

# Financial Results

## The 1st Quarter of FY 2016

July 29, 2016



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## ■ FY2016 1st Quarter Financial Results

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# Financial Results and Forecasts Summary

# FY2016 1st Quarter Financial Results Summary

The earnings for the first quarter of 2016 was in the black due to group-wide cost reduction efforts, and a decrease of fuel cost caused by restarting units 1 and 2 of Sendai nuclear power station and decline of fuel prices, while extraordinary losses, associated with the 2016 Kumamoto Earthquake, are recorded. In addition to decreases of costs, delaying reflection of electricity rate decrease to the next quarter in fuel cost adjustment system, on the revenue side, also contributed to make profits.

Consolidated sales (operating revenues) decreased by 5.2% to ¥429.8 billion compared with the 1Q of FY2015 and the ordinary revenues decreased by 5.3% to ¥433.3 billion as lighting and power revenue decreased mainly due to a decrease in charge unit price with the effect of fuel cost adjustment system and in electricity sales volume, while grant based on the Act on Purchase of Renewable Energy Sourced Electricity, on the revenue side, increased.

On the expenditure side, ordinary expenses decreased by 9.4% to ¥395.4 billion compared with the 1Q of FY2015 due to group-wide cost reduction efforts, and a decrease of fuel cost caused by restarting units 1 and 2 of Sendai nuclear power station and decline of fuel prices, while power purchase from renewable energy increased.

As a result, the ordinary income increased by 78.9% to ¥37.9 billion. Profit attributable to owners of parent increased by 14.9% to ¥21.6 billion mainly because restoring costs of facilities, damaged by the 2016 Kumamoto Earthquake, were recorded as extraordinary losses.

## [Consolidated]

(Billions of Yen,%)

	FY2016 1Q	FY2015 1Q	Difference	Change
Ordinary revenue	433.3	457.4	-24.1	94.7
Sales [Figures are included above]	429.8	453.5	-23.7	94.8
Ordinary expense	395.4	436.2	-40.8	90.6
(Operating Income )	(44.7)	(28.0)	(16.6)	(159.6)
Ordinary Income	37.9	21.1	16.7	178.9
Extraordinary loss	10.0	-	10.0	-
Net Income attributable to owners of parent	21.6	18.8	2.7	114.9

Note: As of the end of FY2016 1Q, 68 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 41 companies (no change from the end of FY2015)

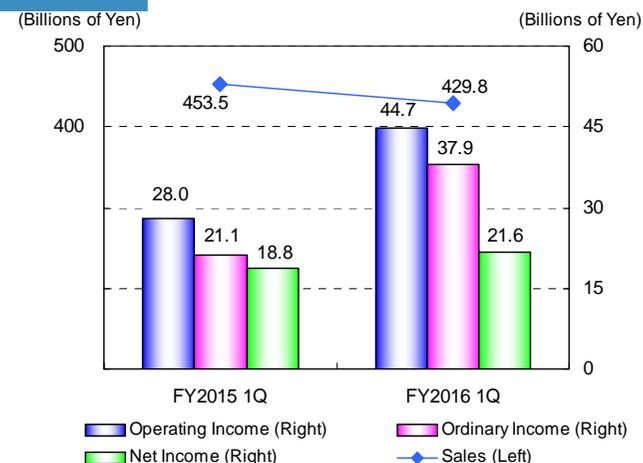
Equity method companies: 27 companies (no change from the end of FY2015)

## [Non-Consolidated]

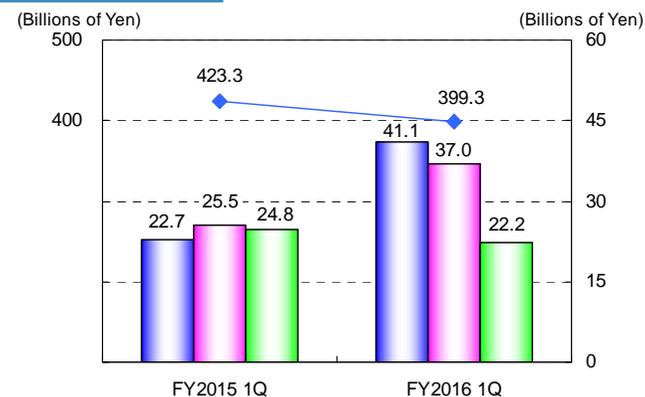
(Billions of Yen,%)

	FY2016 1Q	FY2015 1Q	Difference	Change
Ordinary revenue	404.5	436.2	-31.6	92.7
Sales [Figures are included above]	399.3	423.3	-24.0	94.3
Ordinary expense	367.5	410.6	-43.1	89.5
(Operating Income )	(41.1)	(22.7)	(18.3)	(180.7)
Ordinary Income	37.0	25.5	11.4	144.6
Extraordinary loss	9.7	-	9.7	-
Net Income	22.2	24.8	-2.5	89.5

## Consolidated



## Non-Consolidated



# FY2016 Financial Results Forecasts and Dividend Forecasts

## [Financial Result Forecasts and Dividend Forecasts ]

Sales of FY2016 will be ¥905.0 billion in the first half and ¥1,810.0 billion in the full year, which are below the previous forecasts on April 2016, because lighting and power revenue will decrease due to a decrease of electricity sales volume and grant based on the Act on Purchase of Renewable Energy Sourced Electricity will also decrease.

