



Support documentation of
FY2014 financial results

The Summary of Financial Results for FY2014

(April 1, 2013 through March 31, 2014)

The Chugoku Electric Power Co., Inc.

April 28, 2014

In this report, the term “Fiscal Year 2014” describes the period which ended March 31, 2014.

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I . FY2014 Financial Results

1. FY2014 Financial Results Summary

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(1) Consolidated

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,256.0	1,199.7	56.3	4.7%
Operating income	8.9	▲4.0	12.9	—
Ordinary income	▲3.6	▲28.7	25.1	—
Net income	▲9.3	▲21.9	12.5	—

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,181.1	1,131.9	49.2	4.4%
Operating income	▲3.1	▲16.5	13.4	—
Ordinary income	▲18.2	▲38.1	19.8	—
Net income	▲18.8	▲26.6	7.8	—

(Rounded down to the hundred million yen)

2. Electricity Sales

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- Electricity sales were 58.98 billion kWh, up 0.6% in comparison with the same period in the previous year.
- Lighting use decreased in comparison with the same period in the previous year due to reasons such as the decrease in heating demand caused by the higher winter temperature, despite the increase in cooling demand caused by the higher summer temperature.
- Large-scale electricity increased in comparison with the same period in the previous year due to reasons such as the increase in "iron & steel " and "machine " demand.

(billion kWh)				
	FY2014 (A)	FY2013 (B)	Difference (A-B)	Rate of change (A/B-1)
Total	58.98	58.65	0.33	0.6%
Other than eligible customers	21.28	21.37	▲0.09	▲0.4%
Lighting	18.91	18.94	▲0.03	▲0.2%
Low voltage	2.37	2.43	▲0.06	▲2.4%
Eligible customers ※	37.70	37.28	0.42	1.1%
Commercial	11.13	11.12	0.01	0.1%
Industrial	26.57	26.16	0.41	1.6%
Large-scale	22.24	21.83	0.41	1.9%

(※) Eligible customers: Demand for special high-tension or high-tension power reception with contracted power that is, in general, 50 kW or more.

<Reference> Average monthly temperature (Hiroshima city) (°C)

	2013										2014		
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Spt.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2014	10.7	13.5	19.7	24.0	28.3	29.5	24.6	19.9	11.9	6.5	5.7	6.2	10.0
Difference from previous year	2.0	▲1.5	0.1	0.8	0.9	0.0	▲1.0	1.0	0.2	1.0	1.3	0.2	▲0.7
Difference from average year	1.6	▲1.2	0.4	1.0	1.2	1.3	0.2	1.6	▲0.6	▲1.0	0.5	0.2	0.9

3. Supply Capacity

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- Hydroelectric of own facilities increased due to the increased water flow.
- Thermal and purchased power decreased due to the increase in hydroelectric and the decrease in transmission of electricity to other electric power companies.

(billion kWh)

		FY2014	FY2013	Difference	Rate of change
		(A)	(B)	(A-B)	(A/B-1)
Supply Capacity		64.40	63.98	0.42	0.6%
Own facilities	(Water Flow Rate)	(109.0%)	(90.5%)	(18.5%)	
	Hydroelectric	3.61	3.05	0.56	18.3%
	Thermal	39.80	40.67	▲0.87	▲2.1%
	(Capacity Factor)	(—)	(—)	(—)	
	Nuclear	—	—	—	—
	New energy sources ※1	0.00	0.00	▲0.00	▲2.3%
Purchased power		21.90	22.87	▲0.97	▲4.2%
Interchanged power ※2		▲0.22	▲1.92	1.70	▲88.2%
Pumping use		▲0.69	▲0.69	▲0.00	0.8%

※1: As there are actual values less than 10 million, the rate of change is ▲2.3%.

※2: Positive number indicates electricity received from other companies, negative number indicates electricity transmitted to other companies.

4. Income Statement < Non-Consolidated >

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(1) Revenues

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Ordinary revenues	1,196.5	1,147.9	48.6	
Operating revenues	1,181.1	1,131.9	49.2	
Electricity sales	1,037.4	992.8	44.6	<ul style="list-style-type: none"> · Increase in electricity sales +5.6 · Increase in revenue units +39.0 (Revenue from fuel cost adjustment system +34.6 Renewable energy power promotion surcharge +9.6
Lighting	419.7	406.1	13.6	
Commercial & industrial	617.6	586.6	30.9	
Sales to other companies, etc.	143.7	139.1	4.6	<ul style="list-style-type: none"> · Decrease in sales to other companies ▲24.5 · Increase in grants on the act of renewable energy +21.8 · Increase in incidental businesses +6.5
Other revenues	15.3	15.9	▲0.6	

