



Supporting document of  
FY2017-1Q financial results

# The Summary of Financial Results for FY2017-1Q

(April 1 through June 30, 2016)

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The Chugoku Electric Power Co., Inc.

July 28, 2016

In this report, the term “Fiscal Year 2017” refers to the period between April 1, 2016 and March 31, 2017.

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# I . FY2017 1st Quarter Financial Results

# 1. FY2017 -1Q Financial Results Summary

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## (1) Consolidated

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	282.2	302.2	▲19.9	▲6.6%
Operating income	11.0	12.2	▲1.1	▲9.7%
Ordinary income	9.0	9.2	▲0.2	▲2.7%
Net income attributable to owners of the parent	5.4	6.8	▲1.3	▲20.1%

(Rounded down to the hundred million yen)

## (2) Non-consolidated

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	263.7	281.4	▲17.7	▲6.3%
Operating income	10.3	9.6	0.6	6.6%
Ordinary income	11.2	11.6	▲0.3	▲3.4%
Net income	8.1	10.1	▲1.9	▲19.2%

(Rounded down to the hundred million yen)

## 2. Electricity Sales

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- Electricity sales were 13.31 billion kWh, up by 0.3% in comparison with the same period in the previous year.
- 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 “chemical” industries demand.

(billion kWh)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Total</b>	<b>13.31</b>	<b>13.27</b>	<b>0.04</b>	<b>0.3%</b>
<b>Low voltage</b>	<b>4.40</b>	<b>4.41</b>	<b>▲0.01</b>	<b>▲0.2%</b>
<b>Lighting</b>	<b>3.94</b>	<b>3.94</b>	<b>0.00</b>	<b>0.2%</b>
<b>Power</b>	<b>0.46</b>	<b>0.47</b>	<b>▲0.01</b>	<b>▲2.8%</b>
<b>High voltage and Extra-high voltage</b>	<b>8.91</b>	<b>8.86</b>	<b>0.05</b>	<b>0.5%</b>
<b>Commercial</b>	<b>2.34</b>	<b>2.42</b>	<b>▲0.08</b>	<b>▲3.4%</b>
<b>Industrial</b>	<b>6.57</b>	<b>6.44</b>	<b>0.13</b>	<b>2.0%</b>
<b>Large scale</b>	<b>5.59</b>	<b>5.42</b>	<b>0.17</b>	<b>3.1%</b>
<b>Chemical</b>	<b>0.68</b>	<b>0.62</b>	<b>0.06</b>	<b>9.7%</b>
<b>Iron &amp; steel</b>	<b>1.45</b>	<b>1.36</b>	<b>0.09</b>	<b>6.6%</b>
<b>Machine</b>	<b>1.20</b>	<b>1.20</b>	<b>0.00</b>	<b>0.6%</b>

Hiroshima city (°C)	Mar.	Apr.	May.	Jun.
Average monthly temperature	10.4	16.2	20.3	23.3
Difference from previous year	0.4	0.4	▲0.2	0.8
Difference from average year	1.3	1.5	1.0	0.3

### 3. Supply Capacity

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- Hydroelectric of own facilities increased in comparison with the same period in the previous year due to the increased water flow.
- Thermal power of own facilities increased due to reasons such as the decrease in maintenance of the facilities.
- Interchanged power and purchased power decreased due to reasons such as the increase in maintenance of other electric power companies' power plants.

