

Financial Results

The 3rd Quarter of FY 2015

January 29, 2016



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*Figures for FY2015 3rd Quarter Financial Results are accumulated total from Apr.1,2015 to Dec.31,2015.

Financial Results and Forecasts Summary

FY2015 3rd Quarter Financial Results Summary

Sendai nuclear power unit No.1 and No.2 have returned to commercial operation in September and November amid the long-term shutdown of our nuclear power stations. Under these conditions, in addition to the expenditure restraints, which are short term limited, the ordinary income was in the black due to the time lag of reflection of decreasing fuel prices in lighting and power prices, based on fuel costs adjustment system, while fuel costs has decreased along with the significant decline of fuel prices from the latter half of the previous fiscal year.

On the revenue side, consolidated sales decreased by 1.0% to ¥1,353.7 billion compared with the 3Q of FY2014 and the ordinary revenue decreased by 1.2% to ¥1,363.6 billion as lighting and power revenues decreased due to the reduction of unit price with the effect of the fuel costs adjustment in addition to the decrease of electricity sales, while grant based on the Act on Purchase of Renewable Energy Sourced Electricity increased.

On the expenditure side, the ordinary expense decreased by 10.7% to ¥1,294.6 billion compared with the 3Q of FY2014 affected by the expenditure restraints in entire group, in addition to decreasing fuel costs along with the significant decline of fuel prices and the restart generating electricity of Sendai nuclear power unit No.1 and No.2, while the costs for power purchases from renewable energy increased.

As a result, the ordinary income was ¥68.9 billion, improved from loss of ¥69.7 billion for the 3Q of FY2014, and the profit attributable to owners of the parent was ¥52.6 billion, improved from loss of ¥77.8 billion for the 3Q of FY2014. (On both a consolidated and non-consolidated, the ordinary income was in the black for the first time in five quarters.)

【Consolidated】

(Billions of Yen,%)

	FY2015 3Q	FY2014 3Q	Difference	Change
Sales	1,353.7	1,367.3	-13.6	99.0
Operating Income (Loss)	92.5	-47.4	140.0	-
Ordinary Income (Loss)	68.9	-69.7	138.7	-
(Extraordinary gain)	(4.4)	(1.9)	(2.5)	(-)
Net Income (Loss) attributable to owners of parent	52.6	-77.8	130.5	-
Comprehensive Income (Loss)	44.6	-83.6	128.3	-

Note: As of the end of FY2015 3Q, 69 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 41 companies (increase of 1 company from the end of FY2014: 1 company included)

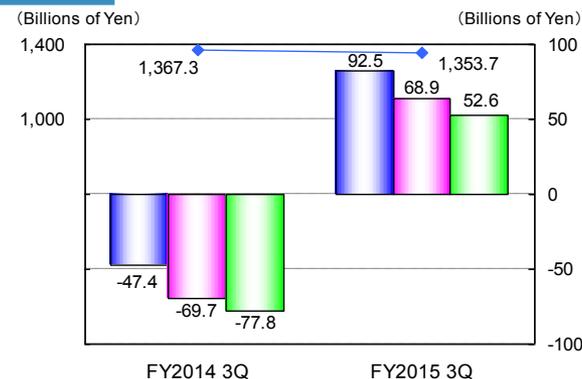
Equity method companies: 28 companies (decrease of 1 company from the end of FY2014: 1 company excluded)

【Non-Consolidated】

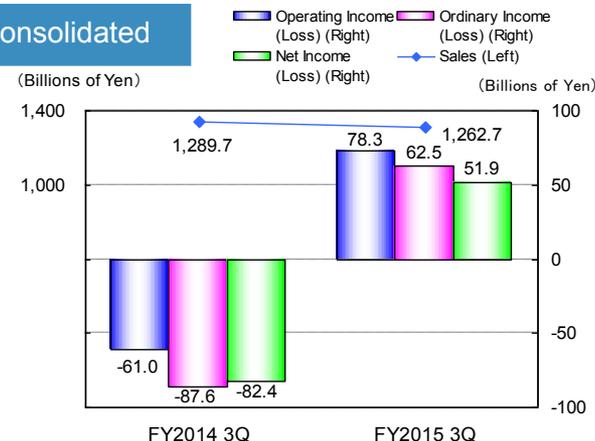
(Billions of Yen,%)

	FY2015 3Q	FY2014 3Q	Difference	Change
Sales	1,262.7	1,289.7	-26.9	97.9
Operating Income (Loss)	78.3	-61.0	139.4	-
Ordinary Income (Loss)	62.5	-87.6	150.2	-
(Extraordinary gain)	(4.3)	(9.4)	(-5.0)	(-)
Net Income (Loss)	51.9	-82.4	134.4	-

