

This is an English translation of the Financial Results (*Kessan Tanshin*) filed with the Tokyo Stock Exchange on July 31, 2018. Please note that if there is any discrepancy, the original Japanese version will take priority.



(English Translation)

Quarterly Financial Results (Unaudited) (for the Three Months Ended June 30, 2018)

July 31, 2018

Electric Power Development Co., Ltd. (J-POWER)

Listed exchange: Tokyo Stock Exchange (Code: 9513)

Representative: Toshifumi Watanabe, President

Contact: Midori Yamaguchi, IR Chief Manager

Tel.: +81-3-3546-2211

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

Scheduled date for filing of a quarterly report: August 1, 2018

Scheduled date of dividend payment commencement: Not applicable

Preparation of supplementary explanations material: Yes

Quarterly financial results presentation held: No

(Note) All monetary values are rounded down to the nearest units as indicated in each table.

1. Consolidated Financial Results (From April 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2018	197,591	4.1	31,178	13.0	35,739	25.5	25,183	30.9
Three months ended June 30, 2017	189,722	13.2	27,599	(22.3)	28,471	(19.8)	19,237	(28.5)

(Note) Comprehensive income: Three months ended June 30, 2018 22,763 million yen (0.1)%
Three months ended June 30, 2017 22,792 million yen 472.6%

	Earnings per share	Fully diluted earnings per share
	yen	yen
Three months ended June 30, 2018	137.58	—
Three months ended June 30, 2017	105.10	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Three months ended June 30, 2018	2,629,832	851,546	30.3
Year ended March 31, 2018	2,647,054	836,124	29.7

(Reference) Shareholders' equity: Three months ended June 30, 2018 797,695 million yen
Year ended March 31, 2018 787,291 million yen

2. Dividends

	Cash dividends per share				
	Record date				Annual
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	
	yen	yen	yen	yen	yen
Year ended March 31, 2018	—	35.00	—	40.00	75.00
Year ending March 31, 2019	—				
Year ending March 31, 2019(forecasts)		35.00	—	40.00	75.00

(Note) Revisions to dividends forecasts in the current quarter: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2019	863,000	0.8	84,000	(19.5)	70,000	(31.7)	50,000	(27.0)	273.15

(Note) Revisions to consolidated earnings forecasts in the current quarter: None

4. Other Information

- (1) Principal subsidiaries subject to changes: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
 - 1) Changes in accounting policies due to revisions of accounting standards etc.: None
 - 2) Changes in accounting policies except 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of corrections: None
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury stock)

Three months ended June 30, 2018:	183,051,100
Year ended March 31, 2018:	183,051,100
 - 2) Treasury stock at the end of the period

Three months ended June 30, 2018:	1,771
Year ended March 31, 2018:	1,751
 - 3) Average number of shares outstanding during the period

Three months ended June 30, 2018:	183,049,342
Three months ended June 30, 2017:	183,049,722

* This quarterly financial results is out of the scope of quarterly review procedures by CPA or an audit firm

* Forward-looking statements and other special notes

- The earnings forecasts are forward-looking statements made on the basis of available information current at the time forecasts are made and contain uncertain elements. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors.
- The supplementary explanation material is available on our website at <http://www.jpowers.co.jp/english/> under the investor relations section.

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

1) Electricity Sales Volume

In the electric power business, electricity sales volume from hydroelectric power plants for the three months ended June 30, 2018 showed 16.8% increase to 2.8 TWh, due mainly to the increase of water supply rate from 94% in the same period of the previous fiscal year to 105%. In thermal power, the increase in the load factor of thermal power plants of J-POWER (non-consolidated) from 61% to 63% resulted in 2.1% increase in electricity sales volume from the same period of the previous fiscal year to 11.2 TWh. Mainly due to these factors, total electricity sales volume in the electric power business increased 4.8% from the same period of the previous fiscal year to 14.3 TWh.

