

FY2014 2Q Financial Results Outline

(April 1, 2014 – September 30, 2014)

October 30, 2014

SHIKOKU ELECTRIC POWER CO.,INC.



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I . Consolidated Financial Results for FY2014 2Q

(April 1, 2014 – September 30, 2014)

- 1 . Electricity Sales
- 2 . Electricity Supply
- 3 . Summary of Financial Results
- 4 . Results by Segment
- 5 . Cash Flows
- 6 . Financial Position

Electricity Sales

(million kWh)

	FY2014 2Q (a)	FY2013 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	12,867	13,586	(719)	(5.3)%	<ul style="list-style-type: none"> • Rebound from the highly favorable temperature patterns seen in the last summer; approx (300)GWh • Increase in cutting down on electricity use; approx (300)GWh • Increase use of in-house generation systems; approx (100)GWh
Lighting	4,177	4,482	(305)	(6.8)%	
Power	8,690	9,104	(414)	(4.6)%	
<Commercial>	<3,028>	<3,234>	<(206)>	<(6.4)%>	
<Large-Scale,Industrial>	<3,752>	<3,837>	<(85)>	<(2.2)%>	
Wholesale	518	470	48	10.3%	
Total	13,385	14,056	(671)	(4.8)%	

Average temperatures in prefectural capitals in Shikoku

(°C)

	Jun	Jul	Aug	Sep	4-month AVG.
FY2014	23.0	27.0	26.7	23.9	25.2
Differences from the average year	0.2	0.2	(1.1)	(0.6)	(0.3)
Differences from the previous year	(0.5)	(1.4)	(2.6)	(0.7)	(1.3)

Electricity Sales to Large- Scale Industrial Customers

(million kWh)

	FY2014 2Q	Change [※]
Machinery	935	2.2%
Paper/Pulp	578	(11.1)%
Chemicals	553	(7.0)%
Steel	411	8.7%
Textiles	159	(9.0)%
Other	1,116	(0.8)%
Total	3,752	(2.2)%

※Changes from the previous period.

Electricity sales in the last 5 years

(million kWh)

	FY2010 2Q	FY2011 2Q	FY2012 2Q	FY2013 2Q	FY2014 2Q
Lighting	4,864	4,619	4,481	4,482	4,177
Power	9,822	9,591	9,231	9,104	8,690
<Large-Scale,Industrial>	<4,138>	<4,166>	<3,970>	<3,837>	<3,752>
Total	14,686	14,210	13,712	13,586	12,867

Electricity sales changes from the previous fiscal year

	FY2010 2Q	FY2011 2Q	FY2012 2Q	FY2013 2Q	FY2014 2Q
Lighting	9.5%	(5.0)%	(3.0)%	0.0%	(6.8)%
Power	6.9%	(2.3)%	(3.8)%	(1.4)%	(4.6)%
<Large-Scale,Industrial>	<10.7%>	<0.7%>	<(4.7)%>	<(3.3)%>	<(2.2)%>
Total	7.7%	(3.2)%	(3.5)%	(0.9)%	(5.3)%

Average temperatures in prefectural capitals in Shikoku

(°C)

	FY2010 2Q	FY2011 2Q	FY2012 2Q	FY2013 2Q	FY2014 2Q
Summer [※]	26.7	26.0	25.9	26.5	25.2

※ Summer means an average temperature of June, July, August, and September.

(million kWh)

	FY2014 2Q (a)	FY2013 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details																		
Hydro	2,018	1,586	432	27.2%	Flow Rate 74.0% → 103.0%																		
Nuclear	-	-	-	-	All units of the Ikata nuclear power station have been suspended since February 2012.																		
Thermal	<div style="display: flex; justify-content: space-between;"> 69% </div> 8,160	<div style="display: flex; justify-content: space-between;"> 64% </div> 8,582	<div style="display: flex; justify-content: space-between;"> 5% </div> (422)	(4.9)%	◇Electricity by thermal power (million kWh) <table border="1" style="margin-top: 10px;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">FY2014 2Q</th> <th rowspan="2">Change[※]</th> </tr> <tr> <th>GWh</th> <th>Composition</th> </tr> </thead> <tbody> <tr> <td>Generated</td> <td>8,107</td> <td>68%</td> <td>(940)</td> </tr> <tr> <td>Purchased</td> <td>3,790</td> <td>32%</td> <td>(552)</td> </tr> <tr> <td>Total</td> <td>11,897</td> <td>100%</td> <td>(1,492)</td> </tr> </tbody> </table> ※Changes from the previous period.		FY2014 2Q		Change [※]	GWh	Composition	Generated	8,107	68%	(940)	Purchased	3,790	32%	(552)	Total	11,897	100%	(1,492)
		FY2014 2Q		Change [※]																			
		GWh	Composition																				
	Generated	8,107	68%	(940)																			
Purchased	3,790	32%	(552)																				
Total	11,897	100%	(1,492)																				
<div style="display: flex; justify-content: space-between;"> 9% </div> 1,029	<div style="display: flex; justify-content: space-between;"> 9% </div> 1,135	<div style="display: flex; justify-content: space-between;"> 0% </div> (106)	(9.3)%																				
<div style="display: flex; justify-content: space-between;"> 22% </div> 2,708	<div style="display: flex; justify-content: space-between;"> 27% </div> 3,672	<div style="display: flex; justify-content: space-between;"> (5)% </div> (964)	(26.3)%																				
<div style="display: flex; justify-content: space-between;"> 100% </div> 11,897	<div style="display: flex; justify-content: space-between;"> 100% </div> 13,389	<div style="display: flex; justify-content: space-between;"> (1,492) </div> (11.1)%																					
Renewable Energy	728	447	281	63.0%																			

