

# Presentation Materials for Nine-Months ended December 31, 2018

January 31, 2019

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# 01

## Outline of Financial Results for Nine-Months ended December 31, 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. 3rd Quarter (3Q) represents nine months period ended December 31, 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: 2,199.1 billion yen

Operating revenues increased by 136.4 billion yen compared with 2017/3Q, 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 (+32.5 billion yen), in addition to an increase in fuel cost adjustment charge (+86.1 billion yen), in spite of a decrease in electrical energy sold (-31.0 billion yen).

## ■ Consolidated ordinary income: 90.3 billion yen

Ordinary income decreased by 25.8 billion yen compared with 2017/3Q, mainly due to expansion of time lag loss (-47.0 billion yen) and a decrease in electrical energy sold (-14.0 billion yen), in spite of an increase in electrical energy sold to other companies (+13.0 billion yen), in addition to a decrease in fuel cost through the full operation of Nishi-Nagoya thermal power plant (+10.0 billion yen) and cost reduction achievement in fuel procurement and improvement of the efficiency related to the basic costs (+17.0 billion yen).

Further, consolidated ordinary income excluding the effect of time lag is approx.151.0 billion yen (increased by 21.0 billion yen compared with 2017/3Q).

- [Consolidated]**
- Operating revenues increased for 2 consecutive years since 2017/3Q.
  - Ordinary income decreased for 3 consecutive years since 2016/3Q.
  - We recorded increased sales and decreased income for 2 consecutive years since 2017/3Q. (Billion yen,%)

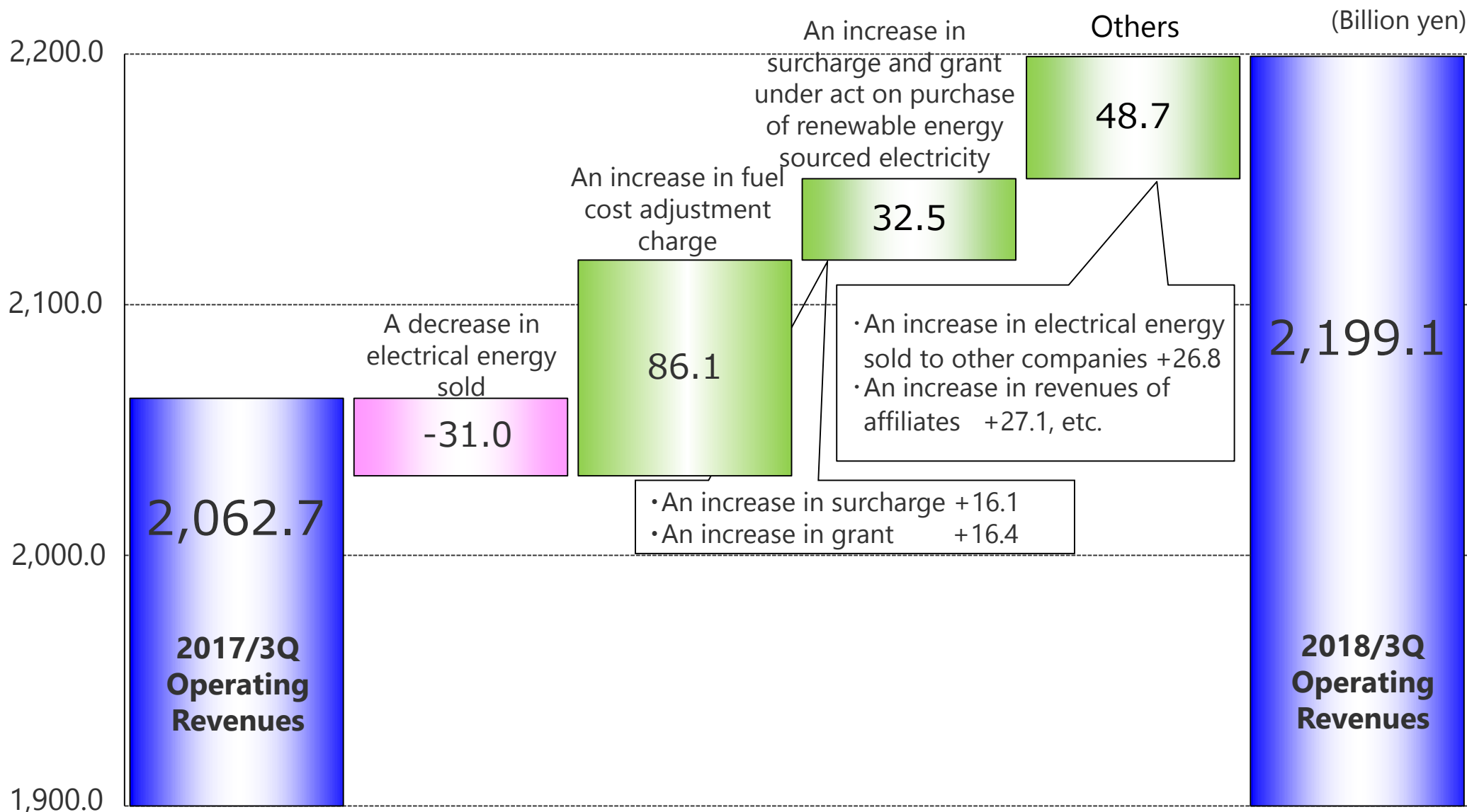
	2018/3Q (A)	2017/3Q (B)	Change (A-B)	(A-B)/B
Operating revenues	2,199.1	2,062.7	136.4	6.6
Operating income	94.9	124.8	(29.9)	(24.0)
Ordinary income	90.3	116.2	(25.8)	(22.2)
Net income attributable to owners of parent	62.9	80.8	(17.8)	(22.1)