Consolidated

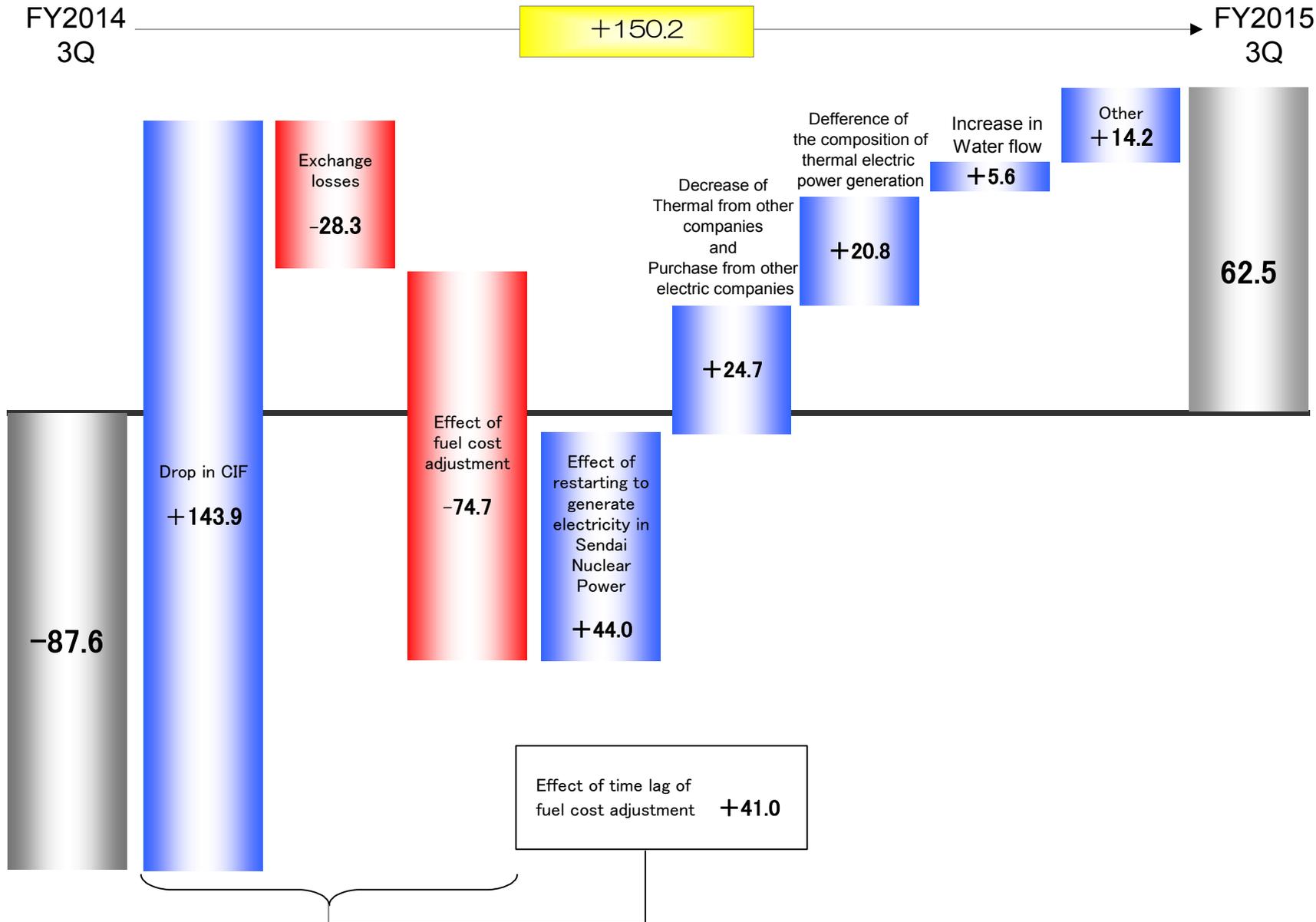


Non-Consolidated



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

(Billions of Yen)



FY2015 Financial Results Forecasts and Dividend Forecasts

The outlook on performance of sales during the FY2015 will be around ¥1,845.0 billion which is lower than FY2014 as lighting and power revenues will decrease due to the reduction of unit price with the effect of the fuel costs adjustment in addition to the decrease of electricity sales, while grant based on the Act on Purchase of Renewable Energy Sourced Electricity will increase.

The outlook on performance of ordinary income during the FY2015 will be around ¥80.0 billion improved from loss of ¥73.6 billion for the FY2014 affected by the expenditure restraints in entire group, in addition to decreasing fuel costs along with the significant decline of fuel prices and the restart generating electricity of Sendai nuclear power unit No.1 and No.2, while the costs for power purchases from renewable energy will increase. And the profit attributable to owners of the parent will be around ¥65.0 billion, improved from loss of ¥114.6 billion for the FY2014.

Year-end dividend for FY2015 ending March 31, 2016 has yet to be decided. We will promptly inform you of our forecasts when it is possible for us to make them.

