

# **Presentation Materials for Six-Months ended September 30, 2016**

**October, 2016**

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# 01

## Outline of Financial Results for Six-Months ended September 30, 2016

Note: The Company's fiscal year (FY) is from April 1 to March 31 of the following year. FY2016 represents the fiscal year begun in April 1, 2016, and ended in March 31, 2017. 2<sup>nd</sup> Quarter(2Q) represents six months period ended September 30, 2016.

# 01 | Summary of Financial Results <1>

- Operating revenues (Consolidated and Non-consolidated) decreased for two consecutive years since 2015/2Q.
- Ordinary income (Consolidated and Non-consolidated) decreased following 2013/2Q, for the first time in 3 years. (We posted a deficit in 2013/2Q.)
- [Consolidated] We recorded decreased sales and profit following 2005/2Q for the first time in 11 years.
- [Non-consolidated] We recorded decreased sales and profit following 2011/2Q, for the first time in 5 years. (We posted a deficit in 2011/2Q.)

## [Consolidated]

	2016/2Q (A)	2015/2Q (B)	Change (A-B)	(Billion yen,%) (A-B)/B
Operating revenues	1,306.8	1,481.8	(174.9)	(11.8)
Operating income	172.2	227.6	(55.4)	(24.3)
Ordinary income	163.7	210.4	(46.6)	(22.2)
Net income attributable to owners of parent	146.7	149.9	(3.1)	(2.1)

\*The number of consolidated subsidiaries [change from the same period of the previous year in parenthesis]  
 2016/2Q : 29 subsidiaries (-23 companies) , 24 affiliates accounted for under the equity method (-25 companies)

## [Non-Consolidated]

	2016/2Q (A)	2015/2Q (B)	Change (A-B)	(Billion yen,%) (A-B)/B
Operating revenues	1,213.9	1,385.1	(171.2)	(12.4)
Operating income	164.0	220.2	(56.1)	(25.5)
Ordinary income	157.8	202.6	(44.8)	(22.1)
Net income	115.0	146.0	(31.0)	(21.2)

## [Principal Figures]

	2016/2Q (A)	2015/2Q (B)	Change (A-B)
Electricity sales volume (TWh)	60.4	61.0	(0.6)
CIF price: crude oil (\$/b)	43.9	58.8	(14.9)
FX rate (interbank) (yen/\$)	105.2	121.8	(16.6)
Nuclear power utilization rate (%)	-	-	-

