

# The Summary of Financial Results for FY2020-1Q

(April 1 through June 30, 2019)

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The Chugoku Electric Power Co., Inc.

July 31, 2019

In this report, the term “Fiscal Year 2020” refers to the period between April 1, 2019 and March 31, 2020.

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# I . FY2020 1st Quarter Financial Results

- Operating revenues were 328.0 billion yen, a increase of 11.4 billion yen in comparison with the same period in the previous year. This is mainly because of the increase in fuel cost adjustment charges and grants on the act of renewable energy, despite the decrease in electricity sales for the reasons such as intensified competition.
- Operating expenses were 322.4 billion yen, a increase of 4.0 billion yen in comparison with the same period in the previous year. This is mainly because of the increase in purchase cost of renewable energy and material expenses due to the decrease in water flow, despite our efforts for business efficiency enhancement.
- As a result, operating income was 5.6 billion yen, a increase of 7.3 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 4.0 billion yen, a increase of 8.5 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent was 2.2 billion yen, a increase of 7.0 billion yen in comparison with the same period in the previous year. This is the result of drawing down the provision for drought, applying the provision for depreciation of nuclear power plants and deducting income taxes .

# 1-2. Financial Results Summary

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## (1) Consolidated

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	328.0	316.5	11.4	3.6 %
Operating income	5.6	-1.7	7.3	-
Ordinary income	4.0	-4.5	8.5	-
Net income attributable to owners of the parent	2.2	-4.8	7.0	-

(Rounded down to the hundred million yen)

## (2) Non-consolidated

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	303.3	293.7	9.6	3.3 %
Operating income	4.6	-1.8	6.5	-
Ordinary income	6.7	-1.5	8.2	-
Net income	5.1	-1.6	6.8	-

(Rounded down to the hundred million yen)

## 2. Electricity Sales

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- Electricity sales were 11.71 billion kWh, down by 5.0% in comparison with the previous year due to reasons such as impact of intensified competition with the full liberalization of the retail sale of electricity.

(billion kWh)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Total</b>	<b>11.71</b>	<b>12.32</b>	<b>-0.61</b>	<b>-5.0 %</b>
<b>Lighting</b>	<b>3.75</b>	<b>3.78</b>	<b>-0.03</b>	<b>-0.8 %</b>
<b>Power</b>	<b>7.95</b>	<b>8.54</b>	<b>-0.58</b>	<b>-6.8 %</b>

[Reference]

(billion kWh)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Sales to other power companies</b>	<b>1.98</b>	<b>1.75</b>	<b>0.23</b>	<b>12.9 %</b>

Note: Sales to other power companies represents transmitted volume in the generated and received electricity.

# 3. Generated and Received Electricity

- Total of generated and received electricity was down by 5.0% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities decreased due to the decrease in water flow.
- Thermal power of own facilities increased due to reasons such as the decrease in maintenance of our plants.
- Purchased power decreased due to reasons such as the increase in maintenance of other company's plants.

(billion kWh)

		FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Total</b>		12.36	13.01	-0.65	-5.0 %
<b>Own facilities</b>	<b>Subtotal</b>	7.06	7.14	-0.07	-1.0 %
	(Water Flow Rate)	(60.9 %)	(102.5 %)	(-41.6 %)	
	<b>Hydroelectric</b>	0.67	0.99	-0.32	-32.2 %
	<b>Thermal</b>	6.39	6.14	0.25	4.0 %
	(Utilization Rate)	( - )	( - )	( - )	
	<b>Nuclear</b>	-	-	-	-
	<b>New energy sources</b>	0.00	0.00	0.00	5.8 %
<b>Interchanged and purchased</b>	<b>Subtotal</b>	5.56	6.10	-0.54	-8.9 %
	<b>Purchased</b>	7.54	7.86	-0.32	-4.0 %
	<b>Transmitted</b>	-1.98	-1.75	-0.23	12.9 %
<b>Pumping use</b>		-0.26	-0.23	-0.03	15.3 %

