Investors Meeting for
FY2018 Financial Results

The Summary of Financial Results for FY2018

(April 1 through March 31, 2018)

The Chugoku Electric Power Co., Inc.

May 9, 2018

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

Contents

Ⅰ. FY2018 Financial Results

1-1. Financial Results Summary <Consolidated>

- Operating revenues were 1,314.9 billion yen, a increase of 114.5 billion yen in comparison with the previous year. This is mainly because of the increase in electricity sales revenue due to the effect of fuel cost adjustment system, and the increase in grants on the act of renewable energy and renewable energy power promotion surcharge, despite the decrease in electricity sales.
- Operating expenses were 1,275.3 billion yen, a increase of 109.4 billion yen in comparison with 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 39.6 billion yen, a increase of 5.1 billion yen in comparison with the previous year.
- Ordinary income including other expenses and other income, such as interest expense, was 30.7 billion yen, a increase of 11.2 billion yen in comparison with the previous year.
- Net income attributable to owners of the parent deducting income taxes was 20.7 billion yen, a increase of 9.3 billion yen in comparison with the previous year. This is the result of applying the provision for drought and the provision for depreciation of nuclear power plants.

1-2. Financial Results Summary

(1) Consolidated

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,314.9	1,200.3	114.5	9.5 %
Operating income	39.6	34.5	5.1	14.8 %
Ordinary income	30.7	19.4	11.2	57.5 %
Net income attributable to owners of the parent	20.7	11.3	9.3	82.6 %

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,227.4	1,121.7	105.6	9.4 %
Operating income	32.4	28.8	3.6	12.7 %
Ordinary income	24.0	16.1	7.8	48.7 %
Net income	16.4	14.6	1.7	12.1 %

(Rounded down to the hundred million yen)

2. Electricity Sales

- Electricity sales were 55.43 billion kWh, down by 3.2% in comparison with the previous year.
- Large-scale electricity decreased in comparison with the previous year due to reasons such as the decrease in “iron & steel” industries demand.

(billion kWh)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Rate of change (A/B-1)
Total	55.43	57.25	▲1.82	▲3.2 %
Low voltage	20.66	20.33	0.33	1.6 %
Lighting	18.56	18.18	0.38	2.1 %
Power	2.10	2.15	▲0.05	▲2.5 %
High voltage and Extra-high voltage	34.77	36.92	▲2.15	▲5.8 %
Commercial	9.81	10.27	▲0.46	▲4.4 %
Industrial	24.96	26.65	▲1.69	▲6.3 %
Large scale	21.25	22.60	▲1.35	▲6.0 %

3. Supply Capacity

- Hydroelectric power of own facilities decreased in comparison with the previous year due to the decrease in water flow.
- Thermal power of own facilities decreased due to reasons such as the decrease in electricity sales and the increase in interchanged power and purchased power.
- Interchanged power and purchased power increased due to the increase in photovoltaic power.

(billion kWh)

		FY2018 (A)	FY2017 (B)	Difference (A-B)	Rate of change (A/B-1)
Supply Capacity		59.99	62.22	▲2.23	▲3.6 %
Own facilities		37.44	39.75	▲2.31	▲5.8 %
	(Water Flow Rate)	(105.9 %)	(116.2 %)	(▲10.3 %)	
	Hydroelectric	3.79	3.88	▲0.09	▲2.4 %
	Thermal	33.64	35.86	▲2.22	▲6.2 %
	(Capacity Factor)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	▲0.00	▲0.5 %
Interchanged power and purchased power		23.49	23.22	0.27	1.2 %
Pumping use		▲0.94	▲0.75	▲0.19	25.3 %

4. Income Statement <Consolidated> (1) Revenues

(billion yen)

	FY2018 (A)	FY2017 (B)	〔Rate of change〕 Difference (A-B)	Breakdown
Ordinary revenues	1,330.6	1,215.1	115.4	
Operating revenues	1,314.9 (1,227.4)	1,200.3 (1,121.7)	114.5 (105.6)	
from electric power operations	1,201.2	1,100.7	〔9.1 %〕 100.5	
Electricity sales	976.4	917.4	〔6.4 %〕 58.9	・Fuel cost adjustment charges +65.2 ・Increase in renewable energy power promotion surcharge +17.5 ・Decrease in electricity sales ▲20.4
Others	224.8	183.2	〔22.7 %〕 41.5	・Increase in grants on the act of renewable energy +18.5
from other operations	231.0	214.4	16.6	
Internal transaction in consolidated accounting	▲117.3	▲114.7	▲2.5	
Other revenues	15.6	14.7	0.8	

