



Flash Report for the First Quarter of 2019[Japan GAAP](Consolidated)

May 9, 2019

Company Name: SHIZUOKA GAS CO., LTD. Listing: Tokyo Stock Exchange (1st section)
 Code Number: 9543 URL: <https://ir.shizuokagas.co.jp/en/>
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 Date for presentation of the quarterly report: May 13, 2019
 Date of dividend payment: —
 Preparation of supplemental explanatory materials: **Yes**
 Holding of quarterly results briefing session: **No**

1. Consolidated Business Results for the First Quarter (January 1 through March 31, 2019)

(Amounts under one million yen are omitted; YoY % change)

(1) Operating Results

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)	
Reporting First Quarter	42,624	8.8%	3,413	(19.3)%	3,537	(19.4)%
Previous First Quarter	39,170	18.1	4,232	50.1%	4,391	45.6

Note: Total comprehensive income (¥ million)

Reporting First Quarter: 2,776 (20.5%) Previous First Quarter: 2,304 (27.2%)

	Profit attributable to owners of parent (¥ million)		Profit per share (¥)	Diluted profit per share (¥)
Reporting First Quarter	2,296	(20.4)%	31.08	31.03
Previous First Quarter	2,886	57.0%	39.11	39.04

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
Reporting First Quarter	105,120	83,512	73.8	1,050.65
Previous full term	113,454	82,356	66.7	1,024.71

Note: Net assets excluding share acquisition rights and non-controlling interests (¥ million)

Reporting First Quarter: 77,617 Previous full term: 75,669

2. Dividend Payment

	Annual dividend per share (¥)				
	1Q	2Q	3Q	Term-end	Total
FY 2018	—	7.50	—	7.50	15.00
FY 2019	—	/	/	/	/
FY 2019 (forecast)	/	8.00	—	8.00	16.00

Note: Revision of previously announced dividend forecast: **No**

3. Consolidated Business Forecast for Current Term (January 1 through December 31, 2019)

(Amounts under one million yen are omitted; YoY % change)

	Net sales (¥ million)		Operating profit (¥ million)		Ordinary profit (¥ million)		Profit attributable to owners of parent (¥ million)		Profit per share (¥)
Full term	161,100	12.5%	8,830	81.3%	9,240	65.3%	5,880	78.7%	79.62

Note: Revision of previously announced consolidated business forecast: **No**

※Notes

(1) Major changes in subsidiaries: **No**

Note: Transfer of specified subsidiaries during the reporting First Quarter resulting in changes in the scope of consolidation

(2) Simplified accounting and special accounting methods for quarterly financial reporting: **Yes**
(Please refer to the section “Notes(2) Application of Special Accounting Methods in Preparation of Quarterly Consolidated Financial Statements” on P8)

(3) Changes in accounting policies, estimates, or retrospective restatements

a) Changes in accounting policies due to revisions of accounting standards: **No**

b) Other: **No**

c) Changes in accounting estimates: **No**

d) Retrospective restatements: **No**

(4) Number of issued shares (ordinary shares)

a) Number of shares issued at end of period (including treasury shares)

Reporting First Quarter: 76,192,950

Previous full term: 76,192,950

b) Number of treasury shares at end of period

Reporting First Quarter: 2,317,769

Previous full term: 2,349,097

c) Average number of shares outstanding during the term

Reporting First Quarter: 73,872,440

Previous First Quarter: 73,805,245

Quarterly Review

Quarterly financial results are exempt from quarterly review.

Notes on proper use of forecast, and other matters

Business forecast and other forward-looking statements contained in this document are assumptions based on information available to the company and judgments deemed rational at the time this document was published. Forward-looking statements are not a guarantee that forecast will be achieved. Actual earnings may differ significantly from business forecast due to various factors.

For further details, please refer to the section “Qualitative Information on Quarterly Consolidated Financial Performance (3) Qualitative Information Regarding Consolidated Business Forecast” on P3.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

Net sales for the first three months of the current fiscal year (January through March 2019) amounted to ¥42,624 million, an increase of 8.8% year on year. This result was mainly due to an increase in gas sales volume and upward revisions in gas unit sales prices necessitated under the gas rate adjustment system. An increase in electricity sales also contributed to higher performance.

