

Financial results for 1Q of FY ending 3/2017
&
Financial forecasts for FY ending 3/2017

July 29, 2016

The Kansai Electric Power Co., Inc.

Financial forecasts are subject to change depending upon the changes of business environments and other conditions.

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【 1Q of FY ending 3/2017 Earnings Results 】

: Both consolidated and non-consolidated corporate earnings posted decreases in revenues and income.

- Income: Decreased electricity sales, falling adjusted fuel cost unit price and other factors pushed down revenues.
 - Expenses: All-out efforts in increasing business efficiency, coupled with falling fuel price and other factors, caused thermal fuel cost to decrease.
- Remained in surplus for the second consecutive year.
While the growth was more moderate than the same period of the previous year, income from time lag was recorded.
Additionally, our nuclear power plants have not been resumed yet.

【FY2016 Earnings forecast】 : Not yet determined

- Mainly because a specific timing for resuming our nuclear power plants is not yet in sight, at present both revenues and income are still “not yet determined.”

Financial highlights

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(billion yen)	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/16-6/16	4/15-6/15	Change	4/16-6/16	4/15-6/15	Change	4/16-6/16	4/15-6/15
Operating revenues	712.5	799.1	-86.5 (-10.8%)	617.0	705.7	-88.6 (-12.6%)	1.15	1.13
Operating income	59.9	83.7	-23.8 (-28.5%)	48.0	71.6	-23.6 (-33.0%)	1.25	1.17
Ordinary income (*2)	54.9	80.7	-25.8 (-32.0%)	47.4	77.7	-30.2 (-38.9%)	1.16	1.04
Net income (*3)	40.8	52.9	-12.0 (-22.7%)	36.2	53.8	-17.5 (-32.6%)	1.13	0.98

(billion yen)	Consolidated			Non-consolidated		
	Jun.30, 2016	Mar.31, 2016	Change	Jun.30, 2016	Mar.31, 2016	Change
Interest-bearing debt	3,974.6	3,938.2	+36.3 (+0.9%)	3,550.3	3,496.5	+53.7 (+1.5%)
Equity ratio	16.5%	15.9%	+0.6%	12.2%	11.5%	+0.7%

*1 (): Changes from the previous term, %

*2. Ordinary income means income before provision for (reversal of) reserve for fluctuation in water level, special items and income taxes and minority interests.

*3. The consolidated net income or loss means the net income or loss attributable to owners of the parent company.

Major factors (non-consolidated)

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		4/16-6/16	4/15-6/15	Change
Electricity sales (TWh)		(93.1) 28.5	(97.1) 30.7	-2.1
	Residential	(96.4) 9.6	(99.0) 9.9	-0.4
	Commercial and Industrial	(91.5) 19.0	(96.2) 20.7	-1.8
Nuclear capacity factor (%)		0.0	0.0	0
Water run-off ratio(%)		92.3	113.4	-21.1
All Japan CIF crude oil price (\$/barrel)		41.1	59.5	-18.4
Exchange rate [TTM] (yen/\$)		108	121	-13
Interest rate [long-term prime rate] (%)		0.95	1.15	-0.20

*() : Changes from the previous term, %

Non-consolidated statements of operations

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(billion yen)	4/16-6/16	4/15-6/15	Change	Breakdown
Ordinary revenues (Operating revenues)	628.3 (617.0)	724.5 (705.7)	-96.1 (-88.6)	
Electricity sales	544.7	637.9	-93.2	<ul style="list-style-type: none"> •Decrease in electricity sales volume -42.0 •Decrease in revenue per kWh due to fuel cost adjustment charges -99.0 •Increase in revenue per kWh due to the effects of rate revisions +34.0 •Increase in revenue per kWh due to renewable energy power promotion surcharge +15.3
Others	83.5	86.5	-2.9	
Ordinary expenses	580.8	646.8	-65.9	
Personnel	55.6	58.8	-3.1	
Fuel	112.5	186.7	-74.1	•Fossil-fuel costs -74.1
Backend expenses of nuclear power	8.6	9.0	-0.4	<ul style="list-style-type: none"> •Decrease in electricity sales volume -20.0 •Decrease in water run-off ratio +8.0 •Fluctuation of Fossil-fuel prices -44.0 •Appreciation of yen -9.0 •Increase in purchased power volume -9.0
Maintenance	48.2	36.4	+11.7	•Thermal +7.9
Taxes other than income taxes	34.0	36.2	-2.2	
Depreciation	66.9	69.2	-2.3	
Purchased power	113.5	122.2	-8.7	<ul style="list-style-type: none"> •From other utility companies -5.0 •From other non-utility companies -3.6
Interest expenses	10.4	12.0	-1.6	
Other	130.8	115.8	+15.0	•Levy under act on purchase of renewable energy sourced electricity +15.3
Ordinary income	47.4	77.7	-30.2	
Net income	36.2	53.8	-17.5	

