



Supporting document of
FY2018-1Q financial results

The Summary of Financial Results for FY2018-1Q

(April 1 through June 30, 2017)

The Chugoku Electric Power Co., Inc.

July 28, 2017

In this report, the term “Fiscal Year 2018” refers to the period between April 1, 2017 and March 31, 2018.

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I . FY2018 1st Quarter Financial Results

- Operating revenues were 304.5 billion yen, an increase of 22.2 billion yen in comparison with the same period in the previous year. This is mainly because of the increase in grants on the act of renewable energy and renewable energy power promotion surcharge, and the increase in electricity sales revenue due to the effect of fuel cost adjustment system, despite the decrease in electricity sales.
- Operating expenses were 301.3 billion yen, an increase of 30.0 billion yen in comparison with the same period in the previous year. This is mainly because of the increase in material expenses due to the increase in fuel prices, and the increase in payments of the levy on the act of renewable energy, despite our efforts for business efficiency enhancement.
- As a result, operating income was 3.1 billion yen, a decrease of 7.8 billion yen in comparison with the same period in the previous year.
- Ordinary income including other expenses and other income, such as interest expense, was 2.3 billion yen, a decrease of 6.6 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent deducting income taxes was 1.3 billion yen, a decrease of 4.1 billion yen in comparison with the same period in the previous year. This is the result of drawing down the provision for drought and applying the provision for depreciation of nuclear power plants.

1 – 2. Financial Results Summary

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(1) Consolidated

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	304.5	282.2	22.2	7.9%
Operating income	3.1	11.0	▲7.8	▲71.2%
Ordinary income	2.3	9.0	▲6.6	▲73.7%
Net income attributable to owners of the parent	1.3	5.4	▲4.1	▲76.3%

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	283.2	263.7	19.5	7.4%
Operating income	2.4	10.3	▲7.8	▲76.0%
Ordinary income	2.9	11.2	▲8.3	▲74.2%
Net income	2.2	8.1	▲5.9	▲72.2%

(Rounded down to the hundred million yen)

2. Electricity Sales

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- Electricity sales were 12.70 billion kWh, down by 4.6% in comparison with the same period in the previous year.
- Large-scale electricity decreased in comparison with the same period in the previous year due to reasons such as the decrease in “iron & steel” and “chemical” industries demand.

(billion kWh)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total	12.70	13.31	▲0.61	▲4.6%
Low voltage	4.41	4.40	0.01	0.1%
Lighting	3.96	3.94	0.02	0.3%
Power	0.45	0.46	▲0.01	▲1.4%
High voltage and Extra-high voltage	8.29	8.91	▲0.62	▲7.0%
Commercial	2.26	2.34	▲0.08	▲3.3%
Industrial	6.03	6.57	▲0.54	▲8.2%
Large scale	5.11	5.59	▲0.48	▲8.5%

3. Supply Capacity

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

(billion kWh)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Supply Capacity	13.24	14.16	▲0.92	▲6.5%
Own facilities	7.71	8.97	▲1.26	▲14.1%
(Water Flow Rate)	(81.2%)	(109.0%)	(▲27.8%)	
Hydroelectric	0.83	1.01	▲0.18	▲18.4%
Thermal	6.88	7.96	▲1.08	▲13.6%
(Capacity Factor)	(—)	(—)	(—)	
Nuclear	—	—	—	—
New energy sources	0.00	0.00	0.00	7.1%
Interchanged power and purchased power	5.77	5.34	0.43	8.1%
Pumping use	▲0.24	▲0.15	▲0.09	53.2%

4. Income Statement < Consolidated > (1) Revenues 5

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	[Rate of change] Difference (A-B)	Breakdown
Ordinary revenues	309.3	286.9	22.4	
Operating revenues	304.5 (283.2)	282.2 (263.7)	22.2 (19.5)	
from electric power operations	277.3	259.3	[6.9%] 17.9	
Electricity sales	217.6	212.0	[2.6%] 5.5	<ul style="list-style-type: none"> • Fuel cost adjustment charges +8.2 • Increase in renewable energy power promotion surcharge +4.4 • Decrease in electricity sales ▲6.9
Others	59.7	47.3	[26.3%] 12.4	<ul style="list-style-type: none"> • Increase in grants on the act of renewable energy +8.9
from other operations	48.5	45.5	2.9	
Internal transaction in consolidated accounting	▲21.3	▲22.7	1.3	
Other revenues	4.8	4.6	0.2	

