

Frequently Asked Questions (IR FAQ)

Q1 What overall impact will the trend toward carbon neutrality have on Kyushu Electric Power's future performance?

In order to achieve carbon neutrality, it is crucial to promote both lower carbon intensity and decarbonization on the supply side and electrification on the demand side. In terms of supply, we have been working to reduce the carbon intensity of our energy sources by making use of renewable energy and nuclear power generation in an aim to achieve a low-carbon and sustainable society. As a result, we have achieved the industry's highest ratio of zero-emission and FIT energy sources.* (*FY2019 58% (incl. FIT energy sources))

Nuclear power is both an environmentally friendly and economical source of power, and with significant growth expected in our renewable energy business, we anticipate increased earnings in both areas. We believe that maximizing the use of nuclear power and making renewables our primary source of power in an aim to achieve carbon neutrality will have a strong positive impact on our business performance.

On the demand side, Kyushu's rate of electrification stood at about 23% as of FY2018. This is lower than the national average of 26%, and we believe that this represents ample potential for further electrification. The shift to electric vehicles (EVs) is also expected to continue, and we see these business opportunities favorably contributing to our future performance.

Q2 What is your vision for the future of your nuclear power business?

We consider nuclear power to be an important source of baseload power needed to achieve both carbon neutrality and a stable supply of electricity, and one that will continue to play a key role.

In addition to being a stable power source unaffected by weather or climate, it is notable for the fact that it emits no CO₂ during operation.

It also boasts lower and more stable fuel costs than thermal power and we can expect to generate revenue from the non-fossil value trading market, making it an adequately competitive source of power from a medium- to long-term perspective.

Moving forward, we will continue to make maximum use of our nuclear power stations currently in operation as we continuously work to improve their safety and reliability, based on the basic premise of prioritizing the safety and understanding of local communities.

Q3 How are you progressing toward your goal of ¥50 billion in ordinary income for your growth businesses by 2025?

Our ¥50 billion ordinary income target for our growth businesses by 2025 is comprised of a ¥35 billion goal for our energy Service Business, namely our renewable energy business and overseas business, as well as a ¥15 billion goal for our ICT service and urban development businesses. About 90% of this ¥50 billion target is expected to come from projects we have already invested in or have decided to invest in, and we are therefore confident that we will reach this target. We will work to identify quality projects, including projects that are already underway, to further bolster our profits.

Q4 What is Kyushu Electric Power's basic policy when it comes to shareholder returns?

Our basic policy on shareholder returns has historically been to maintain stable dividends, making decisions based on a comprehensive review of our recent business performance, income and expenditures, and financial condition. Moving forward, we will first continue our efforts to restore our dividends to their pre-Great East Japan Earthquake level of ¥50 per share as soon as possible during the current financial objective period (~FY2025). Once accomplished, we will consider profit sharing based on our growth in areas other than our domestic electric power business as we strive to further enhance shareholder returns while maintaining stable dividend payments.

Q5 What is the outlook for your future business performance?

With our nuclear power utilization rate slated to decline as a result of the prolonged construction schedule for the SSFs being installed at Genkai, we are facing a temporary downside to our FY2022 business performance. On top of this, we are faced with extreme uncertainty over fuel price trends stemming from the state of affairs between Russia and Ukraine. However, we are working to mitigate the negative impacts these may have through Group-wide cost cutting efforts and other measures.

From FY2023 onward, the completion of the SSFs at Genkai during FY2022 is expected to improve our nuclear operation rate and help make us less susceptible to fuel price fluctuations, thereby ensuring more stable profits.

We will continue working to steadily increase earnings to achieve our FY2025 financial objective of reaching ¥125 billion in consolidated ordinary income.