



Investors Meeting for  
FY2020-2Q Financial Results

# The Summary of Financial Results for FY2020-2Q

(April 1 through September 30, 2019)

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The Chugoku Electric Power Co., Inc.

November 7, 2019

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 2nd Quarter Financial Results**

# 1-1. Financial Results Summary <Consolidated>

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- 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

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## (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)
<b>Total</b>	<b>24.64</b>	<b>26.37</b>	<b>-1.73</b>	<b>-6.5 %</b>
<b>Lighting</b>	<b>7.66</b>	<b>8.08</b>	<b>-0.42</b>	<b>-5.2 %</b>
<b>Power</b>	<b>16.99</b>	<b>18.29</b>	<b>-1.31</b>	<b>-7.1 %</b>

[Reference]

(billion kWh)

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

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

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(billion yen)

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

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

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.

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(billion yen)

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

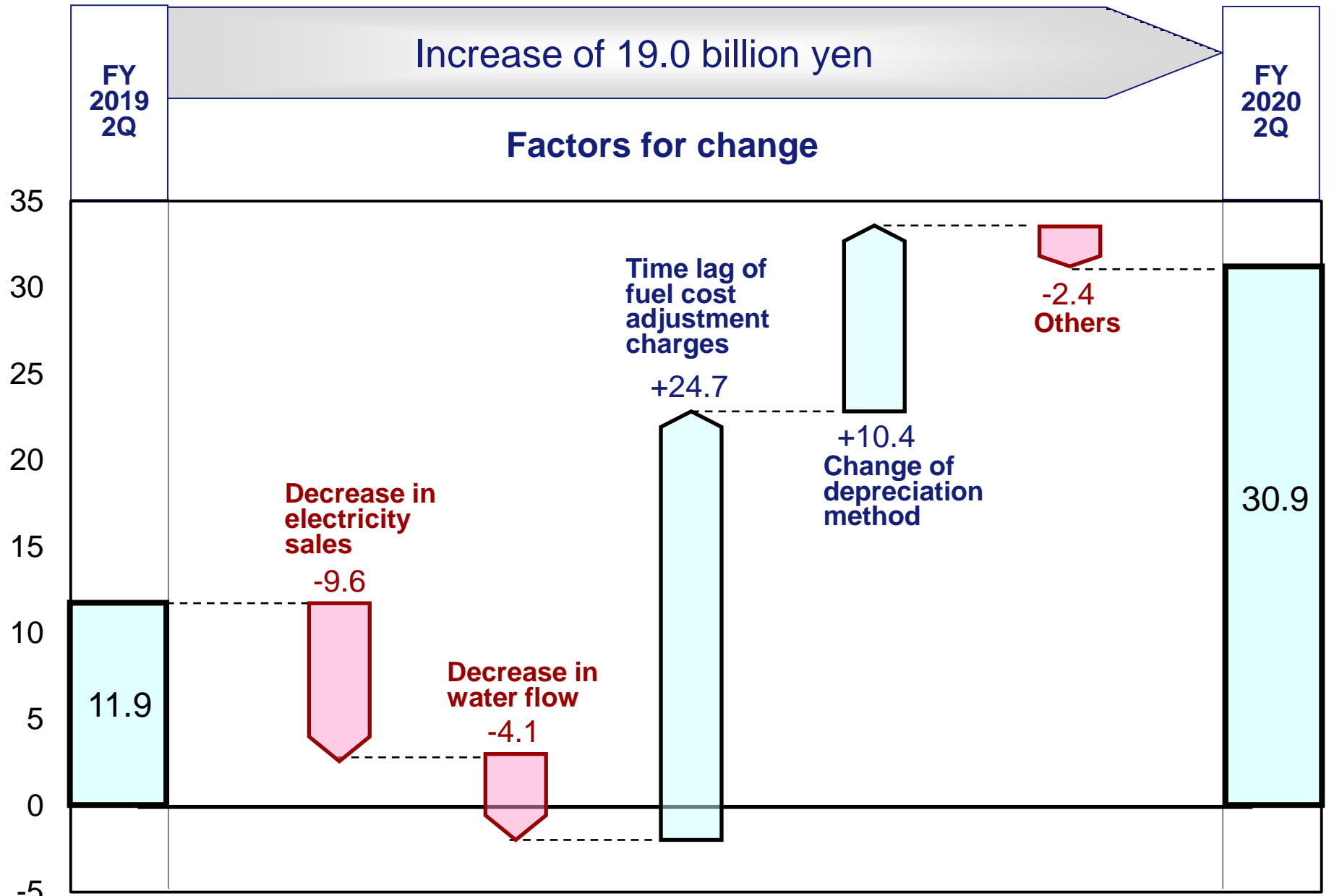
Note: Figures in parentheses ( ) are Non-Consolidated.