【Consolidated】

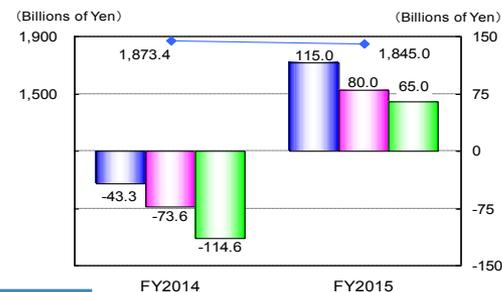
(Billions of Yen,%)

	Jan. 2016 Forecast	FY2014	Difference	Change	Oct. 2015 Forecast
Sales	1,845.0	1,873.4	-28.4	98.5	1,865.0
Operating Income (Loss)	115.0	-43.3	158.3	-	-
Ordinary Income (Loss)	80.0	-73.6	153.6	-	-
Net Income (Loss) attributable to owners of parent	65.0	-114.6	179.6	-	-

Consolidated

< Factors contributing to change in Consolidated Ordinary Income (+153.6) >

- Drop in CIF +181.0
 - Exchange losses -32.0
 - Effect of fuel cost adjustment -120.0
 - Effect of restarting to generate electricity in Sendai Nuclear Power +78.0 and others
- Effect of time lag of fuel cost adjustment around +30.0

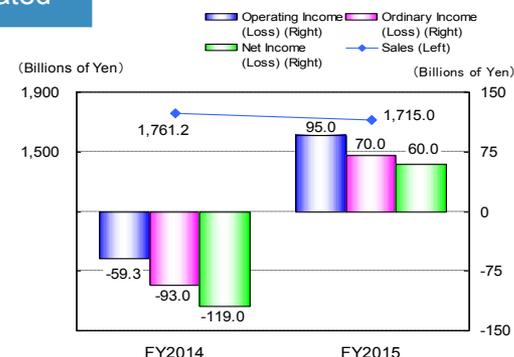


【Non-Consolidated】

(Billions of Yen,%)

	Jan. 2016 Forecast	FY2014	Difference	Change	Oct. 2015 Forecast
Sales	1,715.0	1,761.2	-46.2	97.4	1,735.0
Operating income (Loss)	95.0	-59.3	154.3	-	-
Ordinary income (Loss)	70.0	-93.0	163.0	-	-
Net Income (Loss)	60.0	-119.0	179.0	-	-

Non-Consolidated



【Reference: Key Fundamentals】

	Jan. 2016 Forecast	FY2014	Difference	Oct. 2015 Forecast
Electricity Sales Volume	79.4 Billion kWh	81.3 Billion kWh	-1.9 Billion kWh	80.3 billion kWh
Crude oil CIF price	52 \$/b	90 \$/b	-38 \$/b	57 \$/b
Exchange rate	122 yen/\$	110 yen/\$	12 yen/\$	121 yen/\$
Nuclear power utilization rate	20.4%	0 %	20.4 %	-

FY2015 3rd Quarter Financial Results

Electricity Sales Volume

○ Customers other than large-scale industrial

Decreased by 2.4% compared with the 3Q of the previous year mainly due to a decrease in power for commercial operation.

○ Large-scale industrial customers

Decreased by 3.3% compared with the 3Q of the previous year mainly due to a decrease in the production of Steel, Iron and Chemicals.

【Electricity Sales Volume】

(Million-kWh,%)

		FY2015 3Q	vs.FY2014 3Q	
			Difference	Change
Lighting		19,120	-313	98.4
Power		38,614	-1,271	96.8
Total		57,734	-1,584	97.3
(Figures are included above)	Customers other than large-scale industrial	40,402	-988	97.6
	Large-scale industrial customers	17,332	-596	96.7

【Large-scale industrial customers by sector】

(Million-kWh,%)

		FY2015 3Q	vs.FY2014 3Q	
			Difference	Change
Machinery Total		4,939	85	101.7
(Figures are included above)	Electronics	3,285	13	100.4
	Transportation	1,281	74	106.2
Steel and Iron		1,724	-305	85.0
Chemicals		1,928	-136	93.4
Clay and Stone		688	-50	93.2
Non-ferrous Metals		1,412	34	102.5
Pulps and Papers		231	-29	89.0
Foodstuffs		1,788	-45	97.6
Others		4,622	-150	96.9
Total		17,332	-596	96.7

【Reference: Electricity Sales Volume (by sector)】

(Million-kWh,%)

			FY2015 3Q	vs.FY2014 3Q	
				Difference	Change
Demand other than under liberalization	Lighting		19,120	-313	98.4
	Power	Low voltage	2,985	-50	98.3
		Others	437	-38	92.1
	Subtotal		22,542	-401	98.3
Demand under liberalization	Commercial		13,130	-604	95.6
	Industrial		22,062	-579	97.4
	Subtotal		35,192	-1,183	96.7
Total			57,734	-1,584	97.3

Generated and Received Electricity

The generation of own thermal facilities decreased due to that Sendai nuclear power unit No.1 and No.2 have restarted generating electricity, as well as a decline in the demand and an increase of new energy received from other company.