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

(Rounded down to the hundred million yen)

4. Income Statement < Consolidated > (2) Expenses

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(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Ordinary expenses	306.9	277.8	29.0	
Operating expenses	301.3	271.2	30.0	[11.1%]
from electric power operations	275.1	249.3	25.8	[10.4%]
Personnel	25.6	24.9	0.6	
Material	135.8	114.1	21.6	<ul style="list-style-type: none"> • Higher CIF price +15.8 • Lower yen rate +1.8 • Decrease in hydroelectric power +1.7 • Decrease in electricity sales ▲4.7
Fuel	39.3	35.9	3.4	
Purchased power	96.5	78.2	18.2	
Maintenance	19.9	22.3	▲2.3	
Depreciation	22.2	22.7	▲0.4	
Nuclear power back- end	1.2	1.3	▲0.1	
Others	70.1	63.7	6.4	• Increase in payments of the levy on the act of renewable energy +4.4
from other operations	47.7	44.5	3.1	
Internal transaction in consolidated accounting	▲21.5	▲22.6	1.1	
Other expenses	5.6	6.6	▲1.0	
	(5.4)	(6.5)	(▲1.1)	

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

(Rounded down to the hundred million yen)

4. Income Statement < Consolidated > (3)Income, etc. 7

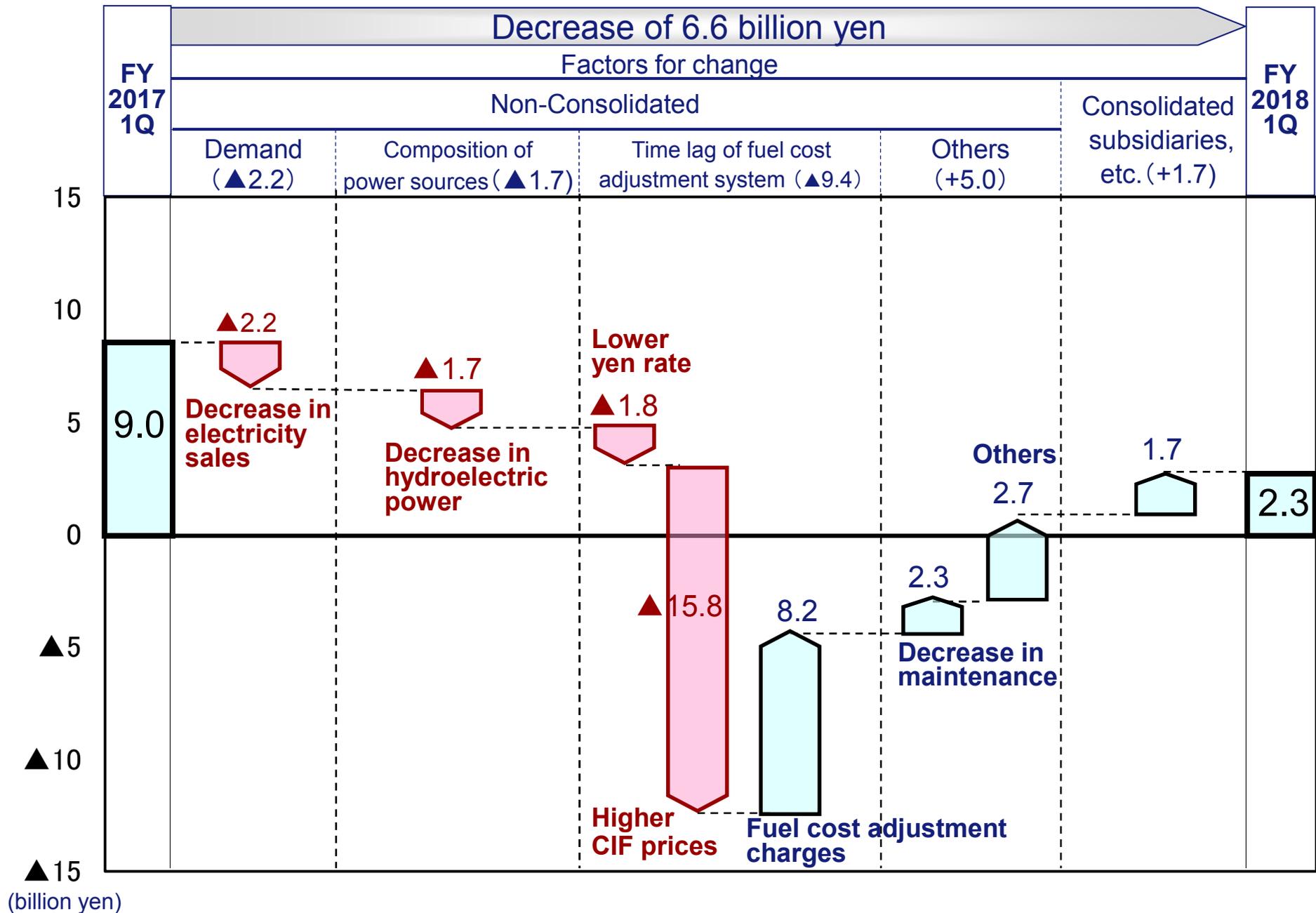
(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Operating income	3.1 (2.4)	11.0 (10.3)	▲7.8 (▲7.8)	
Ordinary income	2.3 (2.9)	9.0 (11.2)	▲6.6 (▲8.3)	
Provision for drought	▲0.1	0.1	▲0.3	
Provision for depreciation of nuclear power plant	0.6	0.5	0.0	
Income taxes, etc.	0.6	2.8	▲2.2	
Net income attributable to owners of the parent	1.3 (2.2)	5.4 (8.1)	▲4.1 (▲5.9)	