Income forecasts are currently not able to be estimated because we are now in the process of considering measures for improving income to offset effect of the 2016 Kumamoto Earthquake, and it is difficult to calculate fuel costs rationally under uncertain prospects for the restart of Genkai nuclear power station. We will make every effort for efficiency to achieve making profits while ensuring safety, compliance, and stable supply.

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

Interim and year-end dividend for FY2016 ending March 31, 2017 has yet to be decided. We will promptly inform you of our forecasts when it is possible for us to make them .

### [Consolidated]

(Billions of Yen)

	The Revised Forecasts		The Previous Forecasts	
	FY2016 2Q	FY2016 Full-year	FY2016 2Q	FY2016 Full-year
Sales	905.0	1,810.0	920.0	1,830.0
Operating Income	-	-	-	-
Ordinary Income	-	-	-	-
Net Income attributable to owners of parent	-	-	-	-

### [Non-Consolidated]

(Billions of Yen)

	The Revised Forecasts		The Previous Forecasts	
	FY2016 2Q	FY2016 Full-year	FY2016 2Q	FY2016 Full-year
Sales	845.0	1,680.0	860.0	1,700.0
Operating Income	-	-	-	-
Ordinary Income	-	-	-	-
Net Income	-	-	-	-

### [Reference : Key Fundamentals]

	The Revised Forecasts		The Previous Forecasts	
	FY2016 2Q	FY2016 Full-year	FY2016 2Q	FY2016 Full-year
Electricity Sales Volume	39.1 Bln kWh	79.0 Bln kWh	39.5 Bln kWh	79.4 Bln kWh
Crude oil CIF price	46 \$/b	48 \$/b	40 \$/b	
Exchange rate	107 yen/\$	106 yen/\$	115 yen/\$	



# **FY2016 1st Quarter Financial Results**

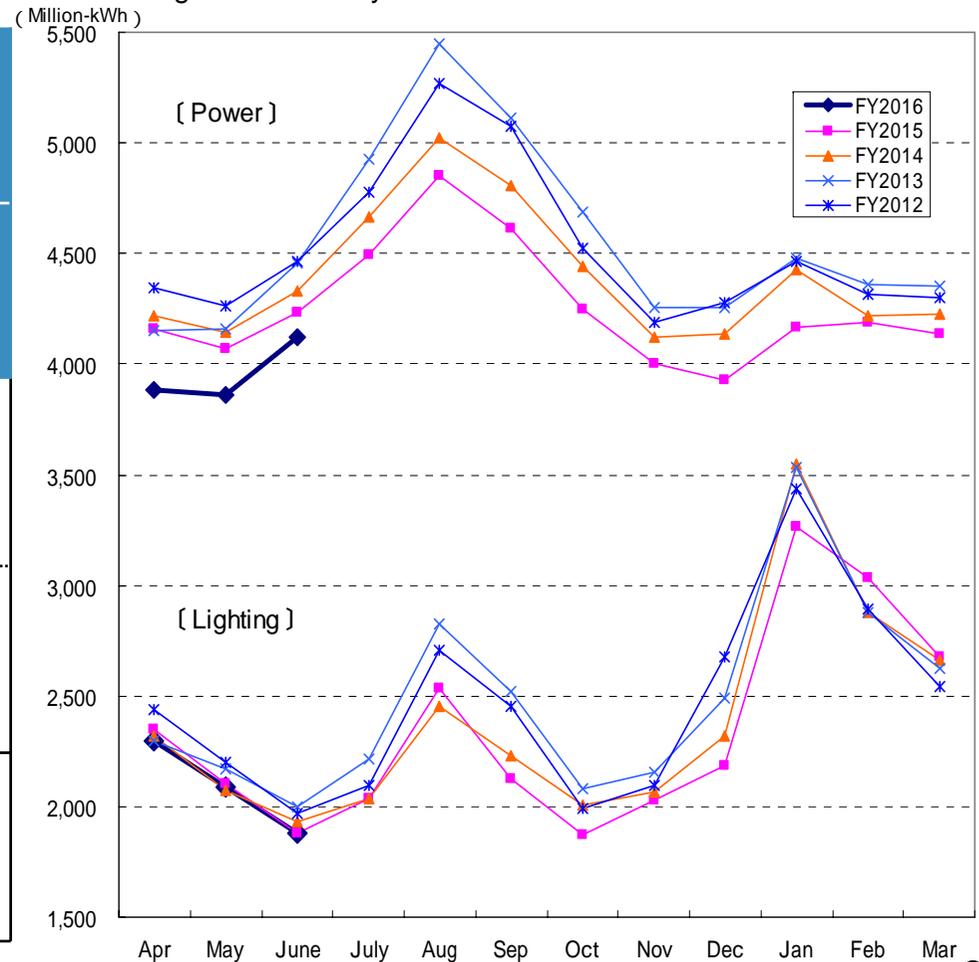
# Electricity Sales Volume

- Lighting demand decrease by 1.0% compared with the 1Q of FY2015 due to different meter-reading period.
- Power demand decreased by 4.8% compared with the 1Q of FY2015 due to a decrease of production in some factories.
- As a result, total electricity sales volume decreased by 3.5% to 18.14 billion kWh.