(billion kWh)

		FY2017-1Q	FY2016-1Q	Difference	Rate of change
		(A)	(B)	(A-B)	(A/B-1)
<b>Supply Capacity</b>		<b>14.18</b>	<b>14.10</b>	<b>0.08</b>	<b>0.6%</b>
<b>Own facilities</b>	<b>Own</b>	<b>8.97</b>	<b>8.55</b>	<b>0.42</b>	<b>5.0%</b>
	(Water Flow Rate)	(109.0%)	(95.9%)	(13.1%)	
	<b>Hydroelectric</b>	<b>1.01</b>	<b>0.81</b>	<b>0.20</b>	<b>25.2%</b>
	<b>Thermal</b>	<b>7.96</b>	<b>7.74</b>	<b>0.22</b>	<b>2.9%</b>
	(Capacity Factor)	( — )	( — )	( — )	
	<b>Nuclear</b>	—	—	—	—
	<b>New energy sources</b>	<b>0.00</b>	<b>0.00</b>	<b>▲0.00</b>	<b>▲4.5%</b>
<b>Interchanged power and purchased power</b>		<b>5.36</b>	<b>5.61</b>	<b>▲0.25</b>	<b>▲4.4%</b>
<b>Pumping use</b>		<b>▲0.15</b>	<b>▲0.06</b>	<b>▲0.09</b>	<b>195.2%</b>

# 4. Income Statement < Non-Consolidated >

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## (1) Revenues

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
<b>Ordinary revenues</b>	<b>271.2</b>	<b>290.4</b>	<b>▲19.1</b>	
<b>Operating revenues</b>	<b>263.7</b>	<b>281.4</b>	<b>▲17.7</b>	
<b>Electricity sales</b>	<b>212.0</b>	<b>233.8</b>	<b>▲21.7</b>	<ul style="list-style-type: none"> <li>• Decrease in revenue units ▲22.4</li> <li>Decrease in fuel cost adjustment charges ▲29.2</li> <li>Increase in renewable energy power promotion surcharge +8.0</li> <li>• Increase in electricity sales +0.7</li> </ul>
<b>Lighting</b>	<b>80.3</b>	<b>86.8</b>	<b>▲6.5</b>	
<b>Commercial &amp; industrial</b>	<b>131.7</b>	<b>147.0</b>	<b>▲15.2</b>	
<b>Sales to other companies, etc.</b>	<b>51.6</b>	<b>47.5</b>	<b>4.0</b>	<ul style="list-style-type: none"> <li>• Increase in grants on the act of renewable energy +9.6</li> <li>• Decrease in incidental businesses ▲4.6</li> </ul>
<b>Other revenues</b>	<b>7.5</b>	<b>8.9</b>	<b>▲1.4</b>	

(Rounded down to the hundred million yen)

## (2) Expenses

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
<b>Ordinary expenses</b>	<b>259.9</b>	<b>278.7</b>	<b>▲18.7</b>	
<b>Operating expenses</b>	<b>253.4</b>	<b>271.7</b>	<b>▲18.3</b>	
<b>Personnel</b>	<b>24.9</b>	<b>24.9</b>	<b>0.0</b>	
<b>Material</b>	<b>114.1</b>	<b>140.2</b>	<b>▲26.0</b>	<ul style="list-style-type: none"> <li>▪ Lower CIF price ▲16.7</li> <li>▪ Increase in capacity factor of coal power plants ▲8.0</li> <li>▪ Higher yen rate ▲6.5</li> <li>▪ Increase in water flow ▲1.3</li> <li>▪ Increase in capacity factor of LNG power plants +1.0</li> <li>▪ Increase in electricity sales +0.3</li> <li>▪ Increase in purchase of renewable energy, etc. +5.2</li> </ul>
<b>Fuel</b>	<b>35.9</b>	<b>65.9</b>	<b>▲30.0</b>	
<b>Purchased power</b>	<b>78.2</b>	<b>74.2</b>	<b>4.0</b>	
<b>Maintenance</b>	<b>22.3</b>	<b>18.1</b>	<b>4.2</b>	<ul style="list-style-type: none"> <li>▪ Increase in thermal power +2.0</li> <li>▪ Increase in distribution +1.4</li> </ul>
<b>Depreciation</b>	<b>22.7</b>	<b>23.2</b>	<b>▲0.4</b>	
<b>Nuclear power back-end</b>	<b>1.3</b>	<b>1.3</b>	<b>▲0.0</b>	
<b>Others</b>	<b>67.8</b>	<b>63.9</b>	<b>3.9</b>	<ul style="list-style-type: none"> <li>▪ Increase in payments of the levy on the act of renewable energy +8.0</li> <li>▪ Decrease in incidental businesses ▲4.7</li> </ul>
<b>Interests</b>	<b>5.2</b>	<b>5.5</b>	<b>▲0.3</b>	
<b>Other expenses</b>	<b>1.3</b>	<b>1.3</b>	<b>▲0.0</b>	