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

(Rounded down to the hundred million yen)

4. Income Statement <Consolidated> (2) Expenses

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Ordinary expenses	1,299.9	1,195.6	104.2	
Operating expenses	1,275.3	1,165.8	〔9.4 %〕 109.4	
from electric power operations	1,169.7	1,072.9	〔9.0 %〕 96.7	
Personnel	96.6	99.3	▲2.6	
Material	571.9	486.2	85.7	・Higher CIF price +54.8 ・Increase in purchase cost of renewable energy +31.6 ・Lower yen rate +7.2 ・Decrease in hydroelectric power +2.1 ・Decrease in electricity sales ▲13.0
Fuel	207.8	183.4	24.4	
Purchased power	364.0	302.8	61.2	
Maintenance	89.8	98.8	▲8.9	
Depreciation	90.9	92.4	▲1.4	
Nuclear power back- end	4.7	5.0	▲0.2	
Others	315.5	291.1	24.4	・Increase in payments of the levy on the act of renewable energy +17.5
from other operations	222.3	206.8	15.5	
Internal transaction in consolidated accounting	▲116.8	▲113.9	▲2.8	
Other expenses	24.5 (22.0)	29.7 (27.4)	▲5.2 (▲5.3)	

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

(Rounded down to the hundred million yen)

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

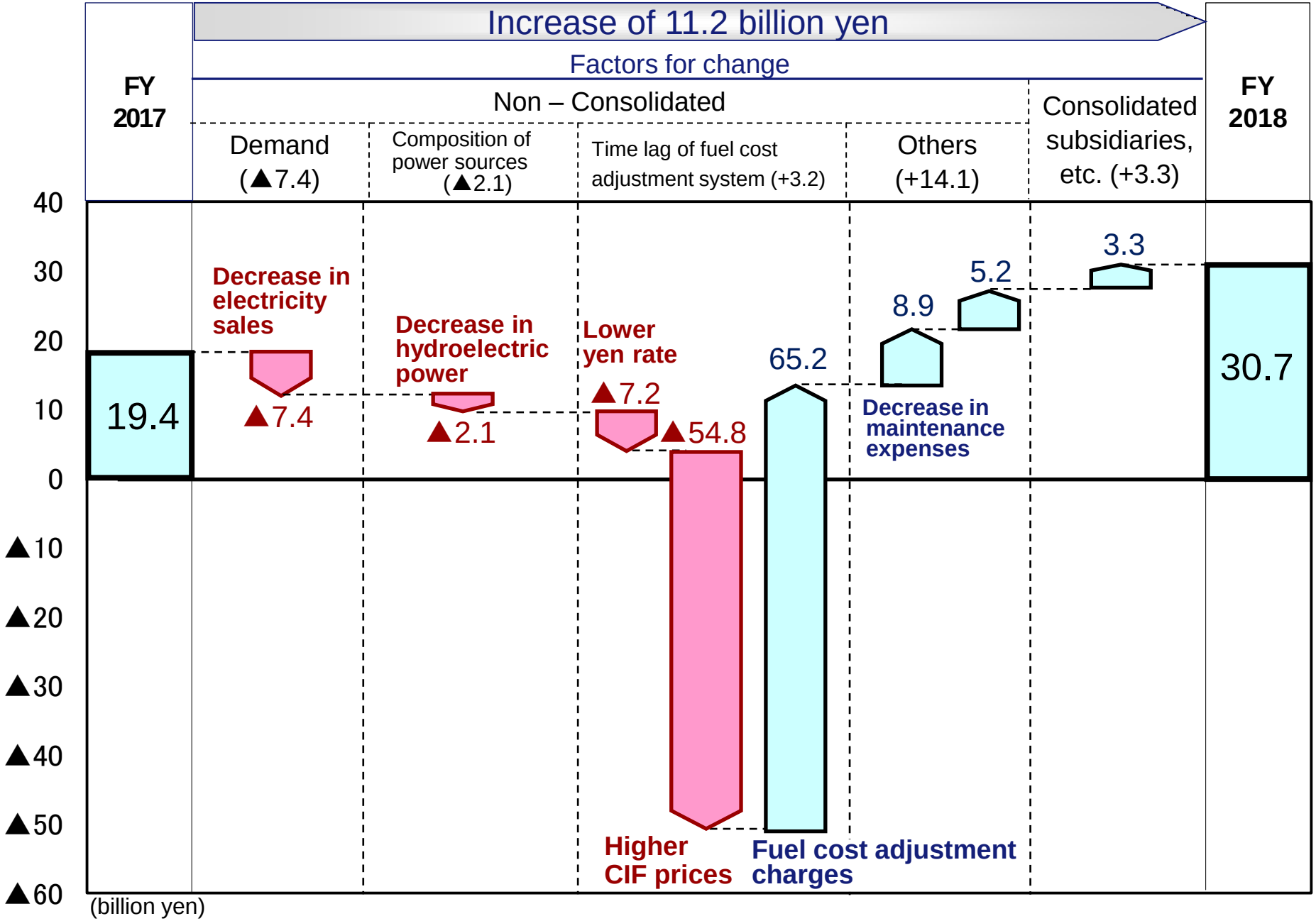
(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Operating income	39.6 (32.4)	34.5 (28.8)	5.1 (3.6)	
Ordinary income	30.7 (24.0)	19.4 (16.1)	11.2 (7.8)	
Provision for drought	0.2	0.7	▲0.5	
Provision for depreciation of nuclear power plant	3.3	2.7	0.5	
Income taxes, etc.	6.4	4.5	1.8	
Net income attributable to owners of the parent	20.7 (16.4)	11.3 (14.6)	9.3 (1.7)	

