



Supporting document of
FY2021-1Q financial results

The Summary of Financial Results for FY2021-1Q

(April 1 through June 30, 2020)

The Chugoku Electric Power Co., Inc.

July 31, 2020

In this report, the term “Fiscal Year 2021” refers to
the period between April 1, 2020 and March 31, 2021.

Contents

I . FY2021 1st Quarter Financial Results

II . Forecasts of Financial Results for FY2021

Dividends

(Reference) Key Points

(Reference) Appendix

I . FY2021 1st Quarter Financial Results

1-1. Financial Results Summary <Consolidated>

1

- Operating revenues were 307.9 billion yen, a decrease of 20.1 billion yen in comparison with the same period in the previous year. This is mainly because of the decrease in electricity sales revenue due to the decrease in retail electricity sales for the reasons such as stagnation of production activities caused by Coronavirus Disease (COVID-19).
- Operating expenses were 291.9 billion yen, a decrease of 30.5 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 retail electricity sales and fuel prices.
- As a result, operating income was 16.0 billion yen, a increase of 10.3 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 14.3 billion yen, a increase of 10.2 billion yen in comparison with the same period in the previous year.
- Net income attributable to owners of the parent was 11.5 billion yen, a increase of 9.3 billion yen in comparison with the same period in the previous year. This is the result of drawing down the provision for drought and deducting income taxes.

1-2. Financial Results Summary <Consolidated>

2

	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	307.9	328.0	-20.1	-6.1 %
Operating income	16.0	5.6	10.3	185.5 %
Ordinary income	14.3	4.0	10.2	252.3 %
Net income attributable to owners of the parent	11.5	2.2	9.3	419.9 %

(Rounded down to the hundred million yen)

