

# FY2018 3Q Financial Results Outline

(April 1, 2018 – December 31, 2018)

January 30, 2019

**SHIKOKU ELECTRIC POWER CO.,INC.**

# Contents

## Overview of Consolidated Financial Results 1

### I . Consolidated Financial Results for FY2018 3Q

- Summary of Financial Results 2
- Electricity Sales 3
- Electricity Supplied 4
- Details of Consolidated Financial Results 5
- Results by Segment 7
- Financial Position 8

### II . Forecasts of Consolidated Financial Results & Dividends for FY2018 9

#### <Reference>

#### Non-Consolidated Financial Results for FY2018 3Q 10

## Supplemental Material for FY2018 3Q

- Number of All-electric Housing Construction 11
- Consumption of Fossil Fuels 12
- Flow Rate, Financial Sensitivity for Key Factors 13
- Time Lag Effect of Fuel Cost Adjustment System 14
- Plant and Equipment Expenditures (consolidated) 15
- Feed-in Tariff Scheme 17

# Overview of Consolidated Financial Results

## 【 Financial Results for FY 2018 3Q 】

- ❑ Operating revenues increased by ¥ 0.9 billion YoY, to ¥ 535.1 billion. The main factors were as follows;
  - ✓ Revenues from electric utility decreased due to decline in electricity sales (retail and wholesale) .
  - ✓ Revenues from others increased.
- ❑ Operating expenses increased by ¥ 20.4 billion YoY, to ¥ 517.2 billion. The main factors were as follows;
  - ✓ Regarding electric utility, the total amount of the fuel and power purchase cost increased due to decline in electricity generated by nuclear power, etc.
  - ✓ Other business operating expenses increased.
- ❑ As a result,
  - ✓ Operating profit decreased by ¥ 19.4 billion YoY, to ¥ 17.9 billion.
  - ✓ Ordinary profit decreased by ¥ 18.9 billion YoY, to ¥ 17.9 billion.
  - ✓ Profit attributable to owners of parent decreased by ¥ 14.6 billion YoY, to ¥ 11.8 billion.

## 【 Forecasts of Financial Results for FY 2018 】

- ❑ Operating revenues are expected to be ¥ 730.0 billion equivalent to the previous year. The factors are as follows;
    - ✓ Revenues from electric utility will decrease mainly due to decline in total electricity sales.
    - ✓ Revenues from others will increase mainly due to expansion of consolidation scope.
  - ❑ Profits are expected to be as follows;
    - ✓ Operating profit will decrease by ¥ 6.7 billion YoY, to ¥ 22.5 billion.
    - ✓ Ordinary profit will decrease by ¥ 6.0 billion YoY, to ¥ 22.0 billion.
    - ✓ Profit attributable to owners of parent will decrease by ¥ 4.6 billion YoY, to ¥ 15.0 billion.
- The main factors are deterioration of income related to demand and supply due to decrease in total electricity sales and decline in operation of Ikata Unit No.3, and so on.

## 【 Forecast of Dividend for FY 2018 】

- ❑ The year-end dividend is planned to be ¥ 15 per share, as we announced in October 2018.  
(The total annual dividend is planned to be ¥ 30 per share.)

# I . Consolidated Financial Results for FY2018 3Q (April 1, 2018 – December 31, 2018)

Summary of Financial Results (Refer to page 5 to 6 for details)

(100 million yen)				
	FY2018 3Q (a)	FY2017 3Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	5,351	5,342	9	0.2%
Operating Expenses	5,172	4,968	204	4.1%
Operating Profit	179	373	(194)	(52.0)%
Interest Expenses, etc.	0	5	(5)	(98.7)%
Ordinary Profit	179	368	(189)	(51.3)%
Income Taxes, etc.	61	104	(43)	(41.2)%
Profit attributable to owners of parent	118	264	(146)	(55.2)%

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

(million kWh)					
	FY2018 3Q (a)	FY2017 3Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	17,124	18,276	(1,152)	(6.3)%	- Decrease in contract power, etc.
Lighting	5,909	6,262	(353)	(5.6)%	
Power	11,215	12,014	(799)	(6.6)%	
Wholesale	3,157	4,175	(1,018)	(24.4)%	- Decrease due to decline in surplus of supply capacity
Total	20,281	22,451	(2,170)	(9.7)%	