(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

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### (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

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## 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
<b>Total</b>	<b>47.7</b>	<b>47.6</b>	<b>0.0</b>	
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
<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)

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

### (2) Maintenance

(billion yen)

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

(Rounded down to the hundred million yen)

### (3) Depreciation

(billion yen)

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

(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)
<b>Total</b>	<b>66.9</b>	<b>65.9</b>	<b>1.0</b>
<b>Power Source</b>	<b>42.2</b>	<b>43.9</b>	<b>-1.6</b>
<b>Electric Power Transport</b>	<b>21.7</b>	<b>19.2</b>	<b>2.4</b>
<b>Transmission</b>	<b>6.5</b>	<b>6.2</b>	<b>0.3</b>
<b>Transformation</b>	<b>7.3</b>	<b>6.0</b>	<b>1.3</b>
<b>Distribution</b>	<b>7.7</b>	<b>6.9</b>	<b>0.8</b>
<b>Nuclear Fuel</b>	<b>0.5</b>	<b>0.9</b>	<b>-0.3</b>
<b>Others</b>	<b>2.4</b>	<b>1.8</b>	<b>0.6</b>

Note: Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

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

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## <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)

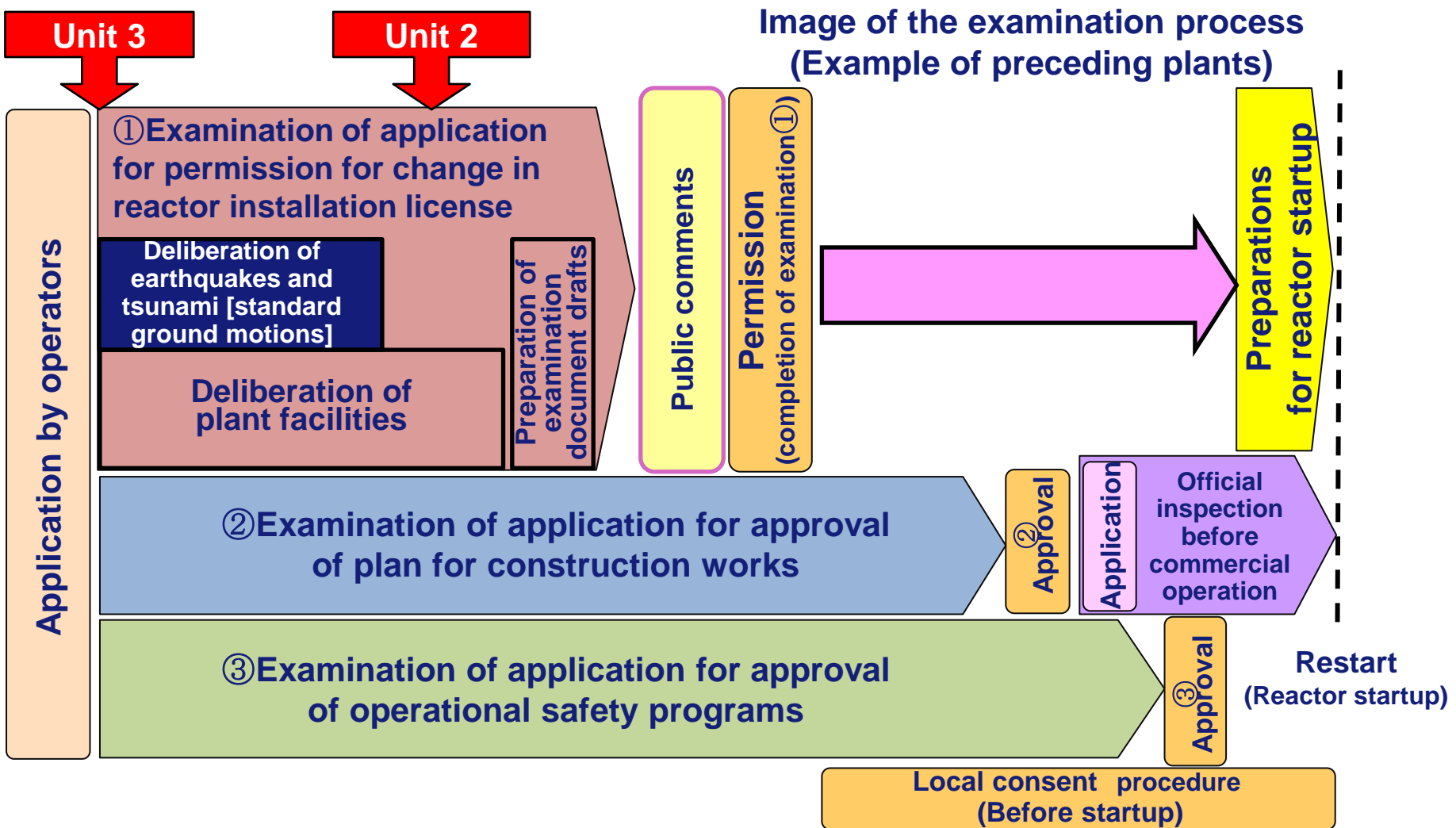
	FY2020-2Q (A)	FY2019-2Q (B)	Difference (A-B)
Interest expense	5.9	6.2	-0.3