Consolidated statements of operations

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(billion yen)	4/16-6/16	4/15-6/15	Change	Breakdown
Ordinary revenues (Operating revenues)	721.9 (712.5)	810.4 (799.1)	-88.4 (-86.5)	
Electric operating revenues	604.5	688.3	-83.8	•Decrease in electricity sales revenues -93.2
Other operating revenues	108.0	110.7	-2.7	
Non-operating revenues	9.4	11.3	-1.9	
Ordinary expenses	667.0	729.6	-62.6	
Electric operating expenses	559.1	621.1	-62.0	•Fuel costs -74.1 •Levy under act on purchase of renewable energy sourced electricity +15.3
Other operating expenses	93.4	94.1	-0.6	
Non-operating expenses	14.4	14.3	—	
Ordinary income	54.9	80.7	-25.8	
Net income (*)	40.8	52.9	-12.0	
Comprehensive income	31.1	85.4	-54.2	

* The consolidated net income or loss means the net income or loss attributable to owners of the parent.

Segment information

():Changes from the previous term

(billion yen)	Reportable segments				Other	Total	Eliminations/ Corporate	Consolidated
	Comprehensive Energy/Power transmission and distribution business			IT/ commun ications				
	Electric power	Gas/ Other energies	Subtotal					
Operating revenues	607.4 (-83.5)	25.0 (-5.0)	632.5 (-88.6)	52.4 (+1.3)	87.8 (-3.5)	772.8 (-90.7)	-60.2 (+4.2)	712.5 (-86.5)
Operating revenues (external transactio ns)	604.5 (-83.8)	20.2 (-6.0)	624.8 (-89.8)	43.8 (+1.4)	43.9 (+1.8)	712.5 (-86.5)	—	712.5 (-86.5)
Operating income	45.8 (-21.5)	4.2 (-1.8)	50.0 (-23.4)	4.5 (-0.3)	4.4 (+0.1)	58.9 (-23.6)	0.9 (-0.2)	59.9 (-23.8)

Breakdown of changes in Gas/Other energies
Operating revenues(external transactions)
Operating income
: Decrease in sales volume and price(gas)

Breakdown of changes in IT/communications
Operating revenues(external transactions)
: Increase in FTTH and MVNO subscribers
Operating income
: Increase in cost of MVNO

[Changes in segmentation]

- Segment has been changed from "Other" to "Gas/Other energies" for KEPCO's gas supply business and Kanden Energy Solution, etc.
- Total sum of "Electric power" and "Gas/Other energies" is represented as "Comprehensive Energy/Power transmission and distribution business."

Consolidated balance sheets

(billion yen)	Jun.30, 2016	Mar.31, 2016	Change	Breakdown
Assets	7,339.1	7,412.4	-73.2	•Capital expenditures +69.9 •Depreciation and amortization -88.5 •Cash and time deposits -21.3
Liabilities	6,106.3	6,210.6	-104.3	•Interest bearing debt +36.3 •Accounts payable and accrued expenses -143.4
Net assets	1,232.8	1,201.8	+31.0	•Net income(*) +40.8

* The consolidated net income or loss means the net income or loss attributable to owners of the parent.

<Earnings Forecast>

Regarding earnings forecast for FY 2016, both operating revenues and income are still left undetermined because currently we can't forecast our performance based on certain assumptions, as a specific time of resuming operations at our nuclear plants is nowhere in sight.

The forecasts for FY 2016 will be disclosed as soon as it becomes available.

<Dividend Forecast>

Interim and year-end dividends forecast for FY 2016 is "not yet determined" as we are in a situation where we have to leave our earnings forecast undetermined.

Appendix

[Comparison with the same period of the previous year]

(GWh)

	4/16-6/16	4/15-6/15	Change	(A) / (B)	Breakdown
Residential	9,585	9,946	-361	96.4%	Decrease in contract demand, etc.
Commercial and Industrial	18,958	20,714	-1,756	91.5%	
Total	28,543	30,660	-2,117	93.1%	

[Average monthly temperature] (°C)

	April	May	June
Actual	16.6	21.2	23.3
Year-on-year change	+0.7	-0.3	+0.4
Anomaly	+1.5	+1.5	-0.2

[Outlook for FY 2016 electricity sales]

Since we are assessing the impact on the electricity sales exerted by the full liberalization of the electricity retail market, which started this April, at present we cannot present any specific figures.

