

FY2020 2Q Financial Results Outline

(April 1, 2020 – September 30, 2020)

October 29, 2020

SHIKOKU ELECTRIC POWER CO.,INC.

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Overview of Consolidated Financial Results

【 Financial Results for FY 2020 2Q】

- ❑ Operating revenues decreased by ¥ 22.2 billion YoY, to ¥ 351.0 billion. The main factors were as follows;
 - ✓ Revenues from wholesale decreased, with drop of surplus capacity due to the suspension of Ikata Unit 3, etc.
 - ✓ Revenues from retail sales declined due to decrease in electricity sales of retail and the revenue based on the Fuel Adjustment System.
- ❑ Operating expenses decreased by ¥ 7.8 billion YoY, to ¥ 331.8 billion. The main factors were as follows;
 - ✓ Total amount of the fuel and power purchase cost decreased due to decline in total electricity sales and drop in fuel price, although Ikata Unit 3 was not in operation.
 - ✓ Nuclear back-end cost decreased due to the suspension of Ikata Unit 3.
- ❑ As a result,
 - ✓ Operating profit decreased by ¥ 14.4 billion YoY, to ¥ 19.2 billion.
 - ✓ Ordinary profit decreased by ¥ 14.9 billion YoY, to ¥ 17.5 billion.
 - ✓ Profit attributable to owners of parent decreased by ¥ 11.7 billion YoY, to ¥ 11.6 billion.

【 Forecasts of Financial Results& Dividends for FY 2020 】

- ❑ The forecasts of consolidated financial results for FY2020 had been undecided because it is difficult to predict when the Ikata Unit 3 will resume operation. Under these circumstances, at the meeting on the date for scheduling conference, the judgement of the objection to the injunction against the operation of Ikata Unit 3 at Hiroshima High Court is expected to be issued in next March. We will scrutinize the income and expenditure state on this, and notify you of the forecasts of financial results promptly.
- ❑ Interim dividend is ¥ 15 per share.
Year-end dividend is undecided. We will scrutinize the forecasts of consolidated financial results, and notify you of Year-end dividend promptly.

I . Consolidated Financial Results for FY2020 2Q (April 1, 2020 – September 30, 2020)

Summary of Financial Results (Refer to page 6 to 7 for details)

	(100 million yen)			
	FY2020 2Q (a)	FY2019 2Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	3,510	3,732	(222)	(5.9)%
Operating Expenses	3,318	3,396	(78)	(2.3)%
Operating Profit	192	336	(144)	(42.9)%
Interest Expenses, etc.	16	12	4	38.9%
Ordinary Profit	175	324	(149)	(45.9)%
Income Taxes, etc.	58	91	(33)	(35.9)%
Profit attributable to owners of parent	116	233	(117)	(49.8)%

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

(million kWh)

	FY2020 2Q (a)	FY2019 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	10,873	11,077	(204)	(1.8)%	·Decrease in electricity demand due to COVID-19, etc.
Lighting	3,842	3,782	60	1.6%	
Power	7,032	7,294	(262)	(3.6)%	
Wholesale	2,509	4,501	(1,992)	(44.3)%	·Decrease in drop of surplus capacity due to the suspension of Ikata Unit 3, etc.
Total	13,382	15,578	(2,196)	(14.1)%	

* 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.
FY2020	24.2	25.7	29.9	25.2	26.3
Differences from the average year	1.4	(1.1)	2.1	0.7	0.8
Differences from the previous year	1.0	(0.4)	1.9	(1.1)	0.4

Electricity Sales in the Last 5 Years

(million kWh)

	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q
Lighting	4,231	4,185	4,012	3,782	3,842
Power	8,657	8,191	7,696	7,294	7,032
Total	12,888	12,376	11,708	11,077	10,873

Electricity Sales Changes from the Previous Fiscal Year

	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q
Lighting	2.4%	(1.1)%	(4.2)%	(5.7)%	1.6%
Power	0.4%	(5.4)%	(6.0)%	(5.2)%	(3.6)%
Total	1.0%	(4.0)%	(5.4)%	(5.4)%	(1.8)%

Average Temperatures in Prefectural Capitals in Shikoku

(°C)

	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q
Summer *	26.4	26.0	26.3	25.9	26.3

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

(million kWh)

		FY2020 2Q (a)	FY2019 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Own Generated Power	Hydro	1,541	1,411	130	9.3%	· Flow Rate 105.1% → 104.7%
	Nuclear	-	4,014	(4,014)	-	· Capacity factor of Ikata Unit No.3: 102.7%→0%
	Renewable Energy	2	3	(1)	(26.5)%	
	Thermal	5,328	5,226	102	2.0%	
Purchased Power		7,711	6,168	1,543	25.0%	· Hydropower 752 → 799 · Renewable Energy 2,120 → 2,471

(Note) 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

(100 million yen)

