

Financial Results

The 2nd Quarter of FY 2014

November 6 , 2014



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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FY2014 2nd Quarter Financial Results

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*Figures for FY2014 2nd Quarter Financial Results are accumulated total from Apr.1,2014 to Sep.30,2014.

Financial Results and Forecasts Summary

FY2014 2nd Quarter Financial Results Summary

[Summary]

In the electricity business, the ordinary loss for the 2Q 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 thermal fuel costs due to the influence of a weaker yen and the costs for purchase from renewable energy sources.

The net loss for the 2Q of FY2014 stayed at the same level compared with the 2Q of the previous year of the previous year mainly due to the decrease in the extraordinary gain.

Indeed we apologize an interim dividend of 0 yen per share is decided as well as year-end dividend of FY2013 because extremely severe performance is continued.

[Consolidated]

(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change
Sales	929.5	868.2	61.3	107.1
Operating Income (Loss)	-16.2	-58.3	42.0	-
Ordinary Income (Loss)	-31.9	-75.6	43.6	-
(Extraordinary gain)	(1.0)	(46.3)	(-45.3)	(2.3)
Net Income (Loss)	-35.9	-35.7	-0.1	-
Comprehensive Income (Loss)	-38.5	-51.7	13.2	-

Note: As of the end of FY2014 2Q, 71 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 40 companies (no change from the end of FY2014 1Q)

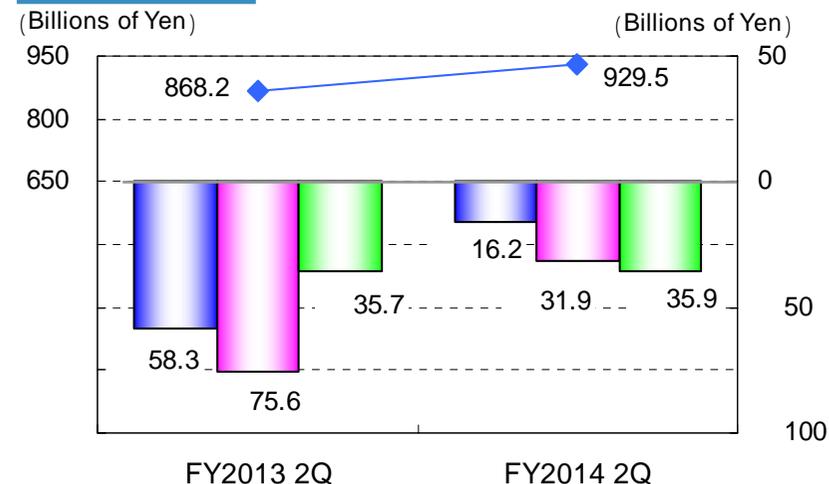
Equity method companies : 31 companies (no change from the end of FY2014 1Q)

[Non-Consolidated]

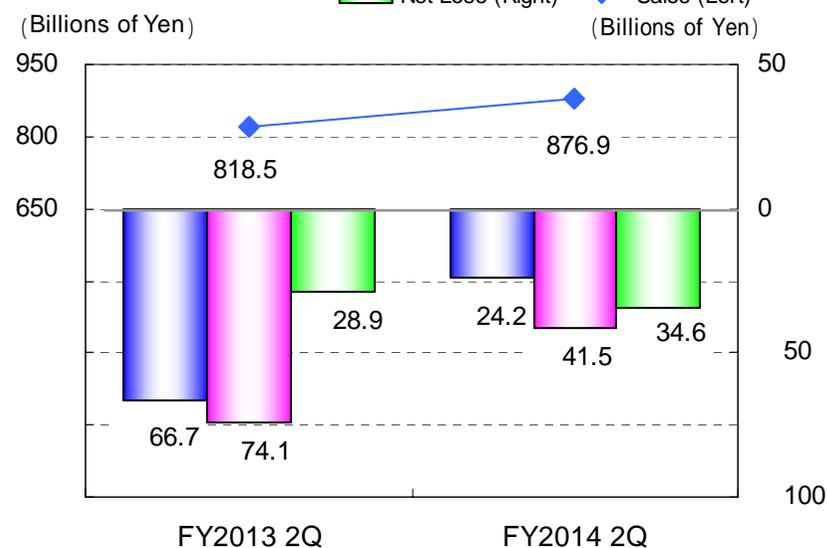
(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change
Sales	876.9	818.5	58.4	107.1
Operating Income (Loss)	-24.2	-66.7	42.5	-
Ordinary Income (Loss)	-41.5	-74.1	32.6	-
(Extraordinary gain)	(8.6)	(47.3)	(-38.7)	(18.2)
Net Income (Loss)	-34.6	-28.9	-5.7	-

Consolidated



Non-Consolidated



FY2014 2nd Quarter Financial Results Summary (vs.Previous Forecast, Aug.FY2014)

[Summary (vs. Previous Forecast, Aug.FY2014)]

In the electricity business, the operating loss and net loss has decreased compared with previous forecast, Aug.FY2014, for the reasons why 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 lower summer temperature, and the impact on sales from the decreasing demand has been carried over into the second half.

