FY2016 1Q Financial Results Outline

(April 1, 2016 – June 30, 2016)

July 28, 2016

SHIKOKU ELECTRIC POWER CO.,INC.

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Ⅰ. Consolidated Financial Results for FY2016 1Q

(April 1, 2015 – June 30, 2016)

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I - 1 . Electricity Sales

Electricity Sales

(million kWh)

	FY2016 1Q (a)	FY2015 1Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	5,938	6,082	(144)	(2.4)%	・Increase in energy conservation approx. (100)GWh
Lighting	1,941	1,983	(42)	(2.2)%	
Power	3,997	4,099	(102)	(2.5)%	
<Large-Scale, Industrial>	<1,849>	<1,907>	<(58)>	<(3.0)%>	
Wholesale	364	170	194	114.1%	
Total	6,302	6,252	50	0.8%	

*The imbalances (the differences between the demand planned in advance by the electricity suppliers and the actual demand) which have not been confirmed as of the settlement day are not to be included.

Average temperatures in prefectural capitals in Shikoku

(℃)

	Mar	Apr	May	Jun	4-month AVG.
FY2016	10.9	16.5	20.6	23.2	17.8
Differences from the average year	1.2	1.6	1.3	0.4	1.1
Differences from the previous year	0.8	0.4	(0.1)	0.9	0.5

Electricity Sales to Large- Scale Industrial Customers

	FY2016 1Q*
Textiles	(19.6)%
Paper/Pulp	(16.0)%
Chemicals	0.9%
Steel	5.4%
Machinery	0.8%
Other	(0.3)%
Total	(3.0)%

*Changes from the previous period.

I - 2 . Electricity Supply

(million kWh)

	FY2016 1Q (a)	FY2015 1Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Hydro	1,191	985	206	21.0%	・ Flow Rate 105.7% → 119.5%
Nuclear	-	-	-	-	・ All units of the Ikata nuclear power station have been suspended.
Coal	60% 2,962	50% 2,553	10% 409	16.0%	・ Increased due to the reaction to regularly scheduled inspections on the Tachibana-wan Thermal Power Station last year
LNG	10% 479	12% 617	(2)% (138)	(22.4)%	
Oil/Gas	30% 1,489	38% 1,996	(8)% (507)	(25.4)%	
Thermal	100% 4,930	100% 5,166	(236)	(4.6)%	
Renewable Energy	742	570	172	30.2%	

◇Electricity by thermal power (million kWh)

	FY2016 1Q		Change※
	GWh	Composition	
Generated	3,507	71%	150
Purchased	1,423	29%	(386)
Total	4,930	100%	(236)

※Changes from the previous period.

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

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

(Note3) The imbalances (the differences between the demand planned in advance by the electricity suppliers and the actual demand) which have not been confirmed as of the settlement day are not to be included.

I - 3 . Summary of Financial Results

- Operating revenues decreased by ¥ 2.4 billion YoY, to ¥ 151.1 billion. The factors were as follows;
  - ✓ Electricity sales (Retail) decreased.
  - ✓ Revenues based on the fuel cost adjustment system decreased, etc.
- Operating expenses increased by ¥ 10.8 billion YoY, to ¥ 159.5 billion. The factors were as follows;
  - ✓ The cost of the fuel and power purchase decreased due to down in the fuel prices.
  - ✓ The unrecognized actuarial loss was amortized.
  - ✓ Maintenance cost increased, etc.
- As a result,
  - ✓ Operating income decreased by ¥ 13.2 billion YoY to a loss of ¥ 8.4 billion.
  - ✓ Ordinary income decreased by ¥ 13.5 billion YoY to a loss of ¥ 9.2 billion.
  - ✓ Net income attributable to shareholders of parent company decreased by ¥ 10.7 billion YoY to a loss of ¥ 8.4 billion.

(100 million yen)

	FY2016 1Q (a)	FY2015 1Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	1,511	1,535	(24)	(1.6)%
Operating Expenses	1,595	1,487	108	7.3%
Operating Income (loss)	(84)	48	(132)	-
Interest Expenses, etc.	8	4	4	113.3%
Ordinary Income (loss)	(92)	43	(135)	-
Reserve for Fluctuations in Water Level (Provision)	3	1	2	94.3%
Income Taxes, etc.	(12)	18	(30)	-
Net Income (loss) attributable to shareholders of parent company	(84)	23	(107)	-

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

Details of Consolidated Financial Results ; year-on-year basis

(100 million yen)

	FY2016 1Q (a)	FY2015 1Q (b)	Change (c)=(a)-(b)	Change (c)/(b)
Electricity Sales(Retail)	1,075	1,153	(78)	(6.8)%
Electricity sales(Wholesale), etc.	30	20	10	44.4%
Others	240	184	56	30.0%
Electric Operating Revenues	1,345	1,358	(13)	(1.0)%
Other Revenues	165	176	(11)	(6.2)%
Operating Revenues	1,511	1,535	(24)	(1.6)%
Personnel	186	126	60	47.2%
Fuel	169	294	(125)	(42.5)%
Power Purchase	394	372	22	5.8%
Depreciation	142	133	9	6.7%
Maintenance	146	89	57	64.5%
Nuclear Back-end	13	15	(2)	(12.3)%
Others	394	297	97	32.3%
Electric Operating Expenses	1,447	1,330	117	8.8%
Other Operating Expenses	147	156	(9)	(5.7)%
Operating Expenses	1,595	1,487	108	7.3%
Operating Income (loss)	(84)	48	(132)	-
Interest Expenses, etc.	8	4	4	113.3%
Ordinary Income (loss)	(92)	43	(135)	-
Reserve for Fluctuations in Water Level (Provision)	3	1	2	94.3%
Income Taxes,etc.	(12)	18	(30)	-
Net income (loss) attributable to shareholders of parent company	(84)	23	(107)	-

【Electricity Sales(Retail)】
- Decrease in revenues based on the Fuel Cost Adjustment System (86)
- Decrease in electricity sales volume (28)
- Increase in surcharge income based on FIT +36

【Other Electric Operating Revenues】
- Increase in grants for the purchase cost from Surcharge Adjustment Organization +55, etc.

【Other Revenues】
- Down in the selling prices of LNG in LNG sales segment (8), etc.

【Personnel】
- Increase in amortization of the unrecognized actuarial loss +49, etc.

【Fuel, Power Purchase】 (104)
- Decline in the thermal power generation cost per kWh (140)
  [Down in the fuel prices (120), Increase in the coal power ratio (20)]
- Increase in electricity volume generated by hydro power plants (15)
- Decrease in electricity sales +3
- Increase in purchase of renewable energy sourced electricity +45, etc.

		FY2016 1Q (a)	FY2015 1Q (b)	(a-b)
CIF Price (all Japan)	Coal ($/t)	69	82	(13)
	Crude Oil ($/b)	41	60	(19)
	LNG ($/t)	312	480	(168)
Exchange Rate (¥/$)		108	121	(13)

【Depreciation】
- Increase due to the trial operation of the Sakaide unit No.2, +8, etc.

【Maintenance】
- Increase in construction associated with the thermal power station +35
- Increase in construction associated with the nuclear power station +14, etc.

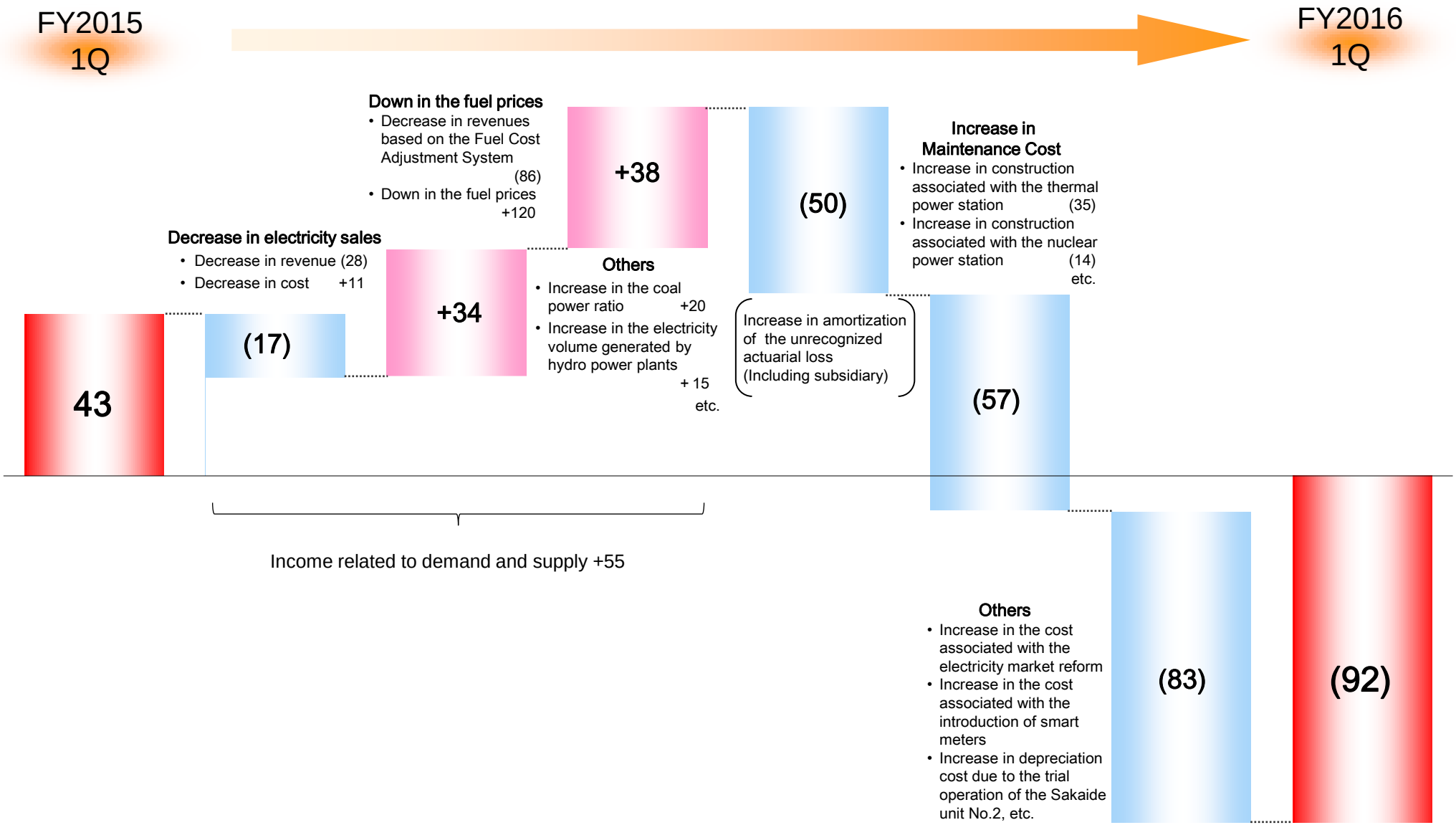
【Other Electric Operating Expenses 】
- Increase in payments to Surcharge Adjustment Organization +36
- Increase in the cost associated with the electricity market reform +20
- Increase in the cost associated with the introduction of smart meters +15, etc.

