

# Financial Results

## The 3rd Quarter of FY 2013

January 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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## ■ FY2013 3rd Quarter Financial Results

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\*Figures for FY2013 3rd Quarter Financial Results are accumulated total from Apr.1, 2013 to Dec.31, 2013.

# Financial Results and Forecasts Summary

# FY2013 3rd Quarter Financial Results Summary

## [Summary]

In the electricity business, the operating loss, ordinary loss and net loss for the 3Q of FY2013 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 and fuel cost adjustment system and in the grant based on a feed-in tariff power purchase and sale system of renewable energy, and of making efforts to reduce costs such as maintenance cost and labor cost, while increase in the thermal fuel costs due to the influence of a weaker yen and the costs for purchase from renewable energy sources.

We reported an extraordinary gain which was occurred by sales of real estate and securities as a part of management rationalization and setting of retirement benefits.

## [Consolidated]

(Billions of Yen,%)

	FY2013 3Q	FY2012 3Q	Difference	Change
Sales	1,300.7	1,132.6	168.1	114.8
Operating Income (Loss)	-69.7	-209.6	139.9	-
Ordinary Income (Loss)	-96.0	-233.1	137.1	-
(Extraordinary gain )	(49.8)	( - )	(49.8)	( - )
Net Income (Loss)	-59.0	-234.7	175.7	-
Comprehensive Income (Loss)	-73.0	-232.0	159.0	-

Note: As of the end of FY2013 3Q , 71 affiliates were subject to consolidated accounting.

Breakdown:

Consolidated subsidiaries: 40 companies (no change from the end of FY2013 2Q)

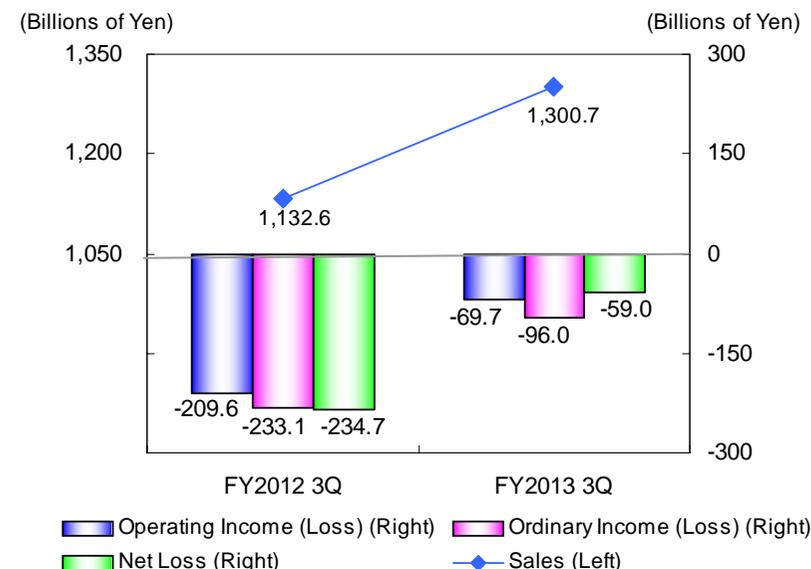
Equity method companies : 31 companies (no change from the end of FY2013 2Q)

## [Non-Consolidated]

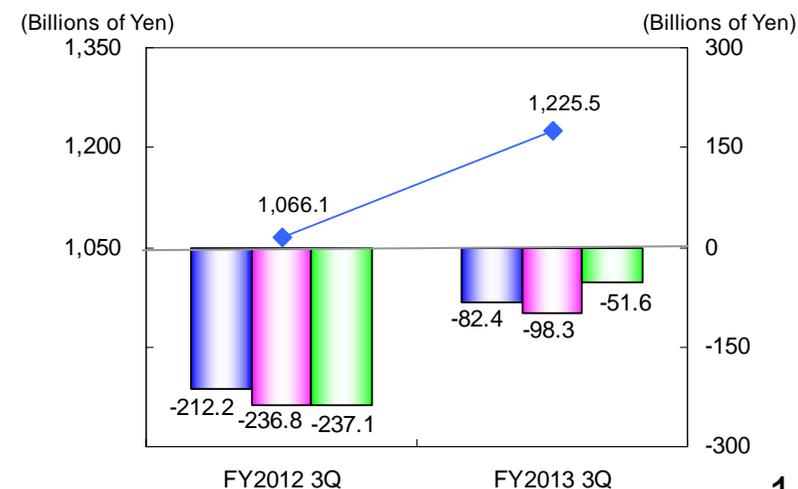
(Billions of Yen,%)