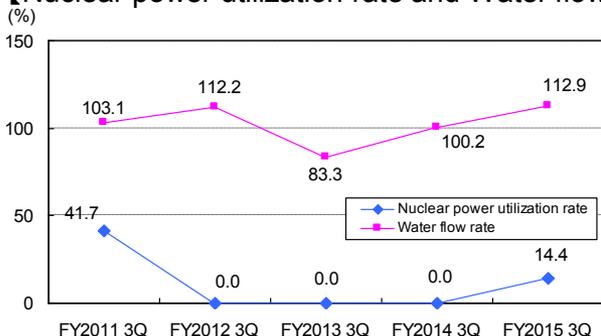
【Generated and Received Electricity】

(Million-kWh,%)

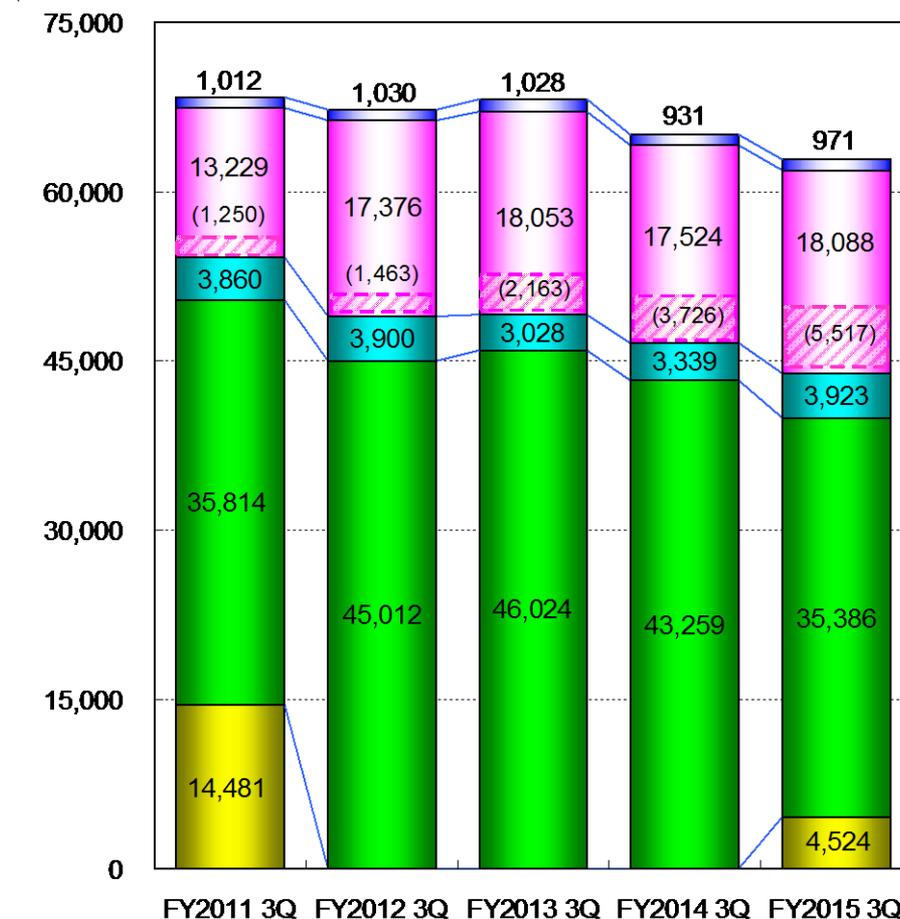
		FY2015 3Q	vs.FY2014 3Q	
			Difference	Change
Own facilities	Hydro	3,923	584	117.5
	(Water flow rate)	(112.9)	(12.7)	
	Thermal	35,386	-7,873	81.8
	Nuclear	4,524	4,524	-
	(Utilization rate)	(14.4)	(14.4)	
	New Energy※	971	40	104.2
Subtotal		44,804	-2,725	94.3
From other companies	Hydro	1,624	140	109.4
	Thermal	11,159	-722	93.9
	New Energy※	5,517	1,791	148.0
	Subtotal	18,300	1,209	107.1
Interchange		274	-287	48.8
For pumping		-486	-358	377.0
Total		62,892	-2,161	96.7

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

【Nuclear power utilization rate and Water flow rate】



【



Income Statement Summary (Non-Consolidated)

(Billions of Yen,%)

		FY2015 3Q	FY2014 3Q	Difference	Change	Explanations
Ordinary Revenues	Lighting	427.0	446.7	-19.6	95.6	Decrease in electricity sales volume -27.3 Effect of fuel cost adjustment -74.7
	Power	630.0	679.8	-49.7	92.7	Renewable Energy Power Promotion Surcharge 37.8 Solar Power Promotion Surcharge -1.8
	Other	221.2	169.9	51.2	130.1	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 58.5
	(Sales)	(1,262.7)	(1,289.7)	(-26.9)	(97.9)	Proceed from dividends 9.3 Incidental Business Operating Revenues -22.6
	Total	1,278.3	1,296.5	-18.1	98.6	
Ordinary Expenses	Labor	96.5	85.9	10.6	112.4	
	Fuel	283.9	516.9	-233.0	54.9	Drop in CIF -143.9 Exchange losses 28.3 Difference of the composition of thermal electric power generation -20.8 Nuclear -43.0 Decrease in electricity sales volume -20.4 Increase in Power purchase -9.2 Increase in Water flow -5.6
	Power purchase	305.8	285.6	20.1	107.1	Purchase from other companies 29.6 [Figures are included above: Purchase of Renewable Energy Sourced Electricity 66.9 Thermal from other companies -37.1] Purchase from other electric companies -9.4
	Maintenance	98.4	82.4	15.9	119.3	Nuclear 7.4 Distribution 4.9 Thermal 2.7
	Depreciation	122.6	123.9	-1.2	99.0	
	Interest	28.0	29.0	-1.0	96.4	
	Tax and public dues	64.6	63.9	0.6	101.1	
	Nuclear back-end	14.5	15.4	-0.8	94.2	
	Other	201.1	180.7	20.4	111.3	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 37.8 Overhead expenses 0.6 Incidental Business Operating Expenses -19.3
Total	1,215.7	1,384.1	-168.3	87.8	Effect of restarting to generate electricity in Sendai Nuclear Power -44.0 (Decrease in Fuel -43.0 Decrease in Power purchase -10.0 Increase in nuclear back-end 3.0 Increase in Depreciation 6.0)	
(Operating Income (Loss))		(78.3)	(-61.0)	(139.4)	(-)	
Ordinary Income (Loss)		62.5	-87.6	150.2	-	
Reserve for fluctuation In water levels		5.4	1.3	4.1	-	
Extraordinary gain		4.3	9.4	-5.0	46.4	Gain on sale of fixed assets -7.5 Gain on sale of securities 2.4
Income taxes		9.6	3.0	6.6	320.6	
Net Income (Loss)		51.9	-82.4	134.4	-	

