

# Financial Results of FY 2012

May 10 , 2013



Statements made in this overview of operations regarding Kyushu Electric Power's strategies and forecasts and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs in light of information currently available, and should not be interpreted as promises or guarantees. Owing to various uncertainties, actual results may differ materially from these statements. Investors are hereby cautioned against making investment decisions solely on the basis of forward-looking statements contained herein.

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## ■ FY2012 Financial Results

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# Financial Results and Forecasts Summary

# FY2012 Financial Results Summary (vs.FY2011 Financial Results)

## 【 Summary(vs.FY2011 Financial Results)】

Sales increased but in the electricity business losses expanded compared with FY2011 as thermal fuel costs and costs for power purchases drastically increased due to the influence of the shutdown of operations at our nuclear power stations.

(On both a consolidated and non-consolidated basis, the ordinary profit-and-loss was in the red for the second consecutive fiscal year.)

## 【 Consolidated】

(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Sales	1,545.9	1,508.0	37.8	102.5
Operating Income (Loss)	-299.4	-184.8	-114.5	-
Ordinary Income (Loss)	-331.2	-213.5	-117.6	-
Net Income (Loss)	-332.4	-166.3	-166.0	-

Comprehensive Income (Loss)	-320.8	-163.2	-157.6	-
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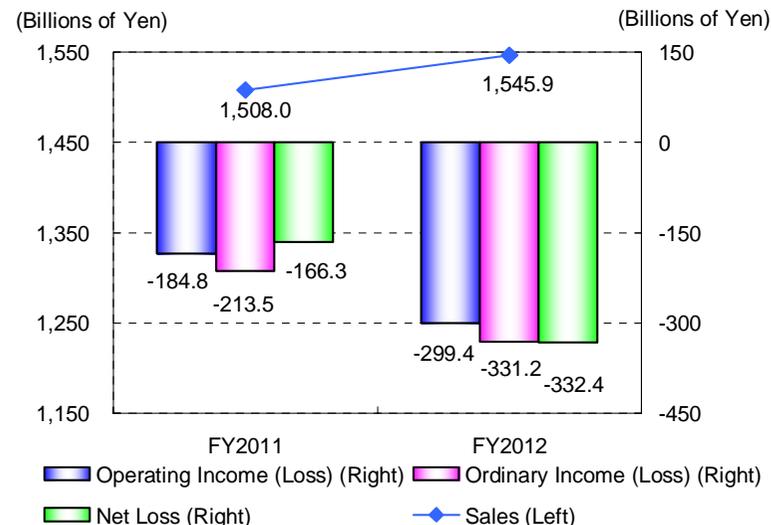
Note: As of the end of FY2012, 71 affiliates were subject to consolidated accounting.  
 Breakdown:  
 Consolidated subsidiaries: 40 companies (added 1 company, from the end of FY2011)  
 Equity method companies: 31 companies (added 1 company, from the end of FY2011)

## 【 Non-Consolidated】

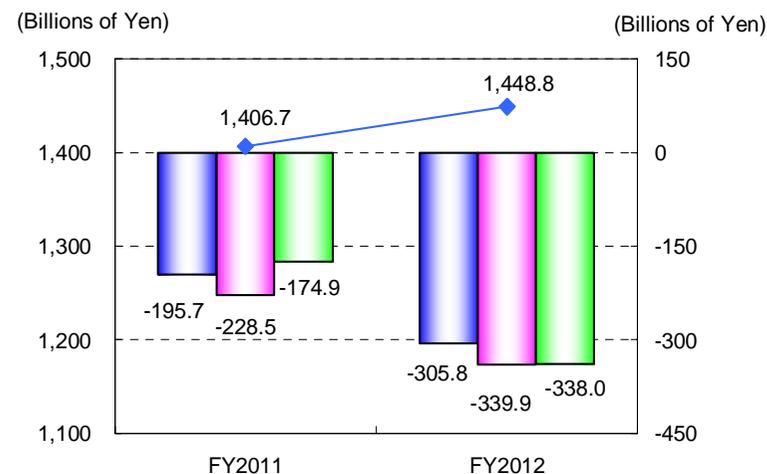
(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Sales	1,448.8	1,406.7	42.1	103.0
Operating Income (Loss)	-305.8	-195.7	-110.0	-
Ordinary Income (Loss)	-339.9	-228.5	-111.4	-
Net Income (Loss)	-338.0	-174.9	-163.0	-

## Consolidated



## Non-Consolidated



# FY2012 Financial Results Summary (vs.Previous Forecast,Nov.2012)

## 【 Summary(vs.Previous Forecast Nov.2012) 】

In the electricity business , losses decreased mainly because of decrease in maintenance,overhead,labor expenses due to making maximum efforts to advance management rationalization and decrease in general contribution to Nuclear Damage Liability Faciliation Fund etc.

