

# Financial Results

## The 1st Quarter of FY 2014

July 31, 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 1st Quarter Financial Results

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\*Figures for FY2014 1st Quarter Financial Results are accumulated total from April 1, 2014 to June 30, 2014.

# Financial Results and Forecasts Summary

# FY2014 1st Quarter Financial Results Summary

## [Summary]

In the electricity business, the operating loss, ordinary loss and net loss for the 1Q 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 and sale system of renewable energy, while increase in the costs for purchase from renewable energy sources.

## [Consolidated]

	(Billions of Yen,%)			
	FY2014 1Q	FY2013 1Q	Difference	Change
Sales	444.6	388.9	55.6	114.3
Operating Income (Loss)	-28.1	-56.3	28.2	-
Ordinary Income (Loss)	-36.5	-64.6	28.1	-
(Extraordinary gain )	(0.5)	(7.6)	(-7.0)	(7.7)
Net Income (Loss)	-40.6	-59.1	18.5	-
Comprehensive Income (Loss)	-45.0	-58.5	13.5	-

Note: As of the end of FY2014 1Q, 71 affiliates were subject to consolidated accounting.

Breakdown:

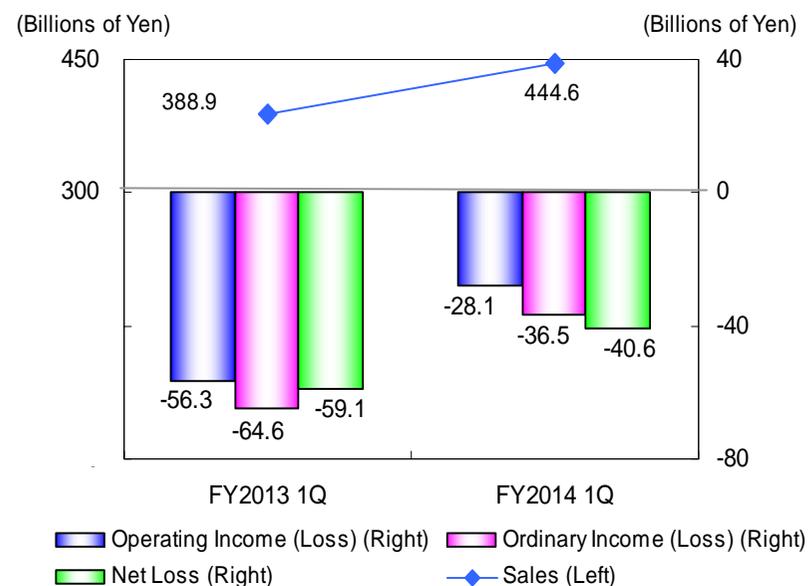
Consolidated subsidiaries: 40 companies (no change from the end of FY2013)

Equity method companies : 31 companies (no change from the end of FY2013)

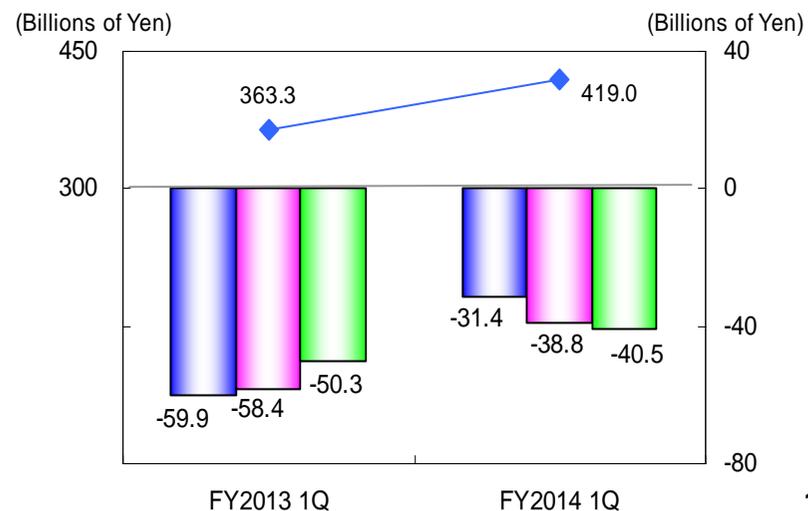
## [Non-Consolidated]

