

# The Summary of Financial Results for FY2020-3Q

(April 1 through December 31, 2019)

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The Chugoku Electric Power Co., Inc.

January 30, 2020

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 3rd Quarter Financial Results

- Operating revenues were 999.3 billion yen, a decrease of 8.0 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 959.2 billion yen, a decrease of 38.6 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 40.1 billion yen, a increase of 30.6 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 34.3 billion yen, a increase of 32.5 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent deducting income taxes was 87.4 billion yen, a increase of 84.4 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

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## (1) Consolidated

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	999.3	1,007.3	-8.0	-0.8 %
Operating income	40.1	9.4	30.6	324.0 %
Ordinary income	34.3	1.8	32.5	- *
Net income attributable to owners of the parent	87.4	3.0	84.4	- *

\* Since the rate of change in ordinary income and net income attributable to owners of the parent are over 1,000%, "-" are indicated. (Rounded down to the hundred million yen)

## (2) Non-consolidated

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	923.5	938.2	-14.7	-1.6 %
Operating income	35.3	5.4	29.8	545.3 %
Ordinary income	33.8	2.1	31.7	- *
Net income	88.3	5.0	83.3	- *

\* Since the rate of change in ordinary income and net income are over 1,000%, "-" are indicated. (Rounded down to the hundred million yen)

## 2. Electricity Sales

- Electricity sales were 36.73 billion kWh, down by 5.3% 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)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Total</b>	<b>36.73</b>	<b>38.81</b>	<b>-2.07</b>	<b>-5.3 %</b>
<b>Lighting</b>	<b>11.46</b>	<b>11.95</b>	<b>-0.49</b>	<b>-4.1 %</b>
<b>Power</b>	<b>25.27</b>	<b>26.85</b>	<b>-1.58</b>	<b>-5.9 %</b>

[Reference]

(billion kWh)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Sales to other power companies</b>	<b>6.30</b>	<b>6.21</b>	<b>0.09</b>	<b>1.5 %</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 5.1% in comparison with the same period in the previous year.
- 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 decrease in operation with the decrease in electricity sales.

(billion kWh)

		FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Rate of change (A/B-1)
<b>Total</b>		<b>40.32</b>	<b>42.49</b>	<b>-2.17</b>	<b>-5.1 %</b>
<b>Own facilities</b>	<b>Subtotal</b>	<b>24.58</b>	<b>25.59</b>	<b>-1.01</b>	<b>-3.9 %</b>
	(Water Flow Rate)	<b>(79.1 %)</b>	<b>(99.2 %)</b>	<b>(-20.1 %)</b>	
	<b>Hydroelectric</b>	<b>2.08</b>	<b>2.51</b>	<b>-0.43</b>	<b>-17.1 %</b>
	<b>Thermal</b>	<b>22.49</b>	<b>23.07</b>	<b>-0.58</b>	<b>-2.5 %</b>
	(Utilization Rate)	<b>( - )</b>	<b>( - )</b>	<b>( - )</b>	
	<b>Nuclear</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>New energy sources</b>	<b>0.01</b>	<b>0.01</b>	<b>-0.00</b>	<b>-3.0 %</b>
<b>Interchanged and purchased</b>	<b>Subtotal</b>	<b>16.37</b>	<b>17.52</b>	<b>-1.15</b>	<b>-6.6 %</b>
	<b>Purchased</b>	<b>22.67</b>	<b>23.72</b>	<b>-1.06</b>	<b>-4.5 %</b>
	<b>Transmitted</b>	<b>-6.30</b>	<b>-6.21</b>	<b>-0.09</b>	<b>1.5 %</b>
<b>Pumping use</b>		<b>-0.63</b>	<b>-0.61</b>	<b>-0.01</b>	<b>1.9 %</b>

