

Financial Results

The 3rd Quarter of FY 2014

January 30 , 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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*Figures for FY2014 3rd Quarter Financial Results are accumulated total from Apr.1,2014 to Dec.31,2014.

Financial Results and Forecasts Summary

FY2014 3rd Quarter Financial Results Summary

[Summary]

In the electricity business, the ordinary loss for the 3Q of FY2014 decreased compared with the same quarter period of the previous year, because of increase in sales due to the increase in charge unit price with the effect of electricity rate increase during the previous year and fuel cost adjustment system, and in the grant based on a feed-in tariff power purchase, while increase in the costs for purchase from renewable energy sources.

The net loss for the 3Q of FY2014 increased compared with the 3Q of the previous year mainly due to the decrease in the extraordinary gain.

[Consolidated]

(Billions of Yen,%)

	FY2014 3Q	FY2013 3Q	Difference	Change
Sales	1,367.3	1,300.7	66.6	105.1
Operating Income (Loss)	-47.4	-69.7	22.3	-
Ordinary Income (Loss)	-69.7	-96.0	26.2	-
(Extraordinary gain)	(1.9)	(49.8)	(-47.8)	(3.9)
Net Income (Loss)	-77.8	-59.0	-18.8	-
Comprehensive Income (Loss)	-83.6	-73.0	-10.5	-

Note: As of the end of FY2014 3Q, 71 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 40 companies (no change from the end of FY2014 2Q)

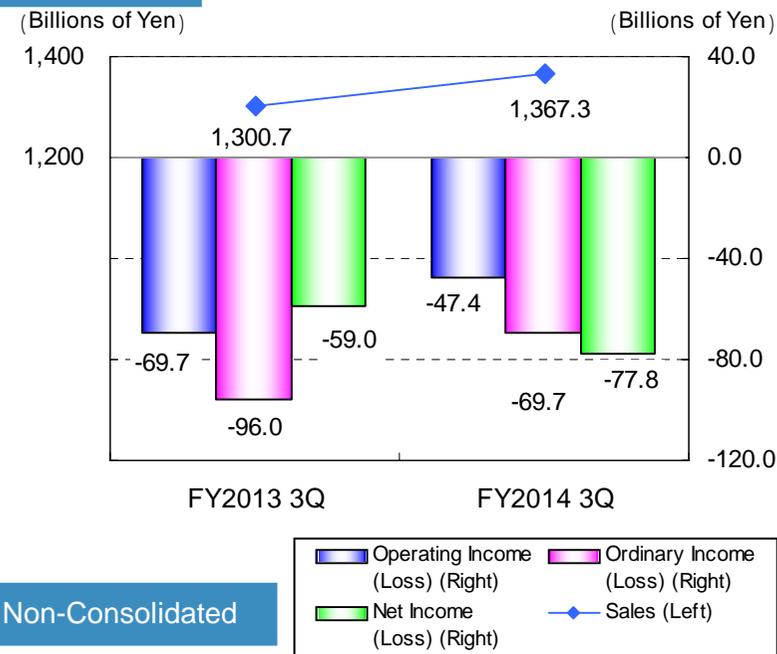
Equity method companies : 31 companies (no change from the end of FY2014 2Q)

[Non-Consolidated]

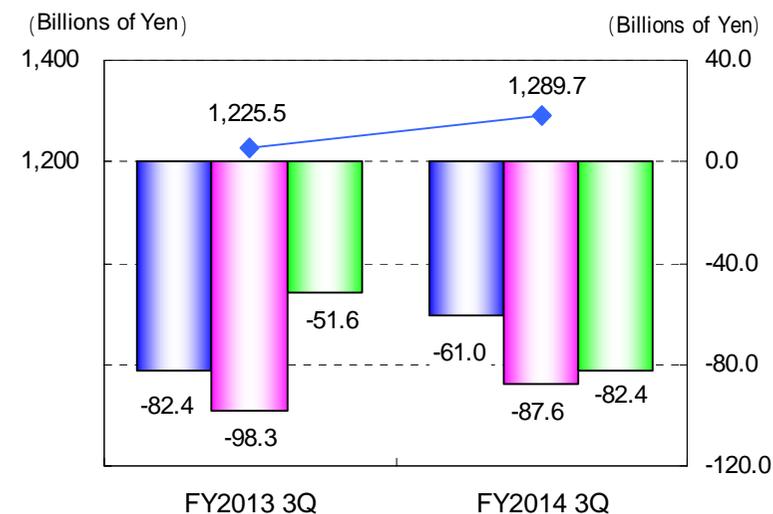
(Billions of Yen,%)

	FY2014 3Q	FY2013 3Q	Difference	Change
Sales	1,289.7	1,225.5	64.1	105.2
Operating Income (Loss)	-61.0	-82.4	21.3	-
Ordinary Income (Loss)	-87.6	-98.3	10.7	-
(Extraordinary gain)	(9.4)	(53.2)	(-43.8)	(17.8)
Net Income (Loss)	-82.4	-51.6	-30.7	-

Consolidated



Non-Consolidated



FY2014 Financial Results Forecasts and Dividend Forecasts (vs. Previous Forecast,Oct.FY2014)

[Financial Results Forecasts Summary]

Our sales for FY2014 expects to decrease compared with previous forecast,Oct.FY2014, mainly because of the decrease in charge unit price with the effect of the fuel cost adjustment system due to falling in oil prices.

