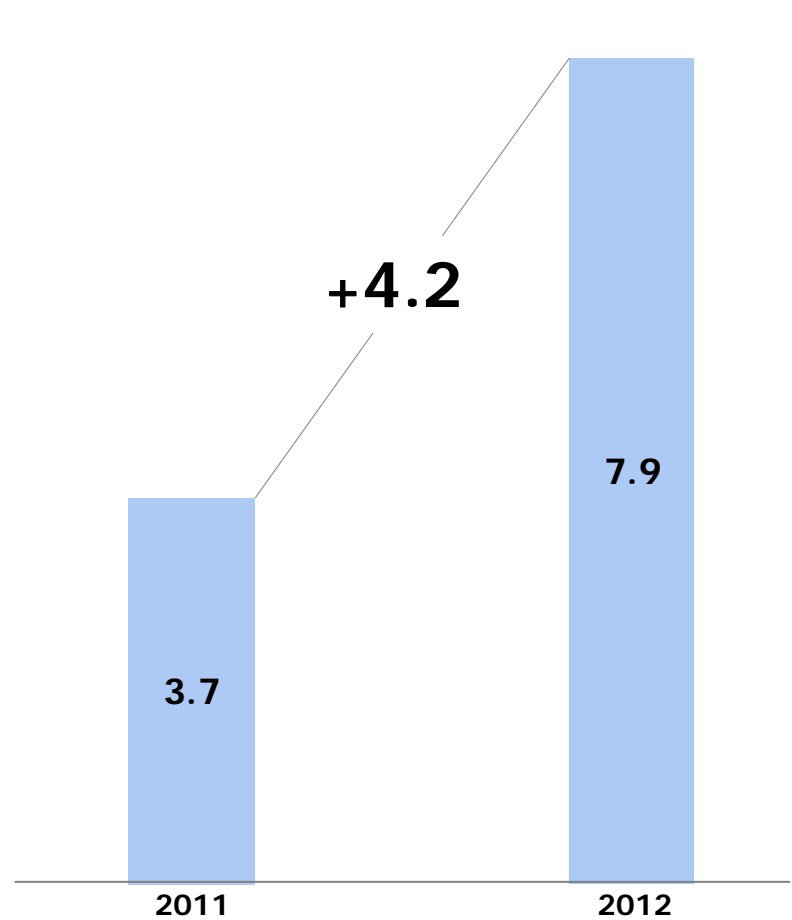
## Sales

Unit; ¥ Billion



## Operating Profit

Unit; ¥ Billion



# Breakdown of Consolidated Operating Profit

~ Year-on-year comparison ~



**Sales** **144.3** [+16.1]

City Gas	124.8	[+15.4]
LPG	11.4	[+0.4]
Others	8.0	[+0.2]

**Operating Profit** **7.9** [+4.2]

**Sliding Time Lag** **-0.9** [+3.6]

**Gross Profit** **32.6** [+4.4]

Unit: ¥ Billion  
 \* [ ] denotes year-on-year change  
 \*Transactions between the consolidated companies are offset

<b>City Gas</b>	<b>28.6</b>	[+4.5]
■ Sales	124.8	[+15.4]
- Volume of sale	-0.3	
+ Unit price	16.8	
- Tariff revisions	-1.1	
■ Cost of Sales	96.2	[+10.9]
- Amount of feedgas	-0.7	
+ LNG prices	12.2	
- LNG terminal cost	-0.7	
<b>LPG and Others</b>	<b>4.1</b>	[-0.0]

**Marketing Expenses** **24.7** [+0.3]

+ Enterprise tax etc.		
-----------------------	--	--

# Summary of Consolidated Financial Results



## Point ①

**Gas sales volume** decreased by 1.2% year-on-year (Shizuoka Gas non-consolidated) to 1.393 billion m<sup>3</sup>. This was mainly due to the rebound from the previous year when there was higher rate of operation in preparation for the deficit of power supply whereas there was the increase of gas sales volume due to the newly developed demand of the large-lot customers.  
On a consolidated basis, gas sales volume decreased by 1.1% to 1.460 billion m<sup>3</sup>.