(Rounded down to the hundred million yen)

## III. Recent Topics

# 1-1. State of Shimane Nuclear Power Station [ Compatibility confirmation review process ]

- Regarding Unit 2, in December 2013, we applied for examination to verify its compliance with the new requirements. The examinations began in January 2014. As of the end of October this year, a total of 126 examinations have been conducted.
- Regarding Unit 3, in August 2018, we applied for the examination.



# 1-2. State of Progress of Compliance Examinations

## [ Shimane Unit 2: Earthquake and Tsunami ]

■ The standard ground motions and the standard tsunami were evaluated as adequate.

	Main examination items	Examination status	Outline of examination	◆ Examination status ★ Chugoku Electric's assessment
Earthquake	Earthquake ground motion determined without identifying the hypocenter	Completed	Matters relating to standard ground motions regarded as needing to be considered for the power station	◆ Explained that Rumoi and Western Tottori Prefecture Earthquakes will be taken into account
	Earthquake ground motion determined with identifying the hypocenter	Completed		◆ Explained that, based on the results of surveys up until now we revise the eastern end of Shinji Fault from Shimoubeohigashi to the east shore of Mihonosekicho, and the evaluated length from approx. 25km to approx. 39km. ◆ Explained that the Shinji Fault and Tottori Offshore Western Fault are not linked. ◆ Explained the ground motion assessment for the Shinji Fault and the seaward fault.
	Subsurface structures of the site and surroundings	Completed		◆ Explained adequacy of subsurface structure models
	Standard ground motions	Completed		★ Set Ss-D (820 gal), etc. ◆ Explained the year excess probability of the standard ground motions.
	Seismic design policy	Being implemented		◆ Explained that we decide not to change the seismic design classifications
	Geology and geological structure of the site	Completed		◆ Explained that there are no fracture zones, active faults or the like
	Stability of ground and inclines	Being implemented		★ Assess that they are safe
Tsunami	Standard tsunami	Completed	◆ Reassess as 11.6 m (original application: 9.5 m)	
	Anti-tsunami design policy	Being implemented	★ Assess that safety can be maintained (15 m breakwater and watertight doors installed)	

Note: The shaded areas in "Examination status" are the changes from the previous meeting(2019/5/9).

# 1-3. State of Progress of Compliance Examinations

## [ Shimane Unit 2: Plant-related ]

- The examination regarding plants was resumed from February 2019. Since May 2019, examinations have been held about three times a month.

