
FY2004 Q3 Earnings Results Presentation



Electric Power Development Co., Ltd.

February 9, 2005

Forward Looking Statements Disclaimer



The following contains statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to the Company and/or the J-POWER group. These are based on current assumptions of future events, and there exist possibilities that such assumptions are objectively incorrect and actual results may differ from those in the statements as a result of various factors.

Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

▶ **I. Summary of FY2004 Q3 Earnings Results**

Key Points Regarding Consolidated Q3 Earnings Results	4
Consolidated Sales	5
Quarterly Consolidated Earnings Results: Trends	6
Full Year Consolidated Earnings Results: Forecast	7
Summary of Consolidated Results by Segment	8
Consolidated Revenues and Expenses: Comparison	9
Consolidated Balance Sheet	10
Consolidated Cash Flow	11

▶ **II. APPENDIX**

Wholesale Electric Power Business: Monthly Electricity Sales	13
Wholesale Electric Power Business: Changes in Monthly Electricity Sales	14
Other Electric Power Businesses: Monthly Electricity Sales	15

. Summary of FY2004 Q3 Earnings Results

Key Points Regarding Consolidated Q3 Earnings Results



- ▶ **Earnings Results for FY2004 Q3 (Apr.-Dec.):**
 - ▶ Thanks to high operating rates at thermal power plants, increased water supply at hydroelectric plants, and the addition of new power generating subsidiaries, on a consolidated basis, the volume of electric power sold rose 3.2% from the prior year, and revenue also grew 3.2%.
 - ▶ Operating income declined due to factors such as revised rates for thermal power, but ordinary income and net income grew thanks to a decline in interest expense.

Earnings Results Q3

(Unit: ¥100 million)

	FY2003	FY2004	Year-on-year change	
	Q3 (Apr.- Dec.)	Q3 (Apr.- Dec.)	increase/decrease	increase/decrease (%)
Operating Revenues	4,217	4,352	136	3.2%
Operating Income	1,108	1,007	101	9.2%
Ordinary Income	559	608	49	8.7%
Net Income	350	379	28	8.1%

Consolidated Sales



- ▶ **Hydroelectric power (parent company):** Thanks to high water supply (water supply rate of 158%) for the Oct.-Dec. quarter, electric power sales rose 3.1% from the prior year.
- ▶ **Thermal power (parent company):** Thanks to high operating rates in the Oct.-Dec. quarter, electric power sales rose 2.7% from the prior year.
- ▶ **Other electric power businesses (subsidiaries):** An increase in the number of electric power subsidiaries led to a 51.5% increase in the volume of electric power sales .

FY2004 Sales

(Unit : 100 million kWh, ¥100 million)

	FY2003 Q3		FY2004 Q3		Year-on-year change		Reference Data
	Electric power sales	Revenue	Electric power sales	Revenue	Electric power sales	Revenue	
Wholesale Electric Power Business	442	3,419	455	3,584	12	165	
Hydro	90	1,040	93	1,054	3	15	Water Supply Rate(1) : 111% 123
Thermal	353	2,379	362	2,530	10	151	Load Factor(2) : 73% 75%
Other Electric Power Businesses	4	32	5	55	2	22	Number of Electric Power Subsidiaries; 1 5
Total	446	3,451	460	3,639	14	188	

1 Water supply rate = Actual water supply / average water supply over the past 30 years. If the water supply rate is 100%, water supply for the said period is the same as the average water supply rate in the past.