\*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

	(°C)				
	Jun	Jul	Aug	Sep	4-month AVG.
FY2018 3Q	23.1	28.5	29.2	24.2	26.3
Differences from the average year	0.3	1.7	1.4	(0.3)	0.8
Differences from the previous year	0.4	0.3	0.2	0.2	0.3

	Oct	Nov	Dec	3-month AVG.
FY2018 3Q	19.2	13.9	9.6	14.2
Differences from the average year	0.4	0.5	1.3	0.7
Differences from the previous year	0.3	1.4	2.9	1.5

(million kWh)																								
		FY2018 3Q (a)	FY2017 3Q (b)	(c)=(a)-(b)	(c)/(b)	Details																		
Hydro		2,947	2,649	298	11.2%	-Flow Rate 99.7% → 106.1%																		
Nuclear		1,358	4,055	(2,697)	(66.5)%	-Capacity factor of Ikata Unit No.3: 69.0%→23.1%																		
	Coal	74%	73%	1%	(1.3)%	<div>◇ Electricity by thermal power</div> <table><tr><th rowspan="2"></th><th colspan="2">FY2018 3Q</th><th rowspan="2">Change※</th></tr><tr><th>GWh</th><th>Composition</th></tr><tr><td>Generated</td><td>9,092</td><td>60%</td><td>(599)</td></tr><tr><td>Purchased</td><td>5,997</td><td>40%</td><td>204</td></tr><tr><td>Total</td><td>15,089</td><td>100%</td><td>(395)</td></tr></table> ※ Changes from the previous period.(GWh)		FY2018 3Q		Change※	GWh	Composition	Generated	9,092	60%	(599)	Purchased	5,997	40%	204	Total	15,089	100%	(395)
			FY2018 3Q					Change※																
	GWh		Composition																					
	Generated	9,092	60%	(599)																				
	Purchased	5,997	40%	204																				
	Total	15,089	100%	(395)																				
	11,153	11,304	(151)																					
	LNG	8%	10%	(2)%	(20.6)%																			
		1,282	1,614	(332)																				
	Oil/Gas	18%	17%	1%	3.4%																			
2,654		2,566	88																					
Thermal	100%	100%	(395)	(2.6)%																				
	15,089	15,484																						
Renewable Energy		2,839	2,470	369	15.0%																			

(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.

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

5

		(100 million yen)			
		FY2018 3Q	FY2017 3Q	Change	
		(a)	(b)	(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)		3,458	3,552	(94)	(2.7)%
Electricity Sales(Wholesale)		336	377	(41)	(11.0)%
Others		887	796	91	11.4%
Electric Operating Revenues		4,681	4,727	(46)	(1.0)%
Other Operating Revenues		670	614	56	9.0%
Operating Revenues		5,351	5,342	9	0.2%
Personnel		390	406	(16)	(3.9)%
Fuel		595	568	27	4.8%
Power Purchase		1,539	1,337	202	15.1%
Depreciation		407	428	(21)	(5.0)%
Maintenance		406	420	(14)	(3.3)%
Nuclear Back-end		64	112	(48)	(42.2)%
Others		1,164	1,145	19	1.7%
Electric Operating Expenses		4,569	4,419	150	3.4%
Other Operating Expenses		602	549	53	9.7%
Operating Expenses		5,172	4,968	204	4.1%
Operating Profit		179	373	(194)	(52.0)%
Interest Expenses, etc.		0	5	(5)	(98.7)%
Ordinary Profit		179	368	(189)	(51.3)%
Income Taxes, etc.		61	104	(43)	(41.2)%
Profit attributable to owners of parent		118	264	(146)	(55.2)%

## 【Electricity Sales(Retail)】

- Decrease in electricity sales(207)
- Increase in revenues based on the Fuel Cost Adjustment System +136
- Increase in surcharge income based on FIT +15, etc.

## 【Other Electric Operating Revenues】

- Increase in grants for the purchase cost from Surcharge Adjustment Organization based on FIT +44
- Increase in wheeling revenue +46, etc.

## 【Other Operating Revenue】

- Increase associated with the expansion of consolidation scope\* +30, etc.
- \* Cable Television Tokushima, Incorporated  
Cable Media Shikoku Company, Incorporated

## 【Fuel, Power Purchase】 +230

- Decrease in electricity volume generated by nuclear power +150
- Increase in purchase of renewable energy sourced electricity +70
- Decrease in total electricity sales (140)
- Increase in the thermal power generation cost per kWh +145, etc.

