



Supporting document of
FY2020 financial results

The Summary of Financial Results for FY2020

(April 1 through March 31, 2020)

The Chugoku Electric Power Co., Inc.

April 28, 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 Financial Results

1-1. Financial Results Summary <Consolidated>

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- Operating revenues were 1,347.3 billion yen, a decrease of 29.6 billion yen in comparison with 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 1,299.1 billion yen, a decrease of 58.2 billion yen in comparison with 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 48.1 billion yen, a increase of 28.6 billion yen in comparison with the previous year.
- Ordinary income including other expenses and other income, such as interest expense, was 39.8 billion yen, a increase of 27.1 billion yen in comparison with the previous year.
- Net income attributable to owners of the parent deducting income taxes was 90.0 billion yen, a increase of 78.6 billion yen in comparison with 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.

1-2. Financial Results Summary

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(1) Consolidated

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,347.3	1,376.9	-29.6	-2.2 %
Operating income	48.1	19.5	28.6	146.6 %
Ordinary income	39.8	12.6	27.1	214.1 %
Net income attributable to owners of the parent	90.0	11.4	78.6	686.8 %

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,243.7	1,280.5	-36.7	-2.9 %
Operating income	40.4	11.2	29.1	258.6 %
Ordinary income	35.1	6.9	28.1	408.1 %
Net income	87.7	8.5	79.1	930.5 %

(Rounded down to the hundred million yen)

2. Electricity Sales

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- Electricity sales were 50.21 billion kWh, down by 5.2% 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 (A)	FY2019 (B)	Difference (A-B)	Rate of change (A/B-1)
Total	50.21	52.94	-2.74	-5.2%
Lighting	16.81	17.49	-0.68	-3.9%
Power	33.39	35.46	-2.06	-5.8%

[Reference]

(billion kWh)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Rate of change (A/B-1)
Sales to other power companies	8.38	8.11	0.27	3.4%

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 5.2% in comparison with the previous year.
- 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.

(billion kWh)

		FY2020 (A)	FY2019 (B)	Difference (A-B)	Rate of change (A/B-1)
Total		54.57	57.54	-2.97	-5.2%
Own facilities	Subtotal	32.92	35.35	-2.42	-6.9%
	(Flow Rate)	(81.3%)	(92.4 %)	(-11.1%)	
	Hydroelectric	2.94	3.30	-0.36	-10.8%
	Thermal	29.97	32.04	-2.06	-6.4%
	(Utilization Rate)	(-)	(-)	(-)	
	Nuclear	-	-	-	-
	New energy sources	0.01	0.01	-0.00	-3.3%
Interchanged and purchased	Subtotal	22.51	23.06	-0.54	-2.4%
	Purchased	30.89	31.16	-0.27	-0.9%
	Transmitted	-8.38	-8.11	-0.27	3.4%
Pumping use		-0.87	-0.86	-0.01	0.9%

4. Income Statement <Consolidated> (1) Revenues

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(billion yen)

	FY2020 (A)	FY2019 (B)	[Rate of change] Difference (A-B)	Breakdown
Ordinary revenues	1,358.4	1,390.0	-31.5	
Operating revenues	1,347.3 (1,243.7)	1,376.9 (1,280.5)	-29.6 (-36.7)	
from electric power operations	1,212.9	1,248.5	[-2.8%] -35.5	
Electricity sales	916.5	981.3	[-6.6%] -64.7	<ul style="list-style-type: none"> ▪Decrease in electricity sales -44.0 ▪Fuel cost adjustment charges -12.6 ▪Decrease in renewable energy power promotion surcharge -4.8
Others	296.4	267.1	[10.9%] 29.2	<ul style="list-style-type: none"> ▪Increase in grants on the act of renewable energy +30.7
from other operations	271.8	266.5	5.3	
Internal transaction in consolidated accounting	-137.4	-138.0	0.6	
Other revenues	11.1	13.0	-1.9	

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 (A)	FY2019 (B)	Difference (A-B)	Breakdown
Ordinary expenses	1,318.6	1,377.3	-58.7	
Operating expenses	1,299.1	1,357.4	-58.2	[-4.3%]
from electric power operations	1,173.4	1,238.0	-64.6	[-5.2%]
Personnel	94.9	94.4	0.4	
Material	602.7	642.7	-40.0	<ul style="list-style-type: none"> • Decrease in electricity sales -29.4 • Lower CIF price -33.8 • Higher yen rate -4.4 • Decrease in water flow +4.4 • Increase in purchase cost of renewable energy +37.2
Fuel	188.7	236.7	-47.9	
Purchased power	413.9	405.9	7.9	
Maintenance	92.4	80.6	11.8	
Depreciation	67.8	91.7	-23.9	• Decrease due to change depreciation method* -21.8
Nuclear power back- end	6.2	6.5	-0.2	
Others	309.1	321.9	-12.7	• Decrease in payments of the levy on the act of renewable energy -4.8
from other operations	261.2	256.0	5.1	
Internal transaction in consolidated accounting	-135.4	-136.6	1.2	
Other expenses	19.4	19.8	-0.4	
	(18.4)	(18.5)	(-0.1)	