(Note1) % figures in are composition ratios of the electricity generated and purchased by thermal power plants.

(Note2) The electricity purchased from other utilities are included.

- ✓ Operating revenues increased by ¥20.5 billion from the previous period, to ¥319.0 billion, due to a rise in the electricity charge rate implemented in the previous fiscal year and an increase in grants under act on purchase of renewable energy sourced electricity by electric utilities.
- ✓ Operating expenses decreased by ¥5.8 billion from the previous period, to ¥297.0 billion. The factors are as follows;
 - The cost of the fuel and purchasing power from others declined because electricity demand went down and hydro power plants generated more than the previous year.
 - The companywide efforts to cut down the expenses such as salary.
- ✓ As a result, all income got into the black; Operating income : ¥21.9 billion, ordinary income : ¥19.7 billion, net income : ¥12.3 billion.

(100 million yen)

	FY2014 2Q (a)	FY2013 2Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	3,190	2,985	205	6.9%
Operating Expenses	2,970	3,028	(58)	(1.9)%
Operating Income(Loss)	219	(42)	261	-
Interest Expenses, etc.	22	25	(3)	(12.0)%
Ordinary Income(Loss)	197	(67)	264	-
Reserve for Fluctuations in Water Level	(Reversal) (5)	(Reversal) (36)	31	-
Income Taxes, etc.	79	0	79	-
Net Income(Loss)	123	(32)	155	-

(Note) Ordinary income(loss) is income(loss) before reserve for fluctuations in water level and income taxes, etc.

(100 million yen)

	FY2014 2Q (a)	FY2013 2Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	2,525	2,399	126	5.2%
Electricity sales(Wholesale), etc.	68	58	10	18.8%
Others	232	147	85	57.5%
Electric Operating Revenues	2,826	2,605	221	8.5%
Other Revenues	363	379	(16)	(4.2)%
Operating Revenues	3,190	2,985	205	6.9%
Personnel	238	247	(9)	(3.5)%
Fuel	685	835	(150)	(17.9)%
Power Purchase	620	531	89	16.7%
Depreciation	276	283	(7)	(2.7)%
Maintenance	226	219	7	3.0%
Nuclear Back-end	35	36	(1)	(2.6)%
Others	553	523	30	5.8%
Electric Operating Expenses	2,636	2,677	(41)	(1.5)%
Others	334	350	(16)	(4.6)%
Operating Expenses	2,970	3,028	(58)	(1.9)%
Operating Income(Loss)	219	(42)	261	-
Interest Expenses, etc.	22	25	(3)	(12.0)%
Ordinary Income(Loss)	197	(67)	264	-
Reserve for Fluctuations in Water Level (Reversal)	(5)	(36)	31	-
Income Taxes, etc.	79	0	79	-
Net Income(Loss)	123	(32)	155	-

【Electricity Sales(Retail)】

- Rise in the electricity charge rate +165
- Increase in revenues based on the Fuel Cost Adjustment System +58
- Increase in surcharge income based on the feed-in tariff system +38
- Decrease in electricity sales volume (127) ,etc.

【Others】

- Grants under act on purchase of renewable energy sourced electricity by electric utilities +85

【Personnel】

- Salary (8) ,etc.