		FY2018 3Q	FY2017 3Q	(a-b)
		(a)	(b)	
CIF Price (all Japan)	Coal (\$/t)	120	100	20
	Crude Oil (\$/b)	75	54	21
	LNG (\$/t)	536	425	111
Exchange Rate (¥/\$)		111	112	(1)

## 【Nuclear Back-end】

- Decreased due to decrease in operation of Ikata Unit No.3

## 【Other Electric Operating Expenses】

- Increase in submission to Surcharge Adjustment Organization based on FIT +15, etc.

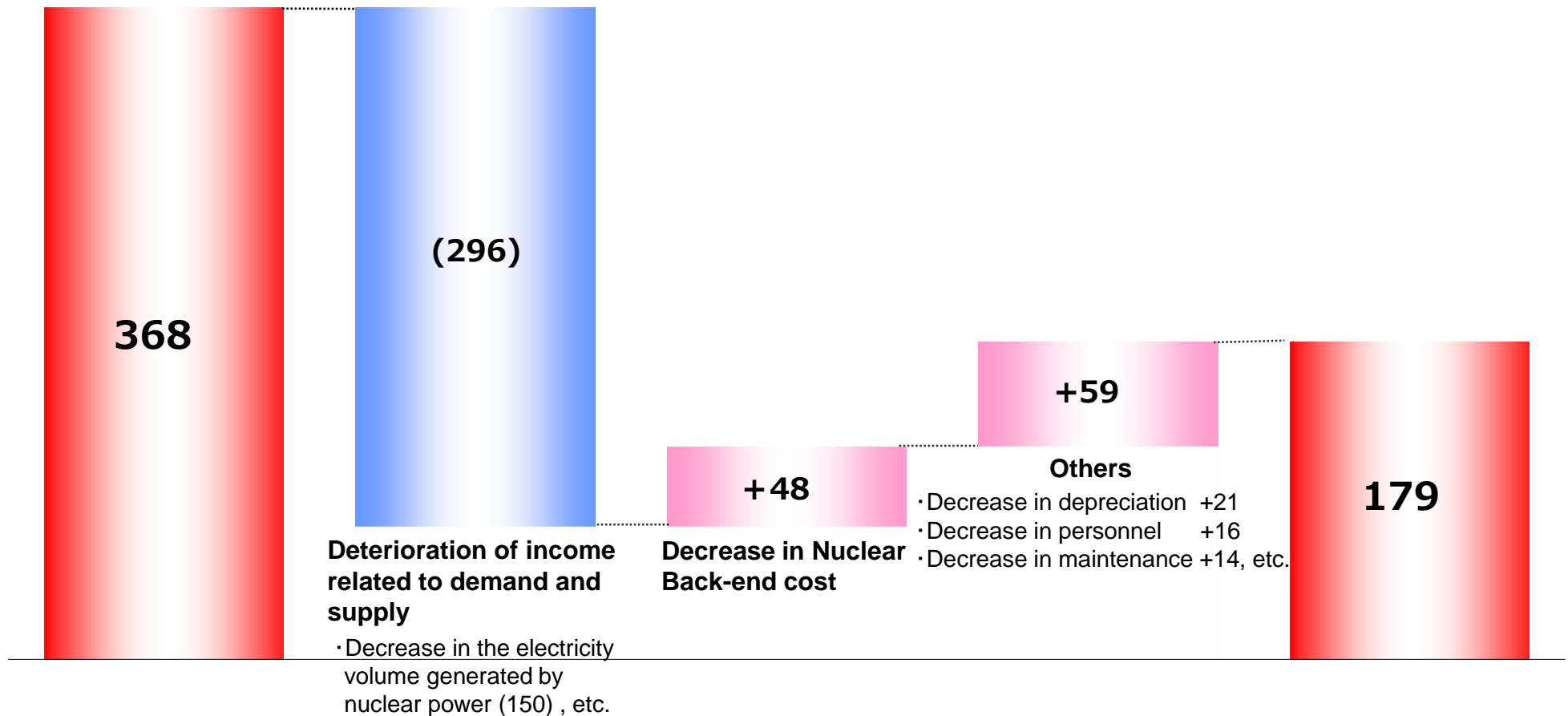
# [Factors Contributing to Change in Ordinary Profit ]

6

(100 million yen)