	FY2020 2Q (a)	FY2019 2Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	2,102	2,237	(135)	(6.0)%
Electricity Sales(Wholesale)	180	367	(187)	(50.9)%
Others	766	676	90	13.3%
Electric Operating Revenues	3,049	3,282	(233)	(7.1)%
Other Operating Revenues	461	450	11	2.5%
Operating Revenues	3,510	3,732	(222)	(5.9)%
Personnel	271	263	8	3.4%
Fuel	240	349	(109)	(31.1)%
Power Purchase	1,119	1,038	81	7.9%
Depreciation	242	244	(2)	(0.9)%
Maintenance	263	247	16	6.7%
Nuclear Back-end	13	93	(80)	(85.2)%
Others	754	758	(4)	(0.6)%
Electric Operating Expenses	2,906	2,994	(88)	(2.9)%
Other Operating Expenses	412	401	11	2.7%
Operating Expenses	3,318	3,396	(78)	(2.3)%
Operating Profit	192	336	(144)	(42.9)%
Interest Expenses, etc.	16	12	4	38.9%
Ordinary Profit	175	324	(149)	(45.9)%
Income Taxes, etc.	58	91	(33)	(35.9)%
Profit attributable to owners of parent	116	233	(117)	(49.8)%

【Electricity Sales(Retail)】

- Decrease in electricity sales (27)
- Decrease in revenues based on the Fuel Cost Adjustment System (114), etc.

【Other Electric Operating Revenues】

- Increase in grants for the purchase cost based on FIT +88, etc.

【Fuel, Power Purchase】 (27)

- Decrease in the operating rate of the nuclear power +160
- Decrease in retail sales (9)
- Decrease in wholesale Sales (91)
- Increase in electricity volume generated by hydro power plants (8)
- Increase in purchase of renewable energy sourced electricity +71
- Decrease in the thermal power generation cost per kWh (138), etc.

		FY2020 2Q (a)	FY2019 2Q (b)	(a-b)
CIF Price (all Japan)	Coal (\$/t)	78	109	(31)
	Crude Oil (\$/b)	37	69	(32)
	LNG (\$/t)	388	499	(111)
Exchange Rate (¥/\$)		106	109	(3)

【Maintenance】

- Increase in construction associated with thermal power plants +22, etc.

【Nuclear Back-end Cost】

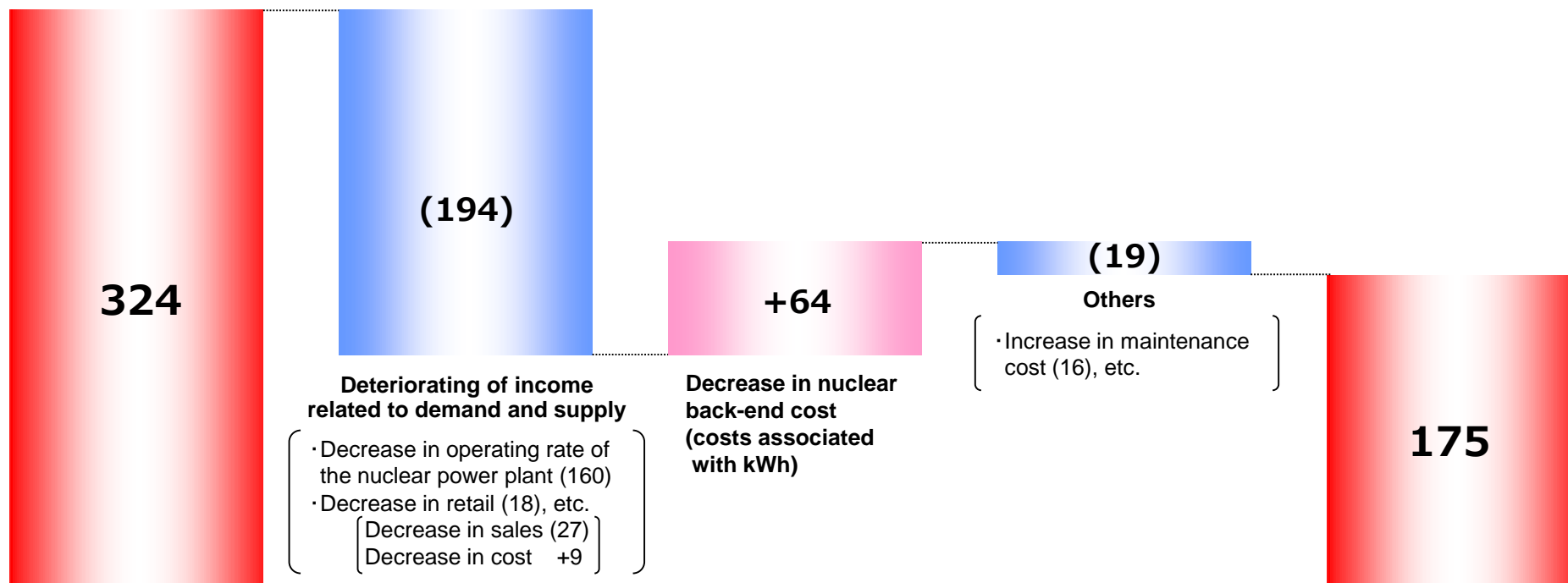
- Decrease in the reprocessing cost and the high level radioactive waste associate with the operating rate of the nuclear power plant <costs associated with kWh (64) >

