SOUTH JERSEY INDS. NYSE-SJI

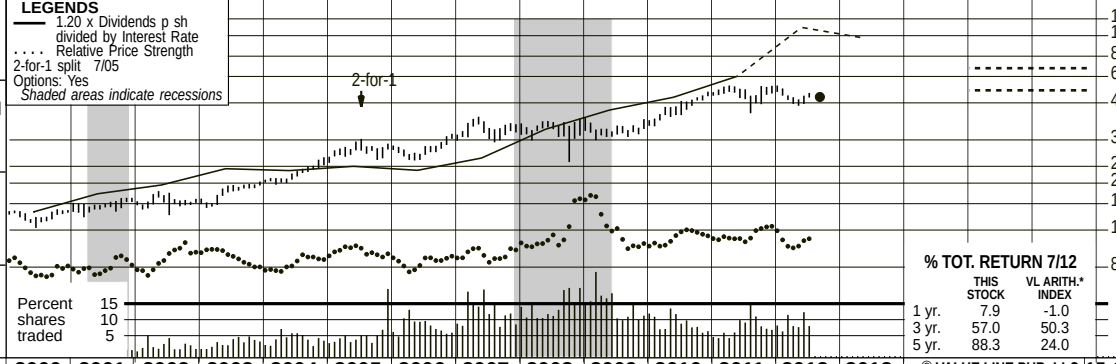
RECENT PRICE **51.23** | P/E RATIO **16.0** (Trailing: 17.1 / Median: 15.0) | RELATIVE P/E RATIO **1.08** | DIV'D YLD **3.3%** | VALUE LINE

TIMELINESS 2 Raised 8/24/12
SAFETY 2 Lowered 1/4/91
TECHNICAL 3 Raised 8/10/12
BETA .65 (1.00 = Market)

High:	17.0	18.3	20.3	26.5	32.4	34.3	41.3	40.6	40.8	54.2	58.0	58.0
Low:	13.8	14.1	15.3	19.7	24.9	25.6	31.2	25.2	32.0	37.2	42.8	46.5

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 1.20 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 7/05
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+35%)	11%
Low	55	(+5%)	6%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	3	0	1	3

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	68	59	68
to Sell	66	60	64
Hld's(000)	17887	17847	17213

% TOT. RETURN 7/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	7.9	-1.0
3 yr.	57.0	50.3
5 yr.	88.3	24.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	31.76	32.30	32.36	28.37	30.97	27.42	*25.00*	*28.15*	Revenues per sh	*35.70*
1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	3.51	3.20	3.48	3.72	4.21	4.46	*4.50*	*4.85*	"Cash Flow" per sh	*6.15*
.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	2.46	2.09	2.27	2.38	2.70	2.89	*3.10*	*3.35*	Earnings per sh A	*4.50*
.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	1.01	1.11	1.22	1.36	1.50	*1.64*	*1.78*	Div'ds Decl'd per sh B ■	*2.25*
2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	1.88	2.08	3.67	5.59	6.39	*6.15*	*6.55*	Cap'l Spending per sh	*7.45*
8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.25	17.33	18.24	19.08	20.66	*23.40*	*25.00*	Book Value per sh C	*28.55*
21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.61	29.73	29.80	29.87	30.21	*31.00*	*32.00*	Common Shs Outst'g D	*35.00*
13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	15.0	16.8	18.4	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	.64	.91	.96	1.00	1.07	1.16	*Value Line*		Relative P/E Ratio	*.95*
6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%	3.4%	3.0%	2.8%	*estimates*		Avg Ann'l Div'd Yield	*3.6%*

CAPITAL STRUCTURE as of 6/30/12
Total Debt $864.7 mill. **Due in 5 Yrs** $416.9 mill.
LT Debt $541.4 mill. **LT Interest** $20.0 mill.
(Total interest coverage: 5.8x)

Pension Assets-12/11 $116.7 mill. **Oblig.** $195.0 mill.

Pfd Stock None

Common Stock 30,865,642 common shs. **as of 8/1/12**

MARKET CAP: $1.6 billion (Mid Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
505.1	696.8	819.1	921.0	931.4	956.4	962.0	845.4	925.1	828.6	*775*	*900*	Revenues ($mill)	*1250*
29.4	34.6	43.0	48.6	72.0	61.8	67.7	71.3	81.0	87.0	*95.0*	*105*	Net Profit ($mill)	*150*
41.4%	40.6%	40.9%	41.5%	41.3%	41.9%	47.7%	23.0%	15.2%	22.4%	*20.0%*	*25.0%*	Income Tax Rate	*30.0%*
5.8%	5.0%	5.2%	5.3%	7.7%	6.5%	7.0%	8.4%	8.8%	10.5%	*12.3%*	*11.7%*	Net Profit Margin	*12.0%*
53.6%	50.8%	48.7%	44.9%	44.7%	42.7%	39.2%	36.5%	37.4%	40.5%	*43.0%*	*42.0%*	Long-Term Debt Ratio	*41.0%*
46.1%	49.0%	51.0%	55.1%	55.3%	57.3%	60.8%	63.5%	62.6%	59.5%	*57.0%*	*58.0%*	Common Equity Ratio	*59.0%*
512.5	608.4	675.0	710.3	801.1	839.0	848.0	856.4	910.1	1048.3	*1275*	*1380*	Total Capital ($mill)	*1700*
666.6	748.3	799.9	877.3	920.0	948.9	982.6	1073.1	1193.3	1352.4	*1475*	*1600*	Net Plant ($mill)	*1900*
7.6%	7.3%	7.9%	8.3%	10.1%	8.6%	8.9%	9.0%	9.5%	8.9%	*8.0%*	*8.5%*	Return on Total Cap'l	*9.5%*
12.4%	11.5%	12.4%	12.4%	16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	*13.0%*	*13.0%*	Return on Shr. Equity	*15.0%*
12.5%	11.6%	12.5%	12.4%	16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	*13.0%*	*13.0%*	Return on Com Equity	*15.0%*
4.7%	5.0%	5.9%	6.2%	10.2%	6.7%	6.7%	6.4%	7.1%	6.7%	*6.0%*	*6.0%*	Retained to Com Eq	*7.0%*
62%	57%	52%	50%	37%	48%	49%	51%	50%	52%	*54%*	*54%*	All Div'ds to Net Prof	*53%*