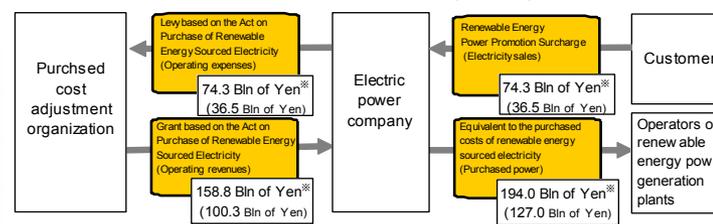
Note: The underlined parts are related to Feed-in Tariff Power purchase and sale system of renewable energy

【Reference 1 :Key Fundamentals】

	FY2015 3Q	FY2014 3Q	Difference	Financial impact
Crude oil CIF price	55 \$/b	103 \$/b	-48 \$/b	(\$1/b) 3.0
Exchange rate	122 yen/\$	107 yen/\$	15 yen/\$	(1yen/\$) 2.0
Nuclear power utilization rate	14.4 %	0 %	14.4 %	(1%) 3.5
Water flow rate	112.9 %	100.2 %	12.7 %	(1%) 0.4

(Billions of Yen)

【Reference 2 :Structure of Feed-in Tariff power purchase and sale system of renewable energy】



※ Note: Figures for FY2015 3rd Quarter and FY2014 3rd Quarter in parenthesis.

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

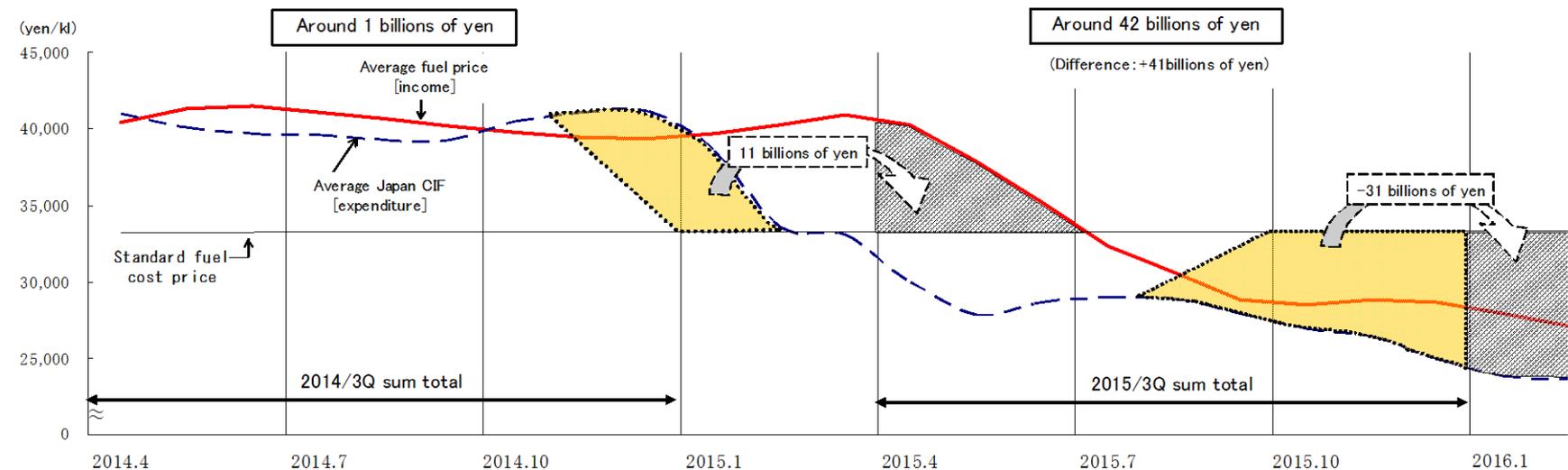
The effect of the significant decline of fuel prices from the latter half of the previous fiscal year