【Fuel, Power Purchase】 (61)

- Decrease in electricity sales volume (55)
- Increase in electricity volume generated by hydro power plants (35)
- Increase in purchase of renewable energy sourced electricity +76
- Decline in the thermal power generation cost per kWh (40), etc.
 - > Rise in the fuel prices +30
 - > Rise of the coal power ratio (70)

【Others】

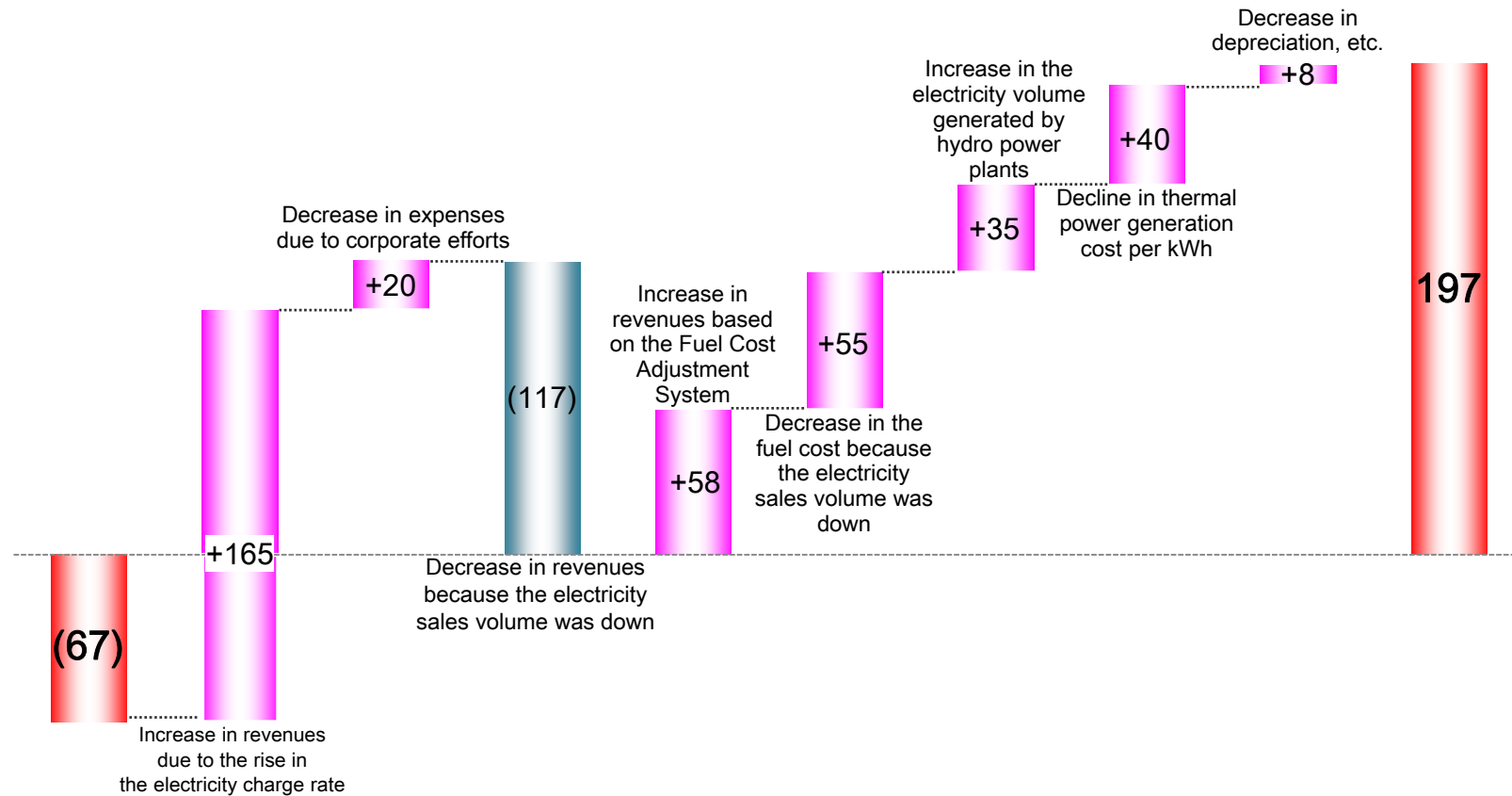
- Payments to Green Investment Promotion Organization +38, etc.

