

The Summary of Financial Results for FY2020-2Q

(April 1 through September 30, 2019)

The Chugoku Electric Power Co., Inc.

October 31, 2019

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

Contents

I . FY2020 2nd Quarter Financial Results

**II . Forecasts of Financial Results for FY2020
Dividends**

(Reference) Key Points

(Reference) Appendix

I . FY2020 2nd Quarter Financial Results

1-1. Financial Results Summary <Consolidated>

1

- Operating revenues were 682.3 billion yen, a decrease of 5.1 billion yen in comparison with the same period in the previous year. This is mainly because of the decrease in electricity sales due to intensified competition with the full liberalization of the retail sale of electricity.
- Operating expenses were 648.6 billion yen, a decrease of 22.0 billion yen in comparison with the same period in the previous year. This is mainly because of our efforts for business efficiency enhancement, in addition to the decrease in material expenses due to the decrease in electricity sales and fuel prices.
- As a result, operating income was 33.7 billion yen, a increase of 16.8 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 30.9 billion yen, a increase of 19.0 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent deducting income taxes was 85.4 billion yen, a increase of 82.3 billion yen in comparison with the same period in the previous year. This is the result of drawing down the provision for drought and reversal of a provision for depreciation of nuclear power plants due to amendment of the Ministry of Economy, Trade and Industry ordinance.

1-2. Financial Results Summary

2

(1) Consolidated

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	682.3	687.5	-5.1	-0.8 %
Operating income	33.7	16.8	16.8	100.4 %
Ordinary income	30.9	11.9	19.0	159.7 %
Net income attributable to owners of the parent	85.4	3.0	82.3	- *

*The rate of change in net income attributable to owners of the parent is over 1,000%, so it is indicated "-".

(Rounded down to the hundred million yen)

(2) Non-Consolidated

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	631.9	640.8	-8.8	-1.4 %
Operating income	30.9	14.4	16.5	114.6 %
Ordinary income	30.4	12.1	18.3	150.5 %
Net income	85.8	4.5	81.3	- *

*The rate of change in net income is over 1,000%, so it is indicated "-".

(Rounded down to the hundred million yen)

2. Electricity Sales

- Electricity sales were 24.64 billion kWh, down by 6.5% in comparison with the same period in the previous year due to reasons such as impact of intensified competition with the full liberalization of the retail sale of electricity.

(billion kWh)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total	24.64	26.37	-1.73	-6.5 %
Lighting	7.66	8.08	-0.42	-5.2 %
Power	16.99	18.29	-1.31	-7.1 %

[Reference]

(billion kWh)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Sales to other power companies	4.28	4.19	0.09	2.1 %

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 6.0% 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 decreased due to reasons such as the decrease in operation with the decrease in electricity sales.

(billion kWh)

		FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total		26.62	28.33	-1.71	-6.0 %
Own Facilities		16.07	16.81	-0.74	-4.4 %
	(Water Flow Rate)	(79.4 %)	(100.1 %)	(-20.7 %)	
	Hydroelectric	1.56	1.88	-0.32	-17.1 %
	Thermal	14.50	14.92	-0.42	-2.8 %
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.00	0.00	-0.00	-1.9 %
Interchanged and purchased		11.01	11.96	-0.95	-7.9 %
	Purchased	15.29	16.14	-0.86	-5.3 %
	Transmitted	-4.28	-4.19	-0.09	2.1 %
Pumping use		-0.46	-0.43	-0.02	5.1 %

4. Income Statement <Consolidated> (1) Revenues

5

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	[Rate of change] Difference (A-B)	Breakdown
Ordinary revenues	688.5	693.0	-4.4	
Operating revenues	682.3	687.5	-5.1	
from electric power operations	(631.9)	(640.8)	(-8.8)	
Electricity sales	618.2	625.7	[-1.2 %] -7.5	
Others	459.5	479.8	[-4.2 %] -20.2	<ul style="list-style-type: none"> • Decrease in electricity sales -27.2 • Decrease in renewable energy power promotion surcharge -2.2 • Fuel cost adjustment charges +13.0
from other operations	158.7	145.9	[8.7 %] 12.7	<ul style="list-style-type: none"> • Increase in grants on the act of renewable energy +13.7
Internal transaction in consolidated accounting	124.9	122.0	2.8	
Other revenues	-60.8	-60.2	-0.5	
Other revenues	6.2	5.4	0.7	

Note: Figures in parentheses () are Non-Consolidated.

