

This is an English translation of the Financial Results (*Kessan Tanshin*) filed with the Tokyo Stock Exchange on January 31, 2019. Please note that if there is any discrepancy, the original Japanese version will take priority.



(English Translation)

Quarterly Financial Results (Unaudited) (for the Nine Months Ended December 31, 2018)

January 31, 2019

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

Listed exchange: Tokyo Stock Exchange (Code: 9513)

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Scheduled date for filing of a quarterly report: February 1, 2019

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 December 31, 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	%
Nine months ended Dec. 31, 2018	659,985	4.0	77,763	(22.3)	73,281	(27.2)	51,719	(21.2)
Nine months ended Dec. 31, 2017	634,690	19.5	100,031	41.0	100,711	59.2	65,659	47.3

(Note) Comprehensive income: Nine months ended Dec. 31, 2018 62,127 million yen (25.5) %
 Nine months ended Dec. 31, 2017 83,404 million yen - %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Nine months ended Dec. 31, 2018	282.54	—
Nine months ended Dec. 31, 2017	358.70	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Nine months ended Dec. 31, 2018	2,797,532	877,528	29.5
Year ended March 31, 2018	2,647,054	836,124	29.7

(Reference) Shareholders' equity: Nine months ended Dec. 31, 2018 824,100 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	—	35.00	—		
Year ending March 31, 2019 (forecasts)				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: Yes (One new subsidiary: JP Renewable Europe Company Limited)

(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)

Nine months ended Dec. 31, 2018: 183,051,100

Year ended March 31, 2018: 183,051,100

2) Treasury stock at the end of the period

Nine months ended Dec. 31, 2018: 2,071

Year ended March 31, 2018: 1,751

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018: 183,049,252

Nine months ended Dec. 31, 2017: 183,049,642

* 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 thermal power plants for the nine months ended December 31, 2018 showed 3.7% decrease from the same period of the previous fiscal year to 40.6TWh, due mainly to the decrease in the load factor of thermal power plants of J-POWER (non-consolidated) from 79% to 78%. In hydroelectric power, the increase in water supply rate from 102% to 110% resulted in 11.6% increase in electricity sales volume from the same period of the previous fiscal year to 8.0TWh. In addition to these factors, the increase in sales volume of electricity procured from wholesale electricity market, etc. contributed to 2.4% increase in total electricity sales volume of the electric power business from the same period of the previous fiscal year to 51.3TWh.

Electricity sales volume in the overseas business decreased 31.0% from the same period of the previous fiscal year to 7.9TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) increased 4.0% from the same period of the previous fiscal year to 659.9 billion yen mainly due to the increase of the fuel price in the electric power business. Non-operating revenue decreased 26.5% from the same period of the previous fiscal year to 17.3 billion yen mainly due to the decrease in foreign exchange gains. Total ordinary revenue increased 2.9% from the same period of the previous fiscal year to 677.2 billion yen.

Operating expenses increased 8.9% from the same period of the previous fiscal year to 582.2 billion yen. This was mainly due to the increase in fuel costs associated with the increase of the fuel price, and also due to the increase in repair expense including periodic inspection costs at thermal power plants. Total ordinary expenses including non-operating expenses increased 8.3% from the same period of the previous fiscal year to 604.0 billion yen.

As a result, ordinary income decreased 27.2% from the same period of the previous fiscal year to 73.2 billion yen and profit attributable to owners of parent after corporate income tax decreased 21.2% from the same period of the previous fiscal year to 51.7 billion yen.

(2) Qualitative Information on Consolidated Financial Position

Total assets increased 150.4 billion yen from the end of the previous fiscal year to 2.7975 trillion yen mainly due to investment in the UK offshore wind power project and the increase in current assets.

Total liabilities increased 109.0 billion yen from the end of the previous fiscal year to 1.9200 trillion yen. Of this amount, interest-bearing debt increased 114.1 billion yen from the end of the previous fiscal year to 1.6754 trillion yen. Non-recourse loans in overseas business accounted for 268.3 billion yen of interest-bearing debt.

Total net assets increased 41.4 billion yen from the end of the previous fiscal year to 877.5 billion yen, due mainly to posting of profit attributable to owners of parent.

As a result, the shareholders' equity ratio decreased from 29.7% at the end of the previous fiscal year to 29.5%.