【Other Operating Expenses】
- Down in the purchase price of LNG in LNG sales segment (7), etc.

Factors Contributing to Change in Ordinary Income

Ordinary Income

(100 million yen)



I - 4 . Results by Segment

< Electric Utility Segment >

- Profit decreased by ¥ 13.1 billion to a loss of ¥ 10.5 billion, due to the amortization of the unrecognized actuarial loss and the increase in the maintenance costs, etc.

< IT/Communications Segment >

- Profit decreased by ¥ 0.1 billion to ¥ 0.7 billion, because the cost of sales promotion associated with FTTH business increased while the sales of that business increased, etc.

< Other Segments >

- Profit increased by ¥ 0.2 billion to ¥ 1.5 billion, because the sales of constructions and engineering business was increased, etc.

Results by segment

(100 million yen)

			FY2016 1Q (a)	FY2015 1Q (b)	(a-b)
Consolidated		Sales	1,511	1,535	(24)
		Segment Profit (loss)	(84)	48	(132)
Segment	Electric Utility*	Sales	1,349	1,362	(13)
		Segment Profit (loss)	(105)	26	(131)
	IT/Communications*	Sales	82	76	6
		Segment Profit	7	8	(1)
	Others*	Sales	263	255	8
		Segment Profit	15	13	2

* Internal transactions are not eliminated

Capital Investment

(100 million yen)

	FY2016 1Q
Electric Utility	150
<Safety measures at the Ikata nuclear power station>	<24>
<Introduction of a LNG combined cycle to the Sakaide thermal power station unit No.2>	<40>
IT/Communications	7
<FTTH>	<2>
Others	4
Total	162

I - 5 . Financial Position

(100 million yen)

	Jun 30, 2016 (a)	Mar 31,2016 (b)	(a-b)	Details
Total assets	13,834	14,017	(183)	
<Plant and equipment, and intangible assets (except decommissioning of nuclear plant in progress)>	<8,390>	<8,415>	<(25)>	・Capital investment +151 ・Advance of depreciation, etc. (176)
<Cash and cash equivalents>	<101>	<374>	<(273)>	
<Accounts receivable>	<679>	<619>	<60>	
Liabilities	11,109	11,155	(46)	
<Bonds and loans>	<7,329>	<7,197>	<132>	・Increase in commercial papers +140, etc.
<Accrued expenses>	<235>	<371>	<(136)>	
Total net assets	2,725	2,861	(136)	
<Retained earnings>	<1,276>	<1,401>	<(125)>	・Net loss (84) ・Dividend payment (41)

Shareholders' equity ratio	19.7%	20.4%	(0.7)%

II. Forecasts of Consolidated Financial Results for FY2016

- The forecast of operating revenues remains unchanged from the announcement in April this year.
- The forecast of operating income, ordinary income, net income attributable to shareholders of parent company is undecided because Unit 3 of the Ikata Nuclear Power Station is currently undergoing a pre-service inspection. These financial forecasts will be promptly released as soon as they are determined.
- The unrecognized actuarial loss of ¥17.8 billion occurred in FY2015 due to the Impact of down in the discount rate on projected benefit obligation. ¥16.6 billion out of this will be amortized in FY2016.
  ※The quarter of ¥16.6 billion was amortized in 1Q.

Financial Forecasts

(100 million yen)

	FY 2016 (Forecast) <a>	FY2015 (Result) <b>	(c)=(a)-(b)	(c)/(b)
Operating Revenues	6,500	6,540	(40)	(0.6)%

Electricity Sales Forecasts

(100 million kWh)

	FY2016 (Forecast) <a>	FY2015 (Result) <b>	(c)=(a)-(b)	(c)/(b)
Lighting	89.2	89.3	(0.1)	(0.1)%
Power	167.6	168.2	(0.6)	(0.3)%
Retail	256.8	257.5	(0.7)	(0.3)%
Wholesale	12.3	17.7	(5.4)	(30.7)%
Total	269.1	275.2	(6.1)	(2.2)%

Fuel Prices and Exchange Rate Forecasts

	FY2016 (Forecast) <a>	FY2015 (Result) <b>	<a-b>
Coal CIF Price($/t)	70	75	(5)
Crude oil CIF Price($/b)	45	49	(4)
Exchange Rate(¥/$)	110	120	(10)

<Reference> Non-Consolidated Financial Results

1 . Details of Financial Results ; year-on-year basis

Non-consolidated

(100 million yen)

	FY2016 1Q (a)	FY2015 1Q (b)	Change (c)=(a)-(b)	Change (c)/(b)
Electricity Sales(Retail)	1,075	1,153	(78)	(6.8)%
<Surcharge Income based on FIT>	<105>	<69>	<36>	<51.2%>
Electricity sales(Wholesale), etc.	30	20	10	(44.4)%
Others	269	222	47	21.3%
<Grants for the Purchase Cost from Surcharge Adjustment Organization>	<217>	<162>	<55>	<33.8%>
Operating Revenues	1,375	1,396	(21)	(1.5)%
Personnel	187	127	60	47.2%
Fuel	169	294	(125)	(42.5)%
Power Purchase	394	372	22	5.8%
Depreciation	143	135	8	6.5%
Maintenance	148	89	59	64.6%
Nuclear Back-end	13	15	(2)	(12.3)%
Others	416	325	91	28.1%
Operating Expenses	1,474	1,361	113	8.3%
Operating Income (loss)	(98)	35	(133)	-
Interest expence, etc.	(20)	(14)	(6)	37.4%
Ordinary Income (loss)	(78)	49	(127)	-
Reserve for Fluctuations in Water Level (Provision)	3	1	2	94.3%
Income Taxes, etc.	(17)	13	(30)	-
Net Income (loss)	(64)	34	(98)	-

【Electricity Sales(Retail)】
- Decrease in revenues based on the Fuel Cost Adjustment System (86)
- Decrease in electricity sales volume (28), etc.

【Personnel】
- Amortization of the unrecognized actuarial loss +49, etc.

【Fuel, Power Purchase】 (104)
- Decline in the thermal power generation cost per kWh (140)
  [Down in the fuel prices (120), Increase in the coal power ratio (20)]
- Increase in electricity volume generated by hydro power plants (15)
- Decrease in electricity sales +3
- Increase in purchase of renewable energy sourced electricity +45, etc.

		FY2016 1Q (a)	FY2015 1Q (b)	(a-b)
CIF Price (all Japan)	Coal ($/t)	69	82	(13)
	Crude Oil ($/b)	41	60	(19)
	LNG ($/t)	312	480	(168)
Exchange Rate (¥/$)		108	121	(13)

【Depreciation】
- Increase due to the test-run of the Sakaide unit No.2, +8, etc.

【Maintenance】
- Increase in construction associated with the thermal power station +35
- Increase in construction associated with the nuclear power station +14, etc.

【Other Operating Expenses】
- Increase in payments to Surcharge Adjustment Organization +36
- Increase in the cost associated with the electricity market reform +20
- Increase in the cost associated with the introduction of smart meters +15, etc.

2 . Financial Position

Non-consolidated

(100 million yen)

	Jun 30, 2016 (a)	Mar 31,2016 (b)	(a-b)	Details
Total assets	13,357	13,486	(129)	
<Electric utility fixed assets, incidental utility fixed assets, construction in progress (except decommissioning of nuclear plant in progress)>	<7,747>	<7,756>	<(9)>	・Capital investment +143 ・Advance of depreciation, etc. (152)
<Cash and cash equivalents>	<78>	<360>	<(282)>	
<Accounts receivable>	<629>	<554>	<75>	
Liabilities	10,774	10,763	11	
<Bonds and loans>	<7,281>	<7,149>	<132>	・Increase in commercial papers +140, etc.
<Accrued expenses>	<204>	<321>	<(117)>	
Total net assets	2,582	2,723	(141)	
<Retained earnings>	<1,056>	<1,162>	<(106)>	・Net loss (64) ・Dividend payment (41)

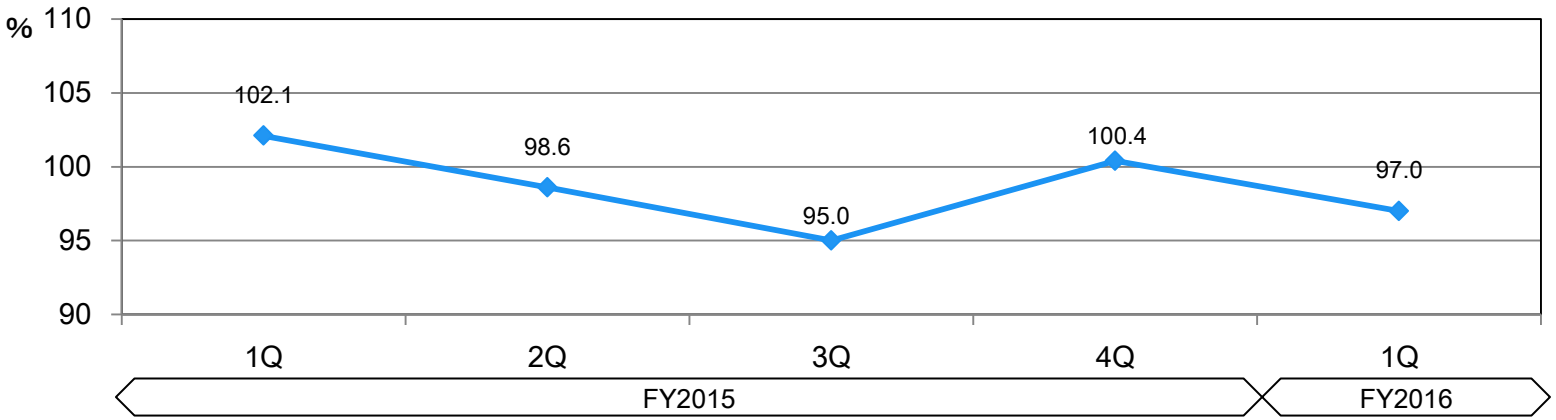
Shareholders' equity ratio	19.3%	20.2%	(0.9)%