(Rounded down to the hundred million yen)

4. Income Statement <Consolidated> (2) Expenses

6

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	[Rate of change] Difference (A-B)	Breakdown
Ordinary expenses	657.6	681.1	-23.4	
Operating expenses	648.6	670.6	[-3.3 %] -22.0	
from electric power operations	587.7	611.7	[-3.9 %] -24.0	
Personnel	47.7	47.6	0.0	
Material	317.0	323.5	-6.4	<ul style="list-style-type: none"> • Decrease in electricity sales -17.6 • Lower CIF price -10.6 • Higher yen rate -1.1 • Decrease in water flow +4.1 • Increase in purchase cost of renewable energy +16.9
Fuel	94.7	108.7	-13.9	
Purchased power	222.2	214.7	7.4	
Maintenance	40.9	38.5	2.3	
Depreciation	33.7	45.1	-11.3	• Decrease due to change depreciation method* -10.6
Nuclear power back- end	2.9	2.8	0.0	
Others	145.2	153.8	-8.6	• Decrease in payments of the levy on the act of renewable energy -2.2
from other operations	121.3	118.8	2.5	
Internal transaction in consolidated accounting	-60.4	-59.8	-0.5	
Other expenses	9.0 (8.5)	10.4 (9.6)	-1.3 (-1.0)	

Note: Figures in parentheses () are Non-Consolidated.

*non-consolidated. After consolidation, -10.4 billion yen.

(Rounded down to the hundred million yen)

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

7

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Breakdown
Operating income	33.7 (30.9)	16.8 (14.4)	16.8 (16.5)	
Ordinary income	30.9 (30.4)	11.9 (12.1)	19.0 (18.3)	
Provision for drought	-0.2	-0.0	-0.2	
Provision for depreciation of nuclear power plant	-86.2	0.8	-87.0	·The reversal due to amendment of the Ministerial Ordinance
Extraordinary loss	-	6.6*	-6.6	
Income taxes, etc.	32.0	1.4	30.6	
Net income attributable to owners of the parent	85.4 (85.8)	3.0 (4.5)	82.3 (81.3)	

