

**Financial results for 1Q of FY ending 3/2019
&
Financial forecasts for FY ending 3/2019**

July 27, 2018

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 3/2019 Earnings Results 】

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

- **Income** : Electricity sales revenues decreased, however, the increase of sold power to other suppliers as well as the increase of the operating revenues in the “Gas/Other Energies” finally led to a rise in revenues.
- **Expenses** : We strived to thoroughly streamline business; the resumption of operation at nuclear power plants reduced costs, but the rise in fuel prices and the increase of cost by expanding wholesale led to a rise in expenses.

→ We have achieved a certain result in turning around and going to the offensive, as exemplified by increased electricity sales to corporate customers. Meanwhile, amid ongoing residential customers churn, the business environment surrounding us remains severe.

Besides the electricity rates reduction starting on July 1, we will continue to work on the setting of attractive price menus and enhancement of services, thereby steadily bolstering our competitiveness in terms of both price and service.

We will continue to strive for thoroughgoing business efficiency, as well as safe and stable operation of nuclear power plants, and make our utmost efforts to secure the financial soundness and safe and stable electricity supply.

【 FY 2018 Earnings forecast 】 : Not yet determined

- Both operating revenues and income are left undetermined since currently we cannot forecast our earnings based on certain assumptions, mainly because we are carefully observing customer trends after the reduced electricity rates were adopted.

Financial highlights

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| (billion yen) | Consolidated (a) | | | Non-consolidated (b) | | | (a)/(b) | |
|-----------------------------|------------------|-----------|------------------|----------------------|-----------|------------------|-----------|-----------|
| | 4/17-6/17 | 4/18-6/18 | Change | 4/17-6/17 | 4/18-6/18 | Change | 4/17-6/17 | 4/18-6/18 |
| Operating revenues | 723.4 | 735.5 | +12.0 (+1.7%) | 620.9 | 623.2 | +2.3 (+0.4%) | 1.17 | 1.18 |
| Operating income | 47.2 | 38.5 | -8.7 (-18.5%) | 30.1 | 23.4 | -6.7 (-22.3%) | 1.57 | 1.64 |
| Ordinary income (*2) | 44.1 | 38.4 | -5.7 (-13.0%) | 30.1 | 29.2 | -0.9 (-3.0%) | 1.46 | 1.31 |
| Net income (*3) | 32.6 | 26.6 | -5.9 (-18.1%) | 23.2 | 22.2 | -0.9 (-4.1) | 1.40 | 1.20 |

| (billion yen) | Consolidated | | | Non-consolidated | | |
|------------------------------|--------------|--------------|-------------------|------------------|--------------|-------------------|
| | Mar.31, 2018 | Jun.30, 2018 | Change | Mar.31, 2018 | Jun.30, 2018 | Change |
| Interest-bearing debt | 3,708.2 | 3,915.6 | +207.3 (+5.6%) | 3,359.9 | 3,573.5 | +213.5 (+6.4%) |
| Equity ratio | 20.8% | 20.8% | — | 15.7% | 15.7% | — |

*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 means the net income attributable to owners of the parent company.

Major factors (non-consolidated)

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| | | 4/17-6/17 | | 4/18-6/18 | | Change |
|--|----------------------------------|-----------|-------------|-----------|--------------|--------------|
| Electricity sales (TWh) | | (93.7) | 26.7 | (99.1) | 26.5 | -0.2 |
| | Residential | (95.0) | 9.1 | (88.1) | 8.0 | -1.1 |
| | Commercial and Industrial | (93.0) | 17.6 | (104.8) | 18.5 | +0.9 |
| Electricity sales to other utility and non-utility companies (TWh) (*2) | | | 1.5 | | 2.8 | +1.2 |
| Nuclear capacity factor (%) | | (*3) | 8.9 | | 49.6 | +40.7 |
| Water run-off ratio (%) | | | 91.1 | | 109.7 | +18.6 |
| All Japan CIF crude oil price (\$/barrel) | | | 53.3 | | 70.5 | +17.2 |
| Exchange rate [TTM] (yen/\$) | | | 111 | | 109 | △2 |
| Interest rate [long-term prime rate] (%) | | | 0.95 | | 1.00 | +0.05 |

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

*2 Not including imbalance electric energy, which is not yet determined as at the end of the term.

*3 Nuclear capacity factor calculated based on the outputs before Ohi Units 1 and 2 are decommissioned—amount to 6.6%.

Non-consolidated statements of income

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| (billion yen) | 4/17-6/17 | 4/18-6/18 | Change | Breakdown |
|--|------------------|------------------|------------------|---|
| Ordinary revenues (Operating revenues) | 630.0 (620.9) | 637.2 (623.2) | + 7.2 (+ 2.3) | |
| Electricity sales | 516.8 | 491.0 | -25.7 | <ul style="list-style-type: none"> •Decrease in electricity sales volume -4.0 •Decrease in revenue per kWh due to the effects of revision of electricity rates -20.0 •Increase in revenue per kWh due to renewable energy power promotion surcharge +6.7 |
| Grant under act on purchase of renewable energy sourced electricity | 45.6 | 50.6 | + 5.0 | |
| Others | 67.5 | 95.5 | + 28.0 | <ul style="list-style-type: none"> •Cost of sold power (other utility companies, other non-utility companies) +13.6 •Non-electric business +7.4 •Wheeling revenues +2.1 |
| Ordinary expenses | 599.8 | 608.0 | + 8.1 | |
| Personnel expenses | 54.8 | 53.7 | - 1.0 | |
| Fuel costs | 121.0 | 106.0 | -15.0 | <ul style="list-style-type: none"> •Fossil-fuel costs -19.1 •Nuclear-fuel costs +4.1 |
| Backend expenses of nuclear power | 10.1 | 20.2 | + 10.1 | <ul style="list-style-type: none"> •Decrease in electricity sales volume -2.0 •Increase in electricity sales to other utility and non-utility companies +9.0 •Increase in nuclear capacity factor -41.0 •Increase in water run-off ratio -4.0 •Decrease in electricity purchases from other utility and non-utility companies +4.0 |
| Maintenance costs | 40.8 | 39.8 | - 1.0 | <ul style="list-style-type: none"> •Fluctuation of fossil-fuel prices +10.0 •Appreciation of yen -2.0 •Other +6.0 |
| Taxes other than income taxes | 34.2 | 35.0 | + 0.7 | |
| Depreciation | 62.0 | 59.7 | -2.3 | |
| Purchased power | 121.0 | 122.6 | + 1.6 | <ul style="list-style-type: none"> •From other utility companies -0.1 •From other non-utility companies +1.8 |
| Interest expenses | 8.9 | 7.2 | - 1.7 | |
| Levy under act on purchase of renewable energy sourced electricity | 57.2 | 64.0 | + 6.7 | |
| Other | 89.2 | 99.4 | + 10.1 | •Non-electric business +7.3 |
| Ordinary income | 30.1 | 29.2 | -0.9 | |
| Provision for or reversal of reserve for fluctuation in water levels | -0.7 | 0.2 | + 1.0 | |
| Income taxes | 7.7 | 6.7 | - 1.0 | |
| Net Income | 23.2 | 22.2 | -0.9 | |

Consolidated statements of income

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| (billion yen) | 4/17-6/17 | 4/18-6/18 | Change | Breakdown |
|---|-----------|-----------|----------|--|
| Ordinary revenues | 731.1 | 746.4 | + 15.3 | |
| (Operating revenues) | (723.4) | (735.5) | (+ 12.0) | |
| Electric operating revenues | 604.2 | 598.7 | -5.4 | |
| Other operating revenues | 119.2 | 136.8 | + 17.5 | <ul style="list-style-type: none"> • Sales of external transactions in non-electric business + 10.1 • Sales of external transactions in subsidiaries + 7.4 |
| Non-operating revenues | 7.6 | 10.8 | + 3.2 | |
| Ordinary expenses | 686.9 | 708.0 | + 21.0 | |
| Electric operating expenses | 573.1 | 574.8 | + 1.6 | |
| Other operating expenses | 102.9 | 122.1 | + 19.1 | <ul style="list-style-type: none"> • Costs for non-electric business + 11.8 • Costs for subsidiaries + 7.2 |
| Non-operating expenses | 10.7 | 11.0 | + 0.2 | |
| Ordinary income | 44.1 | 38.4 | -5.7 | |
| Provision for or reversal of reserve for fluctuation in water levels | -0.7 | 0.2 | + 1.0 | |
| Income taxes | 12.0 | 11.2 | -0.7 | |
| Net income [※] | 32.6 | 26.6 | -5.9 | |
| Comprehensive income | 38.8 | 27.1 | -11.6 | |

* 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/ Communi cations | | | | |
| | Electric Power | Gas/ Other Energies | Subtotal | | | | | |
| Operating revenues | 602.5 (-5.1) | 54.0 (+19.0) | 656.6 (+13.9) | 60.7 (+4.9) | 90.6 (-1.3) | 807.9 (+17.5) | -72.4 (-5.4) | 735.5 (+12.0) |
| Operating revenues (external transactions) | 598.7 (-5.4) | 40.8 (+13.5) | 639.5 (+8.0) | 51.7 (+3.9) | 44.2 (+0.1) | 735.5 (+12.0) | — | 735.5 (+12.0) |
| Operating income | 24.6 (-6.8) | — (-2.1) | 24.6 (-9.0) | 7.6 (+1.1) | 5.4 (-0.7) | 37.7 (-8.6) | 0.8 (—) | 38.5 (-8.7) |

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

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) | Mar.31, 2018 | Jun.30, 2017 | Change | Breakdown |
|--------------------|-----------------|-----------------|---------------|---|
| Assets | 6,985.0 | 7,049.0 | + 63.9 | <ul style="list-style-type: none"> •Capital expenditures +75.0 •Depreciation and amortization -81.4 •Assets equal to asset retirement obligations +45.5 ※1 (Effect of revision in the ordinance of Decommissioning) |
| Liabilities | 5,512.2 | 5,567.1 | + 54.8 | <ul style="list-style-type: none"> •Interest bearing debt +207.3 •Accounts payable and accrued expenses -194.8 •Asset retirement obligations +45.5 ※1 (Effect of revision in the ordinance of Decommissioning) |
| Equity | 1,472.7 | 1,481.9 | + 9.1 | <ul style="list-style-type: none"> •Net income ※2 +26.6 •Dividend -17.8 (¥20 per share for FY 3/18 year-end) |

*1 On April 1, 2018, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" was revised, following the enforcement of the "Ordinance to Partially Revise the Ordinance on Reserves for Scrapping Nuclear Power Plants". For the asset retirement obligations related to the decommissioning of a specific nuclear power unit, costs are accounted for in accordance with the Ordinance of Decommissioning. Although the accounting period was defined as throughout the expected safe storage period and the expected operating period in the past, the Revised Ordinance defines the accounting period as the expected operating period.