(rounded down to the nearest million yen)



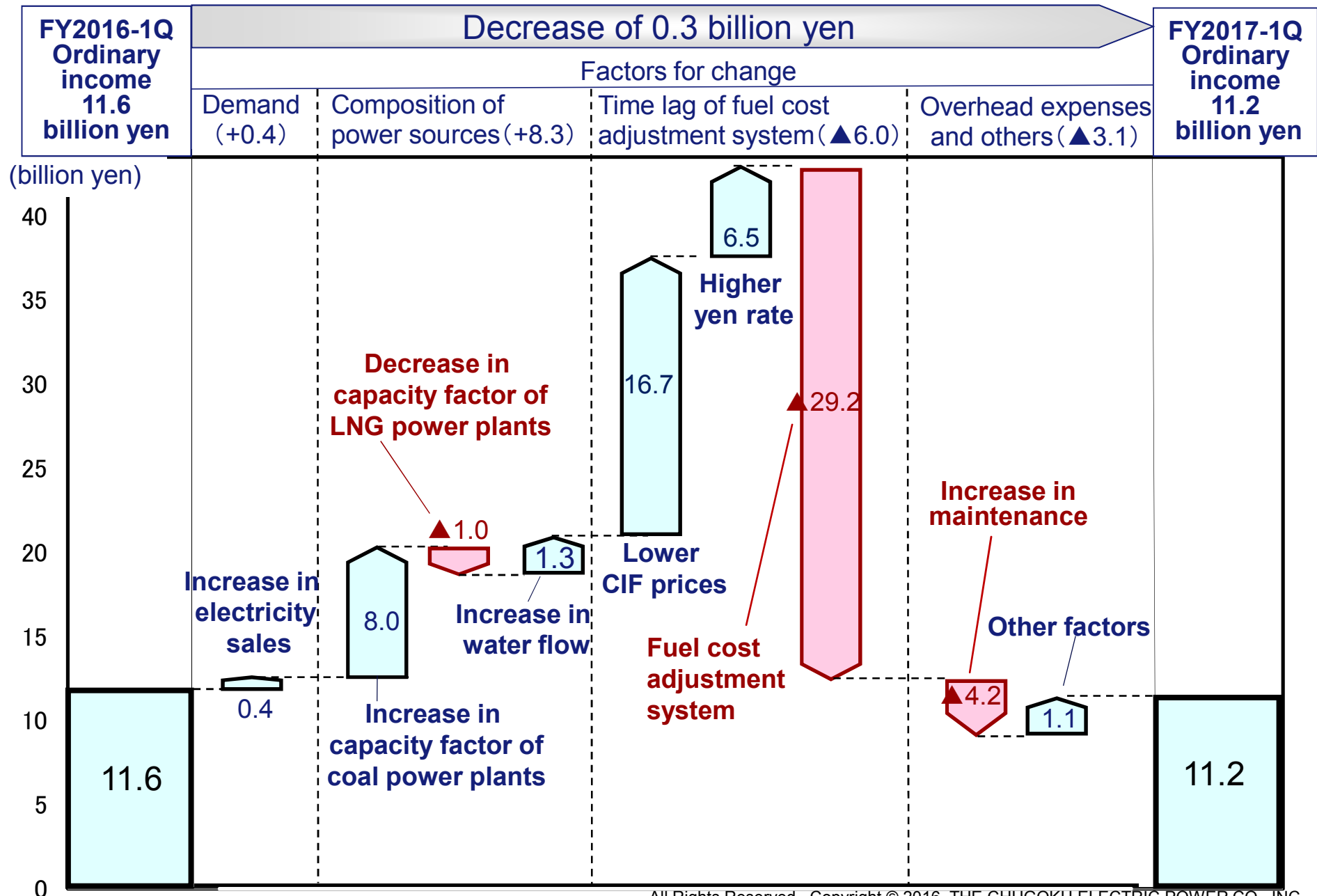
**(3) Income, etc**

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
Operating income	10.3	9.6	0.6	
Ordinary income	11.2	11.6	▲0.3	
Provision for drought	0.1	▲0.6	0.8	· Increase in provision due to the high level of water flow rate
Provision for depreciation of nuclear power plant	0.5	0.2	0.2	
Income taxes, etc.	2.4	1.9	0.4	
<b>Net income</b>	<b>8.1</b>	<b>10.1</b>	<b>▲1.9</b>	

(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

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)
Exchange rate (¥ / \$)	108	121	▲13
Crude oil prices (All Japan CIF) (\$ / b)	41.0	59.6	▲18.6
Foreign coal prices (All Japan CIF) (\$ / t)	68.7	82.4	▲13.7

(※) Crude oil prices and foreign coal prices in FY2017-1Q are assumption value of our company.

### ■ Financial impact (Sensitivity)

(billion yen)

	FY2017-1Q
Exchange rate (¥1 / \$)	0.5
Crude oil prices (All Japan CIF) (\$1 / b)	0.6
Water flow rate (1%)	0.1

# 7. Balance Sheet < Consolidated , Non-Consolidated >

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(※) Figures in parentheses ( ) are Non-Consolidated .

(billion yen)

	End of FY2017-1Q (A)	End of FY2016 (B)	Difference (A-B)	Breakdown
<b>Assets</b>	<b>3,047.2</b> (2,817.1)	<b>3,070.9</b> (2,840.1)	<b>▲23.6</b> (▲23.0)	• Decrease in current assets ▲21.6
<b>Electric utility fixed assets</b>	<b>1,324.0</b> (1,364.4)	<b>1,334.1</b> (1,374.9)	<b>▲10.0</b> (▲10.5)	• Asset capitalization +13.7 • Depreciation ▲22.7 (Accumulated depreciation rate 77.5%) • Retirement, etc. ▲1.5
