

Financial Results

The 1st Quarter of FY 2015

July 31, 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.

Table of Contents

■ Financial Results and Forecasts Summary

<u>FY2015 1st Quarter Financial Results Summary</u>	P 1
<u>FY2015 2nd Quarter Financial Results Forecasts Summary</u>	P 2
<u>FY2015 Financial Results Forecasts Summary</u>	P 3

■ FY2015 1st Quarter Financial Results

<u>Electricity Sales Volume</u>	P 4
<u>Generated and Received Electricity</u>	P 5
<u>Income Statement Summary (Non-Consolidated)</u>	P 6
<u>(Reference) Factors in surplus of FY2015 1st Quarter Financial Results (Non-Consolidated)</u>	P 7
<u>[Explanations] Ordinary Revenues</u>	P 8
<u>" Fuel, Power purchase</u>	P 9
<u>Balance Sheet Summary (Non-Consolidated)</u>	P 10
<u>Income Statement Summary, Balance Sheet Summary (Consolidated)</u>	P 11

Financial Results and Forecasts Summary

FY2014 1st 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 station which resulted in rising fuel costs. 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 of the 1Q of FY2015 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.

[Consolidated]

	FY2015 1Q	FY2014 1Q	Difference	Change
Sales	453.5	444.6	8.9	102.0
Operating Income (Loss)	28.0	-28.1	56.1	-
Ordinary Income (Loss)	21.1	-36.5	57.7	-
(Extraordinary gain)	(2.9)	(0.5)	(2.3)	(-)
Net Income (Loss) attributable to owners of parent	18.8	-40.6	59.4	-
Comprehensive Income (Loss)	15.0	-45.0	60.1	-

Note: As of the end of FY2015 1Q, 69 affiliates were subject to consolidated accounting.
Breakdown:

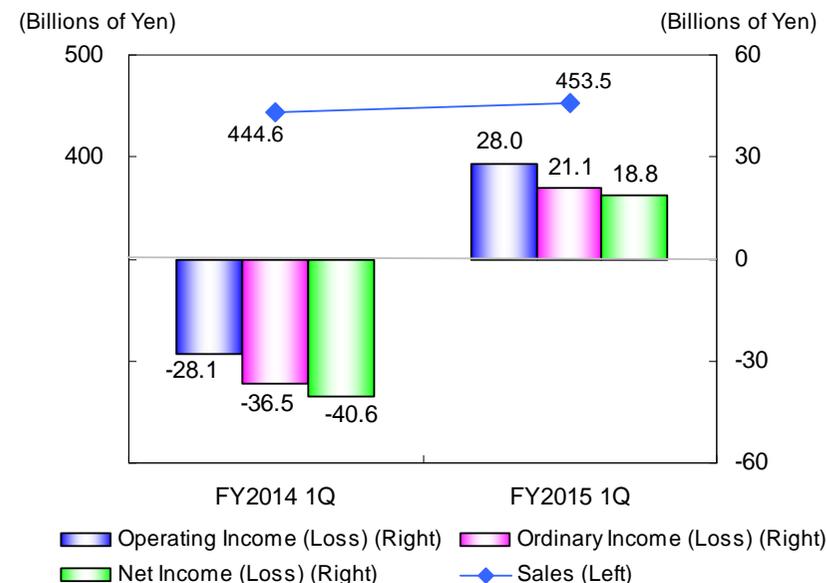
Consolidated subsidiaries: 41 companies (increase of 1 company from the end of FY2014:
1 company included)

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

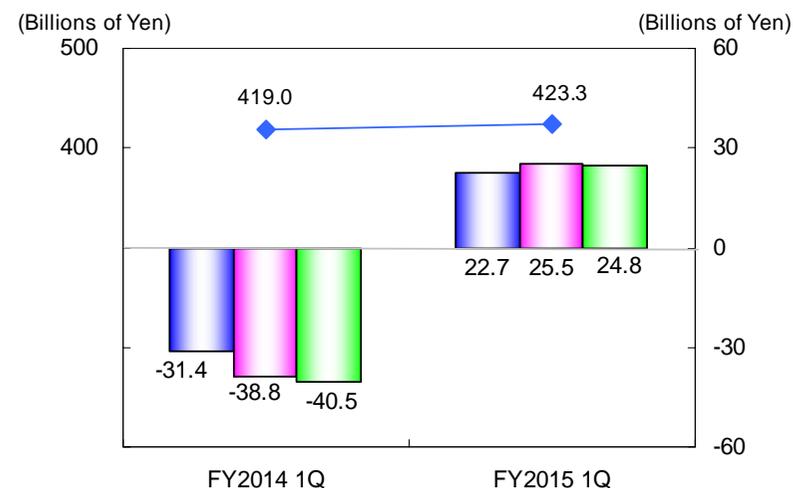
[Non-Consolidated]

