

The Summary of Financial Results for FY2015

(April 1, 2014 through March 31, 2015)

The Chugoku Electric Power Co., Inc.

April 28, 2015

- In this report, the term “Fiscal Year 2015” describes the period which ended March 31, 2015.
- Partial correction has been made on May 15, 2015.

Contents

- I . FY2015 Financial Results**
- II . Performance Outlook for FY2016
Dividends**
- III . Appendix**

I . FY2015 Financial Results

1. FY2015 Financial Results Summary

1

(1) Consolidated

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,299.6	1,256.0	43.5	3.5%
Operating income	71.3	8.9	62.3	693.3%
Ordinary income	58.7	▲3.6	62.4	—
Net income	33.8	▲9.3	43.2	—

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,221.8	1,181.1	40.6	3.4%
Operating income	60.4	▲3.1	63.6	—
Ordinary income	49.8	▲18.2	68.1	—
Net income	30.3	▲18.8	49.1	—

(Rounded down to the hundred million yen)

2. Electricity Sales

- Electricity sales were 57.87 billion kWh, down by 1.9% 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 the decrease in air-conditioning demand caused by lower summer temperature, and others.
- Large-scale electricity increased in comparison with the same period in the previous year due to reasons such as the increase in “chemical ” and “machine ” demand.

(billion kWh)				
	FY2015 (A)	FY2014 (B)	Difference (A-B)	Rate of change (A/B-1)
Total	57.87	58.98	▲1.11	▲1.9%
Other than eligible customers	20.42	21.28	▲0.86	▲4.1%
Lighting	18.20	18.91	▲0.71	▲3.7%
Low voltage	2.22	2.37	▲0.15	▲6.6%
Eligible customers ※	37.45	37.70	▲0.25	▲0.7%
Commercial	10.72	11.13	▲0.41	▲3.7%
Industrial	26.73	26.57	0.16	0.6%
Large-scale	22.48	22.24	0.24	1.1%

(※) 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)

	2014										2015		
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Spt.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2015	10.0	14.3	19.6	23.2	26.9	26.9	23.9	18.7	13.4	5.5	5.8	6.1	10.0
Difference from previous year	▲0.7	0.8	▲0.1	▲0.8	▲1.4	▲2.6	▲0.7	▲1.2	1.5	▲1.0	0.1	▲0.1	0.0
Difference from average year	0.9	▲0.4	0.3	0.2	▲0.2	▲1.3	▲0.5	0.4	0.9	▲2.0	0.6	0.1	0.9

3. Supply Capacity

- Thermal power of own facilities decreased due to the decrease in electricity sales, despite the increase in electricity transmitted to other companies.
- Purchased power decreased due to the decrease in received electricity from J-Power (Electric Power Development Co.,Ltd.).

(billion kWh)

		FY2015 (A)	FY2014 (B)	Difference (A-B)	Rate of change (A/B-1)
Supply Capacity		63.11	64.40	▲1.29	▲2.0%
Own facilities	(Water Flow Rate) Hydroelectric	(109.6%) 3.40	(109.0%) 3.61	(0.6%) ▲0.21	▲5.8%
	Thermal	38.77	39.80	▲1.03	▲2.6%
	(Capacity Factor) Nuclear	(—) —	(—) —	(—) —	—
	New energy sources	0.01	0.00	0.01	23.9%
	Purchased power	21.71	21.90	▲0.19	▲0.9%
Interchanged power	▲0.35	▲0.22	▲0.13	50.7%	
Pumping use	▲0.43	▲0.69	0.26	▲37.5%	

4. Income Statement < Non-Consolidated >

4

(1) Revenues

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Ordinary revenues	1,239.2	1,196.5	42.7	
Operating revenues	1,221.8	1,181.1	40.6	
Electricity sales	1,047.0	1,037.4	9.6	<ul style="list-style-type: none"> • Increase in revenue units +32.1 Renewable energy power promotion surcharge +17.6 Revenue from fuel cost adjustment system +14.8 • Decrease in electricity sales ▲22.5
Lighting	411.8	419.7	▲7.8	
Commercial & industrial	635.2	617.6	17.5	
Sales to other companies, etc.	174.7	143.7	31.0	<ul style="list-style-type: none"> • Increase in grants on the act of renewable energy +23.8 • Increase in sales to other companies +6.3
Other revenues	17.4	15.3	2.0	

(Rounded down to the hundred million yen)