Non-consolidated balance sheets

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(billion yen)	Jun. 30, 2016	Mar. 31, 2016	Change	Breakdown
Assets	6,366.4	6,433.0	-66.6	•Capital expenditures +38.6 •Depreciation and amortization -67.3 •Cash and time deposits -27.5
Liabilities	5,590.0	5,691.0	-101.0	•Interest bearing debt +53.7 •Accounts payable and accrued expenses -140.4
Net assets	776.3	742.0	+34.3	•Net income +36.2

Interest-bearing debt (non-consolidated)

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(billion yen)	Jun. 30, 2016	Mar. 31, 2016	Change (*)
Bonds	1,362.6	1,402.6	-39.9 (+ 60.0,-100.0)
Borrowings	2,109.6	2,093.8	+15.7 (+ 228.3,-212.5)
Long-term	1,979.6	1,963.8	+15.7 (+ 163.3,-147.5)
Short-term	130.0	130.0	– (+ 65.0,-65.0)
Commercial paper	78.0	–	+78.0 (+ 78.0)
Interest-bearing debt	3,550.3	3,496.5	+53.7

Interest rate (%) (as of fiscal year-end)	1.14	1.23	-0.09
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(*) +(plus) in the bracket means financing, -(minus) in the bracket means repayment.

Actual supply and demand (Sending end)

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(GWh,%)		4/16-6/16	Composition ratio	4/15-6/15	Composition ratio	Change
K E P C O	Hydro	3,897	18%	4,712	19%	-814
	Thermal	18,285	83%	20,111	81%	-1,826
	Nuclear	-112	-1%	-106	0%	-6
	New energy sources	15	0%	32	0%	-17
	KEPCO Total	22,085	100%	24,749	100%	-2,664
Other-utility companies		7,451		7,227		+224
Captive use by hydropower		-365		-299		-65
Total		29,171		31,676		-2,505

* Some rounding errors may be observed.

【Maintenance Costs】

(Billion yen)	4/16-6/16	4/15-6/15	Change	Breakdown
Power sources	24.3	18.7	+ 5.6	Increase in thermal +7.9 Decrease in nuclear -2.0
Distribution	23.5	17.4	+ 6.1	Increase in power distribution +5.6
Other	0.2	0.2	—	

【Depreciation】

(Billion yen)	4/16-6/16	4/15-6/15	Change	Breakdown
Power sources	30.8	32.1	-1.2	Decrease in thermal -1.8 Increase in nuclear +0.6
Distribution	32.3	33.2	-0.9	Decrease in power transmission -0.3 Decrease in power distribution -0.2
Other	3.7	3.9	-0.2	

Profit and loss by business segment

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(billion yen)			4/16-6/16	4/15-6/15	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Sales to non-group companies	604.5	688.3	-83.8	
		Ordinary income	45.2	73.3	-28.1	
	Gas/ Other energies	Sales to non-group companies	20.2	26.2	-6.0	Decrease in sales volume and price(gas)
		Ordinary income	5.5	6.5	-0.9	
	Total	Sales to non-group companies	624.8	714.6	-89.8	
		Ordinary income	50.8	79.9	-29.1	
IT/Communications		Sales to non-group companies	43.8	42.3	+1.4	Increase in FTTH,MVNO subscribers
		Ordinary income	4.3	4.2	—	Increase in cost of MVNO
Real Estate/Life		Sales to non-group companies	23.4	22.7	+0.6	
		Ordinary income	4.2	4.1	+0.1	
Other		Sales to non-group companies	20.4	19.3	+1.1	Decrease in construction order receipt for sales to group companies
		Ordinary income	1.1	3.8	-2.7	

Figures in this page are before eliminations, and excluding exchange gain or loss unrealized.