Ordinary Profit

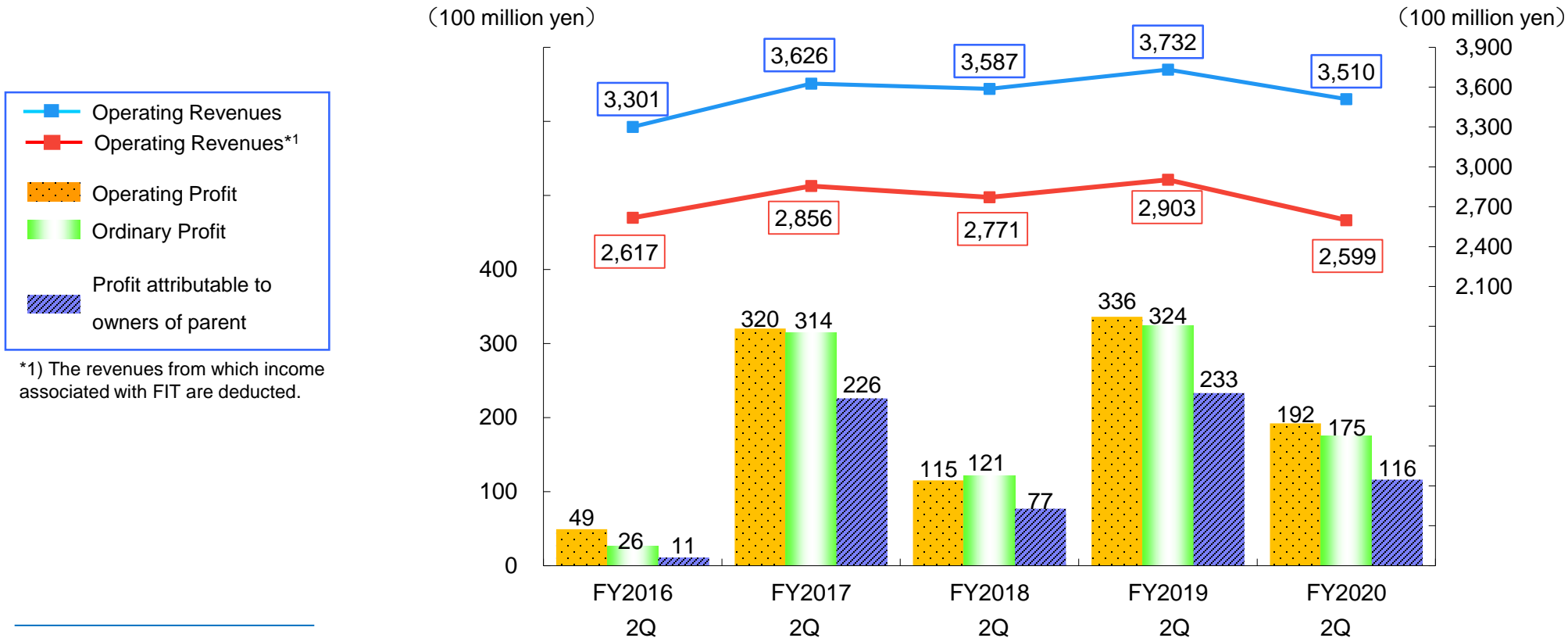
(100 million yen)

FY2019 2Q

FY2020 2Q



[Financial Results in the last 5 fiscal years]



*1) The revenues from which income associated with FIT are deducted.

Performance Indicators

		FY2016 2Q		FY2017 2Q		FY2018 2Q		FY2019 2Q		FY2020 2Q	
Operating Profit Margin *2	(%)	<1.9>	1.5	<11.2>	8.8	<4.2>	3.2	<11.6>	9.0	<7.4>	5.5
Profit per Share	(yen)		5		110		38		113		57
Ordinary Profit + Interest Expenses	(100 million yen)		70		353		157		356		204

*2) Figures in < > are calculated on the revenues from which income associated with FIT are deducted.

Results by Segment

(100 million yen)

			FY2020 2Q (a)	FY2019 2Q (b)	(a-b)	Main Factors
Consolidated		Revenues	3,510	3,732	(222)	-
		Operating Profit	192	336	(144)	
Segment	Electric Utility*	Power Generation & Sales	2,908	3,262	(354)	- Decrease in wholesales electricity sales, etc.
		Segment Profit	62	220	(158)	- Deteriorating of income related to demand and supply, etc.
		Transmission & Distribution	952	903	49	- Increase in grants due to increase in the purchase renewable electricity, etc.
		Segment Profit	75	65	10	- Decrease in maintenance costs, etc.
	IT/ Communications*	Revenues	216	208	8	- Increase in FTTH contracts, etc.
		Segment Profit	34	35	(1)	
	Construction/ Engineering*	Revenues	230	210	20	- Increase in orders of construction contracts, etc.
		Segment Loss	(3)	(2)	(1)	
	Energy*	Revenues	96	118	(22)	- Decrease in the volume of LNG sales, etc.
		Segment Profit	13	9	4	- Decrease in cost of LNG purchase due to drop price in fuel price, etc.
Others*	Revenues	225	229	(4)		
	Segment Profit	5	5	0		