	Main examination items	Examination status	Outline of examination	◆ Examination status ★ Chugoku Electric's assessment	
Countermeasures for severe accidents	Probabilistic risk assessment (PRA)	Being implemented	Quantitative assessment of the probability of the reactor core being damaged and leading to a severe accident, and assessment of efficacy of countermeasures for a severe accident, etc.	◆ Explained the probabilities of damage to the reactor core and rupture of the containment vessel due to internal/external events ◆ Explained the accident scenarios selected on the basis of the PRA results ◆ Explained that the severe accident countermeasures are effective for the accident scenarios selected.	
	Selection of accident sequences	Being implemented		Matters relating to assessment, etc., of radiation exposure in the event of an accident	◆ Explained the adequacy of the analytical programs used in the PRA and efficacy assessment ◆ Assess as 44 mSv in 7 days ◆ Explained about power supply equipment, radiation exposure assessment, operation methods, etc.
	Efficacy assessment	Being implemented			
	Analytical codes	Being implemented			
	Reactor control room	Being implemented	Matters relating to the equipment's design, specifications, performance and operation methods	◆ Explained the adequacy of the design policy, specifications, performance and operation methods.	
	Contingency measure center	Being implemented			
	Filtered vent equipment	Being implemented			
Countermeasures for design basis accidents	Interior inundation	Being implemented	Assessment and countermeasures, etc., regarding newly-added natural disasters	◆ Explained the impact assessment and countermeasures for interior inundation	
	Fire	Completed		◆ Explained about the impact assessment of exterior and interior fires.	
	Tornados (impact assessment and countermeasures)	Completed		◆ Explained that we are assessing for maximum wind speed 92 m/s (original application: 69 m/s)	
	Volcanoes (impact assessment and countermeasures)	Being implemented		◆ Explained that we have reassessed for Mt. Sanbesan and Mt. Daisen. [approx. 35 cm of volcanic ash (original application: approx. 2cm) ]	

Note: The shaded areas in "Examination status" are the changes from the previous meeting(2019/5/9).

# 1-4. State of Shimane Nuclear Power Station [ Shimane Unit 2: Plant-related ]

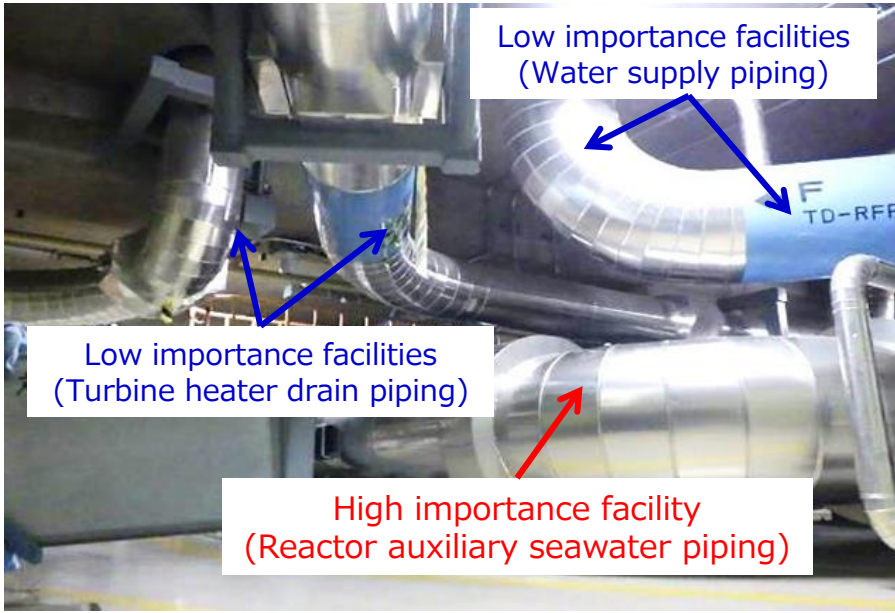
	Main examination items	Examination status	Outline of examination	◆ Examination status ★ Chugoku Electric's assessment
Countermeasures for design basis accidents	Single failure of passive system	Completed	Assessment and countermeasures, etc., regarding newly-added natural disasters	◆ Explained that passive systems have been identified and will be able to maintain their safety functions
	Protective power supply equipment	Completed		◆ Explained the reliability of external power supplies
	Reactor coolant pressure boundary	Completed		◆ Explained the concept of range setting and the soundness of the equipment within the range
	Prevention of illegal intrusion	Completed		◆ Explained the measures to prevent intrusion
Others	Specialized safety facility	Being implemented	Anti-terrorist measures, etc.	◆ Explained the outline of the application

Note: The shaded areas in "Examination status" are the changes from the previous meeting(2019/5/9).