[Consolidated]

(Billions of Yen,%)

	FY2014 2Q	Aug.FY2014 Forecast	Difference	Change
Sales	929.5	930.0	-0.5	99.9
Operating Income (Loss)	-16.2	-25.0	8.8	-
Ordinary Income (Loss)	-31.9	-35.0	3.1	-
Net Income (Loss)	-35.9	-40.0	4.1	-

[Non-Consolidated]

(Billions of Yen,%)

	FY2014 2Q	Aug.FY2014 Forecast	Difference	Change
Sales	876.9	880.0	-3.1	99.7
Operating Income (Loss)	-24.2	-30.0	5.8	-
Ordinary Income (Loss)	-41.5	-40.0	-1.5	-
Net Income (Loss)	-34.6	-40.0	5.4	-

[Reference: Key Fundamentals]

	FY2014 2Q	Aug.FY2014 Forecast	Difference
Electricity Sales Volume	40.2 Billion kWh	40.4 Billion kWh	-0.2 Billion kWh
Crude oil CIF price	110 \$/b	110 \$/b	- \$/b
Exchange rate	103 yen/\$	102 yen/\$	1 yen/\$

FY2014 Financial Results Forecasts and Dividend Forecasts

[Financial Results Forecasts Summary and Dividend Forecasts Summary]

Our sales for FY2014 expects to increase compared with the previous year, mainly because of the effects of electricity rate increase from during the previous year and charge unit price with the effect of fuel cost adjustment system and increase in renewable energy power promotion surcharge, while decrease in electricity sales volume.

Our income for FY2014 is undetermined because it is unable to reasonably estimate costs such as fuel cost for the second half nationally due to the uncertain schedule for the resumption of the operations of reactors 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 FY2014 ending March 31, 2015 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,%)

	FY2014	FY2013	Difference	Change
Sales	1,880.0	1,791.1	88.9	105.0
Operating Income (Loss)	-	-95.8	-	-
Ordinary Income (Loss)	-	-131.4	-	-
Net Income (Loss)	-	-96.0	-	-

[Non-Consolidated]

(Billions of Yen,%)

	FY2014	FY2013	Difference	Change
Sales	1,770.0	1,682.9	87.1	105.2
Operating Income (Loss)	-	-112.2	-	-
Ordinary Income (Loss)	-	-137.2	-	-
Net Income (Loss)	-	-90.9	-	-

[Reference: Key Fundamentals]

	FY2014	FY2013	Difference
Electricity Sales Volume	81.5 Billion kWh	84.4 Billion kWh	-2.9 Billion kWh
Crude oil CIF price	107 \$/b	110 \$/b	-3 \$/b
Exchange rate	106 yen/\$	100 yen/\$	6 yen/\$

FY2014 2nd Quarter Financial Results

Electricity Sales Volume

Customers other than large-scale industrial

Decreased by 7.0% compared with the 2Q of the previous year mainly due to a reduce in the air-conditioning demand as the temperature in the May through September.

Large-scale industrial customers

Increased by 0.6% compared with the 2Q of the previous year mainly due to the increase in production of steel and iron.

[Electricity Sales Volume]

(Million-kWh,%)

		FY2014 2Q	vs.FY2013 2Q	
			Difference	Change
Lighting		13,040	-988	93.0
Power		27,186	-1,075	96.2
Total		40,226	-2,063	95.1
(Figures are included above)	Customers other than large-scale industrial	28,107	-2,131	93.0
	Large-scale industrial customers	12,119	68	100.6

[Large-scale industrial customers by sector]

(Million-kWh,%)

		FY2014 2Q	vs.FY2013 2Q	
			Difference	Change
Machinery Total		3,287	-76	97.7
(Figures are included above)	Electronics	2,223	-64	97.2
	Transportation	808	-16	98.0
Steel and Iron		1,425	113	108.6
Chemicals		1,393	51	103.8
Clay and Stone		465	13	102.9
Non-ferrous Metals		923	51	105.9
Pulps and Papers		180	-4	97.9
Foodstuffs		1,249	-17	98.7
Others		3,197	-63	98.1
Total		12,119	68	100.6

[Reference: Electricity Sales Volume (by sector)]

(Million-kWh,%)

			FY2014 2Q	vs.FY2013 2Q	
				Difference	Change
Demand other than under liberalization	Lighting		13,040	-988	93.0
	Power	Low voltage	2,133	-282	88.3
		Others	330	-28	92.0
	Subtotal		15,503	-1,298	92.3
Demand under liberalization	Commercial		9,442	-749	92.6
	Industrial		15,281	-16	99.9
	Subtotal		24,723	-765	97.0
Total			40,226	-2,063	95.1