- Fuel prices in the latter half of the previous fiscal year above the standard fuel price were reflected as the increase income in the 3Q of FY2015 [around 11 billions of yen]
- A part of the fuel prices of the 3Q of FY2015 below the standard fuel price weren't reflected as the decrease income in the 3Q of FY2015 and brought forward after the 4Q of FY2015. [around 31 billions of yen]

The income and expenditure improved due to the effect of this time lag of fuel cost adjustment. [around 42 billions of yen] (the 3Q of FY2014: around 1 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)	2014.4	2014.5	2014.6	2014.7	2014.8	2014.9	2014.10	2014.11	2014.12	2015.1	2015.2	2015.3	2015.4	2015.5	2015.6	2015.7	2015.8	2015.9	2015.10	2015.11	2015.12
JCC(\$/b)	109	109	110	112	111	106	101	91	79	63	50	55	56	59	64	64	59	51	48	47	44
JLC(\$/t)	874	851	840	837	825	807	824	848	815	780	695	637	530	459	449	462	473	497	491	468	-

[Explanations] Ordinary Revenues

(Billions of Yen,%)				
	FY2015 3Q	FY2014 3Q	Difference	Change
Lighting and Power	1,057.1	1,126.5	-69.3	93.8

Difference FY2015 3Q FY2014 3Q

1. Decrease in electricity sales volume -27.3

2. Effect of fuel cost adjustment -74.7 (-10.4 ← 64.3)

3. Renewable Energy Power Promotion Surcharge 37.8 (74.3 ← 36.5)

4. Solar Power Promotion Surcharge -1.8 (- ← 1.8)

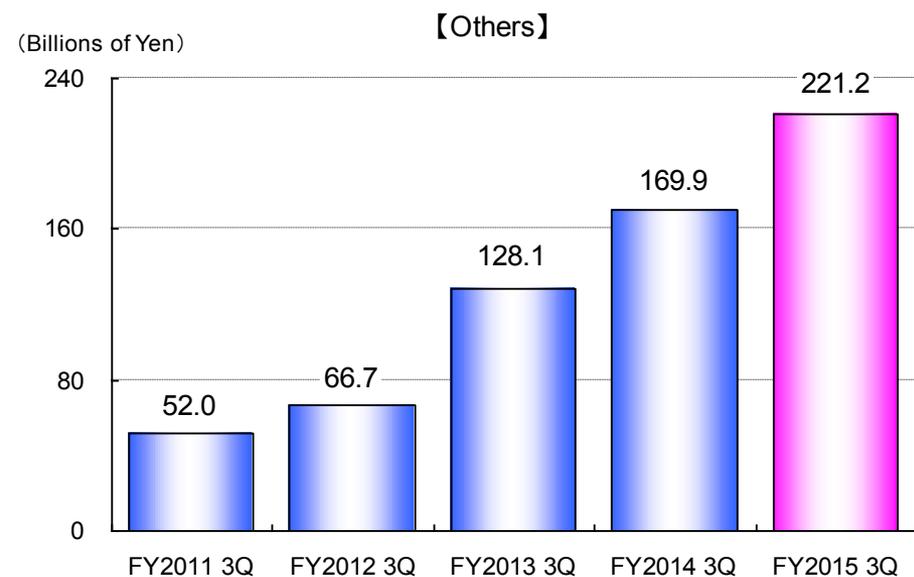
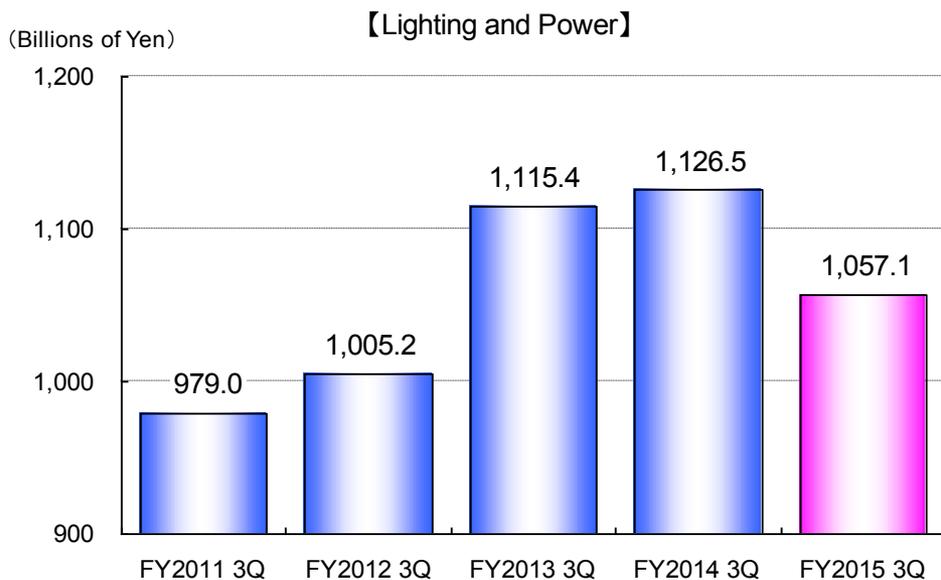
(Billions of Yen,%)				
	FY2015 3Q	FY2014 3Q	Difference	Change
Others	221.2	169.9	51.2	130.1

