

Financial results for 1Q of FY ending 3/2018
&
Financial forecasts for FY ending 3/2018

July 28, 2017

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 3/2018 Earnings Results 】

: Both consolidated and non-consolidated financial results were increased in revenues and decreased in income.

(Remained in surplus for the third consecutive year.)

- Income : Electricity sales revenues decreased, however, the increase of wheeling revenue and sold power to other suppliers as well as the increase of the operating revenues in the “IT/communications” and the “gas supply business” finally led to a rise in revenues.
- Expenses : We strived to thoroughly streamline business, and the resumption of Takahama Units 3 and 4 reduced fuel costs, but the rise in fuel costs increased thermal power costs etc.

→Our business environments such as continuous reduction of electricity sales remain severe.

We will continue to accumulate our maximum efforts to thoroughly streamline business, continue to operate Takahama Units 3 and 4 in a safe and stable manner, and strive to resume nuclear power plants safety of which have been confirmed without further delay.

【FY2017 Earnings forecast】 : Not yet determined

- Due to that Ohi Units 3 and 4 have not fully operated and for other reasons, at present both revenues and income are still “not yet determined.”

Financial highlights

(billion yen)	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/17-6/17	4/16-6/16	Change	4/17-6/17	4/16-6/16	Change	4/17-6/17	4/16-6/16
Operating revenues	723.4	712.5	+10.8 (+1.5%)	620.9	617.0	+3.8 (+0.6%)	1.17	1.15
Operating income	47.2	59.9	-12.6 (-21.1%)	30.1	48.0	-17.8 (-37.2%)	1.57	1.25
Ordinary income (*2)	44.1	54.9	-10.8 (-19.7%)	30.1	47.4	-17.3 (-36.5%)	1.46	1.16
Net income (*3)	32.6	40.8	-8.2 (-20.3%)	23.2	36.2	-13.0 (-36.0%)	1.40	1.13

(billion yen)	Consolidated			Non-consolidated		
	Jun.30, 2017	Mar.31, 2017	Change	Jun.30, 2017	Mar.31, 2017	Change
Interest-bearing debt	3,894.0	3,821.5	+72.5	3,484.0	3,401.0	+83.0
Equity ratio	19.5%	19.3%	+0.2%	14.8%	14.7%	+0.1%

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

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

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

Major factors (non-consolidated)

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		4/17-6/17	4/16-6/16	Change
Electricity sales (TWh)		(93.7) 26.7	(93.1) 28.5	-1.8
	Residential	(95.0) 9.1	(96.4) 9.6	-0.5
	Commercial and Industrial	(93.0) 17.6	(91.5) 19.0	-1.3
Nuclear capacity factor (%)		6.6	0.0	+6.6
Water run-off ratio(%)		91.1	92.3	-1.2
All Japan CIF crude oil price (\$/barrel)		53.4	41.1	+12.3
Exchange rate [TTM] (yen/\$)		111	108	+3
Interest rate [long-term prime rate] (%)		0.95	0.95	0.00

*() : Changes from the previous term, %

Non-consolidated statements of income

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(billion yen)	4/17-6/17	4/16-6/16	Change	Breakdown
Ordinary revenues (Operating revenues)	630.0 (620.9)	628.3 (617.0)	+1.6 (+3.8)	
Electricity sales	516.8	544.7	-27.9	<ul style="list-style-type: none"> •Decrease in electricity sales volume -31.0 •Increase in revenue per kWh due to renewable energy power promotion surcharge +7.8
Others	113.1	83.5	+29.6	<ul style="list-style-type: none"> •Wheeling revenues +15.0 •Grant under act on purchase of renewable energy sourced electricity +6.7 •Cost of sold power (other utility companies, other non-utility companies) +6.3 •Non-electric business +3.6
Ordinary expenses	599.8	580.8	+18.9	
Personnel	54.8	55.6	-0.7	
Fuel	121.0	112.5	+8.4	<ul style="list-style-type: none"> •Fossil-fuel costs +7.4 •Nuclear-fuel costs +1.0
Backend expenses of nuclear power	10.1	8.6	+1.4	<ul style="list-style-type: none"> •Decrease in electricity sales volume -11.0 •Increase in nuclear capacity factor -8.0 •Decrease in electricity purchase volume +10.0 •Fluctuation of Fossil-fuel prices +24.0 •Depreciation of yen +1.0 •Improvement of composition of fuel types etc. -9.0
Maintenance	40.8	48.2	-7.3	
Taxes other than income taxes	34.2	34.0	+0.2	
Depreciation	62.0	66.9	-4.8	
Purchased power	121.0	113.5	+7.5	<ul style="list-style-type: none"> •From other utility companies +0.8 •From other non-utility companies +6.6
Interest expenses	8.9	10.4	-1.4	
Other	146.5	130.8	+15.7	<ul style="list-style-type: none"> •Levy under act on purchase of renewable energy sourced electricity +7.8 •Non-electric business +7.1
Ordinary income	30.1	47.4	-17.3	
Provision for or reversal of reserve for fluctuation in water levels	-0.7	-0.8	-	
Income taxes	7.7	12.0	-4.3	
Net Income	23.2	36.2	-13.0	

Consolidated statements of income

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(billion yen)	4/17-6/17	4/16-6/16	Change	Breakdown
Ordinary revenues (Operating revenues)	731.1 (723.4)	721.9 (712.5)	+9.1 (+10.8)	
Electric operating revenues	604.2	604.5	-0.3	•Sales of external transactions in IT/Communications +4.0 •Sales of external transactions in non-electric business +3.7
Other operating revenues	119.2	108.0	+11.2	
Non-operating revenues	7.6	9.4	-1.7	
Ordinary expenses	686.9	667.0	+19.9	
Electric operating expenses	573.1	559.1	+14.0	•Fuel costs +8.4
Other operating expenses	102.9	93.4	+9.5	•Costs for non-electric business +6.6
Non-operating expenses	10.7	14.4	-3.6	
Ordinary income	44.1	54.9	-10.8	
Provision for or reversal of reserve for fluctuation in water levels	-0.7	-0.8	-	
Income taxes(*)	12.0	14.6	-2.6	
Net income	32.6	40.8	-8.2	
Comprehensive income	38.8	31.1	+7.6	

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

Segment information

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():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	607.7 (+0.2)	34.9 (+9.9)	642.7 (+10.1)	55.7 (+3.2)	91.9 (+4.1)	790.4 (+17.5)	-66.9 (-6.6)	723.4 (+10.8)
Operating revenues (external transactio ns)	604.2 (-0.3)	27.3 (+7.0)	631.5 (+6.6)	47.8 (+4.0)	44.1 (+0.2)	723.4 (+10.8)	—	723.4 (+10.8)
Operating income	31.5 (-14.3)	2.1 (-2.0)	33.6 (-16.3)	6.5 (+2.0)	6.1 (+1.7)	46.3 (-12.6)	0.9 (-)	47.2 (-12.6)