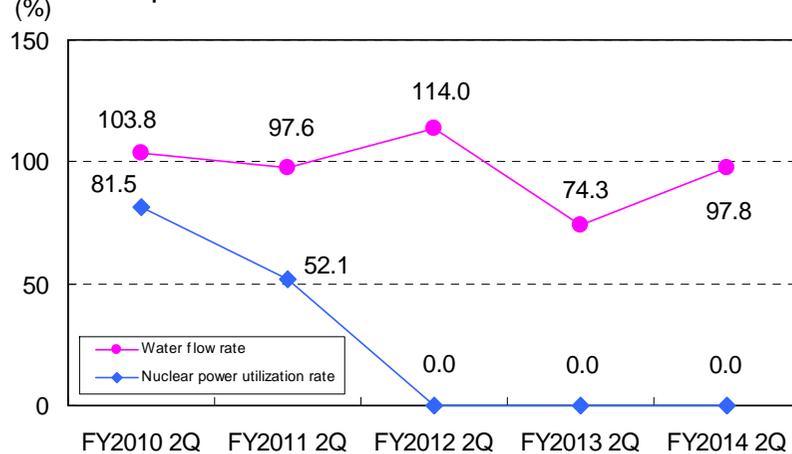
Generated and Received Electricity

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

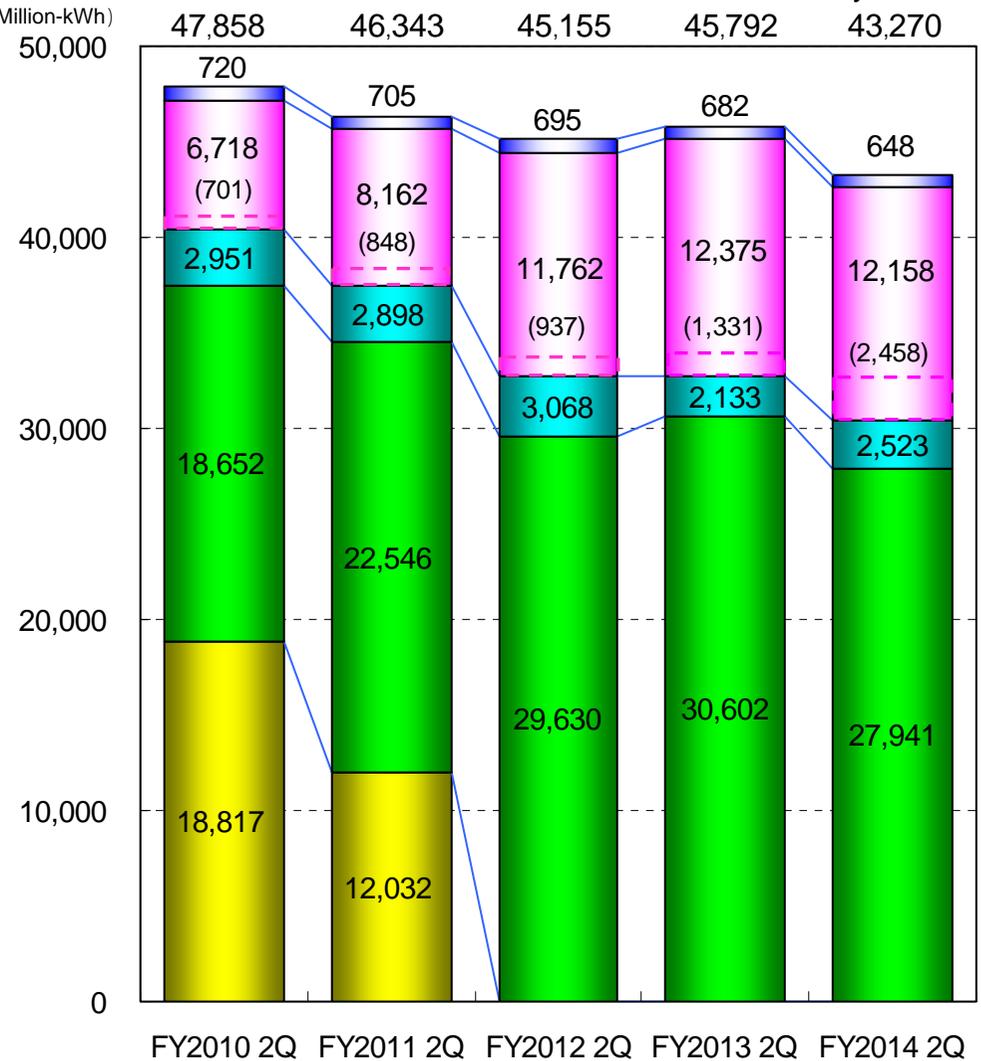
		2014 2Q	vs.FY2013 2Q		(Million-kWh)
			Difference	Change	
Own facilities	Hydro (Water flow rate)	2,523 (97.8)	390 (23.5)	118.3	
	Thermal	27,941	-2,661	91.3	
	Nuclear (Utilization rate)	- (-)	- (-)	-	
	New Energy	648	-34	95.0	
	Subtotal	31,112	-2,305	93.1	
From other companies	Hydro	1,172	337	140.4	
	Thermal	8,135	-1,723	82.5	
	New Energy	2,458	1,127	184.7	
	Subtotal	11,765	-259	97.8	
Interchange		468	-322	59.3	
For pumping		-75	364	17.1	
Total		43,270	-2,522	94.5	