Difference FY2015 3Q FY2014 3Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 58.5 (158.8 ← 100.3)

2. Proceed from dividends 9.3 (11.0 ← 1.7)

3. Incidental Business Operating Revenues -22.6 (9.6 ← 32.3)



[Explanations] Fuel, Power purchase

(Billions of Yen,%)				
	FY2015 3Q	FY2014 3Q	Difference	Change
Fuel	283.9	516.9	-233.0	54.9

Difference	
1. Drop in CIF and Exchange losses	-115.6
2. Difference of the composition of thermal electric power generation	-20.8
3. Effect of restarting to generate electricity in Sendai Nuclear Power	-43.0
4. Decrease in electricity sales volume	-20.4
5. Increase in Power purchase	-9.2
6. Increase in Water flow	-5.6

[Reference1] All Japan CIF prices

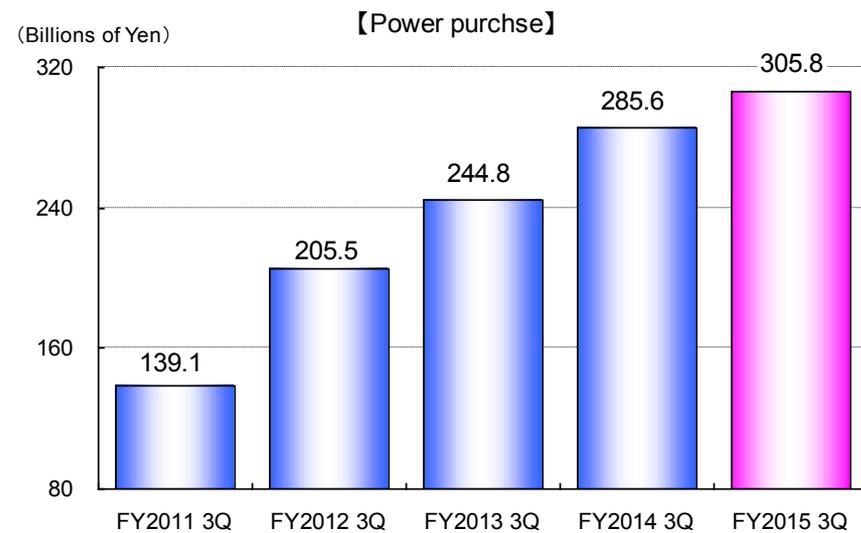
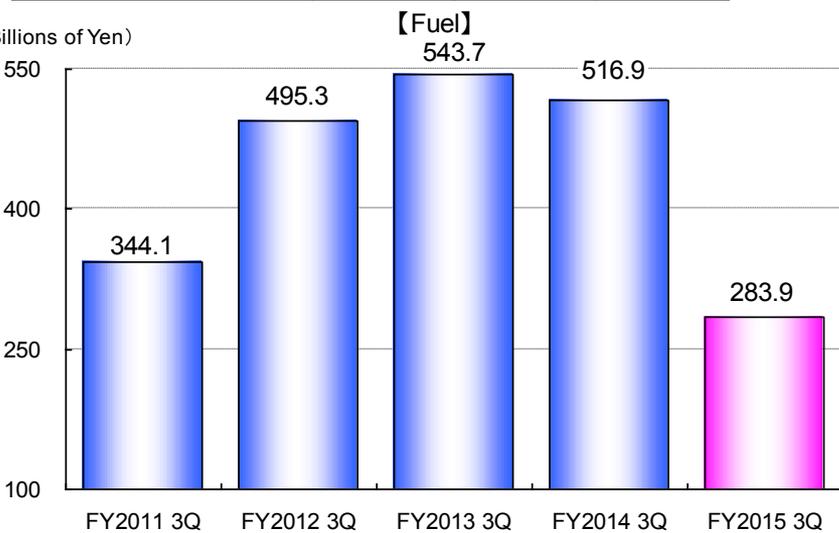
	FY2015 3Q	FY2014 3Q	Difference
Coal(\$/t)	78	95	-17
LNG(\$/t)	479	835	-356
Crude oil(\$/b)	55	103	-48

[Reference2] Fuel consumption

	FY2015 3Q	FY2014 3Q	Difference
Coal (thousand. ton)	4,193	4,521	-328
Heavy oil (thousand. kiloliter)	693	1,142	-449
Crude oil (thousand. kiloliter)	303	496	-193
LNG (thousand. ton)	2,865	3,523	-658

(Billions of Yen,%)				
	FY2015 3Q	FY2014 3Q	Difference	Change
Power purchase	305.8	285.6	20.1	107.1

Difference		FY2015 3Q	FY2014 3Q
1. Purchase from other companies	29.6	(300.5 ← 270.9)	
◆ Purchase of Renewable Energy Sourced Electricity	66.9	(194.0 ← 127.0)	
◆ Received thermal from other companies	-37.1	(93.5 ← 130.6)	
2. Purchase from other electric companies	-9.4	(5.2 ← 14.7)	



Balance Sheet Summary (Non-Consolidated)

Assets

(Billions of Yen)

