

Presentation Materials for IR meeting

November 6, 2017

Section1 Business Update

Section2 Financial Results for the 2Q of FY2017





Section1 Business Update

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■ “The Financial Targets on Group’s Medium-term Management Policy” was announced in June 2017

Further clarification of our group’s management stance and acceleration of initiatives for the management innovation

(P2-3)

■ Providing value to our stakeholders as well as striving for continuous growth

Pushing forward initiatives on a group wide basis, aiming to become “A corporate group that provides ‘Japan's best energy services’” declared on Group's Medium-term Management Policy

(P4-7)

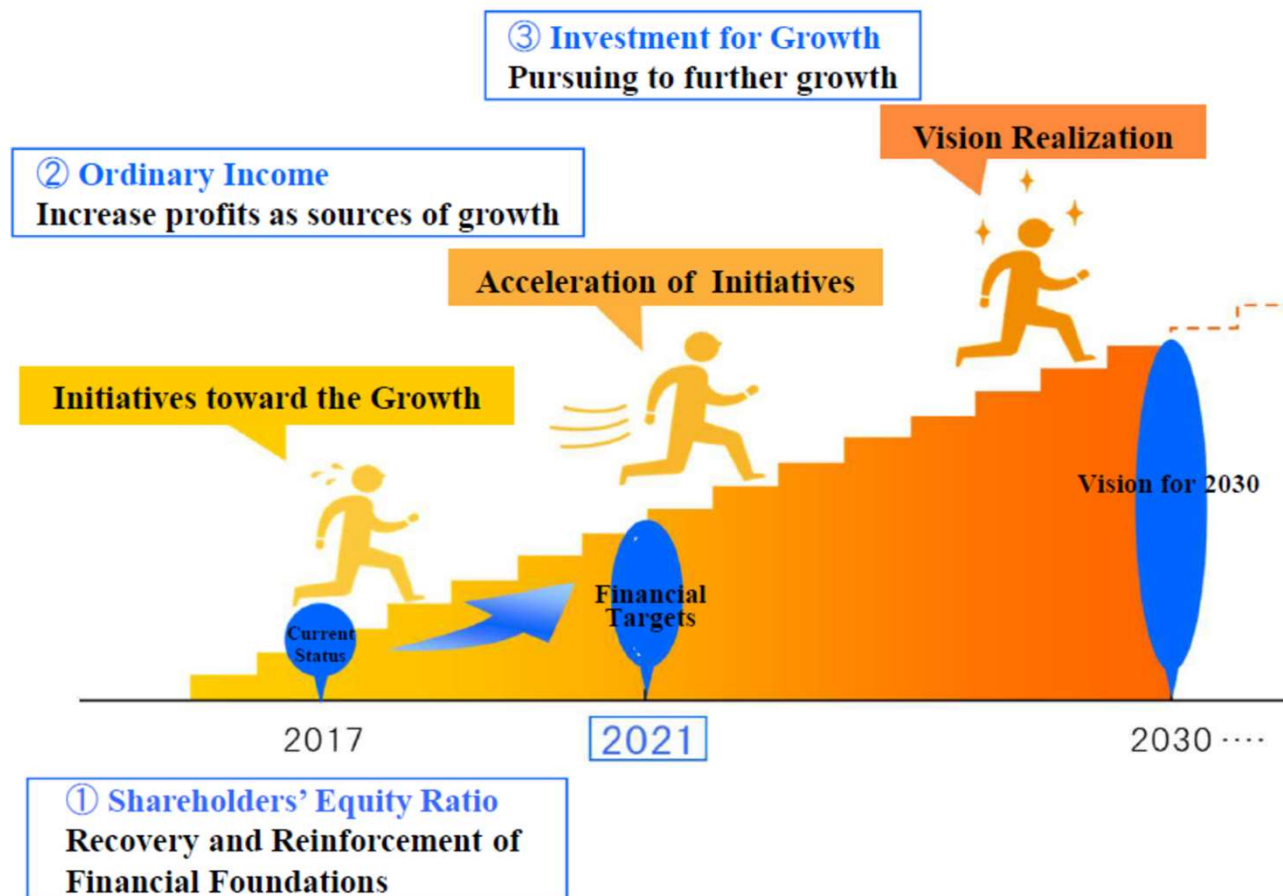
■ Under Pre-Operation Inspection toward restarting of Genkai NPS, which is the base of stable management

Four NPSs will be operated after restarting of Genkai NPS and contribute significantly to improve and stabilize our profitability and financial condition

(P8)

The Financial Targets over the next five years

- We formulated Medium-term Management Policy in April 2015, and have made maximum efforts for initiatives toward the early restarting of NPSs, improvement of profitability and overcoming the competitions of the full liberalization of the electricity and gas retail markets.
- We set the financial targets for the next five years considering that it is necessary to further clarify our group's management stance and accelerate initiatives for the management innovation.

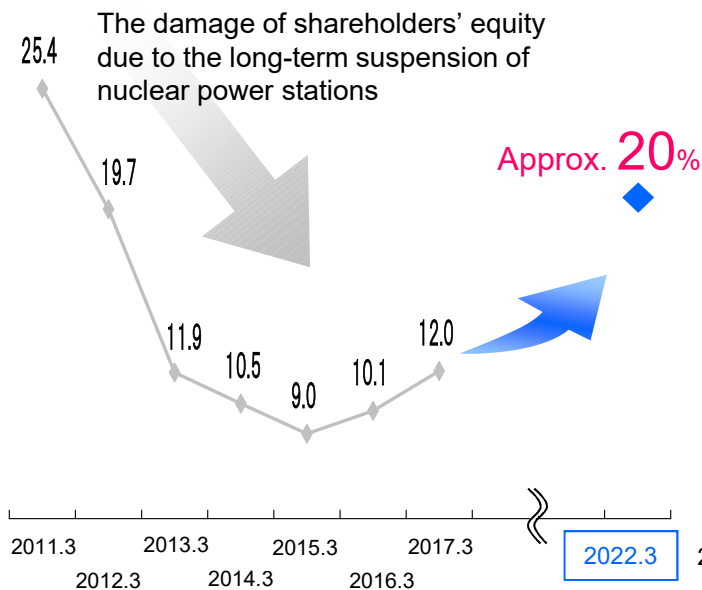


The Financial Targets over the next five years

- We set the targeted shareholders' equity ratio at around 20% at the end of FY ending Mar 31st, 2022, because the recovery of damaged financial foundation is an urgent task.
- To achieve the targeted shareholder's equity ratio and ensure sources for further growth, we set the target of average ordinary income 110 billion yen or more for the next five years.
- We aim to invest a cumulative total of 420 billion yen for the next five years toward growth business such as overseas and renewable energy in order to gain sustainable profits.

Shareholders' Equity Ratio

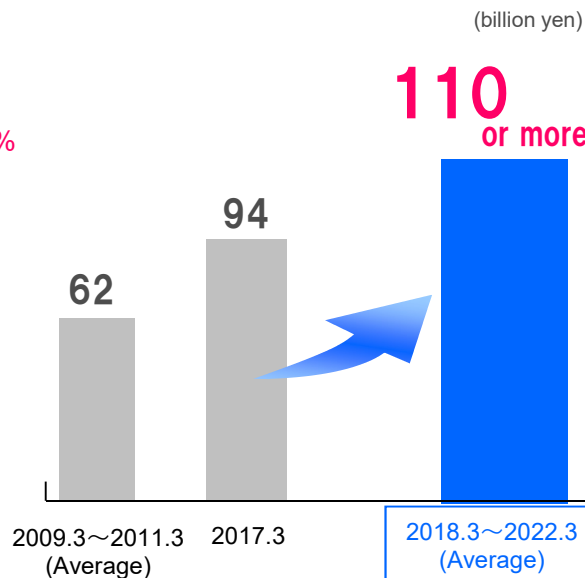
Approx. **20%**



Ordinary Income

Average

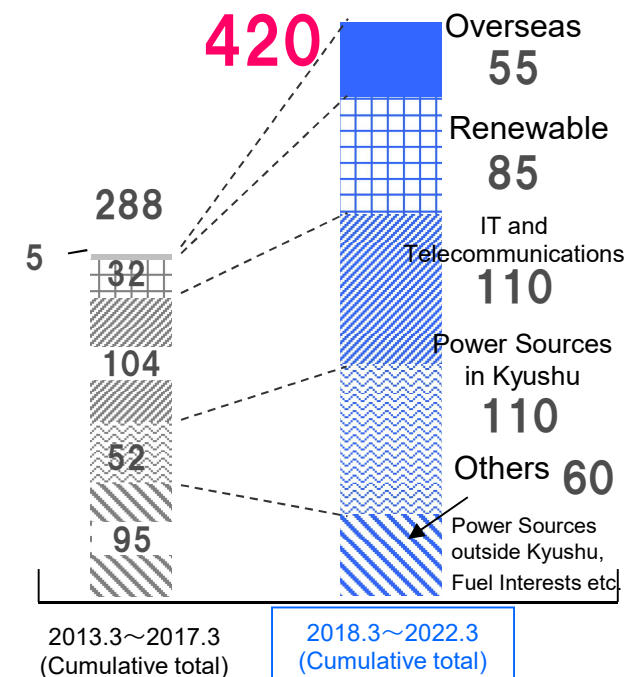
110 billion yen
or more



Investment for Growth Business

Cumulative total

420 billion yen
(billion yen)

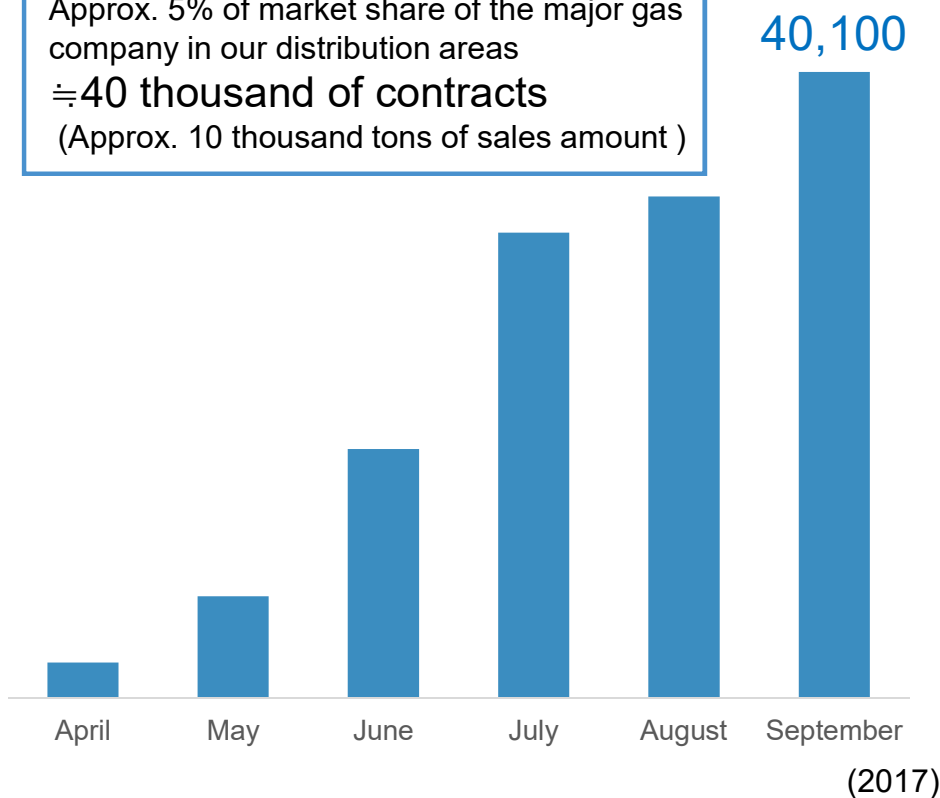


Sales promotion with “Electricity and gas bundling”

- We regard gas retail business as a great opportunity to retain and regain electricity customers, and develop the sales with “Electricity and gas bundling”.
- Gaining new contracts through our customer service offices and one day office in shopping mall as well as our web site and call center.
- The target of household gas sales in FY2017 has been already achieved as the number of contracts is about 40,100 (at September 2017).

Sales target of household gas

Approx. 5% of market share of the major gas company in our distribution areas
 ≒40 thousand of contracts
 (Approx. 10 thousand tons of sales amount)



One day office



Our web site

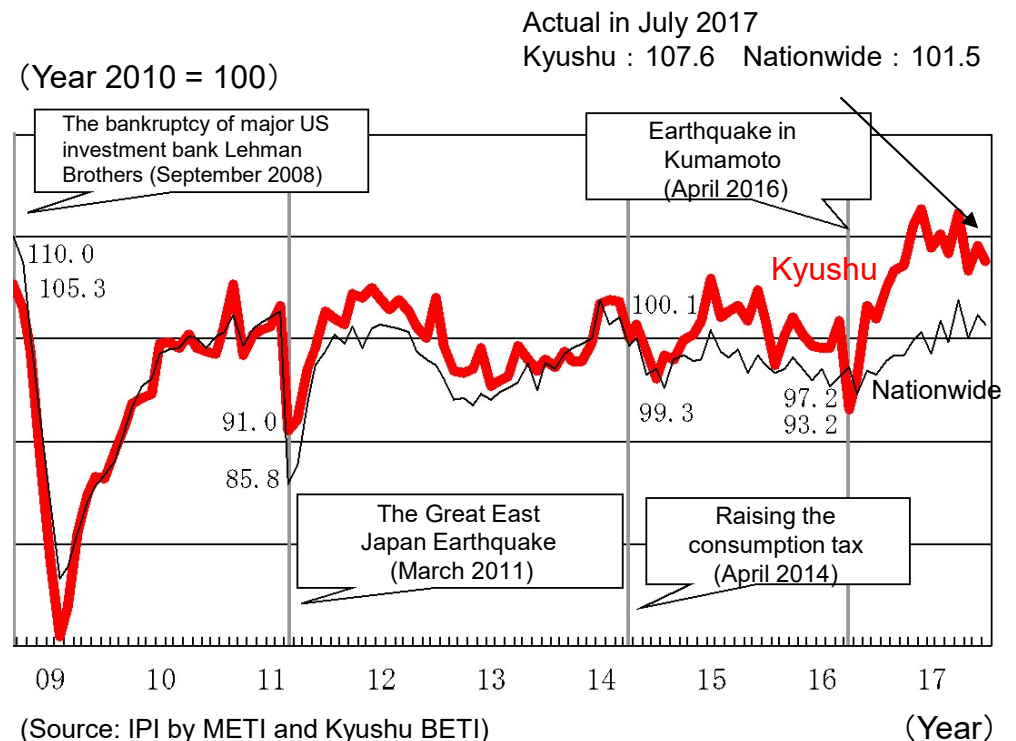
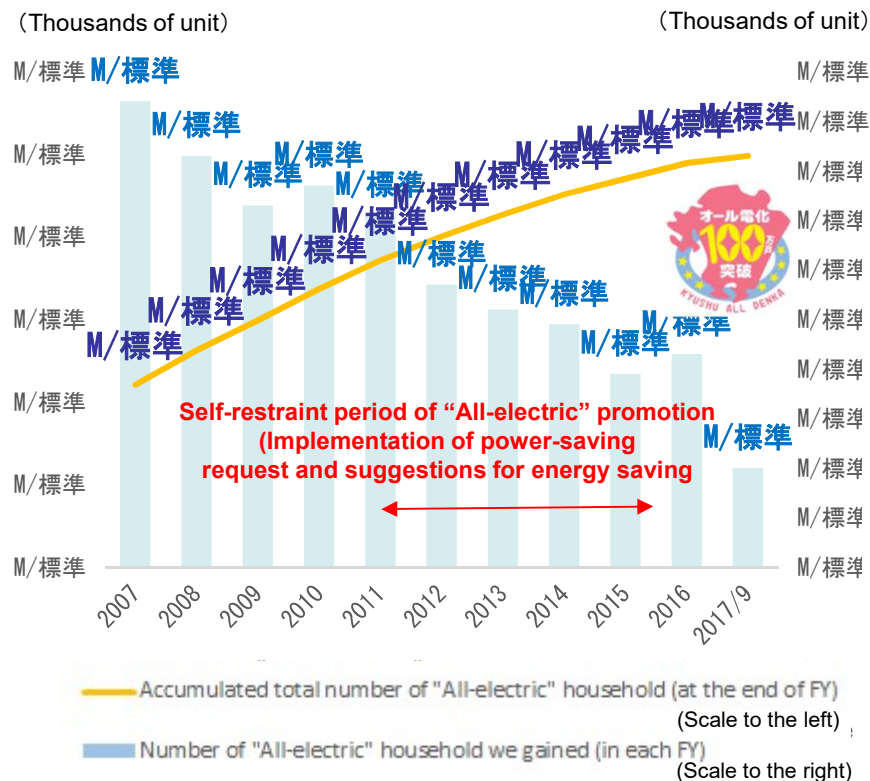


Initiatives for expanding electricity demand

- We restarted All-electric promotion in FY2016 for the first time in 6 years. Eventually, number of new contracts stopped decreasing trend and turned to increase in that FY.
- Cumulative number of contracts will surpass 1 million within the period of “All-electric campaign”, held from October to December 2017 (Refer to the figure on the left).
- Production of Kyushu Economy continues to be in higher level compared with nationwide level, based on an increase of the export in automotive and semiconductor industries (Refer to the figure on the right).
- Capital expenditure in Kyushu is forecast to increase by approx.14.7% y/y, which is higher than nationwide level (2.9%). Therefore expansion of electricity demand will be expected.