Supplemental material for FY2016 1Q

- Trend of Electricity Sales to Large-scale Industrial Customers
- Trend of All-electric Housing Construction
- Consumption of fossil Fuels
- Flow rate, Financial Sensitivity for Key Factors
- Time Lag Effect of Fuel Cost Adjustment System
- Plant an Equipment Expenditures (consolidated)
- Feed-in Tariff Scheme

Trend of Electricity Sales to Large-scale Industrial Customers

Year on Year Growth Rate (Total)



Year on Year Growth Rate (By Segment)

(%)

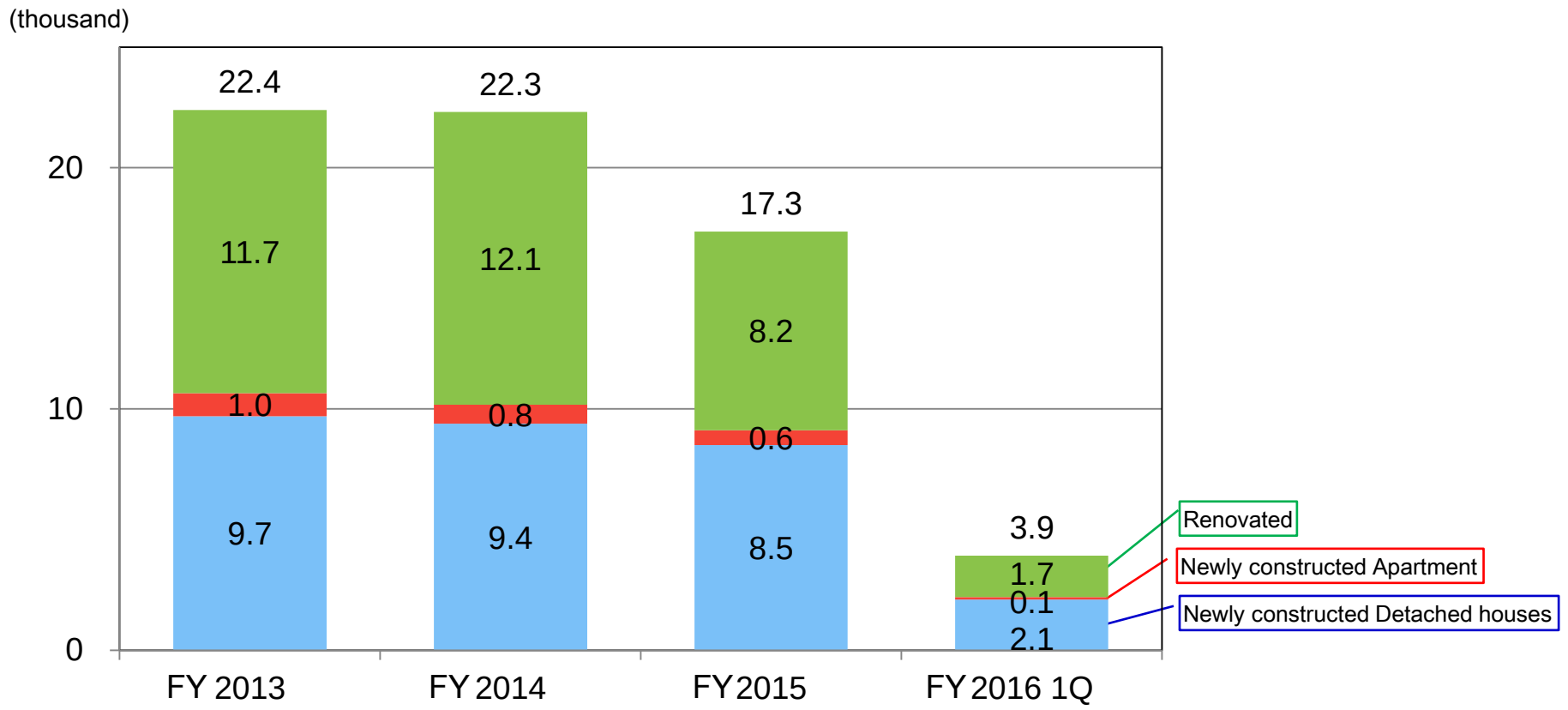
	FY2015					FY2016
	1Q (Apr-Jun)	2Q (Jul-Sep)	3Q (Oct-Dec)	4Q (Jan-Mar)	Total	1Q (Apr-Jun)
Total	2.1	(1.4)	(5.0)	0.4	(1.0)	(3.0)
Textiles	24.4	34.3	13.2	0.0	17.3	(19.6)
Paper・Pulp	6.6	(0.5)	(17.0)	(0.5)	(3.4)	(16.0)
Chemicals	(1.5)	(4.5)	(1.1)	3.7	(0.9)	0.9
Steel	(5.2)	(16.8)	(7.9)	0.4	(7.0)	5.4
Machinery	4.1	(0.0)	(3.4)	0.6	0.3	0.8
Others	(0.8)	(1.2)	(2.4)	(0.7)	(1.3)	(0.3)

Decrease due to closing of a part of the production line of some customers. etc.

Decrease due to production adjustments of some customers. etc.

Trend of All-electric Housing Construction

Number of All-electric Housing Construction



Consumption of fossil Fuels

【Consumption of fossil Fuels】

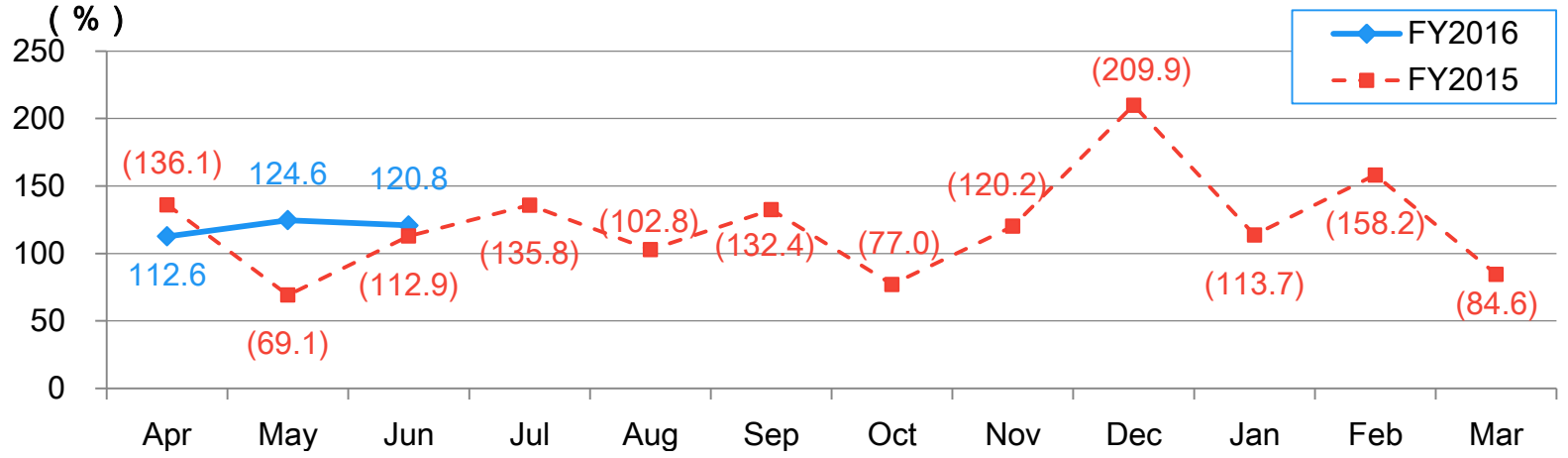
	FY2016 1Q (A)	FY2015 1Q (B)	(A-B)	<ref> FY2015 (total)
Coal (1000t)	562	318	244	2,805
Heavy Oil (1000kl)	162	289	(127)	670
Crude Oil (1000kl)	63	35	28	142
LNG (1000t)	73	86	(13)	304

【Fuel Prices】

	FY2016 1Q (A)	FY2015 1Q (B)	(A-B)	<ref> FY2015 (Avg.)
CIF price: Coal ($/ t)	69	82	(13)	75
CIF price: Crude Oil ($/ b)	41	60	(19)	49
CIF price: LNG ($/ t)	312	480	(168)	452
FX rate (¥ /$)	108	121	(13)	120