(2) Expenses

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Ordinary expenses	1,189.3	1,214.7	▲25.4	
Operating expenses	1,161.3	1,184.2	▲22.9	
Personnel	96.3	108.1	▲11.8	▪ Decrease in retirement allowances ▲10.3
Material	618.8	634.6	▲15.8	▪ Lower CIF prices ▲48.9
Fuel	364.5	401.3	▲36.8	▪ Decrease in electricity sales ▲20.1
Purchased power	254.2	233.2	21.0	▪ Increase in capacity factor of coal & LNG power plants ▲10.7
				▪ Lower yen rate +39.0
				▪ Increase in purchase of renewable energy, and other factors +24.9
Maintenance	82.2	92.5	▲10.3	▪ Decrease in distribution ▲6.7
				▪ Decrease in thermal power ▲4.0
Depreciation	97.3	97.2	0.1	
Nuclear power back- end	7.1	6.6	0.4	
Others	259.3	245.0	14.3	▪ Increase in payments of the levy on the act of renewable energy +17.6
Interests	22.8	24.1	▲1.3	
Other expenses	5.2	6.3	▲1.1	

(Rounded down to the hundred million yen)

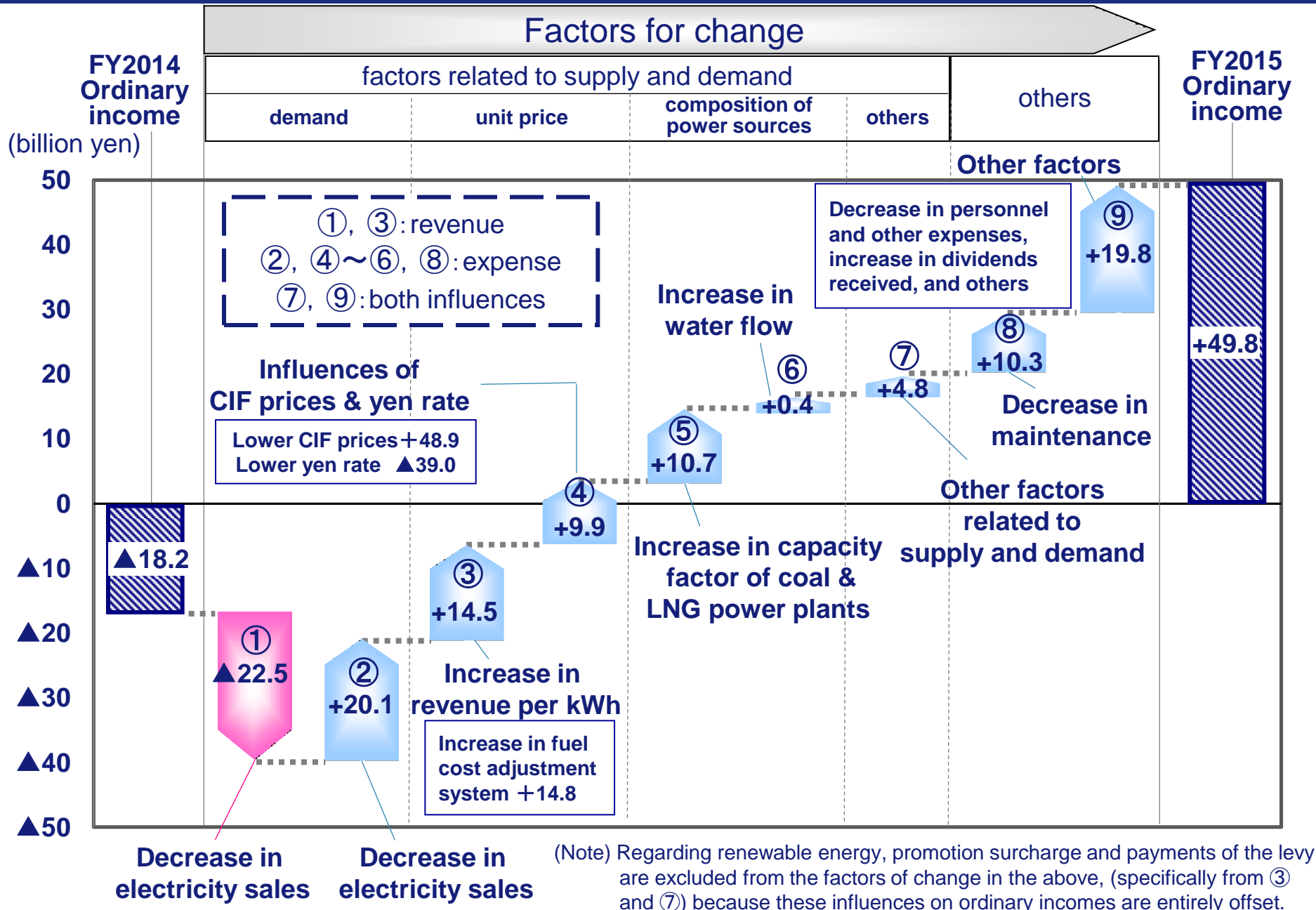
(3) Income, etc

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Operating income	60.4	▲3.1	▲63.6	
Ordinary income	49.8	▲18.2	68.1	
Provision for drought	0.5	0.3	0.1	
Provision for depreciation of nuclear power plant	1.8	3.7	▲1.9	
Income taxes, etc.	17.1	▲3.5	20.6	·Increase in net income before taxes
Net income	30.3	▲18.8	49.1	

(Rounded down to the hundred million yen)

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



■ Major Factors

	FY2015 (A)	FY2014 (B)	Difference (A-B)
Exchange rate (¥ / \$)	110	100	10
Crude oil prices (All Japan CIF) (\$ / b)	90.4	110.0	▲19.6
Foreign coal prices (All Japan CIF) (\$ / t)	92.6	107.9	▲15.3

(※) Crude oil prices and foreign coal prices in FY2015 are assumption value of our company.

■ Financial impact (Sensitivity)

(billion yen)

	FY2015
Exchange rate (¥1 / \$)	3.9
Crude oil prices (All Japan CIF) (\$1 / b)	3.3
Water flow rate (1%)	0.6
Nuclear capacity factor (1%)	1.6

7. Balance Sheet < Consolidated >

9

(billion yen)

	End of FY2015 (A)	End of FY2014 (B)	Difference (A-B)	Breakdown
Assets	3,106.2	2,948.0	158.2	See Appendix : P18,19 Balance Sheet <Non-consolidated>
Electric utility fixed assets	1,338.5	1,365.8	▲27.2	
Construction in progress	658.0	586.4	71.6	
Liabilities	2,481.4	2,341.5	139.8	
Interest-bearing debt	1,980.1	1,857.9	122.2	
Provision for depreciation of nuclear power plant	72.9	71.1	1.8	
Total net assets	624.8	606.4	18.3	