2. Income Statement <Consolidated>

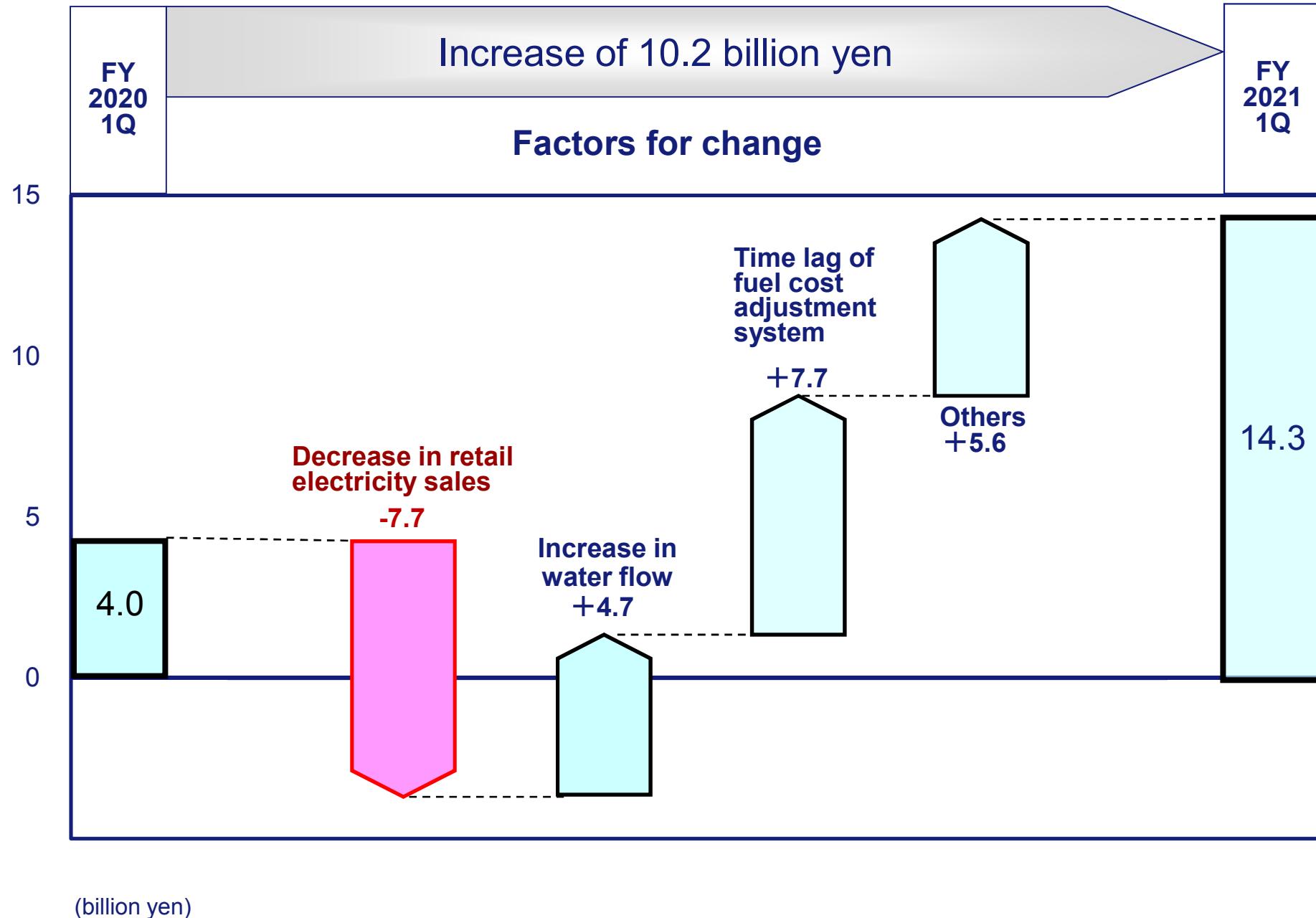
3

	(billion yen)		
	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)
Ordinary revenues	310.7	331.0	-20.2
Operating revenues	307.9	328.0	-20.1
Other revenues	2.8	2.9	-0.0
Ordinary expenses	296.4	326.9	-30.4
Operating expenses	291.9	322.4	-30.5
Other expenses	4.5	4.4	0.0
Operating income	16.0	5.6	10.3
Ordinary income	14.3	4.0	10.2
Provision for drought	0.0	-0.3	0.3
Provision for depreciation of nuclear power plant	-	0.3	-0.3
Income taxes, etc.	2.6	1.7	0.9
Net income attributable to owners of the parent	11.5	2.2	9.3

(Rounded down to the hundred million yen)

3. Factors for change in Ordinary income <Consolidated>

4



4. Segment Information (1/3)

5

(1) Comprehensive Energy Business

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

(billion yen)

	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)	Breakdown
Operating revenues	284.8	314.2	-29.4	<ul style="list-style-type: none"> Decrease in retail electricity sales -19.2 Fuel cost adjustment charges -11.2
Operating expenses	271.8	310.4	-38.5	<ul style="list-style-type: none"> Decrease in material expenses -22.8 <ul style="list-style-type: none"> Lower CIF price and higher yen rate -18.9 Decrease in retail electricity sales -11.5 Increase in water flow -4.7 Decrease in maintenance expenses -5.4
Operating income	13.0	3.8	9.1	

(Rounded down to the hundred million yen)

Note: We have changed the reporting segments from "Electric Power Business", "Comprehensive Energy Supply Business" and "Information & Telecommunication Business" to "Comprehensive Energy Business", "Power Transmission and Distribution Business" and "Information and Telecommunications Business". As a result, the figures for the first quarter of FY2020 have been reclassified to the new reporting segments.

4. Segment Information (2/3)

6

(2) Power Transmission and Distribution Business

- Operating revenues were 84.6 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 grants on the act of renewable energy, despite of the decrease in transmission revenue caused by a drop in electricity demand.
- Operating expenses were 81.4 billion yen, a increase of 3.4 billion yen in comparison with the same period in the previous year due to reasons such as the increase in purchase cost of renewable energy, despite our efforts for business efficiency enhancement.
- As a result, operating income was 3.1 billion yen, a increase of 1.3 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)
Operating revenues	84.6	79.7	4.8
Operating expenses	81.4	77.9	3.4
Operating income	3.1	1.8	1.3

(Rounded down to the hundred million yen)

Note: We have changed the reporting segments from "Electric Power Business", "Comprehensive Energy Supply Business" and "Information & Telecommunication Business" to "Comprehensive Energy Business", "Power Transmission and Distribution Business" and "Information and Telecommunications Business". As a result, the figures for the first quarter of FY2020 have been reclassified to the new reporting segments.