(※)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)

(1) Electric Power Business

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

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Operating revenues	1,201.2	1,100.7	100.5	
Operating expenses	1,169.5	1,072.9	96.5	
Operating income	31.7	27.7	3.9	

(Rounded down to the hundred million yen)

(2) Comprehensive Energy Supply Business

- Operating revenues were 50.2 billion yen, a increase of 14.8 billion yen in comparison with the previous year due to reasons such as the increase in fuel sales business.
- Operating expenses were 48.1 billion yen, a increase of 14.7 billion yen in comparison with the previous year due to reasons such as the increase in fuel prices.
- As a result, operating income was 2.1 billion yen, a increase of 0.07 billion yen in comparison with the previous year.

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Operating revenues	50.2	35.4	14.8	・Increase in fuel sales business
Operating expenses	48.1	33.3	14.7	・Increase in fuel prices
Operating income	2.1	2.0	0.07	

(Rounded down to the hundred million yen)

6. Segment Information (2/2)

(3) Information & Telecommunication Business

- Operating revenues were 40.9 billion yen, a decrease of 0.18 billion yen in comparison with the previous year due to reasons such as the decrease in telecommunications related business.
- Operating expenses were 38.3 billion yen, a decrease of 0.06 billion yen in comparison with the previous year due to reasons such as the decrease in consignment cost.
- As a result, operating income was 2.6 billion yen, a decrease of 0.12 billion yen in comparison with the previous year.

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Operating revenues	40.9	41.1	▲0.18	・Decrease in telecommunications related business
Operating expenses	38.3	38.3	▲0.06	・Decrease in consignment cost
Operating income	2.6	2.7	▲0.12	

(Rounded down to the hundred million yen)

Ⅱ. Forecasts of Financial Results

Dividends for FY2019

1. Forecasts of Financial Results for FY2019

- **We expect that operating revenues will increase. This is mainly because of the increase of fuel cost adjustment charges accompanied by the increase in fuel prices, the increase in electricity sales to other power companies, and the increase in grants on the act of renewable energy and renewable energy power promotion surcharge, despite the decrease in electricity sales.**

- **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. Forecasts of Financial Results Summary

(1) Consolidated

(billion yen)

	FY2019 (Forecasts) (A)	FY2018 (B)	Difference (A-B)
Operating revenues	1,344.0	1,314.9	29.0
Operating income	-	39.6	-
Ordinary income	-	30.7	-
Net income attributable to owners of the parent	-	20.7	-

(2) Non-consolidated

(billion yen)

	FY2019 (Forecasts) (A)	FY2018 (B)	Difference (A-B)
Operating revenues	1,251.0	1,227.4	23.5
Operating income	-	32.4	-
Ordinary income	-	24.0	-
Net income	-	16.4	-

3. Forecasts of Financial Results Major Factors

		FY2019 (Forecasts)	FY2018
Electricity sales	(billion kWh)	52.5	55.43
Exchange rate	(¥ / $)	110	111
Crude oil prices (All Japan CIF)	($ / b)	65	57.0

4. Dividends

- 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 FY2018 (annual dividends of ¥50 per share of FY2018).
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2019 cannot be announced at this time.