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

2018/3Q : 36 subsidiaries (+5 companies) , 35 affiliates accounted for under the equity method (+9 companies)

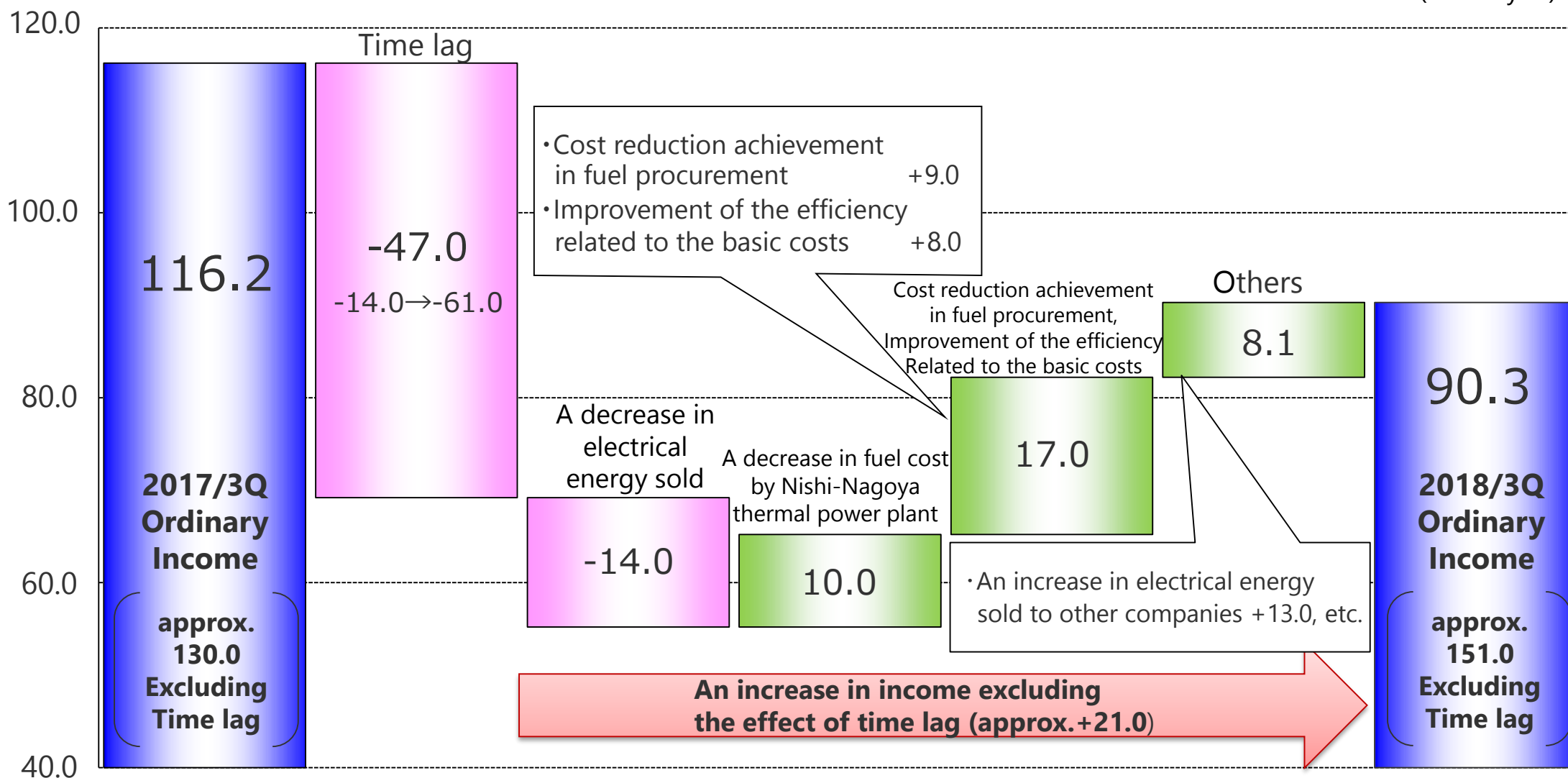
	2018/3Q (A)	2017/3Q (B)	Change (A-B)	(A-B)/B
Operating revenues	1,997.1	1,887.8	109.2	5.8
Operating income	83.2	111.9	(28.7)	(25.7)
Ordinary income	73.1	97.5	(24.3)	(25.0)
Net income	53.4	68.5	(15.1)	(22.1)

