



**Investors Meeting for
FY2015-2Q Financial Results**

FY2015-2Q Financial Results

November 10, 2014

The Chugoku Electric Power Co., Inc.

In this report, the term “Fiscal Year 2015” describes the period which ended March 31, 2015.

Contents

- I . FY2015 2nd Quarter Financial Results**
- II . Performance Outlook for FY2015
Dividends**
- III . Appendix**

I . FY2015 2nd Quarter Financial Results

1. Financial Results Summary

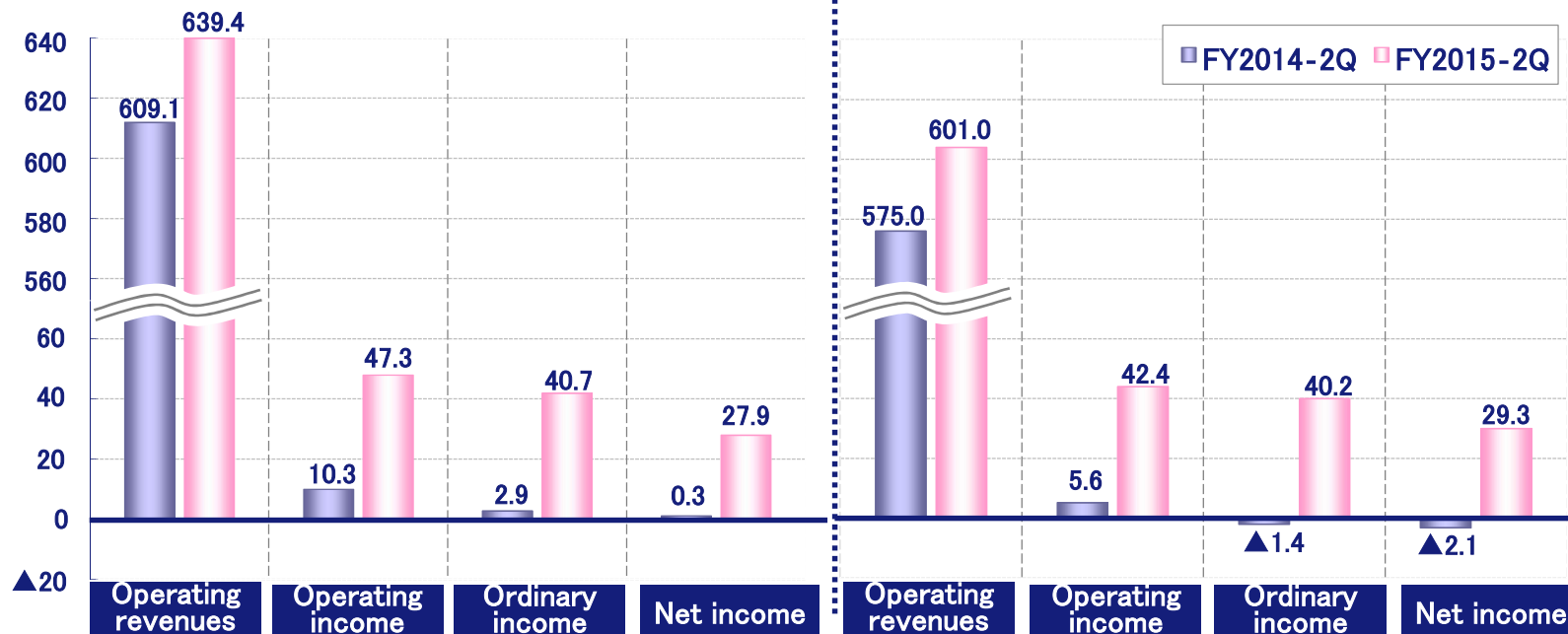
1

- Increased the operating revenues to:
639.4 billion yen (consolidated) , 601.0 billion yen (non-consolidated)
- Increased the operating income to:
40.7 billion yen (consolidated) , 40.2 billion yen (non-consolidated)