< Dividends >

（yen per share）

	FY2019	FY2018
Interim	Undecided	25
Year-end	Undecided	25
Total	Undecided	50

(Reference) Key points

1. Income Statement and Balance Sheet

Income Statement

(billion yen)

	FY2018				FY2017			
	Consolidated		Non-consolidated		Consolidated		Non-consolidated	
Summary of financial results	For the first time in 3 years Increase in revenues (+114.5) Increase in income (+11.2)		For the first time in 3 years Increase in revenues (+105.6) Increase in income (+7.8)		2 consecutive years Decrease in revenues (▲31.1) Decrease in income (▲19.7)		2 consecutive years Decrease in revenues (▲28.7) Decrease in income (▲15.1)	
Operating revenues	1,314.9	(No.1)	1,227.4	(No.1)	1,200.3	(No.4)	1,121.7	(No.5)
Operating income	39.6	(No.20)	32.4	(No.38)	34.5	(No.20)	28.8	(No.38)
Ordinary income	30.7	(No.18)	24.0	(No.34)	19.4	(No.20)	16.1	(No.36)
Net income attributable to owners of the parent / Net income	20.7	(No.18)	16.4	(No.34)	11.3	(No.18)	14.6	(No.34)

Balance Sheet

(billion yen)

	FY2018		FY2017	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total assets	3,179.4	2,939.9	3,100.7	2,875.7
Net assets	580.7	418.5	581.1	418.7
Shareholders' equity ratio	18.2 %	14.2 %	18.6 %	14.6 %
Interest-bearing debt	2,078.2	2,029.4	2,053.2	2,015.2

(※)"Increase / decrease in income" in the summary of financial results is based on ordinary income.
The consolidated settlement has been implemented since FY1995.
The ranking is a simple comparison with the past amount at the time of each settlement.

2. Major Factors

		FY2018 (A)	FY2017 (B)	Difference (A-B)
Exchange rate	(¥ / $)	111	108	3
Crude oil prices (All Japan CIF)	($ / b)	※ 57.0	47.5	9.5
Foreign coal prices (All Japan CIF)	($ / t)	102.4	80.5	21.9

(※)Provisional figures

■ Financial impact (Sensitivity)

(billion yen)

		FY2018
Exchange rate	(¥1 / $)	2.4
Crude oil prices (All Japan CIF)	($1 / b)	2.3
Nuclear capacity factor	(1%)	0.6

(Reference) Appendix

1. Large-scale Industrial Electricity Sales

(billion kWh)

		FY2018 (A)	FY2017 (B)	Difference (A-B)	Rate of change (A/B-1)
Mining		0.14	0.14	▲0.00	▲1.8 %
Manufacturing	Pulp & paper	0.42	0.41	0.01	2.2 %
	Chemical	2.61	2.69	▲0.08	▲3.0 %
	Glass & cement	0.78	0.77	0.01	1.6 %
	Iron & steel	4.45	5.83	▲1.38	▲23.6 %
	Non-ferrous metals	1.57	1.55	0.02	0.7 %
	Machinery	5.04	4.95	0.09	1.8 %
	Others	3.70	3.67	0.03	1.1 %
	Total	18.56	19.86	▲1.30	▲6.5 %
Others		2.55	2.61	▲0.06	▲2.1 %
Total		21.25	22.60	▲1.35	▲6.0 %

2. Summary of Cash Flows <Consolidated>

（billion yen）

	FY2018 (A)	FY2017 (B)	Difference (A-B)
Cash Flow form Operating Activities	164.7	96.0	68.7
Cash Flow from Investing Activities	▲188.5	▲147.7	▲40.7
Free Cash Flow	▲23.7	▲51.7	28.0
Cash Flow from Financing Activities	4.4	58.6	▲54.1
Cash and Cash Equivalents (increase and decrease)	▲19.1	6.7	

（Rounded down to the hundred million yen）

3. Operating expenses <Non-Consolidated> (1/2)

(1) Personnel

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Total	96.6	99.3	▲2.6	
Retirement allowances	2.3	2.8	▲0.4	・Decrease in actuarial difference depreciation ▲0.6

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
FY2018	▲2.2	-	-	▲2.2	5
Total		2.9	3.5	▲0.4	-

※: Amortize for five years from next recorded year.