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



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

(Billion yen)



## <Electrical Energy Sold> (Nonconsolidated)

- **Dropped by 1.6TWh to 87.2TWh**, compared with 2017/3Q, mainly due to an effect of switches made to other operators, in spite of a sales increase outside Chubu region and an increase in production of the semiconductor industry.

		(TWh,%)			
		2018/3Q (A)	2017/3Q (B)	Change	
				(A-B)	(A-B)/B
Electrical Energy Sold	Low voltage	25.2	26.5	(1.3)	(4.9)
	High voltage ▪ Extra-high voltage	62.0	62.3	(0.3)	(0.5)
	Total	87.2	88.8	(1.6)	(1.8)

[Reference(1)]

Electrical Energy Sold including group companies (*)	91.0	91.7	(0.6)	(0.7)
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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 (*)	7.6	5.2	2.5	47.5
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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 2017/3Q ; thus hydroelectric power output **increased by 0.6 TWh**.
- **Wholesale:** **Increased by 2.5 TWh**, mainly due to an increase in wholesale volume.
- **Purchased power:** **Increased by 2.9 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 2.9 TWh**.

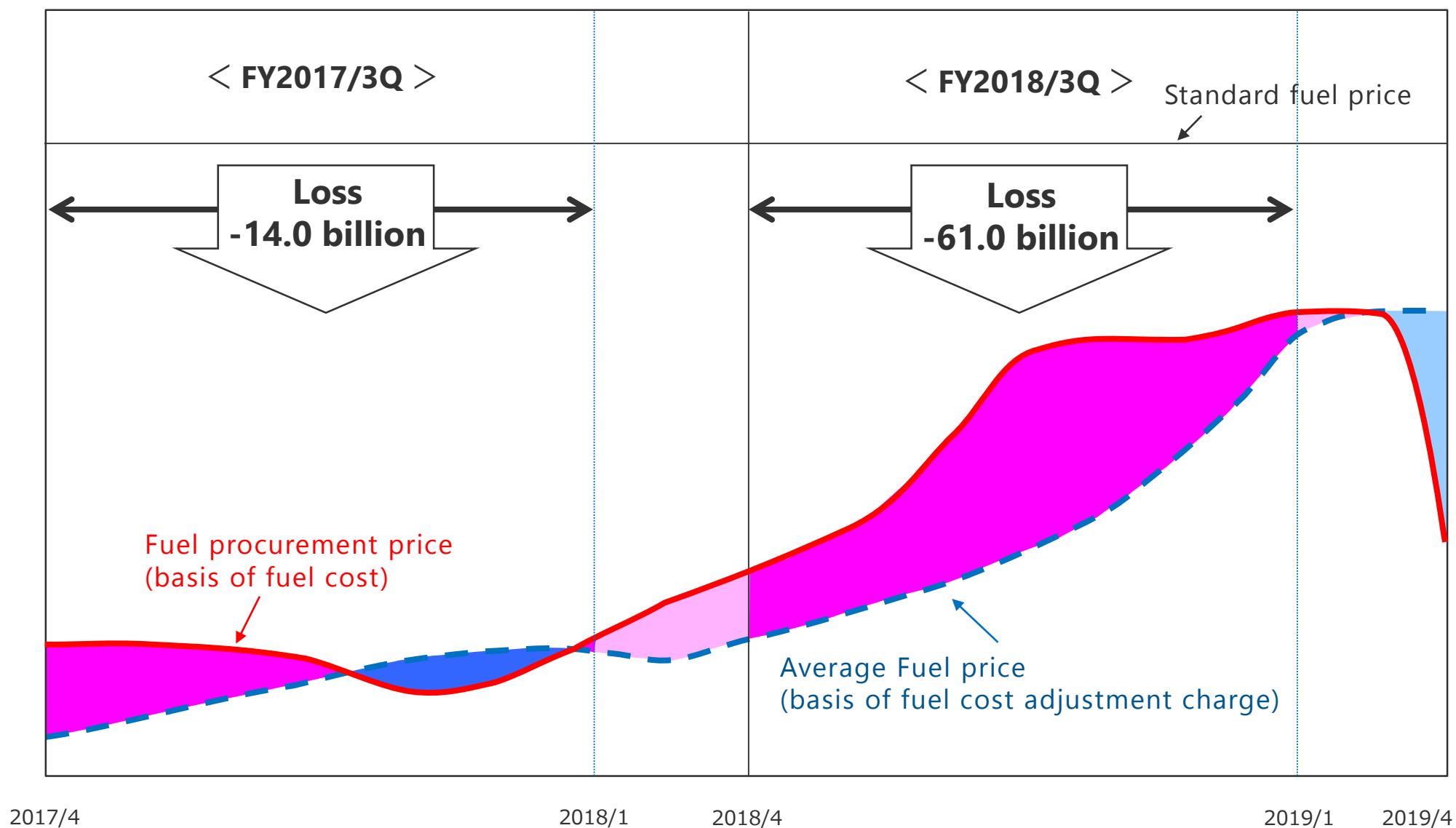
			(TWh,%)			
			2018/3Q (A)	2017/3Q (B)	Change (A-B)	(A-B)/B