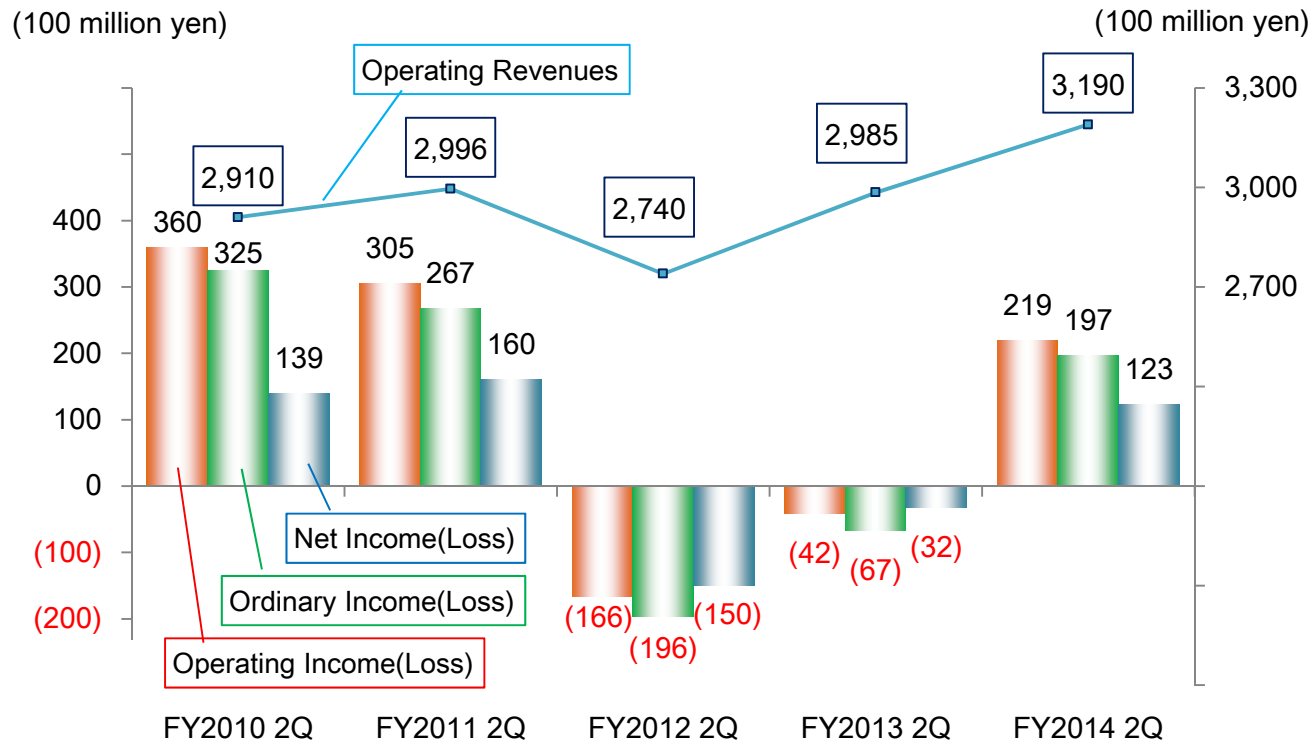
Ordinary income

(100 million yen)

FY2013
2Q

FY2014
2Q





Performance Indicators

		FY2010 2Q	FY2011 2Q	FY2012 2Q	FY2013 2Q	FY2014 2Q
Operating Income Margin	(%)	12.4	10.2	(6.1)	(1.4)	6.9
Return on Assets (ROA)※	(%)	5.4	4.6	(2.2)	(0.3)	3.6
Return on Equity (ROE)	(%)	7.7	9.1	(9.5)	(2.3)	8.6
Net Income per Share	(yen)	65	77	(73)	(16)	60
Ordinary Income(Loss) + Interest Expenses	(100 million yen)	375	316	(149)	(18)	247

※ROA = (Ordinary Income(Loss) + Interest Expenses) / Total Assets

【収支】

- ✓ Electric utility segment profit increased by ¥26.3 billion from the previous period to ¥18.6 billion, mainly due to the rise in the electricity charge rate and the companywide efforts to cut down expenses.
- ✓ IT/communications segment profit decreased by ¥0.1 billion from the previous period to ¥1.9 billion. It was because that expenses such as depreciation of the data center(Powerico) which started operation last year went up more than a growth in sales due to the expansion of FTTH service areas.
- ✓ Others segment profit stayed at ¥1.3 billion. In construction and engineering business, an increase in operating expenses offset a growth in sales.

Results by segment

(100 million yen)

		FY2014 2Q	FY2013 2Q	(a-b)
		(a)	(b)	
Consolidated	Sales to External Customers	3,190	2,985	205
	Segment Profit(Loss)	219	(42)	261
Electric Utility [※]	Sales to External Customers	2,833	2,612	221
	Segment Profit(Loss)	186	(77)	263
IT/Communications [※]	Sales to External Customers	151	140	11
	Segment Profit(Loss)	19	20	(1)
Others [※]	Sales to External Customers	546	584	(38)
	Segment Profit(Loss)	13	13	(0)

※ Internal transactions are not eliminated

A number of FTTH service contracts

(10 thousand)

	Sep 30, 2014	Sep 30, 2013	(a-b)
	(a)	(b)	
Number of contracts	16.5	14.8	1.7

Capital Investment

(100 million yen)