<Reference>

(billion yen)			4/16-6/16	4/15-6/15	Change	Breakdown
International Business		Profit	-1.5	-0.3	-1.2	Decrease in loans, etc. due to stronger yen

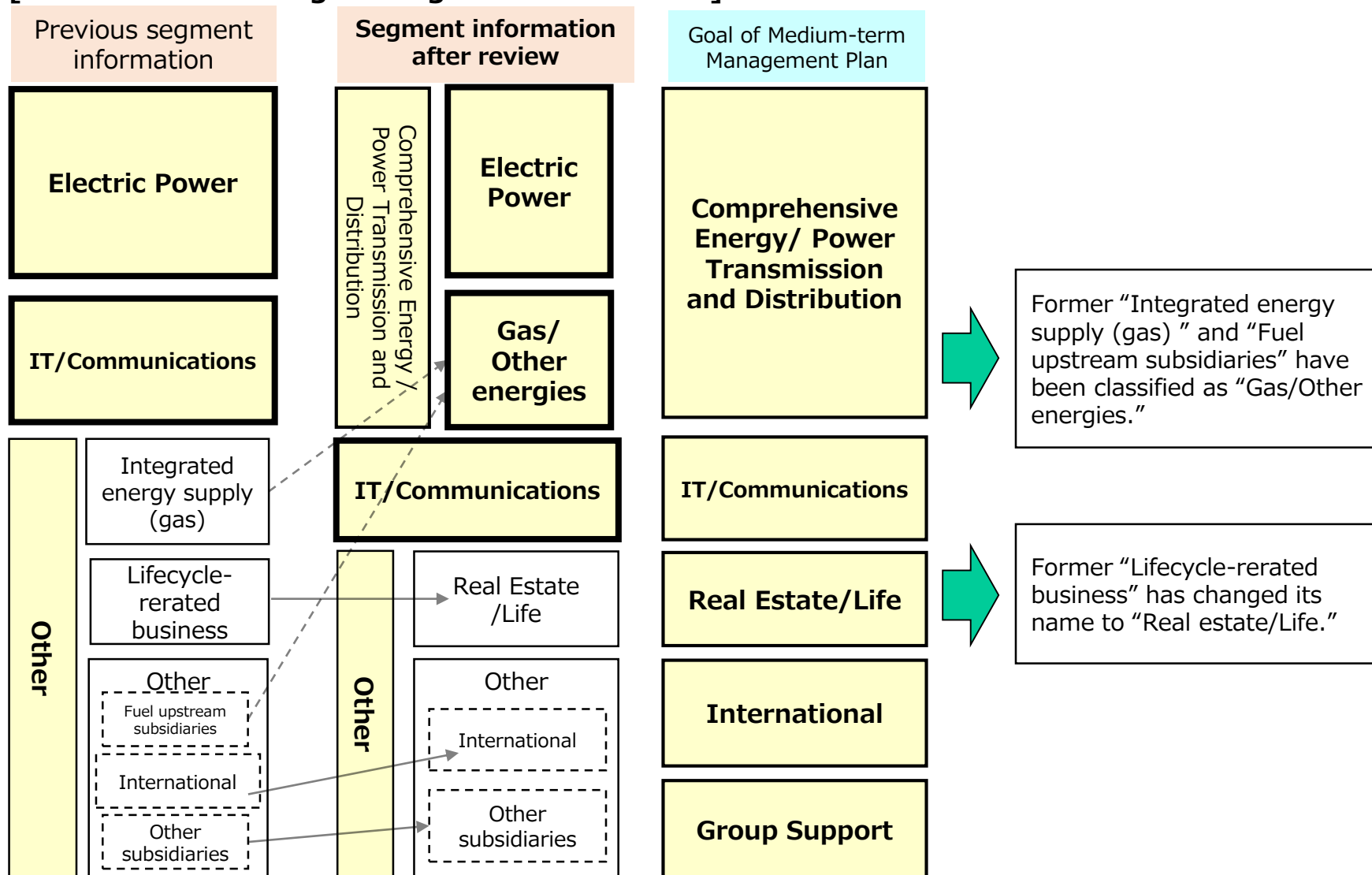
Comparison list of old and new reporting segments

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[Reason of the change of segment information]

- Segment information has been changed as business managerial unit was reviewed to promote the Medium-term Management Plan.

[Outline of the change of segment information]



*Thick-bordered boxes are reporting segments.

