

Financial Results

The 3rd Quarter of FY 2012

January 30, 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 3rd Quarter Financial Results

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*Figures for FY2012 3rd Quarter Financial Results are accumulated total from Apr.1, 2012 to Dec.31, 2012.

Financial Results and Forecasts Summary

FY2012 3rd Quarter Financial Results Summary

【Summary】

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

In the electricity business:

- Electricity sales increased due to a rise in charge unit prices affected by fuel cost adjustments and other factors while electricity sales volume decreased.
- Thermal fuel costs and costs for power purchases drastically increased due to the influence of the shutdown of operations at our nuclear power stations while we are making maximum efforts to advance management rationalization and improve revenue and expenditure.

【Consolidated】

(Billions of Yen,%)

	FY2012 3Q	FY2011 3Q	Difference	Change
Sales	1,132.6	1,094.6	38.0	103.5
Operating Income (Loss)	-209.6	-86.2	-123.3	-
Ordinary Income (Loss)	-233.1	-106.3	-126.8	-
Net Income (Loss)	-234.7	-90.5	-144.2	-

Comprehensive Income (Loss)	-232.0	-94.4	-137.6	-
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Note: As of the end of FY2012 3Q, 69 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 39 companies (no change from the end of FY2012 2Q)

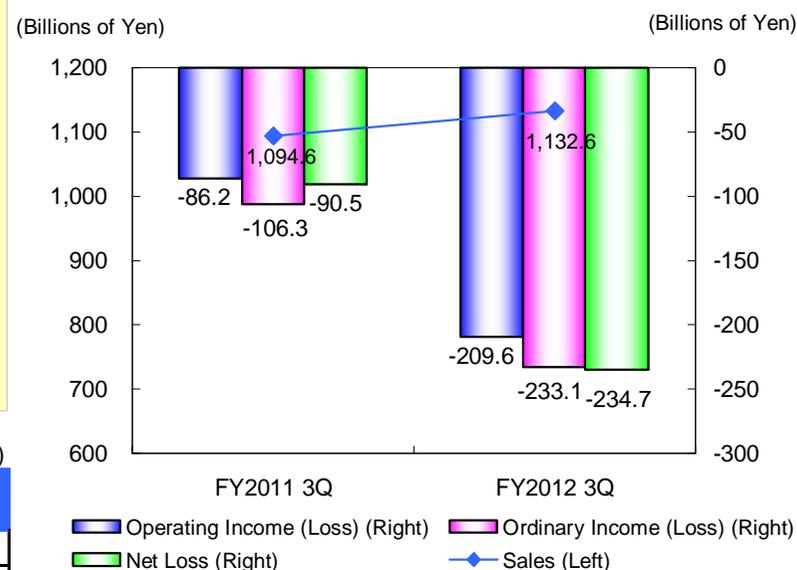
Equity method companies: 30 companies (no change from the end of FY2012 2Q)

【Non-Consolidated】

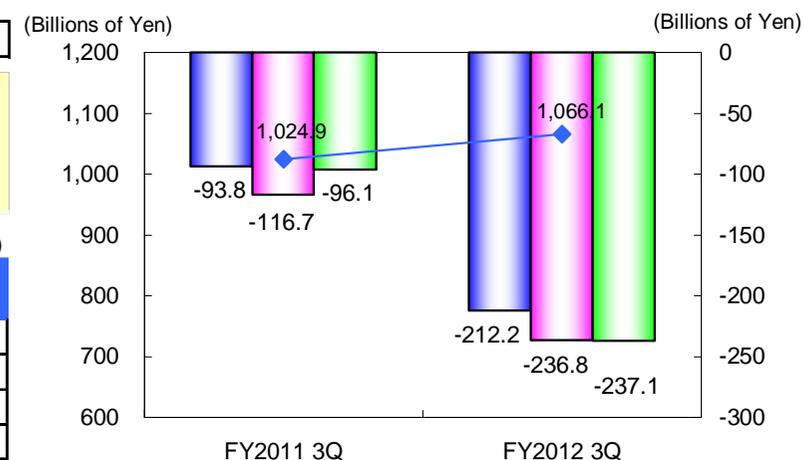
(Billions of Yen,%)

	FY2012 3Q	FY2011 3Q	Difference	Change
Sales	1,066.1	1,024.9	41.1	104.0
Operating Income (Loss)	-212.2	-93.8	-118.3	-
Ordinary Income (Loss)	-236.8	-116.7	-120.0	-
Net Income (Loss)	-237.1	-96.1	-140.9	-

Consolidated



Non-Consolidated



FY2012 Summary of Full-Year Financial Results Forecasts

Our forecasts for our full-year financial results are unchanged from those announced in November 2012.

