

Financial Forecast Revision for FY2015

September 4, 2015



The contents of this document involve statements regarding future business performance. These statements, including risk and uncertainty, don't constitute a guarantee of future results. Please be aware that there is the possibility that future business performance will differ as a result of changes in the management environment.

【Reason for the revision of Consolidated Financial Results Forecasts for the 2Q of FY2015】

We announce about the financial results forecasts for the 2Q of FY2015, calculated based on recent supply and demand trends, due to Sendai nuclear power station has been in constant thermal output operation from August 31st, though we had planned to announce forecasts of the profit upon verification of the operating condition of Sendai nuclear power station unit No.1 after restarting generating electricity.

【Consolidated Financial Results Forecasts for the FY2015 full-year】

No decision has been made yet regarding FY 2015 full-year forecasts for the profit attributable to owners of parent, due to the difficult situations that we can not calculate the second half fuel costs rationally under uncertain prospects for the resumption of Sendai nuclear power station No.2 and Genkai nuclear power stations.

We will promptly inform you of our forecasts when it is possible for us to make them.

Financial Results Forecasts for the 2Q of FY2015

【Summary of Consolidated Financial Results Forecasts for the 2Q of FY2015】

The Kyushu Electric Power Group has faced an ongoing situation of the severe revenue and expenditure and our financial condition in electricity business under the long-term shutdown of our nuclear power station which resulted in rising fuel costs. So we have been implementing the expenditure restraints, which are short term limited, such as deferring repair work to another period within this fiscal year.

Under these conditions, in financial results forecasts for the 2Q of FY2015, ordinary income is expected to be in the black mainly due to the time lag of reflection of decreasing fuel prices in lighting and power prices, while fuel cost has decreased along with the significant decline of fuel prices from the latter half of the previous fiscal year.

- The consolidated sales, in electricity business, is expected to be at the same level as the same quarter of FY2014 to around ¥930 billion, mainly because of an increased grant based on the Act on Purchase of Renewable Energy Sourced Electricity in spite of a decreased lighting and power prices due to a decrease of charge unit price mainly affected by fuel cost adjustment system.
- The ordinary income, in electricity business, is expected to be around ¥55.0 billion, an improvement from the loss of ¥31.9 billion the same quarter last year. This is mainly due to a decrease of fuel cost along with the significant decline of fuel prices and resumption of Sendai nuclear power station unit No.1 as well as every group-wide effort to save costs in spite of an increased purchased electricity cost from renewable energy sources.
- The profit attributable to owners of parent is expected to be around ¥45.0 billion, an improvement from the loss of ¥35.9 billion the same quarter last year.

Financial Results Forecasts for the 2Q of FY2015

Consolidated (billions of yen,%)

	FY2015/2Q Forecast	FY2014/2Q Actual	Difference	Rate of Difference
Sales	930.0	929.5	0.5	0.1
Operating Income	70.0	-16.2	86.2	—
Ordinary Income	55.0	-31.9	86.9	—
Profit attributable to owners of parent	45.0	-35.9	80.9	—

Non-consolidated (billions of yen,%)

	FY2015/2Q Forecast	FY2014/2Q Actual	Difference	Rate of Difference
Sales	870.0	876.9	-6.9	-0.8
Operating Income	60.0	-24.2	84.2	—
Ordinary Income	55.0	-41.5	96.5	—
Profit attributable to owners of parent	50.0	-34.6	84.6	—

(Reference) Main-specification

	FY2015/2Q Forecast	FY2014/2Q Actual	Difference
Electricity sales volume	39.6TWh	40.2TWh	-0.6TWh
Crude oil (CIF) price	61\$/b	110\$/b	-49\$/b
Exchange rate	¥123/\$	¥103/\$	¥20/\$
Utilization rate of NPS (Power generation volume)	4.4% (0.9TWh)	0%	4.4%

Financial Results Forecasts for the 2Q of FY2015

(billions of yen)

<Factor of Consolidated Ordinary Income Improve +86.9>	
• The effect of declining fuel prices (Exchange losses and Drop in CIF)	+42.0
*Decrease of fuel cost and fuel cost adjustment prices	
• Decrease of power purchase cost from other company	+22.0
• The effect of restarting to generate electricity in Sendai Nuclear Power No.1	+11.0