	FY2015 1Q	FY2014 1Q	Difference	Change
Sales	423.3	419.0	4.2	101.0
Operating Income (Loss)	22.7	-31.4	54.2	-
Ordinary Income (Loss)	25.5	-38.8	64.4	-
(Extraordinary gain)	(2.4)	(1.4)	(1.0)	(-)
Net Income (Loss)	24.8	-40.5	65.3	-

Consolidated



Non-Consolidated



FY2015 2nd Quarter Financial Results Forecasts Summary

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

We will promptly inform you of the 2Q of FY2015 forecasts for the profit based on operation after the resumption of Sendai nuclear power station unit No.1 which is going ahead with preparations for the resumption.

[Consolidated]

(Billions of Yen,%)

	Jul.2015 Forecast	Apr.2015 Forecast	Difference	Change
Sales	940.0	930.0	10.0	101.1
Operating Income	-	-	-	-
Ordinary Income	-	-	-	-
Net Income attributable to owners of parent	-	-	-	-

[Non-Consolidated]

(Billions of Yen,%)

	Jul.2015 Forecast	Apr.2015 Forecast	Difference	Change
Sales	880.0	870.0	10.0	101.1
Operating Income	-	-	-	-
Ordinary Income	-	-	-	-
Net Income	-	-	-	-

[Reference: Key Fundamentals]

	Jul.2015 Forecast	Apr.2015 Forecast	Difference
Electricity Sales Volume	40.2 Billion kWh	40.4 Billion kWh	-0.2 Billion kWh
Crude oil CIF price	62 \$/b	65 \$/b	-3 \$/b
Exchange rate	123 yen/\$	120 yen/\$	3 yen/\$

FY2015 Financial Results Forecasts Summary

We expect our sales to increase compared with previous forecast, Apr.FY2015, in the electricity business, as well as FY2015 2Q, because of increase in grant based on the Act on Purchase of Renewable Energy Sourced Electricity, while decrease in electricity sales volume.

Fiscal 2015 full-year forecasts for the profit is currently not able to be estimated due to the difficult situations that we can not calculate fuel costs rationally under uncertain prospects for the resumption of Sendai and Genkai nuclear power stations. We will promptly inform you of our forecasts when it is possible for us to make them.

[Consolidated]

(Billions of Yen,%)

	Jul.2015 Forecast	Apr.2015 Forecast	Difference	Change
Sales	1,895.0	1,880.0	15.0	100.8
Operating Income	-	-	-	-
Ordinary Income	-	-	-	-
Net Income attributable to owners of parent	-	-	-	-

[Non-Consolidated]

(Billions of Yen,%)

	Jul.2015 Forecast	Apr.2015 Forecast	Difference	Change
Sales	1,765.0	1,750.0	15.0	100.9
Operating income	-	-	-	-
Ordinary income	-	-	-	-
Net Income	-	-	-	-

[Reference: Key Fundamentals]

	Jul.2015 Forecast	Apr.2015 Forecast	Difference
Electricity Sales Volume	81.7 Billion kWh	81.9 Billion kWh	-0.2 Billion kWh
Crude oil CIF price	64 \$/b	65 \$/b	-1 \$/b
Exchange rate	124 yen/\$	120 yen/\$	4 yen/\$

FY2015 1st Quarter Financial Results

Electricity Sales Volume

Customers other than large-scale industrial

Decreased by 0.6% compared with the 1Q of the previous year mainly due to a decrease in power for commercial operation.

Large-scale industrial customers

Decreased by 2.3% compared with the 1Q of the previous year mainly due to a decrease in the production of Steel, Iron and Chemicals.