Electricity sales volume in the overseas business decreased 13.1% from the same period of the previous fiscal year to 3.3 TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) increased 4.1% from the same period of the previous fiscal year to 197.5 billion yen mainly due to the increase of the fuel price in the electric power business. Total ordinary revenue including non-operating income also increased 5.7% from the same period of the previous fiscal year to 209.6 billion yen.

Operating expenses increased 2.6% from the same period of the previous fiscal year to 166.4 billion yen. This was mainly due to the increase of fuel costs associated with the increase of the fuel price, despite the decrease of maintenance costs including periodic inspection costs at thermal power plants. Total ordinary expenses including non-operating expenses increased 2.4% from the same period of the previous fiscal year to 173.9 billion yen.

As a result, ordinary income increased 25.5% from the same period of the previous fiscal year to 35.7 billion yen and profit attributable to owners of parent after corporate income tax increased 30.9% from the same period of the previous fiscal year to 25.1 billion yen.

(2) Qualitative Information on Consolidated Financial Position

Total assets decreased 17.2 billion yen from the end of the previous fiscal year to 2.6298 trillion yen, due mainly to the decrease in non-current assets.

Total liabilities decreased 32.6 billion yen from the end of the previous fiscal year to 1.7782 trillion yen. Of this amount, interest-bearing debt decreased 2.9 billion yen from the end of the previous fiscal year to 1.5584 trillion yen. Non-recourse loans in overseas business accounted for 265.8 billion yen of interest-bearing debt.

Total net assets increased 15.4 billion yen from the end of the previous fiscal year to 851.5 billion yen, due mainly to posting of profit attributable to owners of parent.

As a result, shareholders' equity ratio increased from 29.7% at the end of the previous fiscal year to 30.3%.

(3) Qualitative Information on Consolidated Earnings Forecasts

There is no change in our forecasts announced on April 27, 2018.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2018	As of Jun. 30, 2018
Assets		
Non-current assets	2,325,256	2,295,851
Electric utility plant and equipment	951,149	947,547
Hydroelectric power production facilities	346,719	351,351
Thermal power production facilities	305,191	299,944
Internal combustion engine power production facilities	3,029	2,976
Renewable power production facilities	50,784	49,105
Transmission facilities	153,180	152,929
Transformation facilities	29,718	29,383
Communication facilities	8,375	8,087
General facilities	54,148	53,768
Overseas business facilities	341,418	333,023
Other non-current assets	93,404	88,144
Construction in progress	525,740	530,109
Construction and retirement in progress	525,740	530,109
Nuclear fuel	73,800	74,324
Nuclear fuel in processing	73,800	74,324
Investments and other assets	339,743	322,701
Long-term investments	256,715	245,842
Net defined benefit asset	-	74
Deferred tax assets	47,744	43,525
Other	35,283	33,260
Current assets	321,798	333,980
Cash and deposits	129,675	135,344
Notes and accounts receivable-trade	91,432	87,588
Short-term investments	9,045	3,065
Inventories	52,368	55,357
Other	39,322	52,693
Allowance for doubtful accounts	(46)	(67)
Total assets	2,647,054	2,629,832

(Unit: million yen)

	As of Mar. 31, 2018	As of Jun. 30, 2018
Liabilities		
Non-current liabilities	1,561,828	1,551,518
Bonds payable	554,991	564,992
Long-term loans payable	875,043	859,989
Lease obligations	368	375
Other provision	152	141
Net defined benefit liability	55,176	54,239
Asset retirement obligations	28,484	28,988
Deferred tax liabilities	22,343	21,814
Other	25,266	20,976
Current liabilities	249,100	226,766
Current portion of non-current liabilities	114,307	116,392
Short-term loans payable	16,803	16,841
Notes and accounts payable-trade	25,539	20,988
Accrued taxes	26,303	15,097
Other provision	292	199
Asset retirement obligations	341	316
Other	65,512	56,931
Total liabilities	1,810,929	1,778,285
Net assets		
Shareholders' equity	745,176	763,038
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	444,753	462,614
Treasury shares	(6)	(6)
Accumulated other comprehensive income	42,114	34,657
Valuation difference on available-for-sale securities	16,822	15,035
Deferred gains or losses on hedges	(6,580)	1,353
Foreign currency translation adjustment	30,960	17,224
Remeasurements of defined benefit plans	912	1,043
Non-controlling interests	48,833	53,851
Total net assets	836,124	851,546
Total liabilities and net assets	2,647,054	2,629,832