2 Load factor = actual electric power generation volumes / (maximum facility output x number of days in the period x 24 hours)

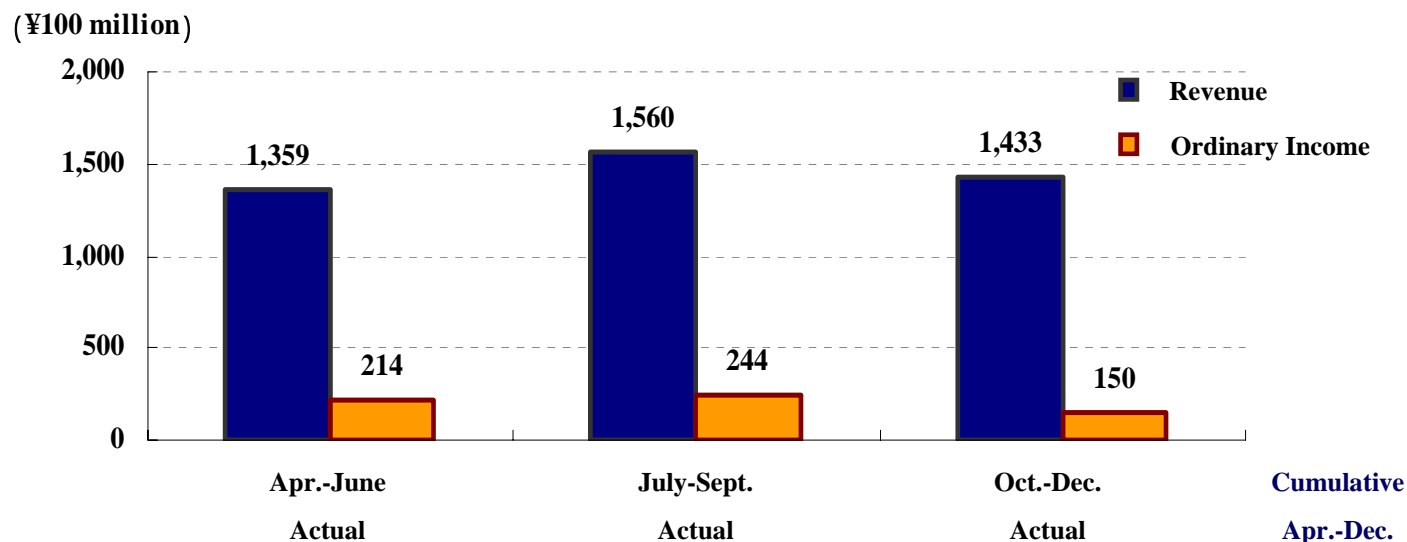
Quarterly Consolidated Earnings Results: Trends



▶ Characteristics of Quarterly Earnings Results

- ▶ In the summer (July-Sept.) demand period, operating rates at thermal power plants are high, and water supply is also high at hydroelectric facilities due to the rainy season and typhoons, so revenues are high.
- ▶ Because the company avoids conducting periodic inspections and making major repairs during the summer, when demand and water supply are high, these expenses are small during the July-Sept. quarter. Operating expenses generally tend to be larger during the second half of the fiscal year.

Quarterly Earnings Results: Trends



Revenue (Consolidated)	1,359	1,560	1,433	4,352
Ordinary Income (Consolidated)	214	244	150	608
Electric power sales (Consolidated)	12.7B kWh	17.9B kWh	15.4B kWh	46.0B kWh
Periodic inspections of thermal power plants	10 plants	1 plant	3 plants	-

Full Year Consolidated Earnings Results: Forecast

▶ Our forecast for the full fiscal year, issued when we announced interim earnings on November 11, is unchanged.

Our forecast for ordinary income is ¥55B (ordinary income was ¥60.8B for Q3).

In most years, outsourcing and research expenses are high in the Jan.-Mar. quarter; in addition, because repair work will be extensive in the second half of the fiscal year due to the high operating rates at thermal plants and the rainfalls and water supply stemming from typhoons during the summer; and because we expect to conduct a debt assumption of our corporate bonds during the Jan.-Mar. quarter, we expect to post negative ordinary and net income figures for the Jan.-Mar. quarter.