	FY2013 3Q	FY2012 3Q	Difference	Change
Sales	1,225.5	1,066.1	159.3	114.9
Operating Income (Loss)	-82.4	-212.2	129.8	-
Ordinary Income (Loss)	-98.3	-236.8	138.4	-
(Extraordinary gain )	(53.2)	( - )	(53.2)	( - )
Net Income (Loss)	-51.6	-237.1	185.4	-

## Consolidated



## Non-Consolidated



# FY2013 Financial Results Forecasts and Dividend Forecasts (vs. Previous year)

## 【Financial Results Forecasts Summary】

In the electricity business, ordinary loss and net loss for FY2013 expect to decrease compared with the previous year and, because of increase in sales due to increase of the lighting and power revenues with the effect of electricity rate increase, and of making efforts to reduce costs such as maintenance cost and labor cost, while increase in the thermal fuel costs due to the influence of a weaker yen.

## 【Dividend Forecasts Summary】

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

Indeed we are sorry, we will decide to pay out no year-end dividend for FY2013 as well as interim, because net loss for FY2013 financial results (Non-Consolidated) expect to be some 115 billion yen.

## 【Consolidated】

(Billions of Yen,%)

	FY2013	FY2012	Difference	Change
Sales	1,780.0	1,545.9	234.1	115.1
Operating Income (Loss)	-125.0	-299.4	174.4	-
Ordinary Income (Loss)	-160.0	-331.2	171.2	-
( Extraordinary gain )	(52.0)	( - )	(52.0)	( - )
Net Income (Loss)	-125.0	-332.4	207.4	-

## 【Non-Consolidated】

(Billions of Yen,%)

	FY2013	FY2012	Difference	Change
Sales	1,680.0	1,448.8	231.2	116.0
Operating Income (Loss)	-135.0	-305.8	170.8	-
Ordinary Income (Loss)	-160.0	-339.9	179.9	-
( Extraordinary gain )	(56.0)	( - )	(56.0)	( - )
Net Income (Loss)	-115.0	-338.0	223.0	-