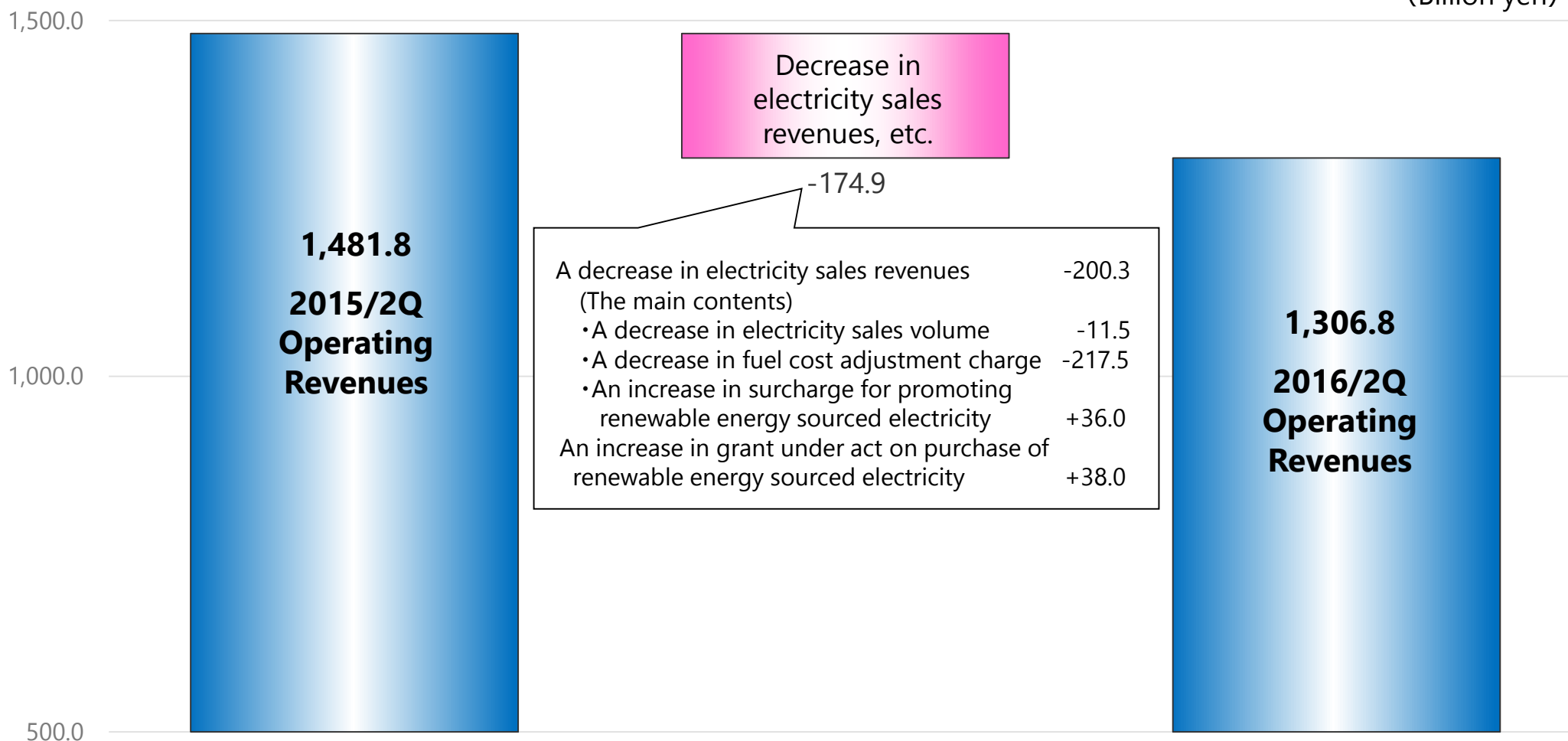
\* CIF crude oil price for 2Q of FY 2016 is tentative.

## <Consolidated operating revenues>

- Operating revenues decreased by 174.9 billion yen compared with 2015/2Q, mainly due to a decrease in electricity sales revenues resulting from a decrease of electricity sales volume and a decrease of fuel cost adjustment charge.

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

(Billion yen)