### 【 Consolidated 】

(Billions of Yen,%)

	FY2012	Nov.FY2012 Forecast	Difference	Change
Sales	1,545.9	1,550.0	-4.1	99.7
Operating Income (Loss)	-299.4	-335.0	35.6	-
Ordinary Income (Loss)	-331.2	-370.0	38.8	-
Net Income (Loss)	-332.4	-365.0	32.6	-

### 【 Non-Consolidated 】

(Billions of Yen,%)

	FY2012	Nov.FY2012 Forecast	Difference	Change
Sales	1,448.8	1,450.0	-1.2	99.9
Operating Income (Loss)	-305.8	-335.0	29.2	-
Ordinary Income (Loss)	-339.9	-370.0	30.1	-
Net Income (Loss)	-338.0	-365.0	27.0	-

### 【 Reference : Key Fundamentals 】

	FY2012	Nov.FY2012 Forecast	Difference
Electricity Sales Volume	83.8 Billion kWh	84.4 Billion kWh	-0.6 Billion kWh
Crude oil CIF price	114 \$/b	115 \$/b	-1 \$/b
Exchange rate	83 yen/\$	80 yen/\$	3 yen/\$

# FY2013 Financial Results Forecasts Summary

## 【FY2013 Financial Results Forecasts Summary】

Our sales for FY2013 expect to increase due to the increase in electricity sales volume, electricity rate and charge unit price with the effect of fuel cost adjustment system.

Our incomes for FY2013 are undetermined because it is unable to reasonably estimate costs such as fuel cost due to the uncertain schedule for the resumption of the operations of reactors of our nuclear power stations.

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

### 【Consolidated】

(Billions of Yen,%)

	FY2013	FY2012	Difference	Change
Sales	1,760.0	1,545.9	214.1	113.8
Operating Income (Loss)	-	-299.4	-	-
Ordinary Income (Loss)	-	-331.2	-	-
Net Income (Loss)	-	-332.4	-	-

### 【Non-Consolidated】

(Billions of Yen,%)

	FY2013	FY2012	Difference	Change
Sales	1,660.0	1,448.8	211.2	114.6
Operating Income (Loss)	-	-305.8	-	-
Ordinary Income (Loss)	-	-339.9	-	-
Net Income (Loss)	-	-338.0	-	-

### 【Reference : Key Fundamentals】

	FY2013	FY2012	Difference
Electricity Sales Volume	84.7 Billion kWh	83.8 Billion kWh	0.9 Billion kWh
Crude oil CIF price	110 \$/b	114 \$/b	- 4 \$/b
Exchange rate	95 yen/\$	83 yen/\$	12 yen/\$

## FY2012 Dividend and FY2013 Dividend Forecasts

We have decided to pay out no year-end dividend for FY2012 as well as interim. We regret to plan no interim dividend for FY 2013 because extremely severe performance is continued.

We will announce year-end dividend for FY2013 as soon as forecasts for financial results become possible in the future.

# **FY2012 Financial Results**

# Electricity Sales Volume

## Customers other than large-scale industrial

Decreased by 2.0% from FY2011 due to the effect of power saving and a decrease in the air-conditioning demand as the temperature from June to July was lower than the previous year's level and also from February to March was higher than the previous year's level.

## Large-scale industrial customers

Decreased by 1.4% from FY2011 due to the decrease in production of Electric Machinery and the effect of power saving in spite of the increase in production of Steel and Iron, Chemicals.

【Electricity Sales Volume】

(Million-kWh,%)

		FY2012	vs.FY2011	
			Difference	Change
Lighting		29,509	-481	98.4
Power		54,278	-1,084	98.0
Total		83,787	-1,565	98.2
(Figures are included above)	Customers other than large-scale industrial	60,173	-1,235	98.0
	Large-scale industrial customers	23,614	-330	98.6

【Reference: Electricity Sales Volume (by sector)】

(Million-kWh,%)

		FY2012	vs.FY2011		
			Difference	Change	
Demand other than under liberalization	Lighting	29,509	-481	98.4	
	Power	Low voltage	4,457	-206	95.6
		Others	747	-65	91.9
	Subtotal		34,713	-752	97.9
Demand under liberalization	Commercial	19,220	-362	98.2	
	Industrial	29,854	-451	98.5	
	Subtotal		49,074	-813	98.4
Total		83,787	-1,565	98.2	

【Large-scale industrial customers by sector】

(Million-kWh,%)

		FY2012	vs.FY2011	
			Difference	Change
Machinery Total		6,603	-236	96.5
(Figures are included above)	Electronics	4,487	-246	94.8
	Transportation	1,620	15	100.9
Steel and Iron		2,478	113	104.8
Chemicals		2,676	45	101.7
Clay and Stone		989	-15	98.5
Non-ferrous Metals		1,840	-21	98.9
Pulps and Papers		431	-26	94.3
Foodstuffs		2,293	-18	99.2
Others		6,304	-172	97.3
Total		23,614	-330	98.6