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

	Consolidated				Non-consolidated			
	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Rate of change (A/B-1)	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	639.4	609.1	30.3	5.0%	601.0	575.0	25.9	4.5%
Operating income	47.3	10.3	36.9	356.2%	42.4	5.6	36.7	654.2%
Ordinary income	40.7	2.9	37.7	-	40.2	▲1.4	41.7	-
Net income	27.9	0.3	27.5	-	29.3	▲2.1	31.5	-

(billion yen)



2. Electricity Sales

2

- Electricity sales were 28.19 billion kWh, down by 2.8% in comparison with the same period in the previous year.
- Lighting use decreased in comparison with the same period in the previous year due to the decrease in air-conditioning demand caused by lower summer temperature, and others.
- Large-scale electricity increased in comparison with the same period in the previous year due to reasons such as the increase in “chemical ” and “machine ” demand.

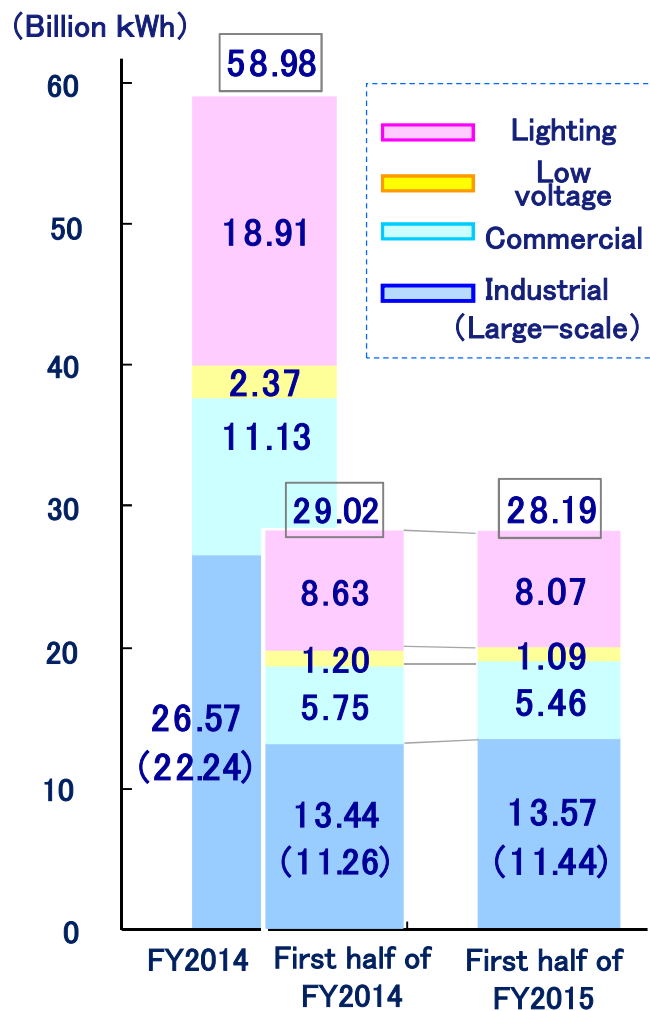
(billion kWh)				
	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Total	28.19	29.02	▲0.83	▲2.8%
Other than eligible customers	9.16	9.83	▲0.67	▲6.8%
Lighting	8.07	8.63	▲0.56	▲6.5%
Low voltage	1.09	1.20	▲0.11	▲9.3%
Eligible customers ※	19.03	19.19	▲0.16	▲0.8%
Commercial	5.46	5.75	▲0.29	▲5.1%
Industrial	13.57	13.44	0.13	1.0%
Large-scale	11.44	11.26	0.18	1.6%

(※) Eligible customers: Demand for special high-tension or high-tension power reception with contracted power that is, in general, 50 kW or more.