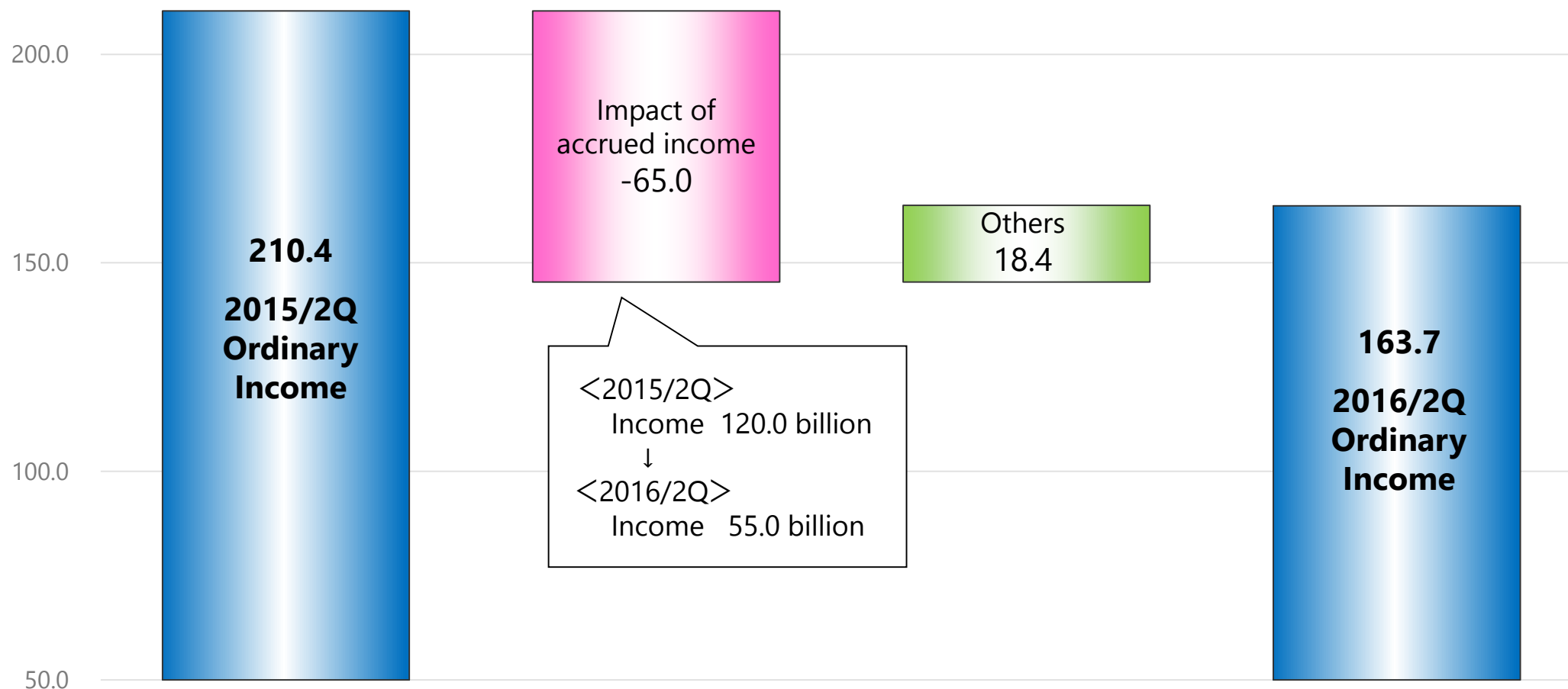


## <Consolidated ordinary income>

- Consolidated ordinary income decreased by 46.6 billion yen compared with 2015/2Q, mainly due to a reduction of accrued income incurred by fuel cost adjustment system and a decrease in fuel cost, affected by the fall of fuel price.

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

(Billion yen)



## <Electricity Sales Volume>

- **Dropped by 1.0% to 60.4TWh**, compared with 2015/2Q, mainly due to a rebound of an increase in electricity sales volume in the previous fiscal year accompanied by a decrease in operation of private power generation, in spite of an increase of production in the automobile and semiconductor industry.
- **Low voltage : Amounted to 18.0TWh**, almost the same as in 2015/2Q, mainly due to customer's power saving effect, in spite of an increase of meter-reading days.
- **High voltage · Extra-high voltage : Dropped by 1.3% to 42.4TWh**, mainly due to a rebound of an increase in electricity sales volume in the previous fiscal year accompanied by a decrease in operation of private power generation, in spite of an increase of production in the automobile and semiconductor industry.

		(TWh,%)			
		2016/2Q	2015/2Q	Change	
		(A)	(B)	(A-B)	(A-B)/B
Electricity Sales Volume	Low voltage	18.0	18.0	(0.0)	(0.3)
	High voltage · Extra-high voltage	42.4	43.0	(0.6)	(1.3)
	Total	60.4	61.0	(0.6)	(1.0)