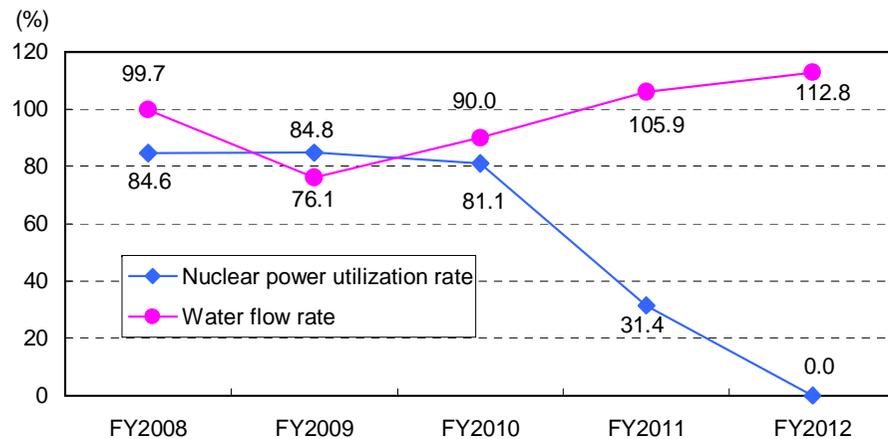
# Generated and Received Electricity

【Generated and Received Electricity】

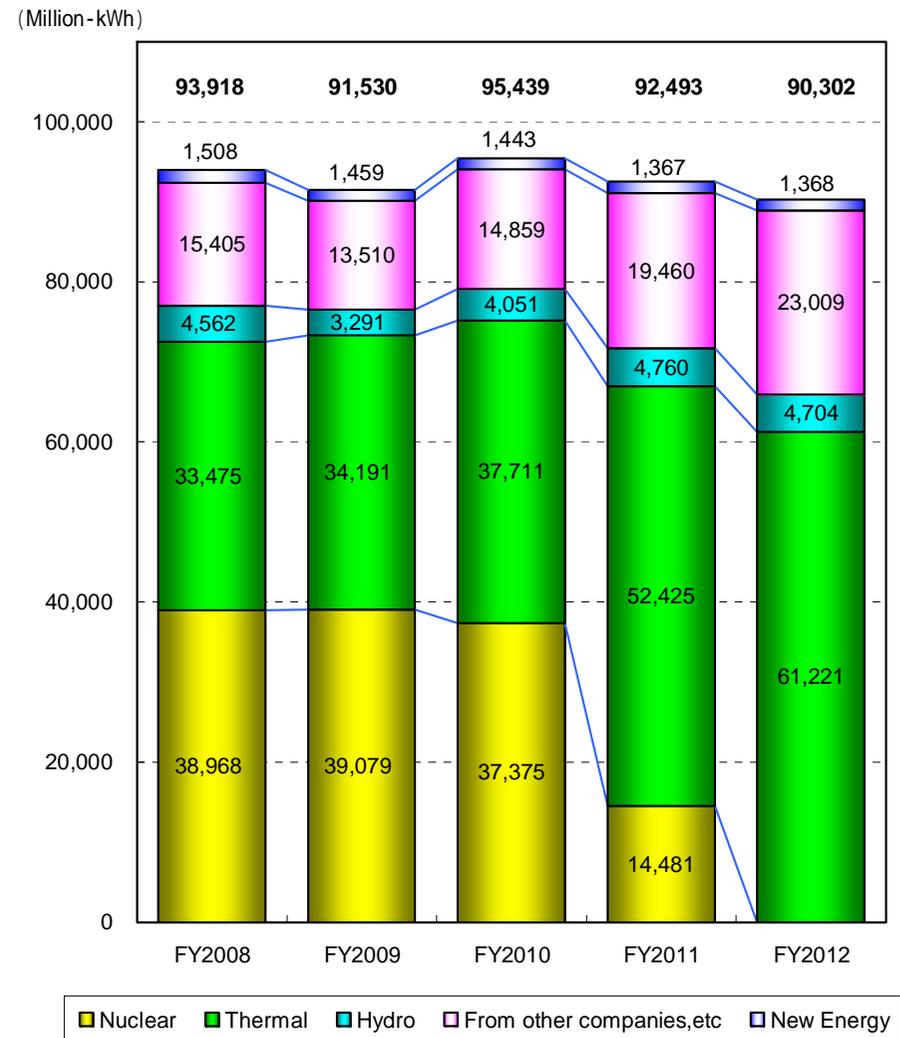
		(Million-kWh,%)		
		FY2012	vs.FY2011	
			Difference	Change
Own facilities	Hydro	4,704	-56	98.8
	(Hydro except pumping-up hydro[included above])	(4,265)	(205)	(105.1)
	(Water flow rate)	(112.8)	(6.9)	
	Thermal	61,221	8,796	116.8
	Nuclear	-	-14,481	-
	(Utilization rate)	(-)	(-31.4)	
	New Energy	1,368	1	100.1
	Subtotal	67,293	-5,740	92.1
From other companies (New Energy [included above] )		21,248	2,081	110.9
	(1,957)	(286)	(117.2)	
Interchange		2,402	1,076	181.1
For pumping		-641	392	62.1
Total		90,302	-2,191	97.6

Note: "New Energy" includes Solar, Wind, Biomass, Waste and Geothermal

【Nuclear power utilization rate and Water flow rate】



【Trends in Generated and Received Electricity】



# Income Statement Summary (Non-Consolidated)

( Billions of Yen,%)

