

FY2014 3Q Financial Results Outline

(April 1, 2014 –December 31, 2014)

January 28, 2015

SHIKOKU ELECTRIC POWER CO.,INC.



Contents

I . Consolidated Financial Results for FY2014 3Q (April 1, 2014 – December 31, 2014)	1 . Electricity Sales	1
	2 . Electricity Supply	2
	3 . Summary of Financial Results	3
	4 . Results by Segment	5
	5 . Financial Position	6
II . Forecasts of Consolidated Financial Performance for FY2014 and Year-end Dividend. (April 1, 2014 – March 31, 2015)		7
<reference>		
Non-Consolidated Financial Results for FY2014 3Q (April 1, 2014 – December 31, 2014)	1 . Details of Financial Results	8
	2 . Financial Position	9

I . Consolidated Financial Results for FY2014 3Q

(April 1, 2014 – December 31, 2014)

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

Electricity Sales

(million kWh)

	FY2014 3Q (a)	FY2013 3Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	19,149	19,943	(794)	(4.0)%	<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 (400)GWh
Lighting	6,254	6,615	(361)	(5.5)%	
Power	12,895	13,328	(433)	(3.2)%	
<Commercial>	<4,422>	<4,666>	<(244)>	<(5.2)%>	
<Large-Scale,Industrial>	<5,688>	<5,717>	<(29)>	<(0.5)%>	
Wholesale	866	819	47	5.8%	
Total	20,015	20,762	(747)	(3.6)%	

Average temperatures in prefectural capitals in Shikoku

	(°C)					(°C)			
	Jun	Jul	Aug	Sep	4-month AVG.	Oct	Nov	Dec	3-month AVG.
FY2014	23.0	27.0	26.7	23.9	25.2	19.5	14.2	6.7	13.5
Differences from the previous year	(0.5)	(1.4)	(2.6)	(0.7)	(1.3)	(0.9)	1.3	(0.8)	(0.1)

Electricity Sales to Large- Scale Industrial Customers

(million kWh)

	FY2014 3Q	Change [※]
Machinery	1,390	2.6%
Paper/Pulp	922	(2.2)%
Chemicals	820	(6.4)%
Steel	648	7.2%
Textiles	244	(6.7)%
Other	1,664	(0.7)%
Total	5,688	(0.5)%

※Changes from the previous period.

(million kWh)

	FY2014 3Q (a)	FY2013 3Q (b)	(c)=(a)-(b)	(c)/(b)	Details																	
Hydro	2,718	2,423	295	12.2%	Flow Rate 95.7% → 107.4%																	
Nuclear	-	-	-	-	All units of the Ikata nuclear power station have been suspended since February 2012.																	
Thermal	<div style="display: flex; justify-content: space-between; font-size: small;"> 69% 66% 3% </div> Coal 12,725	<div style="display: flex; justify-content: space-between; font-size: small;"> 66% 13,003 (278) </div>	(2.1)%	◇Electricity by thermal power (million kWh) <table border="1" style="margin-top: 10px;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">FY2014 3Q</th> <th rowspan="2">Change*</th> </tr> <tr> <th>GWh</th> <th>Composition</th> </tr> </thead> <tbody> <tr> <td>Generated</td> <td>12,470</td> <td>68%</td> <td>(644)</td> </tr> <tr> <td>Purchased</td> <td>5,999</td> <td>32%</td> <td>(820)</td> </tr> <tr> <td>Total</td> <td>18,469</td> <td>100%</td> <td>(1,464)</td> </tr> </tbody> </table> ※Changes from the previous period.		FY2014 3Q		Change*	GWh	Composition	Generated	12,470	68%	(644)	Purchased	5,999	32%	(820)	Total	18,469	100%	(1,464)
		FY2014 3Q				Change*																
		GWh	Composition																			
	Generated	12,470	68%		(644)																	
	Purchased	5,999	32%		(820)																	
Total	18,469	100%	(1,464)																			
<div style="display: flex; justify-content: space-between; font-size: small;"> 9% 9% 0% </div> LNG 1,643	<div style="display: flex; justify-content: space-between; font-size: small;"> 9% 1,813 (170) </div>	(9.4)%																				
<div style="display: flex; justify-content: space-between; font-size: small;"> 22% 25% (3)% </div> Oil/Gas 4,101	<div style="display: flex; justify-content: space-between; font-size: small;"> 25% 5,117 (1,016) </div>	(19.9)%																				
<div style="display: flex; justify-content: space-between; font-size: small;"> 100% 100% </div> Thermal 18,469	<div style="display: flex; justify-content: space-between; font-size: small;"> 100% 19,933 (1,464) </div>	(7.3)%																				
Renewable Energy	1,094	704	390	55.4%																		

(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 ¥ 25.9 billion from the previous period, to ¥ 476.9 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 ¥ 5.5 billion from the previous period, to ¥ 448.0 billion. The factors are as follows;
 - The cost of the fuel and purchasing power from others declined because electricity demand and the thermal generation cost per kWh went down 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 : ¥ 28.8 billion, ordinary income : ¥ 25.4 billion, net income : ¥ 15.9 billion.