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

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(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	[Rate of change] Difference (A-B)	Breakdown
<b>Ordinary revenues</b>	<b>1,007.0</b>	<b>1,015.0</b>	<b>-8.0</b>	
<b>Operating revenues</b>	<b>999.3</b> <b>(923.5)</b>	<b>1,007.3</b> <b>(938.2)</b>	<b>-8.0</b> <b>(-14.7)</b>	
<b>from electric power operations</b>	<b>901.2</b>	<b>914.4</b>	<b>[-1.4 %]</b> <b>-13.1</b>	
<b>Electricity sales</b>	<b>673.8</b>	<b>708.9</b>	<b>[-4.9 %]</b> <b>-35.0</b>	<ul style="list-style-type: none"> <li>· Decrease in electricity sales -32.9</li> <li>· Decrease in renewable energy power promotion surcharge -3.1</li> <li>· Fuel cost adjustment charges +5.5</li> </ul>
<b>Others</b>	<b>227.4</b>	<b>205.5</b>	<b>[10.7 %]</b> <b>21.9</b>	· Increase in grants on the act of renewable energy +21.9
<b>from other operations</b>	<b>190.6</b>	<b>185.3</b>	<b>5.2</b>	
<b>Internal transaction in consolidated accounting</b>	<b>-92.5</b>	<b>-92.4</b>	<b>-0.1</b>	
<b>Other revenues</b>	<b>7.7</b>	<b>7.7</b>	<b>0.0</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)

	FY2020-3Q (A)	FY2019-3Q (B)	[Rate of change] Difference (A-B)	Breakdown
<b>Ordinary expenses</b>	<b>972.6</b>	<b>1,013.2</b>	<b>-40.5</b>	
<b>Operating expenses</b>	<b>959.2</b>	<b>997.8</b>	<b>[-3.9 %] -38.6</b>	
<b>from electric power operations</b>	<b>866.5</b>	<b>909.5</b>	<b>[-4.7 %] -42.9</b>	
<b>Personnel</b>	<b>71.2</b>	<b>71.3</b>	<b>-0.0</b>	
<b>Material</b>	<b>461.6</b>	<b>481.6</b>	<b>-19.9</b>	<ul style="list-style-type: none"> <li>· Decrease in electricity sales -22.3</li> <li>· Lower CIF price -24.7</li> <li>· Higher yen rate -3.2</li> <li>· Decrease in water flow +6.0</li> <li>· Increase in purchase cost of renewable energy +28.1</li> </ul>
<b>Fuel</b>	<b>144.4</b>	<b>168.9</b>	<b>-24.5</b>	
<b>Purchased power</b>	<b>317.2</b>	<b>312.6</b>	<b>4.5</b>	
<b>Maintenance</b>	<b>61.2</b>	<b>56.0</b>	<b>5.2</b>	
<b>Depreciation</b>	<b>50.8</b>	<b>68.3</b>	<b>-17.4</b>	· Decrease due to change depreciation method* -16.2
<b>Nuclear power back- end</b>	<b>4.4</b>	<b>4.3</b>	<b>0.1</b>	
<b>Others</b>	<b>217.1</b>	<b>227.9</b>	<b>-10.7</b>	· Decrease in payments of the levy on the act of renewable energy -3.1
<b>from other operations</b>	<b>184.3</b>	<b>180.2</b>	<b>4.0</b>	
<b>Internal transaction in consolidated accounting</b>	<b>-91.7</b>	<b>-91.8</b>	<b>0.1</b>	
<b>Other expenses</b>	<b>13.4</b>	<b>15.3</b>	<b>-1.8</b>	
	<b>(12.7)</b>	<b>(14.0)</b>	<b>(-1.2)</b>	

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

\*non consolidated. After consolidation, -15.8 billion yen.

(Rounded down to the hundred million yen)

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

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(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Breakdown
<b>Operating income</b>	<b>40.1</b> <b>(35.3)</b>	<b>9.4</b> <b>(5.4)</b>	<b>30.6</b> <b>(29.8)</b>	
<b>Ordinary income</b>	<b>34.3</b> <b>(33.8)</b>	<b>1.8</b> <b>(2.1)</b>	<b>32.5</b> <b>(31.7)</b>	
<b>Provision for drought</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-0.2</b>	
<b>Provision for depreciation of nuclear power plant</b>	<b>-86.2</b>	<b>1.1</b>	<b>-87.4</b>	·The reversal due to amendment of the Ministerial Ordinance
<b>Extraordinary income</b>	<b>-</b>	<b>10.4*</b>	<b>-10.4</b>	
<b>Extraordinary loss</b>	<b>-</b>	<b>6.3**</b>	<b>-6.3</b>	
<b>Income taxes, etc.</b>	<b>33.5</b>	<b>1.8</b>	<b>31.6</b>	
<b>Net income attributable to owners of the parent</b>	<b>87.4</b> <b>(88.3)</b>	<b>3.0</b> <b>(5.0)</b>	<b>84.4</b> <b>(83.3)</b>	