FY2004 Full Year Earnings Results: Forecast

(Unit: ¥100 million)

	<u>FY2003</u>	<u>FY2004</u>	
	Full Year Actual	Q3 (Apr.-Dec.)	Full Year Forecast (unchanged)
<u>Operating Revenues</u>	5,699	4,352	5,780
<u>Operating Income</u>	1,321	1,007	1,060
<u>Ordinary Income</u>	444	608	550
<u>Net Income</u>	276	379	350

Summary of Consolidated Results by Segment



Special Characteristics of Results by Segment

▶ Electric Power Business

Most revenue is derived from the parent company's hydroelectric, thermal electric, and transmission businesses (wholesale operations).

Wind generation and for PPS generation subsidiaries will be included as consolidated subsidiaries beginning this fiscal year.

▶ Other Businesses

These focus on peripheral businesses essential for the operation of power plants and transmission facilities, such as designing, executing, inspecting and maintaining electric power facilities and importing and transporting coal.

Intra-group transactions account for a large portion of the Company's power plant maintenance and coal transportation activities.

Revenues should increase this year due to a major large transfer of business to a subsidiary.

Revenue

(Unit: ¥100 million)

	FY2003	FY2004		Q3 (Apr.-Dec.)
	Q3 (Apr.-Dec.)	Interim Period (Apr.-Sep.)	Oct.-Dec.	
Electric Power Business	3,945	2,775	1,346	4,121
Other Businesses	1,307	1,012	545	1,557
Subtotal	5,253	3,787	1,892	5,679
Eliminations	1,036	868	458	1,326
Consolidated	4,217	2,919	1,433	4,352

Operating Income

(Unit: ¥100 million)

	FY2003	FY2004		Q3 (Apr.-Dec.)
	Q3 (Apr.-Dec.)	Interim Period (Apr.-Sep.)	Oct.-Dec.	
Electric Power Business	1,028	659	261	920
Other Businesses	79	36	36	72
Subtotal	1,107	695	297	992
Eliminations	1	10	5	14
Consolidated	1,108	705	301	1,007

Consolidated Revenues and Expenses: Comparison



(Unit : ¥100mn)

	FY2003	FY2004			Year-on-year change Increase/decrease	Main factors for change	
		Half Year (Apr.-Sept.)	Oct.-Dec.	Q 3 (Apr.-Dec.)			
Ordinary Revenues	Operating revenues	4,217	2,919	1,433	4,352	136	
	Electric power operating revenues	3,942	2,768	1,343	4,111	169	
	Hydro	1,040	728	327	1,054	15	Annualized expansion of the Olatadami and Otori hydro power plants
	Thermal	2,379	1,697	833	2,530	151	Increase in fuel prices and electric power sales, revised electricity rates
	IPP, for PPS, Wind power	32	27	28	55	22	Newly consolidated subsidiaries, including generating subsidiary for PPS and wind power subsidiaries
	Transmission	475	306	153	459	17	partial revision of contractual rates
	Other	15	10	3	13	2	
	Other operating revenues	275	151	91	241	33	Decrease in non-subsidiary orders, increase in revenues from the coal sales business
	Non-operating revenues	29	21	2	23	6	
	Equity income of affiliates	9	1	1	-	9	
	Other	20	20	3	23	3	Increase in dividends received
	Total Ordinary Revenues	4,246	2,940	1,436	4,375	130	
	Ordinary Expenses	Operating expenses	3,109	2,214	1,132	3,346	237
Electric power operating expenses		2,794	2,029	1,035	3,064	270	
Personnel expenses		318	186	81	267	51	Reduction in personnel
Fuel costs		630	544	299	843	213	Increase in fuel prices and electric power sales
Repair expenses		199	191	95	286	87	Increase in periodic inspections at thermal plants
Depreciation		958	602	304	907	52	Decrease due to progress in depreciation
Other		689	506	256	762	73	Increase in consignment and retirement costs
Other operating expenses		315	184	97	282	33	Decrease in cost of sales at subsidiaries, coal sales business expenses
Non-operating expenses		578	268	153	422	156	
Interest expenses		556	243	131	374	182	Decrease in upfront interest payments on early redemptions and the like, and fall in interest rates & loan balances
Equity losse of affiliates		-	-	13	13	13	Depreciation of past development costs associated with change in overseas IPP development location
Other		21	26	9	34	13	Early adoption of impairment accounting
Total Ordinary Expenses		3,687	2,482	1,285	3,767	81	
Ordinary Income	559	457	150	608	49		