Electric Power Supplied	Internally generated	Hydro	7.4	6.8	0.6	9.1
		<flow rate>	<110.0>	<96.3>	<13.7>	
		Thermal	75.5	78.4	(2.9)	(3.7)
		Nuclear	(0.2)	(0.2)	(0.0)	4.5
		<utilization rate>	<->	<->	<->	
	Renewable energy	0.0	0.0	0.0	78.6	
	Externally generated(*)	Wholesale	(7.6)	(5.2)	(2.5)	47.5
		Purchased power	16.9	14.0	2.9	20.8
Power used for pumped storage		(0.5)	(0.9)	0.4	(44.0)	
Total		91.5	93.0	(1.4)	(1.5)	

\* Externally generated represent power output that we grasp at the end of the 2018/3Q.

## [Principal Figures]

		2018/3Q (A)	2017/3Q (B)	Change (A-B)
CIF price: crude oil	(\$/b)	74.3	53.9	20.4
FX rate (interbank)	(yen/\$)	111.1	111.7	(0.6)

\*CIF crude oil price for 2018/3Q is tentative.



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

## &lt;Forecast&gt;

**Forecasts of financial results have been revised from the previous announcement made in October 26, 2018.**

- **Consolidated operating revenues: 3,000.0 billion yen (forecast) \*No change from the previous announcement**
- **Consolidated ordinary income: 110.0 billion yen (forecast)**

Consolidated ordinary income will increase by 10.0 billion yen from the previous announcement mainly due to a reduction 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.

\*No change 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.