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Unit: million yen)

	Three months ended Jun. 30, 2017	Three months ended Jun. 30, 2018
Operating revenue	189,722	197,591
Electric utility operating revenue	138,822	145,457
Overseas business operating revenue	37,291	36,786
Other business operating revenue	13,608	15,346
Operating expenses	162,122	166,412
Electric utility operating expenses	119,354	123,997
Overseas business operating expenses	30,184	29,098
Other business operating expenses	12,583	13,317
Operating income	27,599	31,178
Non-operating income	8,665	12,062
Dividend income	953	1,057
Interest income	271	297
Share of profit of entities accounted for using equity method	1,645	2,185
Foreign exchange gains	4,915	5,419
Other	880	3,103
Non-operating expenses	7,793	7,502
Interest expenses	7,154	6,435
Other	638	1,066
Total ordinary revenue	198,387	209,654
Total ordinary expenses	169,915	173,914
Ordinary income	28,471	35,739
Profit before income taxes	28,471	35,739
Income taxes-current	2,906	2,942
Income taxes-deferred	2,426	3,265
Total income taxes	5,332	6,208
Profit	23,139	29,530
Profit attributable to non-controlling interests	3,902	4,347
Profit attributable to owners of parent	19,237	25,183

Consolidated statement of comprehensive income

(Unit: million yen)

	Three months ended Jun. 30, 2017	Three months ended Jun. 30, 2018
Profit	23,139	29,530
Other comprehensive income		
Valuation difference on available-for-sale securities	2,325	(1,787)
Deferred gains or losses on hedges	(1,322)	6,683
Foreign currency translation adjustment	1,091	(9,754)
Remeasurements of defined benefit plans, net of tax	14	129
Share of other comprehensive income of entities accounted for using equity method	(2,455)	(2,038)
Total other comprehensive income	(347)	(6,766)
Comprehensive income	22,792	22,763
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	18,648	17,726
Comprehensive income attributable to non-controlling interests	4,143	5,037

(3) Notes on Premise of Going Concern

Not applicable.

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Three months ended Jun. 30, 2017 (A)	Three months ended Jun. 30, 2018 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	189,722	197,591	7,869	4.1%
Electric utility operating revenue	138,822	145,457	6,635	4.8%
Sold power to other suppliers	126,270	132,856	6,585	5.2%
Transmission revenue	12,234	12,279	45	0.4%
Other electricity revenue	316	321	4	1.4%
Overseas business operating revenue	37,291	36,786	(504)	(1.4)%
Other business operating revenue	13,608	15,346	1,738	12.8%
Operating expenses	162,122	166,412	4,289	2.6%
Electric utility operating expenses	119,354	123,997	4,642	3.9%
Personnel expense	7,995	7,700	(294)	(3.7)%
Fuel cost	47,915	55,252	7,337	15.3%
Repair expense	18,784	13,611	(5,172)	(27.5)%
Consignment cost	8,127	8,336	209	2.6%
Taxes and duties	6,252	6,204	(48)	(0.8)%
Depreciation and amortization cost	13,546	13,882	335	2.5%
Other	16,731	19,007	2,275	13.6%
Overseas business operating expenses	30,184	29,098	(1,086)	(3.6)%
Other business operating expenses	12,583	13,317	733	5.8%
Operating income	27,599	31,178	3,579	13.0%
Non-operating income	8,665	12,062	3,397	39.2%
Dividend income	953	1,057	104	10.9%
Interest income	271	297	26	9.6%
Share of profit of entities accounted for using equity method	1,645	2,185	540	32.8%
Foreign exchange gains	4,915	5,419	503	10.3%
Other	880	3,103	2,222	252.5%
Non-operating expenses	7,793	7,502	(290)	(3.7)%
Interest expenses	7,154	6,435	(718)	(10.0)%
Other	638	1,066	428	67.1%
Total ordinary revenue	198,387	209,654	11,266	5.7%
Total ordinary expenses	169,915	173,914	3,998	2.4%
Ordinary income	28,471	35,739	7,267	25.5%
Profit before income taxes	28,471	35,739	7,267	25.5%
Income taxes - current	2,906	2,942	36	1.3%
Income taxes - deferred	2,426	3,265	839	34.6%
Profit	23,139	29,530	6,390	27.6%
Profit attributable to non-controlling interests	3,902	4,347	445	11.4%
Profit attributable to owners of parent	19,237	25,183	5,945	30.9%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Jun. 30, 2017 (A)	As of Jun. 30, 2018 (B)	Year-on-year change (B-A)
Electric power business	17,789,299	17,540,249	(249,050)
Hydroelectric power	8,572,219	8,573,169	950
Thermal power	8,773,420	8,523,420	(250,000)
Wind power	443,660	443,660	-
Overseas business	3,990,000	3,990,000	-
Total	21,779,299	21,530,249	(249,050)

