

# Presentation Materials for Six-Months ended September 30, 2018

October 26, 2018

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# 01

## Outline of Financial Results for Six-Months ended September 30, 2018

Note: The company's fiscal year (FY) is from April 1 to March 31 of the following year. FY2018 represents the fiscal year begun on April 1, 2018, and ending on March 31, 2019. 2<sup>nd</sup> Quarter(2Q) represents six months period ended September 30, 2018.  
Monetary amounts are rounded down to the nearest whole number of the units being used, while principal figures like electrical energy sold or electric power supplied are rounded to the nearest unit.

## &lt;Points of Financial Results&gt;

**■ Consolidated operating revenues : 1,487.4 billion yen**

Operating revenues increased by 94.1 billion yen compared with 2017/2Q, mainly due to an increase in surcharge and grant based on Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (+24.7 billion yen), in addition to an increase in fuel cost adjustment charge (+47.3 billion yen), in spite of a decrease in electrical energy sold (-10.5 billion yen).

**■ Consolidated ordinary income : 94.2 billion yen**

Ordinary income increased by 6.8 billion yen compared with 2017/2Q, mainly due to a decrease in fuel cost by an increase in hydroelectric power generated (+11.0 billion yen) and an increase in electrical energy sold to other companies (+9.0 billion yen), in addition to the improvement of the efficiency (+20.0 billion yen), in spite of expansion of time lag loss (-25.0 billion yen) and a decrease in electrical energy sold (-7.0 billion yen).

Further, consolidated ordinary income excluding the effect of time lag is approx.132.0 billion yen (increased by 32.0 billion yen compared with 2017/2Q).

**[Consolidated]** • Operating revenues increased for 2 consecutive years since 2017/2Q.

• Ordinary income increased following 2015/2Q, for the first time in 3 years.

• We recorded increased sales and income following 2014/2Q, for the first time in 4 years. (Billion yen,%)

	2018/2Q (A)	2017/2Q (B)	Change (A-B)	(A-B)/B
Operating revenues	1,487.4	1,393.3	94.1	6.8
Operating income	94.8	96.9	(2.1)	(2.2)
Ordinary income	94.2	87.3	6.8	7.8
Net income attributable to owners of parent	66.5	62.1	4.3	7.0

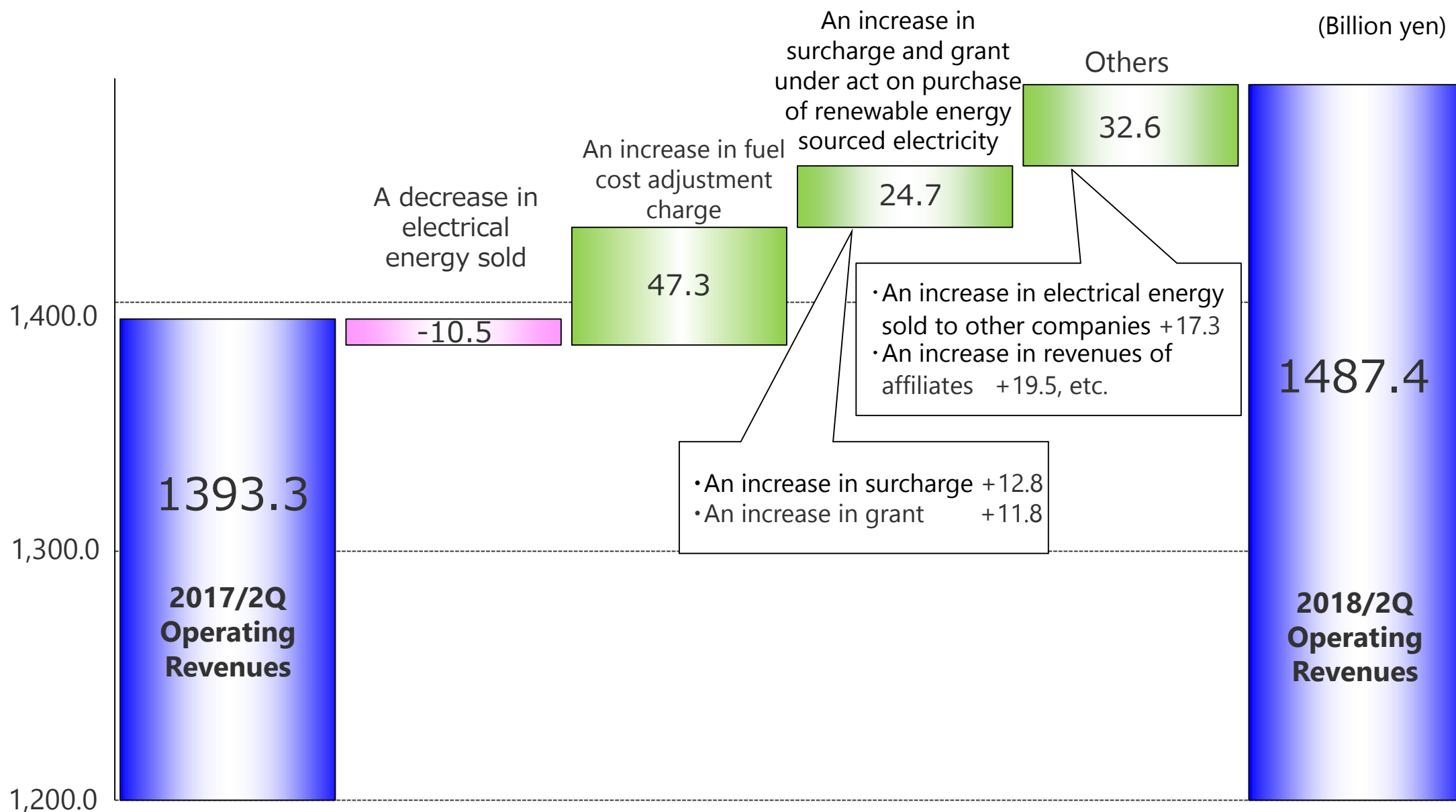
\*The number of consolidated subsidiaries [change from the same period of the previous year in parenthesis]