---

## Point ②

While gas sales volume decreased, **net sales** during the term increased by 144.3 billion yen, adding 16.1 billion yen on the previous year's, and also including **operating income** to 7.9 billion yen, **ordinary income** to 8.1 billion yen, **net income** to 4.0 billion yen mainly due to the upward trend in unit gas sales prices based on the gas rate adjustment system.

---

## Point ③

**Dividend** payable is 9.0 yen per annual including 4.5 yen of semiannual dividend.

---

## Point ④

The amount of **capital expenditure** was 9.6 billion yen due to the construction of Shizuhama Trunkline and various kinds of investments mainly aimed for the expansion of capacities for gas supply and strengthened disaster prevention countermeasures for an earthquake and Tsunami.

---

## Point ⑤

**Interest-Bearing Debt** was 35.7 billion yen due to the repayment of the debt loan.

---



## — II. Mid-Term Strategy

— SHIZGAS —

# Strategies of Each Sector for Expanding Sale of Gas



## Wholesale

- Start of wholesales to Chubu Gas in 2014 (p.11)

## Industrial/ Commercial

- Development in western regions of Shizuoka Prefecture  
(along areas of Shizuhama Trunkline) (p.11)
- Materialization of local power generation  
for local development project (p.12)
- Development of gas sales to the commercial sector  
required to conserve power
- New development by LNG lorries

## Residential

- More effort to increase customers and market shares  
tied up with our affiliates operating LPG retail (p.13)
- More effort to expand sales of ENEFARM  
and to reinforce home remodeling (p.13)