## <Generated and Received Power>

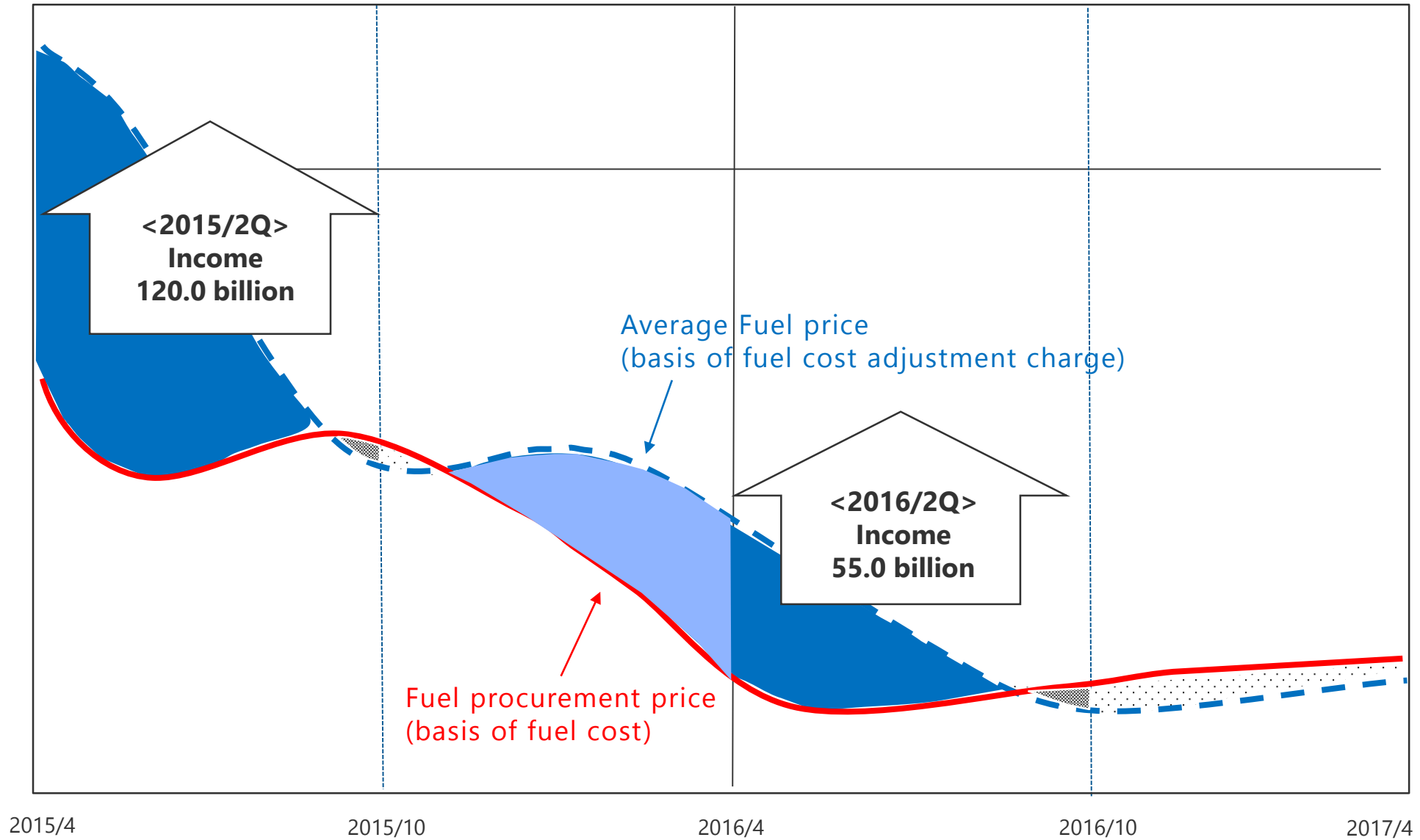
- **Hydro** : Due to lower water flow, hydro power output **decreased by 0.8TWh**. (flow rate for 2016/2Q: 92.3%, 2015/2Q: 114.3%)
- **Interchanged, purchased Power** : **Decreased by 1.0TWh**, mainly due to an increase in electricity sales volume to power exchange.
- **Thermal** : As a result above, thermal power output **increased by 1.6TWh**.

		2016/2Q	2015/2Q	Change		
		(A)	(B)	(A-B)	(A-B)/B	
Generated and Received Power(*1)	Hydro	4.8	5.6	(0.8)	(14.1)	
		<flow rate>	<92.3>	<114.3>	<(22.0)>	
	Internally generated	Thermal	53.1	51.5	1.6	3.2
		Nuclear	(0.1)	(0.1)	0.0	(10.7)
		<utilization rate>	<—>	<—>	<—>	
		Renewable energy	0.0	0.0	(0.0)	(35.6)
	Interchanged, Purchased power(*2)		5.4	6.4	(1.0)	(15.0)
	Power used for pumped storage		(0.5)	(0.4)	(0.1)	42.3
	Total		62.7	63.0	(0.3)	(0.4)

\*1 From FY2016, the amount of power at the sending end has been mentioned as the amount of internally generated power. Change in the amount of power is calculated by converting the figure from the previous year to the sending end value.

\*2 Interchanged, Purchased power represent power output that we grasp at the end of the 2016/2Q.





## <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 15 yen per share today.

	Dividend per share (yen)		
	Interim	Year-end	Total in annual
FY 2016	15	<15>	<30>
FY 2015	10	15	25

\*1 Forecast in < >.