Consolidated Balance Sheet



- ▶ Steady improvement in financial structure through reductions in interest bearing debt.
- ▶ Shareholders' equity ratio at 19.1%. (Target of 20% by end FY2006)

(Unit: ¥100 million)

		FY2003	FY2004		Change	Main Factors for Change
		As of March 31	As of Sept. 31	Oct.-Dec. Increase/ decrease	Q3 End	Increase/ decrease
Assets	Fixed Assets	19,451	19,124	220	18,904	547
	Electric power business	16,234	15,862	222	15,640	593
	Other businesses	290	277	2	275	14
	Construction in progress	1,608	1,660	7	1,653	45
	Investment, etc	1,320	1,324	11	1,335	15
	Current assets	1,310	1,368	285	1,653	343
	Total	20,761	20,492	65	20,557	204
Liabilities	Interest-bearing debt	15,929	15,413	116	15,296	633
	Other	1,230	1,236	90	1,326	96
	Total	17,159	16,649	27	16,622	537
	Minority interests	5	12	0	12	7
	Shareholders' equity	3,596	3,832	92	3,923	327
	D/E Ratio	4.4	4.0		3.9	
	Shareholders' equity ratio	17.3%	18.7%		19.1%	

Consolidated Cash Flow



- ▶ Free cash flow (cash flow from operating activities minus cash flow from investment activities) is trending positive in the absence of major capital spending.
- ▶ In order to prepare for future changes in the business climate and increases in capital spending*, we are mainly using free cash flow to reduce interest-bearing debt in order to strengthen the company's financial position.

* Construction to begin on Isogo New Coal Fired Thermal Power plant No 2 (600MW) in February 2006. Construction to begin on Oma Nuclear Power Plant (1,383MW) in August 2006.

(Unit : ¥100 million)

	FY2003	FY2004		Q3 (Apr.-Dec.)	Year-on-year Change	Main Factors for Change
	Q3 (Apr.-Dec.)	Interim period (Apr.-Sept.)	Oct.-Dec.			
Operating activities (A)	1,439	791	485	1,276	162	Decrease in depreciation, increase in inventory
Investing activities (B)	394	196	117	312	82	Decrease in payments for investment and advances
Financing activities	628	685	117	801	173	Raised ¥163.7B fresh capital in Dec. 2004
Cash and cash equivalents (change)	413	67	253	186	227	
Free cash flow (A-B)	1,044	596	368	964	81	