# Development in Western Regions of Shizuoka Prefecture

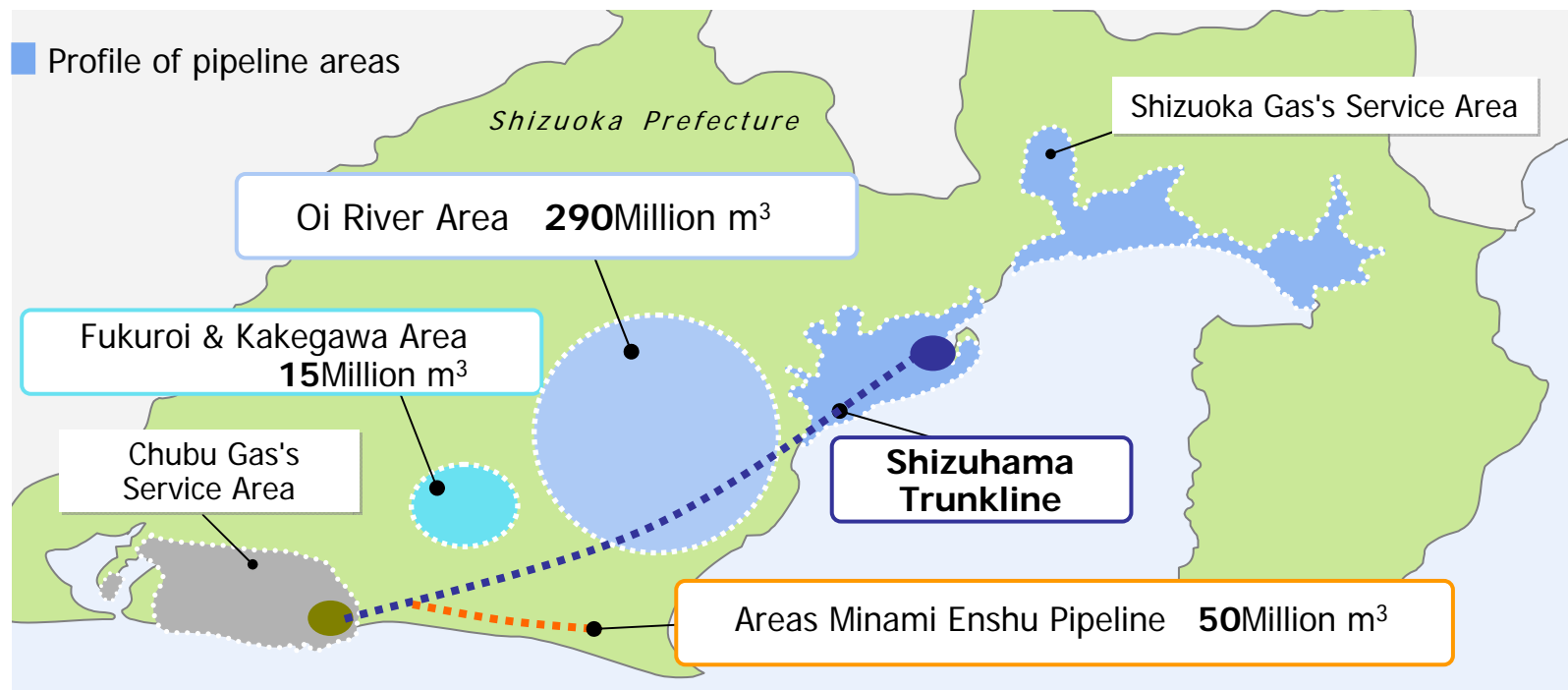
Wholesale

Industrial/  
Commercial

SHIZGAS

Shizuham Trunkline ————— Potential demand 350 Million m<sup>3</sup>

- Shizuham Trunkline : **Start of operation in 2014 including wholesales to Chubu Gas**
- Fukuroi and Kakegawa areas : **Start of sales to large-lot customers in Yamashina area of Fukuroi city**
- Minami Enshu Pipeline : **Start of wholesales in 2014**



# “Local Power Generation for Local Demand Project”

Industrial/  
Commercial



- Study group on the decentralized energy system initiated by Shizuoka Prefecture (October, 2011~March, 2012)

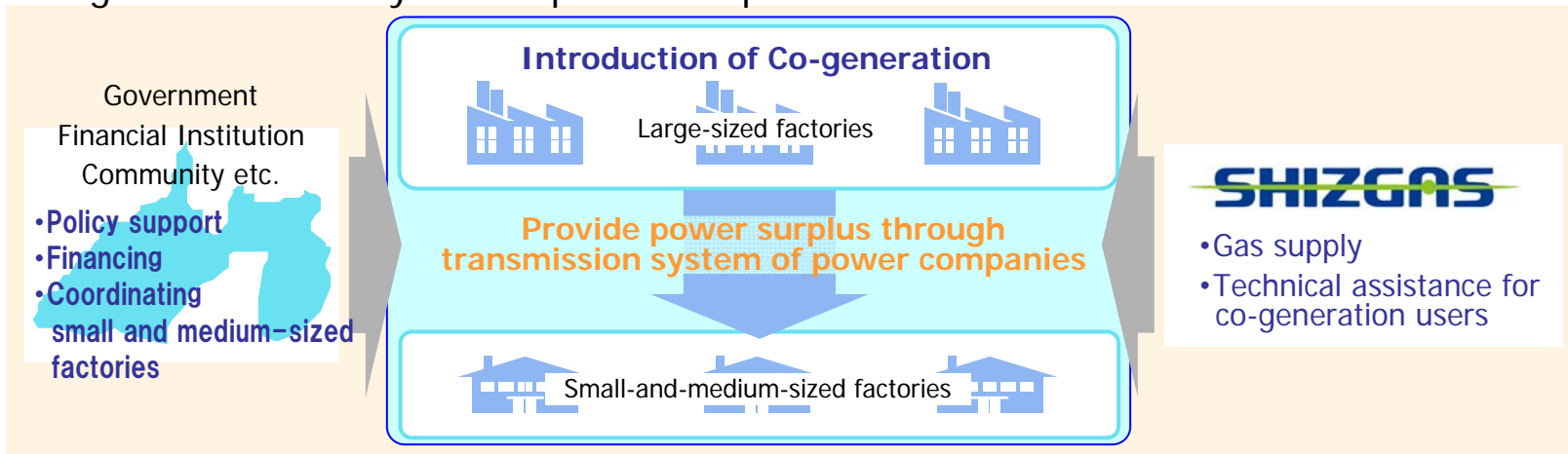


Newly established committee for promoting of this project (August, 2012~)

- The start-up of this project is targeted by summer of 2015

[Profile of Scheme]

- Introduction of co-generation system into large-sized factories in Fuji and Fujinomiya enough to meet their heat demand, and provide their power surplus generated by such system through transmission system of power companies to small and medium-sized factories