\*2 We have not changed the forecast of the dividend since the last time (July, 29 2016).

**<Forecast> Revised Forecasts of Financial Results previously announced on July 29, 2016.**

- Operating revenues (consolidated and non-consolidated) will decrease mainly due to a decrease in electricity sales volume and fuel cost adjustment charge.
- Ordinary income (consolidated and non-consolidated) will increase mainly due to further improvement of our management efficiency.

**【Consolidated】**

(Features of consolidated financial results)

- Operating revenues will decrease for 2 consecutive years since FY2015.
- Ordinary income will decrease following FY2013, for the first time in 3 years. [declining income]

(Billion yen,%)

	Current	July 29	Change	
	(A)	(B)	(A-B)	(A-B)/B
Operating revenues	2,590.0	2,610.0	(20.0)	(0.8)
Operating income	145.0	135.0	10.0	7.4
Ordinary income	125.0	115.0	10.0	8.7
Net income attributable to owners of parent	115.0	115.0	-	-

**【Non-Consolidated】**

(Features of non-consolidated financial results)

- Operating revenues will decrease for 2 consecutive years since FY2015.
- Ordinary income will decrease following FY2013, for the first time in 3 years. [declining income]

(Billion yen,%)

	Current	July 29	Change	
	(A)	(B)	(A-B)	(A-B)/B
Operating revenues	2,360.0	2,380.0	(20.0)	(0.8)
Operating income	125.0	115.0	10.0	8.7
Ordinary income	105.0	95.0	10.0	10.5
Net income	75.0	70.0	5.0	7.1

## 【Principal Figures】

(Electricity sales volume)	(TWh,%)			
	Current (A)	July 29 (B)	Change (A-B) (A-B)/B	
Low voltage	38.5	38.0	0.5	1.3
High voltage ▪ Extra-high voltage	82.9	84.2	(1.3)	(1.5)
Total	121.4	122.2	(0.8)	(0.7)

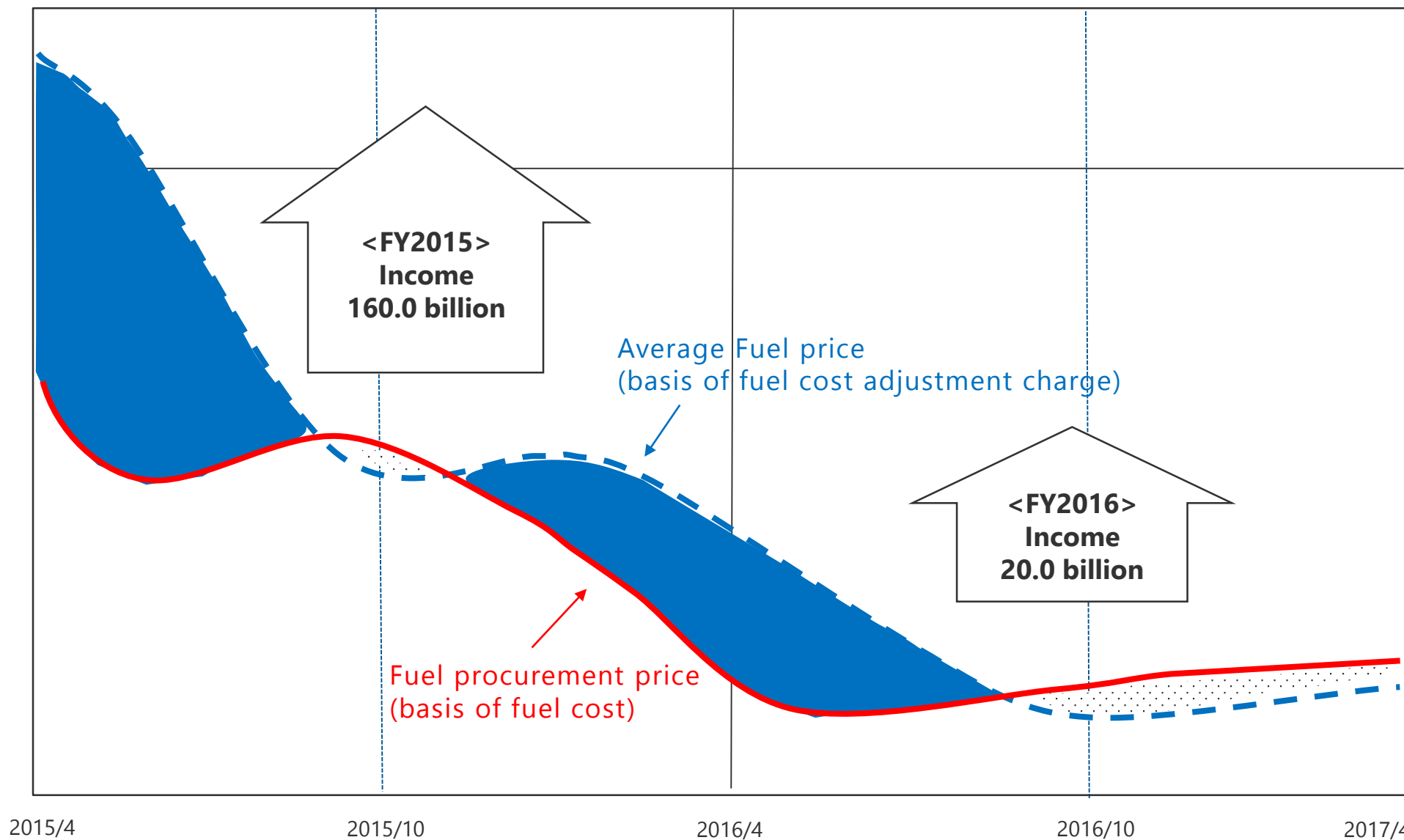
(Other principal figures)		Current	July 29
CIF price: crude oil	(\$/b)	approx. 47	approx. 48
FX rate	(yen/\$)	approx. 105	approx. 105
Nuclear power utilization rate	(%)	-	-