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

<Earnings Forecast>

Regarding earnings forecast for FY 2018, both operating revenues and income are left undetermined since currently we cannot forecast our earnings based on certain assumptions, mainly because we are carefully observing customer trends after the reduced electricity rates were adopted.

The forecasts for FY 2018 will be disclosed as soon as it becomes available.

<Dividend Forecast>

Payment of dividends for FY 2018 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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[Electricity sales for 1Q of FY2018]

| (GWh) | 4/18-6/18 |
|----------------------------------|--------------------------|
| Residential | 8,018 (88.1) |
| Commercial and Industrial | 18,486 (104.8) |
| Total | 26,505 (99.1) |

* Figures in () are year-on-year %.

[Average monthly temperature]

| (°C) | Apr. | May. | Jun. |
|----------------------------|--------------|--------------|--------------|
| Actual | 16.9 | 20.1 | 23.4 |
| Year-on-year change | + 1.2 | -1.0 | + 0.7 |
| Anomaly | + 1.8 | + 0.4 | -0.1 |

[Outlook for FY 2018 electricity sales]

We cannot present any outlook for FY2018 electricity sales, because the electricity rate reduction implemented on July 1, 2018 will affect the contract renewal of major customers and switching supplier by customers in the residential and other segments.

Non-consolidated balance sheets

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| (billion yen) | Mar. 31, 2018 | Jun. 30, 2018 | Change | Breakdown |
|--------------------|------------------|------------------|--------|---|
| Assets | 5,946.1 | 6,009.6 | + 63.5 | <ul style="list-style-type: none"> •Capital expenditures +55.2 •Depreciation and amortization -60.0 •Assets equal to asset retirement obligations +45.5 ※ (Effect of revision in the ordinance of Decommissioning) |
| Liabilities | 5,012.1 | 5,068.0 | + 55.9 | <ul style="list-style-type: none"> •Interest bearing debt +213.5 •Accounts payable and accrued expenses -194.1 •Asset retirement obligations +45.5 ※ (Effect of revision in the ordinance of Decommissioning) |
| Equity | 933.9 | 941.5 | + 7.6 | <ul style="list-style-type: none"> •Net income +22.2 •Dividend -17.8 (¥20 per share for FY 3/18 year-end) |

*1 On April 1, 2018, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" was revised, following the enforcement of the "Ordinance to Partially Revise the Ordinance on Reserves for Scrapping Nuclear Power Plants". For the asset retirement obligations related to the decommissioning of a specific nuclear power unit, costs are accounted for in accordance with the Ordinance of Decommissioning. Although the accounting period was defined as throughout the expected safe storage period and the expected operating period in the past, the Revised Ordinance defines the accounting period as the expected operating period.

Profit and loss by business segment

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| (billion yen) | | | 4/17-6/17 | 4/18-6/18 | Change | Breakdown |
|--|---------------------------|---|-----------|-----------|--------|---|
| Comprehensive Energy / Power Transmission and Distribution | Electric Power | Operating revenues (external transactions) | 604.2 | 598.7 | -5.4 | |
| | | Ordinary income | 31.5 | 30.4 | -1.0 | |
| | Gas/ Other Energies | Operating revenues (external transactions) | 27.3 | 40.8 | +13.5 | ・Increase in gas business revenues |
| | | Ordinary income | 2.9 | 0.9 | -2.0 | ・Increase in income of subsidiaries |
| | Total | Operating revenues (external transactions) | 631.5 | 639.5 | +8.0 | |
| | | Ordinary income | 34.4 | 31.4 | -3.0 | |
| IT/Communications | | Operating revenues (external transactions) | 47.8 | 51.7 | +3.9 | ・ Increase in FTTH, MVNO, and retail electricity service customers |
| | | Ordinary income | 6.3 | 7.6 | +1.3 | |
| Real Estate/Life | | Operating revenues (external transactions) | 24.8 | 21.4 | -3.3 | ・ Decrease in sales of dwellings for sale |
| | | Ordinary income | 3.8 | 3.9 | — | |
| Other | | Operating revenues (external transactions) | 19.3 | 22.7 | +3.4 | ・ Increase in orders for construction works |
| | | Ordinary income | 4.8 | 3.9 | -0.9 | ・ Decrease in orders from Kepco |

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

<Reference>

| (billion yen) | | 4/17-6/17 | 4/18-6/18 | Change | Breakdown |
|---------------------------|-----------------|-----------|-----------|--------|-----------|
| International Business | Profit and loss | -0.7 | -0.7 | — | |

Prospective profit and loss by business segment

14

| (billion yen) | | | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change | Breakdown |
|--|---------------------------|---|------------------------|--------------------------|--------|---|
| Comprehensive Energy / Power Transmission and Distribution | Electric Power | Operating revenues (external transactions) | 2,596.1 | — | — | |
| | | Ordinary income | 150.4 | — | — | |
| | Gas/ Other Energies | Operating revenues (external transactions) | 141.2 | 188.0 | +46.8 | · Increase in gas business revenues |
| | | Ordinary income | 7.1 | 2.0 | -5.1 | · Increase in income of subsidiaries |
| | Total | Operating revenues (external transactions) | 2,737.3 | — | — | |
| | | Ordinary income | 157.5 | — | — | |
| IT/Communications | | Operating revenues (external transactions) | 203.1 | 225.0 | +21.9 | · Increase in FTTH, MVNO, and retail electricity service customers |
| | | Ordinary income | 25.1 | 26.0 | +0.9 | |
| Real Estate/Life | | Operating revenues (external transactions) | 111.7 | 120.0 | +8.3 | · Increase in sales of dwellings for sale |
| | | Ordinary income | 14.5 | 15.0 | +0.5 | |
| Other | | Operating revenues (external transactions) | 81.3 | 85.0 | +3.7 | · Increase in orders for construction works |
| | | Ordinary income | 28.8 | 21.0 | -7.8 | · Decrease in orders from Kepco |

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

<Reference>

| (billion yen) | | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change | Breakdown |
|---------------------------|-----------------|------------------------|--------------------------|--------|--|
| International Business | Profit and loss | -2.0 | 0 | +2.0 | · Increase in foreign exchange loss due to the yen's appreciation |

Interest-bearing debt (non-consolidated)

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| (billion yen) | Mar. 31, 2018 | Jun. 30, 2018 | Change * |
|--|---------------|---------------|------------------------------|
| Bonds | 1,240.9 | 1,259.0 | + 18.1 (+ 110.0、- 91.9) |
| Borrowings | 1,964.9 | 2,065.4 | + 100.4 (+ 256.5、- 156.0) |
| Long-term | 1,834.9 | 1,935.4 | + 100.4 (+ 191.5、- 91.0) |
| Short-term | 130.0 | 130.0 | — (+ 65.0、- 65.0) |
| Commercial paper | 154.0 | 249.0 | + 95.0 (+ 140.0、- 45.0) |
| Interest-bearing debt | 3,359.9 | 3,573.5 | + 213.5 |
| Interest rate (%) (as of fiscal year-end) | 0.89 | 0.76 | -0.13 |

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

Actual supply and demand (Sending end)

16

| (GWh) | | 4/17- 6/18 | Composition ratio | 4/18- 6/18 | Composition ratio | Change |
|----------------------------------|---------------------------|---------------|----------------------|---------------|----------------------|----------------|
| K E P C O | Hydro | 3,703 | 17% | 4,397 | 18% | + 694 |
| | Thermal | 16,586 | 77% | 12,897 | 54% | -3,689 |
| | Nuclear | 1,110 | 5% | 6,804 | 28% | + 5,694 |
| | New energy sources | 16 | 0% | 6 | 0% | -10 |
| | KEPCO Total | 21,415 | 100% | 24,104 | 100% | + 2,689 |
| Other-utility companies | | 6,003 | | 4,185 | | -1,818 |
| Captive use by hydropower | | △308 | | △523 | | -216 |
| Total | | 27,110 | | 27,767 | | + 656 |

*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 and depreciation in comparison with the previous year

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[Maintenance Costs]

| (Billion yen) | 4/17-6/17 | 4/18-6/18 | Change | Breakdown |
|----------------------|-----------|-----------|--------|--|
| Power sources | 15.9 | 15.7 | -0.2 | Thermal +1.0 Nuclear -1.0 Hydro -0.2 |
| Distribution | 24.6 | 23.8 | -0.8 | Power distribution -0.8 |
| Other | 0.2 | 0.2 | — | |

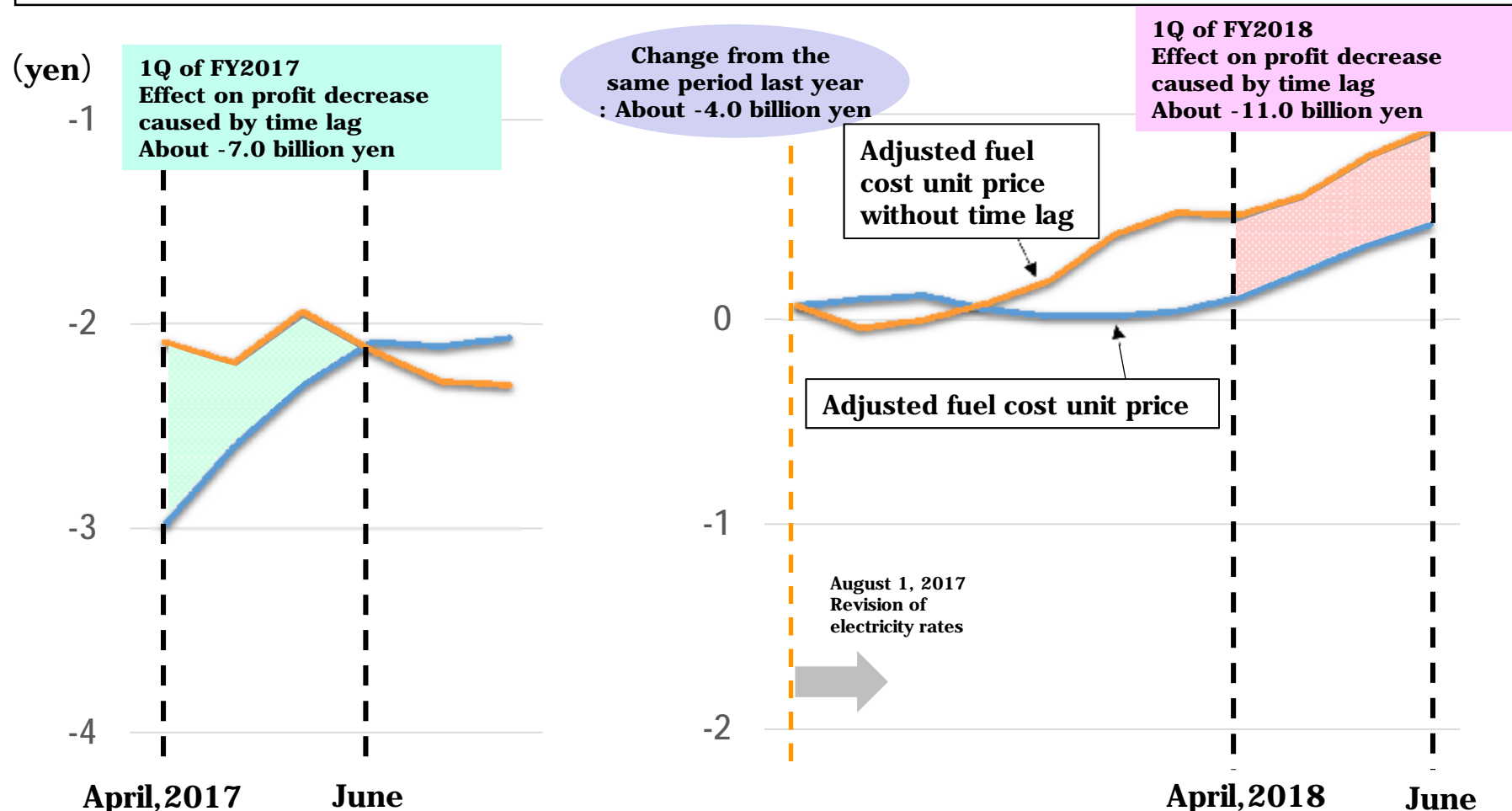
[Depreciation]