Fiscal 2014 full-year performance outlook for operating income, ordinary income and net income is currently not able to be estimated since we are now finding out how can we promote our streamlining efforts which we have been engaging in thoroughly under the situation where shutdown of our nuclear power plants has been prolonged.

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

[Dividend Forecasts Summary]

We will make a decision regarding dividend on the basis of maintenance of consecutive dividend, with taking financial results into consideration.

FY2014 full-year performance outlook for profits is currently not able to be estimated but is expected to be severe because of 8.4 billion yen net loss for the 3Q of FY2014 results (Non-Consolidated).

Indeed we are sorry, we will decide to pay out no year-end dividend for FY2014 as well as interim.

[Consolidated]

(Billions of Yen,%)

	The Revised Forecast	The Previous Forecast	Difference	Change	FY2013
Sales	1,875.0	1,880.0	- 5.0	99.7	1,791.1
Operating Income (Loss)	-	-	-	-	- 95.8
Ordinary Income (Loss)	-	-	-	-	- 131.4
Net Income (Loss)	-	-	-	-	- 96.0

[Non-Consolidated]

(Billions of Yen,%)

	The Revised Forecast	The Previous Forecast	Difference	Change	FY2013
Sales	1,765.0	1,770.0	- 5.0	99.7	1,682.9
Operating Income (Loss)	-	-	-	-	- 112.2
Ordinary Income (Loss)	-	-	-	-	- 137.2
Net Income (Loss)	-	-	-	-	- 90.9

[Reference: Key Fundamentals]

	The Revised Forecast	The Previous Forecast	Difference	FY2013
Electricity sales volume	81.5billion kWh	81.5billion kWh	-	84.4billion kWh
Crude oil (CIF) price	95 \$/b	107 \$/b	-12 \$/b	110 \$/b
Exchange rate	110 yen/\$	106 yen/\$	4 yen/\$	100 yen/\$

FY2014 3rd Quarter Financial Results

Electricity Sales Volume

Customers other than large-scale industrial

Decreased by 6.5% compared with the 3Q of the previous year mainly due to the decrease in the air-conditioning demand as the low temperature in the May through October.

Large-scale industrial customers

Decreased by 0.1% compared with the 3Q of the previous year mainly due to the decrease in production of electric machinery, while the increase in production of non-ferrous metals .

[Electricity Sales Volume]

(Million-kWh,%)

		FY2014 3Q	vs.FY2013 3Q	
			Difference	Change
Lighting		19,433	-1,323	93.6
Power		39,885	-1,576	96.2
Total		59,318	-2,899	95.3
(Figures are included above)	Customers other than large-scale industrial	41,390	-2,873	93.5
	Large-scale industrial customers	17,928	-26	99.9

[Large-scale industrial customers by sector]

(Million-kWh,%)

		FY2014 3Q	vs.FY2013 3Q	
			Difference	Change
Machinery Total		4,854	-81	98.4
(Figures are included above)	Electronics	3,272	-63	98.1
	Transportation	1,207	-17	98.6
Steel and Iron		2,029	13	100.6
Chemicals		2,064	21	101.0
Clay and Stone		738	29	104.1
Non-ferrous Metals		1,378	104	108.2
Pulps and Papers		260	-10	96.5
Foodstuffs		1,833	-27	98.6
Others		4,772	-75	98.5
Total		17,928	-26	99.9

[Reference: Electricity Sales Volume (by sector)]

(Million-kWh,%)

			FY2014 3Q	vs.FY2013 3Q	
				Difference	Change
Demand other than under liberalization	Lighting		19,433	-1,323	93.6
	Power	Low voltage	3,035	-369	89.1
		Others	475	-43	91.7
	Subtotal		22,943	-1,735	93.0
Demand under liberalization	Commercial		13,734	-1,027	93.0
	Industrial		22,641	-137	99.4
	Subtotal		36,375	-1,164	96.9
Total			59,318	-2,899	95.3

