



Supporting document of
FY2016 financial results

The Summary of Financial Results for FY2016

(April 1, 2015 through March 31, 2016)

The Chugoku Electric Power Co., Inc.

April 27, 2016

In this report, the term “Fiscal Year 2016” describes the period which ended March 31, 2016.

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I . FY2016 Financial Results

1. FY2016 Financial Results Summary

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(1) Consolidated

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,231.5	1,299.6	▲68.0	▲5.2%
Operating income	50.0	71.3	▲21.3	▲29.9%
Ordinary income	39.2	58.7	▲19.5	▲33.3%
Net income attributable to owners of the parent	27.1	33.8	▲6.7	▲19.9%

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,150.5	1,221.8	▲71.3	▲5.8%
Operating income	39.6	60.4	▲20.8	▲34.4%
Ordinary income	31.3	49.8	▲18.4	▲37.1%
Net income	21.0	30.3	▲9.2	▲30.6%

(Rounded down to the hundred million yen)

2. Electricity Sales

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- Electricity sales were 56.72 billion kWh, down by 2.0% 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 heating demand caused by higher winter temperature, and others.
- Large-scale electricity decreased in comparison with the same period in the previous year due to reasons such as the decrease in “iron & steel” industries demand.

(billion kWh)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Rate of change (A/B-1)
Total	56.72	57.87	▲1.15	▲2.0%
Other than eligible customers	19.84	20.42	▲0.58	▲2.8%
Lighting	17.71	18.20	▲0.49	▲2.7%
Low voltage	2.13	2.22	▲0.09	▲3.8%
Eligible customers ※	36.88	37.45	▲0.57	▲1.5%
Commercial	10.42	10.72	▲0.30	▲2.9%
Industrial	26.46	26.73	▲0.27	▲1.0%
Large-scale	22.23	22.48	▲0.25	▲1.1%

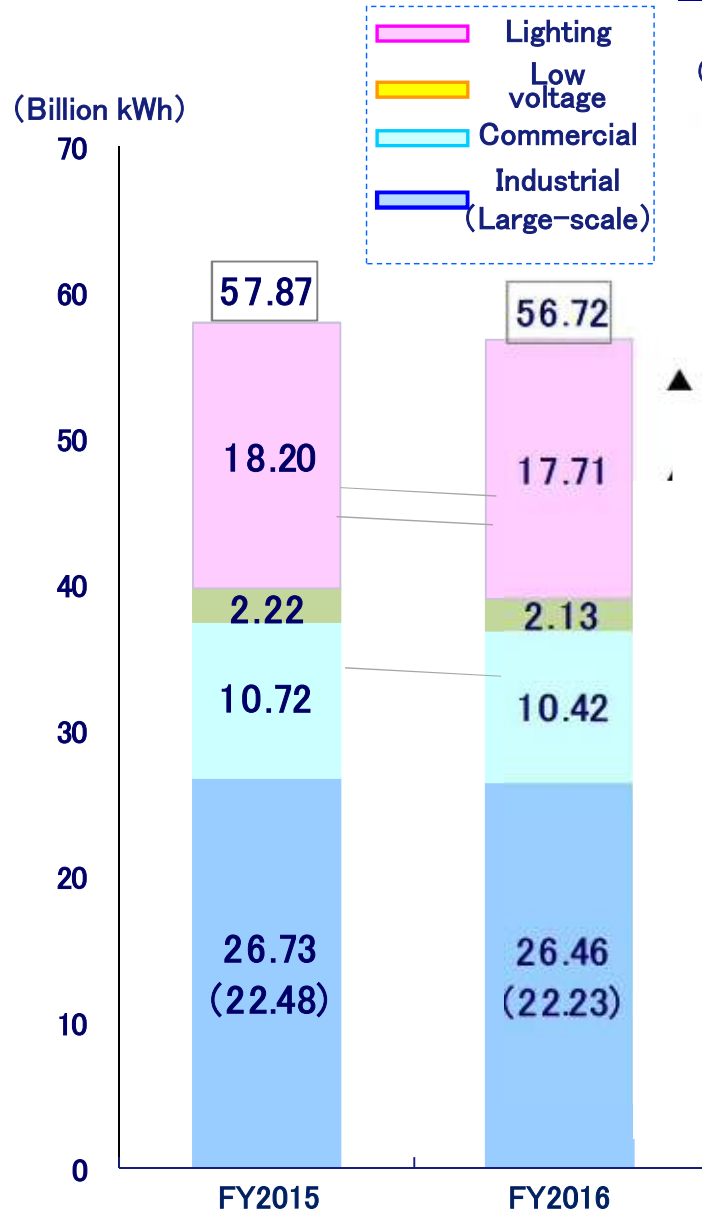
(※) Eligible customers: Demand for special high-tension or high-tension power reception with contracted power that is, in general, 50 kW or more.

