

FY2015 1Q Financial Results Outline

(April 1, 2015 – June 30, 2015)

July 30, 2015

SHIKOKU ELECTRIC POWER CO.,INC.

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I . Consolidated Financial Results for FY2015 1Q

(April 1, 2015 – June 30, 2015)

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

Electricity Sales

(million kWh)

	FY2015 1Q (a)	FY2014 1Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	6,082	6,102	(20)	(0.3)%	<ul style="list-style-type: none"> • Increase of large-scale, industrial due to the production increase and decrease use of in-house generation systems, etc. ; +40GWh • Increase in cutting down on electricity use, etc. ; approx (70)GWh and other factors
Lighting	1,983	2,019	(36)	(1.8)%	
Power	4,099	4,083	16	0.4%	
<Commercial>	<1,322>	<1,333>	<(11)>	<(0.8)%>	
<Large-Scale,Industrial>	<1,907>	<1,867>	< 40 >	< 2.1% >	
Wholesale	170	177	(7)	(3.8)%	
Total	6,252	6,279	(27)	(0.4)%	

Average temperatures in prefectural capitals in Shikoku

(°C)

	Mar	Apr	May	Jun	4-month AVG.
FY2015	10.1	16.1	20.7	22.3	17.3
Differences from the average year	0.4	1.2	1.4	(0.5)	0.6
Differences from the previous year	(0.3)	1.5	1.1	(0.7)	0.4

Electricity Sales to Large- Scale Industrial Customers

(million kWh)

	FY2015 1Q	Change*
Machinery	464	4.1%
Paper/Pulp	324	6.6%
Chemicals	269	(1.5)%
Steel	211	(5.2)%
Textiles	105	24.4%
Other	534	(0.8)%
Total	1,907	2.1%

※Changes from the previous period.

(million kWh)

		FY2015 1Q (a)	FY2014 1Q (b)	(c)=(a)-(b)	(c)/(b)	Details																		
Hydro		985	824	161	19.4%	Flow Rate 90.5% → 105.7%																		
Nuclear		-	-	-	-	All units of the Ikata nuclear power station have been suspended since February 2012.																		
Thermal	Coal	50% 2,553	62% 3,450	(12)% (897)	(26.0)%	◇Electricity by thermal power (million kWh) <table border="1" data-bbox="1168 714 1874 921"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">FY2015 1Q</th> <th rowspan="2">Change*</th> </tr> <tr> <th>GWh</th> <th>Composition</th> </tr> </thead> <tbody> <tr> <td>Generated</td> <td>3,357</td> <td>65%</td> <td>(808)</td> </tr> <tr> <td>Purchased</td> <td>1,809</td> <td>35%</td> <td>371</td> </tr> <tr> <td>Total</td> <td>5,166</td> <td>100%</td> <td>(437)</td> </tr> </tbody> </table>		FY2015 1Q		Change*	GWh	Composition	Generated	3,357	65%	(808)	Purchased	1,809	35%	371	Total	5,166	100%	(437)
		FY2015 1Q		Change*																				
		GWh	Composition																					
	Generated	3,357	65%	(808)																				
Purchased	1,809	35%	371																					
Total	5,166	100%	(437)																					
LNG	12% 617	10% 538	2% 79	14.7%																				
Oil/Gas	38% 1,996	28% 1,615	10% 381	23.6%																				
Thermal	100% 5,166	100% 5,603	(437)	(7.8)%																				
Renewable Energy		570	360	210	58.5%																			

(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 ¥ 3.0 billion YoY, to ¥ 153.5 billion. The factors were as follows;
 - Total electricity sales and revenues based on the fuel adjustment system decreased.
 - Under the feed-in-tariff scheme (FIT), surcharge income and grants for the purchase cost from Surcharge Adjustment Organization increased.
- ✓ Operating expenses increased by ¥ 1.3 billion YoY, to ¥ 148.7 billion. The factors were as follows;
 - Payments to Surcharge Adjustment Organization increased, however, it was partially offset by decrease of the cost of maintenance and other expenses.
 - The cost of the fuel and power purchase from others remained unchanged YoY for the following reasons;
 - increase of purchase of renewable energy sourced electricity and down of the capacity factor of coal-fired thermal power station due to the periodic inspections, etc.
 - rise of flow rate and down in the fuel prices, etc.
- ✓ As a result, all income were follows;
 Operating income : ¥ 4.8 billion, ordinary income : ¥ 4.3 billion, net income : ¥ 2.3 billion.