【 Summary 】

In the electricity business:

- Sales are expected to exceed FY2011, mainly because of increased charge unit price due to the effect of fuel cost adjustments system in spite of decreased electricity sales volume.
- The ordinary profit-and-loss and the net profit-and-loss are expected to get further in the red compared with FY2011, mainly because of increase of thermal fuel costs and costs for power purchases due to the influence of the shutdown of operations at our nuclear power stations.

【 Consolidated 】

	(Billions of Yen,%)			
	FY2012	FY2011	Difference	Change
Sales	1,550.0	1,508.0	42.0	102.8
Operating Income (Loss)	-335.0	-184.8	-150.2	-
Ordinary Income (Loss)	-370.0	-213.5	-156.5	-
Net Income (Loss)	-365.0	-166.3	-198.7	-

< The factor of increase in Sales of 42.0 billion-yen >

- Increase of electricity sales 30.0 billion-yen

< The factor of decrease in Ordinary Profit of 156.5 billion-yen >

- Increase of Sales 42.0 billion-yen
- Increase of fuel costs and costs for power purchases -227.0 billion-yen
(Influence of the shutdown of operations at our nuclear power stations -242.0 billion-yen)

【 Non-Consolidated 】

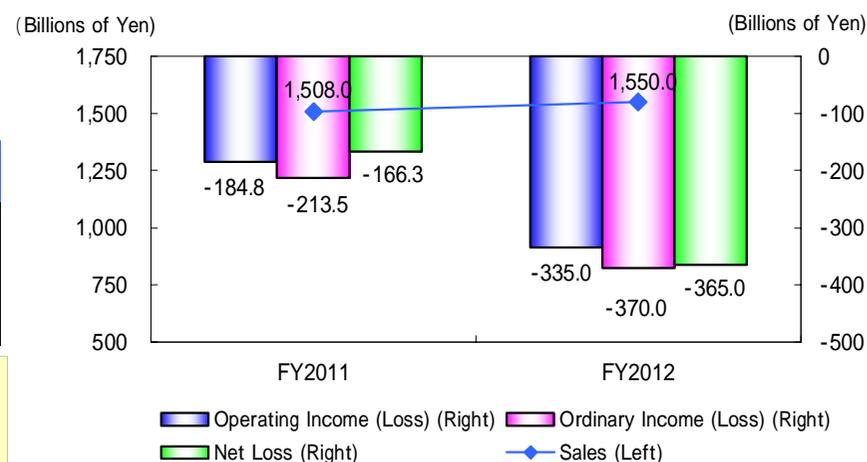
	(Billions of Yen,%)			
	FY2012	FY2011	Difference	Change
Sales	1,450.0	1,406.7	43.3	103.1
Operating Income (Loss)	-335.0	-195.7	-139.3	-
Ordinary Income (Loss)	-370.0	-228.5	-141.5	-
Net Income (Loss)	-365.0	-174.9	-190.1	-

【 Dividend 】

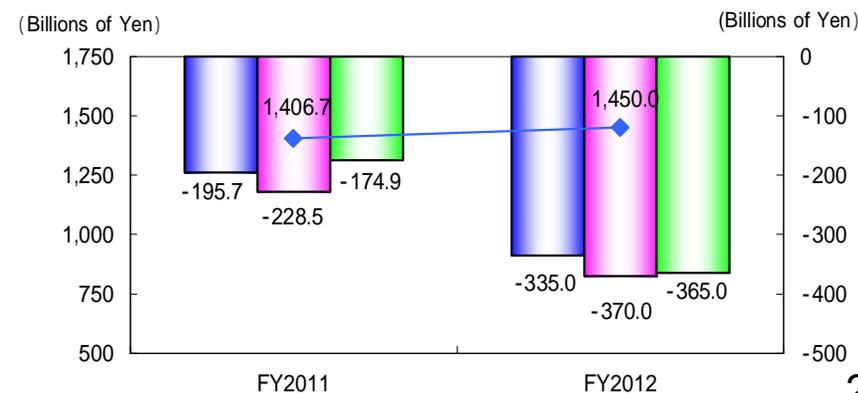
We are planning not to pay out year-end dividend of FY2012 as well as interim.

