

Financial Results

The 2nd Quarter of FY 2015

November 5, 2015



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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FY2015 2nd Quarter Financial Results

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*Figures for FY2015 2nd Quarter Financial Results are accumulated total from Apr.1,2015 to Sep.30,2015.

Financial Results and Forecasts Summary

FY2015 2nd Quarter Financial Results Summary

[Summary]

We have faced an ongoing situation of the severe revenue and expenditure and our financial condition in electricity business under the long-term shutdown of our nuclear power stations which resulted in rising fuel costs, even though Sendai nuclear power unit No.1 has returned to commercial operation on September 10. So we have implemented the expenditure restraints, which are short term limited, such as deferring repair work to another period within this fiscal year. Under these conditions, 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. Indeed we are sorry, an interim dividend of 0 yen per share is decided.

[Consolidated]

(Billions of Yen,%)

	FY2015 2Q	FY2014 2Q	Difference	Change
Sales	931.3	929.5	1.8	100.2
Operating Income (Loss)	80.5	-16.2	96.8	-
Ordinary Income (Loss)	65.5	-31.9	97.5	-
(Extraordinary gain)	(2.9)	(1.0)	(1.8)	(-)
Net Income (Loss) attributable to owners of parent	53.5	-35.9	89.4	-
Comprehensive Income (Loss)	47.9	-38.5	86.4	-

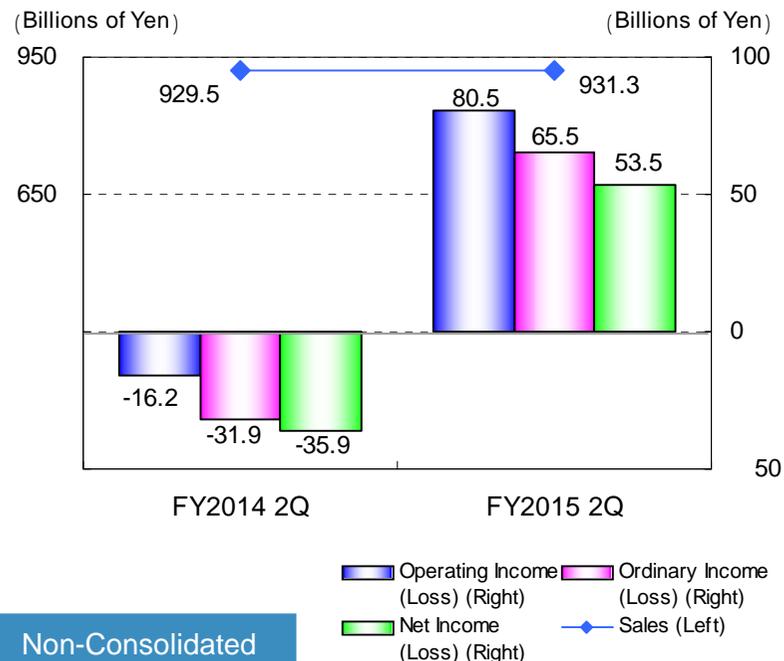
Note: As of the end of FY2015 2Q, 69 affiliates were subject to consolidated accounting.
 Breakdown:
 Consolidated subsidiaries: 41 companies (increase of 1 company from the end of FY2014: 1 company included)
 Equity method companies: 28 companies (decrease of 1 company from the end of FY2014: 1 company excluded)

[Non-Consolidated]

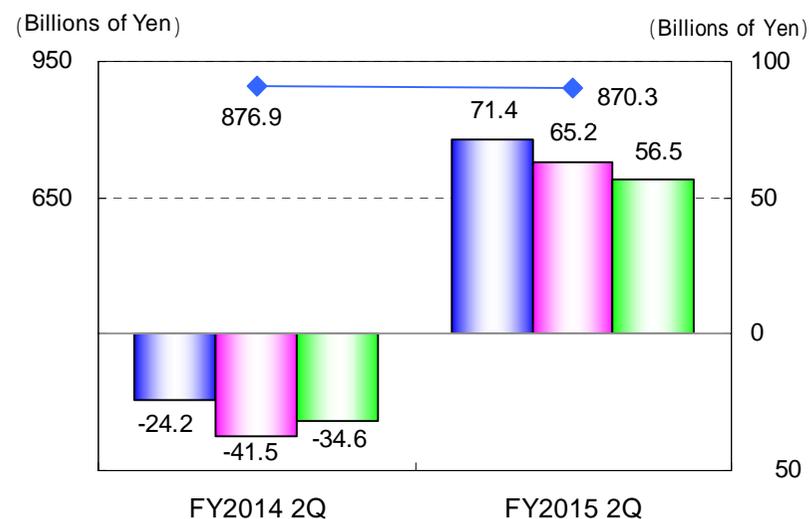
(Billions of Yen,%)

	FY2015 2Q	FY2014 2Q	Difference	Change
Sales	870.3	876.9	-6.5	99.2
Operating Income (Loss)	71.4	-24.2	95.6	-
Ordinary Income (Loss)	65.2	-41.5	106.7	-
(Extraordinary gain)	(2.4)	(8.6)	(-6.1)	(-)
Net Income (Loss)	56.5	-34.6	91.2	-

Consolidated



Non-Consolidated



FY2015 2nd Quarter Financial Results Summary (vs.Previous Forecast,Sep. 2015)

In the electricity business, the operating income, ordinary income and net income attributable to owners of parent have increased compared with previous forecast, Sep.FY2015, for the reasons that the fuel cost has decreased because the production of thermal power generations fueled by the expensive fuel unit such as oil or LNG has declined due to the decrease in demand for electricity, and the impact on sales from the decreasing demand has been carried over into the second half.