	Current (A)	October 26 (B)	(Billion yen,%) Change (A-B) (A-B)/B	
Operating revenues	3,000.0	3,000.0	-	-
Operating income	120.0	110.0	approx. 10.0	9.1
Ordinary income	110.0	100.0	approx. 10.0	10.0
Net income attributable to owners of parent	80.0	75.0	approx. 5.0	6.7

## [(Reference) Nonconsolidated]

	Current (A)	October 26 (B)	(Billion yen,%) Change (A-B) (A-B)/B	
Operating revenues	2,690.0	2,690.0	-	-
Operating income	100.0	90.0	approx. 10.0	11.1
Ordinary income	90.0	80.0	approx. 10.0	12.5
Net income	65.0	60.0	approx. 5.0	8.3

[Principal figures] (Electrical energy sold)	(TWh,%)			
	Current (A)	October 26 (B)	Change (A-B)	(A-B)/B
Low voltage	36.4	36.4	-	-
High voltage • Extra-high voltage	82.1	82.1	-	-
Total	118.5	118.5	-	-
[Reference]				
Electrical energy sold including group companies (*1)	124.2	124.2	-	-

(Other principal figures)		Current	October 26
CIF price: crude oil	(\$/b)	approx. 71	approx. 77
FX rate	(yen/\$)	approx. 111	approx. 110
Nuclear power utilization rate	(%)	-	-

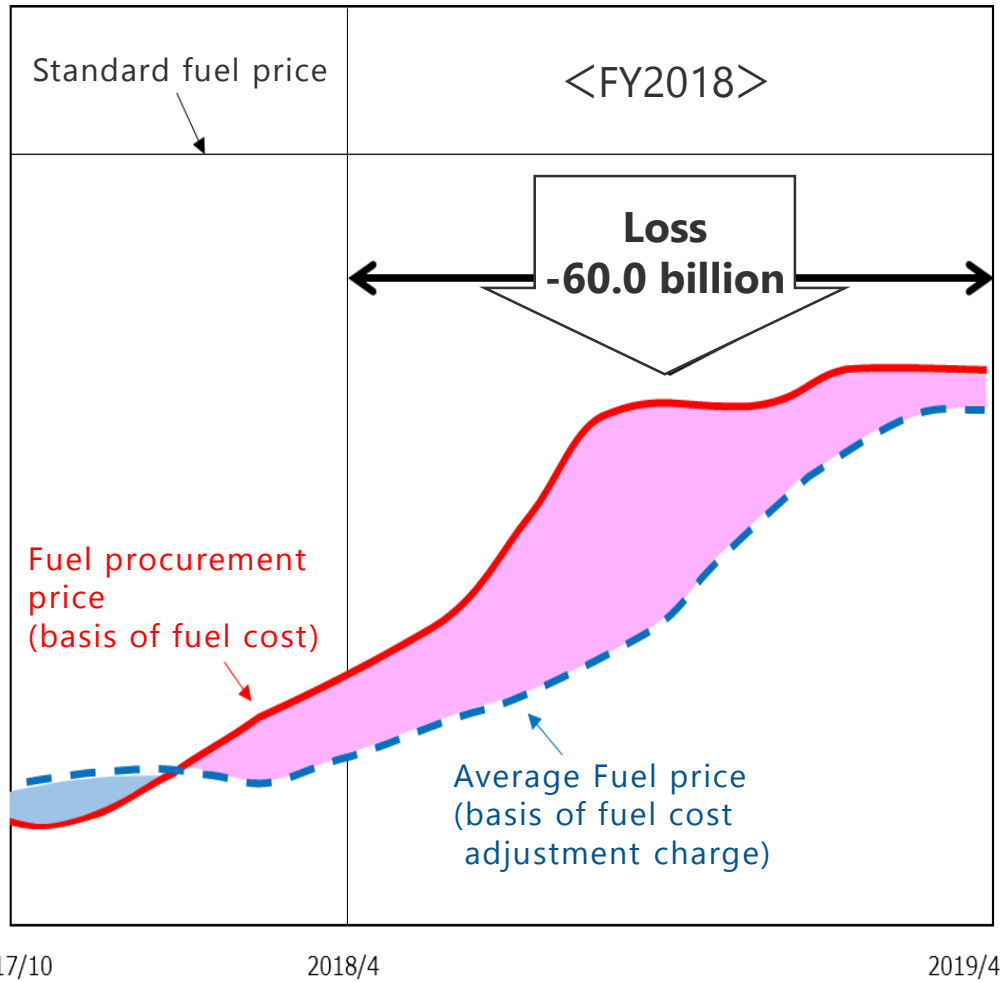
(Income sensitivity)		(Billion yen)	
		Current	October 26
CIF price: crude oil	(1\$/b)	7.0	7.0
FX rate	(1yen/\$)	6.5	6.5
Flow rate	(1%)	0.8	0.8
Interest rate	(1%)	4.5	4.5