(Dividend results of FY2011 : interim dividend 30 yen ,
year-end dividend 20 yen)

Consolidated



Non-Consolidated



FY2012 3rd Quarter Financial Results

Electricity Sales Volume

Customers other than large-scale industrial

Decreased by 1.4% compared with the 3Q of the previous year mainly due to an effect of our customers' power savings and a decrease in the air-conditioning demand as the temperature in June through July was lower than the previous year's level.

Large-scale industrial customers

Decreased by 1.0% compared with the 3Q of the previous year mainly 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.

【Electricity Sales Volume】

(Million-kWh,%)

		FY2012 3Q	vs.FY2011 3Q	
			Difference	Change
Lighting		20,636	-121	99.4
Power		41,196	-707	98.3
Total		61,832	-828	98.7
(Figures are included above)	Customers other than large-scale industrial	43,750	-641	98.6
	Large-scale industrial customers	18,082	-187	99.0

【Reference: Electricity Sales Volume (by sector)】

(Million-kWh,%)

			FY2012 3Q	vs.FY2011 3Q	
				Difference	Change
Demand other than under liberalization	Lighting		20,636	-121	99.4
	Power	Low voltage	3,318	-126	96.4
		Others	533	-49	91.6
	Subtotal		24,487	-296	98.8
Demand under liberalization	Commercial		14,487	-269	98.2
	Industrial		22,858	-263	98.9
	Subtotal		37,345	-532	98.6
Total			61,832	-828	98.7

【Large-scale industrial customers by sector】

(Million-kWh,%)

		FY2012 3Q	vs.FY2011 3Q	
			Difference	Change
Machinery Total		5,091	-121	97.7
(Figures are included above)	Electronics	3,474	-170	95.3
	Transportation	1,234	43	103.7
Steel and Iron		1,887	95	105.3
Chemicals		2,034	34	101.7
Clay and Stone		745	-	99.9
Non-ferrous Metals		1,412	-36	97.5
Pulps and Papers		328	-23	93.4
Foodstuffs		1,794	-15	99.2
Others		4,791	-121	97.5
Total		18,082	-187	99.0