(Rounded down to the hundred million yen)

3. Operating expenses <Non-Consolidated> (2/2)

(2) Maintenance

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Total	89.8	98.8	▲8.9	
Power source	41.6	43.3	▲1.7	・Decrease in thermal power ▲1.7
Electric power transport	45.9	52.6	▲6.7	・Decrease in distribution ▲5.2
Others	2.2	2.7	▲0.5	

(3) Depreciation

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)	Breakdown
Total	90.9	92.4	▲1.4	
Power source	34.7	35.7	▲1.0	・Decrease in thermal power ▲1.2
Electric power transport	48.7	48.7	0.0	
Others	7.4	7.9	▲0.4	

(Rounded down to the hundred million yen)

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

(1) Procurement volume

	Unit	FY2018 (A)	FY2017 (B)	Difference (A-B)
Fuel oil ※1	million litters	660	1,010	▲350
Crude oil	million litters	110	150	▲40
Coal ※2	thousand tons	6,140	6,240	▲100
LNG ※2	thousand tons	2,430	2,250	180

※1 : Internal combustion power plant included
※2 : Sales included

(2) Consumption volume

	Unit	FY2018 (A)	FY2017 (B)	Difference (A-B)
Fuel oil ※3	million litters	610	1,000	▲390
Crude oil	million litters	150	190	▲40
Coal	thousand tons	5,880	5,900	▲20
LNG	thousand tons	1,940	1,950	▲10

※3 : Internal combustion power plant included

5. Capital Expenditure <Non-Consolidated>

(billion yen)

			FY2018 (A)	FY2017 (B)	Difference (A-B)
Total			204.8	152.9	51.9
	Power Source		134.7	87.2	47.4
	Electric Power Transport		55.2	51.1	4.0
		Transmission	20.8	17.8	2.9
		Transformation	16.5	12.2	4.2
		Distribution	17.8	20.9	▲3.1
	Nuclear Fuel		10.2	10.0	0.1
	Others		4.6	4.4	0.2

※: Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

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

(1) Breakdown of Interest-bearing debt

(billion yen)

		End of FY2018 (A)	End of FY2017 (B)	Difference (A-B)
Interest-bearing debt		2,029.4	2,015.2	14.2
	Corporate bond	917.4	946.9	▲29.5
	Long-term debt	1,034.6	985.2	49.4
	Short-term debt	67.3	83.0	▲15.6
	CP	100.0	-	100.0

(2) Interest rate

	FY2018	FY2017
Average	0.86 %	1.08 %
End of period	0.71 %	0.93 %

(3) Interest expense

(billion yen)

	FY2018 (A)	FY2017 (B)	Difference (A-B)
Interest expense	17.2	20.2	▲3.0

(Rounded down to the hundred million yen)