The number of new contracts of “All-electric”

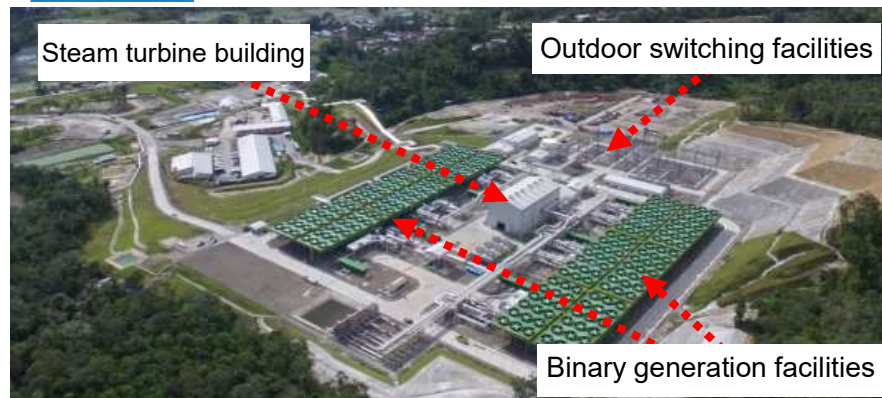
Trend of industrial production index



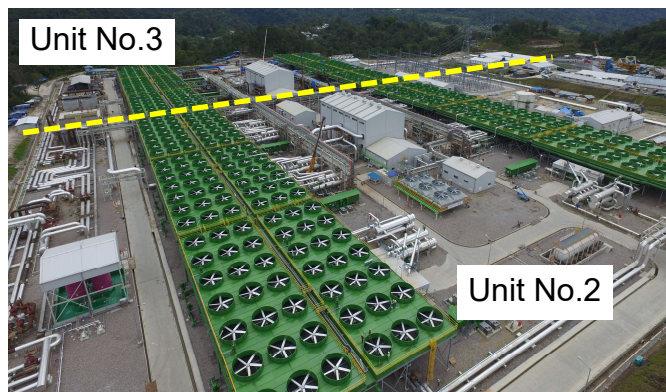
Start of operation of Sarulla geothermal unit No.2

- Regarding Sarulla geothermal, which is the world's largest scale, unit No.2 (output 108.7MW) started commercial operation in October 2017 following unit No.1 (output 105.9MW) in March 2017.
- We have an electricity sales contract for 30 years with EPCO owned by Indonesia government, so stable profits are expected.
- Unit No.3 will start commercial operation in 2018.

Unit No.1



Unit No.2 / No.3



Location	Sarulla area, the north of Sumatra island, Indonesia
Business outline	<ul style="list-style-type: none"> • Total development from geothermal resources development to generation • Electricity sales contract with EPCO owned by Indonesia government for 30 years
Output	320.8MW (3 units)
Investment ratio	25%
Start of operation	Unit 1: March 2017 Unit 2: October 2017 Unit 3: 2018 (scheduled)

▲ Near side: Unit No.2 (started to operate since October 2017), Far side: Unit No.3 (start of operation scheduled in 2018)

Open innovation with start-up companies

- We have implemented “Kyushu EPCO Accelerator 2017” with Creww inc., which operates Japan’s largest start-up community, since August 2017. In this initiative, we aim to co-create new businesses by open innovation with start-up companies.
- New businesses will be created by open innovation, linking our plenty resources with creative and innovative ideas, services and products of start-up companies organically.
- We aim to create the new values that can lead to solution for social problems as well as development of Kyushu by creating completely new businesses with start-up companies beyond infrastructure business we have focused on so far.



Press conference by Mr. Izichi, the representative of Creww inc.,(left) and president Uriu ▲

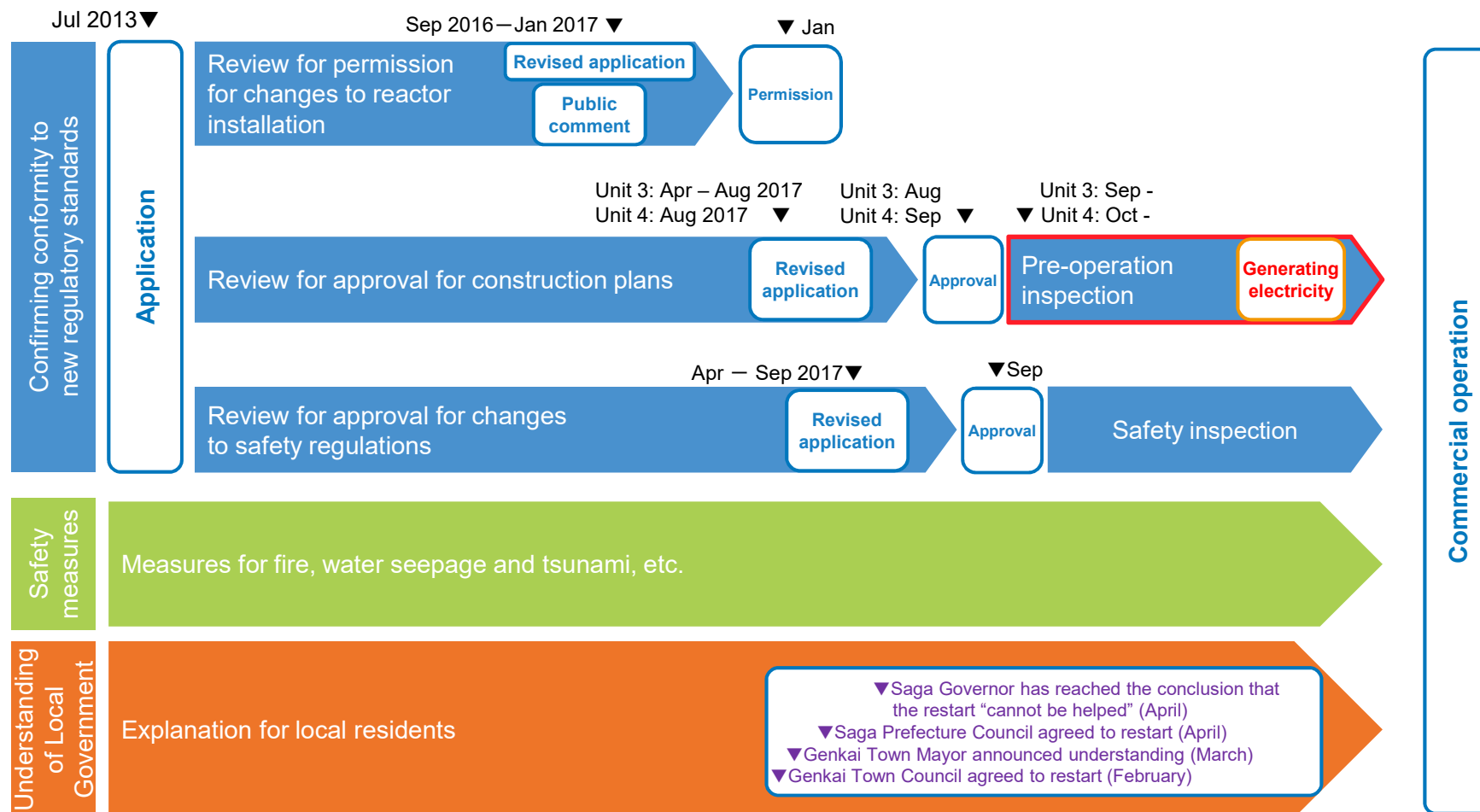
Our group's resources

1. Connection with customers over 8 million contracts
2. 2.4 million electric poles in Kyushu
3. Link with smart meters
4. Link with our 84 group companies
5. Network with local governments in Kyushu
6. Network with 30 thousand employees
7. Network with local enterprises
8. Fields for proof tests
9. Various data
10. Know-how of disaster response

Process for restarting of Genkai NPS

- We received the construction planning permission of unit No.3 in August and No.4 in September 2017 as well as the permission for change in safety regulations of unit No.3 and 4 in September 2017.
- Unit No.3 and 4 have been under pre-operation inspection since September and October 2017 respectively, as we submitted the application for it after receiving the construction planning permission.

Process for Restart of Genkai NPS







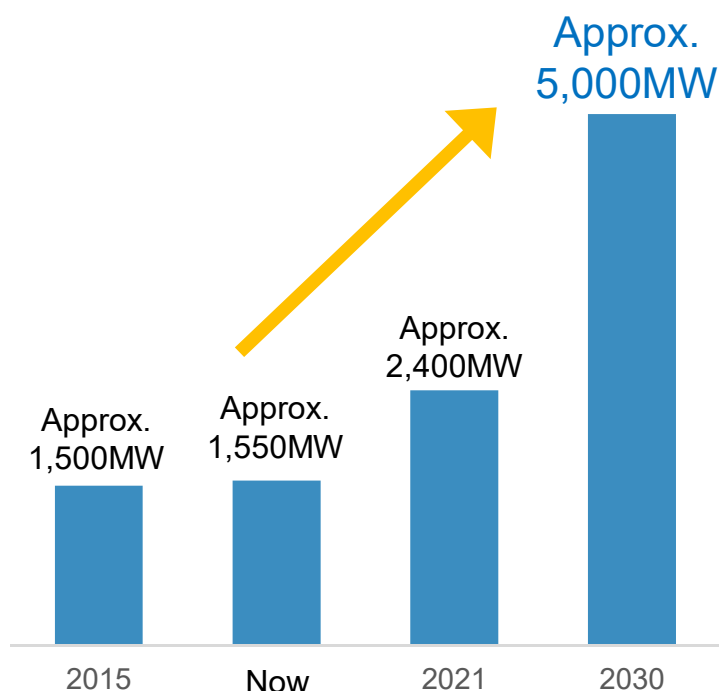
■ Reference

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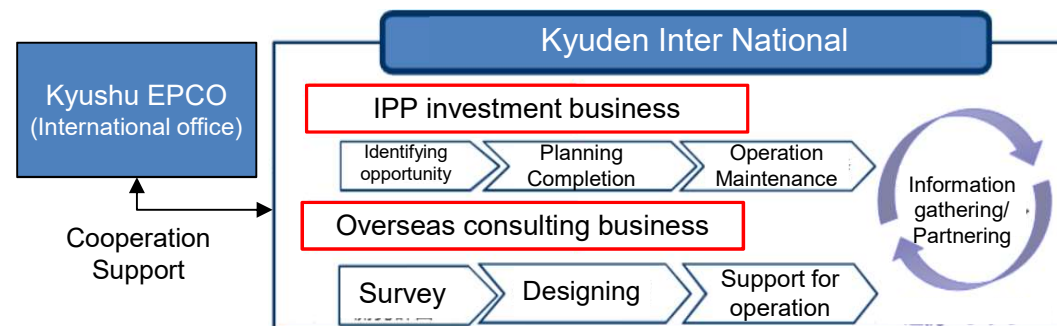
Overseas energy business

- Our group reviewed the overseas energy business promotion structure in April 2017. Since then, Inter national office is positioned as main body for constructing a strategic network including outside group, and Kyuden Inter National Co., Inc., which is our 100%-owned subsidiary, as main body for promoting IPP investment and overseas consulting business.
- We will proactively promote development in key fields such as gas-thermal, coal-thermal and geothermal mainly in Asia, in which the electricity demand is expected to expand and also in anticipation of the enlargement of our business field. This is how we aim for 5,000MW equity ownership in electricity output in 2030.

Target Equity Ownership in 2030



Overseas Energy Business Promotion System

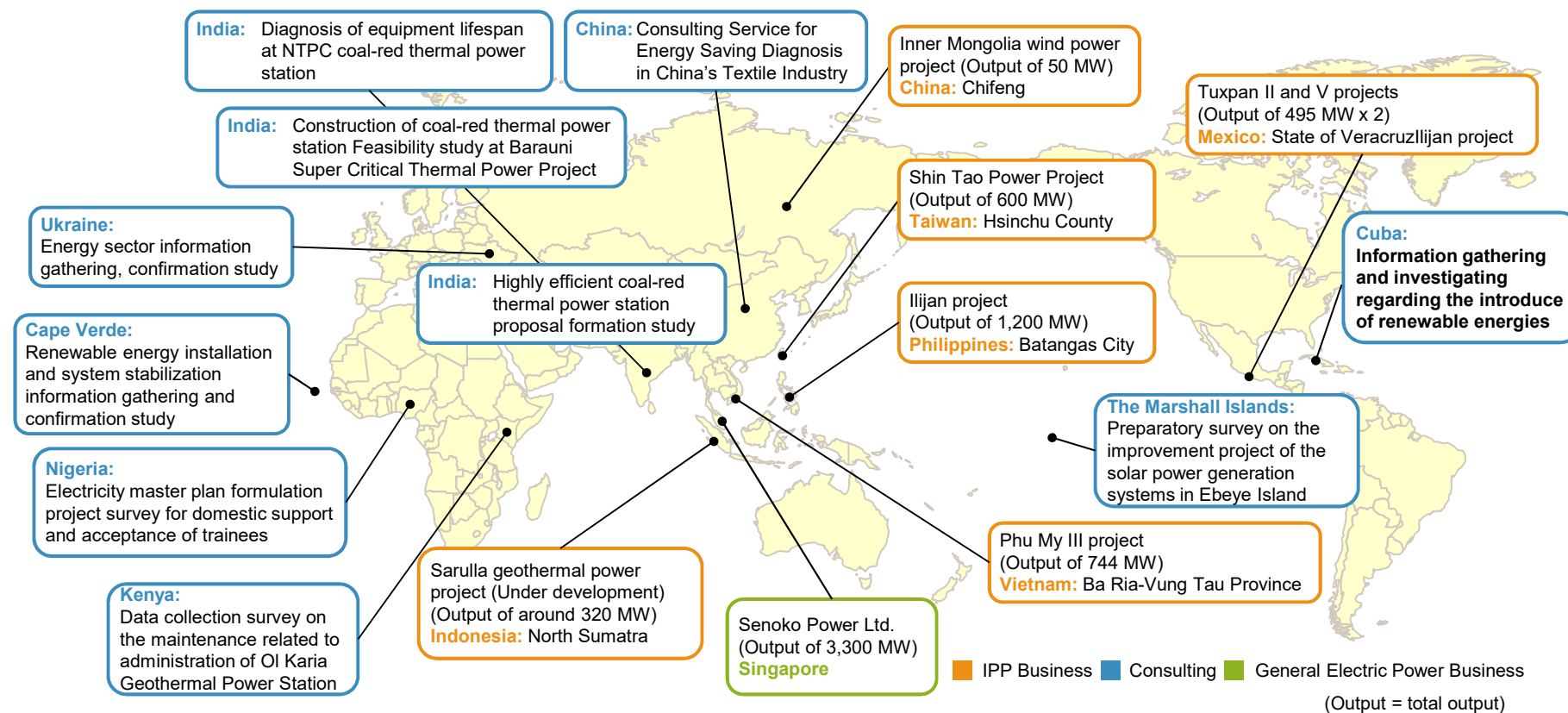


Outline of Kyuden Inter National Co., Inc.