		FY2012	FY2011	Difference	Change	Explanations
Ordinary Revenues	Lighting	591.5	587.2	4.2	100.7	Decrease in electricity sales volume -24.3
	Power	768.9	755.4	13.4	101.8	Rise in charge unit prices due to fuel cost adjustments and other factors 27.9 Renewable Energy Power Promotion Surcharge 11.3
	Other	97.1	71.7	25.3	135.4	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 18.0
	(Sales)	(1,448.8)	(1,406.7)	(42.1)	(103.0)	
Total		1,457.5	1,414.4	43.1	103.0	
Ordinary Expenses	Labor	151.8	167.9	-16.1	90.4	Salary -12.6 Welfare expense -2.2
	Fuel	679.7	520.2	159.4	130.6	Influence of the shutdown of operations at nuclear power stations 191.0 Decrease in electricity sales volume -25.0
	Power purchase	269.5	206.0	63.5	130.8	Influence of the shutdown of operations at nuclear power stations 49.0 Purchase of Renewable Energy Sourced Electricity 25.5
	Maintenance	147.9	176.0	-28.0	84.0	Nuclear -24.0 Distribution -2.3
	Depreciation	180.1	202.1	-21.9	89.1	Nuclear -7.6 Thermal -6.2 Distribution -2.8
	Interest	35.5	32.2	3.3	110.3	
	Tax and public dues <sup>*1</sup>	83.9	84.8	-0.8	98.9	
	Nuclear back-end <sup>*2</sup>	23.2	30.7	-7.5	75.5	Reprocessing costs of irradiated nuclear fuel -2.9 Disposal costs of high-level radioactive waste -2.7
Other	225.5	222.7	2.8	101.3	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 11.3 Overhead expenses <sup>*3</sup> -10.1	
Total		1,797.5	1,642.9	154.5	109.4	
(Operating Income(Loss))		(-305.8)	(-195.7)	(-110.0)	(-)	
Ordinary Income (Loss)		-339.9	-228.5	-111.4	-	
Reserve for fluctuation In water levels		3.0	1.2	1.8	254.3	
Income taxes		-5.0	-54.7	49.7	-	
Net Income (Loss)		-338.0	-174.9	-163.0	-	

Note 1 : Tax and public dues consist of the following: Charge for right of water, Property Tax, Miscellaneous Taxes, Power Development Promotion Tax, Business Tax

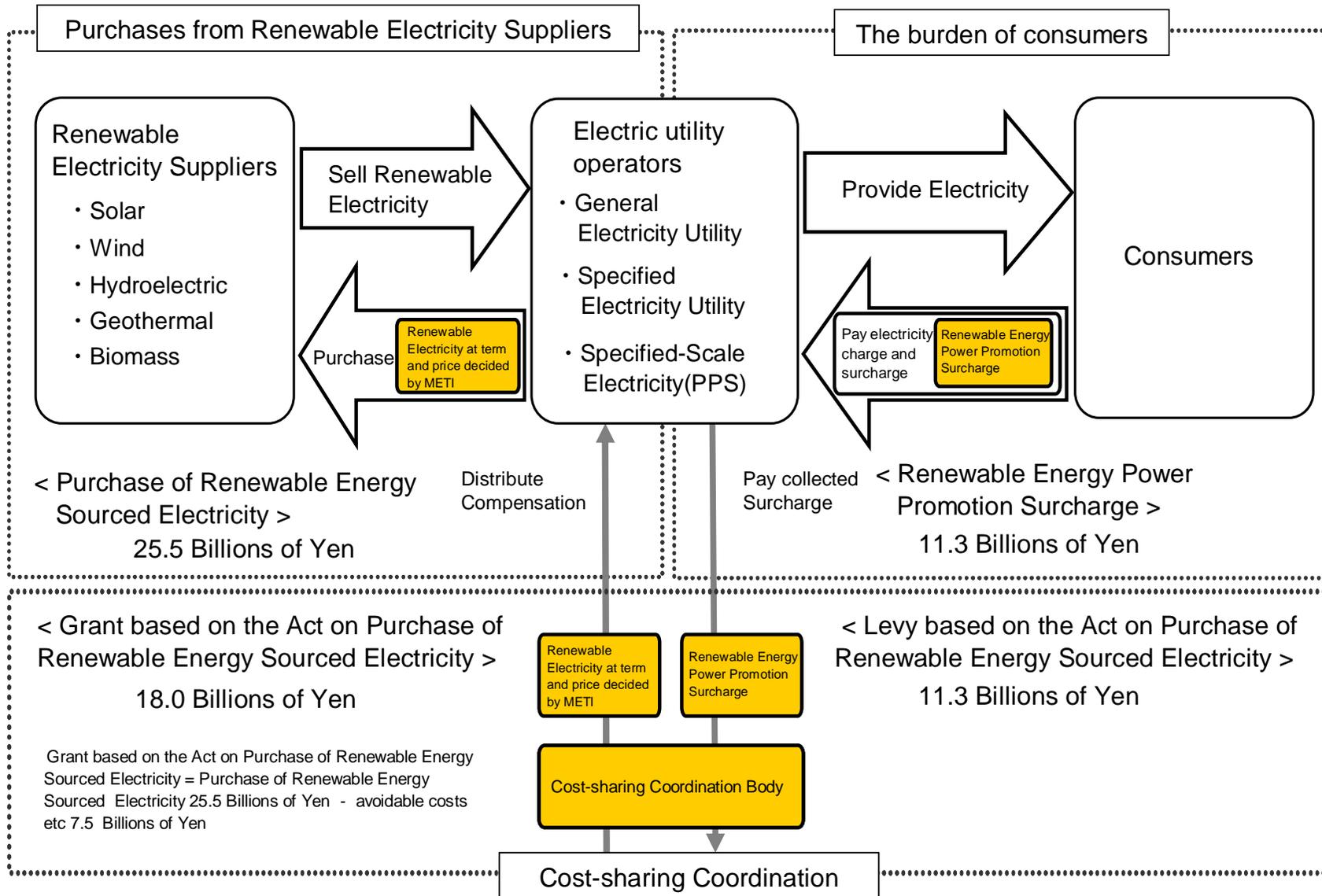
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power plants, and Disposal costs of high-level radioactive waste.