[Consolidated]

(Billions of Yen,%)

	FY 2015 2Q	Sep. 2015 Forecast	Difference	Change
Sales	931.3	930.0	1.3	100.1
Operating Income	80.5	70.0	10.5	115.1
Ordinary Income	65.5	55.0	10.5	119.2
Net Income attributable to owners of parent	53.5	45.0	8.5	119.0

[Non-Consolidated]

(Billions of Yen,%)

	FY 2015 2Q	Sep. 2015 Forecast	Difference	Change
Sales	870.3	870.0	0.3	100.0
Operating Income	71.4	60.0	11.4	119.0
Ordinary Income	65.2	55.0	10.2	118.6
Net Income	56.5	50.0	6.5	113.2

[Reference: Key Fundamentals]

	FY 2015 2Q	Sep. 2015 Forecast	Difference
Electricity Sales Volume	39.5 Billion kWh	39.6 Billion kWh	-0.1 Billion kWh
Crude oil CIF price	59 \$/b	61 \$/b	-2 \$/b
Exchange rate	122 yen/\$	123 yen/\$	-1 yen/\$

FY2015 Financial Results Forecasts and Dividend Forecasts

[Financial Results Forecasts Summary and Dividend Forecasts Summary]

We expect our sales to decrease compared with previous forecast, Sep.FY2015, in the electricity business, because of decrease in electricity sales volume, while increase in grant based on the Act on Purchase of Renewable Energy Sourced Electricity.

Fiscal 2015 full-year forecasts for the profit is currently not able to be estimated due to the difficult situations that we will continuously have to implement through costs reduction based on safety, compliance and stable supply, though Sendai nuclear power unit No.2 is headed to return to commercial operation at the mid-November, under the long-term shutdown of our nuclear power stations.

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

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,%)

	Oct. 2015 Forecast	Sep. 2015 Forecast	Difference	Change
Sales	1,865.0	1,880.0	-15.0	99.2
Operating Income	-	-	-	-
Ordinary Income	-	-	-	-
Net Income attributable to owners of parent	-	-	-	-

[Non-Consolidated]

(Billions of Yen,%)

	Oct. 2015 Forecast	Sep. 2015 Forecast	Difference	Change
Sales	1,735.0	1,750.0	-15.0	99.1
Operating income	-	-	-	-
Ordinary income	-	-	-	-
Net Income	-	-	-	-

[Reference : Key Fundamentals]

	Oct. 2015 Forecast	Sep. 2015 Forecast	Difference
Electricity Sales Volume	80.3 Billion kWh	81.1 Billion kWh	-0.8 Billion kWh
Crude oil CIF price	57 \$/b	60 \$/b	-3 \$/b
Exchange rate	121 yen/\$	124 yen/\$	-3 yen/\$

FY2015 2nd Quarter Financial Results

Electricity Sales Volume

Customers other than large-scale industrial

Decreased by 1.3% compared with the 2Q 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 2Q of the previous year mainly due to a decrease in the production of Steel, Iron and Chemicals.

【Electricity Sales Volume】

(Million-kWh,%)

		FY2015 2Q	vs.FY2014 2Q	
			Difference	Change
Lighting		13,033	-7	99.9
Power		26,433	-753	97.2
Total		39,466	-760	98.1
(Figures are included above)	Customers other than large-scale industrial	27,742	-365	98.7
	Large-scale industrial customers	11,724	-395	96.7

【Large-scale industrial customers by sector】

(Million-kWh,%)

		FY2015 2Q	vs.FY2014 2Q	
			Difference	Change
Machinery Total		3,348	61	101.9
(Figures are included above)	Electronics	2,236	13	100.6
	Transportation	857	49	106.1
Steel and Iron		1,156	-269	81.2
Chemicals		1,298	-95	93.2
Clay and Stone		442	-23	95.0
Non-ferrous Metals		990	67	107.3
Pulps and Papers		154	-26	85.3
Foodstuffs		1,220	-29	97.6
Others		3,116	-81	97.5
Total		11,724	-395	96.7

【Reference: Electricity Sales Volume (by sector)】

(Million-kWh,%)

			FY2015 2Q	vs.FY2014 2Q	
				Difference	Change
Demand other than under liberalization	Lighting		13,033	-7	99.9
	Power	Low voltage	2,130	-3	99.9
		Others	303	-27	91.8
	Subtotal		15,466	-37	99.8
Demand under liberalization	Commercial		9,091	-351	96.3
	Industrial		14,909	-372	97.6
	Subtotal		24,000	-723	97.1
Total			39,466	-760	98.1

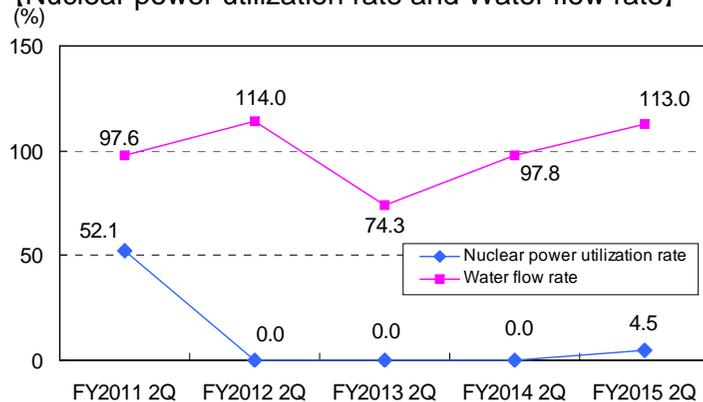
Generated and Received Electricity

【Generated and Received Electricity】 (Million-kWh,%)