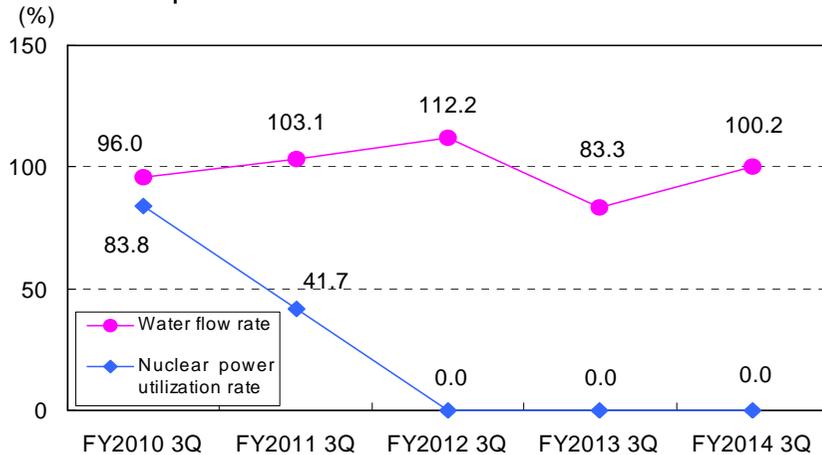
Generated and Received Electricity

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

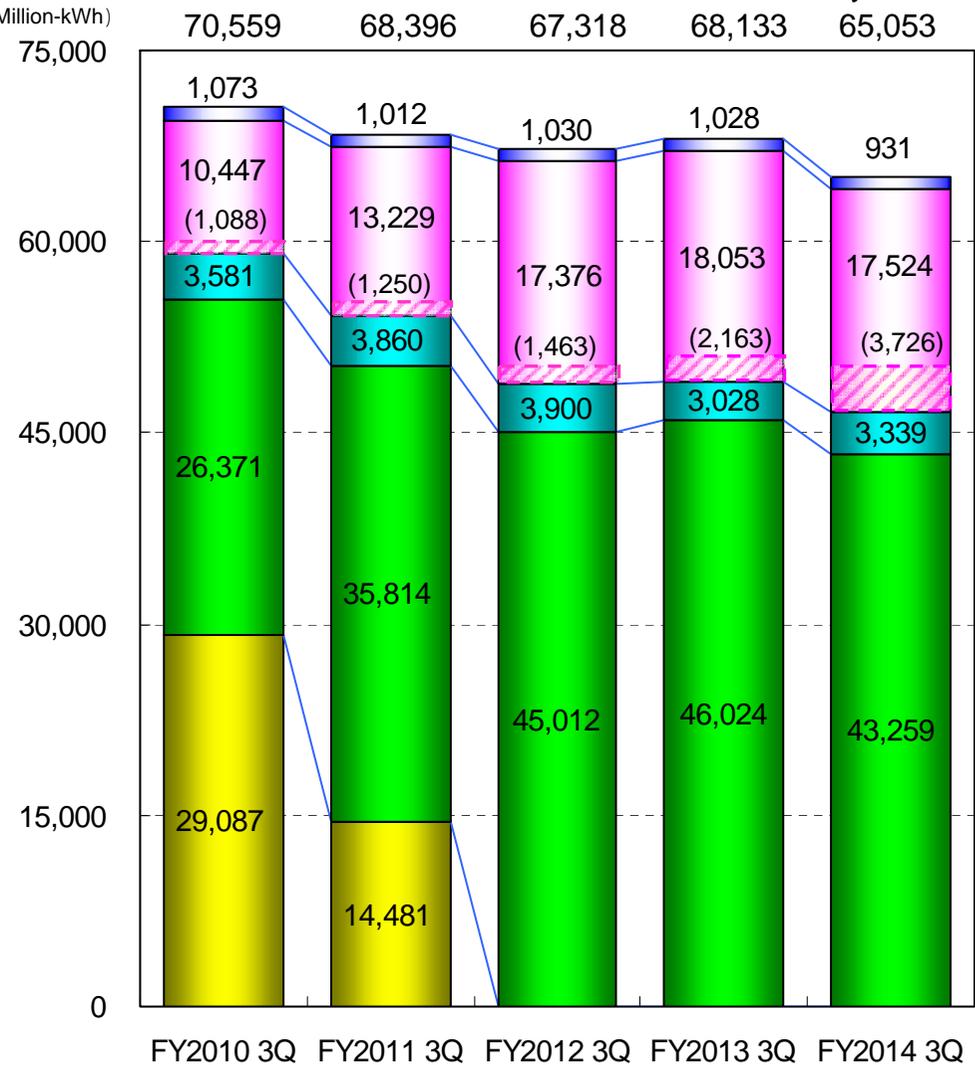
		FY2014 3Q	vs.FY2013 3Q		(Million-kWh)
			Difference	Change	
Own facilities	Hydro	3,339	311	110.2	75,000
	(Water flow rate)	100.2	(16.9)		
	Thermal	43,259	- 2,765	94.0	
	Nuclear	-	-	-	
	(Utilization rate)	(-)	(-)		
New Energy	931	- 97	90.6		
Subtotal		47,529	- 2,551	94.9	
From other companies	Hydro	1,484	338	129.5	60,000
	Thermal	11,880	- 2,468	82.8	
	New Energy	3,726	1,563	172.3	
	Subtotal	17,091	- 567	96.8	
Interchange		561	- 373	60.1	45,000
For pumping		- 128	411	23.9	
Total		65,053	- 3,080	95.5	30,000

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

【 Nuclear power utilization rate and Water flow rate 】



【 Trends in Generated and Received Electricity 】



■ Nuclear
■ Thermal
■ Hydro
■ From other companies, etc
■ New Energy
 [Included above: New Energy]