Breakdown of changes in Gas/Other Energies
Operating revenues(external transactions)
: Increase in sales volume(gas)
Operating income
: Increase in gas business costs

Breakdown of changes in IT/Communications
Operating revenues(external transactions)•
Operating income
: Increase in FTTH, MVNO, and retail electricity
service customers

Consolidated balance sheets

(billion yen)	Jun.30, 2017	Mar.31, 2017	Change	Breakdown
Assets	6,853.1	6,853.1	-	•Capital expenditures +72.4 •Depreciation and amortization -84.3
Liabilities	5,496.4	5,508.4	-12.0	•Interest bearing debt +72.5 •Accounts payable and accrued expenses -97.0
Net assets	1,356.6	1,344.6	+11.9	•Net income(*) +32.6 •Dividend (¥25 per share for FY 3/17 year-end) -22.3

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

<Earnings Forecast>

Regarding earnings forecast for FY 2017, both operating revenues and income are still left undetermined because currently we cannot forecast our earnings based on certain assumptions due to Ohi Units 3 and 4 have not fully operated and for other reasons.

The forecasts for FY 2017 will be disclosed as soon as it becomes available.

<Dividend Forecast>

Interim and year-end dividends forecast for FY 2017 is not yet determined as we are in a situation where we have to leave our earnings forecast undetermined.

Appendix

Electricity sales

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[Comparison with the same period of the previous year]

(GWh)

	4/17-6/17	4/16-6/16	Change	(A) / (B)	Breakdown
Residential	9,106	9,585	-479	95.0%	Decrease in contract demand, etc.
Commercial and Industrial	17,632	18,958	-1,326	93.0%	
Total	26,738	28,543	-1,805	93.7%	

[Average monthly temperature]

(°C)

	April	May	June
Actual	15.7	21.1	22.7
Year-on-year change	-0.9	-0.1	-0.6
Anomaly	+0.6	+1.4	-0.8

[Outlook for FY 2017 electricity sales]

At this moment, we cannot present any outlook for FY2017 electricity sales, because we are considering the decrease in electricity rates that is associated with full operation of Ohi Units 3 and 4, and accordingly, such a trend for price reduction will affect the contract renewal of major customers and switching supplier by customers in the residential and other segments.

Non-consolidated balance sheets

(billion yen)	Jun. 30, 2017	Mar. 31, 2017	Change	Breakdown
Assets	5,830.6	5,834.9	-4.2	•Capital expenditures +42.5 •Depreciation and amortization -62.3
Liabilities	4,966.6	4,976.4	-9.7	•Interest bearing debt +83.0 •Accounts payable and accrued expenses -93.9
Net assets	864.0	858.4	+5.5	•Net income +23.2 •Dividend (¥25 per share for FY 3/17 year-end) -22.3

Profit and loss by business segment

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(billion yen)			4/17-6/17	4/16-6/16	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Operating revenues (external transactions)	604.2	604.5	-0.3	
		Ordinary income	31.5	45.2	-13.7	
	Gas/ Other Energies	Operating revenues (external transactions)	27.3	20.2	+7.0	・Increase in sales volume(gas)
		Ordinary income	2.9	5.5	-2.5	・Increase in gas business costs
	Total	Operating revenues (external transactions)	631.5	624.8	+6.6	
		Ordinary income	34.4	50.8	-16.3	
IT/Communications		Operating revenues (external transactions)	47.8	43.8	+4.0	・Increase in FTTH, MVNO, and retail electricity service customers
		Ordinary income	6.3	4.3	+1.9	
Real Estate/Life		Operating revenues (external transactions)	24.8	23.4	+1.3	・Increase in sales due to the inclusion of a nursing care company in the scope of consolidation as a subsidiary
		Ordinary income	3.8	4.2	-0.4	・Increase in costs for subdivision sales of dwellings
Other		Operating revenues (external transactions)	19.3	20.4	-1.1	・reduction in orders for external construction works
		Ordinary income	4.8	1.1	+3.7	・Increase in orders for construction of power stations

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

<Reference>

(billion yen)			4/17-6/17	4/16-6/16	Change	Breakdown
International Business	Profit		-0.7	-1.5	+0.8	•Increase in profits due to foreign currency gain or loss of loans etc.

Prospective profit and loss by business segment

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(billion yen)			4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Operating revenues (external transactions)	—	2,556.5	—	
		Ordinary income	—	144.4	—	
	Gas/ Other Energies	Operating revenues (external transactions)	131.0 <small>(Difference between previous and present forecasts: +8.0)</small>	93.2	+37.8	•Increase in sales volume (gas)
		Ordinary income	5.0 <small>(Difference between previous and present forecasts: -1.0)</small>	6.2	-1.2	•Increase in gas business costs
	Total	Operating revenues (external transactions)	—	2,649.8	—	
		Ordinary income	—	150.7	—	
IT/Communicat ions		Operating revenues (external transactions)	198.0	185.6	+12.4	•Increase in FTTH, MVNO, and retail electricity service customers
		Ordinary income	16.0	18.3	-2.3	•Increase in MVNO and retail electricity service costs •Increase in office relocation cost
Real Estate/Life		Operating revenues (external transactions)	107.0	95.5	+11.5	•Increase in wholesale of condominiums to other business operators •Increase in sales due to the inclusion of a nursing care company in the scope of consolidation as a subsidiary
		Ordinary income	9.0	12.8	-3.8	•Increase in costs for acquisition of new buildings and opening businesses
Other		Operating revenues (external transactions)	—	80.7	—	
		Ordinary income	—	23.5	—	

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

<Reference>

Reference					
(billion yen)		4/17-3/18 (Forecasts)	4/16-3/17 (Results)	Change	Breakdown
International Business	Profit	0	-1.0	+1.0	•Increase in dividend income

Interest-bearing debt (non-consolidated)

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(billion yen)	Jun. 30, 2017	Mar. 31, 2017	Change (*)
Bonds	1,315.9	1,322.6	-6.6 (+ 70.0,-76.7)
Borrowings	2,009.1	1,964.3	+44.7 (+ 241.5,-196.7)
Long-term	1,879.1	1,834.3	+44.7 (+ 176.5,-131.7)
Short-term	130.0	130.0	— (+ 65.0,-65.0)
Commercial paper	159.0	114.0	+45.0 (+ 45.0)
Interest-bearing debt	3,484.0	3,401.0	+83.0
Interest rate (%) (as of fiscal year-end)	0.99	1.09	-0.10

(*) +(plus) in the bracket means financing, -(minus) in the bracket means repayment.