2018/2Q : 34 subsidiaries (+3 companies) , 34 affiliates accounted for under the equity method (+8 companies)

**[Nonconsolidated]**

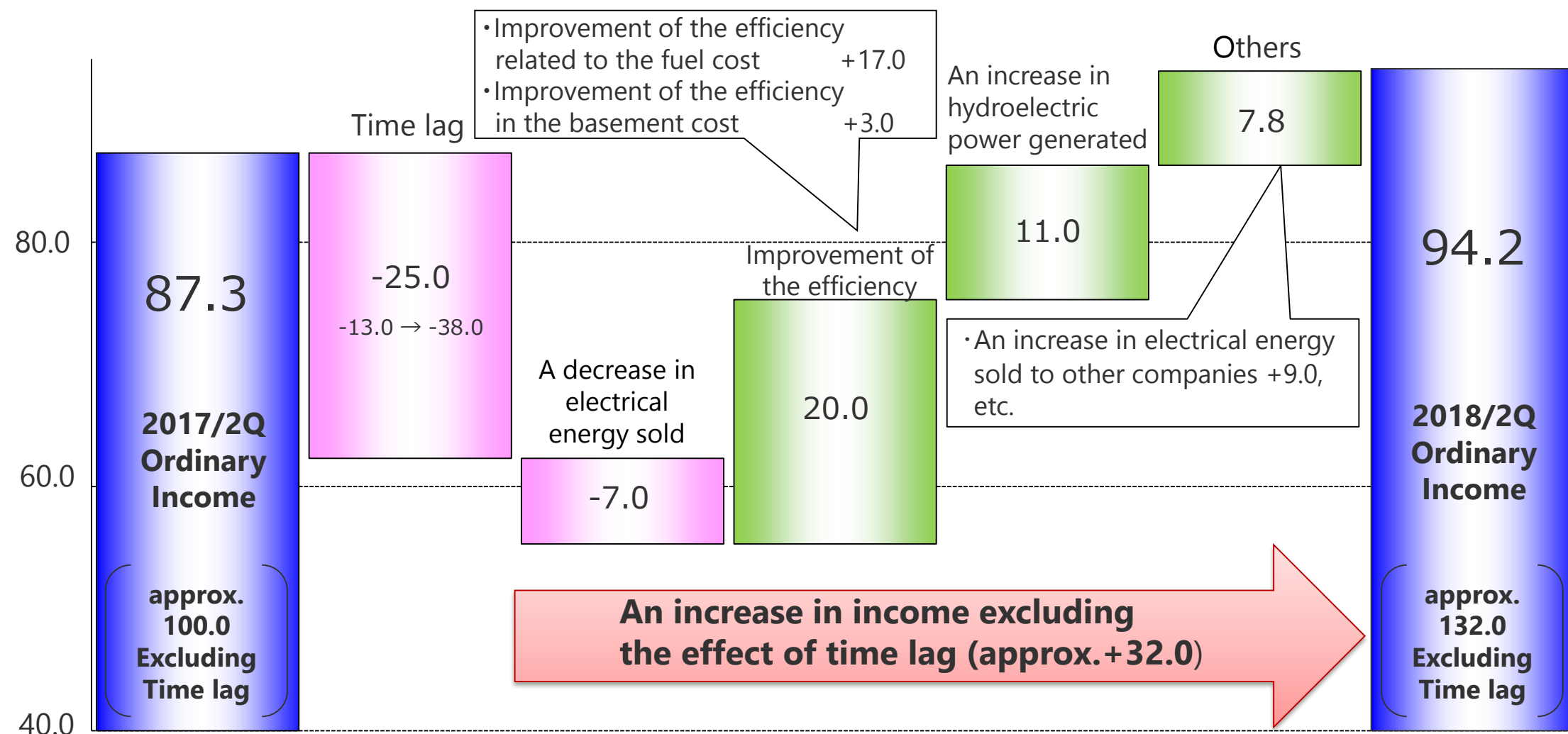
	2018/2Q (A)	2017/2Q (B)	Change (A-B)	(A-B)/B
Operating revenues	1,354.6	1,280.0	74.6	5.8
Operating income	85.8	88.5	(2.6)	(3.0)
Ordinary income	82.5	78.2	4.2	5.5
Net income	59.2	57.1	2.0	3.6