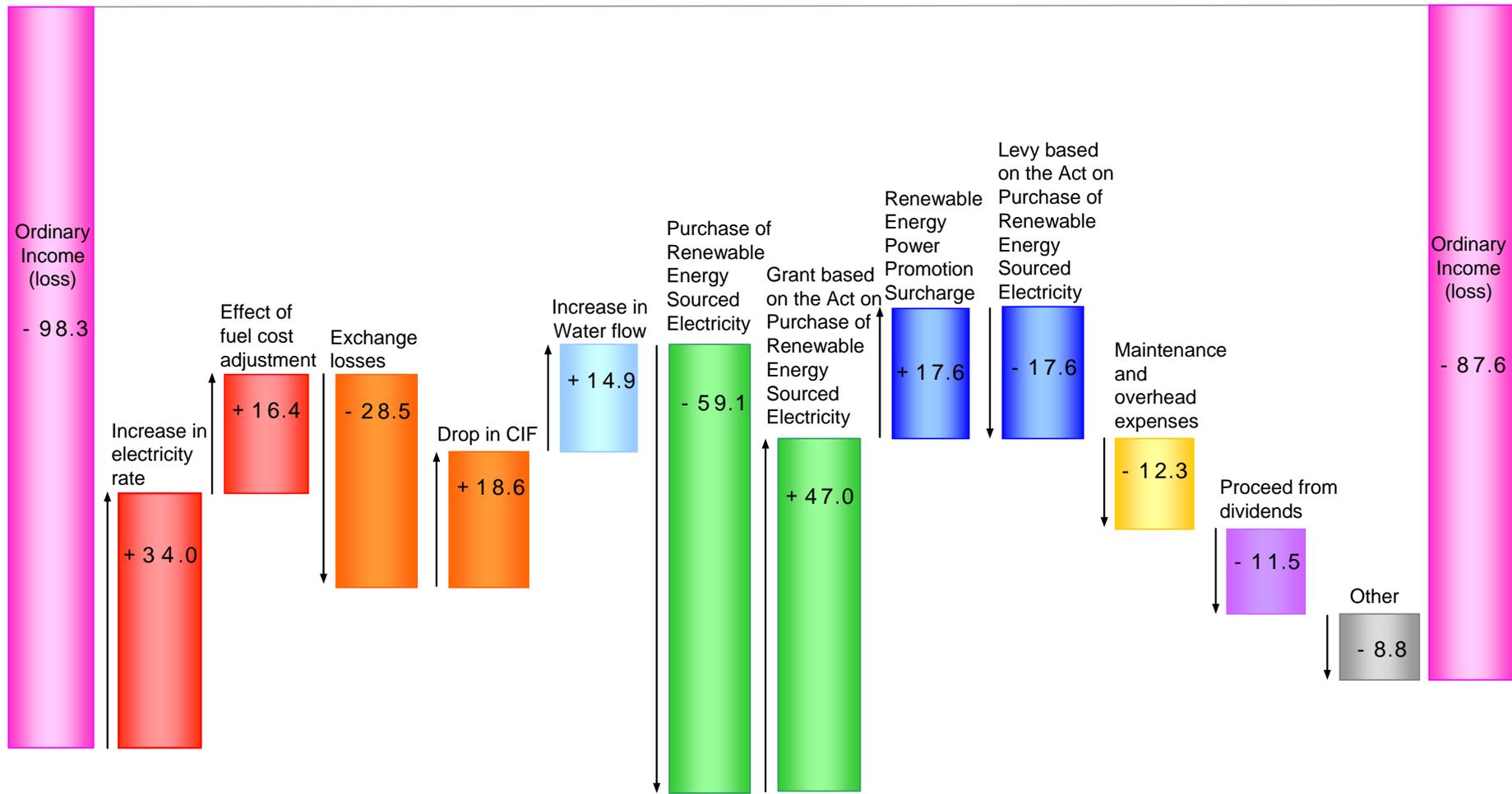
Variable factors of Ordinary Income(Loss)(Non-Consolidated)

(Billions of Yen)

FY2013
3Q

+ 10.7

FY2014
3Q



Liberalized category : Rise in electricity rates in time of contract renewal since April 2013 .
 Regulated category : Rise in electricity rates from May 1,2013.

Income Statement Summary (Non-Consolidated)

(Billions of Yen,%)