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

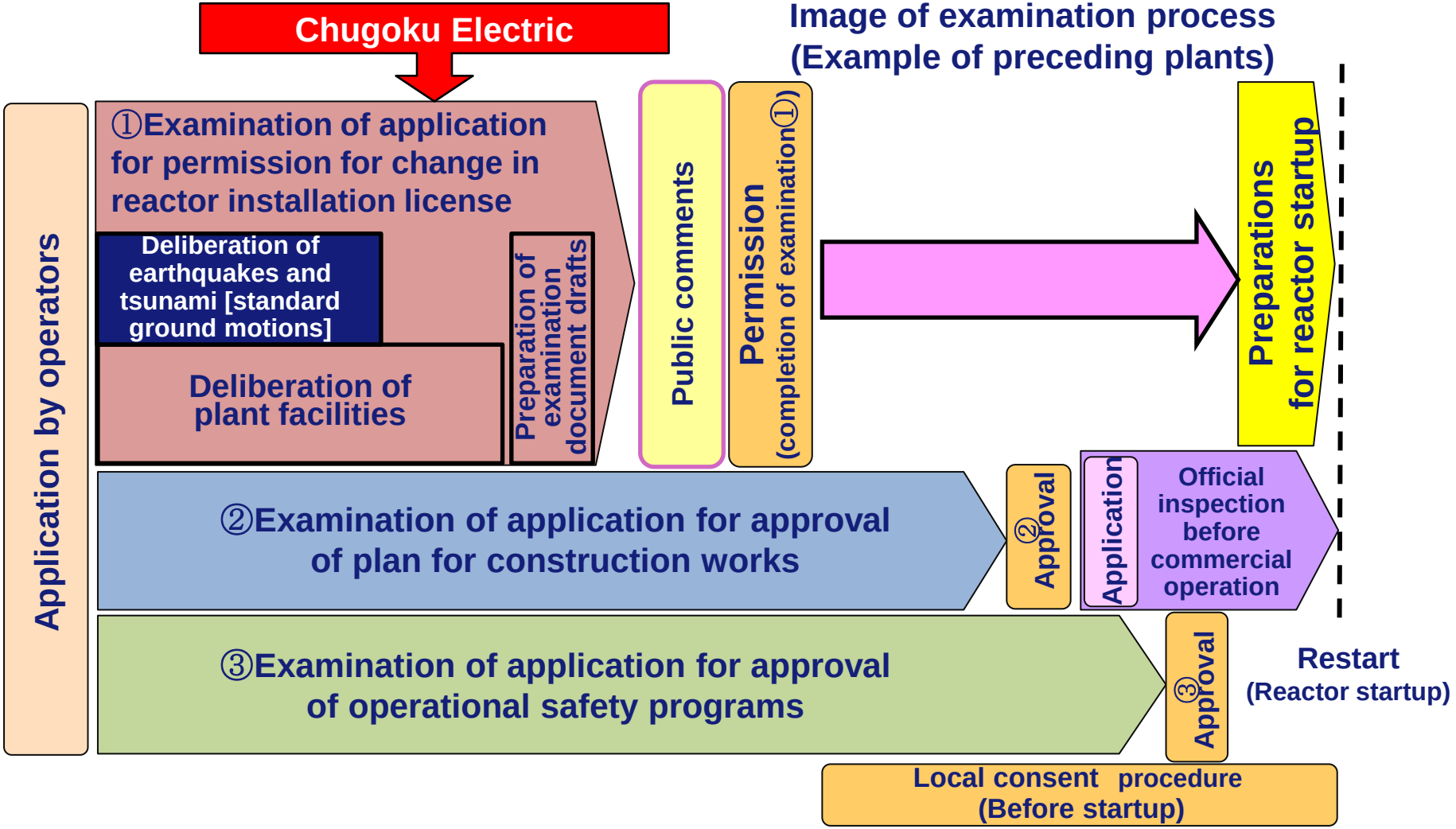
		Unit	FY2015	FY2016	FY2017	FY2018
Completely electrical housing introduced		Number of housing (thousands)	38	33	30	30
	Newly-constructed		20	18	18	19
	Remodeled		18	15	13	11
The ratio of newly constructed electrical Housing		%	46.1	45.1	41.3	※ 39.3
	Single homes	%	74.0	75.5	72.5	73.3
	Housing complexes	%	14.4	13.0	10.3	7.4
Household diffusion rate of completely electric homes		%	19.6	20.4	21.3	22.1
Electric water heater sales		thousands	52	51	51	56
	“Ecocute”		43	43	45	52
The diffusion rate of electric water heater		%	28.2	28.9	29.5	30.0
Electric Water Heater Contract Accounts (accumulated total)		Number of accounts (thousands)	929	957	983	1,006

※: Figures are as of the end of February, 2018.

Ⅲ. Recent Topics

1-1. State of Shimane Nuclear Power Station
[Compatibility confirmation review process]

- In December 2013, we submitted application documents for compliance verification of Shimane Unit 2 to the Nuclear Regulation Authority (NRA).
- The examinations to verify compliance began in January 2014. As of the end of April this year, a total of 92 examinations have been conducted.