Note 3 : Overhead expenses refer to the aggregate sum of waste disposal expenses, consumables expenses, compensation expenses, leasing fees, subcontract fees, expansion and development expenses, training expenses, research expenses and others.

## 【 Key Fundamentals 】

	FY2012	FY2011	Difference
Exchange rate	83 yen/\$	79 yen/\$	4 yen/\$
Crude oil CIF price	114 \$/b	114 \$/b	- \$/b
Water flow rate	112.8 %	105.9 %	6.9 %
Nuclear power utilization rate	- %	31.4 %	- 31.4 %

# Structure of Feed-in Tariff power purchase and sale system of renewable energy



# [Explanations] Ordinary Revenues

(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Lighting and Power	1,360.4	1,342.6	17.7	101.3

Difference

1. Decrease in electricity sales volume due to decreased demand -24.3

【Reference : Factors behind change in electricity sales volume】

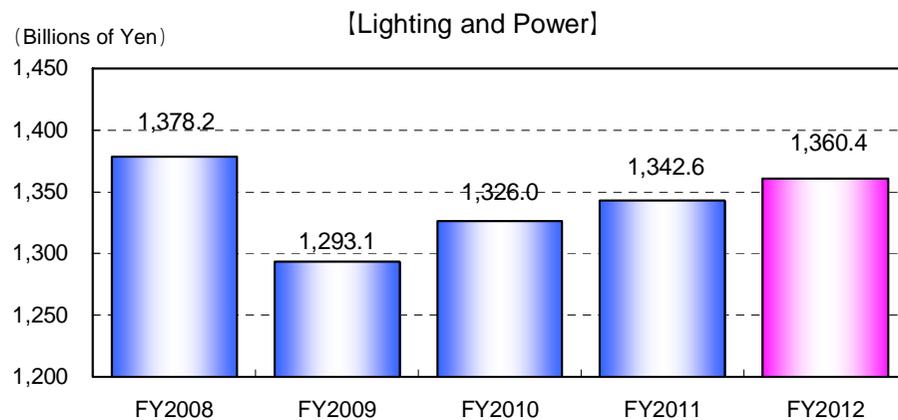
( Billions-kWh )

	FY2012	FY2011	Difference	Factors
Customers other than large-scale industrial	60.2	61.5	-1.3	<ul style="list-style-type: none"> <li>• Effect of our customers' power savings -1.1</li> <li>• Temperature effect -0.3</li> </ul>
Large-scale industrial customers	23.6	23.9	-0.3	<ul style="list-style-type: none"> <li>• Effect of our customers' power savings -0.1</li> <li>• Decrease in production of Electronics -0.1</li> </ul>
Total	83.8	85.4	-1.6	

Difference

2. Rise in charge unit prices due to fuel cost adjustments and other factors 27.9

3. Renewable Energy Power Promotion Surcharge 11.3

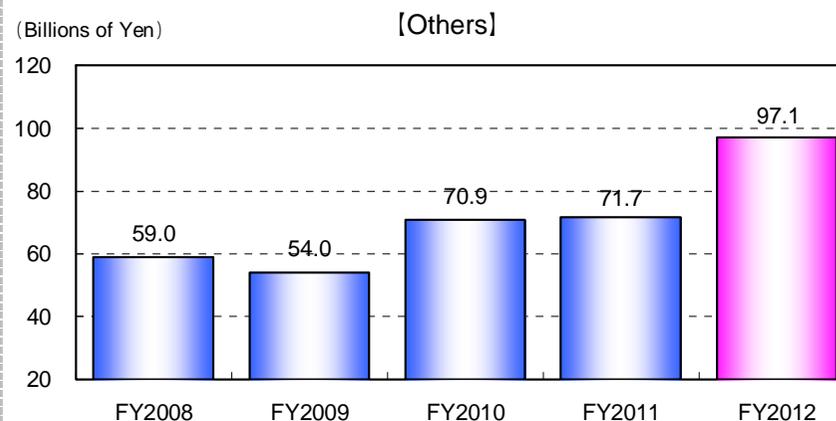


(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Others	97.1	71.7	25.3	135.4

Difference

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 18.0



# [Explanations] Fuel, Power purchase

(Billions of Yen,%)				
	FY2012	FY2011	Difference	Change
Fuel	679.7	520.2	159.4	130.6

	Difference	FY2012	FY2011
1. Influence of the shutdown of operations at nuclear power stations	191.0	( 407.0	216.0 )

Thermal		200.0		
[Reference] Fuel consumption		FY2012	FY2011	Difference
Coal	(thousand. ton)	5,557	6,111	-554
Heavy oil	(thousand. kiloliter)	1,846	873	973
Crude oil	(thousand. kiloliter)	1,703	1,016	687
LNG	(thousand. ton)	4,571	4,043	528

Nuclear	-9.0
2. Decrease in electricity sales volume	-25.0

(Billions of Yen,%)				
	FY2012	FY2011	Difference	Change
Power purchase	269.5	206.0	63.5	130.8