FY2017  
3Q

FY2018  
3Q





# Results by Segment

7

		(100 million yen)				
		FY2018 3Q (a)	FY2017 3Q (b)	(a-b)	Main Factors	
Consolidated		Revenues Operating Profit	5,351 179	5,342 373	9 (194)	-
Segment	Electric Utility*	Revenues	4,690	4,736	(46)	-Decrease in electricity sales, etc.
		Segment Profit	95	294	(199)	-Deterioration of income related to demand and supply, etc.
	IT/ Communications*	Revenues	305	263	42	- Increase associated with the expansion of consolidation scope, etc. 〔 Cable Television Tokushima, Incorporated Cable Media Shikoku Company, Incorporated 〕
		Segment Profit	55	37	18	
	Construction/ Engineering*	Revenues	295	381	(86)	- Decrease in orders of construction contracts
		Segment Profit (loss)	(1)	10	(11)	
	Energy*	Revenues	188	151	37	-Increase in LNG sales business, etc.
		Segment Profit	8	13	(5)	-Increase in LNG purchase price , etc.
	Others*	Revenues	338	315	23	
		Segment Profit	15	14	1	

\* Internal transactions are not eliminated

## Capital Investment

	(100 million yen)
	FY2018 3Q
Electric Utility	487
<Safety measures at Ikata nuclear power station>	<101>
<Replacement of unit no.1 of Saijo thermal power station>	<79>
IT/Communications	56
<FTTH>	<8>
Construction/Engineering, Energy, Others	30
Total	575

(100 million yen)				
	Dec 31, 2018 (a)	Mar 31, 2018 (b)	(a-b)	Details
Total assets	13,404	13,302	102	<ul style="list-style-type: none"> <li>• Capital investment +521</li> <li>• Advance of depreciation (483), etc.</li> </ul>
	12,710	12,599	111	
<Plant and equipment, and intangible assets (except special account related to nuclear power decommissioning, special account related to reprocessing of spent nuclear fuel)>	<8,259>	<8,221>	<38>	
<Nuclear fuel>	<1,228>	<1,191>	<37>	
<Investments, etc.>	<3,916>	<3,889>	<27>	<ul style="list-style-type: none"> <li>• Increase in assets equivalent to asset retirement obligation +160</li> <li>• Increase in inventories +70</li> <li>• Increase in accounts receivable - trade +33</li> <li>• Decrease in cash and cash equivalent (261), etc.</li> </ul>
Liabilities	10,236	10,176	60	<ul style="list-style-type: none"> <li>• Increase in asset retirement obligation +160</li> <li>• Decrease in accrued expenses and accounts payable - trade (363)</li> <li>• Decrease in accrued taxes (122), etc.</li> </ul>
	9,896	9,800	96	
<Bonds and loans>	<7,267>	<6,832>	<435>	
<Accrued expenses, etc.>	<2,968>	<3,344>	<(376)>	
Total net assets	3,168	3,125	43	<ul style="list-style-type: none"> <li>• Profit attributable to owners of parent +118</li> <li>• Dividend payment (62), etc.</li> </ul>
	2,813	2,799	14	
<Retained earnings>	<1,651>	<1,598>	<53>	
<Accumulated other comprehensive income>	<105>	<131>	<(26)>	
Shareholders' equity ratio	23.5%	23.5%	0.0%	
	22.1%	22.2%	(0.1)%	

\* The figures in the lower rows of "Total assets", "Liabilities", "Total net assets" and "Shareholders' equity ratio" are on non-consolidated basis.

## II . Forecasts of Consolidated Financial Results & Dividends for FY2018

9

Unchanged from forecasts announced in October 2018

### Financial Results

(100 million yen)

	FY2018 (Forecast) <a>	FY2017 (Result) <b>	<c=a-b>	<c/b>
Operating Revenues	7,300	7,317	(17)	(0.2)%
Operating Profit	225	292	(67)	(23.1)%
Ordinary Profit	220	280	(60)	(21.4)%
Profit attributable to owners of parent	150	196	(46)	(23.8)%
Profit per Share	¥73	¥96	¥(23)	-

### Dividends per Share

	FY2018	FY2017
Interim	¥15	¥15
Year-end	¥15 (Forecast)	¥15
Total	¥30 (Forecast)	¥30

### Electricity Sales

(100 million kWh)

	FY2018 (Forecast) <a>	FY2017 (Result) <b>	<c=a-b>	<c/b>
Lighting	86.2	92.2	(6.0)	(6.5)%
Power	149.0	159.0	(10.0)	(6.3)%
Retail	235.2	251.2	(16.0)	(6.4)%
Wholesale	38.5	48.7	(10.2)	(20.9)%
Total	273.7	299.9	(26.2)	(8.7)%