CURRENT POSITION ($MILL.)	2010	2011	6/30/12
Cash Assets	2.4	7.5	1.6
Other	421.4	333.1	302.8
Current Assets	423.8	340.6	304.4
Accts Payable	165.2	153.7	109.9
Debt Due	362.1	323.6	323.3
Other	113.2	110.7	98.6
Current Liab.	640.5	588.0	531.8
Fix. Chg. Cov.	532%	505%	532%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	1.5%	-1.5%	*3.5%*
"Cash Flow"	8.0%	8.0%	*7.0%*
Earnings	9.5%	7.0%	*9.0%*
Dividends	6.5%	9.5%	*9.0%*
Book Value	10.5%	7.0%	*6.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	362.2	134.5	127.1	221.6	845.4
2010	329.3	151.6	160.7	283.5	925.1
2011	331.9	160.5	137.6	198.6	828.6
2012	274.8	121.9	*150*	*228.3*	*775*
2013	*315*	*160*	*165*	*260*	*900*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	1.46	.15	d.06	.83	2.38
2010	1.49	.24	.10	.87	2.70
2011	1.63	.20	.01	1.05	2.89
2012	1.65	.28	*.07*	*1.10*	*3.10*
2013	*1.75*	*.30*	*.10*	*1.20*	*3.35*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	- -	.270	.270	.568	1.11
2009	- -	.298	.298	.628	1.22
2010	- -	.330	.330	.695	1.36
2011	- -	.365	.365	.768	1.50
2012	- -	.403	.403		

BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 347,725 customers in New Jersey's southern counties, which covers about 2,500 square miles and includes Atlantic City. Gas revenue mix '11: residential, 41%; commercial, 20%; cogeneration and electric generation, 14%; industrial, 25%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, Marina Energy, and South Jersey Energy Service Plus. Has 675 employees. Off./dir. control 1.0% of common shares; BlackRock Inc., 7.8% (3/12 proxy). Chrmn. & CEO: Edward Graham. Inc.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Telephone: 609-561-9000. Internet: www.sjindustries.com.

South Jersey Industries turned in a mixed performance for the second quarter. Revenues declined roughly 24% from the prior-year figure. This was largely due to a significant decrease in revenue from the company's nonutility operations, though the utility business also posted a moderate top-line decline. However, cost of sales was considerably lower, and share net improved nicely for the June period.

We anticipate solid results from South Jersey Gas in the coming years. The utility ought to further benefit from modest customer growth going forward. Natural gas remains the fuel of choice within its service territory, and South Jersey Gas should continue to benefit from customer interest in converting from other sources of fuel. Development in Atlantic City, in particular, should support customer growth in the surrounding areas over the next few years. Moreover, spending on infrastructure projects made under the Capital Investment Recovery Tracker program should improve service and allow the utility to earn a healthy return on these investments. South Jersey Gas has filed with the New Jersey Board of Public Utilities for a five-year, $250 million ($50 million per year) extension of this accelerated infrastructure investment program.

The Wholesale Energy line should further experience challenges, though. Thin storage spreads and a lack of price volatility will likely continue to hurt the wholesale gas marketing business. As a result, this line has chosen to de-emphasize traditional storage and transportation optimization strategies, and instead seek gas marketing opportunities throughout the region. Elsewhere, healthy demand for renewable and natural gas-fired energy projects should benefit results at the Retail Energy business.

Shares of South Jersey Industries are favorably ranked for year-ahead relative price performance. Moreover, South Jersey earns good marks for Safety, Price Stability, and Earnings Predictability. From the recent quotation, this equity has decent, and fairly well-defined, total return potential for the coming years. The stock's dividend yield is lower than that of the group as a whole, but prospects for growth in the payout are very good.

Michael Napoli, CFA *September 7, 2012*

(A) Based on GAAP egs. through 2006, economic egs. thereafter. GAAP EPS: '07, $2.10; '08, $2.58; '09, $1.94; '10, $2.22. Excl. nonrecur. gain (loss): '01, $0.13; '08, $0.31; '09, ($0.44); '10, ($0.47); '11, $0.08. Excl gain (losses) from discont. ops.: '01, ($0.02); '02, ($0.04); '03, ($0.09); '05, ($0.02); '06, ($0.02); '07, $0.01. Next egs. report due in November. (B) Div'ds paid early April, July, Oct., and late Dec. ■ Div. reinvest. plan avail. (C) Incl. reg. assets. In 2011: $315.2 mill., $10.43 per shr. (D) In mill., adj. for split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	90
Earnings Predictability	85

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