[Electricity Sales Volume]

		FY2015 1Q	vs.FY2014 1Q	
			Difference	Change
Lighting		6,330	9	100.1
Power		12,472	-224	98.2
Total		18,802	-215	98.9
(Figures are included above)	Customers other than large-scale industrial	13,002	-77	99.4
	Large-scale industrial customers	5,800	-138	97.7

[Reference: Electricity Sales Volume (by sector)]

			FY2015 1Q	vs.FY2014 1Q	
				Difference	Change
Demand other than under liberalization	Lighting		6,330	9	100.1
	Power	Low voltage	894	20	102.3
		Others	162	-23	88.0
	Subtotal		7,386	6	100.1
Demand under liberalization	Commercial		4,107	-97	97.7
	Industrial		7,309	-124	98.3
	Subtotal		11,416	-221	98.1
Total			18,802	-215	98.9

[Large-scale industrial customers by sector]

		FY2015 1Q	vs.FY2014 1Q	
			Difference	Change
Machinery Total		1,600	40	102.5
(Figures are included above)	Electronics	1,068	11	101.1
	Transportation	408	28	107.3
Steel and Iron		645	-97	87.0
Chemicals		643	-54	92.2
Clay and Stone		239	-10	95.8
Non-ferrous Metals		488	36	107.9
Pulps and Papers		84	-23	79.1
Foodstuffs		582	-8	98.6
Others		1,519	-22	98.6
Total		5,800	-138	97.7

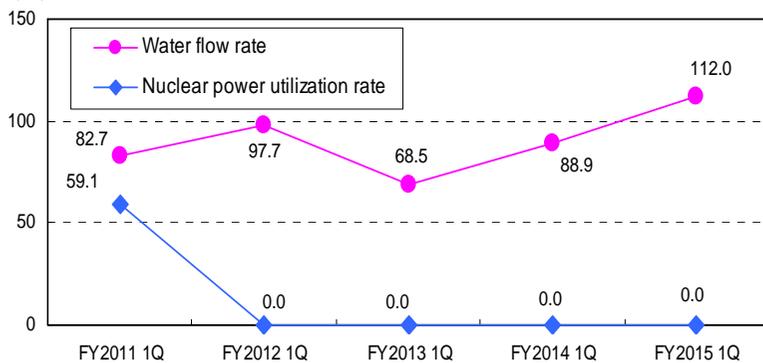
Generated and Received Electricity

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

		FY2015 1Q	vs.FY2014 1Q	
			Difference	Change
Own facilities	Hydro	1,273	211	119.9
	(Water flow rate)	(112.0)	(23.1)	
	Thermal	12,232	-863	93.4
	Nuclear	-	-	-
	(Utilization rate)	(-)	(-)	
	New Energy	323	9	103.0
	Subtotal	13,828	-643	95.6
From other companies	Hydro	567	69	113.7
	Thermal	3,540	-262	93.1
	New Energy	1,902	617	148.1
	Subtotal	6,009	424	107.6
Interchange		205	58	139.9
For pumping		-101	-65	278.7
Total		19,941	-226	98.9