1-2. State of Progress of Compliance Examinations [Shimane Unit 2: Earthquake and Tsunami]

■ **The standard ground motions which is the crucial stage of the examination was evaluated as adequate in February 2018.**

	Main examination items	Examination status	Outline of examination	♦ Examination status ★ Chugoku Electric's assessment
Earthquake	Earthquake ground motion determined without identifying the hypocenter	Completed	Matters relating to standard ground motions regarded as needing to be considered for the power station	♦ Explained that Rumoi and Western Tottori Prefecture Earthquakes will be taken into account
	Earthquake ground motion determined with identifying the hypocenter	Completed		♦ Explained that, based on the results of surveys up until now we revise the eastern end of Shinji Fault from Shimoubeohigashi to the east shore of Mihonosekicho, and the evaluated length from approx. 25km to approx. 39km. ♦Explained that the Shinji Fault and Tottori Offshore Western Fault are not linked. ♦ Explained the ground motion assessment for the Shinji Fault and the seaward fault.
	Subsurface structures of the site and surroundings	Completed		♦ Explained adequacy of subsurface structure models
	Standard ground motions	Being implemented		★ Set Ss-D (820 gal), etc. ◆ Explained the year excess probability of the standard ground motions.
	Seismic design policy	Being implemented	Matters relating to assessment of the equipment with regard to the standard ground motions	♦ Explained that we decide not to change the seismic design classifications
	Geology and geological structure of the site	Completed	Matters relating to the ground inside the power station site	♦ Explained that there are no fracture zones, active faults or the like
	Stability of ground and inclines	Unimplemented		★ Assess that they are safe
Tsunami	Standard tsunami	Being implemented	Matters relating to tsunamis regarded as needing to be considered for the power station	★ Reassess as 10.5 m (original application: 9.5 m)
	Anti-tsunami design policy	Unimplemented		★ Assess that safety can be maintained (15 m breakwater and watertight doors installed)

1-3. State of Progress of Compliance Examinations [Shimane Unit 2: Plant-related]

■ **No change regarding plants since half a year ago.**

	Main examination items	Examination status	Outline of examination	♦ Examination status ★ Chugoku Electric's assessment
Countermeasures for severe accidents	Probabilistic risk assessment (PRA)	Being implemented	Quantitative assessment of the probability of the reactor core being damaged and leading to a severe accident, and assessment of efficacy of countermeasures for a severe accident, etc.	♦ Explained the probabilities of damage to the reactor core and rupture of the containment vessel due to internal/external events
	Selection of accident sequences	Being implemented		♦ Explained the accident scenarios selected on the basis of the PRA results
	Efficacy assessment	Being implemented		♦ Explained that the severe accident countermeasures are effective for the accident scenarios selected.
	Analytical codes	Being implemented		♦ Explained the adequacy of the analytical programs used in the PRA and efficacy assessment
	Reactor control room	Being implemented	Matters relating to assessment, etc., of radiation exposure in the event of an accident	♦ Assess as 44 mSv in 7 days
	Contingency measure center	Being implemented		♦ Explained about power supply equipment, radiation exposure assessment, operation methods, etc.
	Filtered vent equipment	Being implemented	Matters relating to the equipment's design, specifications, performance and operation methods	♦ Explained the adequacy of the design policy, specifications, performance and operation methods.
Countermeasures for design basis accidents	Interior inundation	Being implemented	Assessment and countermeasures, etc., regarding newly-added natural disasters	♦ Explained the impact assessment and countermeasures for interior inundation
	Fire	Being implemented		♦ Explained about the impact assessment of exterior and interior fires.
	Tornados (impact assessment and countermeasures)	Being implemented		♦ Explained that we are assessing for maximum wind speed 92 m/s (original application: 69 m/s)
	Volcanoes (impact assessment and countermeasures)	Being implemented		♦ Explained that we have reassessed for Mt. Sanbesan and Mt. Daisen. [approx. 30 cm of volcanic ash (original application: approx. 2cm)]
	Single failure of passive system	Being implemented		♦ Explained that passive systems have been identified and will be able to maintain their safety functions
	Protective power supply equipment	Unimplemented		★ Assess reliability of external power supplies
Others	Specialized safety facility	Being implemented	Anti-terrorist measures, etc.	♦ Explained the outline of the application

1-4. State of Shimane Nuclear Power Station
[State of Safety Measure Works]

■ **Aiming for completion as early as possible in FY2019, safety measures construction is in progress.**

< State of safety measure works >

The seismic isolated important building (complete in October 2014)

The emergency response facility

The emergency response facility (As of March 2018)

The gas turbine generator (As of February 2018)

2. Misumi Power Station Unit 2 (Coal)

- Received notice of confirmation of environmental impact assessment in April 2018.
- We aim to start construction in November 2018 and start operation in November 2022.