Flow Rate, Financial Sensitivity for Key Factors

Flow Rate



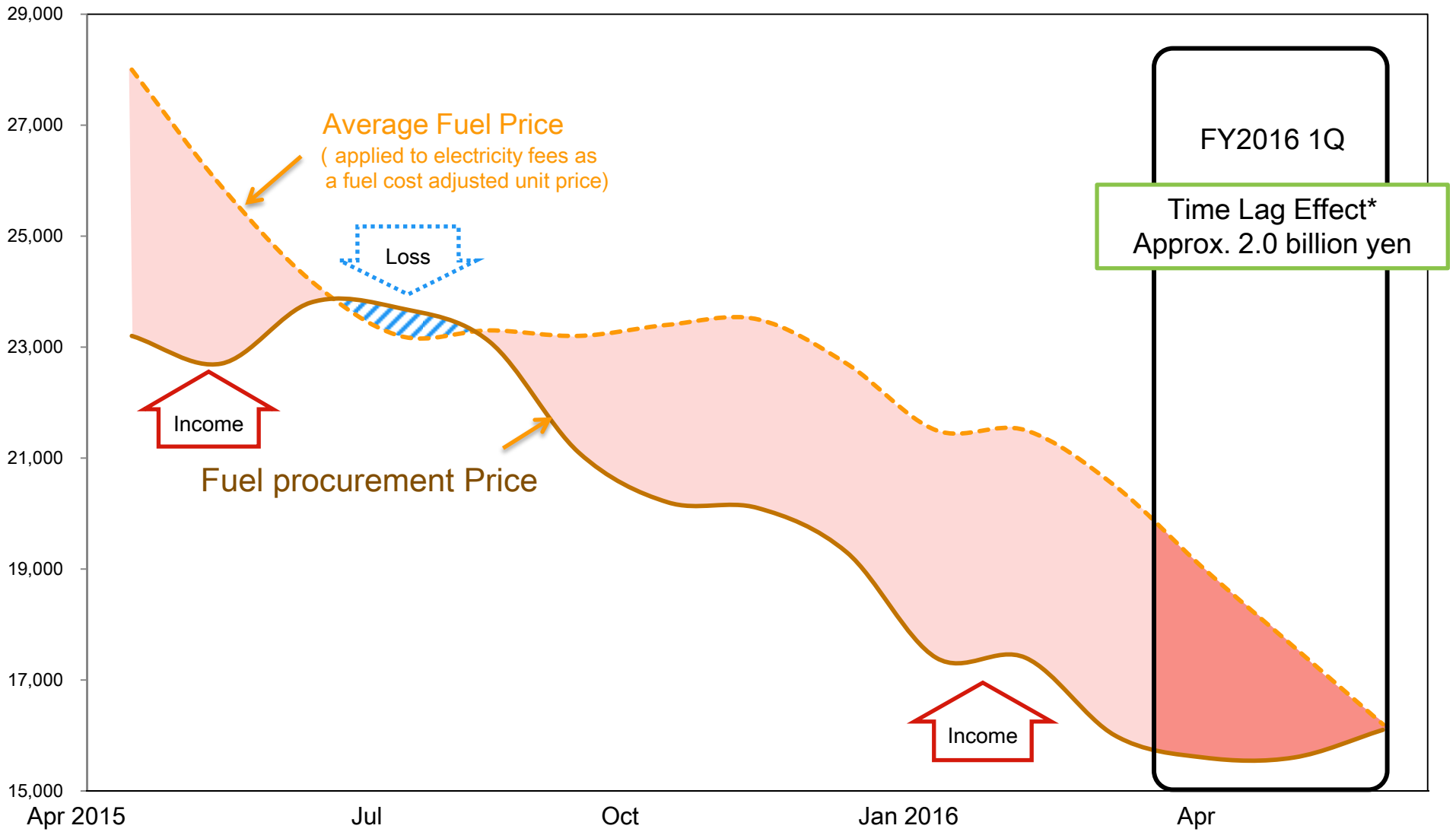
Financial Sensitivity for Key Factors

(100 million yen)

	FY2016 1Q Total
CIF price: crude oil (1$/b)	2
CIF price: coal (1$/t)	1
FX rate (¥ 1/$)	2
Nuclear power capacity factor (1%)	1
Flow Rate (1%)	1

*Because this sensitivity is theoretical value calculated based on some assumption, real impacts could change depending actual supply/demand situation.
*Nuclear power capacity is calculated by considering the Ikata Unit No.2 & 3.

Time Lag Effect of Fuel Cost Adjustment System



*Fluctuation in fuel prices causes time lag between payment of fuel cost and reception of fuel cost adjustment charges, resulting in temporary increase or decrease in profits. Time Lag Effect above is this temporary increase or decrease, assuming that time lag does not take place.

Plant and Equipment Expenditures (consolidated)

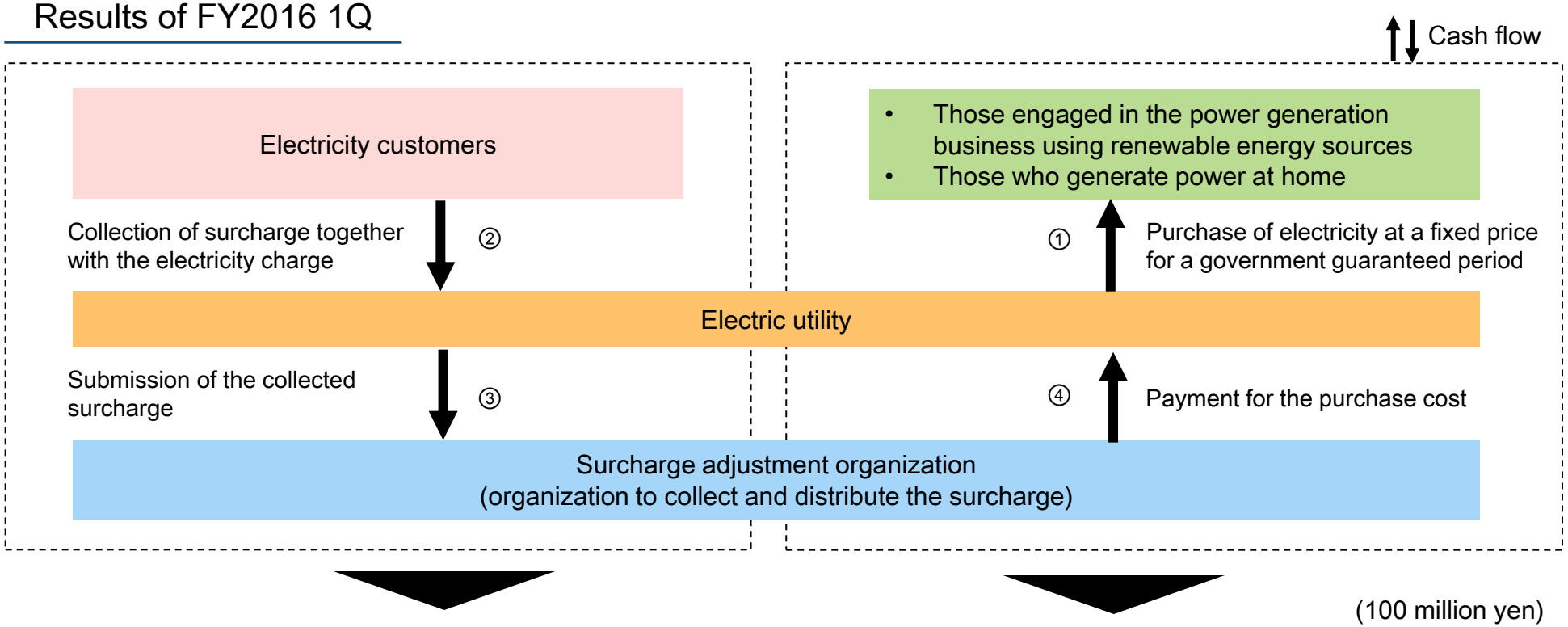
(100 million yen)

	FY2016 1Q	<ref> FY2015
Power Sources	80	549
Hydro	6	39
Thermal	45	122
Nuclear	27	387
Transmission	10	45
Transformation	17	56
Distribution	25	96
Other	9	29
Subtotal	143	777
Nuclear fuel	6	35
Electric Power business	150	812
Other business	12	104
Total※	162	917

※before the elimination of unrealized profits

Feed-in Tariff Scheme

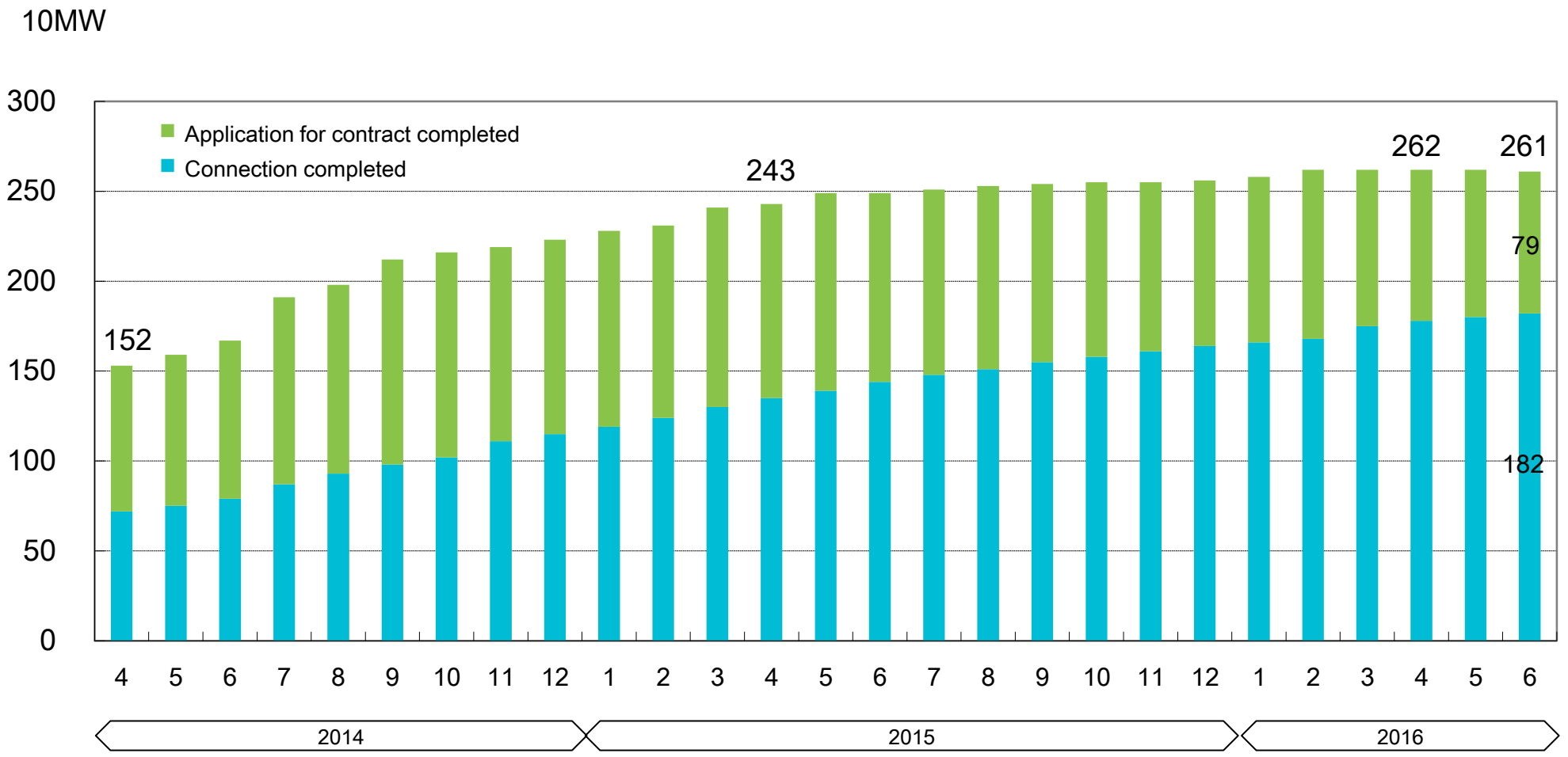
Results of FY2016 1Q



(100 million yen)

② Surcharge 105 We collect surcharge from customers with the electricity charge.	**① Purchase of electricity** 251 We purchase electricity at a fixed price from those engaged in the power generation business using renewable energy sources and those who generate power at home.
③ Submission of the collected surcharge 105 We submit the collected surcharge to surcharge adjustment organization.	**④ Payment for the purchase cost** 217 Surcharge adjustment organization pay grants corresponding to the actual purchase costs.