### [Factors contributing to change in consolidated operating revenues]



## [Factors contributing to change in consolidated ordinary income]

(Billion yen)



## <Electrical Energy Sold> (Nonconsolidated)

- **Dropped by 0.5TWh to 59.4TWh**, compared with 2017/2Q, mainly due to an effect of switches made to other operators, in spite of an increase in air conditioning demand by higher temperature in this summer compared with the previous year and an increase in production of the semiconductor industry, in addition to a sales increase outside Chubu region.

		(TWh,%)			
		2018/2Q (A)	2017/2Q (B)	Change	
				(A-B)	(A-B)/B
Electrical Energy Sold	Low voltage	17.4	17.8	(0.5)	(2.5)
	High voltage ▪ Extra-high voltage	42.0	42.1	(0.1)	(0.2)
	Total	59.4	59.9	(0.5)	(0.9)

[Reference(1)]

Electrical Energy Sold including group companies (*)	61.9	61.8	0.1	0.1
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\* The sum of the company, consolidated subsidiaries, and affiliates accounted for under the equity method.

[Reference(2)]

Electrical Energy Sold to other companies (*)	5.0	3.4	1.6	46.9
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\* Electrical Energy Sold to other electric utilities represents wholesale volume in the electric power supplied.

## 05 | Electric Power Supplied and Principal Figures

### <Electric Power Supplied> (Nonconsolidated)

- **Hydro** : The flow rate was higher than 2017/2Q ; thus hydroelectric power output **increased by 1.1 TWh**.
- **Wholesale** : **Increased by 1.6 TWh**, mainly due to an increase in wholesale volume.
- **Purchased power** : **Increased by 1.5 TWh**, mainly due to an increase in purchase of renewable energy.
- **Thermal** : As a result of decrease in electrical energy sold and above, thermal power output **decreased by 1.2 TWh**.