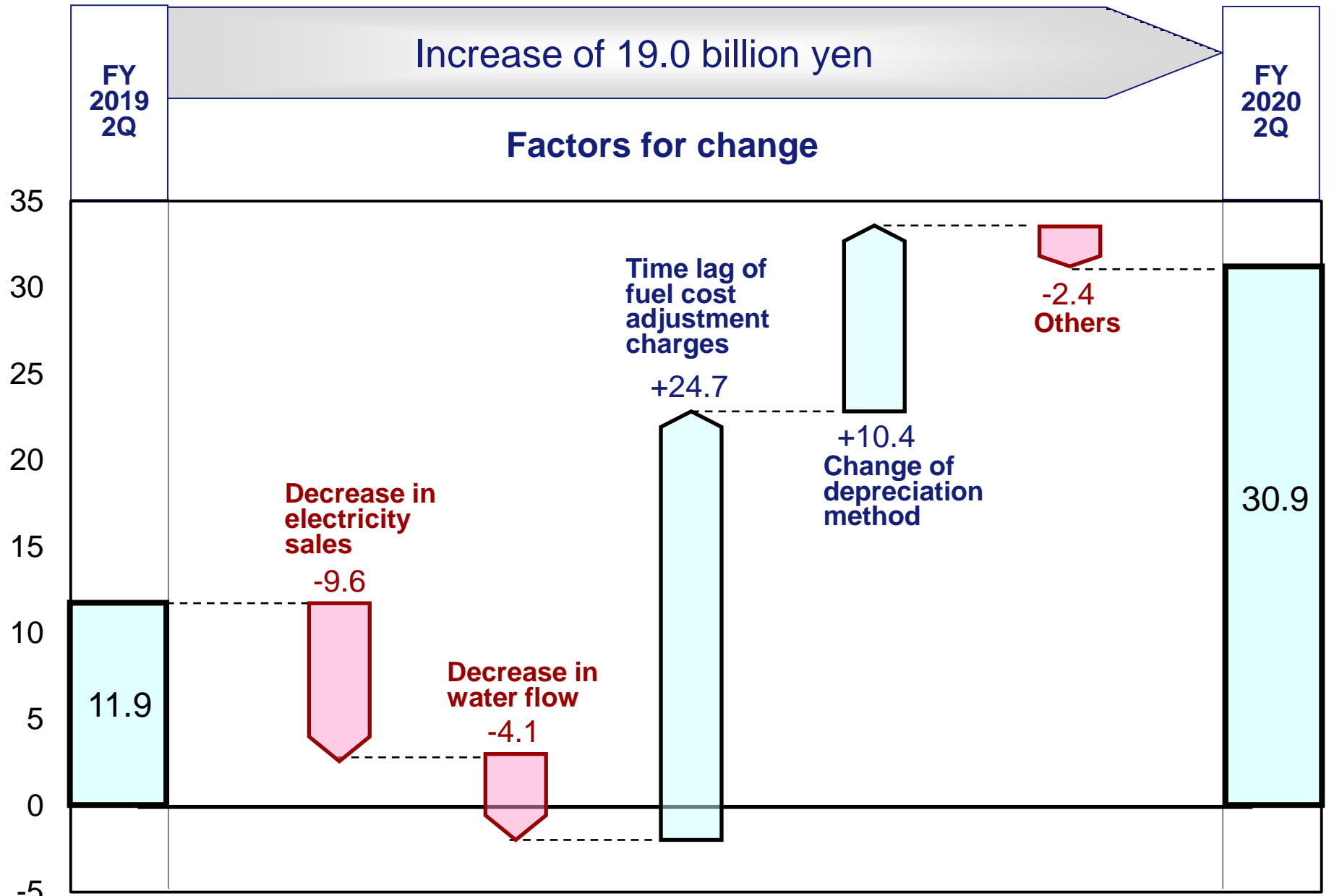
Note: Figures in parentheses () are Non-Consolidated.

(Rounded down to the hundred million yen)

*extraordinary loss on disaster "The Heavy rain in July 2018" +4.5

extraordinary loss on business withdrawal of consolidated subsidiary +2.1

5. Factors for change in Ordinary income <Consolidated>



(billion yen)

6. Segment Information (1/2)

(1) Electric Power Business

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

(billion yen, Rounded down to the hundred million yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Operating revenues	618.2	625.7	-7.5
Operating expenses	587.7	611.9	-24.1
Operating income	30.4	13.8	16.6

(2) Comprehensive Energy Supply Business

- Operating revenues were 41.3 billion yen, a increase of 7.8 billion yen in comparison with the same period in the previous year, for the reasons such as the increase in electricity sales income of consolidated subsidiary.
- Operating expenses were 39.8 billion yen, a increase of 7.2 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, despite the decrease in fuel sales costs due to the decrease in fuel prices.
- As a result, operating income was 1.4 billion yen, a increase of 0.5 billion yen in comparison with the same period in the previous year.