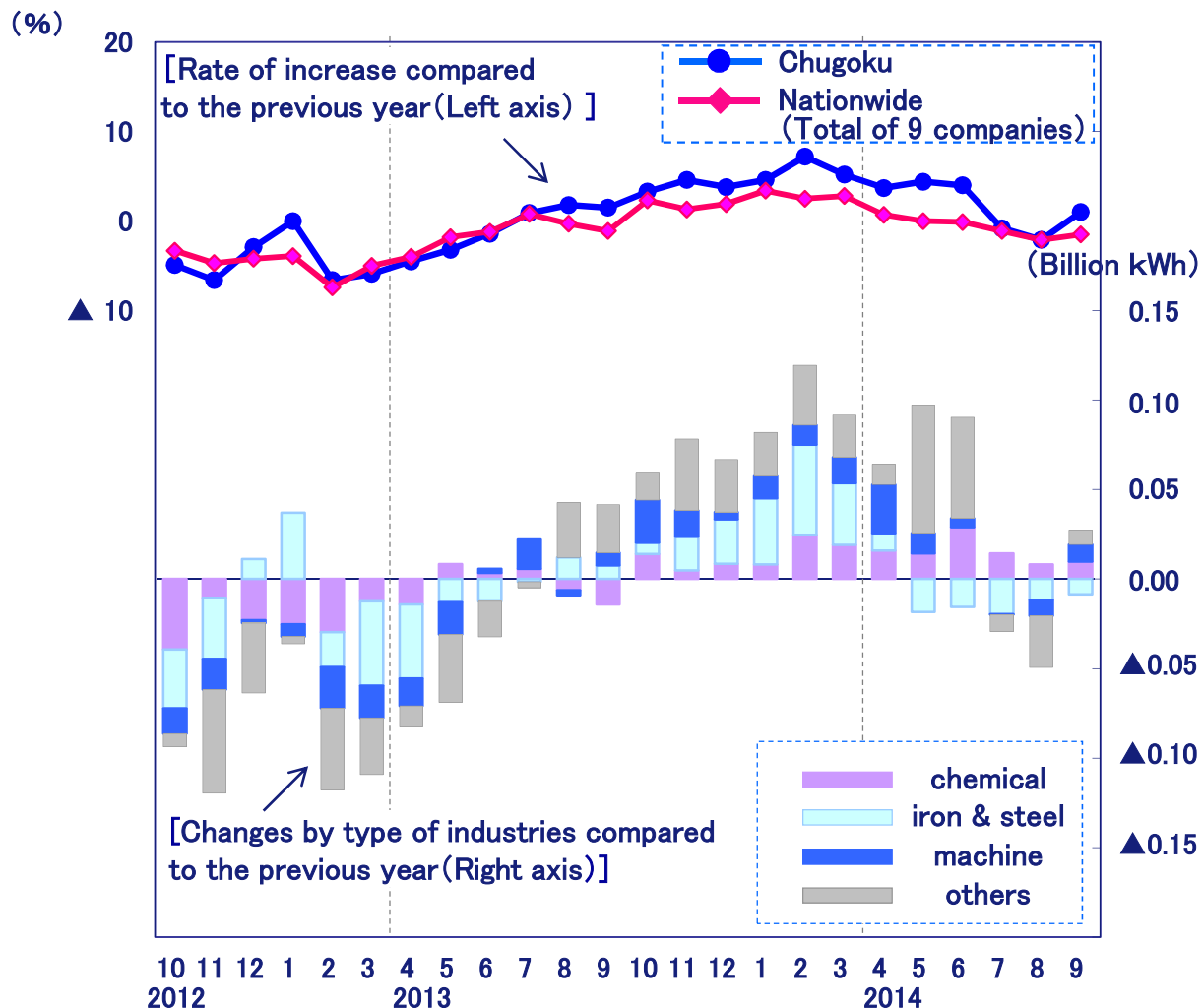
<Reference> Average monthly temperature (Hiroshima city) (°C)

	2014						
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Spt.
FY2015	10.0	14.3	19.6	23.2	26.9	26.9	23.9
Difference from previous year	▲0.7	0.8	▲0.1	▲0.8	▲1.4	▲2.6	▲0.7
Difference from average year	0.9	▲0.4	0.3	0.2	▲0.2	▲1.3	▲0.5

Electricity Sales



Trend of the large scale industrial sales(nearest 24months)



3. Supply Capacity

4

- Thermal power of own facilities decreased due to the decrease in electricity sales, despite the increase in electricity transmitted to other companies.
- Purchased power decreased due to the decrease in received electricity from J-Power (Electric Power Development Co.,Ltd.).