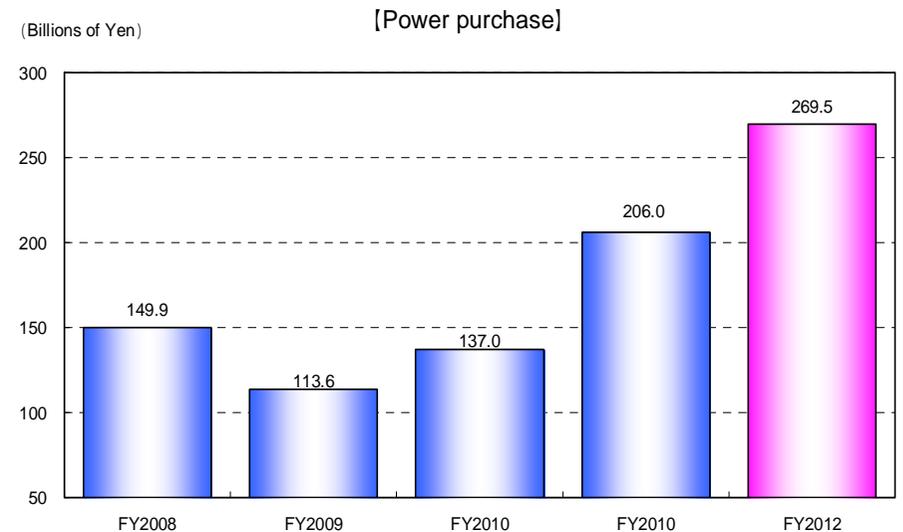
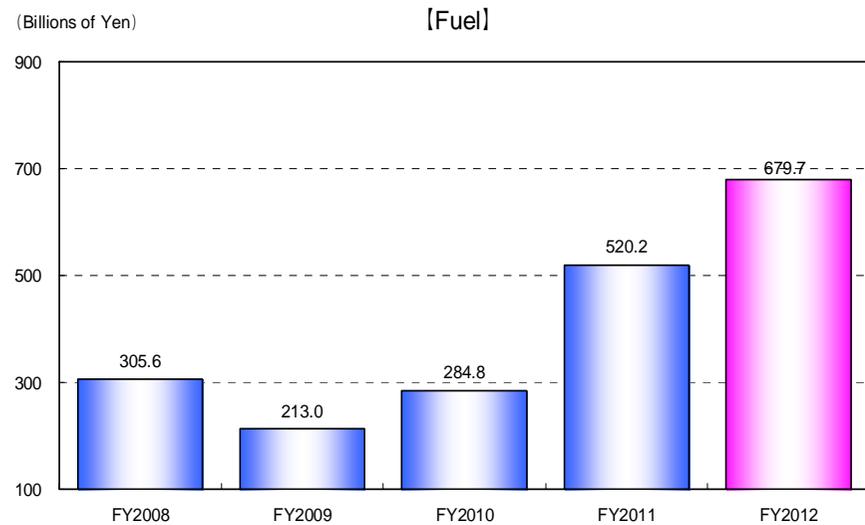
	Difference	FY2012	FY2011
1. Influence of the shutdown of operations at nuclear power stations	49.0	( 100.0	51.0 )

Increase in purchases of thermal power from other companies	25.0
Accommodations from other power company	24.0

2. Purchase of Renewable Energy Sourced Electricity	25.5
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The increasing cost of Fuel and Power purchase due to the influence of the shutdown of operations at nuclear power stations ; 507.0 Billions of Yen

(Reference) The increasing cost of FY2011 ; 267.0 Billions of Yen



# [Explanations] Maintenance, Depreciation

(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Maintenance	147.9	176.0	-28.0	84.0

	Difference	FY2012	FY2011
1. Nuclear	-24.0 (	37.6	61.6 )
2. Distribution	-2.3 (	48.3	50.7 )

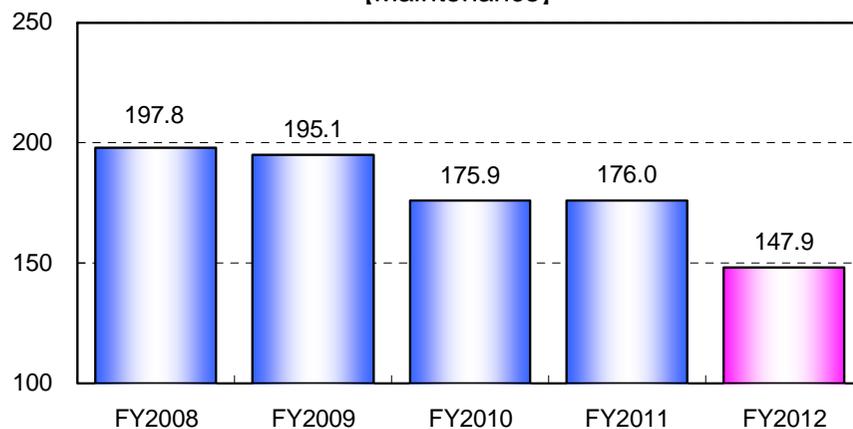
(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Depreciation	180.1	202.1	-21.9	89.1

	Difference	FY2012	FY2011
1. Nuclear	-7.6 (	29.9	37.5 )
2. Thermal	-6.2 (	20.2	26.4 )
3. Distribution	-2.8 (	25.3	28.1 )