[Reference] Installation of Solar Power Generation Facilities



※ Outputs after July 2014 are including southern part of Awaji Island (approx. 170MW, as of June 30, 2016)

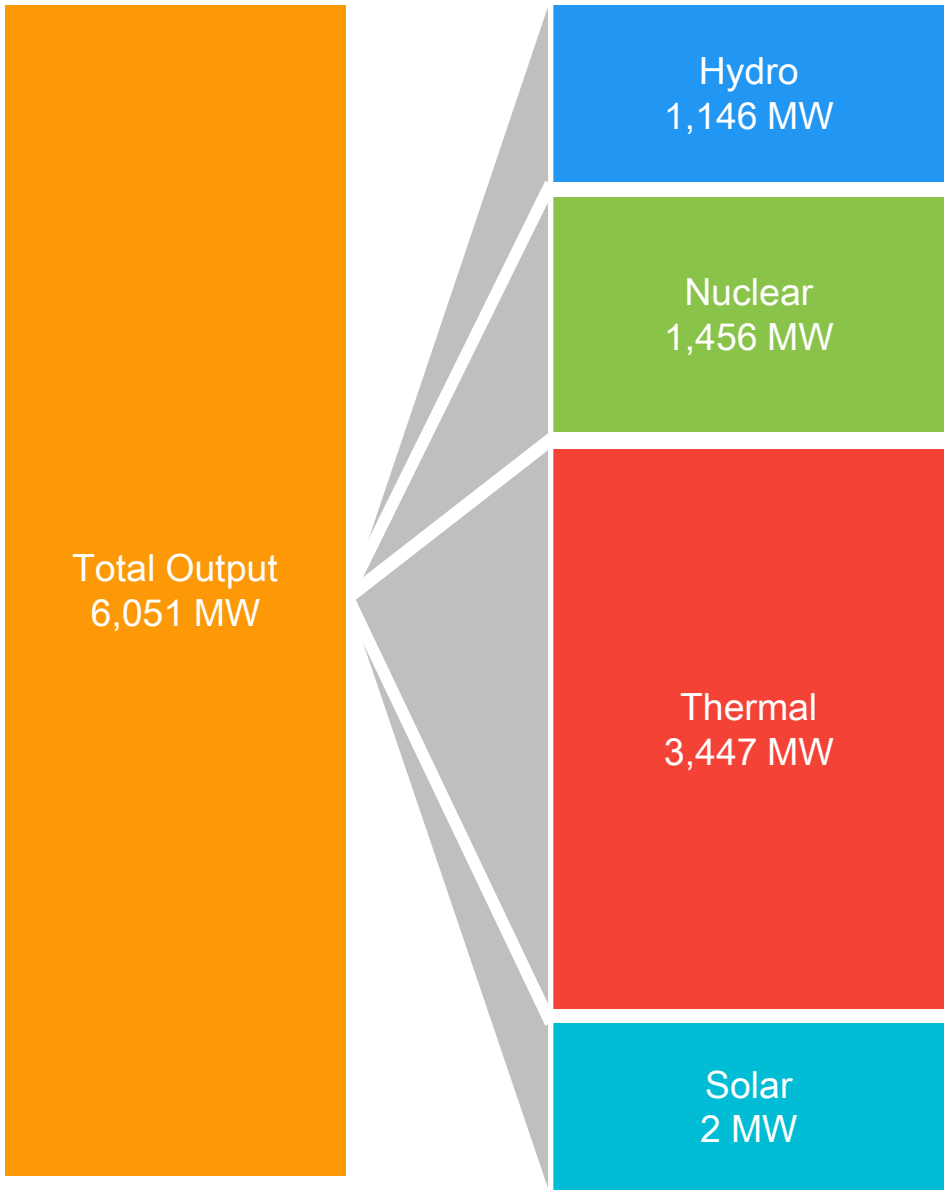
Topics

- Shikoku Electric Power's Facilities
- The Situation Surrounding the Ikata Unit No.3
- Application for Permission for Change in Reactor Installation License in Relation to Specialized Safety Facilities
- Forecasts of costs for safety measures at the Ikata Nuclear Power Station
- Decommissioning of Ikata Unit No.1
- Replacement of Thermal Power Stations
- Establishment of the New Coal Procurement Company
- Response Toward Strengthening Environmental Regulations
- Basic Concept of Market Strategy
- Enrichment and Enhancement of Customers' Services
- Plan for Smart Meter Introduction
- View of Overseas Business
- Shareholder Return
- Financial Results

  [Financial Data, Cash Flows, Plant and Equipment Expenditures]

Shikoku Electric Power's Facilities

(As of April 28, 2016)



Types	Output (MW)
Run-of-the-river type	305
Reservoir type	155
Pumped-storage	686

Power Plant		Output (MW)	Start of operations	Age	
Ikata	Unit No.1	(566)	September 1977	(38)	← decommissioned on May 10, 2016
	Unit No.2	566	March 1982	34	
	Unit No.3	890	December 1994	21	

Power Plant		Output (MW)	Start of operations	Age	Fuel source
Anan	Unit No.1	125	July 1963	52	Oil
	Unit No.2	220	January 1969	47	Oil
	Unit No.3	450	August 1975	40	Oil
	Unit No.4	450	December 1976	39	Oil
Tachibana-wan		700	June 2000	16	Coal
Saijo	Unit No.1	156	November 1965	50	Coal / Biomass / Oil
	Unit No.2	250	June 1970	46	Coal / Biomass / Oil
Sakaide	Unit No.1	296	August 2010	5	LNG
	Unit No.2	(289)	August 2016 (scheduled)	Replacing	Switching from oil to LNG
	Unit No.3	450	April 1973	43	Oil / COG
	Unit No.4	350	May 1974	42	LNG / COG

Power Plant	Output (MW)	Start of operations	Age
Matsuyama	2	March 2003	12

The Situation Surrounding the Ikata Unit No.3

July 2013
- Application for permission for change in reactor installation license
- Application for approval of plan for construction works
- Application for approval of operational safety programs

Reviews by Japan's Nuclear Regulation Authority (NRA) on conformity to requirements

Evaluation of standard seismic ground motion

- November 2014 Generally approved — Standard seismic ground motion with specified epicenter
- December 2014 Generally approved — Standard seismic ground motion without specified epicenter

April 2015
- Application for permission for change in reactor installation license (written amendment)

July 2015
- Permission for change in reactor installation license / Permission issued

July, September, October 2015
- Application for approval of plan for construction works (amendment)

March 2016
- Approval of plan for construction work / Approval issued

Started in April 2016
- Inspection before commercial operation (confirm construction and installation are carried out as approved)

Completion of Inspection before commercial operation

September 2015 March 2016
- Application for approval of operational safety programs (amendment)

April 2016
- Approval of operational safety programs / Approval issued

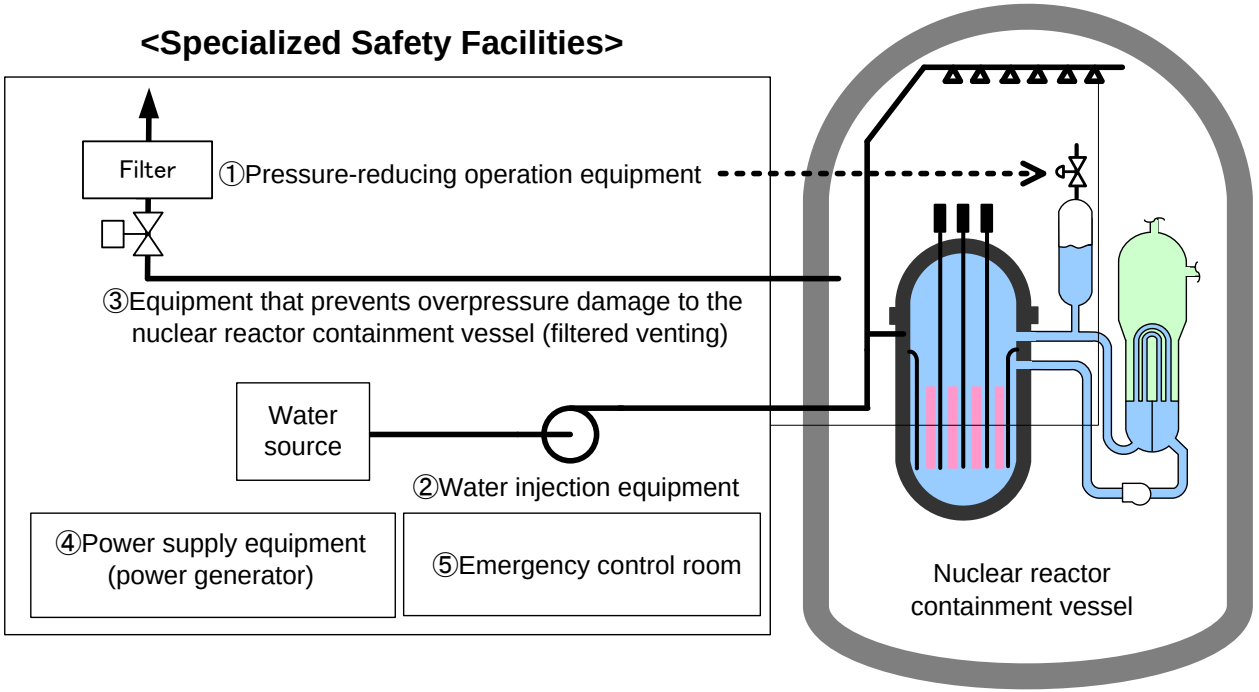
October 2015
- Ehime governor and Ikata mayor agreed to the restart.