Sales performance and forecasts

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		4/15-6/15	4/16-6/16	4/16-3/17 (Forecast)
Gas/ Other energies	Sales volume of gas [equivalent to LNG] (tons)	130 thousand	120 thousand	640 thousand

* Total sum of Gas and LNG

		Mar. 31, 2016	Jun. 30, 2016	Mar. 31, 2017 (Forecast)
IT/Communi- cation	Number of FTTH subscribers	1,590 thousand	1,605 thousand	1,622 thousand

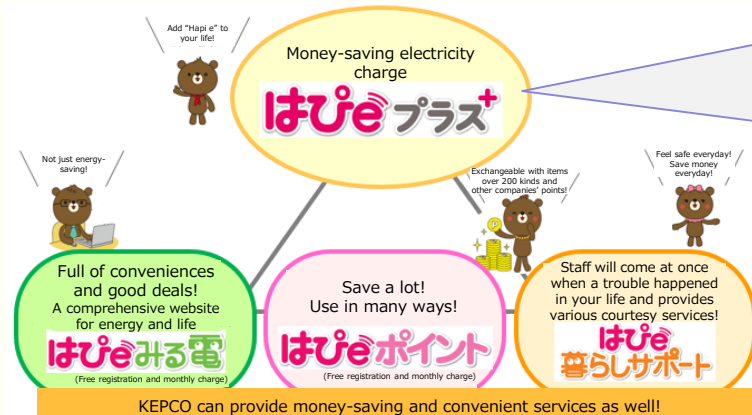
New price menu and services in Tokyo Metropolitan area

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- We started sales of electricity to customers with low-pressure supply contract such as households in the Tokyo metropolitan area on July 1, 2016.
- In the Tokyo metropolitan area, we have been selling electricity in the already liberated special high-pressure and high-pressure corporate sectors mainly through "Kanden Energy Solutions (Kenes)," one of our group companies. Many of electricity users have chosen us.
- From now on, we will deliver money-saving price menu and convenient services as shown below to low-pressure supply customers including households.

Aiming to be chosen by 100,000 household customers in three years until the end of FY 2018, we will step up efforts toward "Sales of 10 billion kWh mainly in the Tokyo metropolitan area in 10 years (until 2025)" as stated in the "KEPCO Group Medium-term Management Plan."

New price menu and services in the Tokyo metropolitan area



About はぴeプラス⁺

<Unit prices>

(Yen/Contract, Yen/kW, Yen/kWh, including tax)

Basic charge	Up to first 6 kW	1,188.00
	Per 1 kW after 6 kW	388.80
Electricity volume-based charge	Per 1 kWh up to first 300 kWh	21.78
	Per 1 kWh after 300 kWh	30.24

Save approx. **¥4,800 (-4%)** a year!

はぴeポイント Earn **¥1,000**-worth points!

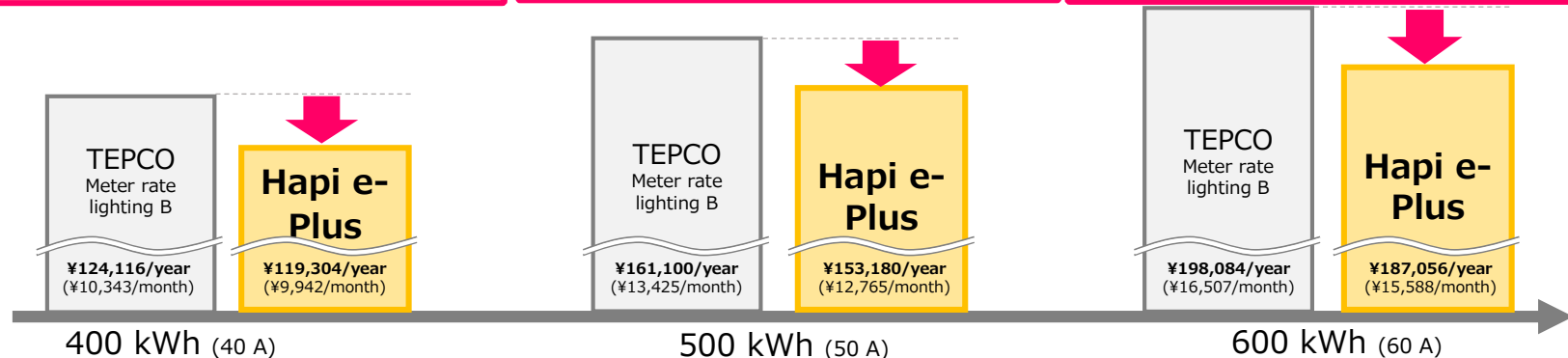
Save approx. **¥7,900 (-5%)** a year!

はぴeポイント Earn **¥1,000**-worth points!

Save approx. **¥11,000 (-6%)** a year!

はぴeポイント Earn **¥1,000**-worth points!