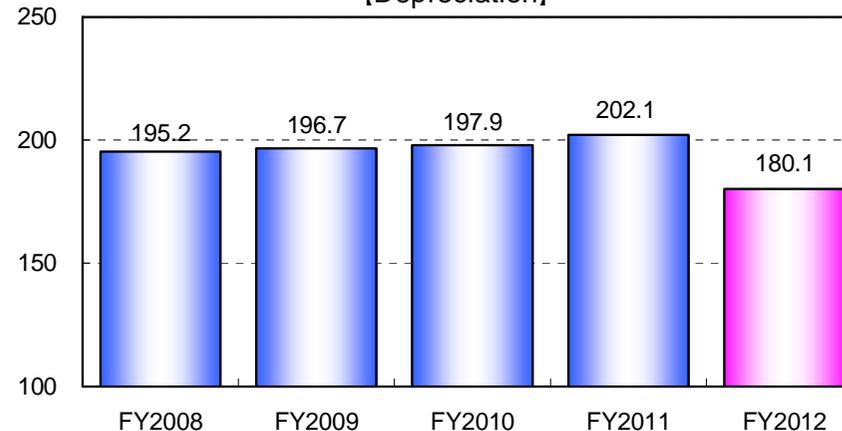
(Billions of Yen)

[Maintenance]



(Billions of Yen)

[Depreciation]



# [Explanations] Labor, Others

(Billions of Yen,%)

	FY2012	FY2011	Difference	Change
Labor	151.8	167.9	-16.1	90.4

	Difference	FY2012	FY2011
1. Salary	-12.6	( 98.5	111.2 )
2. Welfare expense	-2.2	( 17.3	19.6 )

(Billions of Yen,%)

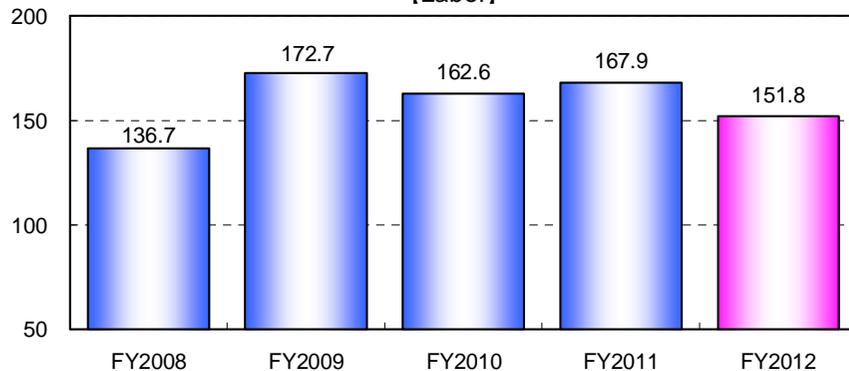
	FY2012	FY2011	Difference	Change
Others	368.2	370.5	-2.2	99.4

	Difference	FY2012	FY2011
1. Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	11.3		
2. Overhead expenses	-10.1	( 141.9	152.0 )
3. Nuclear power back-end costs	-7.5	( 23.2	30.7 )
Reprocessing costs of irradiated nuclear fuel	-2.9	( 16.3	19.3 )
Disposal costs of high-level radioactive waste	-2.7	( 3.2	6.0 )

Note: Others consists of interest charges, miscellaneous taxes, nuclear power back-end costs and others

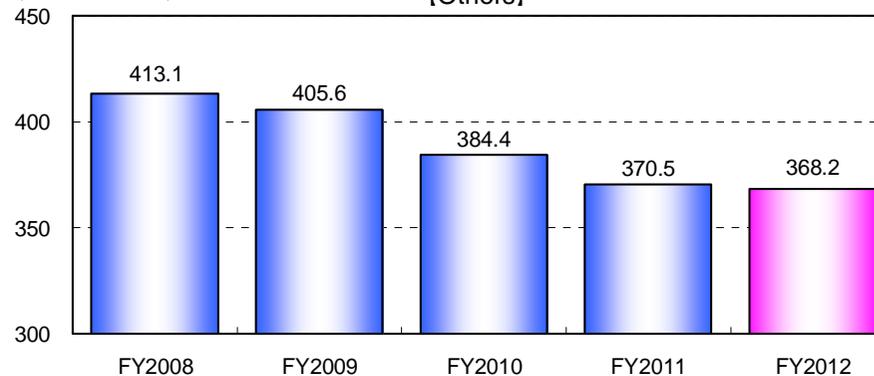
(Billions of Yen)

[Labor]



(Billions of Yen)

[Others]



# Balance Sheet Summary (Non-Consolidated)

## Assets

(Billions of Yen)

	Mar. 31, 2013	Mar. 31, 2012	Difference	Explanations
Utility Property, Plant and Equipment	2,449.4	2,528.9	-79.4	Depreciation -180.3 Construction completed 105.7
Investments and Other Assets	679.9	650.9	28.9	Reserve fund for reprocessing of irradiated nuclear fuel 19.8 Unrealized gain on available-for-sale securities 8.9
Others	1,072.3	931.0	141.3	Cash and cash equivalents and short-term investments 92.1 ( Mar. 31, 2013 324.1 Mar.31, 2012 231.9 )
Total	4,201.7	4,110.9	90.7	

## Liabilities and Equity

(Billions of Yen)