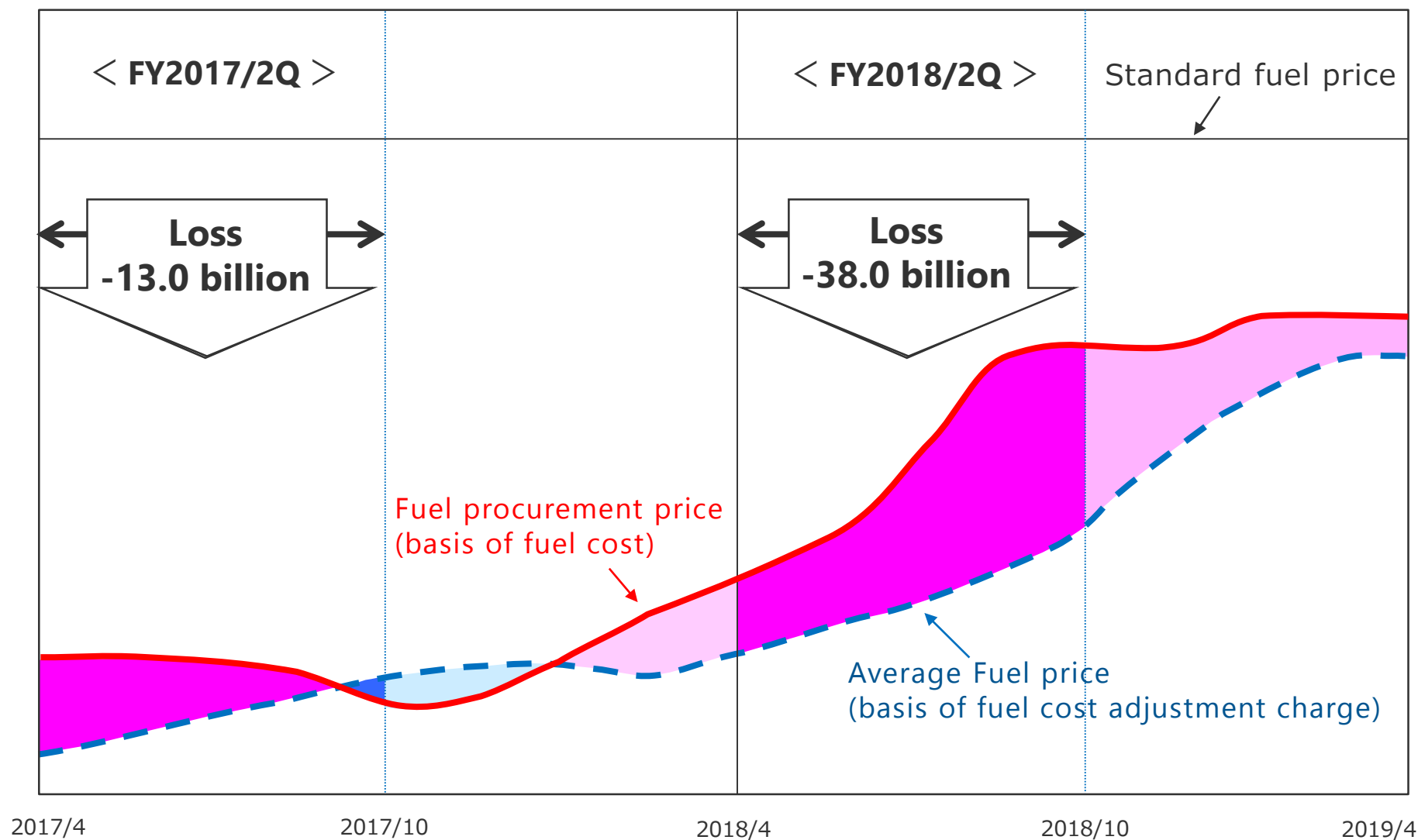
			(TWh,%)			
			2018/2Q (A)	2017/2Q (B)	Change (A-B)	(A-B)/B
Electric Power Supplied	Internally generated	Hydro	5.8	4.7	1.1	23.4
		<flow rate>	<115.1>	<86.0>	<29.1>	
		Thermal	50.1	51.3	(1.2)	(2.3)
		Nuclear	(0.1)	(0.1)	(0.0)	5.3
		<utilization rate>	<—>	<—>	<—>	
	Renewable energy	0.0	0.0	0.0	138.0	
	Externally generated(*)	Wholesale	(5.0)	(3.4)	(1.6)	46.9
		Purchased power	11.2	9.7	1.5	14.9
Power used for pumped storage		(0.4)	(0.7)	0.3	(39.0)	
Total			61.5	61.5	0.0	0.1

\* Externally generated represent power output that we grasp at the end of the 2018/2Q.

### [Principal Figures]

		2018/2Q (A)	2017/2Q (B)	Change (A-B)
CIF price: crude oil	(\$/b)	73.4	51.4	22.0
FX rate (interbank)	(yen/\$)	110.3	111.1	(0.8)

\*CIF crude oil price for 2018/2Q is tentative.



\* Accrued income include the effect of time lag of gas supply business.

### <The Policy on Shareholder Return>

- The company will work to maintain stable dividends after taking account of financial condition and other factors, while continuously investing in building and operating facilities that are essential for a safe and stable supply of electricity.

### <Dividends>

- The board of directors has determined that the interim dividend per share is 20 yen per share today.

	Dividend per share (yen)	
	FY 2018	FY 2017
Interim	20	15
Year-end	<20>	20
Total in annual	<40>	35

\*1 Forecast in < >.

\*2 We have not changed the forecast of the dividend since the previous announcement (July 31, 2018).

## &lt;Forecast&gt;

**Forecasts of financial results have been revised from the previous announcement made in July 31, 2018.**

■ **Consolidated operating revenues: 3,000.0 billion yen (forecast)**

Consolidated operating revenues will increase by 20.0 billion yen mainly due to an increase in electrical energy sold.

■ **Consolidated ordinary income: 100.0 billion yen (forecast)**

Consolidated ordinary income have not been revised from the previous announcement mainly due to an increase in electrical energy sold, in spite of the expansion of time lag loss because of rise in fuel price.

Further, consolidated ordinary income excluding the effect of time lag is expected to be approx.160.0 billion yen (Increase by 10.0 billion yen from the previous announcement).

## [Consolidated]

- Operating revenues will increase for 2 consecutive years since FY2017.
- Ordinary income will decrease following FY2016, for the first time in 2 years.
- We will record increased sales and decreased income following FY2013, for the first time in 5 years.