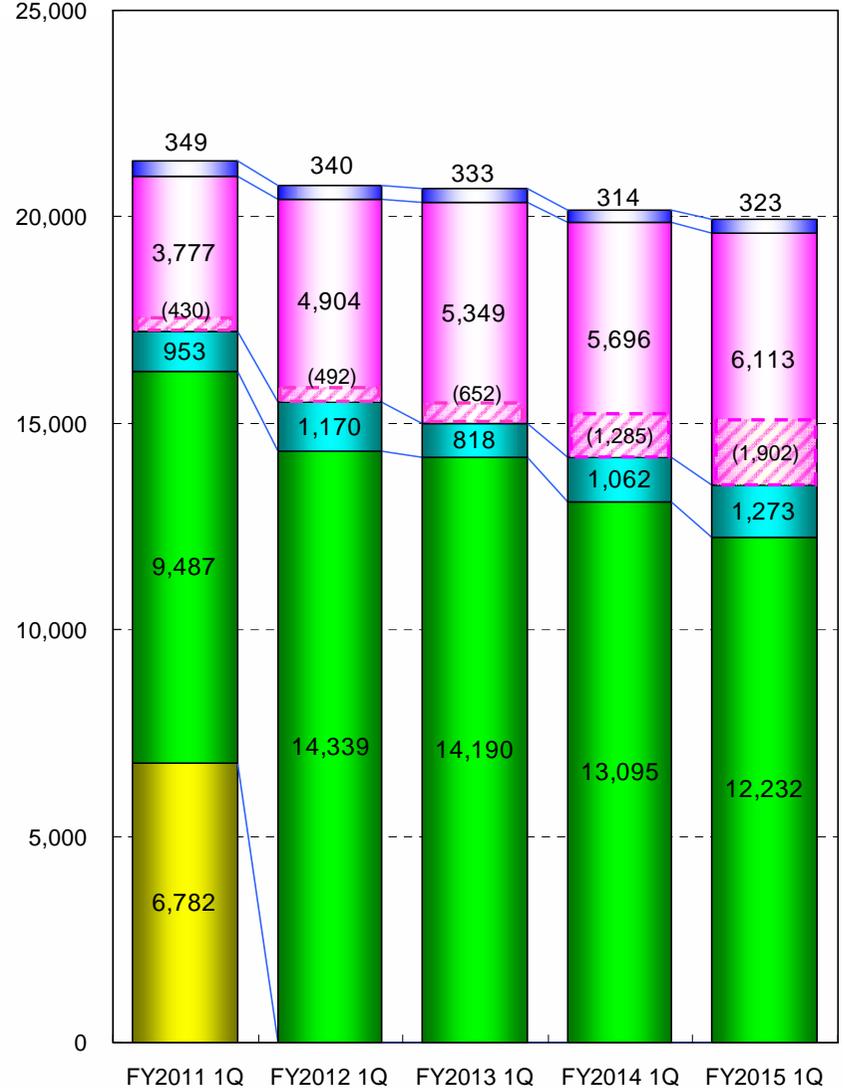
Note: "New Energy" includes Solar, Wind, Biomass, Waste and Geothermal

【Nuclear power utilization rate and Water flow rate】 (%)



【Trends in Generated and Received Electricity】

(Million-kWh) 21,348 20,753 20,690 20,167 19,941



Income Statement Summary (Non-Consolidated)

(Billions of Yen,%)

		FY2015 1Q	FY2014 1Q	Difference	Change	Explanations
Ordinary Revenues	Lighting	143.6	143.4	0.1	100.1	Decrease in electricity sales volume -3.7 Effect of fuel cost adjustment -9.7
	Power	210.5	216.9	-6.3	97.1	Solar Power Promotion Surcharge -1.0 Renewable Energy Power Promotion Surcharge 10.8
	Other	82.0	61.7	20.2	132.8	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 18.1 Proceed from dividends 9.4 Incidental Business Operating Revenues -8.8
	(Sales)	(423.3)	(419.0)	(4.2)	(101.0)	
	Total	436.2	422.1	14.1	103.3	
Ordinary Expenses	Labor	31.2	28.2	2.9	110.5	
	Fuel	108.6	174.5	-65.8	62.3	Drop in CIF and Exchange losses -41.8 Stock Impact -8.5 Difference of the composition of thermal electric power generation -6.8 Increase in Power purchase -5.4 Increase in Water flow -3.1
	Power purchase	108.4	98.7	9.7	109.9	Purchase from other companies 10.2 [Figures are included above: Purchase of Renewable Energy Sourced Electricity 22.4 Thermal from other companies -12.1] Purchase from other electric companies -0.4
	Maintenance	27.1	25.2	1.8	107.2	
	Depreciation	39.8	41.5	-1.7	95.8	
	Interest	9.5	9.6	-0.1	98.8	
	Tax and public dues ¹	20.2	20.4	-0.1	99.1	
	Nuclear back-end ²	3.9	5.1	-1.1	78.1	
	Other	61.4	57.2	4.1	107.2	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 10.8 Overhead expenses ³ 0.6 Incidental Business Operating Expenses -7.2
Total	410.6	460.9	-50.3	89.1		
(Operating Income (Loss))		(22.7)	(- 31.4)	(54.2)	(-)	
Ordinary Income (Loss)		25.5	- 38.8	64.4	-	
Reserve for fluctuation In water levels		0.9	-	0.9	-	
Extraordinary gain		2.4	1.4	1.0	-	Gain on sale of securities 2.4 Gain on sale of fixed assets -1.4
Income taxes		2.2	3.1	-0.8	72.1	
Net Income (Loss)		24.8	-40.5	65.3	-	