	(Billions of Yen,%)			
	FY2014 1Q	FY2013 1Q	Difference	Change
Sales	419.0	363.3	55.7	115.4
Operating Income (Loss)	-31.4	-59.9	28.4	-
Ordinary Income (Loss)	-38.8	-58.4	19.5	-
(Extraordinary gain )	(1.4)	(7.6)	(-6.2)	(18.9)
Net Income (Loss)	-40.5	-50.3	9.8	-

## Consolidated



## Non-Consolidated



# FY2014 2nd Quarter Financial Results Forecasts Summary

Our forecasts for FY2014 financial results are unchanged from those announced in April 2014.

## [Financial Results Forecasts Summary]

Our income for FY2014 are undetermined because it is unable to reasonably estimate costs such as fuel cost 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.

## [Consolidated]

(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change
Sales	940.0	868.2	71.8	108.3
Operating Income (Loss)	-	-58.3	-	-
Ordinary Income (Loss)	-	-75.6	-	-
Net Income (Loss)	-	-35.7	-	-

## [Non-Consolidated]

(Billions of Yen,%)

	FY2014 2Q	FY2013 2Q	Difference	Change
Sales	890.0	818.5	71.5	108.7
Operating Income (Loss)	-	-66.7	-	-
Ordinary Income (Loss)	-	-74.1	-	-
Net Income (Loss)	-	-28.9	-	-

## [Reference: Key Fundamentals]

	FY2014 2Q	FY2013 2Q	Difference
Electricity Sales Volume	41.7 Billion kWh	42.3 Billion kWh	-0.6 Billion kWh
Crude oil CIF price	110 \$/b	108 \$/b	2 \$/b
Exchange rate	105 yen/\$	99 yen/\$	6 yen/\$

# FY2014 Financial Results Forecasts and Dividend Forecasts

## [Consolidated]

(Billions of Yen,%)

	FY2014	FY2013	Difference	Change
Sales	1,895.0	1,791.1	103.9	105.8
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	1,785.0	1,682.9	102.1	106.1
Operating Income (Loss)	-	-112.2	-	-
Ordinary Income (Loss)	-	-137.2	-	-
Net Income (Loss)	-	-90.9	-	-

## [Reference : Key Fundamentals]

	FY2014	FY2013	Difference
Electricity Sales Volume	83.7 Billion kWh	84.4 Billion kWh	-0.7 Billion kWh
Crude oil CIF price	110 \$/b	110 \$/b	- \$/b
Exchange rate	105 yen/\$	100 yen/\$	5 yen/\$

# **FY2014 1st Quarter Financial Results**

# Electricity Sales Volume

Customers other than large-scale industrial

Decreased by 2.3% compared with the 1Q of the previous year mainly due to a reduce in the air-conditioning demand as the temperature in the mid-May through June.

Large-scale industrial customers

Increased by 1.5% compared with the 1Q of the previous year mainly due to the increase in production of steel and iron.

[Electricity Sales Volume]

		FY2014 1Q	vs.FY2013 1Q	
			Difference	Change
Lighting		6,321	-149	97.7
Power		12,696	-76	99.4
Total		19,017	-225	98.8
(Figures are included above)	Customers other than large-scale industrial	13,079	-312	97.7
	Large-scale industrial customers	5,938	87	101.5

[Reference: Electricity Sales Volume (by sector)]

			FY2014 1Q	vs.FY2013 1Q	
				Difference	Change
Demand other than under liberalization	Lighting		6,321	-149	97.7
	Power	Low voltage	874	-38	95.8
		Others	185	-13	93.4
	Subtotal		7,380	-200	97.4
Demand under liberalization	Commercial		4,204	-116	97.3
	Industrial		7,433	91	101.2
	Subtotal		11,637	-25	99.8
Total			19,017	-225	98.8

[Large-scale industrial customers by sector]

		FY2014 1Q	vs.FY2013 1Q	
			Difference	Change
Machinery Total		1,560	-25	98.4
(Figures are included above)	Electronics	1,057	-32	97.0
	Transportation	380	2	100.5
Steel and Iron		742	71	110.5
Chemicals		697	26	103.9
Clay and Stone		249	-2	99.4
Non-ferrous Metals		452	29	106.8
Pulps and Papers		107	2	101.6
Foodstuffs		590	4	100.6
Others		1,540	-18	98.8
Total		5,938	87	101.5