	Dec. 31, 2015	Mar. 31, 2015	Difference	Explanations
Utility Property, Plant and Equipment	2,351.6	2,281.2	70.3	Construction completed 202.2 Depreciation -122.6
Investments and Other Assets	671.0	684.4	-13.4	
Others	1,190.6	1,425.1	-234.4	Cash and cash equivalents -186.5 (Dec. 31, 2015 279.6 ← Mar. 31, 2015 466.1) Construction in progress -51.9 (appropriation 148.4 adjustment -200.4)
Total	4,213.3	4,390.9	-177.5	

Liabilities and Equity

(Billions of Yen)

	Dec. 31, 2015	Mar. 31, 2015	Difference	Explanations
Liabilities	3,841.9	4,068.6	-226.6	Interest-bearing Debt -167.0 Short-term liabilities of affiliated companies -20.3 Accounts amount payable -19.9 Other accounts payable -13.5
Equity	371.4	322.2	49.1	FY2015 3Q Net Income 51.9 [Equity Ratio] Dec. 31, 2015 8.8% ← Mar. 31, 2015 7.3%
Total	4,213.3	4,390.9	-177.5	

【Reference: Interest-bearing Debt】

(Billions of Yen)

	Dec. 31, 2015	Mar. 31, 2015	Difference
Bonds	1,204.4	1,283.7	-79.3
Loans	1,796.8	1,884.4	-87.6
Total	3,001.2	3,168.2	-167.0

Income Statement Summary , Balance Sheet Summary (Consolidated)

Income Statement Summary

(Billions of Yen,%)

(FY2015 3Q
Consolidated Ratio)

		FY2015 3Q	FY2014 3Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	1,353.7	1,367.3	-13.6	99.0	(1.07)
	Electric	1,250.1	1,255.7	-5.6	99.6	
	Other	103.6	111.6	-7.9	92.8	
	Other Revenues	9.8	12.4	-2.6	79.0	
	Total	1,363.6	1,379.8	-16.2	98.8	
Ordinary Expenses	Operating Expenses	1,261.1	1,414.8	-153.6	89.1	(1.18)
	Electric	1,169.2	1,316.3	-147.1	88.8	
	Other	91.9	98.4	-6.4	93.4	
	Other Expenses	33.5	34.8	-1.3	96.2	
	Total	1,294.6	1,449.6	-154.9	89.3	
(Operating Income (Loss))		(92.5)	(-47.4)	(140.0)	(-)	(1.10)
Ordinary Income (Loss)		68.9	-69.7	138.7	-	(1.01)
Reserve for Fluctuation In Water Levels		5.4	1.3	4.1	-	
Extraordinary gain		4.4	1.9	2.5	-	
Net Income (Loss) attributable to owners of parent		52.6	-77.8	130.5	-	
Comprehensive Income (Loss)		44.6	-83.6	128.3	-	

Balance Sheet Summary

(Billions of Yen,%)

	Dec. 31, 2015	Mar. 31, 2015	Difference
Total Assets	4,629.0	4,784.7	-155.7
Liabilities	4,133.8	4,333.7	-199.8
Interest-bearing Debt	3,189.3	3,337.9	-148.6
Equity	495.1	450.9	44.1
【Reference】 Equity Ratio	10.3	9.0	1.3

Segment Information

○ Energy-related business

- Sales amount was ¥124.7 billion, decreased ¥7.3 billion (-5.5%) and operating income was ¥6.1 billion, decreased ¥2.2 billion (-26.5%) compared with the 3Q of FY2014. This is due to the decrease of gas sales and repair works of power plants despite effects of the increase in the number of consolidated subsidiaries.

○ IT and Telecommunications

- Sales amount was ¥64.8 billion, the same level of the 3Q of FY2014, due to the decrease of income from circuits for mobile base stations despite the increase of sales of video transmission equipments. And operating income was ¥5.8 billion, decreased ¥1.6 billion (-21.8%) compared with the 3Q of FY2014, due to the increase of depreciation expense affected by the expense of broadband services.

○ Others

- Sales amount was ¥19.4 billion, increased ¥1.1 billion (+6.3%) compared with the 3Q of FY2014, due to the increase of income regarding sales of real estates. And operating income was ¥3.4 billion, increased ¥0.7 billion (+26.8%) compared with the 3Q of FY2014, due to the decrease of depreciation expense of lease buildings.

(Billions of Yen)

	Electric Power	Energy-related business	IT and Telecommunications	Other	Eliminations/corporate	Total [Consolidated]
Sales	1,253.0	124.7	64.8	19.4	-108.2	1,353.7
	(-4.3)	(-7.3)	(-)	(1.1)	(-3.1)	(-13.6)
Sales to customers [Figures are included above]	1,250.1	45.3	48.5	9.7	-	1,353.7
	(-5.6)	(-8.5)	(-0.4)	(0.9)	(-)	(-13.6)
Operating Income (Loss)	76.8	6.1	5.8	3.4	0.2	92.5
	(142.7)	(-2.2)	(-1.6)	(0.7)	(0.4)	(140.0)

Note : Figures in parentheses denote change from FY2014 3Q

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