### Fuel Prices / Exchange Rate and Other Factors

	FY2018 (Forecast) <a>	FY2017 (Result) <b>	<c=a-b>
Nuclear Capacity Factor (%) *	42.6	52.0	(9.4)
※ Ikata Unit No.3			
Coal CIF Price (\$/t)	119	102	17
Crude oil CIF Price (\$/b)	74	57	17
Exchange Rate (¥/\$)	113	111	2

(100 million yen)				
	FY2018 3Q (a)	FY2017 3Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	3,458	3,552	(94)	(2.7)%
<Surcharge Income based on FIT>	<432>	<417>	<15>	<3.5%>
Electricity Sales(Wholesale)	336	377	(41)	(11.0)%
Others	1,000	878	122	13.9%
<Grants for the Purchase Cost from Surcharge Adjustment Organization based on FIT>	<706>	<662>	<44>	<6.6%>
Operating Revenues	4,794	4,809	(15)	(0.3)%
Personnel	395	410	(15)	(3.6)%
Fuel	595	568	27	4.8%
Power Purchase	1,539	1,337	202	15.1%
Depreciation	410	432	(22)	(5.1)%
Maintenance	410	423	(13)	(3.0)%
Nuclear Back-end	64	112	(48)	(42.2)%
Others	1,277	1,220	57	4.7%
Operating Expenses	4,694	4,504	190	4.2%
Operating Profit	99	304	(205)	(67.2)%
Non-operation Profit	24	11	13	109.1%
Ordinary Profit	124	316	(192)	(60.8)%
Income Taxes, etc.	34	82	(48)	(58.8)%
Profit	90	233	(143)	(61.5)%

## 【Electricity Sales(Retail)】

- Decrease in electricity sales(207)
- Increase in revenues based on the Fuel Cost Adjustment System +136, etc.

## 【Fuel, Power Purchase】 +230

- Decrease in electricity volume generated by nuclear power +150
- Increase in purchase of renewable energy sourced electricity +70
- Decrease in total electricity sales (140)
- Increase in the thermal power generation cost per kWh +145, etc.

		FY2018 3Q (a)	FY2017 3Q (b)	(a-b)
CIF Price (all Japan)	Coal (\$/t)	120	100	20
	Crude Oil (\$/b)	75	54	21
	LNG (\$/t)	536	425	111
Exchange Rate (¥/\$)		111	112	(1)

## 【Nuclear Back-end】

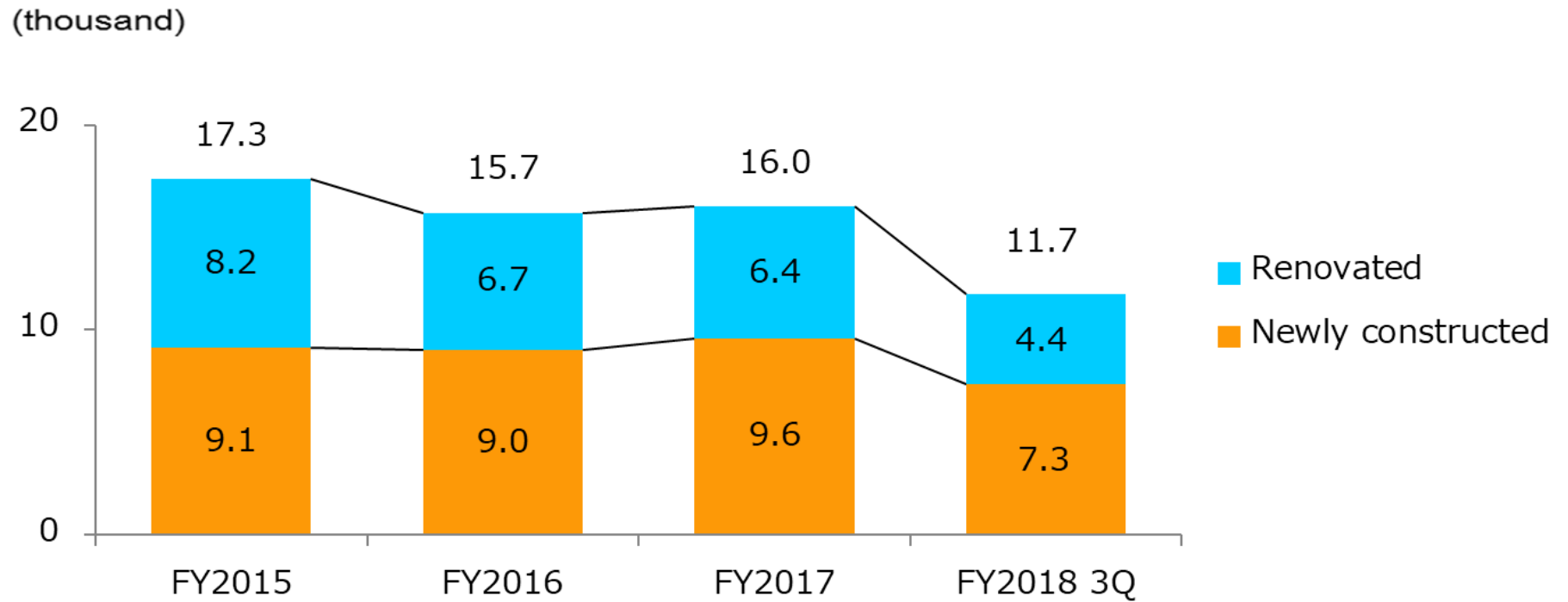
- Decreased due to decrease in operation of Ikata Unit No.3