Shareholders' equity	619.8	601.6	18.2	

(Rounded down to the hundred million yen)

8.Application of Free Cash Flow <Consolidated>

10

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Cash Flow form Operating Activities	153.1	110.6	42.4	•Increase in net income before taxes
Cash Flow from Investing Activities	▲150.8	▲134.6	▲16.2	•Increase in capital expenditure
Free Cash Flow	2.2	▲23.9	26.2	
Cash Flow from Financing Activities	101.8	25.7	76.1	•Increase in borrowing by corporate bonds and loans
Cash and Cash Equivalents (increase and decrease)	104.1	1.7		

(Rounded down to the hundred million yen)

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

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Operating revenues	58.3	57.7	0.5	• Increase in LNG sales business
Operating income	1.4	1.8	▲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)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Operating revenues	39.1	38.8	0.2	• Increase in corporate business
Electric telecommunication business	32.0	31.1	0.9	
Operating income	6.1	6.9	▲0.8	
Electric telecommunication business	5.7	6.7	▲1.0	

(Rounded down to the hundred million yen)

Ⅱ . Performance Outlook for FY2016 Dividends

- **We expect that both consolidated and non- consolidated operating revenues decrease, for the reason of the decrease in electricity sales revenue due to the reduction in fuel cost adjustment charges resulted from the decline in crude oil prices.**
- **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

13

(billion yen)

	Consolidated				Non- Consolidated			
	FY2016 (Forecasts) (A)	FY2015 (B)	Difference (A-B)	Rate of change (A/B-1)	FY2016 (Forecasts) (A)	FY2015 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,254.0	1,299.6	▲45.6	▲3.5%	1,175.0	1,221.8	▲46.8	▲3.8%
Operating income	—	71.3	—	—	—	60.4	—	—
Ordinary income	—	58.7	—	—	—	49.8	—	—
Net income	—	33.8	—	—	—	30.3	—	—

■ Major Factors

	FY2016 (Forecasts) (A)	FY2015 (B)	Difference (A-B)
Electricity sales (billion kWh)	Approx. 58.5	57.87	Approx. 0.6
Exchange rate (¥ / \$)	Approx. 120	110	Approx. 10
Crude oil prices (All Japan CIF) (\$ / b)	Approx. 60	90.4	Approx. ▲30

- 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 FY2015(annual dividends of ¥50 per share of FY2015).
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2016 cannot be announced at this time.