(Income sensitivity)		(Billion yen)		
		Current	July 29	
CIF price: crude oil	(1\$/b)	8.0	8.0	*1,2
FX rate	(1yen/\$)	4.5	4.5	*1
Flow rate	(1%)	0.5	0.5	
Interest rate	(1%)	5.0	5.0	

\*1 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.

\*2 The impact value of crude oil price includes the impact of LNG price because LNG price is subject to crude oil price.

# 10 | (Reference) Impact of accrued income incurred by fuel cost adjustment system in FY2016 (Forecast)



02

## Reference Data: Financial Results

# 11 | Consolidated Statements of Income

(Rounded down to nearest 100 million yen.) (Billion yen,%)

	2016/2Q (A)	2015/2Q (B)	Change	
			(A-B)	(A-B)/B
Operating revenues	1,306.8	1,481.8	(174.9)	(11.8)
Non-operating revenues	7.7	7.5	0.2	2.7
Ordinary revenues	1,314.6	1,489.3	(174.7)	(11.7)
Operating expenses	1,134.6	1,254.1	(119.5)	(9.5)
Non-operating expenses	16.2	24.7	(8.5)	(34.5)
Ordinary expenses	1,150.8	1,278.9	(128.0)	(10.0)
<Operating income>	<172.2>	<227.6>	<(55.4)>	<(24.3)>
Ordinary income	163.7	210.4	(46.6)	(22.2)
Reserve for fluctuation in water levels	(1.2)	7.5	(8.8)	-
Extraordinary income(*)	30.2	10.8	19.4	180.2
Income taxes	47.7	62.4	(14.6)	(23.5)
Net income attributable to non-controlling interests	0.8	1.3	(0.5)	(38.6)
Net income attributable to owners of parent	146.7	149.9	(3.1)	(2.1)

\* 2016/2Q : Gain on change in equity

2015/2Q : Reversal of provision for loss in conjunction with discontinued operations of nuclear power plants

# 12 | Non-consolidated Statements of Income <1>: Operating revenues

(Rounded down to nearest 100 million yen.) (Billion yen,%)

	2016/2Q (A)	2015/2Q (B)	Change (A-B) (A-B)/B	
Electricity sales revenue	1,025.5	1,225.8	(200.3)	(16.3)
Sold power to other electric utilities, and transmission revenue, etc. *	37.2	33.2	3.9	11.9
Grant under act on purchase of renewable energy sourced electricity	113.7	75.7	38.0	50.2
Other	11.9	12.6	(0.6)	(5.5)
<b>Electric utility operating revenues</b>	<b>1,188.5</b>	<b>1,347.5</b>	<b>(159.0)</b>	<b>(11.8)</b>
Incidental businesses operating revenues	25.4	37.5	(12.1)	(32.4)
<b>Total operating revenues</b>	<b>1,213.9</b>	<b>1,385.1</b>	<b>(171.2)</b>	<b>(12.4)</b>