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

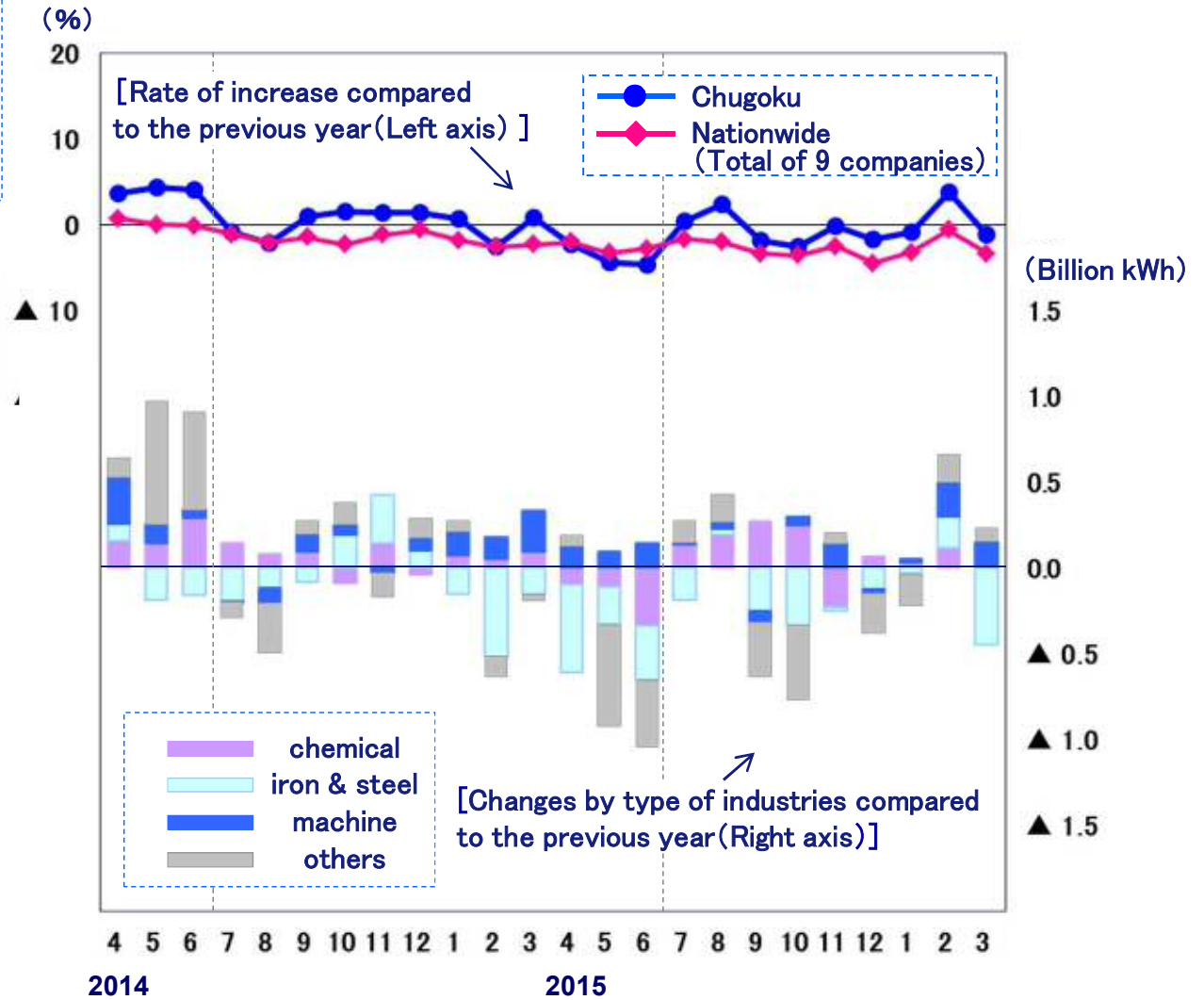
	2015										2016		
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Spt.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY2016	10.0	15.8	20.5	22.5	26.5	27.5	23.1	18.0	14.6	9.3	5.6	6.5	10.4
Difference from previous year	0.0	1.5	0.9	▲0.7	▲0.4	0.6	▲0.8	▲0.7	1.2	3.8	▲0.2	0.4	0.4
Difference from average year	0.9	1.1	1.2	▲0.5	▲0.6	▲0.7	▲1.3	▲0.3	2.1	1.8	0.4	0.5	1.3