	2014FY 2Q
Electric Utility	238
<Safety measures at the Ikata nuclear power station>	<53>
<introduction of a LNG combined cycle to the Sakaide thermal power station unit No.2>	<24>
IT/Communications	38
<FTTH>	<8>
Others	17
Total	293

(100 million yen)

		FY2014 2Q	FY2013 2Q	(a-b)
		(a)	(b)	
Net Cash Provided by Operating Activities	Ordinary Income(loss)	197	(67)	
	Depreciation	324	327	
	Others	(238)	(104)	
	Subtotal	283	155	128
Net Cash Used in Investing Activities	Capital Expenditures	(263)	(372)	
	Investments	47	5	
	Subtotal	(215)	(366)	151
Free Cash Flows		67	(211)	278
Net Cash Provided by financing Activities	Bonds and Loans	(11)	198	
	Purchase of Treasury Stock	(0)	(0)	
	Subtotal	(11)	198	
Net Increase(Decrease) in Cash and Cash Equivalentents		57	(13)	

※Plus figures means cash inflow, minus figures means cash outflow.

(100 million yen)

	Sep 30, 2014 (a)	Mar 31, 2014 (b)	(a-b)	Details
Total Assets	13,742	13,972	(230)	
<Net Property, Plant and Equipment>	<8,306>	<8,398>	<(92)>	• Depreciation
<Net Defined Benefit Assets>	<94>	<220>	<(126)>	• Decrease resulted from the revision of accounting standard for retirement benefits (130)
Liabilities	10,843	11,098	(255)	
<Bonds and Loans>	<7,363>	<7,374>	<(11)>	
<Accounts Payable, etc>	<3,480>	<3,724>	<(244)>	
Total Equity	2,899	2,874	25	• Net Income +123
<Retained Earnings>	<1,346>	<1,336>	<10>	• Decrease resulted from the revision of accounting standard for retirement benefits (113)

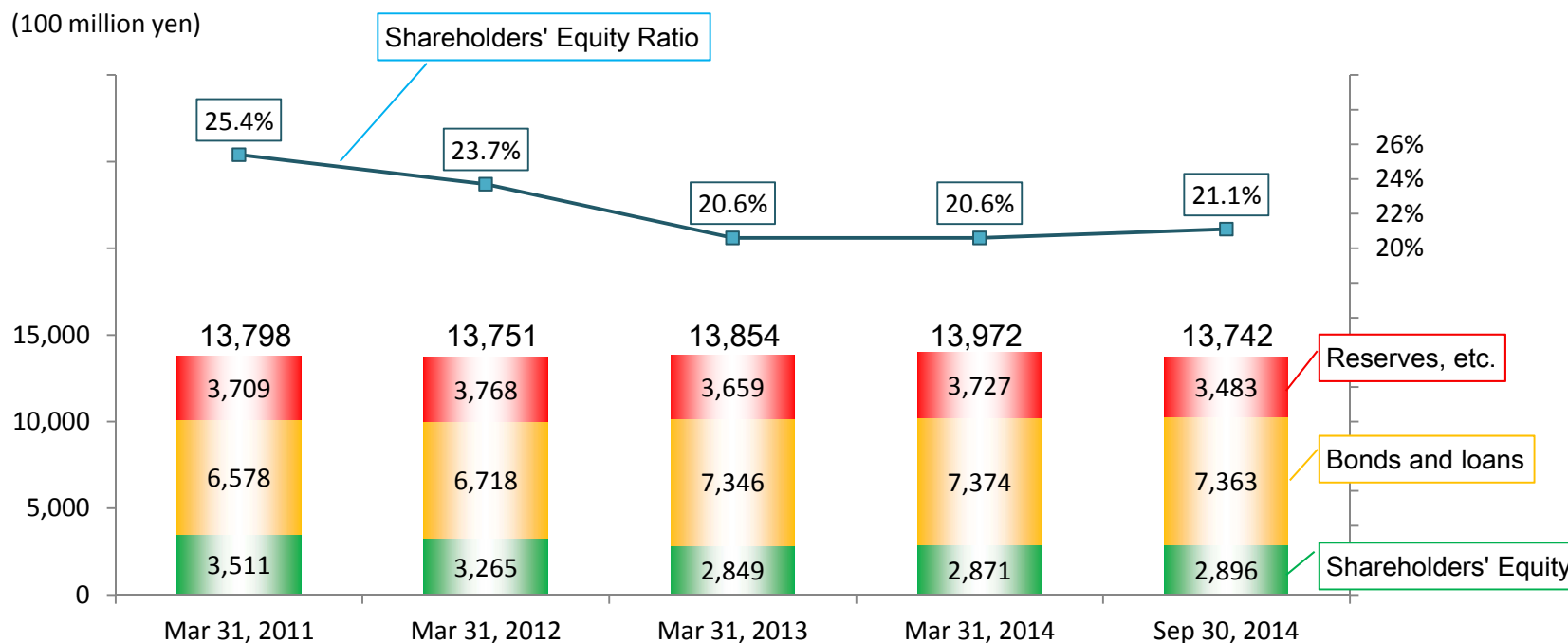
Shareholders' Equity Ratio	21.1%	20.6%	0.5%
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(Note)

Projected benefit obligations increased by ¥15.9 billion at the beginning of FY2014 due to the revision of accounting standard for retirement benefits.