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

【 Nuclear power utilization rate and Water flow rate 】

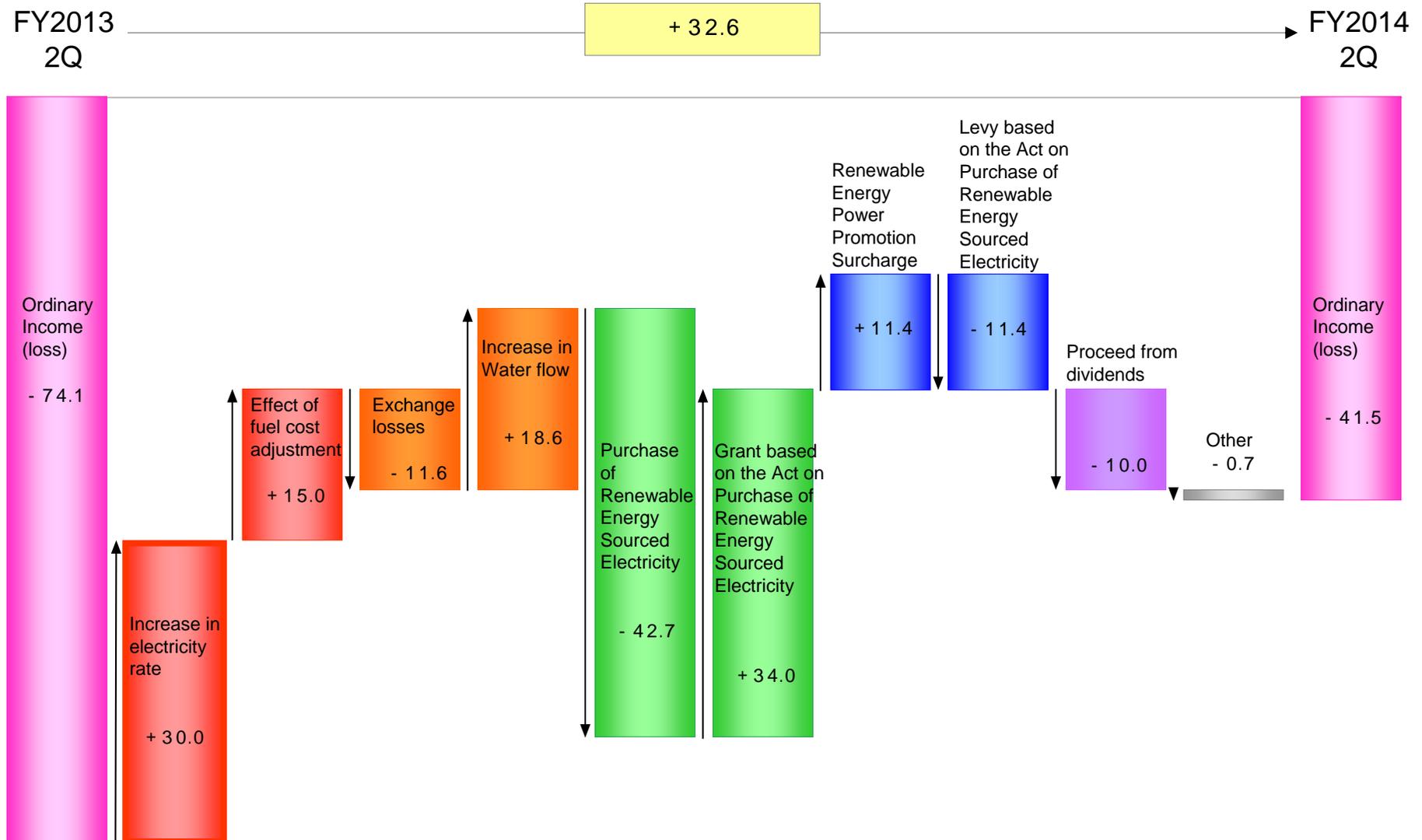


【 Trends in Generated and Received Electricity 】



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

(Billions of Yen)



Liberalized category : Rise in electricity rates involved in the expiration of contract period from April 2013 .
 Regulated category : Rise in electricity rates from May 1,2013.

Income Statement Summary (Non-Consolidated)

(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change	Explanations	
Ordinary Revenues	Lighting	302.1	310.5	-8.3	97.3	Decrease in electricity sales volume -38.8 Increase in electricity rate 30.0 Effect of fuel cost adjustment 15.0
	Power	464.5	437.9	26.5	106.1	Renewable Energy Power Promotion Surcharge 11.4
	Other	115.2	85	30.2	135.6	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 34.0 Proceed from dividends -10.0
	(Sales)	(876.9)	(818.5)	(58.4)	(107.1)	
Total	881.9	833.4	48.4	105.8		
Ordinary Expenses	Labor	55.9	55.8	-	100.2	
	Fuel	342.8	372.3	-29.4	92.1	Decrease in electricity sales volume -42.5 Increase in Water flow -18.6 Decrease in Power purchase 17.5 Exchange losses 11.6
	Power purchase	194.2	168.1	26.1	115.5	Purchase from other companies 31.0 [Figures are included above : Purchase of Renewable Energy Sourced Electricity 42.7 Thermal from other companies -13.3] Purchase from other electric companies -4.8
	Maintenance	53.2	45.6	7.5	116.5	Thermal 5.4
	Depreciation	82.7	86.6	-3.9	95.5	Thermal -1.2 Hydro -0.8 Transmission -0.7
	Interest	19.3	18.9	0.4	102.3	
	Tax and public dues ¹	45.1	45.1	-	100.2	
	Nuclear back-end ²	10.3	9.8	0.4	104.1	
Other	119.6	105.0	14.5	113.8	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 11.4 Overhead expenses 1.9 ³	
Total	923.4	907.6	15.8	101.7		
(Operating Income (Loss))	(-24.2)	(-66.7)	(42.5)	(-)		
Ordinary Income (Loss)	-41.5	-74.1	32.6	-		
Reserve for fluctuation In water levels	0.3	-4.3	4.6	-		
Extraordinary gain	8.6	47.3	-38.7	18.2	Gain on contribution of securities to retirement benefit trust -21.7 Gain on sale of fixed assets -11.6 Gain on sale of securities -5.3	
Income taxes	1.3	6.4	-5.1	20.6		
Net Income (Loss)	-34.6	-28.9	-5.7	-		

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

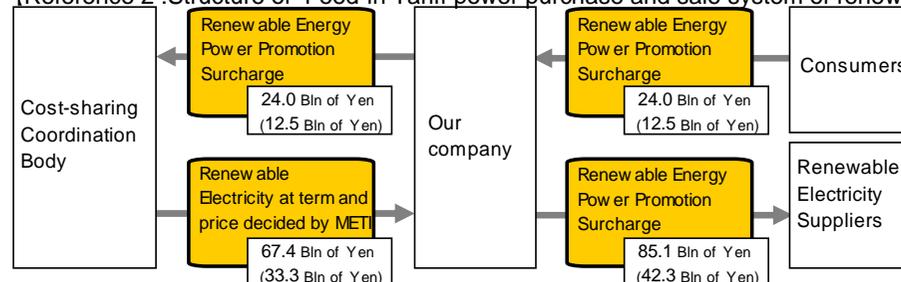
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power units, and Disposal costs of high-level radioactive waste.