. APPENDIX

Wholesale Electric Power Business: Monthly Electricity Sales



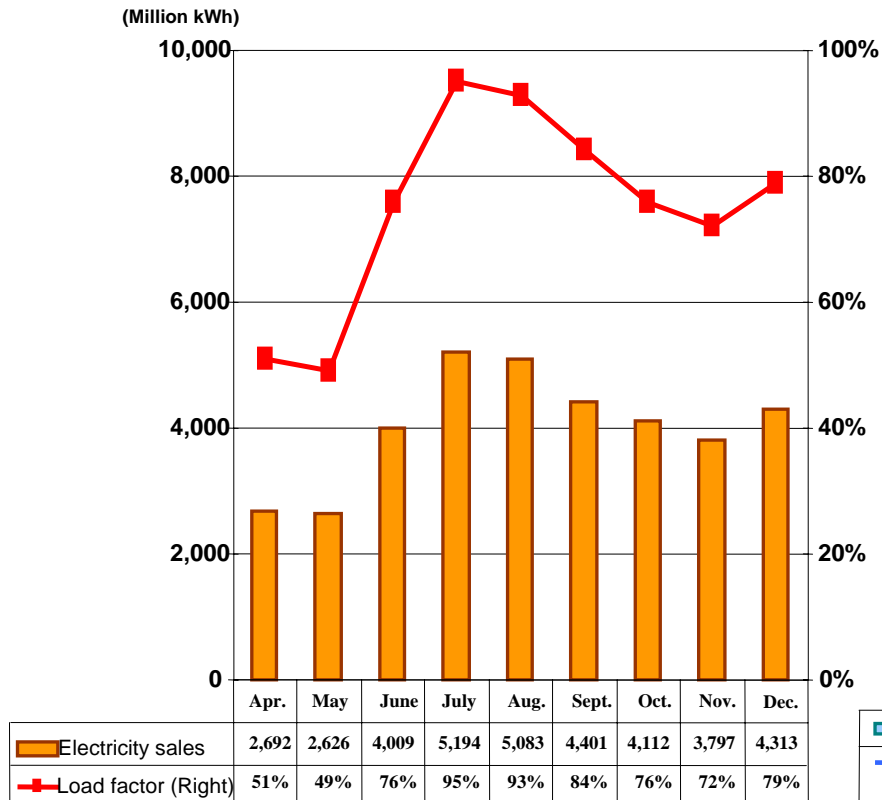
▶ **Thermal Power: Q3 Results (Cumulative Apr.-Dec.)**

Load factor 75%
 Electricity sales 36.2B kWh

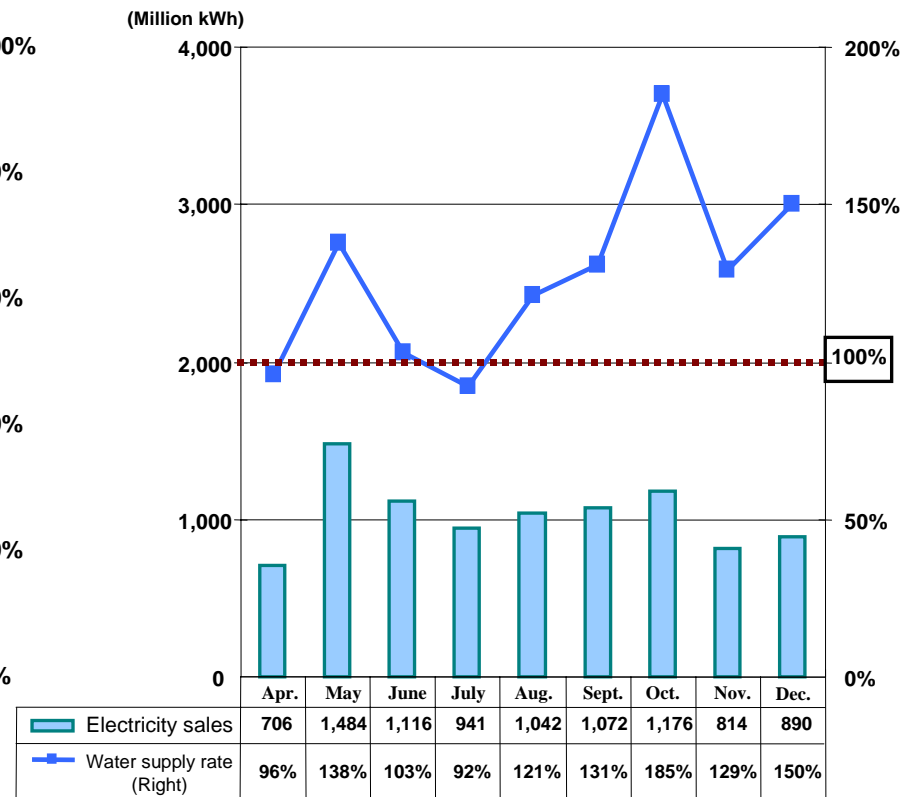
▶ **Hydroelectric Power: Q3 Results (Cumulative Apr.-Dec.)**