(billion yen, Rounded down to the hundred million yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Operating revenues	41.3	33.5	7.8
Operating expenses	39.8	32.6	7.2
Operating income	1.4	0.9	0.5

(3) Information & Telecommunication Business

- Operating revenues were 19.8 billion yen, a increase of 0.2 billion yen in comparison with the same period in the previous year, for the reasons such as the increase in telecommunication related business, due to the increase in communication lines.
- Operating expenses were 18.4 billion yen, a decrease of 0.2 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 1.4 billion yen, a increase of 0.4 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Operating revenues	19.8	19.6	0.2
Operating expenses	18.4	18.7	-0.2
Operating income	1.4	0.9	0.4

(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 July, for the reasons such as the decrease in electricity sales to other power companies due to a decline in the market prices of electricity.
- We expect that operating income and ordinary income will be in line with the previous forecasts as of July, for the reasons such as the decrease in expenses due to the our efforts for business efficiency enhancement, despite the decrease in operating revenues.

2. Forecasts of Financial Results Summary

(1) Consolidated

(billion yen)

	FY2020 (Forecasts) As of October (A)	FY2020 (Forecasts) As of July (B)	Difference (A-B)	【Reference】 FY2019
Operating revenues	1,353.0	1,360.0	-7.0	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	89.0	-	11.4

(2) Non-consolidated

(billion yen)

	FY2020 (Forecasts) As of October (A)	FY2020 (Forecasts) As of July (B)	Difference (A-B)	【Reference】 FY2019
Operating revenues	1,250.0	1,259.0	-9.0	1,280.5
Operating income	36.0	36.0	-	11.2
Ordinary income	30.0	30.0	-	6.9
Net income	85.0	85.0	-	8.5

3. Forecasts of Financial Results Major Factors

	FY2020 (Forecasts) As of October (A)	FY2020 (Forecasts) As of July (B)	Difference (A-B)	【Reference】 FY2019
Electricity sales (billion kWh)	50.6	50.7	-0.1	52.94
Exchange rate (¥ / \$)	109	110	-1	111
Crude oil prices (All Japan CIF) (\$ / b)	67	67	-	72.1
Nuclear capacity factor (%)	-	-	-	-

Financial impact (Sensitivity)

(billion yen)

	FY2020 (Forecasts) As of October	FY2019
Exchange rate (¥1 / \$)	2.3	2.7
Crude oil prices (All Japan CIF) (\$1 / b)	1.9	2.1
Water flow rate (1%)	0.4	0.4
Nuclear capacity factor (1%)	0.6	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.
- We have decided to distribute ¥25 per share as the interim dividends of FY2020.
- We are planning to pay out ¥25 as the year-end dividends of FY2020. We have not revised the forecasts of dividends announced in July 2019.

< Dividends >

(yen per share)

	FY2020	FY2019
Interim	25	25
Year-end	25 (Forecasts)	25
Total	50 (Forecasts)	50

(Reference) Key points

1. Income Statement and Balance Sheet

15

Income Statement

(billion yen)

	FY2020-2Q		FY2019-2Q	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Summary of financial results	For the first time in 3 years	For the first time in 3 years	2 consecutive years	2 consecutive years
	Decrease in revenues (-5.1)	Decrease in revenues (-8.8)	Increase in revenues (+37.5)	Increase in revenues (+31.5)
	Increase in income (+19.0)	Increase in income (+18.3)	Decrease in income (-7.5)	Decrease in income (-5.4)
Operating revenues	682.3 (No.2)	631.9 (No.2)	687.5 (No.1)	640.8 (No.1)
Operating income	33.7 (No.12)	30.9 (No.33)	16.8 (No.16)	14.4 (No.41)
Ordinary income	30.9 (No.10)	30.4 (No.14)	11.9 (No.16)	12.1 (No.37)
Net income attributable to owners of the parent / Net income	85.4 (No.1)	85.8 (No.1)	3.0 (No.15)	4.5 (No.38)

Balance Sheet

(billion yen)

	FY2020-2Q		FY2019	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total assets	3,386.2	3,203.4	3,261.6	3,085.1
Net assets	633.5	479.7	558.6	403.7
Shareholders' equity ratio	18.6 %	15.0 %	17.0 %	13.1 %
Interest-bearing debt	2,334.5	2,339.5	2,196.9	2,200.2

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

The 2nd quarter consolidated settlement has been implemented since FY2001.