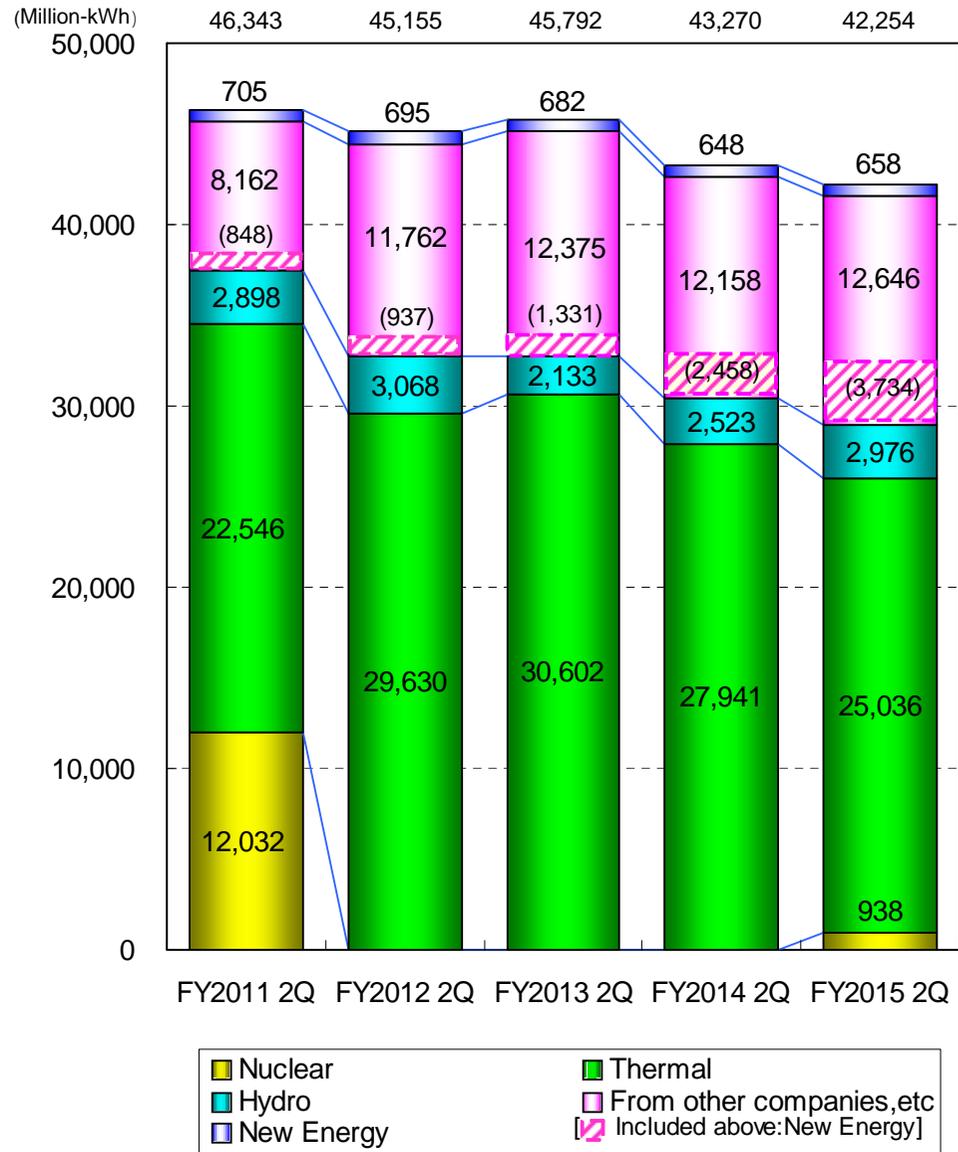
		FY2015 2Q	vs.FY2014 2Q	
			Difference	Change
Own facilities	Hydro	2,976	453	118.0
	(Water flow rate)	(113.0)	(15.2)	
	Thermal	25,036	-2,905	89.6
	Nuclear	938	938	-
	(Utilization rate)	(4.5)	(4.5)	
New Energy		658	10	101.5
Subtotal		29,608	-1,504	95.2
From other companies	Hydro	1,264	92	107.9
	Thermal	7,690	-445	94.6
	New Energy	3,734	1,276	151.8
	Subtotal	12,688	923	107.9
Interchange		274	-194	58.5
For pumping		-316	-241	422.4
Total		42,254	-1,016	97.7

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,%)