Electricity used
per month
(Contract
electricity)



Overseas investment projects

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Outline of 6 projects in operation

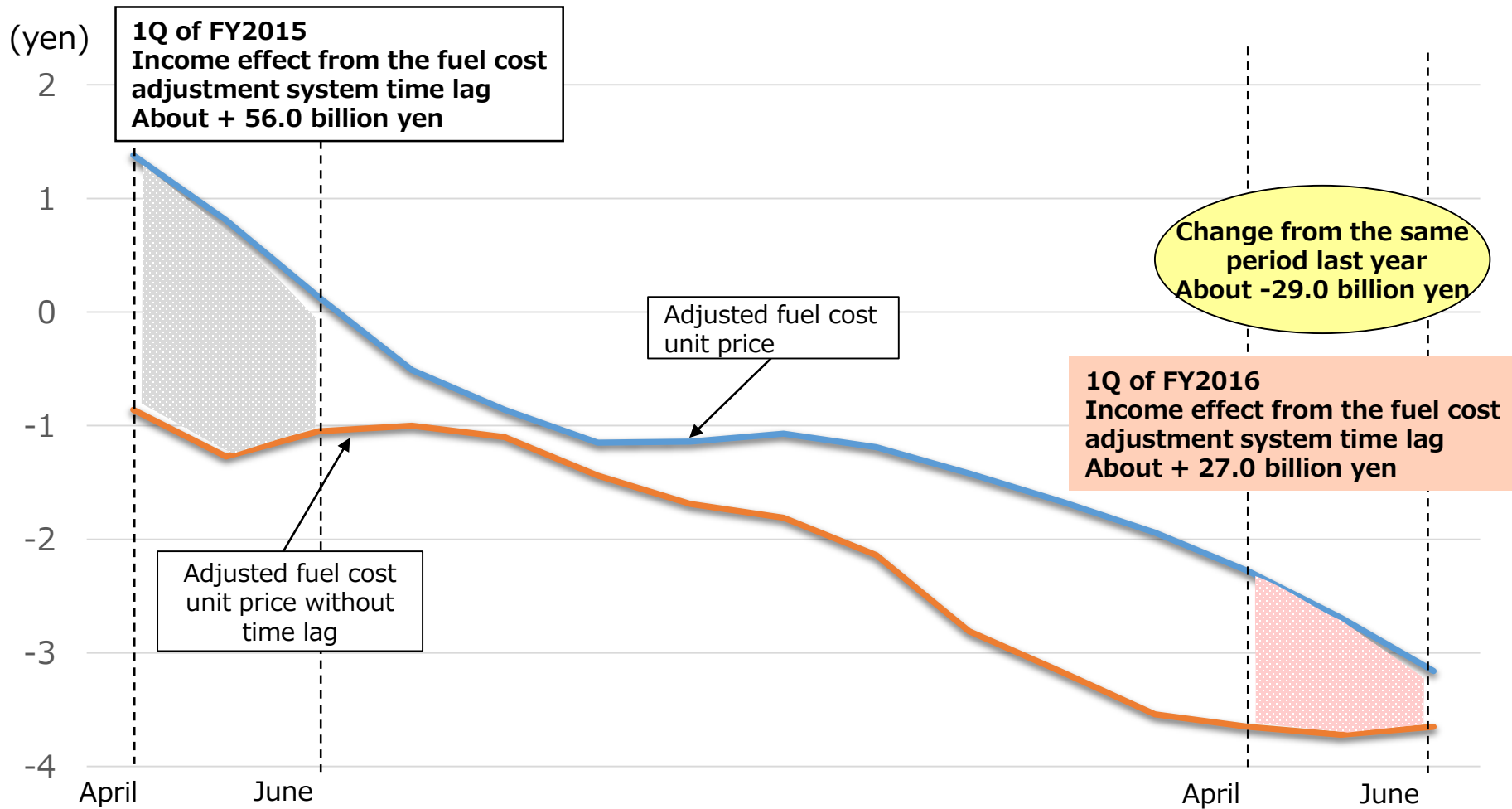
- Total output by KEPCO's investment: Approx. 1.22 million kW, Total investment amount: Approx. ¥60.0 Billion (70% collected by dividends, etc.)