| (Billion yen) | 4/17-6/17 | 4/18-6/18 | Change | Breakdown |
|----------------------|-----------|-----------|--------|--|
| Power sources | 27.0 | 25.6 | -1.4 | Thermal -1.4 |
| Distribution | 31.7 | 30.9 | -0.7 | Power transmission -0.5 Power distribution -0.1 |
| Other | 3.2 | 3.1 | -0.1 | |

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.
- Fluctuations in fuel prices of each month is reflected in fuel cost adjustment unit price 3–5 months later. This generates a gap (time lag) between the fluctuations in fuel prices and the timing of reflecting them in fuel cost adjustment unit price.

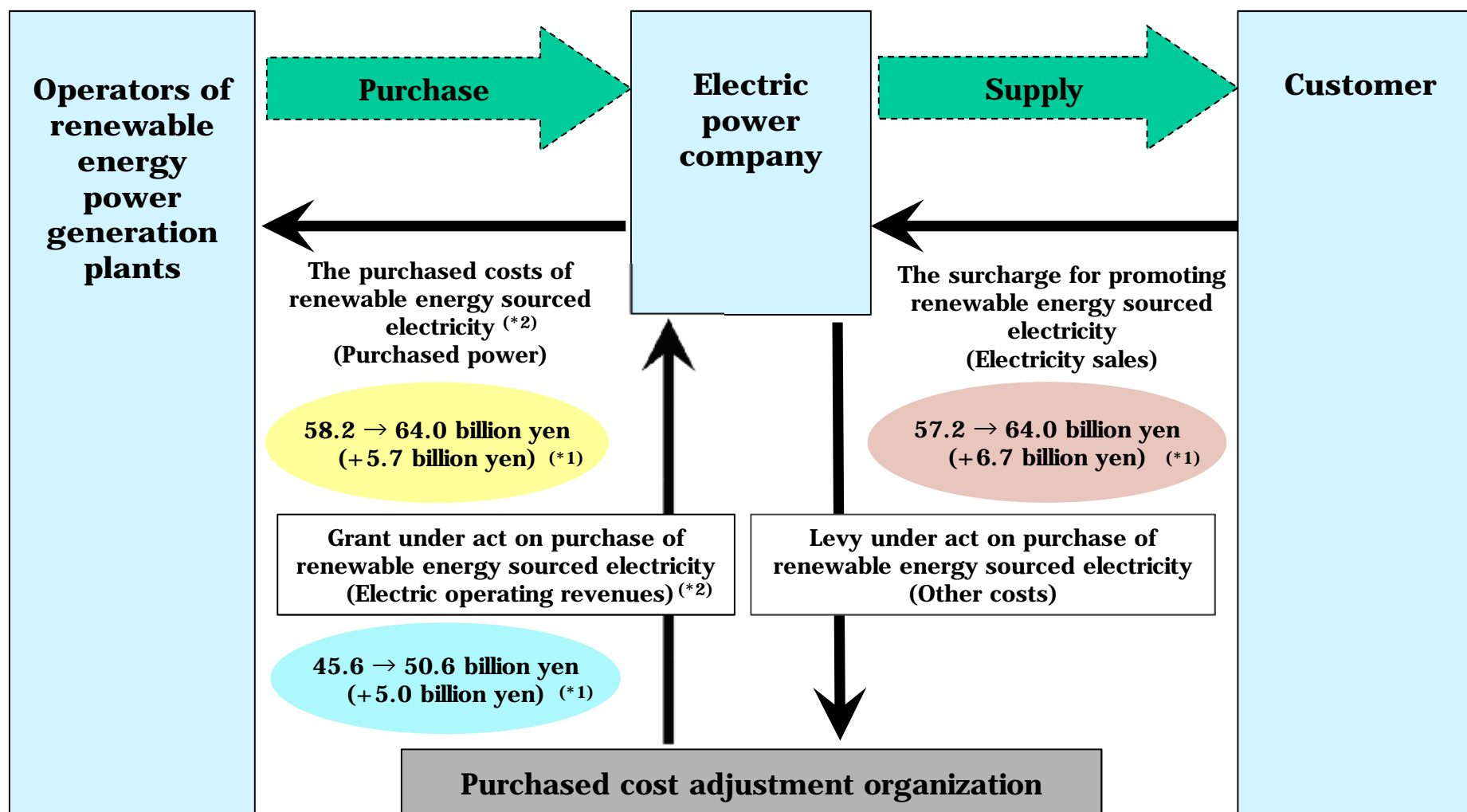


*The above-mentioned time lag indicates time gap on the income front in each accounting period, and differs from the income and expenditure effect calculated based on actual thermal power fuel cost etc.

*Presupposed elements of fuel cost adjustments are being reviewed following the review of electricity rates conducted on August 1, 2017 due to the changes in generation mix and fuel prices.

Framework of feed-in tariff scheme for renewable energy

19



*1 1Q of FY ending 3/2018 → 1Q of FY ending 3/2019 (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.

*3 "Law for partial amendment to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Feed-in Tariff) and other laws" (enforced April 1, 2017) stipulates that, regarding contracts of purchase on and after April 1, 2017, the definition of businesses obliged to purchase electricity will be changed to general electricity transmission and distribution businesses and others.

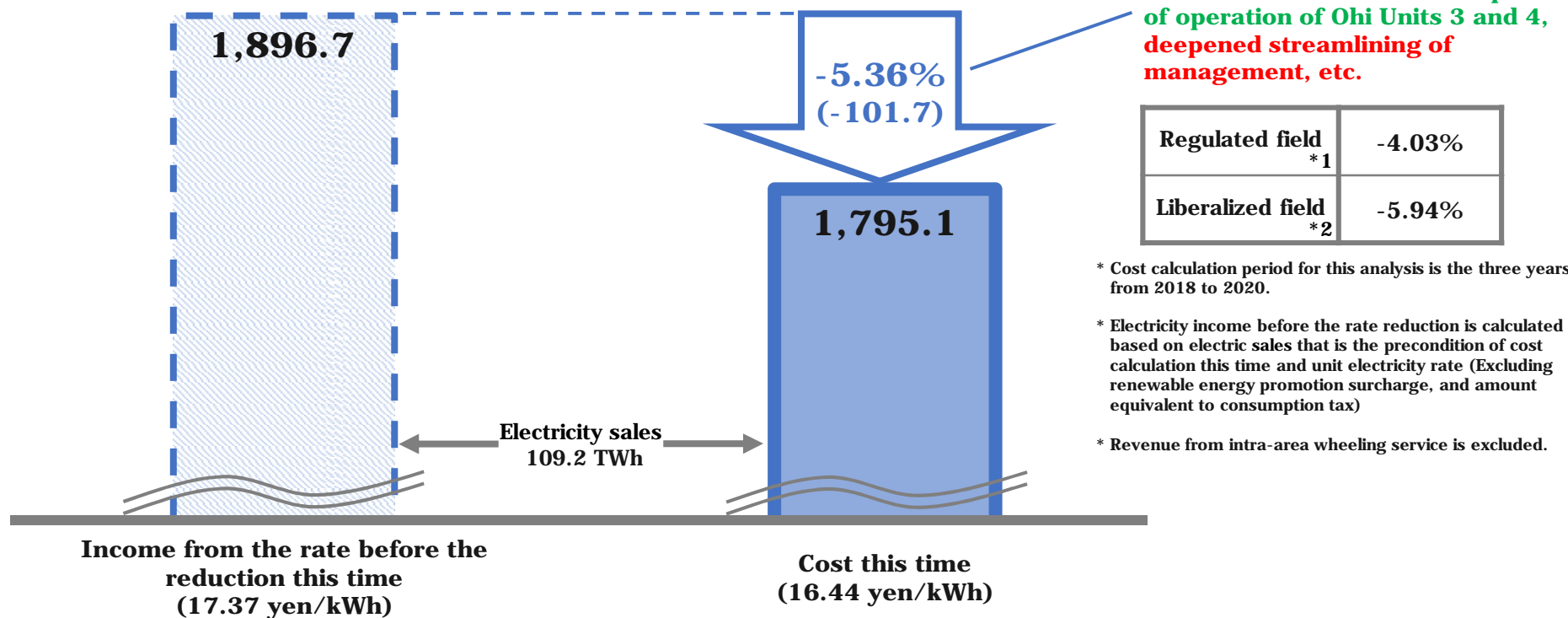
Outline of electricity rate reduction [1] * Implemented on July 1, 2018

20

ü Saving of fuel costs for thermal power generation due to the resumption of operation of Units 3 and 4 of Ohi Nuclear Power Station, and deepened streamlining of management, etc. result in the cost of 1,795.1 billion yen after this rate reduction which represents reduction by -5.36% (-101.7 billion yen) on average as compared with 1,896.7 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)



*1 Regulated field includes the following plans: "Meter rate lighting A", "Meter rate lighting B", and "Low-voltage power".

*2 Liberalized field includes the plans that provide the rate menu for the special high-voltage and high-voltage field and "Time of use", "Hapi e-time", "Season/time-variable lighting PS", "e-Smart 10", "e-Otoku plan", "Nattoku Denki", and "Low-voltage use contracts" in the low-voltage field.