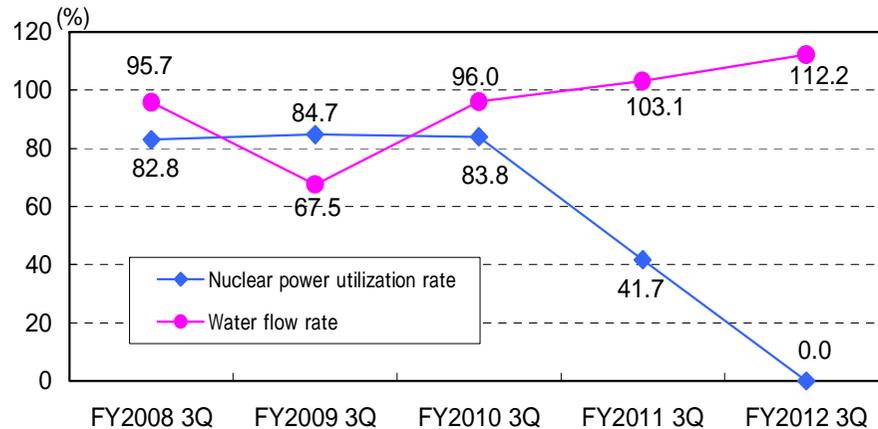
Generated and Received Electricity

【Generated and Received Electricity】

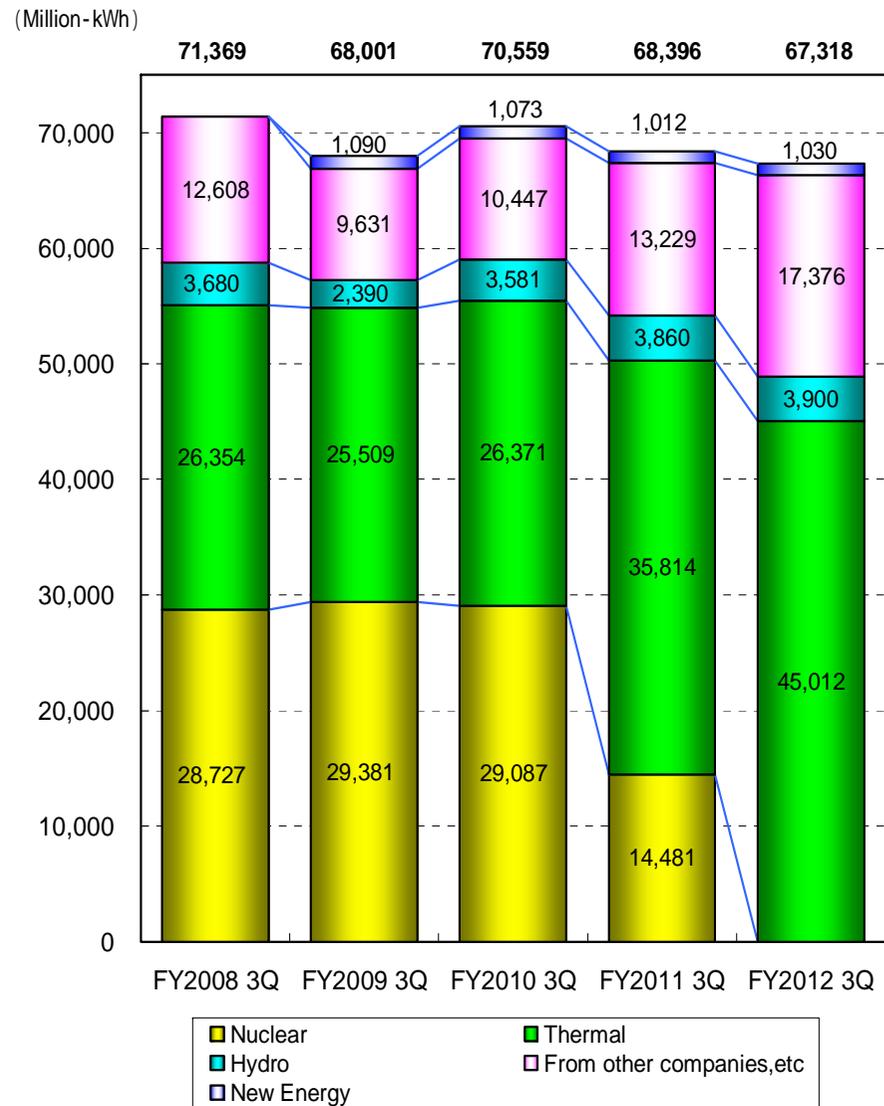
		(Million-kWh,%)		
		FY2012 3Q	vs.FY2011 3Q	
			Difference	Change
Own facilities	Hydro (Water flow rate)	3,900 (112.2)	40 (9.1)	101.0
	Thermal	45,012	9,198	125.7
	Nuclear (Utilization rate)	- (-)	-14,481 (-41.7)	-
	New Energy	1,030	18	101.8
	Subtotal	49,942	-5,225	90.5
From other companies (New Energy [included above])		15,878 (1,463)	2,482 (213)	118.5 (117.0)
Interchange		2,087	1,348	282.6
For pumping		-589	317	65.0
Total		67,318	-1,078	98.4