Actual supply and demand (Sending end)

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(GWh)		4/17-6/17	Composition ratio	4/16-6/16	Composition ratio	Change
K E P C O	Hydro	3,703	17%	3,897	18%	-194
	Thermal	16,586	77%	18,285	83%	-1,699
	Nuclear	1,110	5%	-112	-1%	+1,222
	New energy sources	16	0%	15	0%	+1
	KEPCO Total	21,415	100%	22,085	100%	-670
Other-utility companies		5,967		7,612		-1,644
Captive use by hydropower		-308		-365		+57
Total		27,075		29,332		-2,257

*1 Some rounding errors may be observed.

*2 "Other-utility companies" does not include imbalance electric energy, which is not yet determined as at the end of the term.

[Maintenance Costs]

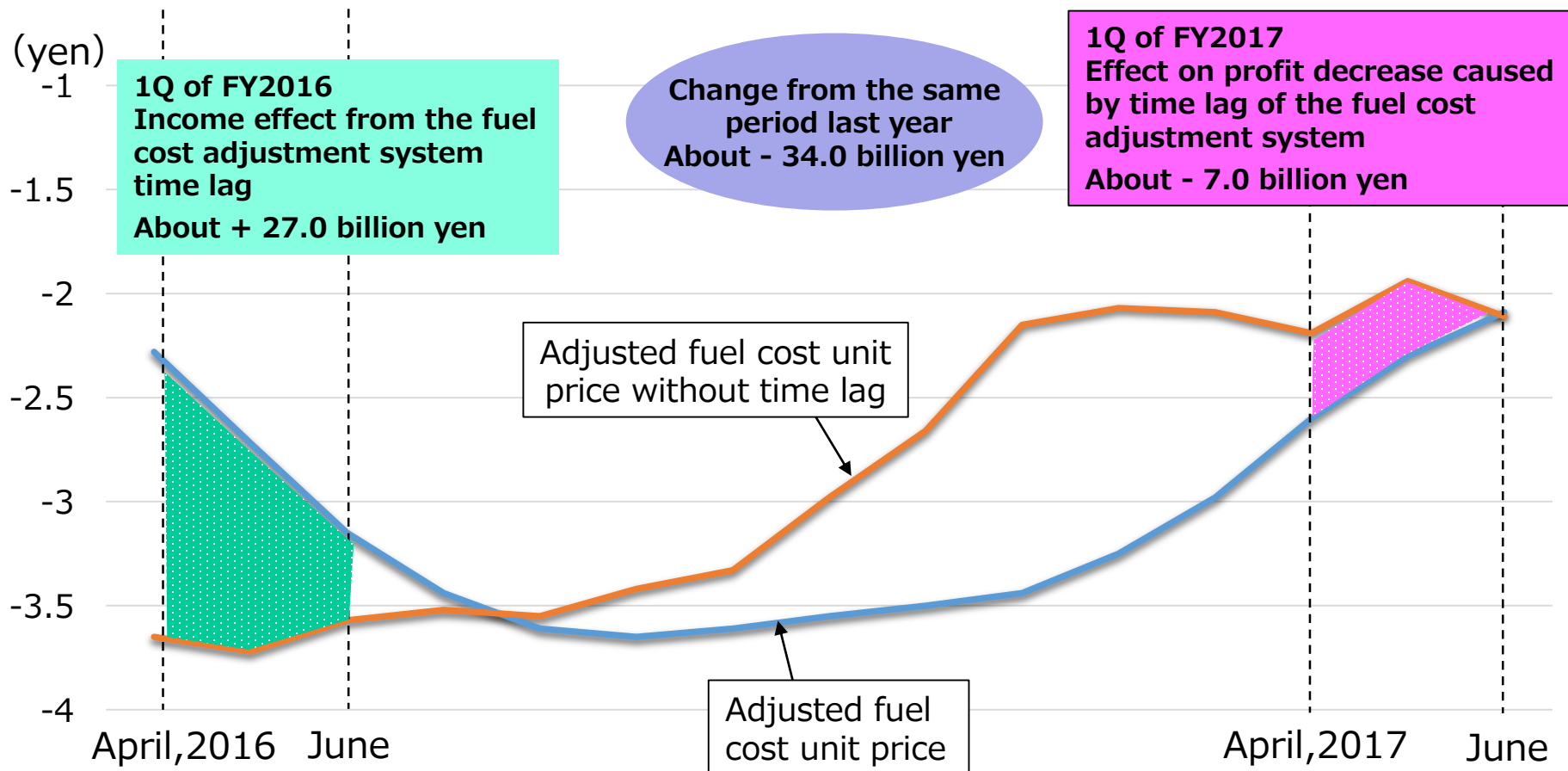
(Billion yen)	4/17-6/17	4/16-6/16	Change	Breakdown
Power sources	15.9	24.3	-8.3	Thermal -11.7 Nuclear +2.9
Distribution	24.6	23.5	+1.0	Power distribution +0.7
Other	0.2	0.2	—	