(billion kWh)

		FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Rate of change (A/B-1)
Supply Capacity		30.48	31.46	▲0.98	▲3.1%
Own facilities	(Water Flow Rate)	(94.5%)	(94.4%)	(0.1%)	
	Hydroelectric	1.79	1.89	▲0.1	▲5.2%
	Thermal	18.79	19.07	▲0.28	▲1.5%
	(Capacity Factor)	(—)	(—)	(—)	
	Nuclear	—	—	—	—
	New energy sources ※1	0.00	0.00	▲0.00	▲8.9%
Purchased power		10.56	11.09	▲0.53	▲4.8%
Interchanged power ※2		▲0.31	▲0.12	▲0.19	160.3%
Pumping use		▲0.35	▲0.47	0.12	▲26.2%

※1: As there are actual values less than 10 million, the rate of change is ▲8.9%.

※2: Positive number indicates electricity received from other companies, negative number indicates electricity transmitted to other companies.

4. Income Statement < Non-Consolidated >

5

(1) Revenues

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Ordinary revenues	613.0	583.3	29.7	
Operating revenues	601.0	575.0	25.9	
Electricity sales	511.4	507.3	4.1	<ul style="list-style-type: none"> • Increase in revenue units +21.3 Revenue from fuel cost adjustment system +12.2 Renewable energy power promotion surcharge +7.9 • Decrease in electricity sales ▲17.2
Lighting	185.2	193.5	▲8.3	
Commercial & industrial	326.2	313.8	12.4	
Sales to other companies, etc.	89.5	67.6	21.8	<ul style="list-style-type: none"> • Increase in grants on the act of renewable energy +13.9 • Increase in sales to other companies +7.7
Other revenues	12.0	8.3	3.7	

(Rounded down to the hundred million yen)

(2) Expenses

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Ordinary expenses	572.8	584.8	▲12.0	
Operating expenses	558.6	569.4	▲10.8	
Personnel	48.3	55.0	▲6.6	▪ Decrease in retirement allowances ▲4.6
Material	302.8	307.3	▲4.4	▪ Decrease in electricity sales ▲14.8
Fuel	174.7	190.6	▲15.9	▪ Effects by capacity factor of LNG & coal power plants ▲9.5
Purchased power	128.1	116.7	11.4	▪ Effects by CIF price ▲5.1 ▪ Lower yen rate +8.6 ▪ Increase in purchase of renewable energy, and other factors +16.4
Maintenance	38.8	43.9	▲5.1	▪ Decrease in thermal power ▲2.9 ▪ Decrease in distribution ▲2.2
Depreciation	47.7	47.7	▲0.0	
Nuclear power back-end	2.9	2.8	0.0	
Others	117.8	112.3	5.5	▪ Increase in payments of the levy on the act of renewable energy +7.9
Interests	11.7	12.2	▲0.4	
Other expenses	2.3	3.2	▲0.8	

(Rounded down to the hundred million yen)