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

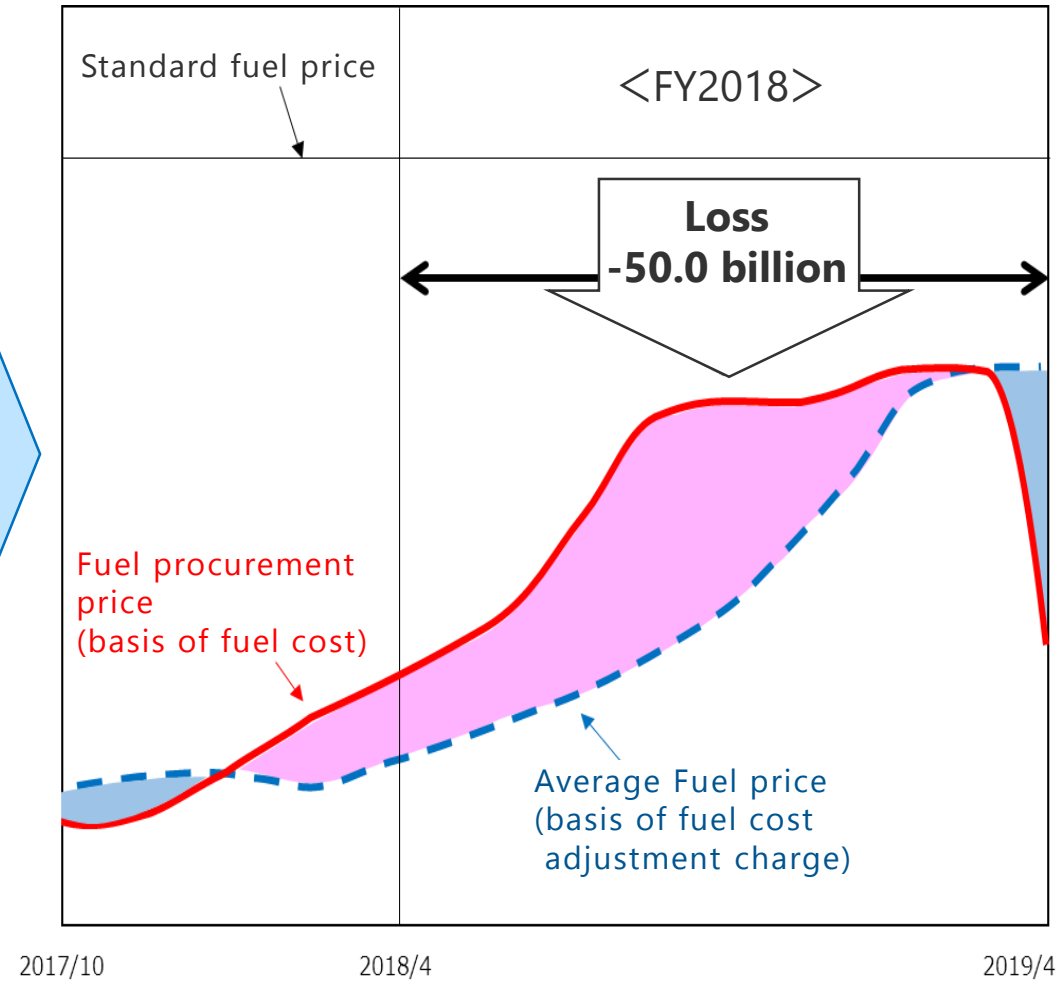
\*2 These figures represent income sensitivity for fuel expenses. Fluctuation of CIF price (crude oil) and FX rate will be reflected in sales revenue, in cases where average fuel price fluctuates and fuel cost adjustment system will be applied.

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

○ October 26 (Loss of 60.0 billion yen)



○ Current (Loss of 50.0 billion yen)



Note: Accrued income include the effect of time lag of gas supply business.