# Reinforcement of Marketing Activities

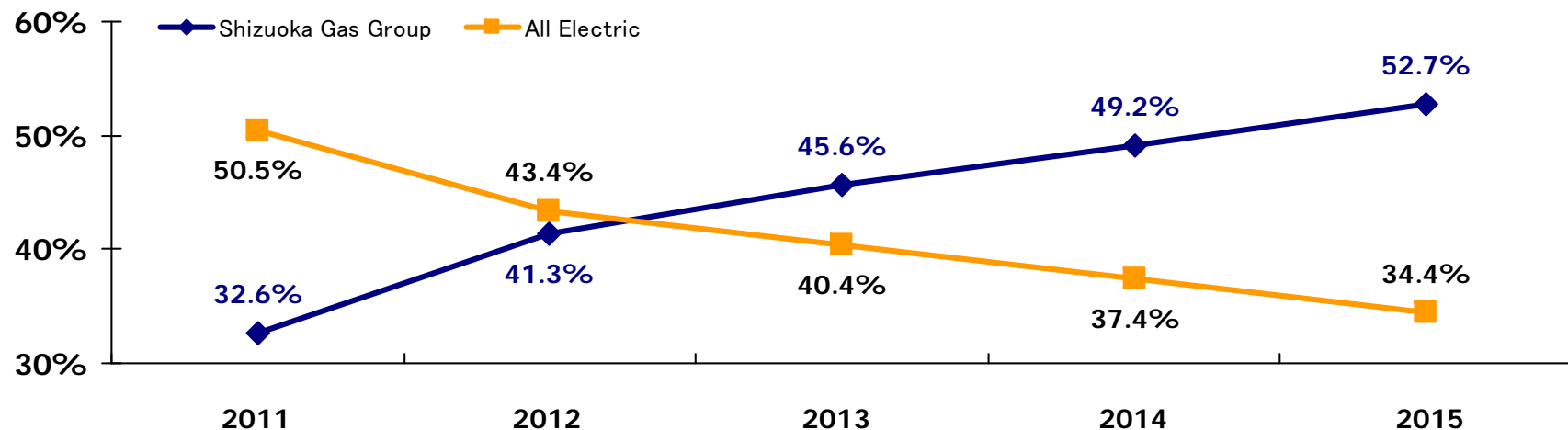
Residential

SHIZUGAS

## Increase of customers and offer of additional value

- Firmer customer base - increasing the number of customers -
- Sales expansion of ENEFARM- replicating the successful model of Kiyozumi town -
- Reinforcement of home remodeling - branding campaign of ENEREA -

[Shift in new-built share ]



# LNG Procurement Plan



## Diversification of suppliers

[Long-term LNG contracts]

Suppliers	Contract Term
Malaysia	1996 ~ 2015 2016 ~ 2025
Australia	2005 ~ 2028
Osaka Gas	2014 ~ 2033
Tokyo Electric Power	2014 ~ 2032
Qatar	2016 ~ 2021

## LNG procurement with competitiveness

- Diversification of price formula and suppliers including unconventional LNG such as shale gas etc.