4. Segment Information (3/3)

7

(3) Information and Telecommunications Business

- Operating revenues were 9.6 billion yen, a increase of 0.1 billion yen in comparison with the same period in the previous year due to reasons such as the increase in revenue of information related business because of the increase in contracted projects.
- Operating expenses were 9.1 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 expenses.
- As a result, operating income was 0.4 billion yen, a decrease of 0.1 billion yen in comparison with the same period in the previous year.

(billion yen)

	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)
Operating revenues	9.6	9.4	0.1
Operating expenses	9.1	8.8	0.2
Operating income	0.4	0.5	-0.1

(Rounded down to the hundred million yen)

Note: We have changed the reporting segments from "Electric Power Business", "Comprehensive Energy Supply Business" and "Information & Telecommunication Business" to "Comprehensive Energy Business", "Power Transmission and Distribution Business" and "Information and Telecommunications Business". As a result, the figures for the first quarter of FY2020 have been reclassified to the new reporting segments.

5. Total Electricity Sales

- Total electricity sales were down by 10.2% in comparison with the previous year due to reasons such as the impact of COVID-19 and the intensified competition with the full liberalization of the retail sale of electricity.
- Retail electricity sales were 10.44 billion kWh, down by 10.3% in comparison with the previous year.
- Electricity sales to other power companies were 1.46 billion kWh, down by 9.0% in comparison with the previous year.

		(billion kWh)			
		FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total sales		11.90	13.24	-1.35	-10.2 %
Retail sales	Subtotal	10.44	11.64	-1.20	-10.3 %
	Lighting	3.71	3.74	-0.03	-0.7 %
	Power	6.73	7.90	-1.17	-14.8 %
Sales to other power companies		1.46	1.60	-0.14	-9.0 %

Note: We transferred the power transmission and distribution business to Chugoku Electric Power Transmission & Distribution Co.,Inc. through a corporate split on April 1, 2020. The figures for the first quarter of FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for the first quarter of FY2021.

6. Generated and Received Electricity

9

- Total of generated and received electricity was down by 8.8% in comparison with the same period in the previous year.
- Hydroelectric power of own facilities increased due to the increase in water flow.
- Thermal power of own facilities decreased due to reasons such as the decrease in retail electricity sales and increase in water flow.

(billion kWh)

		FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)	Rate of change (A/B-1)	FY2020-1Q (Before corporate split)
Total		11.21	12.29	-1.08	-8.8 %	12.36
Own facilities	Subtotal	6.36	7.04	-0.67	-9.5%	7.06
	(Water Flow Rate)	(107.8 %)	(60.9 %)	(46.9%)		(60.9%)
	Hydroelectric	1.03	0.67	-1.03	-16.1 %	0.67
	Thermal	5.33	6.36	-1.03	-16.1 %	6.39
	(Utilization Rate)	(-)	(-)	(-)		(-)
	Nuclear	-	-	-	-	-
Interchanged and purchased	New energy sources	0.00	0.00	-0.00	-5.8 %	0.00
	Subtotal	5.13	5.52	-0.39	-7.0 %	5.56
	Purchased	8.06	8.49	-0.43	-5.1 %	7.54
Transmitted		-2.93	-2.97	0.04	-1.5 %	-1.98
Pumping use		-0.28	-0.26	-0.02	6.8 %	-0.26

Note: The figures for the first quarter of FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for the first quarter of FY2021.

II . Forecasts of Financial Results Dividends for FY2021

1. Forecasts of Financial Results for FY2021

- We expect that operating revenues will decrease for the reasons such as the impact of COVID-19 and the decrease in total electricity sales due to the intensified competition.
- We expect that ordinary income will decrease in comparison with the previous year, for the reasons such as the decrease in operating revenues and the increase in expenses due to measures for aging facilities, despite our efforts for business efficiency enhancement.
- The impact of COVID-19 on retail electricity sales is based on the following assumptions.

Lighting	<ul style="list-style-type: none">• Electricity sales increased as a result of an increase of staying home due to the stay-at-home request in the first quarter, but electricity usage will return to its normal state with the lifting of the request after the second quarter.
Power	<ul style="list-style-type: none">• Commercial power decreased due to staying home and business suspension request in the first quarter, but it will recover gradually with the lifting of the request after the second quarter.• Industrial power will continue to be weak throughout the year due to the stagnation of production activities caused by COVID-19.

- The forecast is subject to change depending on the future status of COVID-19 and other factors.