〔 Completed Projection Drawing 〕

〔 Project Overview〕

Location	Hamada-city, Shimane Pref.
Installed Capacity	1 GW
Type of Generation	Ultra Super Critical（USC）
Fuel	Coal
Start of Operation	November 2022

FY	2016	2017	2018	2019	2020	2021	2022	2023
Schedule	Bid	Environmental assessment		▼Received notice of confirmation of environmental impact assessment (April) ▼Start of construction (November)				Start of operation (November) ▼
				Civil engineering and construction				
					Equipment installation			
							Test operation	

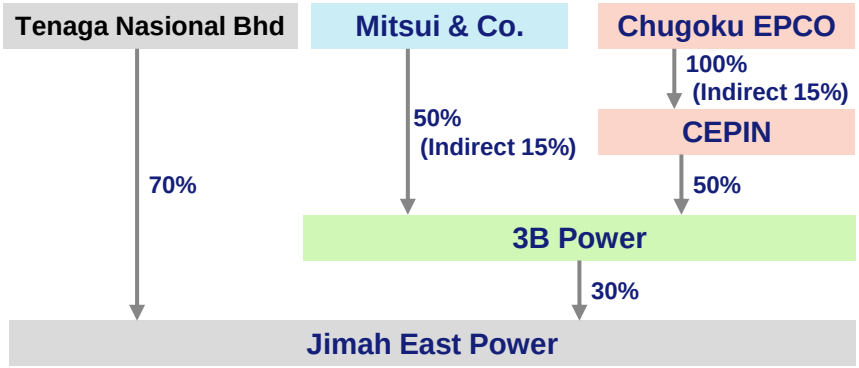
3. Malaysia IPP Project (Coal)

- Malaysia IPP project is our first overseas IPP project.
- We made an alliance with Mitsui & CO. and Tenaga Nasional Bhd.
- It is mostly progressing as planned.

[Project Overview]

Type of Generation	Ultra Super Critical (USC)
Installed Capacity	2 GW (1 GW×2 Unit)
Start of Operation	Unit 1: June 2019 Unit 2: December 2019
Offtaker and Period	Tenaga Nasional Bhd (S&P: BBB+) for 25 years
Total Project Cost	Approx. 12 billion MYR

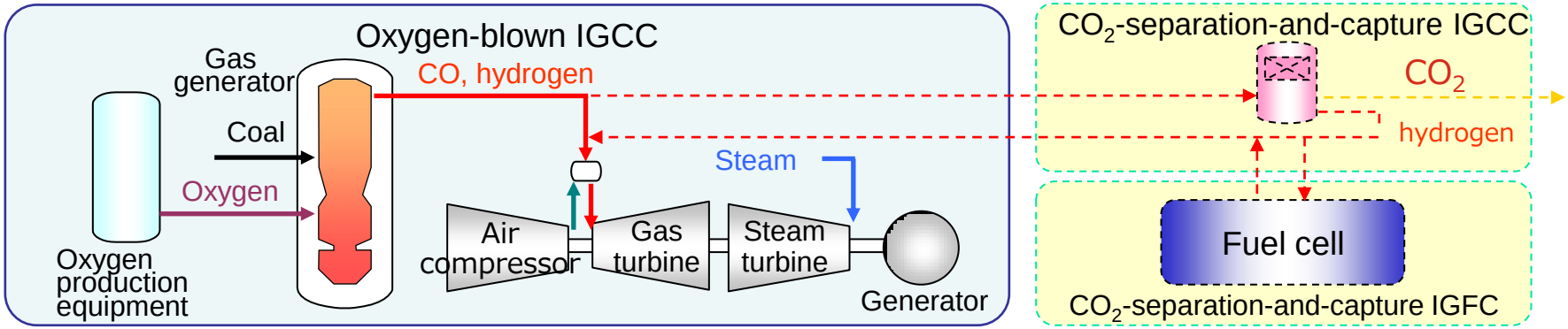
[Investment scheme]



[Status of Construction]

4. Initiatives for CO2 Emissions Reduction: Oxygen-blown IGCC

- **IGCC: Integrated Gasification Combined Cycle**
- **The final goal of the project is to realize the integrated coal gasification fuel cell combined cycle (IGFC).**
- **We started construction of facilities for demonstration of CO2-separation-and-capture in April 2018.**



[Overview of demonstration test]

Location	**Toyoda-gun, Hiroshima Pref.**
Installed Capacity	**166 MW**
Start of demonstration test of Oxygen-blown IGCC	**March 2017**

[Status of test facilities]

- None of the information on this document is intended to solicit of 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