Reference : Trend of the large scale industrial sales

Electricity Sales



Trend of the large scale industrial sales (nearest 24 months)



3. Supply Capacity

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- Thermal power of own facilities decreased due to the increase in maintenance of the facilities, the decrease in electricity sales and others.
- Purchased power increased due to the increase in photovoltaic power and the decrease in maintenance of other electric power companies' power plants.

(billion kWh)

		FY2016 (A)	FY2015 (B)	Difference (A-B)	Rate of change (A/B-1)
Supply Capacity		61.77	63.11	▲1.34	▲2.1%
Own facilities	(Water Flow Rate)	(106.7%)	(109.6%)	(▲2.9%)	
	Hydroelectric	3.45	3.40	0.05	1.3%
	Thermal	36.61	38.77	▲2.16	▲5.6%
	(Capacity Factor)	(—)	(—)	(—)	
	Nuclear	—	—	—	—
	New energy sources	0.01	0.01	0.00	47.2%
Purchased power		22.54	21.71	0.83	3.8%
Interchanged power		▲0.20	▲0.35	0.15	▲42.7%
Pumping use		▲0.64	▲0.43	▲0.21	46.0%

4. Income Statement < Non-Consolidated >

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(1) Revenues

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Ordinary revenues	1,169.8	1,239.2	▲69.3	
Operating revenues	1,150.5	1,221.8	▲71.3	
Electricity sales	970.7	1,047.0	▲76.3	<ul style="list-style-type: none"> • Decrease in revenue units ▲55.6 Revenue from fuel cost adjustment system ▲89.8 Renewable energy power promotion surcharge +37.2 • Decrease in electricity sales ▲20.7
Lighting	382.9	411.8	▲28.9	
Commercial & industrial	587.7	635.2	▲47.4	
Sales to other companies, etc.	179.7	174.7	5.0	<ul style="list-style-type: none"> • Increase in grants on the act of renewable energy +28.7 • Decrease in incidental businesses ▲17.3 • Decrease in sales to other companies ▲8.3
Other revenues	19.3	17.4	1.9	

(Rounded down to the hundred million yen)