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

2. Major Factors

		FY2020-2Q	FY2019-2Q
Exchange rate	(¥ / \$)	109	110
Crude oil prices (All Japan CIF)	(\$ / b)	* { 68.9	73.8
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 109.2	119.6
Nuclear capacity factor	(%)	-	-

* Provisional figures

(Reference) Appendix

1. Summary of Cash Flows <Consolidated>

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Cash Flow form Operating Activities	26.2	10.0	16.1
Cash Flow from Investing Activities	-129.2	-94.3	-34.8
Free Cash Flow	-103.0	-84.2	-18.7
Cash Flow from Financing Activities	126.5	53.5	72.9
Cash and Cash Equivalents (increase and decrease)	23.3	-30.9	

(Rounded down to the hundred million yen)

2. Operating expenses <Non-Consolidated> (1/2) 18

(1) Personnel

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Breakdown
Total	47.7	47.6	0.0	
Retirement allowances	2.5	1.4	1.1	· Increase in actuarial difference depreciation +1.3

(Rounded down to the hundred million yen)

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
Total		2.1	-0.5	-3.3	-

Note: Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

2. Operating expenses <Non-Consolidated> (2/2) 19

(2) Maintenance

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Breakdown
Total	40.9	38.5	2.3	
Power source	19.1	17.4	1.6	·Increase in nuclear power +2.7
Electric power transport	20.9	20.3	0.6	
Others	0.8	0.7	0.0	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)	Breakdown
Total	33.7	45.1	-11.3	·Decrease due to change depreciation method -10.6
Power source	12.9	17.7	-4.7	
Electric power transport	17.9	23.8	-5.8	
Others	2.7	3.5	-0.8	

(Rounded down to the hundred million yen)

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

(1) Procurement volume

	Unit	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Fuel oil *	million liters	130	210	-80
Crude oil	million liters	0	30	-30
Coal **	thousand tons	2,960	3,110	-150
LNG **	thousand tons	1,130	1,050	80

* Internal combustion power plant included

** Sales included

(2) Consumption volume

	Unit	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Fuel oil ***	million liters	120	250	-130
Crude oil	million liters	0	50	-50
Coal	thousand tons	2,740	2,600	140
LNG	thousand tons	920	910	10

*** Internal combustion power plant included

4. Capital Expenditure <Non-Consolidated>

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Total	66.9	65.9	1.0
Power Source	42.2	43.9	-1.6
Electric Power Transport	21.7	19.2	2.4
Transmission	6.5	6.2	0.3
Transformation	7.3	6.0	1.3
Distribution	7.7	6.9	0.8
Nuclear Fuel	0.5	0.9	-0.3
Others	2.4	1.8	0.6

Note: Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

5. Interest-bearing debt, Interest rate, and Interest expense

22

<Non-Consolidated>

(1) Breakdown of Interest-bearing debt

(billion yen)

	End of FY2020-2Q (A)	End of FY2019 (B)	Difference (A-B)
Interest-bearing debt	2,339.5	2,200.2	139.2
Corporate bond	1,063.5	990.4	73.0
Long-term debt	1,176.0	1,113.9	62.1
Short-term debt	99.9	95.8	4.0

(Rounded down to the hundred million yen)

(2) Interest rate

	FY2020-2Q	FY2019
Average	0.57%	0.62%
End of period	0.56%	0.60%

(3) Interest expense

(billion yen)

	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Interest expense	5.9	6.2	-0.3

(Rounded down to the hundred million yen)

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