## 【Major factors for Change】

- A decrease in electricity sales volume : -11.5
- A decrease in fuel cost adjustment charge : -217.5
- An increase in surcharge for promoting renewable energy sourced electricity : +36.0

- An increase in purchase of renewable energy sourced electricity

- A decrease in gas supply business

\* Sold power to other utilities, Sold power to other suppliers, Transmission revenue and Settlement revenue among utilities



# 13 | Non-consolidated Statements of Income <2>: Operating expenses

(Rounded down to nearest 100 million yen.) (Billion yen,%)

【Major factors for Change】

	2016/2Q	2015/2Q	Change		
	(A)	(B)	(A-B)	(A-B)/B	
Salaries and employee benefits	89.1	90.7	(1.5)	(1.7)	
Fuel	264.6	405.7	(141.0)	(34.8)	- A decrease in fuel price
Nuclear back-end expenses *1	7.0	7.3	(0.3)	(4.6)	
Purchased power, and transmission charges, etc. *2	193.9	169.9	24.0	14.1	- An increase in purchase of renewable energy sourced electricity
Maintenance	91.7	91.2	0.5	0.6	
Depreciation	113.3	119.7	(6.4)	(5.4)	
Taxes other than income taxes	62.9	63.6	(0.6)	(1.0)	
Levy under act on purchase of renewable energy sourced electricity	112.9	76.8	36.0	46.9	
Other	94.9	108.7	(13.7)	(12.7)	
Electric utility operating expenses	1,030.8	1,134.0	(103.2)	(9.1)	
Incidental business operating expenses	19.0	30.8	(11.8)	(38.3)	- A decrease in gas supply business
Total operating expenses	1,049.8	1,164.8	(115.0)	(9.9)	

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

\*2 Sold power to other utilities, Sold power to other suppliers, Portion of the existing power generation expenses such as spent fuel reprocessing for which contracts have been signed, consignment charges, supply connection consignment charges, Settlement revenue among utilities

# 14 | Non-consolidated Statements of Income <3>: Net income

(Rounded down to nearest 100 million yen.) (Billion yen,%)

	2016/2Q	2015/2Q	Change	
	(A)	(B)	(A-B)	(A-B)/B
Operating income	164.0	220.2	(56.1)	(25.5)
Non-operating revenues	8.9	7.3	1.5	21.1
Non-operating expenses	15.2	25.0	(9.8)	(39.2)
Ordinary revenues	1,222.8	1,392.5	(169.6)	(12.2)
Ordinary expenses	1,065.0	1,189.9	(124.8)	(10.5)
Ordinary income	157.8	202.6	(44.8)	(22.1)
Reserve for fluctuation in water levels	(1.2)	7.5	(8.8)	-
Extraordinary income	-	10.8	(10.8)	-
Income taxes	44.0	59.8	(15.8)	(26.4)
Net income	115.0	146.0	(31.0)	(21.2)

【Major factors for Change】

- Electricity business : -55.8
- Incidental business : -0.3

- 2015/2Q :  
Reversal of provision for loss in conjunction with discontinued operations of nuclear power plants

	(Rounded down to nearest 100 million yen.)		(Billion yen)
	2016.9 (A)	2016.3 (B)	Change (A-B)
Assets	5,510.1	5,538.9	(28.7)
	<5,091.8>	<5,065.5>	<26.2>
Liabilities	3,764.5	3,901.8	(137.2)
	<3,619.1>	<3,697.3>	<(78.1)>
Net assets	1,745.6	1,637.1	108.5
	<1,472.6>	<1,368.2>	<104.3>
Shareholders' equity ratio	31.0	28.9	2.1
	<28.9>	<27.0>	<1.9>
Outstanding interest-bearing debt	2,627.2	2,625.4	1.7
	<2,625.1>	<2,629.8>	<(4.6)>

Non-consolidated figures in <>.

## **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.