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

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(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	[Rate of change] Difference (A-B)	Breakdown
<b>Ordinary revenues</b>	<b>331.0</b>	<b>319.4</b>	<b>11.6</b>	
<b>Operating revenues</b>	<b>328.0</b>	<b>316.5</b>	<b>11.4</b>	
<b>from electric power operations</b>	<b>(303.3)</b>	<b>(293.7)</b>	<b>(9.6)</b>	
<b>Electricity sales</b>	<b>296.4</b>	<b>286.5</b>	<b>[3.5 %] 9.9</b>	
<b>Others</b>	<b>215.8</b>	<b>217.2</b>	<b>[-0.6 %] -1.3</b>	<ul style="list-style-type: none"> <li>·Decrease in electricity sales -9.3</li> <li>·Fuel cost adjustment charges +9.2</li> </ul>
<b>Others</b>	<b>80.5</b>	<b>69.2</b>	<b>[16.3 %] 11.2</b>	<ul style="list-style-type: none"> <li>·Increase in grants on the act of renewable energy +8.6</li> <li>·Increase in electricity sales to other power companies +1.9</li> </ul>
<b>from other operations</b>	<b>59.2</b>	<b>53.0</b>	<b>6.2</b>	
<b>Internal transaction in consolidated accounting</b>	<b>-27.6</b>	<b>-22.9</b>	<b>-4.6</b>	
<b>Other revenues</b>	<b>2.9</b>	<b>2.8</b>	<b>0.1</b>	

Note: 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)

	FY2020-1Q (A)	FY2019-1Q (B)	[Rate of change] Difference (A-B)	Breakdown
<b>Ordinary expenses</b>	<b>326.9</b>	<b>323.9</b>	<b>3.0</b>	
<b>Operating expenses</b>	<b>322.4</b>	<b>318.3</b>	<b>[1.3 %] 4.0</b>	
<b>from electric power operations</b>	<b>291.9</b>	<b>288.6</b>	<b>[1.2%] 3.3</b>	
<b>Personnel</b>	<b>24.7</b>	<b>24.4</b>	<b>0.3</b>	
<b>Material</b>	<b>157.6</b>	<b>149.4</b>	<b>8.2</b>	<ul style="list-style-type: none"> <li>· Increase in purchase cost of renewable energy +11.9</li> <li>· Decrease in water flow +4.2</li> <li>· Decrease in electricity sales -5.7</li> </ul>
<b>Fuel</b>	<b>42.8</b>	<b>43.3</b>	<b>-0.5</b>	
<b>Purchased power</b>	<b>114.8</b>	<b>106.0</b>	<b>8.7</b>	
<b>Maintenance</b>	<b>20.6</b>	<b>17.3</b>	<b>3.3</b>	
<b>Depreciation</b>	<b>16.7</b>	<b>22.2</b>	<b>-5.4</b>	· Decrease due to change depreciation method* -5.2
<b>Nuclear power back- end</b>	<b>1.4</b>	<b>1.4</b>	<b>0.0</b>	
<b>Others</b>	<b>70.6</b>	<b>73.7</b>	<b>-3.1</b>	
<b>from other operations</b>	<b>57.9</b>	<b>52.5</b>	<b>5.4</b>	
<b>Internal transaction in consolidated accounting</b>	<b>-27.4</b>	<b>-22.7</b>	<b>-4.6</b>	
<b>Other expenses</b>	<b>4.4</b>	<b>5.5</b>	<b>-1.0</b>	
	<b>(4.2)</b>	<b>(5.2)</b>	<b>(-1.0)</b>	

Note: Figures in parentheses ( ) are Non-Consolidated.  
\*non-consolidated. After consolidation, -5.1 billion yen.

(Rounded down to the hundred million yen)