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

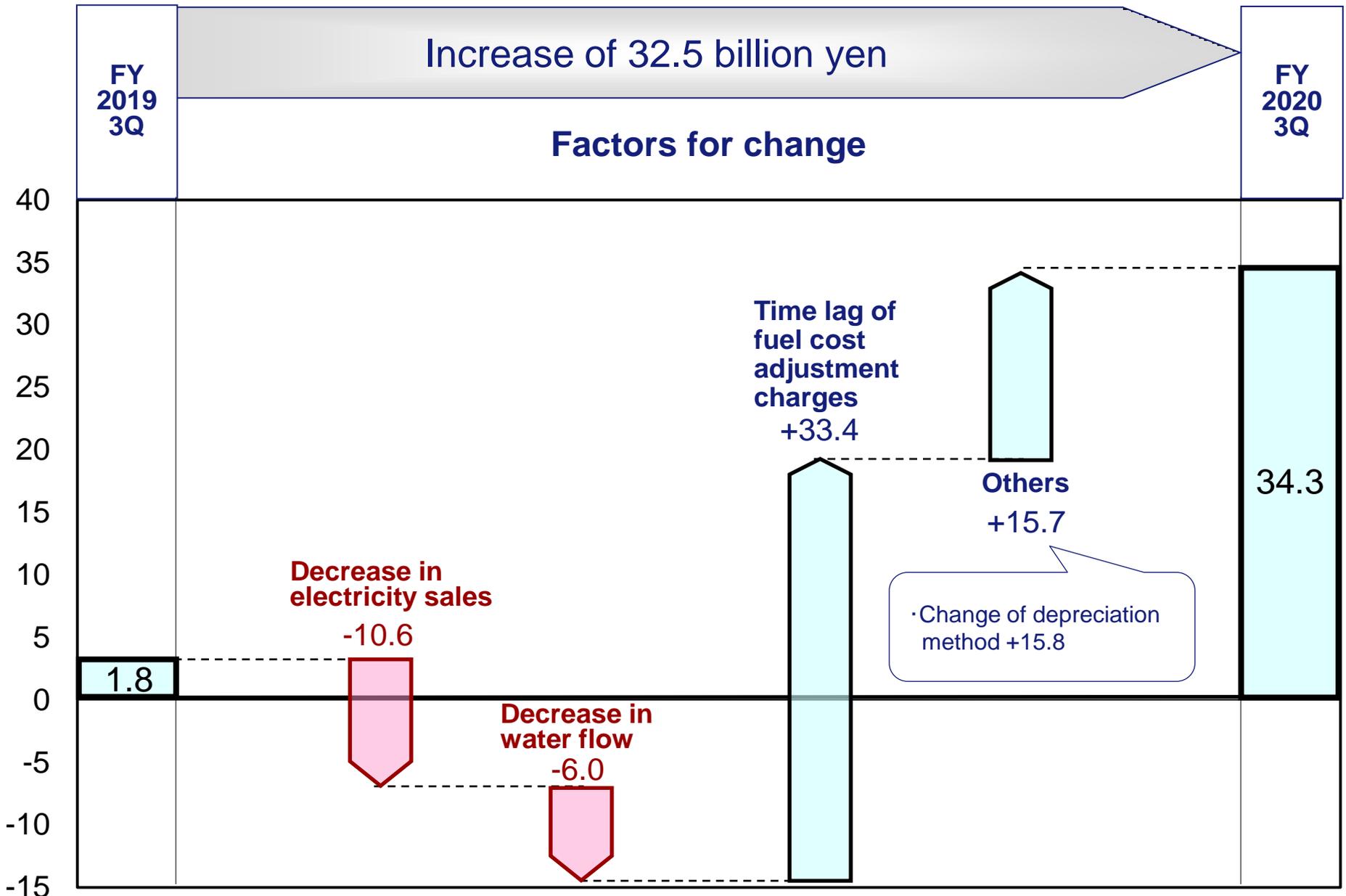
(Rounded down to the hundred million yen)