### < State of safety measure works >

■ We revised the scheduled completion date for safety measure works of Unit 2 into "as early as possible in FY2021" and of Unit 3 into "first half of FY2022".

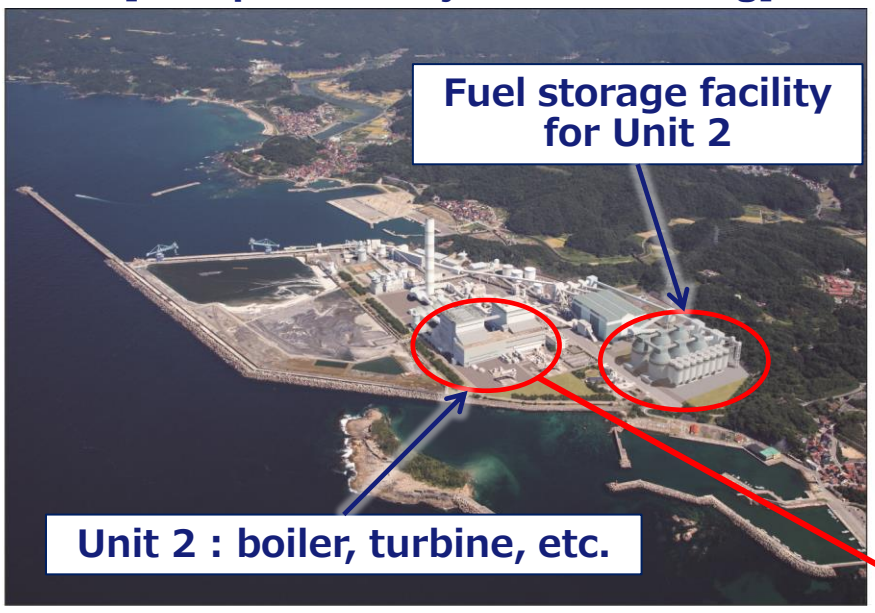
### < Expansion of seismic reinforcement range >



# 2. Misumi Power Station Unit 2 (Coal fired)

- We started construction in November 2018.
- We aim to start operation in November 2022. [Progress rate as of the end of September 2019 : 17.1%]

[Completed Projection Drawing]



[Project Overview]

Location	Hamada-city, Shimane Pref.
Installed Capacity	1 GW
Type of Generation	Ultra Super Critical (USC)
Fuel	Coal
Start of Operation	November 2022

[State of Construction] (As of August 2019)



FY	2019	2020	2021	2022	2023
Schedule	▼Received notice of confirmation of environmental impact assessment (April) ▼Start of construction (November)				Start of operation (November)
	Civil engineering and construction				
	Equipment installation				
					Test operation

# 3. Biomass Power Generation in Japan

- Hofu biomass power station started operation in July 2019.
- We will continue to work to expand the use of renewable energy and increase profits.

## [ Hofu biomass project overview ]

<b>Name</b>	AIR WATER & ENERGIA POWER YAMAGUCHI CORPORATION
<b>Address</b>	3-1, Kanebo-cho, Hofu City, Yamaguchi Pref.
<b>Investment ratio</b>	AIR WATER 51%, Chugoku Electric 49%
<b>Installed Capacity</b>	112 MW
<b>Type of Generation</b>	Circulating Fluidized Bed
<b>Fuel</b>	Woody biomass (including domestic materials primarily procured from Yamaguchi Pref.), Coal
<b>Start of Operation</b>	July 2019