[Decrease in net defined benefit asset; (¥13.0 billion), increase in net defined benefit liability; + ¥2.9 billion]

¥11.3 billion(after tax effect) are deducted from retained earnings by the application of the special measure associated with the revision above.



(Note)
 Shareholder's Equity = (Total Equity) – (minority interests)

Financial Indicators

	Mar 31, 2011	Mar 31, 2012	Mar 31, 2013	Mar 31, 2014	Sep 30, 2014
Shareholder's Equity Ratio (%)	25.4	23.7	20.6	20.6	21.1
Interest Bearing Debts Ratio (times)	1.9	2.1	2.6	2.6	2.5
Book-value per share(BPS) (yen)	1,684	1,586	1,384	1,394	1,406
Price Book-value Ratio(PBR) (times)	1.3	1.5	1.0	1.0	1.0

(Note)
 Interest Bearing Debts Ratio = (Bonds and Loans) / (Shareholders' Equity)

II . Consolidated Financial Forecasts for FY2014 (April 1, 2014 – March 31, 2015)

- ✓ Operating revenues will increase by approximately ¥24.0 billion year-on-year to ¥660.0 billion. It is because the rise in electricity charge rate will be full-year effective and grants under act on purchase of renewable energy sourced electricity by electric utilities will increase despite the decline in the electricity sales volume. (This is not changed from the announcement in April 2014.)
- ✓ We cannot release forecasts of income(loss) and year-end dividend at this point in time because it is difficult to find out when the Ikata nuclear power station unit No.3 will re-start.

Operating Revenues Forecasts

(100 million yen)

	FY2014 (Forecast) <a>	FY2013 (Result) 	<c>=<a-b>	<c>/
Operating Revenues (Consolidated)	6,600	6,363	237	3.7%

Electricity Sales Forecasts

(100 million kWh)

	FY2014 (Forecast) <a>	FY2013 (Result) 	<a-b>
Lighting	93.3	96.1	(2.8)
Power	172.2	176.0	(3.8)
Retail	265.5	272.1	(6.6)
Wholesale	9.5	11.5	(2.0)
Total	275.0	283.6	(8.6)

Fuel Prices and Exchange Rate Forecasts

	FY2014 (Forecast) <a>	FY2013 (Result) 	<a-b>
Coal CIF Price(\$/t)	95	108	(13)
Crude oil CIF Price(\$/b)	105	110	(5)
Exchange Rate(¥/\$)	105	100	5

<reference> Non-Consolidated Financial Results for FY2014 2Q
(April 1, 2014 – September 30, 2014)

Non-consolidated

(100 million yen)

	FY2014 2Q (a)	FY2013 2Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	2,525	2,399	126	5.2%
Electricity sales(Wholesale), etc.	68	58	10	18.8%
Others	307	226	81	35.9%
Operating Revenues	2,901	2,684	217	8.1%
Personnel	240	249	(9)	(3.5)%
Fuel	685	835	(150)	(17.9)%
Power Purchase	620	531	89	16.7%
Depreciation	279	287	(8)	(2.8)%
Maintenance	227	220	7	3.1%
Nuclear Back-end	35	36	(1)	(2.6)%
Others	619	597	22	3.7%
Operating Expenses	2,709	2,758	(49)	(1.8)%
Operating Income(Loss)	192	(74)	266	-
Interest Expenses, etc.	1	14	(13)	(92.4)%
Ordinary Income(Loss)	191	(88)	279	-
Reserve for Fluctuations in Water Level	(Reversal) (5)	(Reversal) (36)	31	-
Income Taxes, etc.	68	(14)	82	-
Net Income(Loss)	128	(38)	166	-

【Electricity Sales(Retail)】

- Rise in the electricity charge rate +165
- Increase in revenues based on the Fuel Cost Adjustment System +58
- Increase in surcharge income based on the feed-in tariff system +38
- Decrease in electricity sales volume (127) ,etc.

【Others】

- Grants under act on purchase of renewable energy sourced electricity by electric utilities +85

【Personnel】

- Salary (8) ,etc.