* Internal transactions are not eliminated

Capital Investment

(100 million yen)

	FY2020 2Q
Electric Utility (Power generation & sales)	208
<Replacement of unit no.1 of Saijo thermal power station>	<83>
<Safety measures at Ikata nuclear power station>	<60>
Electric Utility (Transmission & Distribution)	92
IT/Communications	17
Construction/Engineering, Energy, Others	18
Total (before the elimination of unrealized profits)	337

(100 million yen)

		FY2020 2Q (a)	FY2019 2Q (b)	(a-b)
Cash Flows from Operating Activities	Ordinary Profit	175	324	
	Depreciation	287	294	
	Others	(352)	(130)	
	Subtotal	109	487	(378)
Cash Flows from Investing Activities	Capital Expenditures	(358)	(397)	
	Investments	(23)	(70)	
	Subtotal	(382)	(468)	86
Free Cash Flows		(272)	19	(291)
Cash Flows from Financing Activities	Cash Dividends Paid	(31)	(31)	
	Bonds and Loans	494	(27)	
	Purchase of Treasury Shares	(0)	(2)	
	Subtotal	463	(60)	
Net Increase (Decrease) in Cash and Cash Equivalents		190	(43)	

(Note) Plus figures means cash inflow, minus figures means cash outflow.

Debt to CF Ratio (times) ^{*1}	69.7	14.4
Interest Coverage Ratio (times) ^{*2}	3.8	14.7

*1) Debt to CF Ratio: Interest bearing debt / Cash flows from operating activities

*2) Interest Coverage Ratio: Cash flows from operating activities / Interest expenses

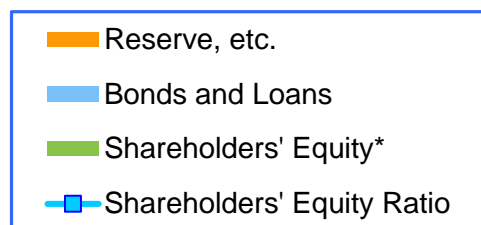
(100 million yen)

	Sep 30, 2020 (a)	Mar 31, 2020 (b)	(a-b)	Details
Total assets	14,128	13,736	392	
<Plant and equipment, and intangible assets (except Special account related to nuclear power decommissioning, Special account related to reprocessing of spent nuclear fuel)>	<8,438>	<8,430>	<8>	<ul style="list-style-type: none"> • Capital investment +319 • Advance of depreciation (287), etc.
<Investments, etc.>	<4,551>	<4,181>	<370>	<ul style="list-style-type: none"> • Increase in cash reserves +190 • Increase in accounts receivable +116 • Investment and financing for overseas businesses +49, etc.
Liabilities	10,789	10,469	320	
<Bonds and loans>	<7,664>	<7,170>	<494>	<ul style="list-style-type: none"> • Increase in bonds +325 • Increase in long-term loan payable +169
<Accrued expenses, etc.>	<3,124>	<3,299>	<(175)>	<ul style="list-style-type: none"> • Decrease in accrued expenses and accounts payable (170), etc.
Total net assets	3,339	3,266	73	
<Retained earnings>	<1,907>	<1,821>	<86>	<ul style="list-style-type: none"> • Profit attributable to owners of parent +116 • Dividend payment (31)