	Mar. 31, 2013	Mar. 31, 2012	Difference	Explanations																						
Interest-bearing Debt	2,789.0	2,360.1	428.8	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Balance</th> <th rowspan="2">Difference</th> </tr> <tr> <th>Mar. 31, 2013</th> <th>Mar. 31, 2012</th> </tr> </thead> <tbody> <tr> <td>Bonds</td> <td>1212.6</td> <td>1192.6</td> <td>20.0</td> </tr> <tr> <td>Loans</td> <td>1543.4</td> <td>1167.5</td> <td>375.8</td> </tr> <tr> <td>CP</td> <td>33.0</td> <td>-</td> <td>33.0</td> </tr> <tr> <td>Total</td> <td>2,789.0</td> <td>2,360.1</td> <td>428.8</td> </tr> </tbody> </table>		Balance		Difference	Mar. 31, 2013	Mar. 31, 2012	Bonds	1212.6	1192.6	20.0	Loans	1543.4	1167.5	375.8	CP	33.0	-	33.0	Total	2,789.0	2,360.1	428.8
	Balance		Difference																							
	Mar. 31, 2013	Mar. 31, 2012																								
Bonds	1212.6	1192.6	20.0																							
Loans	1543.4	1167.5	375.8																							
CP	33.0	-	33.0																							
Total	2,789.0	2,360.1	428.8																							
Other Liabilities	983.4	984.1	-0.7																							
Equity	429.2	766.7	-337.4	FY2012 net loss -338.0 Dividends -9.4 [Equity Ratio] Mar. 31, 2013 10.2% Mar. 31, 2012 18.7%																						
Total	4,201.7	4,110.9	90.7																							

# Income Statement Summary (Consolidated)

		(Billions of Yen,%)				FY2012 Consolidated Ratio
		FY2012	FY2011	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	1,545.9	1,508.0	37.8	102.5	( 1.07 )
	Electric	1,406.2	1,367.6	38.6	102.8	
	Other	139.7	140.4	-0.7	99.4	
	Other Revenues	14.1	13.9	0.2	102.0	
	Total	1,560.1	1,521.9	38.1	102.5	
Ordinary Expenses	Operating Expenses	1,845.3	1,692.9	152.4	109.0	
	Electric	1,715.2	1,562.0	153.2	109.8	
	Other	130.0	130.8	-0.7	99.4	
	Other Expenses	45.9	42.5	3.3	107.9	
Total	1,891.3	1,735.5	155.7	109.0		
(Operating Income(Loss))		(-299.4)	(-184.8)	(-114.5)	(-)	( - )
Ordinary Income (Loss)		-331.2	-213.5	-117.6	-	( - )
Reserve for Fluctuation In Water Levels		3.0	1.2	1.8	254.3	
Net Income (Loss)		-332.4	-166.3	-166.0	-	( - )
Comprehensive Income (Loss)		-320.8	-163.2	-157.6	-	

# Segment Information

## Energy-related business

- Sales and Operating income decreased mainly due to the decrease in the maintenance and repair work on power plants.

## IT and Telecommunications

- Sales decreased mainly due to the decrease in information system developments and information equipment sales.
- Operating income increased mainly due to the decrease in depreciation expenses of broadband service.

## Others

- Operating income decreased mainly due to the beginning of depreciation of new office building for rent.

(Billions of Yen)

	Electric Power	Energy-related business	IT and Telecommunications	Other	Eliminations/corporate	Total [Consolidated]
Sales	1,408.3 (38.8)	160.6 (-3.9)	94.5 (-2.3)	27.2 (-)	-144.9 (5.3)	1,545.9 (37.8)
Sales to customers [Figures are included above]	1,406.2 (38.6)	65.9 (-1.0)	60.7 (-0.4)	12.9 (0.6)	- (-)	1,545.9 (37.8)
Operating Income(Loss)	-312.6 (-112.6)	2.5 (-2.2)	7.6 (0.9)	2.4 (-0.6)	0.5 (-)	-299.4 (-114.5)
Segment Assets	4,053.3 (90.9)	325.4 (13.1)	141.4 (-4.7)	149.7 (-5.5)	-143.4 (4.6)	4,526.5 (98.4)
Capital Expenditures	155.6 (-38.1)	9.6 (-10.5)	17.4 (-4.0)	1.5 (-10.1)	-2.9 (0.2)	181.2 (-62.6)

Note: Figures in parentheses denote change from FY2011

# Cash Flow Summary (Consolidated)

(Billions of Yen)

	FY2012	FY2011	Difference	Explanations
Cash flows from operating activities	-135.1	16.9	-152.0	Decrease due to the increase in payments for fuel costs -162.6
Cash flows from investing activities	-176.5	-228.2	51.7	
Reposting of capital expenditures including nuclear fuel [Figures are included above]	(-183.9)	(-229.3)	(45.4)	
Cash flows from financing activities	412.2	363.3	48.9	Increase in fund-raising due to the decrease in operating cash flows, etc. Increase in interest bearing debt 30.6 ( FY2012 424.9      FY2011 394.3 ) Decrease in dividend 18.9
Change in cash & cash equivalents	101.2	151.9	-50.6	

Free cash flows*	-319.0	-212.4	-106.6
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\*Free cash flows = Cash flows from operating activities + Capital expenditures including nuclear fuel

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