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 2Q	FY2013 2Q	Difference
Crude oil CIF price	110 \$/b	108 \$/b	2 \$/b
Exchange rate	103 yen/\$	99 yen/\$	4 yen/\$
Nuclear power utilization rate	- %	- %	- %
Water flow rate	97.8 %	74.3 %	23.5%

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



Note : Figures for FY2014 2nd quarter and FY2013 2nd quarter in parenthesis.

[Explanations] Ordinary Revenues

(Billions of Yen,%)				
	FY2014 2Q	FY2013 2Q	Difference	Change
Lighting and Power	766.6	748.4	18.2	102.4

Difference FY2014 2Q FY2013 2Q

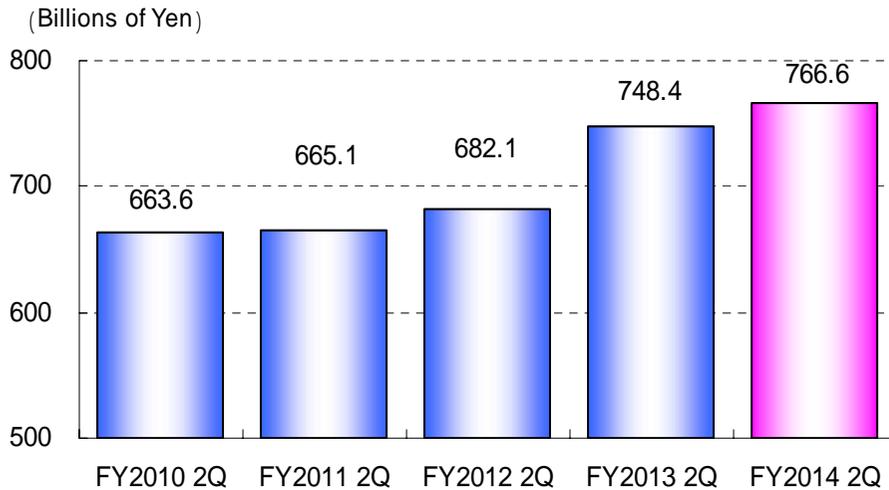
1. Decrease in electricity sales volume	-38.8		
2. Increase in electricity rate	30.0		
3. Effect of fuel cost adjustment	15.0		
4. Renewable Energy Power Promotion Surcharge	11.4	(24.0	12.5)

(Billions of Yen,%)				
	FY2014 2Q	FY2013 2Q	Difference	Change
Others	115.2	85.0	30.2	135.6

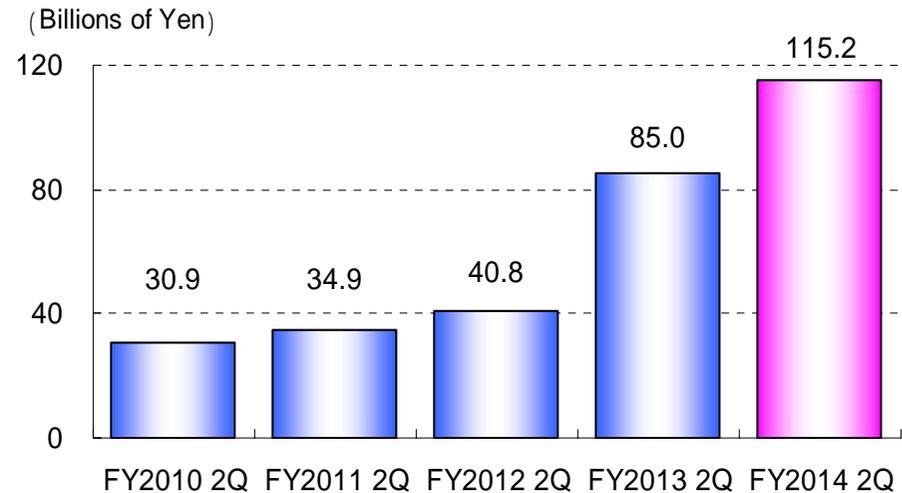
Difference FY2014 2Q FY2013 2Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	34.0	(67.4	33.3)
2. Proceed from dividends	-10.0	(1.3	11.4)

[Lighting and Power]



[Others]



[Explanations] Fuel, Power purchase

(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change
Fuel	342.8	372.3	-29.4	92.1

Difference

1. Decrease in electricity sales volume	-42.5
2. Increase in Water flow	-18.6
3. Decrease in Power purchase (Decrease in thermal from other companies, Increase in new Energy, etc, Decrease in interchange)	17.5
4. Exchange losses	11.6