【Electricity Sales Volume】

	FY2016 1Q	vs. FY2015 1Q	
		Difference	Change
Lighting	6,267	-63	99.0
Power	11,870	-603	95.2
Total	18,137	-665	96.5

【Changes in Electricity Sales Volume】



# Generated and Received Electricity

On the supply side, our own facilities' generation decreased due to restart of units 1 and 2 of Sendai nuclear power station in addition to a decrease of electric sales volume, and an increase of purchase from new energy.

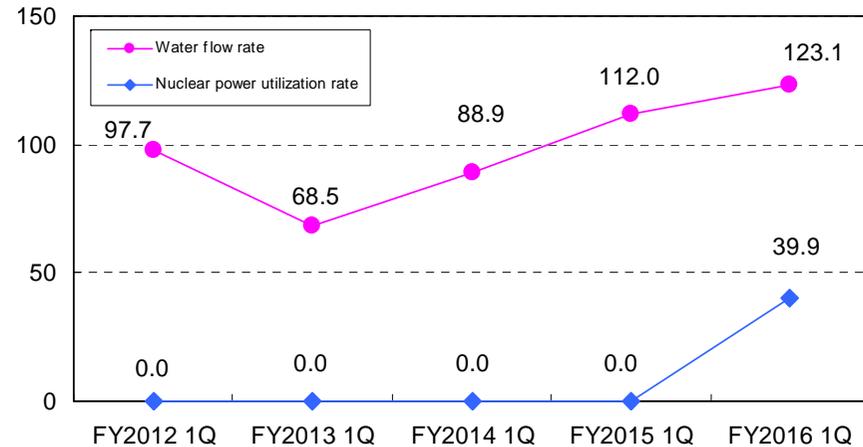
[Generated and Received Electricity] (Million-kWh,%)

		FY2016 1Q	vs.FY2015 1Q	
			Difference	Change
Own facilities <sup>1</sup>	Hydro	1,442	175	113.8
	(Water flow rate)	(123.1)	(11.1)	
	Thermal	8,720	-3,070	74.0
	Nuclear	3,908	3,966	-
	(Utilization rate)	(39.9)	(39.9)	
	New Energy <sup>2</sup>	254	-42	85.8
	Subtotal	14,324	1,029	107.7
From other companies	Hydro	585	18	103.3
	Thermal	2,023	-1,517	57.2
	New Energy <sup>2</sup>	2,317	415	121.8
	Subtotal	4,925	-1,084	82.0
	Interchange	17	-188	8.3
	For pumping	-377	-276	373.9
	Total	18,889	-519	97.3

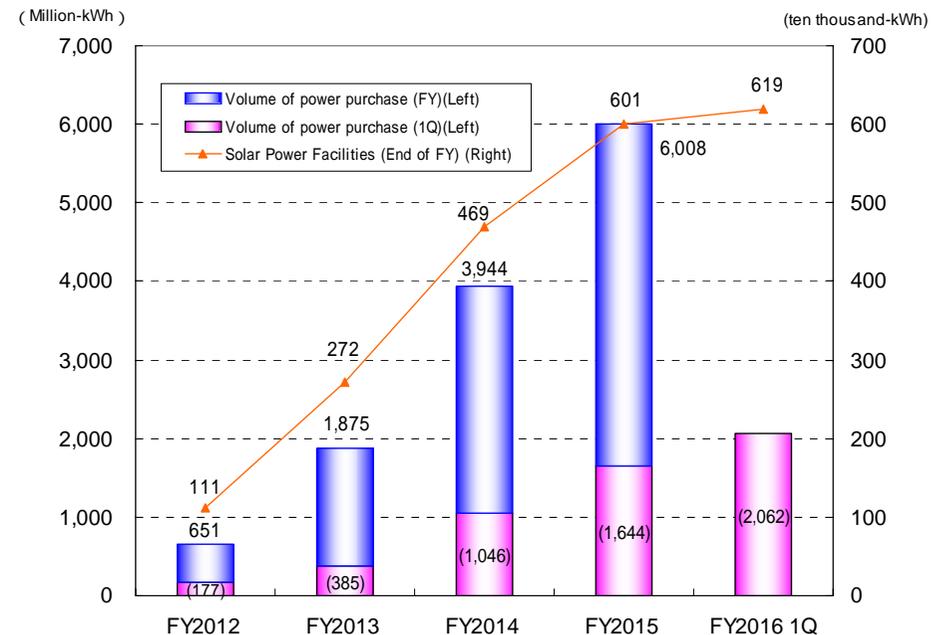
1 Own facilities' generation means transmission-end number.