■Schedule of pre-service inspection

Inspection
- ◄June 24~27 **Fuel Loading**
- ◄**Reactor Start-up**
- ◄**Commercial Operation**

◇Outline of Specialized Safety Facilities at the Ikata Unit No. 3

- Installed with equipment required by the new regulatory requirements
- Possesses functions to prevent damage of the nuclear reactor containment vessel in preparation for loss of the cooling function of the nuclear reactor and damage to the nuclear reactor core. This type of damage can be caused by a large-sized aircraft intentionally colliding with the reactor building or any other acts of terrorism
- Provides back up to existing safety equipment
- Submitted an application for permission for change in reactor installation in January 2016
- Scheduled to be completed in FY2019



Forecasts of costs for safety measures at the Ikata Nuclear Power Station

(100 million yen)

		Total (forecasts)	FY2011 ~ FY2015 (results) Total	FY2011 ~ FY2015 (results) FY2015	FY2016 1Q (results)
Facility Construction	Short term	Approx. 750	666	299	16
	Middle term	Approx. 700	211	91	11
Analysis and Evaluation		Approx. 250	225	126	7
Total		Approx.1,700	1,103	516	34
	Capital Investment	Approx.1,400	806	366	24
	Expenses	Approx. 300	296	150	10

*Total amounts of costs for safety measures are based on our assumptions and judgments in consideration of the information available at the time, and are therefore subject to change due to future situation.

Decommissioning of Ikata Unit No.1

■Overview of Ikata Unit No.1

[Information of Unit]

Location	Ikata-cho, Nishiuwa-gun, Ehime
Reactor Type	Pressurized light-water reactor
Output	566 MW
Number of Fuel Assemblies	121

[Results of Power Generation]

Total Amount of Power Generated	132.6 billion kWh
Capacity Factor*1	77.5%*2

*1) $\text{Capacity Factor} = \frac{\text{Cumulative electrical generation}}{\text{Authorized output} \times \text{Calendar hours}} \times 100\ (\%)$

*2) Total accumulated by the end of fiscal 2011

■Date of decommissioning

- May 10, 2016

Replacement of Thermal Power Stations

■ Replacing Unit No.1 of the Saijo Thermal Power Station

- Replacing Unit No.1 with highly efficient, ultra-supercritical (USC) generation equipment
- We opened bid for the supply of thermal power which we won ourselves in March 2016

	Current Unit No.1	New Unit No.1
Start of operations	FY1965	March 2023 (scheduled)
Output	156MW	500MW
Thermal efficiency *	Approx.39% (Approx.38%)	Approx.45% (Approx.43%)
Fuel type	Coal	

■ Switching from Oil to LNG at the Sakaide Thermal Power Station

	Unit No.4	Unit No.1	New Unit No.2
Start of operations	March 2010	August 2010	August 2016 (scheduled)
Output	350MW	296MW	289MW
Generation method	Steam power (Oil→LNG)	LNG combined cycle	LNG combined cycle
Thermal efficiency*	Approx.44% (Approx.40%)	Approx.57% (Approx.51%)	Approx.58% (Approx.53%)

New Sakaide Unit. No.2

* LHV(upper line) is determined by subtracting the heat of vaporization of the water vapor from HHV(lower line).

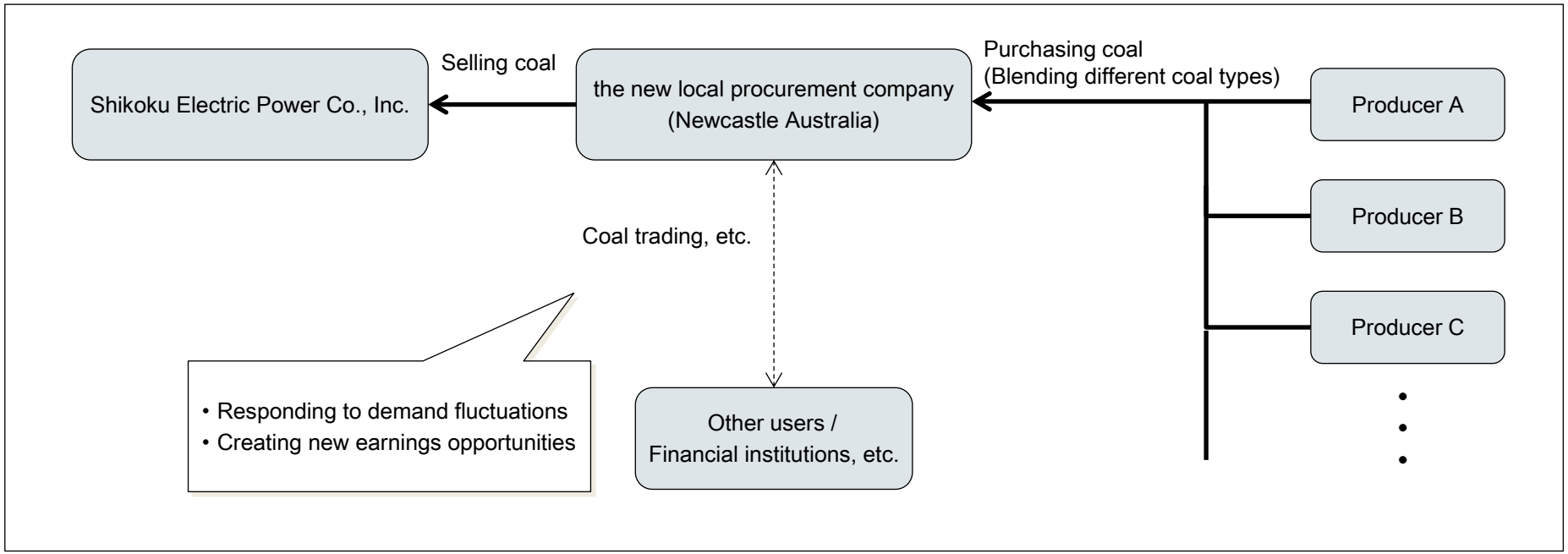
Establishment of the New Coal Procurement Company

■Introduction of New Coal Procurement Scheme

【Our Aim】
Establishment of the local procurement company abroad

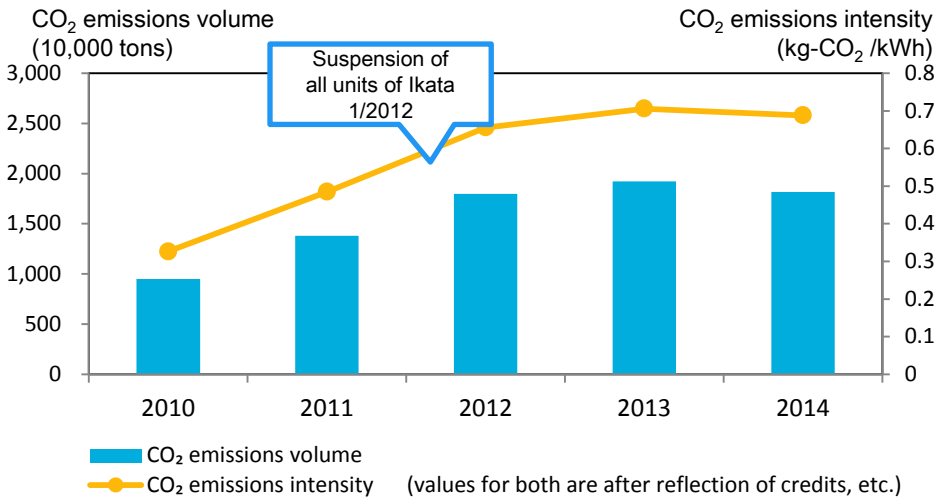
➡
- Purchasing coal directly from producer
- Blending high grade and low grade coal to ensure quality conforming to our power stations

➡ Stable procurement of coals offering reliable performance for low cost



Response Toward Strengthening Environmental Regulations

Present Condition



	2010	2011	2012	2013	**2014**
Electricity sales (10 million kWh)	2,910	2,844	2,741	2,721	**2,639**

Direction for the Future

Action Plan for the Electricity Industry to Achieve a Low-Carbon Society (officially announced on July 17, 2015)

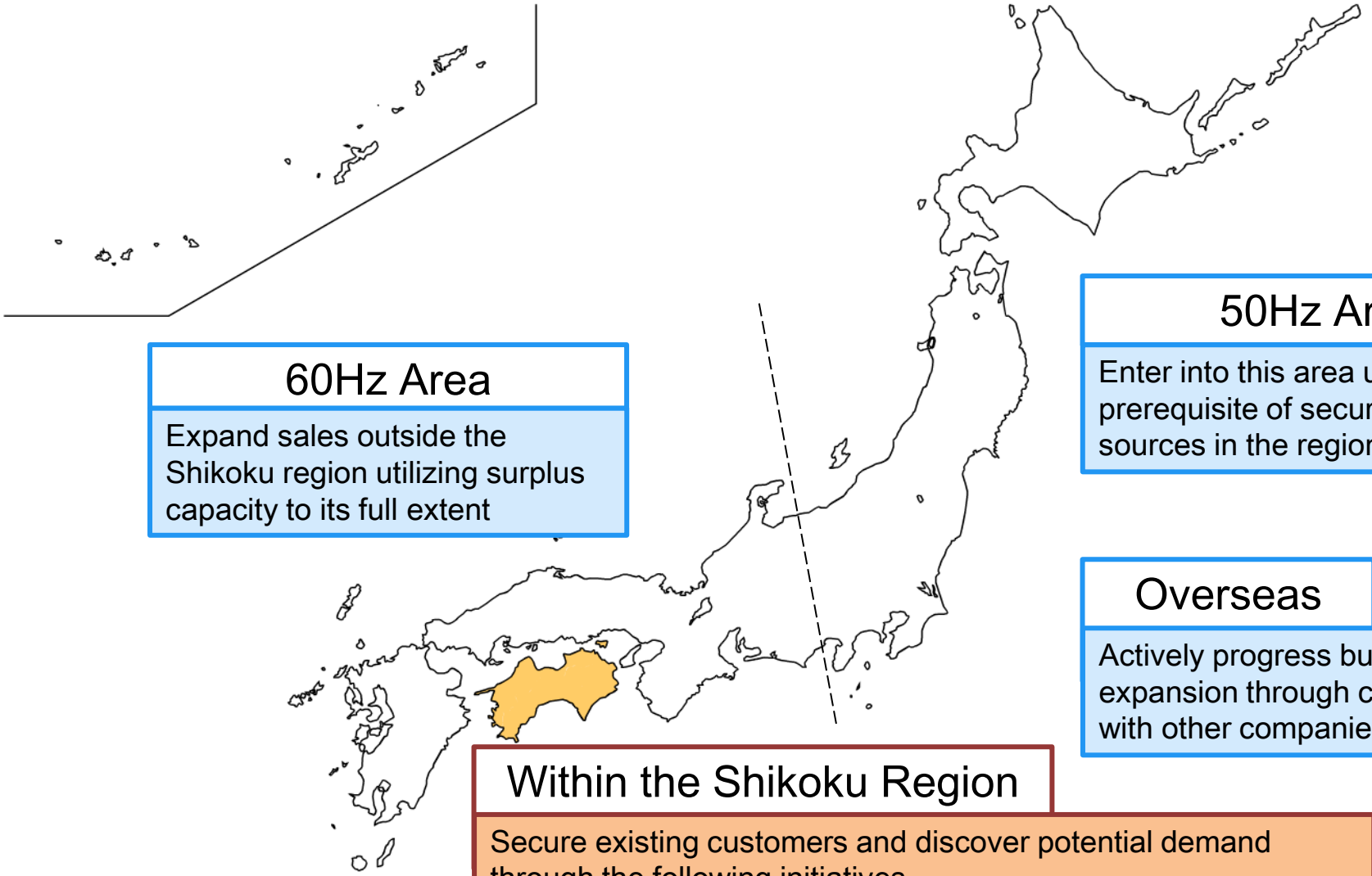
- Aiming for an emission factor of around 0.37 kg-CO_2/kWh (user end)
- Anticipating a CO_2 reduction of 11 million tons as the maximum potential for reductions through the use of the best available technology (BAT) affordable when establishing new thermal power generators, in addition to other initiatives