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

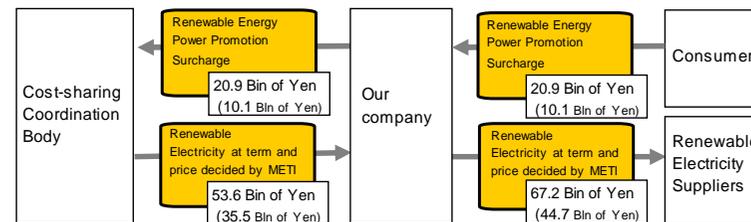
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power units, and Disposal costs of high-level radioactive waste.

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 1Q	FY2014 1Q	Difference
Crude oil CIF price	59 \$/b	110 \$/b	-51 \$/b
Exchange rate	121 yen/\$	102 yen/\$	19 yen/\$
Nuclear power utilization rate	- %	- %	- %
Water flow rate	112.0 %	88.9 %	23.1%

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



Note : Figures for FY2015 1st Quarter and FY2014 1st Quarter in parenthesis.

(Reference) Factors in surplus of FY 2015 1st Quarter Financial Results (Non-Consolidated)

The ordinary income of the 1Q of FY2015 was in the black due to thorough cost reductions, the decrease of fuel costs with the significant decline of fuel prices from the latter half of the previous fiscal year and the following two points.

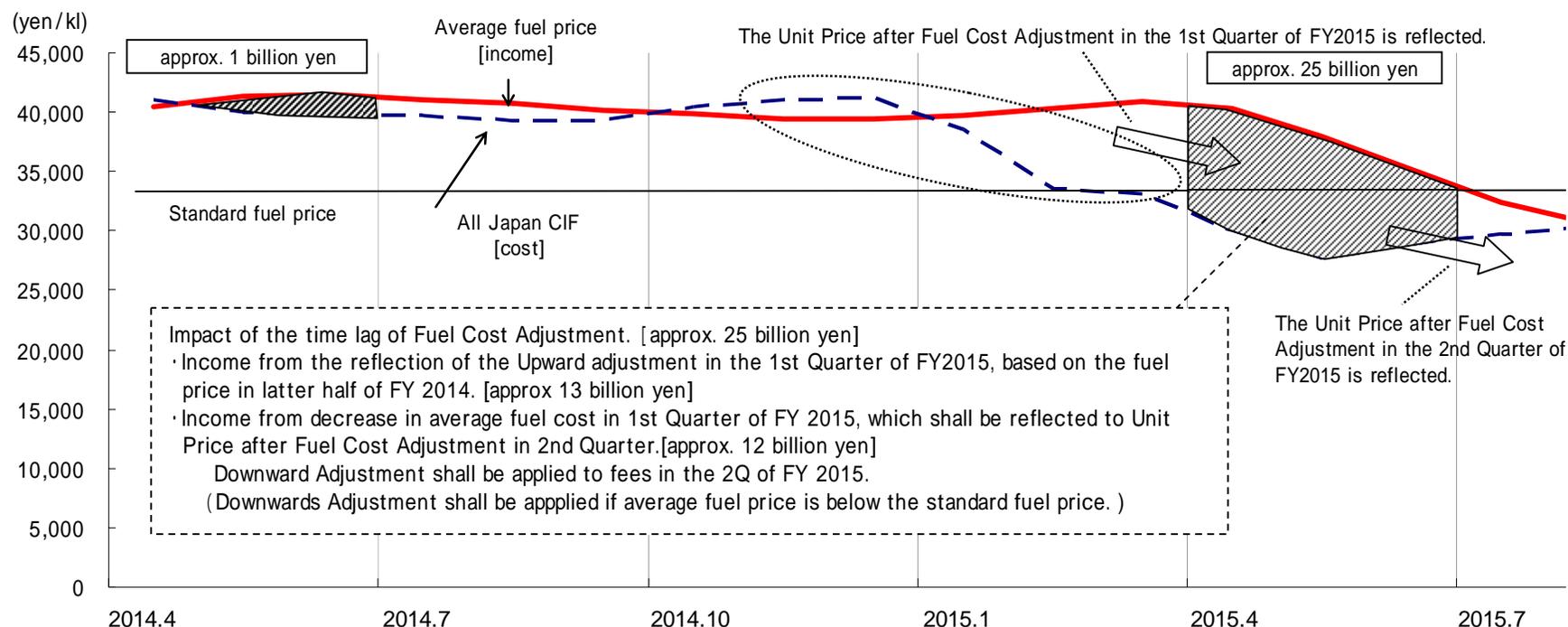
- Impact of the time lag of Fuel Cost Adjustment. 1 [approx. 25 billion yen]
- Increase in the dividends from affiliated companies. 2 [9.4 billion yen]