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

(Rounded down to the hundred million yen)

5. Factors for change in Ordinary income < Consolidated >



6. Segment Information (1 / 2)

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(1) Electric Power Business

- As described on page 1 “1-1. Financial Results Summary < Consolidated >”.

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Operating revenues	277.3	259.3	17.9	
Operating expenses	275.1	249.3	25.8	
Operating income	2.2	10.0	▲7.8	

(Rounded down to the hundred million yen)

(2) Comprehensive Energy Supply Business

- Operating revenues were 10.8 billion yen, a increase of 3.2 billion yen in comparison with the same period in the previous year due to reasons such as the increase in fuel sales business.
- Operating expenses were 10.3 billion yen, a increase of 3.5 billion yen in comparison with the same period in the previous year due to reasons such as the increase in fuel prices.
- As a result, operating income was 0.4 billion yen, a decrease of 0.3 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Operating revenues	10.8	7.5	3.2	•Increase in fuel sales business
Operating expenses	10.3	6.8	3.5	
Operating income	0.4	0.7	▲0.3	

(Rounded down to the hundred million yen)

(3) Information & Telecommunication Business

- Operating revenues were 9.0 billion yen, a increase of 0.03 billion yen in comparison with the same period in the previous year due to reasons such as the increase in information related business.
- Operating expenses were 8.6 billion yen, roughly equal to the same period in the previous year.
- As a result, operating income was 0.3 billion yen, a increase of 0.03 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Operating revenues	9.0	8.9	0.03	·Increase in information related business
Operating expenses	8.6	8.6	0.00	
Operating income	0.3	0.3	0.03	

(Rounded down to the hundred million yen)

II . Performance Outlook for FY2018 Dividends

- We expect that both consolidated and non- consolidated operating revenues decrease in comparison with the last expectation announced on April 2017, 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 and others, despite the increase in grants on the act of renewable energy.
- 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)

	FY2018 (Forecasts) As of July (A)	FY2018 (Forecasts) As of April (B)	Difference (A-B)	【Reference】 FY2017
Operating revenues	1,272.0	1,282.0	▲10.0	1,200.3
Operating income	—	—	—	34.5
Ordinary income	—	—	—	19.4
Net income attributable to owners of the parent	—	—	—	11.3

(2) Non-consolidated

(billion yen)