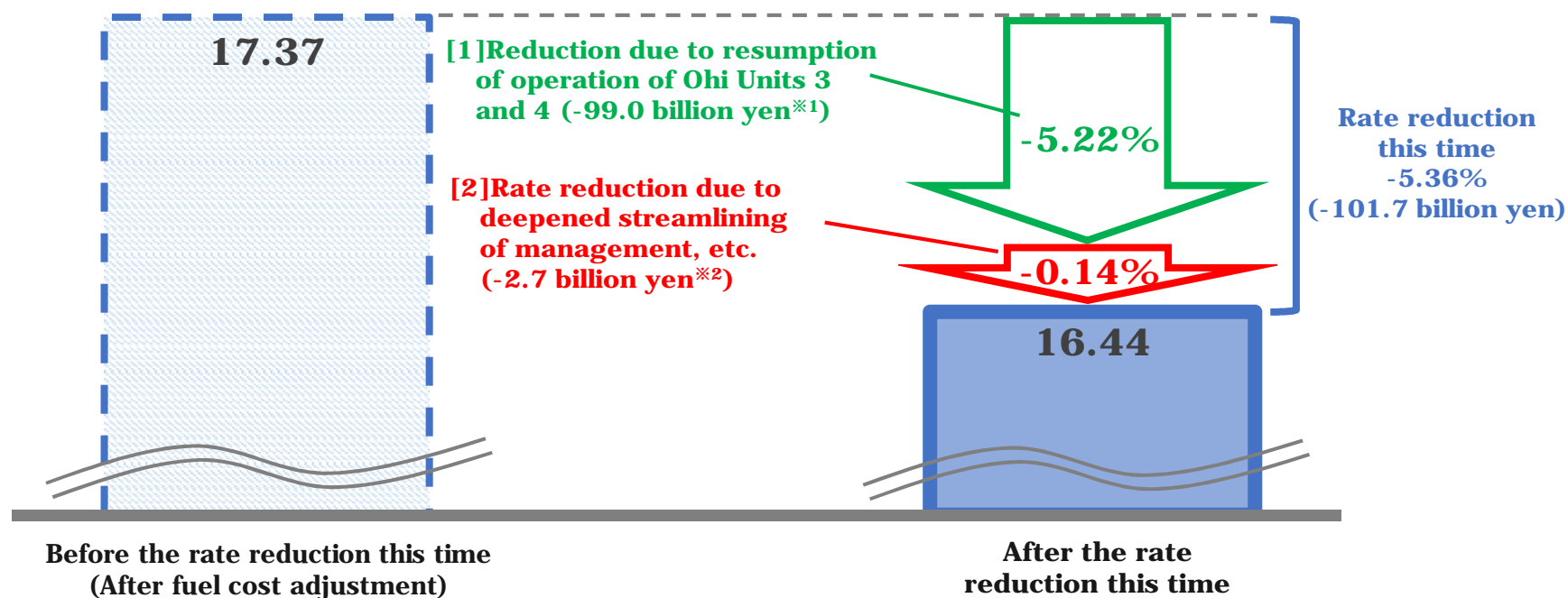
Outline of electricity rate reduction [2] * Implemented on July 1, 2018

21

- Electricity rate reduction this time is -5.36% on average.
- A breakdown is as follows: The reduction gained from the savings of fuel costs for thermal power generation resulting from the resumption of operation of Ohi Units 3 and 4 is approx. -5.22% (-99.0 billion yen), while the reduction gained from deepened streamlining of management, etc. is approx. -0.14% (-2.7 billion yen).

∩ The electricity rate after the reduction this time

(Unit: yen/kWh)

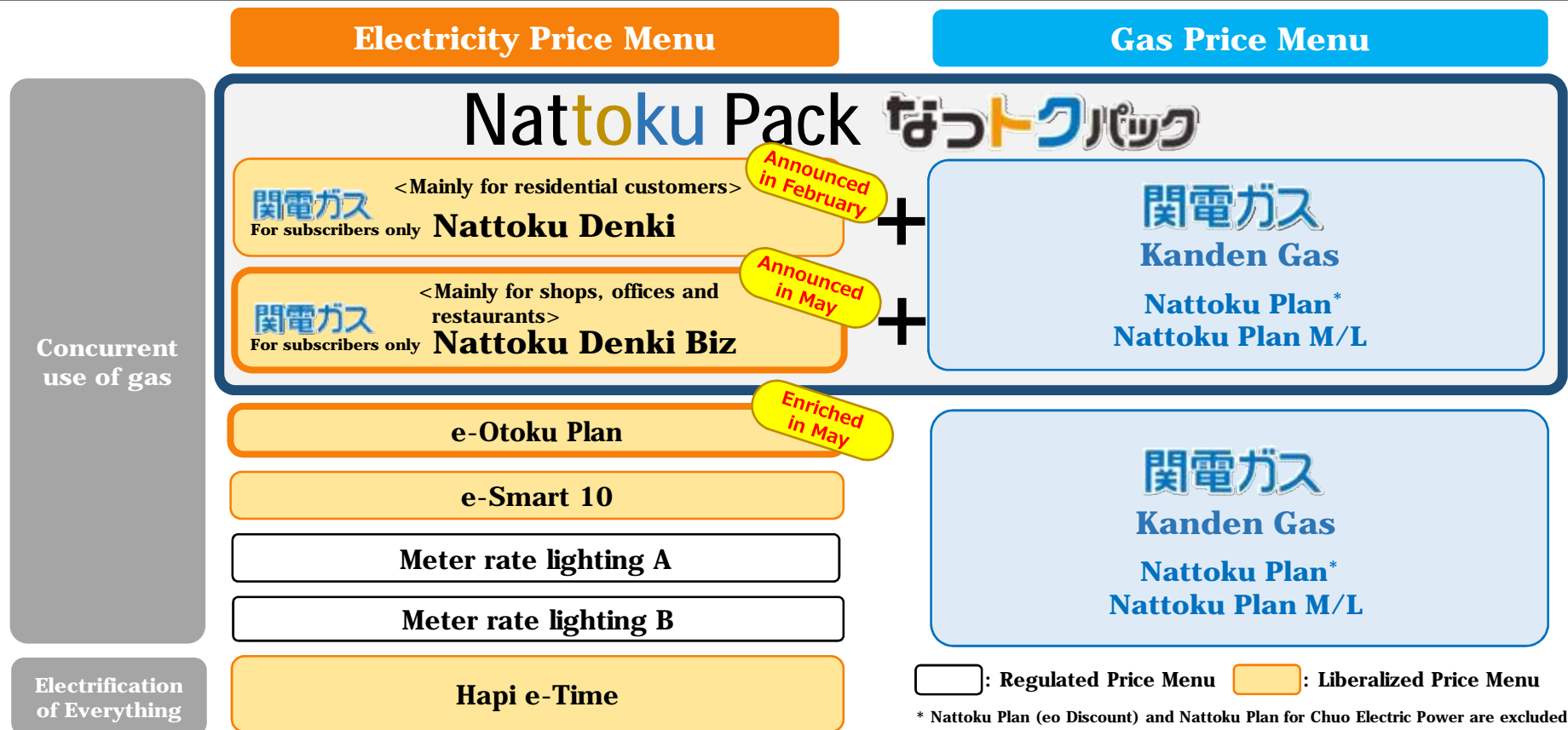


*1 Saving of fuel costs for thermal power generation, etc.: Improvement of nuclear power capacity factor + 26.8% × Amount affected by change in nuclear power capacity factor by 1% - 3.7 billion yen ≈ -99.0 billion yen

*2 -2.7 billion yen is accredited to deepened streamlining of management, etc. implemented after management efficiency efforts that were reflected in the cost reduction of August 2017.

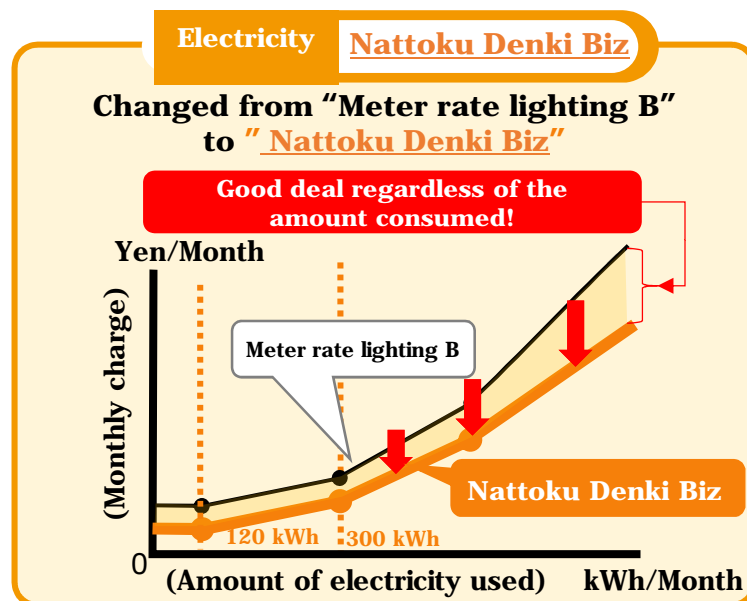
Electricity and gas sales efforts in the Kansai area

- Kepco has made efforts so our “electricity” will be chosen by customers in terms of both price and service through proposals of Electrification of Everything, “Kanden Gas” and liberalized price menu. Additionally, in line with the full liberalization of gas retail market of April last year, we have stepped up efforts so our electricity and gas will be chosen by as many customers as possible, by launching Kanden Gas “Nattoku Plan.”
- And, in May 2018, “Nattoku Denki Biz,” an adjusted electricity rate menu mainly for shops, offices and restaurants was added to “Nattoku Denki,” an electricity rate menu mainly for residential customers, as an option for the enriched “Nattoku Pack.” The “e-Otoku Plan” was also adjusted to offer a better deal to a broader range of customers.