	FY2015 2Q	FY2014 2Q	Difference	Change	Explanations	
Ordinary Revenues	Lighting	295.4	302.1	-6.6	97.8	Decrease in electricity sales volume -13.1 Effect of fuel cost adjustment -42.7
	Power	436.5	464.5	-28.0	94.0	Solar Power Promotion Surcharge -1.8 Renewable Energy Power Promotion Surcharge 25.3
	Other	153.0	115.2	37.7	132.8	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 39.7
	(Sales)	(870.3)	(876.9)	(-6.5)	(99.2)	Proceed from dividends 9.3 Incidental Business Operating Revenues -16.2
	Total	885.0	881.9	3.0	100.3	
Ordinary Expenses	Labor	61.7	55.9	5.8	110.5	
	Fuel	204.1	342.8	-138.6	59.6	Drop in CIF and Exchange losses -80.2 Difference of the composition of thermal electric power generation -13.8 Decrease in electricity sales volume -9.8 Increase in Power purchase -7.7 Effect of resumption of nuclear power station -7.0 Increase in Water flow -4.6
	Power purchase	211.4	194.2	17.2	108.9	Purchase from other companies 24.7 [Figures are included above : Purchase of Renewable Energy Sourced Electricity 46.7 Thermal from other companies -21.8] Purchase from other electric companies -7.5
	Maintenance	58.4	53.2	5.2	109.9	
	Depreciation	80.1	82.7	-2.6	96.8	
	Interest	18.8	19.3	-0.4	97.5	
	Tax and public dues ¹	45.0	45.1	-0.1	99.7	
	Nuclear back-end ²	8.5	10.3	-1.7	82.7	
	Other	131.2	119.6	11.6	109.7	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 25.3 Overhead expenses ³ 0.6 Incidental Business Operating Expenses -14.3
Total	819.7	923.4	-103.6	88.8	(Effect of resumption of nuclear power station -11.0)	
(Operating Income (Loss))	(71.4)	(-24.2)	(95.6)	(-)		
Ordinary Income (Loss)	65.2	-41.5	106.7	-		
Reserve for fluctuation In water levels	3.9	0.3	3.5	-		
Extraordinary gain	2.4	8.6	-6.1	28.5	Gain on sale of fixed assets -8.6 Gain on sale of securities 2.4	
Income taxes	7.1	1.3	5.8	541.0		
Net Income (Loss)	56.5	-34.6	91.2	-		

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

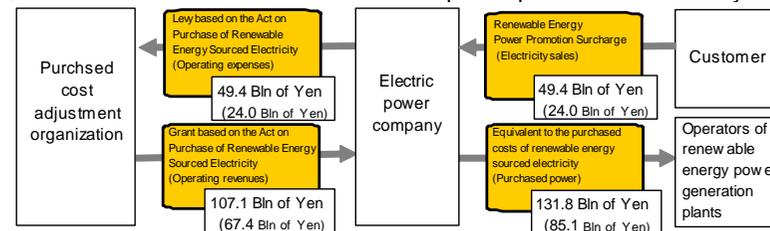
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power units, and Disposal costs of high-level radioactive waste.

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.

[Reference 1 :Key Fundamentals]

	FY2015 2Q	FY2014 2Q	Difference
Crude oil CIF price	59 \$/b	110 \$/b	-51 \$/b
Exchange rate	122 yen/\$	103 yen/\$	19 yen/\$
Nuclear power utilization rate	4.5 %	- %	4.5 %
Water flow rate	113.0 %	97.8 %	15.2 %

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



Note : Figures for FY2015 2nd Quarter and FY2014 2nd 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

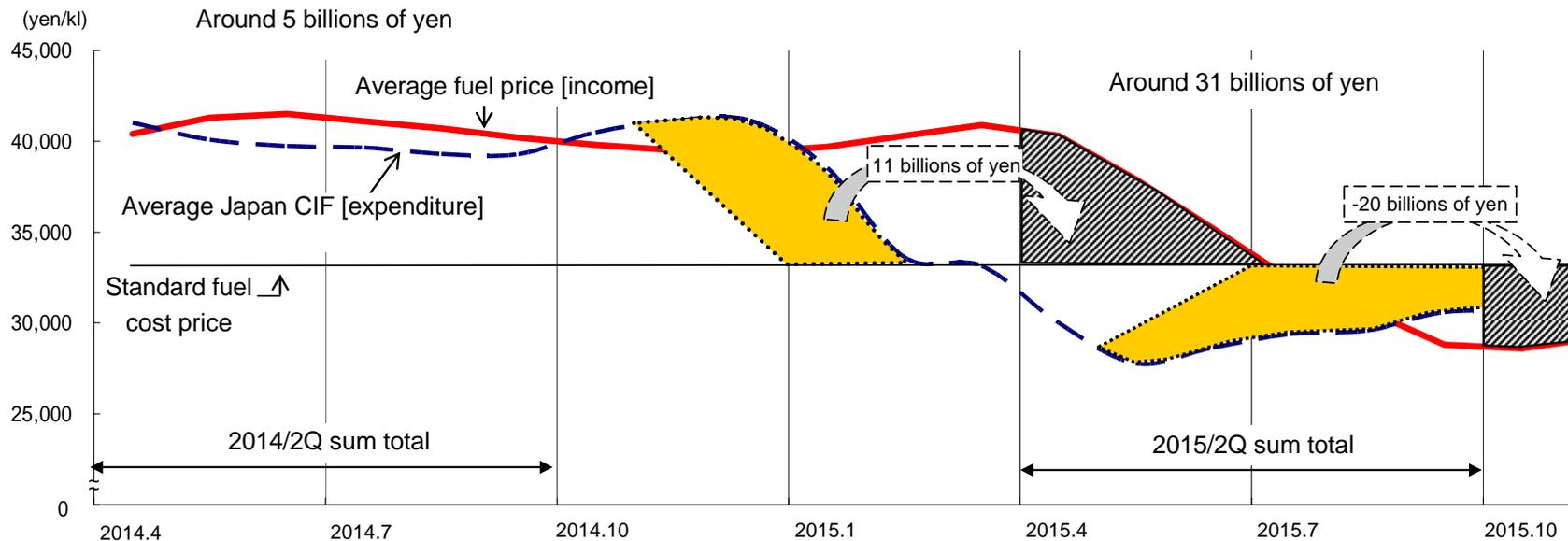
- Fuel prices in the latter half of the previous fiscal year above the standard fuel price were reflected as the increase income in the 2Q of FY2015 [around 11 billions of yen]
- Almost of the fuel prices of the 2Q of FY2015 below the standard fuel price weren't reflected as the decrease income in the 2Q of FY2015 and brought forward after the 3Q of FY2015. [around 20 billions of yen]

The income and expenditure improved due to the effect of this time lag of fuel cost adjustment.