[Reference] All Japan CIF prices

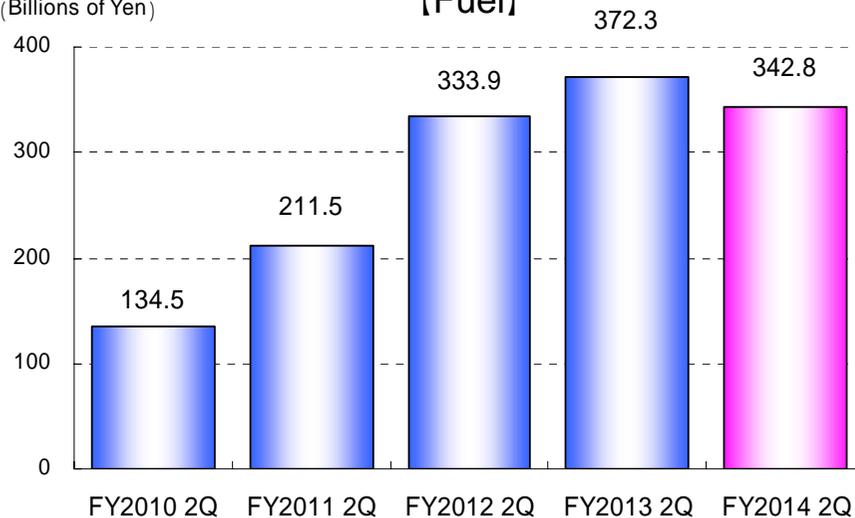
	FY2014 2Q	FY2013 2Q	Difference
Coal(\$/t)	98	111	-13
LNG(\$/t)	845	833	12
Crude oil(\$/b)	110	108	2

[Reference] Fuel consumption

	FY2014 2Q	FY2013 2Q	Difference
Coal (thousand. ton)	2,691	2,896	-205
Heavy oil (thousand. kiloliter)	847	901	-54
Crude oil (thousand. kiloliter)	322	589	-267
LNG (thousand. ton)	2,300	2,422	-122

(Billions of Yen)

【Fuel】



(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change
Power purchase	194.2	168.1	26.1	115.5

Difference

FY2014
2Q

FY2013
2Q

1. Purchase from other companies	31.0	(181.5	150.4)
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Figures are included above:
Purchase of Renewable Energy Sourced
Electricity

	42.7	(85.1	42.3)
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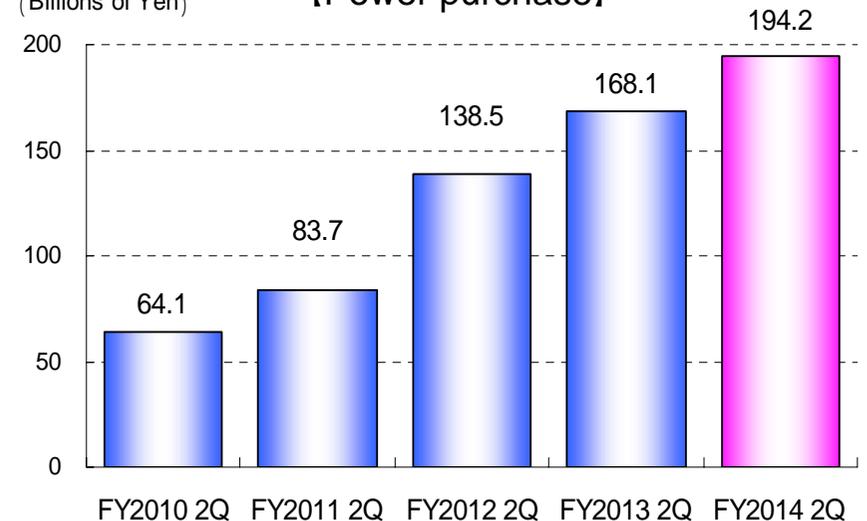
Purchase of Renewable energy	43.3
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Received thermal from other companies	-13.3
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2. Purchase from other electric companies	-4.8	(12.7	17.6)
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(Billions of Yen)

【Power purchase】



[Explanations] Maintenance, Depreciation

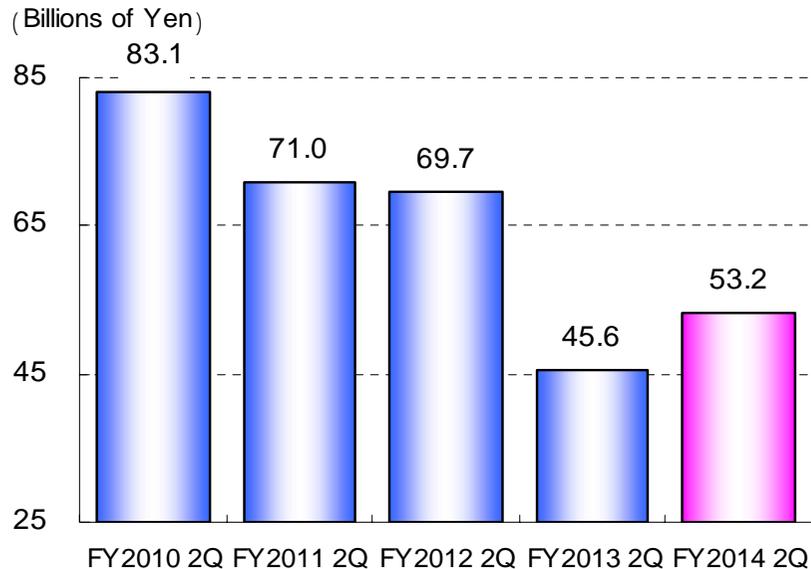
(Billions of Yen,%)				
	FY2014 2Q	FY2013 2Q	Difference	Change
Maintenance	53.2	45.6	7.5	116.5

	Difference	FY2014 2Q	FY2013 2Q
1. Thermal (Increase in periodic maintenance)	5.4	(17.1	11.7)