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

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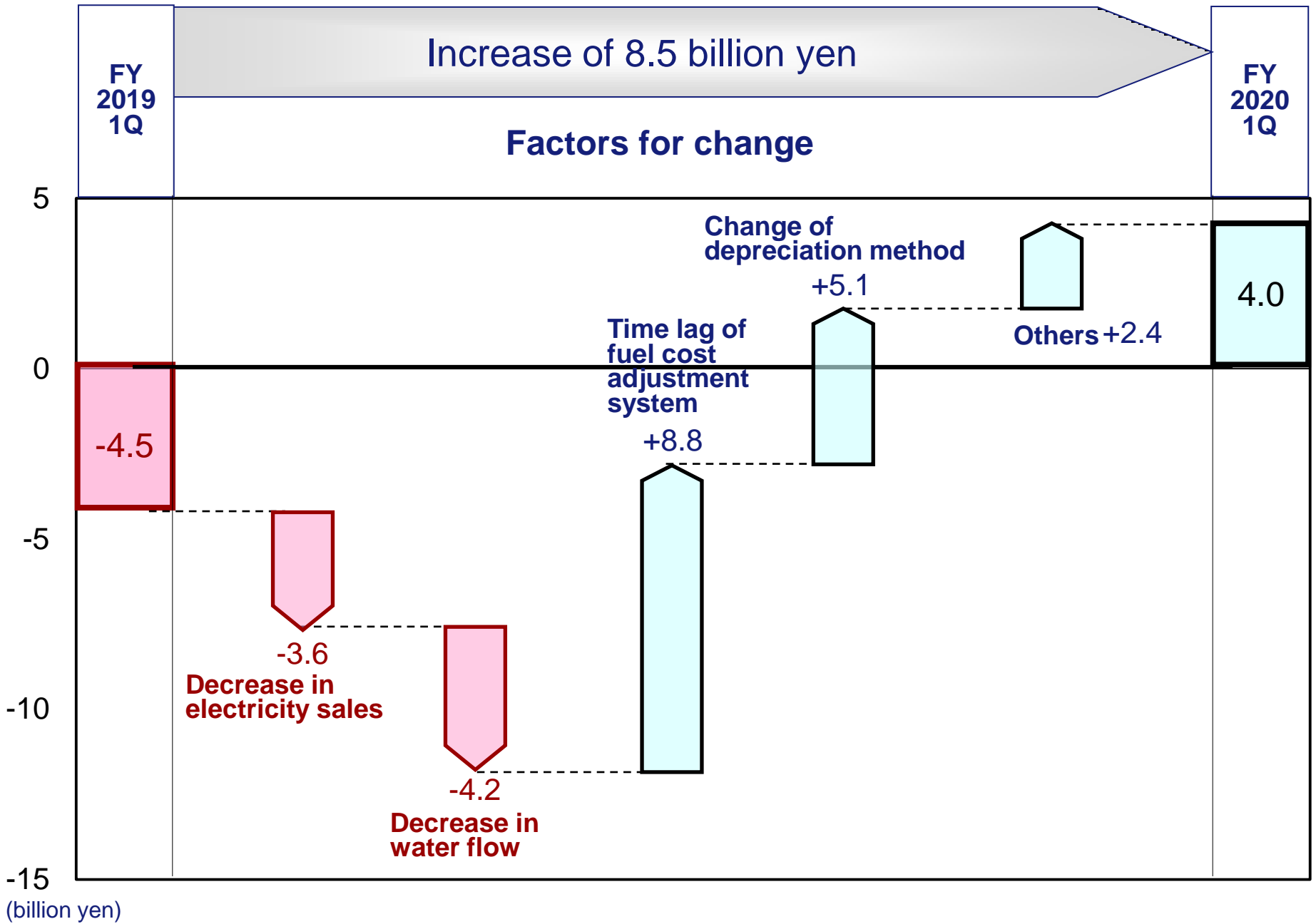
(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Breakdown
<b>Operating income</b>	5.6 (4.6)	-1.7 (-1.8)	7.3 (6.5)	
<b>Ordinary income</b>	4.0 (6.7)	-4.5 (-1.5)	8.5 (8.2)	
<b>Provision for drought</b>	-0.3	0.0	-0.3	
<b>Provision for depreciation of nuclear power plant</b>	0.3	0.3	-0.0	
<b>Income taxes, etc.</b>	1.7	-0.1	1.8	
<b>Net income attributable to owners of the parent</b>	2.2 (5.1)	-4.8 (-1.6)	7.0 (6.8)	

Note: 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)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
Operating revenues	296.4	286.5	9.9
Operating expenses	291.9	288.7	3.1
Operating income	4.4	-2.2	6.7

## (2) Comprehensive Energy Supply Business

(Rounded down to the hundred million yen)

- Operating revenues were 19.9 billion yen, a increase of 5.1 billion yen in comparison with the same period in the previous year due to reasons such as the increase in electricity sales income of consolidated subsidiary.
- Operating expenses were 19.2 billion yen, a increase of 4.8 billion yen in comparison with the same period in the previous year due to reasons such as the increase in electricity sales expenses of consolidated subsidiary.
- As a result, operating income was 0.7 billion yen, a increase of 0.2 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
Operating revenues	19.9	14.8	5.1
Operating expenses	19.2	14.3	4.8
Operating income	0.7	0.4	0.2

(Rounded down to the hundred million yen)