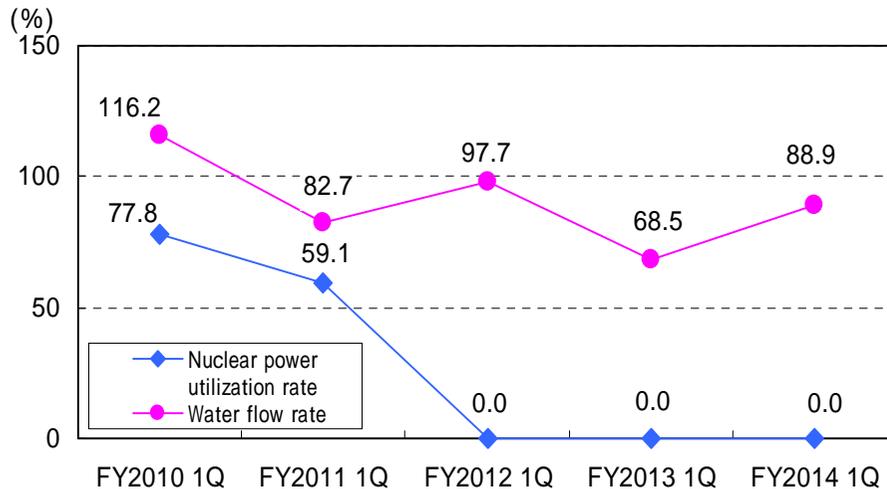
# Generated and Received Electricity

【Generated and Received Electricity】

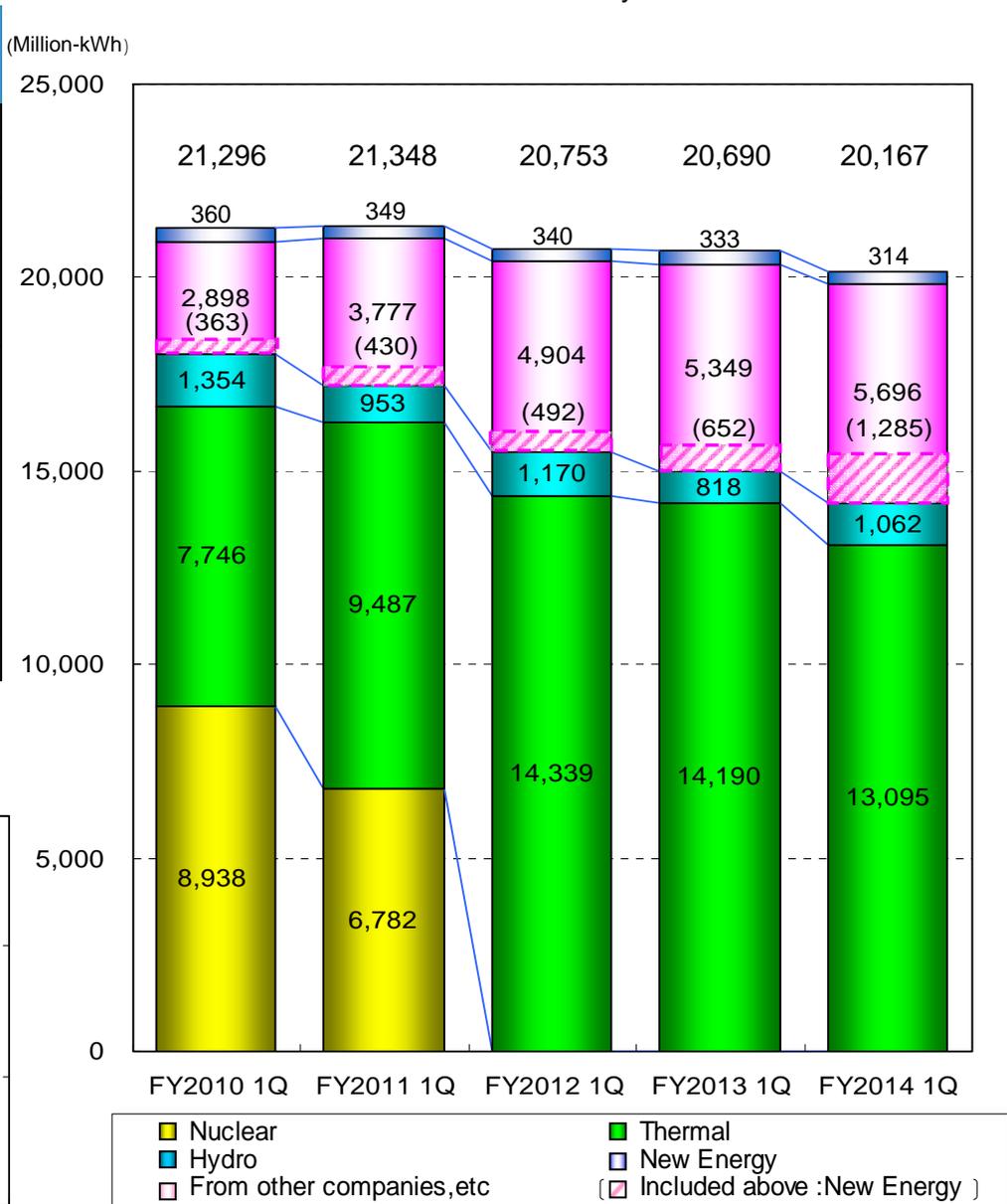
		FY2014 1Q	vs.FY2013 1Q	
			Difference	Change
Own facilities	Hydro	1,062	244	129.9
	(Water flow rate)	(88.9)	(20.4)	
	Thermal	13,095	-1,095	92.3
	Nuclear	-	-	-
	(Utilization rate)	(-)	(-)	
	New Energy	314	-19	94.1
Subtotal		14,471	-870	94.3
From other companies		5,585	547	110.9
(New Energy [included above] )		(1,285)	(633)	(197.1)
Interchange		147	-252	36.8
For pumping		-36	52	41.3
Total		20,167	-523	97.5