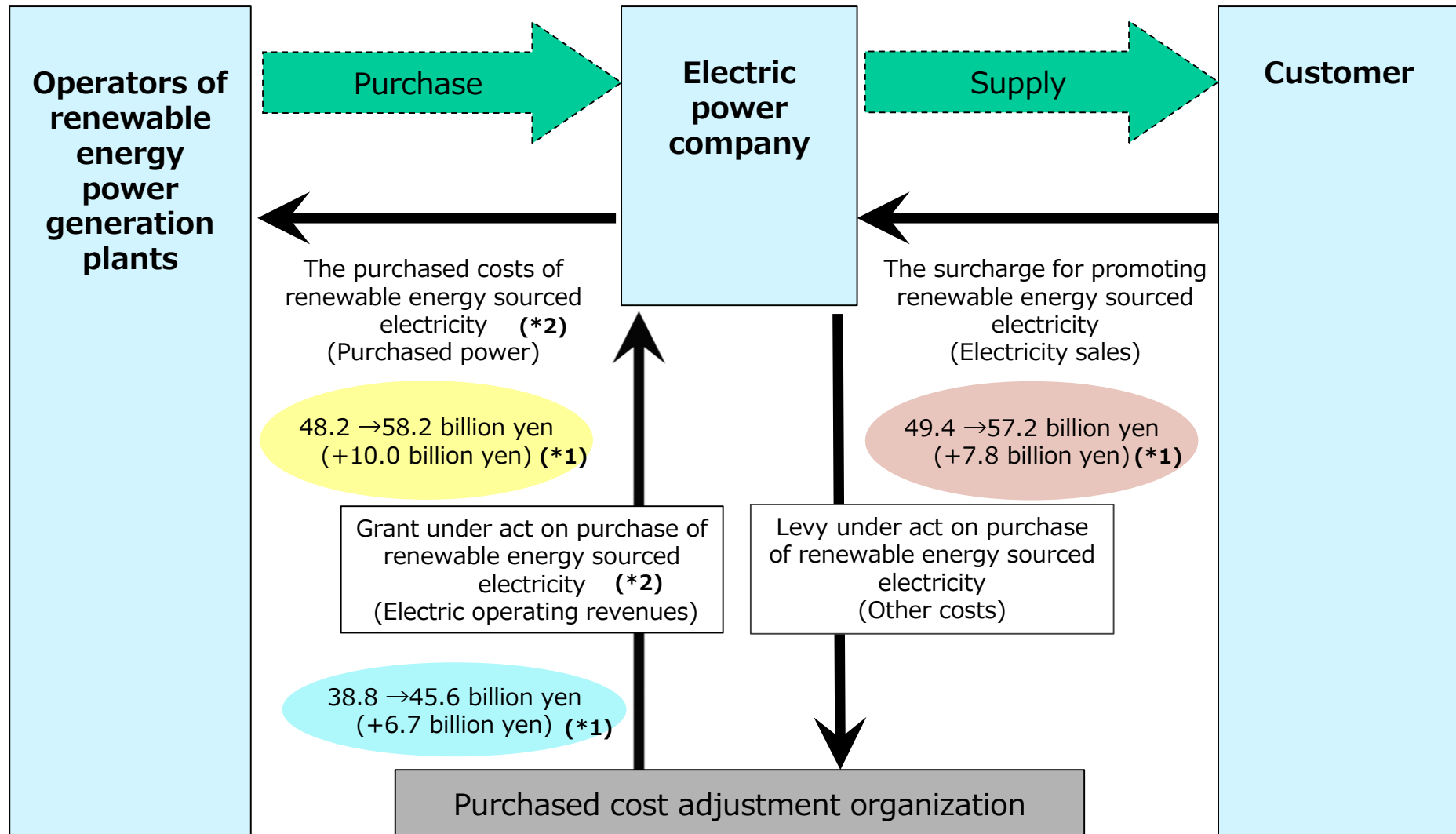
[Depreciation]

(Billion yen)	4/17-6/17	4/16-6/16	Change	Breakdown
Power sources	27.0	30.8	-3.8	Nuclear -2.1 Thermal -1.5
Distribution	31.7	32.3	-0.5	Power transmission -0.8 Power Transformation +0.4
Other	3.2	3.7	-0.4	

Time lag from the fuel cost adjustment system

- 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 3/2017 → 1Q of FY ending 3/2018 (changes from the previous term)

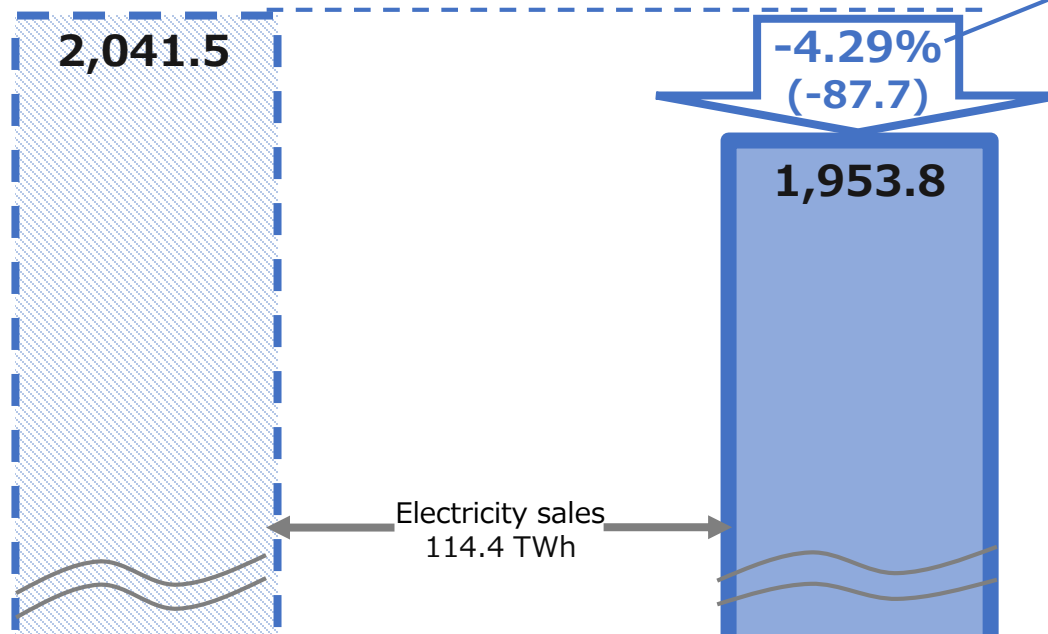
*2 Difference between purchased costs of renewable energy sourced electricity and grant under act on purchase of renewable energy sourced electricity is subtracting avoidable costs.

Outline of electricity rate reduction [1]

○ Saving of fuel costs for thermal power generation due to resumption of operation of Units 3 and 4 of Takahama Nuclear Power Plant, and deepened streamlining of management, etc. result in the cost of 1,953.8 billion yen after this rate reduction which represents reduction by -4.29% (-87.7 billion yen) on average as compared with 2,041.5 billion yen that is the electricity income before the rate reduction.

◆ Comparison of the cost this time and the electricity income before the rate reduction (income at the current rate)

(Unit: billion yen)



Rate reduction due to
resumption of operation of
Takahama Units 3 and 4,
deepened streamlining of
management, etc.

Regulated field	-3.15%
Liberalized field	-4.90%

- * The period for cost calculation this time is FY2017.
- * Electricity income before the rate reduction is calculated based on electric sales that is the precondition of cost calculation this time and unit electricity rate (Excluding renewable energy promotion surcharge, and amount equivalent to consumption tax)
- * Revenue from intra-area wheeling service is excluded.