	FY2014 3Q	FY2013 3Q	Difference	Change	Explanations	
Ordinary Revenues	Lighting	446.7	460.5	-13.7	97.0	Decrease in electricity sales volume -48.5 Increase in electricity rate 34.0 Effect of fuel cost adjustment 16.4 Renewable Energy Power Promotion Surcharge 17.6 Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 47.0 Proceed from dividends -11.5
	Power	679.8	654.9	24.8	103.8	
	Other	169.9	128.1	41.8	132.6	
	(Sales)	(1,289.7)	(1,225.5)	(64.1)	(105.2)	
	Total	1,296.5	1,243.6	52.9	104.3	
Ordinary Expenses	Labor	85.9	80.4	5.4	106.8	Decrease in electricity sales volume -50.9 Increase in Water flow -14.9 Decrease in Power purchase 20.5 Drop in CIF -18.6 Exchange losses 28.5 Purchase from other companies 47.4 [Figures are included above : Purchase of Renewable Energy Sourced Electricity 59.1 Thermal from other companies -13.4] Purchase from other electric companies -6.6 Thermal 5.3 Distribution 1.4 Thermal -1.8 Hydro -1.3 Transmission -1.0 Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 17.6 Overhead expenses 4.3 ³
	Fuel	516.9	543.7	-26.7	95.1	
	Power purchase	285.6	244.8	40.7	116.7	
	Maintenance	82.4	74.4	8.0	110.8	
	Depreciation	123.9	130.0	-6.1	95.3	
	Interest	29.0	28.5	0.5	101.9	
	Tax and public dues ¹	63.9	63.9	-	100.0	
	Nuclear back-end ²	15.4	15.9	-0.5	96.8	
Other	180.7	159.9	20.7	113.0		
Total	1,384.1	1,342.0	42.1	103.1		
(Operating Income (Loss))	(-61.0)	(-82.4)	(21.3)	(-)		
Ordinary Income (Loss)	-87.6	-98.3	10.7	-		
Reserve for fluctuation In water levels	1.3	-4.3	5.6	-		
Extraordinary gain	9.4	53.2	-43.8	17.8	Gain on contribution of securities to retirement benefit trust -21.7 Gain on sale of fixed assets -14.2 Gain on sale of securities -5.3 Gain on sale of stocks of affiliates -2.4	
Income taxes	3.0	10.8	-7.8	27.6	Income taxes-deferred -7.8	
Net Income (Loss)	-82.4	-51.6	-30.7	-		

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

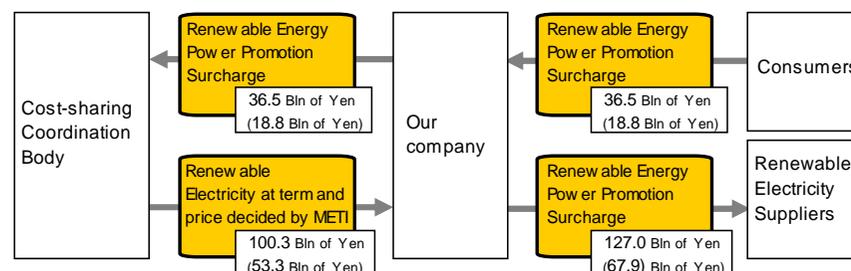
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power units, and Disposal costs of high-level radioactive waste.

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]

	FY2014 3Q	FY2013 3Q	Difference
Crude oil CIF price	103 \$/b	109 \$/b	- 6 \$/b
Exchange rate	107 yen/\$	99 yen/\$	8 yen/\$
Nuclear power utilization rate	- %	- %	- %
Water flow rate	100.2 %	83.3 %	16.9%

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



Note : Figures for FY2014 3rd quarter and FY2013 3rd quarter in parenthesis.

[Explanations] Ordinary Revenues

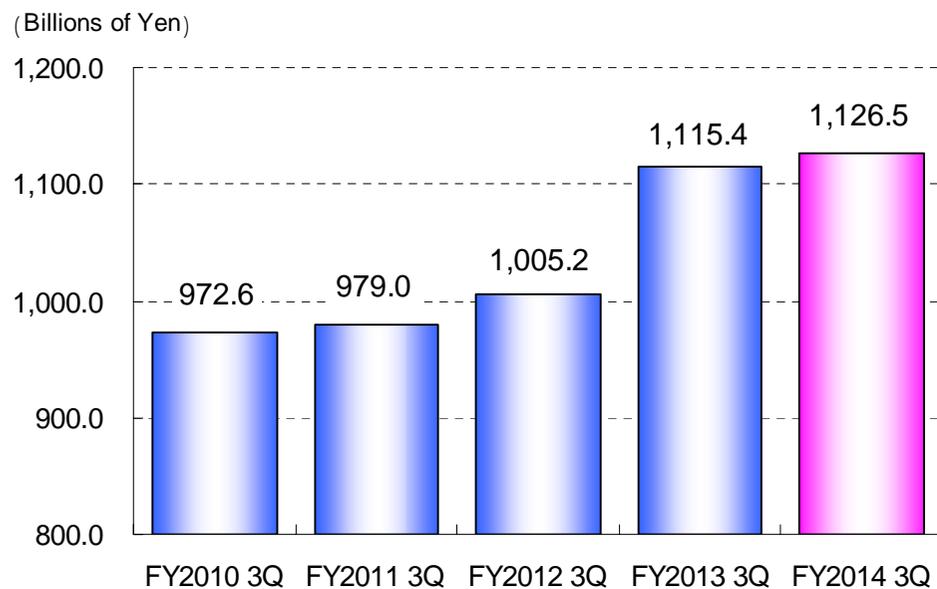
(Billions of Yen,%)				
	FY2014 3Q	FY2013 3Q	Difference	Change
Lighting and Power	1,126.5	1,115.4	11.0	101.0