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

【Nuclear power utilization rate and Water flow rate】

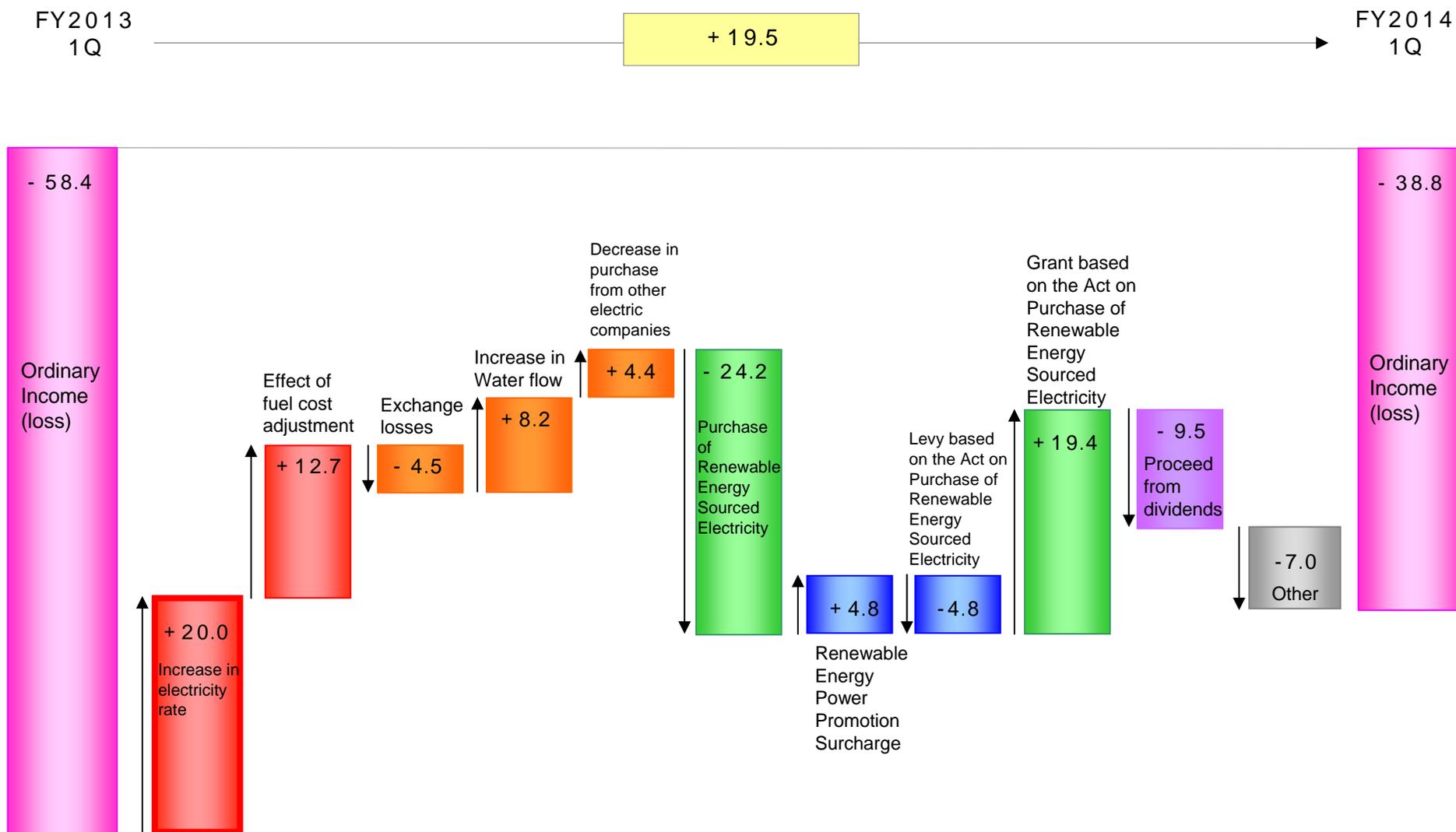


【Trends in Generated and Received Electricity】



# 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 1Q	FY2013 1Q	Difference	Change	Explanations	
Ordinary Revenues	Lighting	143.4	134.9	8.5	106.3	Increase in electricity rate 20.0 Effect of fuel cost adjustment 12.7
	Power	216.9	192.8	24.0	112.5	Renewable Energy Power Promotion Surcharge 4.8
	Other	61.7	48.3	13.3	127.7	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 19.4
	(Sales)	(419.0)	(363.3)	(55.7)	(115.4)	Proceed from dividends -9.5
	Total	422.1	376.2	45.9	112.2	
Ordinary Expenses	Labor	28.2	27.3	0.9	103.4	
	Fuel	174.5	178.0	-3.5	98.0	Increase in Water flow -8.2 Exchange losses 4.5
	Power purchase	98.7	76.9	21.7	128.3	Purchase from other companies 26.2 [Figures are included above: Purchase of Renewable Energy Sourced Electricity 24.2] Purchase from other electric companies -4.4