Income from the rate before the
reduction this time
(17.85 yen/kWh)

Cost this time
(17.08 yen/kWh)

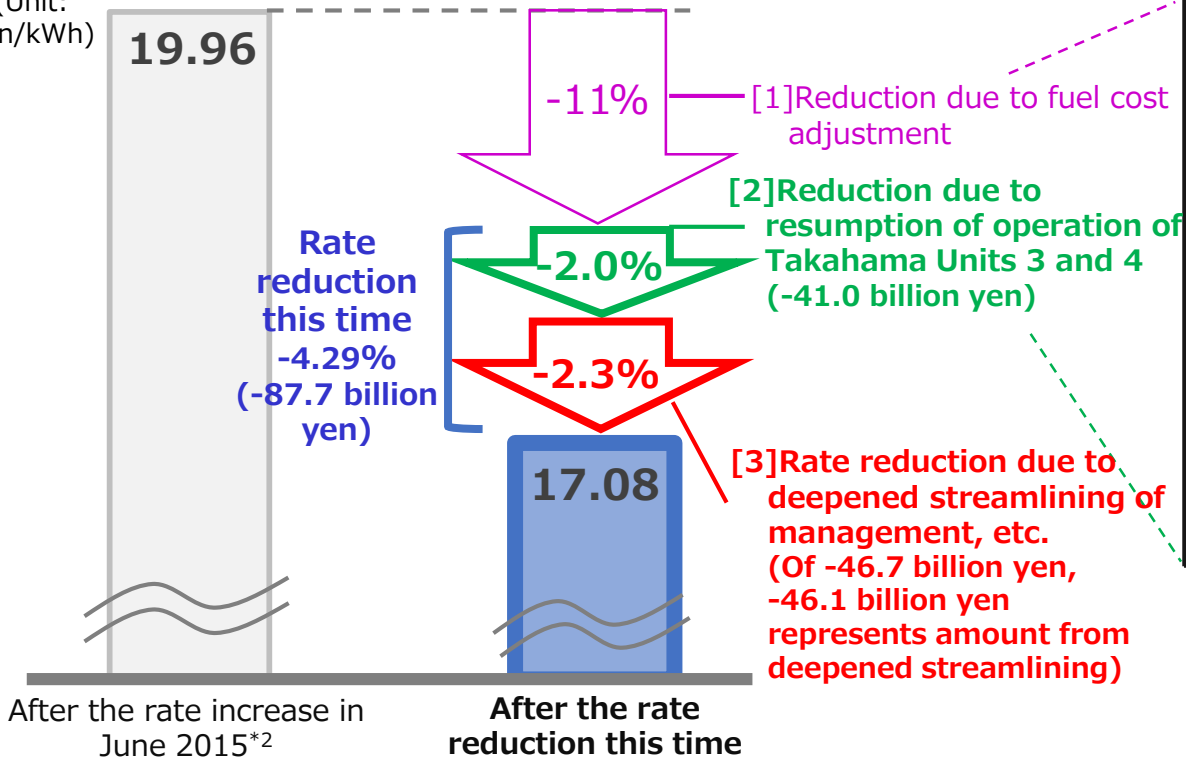
Outline of electricity rate reduction [2]

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- For fuel cost adjustment, crude oil price reduction results in the rate reduction.
 - ⇒ Refer to [1] below: approximately -11%
- This time, the rate is reduced by -4.29% on average.
 - Reflection of saving of fuel costs for thermal power generation due to resumption of operation of Takahama Units 3 and 4*1
 - ⇒ Refer to [2] below: approximately -2.0% (-41.0 billion yen)
 - Further reflection of deepened streamlining of management, etc.
 - ⇒ Refer to [3] below: approximately -2.3% (-46.7 billion yen)

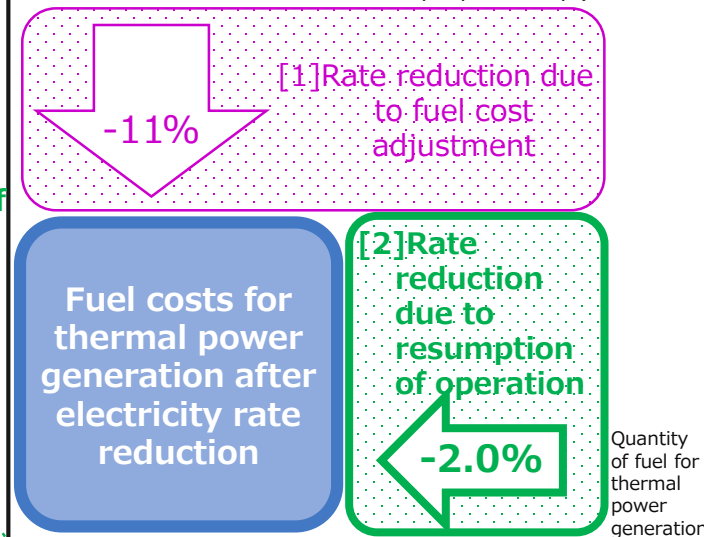
◆ The electricity rate after the reduction this time

(Unit: yen/kWh)



Unit cost of fuel for thermal power generation

(Scale is for illustration purpose only.)



*1 Saving of fuel costs for thermal power generation, etc.: Improvement of nuclear power capacity factor +9.0% × Amount affected by change in nuclear power capacity factor by 1% -4.6 billion yen ≈ -41.0 billion yen

*2 After the rate increase in June 2015: Level of electricity rate after expiration of period for mitigation (June 1 ~ September 30, 2015)

Setting of new set discount

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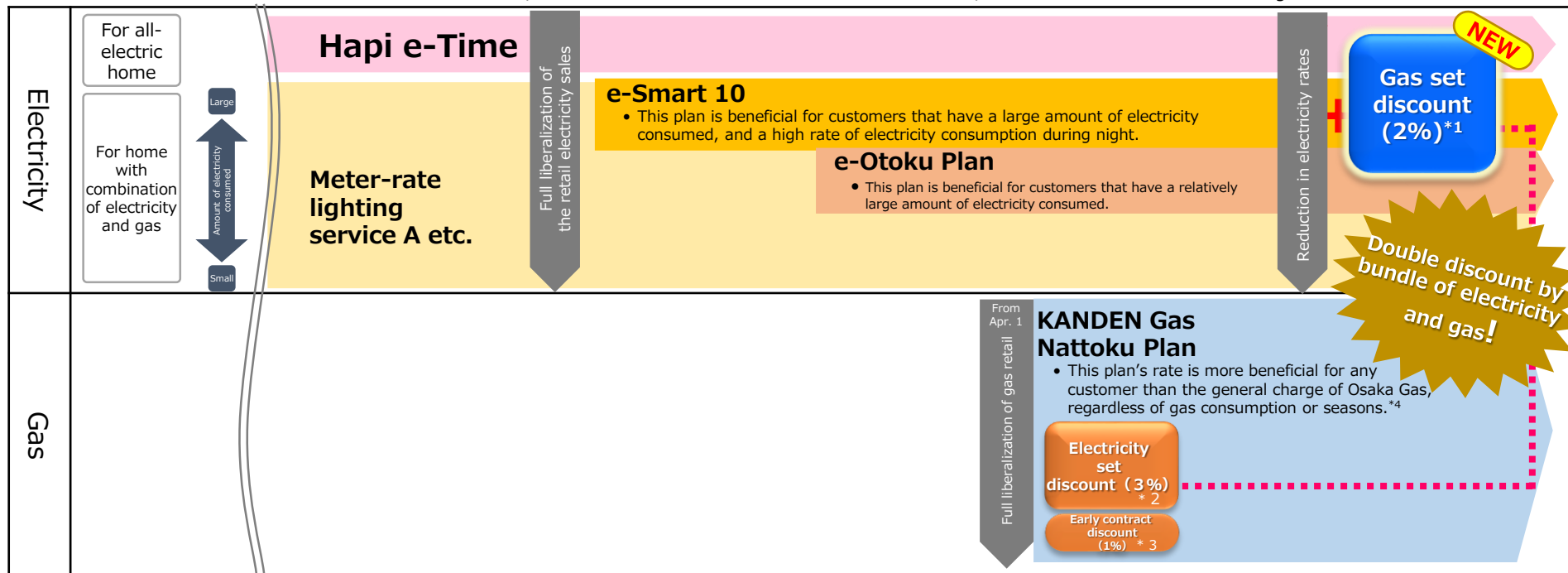
- For customers with a contract for a bundle of electricity and gas, we have offered a **3% discount from a monthly gas rate as an "electricity set discount"** so far, but in concert with decrease in electricity rates on and after August 1, have **newly set a "gas set discount" for electricity rates**.
- For customers with a contract for a set of **"e-Otoku Plan" or "e-Smart10"** and **"Nattoku Plan,"** we will offer a **2% discount from a monthly electricity rate as a "gas set discount,"** thereby applying a **double discount** for electricity and gas rates.