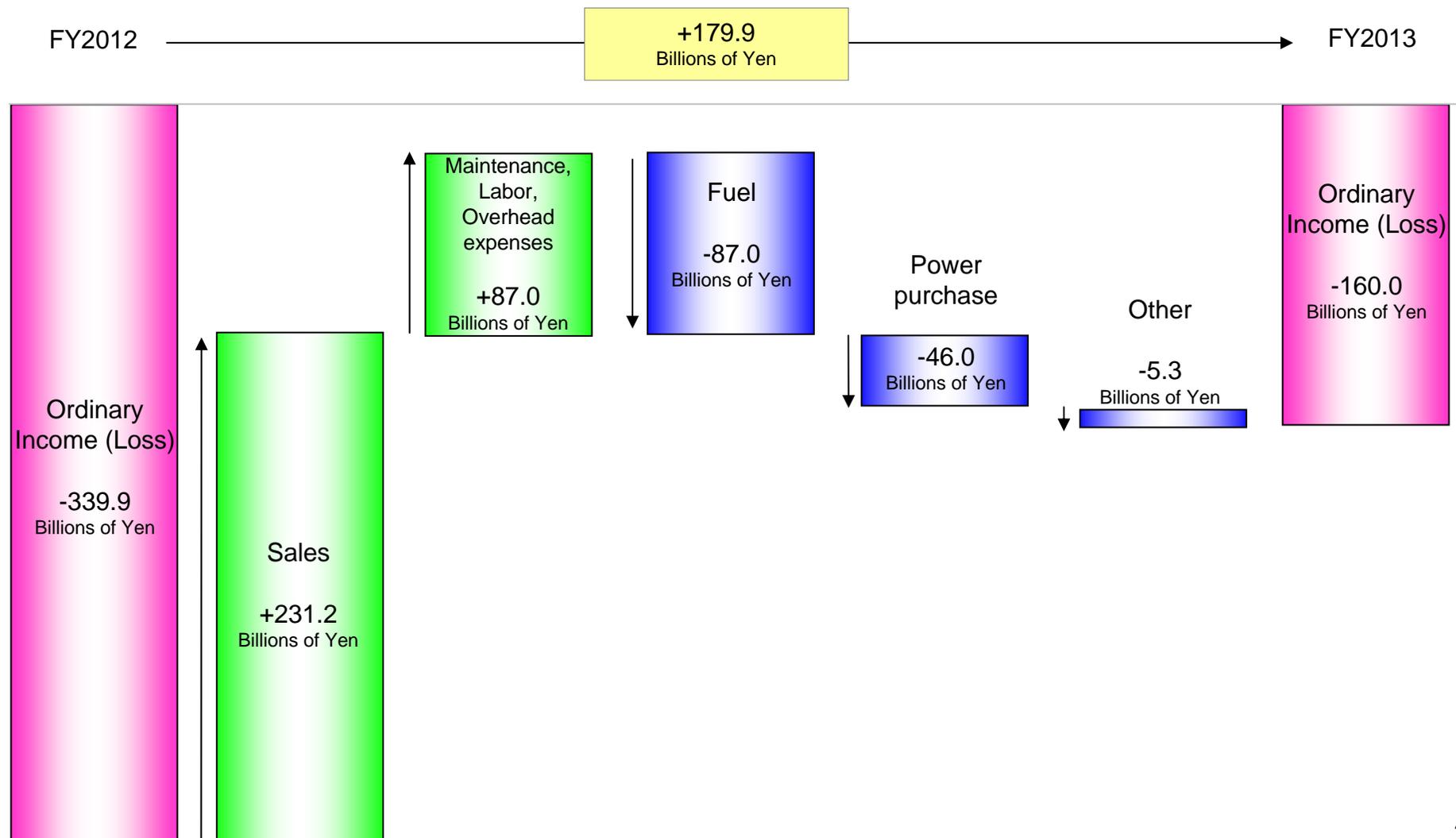
## 【Reference: Key Fundamentals】

	FY2013	FY2012	Change
Electricity Sales Volume	84.8 Billion kWh	83.8 Billion kWh	1.0 Billion kWh
Crude oil CIF price	109 \$/b	114 \$/b	-5 \$/b
Exchange rate	101 yen/\$	83 yen/\$	18 yen/\$
Nuclear power utilization rate	- %	- %	- %

# [Explanations] Ordinary Income (Loss) (Non-Consolidated)

## 【Variable factors of Ordinary Income (Loss)】

The ordinary loss for FY2013 expects to decrease compared with the previous year and be some 160 billion yen, because of increase in sales and of making efforts to reduce costs such as maintenance cost and labor cost, while increase in the thermal fuel costs due to the influence of a weaker yen and in the costs for purchase from renewable energy sources.



# FY2013 Financial Results Forecasts (vs. Previous Forecast, Oct.2013)

## [Consolidated]

(Billions of Yen,%)

	Jan.FY2013 Forecast	Oct.FY2013 Forecast	Difference	Change
Sales	1,780.0	1,760.0	20.0	101.1
Operating Income (Loss)	-125.0	-	-	-
Ordinary Income (Loss)	-160.0	-	-	-
Net Income (Loss)	-125.0	-	-	-

## [Non-Consolidated]

(Billions of Yen,%)

	Jan.FY2013 Forecast	Oct.FY2013 Forecast	Difference	Change
Sales	1,680.0	1,660.0	20.0	101.2
Operating Income (Loss)	-135.0	-	-	-
Ordinary Income (Loss)	-160.0	-	-	-
Net Income (Loss)	-115.0	-	-	-

## [Reference : Key Fundamentals]

	Jan.FY2013 Forecast	Oct.FY2013 Forecast	Difference
Electricity Sales Volume	84.8 Billion kWh	84.2 Billion kWh	0.6 Billion kWh
Crude oil CIF price	109 \$/b	106 \$/b	3 \$/b
Exchange rate	101 yen/\$	100 yen/\$	1 yen/\$
Nuclear power utilization rate	- %		

# **FY2013 3rd Quarter Financial Results**

# Electricity Sales Volume

## Customers other than large-scale industrial

Increased by 1.2% compared with the 3Q of the previous year mainly due to an increase in the air-conditioning demand as the temperature in the mid June through October was higher than the previous year's level while the effect of power saving.

## Large-scale industrial customers

Decreased by 0.7% compared with the 3Q of the previous year mainly due to the decrease in production of Electric Machinery and Non-ferrous Metals.

[Electricity Sales Volume]

		FY2013 3Q	vs.FY2012 3Q	
			Difference	Change
Lighting		20,756	120	100.6
Power		41,461	265	100.6
Total		62,217	385	100.6
(Figures are included above)	Customers other than large-scale industrial	44,263	513	101.2
	Large-scale industrial customers	17,954	-128	99.3

[Reference: Electricity Sales Volume (by sector)]

			FY2013 3Q	vs.FY2012 3Q	
				Difference	Change
Demand other than under liberalization	Lighting		20,756	120	100.6
	Power	Low voltage	3,404	86	102.6
		Others	518	-15	97.1
	Subtotal		24,678	191	100.8
Demand under liberalization	Commercial		14,761	274	101.9
	Industrial		22,778	-80	99.7
	Subtotal		37,539	194	100.5
Total			62,217	385	100.6

[Large-scale industrial customers by sector]