(2) Expenses

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Ordinary expenses	1,138.5	1,189.3	▲50.8	
Operating expenses	1,110.8	1,161.3	▲50.5	
Personnel	99.4	96.3	3.0	
Material	515.0	618.8	▲103.7	<ul style="list-style-type: none"> ▪ Lower CIF price ▲135.1 ▪ Decrease in electricity sales ▲11.9 ▪ Lower yen rate +23.0 ▪ Decrease in capacity factor of coal & LNG power plants +4.6 ▪ Increase in purchase of renewable energy, and other factors +15.7
Fuel	239.3	364.5	▲125.1	
Purchased power	275.6	254.2	21.3	
Maintenance	98.1	82.2	15.8	<ul style="list-style-type: none"> ▪ Increase in thermal power +8.6 ▪ Increase in distribution +5.3
Depreciation	94.2	97.3	▲3.0	
Nuclear power back- end	5.6	7.1	▲1.5	
Others	298.2	259.3	38.8	<ul style="list-style-type: none"> ▪ Increase in payments of the levy on the act of renewable energy +37.2
Interests	21.8	22.8	▲0.9	
Other expenses	5.7	5.2	0.5	

(Rounded down to the hundred million yen)

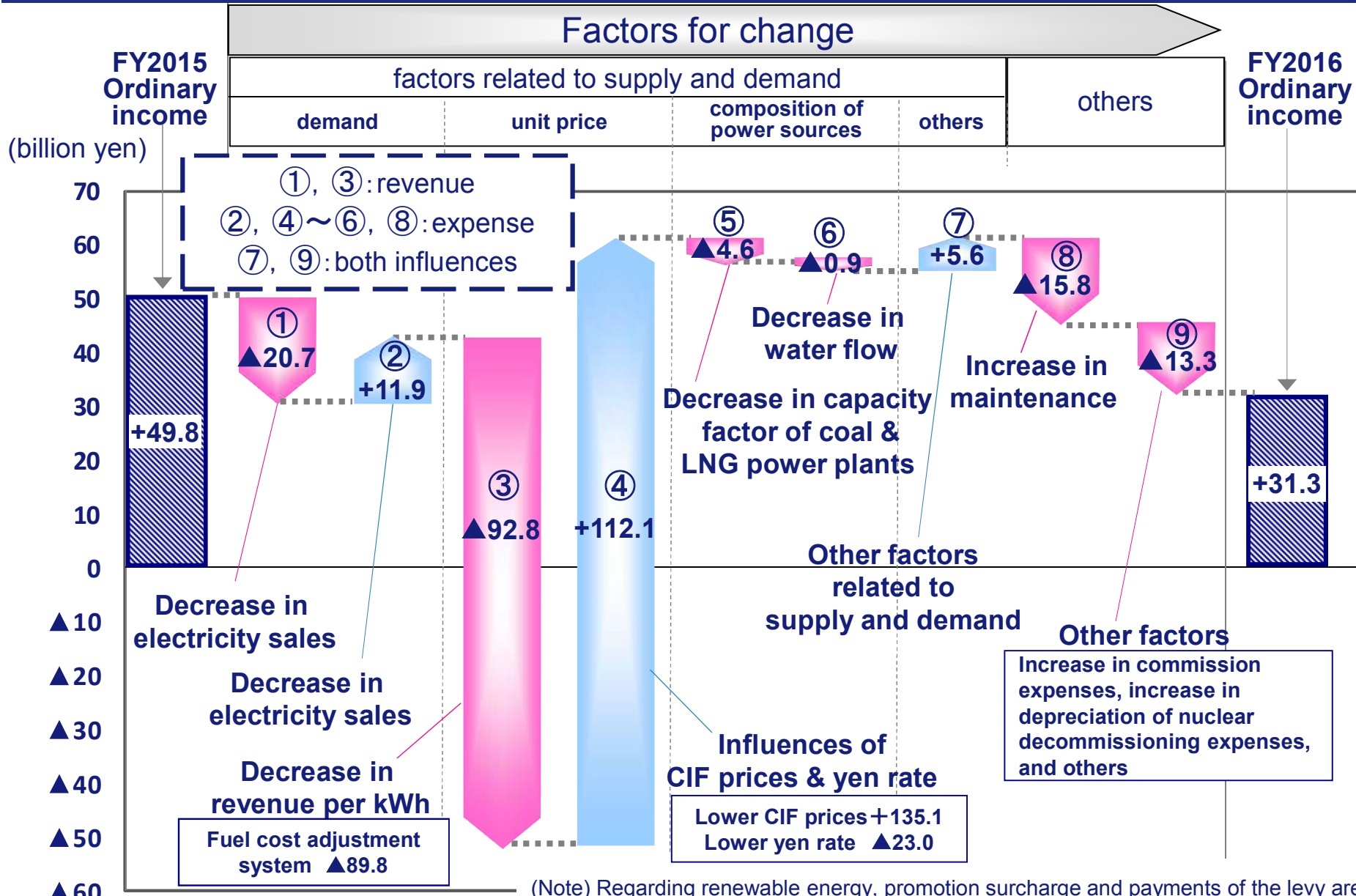
(3) Income, etc

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Operating income	39.6	60.4	▲20.8	
Ordinary income	31.3	49.8	▲18.4	
Provision for drought	▲0.4	0.5	▲1.0	
Provision for depreciation of nuclear power plant	4.5	1.8	2.6	
Extraordinary income	2.7	—	2.7	· Profit on sale of the stocks of an affiliated company
Income taxes, etc.	9.0	17.1	▲8.0	
Net income	21.0	30.3	▲9.2	

(Rounded down to the hundred million yen)

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



(Note) Regarding renewable energy, promotion surcharge and payments of the levy are excluded from the factors of change in the above, (specifically from ③ and ⑦), because these are equal and there is no influence on ordinary income.

6. Major Factors

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■ Major Factors

	FY2016 (A)	FY2015 (B)	Difference (A-B)
Exchange rate (¥ / \$)	120	110	10