[around 31 billions of yen] (the 2Q of FY2014: around 5 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
JCC(\$/b)	109	109	110	112	111	106	101	91	79	63	50	55	56	59	64	64	59	51
JLC(\$/t)	874	851	840	837	825	807	824	848	815	780	695	637	530	459	449	462	473	-

[Explanations] Ordinary Revenues

(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Lighting and Power	731.9	766.6	-34.7	95.5

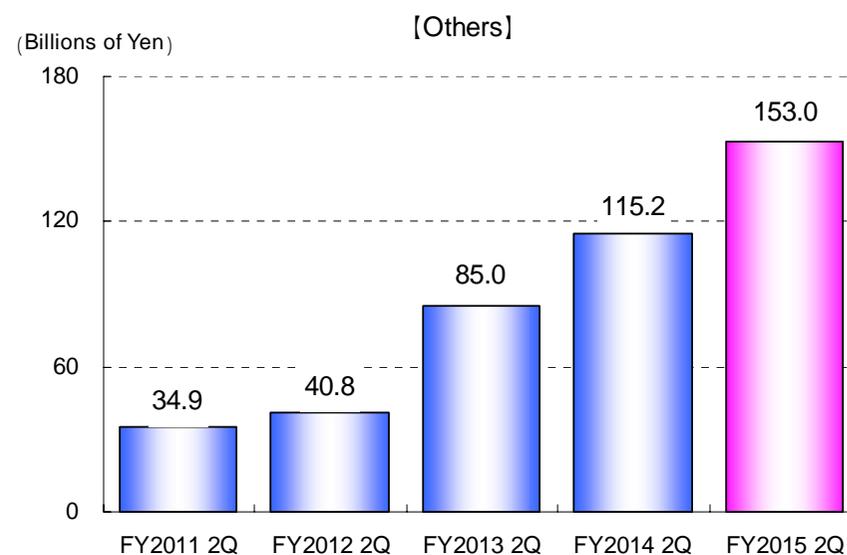
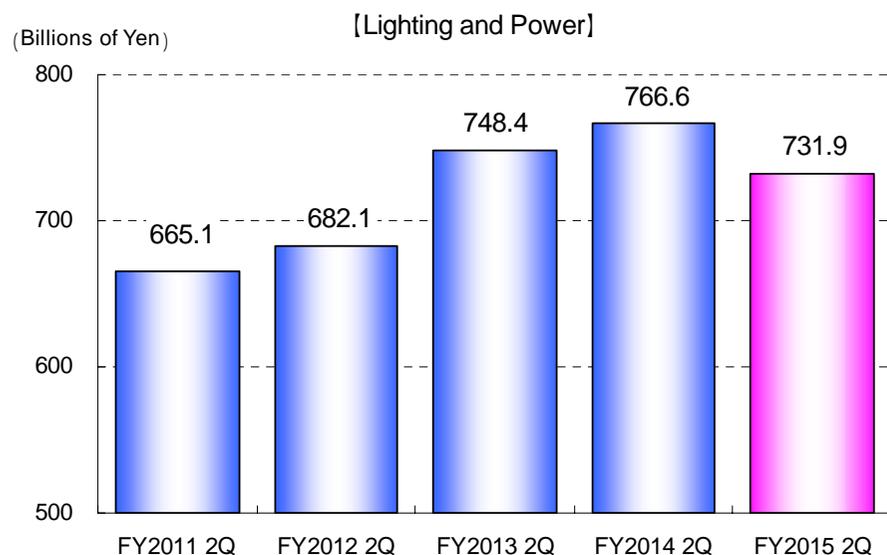
(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Others	153.0	115.2	37.7	132.8

Difference FY2015 2Q FY2014 2Q

1. Decrease in electricity sales volume	-13.1		
2. Effect of fuel cost adjustment	-42.7 (3.5 46.2)		
3. Solar Power Promotion Surcharge	-1.8 (- 1.8)		
4. Renewable Energy Power Promotion Surcharge	25.3 (49.4 24.0)		

Difference FY2015 2Q FY2014 2Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	39.7 (107.1 67.4)		
2. Proceed from dividends	9.3 (10.6 1.3)		
3. Incidental Business Operating Revenues	-16.2 (6.6 22.8)		



[Explanations] Fuel, Power purchase

(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Fuel	204.1	342.8	-138.6	59.6