**Fuel : Domestic thinned wood and Palm Kernel Shell**



## [Other biomass projects]

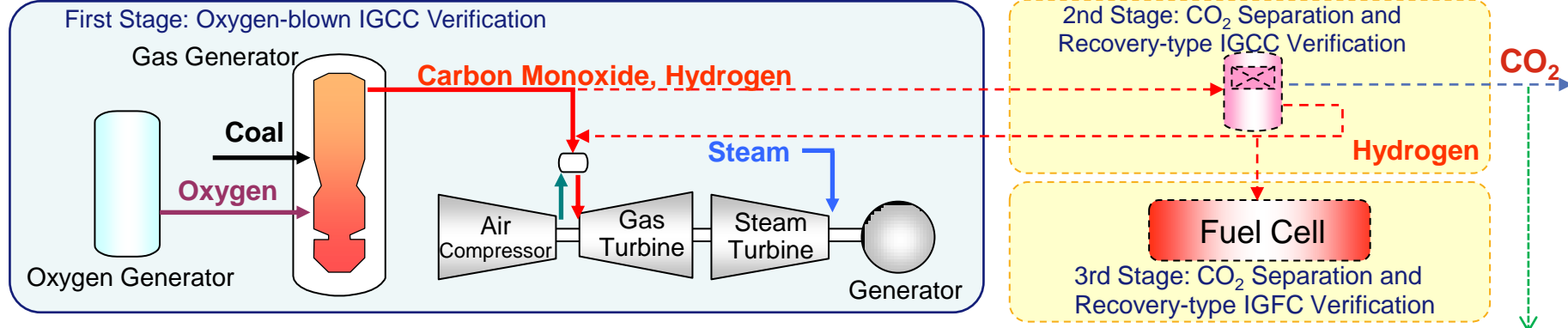
<b>Name</b>	AIR WATER & ENERGIA POWER ONAHAMA CORPORATION	KAITA BIOMASS POWER CO., LTD.
<b>Address</b>	2-4, Onahama, Iwaki City, Fukushima Pref.	2-118, Myojin-machi, Kaita-cho, Aki-gun, Hiroshima Pref.
<b>Investment ratio</b>	AIR WATER 51%, Chugoku Electric 49%	HIROSHIMA GAS 50%, Chugoku Electric 50%
<b>Installed Capacity</b>	75 MW (Start of operation in FY2022)	112MW (Start of operation in FY2021)
<b>Fuel</b>	Woody biomass	Woody biomass, Coal, Natural gas (use for support)

# 4. Initiatives to Reduce Environmental Impact [OCG]

- The Oxygen-blown IGCC\* demonstration test was completed in February 2019.
- Aiming for a significant reduction in CO<sub>2</sub> emissions, we plan to implement a demonstration test of separate and recovery technology for CO<sub>2</sub> from December 2019. Based on the results, we will proceed with examinations for demonstration of carbon recycling that effectively uses CO<sub>2</sub> collected from coal-fired power generation as a fuel source for various applications.
- We aim to establish the IGFC\*\*, the ultimate high-efficiency coal-fired thermal power generation technology.

\*Oxygen-blown IGCC: Oxygen-blown Integrated Coal Gasification Combined Cycle  
 Oxygen-blown IGCC is a technology that gasifies coal using oxygen, thereby manufacturing a product gas with hydrogen and carbon monoxide as its main constituents, and generates electricity in a combined cycle using a gas turbine and a steam turbine.

\*\* IGFC: Integrated Coal Gasification Fuel Cell Combined Cycle  
 IGFC is a technology that combines IGCC with fuel cells to further raise generation efficiency.



[CO<sub>2</sub> Separation and Recovery Facility]



ex. for carbon recycling



Promotes tomato photosynthesis  
\* Joint development of J-POWER and KAGOME



A concrete using special mild material (CO<sub>2</sub>-SUICOM)

# 5-1. Overseas Projects [ In Malaysia (Coal fired)]

- We participated in coal-fired power generation in Malaysia on March 2016.
- Unit 1 started operation in August 2019, and the construction of Unit 2 is progressing as planned. Commercial operation is scheduled to start in December 2019.
- We will continue to participate in new overseas opportunities and work to strengthen our profitability.

[Project Overview]