Source: Federation of Electric Power Companies, J-Power, The Japan Atomic Power Company (JAPC), Volunteering Power Producers and Suppliers

< Content of Our Main Initiatives >

- Restarting operations at the Ikata Nuclear Power Station and safe and stable operations after restarting
- Improving efficiency through the replacement of aging thermal power
  - → Refitting Unit. No. 2 (oil) at the Sakaide Thermal Power Station with an LNG combined cycle system
  - → Replacing Unit No. 1 at the Saijo Thermal Power Station with highly efficient, ultra-supercritical (USC) generation equipment
- Improving efficiency through replacement of water turbines at hydro power stations
- Maximum utilization of renewable energy such as solar and wind power
- Providing information about energy conservation and expanding high-efficiency electronic equipment among customers, etc.

Basic Concept of Market Strategy



60Hz Area

Expand sales outside the Shikoku region utilizing surplus capacity to its full extent

50Hz Area

Enter into this area under the prerequisite of securing power sources in the region

Overseas

Actively progress business expansion through cooperation with other companies

Within the Shikoku Region

Secure existing customers and discover potential demand through the following initiatives

- New rate menu
- Upgrade of membership services
- Expansion of technical solution activities
- Bundle sales with services of other companies, etc.

Enrichment and Enhancement of Customers' Services

Introduction of a New Menu for Electricity Rates

【New Menu for Residence】
Provision of various menu lineups

【New Menu for Offices and Stores】
Provision of new economical rate menus

Expansion in Content of Online Membership Services and Introduction of the Loyalty Program

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[Started from March 2015]
- Inquiry services for electricity rates and amount of electricity used
- Optimal rate menu simulations
- Simulations of the effects of energy conservation, etc.

[Started from January 2016]
- Loyalty Program, etc.

[Started from April 2016]
- Rate alert service
- Convenient monitoring service for energy usage amounts
- Point exchange service

Plan for Smart Meter Introduction

◇Anticipated Effects from the Introduction of Smart Meters

Improvement of customer convenience	・Acceleration of commencing and suspending electricity supply, as well as verifying electricity usage amounts, when a customer changes residence ・Possibility of selecting a rate menu that conserves energy and matches the customer's lifestyle through the visualization of electricity usage amounts, etc.
Improvement of business efficiency	・Possibility of remote control support for starting or discontinuing a contract ・Possibility of reducing meter inspection duties every month, etc.

Smart meters for low-voltage use

◇Schedule for Smart Meter Introduction

Extra-High-Voltage Supplies Large High-Voltage Supplies	Small High-Voltage Supplies	Low-Voltage Supplies
Introduction completed	Introduction scheduled to be completed by fiscal 2016 Introduction Progress (As of the end of June 2016) Introduction completed: 27 thousand units / Total contracts: 30 thousand units	Introduction scheduled to be completed by fiscal 2023 ・Currently implementing the introduction in line with legal replacement procedures, etc. ・Gradually commencing the introduction of automatic meters (starting fiscal 2016)

View of Overseas Business

■ The Profit Target and Measures by 10 years

The Profit Target of Overseas Business (by 10 years)

4.0 billion yen / year

(Net generation capacity : About 1.5 million kW)

Expanding Targets of Consideration

✓ Expanding our net generation capacity focusing not only the Middle East Asia / gas power plant, but also the Southeast Asia and Americas / renewable energy which are expected to grow

Strengthening Strategic Partnership

✓ Building relations with new partners, while strengthening of relations with existing partners, appealing of our strengths such as know-how we have cultivated in our domestic electric power business and connections with the local governments and companies developed through overseas consulting business

■ Overview of Existing Projects

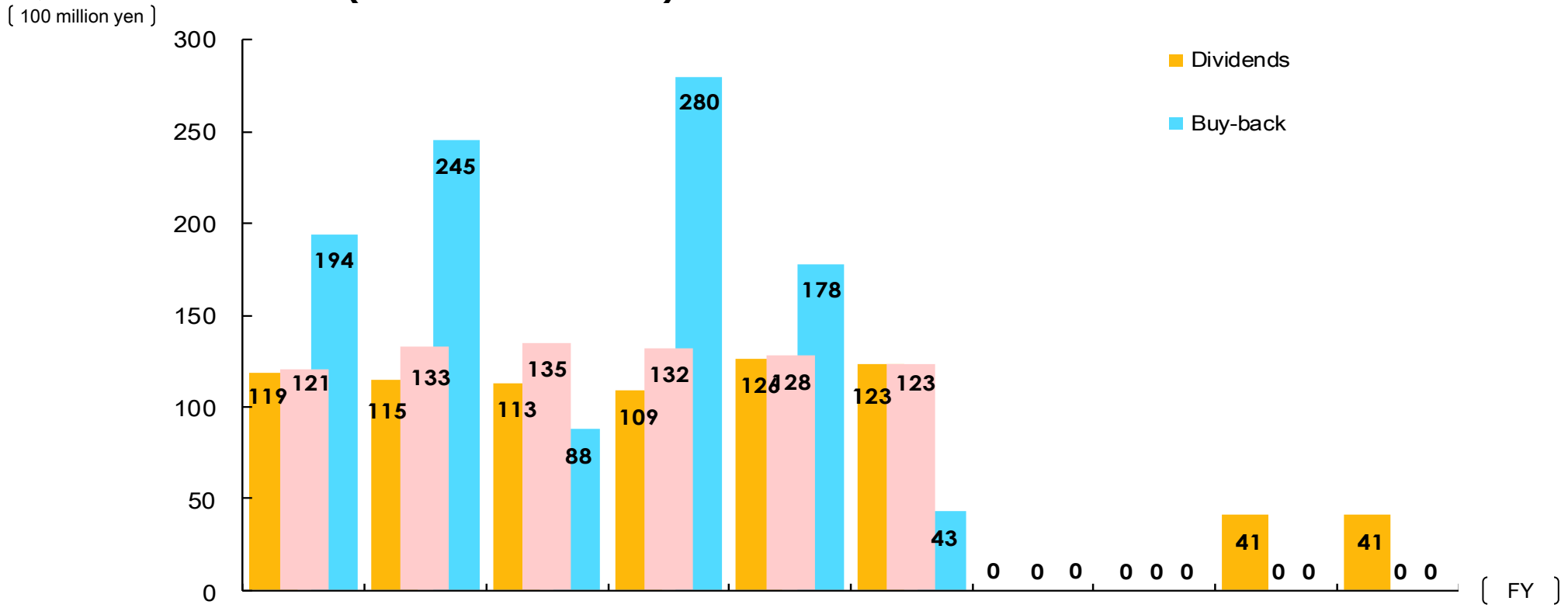
	Qatar	Oman	
Project	Ras Laffan C	Barka 3	Sohar 2
Project Details	Construction and operation of new power and desalination plants, sales of power and water	Construction and operation of new power plant and power sales	
Power Generation Facilities	2,730 MW (GTCC)	744 MW each (GTCC)	
Desalination Facilities	290 k tons per day	-	
Investment Participation by SEPCO	5 %	7.15%	7.15%
Total Cost	Approx. US$3.9 billion	Approx. US$1.7 billion	
Project Term	April 2011—March 2036	April 2013—March 2028	

GTCC represents electricity generation by Gas Turbine Combined Cycle

Shareholder Return

- Paying stable dividend is our basic policy for returns to shareholders.
- We decide that based on comprehensive consideration of business performance, financial position, and the medium- to long-term business conditions.

◇Stock Information (Consolidated Basis)

