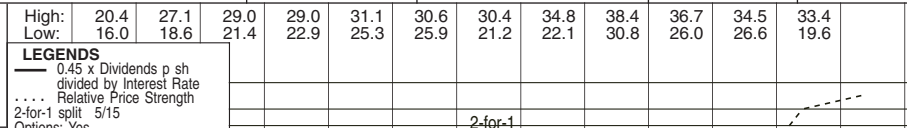


SOUTH JERSEY INDS. NYSE-SJI

RECENT PRICE 24.14 **P/E RATIO** 15.6 (Trailing: 18.6; Median: 19.0) **RELATIVE P/E RATIO** 0.71 **DIV'D YLD** 5.1% **VALUE LINE**

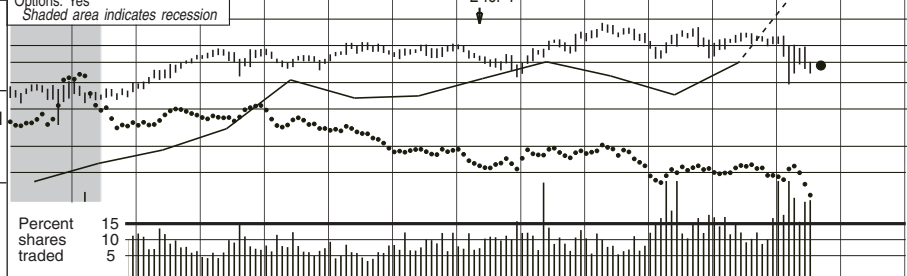
TIMELINESS 3 Lowered 7/20/18
SAFETY 3 Lowered 8/28/20
TECHNICAL 3 Raised 4/24/20
BETA 1.00 (1.00 = Market)



18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$18-\$50 \$34 (40%)

2023-25 PROJECTIONS
 High Price 45 (+85%)
 Low Price 35 (+45%)
 Ann'l Total Return 20%
 14%

Institutional Decisions
 3Q2019 4Q2019 1Q2020
 to Buy 101 124 108
 to Sell 100 95 125
 Hld's(000) 77210 79196 78322



Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Price	14.75	15.89	15.88	16.15	16.18	14.19	15.48	13.71	11.16	11.18	12.98	13.52	13.04	15.63	19.20	17.63	15.25	16.30
Dividend	0.79	0.86	1.23	1.05	1.14	1.19	1.35	1.45	1.52	1.52	1.57	1.44	1.34	1.23	1.38	1.12	1.50	1.70
Earnings	0.41	0.43	0.46	0.51	0.56	0.61	0.68	0.75	0.83	0.90	0.96	1.02	1.06	1.10	1.13	1.16	1.20	1.25
Capex	1.34	1.60	1.26	0.94	1.04	1.83	2.79	3.20	4.01	4.84	5.01	4.87	3.50	3.43	3.99	5.46	5.45	5.85
Book Value	6.20	6.75	7.55	8.12	8.67	9.12	9.54	10.33	11.63	12.64	13.65	14.62	16.22	14.99	14.82	15.41	16.60	17.25
Market Cap	55.52	57.96	58.65	59.22	59.46	59.59	59.75	60.43	63.31	65.43	68.33	70.97	79.48	79.55	85.51	92.39	101.00	103.00
P/E Ratio	14.1	16.6	11.9	17.2	15.9	15.0	16.8	18.4	16.9	18.9	18.0	17.9	21.7	27.9	22.6	28.3	16.0	16.0
Relative P/E	0.74	0.88	0.64	0.91	0.96	1.00	1.07	1.15	1.08	1.06	0.95	0.90	1.14	1.40	1.22	1.53	0.90	0.90
Dividend Yield	3.7%	3.0%	3.2%	2.8%	3.1%	3.4%	3.0%	2.8%	3.2%	3.1%	3.4%	3.9%	3.6%	3.2%	3.6%	3.7%	3.5%	3.5%

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	925.1	828.6	706.3	731.4	887.0	959.6	1036.5	1243.1	1641.3	1628.6	1540	1680	1680	1680	1680	1680	1680	1680
Net Profit	81.0	87.0	93.3	97.1	104.0	99.0	102.8	98.1	116.2	103.0	145	170	170	170	170	170	170	170
Income Tax Rate	15.2%	22.4%	10.8%	-	-	5.9%	42.0%	-	-	22.0%	25.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Net Profit Margin	8.8%	10.5%	13.2%	13.3%	11.7%	10.3%	9.9%	7.9%	7.1%	6.3%	9.4%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
Long-Term Debt Ratio	37.4%	40.5%	45.0%	45.1%	48.0%	49.2%	38.5%	48.5%	62.4%	59.2%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%
Common Equity Ratio	62.6%	59.5%	55.0%	54.9%	52.0%	50.8%	61.5%	51.5%	37.6%	40.8%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
Total Capital (\$mill)	910.1	1048.3	1337.6	1507.4	1791.9	2043.9	2097.2	2315.4	3373.9	3493.9	4275	4575	4575	4575	4575	4575	4575	4575
Net Plant (\$mill)	1193.3	1352.4	1578.0	1859.1	2134.1	2448.1	2623.8	2700.2	3653.5	4073.5	4350	4700	4700	4700	4700	4700	4700	4700
Return on Total Cap'l	9.5%	8.9%	7.4%	6.8%	6.4%	5.4%	5.4%	5.1%	4.4%	4.0%	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Return on Shr. Equity	14.2%	13.9%	12.7%	11.7%	11.2%	9.5%	8.0%	8.2%	9.2%	7.2%	8.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Return on Com Equity	14.2%	13.9%	12.7%	11.7%	11.2%	9.5%	8.0%	8.2%	9.2%	7.2%	8.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Retained to Com Eq	7.1%	6.7%	5.8%	4.8%	4.3%	2.8%	1.6%	0.9%	1.7%	NMF	1.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
All Div'ds to Net Prof	50%	52%	55%	59%	61%	71%	80%	89%	82%	104%	84%	76%	76%	76%	76%	76%	76%	76%