		FY2013 3Q	vs.FY2012 3Q	
			Difference	Change
Machinery Total		4,935	-156	96.9
(Figures are included above)	Electronics	3,335	-139	96.0
	Transportation	1,224	-10	99.2
Steel and Iron		2,016	129	106.8
Chemicals		2,043	9	100.4
Clay and Stone		709	-36	95.3
Non-ferrous Metals		1,274	-138	90.3
Pulps and Papers		270	-58	82.2
Foodstuffs		1,860	66	103.6
Others		4,847	56	101.2
Total		17,954	-128	99.3

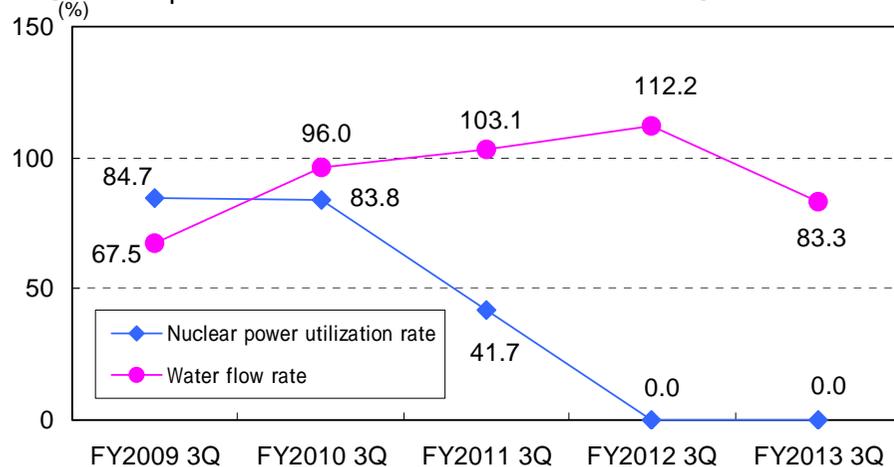
# Generated and Received Electricity

[Generated and Received Electricity]

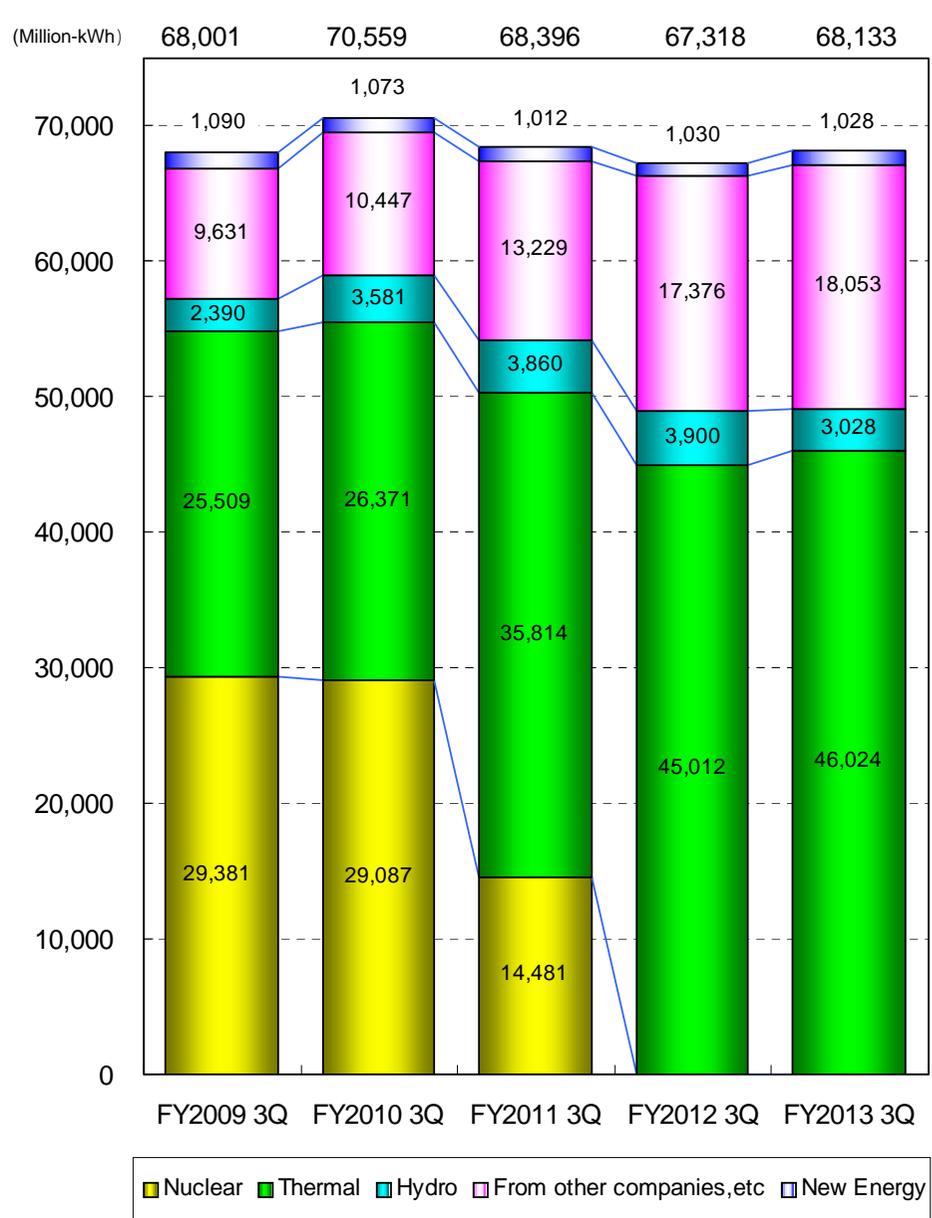
		FY2013 3Q	vs.FY2012 3Q	
			Difference	Change
Own facilities	Hydro	3,028	-872	77.6
	(Water flow rate)	(83.3)	(-28.9)	
	Thermal	46,024	1,012	102.2
	Nuclear	-	-	-
	(Utilization rate)	(-)	(-)	
	New Energy	1,028	-2	99.8
	Subtotal	50,080	138	100.3
	From other companies	17,658	1,780	111.2
	(New Energy [included above] )	(2,163)	(700)	(147.8)
	Interchange	934	-1,153	44.7
	For pumping	-539	50	91.5
	Total	68,133	815	101.2