(100 million yen)

	FY2014 3Q (a)	FY2013 3Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	4,769	4,510	259	5.7%
Operating Expenses	4,480	4,535	(55)	(1.2)%
Operating Income(Loss)	288	(25)	313	-
Interest Expenses, etc.	34	37	(3)	(8.7)%
Ordinary Income(Loss)	254	(62)	316	-
Reserve for Fluctuations in Water Level	(Provision) 1	(Reversal) (18)	19	-
Income Taxes, etc.	93	2	91	-
Net Income(Loss)	159	(46)	205	-

(100 million yen)

	FY2014 3Q (a)	FY2013 3Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	3,732	3,607	125	3.5%
Electricity sales(Wholesale), etc.	119	109	10	9.1%
Others	354	234	120	51.4%
Electric Operating Revenues	4,206	3,951	255	6.5%
Other Revenues	562	558	4	0.6%
Operating Revenues	4,769	4,510	259	5.7%
Personnel	350	360	(10)	(2.7)%
Fuel	1,045	1,205	(160)	(13.3)%
Power Purchase	924	814	110	13.5%
Depreciation	416	425	(9)	(2.3)%
Maintenance	352	356	(4)	(1.1)%
Nuclear Back-end	52	58	(6)	(8.8)%
Others	824	798	26	3.3%
Electric Operating Expenses	3,966	4,019	(53)	(1.3)%
Others	514	516	(2)	(0.4)%
Operating Expenses	4,480	4,535	(55)	(1.2)%
Operating Income(Loss)	288	(25)	313	-
Interest Expenses, etc.	34	37	(3)	(8.7)%
Ordinary Income(Loss)	254	(62)	316	-
Reserve for Fluctuations in Water Level	(Provision) 1	(Reversal) (18)	19	-
Income Taxes, etc.	93	2	91	-
Net Income(Loss)	159	(46)	205	-

【Electricity Sales(Retail)】

- Rise in the electricity charge rate +174
- Increase in revenues based on the Fuel Cost Adjustment System +60
- Increase in surcharge income based on the feed-in tariff system +59
- Decrease in electricity sales volume (163) ,etc.

【Others】

- Grants under act on purchase of renewable energy sourced electricity by electric utilities +119

【Personnel】

- Salary (10)

【Fuel, Power Purchase】 (51)

- Decrease in electricity sales volume (60)
- Increase in electricity volume generated by hydro power plants (25)
- Decline in the thermal power generation cost per kWh (70),
 - > Rise in the fuel prices +20
 - > Rise of the coal power ratio (90)
- Increase in purchase of renewable energy sourced electricity +112 ,etc.

【Others】

- Payments to Green Investment Promotion Organization + 59
- Decline in payments for using other utilities' network facilities (16)
- Decline in rent, R&D, etc. (10) , etc.

- ✓ Electric utility segment profit increased by ¥ 30.8 billion from the previous period to ¥ 23.1 billion, mainly due to the rise in the electricity charge rate and the companywide efforts to cut down expenses.
- ✓ IT/communications segment profit increased by ¥ 0.3 billion from the previous period to ¥ 3.1 billion. It was because that a growth in sales due to the expansion of FTTH service areas went up more than expenses such as depreciation of the data center(Powerico) which started operation in Dec, 2013.
- ✓ Others segment profit stayed at ¥ 2.6 billion. In construction and engineering business, an increase in operating expenses offset a growth in sales.

Results by segment

(100 million yen)

		FY2014 3Q	FY2013 3Q	(a-b)
		(a)	(b)	
Consolidated	Sales to External Customers	4,769	4,510	259
	Segment Profit(Loss)	288	(25)	313
Electric Utility [※]	Sales to External Customers	4,215	3,960	255
	Segment Profit(Loss)	231	(77)	308
IT/Communications [※]	Sales to External Customers	231	213	18
	Segment Profit(Loss)	31	28	3
Others [※]	Sales to External Customers	866	914	(48)
	Segment Profit(Loss)	26	26	0

※ Internal transactions are not eliminated

A number of FTTH service contracts

(10 thousand)

	Dec 31, 2014	Dec 31, 2013	(a-b)
	(a)	(b)	
Number of contracts	16.8	15.4	1.4

Capital Investment

(100 million yen)

	2014FY 3Q
Electric Utility	362
<Safety measures at the Ikata nuclear power station>	<78>
<Introduction of a LNG combined cycle to the Sakaide thermal power station unit No.2>	<37>
IT/Communications	54
<FTTH>	<12>
Others	29
Total	445

(100 million yen)

	Dec 31, 2014 (a)	Mar 31, 2014 (b)	(a-b)	Details
Total Assets	13,983	13,972	11	
<Imprest Fund>	<390>	<111>	<279>	
<Net Property, Plant and Equipment>	<8,266>	<8,398>	<(132)>	• Decrease by depreciation
<Net Defined Benefit Assets>	<93>	<220>	<(127)>	• Decrease resulted from the revision of accounting standard for retirement benefits (130)
Liabilities	11,008	11,098	(90)	
<Bonds and Loans>	<7,455>	<7,374>	<81>	• Issue of Bonds +200, CP (90)
<Others>	<3,553>	<3,724>	<(171)>	• Decrease in accrued liabilities (210)
Total Equity	2,974	2,874	100	• Deferred gain on derivatives under hedge accounting +59 • Net Income +159
<Retained Earnings>	<1,381>	<1,336>	<45>	• Decrease resulted from the revision of accounting standard for retirement benefits (113)

Shareholders' Equity Ratio	21.3%	20.6%	0.7%
----------------------------	-------	-------	------

(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.