(2) Electricity sales volume

(Unit: GWh)

	Three months ended Jun. 30, 2017 (A)	Three months ended Jun. 30, 2018 (B)	Year-on-year change (B-A)
Electric power business	13,660	14,312	652
Hydroelectric power	2,475	2,890	414
Thermal power	11,013	11,241	227
Wind power	171	181	9
Overseas business	3,832	3,329	(502)
Total	17,492	17,642	149

(3) Water supply rate and Load factor (J-POWER non-consolidated)

(Unit: %)

	Three months ended Jun. 30, 2017 (A)	Three months ended Jun. 30, 2018 (B)	Year-on-year change (B-A)
Water supply rate	94	105	11
Load factor	61	63	2

[Appendix 3]

Revenues and Expenses (Non-Consolidated)

(Unit: million yen)

	Three months ended Jun. 30, 2017 (A)	Three months ended Jun. 30, 2018 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	134,453	140,515	6,061	4.5%
<u>Electric utility operating revenue</u>	132,097	136,837	4,740	3.6%
Sold power to other suppliers	119,132	123,825	4,693	3.9%
Transmission revenue	12,234	12,279	45	0.4%
Other electricity revenue	730	732	1	0.2%
<u>Incidental business operating revenue</u>	2,356	3,677	1,321	56.1%
Operating expenses	120,349	122,765	2,415	2.0%
<u>Electric utility operating expenses</u>	118,166	119,306	1,139	1.0%
Personnel expense	8,369	8,130	(239)	(2.9)%
Fuel cost	45,636	53,404	7,768	17.0%
Repair expense	19,578	13,284	(6,294)	(32.2)%
Taxes and duties	6,012	5,999	(13)	(0.2)%
Depreciation and amortization cost	12,702	12,464	(237)	(1.9)%
Other	25,866	26,023	156	0.6%
<u>Incidental business operating expenses</u>	2,183	3,459	1,276	58.4%
Operating income	14,104	17,749	3,645	25.8%
Non-operating income	8,961	17,337	8,375	93.5%
Non-operating expenses	3,910	4,378	467	12.0%
Financial expenses	3,839	3,320	(519)	(13.5)%
Other	71	1,058	987	-
Total ordinary revenue	143,415	157,852	14,437	10.1%
Total ordinary expenses	124,260	127,144	2,883	2.3%
Ordinary income	19,154	30,708	11,553	60.3%
Profit before income taxes	19,154	30,708	11,553	60.3%
Income taxes – current	1,474	1,514	40	2.7%
Income taxes – deferred	1,465	2,384	918	62.7%
Profit	16,215	26,809	10,593	65.3%