## 【Others】

- Increase in submission to Surcharge Adjustment Organization based on FIT +15, etc.

## **Supplemental Material for FY2018 3Q**

- Number 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 and Equipment Expenditures (consolidated)
- Feed-in Tariff Scheme

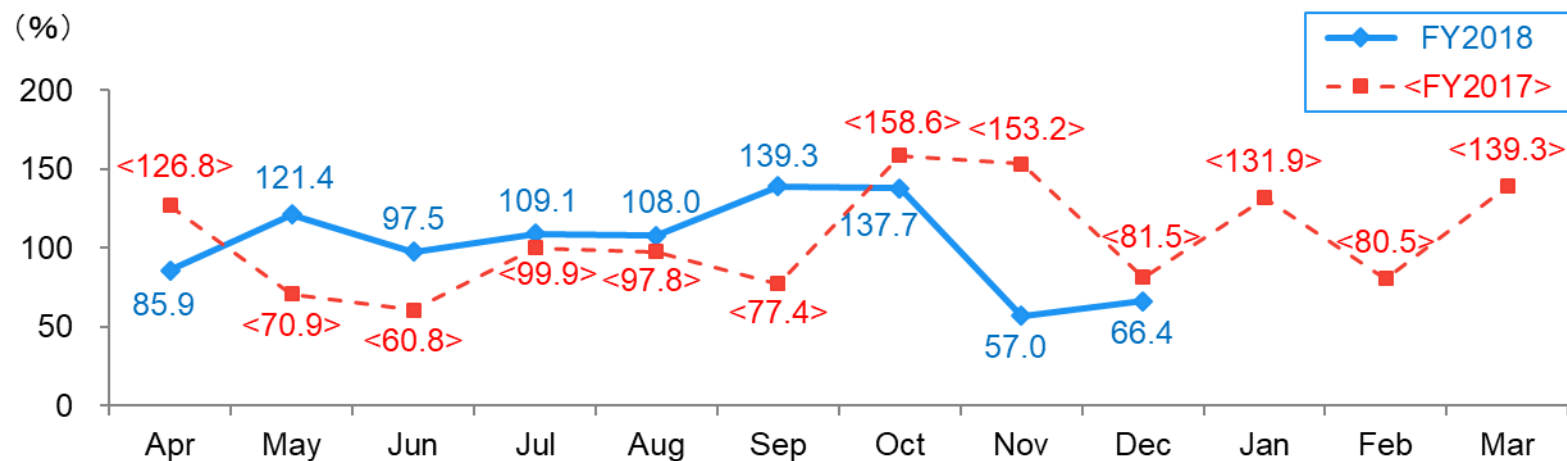


	FY2018 3Q (A)	FY2017 3Q (B)	(A-B)
Coal (10,000t)	208.0	208.6	(0.6)
Heavy Oil (10,000kl)	17.9	21.0	(3.1)
Crude Oil (10,000kl)	2.2	3.5	(1.3)
LNG (10,000t)	18.5	23.1	(4.6)