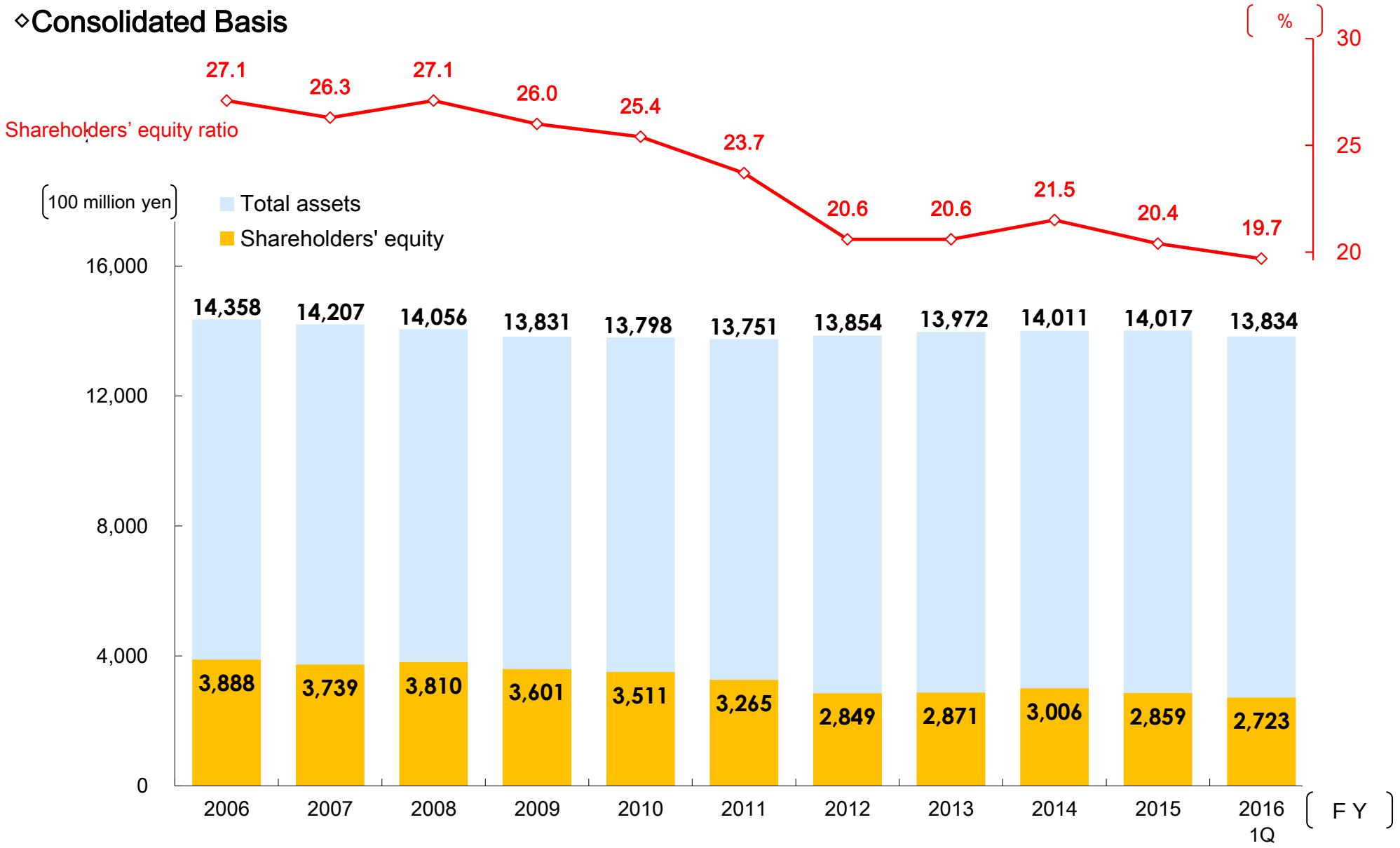


F Y	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
DPS(yen)	50	50	50	50	60	60	0	0	20	20
Payout ratio(%)	42.8	44.1	39.2	50.1	53.9	-	-	-	39.9	36.9
Dividend yield * (%)	1.8	1.7	1.9	1.9	2.7	2.6	0.0	0.0	1.4	1.3

*Calculated form the closing price at the end of each fiscal year

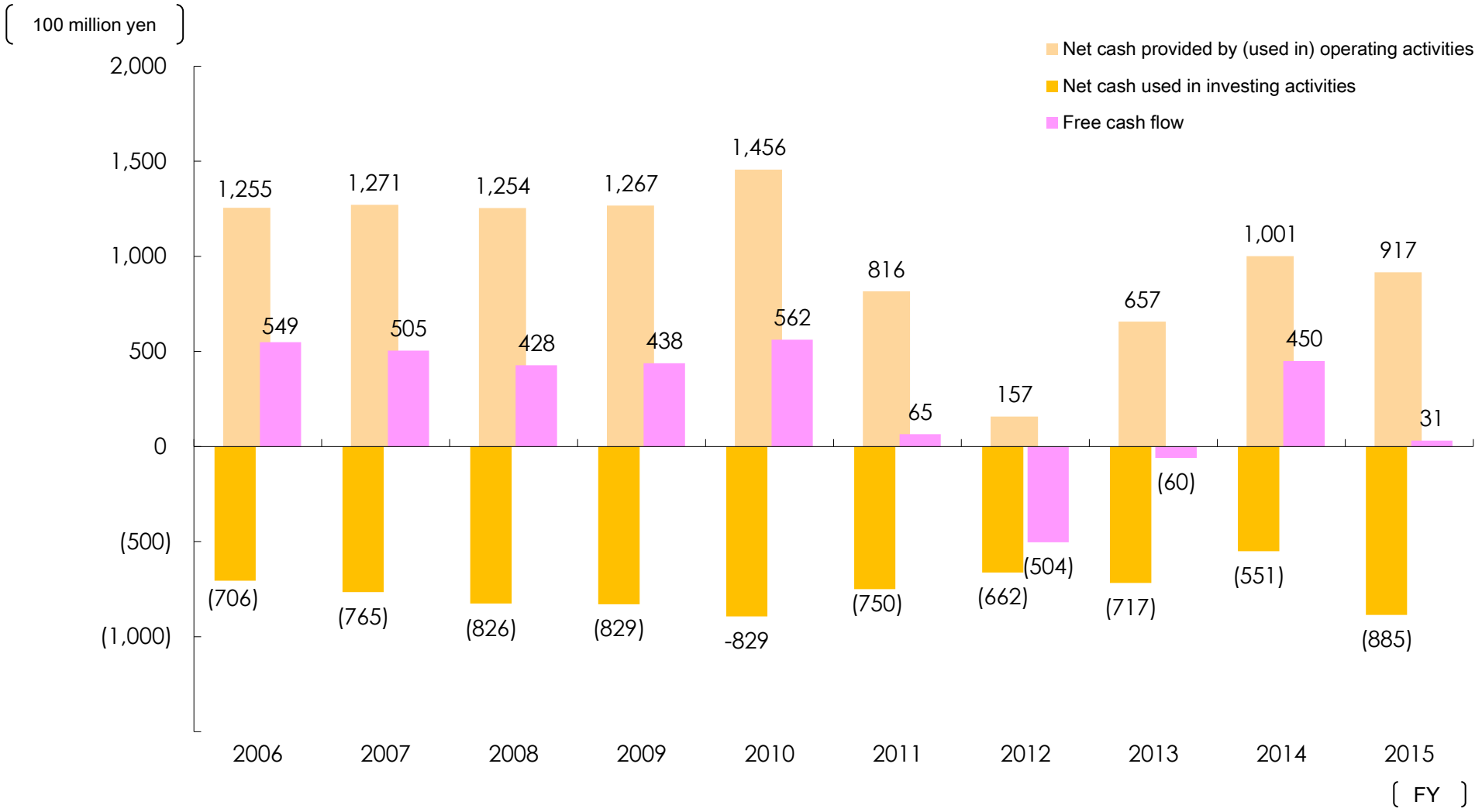
Financial Data

◇Consolidated Basis



Cash Flows

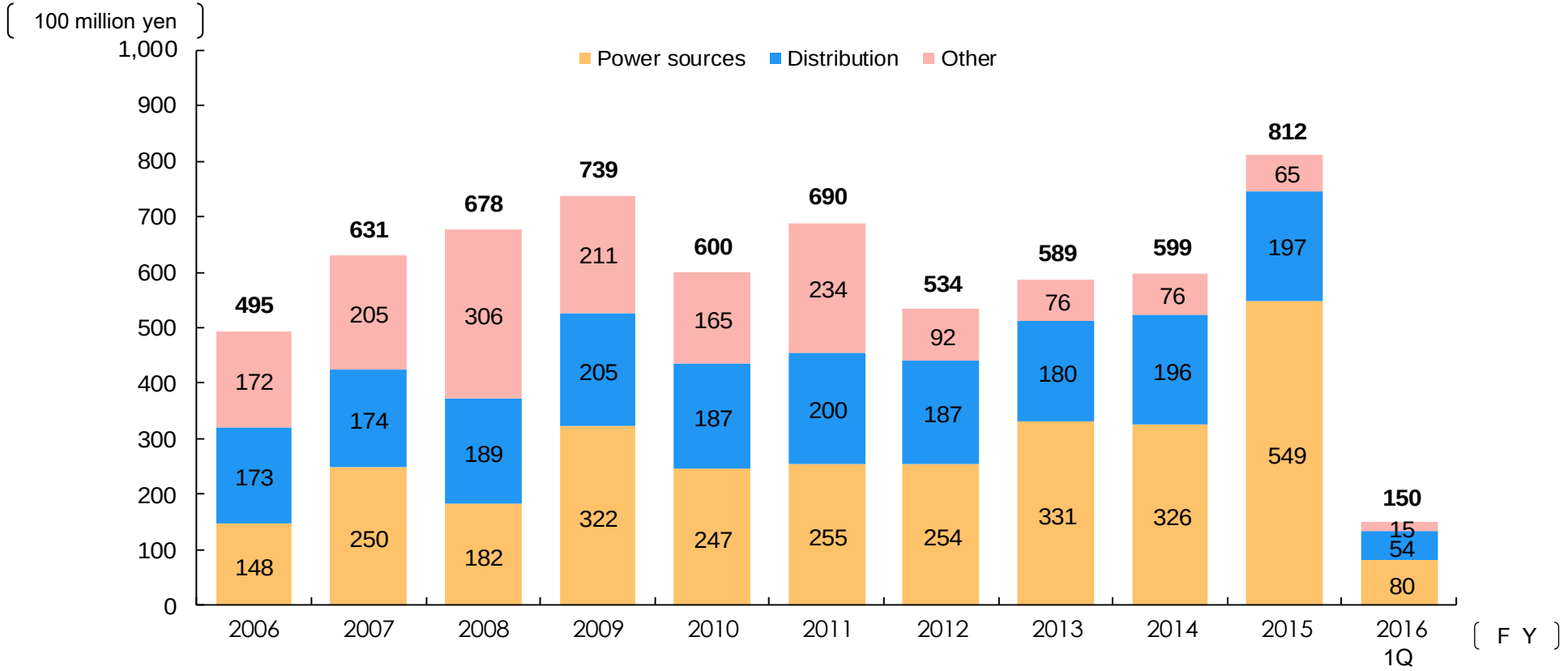
◇Consolidated Basis



* The enactment of the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations has caused a temporary dip in Cash Flows from Operating activities and Free Cash Flow in FY2005 , a special factor that has prompted the company to fund approximately ¥130 billion externally.

Plant and Equipment Expenditures

◇Non-Consolidated Basis



◇Consolidated Basis

100 million yen

F Y	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 1Q
	565	706	776	803	666	757	654	757	721	917	162
Power sources	485	626	673	737	590	685	531	587	595	812	150
Others	80	80	102	65	75	71	122	169	125	104	12

*before the elimination of unrealized profits

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.