(Rounded down to the hundred million yen)

(2) Expenses

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Ordinary expenses	1,214.7	1,186.0	28.7	
Operating expenses	1,184.2	1,148.4	35.7	
Personnel	108.1	114.5	▲6.4	▪ Decrease in retirement allowances ▲3.8
Material	634.6	586.2	48.3	▪ Lower yen rate +79.9
Fuel	401.3	366.5	34.8	▪ Effects by capacity factor of coal & LNG power plants +29.8
Purchased power	233.2	219.7	13.4	▪ Increase in electricity sales +5.5 ▪ Lower CIF price ▲36.8 ▪ Increase in water flow ▲13.0 ▪ Decrease in sales to other companies, and other factors ▲17.1
Maintenance	92.5	107.3	▲14.7	▪ Decrease in nuclear power ▲9.7 ▪ Decrease in thermal power ▲6.3
Depreciation	97.2	102.0	▲4.8	▪ Decrease caused by progress in declining-balance depreciation
Nuclear power back- end	6.6	7.0	▲0.3	
Others	245.0	231.0	13.9	▪ Increase in payments of the levy on the act of renewable energy +9.6 ▪ Increase in incidental businesses +6.1
Interests	24.1	24.2	▲0.1	
Other expenses	6.3	13.3	▲6.9	

(Rounded down to the hundred million yen)