<b>Construction in progress</b>	<b>735.4</b> (734.8)	<b>728.3</b> (723.5)	<b>7.0</b> (11.3)	
<b>Liabilities</b>	<b>2,444.7</b> (2,375.6)	<b>2,462.4</b> (2,396.6)	<b>▲17.6</b> (▲21.0)	• Decrease in accrued expenses, etc.
<b>Interest-bearing debt</b>	<b>1,980.7</b> (1,948.2)	<b>1,950.3</b> (1,918.5)	<b>30.3</b> (29.6)	
<b>Provision for depreciation of nuclear power plant</b>	<b>78.0</b> (78.0)	<b>77.5</b> (77.5)	<b>0.5</b> (0.5)	
<b>Total net assets</b>	<b>602.5</b> (441.4)	<b>608.5</b> (443.4)	<b>▲5.9</b> (▲2.0)	
<b>Shareholders' equity ratio</b>	<b>19.6%</b> (15.7%)	<b>19.7%</b> (15.6%)	<b>▲0.1%</b> (0.1%)	

(Rounded down to the hundred million yen)

## 8. Segment Information

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

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
Operating revenues	7.5	11.7	▲4.1	▪ Decrease in LNG sales business
Operating income	0.7	1.2	▲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)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
Operating revenues	8.9	9.2	▲0.2	
Operating income	0.3	1.0	▲0.7	▪ 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 in comparison with the last expectation announced on April 2016, for the reason of the decrease in electricity sales revenue , due to the decrease in electricity sales and the decrease in fuel cost adjustment charges resulted from the higher yen rate and others.