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,%)

	FY2013 3Q	FY2012 3Q	Difference	Change	Explanations	
Ordinary Revenues	Lighting	460.5	419.6	40.8	109.7	Increase in electricity rate 57.0 Effect of fuel cost adjustment for FY2013 47.9
	Power	654.9	585.6	69.3	111.8	Renewable Energy Power Promotion Surcharge 11.8
	Other	128.1	66.7	61.3	191.9	Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 42.8 Proceed from dividends 11.3
	(Sales)	(1,225.5)	(1,066.1)	(159.3)	(114.9)	
Total	1,243.6	1,072.0	171.5	116.0		
Ordinary Expenses	Labor	80.4	120.0	-39.5	67.0	Salary -23.5 Employee retirement benefits -13.2
	Fuel	543.7	495.3	48.3	109.8	Exchange losses 81.9 Drop in CIF -19.8 Decrease in Water flow 21.2 Difference of the composition of thermal electric power generation -24.6 Increase in Power purchase -17.5
	Power purchase	244.8	205.5	39.2	119.1	Purchase from other companies 59.5 (Purchase of Renewable energy 36.9 Purchase from the electricity transaction market 21.3) [Figures are included above: Purchase of Renewable Energy Sourced Electricity 53.3] Purchase from other electric companies -20.2
	Maintenance	74.4	104.1	-29.6	71.5	Nuclear -12.0 Distribution -7.5 Thermal -4.6
	Depreciation	130.0	136.2	-6.2	95.4	
	Interest	28.5	26.5	2.0	107.7	
	Tax and public dues <sup>1</sup>	63.9	64.6	-0.6	99.0	
	Nuclear back-end <sup>2</sup>	15.9	14.9	1.0	106.8	Decommissioning costs of nuclear power units 1.0
Other	159.9	141.3	18.5	113.1	Contribution to the Fund of Nuclear Damage Liability Facilitation 12.6 Levy based on the Act on Purchase of Renewable Energy Sourced Electricity 11.8 Overhead expenses <sup>3</sup> -8.0	
Total	1,342.0	1,308.8	33.1	102.5		
(Operating Income (Loss))	(-82.4)	(-212.2)	(129.8)	(-)		
Ordinary Income (Loss)	-98.3	-236.8	138.4	-		
Reserve for fluctuation In water levels	-4.3	2.2	-6.5	-		
Extraordinary gain	53.2	-	53.2	-	Gain on sale of fixed assets 23.7 Gain on contribution of securities to retirement benefit trust 21.7 Gain on sale of securities 5.3 Gain on sale of stocks of affiliates 2.4	
Income taxes	10.8	-1.8	12.7	-		
Net Income (Loss)	-51.6	-237.1	185.4	-		

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

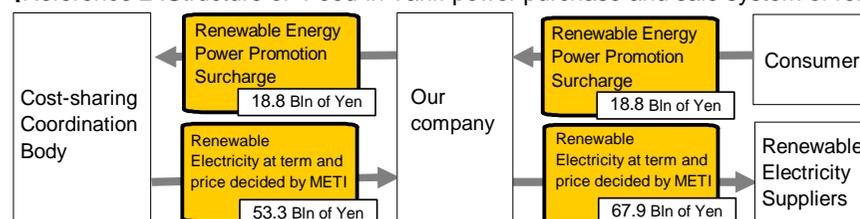
Note 2 : Nuclear back-end expenses consist of the following: Reprocessing costs of irradiated nuclear fuel, Reprocessing preparation costs of irradiated nuclear fuel, Decommissioning costs of nuclear power units, and Disposal costs of high-level radioactive waste.