2. Forecasts of Financial Results Summary

11

<Consolidated>

(billion yen)

	FY2021 (Forecasts) (A)	FY2020 (B)	Difference (A-B)
Operating revenues	1,264.0	1,347.3	-83.3
Operating income	31.0	48.1	-17.1
Ordinary income	25.0	39.8	-14.8
Net income attributable to owners of the parent	18.0	90.0	-72.0

Shareholder's equity ratio	Approximately 19.0%	19.7%	
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3. Forecasts of Financial Results Major Factors

	FY2020 (Forecasts) (A)	FY2019 (B)
Total electricity sales (billion kWh)	53.3	56.3
Exchange rate (¥ / \$)	109	109
Crude oil prices (All Japan CIF) (\$ / b)	38	67.8
Nuclear capacity factor (%)	-	-

Note: We transferred the power transmission and distribution business to Chugoku Electric Power Transmission & Distribution Co.,Inc. through a corporate split on April 1, 2020. The figures for the first quarter of FY2020 are based on the assumption that the company was split into two companies under certain assumptions to facilitate comparison with the figures for the first quarter of FY2021.

■ Financial impact (Sensitivity)

	FY2021 (Forecasts)	(billion yen) 【Reference】 FY2020
Exchange rate (¥1 / \$)	1.5	2.2
Crude oil prices (All Japan CIF) (\$1 / b)	1.6	1.9
Water flow rate (1%)	0.2	0.4
Nuclear capacity factor (1%)	0.4	0.6

- Our basic policy 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.
- In light of the revised forecasts of financial results, we are planning to pay out ¥25 as interim and the year-end dividends of FY2021 ,in accordance with our dividend policy above.

< Dividends >		
	(yen per share)	
	FY2021	FY2020
Interim	25 (forecast)	25
Year-end	25 (forecast)	25
Total	50 (forecast)	50

(Reference) Key points

1. Income Statement and Balance Sheet <Consolidated>

14

■ Income Statement

(billion yen)

	FY2021-1Q	FY2020-1Q
Summary of financial results	For the first time in 11 years Decrease in revenues (-20.1) Increase in income (+10.2)	For the first time in 5 years Increase in revenues (+11.4) Increase in income (+8.5)
Operating revenues	307.9 (No.3)	328.0 (No.1)
Operating income	16.0 (No.6)	5.6 (No.10)
Ordinary income	14.3 (No.4)	4.0 (No.10)
Net income attributable to owners of the parent / Net income	11.5 (No.2)	2.2 (No.9)

■ Balance Sheet

(billion yen)

	FY2021-1Q	FY2020
Total assets	3,351.7	3,265.3
Net assets	648.1	646.6
Shareholders' equity ratio	19.2 %	19.7%
Interest-bearing debt	2,326.4	2,193.9

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

15

	FY2021-1Q	FY2020-1Q
Exchange rate (¥ / \$)	108	110
Crude oil prices (All Japan CIF) (\$ / b)	* { 32.2	71.5
Foreign coal prices (All Japan CIF) (\$ / t)	82.5	114.2
Nuclear capacity factor (%)	-	-

* Provisional figures

(Reference) Appendix

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

16

(1) Procurement volume

	Unit	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)
Fuel oil	million litters	20	60	-40
Crude oil	million litters	0	0	0
Coal *	thousand tons	1,380	1,400	-20
LNG *	thousand tons	490	520	-30

* Sales included

(2) Consumption volume

	Unit	FY2021-1Q (A)	FY2020-1Q (B)	Difference (A-B)
Fuel oil	million litters	40	30	10
Crude oil	million litters	0	0	0
Coal	thousand tons	890	1,270	-380
LNG	thousand tons	370	400	-30

2. Interest-bearing debt and Interest rate

17

(1) Breakdown of Interest-bearing debt <Consolidated> (billion yen)

	End of FY2021-1Q (A)	End of FY2020 (B)	Difference (A-B)
Interest-bearing debt	2,326.4	2,193.9	132.4
Corporate bond	951.5	921.5	29.9
Long-term debt	1,188.1	1,187.8	0.2
Short-term debt	81.2	69.8	11.3
Commercial paper	90.0	-	90.0
Lease Obligations	15.5	14.7	0.8

(2) Interest rate <Non-Consolidated>

	FY2021-1Q	FY2020
Average	0.57 %	0.57 %

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