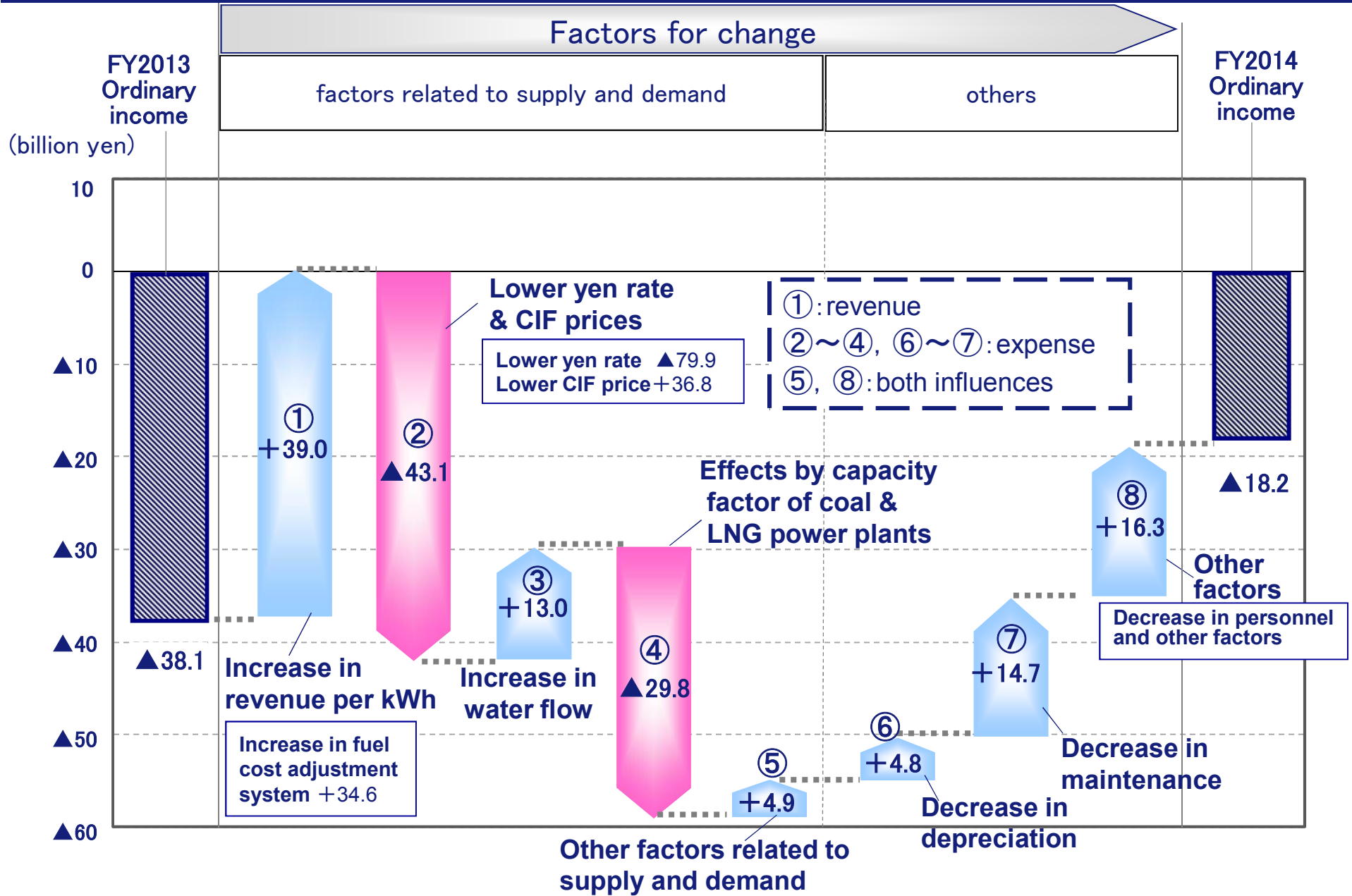
(3) Income, etc

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Operating income	▲3.1	▲16.5	13.4	
Ordinary income	▲18.2	▲38.1	19.8	
Provision for drought	0.3	▲2.0	2.4	
Provision for depreciation of nuclear power plant	3.7	1.5	2.2	
Income taxes, etc.	▲3.5	▲10.9	7.4	
Net income	▲18.8	▲26.6	7.8	

(Rounded down to the hundred million yen)

5. Factors for change in Ordinary income < Non-Consolidated >



6. Major Factors

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■ Major Factors

	FY2014 (A)	FY2013 (B)	Difference (A-B)
Exchange rate (¥ / \$)	100	83	17
Crude oil prices (All Japan CIF) (\$ / b)	110.0	113.9	▲3.9
Foreign coal prices (All Japan CIF) (\$ / t)	107.8	127.4	▲19.6

(※) Crude oil prices and foreign coal prices in FY2014 are assumption value of our company.

■ Financial impact (Sensitivity)

(billion yen)

	FY2014
Exchange rate (¥1 / \$)	4.7
Crude oil prices (All Japan CIF) (\$1 / b)	3.4
Water flow rate (1%)	0.7
Nuclear capacity factor (1%)	1.8

7. Balance Sheet < Consolidated >

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(billion yen)

	End of FY2014 (A)	End of FY2013 (B)	Difference (A-B)	Breakdown
Assets	2,948.0	2,899.3	48.6	See Appendix : P18,19 Balance Sheet <Non-consolidated>
Electric utility fixed assets	1,365.8	1,391.2	▲25.4	
Construction in progress	586.4	563.9	22.4	
Liabilities	2,341.5	2,283.7	57.7	
Interest-bearing debt	1,857.9	1,812.3	45.5	
Provision for depreciation of nuclear power plant	71.1	67.3	3.7	
Total net assets	606.4	615.5	▲9.0	
Shareholders' equity	601.6	611.1	▲9.4	

(Rounded down to the hundred million yen)

8.Application of Free Cash Flow <Consolidated>

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(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Cash Flow form Operating Activities	110.6	89.4	21.1	▪Decrease in net loss before taxes
Cash Flow from Investing Activities	▲134.6	▲126.8	▲7.8	▪Increase in expenses related to loans, and in investments
Free Cash Flow	▲23.9	▲37.3	13.3	
Cash Flow from Financing Activities	25.7	36.9	▲11.1	▪Decrease in borrowing by CP ▪Increase in borrowing by corporate bonds and loans
Cash and Cash Equivalents (increase and decrease)	1.7	0.0		

(Rounded down to the hundred million yen)

9. Segment Information

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(1) Comprehensive Energy Supply Business ※ (billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Operating revenues	57.7	52.0	5.7	•Increase in LNG sales business
Operating income	1.8	1.4	0.4	

(Rounded down to the hundred million yen)

(※) Comprehensive Energy Supply Business is run by The Chugoku Electric Power Company, Energia Solution and Service Company, and Power Engineering and Training Service excluding transactions among them .

(2) Information & Telecommunication Business (billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Operating revenues	38.8	38.7	0.1	•Increase in corporate business
Electric telecommunication business	31.1	29.3	1.7	
Operating income	6.9	7.0	▲0.0	
Electric telecommunication business	6.7	6.3	0.4	

(Rounded down to the hundred million yen)

Ⅱ . Performance Outlook for FY2015 Dividends

《Operating revenues》

- We expect that both consolidated and non- consolidated operating revenues increase, due to the increase in electricity sales revenue for the fuel cost adjustment system and influence of the feed-in tariff scheme for renewable energy.