Location of headquarters	Fukuoka city
Capital fund	23.15 billion yen (Kyushu EPCO CO., INC.100%)
Date of establishment	August 2 nd , 1999
Business description	Overseas energy business Overseas consulting business

Business Development Overseas (as of October 2017)



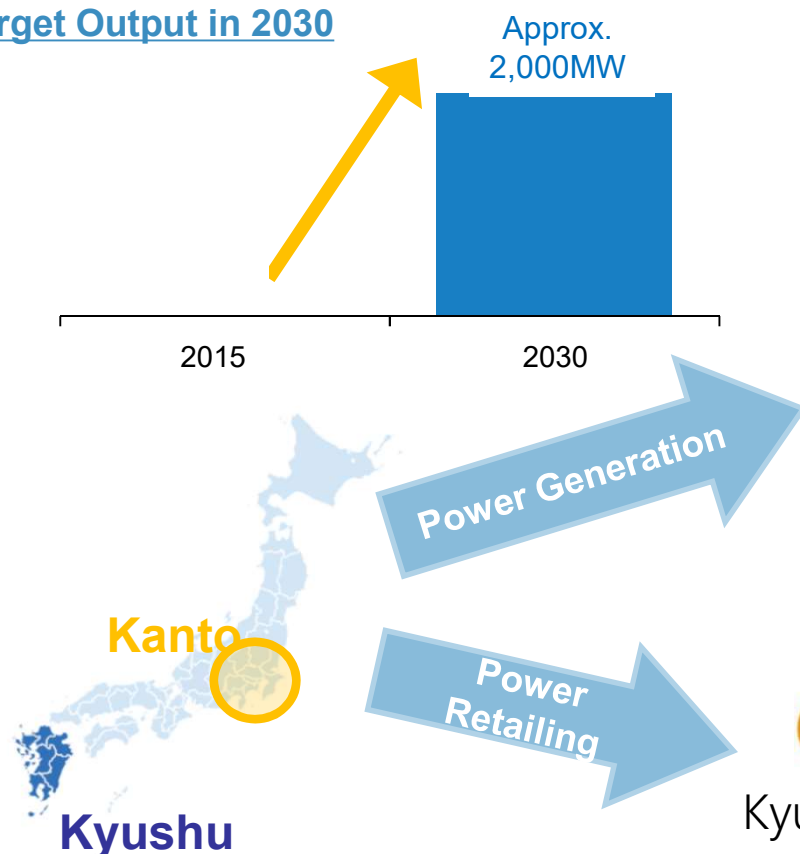
Ongoing Projects in Overseas Energy Business

Projects	Mexico /Tuxpan II	Philippine /Ilijan	Vietnam /Phu My III	Mexico /Tuxpan V	Singapore /Senoko Power	China /Inner Mongolia Wind Power	Taiwan /Hsin Tao Power	Indonesia / Sarulla Unit 1,2
Resources	Gas	Gas	Gas	Gas	Gas/Oil	Wind	Gas	Geothermal
Start of Operation / Investment	Dec. 2001 (Operation)	Jun. 2002 (Operation)	Mar. 2004 (Operation)	Sep. 2006 (Operation)	Sep. 2008 (Investment)	Sep. 2009 (Operation)	Oct. 2010 (Investment)	Mar. 2017 Oct. 2017 (Operation)
Equity Ratio	50%	8%	26.7%	50%	15%	29%	33.2%	25%
Equity Ownership (Total:1,553MW)	248MW	96MW	199MW	248MW	495MW	15MW	199MW	53MW

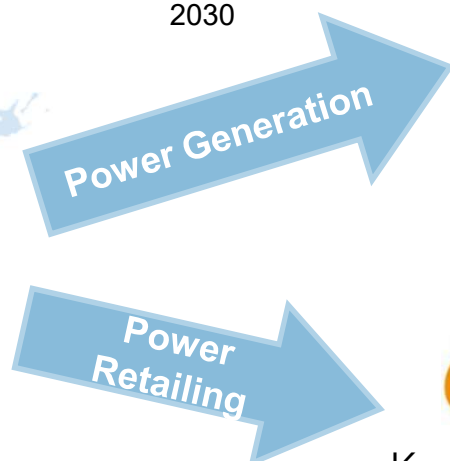
Energy Business in Japan outside Kyushu

- We have reached an agreement with Idemitsu Kosan Co., Ltd. and Tokyo Gas Co., Ltd. to form an alliance to carry out studies for a joint development of a coal-fired power plant. As a result, we established Chiba-Sodegaura Energy Co., Ltd. (CSE) in May 2015.
- Regarding environmental assessment, CSE received examination results (not required a recommendation) for “Document Concerning Environmental Impact Assessment” from METI in July 2016. Subsequently, CSE implemented survey of existing conditions (from October 2016 to September 2017), and is preparing “Draft Environmental Impact Statement”.
- In parallel with the environmental assessment, CSE is considering the business schemes based on the use of project finance as well as technologies of power generation facilities.
- Our subsidiary, Kyuden Mirai Energy Co., Inc., has engaged in the retail electricity business in Kanto area since FY2016.

Target Output in 2030



System	Ultra-super critical (USC) power generation
Output	Unit 1: 1,000MW Unit 2: 1,000MW
Fuel	Coal (biomass co-firing is also under consideration)
Start of Operation	Unit 1: FY 2025 [Scheduled] Unit 2: FY 2026 [Scheduled]



Kyuden Mirai Energy

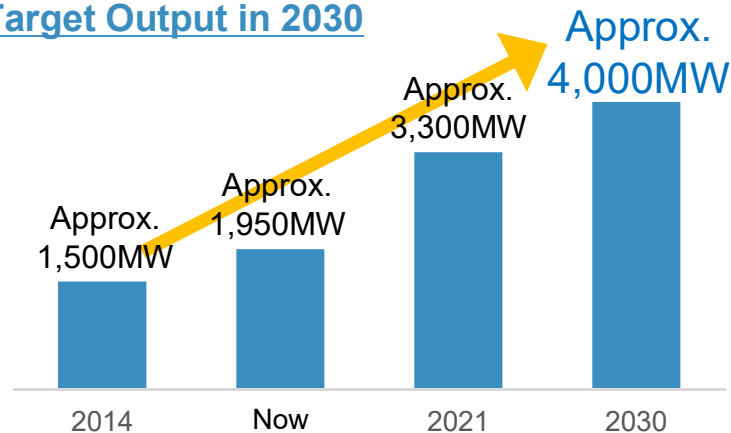
Acquired approx. 3,400 customers

(At the end of October 2017)
(target: 10,000)

Renewable Energy Business

- We have set approx. 4,000MW of output as a target in 2030 by promoting geothermal and hydroelectric power generation both inside and outside Japan.
- We have developed geothermal power generation with our group companies such as West Japan Engineering Consultants (West JEC), which has eminent technologies.
- The consortium composed of Kyuden Mirai Energy Co., Inc., and other four companies has started studying possibility for commercialization of an offshore wind power system off the coast of Kitakyushu city since June 2017.

Target Output in 2030



Solar 90MW



Wind 11.7MW

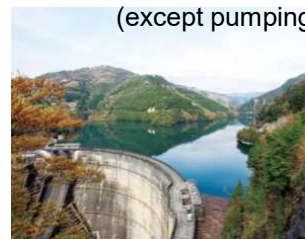


Breakdown of New Development

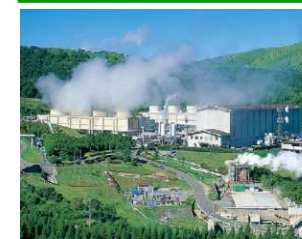
Wind	+1,100MW
Geothermal	+800MW
Hydro	+200MW
Others	+400MW
Total	+2,500MW

Hydro 1,280MW

(except pumping)



Geothermal 427MW



Biomass 40MW



(At the end of October 2017)

Development plan of renewable energy

(At the end of October 2017)

	Name	Prefecture	Output (MW)	Notes
Wind	Kushima Wind Hill	Miyazaki	64.80	Starting operation in October 2020 (Scheduled)
	Karatsu Chinzei Wind Farm	Saga	28.00 (Maximum)	Starting operation in 2022 (Scheduled) [Under environmental assessment]
	Experimental Study of Next Generation Offshore Floating Wind Power System	Fukuoka	3.00	From 2014 to 2017(Scheduled) [Commissioned project in collaboration with NEDO]
	Sub total		95.80	—
Geothermal	Otake	Oita	2.00	Timing of start of operation undecided Update of existing facility (12.5→14.5MW)
	Yamakawa Binary	Kagoshima	4.99	Starting operation in February 2018 (Scheduled)
	Sarulla, Indonesia (III)	—	107.70	Starting operation in 2018 (Scheduled)
	Sub total		114.69	—
Hydro	Tsukabaru	Miyazaki	4.00	Unit 1: Starting operation in April 2019 (Scheduled) Unit 2: Starting operation in May 2019 (Scheduled) Unit 3 & 4: Decommissioned Unit 5: Remained (63.05→67.05MW)
	Shin-Kosa	Kumamoto	7.20	Starting operation in July 2019 (Scheduled)
	Kamoshishi	Kumamoto	1.99	Starting operation in July 2018 (Scheduled)
	Sub total		13.19	—
Biomass	Buzen-Biomass	Fukuoka	74.95	Starting operation in 2020 (Scheduled)
	Soyano Wood Power	Nagano	14.50	Starting operation in 2020 (Scheduled)
	Nanatsushima Biomass Power	Kagoshima	49.00	Starting operation in 2018 (Scheduled)
	Sub total		138.45	—
Tidal	Tidal power generation technology commercialization project	Nagasaki	2.00	Expected in 2016 – 2019 [Governmental competitive budget program by Ministry of the Environment]
Total			364.13	—

Cases under resources investigation regarding renewable energy

(At the end of October 2017)

	Area	Prefecture	Starting schedule	Contents of study
Wind (offshore)	Hibikinada in Kitakyushu	Fukuoka	2017	Investigation of wind, ocean and ground Environmental assessment Basic design of generating facilities
Geothermal	The south of Yamashita pound	Oita	2017	Investigation of the earth's surface Monitoring of hot springs
	Sobetsu town, Oukei	Hokkaido	2016	Investigation of the earth's surface (technical support for Sobetsu town)
	Ibusuki	Kagoshima	2015	Investigation of the earth's surface (technical support for Ibusuki city) *Project has been suspended since October 2016
	Minamiaso village	Kumamoto	2015	Preparation for drilling of wells for investigation Monitoring of hot springs
	The north of Hiijidake	Oita	2013	Drilling of wells for investigation Monitoring of hot springs





Section2 Financial Results for the 2Q of FY2017

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※ The numbers described in Financial Results for the 2Q of FY2017 are accumulated totals from April to September in 2017

Financial Results

The 2nd Quarter of FY 2017



Summary of Consolidated Financial Results for the 2Q of FY2017 (Comparison with FY2016 2Q)

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Sales (Increase), **Ordinary Income** (Decrease)

Sales : **989.2** billions yen (Increase by **6.6%** Compared with FY2016 2Q)

Ordinary Income : **78.8** billions yen (Decrease by **21.4%** Compared with FY2016 2Q)

Financial Results for the 2Q of FY2017

The profit in the 2Q of FY2017 declined compared with the 2Q of FY 2016, though we have been working on a group-wide effort toward efficiency improvements throughout our business activities, while Genkai Nuclear Power Station unit 3 and 4 have not yet restarted operation. This is mainly due to an increase of overhead expense caused by electricity system reform as well as an occurrence of the temporary difference of income and expenditure caused by the shift in reflecting on electricity rates in next quarter regarding the fuel cost adjustment system.

Revenue Side

The sales (operating revenues) increased by 6.6% to ¥989.2 billion and the ordinary revenues increased by 6.4% to ¥997.4 billion compared with the 2Q of FY 2016. This is mainly due to an increase of grant based on the Act on Purchase of Renewable Energy Sourced Electricity and lighting and power revenue because of an increase in the unit price with the effect of fuel cost adjustment system, while sales volume decreased.

Expenditure Side

The ordinary expenses increased by 9.8% to ¥918.6 billion compared with the 2Q of FY 2016. This is mainly due to an increase of overhead expense as well as an increase of fuel cost caused by a rise of fuel prices and power purchase from renewable energy, though group-wide cost reduction was implemented.

Ordinary Income Profit attributable to owners of parent

As a result, the ordinary income decreased by 21.4% to ¥78.8 billion, and also profit attributable to owners of parent decreased by 13.3% to ¥70.6 billion.

Summary of Financial Results for the 2Q of FY2017

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【Consolidated】

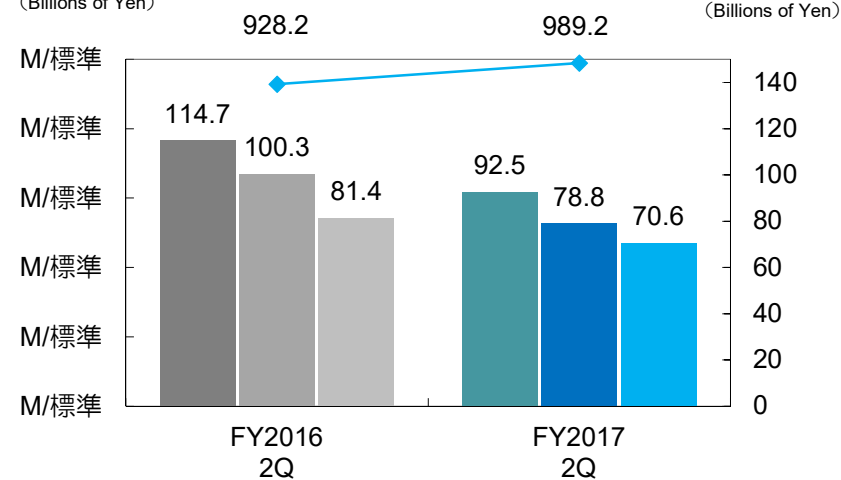
(Billions of Yen,%)

	FY2017 2Q	FY2016 2Q	Difference	Ratio
Ordinary revenue	997.4	937.1	60.3	106.4
Sales [Figures are included above]	989.2	928.2	60.9	106.6
Ordinary expense	918.6	836.7	81.8	109.8
(Operating Income)	(92.5)	(114.7)	(-22.2)	(80.6)
Ordinary Income	78.8	100.3	-21.5	78.6
Extraordinary Loss	—	10.0	-10.0	—
Profit attributable to owners of parent	70.6	81.4	-10.8	86.7

Note: As of the end of FY2017 2Q, 68 affiliates were subject to consolidated accounting.
[Consolidated subsidiaries: 41 companies, Equity method companies: 27 companies
(no change from the end of FY2016)]

Consolidated

(Billions of Yen)



Operating income (right) Ordinary income (right)
Net income (right) Sales (left)

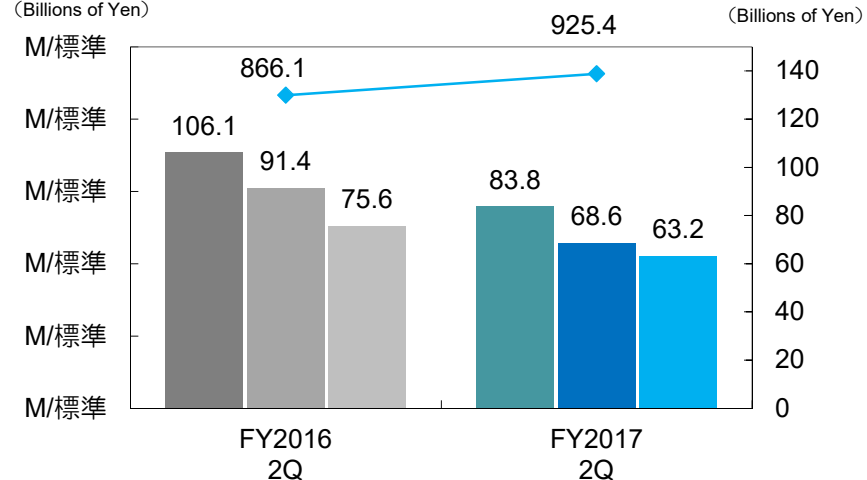
【Non-Consolidated】

(Billions of Yen,%)

	FY2017 2Q	FY2016 2Q	Difference	Ratio
Ordinary revenue	929.7	872.9	56.7	106.5
Sales [Figures are included above]	925.4	866.1	59.2	106.8
Ordinary expense	861.0	781.5	79.5	110.2
(Operating Income)	(83.8)	(106.1)	(-22.3)	(78.9)
Ordinary Income	68.6	91.4	-22.7	75.1
Extraordinary Loss	—	9.5	-9.5	—
Net Income	63.2	75.6	-12.4	83.5

Non-Consolidated

(Billions of Yen)



Operating income (right) Ordinary income (right)
Net income (right) Sales (left)

Electricity Sales Volume

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Total electricity sales volume in April to September, 2017 came to 38,290 million kWh, decreased by 3.3% compared with the 2Q of FY2016. This is due to decline of the contract demand amount.