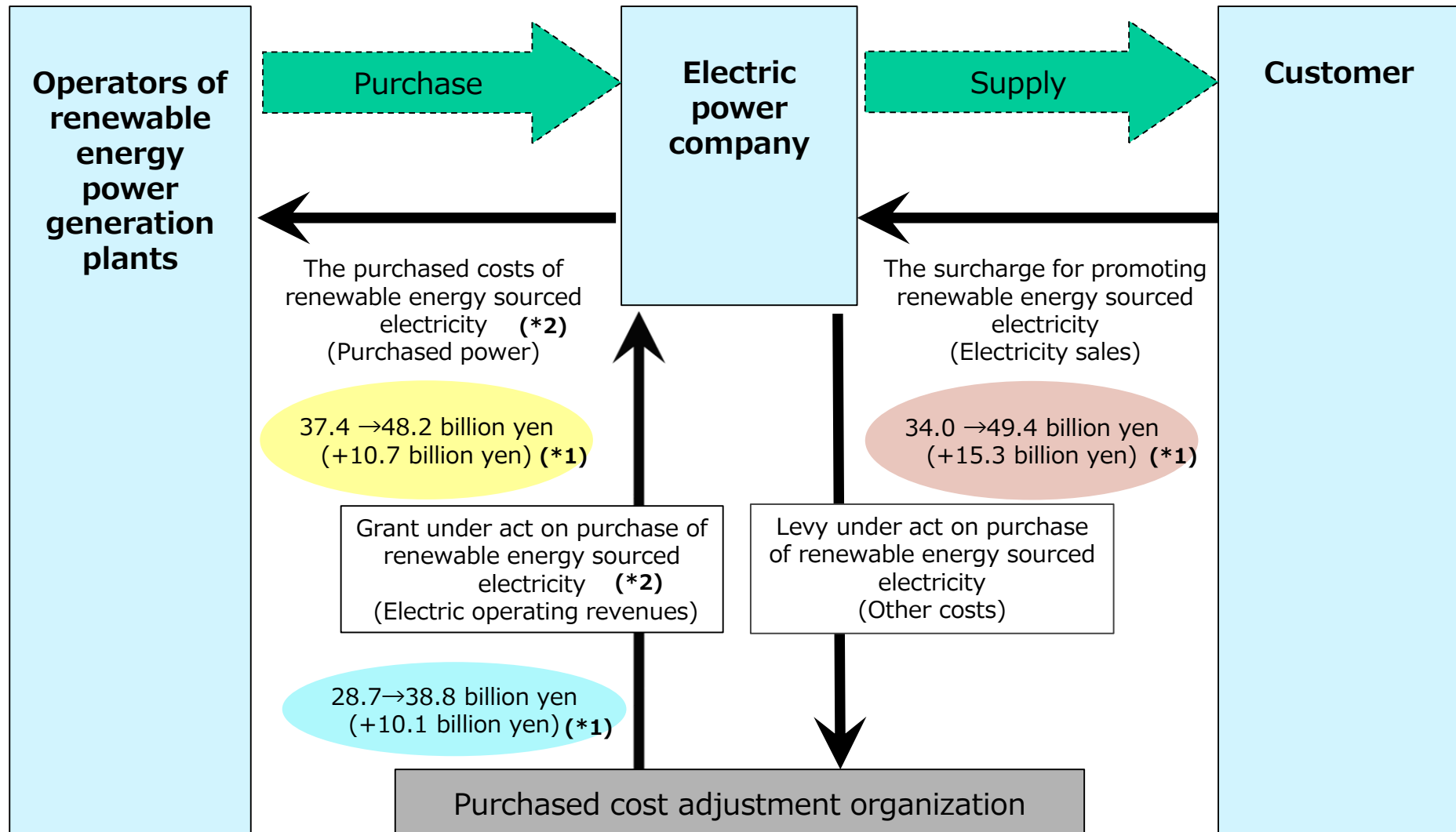
Project Title			Start of operation, etc. (schedule)	Total output (MW) [A]	KEPCO's investment (%) [B]	Output by KEPCO's investment (MW-equivalent) [A] × [B]
In operation	Philippines	San Roque Hydropower	2003/05	436	50	218
	Thailand	Rojana Electricity and Heat Supply	1999/05	448	39	175
	Taiwan	Ming Jian Hydropower	2007/09	17	24	4
		Kuo Kuang Thermal Power	2003/11	480	20	96
	Singapore	Senoko Thermal Power	Established 1995/10	3,300	15	495
	Australia	Bluewaters Thermal power	2009/12	459	50	229
Under development	Indonesia	Rajamandala Hydropower	Scheduled in 2017	47	49	23
		Tanjung Jati B Thermal Power	Scheduled in 2020	2,000	25	500
	Laos	Nam Ngiep Hydropower	Scheduled in 2019	290	45	131

Time lag from the fuel cost adjustment system

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- The fuel cost adjustment system is a mechanism utilized to reflect, in the electricity rates, the impact of fluctuations in the exchange rate and the market price of fuel on thermal fuel costs.
- The fluctuation in each month's fuel price is reflected in the adjusted fuel cost unit price with a 3 to 5 month time lag. A disparity (time lag) will therefore occur in the timing at which the fuel costs and the adjusted fuel cost unit price are reflected, and can thus be a factor in a temporary increase or decrease in income.