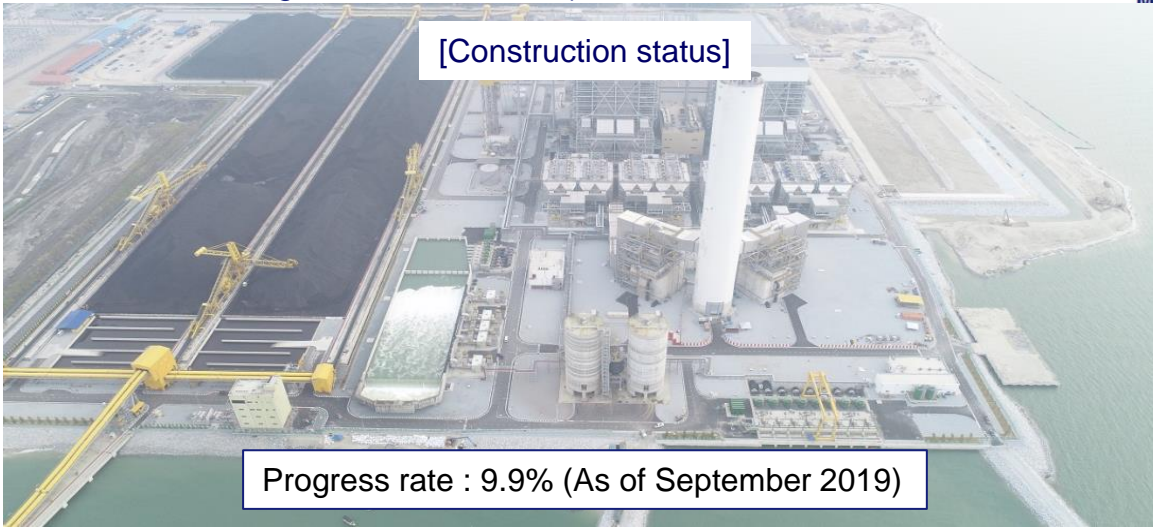
Installed Capacity	Ultra Super Critical (USC)
	2,000MW (1,000MW · 2Units)
Start of Operation	Unit 1: August 2019
	Unit 2: December 2019 (Schedule)
Off-taker (Period)	TNB (25 years)
Investors*	TNB (70%), Chugoku Electric (15%), Mitsui (15%)

\*(Substantial investment ratio including indirect investment)

[Plant Location]



[Construction status]



Progress rate : 9.9% (As of September 2019)

## 5-2. Overseas Projects [ In Myanmar, Ohio (Gas fired)]

- We participated in natural gas-fired power generation business in Yangon district, Myanmar and in Ohio, USA in June 2019.

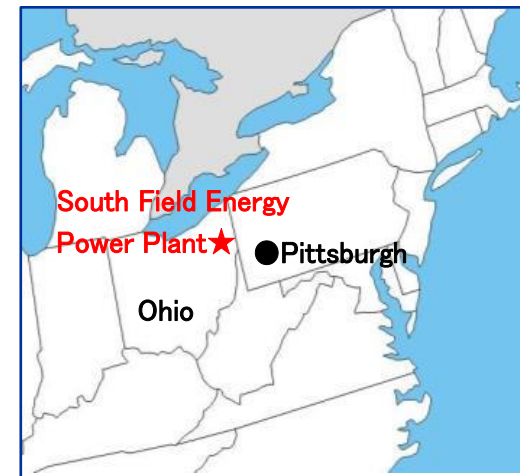
### [ In Myanmar ]

Project	TOYO THAI POWER MYANMAR CO., LTD.		
Plant Location	Yangon district, Myanmar	Start of Operation	April 2013
Installed Capacity	Gas-fired combined-cycle 121MW		
Off-taker (Period)	EPGE (30 years)		
Investors	TTCL (43%), Chugoku Electric (28.5%), Shikoku Electric (28.5%)		