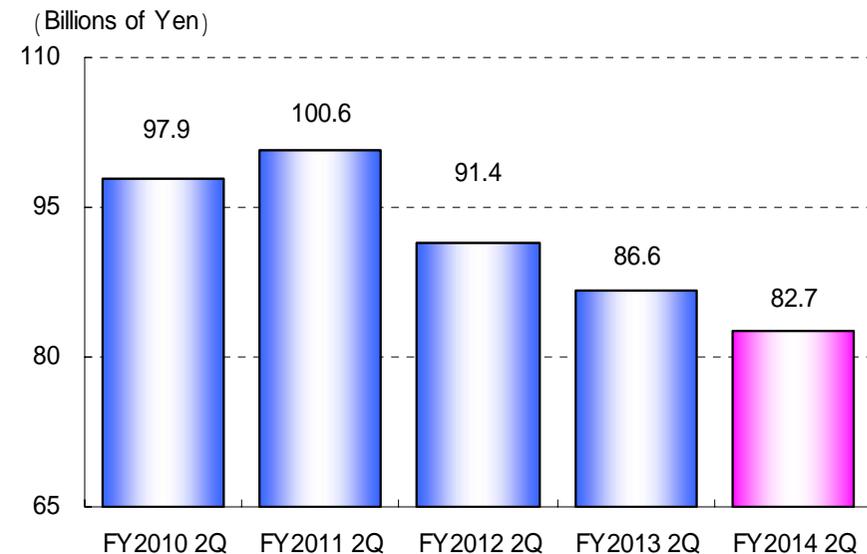
(Billions of Yen,%)				
	FY2014 2Q	FY2013 2Q	Difference	Change
Depreciation	82.7	86.6	-3.9	95.5

	Difference	FY2014 2Q	FY2013 2Q
1. Thermal	-1.2	(8.0	9.2)
2. Hydro	-0.8	(9.2	10.1)
3. Transmission	-0.7	(20.2	21.0)

[Maintenance]



[Depreciation]



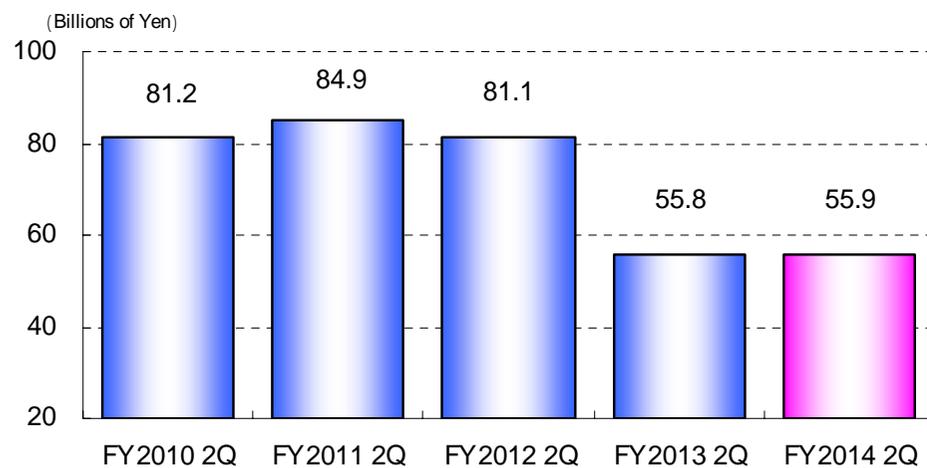
[Explanations] Labor, Others

	(Billions of Yen,%)			
	FY2014 2Q	FY2013 2Q	Difference	Change
Labor	55.9	55.8	-	100.2

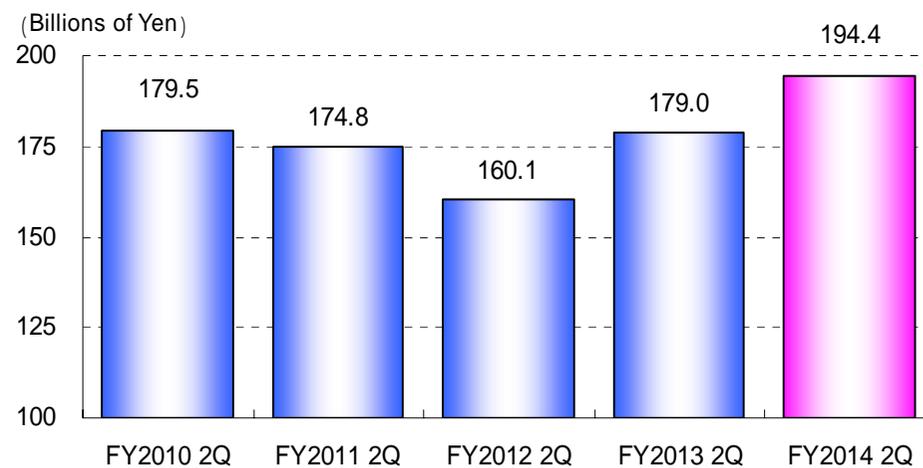
	(Billions of Yen,%)			
	FY2014 2Q	FY2013 2Q	Difference	Change
Others	194.4	179.0	15.4	108.4

	Difference	FY2014 2Q	FY2013 2Q
1. Levy based on the Act on Purchase of Renewable Energy Sourced Electricity	11.4	(24.0	12.5)
2. Overhead expenses	1.9	(57.6	55.7)

[Labor]



[Others]



Balance Sheet Summary (Non-Consolidated)

Assets

(Billions of Yen)