	Maintenance	25.2	23.0	2.2	109.7	Thermal 3.4 Nuclear -1.2
	Depreciation	41.5	43.7	-2.1	95.1	Thermal -0.5 Hydro -0.4 Transmission -0.4
	Interest	9.6	9.3	0.3	103.2	
	Tax and public dues <sup>*1</sup>	20.4	19.5	0.9	104.7	
	Nuclear back-end <sup>*2</sup>	5.1	4.9	0.1	103.8	
	Other	57.2	51.6	5.6	110.9	Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 4.8 Overhead expenses <sup>*3</sup> 0.6
Total	460.9	434.6	26.3	106.1		
(Operating Income (Loss))	(-314)	(-59.9)	(28.4)	(-)		
Ordinary Income (Loss)	-388	-58.4	19.5	-		
Reserve for fluctuation In water levels	-	-4.3	4.3	-		
Extraordinary gain	14	7.6	-6.2	18.9	Gain on sale of securities -5.3 Gain on sale of fixed assets -0.8	
Income taxes	31	3.9	-0.8	78.7	Income taxes-deferred -0.9	
Net Income (Loss)	-40.5	-50.3	9.8	-		

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

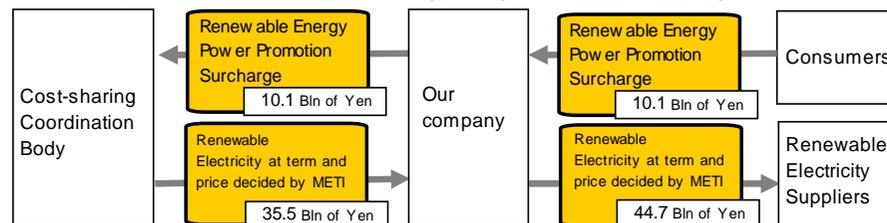
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power units, and Disposal costs of high-level radioactive waste.