## 【Fuel Prices】

	FY2018 3Q (A)	FY2017 3Q (B)	(A-B)
CIF price: Coal (\$/t)	120	100	20
CIF price: Crude Oil (\$/b)	75	54	21
CIF price: LNG (\$/t)	536	425	111
Exchange rate (¥/\$)	111	112	(1)

## Flow Rate



## Financial Sensitivity for Key Factors

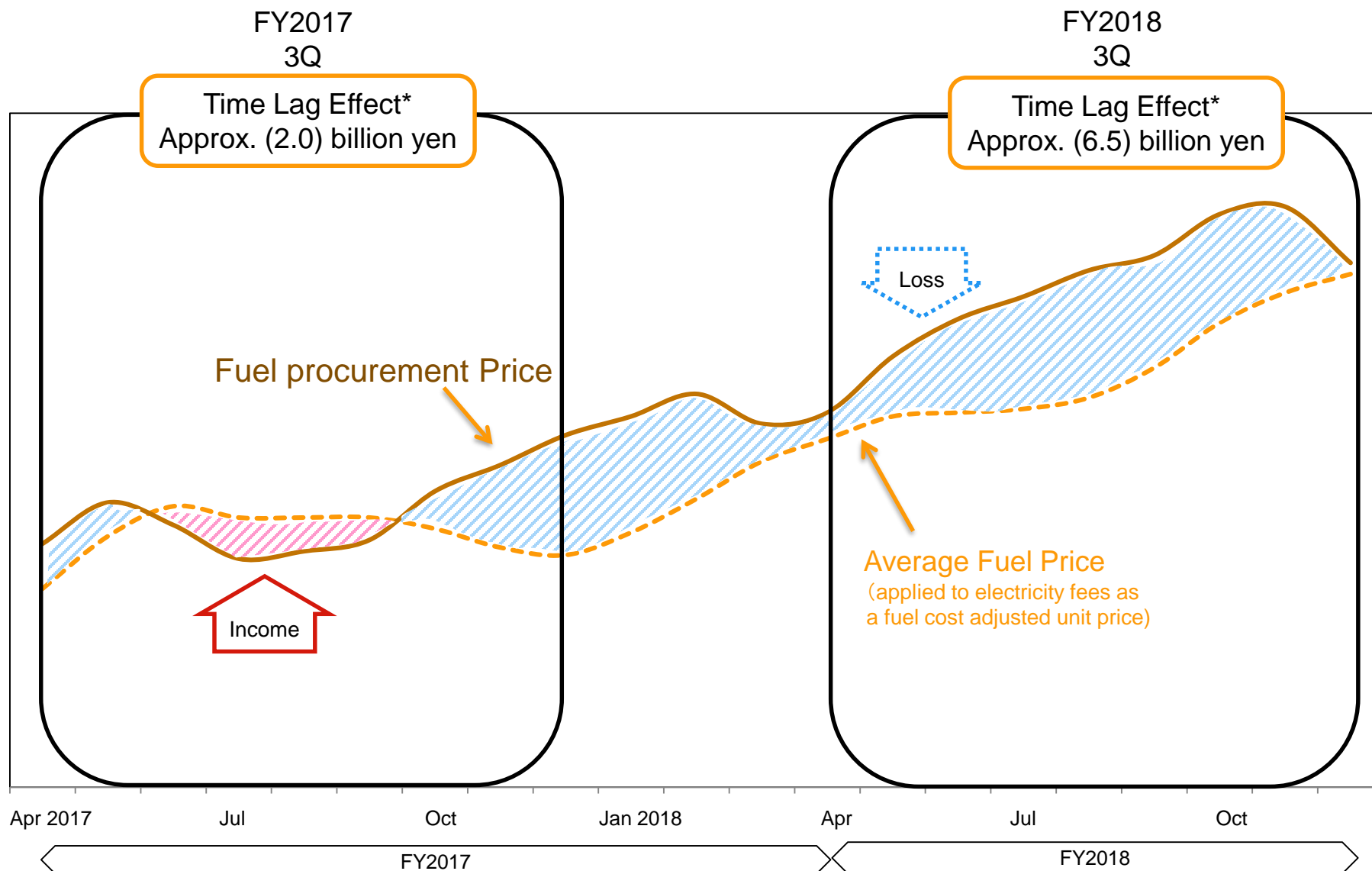
(100 million yen)

	FY2018 3Q
CIF price: crude oil (1\$/b)	2
CIF price: coal (1\$/t)	5
Exchange rate (¥1/\$)	8
Nuclear power capacity factor (1%)	3
Flow Rate (1%)	2

\*Because this sensitivity is theoretical value calculated based on some assumption, real impacts could change depending actual supply/demand situation.