	Difference	FY2014 3Q	FY2013 3Q
1. Decrease in electricity sales volume	-48.5		
2. Increase in electricity rate	34.0		
3. Effect of fuel cost adjustment	16.4		
4. Renewable Energy Power Promotion Surcharge	17.6	(36.5	18.8)

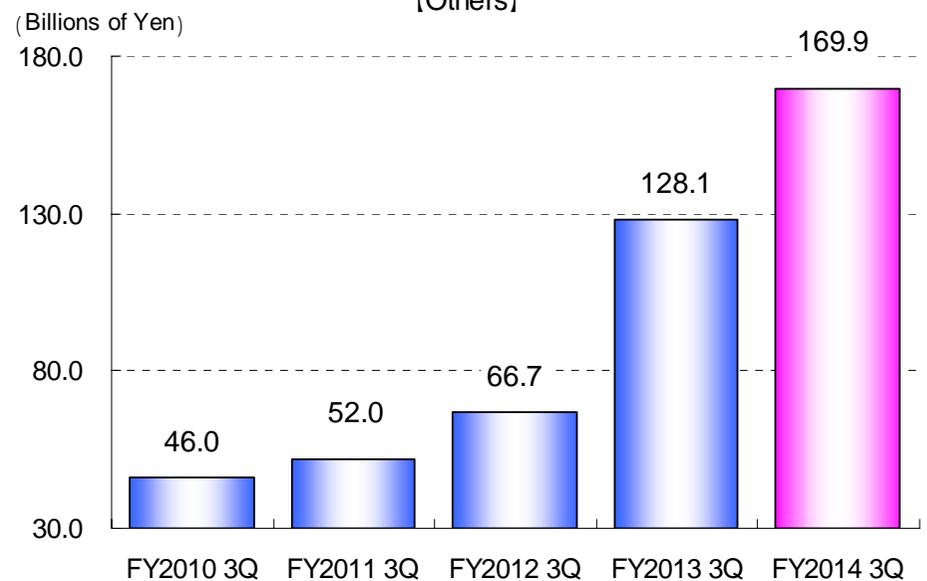
(Billions of Yen,%)				
	FY2014 3Q	FY2013 3Q	Difference	Change
Others	169.9	128.1	41.8	132.6

	Difference	FY2014 3Q	FY2013 3Q
1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	47.0	(100.3	53.3)
2. Proceed from dividends	-11.5	(1.7	13.2)

[Lighting and Power]



[Others]



[Explanations] Fuel, Power purchase

(Billions of Yen,%)

	FY2014 3Q	FY2013 3Q	Difference	Change
Fuel	516.9	543.7	-26.7	95.1

Difference

1. Decrease in electricity sales volume	-50.9
2. Increase in Water flow	-14.9
3. Decrease in Power purchase (Decrease in thermal from other companies, Increase in new Energy, Decrease in interchange)	20.5
4. Drop in CIF	-18.6
5. Exchange losses	28.5

[Reference] All Japan CIF prices

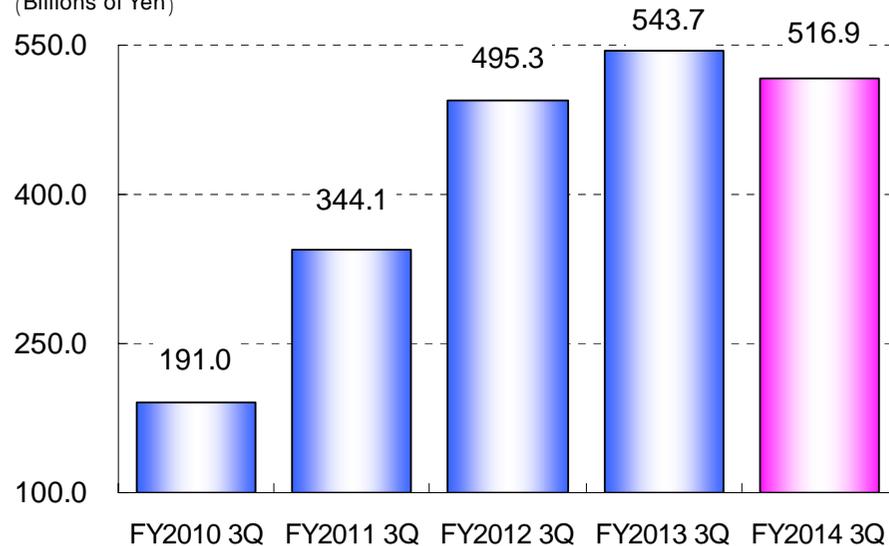
	FY2014 3Q	FY2013 3Q	Difference
Coal(\$/t)	96	109	-13
LNG(\$/t)	838	826	12
Crude oil(\$/b)	103	109	-6

[Reference] Fuel consumption

	FY2014 3Q	FY2013 3Q	Difference
Coal (thousand. ton)	4,521	4,658	-137
Heavy oil (thousand. kiloliter)	1,142	1,279	-137
Crude oil (thousand. kiloliter)	496	755	-259
LNG (thousand. ton)	3,523	3,643	-120