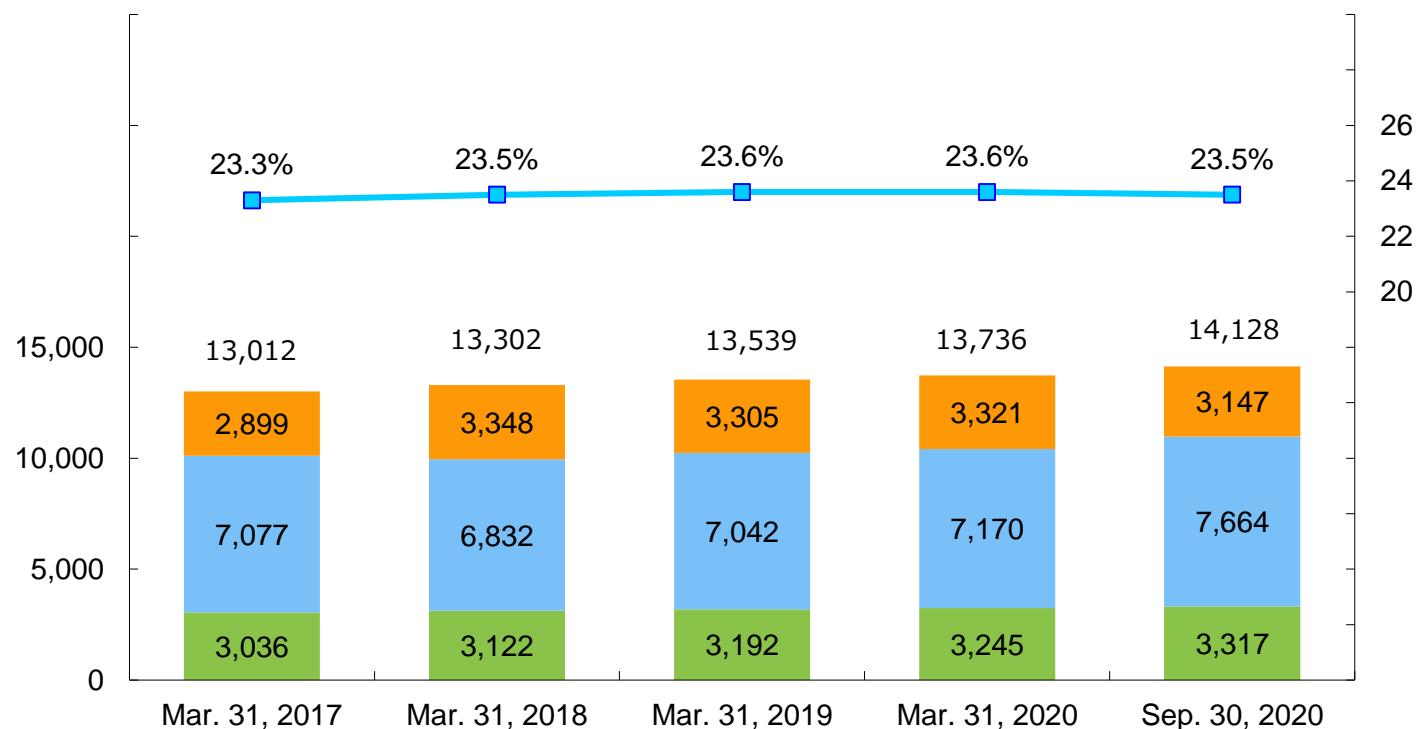
Shareholders' equity ratio	23.5%	23.6%	(0.1)%
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(100 million yen)

(%)



* Shareholder's Equity
= (Total Equity) — (minority interests)



Financial Indicators

	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020	Sep 30, 2020
Shareholders' Equity Ratio (%)	23.3	23.5	23.6	23.6	23.5
Interest Bearing Debts Ratio (times)	2.3	2.2	2.2	2.2	2.3
Book-value per Share(BPS) (yen)	1,474	1,517	1,550	1,578	1,613
Price Book-value Ratio(PBR) (times)	0.8	0.8	0.9	0.5	0.5

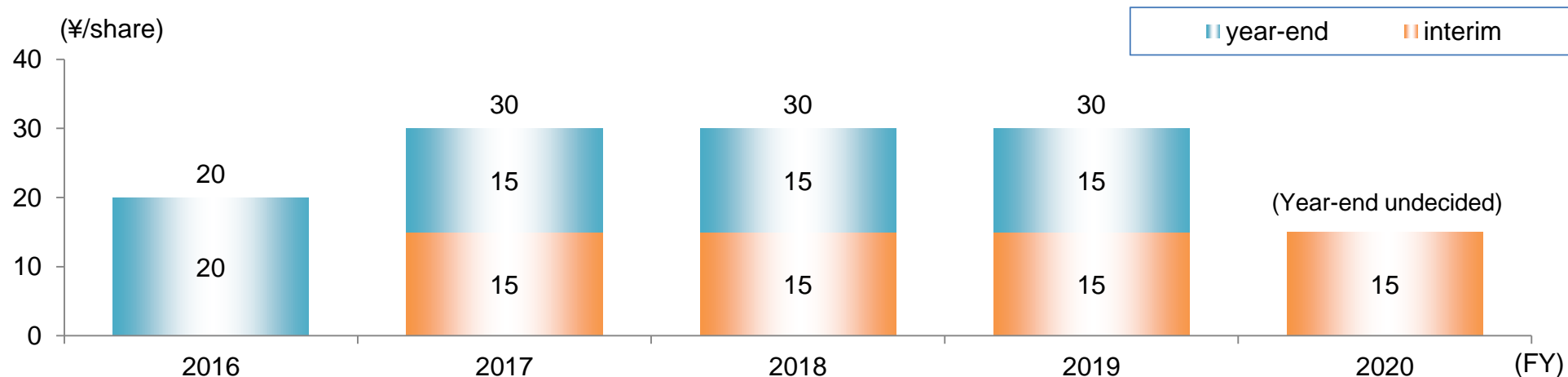
(Note) Interest Bearing Debts Ratio = Bonds and Loans / Shareholders' Equity

- ❑ Paying stable dividends is our basic policy for returns to shareholders, which are decided in light of comprehensive consideration of business results, financial position, and medium-to-long-term business conditions.
- ❑ For FY2020,
 - ✓ The interim dividend is ¥ 15 per share as forecasted.