	FY2018 (Forecasts) As of July (A)	FY2018 (Forecasts) As of April (B)	Difference (A-B)	【Reference】 FY2017
Operating revenues	1,189.0	1,200.0	▲11.0	1,121.7
Operating income	—	—	—	28.8
Ordinary income	—	—	—	16.1
Net income	—	—	—	14.6

2. Summary of Performance Outlook Major Factors(Non-Consolidated)

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		FY2018 (Forecasts) As of July (A)	FY2018 (Forecasts) As of April (B)	Difference (A-B)	【Reference】 FY2017
Electricity sales	(billion kWh)	54.0	56.2	▲2.2	57.25
Exchange rate	(¥ / \$)	114	115	▲1	108
Crude oil prices (All Japan CIF)	(\$ / b)	55	60	▲5	47.5

■ Financial impact (Sensitivity)

(billion yen)

		FY2018 (Forecasts) As of July	【Reference】 FY2017
Exchange rate	(¥ 1 / \$)	—	2.3
Crude oil prices (All Japan CIF)	(\$ 1 / b)	—	2.4
Water flow rate	(1%)	—	0.3
Nuclear capacity factor	(1%)	—	0.5

- 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.
- Regarding the payment of dividends, we are based on twice a year at interim and year-end.
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2018 cannot be announced at this time. We have not revised the forecasts of dividends announced in April 2017.

< Dividends >

(yen per share)

	FY2018	FY2017
Interim	Undecided	25
Year-end	Undecided	25
Total	Undecided	50

(Reference) Key points

1. About Income Statement and Balance Sheet

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Income Statement

(billion yen)

	FY2018-1Q		FY2017-1Q	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Summary of financial results	For the first time in 5 years	For the first time in 5 years	2 consecutive years	2 consecutive years
	Increase in revenues (+22.2)	Increase in revenues (+19.5)	Decrease in revenues (▲ 19.9)	Decrease in revenues (▲ 17.7)
	Decrease in income (▲ 6.6)	Decrease in income (▲ 8.3)	Decrease in income (▲ 0.2)	Decrease in income (▲ 0.3)
Operating revenues	304.5 (No.2)	283.2 (No.2)	282.2 (No.3)	263.7 (No.3)
Operating income	3.1 (No.12)	2.4 (No.12)	11.0 (No.9)	10.3 (No.7)
Ordinary income	2.3 (No.10)	2.9 (No.10)	9.0 (No.7)	11.2 (No.7)
Net income attributable to owners of the parent / Net income	1.3 (No.9)	2.2 (No.9)	5.4 (No.6)	8.1 (No.5)

Balance Sheet

(billion yen)

	FY2018-1Q		FY2017	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total assets	3,065.3	2,837.4	3,100.7	2,875.7
Net assets	574.5	413.2	581.1	418.7
Shareholders' equity ratio	18.6%	14.6%	18.6%	14.6%
Interest-bearing debt	2,052.6	2,016.6	2,053.2	2,015.2

(※) "Increase / decrease in income" in the summary of financial results is based on ordinary income.

The 1st quarter settlement has been implemented since FY2004.

The ranking is a simple comparison with the past amount at the time of each settlement.

2. Major Factors

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		FY2018-1Q (A)	FY2017-1Q (B)
Exchange rate	(¥ / \$)	111	108
Crude oil prices (All Japan CIF)	(\$ / b)	※ { 53.4	41.0
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 99.9	68.7
Nuclear capacity factor	(%)	—	—

(※) Provisional figures

(Reference) Appendix

1. Large-scale Industrial Electricity Sales

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(billion kWh)

		FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Mining		0.03	0.03	▲0.00	▲3.8%
Manufacturing	Pulp & paper	0.10	0.11	▲0.00	▲3.2%
	Chemical	0.60	0.68	▲0.08	▲11.4%
	Glass & cement	0.17	0.20	▲0.03	▲14.9%
	Iron & steel	1.08	1.45	▲0.37	▲25.5%
	Non-ferrous metals	0.38	0.39	▲0.01	▲2.1%
	Machinery	1.22	1.20	0.02	1.4%
	Others	0.91	0.90	0.02	2.2%
	Total	4.47	4.92	▲0.45	▲9.2%
Others		0.61	0.64	▲0.02	▲3.8%
Total		5.11	5.59	▲0.48	▲8.5%