(Billion yen,%)

	Current (A)	July 31 (B)	Change (A-B)	(A-B)/B
Operating revenues	3,000.0	2,980.0	approx. 20.0	0.7
Operating income	110.0	110.0	—	—
Ordinary income	100.0	100.0	—	—
Net income attributable to owners of parent	75.0	75.0	—	—

## [(Reference) Nonconsolidated]

(Billion yen,%)

	Current (A)	July 31 (B)	Change (A-B)	(A-B)/B
Operating revenues	2,690.0	2,670.0	approx. 20.0	0.7
Operating income	90.0	90.0	—	—
Ordinary income	80.0	80.0	—	—
Net income	60.0	60.0	—	—

[Principal figures] (Electrical energy sold)	Current (A)	July 31 (B)	(TWh,%)	
			Change (A-B)	(A-B)/B
Low voltage	36.4	35.7	0.7	2.0
High voltage • Extra-high voltage	82.1	81.6	0.5	0.6
Total	118.5	117.3	1.2	1.0
[Reference]				
Electrical energy sold including group companies (*1)	124.2	123.0	1.2	1.0

(Other principal figures)		Current	July 31
CIF price: crude oil	(\$/b)	approx. 77	approx. 74
FX rate	(yen/\$)	approx. 110	approx. 110
Nuclear power utilization rate	(%)	-	-

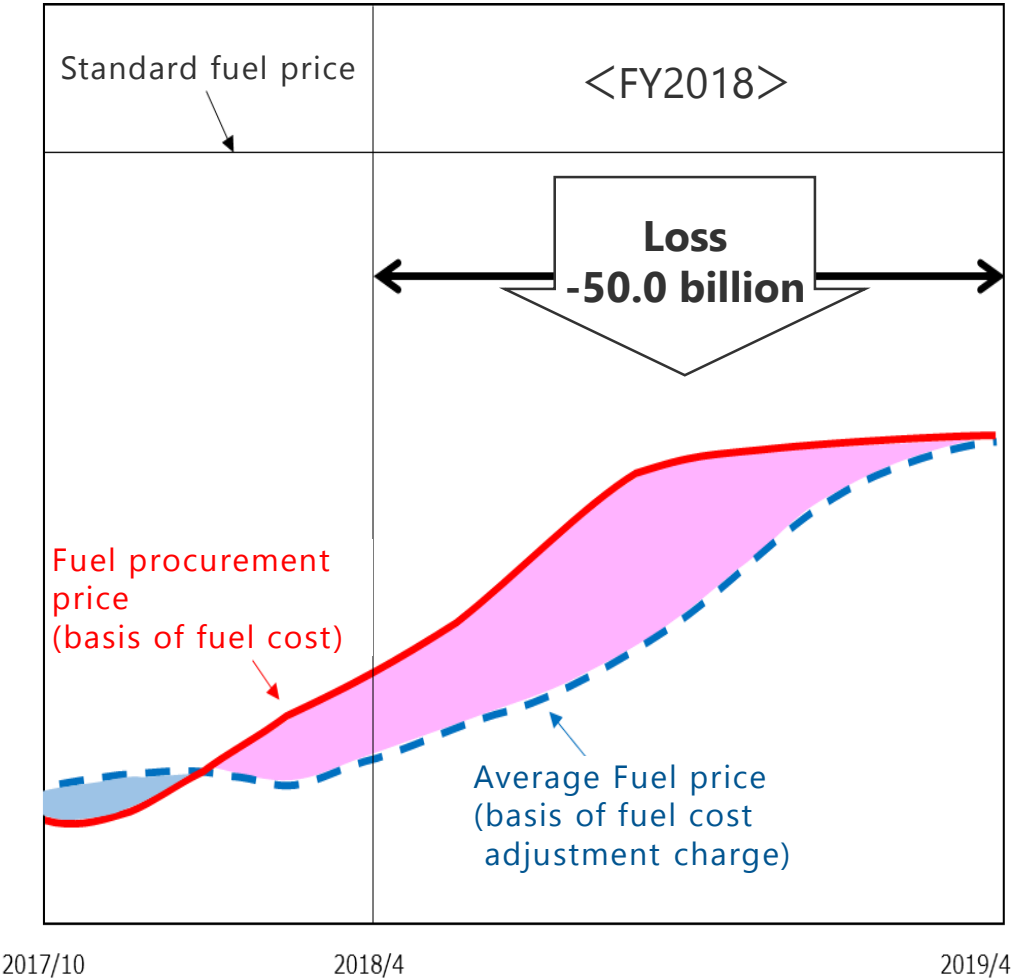
(Income sensitivity)		(Billion yen)	
		Current	July 31
CIF price: crude oil	(1\$/b)	7.0	7.0 (*2,3)
FX rate	(1yen/\$)	6.5	6.5 (*2)
Flow rate	(1%)	0.8	0.8
Interest rate	(1%)	4.5	4.5

\*1 The sum of the company, consolidated subsidiaries, and affiliates accounted for under the equity method.