(100 million yen)

	FY2015 1Q (a)	FY2014 1Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	1,535	1,505	30	2.0%
Operating Expenses	1,487	1,474	13	0.9%
Operating Income	48	30	18	55.2%
Interest Expenses, etc.	4	9	(5)	(55.1)%
Ordinary Income	43	21	22	102.3%
Reserve for Fluctuations in Water Level	(Provision) 1	(Reversal) (9)	10	–
Income Taxes, etc.	18	21	(3)	(13.0)%
Net Income attributable to shareholders of parent company	23	9	14	138.4%

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

(100 million yen)

	FY2015 1Q	FY2014 1Q	Change	
	(a)	(b)	(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	1,153	1,190	(37)	(3.2)%
Electricity sales(Wholesale), etc.	20	24	(4)	(13.2)%
Others	184	118	66	55.5%
Electric Operating Revenues	1,358	1,333	25	1.9%
Other Revenues	176	171	5	2.8%
Operating Revenues	1,535	1,505	30	2.0%
Personnel	126	127	(1)	(1.1)%
Fuel	294	373	(79)	(21.1)%
Power Purchase	372	281	91	32.4%
Depreciation	133	137	(4)	(2.6)%
Maintenance	89	104	(15)	(14.3)%
Nuclear Back-end	15	17	(2)	(9.6)%
Others	297	274	23	8.7%
Electric Operating Expenses	1,330	1,315	15	1.1%
Others	156	158	(2)	(1.2)%
Operating Expenses	1,487	1,474	13	0.9%
Operating Income	48	30	18	55.2%
Interest Expenses, etc.	4	9	(5)	(55.1)%
Ordinary Income	43	21	22	102.3%
Reserve for Fluctuations in Water Level	(Provision) 1	(Reversal) (9)	10	-
Income Taxes, etc.	18	21	(3)	(13.0)%
Net income attributable to shareholders of parent company	23	9	14	138.4%

【Electricity Sales(Retail)】

- Increase in surcharge income based on FIT +36
- Decrease in revenues based on the Fuel Cost Adjustment System (56)
- Decrease in electricity sales volume (14) ,etc.

【Others】

- Increase in grants for the purchase cost from Surcharge Adjustment Organization +64, etc.

【Fuel, Power Purchase】 +12

- Increase in purchase of renewable energy sourced electricity +60
- Decline in the thermal power generation cost per kWh (25),
 - > Down in the fuel prices (60)
 - > Down of the coal power ratio +35
- Increase in electricity volume generated by hydro power plants (15)
- Decrease in electricity sales volume (5),etc.

【Maintenance】

- Decrease of construction associated with thermal power stations (14), etc.

【Others】

- Increase in payments to Green Investment Promotion Organization + 36
- Decrease of outsourcing expenses associated with safety measures at the Ikata Nuclear Power Station (10)
- Decrease of waste disposal cost associated with the periodic inspections of Tachibana-wan Thermal Power Station (3), etc.

- ✓ Sales of electric utility segment increased by ¥ 2.5 billion YoY due to increase in surcharge income and grants for the purchase cost from Surcharge Adjustment Organization. Meanwhile, operating expenses increased by ¥ 1.5 billion YoY, mainly because of increase in payments to Surcharge Adjustment Organization. However, it was partially offset by decrease in the cost of maintenance and other expenses. As a result, segment profit increased by ¥ 1.0 billion YoY to ¥ 2.6 billion.
- ✓ Sales and operating expenses of IT/communications segment remained unchanged YoY. As a result, segment profit was ¥ 0.8 billion.
- ✓ Others segment profit increased by ¥ 0.8 billion YoY to ¥ 1.3. Sales decreased in manufacturing business, however, this decrease was offset by decrease of operating expenses in energy business.