- 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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### (1) Consolidated

(billion yen)

	FY2017 (Forecasts) As of July (A)	FY2016 (B)	Difference (A-B)	【Reference】 FY2017 (Forecasts) As of April
Operating revenues	1,185.0	1,231.5	▲46.5	1,190.0
Operating income	—	50.0	—	—
Ordinary income	—	39.2	—	—
Net income attributable to owners of the parent	—	27.1	—	—

### (2) Non-consolidated

(billion yen)

	FY2017 (Forecasts) As of July (A)	FY2016 (B)	Difference (A-B)	【Reference】 FY2017 (Forecasts) As of April
Operating revenues	1,105.0	1,150.5	▲45.5	1,110.0
Operating income	—	39.6	—	—
Ordinary income	—	31.3	—	—
Net income	—	21.0	—	—



## ■ Major Factors

	FY2017 (Forecasts) As of July (A)	FY2016 (B)	Difference (A-B)	【Reference】 FY2017 (Forecasts) As of April
Electricity sales (billion kWh)	57.4	56.72	0.68	57.7
Exchange rate (¥ / \$)	106	120	▲14	115
Crude oil prices (All Japan CIF) (\$ / b)	48	48.7	▲0.7	42.5

- We have not revised the forecasts of dividends announced in April 2016.
- Regarding the forecasts of the interim and year-end dividends of FY2017, we cannot yet inform you at this time.

< Dividends > (yen per share)

	FY2017	FY2016
Interim	Undecided	25
Year-end	Undecided	25
Total	Undecided	50

# Ⅲ. Appendix

# 1. Operating revenues < Non-Consolidated >

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## (1) Personnel

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>24.9</b>	<b>24.9</b>	<b>0.0</b>	
Retirement allowances	0.5	0.3	0.2	•Increase in actuarial difference depreciation +0.5

(Rounded down to the hundred million yen)

## Actuarial Difference

(billion yen)

	Recorded amount	FY2016 amount of amortization	FY2017 Estimate		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2011	0.1	0.0	—	—	—
FY2012	▲0.1	▲0.0	▲0.0	—	—
FY2013	4.7	0.9	0.9	0.9	1
FY2014	12.2	2.4	2.4	4.9	2
FY2015	8.9	1.7	1.7	5.3	3
FY2016	▲11.0	—	▲2.2	▲8.8	4
<b>Total</b>		<b>5.2</b>	<b>2.9</b>	<b>2.4</b>	<b>—</b>

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

**(2) Maintenance**

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>22.3</b>	<b>18.1</b>	<b>4.2</b>	
<b>Power source</b>	<b>9.2</b>	<b>6.8</b>	<b>2.3</b>	·Increase in thermal power +2.0
<b>Electric power transport</b>	<b>12.4</b>	<b>10.8</b>	<b>1.5</b>	·Increase in distribution +1.4
<b>Others</b>	<b>0.6</b>	<b>0.4</b>	<b>0.2</b>	

(Rounded down to the hundred million yen)

**(3) Depreciation**

(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>22.7</b>	<b>23.2</b>	<b>▲0.4</b>	
<b>Power source</b>	<b>8.7</b>	<b>8.7</b>	<b>0.0</b>	
<b>Electric power transport</b>	<b>12.0</b>	<b>12.1</b>	<b>▲0.1</b>	
<b>Others</b>	<b>1.9</b>	<b>2.3</b>	<b>▲0.3</b>	

(Rounded down to the hundred million yen)

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

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### (1) Procurement volume

	Unit	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)
<b>Fuel oil</b> ※1	million liters	260	340	▲80
<b>Crude oil</b>	million liters	—	90	▲90
<b>Coal</b> ※2	thousand tons	1,600	1,070	530
<b>LNG</b> ※2	thousand tons	480	590	▲110