2. Operating expenses < Non-Consolidated >

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(1) Personnel

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Total	25.6	24.9	0.6	
Retirement allowances	0.4	0.5	▲0.1	•Decrease in actuarial difference depreciation ▲0.1

(Rounded down to the hundred million yen)

Actuarial Difference

(billion yen)

	Recorded amount	FY2017 amount of amortization	FY2018		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2012	▲0.1	▲0.0	—	—	—
FY2013	4.7	0.9	0.9	—	—
FY2014	12.2	2.4	2.4	2.4	1
FY2015	8.9	1.7	1.7	3.5	2
FY2016	▲11.0	▲2.2	▲2.2	▲6.6	3
FY2017	2.9	—	0.5	2.3	4
Total		2.9	3.5	1.7	—

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

(2) Maintenance

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Total	19.9	22.3	▲2.3	
Power source	6.3	9.2	▲2.8	·Decrease in thermal power ▲2.3
Electric power transport	13.2	12.4	0.8	·Increase in distribution +0.9
Others	0.3	0.6	▲0.3	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)	Breakdown
Total	22.2	22.7	▲0.4	
Power source	8.4	8.7	▲0.3	
Electric power transport	11.9	12.0	▲0.0	
Others	1.8	1.9	▲0.1	

(Rounded down to the hundred million yen)

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

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(1) Procurement volume

	Unit	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)
Fuel oil ※1	million liters	110	260	▲150
Crude oil	million liters	20	—	20
Coal ※2	thousand tons	1,520	1,600	▲80
LNG ※2	thousand tons	520	480	40

※1 : Internal combustion power plant included

※2 : Sales included

(2) Consumption volume

	Unit	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)
Fuel oil ※3	million liters	50	240	▲190
Crude oil	million liters	0	0	▲0
Coal	thousand tons	1,250	1,340	▲90
LNG	thousand tons	440	440	0

※3 : Internal combustion power plant included

4. Capital Expenditure < Non-Consolidated >

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(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)
Total	36.5	28.1	8.4
Power Source	22.8	16.0	6.7
Electric Power	12.9	9.8	3.0
Transport			
Transmission	5.3	2.5	2.7
Transformation	3.1	2.6	0.4
Distribution	4.4	4.5	▲0.1
Nuclear Fuel	0.0	1.5	▲1.5
Others	0.7	0.6	0.1

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

5. Interest-bearing debt, Interest rate, and Interest expense <Non-Consolidated>

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(1) Breakdown of Interest-bearing debt

(billion yen)

	End of FY2018-1Q (A)	End of FY2017 (B)	Difference (A-B)
Interest-bearing debt	2,016.6	2,015.2	1.3
Corporate bond	916.9	946.9	▲29.9
Long-term debt	956.6	985.2	▲28.6
Short-term debt	79.0	83.0	▲4.0
CP	64.0	—	64.0

(Rounded down to the hundred million yen)

(2) Interest rate

	FY2018-1Q	FY2017
Average	0.91%	1.08%
End of period	0.88%	0.93%

(3) Interest expense

(billion yen)

	FY2018-1Q (A)	FY2017-1Q (B)	Difference (A-B)
Interest expense	4.4	5.2	▲0.7

(Rounded down to the hundred million yen)

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

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		Unit	FY2015	FY2016	FY2017	FY2018-1Q
Completely electrical housing introduced		Number of housing (thousands)	38	33	30	8
	Newly-constructed		20	18	18	5
	Remodeled		18	15	13	4
The ratio of newly constructed electrical Housing		%	46.1	45.1	41.3	40.8
	Single homes	%	74.0	75.5	72.5	※ 74.8
	Housing complexes	%	14.4	13.0	10.3	8.1
Household diffusion rate of completely electric homes		%	19.6	20.4	21.3	21.5
Electric water heater sales		thousands	52	51	51	13
	“Ecocute”		43	43	45	12
The diffusion rate of electric water heater		%	28.2	28.9	29.5	29.7
Electric Water Heater Contract Accounts (accumulated total)		Number of accounts (thousands)	929	957	983	991

(※) Figures are as of the end of May, 2017.

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