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]

	FY2013 3Q	FY2012 3Q	Difference
Exchange rate	99 yen/\$	80yen/\$	19 yen/\$
Crude oil CIF price	109 \$/b	114 \$/b	-5 \$/b
Water flow rate	83.3 %	112.2 %	-28.9%
Nuclear power utilization rate	- %	- %	- %

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



# [Explanations] Ordinary Revenues

(Billions of Yen,%)				
	FY2013 3Q	FY2012 3Q	Difference	Change
Lighting and Power	1,115.4	1,005.2	110.1	111.0

Difference FY2013 3Q FY2012 3Q

1. Increase in electricity rate 57.0

2. Effect of fuel cost adjustment for FY2013 47.9

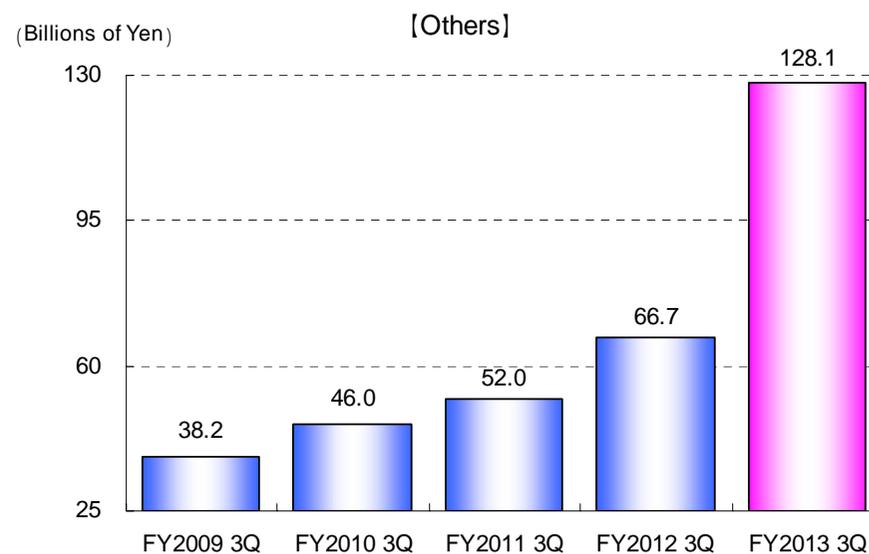
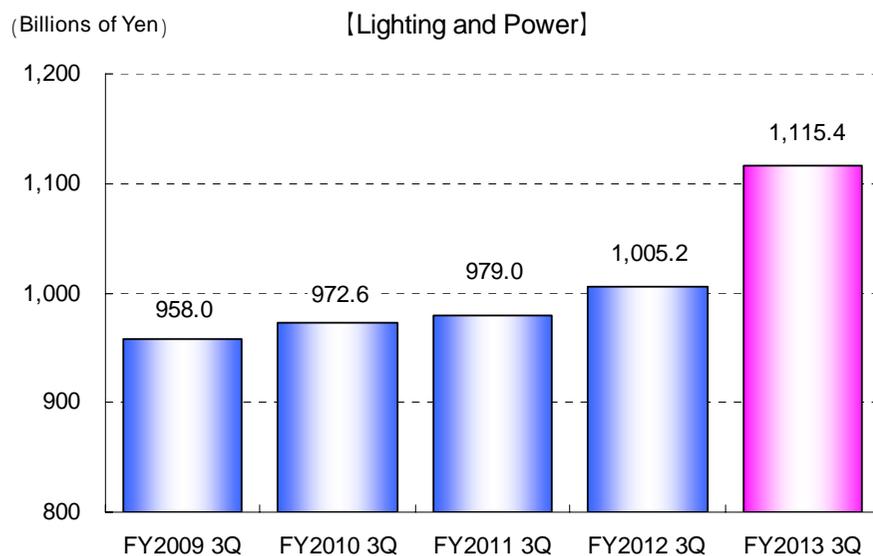
3. Renewable Energy Power Promotion Surcharge 11.8 ( 18.8 6.9 )

(Billions of Yen,%)				
	FY2013 3Q	FY2012 3Q	Difference	Change
Others	128.1	66.7	61.3	191.9

Difference FY2013 3Q FY2012 3Q

1. Grant based on the Act on Purchase of Renewable Energy Sourced Electricity 42.8 ( 53.3 10.5 )

2. Proceed from dividends 11.3 ( 13.2 1.8 )



# [Explanations] Fuel, Power purchase

(Billions of Yen,%)