Water supply rate 123%
 Electricity sales 9.3B kWh

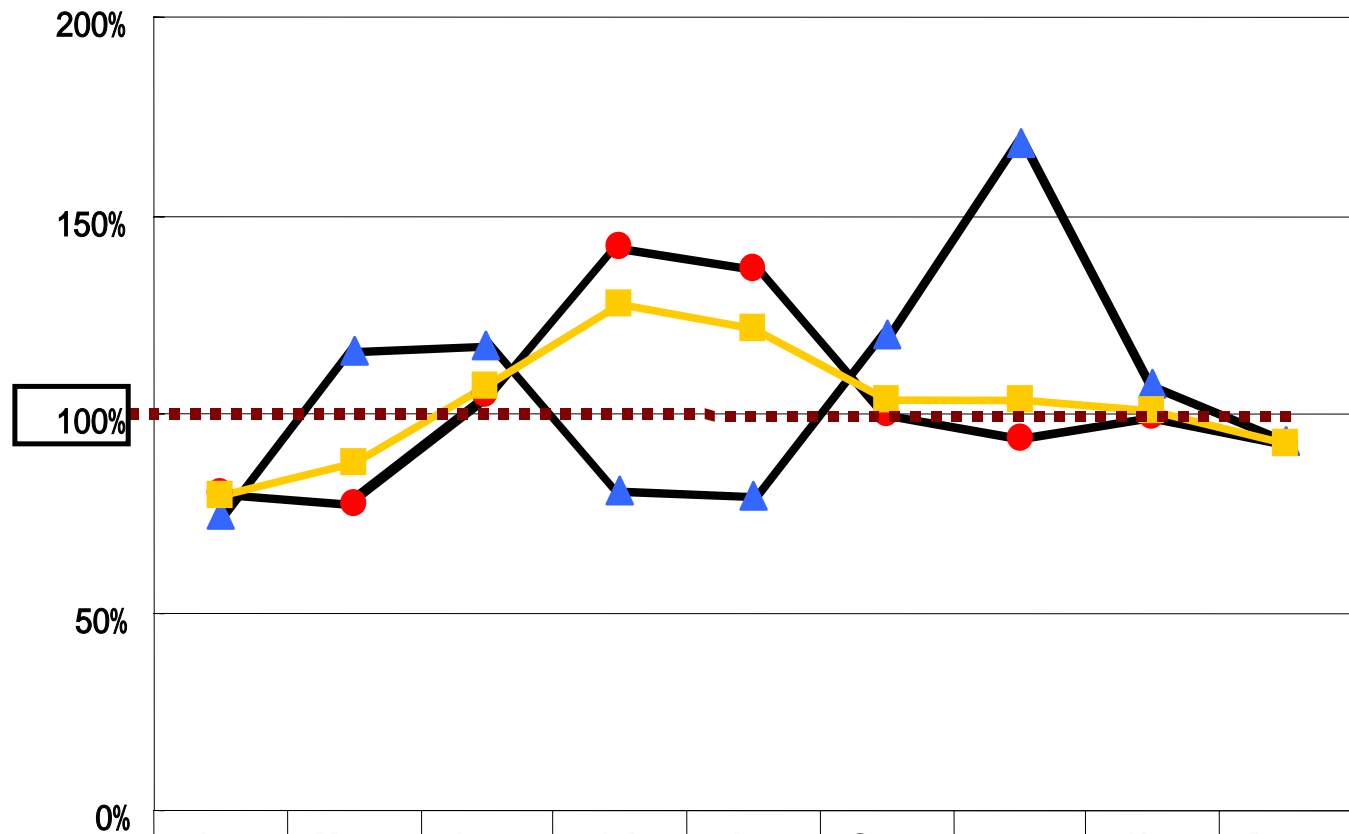
Thermal Power: Monthly Electricity Sales