Crude oil prices (All Japan CIF) (\$ / b)	48.7	90.4	▲41.7
Foreign coal prices (All Japan CIF) (\$ / t)	75.4	92.7	▲17.3

(※) Crude oil prices and foreign coal prices in FY2016 are assumption value of our company.

■ Financial impact (Sensitivity)

(billion yen)

	FY2016
Exchange rate (¥1 / \$)	2.3
Crude oil prices (All Japan CIF) (\$1 / b)	2.7
Water flow rate (1%)	0.3
Nuclear capacity factor (1%)	0.6

7. Balance Sheet < Consolidated >

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(billion yen)

	End of FY2016 (A)	End of FY2015 (B)	Difference (A-B)	Breakdown
Assets	3,070.9	3,106.2	▲35.3	See Appendix : P19,20 Balance Sheet <Non-consolidated>
Electric utility fixed assets	1,334.1	1,338.5	▲4.4	
Construction in progress	728.3	658.0	70.2	
Current assets	318.5	431.7	▲113.1	
Liabilities	2,462.4	2,481.4	▲18.9	
Interest-bearing debt	1,950.3	1,980.1	▲29.8	
Provision for depreciation of nuclear power plant	77.5	72.9	4.5	
Total net assets	608.5	624.8	▲16.3	
Shareholders' equity	604.3	619.8	▲15.5	

(Rounded down to the hundred million yen)

8.Application of Free Cash Flow <Consolidated>

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(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Cash Flow form Operating Activities	147.9	153.1	▲5.1	
Cash Flow from Investing Activities	▲194.6	▲150.8	▲43.7	▪Increase in capital expenditure
Free Cash Flow	▲46.7	2.2	▲48.9	
Cash Flow from Financing Activities	▲51.0	101.8	▲152.9	▪Decrease in borrowing by corporate bonds and loans
Cash and Cash Equivalents (increase and decrease)	▲98.1	104.1		

(Rounded down to the hundred million yen)

9. Segment Information

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

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Operating revenues	43.7	58.3	▲14.5	・Decrease in LNG sales business
Operating income	3.6	1.4	2.2	・Decline in unit purchase price due to the decrease in fuel price