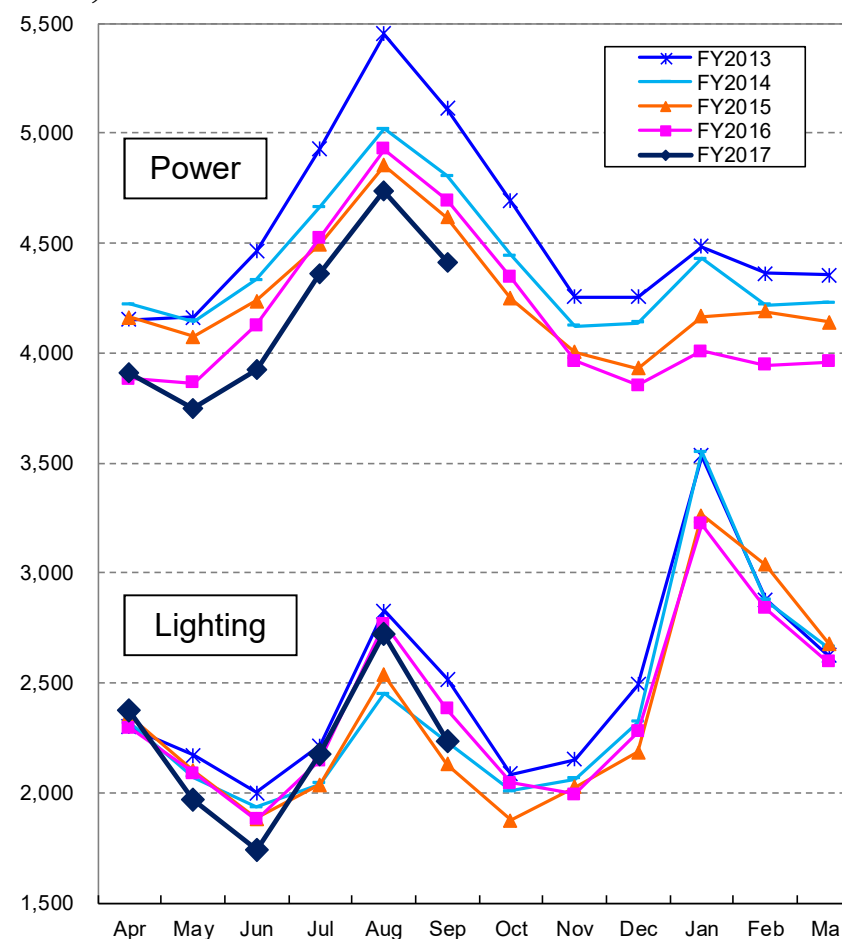
【Electricity Sales Volume】

(Million kWh,%)

	FY2017 2Q	FY2016 2Q	Comparison with FY2016 2Q	
			Difference	Ratio
Lighting	13,217	13,566	-349	97.4
Power	25,073	26,012	-939	96.4
Total	38,290	39,578	-1,288	96.7

【Changes in Electricity Sales Volume】

(Million kWh)



Generated and Received Electricity

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The electricity supply has been stable resulted from a stable operation of Sendai nuclear power station unit No.1 and 2 and the entire operation of power plants like the pumping considered with an increase in new energy received from other companies.

【 Generated and Received Electricity 】

(Million kWh,%)

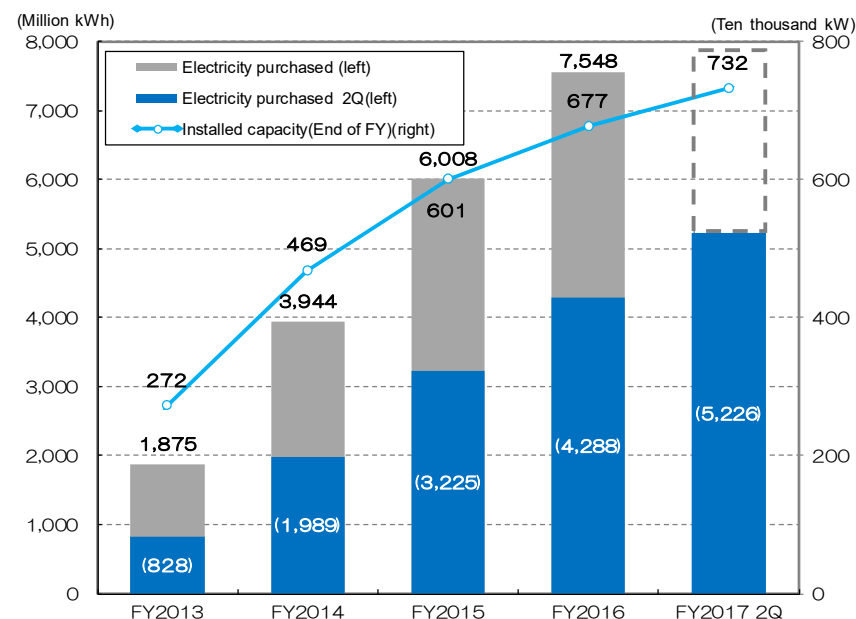
		FY2017 2Q	FY2016 2Q	Comparison with FY2016 2Q	
				Difference	Ratio
Own facilities ※1	Hydro	2,631	2,877	-246	91.5
	(Water flow rate)	(93.1)	(113.2)	(-20.1)	
	Thermal	19,600	20,824	-1,224	94.1
	Nuclear	7,836	7,791	45	100.6
	(Utilization rate)	(39.8)	(39.6)	(0.2)	
	New Energy etc※3	596	546	50	109.0
Subtotal		30,663	32,038	-1,375	95.7
From other Companies ※2	Hydro	979	1,121	-142	87.3
	Thermal	3,089	4,249	-1,160	72.7
	New Energy etc※3	5,773	4,759	1,014	121.4
	Subtotal	9,841	10,129	-288	97.2
Interchange※2		1	31	-30	6.3
For pumping		-811	-628	-183	129.2
Total		39,694	41,570	-1,876	95.5

※1 Own facilities' generation means transmission-end number.

※2 "From other Companies " and " Interchange" includes the volume of electricity recognized as of the end of quarter of fiscal year.

※3 "New Energy etc" includes Solar, Wind, Biomass, Waste and Geothermal.

【 Installed Capacity and Electricity Purchase regarding Solar 】



※Above electricity purchased 2Q are internal number in the result of each fiscal year.

【 Transition of Renewable Energy Power Promotion Surcharge 】

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Surcharge (Yen/kWh)	0.22	0.35	0.75	1.58	2.25	2.64
Price per household (Yen/Month)	55	87	187	395	562	660

※1 Meter rate Lightning B, Contract Current 30A, Monthly use of 250kWh

※2 Feed-in tariff has been enforced since July 2012 (and a surcharge on electricity rate has started in August 2012).

Income Statement (Non-Consolidated)

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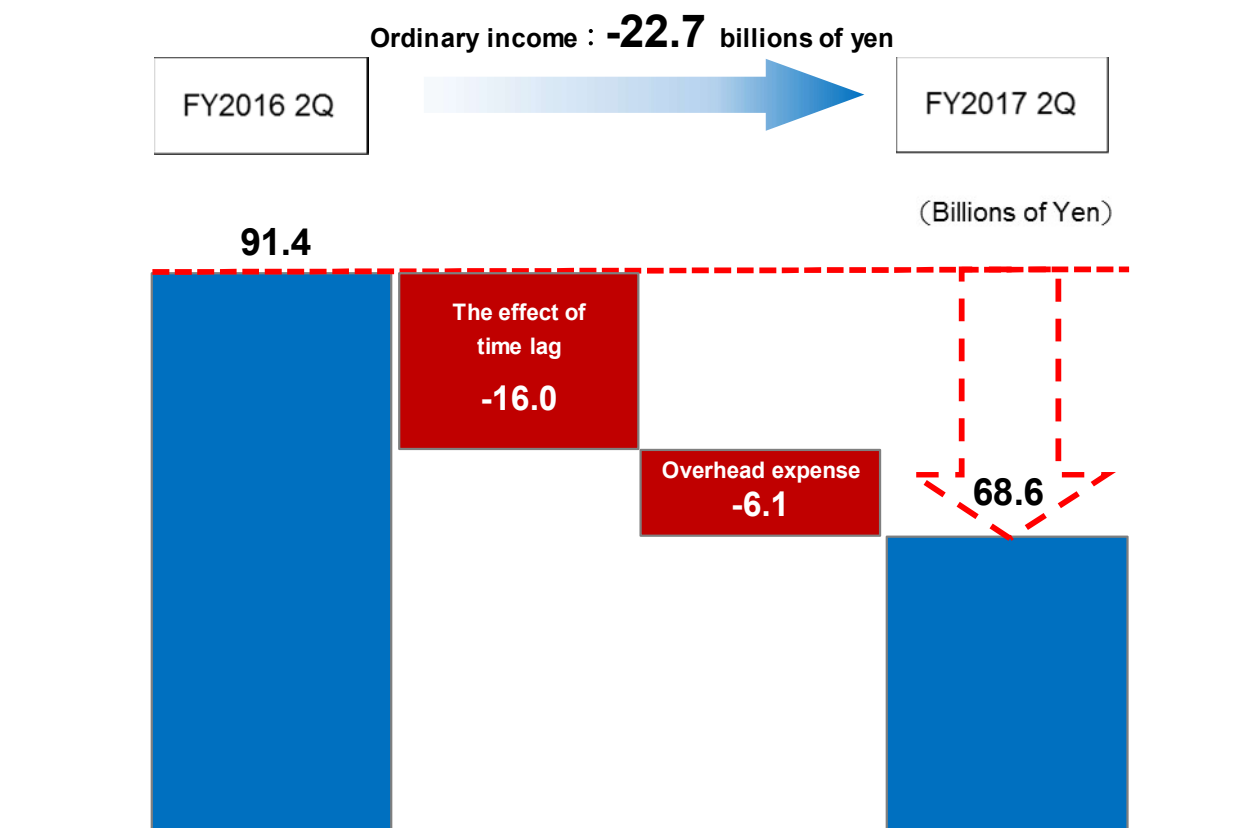
(Billions of Yen,%)

		FY2017 2Q	FY2016 2Q	Difference	Ratio	Explanations
Ordinary Revenues	Lighting	294.9	288.6	6.2	102.1	Decrease in electricity sales volume -22.0
	Power	396.9	390.3	6.6	101.7	Effect of fuel cost adjustment 27.8 (-50.0 ← -77.8)
	Sub Total	(691.8)	(679.0)	(12.8)	(101.9)	Renewable Energy Power Promotion Surcharge 11.7 (86.1←74.4)
	Other	237.8	193.9	43.9	122.7	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 22.6(169.9 ← 147.2) Electricity Sales to Others 10.3
	(Sales)	(925.4)	(866.1)	(59.2)	(106.8)	
	Total	929.7	872.9	56.7	106.5	
Ordinary Expenses	Labor	67.9	65.9	1.9	103.0	
	Fuel	132.2	112.3	19.8	117.7	Increase in CIF 23.0 Exchange losses 5.0 Decrease in electricity sales volume -12.0
	Power purchase	258.7	219.6	39.1	117.8	Purchase from other companies 39.2 [Figures are included below : Purchase of Renewable Energy Sourced Electricity 32.9 (202.9 ← 169.9) Thermal from other companies 5.1]
	Maintenance	56.7	58.5	-1.7	97.0	
	Depreciation	85.1	88.0	-2.8	96.7	
	Interest	15.5	17.0	-1.5	91.2	
	Tax and public dues	42.8	44.6	-1.8	95.8	
	Nuclear back-end	18.9	13.8	5.1	137.5	The effect of the revision of the funding system for reprocessing costs of nuclear fuel 5.0
	Other	182.8	161.4	21.3	113.2	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 11.7 (86.1 ←74.4) Overhead expenses 6.1
	Total	861.0	781.5	79.5	110.2	
(Operating Income)		(83.8)	(106.1)	(-22.3)	(78.9)	The effect of time lag -16.0 (-2.0 ← 14.0)
Ordinary Income		68.6	91.4	-22.7	75.1	
Reserve for Fluctuation In Water Levels		-0.4	0.4	-0.9	—	
Extraordinary Loss		—	9.5	-9.5	—	Extraordinary loss on natural disaster -9.2 Contingent loss -0.2
Income Tax		5.8	5.6	0.1	102.5	
Net Income		63.2	75.6	-12.4	83.5	

Note: The underlined parts are related to Feed-in Tariff Power purchase and sale system of renewable energy

Major Factors in the Changes in Ordinary Income (Non-Consolidated)

20



【Reference : Key Factors】

	FY2017 2Q	FY2016 2Q	Difference	(Billions of Yen)	
				Financial impact	
Crude oil CIF price	51 \$/b	44 \$/b	7 \$/b	(1\$/b)	1.5
Exchange rate	111 Yen/\$	105 Yen/\$	6 Yen/\$	(1Yen/\$)	1.0
Nuclear power utilization rate	39.8 %	39.6 %	0.2 %	(1%)	1.5
Water flow rate	93.1 %	113.2 %	-20.1 %	(1%)	0.2

(Reference 1-1) The effect of time lag of fuel cost adjustment (The 2Q of FY2017) 21

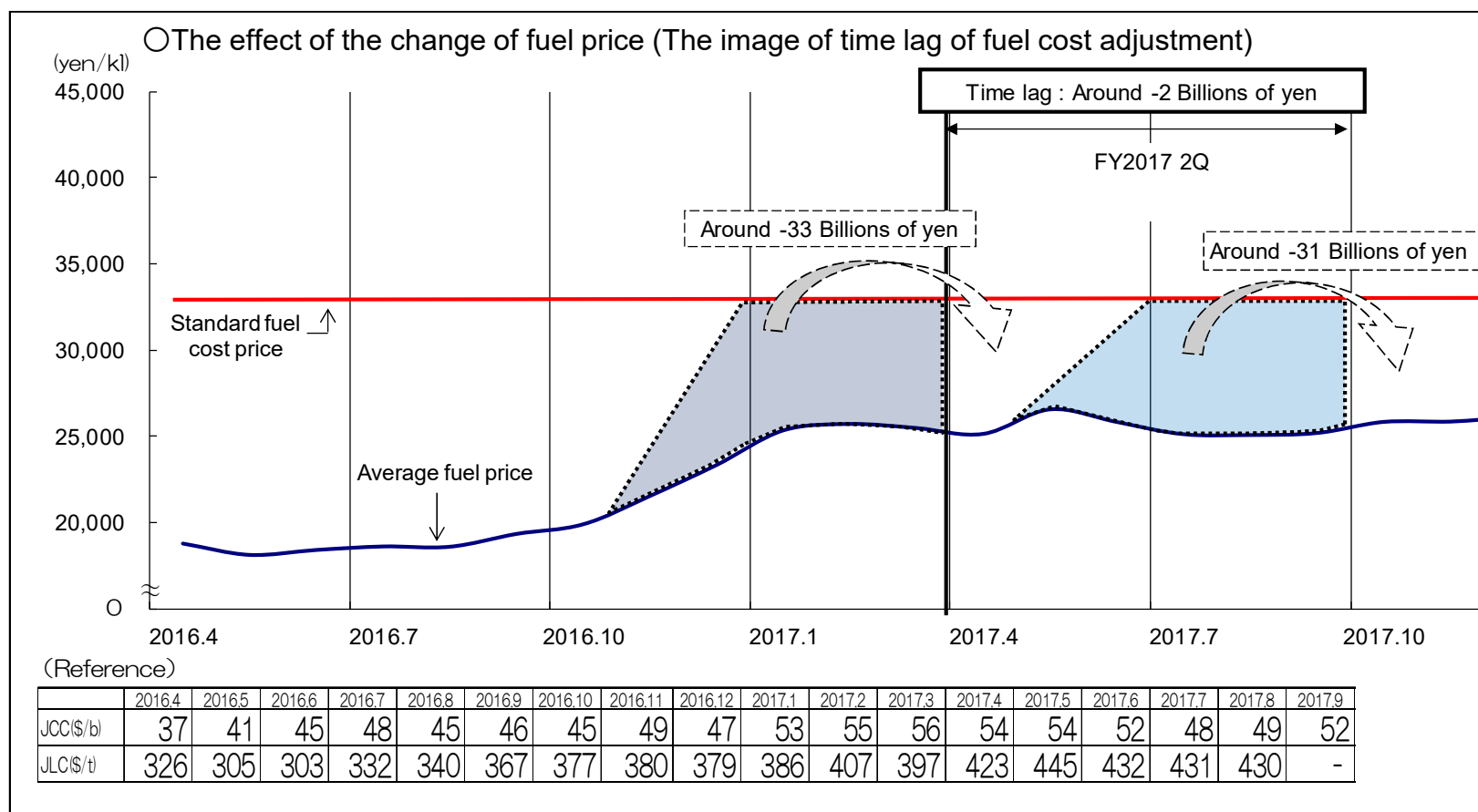
With regard to the effect of fuel price from the second half of FY 2016,

- Part of the fuel prices in the latter half of the FY2016, which were lower than the standard fuel price, were reflected in the decrease of electricity rates in the 2Q of the FY2017 [around -33 billion yen]
- Part of the fuel prices for the 2Q of FY 2017 , which were lower than the standard fuel price, were not reflected in the decrease of electricity rates in the 2Q of FY2017 and were carried over after the 3Q of the FY2017 [around - 31 billion]

As a result of this time lag※ of fuel cost adjustment, revenue and expenditure deteriorated [-2 billion yen] (The 2Q of the FY2016 : around 14 billion yen)