April 2016

Oct. 2016

April 2017

Aug. 2017



*1: The gas set discount means a discount from an electricity rate, not from a gas rate. The discount applies to a total of basic and electric energy charges (not including a fuel adjustment charge). *2: The electricity set discount means a discount from a gas rate, not from an electricity rate. The discount applies to a total of basic and meter rate charges (not including a raw material adjustment charge). *3: For a customer applying for the early contract discount by January 31, 2018, the relevant discount applies to charges for gas consumed till April 2019. *4: The discount applies to customers that are within the city gas supply area of Osaka Gas and have a contract with the relevant company based on rates under the General Gas Supply Provisions.

(Reference) Overview of "KANDEN campaign for a bundle of electricity and gas"

As part of the campaign of limited duration, we will present a munificent gift to a total of 1,000 customers that are determined by lot among those meeting the following conditions.



Gift for establishment of the contract [1]

We present a gift to customers that establish a contract with Kansai Electric Power for a bundle of electricity and gas during the campaign, and are determined by lot.

Set of Matsuzaka Beef and slices of wild raw tuna, equivalent to about 30,000 yen*1



70 customers

Gift for establishment of the contract [2]

We present the following gift to customers that purchase an electric water heater during the campaign, and are determined by lot.

Dyson Hot & Cool fan heater*2



30 customers

We present the following gift to customers that are not chosen by lot but determined by additional lot.

Hapita QUO card, equivalent to 500 yen*3



900 customers

Campaign duration

July 6 to September 30, 2017

These photos are shown as an image. The colors or specifications of the gifts will be changed in some cases. See our website (<http://kepeco.jp/>) for other gift precautions.

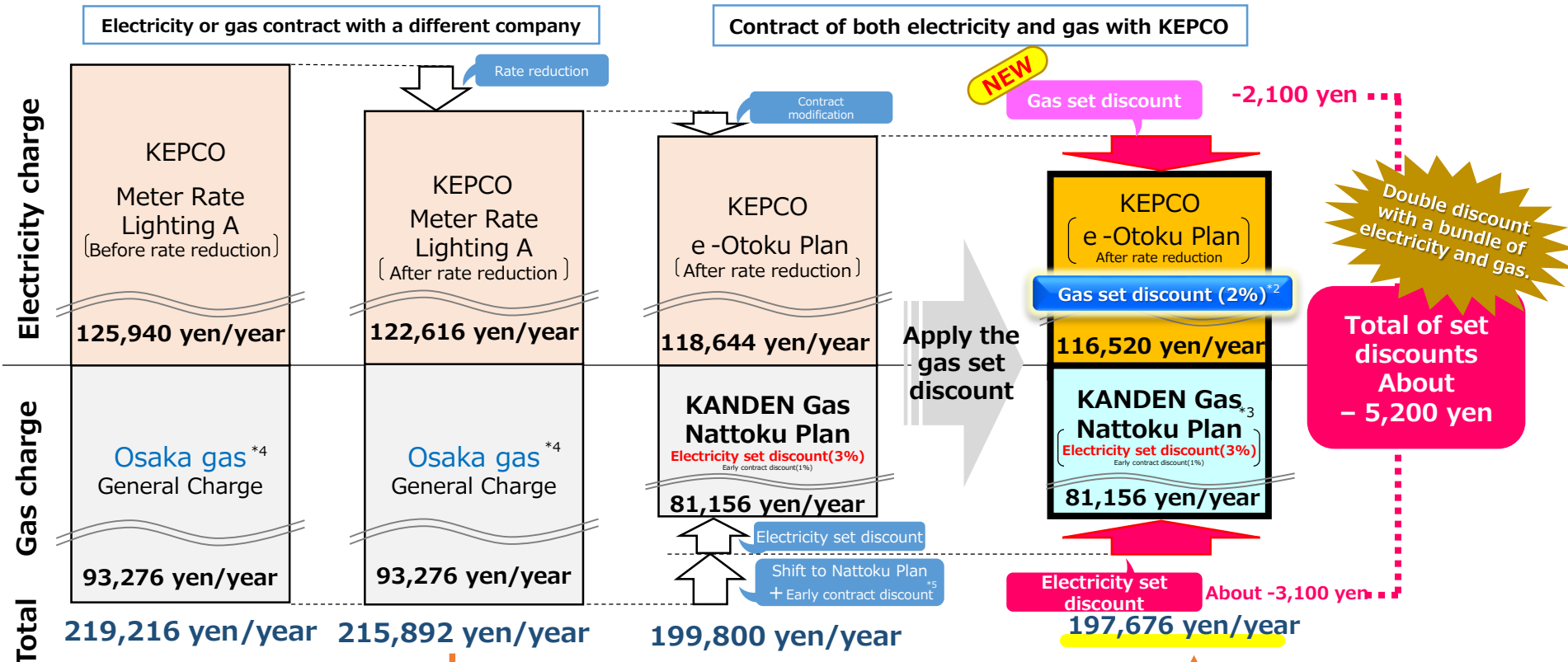
Excerpts from the information released on July 28, 2017

Advantages for contract on bundle of electricity and gas

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- In the case where a customer with a monthly electricity consumption of 370 kWh and with a monthly gas consumption of 50 m³ makes a contract on a set of "e-Otoku Plan" and "Nattoku Plan," a total of electricity and gas discounts is equivalent to about 5,200 yen, which is about 18,200 yen (about 8.4%) cheaper than in the case of the contract with KANDEN for "Meter Rate Lighting A" and the contract with Osaka Gas for "General Charge", on an annual basis. *1

Monthly electricity consumption , 370 kWh, and monthly gas consumption, 50 m³



The annual charge in the case of the contract with KANDEN for a set of electricity and gas **is about 18,200 yen (about 8.4%) cheaper than** in the case of the contract with KANDEN for meter rate lighting A and the contract with Osaka Gas for general charge.