Operating profit fell 19.3% year on year to ¥3,413 million, while ordinary profit fell 19.4% to ¥3,537 million. Profit attributable to owners of parent amounted to ¥2,296 million, a decrease of 20.4%. This result was mainly due to an increase in material costs due to rising crude oil prices.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets at March 31, 2019 amounted to ¥105,120 million, a decrease of ¥8,333 million compared to the end of the prior consolidated fiscal year. This result was mainly due to a decrease in cash and deposits and a decrease in raw materials related to LNG inventory volumes.

Liabilities decreased ¥9,490 million to ¥21,607 million. This result was mainly due to a decrease in accounts payable-trade in connection with the timing of raw materials payment settlements and repayments of loans payable.

Net assets increased ¥1,156 million compared to the end of the prior consolidated fiscal year, up to ¥83,512 million. This result was mainly due to increased retained earnings stemming from profit attributable to owners of parent. The Company's equity ratio at the end of this period stood at 73.8%.

(3) Qualitative Information Regarding Consolidated Business Forecast

There are no revisions to the full year (January 1, 2019 to December 31, 2019) consolidated business forecast announced on February 6, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	(¥ million)	
	December 31, 2018	March 31, 2019
Assets		
Non-current assets		
Property, plant and equipment		
Production facilities	8,052	7,714
Distribution facilities	34,647	34,173
Service and maintenance facilities	5,042	4,985
Other facilities	8,024	7,990
Construction in progress	161	309
Total property, plant and equipment	55,929	55,173
Intangible assets	836	825
Investments and other assets		
Investment securities	9,810	10,054
Long-term loans receivable	5,886	5,725
Deferred tax assets	669	708
Other investments and other assets	1,705	1,733
Allowance for doubtful accounts	(94)	(103)
Total investments and other assets	17,977	18,118
Total non-current assets	74,744	74,117
Current assets		
Cash and deposits	12,419	8,510
Notes and accounts receivable-trade	13,196	13,708
Merchandise and finished goods	353	340
Raw materials and supplies	9,896	6,265
Other current assets	2,886	2,214
Allowance for doubtful accounts	(40)	(36)
Total current assets	38,710	31,002
Total assets	113,454	105,120

Note: Amounts under one million yen are omitted.

(¥ million)

	December 31,2018	March 31,2019
Liabilities		
Non-current liabilities		
Long-term loans payable	7,370	6,861
Deferred tax liabilities	201	229
Net defined benefit liability	3,362	3,346
Other non-current liabilities	120	119
Total non-current liabilities	11,055	10,557
Current liabilities		
Current portion of non-current liabilities	2,509	2,573
Accounts payable-trade	11,645	2,120
Accounts payable-other	1,585	1,728
Income taxes payable	1,412	1,025
Provision for bonuses	411	744
Other current liabilities	2,478	2,858
Total current liabilities	20,042	11,050
Total liabilities	31,097	21,607
Net assets		
Shareholders' equity		
Capital stock	6,279	6,279
Capital surplus	4,712	4,720
Retained earnings	62,722	64,465
Treasury shares	(1,193)	(1,177)
Total shareholders' equity	72,520	74,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,132	3,273
Deferred gains or losses on hedges	11	23
Foreign currency translation adjustment	(149)	(111)
Remeasurements of defined benefit plans	153	145
Total accumulated other comprehensive income	3,148	3,330
Share acquisition rights	115	92
Non-controlling interests	6,572	5,803
Total net assets	82,356	83,512
Total liabilities and net assets	113,454	105,120

Note: Amounts under one million yen are omitted.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	(¥ million)	
First quarter ended March 31	2018	2019
Net sales	39,170	42,624
Cost of sales	28,438	32,299
Gross profit	10,732	10,324
Selling, general and administrative expenses	6,499	6,911
Operating profit	4,232	3,413
Non-operating income		
Interest income	30	29
Dividend income	2	2
Share of profit of entities accounted for using equity method	44	85
Foreign exchange gains	34	—
Miscellaneous income	104	112
Total non-operating income	216	229
Non-operating expenses		
Interest expenses	39	31
Foreign exchange losses	—	72
Miscellaneous expenses	18	1
Total non-operating expenses	57	106
Ordinary profit	4,391	3,537
Profit before income taxes	4,391	3,537
Income taxes	1,220	950
Profit	3,170	2,586
Profit attributable to non-controlling interests	284	290
Profit attributable to owners of parent	2,886	2,296

Note: Amounts under one million yen are omitted.