(3) Qualitative Information on Consolidated Earnings Forecasts

There is no change in our consolidated earnings 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 Dec. 31, 2018
Assets		
Non-current assets	2,325,256	2,397,940
Electric utility plant and equipment	951,149	949,324
Hydroelectric power production facilities	346,719	350,691
Thermal power production facilities	305,191	307,561
Internal combustion engine power production facilities	3,029	2,871
Renewable power production facilities	50,784	45,813
Transmission facilities	153,180	151,493
Transformation facilities	29,718	29,549
Communication facilities	8,375	7,841
General facilities	54,148	53,502
Overseas business facilities	341,418	337,702
Other non-current assets	93,404	88,870
Construction in progress	525,740	546,045
Construction and retirement in progress	525,740	546,045
Nuclear fuel	73,800	74,322
Nuclear fuel in processing	73,800	74,322
Investments and other assets	339,743	401,675
Long-term investments	256,715	326,076
Net defined benefit asset	-	95
Deferred tax assets	47,744	46,163
Other	35,283	29,340
Current assets	321,798	399,591
Cash and deposits	129,675	139,298
Notes and accounts receivable-trade	91,432	81,533
Short-term investments	9,045	65,030
Inventories	52,368	57,596
Other	39,322	56,175
Allowance for doubtful accounts	(46)	(42)
Total assets	2,647,054	2,797,532

(Unit: million yen)

	As of Mar. 31, 2018	As of Dec. 31, 2018
Liabilities		
Non-current liabilities	1,561,828	1,651,579
Bonds payable	554,991	614,992
Long-term loans payable	875,043	898,427
Lease obligations	368	1,112
Other provision	152	141
Net defined benefit liability	55,176	53,672
Asset retirement obligations	28,484	28,907
Deferred tax liabilities	22,343	21,078
Other	25,266	33,247
Current liabilities	249,100	268,425
Current portion of non-current liabilities	114,307	145,584
Short-term loans payable	16,803	15,459
Notes and accounts payable-trade	25,539	29,539
Accrued taxes	26,303	15,282
Other provision	292	302
Asset retirement obligations	341	316
Other	65,512	61,939
Total liabilities	1,810,929	1,920,004
Net assets		
Shareholders' equity	745,176	783,166
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	444,753	482,743
Treasury shares	(6)	(7)
Accumulated other comprehensive income	42,114	40,934
Valuation difference on available-for-sale securities	16,822	11,004
Deferred gains or losses on hedges	(6,580)	612
Foreign currency translation adjustment	30,960	28,754
Remeasurements of defined benefit plans	912	562
Non-controlling interests	48,833	53,427
Total net assets	836,124	877,528
Total liabilities and net assets	2,647,054	2,797,532

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Unit: million yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Operating revenue	634,690	659,985
Electric utility operating revenue	470,545	509,331
Overseas business operating revenue	118,672	106,831
Other business operating revenue	45,473	43,822
Operating expenses	534,658	582,221
Electric utility operating expenses	398,901	460,840
Overseas business operating expenses	94,572	83,069
Other business operating expenses	41,184	38,311
Operating income	100,031	77,763
Non-operating income	23,550	17,312
Dividend income	1,528	1,549
Interest income	939	1,023
Share of profit of entities accounted for using equity method	8,689	9,278
Other	12,393	5,460
Non-operating expenses	22,870	21,794
Interest expenses	21,349	19,966
Other	1,521	1,827
Total ordinary revenue	658,241	677,297
Total ordinary expenses	557,529	604,016
Ordinary income	100,711	73,281
Extraordinary losses	2,872	-
Impairment loss	2,872	-
Profit before income taxes	97,839	73,281
Income taxes-current	17,621	10,918
Income taxes-deferred	3,583	2,987
Total income taxes	21,205	13,905
Profit	76,633	59,376
Profit attributable to non-controlling interests	10,973	7,657
Profit attributable to owners of parent	65,659	51,719

Consolidated statement of comprehensive income

(Unit: million yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Profit	76,633	59,376
Other comprehensive income		
Valuation difference on available-for-sale securities	5,182	(5,827)
Deferred gains or losses on hedges	(4,894)	5,596
Foreign currency translation adjustment	8,100	(1,748)
Remeasurements of defined benefit plans, net of tax	54	(351)
Share of other comprehensive income of entities accounted for using equity method	(1,671)	5,081
Total other comprehensive income	6,770	2,751
Comprehensive income	83,404	62,127
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	72,370	50,539
Comprehensive income attributable to non-controlling interests	11,034	11,588

(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)