2 "New Energy" includes Solar, Wind, Biomass, Waste and Geothermal.

(%) [ Water flow rate and Nuclear power utilization rate ]



[Solar Power Connection Volumes and power purchase]



# Income Statement Summary (Non-Consolidated)

(Billions of Yen,%)

	FY2016 1Q	FY2015 1Q	Difference	Change	Explanations	
Ordinary Revenues	Lighting	131.5	143.6	-12.0	91.6	Effect of fuel cost adjustment -42.4(-29.6 12.8)
	Power	181.6	210.5	-28.9	86.3	Decrease in electricity sales volume -11.3 <u>Renewable Energy Power Promotion Surcharge 11.0 (32.0 20.9)</u>
	Other	91.3	82.0	9.3	111.4	<u>Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 16.6(70.3 53.6)</u>
	(Sales)	(399.3)	(423.3)	(-24.0)	(94.3)	Proceed from dividends -7.6
	Total	404.5	436.2	-31.6	92.7	
Ordinary Expenses	Labor	33.0	31.2	1.7	105.6	
	Fuel	46.8	108.6	-61.7	43.2	Drop in CIF -13.9 Exchange losses -4.0 Effect of restarting to generate electricity in Sendai Nuclear Power -26.5 Difference of the composition of thermal electric power generation -9.8
	Power purchase	105.4	108.4	-3.0	97.2	Purchase from other electric companies -3.5 Purchase from other companies 0.4 [Figures are included above: <u>Purchase of Renewable Energy Sourced Electricity 15.0 (82.3 67.2)</u> Thermal from other companies -14.1]
	Maintenance	31.7	27.1	4.6	117.0	Thermal 2.9 Distribution 1.6
	Depreciation	43.9	39.8	4.1	110.4	Regular depreciation 2.8 Trial operations depreciation 1.2
	Interest	8.7	9.5	-0.8	90.9	
	Tax and public dues	19.6	20.2	-0.6	96.8	
	Nuclear back-end	6.4	3.9	2.4	162.2	
	Other	71.6	61.4	10.2	116.6	<u>Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 11.0 (32.0 20.9)</u> Overhead expenses -0.1
	Total	367.5	410.6	-43.1	89.5	Effect of restarting to generate electricity in Sendai Nuclear Power around-21.0 Decrease in Fuel -26.5 Increase in nuclear back-end 3.0 Increase in Depreciation 2.5
(Operating Income)	(41.1)	(22.7)	(18.3)	(180.7)		
Ordinary Income	37.0	25.5	11.4	144.6		
Reserve for fluctuation In water levels	0.5	0.9	-0.4	52.0		
Extraordinary gain	-	2.4	-2.4	-	Gain on sale of securities -2.4	
Extraordinary loss	9.7	-	9.7	-	Extraordinary loss on natural disaster 9.5 Contingent loss 0.1	
Income taxes	4.5	2.2	2.2	201.5		
Net Income	22.2	24.8	-2.5	89.5		

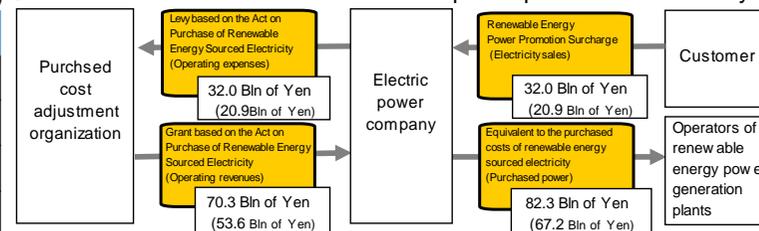
Note: The underlined parts are related to Feed-in Tariff Power purchase and sale system of renewable energy

## [Reference 1 :Key Fundamentals]

	FY2016 1Q	FY2015 1Q	Difference	Financial impact
Crude oil CIF price	41 \$/b	60 \$/b	-19 \$/b	(\$1/b) 0.7
Exchange rate	108 yen/\$	121 yen/\$	-13 yen/\$	(1yen/\$) 0.4
Nuclear power utilization rate	39.9 %	- %	39.9 %	(1%) 0.6
Water flow rate	123.1 %	112.0 %	11.1 %	(1%) 0.1

(Billions of Yen)

## [Reference 2 :Structure of Feed-in Tariff power purchase and sale system of renewable energy ]



Note: Figures for FY2016 1st Quarter and FY2015 1st Quarter in parenthesis.