CAPITAL STRUCTURE as of 6/30/20
 Total Debt \$3137.1 mill. Due in 5 Yrs \$1045 mill.
 LT Debt \$2566.4 mill. LT Interest \$95.0 mill.

Leases, Uncapitalized Annual rentals \$1.2 mill.
Pension Assets-12/19 \$312.5 mill. Oblig. \$439.4 mill.

Pfd Stock None

Common Stock 100,586,050 shs. as of 8/1/20

MARKET CAP: \$2.4 billion (Mid Cap)

Item	2018	2019	6/30/20
Cash Assets (\$mill)	30.0	6.4	7.3
Other	633.2	646.1	415.5
Current Assets	663.2	652.5	422.8
Accts Payable	410.5	232.2	160.4
Debt Due	1004.4	1316.6	570.7
Other	165.9	183.1	195.1
Current Liab.	1580.8	1731.9	926.2
Fix. Chg. Cov.	112%	176%	206%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '17-'19 to '23-'25
Revenues	-	6.0%	2.0%
"Cash Flow"	5.0%	3.5%	6.0%
Earnings	1.5%	-2.5%	12.5%
Dividends	8.0%	6.0%	3.5%
Book Value	6.5%	6.0%	5.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2017	425.8 244.4 227.1 345.8	1243.1
2018	521.9 227.3 302.5 589.6	1641.3
2019	637.3 266.9 261.2 463.2	1628.6
2020	534.1 260.0 260.0 485.9	1540
2021	575 285 290 530	1680

Cal-endar	EARNINGS PER SHARE A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2017	.72 .06 d.05 .50	1.23
2018	1.19 .07 d.27 .39	1.38
2019	1.09 d.13 d.30 .46	1.12
2020	1.15 d.01 d.20 .56	1.50
2021	1.20 .05 d.15 .60	1.70

Cal-endar	QUARTERLY DIVIDENDS PAID B	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2016	-- .264 .264 .536	1.06
2017	-- .273 .273 .553	1.10
2018	-- .280 .280 .567	1.13
2019	-- .287 .287 .582	1.16
2020	-- .295 .295	

Shares of South Jersey Industries have declined in price lately. The company has posted mixed results in recent periods. Revenue comparisons have not been favorable, but the bottom line has fared better. In the June quarter, the top line fell modestly, year over year. But expenses remained in check, and the share deficit narrowed to \$.01. Looking forward, we expect that considerable economic weakness due to restrictive social measures implemented to curb the spread of the coronavirus will constrain the top line in the back half of the year, though we do envision a measure of improvement in the December period. Earnings comparisons will likely remain favorable, assuming lower cost of sales. All things considered, we project a moderate top-line pullback but a strong share-earnings advance for South Jersey for full-year 2020.

The company recently completed an equity offering. South Jersey received gross proceeds of about \$200 million in an at-the-market offering. This transaction was completed in mid-June, and satisfies the company's plan to raise equity capital this year. The share count has increased

moderately as a result. **We envision further operating improvement here from 2020 onward.** The company's utility operations and regulatory initiatives should continue to fare well. Its businesses should further benefit from growth in the customer base. Infrastructure investments will allow the company to modernize its system and meet growing demand for natural gas within its service territories. Infrastructure replacement programs allow South Jersey to earn an authorized return on approved investments. We anticipate better results on the nonutility side, as well.

This neutrally ranked stock has ample investment appeal. We anticipate solid bottom-line growth for the company over the pull to mid-decade. From the recent quotation, this equity offers worthwhile long-term total return potential. This is helped by a generous dividend yield. Moreover, South Jersey Industries earns fairly good marks for Price Stability and Earnings Predictability. Subscribers seeking exposure to the utility space might want to take a closer look.

Michael Napoli, CFA August 28, 2020

(A) Based on economic egs. from 2007. GAAP EPS: '08, \$1.29; '09, \$0.97; '10, \$1.11; '11, \$1.49; '12, \$1.49; '13, \$1.28; '14, \$1.46; '15, \$1.52; '16, \$1.56; '17, (\$0.04); '18, \$0.21; '19, \$0.84. Excl. nonrecur. gain (loss): '09, (\$0.22); '10, (\$0.24); '11, \$0.04; '12, (\$0.03); '13, (\$0.24); '14, (\$0.11); '15, \$0.08; '16, \$0.22; '17, (\$1.27); '18, (\$1.17); '19, (\$0.28). Next egs. rpt. due early November. (B) Div'ds paid early April, July, Oct., and late Dec. ■ Div. reinvest. plan avail. (C) Incl. reg. assets. In 2019: \$665.9 mill., \$.72 per shr. (D) In mill., adj. for split.

Company's Financial Strength	B++
Stock's Price Stability	70
Price Growth Persistence	20
Earnings Predictability	65

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