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 1Q	FY2013 1Q	Difference
Crude oil CIF price	110 \$/b	108 \$/b	2 \$/b
Exchange rate	102 yen/\$	99 yen/\$	3 yen/\$
Nuclear power utilization rate	0 %	0 %	- %
Water flow rate	88.9 %	68.5 %	20.4%

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



# [Explanations] Ordinary Revenues

(Billions of Yen,%)

	FY2014 1Q	FY2013 1Q	Difference	Change
Lighting and Power	360.3	327.8	32.5	109.9

Difference FY2014 1Q FY2013 1Q

1. Increase in electricity rate	20.0			
2. Effect of fuel cost adjustment	12.7			
3. Renewable Energy Power Promotion Surcharge	4.8	( 10.1	5.2 )	

(Billions of Yen,%)

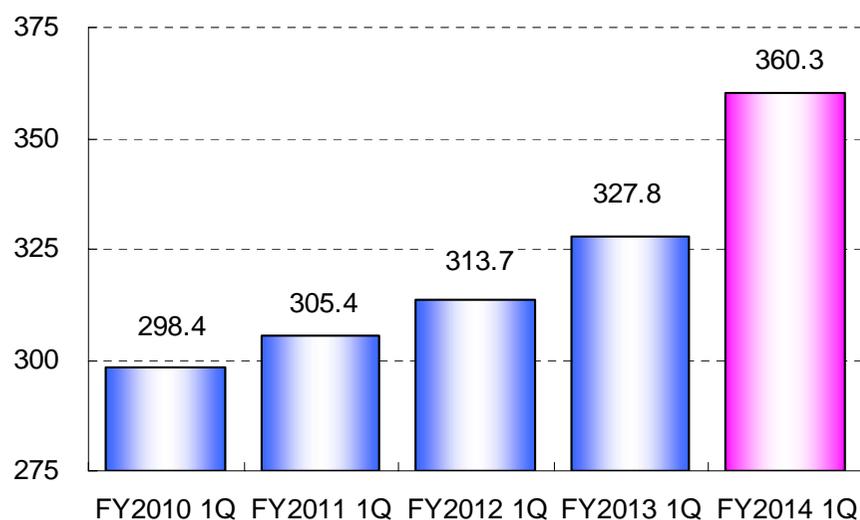
	FY2014 1Q	FY2013 1Q	Difference	Change
Others	61.7	48.3	13.3	127.7

Difference FY2014 1Q FY2013 1Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity	19.4	( 35.5	16.0 )	
2. Proceed from dividends	-9.5	( 1.2	10.7 )	

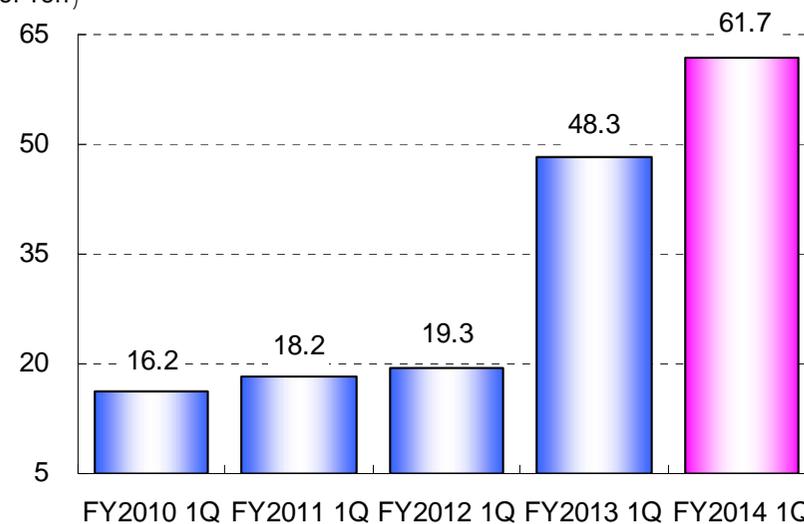
[Lighting and Power]