1 Average of 3-month fuel price is reflected in the Unit Price after Fuel Cost Adjustment two months later.

For example, a Unit Price after Fuel Cost Adjustment calculated on the basis of (actual recorded) average fuel prices from November to January, shall be applied to electricity fees for April.

2 This proceed shall be eliminated from consolidated accounts.

Effect of the decline in the fuel price (The 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
All Japan CIF(\$/b)	109	109	110	112	111	106	101	91	79	63	50	55	56	59	64

[Explanations] Ordinary Revenues

(Billions of Yen,%)				
	FY2015 1Q	FY2014 1Q	Difference	Change
Lighting and Power	354.2	360.3	-6.1	98.3

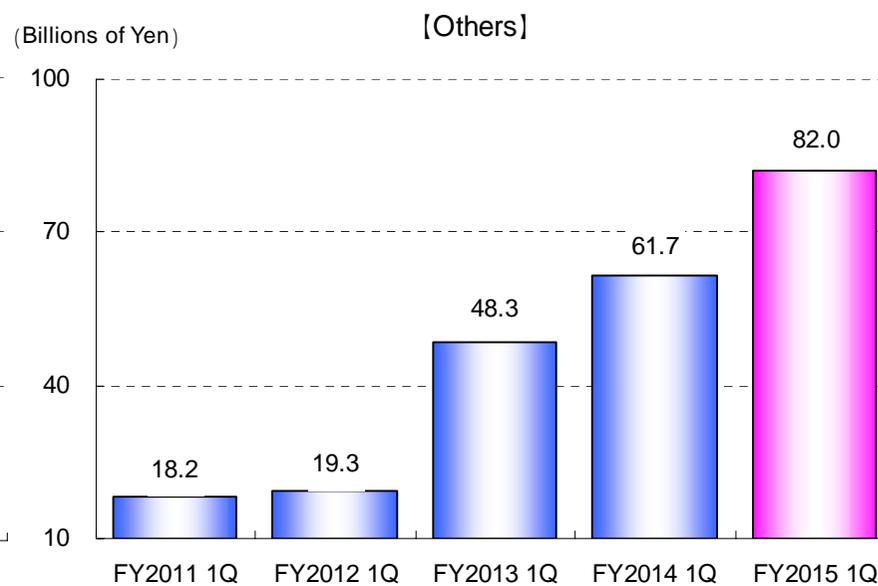
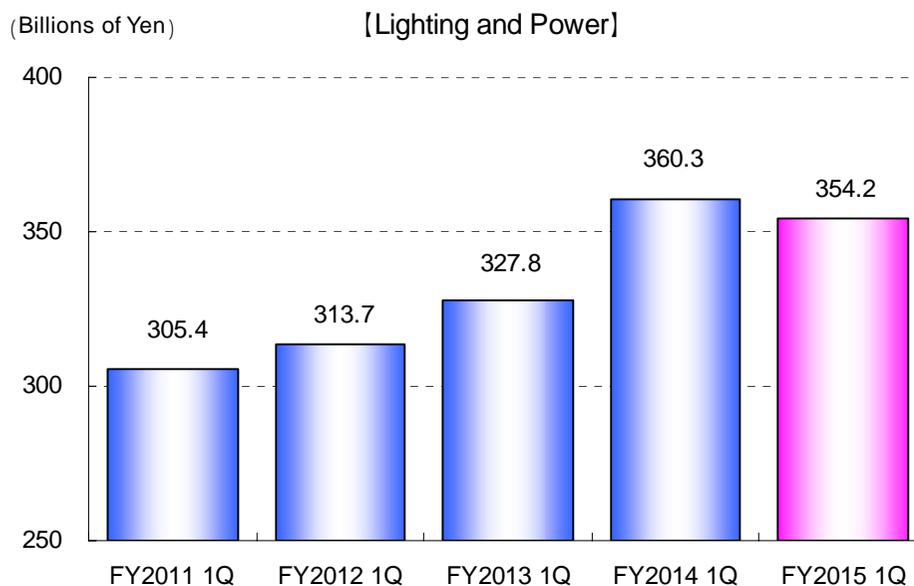
(Billions of Yen,%)				
	FY2015 1Q	FY2014 1Q	Difference	Change
Others	82.0	61.7	20.2	132.8