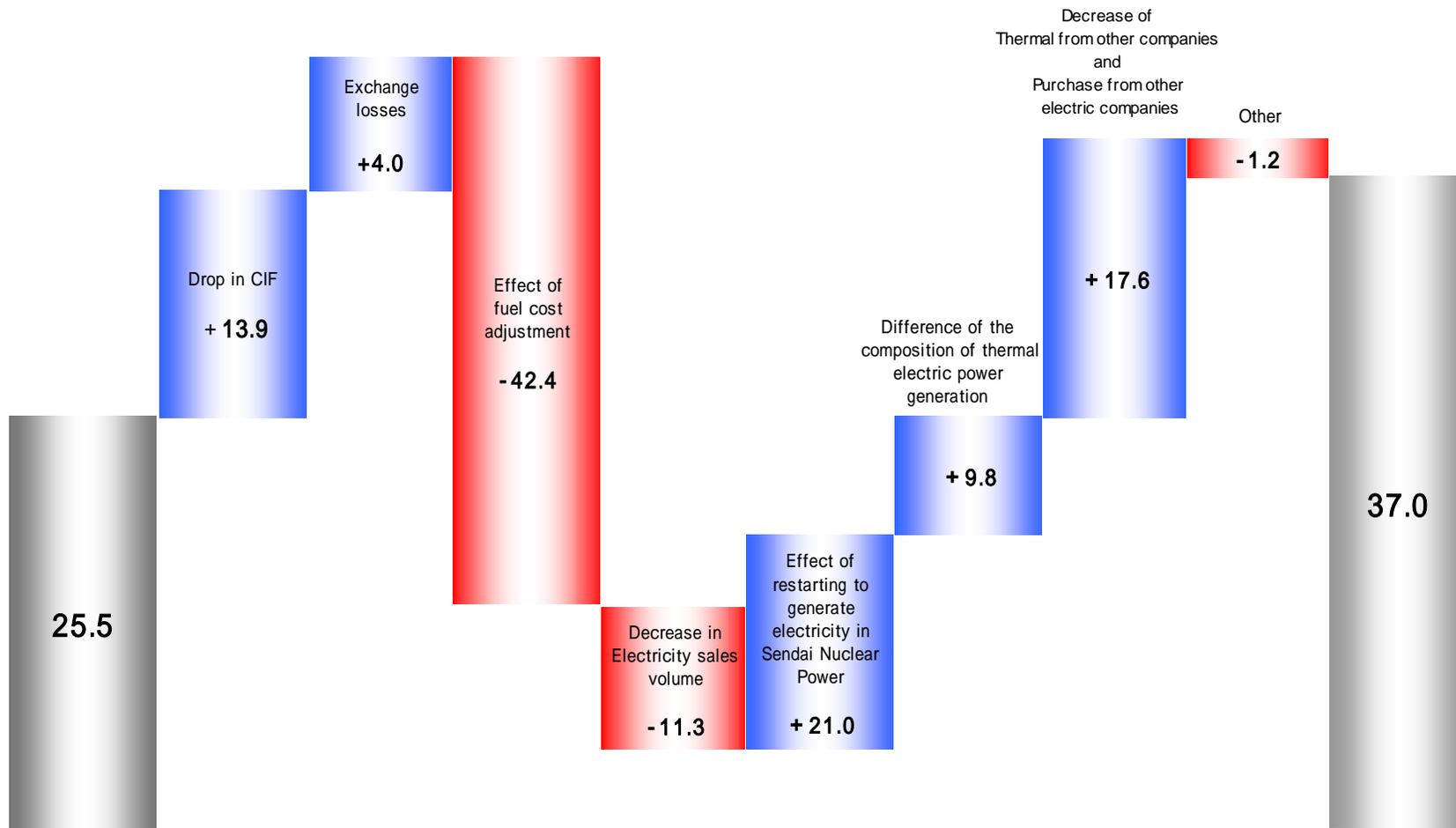
# Factors contributing to change in Ordinary Income (Non-Consolidated)

FY2015  
1Q

+ 11.4

FY2016  
1Q

(Billions of Yen)