	FY2016 [Forecasts]	FY2015
Annual dividends	Undecided	¥50 per share
Interim dividends	undecided	¥25 per share

Ⅲ. Appendix

1. Operating revenues < Non-Consolidated >

15

(1) Personnel

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Total	96.3	108.1	▲11.8	
Retirement allowances	0.1	10.4	▲10.3	・Decrease in actuarial difference depreciation ▲7.5

(Rounded down to the hundred million yen)

Actuarial Difference

(billion yen)

	Recorded amount	FY2014 amount of amortization	FY2015		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2009	▲25.4	▲5.0	-	-	-
FY2010	22.1	4.4	4.4	-	-
FY2011	0.1	0.0	0.0	0.0	1
FY2012	▲0.1	▲0.0	▲0.0	▲0.0	2
FY2013	4.7	0.9	0.9	2.8	3
FY2014	12.2	-	2.4	9.8	4
FY2015	8.9	-	-	8.9	5
Total		0.3	7.8	21.6	-

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

(2) Maintenance

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Total	82.2	92.5	▲10.3	
Power source	39.5	43.2	▲3.6	·Decrease in thermal power ▲4.0
Electric power transport	40.4	47.0	▲6.6	·Decrease in distribution ▲6.7
Others	2.2	2.2	0.0	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)	Breakdown
Total	97.3	97.2	0.1	
Power source	37.5	35.2	2.3	
Electric power transport	51.0	52.9	▲1.9	
Others	8.7	8.9	▲0.2	

(Rounded down to the hundred million yen)

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

17

(1) Procurement volume

	Unit	FY2015 (A)	FY2014 (B)	Difference (A-B)
Fuel oil ※1	million liters	1,190	1,500	▲310
Crude oil	million liters	340	860	▲520
Coal ※2	thousand tons	5,790	5,990	▲200
LNG ※2	thousand tons	2,820	2,640	180

※1 : Internal combustion power plant included

※2 : Sales included

(2) Consumption volume

	Unit	FY2015 (A)	FY2014 (B)	Difference (A-B)
Fuel oil ※3	million liters	1,160	1,490	▲330
Crude oil	million liters	380	880	▲500
Coal	thousand tons	5,750	5,350	400
LNG	thousand tons	2,300	2,060	240

※3 : Internal combustion power plant included

3. Balance Sheet < Non-Consolidated >

18

(1) Assets

(billion yen)

	End of FY2015 (A)	End of FY2014 (B)	Difference (A-B)	Breakdown
Total	2,868.2	2,739.2	129.0	
Fixed assets	2,491.3	2,459.9	31.3	
Electric utility fixed assets	1,375.9	1,403.3	▲27.3	<ul style="list-style-type: none"> • Asset capitalization +80.0 • Depreciation ▲97.3 (Accumulated depreciation rate 77.1%) • Retirement, etc. ▲10.0
Incidental business fixed assets	0.1	0.3	▲0.1	
Non-business fixed assets	4.4	4.4	0.0	
Construction in progress	658.7	592.6	66.1	
Nuclear decommissioning	18.0	-	18.0	<ul style="list-style-type: none"> • Expenses relating to decommissioning of Unit 1 at the Shimane Nuclear Power Plant
Nuclear fuel	186.5	182.8	3.6	
Others	265.3	276.3	▲10.9	
Current assets	376.9	279.2	97.6	• Increase in short-term investment

(Rounded down to the hundred million yen)

(2) Liabilities and Net Assets

(billion yen)