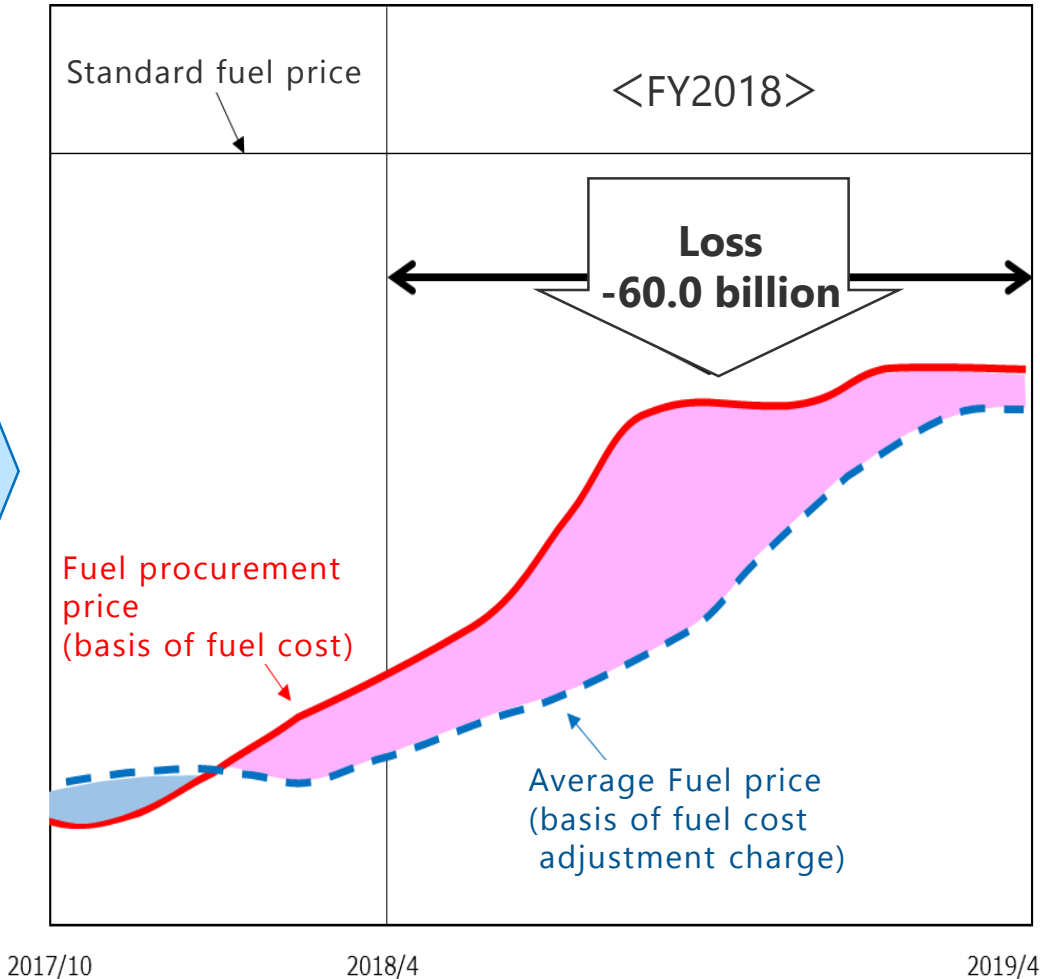
\*2 These figures represent income sensitivity for fuel expenses. Fluctuation of CIF price (crude oil) and FX rate will be reflected in sales revenue, in cases where average fuel price fluctuates and fuel cost adjustment system will be applied.

\*3 The impact value of crude oil price includes the impact of LNG price because LNG price is subject to crude oil price.

○ July 31 (Loss of 50.0 billion yen)



○Current(Loss of 60.0billion yen)



\* Accrued income include the effect of time lag of gas supply business.

02

## Reference Data: Financial Results

(Billion yen,%)

	2018/2Q (A)	2017/2Q (B)	Change (A-B)	(A-B)/B
Operating revenues	1,487.4	1,393.3	94.1	6.8
Non-operating revenues	13.9	8.1	5.8	71.5
Ordinary revenues	1,501.4	1,401.4	99.9	7.1
Operating expenses	1,392.6	1,296.3	96.3	7.4
Non-operating expenses	14.5	17.7	(3.1)	(18.0)
Ordinary expenses	1,407.1	1,314.0	93.1	7.1
<Operating income>	<94.8>	<96.9>	<(2.1)>	<(2.2)>
Ordinary income	94.2	87.3	6.8	7.8
Reserve for fluctuation in water levels	-	(1.1)	1.1	-
Income taxes	26.4	25.3	1.1	4.3
Net income attributable to non-controlling interests	1.2	1.0	0.2	20.7
Net income attributable to owners of parent	66.5	62.1	4.3	7.0