# (Reference) The effect of time lag of fuel cost adjustment

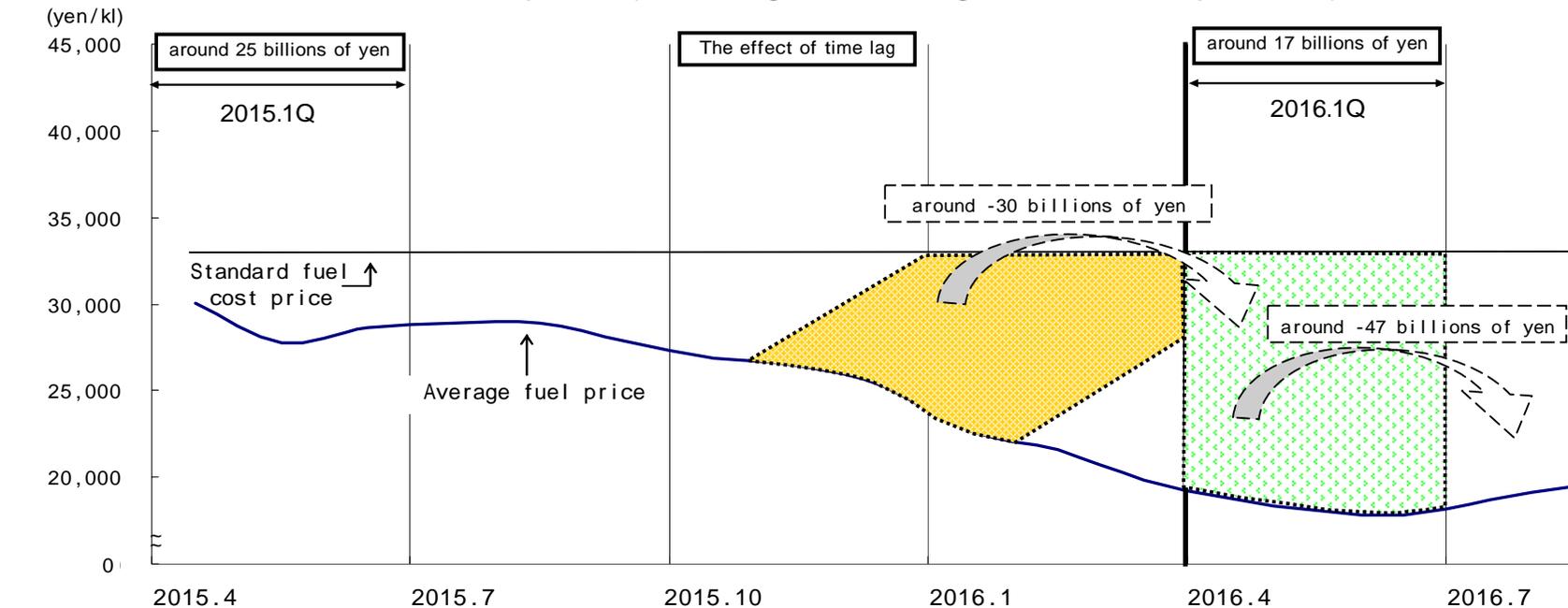
The effect of the decline of fuel prices from the latter half of FY2015

- A part of the fuel prices in the latter half of FY2015 below the standard fuel price were reflected as the decrease income in FY2016 1Q [around -30 billions of yen]
- Fuel prices of FY2016 1Q below the standard fuel price weren't reflected as the decrease income in FY2016 1Q and brought forward after FY2016 2Q. [around -47 billions of yen]

The income and expenditure improved due to the effect of this time lag of fuel cost adjustment \*.  
[around 17 billions of yen] (FY2015 1Q : around 25 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)	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
JCC(\$/b)	56	59	64	64	59	51	48	48	44	37	30	32	37	41	45
JLC(\$/t)	528	459	449	463	473	497	491	468	438	404	407	375	327	305	-

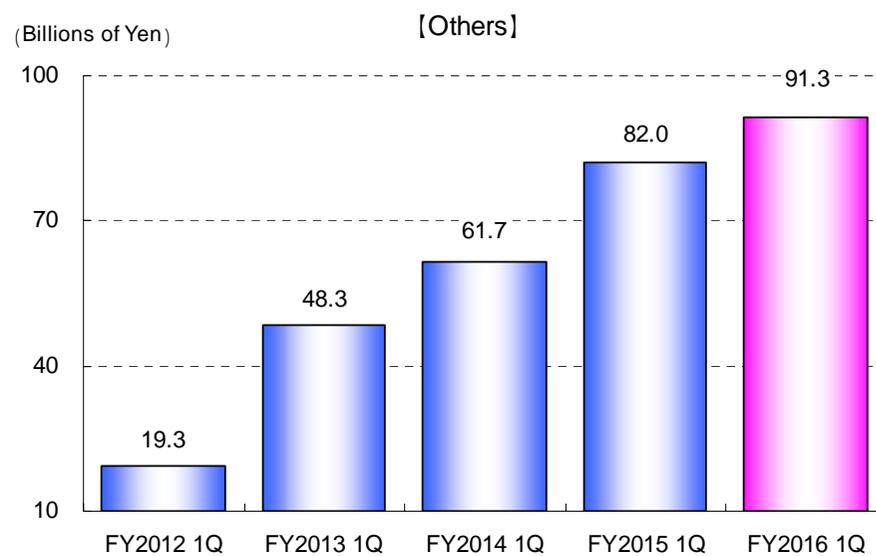
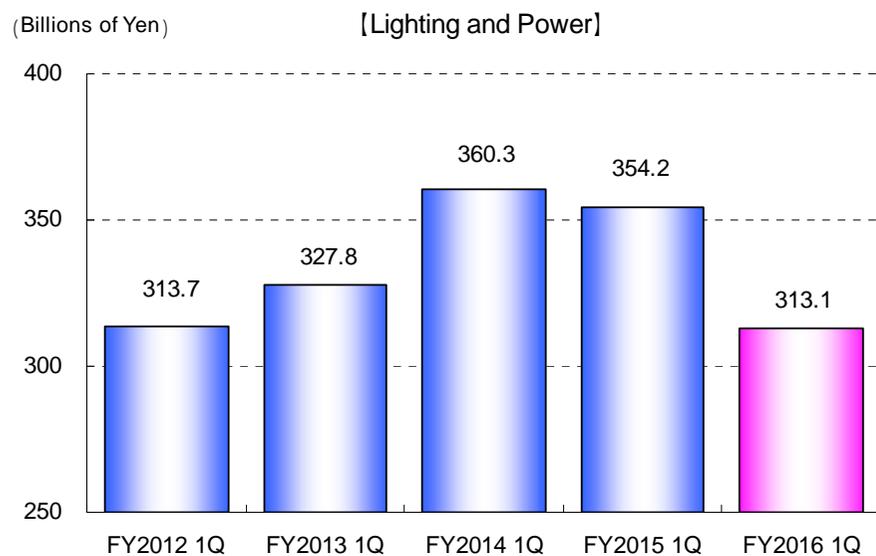
# [Explanations] Ordinary Revenues