Dividends per Share

	FY2019	FY2020
Interim	¥15	¥15
Year-end	¥15	(Undecided)
Total	¥30	(Undecided)

Dividends per Share (last 5 fiscal years)



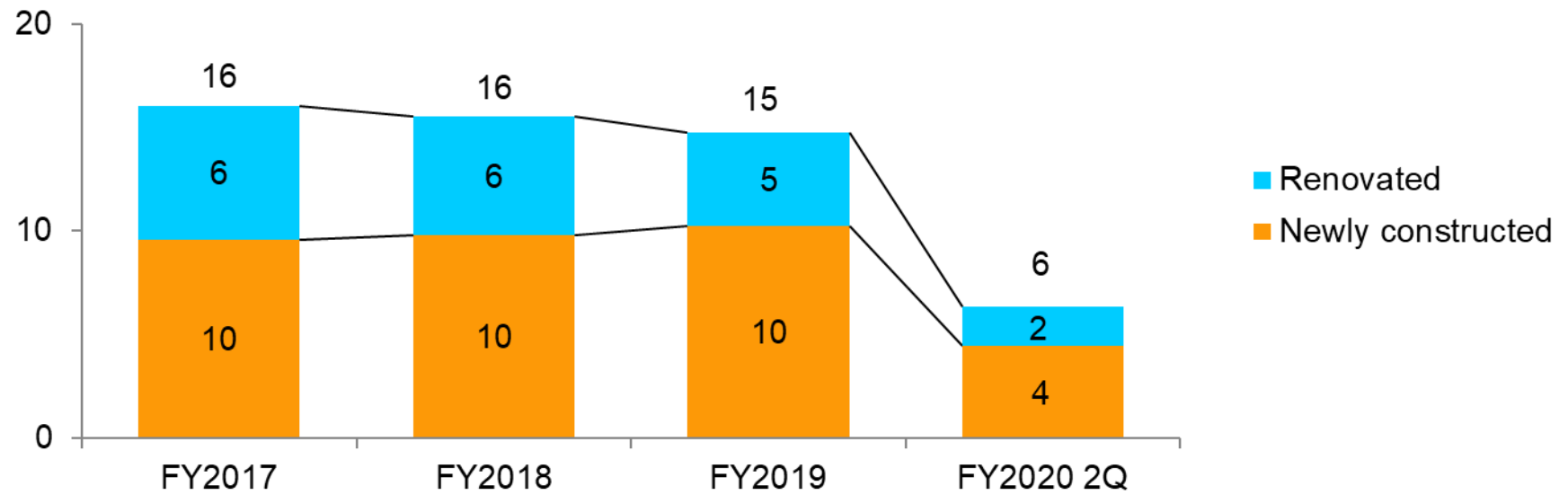
II . Forecasts of Consolidated Financial Results & Dividends for FY2020

- ❑ The forecasts of consolidated financial results for FY2020 and Year-end dividends had been undecided because it is difficult to predict when the Ikata Unit 3 will resume operation. Under these circumstances, at the meeting on the date for scheduling conference, the judgement of the objection to the injunction against the operation of Ikata Unit 3 at Hiroshima High Court is expected to be issued in next March. We will scrutinize the income and expenditure state on this, and notify you promptly.

Supplemental Material for FY2020 2Q

- Number of All-electric Housing Construction
- Consumption of Fossil Fuels
- Flow Rate, Financial Sensitivity for Key Factors
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- Feed-in Tariff Scheme

(thousand)