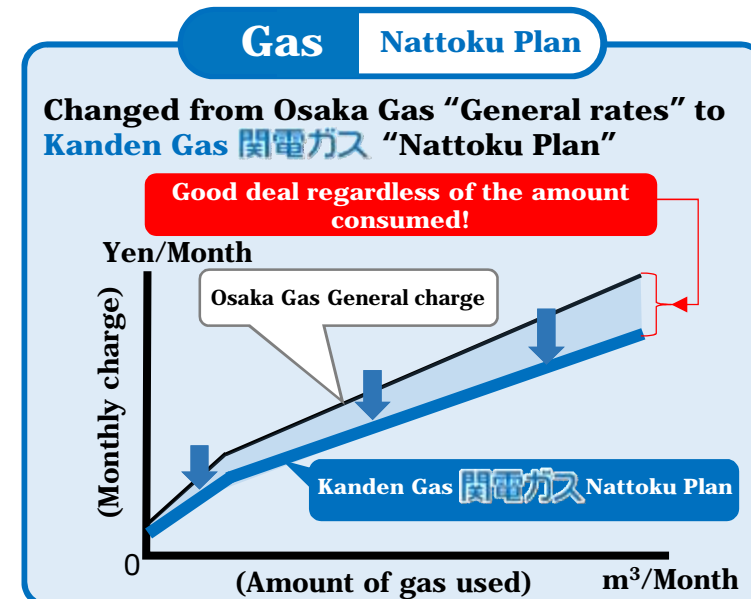


- As an option for the Nattoku Pack, in May 2018, we publicly announced **"Nattoku Denki Biz,"** an electricity rate menu only for **Kanden Gas** subscribers that gives a discount on electricity rates to all **Meter-Rate Lighting B** customers who switch their plan to this new one.
- Specifically, if a customer subscribing to Meter-Rate Lighting B and Osaka Gas General Rates*¹ chooses the **"Nattoku Pack,"** regardless of the electricity/gas amount used*², both electricity and gas rates will be discounted.

Nattoku Pack **なっとくパック**



+



Good-deal electricity and gas rates, regardless of amount used!!

*1 "General rates" refers to the General Gas Supply Provisions of Osaka Gas. (Effective June 16, 2017)

*2 Excluding consumption amount of 0 m³

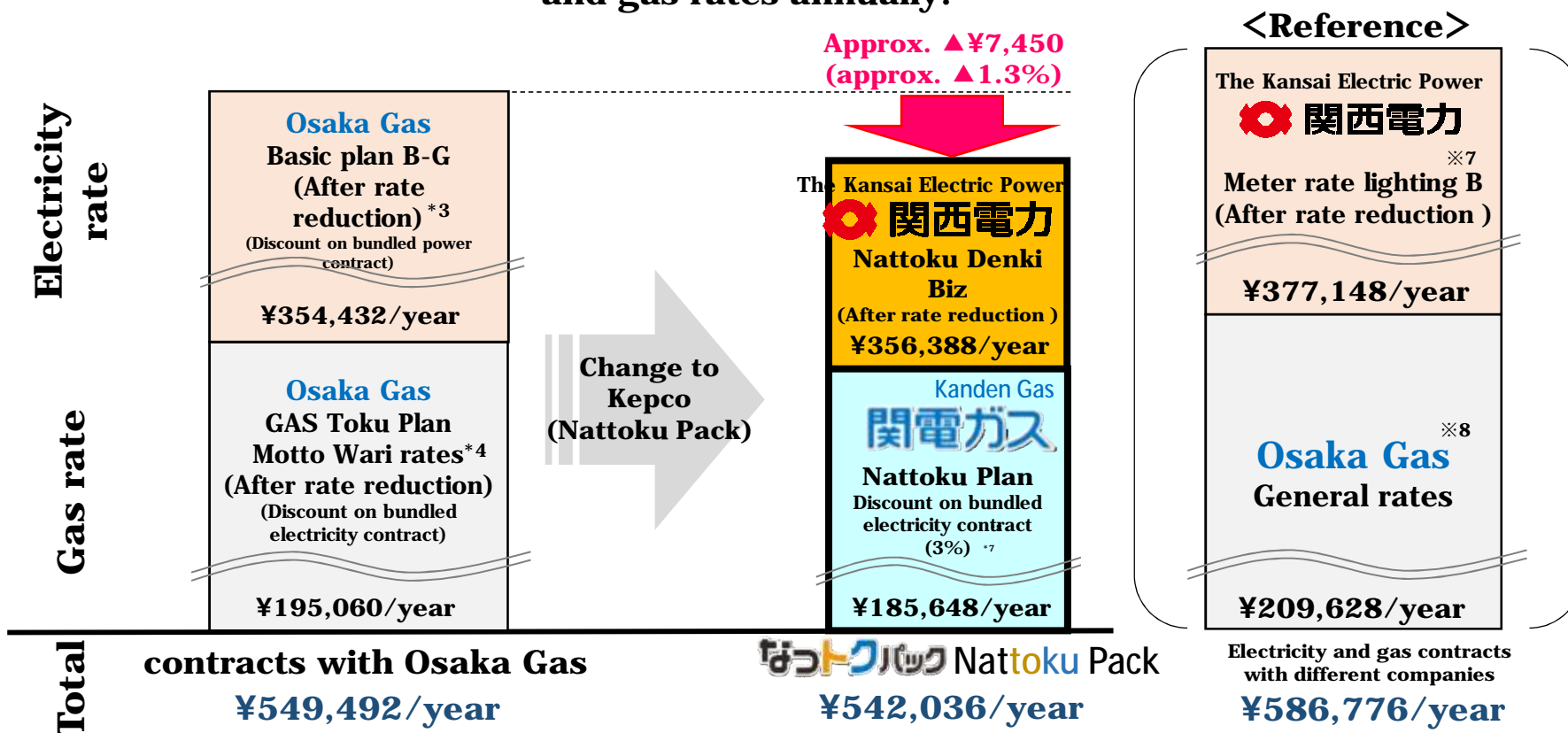
■ Discounted electricity and gas rates for shops, offices, restaurants, etc.

Customer with **average consumption of electricity and gas**

(Monthly consumption: Electricity 1,080 kWh, Gas 125 m³)*¹

Compared to a contract with Osaka Gas for both electricity and gas

Approx. 7,450 yen (approx. 1.3%)*² discount on electricity and gas rates annually!



*1: (Computational condition) Monthly electricity consumption (1,080kWh), contract capacity (10kVA) and monthly gas consumption (125m³) refer to a model case publicly announced by Osaka Gas on June 5, 2018. *2: Electricity rate includes consumption tax, fuel cost adjustment calculated with the unit price of fuel cost adjustment based on the prices of trade statistics during February and April 2018, and renewable energy surcharges (applicable between May 2018 and April 2019). Gas rate includes consumption tax and raw material cost adjustment calculated with the unit price of raw material cost adjustment based on the prices of trade statistics during February and April 2018. Actual amount of price reduction varies depending on electricity/gas usage, timing of contract signing, fuel and raw material cost adjustments and other factors. *3: Rates of Basic Plan B-G are based on the Electricity Supply Provisions of Osaka Gas (implemented on July 1, 2018). *4: Rates of GAS Toku Plan Motto Wari rates are based on the individual provisions of Osaka Gas (Motto Wari rates contract, implemented on April 1, 2017). *5: Discount on bundled electricity contract is applied to a gas rate, not electricity rate. Discount is applied to the sum of basic rate and metered rate (excluding any raw material cost adjustments). *6: Discount on the basic rate is applied to new Kanden Gas' Nattoku Plan contracts between May 1 and August 31, 2018; in this case, the basic rate is ¥0 for two months. *7 Bank transfer discount is applied to Meter-Rate Lighting B. *8: General Rates are based on the General Gas Supply Provisions of Osaka Gas (implemented on June 16, 2017).

Outline of e-Otoku Plan Adjustment

25

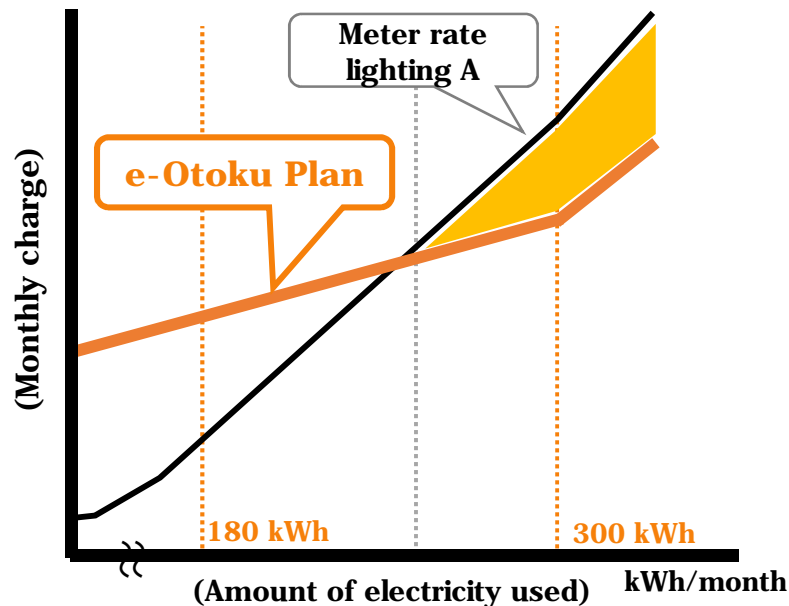
- In July 2018, we adjusted our e-Otoku Plan so we can offer better electricity rates to a broader range of customers including those consuming an average or relatively smaller volume of electricity, let alone those consuming a relatively larger volume of electricity who have already been given a discount, compared with Meter-rate Lighting A.

■ Image of e-Otoku Plan adjustments

Before Adjustment

Good offer to customers consuming a relatively larger volume of electricity, compared with Meter-rate Lighting A