[Fuel]

(Billions of Yen)



(Billions of Yen,%)

	FY2014 3Q	FY2013 3Q	Difference	Change
Power purchase	285.6	244.8	40.7	116.7

Difference

	Difference	FY2014 3Q	FY2013 3Q
1. Purchase from other companies	47.4	(270.9	223.4)
(Figures are included above: Purchase of Renewable Energy Sourced Electricity			
	59.1	(127.0	67.9)

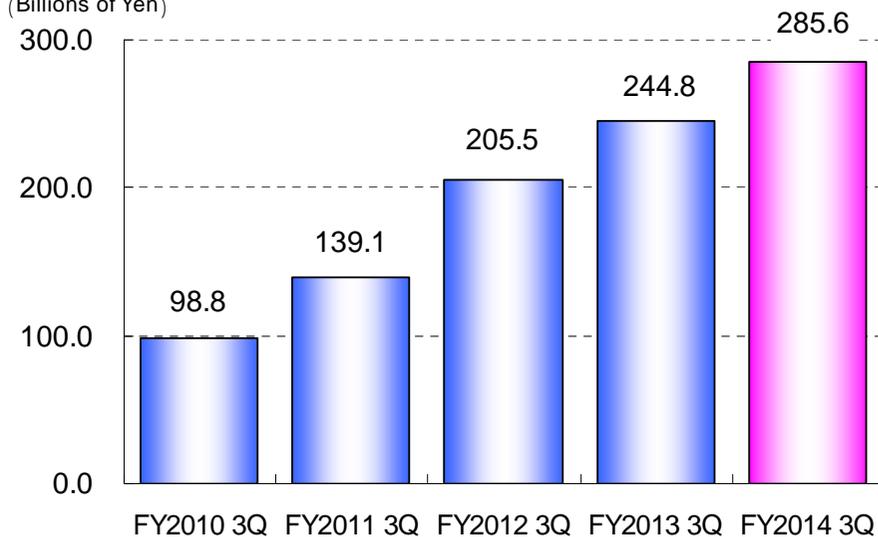
Purchase of Renewable energy 59.7

Received thermal from other companies -13.4

2. Purchase from other electric companies	-6.6	(14.7	21.3)
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[Power purchase]

(Billions of Yen)



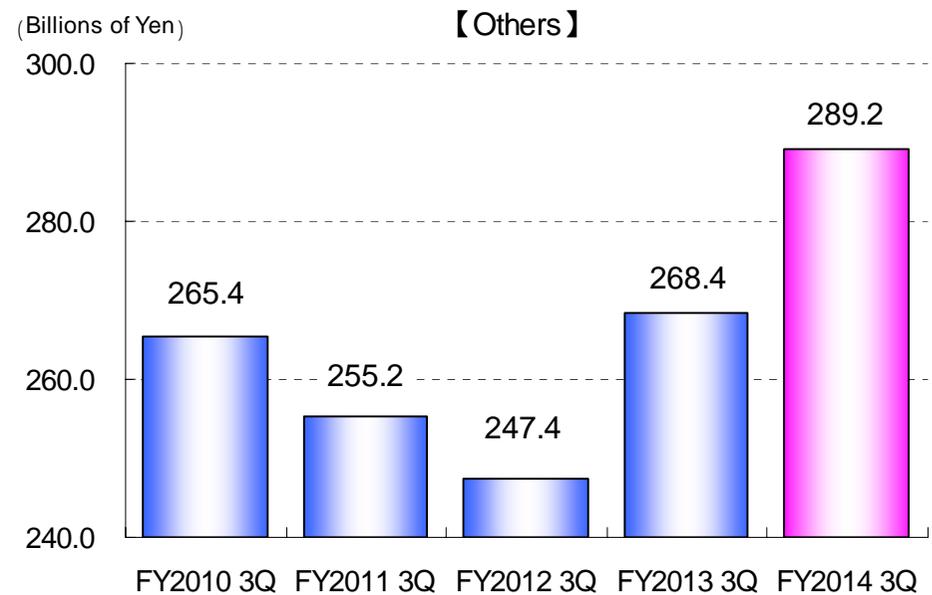
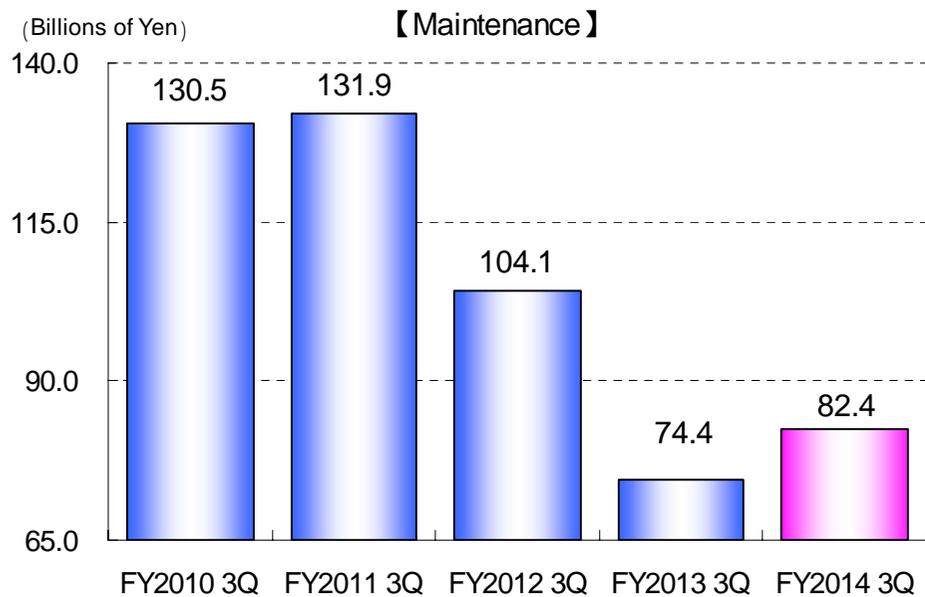
[Explanations] Maintenance, Others