Note: Figures in parentheses () are Non-Consolidated.
 *non consolidated. After consolidation, -21.3 billion yen.

(Rounded down to the hundred million yen)

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

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(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Breakdown
Operating income	48.1 (40.4)	19.5 (11.2)	28.6 (29.1)	
Ordinary income	39.8 (35.1)	12.6 (6.9)	27.1 (28.1)	
Provision for drought	-0.3	-0.2	-0.1	
Provision for depreciation of nuclear power plant	-86.2	2.5	-88.8	· The reversal due to amendment of the Ministerial Ordinance
Extraordinary income	-	10.4*	-10.4	
Extraordinary loss	2.2**	5.9***	-3.7	
Income taxes, etc.	34.2	3.4	30.7	
Net income attributable to owners of the parent	90.0 (87.7)	11.4 (8.5)	78.6 (79.1)	

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

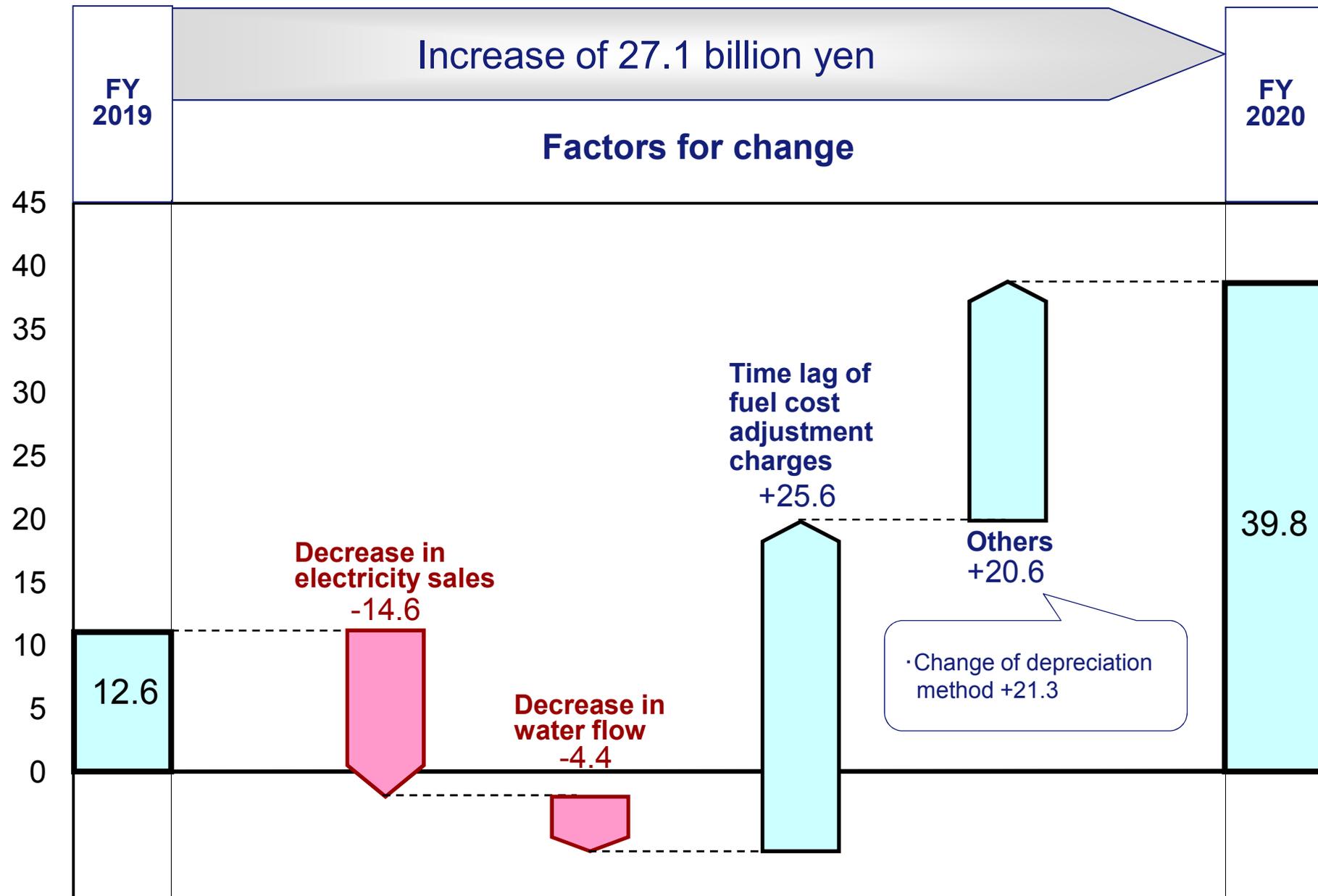
(Rounded down to the hundred million yen)