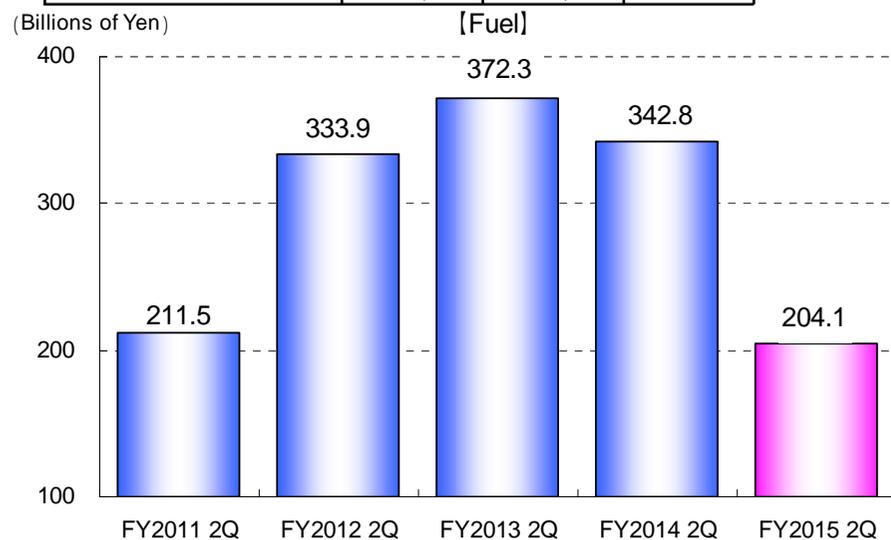
Difference	
1. Drop in CIF and Exchange losses	-80.2
2. Difference of the composition of thermal electric power generation	-13.8
3. Decrease in electricity sales volume	-9.8
4. Increase in Power purchase	-7.7
5. Effect of resumption of nuclear power station	-7.0
6. Increase in Water flow	-4.6

[Reference1] All Japan CIF prices

	FY2015 2Q	FY2014 2Q	Difference
Coal(\$/t)	80	97	-17
LNG(\$/t)	475	839	-364
Crude oil(\$/b)	59	110	-51

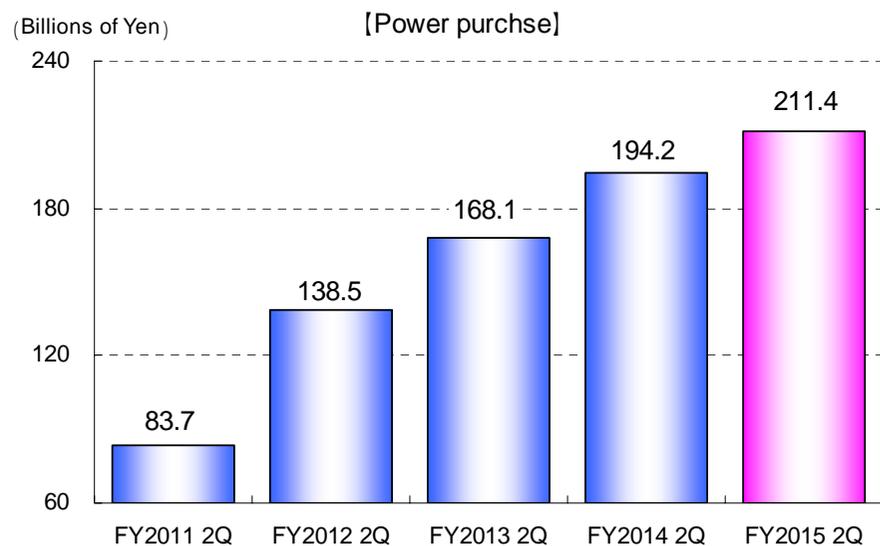
[Reference2] Fuel consumption

	FY2015 2Q	FY2014 2Q	Difference
Coal (thousand. ton)	2,814	2,691	123
Heavy oil (thousand. kiloliter)	636	847	-211
Crude oil (thousand. kiloliter)	280	322	-42
LNG (thousand. ton)	1,973	2,300	-327



(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Power purchase	211.4	194.2	17.2	108.9

Difference		FY2015 2Q	FY2014 2Q
1. Purchase from other companies	24.7	(206.2	181.5)
Purchase of Renewable Energy Sourced Electricity			
	46.7	(131.8	85.1)
Received thermal from other companies			
	-21.8	(65.2	87.1)
2. Purchase from other electric companies	-7.5	(5.1	12.7)



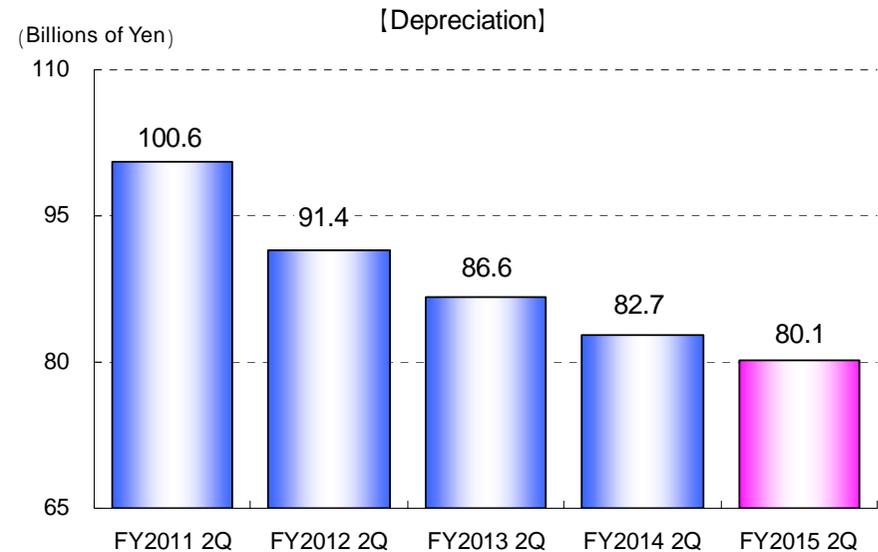
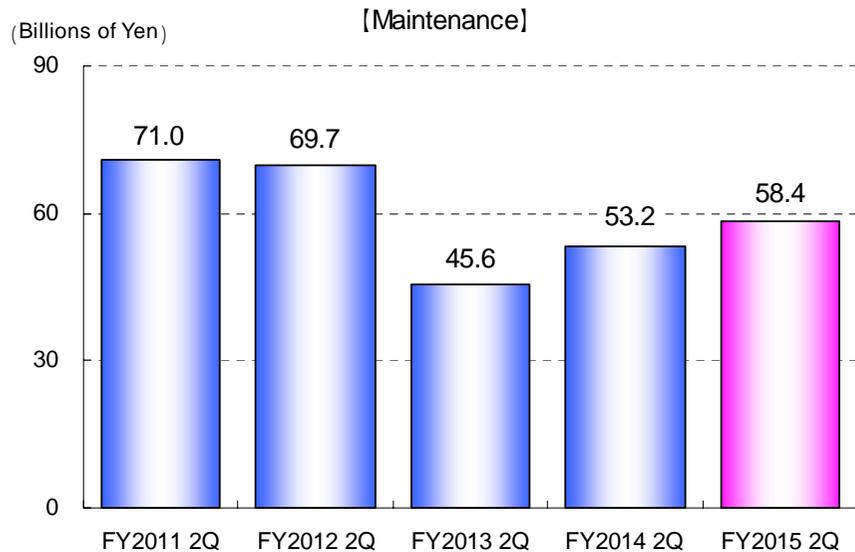
[Explanations] Maintenance, Depreciation