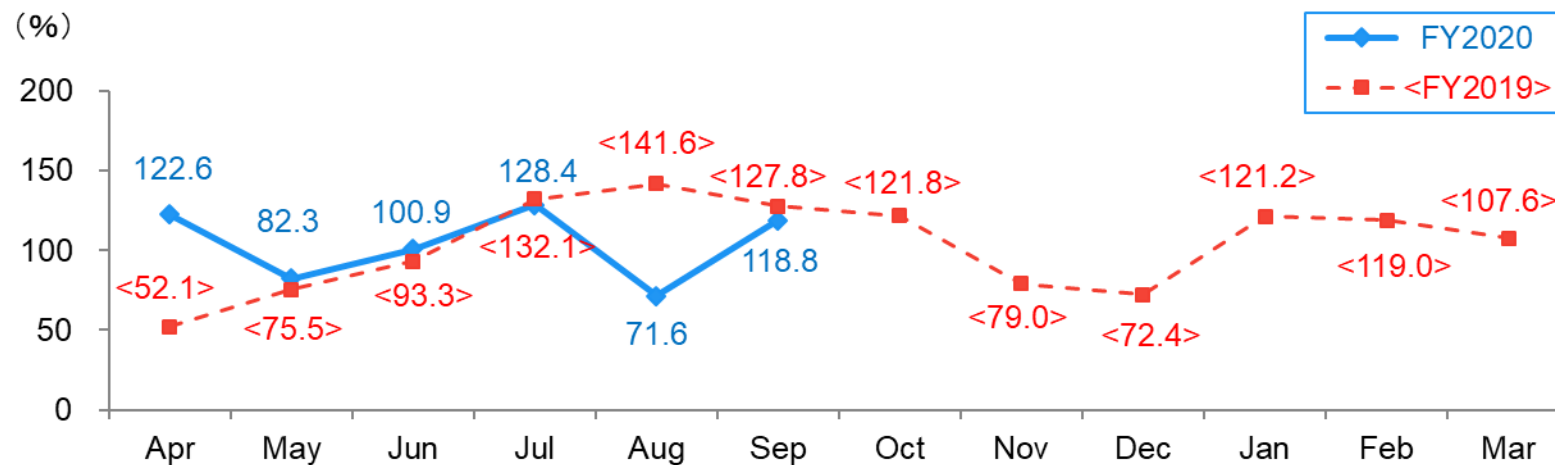


	FY2020 2Q (A)	FY2019 2Q (B)	(A-B)
Coal (10,000t)	120.2	122.9	(2.7)
Heavy Oil (10,000kl)	2.3	2.8	(0.5)
Crude Oil (10,000kl)	0.7	1.3	(0.6)
LNG (10,000t)	18.6	12.0	6.6

【Fuel Prices】

	FY2020 2Q (A)	FY2019 2Q (B)	(A-B)
CIF price: Coal (\$/t)	78	109	(31)
CIF price: Crude Oil (\$/b)	37	69	(32)
CIF price: LNG (\$/t)	388	499	(111)
Exchange rate (¥/\$)	106	109	(3)

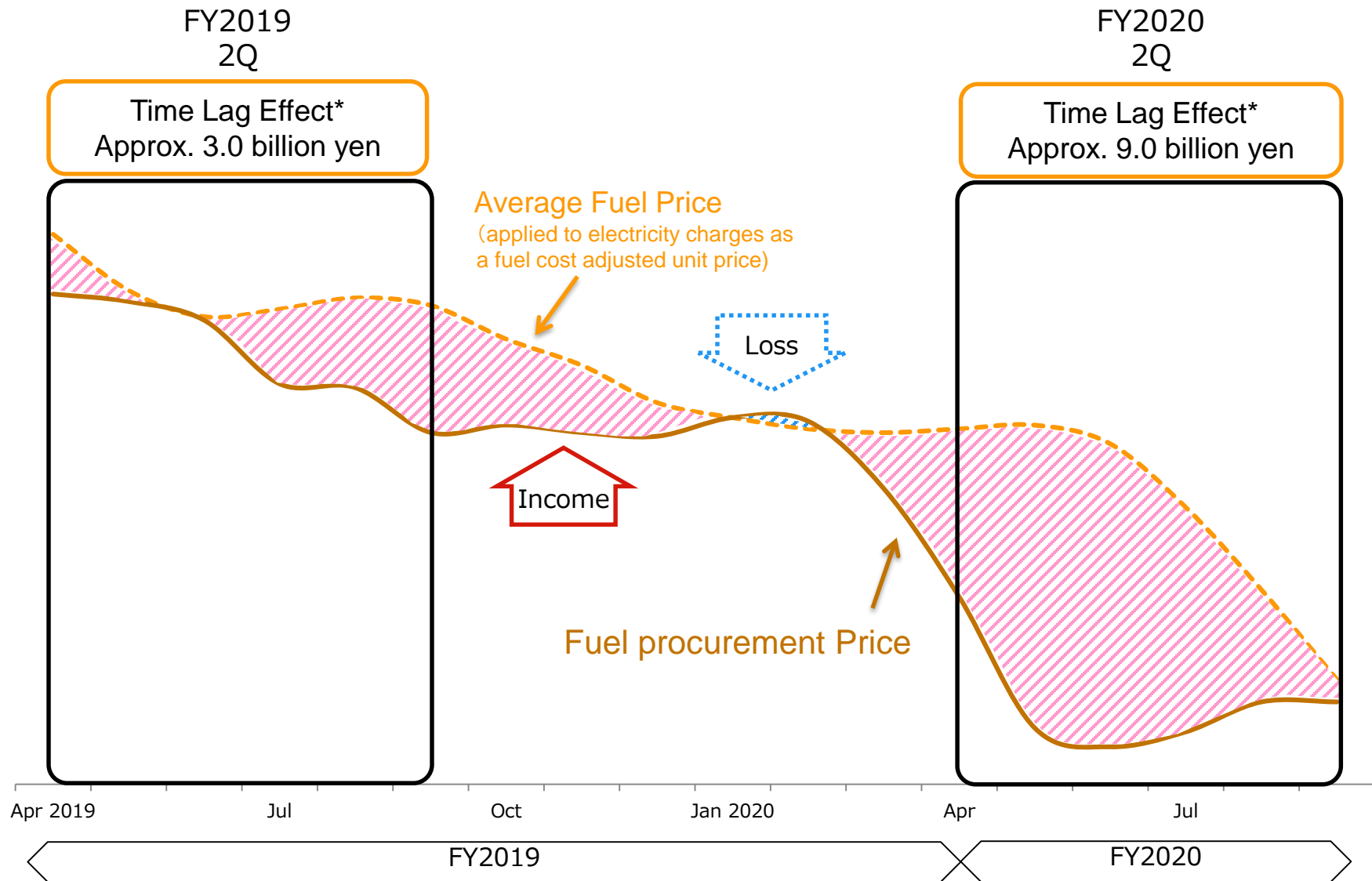
Flow Rate



Financial Sensitivity for Key Factors

(100 million yen)