*Extraordinary income on sales of securities **Extraordinary loss on abolition of Iwakuni power plants

***Extraordinary loss on disaster "The Heavy rain in July 2018" +3.7

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)

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(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 (A)	FY2019 (B)	Difference (A-B)
Operating revenues	1,212.9	1,248.5	-35.5
Operating expenses	1,173.4	1,238.2	-64.8
Operating income	39.5	10.2	29.2

(2) Comprehensive Energy Supply Business

- Operating revenues were 82.5 billion yen, a increase of 8.6 billion yen in comparison with the previous year due to reasons such as the increase in electricity sales income of consolidated subsidiary.
- Operating expenses were 80.2 billion yen, a increase of 8.0 billion yen in comparison with 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 2.3 billion yen, a increase of 0.5 billion yen in comparison with the previous year.

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

	FY2020 (A)	FY2019 (B)	Difference (A-B)
Operating revenues	82.5	73.9	8.6
Operating expenses	80.2	72.1	8.0
Operating income	2.3	1.8	0.5

(3) Information & Telecommunication Business

- Operating revenues were 42.9 billion yen, a increase of 1.1 billion yen in comparison with the previous year due to reasons such as the increase in telecommunications related business through the increase in communication lines.
- Operating expenses were 39.5 billion yen, unchanged from the previous year.
- As a result, operating income was 3.4 billion yen, a increase of 1.1 billion yen in comparison with the previous year.

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)
Operating revenues	42.9	41.8	1.1
Operating expenses	39.5	39.5	0.0
Operating income	3.4	2.3	1.1

(Rounded down to the hundred million yen)

II . Forecasts of Financial Results

Dividends for FY2021

- **As we cannot foresee an impact of Coronavirus Disease (COVID-19), the forecasts of financial results cannot be announced at this time.**
- **We shall provide prompt notification as soon as it is possible to announce our earnings forecast.**
- **We assume that the following is the main impact of COVID-19 on our group's business results.**
 - ✓ **Decrease in operating revenues because of a decrease in electricity sales due to stagnation of economic activity**
 - ✓ **Increase or decrease in operating revenues and material expenses due to fluctuations in fuel prices**
 - ✓ **Increase or decrease in expenses associated with delays in constructions and changes in suppliers due to the suspension of business activities of the business partners, etc.**

- Our basic approach is to pay stable dividends, and we have been implementing dividends of ¥50 per share in overall consideration of mid- and long-term viewpoint, not merely of the results for a single fiscal year.
- Regarding the payment of dividends, we are based on twice a year at interim and year-end.
- 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 FY2020 (annual dividends of ¥50 per share of FY2020).
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2021 cannot be announced at this time.

< Dividends > (yen per share)

	FY2021	FY2020
Interim	Undecided	25
Year-end	Undecided	25
Total	Undecided	50

(Reference) Key points

1. Income Statement and Balance Sheet

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Income Statement

(billion yen)

	FY2020		FY2019	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Summary of financial results	For the first time in 10 years	For the first time in 10 years	For the first time in 6 years	For the first time in 6 years
	Decrease in revenues (-29.6) Increase in income (+27.1)	Decrease in revenues (-36.7) Increase in income (+28.1)	Increase in revenues (+62.0) Decrease in income (-18.0)	Increase in revenues (+53.0) Decrease in income (-17.1)
Operating revenues	1,347.3 (No.2)	1,243.7 (No.2)	1,376.9 (No.1)	1,280.5 (No.1)
Operating income	48.1 (No.20)	40.4 (No.35)	19.5 (No.22)	11.2 (No.50)
Ordinary income	39.8 (No.17)	35.1 (No.31)	12.6 (No.22)	6.9 (No.47)
Net income attributable to owners of the parent / Net income	90.0 (No.1)	87.7 (No.1)	11.4 (No.19)	8.5 (No.38)