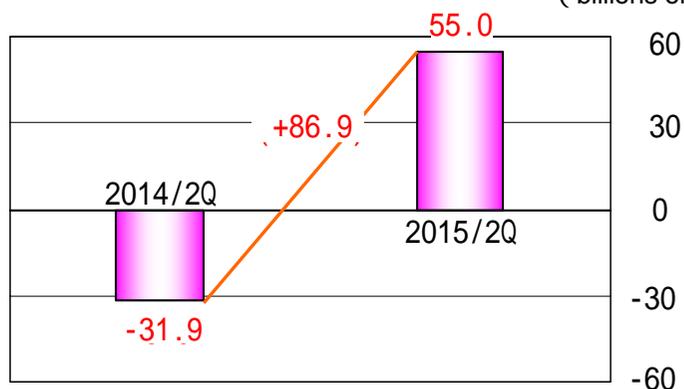
(billions of yen)

<Factor of the Profit Attribute to Owners of Parent Improve +80.9>	
• Improve of Ordinary Income	+86.9
• Increase of corporate tax etc.	-6

The effect of time lag of fuel cost
adjustment around +23.0

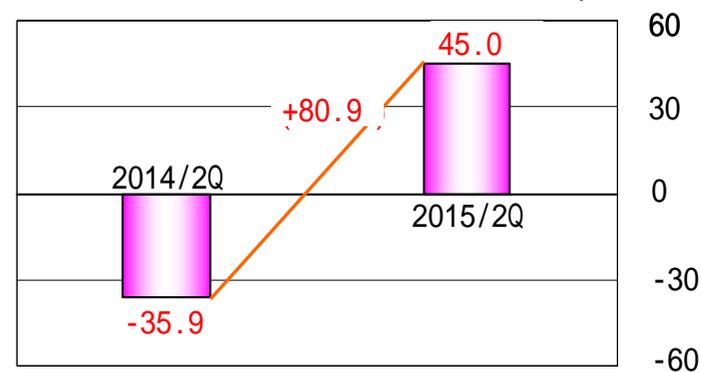
Ordinary Income

(billions of yen)



Profit Attribute to Owners of Parent

(billions of yen)



(Reference 1) The Effect of Time Lag of Fuel Cost Adjustment

The effect of the significant decline of fuel prices from the latter half of the previous fiscal year

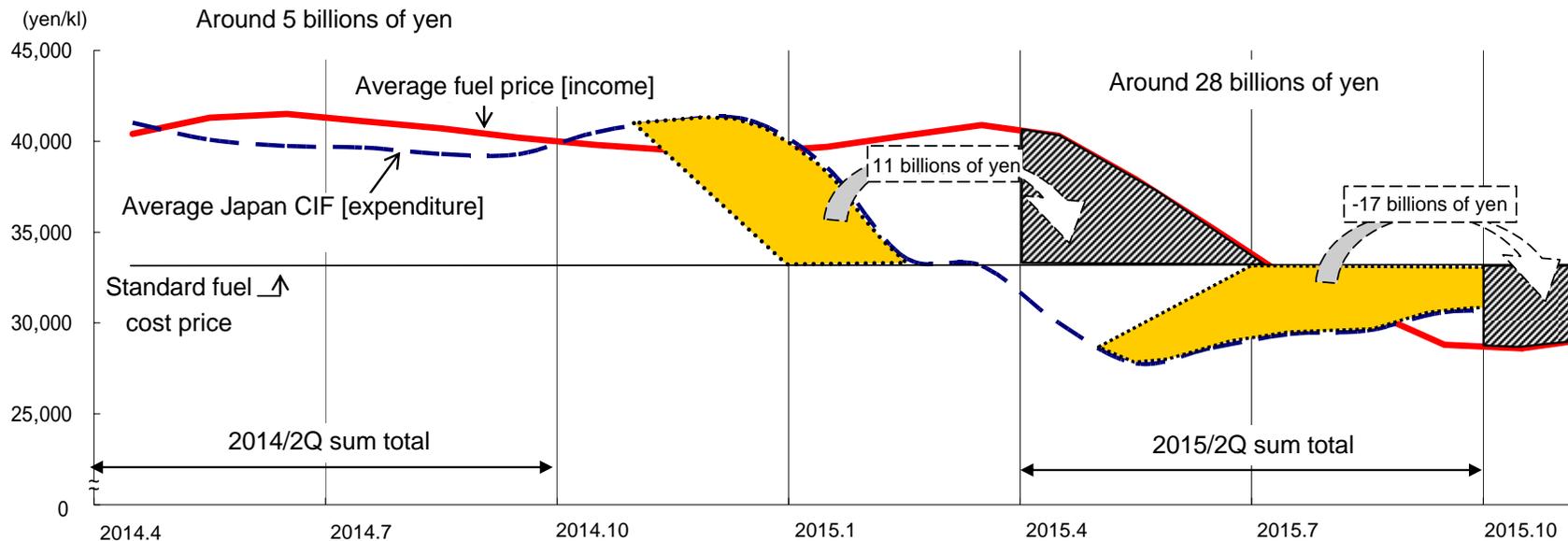
- Fuel prices in the latter half of the previous fiscal year above the standard fuel price were reflected as the increase income in the 2Q of FY2015 [around 11 billions of yen]
- Almost of the fuel prices of the 2Q of FY2015 below the standard fuel price weren't reflected as the decrease income in the 2Q of FY2015 and brought forward after the 3Q of FY2015. [around 17 billions of yen]