	FY2020 2Q
CIF price: coal (1\$/t)	3
CIF price: crude oil (1\$/b)	0.4
Exchange rate (¥1/\$)	3
Nuclear power capacity factor (1%)	2
Flow Rate (1%)	1



* 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)

	FY2020 2Q	<ref> FY2019
Power Generation & Sales	208	576
Renewable energy	4	50
Thermal	105	253
Nuclear	83	190
Nuclear fuel	13	75
Transmission & Distribution	92	197
Transmission	19	53
Transformation	25	53
Distribution	41	77
Electric power business	300	773
Other business	36	119
Total*	337	893

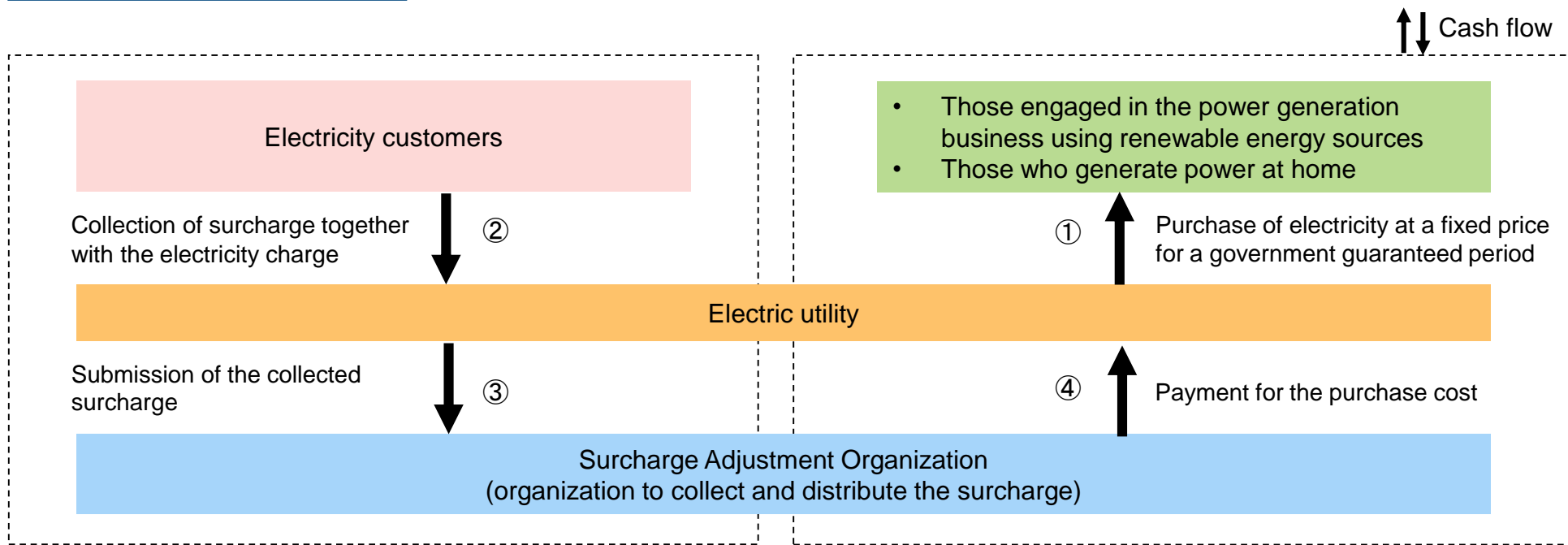
* before the elimination of unrealized profits

(100 million yen)

		Total (forecasts)	FY2011 ~ FY2020 2Q (results)	
			FY2020 2Q	
Facility Construction	Short term	Approx. 720	717	—
	Medium-to- long term	Approx. 1,140 <+200>	783	61
Analysis and Evaluation		Approx. 240	240	—
Total		Approx. 2,100 <+200>	1,741	61

* The figures in < > indicate the amount of increase from previously announced.

Results of FY2020 2Q



② Surcharge We collect surcharge from customers with the electricity charge.	282
③ Submission of the collected surcharge We submit the collected surcharge to surcharge adjustment organization.	282

(100 million yen)	
① Purchase of electricity 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.	750
④ Payment for the purchase cost Surcharge adjustment organization pay grants corresponding to the actual purchase costs.	628



SHIKOKU ELECTRIC POWER CO., INC.

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 subject to risks and uncertainties.

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.