II . Forecasts of Consolidated Financial Performance for FY2014 and Year-end Dividend (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.
- ✓ As a result, all income got into the black; Operating income : ¥26.0 billion, ordinary income : ¥20.0 billion, net income : ¥8 billion.
- ✓ The forecast of year-end dividend per share is undecided at this point in time.

Financial Forecasts

(100 million yen)

	FY2014 (Forecast) <a>	FY2013 (Result) 	(c)=(a)-(b)	(c)/(b)
Operating Revenues	6,600	6,363	237	3.7%
Operating Income	260	27	233	857.6%
Ordinary Income(Loss)	200	(17)	217	-
Net Income(Loss)	80	(32)	112	-
Net Income(Loss) per Share	¥39	(¥16)	¥55	-

Dividend per Share

Year-end	Interim
Undecided	¥0

Electricity Sales Forecasts

(100 million kWh)

	FY2014 (Forecast) <a>	FY2013 (Result) 	<a-b>
Lighting	92.8	96.1	(3.3)
Power	171.3	176.0	(4.7)
Retail	264.1	272.1	(8.0)
Wholesale	10.9	11.5	(0.6)
Total	275.0	283.6	(8.6)

(%)

Nuclear Capacity Factor	0.0	0.0	-
Flow Rate	105.9	101.4	4.5

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)	95	110	(15)
Exchange Rate(¥ / \$)	110	100	10

<reference> Non-Consolidated Financial Results for FY2014 3Q
(April 1, 2014 – December 31, 2014)

Non-consolidated

(100 million yen)

	FY2014 3Q (a)	FY2013 3Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	3,732	3,607	125	3.5%
Electricity sales(Wholesale), etc.	119	109	10	9.1%
Others	465	349	116	33.1%
Operating Revenues	4,317	4,066	251	6.2%
Personnel	353	363	(10)	(2.7)%
Fuel	1,045	1,205	(160)	(13.3)%
Power Purchase	924	814	110	13.5%
Depreciation	420	431	(11)	(2.4)%
Maintenance	354	358	(4)	(1.1)%
Nuclear Back-end	52	58	(6)	(8.8)%
Others	927	907	20	2.2%
Operating Expenses	4,078	4,138	(60)	(1.4)%
Operating Income(Loss)	238	(71)	309	-
Interest Expenses, etc.	11	27	(16)	(55.9)%
Ordinary Income(Loss)	226	(98)	324	-
Reserve for Fluctuations in Water Level (Provision)	1	(Reversal)(18)	19	-
Income Taxes, etc.	75	(20)	95	-
Net Income(Loss)	149	(59)	208	-

【Electricity Sales(Retail)】

- Rise in the electricity charge rate +174
- Increase in revenues based on the Fuel Cost Adjustment System +60
- Increase in surcharge income based on the feed-in tariff system +59
- Decrease in electricity sales volume (163) ,etc.

【Others】

- Grants under act on purchase of renewable energy sourced electricity by electric utilities +119

【Personnel】

- Salary (10) ,etc.

【Fuel, Power Purchase】 (51)

- Decrease in electricity sales volume (60)
- Increase in electricity volume generated by hydro power plants (25)
- Decline in the thermal power generation cost per kWh (70), etc.
 - > Rise in the fuel prices +20
 - > Rise of the coal power ratio (90)
- Increase in purchase of renewable energy sourced electricity +112 ,etc.

【Others】

- Payments to Green Investment Promotion Organization + 59
- Decline in payments for using other utilities' network facilities (16)
- Decline in rent, R&D (10), etc.

【Interest Expenses, etc.】

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

(100 million yen)

	Dec 31, 2014 (a)	Mar 31, 2014 (b)	(a-b)	Details
Total Assets	13,466	13,344	122	
<Imprest Fund>	<371>	<103>	<268>	
<Prepaid Pension cost>	<86>	<187>	<(101)>	· Decrease resulted from the revision of accounting standard for retirement benefits (125)
Liabilities	10,659	10,659	0	
<Bonds and Loans>	<7,407>	<7,331>	<76>	· Issue of Bonds +200, CP (90)
<Others>	<3,252>	<3,328>	<(76)>	· Decrease in outstanding payments (64)
Total Equity	2,807	2,685	122	· Deferred gain on derivatives under hedge accounting +59 · Net Income +149
<Retained Earnings>	<1,198>	<1,146>	<52>	· Decrease resulted from the revision of accounting standard for retirement benefits (97)

Shareholders' Equity Ratio	20.8%	20.1%	0.7%
----------------------------	-------	-------	------

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/>