# Investment on More Sales of Gas & More Stable Supply

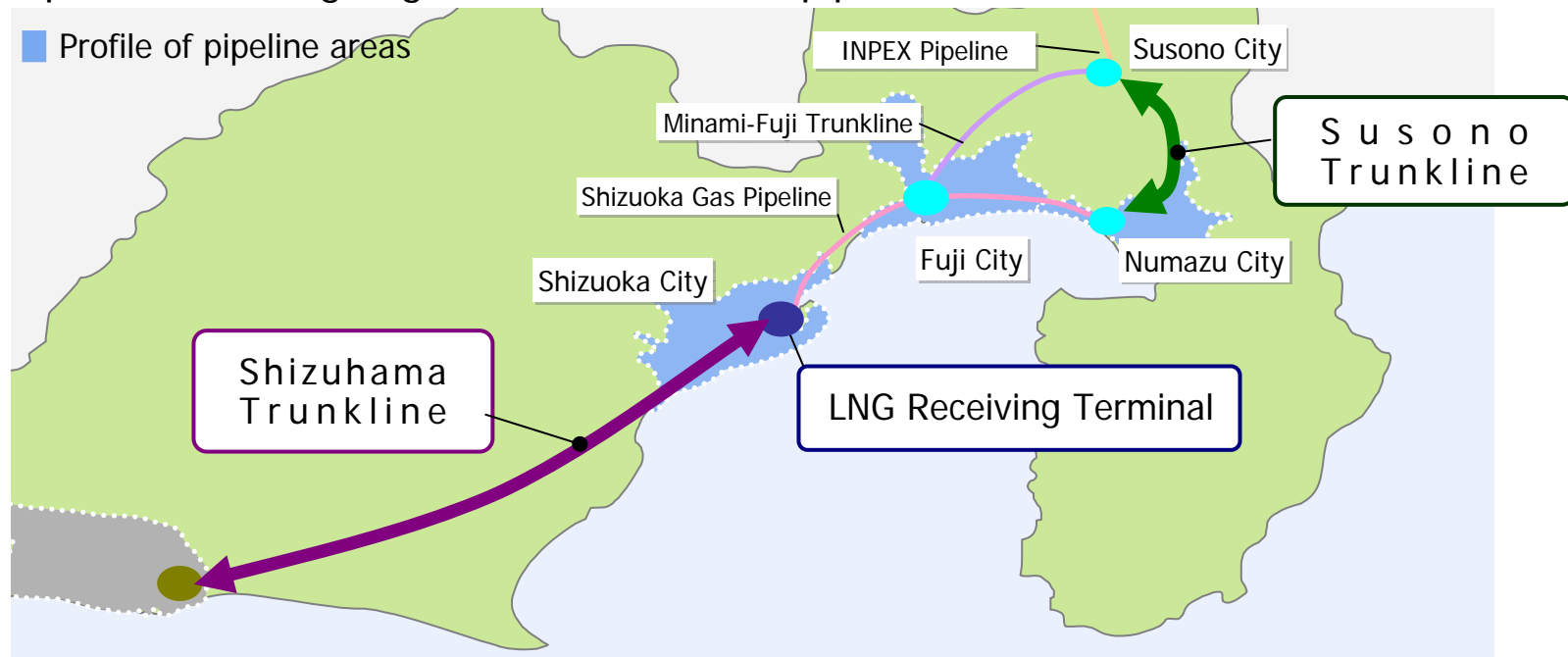


## Improvements of the Pipeline Network

- Shizuham Trunkline: Completion at the end of 2013
- Susono Trunkline: More supply capacity to meet demand from local power generation for local demand project

## Reinforce Disaster Preventions

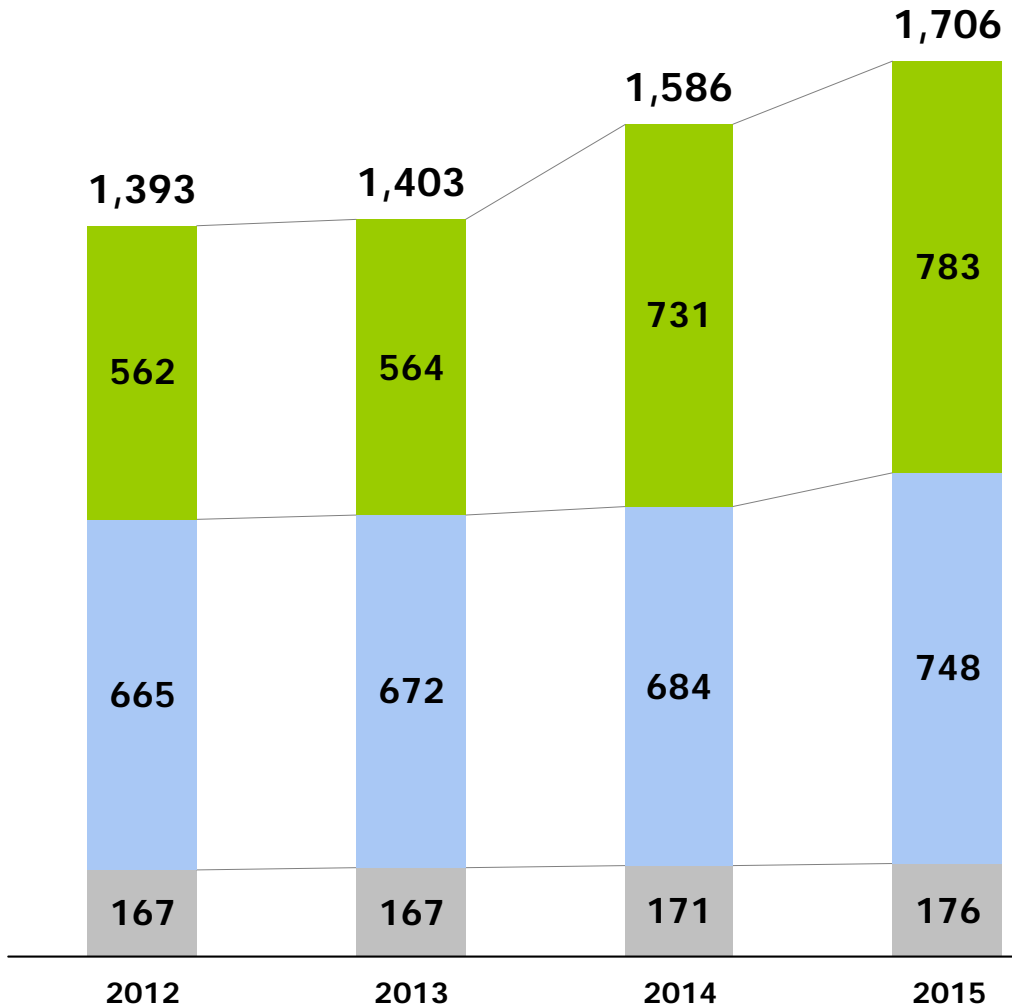
- LNG Receiving Terminal: Practices an additional countermeasure work in response to new simulations caused by earthquakes
- Replacement of aged gas main and branch pipelines