Results by segment

(100 million yen)

		FY2015 1Q (a)	FY2014 1Q (b)	(a-b)	
Consolidated	Sales	1,535	1,505	30	
	Segment Profit	48	30	18	
Segment	Electric Utility [※]	Sales	1,362	1,337	25
		Segment Profit	26	16	10
	IT/Communications [※]	Sales	76	75	1
		Segment Profit	8	9	(1)
	Others [※]	Saled	255	259	(4)
		Segment Profit	13	5	8

※ Internal transactions are not eliminated

Capital Investment

(100 million yen)

	2015FY 1Q
Electric Utility	119
<Safety measures at the Ikata nuclear power station>	<33>
<Introduction of a LNG combined cycle to the Sakaide thermal power station unit No.2>	<13>
IT/Communications	11
<Data Center>	<4>
Others	9
Total	140

	Jun 30, 2015 (a)	Mar 31, 2015 (b)	(a-b)	Details
Total Assets	13,814	14,011	(197)	
<Plant and Equipment, and intangible assets>	<8,291>	<8,325>	<(34)>	· Advance of depreciation
<Cash and Cash Equivalents>	<135>	<347>	<(212)>	
Liabilities	10,814	11,002	(188)	
<Bonds and Loans>	<7,229>	<7,118>	<111>	
<Accounts Payable, etc>	<3,585>	<3,884>	<(299)>	· Decrease of Accounts payable and income taxes payable
Total Equity	2,999	3,008	(9)	· Dividend payment (41) · Net income attributable to shareholders of parent company +23

Shareholders' Equity Ratio	21.7%	21.5%	0.2%
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I . Forecasts of Consolidated Financial Performance

1 . 1H FY2015

2 . FY2015

- ✓ Revenues based on the Fuel Cost Adjustment System will decrease, however, it is offset by the rise of income associated with FIT (surcharge income and grants from Surcharge Adjustment Organization). As a result, operating revenues will increase by approximately ¥ 7.0 billion YoY to ¥326.0 billion.
- ✓ Fuel, Power Purchase and maintenance cost associated with the periodic inspections of coal-fired thermal power station will increase. As a result, all income will be as follows;
Operating income : ¥11.0 billion, ordinary income : ¥9.0 billion, net income : ¥6.0 billion.
- ✓ We decided to forgo interim dividend payments, because the Ikata Unit 3's restart time is fluid, and it is difficult to predict the future financial performance.

Financial Forecasts

(100 million yen)

	1H FY2015 (Forecast) <a>	1H FY2014 (Result) 	(c)=(a)-(b)	(c)/(b)
Operating Revenues	3,260	3,190	70	2.2 %
Operating Income	110	219	(109)	(49.9)%
Ordinary Income	90	197	(107)	(54.4)%
Net income attributable to shareholders of parent company	60	123	(63)	(51.6)%
Net Income per Share	¥29	¥60	(¥31)	-

Interim Dividend per Share

2015 Interim	2014 Interim
¥0	¥0

Electricity Sales Forecasts

(100 million kWh)

	1H FY2015 (Forecast) <a>	1H FY2014 (Result) 	<a-b>
Lighting	42.1	41.8	0.3
Power	87.6	86.9	0.7
Retail	129.7	128.7	1.0
Wholesale	4.3	5.2	(0.9)
Total	134.0	133.9	0.1

(%)

Nuclear Capacity Factor	0.0	0.0	-
Flow Rate	102.8	103.0	(0.2)
Capacity Factor of Coal-fired Thermal Plants (Company-owned)	64.6	92.5	(27.9)

Fuel Prices and Exchange Rate Forecasts

	1H FY015 (Forecast) <a>	1H FY2014 (Result) 	<a-b>
Coal CIF Price(\$/t)	84	97	(13)
Crude oil CIF Price(\$/b)	62	110	(48)
Exchange Rate(¥/\$)	121	103	18