02

## Reference Data: Financial Results

(Billion yen,%)

	2018/3Q (A)	2017/3Q (B)	Change (A-B)	(A-B)/B
Operating revenues	2,199.1	2,062.7	136.4	6.6
Non-operating revenues	19.6	16.0	3.6	22.8
Ordinary revenues	2,218.8	2,078.7	140.0	6.7
Operating expenses	2,104.2	1,937.8	166.3	8.6
Non-operating expenses	24.2	24.6	(0.4)	(1.7)
Ordinary expenses	2,128.4	1,962.4	165.9	8.5
<Operating income>	<94.9>	<124.8>	<(29.9)>	<(24.0)>
Ordinary income	90.3	116.2	(25.8)	(22.2)
Reserve for fluctuation in water levels	-	(0.4)	0.4	-
Income taxes	25.2	34.1	(8.8)	(25.9)
Net income attributable to non-controlling interests	2.1	1.6	0.4	28.0
Net income attributable to owners of parent	62.9	80.8	(17.8)	(22.1)

	(Billion yen,%)				[Major factors for change]
	2018/3Q (A)	2017/3Q (B)	Change (A-B) (A-B)/B		
Electricity sales revenues	1,591.8	1,564.5	27.2	1.7	<ul style="list-style-type: none"><li>- An increase in fuel cost adjustment charge +86.1</li><li>- A decrease in electrical energy sold -31.0</li></ul>
Sold power to other electric utilities(*1)	76.0	49.2	26.8	54.5	
Transmission revenue, etc. (*2)	62.6	39.8	22.8	57.2	<ul style="list-style-type: none"><li>- An increase in wholesale volume</li></ul>
Grant under act on purchase of renewable energy sourced electricity	193.9	177.5	16.4	9.2	<ul style="list-style-type: none"><li>- An increase in purchase of renewable energy sourced electricity</li></ul>
Other	20.6	18.8	1.7	9.5	
Electricity business operating revenues	1,945.1	1,850.0	95.0	5.1	<ul style="list-style-type: none"><li>- Gas supply business +10.9 &lt;Gas/LNG sold&gt; 614 thousand tons → 663 thousand tons</li></ul>
Incidental businesses operating revenues	51.9	37.8	14.1	37.5	
Total operating revenues	1,997.1	1,887.8	109.2	5.8	

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

\*2 Transmission revenue and Settlement revenue among utilities

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

	(Billion yen,%)				[Major factors for change]
	2018/3Q (A)	2017/3Q (B)	Change (A-B) (A-B)/B		
Salaries and employee benefits	139.8	135.7	4.1	3.0	- Low performance in pension assets management
Fuel	580.5	514.3	66.1	12.9	- Differences in power generated: -32.2 • A decrease in fuel cost by Nishi-Nagoya thermal power plant • An increase in hydroelectric power generated
Nuclear back-end expenses (*1)	12.0	9.7	2.3	24.1	
Purchased power etc. (*2)	361.9	310.9	50.9	16.4	
Transmission charges etc. (*3)	17.6	12.2	5.3	43.7	- Increase in unit price : +98.3 • Rise in CIF price
Maintenance	120.0	121.7	(1.7)	(1.4)	- An increase in purchase of renewable energy sourced electricity
Depreciation	175.7	184.7	(9.0)	(4.9)	
Taxes other than income taxes	91.7	90.6	1.0	1.2	- Sales increase outside Chubu region
Levy under act on purchase of renewable energy sourced electricity	217.3	201.1	16.1	8.0	- The progress of the depreciation etc.
Other	146.4	158.1	(11.7)	(7.4)	
Electricity business operating expenses	1,863.3	1,739.7	123.6	7.1	
Incidental business operating expenses	50.5	36.1	14.3	39.7	
Total operating expenses	1,913.8	1,775.8	137.9	7.8	- Gas supply business : +14.5