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 3Q	FY2011 3Q	Difference	Change	Explanations
Ordinary Revenues	Lighting	419.6	408.9	10.7	102.6	Decrease in electricity sales volume -13.0
	Power	585.6	570.1	15.4	102.7	Rise in charge unit prices due to fuel cost adjustments and other factors 27.5 Renewable Energy Power Promotion Surcharge 6.9 Solar Power Promotion Surcharge 4.6
	Other	66.7	52.0	14.7	128.3	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 10.5
	(Sales)	(1,066.1)	(1,024.9)	(41.1)	(104.0)	
Total		1,072.0	1,031.1	40.9	104.0	
Ordinary Expenses	Labor	120.0	125.9	-5.9	95.3	Salary -4.8 Welfare expense -0.8
	Fuel	495.3	344.1	151.2	143.9	Influence of the shutdown of operations at nuclear power stations 168.5 (303.0 134.5) Decrease in electricity sales volume -13.5
	Power purchase	205.5	139.1	66.3	147.7	Influence of the shutdown of operations at nuclear power stations 52.5 (80.0 27.5) Purchase of Renewable Energy Sourced Electricity 14.6
	Maintenance	104.1	131.9	-27.8	78.9	Nuclear -22.0 Thermal -2.2
	Depreciation	136.2	151.3	-15.0	90.1	Nuclear -5.2 Thermal -4.6
	Interest	26.5	23.8	2.6	111.3	
	Tax and public dues ¹	64.6	65.5	-0.9	98.6	
	Nuclear back-end ²	14.9	25.9	-10.9	57.8	Reprocessing costs of irradiated nuclear fuel -3.6 Decommissioning costs of nuclear power plants -3.0
Other	141.3	140.0	1.3	101.0	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 6.9 Overhead expenses ^{*3} -5.6	
Total		1,308.8	1,147.9	160.9	114.0	
(Operating Income(Loss))		(-212.2)	(-93.8)	(-118.3)	(-)	
Ordinary Income (Loss)		-236.8	-116.7	-120.0	-	
Reserve for fluctuation In water levels		2.2	-	2.1	-	
Income taxes		-1.8	-20.5	18.7	-	
Net Income (Loss)		-237.1	-96.1	-140.9	-	

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 3Q	FY2011 3Q	Difference
Exchange rate	80 yen/\$	79 yen/\$	1 yen/\$
Crude oil CIF price	114 \$/b	113 \$/b	1 \$/b
Water flow rate	112.2 %	103.1 %	9.1 %
Nuclear power utilization rate	- %	41.7 %	- 41.7 %

[Explanations] Ordinary Revenues

(Billions of Yen,%)

	FY2012 3Q	FY2011 3Q	Difference	Change
Lighting and Power	1,005.2	979.0	26.1	102.7

Difference

1. Decrease in electricity sales volume due to decreased demand -13.0

【Reference : Factors behind change in electricity sales volume】

(Billions-kWh)

	FY2012 3Q	FY2011 3Q	Difference	Factors
Customers other than large-scale industrial	43.7	44.4	-0.7	<ul style="list-style-type: none"> · Effect of our customers' power savings -0.8 · Temperature effect -0.1 · Effect of number of customers 0.2
Large-scale industrial customers	18.1	18.3	-0.2	<ul style="list-style-type: none"> · Effect of our customers' power savings -0.2
Total	61.8	62.7	-0.9	