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



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



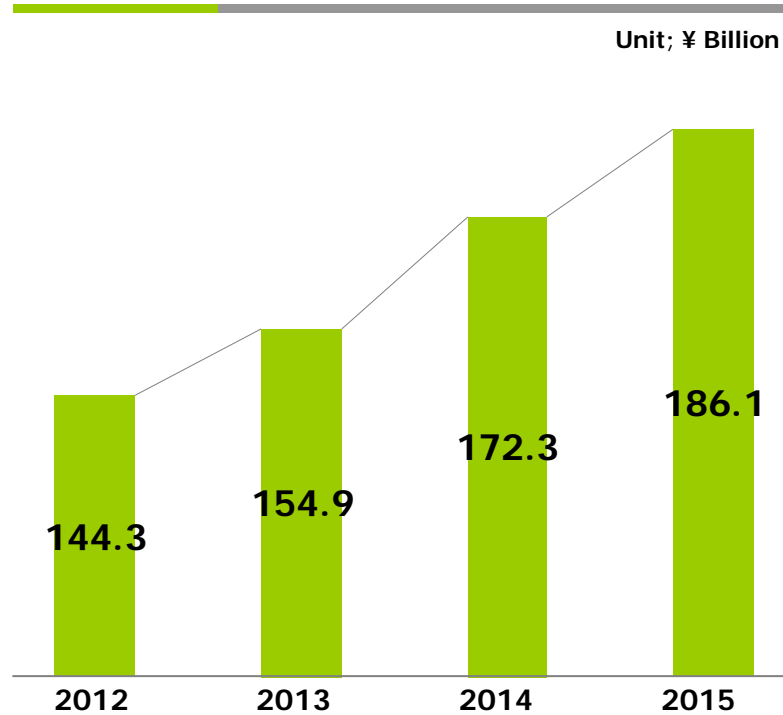
<b>Total sales volume</b>	Average increase <b>+7.0%</b>
<b>Wholesale</b>	Average increase <b>+11.7%</b>
<b>Large-lot sale</b>	Average increase <b>+4.0%</b>
<b>Small-lot sale</b>	Average increase <b>+1.8%</b>