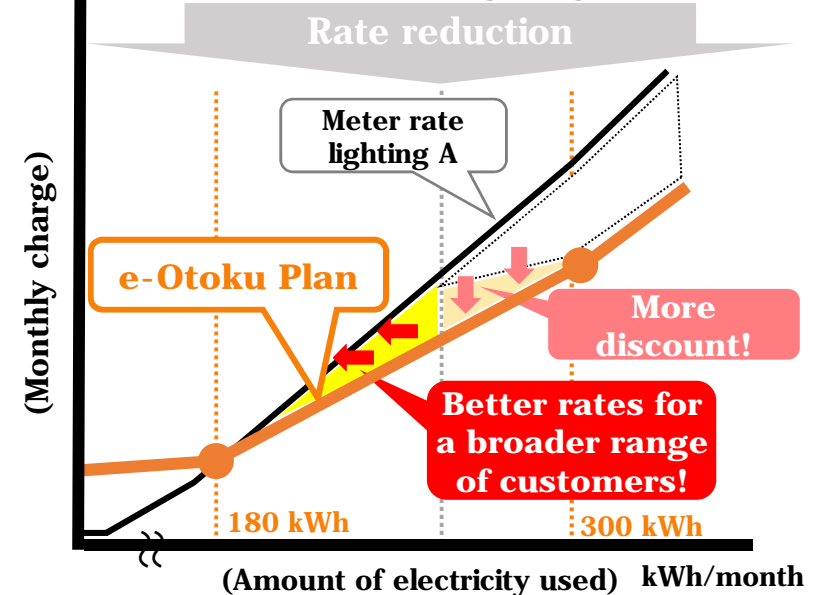
Yen/Month



After Adjustment

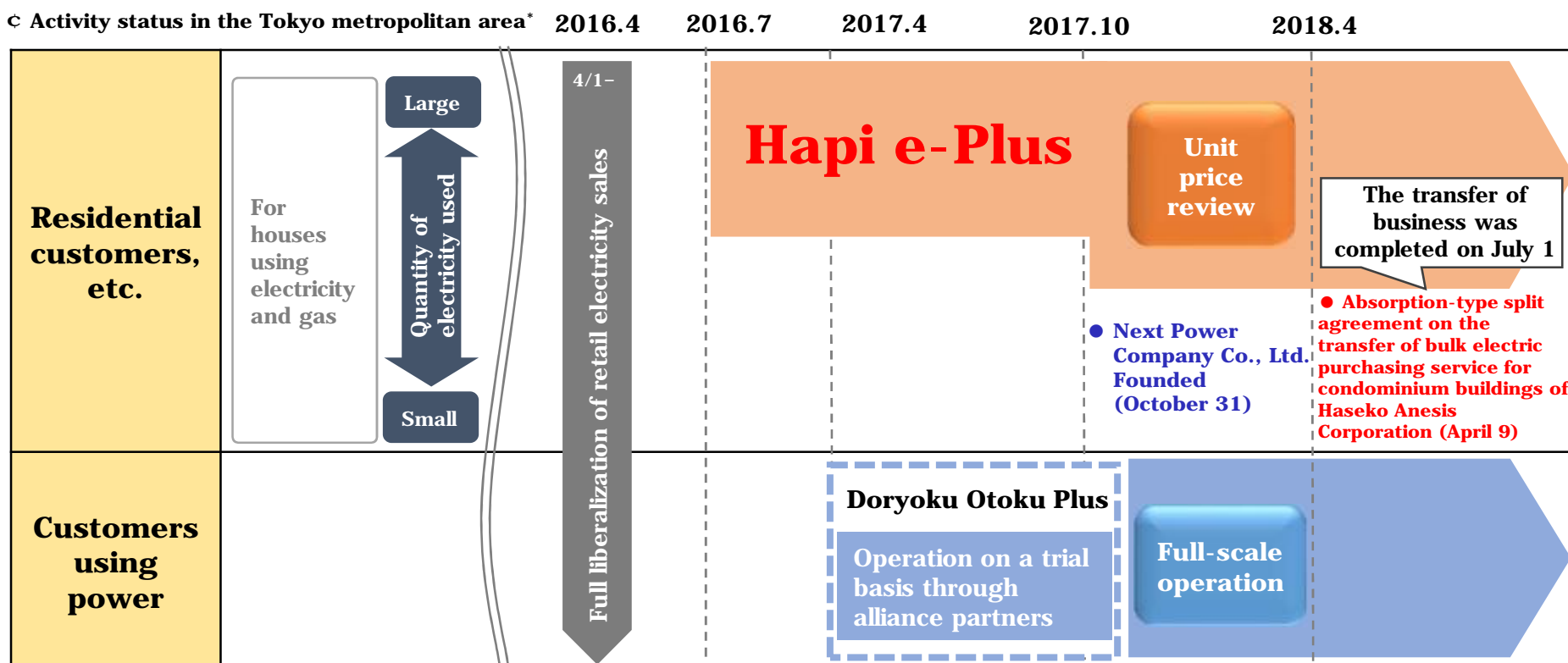
Good offer to a broad range of customers from those consuming a relatively smaller volume to a relatively larger volume of electricity, compared with Meter-rate Lighting A!

Yen/Month



- In July 2016, Kepco started electricity sales to low-voltage supply customers, including residential customers, in the Tokyo metropolitan area*, and since then has been offering its electricity rate menu "Hapi e-Plus". For our electricity to be chosen by more customers in the future, we reviewed unit prices of "Hapi e-Plus" and have been officially proposing "Doryoku (power supply) Otoku Plus", which had been offered on a trial basis, since October 1, 2017.
- In September 11, 2017 Kepco has also decided the "acquisition of ORIX Electric Power Corporation's bulk electric purchasing service for condominium buildings and founded a new company "Next Power Company" on October 31, 2017. In April 2018, Next Power concluded an absorption-type split agreement with Haseko Anesis Corporation on transfer of the bulk electric purchasing service for condominium buildings, and the transfer of business was completed on July 1.
- We will continuously strive to achieve the goal of selling 10 billion kWh of electricity outside the KEPCO district, particularly in the Tokyo metropolitan area, by the end of FY2025.

c Activity status in the Tokyo metropolitan area*

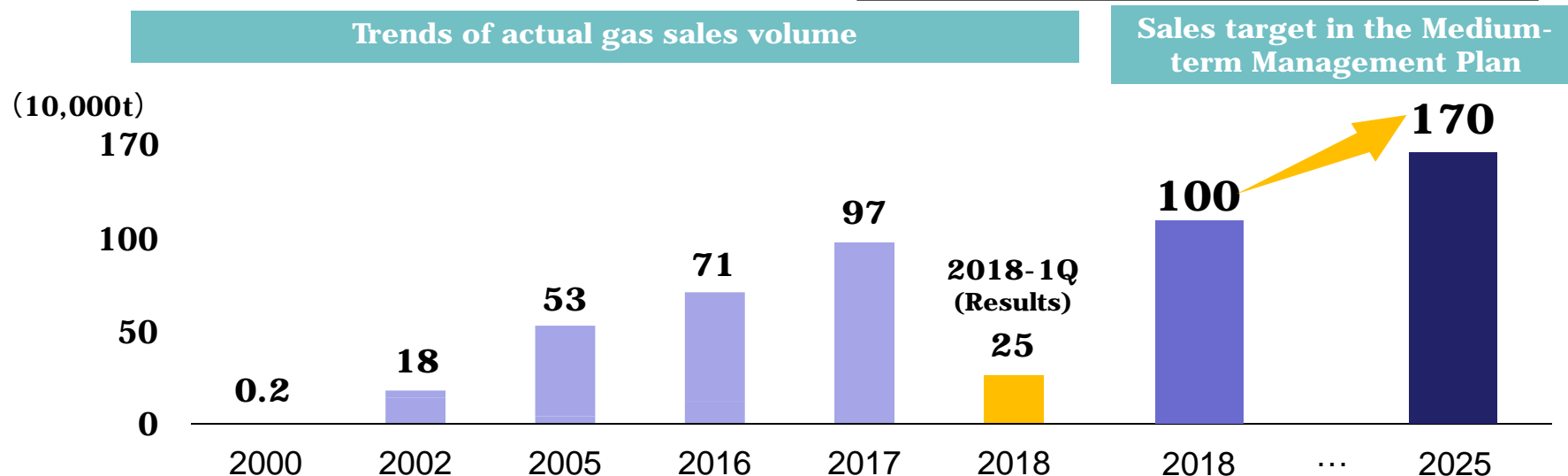
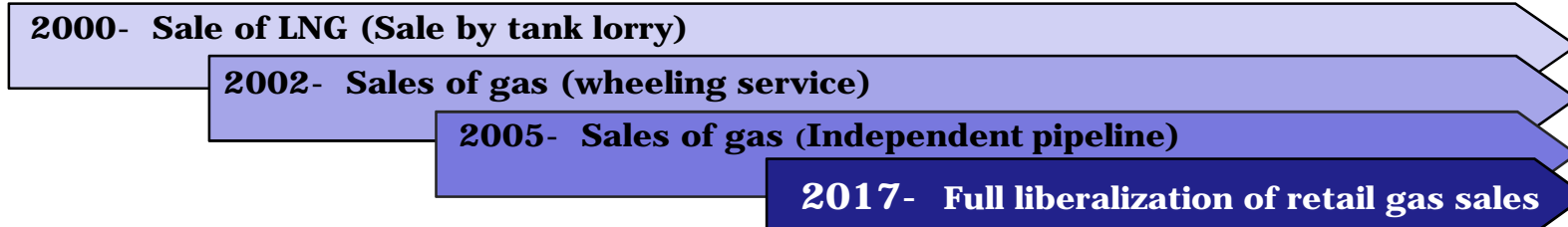


* Tochigi, Gunma, Ibaraki, Saitama, Chiba, Tokyo (excluding islands), Kanagawa, Yamanashi and Shizuoka (east of Fujigawa River)

Outline of gas business

27

- i We started LNG and gas sales businesses in 2000 and 2002, respectively, in order to develop total energy proposal activities that combine electricity and gas services. Both of two sales businesses have expanded consistently.
- i We will continue to work towards achieving the goal established in our Medium-term Management Plan which is a target sales volume of 1.7 million tons in FY2025.



Profit and loss for gas business, gas sales, etc. in the 1Q of FY 2018

| (billion yen) | 4/17-6/17 | 4/18-6/18 | Change |
|--------------------|-----------|-----------|--------|
| Operating revenues | 11.6 | 19.0 | +7.4 |
| Operating expenses | 13.6 | 20.9 | +7.3 |
| Operating income | -1.9 | -1.8 | - |

| (million tons) | 4/17-6/17 | 4/18-6/18 | Change |
|------------------|-----------|-----------|--------|
| gas sales volume | 0.20 | 0.25 | +0.06 |

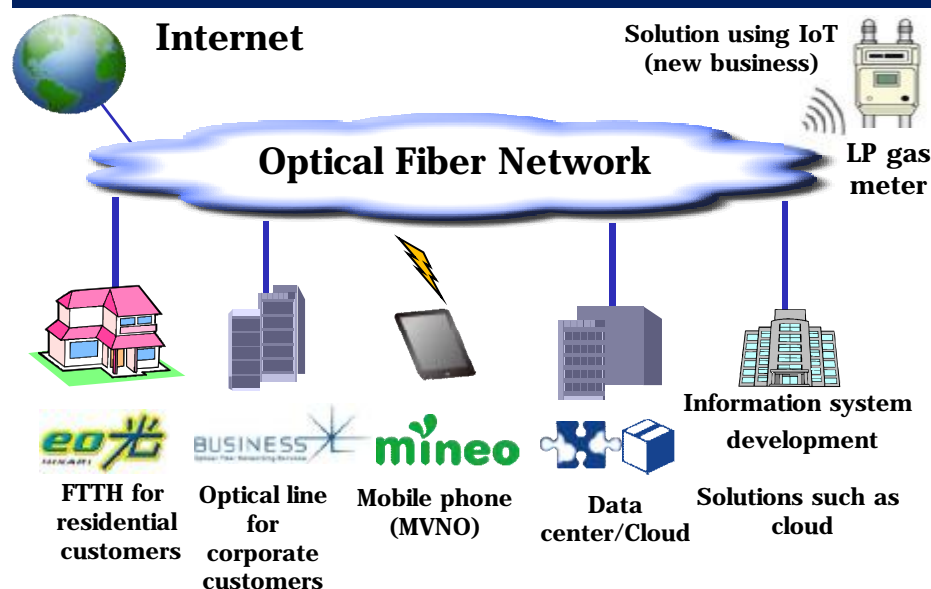
- Number of applicants for KEPCO gas (as of June 26)
: approx. 580,000.