(Billions of Yen,%)				
	FY2014 3Q	FY2013 3Q	Difference	Change
Maintenance	82.4	74.4	8.0	110.8

	Difference	FY2014 3Q	FY2013 3Q
1. Thermal (Increase in periodic maintenance)	5.3	(23.9	18.6)
2. Distribution	1.4	(28.8	27.3)

(Billions of Yen,%)				
	FY2014 3Q	FY2013 3Q	Difference	Change
Others	289.2	268.4	20.8	107.8

	Difference	FY2014 3Q	FY2013 3Q
1. Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	17.6	(36.5	18.8)
2. Overhead expenses	4.3	(88.8	84.5)



Balance Sheet Summary (Non-Consolidated)

Assets

(Billions of Yen)

	Dec. 31, 2014	Mar. 31, 2014	Difference	Explanations
Utility Property, Plant and Equipment	2,284.2	2,341.9	-57.6	Depreciation -124.0 Construction completed 78.7
Investments and Other Assets	657.5	655.9	1.6	
Others	1,358.9	1,220.1	138.7	Construction in progress 63.4 Accounts receivable 19.5 Cash and cash equivalents 49.0 (Dec.31, 2014 383.5 Mar.31, 2014 334.4)
Total	4,300.8	4,218.0	82.7	

Liabilities and Equity

(Billions of Yen)

	Dec. 31, 2014	Mar. 31, 2014	Difference	Explanations
Liabilities	3,937.9	3,876.6	61.2	Interest-bearing debt 122.2 Other accounts payable -22.4 Accrued expenses -13.5 Reserve for reprocessing of irradiated nuclear fuel -11.1 Accrued retirement benefits -10.7
Equity	362.8	341.4	21.4	Preferred shares 100.0 FY2014 3Q net loss -82.4 [Equity Ratio] Dec. 31, 2014 8.4% Mar. 31, 2014 8.1%
Total	4,300.8	4,218.0	82.7	

[Reference: Interest-bearing Debt]

(Billions of Yen)

	Dec. 31, 2014	Mar. 31, 2014	Difference
Bonds	1,303.7	1,243.7	60
Loans	1,802.3	1,740.0	62.2
Total	3,106.0	2,983.8	122.2

Income Statement Summary, Balance Sheet Summary (Consolidated)

Income Statement Summary

		(Billions of Yen,%)				FY2014 3Q Consolidated Ratio (1.06)
		FY2014 3Q	FY2013 3Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	1,367.3	1,300.7	66.6	105.1	
	Electric	1,255.7	1,191.2	64.5	105.4	
	Other	111.6	109.5	2.0	101.9	
	Operating Revenues	12.4	10.4	2.0	119.6	
Total		1,379.8	1,311.2	68.6	105.2	
Ordinary Expenses	Operating Expenses	1,414.8	1,370.5	44.3	103.2	
	Electric	1,316.3	1,275.1	41.2	103.2	
	Other	98.4	95.3	3.0	103.2	
	Other Expenses	34.8	36.7	-1.8	94.9	
Total		1,449.6	1,407.2	42.4	103.0	
(Operating Income (Loss))		(-47.4)	(-69.7)	(22.3)	(-)	(-)
Ordinary Income (Loss)		-69.7	-96.0	26.2	-	(-)
Reserve for Fluctuation In Water Levels		1.3	-4.3	5.6	-	
Extraordinary gain		1.9	49.8	-47.8	3.9	
Net Income (Loss)		-77.8	-59.0	-18.8	-	(-)
Comprehensive Income (Loss)		-83.6	-73.0	-10.5	-	

Balance Sheet Summary

		(Billions of Yen,%)		
		Dec. 31, 2014	Mar. 31, 2014	Difference
Total Assets		4,651.2	4,549.8	101.3
Liabilities		4,140.8	4,055.6	85.2
Interest-bearing Debt		3,251.5	3,116.7	134.8
Equity		510.3	494.2	16.1
【Reference】 Equity Ratio		10.6	10.5	0.1

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