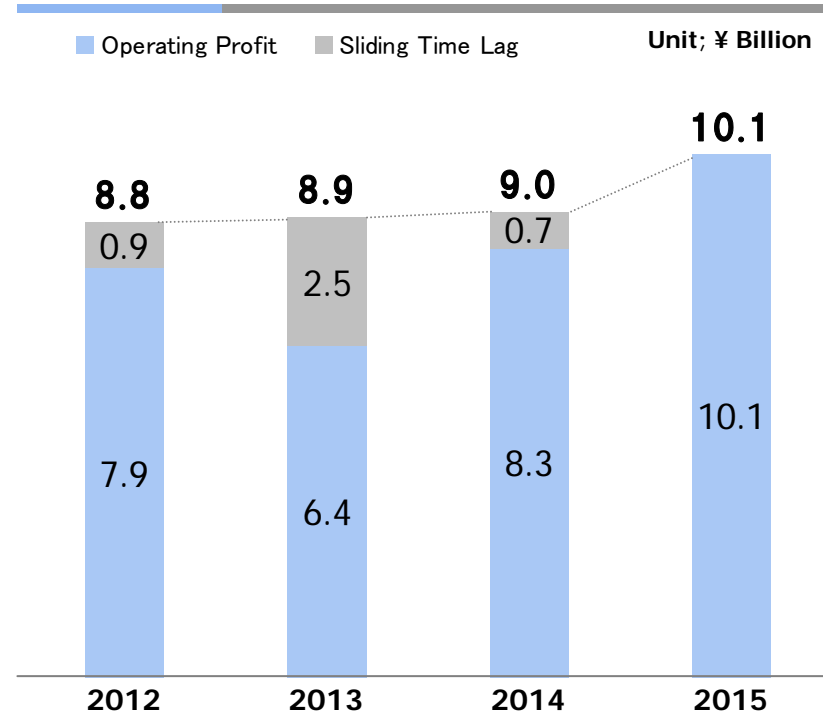
# Forecast Sales & Operating Profit



## Sales



## Operating Profit & Sliding Time Lag



	2012	2013	2014	2015	Gross Profit Sensitivity	
Exchange rate (Yen/US\$)	79.6	90	90	90	(+) 1 yen/\$	-140 million yen
Crude oil price C I F ( J C C ) (US\$/bbl)	114.7	115	115	115	(+) \$1/bbl	-130 million yen

# Assumption of Consolidated Operating Profit

~ Year-on-year comparison ~



**Sales** **154.9** [+10.6]

**City Gas** **133.7** [+8.9]

**LPG** **12.2** [+0.9]

**Others** **8.8** [+0.8]

**Operating Profit** **6.4** [Δ1.5]

**Sliding Time Lag** **-2.5** [Δ1.6]

**Gross Profit** **31.9** [-0.8]

**City Gas** **27.7** [-0.8]

**Sales** **133.7** [+8.9]

+ Volume of sale 1.3

+ Unit price 7.2

+ Other 0.3

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

+ Amount of feedgas 1.0

+ LNG prices 8.8

- LNG terminal cost -0.2

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

**Marketing Expenses** **25.5** [+0.8]

+ Expense for development cost etc.

Unit: ¥ Billion

\*[ ] denotes year-on-year change

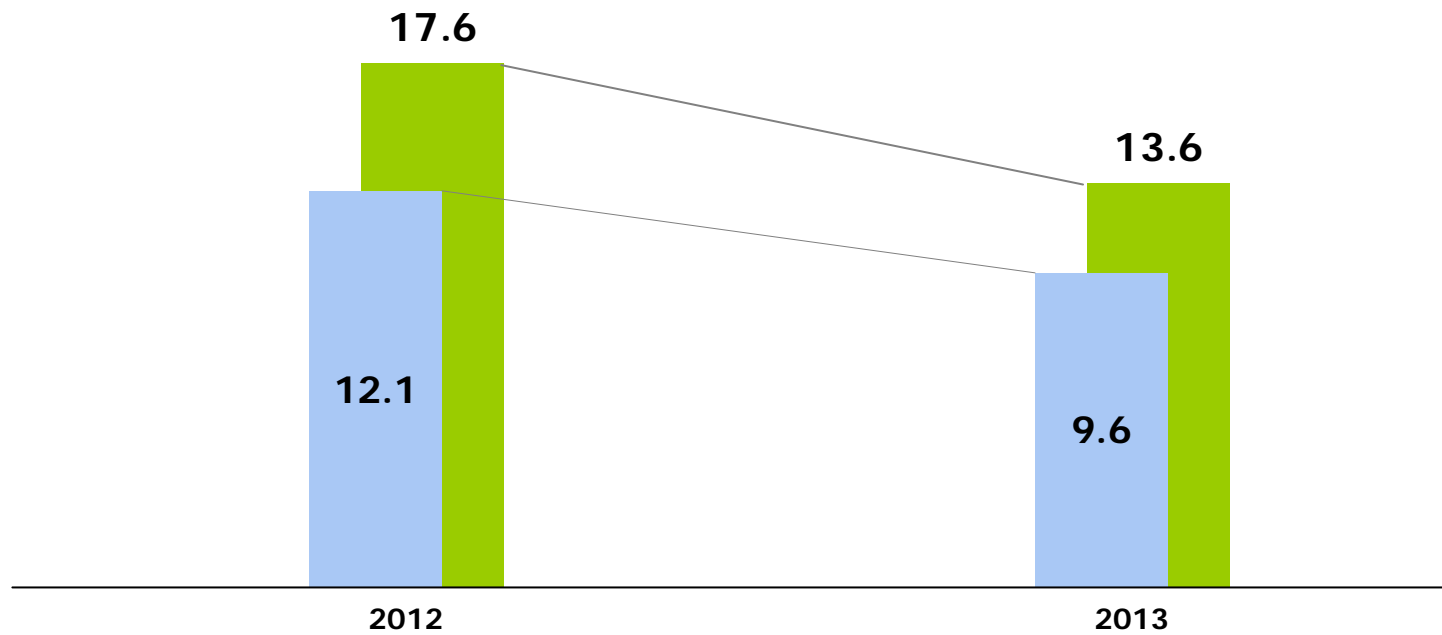
\*Transactions between the consolidated companies are offset