	FY2013 3Q	FY2012 3Q	Difference	Change
Fuel	543.7	495.3	48.3	109.8

Difference

1. Exchange losses 81.9

2. Drop in CIF -19.8

[ Reference ] All Japan CIF prices

	FY2013 3Q	FY2012 3Q	Difference
Coal(\$/t)	108	130	-22
LNG(\$/t)	825	866	-41
Crude oil(\$/b)	109	114	-5

3. Decrease in Water flow 21.2

4. Difference of the composition of thermal electric power generation -24.6

[ Reference ] Fuel consumption

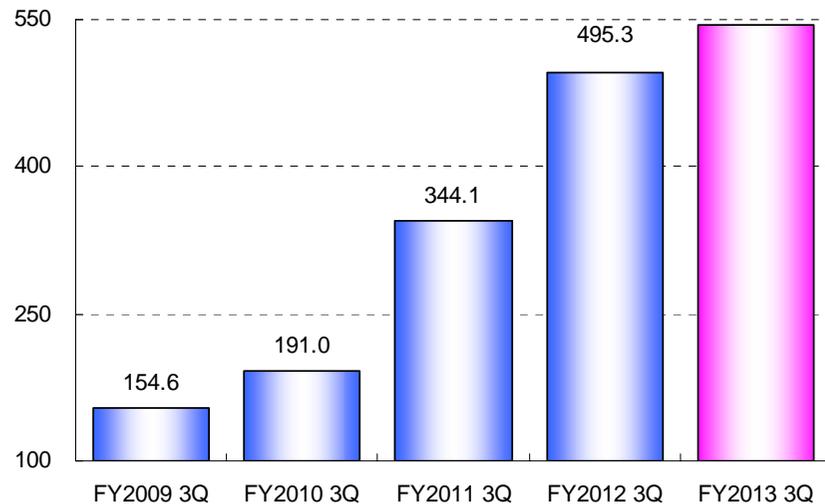
	FY2013 3Q	FY2012 3Q	Difference
Coal (thousand. ton)	4,658	3,938	720
Heavy oil (thousand. kiloliter)	1,279	1,379	-100
Crude oil (thousand. kiloliter)	755	1,350	-595
LNG (thousand. ton)	3,643	3,349	294

5. Increase in Power purchase (The holddown of fuel consumption by increase in power purchase from the electricity transaction market) 17.5

(Billions of Yen)

[Fuel]

543.7



(Billions of Yen,%)

	FY2013 3Q	FY2012 3Q	Difference	Change
Power purchase	244.8	205.5	39.2	119.1

Difference FY2013 3Q FY2012 3Q

1. Purchase from other companies 59.5 ( 223.4 163.9 )

Figures are included above:  
Purchase of Renewable Energy Sourced Electricity 53.3 ( 67.9 14.6 )

Purchase of Renewable energy 36.9

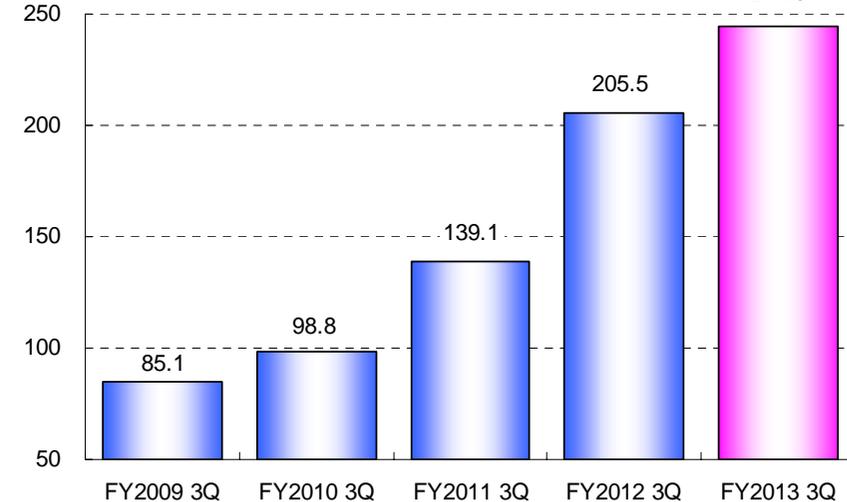
Purchase from the electricity transaction market 21.3

2. Purchase from other electric companies -20.2 ( 21.3 41.6 )

(Billions of Yen)

[Power purchase]

244.8



# Balance Sheet Summary (Non-Consolidated)

## Assets

(Billions of Yen)