(Billions of Yen)



[Others]

(Billions of Yen)



# [Explanations] Fuel, Power purchase

	(Billions of Yen,%)			
	FY2014 1Q	FY2013 1Q	Difference	Change
Fuel	174.5	178.0	-3.5	98.0

	(Billions of Yen,%)			
	FY2014 1Q	FY2013 1Q	Difference	Change
Power purchase	98.7	76.9	21.7	128.3

	Difference
1. Increase in Water flow	-8.2
2. Exchange losses	4.5

	Difference	FY2014 1Q	FY2013 1Q
1. Purchase from other companies	26.2	( 94.4	68.2 )
Figures are included above : Purchase of Renewable Energy Sourced Electricity	24.2	( 44.7	20.5 )
2. Purchase from other electric companies	- 4.4	( 4.2	8.7 )

[ Reference1 ] All Japan CIF prices

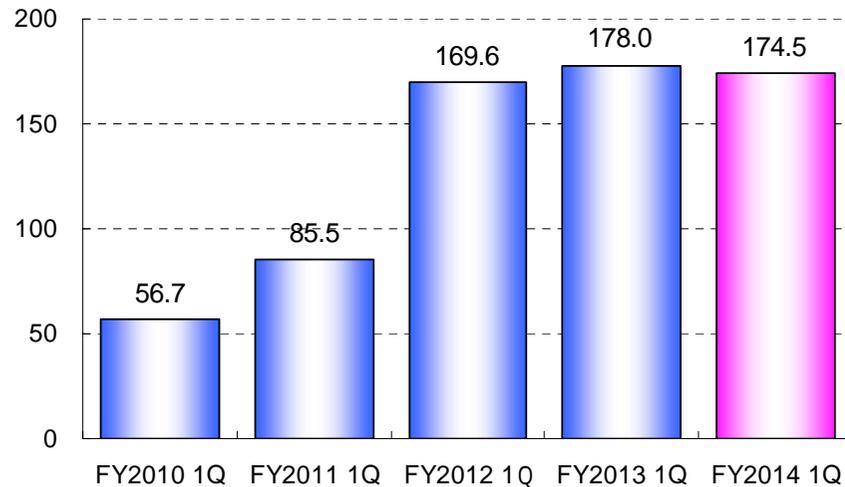
	FY2014 1Q	FY2013 1Q	Difference
Coal(\$/t)	100	114	-14
LNG(\$/t)	863	854	9
Crude oil(\$/b)	110	108	2

[ Reference2 ] Fuel consumption

	FY2014 1Q	FY2013 1Q	Difference
Coal (thousand. ton)	967	1,180	-213
Heavy oil (thousand. kiloliter)	492	378	114
Crude oil (thousand. kiloliter)	155	308	-153
LNG (thousand. ton)	1,136	1,185	-49

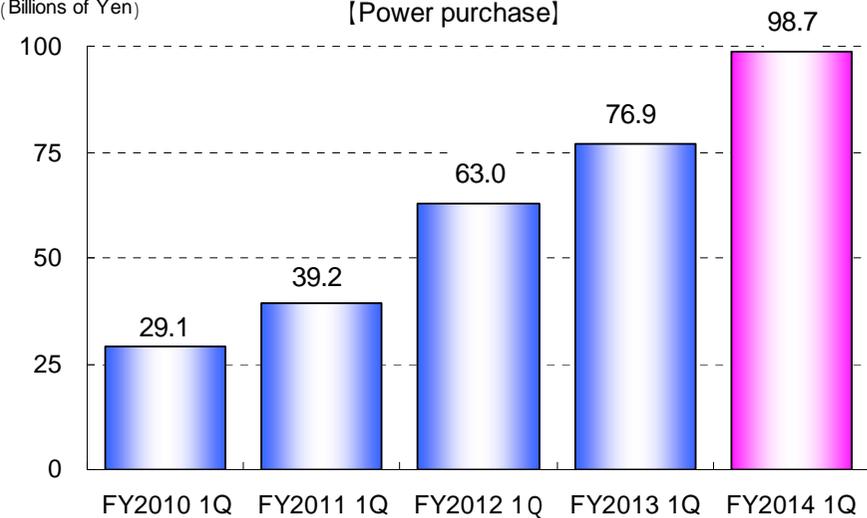
(Billions of Yen)