# Cash Flow & Capital Expenditure



■ Operating cash flow    ■ Investing cash flow

Unit: ¥ Billion



	2012	2013 (plan)
Capital Expenditure	9.6	10.1
Shizuham a Trunkline	2.2	1.3
Depreciation	10.7	9.8

— III. Supplementary Information —  —

# Forecast Gas Sale (Non-Consolidated)



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

	2012	2013	2014	2015
Volume of sale	1,393	1,403	1,586	1,706
Own sale	831	840	855	923
Residential	91	90	91	93
Commercial	68	67	68	71
Industrial	673	683	696	759
Wholesale	562	564	731	783

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

Volume of sale	665	672	684	748
Share in the total sale	80.0%	80.1%	80.0%	81.0%

# Statement of Income



Unit: ¥ Billion

	2012	2013	2014	2015
Total Sales	144.3	154.9	172.3	186.1
Cost of sales	111.6	122.9	136.0	147.5
Gross profit	32.6	31.9	36.2	38.5
Sales and administration expenses	24.7	25.5	27.8	28.4
Manpower	10.0	10.2	10.4	10.7
Other expenses	8.0	8.9	9.7	10.0
Depreciation	6.6	6.3	7.6	7.5
Operating income	7.9	6.4	8.3	10.1
Ordinary income	8.1	6.6	8.5	10.3
Net income	4.0	3.6	4.8	6.0

# Balance Sheet



Unit: ¥ Billion

	2012	2013	2014	2015
<b>A s s e t s</b>	<b>113.4</b>	<b>114.1</b>	<b>113.2</b>	<b>110.6</b>
Current assets	26.7	27.5	28.9	29.7
Fixed assets	86.7	86.5	84.2	80.8
Tangible/Intangible fixed assets	70.7	71.0	68.0	65.3
Investments and other assets	15.9	15.5	16.2	15.5
<b>L i a b i l i t i e s</b>	<b>53.9</b>	<b>52.4</b>	<b>47.5</b>	<b>39.7</b>
Interest-bearing debts	35.7	34.3	28.3	20.1
<b>N e t a s s e t s</b>	<b>59.5</b>	<b>61.7</b>	<b>65.7</b>	<b>70.8</b>

# Statement of Cash Flows & Capital Expenditure



Unit; ¥ Billion

	2012	2013	2014	2015
Operating cash flow	17.6	13.6	164.	17.1
Investing cash flow	-12.1	-9.6	-8.7	-7.2
Financing cash flow	-5.5	-4.0	-7.7	-9.8
Net increase in cash and cash equivalents	0.0	-0.0	-0.0	-0.0
Capital expenditure	9.6	10.1	8.0	7.9
Shizuham a Trunkline	2.2	1.3	—	—
Depreciation	10.7	9.8	10.9	10.6