【Fuel, Power Purchase】 (61)

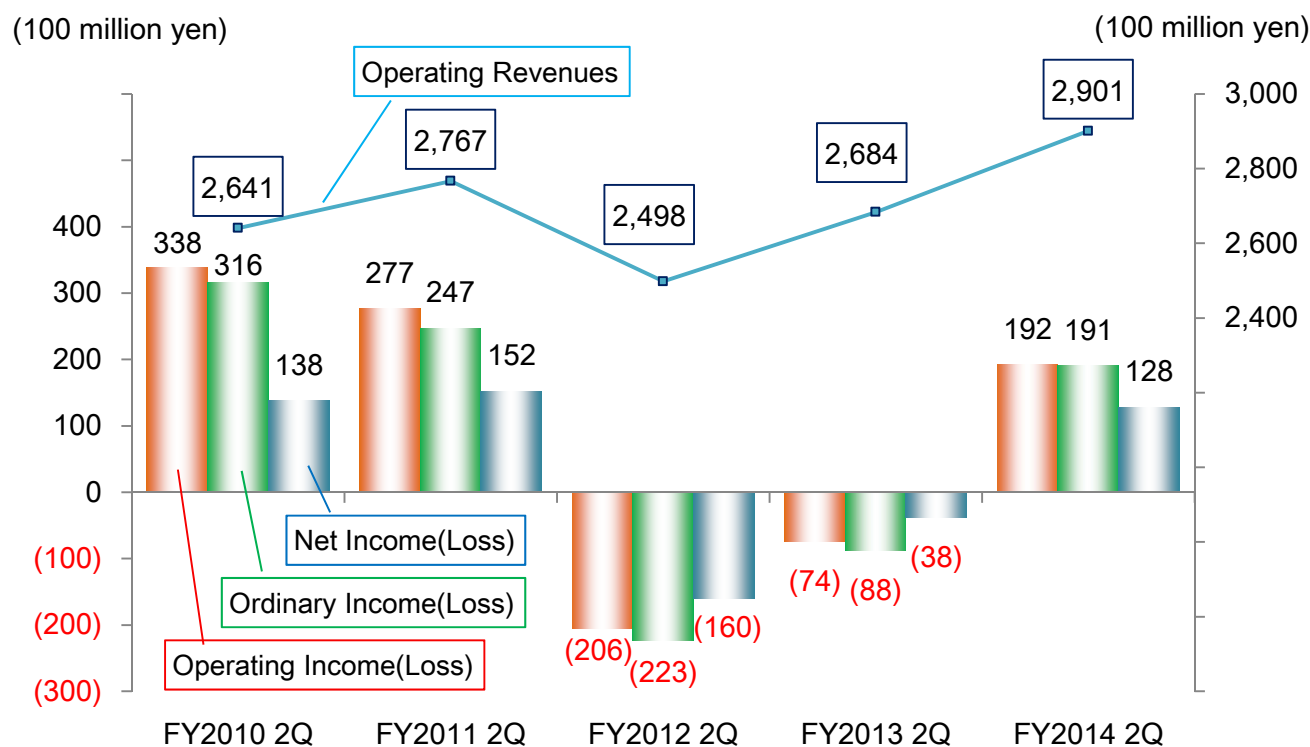
- Decrease in electricity sales volume (55)
- Increase in electricity volume generated by hydro power plants (35)
- Increase in purchase of renewable energy sourced electricity +76
- Decline in thermal power generation cost per kWh (40), etc.
 - > Rise in the fuel prices +30
 - > Rise of the coal power ratio (70)

【Others】

- Payments to Green Investment Promotion Organization + 38

【Interest Expenses, etc.】

- Increase in dividend income received from consolidated subsidiaries + 12, etc.



Performance Indicators

		FY2010 2Q	FY2011 2Q	FY2012 2Q	FY2013 2Q	FY2014 2Q
Operating Income Margin	(%)	12.8	10.0	(8.2)	(2.8)	6.6
Return on Assets (ROA)※	(%)	5.5	4.5	(2.7)	(0.6)	3.6
Return on Equity (ROE)	(%)	8.5	9.8	(11.8)	(3.2)	9.5
Net Income per Share	(yen)	64	73	(77)	(18)	62
Ordinary Income(Loss) + Interest Expenses	(100 million yen)	366	295	(176)	(39)	241