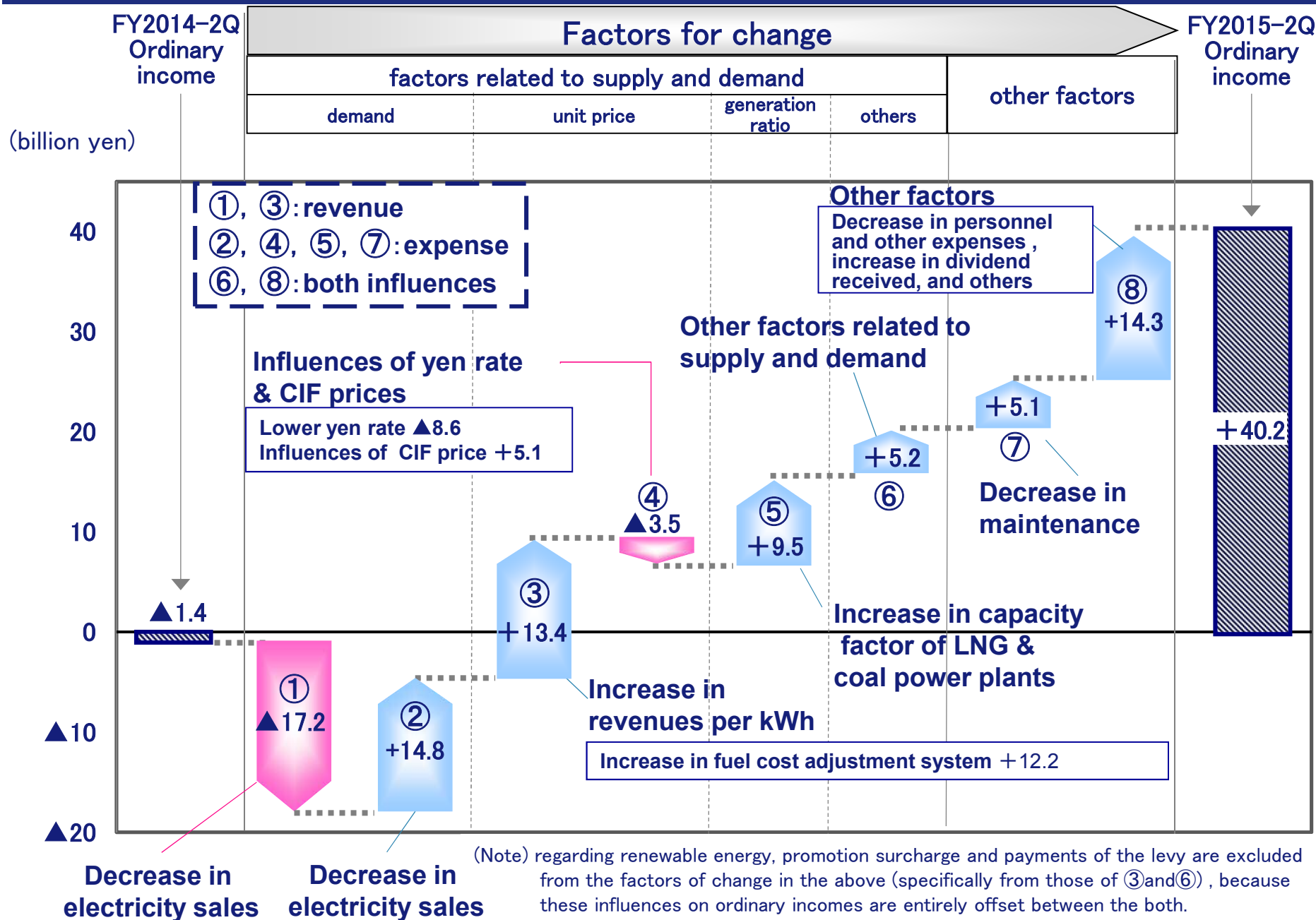
(3) Income, etc

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Operating income	42.4	5.6	36.7	
Ordinary income	40.2	▲1.4	41.7	
Provision for drought	▲0.3	–	▲0.3	
Provision for depreciation of nuclear power plant	0.5	1.8	▲1.3	
Income taxes, etc.	10.7	▲1.2	11.9	•Increase in net income before taxes
Net income	29.3	▲2.1	31.5	

(Rounded down to the hundred million yen)

5. Factors for change in Ordinary income < Non-Consolidated >



6. Major Factors

9

■ Major Factors

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)
Exchange rate (¥ / \$)	103	99	4
Crude oil prices (All Japan CIF) (\$ / b)	109.5	107.7	1.8
Foreign coal prices (All Japan CIF) (\$ / t)	96.9	110.6	▲13.7

(※) Crude oil prices and foreign coal prices in FY2015-2Q are assumption value of our company.