	Nine months ended Dec. 31, 2017 (A)	Nine months ended Dec. 31, 2018 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	634,690	659,985	25,294	4.0%
Electric utility operating revenue	470,545	509,331	38,786	8.2%
Sold power to other suppliers	429,348	470,953	41,604	9.7%
Transmission revenue	36,541	37,200	659	1.8%
Other electricity revenue	4,655	1,177	(3,477)	(74.7)%
Overseas business operating revenue	118,672	106,831	(11,840)	(10.0)%
Other business operating revenue	45,473	43,822	(1,651)	(3.6)%
Operating expenses	534,658	582,221	47,562	8.9%
Electric utility operating expenses	398,901	460,840	61,938	15.5%
Personnel expense	24,221	23,062	(1,158)	(4.8)%
Fuel cost	195,197	221,907	26,710	13.7%
Repair expense	43,051	49,364	6,313	14.7%
Consignment cost	25,135	26,116	980	3.9%
Taxes and duties	19,263	19,281	17	0.1%
Depreciation and amortization cost	41,067	42,353	1,286	3.1%
Other	50,965	78,753	27,788	54.5%
Overseas business operating expenses	94,572	83,069	(11,502)	(12.2)%
Other business operating expenses	41,184	38,311	(2,873)	(7.0)%
Operating income	100,031	77,763	(22,268)	(22.3)%
Non-operating income	23,550	17,312	(6,237)	(26.5)%
Dividend income	1,528	1,549	20	1.4%
Interest income	939	1,023	84	9.0%
Share of profit of entities accounted for using equity method	8,689	9,278	589	6.8%
Other	12,393	5,460	(6,932)	(55.9)%
Non-operating expenses	22,870	21,794	(1,076)	(4.7)%
Interest expenses	21,349	19,966	(1,383)	(6.5)%
Other	1,521	1,827	306	20.2%
Total ordinary revenue	658,241	677,297	19,056	2.9%
Total ordinary expenses	557,529	604,016	46,486	8.3%
Ordinary income	100,711	73,281	(27,429)	(27.2)%
Extraordinary losses	2,872	-	(2,872)	-
Profit before income taxes	97,839	73,281	(24,557)	(25.1)%
Income taxes-current	17,621	10,918	(6,703)	(38.0)%
Income taxes-deferred	3,583	2,987	(596)	(16.6)%
Profit	76,633	59,376	(17,257)	(22.5)%
Profit attributable to non-controlling interests	10,973	7,657	(3,316)	(30.2)%
Profit attributable to owners of parent	65,659	51,719	(13,940)	(21.2)%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Dec. 31, 2017 (A)	As of Dec. 31, 2018 (B)	Year-on-year change (B-A)
Electric power business	17,789,299	17,542,449	(246,850)
Hydroelectric power	8,572,219	8,575,369	3,150
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	21,532,449	(246,850)

(2) Electricity sales volume

(Unit: GWh)

	Nine months ended Dec. 31, 2017 (A)	Nine months ended Dec. 31, 2018 (B)	Year-on-year change (B-A)
Electric power business	50,164	51,372	1,207
Hydroelectric power	7,192	8,029	837
Thermal power	42,234	40,681	(1,552)
Wind power	551	530	(21)
Other	186	2,130	1,944
Overseas business	11,513	7,944	(3,569)
Total	61,678	59,316	(2,361)

* Other shows sales volume of electricity procured from wholesale electricity market, etc.

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

(Unit: %)

	Nine months ended Dec. 31, 2017 (A)	Nine months ended Dec. 31, 2018 (B)	Year-on-year change (B-A)
Water supply rate	102	110	8
Load factor	79	78	(1)

Revenues and Expenses (Non-Consolidated)

(Unit: million yen)

	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018	Year-on-year change	
	(A)	(B)	(B-A)	(B-A)/A
Operating revenue	458,796	484,740	25,944	5.7%
Electric utility operating revenue	449,698	474,290	24,592	5.5%
Sold power to other suppliers	407,200	434,634	27,434	6.7%
Transmission revenue	36,541	37,200	659	1.8%
Other electricity revenue	5,956	2,454	(3,501)	(58.8)%
Incidental business operating revenue	9,098	10,450	1,352	14.9%
Operating expenses	403,531	449,219	45,688	11.3%
Electric utility operating expenses	394,970	439,358	44,388	11.2%
Personnel expense	25,173	24,107	(1,065)	(4.2)%
Fuel cost	188,079	213,944	25,865	13.8%
Repair expense	44,188	50,139	5,950	13.5%
Taxes and duties	18,574	18,600	25	0.1%
Depreciation and amortization cost	38,546	38,143	(403)	(1.0)%
Other	80,407	94,423	14,016	17.4%
Incidental business operating expenses	8,561	9,860	1,299	15.2%
Operating income	55,264	35,520	(19,743)	(35.7)%
Non-operating income	25,875	50,610	24,734	95.6%
Non-operating expenses	11,310	11,458	147	1.3%
Financial expenses	11,159	10,285	(873)	(7.8)%
Other	151	1,173	1,021	673.5%
Total ordinary revenue	484,672	535,351	50,679	10.5%
Total ordinary expenses	414,842	460,678	45,835	11.0%
Ordinary income	69,830	74,673	4,843	6.9%
Extraordinary losses	2,844	-	(2,844)	-
Profit before income taxes	66,985	74,673	7,687	11.5%
Income taxes-current	11,082	4,171	(6,911)	(62.4)%
Income taxes-deferred	1,216	2,898	1,681	138.3%
Profit	54,686	67,604	12,917	23.6%