The income and expenditure improved due to the effect of this time lag of fuel cost adjustment.

[around 28 billions of yen] (the 2Q of FY2014: around 5 billions of yen)

*The average fuel prices in each three month are reflected two months later.

The effect of the decline of fuel prices (The image of time lag of fuel cost adjustment)

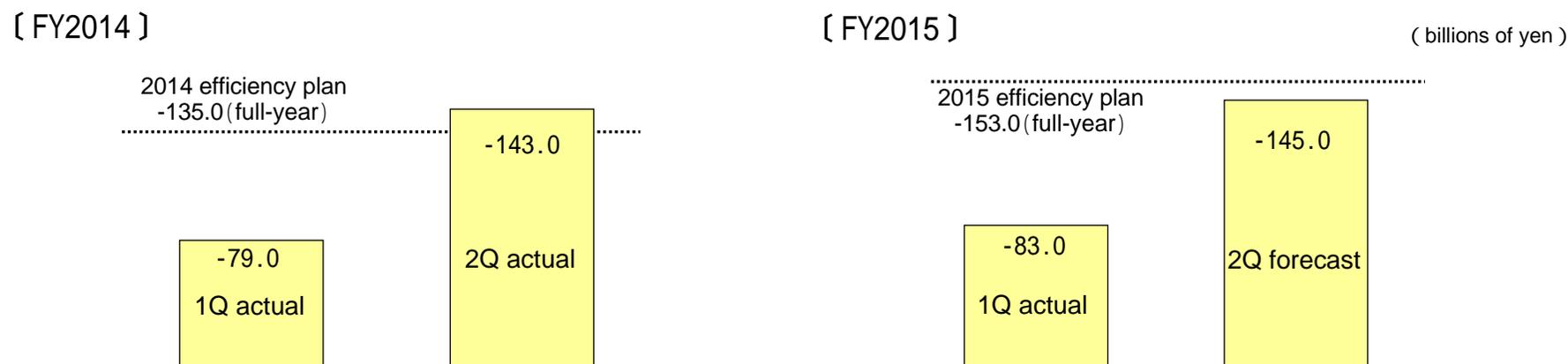


(Reference)

	2014.4	2014.5	2014.6	2014.7	2014.8	2014.9	2014.10	2014.11	2014.12	2015.1	2015.2	2015.3	2015.4	2015.5	2015.6	2015.7	2015.8	2015.9
JCC(\$/b)	109	109	110	112	111	106	101	91	79	63	50	55	56	59	64	64	60	60
JLC(\$/t)	874	851	840	837	825	807	824	848	815	780	695	637	530	459	449	461	482	513

(Reference 2) The Efforts to Reduce Costs to Achieve Profitability

- We forecast that the amount of efficiency costs in the 2Q of FY2015(accumulated) will be around 145 billions of yen, which is the same level as the 2Q of FY2014, due to the short term limited expenditure restraints such as deferring of the repair works to second-half of FY2015, in addition to the efficiency plan announced in April 2015(full-year target value: 153.0 billions of yen).
- We will continuously make efforts for thorough reduction costs to achieve profitability in FY2015, considering the safety, compliance and stable supply.



[Reference] The forecast regarding asset sale (billions of yen)

Item	First-half of FY2015 forecast		Accumulated forecast (FY2013 - first-half of FY2015)		Sales plan upon receipt of acceptance to raise the rate cost (FY2013-FY2015)	Contents
	Sales amount	Profit on sales	Sales amount	Profit on sales		
Property and Equipment	0.8	0.7	42.7	37.6	10.0	Ground of Kyuden memorial gymnasium etc.
Securities	Stock etc.	4.5	2.4	14.9	11.0	Stock of Securities companies, Communications companies etc.
	Employee pension trust	0	0	32.0	21.7	
Total	5.3	3.1	89.6	70.3	14.0	-