### [ In Ohio, USA ]

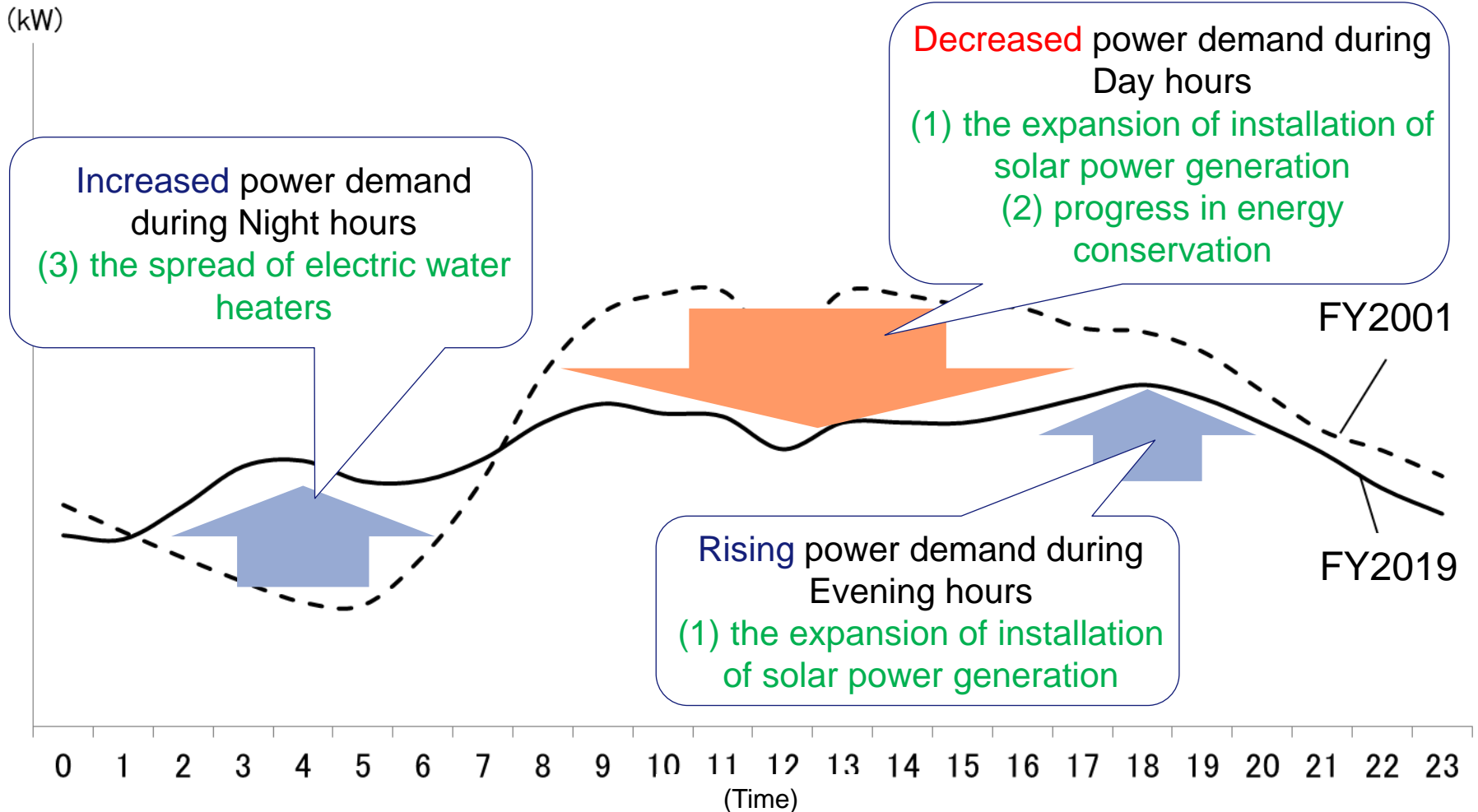
Project	South Field Energy		
Plant Location	Columbiana County, Ohio, USA	Start of Operation	2021
Installed Capacity	Combined Cycle Gas Turbine (CCGT) 1,182MW		
Off-taker	PJM		
Investors	Chugoku Electric (10%), Development Bank of Japan, Idemitsu Kosan, JXTG, Kyushu Electric, Shikoku Electric, Advanced Power, NH-Amundi Asset Management, PIA Investment Management		



# 6-1. Review of Electricity Price Menu

■ With (1) the expansion of installation of solar power generation, (2) progress in energy conservation, and (3) the spread of electric water heaters, the way electricity was used has changed significantly since setting the menus for electrified houses. Along with this, spot prices in the Chugoku area have also changed significantly.

## [Changes in the usage of our electricity every hour (annual average)]



# 6-2. Review of Electricity Price Menu

- From April 1, 2020, we will review about 20% (about 890,000 units) of contracts (about 4 million units) for electricity price menus for households. (Lowering electricity charges during daytime hours and raising electricity charges during night hours)

## Number of Contracts for household **about 4 million**

For user of electric water heaters

[ Regulatory rate menu ]  
**about 1.9 million**

Review target  
[ Unregulated rate menu\* ]  
**about 0.9 million**  
  
\*New contracts are not accepted after April 2016.

[ Gutto Zutto. Plan\*\*] **about 1.2 million**  
  
\*\*Unregulated rate menu. We set the menus with the full liberalization of retail electric power sales starting in April 2016.

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