	Dec. 31, 2013	Mar. 31, 2013	Difference	Explanations
Utility Property, Plant and Equipment	2,357.4	2,449.4	-91.9	Depreciation -130.1 Construction completed 65.6 Capitalized asset retirement costs -19.3
Investments and Other Assets	638.2	679.9	-41.6	Long-term investments -30.4 <sup>*1</sup> Deferred tax assets -16.2 <sup>*2</sup>
Others	1,150.0	1,072.3	77.6	Construction in progress 55.6 Accounts receivable 33.3 Cash and cash equivalents -33.9 ( Dec.31,2013 290.1 Mar.31, 2013 324.1 )
Total	4,145.7	4,201.7	-55.9	

## Liabilities and Equity

(Billions of Yen)

	Dec. 31, 2013	Mar. 31, 2013	Difference	Explanations
Liabilities	3,762.9	3,772.4	-9.5	Accrued retirement benefits -72.3 <sup>*1,2</sup> Short-term liabilities of affiliated companies -23.3 Asset retirement obligations -18.2 Provision for reprocessing of irradiated nuclear fuel -11.8 Accrued expenses -11.1 Interest-bearing Debt 127.8
Equity	382.8	429.2	-46.4	FY2013 3Q net loss -51.6 <sup>*1</sup> Unrealized gain on other securities -16.8 <sup>*1</sup> Revision of Standard for Retirement Benefits <sup>*2</sup> 20.0 [Equity Ratio] Dec. 31, 2013 9.2% Mar. 31, 2013 10.2%
Total	4,145.7	4,201.7	-55.9	

## [Reference: Interest-bearing Debt]

(Billions of Yen)

	Dec. 31, 2013	Mar. 31, 2013	Difference
Bonds	1,193.7	1,212.6	-18.8
Loans	1,693.1	1,543.4	149.7
CP	30.0	33.0	-3.0
Total	2,916.9	2,789.0	127.8

\*1 We contributed a part of holding stocks for setting of retirement benefits trust.

【Effect】 Assets -32.0 Bln of yen Liabilities -32.0 Bln of yen  
Equity No effect (Net Income 15.7 Bln of yen Unrealized gain on other securities -15.7 Bln of yen)

\*2 Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits are applicable from the consolidated fiscal year beginning on April 1, 2013. In line with this, we adopted the Standard and the Guidance from the first quarter of the current consolidated fiscal year, changing to the method of recognizing the amount calculated by deducting plan assets from retirement benefit obligations as a liability for retirement benefits and recognizing actuarial gains and losses and past service costs that are yet to be recognized in profit or loss in the liability for retirement benefits. In addition, we reviewed the method for calculating retirement benefit obligations and current service years, and changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis.

【Non-Consolidated effect】 Assets -8.8 Bln of yen Liabilities -28.8 Bln of yen Equity 20.0 Bln of yen  
【Consolidated effect】 Assets -22.7 Bln of yen Liabilities -70.0 Bln of yen Equity 47.3 Bln of yen

# Income Statement Summary , Balance Sheet Summary (Consolidated)

## Income Statement Summary

		(Billions of Yen,%)			
		FY2013 3Q	FY2012 3Q	Difference	Change
Ordinary Revenues	Operating Revenues (Sales)	1,300.7	1,132.6	168.1	114.8
	Electric	1,191.2	1,036.0	155.1	115.0
	Other	109.5	96.5	12.9	113.4
	Operating Revenues	10.4	8.5	1.9	122.4
Total		1,311.2	1,141.1	170.0	114.9
Ordinary Expenses	Operating Expenses	1,370.5	1,342.2	28.2	102.1
	Electric	1,275.1	1,252.5	22.5	101.8
	Other	95.3	89.7	5.6	106.3
	Other Expenses	36.7	32.0	4.6	114.6
Total		1,407.2	1,374.3	32.8	102.4
(Operating Income (Loss))		(-69.7)	(-209.6)	(139.9)	(-)
Ordinary Income (Loss)		-96.0	-233.1	137.1	-
Reserve for Fluctuation In Water Levels		-4.3	2.2	-6.5	-
Extraordinary gain		49.8	-	49.8	-
Net Income (Loss)		-59.0	-234.7	175.7	-
Comprehensive Income (Loss)		-73.0	-232.0	159.0	-

FY2013 3Q  
Consolidated  
Ratio  
(1.06)

( - )

( - )

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## Balance Sheet Summary

		(Billions of Yen,%)		
		Dec. 31, 2013	Mar. 31, 2013	Difference
Total Assets		4,453.3	4,526.5	-73.1
Liabilities		3,922.1	3,968.7	-46.6
Interest-bearing Debt		3,034.4	2,910.7	123.7
Equity		531.2	557.7	-26.5
【Reference】 Equity Ratio		11.5	11.9	-0.4

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