Difference FY2015 1Q FY2014 1Q

1. Decrease in electricity sales volume	-3.7		
2. Effect of fuel cost adjustment	-9.7	(12.8	22.5)
3. Solar Power Promotion Surcharge	-1.0	(-	1.0)
4. Renewable Energy Power Promotion Surcharge	10.8	(20.9	10.1)

Difference FY2015 1Q FY2014 1Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	18.1	(53.6	35.5)
2. Proceed from dividends	9.4	(10.6	1.2)
3. Incidental Business Operating Revenues	-8.8	(3.5	12.4)



[Explanations] Fuel, Power purchase

(Billions of Yen,%)				
	FY2015 1Q	FY2014 1Q	Difference	Change
Fuel	108.6	174.5	-65.8	62.3

Difference	
1. Drop in CIF and Exchange losses	-41.8
2. Stock Impact	-8.5
3. Difference of the composition of thermal electric power generation	-6.8
4. Increase in Power purchase	-5.4
5. Increase in Water flow	-3.1

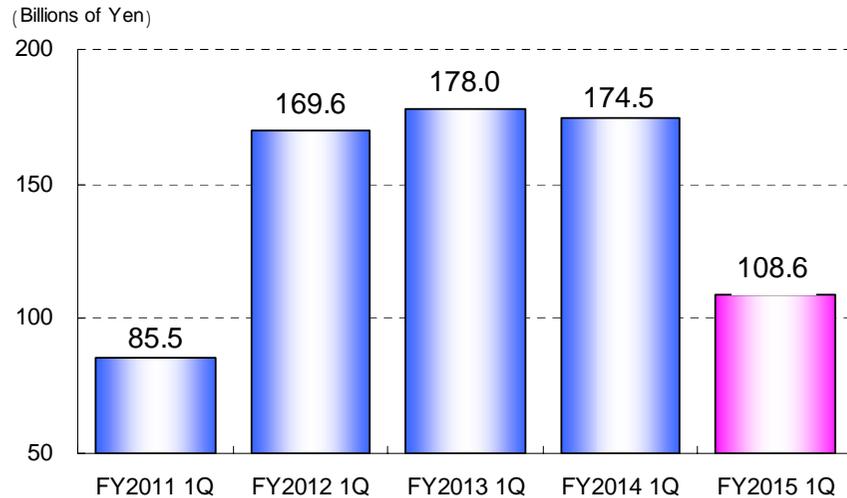
[Reference1] All Japan CIF prices

	FY2015 1Q	FY2014 1Q	Difference
Coal(\$/t)	84	100	-16
LNG(\$/t)	497	855	-358
Crude oil(\$/b)	59	110	-51

[Reference2] Fuel consumption

	FY2015 1Q	FY2014 1Q	Difference
Coal (thousand. ton)	1,103	967	136
Heavy oil (thousand. kiloliter)	444	492	-48
Crude oil (thousand. kiloliter)	193	155	38
LNG (thousand. ton)	960	1,136	-176

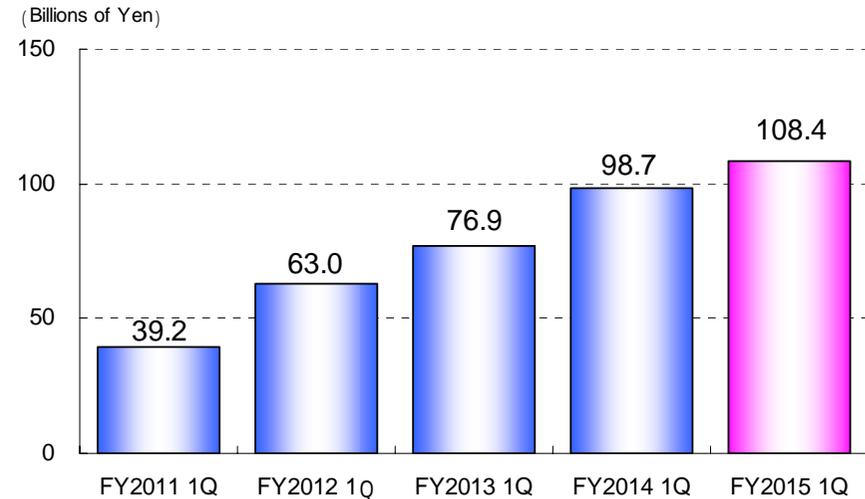
[Fuel]