Hydroelectric Power: Monthly Electricity Sales



**Year-on-year Comparison of Monthly Electricity Sales:
Thermal Power and Hydroelectric Power**



	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Cumulative Apr.-Dec.
Year-on-year Total	75%	116%	117%	81%	79%	120%	168%	108%	93%	103%
Year-on-year (Thermal Power)	80%	77%	105%	142%	136%	100%	94%	99%	92%	103%
Year-on-year (Hydro)	79%	88%	107%	127%	122%	103%	104%	101%	92%	103%

Other Electric Power Businesses: Monthly Electricity Sales

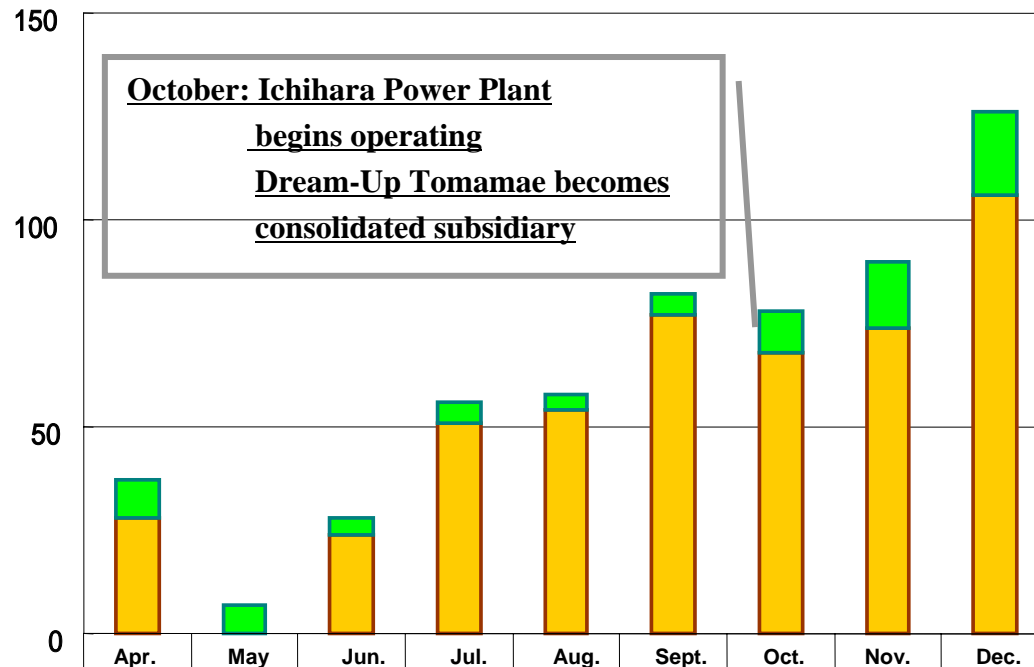


▶ **Other Electric Power Businesses (IPP, PPS, Wind Power): Q3 Results (Apr.-Dec.)**

Electric Power Companies **5 companies**
Total Electricity Sales **0.5B kWh**

Other Electric Power Businesses: Monthly Electricity Sales

(Million kWh)



Wind Power Electricity Sales	9	7	4	5	4	5	10	16	20
Thermal Power (IPP, PPS) Electricity Sales	28	0	24	51	54	77	68	74	106

Currently Operating Electric Power Subsidiaries (Consolidated)

Thermal Power :

(IPP)

Itoigawa Power 134 MW (80%)

(for PPS)

Ichihara Power 110 MW (60%)

Wind Power :

Dream-Up Tomamae 31 MW (100%)

Green Power Kuzumaki 21 MW (100%)

Nikaho-Kogen 25 MW (67%)

Note: equity stake shown in parentheses

Note: Does not take proportion of equity holdings into account



Electric Power Development Co., Ltd.

<http://www.jpowers.co.jp/>