《Operating income, Ordinary income, Net income》

- As we cannot formulate reasonable cost forecasts of electrical power supply/demand, the forecasts of operating, ordinary, and net income cannot be announced at this time.
- We shall provide prompt notification as soon as it is possible to announce our earnings forecast.

2. Summary of Performance Outlook

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(billion yen)

	Consolidated				Non- Consolidated			
	FY2015 (Forecasts) (A)	FY2014 (B)	Difference (A-B)	Rate of change (A/B-1)	FY2015 (Forecasts) (A)	FY2014 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,301.0	1,256.0	44.9	3.6%	1,226.0	1,181.1	44.8	3.8%
Operating income	—	8.9	—	—	—	▲3.1	—	—
Ordinary income	—	▲3.6	—	—	—	▲18.2	—	—
Net income	—	▲9.3	—	—	—	▲18.8	—	—

■ Major Factors

		FY2015 (Forecasts) (A)	FY2014 (B)	Difference (A-B)
Electricity sales	(billion kWh)	Approx. 58.60	58.98	Approx. ▲0.38
Exchange rate	(¥ / \$)	Approx. 105	100	Approx. 5
Crude oil prices (All Japan CIF)	(\$ / b)	Approx. 110	110.0	—

- We have continued stable dividends of ¥50 per share, based on our dividend policy “constant nominal payment”, in consideration of medium-and-long term viewpoint.
- Based on our dividend policy above, we have paid out ¥25 per share as the interim dividends to our shareholders and is planning to pay out ¥25 as the year-end dividends of FY2014(annual dividends of ¥50 per share of FY2014).
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2015 cannot be announced at this time.

	FY2015 [Forecasts]	FY2014
Annual dividends	Undecided	¥50 per share
Interim dividends	undecided	¥25 per share

Ⅲ. Appendix

1. Operating revenues < Non-Consolidated >

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(1) Personnel

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Total	108.1	114.5	▲6.4	
Retirement allowances	10.4	14.3	▲3.8	•Decrease in actuarial difference depreciation ▲5.1

(Rounded down to the hundred million yen)

Actuarial Difference

(billion yen)

	Recorded amount	FY2013 amount of amortization	FY2014		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2008	▲21.0	▲4.2	-	-	-
FY2009	▲25.4	▲5.0	▲5.0	-	-
FY2010	22.1	4.4	4.4	4.4	1
FY2011	0.1	0.0	0.0	0.0	2
FY2012	▲0.1	▲0.0	▲0.0	▲0.0	3
FY2013	4.7	-	0.9	3.8	4
FY2014	12.2	-	-	12.2	5
Total	▲7.1	▲4.8	0.3	20.5	-

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

(2) Maintenance

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Total	92.5	107.3	▲14.7	
Power source	43.2	59.9	▲16.6	<ul style="list-style-type: none"> ▪ Decrease in nuclear power ▲9.7 ▪ Decrease in thermal power ▲6.3
Electric power transport	47.0	44.6	2.3	
Others	2.2	2.7	▲0.5	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)	Breakdown
Total	97.2	102.0	▲4.8	▪ Decrease caused by progress in declining-balance depreciation
Power source	35.2	38.0	▲2.7	
Electric power transport	52.9	54.5	▲1.5	
Others	8.9	9.5	▲0.5	

(Rounded down to the hundred million yen)

2. Procurement and Consumption of Fuel (in-house)

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(1) Procurement volume

	Unit	FY2014 (A)	FY2013 (B)	Difference (A-B)
Fuel oil ※1	million liters	1,500	1,380	120
Crude oil	million liters	860	1,120	▲260
Coal ※2	thousands tons	5,990	6,110	▲120
LNG ※2	thousands tons	2,640	2,560	80

※1 : Internal combustion power plant included

※2 : Sales included

(2) Consumption volume

	Unit	FY2014 (A)	FY2013 (B)	Difference (A-B)
Fuel oil ※3	million liters	1,490	1,370	120
Crude oil	million liters	880	1,080	▲200
Coal	thousands tons	5,350	5,690	▲340
LNG	thousands tons	2,060	2,000	60

※3 : Internal combustion power plant included

3. Balance Sheet < Non-Consolidated >

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(1) Assets

(billion yen)

	End of FY2014 (A)	End of FY2013 (B)	Difference (A-B)	Breakdown
Total	2,739.2	2,715.2	24.0	
Fixed assets	2,459.9	2,451.7	8.1	
Electric utility fixed assets	1,403.3	1,429.0	▲25.7	<ul style="list-style-type: none"> ▪ Asset capitalization +79.9 ▪ Depreciation ▲97.2 (Accumulated depreciation rate 76.5%) ▪ Retirement, etc. ▲8.5
Incidental business fixed assets	0.3	0.7	▲0.3	
Non-business fixed assets	4.4	4.6	▲0.2	
Construction in progress	592.6	569.4	23.1	
Nuclear fuel	182.8	168.1	14.7	
Others	276.3	279.7	▲3.3	
Current assets	279.2	263.4	15.8	▪ Increase in account receivable