Outline of IT/Communications business

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- Working mainly with K-Opticom Corporation, a core company, and Kanden System Solutions Co., Inc. , we are actively promoting new services including IoT, in addition to fixed-line services using optical fiber networks, mobile phone services, and information system development, aiming to achieve 30 billion yen of ordinary income for FY2025.

Key Businesses and Accomplishments of IT/Communications Business



[Results and target of Medium-term Management Plan]

| (billion yen) | 2016 (Results) | 2017 (Results) | 2018 (Forecasts) | 2025 (Target) | 2018-1Q (Results) |
|---|-------------------|-------------------|---------------------|------------------|----------------------|
| Operating revenues (external transactions) | 185.6 | 203.1 | 225.0 | 270.0 | 51.7 |
| Ordinary income | 18.3 | 25.1 | 26.0 | 30.0 | 7.6 |

2018 targets are expected to be achieved largely because of the successful acquisition of FTTH, mineo and eo denki customers.

FTTH Business

- Having been providing the optical fiber-based network, telephone and TV by the set in step with the diffusion of broadband. **Acquired more than 1.6 million contracts** and stable profits secured.
- Started to offer privileges for long-term subscribers and sell electricity and gas by the set in addition to providing high-quality support, **with the result of high commendation from customers.**

[Privileges for long-term subscribers]

[External evaluation of customer satisfaction]

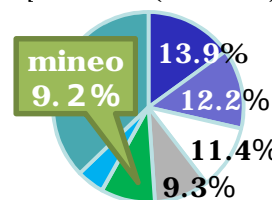


MVNO Business (mineo)

- Achieve **1 million lines** in April.
- In addition to au's and Docomo's lines, **provision of services using Softbank's lines starts in September.**
- **Co-creation of services with customers such as line services compatible with au and docomo lines** and the community site, "mineo", and enhancement of support in real shops, **with resulting high customer satisfaction.**

[MVNO share (March 2018)]

[Community site] [External evaluation of customer satisfaction]



Community that "co-creates" services with "fans" online



Source: Mobile Marketing Data Lab., "Survey of low-cost SIM services satisfaction for March 2017"

Source: MM Research Institute, "Fluctuations in the domestic MVNO market (end of March 2018)"

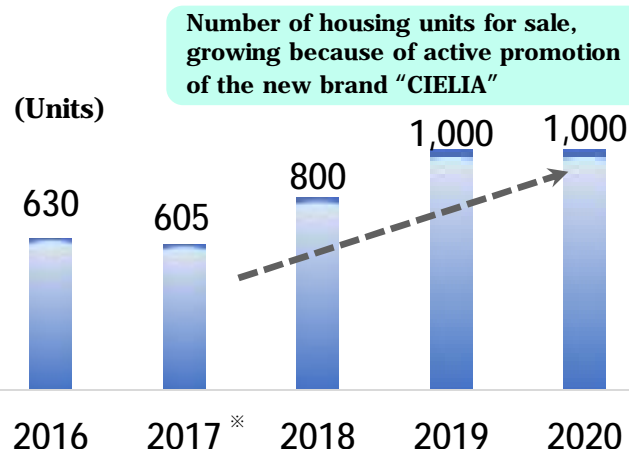
Outline of Real Estate business

29

We have established a consolidated real estate business group centered on the core company, Kanden Realty & Development Co., Ltd., a group which works on real estate leasing, sales, management, and leisure. Targeting 30 billion yen of ordinary income for FY2025, we will accelerate growth and diversify risks by expanding business areas and business domains (diversifying revenue sources).

[Results/planned number of units for sale]

- Medium-term Management Plan formulated.
- Business foundation was reinforced by restructuring of real estate business.



* 469 units separately sold wholesale to other operators

<Strength in the KEPCO group real estate business>

Strength in brand power and credit-worthiness long cultivated in the Kansai area, and total capacity as a group that is expected to produce synergetic effects.

<Flagship Project>

[Condominium in Kansai]
"CIELIA TOWER Senrichuo"

* To be completed in February 2019 (552 units)



[Condominium in the Tokyo metropolitan area]
"CIELIA Shonantsujido"

* To be completed in February 2018 (352 units)



<Expansion of business areas and business domains>

Expanding to the solid Tokyo Metropolitan market, core cities nationwide, and overseas including South East Asia and North America with Kansai as the axis.

Business centering on the Kansai area

Proactive expansion to the Tokyo Metropolitan area

Expansion to overseas and other areas in Japan as well

[Results and target of Medium-term Management Plan*]

* Including Life business

| (billion yen) | 2016 (Results) | 2017 (Results) | 2018 (Forecasts) | 2025 (Target) | 2018-1Q (Results) |
|---|-------------------|-------------------|---------------------|------------------|----------------------|
| Operating revenues (external transactions) | 95.5 | 111.7 | 120.0 | 150.0 | 21.4 |
| Ordinary income | 12.8 | 14.5 | 15.0 | 30.0 | 3.9 |

Expected to achieve the 2018 target because of growing sales of condominiums and other factors.



Acquisition of Shiba-Park Building



Investment in the US office building fund (2 cases)



Participation in the condominium development project in Vietnam.

Overseas investment projects

30

- Total output by KEPCO's investment: Approx. 2.575 million kW.
- Of which, total investment amount to 9 projects in operation is approx. 90 billion yen. (50% 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 |
| | Ireland | Evalair Limited | 2013/12 Other | 223 | 24 | 54 |
| Under development | Indonesia | Rajamandala Hydropower | Scheduled in 2019 | 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 |
| | USA | Hickory-Run Thermal power generation business | Scheduled in 2020 | 1,000 | 30 | 300 |
| | UK·Germany | NeuConnect Interconnector | Scheduled in 2022 | — | 18.3 | — |





The KEPCO Group's introduction and development plan of renewable energy

31

○ Domestic power stations

- From the view of S+3E, we aim to develop renewable energy sources as a whole group so that around 500MW can be generated in 2030.

Power stations in operation (completed): approx. 110MW; power stations before operation: approx. 220MW; Total: approx. 330MW (as of June 30, 2018)

| | Solar Power | Wind | Biomass | Hydropower |
|--|---|--|--|---|
| Power source capacity of power stations in operation | Approx. 82MW | Approx. 18MW | Approx. 6MW | Approx. 6MW※2 |
| CO2 emission*1 reduction | Approx. 26,000 t/year | Approx. 18,000 t/year | Approx. 20,000 t/year | Approx. 19,000 t/year |
| Main power stations in operation | <ul style="list-style-type: none"> • Sakai solar power station (KEPCO) • Arida solar power station (Kenes) etc. | <ul style="list-style-type: none"> • Awaji wind power station (Kenes) • Tahara No.4 wind power station (Kenes) | <ul style="list-style-type: none"> • Asago-shi biomass power station (Kenes) | <ul style="list-style-type: none"> • Dashidaira power station (KEPCO) |
| Power stations before operation | <ul style="list-style-type: none"> • Keihanna No.2 solar power station (Kenes) etc. | <ul style="list-style-type: none"> • Akita Noshiro offshore wind power station (unclear which company will operate) | <ul style="list-style-type: none"> • Change in Aioi No.2 biomass power station (Aioi Bioenergy Corporation) • Fukuoka Kanda-machi biomass (Bio-power Kanda) etc. | <ul style="list-style-type: none"> • Upgraded Maruyama power station facility (KEPCO) • Upgraded New Maruyama power station facility (KEPCO) etc. |
| |  |  |  |  |

*1 CO2 emissions are calculated from our CO2 emission coefficient 0.493kg-CO2/kWh in FY2016 and the national average coefficient 0.534kg-CO2/kWh in FY2015.

*2 As to hydropower, power stations after November 2012 when we set the renewable energy introduction targets for the first time are listed.

○ Overseas power stations

- Overseas power stations: Utilizing the experience of the development of the Kurobegawa power station unit 4 and others, we are working on the development of hydropower generation in Southeast Asia. Furthermore, we aim to engage in the investment in renewable energy as represented by our first-ever participation in the wind power generation business.

| | Hydropower | Wind |
|--|---|---|
| Power source capacity of power stations in operation | Approx. 222MW | Approx. 54MW |
| Main power stations in operation | <ul style="list-style-type: none"> • San Roque Hydropower (Philippines) • Ming Jian Hydropower (Taiwan) | <ul style="list-style-type: none"> • Evalair Limited (Ireland) |
| Power stations before operation | <ul style="list-style-type: none"> • Rajamandala Hydropower (Indonesia) • Nam Ngiep Hydropower (Laos) | — |

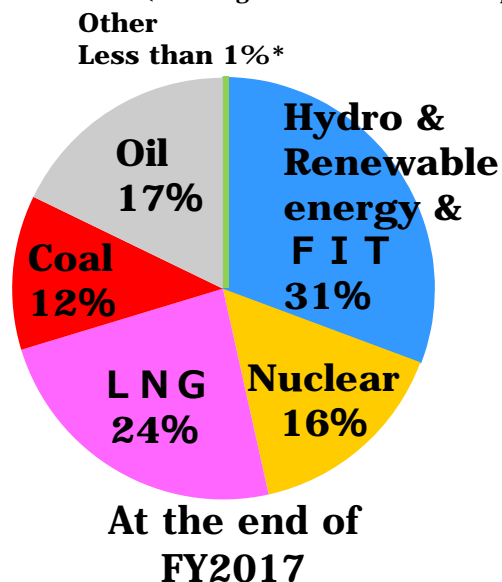
KEPCO's power source composition

32

○From the view of "S+3E", we will deal with use of nuclear power and development of hydropower and renewable energy in a balanced manner, and make efforts for cost reduction of fuel etc. and CO2 emission control.