	Sep. 30, 2014	Mar. 31, 2014	Difference	Explanations
Utility Property, Plant and Equipment	2,303.0	2,341.9	-38.8	Construction completed 52.8 Depreciation -82.8
Investments and Other Assets	653.8	655.9	-2.1	
Others	1,336.6	1,220.1	116.4	Cash and cash equivalents 54.8 (Sep.30, 2014 389.3 Mar.31, 2014 334.4) Accounts receivable 28.8 Construction in progress 27.6
Total	4,293.5	4,218.0	75.4	

Liabilities and Equity

(Billions of Yen)

	Sep. 30, 2014	Mar. 31, 2014	Difference	Explanations
Liabilities	3,884.4	3,876.6	7.8	Interest-bearing debt 80.8 Other accounts payable -28.5 Accounts amount payable -15.3 Short-term liabilities of affiliated companies -12.5
Equity	409.0	341.4	67.6	Preferred shares 100.0 FY2014 2Q net loss -34.6 [Equity Ratio] Sep. 30, 2014 9.5% Mar. 31, 2014 8.1%
Total	4,293.5	4,218.0	75.4	

[Reference: Interest-bearing Debt]

(Billions of Yen)

	Sep. 30, 2014	Mar. 31, 2014	Difference
Bonds	1,263.7	1,243.7	20.0
Loans	1,731.8	1,740.0	-8.1
CP	69.0	-	69.0
Total	3,064.6	2,983.8	80.8

Income Statement Summary, Balance Sheet Summary (Consolidated)

Income Statement Summary

		(Billions of Yen,%)				FY2014 2Q Consolidated Ratio (1.06)
		FY2014 2Q	FY2013 2Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	929.5	868.2	61.3	107.1	
	Electric	852.9	796.5	56.4	107.1	
	Other	76.5	71.7	4.8	106.8	
	Other Revenues	7.6	6.1	1.4	124.1	
	Total	937.1	874.3	62.7	107.2	
Ordinary Expenses	Operating Expenses	945.7	926.5	19.2	102.1	
	Electric	877.5	864.2	13.3	101.5	
	Other	68.2	62.3	5.8	109.5	
	Other Expenses	23.3	23.4	-0.1	99.4	
	Total	969.1	949.9	19.1	102.0	
(Operating Income (Loss))		(-16.2)	(-58.3)	(42.0)	(-)	(-)
Ordinary Income (Loss)		-31.9	-75.6	43.6	-	(-)
Reserve for Fluctuation In Water Levels		0.3	-4.3	4.6	-	
Extraordinary gain		1.0	46.3	-45.3	2.3	
Net Income (Loss)		-35.9	-35.7	-0.1	-	(-)
Comprehensive Income (Loss)		-38.5	-51.7	13.2	-	

Balance Sheet Summary

		(Billions of Yen,%)		
		Sep. 30, 2014	Mar. 31, 2014	Difference
Total Assets		4,637.4	4,549.8	87.5
Liabilities		4,081.8	4,055.6	26.2
Interest-bearing Debt		3,204.0	3,116.7	87.3
Equity		555.5	494.2	61.3
【Reference】 Equity Ratio		11.6	10.5	1.1

Segment Information

Energy-related business

- Sales increased mainly due to the increase in the revenue from the maintenance and repair work on power plants and gas sales.
- Operating income decreased mainly due to the increase in the cost of sales on plant construction business.

IT and Telecommunications

- Sales increased mainly due to the increase in sales of data transmission services for mobile phone operators and information system developments.
- Operating income decreased mainly due to the increase in selling expenses of broadband service.

Others

- Sales and Operating income increased mainly due to the increase in the revenue from the rental building.

(Billions of Yen)

	Electric Power	Energy-related business	IT and Telecommunications	Other	Eliminations/ corporate	Total [Consolidated]
Sales	854.0	86.2	42.2	12.1	-65.2	929.5
	(56.5)	(11.3)	(1.4)	(0.2)	(-8.2)	(61.3)
Sales to customers [Figures are included above]	852.9	38.0	32.6	5.8	-	929.5
	(56.4)	(2.4)	(1.8)	(0.5)	(-)	(61.3)
Operating Income (Loss)	-27.3	4.6	4.5	1.5	0.2	-16.2
	(43.7)	(-0.6)	(-0.8)	(0.2)	(-0.3)	(42.0)

Note : Figures in parentheses denote change from FY2013 2Q

Cash Flow Summary (Consolidated)

(Billions of Yen)

	FY2014 2Q	FY2013 2Q	Difference	Explanations
Cash flows from operating activities	-4.0	-74.3	70.2	Increase due to the Increase in lighting and power revenue 32.8 Increase due to the Increase in grant based on the Act on Purchase of Renewable Energy Sourced Electricity 29.5 Decrease due to the Increase in Power purchase -22.2
Cash flows from investing activities	-125.3	-75.3	-49.9	Increase in purchases of property, plant and equipment -34.3 Decrease in proceeds from sales of property, plant and equipment -16.7
Reposting of capital expenditures including nuclear fuel [Figures are included above]	(-139.8)	(-105.4)	(-34.3)	
Cash flows from financing activities	184.9	108.3	76.5	Preferred shares (Approximate amount procured after costs) 99.5 Decrease in fund-raising due to the decrease in operating cash flows, etc. (Decrease in interest bearing debt -26.2 (FY2014 2Q 87.3 FY2013 2Q 113.5)
Change in cash & cash equivalents	56.2	-41.3	97.6	

Free cash flows*	-143.9	-179.7	35.8
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*Free cash flows = Cash flows from operating activities + Capital expenditures including nuclear fuel

For more information, please contact:

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