(Rounded down to the hundred million yen)

(2) Liabilities and Net Assets

(billion yen)

	End of FY2014 (A)	End of FY2013 (B)	Difference (A-B)	Breakdown			
Total	2,739.2	2,715.2	24.0	<Breakdown of interest-bearing debt>			
Liabilities	2,300.6	2,240.4	60.1		End of FY2014 (A)	End of FY2013 (B)	Difference (A - B)
Long-term liabilities	1,757.2	1,651.2	106.0	Corporate bond	924.9	884.9	40.0
Current liabilities	471.8	521.8	▲50.0	Long-term debt	838.8	778.9	59.9
Provision for drought	0.3	-	0.3	Short-term debt	77.0	79.1	▲2.0
Provision for depreciation of nuclear power plant	71.1	67.3	3.7	CP	8.0	54.0	▲46.0
Net Assets	438.6	474.7	▲36.1	Total	1,848.9	1,797.0	51.8
Common stock	185.5	185.5	-	<ul style="list-style-type: none"> • Net income ▲18.8 • Dividend ▲18.1 			
Capital surplus	16.7	16.7	▲0.0				
Retained earnings	240.0	277.0	▲36.9				
Treasury stock	▲14.4	▲14.4	▲0.0				
Net unrealized holding gains on securities, etc.	10.7	9.8	0.9				

(Rounded down to the hundred million yen)

4. Capital Expenditure < Non-Consolidated >

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(billion yen)

	FY2014 (A)	FY2013 (B)	Difference (A-B)
Total	130.4	112.1	18.3
Power Source	69.8	50.7	19.1
Electric Power	39.0	37.1	1.8
Transmission	13.4	11.5	1.9
Transformation	9.7	11.0	▲1.2
Distribution	15.7	14.6	1.1
Nuclear Fuel	14.6	14.0	0.5
Others	6.8	10.1	▲3.2

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

(1) Financial Index

(billion yen)

		End of FY2014 (A)	End of FY2013 (B)	Difference (A-B)
Consolidated	Interest-bearing debt	1,857.9	1,812.3	45.5
	Exclude lease obligations	1,848.7	1,802.1	46.5
	Shareholders' equity ratio	20.4%	21.1%	▲0.7%
Non-consolidated	Interest-bearing debt	1,848.9	1,797.0	51.8
	Exclude lease obligations	1,848.9	1,797.0	51.8
	Shareholders' equity ratio	16.0%	17.5%	▲1.5%

(2) Interest Rate (Non-Consolidated)

(Rounded down to the hundred million yen)

	FY2014	FY2013
Average	1.41%	1.48%
End of period	1.39%	1.41%

6. Information & Telecommunication Business

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■ Performance Outlook of Information & Telecommunication Business

(billion yen)

	FY2015 Estimate (A)	FY2014 (B)	Difference (A-B)
Operating revenues	38.8	38.8	▲0.0
Electric telecommunication business	31.8	31.1	0.7
Operating income	6.3	6.9	▲0.6
Electric telecommunication business	5.8	6.7	▲0.9

7. Diffusion Rate of Completely Electrical Housing and Electric Water Heater

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	Unit	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Results
Completely electrical housing introduced		55	46	44	43
Newly-constructed	Number of housing (Thousand)	19	21	21	21
Remodeled ※1		35	26	23	22
The ratio of newly constructed electrical Housing	%	52.3	51.6	49.1	{ 44.0 ※2 { 70.5 { 14.0
Single homes	%	82.4	80.4	78.1	
Housing complexes	%	13.0	18.5	18.5	
Household diffusion rate of completely electric homes	%	15.1	16.4	17.6	18.5
Electric water heater sales	thousand	66.8	60.1	56.3	56.4
“Ecocute”		49.4	44.9	43.9	46.1
The diffusion rate of electric water heater	%	24.7	25.7	26.8	27.4
Electric Water Heater Contract Accounts (accumulated total)	Number of accounts (Thousand)	785.3	825.2	860.9	896.6

(※1) "Remodeled" includes homes which were converted to all-electric by the replacement only of hot-water supply equipment and kitchen equipment.

(※2) Figures are as of the end of February, 2014.

(※3) Total amounts may not agree due to rounding off.

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