※1 : Internal combustion power plant included

※2 : Sales included

### (2) Consumption volume

	Unit	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)
<b>Fuel oil</b> ※3	million liters	240	350	▲110
<b>Crude oil</b>	million liters	0	100	▲100
<b>Coal</b>	thousand tons	1,340	770	570
<b>LNG</b>	thousand tons	440	540	▲100

※3 : Internal combustion power plant included

### 3. Capital Expenditure < Non-Consolidated >

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(billion yen)

	FY2017-1Q (A)	FY2016-1Q (B)	Difference (A-B)
<b>Total</b>	<b>28.1</b>	<b>26.6</b>	<b>1.4</b>
<b>Power Source</b>	<b>16.0</b>	<b>14.9</b>	<b>1.1</b>
<b>Electric Power</b>	<b>9.8</b>	<b>9.3</b>	<b>0.5</b>
<b>Transport</b>			
<b>Transmission</b>	<b>2.5</b>	<b>2.5</b>	<b>0.0</b>
<b>Transformation</b>	<b>2.6</b>	<b>2.8</b>	<b>▲0.1</b>
<b>Distribution</b>	<b>4.5</b>	<b>3.9</b>	<b>0.6</b>
<b>Nuclear Fuel</b>	<b>1.5</b>	<b>1.3</b>	<b>0.2</b>
<b>Others</b>	<b>0.6</b>	<b>1.0</b>	<b>▲0.4</b>

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

## 4. Interest-bearing debt and Interest Rate <Non-Consolidated> 19

### (1) Breakdown of Interest-bearing debt

(billion yen)

	End of FY2017-1Q (A)	End of FY2016 (B)	Difference (A-B)
Interest-bearing debt	1,948.2	1,918.5	29.6
Corporate bond	974.9	949.9	25.0
Long-term debt	889.2	894.5	▲5.3
Short-term debt	74.0	74.0	—
CP	10.0	—	10.0

(Rounded down to the hundred million yen)

### (2) Interest Rate

	FY2017-1Q	FY2016
Average	1.11%	1.18%
End of period	1.09%	1.14%



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

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	Unit	FY2014	FY2015	FY2016	FY2017-1Q
<b>Completely electrical housing introduced</b>		<b>43</b>	<b>38</b>	<b>33</b>	<b>7</b>
<b>Newly-constructed</b>	Number of housing (thousands)	<b>21</b>	<b>20</b>	<b>18</b>	<b>4</b>
<b>Remodeled ※1</b>		<b>22</b>	<b>18</b>	<b>15</b>	<b>4</b>
<b>The ratio of newly constructed electrical Housing</b>	<b>%</b>	<b>47.1</b>	<b>46.1</b>	<b>45.1</b>	{ <b>43.2</b> ※2 <b>75.4</b> <b>12.0</b>
<b>Single homes</b>	<b>%</b>	<b>77.8</b>	<b>74.0</b>	<b>75.5</b>	
<b>Housing complexes</b>	<b>%</b>	<b>13.7</b>	<b>14.4</b>	<b>13.0</b>	
<b>Household diffusion rate of completely electric homes</b>	<b>%</b>	<b>18.5</b>	<b>19.6</b>	<b>20.4</b>	<b>20.7</b>
<b>Electric water heater sales</b>	thousands	<b>56</b>	<b>52</b>	<b>51</b>	<b>11</b>
<b>“Ecocute”</b>		<b>46</b>	<b>43</b>	<b>43</b>	<b>9</b>
<b>The diffusion rate of electric water heater</b>	<b>%</b>	<b>27.4</b>	<b>28.2</b>	<b>28.9</b>	<b>29.2</b>
<b>Electric Water Heater Contract Accounts (accumulated total)</b>	Number of accounts (thousands)	<b>897</b>	<b>929</b>	<b>957</b>	<b>966</b>

(※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 May, 2016.

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

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