(Billions of Yen,%)				
	FY2016 1Q	FY2015 1Q	Difference	Change
Lighting and Power	313.1	354.2	-41.0	88.4

(Billions of Yen,%)				
	FY2016 1Q	FY2015 1Q	Difference	Change
Others	91.3	82.0	9.3	111.4

	Difference	FY2016 1Q	FY2015 1Q
1. Effect of fuel cost adjustment	-42.4	( -29.6	12.8 )
2. Decrease in electricity sales volume	-11.3		
3. Renewable Energy Power Promotion Surcharge	11.0	( 32.0	20.9 )

	Difference	FY2016 1Q	FY2015 1Q
1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	16.6	( 70.3	53.6 )
2. Proceed from dividends	-7.6	( 2.9	10.6 )



# [Explanations] Fuel, Power purchase

(Billions of Yen,%)

	FY2016 1Q	FY2015 1Q	Difference	Change
Fuel	46.8	108.6	-61.7	43.2

	Difference
1. Drop in CIF	-13.9
2. Exchange losses	-4.0
3. Effect of restarting to generate electricity in Sendai Nuclear Power	-26.5
4. Difference of the composition of thermal electric power generation	-9.8

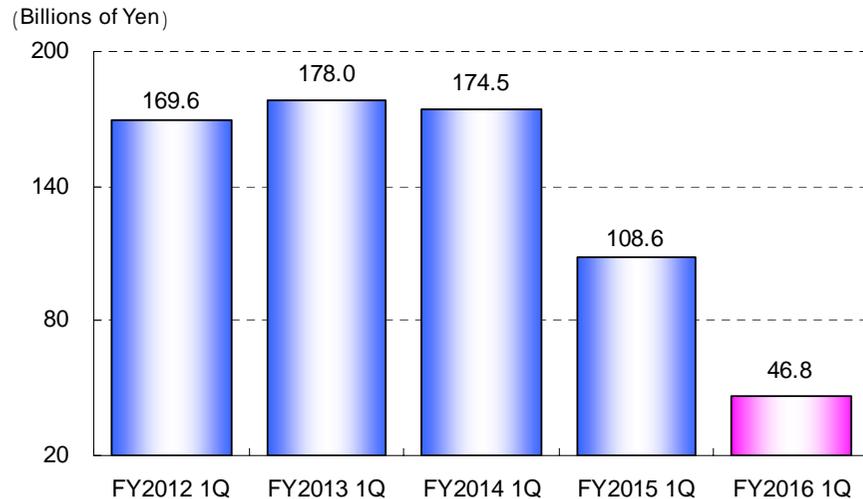
[ Reference1 ] All Japan CIF prices

	FY2016 1Q	FY2015 1Q	Difference
Coal(\$/t)	69	82	-13
LNG(\$/t)	316	480	-164
Crude oil(\$/b)	41	60	-19

[ Reference2 ] Fuel consumption

	FY2016 1Q	FY2015 1Q	Difference
Coal (thousand. ton)	1,062	1,103	-41
Heavy oil (thousand. kiloliter)	11	444	-433
Crude oil (thousand. kiloliter)	0	193	-193
LNG (thousand. ton)	865	960	-95

[Fuel]



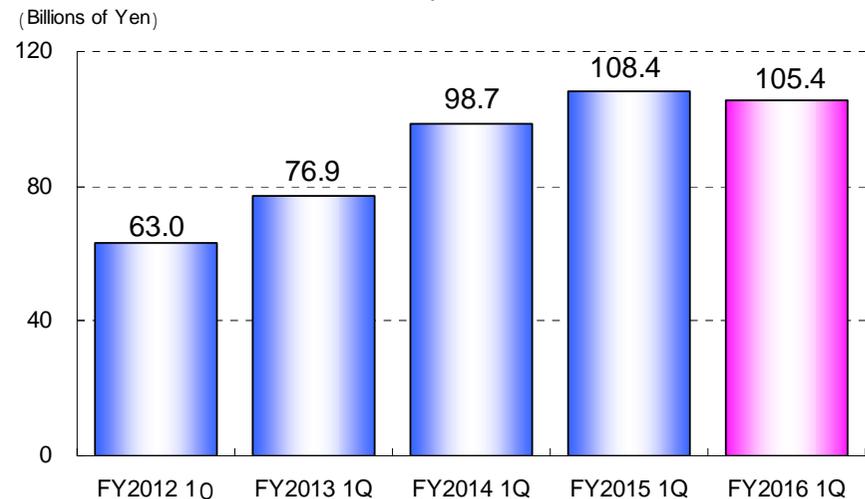
(Billions of Yen,%)