## (3) Information & Telecommunication Business

- Operating revenues were 9.4 billion yen, a increase of 0.05 billion yen in comparison with the same period in the previous year due to reasons such as the increase in telecommunication related business, due to the increase in communication lines.
- Operating expenses were 8.8 billion yen, a decrease of 0.1 billion yen in comparison with the same period in the previous year due to reasons such as the decrease in telecommunication related expenses.
- As a result, operating income was 0.5 billion yen, a increase of 0.2 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
Operating revenues	9.4	9.4	0.05
Operating expenses	8.8	9.0	-0.1
Operating income	0.5	0.3	0.2

(Rounded down to the hundred million yen)

# **II . Forecasts of Financial Results**

## **Dividends for FY2020**

- We expect that operating revenues will decrease in comparison with previous forecasts as of April, for the reasons such as the decrease in fuel cost adjustment charges due to decrease in fuel prices.
- We expect that operating income and ordinary income will be in line with the previous forecasts as of April, for the reasons such as the decrease in material expenses due to the decrease in fuel prices, despite the decrease in water flow.
- We expect that net income attributable to owners of the parent will increase in comparison with the previous forecasts as of April, due to the reversal of a provision for depreciation of nuclear power plants according to proclamation of partial amendment of the Ministerial Ordinance concerning Provision for Depreciation of Nuclear Power Plants (Proclamation: July 26, 2019 Enforcement: August 2, 2019).

# 2. Forecasts of Financial Results Summary

## (1) Consolidated

(billion yen)

	FY2020 (Forecasts) As of July (A)	FY2020 (Forecasts) As of April (B)	Difference (A-B)	【Reference】 FY2019
Operating revenues	1,360.0	1,371.0	-11.0	1,376.9
Operating income	42.0	42.0	-	19.5
Ordinary income	36.0	36.0	-	12.6
Net income attributable to owners of the parent	89.0	25.0	64.0	11.4

## (2) Non-consolidated

(billion yen)

	FY2020 (Forecasts) As of July (A)	FY2020 (Forecasts) As of April (B)	Difference (A-B)	【Reference】 FY2019
Operating revenues	1,259.0	1,270.0	-11.0	1,280.5
Operating income	36.0	36.0	-	11.2
Ordinary income	30.0	30.0	-	6.9
Net income	85.0	21.0	64.0	8.5

# 3. Forecasts of Financial Results Major Factors

	FY2020 (Forecasts) As of July (A)	FY2020 (Forecasts) As of April (B)	Difference (A-B)
Electricity sales (billion kWh)	50.7	50.7	-
Exchange rate (¥ / \$)	110	110	-
Crude oil prices (All Japan CIF) (\$ / b)	67	70	-3
Nuclear capacity factor (%)	-	-	-

【Reference】 FY2019
52.94
111
72.1
-

## ■ Financial impact (Sensitivity)

(billion yen)

	FY2020 (Forecasts) As of July
Exchange rate (¥1 / \$)	2.3
Crude oil prices (All Japan CIF) (\$1 / b)	1.9
Water flow rate (1%)	0.4
Nuclear capacity factor (1%)	0.6

【Reference】 FY2019
2.7
2.1
0.4
0.6

- 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.
- Regarding the payment of dividends, we are based on twice a year at interim and year-end.
- Based on our dividend policy above, we are planning to pay out ¥25 as interim and the year-end dividends of FY2020. We have not revised the forecasts of dividends announced in April 2019.

**< Dividends >** (yen per share)

	FY2020	FY2019
Interim	25	25
Year-end	25	25
Total	50	50

**(Reference) Key points**

# 1. Income Statement and Balance Sheet

## Income Statement

(billion yen)

	FY2020-1Q		FY2019-1Q	
	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 (+11.4)	Increase in revenues (+9.6)	Increase in revenues (+12.0)	Increase in revenues (+10.5)
	Increase in income (+8.5)	Increase in income (+8.2)	Decrease in income (-6.9)	Decrease in income (-4.4)
Operating revenues	328.0 (No.1)	303.3 (No.1)	316.5 (No.1)	293.7 (No.1)
Operating income	5.6 (No.10)	4.6 (No.10)	-1.7 (No.14)	-1.8 (No.14)
Ordinary income	4.0 (No.10)	6.7 (No.8)	-4.5 (No.14)	-1.5 (No.12)
Net income attributable to owners of the parent / Net income	2.2 (No.9)	5.1 (No.8)	-4.8 (No.12)	-1.6 (No.10)

## Balance Sheet

(billion yen)

	FY2020-1Q		FY2019	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total assets	3,266.9	3,087.5	3,261.6	3,085.1
Net assets	550.2	398.6	558.6	403.7
Shareholders' equity ratio	16.7 %	12.9 %	17.0 %	13.1 %
Interest-bearing debt	2,236.6	2,240.9	2,196.9	2,200.2

Note: "Increase / decrease in income" in the summary of financial results is based on ordinary income.