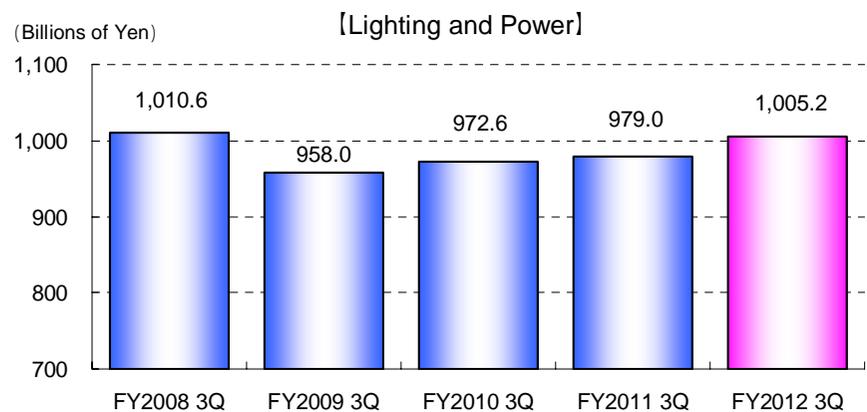
Difference

2. Rise in charge unit prices due to fuel cost adjustments and other factors 27.5

Effect of fuel cost adjustments 31.1

3. Renewable Energy Power Promotion Surcharge 6.9

4. Solar Power Promotion Surcharge 4.6

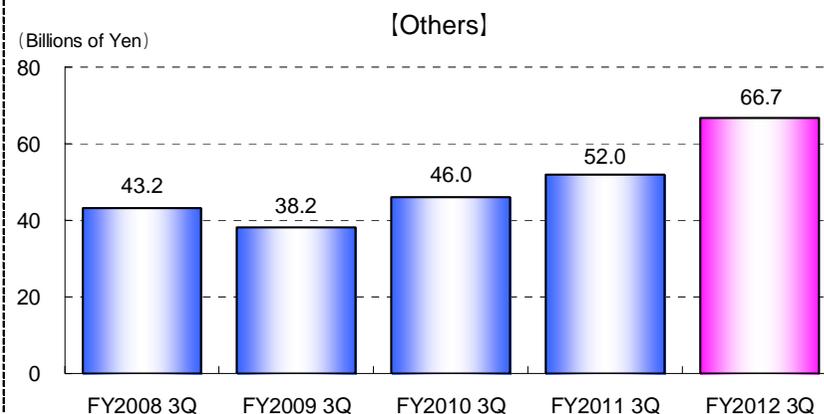


(Billions of Yen,%)

	FY2012 3Q	FY2011 3Q	Difference	Change
Others	66.7	52.0	14.7	128.3

Difference FY2012 3Q FY2011 3Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 10.5 (10.5 -)

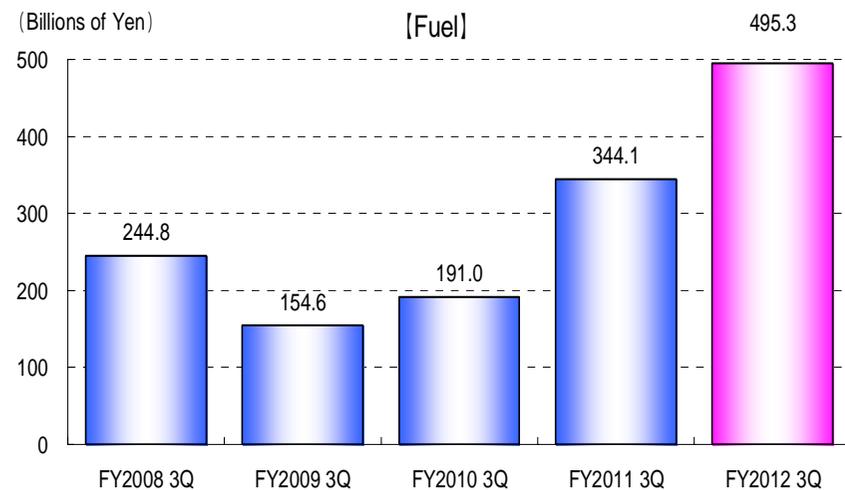


[Explanations] Fuel, Power purchase

(Billions of Yen,%)

	FY2012 3Q	FY2011 3Q	Difference	Change
Fuel	495.3	344.1	151.2	143.9

	Difference	FY2012 3Q	FY2011 3Q
1. Influence of the shutdown of operations at nuclear power stations	168.5	(303.0)	134.5)
Thermal	176.5		
[Reference] Fuel consumption			
		FY2012 3Q	FY2011 3Q
Coal (thousand. ton)		3,945	4,418
Heavy oil (thousand. kiloliter)		1,379	421
Crude oil (thousand. kiloliter)		1,349	655
LNG (thousand. ton)		3,348	2,799
Nuclear	-8.0		
2. Decrease in electricity sales volume	-13.5		