*1. 1Q of FY ending 3/2016 → 1Q of FY ending 3/2017 (changes from the previous term)

*2 Difference between purchased costs of renewable energy sourced electricity and grant under act on purchase of renewable energy sourced electricity is subtracting avoidable costs.

	Himeji Second Power Plant		Aioi Power Plant (Unit 1, 3)		Ako Power Plant (Unit 1, 2)	
	before	after	before	after	before	after
Approach	Upgrading to a combined-cycle power generation system		Conversion to dual fuel fired thermal power station (Oil and LNG)		Retrofitting fossil-fuel power stations for coal	
Capacity	2,550MW (250~600MW×6)	2,919MW(*) (486.5MW×6)	750MW (375MW×2)	750MW (375MW×2)	1,200MW (600MW×2)	1,200MW (600MW×2)
Fuel	LNG		Heavy oil and Crude oil	Heavy oil, Crude oil and LNG	Heavy oil and Crude oil	Coal
Commencement of operation	#1 : 1963/10 ~ #6 : 1973/11	#1 : 2013/8 ~ #6 : 2015/3	#1 : 1982/9 #3 : 1983/1	#1 : 2016/5 #3 : 2016/8 (scheduled)	#1 : 1987/9 #2 : 1987/12	#1 : FY2020 #2 : FY2021 (scheduled)

* Installation of a pressure plate after emergency countermeasures were implemented has resulted in an output of 2,886 MW (481 MW × 6 units).

Management Direction

1. Become a highly profitable business group



2. Expand business fields.

3. Build a robust management base.

Pillars of Approach and Prioritized Measures

(1) Enhancement of competitiveness in comprehensive energy business

(2) Establishment of new pillars for growth

(3) Strengthening Group Management Foundation

【Business Portfolio after 10Years】

After 10 years (2025)

Before the Earthquake

International/
Group business

1

Comprehensive energy/
Power Transmission and distribution business

:

2

International/
group businesses

1

:

4

Comprehensive energy/
Power Transmission and
distribution business

Real Estate/Life business

30 billion yen

Group Support Bussiness

20 billion yen

Comprehensive energy/
Power Transmission and
distribution business

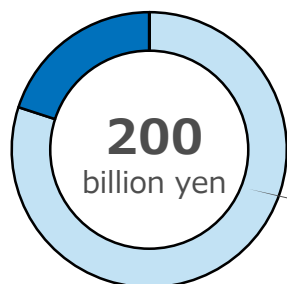
200 billion yen or more

Information and Communication business
(IT/communication)

30 billion yen

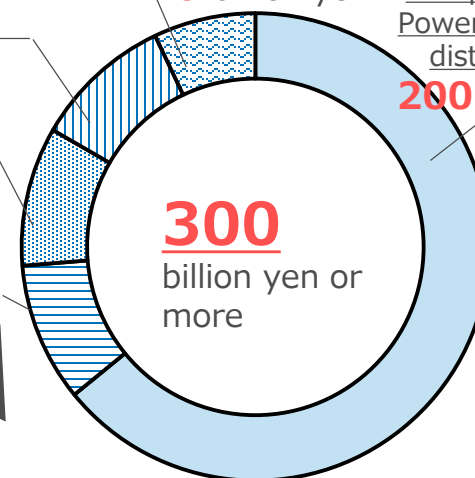
International business

30 billion yen



1.5 times or more

Investment of 1,500 billion yen
in international/Group businesses
over 10 years



□ Financial goals〔Consolidated base〕

Item	2018 fiscal year (3 years later)	2025 fiscal year (10 years later)
Ordinary income	200 billion Yen	300 billion Yen
Equity ratio	Approx. 20%	Approx. 30%
ROA (※)	Approx. 3.5%	Approx. 4%

(※) Business Profit〔Ordinary income+interest expense〕÷ Total Assets〔Average of beginning and end of term〕

□ Policy of return to shareholders

Our Policy of return to shareholders is to secure sound financial strength and maintain stable dividends in order to distribute surplus to all shareholders appropriately as the Kansai Electric Power group.

Currently, we are making efforts to restart our nuclear power plants and streamline management for the early resumption of dividends.

For further information

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