(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)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Operating revenues	40.3	39.1	1.1	
Operating income	4.6	6.1	▲1.5	・Increase in commission expenses

(Rounded down to the hundred million yen)

Ⅱ . Performance Outlook for FY2017 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 appreciation of the yen and 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

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(billion yen)

	Consolidated				Non- Consolidated			
	FY2017 (Forecasts) (A)	FY2016 (B)	Difference (A-B)	Rate of change (A/B-1)	FY2017 (Forecasts) (A)	FY2016 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,190.0	1,231.5	▲41.5	▲3.4%	1,110.0	1,150.5	▲40.5	▲3.5%
Operating income	—	50.0	—	—	—	39.6	—	—
Ordinary income	—	39.2	—	—	—	31.3	—	—
Net income*	—	27.1	—	—	—	21.0	—	—

* Consolidated net income is the net income attributable to owners of the parent..

■ Major Factors (Non- Consolidated)

		FY2017 (Forecasts) (A)	FY2016 (B)	Difference (A-B)
Electricity sales	(billion kWh)	57.7	56.72	Approx. 1.0
Exchange rate	(¥ / \$)	115	120	Approx. ▲5
Crude oil prices (All Japan CIF)	(\$ / b)	42.5	48.7	Approx. ▲6

- 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 FY2016(annual dividends of ¥50 per share of FY2016).
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2017 cannot be announced at this time.

	FY2017 [Forecasts]	FY2016
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)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Total	99.4	96.3	3.0	
Retirement allowances	1.7	0.1	1.5	•Increase in actuarial difference depreciation +2.6

(Rounded down to the hundred million yen)

Actuarial Difference

(billion yen)

	Recorded amount	FY2015 amount of amortization	FY2016		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2010	22.1	4.4	—	—	—
FY2011	0.1	0.0	0.0	—	—
FY2012	▲0.1	▲0.0	▲0.0	▲0.0	1
FY2013	4.7	0.9	0.9	1.9	2
FY2014	12.2	2.4	2.4	7.3	3
FY2015	8.9	—	1.7	7.1	4
FY2016	▲11.0	—	—	▲11.0	5
Total		7.8	5.2	5.3	-

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

(2) Maintenance

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Total	98.1	82.2	15.8	
Power source	48.9	39.5	9.3	·Increase in thermal power +8.6
Electric power transport	46.5	40.4	6.0	·Increase in distribution +5.3
Others	2.6	2.2	0.4	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)	Breakdown
Total	94.2	97.3	▲3.0	
Power source	36.1	37.5	▲1.4	
Electric power transport	49.4	51.0	▲1.5	
Others	8.6	8.7	▲0.0	

(Rounded down to the hundred million yen)

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

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(1) Procurement volume

	Unit	FY2016 (A)	FY2015 (B)	Difference (A-B)
Fuel oil ※1	million liters	1,090	1,190	▲100
Crude oil	million liters	320	340	▲20
Coal ※2	thousand tons	6,370	5,790	▲580
LNG ※2	thousand tons	2,510	2,820	▲310

※1 : Internal combustion power plant included

※2 : Sales included

(2) Consumption volume

	Unit	FY2016 (A)	FY2015 (B)	Difference (A-B)
Fuel oil ※3	million liters	1,150	1,160	▲10
Crude oil	million liters	320	380	▲60
Coal	thousand tons	5,570	5,750	▲180
LNG	thousand tons	2,090	2,300	▲210

※3 : Internal combustion power plant included

3. Balance Sheet < Non-Consolidated >

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(1) Assets

(billion yen)