\*Extraordinary income on sales of securities

\*\*Extraordinary loss on disaster "The Heavy rain in July 2018" +4.1

Extraordinary loss on partial 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)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
Operating revenues	901.2	914.4	-13.1
Operating expenses	866.6	909.7	-43.1
Operating income	34.6	4.6	29.9

## (2) Comprehensive Energy Supply Business

- Operating revenues were 61.7 billion yen, a increase of 7.6 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 59.7 billion yen, a increase of 6.9 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 1.9 billion yen, a increase of 0.7 billion yen in comparison with the same period in the previous year.

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

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
Operating revenues	61.7	54.0	7.6
Operating expenses	59.7	52.7	6.9
Operating income	1.9	1.2	0.7

## (3) Information & Telecommunication Business

- Operating revenues were 30.3 billion yen, a increase of 0.2 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 28.0 billion yen, a decrease of 0.3 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 2.2 billion yen, a increase of 0.6 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
Operating revenues	30.3	30.0	0.2
Operating expenses	28.0	28.3	-0.3
Operating income	2.2	1.6	0.6

(Rounded down to the hundred million yen)

# **II . Forecasts of Financial Results**

## **Dividends for FY2020**

- We expect that operating revenues will increase in comparison with the previous forecasts as of October, for the reasons such as the increase in electricity sales revenues due to increase in electricity sales.
- We expect that operating income and ordinary income will be in line with the previous forecasts as of October, for the reasons such as the deterioration of business performance of group companies, despite the increase in operating revenues and operating income of parent company due to our efforts for business efficiency enhancement.

## 2. Forecasts of Financial Results Summary

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### (1) Consolidated

(billion yen)

	FY2020 (Forecasts) As of January (A)	FY2020 (Forecasts) As of October (B)	Difference (A-B)	【Reference】 FY2019
Operating revenues	1,360.0	1,353.0	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 January (A)	FY2020 (Forecasts) As of October (B)	Difference (A-B)	【Reference】 FY2019
Operating revenues	1,257.0	1,250.0	7.0	1,280.5
Operating income	38.0	36.0	2.0	11.2
Ordinary income	33.0	30.0	3.0	6.9
Net income	87.0	85.0	2.0	8.5

# 3. Forecasts of Financial Results Major Factors

		FY2020 (Forecasts) As of January (A)	FY2020 (Forecasts) As of October (B)	Difference (A-B)	【Reference】 FY2019
Electricity sales	(billion kWh)	50.9	50.6	0.3	52.94
Exchange rate	(¥ / \$)	109	109	-	111
Crude oil prices (All Japan CIF)	(\$ / b)	67	67	-	72.1
Nuclear capacity factor	(%)	-	-	-	-

## ■ Financial impact (Sensitivity)

(billion yen)

		FY2020 (Forecasts) As of January	FY2019
Exchange rate	(¥1 / \$)	2.2	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 are planning to pay out ¥25 as the year-end dividends of FY2020. We have not revised the forecasts of dividends announced in October 2019.

< Dividends > (yen per share)

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

**(Reference) Key points**

# 1. Income Statement and Balance Sheet

## Income Statement

(billion yen)

	FY2020-3Q		FY2019-3Q	
	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 (-8.0)	Decrease in revenues (-14.7)	Increase in revenues (+53.1)	Increase in revenues (+46.5)
	Increase in income (+32.5)	Increase in income (+31.7)	Decrease in income (-17.9)	Decrease in income (-14.1)
Operating revenues	999.3 (No.2)	923.5 (No.2)	1,007.3 (No.1)	938.2 (No.1)
Operating income	40.1 (No.10)	35.3 (No.8)	9.4 (No.13)	5.4 (No.13)
Ordinary income	34.3 (No.7)	33.8 (No.7)	1.8 (No.13)	2.1 (No.13)
Net income attributable to owners of the parent / Net income	87.4 (No.1)	88.3 (No.1)	3.0 (No.11)	5.0 (No.11)