# 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.

(100 million yen)

	FY2018 3Q	<ref> FY2017
Power sources	280	403
Hydro	9	32
Thermal	136	130
Nuclear	134	240
Transmission	48	49
Transformation	37	61
Distribution	62	76
Other	11	24
Subtotal	440	616
Nuclear fuel	46	166
Electric power business	487	782
Other business	87	72
Total*	575	854

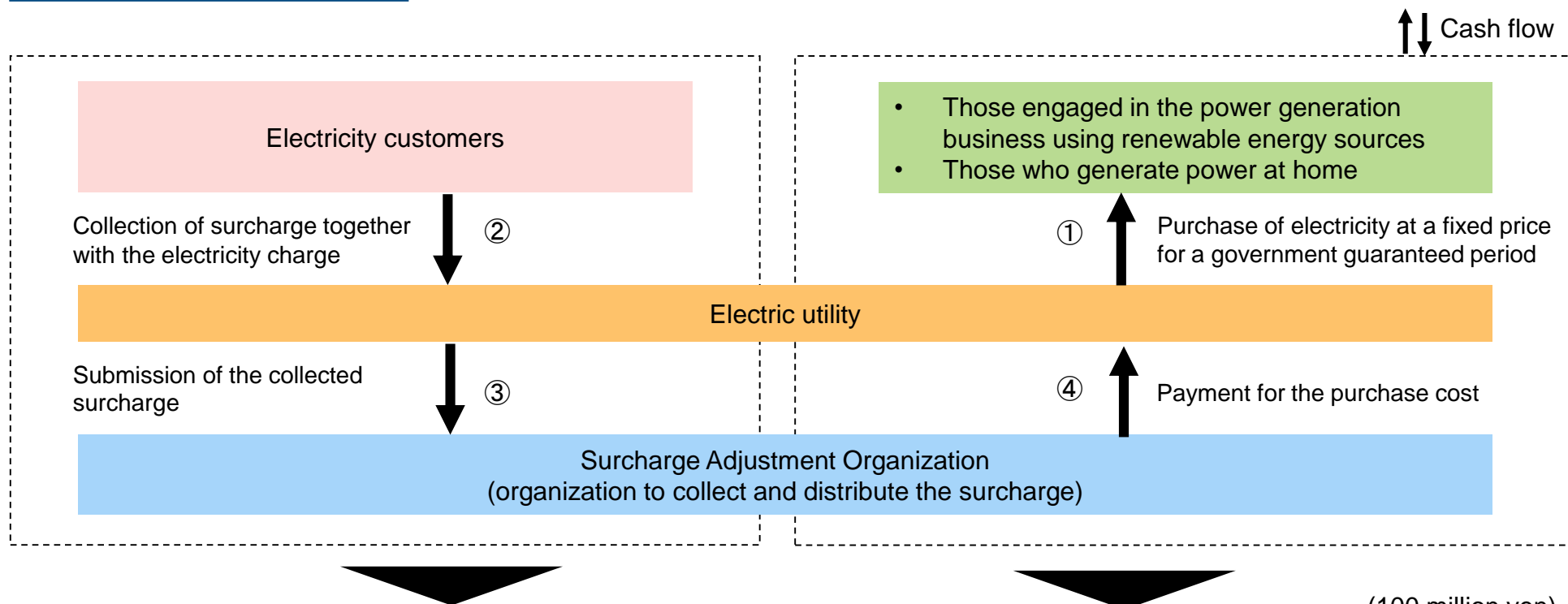
\* before the elimination of unrealized profits

(100 million yen)

		Total (forecasts)	FY2011～FY2017 (results)		FY2018 3Q (results)
				FY2017	
Facility Construction	Short term	Approx. 720	717	0	0
	Medium term	Approx. 940	428	145	101
Analysis and Evaluation		Approx. 240	240	0	0
Total		Approx.1,900	1,386	146	101

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

## Results of FY2018 3Q



### ② Surcharge 432

We collect surcharge from customers with the electricity charge.

### ③ Submission of the collected surcharge 432

We submit the collected surcharge to surcharge adjustment organization.

### ① Purchase of electricity 889

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.

### ④ Payment for the purchase cost 706

Surcharge adjustment organization pay grants corresponding to the actual purchase costs.

(100 million yen)

### 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.**