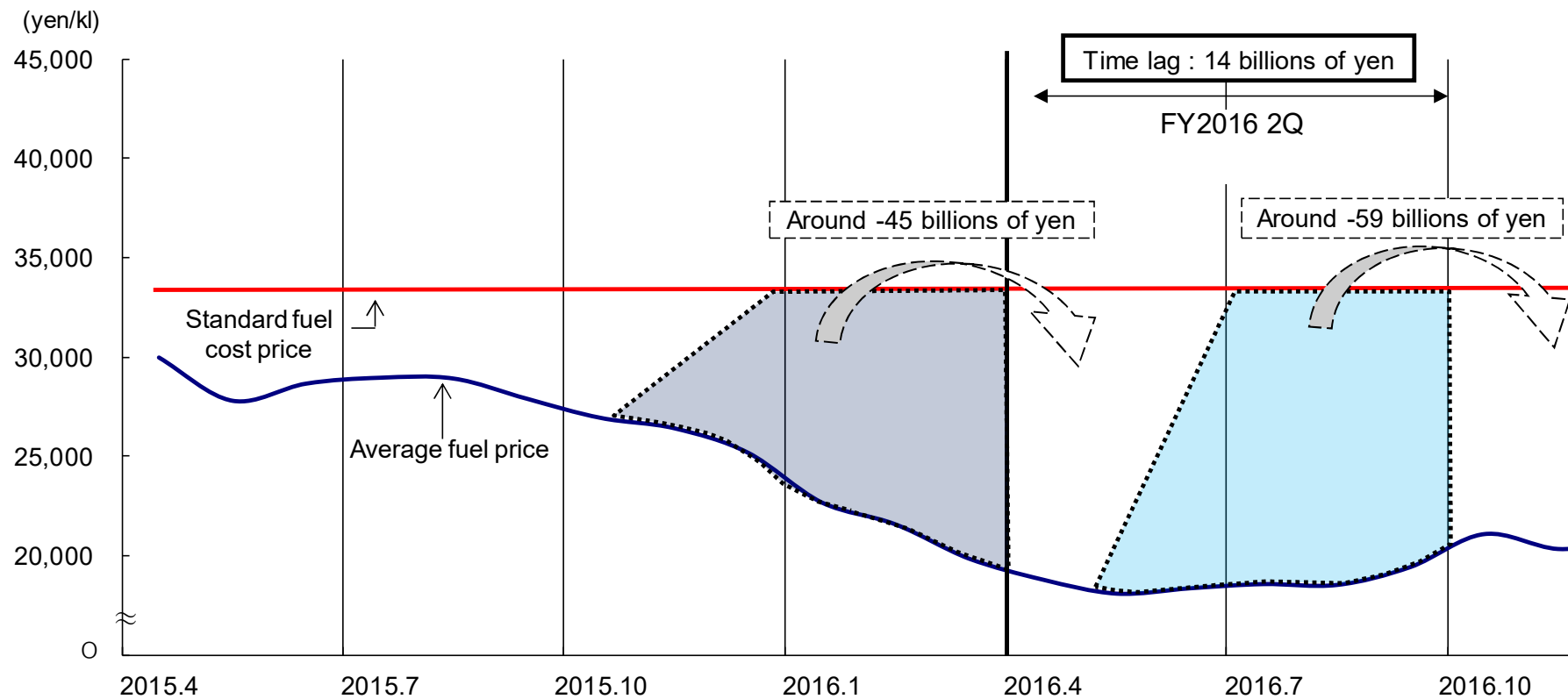
※Reflecting the average fuel price every 3 months with a shift of 2 months

(e.g. fuel cost adjustment in April : November to January, that in May : December to February, that in September : April to June)



(Reference 1-2) The effect of time lag of fuel cost adjustment (The 2Q of FY2016) 22

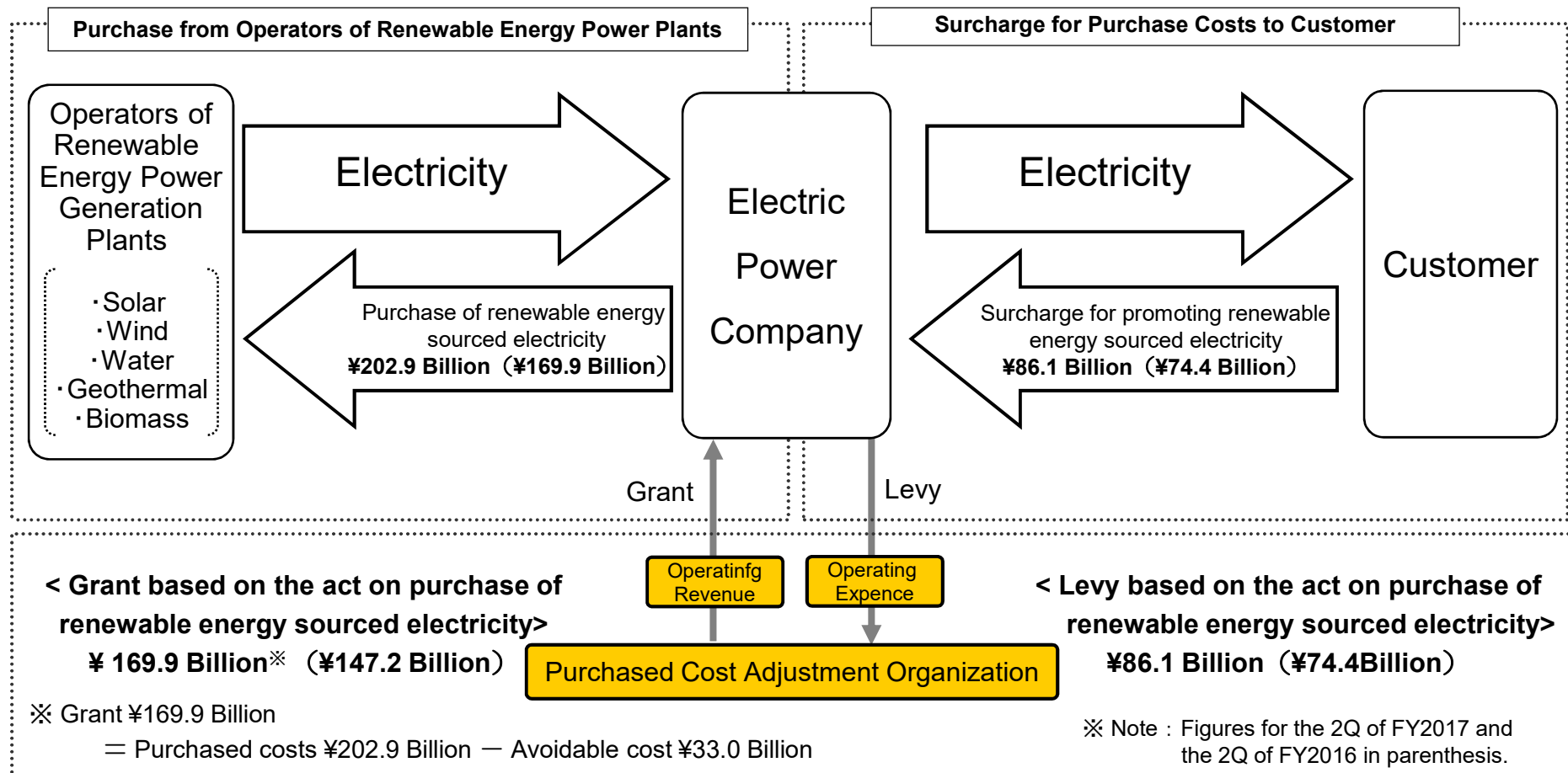
○The effect of the change of fuel price (The image of time lag of fuel cost adjustment)



(Reference)

	2015.4	2015.5	2015.6	2015.7	2015.8	2015.9	2015.10	2015.11	2015.12	2016.1	2016.2	2016.3	2016.4	2016.5	2016.6	2016.7	2016.8	2016.9
JCC(\$/b)	56	59	64	64	59	51	48	48	44	37	30	32	37	41	45	48	45	46
JIC(\$/t)	528	459	449	463	473	497	491	468	438	403	405	375	326	305	303	332	340	367

(Reference 2) Outline of “Feed-in Tariffs for renewable energy” 23



(Billions of Yen)

	FY2017 2Q	FY 2016 2Q	Difference
Renewable Energy Power Promotion Surcharge (Revenue)	86.1	74.4	11.7
Levy based on the Act on Purchase of Renewable Energy Sourced Electricity (Expenditure)	86.1	74.4	11.7
Purchase of Renewable Energy Sourced Electricity (Expenditure)	202.9	169.9	32.9
Grant based on the Act on Purchase of Renewable Energy Sourced Electricity (Revenue)	169.9	147.2	22.6



Balance Sheet (Non-Consolidated)

24

Assets

(Billions of Yen)

	Sep.30,2017	Mar.31,2017	Difference	Explanations
Utility Property, Plant and Equipment	2,330.5	2,372.2	-41.6	Depreciation -85.1 Construction completed 50.4
Investments and Other Assets	420.6	421.4	-0.8	
Others	1,308.3	1,347.8	-39.4	Cash and cash equivalents -145.5 (Sep.30.2017 215.7 ← Mar.31.2017 361.3) Accounts receivable 64.4 Construction in progress 50.1
Total	4,059.6	4,141.5	-81.9	

Liabilities and Equity

(Billions of Yen)

	Sep.30,2017	Mar.31,2017	Difference	Explanations
Liabilities	3,570.1	3,705.0	-134.9	Interest-bearing Debt -146.5
Equity	489.4	436.4	52.9	FY2017 2Q Net Income 63.2 Year-end dividend -10.6 [Equity Ratio] Sep.30,2017 12.1% ← Mar.31,2017 10.5% +1.6%
Total	4,059.6	4,141.5	-81.9	

【Reference : The breakdown of Interest-bearing Debt 】 (Billions of Yen)

	Sep. 30,2017	Mar.31,2017	Difference
Bonds	1,234.4	1,294.4	-60.0
Loans	1,719.6	1,806.1	-86.5
Total	2,954.0	3,100.5	-146.5

Income Statement and Balance Sheet (Consolidated)

25

Income Statement Summary

		(Billions of Yen,%)				FY2017 2Q Consolidated Ratio
		FY2017 2Q	FY2016 2Q	Difference	Ratio	
Ordinary Revenues	Operating Revenues (Sales)	989.2	928.2	60.9	106.6	(1.07)
	Electric	917.2	859.2	57.9	106.7	
	Other	71.9	69.0	2.9	104.3	
	Other Revenues	8.2	8.8	-0.5	93.7	
	Total	997.4	937.1	60.3	106.4	
Ordinary Expenses	Operating Expenses	896.6	813.5	83.1	110.2	(1.10)
	Electric	830.1	751.8	78.2	110.4	
	Other	66.4	61.6	4.8	107.8	
	Other Expenses	21.9	23.2	-1.2	94.6	
	Total	918.6	836.7	81.8	109.8	
(Operating Income)		(92.5)	(114.7)	(-22.2)	(80.6)	(1.15)
Ordinary Income		78.8	100.3	-21.5	78.6	(1.12)
Reserve for Fluctuation In Water Levels		-0.4	0.4	-0.9	—	
Extraordinary loss		—	10.0	-10.0	—	
Profit attributable to owners of parent		70.6	81.4	-10.8	86.7	
Comprehensive Income		74.1	77.9	-3.7	95.1	

Balance Sheet Summary

		(Billions of Yen,%)		
		Sep.30,2017	Mar.31,2017	Difference
Total Assets		4,517.8	4,587.5	-69.6
Liabilities		3,879.8	4,012.9	-133.0
	Interest-bearing Debt	3,162.2	3,313.9	-151.7
Equity		637.9	574.5	63.4
【Reference】 Equity Ratio		13.6	12.0	1.6

(Billions of Yen)

		FY2017 2Q	FY2016 2Q	Difference	Explanations
Electric power	Sales	919.1	861.2	57.9	
	Operating Income	84.5	105.5	-20.9	
Energy-related business	Sales	80.2	79.4	0.7	·Sales increased due to an increase in the sales amount of gas and LNG in spite of a decline in plant constructions completion, etc.
	Operating Income	2.3	3.2	-0.9	·Operating income decreased due to an increase in outsourcing expenses such as the development of systems related to the participation in household gas sales business, etc.
IT and Telecommunications	Sales	47.5	46.1	1.4	·Sales increased due to an increase of information system development contracts, etc.
	Operating Income	3.1	3.7	-0.6	·Operating income decreased due to an increase in selling expenses related to smartphone services, etc.
Other	Sales	12.5	12.1	0.4	·Sales increased due to an increase of income regarding selling real estates, etc.
	Operating Income	2.5	2.1	0.3	·Operating revenue increased due to a decrease of depreciation expense of rental buildings, etc.

Note: The above amounts represent figures prior to elimination of transactions among segments.

Cash Flow (Consolidated)

27

(Billions of Yen)

	FY2017 2Q	FY2016 2Q	Difference	Explanations
Cash flows from operating activities (A)	157.0	97.0	59.9	Increase of Electricity and Power income and grant based on the act on purchase of renewable energy sourced electricity 33.0
Cash flows from investing activities	-142.7	-143.5	0.8	Proceeds from sales of investment securities and collections of advances 4.1 Increase of purchase of non-current asset -2.3
Reposting of capital expenditures including nuclear fuel [Figures are included above] (B)	(-157.0)	(-154.7)	(-2.3)	
Cash flows from financing activities	-161.5	-91.2	-70.3	Increase of repayments of bonds -100.0 Decrease of repayments of long-term loans 31.2
Change in cash & cash equivalents	-145.5	-139.4	-6.1	

(Reference) Free cash flows (A) + (B)	—	-57.6	57.6
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Forecasts of Financial Results and Dividends for FY2017



Sales (Increase), **Ordinary income** (Decrease)

(We don't change our forecasts of sales and ordinary income from the previous one(September 2017))

Sales : **1,945** billions yen (Increase 6.4% Compared with FY2016)

Ordinary income : **65** billions yen (Decrease 31.0% Compared with FY2016)

Forecast of Financial Results

We forecast a stable profit for FY 2017 because we have been working on a group-wide effort toward efficiency improvements throughout our business activities and we expect the restart of Genkai Nuclear Power Station Units No.3 and 4.

Sales

It is expected to be about ¥1,945 billion, even though the electricity sales volume will decline due to the progress of the competition and other factors. There will be an increase of the lightning and power revenue due to rise the unit price caused by the adjustment of fuel cost and increase of both the Electricity Sales to Others and Grant based on the Act on Purchase of Renewable Energy Sourced Electricity.

Ordinary income

It is expected to be about ¥65 billion, below the previous fiscal year results despite the fact we are striving to group-wide efforts to the cost reduction. This is because, in electricity business, there will be an increase of overhead expense associated with the electric system reform, though Genkai Nuclear Power Station Units No.3 and 4 will be restarted in FY2017.

Profit attributable to owners of parent

It is expected to be about ¥50 billion, below the previous fiscal year results.