## Balance Sheet

(billion yen)

	FY2020-3Q		FY2019	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total assets	3,417.3	3,236.6	3,261.6	3,085.1
Net assets	625.3	474.2	558.6	403.7
Shareholders' equity ratio	18.2 %	14.7 %	17.0 %	13.1 %
Interest-bearing debt	2,368.7	2,375.2	2,196.9	2,200.2

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

The 3rd 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

		FY2020-3Q	FY2019-3Q
Exchange rate	(¥ / \$)	109	111
Crude oil prices (All Japan CIF)	(\$ / b)	* { 67.8	75.0
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 104.9	121.1
Nuclear capacity factor	(%)	-	-

\* Provisional figures

# **(Reference) Appendix**

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

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## (1) Personnel

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>71.2</b>	<b>71.3</b>	<b>-0.0</b>	
Retirement allowances	4.5	2.8	1.7	• Increase in actuarial difference depreciation +2.0

(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
<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) 18

## (2) Maintenance

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>61.2</b>	<b>56.0</b>	<b>5.2</b>	
<b>Power source</b>	<b>26.5</b>	<b>23.3</b>	<b>3.1</b>	· Increase in nuclear power +2.8
<b>Electric power transport</b>	<b>33.5</b>	<b>31.4</b>	<b>2.0</b>	· Increase in distribution +2.5
<b>Others</b>	<b>1.2</b>	<b>1.2</b>	<b>0.0</b>	

(Rounded down to the hundred million yen)

## (3) Depreciation

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)	Breakdown
<b>Total</b>	<b>50.8</b>	<b>68.3</b>	<b>-17.4</b>	· Decrease due to change depreciation method -16.2
<b>Power source</b>	<b>19.5</b>	<b>26.9</b>	<b>-7.4</b>	
<b>Electric power transport</b>	<b>27.0</b>	<b>35.9</b>	<b>-8.9</b>	
<b>Others</b>	<b>4.3</b>	<b>5.4</b>	<b>-1.0</b>	

(Rounded down to the hundred million yen)

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

### (1) Procurement volume

	Unit	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
Fuel oil *	million liters	220	320	-100
Crude oil	million liters	0	30	-30
Coal **	thousand tons	4,750	4,760	-10
LNG **	thousand tons	1,730	1,690	40

\* Internal combustion power plant included

\*\* Sales included

### (2) Consumption volume

	Unit	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
Fuel oil ***	million liters	230	310	-80
Crude oil	million liters	0	50	-50
Coal	thousand tons	4,240	4,200	40
LNG	thousand tons	1,380	1,390	-10

\*\*\* Internal combustion power plant included

# 3. Capital Expenditure <Non-Consolidated>

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
<b>Total</b>	<b>101.9</b>	<b>104.5</b>	<b>-2.6</b>
<b>Power Source</b>	<b>60.5</b>	<b>67.0</b>	<b>-6.4</b>
<b>Electric Power Transport</b>	<b>34.6</b>	<b>31.6</b>	<b>3.0</b>
<b>Transmission</b>	<b>11.1</b>	<b>10.5</b>	<b>0.6</b>
<b>Transformation</b>	<b>11.0</b>	<b>9.5</b>	<b>1.4</b>
<b>Distribution</b>	<b>12.4</b>	<b>11.5</b>	<b>0.9</b>
<b>Nuclear Fuel</b>	<b>1.6</b>	<b>2.4</b>	<b>-0.8</b>
<b>Others</b>	<b>5.1</b>	<b>3.4</b>	<b>1.6</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 FY2020-3Q (A)	End of FY2019 (B)	Difference (A-B)
Interest-bearing debt	2,375.2	2,200.2	174.9
Corporate bond	1,093.5	990.4	103.0
Long-term debt	1,180.8	1,113.9	66.9
Short-term debt	100.8	95.8	4.9

(Rounded down to the hundred million yen)

## (2) Interest rate

	FY2020-3Q	FY2019
Average	0.57 %	0.62 %

## (3) Interest expense

(billion yen)

	FY2020-3Q (A)	FY2019-3Q (B)	Difference (A-B)
Interest expense	8.9	9.4	-0.4

(Rounded down to the hundred million yen)

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