(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Maintenance	58.4	53.2	5.2	109.9

	Difference	FY2015 2Q	FY2014 2Q
1. Nuclear	3.1	(10.0	6.8)
Regular facility inspection for resumption of nuclear power station	2.9		
2. Distribution	1.7	(20.6	18.8)
Construction for expansion of Introduction of smart meters, etc.			

(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Depreciation	80.1	82.7	-2.6	96.8

	Difference	FY2015 2Q	FY2014 2Q
1. Thermal	-0.8	(7.2	8.0)
2. General	-0.6	(6.1	6.8)
3. Hydro	-0.4	(8.8	9.2)
4. Nuclear	-0.3	(14.4	14.7)



[Explanations] Labor, Others

(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Labor	61.7	55.9	5.8	110.5

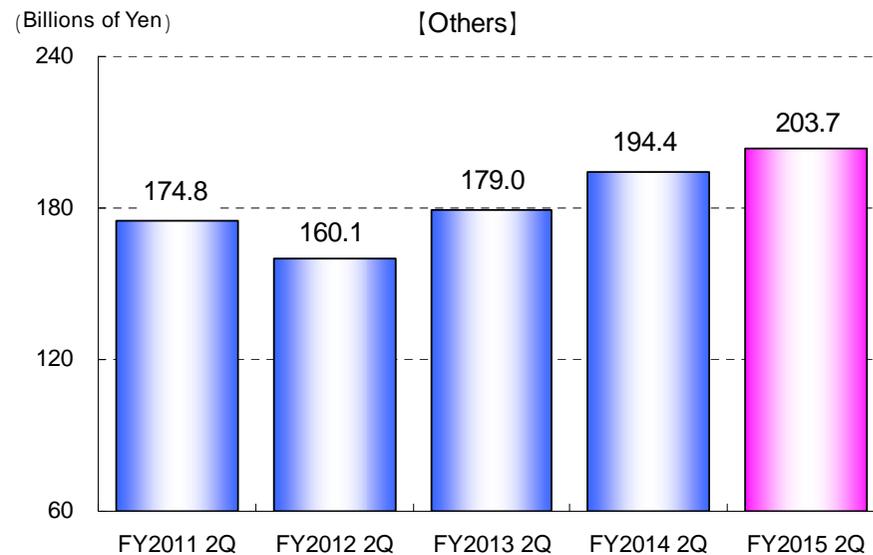
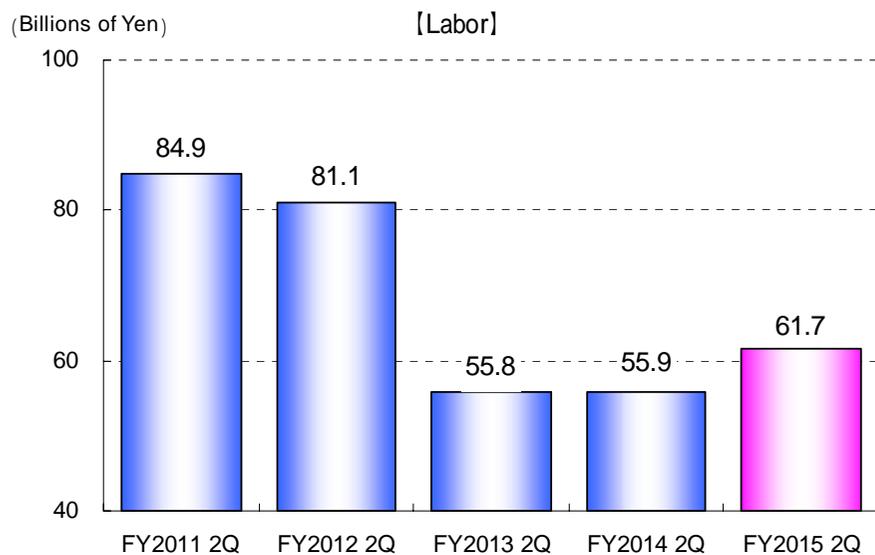
(Billions of Yen,%)				
	FY2015 2Q	FY2014 2Q	Difference	Change
Others	203.7	194.4	9.2	104.8

Difference	
1. Increase in amortization cost of actuarial differences for employee's retirement benefits	6.2