Forecasts of Financial Results for FY2017

29

【Consolidated】

(Billions of yen,%)

	FY2017	FY2016	Difference	Ratio
Sales	1,945.0	1,827.5	117.5	106.4
Operating income	95.0	122.6	-27.6	77.5
Ordinary income	65.0	94.2	-29.2	69.0
Profit attributable to owners of parent	50.0	79.2	-29.2	63.1

Previous Forecast (September)	Difference
1,945.0	—
95.0	—
65.0	—
50.0	—

【Non- Consolidated 】

(Billions of yen,%)

	FY2017	FY2016	Difference	Ratio
Sales	1,810.0	1,696.7	113.3	106.7
Operating income	75.0	99.5	-24.5	75.4
Ordinary income	45.0	68.8	-23.8	65.3
Profit attributable to owners of parent	35.0	61.0	-26.0	57.3

Previous Forecast (September)	Difference
1,810.0	—
75.0	—
45.0	—
35.0	—

【Reference : Key Factors】

	FY2017	FY2016	Difference
Electricity Sales Volume	76.6 billions kWh	78.6 billions kWh	-2.0 billions kWh
Crude Oil CIF Price	54 \$/b	48 \$/b	6 \$/b
Exchange Rate	114 ¥/\$	108 ¥/\$	6 ¥/\$
Electricity volume by Nuclear Power* (Utilization Rate)	17.4 billions kWh (44.5%)	12.5 billions kWh (31.9%)	4.9billions kWh (12.6%)

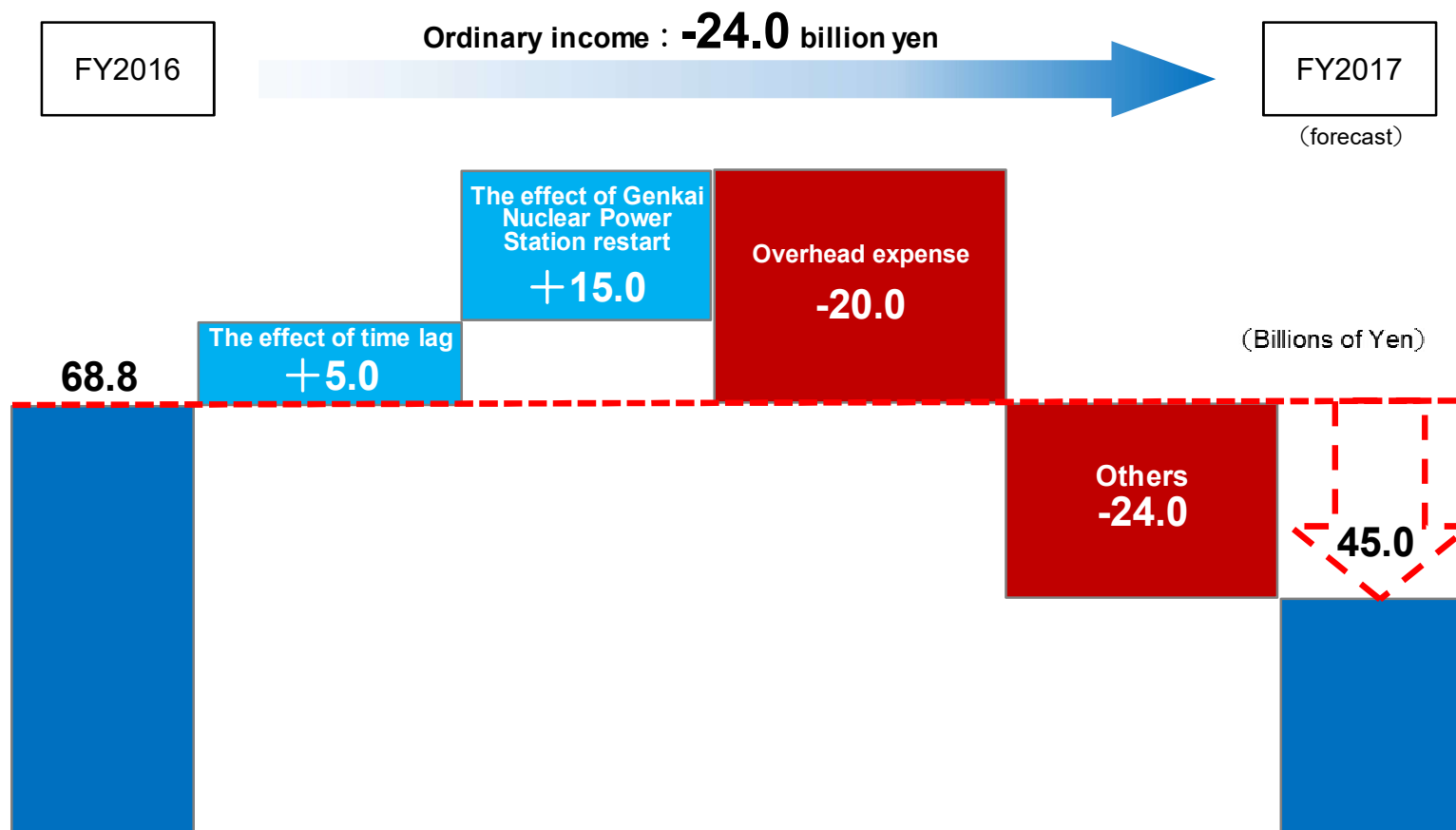
Previous Forecast (September)	Difference
76.6 billions kWh	—
54 \$/b	—
114 ¥/\$	—
17.4billions kWh (44.5%)	—

*transmission-end number

Forecasts of Financial Results for FY2017

Major Factors in the Changes in Ordinary Income (Non-Consolidated)

30



Forecasts of Dividends for FY2017

31

As for dividends, we maintain a stable dividend, with amounts determined based on a comprehensive analysis of performance and other factors.

As for forecasts of dividends for the FY 2017, we decide to pay a dividend of ¥20 per common share(interim is ¥10 and year-end is ¥10).

We decide to pay a dividend of ¥3,500,000 per class A preferred share(interim is ¥1,750,000 and year-end is ¥1,750,000).

(Common Share) (Unit : yen)

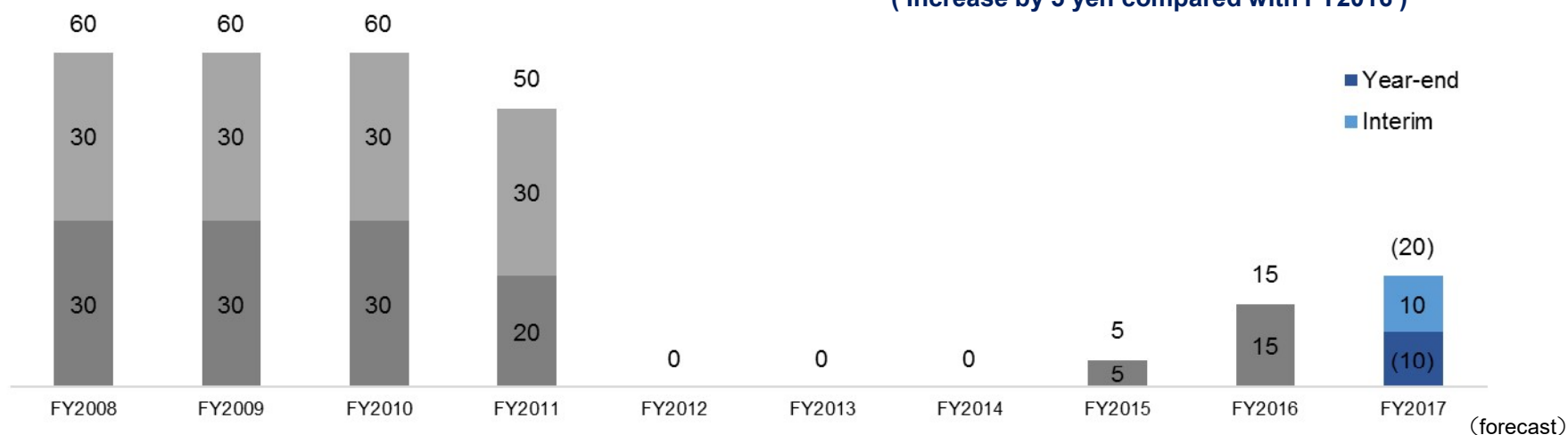
	A Dividend per Share		
	End of the 2Q	End of the FY	Total
Forecast for the FY 2017	10	(10)	(20)
Results for the FY 2016	0	15	15

(Class A Preferred Share) (Unit : thousand yen)

	A Dividend per Share		
	End of the 2Q	End of the FY	Total
Forecast for the FY 2017	1,750	(1,750)	(3,500)
Results for the FY 2016	0	3,500	3,500

※The number with () for the FY 2017 is a forecast and we don't change it from previous forecasts (released on September 12, 2017) . (unit : yen)

Changes of a dividend per share (Common Stock)



Total Dividend for the FY2017 : 20 yen
(Increase by 5 yen compared with FY2016)

(Reference) Data

Revenues from lighting and Power and from Others (Non-Consolidated)

32

	(Billions of Yen,%)			
	FY2017 2Q	FY2016 2Q	Difference	Ratio
Lighting and Power	691.8	679.0	12.8	101.9

Difference FY2017 2Q FY2016 2Q

1. Effect of fuel cost adjustment 27.8 (-50.0 ← -77.8)

2. Renewable Energy Power Promotion Surcharge 11.7 (86.1 ← 74.4)

3. Decrease in electricity sales volume -22.0

	(Billions of Yen,%)			
	FY2017 2Q	FY2016 2Q	Difference	Ratio
Others	237.8	193.9	43.9	122.7

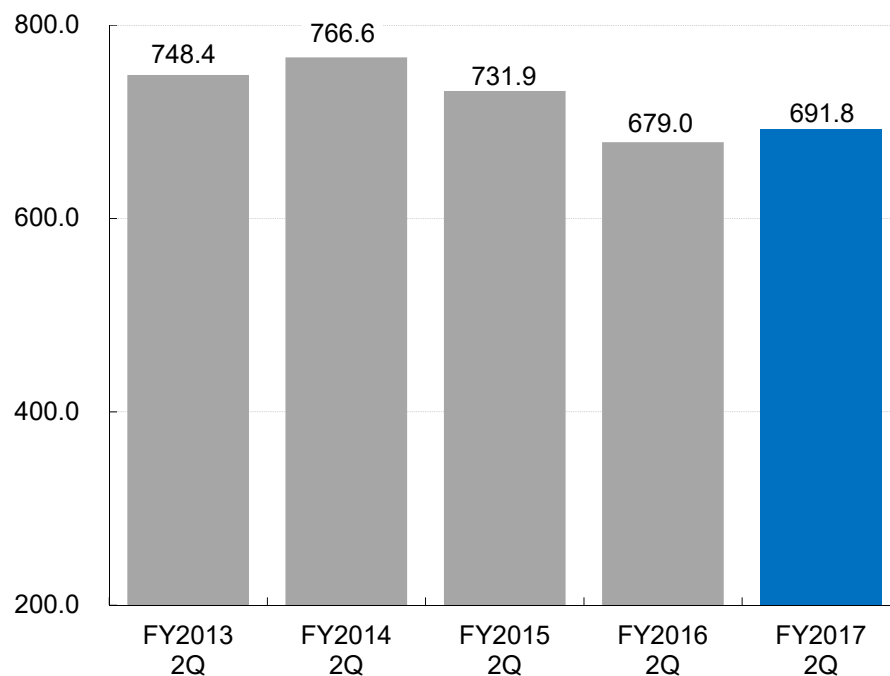
Difference FY2017 2Q FY2016 2Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity
22.6 (169.9 ← 147.2)

2. Electricity Sales to Others 10.3 (26.4 ← 16.1)

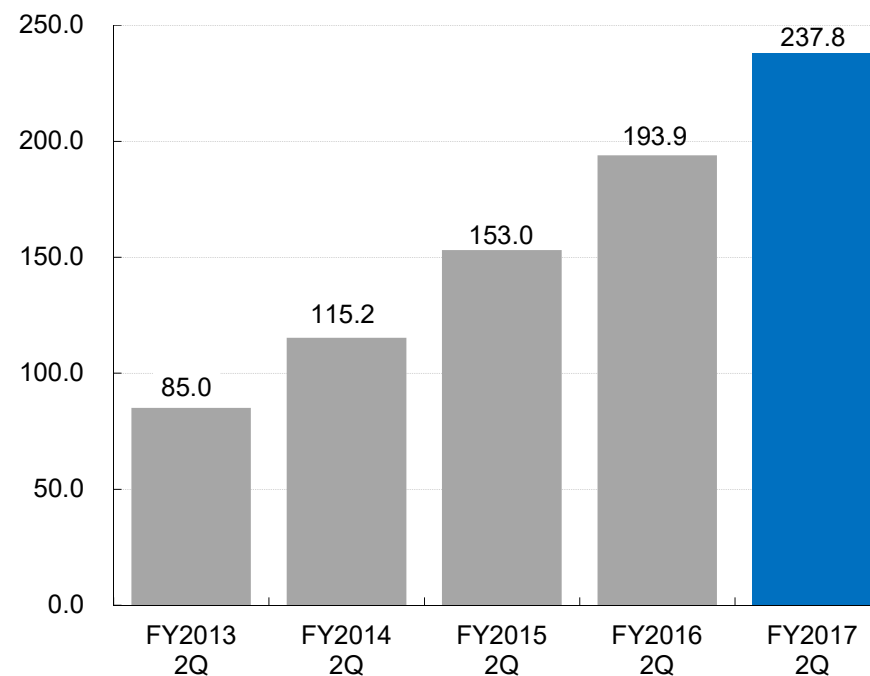
(Billions of yen)

【Lighting and Power】



(Billions of yen)

【Others】



Expenses for Fuel and Power purchase (Non-Consolidated)

33

	(Billions of Yen,%)			
	FY2017 2Q	FY2016 2Q	Difference	Ratio
Fuel	132.2	112.3	19.8	117.7

	Difference
1. Increase in CIF	23.0
2. Exchange losses	5.0
3. Decrease in electricity sales volume	12.0

[Reference1] All Japan CIF prices

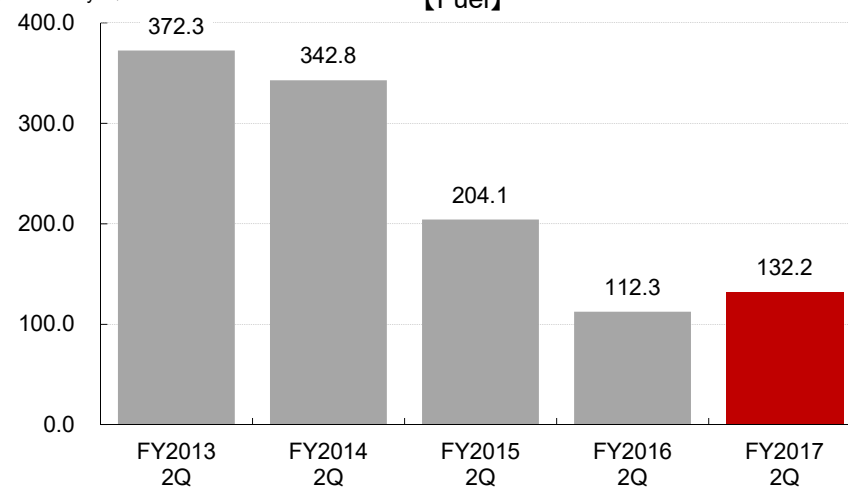
	FY2017 2Q	FY2016 2Q	Difference
Coal(\$/t)	98	70	28
LNG(\$/t)	432	330	102
Crude oil(\$/b)	51	44	8

[Reference2] Fuel consumption

	FY2017 2Q	FY2016 2Q	Difference
Coal (ten thousand. ton)	317	277	486
Heavy oil (ten thousand. kiloliter)	9	12	-3
Crude oil (ten thousand. kiloliter)	5	5	—
LNG (ten thousand. ton)	157	190	-33

(Billions of yen)

【Fuel】

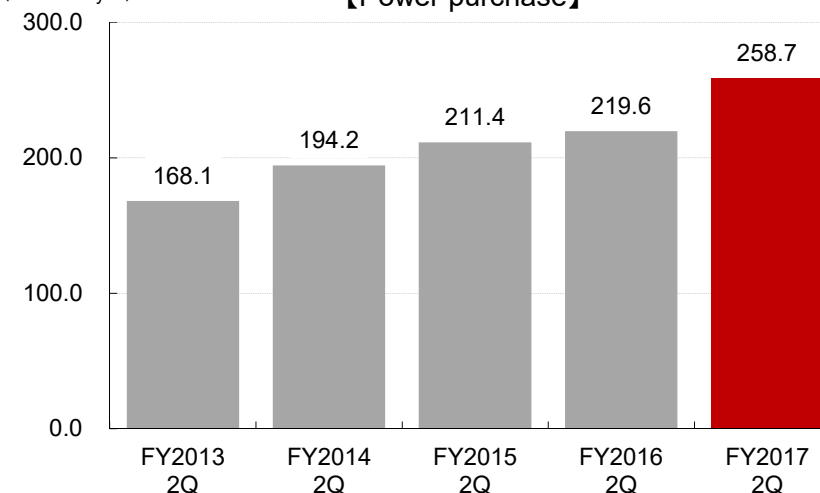


	(Billions of Yen,%)			
	FY2017 2Q	FY2016 2Q	Difference	Ratio
Power purchase	258.7	219.6	39.1	117.8

	Difference	FY2017 2Q	FY2016 2Q
1. Purchase from other companies	39.2	(258.3 ← 219.1)	
◆ Purchase of Renewable Energy Sourced Electricity	32.9	(202.9 ← 169.9)	
◆ Thermal from other companies	5.1	(46.4 ← 41.3)	
2. Purchase from other electric companies	-0.1	(0.3 ← 0.4)	

(Billions of yen)

【Power purchase】



Expenses for Maintenance and Depreciation (Non-Consolidated)

34

(Billions of Yen,%)