[Fuel]



(Billions of Yen)

[Power purchase]



# Balance Sheet Summary (Non-Consolidated)

## Assets

(Billions of Yen)

	Jun 30, 2014	Mar. 31, 2014	Difference	Explanations
Utility Property, Plant and Equipment	2,330.2	2,341.9	-11.6	Depreciation -41.6 Construction completed 35.7
Investments and Other Assets	648.9	655.9	-6.9	Reserve fund for reprocessing of irradiated nuclear fuel -6.8
Others	1,190.3	1,220.1	-29.7	Cash and cash equivalents -61.2 ( Jun.30, 2014 273.1 Mar.31, 2014 334.4 ) Accounts receivable 17.5 Inventories 9.2
Total	4,169.5	4,218.0	-48.4	

## Liabilities and Equity

(Billions of Yen)

	Jun. 30, 2014	Mar. 31, 2014	Difference	Explanations
Liabilities	3,871.0	3,876.6	-5.6	Other accounts payable -28.0 Accrued expenses -19.0 Accounts amount payable -11.1 Short-term liabilities of affiliated companies -9.1 Income tax payable -8.3 Interest-bearing debt 70.9
Equity	298.5	341.4	-42.8	FY2014 1Q net loss -40.5 [Equity Ratio] Jun. 30, 2014 7.2% Mar. 31, 2014 8.1%
Total	4,169.5	4,218.0	-48.4	

[Reference: Interest-bearing Debt]

(Billions of Yen)

	Jun. 30, 2014	Mar. 31, 2014	Difference
Bonds	1,263.7	1,243.7	20.0
Loans	1,721.9	1,740.0	-18.0
CP	69.0	-	69.0
Total	3,054.7	2,983.8	70.9

# Income Statement Summary , Balance Sheet Summary (Consolidated)

## Income Statement Summary

		(Billions of Yen,%)				FY2014 1Q Consolidated Ratio (1.06)
		FY2014 1Q	FY2013 1Q	Difference	Change	
Ordinary Revenues	Operating Revenues (Sales)	444.6	388.9	55.6	114.3	
	Electric	406.1	352.3	53.7	115.3	
	Other	38.5	36.6	1.8	105.1	
	Other Revenues	2.5	3.7	-1.1	69.9	
	Total	447.2	392.7	54.5	113.9	
Ordinary Expenses	Operating Expenses	472.7	445.3	27.3	106.2	
	Electric	438.5	413.2	25.3	106.1	
	Other	34.2	32.1	2.0	106.5	
	Other Expenses	10.9	11.9	-1.0	91.6	
	Total	483.7	457.3	26.3	105.8	
(Operating Income (Loss))		(-28.1)	(-56.3)	(28.2)	(-)	(-)
Ordinary Income (Loss)		-36.5	-64.6	28.1	-	(-)
Reserve for Fluctuation In Water Levels		-	-4.3	4.3	-	
Extraordinary gain		0.5	7.6	-7.0	7.7	
Net Income (Loss)		-40.6	-59.1	18.5	-	(-)
Comprehensive Income (Loss)		-45.0	-58.5	13.5	-	

## Balance Sheet Summary

		(Billions of Yen,%)		
		Jun. 30, 2014	Mar. 31, 2014	Difference
Total Assets		4,502.7	4,549.8	-47.0
Liabilities		4,053.7	4,055.6	-1.8
Interest-bearing Debt		3,189.4	3,116.7	72.7
Equity		449.0	494.2	-45.1
【Reference】 Equity Ratio		9.6	10.5	-0.9

For more information, please contact:

Investor Relations Group

Corporate Planning Division

KYUSHU ELECTRIC POWER CO.,INC.

TEL : +81 92 726 1575

FAX : +81 92 733 1435

URL : [http://www.kyuden.co.jp/en\\_ir\\_index](http://www.kyuden.co.jp/en_ir_index)