# 12 | Nonconsolidated Statements of Income <1>: Operating Revenues

		(Billion yen,%)				
		2018/2Q (A)	2017/2Q (B)	Change (A-B) (A-B)/B		[Major factors for change]
Electricity sales revenues	1,074.8	1,052.9	21.8	2.1	<ul style="list-style-type: none"><li>- An increase in fuel cost adjustment charge +47.3</li><li>- A decrease in electrical energy sold -10.5</li></ul>	
Sold power to other electric utilities(*1)	49.9	32.6	17.3	53.0		
Transmission revenue, etc. (*2)	41.9	25.4	16.5	65.1	<ul style="list-style-type: none"><li>- An increase in wholesale volume</li></ul>	
Grant under act on purchase of renewable energy sourced electricity	144.8	132.9	11.8	8.9	<ul style="list-style-type: none"><li>- An increase in purchase of renewable energy sourced electricity</li></ul>	
Other	13.0	12.4	0.5	4.7		
Electricity business operating revenues	1,324.6	1,256.4	68.1	5.4	<ul style="list-style-type: none"><li>- Gas supply business +6.3 &lt;Gas/LNG sold&gt; 391 thousand tons → 427 thousand tons</li></ul>	
Incidental businesses operating revenues	30.0	23.6	6.4	27.4		
Total operating revenues	1,354.6	1,280.0	74.6	5.8		

\*1 Sold power to other utilities and Sold power to other suppliers

\*2 Transmission revenue and Settlement revenue among utilities

# 13 | Nonconsolidated Statements of Income <2>: Operating Expenses

	(Billion yen,%)				[Major factors for change]
	2018/2Q (A)	2017/2Q (B)	Change (A-B) (A-B)/B		
Salaries and employee benefits	94.7	91.4	3.3	3.6	<div>- Differences in power generated : -18.3<ul style="list-style-type: none"><li>• Improvement of thermal efficiency by Nishi-Nagoya thermal power plant</li><li>• An increase in hydroelectric power generated</li></ul></div>
Fuel	366.9	339.3	27.5	8.1	
Nuclear back-end expenses (*1)	8.0	6.4	1.5	24.1	
Purchased power etc. (*2)	252.8	226.6	26.2	11.6	
Transmission charges etc. (*3)	11.3	7.9	3.4	43.0	<div>- Increase in unit price : +45.8<ul style="list-style-type: none"><li>• Rise in CIF price</li></ul></div>
Maintenance	82.2	80.7	1.5	1.9	<div>- An increase in purchase of renewable energy sourced electricity</div>
Depreciation	116.2	117.2	(0.9)	(0.8)	
Taxes other than income taxes	62.0	60.7	1.2	2.1	<div>- An increase in extra-regional power supply</div>
Levy under act on purchase of renewable energy sourced electricity	147.5	134.7	12.8	9.5	
Other	95.7	103.3	(7.5)	(7.3)	
Electricity business operating expenses	1,237.8	1,168.6	69.1	5.9	
Incidental business operating expenses	31.0	22.8	8.1	35.5	
Total operating expenses	1,268.8	1,191.4	77.3	6.5	<div>- Gas supply business : +8.0</div>

\*1 Contributions for reprocessing of irradiated nuclear fuel, Designated radioactive waste disposal expenses, Decommissioning nuclear power plants

\*2 Purchased power from other utilities, Purchased power from other suppliers, Portion of the existing power generation expenses such as spent fuel reprocessing for which contracts have been signed

\*3 Transmission charges, Supply connection transmission charges, Settlement revenue among utilities