*1: (Computational conditions) A monthly consumption of electricity, 370 kWh and monthly consumption of gas, 50 m³ are obtained in reference to the model case announced by Osaka Gas on January 5, 2017. The electricity charge covers an amount equivalent to a consumption tax, a fuel cost adjustment under the fuel cost adjustment scheme (August 2017), and the expense of purchasing renewable energy under the Renewable Electric Energy Feed-in Tariff (May 2017 to April 2018). The gas charge covers the amount equivalent to a consumption tax, and a raw material cost adjustment under the raw material adjustment scheme (August 2017). However, fuel adjustment rate under the Electricity Supply Provisions that were executed on February 1, 2016, and fuel adjustment rate under the General Provisions for Specified Retail Service of Electricity that were executed on August 1, 2017, apply to the electricity charges before and after rate reduction, respectively. An actual price advantage varies with the consumptions of electricity and gas, the timing of a contract, fuel cost adjustment/raw material cost adjustment or other factors. *2: The gas set discount means a discount from an electricity rate, but not from a gas rate. The discount applies to a total of basic and energy charges (not including fuel cost adjustment). *3: The electricity set discount means a discount from a gas rate, but not from an electricity rate. The discount applies to a total of basic and meter rate charges (including a raw material adjustment charge). *4: "General Charge" is based on the General Gas Supply Provisions of Osaka Gas (executed on June 16, 2017). *5: For a customer applying for the early contract discount by January 31, 2018, the relevant discount applies to charges for gas consumed till April 2019.

Comparison between our gas and electricity set charge and Osaka gas' charge

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A customer who consumes relatively large amount of electricity and gas

(Monthly consumption: Electricity 370 kWh, Gas 50 m³)
See the model case that was announced by Osaka Gas.*1

As compared with the case that contract of both electricity and gas is made with Osaka Gas

Save electricity and gas charges

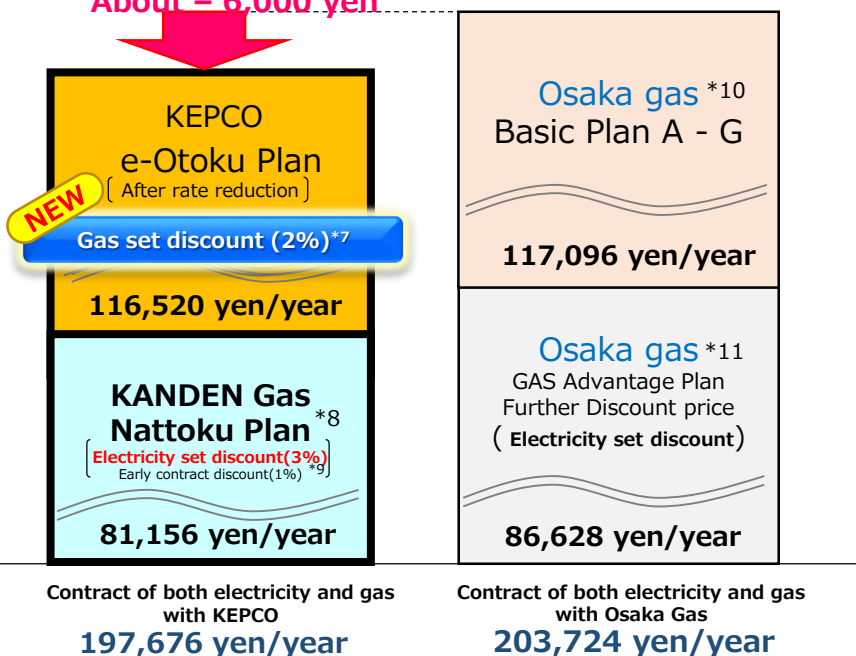
by **about 6,000 yen a year!** *2

Furthermore, advantageous points under the system of Hapi e-Point, equivalent to **about 1,300 yen** on an annual basis are accumulated.*3

This provides a total of price advantages, equivalent to about 7,300 yen on an annual basis!

About - 6,000 yen

Electricity charge
Gas charge
Total



Customer with average consumption of electricity and gas

(Monthly consumption: Electricity 260 kWh, Gas 31 m³)*4

As compared with the case that contract of both electricity and gas is made with Osaka Gas

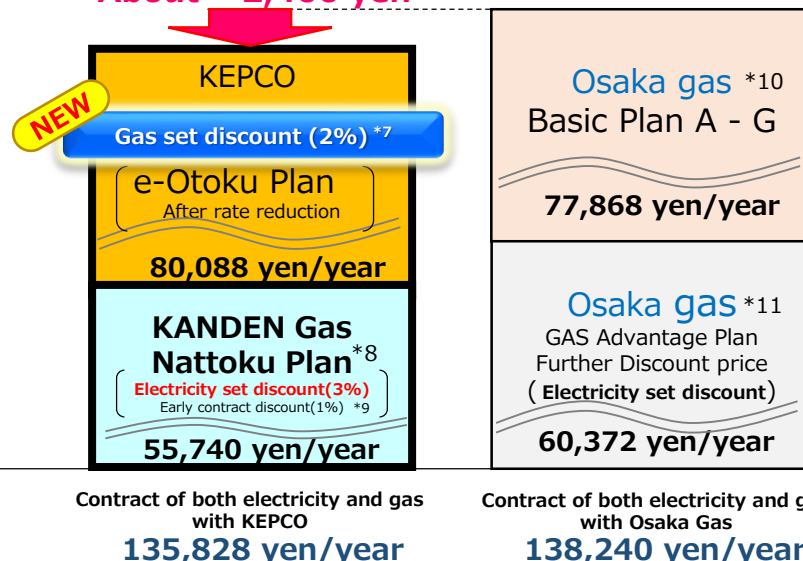
Save electricity and gas charges

by **about 2,400 yen a year!** *5

Furthermore, advantageous points under the system of Hapi e-Point, equivalent to **about 900 yen** on an annual basis are accumulated.*6

This provides a total of price advantages, equivalent to about 3,300 yen on an annual basis!