Balance Sheet

(billion yen)

	FY2020		FY2019	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total assets	3,265.3	3,092.8	3,261.6	3,085.1
Net assets	646.6	494.4	558.6	403.7
Shareholders' equity ratio	19.7%	16.0%	17.0 %	13.1 %
Interest-bearing debt	2,193.9	2,199.6	2,196.9	2,200.2

Note: "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

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		FY2020 (A)	FY2019 (B)	Difference (A-B)
Exchange rate	(¥ / \$)	109	111	-2
Crude oil prices (All Japan CIF)	(\$ / b)	* { 67.8	72.2	-4.4
Foreign coal prices (All Japan CIF)	(\$ / t)	{ 101.1	120.6	-19.5
Nuclear capacity factor	(%)	-	-	-

* Provisional figures

(Reference) Appendix

1. Summary of Cash Flows <Consolidated>

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(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)
Cash Flow form Operating Activities	129.6	81.6	48.0
Cash Flow from Investing Activities	-172.1	-168.7	-3.3
Free Cash Flow	-42.4	-87.1	44.6
Cash Flow from Financing Activities	-1.4	97.5	-98.9
Cash and Cash Equivalents (increase and decrease)	-44.0	10.3	

(Rounded down to the hundred million yen)

2. Operating expenses <Non-Consolidated> (1/2) 16

(1) Personnel

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Breakdown
Total	94.9	94.4	0.4	·Increase in Retirement allowances +2.2 ·Decrease in salary allowance -1.4
Retirement allowances	5.9	3.6	2.2	·Increase in actuarial difference depreciation +2.6

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
FY2020	-3.5	-	-	-3.5	5
Total		2.1	-0.5	-6.8	-

Note: Amortize for five years from next recorded year.

(Rounded down to the hundred million yen)

2. Operating expenses <Non-Consolidated> (2/2) 17

(2) Maintenance

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Breakdown
Total	92.4	80.6	11.8	
Power source	41.0	34.3	6.6	· Increase in nuclear power +6.2
Electric power transport	49.1	44.0	5.1	· Increase in distribution +5.1
Others	2.2	2.1	0.0	

(3) Depreciation

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)	Breakdown
Total	67.8	91.7	-23.9	· Decrease due to change depreciation method -21.8
Power source	25.8	36.3	-10.4	· Decrease in thermal power -5.4 · Decrease in nuclear power -3.5
Electric power transport	36.1	48.1	-12.0	· Decrease in transmission -4.7 · Decrease in distribution -4.7 · Decrease in transformation -2.4
Others	5.8	7.2	-1.4	

(Rounded down to the hundred million yen)

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

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(1) Procurement volume

	Unit	FY2020 (A)	FY2019 (B)	Difference (A-B)
Fuel oil *	million liters	300	440	-140
Crude oil	million liters	0	30	-30
Coal **	thousand tons	6,050	6,330	-280
LNG **	thousand tons	2,280	2,240	40

* Internal combustion power plant included

** Sales included

(2) Consumption volume

	Unit	FY2020 (A)	FY2019 (B)	Difference (A-B)
Fuel oil ***	million liters	280	500	-220
Crude oil	million liters	0	50	-50
Coal	thousand tons	5,700	5,770	-70
LNG	thousand tons	1,810	1,910	-100

*** Internal combustion power plant included

4. Capital Expenditure <Non-Consolidated>

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(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)
Total	168.3	169.8	-1.5
Power Source	97.7	106.0	-8.2
Electric Power Transport	53.4	47.8	5.6
Transmission	18.8	16.0	2.8
Transformation	15.9	14.4	1.4
Distribution	18.6	17.3	1.3
Nuclear Fuel	6.6	8.2	-1.5
Others	10.4	7.7	2.6

Note: 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 FY2020 (A)	End of FY2019 (B)	Difference (A-B)
Interest-bearing debt	2,199.6	2,200.2	-0.6
Corporate bond	921.5	990.4	-68.9
Long-term debt	1,179.0	1,113.9	65.0
Short-term debt	99.1	95.8	3.2

(2) Interest rate

	FY2020	FY2019
Average	0.57 %	0.62 %
End of period	0.59 %	0.60 %

(3) Interest expense

(billion yen)

	FY2020 (A)	FY2019 (B)	Difference (A-B)
Interest expense	12.2	12.3	-0.1

(Rounded down to the hundred million yen)

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