	FY2017 2Q	FY2016 2Q	Difference	Ratio
Maintenance	56.7	58.5	-1.7	97.0

Difference FY2017 2Q FY2016 2Q

1. Thermal	-3.9	(14.6 ← 18.6)
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(Billions of Yen,%)

	FY2017 2Q	FY2016 2Q	Difference	Ratio
Depreciation	85.1	88.0	-2.8	96.7

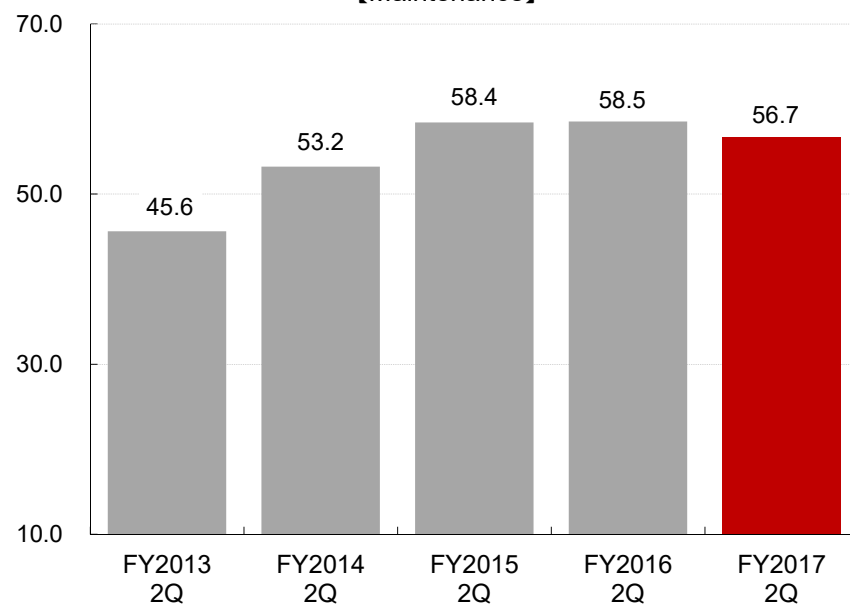
Difference FY2017 2Q FY2016 2Q

1. Ordinary depreciation	-1.6	(85.1 ← 86.7)
◆ Nuclear	-1.2	(17.1 ← 18.4)
◆ Transmission	-0.4	(20.0 ← 20.4)
2. Commissioning depreciation	-1.2	(— ← 1.2)

◆ Shin-Oita Power Station No.3,4 expansion
(Test operation Started on Jan.2016 / Commercial operation started on Jun 2016)

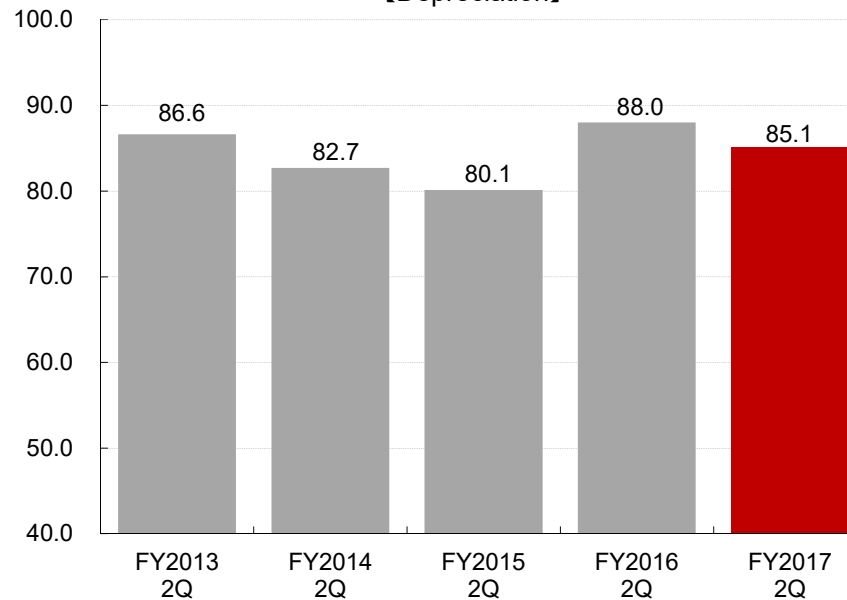
(Billions of yen)

【Maintenance】



(Billions of yen)

【Depreciation】



Expenses for Labor and Others (Non-Consolidated)

35

(Billions of Yen,%)

(Billions of Yen,%)

	FY2017 2Q	FY2016 2Q	Difference	Ratio
Labor	67.9	65.9	1.9	103.0

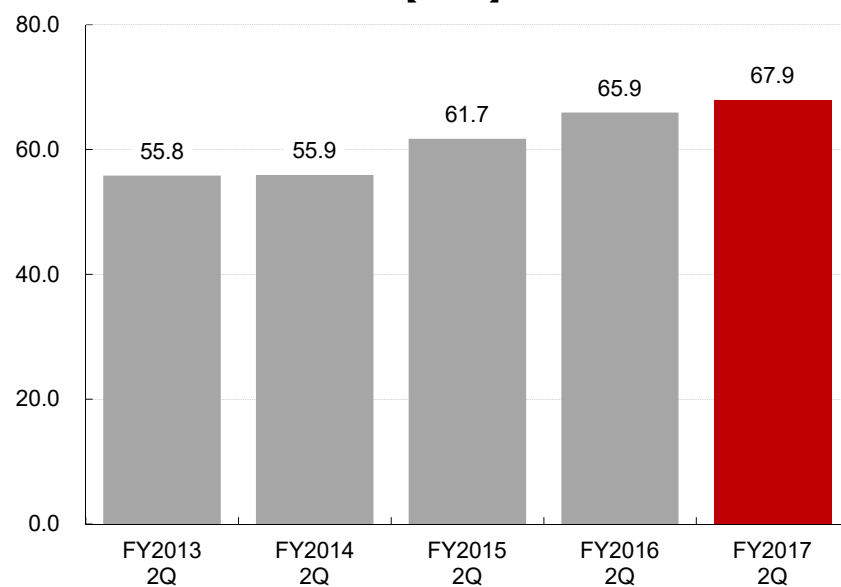
	FY2017 2Q	FY2016 2Q	Difference	Ratio
Others	260.2	237.0	23.1	109.8

	Difference	FY2017 2Q	FY2016 2Q
1. Salary	1.2	(48.8 ← 47.6)	
2. Employee retirement benefits	0.9	(5.6 ← 4.6)	

	Difference	FY2017 2Q	FY2016 2Q
1. Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	11.7	(86.1 ← 74.4)	
2. Overhead expenses	6.1	(68.5 ← 62.4)	
3. Nuclear back-end	5.1	(18.9 ← 13.8)	
◆ The effect of the revision of the funding system for reprocessing costs of nuclear fuel	5.0	(14.6 ← 9.6)	

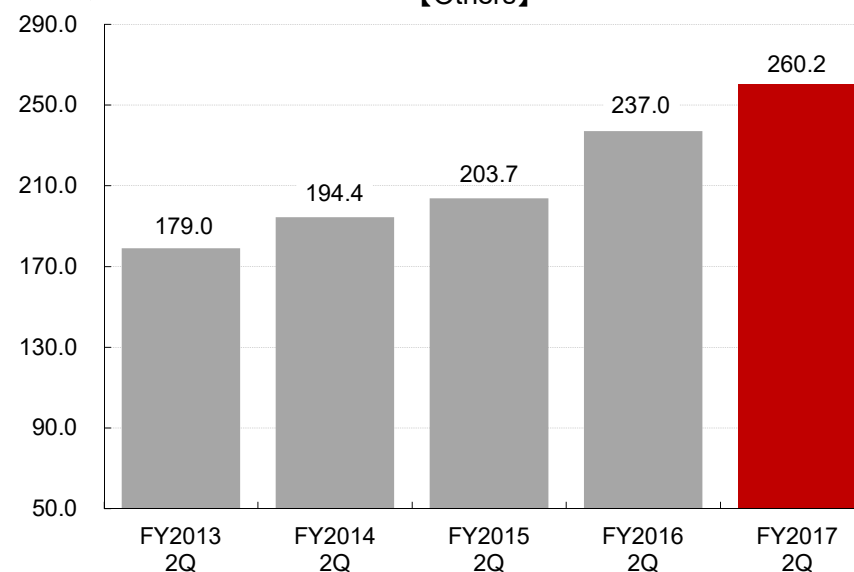
(Billions of yen)

【Labor】

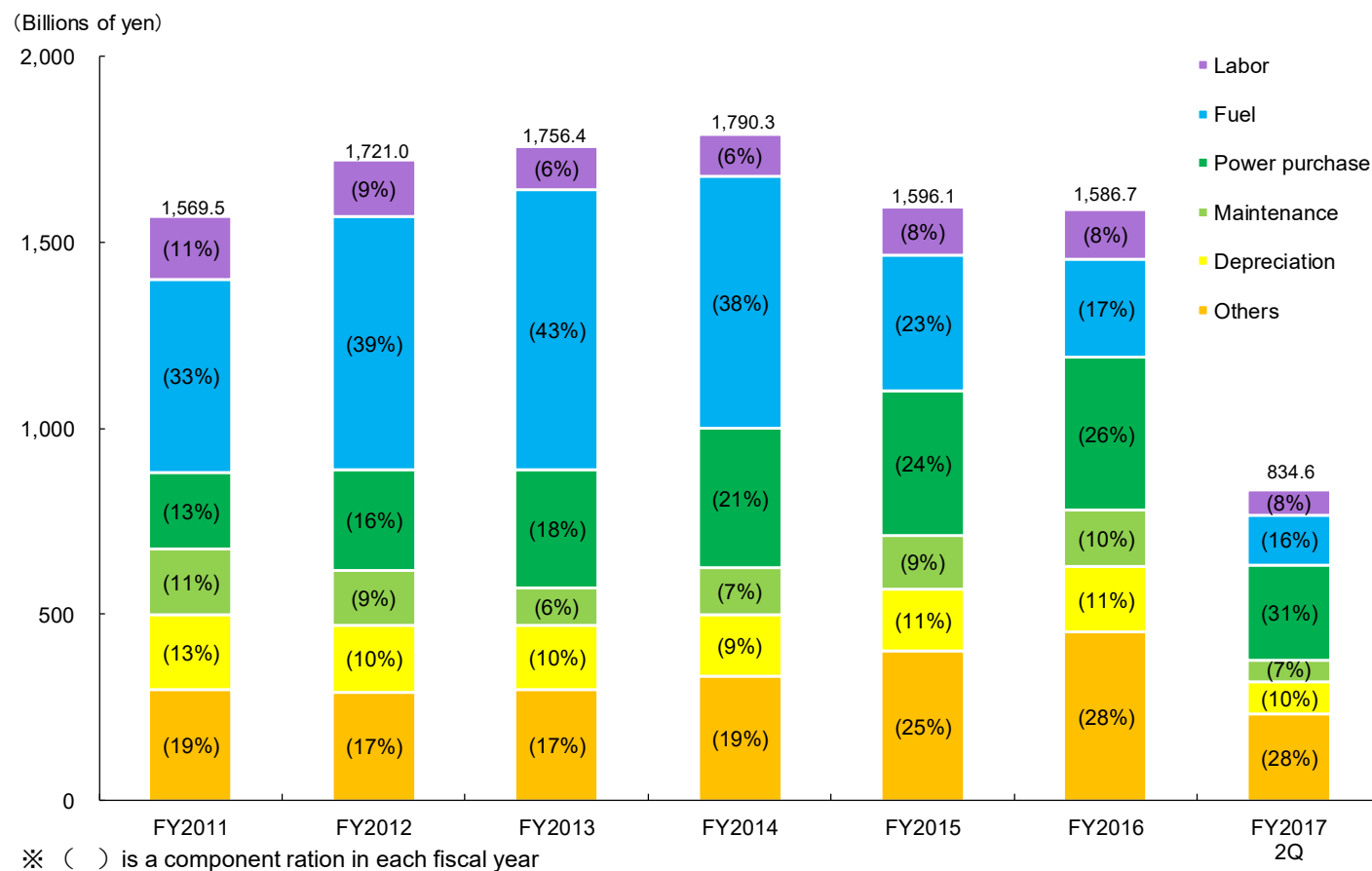


(Billions of yen)