Consolidated Statements of Comprehensive Income

	(¥ million)	
First quarter ended March 31	2018	2019
Profit	3,170	2,586
Other comprehensive income		
Valuation difference on available-for-sale securities	(886)	147
Deferred gains or losses on hedges	42	11
Foreign currency translation adjustment	(3)	0
Remeasurements of defined benefit plans, net of tax	(2)	(7)
Share of other comprehensive income of entities accounted for using equity method	(16)	37
Total other comprehensive income	(866)	189
Comprehensive income	2,304	2,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,025	2,479
Comprehensive income attributable to non-controlling interests	278	296

Note: Amounts under one million yen are omitted.

(3) Notes

(1) Note on Going Concerns' Premise

Not applicable.

(2) Application of Special Accounting Methods in Preparation of Quarterly Consolidated Financial Statements

Calculation of tax expenses

The Company calculates tax expenses based on a reasonable estimate of the effective tax rate after the application of tax effect accounting to profit before income taxes for the current consolidated fiscal year including the consolidated first quarter. We multiply this effective tax rate by the quarterly profit before income taxes for the cumulative period to calculate tax expenses.

(3) Note on Significant Change in Shareholders' Equity

Not applicable.

Additional Information

Adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting"

The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28 on February 16, 2018) from the beginning of the first quarter of the consolidated fiscal year. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

Segment Information

Net Sales and Income (Loss) by Reportable Segment

Three Months Ended March 31, 2018

(¥ million)

	Reportable segment			Other businesses (Note1)	Total	Adjustments (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Sales to external customers	31,238	5,013	36,251	2,919	39,170	—	39,170
Inter-segment sales and transfers	577	103	680	990	1,671	(1,671)	—
Total	31,815	5,116	36,932	3,909	40,841	(1,671)	39,170
Segment income	4,378	407	4,786	215	5,001	(769)	4,232

Notes:

1. The Other businesses category consists of businesses not categorized as individual reportable segments. Other businesses include orders for construction related to the gas business, sales of gas appliances, remodeling, and leasing.
2. The (¥769) million in segment income adjustments include ¥60 million in inter-segment eliminations and (¥829) million in corporate expenses not allocable to a reportable segment. Corporate expenses are general and administrative expenses not allocable to a reportable segment.
3. Segment income is adjusted to reflect operating profit as recorded on the Company's quarterly consolidated statements of income.

Three Months Ended March 31, 2019

(¥ million)

	Reportable segment			Other businesses (Note1)	Total	Adjustments (Note2)	Amount recorded on consolidated statement of income (Note3)
	Gas	LPG and other energy services	Total				
Net sales							
Sales to external customers	34,381	5,110	39,492	3,132	42,624	—	42,624
Inter-segment sales and transfers	516	73	590	870	1,460	(1,460)	—
Total	34,898	5,184	40,082	4,002	44,085	(1,460)	42,624
Segment income	3,560	464	4,024	189	4,214	(801)	3,413

Notes:

1. The Other businesses category consists of businesses not categorized as individual reportable segments. Other businesses include orders for construction related to the gas business, sales of gas appliances, remodeling, and leasing.
2. The (¥801) million in segment income adjustments include ¥74 million in inter-segment eliminations and (¥875) million in corporate expenses not allocable to a reportable segment. Corporate expenses are general and administrative expenses not allocable to a reportable segment.
3. Segment income is adjusted to reflect operating profit as recorded on the Company's quarterly consolidated statements of income.