	End of FY2015 (A)	End of FY2014 (B)	Difference (A-B)	Breakdown			
Total	2,868.2	2,739.2	129.0	<Breakdown of interest-bearing debt>			
Liabilities	2,419.5	2,300.6	118.9		End of FY2015 (A)	End of FY2014 (B)	Difference (A - B)
Long-term liabilities	1,867.9	1,757.2	110.6	Corporate bond	954.9	924.9	30.0
Current liabilities	477.6	471.8	5.7	Long-term debt	923.9	838.8	85.0
Provision for drought	0.9	0.3	0.5	Short-term debt	75.0	77.0	▲2.0
Provision for depreciation of nuclear power plant	72.9	71.1	1.8	CP	-	8.0	▲8.0
Net Assets	448.7	438.6	10.1	Total	1,953.9	1,848.9	105.0
Common stock	185.5	185.5	-	<ul style="list-style-type: none"> • Net income +30.3 • Dividend ▲18.1 • Effect by the amendment to the Accounting Standard for Retirement Benefit ▲8.1 			
Capital surplus	16.7	16.7	▲0.0				
Retained earnings	244.0	240.0	4.0				
Treasury stock	▲14.5	▲14.4	▲0.0				
Net unrealized holding gains on securities, etc.	16.9	10.7	6.1				

(Rounded down to the hundred million yen)

4. Capital Expenditure < Non-Consolidated >

20

(billion yen)

	FY2015 (A)	FY2014 (B)	Difference (A-B)
Total	146.2	130.4	15.8
Power Source	85.7	69.8	15.8
Electric Power Transport	42.2	39.0	3.2
Transmission	15.3	13.4	1.8
Transformation	9.8	9.7	0.0
Distribution	17.0	15.7	1.2
Nuclear Fuel	11.9	14.6	▲2.6
Others	6.2	6.8	▲0.5

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

(1) Financial Index

(billion yen)

		End of FY2015 (A)	End of FY2014 (B)	Difference (A-B)
Consolidated	Interest-bearing debt	1,980.1	1,857.9	122.2
	Exclude lease obligations	1,971.6	1,848.7	122.9
	Shareholders' equity ratio	20.0%	20.4%	▲0.4%
Non-consolidated	Interest-bearing debt	1,953.9	1,848.9	105.0
	Exclude lease obligations	1,953.9	1,848.9	105.0
	Shareholders' equity ratio	15.6%	16.0%	▲0.4%

(2) Interest Rate (Non-Consolidated)

(Rounded down to the hundred million yen)

	FY2015	FY2014
Average	1.33%	1.41%
End of period	1.24%	1.39%

■ Performance Outlook of Information & Telecommunication Business

(billion yen)

	FY2016 Estimate (A)	FY2015 (B)	Difference (A-B)
Operating revenues	38.6	39.1	▲0.4
Electric telecommunication business	31.4	32.0	▲0.5
Operating income	3.6	6.1	▲ 2.4
Electric telecommunication business	3.3	5.7	▲ 2.4

7. Diffusion Rate of Completely Electrical Housing and Electric Water Heater 23

	Unit	FY2012 Results	FY2013 Results	FY2014 Results	FY2015 Results
Completely electrical housing introduced	Number of housing (thousand)	46	44	43	38
Newly-constructed		21	21	21	20
Remodeled ※1		26	23	22	18
The ratio of newly constructed electrical Housing	%	52.8	51.6	47.1	{ 46.5 ※2 73.5 14.8
Single homes	%	79.6	80.0	77.8	
Housing complexes	%	19.6	19.9	13.7	
Household diffusion rate of completely electric homes	%	16.4	17.6	18.5	19.6
Electric water heater sales	thousand	60	56	56	52
“Ecocute”		45	44	46	43
The diffusion rate of electric water heater	%	25.7	26.8	27.4	28.2
Electric Water Heater Contract Accounts (accumulated total)	Number of accounts (thousand)	825	861	897	929

(※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, 2015.

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

- **None of the information on this document is intended to solicit or induce purchase or selling of the Company's stocks. Moreover Chugoku Electric makes no guarantees whatever regarding the contents of this website.**
- **Persons considering investment in the Company should without fail read in advance the stock and bond reports and other financial literature issued by the Company, and make decisions on their own judgment. Though great care is exercised in the preparation of such literature, Chugoku Electric and the other information providers shall not be liable in any manner for any loss whatever incurred as a result of erroneous information contained therein or in this document.**
- **Items in Chugoku Electric's current plans and strategies, etc., published on this document which are not yet historical fact are projections concerning future performance and as such involve factors of risk and uncertainty which means that actual performance in the future may differ to a large extent from projections published here. Therefore Chugoku Electric does not guarantee the reliability of such projections.**

**For Questions or Comments,
Please Contact the Investor Relations Section
at the Address Below :**

**4-33 , Komachi, Naka-ku,
Hiroshima 730-8701
Japan**

**The Chugoku Electric Power Co., Inc.
Corporate Planning Division**

F A X : +81 82 544 2792

E-mail: ir@inet.energia.co.jp