Unchanged from forecasts in April this year

- ✓ The forecast of Operating revenues remains unchanged from April this year.
- ✓ The forecast of consolidated financial results for FY2015 is still undecided because it is difficult to predict when Unit 3 of the Ikata Nuclear Power Station will resume operations. We will release this financial forecasts as soon as it is determined.
- ✓ The financial forecast of year-end dividend per share is still undecided at this point in time because it is difficult to predict the future financial performance. This forecast will be promptly released as soon as it is determined. Our basic shareholder returns' policy is to issue stable dividend payments, and we will continue operating our business to accomplish this.

Electricity Sales Forecasts

(100 million kWh)

	FY2015 (Forecast) <a>	FY2014 (Result) 	(c)=(a)-(b)	(c)/(b)
Lighting	94.1	92.4	1.7	1.8 %
Power	172.1	171.5	0.6	0.3 %
Retail	266.2	263.9	2.3	0.8 %
Wholesale	9.5	11.6	(2.1)	(17.0)%
Total	275.7	275.5	0.2	0.1 %

Fuel Prices and Exchange Rate Forecasts

	FY2015 (Forecast) <a>	FY2014 (Result) 	<a-b>
Coal CIF Price(\$/t)	85	93	(8)
Crude oil CIF Price(\$/b)	65	90	(25)
Exchange Rate(¥/\$)	120	110	10

Operating Revenues Forecasts

(100 million yen)

	FY 2015 (Forecast) <a>	FY2014 (Result) 	(c)=(a)-(b)	(c)/(b)
Operating Revenues	6,800	6,642	158	2.4%

<reference> Non-Consolidated Financial Results for FY2015 1Q
(April 1, 2015 – June 30, 2015)

Non-consolidated

(100 million yen)

	FY2015 1Q (a)	FY2014 1Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	1,153	1,190	(37)	(3.2)%
<Surcharge Income based on FIT>	69	33	36	108.0%
Electricity sales(Wholesale), etc.	20	24	(4)	(13.2)%
Others	222	156	66	41.9%
<Grants for the Purchase Cost from Surcharge Adjustment Organization>	162	98	64	65.0%
Operating Revenues	1,396	1,371	25	1.8%
Personnel	127	128	(1)	(1.1)%
Fuel	294	373	(79)	(21.1)%
Power Purchase	372	281	91	32.4%
Depreciation	135	138	(3)	(2.7)%
Maintenance	89	105	(16)	(14.4)%
Nuclear Back-end	15	17	(2)	(9.6)%
Others	325	308	17	5.6%
Operating Expenses	1,361	1,353	8	0.6%
Operating Income	35	18	17	93.8%
Dividends Income, etc.	14	12	2	19.9%
Ordinary Income	49	30	19	63.6%
Reserve for Fluctuations in Water Level	(Provision) 1	(Reversal) (9)	10	-
Income Taxes, etc.	13	15	(2)	(12.2)%
Net Income	34	24	10	41.8%

【Electricity Sales(Retail)】

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【Others】

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- Decrease of waste disposal cost associated with the periodic inspections of Tachibana-wan Thermal Power Station (3), etc.

Non-consolidated

(100 million yen)

	Jun 30, 2015 (a)	Mar 31, 2015 (b)	(a-b)	Details
Total Assets	13,249	13,386	(137)	
<Plant and Equipment, and intangible assets>	<7,616>	<7,644>	<(28)>	· Advovance of depreciation
<Cash and Cash Equivalents>	<79>	<294>	<(215)>	
Liabilities	10,479	10,620	(141)	
<Bonds and Loans>	<7,181>	<7,070>	<111>	
<Accounts Payable, etc>	<3,298>	<3,550>	<(252)>	· decrease of accounts payable and income taxes payable
Total Equity	2,770	2,765	5	

Shareholders' Equity Ratio	20.9%	20.7%	0.2%
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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/>