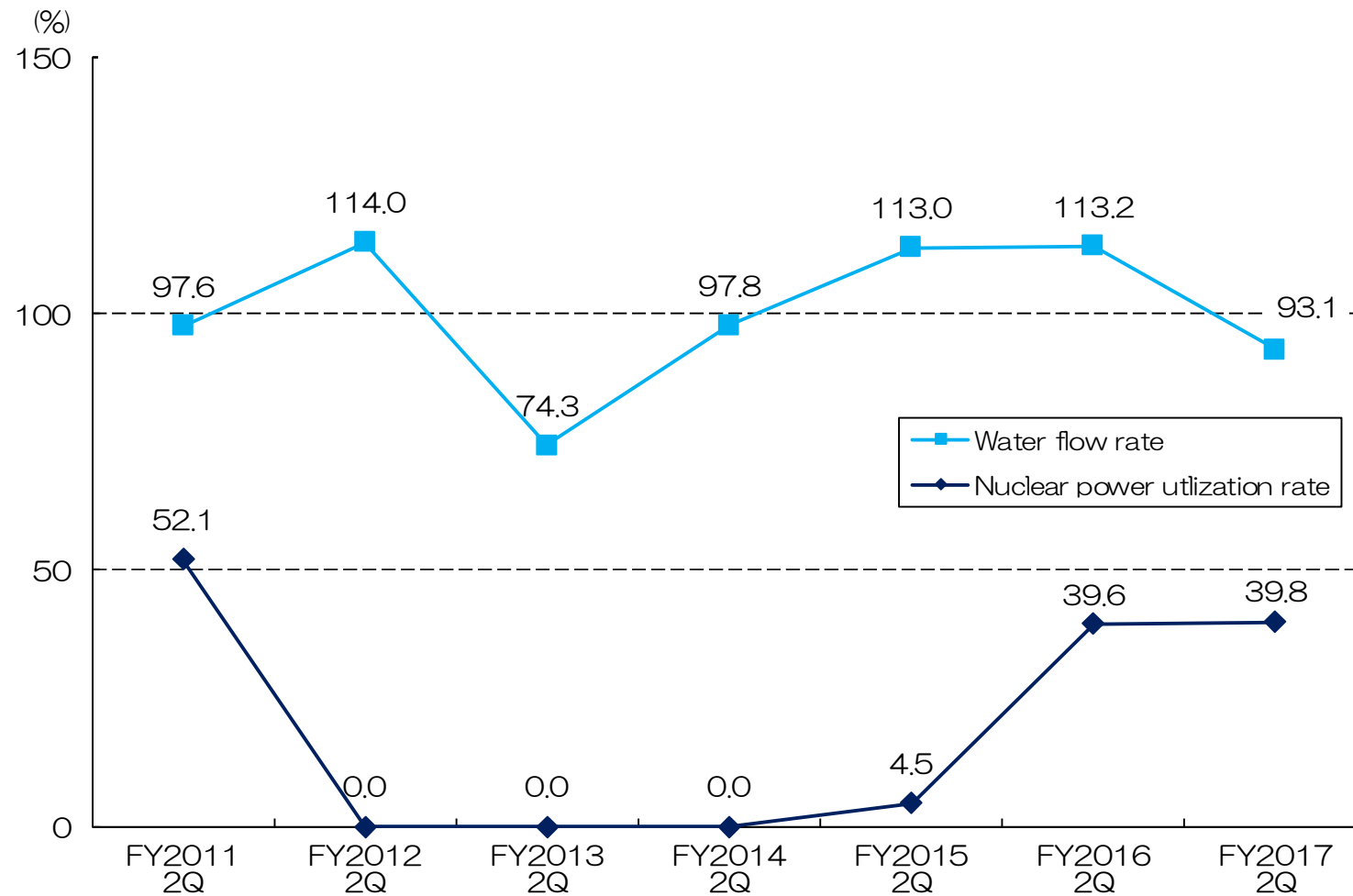
【Others】



Components of Operating Expense in Electricity Business (Non-Consolidated) 36

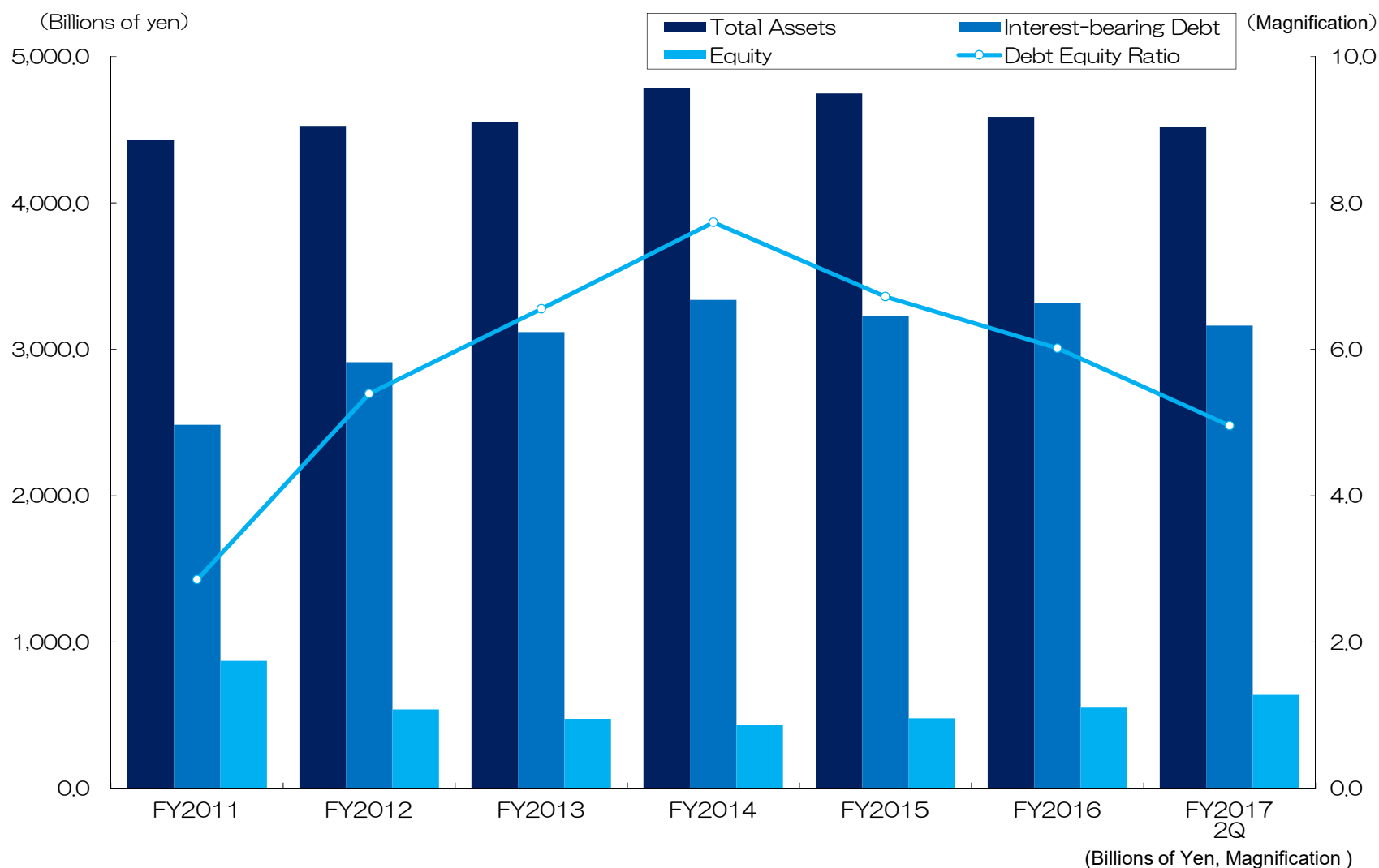


							(Billions of Yen)
Labor	167.9	151.8	113.7	113.1	131.0	132.6	67.9
Fuel	520.2	679.7	754.4	678.4	364.7	263.5	132.2
Power purchase	206.0	269.5	314.9	372.4	386.8	409.8	258.7
Maintenance	176.0	147.9	103.1	126.6	144.4	152.7	56.7
Depreciation	202.1	180.1	172.3	164.7	167.0	176.3	85.1
Others	297.0	291.7	297.7	334.9	402.0	451.5	233.8
Total	1,569.5	1,721.0	1,756.4	1,790.3	1,596.1	1,586.7	834.6



Total Assets, Interest - Bearing Debt, Equity, Debt- Equity Ratio (Consolidated)

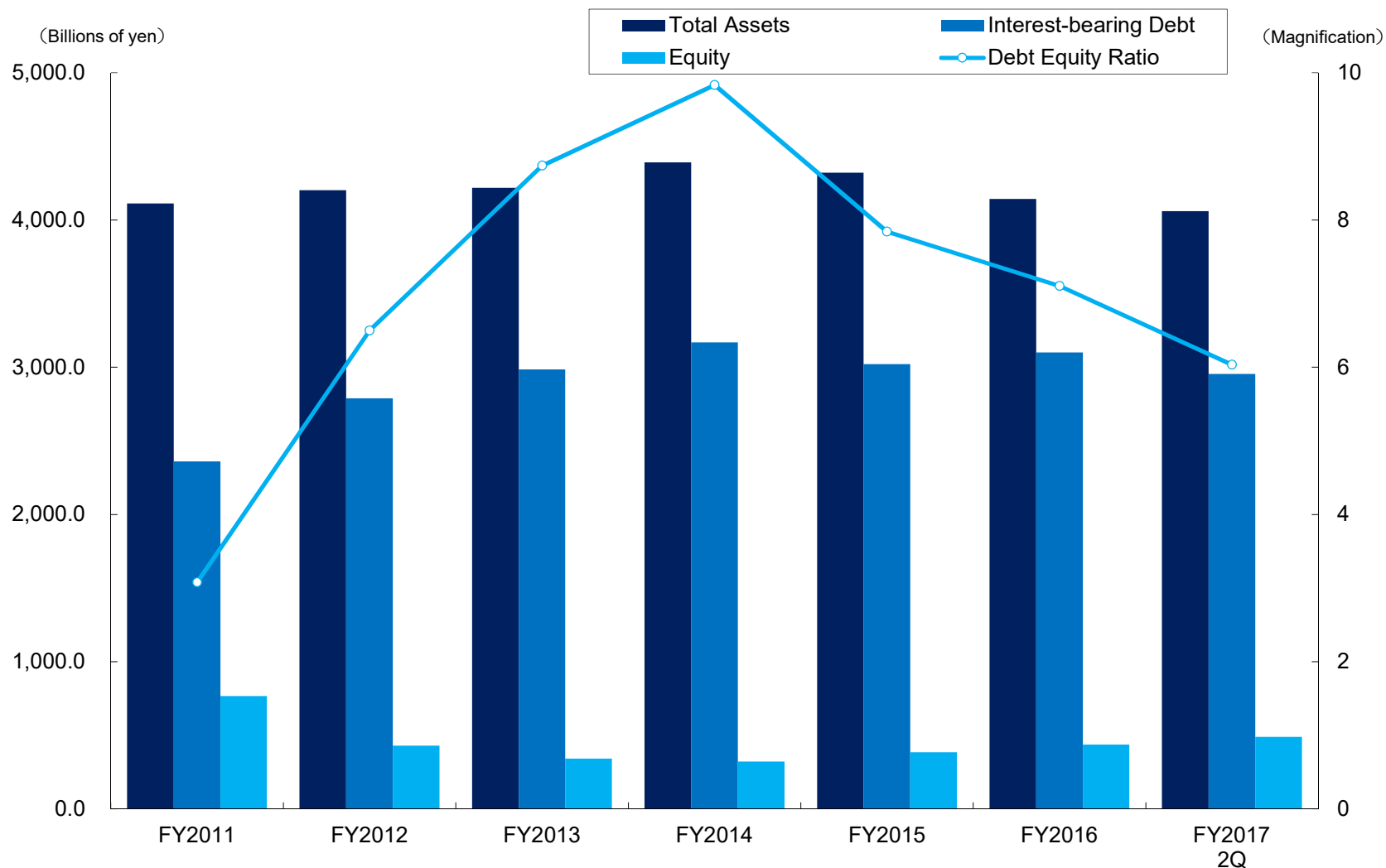
38



Total Assets	4,428.0	4,526.5	4,549.8	4,784.7	4,748.2	4,587.5	4,517.8
Interest-bearing Debt	2,483.2	2,910.7	3,116.7	3,337.9	3,224.8	3,313.9	3,162.2
Equity	870.3	539.6	475.5	431.5	479.9	550.9	637.9
Debt Equity Ratio	2.9	5.4	6.6	7.7	6.7	6.0	5.0

Total Assets, Interest - Bearing Debt, Equity, Debt- Equity Ratio (Non-Consolidated)

39



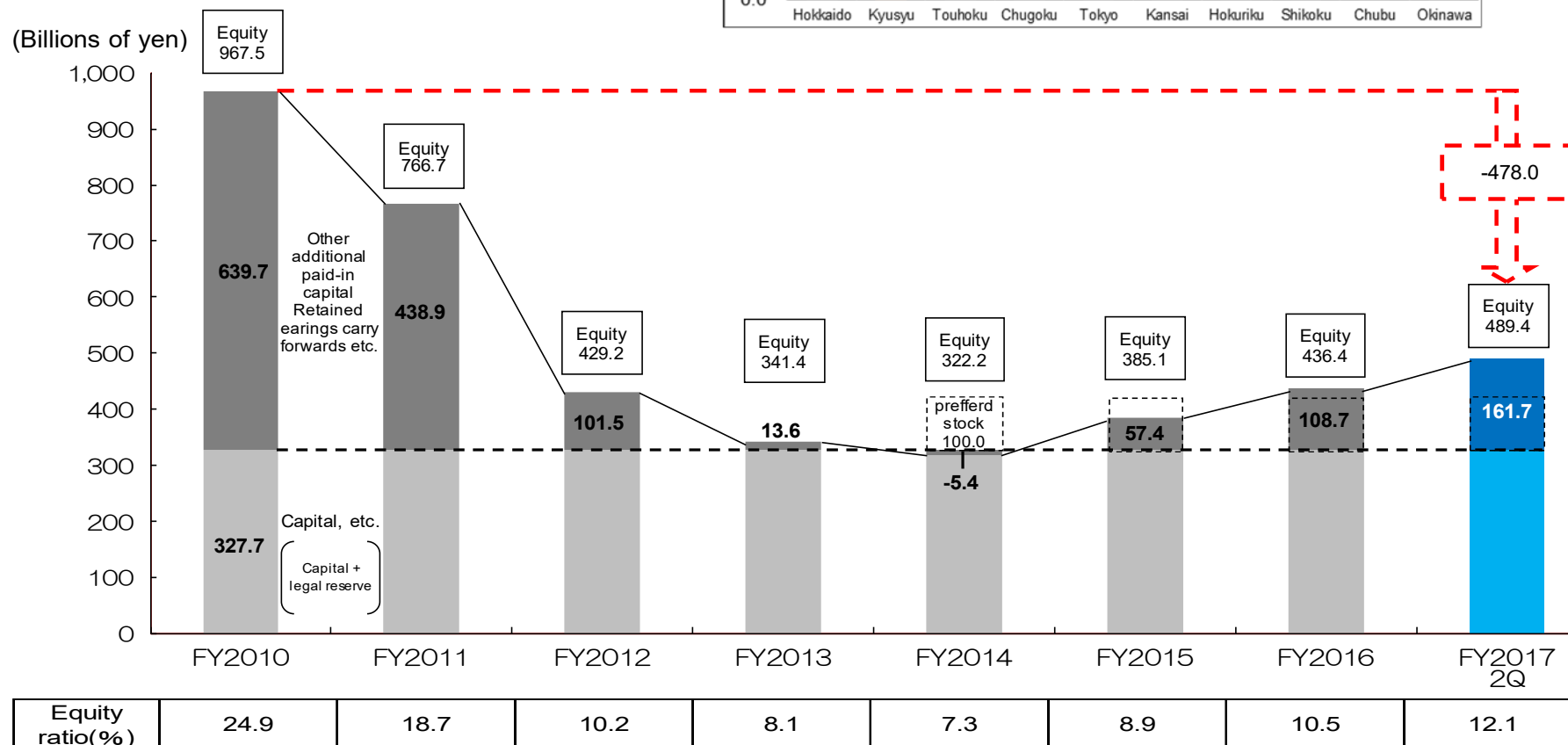
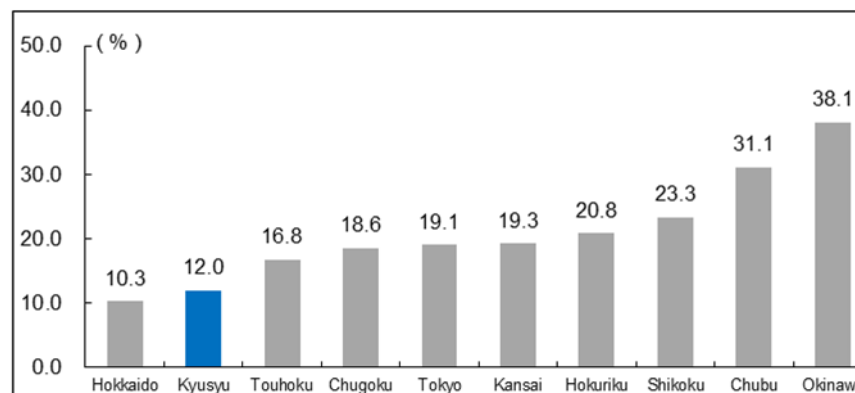
(Billions of Yen, Magnification)

Total Assets	4,110.9	4,201.7	4,218.0	4,390.9	4,321.4	4,141.5	4,059.6
Interest-bearing Debt	2,360.1	2,789.0	2,983.8	3,168.2	3,020.0	3,100.5	2,954.0
Equity	766.7	429.2	341.4	322.2	385.1	436.4	489.4
Debt Equity Ratio	3.1	6.5	8.7	9.8	7.8	7.1	6.0

Changes in Equity (Non-Consolidated)

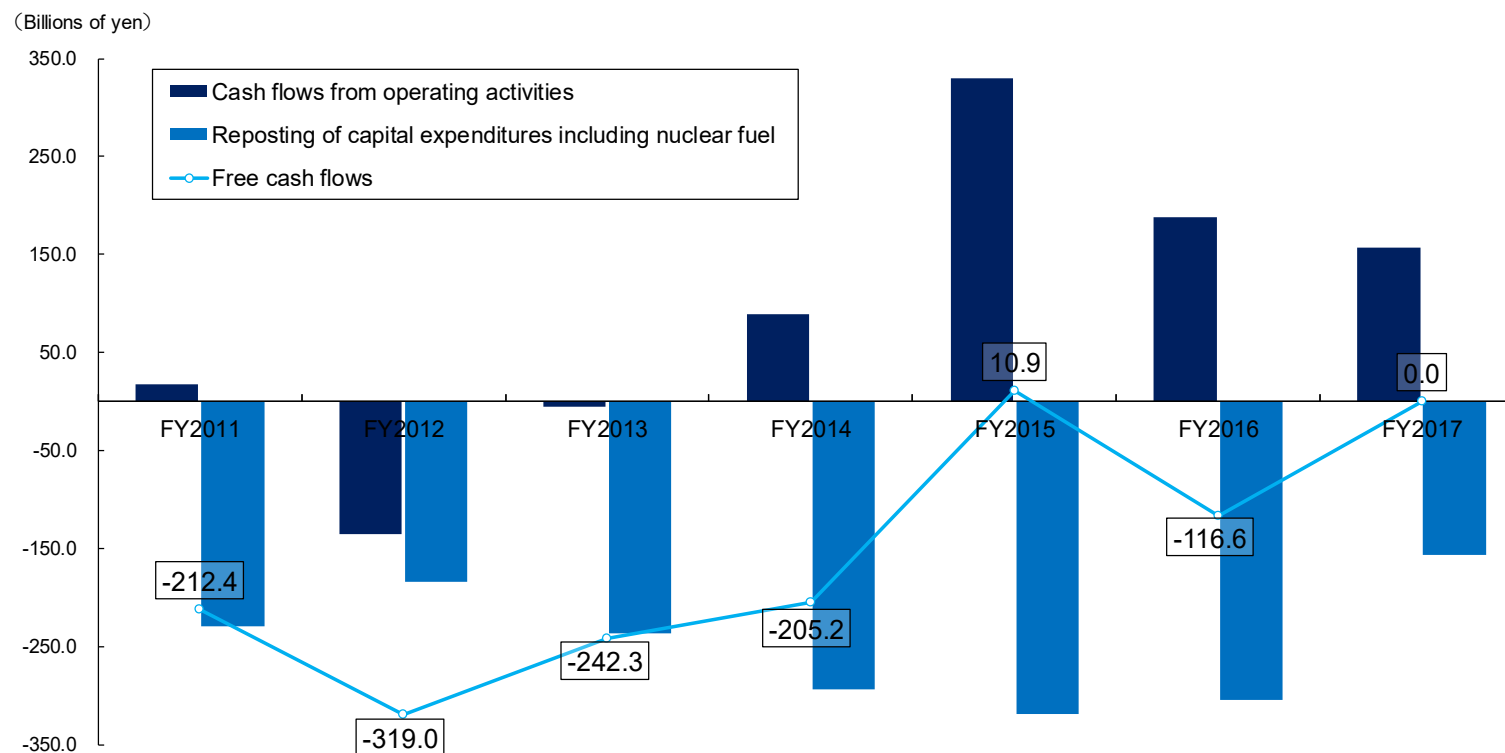
40

(Reference) Equity ratio of electric power companies in Japan (Consolidated)



Free Cash Flow (Consolidated)

41



(Billions of yen)

Cash flows from operating activities	16.9	-135.1	-5.9	88.7	329.4	188.0	157.0
Reposting of capital expenditures including nuclear fuel	-229.3	-183.9	-236.3	-293.9	-318.4	-304.6	-157.0
Free cash flows	-212.4	-319.0	-242.3	-205.2	10.9	-116.6	—



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Note Regarding Forward-looking Statements

Statements made in this material regarding Kyushu Electric Power Group'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.

Shareholders and investors are hereby cautioned against making investment decisions solely on the basis of forward-looking statements contained herein.