The 1st quarter consolidated 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

		FY2020-1Q	FY2019-1Q
Exchange rate	(¥ / \$)	110	109
Crude oil prices (All Japan CIF)	(\$ / b)	* { 71.5	70.6
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 114.7	116.5
Nuclear capacity factor	(%)	-	-

\* Provisional figures

# **(Reference) Appendix**

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

## (1) Personnel

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>24.7</b>	<b>24.4</b>	<b>0.3</b>	
Retirement allowances	1.3	0.7	0.5	· Increase in actuarial difference amortization +0.6

## Actuarial Difference

(billion yen)

	Recorded amount	FY2019 amount of amortization	FY2020		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2014	12.2	2.4	-	-	-
FY2015	8.9	1.7	1.7	-	-
FY2016	-11.0	-2.2	-2.2	-2.2	1
FY2017	2.9	0.5	0.5	1.1	2
FY2018	-2.2	-0.4	-0.4	-1.3	3
FY2019	-1.1	-	-0.2	-0.9	4
<b>Total</b>		<b>2.1</b>	<b>-0.5</b>	<b>-3.3</b>	<b>-</b>

Note: Amortize for five years from next recorded year.

(Rounded down to the hundred million yen)

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

## (2) Maintenance

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>20.6</b>	<b>17.3</b>	<b>3.3</b>	
<b>Power source</b>	<b>10.2</b>	<b>6.3</b>	<b>3.9</b>	·Increase in nuclear power +3.1
<b>Electric power transport</b>	<b>10.0</b>	<b>10.6</b>	<b>-0.6</b>	
<b>Others</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	

## (3) Depreciation

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>16.7</b>	<b>22.2</b>	<b>-5.4</b>	·Decrease due to change depreciation method -5.2
<b>Power source</b>	<b>6.4</b>	<b>8.5</b>	<b>-2.1</b>	
<b>Electric power transport</b>	<b>8.9</b>	<b>11.8</b>	<b>-2.9</b>	
<b>Others</b>	<b>1.3</b>	<b>1.7</b>	<b>-0.4</b>	

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

### (1) Procurement volume

	Unit	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
Fuel oil *	million liters	70	60	10
Crude oil	million liters	0	10	-10
Coal **	thousand tons	1,400	1,340	60
LNG **	thousand tons	520	470	50

\* Internal combustion power plant included

\*\* Sales included

### (2) Consumption volume

	Unit	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
Fuel oil ***	million liters	30	50	-20
Crude oil	million liters	0	10	-10
Coal	thousand tons	1,270	970	300
LNG	thousand tons	400	460	-60

\*\*\* Internal combustion power plant included

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

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
<b>Total</b>	<b>32.4</b>	<b>27.0</b>	<b>5.3</b>
<b>Power Source</b>	<b>19.9</b>	<b>16.7</b>	<b>3.2</b>
<b>Electric Power Transport</b>	<b>11.6</b>	<b>9.1</b>	<b>2.4</b>
<b>Transmission</b>	<b>3.2</b>	<b>2.6</b>	<b>0.5</b>
<b>Transformation</b>	<b>4.8</b>	<b>3.1</b>	<b>1.6</b>
<b>Distribution</b>	<b>3.6</b>	<b>3.3</b>	<b>0.2</b>
<b>Nuclear Fuel</b>	<b>0.0</b>	<b>0.5</b>	<b>-0.4</b>
<b>Others</b>	<b>0.8</b>	<b>0.6</b>	<b>0.1</b>

Note: Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

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

## (1) Breakdown of Interest-bearing debt

(billion yen)

	End of FY2020-1Q (A)	End of FY2019 (B)	Difference (A-B)
Interest-bearing debt	2,240.9	2,200.2	40.6
Corporate bond	960.4	990.4	-30.0
Long-term debt	1,180.4	1,113.9	66.5
Short-term debt	100.0	95.8	4.1

## (2) Interest rate

	FY2020-1Q	FY2019
Average	0.59 %	0.62 %

## (3) Interest expense

(billion yen)

	FY2020-1Q (A)	FY2019-1Q (B)	Difference (A-B)
Interest expense	2.9	3.1	-0.2

(Rounded down to the hundred million yen)

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