About - 2,400 yen



*1: (Computational conditions) A monthly consumption of electricity, 370 kWh and monthly consumption of gas, 50 m³ are obtained in reference to the model case announced by Osaka Gas on January 5, 2017. *2: The electricity charge covers an amount equivalent to a consumption tax, a fuel cost adjustment under the fuel cost adjustment scheme (August 2017), and the expense of purchasing renewable energy under the Renewable Electric Energy Feed-in Tariff (May 2017 to April 2018). The gas charge covers the amount equivalent to a consumption tax, and a raw material cost adjustment under the raw material adjustment scheme (August 2017). An actual price advantage varies with the consumptions of electricity and gas, the timing of a contract, fuel cost adjustment / raw material cost adjustment or other factors. *3: Advantageous points under the system of Hapi e-Point, equivalent to about 1,300 yen on an annual basis, will be accumulated when a customer with a monthly electricity charge of 9,710 yen on an annual basis, with a monthly gas charge of 6,763 yen, and logs in "Hapi e-MiruDen" monthly. *4: (Computational conditions) A monthly consumption of electricity, 260 kWh, is a monthly consumption in an average model for our meter rate lighting A. A monthly consumption of gas, 31 m³, is obtained in reference to a monthly consumption of a standard household, Osaka Gas' customer [averaged monthly consumption per household (5-year averaged monthly consumption from April 2011 to the end of March 2016)]. *5: The electricity charge covers an amount equivalent to a consumption tax, a fuel cost adjustment under the fuel cost adjustment scheme (August 2017), and the expense of purchasing renewable energy under the Renewable Electric Energy Feed-in Tariff (May 2017 to April 2018). The gas charge covers the amount equivalent to a consumption tax, and a raw material cost adjustment under the raw material adjustment scheme (August 2017). An actual price merit varies with the consumptions of electricity and gas, the timing of a contract, fuel cost adjustment / raw material cost adjustment or other factors. *6: Advantageous points under the system of Hapi e-Point, equivalent to about 900 yen on an annual basis, will be accumulated when a customer with a monthly electricity charge of 6,674 yen on an annual basis and with a monthly gas charge of about 4,645 yen logs in "Hapi e-MiruDen" monthly. *7: The gas set discount means a discount from an electricity rate, but not from a gas rate. The discount applies to a total of basic and energy charges (not including fuel cost adjustment). *8: The electricity set discount means a discount from a gas rate, but not from an electricity rate. The discount applies to a total of basic and meter rate charges (not including raw material cost adjustment). *9: For a customer applying for the early contract discount by January 31, 2018, the relevant discount applies to charges for gas consumed till April 2019. *10: "Base Plan A-G" is based on the General Electricity Supply Provisions of Osaka Gas (executed on August 1, 2017). *11: "GAS Advantage Plan Further Discount price" is based on the Individual Provisions of Osaka Gas (contract of further discount price)(executed on April 1, 2017).

Overseas investment projects

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- Total output by KEPCO's investment: Approx. 2.22 million kW.
- Of which, total investment amount to 8 projects in operation is approx. 80 billion yen. (60% collected by dividends, etc.)

Project Title			Start of operation, etc. (schedule)	Total output (MW)	KEPCO's investment (%)	Output by KEPCO's investment (MW-equivalent)
In operation	Philippines	San Roque Hydropower	2003/05	436	50	218
	Thailand	Rojana Electricity and Heat Supply	1999/05	505	39	197
	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
	USA	West Deptford Thermal power generation business	2014/11	768	17.5	134
		Empire Thermal power generation business	2010/9	635	25	159
Under development	Indonesia	Rajamandala Hydropower	Scheduled in 2017	47	49	23
		Tanjung Jati B Thermal Power	Scheduled in 2021	2,140	25	535
	Laos	Nam Ngiep Hydropower	Scheduled in 2019	290	45	131

Fuel change plan and suspension of operation for thermal power plant

26

<Regarding establishment of new company involved in the plan for change to biomass fuel in Unit 2 of Aioi Power Plant (published on April 5, 2017)>

	Before fuel change	After fuel change
Approach	Review of plan for change to biomass fuel	
Capacity	375MW	About 200 MW
Fuel	Heavy oil and Crude oil	Woody biomass
Commencement of operation	1982/11	Scheduled in FY 2022

<Reason for review of fuel change>

Actively promoting the development of renewable energy sources in light of S + 3E, we have decided to establish "Aioi Bioenergy Corporation" jointly with Mitsubishi Corporation Power Ltd., and to proceed with the review of fuel change in Unit 2 of Aioi Power Plant, in order to contribute to the diffusion and expansion of renewable energy and increase the rate of renewable energy.

<Regarding suspension of operation at Units 1, 2 and 3 of Kainan Power Plant (Published on March 16, 2017)>

	Unit 1	Unit 2	Unit 3	Unit 4
Capacity	450MW		600MW	
Fuel	Heavy oil and Crude oil			
Commencement of operation	1970/5	1970/9	1974/4	1973/6
Period of suspension of operation	2017/4/1		2017/6/9	-

<Reason for suspension of operation>

In consideration of the recent situations of falling power demand in the Kansai area, as seen in the established practice of power saving and progress of energy saving, we have decided to halt operation of Units 1-3, periodical inspection of which was drawing near, as part of our streamlining efforts.

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)

International/
Group business

1

Comprehensive Energy/Power
Transmission and Distribution business

:

2

Before the Earthquake

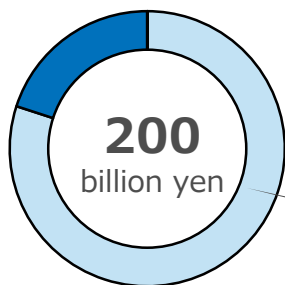
International/
group businesses

1

:

4

Comprehensive Energy/
Power Transmission and
Distribution business



1.5 times or more

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

Real Estate/Life business

30 billion yen

Information and Communication business
(IT/Communication)

30 billion yen

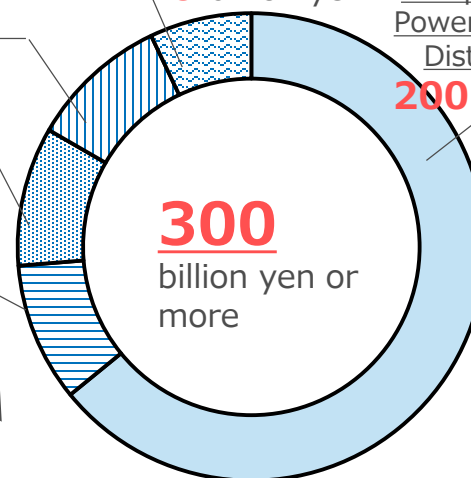
International business 30 billion yen

Group Support Business

20 billion yen

Comprehensive Energy/
Power Transmission and
Distribution business

200 billion yen or more



□ Financial goals〔Consolidated base〕

Item	2018 fiscal year	2025 fiscal year
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.

For further information

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