	FY2016 1Q	FY2015 1Q	Difference	Change
Power purchase	105.4	108.4	-3.0	97.2

	Difference	FY2016 1Q	FY2015 1Q
1. Purchase from other electric companies	-3.5 (	0.2	3.7 )
2. Purchase from other companies	0.4 (	105.1	104.6 )

Purchase of Renewable Energy Sourced Electricity	15.0 (	82.3	67.2 )
Received thermal from other companies	-14.1 (	18.9	33.0 )

[Power purchase]



# Balance Sheet Summary (Non-Consolidated)

## Assets

(Billions of Yen)

	Jun. 30, 2016	Mar. 31, 2016	Difference	Explanations
Utility Property, Plant and Equipment	2,406.6	2,354.1	52.4	Construction completed 102.9 Depreciation -42.7
Investments and Other Assets	664.0	670.8	-6.8	
Others	1,146.1	1,296.4	-150.2	Cash and cash equivalents -138.8 ( Jun. 30, 2016 232.6 Mar. 31, 2016 371.4 ) Construction in progress -47.9 ( appropriation 56.2 adjustment -102.9 ) Accounts receivable 38.0
Total	4,216.8	4,321.4	-104.6	

## Liabilities and Equity

(Billions of Yen)

	Jun. 30, 2016	Mar. 31, 2016	Difference	Explanations
Liabilities	3,820.4	3,936.2	-115.8	Interest-bearing Debt -38.6 Accrued expenses -26.3 Accounts payable-trade -21.1 Short-term liabilities to subsidiaries and affiliated companies -20.9
Equity	396.4	385.1	11.2	FY2016 1Q Net Income 22.2 Dividends Paid -9.5 [Equity Ratio] Jun. 30, 2016 9.4% Mar. 31, 2016 8.9%
Total	4,216.8	4,321.4	-104.6	

### [Reference: Interest-bearing Debt]

(Billions of Yen)

	Jun. 30, 2016	Mar. 31, 2016	Difference
Bonds	1,144.4	1,124.4	20.0
Loans	1,836.9	1,895.6	-58.6
Total	2,981.3	3,020.0	-38.6

# Income Statement Summary , Balance Sheet Summary (Consolidated)

## Income Statement Summary

		(Billions of Yen,%)				FY2016 1Q Consolidated Ratio
		FY2016 1Q	FY2015 1Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	429.8	453.5	-23.7	94.8	(1.08)
	Electric	395.9	418.8	-22.9	94.5	
	Other	33.9	34.6	-0.7	97.9	
	Other Revenues	3.4	3.9	-0.4	88.8	
	Total	433.3	457.4	-24.1	94.7	
Ordinary Expenses	Operating Expenses	385.1	425.5	-40.3	90.5	(1.09)
	Electric	354.7	395.7	-41.1	89.6	
	Other	30.4	29.7	0.7	102.2	
	Other Expenses	10.2	10.7	-0.4	95.6	
	Total	395.4	436.2	-40.8	90.6	
(Operating Income)		(44.7)	(28.0)	(16.6)	(159.6)	(1.09)
Ordinary Income		37.9	21.1	16.7	178.9	(1.03)
Reserve for Fluctuation In Water Levels		0.5	0.9	-0.4	52.0	
Extraordinary gain		-	2.9	-2.9	-	
Extraordinary loss		10.0	-	10.0	-	
Net Income attributable to owners of parent		21.6	18.8	2.7	114.9	(0.97)
Comprehensive Income		19.2	15.0	4.1	127.2	

## Balance Sheet Summary

		(Billions of Yen)		
		Jun. 30, 2016	Mar. 31, 2016	Difference
Total Assets		4,636.0	4,748.2	-112.1
Liabilities		4,126.6	4,248.3	-121.6
Interest-bearing Debt		3,178.4	3,224.8	-46.4
Equity		509.4	499.9	9.5
【Reference】 Equity Ratio (%)		10.6	10.1	0.5

# Segment Information

(Billions of Yen)

		2016/1Q	2015/1Q	Difference	Explanations
Electric Power	Sales	396.8	419.8	-22.9	
	Operating Income	40.4	22.1	18.3	
Energy-related business	Sales	39.0	38.0	1.0	It increased due to an increase of construction revenues of plants in spite of a decline in the sales amount of gas and LNG.
	Operating Income	1.0	2.0	-1.0	It decreased due to a decline in the sales amount of gas and LNG and an increase of costs of sales regarding the construction of plants.
IT and Telecommunications	Sales	21.2	21.7	-0.5	It decreased due to a decline in contracted developments of information systems.
	Operating Income	1.9	2.0	-	It is equivalent due to a decline in costs of sales regarding the development of information systems in spite of an increase of depreciation expenses associated with expansions of the optical broadband.
Other	Sales	5.9	6.1	-0.1	It decreased due to a decline in revenues regarding real estate sales.
	Operating Income	1.2	1.1	0.1	It increased due to a decline in depreciation expense of lease of buildings.

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



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