※ROA = (Ordinary Income(Loss) + Interest Expenses) / Total Assets

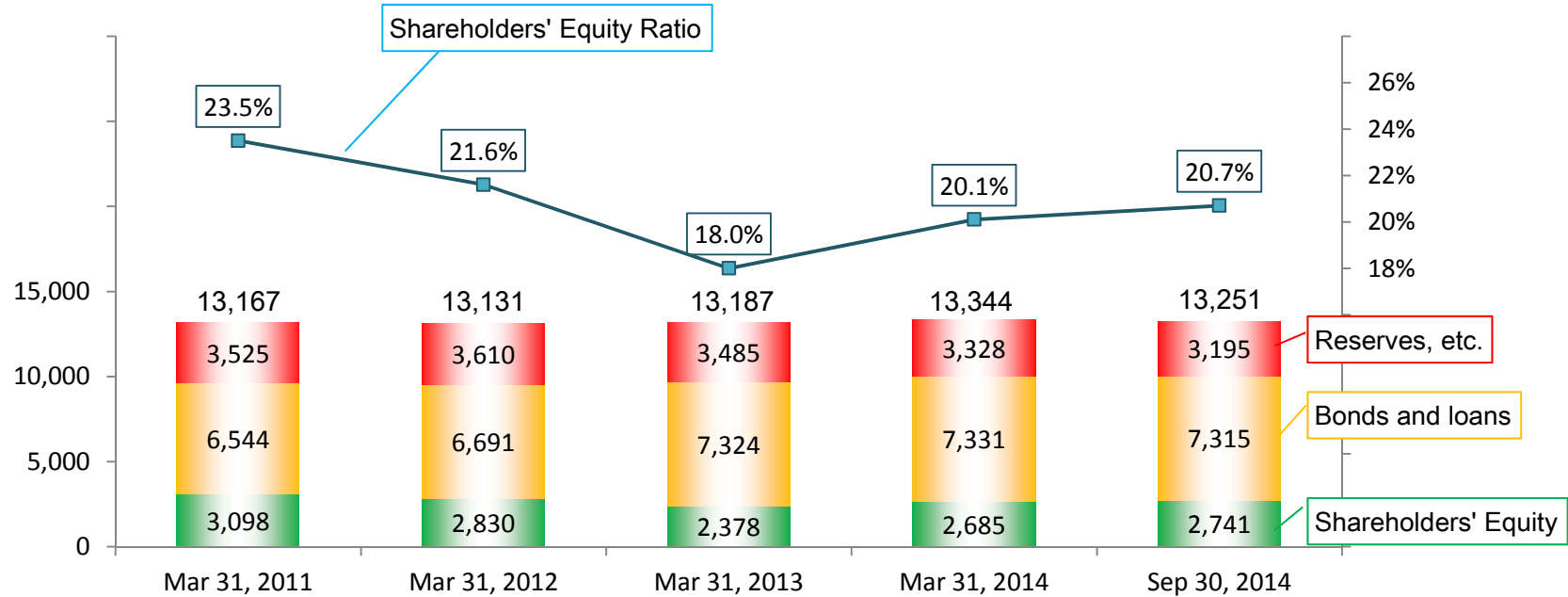
(100 million yen)

	Sep 30, 2014 (a)	Mar 31, 2014 (b)	(a-b)	Details
Total Assets	13,251	13,344	(93)	
<Prepaid Pension cost>	<80>	<187>	<(107)>	
Liabilities	10,509	10,659	(150)	
<Bonds and Loans>	<7,315>	<7,331>	<(16)>	
<Accounts Payable, etc.>	<3,193>	<3,328>	<(135)>	
Total Equity	2,741	2,685	56	<ul style="list-style-type: none"> • Net Income +128 • Decrease resulted from the revision of accounting standard for retirement benefits (97)

Shareholders' Equity Ratio	20.7%	20.1%	0.6%
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Non-consolidated

(100 million yen)



Financial Indicators

	Mar 31, 2011	Mar 31, 2012	Mar 31, 2013	Mar 31, 2014	Sep 30, 2014
Shareholder's Equity Ratio (%)	23.5	21.6	18.0	20.1	20.7
Interest Bearing Debts Ratio (times)	2.1	2.4	3.1	2.7	2.7
Book-value per share(BPS) (yen)	1,475	1,363	1,146	1,293	1,321
Price Book-value Ratio(PBR) (times)	1.5	1.7	1.2	1.1	1.1

(Note)

Interest Bearing Debts Ratio = (Bonds and Loans) / (Shareholders' Equity)

Caution Regarding Business Forecasts and Forward-Looking Statements

In addition to historical facts regarding Shikoku Electric Power Company and its subsidiaries and affiliated companies, this presentation contains business forecasts and other forward-looking statements.

These statements are based on our assumptions and judgments in consideration of the information available at the time, and are therefore subject to risks and contain an element of uncertainty.

It is also possible that such forecasts will be revised at a later date in light of changes in the operating environment or other underlying assumptions for the forecasts. We ask that readers please take these factors into consideration.



SHIKOKU ELECTRIC POWER CO., INC.

<http://www.yonden.co.jp/>