■ Financial impact (Sensitivity)

(billion yen)

	FY2015
Exchange rate (¥1 / \$)	4.3
Crude oil prices (All Japan CIF) (\$1 / b)	3.4
Water flow rate (1%)	0.7
Nuclear capacity factor (1%)	1.9

(※) For the full year (ending March 31, 2015)

7. Balance Sheet < Consolidated >

10

(billion yen)

	End of FY2015-2Q (A)	End of FY2014 (B)	Difference (A-B)	Breakdown
Assets	2,960.5	2,948.0	12.5	See Appendix : P20,21 Balance Sheet <Non-consolidated>
Electric utility fixed assets	1,348.3	1,365.8	▲17.4	
Construction in progress	604.8	586.4	18.4	
Liabilities	2,343.9	2,341.5	2.3	
Interest-bearing debt	1,885.8	1,857.9	27.8	
Provision for depreciation of nuclear power plant	71.6	71.1	0.5	
Total net assets	616.6	606.4	10.1	
Shareholders' equity	611.8	601.6	10.1	

(Rounded down to the hundred million yen)

8.Application of Free Cash Flow <Consolidated>

11

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Cash Flow form Operating Activities	49.6	22.6	27.0	·Increase in net income before taxes
Cash Flow from Investing Activities	▲64.7	▲63.6	▲1.0	
Free Cash Flow	▲15.0	▲41.0	25.9	
Cash Flow from Financing Activities	18.0	29.5	▲11.4	·Decrease in borrowing by corporate bonds and loans
Cash and Cash Equivalents (increase and decrease)	3.0	▲11.4		

(Rounded down to the hundred million yen)

9. Segment Information

12

(1) Comprehensive Energy Supply Business ※ (billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Operating revenues	28.2	27.5	0.7	・Increase in LNG sales business
Operating income	1.4	1.1	0.3	

(Rounded down to the hundred million yen)

(※) Comprehensive Energy Supply Business is run by The Chugoku Electric Power Company, Energia Solution and Service Company, and Power Engineering and Training Service excluding transactions among them .

(2) Information & Telecommunication Business (billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Operating revenues	19.0	18.5	0.4	・Increase in corporate business
Electric telecommunication business	15.8	15.1	0.7	
Operating income	3.1	3.2	▲0.0	
Electric telecommunication business	3.1	3.3	▲0.1	

(Rounded down to the hundred million yen)

Ⅱ . Performance Outlook for FY2015 Dividends

《Operating revenues》

- We expect that both consolidated and non-consolidated operating revenues increase in comparison with the last fiscal year, for the reason such as the fuel cost adjustment system and influence of the feed-in tariff scheme for renewable energy, despite the decrease in electricity sales volume.

《Operating income, Ordinary income, Net income》

- We expect that both consolidated and non-consolidated earnings growth in comparison with the previous year, despite the increase in material costs caused by the lower yen rate and others.
- Our forecasts come from the effort that we have been managing to maximize the use of LNG and coal, which have the higher economic efficiency, by rescheduling maintenance timing or shortening stoppage period of thermal power plants. Moreover, we've been rigorously carrying out the business efficiency plan and implementing rounds of measures to acquire further efficiency enhancement.

2. Summary of Performance Outlook

14

(1) Consolidated

	FY2015 (Forecasts) As of Oct.31 (A)	FY2014 (B)	Difference (A-B)
Operating revenues	1,298.0	1,256.0	41.9
Operating income	36.0	8.9	27.0
Ordinary income	22.0	▲3.6	25.6
Net income	12.0	▲9.3	21.3

(billion yen)

【Reference】 FY2015 (Forecasts) As of Jul.31
1,309.0
—
—
—

(2) Non-consolidated

	FY2015 (Forecasts) As of Oct.31 (A)	FY2014 (B)	Difference (A-B)
Operating revenues	1,221.0	1,181.1	39.8
Operating income	30.0	▲3.1	33.1
Ordinary income	18.0	▲18.2	36.2
Net income	12.0	▲18.8	30.8

(billion yen)

【Reference】 FY2015 (Forecasts) As of Jul.31
1,233.0
—
—
—

■ Major Factors

	FY2015 (Forecasts) As of Oct.31 (A)	FY2014 (B)	Difference (A-B)
Electricity sales (billion kWh)	Approx. 58.10	58.98	Approx. ▲0.88
Exchange rate (¥/\$)	Approx. 106	100	Approx. 6
Crude oil prices (All Japan CIF) (\$/b)	Approx. 106	110.0	Approx. ▲4.0
Nuclear capacity factor (%)	—	—	—

【Reference】 FY2015 (Forecasts) As of Jul.31
Approx. 58.60
Approx. 104
Approx. 110
Undecided