Difference		FY2015 2Q	FY2014 2Q
1. Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	25.3	(49.4	24.0)

2. Overhead expenses	0.6	(58.3	57.6)
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3. Incidental Business Operating Expenses	-14.3	(5.4	19.7)
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Balance Sheet Summary (Non-Consolidated)

Assets

(Billions of Yen)

	Sep. 30, 2015	Mar. 31, 2015	Difference	Explanations
Utility Property, Plant and Equipment	2,316.5	2,281.2	35.2	Construction completed 121.4 Depreciation -80.1
Investments and Other Assets	673.7	684.4	-10.7	
Others	1,274.8	1,425.1	-150.3	Cash and cash equivalents -137.9 (Sep. 30, 2015 328.1 Mar. 31, 2015 466.1) Construction in progress -30.8 (appropriation 88.9 adjustment -119.8)
Total	4,265.1	4,390.9	-125.7	

Liabilities and Equity

(Billions of Yen)

	Sep. 30, 2015	Mar. 31, 2015	Difference	Explanations
Liabilities	3,889.4	4,068.6	-179.1	Interest-bearing Debt -122.4 Short-term liabilities of affiliated companies -23.4 Accounts amount payable -17.4 Other accounts payable -11.8
Equity	375.6	322.2	53.3	FY2015 2Q Net Income 56.5 [Equity Ratio] Sep. 30, 2015 8.8% Mar. 31, 2015 7.3%
Total	4,265.1	4,390.9	-125.7	

[Reference: Interest-bearing Debt]

(Billions of Yen)

	Sep. 30, 2015	Mar. 31, 2015	Difference
Bonds	1,214.4	1,283.7	-69.3
Loans	1,831.3	1,884.4	-53.1
Total	3,045.7	3,168.2	-122.4

Income Statement Summary , Balance Sheet Summary (Consolidated)

Income Statement Summary

		(Billions of Yen,%)				FY2015 2Q Consolidated Ratio
		FY2015 2Q	FY2014 2Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	931.3	929.5	1.8	100.2	(1.07)
	Electric	861.8	852.9	8.8	101.0	
	Other	69.5	76.5	-6.9	90.9	
	Other Revenues	7.2	7.6	-0.4	94.5	
	Total	938.6	937.1	1.4	100.2	
Ordinary Expenses	Operating Expenses	850.8	945.7	-94.9	90.0	(1.13)
	Electric	789.6	877.5	-87.9	90.0	
	Other	61.1	68.2	-7.0	89.6	
	Other Expenses	22.2	23.3	-1.0	95.3	
	Total	873.0	969.1	-96.0	90.1	
(Operating Income (Loss))		(80.5)	(-16.2)	(96.8)	(-)	(1.01)
Ordinary Income (Loss)		65.5	-31.9	97.5	-	(0.95)
Reserve for Fluctuation In Water Levels		3.9	0.3	3.5	-	
Extraordinary gain		2.9	1.0	1.8	-	
Net Income (Loss) attributable to owners of parent		53.5	-35.9	89.4	-	
Comprehensive Income (Loss)		47.9	-38.5	86.4	-	

Balance Sheet Summary

		(Billions of Yen,%)		
		Sep. 30, 2015	Mar. 31, 2015	Difference
Total Assets		4,672.2	4,784.7	-112.4
Liabilities		4,173.8	4,333.7	-159.8
Interest-bearing Debt		3,226.0	3,337.9	-111.9
Equity		498.4	450.9	47.4
【Reference】 Equity Ratio		10.2	9.0	1.2

Segment Information

Energy-related business

- Sales and operating income decreased mainly due to the decrease in revenue from gas sales, while the increase in the number of consolidated subsidiaries.

IT and Telecommunications

- Sales increased mainly due to the increase in sales of information system development.
- Operating income decreased mainly due to the increase in cost of sales on information system development.

Others

- Sales increased mainly due to the increase in revenue related to real estate sales.
- Operating income increased mainly due to the decrease in depreciation on the rental building.

(Billions of Yen)

	Electric Power	Energy-related business	IT and Telecommunications	Other	Eliminations/corporate	Total [Consolidated]
Sales	863.7	80.1	42.6	12.9	-68.1	931.3
	(9.6)	(-6.0)	(0.4)	(0.7)	(-2.9)	(1.8)
Sales to customers [Figures are included above]	861.8	30.8	32.2	6.4	-	931.3
	(8.8)	(-7.2)	(-0.4)	(0.6)	(-)	(1.8)
Operating Income (Loss)	70.2	3.6	4.0	2.0	0.5	80.5
	(97.5)	(-0.9)	(-0.5)	(0.5)	(0.2)	(96.8)

Note : Figures in parentheses denote change from FY2014 2Q

Cash Flow Summary (Consolidated)

(Billions of Yen)

	FY2015 2Q	FY2014 2Q	Difference	Explanations
Cash flows from operating activities (A)	89.9	-4.0	94.0	Increase in Net Income (Loss) before Income Taxes 95.8
Cash flows from investing activities	-113.0	-125.3	12.2	
Reposting of capital expenditures including nuclear fuel [Figures are included above] (B)	(-132.0)	(-139.8)	(7.8)	
Cash flows from financing activities	-124.9	184.9	-309.8	Decrease in fund-raising due to the decrease in operating cash flows, etc. (Decrease in interest bearing debt -199.2) FY2015 2Q -111.9 FY2014 2Q 87.3 Preferred shares -99.5
Change in cash & cash equivalents	-148.5	56.2	-204.7	

[Reference] Free cash flows (A) + (B)	-42.0	-143.9	101.8
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