	End of FY2016 (A)	End of FY2015 (B)	Difference (A-B)	Breakdown
Total	2,840.1	2,868.2	▲28.0	
Fixed assets	2,567.3	2,491.3	75.9	
Electric utility fixed assets	1,374.9	1,375.9	▲1.0	<ul style="list-style-type: none"> ▪ Asset capitalization +102.4 ▪ Depreciation ▲94.2 (Accumulated depreciation rate 77.3%) ▪ Retirement, etc. ▲9.2
Incidental business fixed assets	0.1	0.1	▲0.0	
Non-business fixed assets	4.4	4.4	▲0.0	
Construction in progress	723.5	658.7	64.7	
Nuclear decommissioning	13.4	18.0	▲4.6	
Nuclear fuel	158.5	186.5	▲28.0	
Others	305.6	265.3	40.3	
Current assets	272.8	376.9	▲104.0	▪ Decrease in short-term investments

(Rounded down to the hundred million yen)

(2) Liabilities and Net Assets

(billion yen)

	End of FY2016 (A)	End of FY2015 (B)	Difference (A-B)	Breakdown			
Total	2,840.1	2,868.2	▲28.0	<Breakdown of interest-bearing debt>			
Liabilities	2,396.6	2,419.5	▲22.8		End of FY2016 (A)	End of FY2015 (B)	Difference (A - B)
Long-term liabilities	1,803.5	1,867.9	▲64.3	Corporate bond	949.9	954.9	▲4.9
Current liabilities	515.1	477.6	37.4	Long-term debt	894.5	923.9	▲29.3
Provision for drought	0.4	0.9	▲0.4	Short-term debt	74.0	75.0	▲1.0
Provision for depreciation of nuclear power plant	77.5	72.9	4.5	CP	—	—	—
Net Assets	443.4	448.7	▲5.2	Total	1,918.5	1,953.9	▲35.3
Common stock	185.5	185.5	—				
Capital surplus	16.7	16.7	▲0.0				
Retained earnings	246.9	244.0	2.8				
Treasury stock	▲14.7	▲14.5	▲0.2				
Valuation and translation adjustments	9.0	16.9	▲7.8				

(Rounded down to the hundred million yen)

4. Capital Expenditure < Non-Consolidated >

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(billion yen)

	FY2016 (A)	FY2015 (B)	Difference (A-B)
Total	185.9	146.2	39.6
Power Source	121.7	85.7	35.9
Electric Power Transport	50.0	42.2	7.8
Transmission	15.5	15.3	0.2
Transformation	13.7	9.8	3.8
Distribution	20.7	17.0	3.7
Nuclear Fuel	8.5	11.9	▲3.4
Others	5.6	6.2	▲0.6

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

(1) Financial Index

(billion yen)

		End of FY2016 (A)	End of FY2015 (B)	Difference (A-B)
Consolidated	Interest-bearing debt	1,950.3	1,980.1	▲29.8
	Exclude lease obligations	1,941.8	1,971.6	▲29.7
	Shareholders' equity ratio	19.7%	20.0%	▲0.3%
Non-consolidated	Interest-bearing debt	1,918.5	1,953.9	▲35.3
	Exclude lease obligations	1,918.5	1,953.9	▲35.3
	Shareholders' equity ratio	15.6%	15.6%	0.0%

(Rounded down to the hundred million yen)

(2) Interest Rate (Non-Consolidated)

	FY2016	FY2015
Average	1.18%	1.33%
End of period	1.14%	1.24%

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

	Unit	FY2013	FY2014	FY2015	FY2016
Completely electrical housing introduced		44	43	38	33
Newly-constructed	Number of housing (thousand)	21	21	20	18
Remodeled ※1		23	22	18	15
The ratio of newly constructed electrical Housing	%	51.6	47.1	46.1	46.0
Single homes	%	80.0	77.8	74.0	※2 76.4
Housing complexes	%	19.9	13.7	14.4	13.6
Household diffusion rate of completely electric homes	%	17.6	18.5	19.6	20.4
Electric water heater sales		56	56	52	51
“Ecocute”	thousand	44	46	43	43
The diffusion rate of electric water heater	%	26.8	27.4	28.2	28.9
Electric Water Heater Contract Accounts (accumulated total)	Number of accounts (thousand)	861	897	929	957

(※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, 2016.

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

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