■ Financial impact (Sensitivity)

(billion yen)

	FY2015 (Forecasts) As of Oct.31 (A)	FY2014 (B)	Difference (A-B)
Exchange rate (¥1/\$)	4.3	4.7	▲0.4
Crude oil prices (All Japan CIF) (\$1/b)	3.4	3.4	-
Water flow rate (1%)	0.7	0.7	-
Nuclear capacity factor (1%)	1.9	1.8	0.1

- We have decided to distribute ¥25 per share as the interim dividends of FY2015, although we have announced it as undecided heretofore.
- Regarding the forecasts of the year-end dividends of FY2015, we cannot yet inform you at this time.

< Dividends > (yen per share)

	FY2015	FY2014
Interim dividends	25	25
Year-end dividends	Undecided	25
Total	Undecided	50

Ⅲ. Appendix

1. Operating revenues < Non-Consolidated >

17

(1) Personnel

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Total	48.3	55.0	▲6.6	
Retirement allowances	0.1	4.7	▲4.6	•Decrease in actuarial difference depreciation ▲3.7

(Rounded down to the hundred million yen)

Actuarial Difference

(billion yen)

	Recorded amount	FY2014 amount of amortization	FY2015 Estimate		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2009	▲25.4	▲5.0	-	-	-
FY2010	22.1	4.4	4.4	-	-
FY2011	0.1	0.0	0.0	0.0	1
FY2012	▲0.1	▲0.0	▲0.0	▲0.0	2
FY2013	4.7	0.9	0.9	2.8	3
FY2014	12.2	-	2.4	9.8	4
Total	13.8	0.3	7.8	12.6	-

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

(2) Maintenance

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Total	38.8	43.9	▲5.1	
Power source	18.4	21.1	▲2.7	・Decrease in thermal power ▲2.9
Electric power transport	19.4	21.8	▲2.3	・Decrease in distribution ▲2.2
Others	0.9	0.9	▲0.0	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)	Breakdown
Total	47.7	47.7	▲0.0	
Power source	18.1	17.1	1.0	・Increase in nuclear power +0.9
Electric power transport	25.3	26.1	▲0.8	・Decrease in transmission ▲0.4
Others	4.1	4.4	▲0.2	

(Rounded down to the hundred million yen)

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

19

(1) Procurement volume

	Unit	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)
Fuel oil ※1	million liters	460	620	▲160
Crude oil	million liters	110	520	▲410
Coal ※2	thousand tons	3,230	2,920	310
LNG ※2	thousand tons	1,380	1,130	250

※1 : Internal combustion power plant included

※2 : Sales included

(2) Consumption volume

	Unit	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)
Fuel oil ※3	million liters	430	620	▲190
Crude oil	million liters	140	520	▲380
Coal	thousand tons	2,940	2,600	340
LNG	thousand tons	1,160	980	180

※3 : Internal combustion power plant included

3. Balance Sheet < Non-Consolidated >

20

(1) Assets

(billion yen)

	End of FY2015-2Q (A)	End of FY2014 (B)	Difference (A-B)	Breakdown	
Total	2,751.3	2,739.2	12.0		
Fixed assets	2,461.9	2,459.9	2.0		
Electric utility fixed assets	1,385.3	1,403.3	▲17.9	<ul style="list-style-type: none"> ▪ Asset capitalization +32.2 ▪ Depreciation ▲47.7 (Accumulated depreciation rate 77.0%) ▪ Retirement, etc. ▲2.5 	
Incidental business fixed assets	0.3	0.3	▲0.0		
Non-business fixed assets	3.9	4.4	▲0.4		
Construction in progress	610.1	592.6	17.5		▪ Shimane Nuclear Power Station
Nuclear fuel	186.6	182.8	3.7		
Others	275.4	276.3	▲0.8		
Current assets	289.3	279.2	10.0	▪ Increase in accounts receivable	

(Rounded down to the hundred million yen)

(2) Liabilities and Net Assets

(billion yen)