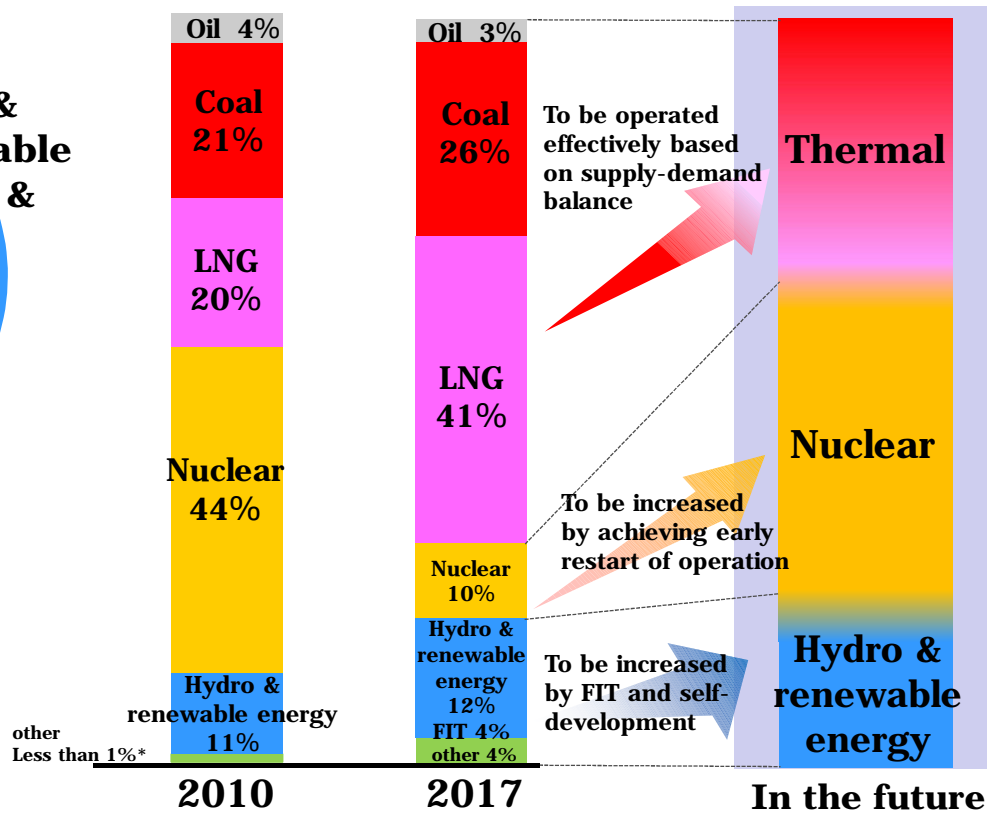
【Total power generation capacity】

(Including from other electric company)

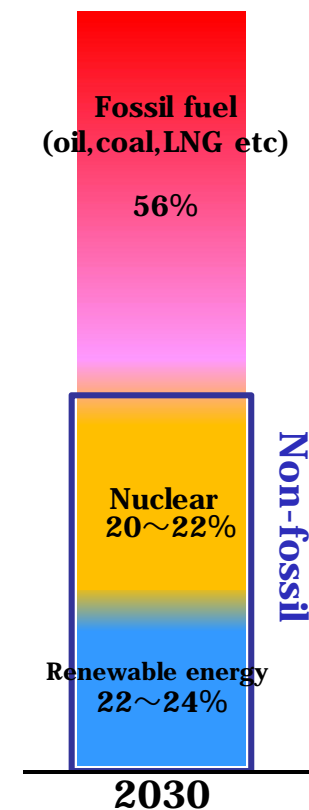


【Total power source composition】

(Including from other electric company)



【Fifth Basic Energy Plan】



* Includes electricity whose suppliers cannot be specified. Procured in the wholesale power market or from other companies.
* Some rounding errors may be observed.

| | 2010 | 2016 | 2017 |
|---|-------|-------|---------|
| Fuel and purchased electricity cost (billion yen) | 765.6 | 985.1 | 975.0 |
| CO2 emission factor (kg-CO2/kWh) *1 | 0.281 | 0.493 | 0.42 *2 |



Reduction of fuel cost etc.



Reduction of emission basic units

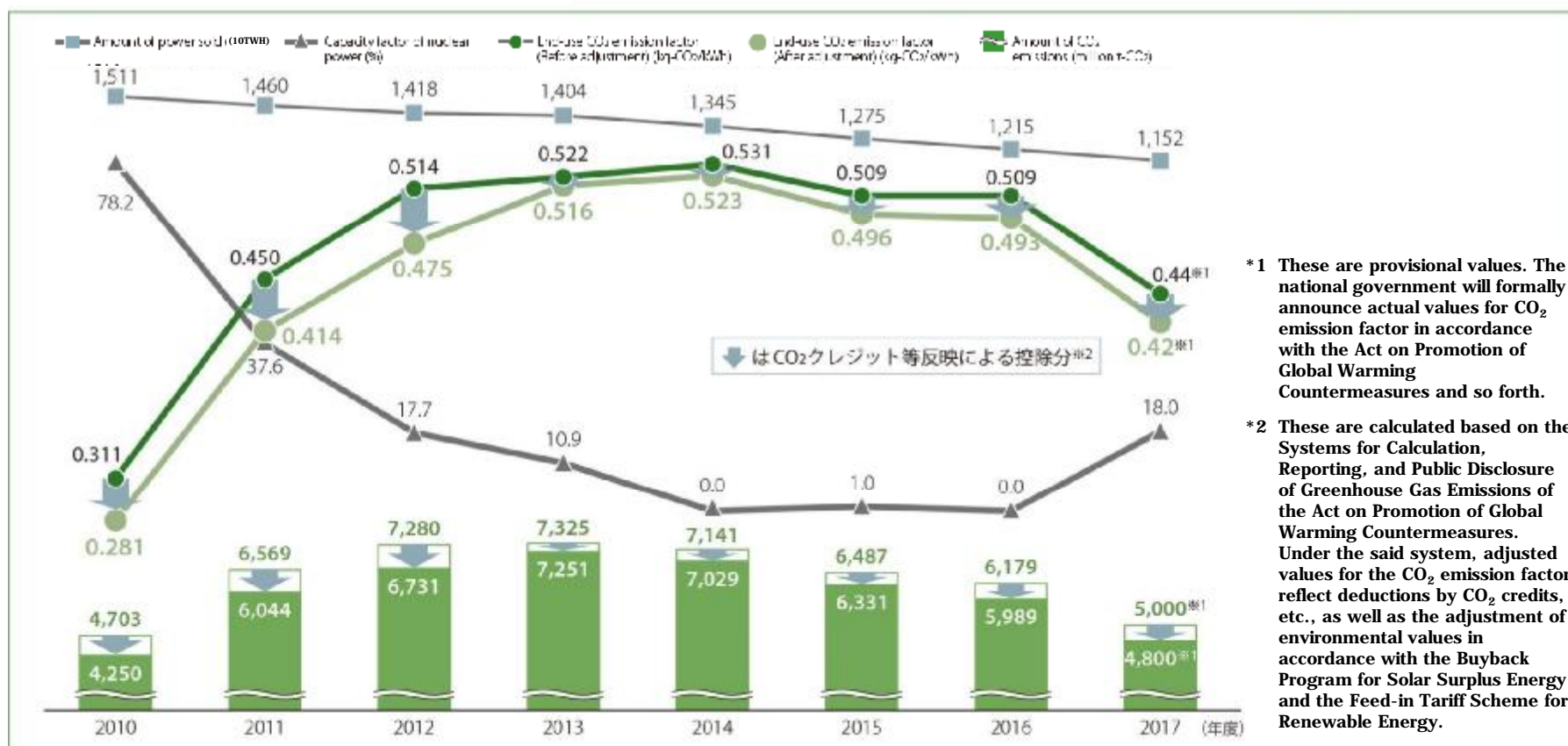
"The Fifth Basic Energy Plan" defined by the government
→ The goal is stable supply, economical efficiency and environmentally balanced mix on the premise of safety.

*1 After deduction reflecting CO2 credit

*2. These are provisional values. The national government will formally announce actual values for CO2 emission factor in accordance with the Act on Promotion of Global Warming Countermeasures and so forth.

- Our company joined the Electric Power Council for a Low Carbon Society, and the industry as a whole is seeking to achieve an emission factor of about 0.37kg-CO₂/kWh(user-end) by FY 2030.
- We will continue working to reduce CO₂ emissions, through utilization of nuclear power generation with top priority given to safety, maintenance and improvement of heat efficiency at thermal power stations, development of renewable energies and so on. Moreover, from a long-term viewpoint, we will improve electrification rate of the society at large, thereby taking the lead in initiatives toward low carbonization of the energy field.
- Our CO₂ emission factor for FY2017 is expected to improve substantially compared to the previous year. The main reason for the improvement is increased nuclear capacity factor, hydraulic power and high-efficiency natural gas power generation facilities at our Himeji No. 2 Thermal Power Station.

Change in CO2 emission factor, etc.



Fuel change plan and suspension of operation for thermal power plant

34

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

<Suspension of operation at Unit 2 of Aioi Power Station> (Announced on April 2, 2018) : Contents after fuel change under consideration

| | Unit 1 | Unit 2 | Unit 3 |
|-----------------------------------|--------------------------------------|---|--------------------------------------|
| Capacity | 375MW | 375MW ⇒ About 200 MW | 375MW |
| Fuel | Natural gas, Heavy oil and Crude oil | Heavy oil and Crude oil ⇒ Woody biomass | Natural gas, Heavy oil and Crude oil |
| Commencement of operation | 1982/9 | 1982/11 ⇒ Scheduled in 2023 | 1983/1 |
| Period of suspension of operation | - | 2018/4/1 | - |

<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.

<Reason for suspension of operation>

We have decided to suspend operation of Unit 2 due to preparations for a fuel switchover to wood biomass.

<Regarding suspension of operation at Units 1, 2 and 3 of Kainan Power Plant (Announced 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.

Digest of Medium-term Management Plan

("Management Direction" and "What We Aspire to Become in 10 Years")

35

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

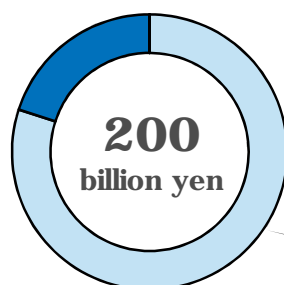
【Business Portfolio after 10 Years】

After 10 years (2025)

Before the Earthquake

International/
group businesses : Comprehensive Energy/
Power Transmission and
Distribution business

1 : 4



International/
Group business

1

:

2

Comprehensive Energy/Power
Transmission and Distribution business

Real Estate/Life Business
30 billion yen

Group Support Bussiness

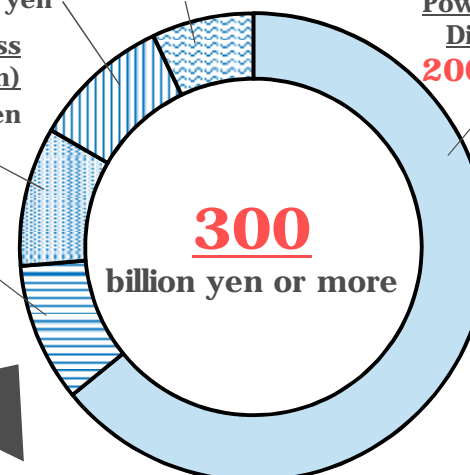
20 billion yen

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 | 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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