\*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

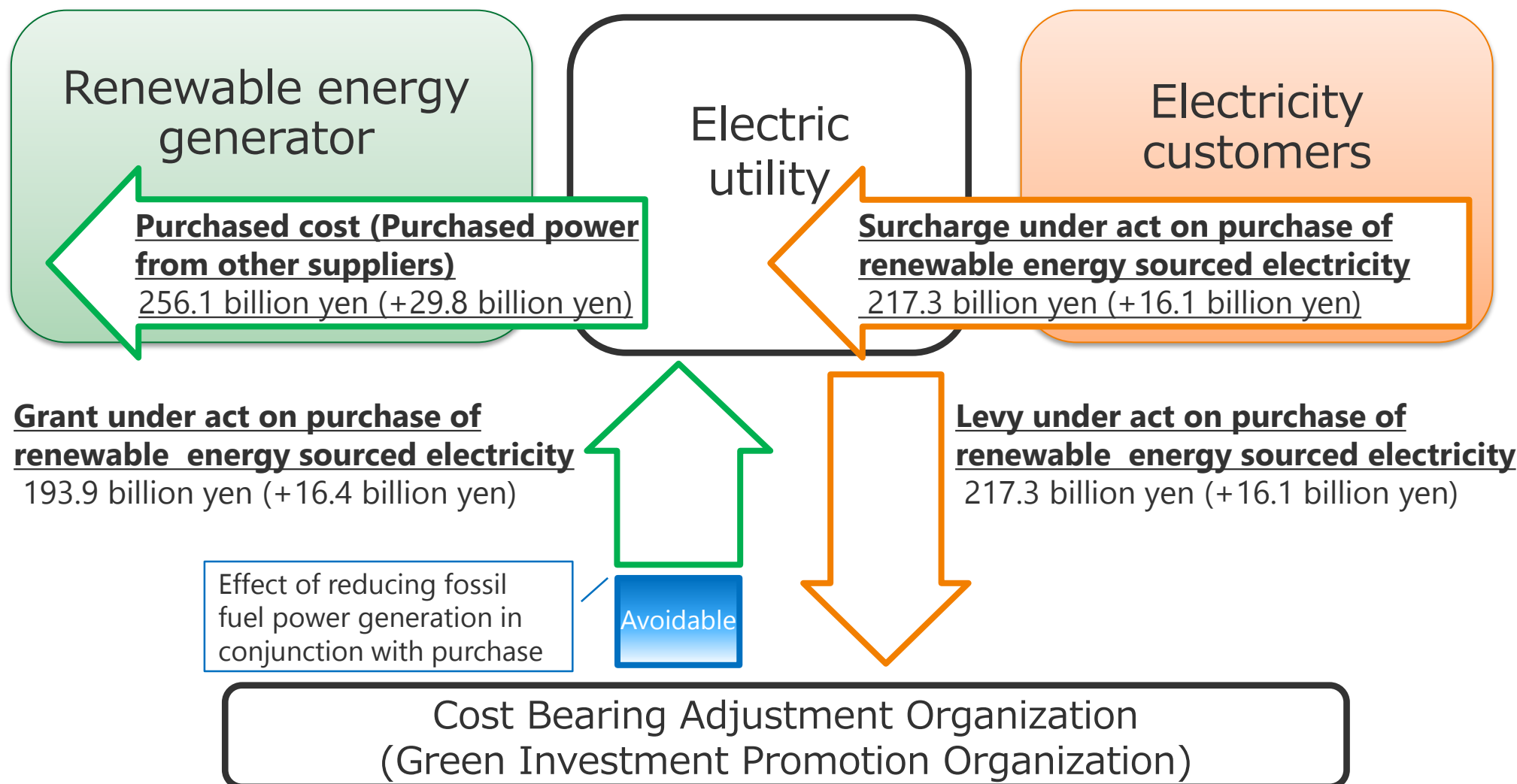
\*3 Transmission charges, Supply connection transmission charges, Settlement revenue among utilities

(Billion yen,%)

	2018/3Q (A)	2017/3Q (B)	Change	
			(A-B)	(A-B)/B
Operating income	83.2	111.9	(28.7)	(25.7)
Non-operating revenues	12.1	9.0	3.1	34.9
Non-operating expenses	22.2	23.4	(1.2)	(5.2)
Ordinary revenues	2,009.2	1,896.8	112.4	5.9
Ordinary expenses	1,936.1	1,799.3	136.7	7.6
Ordinary income	73.1	97.5	(24.3)	(25.0)
Reserve for fluctuation in water levels	-	(0.4)	0.4	-
Income taxes	19.7	29.3	(9.6)	(32.8)
Net income	53.4	68.5	(15.1)	(22.1)

		(Billion yen)		
		Dec 31, 2018 (A)	Mar 31, 2018 (B)	Change (A-B)
Assets	Consolidated	5,551.3	5,529.4	21.9
	Nonconsolidated	4,980.5	5,001.2	(20.6)
Liabilities	Consolidated	3,724.2	3,737.4	(13.2)
	Nonconsolidated	3,512.9	3,556.1	(43.2)
Net assets	Consolidated	1,827.1	1,791.9	35.1
	Nonconsolidated	1,467.6	1,445.0	22.6
Shareholders' equity ratio (%)	Consolidated	31.8	31.3	0.5
	Nonconsolidated	29.5	28.9	0.6
Outstanding interest-bearing debt	Consolidated	2,648.2	2,595.6	52.5
	Nonconsolidated	2,597.9	2,569.4	28.4

<Result of 2018/3Q (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.