	End of FY2015-2Q (A)	End of FY2014 (B)	Difference (A-B)	Breakdown			
Total	2,751.3	2,739.2	12.0	<Breakdown of interest-bearing debt>			
Liabilities	2,298.0	2,300.6	▲2.5		End of FY2015-2Q (A)	End of FY2014 (B)	Difference (A - B)
Long-term liabilities	1,792.0	1,757.2	34.8	Corporate bond	879.9	924.9	▲44.9
Current liabilities	434.3	471.8	▲37.4	Long-term debt	921.5	838.8	82.6
Provision for drought	-	0.3	▲0.3	Short-term debt	73.0	77.0	▲4.0
Provision for depreciation of nuclear power plant	71.6	71.1	0.5	CP	-	8.0	▲8.0
Net Assets	453.2	438.6	14.6	Total	1,874.5	1,848.9	25.6
Common stock	185.5	185.5	-	<ul style="list-style-type: none"> • Net income 29.3 • Dividends ▲9.0 			
Capital surplus	16.7	16.7	▲0.0				
Retained earnings	252.2	240.0	12.1				
Treasury stock	▲14.5	▲14.4	▲0.0				
Net unrealized holding gains on securities, etc.	13.2	10.7	2.4				

(Rounded down to the hundred million yen)

4. Capital Expenditure < Non-Consolidated >

22

(billion yen)

	FY2015-2Q (A)	FY2014-2Q (B)	Difference (A-B)
Total	55.8	51.9	3.8
Power Source	33.1	32.1	0.9
Electric Power Transport	15.7	16.4	▲ 0.6
Transmission	5.5	5.1	0.3
Transformation	3.3	4.8	▲ 1.4
Distribution	6.8	6.3	0.4
Nuclear Fuel	5.3	1.0	4.3
Others	1.5	2.3	▲ 0.7

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

(1) Financial Index

(billion yen)

		End of FY2015-2Q (A)	End of FY2014 (B)	Difference (A-B)
Consolidated	Interest-bearing debt	1,885.8	1,857.9	27.8
	Exclude lease obligations	1,877.1	1,848.7	28.3
	Shareholders' equity ratio	20.7%	20.4%	0.3%
Non-consolidated	Interest-bearing debt	1,874.5	1,848.9	25.6
	Exclude lease obligations	1,874.5	1,848.9	25.6
	Shareholders' equity ratio	16.5%	16.0%	0.5%

(Rounded down to the hundred million yen)

(2) Interest Rate (Non-Consolidated)

	FY2015-2Q	FY2014
Average	1.36%	1.41%
End of period	1.34%	1.39%

6. Information & Telecommunication Business

24

■ Performance Outlook of Information & Telecommunication Business

(billion yen)

	FY2015 (Forecasts) As of Oct.31 (A)	FY2014 (B)	Difference (A-B)	【Reference】 FY2015 (Forecasts) As of Jul.31
Operating revenues	38.9	38.8	0.0	39.1
Electric telecommunication business	31.8	31.1	0.7	32.0
Operating income	5.4	6.9	▲ 1.5	5.7
Electric telecommunication business	5.0	6.7	▲ 1.7	5.2

7. Diffusion Rate of Completely Electrical Housing and Electric Water Heater

25

	Unit	FY2012	FY2013	FY2014	FY2015-2Q
Completely electrical housing introduced		46	44	43	19
Newly-constructed	Number of housing (Thousand)	21	21	21	10
Remodeled ※1		26	23	22	9
The ratio of newly constructed electrical Housing	%	51.6	49.1	45.5	{ 49.1 ※2 78.9 14.3
Single homes	%	80.4	78.1	72.9	
Housing complexes	%	18.5	18.5	13.7	
Household diffusion rate of completely electric homes	%	16.4	17.6	18.5	19.2
Electric water heater sales	thousand	60	56	56	26
“Ecocute”		45	44	46	21
The diffusion rate of electric water heater	%	25.7	26.8	27.4	27.9
Electric Water Heater Contract Accounts (accumulated total)	Number of accounts (Thousand)	825	861	897	916

(※1) "Remodeled" includes homes which were converted to all-electric by the replacement only of hot-water supply equipment and kitchen equipment.

(※2) Figures are as of the end of August, 2014.

(※3) Total amounts may not agree due to rounding off.

- **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