(Billions of Yen,%)				
	FY2015 1Q	FY2014 1Q	Difference	Change
Power purchase	108.4	98.7	9.7	109.9

Difference		FY2015 1Q	FY2014 1Q
1. Purchase from other companies	10.2	(104.6	94.4)
Purchase of Renewable Energy Sourced Electricity		22.4	
Received thermal from other companies		-12.1	
2. Purchase from other electric companies	-0.4	(3.7	4.2)

[Power purchase]



Balance Sheet Summary (Non-Consolidated)

Assets

(Billions of Yen)

	Jun 30, 2015	Mar. 31, 2015	Difference	Explanations
Utility Property, Plant and Equipment	2,288.1	2,281.2	6.9	Construction completed 50.2 Depreciation -39.8
Investments and Other Assets	676.6	684.4	-7.7	
Others	1,283.1	1,425.1	-142.0	Cash and cash equivalents -147.1 (Jun.30, 2015 319.0 Mar.31, 2015 466.1)
Total	4,248.0	4,390.9	-142.8	

Liabilities and Equity

(Billions of Yen)

	Jun. 30, 2015	Mar. 31, 2015	Difference	Explanations
Liabilities	3,902.0	4,068.6	-166.5	Interest-bearing Debt -101.0 Accrued expenses -21.9 Short-term liabilities of affiliated companies -19.8 Other accounts payable -10.9
Equity	345.9	322.2	23.6	FY2015 1Q net loss 24.8 [Equity Ratio] Jun. 30, 2015 8.1% Mar. 31, 2015 7.3%
Total	4,248.0	4,390.9	-142.8	

[Reference: Interest-bearing Debt]

(Billions of Yen)

	Jun. 30, 2015	Mar. 31, 2015	Difference
Bonds	1,214.4	1,283.7	-69.3
Loans	1,852.8	1,884.4	-31.6
Total	3,067.2	3,168.2	-101.0

Income Statement Summary , Balance Sheet Summary (Consolidated)

Income Statement Summary

		(Billions of Yen,%)				FY2015 1Q Consolidated Ratio
		FY2015 1Q	FY2014 1Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	453.5	444.6	8.9	102.0	(1.07)
	Electric	418.8	406.1	12.7	103.1	
	Other	34.6	38.5	-3.8	90.0	
	Other Revenues	3.9	2.5	1.3	151.1	
	Total	457.4	447.2	10.2	102.3	
Ordinary Expenses	Operating Expenses	425.5	472.7	-47.1	90.0	(1.23)
	Electric	395.7	438.5	-42.7	90.2	
	Other	29.7	34.2	-4.4	87.1	
	Other Expenses	10.7	10.9	-0.2	97.7	
	Total	436.2	483.7	-47.4	90.2	
(Operating Income (Loss))		(28.0)	(-28.1)	(56.1)	(-)	(1.23)
Ordinary Income (Loss)		21.1	-36.5	57.7	-	(0.83)
Reserve for Fluctuation In Water Levels		0.9	-	0.9	-	
Extraordinary gain		2.9	0.5	2.3	-	
Net Income (Loss) attributable to owners of parent		18.8	-40.6	59.4	-	(0.76)
Comprehensive Income (Loss)		15.0	-45.0	60.1	-	

Balance Sheet Summary

		(Billions of Yen,%)		
		Jun. 30, 2015	Mar. 31, 2015	Difference
Total Assets		4,645.4	4,784.7	-139.3
Liabilities		4,179.8	4,333.7	-153.9
Interest-bearing Debt		3,242.7	3,337.9	-95.2
Equity		465.5	450.9	14.5
【 Reference 】 Equity Ratio		9.6	9.0	0.6

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