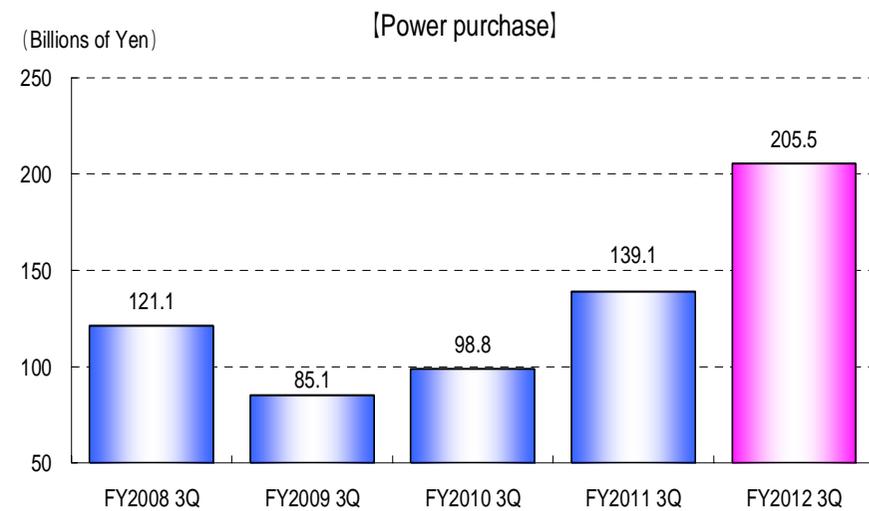
(Billions of Yen,%)

	FY2012 3Q	FY2011 3Q	Difference	Change
Power purchase	205.5	139.1	66.3	147.7

	Difference	FY2012 3Q	FY2011 3Q
1. Influence of the shutdown of operations at nuclear power stations	52.5	(80.0)	27.5)
Accommodations from other power company	28.5		
Increase in purchases of thermal power from other companies	24.0		
2. Purchase of Renewable Energy Sourced Electricity	14.6		

The increasing cost of Fuel and Power purchase due to the influence of the shutdown of operations at nuclear power stations ; 383.0 Billions of Yen

(Reference) The increasing cost of FY2011 3Q ; 162.0 Billions of Yen



Balance Sheet Summary (Non-Consolidated)

Assets

(Billions of Yen)

	Dec. 31, 2012	Mar. 31, 2012	Difference	Explanations
Utility Property, Plant and Equipment	2,452.4	2,528.9	-76.4	Depreciation -136.3 Construction completed 61.6
Investments and Other Assets	654.0	650.9	3.0	
Others	914.1	931.0	-16.9	Cash and cash equivalents and short-term investments -43.2 (Dec. 31, 2012 188.6 Mar.31, 2012 231.9) Construction in progress 17.0
Total	4,020.6	4,110.9	-90.3	

Liabilities and Equity

(Billions of Yen)

	Dec. 31, 2012	Mar. 31, 2012	Difference	Explanations																		
Interest-bearing Debt	2,572.1	2,360.1	212.0	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Balance</th> <th rowspan="2">Difference</th> </tr> <tr> <th>Dec. 31, 2012</th> <th>Mar. 31, 2012</th> </tr> </thead> <tbody> <tr> <td>Bonds</td> <td>1,172.6</td> <td>1,192.6</td> <td>-20.0</td> </tr> <tr> <td>Loans</td> <td>1,399.5</td> <td>1,167.5</td> <td>232.0</td> </tr> <tr> <td>Total</td> <td>2,572.1</td> <td>2,360.1</td> <td>212.0</td> </tr> </tbody> </table>		Balance		Difference	Dec. 31, 2012	Mar. 31, 2012	Bonds	1,172.6	1,192.6	-20.0	Loans	1,399.5	1,167.5	232.0	Total	2,572.1	2,360.1	212.0
						Balance			Difference													
					Dec. 31, 2012	Mar. 31, 2012																
				Bonds	1,172.6	1,192.6	-20.0															
Loans	1,399.5	1,167.5	232.0																			
Total	2,572.1	2,360.1	212.0																			
Other Liabilities	926.1	984.1	-58.0	Accrued expenses -29.2 Short-term liabilities of affiliated companies -20.4 Other accounts payable -15.4																		
Equity	522.4	766.7	-244.2	FY2012 3Q net income -237.1 Dividends -9.4 [Equity Ratio] Dec. 31, 2012 13.0% Mar. 31, 2012 18.7%																		
Total	4,020.6	4,110.9	-90.3																			

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