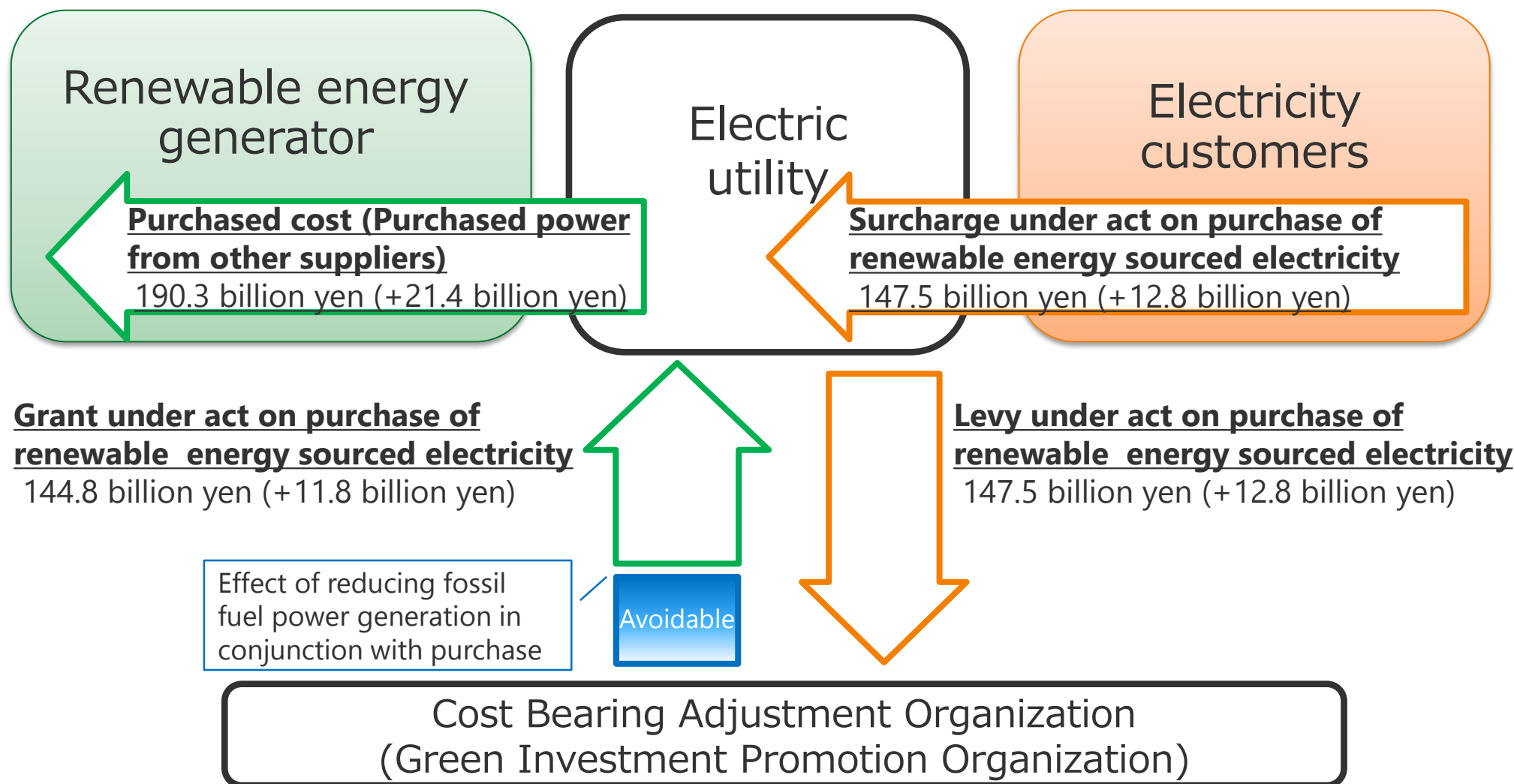
(Billion yen,%)

	2018/2Q (A)	2017/2Q (B)	Change	
			(A-B)	(A-B)/B
Operating income	85.8	88.5	(2.6)	(3.0)
Non-operating revenues	9.6	6.6	3.0	46.2
Non-operating expenses	12.9	16.9	(3.9)	(23.3)
Ordinary revenues	1,364.3	1,286.6	77.6	6.0
Ordinary expenses	1,281.7	1,208.3	73.3	6.1
Ordinary income	82.5	78.2	4.2	5.5
Reserve for fluctuation in water levels	-	(1.1)	1.1	-
Income taxes	23.2	22.2	1.0	4.7
Net income	59.2	57.1	2.0	3.6

		(Billion yen)		
		Sep 30, 2018 (A)	Mar 31, 2018 (B)	Change (A-B)
Assets	Consolidated	5,567.8	5,529.4	38.4
	Nonconsolidated	5,012.8	5,001.2	11.5
Liabilities	Consolidated	3,709.9	3,737.4	(27.5)
	Nonconsolidated	3,516.8	3,556.1	(39.2)
Net assets	Consolidated	1,857.8	1,791.9	65.9
	Nonconsolidated	1,495.9	1,445.0	50.8
Shareholders' equity ratio (%)	Consolidated	32.2	31.3	0.9
	Nonconsolidated	29.8	28.9	0.9
Outstanding interest-bearing debt	Consolidated	2,599.9	2,595.6	4.2
	Nonconsolidated	2,565.4	2,569.4	(3.9)

	(Billion yen)		
	2018/2Q (A)	2017/2Q (B)	Change (A-B)
Cash flows from operating activities (a)	101.1	142.8	(41.7)
Cash flows from investing activities (b)	(211.1)	(173.0)	(38.0)
Cash flows from financing activities (c)	(14.0)	(37.0)	23.0
Net decrease in cash and cash equivalents (a)+(b)+(c)	(123.9)	(67.2)	(56.6)
	2018/2Q (A)	2017/2Q (B)	Change (A-B)
Free cash flows (a+b)	(109.9)	(30.1)	(79.7)

<Result of 2018/2Q (change from the previous year in parenthesis)>



## **DISCLAIMER**

The forecasts in this presentation are based on information available as of the date of this announcement is made, and also, assumptions as of the date of this announcement are made on uncertain factors that would affect future results.

Actual results may materially differ by various causes in the future.

